



Dedicada à Vida

**Zydus Nikkho Farmacêutica Ltda.**  
Financial Statements  
Referring to the Period Ended in  
December 31, 2023 and  
Independent auditors' report  
on the Financial Statements

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## REPORT OF THE INDEPENDENT AUDITOR ON FINANCIAL STATEMENTS

The shareholders of the  
ZYDUS NIKKHO FARMACÊUTICA LTDA.  
RIO DE JANEIRO - RJ.

### Opinion

We have audited the financial statements of Zydus Nikkho Farmacêutica Ltda. Which comprise the Statement of financial position as of December 31, 2023, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zydus Nikkho Farmacêutica Ltda., as of December 31, 2023, the individual performance of its operations and their respective cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) - only in cases where there are no differences between the two accounting practices.

### Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section, entitled "Auditor's Responsibilities for the Audit of the Financial Statements." We are independent in relation to the company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and in the professional norms issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

### Responsibilities of management and governance by the financial statements.

The Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB), and for the internal controls that it determined it necessary to allow the preparation of financial statements free of material misstatement, regardless of whether it was caused by fraud or error.

In the preparation of the financial statements, management is responsible for evaluating the company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless to liquidate the company or cease its operations, or has no realistic alternative to avoid closing the operations.



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## **Responsibilities of the auditor for the audit of the financial statements.**

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the said financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and assess the risks of material misstatement in the financial statements, whether caused by fraud or error; We plan and perform audit procedures in response to such risks; and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve circumvention of internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not, in order to express an opinion on the effectiveness of the company's internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of the management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the Company's operational continuity company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in financial statements or include modification in our opinion if the disclosures are inadequate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may lead the company to no longer remain in operational continuity.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures and whether the individual financial statements represent the corresponding transactions and events in a manner consistent with the appropriate presentation objective.
- We obtain adequate audit evidence regarding the entity's financial information or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit and, consequently, for the audit opinion.
- We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in the internal controls we have identified during our work.

**São Paulo, February 12, 2024**

**HOLDER AUDITORES INDEPENDENTES SS – EPP  
CRC 2SP 034.257/O-4**

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**MARCOS BARBOSA HENRIQUES  
CRC 1SP 258.019/O-6**

ZYDUS NIKKHO FARMACEUTICA LTDA  
Statement of Financial Position  
For the year ended on December 31, 2023

(In Real)

ASSETS	Notes	12/31/2023	12/31/2022	LIABILITIES	Notes	12/31/2023	12/31/2022
<b>CURRENT</b>				<b>CURRENT</b>			
Cash and cash equivalents	4	10.310.248	2.179.006	Lease liability	10	2.755.428	3.304.398
Trade and other receivables	5	53.306.358	62.692.005	Suppliers and other payables	13	65.743.996	73.006.638
Inventories	6	43.612.965	44.449.391	Other liabilities	15	10.971.977	22.891.186
Other current assets	7	20.684.042	16.963.130				
Other current financial assets	8	467.237	632.552				
<b>Total current assets</b>		<b>128.380.850</b>	<b>126.916.084</b>	<b>Total current liabilities</b>		<b>79.471.401</b>	<b>99.202.222</b>
<b>NON-CURRENT</b>				<b>NON-CURRENT</b>			
Other non-current assets	7	3.566.173	2.080.464	Other financial liabilities	8	-	1.318.231
Other non-current financial assets	8	3.530.471	3.843.159	Lease liability	10	1.477.560	1.916.458
Deferred taxes assets	9	24.036	95.195	Provisions	16	10.397.897	7.541.248
Right of use asset	10	3.974.941	4.846.796				
Property, plant and equipment	11	9.208.686	9.785.775				
Intangible assets	12	41.560.931	42.089.911				
<b>Total non-current assets</b>		<b>61.865.238</b>	<b>62.741.300</b>	<b>Total non-current liabilities</b>		<b>11.875.457</b>	<b>10.775.937</b>
<b>TOTAL ASSETS</b>		<b>190.246.088</b>	<b>189.657.384</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>190.246.088</b>	<b>189.657.384</b>
				<b>Net equity</b>			
				Share capital	17	272.351.199	224.221.404
				Tax incentive reserve	18	38.758.324	29.729.231
				Accumulated losses		(212.210.293)	(174.271.410)
				<b>Total equity</b>		<b>98.899.230</b>	<b>79.679.225</b>

The accompanying notes are an integral part of these financial statements

**ZYDUS NIKKHO FARMACEUTICA LTDA**  
**Statement of Income**  
**For the year ended on December 31, 2023**  
**(In Real)**

	<b>Notes</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
<b>Sales revenue</b>	19	169.833.954	166.653.993
Cost of products and goods sold	20	(107.006.457)	(95.683.080)
<b>Gross profit</b>		<b>62.827.497</b>	<b>70.970.913</b>
<b>Operating (Expense) revenue</b>			
Administrative	20	(43.017.450)	(34.882.872)
Selling expense	20	(53.908.349)	(53.916.954)
Estimating expected credit losses	3.2	(537.820)	(431.485)
Other (expenses) revenue	21	(380.759)	2.198.643
Monetary and exchange variations		5.789.648	2.577.931
		<b>(92.054.730)</b>	<b>(84.454.737)</b>
<b>Operating loss before the financial result</b>		<b>(29.227.233)</b>	<b>(13.483.823)</b>
<b>Financial result</b>			
Financial revenues		1.770.507	313.640
Financial expenses		(1.381.905)	(779.646)
<b>Net financial result</b>	22	<b>388.602</b>	<b>(466.006)</b>
<b>Loss before taxes</b>		<b>(28.838.631)</b>	<b>(13.949.830)</b>
Income tax and social contribution taxes - deferred	9	(71.159)	(39.532)
Current income tax and social contribution	23	-	(4.203.363)
<b>Loss for the year</b>		<b>(28.909.790)</b>	<b>(18.192.725)</b>
<b>Other comprehensive results</b>		-	-
<b>Result after other comprehensive results</b>		<b>(28.909.790)</b>	<b>(18.192.725)</b>

The accompanying notes are an integral part of these financial statements

ZYDUS NIKKHO FARMACEUTICA LTDA  
Statement of changes in shareholder's equity  
For the year ended on December 31, 2023  
(In Real)

	Share capital	Tax incentive reserve	Accumulated losses	Total
<b>On december 31, 2021</b>	<b>224.221.404</b>	<b>17.332.479</b>	<b>(143.681.933)</b>	<b>97.871.950</b>
Loss for the year	-	-	(18.192.725)	(18.192.725)
Transfer to tax incentive reserve	-	12.396.752	(12.396.752)	-
<b>On december 31, 2022</b>	<b>224.221.404</b>	<b>29.729.231</b>	<b>(174.271.410)</b>	<b>79.679.225</b>
Issuance of shares	48.129.795	-	-	48.129.795
Loss for the year	-	-	(28.909.790)	(28.909.790)
Transfer to tax incentive reserve	-	9.029.093	(9.029.093)	-
<b>On december 31, 2023</b>	<b>272.351.199</b>	<b>38.758.324</b>	<b>(212.210.293)</b>	<b>98.899.230</b>

The accompanying notes are an integral part of these financial statements

ZYDUS NIKKHO FARMACEUTICA LTDA  
Statement of Cash Flows  
For the year ended on December 31, 2023  
(In Real)

	12/31/2023	12/31/2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>(Loss) for the year</b>	<b>(28.909.790)</b>	<b>(18.192.725)</b>
<i>Adjustments to reconcile the loss for the year with net cash</i>		
Net losses on financial assets and contracts (Note 3.2)	537.820	431.485
Adjustment to net realizable value of inventory (Note 6)	(2.351.755)	3.279.219
Deferred taxes (Note 9)	71.159	39.532
Depreciation right of use asset (Note 10)	3.557.084	2.098.141
Lease liabilities - interest (Note 10)	617.397	381.301
Write-offs Property, plant and equipment (Note 11)	-	2.941
Depreciation and amortization (Notes 11 and 12)	2.033.967	2.132.141
Provisions and reversals (Note 16)	2.856.649	2.060.000
Current income tax and social contribution (Note 23)	-	4.203.363
Monetary and exchange variations	(5.789.648)	(2.577.931)
	<b>1.532.673</b>	<b>12.050.193</b>
<b>Decrease (Increase) in operating assets:</b>		
Accounts receivable from clients	8.847.827	(16.305.817)
Inventories	3.188.181	2.832.131
Others assets	(4.728.619)	(4.848.127)
<b>Increase (Decrease) in operating liabilities:</b>		
Suppliers and other accounts payable	(1.472.994)	17.861.780
Other obligations	(13.237.439)	7.667.774
	<b>(7.403.044)</b>	<b>7.207.742</b>
<b>Net cash generated by (invested in) operating activities (I)</b>	<b>(34.780.161)</b>	<b>1.065.209</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed and intangible assets (note 11 and 12)	(927.898)	(931.536)
<b>Net cash generated by (invested in) investment activities (II)</b>	<b>(927.898)</b>	<b>(931.536)</b>
<b>CASH FLOW FROM FINANCE ATIVITIES</b>		
Lease payments (note 10)	(4.290.494)	(2.539.262)
Issuance of shares (note 17)	48.129.795	-
<b>Net cash generated by finance activities (III)</b>	<b>43.839.301</b>	<b>(2.539.262)</b>
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS (I + II + III)</b>	<b>8.131.242</b>	<b>(2.405.589)</b>
<i>Opening balance of cash and cash equivalents</i>	2.179.006	4.584.595
<i>Closing balance of cash and cash equivalents</i>	10.310.248	2.179.006
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8.131.242</b>	<b>(2.405.589)</b>
<b>The accompanying notes are an integral part of these financial statements</b>		
<b>Transactions that did not affect cash</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
Leasing additions (Asset and liabilities) - Note 10	2.685.229	5.797.965



## 1 General information

### 1.1 Operational context

ZYDUS NIKKHO FARMACÊUTICA LTDA, hereinafter referred to as "Zydus Nikkho" or "Company", it is a limited liability company, headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, whose purpose is the production, distribution and sale of medicines for human use, operating throughout the national territory.

The issuance of the financial statements was authorized by management on February 12, 2024.

### 1.2 Presentation of the financial statements

#### Basis of Preparation

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and evidences all relevant information specific to the financial statements, and only that, which are consistent with those used by management in its management.

The main accounting policies applied in the preparation of these financial statements are presented in note 2

The financial statements were prepared considering the historical cost as the basis of value, which in the case of certain financial assets and liabilities has its cost adjusted to reflect the measurement at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management in the process of applying the Group's accounting policies. Those areas require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 3

## 2 Accounting policies

### 2.1 Conversion into foreign currency

The financial statements are presented in Real (BRL), which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates or on the valuation dates. Foreign exchange gains and losses are presented in the income statement.

### 2.2 Cash and cash equivalents

Include cash, bank deposits, other short-term investments with high liquidity, with original maturities of three months or less and with an insignificant risk of change in value.

### 2.3 Financial assets

At initial recognition Financial asset is recognised at fair value plus or minus transaction cost and subsequently it is classified at amortised cost, FVTPL or FVTOCI.

#### a) Financial assets at amortized cost

These assets are measured subsequently to the amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized directly in income statement. Any gain or loss on derecognition is recognized in the income statement.

**b) Financial assets measured at fair value through profit or loss**

These assets are subsequently measured at fair value through PL.

**c) Financial assets measured at fair value through other comprehensive income**

These assets are measured subsequently at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income statement. Other net income is recognized in other comprehensive income. Upon derecognition, the result accumulated in other comprehensive income is reclassified to the result.

**d) Impairment of financial assets**

Expected Credit Model (capital) for measurement and recognition of impairment loss on the following financial assets:

- i Financial assets that are debt instruments, and are measured at amortised cost
- ii Trade receivables or any contractual right to receive cash or another financial asset

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] is recognized as expense/ income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**e) Derecognition**

The Company derecognizes a financial asset when the contractual rights to the asset's cash flows expire, or when the Company transfers the contractual rights of receipt to the contractual cash flows on a financial asset in a transaction in which substantially all risks and benefits of ownership of the financial asset are transferred or in which the Company neither transfers nor substantially maintains all the risks and benefits of ownership of the financial asset and also does not retain control over the financial asset.

**2.4 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such at initial recognition. Financial liabilities measured at fair

value against profit or loss are measured at fair value and the net result, including interest, is recognized in the income statement. Other financial liabilities are subsequently measured at amortized cost using the interest method effective. Interest expense, foreign exchange gains and losses are recognized in income statement.

#### **a) Derecognition**

The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expires. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. In the derecognition of a financial liability, the difference between the extinguished book value and the consideration paid (including transferred assets that do not pass through the cash or assumed liabilities) is recognized in the income statement.

The classification of financial instruments is shown in note 3.2.

### **2.5 Trade and other receivables**

Correspond to amounts receivable from customers for the sale of goods in the normal course of the Company's activities. If the receipt period is equivalent to one year or less, Trade and other receivables are classified in current assets. Otherwise, they are presented in non-current assets. Accounts receivable from customers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method less the allowance for doubtful accounts (impairment).

### **2.6 Inventories**

The inventories are stated at cost or net realizable value, whichever is the lower. The cost of finished products and products in preparation comprises the costs of raw materials, direct labor, other direct costs and indirect production costs (based on operational capacity). The cost of raw materials and packaging, finished goods and in process is determined on Moving Average Method. The Net Realization Value is the estimated selling price in the normal course of business, less the estimated completion costs and the estimated costs necessary to make the sale.

### **2.7 Other current and non-current assets**

Are presented at net realizable value, stated in current or non-current assets according to their expected realization.

### **2.8 Property, plant and equipment**

Stated at cost, less accumulated depreciation and losses, due to impairment. Depreciation is recognized based on the estimated useful life of each asset using the straight-line method, so that the cost less its residual value after its useful life is fully written off (except for land and construction in progress). The estimated useful life, residual values and depreciation methods are reviewed at the end of each year, and the effect of any changes in estimates is accounted for prospectively. An item of property, plant and equipment is written off after disposal or when there are no future economic benefits resulting from the continued use of the asset. Any gains or losses on the sale or write-off of an item of property, plant and equipment are determined by the difference between the amounts received on sale and the carrying amount of the asset and recognized in profit or loss.

The estimated useful lives are as follows:

	Minimum Useful Life (Year)
Buildings	10
Plant and equipment	10
Furniture and fixtures	5
Vehicles	5

### **Impairment**

Impairment of non-financial assets - Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount, which represents the higher of an asset's fair value less its disposal costs and its value in use.

The VLDP (value less its disposal costs) is generally determined based on the present value of the estimated future cash flows arising from the continued use of the asset, including any prospects for expansion and its eventual sale. The VIU (value in use) is determined by the present value of the estimated future cash flows that are expected by the continued use of the asset under its current conditions, without taking into account future developments. These premises are different from those used in the calculation of the VIU (value in use) and, consequently, the calculation of the value in use will probably give a different result from the calculation of the VLDP (value less its disposal costs).

## **2.9 Leases**

Company recognising a right-of-use asset and related lease liability in connection with all operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

### **As a lessee**

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset [the underlying asset] for a period of time in exchange for consideration'.

### **Measurement and recognition of leases as a lessee**

At lease commencement date, the Company recognises a rightof-use asset and a lease liability on the balance sheet. The rightof-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date [net of any incentives received]. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments [including in substance fixed], variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to the in substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is

reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease. Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on straight line basis in the Statement of Profit and Loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

**2.10 Intangible**

**a) Goodwill**

Is represented by the positive difference between the amount paid and / or payable for the acquisition of a business and the net fair value of the assets and liabilities of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets". Goodwill is recorded at fair value less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed. Goodwill is tested annually for impairment.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGUs)). For the purposes of this test, goodwill is allocated to the Cash Generating Units or groups of Cash Generating Units that are expected to benefit from the business combination from which the goodwill originated, and are identified according to the operating segment. Goodwill is considered to be an asset with an indefinite useful life.

**b) Brands trademarks and registered patents**

Are stated at historical cost less amortization. The assets arising from the business combination are recorded at fair value on the acquisition date. Expenses incurred internally to develop and strengthen a brand are recognized as an expense.

Intangible assets with indefinite useful lives are tested for impairment at least once a year.

**c) Software**

Acquired software licenses are capitalized based on the costs incurred to acquire them and make them ready to be used.

**Defined useful life**

	<b>Minimum Useful Life (Year)</b>
Software	5

**2.11 Suppliers and other accounts payable**

These are Obligations payable for goods or services that were acquired in the normal course of business, and are classified as current liabilities if payment is due within a period of up to one year. Otherwise, they are classified as non-current. They are recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

## 2.12 Other current and non-current liabilities

Stated at known or estimated amounts, plus, when applicable, the corresponding charges and / or monetary and exchange variations incurred up to the balance sheet date.

## 2.13 Provision for tax, civil and labor risks

The provision is recognized in the balance sheet when the Company has a legal or constituted obligation as a result of a past event, and it is probable that the economic resource will be required to settle the obligation. Provisions are recorded based on the best estimates of the specific risks of the liability and duly supported through the assessment of the likelihood of loss being made by the Company's management and legal counsel.

## 2.14 Income tax and Social contribution (current and deferred)

### (a) Current

Income tax comprises income tax and social contribution. Income tax is calculated on the annual profit at the rate of 15%, plus an additional 10% on profits that exceed Real (BRL) 240 thousand in the period, while the social contribution is calculated at the rate of 9% on the adjusted profit, according to the law, recognized according to the accrual basis.

### (b) Deferred

Deferred income and social contribution taxes are recognized, in their entirety, on the differences generated between the assets and liabilities recognized for tax purposes and corresponding to amounts recognized in the Financial Statements. However, deferred income tax and social contribution are not recognized if they are generated in the initial registration of assets and liabilities in transactions that do not affect the tax bases, except in business combination transactions. Deferred income tax and social contribution are determined considering the rates (and laws) in force on the date of preparation of the Financial Statements and applicable when the respective income tax and social contribution are realized. Deferred income tax and social contribution assets are recognized only to the extent that it is probable that there will be a positive tax base for which temporary differences can be used and tax losses can be offset.

## 2.15 Revenue recognition

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.

The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

## 2.16 Financial Income

Are recognized according to the elapsed period, based on the effective interest rate method and are recognized as it is expected to be realized.

### 2.17 Earnings per share

In accordance with IAS 33 / CPC 41 - Earnings per share, the company reconciles net income to the amounts used to calculate basic and diluted earnings per share. The company does not have instruments that have not been included in the earnings per share calculation as they are antidilutive, therefore the result per basic share is the same as the diluted one, as shown:

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Basic and diluted result</b>		
Loss for the year for ordinary quotas	(28.909.790)	(18.192.725)
Average number of shares	<u>248.286.302</u>	<u>224.221.404</u>
Loss per basic quota	<u>(0,12)</u>	<u>(0,08)</u>

### 3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that Management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include definition of the useful life of property, plant and equipment and intangible assets with defined useful life, incremental rate on financial leases, goodwill recovery value, expected losses for doubtful accounts receivable and provisions for liabilities.

The settlement of transactions involving these estimates may result in different amounts due to inaccuracies inherent in the process of their determination. Zydus Nikkho's management reviews the estimates at least annually.

#### 3.1 Risk management

The Company's activities are exposed to several financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. Management uses the following methodologies to measure risks:

<u>Risk</u>	<u>Description</u>	<u>Methodology Used to Measure the Impact</u>
Market Risk - Foreign Exchange	Financial liabilities in foreign currency	Sensitivity Analysis
Market Risk - Interest Rate	Long Term Finance Lease Payable	Sensitivity Analysis
Credit risk	Cash and cash equivalents and Trade and other receivables	Maturity Analysis and Credit Assessment
Liquidity Risk	Suppliers and Leasing	Cash Flow Forecasts

#### 3.2 Classification of financial instruments

Financial instruments were classified in the Amortized cost category.

## EXPLANATORY NOTES BY MANAGEMENT TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Financial assets</b>		
Cash and cash equivalents	10.310.248	2.179.006
Trade accounts receivable	53.306.358	62.692.005
Other financial assets	3.997.708	4.475.711
<b>Total financial assets</b>	<b>67.614.314</b>	<b>69.346.722</b>
<b>Financial liabilities</b>		
Suppliers and other payables	65.743.997	73.006.638
Financial leases	4.232.988	5.220.856
Other financial liabilities	-	1.318.231
<b>Total financial liabilities</b>	<b>69.976.985</b>	<b>79.545.725</b>

**Market risk****Foreign exchange risk**

Due to its operation, the Company is exposed to foreign exchange risk, mainly in relation to the dollar currency.

The Company discloses the sensitivity analysis in relation to the variation in the dollar, which may have an impact on its income statement.

<u>Exchange risk</u>	In Real	In Real
	<u>12/31/2023</u>	<u>12/31/2022</u>
Economic scenario I - current	5.789.647	2.577.931
Economic scenario II - 25% U\$ increase	(13.326.938)	(15.555.769)
Economic scenario III - 50% U\$ increase	(26.653.877)	(31.111.537)

**Credit risk**

Credit risk arises from cash and cash equivalents and trade receivable, deposits with banks and other financial institutions.

Bank deposits: The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits

Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to credit losses is not significant.

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision compute the expected credit loss amount.

When estimating expected credit losses (ECL), the Company considers reasonable and bearable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and considering forward-looking information. The losses due to the non-recoverability of financial assets were calculated based on the credit risk analysis, which includes the: the individual situation of the clientes, like a Bankruptcies, Judicial reorganisation, Legal cases and Disputes, the situation of the economic group to which they belong, the real guarantees for debts and the assessment of legal advisors, and is considered sufficient to cover possible losses on amounts receivable, in addition to a prospective assessment that takes into account the change or expected change in economic factors that affect expected credit losses (ECL), which will be determined based on in weighted probabilities, when applicable.



Financial assets for which loss allowances is measured using the expected credit loss:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Accounts receivable not due	47.899.432	57.895.164
<u>Overdue in days:</u>		
1 to 30	4.582.670	3.615.396
31 to 60	542.888	119.797
61 to 90	0	164.322
91 to 120	131.710	247.563
Over 120	4.515.732	4.478.017
<b>Total</b>	<b>57.672.432</b>	<b>66.520.259</b>
<b>Movement</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
Opening balance	(3.828.254)	(3.396.769)
Add	(1.049.887)	(431.485)
Reversal provision	512.067	-
<b>Ending balance</b>	<b>(4.366.074)</b>	<b>(3.828.254)</b>
	<u>12/31/2023</u>	<u>12/31/2022</u>
Maximum exposure to credit risk	57.672.432	66.520.259
Overdue considered (ECL) (i)	(4.366.074)	(3.828.254)

(i) Considered to all the bankruptcies, judicial reorganisation, legal cases and disputes.

In 2023, the Company recognized a loss in addition to those estimated in the amount of R\$ 1.049.887, totaling a loss of financial assets in the income statement in the same amount.

#### Liquidity risk

The Company's Management monitors the Company's forecasts of liquidity requirements on an ongoing basis in order to seek sufficient cash to meet operating needs. The Company may need to obtain additional funds through bank loans or capital increase.

In the explanatory notes related to the Company's non-derivative financial liabilities, the balances payable between the balance sheet date and the contractual maturity date are shown by maturity.

#### 4 Cash and cash equivalents

	<u>12/31/2023</u>	<u>12/31/2022</u>
Cash and bank accounts	105.223	19.892
Financial investments	10.205.025	2.159.114
<b>Cash and cash equivalents</b>	<b>10.310.248</b>	<b>2.179.006</b>

Financial investments in securities for trading include Bank Deposit Certificates and investments in bonds and securities, which are recorded at their fair value. The revenue generated by these investments is recorded as financial income.

**5 Trade and Other receivables**

	<u>12/31/2023</u>	<u>12/31/2022</u>
Domestic customers	57.672.432	66.520.259
Provision for <i>impairment</i> of accounts receivable	<u>(4.366.074)</u>	<u>(3.828.254)</u>
<b>Total</b>	<b>53.306.358</b>	<b>62.692.005</b>

The maximum exposure to credit risk at the balance sheet date is the book value of each class of accounts receivable mentioned above. The company does not hold any security as collateral for accounts receivable.

For further information on the Estimated Losses for Doubtful Accounts, it is recommended to read the explanatory note (Risk Management).

**6 Inventories**

	<u>12/31/2023</u>	<u>12/31/2022</u>
Finished goods	10.785.204	8.315.818
In-process products	1.937.205	2.351.570
Goods for resale	16.564.515	21.653.896
Raw materials and packaging	14.700.397	14.032.779
Goods in transit	4.811.781	5.633.220
Adjustment to net realizable value	<u>(5.186.137)</u>	<u>(7.537.892)</u>
<b>Total</b>	<b>43.612.965</b>	<b>44.449.391</b>
	<u>12/31/2023</u>	<u>12/31/2022</u>
Movement of net realizable value		
Opening balance	(7.537.892)	(4.258.673)
(+) Additions	(4.630.578)	(3.279.219)
(-) Reversals	6.982.333	-
<b>Ending balance</b>	<b>(5.186.137)</b>	<b>(7.537.892)</b>

**7 Other assets**

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b><u>Current assets</u></b>	<b><u>20.684.042</u></b>	<b><u>16.963.130</u></b>
<b>Other recoverable taxes</b>	<b>18.644.529</b>	<b>15.692.592</b>
Federal taxes	1.360.857	222.414
State taxes	17.283.672	15.470.178
<b>Advances</b>	<b>856.190</b>	<b>778.469</b>
To others	110.812	403.260
To suppliers	745.378	375.209
<b>Pre paid expenses</b>	<b>1.183.323</b>	<b>492.069</b>
<b><u>Non-current assets</u></b>	<b><u>3.566.173</u></b>	<b><u>2.080.464</u></b>
Related parties - Note 14	3.566.173	2.025.464
Other	-	55.000
<b>Total other assets</b>	<b><u>24.250.215</u></b>	<b><u>19.043.593</u></b>

**8 Other financial assets and liabilities**

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b><u>Other current financial asset</u></b>		
Other financial assets (Advances)	<b><u>467.237</u></b>	<b><u>632.552</u></b>
<b><u>Other non-current financial asset</u></b>		
Judicial deposits (non-current assets)	3.530.471	2.560.855
Other: Bank (except cash and cash equivalent)	-	1.282.304
<b>Other non-current financial assets</b>	<b><u>3.530.471</u></b>	<b><u>3.843.159</u></b>
<b>Total other financial assets</b>	<b><u>3.997.708</u></b>	<b><u>4.475.711</u></b>
<b>Other financial liabilities</b>	<b><u>-</u></b>	<b><u>(1.318.231)</u></b>

**Judicial deposits**

Labor and Tax: In some situations, due to legal requirements or the presentation of guarantees, judicial deposits are made to guarantee the continuity of the proceedings under discussion. These judicial deposits may be required for lawsuits whose likelihood of loss has been assessed by the Company, based on the opinion of its legal advisors, as probable, possible or remote.

**Others**

Refers to amounts retained as guarantee for possible contingencies arising from the former subsidiary Química e Farmacêutica Nikkho do Brasil Ltda., Acquired in July 2007. The retained amount was invested in the financial market until august 2023 and its revenue was paid at an average rate of 4% for the year 2023 (6% in 2022). The amount was deducted from payments to the company's former shareholders, within the term stipulated in the contract signed between the parties. The restatement amount was recorded in Non-Current Liabilities in Other Financial Liabilities.

**9 Deferred taxes assets**

Deferred tax arising from temporary differences in leasing - Right to use real estate.

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Temporary differences (non-deductible expenses at year end for tax income)</b>		
Opening balance	279.985	396.258
(+) Temporary additions - amortization and interest	340.887	364.922
(-) Temporary excursions - payments	(550.176)	(481.195)
Total	70.696	279.985
Tax rate	34%	34%
<b>Total recognized</b>	<b>24.036</b>	<b>95.195</b>
<b>Movement in the income statement</b>		
<b>Opening balance</b>	<b>95.195</b>	<b>134.728</b>
Additions		
Realization	(71.159)	(39.533)
<b>Total balance in assets</b>	<b>24.036</b>	<b>95.195</b>

The estimate for the recoverability of temporary differences will be made when the payments for this lease start. Soon, the deduction will be allowed in the Income tax calculation base.

**10 Right of use assets****a) Right of use assets**

	<u>Vehicles</u>	<u>Property rental</u>	<u>Totais</u>
<b>On december 31, 2021</b>	<b>689.055</b>	<b>457.917</b>	<b>1.146.972</b>
Additions	5.591.894	206.071	<b>5.797.965</b>
Amortization	(1.840.475)	(257.666)	<b>(2.098.141)</b>
Write-offs			-
<b>On december 31, 2022</b>	<b>4.440.473</b>	<b>406.322</b>	<b>4.846.796</b>
Additions	2.664.176	21.053	<b>2.685.229</b>
Amortization	(3.269.427)	(287.657)	<b>(3.557.084)</b>
Write-offs			-
<b>On december 31, 2023</b>	<b>3.835.222</b>	<b>139.718</b>	<b>3.974.941</b>

The company rents vehicles for its administrative and commercial area. Depreciation varies according to the term agreed between the lessor and lessee, averaging over 24 months. The amortization period is individual per asset. In addition to vehicles, the Company has a rental property for its administrative and operational area, with a 5-year contract period, with the possibility of renewal.

Current and non-current liabilities due from the lease are as follows:

**b) Leasing payable**

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Opening balance</b>	<b>5.220.856</b>	<b>1.580.851</b>
Additions	2.685.229	5.797.965
(-) Write-offs	-	-
(-) Payments	(4.290.494)	(2.539.261)
(-) Interest	617.397	381.301
<b>Ending balance</b>	<b>4.232.988</b>	<b>5.220.856</b>
	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Liability Lease</b>		
On year 2022	-	-
On year 2023	-	3.741.149
On year 2024	3.080.203	2.026.301
On year 2025	1.162.109	
On year 2026	444.038	
<b>Total</b>	<b>4.686.350</b>	<b>5.767.450</b>

This fee is considered risk free. The schedule presented does not include the interest to be incurred.

**ZYDUS NIKKHO FARMACÉUTICA LTDA**

EXPLANATORY NOTES BY MANAGEMENT TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

**11 Property, plant and equipment**

	Capital Work-in-Progress	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Total
<b>Cost of fixed assets</b>						
On december 31, 2021	1.379.761	263.000	5.273.554	19.354.363	1.857.669	28.128.347
Additions	50.048	-	-	881.488	-	931.536
Write-offs	-	-	(490.218)	(82.766)	(97.734)	(670.718)
Transfers	(34.889)	-	-	34.889	-	-
On december 31, 2022	1.394.920	263.000	4.783.336	20.187.974	1.759.935	28.389.165
Additions	8.957	-	-	916.481	2.460	927.898
Write-offs	-	-	-	(1.725.772)	(620)	(1.726.392)
Transfers	(54.899)	-	-	54.899	-	-
On december 31, 2023	1.348.978	263.000	4.783.336	19.433.582	1.761.775	27.590.671
	Capital Work-in-Progress	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Total
<b>Accumulated depreciation</b>						
On december 31, 2021	-	-	(2.704.636)	(13.499.822)	(1.465.724)	(17.670.182)
Additions	-	-	(303.356)	(1.235.611)	(62.018)	(1.600.985)
Write-offs	-	-	490.218	82.766	94.793	667.777
Transfers	-	-	-	-	-	-
On december 31, 2022	-	-	(2.517.774)	(14.652.667)	(1.432.949)	(18.603.390)
Additions	-	-	(303.358)	(1.143.778)	(57.851)	(1.504.987)
Write-offs	-	-	-	1.725.772	620	1.726.392
Transfers	-	-	-	-	-	-
On december 31, 2023	-	-	(2.821.132)	(14.070.673)	(1.490.180)	(18.381.985)
Net in 2022	1.394.920	263.000	2.265.562	5.535.307	326.986	9.785.775
Net in 2023	1.348.978	263.000	1.962.204	5.362.909	271.595	9.208.686

## 12 Intangible

	Defined useful life	Indefinite useful life			Total
	Softwares	GoodWill	Brands	Technical Brands	
<b>Intangible cost</b>					
On december 31, 2021	3.904.923	36.724.675	1.552.941	2.345.437	44.527.976
Additions	-	-	-	-	-
Write-offs	-	-	-	-	-
On december 31, 2022	3.904.923	36.724.675	1.552.941	2.345.437	44.527.976
Additions	-	-	-	-	-
Write-offs	-	-	-	-	-
On december 31, 2023	3.904.923	36.724.675	1.552.941	2.345.437	44.527.976
<b>Accumulated amortization</b>					
On december 31, 2021	(1.853.968)	-	(52.941)	-	(1.906.909)
Amortization	(531.156)	-	-	-	(531.156)
On december 31, 2022	(2.385.124)	-	(52.941)	-	(2.438.065)
Amortization	(528.980)	-	-	-	(528.980)
On december 31, 2023	(2.914.104)	-	(52.941)	-	(2.967.045)
	<b>Intangible Cost</b>	<b>(-) Accumulated</b>	<b>Net</b>		
On december 31, 2021	44.527.976	(1.906.909)	42.621.067		
Additions	-	(531.156)	(531.156)		
On december 31, 2022	44.527.976	(2.438.065)	42.089.911		
Additions	-	(528.980)	(528.980)		
On december 31, 2023	44.527.976	(2.967.045)	41.560.931		

The Goodwill is tested annually for ("impairment"), considering the economic basis on which the Goodwill was acquired (future profitability). Goodwill is allocated to Cash-Generating Units (CGUs), identified according to the operating segment (Generics and Brands). The recoverable amount of a CGU is determined based on calculations of the value in use. These calculations use cash flow projections, before income tax and social contribution, based on financial budgets approved by management for a period of five years, being extrapolated to another five years, according to the estimated rate of growth. The growth rate does not exceed the average long-term growth rate of the sector in which the Company currently operates.

### 13 Suppliers and other payables

	<u>12/31/2023</u>	<u>12/31/2022</u>
Related parties (note 14)	53.307.755	62.223.074
National suppliers	1.366.078	2.419.999
Foreign suppliers	-	2.195.039
Other accounts payable	11.070.163	6.168.527
<b>Total</b>	<b>65.743.996</b>	<b>73.006.638</b>

### 14 Related party transactions

#### Zydus Lifesciences Limited (formerly known as Cadila Healthcare Limited)

	<u>12/31/2023</u>	<u>12/31/2022</u>
Other non-current assets (i) - note 7	3.566.173	2.025.464
Suppliers - note 13	53.307.755	62.223.074
Purchases in the period	59.693.207	52.242.487

(i) Credits related to goods from Zydus Lifesciences Limited

#### Remuneration of management personnel

The total compensation of the company's managers is composed of fixed compensation, which includes salaries and social security contributions.

During 2023 and 2022, there was no compensation linked to post-employment benefits, employment termination benefits, other long-term benefits or share-based compensation.

### 15 Other liabilities

	<u>12/31/2023</u>	<u>12/31/2022</u>
Tax	3.815.215	6.647.593
Provision for vacation	3.375.929	3.489.989
Performance obligation	1.442.488	11.864.782
Restitution obligation	2.338.345	888.822
<b>Total</b>	<b>10.971.977</b>	<b>22.891.186</b>

The opening balance of the Performance Obligation was fully recognized in Revenue for the current Year. Management estimates that the liabilities related to the performance obligation will be fully recognized in income in the 2024 fiscal year.

The restitution obligation refers to the right of customers to return purchased products. At the time of sale, a refund obligation and the corresponding revenue adjustment are recognized for products that are expected to be returned.



## 16 Provisions

The Company is a party to lawsuits and administrative proceedings before various courts and government agencies, arising from the course of its operations, involving labor issues, civil aspects and other matters. Based on the information provided by its legal advisors, on the analysis of the pending lawsuits and, regarding labor claims, on the previous experience of the percentage of loss in relation to the amounts claimed, it constituted the constant provision below. Management considers its amount sufficient to cover the probable estimated losses from the lawsuits in progress.

### Changes in the provision for civil, tax and labor risks:

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Provisions - Labor</b>		
Opening balance	7.541.248	5.481.248
(+) Additions	2.931.648	2.060.000
(-) Reversals and payments	<u>(74.999)</u>	<u>-</u>
<b>Total</b>	<b>10.397.897</b>	<b>7.541.248</b>

## 17 Share capital

The Company's share capital, fully subscribed and paid in, in the amount of in Real (BRL) 272,351,199 (224,221,404.00 in 2022), is represented by 272,351,199 (224,221,404 in 2022) registered shares, with a nominal value of Real (BRL) 1.00 each, as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Zydus Netherland B.V.	272.350.629	224.220.834
Zydus France	570	570
<b>Total</b>	<b>272.351.199</b>	<b>224.221.404</b>

## 18 Tax incentive reserve

The company have a tax incentive from the Government of the State of Espírito Santo, having a tax reduction called ICMS, since january 2020.

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Movement of the tax incentive</b>		
Opening balance	29.729.231	17.332.479
(+) Tax reduction denominated ICMS (i)	<u>9.029.093</u>	<u>12.396.752</u>
<b>Final balance</b>	<b>38.758.324</b>	<b>29.729.231</b>

(i) In accordance with Brazilian Accounting Standards (CPC 07), this incentive must be recognized in the income statement (Net Income - No. 19) and control in a specific Shareholders' Equity account is required, until its effective realization, which must occur in accordance with the rules imposed by Brazilian legislation.

## 19 Revenue

	<u>12/31/2023</u>	<u>12/31/2022</u>
Gross revenue	469.017.323	408.277.045
Returns and discounts	(277.496.247)	(220.709.725)
Tax incentive - Note 18	9.029.093	12.396.752
Sales taxes	(30.716.215)	(33.310.079)
<b>Net revenue</b>	<b>169.833.954</b>	<b>166.653.993</b>

Figures of previous reporting year have been regrouped/ reclassified to conform to current year's classification.

## 20 Expenses

The Company presented the income statement using a classification of expenses based on their function. Information on the nature of these expenses recognized in the income statement is presented below:

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Cost of products sold</b>		
Raw materials, packaging and goods for resale	92.516.250	81.789.686
Materials and energy	2.425.201	3.354.067
Personnel expense	7.314.005	6.982.596
Depreciation and amortization	926.055	1.048.188
Others	3.824.946	2.508.543
<b>Total</b>	<b>107.006.457</b>	<b>95.683.080</b>
<b>Administrative and selling expenses</b>		
Material analysis	1.908.846	2.055.366
Commissions and incentives	1.967.101	2.881.476
Depreciation and amortization	4.671.347	3.184.000
Freight on sale	4.060.067	4.149.383
Property lease	369.381	228.107
Marketing Expenses	7.766.237	9.645.885
Equipment rental	296.416	346.031
Vehicle rental - not related to the right of use	394.412	1.409.822
Maintenance of software	3.061.552	2.437.311
Maintenance	460.468	814.899
Scientific research	216.146	167.008
Personnel expense	47.395.123	43.671.083
CMO projects expenses	5.781.233	468.746
Third party services	7.350.346	7.690.604
Travel expenses	3.337.098	3.114.310
Other expenses	7.890.026	6.535.793
<b>Total</b>	<b>96.925.799</b>	<b>88.799.826</b>

**21 Other (expenses) revenue**

	<u>12/31/2023</u>	<u>12/31/2022</u>
Labor causes	(3.205.262)	(2.123.903)
Eventual revenue	4.050.700	4.175.528
Other	(1.226.197)	147.018
<b>Total</b>	<b>(380.759)</b>	<b>2.198.643</b>

In eventual revenue include licenses for the use of brands assigned to customers.

**22 Financial result**

<b>Financial expenses:</b>	<u>12/31/2023</u>	<u>12/31/2022</u>
Bank fees	(73.297)	(84.194)
Financial discounts	(382.954)	(151.640)
Interest on lease	(617.397)	(381.301)
Tax financial operations	(189.767)	(3.871)
Financial charge	(65.950)	(151.743)
Other financial expenses	(52.540)	(6.897)
<b>Total</b>	<b>(1.381.905)</b>	<b>(779.646)</b>
<b>Financial income:</b>		
Interest	166.153	29.983
Interest from financial investments	1.604.354	283.657
<b>Total</b>	<b>1.770.507</b>	<b>313.640</b>
<b>Financial result</b>	<b>388.602</b>	<b>(466.006)</b>

**23 Income tax**

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>(Loss) / Profit before taxes</b>	<b>(28.838.630)</b>	<b>(13.949.830)</b>
Tax effect of non-deductible expenses	39.973.062	47.752.981
Non-taxable income in determining the real profit	(13.906.362)	(15.554.547)
<b>Tax Profit / (Loss)</b>	<b>(2.771.930)</b>	<b>18.248.604</b>
Tax Loss Compensation - Tax rule (only 30%)	-	5.474.581
<b>Total Base</b>	<b>(2.771.930)</b>	<b>12.774.023</b>
Effective tax rate		32,91%
<b>Expenses with Income Tax and Social Contribution</b>	<b>-</b>	<b>(4.203.363)</b>

**24 Insurance**

The Company maintains insurance for certain fixed assets, as well as civil responsibility and other contractual guarantees. The summary of policies in effect at December 31, 2023 is as follows:

Object	Insured Amount	Validity
Products, building and content	218.923.929	08/2023 a 08/2024
Civil responsibility	5.164.595	03/2023 a 03/2024

**25 Subsequent events**

There are no facts or transactions that under IAS 10 - Subsequent Events have an impact on the financial statements.

12/02/24



GYANESH KUMAR  
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