Management Report and Financial Statements 2023

M. Dias Branco

Dream, do, grow

SUMMARY

MESSAGE FROM THE CEO

Dear readers,

The year 2023 was marked by major challenges that required actions and adjustments. The variation in commodity prices, caused by conflicts abroad, combined with constant changes in consumer behavior and new demands for purchasing channels, required from us agility and adaptation.

However, thanks to the dedication and effort of the entire team, even in a scenario of adverse macroeconomic conditions, we managed to conclude the year with an EBITDA margin of 13.2% and a nominal EBITDA of R$ 1.4 billion, in addition to having some records, such as the annual net income of R$ 889 million, 84.5% higher than 2022; net revenue of around R$ 10.8 billion, 7% above last year; operating cash generation of R$ 2.1 billion; in besides the liquidity with daily trading on B3 averaging R$ 47.5 million. We are convinced that we are making consistent progress. And not only due to the financial achievements, but because of what has been built for the Company's future growth.

Thinking about a long-term horizon, we updated our strategy for the next five years, with broad participation from the Officers, Board of Directors and the Advisory Committees. The new strategy was approved in August 2023, with goals defined until 2028. This is not a change of direction. We continue with the same objectives of profitable growth, however, with new paths and defined ways to achieve the expected results.

We will continue firmly with our internationalization journey, and, at the same time, we understand that our country presents many opportunities. To take advantage of this potential, we seek to further strengthen our distribution and sales channels, through the existing logistics network, with a focus on agile processes. We aim to expand the business with organic growth and through acquisitions.

To promote this strategy, we structured a “Transformation Office” and hired an external consultancy to support us in the execution of the strategic planning.

In addition to focusing on the success and sustainability of the business, we also work continuously on the execution of our ESG Strategic Agenda, revisited in 2022 for the cycle until 2030. We will continue to focus our efforts to improve our practices on three pillars: caring for the planet (Environmental), believing in people (Social) and strengthening alliances, protecting the interests of shareholders and maximizing the Company's value (Governance).

In the environmental area, we seek to do our part to care for and respect the environment. Therefore, in 2023, we created some important benchmarks for measuring carbon emissions, energy use, among others.

One of the great highlights in the area was our participation in carbon emissions rankings and certifications, with emphasis on joining the list of companies with an A rating in CDP Climate (Disclosure Insight Action), a global reference in emissions reporting. With this, in addition to being protagonists in our area of activity, we improve the standards of environmental sustainability indicators and function as a promoter of change throughout our production chain, influencing suppliers, for example, to also follow good sustainability practices. In this regard, it is worth highlighting the progress in the diversification of our energy matrix from renewable sources, with the use of clean, sustainable and competitive energy, whether through acquisition on the free market or through the self-production regime through equivalent wind energy, reaching 65% of total consumption for the year.

In the social pillar, we started to take an even more attentive look at people, as we have more than 16,000 direct employees. Therefore, we invest in mentoring for professionals who hold key positions in the company and promote coaching initiatives to train leadership.

We also include among our goals increasing the diversity of women on the Board of Directors and achieving 40% female representation in management positions. Due to our efforts to give space to underrepresented groups, we are among the 20 companies that most value diversity, according to IDIVERSA B3.

And, as one of the hallmark characteristics of our company is listening to people, we conducted an organizational climate survey in March, which included the participation of all employees. The Company obtained a score of 77, which represents an important achievement – companies with a rating above 70 are considered excellent places to work. As a result, we were also certified by Great Place To Work (GPTW).

Also, as part of our social actions, we continued our alliances with NGOs, offering products from our portfolio to their beneficiaries, reaching the milestone of three thousand tons of donated food. We also began to play a more incisive role in training and professionalizing people from the surrounding community. Thus, we help them become able to work as small entrepreneurs, employees of M. Dias Branco or professionals from other companies.

In the governance pillar, we highlight that the Company's decision-making process, structured and implemented in accordance with our Strategic Deliberations Matrix, has proven to be increasingly qualified, diverse and democratic. The topics are moving through the administration bodies efficiently, guaranteeing a quick and adequate flow of information, providing technical, in-depth discussions in line with our strategy.

We have been defending the idea that trust, transparency and value creation should be at the core of our decision-making. This was even the theme of our Ethics and Governance Week in 2023, a period in which we intensified the training and development activities of our Compliance Program, which also covered governance actions, risks and legal action, with an engagement record.

We expanded our commitment to the governance pillar of our ESG Agenda, with the establishment of 8 new public and 7 internal goals, involving different topics that go beyond the required legal and regulatory obligations. These new goals include content such as adherence to the 100% Transparency Movement of the UN Global Compact; annual disclosure of the Corporate Governance Charter; gender diversity of underrepresented groups on the Board; maintenance of independent members on the Board and Audit Committee above that required by regulation, among others.

We have been saying that the ethical decision is sustained over time and creates true value for the company. We remain signatories to the UN Global Compact, the Business Pact for Integrity and Against Corruption, linked to the Ethos Institute, and certified by the renowned International Institute of Auditors, which attests that the Company complies with high international standards in internal auditing.

All actions on the ESG fronts enabled the Company to remain in the B3 Corporate Sustainability Index (ISE) portfolio for the fourth consecutive year, a relevant achievement for all of us!

Finally, we cannot fail to mention the Company's evolution in cultural and digital transformation, which will underpin all business expansion processes. We continued with the Programa Germinar, an initiative to accelerate startups by M. Dias Branco, which involves all areas, and created, in 2023, the Simplifique Program, an important project that made it possible to replace our integrated management system, which came into effect from 2024. This change has allowed us to streamline and further integrate our processes, making the Company more prepared for the new growth cycle.

We have maintained and intensified our agenda with investors, holding meetings and conferences in Brazil and abroad to nurture and build a close, solid and lasting relationship with market agents. With high penetration in international markets, we ended the year with a 47.3% share of foreign investors in outstanding shares. We also maintained our proximity to customers, distributors and suppliers, optimizing our relationship with each of these stakeholders, in a constant search for synergies and balance of interests.

We know that, beyond the walls of the company and our business, we have a significant role in society, as agents of change in our communities, other audiences that interact with us and our country. Therefore, we continue working to consolidate M. Dias Branco as a benchmark company in the food sector, attentive to the interests and needs of the consumer, with diversified operations and a solid presence in Brazil and other countries, firm in the purpose of feeding and inspiring people, turning dreams into reality.

Ivens Dias Branco Júnior
CEO

M. DIAS BRANCO

M. Dias Branco S. A. Indústria e Comércio de Alimentos is a publicly traded corporation listed on B3 S.A. - Brasil, Bolsa, Balcão in Novo Mercado segment (MDIA3). Leader in Brazil's cookie & cracker, pasta, granolas and healthy cookies markets. M. Dias Branco operates in industrialization, sale and distribution of food. The Company's purpose is to feed and inspire people turning dreams into reality.

Dream, Do, Grow. This is the purpose of M. Dias Branco. With 70 years of history, the Company has been growing consistently and sustainably, investing in the modernization of its industrial park, the adoption of the best market management practices and the development of its professionals. The entire M. Dias Branco team is inspired by the mission, vision and values shared below:

Mission

To offer quality, innovative, healthy and tasty food with competitive prices, providing well-being and happiness to people.

Vision

To be a large food company in Brazil, with a global presence, diversified operations, sustainable growth and respect for our origins.

Values

Simplicity in relationships and in the search for practical solutions;

Attitude to innovate and make it happen;

Collaboration for business growth;

Respect for people and the common good;

Excellence in everything we do.

Its modern production facilities, plants strategically located throughout the country, vertical production process, portfolio of strong brands with national and international coverage, in addition to financial robustness and strong cash generation to support the growth strategy, are differentiators of M. Dias Branco's business model and which supports a profitable growth strategy.

The portfolio of brands and products deserves a special highlight. There are more than 20 brands, aims to meet different consumer profiles, operating in a complementary way across different markets and product categories. Brands such as Adria, Bonsabor, Estrela, Isabela, Finna, Fortaleza, Medalha de Ouro, Pelaggio, Pilar, Piraquê, Predilleto, Puro Sabor, Richester, Salsitos, Vitarella, Fit Food, Frontera, Smart, Taste&Co, Jasmine and Las Acacias, are strong in specific regions. The result of this strategy gives M. Dias Branco around 30% of the national pasta and cookies and crackers market, in addition to more than 90% of penetration in Brazilian households according to Kantar.

The main product categories are cookies and crackers, pasta, wheat flour and bran, margarine and vegetable shortening, in addition to other product lines, such as cakes, cake mixes, snacks and packaged toast. With the acquisition of Frontera, Fit Food, Smart and Jasmine, the Company reinforced its presence in healthy foods and snacks, in addition to marking its entry into the seasonings, sauces and condiments segments.

RECOGNITION

In 2023, M. Dias Branco's management and market practices earned recognition from several organizations. In this sense, we highlight some awards and recognitions:

Transparency ANEFAC Trophy, for the sixth year, for the quality of financial statements.

A-List Classification in the CDP Climate 2023, for extensive and transparent disclosure regarding Climate Change management and results.

Fitch Ratings reaffirms Rating AAA Stable Outlook, for the sixth consecutive year.

Corporate Sustainability Index (ISE) of B3, for the fourth consecutive year.

MSCI ESG reaffirms Rating AA, for the second consecutive year.

Teva Women in Leadership® Index, the first in Brazil to select companies with the highest share of women in governance.

B3's Great Place to Work Index (IGPTW), which considers certified companies as an excellent place to work.

IDIVERSA B3, top 20 companies that value diversity.

STRATEGIES AND OUTLOOK

In 2023, the Company continues to advance in implementing the Strategic Direction for the next cycle of growth. Growth and profitability continue to be priorities and its scope is framed around three pillars:

- Current business: growing in regions, product categories and sales channels where there is opportunity to increase market share;

- Other categories: entering new market segments, with a focus on expanding the portfolio, with brands and products with higher added value, increasing current margins;

- Internationalization: expanding its presence in the global market, either by increasing exports or maintaining operations in other countries.

In relation to the current business, the Company continue to advance in initiatives, such as the launch of products with higher added value, new packaging formats, consolidation of national brands, diversification of operating channels, and improvement of commercial execution at the point of sale, leveraging the progress of priority assortment and strategic items to ensure efficiency in sustaining margins.

Regarding expansion into other product categories, efforts were concentrated on strengthening the process of integrating the management of companies acquired in 2021 and 2022 into the corporate model, taking advantage of possible synergies and creating the conditions for brands such as Jasmine, Fit Food, Smart and Frontera to expand.

Also, the highlight was the integration of Las Acacias, a Uruguayan company acquired in 2022, which is among the top three pasta brands in Uruguay. The portfolio also includes sauces, cake mix, among other items. This is the Company's first inorganic transaction abroad, with great possibilities for synergies in the pasta segment.

For internationalization, the highlight was the acquisition of Las Acacias in 2022, a company founded in Montevideo in 1952, which is among the top three pasta brands in Uruguay. The portfolio also includes sauces, cake mix, among other items. This is the Company's first inorganic transaction abroad, with great possibilities for synergies in the pasta segment.

RESEARCH AND DEVELOPMENT (R&D)

M. Dias Branco reinforces the commitment to innovation, development and research, and has invested more in these pillars. An example of this is the creation, in 2023, of a specific committee to foster an innovative organizational culture. The objective is to generate value for consumers and investors, aligned to market trends, the optimization of formulas and processes and technological development.

During the year, 55 new products were launched (85 in 2022), 31 to the domestic market and 24 to export, which added to the launches of the last 24 months, amounted to R$ 443.8 million in revenue of the Company. The total investment in R&D and open innovation in the year was R$ 17.4 million (R$ 15.9 million in 2022).

Among the Research and Development (R&D) areas of activity the Germinar program as a source of attracting open innovation projects. Germinar, a relationship program with startups that seeks solutions for current business and new businesses, completed its 5th edition with over 312 startups registered.

DIGITAL TRANSFORMATION

M. Dias Branco invests consistently to promote digital transformation in a solid and sustainable way. At the Company, digital transformation is guided by three strategic pillars: Digital Business, Digital Company and Digital Enablers. These pillars shape the approach to integrating emerging technologies, optimizing processes and strengthening responsiveness to market dynamics.

In 2023, the implementation of the *Simplifique* Project stands out, with the aim of modernizing and unifying the Company's business management systems, marking the transition to SAP S/4HANA RISE in January 2024, a state-of-the-art business resource planning platform (ERP). The advanced system allows operations to be managed more effectively, with flexibility and scale to support future growth, in addition to harmonizing processes throughout the Company, promoting a more integrated and innovative work culture.

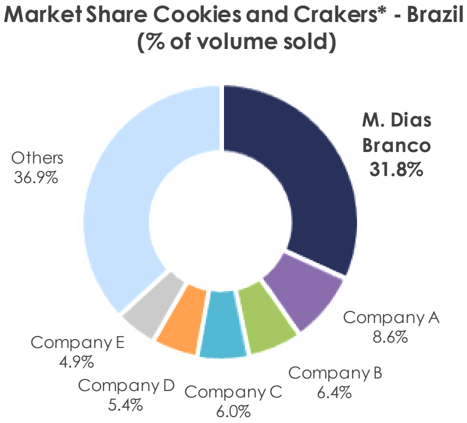
The *Simplifique* Project was the central axis of the digital transformation strategy carried out and represents a milestone in the trajectory of M. Dias Branco, symbolizing a radical change in technological infrastructure and business processes.

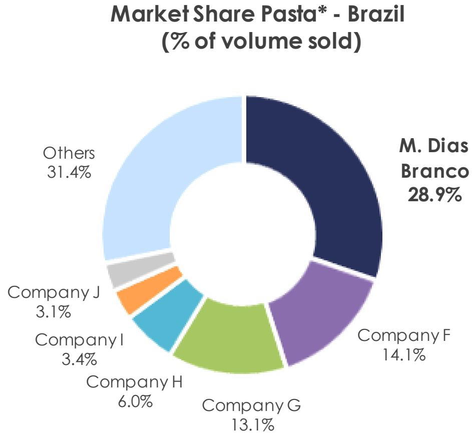
It should be noted that, as the company advances, the *Simplifique* Project will continue to be a benchmark for the digital transformation strategy, enabling M. Dias Branco to reach new levels of operational excellence and innovation in the food sector.

MARKET CONTEXT

MARKET SHARE

M. Dias Branco is in the leading position in the cookies and crackers and pasta markets in Brazil, whose share of sales volume in 2023 was **31.8%** in cookies and crackers (32.0% in 2022) and **28.9%** in pasta (31.0% in 2022). The graph shows M. Dias Branco's market share and its main competitors in the period from January to December 2023.



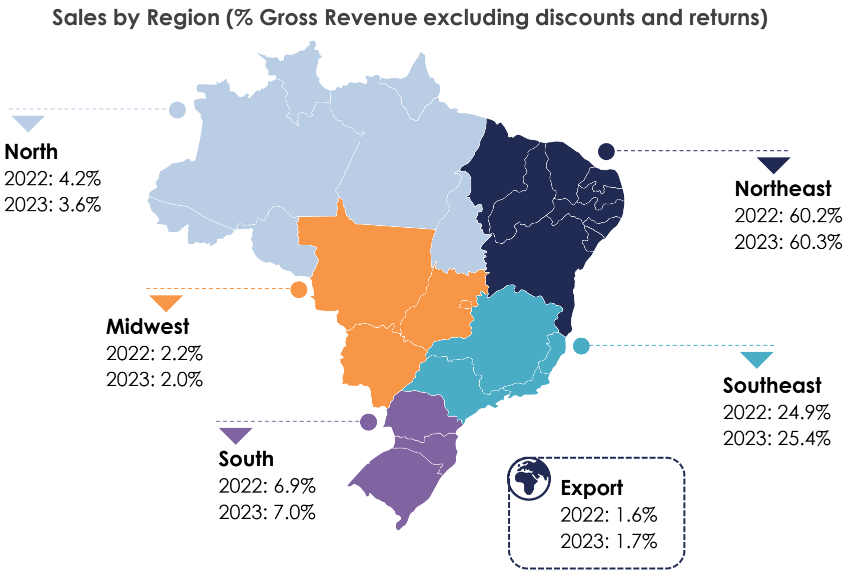


***Source:** Nielsen – Retail Index. Total Brazil. INA+C&C. Cookies and Crackers / Pasta.

SALES BY REGION AND CHANNEL

The Company maintains the strategy of geographic sales diversification. In 2023, the Defense area (North and Northeast regions), with **63.9%** of sales (64.4% in 2022) and the Attack area (South, Southeast and Midwest regions), with **34.4%** of sales (34.0% in 2022), recorded growth in net revenue of 6.2% and 8.3%, respectively, through an increase in volumes and average price. In the Attack region, growth reported was mainly due to an increase in volumes in the flour/bran categories and higher value-added items (Jasmine)

The exports recorded net revenue growth of 13.7%, with **1.7%** of sales (1.6% in 2022).



Regarding sales channels, highlighting the increased representation of Cash & Carry and Distributors in 2023.

Client Mix	2023	2022	Var. %
Small Retail	18.0%	19.1%	-1.1 p.p
Wholesale	16.8%	18.2%	-1.4 p.p
Key Accounts / Regional Chains	21.9%	22.5%	-0.6 p.p
Cash and Carry	24.5%	22.9%	1.6 p.p
Distributors	12.5%	11.3%	1.2 p.p
Industry	3.0%	3.0%	0 p.p
Other	3.3%	3.0%	0.3 p.p
TOTAL	**100.0%**	**100.0%**	

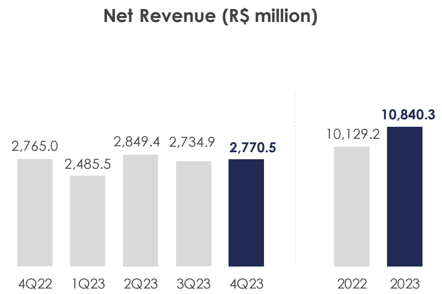
Note: Client mix, considering gross revenue excluding discounts and returns.

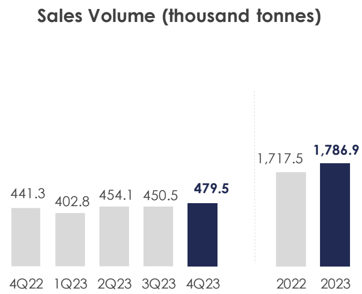
Major Customers		Sales 2023 (R$ million)*	Gross revenue* (%)	
Sequence	Accumulated		Individual	Accumulated
Major Customer	1	1,067.3	8.3%	8.3%
49 Subsequent	50	4,093.8	32.0%	40.3%
50 Subsequent	100	1,084.7	8.5%	48.8%
900 Subsequent	1,000	3,971.8	31.1%	79.9%
Other Clients	All clients	2,568.1	20.1%	100.0%
TOTAL		**12,785.7**		

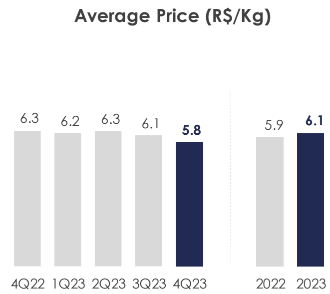
*Gross revenue excluding discounts and returns.

ECONOMIC AND FINANCIAL PERFORMANCE

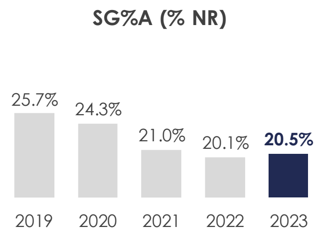
In 2023, M. Dias Branco achieved **R$ 10.8 billion** net revenue in 2023, all-time high, **7.0%** higher than previous year, as a result of the expansion in volumes **(+4.0%)** and average price **(+2.9%)**.





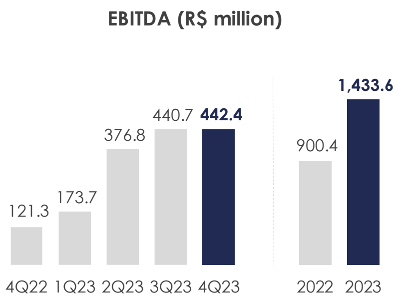


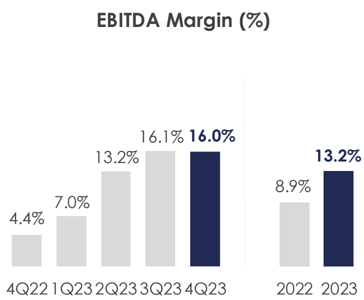
The all-time high net revenue was mainly the result of the following initiatives aligned with the plan to grow with profitability during the year, including investments in marketing to speed up sales and strengthen brands; evolution of service level; accelerated growth of strategic items, such as cookies and wafers; evolution of our revenue management process; and reintroduction of low-price brands for some cash & carry customers.

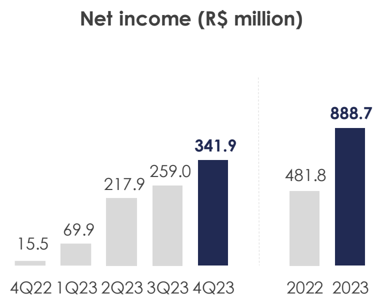


Regarding costs, the decrease in wheat and palm oil prices impacted positively the result over the course of the year. Highlight for an increase in gross margin by **4.7 p.p**, going from 28.5% in 2022 to **33.2%** in 2023. In terms of selling and administrative expenses (SG&A), they remain under control, representing **20.5%** of net revenue in 2023, which reinforces the productivity and efficiency gains achieved in the last few years.

As a result, the Company recorded **R$ 1.4 billion** EBITDA (+59.2% versus 2022), with **13.2%** EBITDA margin (8.9% in 2022) and **R$ 888.7 million** net income (+84.5% versus 2022).







The main indicators of consolidated results for 2023 compared to 2022 are shown below, reaffirming M. Dias Branco's commitment to long-term value creation for its shareholders:

Financial and operating results	2023	2022	Variation
Net Revenue (R$ million)	10,840.3	10,129.2	7.0%
Total Sales Volume (thousand tonnes)	1,786.9	1,717.5	4.0%
Cookies and Crackers Sales Volume (thousand tonnes)	514.4	520.5	-1.2%
Pasta Sales Volume (thousand tonnes)	354.6	358.1	-1.0%
Market Share of Cookies and Crackers (volume)*	31.8%	32.0%	0 p.p
Market Share of Pasta (volume)*	28.9%	31.0%	0.5 p.p
Net Income (R$ million)	888.7	481.8	84.5%
EBITDA (R$ million)	1,433.6	900.4	59.2%
EBITDA Margin	13.2%	8.9%	0.1 p.p
Net Cash (Debt) (R$ million)	73.6	-1,580.4	n/a
Net Cash (Debt) / EBITDA (last 12 months)	0.1	-1.8	n/a
Capex (R$ million)	366.7	280.2	30.9%
Net Cash generated from operating activities	2,125.8	106.6	n/a

Note: The v alues presented were updated by Nielsen.

NET REVENUE

In 2023, the net revenue was **R$ 10.8 billion**, all-time high, with expansion in volumes sold **(+4.0%)** and average price **(+2.9%)**. Highlight for the 30.9% growth in revenue from other products, in line with the Company's strategy of launching high value-added products.

	2023			2022			Var. %		
Segment	Net Revenue	Volume	Price	Net Revenue	Volume	Price	Net Revenue	Volume	Price
Cookies and Crackers	5,565.9	514.4	10.82	5,137.8	520.5	9.87	8.3%	-1.2%	9.6%
Pasta	2,264.3	354.6	6.39	2,110.6	358.1	5.89	7.3%	-1.0%	8.5%
Wheat Flour and Bran	1,929.6	812.5	2.37	1,861.5	737.0	2.53	3.7%	10.2%	-6.3%
Margarine and Vegetable Shortening	637.8	79.4	8.03	681.2	80.8	8.43	-6.4%	-1.7%	-4.7%
Other products**	442.7	26.0	17.03	338.1	21.1	16.02	30.9%	23.2%	6.3%
TOTAL	**10,840.3**	**1,786.9**	**6.07**	**10,129.2**	**1,717.5**	**5.9**	**7.0%**	**4.0%**	**2.9%**

*Net rev enue in R$ million, weight excluding sales returns in thousand tonnes and net av erage price in R$/Kg.

**Cakes, snacks, cake mix, packaged toast, healthy products, sauces and seasonings.

Consistent investments in new product launches, commercial and marketing actions and attention to market trends are part the strategy to strengthen our brands. In 2023, many actions were carried out on Piraquê, Vitarella, Adria and Isabela brands.

A emphasize for investments with the campaigns "Parece igual, mas tem diferença" from Vitarella; "Neologio", from Adria, with Claude Troisgros; "Q de Piraquê" and "Família Maltado", from Piraquê, with Ludmilla; and "Tem Isabela, tem história pra contar".

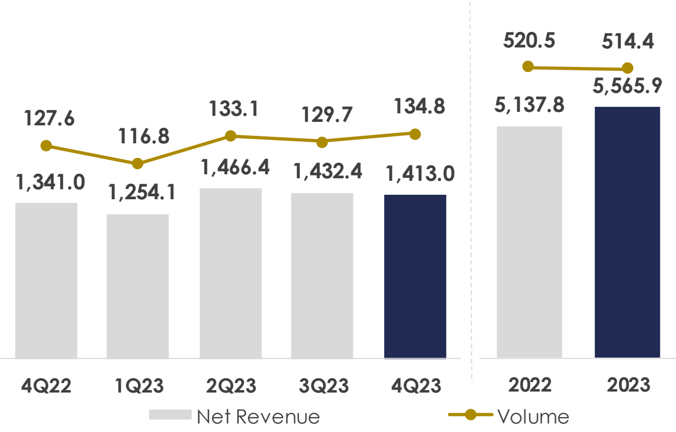
Cookies and crackers

Net revenue of cookies and crackers increased **8.3%** in **2023** versus 2022, as average price increased in **9.6%** and volume decreased in **1.2%**.

The decrease in volumes occurred mainly in the Midwest and North regions, and in the savory cookies and cream cracker subcategory.

Highlight for the performance of strategic items, applied within the concepts of Loja Perfeita (Perfect Store), such as cookies and wafers, and core business items, such as maria/maizena and sandwich cookies.

Cookies and Crakers - Net Revenue (R$ million) and Net Volume (thousand tonnes)



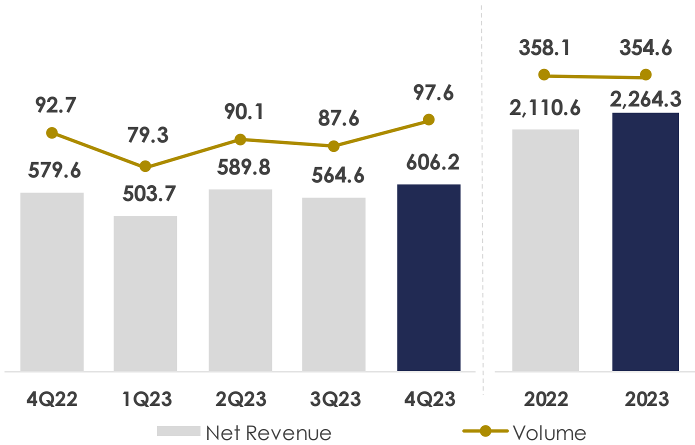
Pasta

For pasta, net revenue recorded **7.3%** growth in 2023 versus 2022, as average price increased **8.5%**, offsetting the **1.0%** decline in volumes.

The growth in net revenue occurred mainly in the semolina and common pasta subcategories. Highlight the improved competitiveness through the adjustment of packaging sizes.

On the other hand, the decrease in volumes occurred mainly in the North region and in the semolina pasta subcategory.

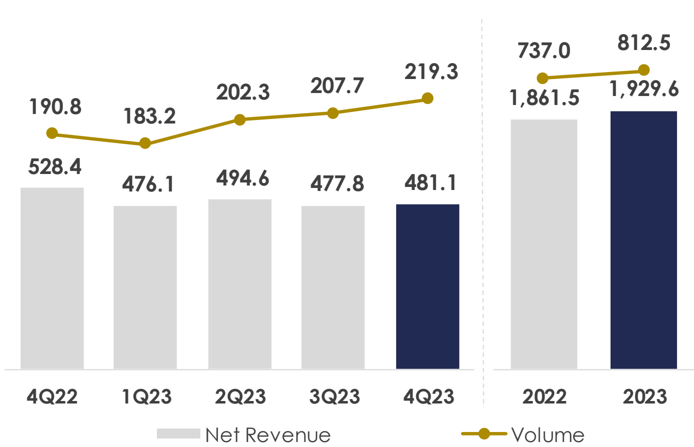
Pasta - Net Revenue (R$ million) and Net Volume (thousand tonnes)



Flour and Bran

In **2023**, net revenue from flours and brans recorded **3.7%** growth compared to 2022, as expansion of volumes sold by **10.2%** and a **6.3%** decrease in average price, influenced by the reduction in the average cost of wheat.

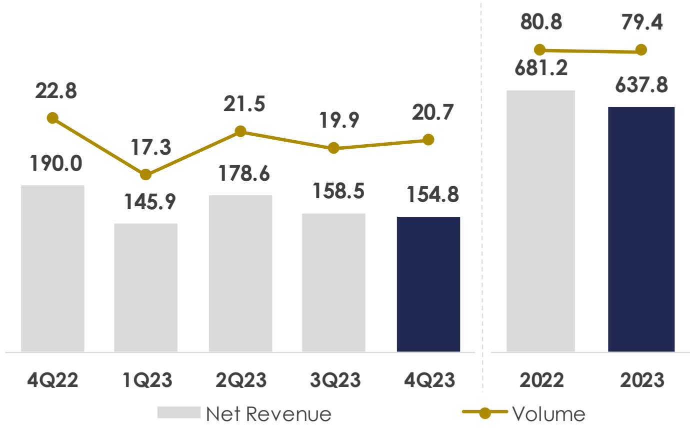
Wheat Flour and Bran - Net Revenue (R$ million) and Net Volume (thousand tonnes)



Margarine and Vegetable Shortening

Net revenue from margarine and vegetable shortening decreased **6.4%**, with **1.7%** increase in volumes sold and **4.7%** increase in average price, following the trend of palm oil prices.

Margarine and Vegetable Shortening - Net Revenue (R$ million) and Net Volume (thousand tonnes)



COSTS

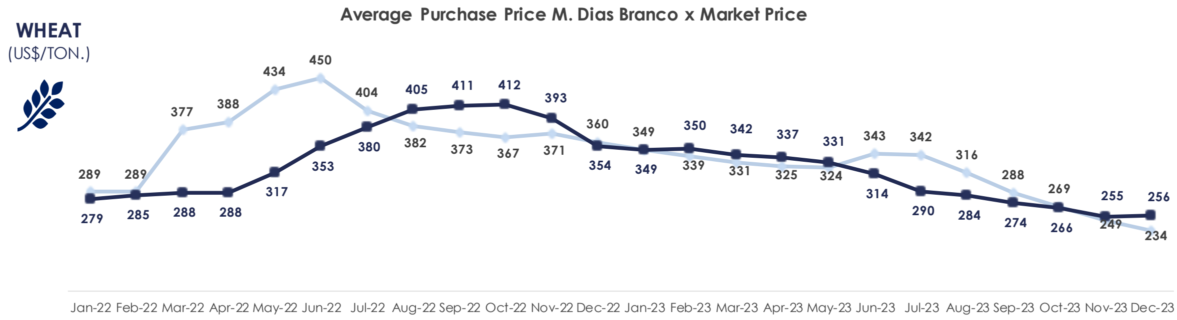
In 2023, the cost of goods sold drop **0.9%** compared to the previous year, representing **71.5%** of net revenue of the period (77.2% in 2022).

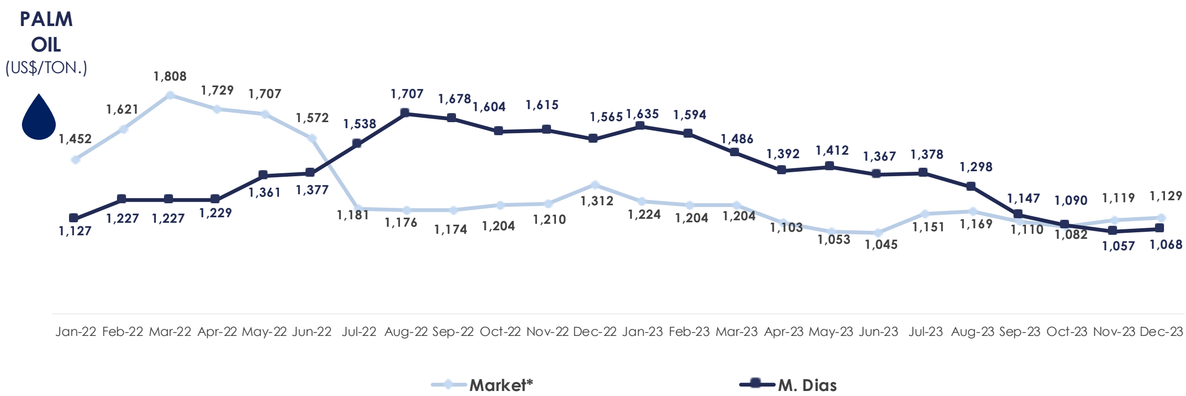
COGS (R$ million)	2023	% Net Rev.	2022	% Net Rev.	Variation	
Raw material	**5,321.8**	**49.1%**	**5,582.1**	**55.1%**	**-4.7%**	**-6 p.p.**
Wheat	3,282.4	30.3%	3,568.3	35.2%	-8.0%	-4.9 p.p.
Vegetable Oil	1,079.4	10.0%	1,196.8	11.8%	-9.8%	-1.8 p.p.
Sugar	299.3	2.8%	278.2	2.7%	7.6%	0.1 p.p.
Third Party Flour	9.8	0.1%	8.0	0.1%	22.5%	0 p.p.
Third Party Vegetable Shortening	0.2	0.0%	0.2	0.0%	0.0%	0 p.p.
Other	650.7	6.0%	530.6	5.2%	22.6%	0.8 p.p.
Packages	**663.1**	**6.1%**	**649.7**	**6.4%**	**2.1%**	**-0.3 p.p.**
Labor	**855.4**	**7.9%**	**723.7**	**7.1%**	**18.2%**	**0.8 p.p.**
Indirect costs	**662.8**	**6.1%**	**617.7**	**6.1%**	**7.3%**	**0 p.p.**
Depreciation and amortization	**212.0**	**2.0%**	**183.6**	**1.8%**	**15.5%**	**0.2 p.p.**
Cost of goods sold	**32.6**	**0.3%**	**59.8**	**0.6%**	**-45.5%**	**-0.3 p.p.**
Total	**7,747.7**	**71.5%**	**7,816.6**	**77.2%**	**-0.9%**	**-5.7 p.p.**

The **5.7 p.p** decrease in COGS as a percentage of revenue in 2023 versus 2022 mainly reflected the decrease in the average cost of the main commodities:

- **16,0%** decrease in the average cost of wheat;
- **14,6%** decrease in the average cost of oil;
- **6,1%** increase in the average cost of sugar.

As for the impact of wheat and palm oil prices, is evident in the graphs below the evolution of acquisition prices in M. Dias Branco's inventories and market prices for the periods from 2022 to 2023:





***Source:** Wheat - SAFRAS & Mercado; Palm oil - Rotterdam.

PRODUCTION AND UTILIZATION OF PRODUCTION CAPACITY

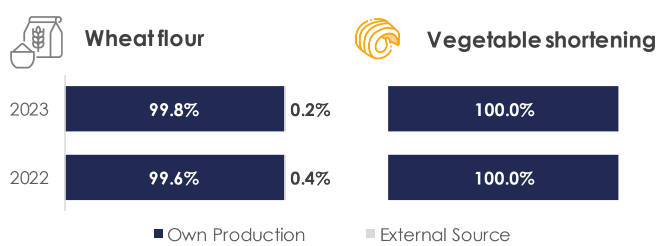
In 2023, the level of capacity utilization totaled **60.3%** (+1.0 p.p versus 2022), maintaining healthy levels that enable the growth strategy, with a focus on expansion in the Attack region (South, Southeast and Midwest), the accelerated growth in the foreign market and the introduction of new categories and items with higher added value.

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products**		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total Production	519.0	543.9	360.4	364.7	1,545.1	1,509.0	167.6	175.8	20.9	19.1	2,613.0	2,612.5
Total Production Capacity	882.9	943.4	526.9	554.8	2,505.0	2,503.7	360.0	360.0	56.1	44.1	4,330.9	4,406.0
Capacity Utilization	**58.8%**	**57.7%**	**68.4%**	**65.7%**	**61.7%**	**60.3%**	**46.6%**	**48.8%**	**37.3%**	**43.3%**	**60.3%**	**59.3%**

Note: Total production capacity refers to the maximum yield that can be extracted from the equipment, considering the losses caused by maintenance stoppages, setup time, line clean-up, restrictions on the maximum number of shifts in each plant, etc.

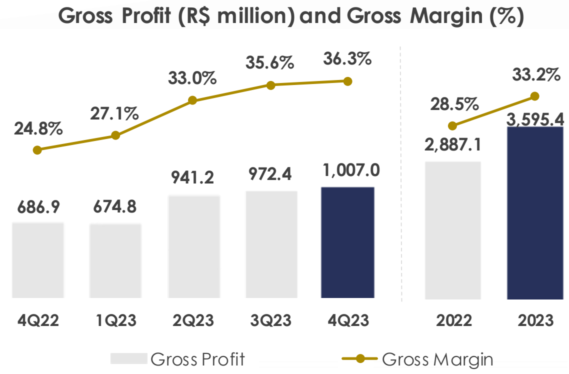
VERTICAL INTEGRATION

The Company produces most part of its two main raw materials used in the production. In 2023, **99.8%** of all wheat flour and **100.0%** of all vegetable shortening used in the production process were manufactured in-house (99.6% and 100% in 2022, respectively).



GROSS PROFIT

In 2023, gross profit in nominal terms grew by **24.5%**, with an increase in gross margin by **4.7 p.p.**, expanding from 28.5% in 2022 to **33.2%** in 2023. The increase reflects the successful pricing strategy, combined with the growth in volumes, as well as cost reduction due to the drop in commodity prices.



OPERATING EXPENSES

Selling and administrative expenses (SG&A) remain under control, representing SG&A at **20.5%** of net revenue in 2023.

The nominal growth reflects the higher volumes sold (4.0%), as well increased investments in marketing. In relation to other revenues/expenses, highlight for highest levels of donations in the year.

Operating Expenses (R$ million)	2023	% Net Rev.	2022	% Net Rev.	Variation	
Selling*	1,900.6	17.5%	1,749.9	17.3%	8.6%	0.2 p.p.
Administrative	322.3	3.0%	287.7	2.8%	12.0%	0.2 p.p.
(SG&A)	**2,222.9**	**20.5%**	**2,037.6**	**20.1%**	**9.1%**	**0.4 p.p.**
Donations	35.3	0.3%	19.8	0.2%	78.3%	0.1 p.p.
Taxes	38.6	0.4%	32.8	0.3%	17.7%	0.1 p.p.
Depreciation and amortization	152.9	1.4%	133.6	1.3%	14.4%	0.1 p.p.
Other operating expenses/(revenue)	76.8	0.7%	80.4	0.8%	-4.5%	-0.1 p.p.
TOTAL	**2,526.5**	**23.3%**	**2,304.2**	**22.7%**	**9.6%**	**0.6 p.p.**

*Salaries and benefits, freight and other expenses with marketing, sales force and logistics.

Note: In the presentation of Financial Statements, depreciation and amortization expenses were included in selling and administrative expenses,and tax expenses were added to other expenses (income), net. For further information see Note 29 to the financial statements for the year ended December 31, 2023.

FINANCIAL RESULT

In 2023, the Company reported a negative result of **R$ 132.6 million**, compared to a result of **R$ 231.5 million** in 2022, mainly due to higher revenue from financial investments, given the growth of cash and cash equivalents from R$0.6 billion in 2022 to **R$2.3 billion** in 2023.

Financial Result (R$ million)	2023	2022	Var. %
Financial Revenue	417.0	332.0	25.6%
Financial Expenses	-549.6	-563.5	-2.5%
TOTAL	**-132.6**	**-231.5**	**-42.7%**

The redution was mainly due to higher revenues from investment and monetary adjustments on extemporaneous tax credits, in addition to lower spread impact on derivative operations.

INVESTMENT SUBSIDIES

Investment subsidies are transferred to the result in compliance with CPC 07 and IAS 20 – Government Subsidies and are divided between state and federal.

In most cases, state government subsidies are calculated based on the ICMS value attributed to the cost of production and allocated in the Statement of Income, below the cost of goods sold. In 2023, the Company acquired the right to **R$ 502.8 million** (R$ 574.5 million in 2022).

Furthermore, the Company was entitled to recognize **R$ 120.7 million** (R$ 111.5 million in 2022) in presumed tax credits, and, in other operating income, acquired the right to **R$ 4.7 million** (R$ 3.8 million in 2022) referring to FUNDOPEM ("Fundo Operação Empresa do Estado do Rio Grande do Sul"), detailed in Note 22 to the financial statements for the year 2023.

As for federal tax incentives, these are obtained by making investments for the new manufacturing plants located in the area where SUDENE - Northeast Development Agency – operates and allocated in the income statement as a deduction from corporate income tax. The Company did not use the respective incentive in 2023, as there was no income tax due.

EBITDA AND NET PROFIT

The Company closed 2023 with all-time EBITDA of **R$ 1.4 billion** (up by **59.2%** over 2022), with an EBITDA margin of **13.2%** (8.9% in 2022), reflecting the drop in commodity costs, the consistent evolution of average prices and volumes sold, and the control of expenses. Net income reached a record of **R$ 888.7 million** in 2023, an increase of **84.5%** vs. 2022, result of the expansion in EBITDA and the improvement in the financial result.

EBITDA – NET REVENUE

EBITDA CONCILIATION (R$ million)	2023	2022	Var. %
Net Revenue	**10,840.3**	**10,129.2**	**7.0%**
Cost of goods sold	-7,747.7	-7,816.6	-0.9%
Depreciation and Amortization of cost of goods	212.0	183.6	15.5%
Tax Incentive (ICMS)	502.8	574.5	-12.5%
Operating Expenses	-2,526.5	-2,304.2	9.6%
Equity in net income of subsidiaries	-0.2	0.3	n/a
Depreciation and Amortization of expenses	152.9	133.6	14.4%
EBITDA	**1,433.6**	**900.4**	**59.2%**
EBITDA Margin	**13.2%**	**8.9%**	**4.3 p.p**

EBITDA – NET INCOME

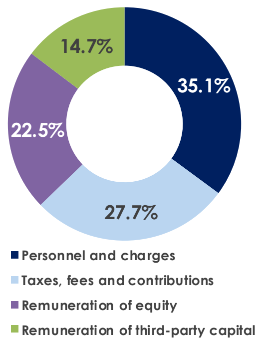
EBITDA CONCILIATION (R$ million)	2023	2022	Var. %
Net Profit	**888.7**	**481.8**	**84.5%**
Income Tax and Social Contribution	47.4	-130.6	n/a
Income Tax Incentive	0.0	0.5	-100.0%
Financial Revenue	-417.0	-332.0	25.6%
Financial Expenses	549.6	563.5	-2.5%
Depreciation and Amortization of cost of goods	212.0	183.6	15.5%
Depreciation and Amortization of expenses	152.9	133.6	14.4%
EBITDA	**1,433.6**	**900.4**	**59.2%**
EBITDA Margin	**13.2%**	**8.9%**	**4.3 p.p**

VALUE ADDED

In 2023, the wealth produced by the Company was **R$ 3.9 billion**. The amount allocated to personnel and payroll totaled R$ 1.4 billion, representing the most significant portion, followed by taxes, fees and contributions; remuneration of equity; and remuneration of third-party capital, as shown below:

Distribution of value added (R$ million)	2023	%VA	2022	%VA
Personnel and charges	1,388.5	35.1%	1,209.0	42.4%
Taxes, fees and contributions	1,095.9	27.7%	571.7	20.1%
Remuneration of third-party capital	579.3	14.7%	587.3	20.6%
Remuneration of equity (Retained earnings)	888.7	22.5%	481.8	16.9%
Total	**3,952.4**	**100.0%**	**2,849.8**	**100.0%**

Distribution of value added



CAPITALIZATION, DEBT AND CASH FLOW

The Company closed the period with a cash position of **R$2.3 billion** (R$0.6 billion in 2022) and gross debt of **R$2.2 billion** (R$2.2 billion in 2022), in addition to a reduction in leverage, with net cash/LTM EBITDA of **0.1x** in 2023 (net debt was 1.8x in 2022).

Capitalization (R$ million)	2023	2022	Variation
Cash	2,267.8	648.0	250.0%
Linked deposits	2.8	69.6	-96.0%
Financial Investments Short Term	15.2	16.6	-8.4%
Financial Investments Long Term	2.1	1.5	40.0%
Total Indebtedness	**-2,171.1**	**-2,226.5**	**-2.5%**
(-) Short Term	-522.5	-561.9	-7.0%
(-) Long Term	-1,648.6	-1,664.6	-1.0%
(-) Derivatives Financial Instruments	**-43.2**	**-89.6**	**-51.8%**
(=) Net Cash (Net Debt)	**73.6**	**-1,580.4**	**n/a**
Shareholder's Equity	7,604.7	6,708.7	13.4%
Capitalization	**9,775.8**	**8,935.2**	**9.4%**

Indicator	2023	2022	Variation
Cash (Debt) Net / EBITDA (last 12 months)	0.1	-1.8	n/a
Cash (Debt) Net / Shareholder's Equity	1.0%	-23.6%	24.6 p.p
Indebtedness / Total Assets	17.6%	19.5%	-1.9 p.p

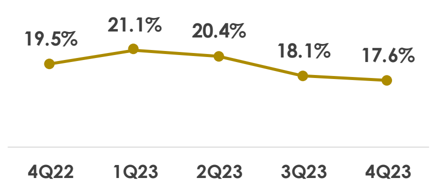
The Company ended 2023 with a debt-to-asset ratio of **17.6%**, 1.9 p.p. lower as compared to the final position in 2022, as shown in the graph on the side, influenced by the **2.5%** decrease in total debt.

The net cash reached **R$ 73.6 million** in 2023 (net debt R$ 1,580.4 million in 2022) and leverage was **0.1x** in 2023 (net debt-to-EBITDA for the last 12 months was 1.8x in 2022).

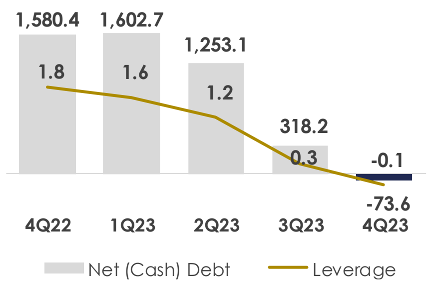
The decrease in leverage was mainly due to the reduction in net debt and the increase in cash generated from operating activities.

At the end of 2023, **75.9%** of the debt was in the long term, while **24.1%** was short term. A highlight was the Rating AAA Stable Outlook, reaffirmed by Fitch for the 6th consecutive year.

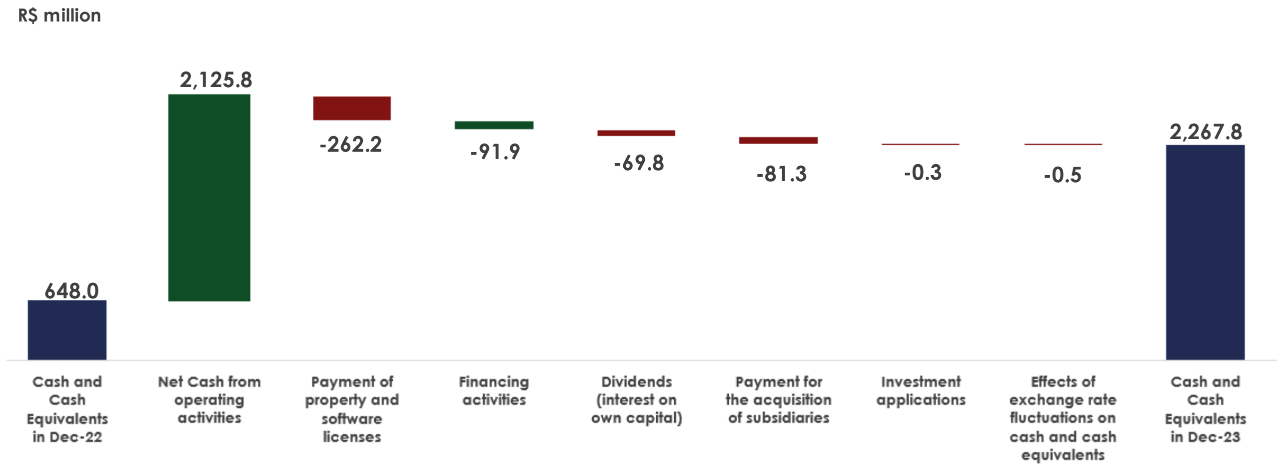
Debt-to-asset ratio (%)



Net (Cash) Debt (R$ million) and Leverage

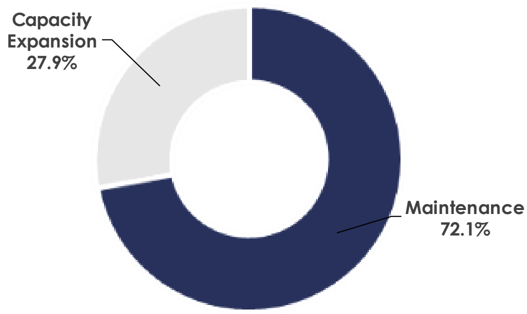


Thus, the Company ended 2023 with cash and cash equivalents of **R$2.3 billion** (R$ 0.6 billion in 2022), as shown in the graphs below:



INVESTMENTS

Investments (R$ million)	2023	2022	Variation
Buildings	60.9	35.4	72.0%
Machinery and equipment	155.3	125.1	24.1%
Construction in progress	33.3	27.1	22.9%
Vehicles	0.0	0.7	-100.0%
IT Equipment	6.0	8.5	-29.4%
Furniture and Fixtures	9.3	8.5	9.4%
Software Use License	100.5	73.0	37.7%
Others	1.4	1.9	-26.3%
Total	**366.7**	**280.2**	**30.9%**



Investments totaled **R$366.7 million** in 2023 (30.9% growth vs. 2022). We highlight investments in software, with the implementation of the SAP system (*Simplifique* project).

The Company maintained investments in subsidiaries. The relevant changes and details are disclosed in Note 10 to the financial statements for the year ended December 31, 2023.

SHAREHOLDER REMUNERATION

The Company's bylaws set forth the distribution of a minimum dividend of 25% of the net income for the year, adjusted pursuant to art. 202 of Law No. 6,404/1976, as well as the possibility of crediting shareholders in the form of interest on equity – IoE, in compliance with the limits established by law. Interest on equity shall always be ascribed to the mandatory dividend.

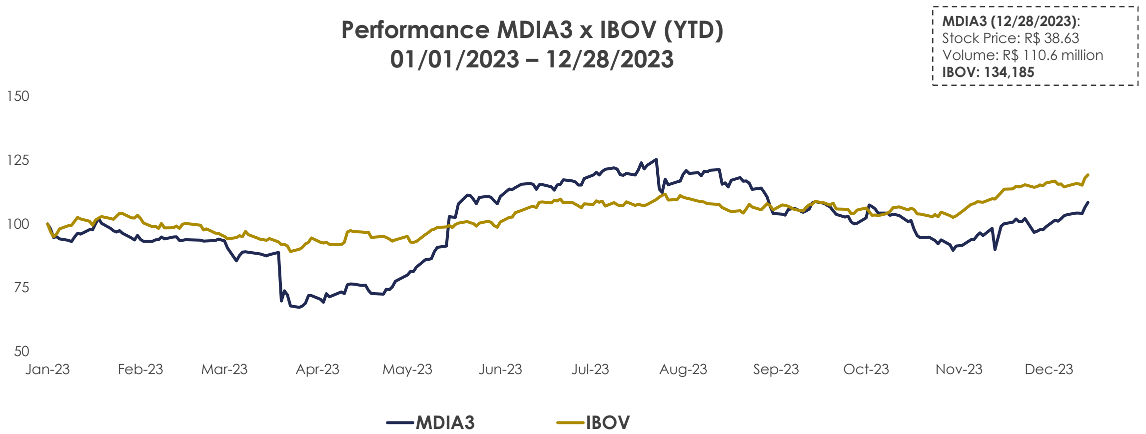
The shareholder remuneration policy, approved in 2023, provides for a target percentage of eighty percent (80%) of the adjusted net income related to the reference year and frequency of five payments per year, four of them with a fixed amount of R$ 0.06 per share and the fifth referring to the residual value, after approval by the Shareholders' Meeting, which will resolve on the financial statements for the reference year.

In the year ended December 31, 2023, the Company recorded a dividend distribution base R$ 18.5 million. Despite the distribution base of around R$ 18.5 million at a meeting of the Board of Directors on 12/08/2023, it was decided, ad referendum of the Annual General Meeting, the total gross amount for credit and payment of interest on the equity of R$ 212.0 million (R$ 655.5 million as of December 31, 2022), of which R$ 193.5 million comes from reserves for investment plans.

CAPITAL MARKET

The Company's shares are traded on B3 (Brasil, Bolsa e Balcão) under the ticker MDIA3 and are listed in Novo Mercado segment, which appreciated **9.6%** in 2023, highlighting the increase in liquidity.

On **December 28, 2023**, there were **66,382,473** outstanding shares, representing 19.6% of the Company's share capital, priced at **R$38.63** each. In 2023, the average number of trades of MDIA3 shares was **6,218** (7,617 in 2022). We highlight the increase in the average daily financial value of transactions from R$45.4 million in 2022 to **R$47.5 million** in 2023.



M. Dias Branco is part of important stock indexes: ISE (Corporate Sustainability Index), IBrA (Brazil Broad-Based Index), IBrX 100 (Brazil 100 Index), ICO2 (Carbon Efficient Index), ICON (Consumption Index), IGC (Special Corporate Governance Index),), IGC-NM (Corporate Governance Index - Novo Mercado), IDIVERSA (Diversity Index), IGCT (Corporate Governance Trade Index), INDX (Industrial Index), ITAG (Special Tag Along Stock Index), SMLL (Small Cap Index) and IGPTW (GPTW Index).

MDIA B3 LISTED NM IBRA B3 IBRX100 B3 ICO2 B3 ICON B3 IGC-NM B3 IDIVERSA B3 IGCT B3 INDX B3 ISE B3 ITAG B3 SMLL B3 IGC B3 IGPTW B3 MSCI ESG RATINGS AA

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The socio-environmental progress is increasingly integrated into the decision-making process, internal and external evaluation mechanisms, and consequently, to the creation of value for the Company. Therefore, M. Dias Branco, aims to continue improving environmental, social, and governance aspects.

As a consequence of adopting sustainability as part of the business, in 2023, M. Dias Branco remained in the Sustainability Index (ISE) and in the Teva Women in Leadership Index, joining the iDiversa, iCO2 and iGPTW portfolios, all from B3. Highlight for the double AA rating from Morgan Stanley Capital International (MSCI) and entry into the list of companies with A rating from CDP Climate (Disclosure Insight Action). We are among the three best ranked companies in Guia EXAME Melhores do ESG 2023, in the Agribusiness, Food and Beverage category; and won the 30% Club Brazil Award.

Thus, reinforcing its position as a company focused on the ESG agenda, the ESG Committee and the Board of Directors approved the priority topics, indicators, targets and governance, prioritizing the topics grouped into three pillars that represent ESG:

Caring for the Planet

Manage environmental impacts and promote efficiency in the use of natural resources.

- Water
- Energy
- Climate change
- Waste
- Sustainable plastic packaging and materials
- Combating food loss and waste

Believing in People

Promote social development and people's well-being.

- Relationships with communities
- Human capital
- Diversity and inclusion
- Health and safety
- Healthy and nutritious food
- Food safety

Strengthening Alliances

Improve governance for sustainable development across our value chain.

- Risks and opportunities in sustainability
- Governance, ethics and integrity
- Sustainable value chain

All business areas support governance through practices, programs and projects. Each prioritized topic is addressed through multidisciplinary Working Groups (GTs) or is part of the scope of activity of a specific area. The results of the initiatives are reported on a regular basis to the Sustainability Committee and at the management level in the monthly Management by Guidelines (GPD) meetings.

The Sustainability Policy establishes M. Dias Branco's commitment to make sustainability part of the Company's culture, evidenced in business decisions and practices. The document is aligned with the purpose, mission, vision and values and reinforces the Company's commitments to protect and respect its stakeholders.

ENVIRONMENTAL MANAGEMENT

The Company's environmental strategy focuses on managing environmental impacts and promoting efficient use of natural resources, guided by the concept of sustainable development and in compliance with applicable legal provisions. The commitment to the Sustainable Development Goals (SDGs) and the Global Compact Principles stands out.

The commitment to protecting the environment, preventing pollution and making sustainable use of resources is documented in the Integrated Management System Policy (SGI), which covers the environmental impacts considered significant and the drivers in the definition of environmental goals.

WATER

The Company takes actions to ensure that activities are performed in such a way as to minimize the level of vulnerability of the water sources used, such as reducing consumption and reuse of water and treatment of effluents. There are two public targets were announced on water consumption by 2030: Reduction of water consumption to 0.40 m^3/ton of products and reaching 30% of water reuse.

The water consumption grown from 0.45m^3 in 2022 to 0.46m^3 in 2023, due to non-routine maintenance shutdowns, such as reservoir renovations. In relation to water reuse in the year, it was 15.9% (17.1% in 2022), the result was impacted by the rainy season, which made reuse for landscaping unfeasible

The Company continue to adopt measures in relation to this topic, such as the use of rainwater harvesting systems, quick action in solving leaks and losses, and awareness actions, informing the results related to the use of natural resources for the stakeholders.

WASTE

The Company seeks to implement the best practices so that waste follows sustainable processes, aiming to reduce the generation of solid waste and its disposal in a more sustainable way. The Company's initiatives are expressed in two public commitments by 2030: zeroing the amount of waste sent to landfills in all operations and collecting 38% of all post-consumption packaging.

The Aterro Zero (Zero Landfill) program has advanced year after year. In 2023, the Company sent only 5.13% of waste generated to landfill. In total, five units that do not send any waste to landfills, with nobler destinations such as recycling and composting, among others.

In addition, waste recycling index is one of the performance and bonus indicators for the environment team and the Corporate Environment Management. In 2023, **34,796.09** tons of waste were produced (44,770.79 in 2022).

The company also has a robust process for qualifying waste disposal and transportation companies, avoiding negative impacts in the process, and takes actions to ensure that activities are performed so as to minimize the level of impact from waste generation and disposal.

CLIMATE CHANGE

Climate change is a material theme that is part of the Strategic Sustainability Agenda. In this sense, the Company has assumed the goal of reducing absolute greenhouse gas emissions in scopes 1 and 2 by 20% by 2030. The greenhouse gas emissions inventory has not yet been completed and certified until the release of the Management Report.

There was progress in the project to launch a product with a carbon neutral seal, with definition of the item and completion of carbon footprint studies. By 2030, the Company will have 2 product lines with this characteristic.

In addition, the *Descarbonize* program (Decarbonize Program) – Towards a low-carbon future was launched, the Company's decarbonization program that translates the strategy to achieve the goal of reducing greenhouse gases (GHG). The program aims to concentrate all the projects and actions necessary to build a low-carbon future.

As a consequence of the important advances, the Company achieved an 'A' grade in the A List ranking, from CDP Climate (Disclosure Insight Action), which states that the Company presented broad and transparent disclosure regarding its management and results related to Climate Change, in addition to real commitment to sustainability.

ENERGY

The adoption of a clean and sustainable energy matrix is key to achieve significant results related to action against climate change. The company's initiatives are expressed by the public commitment of having 90% of all the electric energy consumed in the units coming from renewable sources by 2030.

The most relevant initiative in this regard was the partnership signed with Serena Geração S.A. (designated Omega Geração S.A. until October 2023), for the generation of renewable energy consumed by the company. The effectiveness of the measures adopted by the Company is evidenced by the increased share of renewable energy in its energy matrix, rising from a level of 32.6% to 65.3% in 2023 (at the time of this report's release).

SUSTAINABLE PLASTIC PACKAGING AND MATERIALS

Plastic packaging guarantees product protection. In view of this, the Company is responsible for addressing the need to reduce the environmental impact of packaging throughout its life cycle and to incorporate recycled components, when applicable, to reduce the demand for virgin plastic and cellulose components.

In this sense, M. Dias Branco defined as a public commitment having 100% of plastic packaging recyclable and/or compostable and/or biodegradable by 2030. In 2023, 96.7% of packaging is recyclable (96.8% in 2022).

Among the actions carried out, the Company organizes meetings with packaging suppliers to identify synergies and opportunities. In addition, it develops consultations and meetings with research centers and packaging suppliers, addressing the most diverse topics that may contribute to improving sustainability and advances in the theme's indicators.

COMBATING INPUT LOSS AND FOOD WASTE

The growing demand for food associated with social inequalities, hunger and low-income scenarios make the management of inputs and finished products mandatory to reduce food waste. Acting proactively on the topic reduces the impact of food production and increases the positive social effects surrounding the company's operations.

For this topic, the Company adopted two goals by 2030: reducing waste of finished products by 50% in relation to the base year (2021) and reducing losses of inputs in the production process by 25%.

As a result of the initiatives implemented, in 2023, the Company recorded a 66.8% reduction in food waste, reaching the first established target. It is noteworthy that regular donations to institutions, in addition to greater operational efficiency, contributed to this result. Furthermore, there was a 41.0% reduction in input losses in the production process, as a result of the modernization of processes and the industrial park.

SOCIAL RESPONSIBILITY

HUMAN CAPITAL

Seeking to promote a safe, healthy, wholesome and inclusive environment, M. Dias Branco adopts several activities seeking to contemplate the best market practices relating to recruitment and selection, corporate education, career, compensation and benefits, culture and organizational climate, communication, health and safety at work.

The Company's goal, by 2030, is to achieve an employee satisfaction index above 80 in a survey measured by an external entity. The methodology chosen was that of the Great Place to Work (GPTW) consultancy and, in 2023, M. Dias Branco achieved a score of 77, which classifies the organizational climate as an excellent place to work.

At the end of 2023, the Company had **16,680** employees, 520 more than registered in the previous year. In general, the profile of the workforce remained flat in terms of gender and age. Practically all employees work full-time – in 2023, only 92 people worked part-time (52 men and 40 women).

Male **11,887**

Female **4,793**

Region	2023
Northeast	10,996
Southeast	4,193
South	1,369
North	65
Midwest	57
Total	**16,680**

Age	2023
Up to 25 years	1,923
From 26 to 35 years	5,343
From 36 to 45 years	5,895
From 46 to 55 years	2,770
Over 56 years	749
Total	**16,680**

Career level	2023
Specialists (professionals and analysts)	983
Management	1,512
Operational Level	11,395
Sales and Promotion	2,790
Total	**16,680**

As for recruitment and selection, 2,399 new hires were made in the year, higher than 1,948 hired in 2022. Turnover rate was around 12.5% (12.0% in 2022).

M. Dias Branco allocates financial resources and attention to Training and Development (T&D) activities, aiming at qualifying and developing employees, besides promoting important themes for the sustainable corporate culture. In 2023, the average number of training hours per employee per year was 25.02 hours/employee/year, an increase of 18.5% compared to the previous year.

As for performance management, in 2023 performance assessments were carried out with formal feedback for 94.2% of employees including specialists and analysts (97.4% in 2022), and 73.5% of management professionals (70.9% in 2022). It is important to highlight that, in addition to assessments and feedback, managers and employees are encouraged to build development plans, record planned actions and monitor their execution throughout the year.

In the Health area, Viver Bem (Living Well) program stands out. It promotes quality of life, and its actions are accessible to all employees, working on the following fronts: prevention of chronic diseases; physical well-being; mental well-being; healthy eating; monitoring of pregnant women; and prevention of noise-induced hearing loss (PAIR).

DIVERSITY, EQUITY AND INCLUSION

The Company's operations in all Brazilian regions cover different customs, origins and cultures. M. Dias Branco's Human Rights, Diversity and Inclusion Policy, which establishes guidelines to ensure compliance with these pillars, ensures adherence to existing rules and laws in all operations and value chain. It applies to all employees, service providers and other stakeholders.

Organizational Culture and Climate area is responsible for implementing the corporate Diversity, Equity and Inclusion program. There are indicators, targets and action plans monitored on a monthly basis. The principles that guide the policy are aligned with the Global Compact and the UN Guiding Principles on Business and Human Rights.

The Company defined as a public commitment reaching 40% women in leadership by 2030. In 2023, the Company reached 24.6%. Among the initiatives to strengthen the theme, training is conducted with leaders, open lectures for all employees, training of the recruitment and selection team, mentoring to develop middle female leaders who can be future managers, among other initiatives.

In relation to female representation, with its Board of Directors made up of more than 40% female directors, M. Dias Branco won the 30% Club Brazil Award, an initiative aimed at the G20 countries (the 20 largest economies in the world) and aims to promote at least 30% of women to the Boards of Directors of the 100 largest companies listed on B3. Furthermore, since 2022, the Company has been part of the Teva Women in Leadership Index portfolio.

Regarding the diversity of its professional staff, M. Dias Branco was among the 20 companies that most value diversity, according to IDIVERSA B3, a pioneering index in Latin America, created by B3 itself, which calculates how close companies are to diversity of the Brazilian population.

COMMUNITY RELATIONS

At all industrial units, the Company supports or develops activities in partnership with the surrounding community, especially through charitable institutions. The Sustainability Policy and the Donations and Sponsorships Policy guide social investment initiatives. Among the various initiatives in 2023, the main pillars of action on the social responsibility front stand out:

- Alimentando sonhos: The Company has defined as a public target that it aims to reach 150,000 people with the Program for Fostering Entrepreneurship and Professionalization in the Food Sector by 2030. To this end, Alimentando Sonhos (Feeding Dreams) was created, a program to establish partnerships with institutions, aiming at the execution of training courses that promote social and economic inclusion, qualifying professionals for the gastronomy market or for entrepreneurship. The program, Feeding Dreams (Alimentando Sonhos), operates in 8 states and takes place with more than 18 partner institutions, training 15,835 in 2022 and 2023 in baking, savory, cakes, etc. courses.

- Volunteer Factory: Volunteer program with employees acting on three fronts: participation in donation delivery events, beach and mangrove cleaning actions; and volunteer work at partner institutions (during office hours). In 2023, a total of 1,680 hours of volunteer work were performed (957 hours in 2022), with the participation of 509 employees (153 in 2022).

- Product donations: The company regularly makes food donations that are key to maintaining projects with different audiences, especially children and the elderly. In 2023, 3,363 tons of food were donated (2,321 tons in 2022), equivalent to R$ 13.5 million, with over 120 institutions benefiting and receiving regular and direct donations.

HEALTHY AND NUTRITIOUS FOODS

Seeking to strengthen its presence on the fronts of nutrition and health, as well as its commitment to the diet of the Brazilian population, two public targets were defined by 2030: 10 million people impacted by the food education program for the general population; and market share leadership in four categories with health and nutrition appeal.

For the food education program, in 2023, Food Transforms (Alimentação Transforma) was launched, with the dissemination of content that reached around 100 thousand people. In 2024, the program moves to a more robust content platform. For the second goal, with Jasmine acquisition, the Company reached leadership in the segments of granola and healthy cookies.

M. Dias Branco continues to focus on researching new ingredients and optimizing formulations, mainly with projects aimed at reducing sodium, sugar and saturated fats, maintaining product quality and the performance of production processes.

GOVERNANCE, RISKS AND COMPLIANCE

CORPORATE GOVERNANCE

The Company has been listed on the B3 Novo Mercado segment since 2006. We have only common shares providing tag-along rights, with a National Long-Term Rating of AAA(bra) and a stable outlook. The Company adopts an indicator called iMDB – M. Dias Branco Corporate Governance Index, which helps the company to direct efforts to improve and measure progress in the area. The index includes four indicators:

- Brazilian Institute of Corporate Governance;
- Dow Jones Sustainability Index;
- Dow Jones Sustainability Index;
- Disclosure Insight Action.

Corporate Governance structure comprises a Board of Directors, elected by the Shareholders' Meeting and which currently has three independent members, corresponding to more than 40% of the total; three advisory committees to the Board of Directors – ESG, People and Management and Audit Committees; a Statutory Executive Office, elected by the Board of Directors for a three-year term; and the Governance Area.

Corporate Governance area plays an important role in disseminating best practices and improving the organization's own governance system, also contributing to the training of governance agents. To this end, it monitors compliance with corporate and regulatory laws, with a view to constantly adapting to the best corporate governance practices.

INVESTOR RELATIONS

Investor Relations area intensified its relationship with the market throughout the year, through participation in conferences and non-deal roadshows (NDRS) both in Brazil and abroad (United States, Mexico, Chile and Europe). In total there were 26 conferences including NDRS.

Quarterly results disclosure meetings are held through live broadcasts on the Company's Investor Relations channel on YouTube. The participation in online events also continued through livestreams and interviews. During the year, more than 20 lives and interviews were held.

The Company revised its Shareholder Compensation Policy, with an increase in the payout from 60% to 80% and quarterly fixed payment value from R$ 0.05 to R$ 0.06, maintaining the frequency of five interest payments on equity (IoE) per year (four fixed and one variable).

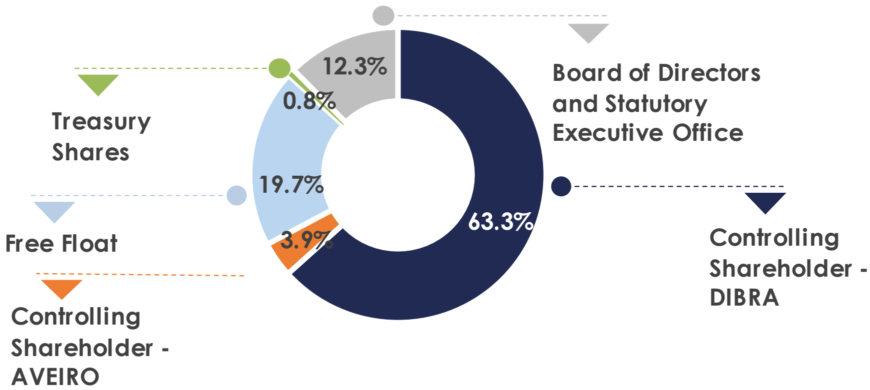
The shares issued by the Company appreciated 9.6% in 2023, highlighting the increase in liquidity, reaching an all-time high average daily financial value of transactions of R$ 47.5 million in 2023 (R$45.4 million in 2022). In addition, the free float remains in 19.6%, with 47.3% of shares by foreign investors.

The Company continues to be recognized by the market for its ESG practices. M. Dias Branco included for the fourth consecutive year in B3's Corporate Sustainability Index (ISE) portfolio. Highlight for the maintenance of the AA ESG rating in the MSCI (Morgan Stanley Capital International) rating, which is internationally recognized for publishing performance indices of the world's leading stocks and stock exchanges.

In 2023, together with the credit risk rating agency Fitch Ratings we conducted the Company's assessment process, and, for the sixth consecutive year, we achieved the Long-Term National Rating classification AAA (BRA) with a stable outlook.

SHAREHOLDING CONTROL

On December 31, 2023, M. Dias Branco's capital totaled **R$ 2,597.7 million**, fully subscribed and paid-in and divided into 339,000,000 common nominative shares, with no par value. The Company's shares are distributed as follows:



RISK MANAGEMENT AND INTERNAL CONTROLS

M. Dias Branco adopts a formal risk management policy, reviewed by the Audit Committee and approved by the Statutory Executive Office. The purpose is to support the Company in meeting its strategic goals, and to set definitions, guidelines, evaluation criteria, so as to ensure that the main business risks are identified, assessed and minimized.

The Company adopts as a benchmark the guidelines of the main entities in these areas, such as COSO (Committee of Sponsoring Organizations of the Treadway Commission), IIA (Institute of Internal Auditors) and IBGC (Brazilian Corporate Governance Institute). In addition to these entities, we assess the laws, rules and regulations in force in the country.

The risk management policy classifies the main risks as: strategic, operational, reporting, compliance, cyber, data protection, market, and social and environmental risks. In this sense, based on the quantitative and qualitative risk assessment and measurement, protection is sought for those representing a potential to adversely affect the business results. The main risks identified are detailed in the Reference Form, filed with CVM, available on our website.

The Company received the Quality Assessment (QA) certification, granted by the Brazilian Institute of Internal Auditors (IIA Brasil), certifying that it complies with the highest international standards in internal auditing, acting in accordance with the standards defined in the International Framework of Professional Practices (IPPF). The assessment is performed by IIA auditors and comprises the individual standards, audit activities, requirements and key categories of the Standards, and elements of the Code of Ethics. IIA Brasil is an affiliate of The IIA (The Institute of Internal Auditors), an international professional association founded in 1941 to develop the professional status of internal auditing, and has members in over 160 countries.

COMPLIANCE, ETHICS AND INTEGRITY

M. Dias Branco seeks to contribute to the promotion of a more competitive, sustainable and fair market. We are signatories of the UN Global Compact and the Business Pact for Integrity and Against Corruption, in which, in 2022, we achieved a score above the general average of the signatory companies, with an evolution in the self-diagnosis, published by the Ethos Institute.

In 2023, the Company sought to strengthen the Governance pillar in order to give greater visibility to its commitment to transparency, ethics and best management practices. For this update, work was conducted with the areas that make up the Legal, Governance, Risks and Compliance Vice-Presidency, seeking consolidated references within the market. The year 2023 ended with new goals – public and internal – included in the Strategic Sustainability Agenda and validated by the Board of Directors.

The Code of Ethics translates M. Dias Branco's values into ethical principles, guides the conduct of all employees, administrators, legal representatives and third parties for the expected behavior in the relationship with stakeholders.

Concerning internal integrity policies, we have adopted, among others, the following regulations: Anti-Corruption Policy; Gifts, Amenities, Entertainment and Hospitality Policy; Policy on Related-Party Transactions and Other Situations Involving Conflict of Interest; Donations and Sponsorship Policy; Internal Investigation Protocol and Ethical Channel Operation; Consequences Policy; Purchasing and Supplies Policy; Risk Management Policy, reviewed and approved by the Board of Directors in 2023; Good Practices and Competition Policy; Supplier's Code of Conduct; Sustainability Policy; Human Rights, Diversity and Inclusion Policy; and Business Continuity Policy. These policies are available for consultation on our internal communication platform and the investor relations website.

Communications on the Code of Ethics and compliance policies were carried out on a regular basis throughout 2023, in the internal communication vehicles. Highlight that 84% of employees in the administrative area and 47% of employees of operational area were trained. In all, were reached 19.3 thousand participation on integrity training.

The Ethics Channel is a tool for reporting conducts in violation of our Code of Ethics and other internal policies. This is an independent, specialized and secure channel, accessible by phone, email or internet, and ensures anonymity and protection for those who make reports in good faith.

In 2023, 1,444 reports were registered on the Ethics Channel, including interpersonal relationships (700), non-compliance with internal regulations (208), moral and sexual harassment (111), non-compliance with legislation (73), conflict of interests (34), dissatisfaction with human resources policies (33), fraud (32), doubts, criticisms and suggestions (181), and other types (72).

ADDITIONAL INFORMATION

ARBITRATION COMMITMENT CLAUSE

In accordance with the Novo Mercado Regulations and the Company's bylaws, the Company, its shareholders, management and the B3 agree to resolve, by means of arbitration, all and any dispute or controversy that could arise between them, related to the statutory norms, market regulation and pertinent legislation.

RELATIONSHIP WITH THE INDEPENDENT AUDITORS

KPMG Auditores Independentes Ltda. (KPMG) has been engaged to audit the individual and consolidated financial statements and review the interim (quarterly) financial information for the year ended December 31, 2023. The firm provides no conflicting services as required by CVM Instruction 308. The non-financial information of the Company as well as Management's expectations of the future performance of the Company and its subsidiaries were not audited by KPMG.

In compliance with the ruling in CVM Instruction 381/2003, the Company confirms that during 2023, other services were contracted from KPMG, for the total amount of R$ 70.0 thousand, which corresponds to approximately 9.1% of the audit fees. The services were an audit of the integrated annual report.

Management recognizes that these services did not compromise the independence of our auditors. As part of Company policy, any services rendered by independent auditors require the Audit Committee's prior approval to avoid any conflicts of interests.

MANAGEMENT STATEMENT

In accordance with the rulings stated in CVM Instruction 480/2009, management declares that it has discussed and reviewed the opinions expressed in the independent auditors' report with which it fully agrees and it approves the financial statements for the year ended December 31, 2023.

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Independent Auditors' Report on individual and consolidated financial statements

To the Directors and Shareholders of

M. Dias Branco S.A Indústria e Comércio de Alimentos

Eusébio - Ceará

Opinion

We have audited the individual and consolidated financial statements of M. Dias Branco Indústria e Comércio de Alimentos S.A. ("the Company"), which comprise the individual and consolidated statement of financial position as at December 31, 2023, the individual and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2023, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the individual and consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the individual and consolidated financial statements in the Accountant Professional Code of Ethics ("Código de ética profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

See note 28 of the individual and consolidated financial statements

Key audit matter	How our audit addressed this matter
In accordance with the accounting standard CPC 47 – Receita de Contrato com Clientes (IFRS 15 – Revenue from Contracts with Customers), the Company must recognize the revenue when its satisfies the performance obligation to transfer the promised goods to the customer. The Company´s revenue recognition involves a process of measurement of billed and not delivered sales in the period. Referred process includes an analysis of sales billed at the end of the year measured based on the on effective delivery dates to each destination with the objective to assure that the sales were recognized in the correct period. This matter was deemed significant to our audit, considering the importance of revenue as a key performance indicator to the Company and the relevance of sales amounts at the end of the period.	Our audit procedures included but were not limited to: i) To a sample of Company´s sales transactions occurred in the year, we inspected the documentation that proves the sales transaction, the financial settlement which supports the right moment of revenue recognition in the period; (ii) To the sales recognized at year end, we obtained the report with the effective delivery dates prepared by the Company and for a sample of these sales we tested the effective delivery date, and we compared to the cut-off adjustment recorded by the Company; (iii) We analyzed the sales returns and cancellations occurred after year end; (iv) We assessed whether the individual and consolidated financial statements disclosures considered the relevant information. Based on the evidence obtained through the aforementioned procedures, we considered that the Company´s revenue recognition is acceptable as well as the related disclosures, in the context of the individual and consolidated financial statements, taken as whole, as of December 31, 2023.

Other matters – Statement of value added

The individual and consolidated Statements of value added for the year ended December 31, 2023, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed together with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled to the financial statements and to the account records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 – Statement of Value Added. In our opinion, these statements of value added have been adequately prepared, in all material respects, according to the criteria set on this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as whole. Other information that accompanies the individual and consolidated financial statements and the independent auditor's report.

Other information that accompanies the individual and consolidated financial statements and the auditor report

Management is responsible for the other information. The other information comprises the Management's Report.

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

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

Responsibilities of Management and Those Charged with Governance for the individual and consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the individual and consolidated Financial Statements

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

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

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

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

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

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

Fortaleza, February 23, 2024

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 S-CE

Original in Portuguese signed by

Pedro Barroso Silva Junior
Contador CRC CE-021967/0-5

M. Dias Branco S.A. Indústria e Comércio de Alimentos

Balance sheet
Years ended December 31
(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	Parent		Consolidated	
Assets		**2023**	**2022**	**2023**	**2022**
Current					
Cash and cash equivalentes	6	**2,264,281**	639,300	**2,267,837**	648,046
Restricted deposits		**2,823**	69,570	**2,823**	69,570
Trade accounts receivable	7	**1,821,231**	1,652,875	**1,839,656**	1,690,882
Inventories	8	**1,319,049**	2,068,001	**1,338,350**	2.111.549
Taxes recoverable	9	**119,517**	230,791	**129,513**	234,608
Income tax and social contribution	9	**26,603**	28,461	**27,427**	28,494
Financial investments	18.b	**15,204**	16,599	**15,204**	16,599
Derivative financial instruments	18.2	**10,438**	15,302	**10,438**	15,601
Prepaid expenses		**21,017**	10,820	**22,090**	14,249
Other current assets		**40,405**	43,566	**46,784**	47,417
Total current assets		**5,640,568**	4,775,285	**5,700,122**	4,877,015
Non-current					
Long-term receivables					
Financial investments	18.b	**2,072**	1,518	**2,072**	1,518
Judicial deposits	23	**258,036**	263,201	**258,539**	263,651
Trade accounts receivable	7	**5,107**	2,878	**5,107**	2,878
Taxes recoverable	9	**89,458**	149,130	**89,960**	149,637
Income tax and social contribution	9	**45,881**	41,913	**45,881**	41,913
Derivative financial instruments	18.2	**47,950**	-	**47,950**	-
Indemnity assets		**92,266**	75,256	**92,266**	75,256
Other non-current assets		**4,806**	5,016	**8,995**	5.029
		545,576	538,912	**550,770**	539.882
Investments	10	**728,995**	692,891	**62,254**	62,462
Investment Properties	11	**56,391**	55,637	**56,391**	55,637
Property, plant and equipment	12	**3,458,090**	3,431,931	**3,578,776**	3,547,760
Intangible assets	13	**1,825,543**	1,769,592	**2,392,679**	2.356.736
Total non-current assets		**6,614,595**	6,488,963	**6,640,870**	6,562,477
Total assets		**12,255,163**	11,264,248	**12,340,992**	11,439,492

	Note	Parent		Consolidated	
Liabilities		**2023**	**2022**	**2023**	**2022**
Current					
Suppliers	16	**1,230,329**	1,196,778	**1,237,076**	1,234,613
Financing and borrowings from financial institutions	17.1	**442,536**	346,347	**444,334**	363.912
Tax financing	17.2	**7,937**	4,930	**7,937**	4.930
Direct financing	17.3	**48,523**	143,575	**59,320**	182.411
Debentures	17.4	**10,896**	10,695	**10,896**	10.695
Leases	14	**86,343**	65,535	**86,808**	66.601
Social security and labor liabilities	20	**242,813**	244,646	**248,353**	252.401
Taxes and contributions	21	**109,010**	121,580	**117,749**	125.034
Income tax and social contribution	21	**1.778**	1,778	**1,779**	1,778
Government grants	22	**5.828**	25,007	**5,828**	25,007
Derivative financial instruments	18.2	**34.594**	54,506	**34,594**	54,506
Other current liabilities	25	**160,660**	116,772	**171,138**	145.532
Total current liabilities		**2,381,247**	2,332,149	**2,425,812**	2,467,420
Non-current					
Financing and borrowings from financial institutions	17.1	**509,881**	656,202	**513,235**	660.679
Tax financing	17.2	**39,297**	21,839	**39,297**	21.839
Direct financing	17.3	**191,959**	133,798	**202,656**	144.495
Debentures	17.4	**893,381**	837,586	**893,381**	837.586
Leases	14	**271,091**	264,533	**271,299**	265.316
Taxes and contributions	21	**-**	-	**-**	451
Deferred income tax and social contribution	24	**93,850**	16,002	**118,359**	37.422
Derivative financial instruments	18.2	**67,050**	50,660	**67,050**	50.660
Provisions for civil, labor and tax risks	23	**194,768**	224,606	**195,806**	225,312
Other non-current liabilities	25	**7,945**	18,152	**9,403**	19.591
Total non-current liabilities		**2,269,222**	2,223,378	**2,310,486**	2,263,351
Shareholders' equity					
Capital		**2,597,656**	2,597,656	**2,597,656**	2,597,656
Capital reserves		**47,392**	39,723	**47,392**	39,723
Accumulated conversion adjustments		**(214)**	160	**(214)**	160
Equity adjustments		**(15,268)**	(81,461)	**(15,268)**	(81,461)
Revenue reserves		**4,910,702**	4,233,739	**4,910,702**	4,233,739
(-) Treasury shares		**(76,953)**	(81,096)	**(76,953)**	(81,096)
Proposed additional dividends		**141,379**	-	**141,379**	-
Total shareholders' equity of controlling shareholders	26	**7,604,694**	6,708,721	**7,604,694**	6,708,721
Total liabilities and shareholders' equity		**12,255,163**	11,264,248	**12,340,992**	11,439,492

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

M. Dias Branco S.A. Indústria e Comércio de Alimentos

Statement of income
Years ended December 31
(In thousands of Reais, except earnings per share)

(A free translation of the original in Portuguese)

	Note	Parent		Consolidated	
		2023	**2022**	**2023**	**2022**
Net revenue	28	**10,725,793**	10,063,582	**10,840,280**	10,129,205
Cost of goods sold	29	**(7,728,254)**	(7,785,311)	**(7,747,759)**	(7,816,645)
Tax incentives (ICMS)	22	**502,848**	574,503	**502,848**	574,503
Gross profit		**3,500,387**	2,852,774	**3,595,369**	2,887,063
Operational income (expenses)					
Sales expenses	29	**(1,933,033)**	(1,781,772)	**(1,991,854)**	(1,827,653)
Administrative expenses	29	**(383,116)**	(338,317)	**(414,397)**	(358,531)
Other income (expenses)	30	**(106,959)**	(114,423)	**(120,299)**	(118,013)
Profit before net financial income (expenses), equity income and taxes		**1,077,279**	618,262	**1,068,819**	582,866
Financial income	19	**415,234**	328,927	**417,024**	332,036
Financial expenses	19	**(544,314)**	(559,729)	**(549,607)**	(563,527)
Net financial income (expenses)	19	**(129,080)**	(230,802)	**(132,583)**	(231,491)
Equity income from subsidiaries	10	**(15,261)**	(33,279)	**(209)**	316
Profit before income tax and social contribution		**932,938**	354,181	**936,027**	351,691
Income tax and social contribution	24	**(44,284)**	127,658	**(47,373)**	130,148
Net profit for the year		**888,654**	481,839	**888,654**	481,839
Profit attributable to					
Controlling shareholders		**888,654**	481,839	**888,654**	481,839
Earnings per common share - basic - R$	31	**2.62140**	1.42135	**2.62140**	1.42135
Earnings per common share - diluted - R$	31	**2.63005**	1.42860	**2.63005**	1.42860
Average number of shares (ex-treasury shares)		**339,000,000**	339,000,000	**339,000,000**	339,000,000
Average number of shares (common and restricted)		**337,884,534**	337,281,331	**337,884,534**	337,281,331

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

M. Dias Branco S.A. Indústria e Comércio de Alimentos
Statement of comprehensive income
Years ended December 31
(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	Parent		Consolidated	
		2023	2022	2023	2022
Net profit for the year		**888,654**	481,839	**888,654**	481,839
Other comprehensive income to be reclassified to profit or loss in subsequent years					
Gains (Losses) on Cash-Flow Hedges	18	**100,293**	(186,380)	**100,293**	(186,380)
Tax effects on Cash-Flow Hedges	18	**(34,100)**	63,369	**(34,100)**	63,369
Exchange differences on conversion of foreign operations	10	**(374)**	(12)	**(374)**	(12)
		65,819	(123,023)	**65,819**	(123,023)
Total comprehensive income		**954,473**	358,816	**954,473**	358,816

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

M. Dias Branco S.A. Indústria e Comércio de Alimentos

Statement of changes in equity – Parent Company and Consolidated
Years ended December 31
(In thousands of Reais)

(A free translation of the original in Portuguese)

			Capital Reserve		Profit Reserves							
	Note	Capital	Options granted	Special reserve	Tax incentive reserve	Legal reserve	Reserve for investment plan	Equity adjustments	Accumulated conversion adjustments	Treasury shares	Retained earnings	Total shareholders' equity
Balances as of December 31, 2021		**2,597,656**	**16,896**	**16,529**	**2,145,900**	**320,874**	**1,941,449**	**41,550**	**172**	**(48,738)**	**-**	**7,032,288**
Net profit for the year	**31**	-	-	-	-	-	-	-	-	-	481,839	481,839
Other comprehensive income to be reclassified to profit or loss in subsequent years:												
Gains (Losses) on Cash-Flow Hedge net of tax effects		-	-	-	-	-	-	(123,011)	-	-	-	(123,011)
Exchange differences on conversion of foreign operations	**10**	-	-	-	-	-	-	-	(12)	-	-	(12)
Total comprehensive income		-	-	-	-	-	-	(123,011)	(12)	-	481,839	358,816
Transaction with shareholders, recorded directly in equity												
Acquisition of treasury shares	**26**	-	-	-	-	-	-	-	-	(36,597)	-	(36,597)
Distributions to the shareholders:												
Interest on equity	**26**	-	-	-	-	-	(655,484)	-	-	-	-	(655,484)
Granted shares recognized	**27**	-	11,011	-	-	-	-	-	-	-	-	11,011
Restricted share options exercised with treasury shares	**27**	-	(4,713)	-	-	-	(839)	-	-	4,239	-	(1,313)
Other profit distributions:												
Tax incentive reserve - ICMS	**26**	-	-	-	481,839	-	-	-	-	-	(481,839)	-
Balances as of December 31, 2022		**2,597,656**	**23,194**	**16,529**	**2,627,739**	**320,874**	**1,285,126**	**(81,461)**	**160**	**(81,096)**	**-**	**6,708,721**

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

M. Dias Branco S.A. Indústria e Comércio de Alimentos

Statement of changes in equity – Parent Company and Consolidated
Years ended December 31
(In thousands of Reais)

(A free translation of the original in Portuguese)

			Capital Reserve		Profit Reserves								
	Note	Capital	Options granted	Special reserve	Tax incentive reserve	Legal reserve	Reserve for investment plan	Equity adjustments	Accumulated conversion adjustments	Treasury shares	Retained earnings	Proposed additional dividends	Total shareholders' equity
Balances as of December 31, 2022		**2,597,656**	**23,194**	**16,529**	**2,627,739**	**320,874**	**1,285,126**	**(81,461)**	**160**	**(81,096)**	**-**	**-**	**6,708,721**
Net profit for the year	31	-	-	-	-	-	-	-	-	-	888,654	-	888,654
Other comprehensive income to be reclassified to profit or loss in subsequent years:													
Gains (Losses) on Cash-Flow Hedge net of tax effects		-	-	-	-	-	-	66,193	-	-	-	-	66,193
Exchange differences on conversion of foreign operations	10	-	-	-	-	-	-	-	(374)	-	-	-	(374)
Total comprehensive income		-	-	-	-	-	-	66,193	(374)	-	888,654	-	954,473
Transaction with shareholders, recorded directly in equity													
Distributions to the shareholders:													
Interest on equity	26	-	-	-	-	-	(193,511)	-	-	-	(13,867)	141,379	(65,999)
Minimum compulsory dividends	26	-	-	-	-	-	-	-	-	-	(4,622)	-	(4,622)
Granted shares recognized	27	-	13,808	-	-	-	-	-	-	-	-	-	13,808
Restricted share options exercised with treasury shares	27	-	(6,139)	-	-	-	309	-	-	4,143	-	-	(1,687)
Other profit distributions:												-	
Legal reserva	26	-	-	-	-	973	-	-	-	-	(973)	-	-
Tax incentive reserve - ICMS	26	-	-	-	869,192	-	-	-	-	-	(869,192)	-	-
Balances as of December 31, 2023		**2,597,656**	**30,863**	**16,529**	**3,496,931**	**321,847**	**1,091,924**	**(15,268)**	**(214)**	**(76,953)**	**-**	**141,379**	**7,604,694**

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

M. Dias Branco S.A. Indústria e Comércio de Alimentos

Statement of cash flows - Indirect method
Years ended December 31
(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	Parent 2023	Parent 2022	Consolidated 2023	Consolidated 2022
Cash flows from operating activities					
Net profit before income tax and social contribution	24	**932,938**	354,181	**936,027**	351,691
Adjustments to reconcile net profit with cash from operating activities:					
Depreciation and amortization		**345,409**	304,775	**364,971**	317,250
Cost on sale of permanent assets		**2,977**	1,331	**11,748**	1,343
Equity income	10	**15,261**	33,279	**209**	(316)
Restatement of financings, debentures and exchange variations		**101,043**	93,567	**103,715**	93,754
Long-term financial investments updates		**(216)**	(264)	**(216)**	(264)
Tax credits and updates		**(76,272)**	(62,526)	**(77,996)**	(62,526)
Judicial deposit interest	23	**(15,180)**	(14,381)	**(15,180)**	(14,381)
Provisions and update for civil, labor and tax risks/others	23	**46,198**	40,025	**46,537**	40,025
(Reversal) for expenses/indemnity assets		**(16,076)**	(11,375)	**(16,076)**	(11,375)
Appropriate interest on leases	14	**36,088**	27,059	**36,241**	27,159
Granted shares recognized		**13,809**	11,010	**13,809**	11,010
Provision for estimated losses on trade accounts receivable	7	**16,455**	23,404	**16,626**	24,324
Provision for income tax on financing		**1,853**	1,789	**1,853**	1,789
Estimated losses due to impairment of taxes		**201**	-	**201**	-
Provision for impairment of inventories	8	**9,949**	16,788	**15,447**	16,719
Losses from derivative contracts		**196,639**	228,452	**196,794**	229,104
Provision for impairment of assets		**5,888**	-	**5,662**	-
(Gains) in acquisition of equity interest		**-**	(16,774)	**-**	(16,774)
Changes in assets and liabilities					
(Increase) Decrease in restricted deposits		**66,747**	(69,570)	**66,747**	(69,570)
(Increase) in trade accounts receivable		**(187,040)**	(248,063)	**(159,985)**	(243,732)
(Increase) Decrease in inventories		**796,822**	(946,732)	**816,505**	(949,485)
(Increase) Decrease in financial investments		**1,395**	(33)	**1,395**	(33)
Decrease in recoverable taxes		**323,512**	405,429	**319,917**	407,040
(Increase) in judicial deposits, net of provisions for risks		**(55,691)**	(51,833)	**(55,752)**	(51,890)
(Increase) in prepaid expenses		**(10,197)**	(3,376)	**(7,841)**	(6,251)
(Increase) Decrease in indemnity assets		**1,191**	(685)	**1,191**	(685)
(Increase) Decrease in other assets		**3,372**	(26,607)	**(3,331)**	(27,447)
Increase (Decrease) in suppliers		**(53,643)**	401,671	**(85,049)**	416,637
(Decrease) in taxes and contributions		**(60,229)**	(114,505)	**(57,040)**	(116,448)
Increase (Decrease) in social security and labor liabilities		**(1,833)**	68,436	**(4,048)**	68,050
Increase (Decrease) in government subsidies		**(19,179)**	14,162	**(19,179)**	14,162
Increase (Decrease) in other liabilities		**29,859**	(19,432)	**11,038**	(192)
Interests paid		**(116,227)**	(79,769)	**(117,854)**	(80,156)
Exchange variations paid		**(11,062)**	-	**(11,062)**	-
Income tax and social contribution paid		**(4,778)**	-	**(4,778)**	-
Payments of resources for settlement of derivative transactions		**(205,609)**	(262,276)	**(205,464)**	(261,912)
Net cash generated from operating activities		**2,114,374**	97,157	**2,125,782**	106,620
Cash flows from investing activities					
Purchases of property, plant and equipment and intangible assets		**(241,360)**	(174,935)	**(262,237)**	(177,125)
Payment of debt from purchases of companies		**(52,308)**	(7,037)	**(81,245)**	(7,037)
Acquisition of equity interest, net of cash acquired		**-**	(9,429)	**-**	(415,069)
Long-term financial investments		**(2,045)**	(1,500)	**(2,045)**	(1,500)
Redeem of long-term financial investment		**1,667**	2,257	**1,667**	2,257
Advance for capital subscription		**(51,737)**	(421,986)	**-**	(2,640)
Net cash (used) in investing activities		**(345,783)**	(612,630)	**(343,860)**	(601,114)
Cash flows from financing activities					
Interests on equity paid	32	**(69,775)**	(655,483)	**(69,775)**	(655,483)
Acquisition financing	32	**329,346**	426,970	**331,715**	430,094
Acquisition of treasury shares	32	**-**	(36,597)	**-**	(36,597)
Financing payment	32	**(324,818)**	(69,539)	**(344,077)**	(85,330)
Lease payment	14 / 32	**(78,363)**	(65,382)	**(79,506)**	(66,135)
Net cash generated (used) in financing activities		**(143,610)**	(400,031)	**(161,643)**	(413,451)
Effects of exchange rate fluctuations on cash and cash equivalents		**-**	-	**(488)**	127
Statements of increase (decrease) in cash and cash equivalents		**1,624,981**	(915,504)	**1,619,791**	(907,818)
At the beginning of the year		**639,300**	1,554,804	**648,046**	1,555,864
At the end of the year		**2,264,281**	639,300	**2,267,837**	648,046
Increase (decrease) in cash and cash equivalents		**1,624,981**	(915,504)	**1,619,791**	(907,818)

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

M. Dias Branco S.A. Indústria e Comércio de Alimentos
Statement of value added
Years ended December 31
(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	Parent 2023	Parent 2022	Consolidated 2023	Consolidated 2022
Revenue					
Sales of products and services		**12,204,396**	11,450,100	**12,337,882**	11,533,377
Other income		**115,797**	120,108	**129,453**	122,599
Income from construction of own assets		**33,441**	26,245	**33,441**	26,245
(Provision) for estimated losses on trade accounts receivable	7	**(16,455)**	(23,404)	**(16,626)**	(24,324)
		12,337,179	11,573,049	**12,484,150**	11,657,897
Supplies purchased from third parties					
Cost of goods sold and services rendered		**(5,624,737)**	(5,992,760)	**(5,584,628)**	(6,013,526)
Materials, energy, third party services and others		**(2,882,136)**	(2,752,727)	**(2,989,518)**	(2,804,902)
Materials for construction of own assets		**(9,495)**	(4,706)	**(9,495)**	(4,706)
		(8,516,368)	(8,750,193)	**(8,583,641)**	(8,823,134)
Gross value added		**3,820,811**	2,822,856	**3,900,509**	2,834,763
Retentions					
Depreciation and amortization		**(345,409)**	(304,775)	**(364,971)**	(317,250)
Net value added produced		**3,475,402**	2,518,081	**3,535,538**	2,517,513
Value added received in transfer					
Equity income	10	**(15,261)**	(33,279)	**(209)**	316
Financial income	19	**415,234**	328,927	**417,024**	332,036
Total value added to distribute		**3,875,375**	2,813,729	**3,952,353**	2,849,865
Distribution of value added					
Personnel and charges		**1,344,427**	1,193,542	**1,388,487**	1,208,959
Direct remuneration		**855,139**	749,197	**885,049**	759,681
Benefits		**412,992**	376,070	**421,931**	378,502
Government Severance Indemnity Fund (FGTS)		**76,296**	68,275	**81,507**	70,776
Taxes and contributions		**1,069,137**	554,980	**1,095,865**	571,718
Federal		**510,734**	197,944	**524,439**	202,611
State		**542,622**	343,344	**555,439**	355,195
Municipal		**15,781**	13,692	**15,987**	13,912
Remuneration of third-party capital		**573,157**	583,368	**579,347**	587,349
Interest		**544,314**	559,729	**549,607**	563,527
Rent		**28,843**	23,639	**29,740**	23,822
Remuneration of equity		**888,654**	481,839	**888,654**	481,839
Retained earnings		**888,654**	481,839	**888,654**	481,839
		3,875,375	2,813,729	**3,952,353**	2,849,865

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

1. Operations

M. Dias Branco S. A. Indústria e Comércio de Alimentos ("Company") is a publicly traded corporation listed on B3 S.A. - Brasil, Bolsa, Balcão in the *Novo Mercado* segment (MDIA3), and is included in Corporate Sustainability Index (ISE), B3 Brazil 100 Index (IbrX 100), Carbon Efficient Index (ICO2), and other indexes. The Company started to operate in 1951 and its head office is based at Rodovia BR 116, KM 18, in Eusébio, State of Ceará. Its corporate activities mainly comprise the industrialization, sale and distribution of food products derived from wheat, mainly cookies and crackers, pastas and wheat flour/bran and the manufacture, sale and distribution of vegetable shortenings and margarines, cakes, cake mixes, packaged toast and snacks. The Company operates through an integrated and vertical production process, producing the majority of the two main raw materials used to produce cookies, crackers and pastas: wheat flour and vegetable shortening. Five of its wheat mills are physically integrated within the cookies and crackers and pasta plants, thus eliminating the costs of transporting the flour used in the production of these two main items.

The Company has 14 production sites, eight of which are based in the Northeast (Bahia, Ceará, Paraíba, Pernambuco and Rio Grande do Norte), four in the Southeast (São Paulo and Rio de Janeiro) and two in the South (Rio Grande do Sul and Paraná). These units operate seven wheat mills, nine pasta plants, nine cookies and crackers plants, two vegetable shortening and margarine plants, one plant of snacks and cakes, one cake mix plant and one packaged toasts plant. The Company has thirty-five distribution centers, integrated with this production structure, for storage, sales and/or distribution of its products, based in the following states: Alagoas, Bahia, Ceará, Espírito Santo, Maranhão, Minas Gerais, Paraíba, Paraná, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, São Paulo and Sergipe.

The Company's nationwide activities are also driven by means of integrated operations with production, sale and distribution structures of its subsidiaries Jasmine Indústria e Comércio de Alimentos Ltda ("Jasmine"), acquired by Latinex Importação e Exportação de Alimentos Ltda ("Latinex") on August 31, 2022. Latinex, in turn, as highlighted in Note 3, was merged on August 1, 2023, by Jasmine under a reverse transaction, which resulted in the transfer of its industrial park to Jasmine.

Jasmine, after the merger event, now has one plant of cookies and crackers, breads, cereals, granolas, snacks and seasonings, integrated with a storage and distribution facility based in the state of Paraná, in Campina Grande do Sul, and a distribution facility located in São José dos Pinhais. In this context, the Company reinforces its presence in the healthy food segments with organic, zero-sugar, whole grain, cereals, snacks, granolas, gluten-free products, seasonings, sauces and condiments.

The Company also operates through its wholly-owned subsidiaries Darcel S.A. and Cacama S.A. based in Montevideo, Uruguay, which were acquired by Latinex on October 31, 2022, and which have one pasta plant integrated with a storage and distribution facility, and also has in this portfolio items in the categories of wheat flour, cake mix, sauces, among others.

The Company has the following brands in the domestic market: Adria, Aldente, Basilar, Bonsabor, Estrela, Fortaleza, Finna, Fit Food, Frontera, Isabela, Jasmine, Pelágio, Pilar, Piraquê, Predilleto, Richester, Salsito, Smart, Taste&Co, Treloso, Vitarella, and Zabet; and in the foreign market: Las Acacias.

(All amounts in thousands of Reais, except if stated otherwise)

2. Business Combination

On August 31, 2022, the Company acquired, through Latinex, 100% of the shares representing the capital stock of Jasmine and, on October 31, 2022, also through Latinex, acquired 100% of the shares representing the capital stock of Darcel S.A. and Cacama S.A., owner of Las Acacias brand.

In 2023, the Company completed the fair value measurement period of the assets acquired and liabilities assumed in the business combination recognition process of the transactions mentioned above and, based on the valuation report issued by a specialized and independent consulting firm, allocated the acquisition price of each operation as shown below.

Allocation of the acquisition price of Jasmine

As part of the Company's strategy of growth with profitability, adding high value-added products and additional categories to its current portfolio, the acquisition was carried out at the base price of R$ 343,574 and had the following acquisition price allocation:

	Acquisition price allocation
Fixed quota of acquisition price [(1)]	320,358
Fair value of property to be refunded to seller after sale	6,000
Price adjustment [(2)]	5,227
	331,585
(-) Shareholders' equity of the acquired company	(105,869)
Overpay price	**225,716**
(-) Intangible assets identified at fair value	(50,635)
(-) Adjustment to fair value of assets	(18,955)
Goodwill on investments acquisition	**156,126**

[(1)] R$ 343,574 installment, net of the settlement of a loan made in the acquiree, upon a capital contribution in the amount of R$ 23,216; [(2)] Refers to the adjustment through variation of the net debt and working capital between the base balance sheet of the transaction and the closing balance.

The following table sets forth the fair values of assets acquired and liabilities assumed obtained based on the above-mentioned report:

	Net assets acquired	**Adjustments to fair value**		**Net assets acquired at fair value**
Current assets				
Cash and cash equivalents	719	-		719
Trade accounts receivable	23,670	-		23,670
Inventories	22,418	258		22,676
Taxes recoverable	782	-		782
Other assets	873	-		873
Total current assets	**48,462**	**258**		**48,720**
Non-current assets				
Long-term receivables	**6,674**	**-**		**6,674**
Judicial deposits	187	-		187
Taxes recoverable	483	-		483
Right-of-use	4	-		4
Non-current assets held for sale	6,000	-		6,000
Property, plant and equipment	**52,524**	**18,697**	**(a)**	**71,221**

(All amounts in thousands of Reais, except if stated otherwise)

	Net assets acquired	Adjustments to fair value		Net assets acquired at fair value
Intangible assets	**72,912**	**50,635**		**123,547**
Brands [1]	72,782	37,655	(b)	110,437
Customer portfolio [2]	-	13,011	(c)	13,011
Software	130	(31)		99
Goodwill on investments acquisition	**-**	**156,126**	**(d)**	**156,126**
Total non-current assets	**132,110**	**225,458**		**357,568**
Total assets	**180,572**	**225,716**		**406,288**
Current liabilities				
Suppliers	14,251	-		14,251
Leases	496	-		496
Labor liabilities	5,311	-		5,311
Tax liabilities	1,585	-		1,585
Other debts	2,838	-		2,838
Total current liabilities	**24,481**	**-**		**24,481**
Non-current liabilities				
Leases	523	-		523
Deferred Taxes	25,808	-		25,808
Provisions for contingencies	675	-		675
Other debts	23,216	-		23,216
Total non-current liabilities	**50,222**	**-**		**50,222**
Shareholders' equity	**105,869**	**225,716**	**(e)**	**331,585**
Total liabilities and shareholders' equity	**180,572**	**225,716**		**406,288**

Note: Fair value valuation method used: [1] Relief-from-Royalty, of the Income Approach; [2] Mult Period Excess Earning, of the Income Approach.

(a) Refers to the adjustment to fair value of property, plant and equipment to be depreciated based on the economic useful life of the assets expressed in the valuation report;
(b) Refers to the fair value of the Jasmine brand, with undefined useful life;
(c) Refers to the fair value of a long-standing non-contractual relationship with a customer that constitutes a competitive advantage. The estimated useful life of this intangible asset was defined as 29.3 years;
(d) Refers to the transaction goodwill, i.e. the non-allocated portion of the acquisition price;
(e) Refers to the counterpart for adjustments (a) through (d) in net equity.

Regarding the deductibility of goodwill for tax purposes, we estimate that the full amount of the goodwill will be deductible. This amount is represented by expected future profitability based on the expected synergies to be captured by creating long-term value and profitable growth, including increasing its portfolio with high value-added items of solid growth potential.

As of December 31, 2023, the consideration paid in Jasmine acquisition amounted to R$ 23,727 (R$ 331,074 as of December 31, 2022).

Allocation of the acquisition price of Darcel S.A. and Cacama S.A. ("Las Acacias")

As part of the Company's strategy to accelerate the internationalization process, reaffirming its commitment to creating long-term value for its shareholders, the acquisition was carried out at the base price of R$ 105,484 and had the following acquisition price allocation:

(All amounts in thousands of Reais, except if stated otherwise)

	Acquisition price allocation	Preliminary allocation on 12/31/2022
Fixed quota of acquisition price	105,484	105,484
Price adjustment [1]	663	-
(-) Shareholders' equity of the acquired company	(13,426)	(13,426)
Overpay price	**92,721**	**92,058**
(-) Intangible assets identified at fair value	(34,593)	-
(-) Adjustment to fair value of assets	(11,267)	-
Goodwill on investments acquisition	**46,861**	**92,058**

[1] Refers to the adjustment through variation of the net debt and working capital between the base balance sheet of the transaction and the closing balance.

The following table sets forth the fair values of assets acquired and liabilities assumed obtained based on the above-mentioned report:

	Net assets acquired	Adjustments to fair value		Net assets acquired at fair value
Current assets				
Cash and cash equivalents	1,754	-		1,754
Trade accounts receivable	11,691	-		11,691
Inventories	5,410	316		5,726
Other assets	1,626	-		1,626
Total current assets	**20,481**	**316**		**20,797**
Non-current assets				
Property, plant and equipment	**24,430**	**10,951**	**(a)**	**35,381**
Intangible assets	**342**	**34,593**		**34,935**
Brands [1]	144	28,128	(b)	28,272
Customer portfolio [2]	-	6,465	(c)	6,465
Software	198	-		198
Goodwill on investments acquisition	**-**	**46,861**	**(d)**	**46,861**
Total non-current assets	**24,772**	**92,405**		**117,177**
Total assets	**45,253**	**92,721**		**137,974**
Current liabilities				
Suppliers	6,651	-		6,651
Loans and financing	12,293	-		12,293
Labor liabilities	2,271	-		2,271
Other debts	6,169	-		6,169
Total current liabilities	**27,384**	**-**		**27,384**
Non-current liabilities				
Loans and financing	4,443	-		4,443
Total non-current liabilities	**4,443**	**-**		**4,443**
Shareholders' equity	**13,426**	**92,721**	**(e)**	**106,147**
Total liabilities and shareholders' equity	**45,253**	**92,721**		**137,974**

Note: Fair value valuation method used: [1] Relief-from-Royalty, of the Income Approach; [2] Mult Period Excess Earning, of the Income Approach.

(a) Refers to the adjustment to fair value of property, plant and equipment to be depreciated based on the economic useful life of the assets expressed in the valuation report;
(b) Refers to the fair value of the Las Acacias brand, with undefined useful life;

(All amounts in thousands of Reais, except if stated otherwise)

(c) Refers to the fair value of a long-standing non-contractual relationship with a customer that constitutes a competitive advantage. The estimated useful life of this intangible asset was defined as 14.2 years;
(d) Refers to the transaction goodwill, i.e. the non-allocated portion of the acquisition price;
(e) Refers to the counterpart for adjustments (a) through (c) in net equity.

It should be noted that goodwill is represented by expected future profitability based on the expected synergies to be captured by creating long-term value and profitable growth. As this is an acquisition abroad, so far, there is no expectation of goodwill deductibility for tax purposes.

As of December 31, 2023, the consideration paid in Las Acacias acquisition amounted to R$ 5,174 (R$ 79,538 as of December 31, 2022).

3. Corporate reorganization

On November 3, 2021, the Company acquired the entire share capital of Latinex and, on August 31, 2022, Latinex acquired 100% of the shares representing the capital stock of Jasmine.

On August 1, 2023, Jasmine merged Latinex, under a reverse transaction, where the controlled company merges its parent company. Thus, the merging company (Jasmine) became a direct subsidiary of the Company.

Latinex had one plant of cookies and crackers, snacks and seasonings, integrated with a storage and distribution facility in São José dos Pinhais, in the state of Paraná. After merger, its industrial park was transferred to the Jasmine plant.

The purpose of the corporate reorganization was to simplify the Company's corporate structure, as well as to reduce administrative activities and annual ancillary obligations, taking into account the best interests of the parties, as it will allow reducing costs, expenses and compliance with ancillary obligations, seeking to maximize benefits of a equity, legal and financial nature.

As it is a wholly-owned subsidiary, the merger does not produce any change in the Company's consolidated equity position, results or corporate structure.

As a result of the merger, Latinex was extinguished and all its assets, rights, properties, obligations and liabilities will be automatically transferred to the assets of Jasmine, which shall be its successor on a universal basis, irrespective of any formality other than those provided for by law.

The net assets incorporated by the Company have the following composition:

Assets of Latinex	08/01/2023
Current assets	20,401
Non-current assets	471,372
Assets total	**491,773**
Current liabilities	46,259
Non-current liabilities	13,027
Liabilities total	**59,286**
Net assets	**432,487**
(-) Investment in the merging company[1]	(139,922)
Net assets incorporated	**292,565**

[1] The merger occurred as a reverse transaction, that is, in which the merging company is fully controlled by the merged company.

4. Basis of preparation of the financial statements

The individual and consolidated financial statements have been prepared according the accounting practices adopted in Brazil, consisting of the standards issued by the Brazilian Securities Commission (CVM) and pronouncements issued by the Accounting Pronouncements Committee (CPC), which are in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and evidence all the material information proper of the financial statements, and only them, which are consistent with those used by the Company's management in the management process.

The authorization to issue these financial statements was given by Board of Directors at its meeting held on February 23, 2024.

a) Basis for measurement

The individual and consolidated financial statements were prepared based on historic cost, except when stated otherwise.

b) Functional currency

The individual and consolidated financial statements are presented in Brazilian reais, which is the Company's functional currency. All the amounts reported in Reais in the financial information have been rounded to the nearest thousand, except when stated otherwise.

c) Material accounting judgments, estimates and assumptions

The preparation of individual and consolidated financial statements in accordance with CPCs and IFRS requires Company management to make judgments, estimates and assumptions that affect the enforcement of accounting policies. The actual results could differ from these estimates.

Estimates and assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assets and liabilities subject to estimates and assumptions include:

- Trade accounts receivable (Note 7): criteria for measuring expected credit losses and assumptions used to determine the weighted average rate of the loss;
- Inventories (Note 8): criteria used to measure estimated losses to estimate inventory impairment;
- Property, plant and equipment (Note 12): main assumptions regarding residual credits and amounts, and property, plant and equipment useful life and impairment test;
- Intangible assets with undefined useful life (Note 13): criteria and main assumptions used to calculate the useful life and recoverable value of these assets;
- Leases (Note 14): recognition and measurement of leases and the incremental rate used;
- Financial instruments and risk management (Note 18): determination of the fair value of derivative and non-derivative financial instruments;
- Provisions for civil, labor and tax risks (Note 23): assumptions on the likelihood and magnitude of disbursements related to provision for lawsuits and civil, labor, and tax judicial demands;
- Deferred income and social contribution taxes (Note 24): criteria applied to asset recoverability if it is likely that the asset will not be realized;

(All amounts in thousands of Reais, except if stated otherwise)

- Share-based compensation plan (Note 27): main assumptions regarding stock granting.

5. Main accounting policies

The material accounting policies adopted by the Company, its subsidiaries and associated companies are described in specific notes. Those which apply, in general, to different aspects of the financial statements are described in detail below.

a) Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

i. Subsidiaries

For the purposes of preparing the individual and consolidated financial statements, the financial statements of subsidiaries ended on the same reporting date was used, with accounting policies consistent with those of the Company.

Equity interest in subsidiaries

Description	Investment interest (%)			
	2023		2022	
	Direct	Indirect	Direct	Indirect
M.Dias Branco International Trading LLC [1]	**100.00**	**-**	100.00	-
M.Dias Branco International Trading Uruguay S.A. [1]	**-**	**100.00**	-	100.00
M.Dias Branco Argentina S.A. [1]	**100.00**	**-**	100.00	-
Latinex Importação e Exportação de Alimentos Ltda. [2]	**-**	**-**	100.00	-
Jasmine Indústria e Comércio de Alimentos Ltda. [3]	**100.00**	**-**	-	100.00
Darcel S.A. e Cacama S.A. [1]	-	**100.00**	-	100.00

[1] Foreign Investments. [2] Company incorporated on August 1, 2023, by subsidiary Jasmine. [3] On August 1, 2023, the Company took over the direct shareholding in subsidiary Jasmine, which in turn, obtained control of Darcel S.A. and Cacama S.A, after the merger process of Latinex.

Characteristics of the main subsidiaries

M. Dias Branco International Trading LLC

This direct subsidiary is based in the United States of America and it is not operational, therefore, the Company is starting the procedure of closing down the subsidiary. The main activity was intermediating in the purchase of raw materials, mainly wheat, for milling and vegetable oil that the Company uses in its production process.

M. Dias Branco International Trading Uruguay S.A.

This indirect subsidiary is based in Uruguay and it is not operational, therefore, the Company is concluding the procedures to close the subsidiary. The main activity was intermediating in the purchase of raw materials, mainly wheat, for milling that the Company uses in its production process.

M. Dias Branco Argentina S.A.

The Company incorporated a publicly traded corporation, with its head office in Buenos Aires, to purchase, import and export wheat grain, wheat flour and derivatives. However, this company did not undertake any activities and the Company decided to discontinue the process, initiating the procedures to close the entity.

Jasmine Indústria e Comércio de Alimentos Ltda.

This indirect subsidiary started its activities in 1990 and is based in the city of Campina Grande do Sul, in the state of Paraná. Its main activity is the manufacture, sale, and distribution of healthy food with organic, zero-sugar, whole grain, cereals, snacks and gluten-free products, as mentioned in Note 2.

Darcel S.A. and Cacama S.A.

These indirect subsidiaries started its activities in 1952 and are based in Montevideo, Uruguay. Their main activity is the manufacture, sale, and distribution of pasta, and also has in their portfolios items in the categories of wheat flour, cake mix, sauces, among others, as mentioned in Note 2.

ii. Joint Ventures and associated companies

Joint ventures are those in which the Company has contractually agreed joint control, and which require the unanimous consent of the parties sharing control for strategic and operating decisions. Associate companies are entities in which the Company holds an equity interest in the investee, but does not hold control.

Joint Operation

Terminal de Grãos de Fortaleza Ltda ("Tergran")

The Company shares control of Tergran with Moinho Cearense S.A. and J. Macêdo S.A., in which each party has an interest of 33.33% in the capital, and jointly appoint the managing director of Tergran. The Company considers that its investment in Tergran should be classified as a joint operation, or joint arrangement, and the assets, liabilities, income and expenses are recognized in relation to its investment only in the consolidated statements, considering that Tergran was incorporated as a separate legal entity. Consequently, the investment is recognized in the individual financial statements using the equity method.

Tergran operates port facilities and provides wheat unloading and storage services at the port in Fortaleza, with the primary objective of increasing productivity and reducing the costs of unloading ships carrying wheat for its three partners.

Joint Venture

Terminal de Trigo do Rio de Janeiro - Logística S.A.

The Company has an interest in a joint venture with Companhia Bunge Alimentos S.A. (Bunge), in which each party has an interest of 50% in the capital. Terminal de Trigo do Rio de Janeiro - Logística S.A. is the lessee in the agreement entered on September 21, 2017 with the government, through the Ministry of Transportation, Ports and Civil Aviation, which addresses the leasing of public infrastructure and land to handle and store solid vegetable bulk, especially wheat, located in the port of Rio de Janeiro/RJ, starting operations on January 8, 2020.

The Company recognizes its investment related to the interest in the operation under the equity method, both in the individual and consolidated financial statements.

Associated company

Serena Geração S.A.

On August 30, 2022, the Company concluded the transaction related to the corporate partnership agreement with Omega Geração S.A., which became known as Serena Geração S.A. ("Serena") from November 1, 2023. The purpose of this operation is the power generation for consumption by the Company in its production units as strategy for diversifying its energy matrix based on renewable sources, accessing inputs that are part of its production process and increasing competitiveness by being able to enjoy the benefits related to power autogeneration through equalization.

The Company has a 24.5% equity interest in the total capital of the investee and enjoys significant influence, with no right to individual or joint control of the business, which is controlled by Serena. The recognition of investment in the Company, relating to its interest in the operation, is carried out using the equity method, both in the individual and consolidated financial statements.

The corporate partnership with Serena relating to the three wind farms based in the state of Maranhão aims to generate clean energy for consumption by M. Dias Branco at more competitive costs, based on the self-production of energy by matching.

b) Translation of foreign currency balances

i. Foreign currency transactions and balances

Foreign currency transactions are initially recorded at the exchange rates of the functional currency prevailing at the respective transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted into the functional currency at the exchange rate at that date.

All currency changes are recorded in the income statement, except those arising from foreign currency transactions designated to hedge against exchange rate variations, which are recorded in equity.

ii. Foreign operations

The values of assets and liabilities of the foreign subsidiaries are translated to Brazilian Reais using the exchange rate at the reporting date, and the related statements of income are translated at the exchange rates on the dates of the transactions. Exchange differences resulting from the translations are recognized separately in shareholders' equity. In the event of a foreign subsidiary being sold, the accumulated deferred amount recognized in shareholders' equity relating to this subsidiary is recognized in the statement of income.

c) Impairment of non-financial assets

Assets that have undefined useful lives, such as goodwill and brands, are not amortized, and are tested for impairment. Impairment tests of goodwill and brands are carried out at least annually, or more frequently if events or changes in circumstances indicate possible impairment.

At each reporting date, management revises the net carrying values of its assets and other non-financial assets, subject to depreciation and amortization to assess any events or changes in economic, operational or technological circumstances that could indicate a deterioration or impairment. When such evidence is identified, and the net carrying value exceeds the recoverable value, a loss for impairment is recorded, and the net carrying value is adjusted to the recoverable value.

d) Employee benefits

The Company and its subsidiaries provide short-term benefits to its employees, which are measured on a non-discounted basis and incurred as expenses as the related service is provided. The liability is recognized for the amount expected to be paid in respect of short-term cash bonus or profit-sharing plans. Profit sharing is recognized in profit or loss as operational costs and expenses.

For the non-statutory board and management-level executives there is also a share-based compensation plan, as explained in Note 27, to which statutory officers under CLT regime are also entitled.

e) Revenue recognition

The Company and its subsidiaries recognize revenue from the sale of goods in the course of ordinary activities at the moment when the control over the products is transferred and at the fair value of the recognized consideration received or receivable, when: (i) there was convincing evidence that the control of a product or service has been transferred to the customer, which generally occurs upon delivery; (ii) at the amount the entity expects to be entitled to in exchange for transferring the product or service and (iii) the associated costs and possible return of goods could be reliably estimated. If it was probable that discounts would be granted and the amount can be measured reliably, then the discount was recognized as a reduction against revenue over the period the sales were recognized.

Note that delivery occurs when the products have been sent to the specified location, the customer has accepted the products pursuant to the sale agreement and the acceptance terms have been agreed, or the Company has objective evidence that all acceptance criteria have been met.

f) Segment reporting

The Company and its subsidiaries Jasmine and Las Acacias operate in the food segment with the following product lines: cookies and crackers, pasta, flour, margarine and vegetable shortening, cakes, cake mix, packaged toasts, snacks, healthy food with organic, zero-sugar, whole grain, cereals, snacks, gluten-free products and in the seasonings, sauces and condiments segments. The production and sale of food products by the Company and its subsidiaries do not involve measuring operational profits or losses on an individual basis that is regularly reviewed by management, either to support investment decisions or to assess performance separately.

Consequently, considering that all decisions are made based on consolidated reports and that decisions related to strategic planning, financing, purchases, investments and the application of funds are made on a consolidated basis, the Company concluded that it has only one segment to report.

g) Business combination and goodwill

Business combinations are stated on the acquisition date – i.e. when control is transferred to the Company. Assets acquired and liabilities assumed in a business combination are recognized at their respective fair values on the acquisition date.

The Company measures goodwill on the acquisition date as:

- the fair value of the amount transferred that includes the contingent consideration of the price; plus
- the recognized amount of any NCI interest acquired; plus
- if the acquisition is conducted in stages, fair value of any interest held in the acquired party prior to acquisition; less
- indemnity assets; and less
- the net amount (at fair value) of identifiable assets acquired and liabilities undertaken.

After initial recognition, goodwill is measured at cost less any accrued impairment losses.

When the surplus is negative, a gain deriving from the advantageous purchase is immediately recognized in profit or loss for the year.

Transaction costs other than those associated with securities or equity debt issues that the Company incurs under business combinations, are expensed as/when incurred.

h) *Hedge accounting*

The Company adopts hedge accounting under CPC 40 (R1) – Financial Instruments: Disclosure (IFRS 7) and CPC 48 (IFRS 9) – Financial Instruments, for transactions of derivative financial instruments for the purpose of hedging against the risk of fluctuation in commodities prices, foreign-exchange rates and inflation. The hedging relationship is a cash flow hedge, which consists of hedging against variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, and which could affect profit or loss. When classified as a fair value hedge, it consists of protecting exposure to changes in the fair value of financial liabilities susceptible to inflation variations.

In cash flow hedge category, the effective portion of the gain or loss on the hedging instrument is recognized in equity as other comprehensive income, under "Gains (losses) on cash-flow hedges", and the ineffective portion, where applicable, is recognized in financial revenue (expense). Accumulated gains and losses are reclassified to profit or loss or to the statement of financial position when the hedged item is recognized, with a corresponding adjustment to the item in which the relevant hedged item was recorded.
It is important to note that deferred tax effects on gains and losses recognized in equity are also recognized in other comprehensive income under "tax effects on gains (losses) on cash-flow hedges".

Hedge accounting is discontinued prospectively from the date on which the hedging relationship ceases to meet the qualifying criteria, whether in its entirety or in part. The conditions for discontinuing hedge accounting are satisfied when: i) in a cash flow hedge, the hedged item is recognized in the Company's statement of financial position. In this case, the amount recognized in equity is included in the same period and component in which the hedged item is recognized (statement of financial position or statement of income); ii) the hedging instrument is terminated. In this case, the amount recognized in equity is recognized on the accrual date on which the hedged item is recognized; iii) there is no longer a hedging relationship as the risk management purpose has changed; and iv) there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to prevail on the hedging relationship.

(All amounts in thousands of Reais, except if stated otherwise)

If hedge accounting is discontinued as described in iii and iv above, all gains and losses that have been accrued in similar hedging relationships and recognized in equity are immediately transferred to profit or loss.

The Company assesses the effectiveness of its derivative financial instruments at each annual reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

In the fair value hedge category, changes in the fair value of derivatives are recorded in the financial result, and the financing subject to protection is also adjusted to fair value, whose changes are equally reflected in the financial result. The effects of hedge accounting are described in Note 18.

i) New standards, interpretations and amendments effective after January 1, 2024

The following new or amended standards are not expected to have a material impact on the Company's financial statements: classification of liabilities as current or non-current with covenants (IAS 1/CPC 26); supplier financing agreements, forfaiting transactions (IAS 1/CPC 26 and IFRS 7/CPC 40); and lack of convertibility (IAS 21/CPC 02), among others.

6. Cash and cash equivalents

Description	Parent		Consolidated	
	2023	2022	2023	2022
Cash and banks	**57,659**	97,926	**60,636**	99,389
Fixed-income marketable securities [1]	**2,206,622**	541,374	**2,207,201**	548,657
Total	**2,264,281**	639,300	**2,267,837**	648,046

[1] *See Note 18, item e: capital management that details the use of the cash resource.*

The balance of fixed-income marketable securities, as of December 31, 2023, consists substantially to post-fixed Bank Deposit Certificates (CDB) and repurchase agreements, remunerated by the variation in CDI - Interbank Deposit Rate at the average rate of 102.76% of the CDI (98.47% as of December 31, 2022). These marketable securities are held for immediate trading and used in Company operations.

7. Trade accounts receivable

Trade accounts receivables are amounts due for the sale of products in the ordinary course of the Company's business and are recognized at the original selling price less discounts granted, customer credits and expected credit losses. The balances of trade accounts receivable are presented as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Breakdown of balances	Parent		Consolidated	
	2023	2022	2023	2022
Domestic	**1,781,830**	1,615,379	**1,785,668**	1,656,459
Foreign	**86,223**	84,928	**104,054**	84,928
(-) Expected credit losses	**(41,715)**	(44,554)	**(44,959)**	(47,627)
Total	**1,826,338**	1,655,753	**1,844,763**	1,693,760
Current	**1,821,231**	1,652,875	**1,839,656**	1,690,882
Non-current	**5,107**	2,878	**5,107**	2,878

Aging - Parent

Description	2023		2022	
	Trade accounts receivable	Expected credit losses	Trade accounts receivable	Expected credit losses
Not yet due	**1,729,030**	**10,346**	1,591,583	14,483
Overdue	**139,023**	**31,369**	108,724	30,071
1 to 30 days	**73,523**	**632**	53,069	1,665
31 to 60 days	**8,159**	**525**	4,289	552
61 to 90 days	**3,369**	**744**	3,773	537
91 to 180 days	**6,192**	**1,971**	7,814	2,807
181 to 360 days	**19,687**	**11,920**	10,757	8,068
Over 360 days	**28,093**	**15,577**	29,022	16,442
Subtotal	**1,868,053**	**41,715**	1,700,307	44,554

Aging - Consolidated

Description	2023		2022	
	Trade accounts receivable	Expected credit losses	Trade accounts receivable	Expected credit losses
Not yet due	**1,747,201**	**10,346**	1,629,082	14,483
Overdue	**142,521**	**34,613**	112,305	33,144
1 to 30 days	**73,626**	**632**	53,366	1,665
31 to 60 days	**8,159**	**525**	4,325	552
61 to 90 days	**3,369**	**744**	3,880	539
91 to 180 days	**6,325**	**2,007**	8,127	3,082
181 to 360 days	**20,024**	**12,219**	11,318	8,625
Over 360 days	**31,018**	**18,486**	31,289	18,681
Subtotal	**1,889,722**	**44,959**	1,741,387	47,627

The Company adopts a hybrid expected and incurred loss model, recording expected losses throughout the life cycle of trade accounts receivable. The model assesses sales made in a 12-month period and the amount considered uncollectible during this period. From the results calculated, historical default rates by receivables "range" are calculated, and applied to the balance of trade accounts receivable, excluding that portion that may have a real guarantee of payment.

The changes in expected credit losses were as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Change details	Parent	Consolidated
Balance as of December 31, 2021	**48,483**	**49,725**
Business Combination- Jasmine	-	917
Provision for expected credit losses [1]	23,404	24,324
Write-off	(27,333)	(27,339)
Balance as of December 31, 2022	**44,554**	**47,627**
Provision for expected credit losses [1]	**16,455**	**16,626**
Write-off	**(19,294)**	**(19,294)**
Balance as of December 31, 2023	**41,715**	**44,959**

[1] On December 31, 2022, the Company set up a provision for expected credit losses in the amount of R$ 6,711 for receivables from the customer Americanas S.A. On December 31, 2023, the amount of R$ 1,604 was reversed due to the progress of the judicial reorganization process.

Trade accounts receivable are written off when there is no realistic expectation of recovery. Expected credit losses are booked in the Company's operating results.

8. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, in the form of materials or supplies to be consumed in the production process, or in the rendering of services.

The cost of inventories is based on average weighted cost and includes all expenses incurred for transportation, storage, non-recoverable taxes and other costs incurred to bring the inventories to their existing locations and conditions. In the case of manufactured, in progress and finished products, costs include the general plant overhead expenses based on normal operating capacity.

The balances of inventories are presented as follows:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Finished products [1]	**345,283**	531,215	**343,631**	542,693
Work in progress	**73,091**	92,788	**73,384**	92,835
Raw materials [1]	**562,375**	1,001,163	**572,057**	1,023,577
Warehouse and packaging materials	**336,577**	442,835	**345,419**	451,544
Others	**1,723**	-	**3,859**	900
Total	**1,319,049**	2,068,001	**1,338,350**	2,111,549

[1] Decrease influenced by the reduction in the average cost of commodities and inventory levels in the year.

Finished products inventories are measured at cost value or net realizable value, whichever is lower.

As of December 31, 2023, the Company and its subsidiaries recorded an impairment loss for inventories of R$ 18,737 (R$ 20,365 as of December 31, 2022).

Changes in inventory impairment loss were as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Change details	Parent	Consolidated
Balance as of December 31, 2021	**9,100**	**13,630**
Business Combination- Jasmine	-	833
Provision for estimated losses	16,788	16,719
Write-off	(6,071)	(10,817)
Balance as of December 31, 2022	**19,817**	**20,365**
Provision for estimated losses	**9,949**	**15,447**
Write-off	**(12,961)**	**(17,075)**
Balance as of December 31, 2023	**16,805**	**18,737**

9. Taxes recoverable

The Company recognizes tax credits at the time it deems it has a legal and technical basis on which to recognize the right and reliably measure the amount to be offset or refunded.

The Company's recoverable tax balances are as follows:

Description	Parent		Consolidated	
	2023	2022	2023	2022
ICMS (i)	**121,982**	97,201	**123,304**	97,863
Income tax and social contribution (ii)	**72,484**	70,374	**73,308**	70,407
PIS and COFINS (iii)	**20,298**	211,406	**21,930**	212,432
Withholding income tax on financial investments	**40,682**	19,082	**40,772**	19,156
INSS	**9,515**	28,548	**9,515**	28,548
IRPJ - PAT credit	**5,860**	9,484	**5,860**	9,484
Others	**10,638**	14,200	**18,092**	16,762
Total	**281,459**	450,295	**292,781**	454,652
Current	**146,120**	259,252	**156,940**	263,102
Non-current	**135,339**	191,043	**135,841**	191,550

The main origins of recoverable taxes are highlighted:

(i) ICMS: these are substantially credits from the acquisition of property, plant and equipment and ICMS reimbursement paid as tax replacement of operations with wheat, wheat flour and wheat flour derivatives net of estimated impairment losses, the latter in the amount of R$ 38,227 (R$ 38,026 as of December 31, 2022);

(ii) Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), resulting from the negative balance of IRPJ 2022 and the lawsuit regarding to STF's position RE 1063187 - Unconstitutionality of amounts related to the Selic rate granted as a result of the repetition of undue tax payment, the latter in the amount of R$ 45,881 (R$ 41,913 as of December 31, 2022);

(iii) Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) credits from overpayment, credits on acquisitions of inputs and extemporaneous credits arising from lawsuits or administrative proceedings, especially for the exclusion of ICMS from the PIS/COFINS calculation basis, in the amount of R$ 15,238 (R$ 200,684 as of December 31, 2022);

Furthermore, regarding the tax credit for the exclusion of ICMS in the PIS and COFINS calculation base, the Company ends the calculation with a complementary credit of R$ 24,483 recognized in

(All amounts in thousands of Reais, except if stated otherwise)

2023. For the periods that remained pending recognition due to lack of documentation, the Company highlights that it has exhausted the measurement procedures and, therefore, there is no expectation of other impacts on its results.

The tax assets recoverability, recorded in non-current assets, is anticipated as follows:

Maturity	Parent		Consolidated	
	2023	2022	2023	2022
2025	**13,890**	106,504	**14,392**	106,603
2026	**53,278**	46,422	**53,278**	46,830
2027	**8,551**	7,091	**8,551**	7,091
2028	**2,071**	4,418	**2,071**	4,418
2029 on	**57,549**	26,608	**57,549**	26,608
Total	**135,339**	191,043	**135,841**	191,550

10. Investments

In the parent company's financial statements, the investments in subsidiaries, jointly controlled and associated companies are valued using the equity method.

Other permanent investments are valued at acquisition cost less any impairment losses, when applicable.

a) Breakdown of balances

Description	Parent		Consolidated	
	2023	2022	2023	2022
Investments in subsidiaries, jointly controlled entities and associated companies	**500,465**	400,476	**61,365**	61,573
Advance for capital subscription	**26,628**	82,071	**1**	1
Goodwill	**96,516**	96,516	**-**	-
Fair value of assets acquired and liabilities assumed	**110,941**	120,488	**-**	-
Unrealized profits on operations with subsidiaries	**(6,443)**	(7,548)	**-**	-
Others	**888**	888	**888**	888
Total	**728,995**	692,891	**62,254**	62,462

(All amounts in thousands of Reais, except if stated otherwise)

b) Changes in investments in direct subsidiaries

Change details	Parent									Consolidated			
	Tergran	MDB Argentina	MDB International Trading	TTRJ	Serena	Latinex [1]	Jasmine	Others	Total	TTRJ	Serena	Others	Total
Balances as of December 31, 2021	**4,331**	**1**	**182**	**35,055**	**-**	**237,047**	-	**888**	**277,504**	**35,055**	**-**	**888**	**35,943**
Equity income	**(443)**	**-**	**-**	**1,458**	**(1,142)**	**(33,152)**	-	-	**(33,279)**	**1,458**	**(1,142)**	**-**	**316**
Equity income	(443)	-	-	1,458	(1,142)	(13,050)	-	-	(13,177)	1,458	(1,142)	-	316
(-) Depreciation, amortization and surplus value disposals	-	-	-	-	-	(12,554)	-	-	(12,554)	-	-	-	-
Unrealized profits on operations with subsidiaries	-	-	-	-	-	(7,548)	-	-	(7,548)	-	-	-	-
Subtotal	**3,888**	**1**	**182**	**36,513**	**(1,142)**	**203,895**	**-**	**888**	**244,225**	**36,513**	**(1,142)**	**888**	**36,259**
Foreign exchange variations	-	-	(12)	-	-	-	-	-	(12)		-	-	-
Acquisition of equity interest	-	-	-	-	9,429	489	-	-	9,918	-	9,429	-	9,429
Gain on acquisition of equity interest	-	-	-	-	16,774	-	-	-	16,774	-	16,774	-	16,774
Capital increase	-	-	-	-	-	350,899	-	-	350,899	-	-	-	-
Advance for capital subscription	3,442	-	-	-	-	67,645	-	-	71,087	-	-	-	-
Balances as of December 31, 2022	**7,330**	**1**	**170**	**36,513**	**25,061**	**622,928**	**-**	**888**	**692,891**	**36,513**	**25,061**	**888**	**62,462**
Equity income	**(596)**	**-**	**-**	**(3,094)**	**2,885**	**(12,342)**	**(2,114)**	**-**	**(15,261)**	**(3,094)**	**2,885**	**-**	**(209)**
Equity income	(596)	-	-	(3,094)	2,885	(6,027)	13	-	(6,819)	(3,094)	2,885	-	(209)
(-) Depreciation, amortization and surplus value disposals	-	-	-	-	-	(9,548)	-	-	(9,548)	-	-	-	-
Unrealized profits on operations with subsidiaries	-	-	-	-	-	3,233	(2,127)	-	1,106	-	-	-	-
Subtotal	**6,734**	**1**	**170**	**33,419**	**27,946**	**610,586**	**(2,114)**	**888**	**677,630**	**33,419**	**27,946**	**888**	**62,253**
Foreign exchange variations	-	(1)	(12)	-	-	(68)	(291)	-	(372)		-	-	-
Assets incorporated [2]	-	-	-	-	-	(432,487)	432,487	-	-	-	-	-	-
Capital increase	-	-	-	-	-	107,180	-	-	107,180	-	-	-	-
Advance for capital subscription	4,177	-	-	-	-	(82,070)	22,450	-	(55,443)	-	1	-	1
Balances as of December 31, 2023	**10,911**	**-**	**158**	**33,419**	**27,946**	**203,141**	**452,532**	**888**	**728,995**	**33,419**	**27,947**	**888**	**62,254**

[1] *Refers to goodwill of R$ 96,516, difference in fair value of the investees' net assets of R$ 110,941 and unrealized profits on operations with subsidiaries of R$ (4,315).* [2] *See Note 3.*

c) Information of subsidiaries and jointly controlled entities

Equity Position	Tergran		Jasmine		Latinex [1]		MDB Argentina		MDB International Trading	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets	**11,659**	7,947	**532,360**	-	**-**	507,886	**1**	1	**223**	241
Liabilities	**4,925**	616	**100,152**	-	**-**	176,356	**-**	-	**66**	71
Shareholders' equity	**6,734**	7,331	**432,208**	-	**-**	331,530	**1**	1	**157**	170
Net profit (loss) for the year	**(597)**	(443)	**6,030**	-	**-**	(13,050)	**-**	-	**-**	-

[1] *Company incorporated on August 1, 2023 by Jasmine Indústria e Comércio de Alimentos Ltda.*

(All amounts in thousands of Reais, except if stated otherwise)

11. Investment properties

Investment properties are measured at their historical acquisition costs, less accumulated depreciation and impairment, when applicable. Depreciation is calculated on the depreciable amount of an asset using the straight-line method at established rates, and takes account of the estimated useful life of the assets, thus reflecting the expected pattern of consumption of the future economic benefits embodied in the assets.

The weighted depreciation rate expressing the useful life of assets classified as investment property was 4.69% as of December 31, 2023 (4.74% as of December 31, 2022).

a) Changes in investment properties

Change details	Parent and Consolidated		
	Buildings	Land	Total
Balance as of December 31, 2021	**16,713**	**39,406**	**56,119**
Depreciation	(482)	-	(482)
Balance as of December 31, 2022	**16,231**	**39,406**	**55,637**
Additions	**-**	**279**	**279**
Reclassification (1)	**217**	**1,431**	**1,648**
Depreciation	**(485)**	**-**	**(485)**
Provision for impairment losses on assets (2)	**-**	**(688)**	**(688)**
Balance as of December 31, 2023	**15,963**	**40,428**	**56,391**

(1) Reclassification from property, plant and equipment to investments properties. (2) Refers to the property located in Bahia.

The investment properties comprise thirteen properties in Bahia, Ceará, Pernambuco, Piauí, Minas Gerais and São Paulo. As of December 31, 2023, the fair value of these properties is R$ 142,854, based on appraisal reports issued by independent appraisers (R$ 136,423 as of December 31, 2022).

12. Property, plant and equipment

Items of property, plant and equipment are measured at historic purchase or construction cost, less accumulated depreciation and impairment losses, when applicable. Depreciation is calculated on the depreciable values, using the straight-line method at the rates stated which take into consideration the estimated useful lives of the assets, since this method best reflects the standard usage of the future economic benefits of the asset.

The depreciation methods, useful lives and residual values are revised at the end of each financial period, and any adjustments are recognized prospectively.

The weighted depreciation and amortization rates that express the useful lives of property, plant and equipment and the right-of-use assets, respectively, are presented below:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Buildings	**1.76**	1.79	**1.76**	1.78
Machinery and equipment	**6.15**	6.18	**6.18**	6.20
Fixtures and fittings	**9.72**	9.66	**9.70**	9.82
Vehicles	**6.61**	6.80	**6.63**	6.81
Facilities	**5.36**	5.36	**5.33**	5.34

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Right-of-use [1]	**13.64**	13.53	**13.66**	13.62
Others	**4.93**	5.03	**5.91**	5.35

[1] See Note 14.

a) Changes in property, plant and equipment

Parent

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances as of December 31, 2021	**1,481,597**	**3,135,966**	**121,526**	**116,107**	**451,840**	**291,759**	**316,210**	**5,915,005**
Additions	1,782	13,766	3,513	387	632	182,206	1,982	204,268
Recognition of tax credits [1]	(1,498)	(64,113)	-	-	(1,163)	-	-	(66,774)
Right-of-use	48,480	13,123	-	90,046	-	-	(685)	150,964
Disposals	-	(6,258)	(460)	(3,370)	(57)	172	(28)	(10,001)
Lease disposals	(2,023)	(2,573)	-	(69)	-	-	-	(4,665)
Transfers	60,850	146,712	(2,720)	477	20,694	(232,512)	6,499	-
Reclassification	(14)	(145)	-	-	-	(739)	(1,125)	(2,023)
Balances as of December 31, 2022	**1,589,174**	**3,236,478**	**121,859**	**203,578**	**471,946**	**240,886**	**322,853**	**6,186,774**
Additions	**266**	**12,895**	**4,815**	**-**	**944**	**233,081**	**1,055**	**253,056**
Recognition of tax credits	**(1,568)**	**(6,678)**	**-**	**-**	**(2,424)**	**(12,671)**	**-**	**(23,341)**
Right-of-use [2]	**43,220**	**23,253**	**-**	**49,705**	**-**	**-**	**9**	**116,187**
Disposals	**(1,346)**	**(2,469)**	**(888)**	**(10,299)**	**(94)**	**(189)**	**(2,394)**	**(17,679)**
Lease disposals	**(27,172)**	**(2,026)**	**-**	**(16,385)**	**-**	**-**	**-**	**(45,583)**
Transfers	**23,961**	**88,725**	**4,868**	**-**	**35,412**	**(159,927)**	**6,961**	-
Provision for impairment losses on assets	**-**	**-**	**-**	**-**	**-**	**(265)**	**-**	**(265)**
Reclassification [3]	**(1,334)**	**(34)**	**10**	**-**	**2,440**	**(686)**	**(1,432)**	**(1,036)**
Balances as of December 31, 2023	**1,625,201**	**3,350,144**	**130,664**	**226,599**	**508,224**	**300,229**	**327,052**	**6,468,113**

[1] Refers to the PIS/COFINS credit on the residual balance of assets from prior periods, which the Company decided to appropriate per acquisition date, considering the capitalization of said assets; [2] See Note 14; [3] Reclassification from intangible assets to property, plant and equipment of R$ 2,602, from property, plant and equipment to investment properties of R$ 2,113 and reclassification to expenses of R$ 1,525.

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances as of December 31, 2021	**(329,715)**	**(1,728,547)**	**(81,079)**	**(55,063)**	**(203,116)**	**-**	**(114,675)**	**(2,512,195)**
Depreciation	(24,201)	(149,422)	(7,112)	(1,871)	(22,532)	-	(9,509)	(214,647)
Amortization of the right-of-use	(32,421)	(10,297)	-	(17,934)	-	-	(1,017)	(61,669)
Disposals	-	5,464	428	2,725	48	-	6	8,671
Lease disposals	1,075	2,573	-	68	-	-	1	3,717
Transfers	1,204	(7,733)	7,811	(2)	48	-	(1,328)	-
Depreciation of PIS/COFINS credits	-	19,849	-	-	-	-	-	19,849
Reclassification	(1)	62	-	-	(1)	-	1,371	1,431
Balances as of December 31, 2022	**(384,059)**	**(1,868,051)**	**(79,952)**	**(72,077)**	**(225,553)**	**-**	**(125,151)**	**(2,754,843)**
Depreciation	**(25,235)**	**(158,349)**	**(7,718)**	**(1,813)**	**(24,177)**	**-**	**(9,000)**	**(226,292)**
Amortization of the right-of-use [1]	**(37,208)**	**(12,090)**	**-**	**(30,593)**	**-**	**-**	**(944)**	**(80,835)**
Disposals	**37**	**2,195**	**480**	**9,813**	**18**	**-**	**2,077**	**14,620**
Lease disposals	**18,451**	**2,026**	**-**	**16,385**	**-**	**-**	**-**	**36,862**
Transfers	**454**	**(19)**	**(70)**	**-**	**206**	**-**	**(571)**	**-**
Reclassification [2]	**2**	**12**	**(12)**	**-**	**3**	**-**	**460**	**465**
Balances as of December 31, 2023	**(427,558)**	**(2,034,276)**	**(87,272)**	**(78,285)**	**(249,503)**	**-**	**(133,129)**	**(3,010,023)**
Net balances								
Balances as of December 31, 2022	1,205,115	1,368,427	41,907	131,501	246,393	240,886	197,702	3,431,931
Balances as of December 31, 2023	**1,197,643**	**1,315,868**	**43,392**	**148,314**	**258,721**	**300,229**	**193,923**	**3,458,090**

[1] See Note 14. [2] Reclassification from property, plant and equipment to investment properties of R$ 465.

As of December 31, 2023, the balance of R$ 193,923 recorded in “others” refers mainly to land of R$ 145,203 (R$ 146,640 in 2022), improvements of R$ 28,347 (R$ 31,257 in 2022), computers and peripheral equipment of R$ 14,843 (R$ 13,443 in 2022) and other fixed assets of R$ 5,530 (R$ 6,362 in 2022).

(All amounts in thousands of Reais, except if stated otherwise)

Consolidated

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances as of December 31, 2021	**1,488,007**	**3,149,886**	**121,785**	**116,180**	**453,053**	**292,214**	**316,940**	**5,938,165**
Business Combination- Latinex	(2,306)	(1,149)	2	-	-	5	2,303	(1,145)
Business Combination- Jasmine	38,645	41,494	1,237	1,604	6,663	1,317	12,484	103,444
Business Combination- Las Acacias	22,056	26,048	786	2,767	2,037	4,594	-	58,288
Additions	1,952	14,500	3,637	408	665	183,591	1,882	206,635
Recognition of tax credits [1]	(1,499)	(64,114)	-	-	(1,164)	-	-	(66,777)
Right-of-use	49,622	13,123	-	90,387	-	-	(685)	152,447
Disposals	-	(6,258)	(463)	(3,370)	(57)	162	(33)	(10,019)
Lease disposals	(2,024)	(2,573)	-	(443)	-	-	1	(5,039)
Transfers	60,850	146,763	(2,720)	475	21,038	(232,903)	6,497	-
Reclassification	(13)	(146)	-	-	-	(740)	(984)	(1,883)
Balances as of December 31, 2022	**1,655,290**	**3,317,674**	**124,264**	**208,008**	**482,235**	**248,240**	**338,405**	**6,374,116**
Business Combination- Las Acacias	**-**	**10,951**	**-**	**-**	**-**	**-**	**-**	**10,951**
Additions	**266**	**13,113**	**4,845**	**-**	**944**	**255,628**	**1,080**	**275,876**
Recognition of tax credits	**(1,568)**	**(6,740)**	**-**	**-**	**(2,424)**	**(13,522)**	**-**	**(24,254)**
Right-of-use [2]	**43,220**	**23,253**	**-**	**50,007**	**-**	**-**	**9**	**116,489**
Disposals	**(6,348)**	**(12,068)**	**(1,285)**	**(10,490)**	**(763)**	**(1,611)**	**(7,039)**	**(39,604)**
Lease disposals	**(28,301)**	**(2,026)**	**-**	**(16,498)**	**-**	**-**	**-**	**(46,825)**
Transfers	**28,526**	**95,335**	**5,153**	**65**	**38,081**	**(174,797)**	**7,637**	**-**
Provision for impairment losses on assets	**-**	**-**	**-**	**-**	**(7)**	**(265)**	**(1,215)**	**(1,487)**
Reclassification [3]	**(784)**	**(1,025)**	**10**	**-**	**1,864**	**(1,052)**	**(1,419)**	**(2,406)**
Balances as of December 31, 2023	**1,690,301**	**3,438,467**	**132,987**	**231,092**	**519,930**	**312,621**	**337,458**	**6,662,856**

[1] Refers to the PIS/COFINS credit on the residual balance of assets from prior periods, which the Company decided to appropriate per acquisition date, considering the capitalization of said assets; [2] See Note 14; [3] Reclassification from intangible assets to property, plant and equipment of R$ 2,237, from property, plant and equipment to investment properties of R$ 2,113, reclassification to expenses of R$ 1,537 and between cost and depreciation of R$ 993.

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances as of December 31, 2021	**(332,802)**	**(1,732,373)**	**(81,185)**	**(55,097)**	**(203,607)**	**-**	**(115,104)**	**(2,520,168)**
Business Combination- Jasmine	(5,606)	(15,825)	(765)	(586)	(1,439)	-	(2,002)	(26,223)
Business Combination- Las Acacias	(8,019)	(21,054)	(670)	(2,211)	(1,533)	(371)	-	(33,858)
Depreciation	(24,643)	(151,193)	(7,178)	(1,917)	(22,742)	(38)	(10,006)	(217,717)
Depreciation of surplus value	-	(280)	-	-	-	-	-	(280)
Amortization of the right-of-use	(32,783)	(10,297)	-	(18,106)	-	-	(1,017)	(62,203)
Disposals	-	5,464	429	2,726	48	-	10	8,677
Lease disposals	1,075	2,573	-	322	-	-	1	3,971
Transfers	1,203	(7,733)	7,809	-	48	-	(1,327)	-
Depreciation of PIS/COFINS credits	-	19,849	-	-	-	-	-	19,849
Reclassification	151	62	-	-	-	-	1,383	1,596
Balances as of December 31, 2022	**(401,424)**	**(1,910,807)**	**(81,560)**	**(74,869)**	**(229,225)**	**(409)**	**(128,062)**	**(2,826,356)**
Depreciation	**(25,597)**	**(160,876)**	**(7,794)**	**(1,858)**	**(24,386)**	**(481)**	**(10,737)**	**(231,729)**
Depreciation of surplus value	**10**	**(1,489)**	**36**	**-**	**200**	**-**	**177**	**(1,066)**
Amortization of the right-of-use [1]	**(37,641)**	**(12,090)**	**-**	**(31,029)**	**-**	**-**	**(945)**	**(81,705)**
Disposals	**1,343**	**3,633**	**546**	**9,861**	**(21)**	**-**	**2,299**	**17,661**
Lease disposals	**19,246**	**2,026**	**-**	**16,385**	**-**	**-**	**-**	**37,657**
Transfers	**454**	**(19)**	**(70)**	**-**	**206**	**-**	**(571)**	**-**
Reclassification [2]	**(139)**	**1,003**	**(12)**	**-**	**140**	**-**	**466**	**1,458**
Balances as of December 31, 2023	**(443,748)**	**(2,078,619)**	**(88,854)**	**(81,510)**	**(253,086)**	**(890)**	**(137,373)**	**(3,084,080)**
Net balances								
Balances as of December 31, 2022	1,253,866	1,406,867	42,704	133,139	253,010	247,831	210,343	3,547,760
Balances as of December 31, 2023	**1,246,553**	**1,359,848**	**44,133**	**149,582**	**266,844**	**311,731**	**200,085**	**3,578,776**

[1] See Note 14. [2] Reclassification from property, plant and equipment to investment properties of R$ 465 and between cost and depreciation of R$ 993.

(All amounts in thousands of Reais, except if stated otherwise)

As of December 31, 2023, the balance of R$ 200,085 recorded in "others" refers mainly to land of R$ 150,693 (R$ 156,371 in 2022), improvements of R$ 28,347 (R$ 33,323 in 2022), computers and peripheral equipment of R$ 15,480 (R$ 14,263 in 2022) and other fixed assets of R$ 5,565 (R$ 6,386 in 2022).

Depreciation recognized in the consolidated statement of income for the year ended December 31, 2023 amounted to R$ 318,274 (R$ 272,898 as of December 31, 2022).

b) Improvements to leased properties

The Company has lease agreements for port areas where three manufacturing plants are installed, based in the cities of Cabedelo (PB), Fortaleza (CE) and Natal (RN), where most of these investments are concentrated. Improvements are made to the real estate, and the costs are amortized over the shorter of the lease agreement period and the useful life of the asset. The balance as of December 31, 2023 totaled R$ 28,347 (R$ 33,323 as of December 31, 2022).

A detailed description of assets classified as improvements to third-party property is provided below:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Improvements to buildings	**78,696**	78,208	**78,696**	80,510
Accumulated depreciation	**(50,349)**	(46,951)	**(50,349)**	(47,187)
Total	**28,347**	31,257	**28,347**	33,323

c) Guarantees

As of December 31, 2023, the value of assets securing various operations amounted to R$ 417,066 (R$ 621,673 as of December 31, 2022), excluding accumulated depreciation.

d) Impairment testing of assets

The Company's property, plant and equipment are subject to impairment tests to ensure that the carrying amounts do not exceed the recoverable values. Based on an analysis of external and internal information, it was concluded that the assets do not present any indications of impairment, devaluation or physical damage that could affect the Company's future cash flows.

13. Intangible assets

Intangible assets are valued at acquisition cost, less accumulated amortization and impairment losses, when applicable. If the intangible assets are acquired in a business combination, they are measured at fair value on the acquisition date.

The Company's intangible assets comprise:

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Assets with defined useful life				
Software	**192,781**	150,868	**194,959**	152,667
(-) Accumulated amortization	**(117,913)**	(88,256)	**(119,350)**	(89,698)
	74,868	62,612	**75,609**	62,969
Software in progress [1]	**134,976**	79,464	**134,976**	79,464
	209,844	142,076	**210,585**	142,433
Other Intangible assets				
Non-contractual relationship with customers and suppliers	**185,921**	185,921	**223,851**	221,810
Non-competition agreements	**1,035**	1,035	**1,909**	1,909
(-) Accumulated amortization	**(68,232)**	(56,291)	**(77,733)**	(56,291)
	118,724	130,665	**148,027**	167,428
Assets with undefined useful life				
Brands				
Vitarella	**107,011**	107,011	**107,011**	107,011
Pilar	**33,815**	33,815	**33,815**	33,815
Estrela, Pelágio and Salsito	**75,559**	75,559	**75,559**	75,559
Predilleto and Bonsabor	**11,530**	11,530	**11,530**	11,530
Piraquê and Aldente	**318,510**	318,510	**318,510**	318,510
Fit Food, Frontera, Smart and Taste&Co	**-**	-	**98,826**	98,826
Jasmine	**-**	-	**110,437**	110,437
Las Acacias	**-**	-	**28,267**	28,272
Others	**6,138**	6,014	**6,197**	6,074
	552,563	552,439	**790,152**	790,034
Goodwill				
Adria	**34,037**	34,037	**34,037**	34,037
Vitarella	**400,710**	400,710	**400,710**	400,710
Pilar	**27,941**	27,941	**27,941**	27,941
Pelágio and J. Brandão	**67,661**	67,661	**67,661**	67,661
Moinho Santa Lúcia	**42,363**	42,363	**42,363**	42,363
Piraquê	**362,316**	362,316	**362,316**	362,316
Latinex	**-**	-	**96.516**	96,389
Jasmine	**-**	-	**156,126**	156,126
Las Acacias	**-**	-	**46,861**	59,914
Others [2]	**9,384**	9,384	**9,384**	9,384
	944,412	944,412	**1,243,915**	1,256,841
	1,825,543	1,769,592	**2,392,679**	2,356,736

[1] Software implementation project with estimated time for completion in 2024. [2] Goodwill arising from the net worth of the company Craiova Participações Ltda., incorporated in Adria Alimentos do Brasil Ltda. on August 27, 2002.

Software is amortized over a period of five years, except for the ERP system, which is amortized over ten years, which is the period defined as the estimated useful life of the asset and which reflects the economic benefit of the intangible asset. The non-contractual relationship with customers and non-competition agreements, assets identified in the process of allocating the acquisition price of Piraquê, have a defined useful life of 15.6 years and 5 years, respectively. Regarding Jasmine, the non-contractual relationship with the customer is 29.3 years. For Las Acacias, the useful life of the non-contractual relationship with the customer is 14.2 years.

(All amounts in thousands of Reais, except if stated otherwise)

The goodwill paid for future profitability is not amortized and its recoverable value, at minimum, is tested annually.

a) Changes in intangible assets

Parent

Change details	Software	Brands	Non-contractual customers relationship	Non-competition agreement	Goodwill	Total
Balances as of December 31, 2021	**89,884**	**552,103**	**142,469**	**276**	**944,412**	**1,729,144**
Additions	72,958	336	-	-	-	73,294
Reclassification	409	-	-	-	-	409
Amortizations	(21,175)	-	(11,873)	(207)	-	(33,255)
Balances as of December 31, 2022	**142,076**	**552,439**	**130,596**	**69**	**944,412**	**1,769,592**
Additions [1]	**100,364**	**124**	**-**	**-**	**-**	**100,488**
Reclassification [2]	**(2,924)**	**-**	**-**	**-**	**-**	**(2,924)**
Amortizations	**(24,737)**	**-**	**(11,872)**	**(69)**	**-**	**(36,678)**
Provision for impairment losses on assets [3]	**(4,935)**	**-**	**-**	**-**	**-**	**(4,935)**
Balances as of December 31, 2023	**209,844**	**552,563**	**118,724**	**-**	**944,412**	**1,825,543**

[1] Refers mainly to ERP modernization (R$ 74,314), implementing of the manufacturing enterprise system (R$ 5,373), implementation of cybersecurity perim and endpoint security - FF (R$ 2,283), development of a data science system FF (R$ 1,580) and digitalization of processes (R$ 1,150). [2] Reclassification from intangible assets to property, plant and equipment of R$ 2,587 and to expenses of R$ 337. [3] Due to the change from ERP EBS to SAP.

Consolidated

Change details	Software	Brands	Non-contractual customers relationship	Non-competition agreement	Goodwill	Total
Balances as of December 31, 2021	**89,963**	**651,015**	**180,050**	**1,364**	**1,031,043**	**1,953,435**
Business Combination- Latinex	-	-	(8,022)	(44)	9,758	1,692
Business Combination- Jasmine	99	110,437	13,011	-	156,126	279,673
Business Combination- Las Acacias	198	28,272	4,016	-	59,914	92,400
Additions [1]	72,980	397	-	-	-	73,377
Reclassification	408	(87)	-	-	-	321
Amortizations	(21,215)	-	(22,570)	(377)	-	(44,162)
Balances as of December 31, 2022	**142,433**	**790,034**	**166,485**	**943**	**1,256,841**	**2,356,736**
Business Combination- Las Acacias	**-**	**-**	**2,449**	**-**	**(13,053)**	**(10,604)**
Additions [1]	**100,494**	**118**	**-**	**-**	**-**	**100,612**
Reclassification [2]	**(2,559)**	**-**	**-**	**-**	**127**	**(2,432)**
Amortizations	**(24,848)**	**-**	**(21,635)**	**(215)**	**-**	**(46,698)**
Provision for impairment losses on assets [3]	**(4,935)**	**-**	**-**	**-**	**-**	**(4,935)**
Balances as of December 31, 2023	**210,585**	**790,152**	**147,299**	**728**	**1,243,915**	**2,392,679**

[1] Refers mainly to ERP modernization (R$ 74,314), implementing of the manufacturing enterprise system (R$ 5,373), implementation of cybersecurity perim and endpoint security - FF (R$ 2,283), development of a data science system FF (R$ 1,580) and digitalization of processes (R$ 1,150). [2] Reclassification from intangible assets to property, plant and equipment of R$ 2,095 and to expenses of R$ 337. [3] Due to the change from ERP EBS to SAP.

The Company recorded research and development costs of R$ 17,368 for the year ended December 31, 2023 (R$ 15,882 as of December 31, 2022).

b) Impairment testing of goodwill and brands

As of December 31, 2023, the Company performed impairment testing of the carrying values of goodwill and brands recorded as intangible assets, based on value-in-use, using the discounted cash flow model.

It is important to highlight that the process to estimate the value-in-use involves assumptions, judgments and forecasts of future cash flows, growth rates and discount rates. Therefore, the assumptions for the model are based on expected growth presented in the Company's annual budgets and in the strategic planning, approved by the directors, historic performance, and also market data, and therefore represent management's best estimates regarding the economic conditions that could prevail during the economic useful lives of the assets that are responsible for generating the cash flows.

According to the Company's valuation techniques, the assessment of value-in-use was made for a period of 5 years to perpetuity, and the model was based on the following fundamental assumptions:

- net revenue was forecast considering average annual growth of 7.2% (volume 5.6% and price 1.6%), based on historic performance and expected future performance;

- operational costs and expenses were forecast based on the Company's historic performance and expectations regarding the rising costs of supplies within the context of the forecast increase in sales;

- the investments in capital assets were estimated based on the infrastructure required to support forecast sales volumes;

- the estimated future cash flows were discounted using a single discount rate of 11.80% (11.11% in 2022). The growth rate used to extrapolate the forecasts beyond a period of 5 years was 3.9% (3.9% as of December 31, 2022).

In this assessment process, the Company value obtained from testing the recoverable values of its intangible assets did not result in the need to recognize impairment, because the carrying value of these assets did not exceed their estimated value-in-use.

The Company believes there are no signs of asset impairment for the year ended December 31, 2023.

14. Leases

The Company and its subsidiaries recognize the right of use of the leased asset and the liability for future payments for lease agreements and for agreements of a leasing nature, i.e. those that convey the right to control the use of an identified asset and obtain the benefits for a period of time in exchange for consideration.

The recognized assets and liabilities are initially measured at present value. Lease liabilities are measured at the net present value of the remaining payments, discounted at the incremental rate on loans, grouped by general nature of asset and contractual term. Right-of-use assets are measured at cost according to the value of the initial measurement of the lease liability and amortized over the lease term by the straight-line method.

The Company and its subsidiaries maintain assets and liabilities arising from lease agreements for port areas where three plants are installed, as specified in Note 12, letter b, property rental agreements, printers, vehicle rental and forklifts.

See below the changes in the year ended December 31, 2023 and December 31, 2022:

(All amounts in thousands of Reais, except if stated otherwise)

a) Right-of-use

Parent

Cost	Properties	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Balances as of December 31, 2021	**154,957**	**73,363**	**60,803**	**5,713**	**294,836**
Additions	48,480	13,123	90,046	(685)	150,964
Disposals	(2,023)	(2,573)	(69)	-	(4,665)
Balances as of December 31, 2022	**201,414**	**83,913**	**150,780**	**5,028**	**441,135**
Additions	43,220	23,253	49,705	9	116,187
Disposals	(27,172)	(2,026)	(16,385)	-	(45,583)
Balances as of December 31, 2023	**217,462**	**105,140**	**184,100**	**5,037**	**511,739**

Amortization	Properties	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Balances as of December 31, 2021	**(39,841)**	**(15,647)**	**(12,559)**	**(2,032)**	**(70,079)**
Amortization	(32,421)	(10,297)	(17,934)	(1,017)	(61,669)
Disposals	1,075	2,573	68	1	3,717
Balances as of December 31, 2022	**(71,187)**	**(23,371)**	**(30,425)**	**(3,048)**	**(128,031)**
Amortization	(37,208)	(12,090)	(30,593)	(944)	(80,835)
Disposals	18,451	2,026	16,385	-	36,862
Balances as of December 31, 2023	**(89,944)**	**(33,435)**	**(44,633)**	**(3,992)**	**(172,004)**
Net balances					
Balances as of December 31, 2022	130,227	60,542	120,355	1,980	313,104
Balances as of December 31, 2023	**127,518**	**71,705**	**139,467**	**1,045**	**339,735**

Consolidated

Cost	Properties	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Balances as of December 31, 2021	**154,957**	**73,363**	**60,803**	**5,713**	**294,836**
Business combination-Jasmine	-	-	1,020	-	1,020
Additions	49,622	13,123	90,387	(685)	152,447
Disposals	(2,024)	(2,573)	(443)	1	(5,039)
Balances as of December 31, 2022	**202,555**	**83,913**	**151,767**	**5,029**	**443,264**
Additions	43,220	23,253	50,007	9	116,489
Reclassification	(13)	-	-	-	(13)
Disposals	(28,301)	(2,026)	(16,498)	-	(46,825)
Balances as of December 31, 2023	**217,461**	**105,140**	**185,276**	**5,038**	**512,915**

Amortization	Properties	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Balances as of December 31, 2021	**(39,841)**	**(15,647)**	**(12,559)**	**(2,032)**	**(70,079)**
Amortization	(32,783)	(10,297)	(18,106)	(1,017)	(62,203)
Disposals	1,075	2,573	322	1	3,971
Balances as of December 31, 2022	**(71,549)**	**(23,371)**	**(30,343)**	**(3,048)**	**(128,311)**
Amortization	(37,641)	(12,090)	(31,029)	(945)	(81,705)
Disposals	19,246	2,026	16,385	-	37,657
Balances as of December 31, 2023	**(89,944)**	**(33,435)**	**(44,987)**	**(3,993)**	**(172,359)**
Net balances					
Balances as of December 31, 2022	131,006	60,542	121,424	1,981	314,953
Balances as of December 31, 2023	**127,517**	**71,705**	**140,289**	**1,045**	**340,556**

The average discount rates used in initial measurement, based on quotations provided by financial institutions, the agreement expiration dates and the relevant weighted amortization rates expressing the timing of the realization of rights-of-use, are as follows:

Nature of the agreement	Parent and Consolidated				
	Maturity (1)	Average discount rate		Amortization rate	
		2023	2022	2023	2022
Port properties	Jul/43	**12.20%**	13.74%	**7.71%**	8.13%
Properties	Aug/29	**9.06%**	8.61%	**15.14%**	14.91%
Machinery and equipment	Mar/30	**12.54%**	8.04%	**11.26%**	33.47%

(All amounts in thousands of Reais, except if stated otherwise)

Nature of the agreement	Parent and Consolidated				
	Maturity [1]	Average discount rate		Amortization rate	
		2023	2022	2023	2022
Vehicles	Aug/29	**11.07%**	9.90%	**16.87%**	16.62%
Computers and Peripherals	Jan/25	**7.57%**	7.57%	**20.00%**	20.00%

[1] *Considered the last maturity of the group of agreements.*

b) Lease liability

Change details	Parent	Consolidated
Balances as of December 31, 2021	**245,794**	**245,794**
Business combination - Jasmine	-	1,020
Additions	150,964	152,447
Interest	27,059	27,159
Disposals	(1,128)	(1,128)
Payments	(65,382)	(66,135)
Interest payments	(27,239)	(27,240)
Balances as of December 31, 2022	**330,068**	**331,917**
Additions	**116,187**	**116,489**
Disposals	**(8,722)**	**(9,160)**
Interest	**36,088**	**36,241**
Payments	**(78,363)**	**(79,506)**
Interest payments	**(37,824)**	**(37,874)**
Balances as of December 31, 2023	**357,434**	**358,107**
Current	**86,343**	**86,808**
Non-current	**271,091**	**271,299**

The amounts recorded as non-current liabilities as of December 31, 2023 mature as follows:

Maturity	Parent	Consolidated
2025	81,245	81,453
2026	78,151	78,151
2027	58,068	58,068
2028	25,089	25,089
2029 to 2043	28,538	28,538
Total	**271,091**	**271,299**

c) Amounts recognized in profit or loss

Change details	Parent		Consolidated	
	2023	2022	2023	2022
Amortization of rights-of-use	**80,835**	61,669	**81,705**	62,203
Interest on lease liabilities	**36,088**	27,059	**36,241**	27,159
Payments not included in the measurement of lease liabilities	**2,240**	2,508	**2,240**	2,508

14.1 CVM/SNC/SEP/Official Circular Letter No. 02/2019

In compliance with the Circular Letter issued by the Brazilian Securities Commission (CVM), the Company is presenting comparative balances of lease liabilities, rights-of-use, finance expense and depreciation expense considering the effect of projected future inflation on cash flows under the lease agreements, discounted at the nominal rate:

(All amounts in thousands of Reais, except if stated otherwise)

	December 31, 2023 Consolidated										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033 to 2043 (1)
Liability											
IFRS 16	358,107	271,289	190,489	112,257	54,293	29,204	12,948	8,306	4,057	2,096	13,196
CVM Official	463,159	360,999	260,445	158,611	78,730	44,647	21,462	13,949	6,721	3,349	23,367
	29.3%	33.1%	36.7%	41.3%	45.0%	52.9%	65.8%	67.9%	65.7%	59.8%	77.1%
Right-of-use											
IFRS 16	340,556	256,876	180,143	111,640	60,025	34,257	15,549	5,333	2,515	1,287	6,180
CVM Official	417,219	316,208	223,504	139,982	75,451	43,746	20,341	6,995	3,212	1,573	7,555
	22.5%	23.1%	24.1%	25.4%	25.7%	27.7%	30.8%	31.2%	27.7%	22.3%	22.3%
Financial expense											
IFRS 16	36,241	34,002	25,659	17,177	10,014	5,288	2,496	1,351	861	417	2,428
CVM Official	50,359	43,634	33,789	23,438	13,850	7,688	3,898	2,235	1,427	668	4,266
	38.9%	28.3%	31.7%	36.5%	38.3%	45.4%	56.2%	65.4%	65.7%	60.2%	75.7%
Amortization											
IFRS 16	81,705	83,977	76,733	68,503	51,615	25,768	18,708	10,217	2,818	1,228	1,287
CVM Official	101,551	100,988	92,699	83,521	64,531	31,705	23,405	13,346	3,783	1,639	1,573
	24.3%	20.3%	20.8%	21.9%	25.0%	23.0%	25.1%	30.6%	34.2%	33.5%	22.3%

(1) *Refers to the port lease contract at the Natal (RN) unit.*

A statement of potentially recoverable PIS/COFINS tax credits embedded in the lease consideration over the relevant payment periods is presented below:

Cash flow	Parent				Consolidated			
	2023		2022		2023		2022	
	Par value	Adjusted to present value	Par value	Adjusted to present value	Par value	Adjusted to present value	Par value	Adjusted to present value
Consideration for the lease	**463,134**	**357,434**	434,893	330,068	**461,187**	**358,107**	435,464	331,917
Potential PIS/COFINS (9.25%)	**42,840**	**33,063**	40,228	30,531	**42,660**	**33,125**	40,280	30,702

15. Related-party transactions

Related-party transactions arise mainly from transactions between the Company and its subsidiaries, key management professionals and other parties related directly or indirectly to the controlling shareholder. These transactions were carried out under market conditions that were satisfactory for the Company's interests considering management's analysis of each transaction. The Company's controlling shareholder is DIBRA Fundo de Investimentos em Participações.

Presented below is a list of related companies with which the Company carries out transactions:

Related parties	Nature of the transactions
Subsidiaries (1)	
M. Dias Branco International Trading LLC	Purchase of raw materials, but with no transactions during the year
M. Dias Branco International Trading Uruguay S. A.	Purchase of raw materials, but with no transactions during the year
M. Dias Branco Argentina S. A.	Not operating and under liquidation process
Jasmine Indústria e Comércio de Alimentos Ltda.	Purchase and sale of industrialized products and products for resale
Darcel S.A. and Cacama S.A	No such transactions in the year
Joint ventures (1)	
Tergran – Terminal de Grãos de Fortaleza Ltda.	Services related to unloading wheat
Terminal de Trigo do Rio de Janeiro - Logística S.A.	Provision of raw material unloading services and other services
Associated companies (1)	
Serena Geração S.A.	Provision of electricity services
Companies whose controller is the Company's chairperson of the board of directors	
Dias Branco Administração e Participação Ltda.	Property lending agreement

Related parties	Nature of the transactions
Idibra Participações S. A.	Civil constructions and equipment leasing
Praia Centro Hotel Viagens e Turismo Ltda.	Services related to hosting employees and service providers
Terminal Portuário Cotegipe S. A.	Services related to unloading wheat and other services
Companhia Industrial de Cimento Apodi	Purchase of materials used in civil works
Companies in which the Company's president or vice president are registered as the partners	
LDB Transporte de Cargas Ltda.	Cargo transport
LDB Logística e Transporte Ltda.	Cargo transport
AET - Engenharia e Soluções Tecnológicas Avançadas Ltda.	Equipment installation and maintenance services rendered
Buhler & Scherler S.A.	Equipment installation and maintenance services rendered
WEF Engenharia e automação Ltda.	Equipment installation and maintenance services rendered
Support Administração e Serviços S/S Ltda.	Services related to hosting employees and service providers
Company in which the Company's vice president has a family member who appears as a shareholder	
Everest Comércio de Produtos Médicos e Odontológicos	Equipment installation and maintenance services rendered

[1] *The percentage equity interest and its characteristics are disclosed in Note 5.*

The following companies are related to the controlling shareholder or to the vice president and meet the criteria of CPC 05 (IAS 24) and are also considered related parties. However, the Company does not carry out any transactions with them: Apodi Distribuição e Logística Ltda., Hotel Praia Mar Ltda., Aquiraz Investimentos Turísticos S. A., CDB Participações Ltda-EPP, Praia do Futuro Empreendimentos Imobiliários Ltda., Equatorial Participações e Negócios S.A., Dias Branco Incorporadora SPE 001 Ltda., Dias Branco Incorporadora SPE 002 Ltda., Dias Branco Incorporadora SPE 003 Ltda, Dias Branco Incorporadora SPE 004 Ltda, Dias Branco Incorporadora SPE 005 Ltda., Dias Branco Incorporadora SPE 006 Ltda., Dias Branco Incorporadora SPE 007 Ltda., Dias Branco Incorporadora SPE 008 Ltda., Dias Branco Incorporadora SPE 009 Ltda., Dias Branco Incorporadora SPE 010 Ltda., Ponta da Praia Empreendimentos Imobiliários SPE 001 Ltda., Aquiraz Golf Clubs Administração e Comércio Ltda., Lago das Praias Belas Empreendimentos Imobiliários Ltda, Aveiro Multimercado FD Invest Crédito Privado Investimento Exterior, Águas Claras Participações Ltda., Apodi Concreto Ltda, IDB Condominium Incorporações SPE Ltda, Riviera Lazer S.A., 3L Administração e Participações Ltda., Lavanda Brasil Indústria e Comércio de Cosméticos Ltda., 4D Empreendimentos Imobiliários SPE Ltda., 4D Participação e Investimentos Ltda., A&F Participações Ltda., Clínica Odontológica Jório da Escóssia Ltda., Escóssia e Alcântara Representações e Distribuição Ltda., Hospital Odontológico Dr. Jório da Escóssia Ltda., Matrix Núcleo de Histeroscopia do Ceará Ltda., Natasha Mihaliuc Dias Branco – ME, Pro-Imagem Serviços de Radiologia e Odontologia Ltda., Seta Empreendimentos de Produtos Médicos e Odontológicos Ltda., Tusker Comércio e Confecção de Roupas Ltda, AFBR Investimentos e Participações S.A., Dias Branco Securitizadora S.A., Fertsan Soluções Inteligentes em Agronegócio S.A., Idibra & Diagonal Incorporadora SPE Ltda, Idibra KRM Incorporadora SPE Ltda., PDB Indústria e Comércio de Alimentos Ltda., Clam Empreendimentos Imobiliários Ltda., Dibra Comercial de Combustíveis de Aviação Ltda., IDBN Ltda., RAMG Administração e Participações Ltda., EFF Holding Ltda., Mota Gutierrez - Participações e Administração de Ativos Ltda.

a) Terms of the transactions with the main related parties

Related-party transactions are carried out under conditions satisfactory for the Company, and the prices charged vary depending on the type of service provided and the products sold. In general, payments are made against Invoices.

(All amounts in thousands of Reais, except if stated otherwise)

b) Assets and liabilities with the related parties are presented below:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Assets				
Current				
Accounts receivable				
LDB Transporte de Cargas Ltda.	**28**	39	**28**	39
Terminal Portuário Cotegipe S. A.	**-**	2	**-**	2
Idibra Participações S. A.	**5**	6	**5**	6
Praia Centro Hotéis, Viagens e Turismo Ltda.	**4**	-	**4**	-
Latinex Importação e Exportação de Alimentos Ltda. (1)	**-**	41	**-**	-
Jasmine Indústria e Comércio de Alimentos Ltda.	**423**	-	**-**	-
Darcel S.A. e Cacama S.A.	**899**	-	**-**	-
	1,359	88	**37**	47
Non-current				
Other credits				
M.Dias Branco Trading LLC	**195**	195	**-**	-
	195	195	**-**	-
Advance for capital subscription				
Tergran – Terminal de Grãos de Fortaleza Ltda.	**4,177**	-	**-**	-
Latinex Importação e Exportação de Alimentos Ltda. (1)	**-**	82,070	**-**	-
Jasmine Indústria e Comércio de Alimentos Ltda.	**22,450**	-	**-**	-
Serena Geração S.A.	**1**	1	**1**	1
	26,628	82,071	**1**	1
Liabilities				
Current				
Suppliers				
LDB Transporte de Cargas Ltda.	**4,700**	5,855	**4,700**	5,855
LDB Logística e Transporte Ltda.	**467**	390	**467**	390
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**2**	198	**2**	198
Idibra Participações S. A.	**1**	1	**1**	1
Tergran – Terminal de Grãos de Fortaleza Ltda.	**657**	443	**-**	-
Terminal de Trigo do Rio de Janeiro - Logística S.A.	**601**	-	**-**	-
THB CE Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda. (2)	**-**	243	**-**	243
WEF Engenharia e automação Ltda.	**508**	326	**508**	326
Latinex Importação e Exportação de Alimentos Ltda. (1)	**-**	55	**-**	-
Everest Comércio de Produtos Médicos e Odontológicos	**2**	-	**2**	-
Jasmine Indústria e Comércio de Alimentos Ltda.	**14,620**	-	**-**	-
Support Administração e Serviços S/S Ltda.	**-**	4	**-**	4
Serena Geração S.A.	**3,393**	-	**3,393**	-
	24,951	7,515	**9,073**	7,017
Other accounts payable				
Tergran – Terminal de Grãos de Fortaleza Ltda.	**1,188**	1,188	**-**	-
	1,188	1,188	**-**	-
Non-current				
Accounts payable				
M.Dias Branco Trading LLC	**3**	3	**-**	-
Terminal Portuário Cotegipe S. A.	**1,238**	1,238	**1,238**	1,238
	1,241	1,241	**1,238**	1,238

(1) Company incorporated on August 1, 2023 by Jasmine Indústria e Comércio de Alimentos Ltda. (2) Company ceased to be a related party in the second quarter of 2023.

(All amounts in thousands of Reais, except if stated otherwise)

c) Transactions carried out with related parties are presented below:

Description	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Sale of products				
Terminal Portuário Cotegipe S. A.	**5**	13	**5**	13
Idibra Participações S. A.	**5**	7	**5**	7
Jasmine Indústria e Comércio de Alimentos Ltda.	**70**	-	**-**	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	**26**	9	**26**	9
Darcel S.A. e Cacama S.A.	**1,181**	**-**	**-**	-
	1,287	29	**36**	29
Sale of fixed assets / other				
Terminal Portuário Cotegipe S.A.	**16**	**-**	**16**	-
LDB Logística e Transporte Ltda.	**-**	2	**-**	2
LDB Transporte de Cargas Ltda.	**120**	125	**120**	125
Latinex Importação e Exportação de Alimentos Ltda. (1)	**82**	428	**-**	-
Jasmine Indústria e Comércio de Alimentos Ltda.	**509**	53	**-**	-
	727	608	**136**	127
Purchase of products				
Jasmine Indústria e Comércio de Alimentos Ltda.	**153,159**	**-**	**-**	-
Latinex Importação e Exportação de Alimentos Ltda. (1)	**47,241**	113,018	**-**	-
Darcel S.A. e Cacama S.A.	**435**	**-**	-	-
	200,835	113,018	**-**	-
Purchase of fixed assets / others				
Buhler & Scherler S.A.	**810**	900	**810**	900
WEF Engenharia e Automação Ltda.	**149**	291	**149**	291
Latinex Importação e Exportação de Alimentos Ltda. (1)	**5,481**	198	**-**	-
Jasmine Indústria e Comércio de Alimentos Ltda.	**154**	-	**-**	-
	6,594	1,389	**959**	1,191
Hiring of services				
LDB Transporte de Cargas Ltda.	**17,482**	21,154	**17,482**	21,154
LDB Logística e Transporte Ltda.	**1,734**	1,504	**1,734**	1,504
Terminal Portuário Cotegipe S. A.	**6,158**	8,612	**6,158**	8,612
Tergran – Terminal de Grãos de Fortaleza Ltda.	**9,161**	9,390	**-**	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	**926**	779	**926**	779
Idibra Participações S. A.	**7**	5	**7**	5
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**-**	216	**-**	216
THB CE Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda. (2)	**740**	1,796	**740**	1,796
WEF Engenharia e Automação Ltda.	**869**	882	**869**	882
Everest Comércio de Produtos Médicos e Odontológicos	**15**	13	**15**	13
Serena Geração S.A.	**37,573**	9,839	**37,573**	9,839
Support Administração e Serviços S/S Ltda.	**1,584**	281	**1,584**	281
	76,249	54,471	**67,088**	45,081

(1) Company incorporated on August 1, 2023 by Jasmine Indústria e Comércio de Alimentos Ltda. (2) Company ceased to be a related party in the second quarter of 2023.

Other matters

As regards the submission of security for the Company's loan agreements in force, Mrs. Maria Consuelo Saraiva Leão Dias Branco, the Chairperson of the Board of Directors, is the guarantor for some loans. A number of statutory officers also appear as guarantors in some of these loans together with Mrs. Maria Consuelo. For new contracts, currently the Company does not provide this type of guarantee.

As of December 31, 2023, the guaranteed balance for consolidated financing was R$ 233 (R$ 7,777 as of December 31, 2022).

(All amounts in thousands of Reais, except if stated otherwise)

Compensation paid to key management personnel

Key management personnel are members of the statutory executive office and the members of the Company's Board of Directors.

As of December 31, 2023, the Company and its subsidiaries recognized R$ 39,505 (R$ 42,181 as of December 31, 2022) as compensation for key management personnel, including salaries, management fees, bonuses, short-term benefits, especially profit-sharing, and long-term benefits for employees subject to CLT designated as statutory officers, as described in Note 27.

The Company's bylaws do not provide for Management to receive profit shares, and no amount has therefore been recorded for profit sharing for the years ended December 31, 2023 and 2022.

16. Suppliers and "Drawee's Risk" Transactions

Description	Parent		Consolidated	
	2023	2022	2023	2022
Domestic suppliers	**907,683**	857,481	**909,230**	885,727
Foreign suppliers	**-**	-	**5,022**	9,547
Subtotal	**907,683**	857,481	**914,252**	895,274
Forfaiting transactions	**322,646**	339,297	**322,824**	339,339
Total	**1,230,329**	1,196,778	**1,237,076**	1,234,613

The Company has forfaiting transactions with suppliers to allow them to transfer their rights under receivables to a financial institution and receive an advance of those receivables for goods and services purchased by the Company. The decision to opt into these transactions remains exclusively with the supplier.

In these transactions the financial institution agrees to pay an advance to the Company's suppliers in exchange for a discount on the receivables. The supplier transfers its rights in these receivables to the bank. The Company pays the full amount of the original price to the financial institution on the original due date.

These transactions have no effect on the prices, terms or other conditions initially agreed and therefore on the amount, nature or timing of the original liability, and the Company does not incur any financial charges from the financial institution. In addition, no guarantees are provided by the Company. The Company therefore continues to recognize these liabilities as "Trade payables" and the effects from these transactions are recognized under operating activities in the statement of cash flows.

17. Financing and borrowings

Financing and borrowings Company are recognized as financial liabilities carried at amortized cost, and are inflation adjusted, when applicable, for the related contractual charges, and any financing subject to foreign exchange variation is restated using the respective selling exchange rate in force on the last business day of the period.

General and specific loan costs that are directly attributed to the acquisition, construction or production of a qualifying asset, i.e. an asset that requires a long time to be concluded for the purpose of use or sale, are capitalized as part of the asset's cost when it is probable that they will result in future economic benefits for the entity and that such costs can be reliably measured. Other loan costs are recorded as an expense in the period they are incurred in.

(All amounts in thousands of Reais, except if stated otherwise)

Financing and borrowings of the Company and its subsidiaries recorded as of December 31, 2023 in the amount of R$ 2,171,056 (R$ 2,226,547 as of December 31, 2022) are distributed between four categories, as follows: financing and borrowings with financial institutions, tax financing, direct financing and debentures.

17.1 Financing and borrowings with financial institutions

Description	Index	Interest	Parent			Interest	Consolidated		
		(p.a.)	Maturity [1]	2023	2022	(% p.a.)	Maturity [1]	2023	2022
Domestic currency									
BNDES-FINAME	TJLP	2.17	08/15/2024	**2,124**	6,183	2.17	08/15/2024	**2,124**	6,183
BNDES-PSI [2]	-	3.50	01/15/2024	**277**	13,316	3.50	01/15/2024	**277**	13,316
BNDES-FINEM	IPCA	8.57	08/15/2024	**10,880**	20,810	8.57	08/15/2024	**10,880**	20,810
FINEP	TR	3.30	11/15/2033	**25,810**	-	3.30	11/15/2033	**25,810**	-
Working Capital	CDI	0.76	08/28/2023	**-**	104,653	0.76	08/28/2023	**-**	104,653
Working Capital	IPCA	6.93	02/15/2024	**128,494**	123,584	6.93	02/15/2024	**128,494**	123,584
				167,585	268,546			**167,585**	268,546
Foreign currency									
Working Capital (Law 4,131) and export	USD	3.21	12/22/2025	**784,832**	734,003	3.21	12/22/2025	**784,832**	736,186
Working capital	UYU	-	-	**-**	-	10.10	02/23/2026	**5,152**	19,859
				784,832	734,003			**789,984**	756,045
Total				**952,417**	1,002,549			**957,569**	1,024,591
Current liabilities				**442,536**	346,347			**444,334**	363,912
Non-current liabilities				**509,881**	656,202			**513,235**	660,679

(1) Final maturity for the group of agreements; (2) Agreements signed for the purchase of fixed assets.

The vesting period for the agreements signed involving funds from the National Bank for Economic and Social Development (BNDES) is between 12 and 36 months. In most of the agreements, the interest is paid quarterly during the vesting period and after this period has elapsed, the payments are made monthly, except in some direct transactions with BNDES in which the principal sum and interest are paid annually. Working capital loans have a vesting period of 6 months; interest payments are made every six months and the principal is paid on maturity. The export financing will be settled in full at the end of the agreement.

The agreement signed with the Studies and Projects Financier, FINEP, has a grace period of 24 months. Interest is paid monthly during the grace period. After this period, interest and amortization installments will be monthly over 96 months.

See below the changes in loans and financing:

(All amounts in thousands of Reais, except if stated otherwise)

Change details	Parent	Consolidated
Balance as of December 31, 2021	**663,563**	**681,738**
Business combination – Las Acacias	-	16,735
Release	426,970	430,094
Provision for interest, commission and tax	24,352	24,677
Exchange variation and inflation adjustment	(31,167)	(31,307)
Fair value variation	1,386	1,386
Amortizations	(66,757)	(82,548)
Payment of interest and exchange variation	(15,798)	(16,184)
Balance as of December 31, 2022	**1,002,549**	**1,024,591**
Release	329,346	331,715
Provision for interest, commission and tax	45,508	47,161
Exchange variation and inflation adjustment	(57,408)	(57,484)
Fair value variation	2,891	2,891
Amortizations	(319,336)	(338,595)
Payment of interest and exchange variation	(50,764)	(52,341)
(-) Amortization of transaction costs	(369)	(369)
Balance as of December 31, 2023	**952,417**	**957,569**

The amounts recorded in non-current liabilities as of December 31, 2023 mature as follows:

Maturity	Parent	Consolidated
2025	**484,661**	**486,581**
2026	**3,186**	**4,620**
2027	**3,186**	**3,186**
2028	**3,186**	**3,186**
2029 a 2033	**15,662**	**15,662**
Total	**509,881**	**513,235**

Some consolidated financing and borrowings are secured by real estate mortgage, bank guarantee, promissory notes, guarantee insurance (see Note 15, other matters) and chattel mortgages over the assets financed, in the amount of R$ 798,190 (R$ 774,312 as of December 31, 2022).

Agreements for external financing and financing through BNDES and FINEP credit facilities are subject to covenants, common for these types of operations. Non-compliance with these covenants could result in the early maturity of these transactions.

These covenants, amongst other conditions, restrict the Company's autonomy in the case of any alterations to its corporate structure. It is not possible to alter the capital structure or implement the takeover, spin-off or merger of the Company, directly or indirectly transfer or assign its controlling interest, without the prior express consent of the creditor financial institutions. The agreements determine that the Company does not have: (i) legal protests, (ii) pending actions, demands or processes, or any that are in the process of being filed, which, if decided against the Company, would have an adverse effect on its financial position, or which could affect its ability to fulfill the contractual terms; and also require that any transfer or assignment of rights or obligations arising from the agreement be approved by the financial institution and by the Government Agency for Machinery and Equipment Financing (FINAME). In addition to the above-mentioned clauses (i) certain ratio percentages should be preserved during the effectiveness of the agreement: Net Indebtedness / Ebitda and Shareholders' Equity / Total Liabilities and (ii) maintaining the workforce presented in the financing release request and the company committing (i) not to use funds secured in financial transactions that could be used in terrorist activities or result in breaches of any applicable anticorruption or antiterrorism legislation as far as it is aware; and (ii) ensure that each of its associated companies, subsidiaries and all individuals acting on its behalf or under the management of the Company or any of its subsidiaries behavior in accordance with the anticorruption legislation applicable in jurisdictions where the company or any of its associated companies or subsidiaries do business. As of December 31, 2023, the Company was in compliance with all covenants in its agreements.

(All amounts in thousands of Reais, except if stated otherwise)

17.2 Tax financing - PROVIN and Fundopem

The Company is the beneficiary of investment subsidies from the government, as explained in Note 22. The financing classified here denotes the non-incentive portion of the taxes and is based on monthly ICMS due.

The balance of state tax financing broke down as follows:

Description	Index	Parent and Consolidated		
		Maturity [1]	2023	2022
Domestic currency				
Provin	TJLP	12/30/2026	**34,127**	20,530
Fundopem	IPCA/IBGE	06/30/2036	**13,107**	6,239
			47,234	26,769
Current			**7,937**	4,930
Non-current			**39,297**	21,839

[1] *Final maturity for the group of agreements.*

Financing for taxes related to Provin incentives are adjusted monthly using the TJLP and may mature every 2 or 3 years. Fundopem incentive is adjusted monthly using the IBGE/IPCA and matures in 60 months.

The changes in the tax financing were as follows:

Change details	Parent and Consolidated
Balance as of December 31, 2021	**17,012**
Release	11,839
Provision for interest	1,138
Amortization	(2,782)
Interest payment	(438)
Balance as of December 31, 2022	**26,769**
Release	23,786
Provision for interest	1,861
Amortization	(4,381)
Interest payment	(801)
Balance as of December 31, 2023	**47,234**

The amounts recorded as non-current liabilities as of December 31, 2023 mature as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Maturity	Parent and Consolidated
2025	**9,872**
2026	**16,318**
2027 to 2040	**13,107**
Total	**39,297**

17.3 Direct financing - Acquisition of Companies

Description	Parent		Consolidated	
	2023	2022	2023	2022
Current liabilities				
Acquisition of Pelágio Shares	**4,099**	3,512	**4,099**	3,512
Acquisition of Pilar Shares	**4,819**	4,676	**4,819**	4,676
Acquisition of Piraquê Shares	**37,541**	132,576	**37,541**	132,576
Acquisition of Latinex Shares	**2,064**	2,811	**2,064**	2,811
Acquisition of Jasmine Shares	**-**	-	**-**	23,586
Acquisition of Las Acacias Shares	**-**	-	**10,797**	15,250
	48,523	143,575	**59,320**	182,411
Non-current liabilities				
Acquisition of Pelágio Shares	**3,364**	8,384	**3,364**	8,384
Acquisition of Moinho Santa Lúcia Shares	**-**	724	**-**	724
Acquisition of Piraquê Shares Shares	**102,257**	37,495	**102,257**	37,495
Acquisition of Latinex Shares	**86,338**	87,195	**86,338**	87,195
Acquisition of Las Acacias Shares	**-**	-	**10,697**	10,697
	191,959	133,798	**202,656**	144,495
Total	**240,482**	277,373	**261,976**	326,906
Current	**48,523**	143,575	**59,320**	182,411
Non-current	**191,959**	133,798	**202,656**	144,495

Direct financing is composed of retained portions of the acquisition price to guarantee any contingencies that may arise, at the rate equivalent to 100% of the CDI variation, and for the quota of the contingent price in the acquisition of Piraquê.

The amount of R$ 139,797 related to the acquisition of Piraquê is comprises retained quota of the price which will be settled in January/2024, discounted from the paid contingencies and amount under discussion of the sellers responsibility in the order of R$ 102,257.

The amount of R$ 88,402 refers to Latinex acquisition and is comprised of the withheld portion of the price of R$ 10,718, to be amortized in five annual installments, less the contingencies paid that were the responsibility of the sellers, R$ 32,500 to be paid on the completion of the brand ownership registration process, and R$ 36,238 resulting from the contingent installment of the purchase price (R$ 41,752, as of December 31, 2022), plus CDI on the order of R$ 12,371. In 2023, the Company settled the amount of R$ 2,367 of the retained portion of the price (R$ 1,058 on December 31, 2022).

The amount of R$ 21,495 related to Las Acacias acquisition comprises the portion withheld from the price of R$ 8,802 to be amortized in five annual installments, deducted from contingencies paid for the sellers' liabilities, and R$ 12,635, in addition to update in the order of R$ 58.

The changes in the direct financing were as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Change details	Parent	Consolidated
Balance as of December 31, 2021	**257,139**	**257,139**
Retained portions of the price - Jasmine	-	23,586
Retained portions of the price – Las Acacias	-	25,947
Provision for interest	17,648	17,648
Transfer of tax credit	18,639	18,639
Reversal of contingent portion of the price	(8,848)	(8,848)
Amortizations	(7,037)	(7,037)
Others	(168)	(168)
Balance as of December 31, 2022	**277,373**	**326,906**
Provision for interest and exchange variation	19,296	20,391
Amortizations	(52,308)	(81,245)
Reversal of contingent portion of the price	(5,515)	(5,515)
Transfer of tax credit	1,152	1,152
Others	484	287
Balance as of December 31, 2023	**240,482**	**261,976**

17.4 Debentures

On January 22, 2021 the Board of Directors approved the 3rd issue of single, nonconvertible, unsecured debentures in two series maturing on March 13, 2028 and March 13, 2031, respectively.

The debentures were issued on March 15, 2021, underlying the issuance of Agribusiness Receivables Certificates (CRAs) totaling R$ 811,644. Interest rates were set for each series in a book building procedure on March 3, 2021. The first and second series of debentures carry six-monthly interest of respectively 3.7992% p.a. and 4.1369% p.a. on the basis of 252 business days, plus indexation by IPCA index (adjustment only together with amortization).

The funds are intended to promote and encourage sustainable agriculture by the Company's suppliers, ensuring the continuous improvement of food and nutritional security of the products offered to consumers. This initiative is part of the strategy to encourage the supply of raw materials in the long term, committing suppliers and the Company to the sustainable development goals of the United Nations (UN), and reinforces M. Dias Branco's position as a reference in sustainability in Brazil.

As of December 31, 2023, the value of the debentures was represented by an amount of R$ 904,277 (R$ 848,281 as of December 31, 2022), net of the unamortized balance of transaction costs totaling R$ 31,177 (R$ 36,273 as of December 31, 2022).

Changes in debentures are as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Change details	Parent and Consolidated
Balance as of December 31, 2021	**811,709**
Inflation adjustment	54,356
Conventional interest	36,373
Fair value variation[1]	(22,927)
Interest payment	(36,294)
(-) Amortization of transaction costs	5,064
Balance as of December 31, 2022	**848,281**
Inflation adjustment	44,724
Conventional interest	37,779
Fair value variation[1]	6,298
Interest payment	(37,900)
Amortization of transaction costs	5,095
Balance as of December 31, 2023	**904,277**
Current	**10,896**
Non-current	**893,381**

[1] This is an effect resulting from hedging transactions fair value. See Note 18.

The transaction costs recorded in liabilities as December 31, 2023 mature as follows:

Maturity	Parent and Consolidated
2024	**5,221**
2025	**5,206**
2026	**5,206**
2027 to 2031	**15,544**
Total	**31,177**

18. Financial instruments and risk management

The Company classifies its financial assets in the following categories, depending on the purpose for which they were acquired or contracted: (i) amortized cost, (ii) fair value through profit or loss, and (iii) fair value through other comprehensive income. Financial assets are not reclassified following initial recognition. Non-derivative financial liabilities are measured at (i) amortized cost using the effective interest rate method, when applicable or (ii) at fair value through profit or loss when subject to fair value hedging.

(i) Financial assets at amortized cost

These assets are measured subsequently to the amortized cost using the effective interest rate method. The amortized cost is reduced for impairment. Revenue from interest, exchange variance gains and losses and impairment are recognized directly in profit or loss.

The Company should look for any objective evidence that a financial asset or group of financial assets has been subject to impairment and consequently record the estimated asset impairment. To record the estimated allowance for doubtful accounts, the Company adopted a hybrid expected and incurred impairment model with a simplified approach, recording expected losses throughout the life cycle of trade accounts receivable.

(ii) Financial assets measured at fair value through profit or loss

These assets are subsequently measured at fair value. The net income including interest is recognized directly in profit or loss.

(iii) Financial assets measured at fair value through other comprehensive income

These assets are subsequently measured at fair value. Net income, including interest, is recognized in other comprehensive income under equity and upon derecognition. The accumulated change in fair value through other comprehensive income is adjusted under hedge object and affect results at the time of realization of the hedged item.

At each reporting period the Company assesses expected losses on instruments measured at amortized cost and debt instruments measured through other comprehensive income. Losses and/or reversals of losses are recognized in profit or loss.

The Company has swap derivative financial instruments to hedge its exposure to price index and foreign currency variation risk. It also started NDF - Non-Deliverable Forwards, currency and commodity options and futures agreements, for the sole purpose of hedging the exchange variance risk posed by its consumable acquisitions.

Derivative financial instruments are measured at fair value and are presented as financial assets when the instrument's fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives during the year are recorded directly in profit or loss, except when qualified as cash-flow hedges, in which case they are recognized in equity as other comprehensive income and, upon settlement, accumulated gains and losses are adjusted in the hedged item, affecting profit or loss at the time the hedged item is realized. Any portion of the hedge relationship which is deemed ineffective is transferred/reclassified to finance revenue (expense).

All financial instruments are recognized in the accounting records and are restricted to cash and cash equivalents, short-term investments, trade accounts receivable, other receivables, borrowings, financing, debentures, trade payables, accounts payable and derivative agreements.

These instruments are managed by means of operational strategies, aimed at ensuring liquidity, profitability and security. The control policy consists of permanently monitoring the rates contracted compared to the market rates.

(All amounts in thousands of Reais, except if stated otherwise)

18.1 Non-derivative financial assets and liabilities

Description	Index	Parent				Consolidated			
		Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022	Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022
Non-derivative financial assets									
Measured at amortized cost									
Cash and cash equivalents		**2,264,281**	**2,264,281**	639,300	639,300	**2,267,837**	**2,267,837**	648,046	648,046
Restricted deposits		**2,823**	**2,823**	69,570	69,570	**2,823**	**2,823**	69,570	69,570
Trade accounts receivable		**1,826,338**	**1,826,338**	1,655,753	1,655,753	**1,844,763**	**1,844,763**	1,693,760	1,693,760
Financial investments		**17,276**	**17,276**	18,117	18,117	**17,276**	**17,276**	18,117	18,117
Other assets		**45,211**	**45,211**	48,582	48,582	**55,779**	**55,779**	52,446	52,446
Current		**4,143,944**	**4,143,944**	2,421,910	2,421,910	**4,172,304**	**4,172,304**	2,472,514	2,472,514
Non-current		**11,985**	**11,985**	9,412	9,412	**16,174**	**16,174**	9,425	9,425
Non-derivative financial liabilities									
Measured at amortized cost									
Suppliers		**1,230,329**	**1,230,329**	1,196,778	1,196,778	**1,237,076**	**1,237,076**	1,234,613	1,234,613
Financing with financial institutions		**952,417**	**928,195**	1,002,549	967,257	**957,569**	**933,347**	1,024,591	989,299
BNDES - Transfer operations	TJLP	**2,124**	**2,124**	6,183	6,183	**2,124**	**2,124**	6,183	6,183
BNDES PSI-Pré	Fixed	**277**	**277**	13,316	13,322	**277**	**277**	13,316	13,322
BNDES – FINEM (Working capital)	IPCA	**10,880**	**10,935**	20,810	20,815	**10,880**	**10,935**	20,810	20,815
FINEP	TR	**25,810**	**25,810**			**25,810**	**25,810**		
External financing (Working capital and export)	USD	**784,832**	**760,555**	734,003	698,700	**784,832**	**760,555**	736,186	700,883
Working capital	CDI	**-**	**-**	104,653	104,653	**-**	**-**	104,653	104,653
Working capital	UYU	**-**	**-**	-	-	**5,152**	**5,152**	19,859	19,859
Working capital	IPCA	**128,494**	**128,494**	123,584	123,584	**128,494**	**128,494**	123,584	123,584
Direct financing	CDI	**204,244**	**204,244**	235,620	235,620	**225,738**	**225,738**	285,153	285,153
Other liabilities		**154,853**	**154,853**	127,684	127,684	**166,787**	**166,787**	137,239	137,239
Measured at fair value through profit or loss									
Contingent consideration in the acquisition of a company	CDI	**36,238**	**36,238**	41,753	41,753	**36,238**	**36,238**	41,753	41,753
Debentures [1]	IPCA	**904,277**	**904,277**	848,281	848,281	**904,277**	**904,277**	848,281	848,281
Current		**1,879,192**	**1,867,938**	1,806,927	1,797,382	**1,909,011**	**1,897,771**	1,909,279	1,899,091
Non-current		**1,603,166**	**1,590,198**	1,645,738	1,619,991	**1,618,674**	**1,605,692**	1,662,351	1,637,247

[1] *See Note 17.4.*

(All amounts in thousands of Reais, except if stated otherwise)

18.2 Derivative financial assets and liabilities

Description	Parent		Consolidated	
	Carrying amount		Carrying amount	
	2023	2022	2023	2022
Derivate financial assets				
Measured at fair value through other comprehensive income				
Non-Deliverable Forwards (NDFs)	**132**	2,363	**132**	2,662
Option contracts	**460**	3,904	**460**	3,904
Future contracts	**9,846**	9,035	**9,846**	9,035
Measured at fair value through profit or loss				
Swap contracts	**47,950**	-	**47,950**	-
Current	**10,438**	15,302	**10,438**	15,601
Non-current	**47,950**	-	**47,950**	-
Derivate financial liabilities				
Measured at fair value through other comprehensive income				
Swap contracts	**91,376**	54,642	**91,376**	54,642
Non-Deliverable Forwards (NDFs)	**4,748**	1,500	**4,748**	1,500
Option contracts	**326**	630	**326**	630
Future contracts	**5,194**	48,350	**5,194**	48,350
Measured at fair value through profit or loss				
Swap contracts	**-**	44	**-**	44
Current	**34,594**	54,506	**34,594**	54,506
Non-current	**67,050**	50,660	**67,050**	50,660

a) Measuring fair value

The estimated fair values of the Company's assets and liabilities were determined based on information available in the market and appropriate valuation methodologies. However, considerable judgment was required to interpret the market data to determine the most appropriate estimated realizable values. Consequently, the above estimates do not necessarily indicate the amounts that could be realized in a current active market. The use of different market methodologies could have a material effect on the estimated realizable values.

The Company has financing classified in Level 2 as well as derivatives of swap contracts, Non-Deliverable Forwards (NDFs), options and future contracts in which the measurement process used is classified as Level 2, as established in CPC 40 (IFRS 7) - Financial Instruments: Disclosure.

b) Criteria, assumptions and limitations used in the calculation of market values

i. Marketable securities (cash equivalents)

The values of the marketable securities recorded in the individual and consolidated financial statements as cash equivalents approximate their realizable values, considering that the transactions are based on floating interest rates and are immediately available for realization.

ii. Short-term investments (amortized cost)

These investments are immediately liquid, but right now are subject to judicial blocks and used as financial guarantees, and for this reason were considered not cash-equivalent and are recorded in the financial statements at the same book value as there is no financial loss for early withdrawal.

iii. Financing and borrowings

The fair value of the working capital loans linked to the TJLP, PSI and IPCA was determined based on future cash flows discounted using the average rate for current transactions, as these are subsidized loans.

For working capital loans based on the US Dollar exchange rate, fair value was determined based on the projected future DI and spot rates on December 31, 2023, discounted to present value using the clean coupon on the date the individual and consolidated financial statements were submitted.

The fair value of the debts in respect of the acquisition of Pilar, Pelágio, Piraquê and Latinex, which, according to the agreement, are adjusted by CDI, was determined considering the same percentage of CDI, in order to reflect market conditions.

The fair value of debenture issues was determined based on the projected IPCA on the base-date of December 31, 2023, discounted to present value using the DI rate on the date the individual and consolidated financial statements were submitted.

iv. Derivative contracts

Forward exchange contracts

The fair value of derivative financial instrument is determined based on the difference on the term and future exchange rates, and the resulting amount is discounted to present value using the DI rate.

Forward commodity contracts

The fair value of forward commodity derivative financial instruments is determined based on the difference between the term price of the commodity and the market price at maturity on December 31, 2023, and the resulting amount is discounted to present value at the DI rate, adjusted using the ptax for the same date.

Future contracts

The fair value of future derivative financial instruments is determined based on the difference between the strike price of the commodities and the market price on December 31, 2023, adjusted using the ptax for the same date.

Option contracts

The fair value of option derivative financial instruments is determined based on the market price on December 31, 2023, adjusted using the ptax for the same date.

Swap contracts

The fair value of swap derivative financial instruments in US Dollars is the difference between the long and short positions of the contracts, where the value of the long position is determined by discounting the future value of the exchange coupon curve using the DI projection. For the short position, future positions indexed to the contracted rate and the DI rate are discounted using the DI rate.

For IPCA swap derivative financial instruments, the fair value is the difference between the long and short positions of the contracts, where the value of the long position is determined by discounting the future value based on the IPCA projection using the DI projection, and the value of the short position by discounting future projections indexed to the contracted rate and the DI rate using the DI.

All fair value information for derivatives is compared to the fair values posted by the financial institutions.

v. Accounts receivable, other receivables, trade payables and short-term accounts payable

It is estimated that the carrying amounts reasonably approximate their fair values, considering the short-term nature of the transactions performed.

c) Financial risk management

The Company analyzes its major financial risks, defines risk mitigation actions, and monitors any economic impact on its performance. The Company's approach to these risks is discussed and defined at the Board of Directors' meetings.

During the normal course of business, the Company is exposed to the following financial risks: credit risk, liquidity risk and market risk (including commodities price risks, currency, inflation and interest rate). In this context, in order to optimize and hedge the Company's results of operations against the risk of variability in foreign exchange rates and commodities prices, the Board of Directors approved a hedging policy designed to ensure that strategic business goals are met. It outlines guidelines and roles and responsibilities for the process of pricing and monitoring commodities and foreign exchange rates and managing foreign-exchange effects on the Company's operations.

i. Credit risk

Credit risk arises from the possibility of the Company not recovering amounts from sales or credits held with institutions, such as deposits and marketable securities. To minimize this risk, the sales policies adopted by the Company are subordinated to the credit policies determined by Management and seek to minimize any problems arising from customer default. Management achieves this purpose through the careful selection of the customer portfolio, which considers the ability to make payments (credit analysis) and the diversity of sales (risk spread). In addition, the Company has credit insurance to protect against defaults by specific customers, which ensures an indemnity of 90% of any net losses on receivables due from these customers. The maximum compensation is R$ 70,000, effective for the period from October 01, 2023 to September 30, 2025. Currently, credit insurance coverage is provided against approximately 157 clients, totaling R$ 312,321 (R$ 272,151 as of December 31, 2022). In addition, there is approximately R$ 63,274 (R$ 61,537 as of December 31, 2022) in guarantees contracted through mortgages.

Furthermore, the Company recorded provision for expected credit losses in the consolidated amount of R$ 44,959 (R$ 47,627 as of December 31, 2022) representing 2.38% (2.75% as of December 31, 2022) of the balance of trade accounts receivable to cover the credit risk, as presented in Note 7.

With respect to marketable securities, the Company only invests in financial institutions that have been classified by rating agencies as representing a low credit risk, ranging from AA to AAA. In addition, there is a maximum limit for the investments at each institution.

(All amounts in thousands of Reais, except if stated otherwise)

ii. Liquidity risk

The main sources of financial resources used by the Company are its own funds derived from selling its products - characterized as a strong source for generating cash and low defaults - in addition to the amounts received as State and Federal subsidies for investments (related to the implantation/expansion of manufacturing plants). In addition to these amounts, the Company earns income from investing its available cash.

The Company's funds are required for investments to expand and modernize its production and logistics facilities, to acquire other companies and to amortize its indebtedness, pay taxes, distribute dividends and for other operational expenditure.

The Company does not normally need additional working capital, but in view of the uncertainties surrounding 2024 and merger and acquisition (M&A) strategies, the Company may raise funds to strengthen its cash position. Therefore, management believes that the Company presents the solid financial and equity conditions required to implement its business plan and to fulfill its short-, medium- and long-term obligations.

The schedule for settling the long-term installments on borrowings and financing is presented in Note 17.

It should be noted that the Company has credit facilities approved by tier-one banks. However, these approved credit facilities are not used to cover the Company's liquidity shortfall, since they are not suitable for this purpose.

Below are the contractual maturity dates of the financial liabilities on December 31, 2023 and 2022. The amounts are gross and not discounted considering future rates, and include the payment of contractual interest up to the date of their extinction:

Consolidated (in Reais)	Carrying amount	Total	Less than a year	Between one and three years	Between three and five years	More than five years
On December 31, 2023	**3,946,762**	**(4,342,234)**	**(2,045,177)**	**(937,745)**	**(748,118)**	**(611,194)**
Financing and borrowings	**2,171,056**	**(2,466,824)**	**(506,757)**	**(667,214)**	**(699,664)**	**(593,189)**
Lease liability	**358,107**	**(457,811)**	**(120,821)**	**(270,531)**	**(48,454)**	**(18,005)**
Suppliers and other accounts payable	**1,417,599**	**(1,417,599)**	**(1,417,599)**	**-**	**-**	**-**
On December 31, 2022	**3,958,188**	**(4,530,934)**	**(1,918,997)**	**(1,025,151)**	**(647,631)**	**(939,155)**
Financing and borrowings	2,226,547	(2,699,474)	(423,084)	(794,006)	(569,233)	(913,151)
Lease liability	331,917	(431,736)	(96,189)	(231,145)	(78,398)	(26,004)
Suppliers and other accounts payable	1,399,724	(1,399,724)	(1,399,724)	-	-	-

iii. Market risk

Commodities prices

The prices of raw materials and supplies used in the production process are volatile. If there are significant changes in the prices, the Company may not be able to fully pass through these increases to the prices of its products, which could affect its profit margin. Furthermore, the Company's practice is to maintain stocks of wheat (including agreements negotiated for future delivery), its main raw material, which can fluctuate between 2 and 4 months of usage, depending on the period of the year and the seasonal nature of the crop. This procedure could result in differences between the average price of inventory and the market value on a specific date.

(All amounts in thousands of Reais, except if stated otherwise)

In addition, the Company monitors the international commodities market, monitoring the factors that have an impact on prices, such as harvest periods, climatic events, and political decisions regarding the economy, among others, with support from specialized consultants and on-line information systems with the main international commodities exchanges. Based on these factors, the Company assesses the most opportune moment to purchase these commodities, and may enter into purchase agreements for the future delivery of raw materials, with fixed or variable commodity prices, but subject to the risk of commodity and/or exchange variations.

As of December 31, 2023, the Company had contracts for the purchase of wheat and oil for future payment and delivery, for a volume of 230,620 tons (120,154 tons as of December 31, 2022), of which 11,620 tons of oil were not priced. Thus, considering the market value for these cases and the price established for the contracts, they represented an amount equivalent to US$ 50,700 of wheat and US$ 18,824 of oil (US$ 11,100 of wheat and US$ 96,711 of oil as of December 31, 2022).

Due to the risk of fluctuations in commodities prices, the Company has prepared a sensitivity analysis for the non-priced portion of oil (11,620 tons). This analysis took into consideration three scenarios in commodity price variations, and their respective future results. The likely scenario considered a crude oil price of US$ 928.24, with a projected future exchange rate of R$ 4.8953, both for 90 days, as quoted on the Rotterdam, Chicago (CBOT) and B3 exchanges on December 28, 2023. The possible and remote scenarios consider a 25% and 50% increase in commodity prices, respectively.

Description	Exposure (tons)	Risk	Probable scenario (R$)	Possible scenario (R$)	Remote scenario (R$)
Future oil contracts (price to be fixed)	11,620	Increase in the commodity	(1,159)	**(13,200)**	**(26,401)**

In line with the hedging policy, the Company has futures and options transactions for palm oil through Bursa (Malaysia) Exchange, forward contracts for wheat, traded over the counter at the Chicago Exchange (CBTO) and forward and option transactions for sugar traded over the counter at the NY Exchange (ICE); and Brent crude oil forward transactions traded over the counter on NYBOT Exchange (ICE) for hedging natural gas inputs.

As of December 31, 2023, the derivative instruments contracted to hedge the prices of palm oil, soy oil, wheat, sugar and natural gas had fair values receivable and payable, as follows:

Description	Index	Maturity (1)	UM	2023		2022	
				Amount	Fair value	Amount	Fair value
Future + Options (collar)	Palm Oil – Bursa stock exchange	Dec/24	Ton	**28,100**	**2,443**	60,150	(41,654)
Forward contracts	CBOT soy oil	Nov/24	Pounds	**23,034,600**	**(3,793)**	-	-
Forward contracts	CBOT wheat	Apr/24	Bushel	**595,000**	**1,368**	560,000	919
Forward contracts	NYBOT sugar	Feb/24	Pounds	**8,176,000**	**1,821**	109,672	4,694
Forward contracts	NYBOT brent crude oil	Mar/25	Barrel	**324,000**	**2,947**	-	-
Fair value receivable (payable)					**4,786**		**36,041**

These financial instruments have been designated as cash-flow hedges, and their effects are described in item "d" of this note on hedge accounting.

(All amounts in thousands of Reais, except if stated otherwise)

iv. Exchange rate risk

The results reported by the Company are susceptible to significant variations due to the volatility of foreign exchange rates, especially on liabilities tied to foreign currency, US dollars, arising mainly from the import of wheat grain and soy and palm vegetable oils, its main raw materials, in addition to working capital.

As a strategy to prevent and reduce the effects on results of variations in exchange rates, Management seeks to avoid or minimize mismatches between assets and liabilities indexed in foreign currencies, by assessing the contracting of hedge operations, normally swap operations.

Accordingly, as of December 31, 2023, the Company had four contracts in force for swap transaction related to working capital financing in foreign currency maturing between February 2024 and December 2025, for which the asset position receives, on average, the Dollar plus interest rate of 3.38% p.a. and the liability position pays, on average, the CDI plus interest rate of 0.82% p.a. with the (notional) reference value in reals of R$ 813,303 and fair value payable of R$ 91,376.

Swap contracts	Reference value		Curve value		Fair value	
	2023	2022	2023	2022	2023	2022
Asset position						
Foreign currency (USD)	**813,303**	716,970	**784,951**	734,003	**760,555**	698,700
Liability position						
CDI	**813,303**	716,970	**837,959**	728,670	**851,931**	749,211
Swap result	**-**	-	**(53,008)**	5,333	**(91,376)**	(50,511)

Accordingly, as of December 31, 2023, the Company did not present significant mismatches in the position of assets and liabilities sensitive to exchange variation, as shown below:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Foreign currency loans/financing (a)	**784,910**	734,003	**784,910**	734,003
Swap contracts (b)	**(784,951)**	(734,003)	**(784,951)**	(734,003)
Foreign-currency assets (b) [1]	**(89,046)**	(154,499)	**(91,528)**	(155,432)
(Surplus) deficit (a-b)	**(89,087)**	**(154,499)**	**(91,569)**	**(155,432)**

[1] Refers to cash and cash equivalents, restricted deposits from derivative operations and receivables in foreign currency.

The swap contract has been designated as cash-flow hedges, and their effects are described in item "d" of this note on hedge accounting.

As a strategy to prevent and reduce the effects on results from the variation in exchange rates, the Company began contracting Non-Deliverable Forwards – NDFs based on future cash flow projections compiled from budgetary and interim forecasts.

As of December 31, 2023 the Company had 58 forward contracts maturing up to April 2024, with the notional amounts and fair values specified below:

Description	Hedged item	Reference currency (notional)	Reference value (notional)	Fair value receivable (payable)
Forward contract	Currency	U.S. Dollar	73,166	**(4,616)**

These financial instruments have been designated as cash-flow hedges, and their effects are described in item "d" of this note on hedge accounting.

(All amounts in thousands of Reais, except if stated otherwise)

As described in "Market risk: Commodities prices", the Company signed contracts for the purchase of wheat and oil for future payment and delivery in the estimated amount for wheat of US$ 50,700 and for oil of US$ 18,824, subject to foreign exchange risk (for wheat of US$ 11,100 and for oil of US$ 96,711 as of December 31, 2022).

Sensitivity analysis of the variation in the US dollar for contracts to purchase wheat for future delivery

The sensitivity analysis considered the possibility of three U.S. dollar exchange scenarios and the future results of wheat and oil that would be generated. The probable scenario considered the dollar rate of R$ 4.8953, projection of the future exchange rate for 90 days, according to the quote obtained at B3 on December 28, 2023. The remaining scenarios, possible and remote, consider increases in the dollar exchange rate of 25% (R$ 6.1191) and 50% (R$ 7.3430), respectively.

Description	Exposure (USD)	Risk	Scenario		
			Probable	Possible	Remote
Contracts for purchase of wheat	50,700	Rise in USD	(2,738)	**(62,048)**	**(124,096)**
Contracts for purchase of oil	18,824	Rise in USD	(1,017)	**(23,037)**	**(46,075)**

v. *Inflation risk*

As a result of the debentures issuance in March 2021 with charges based on the Broad Consumer Prices Index (IPCA) and maturing in the long-term (7 years and 10 years), the Company's results are more susceptible to significant rises in inflation.

As a strategy to prevent and reduce the effects of changes in this index, the Company took out swaps, swapping the risk of IPCA variation for CDI interest plus the interest rate, as it believes the risk of changes in the CDI rate is low, and it is used to index its short-term investments.

As of December 31, 2023, the Company had 43 swap contracts to protect the debenture issues and working capital financing, which maturing by March 17, 2031, and working capital financing, due in February 2024, in which the asset position receives, on average, the IPCA plus interest rate of 4.35% p.a. and the liability position pays, on average, CDI rate plus interest rate of 0.29% p.a. The (notional) reference values totaled R$ 931,644 for contracts already in force and the gross fair value receivable for these of derivative instruments was R$ 66,879 on December 31, 2023.

Swap contracts	Reference value		Curve value		Fair value	
	2023	2022	2023	2022	2023	2022
Asset position						
IPCA	**931,644**	931,644	**1,089,764**	1,044,135	**1,042,013**	987,195
Liability position						
CDI	**931,644**	931,644	**964,849**	965,821	**975,134**	976,008
Swap Result	**-**	-	**124,915**	78,314	**66,879**	11,187

These financial instruments have been designated as fair value hedge, and their effects are described in statement of financial income (see Note 19).

vi. *Interest rate risk*

The Company is exposed mainly to variations in CDI and TJLP interest rates on its financial investments and borrowings and financings.

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Financial assets				
Financial investments indexed to the CDI	**2,223,898**	559,491	**2,224,477**	566,774
Financial liabilities				
Foreign currency derivative operations tied to CDI [(1)]	**(837,959)**	(728,670)	**(837,959)**	(728,670)
Foreign debentures derivative operations and working capital tied to CDI [(1)]	**(964,849)**	(965,821)	**(964,849)**	(965,821)
Financing indexed to the CDI	**(240,482)**	(382,026)	**(261,977)**	(431,559)
Assets (Liabilities)	**180,608**	(1,517,026)	**159,692**	(1,559,276)

[(1)] See item iv- Exchange rate risk and v - Inflation risk.

Analysis of sensitivity to variations in CDI

The following table demonstrates the projected gain and loss that would be recognized for the next 12 months, if the Company were to maintain the same position for assets indexed to the CDI, net of liabilities linked to CDI, of R$ 159,692.

Description	Risk position	Risk	Probable scenario	Possible scenario	Remote scenario
Net Assets	159,692	CDI decrease	**(2,555)**	**(4,012)**	**(8,025)**

The probable scenario considered the dollar rate of DI for 360 days, according to the quote obtained at B3 on December 28, 2023, of 10.05% p.a. The other scenarios, possible and remote, considered a decrease in this quotation of 25% (7.54% p.a.) and 50% (5.03% p.a.), respectively.

Even with the forecast of CDI rate hike and estimated decrease for 2024, the Company's Management does not see any risks to this indicator, due to its current economic and financial situation.

d) Hedge accounting

The Company has implemented hedge accounting in non-deliverable forward (NDF), options, future transactions and swap to the extent that they qualify as a cash-flow hedging relationship. All hedging instruments used for hedge accounting purposes are fully consistent with the Company's risk management objectives and strategy.

At the inception of the hedging relationship, the Company provides a formal designation and documentation of the hedging relationship, including: identification of the hedging instrument, identification of the hedged item, the nature of the hedged risk, the hedging relationship, and an assessment of hedge effectiveness, demonstration of an economic relationship between the hedged item and the hedge instrument, the hedge ratio and how effectiveness will be assessed.

Overall, the hedged item is future cash flow from purchases of commodities subject to foreign exchange risk (wheat, oil, sugar and cocoa), based on budgetary projections and interim forecasts. The hedged item (future purchases of imported commodities) is therefore deemed a highly probable transaction and qualifies as a hedged item, since these commodities are essential for the Company's production process. Furthermore, the hedged item is related to foreign-currency loans, to hedge the Company's cash flow against the risk of exchange variation in the amortization and payment of interest.

(All amounts in thousands of Reais, except if stated otherwise)

The derivative instruments used to hedge against foreign exchange risk have a direct economic relationship with the hedged item, as they are transactions in the same currencies in which commodities imports and borrowings contracts are denominated.

In determining the hedge ratio, the number of hedge instruments designated as hedge accounting instruments does not exceed the number of items which the Company effectively wishes to hedge based on the hedging strategy approved by the hedging committee, and there is no imbalance between hedging instruments and hedged items. When the Company's hedging relationship no longer satisfies the hedge ratio criterion, but its risk management objective remains the same for that hedging relationship, the Company may "rebalance" the hedge ratio so that it meets the hedging criteria.

In assessing hedge effectiveness, the Company uses the dollar offset method (ratio analysis), which involves comparing the ratio of changes in the fair value of the hedging instrument with the changes in the fair value of the hedged item. This is done prospectively at the inception of the hedge relationship. Subsequent effectiveness testing is conducted at each annual reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

The primary sources of hedge ineffectiveness are potential mismatches between instrument maturities and the dates on which purchases occur. However, those mismatches are limited to the month of inception, and will not affect the hedging relationship. The Company therefore believes there are no material sources of hedge ineffectiveness which could affect the hedging relationship.

The effects of formally designated hedging relationships are shown below:

Description	Parent and Consolidated
	Cash-flow hedge
Balances as of December 31, 2021	**62,954**
Losses in derivative instruments	(101,911)
Adjustment to hedged raw materials costs	(10,536)
Changes in the fair value of derivative contracts [(1)]	(186,380)
Reclassification for financial results	112,448
Balances as of December 31, 2022	**(123,425)**
Losses in derivative instruments	(85,008)
Adjustment to hedged raw materials costs	58,938
Changes in the fair value of derivative contracts	100,293
Reclassification for financial results	26,070
Balances as of December 31, 2023	**(23,132)**

[(1)] Change due to the U.S. dollar set higher than the current market rate.

A breakdown of the cash-flow hedge reserve balance recorded under other comprehensive income is provided below:

Description	Parent and Consolidated
Cash-flow hedge balance as of December 31, 2021	**41,550**
Changes in the fair value of derivative contracts	(186,380)
Tax effects on the fair value of the hedging instrument	63,369
Cash-flow hedge balance as of December 31, 2022	**(81,461)**
Changes in the fair value of derivative contracts	100,293
Tax effects on the fair value of the hedging instrument	(34,100)
Cash-flow hedge balance as of December 31, 2023	**(15,268)**

(All amounts in thousands of Reais, except if stated otherwise)

e) Capital management

The Company's objectives for managing its capital are to safeguard its future as a going concern, in order to offer a return to its shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce this cost.

The Company monitors its capital by analyzing its financial and indebtedness position, based on a financial leverage index (net debt / total capital), since it understands that this index most adequately reflects its indebtedness and ability to pay. Net debt consists of financing and borrowings, less the balances of cash and cash equivalents and long-term marketable securities and derivative financial instruments.

The indexes for financial leverage as of December 31, 2023 and December 31, 2022 were as follows:

Consolidated	2023	2022
Debt from financing and borrowings	**(1,266,779)**	(1,378,266)
Debentures	**(904,277)**	(848,281)
(-) Cash and cash equivalents	**(2,267,837)**	648,046
(-) Restricted deposits	**2,823**	69,570
(-) Short-term financial investments	**15,204**	16,599
(-) Long-term financial investments	**2,072**	1,518
(-) Derivative financial instruments	**(43,256)**	(89,565)
Net Cash (Net debt) (A)	**73,624**	(1,580,379)
Shareholders' equity	**7,604,694**	6,708,721
Total capital (B)	**7,531,070**	8,289,100
Financial leverage index (C = A / B x 100)	**(0.98%)**	19.07%

The change in the Company's financial leverage ratio is represented by the ratio of net cash (net debt) to total capital. The indicator in the year ended December 31, 2023 was -0.98% (19.07% in December 31, 2022), a variation of 20 p.p. caused by the increase in cash resources generated by operational activities, in the order of R$ 2,125,782, due to EBITDA growth and strategic management of working capital.

19. Net financial results

Description	Parent		Consolidated	
	2023	2022	2023	2022
Financial income				
Income from marketable securities	**178,932**	101,822	**179,259**	101,973
SELIC interest on tax credits	**42,210**	22,555	**42,232**	22,570
Restatement of judicial deposits	**15,179**	14,381	**15,179**	14,381
Foreign exchange variations - assets	**167,759**	171,419	**168,860**	174,235
Others	**11,154**	18,750	**11,494**	18,877
	415,234	328,927	**417,024**	332,036
Financial expenses				
Interest on financing	**(45,496)**	(23,700)	**(45,549)**	(24,026)
Interest on debt from equity investments	**(19,296)**	(17,645)	**(19,296)**	(17,645)
Interest on leases	**(36,088)**	(27,059)	**(36,088)**	(27,059)
Interest and inflation adjustment on debentures	**(83,446)**	(98,587)	**(83,446)**	(98,587)
Foreign exchange variations - liabilities	**(111,528)**	(143,633)	**(114,085)**	(145,735)

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Inflation adjustment - liabilities	**(7,044)**	(4,548)	**(7,044)**	(4,548)
Gains (loss) from derivative transactions	**(179,682)**	(112,051)	**(179,682)**	(112,050)
Spread in non-deliverable forward (NDF)	**(26,048)**	(96,842)	**(26,202)**	(97,494)
Positive (negative) variation of fair value hedge with derivative contracts	**6,200**	(20,945)	**6,200**	(20,945)
Positive (negative) change in fair value of debentures and financing	**(6,298)**	22,927	**(6,298)**	22,927
Commissions and banking fees	**(10,916)**	(12,710)	**(13,173)**	(13,041)
Others	**(24,672)**	(24,936)	**(24,944)**	(25,324)
	(544,314)	(559,729)	**(549,607)**	(563,527)
Net financial results	**(129,080)**	(230,802)	**(132,583)**	(231,491)

Financial revenues comprise income from marketable securities, inflation adjustment on tax credits and judicial deposits, and fair value gains on financial assets and liabilities measured at fair value through profit or loss. Interest income is recognized in profit or loss, using the effective interest rate method.

Financial expenses comprise interest expenses on borrowings, net of the discounting to present value of provisions, interest on leasing, and fair value losses on financial assets and liabilities measured at fair value through profit or loss, impairment losses recognized on financial assets, other than losses from credit risks which are recognized as selling expenses and adjustment on tax, civil and labor contingencies.

Borrowing costs are recognized as expenses when incurred, except for costs capitalized as part of the cost of the asset. Borrowing costs include interest expenses and other borrowing costs incurred.

20. Social security and labor liabilities

The balances comprise the following provisions and charges:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Labor provisions				
Provision for profit sharing	**76,599**	104,774	**77,642**	105,374
Provision for vacation pay	**84,379**	73,025	**86,206**	75,643
Others	**4,064**	2,508	**5,049**	4,791
	165,042	180,307	**168,897**	185,808
Social and labor charges				
INSS	**59,226**	48,750	**60,378**	50,276
FGTS	**16,529**	13,724	**17,024**	14,449
Others	**2,016**	1,865	**2,054**	1,868
	77,771	64,339	**79,456**	66,593
Total	**242,813**	244,646	**248,353**	252,401

21. Tax liabilities

The balances comprise the following tax obligations:

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
PIS/Cofins	**6,504**	7,072	**7,628**	8,183
Withholding income tax	**18,328**	10,955	**18,517**	11,357
Income tax and social contribution	**1,778**	1,778	**1,779**	1,778
Other federal tax liabilities	**705**	766	**6,194**	998
ICMS	**80,993**	100,192	**82,870**	102,318
ISS	**2,480**	2,595	**2,540**	2,629
Total	**110,788**	123,358	**119,528**	127,263
Current	**110,788**	123,358	**119,528**	126,812
Non-current	**-**	-	**-**	451

22. Government subsidies

Government subsidies received by the Company are for investments, divided between state and federal, and all are monetary subsidies, recorded at their nominal values.

The funds received are for the purpose of replacing the capital invested in the economic enterprises resulting from the investment projects implemented by the Company which qualify for the respective public programs to encourage development. All subsidies for investments are onerous (due to certain conditions) and granted for a specific period.

To determine the value of subsidies for investments that should be recorded in profit or loss, the Company adopts the accrual basis, recognizing the subsidies irrespective of when they are realized in financial terms, considering the following factors: (i) the history of complying with the legal and contractual requirements in order to receive these subsidies; and (ii) its ability to guarantee compliance with the requirements necessary to receive the subsidies from the respective public entities.

At the closing of the fiscal year, the portion of the profit corresponding to the investment subsidies is allocated to create the tax incentive reserve, included in shareholders' equity, and is excluded from the dividend calculation base, considering that the nature of the subsidies is the allocation of capital for investment purposes, and has therefore to be reinvested in the Company.

22.1 State tax incentives

The value of the subsidies for investments received from the States is determined based on the ICMS due and charged on the commercial activities performed by the manufacturing plants receiving the incentives. The units are those that have been constructed and implanted according to the terms of the investment projects for new economic enterprises presented to and approved by the respective States, within the scope of their public policies to foster industrial development.

In most cases, state government subsidies are calculated based on the ICMS value attributed to the cost of production, and are allocated to profit or loss, in a line in the statement of income immediately below the cost of goods sold. On December 31, 2023 the Company acquired the right to R$ 502,848 (R$ 574,503 on December 31, 2022), arising from the state tax incentives in force.

Regarding FUNDOPEM, on December 31, 2023 the Company acquired the right to R$ 4,669 (R$ 3,776 on December 31, 2022) allocated to other operating revenue in the Statement of Profit or Loss for the year (see Note 30).

(All amounts in thousands of Reais, except if stated otherwise)

A detailed description of the state tax incentives is provided below:

State tax incentives / Unit receiving the incentive	Percentage reduction of ICMS	Valid until
DESENVOLVE - State of Bahia: Discount on part of the ICMS payment due on the purchase of wheat grain for the wheat mill.		
Wheat mill and cookies and crackers and pasta plant (Salvador-BA)	81%	Jun/25
PROVIN - State of Ceará: deferment of part of the ICMS payment due on the purchase of wheat for the wheat mill and the ICMS due on the operations involving special shortening and margarines, settled using funds from FDI - Industrial Development Fund for both units		
Wheat mill (Fortaleza-CE)	74.25%	Dec/32
Wheat mill integrated with the cookies and crackers and pasta plant (Eusébio-CE)	74.25%	Dec/32
Vegetable shortening and margarines industrial plant (Fortaleza-CE)	56.25%	Dec/32
PROEDI – Rio Grande do Norte: presumed credit on monthly ICMS debit balance		
Wheat mill and pasta plant (Natal-RN)	75% to 79%	Jun/32
FAIN - State of Paraíba: discount of part of the ICMS on purchases of wheat grain		
Wheat mill and pasta plant (Cabedelo-PB)	81%	Dec/32
PRODEPE - State of Pernambuco: calculated at the rate of 75% of the ICMS charged on wheat grain consumed in the equivalent of flour, in addition to 5% of the freight due on sales outside of the Northeastern Region, provided that the total value of the subsidy does not exceed the equivalent of 85% of the ICMS on the wheat grain included in the wheat flour consumed.		
Cookies and crackers and pasta plant (Jaboatão dos Guararapes-PE)	75% or 85%	Dec/32
Special Tax Treatment – Rio de Janeiro (Piraquê Unit) – Reduction of tax so that the tax burden results in a percentage equal to 3% of the value of own production dispatches in internal and interstate operations, by sale and transfer.		
Cookies and crackers and pasta plant (Queimados-RJ)	75% or 85%	Dec/32
Special taxation arrangement - Paraíba (Bayuex plant) - Tax reduction whereby the tax rate for products subject to ICMS Substitution results in a percentage equal to 5%, and for other products the normal ICMS results in a percentage equal to 4% on the sale.		
Operation with wheat flour products (Bayuex-PB)	38% to 62%	Dec/32
Special Tax Treatment – Bento Gonçalves (Moinho Isabela plant) – Rebate of ICMS owed by its industrial operation, settled using funds from FUNDOPEM – "Fundo Operação Empresa do Estado do Rio Grande do Sul".		
Wheat mill and pasta and cookies and crackers plant (Moinho Isabela- RS)	32.10% to 39.60%	Jul/27

The Company obtained the renewal of tax incentives for its industrial units in the states of Pernambuco, Ceará and Paraíba (Bayeux Unit), having their validity extended until December 2032.

Treatment of presumed credit as investment subsidies

Based on Supplementary Law 160 (August 7, 2017), in 2019 the Company began treating as investment subsidies the tax incentives granted as presumed/granted tax credits under the ICMS Regulations of the states of Rio de Janeiro, Paraná, São Paulo and Rio Grande do Sul, on the transactions of industrial and commercial operations involving food products. As of December 31, 2023 the Company was entitled to recognize R$ 120,734 (R$ 111,508 as of December 31, 2022) in presumed tax credits.

State Fund for Tax Equalization

ICMS Arrangement 42/2016 was published on May 6, 2016, which authorizes the states and the Federal District to grant tax incentives conditional on the deposit of at least 10%, calculated on the value of the respective tax incentives received by taxpayers, into a tax balance fund. This arrangement applies to all taxpayers that have qualified for financial tax incentives and benefits, including those arising from special arrangements.

(All amounts in thousands of Reais, except if stated otherwise)

This arrangement normally requires that at least 10% of granted incentives be deposited in a tax balance fund. However, certain states, such as Ceará, Pernambuco, Paraíba and Rio Grande do Norte, established rules waiving this deposit when tax revenue during the month increased in comparison with the same period of the previous year, as well as allowing taxpayers to only make a deposit to supplement the minimum limit when the increase in tax revenue is lower than 10%. Based on the specific rules of each state during the term of the Funds, the Company could therefore be released from the deposit or be allowed to make deposits of less than percentage of 10% and 7% of the incentives.

Currently, the Company's operations in the states of Paraíba, Pernambuco, Bahia and Rio de Janeiro are currently subject to this rule.

The Company is discussing the unconstitutionality of the deposits relating to the fund for tax equalization of the state of Bahia and an injunction was granted, staying the deposit payment until the final judgment of the case. However, with the decision of the STF that deemed the collection of the tax constitutional, the Company resumed collections and awaits the final judgment regarding the operationalization of the non-cumulative rule as a tax credit.

State	Validity		Extension	
	Beginning	End	Beginning	End
Pernambuco	Aug/16	Dec/22	Jan/23	Dec/24
Bahia	Sep/16	Dec/18	Jan/19	Dec/26
Paraíba	Oct/16	Mar/19	Apr/19	Mar/24
Rio de Janeiro	Dec/16	Dec/26	-	-

As of December 31, 2023, the expenses incurred by the Company related to this obligation amounted to R$ 16,200 (R$ 24,187 as of December 31, 2022).

22.2 Federal tax incentive

The Company benefits from federal subsidies received as a result of making investments for the new manufacturing plants based in the area where SUDENE - Northeast Development Agency - operates.

The tax incentive is granted for a period of 10 (ten) years, for the industrial enterprises that provide evidence to SUDENE of having made investments in the Northeast of Brazil, through the installation, modernization, extension or diversification of manufacturing plants in this region, provided that they comply with all of the conditions and requirements determined in the legislation pertinent to the obtaining of the incentive from the Federal Government, within the public policies for the utilization of federal funds to encourage the development of the Northeast of Brazil.

The amount received from government, over the concession period, consists of an amount equivalent to the results from investing up to 75% of the calculation base legally denominated as exploitation profit. The amount is settled by deducting the benefit from the income tax due, based on the taxable income calculated.

The federal grant is presented in the income statement as a deduction from corporate income tax. As of December 31, 2023, the Company did not use the respective incentive, as there was no income tax due.

(All amounts in thousands of Reais, except if stated otherwise)

The periods for receiving the federal subsidies granted are detailed below:

Manufacturing plants	Percentage reduction of IRPJ (%)	Valid period
Wheat mill, cookies and crackers and pasta plant (Eusébio - CE)	75	Jan 2013 to Dec 2032
Toast plant (Eusébio - CE)	75	Jan 2013 to Dec 2032
Wheat mill (Fortaleza - CE)	75	Jan 2013 to Dec 2032
Special margarines and shortening plant (Fortaleza - CE)	75	Jan 2013 to Dec 2032
Wheat mill (Natal - RN)	75	Jan 2018 to Dec 2027
Pasta plant (Natal - RN)	75	Jan 2014 to Dec 2023
Wheat mill and pasta plant (Cabedelo - PB)	75	Jan 2023 to Dec 2032
Cookies and crackers and pasta plant (Salvador - BA)	75	Jan 2016 to Dec 2025
Wheat and ready cake mix mill (Salvador- BA)	75	Jan 2015 to Dec 2024
Cookies and crackers and pasta plant (Jaboatão dos Guararapes - PE)	75	Jan 2018 to Dec 2027
Cookies and crackers, cakes and snacks plant (Maracanaú - CE)	75	Jan 2016 to Dec 2032
Pasta plant (Maracanaú - CE)	75	Jan 2014 to Dec 2023

The Company obtained the renewal of the tax incentives of its industrial units in the States of Ceará and Paraíba, having their validity extended until December 2032.

The Company's Management complies with all requirements to obtain these subsidies, particularly in relation to providing supporting evidence for the investments, the creation of jobs, production volumes and did not distribute subsidy funds in the form of dividends either.

Up to date, the Company has not defaulted on any of the conditions which would prevent it from continuing to be entitled to the benefits from the government subsidies awarded.

23. Provisions for civil, labor and tax risks

The Company is a party to judicial and administrative proceedings in courts and government agencies involving tax, civil, labor and other issues arising in the normal course of business.

Periodically, Management assesses the civil, labor and tax risks, based on legal, economic and tax bases, with the purpose of classifying them as probable, possible or remote chances of defeat. The analysis is done in conjunction with the law firms handling the Company's lawsuits.

There are ongoing disputes in the administrative and judicial courts. As of December 31, 2023, 2.20% (1.54% as of December 31, 2022) of the total labor and civil proceedings under discussion at the administrative level and 97.80% (98.46% as of December 31, 2022) at the judicial level. In relation to tax proceedings, 44.79% (49.26% as of December 31, 2022) of tax processes are under discussion at the administrative level and 55.21% (50.74% as of December 31, 2022) are being discussed in court.

As regards these proceedings, provisions were recorded only for the risks rated as probable losses, at amounts considered sufficient to cover estimated losses. However, as a result of the business combination (acquisition of Piraquê), provisions were also recognized for proceedings rated as a possible and remote loss existing at the acquisition date. In these cases, if the losses materialize, the relevant amounts are reimbursed by the former shareholders, and therefore are classified as an indemnifiable contingency.

(All amounts in thousands of Reais, except if stated otherwise)

The provisions for civil, labor and tax risks recorded represent Management's best estimates of the probable losses involved.

There are circumstances in which the Company is questioning the legitimacy of certain liabilities or claims filed against it. As a result of these challenges, due to a judicial order or based on the strategy adopted by management, the related amounts can be deposited in court, without this being characterized as settlement of the liability.

As of December 31, 2023 and 2022, the Company reported the following provisions and judicial deposits, related to civil, labor and tax risks:

Description	Provision				Judicial deposits[1]			
	Parent		Consolidated		Parent		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
Civil and labor	**97,910**	127,423	**98,948**	128,129	**88,227**	105,715	**88,730**	106,165
Tax	**96,858**	97,183	**96,858**	97,183	**169,809**	157,486	**169,809**	157,486
Total	**194,768**	224,606	**195,806**	225,312	**258,036**	263,201	**258,539**	263,651

[1] *Civil and labor deposits are adjusted monthly using the TR, and tax deposits are adjusted monthly using the Selic rate.*

On December 31, 2023, the judicial deposits for cases rated as a probable loss amounted to R$ 94,556 (R$ 105,637 as of December 31, 2022).

a) Changes in the processes during the year

Parent	Civil and labor	Tax	Total
Balances as of December 31, 2021	**124,733**	**96,444**	**221,177**
Additions	36,222	979	37,201
Restatements/reversals	(551)	3,375	2,824
Write-off[1]	(32,981)	(3,615)	(36,596)
Balances as of December 31, 2022	**127,423**	**97,183**	**224,606**
Additions	**42,009**	**4,295**	**46,304**
Restatements/reversals	**(1,062)**	**955**	**(107)**
Write-off [1]	**(70,460)**	**(5,575)**	**(76,035)**
Balances as of December 31, 2023	**97,910**	**96,858**	**194,768**

[1] *Mainly consists of the write-off of the provision against the appeal judicial deposit.*

Consolidated	Civil and labor	Tax	Total
Balances as of December 31, 2021	**124,782**	**96,444**	**221,226**
Business Combination - Jasmine	675	-	675
Additions	36,222	979	37,201
Restatements/reversals	(551)	3,375	2,824
Write-off [1]	(32,999)	(3,615)	(36,614)
Balances as of December 31, 2022	**128,129**	**97,183**	**225,312**
Additions	**42,349**	**4,295**	**46,644**
Restatements/reversals	**(1,062)**	**955**	**(107)**
Write-off [1]	**(70,468)**	**(5,575)**	**(76,043)**
Balances as of December 31, 2023	**98,948**	**96,858**	**195,806**

[1] *Mainly consists of the write-off of the provision against the appeal judicial deposit.*

(All amounts in thousands of Reais, except if stated otherwise)

b) Changes in judicial deposits during the year

Parent	Civil and labor	Tax	Total
Balances as of December 31, 2021	**87,630**	**145,952**	**233,582**
Additions	61,701	851	62,552
Restatements	2,817	11,564	14,381
Reclassification	(53)	53	-
Write-off	(46,380)	(934)	(47,314)
Balances as of December 31, 2022	**105,715**	**157,486**	**263,201**
Additions	**52,236**	**681**	**52,917**
Restatements	**3,083**	**12,097**	**15,180**
Write-off	**(72,807)**	**(455)**	**(73,262)**
Balances as of December 31, 2023	**88,227**	**169,809**	**258,036**

Consolidated	Civil and labor	Tax	Total
Balances as of December 31, 2021	**87,855**	**145,952**	**233,807**
Business Combination - Jasmine	186	-	186
Additions	61,764	851	62,615
Restatements	2,817	11,564	14,381
Reclassification	(53)	53	-
Write-off	(46,404)	(934)	(47,338)
Balances as of December 31, 2022	**106,165**	**157,486**	**263,651**
Additions	**52,328**	**681**	**53,009**
Restatements	**3,083**	**12,097**	**15,180**
Write-off	**(72,846)**	**(455)**	**(73,301)**
Balances as of December 31, 2023	**88,730**	**169,809**	**258,539**

The expected realization timing as of December 31, 2023 is as follows:

Maturity	Parent and Consolidated
	2023
2024	**10,076**
2025	**5,298**
2026	**10,356**
2027	**25,579**
2028 on	**45,549**
Total	**96,858**

c) Nature of proceedings

Civil and labor

The Company is the defendant in approximately 852 cases (1,286 as of December 31, 2022) involving labor and civil matters, for which the likelihood of loss has been rated as probable, in the amounts of R$ 82,112 and R$ 15,797, respectively (R$ 112,045 and R$ 16,084 as of December 31, 2022), and by virtue of the business combination, also for cases rated as possible and remote risks, of R$ 3,726 (R$ 5,341 as of December 31, 2022). The labor claims to which the Company is party mainly are related to: recognition of employment relationships, overtime and related charges, occupational injury compensation, joint liability, pain and suffering and property damages. Most civil actions involve problems that are normal and specific to the business, consisting of claims for indemnity due to incorrect referral to the credit protection agencies, actions for rescission of clauses in distribution contracts, actions for compensation for damages.

(All amounts in thousands of Reais, except if stated otherwise)

Tax

As of December 31, 2023 and 2022 the provision for tax risks comprised the following:

Description	Parent and Consolidated			
	2023		2022	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
IPI – judicial deposit	**7,106**	**7,106**	6,797	6,797
IRPJ – judicial deposit (a)	**37,047**	**37,047**	35,082	35,082
IPTU – judicial deposit	**2,234**	**5,493**	3,364	5,133
ICMS (b)	**7,287**	**-**	14,842	-
Legal fees (c)	**21,345**	**-**	17,971	-
Indemnifiable contingencies (d)	**11,253**	**-**	11,503	-
Others	**10,586**	**13,495**	7,624	2,772
	96,858	**63,141**	97,183	49,784

(a) In 2008, Piraquê filed an ordinary lawsuit seeking the cancellation of the administrative collection of IRPJ, due to the limitation of 30% (thirty percent) of the tax loss carryforward (article 42 of Law 8.981/1995). It is claimed the occurrence of a limitation, under the terms of article 156 (V) and 174 of the National Tax Code, and proceeded with the court deposit in its entirety to stay the enforceability of the tax credit. The lawsuit was deemed partly to have grounds by the lower court, and 85.64% of the tax assessment notice was canceled. The Federal Government filed an appeal, which is awaiting judgment by the 2nd Region's Federal Regional Court. The Federal Government successfully appealed. Piraquê filed a Special Appeal that was rejected, and an interlocutory appeal has been brought that is currently pending a decision by the High Court of Justice.

In 1992, Piraquê filed writs of mandamus against having to add to net profit the portions of amortization, depletion or cost of assets written down for any reason, in order to define the IRPJ calculation base for the monthly base periods ended on 01/31/1992 and 02/28/1992, equal to the inflation adjustment difference according to the IPC and Fiscal BTN rates for 1990, pursuant to articles 39 and 41 of decree no. 332/91. Piraquê made the court deposit covering the liability's full amount. This case is awaiting enforcement of the Federal Supreme Court ruling on Extraordinary Appeal n. 545,796 under general repercussion.

(b) Amounts demanded by the State of Ceará related to the alleged recording of a larger ICMS credit deferred by the Fiscal Management Unit for Tax Replacement and Foreign Trade (CESUT) arising from the refund of overpayment of wheat grain operations that occurred between the validity of Protocol 46/00 and the date protocol 50/06 was published.

(c) Refers to legal fees that will be due if there is a positive outcome of the claims. These fees are calculated based on the related amounts involved with risk of loss considered as possible or remote. In addition, it considers the progress of the cases.

(d) Denotes the compensatory tax proceedings of the merged company Piraquê, due to the sellers' obligation to return or deduct from the retained portion of the price any contingencies that materialize.

Contingent liabilities – probability of loss rated as possible

In addition to the provisions made, the Company has several labor, civil and tax contingencies in progress, in which it is the defendants, and the likelihood of loss, based on the opinions of the internal and external legal advisors, is considered possible. The contingencies amount to approximately R$ 1,877,583 (R$ 1,458,111 as of December 31, 2022).

The most significant tax proceedings involve the following matters: i) ICMS credits incorrectly granted, totaling R$ 357,599; ii) Undue ICMS credit - Value Added Margin - ICMS Protocol 46, totaling R$ 58,058; iii) IPI rate zero, in the amount of R$ 152,043 and (iv) PIS/COFINS in the amount of R$ 233,728.

"ICMS credit incorrectly granted" refers to six tax assessments issued based on the argument that the Company was not entitled to the credit granted by the State of São Paulo, since it already benefited from other credits on receiving the products.

The topic "ICMS-Added Value Margin – ICMS Protocol 46" addresses tax foreclosure by the State of Piauí in connection with ICMS tax credits covered by five deficiency notices for an alleged ICMS tax underpayment for the period from May to December 2001 and fiscal years 2002, 2003, 2004 and 2005 due to non-compliance with Value Added Margin.

The "IPI Zero Rate" disputes refer to tax foreclosures filed because the Company offset credits resulting from the lawsuit. This lawsuit challenged the use of IPI - Excise Tax credit balance prior to January 1999 on the acquisition of inputs (raw materials, intermediary goods and packaging materials) applied in processing tax-exempt goods or those taxed at a zero rate, against IPI due on other outgoing goods pursuant to Law no. 9.779/99, without the limitations found in IN/SRFB no. 33/99, as this is an effect of the Non-Cascade Principle.

Regarding PIS/COFINS imports, a decision was issued rejecting the credit recognized in a final and unappealable court decision, which acknowledged the company's right to pay PIS/COFINS imports only on the constitutionally established calculation basis, i.e., the customs value, understood as the value of the import operation, excluding ICMS and contributions levied on the transaction.

Regarding PIS/Cofins, the Federal Revenue Service, in an inspection procedure, issued an infraction notice referring to the disallowance of credits without express provision in the legislation, going against the STJ judgement on the concept of essentiality and relevance of expenses for the development of economic activity.

24. Current and deferred income tax and social contribution

Current and deferred income tax and social contribution are calculated based on rates of 15%, plus a surtax of 10% on taxable profit in excess of R$ 240, for income tax and 9% on taxable profit for social contribution.

The current income tax and social contribution expense is calculated based on tax laws and rules enacted by the reporting date, in accordance with Brazilian taxation regulations. Management periodically assesses the positions assumed in the tax returns with respect to situations where the applicable tax legislation is subject to interpretation that could possibly differ and makes provisions, when appropriate, based on amounts it anticipates will have to be paid to the tax authorities.

(All amounts in thousands of Reais, except if stated otherwise)

The deferred income tax and social contribution assets are recorded to reflect the future tax effects attributable to temporary differences between the tax basis of assets and liabilities and their respective net carrying amounts.

24.1 Reconciliation of the tax and social contribution calculated by applying the combined tax rates

Description	Parent		Consolidated	
	2023	2022	2023	2022
Accounting profit before Income tax and social contribution [A]	**932,938**	354,181	**936,027**	351,691
Combined tax rate [B]	**34.00%**	34.00%	**34.00%**	34.00%
[A X B] Income tax and social contribution at the combined tax rate	**(317,199)**	(120,422)	**(318,249)**	(119,575)
Permanent additions [C]	**(29,618)**	(28,895)	**(25,681)**	(30,118)
Non-deductible expenses	**(22,914)**	(17,620)	**(23,985)**	(18,252)
Equity income from subsidiaries	**(6,704)**	(11,275)	**(1,696)**	(11,866)
Permanent exclusions [D]	**302,533**	277,433	**296,557**	280,299
Equity income from subsidiaries	**4,761**	3,967	**1,509**	4,590
State tax incentives [(1)]	**213,605**	234,528	**213,616**	234,629
Tax benefit - Interest on equity	**72,080**	22,864	**72,080**	22,864
Other items[(2)]	**12,087**	16,074	**9,352**	18,216
[A X B+C-D] Income tax and social contribution recorded in profit or loss before exemption	**(44,284)**	128,116	**(47,373)**	130,606
Income exempt from income tax (Government subsidy) [E]	**-**	(458)	**-**	(458)
Income tax and social contribution recorded in profit or loss after exemption [F]	**(44,284)**	127,658	**(47,373)**	130,148
Current income tax and social contribution	**(1,559)**	9,774	**(1,559)**	9,774
Deferred income tax and social contribution	**(42,725)**	117,884	**(45,814)**	120,374
[F/A] Effective rate	**4.75%**	-	**5.06%**	-

[(1)] See Note 22, which details state tax incentives.

24.2 Breakdown of deferred income tax and social contribution assets and liabilities

Description	Parent		Consolidated	
	2023	2022	2023	2022
Deferred tax assets				
Estimated losses for doubtful accounts	**8,619**	8,633	**9,409**	9,366
Provision for litigation and lawsuits	**37,977**	52,752	**38,395**	53,057
Provision for logistics expenses and contractual costs	**15,809**	13,192	**15,871**	14,376
Estimated losses on tax credits	**12,997**	12,929	**12,997**	12,929
Provision for legal fees	**9,537**	11,378	**9,537**	11,378
Profit sharing provisions and other events	**25,869**	35,252	**26,195**	35,415
Provision for impairment losses on assets	**-**	222	**-**	222
Provision for inventory impairment	**5,714**	6,738	**6,344**	6,897
Amortization of the balance sheet at fair value	**17,898**	15,124	**18,391**	15,124
Losses on derivative contracts	**36,271**	70,137	**36,271**	70,137
Tax loss	**281,766**	270,617	**281,766**	270,617
Other provisions	**28,513**	19,353	**32,089**	23,873
Total	**480,970**	516,327	**487,265**	523,391

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Deferred tax liabilities				
Differences in depreciation (useful lives and tax rates)	**256,927**	213,358	**261,215**	217,082
Tax amortization of goodwill paid for future profitability	**196,184**	232,121	**222,700**	256,866
Restatement of judicial deposits	**20,809**	15,649	**20,809**	15,649
Gains on derivative contracts	**46,246**	53,046	**46,246**	53,147
Other provisions (reversals)	**54,654**	18,155	**54,654**	18,069
Total	**574,820**	532,329	**605,624**	560,813
Net deferred tax liabilities	**93,850**	16,002	**118,359**	37,422

The Company expects to recover the tax credits arising from the temporary differences within a maximum term of ten years, based on the expected realization of the provisions that generated them.

The estimates for recovering the tax credits were based mainly on the expected outcomes for the proceedings that gave rise to the provisions for contingencies and also the tax legislation criteria for the deductibility of losses on doubtful accounts.

Based on the past realization of liabilities representing tax, labor and civil risks, among others, and allowances for impairment losses, the expected realization of deferred income tax and social contribution in the financial statements is as follows:

Deferred tax asset

Maturity	Parent	Consolidated
2025	**152,555**	**153,129**
2026	**77,875**	**78,122**
2027	**81,083**	**81,331**
2028	**79,067**	**79,314**
2029 on	**90,390**	**95,369**
Total	**480,970**	**487,265**

Deferred tax liability

Maturity	Parent	Consolidated
2025	**67,897**	**68,326**
2026	**25,693**	**26,122**
2027	**25,693**	**26,122**
2028	**40,526**	**40,955**
2029 on	**415,011**	**444,099**
Total	**574,820**	**605,624**
Deferred tax liability	**93,850**	**118,359**

(All amounts in thousands of Reais, except if stated otherwise)

25. Other current and non-current liabilities

Description	Parent		Consolidated	
	2023	2023	2023	2023
Provision for operating expenses [1]	**137,345**	98,979	**147,821**	107,095
Provision for legal fees	**6,705**	15,494	**6,705**	15,494
Advances from customers [2]	**17,794**	9,213	**17,796**	29,857
Others	**6,761**	11,238	**8,219**	12,677
Total	**168,605**	134,924	**180,541**	165,123
Current	**160,660**	116,772	**171,138**	145,532
Non-current	**7,945**	18,152	**9,403**	19,591

[1] Refers to Company operational provisions resulting mainly from expenses with services, marketing, and logistics, among others; [2] Refers to early customer receivables linked to the sale of products in the country.

26. Shareholders' equity

a) Capital - Parent

On December 31, 2023 and 2022, the Company's capital was R$ 2,597,656, represented by 339,000,000 common shares.

As of December 31, 2023, the Company had a free float of 66,382,473 common shares, which represented 19.58% (19.66% as of December 31, 2022).

Authorized capital comprises 459,200,000 common, registered shares, with no par value, which can be increased, without amending the bylaws, after a decision by the Board of Directors, through the capitalization of reserves, with or without changing the number of shares.

b) Reserves

Legal reserve

In compliance with article 193 of Law 6.404/76, the reserve is recorded at a rate of 5% of net income for the year, less the portion relating to investment subsidies, up to a limit of 20% of the Company's share capital. As of December 31, 2023, the Company's legal reserve amounted to R$ 321,847 (R$ 320,874 as of December 31, 2022).

Tax incentive reserve

This reserve is created annually based on the portion of profit arising from the subsidies for investments received by the Company, as detailed in Note 22. As of December 31, 2023, the tax incentive reserves totaled R$ 3,496,931 (R$ 2,627,739 as of December 31, 2022).

Reserve for investment plan

This reserve is established in the Company's bylaws, and is created based on the remaining profit, i.e. profit for the year, net of the tax incentive reserve, the legal reserve and proposed dividends, except if decided otherwise at the Annual Shareholders Meeting. The purpose of this reserve is to bolster the Company's working capital and to reinvest funds generated internally. This reserve can, after a decision by the Board of Directors, be capitalized, used to absorb losses or distributed as dividends to shareholders. As of December 31, 2023 the investment plan reserve totaled R$ 1,091,924 (R$ 1,285,126 as of December 31, 2022). This reserve is limited to 95% of Capital.

According to the Company's bylaws, the balance of profit reserves, excluding the tax incentive reserve, may not exceed capital. If it exceeds this limit, the Shareholders' Meeting will determine how the exceeding amount should be used, either for a capital increase or a dividend distribution.

Special reserve - Law 8.200/1991

Prior to 1995, the Company recorded special inflation adjustment on permanent assets, in compliance with article 2 of Law 8.200/1991. As of December 31, 2023 and 2022, the special reserve amounted to R$ 16,529.

Treasury shares

At the Board of Directors' meeting held on August 06, 2021 the Company approved the share buyback plan in order to meet the long-term incentive program with restricted shares, as detailed in Note 27, and to maximize the creation of value for shareholders, in the maximum amount of 6,289,075 common shares. Share buyback transactions will be supported by the global amount of capital and profit reserves available, except the legal reserve, unearned profits reserve, special undistributed dividend reserve and the tax incentives reserve, as applicable.

Share buyback transactions can be settled within a maximum term of 18 (eighteen) months, terminating February 09, 2023. It should be noted that the last purchase transaction was made in March 2022.

During 2023, 198,681 shares were delivered according to the share-based compensation plan, as highlighted in Note 27 (147,435 in 2022).

As of December 31, 2023, the number of treasury shares acquired by the Company totaled 2,675,111 shares (2,819,146 shares as of December 31, 2022), with an average price of R$ 28.77, per share unit, with minimum and maximum prices of R$ 20.75 and R$ 42.13, respectively, totaling the amount of R$ 79,953.

c) Shareholders' Remuneration

The Company's bylaws provide for the distribution of a minimum dividend of 25% of the net profit for the year, adjusted in accordance with art. 202 of Law 6.404/1976, and also permits payments to shareholders, as interest on equity, within the limits provided by Law. The amount calculated for interest on equity should always be considered as part of the mandatory dividend.

Furthermore, the Company approved, at a meeting of Board of Directors held on November 10, 2023 changes to its shareholder remuneration policy from said date, which provides:

(a) increase in the target percentage from 60% (sixty percent) to 80% (eighty percent) of the adjusted net profit for the reference year

(b) increase in the fixed value from R$0.05 (five cents of reais) to R$0.06 (six cents of reais) per share for quarterly payments

(c) In the event that the ratio between the Company's net debt and its EBITDA (leverage) reaches a level of 1.5x or more at the end of the reference year, the target percentage will be 60%

It should be noted that the shareholder compensation policy maintains the possibility of, extraordinarily, the Board of Directors deciding distributions of dividends and/or interest on capital below the defined objective, considering the macroeconomic situation, the economic and financial conditions of the Company (current and projections), as well as the situation of the markets in which it operates, respecting the Company's other policies.

(All amounts in thousands of Reais, except if stated otherwise)

In the year ended December 31, 2023, the Company recorded a dividend distribution base of R$ 18,489, considering that in addition to the allocation of reserves for the year 2023, it allocated a complementary reserve for tax incentives, relating to previous years, in the amount of R$ 240,941, as shown below.

Despite the distribution base of around R$ 18,489, at a meeting of the Board of Directors on 12/08/2023, it was decided, ad referendum of the Annual General Meeting, the total gross amount for credit and payment of interest on the equity of R$ 212,000 (R$ 655,484 as of December 31, 2022), of which R$ 193,511 comes from reserves for investment plans.

The dividend calculation is shown below:

Description	2023	2022
Net profit for the year [(1)]	**888,654**	481,839
(-) Legal reserve (5%)	**(973)**	-
(-) State tax incentive reserve	**(628,251)**	(482,297)
(-) State tax incentive reserve from prior periods	**(240,941)**	-
(-) Federal tax incentive reserve	**-**	458
(=) Calculation base for minimum dividends	**18,489**	-
Mandatory minimum dividends (25%)	**4,622**	-
Value exceeding the minimum mandatory dividend	**13,867**	-
Gross remuneration - Interest on equity	**212,000**	655,484
(-) Withholding income tax on interest on equity	**(8,783)**	(30,434)
Shareholders' remuneration, net of withholding tax	**203,217**	625,050
Remuneration as a percentage of the calculation base	**1,147%**	-
Average number of shares - thousand (ex-treasury shares)	**339,000**	339,000
Dividends per share paid to corporate shareholders, exempt from withholding tax	**0.6254**	1.9336
Dividends per share paid to individual shareholders, net of withholding tax	**0.5995**	1.8438

[(1)] *Calculated in accordance with accounting practices adopted in Brazil.*

d) Equity valuation adjustment

This item is used to recognize the effects of positive and negative changes in gains/losses on cash-flow hedges (see Note 18).

e) Accumulated conversion adjustments

The accumulated conversion adjustments refer to exchange variations on foreign investments.

27. Share-based compensation plan

The Company has share-based compensation plan with the aim of permitting eligible participants to acquire shares to: (a) create a sense of ownership, fostering the feeling of being an "owner of the business", thereby intensifying and strengthening the bond between the

(All amounts in thousands of Reais, except if stated otherwise)

Company and its executives; (b) foster the attainment of high levels of sustainable performance in the short and long term; (c) nurture the development of strategic leadership; (d) make possible the existence of a "win-win" rewards model based on the return created for shareholders; and (e) ensure the competitiveness of the total compensation package and the retention of key strategic leaders.

This is a long-term incentive policy granting restricted shares; the first plan was approved on April 13, 2017. The program was initially limited to non-statutory directors but has since been modified to include statutory directors hired under the Consolidated Labor Regulations as from 2019, under a resolution approved by the Extraordinary Shareholders' Meeting held on December 27, 2019. The second plan was approved on April 30, 2021, and again up to 20% of management-level executives are eligible.

The shares are awarded annually, for a 4-year plan term, vested annually in May, documented by the Instrument of Plan Adhesion between the Company and the beneficiaries.

Pursuant to the plan, approved in April 2021, is limited to 1.0% of the total number of Company shares during the effective period (May 2021 to April 2025).

For each annual concession there will be a three-year vesting period and at the end of this period, the shares will be transferred to the executive if performance criteria have been met. Under this model, no financial disbursements are required by the executive.

In 2022, as part of the second long-term incentive program, 621,688 restricted shares were distributed to 40 executives who signed the term of adhesion to the plan. These shares will be vested in April 2025. On that date, the 145,687 restricted shares granted in 2019 were transferred, after the performance criteria had been met.

In 2023, 710,048 restricted shares were distributed among 64 executives, with the right to ownership of the shares in April 2026. As of this date an amount equal to 198,681 restricted shares awarded at the end of 2020 were transferred, after meeting the performance criteria.

The changes in the number of restricted shares are presented below:

Description	Number of restricted shares
Balance as of December 31, 2021	**900,458**
Granted shares	621,688
Transferred shares	(203,369)
Awards canceled	(54,875)
Balance as of December 31, 2022	**1,263,902**
Granted shares	710,408
Transferred shares	(198,681)
Awards canceled	(4,739)
Balance as of December 31, 2023	**1,770,890**

The restricted shares are measured at fair value at the concession date and are recognized as expenses over the period in which the right is vested and charged to shareholders' equity, as granted shares.

The expense denoting the fair value of the restricted shares, recognized in the year ended December 31, 2023 in accordance with the term lapsed for acquiring the right to the restricted shares was R$ 13,808 (R$ 11,010 as of December 31, 2022).

(All amounts in thousands of Reais, except if stated otherwise)

28. Net revenue

Description	Parent		Consolidated	
	2023	2022	2023	2022
Gross revenue	**12,075,088**	12,195,128	**13,287,524**	12,301,036
Domestic market	**12,918,079**	11,994,626	**12,998,965**	12,083,433
Foreign market	**157,009**	200,502	**288,559**	217,603
Deductions	**(2,349,295)**	(2,131,546)	**(2,447,244)**	(2,171,831)
Returns, discounts and cancellations	**(870,692)**	(745,028)	**(949,642)**	(767,659)
Taxes on sales	**(1,478,603)**	(1,386,518)	**(1,497,602)**	(1,404,172)
Net revenue	**10,725,793**	10,063,582	**10,840,280**	10,129,205

The net revenue by product line of the Company and its subsidiaries as of December 31, 2023 and 2022 is as follows:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Cookies and Crackers	**5,565,856**	5,137,830	**5,565,856**	5,137,830
Pasta	**2,211,532**	2,104,124	**2,264,259**	2,104,124
Wheat flour and bran	**1,929,607**	1,861,494	**1,929,607**	1,861,494
Margarine and vegetable shortening	**637,799**	681,188	**637,799**	681,188
Other products [1]	**380,999**	278,946	**442,759**	344,569
Net revenue	**10,725,793**	10,063,582	**10,840,280**	10,129,205

(1) Refers to the other product lines: cakes, snacks, cake mix, juice powder, packaged toast, healthy products, sauces and seasonings.

29. Results by nature

The Company opted to present the statement of income by function. The composition of the cost of goods sold and significant expenses by nature are presented below:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Cost of goods sold				
Raw materials	**(5,241,536)**	(5,558,531)	**(5,321,755)**	(5,582,113)
- Wheat	**(3,283,617)**	(3,568,342)	**(3,282,376)**	(3,568,296)
- Oil	**(1,079,371)**	(1,196,810)	**(1,079,371)**	(1,196,810)
- Sugar	**(299,252)**	(278,174)	**(299,252)**	(278,174)
- Sourced flour	**(9,849)**	(8,025)	**(9,849)**	(8,025)
- Sourced vegetable shortening	**(216)**	(203)	**(216)**	(203)
- Others	**(569,231)**	(506,977)	**(650,691)**	(530,605)
Packaging	**(648,563)**	(646,486)	**(663,107)**	(649,754)
Labor	**(831,961)**	(720,014)	**(855,374)**	(723,690)
General plant costs [1]	**(645,345)**	(614,661)	**(662,852)**	(617,661)
Depreciation and amortization	**(207,936)**	(183,027)	**(212,086)**	(183,652)
Cost of goods resold	**(152,913)**	(62,592)	**(32,585)**	(59,775)
Total	**(7,728,254)**	(7,785,311)	**(7,747,759)**	(7,816,645)
Selling expenses				
Marketing and sales	**(758,091)**	(663,639)	**(790,685)**	(690,623)
Salaries and employee benefits	**(544,508)**	(485,698)	**(558,903)**	(492,146)
Freight	**(540,348)**	(554,821)	**(551,212)**	(567,130)
Depreciation and amortization	**(90,086)**	(77,614)	**(91,054)**	(77,754)
Total	**(1,933,033)**	(1,781,772)	**(1,991,854)**	(1,827,653)

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Administrative and general expenses				
Salaries and employee benefits	**(181,171)**	(168,812)	**(190,445)**	(173,086)
Services with third parties	**(69,792)**	(63,956)	**(72,109)**	(66,284)
Technology expenses	**(23,896)**	(21,577)	**(25,118)**	(22,270)
Other administrative expenses	**(30,962)**	(24,897)	**(34,663)**	(26,097)
Donations	**(34,756)**	(19,749)	**(35,079)**	(19,758)
Depreciation and amortization	**(42,539)**	(39,326)	**(56,983)**	(51,036)
Total	**(383,116)**	(338,317)	**(414,397)**	(358,531)
Other income (expenses) net (2)				
Tax expenses	**(37,718)**	(31,838)	**(38,621)**	(32,839)
Depreciation and amortization	**(4,849)**	(4,807)	**(4,849)**	(4,807)
Other income (expenses)	**(64,392)**	(77,778)	**(76,829)**	(80,367)
Total	**(106,959)**	(114,423)	**(120,299)**	(118,013)

(1) Refers to the powerhouse, maintenance and other costs; (2) See Note 30.

As of December 31, 2023, the Company experienced a decrease in the cost of raw materials as compared to the previous year, given the decline cost of core commodities, with decreases of 16.0% and14.6% in the average cost of wheat and oil, respectively, in contrast to the 6.1% increase in sugar.

30. Other operating revenues (expenses), net

See below the other operating (revenues) expenses:

Description	Parent		Consolidated	
	2023	2022	2023	2022
Other operating revenues				
Revenue from sale of damages, sweeps, scraps and inputs (1)	**26,637**	43,420	**29,980**	43,644
Sale of property, plant and equipment	**8,236**	2,372	**15,439**	2,372
Subsidies for investments – FUNDOPEM	**4,669**	3,776	**4,669**	3,776
Expense recovery	**10,638**	11,105	**11,175**	11,759
Extemporaneous credit – PIS/Cofins (2)	**7,763**	31,103	**9,489**	31,103
Extemporaneous credit – ICMS	**20,729**	7,920	**20,735**	7,920
Claim merchandise refund	**5,242**	3,364	**5,242**	3,364
Revenue from sale of electricity	**10,526**	4,151	**10,535**	4,151
Reversal of contingent portion of the company's acquisition price	**5,515**	8,848	**5,515**	8,848
Others	**13,869**	15,118	**14,701**	16,730
	113,824	131,177	**127,480**	133,667
Other operating expenses				
Provisions for civil, labor and tax contingencies and success fees	**(43,366)**	(29,553)	**(43,705)**	(29,534)
Cost of sale of property, plant and equipment	**(2,977)**	(1,481)	**(11,746)**	(1,503)
Inmetro tax	**(4,130)**	(4,741)	**(4,130)**	(4,741)
Provisions (reversals) estimated or realized in inventories	**(22,495)**	(36,862)	**(32,173)**	(40,021)
State fund for tax equalization	**(16,200)**	(24,188)	**(16,200)**	(24,188)
Cost to sell damages, sweeps, scraps and inputs	**(45,137)**	(56,615)	**(47,651)**	(56,771)
Restructuring expenses	**-**	(5,659)	**-**	(5,659)
Cost to sell electricity	**(16,485)**	(7,200)	**(16,485)**	(7,200)
Tax assessment	**(37,718)**	(31,838)	**(38,621)**	(32,839)
Depreciation and amortization expenses	**(4,849)**	(4,807)	**(4,849)**	(4,807)

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	2023	2022	2023	2022
Provision for impairment of assets [3]	**(5,888)**	-	**(5,662)**	-
Extemporaneous debit – ICMS	**(9,272)**	(3,196)	**(9,272)**	(3,196)
Others [4]	**(12,266)**	(39,460)	**(17,285)**	(41,221)
	(220,783)	(245,600)	**(247,779)**	(251,680)
Total	**(106,959)**	(114,423)	**(120,299)**	(118,013)

[1] It mainly refers to the sale of fatty acid; [2] See note 9; [3] Refers mainly to the impairment of intangible assets due to ERP changes; [4] In 2022, the highlight was expenses related to the process for termination of operations with the logistic operator, in the amount of R$ 20,000.

31. Earnings per share

Basic earnings per share are calculated based on net income attributable to shareholders and the proportional weighted average number of shares outstanding in the year.

Diluted earnings per share for share options are calculated based on net income attributable to shareholders and the adjusted weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential shares, as follows:

Description	Parent and Consolidated	
	2023	2022
Net profit for the year	**888,654**	481,839
Weighted average number of common shares (a)	**339,000**	339,000
Basic earnings per share (R$)	**2.62140**	1.42135
Adjustments for restricted shares (b)	**1,560**	1,100
Treasury shares (c)	**(2,675)**	(2,819)
Weighted average shares (thousand) (a + b + c)	**337,885**	337,281
Diluted earnings per share (R$)	**2.63005**	1.42860

32. Additional information to the cash flows

Investment and financing transactions that do not involve the use of cash or cash equivalents are evidenced as follows:

a) Reconciliation of changes in equity and the cash flow statements from financing activities

(All amounts in thousands of Reais, except if stated otherwise)

Parent

Change details	Liabilities					Shareholders' Equity	Total
	Financing with financial institutions	Tax financing	Debentures	Leases	Dividends	(-) Treasury shares	
Balance as of December 31, 2022	**1,002,549**	**26,769**	**848,281**	**330,068**	**6**	**(81,096)**	**2,126,577**
Change in cash flows from financing activities							
Interest on equity paid	-	-	-	-	(69,775)	-	(69,775)
Acquisition financing	329,346	-	-	-	-	-	329,346
Financing payments	(320,332)	(4,381)	(105)	-	-	-	(324,818)
Lease payments	-	-	-	(78,363)	-	-	(78,363)
Total change in cash flows from financing activities	**9,014**	**(4,381)**	**(105)**	**(78,363)**	**(69,775)**	**-**	**(143,610)**
Interest and exchange variations paid	**(50,764)**	**(801)**	**(37,900)**	**(37,824)**	**-**	**-**	**(127,289)**
Non-cash changes							
Exchange variation and inflation adjustment	(57,408)	-	44,724	-	-	-	(12,684)
Change in fair value	2,891	-	6,298	-	-	-	9,189
New leases/disposals	-	-	-	107,465	-	-	107,465
Interest, commission and tax	45,508	1,861	37,779	36,088	(834)	-	120,402
Tax incentive	-	23,786	-	-	-	-	23,786
Interest on equity	-	-	-	-	70,621	-	70,621
Transfer of long-term incentive shares	-	-	-	-	-	4,143	4,143
Amortization of transaction costs	627	-	5,200	-	-	-	5,827
Balance as of December 31, 2023	**952,417**	**47,234**	**904,277**	**357,434**	**18**	**(76,953)**	**2,184,427**

Change details	Liabilities					Shareholders' Equity	Total
	Financing with financial institutions	Tax financing	Debentures	Leases	Dividends	(-) Treasury shares	
Balance as of December 31, 2021	**663,563**	**17,012**	**811,709**	**245,794**	**5**	**(48,738)**	**1,689,345**
Change in cash flows from financing activities							
Interest on equity paid	-	-	-	-	(655,483)	-	(655,483)
Acquisition financing	426,970	-	-	-	-	-	426,970
Acquisition of company's shares	-	-	-	-	-	(36,597)	(36,597)
Financing payments	(66,757)	(2,782)	-	-	-	-	(69,539)
Lease payments	-	-	-	(65,382)	-	-	(65,382)
Total change in cash flows from financing activities	**360,213**	**(2,782)**	**-**	**(65,382)**	**(655,483)**	**(36,597)**	**(400,031)**
Interest and exchange variations paid	**(15,798)**	**(438)**	**(36,294)**	**(27,239)**	**-**	**-**	**(79,769)**
Non-cash changes							
Exchange variation and inflation adjustment	(31,167)	-	54,356	-	-	-	23,189
Change in fair value	1,386	-	(22,927)	-	-	-	(21,541)
New leases/disposals	-	-	-	149,836	-	-	149,836
Interest, commission and tax	24,352	1,138	36,373	27,059	-	-	88,922
Tax incentive	-	11,839	-	-	-	-	11,839
Interest on equity	-	-	-	-	655,484	-	655,484
Transfer of long-term incentive shares	-	-	-	-	-	4,239	4,239
Amortization of transaction costs	-	-	5,064	-	-	-	5,064
Balance as of December 31, 2022	**1,002,549**	**26,769**	**848,281**	**330,068**	**6**	**(81,096)**	**2,126,577**

(All amounts in thousands of Reais, except if stated otherwise)

Consolidated

Change details	Liabilities					Shareholders' Equity	Total
	Financing with financial institutions	Tax financing	Debentures	Leases	Dividends	(-) Treasury shares	
Balance as of December 31, 2022	**1,024,591**	**26,769**	**848,281**	**331,917**	**6**	**(81,096)**	**2,150,468**
Change in cash flows from financing activities							
Interest on equity paid	-	-	-	-	(69,775)	-	(69,775)
Acquisition financing	331,715	-	-	-	-	-	331,715
Financing payments	(339,591)	(4,381)	(105)	-	-	-	(344,077)
Lease payments	-	-	-	(79,506)	-	-	(79,506)
Total change in cash flows from financing activities	**(7,876)**	**(4,381)**	**(105)**	**(79,506)**	**(69,775)**	**-**	**(161,643)**
Interest and exchange variations paid	**(52,341)**	**(801)**	**(37,900)**	**(37,874)**	**-**	**-**	**(128,916)**
Non-cash changes							
Exchange variation and inflation adjustment	(57,484)	-	44,724	-	-	-	(12,760)
Change in fair value	2,891	-	6,298	-	-	-	9,189
New leases/disposals	-	-	-	107,329	-	-	107,329
Interest, commission and tax	47,161	1,861	37,779	36,241	(834)	-	122,208
Tax incentive	-	23,786	-	-	-	-	23,786
Interest on equity	-	-	-	-	70,621	-	70,621
Transfer of long-term incentive shares	-	-	-	-	-	4,143	4,143
Amortization of transaction costs	627	-	5,200	-	-	-	5,827
Balance as of December 31, 2023	**957,569**	**47,234**	**904,277**	**358,107**	**18**	**(76,953)**	**2,190,252**

Change details	Liabilities					Shareholders' Equity	Total
	Financing with financial institutions	Tax financing	Debentures	Leases	Dividends	(-) Treasury shares	
Balance as of December 31, 2021	**681,738**	**17,012**	**811,709**	**245,794**	**5**	**(48,738)**	**1,707,520**
Change in cash flows from financing activities							
Interest on equity paid	-	-	-	-	(655,483)	-	(655,483)
Acquisition financing	430,094	-	-	-	-	-	430,094
Acquisition of company's shares	-	-	-	-	-	(36,597)	(36,597)
Financing payments	(82,548)	(2,782)	-	-	-	-	(85,330)
Lease payments	-	-	-	(66,135)	-	-	(66,135)
Total change in cash flows from financing activities	**347,546**	**(2,782)**	**-**	**(66,135)**	**(655,483)**	**(36,597)**	**(413,451)**
Interest and exchange variations paid	**(16,184)**	**(438)**	**(36,294)**	**(27,240)**	**-**	**-**	**(80,156)**
Non-cash changes							
Business combination – Jasmine	-	-	-	1,020	-	-	1,020
Business combination – Las Acacias	16,735	-	-	-	-	-	16,735
Exchange variation and inflation adjustment	(31,307)	-	54,356	-	-	-	23,049
Change in fair value	1,386	-	(22,927)	-	-	-	(21,541)
New leases/disposals	-	-	-	151,319	-	-	151,319
Interest, commission and tax	24,677	1,138	36,373	27,159	-	-	89,347
Tax incentive	-	11,839	-	-	-	-	11,839
Interest on equity	-	-	-	-	655,484	-	655,484
Transfer of long-term incentive shares	-	-	-	-	-	4,239	4,239
Amortization of transaction costs	-	-	5,064	-	-	-	5,064
Balance as of December 31, 2022	**1,024,591**	**26,769**	**848,281**	**331,917**	**6**	**(81,096)**	**2,150,468**

b) Investment activities

Regarding investment activities, the acquisition of property, plant and equipment and intangible assets by assuming the respective liability consolidated amounts to R$ 87,512 on December 31, 2023 (R$ 55,701 on December 31, 2022).

Francisco Ivens de Sá Dias Branco Júnior
President

Maria das Graças Dias Branco da Escóssia
Vice-President - Finance

Maria Regina Saraiva Leão Dias Branco
Vice-President - Administration and Development

Francisco Cláudio Saraiva Leão Dias Branco
Industrial Vice-President - Milling

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

Daniel Mota Gutierrez
Vice-President - Legal, Governance, Risks, and Compliance

Adil Dallago Filho
Vice-President - Supply Chain

Magali Carvalho Façanha
Accountant CRC - CE 12410/O-6

Reports and Statements / Statement of Executive Officers on the Financial Statements

We declare, as the executive officers of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61766-650, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and approved the financial statements for the year ended December 31, 2023.

Eusébio, February 23, 2024.

Francisco Ivens de Sá Dias Branco Júnior
President

Maria das Graças Dias Branco da Escóssia
Vice-President – Finance

Maria Regina Saraiva Leão Dias Branco
Vice-President - Administration and Development

Francisco Cláudio Saraiva Leão Dias Branco
Industrial Vice-President - Milling

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

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Vice-President - Sales

Daniel Mota Gutierrez
Vice-President - Legal, Governance, Risks, and Compliance

Adil Dallago Filho
Vice-President - Supply Chain

Reports and Statements / Statement of Executive Officers on the Independent Auditor's Report

We declare, as the Executive Officers of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61766-650, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and agreed with the opinions expressed in the independent auditors' report in respect of the financial statements for the year ended December 31, 2023.

Eusébio, February 23, 2024.

Francisco Ivens de Sá Dias Branco Júnior
President

Maria das Graças Dias Branco da Escóssia
Vice-President – Finance

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Vice-President - Administration and Development

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Vice-President - Legal, Governance, Risks, and Compliance

Adil Dallago Filho
Vice-President - Supply Chain

Audit Committee's Report

The members of the Audit Committee of M. Dias Branco S.A. Indústria e Comércio de Alimentos ("Company"), in the exercise of their duties, pursuant to the Bylaws and based on current legislation, have analyzed the quality and integrity of the financial statements for the year ended December 31, 2023, accompanied by the independent auditors' report issued on the same date and, considering the information provided by the Company's management and the works performed by internal audit and by KPMG, they have recommended, by a unanimous vote, the approval of the documents by the Company's Board of Directors, in accordance with Corporate Legislation.

Eusébio, February 23, 2024.

Elionor Farah Jreige Weffort
Committee Coordinator

Guilherme Affonso Ferreira
Committee Member

Adrian Lima da Hora
Committee Member