



**PicS Ltd.**

**Consolidated Financial Statements**

**As of December 31, 2023**

KPMG Auditores Independentes Ltda., a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of  
PicS Ltd.

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated statements of financial position of PicS Ltd. and subsidiaries (the Company) as of December 31, 2023, and 2022, the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

### *Change in accounting principle*

As discussed in Note 2.1 to the consolidated financial statements, the Company has elected to change the analysis of expenses recognized in profit or loss from a classification based on their function to a classification based on their nature as from the year ended December 31, 2022.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

  
/s/ KPMG Auditores Independentes Ltda.

We have served as the Company's auditor since 2019.

São Paulo, Brazil  
December 27, 2024

ASSETS	Note	December 31, 2023	December 31, 2022
Cash and cash equivalents	7	7,379,049	6,361,401
<b>Financial assets</b>		<b>6,867,599</b>	<b>5,057,174</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	8	<b>2,574,863</b>	<b>829,750</b>
Financial investments		2,574,863	829,750
<b>Financial assets at fair value through profit or loss</b>	8	<b>176,717</b>	<b>740,019</b>
Financial investments		176,717	740,019
<b>Financial assets measured at amortized cost</b>		<b>4,116,019</b>	<b>3,487,405</b>
Trade receivables	9	3,429,602	3,417,673
Consumer Loans	31.1/31.2	560,459	-
Other receivables	10	125,958	69,732
Prepaid expenses	11	72,189	45,871
Other assets		7,573	3,684
<b>Tax assets</b>	30.1	<b>608,498</b>	<b>204,852</b>
Current income tax assets		515,169	198,010
Deferred tax assets		93,329	6,842
Legal deposits		457	320
Property, plant and equipment	12	30,117	34,834
Right of use assets – leases	12	48,653	44,837
Intangible assets	13	768,747	409,927
<b>TOTAL ASSETS</b>		<b>15,782,882</b>	<b>12,162,900</b>
LIABILITIES	Note	December 31, 2023	December 31, 2022
<b>Financial liabilities measured at amortized cost</b>		<b>13,960,888</b>	<b>10,558,571</b>
Third-party funds	14	13,312,290	10,172,578
Trade payables	16	648,598	385,993
Labor obligations	18	437,665	339,267
Taxes payable	30.2	111,141	42,969
Lease liability	19	58,652	52,953
Provision for legal and administrative claims	20	11,063	6,912
<b>Total Liabilities</b>		<b>14,579,409</b>	<b>11,000,672</b>
<b>Equity</b>		<b>1,203,473</b>	<b>1,162,228</b>
Share capital	21	1,687	1,687
Additional paid-in capital	21	1,749,566	1,749,566
Capital reserve	21c	529,027	525,289
Fair value reserve	21	(113)	(265)
Other reserve	21a	194,910	194,910
(-) Accumulated losses		(1,167,125)	(1,201,648)
Non-Controlling interests		(104,479)	(107,311)
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,782,882</b>	<b>12,162,900</b>

The notes are an integral part of the consolidated financial statements.

PicS Ltd.

**Consolidated statements of profit or loss**

For the years ended December 31, 2023 and 2022

(Thousands of Brazilian Reais, except loss per share)



	Note	Year ended December 31	
		2023	2022
Net revenue from transaction activities and other services	23a	1,059,936	833,318
Financial income	23b	2,398,710	2,101,981
<b>Total revenue and financial income</b>		<b>3,458,646</b>	<b>2,935,299</b>
Transaction expenses	24	(438,539)	(520,873)
Interest and other financial expenses	25	(1,212,478)	(1,259,796)
<b>Total transaction and financial expenses</b>		<b>(1,651,017)</b>	<b>(1,780,669)</b>
Credit loss allowance expenses	31.1/34	(14,290)	(1)
Technology expenses	26	(312,098)	(299,440)
Marketing expenses	27	(312,560)	(555,072)
Personnel expenses	28	(879,361)	(932,566)
Administrative expenses	29	(136,659)	(80,619)
Depreciation and amortization		(169,823)	(74,324)
Other expenses		(4,638)	(4,437)
Other income		23,468	92,945
<b>Profit / (loss) before income taxes</b>		<b>1,667</b>	<b>(698,885)</b>
Current income tax and social contribution		(50,815)	4,925
Deferred income tax and social contribution		86,503	1,063
<b>Total income tax and social contribution benefit</b>		<b>35,688</b>	<b>5,988</b>
<b>Profit / (loss) for the period</b>		<b>37,355</b>	<b>(692,897)</b>
<b>Profit / (loss) attributable to the Company's shareholders</b>		<b>34,523</b>	<b>(45,692)</b>
<b>Profit / (loss) attributable to non-controlling interests</b>		<b>2,832</b>	<b>(647,205)</b>
<b>Earnings (loss) per share – basic and diluted (R\$)</b>	21d	<b>1,011</b>	<b>(2,588)</b>

The notes are an integral part of the consolidated financial statements.

**PicS Ltd.**

**Consolidated statements of comprehensive income**

For the years ended December 31, 2023 and 2022

(Thousands of Brazilian Reais)



	Year ended December 31	
	2023	2022
<b>Profit/(loss) for the period</b>	<b>37,355</b>	<b>(692,897)</b>
Other comprehensive income (OCI)		
- Items that can be subsequently reclassified to profit or loss		
Net change in fair value of financial assets at fair value through other comprehensive income	254	1,326
Reclassification of fair value adjustments to profit or loss	(102)	(242)
<b>Total comprehensive income/(loss)</b>	<b>37,507</b>	<b>(691,813)</b>
<b>Comprehensive income/(loss) attributable to the Company's shareholders</b>	<b>34,655</b>	<b>(44,628)</b>
<b>Comprehensive income/(loss) attributable to non-controlling interests</b>	<b>2,852</b>	<b>(647,185)</b>

The notes are an integral part of the consolidated financial statements.

PicS Ltd.

**Consolidated statements of changes in equity**

For the years ended December 31, 2023 and 2022

(Thousands of Brazilian Reais)



	NOTE	Share capital	Additional paid-in capital	Capital reserve	Fair value reserve	Other reserve	Accumulated losses	Non controlling interest	Total
<b>Balances as of December 31, 2021</b>		<b>272</b>	<b>894,883</b>	<b>502,027</b>	<b>(1,349)</b>	<b>-</b>	<b>(1,155,956)</b>	<b>135,483</b>	<b>375,360</b>
Other comprehensive income for the period		-	-	-	1,084	-	-	-	1,084
Capital increases	21a	107	59,001	-	-	-	-	-	59,108
Contribution from NCI without a change in control	21a	-	-	-	-	-	-	1,396,311	1,396,311
Transactions with NCI without a change in control	21a	-	-	-	-	194,910	-	(194,910)	-
Reduction in NCI without a change in control	21a	1,308	795,682	-	-	-	-	(796,990)	-
Capital reserve	21c	-	-	23,262	-	-	-	-	23,262
Loss for the period		-	-	-	-	-	(45,692)	(647,205)	(692,897)
<b>Balances as of December 31, 2022</b>		<b>1,687</b>	<b>1,749,566</b>	<b>525,289</b>	<b>(265)</b>	<b>194,910</b>	<b>(1,201,648)</b>	<b>(107,311)</b>	<b>1,162,228</b>
Other comprehensive income for the period		-	-	-	152	-	-	-	152
Capital reserve	21c	-	-	3,738	-	-	-	-	3,738
Profit for the period		-	-	-	-	-	34,523	2,832	37,355
<b>Balances as of December 31, 2023</b>		<b>1,687</b>	<b>1,749,566</b>	<b>529,027</b>	<b>(113)</b>	<b>194,910</b>	<b>(1,167,125)</b>	<b>(104,479)</b>	<b>1,203,473</b>

The notes are an integral part of the consolidated financial statements.

	Note	2023	2022
<b>Profit/(loss) for the period</b>		<b>37,355</b>	<b>(692,897)</b>
<b>Adjustments for</b>			
Labor provisions		20,128	54,804
Depreciation/amortization	12/13	169,449	74,381
Provision for legal and administrative claims	20	10,255	7,660
Chargeback (release) / provision		-	(350)
Credit loss allowance	31.1/34	14,290	1
Write-off on trade receivables		-	4,091
Write-off on intangible assets	13	5,201	-
Loss or (gain) on disposal of property, plant and equipment	12/13	1,004	3,821
Interest accrued on loans	31	-	15,454
Interest accrued on consumer loans		(27,297)	-
Interest accrued on FIDC senior quotas		-	172,409
Interest accrued on financial investments		(240,580)	(334,115)
<b>Variations in operating assets and liabilities</b>			
- financial investments		(941,079)	5,259,018
- trade receivables and other receivables		(62,352)	(776,275)
- consumer loans		(533,162)	-
- prepaid expenses		(26,318)	(19,175)
- other assets		(386,227)	(158,792)
- third-party funds		4,263,635	4,190,063
- labor obligations and taxes payable		150,180	119,184
- change in trade payables and other obligations		266,373	63,692
- legal and administrative claims	20	(6,104)	(2,209)
Interest paid		(1,147,784)	(640,969)
<b>Net cash from (used in) operating activities</b>		<b>1,566,968</b>	<b>7,339,796</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries net of cash acquired		(7,946)	-
Acquisition of common control subsidiaries net of cash acquired	2	(27,031)	154,530
Acquisition of investments		-	11
Acquisition of property, plant and equipment		(4,664)	(5,328)
Acquisition of intangible assets	13	(497,434)	(212,442)
<b>Net cash used in investing activities</b>		<b>(537,075)</b>	<b>(63,229)</b>
<b>Cash flows from financing activities</b>			
Share capital increase	21a	-	59,108
Issuance of non-controlling interests	21a	-	1,248,200
Proceeds from FIDC senior quotas		-	190,672
Purchase of FIDC senior quotas	31	-	(2,326,682)
Proceeds from loans		-	50,000
Payment of loans		-	(275,000)
Payment of leases		(12,245)	(10,755)
<b>Net cash (used in) from financing activities</b>		<b>(12,245)</b>	<b>(1,064,457)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,017,648</b>	<b>6,212,110</b>
Cash and cash equivalents at the beginning of the period		6,361,401	149,291
Cash and cash equivalents at the end of the period		7,379,049	6,361,401
<b>Net generated in cash and cash equivalents</b>		<b>1,017,648</b>	<b>6,212,110</b>

The notes are an integral part of the consolidated financial statements.

## 1. Operating context

PicS Ltd. ("PicS" or "Company", along with its subsidiaries, "PicPay Group" or "Group") was incorporated on January 18, 2021, as a Cayman Islands exempted company with limited liability duly registered with the Cayman Islands Registrar of Companies. On April 19, 2021, the direct shareholders of PicPay Instituição de Pagamento S.A. ("PicPay") at the time, including J&F Participações S.A. ("J&F Participações"), a corporation (sociedade anônima) incorporated under the laws of Brazil, contributed substantially all of their shares in PicPay to PicS.

On December 30, 2023, J&F International B.V. ("J&F International"), a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law, at that time the beneficial holder of 100% of the Class B common shares of PicS (representing 99.6153% of the total issued and outstanding common shares of PicS), contributed the beneficial entitlement to these common shares to Picpay Holdings Netherlands B.V. ("PicPay Netherlands"), a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law, by way of a share premium contribution on the shares in the capital of PicPay Netherlands.

The legal transfer of the Class B common shares of PicS to PicPay Netherlands was effected on March 14, 2024. As of the date hereof, PicPay Netherlands directly holds 100% of the Class B common shares of PicS (representing 99.6153% of the total issued and outstanding common shares of PicS) and indirectly owns (through JAB Capital SP Fund, Belami Capital SP Fund and AGR Capital SP Fund, each a private investment fund, organized within a segregated portfolio company in the Cayman Islands) the beneficial entitlement to 100% of the Class A common shares of PicS (representing 0.3847% of the total issued and outstanding common shares of PicS). As of the date hereof, the controlling shareholder of PicPay Netherlands is J&F International, which holds 82% of the total issued and outstanding capital stock of PicPay Netherlands. J&F International is a wholly-owned subsidiary of J&F Participações.

Our principal executive offices are located in the city of São Paulo, State of São Paulo, Brazil, which provides payments and financial services to consumers and sellers. We perform activities related to digital payments, banking, lending, merchant acquiring and investments, including, among others:

PicPay is authorized by the Brazilian Central Bank to operate as a payment institution in the capacities of:

- (1) issuer of electronic currency;
- (2) issuer of postpaid payment instruments, such as credit cards and our Buy-Now-Pay-Later solutions;
- (3) acquirer;

PicPay Bank – Banco Múltiplo S.A. (formerly Banco Original do Agronegócio S.A., the company's change of name was approved by BACEN on May 26, 2022) ("PicPay Bank") is authorized by the Brazilian Central Bank to operate as a multi-purpose bank, with authorization to perform both commercial and credit, financing and investment activities, as well as to carry out transactions in the foreign exchange market;

PicPay Invest distribuidora de títulos e valores mobiliários Ltda. (formerly Liga Invest distribuidora de títulos e valores mobiliários Ltda) ("PicPay Invest") is authorized by the Brazilian Central Bank to operate as a securities broker. In addition, PicPay Invest is authorized by the CVM to perform custodian securities services and fiduciary administration and trustee activities; and

Crednovo Sociedade de Empréstimo Entre Pessoas S.A. ("Crednovo") is authorized by the Brazilian Central Bank to operate as a P2P ("Peer-to-peer") lending fintech company intermediating credit operations between lenders and borrowers.

## 2. Presentation and preparation of the Consolidated Financial Statements

### 2.1 Basis of preparation of the consolidated financial statements

These consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been reissued to reflect a change in the presentation of the consolidated statement of profit or loss, replacing the functional classification with a nature-based classification. This change was made to provide a more descriptive and informative presentation of the Company's expenses, better meeting the needs of the users of these consolidated financial statements. Additionally, refer to Notes 4 – Operating Segments and 34 – Segment Information for updated segment-related information, along with the revised notes related to the consolidated statement of profit or loss, which has been revised to ensure alignment with the new presentation of the consolidated statement of profit or loss.

As a result of the revision of the notes described above, Note 35 - Subsequent events was updated considering the consolidated financial statements authorization date. These consolidated financial statements were approved by the Board of Directors at the meeting held on December 27, 2024.

The Group's strategy is to continue growing with profitability and scale our products and services to our consumers and businesses, increasing our portfolio of financial and non-financial services. Furthermore, we will continue to pursue a closer relationship with our consumer base, willing to become their primary financial services platform over time.

Until it reaches maturity of its user base, and has a complete portfolio of products, the Group will continue to require contributions from its shareholders. The contribution needs are projected through periodic monitoring of the Group's cash flow and must be approved by the Board of Directors and by BACEN. Current shareholders have committed to support all actions required for continuing as a going concern, with the firm commitment to invest additional funds, if necessary.

The consolidated financial statements were prepared on a historical cost basis, unless otherwise stated.

### 2.2 Basis of consolidation

These consolidated financial statements include PicS and all entities over which it has control (subsidiaries). Control is when the Group is exposed or has rights to variable returns from its involvement with the investee, has existing rights that give it the ability to direct the relevant activities and has the ability to affect those returns through its power over the investee.

The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate there are changes to one or more of the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the entity and ceases when the Group loses control. Assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements from the date the Group obtains control until the date the Group loses control. Intragroup transactions between parent company and its subsidiaries are eliminated in full on consolidation.

The Group consolidates FIDC PicPay I (Fundo de Investimentos em Direitos Creditórios Não-Padronizados PicPay I, a Receivables Investment Fund), as it has control over it. The bylaws of the FIDC grant the Group significant decision-making authority over it, such as the right to determine which credits rights are eligible to be acquired by the FIDC. The Group obtained control over FIDC PicPay I on February 23, 2021, in a transaction between entities under common control which was accounted for at cost. Additionally, in July and August 2022, PicPay Bank purchased from Banco Original the totality of senior quotas issued by the FIDC. Therefore, the group is the sole holder of 100% of all quotas (senior and subordinated) and consolidates 100% of the share capital of FIDC PicPay I.

The Company consolidates 100% of the share capital of PicPay Bank in these consolidated financial statements from the date control was obtained (February 25, 2022). On this date, J&F Participações contributed 102,192,983 shares, free and clear of any encumbrances representing 100% of the share capital of PicPay Bank, in exchange for the issuance by PicS Holding (formerly PicPay Holding Ltda.) ("PicS Holding") of 146,900,768 common shares with a total par value of R\$ 146,901. The Group accounting policy is to account for common control transactions at book value. As a result, on February 25, 2022 the Group consolidated the following assets and liabilities: cash and cash equivalents R\$153,380, tax assets R\$ 1,396, taxes payable R\$ 4,682 and provision for legal and administrative claims R\$ 2,515.

The Company consolidates 100% of the share capital of Crednovo in these consolidated financial statements from the date control was obtained (September 14, 2022). On this date, J&F Participações contributed 26,000,000 shares free and clear of any encumbrances representing 100% of the share capital of Crednovo in exchange for the issuance by PicS Holding of 1,209,523 common shares with a total par value of R\$ 1,210. Crednovo was an entity under common control. The Group accounting policy is to account for common control transactions at book value. As a result, on September 14, 2022, the Group consolidated the following assets and liabilities: cash and cash equivalents R\$ 1,150, financial investments R\$ 1,632, intangible assets R\$ 1,130, labor obligations R\$ 1,584, taxes payables R\$ 329 and loans R\$ 1,500.

The Group consolidates 100% of the share capital of PicPay Invest from the date control was obtained (January 24, 2023). On this date, PicPay acquired 100% of the share capital of PicPay Invest Liga Invest for R\$ 27,395, which was settled in cash. Prior to this Liga Invest was an entity under common control. The Group accounting policy is to account for common control transactions at book value. As a result, on January 24, 2023, the Group consolidated the following assets and liabilities: cash and cash equivalents of R\$ 364, other assets with a carrying amount of R\$ 42,403 and liabilities with a carrying amount of R\$ 8,040.



The Group consolidates 100% of the share capital of BX Negócios Inteligentes Ltda. ("BX Blue") from the date control was obtained (February 02, 2023). On this date, the subsidiary Guiabolso acquired 100% of the share capital of BX Blue for R\$ 9,500, which was settled in cash. Refer to Note 33 for further details.

On June 01, 2023 PicPay acquired 100% of the share capital of PicPay Digital Ltda ("PicPay Digital") (formerly BRC Coin Ltda.) for R\$ 10, which was settled in cash. PicPay Digital was an entity under common control. The Group accounting policy is to account for common control transactions at book value. PicPay Digital is a dormant entity.

The consolidated financial statement includes the following subsidiaries:

<u>Entity</u>	<u>Country</u>	<u>Principal activities</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Direct or Indirect Control</u>
<i>PicS Holding Ltda.</i>	Brazil	Holding	92.42%	92.42%	Direct
<i>PicPay Instituição de Pagamento S.A.</i>	Brazil	Payment services <sup>(2)</sup> Receivable	100.00%	100.00%	Indirect
<i>Fundo de Investimentos em Direitos Creditórios Não-Padronizados PicPay I <sup>(1)</sup></i>	Brazil	investment fund	100.00%	100.00%	Indirect
<i>Guiabolso Correspondente Bancário e Serviços Ltda.</i>	Brazil	Bank correspondent	100.00%	100.00%	Indirect
<i>Guiabolso Pagamentos Ltda.</i>	Brazil	Bank correspondent	100.00%	100.00%	Indirect
<i>PicPay Bank – Banco Múltiplo S.A.</i>	Brazil	Bank services <sup>(2)</sup>	100.00%	0.0%	Indirect
<i>Crednovo Sociedade de Empréstimo Entre Pessoas S.A.</i>	Brazil	P2P Lending Services	100.00%	0.0%	Indirect
<i>PicPay Invest distribuidora de títulos e valores mobiliários Ltda.</i>	Brazil	Brokerage firm and securities dealer company	100.00%	0.0%	Indirect
<i>BX Negócios Inteligentes Ltda.</i>	Brazil	Bank correspondent	100.00%	0.0%	Indirect
<i>PicPay Digital Ltda.</i>	Brazil	Financial services	100.00%	0.0%	Indirect

(1) The % interest represents the percentage of the subordinated quotas issued by the FIDC and held by the Group.

(2) Bank activities are focused on CDB, lending and funding. Payment institutions activities are focused on payment services, virtual wallet and other financial activities.

Accounting policies have been applied uniformly to all consolidated entities.

### 3. Material accounting policies

#### 3.1 Functional and presentation currency

The functional currency of a company is the local currency within the primary economic environment in which it operates. These consolidated financial statements are presented in Brazilian reais (R\$), which is the Group presentation and functional currency. There are no significant transactions carried out in foreign currency. All financial information is presented in thousands of reais, except when otherwise indicated.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly liquid short-term investments, which are redeemable within 90 days at a known amount of cash and are subject to an insignificant risk of change in value. Cash equivalents are held in order to meet short-term cash commitments, and not for investment or for other purposes.

#### 3.3 Trade receivables

*Amounts receivable from financial transactions processed by acquirers and card issuers*

Composed of the amounts receivable from acquirers and card issuers for payment transactions with credit cards and debit cards made by users on the Group's payment platform. Receivables from debit card transactions are settled in 1 day and receivables from normal credit card transactions are settled on or prior to 32 days following the transaction. The credit card payments through monthly installments for up to 12 months and due from the acquirer generates receivables which are measured at amortized cost and are net of provisions for credit and fraud risk (chargeback). These receivables are transferred to the FIDC PicPay I via pass-through arrangements without any impact on these consolidated financial statements due to the FIDC consolidation on PicS financial statements. Before the PicPay Bank being established, the Group assigned receivables to Banco Original, however these assignments had stopped on March 2022. Prior to March 2022, the assigned receivables to Banco Original were without recourse which led to their derecognition.

*Amounts receivable from provision of services*

Primarily composed of receivables related to business partner commissions and intermediation fees charged for processing transactions receivable from commercial establishments.

*Expected credit losses*

Loss allowance for expected credit losses ("ECLs") is calculated for all financial assets not held at fair value through profit or loss and is presented in the consolidated statements of financial position as a deduction from the gross carrying amount and the counterparty is recognized as an expense.

The Group understands that there is no significant credit risk on outstanding balances for its "Financial Investments measured at amortized cost" and "Other receivables", as they are mainly to Government bonds and transactions with related parties. The table presented in Note 30.1 discloses the carrying amount of financial assets which represents the maximum credit exposure. ECLs on "Financial investments at fair value through profit or loss" are already accounted for when determining those fair values. For "Financial assets measured at fair value through other comprehensive income" the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

ECLs account for forecast elements such as undrawn limits and macroeconomic conditions that might affect the Group's receivables.

The Group classifies the financial assets in stages and calculates provisions accordingly. These stages are:

- Stage 1: no significant increase in credit risk since recognition;
- Stage 2: significant increase in credit risk subsequent to recognition;
- Stage 3: credit impaired.

Based on these concepts, the Group's approach is to calculate ECL utilizing the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") methodology.

*Definition of stages*

#### Stage 1 definition - no significant increase in credit risk since recognition

(i) The financial asset is up to 30 days in arrears <sup>(1)</sup>;

#### Stage 2 definition - significant increase in credit risk subsequent to recognition

(i) The financial asset is in arrears from 31 to 90 days;

(ii) Increase in credit risk due to other financial assets on Stage 2 <sup>(1)</sup> / <sup>(2)</sup>;

### Stage 3 definition - credit impaired

- (i) The financial asset is in arrears over 90 days;
- (ii) Increase in credit risk due to other financial assets on Stage 3 <sup>(1)</sup> / <sup>(2)</sup>:

(1) The first transaction being restructured and reset to stage 1, if the stage 2 or stage 3 transaction is restructured, they will be reset to stage 2 as per IFRS 9 guidance.

(2) For all operations with the same client, the operation Stage will use the worst Stage among the financial asset of that client, meaning that any Stage 1 transaction will be calculated as Stage 2 if for the same client there are existing operations that fall within Stage 2.

### Measuring ECL

The Group manages and calculates ECL according to the characteristics of the financial assets. For Consumer loans, ECL is calculated using the following parameters:

**PD:** is the likelihood that a receivable will reach default in a given timeframe. For stage 1 financial assets, PDs are calculated based on the concept "PD90@12", which is defined as considering 90 days of delay observed in a 12-month period, using the "ever" concept; that is to derive the PDs in the historic data, and if a customer defaulted in any of the 12 months, even if this was subsequently regularized, it is considered to be a default and the PDs are calculated from this historic data applying mathematical models. For stage 2 customers, PDs are calculated based on the "PD Life-time" concept, which considers the likelihood of default for the contract term left, calculated through a model of conditional probability. Also, a "PD Forward-Looking" model is applied on both PD90@12 and PD Life-time parameters and allows adjustments to the PDs derived from historic data according to expectations in relation to macroeconomic variables. For stage 3, PD is considered to be 100% since the customer has already defaulted.

**LGD:** is the expected percentage of the expected loss of a contract given the default. The rate guides the recognition of expected credit losses based on the asset nature and the default time window.

**EAD:** is the total amount to which the Group is exposed at the time of default. It is constructed by the outstanding balance already taken and, for the revolving portfolio, also a factor on the Available Limit (already contracted). The Available Limit is weighted by the Credit Conversion Factor ("CCF"), which is a percentage of the available contracted limit, based on historical data, not used at the date and which later became a credit value, based on the observation of each customer's behavior according to the rate of use of credit card limits and total credits contracted versus the total limit of available credits.

The Group writes-off the gross carrying amount of financial assets when it has no reasonable expectation of recovering it in its entirety or a portion thereof. Therefore, a write-off is made when all internal procedures of collecting the debt have been exhausted and the outstanding amounts are subject to enforcement activity. There were no write-offs for the year-end 2023.

For Trade Receivables (acquirer receivables and card issuers), the Group applies a simplified approach in calculating ECLs. The Group only uses acquirers authorized to operate by the BACEN, which are supervised and monitored by BACEN, including the minimum equity level for the operation, and which have a national "AAA" rating by the rating agencies (S&P or Fitch). In addition, Credit Card issuers are supervised by BACEN and the payment arrangements have their own risks and guarantee models to evaluate and mitigate the default risk of the issuers, thus mitigating the risk of the acquirers and the systemic risk. Group management does not expect any significant losses from non-performance by these counterparties.

Recognized loss allowance for ECLs is presented in Note 30.

## 3.4 Financial assets and liabilities

### Financial assets

Financial assets are classified into the following categories: (i) at fair value through other comprehensive income (FVOCI); (ii) amortized cost; and (iii) measured at fair value through profit or loss (FVTPL). The classification is made based both on the Group's business model, for the management of the financial asset, and on the characteristics of the contractual cash flows of the financial asset.

### Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it meets the "principal and interest only" criteria, that is, cash flows that exclusively constitute principal and interest payments, and that is maintained in a business model whose objective is achieved both by obtaining contractual cash flows and by selling the financial asset.

Upon initial recognition, the Group may make an irrevocable choice to present, in other comprehensive income, subsequent changes in the fair value of investment in an equity instrument.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss as financial income and expenses, fair value gains and losses are recognized in Other Comprehensive Income. Upon derecognition, accumulated gains and losses in Other Comprehensive Income are reclassified to profit or loss.

### Amortized cost

They are instruments maintained within the business model whose objective is to maintain financial assets in order to receive contractual cash flows and in contractual terms give rise to cash flows that constitute, solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). The amortized cost is reduced by impairment losses, interest revenue, exchange gains and losses and impairment are recognized in profit or loss.

### Financial assets at fair value through profit or loss

A financial instrument is measured at fair value through profit or loss when the assets do not meet the classification criteria of the other categories. Additionally, the Group may, upon initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if, in doing so, it can eliminate or significantly reduce a measurement or recognition inconsistency.

Financial assets recognized in this category are exclusively maintained to manage cash flow and are not expected to be held in order to receive contractual cash flow from this financial instrument.

### Derecognition

A financial asset is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Group transferred its contractual rights to receive cash flows from the asset or assumed a contractual obligation to pay the received cash flows, without material delays, to a third party; and either the Group has transferred substantially all the risks and benefits of the asset or the Group has not transfer nor retained substantially all the risks and benefits of the asset but transferred control of the asset.

When the Group transfers its contractual rights to receive cash flows from an asset, it assesses whether, and to what extent, it has retained the risks and benefits of ownership. When the Group has neither transferred nor retained substantially all the risks and benefits of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continued involvement.

In such cases, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured based on the rights and obligations that the Company maintained.

### Expected credit loss

The Group's credit risk arises from exposures to other financial institutions or acquirers, including cash operations at banks, cash equivalents, financial investments and financial assets. As a prepaid payment institution, PicPay does not make loans directly to its users. To calculate the expected credit loss, we use the following parameters: PD (Probability of Default) — probability of default of the counterparty. LGD (Loss Given Default) — amount lost due to default and EAD (Exposure at Default) — amount exposed at the time of default. Refer to Note 30 for further details.

### Financial liabilities

Financial liabilities are measured at amortized cost.

### Amortized cost

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method, with interest expenses recognized using the effective interest rate.

A financial liability is derecognized when it is settled, canceled or expired. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

### 3.5 Other assets

Measured at cost of acquisition or investment plus, when applicable, indexation calculated on a *pro rata die* basis up to the reporting date.

### 3.6 Property, plant and equipment

Measured at historical cost, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line method and considers the estimated useful life of the assets. The estimated useful life, residual values and depreciation methods are reviewed annually and the effect of any changes in estimates is accounted for prospectively.

The useful lives of fixed assets are estimated as follows:

- Machinery and equipment — 10 years
- Right of use — leases — 5 to 10 years
- Computers and equipment — 5 years
- Furniture and fixtures — 10 years
- Improvements — 5 to 12 years
- Facilities — 10 years

Items of property, plant and equipment are written off after disposal or when there are no future economic benefits arising from the continuing use of the asset. Any gains or losses from the sale or write-off of the assets are determined by the difference between the amounts received in sale and the carrying amount and are recognized in profit or loss.

### 3.7 Intangible Assets

Intangible assets refer to software licenses and software developed internally or externally, have a defined useful life and are recorded at cost, less amortization and accumulated impairment losses. Amortization is recognized by the straight-line method, based on the estimated useful life of the assets. The estimated useful life and the amortization method are revised yearly, and the effects of any changes in estimates are recorded prospectively. The amortization period for all intangible assets is 5 to 10 years, being amortized between 10% and 20% per year.

Development expenditures are capitalized only if they can be reliably measured, if future economic benefits are likely, and if the Group has sufficient intent and resources to complete development and use or sell the asset. Other development expenses are recognized in profit or loss as incurred. After initial recognition, capitalized development expenses are measured at cost, less accumulated amortization and any losses due to impairment.

### 3.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there are any indications that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations. A long-term growth rate is calculated and applied to project future cash flows. The Group performed its annual impairment test for CGUs that contain Goodwill. Refer to Note 13 for more details.

### 3.9 Business Combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, including assets transferred and liabilities assumed, measured at fair value.

Any contingent consideration to be transferred by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration treated as an asset or liability are recognized in profit or loss.

Goodwill is measured as the excess of the consideration transferred over the fair value of identifiable assets acquired and liabilities assumed. If the consideration transferred is smaller than the fair value of identifiable assets acquired and liabilities assumed, the difference is recognized as a gain on bargain purchase in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination is tested for impairment annually or when there are any indication that goodwill may be impaired.

#### *Business Combination under common control*

A business combination involving entities under common control is one in which all entities of the combination are controlled by the same ultimate partners, both before and after the combination, and that control is not transitory. In this situation, the pre-combination carrying amounts of the assets and liabilities are merged into the Group at their carrying amounts, without any fair value measurement adjustments. The Group does not recognize goodwill arising from these common control transactions.

#### *Post-combination service payment*

The amount remaining from the agreement with J&F International for post-combination services payments to shareholders of acquired entities, which remain as employees of the Group, are recognized as personnel expenses on a straight-line method and considers vested period established in contract.

### 3.10 Leases

For lease agreements with a term of more than one year, the Group recognizes: (i) a lease liability that corresponds to the sum of the consideration of the agreement at present value and (ii) a right-of-use asset. The values of the lease liability and the right-of-use asset are remeasured when changes and/or adjustments in the agreements occur, and the right-of-use asset is evaluated, at least annually (and/or when there is evidence) for impairment.

Lease agreements are recognized as follows:

#### *Right of use assets*

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred if applicable, and lease payments made at or before the commencement date less any lease incentives received.

#### *Lease liabilities*

Initially measured at the present value of lease payments that were not paid on the start date, discounted using the Group's incremental financing rate.

#### *Lease term*

The Group recognizes the lease agreements in accordance with the respective contractual terms, including optional renewals when this renewal is reasonably certain.

#### *Incremental loans interest*

To calculate the present value of the payments, the Group determines the interest rate that would be paid to finance the acquisition of the leased assets, based on the rates practiced in the most recent fundraising at the time of recognition of the lease.

#### *Interest expense*

Interest expenses are recognized as a financial expense and allocated to each period during the term of the agreement.

#### *Depreciation of right-of-use assets*

The useful life of the right-of-use assets is defined as the total term of the agreement, considering, if applicable, any reasonably certain renewals, with its depreciation being recognized in a straight line over the period of its useful life.

### 3.11 Third party funds

They refer to the balance of the users' pre-paid accounts and CDB that can be redeemed at any time by the user. These amounts are measured at their redeemable amount and consider the interest payable up to the reporting date, recognized on a *pro rata die* basis.

### 3.12 Provisions

Provisions are recognized for present obligations (legal or constructive) resulting from past events, for which it is possible to estimate the amounts reliably and for which settlement is probable.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the end of each year, considering the risks and uncertainties related to the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognized when, and only when, the reimbursement is virtually certain and the amount can be measured reliably.

Expenses for the recognition of, or increase in, provisions are recognized in the statement of profit or loss, net of any reimbursement, when applicable.

### 3.13 Provisions for legal and administrative claims

The recognition, measurement and disclosure of provisions are as follows:

- Contingent assets — They are not recognized in the financial statements, except when their realization is virtually certain;
- Contingent liabilities — They are only disclosed in the financial statements because they are possible obligations, since there are still uncertainties as to whether the Group has an obligation that could lead to an outflow of resources that incorporate economic benefits;
- Provisions — They are recognized as a liability in the financial statements because they are present obligations and it is probable that an outflow of benefits will be necessary to settle the obligation;
- Legal obligations (tax and social security) — Liabilities arising from agreements, legislation or other legal action in which the entity has no option but to settle the obligation are recognized as a liability in the financial statements.

### 3.14 Income taxes

Income taxes in Brazil consist of Corporate Income Tax (IRPJ) and Social Security Contribution (CSLL). Current income tax is calculated based on the taxable income and a 15%, plus an additional 10% rate on taxable income exceeding R\$ 240/year for Corporate Income Tax, and 9% to 20% on taxable income for Social Security Contribution. Tax losses are carried forward indefinitely and can be used to offset current tax amounts, limited to 30% of taxable income for the year.

On April 28, 2022 a new law was approved (MP nº 1115) that increased Social Security Contribution by 1% from August 1, 2022 to December 31, 2022, which was applicable to PicPay Bank. During this period the total rate of CSLL was 21%.

Income tax expense comprises current and deferred Corporate Income Tax and Social Security Contributions and are recognized in the statement of profit or loss, unless they are related to a business combination or items directly recognized in equity or in other comprehensive income.

Current tax expense is the amount of Corporate Income Tax and Social Security Contribution payable or recoverable related to the taxable income for the period.

Cayman Islands local laws do not impose corporate income tax or tax capital gains and therefore there is no income tax impact from this jurisdiction on the Group.

Deferred taxes are amounts of tax assets to be recovered and tax liabilities to be paid in future periods. Deferred tax liabilities comprise taxable temporary differences and deferred tax assets result from income tax loss carryforwards and temporary differences. Deferred tax assets are recognized only when it is probable that there will be taxable profit against which it can be realized, based on technical studies prepared by the Group.

### 3.15 Revenue recognition

The Group provides a number of financial and payment products and services to its customers, which include individuals and businesses. In some of the transactions with its customers the Group acts as the principal responsible for providing the service and in other transactions the Group acts as an agent for a third party.

Revenue is recognized net of sales taxes including Taxes on Services (Imposto Sobre Serviço - ISS), Contribution to the Brazilian government's Social Integration Program (Programa Integração Social - PIS) and Contribution to the Brazilian government Social Security Program (Contribuição para o Financiamento da Seguridade Social - COFINS).

The principal revenue generating products and services are:

#### 1) Revenue from payment transaction activities and other services:

- Wallet and Banking: Transaction fee revenues generated from services provided when a customer uses a credit card registered in the app to transfer money and make payments into their digital wallet for use in a variety of transactions. PicPay also receives a commission from the bill issuer, regarding Bill payments, when the bill is paid through the account balance. Transaction fees are recognized when the transaction using a credit card is approved by the card network and issuing bank. The commissions received from the bill issuer are recognized when the bill is paid.

Also, the Group receives other fees mainly related to premium account, cash withdrawal and international remittance and exchange.

- Financial Services: Includes revenue from distribution of third-party financial products and interchange fees from our credit and debit cards. Regarding the distribution of third-party financial products, PicPay receives commissions for the distribution of loans in its app. In the event of a default on the loan distributed from a third-party partner, PicPay is not required to return the commission hence performance obligation is related to the facilitation of the connection between customer and third party. Regarding the usage of debit cards and credit cards issued to PicPay costumers, PicPay recognizes the interchange fee from card transactions once the performance obligation (to approve the transaction and process the payment) is considered fulfilled, which is almost immediately following the customer's use of the card. The interchange fee is calculated as a percentage of the transaction amount and is retained from the payments made by PicPay to the acquirer to settle the transaction.

Also, the Group recognizes a brokerage fee received from the distribution of investment products within our PicPay Invest platform, and commissions related to the distribution of insurance products from our partners in our financial marketplace.

- Small and Medium-Sized Businesses: Includes revenue related to MDR (merchant discount rate) charges for registered merchants accepting PicPay as payment network. PicPay's performance obligation is to facilitate the transactions by capturing, processing and settling the transactions to merchants. PicPay receives a variable fee based on the number of installments, merchant size and segmentation which it deducts from the amounts paid to the merchant. Regarding corporate benefits, PicPay receives interchange fees from transactions conducted by its consumers with their corporate benefits cards.

- Audiences and Ecosystem Integration: Mainly refers to other commissions related to:

(1) PicPay Shop: Marketplace of non-financial services in app where third-party sellers can sell products and services to PicPay through an affiliated model. PicPay captures a take rate (%) of the total purchase volume (GMV) from the third-party sellers which varies according to the agreement with the seller. PicPay acts as an agent in such contacts, offering the good or services of the third-party sellers. PicPay's performance obligation is fulfilled when the customer uses PicPay's app for these transactions and the take-rate is recognized as revenue on that date;

(2) PicPay Ads: ads solutions for merchants through in-app display solutions and CRM channels. The Group receives impression fees paid by merchants affiliated in its network.

#### 2) Financial Income

- Wallet and Banking: Revenues from installment payments corresponding to the remuneration the Group earns on credit card payments made in installments by consumers in the digital wallet. Also considers revenues from interest income generated through financial investments (corresponding primarily to the income the Group earns on funds invested in Government bonds and other short-term investments).

- Financial Services: revenues generated from interest income that the Group earns on consumer loans originated on balance. Also, credit card requested in PicPay's app and provided under PicPay's banking correspondent agreement with Banco Original (the issuing bank) grants PicPay a percentage of the interest income received by Banco Original.

- Small and Medium-Sized Businesses: Revenues generated from fees charged by the Group over prepayment of receivables from credit card transactions accepted by registered merchants.

- Audiences and Ecosystem Integration: Interest income from other financial investments.
- Institutional: Interest income from financial applications executed at the Corporate level.

#### Incentives

The Group provides incentives with a variety of characteristics, including cashback, to users to promote its platform. The following criteria are assessed to determine if the incentives are considered to be a component of revenue or are separately presented as marketing expenses: (i) whether the payments are to the customer in exchange for a distinct good or service; (ii) the existence of a performance obligation of the Group to the end user; (iii) whether there is an expectation of specific future contracts as a result of the incentive and (iv) whether the incentives are in substance a payment on behalf of the merchants or other parties involved in the arrangement. If an incentive exceeds the amount of revenue generated by the transaction to which it relates, the excess is recognized as a marketing expense.

### 3.16 Transactions with related parties

Transactions with related parties measured at fair value are accounted as follows:

#### 3.16.1 Relationship with Banco Original S.A.

Banco Original grants PicPay access to and copies of Banco Original's application programming interface ("API PAG"). Under the agreement, Banco Original pays PicPay for the use of the API PAG for settlement of bank slips. The revenues are recognized in the statement of profit and loss as "commission — banking correspondent and marketplace".

PicPay provides Banking Correspondent and Marketplace Services to Banco Original relating to receipts, payments and other activities of third parties and receiving and forwarding proposals for Banco Original credit cards. Under the agreement, Banco Original pays to PicPay a fee per active credit card and a percentage of the total amount of credit contracted and a percentage related to the installments. The revenues are recognized in the statement of profit and loss as "commission — banking correspondent and marketplace".

Under the Credit Card Partnership Agreement, PicPay and Banco Original agreed to develop, promote and offer a co-branded PicPay credit card to our customers under a revenue-sharing scheme. Under the agreement, Banco Original pays a percentage of credit and debt card's interchange fee to PicPay. The revenues are recognized in the statement of profit and loss as "commission — banking correspondent and marketplace".

Banco Original provides the services that allows PicPay to offer to its users the ability to withdraw amounts in their accounts by using a QR Code at ATMs ("QR Code Service Agreement"). Under this agreement, PicPay pays a fee to Banco Original, according to the amount of withdrawals made per month.

#### 3.17 Long-term incentive plan (Share-based payment)

PicPay employees from junior to executive titles are in a Long-Term Incentive Plan ("LTIP") which was established by PicS Ltd starting on July 1, 2021 and adopted by the Company and its subsidiaries ("PicPay"). The LTIP was designed to contribute to the Company's success to retain talent and incentivize employees to align to PicS's interests. LTIP beneficiaries are selected by the CEO of PicPay and submitted to the Board of Directors.

This incentive is conditional on the fulfillment of the vesting period. It is necessary that each participant is actively employed by PicPay, that is, in full exercise of his/her activities in the company on the date on which each vesting period. LTIP beneficiaries were granted rights to receive PicPay's shares if all the conditions of the plan were met. The regulation requires 2 conditions to be met: (i) each participant will have to work at PicPay over a period of a determined time; and (ii) there is a need for an IPO (Public offering of shares) to occur or Private placement of the company's shares to third parties.

The determined vesting period of 5 years is divided into five annual tranches. Each vesting period represents 20% of the incentive, the first being after a full year from July 1, 2021. PicPay had the ability to elect beneficiaries after July 19, 2021, applying the same vesting period. For beneficiaries hired after July 1, 2021, the vesting period began on fixed dates, depending on the quarter of hire. After completing the vesting period, the participant will receive the incentive only after a Liquidity Event, such as an IPO, within 30 days. If the Liquidity Event occurs after the vesting period has been completed, the beneficiary is fully entitled to the shares.

According to IFRS 2, PicPay must estimate the fair value of the equity instruments granted when the employee enters the LTIP agreement. Additionally, PicPay must also estimate the number of shares expected to vest and account for an expense throughout the vesting period of 5 years accounting for each installment over the specified vesting period as a separate share-based payment. Also, IFRS 2 requires both: (a) service period condition and (b) the non-market performance condition to be satisfied or likely to be satisfied before the recognition of the LTIP. Therefore, no shares were expected to vest and PicPay did not recognize any expense. Quarterly, PicPay will reassess its estimates and account for the expense on a cumulative basis. Such differences in cumulative costs recognized in different periods must be recognized in the period that the change in estimate occur. The evaluation of the likelihood of carrying out the IPO is periodically performed by the Company. The assessment takes into account several factors and scenarios, such as the global economy, investor appetite, global interest rate and others that are essential for a market launch. This assessment is based on criteria developed and monitored by the Company and if the IPO eventually becomes likely, PicS will consider the effects in accordance with IFRS 2.

Any significant legal change in the regulation of joint-stock companies, public companies, labor relations and/or the tax effects of a share delivery plan may lead to a complete review of the program. The right to receive the incentive provided for in this regulation and individual terms will terminate automatically and without any right to compensation, ceasing all legal effects, if PicPay is dissolved, liquidated, or declared bankrupt.

After completion of an IPO or a private placement of the Company's shares to third parties, if a beneficiary is dismissed by us, resigns, retires or dies, the portion of his or her rights under the LTIP that has vested at that date will be delivered, but the non-vested portion will be cancelled. If a beneficiary is terminated for cause, all of his or her rights under the LTIP will be cancelled.

### 3.18 Cryptocurrency

In July 2022, the Group launched a platform that enables customers to trade crypto assets in partnership with a specialized company. Although, legally, the custody activity is carried out by the agent, the Group concluded that the transaction related to crypto assets exposes the Group to certain legal, regulatory and technological risks. As of December 31, 2023, users held crypto assets on the platform with a fair value of R\$ 0 (R\$ 12,740 as of December 31, 2022).

The Securities and Exchange Commission ("SEC") issued in March 2022 staff accounting bulletin n° 121 "SAB 121", this guidance deals with entities that have obligations to safeguard cryptographic assets held for their customers in addition to maintaining cryptographic key information necessary to access the cryptographic asset. SAB 121 requires an entity that performs these activities to record a liability and a corresponding asset for the fair value of cryptographic assets held by its customers. Therefore, the Group recognized an asset and a liability of R\$ 0 as of December 31, 2023 (R\$ 12,740 as of December 31, 2022) in trade receivables and trade payables, respectively. The fair value of the cryptographic assets held by the Group's customers is measured using observable prices obtained from crypto exchanges (level 1 fair value measurement).

### 3.19 Derivative instruments

Derivatives are contracts or agreements whose value is derived from one or more underlying indices or assets referenced in the contract or agreement, which require little or no initial net investment and are settled at a future date.

The Group uses derivatives only for economic hedging purposes and not as speculative investments. Group's derivatives are classified as at fair value through profit or loss.

## 4. Operating segments

Operating segments are determined based on information reviewed by the board of directors, the Chief Operating Decision Maker (CODM), which is responsible for allocating resources and assessing business performance.

During second quarter of 2024, the Group revised its internal operating structure to support its operational expansion and with a goal of simplifying and streamlining the work and decision-making processes. As a result, management changed its internal reporting structure to include segment information.

The CODM monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on Adjusted Gross Profit, which is defined as 'Total revenue and financial income' less 'transaction expenses', 'interest and other financial expenses' and 'credit loss allowance expenses', all of which are consistent with the same captions in the consolidated statements of profit or loss except for amounts that are not allocated to segments and inter-segment amounts.

The Company's organizational structure has five reportable segments, which reflect its major business lines, as follows:

- Wallet and Banking: This segment generates revenues from transaction activities when a customer uses a credit card as a funding source to conduct payment transactions or money transfers in one or multiple installments. Additionally, Wallet & Banking segment revenues include the interest income generated through financial investments.
- Financial Services: This segment generates interest revenues related to lending activities from PicPay Bank and fee revenues from distributing third-party credit products in the financial marketplace. It also comprehends fee revenues from the platform's distribution of insurance and investment products.

- c) Small and Medium-Sized Businesses: It encompasses MDR (merchant-discount rates) charged to merchants accepting PicPay as a payment network. Additionally, it encompasses interchange fees from corporate benefit card transactions, financial income from account balances, and settlement scheduled floating relating to corporate benefits solutions.
- d) Audiences and Ecosystem Integration: This segment provides services to all of the Group's customers, which include consumers and businesses, and is essential to increase engagement and monetization of both sides of the ecosystem. This segment generates monetization of the audiences by leveraging both consumers and merchant's customer base with products and solutions such as PicPay Ads, allowing brands and companies to benefit from PicPay's audience in app and promote its products and services as well as a miscellaneous of non-financial products, ecosystem engagement with a platform that allows online merchants to sell its products and services to active consumers through the PicPay Shop.
- e) Institutional: This segment encompasses revenue, costs and expenses from financial investments and funding activities executed at the Corporate level. The Institutional business has the role of managing funding and loans between segments. At the institutional level, it also manages the Group's cash and liquidity. The Group does not disclose total assets and liabilities by segment since this information is not presented to its CODM.

There are no assets or revenues outside of Brazil.

## 5. Adoption of new and revised IFRSs

### 5.1 New standards and amendments effective for annual periods beginning on January 1, 2023

The following amended standards and interpretations were adopted as of January 1, 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

The above-mentioned standards do not have any impact on these financial statements.

## 6. Critical accounting judgments and key estimates and assumptions

In applying the Group's accounting policies, management must exercise judgment and make estimates which impact the carrying amounts of certain assets and liabilities. Estimates and related assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The underlying estimates and assumptions are reviewed at least annually. The effects resulting from the revisions made to the accounting estimates are recognized in the period in which they are revised.

The following are the principal judgments and estimates made by Management during the process of applying the Group accounting policies which significantly affect the amounts recognized in the financial statements.

### 6.1. Fair value of transactions with related parties

As stated in Note 3.16.1, the Group holds transactions with Banco Original, which is a related party. Judgment was required to estimate the terms of these transactions as if the same transactions had been made with third parties.

### 6.2. Consolidation of FIDC

When assessing whether or not the Group controls FIDC, management placed more emphasis on factors other than voting or similar rights as FIDC voting rights relate mainly to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

### 6.3. Goodwill impairment analysis

For the purposes of impairment testing, the investments activities were the cash-generating units ("CGU's") in which goodwill was allocated. Impairment tests were performed and the recoverable amounts for the CGUs have been calculated as described in Note 13. The values assigned to the key assumptions represent management's assessment in the relevant sector and have been based on data from both external and internal sources. Therefore, the discount rate, cashflow projections, long-term growth rate and other key assumptions may change as economic and market conditions change. The carrying amount and main assumptions used in determining the recoverable amounts are described in Note 13.

## 7. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Bank balances	605,522	134,103
Voluntary deposits at Central Bank <sup>(1)</sup>	952,710	147
Short-term investments <sup>(2)</sup>	2,963,412	-
Reverse Repurchase agreements <sup>(3)</sup>	2,857,405	6,227,151
<b>Cash and cash equivalents</b>	<b>7,379,049</b>	<b>6,361,401</b>

(1) Voluntary deposits at central banks are deposits made mainly by the subsidiary PicPay Bank at the Brazilian Central Bank and are considered as cash and cash equivalents.

(2) Short-term investments are in Brazilian Reals and the average rate of remuneration as of December 31, 2023 is 100% of the CDI rate (meaning Brazilian interbank deposit rate). These amounts mature in 1 month, becoming redeemable.

(3) Investments with historically high liquidity and consist mainly of investments in Brazilian Treasury Bonds ("LFTs") with an average return of 100% of the basic interest rate (Special System for Settlement and Custody - SELIC, which is a reference rate for the cost of credit in Brazil, settled by the Central Bank). Those balances mature in 1 business day and are intended to finance operations.

## 8. Financial Investments and Derivative Instruments

### a) Financial Investments

As of December 31, 2023

	From 31 to 60 days	From 61 to 90 days	From 181 to 365 days	Over 365 days	Cost value	Adjustment to fair value	Fair value
<b>Securities measured at fair value through other comprehensive income</b>	-	<b>421,169</b>	<b>732,958</b>	<b>1,420,759</b>	<b>2,574,886</b>	<b>(23)</b>	<b>2,574,863</b>
Government Bonds - LFT <sup>(1)</sup>	-	420,584	721,243	814,316	1,956,142	57	1,956,199
Government Bonds - LTN <sup>(2)</sup>	-	585	11,715	606,444	618,744	(80)	618,664
<b>Financial investments at fair value through profit or loss</b>	-	-	<b>26,054</b>	<b>150,660</b>	<b>176,715</b>	<b>2</b>	<b>176,717</b>
Government Bonds - LFT <sup>(1)</sup>	-	-	26,054	142,404	168,459	2	168,461
Other investments	-	-	-	8,256	8,256	-	8,256
<b>Total</b>	-	<b>421,169</b>	<b>759,012</b>	<b>1,571,420</b>	<b>2,751,601</b>	<b>(21)</b>	<b>2,751,580</b>



## As of December 31, 2022

	From 31 to 60 days	From 181 to 365 days	Over 365 days	Cost value	Adjustment to fair value	Fair value
<b>Securities measured at fair value through other comprehensive income</b>	<b>189,347</b>	<b>633,903</b>	<b>6,765</b>	<b>830,015</b>	<b>(265)</b>	<b>829,750</b>
Government Bonds - LFT <sup>(1)</sup>	189,347	633,903	6,765	830,015	(265)	829,750
<b>Financial investments at fair value through profit or loss</b>	<b>529,056</b>	<b>192,007</b>	<b>19,045</b>	<b>740,108</b>	<b>(89)</b>	<b>740,019</b>
Government Bonds - LFT <sup>(1)</sup>	529,056	192,007	-	721,063	(89)	720,974
Other investments	-	-	19,045	19,045	-	19,045
<b>Total</b>	<b>718,403</b>	<b>825,910</b>	<b>25,810</b>	<b>1,570,123</b>	<b>(354)</b>	<b>1,569,769</b>

(1) Treasury Selic (LFT): Variable interest rate bonds whose return follows the variation of the SELIC. Group makes the investment and receives the face value (amount invested plus interest) on the maturity date of the bond.

(2) Fixed Treasury (LTN): Government bonds with a fixed interest rate at the time of purchase. The Group makes the investment and receives the face value (amount invested plus interest), on the maturity date of the bond.

## b) Derivative instruments

### Nominal values by risk factor and maturity as of December 31, 2023

	Nominal value	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 365 days
Future contracts - Sale commitments <sup>(1) (2)</sup>						
CDI rate	1,292,928	433,921	259,859	180,242	320,444	98,462
<b>Total</b>	<b>1,292,928</b>	<b>433,921</b>	<b>259,859</b>	<b>180,242</b>	<b>320,444</b>	<b>98,462</b>

### Nominal values by risk factor and maturity as of December 31, 2022

	Nominal value	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 365 days
Future contracts - Sale commitments <sup>(1) (2)</sup>						
CDI rate	2,640,820	752,235	957,022	-	616,728	314,835
<b>Total</b>	<b>2,640,820</b>	<b>752,235</b>	<b>957,022</b>	<b>-</b>	<b>616,728</b>	<b>314,835</b>

(1) Sale commitments refer to future contracts that pay fixed and receive floating.

(2) As of December 31, 2023 and 2022 the fair value of these derivative contracts is not significant because they are settled daily with the exchange on which they were contracted.

## 9. Trade receivables

	December 31, 2023	December 31, 2022
Financial transactions processed by acquirers <sup>(1) (4)</sup>	138,548	2,921,615
Financial transactions processed by card issuers <sup>(2) (4)</sup>	2,966,040	390,872
Services provided to related parties <sup>(3)</sup>	275,642	79,695
Cryptocurrency assets <sup>(5)</sup>	-	12,740
Other trade receivables <sup>(6)</sup>	49,372	12,751
<b>Total <sup>(7)</sup></b>	<b>3,429,602</b>	<b>3,417,673</b>

(1) Amounts receivable from acquirers as a result of processing transactions in the role of sub-acquirer.

(2) Accounts receivable from card issuers, net of interchange fees, as a result of processing transactions with clients in the role of acquirer.

(3) It primarily refers to amounts receivable for financial transactions processed by Banco Original in the role of acquirer referring to the PicPay Card product. Refer to Note 22 for further details.

(4) Amount net of provisions for credit and fraud risk (chargeback) in the amount of R\$ 4 and R\$ 4,453, respectively, as of December 31, 2023 (R\$ 1 and R\$ 7,044, respectively, in the year end of December 31, 2022), (Note 26).

(5) We wound down our cryptocurrency activities, therefore on October 26 2023, the Group issued a statement to its customers about the discontinuation of cryptocurrency operations. From that date, customers were no longer allowed to deposit new cryptocurrency assets in their wallets, so those with existing cryptocurrency were required to transfer their assets out of our wallet or liquidate their balances by December 11, 2023.

(6) It mainly refers to transactions involving related parties. Refer to Note 30.1 for further details.

(7) As of December 31, 2023 R\$ 2,305,504 (R\$ 2,449,427, on December 31, 2022) of these receivables are held by the FIDC.

There are no past due receivables on December 31, 2023 and 2022. Contractual maturities of trade receivables is disclosed in Note 30.

## 10. Other receivables

	December 31, 2023	December 31, 2022
Receivables - related parties <sup>(1)</sup>	120,241	69,354
Advance to suppliers	5,717	377
Sundry receivables	-	1
<b>Total</b>	<b>125,958</b>	<b>69,732</b>

(1) Mainly refers to amount receivable from J&F Participações for marketing expenses. Refer to Note 22 for further details.

The maturity analysis of other receivables is disclosed in Note 30.

## 11. Prepaid expenses

The amount recognized on December 31, 2023 as prepaid expenses was R\$ 72,189 (R\$ 45,871 on December 31, 2022). The increase was primarily driven by payments made in advance of the receipt of the corresponding goods or services related to issuance of cards, which includes printing, packing, and shipping costs. These expenses are recognized when the corresponding goods or services are received.

## 12. Right of use assets and Property, plant and equipment

The Group has no contractual commitments for property, plant and equipment and right of use assets.

	December 31, 2023			December 31, 2022		
	Cost Value	Accumulated Depreciation	Total	Cost Value	Accumulated Depreciation	Total
Right of use - leases <sup>(1)</sup>	73,517	(24,863)	48,654	64,399	(19,562)	44,837
Computers and equipment	38,854	(25,440)	13,414	36,108	(17,297)	18,811
Improvements on leasehold properties	20,524	(8,449)	12,075	17,135	(6,212)	10,923
Furniture and fittings	4,187	(1,410)	2,777	3,790	(1,011)	2,779
Machinery and equipment	2,744	(959)	1,785	3,948	(1,687)	2,261
Facilities	105	(40)	65	89	(29)	60
<b>Total</b>	<b>139,931</b>	<b>(61,161)</b>	<b>78,770</b>	<b>125,469</b>	<b>(45,798)</b>	<b>79,671</b>

The table below demonstrates the changes during the periods presented:

#### As of December 31, 2023

	December 31, 2022	Additions	Additions through acquisitions (2)	Reclassification	Write-offs	Depreciation for the period	December 31, 2023
Right of use - leases <sup>(1)</sup>	44,837	13,544	-	-	(878)	(8,849)	48,654
Computers and equipment	18,811	1,024	856	201	(86)	(7,392)	13,414
Improvements on leasehold properties	10,923	3,278	103	-	(5)	(2,224)	12,075
Furniture and fittings	2,779	362	68	-	(35)	(397)	2,777
Machinery and equipment	2,261	-	-	(201)	-	(274)	1,785
Facilities	60	-	15	-	-	(10)	65
<b>Total</b>	<b>79,671</b>	<b>18,208</b>	<b>1,042</b>	<b>-</b>	<b>(1,004)</b>	<b>(19,146)</b>	<b>78,770</b>

#### As of December 31, 2022

	December 31, 2021	Additions	Remeasurement contract	Additions through acquisitions (2)	Write-offs	Depreciation for the period	December 31, 2022
Right of use - leases <sup>(1)</sup>	51,709	3,979	(3,810)	-	-	(7,041)	44,837
Computers and equipment	24,914	892	-	83	-	(7,078)	18,811
Improvements on leasehold properties	12,963	-	-	-	-	(2,040)	10,923
Furniture and fittings	3,101	62	-	8	(9)	(382)	2,779
Machinery and equipment	2,334	396	-	-	(2)	(466)	2,261
Facilities	69	-	-	-	-	(9)	60
<b>Total</b>	<b>95,090</b>	<b>5,328</b>	<b>(3,810)</b>	<b>91</b>	<b>(11)</b>	<b>(17,016)</b>	<b>79,671</b>

(1) The Group's lease agreements are detailed in Note 19.

(2) Additions through business combination and common control transactions

### 13. Intangible assets

	December 31, 2023			
	Cost Value	Accumulated Amortization	Accumulated Impairment	Total
Trademarks and patents	100	-	(100)	-
Internally developed software <sup>(1)</sup>	783,203	(163,160)	-	620,043
Software licenses	70,175	(37,441)	(128)	32,606
Computer Software or Programs - Purchased	43,203	(19,217)	(624)	23,362
Software acquired through business combination <sup>(2)</sup>	66,924	(24,708)	-	42,216
Goodwill <sup>(2)</sup>	50,520	-	-	50,520
<b>Total</b>	<b>1,014,125</b>	<b>(244,526)</b>	<b>(852)</b>	<b>768,747</b>

	December 31, 2022			
	Cost Value	Accumulated Amortization	Accumulated Impairment	Total
Trademarks and patents	100	-	(100)	-
Internally developed software <sup>(1)</sup>	336,341	(60,501)	-	275,840
Software licenses	25,562	(14,636)	(128)	10,798
Computer Software or Programs - Purchased	41,133	(11,291)	(624)	29,218
Software acquired through business combination <sup>(2)</sup>	61,033	(12,207)	-	48,826
Goodwill <sup>(2)</sup>	45,245	-	-	45,245
<b>Total</b>	<b>509,414</b>	<b>(98,635)</b>	<b>(852)</b>	<b>409,927</b>

The table below demonstrates the changes during the periods presented:

#### As of December 31, 2023

	December 31, 2022	Additions	Reclassification	Write-offs	Additions through acquisitions <sup>(3)</sup>	Amortization for the period	December 31, 2023
Internally/Externally developed software <sup>(1)</sup>	275,840	413,021	38,438	(4,774)	1,267	(103,749)	620,043
Software licenses	10,798	71,177	(38,438)	(427)	15,623	(26,127)	32,606
Computer Software or Programs - Purchased	29,218	2,070	-	-	-	(7,926)	23,362
Software acquired through business combination <sup>(3)</sup>	48,826	5,891	-	-	-	(12,501)	42,216
Goodwill <sup>(2) (4)</sup>	45,245	-	-	-	5,275	-	50,520
<b>Total</b>	<b>409,927</b>	<b>492,159</b>	<b>-</b>	<b>(5,201)</b>	<b>22,165</b>	<b>(150,303)</b>	<b>768,747</b>

#### As of December 31, 2022

	December 31, 2021	Additions	Reclassification	Additions through acquisitions <sup>(3)</sup>	Amortization for the period	December 31, 2022
Internally/Externally developed software <sup>(1)</sup>	119,447	184,807	7,190	1,130	(36,734)	275,840
Software licenses	14,021	5,119	(7,190)	-	(1,152)	10,798
Computer Software or Programs - Purchased	13,974	22,516	-	-	(7,272)	29,218
Software acquired through business combination <sup>(3)</sup>	61,033	-	-	-	(12,207)	48,826
Goodwill <sup>(2)</sup>	45,245	-	-	-	-	45,245
<b>Total</b>	<b>253,720</b>	<b>212,442</b>	<b>-</b>	<b>1,130</b>	<b>(57,365)</b>	<b>409,927</b>

(1) Development of continuing improvements in the digital solutions such as mobile banking application, marketplace and B2B. The useful life of the internally and externally developed software is defined as being between 5 to 10 years and the amortization is recognized as "cost of sales and services".

(2) Goodwill recognition is detailed in Note 33.

(3) Additions through business combination and common control transactions.

(4) On December 29, 2023, the Company performed the impairment test for the Guiabolso CGU that includes goodwill and the estimated recoverable amount exceeded its carrying amount. The recoverable amount is measured based on a value in use calculation through discounted free cash flow projections by management, covering a ten-year period. The ten-year period was determined based on the expected time required for the CGU to present a stable operating activity. (i.e., without operating variations deemed relevant). The main assumptions used in determining the recoverable amounts are an average discount rate of 40% per annum and growth rate of 3% per annum, based on long-term inflation extracted from BACEN. Refer to Note 3.6 for further details.

The Group has no contractual commitments for the acquisition or development of intangibles.



**14. Third-party funds**

	December 31, 2023	December 31, 2022
User balance - Payment accounts <sup>(1) / (5)</sup>	669,839	753,129
User balance - CDB <sup>(2) / (5)</sup>	12,368,426	9,187,225
Balance of commercial establishments - corporates <sup>(3)</sup>	208,943	165,266
Bank slips to be processed <sup>(4)</sup>	65,082	66,958
<b>Total</b>	<b>13,312,290</b>	<b>10,172,578</b>

(1) Refers to the balance of the payment account held by users backed by financial investments (as disclosed in note 30.1a) and amounts referring to withdrawals pending processing at the recipient's bank.

(2) Beginning July, 2022, Picpay Bank started to offer CDB to its users. These are indexed to the CDI and can be redeemed at any time by the user. There is no regulatory requirement to maintain the amounts deposited in this product in specifically identified assets.

(3) Refers to balances payable to commercial establishments related to the processing of sales via the PicPay arrangement.

(4) Bank slips paid with the PicPay application outside the bank clearing period.

(5) These amounts contain the checking accounts and their respective balances and investments positions transferred from Banco Original to PicPay. During the transfer, Banco Original allowed any individual customers to close their accounts or, for those who already had an account with both Banco Original and PicPay, Banco Original automatically closed the current account and their balances were transferred compulsorily. For those who did not take any action, a new account was open in PicPay and the balances were transferred automatically from Banco Original. The migration took place after the third quarter of 2023 and was accounted at a fair value of approximately R\$ 411,000 as cash and cash equivalents, counterparty third-party funds. The transaction involved no consideration from the Group to Banco Original, as well guarantees or security. There is no outstanding balances with Banco Original relating to this transaction.

**15. Loans**

Amounts borrowed through the issuance of CCBs (Bank Credit Notes) which do not have any covenants. No expenses were registered in the year ended December 31, 2023 (R\$ 14,680, in the year ended December 31, 2022).

**16. Trade payables**

	December 31, 2023	December 31, 2022
Service providers and consumables	212,764	140,636
Related parties <sup>(Note 22)</sup>	270,065	164,664
Operational suppliers	130,218	64,577
Crypto currency liabilities <sup>(1)</sup>	-	12,740
Contingent consideration <sup>(2)</sup>	1,869	-
Other suppliers	33,682	3,376
<b>Total</b>	<b>648,598</b>	<b>385,993</b>

(1) We wound down our cryptocurrency activities, therefore on October 26 2023, the Group issued a statement to its customer about the discontinuation of cryptocurrency operations. From that date, customers were no longer allowed to deposit new cryptocurrency assets in their wallets, so those with existing cryptocurrency were required to transfer their assets out of their wallet or liquidate their balances by December 11, 2023.

(2) Relates to the earn-out of BX Blue acquisition. Refer to Note 33 for further details.

**17. Obligations to FIDC quota holders**

The obligations to FIDC quota holders relate to amounts due on senior quotas issued with the securitization of credit card receivables using the FIDC. This account includes the outstanding amount due to senior quotas (unpaid original contribution plus unpaid accrued interest expense).

The senior quotas accrue a remuneration of CDI + 0.80% per annum, and are fully redeemable at the maturity date in February 2024. In the year ended December 31, 2023 no interest was accrued for the period (R\$ 172,409 in the year ended December 31, 2022) recorded as "financial expenses".

In July and August, 2022, PicPay Bank purchased from Banco Original the totality of senior quotas issued by the FIDC. Following this purchase, there are no senior quotas held by entities outside of the Group.

As of December 31, 2023, PicPay Bank holds all of the FIDC's issued senior quotas. The subordinated quotas are also held by the Group such that the FIDC no longer has any liabilities to third parties outside of the Group.

**17.1 Summarized financial information of FIDC PicPay I**

	December 31, 2023	December 31, 2022
Current Assets	2,825,592	3,049,852
<b>Total Assets</b>	<b>2,825,592</b>	<b>3,049,852</b>
Current Liabilities	92	254
Non-current Liabilities	2,407,068	1,842,142
<b>Total Liabilities</b>	<b>2,407,160</b>	<b>1,842,396</b>
Equity	(569,142)	284,561
Accumulated profit for the period	987,666	922,895
<b>Total Equity and Liabilities</b>	<b>2,825,684</b>	<b>3,049,852</b>
Interest income from receivables	1,237,073	1,196,000
Other Income	123,749	501,418
<b>Total Revenues</b>	<b>1,360,822</b>	<b>1,697,418</b>
<b>Other expenses</b>	<b>(88,321)</b>	<b>(486,653)</b>
<b>Interest accrued attributable to the redeemable senior quotas <sup>(2)</sup></b>	<b>(284,835)</b>	<b>(287,870)</b>
Net cash used in operating activities	1,610,628	715,761
Net cash generated from financing activities	(1,588,000)	(710,328)
<b>Net decrease in cash and cash equivalents</b>	<b>22,628</b>	<b>5,433</b>

There are statutory restrictions over the transfer of FIDC's net assets to PicPay as the FIDC's statute requires that the FIDC maintains a minimum mandatory proportion of 10% of subordinated quotas in relation to the total of outstanding quotas in order to protect the payments due to the senior quotaholders.

**18. Labor obligations**

	December 31, 2023	December 31, 2022
Personnel expenses payable	316,094	261,171
Social security charges payable	121,571	78,096
<b>Total</b>	<b>437,665</b>	<b>339,267</b>

**19. Leases**

The table below shows the lease balances payable by maturity.

	December 31, 2023	December 31, 2022
<b>Year of maturity</b>		
2023	-	7,247
2024	8,314	6,423
2025	9,057	6,997
2026	9,867	7,623
2027	10,750	8,304
2028	11,711	-
Over 5 years	8,953	16,359
<b>Lease liabilities</b>	<b>58,652</b>	<b>52,953</b>

In addition, the amount of R\$ 5,185 in the year ended December 31, 2023 (R\$ 4,628 in the year ended December 31, 2022) was recorded as financial expenses related to interest on the lease and R\$ 8,849

in the year ended December 31, 2023 (R\$ 7,041 in the year ended December 31, 2022) was registered in administrative expenses related to depreciation of the right of use asset (Note 12). In year ended December 31, 2023 total cash payments of R\$ 12,245 (R\$ 10,755 in the year ended December 31, 2022) were made under the lease contracts.

## 20. Provision for legal and administrative claims

	Civil Claims		Labor Claims		Total Claims	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>Opening balance</b>	<b>3,877</b>	<b>1,418</b>	<b>3,035</b>	<b>43</b>	<b>6,912</b>	<b>1,461</b>
Constitution	10,494	6,897	1,784	966	12,278	7,863
Constitution through acquisitions	-	-	135	2,590	135	2,590
Reversal	(1,615)	(2,229)	(543)	(564)	(2,158)	(2,793)
Reversal due to payment	(6,104)	(2,209)	-	-	(6,104)	(2,209)
<b>Closing balance</b>	<b>6,652</b>	<b>3,877</b>	<b>4,411</b>	<b>3,035</b>	<b>11,063</b>	<b>6,912</b>

### a) Civil claims

As of December 31, 2023, the Group recognized provisions of R\$ 6,652 (R\$ 3,877, in the year ended December 31, 2022) for civil claims, the majority of which are brought by PicPay users claiming compensation for moral and/or material damages. The amount considered as having a possible risk of loss, where no provision is recognized, totals R\$ 71,822 (R\$ 40,458, in the year ended December 31, 2022). The Group estimates that the expected disbursement schedule is 18 months, however due to the uncertainty in the conclusion of the proceedings, the disbursement occurs according to the development of the claim.

### b) Labor claims

As of December 31, 2023, the Group recognized a labor provision of R\$ 4,411 (R\$ 3,035, in the year ended December 31, 2022), considered as having a probable risk of loss where the plaintiffs claim the subsidiary conviction, as well as labor indemnities. The amount considered as a possible risk of loss, where no provision is required, is R\$ 18,360 (R\$ 3,783, in the year ended December, 2022). The Group estimates that the expected disbursement schedule is 24 months, however due to the uncertainty in the conclusion of the proceedings, the disbursement occurs according to the development of the claim.

### c) Tax claims

As of December 31, 2023 and 2022, the Group did not have tax claims classified as a probable risk of loss. The amount considered as a possible risk of loss, where no provision is required, is of R\$ 12,432 (R\$ 11,650, in the year ended December 31, 2022).

## 21. Equity

### Share capital and additional paid in share capital

As of December 31, 2022 the total authorized share capital is US\$ 905 thousand (US\$ 200 thousand in December 31, 2021) divided into 90,500,000 (40,000,000,000 as of December 31, 2021) shares of a nominal or par value of US\$ 0.01 each comprised of (i) 750,000 Class A Common Shares; (ii) 86,000,000 Class B Common Shares and (iii) 3,750,000 remaining shares which are undesignated and may be issued by our Board of Directors as common shares of any class or as preferred shares.

As of December 31, 2023 the share capital subscribed is R\$ 1,687 (R\$ 1,687 as of December 31, 2022) and paid-in share capital is R\$ 1,749,566 (R\$ 1,749,566 as of December 31, 2022) which is represented by 34,154,137 (34,154,137 as of December 31, 2022) shares of which 131,400 (131,40 as of December 31, 2022) are class A common shares and 34,154,137 (34,154,137 as of December 31, 2022) are class B common shares entitled 10 votes per share and with priority in the distribution of dividends, all nominative.

Additional paid-in capital relates to amounts contributed by shareholders over the par value at the issuance of shares.

### a) Changes in share capital and additional paid-in share capital

	Number of shares		Total number of shares	Total amount
	Common Shares	Preferred Shares		
<b>Total as of December 31, 2021</b>	<b>262,800,000</b>	<b>12,073,207,736</b>	<b>12,336,007,736</b>	<b>895,155</b>
Shares subscribed on May 17, 2022	-	23,883,522,726	23,883,522,726	395,082
Shares subscribed on June 30, 2022	-	4,101,097,815	4,101,097,815	59,108
Reverse share split on October 10, 2022	(262,668,600)	(40,037,799,363)	(40,300,467,963)	-
Shares subscribed on October 27, 2022	-	13,993,823	13,993,823	401,908
<b>Total as of December 31, 2022</b>	<b>131,400</b>	<b>34,022,737</b>	<b>34,154,137</b>	<b>1,751,253</b>
<b>Total as of December 31, 2023</b>	<b>131,400</b>	<b>34,022,737</b>	<b>34,154,137</b>	<b>1,751,253</b>

### Capital increase

On June 30, 2022 J&F International invested R\$ 59,108 through the issue and subscription of 4,101,097,815 Class B Common Shares in PicS. PicS immediately invested the same amount in PicS Holding through the issue and subscription of 59,108,000 shares.

### Changes in non-controlling interest without a change in control

During 2022, J&F Participações contributed R\$ 1,396,311 to the Group (R\$ 1,248,200 in cash, R\$ 146,901 in shares of PicPay Bank and R\$ 1,210 in shares Crednovo). The total amount of R\$ 194,910 arising from the difference between the invested amount and the carrying amount was recognized in the transactions with non-controlling interests reserve within equity. Part of these shares (23,897,516,549 shares) were subsequently exchanged for PicS shares, reducing the non-controlling interest by an amount of R\$ 796,990. Refer to the table below for further details.

	PicS	J&F Participações	Total
<b>Changes in composition share capital - PicS Holding</b>			
January 31, 2022	63.9058%	36.0942%	100.0000%
February 25, 2022	50.4772%	49.5228%	100.0000%
March 30 2022	50.4772%	49.5228%	100.0000%
April 27, 2022	34.0590%	65.9410%	100.0000%
May 17, 2022	99.9999%	0.0001%	100.0000%
May 31, 2022	99.9999%	0.0001%	100.0000%
June 24, 2022	78.7848%	21.2152%	100.0000%
June 30, 2022	67.2232%	32.7768%	100.0000%
August 31 2022	59.0659%	40.9341%	100.0000%
September 14, 2022	59.0274%	40.9726%	100.0000%
September 29, 2022	58.9575%	41.0425%	100.0000%
October 27, 2022	99.9999%	0.0001%	100.0000%
December 29, 2022	92.4189%	7.5811%	100.0000%
<b>December 31, 2023 and 2022</b>	<b>92.4189%</b>	<b>7.5811%</b>	<b>100.0000%</b>

### b) Composition of share capital

#### As of December 31, 2023

	Number of Class A common Shares	Class A %	Number of Class B common shares	Class B %	Total number of shares	Total shares %
<b>Shareholder</b>						
J&F International B.V. <sup>(1)</sup>	-	0.0000%	34,022,737	100.0000%	34,022,737	99.6153%
JAB Capital SP Fund	31,500	23.9726%	-	0.0000%	31,500	0.0922%
Belami Capital SP Fund	74,925	57.0206%	-	0.0000%	74,925	0.2194%
AGR Capital SP Fund	24,975	19.0068%	-	0.0000%	24,975	0.0731%
<b>Total</b>	<b>131,400</b>	<b>100.0000%</b>	<b>34,022,737</b>	<b>100.0000%</b>	<b>34,154,137</b>	<b>100.0000%</b>

(1) On December 30, 2023, J&F International, at that time the beneficial holder of 100% of the Class B common shares of PicS (representing 99.6153% of the total issued and outstanding common shares of PicS), contributed the beneficial entitlement to these common shares to PicPay Netherlands, by way of a share premium contribution on the shares in the capital of PicPay Netherlands. The legal transfer of the Class B common shares of PicS to PicPay Netherlands was effected on March 14, 2024. As of the date hereof, PicPay Netherlands directly holds

100% of the Class B common shares of PicS (representing 99.6153% of the total issued and outstanding common shares of PicS) and indirectly owns (through JAB Capital SP Fund, Belami Capital SP Fund and AGR Capital SP Fund, each a private investment fund, organized within a segregated portfolio company in the Cayman Islands) the beneficial entitlement to 100% of the Class A common shares of PicS (representing 0.3847% of the total issued and outstanding common shares of PicS).

## As of December 31, 2022

	Number of Class A common Shares	Class A %	Number of Class B common shares	Class B %	Total number of shares	Total shares %
<b>Shareholder</b>						
J&F International B.V.	-	0.0000%	34,022,737	100.0000%	34,022,737	99.6153%
JAB Capital SP Fund	31,500	23.9726%	-	0.0000%	31,500	0.0922%
Belami Capital SP Fund	74,925	57.0206%	-	0.0000%	74,925	0.2194%
AGR Capital SP Fund	24,975	19.0068%	-	0.0000%	24,975	0.0731%
<b>Total</b>	<b>131,400</b>	<b>100.0000%</b>	<b>34,022,737</b>	<b>100.0000%</b>	<b>34,154,137</b>	<b>100.0000%</b>

## c) Capital Reserve

The effects of measuring the fair value of transactions carried out between the Company and shareholders were recognized in the capital reserve, as shown in the table below:

	December 31, 2023	December 31, 2022
<b>Opening balance</b>	<b>525,289</b>	<b>502,027</b>
Post-combination expenses <sup>(1)</sup>	3,738	23,262
<b>Closing balance</b>	<b>529,027</b>	<b>525,289</b>

(1) Effects related to the payments made by the controlling shareholder for post-combination services received after the Guaiaboso business combination, according to Note 33.

## d) Earnings (loss) per share

	Year ended December 31 2023	2022 <sup>(1)</sup>
Profit/(loss) attributable to the Company's shareholders	34,523	(45,692)
Weighted average quantity of shares	34,154,137	17,657,635
<b>Earnings/(loss) per share – basic and diluted (R\$)</b>	<b>1.011</b>	<b>(2.588)</b>

(1) The loss per share for the year ended December 31, 2022 has been adjusted to correct an immaterial mathematical error to the loss used in the numerator for the earnings per share calculation. The calculation was adjusted to use profit (loss) attributable to Company's shareholders in the numerator for the year ended December 31, 2022.

There is no difference between the calculation of basic and diluted loss per share as there are no potentially dilutive shares in issuance.

Earnings (loss) per share for all periods presented has been calculated to reflect the capital structure of the Group following the Restructuring. As such, for periods prior to the Restructuring, the assumed quantity of shares issued is based on the quantity of shares issued by PicS on the date of the restructuring, adjusted proportionately to reflect capital increases made in PicPay during those periods.

On October 10, 2022 the Company effected a reverse stock split in the proportion of 2,000 to 1. The quantity of shares used in the earnings per share calculation was adjusted retrospectively.

## 22. Transactions with related parties

Transactions involving related parties are carried out based on conditions negotiated between the Group and the related parties. Outstanding balances at period end are not guaranteed. On December 31, 2023 and 2022, the Group did not record any impairment loss on trade receivables related to the amounts owned by related parties as it understands that there is no significant credit risk on outstanding balances.

In July 2023, the personal checking accounts and associated assets were transferred from Banco Original's to PicPay platform. Refer to Note 14 for further details.

For the year ended December 31, 2023, the amount paid as compensation includes short-term benefits to key management personnel was R\$ 18,457 (R\$ 16,645 in the year ended December 31, 2022). The amounts were recognized as an expense during the reporting period.

	J&F Participações	Banco Original	Key Personnel / Others <sup>(1)</sup>	Total
<b>As of December 31, 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	-	4,212,893	-	<b>4,212,893</b>
Trade receivables	23	294,965	15,882	<b>310,870</b>
Other receivables	67,507	-	1,088	<b>68,595</b>
<b>Total</b>	<b>67,530</b>	<b>4,507,858</b>	<b>16,970</b>	<b>4,592,358</b>
<b>Liabilities</b>				
Trade payables	-	270,427	9	<b>270,436</b>
Third-party funds	-	50	127,633	<b>127,683</b>
<b>Total</b>	<b>-</b>	<b>270,477</b>	<b>127,642</b>	<b>398,119</b>
<b>In the year ended December 31, 2023</b>				
<b>Revenues and expenses</b>				
Commission – banking correspondent and marketplace	-	220,447	-	<b>220,447</b>
Revenue from financial investments	-	303,249	-	<b>303,249</b>
Cost of sales and services	-	(17,279)	-	<b>(17,279)</b>
Financial expenses	-	(20,169)	-	<b>(20,169)</b>
Administrative expenses	-	76,510	(18,457)	<b>58,053</b>
<b>Total</b>	<b>-</b>	<b>562,758</b>	<b>(18,457)</b>	<b>544,301</b>

	J&F Participações	Banco Original	Crednovo S.A.	Key Personnel / Others <sup>(1)</sup>	Total
<b>As of December 31, 2022</b>					
<b>Assets</b>					
Cash and cash equivalents	-	800,424	-	-	<b>800,424</b>
Trade receivables	-	79,695	-	-	<b>79,695</b>
Other receivables	67,480	1,870	-	-	<b>69,350</b>
<b>Total</b>	<b>67,480</b>	<b>881,989</b>	<b>-</b>	<b>-</b>	<b>949,469</b>
<b>Liabilities</b>					
Trade payables	-	164,787	-	-	<b>164,787</b>
Third-party funds	-	-	-	1,674	<b>1,674</b>
<b>Total</b>	<b>-</b>	<b>164,787</b>	<b>-</b>	<b>1,674</b>	<b>166,461</b>
<b>In the year ended December 31, 2022</b>					
<b>Revenues and expenses</b>					
Revenue from payment transaction activities and other services	-	114,119	-	-	<b>114,119</b>
Commission – banking correspondent and marketplace	-	83,443	842	-	<b>84,285</b>
Revenue from financial investments	-	-	-	-	<b>-</b>
Cost of sales and services	-	-	-	-	<b>-</b>
Financial expenses	-	(218,816)	-	-	<b>(218,816)</b>
Administrative expenses	-	-	-	(16,645)	<b>(16,645)</b>
<b>Total</b>	<b>-</b>	<b>(21,255)</b>	<b>842</b>	<b>(16,645)</b>	<b>(37,058)</b>

(a) Includes C-suite, Board of Directors and close family members of key personnel, among others.

#### Assets and liabilities with related parties

Cash and cash equivalents and financial investments: The amount refers to the current account balance and financial investments at Banco Original.

Trade receivables: primarily refers to amounts receivable for financial transactions processed by Banco Original in the role of acquirer referring to the PicPay Card product.

Other trade receivables: refers to amounts receivable under a reimbursement agreement between PicPay and J&F Participações, related to marketing expenses of the PicPay brand incurred by PicPay until September 20, 2021.

Trade payables: the amount payable to Banco Original is related to the cost of issuing, processing and settling the bank slips, the cost of producing the PicPay Card, the withdrawal cost and the transfer of the amount transacted in P2M.

Third-party funds: refers to the balance in the pre-paid accounts of related parties.

Obligations to FIDC quota holders: refer to the amount payable on the senior quotas.

#### Revenues and expenses with related parties

(1) Revenues related to the agreements with Banco Original.

The agreement for the use of the API PAG has an indefinite term and either party may terminate the agreement upon notice. In the year ended December 31, 2023, the Group recognized a revenue of R\$ 13,616 (R\$ 15,160 in the year ended December 31, 2022). Refer to Note 3.16.1 for further details.

The Banking Correspondent Services agreement has an indefinite term, and either party may terminate the agreement upon notice. For the year ended December 31, 2023, the Group recognized a revenue of R\$ 0 (R\$ 62,979 in the year ended December 31, 2022). Refer to Note 3.16.1 for further details.

The Credit Card Partnership Agreement has a term of 10 years and will be automatically renewed for another five years, unless either party objects upon notice. For the year ended December 31, 2023, the Group recognized a revenue of R\$ 154,880 (R\$ 119,422 in the year ended December 31, 2022). Refer to Note 3.16.1 for further details.

(2) In the year ended December 31, 2023 PicPay had financial investments placed with Banco Original, which generated financial income of R\$ 303,249 (R\$ 78,929 in the year ended December 31, 2022). Refer to Note 8 for further details.

(3) Mainly refers to the QR Code Service Agreement which was settled for an indefinite period and either party may terminate the agreement upon notice. The Group recognized an expense of R\$ 17,279 in the year ended December 31, 2023 (R\$ 37,358 in the year ended December 31, 2022). Refer to Note 3.16.1.

(4) Mainly refers to FIDC senior quota holders. Refer to Note 17 for further details. For the year ended December 31, 2023, the Group recognized an expense of R\$ 0 (R\$ 172,409 in the year ended December 31, 2022)

(5) Fee received from Crednovo related to P2P lending services until September 2022 when Crednovo began to be consolidated by the Group.

#### 23. Net revenue from payment transactions and finance income

Refer to Note 34 Segment information for disaggregated revenue disclosures for the year ended December 31, 2023.

##### a) Net revenue from payment transaction activities and other services by business lines

	Year ended December 31 2022 <sup>(1)</sup>
Wallet and Banking	518,958
Credit	254,933
Payment Solutions for Businesses	53,296
Others	6,131
<b>Total</b>	<b>833,318</b>

(1) For the year-ended December 31, 2022, revenue is disaggregated by business lines as the necessary information to recast this information by operating segments is not available and the cost of preparing it would be excessive.

#### b) Financial income

##### b.1) Financial income by classification of the related financial assets

	Year ended December 31	
	2023	2022
Financial assets measured at fair value through other comprehensive income	776,546	757,319
Financial investments at fair value through profit or loss	174,976	50,499
Financial assets measured at amortized cost	1,447,188	1,294,163
<b>Total</b>	<b>2,398,710</b>	<b>2,101,981</b>

##### b.2) Financial income by business line

	Year ended December 31 2022
Wallet and Banking	2,009,879
Credit	1,515
Payment Solutions for Businesses	68,671
Others	21,916
<b>Total</b>	<b>2,101,981</b>

(1) For the year-ended December 31, 2022, revenue is disaggregated by business lines as the necessary information to recast this information by operating segments is not available and the cost of preparing it would be excessive.

#### 24. Transaction Expenses

	Year ended December 31	
	2023	2022
Processing fees	(246,193)	(208,357)
Third-party prevention services <sup>(1)</sup>	(110,465)	(114,279)
PicPay card issuance expenses	(39,241)	(61,625)
Chargeback	(37,408)	(104,855)
Operating losses <sup>(2)</sup>	(5,232)	(31,757)
<b>Total</b>	<b>(438,539)</b>	<b>(520,873)</b>

(1) Verification and processing expenses incurred in respect of user transactions, such as identity verification and biometry services, among others.

(2) Amounts related to expenses generated by events of fraud from financial transactions processed by acquirers and card issuers and/or operating errors.

## 25. Interest and Other Financial Expenses

	Year ended December 31	
	2023	2022
Bank fees	(7,766)	(21,707)
Cost of Funding <sup>(1)</sup>	(1,144,122)	(1,148,225)
Others	(60,590)	(89,864)
<b>Total</b>	<b>(1,212,478)</b>	<b>(1,259,796)</b>

(1) The cost of funding is mainly related to the interest expenses paid to customers who deposit funds in Certificates of Deposit (CDB), which are used to lend money to other customers in the form of loans. Management monitors these expenses, and they are directly associated with the funding of investments, loans and operations.

## 26. Technology Expenses

	Year ended December 31	
	2023	2022
Software expenses	(247,847)	(216,453)
IT Services	(64,251)	(82,987)
<b>Total</b>	<b>(312,098)</b>	<b>(299,440)</b>

## 27. Marketing Expenses

	Year ended December 31	
	2023	2022
Advertising	(103,755)	(107,794)
Cashback	(63,403)	(169,244)
Digital Marketing	(28,455)	(21,973)
Customer Acquisition expenses <sup>(1)</sup>	(111,875)	(237,888)
Commission expenses	(5,072)	(18,174)
<b>Total</b>	<b>(312,560)</b>	<b>(555,072)</b>

(1) Consumer acquisition cost is based on marketing expenses, which include the amounts for performance media and member-get-member expenses (which is comprised of paid referrals).

## 28. Personnel Expenses

	Year ended December 31	
	2023	2022
Salaries	(375,039)	(447,503)
Benefits	(295,693)	(283,875)
Social security charges	(214,788)	(200,915)
Others	6,158	(273)
<b>Total</b>	<b>(879,362)</b>	<b>(932,567)</b>

## 29. Administrative Expenses

	Year ended December 31	
	2023	2022
Third party services and financial system services	(78,434)	(32,975)
Rent, condominium fee and property services	(24,126)	(9,072)
Taxes	(1,813)	(533)
Expenses with provisions	(13,535)	(7,527)
Others	(18,751)	(30,543)
<b>Total</b>	<b>(136,659)</b>	<b>(80,619)</b>

### 30. Taxes

#### 30.1 Tax assets

	December 31, 2023	December 31, 2022
Income tax to offset <sup>(1)</sup>	515,153	198,010
Deferred tax assets <sup>(2)</sup>	93,345	6,842
<b>Total</b>	<b>608,498</b>	<b>204,852</b>

(1) Primarily relates to withholding income taxes on income from financial investments which can be used to settle other federal tax amounts due.

(2) Mainly relates to subsidiaries Guiabolso and PicPay Bank in 2023 and 2022, respectively.

##### 30.1.1 Deferred tax assets

	December 31, 2022	Realization	Additions	December 31, 2023
Temporary differences related to other liabilities <sup>(1)</sup>	2,275	-	9,573	11,848
Tax loss and social contribution negative basis <sup>(2)</sup>	4,567	-	76,930	81,497
<b>Total</b>	<b>6,842</b>	<b>-</b>	<b>86,503</b>	<b>93,345</b>

(1) The balance refers to the provision for contingencies on the date of acquisition of the subsidiary and other administrative and operational expenses.

(2) The subsidiary Guiabolso has incurred in loss over the last financial year ended on December 31, 2022. For the year ended on December 31, 2023, the subsidiary Guiabolso incurred in profit and due to the expected new services (Ads) and the increase in auto-secured (a personal loan that uses the consumer's car as a collateral), FGTS (Severance Indemnity Fund for Employees in Brazil) and Payroll loans, the group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2024 onwards. The losses can be carried forward indefinitely and have no expiry date.

#### 30.2 Taxes payable

	December 31, 2023	December 31, 2022
Withholding tax on interest paid to users	5,223	4,047
Tax and charges on payroll	29,696	22,481
Social contribution on revenues	21,008	13,686
Taxes and social contribution	51,543	-
Other taxes	3,671	2,755
<b>Total</b>	<b>111,141</b>	<b>42,969</b>

#### 30.3 Income Tax

	Year ended December 31, 2023			Year ended December 31, 2022		
	Income Tax	Social Contribution	Total	Income Tax	Social Contribution	Total
<b>Accounting profit before tax and after equity</b>	<b>104,017</b>	<b>104,017</b>	<b>104,017</b>	<b>(1,484,390)</b>	<b>(1,484,390)</b>	<b>(1,484,390)</b>
Income tax and social contribution	(21,551)	(12,765)	(34,316)	371,097	137,525	508,622
Temporary differences	(9,114)	(2,113)	(11,227)	(35,142)	(12,661)	(47,803)
Permanent differences	22,811	8,224	31,035	(18,871)	(6,789)	(25,660)
Incentive deductions	331	-	331	-	-	-
Tax loss / Base negative	10,123	4,870	14,993	-	-	-
Equity Income	(12,918)	(3,074)	(15,992)	(170,772)	(61,478)	(232,250)
<b>Taxes before compensation</b>	<b>(10,318)</b>	<b>(4,858)</b>	<b>(15,176)</b>	<b>146,312</b>	<b>56,597</b>	<b>202,909</b>
Temporary adjustment	2,376	1,901	4,277	-	-	-
Creation/Reversal of tax credit	(27,681)	(15,763)	(43,444)	(143,199)	(54,107)	(197,306)
Adjustments related to current years	5,070	1,825	6,895	-	-	-
Recognition of previously unrecognized tax losses	61,486	21,753	83,239	(13)	(11)	(24)
Others	(103)	-	(103)	-	409	409
<b>Total income tax and social contribution benefit <sup>(1)</sup></b>	<b>30,830</b>	<b>4,858</b>	<b>35,688</b>	<b>3,100</b>	<b>2,888</b>	<b>5,988</b>
Effective rate (%)	-30%	-5%	-34%	0%	0%	0%

(1) The total amounts refers to the sum of Current and Deferred income tax and social contribution. As of December 31, 2023, these amounts represented a credit of R\$50,815 (a debit of R\$4,925 as of December 31, 2022) and a debit of R\$86,503 (a debit R\$1,063 as of December 31, 2022), as stated on consolidated statements of profit or loss.

#### 30.4 Unrecognized deferred tax assets

Deferred tax assets and liabilities, shown in the table below, were calculated on tax loss / base negative social contribution on net income and temporary differences at the rate of 34% for Picpay, PicPay Holding, FIDC, Guiabolso and its subsidiary and Crednovo, 40% for Picpay Invest and 45% for PicPay Bank. According described at Note 3.15.

For the year ended December 31, 2023, the Group had tax losses of R\$ 146,795 and accumulated tax losses of R\$ 2,325,752 (R\$ 2,178,597 on December 31, 2022). No deferred tax assets were recognized. Under Brazilian tax legislation carry-forward tax losses do not expire but their use is limited to 30% of the taxable profit in each year:

	December 31, 2022	Additions	December 31, 2023
<b>Unrecognized deferred tax assets</b>			
Corporate Income Tax	544,739	36,699	581,438
Social Security Contribution	196,106	18,055	214,160
<b>Total</b>	<b>740,845</b>	<b>54,754</b>	<b>795,598</b>

### 31. Risk management

#### 31.1 Risk management

The Group has a specific structure for risk management, including policies and procedures, covering the evaluation and monitoring of operational, credit and liquidity risks (including cash flow and investments of funds held in payment accounts) incurred by the institution.

This process is continuous, continuously reviewed and serves as the basis for the Group's strategies, the primary risks related to financial instruments are:

##### Credit risk

Credit risk is the possibility that a counterparty will not comply with its obligations, whether under an agreement or a financial instrument, leading to a drop in expected cash receipts or financial loss.

The Group's credit risk arises from its cash, cash equivalents, financial investments, acquirer and card issuer receivables, other receivables and loans to its users.

##### • Cash and cash equivalents

Credit risk related to bank account balances and investments in financial institutions are managed by Risks and Treasury areas, with priority being given to institutions with "AAA" assessment by rating agencies (Moody's, S&P or Fitch). Based on Group risk assessment, the expected credit loss is not material since the accounts receivable are mainly comprised of high liquidity investments and operational accounts, approved by large financial institutions that have a low overall risk level based on ratings received from major credit rating agencies. Additionally, these financial institutions are the legal obligors to the accounts receivable.

##### • Financial investments

These primarily relate to bonds issued by the Brazilian government and reverse repos collateralized by bonds issued by the Brazilian government. There is no significant expected credit loss recognized for these assets.

##### • Acquirer and card issuer receivables

The Group recognizes amounts to receive from acquirers related to its activity as a sub-acquirer and from card issuers related to its activities as an acquirer and also when its users use its app to settle bank slips or make other payments using an on-boarded credit card. These receivables are due in up to twelve monthly installments. As a result the Group is exposed to the risk of default by the acquirers

and card issuers.

In its role as a sub-acquirer, The Group uses national acquirers seeking to avoid concentration in any single acquirer and increase financial efficiency, the Group transfers all receivables to Banco Original (without recourse), and PicPay processes all credit card transactions with the acquirers Stone, Cielo and Getnet and card issuers.

The Group uses only acquirers authorized to operate by the BACEN, which are supervised and monitored by BACEN, including the minimum equity level for the operation, and which have a national "AAA" rating by the rating agencies (S&P or Fitch). The acquirers may default on their financial obligations due to lack of liquidity, operational failure or other reasons, situations in which Group can be held responsible for making the payment of receivables to commercial establishments without the receipt of the amounts by the acquirer. Until now, The Group has not suffered losses on receivables from acquirers.

The Group management does not expect any significant losses from non-performance by these counterparties in addition to the amounts already recognized as chargebacks.

Credit card issuers are supervised by BACEN. The payments arrangement (Visa, Mastercard, Elo and others) have their own risks and guarantee models to evaluate and mitigate the default risk of the issuers, which mitigate the risk of the acquires and the systemic risk of Brazilian payment arrangements. Additionally, the acquires and issuers have others risks mitigation such as:

- Amounts due within 27 days of the original transaction, including those that fall due with the first installment of installment receivables, are guaranteed by the payment arrangement in the event that the legal obligors do not make payment.
- Processes for mitigating operational failures, such as fraud prevention, limitations anticipating the agenda, among others.

As of December 31, 2023, the Group had an amount receivable totaling R\$ 138,548 (R\$ 2,921,615 on December 31, 2022) from the acquirers and R\$ 2,966,040 (R\$ 390,872 on December 31, 2022) from card issuers, based on the probabilities of default attributed by the rating agencies and the risk mitigation processes presented above, the Group made a provision for expected credit losses in the amount of R\$ 4 (R\$ 1 on December 31, 2022).

#### • Consumer Loans

Consumer loans are retail loans which include within the portfolio personal loans, FGTS loans and public payroll loans, beginning in October 2023 for certain consumers who meet credit performance criteria.

Payroll loans are loans for which the payments and interest are discounted either directly from the consumer's salary from the payroll of a government body or from their government pension or other benefit payments. Credit enhanced financial assets as they are linked to client payroll directly, meaning that the client paycheck is automatically discounted of the loan installments.

FGTS loans are collateralized by the deposits held in Government account.

As of December 31, 2023, the Group made a provision for expected credit losses in the amount of R\$ 14,286 (R\$ 0 on December 31, 2022).

#### • Other receivables

Other receivables relate mainly to transactions involving related parties that are based on conditions negotiated between Group and related companies. At December 31, 2023, the Group did not record any impairment loss on accounts receivable related to the amounts due from related parties as it understands that there is no significant credit risk on outstanding balances.

Due to the nature of PicPay's financial services, and the actual counterparty related to its receivables and investments, no significant credit risk increase was observed. Additionally, the Group does not have any credit-impaired financial asset.

The carrying amount of financial assets represents the maximum credit exposure. The Group's outstanding financial assets are presented in the table below:

	Year ended December 31	
	2023	2022
<b>Cash and cash equivalents</b>	<b>7,379,049</b>	<b>6,361,401</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>2,574,863</b>	<b>829,750</b>
Financial investments	2,574,863	829,750
<b>Financial investments at fair value through profit or loss</b>	<b>176,717</b>	<b>740,019</b>
Financial investments	176,717	740,019
<b>Financial assets measured at amortized cost</b>	<b>4,116,019</b>	<b>3,487,405</b>
Trade receivables	3,429,602	3,417,673
Consumer loans	560,459	-
Other receivables	125,958	69,732
<b>Total</b>	<b>14,246,648</b>	<b>11,418,575</b>

#### Expected credit losses - by stages

As of December 31, 2023, the ECL allowance totaled R\$ 14,290 (R\$ 1 as of December 31, 2022). The allowance is provided by a model estimation sensitive to the methods, assumptions and parameters underlying its calculation. The Group monitors the *expected credit losses* allowance coverage ratio (table below) over the gross receivables amount in order to manage credit risk increases.

Expected credit losses are classified through stages, as described in Note 3.3.

	Gross Exposure	%	Credit Loss Allowance	%	Coverage Ratio (%)
Personal loans	189,285	5.14%	(11,663)	81.62%	6.16%
Payroll loans	62,823	1.71%	(286)	2.00%	0.46%
FGTS loans	309,479	8.41%	-	0.00%	0.00%
<b>Sub-total Consumer Loans</b>	<b>561,587</b>	<b>15.26%</b>	<b>(11,949)</b>	<b>83.62%</b>	
Financial transactions processed by acquirers and by card issuers	3,104,592	84.38%	(4)	0.03%	0.00%
<b>Sub-total Financial transactions acquirers and by card issuers</b>	<b>3,104,592</b>	<b>84.38%</b>	<b>(4)</b>	<b>0.03%</b>	
<b>Sub-total Stage 1</b>	<b>3,666,179</b>	<b>99.64%</b>	<b>(11,953)</b>	<b>83.65%</b>	
Personal loans	12,628	0.34%	(2,074)	14.51%	16.42%
Payroll loans	2	0.00%	-	0.00%	0.00%
FGTS loans	1	0.00%	-	0.00%	0.00%
<b>Sub-total Consumer Loans</b>	<b>12,631</b>	<b>0.34%</b>	<b>(2,074)</b>	<b>14.51%</b>	
<b>Sub-total Stage 2</b>	<b>12,631</b>	<b>0.34%</b>	<b>(2,074)</b>	<b>14.51%</b>	
Personal loans	167	0.00%	(83)	0.58%	49.70%
Payroll loans	112	0.00%	(56)	0.39%	50.00%
FGTS loans	248	0.01%	(124)	0.87%	50.00%
<b>Sub-total Consumer Loans</b>	<b>527</b>	<b>0.01%</b>	<b>(263)</b>	<b>1.84%</b>	
<b>Sub-total Stage 3</b>	<b>527</b>	<b>0.01%</b>	<b>(263)</b>	<b>1.84%</b>	
<b>Total Consumer Loans</b>	<b>574,745</b>	<b>15.62%</b>	<b>(14,286)</b>	<b>99.97%</b>	
<b>Total Financial transactions acquirers and by card issuers</b>	<b>3,104,592</b>	<b>84.38%</b>	<b>(4)</b>	<b>0.03%</b>	
<b>Total</b>	<b>3,679,337</b>	<b>100.00%</b>	<b>(14,290)</b>	<b>100.00%</b>	

#### Expected credit losses - by PD vs stages

The table below shows the PD credit distribution as of December 31, 2023. The PD credit classification is grouped in three categories based on its probability of default at the reporting date.



**Loans to customers**  
**As of December 31, 2023**

	Gross Exposure	%	Credit Loss Allowance	%	Coverage Ratio (%)
<b>PD &lt; 5%</b>	<b>372,417</b>	<b>64.80%</b>	<b>(342)</b>	<b>2.39%</b>	<b>0.09%</b>
Stage 1 <sup>(1)</sup>	372,303	64.78%	(286)	2.00%	0.08%
Stage 2	2	0.00%	-	0.00%	0.00%
Stage 3	112	0.02%	(56)	0.39%	50.00%
<b>5% &lt;= PD &lt;= 20%</b>	<b>80,036</b>	<b>13.93%</b>	<b>(3,526)</b>	<b>24.68%</b>	<b>4.41%</b>
Stage 1	80,035	13.93%	(3,526)	24.68%	4.41%
Stage 2	1	0.00%	-	0.00%	0.00%
Stage 3	-	0.00%	-	0.00%	0.00%
<b>PD &gt; 20%</b>	<b>122,292</b>	<b>21.28%</b>	<b>(10,418)</b>	<b>72.92%</b>	<b>8.52%</b>
Stage 1	109,250	19.01%	(8,137)	56.96%	7.45%
Stage 2	12,628	2.20%	(2,074)	14.52%	16.42%
Stage 3	414	0.07%	(207)	1.45%	50.00%
<b>Total</b>	<b>574,745</b>	<b>100.00%</b>	<b>(14,286)</b>	<b>100.00%</b>	<b>2.49%</b>

As shown on the table above, there is a concentration of Stage 1 credits in all groups. Credit loss allowance increases as the PD increases.

**Market Risk**

Market risk is defined as the possibility that the market value of financial instruments or investments will increase or decrease as a result of volatility and unpredictable movements in market valuations.

As of December 31, 2023 the Group had derivative financial instruments for economic hedge purpose. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

**a) Interest rate risk**

PicPay has sovereign debt securities and reverse repos to comply with BACEN "BCB No. 80", which requires that payment institutions at a minimum total value of their users' balances in payment accounts: government bonds with a term of less than 540 days, reverse repos collateralized by government bonds, and / or balance in a specific account with BACEN. Investments in government bonds are classified at fair value through other comprehensive income. In this portfolio, the Company is primarily exposed to fluctuations in the SELIC (basic interest rate in Brazil).

The Group performed a sensitivity analysis regarding the interest rates to which it is exposed as a result of the financial assets held and financial liabilities issued on December 31, 2023 and 2022. As a premise, impacts of 10% upwards or downwards were adopted, both in the SELIC rate and in the CDI rate. As a result, financial income and liability from short-term investments and sovereign debt securities would be impacted as follows on the annual results assuming no alterations in any other variables. The table below shows the impact on profit or loss and other comprehensive income from these changes in interest rates. For financial instruments measured at amortized cost, the impact is for a 12 month period with cashflow impact, and assumes no alterations in any other variables. For financial instruments measured at fair value, the impact, is the change in fair value of such a change in interest rates.

			Basic interest rate shock	
	Rate risk	Total portfolio amount	+10%	-10%
As of December 31, 2023				
Type				
Financial assets				
Government Bonds - LFT	SELIC	2,124,660	24,965	(24,965)
Government Bonds - LTN	Fixed Rate	618,664	7,251	(7,251)
Loans	Fixed Rate	554,162	8,452	(8,452)
Financial liabilities				
Payment accounts <sup>(1)</sup>	CDI	(943,864)	(12,299)	12,299
CDB's	CDI	(12,368,426)	(161,161)	161,161
As of December 31, 2022				
Type				
Financial assets				
Government Bonds - LFT	SELIC	1,550,724	19,151	(19,151)
Reverse repurchase agreements - Financial Treasury Bills (LFT)	Fixed Rate	2,416,701	29,919	(29,919)
Reverse repurchase agreements - National Treasury Note (NTN-B)	Fixed Rate	3,810,450	32,805	(32,805)
Financial liabilities				
Payment accounts <sup>(1)</sup>	CDI	(985,353)	(12,199)	12,199
CDB's	CDI	(9,187,225)	(113,738)	113,738
Futures Contract - CDI Rate <sup>(2)</sup>	CDI	2,640,820	32,693	(32,693)

(1) As a business strategy for the purpose of attracting and maintaining its user base, PicPay use the "CDI rate" (meaning Brazilian interbank deposit rate) to daily remunerate the wallet balance of PicPay users. Although, there is no set deadline for termination, PicPay can end the remuneration of its users balances, at any time, since there is no legal requirement. Such lack of obligation serves as a risk mitigator in case of high interest rate movements, allowing PicPay to cease it at its own convenience.

(2) Futures Contract - CDI Rate to hedge interest rate risk of the assets and liabilities of the FIDC. The "Total portfolio amount" represents the notional amount.

**b) Foreign exchange risk**

The Group has some contracts with suppliers in foreign currency. These commitments refer to services provided and software licenses, among others. The Group monitors these payments and exposures to foreign currency.

The table below shows the sensitivity to a shock in the US dollar quotation, with all other variables kept constant, as of December 31, 2023 and 2022.

Type	Rate risk	Total exposure on December, 31, 2023	+10%	-10%
Trade payables	Dollar	46	4	(4)
Type	Rate risk	Total exposure on December, 31, 2022	+10%	-10%
Trade payables	Dollar	2,638	264	(264)



## Liquidity risk

Liquidity risk refers to the Company's ability to meet both expected and unexpected obligations without disrupting daily operations or incurring significant losses.

In order to mitigate these risks, management has adopted a diversified approach to financing, in addition to its main base of deposits. A liquidity risk management policy has been implemented, involving the use of various tools and activities, such as daily cash flow forecasts, liquidity profile monitoring, and maintenance of adequate cash reserves. Stress tests are conducted to assess the impact of extreme events on the company's finances, and a contingency plan is in place to deal with liquidity shortages during crises. Any new initiative or product is preliminarily assessed by the market and liquidity risk department.

The treasury department is in charge of coordinating with other sectors to ensure the effective implementation of the liquidity management strategy.

As part of cash flow management, the treasury department invests in highly liquid, low-risk assets whenever there are resource surpluses. It is important to note that Company does not use its assets as collateral for loans, financial transactions, or contractual obligations.

Detailed information on financial liabilities is essential for cash flow projections and management, ensuring that the company has adequate resources to meet its obligations. Contractual terms of lease liabilities are available in Note 19.

The table below shows the contractual maturity:

### Assets

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>As of December 31, 2023</b>							
Cash and cash equivalents	7,379,049	-	-	-	-	-	7,379,049
Financial investments	-	-	421,167	-	759,006	1,571,407	2,751,580
Trade receivables	2,284,660	350,010	236,987	387,021	170,907	17	3,429,602
Consumer Loans	25,924	42,416	39,898	92,868	119,858	239,495	560,459
Other receivables	51,218	-	-	1,496	20	73,224	125,958
<b>Total</b>	<b>9,740,851</b>	<b>392,426</b>	<b>698,052</b>	<b>481,385</b>	<b>1,049,791</b>	<b>1,884,143</b>	<b>14,246,648</b>
<b>As of December 31, 2022</b>							
Cash and cash equivalents	6,361,401	-	-	-	-	-	6,361,401
Financial investments	27,918	718,403	-	-	823,448	-	1,569,769
Trade receivables	1,780,020	512,692	341,115	514,644	269,202	-	3,417,673
Other receivables	2,252	-	-	-	-	67,480	69,732
<b>Total</b>	<b>8,171,591</b>	<b>1,231,095</b>	<b>341,115</b>	<b>514,644</b>	<b>1,092,650</b>	<b>67,480</b>	<b>11,418,575</b>

### Liabilities

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>As of December 31, 2023</b>							
Third-party funds - payment accounts	807,700	-	-	-	-	-	807,700
Third-party funds - Daily Liquidity CDB's <sup>(1)</sup>	6,280,043	1,600,795	985,105	1,108,243	1,477,657	861,967	12,313,809
Third-party funds - CDB's <sup>(1)</sup>	1,895	25,025	24,217	37,308	55,067	47,268	190,781
Trade payables	643,252	5,133	11	-	202	-	648,598
<b>Total</b>	<b>7,732,890</b>	<b>1,630,953</b>	<b>1,009,333</b>	<b>1,145,551</b>	<b>1,532,926</b>	<b>909,235</b>	<b>13,960,888</b>
<b>As of December 31, 2022</b>							
Third-party funds - payment accounts	827,977	-	-	-	-	-	827,977
Third-party funds - CDB's <sup>(1)</sup>	-	-	-	-	-	9,344,601	9,344,601
Trade payables	379,407	31	1,140	199	5,216	-	385,993
<b>Total</b>	<b>1,207,384</b>	<b>31</b>	<b>1,140</b>	<b>199</b>	<b>5,216</b>	<b>9,344,601</b>	<b>10,558,571</b>

(1) The issuance of a daily liquidity CDB allows the counterparty to redeem the invested amount at any time until its final maturity, without any type of grace period. Therefore, it is important to evaluate and monitor the redemption behavior of these positions, so that liquidity risk management is carried out conservatively. The methodology adopted provides for an Average Redemption Curve, calculated monthly and categorizing the issuances by batches. The analysis therefore reflects an average redemption behavior of Company liquid liabilities.

Third-party funds - payment accounts are classified as due in 'up to 30 days' as they can contractually be withdrawn immediately. However historic behavior of clients suggests that these amounts will not be withdrawn in this time period. Additionally in PicPay the related government bonds, purchased to comply with BACEN standard BCB No. 80 and recognized as Financial investments, may have a maximum maturity term of 540 days but have historically had a high liquidity in the Brazilian market.

The Group is exposed to several operational risks, the most relevant being the risk of fraud, which is an undue, illegal or criminal activity that causes a financial loss for one of the parties involved in a financial transaction within the PicPay arrangement. Credit card fraud includes unauthorized use of lost, stolen, fraudulent, counterfeit, or altered cards, as well as misuse of the PicPay user payment account. Within this scenario, the Group is exposed to losses due to transaction chargeback (cancellations).

The chargeback process starts when a user makes a transaction via credit card in the PicPay application and, for reasons unrelated to PicPay, decides to contest the transaction with the card issuer who forwards it to the acquirer who performs the transaction cancellation, reducing the amount of payables it has outstanding with PicPay.

The Group has areas dedicated to preventing fraud with the development of anti-fraud processes and strategies and real-time monitoring of transactions using payment account balance or credit card for bank slips, withdrawals or transfers between users, identifying, approving or declining transactions.

### 31.2 Capital Management

The Group has implemented processes and controls to ensure that the Group meet the minimum adjusted equity capital adjusted by the results (equity capital plus profit/losses into the period) thresholds required under BACEN regulations. Pursuant to such regulations, PicPay's minimum adjusted equity capital must be equivalent to the greater of:

- 2% of the monthly average of payment transactions for the last 12 months; or
- 2% of the balance in the portfolio at the end of the month.

Adjusted equity capital is calculated as the share capital, plus the value of future capital increase and excluding the costs and expenses and the accumulated loss for the year.

The Risk area calculates these values on a monthly basis.

PicPay's capital requirement is determined within the scope of the prudential conglomerate. The ratio of Capital against Risk Weighted Assets was 11.72% in December 31, 2023 (12.84% in December 31, 2022), representing 4.97% (2.34% in December 31, 2022) above of the minimum regulatory 6.75% (10.50% minimum regulatory in December 31, 2022).

### 31.2 Financial instruments

As of December 31, 2023 the carrying amount of the Group's financial instruments not measured at fair value in the statement of financial position is a reasonable approximation of their fair value, as they are mainly represented by short-term items and are indexed to market rates.

The financial assets held by the Group relate to:

- Receivables generated by its activities as a payment arrangement institution;
- Investments made with available liquidity; and
- Regulatory investments to cover the amounts of third-party funds (i.e. the amount of electronic currency issued) as required by Circular 3,681;
- Derivative instruments to hedge floating interest rate risk of the senior FIDC quotas and fixed rate of government securities.

**31.2.1 Financial instruments by category Financial assets**

	Amortized Cost	FVTPL <sup>(1)</sup>	FVOCI <sup>(2)</sup>	Total
<b>As of December 31, 2023</b>				
Cash and cash equivalents	7,379,049	-	-	7,379,049
Amounts receivable from acquirers	138,548	-	-	138,548
Amounts receivable from card issuers	2,966,040	-	-	2,966,040
Government Bonds - LFT	-	168,461	1,956,199	2,124,660
Government Bonds - LTN	-	-	618,664	618,664
Other investment	-	8,256	-	8,256
Trade receivables	325,014	-	-	325,014
Consumer loans	560,459	-	-	560,459
Other receivables	125,958	-	-	125,958
<b>Total</b>	<b>4,116,019</b>	<b>176,717</b>	<b>2,574,863</b>	<b>6,867,599</b>
<b>As of December 31, 2022</b>				
Cash and cash equivalents	6,361,401	-	-	6,361,401
Amounts receivable from acquirers	2,921,615	-	-	2,921,615
Amounts receivable from card issuers	390,872	-	-	390,872
Government Bonds - LFT	-	720,974	829,750	1,550,724
Reverse repurchase agreements - Government Bonds - NTN-B	-	19,045	-	19,045
Futures Contract - CDI Rate <sup>(3)</sup>	-	-	-	-
Trade receivables	105,186	-	-	105,186
Other receivables	69,732	-	-	69,732
<b>Total</b>	<b>9,848,806</b>	<b>740,019</b>	<b>829,750</b>	<b>11,418,575</b>

(1) FVTPL: fair value through profit or loss;

(2) FVOCI: fair value through other

(3) As of December 31, 2023 and 2022 the fair value of these derivative contracts is not significant because they are daily settled with the exchange on which they were contracted.

**Financial liabilities**

	Amortized Cost	FVTPL <sup>(1)</sup>	Total
<b>As of December 31, 2023</b>			
Third-party funds - payment account	807,700	-	807,700
Third-party funds - CDB's	12,504,590	-	12,504,590
Trade payables	648,598	-	648,598
<b>Total</b>	<b>13,960,888</b>	-	<b>13,960,888</b>
<b>As of December 31, 2022</b>			
Third-party funds - payment account	827,977	-	827,977
Third-party funds - CDB's	9,344,601	-	9,344,601
Trade payables	385,993	-	385,993
<b>Total</b>	<b>10,558,571</b>	-	<b>10,558,571</b>

(1) FVTPL: fair value through profit or loss;

**31.2.1 Measurement of Fair Value**

Calculation of fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability.

Fair value is determined according to the following hierarchy:

Level 1: prices quoted (not adjusted) in active market;

Level 2: Inputs which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices); and

Level 3: Assumptions which are not based on observable market data (unobservable inputs). Involve the use of quantitative methods that use market references and unobservable data in the market in producing its estimates.

The following table shows the level in the hierarchy of fair value measurements of the Group's financial assets measured at fair value.

**Estimated fair value**

	December 31, 2023			December 31, 2022		
	Carrying amount	Fair value	Hierarchy Level	Carrying amount	Fair value	Hierarchy Level
<b>Financial assets</b>						
Government Bonds - LFT <sup>(1)</sup>	2,124,660	2,124,660	Level I	1,550,724	1,550,724	Level I
Government bonds - LTN <sup>(1)</sup>	618,664	618,664	Level I	-	-	Level I
Other investment <sup>(2)</sup>	8,256	8,256	Level I	19,045	19,045	Level I
Futures Contract - CDI Rate <sup>(3)</sup>	-	-	Level I	-	-	Level I
<b>Total</b>	<b>2,751,580</b>	<b>2,751,580</b>		<b>1,569,769</b>	<b>1,569,769</b>	

(1) Due to their high liquidity and the short-term nature, the carrying amount of financial investments is a reasonable approximation of their fair value.

(2) Other investment is a fixed income investment, with daily liquidity where the carrying amount is considered to be a reasonable approximation of the fair value.

(3) As of December 31, 2023 and 2022 the fair value of these derivative contracts is not significant because they are settled daily with the exchange on which they were contracted.

The carrying amounts of related parties, prepaid expenses, advances to suppliers and trade payables are measured at amortized cost. Settlement periods do not exceed 60 days and therefore the carrying amounts are considered reasonable approximation of the fair values. Due to the high liquidity and the short-term nature of reverse repurchase agreements, the carrying amounts are considered to be a reasonable approximation of the fair values.

For amounts related to consumer loans, the Group uses the credit risk assessment in the discounting rate curve calculation. Therefore, the carrying amount is a reasonable approximation of the fair value.

As of December 31, 2023 and 2022, there were no transfers between the fair value measurements of Level I and Level II or between Level II and Level III.

**31.2.3 Offsetting of financial instruments**

The balances of financial assets and liabilities can be offset (net amount) if there is a legally enforceable agreement in which the parties agree to offset the recognized amounts and intend to settle on a net basis, or to realize the asset and settle the liability simultaneously. As of December 31, 2023 and 2022 the Group does not have financial instruments that meet the conditions for offsetting.

**31. Reconciliation of changes in equity and liabilities with cash flows from financing activities**

	Liability	Equity	
	Lease	Share Capital and additional paid in share capital	Capital Reserve (21c)
<b>Balances as of December 31, 2022</b>	<b>52,953</b>	<b>1,751,253</b>	<b>525,289</b>
<b>Variations with effect on cash</b>	<b>(12,245)</b>	-	-
Payment of leases	(12,245)	-	-
<b>Variations without effect on cash</b>	<b>17,944</b>	-	<b>3,738</b>
Transactions with related parties	-	-	3,738
Net of lease payment, interest and remeasurements	17,944	-	-
<b>Balances as of December 31, 2023</b>	<b>58,652</b>	<b>1,751,253</b>	<b>529,027</b>

	Liability		Equity		
	Obligations to FIDC quota holders	Loans, including loans from related parties	Lease	Share Capital and additional paid in share capital	Capital Reserve (Note 21c)
<b>Balances as of December 31, 2021</b>	<b>1,963,600</b>	<b>228,279</b>	<b>58,911</b>	<b>895,155</b>	<b>502,027</b>
<b>Variations with effect on cash</b>	<b>(2,136,010)</b>	<b>(243,733)</b>	<b>(10,755)</b>	<b>59,108</b>	-
Capital contributions	-	-	-	59,108	-
Funding receipt	-	50,000	-	-	-
Funding paid	-	(275,000)	-	-	-
Interest paid on loans	-	(18,733)	-	-	-
Proceeds of FIDC senior quotas <sup>(1)</sup>	190,672	-	-	-	-
Repurchase of FIDC senior quotas <sup>(2)</sup>	(2,326,682)	-	(10,755)	-	-
<b>Variations without effect on cash</b>	<b>172,410</b>	<b>15,454</b>	<b>4,797</b>	<b>796,990</b>	<b>23,262</b>
Contribution from NCI <sup>(3)</sup>	-	-	-	796,990	-
Interest accrued on FIDC senior quotas	172,410	-	-	-	23,262
Interest accrued on loans	-	15,454	-	-	-
Net of lease payment, interest and remeasurements	-	-	4,797	-	-
<b>Balances as of December 31, 2022</b>	<b>-</b>	<b>-</b>	<b>52,953</b>	<b>1,751,253</b>	<b>525,289</b>

(1) Refers to senior quotas purchased by Banco Original subscribed after the acquisition date of the FIDC by PicPay.

(2) Represents the carrying amount of FIDC senior quotas held by PicPay Bank. For further details refer to Note 17.

(3) Represents NCI equity position that were reduced via equity adjustment. For further details refer to Note 21(a).

### 33. Business combinations

#### Guiabolso

On July 20, 2021 PicPay acquired 100% of the share capital of Guiabolso, including its subsidiary Just, for a total consideration of R\$ 110,000, which was settled in cash, and obtained control of both entities. Guiabolso offers its users personal financial management and access to products and services based on their profile, in a marketplace with credit cards, insurance, investments and other financial products.

The fair value of net assets acquired and liabilities assumed in this business combination was R\$ 64,755, including a separately identified intangible software asset with a fair value of R\$ 61,033 which was valued using the replacement cost method and has an estimated useful life of 5 years. Also, assets acquired comprise R\$7,836 of cash and cash equivalents, R\$2,719 of trade receivables and R\$2,509 for other asset classes (prepaid expenses, recoverable taxes, other intangible assets and property, plant and equipment). Liabilities assumed comprise R\$4,294 for labor obligations, R\$3,242 for trade payables, R\$1,773 for tax payables and R\$33 for Provision for legal and administrative claims the purchase price allocation (PPA) was completed in January, 2022 resulting in recognized goodwill of R\$ 45,245.

Also, the contract includes a payment for post-combination services as follows:

- (i) for shareholders who are executives - payment in cash, at the discretion of the Group, in total amount of R\$ 52,000, which R\$ 13,500 in a 12 months after acquisition date, and R\$ 38,500 in a period of 24 months after acquisition date; and
- (ii) in the amount of R\$ 15,000 paid in cash for employees of Guiabolso with a vesting period of 12 months after acquisition date.

For the year ended December 31, 2023 the Group recognized an expense related to these obligations of R\$ 10,660 under "Administrative Expenses" (R\$ 26,726 in the year ended December 31, 2022).

In July 2022, part of the total obligation of R\$ 52,000 was agreed to be paid by the controlling shareholder of the Group in the amount of R\$ 27,000. This amount was then designated as equity, therefore, as of December 31, 2023 the amount of R\$ 3,738 (R\$ 23,262 as of December 31, 2022) was accounted for in the Capital Reserve. The R\$ 25,000 left that continued to be recognized as a liability under Labor Obligations was fully paid in cash in 2023, therefore as of December 31, 2023 the Group was free of any outstanding liabilities concerning these obligations (R\$ 18,078 as of December 31, 2022).

#### BX Blue

On February 02, 2023 the subsidiary Guiabolso acquired 100% of the shares of BX Blue and obtained control by doing so. BX Blue operates as a marketplace that offers payroll loans to federal civil servants, retirees and INSS pensioners. With this acquisition, PicPay enters the payroll loan market and expands its offer of financial products for its clients. This acquisition aggregated products and services in the Group's marketplace and is expected to yield synergies in the combining of operations.

On the acquisition date, the consideration transferred by the Group was paid in cash in the total amount of R\$ 9,500. The purchase price allocation (PPA) resulted in a recognized goodwill of R\$ 5,275. The fair value of net assets acquired and liabilities assumed in this business combination was R\$ 6,093, including the following separately identified intangible assets: software with a fair value of R\$ 5,194 and client portfolio with a fair value of R\$ 697, both valued using the income approach and an estimated useful life of 5 years. Also, assets acquired comprise R\$ 1,554 of cash and cash equivalents, R\$ 1,931 of trade receivables and R\$ 946 for other asset classes (recoverable taxes and others). Liabilities assumed comprise R\$ 2,738 for labor obligations and R\$1,490 for other liability classes (trade payables, taxes payables, loans and others).

A contingent consideration subject to achievement of profit targets between 2023 and 2027, to be paid in March of the year following the achievement of the target and limited to a total consideration of R\$70,000, is accounted for at a fair value of R\$ 1,869 as of December 31, 2023. The fair value calculation was based on the income approach of the business plan for next 5 years, from 2023 until 2027, which was recorded in "Trade Payables". The fair value calculation was based on Monte Carlo Simulation and the main assumptions used in determining the fair value were the stock volatility of similar companies for the last two years, an average risk-free rate of 12.9% per annum based on CDI and a discount rate of 15.02% per annum based on the risk-free rate and Weighted Average Cost of Capital (WACC).

From the date of acquisition, BX Blue has contributed R\$ 14,865 of revenue and R\$ 4,408 to the net profit before tax from the continuing operations of the Group.

### 34. Segment information

The Group's organizational structure has five reportable segments, as described in note 4.

The Group has not presented the operating segment information for the year ended December 31, 2022, since the necessary information is not available in a comparable form and the cost of preparing it would be excessive.

The following table presents revenue and gross profit information for the Group's operating segments for the year ended December 31, 2023:

#### a) Segment information

	Year ended December 31, 2023					
	Wallet and Banking	Financial Service	Small and Medium-Sized Businesses	Audiences and Ecosystem Integration	Institutional	Total segments
Net revenue from transaction activities and other services	509,259	306,700	92,023	76,759	-	984,742
Financial income	2,160,724	37,298	41,475	10,542	156,738	2,406,777
<b>Total revenue and financial income</b>	<b>2,669,983</b>	<b>343,999</b>	<b>133,499</b>	<b>87,301</b>	<b>156,738</b>	<b>3,391,520</b>
Transaction expenses	(200,478)	(76,987)	(69,651)	(25,789)	-	(372,904)
Interest and other financial expenses	(1,133,819)	(8,068)	-	-	(69,053)	(1,210,939)
Credit loss allowance expenses	-	(14,290)	-	-	-	(14,290)
<b>Adjusted gross profit</b>	<b>1,335,686</b>	<b>244,654</b>	<b>63,848</b>	<b>61,513</b>	<b>87,685</b>	<b>1,793,386</b>

**b) Revenue reconciliation**

	December 31, 2023
Segment revenue	
Net revenue from transaction activities and other services	984,742
Financial income	2,406,777
<b>Total reportable segments</b>	<b>3,391,520</b>
Inter-segment revenues, adjustments or reclassifications <sup>(1)</sup>	67,126
<b>Total revenue and financial income</b>	<b>3,458,646</b>

(1) Includes eliminations of inter-segment revenue from transactions between the Financial Services and Institutional segments of R\$(8,068) and unallocated revenue of R\$75,194.

**c) Reconciliation of segment adjusted gross profit to profit before income taxes**

	December 31, 2023
<b>Adjusted gross profit - Total reportable segments</b>	<b>1,793,389</b>
Inter-segment revenues, adjustments or reclassifications	67,126
Unallocated transaction and financial expenses <sup>(1)</sup>	(67,173)
Expenses and income that are not part of adjusted gross profit <sup>(1)</sup> :	
Technology expenses	(312,098)
Marketing expenses	(312,560)
Personnel expenses	(879,361)
Administrative expenses	(136,659)
Depreciation and amortization	(169,823)
Other expenses	(4,638)
Other income	23,468
<b>Profit before income taxes</b>	<b>1,667</b>

(1) Refers to corporate overhead expenses and other expenses which are not attributable to the reportable segments.

**35. Subsequent events**

After the reporting period, on January 26, 2024, but before the issuance of these financial statements, PicS gained control the credit card operations from Banco Original through: (i) purchasing the portfolio of outstanding assets from customers with good credit quality; and (ii) transfer of activities from the date of purchase of the portfolio.

The purpose of the acquisition is to transfer the credit card business of retail customers from Banco Original to PicS to continue the business strategy started in July 2023 from the transfer of the open checking accounts of retail customers. The strategy remains to specialize each entity in a specific market, being PicS on retail customers and payments.

The total transaction price and its identifiable portfolio of assets from Banco Original were recognized at Cost at PicS, hence it is a transfer of business under common control. Therefore, no goodwill or bargain purchase gain arising from the acquisition existed. The total transaction price was R\$ 1,815,000.

Note that this post-reporting period event does not impact amounts reported as at December 31, 2023, but it may materially affect our financial position and performance in future reporting periods.

After the reporting period, on June 28, 2024, but before the issuance of these financial statements, J&F Participações invested R\$ 100,000 in PicS Holding, through the issue and subscription of 100,000,000 quotas, all nominative and with par value of R\$ 1. On the same date PicS Holding invested the same amount in PicPay Bank through the issue and subscription of 32,046,456 shares, all nominative and without par value.

After the reporting period, on July 11, 2024, but before the issuance of these financial statements, PicPay Netherlands and J&F International entered into a share premium contribution agreement in the amount of R\$ 1,298, regarding an amount lent by J&F International to PicS Ltd. for payments related to labor obligations. As a result, the agreement aims to settle the amount through a share premium contribution on J&F International shares of PicPay Netherlands by an issuance of shares of PicPay Netherlands to J&F International and, subsequently, a capital contribution from PicPay Netherlands to PicS Ltd. in such same amount, by an issuance of shares of PicS Ltd. to PicPay Netherlands. However, the shares issuances have not occurred as of the date of these consolidated financial statements.

After the reporting period, on September 6, 2024, but before the issuance of these financial statements, J&F Participações invested R\$ 2,451 in PicPay Netherlands, without the issuance of new shares.

After the reporting period, on September 12, 2024, but before the issuance of these financial statements, an ordinary resolution approved a stock split in the proportion of 2 to 1 shares a par value from EUR 0.01 to EUR 0.005.

After the reporting period, on September 19, 2024, but before the issuance of these financial statements, J&F Participações invested R\$ 130,000 in PicS Holding, through the issue and subscription of 130,000,000 quotas, all nominative and with par value of R\$ 1. On the same date PicS Holding invested the same amount in PicPay Bank through the issue and subscription of 37,692,578 shares, all nominative and without par value.

After the reporting period, on December 23, 2024, but before the issuance of these financial statements, J&F International invested R\$ 100,000 in PicPay Netherlands without the issuance of new shares. On the same date PicPay Netherlands invested the same amount in PicS Ltd without the issuance of new shares. On the same date PicS Ltd invested the same amount in PicS Holding through the issue and subscription of 100,000,000 quotas, all nominative and with par value of R\$ 1. On the same date PicS Holding invested the same amount in PicPay Bank through the issue and subscription of 27,943,204 shares, all nominative and without par value.