(Convenience Translation into English from the Original Previously Issued in Portuguese)

Allied Tecnologia S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2023 and Independent Auditor's Report

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

To the Shareholders, Directors and Officers of
Allied Tecnologia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Allied Tecnologia S.A. ("Company"), identified as Individual and Consolidated, respectively, which comprise the balance sheet as at December 31, 2023, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Allied Tecnologia S.A. as at December 31, 2023, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and 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 requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("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 audit opinion.

Key audit matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the current year. 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.

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Revenue recognition

Why it is a KAM

The revenue recognition process of the Company and its subsidiaries involves controls aimed at ensuring that all billed products have been delivered to the respective buyers over the appropriate accounting period and that, therefore, sales revenues have been recognized during the appropriate accrual periods, as required by the accounting practices adopted in Brazil and IFRS. This matter was considered a key audit matter given the materiality of the involved amounts, the geographic distribution of the Company's customers and the need to maintain routines and internal controls so as to identify and measure revenues from billed and undelivered products, which could be recognized on an inaccurate accrual basis.

How the matter was addressed in our audit

Our audit procedures included: (i) understanding the Company's relevant internal controls designed to measure and recognize resale revenues; (ii) assessing the systems and mechanisms used in the processes and involving technology specialists; (iii) checking, on a sampling basis, the supporting documentation on products sold during the year; (iv) testing the revenue recognition on an accrual basis, based on the supporting documentation, as well as inspecting the sales orders approved by customers and comparing them with the Company's sales policies, including potential discounts or rebates, and obtaining the delivery receipts or other evidence supporting the fulfillment of performance obligations associated with the sale of products; (v) monthly analyzing the revenue amounts based on aggregated and disaggregated data to identify any relationships or transactions that might be inconsistent with our expectations; and (vi) assessing the appropriateness of disclosures made in the individual and consolidated financial statements.

Based on the evidence obtained from performing our procedures described above, we believe that the revenue recognition procedures and related disclosures made in the explanatory notes are acceptable in the context of the financial statements taken as a whole.

Recoverability of goodwill arising on business combinations

In accordance with the accounting practices adopted in Brazil and IFRS, the Company is required to annually perform an impairment test of amounts recorded as intangible assets with indefinite useful lives, including goodwill on future earnings. As disclosed in note 11 to the individual and consolidated financial statements, the Company recorded goodwill amounting to R$618,580 thousand in Consolidated, which approximately represents 18% of total consolidated assets as at December 31, 2023.

This matter was considered a key audit matter due to the complexity inherent in conducting impairment tests of intangible assets and the high degree of judgment involved, based on several assumptions, such as: determination of the cash-generating units, discount rates, growth percentage rates and profitability of the Company's and its subsidiaries' business for several future years. These assumptions may be materially affected by market conditions or future economic scenarios, which cannot be accurately estimated yet.

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Our audit procedures included, but were not limited to: (i) involving our internal specialists to assist us in the assessment of the methodology adopted by the Company to calculate the discounted cash flows, as well as in the review of the discount rates used by the Company to determine the discounted cash flows; (ii) reviewing and testing the sensitivity of the main assumptions adopted, such as projections of sales and profit margins from the Company's cash-generating unit (CGU). We have also assessed the appropriateness of disclosures made by the Company on the most sensitive key assumptions used in performing the impairment tests of goodwill, which are included in the notes to the individual and consolidated financial statements.

Based on the audit procedures performed with respect to the goodwill impairment tests, which are consistent with the assessment carried out by the Company's Executive Board, we believe that the criteria and assumptions relating to such impairment tests and related disclosures made in note 11 to the individual and consolidated financial statements are acceptable in the context of the individual and consolidated financial statements for the year ended December 31, 2023.

Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2023, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we assess whether these statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

The Executive Board is responsible for the other information. The other information comprises the Management Report.

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

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether 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 in the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.

- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries 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 and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

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

São Paulo, March 20, 2024

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Alessandro Costa Ramos
Engagement Partner

2024SP030813

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Allied Tecnologia S.A.

Balance sheets
As at December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

		Individual		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	4	**471,767**	86,267	**535,620**	141,942
Trade receivables	5	**886,346**	1,381,673	**959,618**	1,437,226
Inventories	6	**538,035**	720,603	**583,452**	734,305
Recoverable taxes	7	**122,307**	144,926	**122,471**	145,207
Related parties	15	**40,868**	49,430	**7,738**	16,016
Other assets	-	**78,563**	91,130	**80,848**	92,454
Total current assets		**2,137,886**	2,474,029	**2,289,747**	2,567,150
Noncurrent assets					
Securities		**3,454**	3,043	**3,454**	3,043
Trade receivables	5	**8,342**	16,476	**8,342**	16,476
Inventories	6	**11,127**	10,433	**11,127**	10,433
Recoverable taxes	7	**179,844**	148,027	**179,844**	148,027
Investments	9	**30,008**	4,612	**-**	-
Judicial deposits	16.1	**102,121**	86,826	**102,121**	86,826
Rights of use	10	**93,785**	114,000	**93,785**	114,000
Property, plant and equipment	-	**15,167**	22,509	**15,167**	23,016
Intangible assets	11	**681,346**	705,855	**684,877**	710,776
Other assets	-	**7,287**	9,206	**7,287**	9,206
Total noncurrent assets		**1,132,481**	1,120,987	**1,106,004**	1,121,803
Total assets		**3,270,367**	3,595,016	**3,395,751**	3,688,953

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

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Allied Tecnologia S.A.

Balance sheets
As at December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

		Individual		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Liabilities					
Current liabilities					
Trade payables	12	**509,582**	601,765	**587,414**	623,131
Trade payables - agreements	13	**297,778**	525,419	**297,778**	525,419
Borrowings, financing and debentures	14	**1,482**	119,103	**81,660**	221,185
Contractual obligations with customers	5.1	**24,937**	22,910	**24,937**	22,910
Leases	10	**24,375**	22,127	**24,375**	22,127
Payroll and related taxes	-	**30,071**	22,053	**30,071**	22,064
Taxes payable	-	**27,819**	24,616	**21,214**	25,098
Advances from customers	-	**7,925**	14,546	**21,114**	14,689
Dividends payable	18.c	**22,524**	33,021	**22,524**	33,021
Other liabilities	17	**23,971**	19,959	**23,971**	19,959
Total current liabilities		**970,464**	1,405,519	**1,135,058**	1,529,603
Noncurrent liabilities					
Borrowings, financing and debentures	14	**462,053**	408,395	**462,053**	408,395
Allowance for investment losses	9	**39,210**	30,147	**-**	-
Contractual obligations with customers	5.1	**20,085**	19,053	**20,085**	19,053
Leases	10	**83,157**	105,208	**83,157**	105,208
Provision for lawsuits	16	**74,525**	76,928	**74,525**	76,928
Taxes payable	-	**3,941**	1,376	**3,941**	1,376
Deferred income tax and social contribution	8.a	**17,152**	47,502	**17,152**	47,502
Other liabilities	17	**614**	967	**614**	967
Total noncurrent liabilities		**700,737**	689,576	**661,527**	659,429
Equity					
Capital	18.a	**1,021,575**	1,021,575	**1,021,575**	1,021,575
Share issuance costs	-	**(30,054)**	(30,054)	**(30,054)**	(30,054)
Capital reserve	-	**5,870**	5,445	**5,870**	5,445
Earnings reserves	18.b	**603,514**	503,570	**603,514**	503,570
Valuation adjustments to equity	-	**(1,739)**	(615)	**(1,739)**	(615)
Total equity		**1,599,166**	1,499,921	**1,599,166**	1,499,921
Total liabilities and equity		**3,270,367**	3,595,016	**3,395,751**	3,688,953

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

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Allied Tecnologia S.A.

Income statements
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

	Note	Individual		Consolidated	
		12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Net sales revenue	20	**4,049,803**	4,770,766	**5,854,915**	5,127,781
Cost of sales	21	**(3,439,234)**	(4,019,914)	**(5,176,618)**	(4,355,189)
Gross profit		**610,569**	750,852	**678,297**	772,592
Operating income (expenses)					
Selling expenses	22	**(342,443)**	(411,720)	**(374,490)**	(436,639)
General and administrative expenses	23	**(117,452)**	(132,491)	**(124,722)**	(141,285)
Share of profit (loss) of subsidiaries	9	**19,904**	(20,535)	**-**	-
Other operating income (expenses), net	24	**44,284**	16,747	**37,550**	12,741
Operating income before finance income (costs)		**214,862**	202,853	**216,635**	207,409
Finance income (costs)					
Finance costs	25	**(158,680)**	(193,162)	**(162,415)**	(195,516)
Finance income	25	**42,930**	42,483	**44,900**	40,454
Profit before income tax and social contribution		**99,112**	52,174	**99,120**	52,347
Income tax and social contribution		**(7,018)**	-	**(7,026)**	(173)
Deferred	8.b	**30,350**	23,972	**30,350**	23,972
Profit for the year		**122,444**	76,146	**122,444**	76,146
Earnings per share					
Basic earnings per share (R$)	28	**1.3135**	0.8168	**1.3135**	0.8168
Diluted earnings per share (R$)	28	**1.2612**	0.8032	**1.2612**	0.8032

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Allied Tecnologia S.A.

Statements of comprehensive income
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Profit for the year	**122,444**	76,146	**122,444**	76,146
Translation of the financial statements of foreign subsidiaries	**(1,124)**	(676)	**(1,124)**	(676)
Comprehensive income for the year	**121,320**	75,470	**121,320**	75,470

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

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Allied Tecnologia S.A.

Statements of changes in equity
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

					Earnings reserves					
	Note	Capital	Share issuance costs	Capital reserve	Legal	Tax incentives	Retained earnings for distribution	Profit for the year	Other comprehensive income	Total equity
As at December 31, 2021		1,021,575	(30,054)	6,483	35,857	424,567	53,228	-	61	1,511,717
Profit for the year		-	-	-	-	-	-	76,146	-	76,146
Proposed additional dividends – Board of Directors' Meeting held on April 29, 2022		-	-	-	-	-	(53,228)	-	-	(53,228)
Interest on capital – Board of Directors' Meeting held on December 21, 2022		-	-	-	-	-	-	(33,000)	-	(33,000)
Recognition of legal reserve		-	-	-	3,807			(3,807)		-
Recognition of tax incentive reserve	18.b	-	-	-	-	39,339	-	(39,339)	-	-
Stock option plan		-	-	(1,038)	-	-	-	-	-	(1,038)
Other comprehensive income		-	-	-	-	-	-		(676)	(676)
As at December 31, 2022		1,021,575	(30,054)	5,445	39,664	463,906	-	-	(615)	1,499,921
Profit for the year		-	-	-	-	-	-	**122,444**	-	**122,444**
Interest on capital		-	-	-	-	-	-	**(22,500)**	-	**(22,500)**
Proposed interest on capital to be distributed upon approval at the Annual Shareholders' Meeting		-	-	-	-	-	**67,500**	**(67,500)**	-	-
Recognition of legal reserve		-	-	-	**6,122**	-	-	**(6,122)**	-	-
Recognition of tax incentive reserve	18.b	-	-	-	-	**26,322**	-	**(26,322)**	-	-
Stock option plan		-	-	-	-	-	-		-	-
Recognized stock options granted		-	-	**425**	-	-	-	-	-	**425**
Other comprehensive income		-	-	-	-	-	-	-	**(1,124)**	**(1,124)**
As at December 31, 2023		**1,021,575**	**(30,054)**	**5,870**	**45,786**	**490,228**	**67,500**	-	**(1,739)**	**1,599,166**

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Allied Tecnologia S.A.

Statements of cash flows
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

		Individual		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash flows from operating activities					
Profit before income tax and social contribution		**99,112**	52,174	**99,120**	**52,347**
Adjustments to reconcile profit for the year to cash and cash equivalents					
Cash provided by operating activities:					
Depreciation and amortization		**63,120**	71,894	**64,910**	73,539
Contractual obligations with customers	5.1	**3,059**	(77,505)	**3,059**	(77,505)
Reversal of allowance for expected credit losses	5	**(24,179)**	(20,127)	**(22,228)**	(24,905)
Recognition (reversal) of allowance for inventory losses	6	**1,544**	(1,761)	**1,544**	(1,761)
Reversal of provision for lawsuits	16	**(2,403)**	(21,139)	**(2,403)**	(21,139)
Finance charges (other payables)	17	**613**	1,126	**613**	1,126
Finance charges (borrowings, financing and debentures)		**79,171**	112,378	**92,635**	120,594
Finance charges (leases)	10	**11,876**	13,722	**11,876**	13,722
Share of profit (loss) of subsidiaries	9	**(19,904)**	20,535	**-**	-
Proceeds from the write-off of assets		**(303)**	4,411	**189**	4,411
Costs incurred on transactions involving debentures		**2,262**	1,930	**2,966**	1,930
Stock option plan		**425**	(1,038)	**425**	(1,038)
Reverse charge State VAT (ICMS-ST) deduction from the tax base of taxes on revenue (PIS and COFINS)	7	**(26,807)**	-	**(26,807)**	-
Other		**-**	-	**-**	3
(Increase) decrease in assets:					
Trade receivables		**527,640**	15,579	**507,821**	6,279
Inventories		**180,329**	16,561	**144,582**	140,374
Recoverable taxes		**20,211**	51,908	**20,214**	51,894
Related parties		**8,562**	3,496	**8,278**	(13,982)
Other assets		**14,077**	32,202	**13,030**	31,208
Judicial deposits		**(15,295)**	-	**(15,295)**	-
Increase (decrease) in liabilities:					
Trade payables		**1,126,697**	1,938,173	**1,191,629**	1,779,447
Payroll and related taxes		**8,018**	(12,053)	**8,006**	(12,050)
Taxes payable		**(4,049)**	3,975	**(11,139)**	3,795
Advances from customers		**(6,621)**	(33,952)	**6,745**	(33,812)
Other liabilities		**10,864**	6,066	**10,868**	6,066
Net cash provided by operating activities		**2,058,019**	2,178,555	**2,110,638**	2,100,543
Net cash provided by operating activities before taxes paid		**-**	(5)	**-**	(5)
Net cash provided by operating activities		**2,058,019**	2,178,550	**2,110,632**	2,100,538
Cash flows from investing activities					
Purchases of property, plant and equipment items and intangible assets		**(6,994)**	(10,665)	**(7,465)**	(11,619)
Proceeds from the sale of property, plant and equipment items and intangible assets		**646**	288	**718**	288
Securities		**-**	(3,009)	**-**	(3,009)
Investments in subsidiaries		**2,447**	(319)	**-**	-
Net cash merged/arising from merger of subsidiaries			28	**-**	-
Net cash (used in) investing activities		**(3,901)**	(13,677)	**(6,747)**	(14,340)

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

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Allied Tecnologia S.A.

Statements of cash flows--continued
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

		Individual		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash flows from financing activities					
Borrowings and financing	14	**225,000**	296,000	**305,000**	348,424
Repayment of borrowings, financing and debentures	14	**(279,333)**	(116,667)	**(381,382)**	(124,640)
Payment of interest on borrowings, financing and debentures	14	**(75,570)**	(63,265)	**(87,470)**	(63,265)
Debentures issuance costs	14	**(8,646)**	(4,345)	**(9,531)**	(4,345)
Payments - accredited suppliers	13	**(1,453,368)**	(2,688,850)	**(1,453,368)**	(2,688,850)
Interest payments - accredited suppliers	13	**-**	(48,671)	**-**	(48,671)
Cash inflows from taxes payable in installments	16	**3,250**	-	**3,250**	-
Repayment of principal from taxes payable in installments		**(450)**	(378)	**(450)**	(394)
Lease payments	10	**(38,683)**	(39,380)	**(38,683)**	(39,380)
Payment of other payables to former shareholders	17	**(7,821)**	(3,878)	**(7,821)**	(3,878)
Net cash used in financing activities		**(1,635,621)**	(2,669,434)	**(1,670,455)**	(2,625,000)
Cash flows from financing activities with shareholders					
Interest on capital paid		**(32,997)**	(51,342)	**(32,997)**	(51,342)
Net cash provided by (used in) financing activities with shareholders		**(32,997)**	(51,342)	**(32,997)**	(51,342)
Effects of exchange rate changes on cash of subsidiary		**-**	-	**(6,761)**	(1,880)
Increase (decrease) in cash and cash equivalents		**385,500**	(555,903)	**393,678**	(592,024)
Cash and cash equivalents at the beginning of the year		**86,267**	642,170	**141,942**	733,966
Cash and cash equivalents at the end of the year		**471,767**	86,267	**535,620**	141,942
Increase (decrease) in cash and cash equivalents		**385,500**	(555,903)	**393,678**	(592,024)

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Allied Tecnologia S.A.

Statements of value added
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian reais - R$)

		Individual		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenue, net of returns, discounts and rebates	20	**4,930,166**	5,857,161	**6,739,211**	6,216,684
Other income	24	**44,284**	16,747	**37,549**	12,741
Revenues		**4,974,450**	5,873,908	**6,776,760**	6,229,425
Costs of sales and services		**(3,877,783)**	(4,535,965)	**(5,615,161)**	(4,871,217)
Supplies, power, outside services and other inputs		**(267,560)**	(332,378)	**(302,473)**	(363,923)
Inputs acquired from third parties		**(4,145,343)**	(4,868,343)	**(5,917,634)**	(5,235,140)
Gross value added		**829,107**	1,005,565	**859,126**	994,285
Depreciation, amortization and depletion	21/22/23	**(63,120)**	(71,894)	**(64,910)**	(73,539)
Wealth created by the Company		**765,987**	933,671	**794,216**	920,746
Share of profit (loss) of subsidiaries	9	**19,904**	(20,535)	**-**	-
Finance income	25	**42,930**	42,483	**44,900**	40,454
Wealth received in transfer		**62,834**	21,948	**44,900**	40,454
Total wealth for distribution		**828,821**	955,619	**839,116**	961,200
Salaries and wages and payroll taxes	21/22/23	**(170,953)**	(191,466)	**(173,575)**	(192,013)
Personnel		**(170,953)**	(191,466)	**(173,575)**	(192,013)
Federal (direct and indirect taxes)	-	**(205,351)**	(237,352)	**(208,592)**	(239,596)
State	-	**(198,316)**	(275,681)	**(198,316)**	(275,704)
Municipal	-	**(1,988)**	(3,389)	**(2,688)**	(3,802)
Other	-	**30,349**	23,972	**30,350**	23,972
Taxes, fees and contributions		**(375,306)**	(492,450)	**(379,246)**	(495,130)
Finance costs	25	**(158,680)**	(193,162)	**(162,413)**	(195,516)
Rentals	22/23	**(1,438)**	(2,395)	**(1,438)**	(2,395)
Lenders and lessors		**(160,118)**	(195,557)	**(163,851)**	(197,911)
Wealth distributed		**122,444**	76,146	**122,444**	76,146
Shareholders		**122,444**	76,146	**122,444**	76,146
Dividends and interest on capital		**22,500**	33,000	**22,500**	33,000
Retained earnings		**99,944**	43,146	**99,944**	43,146

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

1. General information

Allied Tecnologia S.A. ("Company"), with registered head office in the city of São Paulo, State of São Paulo, and several branches operating in Brazil, is a publicly-held company listed on Novo Mercado listing segment of B3 S.A. ("B3"), under ticker symbol ALLD3, since April 2021. The Company's controlling shareholders are FIPs Brasil Investimentos 2015 I Fundo de Investimento em Participações Multiestratégia and Brasil Investimentos 2015 II Fundo de Investimento em Participações Multiestratégia (as per the shareholding structure disclosed in note 18), and its shareholders comprise investment entities managed by Advent International Corporation ("Advent").

Founded in 2001, the Company's current activities, exercised by its own or through its subsidiaries, comprise the general wholesale and retail trade of telephony, IT and electronics devices, accessories and peripherals, as well as the provision of distribution logistics services, software development and licensing services, image processing services, financial services and services related to data, voice and recharge plans for users in the telecommunication area.

In August 2019, the Company established a limited liability company that operates under the corporate name Soudi Pagamentos Ltda ("Soudi"). The subsidiary is primarily engaged in providing services involving the payment, contribution, transfer and/or withdrawal of funds, payment account management, issuance of payment instruments, among others.

On April 3, 2021, the Company acquired Kaaru Sociedad Anónima ("Kaaru"), located in the city of Asunción, Paraguay, which is primarily engaged in the purchase, sale, import, export and distribution of electronic products. As at December 31, 2022, Kaaru's operations were fully migrated to Allied Miami LLC.

On August 30, 2021, the Company acquired 100% of the shares of BrUsed Comércio e Manutenção de Aparelhos Eletrônicos LTDA ("BrUsed)". The subsidiary is mainly engaged in the retail trade of telephony and communication equipment. The acquisition was an integral part of the Company's strategy towards expanding operations in the pre-owned and used electronics market. On April 29, 2022, subsidiary BrUsed was merged, with its subsequent extinguishment and transfer of its net assets to the Company, as disclosed in note 9.

On June 27, 2022, the Company established, in the state of Florida (USA), subsidiary Allied Miami LLC, which is engaged in the purchase, sale, export and distribution of electronics for the purpose of serving Latin America.

As at December 31, 2023, the Company has 122 commercial establishments (132 as at December 31, 2022) located in several states, mostly in the Brazilian South and Southeast regions.

The completion of the individual and consolidated financial statements was approved by the Company's Board of Directors and authorized for issue on March 20, 2024.

2. Presentation of financial statements

Allied's individual financial statements are identified as "Individual" and the consolidated financial statements are identified as "Consolidated.

2.1. Statement of compliance

The Company's individual and consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, which comprise the policies set out in the Brazilian Corporate Law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC"), as approved by the Federal Accounting Council ("CFC") and the Brazilian Securities and Exchange Commission ("CVM"), which are in conformity with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2.2. Statement of relevance

Management applied in the preparation of the individual and consolidated financial statements technical guidance OCPC 7 and CVM Resolution 727/14, for the purpose of disclosing only material information that assists the users of the financial information in making decisions, while meeting all the existing minimum requirements. In addition, Management asserts that all relevant information is being disclosed and corresponds to that used in managing the business.

2.3. Basis of preparation

The individual and consolidated financial statements have been prepared based on the historical cost (except when a different criterion is required) and adjusted to reflect the valuation of assets and liabilities measured at fair value or marked to market, when such valuations are required by the accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market players at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, Management takes into account their pricing characteristics at the measurement date.

The individual and consolidated financial statements have been prepared on a going concern basis, assuming that the Company has the appropriate and sufficient funds to discharge its payment obligations.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

2.5. Consolidated financial statements

The Company’s individual and consolidated financial statements for the years ended December 31, 2023 and 2022 include the operations of subsidiaries Soudi, Kaaru and Allied Miami LLC as from the related acquisition and/or establishment dates. This information has been prepared according to the following criteria: (a) elimination of balances between consolidated companies; (b) elimination of the Individual´s investments against the respective equity, as applicable, of the subsidiary; (c) elimination of revenues and expenses arising from business between consolidated companies; and (d) elimination of inventory profit, when applicable, related to sales between consolidated companies.

Consolidation procedures

		Direct interest (%)		Indirect interest (%)	
Subsidiary	**Country**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Soudi	BR	**100%**	100%	-	-
Kaaru	PY	**100%**	100%	**-**	-
Allied Miami LLC (i)	EUA	**100%**	99%	**-**	1%

(i) Up to March 2023, Soudi holds 1% equity interest in Allied Miami LLC.

3. Summary of material accounting policies

The significant accounting policies adopted in preparing the financial statements are described below:

a) Cash and cash equivalents

Comprise cash and banks and short-term investments redeemable within up to 90 days from the investment date, which are subject to an insignificant risk of change in the agreed-upon return and readily convertible into cash.

b) Trade receivables

Trade receivables are recognized at the original amounts arising on sales of products and services. The Company reported line item “Trade receivables” in current assets, net of amounts to be passed on to.

c) Allowance for expected credit losses

The allowance for expected credit losses is recognized when there is objective evidence that the Company will be unable to collect all receivables on the related maturity dates and no corresponding credit insurance has been taken.

The Company uses an allowance matrix to calculate expected credit losses on trade receivables. The allowance rates applied are based on the days in arrears, grouping customers that have similar loss patterns.

Such matrix is initially based on the Company's historical loss rates. The Company reviews the matrix prospectively to adjust it according to the historical credit losses and expected impairment. For example, if economic conditions are expected to deteriorate over the next year (e.g., unemployment rate), which could lead to an increase in default rates in the retail sector, the historical loss rates are adjusted.

d) Inventories

Inventories are stated at average acquisition cost, which does not exceed their fair value. The allowances for slow-moving and obsolete inventories are recognized when there is no expected realization of these inventory items. In addition, the allowance for adjustments to realizable value is recorded when there is objective evidence that the Company will be unable to recover all costs incurred on the resold products.

e) Current income tax and social contribution

The tax rates and tax laws used to calculate the amount are those prevailing at the end of the reporting period.

In Brazil, taxes on income comprise income tax and social contribution.

Income tax is calculated on taxable income at the rate of 15%, plus a 10% surtax on income exceeding R$240 over a 12-month period, whereas social contribution is calculated at the rate of 9% on taxable income, recorded on an accrual basis; therefore, adding back temporarily nondeductible expenses to or deducting temporarily nontaxable revenues from income in order to determine current taxable income generate deferred tax credits or debts.

The Company recognizes the tax effects deriving from profit or loss of subsidiaries Kaaru and Allied Miami, at the statutory rate ranging from 21% to 26%, pursuant to the prevailing tax laws. These effects are recognized at the end of the tax calculation period, in December of each fiscal year.

f) Deferred income tax and social contribution

Deferred taxes arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of the reporting period.

Deferred tax liabilities are recognized on all temporary tax differences, except when the deferred tax liability arises on the initial recognition of goodwill or an asset or a liability in a transaction other than a business combination and that, at the transaction date, does not affect the accounting profit or the tax income or loss, as well as on temporary differences referring to investments in subsidiaries, in which case the reversal period may be controlled and it is probable that these differences will not be reversed in the near future.

Deferred tax assets are recognized on all deductible temporary differences, and unutilized tax credits and tax losses, to the extent it is probable that taxable income will be available against which these differences can be realized, and unused tax credits and tax losses can be utilized, except when the deferred tax assets relating to the temporary deductible differences arise from the initial recognition of an asset or a liability in a transaction other than a business combination and that, at the transaction date, do not affect the accounting profit or the tax income or loss.

Deferred tax assets and liabilities are recognized in noncurrent assets and liabilities and are measured using the tax rate applicable for the year in which the asset is expected to be realized or the liability is expected to be settled, based on the tax rates (and tax law) prevailing at the end of the reporting period.

g) Government grants

Government grants are recognized when there is reasonable certainty that the Company will meet the related conditions and grants will be received. These grants are recognized on a systematic basis in “Net operating income” during the years in which the Company recognizes as expenses the corresponding costs that the grants intend to compensate, which amounts are allocated to profit or loss for the year.

h) Taxes on purchases and sales

Revenues, expenses and assets are recognized net of taxes, except:

When taxes on purchases of goods or services cannot be recovered from tax authorities, in which case the tax is recognized as part of the acquisition cost of the asset or expense item, as applicable. The recoverable or payable net amount of the taxes is included as a component of receivables or payables, in the balance sheet.

Sales revenues are subject to the State VAT (ICMS) taxation at the tax rates prevailing in each region, as well as to PIS and COFINS taxation under a noncumulative regime, at the rates of 1.65% and 7.60% for PIS and COFINS, respectively, except when a different tax rate is applied to products and, as for ICMS, the tax rates prevailing in each State.

i) Judicial deposits

The Company is challenging the legality of certain liabilities or lawsuits filed against the Company. Due to these challenges, a court order, or Management's strategy, these amounts may be deposited in escrow, without being considered as settlement of the related liability. These deposits are adjusted for inflation on a monthly basis, whereas the related adjustments are recognized in "Finance income (costs)".

j) Functional and reporting currency

The Company's functional currency is the Brazilian real (R$), the same currency of preparation and presentation of the individual and consolidated financial statements. The subsidiaries' financial statements included in the Company's consolidation and those used as a basis for measurement of investments under the equity method have been prepared based on the functional currency of each entity.

Foreign currency-denominated transactions are initially recorded at the exchange rate of the functional currency in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated into the reporting currency (Brazilian reais - R$) at the exchange rate prevailing at the end of the reporting period. Exchange gains and losses on such assets and liabilities using the exchange rate prevailing on the transaction date and at the end of the annual reporting periods are recognized as finance income or costs in the income statement. Exchange differences on monetary assets and liabilities of subsidiaries whose functional currency differs from the reporting currency (Brazilian reais - R$) are recorded in equity, in line item "Valuation adjustments to equity".

k) Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Upon initial recognition, intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized and expenses are reflected in the income statement for the year in which they are incurred.

Intangible assets can have either finite or indefinite useful lives.

Intangible assets with finite useful lives are amortized over their economic useful lives and are tested for impairment whenever there is any indication of impairment. The amortization of intangible assets with finite useful lives is recognized in the income statement under expenses as such intangible assets are used.

Intangible assets with indefinite useful lives are not amortized but are annually tested for impairment at the cash-generating unit (CGU) level.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net sales proceeds and its carrying amount, and are recognized in the income statement when the asset is derecognized.

l) Business combinations

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is determined using the fair value at the acquisition date, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer should measure noncontrolling interests in the acquiree at fair value or based on its share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are recorded as expenses when incurred.

In acquiring a business, the Company assesses the financial assets acquired and financial liabilities assumed in order to classify and allocate them based on contractual terms, economic circumstances and conditions on the acquisition date.

Any contingent consideration to be transferred by the acquiree is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration considered as an asset or a liability should be recognized in the income statement.

Goodwill is measured as the excess of the consideration transferred in relation to the net assets acquired (identifiable assets acquired less the liabilities assumed).

Upon initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment testing purposes, after the acquisition date, the goodwill acquired on a business combination is allocated to each of the cash-generating units that are expected to benefit from the combination synergies, regardless of other assets or liabilities of the acquiree attributable to these cash-generating units.

m) Investments

Investments in subsidiaries are measured under the equity method of accounting, for the purposes of the financial statements of the Company and its investees.

n) Impairment losses on non-financial assets

Management annually reviews the carrying amount of the assets to assess events or changes in economic, operating or technological circumstances that indicate that assets might be impaired. Whenever such evidence of impairment is identified and the net carrying amount exceeds the recoverable amount, an allowance for impairment is recognized to write down the net carrying amount to the recoverable amount. The recoverable amount of an asset or a certain cash-generating unit (CGU) is defined as the higher of the value in use and the net sales amount.

In estimating the value in use of an asset, estimated future cash flows are discounted to their present values, using a pretax discount rate that reflects the weighted average cost of capital for the cash-generating unit.

The net sales amount is determined, whenever possible, based on a firm sales agreement at arm's length, entered into among knowledgeable, willing buyers and knowledgeable, willing sellers, adjusted by expenses attributable to the sale of the asset, or, in case of lack of a firm sales agreement, based on the fair value or the most recent price of the transaction carried out with similar assets.

o) Other assets and liabilities (current and noncurrent)

An asset is recorded in the balance sheet when it is virtually certain that the underlying economic benefits will flow to the Company and its costs or amount can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of funds will be required to settle it. Liabilities include charges and exchange rate changes incurred, when applicable.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next 12 months. Otherwise, they are stated as noncurrent.

p) Contingent assets and contingent liabilities

Contingent assets are recognized when they are virtually certain and when there are real guarantees or final and unappealable favorable court rulings.
Contingent assets with a probable favorable outcome are only disclosed in a note to the financial statements.

Contingent liabilities

Recognized when:

- The Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of funds will be required to settle the obligation and the obligation amount can be reliably estimated.

- Provisions are measured at the present value of the expected disbursement to settle the obligation using the appropriate discount rate, according to related risks. Provisions are adjusted through the end of the reporting periods by the estimated amount of probable losses, based on the nature of each contingency and the opinion of the Company's legal counsel.

- Contingent liabilities assessed as possible losses are only disclosed in an explanatory note while contingent liabilities assessed as remote losses are neither accrued nor disclosed.

q) Employee benefits – share-based compensation

The Company offers an equity-settled compensation plan to officers and strategic employees. The fair values of options granted are recognized as expenses over the vesting period, which represents the period during which certain vesting terms and conditions must be met. The consideration is recognized in line item “Capital reserves - stock options granted” in equity. At the end of the reporting period, the Company reviews its estimates of the number of options that should be vested based on their specific terms and conditions. The impact of the revision to initial estimates, if any, is recognized prospectively in the income statement.

r) Revenue recognition

Revenue comprises the billed amounts from the sale of products and services, less trade discounts. Revenue is measured at the fair value of the consideration received, less any discounts, rebates and taxes or charges on sales.

Revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration. Accordingly, the contractual terms and conditions and all relevant facts and circumstances must be considered, including the incremental costs and costs incurred to comply with the contractual terms. Revenue is recognized when a performance obligation is satisfied at the transaction price. The transaction price refers to the consideration amount to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer, and may include fixed or variable amounts, or both. The Company records sales amounts with unrealized consideration in line item “Contractual obligations with customers”, whereas the main amount refers to “Iphone para sempre” program, based on the average actual percentage rates of return on the agreements already terminated by consumers, applied to the residual cost, which may account for up to 30% of the total sales amount.

In compliance with CPC 47/IFRS 15, the Company recognizes incentives and bonuses paid to customers as sales deductions and applies the five-step model to account for revenue from contracts with customers, determining that revenue should be recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring the goods or services to a customer.

The standard requires entities to exercise judgment, taking into account:

(i) Identify the contract with a customer;
(ii) Identify the performance obligations;
(iii) Determine the transaction price;
(iv) Allocate the transaction price; and
(v) Recognize revenue when (or as) the entity satisfies a performance obligation.

s) Present value adjustments

Noncurrent monetary assets and liabilities are adjusted for inflation and, therefore, adjusted to their present value. The present value adjustment of current monetary assets and liabilities is calculated, and only recognized, if considered material in relation to the financial statements taken as a whole. For purposes of recording and determining the materiality, the present value adjustments are calculated taking into consideration the contractual cash flows and the explicit, and in certain cases implicit, interest rate of the related assets and liabilities.

t) Financial instruments

The classification of financial assets according to CPC 48/IFRS 9 is generally based on the business model within which a financial asset is managed and its contractual cash flow characteristics. A financial asset is classified on initial recognition as measured: at amortized cost; at fair value through other comprehensive income (“FVTOCI”); or at fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortized cost if it satisfies both conditions below and is not designated as measured at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company’s financial assets are classified as measured at amortized cost and the following accounting policies apply to their subsequent measurement:

Financial assets measured at amortized cost	These assets are subsequently measured under the effective interest method and are subject to impairment tests. Any gains and losses are recognized in the income statement when an asset is derecognized, modified or impaired.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual rights to collect cash flows from an asset have expired or have been transferred, or when the Company assumes an obligation to pay cash flows received in full to a third party under a transfer arrangement, and when:

(i) The Company substantially transfers all the risks and rewards incidental to ownership of the asset, or
(ii) The Company neither transfers nor retains substantially all the risks and rewards incidental to ownership, but transfers the control over the asset.

CPC 48/IFRS 9 provides for two categories for classification of financial liabilities:
(i) financial liabilities measured at fair value through profit or loss (“FVTPL”); or (ii) financial liabilities measured at amortized cost, whereas their initial recognition is reported in the balance sheet when an entity assumes the contractual obligations for settlement in cash or upon assumption of third-party obligations under the underlying contract.

Financial liabilities are initially measured at fair value and, in the case of borrowings, financing and debentures, are stated net of directly attributable transaction costs.

The Company's financial liabilities are classified as measured at amortized cost and the following accounting policies apply to their subsequent measurement:

Financial liabilities measured at amortized cost	These liabilities are subsequently measured using the effective interest method, under which any gains and losses are recognized in the income statement when a liability is derecognized.

A financial liability (or part of a financial liability) is derecognized when:

i) the obligation on liabilities is settled, cancelled or expired, or
ii) when an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such a change or modification is treated as the derecognition of the original liability and recognition of a new liability. Any differences in the respective carrying amounts are recognized in the income statement.

The Company did not conduct Hedge Accounting transactions in the years ended December 31, 2023 and 2022.

u) Leases

Right-of-use assets

The Company recognizes right-of-use assets at the lease inception date (i.e., the date on which the underlying assets are available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made up to the inception date, less any lease incentives received. Unless it is reasonably certain that the Company will obtain ownership of the leased assets at the end of the lease term, the right-of-use assets recognized are depreciated on a straight-line basis over their estimated useful lives and lease terms.

Lease liabilities

At the lease inception date, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of stock options reasonably certain to be exercised by the Company and penalty payments for terminating a lease, if the lease term reflects the Company exercising the option to terminate a lease. Variable lease payments that do not depend on an index or a rate are recognized as expenses over the period in which the event or condition that triggers payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease inception date in the event the interest rate implicit in the lease cannot be readily determined. After the inception date, the amount of lease liabilities is increased to reflect the interest incurred and decreased for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed payments, or a change in assessment to acquire the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the recognition exemption to its short-term leases of machinery and equipment (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain an option to purchase). It also applies the recognition exemption to leases of office equipment that are considered to be low-value assets. Payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Leases without control of the assets

The Company also applies the recognition exemption to leases under which it does not hold full control over the assets, and, therefore, may be required to hand over the leased locations at any time, at the lessor's discretion. Payments for leases of such nature are recognized as expenses on a straight-line basis over the lease term.

v) Statement of value added

The presentation of the individual and consolidated Statements of Value Added (SVA) is required by the Brazilian Corporate Law and accounting practices adopted in Brazil applicable to publicly-traded corporations. The statement of value added has been prepared in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. The IFRSs do not require the presentation of this statement. Consequently, the presentation of the Statement of Value Added is considered by the IFRSs as supplemental information, without prejudice to the set of financial statements.

w) Segment reporting

The operating segments are addressed consistently with the internal reports provided to the Company's chief decision makers (Executive Board and Board of Directors), who are in charge of allocating funds and evaluating the performance of each operating segment.

The Company only conducts retail operations with distribution through three sales channels, which constitute its operating segment and single business unit for commercial and managerial purposes. Management evaluates the Company's performance as a whole, as well as the selling, managerial and administrative results, taking into account that the structure of costs and expenses is entirely shared among all product categories.

x) Critical accounting judgments and key estimates and assumptions

Judgments

The individual and consolidated financial statements have been prepared based on several measurement bases used in the accounting estimates. The accounting estimates used in preparing the financial statements are based on objective and subjective factors, and judgment by Management is required to estimate the appropriate amount to be reported in the financial statements.
Significant items subject to these estimates and assumptions include:

- The selection of useful lives of property, plant and equipment and their recoverability through operations and, as for intangible assets with finite useful lives, the impairment tests are conducted based on the Company's operations.
- Recoverability of deferred taxes (note 8).
- Measurement of financial assets at fair value (note 26).
- Analysis of the credit risks to recognize an allowance for doubtful debts (note 5).
- Contractual obligations with customers (note 5.1).
- Analysis of other risks for the recognition of other provisions, including the provision for risks (note 16).

The settlement of transactions involving these estimates may result in amounts that significantly differ from those reported in the financial statements due to the inaccuracy inherent in the estimation process. These estimates and assumptions are revised by the Company at least annually.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

3.1. Revised standards and interpretations in effect:

Standards	Amendment	IFRS/IAS correlation	Effective beginning:
CPC 50 – Insurance Contracts	New standard	IFRS 17	01.01.2023
OCPC 07 (R1) – Disclosures in General Purpose Financial Reporting	Disclosure of Accounting Policies	IAS 1	01.01.2023
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	IAS 8	01.01.2023
CPC 32 – Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	IAS 12	01.01.2023

3.2. Revised standards not effective yet

Standards	Amendment	IFRS/IAS correlation	Effective beginning:
CPC 36 (R3) - Consolidated Financial Statements CPC 18 (R2) - Investments in Associates and Joint Ventures	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	IFRS 10 IAS 28	Undetermined
CPC 26 (R1) – Presentation of Financial Statements	Classification of Liabilities as Current or Non-current	IAS 1	(*)
CPC 26 (R1) – Presentation of Financial Statements	Presentation of Financial Statements – Non-current Liabilities with Covenants	IAS 1	(*)
CPC 26 (R2) – Leases	Lease Liability in a Sale and Leaseback	IFRS 16	(**)
CPC 03 (R2) - Statements of Cash Flows CPC 40 (R1) – Financial Instruments: Disclosures	Supplier Finance Arrangements	IAS 7 IFRS 7	(*)

(*) The amendments comprising specific transition measures for the first annual reporting period over which an entity applies the amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption being permitted, and were not adopted in preparing these financial statements.

(**) The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption being permitted. In the event sellers-lessees apply the amendments for a prior period, they are required to report that fact.

The Company's Management and its subsidiaries have been assessing the impacts derived from the pronouncements referred to above.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

4. Cash and cash equivalents

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Cash	**366**	938	**366**	8,230
Banks	**19,613**	20,386	**67,555**	25,959
Short-term investments (a)	**451,788**	64,943	**467,699**	107,753
	471,767	86,267	**535,620**	141,942

(a) The subsidiary's short-term investments are substantially represented by investments in CDB-DI and repurchase transactions, subject to yield of 0.73% p.m. (0.63% p.m. in 2022), on average. As for the foreign subsidiary, they comprise investments in Time Deposit, subject to yield of 0.46% p.m. (0.37% p.m. in 2022), on average, and redeemable at any time, without any significant losses on the agreed-upon return and invested amounts.

5. Trade receivables and contractual obligations with customers

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Trade receivables	**714,575**	1,085,992	**793,108**	1,144,854
Credit cards (a)	**195,765**	351,988	**195,764**	351,988
(-) Expected credit losses (b)	**(15,652)**	(39,831)	**(20,912)**	(43,140)
	894,688	1,398,149	**967,960**	1,453,702
Current	**886,346**	1,381,673	**959,618**	1,437,226
Noncurrent	**8,342**	16,476	**8,342**	16,476

(a) The Company recorded receivables advanced by credit card acquirers, without right of reimbursement, in the amount of R$367,503 as at December 31, 2023 (R$293,732 as at December 31, 2022), to which an average discount equivalent to the CDI rate + 1.68% p.a. is applied (average discount equivalent to the CDI rate + 1.65% p.a. in 2022).

(b) In January 2023, the Company became aware of a court-ordered reorganization request filed by Americanas Group. The balance payable reported by such retail company to the Judge amounts to R$87,572. The Company has already filed a claim with the insurance company and, according to the insurance policy, became entitled to receive 90% of the outstanding balance. The abovementioned loss process was completed and the amount disclosed was paid on May 8, 2023, and there were no losses arising from this settlement in addition to the allowance for losses amounting to R$8,757 recognized by the Company as at December 31, 2022.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

Aging list of trade receivables:

	Individual				Consolidated			
	12/31/2023	Expected losses	12/31/2022	Expected losses	12/31/2023	Expected losses	12/31/2022	Expected losses
Current	**872,657**	**(7,608)**	1,281,114	(21,315)	**934,289**	**(7,872)**	1,328,377	(21,543)
Past-due	**37,683**	**(8,043)**	156,866	(18,516)	**54,583**	**(13,040)**	168,465	(21,597)
1 to 30 days	**17,054**	**(301)**	85,716	(1,131)	**21,181**	**(332)**	89,782	(1,166)
31 to 60 days	**1,726**	**(93)**	34,392	(1,047)	**4,782**	**(185)**	36,295	(1,118)
61 to 90 days	**2,832**	**(131)**	7,982	(234)	**5,059**	**(354)**	9,493	(430)
91 to 180 days	**6,429**	**(1,804)**	15,084	(10,422)	**13,829**	**(6,456)**	19,203	(13,201)
181 to 365 days	**3,674**	**(581)**	5,793	(558)	**3,766**	**(581)**	5,793	(558)
Over 365 days past-due	**5,968**	**(5,133)**	7,899	(5,124)	**5,966**	**(5,132)**	7,899	(5,124)
Total	**910,340**	**(15,651)**	1,437,980	(39,831)	**988,872**	**(20,912)**	1,496,842	(43,140)

As at December 31, 2022, the Company made present value adjustments to noncurrent receivables from customer contracts, using a rate of 13.41% p.a. referring to the average CDI rate + bank spread. As at December 31, 2023, receivables were settled.

The variations in expected credit losses are broken down as follows:

	Individual		Consolidated	
Description	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**(39,831)**	(59,958)	**(43,140)**	(68,045)
Additions	**(9,056)**	(28,533)	**(12,358)**	(31,660)
Reversals	**33,235**	48,660	**34,586**	56,565
Closing balance	**(15,652)**	(39,831)	**(20,912)**	(43,140)

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

5.1. Contractual obligations with customers

As a result of some transactions involving the sale of mobile phones and other electronics, upon the sale initial recognition, the Company recognizes liabilities on the probable obligation to repurchase part of these products or reversals of services arising from future cancellations or sales returns by its customers, as shown in the following table:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Repurchase program	**38,874**	37,085	**38,874**	37,085
Other	**6,148**	4,878	**6,148**	4,878
	45,022	41,963	**45,022**	41,963
Current	**24,937**	22,910	**24,937**	22,910
Noncurrent	**20,085**	19,053	**20,085**	19,053

6. Inventories

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Goods for resale	**553,870**	734,200	**599,287**	747,902
Estimated inventory loss	**(4,708)**	(3,164)	**(4,708)**	(3,164)
	549,162	731,036	**594,579**	744,738
Current	**538,035**	720,603	**583,452**	734,305
Noncurrent	**11,127**	10,433	**11,127**	10,433

The variations in the allowance for inventory losses are as follows:

	Individual		Consolidated	
Description	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**(3,204)**	(4,886)	**(3,204)**	(4,886)
Additions	**(17,059)**	(16,402)	**(17,059)**	(16,402)
Reversals	**15,555**	18,124	**15,555**	18,124
Closing balance	**(4,708)**	(3,164)	**(4,708)**	(3,164)

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

7. Recoverable taxes

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Taxes on revenue (PIS and COFINS) (a)	**250,525**	230,969	**250,525**	230,969
State VAT (ICMS)	**31,264**	39,502	**31,264**	39,502
Income tax and social contribution	**6,697**	4,790	**6,697**	4,906
Withholding income tax (IRRF)	**3,762**	3,780	**3,762**	3,780
Federal VAT (IPI)	**1,338**	1,975	**1,338**	1,975
Other taxes	**8,565**	11,937	**8,729**	12,102
	302,151	292,953	**302,315**	293,234
Current	**122,307**	144,926	**122,471**	145,207
Noncurrent	**179,844**	148,027	**179,844**	148,027

(a) Allied Tecnologia S.A.'s operations are subject to the noncumulative PIS and COFINS taxation, pursuant to Law 10637/02 and Law 10833/03, which allows claiming PIS and COFINS credits in relation to costs and expenses (inputs), expressly listed in items I to IX, article 3, of the aforesaid laws.

ICMS deduction from PIS and COFINS tax bases

On March 14, 2017, the Company filed a lawsuit claiming the ICMS deduction from PIS and COFINS tax bases and attained a favorable lower-court decision issued in September 2017 and a higher-court decision published in March 2021. Currently, the appeal filed by the Finance Department is pending a decision before the STJ.

On May 13, 2021, the Federal Supreme Court ("STF") upheld the understanding that the ICMS deduction from PIS and COFINS tax bases has been valid since March 2017 and entities that have challenged such matter in court to date shall also be entitled to recover previously paid amounts (5 years retrospectively). In light of the STF's decision, the Company assessed the favorable outcome from such lawsuit as virtually certain of reimbursement and, therefore, contingent assets are no longer recognized. Relying on the support of specialized consultants, the Company recorded the total amount of R$152,961 (R$148,027 in 2022), out of which R$126,252 refers to principal and R$26,709 to inflation adjustments (R$21,775 in 2022), recorded in noncurrent assets.

Reverse charge State VAT (ICMS-ST) deduction from PIS and COFINS tax bases

In connection with the same lawsuit referred to above, the Company claimed the ICMS-ST deduction and attained a favorable decision.

On December 13, 2023, the Superior Court of Justice ("STJ") reinforced the understanding that ICMS-ST should also be deducted from PIS and COFINS tax bases. Accordingly, in the year ended December 31, 2023, the Company calculated and recorded tax credits corresponding to the period from 2013 to 2023, in the total amount of R$26,807, out of which R$25,284 corresponds to principal and R$1,523 to inflation adjustments, recorded in noncurrent assets. In turn, the amount of R$2,392 refers to 2023 and is reported in line item "Cost of sales", whereas R$22,892 refers to prior-year tax credits reported in line item "Other operating income (expenses)".

Up to the reporting date, the Company had not yet obtained a final and unappealable decision on such lawsuits for the utilization of the credits.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

8. Income tax and social contribution

a) Deferred income tax and social contribution

	Deferred assets				Deferred liabilities			
	Individual		Consolidated		Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Income tax loss carryforwards	**127,429**	88,116	**127,429**	88,116	**-**	-	**-**	-
Social contribution loss carryforwards	**45,874**	31,722	**45,874**	31,722	**-**	-	**-**	-
Litigation	**25,338**	26,156	**25,338**	26,156	**-**	-	**-**	-
Allowance for expected credit losses	**5,322**	13,542	**5,322**	13,542	**-**	-	**-**	-
Accrued trade payables (i)	**5,553**	6,217	**5,553**	6,217	**-**	-	**-**	-
Effects of CPC (06)/IFRS 16	**5,220**	4,726	**5,220**	4,726	**-**	-	**-**	-
Amortization of the subsidiaries' assets	**2,805**	3,504	**2,805**	3,504	**-**	-	**-**	-
Effects of CPC (47)/IFRS 15	**1,315**	1,228	**1,315**	1,228	**-**	-	**-**	-
Estimated inventory loss	**1,601**	1,076	**1,601**	1,076	**-**	-	**-**	-
Estimated fixed asset loss	**-**	517	**-**	517				
Income tax paid abroad	**7,532**	392	**7,532**	392	**-**	-	**-**	-
Present value adjustments	**95**	123	**95**	123	**-**	-	**-**	-
ICMS added to PIS/COFINS tax bases	**-**	-	**-**	-	**48,317**	39,721	**48,317**	39,721
Goodwill tax amortization (ii)	**-**	-	**-**	-	**198,653**	185,100	**198,653**	185,100
	228,084	177,319	**228,084**	177,319	**246,970**	224,821	**246,970**	224,821
Total liabilities, net	**-**	-	**-**	-	**18,886**	47,502	**18,886**	47,502
Income (expenses) from taxes recognized in profit or loss	**-**	-	**-**	-	**28,616**	23,972	**28,616**	23,972

(i) Payables to service providers are recognized on an accrual basis while no collection documents issued are received for recognition in line item "Trade payables".

(ii) Deferred income tax and social contribution amounts derive from the tax benefit involving goodwill on future earnings of the absorbed companies Allied S.A., Arte Telecom and Wooza Representações.

Deferred income tax and social contribution were substantially recognized on tax loss carryforwards, primarily due to the goodwill deductibility arising from the merger of subsidiaries Allied S.A., Arte Telecom and Wooza Representações, based on analyses carried out by Management as to the generation of future taxable income and expected realization of deductible or taxable temporary differences that allow the full realization of those amounts in the next years. The Company expects deferred tax assets to be realized within no more than nine years.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

b) Reconciliation of income tax and social contribution

The reconciliation between tax expenses and income from multiplying the accounting profit by the statutory rate for the years ended December 31, 2023 and 2022 is shown below:

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Profit before income tax and social contribution	**99,112**	52,174	**99,120**	52,347
Statutory rates (25% for income tax and 9% for social contribution)	**34%**	34%	**34%**	34%
Income tax and social contribution at statutory rate	**(33,698)**	(17,739)	**(33,701)**	(17,798)
“Compete” benefit - note 18.b	**29,364**	36,474	**29,364**	36,474
Interest on capital	**30,600**	11,220	**30,600**	11,220
Stock options	**(145)**	353	**(145)**	353
Earned profit on foreign parent (i)	**-**	392	**-**	392
Share of profit (loss) of subsidiaries	**(3,863)**	(6,982)	**-**	-
ICMS added to the tax base – Selic	**2,195**	1,703	**2,195**	1,703
Temporary differences unrecognized in the subsidiaries	**-**	-	**(3,204)**	(6,233)
Other	**(1,121)**	(1,449)	**(1,785)**	(2,312)
Income tax and social contribution expenses in the year	**23,332**	23,972	**23,324**	23,799
Current taxes	**(7,018)**	-	**(7,026)**	(173)
Deferred taxes	**30,350**	23,972	**30,350**	23,972
Effective rate	**(24%)**	(46%)	**(24%)**	(46%)

(i) According to the business regime of “Limited Liability Company” (LLC) under which subsidiary Allied Miami LLC falls, tax expenses are due to shareholders, with estimates being recorded for the Parent and, upon payment, the related amounts are deducted from the investments. The paid amount will be offset against the Parent’s tax calculations.

9. Investments

	12/31/2023			12/31/2022		
	Equity interest - %	**Subsidiaries’ equity**	**Investment in the parent company**	**Equity interest - %**	**Subsidiaries’ equity**	**Investment in the parent company**
Soudi	100%	**(39,210)**	**(39,210)**	100%	(29,779)	(29,779)
Kaaru	100%	**-**	**-**	100%	4,612	4,612
Allied Miami	100%	**30,009**	**30,009**	99%	(373)	(368)
		(9,201)	**(9,201)**		(25,540)	(25,535)

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

	12/31/2023	12/31/2022
Variations in investments		
Balance at the beginning of the year	**(25,535)**	(4,438)
Share of profit (loss) of subsidiaries	**19,904**	(20,535)
BrUsed – capital contribution	**-**	161
Merger – BrUsed (a)	**-**	(205)
Allied Miami - foreign subsidiary	**-**	158
Translation adjustments to investments of the foreign subsidiary	**(1,124)**	(676)
Proceeds from the completed liquidation of subsidiary – Kaaru	**(2,447)**	-
Net balance at the end of the year	**(9,202)**	(25,535)
Investments - assets	**30,008**	4,244
Allowance for investment losses – liabilities	**(39,210)**	(29,779)
	(9,202)	(25,535)

(a) On April 29, 2022, subsidiary BrUsed was merged, with its subsequent extinguishment and transfer of its net assets to the Company.

Balance sheet
Balances as at April 29, 2022

Current assets	357	Current liabilities	94
Cash and cash equivalents	28	Trade payables	0
Trade receivables	153	Taxes payable	45
Related parties	174	Payroll and related taxes	47
Other receivables	2	Advances to customers	2
Noncurrent assets	27	Noncurrent liabilities	85
Property, plant and equipment	27	Provision for lawsuits	85
Total assets	384	Net assets	205

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The financial information on subsidiaries is summarized as follows:

	Soudi		Kaaru		Allied Miami	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Current assets	70,472	60,268	-	4,503	121,587	61,766
Noncurrent assets	3,403	4,797	-	499	128	127
Total assets	73,875	65,065	-	5,002	121,715	61,893
Current liabilities	113,085	94,844	-	390	91,706	62,266
Equity	(39,210)	(29,779)	-	4,612	30,009	(373)
Total liabilities and equity	73,875	65,065	-	5,002	121,715	61,893
Statement of profit and loss						
Gross profit	28,972	17,221	(202)	4,437	38,958	-
Operating expenses	(37,235)	(35,624)	(1,714)	(1,889)	(7,098)	(93)
Finance income (costs)	(1,160)	281	(23)	(4,222)	(580)	(440)
Taxes for the year	(8)	-	-	(167)	-	-
Profit (loss) for the year	(9,431)	(18,122)	(1,939)	(1,841)	31,280	(533)

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

10. Leases and rights of use

The Company primarily holds leases of properties, such as physical stores, distribution centers and corporate offices, and the effects arising from IFRS 16/CPC 06 are disclosed in line item “Leases”, in current and noncurrent liabilities, with a balancing item reported in “Rights of use”, in noncurrent assets.

As for lease agreements added in 2023, the Company quoted loans from financial institutions and applied a CDI borrowing cost effective at the time, plus 3.5% p.a. (2.3% p.a. as at December 31, 2022) composing the incremental rate, considering each contractual maturity.

The fair values of lease assets and liabilities were broken down as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets				
Opening balance	**114,000**	133,597	**114,000**	133,597
Additions	**12,390**	-	**12,390**	-
Remeasurement (a)	**1,404**	10,386	**1,404**	10,386
Write-offs	**(5,784)**	(2,195)	**(5,784)**	(2,195)
Depreciation	**(28,225)**	(27,788)	**(28,225)**	(27,788)
	93,785	114,000	**93,785**	114,000
Liabilities				
Opening balance	**127,335**	145,001	**127,335**	145,001
Additions	**12,390**	-	**12,390**	-
Remeasurement (a)	**1,403**	10,386	**1,403**	10,386
Write-offs	**(6,789)**	(2,394)	**(6,789)**	(2,394)
Payments	**(38,683)**	(39,380)	**(38,683)**	(39,380)
Interest incurred	**11,876**	13,722	**11,876**	13,722
	107,532	127,335	**107,532**	127,335
Current liabilities	**24,375**	22,127	**24,375**	22,127
Noncurrent liabilities	**83,157**	105,208	**83,157**	105,208

(a) Remeasurement of the lease amounts on the adjustment date.

Maturity schedule of lease liabilities recognized in noncurrent liabilities:

	Individual		Consolidated	
Year	12/31/2023	12/31/2022	12/31/2023	12/31/2022
2024	**23,946**	28,578	**23,946**	28,578
2025	**23,860**	23,003	**23,860**	23,003
2026	**19,713**	22,001	**19,713**	22,001
2027	**9,935**	17,326	**9,935**	17,326
2028	**3,641**	8,342	**3,641**	8,342
2029	**1,647**	3,765	**1,647**	3,765
2030	**415**	1,775	**415**	1,775
2031	**-**	418	**-**	418
	83,157	105,208	**83,157**	105,208

As at December 31, 2023, the Company is a party to 99 lease agreements (107 as at December 31, 2022), recognized as lease transactions.

The Company applied the practical expedient set out in CVM Resolution 859/20, whereby a lessee may elect not to assess whether a rent concession is a lease modification and, accordingly, account for changes in lease payments in profit or loss for the year, as stated in note 22.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The Company recognized expenses on variable lease payments, leases of low-value assets and short-term leases in the individual and consolidated financial statements. Regarding lease agreements of stores and kiosks providing for variable amounts, based on a percentage rate applied to net sales, as contractually determined, expenses amounting to R$492 were recorded in the year ended December 31, 2023 (R$696 as at December 31, 2022).

Pursuant to CVM Circular Letter 02/2019, the Company presents lease liability balances considering estimated future payment flows, adjusted for inflation:

	Individual and Consolidated		
Year	**Remaining balance**	**Projected inflation**	**Discounted installment amounts**
2023	**24,375**	**953**	**25,328**
2024	**23,946**	**936**	**24,882**
2025	**23,860**	**835**	**24,695**
2026	**19,713**	**690**	**20,403**
2027	**9,935**	**348**	**10,283**
2028	**3,641**	**127**	**3,768**
Beginning 2029	**2,062**	**72**	**2,134**
	107,532	**3,961**	**111,493**

The sources of information for the market expectation relating to the IPCA rate used above were obtained at the website of the Central Bank of Brazil (BCB), Focus bulletin, on the closing of January 19, 2024.

11. Intangible assets

Individual

Intangible assets	**Annual amortization rate (%)**	**12/31/2022**	**Additions**	**Write-off**	**Amortization**	**Transfer**	**12/31/2023**
Software	20	**22,930**	**2,812**	**-**	**(8,510)**	**3,060**	**20,292**
Commercial rights	20	**21,431**	**-**	**(298)**	**(12,339)**	**-**	**8,794**
Trademarks and patents	12.5	**109**	**-**	**-**	**(13)**	**-**	**96**
Goodwill on acquisition of subsidiaries	-	**618,580**	**-**	**-**	**-**	**-**	**618,580**
Customer portfolio	10	**33,168**	**-**	**-**	**(6,633)**	**-**	**26,535**
Points of sale - Physical Retail	10	**8,561**	**-**	**-**	**(1,534)**	**-**	**7,027**
Other	20	**1,076**	**3,060**	**-**	**(1,054)**	**(3,060)**	**22**
Total		**705,855**	**5,872**	**(298)**	**(30,083)**	**-**	**681,346**

Consolidated

Intangible assets	**Annual amortization rate (%)**	**12/31/2022**	**Additions**	**Write-off**	**Amortization**	**Transfer**	**12/31/2023**
Software	20	**23,895**	**3,173**	**-**	**(8,962)**	**3,060**	**21,166**
Commercial rights	20	**21,431**	**-**	**(298)**	**(12,339)**	**-**	**8,794**
Trademarks and patents	12.5 and 20	**4,004**	**-**	**-**	**(1,312)**	**-**	**2,692**
Goodwill on acquisition of subsidiaries	-	**618,580**	**-**	**-**	**-**	**-**	**618,580**
Customer portfolio	10	**33,168**	**-**	**-**	**(6,634)**	**-**	**26,534**
Points of sale - Physical Retail	10	**8,561**	**-**	**-**	**(1,533)**	**-**	**7,028**
Other	20	**1,137**	**3,060**	**-**	**(1,054)**	**(3,060)**	**83**
Total		**710,776**	**6,233**	**(298)**	**(31,834)**	**-**	**684,877**

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

Impairment testing of goodwill and intangible assets

Goodwill and other intangible assets with indefinite useful lives were tested for impairment pursuant to CPC 01 (R1). The impairment test of goodwill and other intangible assets comprised calculating the recoverable amount of the CGU.

Management made estimates on the CGU recoverable amount according to the value-in-use criteria.

The CGU corresponds to Allied Tecnologia S.A. (“Allied”), the parent company, including the profit or loss of its subsidiaries.

The future cash flow assumptions and growth projections for the CGU are based on the Company’s annual budget and business plans for the next five years, as approved by Management, as well as on comparable market inputs, which represent Management’s best estimate of the economic conditions that will exist over the useful lives of the Company’s cash-generating assets.

The main assumptions adopted by Management in conducting the impairment tests are outlined below:

- Cash flow discount rate (WACC) of 14.37% p.a., which reflects the weighted average cost of capital.
- Cash flow projections for 5 years, based on perpetuity.
- Average nominal revenue growth of roughly 16% for the period from 2024 to 2028, supported by average investments in CAPEX of R$16 million.

Upon revising the future projections of its cash-generating units (CGUs), using the WACC as a discount rate for a ten-year period, Management has not identified any factors indicating material impairment losses, remeasurement or idleness of property, plant and equipment and intangible assets.

The consolidated assets allocated to each CGU are described in the following table:

	CGU of Allied		**CGU of subsidiaries (*)**		**Total**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Property, plant and equipment	**15,167**	22,509	**-**	507	**15,167**	23,016
Other intangible assets	**62,766**	87,275	**3,531**	4,921	**66,297**	92,196
Goodwill	**618,580**	618,580	**-**	-	**618,580**	618,580
	696,513	728,364	**3,531**	5,428	**700,044**	733,792

(*) Subsidiaries Soudi and Miami.

12. Trade payables

	Individual		**Consolidated**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Domestic suppliers	**505,684**	597,522	**583,516**	598,700
Foreign suppliers	**3,898**	4,243	**3,898**	24,431
	509,582	601,765	**587,414**	623,131

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

13. Trade payables - agreements

The Company entered into agreements with partner banks to structure the prepayment of receivables with its main suppliers. Under such transaction, suppliers extend maturity periods and transfer the right to collect receivables from installment sales of products to the Company's partner financial institutions, in exchange for receiving the related funds from the banks, without the need to contract credit facilities. These transactions are subject to an average interest rate of 0.74% p.a. (8.05% p.a. in 2022), with an average term of 22 days (74 days in 2022). The finance costs associated with most part of those transactions are reimbursed by suppliers, as shown below:

	Individual and Consolidated	
	12/31/2023	12/31/2022
Without finance costs	**297,778**	406,524
With finance costs	**-**	118,895
	297,778	525,419

Variations in the Company's trade payables – agreements are broken down as follows:

	Individual and Consolidated	
	12/31/2023	12/31/2022
Opening balance	**525,419**	804,314
New commitments	**1,218,880**	2,416,802
Principal repayments	**(1,453,368)**	(2,688,850)
Interest payments	**-**	(48,671)
Interest incurred	**6,847**	41,824
	297,778	525,419

As assessed by Management, the economic substance of the underlying transactions has a financial nature, considering that the advances to suppliers are subject to maturity date changes and interest charged by the financial institution, even if such interest amounts are reimbursed by the suppliers.

14. Borrowings, financing and debentures

		Individual		Consolidated	
Category	Finance charges - weighted average - %	12/31/2023	12/31/2022	12/31/2023	12/31/2022
4th issue of debentures (a)	CDI + 1.60% p.a.	**-**	231,141	**-**	231,141
5th issue of debentures (b)	CDI + 2.22%/ 2.00% p.a	**247,410**	296,357	**247,410**	296,357
6th issue of debentures (c)	CDI + 2.60% p.a.	**216,125**	-	**216,125**	-
Overdraft account	CDI + 2.54% p.a.	**-**	-	**80,178**	59,871
Foreign loans - US dollar	6.90% p.a.	**-**	-	**-**	42,211
Total		**463,535**	527,498	**543,713**	629,580
Current0}		**1,482**	119,103	**81,660**	221,185
Noncurrent		**462,053**	408,395	**462,053**	408,395

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

Variations in the Company’s borrowings are as follows:

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Opening balance	**527,497**	346,426	**629,580**	395,841
New borrowings	**225,000**	296,000	**305,000**	348,424
Debentures issuance costs	**(8,646)**	(4,345)	**(9,531)**	(4,345)
Principal repayments	**(279,333)**	(116,667)	**(381,382)**	(124,640)
Interest payments	**(75,570)**	(63,265)	**(87,470)**	(63,265)
Interest incurred	**74,587**	69,349	**88,772**	77,883
Balance sheet translation effects	**-**	-	**(1,256)**	(318)
	463,535	527,498	**543,713**	629,580
Current	**1,482**	119,103	**81,660**	221,185
Noncurrent	**462,053**	408,395	**462,053**	408,395

(a) On December 25, 2019, the fourth issue of simple, nonconvertible debentures was approved, in a single series, in the amount of R$350,000, represented by 350,000 debentures issued at the unit par value of R$1.
Interest amounts have been paid on a quarterly basis, beginning March 25, 2020.
The final maturity of debentures will be within 60 months, with semiannual settlements and grace period of 30 months, according to the amortization table included in the indenture, with principal repayments beginning on June 26, 2022 and maturing on December 25, 2024.
In order to ensure full compliance with all obligations assumed before Creditors, the Company undertook to maintain at least 30% of the outstanding balance of debentures in bank slips falling due in the restricted accounts opened at Banco Bradesco (Collaterals).
The debentures agreement requires maintaining a net debt-to-EBTIDA ratio lower than or equal to 2.5 times for each fiscal year, from December 31, 2019 to the maturity date.
On December 26, 2023, the Company fully settled the outstanding balance in advance.0}

(b) On May 26, 2022, the fifth issue of simple, nonconvertible debentures was approved, in the amount of R$296,000, represented by 296,000 debentures issued at the unit par value of R$1. Interest amounts will be paid on a quarterly basis, beginning August 26, 2022.
The final maturity of debentures will be within 60 months, with quarterly settlements and grace period of 24 months, according to the amortization table included in the indenture, with principal repayments beginning on May 26, 2024 and maturing on May 26, 2027.
In order to ensure full compliance with all obligations assumed before Creditors, the Company undertook to maintain at least 30% of the outstanding balance of debentures in bank slips falling due in the restricted accounts opened at Banco do Brasil (Collaterals).
The debentures agreement requires maintaining a net debt-to-EBTIDA ratio lower than or equal to 2.5 times for each fiscal year.
On December 26, 2023, the Company carried out the optional extraordinary amortization of 15.5405% of the nominal unit balance of debentures. Moreover, it elected to postpone payment of the remaining debt balance of R$250,000, which resulted in interest rate changes from 2.00% p.a. to 2.22% p.a. As a result of such adjustments, the final maturity of debentures was also changed to 60 months, with quarterly settlements and grace period of 18 months, according to the amortization table included in the indenture, with principal repayments beginning on June 26, 2025. The postponement does not change the other contractual clauses.
As at December 31, 2023, the Company complied with all covenants set out in the relevant agreement.

(c) On December 6, 2023, the sixth issue of simple, nonconvertible debentures was approved, in the amount of R$225,000, represented by 225,000 debentures issued at the unit par value of R$1. Interest amounts will be paid on a semiannual basis, beginning June 15, 2024.
The final maturity of debentures will be within 60 months, with semiannual settlements and grace period of 24 months, according to the amortization table included in the indenture, with principal repayments beginning on December 15, 2025 and maturing on December 15, 2028.
In order to ensure full compliance with all obligations assumed before Creditors, the Company undertook to maintain at least 30% of the outstanding balance of debentures in bank slips falling due in the restricted accounts opened at Banco do Brasil (Collaterals).
The debentures agreement requires maintaining a net debt-to-EBTIDA ratio lower than or equal to 2.5 times for each fiscal year, from December 31, 2023 to the maturity date.
As at December 31, 2023, the Company complied with all covenants set out in the relevant agreement.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

For debentures, the trustee is responsible for checking the calculations submitted by the Company's Management within 3 days from the disclosure of the audited financial statements. The calculation of covenants applicable to the financial statements for December 31, 2022 was checked in April 2023, without any qualifications, whereas the Company complied with all covenants set out in the relevant agreements.

The long-term payment schedule of borrowings and financing is as follows:

	Individual and Consolidated	
Maturity year	**12/31/2023**	**12/31/2022**
2023	**-**	182,804
2024	**-**	-
2025	**76,346**	90,209
2026	**128,054**	90,209
2027	**128,558**	45,173
2028	**129,095**	-
Total noncurrent	**462,053**	408,395

15. Related parties

Due from related parties

	Individual		**Consolidated**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Soudi Pagamentos Ltda. (i)	**31,882**	33,414	**-**	-
Receivables from shareholders (ii)	**7,738**	14,566	**7,738**	14,566
Former controlling shareholders (iii)	**-**	1,450	**-**	1,450
Miami LLC (iv)	**1,248**	-	**-**	-
Total current	**40,868**	49,430	**7,738**	16,016

Other related-party transactions recognized in profit or loss

Purchase and sale transactions with related parties are conducted under specific terms and conditions agreed upon between the parties.

Consolidated

	Sales/(Returns)		**Costs**	
Other related parties	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Related parties under indirect common control	**-**	**3,123**	**-**	**(2,512)**

	Other income		**Administrative expenses**	
Subsidiaries	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Soudi Pagamentos Ltda. (i)	**-**	-	**(4,529)**	(3,782)
Miami LLC (iv)	**-**	-	**(1,247)**	-
Allied Tecnologia S.A. (i) (iv)	**5,776**	3,782	**-**	-

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

Subsidiaries	Finance income 12/31/2023	Finance income 12/31/2022	Finance costs 12/31/2023	Finance costs 12/31/2022
Kaaru Sociedad Anónima (v)	**-**	-	**-**	(2,585)
Allied Tecnologia S.A. (v)	**-**	2,585	**-**	-

Other related parties	Expenses on commissions 12/31/2023	Expenses on commissions 12/31/2022
Related parties under indirect common control	**-**	**(534)**

(i) Sales transfers to the storeowner and provision of shared services.
(ii) Proceeds from acquisitions of stock options.
(iii) Reimbursement of expenses relating to the leniency agreement (as disclosed in note 16).
(iv) Provision of shared services.
(v) Loans to the investee.

In the year ended December 31, 2023, there was no need to recognize expected credit losses on due from related parties.

Compensation of key management personnel

The aggregate amount of compensation and benefits granted to officers, directors and members of statutory committees for services provided in their respective areas of expertise was R$9,057 in the year ended December 31, 2023 (R$8,190 as at December 31, 2022).

16. Provision for lawsuits

In the ordinary course of business, the Company is exposed to certain contingencies and risks, which include tax, labor and civil lawsuits. The Company’s Management recognized a provision for risks underlying lawsuits assessed as probable losses, which is the best estimate of future cash disbursement, based on its legal counsel’s opinion. The provisions for lawsuits are broken down as follows:

Lawsuits assessed as probable losses	12/31/2023	12/31/2022
Tax (a)	**167,800**	137,707
ICMS-DIFAL - 2021	**66,371**	68,803
ICMS-DIFAL - 2022	**77,558**	65,504
ICMS-DIFAL - 2023	**20,927**	-
Other	**2,944**	3,400
Labor	**4,802**	4,315
Civil	**408**	410
Leniency (b)	**9,002**	8,678
Total	**182,012**	151,110
(-) Payments through judicial deposits - ICMS DIFAL 2022	**(77,558)**	(65,504)
(-) Payments through judicial deposits - ICMS DIFAL 2023	**(20,927)**	-
(-) Payments through judicial deposits – Leniency (b)	**(9,002)**	(8,678)
Lawsuits net of judicial deposits	**74,525**	76,928

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

a) Tax lawsuits

ICMS-DIFAL (year 2021)

On February 24, 2021, the STF issued a decision determining that the payment of certain amounts referring to interstate ICMS rate differences (“ICMS-DIFAL”) would not be mandatory. In light of this decision, the Company filed writs of mandamus on February 26, 2021 and, given the likelihood of possible losses at the time, it deposited ICMS-DIFAL amounts in escrow and received favorable preliminary injunctions to suspend such deposits.

The Company elected not to recognize the tax expenses on ICMS-DIFAL in its financial statements beginning February 2021.

In December 2021, the STF decided that only entities that had filed lawsuits up to February 24, 2021 would be entitled to such non-mandatory payment. Considering the STF’s decision, the Company recognized a provision for probable losses in the amount of R$66,371 (R$68,803 as at December 31, 2022).

ICMS-DIFAL (year 2022)

On February 8 and 9 and April 11, 2022, the Company filed writs of security and started to deposit in escrow the ICMS-DIFAL amounts for 2022 to all Brazilian states, based on the aforesaid STF’s judgment.

The Company maintained the obligations with ICMS-DIFAL recorded in its liabilities, in the amount of R$77,558 (R$65,504 as at December 31, 2022), and with judicial deposit in the same amount, recorded at net amount in provision for lawsuits.

In December 2023, by majority of votes, the STF determined that the DIFAL collection would be due beginning April 5, 2022, i.e., in conformity with the ninety-day anteriority principle. In view of the foregoing, the Company recognized amounts deposited in escrow in profit or loss, corresponding to the period from January 2022 to March 2022, in the amount of R$16,295.

ICMS-DIFAL (year 2023)

On February 9 and 15, 2023, the Company filed writs of security for some states and started to deposit in escrow the ICMS-DIFAL amounts corresponding to the period from January to July 2023. The Company will maintain the obligations with ICMS-DIFAL recorded in its liabilities, in the amount of R$20,297, and with judicial deposit in the same amount, recorded at net amount in provision for lawsuits.

b) Leniency

On May 3, 2022, the Company entered into a leniency agreement with the Federal Public Prosecutor’s Office ("MPF") and a civil non-prosecution agreement with the São Paulo State Public Prosecutor’s Office ("MPSP"), as described in item 4.7 of the Reference Form available on the Company’s website (ri.alliedbrasil.com.br) and CVM’s website (cvm.gov.br).

The Company recorded payables amounting to R$23,847, which were fully paid to the Federal Government and São Paulo State Finance Department, out of which R$8,678 as principal and R$324 as inflation adjustment paid through judicial deposits.

No provision is required for lawsuits assessed as possible losses by Management and its legal counsel, involving the following estimated amounts:

Lawsuits assessed as possible losses	**12/31/2023**	**12/31/2022**
Tax	**66,125**	85,214
Labor	**22,989**	24,710
Civil	**4,363**	5,109
Total	**93,477**	115,033

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

Tax

The main lawsuits assessed as possible losses refer to tax lawsuits: a) tax assessment notice issued by the Federal Revenue Service on account of challenges concerning the offsets made and undue deduction of trade discounts from revenues, in the amount of R$32,625 (R$19,458 as at December 31, 2022); and b) lawsuit involving claims to suspend the collection of social security contributions, income tax and alleged fine for lack of withholding taxes on alleged income arising from the exercise of stock options, in the amount of R$13,453 (R$11,977 as at December 31, 2022).

On August 31, 2023, the Company joined the Tax Debt Refinancing Program (REFIS), in the amount of R$3,250, with payment in 180 months to settle the tax assessment notice, through a special system for installment payment of ICMS amounts to the State of Espírito Santo. These tax lawsuits were classified as possible losses and the REFIS registration was recognized in line item “Taxes payable”.

Labor

These lawsuits represent labor claims of several natures (overtime payment and severance pay), which are at different procedural phases.

16.1. Judicial deposits

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Tax – DIFAL 2021 (i)	**66,371**	68,803	**66,371**	68,803
Tax - DIFAL - ninety-day anteriority principle (ii)	**22,297**	6,046	**22,297**	6,046
Labor (iii)	**13,453**	11,977	**13,453**	11,977
	102,121	86,826	**102,121**	86,826

The Company and its subsidiaries made the following judicial deposits:

(i) Deposits including provisions related to the ICMS-DIFAL- 2021-related tax lawsuit.
(ii) Deposits without the corresponding provisions: ninety-day anteriority principle referring to the period from January to March 2022 of all states where the Company filed writs of security, except for Amapá, Minas Gerais, Santa Catarina and São Paulo, where the Company has already recovered the deposited amounts.
(iii) Deposits without the corresponding provisions: lawsuit challenging the collection of taxes levied on the exercise of stock options under the stock option plan.

17. Other liabilities

	Individual		Consolidated	
Lender	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Payables to former shareholders of acquirees	**-**	7,208	**-**	7,208
Total payables to former shareholders of acquirees	**-**	7,208	**-**	7,208
Cost of sales	**8,536**	8,872	**8,536**	8,872
Advanced sales	**14,866**	3,347	**14,866**	3,347
Other	**1,183**	1,499	**1,183**	1,499
Other operating liabilities	**24,585**	13,718	**24,585**	13,718
Total other liabilities	**24,585**	20,926	**24,585**	20,926
Current	**23,971**	19,959	**23,971**	19,959
Noncurrent	**614**	967	**614**	967

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The acquisition of Arte Telecom Ltda. generated payables to the acquiree's former controlling shareholders, which were settled on August 1, 2023, as shown in the following table:

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Opening balance	**7,208**	9,960	**7,208**	9,960
Payments	**(7,821)**	(3,878)	**(7,821)**	(3,878)
Interest incurred	**613**	1,126	**613**	1,126
	-	7,208	**-**	7,208
Current0}	**-**	6,241	**-**	6,241
Noncurrent	**-**	967	**-**	967

18. Equity

a) Capital

As at December 31, 2023 and December 31, 2022, fully paid-in capital amounting to R$1,021,575 is represented by 93,220,582 common and registered shares, without par value, within the authorized capital limit set out in the Company's bylaws, held as follows:

	12/31/2023		12/31/2022	
	Shares	**% equity interest**	**Shares**	**% equity interest**
Brasil Investimentos 2015 I FIP Multiestratégia	44,173,806	47.4%	44,173,806	47.4%
Brasil Investimentos 2015 II FIP Multiestratégia	16,773,038	18.0%	16,773,038	18.0%
Management	7,111,232	7.6%	7,582,532	8.1%
Free Float (B3)	25,162,506	27.0%	24,691,206	26.5%
Total	93,220,582	100.0%	93,220,582	100.0%

The Company is authorized to increase capital by up to 100,000,000 new common shares, out of which 13,598,947 shares have already been issued, with a remaining number of 86,401,053 authorized shares to be issued. The total limit comprises 179,621,635 common shares, regardless of any amendment to the bylaws, pursuant to article 168 of the Brazilian Corporate Law.

b) Earnings reserve

The earnings reserve is duly supported by article 47 of the Company's Bylaws. In accordance with article 199 of Law 6404/76, the earnings reserve balance is limited to capital, whereas any excess amount should be used for capital increase or dividend distribution purposes.

The legal reserve is set up annually by allocating 5% of profit for the year, adjusted as prescribed by law, and cannot exceed 20% of the capital. The legal reserve is aimed at ensuring the integrity of capital and can only be utilized to offset losses or increase capital.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

As prescribed by law, investment grants comprise the ICMS tax incentives granted by the State of Espírito Santo (Compete) for the Company's operations conducted in that State. Consequently, at the end of the year, such incentive amount is recorded under a specific reserve account, which balance can only be used to increase capital or offset losses, and cannot be distributed or transferred to any shareholders. CPC 07 (R1) - Accounting for Government Grants and Disclosure of Government Assistance outlines how to account for government grants. In the year ended December 31, 2023, the impact from the tax incentive on profit or loss is R$86,366 (R$107,276 as at December 31, 2022).

As at December 31, 2023, the earnings reserve totaled R$536,014 (R$503,570 as at December 31, 2022). The Company has a tax incentive reserve balance to be recorded, in the amount of R$127,982 (R$67,938 up to December 31, 2022).

c) Dividends and interest on capital

Pursuant to the Company's bylaws, after the legal deductions and recognition of a legal reserve, profit for the year shall be allocated as resolved at a General Shareholders' Meeting, conferring upon shareholders the right to receive mandatory minimum dividends equivalent to 25% of profit for the year.

Interim dividends and interest on capital are incorporated into the mandatory minimum dividends, as set out in article 46 of the Company's Bylaws.
Variations in dividends and interest on capital are broken down as follows:

Individual

	12/31/2023	12/31/2022
Profit for the period/year	122,444	76,146
Legal reserve	(6,122)	(3,807)
Tax incentive reserve	(26,322)	(39,339)
Tax base – dividends	90,000	33,000
Dividends	-	-
Interest on capital	90,000	33,000
Additional dividends from prior years	-	53,228
Total dividends	90,000	86,228

On April 29, 2022, the Board of Directors approved at the Annual General Meeting the distribution of additional dividends in the amount of R$53,228 relating to the profit for the year ended December 31, 2021.

On December 21, 2022, the Company's Board of Directors approved the proposed payment of dividends totaling R$33,000, distributed as interest on capital relating to the profit for the year ended December 31, 2022.

The mandatory minimum dividends were incorporated into dividends paid in FY2022, through the payment of interest on capital amounting to R$33,000.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

On December 14, 2023, the Company's Board of Directors approved the proposed payment of dividends totaling R$90,000, distributed as interest on capital relating to the profit for the year ended December 31, 2023.

c) Dividends and interest on capital--Continued

Variations in the Company's dividends and interest on capital are detailed below:

	Consolidated	
	12/31/2023	**12/31/2022**
Opening balance	**33,021**	68
Dividends approved for distribution	**-**	53,228
Interest on capital	**90,000**	33,000
Payments	**(32,997)**	(51,342)
Discounted dividends	**-**	(1,933)
	90,024	33,021

19. Stock option plan

The Company has three stock option plans with effective programs.
The Plans were approved as follows: (i) Stock Option Plan approved at the Extraordinary Shareholders' Meeting of Allied S.A. held on December 29, 2014, subsequently rectified due to the merger of Allied S.A. into the Company, approved at the Company's Extraordinary Shareholders' Meeting held on June 30, 2016, with retroactive effects since December 29, 2014 and amended at the Company's Extraordinary Shareholders' Meeting held on March 2, 2017 ("SOP 2014"); (ii) Stock Option Plan approved at the Company's Extraordinary Shareholders' Meeting held on September 28, 2018, subsequently rectified at the Company's Extraordinary Shareholders' Meeting held on December 13, 2019 ("SOP 2018"); and (iii) Stock Option Plan targeted at officers, directors and service providers of the Company and its subsidiaries, approved at the Extraordinary Shareholders' Meeting held on March 5, 2021 ("SOP 2021").

Under the Plans, each stock option confers upon participants the right to acquire one (1) common, registered share, without par value, issued by the Company, and the strike price must be paid in a bullet payment by the participant concurrently with the formalization of the subscription or acquisition, as the case may be, of the share underlying the option by the participant.

Finally, under all Plans, the stock options become vested according to the contractual grace periods summarized below:

SOP 2014

Under SOP 2014, four programs have been approved; however, none currently has any vested stock options available for exercise.

SOP 2018

1st Program: 30% in May 2019, 30% in May 2020, 25% in May 2021, 10% in May 2022 and 5% in May 2023.

2nd Program: beginning 12 months after the granting date, and the releases will take place annually at the same proportion as the 1st Program.

3rd and 4th Programs: 100 options released in September 2021 and the other options released annually (20% per year), the 1st within 12 months after the granting date.

SOP 2021

1st, 2nd, 3rd and 4th Programs: Mostly cancelled in December 2022.

5th and 6th Programs: 33.33% per year, until reaching 100%, the 1st within 12 months after the granting date.

Finally, under all Plans, the strike price must be paid in a bullet payment by participants concurrently with the formalization of the subscribed or acquired stock options, as applicable.

Variations in the number of stock option plans:

		Number of stock options (in thousands)				
SOP 2014	**Initial**	**Granted**	**Vested**	**Realized**	**Cancelled**	**Final**
2021	1,488	-	208	(1,071)	(114)	511
2022	511	-	218	-	(331)	398
2023	398	-	-	-	(398)	-

		Number of stock options (in thousands)				
SOP 2018	**Initial**	**Granted**	**Vested**	**Realized**	**Cancelled**	**Final**
2021	1,529	-	703	(2,022)	(176)	34
2022	34	-	785	(17)	(280)	522
2023	522	-	540	-	(544)	518

		Number of stock options (in thousands)				
SOP 2021 (a)	**Initial**	**Granted**	**Vested**	**Realized**	**Cancelled**	**Final**
2021	-	3,593	(3,411)	-	(182)	-
2022	-	766	3,396	-	(4,162)	-
2023	-	3,519	(3,226)	-	(293)	-

(a) Programs 1 to 4 of “SOP 2021” plan were mostly cancelled in December 2022.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

The following assumptions were adopted using the Black & Scholes model to measure the fair value of stock options granted on the granting dates:

Plan 1	**Grant**	**Number of stock options**	**Maximum exercise period**	**Risk-free interest rate**	**Strike price**	**Volatility**	**Fair value [1]**
Program 1	12/28/2014	836,854	06/28/2021	13.96%	R$23.04	60.17%	R$10.60
Program 2 - Option I	08/26/2015	1,229,129	02/26/2022	13.96%	R$23.04	60.17%	R$10.60
Program 2 - Option II	08/26/2015	414,380	02/26/2022	13.96%	R$28.80	60.17%	R$9.88
Program 3	03/31/2016	52,303	12/31/2022	13.96%	R$23.04	60.17%	R$10.60
Program 4 - Option I	02/15/2017	900,811	08/15/2023	13.96%	R$23.04	60.17%	R$10.60
Program 4 - Option II	02/15/2017	238,861	08/15/2023	13.96%	R$28.80	60.17%	R$ 9.88

Plan 2	**Grant**	**Number of stock options**	**Maximum exercise period**	**Risk-free interest rate**	**Strike price**	**Volatility**	**Fair value [1]**
Program 1	05/31/2018	2,344,224	05/31/2023	5.37%	R$10.68	8.42%	R$0.27
Program 2	03/01/2019	450,812	07/01/2024	5.37%	R$10.68	8.42%	R$0.27
Program 3	12/13/2019	1,262,274	12/13/2024	5.37%	R$10.68	8.42%	R$0.27
Program 4	09/01/2020	180,325	08/31/2025	5.37%	R$10.68	8.42%	R$0.27

Plan 3	**Grant**	**Number of stock options**	**Maximum exercise period**	**Risk-free interest rate**	**Strike price**	**Volatility**	**Fair value [1]**
Program 1	06/01/2021	3,593,442	06/01/2023	7.86%	R$21.56	12.97%	R$5.58
Program 2	04/27/2022	600,219	04/27/2024	12.78%	R$15.71	7.70%	R$2.73
Program 3	04/27/2022	125,000	04/27/2027	11.90%	R$17.21	12.41%	R$4.74
Program 4	06/03/2022	125,000	05/16/2027	12.36%	R$15.75	12.77%	R$4.08

1 Weighted average for each vesting.

20. Net sales revenue

	Individual		**Consolidated**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Sales revenue	**5,010,336**	6,107,142	**6,803,574**	6,449,105
Service revenue	**48,012**	64,405	**80,917**	84,100
Sales returns and cancellations	**(58,133)**	(170,079)	**(70,915)**	(170,102)
Discounts and rebates on sales	**(70,049)**	(144,307)	**(74,365)**	(146,419)
Taxes on sales	**(880,363)**	(1,086,395)	**(884,296)**	(1,088,903)
Net sales revenue	**4,049,803**	4,770,766	**5,854,915**	5,127,781

Net revenue by operation is broken down as follows:

	Individual		**Consolidated**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Brazilian operations	**4,049,803**	4,770,766	**4,078,775**	4,788,264
Foreign operations	**-**	-	**1,776,140**	339,517
Net sales revenue	**4,049,803**	4,770,766	**5,854,915**	5,127,781

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

21. Cost of sales

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cost of sales	**(4,007,087)**	(4,599,827)	**(5,867,116)**	(4,955,708)
Discounts obtained from suppliers	**590,205**	604,247	**716,141**	625,118
Personnel expenses	**(5,655)**	(6,730)	**(5,655)**	(6,730)
Depreciation and amortization	**(9,170)**	(9,397)	**(9,177)**	(9,422)
Storage	**(5,614)**	(6,400)	**(8,894)**	(6,630)
Other costs	**(1,913)**	(1,807)	**(1,917)**	(1,817)
	(3,439,234)	(4,019,914)	**(5,176,618)**	(4,355,189)

22. Selling expenses

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Personnel expenses	**(102,969)**	(120,028)	**(105,534)**	(120,551)
Commissions and sales representations	**(94,090)**	(111,159)	**(94,090)**	(111,160)
Losses on credits	**(31,536)**	(42,961)	**(55,863)**	(67,066)
Depreciation	**(39,263)**	(46,098)	**(39,263)**	(46,099)
Freight and hauling	**(35,177)**	(42,488)	**(36,222)**	(42,489)
Card management fees	**(24,112)**	(27,644)	**(24,112)**	(27,644)
Occupancy expenses	**(20,051)**	(21,406)	**(20,051)**	(21,406)
Rental expenses	**(4,085)**	(4,145)	**(4,085)**	(4,145)
Marketing expenses	**(8,025)**	(7,849)	**(8,025)**	(7,850)
Collection expenses	**(5,769)**	(4,008)	**(6,300)**	(4,145)
Allowance for doubtful debts	**24,179**	20,127	**24,179**	20,127
Rent discounts (note 10)	**2,647**	1,750	**2,647**	1,750
Other selling expenses	**(4,192)**	(5,811)	**(7,771)**	(5,893)
	(342,443)	(411,720)	**(374,490)**	(436,639)

23. General and administrative expenses

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Personnel expenses	**(62,329)**	(64,708)	**(62,385)**	(64,732)
Expenses on outside services	**(27,534)**	(41,589)	**(28,904)**	(46,104)
Depreciation and amortization expenses	**(14,687)**	(16,399)	**(16,470)**	(18,018)
Occupancy expenses	**(2,174)**	(2,478)	**(2,174)**	(2,479)
Expenses on asset insurance	**(2,865)**	(2,604)	**(4,256)**	(2,780)
Other general and administrative expenses	**(7,863)**	(4,713)	**(10,533)**	(7,172)
	(117,452)	(132,491)	**(124,722)**	(141,285)

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

24. Other operating income (expenses)

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Recovery on PIS, COFINS and ICMS	**1,671**	16,162	**1,671**	16,162
Untimely credit – Reverse charge State VAT (ICMS-ST) deduction from the tax base of taxes on revenue (PIS and COFINS)	**17,791**	-	**17,791**	-
Recovery of ICMS - Difal - ninety-day anteriority principle	**16,295**	-	**16,295**	-
Contractual reimbursements	**2,784**	-	**2,784**	-
Fines and assessments	**(760)**	(3,525)	**(760)**	(3,525)
Gain (loss) on insurance claims	**(309)**	(427)	**(309)**	(427)
Gain (loss) on write-off of property, plant and equipment	**(57)**	(4,411)	**(478)**	(4,411)
Shared services – related parties	**5,776**	3,782	**-**	-
Expenses on the discontinuity of operations	**-**	(595)	**-**	(595)
Reimbursement of expenses – Leniency	**-**	4,977	**-**	4,977
Other operating income (expenses)	**1,092**	784	**556**	560
	44,284	16,747	**37,550**	12,741

25. Finance income (costs)

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Interest and fines	**(69,722)**	(99,501)	**(71,950)**	(97,976)
Interest on debentures	**(74,586)**	(69,349)	**(74,586)**	(69,822)
Inflation adjustments and exchange losses	**-**	(10,271)	**(6)**	(10,324)
Lease interest	**(11,876)**	(13,722)	**(11,876)**	(13,722)
Other finance costs	**(2,496)**	(319)	**(3,995)**	(4,672)
Finance costs	**(158,680)**	(193,162)	**(162,413)**	(195,616)
Income from short-term investments	**14,357**	9,521	**14,629**	7,440
Interest income	**27,484**	22,770	**29,177**	22,776
Inflation adjustments and exchange gains	**653**	7,766	**656**	7,789
Other finance income	**436**	2,426	**438**	2,449
Finance income	**42,9307**	42,483	**44,900**	40,454
Finance income (costs)	**(115,750)**	(150,679)	**(117,513)**	(155,062)

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

26. Financial risk management

The Company conducts transactions involving financial instruments, all of which are recorded in balance sheet accounts, for the purpose of maintaining its investment capacity and growth strategy.

a) The main financial assets and financial liabilities are classified by category as follows:

	Individual		Consolidated	
	2023	2022	2023	2022
Financial assets				
Financial assets measured at amortized cost:				
Cash and cash equivalents	**471,767**	86,267	**535,620**	141,942
Trade receivables	**894,688**	1,398,149	**967,960**	1,453,702
Related parties	**40,868**	49,430	**7,738**	16,016
Total	**1,407,323**	1,533,846	**1,511,318**	1,611,660
Financial liabilities				
Financial liabilities measured at amortized cost:				
Trade payables	509,382	601,765	587,214	623,131
Trade payables - agreements	297,778	525,419	297,778	525,419
Borrowings, financing and debentures	463,535	527,498	543,713	629,580
Total	1,270,695	1,654,682	1,428,705	1,778,130

b) Financial instruments fair value classification and methodology

Measurement methods

The individual and consolidated financial statements have been prepared using the historical cost, except for certain financial assets and financial liabilities measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market players at the measurement date.

Based on the hierarchy set out in CPC 46, fair value can be measured based on the following criteria:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), except for quoted prices included in Level 1.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No assets or liabilities measured at fair value were reclassified among the different levels as at December 31, 2023 and 2022.

b) General considerations

The Company and its subsidiaries are exposed to the following risks arising from the use of financial instruments:

- Credit risk, liquidity risk, market risk and operational risk.

26.1. Credit risk

Credit risk is the risk of the Company and its subsidiaries incurring financial losses if a customer or counterparty to a financial instrument fails to perform its contractual obligations, which arises from mainly its subsidiaries' trade receivables.

The Company's and its subsidiaries' exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company and its subsidiaries established a credit policy that requires an individual review of the credit rating of every new customer before standard payment terms and conditions are offered.

The Company has a very diversified customer portfolio with low concentration level. The Company recognizes estimated credit loss that represents its best estimate of trade receivables (see note 5). The main component is specific and related to significant individual risks.

The Company is exposed to the credit risks arising from financial institutions. In order to mitigate such exposure and the concentration risk, the Company invests its cash and cash equivalents in different investment options and financial institutions, such as banks or securities of several natures.

As at December 31, 2023, the maximum exposure relating to cash and cash equivalents, short-term investments, securities and trade receivables is as follows:

i) Cash and cash equivalents

	Individual		**Consolidated**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Cash	**366**	938	**366**	8,230
Banks	**19,613**	20,386	**67,555**	25,959
Short-term investments	**451,788**	64,943	**467,699**	107,753
	471,767	86,267	**535,620**	141,942

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

ii) Trade receivables

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Trade receivables	**894,688**	1,398,149	**967,960**	1,453,702
	894,688	1,398,149	**967,960**	1,453,702

26.2. Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries may face difficulties in performing the obligations associated with their financial liabilities that are settled through payment in cash or using another financial asset. The approach of the Company and its subsidiaries in managing liquidity is to ensure, to the maximum extent possible, that they will have sufficient liquidity to perform their obligations when they are due, under normal conditions, without incurring unacceptable losses or risk of damaging the reputation of the Company and its subsidiaries.

The table below shows in detail the maturity of the contracted financial liabilities:

As at December 31, 2023			**Individual**		
Transaction	**Up to 1 year**	**Up to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
Trade payables	**509,582**	**-**	**-**	**-**	**509,582**
Trade payables - agreements	**297,778**	**-**	**-**	**-**	**297,778**
Leases	**34,788**	**31,766**	**62,422**	**5,755**	**134,731**
Borrowings, financing and debentures	**137,044**	**178,449**	**429,224**	-	**744,717**
Other liabilities	**23,971**	**614**	**-**	**-**	**24,586**
	1,003,163	**210,829**	**491,646**	**5,755**	**1,711,393**

As at December 31, 2023			**Consolidated**		
Transaction	**Up to 1 year**	**Up to 2 years**	**3 to 5 years**	**Over 5 years**	**Total**
Trade payables	587,414	-	-	-	587,414
Trade payables - agreements	297,778	-	-	-	297,778
Leases	34,788	31,766	62,422	5,755	134,731
Borrowings, financing and debentures	219,754	178,449	429,224	-	827,427
Other liabilities	23,971	614	-	-	24,586
	1,163,705	210,829	491,646	5,755	1,871,936

Typically, the Company and its subsidiaries make sure that they have cash in sufficient amount to cover expected operating expenses, including the performance of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably foreseen, such as natural disasters.

26.3. Market risk

i) Interest rate risk

This risk arises from the possibility of the Company incurring losses due to fluctuation in interest rates that increase finance costs on borrowings and financing, or reduce income from short-term investments. The Company continuously monitors the volatility of market interest rates. In order to mitigate the possible impacts arising from fluctuations in interest rates, the Company and its subsidiaries adopt the policy of maintaining their funds invested in instruments indexed to the CDI. Historically, the Company has been obtaining satisfactory results in relation to such risk mitigation goals.

ii) Exchange rate risk

The Company’s functional currency is the Brazilian real (R$), the same currency of preparation and presentation of the individual and consolidated financial statements. The Company is exposed to the risk of exchange rate fluctuation of foreign currencies (mostly USD) against the Brazilian Real (BRL). Such exposure is related to the direct import of goods from its foreign suppliers for which the balance of trade payables is immaterial as at December 31, 2023. Monetary assets and liabilities denominated in foreign currency are translated into the presentation currency (BRL) at the exchange rate prevailing at the balance sheet date. Gains and losses arising on the adjustment of these assets and liabilities verified between the prevailing exchange rate on the transaction date and the balance sheet dates are recognized as income or expenses.

The financial statements of subsidiaries Kaaru and Allied Miami included in the Company’s consolidation, used as a basis for measurement of investments under the equity method, have been prepared based on the functional currency of each entity, which is the US dollar, and translated into the presentation currency (BRL) as follows:

- Assets and liabilities: Translated at the rate prevailing on the presentation date.
- Equity: Translated at the rate on the transaction date.
- Profit or loss: Translated at the rate on the transaction date or at the average rate for the period.

The effects of exchange rate fluctuations arising from these translations are recorded in equity valuation adjustments, in the statement of comprehensive income.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

iii) Sensitivity analysis

The table below shows the sensitivity analysis for financial instruments, describing the risks that may result in material losses for the Company using the most probable scenario, according to an assessment made by Management for a twelve-month period. Additionally, two other scenarios are provided showing a 25% and 50% stress at the probable scenario variable considered, respectively (possible and remote scenarios).

Based on projections disclosed by financial institutions, CDI projections were obtained for assessing the monetary impacts in the probable scenario.
Based on this scenario, 25% and 50% stresses were calculated for the exposure to the financial assets and financial liabilities indexed to the exchange rate fluctuation of the US dollar and CDI, as follows:

			Individual			
Transaction	**Index**	**Risk**	**Balance as at 12/31/2023**	**Probable scenario**	**Possible scenario**	**Remote scenario**
Financial assets						
Short-term investments	100% of CDI	CDI decrease	**451,788**	**492,449**	**482,283**	**472,118**
Total				**492,449**	**482,283**	**472,118**
Gain				**40,661**	**30,496**	**20,330**
Financial liabilities						
Borrowings, financing and debentures	100% of CDI	CDI increase	**463,535**	**505,253**	**515,683**	**526,112**
Foreign trade payables	USD	USD appreciation	**3,898**	**3,501**	**4,376**	**5,251**
Total			**467,433**	**508,754**	**520,059**	**531,363**
(Loss)				**(41,321)**	**(52,626)**	**(63,931)**

			Consolidated			
Transaction	**Index**	**Risk**	**Balance as at 12/31/2023**	**Probable scenario**	**Possible scenario**	**Remote scenario**
Financial assets						
Short-term investments	100% of CDI	CDI decrease	**467,699**	**509,792**	**499,269**	**488,745**
Total				**509,792**	**499,269**	**488,745**
Gain				**42,093**	**31,570**	**21,046**
Financial liabilities						
Borrowings, financing and debentures	100% of CDI	CDI increase	**543,713**	**592,647**	**604,881**	**617,115**
Foreign loans	USD	USD appreciation	-	-	-	-
Foreign trade payables	USD	USD appreciation	**3,898**	**3,501**	**4,376**	**5,251**
Total			**547,611**	**596,148**	**609,257**	**622,366**
(Loss)				**(48,537)**	**(61,646)**	**(74,755)**

The sources of information for the rates used above were obtained at the website of the Central Bank of Brazil (BCB), Focus bulletin, on the closing of January 19, 2024.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

26.4. Operational risk

Operational risk is the risk of direct or indirect losses arising from different causes related to the processes, personnel, technology and infrastructure of the Company and its subsidiaries and external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards. The Company's and its subsidiaries' objective is to manage the operational risk and service quality risk to avoid any financial losses and damages to the Company's and its subsidiaries' reputation.

27. Insurance

The Company and its subsidiaries have the policy of insuring the assets exposed to risks in amounts considered sufficient to cover potential losses, taking into consideration the nature of their activities. The insurance against operational risks is as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Directors and Officers (D&O) liability	**40,000**	40,000	**40,000**	40,000
Civil liability for professionals	**5,202**	4,584	**5,202**	4,584
Operational risks	**126,310**	31,639	**126,310**	31,639
Credit insurance (a)	**321,300**	315,000	**350,348**	315,000
Property insurance	**470,500**	370,500	**579,429**	370,500
Performance bond	**26,352**	22,785	**26,352**	22,785
Cyber insurance	**30,000**	30,000	**30,000**	30,000
	1,019,664	814,508	**1,157,641**	814,508

a) The insurance deductible amount for selected customers is 10%, i.e., customers whose credit ratings were previously determined by the insurance company. The insurance deductible amount for other customers is 20%, limited to a maximum credit of R$500.

28. Earnings per share

a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares, as shown below:

	Individual and Consolidated	
	12/31/2023	12/31/2022
Profit for the year	**122,444**	76,146
Total weighted number of shares	**93,220,582**	93,220,582
Basic earnings per share (in R$)	**1.3136**	0.8168

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all potentially dilutive common shares. The Company has a stock option plan with potential grant of 3,867,637 stock options and its potential total dilution is represented by 97,088,219 stock options, already including the initial grant.

	Individual and Consolidated	
	12/31/2023	**12/31/2022**
Profit for the year	**122,444**	76,146
Total weighted number of shares and options exercisable	**97,088,219**	97,088,219
Diluted earnings per share (in R$)	**1.2612**	0.7843

29. Non-cash transactions

Transactions without cash disbursement that were disclosed in the statements of cash flows, as shown below:

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Trade payables – agreements (new commitments)	**1,218,880**	2,416,802	**1,218,880**	2,416,802
New lease agreements	**12,390**	-	**12,390**	-
Remeasurement of leases	**1,404**	10,386	**1,404**	10,386
Write-off of right-of-use assets	**5,784**	2,195	**5,784**	2,195
Write-off of leases	**6,789**	2,394	**6,789**	2,394