

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

Allied Tecnologia S.A.

Report on Review of
Individual and Consolidated
Interim Financial Information for the
Six-month Period Ended June 30, 2024

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

REPORT ON REVIEW OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of
Allied Tecnologia S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Allied Tecnologia S.A. and subsidiaries ("Company"), included in the Interim Financial Information Form (ITR) for the period ended June 30, 2024, which comprises the balance sheet as at June 30, 2024, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three- and six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

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Other matters

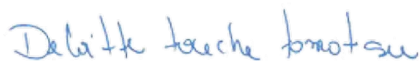
Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2024, prepared under the responsibility of the Company's Management and disclosed as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and whether their form and content are consistent with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Convenience translation

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 7, 2024


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Alessandro Costa Ramos
Engagement Partner

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

Allied Tecnologia S.A.

Balance sheets

as at June 30, 2024 and December 31, 2023

(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
Assets					
Current assets					
Cash and cash equivalents	4	261,602	471,767	421,621	535,620
Trade receivables	5	839,233	886,346	950,166	959,618
Inventories	6	742,886	538,035	913,688	583,452
Recoverable taxes	7	150,119	122,307	150,368	122,471
Related parties	15	55,995	40,868	463	7,738
Other assets	-	75,942	78,563	77,779	80,848
Total current assets		2,125,777	2,137,886	2,514,085	2,289,747
Noncurrent assets					
Securities		3,753	3,454	3,753	3,454
Trade receivables	5	9,955	8,342	9,955	8,342
Inventories	6	10,955	11,127	10,955	11,127
Recoverable taxes	7	183,377	179,844	183,377	179,844
Investments	9	47,919	30,008	-	-
Judicial deposits	16.1	107,667	102,121	107,667	102,121
Rights of use	10	79,502	93,785	79,502	93,785
Property, plant and equipment	-	13,016	15,167	13,016	15,167
Intangible assets	11	690,096	681,346	692,757	684,877
Other assets	-	21,975	7,287	21,975	7,287
Total noncurrent assets		1,168,215	1,132,481	1,122,957	1,106,004
Total assets		3,293,992	3,270,367	3,637,042	3,395,751

The accompanying notes are an integral part of this condensed interim financial information.

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

Allied Tecnologia S.A.

Balance sheets

as at June 30, 2024 and December 31, 2023

(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
Liabilities					
Current liabilities					
Trade payables	12	564,773	509,582	810,225	587,414
Trade payables - agreements	13	299,719	297,778	299,719	297,778
Borrowings, financing and debentures	14	17,039	1,482	153,580	81,660
Contractual obligations with customers	5.1	21,498	24,937	21,498	24,937
Leases	10	24,566	24,375	24,566	24,375
Payroll and related taxes	-	28,101	30,071	28,101	30,071
Taxes payable	-	23,425	27,819	15,680	21,214
Advances from customers	-	9,337	7,925	24,537	21,114
Dividends and interest on capital payable	18.c	36	22,524	36	22,524
Other liabilities	17	33,882	23,971	33,882	23,971
Total current liabilities		1,022,376	970,464	1,411,824	1,135,058
Noncurrent liabilities					
Borrowings, financing and debentures	14	447,014	462,053	447,014	462,053
Allowance for investment losses	9	46,398	39,210	-	-
Contractual obligations with customers	5.1	19,414	20,085	19,414	20,085
Leases	10	69,456	83,157	69,456	83,157
Provision for lawsuits	16	81,148	74,525	81,148	74,525
Taxes payable	-	3,661	3,941	3,661	3,941
Deferred income tax and social contribution	8.a	3,697	17,152	3,697	17,152
Other liabilities	17	438	614	438	614
Total noncurrent liabilities		671,226	700,737	624,828	661,527
Equity					
Capital	18.a	1,024,154	1,021,575	1,024,154	1,021,575
Share issuance costs	-	(30,054)	(30,054)	(30,054)	(30,054)
Capital reserve	-	6,390	5,870	6,390	5,870
Earnings reserves	18.b	531,031	603,514	531,031	603,514
Valuation adjustments to equity	-	3,955	(1,739)	3,955	(1,739)
Profit for the period	-	64,914	-	64,914	-
Total equity		1,600,390	1,599,166	1,600,390	1,599,166
Total liabilities and equity		3,293,992	3,270,367	3,637,042	3,395,751

The accompanying notes are an integral part of this condensed interim financial information.

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

Allied Tecnologia S.A.

Income statements

For the three- and six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

Note	Individual		Consolidated		Individual		Consolidated		
	Three-month period ended				Six-month period ended				
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	
Net sales revenue	19	965,440	942,266	1,310,738	1,540,747	1,961,838	1,995,041	2,729,855	2,902,722
Cost of sales	20	(818,426)	(792,145)	(1,150,077)	(1,371,293)	(1,663,227)	(1,683,472)	(2,401,246)	(2,557,876)
Gross profit		147,014	150,121	160,661	169,454	298,611	311,569	328,609	344,846
Operating income (expenses)									
Selling expenses	21	(76,187)	(81,067)	(85,989)	(90,196)	(158,665)	(172,415)	(177,620)	(188,471)
General and administrative expenses	22	(30,870)	(28,927)	(32,555)	(30,497)	(59,833)	(56,606)	(63,130)	(59,684)
Share of profit (loss) of subsidiaries	9	434	6,489	-	-	5,029	8,831	-	-
Other operating income (expenses), net	23	5,999	5,004	4,863	3,474	6,572	8,248	4,321	4,856
Operating income before finance income (costs)		46,390	51,620	46,980	52,235	91,714	99,627	92,180	101,547
Finance income (costs)									
Finance costs	24	(31,936)	(45,077)	(33,338)	(46,201)	(63,511)	(92,050)	(65,350)	(94,186)
Finance income	24	11,087	9,039	11,899	9,551	23,256	20,660	24,629	20,879
Profit before income tax and social contribution		25,541	15,582	25,541	15,585	51,459	28,237	51,459	28,240
Income tax and social contribution									
Current	8.b	-	(2,091)	-	(2,094)	-	(3,243)	-	(3,246)
Deferred	8.b	(10,770)	3,370	(10,770)	3,370	13,455	8,193	13,455	8,193
Profit for the period		14,771	16,861	14,771	16,861	64,914	33,187	64,914	33,187
Earnings per share									
Basic earnings per share (R\$)	27	0.1574	0.1797	0.1574	0.1797	0.6918	0.3537	0.6918	0.3537
Diluted earnings per share (R\$)	27	0.1517	0.1732	0.1517	0.1732	0.6669	0.3409	0.6669	0.3409

The accompanying notes are an integral part of this condensed interim financial information.

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

Allied Tecnologia S.A.

Statements of comprehensive income

For the three- and six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit for the period	14,771	16,861	14,771	16,861	64,914	33,187	64,914	33,187
Translation of the financial statements of foreign subsidiaries	4,667	(700)	4,667	(700)	5,694	(921)	5,694	(921)
Comprehensive income for the period	19,438	16,161	19,438	16,161	70,608	32,266	70,608	32,266

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Allied Tecnologia S.A.

Statements of changes in equity

For the six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

	Note	Earnings reserves							Profit for the period	Other comprehensive income	Total equity
		Capital	Share issuance costs	Capital reserve	Legal	Tax incentives	Retained earnings for distribution	Dividends and interest on capital paid before the AGM			
As at December 31, 2022		1,021,575	(30,054)	5,445	39,664	463,906	-	-	-	(615)	1,499,921
Profit for the period		-	-	-	-	-	-	-	33,187	-	33,187
Recognition of tax incentive reserve	18.b	-	-	-	-	33,187	-	-	(33,187)	-	-
Stock option plan		-	-	208	-	-	-	-	-	-	208
Other comprehensive income		-	-	-	-	-	-	-	-	(921)	(921)
As at June 30, 2023		1,021,575	(30,054)	5,653	39,664	497,093	-	-	-	(1,536)	1,532,395
As at December 31, 2023		1,021,575	(30,054)	5,870	45,786	490,228	67,500	-	-	(1,739)	1,599,166
Profit for the period		-	-	-	-	-	-	-	64,914	-	64,914
Capital increase	18.a	2,579	-	-	-	-	-	-	-	-	2,579
Interest on capital approved at the AGM		-	-	-	-	-	(67,500)	-	-	-	(67,500)
Interest on capital – Board of Directors' Meeting held on March 21, 2024	18.c	-	-	-	-	-	-	-	(100,000)	-	(100,000)
Interest on capital to be approved at the AGM		-	-	-	-	-	-	(4,983)	100,000	-	95,017
Stock option plan		-	-	520	-	-	-	-	-	-	520
Other comprehensive income		-	-	-	-	-	-	-	-	5,694	5,694
As at June 30, 2024		1,024,154	(30,054)	6,390	45,786	490,228	-	(4,983)	64,914	3,955	1,600,390

The accompanying notes are an integral part of this condensed interim financial information.

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

Allied Tecnologia S.A.

Statements of cash flows

For the six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
Cash flows from operating activities					
Profit before income tax and social contribution		51,459	28,237	51,459	28,240
Adjustments to reconcile profit for the period to cash provided by operating activities:					
Depreciation and amortization		25,779	33,170	26,732	34,052
Contractual obligations with customers	5.1	(4,110)	(1,796)	(4,110)	(1,796)
Reversal of allowance for expected credit losses	5	(298)	(8,818)	(22)	(6,979)
Recognition (reversal) of allowance for inventory losses	6	(596)	2,468	(596)	2,468
Reversal of provision for lawsuits	16	6,623	3,159	6,623	3,159
Finance charges (other payables)	17	-	517	-	517
Finance charges (borrowings, financing and debentures)		29,922	45,439	36,335	52,319
Finance charges (leases)	10	5,544	6,037	5,544	6,037
Share of profit (loss) of subsidiaries	9	(5,029)	(8,831)	-	-
Inflation adjustments to taxes		(2,317)	(2,533)	(2,317)	(2,533)
Proceeds from the write-off of assets		(633)	(89)	(633)	403
Costs incurred on transactions involving debentures		1,541	1,148	1,984	1,188
Stock option plan		519	209	519	209
(Increase) decrease in assets:					
Trade receivables		28,398	445,938	(3,239)	423,036
Inventories		(204,083)	(75,640)	(317,068)	(108,460)
Recoverable taxes		(27,727)	(11,510)	(26,763)	(11,470)
Related parties		(15,128)	14,810	7,458	4,965
Other assets		(17,910)	(17,337)	(17,438)	(16,698)
Increase (decrease) in liabilities:					
Trade payables		600,872	706,044	751,309	903,388
Payroll and related taxes		(1,970)	4,582	(1,970)	4,570
Taxes payable		(4,310)	(5,352)	(5,451)	(5,423)
Advances from customers		1,412	(5,667)	1,336	(3,723)
Other liabilities		9,737	1,457	9,549	1,457
Net cash provided by operating activities		477,695	1,155,642	519,239	1,308,926
Net cash provided by operating activities before taxes paid		-	(1,111)	-	(1,111)
Net cash (used in) investing activities		477,695	1,154,531	519,239	1,307,815

The accompanying notes are an integral part of this condensed interim financial information.

Allied Tecnologia S.A.

Statements of cash flows

For the six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
Cash flows from investing activities					
Purchases of property, plant and equipment items and intangible assets		(3,474)	(4,288)	(3,538)	(4,685)
Proceeds from the sale of property, plant and equipment items and intangible assets		-	721	-	793
Investments in subsidiaries		-	1,111	-	-
Net cash merged/arising from merger of subsidiaries		-	-	-	-
Net cash (used in) investing activities		(3,474)	(2,456)	(3,538)	(3,892)
Borrowings and financing					
	14	-	-	129,869	80,000
		-	(58,333)	(80,000)	
Repayment of borrowings, financing and debentures	14				(119,863)
Payment of interest on borrowings, financing and debentures	14	(30,160)	(38,726)	(35,503)	(43,315)
Debentures issuance costs	14	(785)	(13)	(1,671)	(900)
Payments - accredited suppliers	13	(543,739)	(943,503)	(543,739)	(943,503)
Repayment of principal from taxes payable in installments		(364)	(220)	(364)	(220)
Lease payments	10	(16,946)	(18,510)	(16,946)	(18,510)
Net cash used in financing activities		(591,994)	(1,059,305)	(548,354)	(1,046,311)
Cash flows from financing activities with shareholders					
Capital increase		2,579	-	2,579	-
Interest on capital paid		(94,971)	(32,995)	(94,971)	(33,013)
Net cash provided by (used in) financing activities with shareholders		(92,392)	(32,995)	(92,392)	(33,013)
Effects of exchange rate changes on cash of subsidiary		-	-	11,044	(9,688)
Increase (decrease) in cash and cash equivalents		(210,165)	59,775	(113,999)	214,911
Cash and cash equivalents at the beginning of the period		471,767	86,267	535,620	141,942
Cash and cash equivalents at the end of the period		261,602	146,042	421,621	356,853
Increase (decrease) in cash and cash equivalents		(210,165)	59,775	(113,999)	214,911

The accompanying notes are an integral part of this condensed interim financial information.

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Allied Tecnologia S.A.

Statements of value added

For the six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
Revenue, net of returns, discounts and rebates	19	2,360,982	2,426,710	3,130,837	3,336,269
Other income	23	6,572	8,248	4,322	4,856
Revenues		2,367,554	2,434,958	3,135,159	3,341,125
Costs of sales and services		(1,854,210)	(1,896,416)	(2,592,230)	(2,770,812)
Supplies, power, outside services and other inputs		(118,806)	(122,925)	(138,900)	(140,157)
Inputs acquired from third parties		(1,973,016)	(2,019,341)	(2,731,130)	(2,910,969)
Gross value added		394,538	415,617	404,029	430,156
Depreciation, amortization and depletion	20/21/22	(25,780)	(33,170)	(26,735)	(34,052)
Wealth created by the Company		368,758	382,447	377,294	396,104
Share of profit (loss) of subsidiaries	9	5,029	8,831	-	-
Finance income	24	23,255	20,660	24,629	20,879
Wealth received in transfer		28,284	29,491	24,629	20,879
Total wealth for distribution		397,042	411,938	401,923	416,983
Salaries and wages and payroll taxes	20/21/22	(85,039)	(88,118)	(86,242)	(89,145)
Personnel		(85,039)	(88,118)	(86,242)	(89,145)
Federal (direct and indirect taxes)	-	(102,838)	(105,193)	(104,350)	(106,741)
State	-	(92,948)	(99,881)	(92,948)	(99,881)
Municipal	-	(997)	(1,160)	(1,324)	(1,494)
Other	-	13,455	8,193	13,455	8,193
Taxes, fees and contributions		(183,328)	(198,041)	(185,167)	(199,923)
Finance costs	24	(63,511)	(92,050)	(65,350)	(94,186)
Rentals	21/22	(250)	(542)	(250)	(542)
Lenders and lessors		(63,761)	(92,592)	(65,600)	(94,728)
Wealth distributed		64,914	33,187	64,914	33,187
Shareholders		64,914	33,187	64,914	33,187
Retained earnings		64,914	33,187	64,914	33,187

The accompanying notes are an integral part of this condensed interim financial information.

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

Allied Tecnologia S.A.

Notes to the condensed interim financial information

June 30, 2024

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

1. General information

Allied Tecnologia S.A. (“Company” or “Parent”), 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.

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. The Company also controls Soudi Pagamentos Ltda. (“Soudi”), which 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.

As at June 30, 2024, the Company has 117 commercial establishments (122 as at December 31, 2023) located in several states, mostly in the Brazilian South and Southeast regions.

The completion of the individual and consolidated interim financial information was approved by the Company’s Board of Directors and authorized for issue on August 7, 2024.

2. Presentation of interim financial information

2.1. Statement of compliance

The Company’s individual and consolidated interim financial information has been prepared and is being presented in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

2.2. Statement of relevance

Management applied in the preparation of the individual and consolidated interim financial information 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.

Allied Tecnologia S.A.

Notes to the condensed interim financial information

June 30, 2024

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

2.3. Basis of preparation

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

2.4. Consolidated interim financial information

The Company's individual and consolidated interim financial information for June 30, 2024 and December 31, 2023 includes the operations of subsidiaries Soudi 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

Parent	Country	Direct interest (%)		Indirect interest (%)	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
Soudi	BR	100%	100%	-	-
Allied Miami LLC (i)	USA	99.9967%	99.9967%	0.0033%	0.0033%

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

3. Summary of material accounting policies

There were no significant changes in the policies and significant accounting practices adopted by the Company for the six-month period ended June 30, 2024 when compared to those applied and disclosed in note 3 to the Company's individual and consolidated financial statements for the year ended December 31, 2023, filed with the CVM on March 21, 2024.

This individual and consolidated interim financial information should be read together with the Company's individual and consolidated financial statements for the year ended December 31, 2023.

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

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

Therefore, the following notes are not repeated in this individual and consolidated interim financial information, either because of redundancy or materiality with respect to the information already disclosed in the individual and consolidated financial statements:

- General information
- Summary of material accounting policies
- Revised standards and interpretations effective and not yet effective
- Stock option plan

The same accounting policies are applicable for the six-month comparative period ended June 30, 2023.

4. Cash and cash equivalents

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Cash	347	366	347	366
Banks	33,211	19,613	147,990	67,555
Short-term investments (a)	228,044	451,788	273,284	467,699
	261,602	471,767	421,621	535,620

- (a) The subsidiary's and subsidiary Soudi's short-term investments are substantially represented by investments in CDB-DI and repurchase transactions, subject to yield of 0.80% p.m. (0.73% p.m. in 2023), on average. As for the foreign subsidiary, they comprise investments in Time Deposit, subject to yield of 0.46% p.m. (0.46% p.m. in 2023), 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	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Trade receivables	647,059	714,575	763,529	793,108
Credit cards (a)	217,482	195,765	217,482	195,764
(-) Expected credit losses	(15,353)	(15,652)	(20,890)	(20,912)
	849,188	894,688	960,121	967,960
Current	839,233	886,346	950,166	959,618
Noncurrent	9,955	8,342	9,955	8,342

- (a) The Company recorded receivables advanced by credit card acquirers, without right of reimbursement, in the amount of R\$336,652 as at June 30, 2024 (R\$367,503 as at December 31, 2023), to which an average discount equivalent to the CDI rate + 1.68% p.a. is applied (average discount equivalent to the CDI rate + 1.68% p.a. in 2023).

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

Aging list of trade receivables:

	Parent				Consolidated			
	06/30/2024	Expected losses	12/31/2023	Expected losses	06/30/2024	Expected losses	12/31/2023	Expected losses
Current	831,078	(7,376)	872,657	(7,608)	930,025	(7,599)	934,289	(7,872)
Past-due	33,463	(7,977)	37,683	(8,043)	50,986	(13,291)	54,583	(13,040)
1 to 30 days	14,008	(267)	17,054	(301)	19,175	(307)	21,181	(332)
31 to 60 days	1,079	(75)	1,726	(93)	3,822	(162)	4,782	(185)
61 to 90 days	1,971	(98)	2,832	(131)	4,049	(308)	5,059	(354)
91 to 180 days	4,598	(648)	6,429	(1,804)	11,945	(5,625)	13,829	(6,456)
181 to 365 days	6,072	(1,822)	3,674	(581)	6,260	(1,822)	3,766	(581)
Over 365 days past-due	5,735	(5,067)	5,968	(5,132)	5,735	(5,067)	5,966	(5,132)
Total	864,541	(15,353)	910,340	(15,651)	981,011	(20,890)	988,872	(20,912)

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

Description	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Opening balance	(15,652)	(39,831)	(20,912)	(43,140)
Additions	(2,743)	(9,056)	(3,359)	(12,358)
Reversals	3,042	33,235	3,381	34,586
Closing balance	(15,353)	(15,652)	(20,890)	(20,912)

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5.1. Contractual obligations with customers

As a result of some transactions involving the sale of mobile phones and other electronics, upon the sale, 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	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Repurchase program	38,458	38,874	38,458	38,874
Other	2,454	6,148	2,454	6,148
	40,912	45,022	40,912	45,022
Current	21,498	24,937	21,498	24,937
Noncurrent	19,414	20,085	19,414	20,085

6. Inventories

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Goods for resale	757,953	553,870	928,755	599,287
Estimated inventory loss	(4,112)	(4,708)	(4,112)	(4,708)
	753,841	549,162	924,643	594,579
Current	742,886	538,035	913,688	583,452
Noncurrent	10,955	11,127	10,955	11,127

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

Description	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Opening balance	(4,708)	(3,204)	(4,708)	(3,204)
Additions	(8,879)	(17,059)	(8,879)	(17,059)
Reversals	9,475	15,555	9,475	15,555
Closing balance	(4,112)	(4,708)	(4,112)	(4,708)

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7. Recoverable taxes

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Taxes on revenue (PIS and COFINS) (a)	259,139	250,525	259,139	250,525
State VAT (ICMS)	54,111	31,264	54,111	31,264
Income tax and social contribution	8,713	6,697	8,713	6,697
Withholding income tax (IRRF)	2,421	3,762	2,421	3,762
Federal VAT (IPI)	482	1,338	482	1,338
Other taxes	8,630	8,565	8,879	8,729
	333,496	302,151	333,745	302,315
Current	150,119	122,307	150,368	122,471
Noncurrent	183,377	179,844	183,377	179,844

- (a) The Company'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\$155,009 (R\$152,961 in 2023), out of which R\$126,252 refers to principal and R\$28,757 to inflation adjustments (R\$26,709 in 2023), 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 from PIS and COFINS tax bases and attained a favorable decision, which allowed the Company to deduct both own ICMS and ICMS-ST amounts.

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 June 30, 2024, the Company calculated and recorded tax credits corresponding to the period from 2013 to 2024, in the total amount of R\$28,239 (R\$26,807 in 2023), out of which R\$26,637 corresponds to principal and R\$1,602 (R\$1,523 in 2023) to inflation adjustments, recorded in noncurrent assets.

On July 12, 2024, the Company obtained a final and unappealable decision, dismissing the two matters above which were being discussed in the same lawsuit. The Company will start the credit accreditation phase for utilization.

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8. Income tax and social contribution

a) Deferred income tax and social contribution

	Deferred assets				Deferred liabilities			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Income tax loss carryforwards	140,528	127,429	140,528	127,429	-	-	-	-
Social contribution loss carryforwards	50,590	45,874	50,590	45,874	-	-	-	-
Litigation	28,184	25,338	28,184	25,338	-	-	-	-
Expected credit losses	5,220	5,322	5,220	5,322	-	-	-	-
Trade payables (i)	4,316	5,553	4,316	5,553	-	-	-	-
Effects of CPC (06)/IFRS 16	5,708	5,220	5,708	5,220	-	-	-	-
Amortization of the subsidiaries' assets	2,456	2,805	2,456	2,805	-	-	-	-
Effects of CPC (47)/IFRS 15	1,345	1,315	1,345	1,315	-	-	-	-
Estimated inventory loss	1,398	1,601	1,398	1,601	-	-	-	-
Income tax paid abroad	7,532	7,532	7,532	7,532	-	-	-	-
Estimated loss on ICMS credits	1,734	1,734	1,734	1,734	-	-	-	-
Present value adjustments	94	95	94	95	-	-	-	-
ICMS added to PIS/COFINS tax bases	-	-	-	-	48,317	48,317	48,317	48,317
Goodwill tax amortization (ii)	-	-	-	-	204,485	198,653	204,485	198,653
	249,105	229,818	249,105	229,818	252,802	246,970	252,802	246,970
Total liabilities, net	-	-	-	-	3,697	17,152	3,697	17,152
Income (expenses) from taxes recognized in profit or loss	-	-	-	-	13,455	8,193	13,455	8,193

(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.

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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 periods ended June 30, 2024 and 2023 is shown below:

	Individual		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit before income tax and social contribution	51,459	28,237	51,459	28,240
Statutory rates (25% for income tax and 9% for social contribution)	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(17,496)	(9,601)	(17,496)	(9,602)
Compete benefit (i)	-	15,521	-	15,521
Interest on capital	34,000	-	34,000	-
Stock options	(176)	(71)	(176)	(71)
Share of profit (loss) of subsidiaries	1,710	3,003	-	-
Earned profit on foreign subsidiary	(4,154)	(5,654)	-	-
ICMS added to the tax base – Selic	723	-	723	-
Deferred tax loss unrecognized in the subsidiaries	-	-	(2,444)	(2,047)
Other	(1,152)	1,752	(1,152)	1,146
Income tax and social contribution expenses in the period	13,455	4,950	13,455	4,947
Current taxes	-	(3,243)	-	(3,246)
Deferred taxes	13,455	8,193	13,455	8,193
Effective rate	(26%)	(18%)	(26%)	(18%)

(i) Benefits with grants are no longer subject to deduction from the income tax and social contribution calculation, in accordance with Decree Law 14.789, of December 29, 2023.

9. Investments

	06/30/2024			12/31/2023		
	Equity interest - %	Equity (equity deficiency) of subsidiaries	Investments (allowance for losses) in the parent company	Equity interest - %	Equity (equity deficiency) of subsidiaries	Investments (allowance for losses) in the parent company
Soudi	100%	(46,398)	(46,398)	100%	(39,210)	(39,210)
Allied Miami	100%	47,922	47,922	99%	30,009	30,009
		(1,524)	(1,524)		(9,201)	(9,201)

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	<u>06/30/2024</u>	<u>12/31/2023</u>
<u>Variations in investments</u>		
Balance at the beginning of the period	(9,202)	(25,535)
Share of profit (loss) of subsidiaries	5,029	19,904
Translation adjustments to investments of the foreign subsidiary	5,694	(1,124)
Proceeds from the completed liquidation of subsidiary – Kaaru	-	(2,447)
Net balance at the end of the period	1,521	(9,202)
Investments - assets	47,919	30,008
Allowance for investment losses – liabilities	(46,398)	(39,210)
	1,521	(9,202)

The financial information on subsidiaries is summarized as follows:

	<u>Soudi</u>		<u>Allied Miami</u>	
	<u>06/30/2024</u>	<u>12/31/2023</u>	<u>06/30/2024</u>	<u>12/31/2023</u>
Current assets	86,057	70,472	366,080	121,587
Noncurrent assets	2,528	3,403	135	128
Total assets	<u>88,585</u>	<u>73,875</u>	<u>366,215</u>	<u>121,715</u>
Current liabilities	134,983	113,085	318,293	91,706
Equity (equity deficiency)	(46,398)	(39,210)	47,922	30,009
Total liabilities and equity	<u>88,585</u>	<u>73,875</u>	<u>366,215</u>	<u>121,715</u>

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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., composing the incremental rate, considering each contractual maturity. No lease agreements were added in the quarter ended June 30, 2024.

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

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Assets				
Opening balance	93,785	114,000	93,785	114,000
Additions	-	12,390	-	12,390
Remeasurement (a)	2,710	1,404	2,710	1,404
Write-offs	(4,185)	(5,784)	(4,185)	(5,784)
Depreciation	(12,808)	(28,225)	(12,808)	(28,225)
	79,502	93,785	79,502	93,785
Liabilities				
Opening balance	107,532	127,335	107,532	127,335
Additions	-	12,390	-	12,390
Remeasurement (a)	2,710	1,403	2,710	1,403
Write-offs	(4,818)	(6,789)	(4,818)	(6,789)
Payments	(16,946)	(38,683)	(16,946)	(38,683)
Interest incurred	5,544	11,876	5,544	11,876
	94,022	107,532	94,021	107,532
Current liabilities	24,566	24,375	24,566	24,375
Noncurrent liabilities	69,456	83,157	69,456	83,157

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

Maturity schedule of lease liabilities recognized in noncurrent liabilities:

Year	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
2024	-	23,946	-	23,946
2025	24,244	23,860	24,244	23,860
2026	22,632	19,713	22,632	19,713
2027	14,894	9,935	14,894	9,935
2028	4,719	3,641	4,719	3,641
2029	2,024	1,647	2,024	1,647
2030	797	415	797	415
2031	146	-	146	-
	69,456	83,157	69,456	83,157

As at June 30, 2024, the Company is a party to 94 lease agreements (99 as at December 31, 2023), recognized as lease transactions.

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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 period, as stated in note 21.

The Company recognized expenses on variable lease payments, leases of low-value assets and short-term leases in the individual and consolidated interim financial information. 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\$417 were recorded in the period ended June 30, 2024 (R\$271 as at June 30, 2023).

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

Year	Individual and Consolidated		
	Remaining balance	Projected inflation	Discounted installment amounts
2024	24,566	973	25,539
2025	24,244	921	25,165
2026	22,632	815	23,447
2027	14,894	757	15,651
2028	4,719	28	4,747
Beginning 2029	2,967	5	2,972
	94,022	3,499	97,521

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 July 12, 2024.

11. Intangible assets

Individual

Intangible assets	Annual amortization rate (%)	12/31/2023	Addition	Amortization	Transfer	06/30/2024
Software	20	20,292	881	(4,045)	1,696	18,824
Commercial rights	20	8,794	-	(3,069)	-	5,725
Trademarks and patents	12.5	96	-	(7)	-	89
Goodwill on acquisition of subsidiaries	-	618,580	-	-	-	618,580
Customer portfolio	10	26,535	-	(3,317)	-	23,218
Points of sale - Physical Retail	10	7,027	-	(767)	-	6,260
Exclusivity right (a)	10	17	17,400	(17)	-	17,400
Other	20	5	1,696	(5)	(1,696)	-
Total		681,346	19,977	(11,227)	-	690,096

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Consolidated

Intangible assets	Annual amortization rate (%)	12/31/2023	Addition	Amortization	Transfer	06/30/2024
Software	20	21,166	881	(4,317)	1,696	19,426
Commercial rights	20	8,794	-	(3,069)	-	5,725
Trademarks and patents	12.5 and 20	2,692	50	(655)	-	2,087
Goodwill on acquisition of subsidiaries	-	618,580	-	-	-	618,580
Customer portfolio	10	26,534	-	(3,317)	-	23,217
Points of sale - Physical Retail	10	7,028	-	(767)	-	6,261
Exclusivity right (a)	10	17	17,400	(17)	-	17,400
Other	20	66	1,696	(5)	(1,696)	61
Total		684,877	20,027	(12,147)	-	692,757

(a) Exclusivity agreement with business partner for use of our digital tool for sales of operators' plans.

12. Trade payables

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Domestic suppliers	558,034	505,684	803,486	583,516
Foreign suppliers	6,739	3,898	6,739	3,898
	564,773	509,582	810,225	587,414

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 not subject to interest rate (0.74% p.a. in 2023) and the average term was 17 days (22 days in 2023). The finance costs associated with those transactions are reimbursed by suppliers.

	Individual and Consolidated	
	06/30/2024	12/31/2023
Without finance costs	299,719	297,778
	299,719	297,778

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

	Individual and Consolidated	
	06/30/2024	12/31/2023
Opening balance	297,778	525,419
New commitments	545,680	1,218,880
Principal repayments	(543,739)	(1,453,368)
Interest incurred	-	6,847
	299,719	297,778

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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

Category	Finance charges - weighted average - %	Individual		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
5 th issue of debentures (a)	CDI + 2.22%/ 2.00% p.a..	247,698	247,410	247,698	247,410
6 th issue of debentures (b)	CDI + 2.60% p.a.	216,355	216,125	216,355	216,125
	2023: CDI + 2.94% p.a.				
Structured loan (working capital)	2024: CDI + 2.78% p.a.	-	-	79,713	80,178
Foreign loans - US dollar (c)	6.90% p.a.	-	-	56,828	-
Total		464,053	463,535	600,594	543,713
Current		17,039	1,482	153,580	81,660
Noncurrent		447,014	462,053	447,014	462,053

Variations in the Company's borrowings are as follows:

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Opening balance	463,535	527,497	543,713	629,580
New borrowings	-	225,000	129,869	305,000
Payment of debentures issuance costs	(785)	(8,646)	(1,671)	(9,531)
Principal repayments	-	(279,333)	(80,000)	(381,382)
Interest payments	(30,160)	(75,570)	(35,503)	(87,470)
Interest incurred	31,463	74,587	38,388	88,772
Balance sheet translation effects	-	-	5,798	(1,256)
Total	464,053	463,535	600,594	543,713
Current	17,039	1,482	153,580	81,660
Noncurrent	447,014	462,053	447,014	462,053

(a) 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-EBITDA 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.

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- (b) 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.
- (c) Short-term working capital loan to the subsidiary, maturing on July 23, 2024.

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 annual financial statements. The calculation of covenants applicable to the financial statements for December 31, 2023 was checked in April 2024, 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:

	Maturity year	Individual and Consolidated	
		06/30/2024	12/31/2023
2025		60,237	76,346
2026		127,967	128,054
2027		128,768	128,558
2028		130,042	129,095
Total noncurrent		447,014	462,053

15. Related parties

Due from related parties

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Soudi Pagamentos Ltda. (i) (ii)	54,285	31,882	-	-
Receivables from shareholders (iii)	463	7,738	463	7,738
Miami LLC (ii)	1,247	1,248	-	-
Total current	55,995	40,868	463	7,738

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.

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Consolidated

Entities	Other income		Administrative expenses	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Soudi Pagamentos Ltda. (i)		-	(2,250)	(1,167)
Allied Tecnologia S.A. (i) (ii)	2,250	1,167	-	-

(i) Sales transfers to the storeowner and provision of shared services.

(ii) Provision of shared services.

(iii) Proceeds from acquisitions of stock options.

In the period ended June 30, 2024, 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\$17,601 in the period ended June 30, 2024 (R\$4,456 as at June 30, 2023).

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	06/30/2024	12/31/2023
Tax (a)	174,503	167,800
ICMS-DIFAL - 2021	69,058	66,371
ICMS-DIFAL - 2022	63,739	62,300
ICMS-DIFAL - 2023	38,689	36,185
Other	3,017	2,944
Labor	9,336	4,802
Civil	1,478	408
Leniency (b)	9,302	9,002
Total	194,619	182,012
(-) Payments through judicial deposits - ICMS DIFAL 2022	(63,739)	(62,300)
(-) Payments through judicial deposits - ICMS DIFAL 2023	(38,689)	(36,185)
(-) Labor judicial deposits	(1,741)	-
(-) Payments through judicial deposits – Leniency (b)	(9,302)	(9,002)
Lawsuits net of judicial deposits	81,148	74,525

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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 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\$69,058 (R\$66,371 as at December 31, 2023).

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\$63,739 (R\$62,300 as at December 31, 2023), 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 ICMS-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 for 2023, 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\$38,689 (R\$36,185 as at December 31, 2023), 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\$623 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:

	<u>Lawsuits assessed as possible losses</u>	<u>06/30/2024</u>	<u>12/31/2023</u>
Tax		139,488	66,125
Labor		30,619	22,989
Civil		9,095	4,363
Total		179,203	93,477

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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\$34,064 (R\$32,625 as at December 31, 2023); and b) tax assessment notice issued by the Federal Revenue Service for 2024 on account of challenges concerning credits unduly deducted from the PIS/COFINS calculation in 2020, in the amount of R\$80,733.

Labor

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

The main possible labor contingency is a lawsuit to rule out social security contributions, income tax and the alleged fine for lack of withholding on alleged income from work upon exercise of stock options in the amount of R\$14,386 (R\$13,453 as at December 31, 2023).

16.1. Judicial deposits

	Individual/Consolidated	
	06/30/2024	12/31/2023
Tax – DIFAL 2021 (i)	69,058	66,371
Tax - DIFAL - ninety-day anteriority principle (ii)	22,201	22,297
Labor (iii)	14,386	13,453
Other	2,022	-
	107,667	102,121

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 provisions corresponding to the lawsuit challenging the collection of taxes levied on the exercise of stock options under the stock option plan.

17. Other liabilities

Lender	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Cost of sales	4,753	8,536	4,753	8,536
Advanced sales	28,571	14,866	28,571	14,866
Other	996	1,183	996	1,183
Total other liabilities	34,320	24,585	34,320	24,585
Current	33,882	23,971	33,882	23,971
Noncurrent	438	614	438	614

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18. Equity

a) Capital

The Board of Directors approved a capital increase, through the issue of new common, registered and book-entry shares, with no par value, fully subscribed and paid in, in light of the exercise of stock options, as shown below:

Date	Shares	Capital
Opening balance	93,220,582	1,021,575
04/01/2024	258,060	1,654
05/27/2024	85,000	462
06/13/2024	85,000	463
Balance as at June 30, 2024	93,648,642	1,024,154
07/29/2024	185,038	1,021
Total	93,833,680	1,025,175

As at June 30, 2024, fully paid-in capital amounting to R\$1,024,154 (R\$1,021,575 in 2023) is represented by 93,648,642 (93,220,582 in 2023) common and registered shares, without par value, within the authorized capital limit set out in the Company's bylaws, held as follows:

	Shares	% equity interest
Brasil Investimentos 2015 I FIP Multiestratégia	44,173,806	47.0%
Brasil Investimentos 2015 II FIP Multiestratégia	16,773,038	17.9%
Management	5,028,711	5.4%
Free Float (B3)	27,858,125	29.7%
Total	93,833,680	100.0%

The Company is authorized to increase capital by up to 100,000,000 new common shares, out of which 14,212,045 shares have already been issued, with a remaining number of 85,787,955 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.

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As prescribed by law, investment grants comprise the ICMS tax incentives granted by the States of Espírito Santo (Compete) and Minas Gerais (Sectorial Tax Treatment – TTS/E-commerce) for the Company's operations conducted in these States. 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 period ended June 30, 2024, the impact from the tax incentive on profit or loss is R\$44,373 (R\$45,651 as at June 30, 2023).

As at June 30, 2024, the earnings reserve totaled R\$536,014 (R\$607,514 as at December 31, 2023). The Company has a tax incentive reserve balance to be recorded, in the amount of R\$172,354 (R\$127,982 up to December 31, 2023).

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.

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.

On March 21, 2024, the Company's Board of Directors approved the proposed payment of dividends totaling R\$100,000, distributed as interest on capital. The approved amount corresponds to equity from prior years, and not yet paid, and will be incorporated into the total amount of dividends to be declared by the Company for FY2024, which is contingent upon approval at the Annual General Meeting.

c) Dividends and interest on capital

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

	Consolidated	
	06/30/2024	12/31/2023
Opening balance	90,024	33,021
Interest on capital	100,000	90,000
Payments	(94,971)	(32,997)
Dividends and interest on capital payable	95,053	90,024

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19. Net sales revenue

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Sales revenue	1,187,796	1,184,297	1,527,159	1,776,424	2,396,848	2,499,618	3,154,971	3,393,797
Service revenue	11,416	9,021	18,397	16,620	20,248	20,544	35,876	36,261
Sales returns and cancellations	(25,909)	(53,975)	(25,909)	(53,990)	(27,184)	(78,184)	(29,796)	(78,199)
Discounts and rebates on sales	(15,206)	3,422	(15,424)	3,099	(33,040)	(17,064)	(34,324)	(17,386)
Unperformed sales	501	(164)	501	(164)	4,110	1,796	4,110	1,796
Taxes on sales	(193,158)	(200,335)	(193,986)	(201,242)	(399,144)	(431,669)	(400,982)	(433,547)
Net sales revenue	965,440	942,266	1,310,738	1,540,747	1,961,838	1,995,041	2,729,855	2,902,722

Net revenue by operation is broken down as follows:

	Individual		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Brazilian operations	965,440	1,995,041	1,975,628	2,008,880
Foreign operations	-	-	754,227	893,842
Net sales revenue	965,440	1,995,041	2,729,855	2,902,722

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20. Cost of sales

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Cost of sales	(923,231)	(921,398)	(1,325,699)	(1,548,844)	(1,892,646)	(1,946,239)	(2,754,106)	(2,875,625)
Discounts obtained from suppliers	109,962	134,937	180,898	184,106	239,496	273,757	363,976	329,985
Personnel expenses	(1,720)	(1,340)	(1,720)	(1,340)	(3,262)	(2,551)	(3,262)	(2,551)
Depreciation and amortization	(1,808)	(2,316)	(1,808)	(2,316)	(3,716)	(4,666)	(3,716)	(4,675)
Storage	(1,099)	(1,495)	(1,218)	(2,363)	(2,153)	(2,824)	(3,192)	(4,060)
Other costs	(530)	(533)	(530)	(536)	(946)	(949)	(946)	(950)
	(818,426)	(792,145)	(1,150,077)	(1,371,293)	(1,663,227)	(1,683,472)	(2,401,246)	(2,557,876)

21. Selling expenses

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Personnel expenses	(24,384)	(26,523)	(24,997)	(27,242)	(50,778)	(54,431)	(51,921)	(55,447)
Losses on credits	(838)	(9,748)	(8,214)	(16,325)	(2,049)	(12,046)	(17,089)	(24,097)
Commissions and sales representations	(21,269)	(20,287)	(21,269)	(20,287)	(45,785)	(45,200)	(45,785)	(45,200)
Depreciation	(7,312)	(10,051)	(7,312)	(10,051)	(15,060)	(20,999)	(15,060)	(20,999)
Freight and hauling	(7,130)	(8,096)	(7,130)	(8,919)	(14,514)	(17,931)	(14,514)	(18,754)
Card management fees	(5,941)	(4,888)	(5,941)	(4,888)	(13,018)	(10,759)	(13,018)	(10,759)
Occupancy expenses	(4,728)	(4,799)	(4,728)	(4,799)	(9,099)	(9,841)	(9,099)	(9,841)
Rental expenses	(863)	(811)	(863)	(811)	(1,934)	(1,964)	(1,934)	(1,964)
Marketing expenses	(2,283)	(2,437)	(2,283)	(2,437)	(3,720)	(4,260)	(3,720)	(4,260)
Collection expenses	(1,304)	(1,489)	(1,724)	(1,539)	(2,301)	(3,015)	(2,769)	(3,134)
Allowance for doubtful debts	260	8,690	(111)	8,690	298	8,818	22	8,818
Rent discounts (note 10)	800	589	800	589	1,684	1,422	1,684	1,422
Other selling expenses	(1,195)	(1,217)	(2,217)	(2,177)	(2,389)	(2,209)	(4,417)	(4,256)
	(76,187)	(81,067)	(85,989)	(90,196)	(158,665)	(172,415)	(177,620)	(188,471)

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22. General and administrative expenses

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Personnel expenses	(15,734)	(15,815)	(15,756)	(15,820)	(30,999)	(31,136)	(31,058)	(31,147)
Expenses on outside services	(4,106)	(6,968)	(4,498)	(7,530)	(9,407)	(13,392)	(10,131)	(14,511)
Depreciation and amortization expenses	(3,456)	(3,677)	(3,937)	(4,118)	(7,004)	(7,505)	(7,959)	(8,378)
Occupancy expenses	(343)	(570)	(343)	(570)	(612)	(1,038)	(612)	(1,038)
Expenses on asset insurance	(747)	(677)	(1,245)	(994)	(1,463)	(1,327)	(2,513)	(1,758)
Court costs and contingencies	(5,147)	(631)	(5,280)	(735)	(8,261)	(631)	(8,446)	(644)
Other general and administrative expenses	(1,337)	(589)	(1,496)	(730)	(2,087)	(1,577)	(2,411)	(2,208)
	(30,870)	(28,927)	(32,555)	(30,497)	(59,833)	(56,606)	(63,130)	(59,684)

23. Other operating income (expenses)

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Tax recovery	5,660	-	5,660	-	5,660	-	5,660	-
Contractual reimbursements	-	2,784	-	2,784	-	2,784	-	2,784
Fines and assessments	(567)	(48)	(567)	(48)	(1,206)	(78)	(1,206)	(78)
Gain (loss) on insurance claims	(55)	(36)	(55)	(36)	(115)	6	(115)	6
Gain (loss) on write-off of property, plant and equipment	400	(72)	400	(72)	654	49	654	(372)
Shared services – related parties	1,136	1,267	-	-	2,251	2,435	-	-
Other operating income (expenses)	(575)	1,109	(575)	846	(672)	3,052	(672)	2,516
	5,999	5,004	4,863	3,474	6,572	8,248	4,321	4,856

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24. Finance income (costs)

	Individual		Consolidated		Individual		Consolidated	
	Three-month period ended				Six-month period ended			
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Interest and fines	(12,061)	(16,180)	(13,226)	(16,938)	(24,492)	(38,629)	(25,692)	(40,098)
Interest on debentures	(15,921)	(19,846)	(15,921)	(19,846)	(31,538)	(40,557)	(31,538)	(40,557)
Inflation adjustments and exchange losses	-	-	-	(2)	-	-	-	(6)
Lease interest	(2,698)	(2,922)	(2,698)	(2,922)	(5,543)	(6,037)	(5,543)	(6,037)
Other finance costs	(1,256)	(6,129)	(1,493)	(6,493)	(1,938)	(6,827)	(2,577)	(7,488)
Finance costs	(31,936)	(45,077)	(33,338)	(46,201)	(63,511)	(92,050)	(65,350)	(94,186)
Income from short-term investments	5,782	2,077	6,218	1,984	12,739	6,682	13,380	5,754
Interest income	5,269	6,778	5,644	7,382	10,404	13,676	11,137	14,821
Inflation adjustments and exchange gains	-	90	-	90	10	115	117	115
Other finance income	36	94	37	95	103	187	187	187
Finance income	11,087	9,039	11,899	9,551	23,256	20,660	24,629	20,879
Finance income (costs)	(20,849)	(36,038)	(21,439)	(36,650)	(40,255)	(71,390)	(40,721)	(73,307)

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25. 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	
	2024	2023	2024	2023
<u>Financial assets</u>				
Financial assets measured at amortized cost:				
Cash and cash equivalents	261,602	471,767	421,621	535,620
Trade receivables	849,188	894,688	960,121	967,960
Related parties	55,995	40,868	463	7,738
Securities	3,753	3,454	3,753	3,454
Total	1,170,538	1,410,777	1,385,958	1,514,772
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost:				
Trade payables	564,773	509,382	810,225	587,214
Trade payables - agreements	299,719	297,778	299,719	297,778
Borrowings, financing and debentures	464,053	463,535	600,594	543,713
Total	1,328,545	1,270,695	1,710,538	1,428,705

b) Financial instruments fair value classification and methodology

Measurement methods

The individual and consolidated interim financial information has 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.

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- 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 June 30, 2024.

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.

25.1. 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 June 30, 2024, 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	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Cash	347	366	347	366
Banks	33,211	19,613	147,990	67,555
Short-term investments	228,044	451,788	273,284	467,699
	261,602	471,767	421,621	535,620

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ii) Trade receivables

	Individual		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Trade receivables	849,188	894,688	960,121	967,960
	849,188	894,688	960,121	967,960

25.2. 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 June 30, 2024		Individual			
Transaction	Up to 1 year	Up to 2 years	3 to 5 years	Over 5 years	Total
Trade payables	564,773	-	-	-	564,773
Trade payables - agreements	299,719	-	-	-	299,719
Leases	33,573	30,589	47,957	3,029	115,148
Borrowings, financing and debentures	74,282	176,787	379,069	-	630,138
Other liabilities	33,882	438	-	-	34,320
	1,006,229	207,814	427,026	3,029	1,644,098

As at June 30, 2024		Consolidated			
Transaction	Up to 1 year	Up to 2 years	3 to 5 years	Over 5 years	Total
Trade payables	810,225	-	-	-	810,225
Trade payables - agreements	299,719	-	-	-	299,719
Leases	33,573	30,589	47,957	3,029	115,148
Borrowings, financing and debentures	213,317	176,787	379,069	-	769,173
Other liabilities	33,882	438	-	-	34,320
	1,390,716	207,814	427,026	3,029	2,028,585

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.

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25.3. 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 interim financial information.

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. Such exposure is related to the direct import of goods from its foreign suppliers for which the balance of trade payables as at June 30, 2024 is R\$6,740. 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.

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:

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Interest rate risk

Transaction	Index	Risk	Individual			
			Balance as at 06/30/2024	Probable scenario	Possible scenario	Remote scenario
Financial assets						
Short-term investments	100% of CDI	CDI decrease	228,044	249,708	244,292	238,876
Securities	100% of CDI	CDI decrease	3,753	4,110	4,020	3,931
Total			231,797	253,818	248,312	242,807
Gain				22,021	16,516	11,010
Financial liabilities						
Borrowings, financing and debentures	100% of CDI	CDI increase	464,053	508,138	519,159	530,181
Total			464,053	508,138	519,159	530,181
(Loss)				(44,085)	(55,105)	(66,128)

Transaction	Index	Risk	Consolidated			
			Balance as at 06/30/2024	Probable scenario	Possible scenario	Remote scenario
Financial assets						
Short-term investments	100% of CDI	CDI decrease	273,284	299,246	292,755	286,265
Securities	100% of CDI	CDI decrease	3,753	4,110	4,020	3,931
Total			277,037	303,355	296,776	290,196
Gain				26,319	19,739	13,159
Financial liabilities						
Borrowings, financing and debentures	100% of CDI	CDI increase	543,766	595,424	608,338	621,253
Total			543,766	595,424	608,338	621,253
(Loss)				(51,658)	(64,572)	(77,487)

Exchange rate risk

Transaction	Index	Risk	Individual and Consolidated			
			Balance as at 06/30/2024	Probable scenario	Possible scenario	Remote scenario
Financial liabilities						
Foreign trade payables	USD	USD appreciation	6,739	6,564	8,205	9,846
Total			6,739	6,564	8,205	49,846
(Loss)				175	(1,466)	(3,107)

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 July 12, 2024.

25.4. 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.

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26. 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	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Directors and Officers (D&O) liability	40,000	40,000	40,000	40,000
Civil liability for professionals	2,000	5,202	2,000	5,202
Operational risks	40,357	44,310	40,357	44,310
Credit insurance (a)	515,000	403,300	544,048	432,348
Property insurance	473,074	470,500	582,003	579,429
Performance bond	103,086	26,352	103,086	26,352
Cyber insurance	30,000	30,000	30,000	30,000
	1,203,517	1,019,664	1,341,494	1,157,641

- 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.

27. 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	
	06/30/2024	06/30/2023
Profit for the period	64,914	33,187
Total weighted number of shares	93,833,680	93,833,680
Basic earnings per share (in R\$)	0.6918	0.3537

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 3,458,992 stock options and its potential total dilution is represented by 97,341,833 stock options, already including the initial grant.

	Individual and Consolidated	
	06/30/2024	06/30/2023
Profit for the period	64,914	33,187
Total weighted number of shares and options exercisable	97,341,833	97,341,833
Diluted earnings per share (in R\$)	0.6669	0.3409

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28. Non-cash transactions

Transactions without cash disbursement, as shown below:

	Individual		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Trade payables – agreements (new commitments)	545,680	661,651	545,680	661,651
New lease agreements	-	539	-	539
Remeasurement of leases	2,710	1,119	2,710	1,119
Write-off of right-of-use assets	4,185	1,931	4,185	1,931
Write-off of leases	4,818	2,309	4,818	2,309
Intangible assets- exclusivity right	17,400	-	17,400	-