Consolidated Financial Statements

December 31, 2023 and 2022

creditas

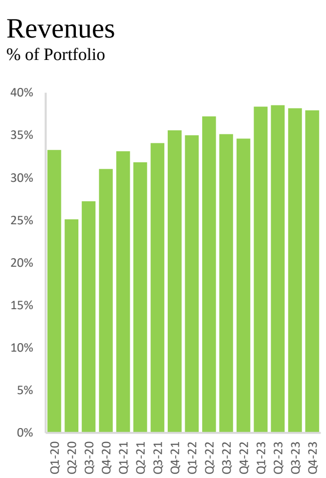
Management Business Review

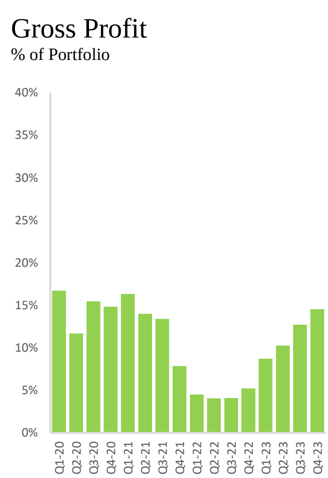
The end of 2023 comes with the start of a new phase for Creditas, a phase focused on scalable growth and the right balance between company growth and profitability. We are aiming to deliver on our long-term vision while at the same time maintaining a self-sustainable company in the short term. The accomplishments of 2023 are remarkable, delivering 25% top-line growth that transferred into 45% increase in Financial Margin and a staggering 192% gross profit growth. We delivered on a committed portfolio repricing strategy without compromising the size of our business, improving unit economics, and reducing our operating losses by 64%.

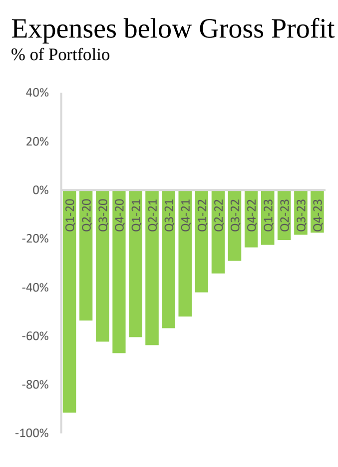
The action plan that we designed in Q1-2022 is culminating in Q4-2023, delivering a company with tremendous growth opportunities ahead, with massive economics and with profitable growth. Recapping on the strategy, we set 3 priorities:

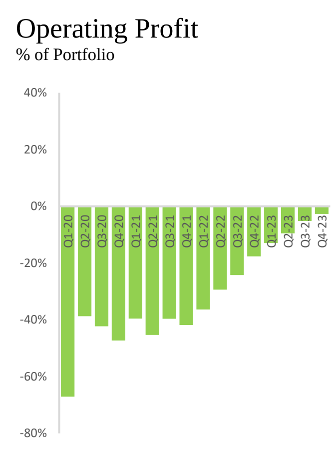
1. **Keep portfolio growth high and sustainable** (which transfers into Gross Profit increases)
    a. Portfolio size up 51% since Q4-2021;
    b. Portfolio average interest revenue grew from 32% to 36%;
    c. Portfolio allowance for principal loss fell from 11.5% to 5.4% in the period.
2. **Acquisition of banking license for retail deposits**: agreement to purchase the banking operations of Andbank in Brazil to diversify our sources of funding through retail deposits; we expect regulatory approval during 2024.
3. **Optimize our cost structure**:
    a. Reduction of customer acquisition cost: we have managed to bring our customer acquisition cost to the minimum level ever thanks to (i) the impact of our automation efforts in both lowering acquisition costs and increasing conversion and (ii) returning users and repeating customers now representing most of our new loan origination
    b. Rationalizing our overhead: with significantly reduced hiring after March 2022, we continue increasing productivity per employee which has increased 3x in this period.
    c. Migration of Creditas Auto business model: moving our asset-heavy car marketplace into a C2C asset-light service to avoid the high funding cost associated with current interest rate environment.

The result of these initiatives is clearly illustrated in the charts below, that shows a transition over the last 2 years towards our steady-state gross profit margin (40-45% range of gross profit to revenues or 20% gross profit to portfolio) while we contain expenses below gross profit to bring the company to profitability.









We expect to continue expanding gross profit during 2024 as the undergoing repricing of the portfolio continues together with lowering cost of funding associated with falling basic interest rates in the region. After experiencing a dramatic increase between 2021 and 2022 from 2.00% to 13.75%, Brazilian SELIC (reference rate in the country) has already come down from 13.75% to 11.25% in 5 consecutive cuts. Market consensus is pointing to 9.5% this year, which would further benefit our margins.

The focus of the 2022-23 plan was on increasing gross profit and reducing costs to avoid dependency on external capital to continue growing the business. While we had to inevitably focus on short-term result to bring the company to profitability and set a proper foundation for future growth, we also maintained our internal efforts linked to our long-term vision. We continued investing in new geographies such as Mexico, new products in all our three verticals and significant improvements in user experience that will payback during the upcoming scalation phase that starts in 2024. With the company now on the right path to continue developing profitable growth, we will be refocusing our attention to long-term value-creation. Our target market continues growing: we have now more than US$400mn of expensive debt with average prices north of 100% and we believe that asset-backed lending can not only refinance this debt into cheaper options but also expand lending as a whole by increasing maturity to boost the average lending per capita in Latin America.

During 2023 we have had significant achievements in all business segments, bringing all core products to profitability (Auto Loans, Home Equity, Employee Benefits and Insurance) while we continue investing in both core user experience and development of initiatives for the future.

Core products

Auto Equity
We have continued investing in a simplified digital onboarding process that is delivering great results both from customer experience and economics perspective. Despite significant repricing our new loan origination during 2023, with prices doubling from the low 2021 levels, conversion rates and productivity per employee have reached historical maximums. We expect this trend to continue throughout 2024 as new features and automations are brought into our platform while credit underwriting and pricing get closer to steady-state. We are extremely proud of the achievements in Auto Equity as our flagship product that combines high gross profit margin, low capital consumption and very high return on invested capital.

Home Equity
Home Equity was the first product that we launched in 2016 through a structured fund (FIDC) and since then it has become a core part of our business model. Our focus on streamlining the user experience and constantly reinventing the customer journey to deliver a simplified digital solution allows us to operate with low acquisition cost in the retail segment, avoiding risk concentration and keeping relatively low average ticket. During 2023 we have redoubled our efforts in automation while pushing the pricing level slightly higher than in 2022 to respond to steeper NTN-B inflation adjusted sovereign bonds in Brazil. We intend to continue growing both our direct-to-consumer and affiliates network during 2024 while returning to more steady-state underwriting policies as credit cost in the product continues at record lows.

Private Employee Benefits
Our payroll loan product, targeting employees of private companies, has faced significant improvements in customer onboarding and pricing algorithms. This is allowing us not only to increase penetration but also to increase utilization of our approved credit limits. Similarly to Auto Equity, the price repositioning performed in 2022-23 has allowed us to build a very strong foundation to resume portfolio growth in 2024 and to continue expanding gross profit generation. We will continue developing the ecosystem of solutions around the employee including salary advance, creditas store and our benefits card that are delivering very promising results, helping to increase penetration of our core payroll product.

Auto Finance
This is the only product that operates in a very mature industry with already high penetration and competitive margins. After launching our own car financing product in 2020 and attempting a first escalation in 2021, we slowed down our originations during 2022 and 2023 to understand our potential sources of competitive advantage and how we can deliver value to the customer. We believe the product has a good fit within Creditas ecosystem of solutions as our customer base demands a product to finance a car purchase and not only obtaining liquidity through a pre-owned vehicle. During 2024 we will continue in discovery mode with multiple initiatives running in parallel to identify the best angle to expand our market share.

Insurance
After the acquisition of Minuto Seguros in 2021, we have successfully integrated the company into the Creditas Group. We have managed to continue growing the business, consolidating Minuto as the leading independent car insurance broker, while bringing the company to profitability. There is a lot of work to be done to explore the potential of our insurance franchise in

multiple fronts: (i) growing our share in the Brazilian market, helping more consumer quote and manage a car insurance online, (ii) gaining scale in more recent products of our portfolio, including life, health, salary-protection and real estate insurance and (iii) combining the car insurance onboarding with our auto equity product to deliver a full solution to car owners. We will continue investing in these fronts during 2024 and expect insurance to become more important in the Creditas ecosystem over time.

For 2024 we intend to deliver high growth while maintaining positive operating profit with minimal cash requirements. Our objectives for 2024 are focused on 4 fronts:

1. Resume portfolio growth which, combined with some additional portfolio repricing, will deliver strong top-line growth
2. Bring our gross profit margin to steady-state levels of 40-45% equivalent to approx. 20% gross profit to portfolio
3. Maintain conservative approach in G&A while we are laser-focused on growth investment by optimizing dollar-spend
4. Expand our innovation fronts and continue developing our new products and markets through more agile teams

Reflecting on the last 7 years since our Series-A, we can see a roller-coaster of emotions. 2016-2018 phase to build the foundation of our value proposition, 2019-2021 to invest heavily and gain critical mass to test our product at scale, 2022-23 to move focus on product economics and build the framework for the growth ahead. In 2024 we are initiating a new chapter in our history to attack a massive opportunity while ensuring growth sustainability.

Managerial Consolidated Statements of Profit (Loss) and other Comprehensive Income

Years ended December 31, 2023 and 2022
In thousands of Brazilian Reais, unless otherwise stated

	Three months ending			
	31/dec/23	31/dec/22	2023	2022
Interest revenue	429,719	398,187	1,784,177	1,399,185
Fees and commission revenue	45,213	39,131	164,233	162,281
Total revenue	**474,932**	**437,318**	**1,948,410**	**1,561,466**
Interest expenses	(144,866)	(176,024)	(702,706)	(695,320)
Allowance for expected credit losses	(134,083)	(185,015)	(607,188)	(641,227)
Total costs of services provided	**(278,949)**	**(361,039)**	**(1,309,894)**	**(1,336,547)**
Adjusted Gross profit	**195,983**	**76,279**	**638,516**	**224,919**
General and administrative expenses	(192,382)	(260,507)	(890,972)	(1,154,199)
Marketing expenses	(28,056)	(36,763)	(109,964)	(199,266)
Other expenses	(14,358)	(13,036)	(63,933)	(42,667)
Total operating expenses	**(234,796)**	**(310,306)**	**(1,064,869)**	**(1,396,132)**
Adjusted Operating Profit/(Loss)	**(38,813)**	**(234,027)**	**(426,353)**	**(1,171,213)**
Long-term incentives	(42,923)	(21,068)	(93,613)	(107,685)
Financial income/expenses	(6,343)	(87)	(90,905)	6,602
Operating expenses	(24,455)	42	15,172	(75,271)
Impairment loss on assets	-	-	-	-
Warrant income/(expenses)	35,222	17,698	147,584	(37,504)
Other operating expenses	(59,677)	(17,656)	(132,412)	(37,767)
Adjusted Net Profit/(Loss) before income taxes	**(112,534)**	**(255,140)**	**(595,699)**	**(1,347,567)**
Current income taxes	54,452	54,569	209,501	286,870
Adjusted Net Profit/(Loss)	**(58,082)**	**(200,571)**	**(386,198)**	**(1,060,697)**
One-off expenses	(411,941)	(129,347)	(551,183)	(137,357)
Impairment loss on assets	(126,682)	(121,337)	(126,682)	(121,337)
Warrant income/(expenses)	(69,227)	-	(104,449)	-
Other one-off expenses	(216,032)	(8,010)	(320,052)	(16,020)
Adjusted Profit/(Loss) for the period/year	**(470,023)**	**(329,918)**	**(937,381)**	**(1,198,054)**

Creditas consolidated results are managerially tracked considering some different cost allocations, intending to bring Gross Profit and Operating Profit/(Loss) closer to the actual business' running performance. Besides that, we also include the deferred income tax credit of the period in the Net Profit/(Loss), which, for the moment, is just mentioned in complementary note 25(b) of the Financial Statements but will start to be recognized under the accounting results as soon as the Company presents positive results.

Among the main differences between reports are:

(i) Reclassification of the excess of credit allowance constituted during the subordinated tranche formation at the fund's level;

(ii) Segregation of long-term incentives expenses;

(iii) Reclassification of other operating expenses such as severance payments associated with the company sizing change, one-off expenses provision and others, as they are not a result of the business regular operation;
(iv) Allocation of M&A pricing adjustments, investments write-off and other atypical items as one-off expenses;
(v) Classification of impairment loss on assets as one-off;
(vi) Allocation of warrant income/expenses as one-off;
(vii) Inclusion of the period deferred income tax credit into Company's results.

Below you will find the reconciliation from the adjusted operating results to the accounting report.

Gross Profit bridge result

Years ended December 31, 2023 and 2022 *In thousands of Brazilian Reais, unless otherwise stated*	**2023**	**2022**
Adjusted Gross profit	**638,516**	**224,919**
(i) Over expected credit losses	(28,915)	(9,826)
Other adjustments	(0)	(3,080)
Gross profit	**609,601**	**212,013**

Operating Profit/(Loss) bridge result

Years ended December 31, 2023 and 2022 *In thousands of Brazilian Reais, unless otherwise stated*	**2023**	**2022**
Adjusted Operating Profit/(Loss)	**(426,353)**	**(1,171,213)**
(i) Over expected credit losses	(28,915)	(9,826)
(ii) Long-term incentives expense	(173,938)	(107,685)
(iii) Other non-operating expenses	(26,918)	(27,941)
(iv) Other one-off expenses	(16,339)	-
Other adjustments	1	(1,686)
Operating loss before financial income/(expenses) and operating expenses	**(672,462)**	**(1,318,351)**

Profit/(Loss) bridge result

Years ended December 31, 2023 and 2022 *In thousands of Brazilian Reais, unless otherwise stated*	**2023**	**2022**
Adjusted Profit/(Loss) for the period/year	**(937,381)**	**(1,198,054)**
Other adjustments	-	(1,686)
(vii) Deferred tax assets	(216,810)	(283,998)
Profit/(Loss) for the period/year	**(1,154,191)**	**(1,483,738)**

We are right at the beginning of an amazing journey,

Creditas Team.

KPMG Auditores Independentes Ltda.
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Independent Auditors' Report

To the Shareholders of Creditas Financial Solutions LTD.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Creditas Financial Solutions LTD. ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising materials accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Business Review.

Our opinion on the 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 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 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 for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

KPMG Auditores Independentes

KPMG Auditores Independentes Ltda.
São Paulo, March 31, 2024

Consolidated Statements of Profit (Loss) and other Comprehensive Income

Years ended December 31, 2023 and 2022
In thousands of Brazilian Reais, unless otherwise stated

	Notes	2023	2022
Interest revenue	22	1,784,177	1,399,419
Fees and commission revenue	22	164,233	162,047
Total revenue		**1,948,410**	**1,561,466**
Interest expenses	15	(702,706)	(695,320)
Allowance for expected credit losses	7	(636,103)	(654,133)
Total costs of services provided		**(1,338,809)**	**(1,349,453)**
Gross profit		**609,601**	**212,013**
General and administrative expenses	23	(1,091,828)	(1,288,431)
Marketing expenses	23	(109,964)	(199,266)
Other expenses	23	(80,271)	(42,667)
Total operating expenses		**(1,282,063)**	**(1,530,364)**
Operating loss before financial income/(expenses) and operating expenses		**(672,462)**	**(1,318,351)**
Financial income	24	43,890	71,370
Financial expenses	24	(370,990)	(75,347)
Foreign exchange gains/(losses), net		12,842	10,579
Operating expenses		**(160,162)**	**(174,861)**
Impairment loss on assets	13	(126,682)	(121,337)
Warrant income/(expenses)	24	43,135	(37,504)
Other operating expenses	15c	(76,615)	(16,020)
Operating loss before taxes		**(1,146,882)**	**(1,486,610)**
Current income taxes	25	(7,309)	2,872
Loss for the year		**(1,154,191)**	**(1,483,738)**
Other comprehensive income/(loss) that are or may be reclassified subsequently to profit or loss:			
Foreign operations – Cumulative translation adjustments		881	(78,866)
Total comprehensive loss for the year		**(1,153,310)**	**(1,562,604)**
Loss per share (in Brazilian reais – BRL)	21	**(0.7571)**	**(1.0138)**

Consolidated Statements of Financial Position

Years ended December 31, 2023 and 2022
In thousands of Brazilian Reais, unless otherwise stated

	Notes	2023	2022
ASSETS			
Cash and cash equivalents	5	510,752	926,916
Financial assets at fair value through profit and loss	6	133,360	88,470
Financial assets at amortized cost		4,702,542	4,972,969
Loans to customers	7	4,612,524	4,777,908
Accounts receivables		28,008	22,452
Loans to related parties	7	62,010	55,359
Other financial assets	7	-	117,250
Inventories - vehicles	8	1,343	111,628
Tax credits	9	25,133	25,508
Other assets		83,204	119,582
Investments	11	4,642	5,003
Property and equipment	12	47,512	169,016
Intangible assets	13	47,962	57,163
Goodwill	13	349,887	476,568
TOTAL ASSETS		**5,906,337**	**6,952,823**
Accounts payable	14	58,856	69,852
Tax obligations		43,285	36,339
Labor and social security liabilities		63,834	87,302
Financial liabilities at amortized cost	15	5,101,206	5,354,092
Leases Liabilities	16	28,194	140,189
Convertible Notes	17	62,587	447,347
Other liabilities		97,124	90,405
Derivative financial instruments	24	104,449	147,584
TOTAL LIABILITIES		**5,559,535**	**6,373,110**
Share capital	19	3,038,608	3,623,085
Other Equity	19	1,286,899	-
Retained losses		(3,990,895)	(3,054,681)
Other comprehensive income	19	12,190	11,309
TOTAL EQUITY		**346,802**	**579,713**
TOTAL LIABILITIES AND EQUITY		**5,906,337**	**6,952,823**

Consolidated Statements of Changes in Equity

Years ended December 31, 2023 and 2022
In thousands of Brazilian Reais, unless otherwise stated

	Notes	Share capital	Other Equity	Other comprehensive Income	Retained losses	Total equity
Balances at December 31, 2021		**2,529,337**	-	**90,175**	**(1,678,628)**	**940,884**
Capital increase - Serie F		1,388,258	-	-	-	1,388,258
Capital Increase through business combination (Non-cash)		73,387	-			73,387
Issuance of Convertible Notes		(294,589)				(294,589)
Repurchase of shares		(73,308)	-	-	-	(73,308)
Share based payments granted	**21**	-	-	-	107,685	107,685
Loss for the period		-	-	-	(1,483,738)	(1,483,738)
Foreign operations – Cumulative translation adjustments		-	-	(78,866)	-	(78,866)
Balances at December 31, 2022		**3,623,085**	-	**11,309**	**(3,054,681)**	**579,713**
Balances at December 31, 2022		**3,623,085**	-	**11,309**	**(3,054,681)**	**579,713**
Share based payments granted	**21**	-	-	-	173,891	173,891
Share based payments Bcredi		-	-	-	3,528	3,528
Reclassification of Share Option Plan		(40,558)	-		40,558	-
Issuance of shares		3,139	-	-	-	3,139
Issuance of Convertible Notes		(547,058)	1,286,899	-	-	739,841
Loss for the period		-	-	-	(1,154,191)	(1,154,191)
Foreign operations – Cumulative translation adjustments		-	-	881	-	881
Balances at December 31, 2023		**3,038,608**	**1,286,899**	**12,190**	**(3,990,895)**	**346,802**

Consolidated Statements of Cash Flows

Years ended December 31, 2023 and 2022
In thousands of Brazilian Reais, unless otherwise stated

	2023	2022
Reconciliation of loss to net cash flows from operating activities:		
Profit (Loss) for the period	**(1,154,191)**	**(1,483,738)**
Adjustments:		
Depreciation and amortization	45,565	68,388
Financial Income and Expenses	191,428	15,209
Interest on lease liabilities	4,920	15,235
Current Income taxes	7,309	(2,872)
Allowance for expected credit losses	636,103	654,133
Share based payments granted	173,891	107,685
Unrealized losses/gains on other investments	(318)	3,039
Derivative financial instruments	(43,135)	37,504
Assets disposals	28,484	8,981
Impairment loss on non financial assets	129,551	121,337
Other expenses	76,615	-
Adjusted Profit (Loss) for the year	**96,222**	**(455,099)**
Accounts receivables and loans to customers	(1,721,898)	(3,244,410)
Tax credits	375	(2,931)
Others assets	38,070	(53,533)
Inventories - vehicles	110,285	91,606
Accounts payable	(10,996)	(45,189)
Labor and social security liabilities	(23,468)	814
Tax obligations	(363)	(3,009)
Financial liabilities at amortized cost	(18,749)	1,536,761
Others liabilities	(52,991)	(17,758)
Cash flow generated (used) in operating activities	**(1,583,513)**	**(2,192,748)**
Interest received	1,267,243	1,014,016
Interest paid	(797,533)	(281,182)
Net Cash used in operating activities	**(1,113,803)**	**(1,459,914)**
Cash flows from investing activities		
(Purchases)/sales of financial assets at fair value through profit or loss	(44,890)	(53,348)
Acquisition of property and equipment	(929)	(27,304)
(Acquisition)/Disposals of intangible assets	1,034	(225)
Acquisition of investments		(1,165)
Acquisition of subsidiary, net of cash acquired	-	(5,923)
Dividends received	679	-
Net cash used in investing activities	**(44,106)**	**(87,965)**
Cash flows from financing activities		
Proceeds from issuance of share capital	3,139	1,093,669
(Repurchase) of shares	-	(73,308)
Proceeds from borrowings and financing	500,815	31,162
Payments from borrowings and financing	(110,971)	(47,702)
Proceeds from convertible notes	347,880	161,542
Net cash generated by financing activities	**740,863**	**1,165,363**
Net increase in cash and cash equivalents	**(417,046)**	**(382,516)**
Cash and cash equivalents at the beginning of the year	926,916	1,388,298
Effects of foreign exchange rate on cash and cash equivalents	881	(78,866)
Cash and cash equivalents at the end of the year	**510,752**	**926,916**

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

Notes to the Consolidated Financial Statements

In thousands of Brazilian Reais, unless otherwise stated

1. Operations

Creditas Financial Solutions, Ltd. ("the "Company") was incorporated as an exempted company under the Companies Law of the Cayman Islands on April 8, 2015 and is headquartered at Campbells Corporate SVC Limited, Floor 4, Willow House, Cricket Square, Grand Cayman – Cayman Islands, operating jointly with its subsidiaries (the "Group"), as a business corporation domiciled in Brazil, Mexico and Spain, which provides intermediation of business and services in general, offering both financial and non-financial products. Currently, the Group offers two type of products:

- Asset-backed Loans aiming to reduce the borrowing cost for the Latin American population, including (i) Auto Equity Loans (consumer loan with a vehicle as a collateral); (ii) Home Equity Loans (first lien consumer loan with a real-estate property as a collateral); (iii) Private Payroll Loans (consumer loans with installments deducted directly from the private employees' payroll); and (iv) Auto Financing (buy-now-pay-later loans used to finance vehicle acquisition with the vehicle as a collateral).
- Consumer solutions aiming to increase customer engagement and protect the customer assets, including (i) insurance through our leading digital broker (Minuto Seguros) offering car, health, life and real estate among other products, (ii) Auto Solutions to support our customers through the purchase and sale of a car including documentation and ancillary services; (iii) Home Solutions offering financial services for homeowners and real estate agencies; and (iv) Creditas Store as our digital marketplace that allows our customers to buy equipment supplied by third parties and finance the purchase through installments deductible directly from the individual's salary.

Creditas unique business model involves developing the technology and digital channels that allow us to originate asset-backed loans through our fintech operational companies in Brazil and Mexico, book the loans through our regulated financial institutions or regulated partner institutions, and then sell the loans to securitization vehicles without recourse (true-sale). After the sale, Creditas get access to the excess spread of the securitization vehicles by receiving or purchasing an equity tranche in these vehicles.

On January 21, 2022, the Group closed its 7th investment series round denominated "Series F" of US$ 260 million settled on January 28, 2022, led by Fidelity Management & Research Company LLC and affiliates.

As of December 31, 2023, the Group operates with 17 investment funds, Fundos de Investimento em Direitos Creditórios ("FIDC"), structured financing vehicles authorized by the Brazilian Securities Commission ("CVM – Comissão de Valores Mobiliários").

a) Fundo de Investimento em Direitos Creditórios Empírica Creditas Auto I, II, III, IV, V, VI, VII, VIII and IX, to finance both auto finance and auto equity loans;
b) Fundo de Investimento em Direitos Creditórios Empírica Home Equity, to finance its home equity loans;
c) Fundo de Investimento Creditórios Não Padronizados Creditas Tempus I, II and III, the Group working capital vehicle;
d) Fundo de Investimento em Direitos Creditórios Creditas Aloha I, II and III, to finance both auto finance and auto equity loans;
e) Fundo de investimento em Direitos Creditórios Angá Creditas Consignado Privado, to finance its private payroll loans;

In addition, the Group has issued 30 Mortgage-Backed Securities - Certificado de Recebíveis Imobiliários - ("CRI"). These target both retail and institutional investors. The Group works with the CRIs below:

a) Issued on 2018 - Certificado de Recebíveis Imobiliários I and II– totaling an amount of BRL 50.0 million;
b) Issued on 2020 - Certificado de Recebíveis Imobiliários III to VI– totaling an amount of BRL 324.5 million;
c) Issued on 2021 - Certificado de Recebíveis Imobiliários VII to XI– totaling an amount of BRL 457.6 million;
d) Issued on 2022 - Certificado de Recebíveis Imobiliários XII to XXIII– totaling an amount of BRL 349.4 million;
e) Issued on 2023 - Certificado de Recebíveis Imobiliários XXIV to XXXI– totaling an amount of BRL of 456.5 million.

2. Presentation of the financial statements

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

2.1. Basis for preparation

The consolidated financial statements provide an overview of the Group's progress and outcomes. After a thorough assessment, the management team has determined that the Group has the necessary financial resources to sustain operations for the foreseeable future. Furthermore, there are no significant uncertainties that could pose material doubts about the Group's ability to continue as a going concern. As a result, the financial statements have been prepared in accordance with this principle.

These consolidated financial statements were approved by Management on March 31, 2024.

2.2. Accounting judgments, estimates and assumptions

As part of the preparation of the Company's consolidated financial statements, management makes judgments and estimates that are continuously reviewed and rely on historical experience and other factors, including reasonable expectations of future events. The financial statements' accuracy could be impacted by the most critical issues, which are outlined in the following notes:

- Provision for credit losses is obtained by multiplying the components of probability of default, exposure at default, and loss given default, for each month of the contract's life, except for probability of default which is calculated annually. There are three different applications for loss calculation based on the stage of operation and default condition: expected credit loss 12 months, expected credit loss lifetime, and loss on impaired contracts.

- Fair value of financial instruments is calculated using valuation techniques based on assumptions, which consider information and market conditions. The main assumptions are historical data, information on similar transactions and pricing techniques. The methodologies used to evaluate the fair values of certain financial instruments are described in Note 26.

- Deferred tax assets are recognized on tax losses to the extent that it is probable that future taxable income will be available against which the losses may be used. Judgment is required to determine the amount of future deferred tax assets to be recognized, based on the probable flow of future taxable income coupled with tax planning strategies.

2.3. Consolidated financial statements

These consolidated financial statements comprise the accounting balances of Creditas Holdings and its subsidiaries, over which the Company holds direct or indirect control. Control is achieved where the Company has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) can use its power to affect its profits.

The company conducts a periodic reassessment to determine whether it still maintains control over an investee, especially if there are changes in any of the three critical elements of control. The process of consolidating a subsidiary commences when the company gains control over it and concludes when the company no longer retains that control. Any assets, liabilities, income, and expenses associated with a subsidiary acquired or disposed of during a specific period are incorporated into the consolidated statements of profit or loss from the date when the company attains control until the date when control is relinquished.

The financial statements of the subsidiary companies were carefully and consistently prepared during the same reporting period as the Company, following uniform accounting policies. Through full consolidation, these statements have been seamlessly incorporated into the comprehensive financial overview of the Company. Consequently, any balances, transactions, as well as unrealized income and expenses among the consolidated entities have been eliminated during the consolidation process. Both the profit or loss figures and each component of other comprehensive income or loss are appropriately attributed to the equity of the Company.

The consolidated financial statements of the Group include the following subsidiaries:

Entity name	Country of incorporation	Principal activities	% of variable interest 2023	2022
Creditas Financial Solutions LLC	USA	Investment company	100.00%	100.00%
Creditoo LLC	USA	Investment company	0.00%[1]	99.90%
Volanty LTD	USA	Investment company	0.00%[1]	100.00%
Volanty LLC	USA	Investment company	0.00%[1]	100.00%
Kzas LTD	USA	Investment company	100.00%	100.00%
Kzas LLC	USA	Investment company	100.00%	100.00%
LGF Occidente SA de C.V. SOFOM	Mexico	Intermediation of business and services	99.90%	99.90%
Sorabil S. de R.L. de C.V.	Mexico	Intermediation of business and services	99.90%	99.90%
Creditas S.L.	Spain	Intermediation of business and services	99.90%	99.90%
Creditas Soluções Financeiras Ltda.	Brazil	Intermediation of business and services	99.90%	99.90%
Creditas Administração de Imóveis e Serviços de Reformas Ltda.	Brazil	Intermediation of business and services	100.00%	100.00%
Creditas Auto Ltda.	Brazil	Intermediation of business and services	100.00%	100.00%
Creditas Sociedade de Crédito Direto S.A. - SCD	Brazil	Intermediation of business and services	100.00%	100.00%
Dakot Participações S.A	Brazil	Investment company	100.00%	100.00%
Creditas Tecnologia Ltda	Brazil	Intermediation of business and services	100.00%	0.00%
Creditas Holding Financeira Ltda.	Brazil	Investment company	100.00%	100.00%
Creditas Locadora de Veículos Ltda	Brazil	Intermediation of business and services	100.00%	100.00%
Volanty Tecnologia e Serviços Veiculares Ltda.	Brazil	Intermediation of business and services	100.00%	100.00%
Minuto Corretora de Seguros S.A.	Brazil	Intermediation of business and services	100.00%	100.00%
Kzas Tecnologia e Investimento Ltda	Brazil	Intermediation of business and services	100.00%	100.00%
Kzas Krédito Assessoria Financeira Ltda	Brazil	Intermediation of business and services	100.00%	100.00%

(1) Companies incorporated in 2023.

In addition, the Group has consolidated the following structured entities and investment funds due to the Group owning a substantial interest and having variable returns based on the performance of these vehicles even though the risk retained by Creditas at the formation of the securitization vehicle is limited to the capital invested in the entity which in some cases is less than 0.1% of the loan portfolio:

Structured entities / Investment Funds	Country of incorporation	Principal activities	% of variable interest 12/31/2023	12/31/2022
FIDC Empírica Creditas Auto	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Empírica Home Equity	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Angá Creditas Consignado Privado	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
Voyager FIM Créd. Priv. Invest. no Ext.	Brazil	Multimarket investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto I	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto II	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto III	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto IV	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto V	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto VI	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto VII	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto VIII	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]
FIDC Creditas Auto IX	Brazil	Receivables investment fund	100.0%[1]	100.0%[1]

FIDC Creditas Tempus I	Brazil	Receivables investment fund	100.0%(1)	100.0%(1)
FIDC Creditas Tempus II	Brazil	Receivables investment fund	100.0%(1)	100.0%(1)
FIDC Creditas Tempus III	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIDC Creditas Aloha I	Brazil	Receivables investment fund	100.0%(1)	100.0%(1)
FIDC Creditas Aloha II	Brazil	Receivables investment fund	100.0%(1)	100.0%(1)
FIDC Creditas Aloha III	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIDC Chronos	Brazil	Multimarket investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG I	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG II	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG III	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG IV	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG V	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG VI	Brazil	Receivables investment fund	100.0%(1)	0.00%
FIC de FIDC Creditas SIG VII	Brazil	Receivables investment fund	100.0%(1)	0.00%

(1) Variable interest refers to the 100% participation in the junior quotas.

A structured entity is an entity that has been designed in such way that voting or similar rights are not the dominant factor in deciding who controls the entity, namely when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. For these entities, the control is usually determined by who controls most of the economic rights (residual value) of the entity.

In the Company, securitizations to these structured vehicles, such as Fundos de Investimento em Direitos de Crédito ("FIDCs"), are achieved through a true sale and no FIDC has any type of recourse to the Group. As majority holders of the junior quotas, the Group is entitled to the full residual value of the entities and thus the Group retains the variable returns of the securitization vehicles while limits the risk to the book value that is held by the Group in these entities. The bylaws of the FIDCs grant the Group significant influence, such as the right to determine which assets will be sold to these FIDCs if they meet the eligibility criteria. Finally, senior and mezzanine quota holders receive a fixed remuneration every month and both quotas must be fully redeemed by the securitization vehicle at maturity if there are enough cash flows from the existing portfolio of credit receivables.

The Group consolidates all controlled structured entities in the Group's financial statements. The senior and mezzanine quotas are recognized as a financial liability under "Financial Liabilities at amortized cost" and the remuneration paid to senior and mezzanine quota holders are recognized as a cost of funding under "Interest expenses".

The group has non-controlling interests in two companies that are therefore incorporated in the balance sheet as Investments (see Note 11):

			Equity interest	
Participation in uncontrolled	**Country of incorporation**	**Principal activities**	**12/31/2023**	**12/31/2022**
CLIKALIA S.A	Mexico	Intermediation of business and services	44.50%	44.50%
CHP - Companhia Hipotecária Piratini	Brazil	Intermediation of business and services	12.51%	12.51%

2.4. Functional currency

The Group companies adopted the Brazilian Real/Reais (BRL) as the functional currency, since most of the Company's business transactions occur in Brazil. The consolidated financial statements are also presented in Reais.

Assets and liabilities denominated in currencies other than the Brazilian Real are translated at rates of exchange prevailing on the date of consolidated statements, while revenues and expenses are translated at average rates of exchange for the period. Foreign currency remeasurement gain or losses on transactions in nonfunctional currencies are recognized in earnings. Gains or losses on translation of the financial statements of non-BRL operations, when the functional currency is other than the BRL, are included, net of hedges and taxes, in the consolidated statements of other comprehensive income.

The Group's foreign entities and their respective functional currencies are described below:

Entity name	Country	Functional Currency
Creditas Financial Solutions LTD	Cayman	USD
Creditas Financial Solutions LLC	USA	USD
LGF Occidente SA de C.V. SOFOM	Mexico	MXN
Sorabil S. de R.L. de C.V.	Mexico	MXN
Creditas SL	Spain	EUR

Monetary items denominated in foreign currency are translated at the closing exchange rate as of the reporting date.

Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate on the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates on the date when the fair value was determined.

3. Significant accounting policies

The significant accounting policies adopted by the Group are the following:

a) Cash and cash equivalents

Cash and cash equivalents include (i) bank deposits in local institutions and abroad and highly liquid short- term investments with original maturities up to 90 days, convertible into a known amount of cash, subject to insignificant risk of change in value and used for cash management of short-term commitments and not for investment and financing purposes; and (ii) balances with central banks which are part of the Group's liquidity management activities.

b) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized when the Group becomes a party to the contractual terms of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value.

All financial assets and liabilities are recognized in accordance with the respective practices, this section describes the accounting practices arising from the adoption of IFRS 9.

Classification and subsequent measurement

Subsequent to initial recognition, the Group evaluates and, if necessary, reclassifies its financial assets based on their contractual cash flow characteristics and the Group's business model for managing the financial assets.

Business model: The business model reflects how the Group manages the assets to generate cash flows and, specifically, whether the Group's objective is solely to (i) collect the contractual cash flows from the assets or (ii) is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable, such as where the financial assets are held for trading purposes, then the financial assets are classified as part of an "other" business model and measured at FVTPL. To assess business models, the Group considers risks that affect the performance of the business model; how the managers of the business are compensated; and how the performance of the business model is assessed and reported to Management.

Financial assets are subsequently measured at either amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL), depending on their classification. Financial liabilities are initially recognized in a similar manner and subsequently measured at amortized cost or FVTPL.

The Group determines the classification of financial assets based on the following criteria:

1. Amortized Cost: Financial assets are measured at amortized cost if both the following conditions are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Fair Value Through Other Comprehensive Income (FVOCI): Financial assets are measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
3. Fair Value Through Profit or Loss (FVTPL): Financial assets not meeting the criteria for classification at amortized cost or FVOCI are classified at FVTPL. This includes financial assets held for trading purposes or designated as such at initial recognition.

The subsequent measurement of financial assets and liabilities at amortized cost involves recognizing interest income or expense, impairment losses, and gains or losses on derecognition. For financial assets measured at FVOCI, changes in fair value are recognized in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary items, which are recognized in profit or loss. Financial assets measured at FVTPL are remeasured at fair value, with gains and losses recognized in profit or loss.

Financial assets - debt instruments

Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans and government and corporate bonds.
The classification criteria and subsequent measurement for financial assets depends on the business model for their management and the characteristics of their contractual flows. The business models refer to the way in which the Group manages its financial assets to generate cash flows. In this definition, the following factors are taken into consideration, among others:

- How key management assess and report on the performance of the business model and the financial assets held in the business model;
- The risks that affect the performance of the business model (and the financial assets held in the business model) and, specifically, the way in which these risks are managed; and
- The frequency and volume of sales in previous years, as well as expectations of future sales.

c) Derecognition of assets and financial liabilities

(i) Financial assets

A financial asset (or applicable part of a financial asset or a group of assets similar) is derecognized when the right to receive the cash flow of the asset expires or the right to receive cash flows from the asset is transferred or has assumed the obligation to pay any cash flow received, at total amount, without material delay, to a third party due to a transfer agreement, and if: (i) there is substantial transfer of all risks and benefits of the asset; or (ii) there is no substantial transfer or withholding retention of all risks and benefits of the asset, but there is transfer of control on such asset.

When the Company and its subsidiaries transfer the right to receive an asset cash flow or have entered in an on-lending agreement and have not substantially transferred or retained all the asset’s risks and benefits, or have not transferred the control on such asset, an asset is recognized to the extent of the Company and its subsidiaries have continued involvement in the assets. As a result, the assets transferred and referred liabilities are measured based on the retained rights and obligations of the Company and its subsidiaries.

(ii) Financial liabilities

Financial liability is derecognized when the obligation with respect to the liability is removed, cancelled, or expired. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or terms of the existing liability are substantially modified, the change or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the carrying amount is recognized in statements of profit or loss of the year.

Expected Credit Losses

The Company applies a three-stage approach to measuring the expected credit losses, as financial assets migrate from one stage to the other in accordance with changes in their credit risk.

Stage1: Credit losses expected over a 12-month horizon. Applicable to financial assets without a significant increase in credit risk since the initial recognition of the operation.

Stage2: Credit losses expected over the life of the financial instrument. Applicable to financial assets with significant increase in credit risk since initial recognition, but with no indication of default.

Stage3: Credit losses expected over the life of the financial instrument. Applicable to financial assets with objective evidence of impairment (default).

An asset will migrate between stages as its credit risk increases or decreases. Therefore, a financial asset that migrated to stages 2 and 3 may return to stage 1 unless it was purchased or originated as a credit impaired financial asset.

The measurement of expected credit loss requires the application of significant assumptions, such as:

- Term to maturity: The Company considers the maximum contractual period on which it will be exposed a financial instrument's credit risk and all contractual terms are considered when determining the expected life, including prepayment and rollover options.
- Prospective information: a balanced and impartial estimate of credit loss is performed, that includes forecasts of future economic conditions. the Company uses prospective macroeconomic information and public information with projections prepared internally to determine the impact of these estimates on the calculation of expected credit losses.
- Probability-weighted loss scenarios: The Company uses weighted scenarios to determine credit loss expected over a suitable observation horizon adequate to classification in phases, considering the projection based on economic variables.
- Determining criteria for significant increase or decrease in credit risk: in each period of the consolidated financial statements, the Company assesses whether the credit risk on a financial asset has increased significantly since the initial recognition using relative and absolute triggers (indicators), which consider delay and the probability of default (PD) by product.

Stages:

- Stage 1 to stage 2: default exceeding 30 days for Auto, Home, and Individuals Payroll Portfolio;
- Stage 1 to stage 2: default exceeding 60 days for Companies Payroll Portfolio;
- Stage 2 to stage 3: default exceeding 90 days for Auto and Payroll Portfolio;
- Stage 2 to stage 3: default exceeding 180 days for Home Portfolio.

Write-off

The Group directly reduces the gross carrying amount of a financial asset when it has no reasonable expectation of recovering it in its entirety or a portion thereof. For unsecured loans, a write-off is made when all internal collection efforts are exhausted or theirs is no reasonable expectation of recovering further amounts. All balances are written-off and are subject to enforcement guarantees.

To determine the appropriate write-off period, Creditas evaluated the accumulated recovery curve of each product portfolio using data from the Loss Given Default (LGD) model. This model enabled the construction of a curve to track recovery values over time for each defaulted account.

Based on its analysis of recovery information for each product, Creditas has established the appropriate write-off period for each portfolio. The Auto and Payroll portfolios have a write-off period of 365 days, while the Home portfolio has a longer write-off period of 730 days. Once the collection efforts for each portfolio are exhausted and there is no reasonable expectation of further recovery, Creditas will declare a write-off to loss. These timeframes reflect the different characteristics of each portfolio and allow Creditas to manage its risk and allocate resources effectively.

d) Determining fair value

Financial instruments are measured according to the fair value measurement hierarchy described below:

- Level 1: Price quotations observed in active markets for the same financial instrument;
- Level 2: Price quotations observed in active markets for financial instruments with similar characteristics or based on pricing models for which the relevant parameters are based on observable active market data;
- Level 3: Pricing models for which current market transactions or observable data are not available and require a high degree of judgment and estimation.

In certain cases, the data used to determine the fair value may fall into more than one of the levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified using the most conservative hierarchy in which the relevant data for the fair value assessment were used. This evaluation requires judgment and considers specific factors of the relevant financial instruments. Changes in the availability of the information may result in reclassification of certain financial instruments along the different levels of fair value measurement hierarchy.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF (discounted cash flow) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

e) Derivative financial instruments

Derivatives are contracts or agreements whose value is derived from one or more underlying indexes or asset values inherent in the contract or agreement, which require little or no initial net investment and are settled at a future date. Transactions are undertaken in interest rate, cross-currency, and other index related swaps and forwards.

Derivatives are recognized initially at cost (on the date on which a derivative contract is entered into) and are subsequently re-measured at their fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are estimated using valuation techniques, including discounted cash flow and option pricing models.

All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative, except where netting is permitted. The method of recognizing fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments and, if the latter, the nature of the risks being hedged.

f) Recognition of revenue and expenses

Revenue is recognized to the extent that it is probable that the economic benefit is transferred to the Group whether with contract signing, performance of services, transfer of property to customer and that the Revenue may be reliably measured. The criteria of recognition are specified by product as follows must be complied with before the Revenue is recognized:

(i) Interest income and expenses

For all financial instruments measured at amortized cost, the interest income or expenses are recorded using an accrual basis. The calculation considers all contractual terms of the financial instrument.

(ii) Fee and commission income

Fee and commission income are recognized at the time the related service with Origination, broker insurance and fees related to business partnerships rebates is rendered, provided that the revenue can be reliably measured, it is probable that the Company will receive the economic benefits associated with the transaction.

(iii) Expenses and cost recognition

Administrative expenses, operation expenses and costs related to the origination are recorded when they are incurred, under the accrual method, and are recognized in the statement of profit or loss simultaneously, regardless of payment.

(iv) Vehicle sales

The Company recognizes revenue and its cost when their value can be reliably measured considering future safety conditions that can be met for each of its activities.

The cost of inventories is based on the cost attributed for each vehicle, considering the cost of acquisition of each unit. In addition, there is a complete review and evaluation of the sale, carried out with the cost.

The sales revenue is recognized when the significant risks and rewards of ownership of the asset are transferred to the buyer, which usually takes place on delivery.

(v) Commissions - broker insurance

Brokerage commissions for intermediation in the sale of insurance are recognized in the statement of profit or loss according to the completion of the services provided after acceptance by the contracting party and issuance of the policy.

(vi) Commissions from sales of insurance products

To a lesser extent, the Company is remunerated for offering insurance-related products, which are offered to the insured. It is also received in commission mode and recognized after completion of the services provided and acceptance by the contracting party.

g) Inventories - vehicles

Inventories vehicles are measured at the lower of cost and net realizable value. The cost of inventories is based on the cost attributed for each vehicle, considering the cost of acquisition of each unit.

h) Lease liabilities

The Company leases mostly real estate to carry out its activities. Initial recognition occurs when the contract is signed, recorded in Other Liabilities, which corresponds to the total future payments at present value as a contra entry against the Right to Use Assets, amortized on a straight-line basis over the lease term and tested annually to identify possible losses by reducing the recoverable amount. The financial expense corresponding to the interest on the lease liability is recognized in the financial expense item in the Consolidated statements of profit or loss.

i) Property and Equipment

Property and equipment are accounted for at cost excluding expenditures with maintenance, minus accumulated depreciation, and impairment. Changes in the estimated useful life or depreciation method are treated as changes in accounting estimates. Depreciation is calculated using the straight-line method to write items down to a residual value over their estimated useful life. Property and equipment are written off on disposal or when future economic benefits are no longer expected in its use. Any gain or loss generated on the asset’s disposal (calculated as the difference between the disposal proceeds and the asset's carrying amount) is recognized as ‘other operating income’ in the statements of profit or loss when the asset is disposed.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

- Furniture - 10 years
- Leasehold improvement - 10 years
- Communication equipment - 10 years
- Computer equipment - 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

j) Intangibles Assets

Intangible assets are recorded at cost and include acquired assets and software. An intangible asset is recognized only when its cost can be reliably measured, and it is likely that the future economic benefits expected which are assigned to them shall be carried out.

The amortization expenses of intangible assets with definite useful lives are recognized in the statements of profit or loss in administrative expenses, consistent with the function of the intangible asset. The estimated useful lives of intangible assets for current and comparative periods are as follows:

- Customer relations - 4 years
- Software - 5 years
- Brand – 5/12.5 years

The intangible assets with indefinite useful lives are not amortized but tested annually to identify possible impairment losses, which are recognized in the statements of profit or loss by the carrying amount of the asset that exceeds its recoverable value.

k) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The method involves recognizing identifiable assets (including intangible assets previously unrecognized) and liabilities (including contingent liabilities but excluding future restructuring) of the business acquired at fair value. The Purchase and Sale Agreement for the BCREDI, Minuto and Volanty acquisitions, provides part of payments of the acquisitions through the issuance of shares. Shares issued as part of the purchase consideration are measured at fair value at the issuance date.

Some acquisitions include targets for achievement of goals and the retention of key executive as conditions of part of the acquisition agreement. If the arrangement under which contingent payments are automatically forfeited if employment terminates, it should be recorded as compensation for post-combination services, therefore should not be considered as part of acquisition price.

Any excess of the consideration transferred over the fair value of the net identifiable assets acquired is recognized as goodwill. If the consideration transferred is lower than the fair value of the net identifiable assets acquired, the gain on the acquisition is recognized directly in the statements of profit or loss in the year of the acquisition.

Goodwill acquired in a business combination is initially accounted at cost, representing the excess of the acquisition price of the business combination over the net fair value of the identifiable assets and liabilities assumed.

After initial recognition, goodwill is measured at cost and reduced by any accumulated impairment losses. Goodwill is reviewed for impairment annually, or even more frequently, if events or changes in circumstances indicate that the carrying amount may be below the recoverable amount.

l) Impairment of non-financial assets

Assets that have an indefinite life, such as goodwill, are not subject to amortization and are tested annually for impairment or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Assets that are subject to depreciation or amortization are tested for impairment annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment is recognized if the asset's carrying amount exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and its recoverable value in use.

The impairment methodology is based on the evaluation of the investee’s or cash generating units (“CGU”) results, their business plans and the return capacity of the amounts invested.

m) Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements, except when the Company's management believes that their realization is virtually certain.

Contingent liabilities mainly arise from administrative proceedings and lawsuits, inherent to the normal course of business. These contingencies are evaluated based on management's best estimates, under the advice of legal counsel. When it is probable that financial resources are required to settle the obligations and the amount of which can be estimated with reasonable certainty, a provision is recorded; otherwise Management discloses the amounts and details in the notes to the financial statements.

n) Income taxes

Creditas Holding was incorporated in the Cayman Islands, where does not impose corporate income taxes or capital gains taxes. In Brazil, the country in which its most significant subsidiaries operate, the income tax is composed of the corporate income tax (IRPJ) and the social contribution on net income (CSLL).

Income tax expense comprises current and deferred tax. It is recognized in profit or loss, for income tax the rate used is 15% plus a 10% on annual taxable income exceeding BRL 240 and 9% for social contribution.
Current and deferred tax assets and/or liabilities are offset only if certain criteria are met.

Current tax

Allowances for income tax and social contribution are recognized based on accounting profit adjusted as provided by tax law and is the best estimate of the tax amount expected to be paid or received.

Deferred tax

Deferred income tax and social contribution are calculated on the value of temporary differences and tax loss carryforwards and are recognized whenever the realization of those amounts is deemed probable.

Deferred tax assets and liabilities are measured at the tax rate which is expected to be applicable in the year in which the asset is realized or the liability is settled, based on the tax rates (and tax law) that were enacted on the balance sheet date.

Current tax and deferred tax related to items recognized directly in the shareholders' equity are also recognized in the shareholders' equity and not in the Statement of income or loss.

A deferred income tax and social contribution asset is recognized for tax losses and deductible temporary differences when it is probable that future taxable profits will be available and against which they will be used. Deferred income tax and social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer probable.

o) Uncertainty treatment of taxes on net income

In compliance with international standards, particularly IFRIC 23 - 'Uncertainty over Income Taxes,' the Group adopts specific procedures to determine provisions for taxes to be held for uncertain tax positions, monitoring the interpretation of tax legislation and decisions from tax and judicial authorities, so that we can adjust any prior judgments. These adjustments may also result from our tax planning or resolution of controversies. The evaluation of each uncertain tax treatment, whether individual or in aggregate, follows the approach determined by international standards to better anticipate the resolution of uncertainty. Following analysis, the Group has not identified uncertainties that could impact our operational results related to tax positions.

p) Share-based payment

Creditas Group has granted common stock options (SOP) and Restricted Share Units (RSUs) to certain executives and employees under existing Share Plans and RSU Plan.

SOPs and RSUs are generally granted as part of:

i. The basic remuneration package of employees, in addition to their respective salaries and other benefits; or
ii. A bonus payment arrangement, rather than the basic employee compensation. Objectively, in this case, SOPs and RSUs are granted as either an incentive for certain key employees to remain on the Subsidiary's staff or a reward for their efforts to improve Creditas Group performance.

The definition of Performance Condition is in accordance with each of RSU contract, there are three scenarios for RSUs, which are:

i. Performance-based vesting condition;
ii. Time vesting condition; and
iii. Earn out vesting conditions in the SPA and RSUs will only be fully vested when they have both performance-vested.

The RSUs will only be fully recognized when both conditions are met.

Share-based payment is booked by the value of equity instruments granted; this expense is recognized during the vesting period of the right to exercise the instruments. The total amount to be expensed is determined by reference to the fair value of the share-based payment in the date of grant and vesting conditions (when an employee remains with the company for specific period of time).

The methodology used by the Company to measure the fair value of the share-based payment is the Black and Scholes model. The Black-Scholes model is used for valuing straightforward options, the management understands that this model is more adequate and will be used to reassess fair value for subsequent reporting periods.

q) Convertible Notes

Recognized as Liability

The liability component of a compound financial instrument is initially recognized at fair value. The fair value of the liability portion of a convertible debt instrument is determined using discounted cash flows, considering the market interest rate for a debt instrument with similar characteristics, but not convertible. The equity component is initially recognized as the difference between the total amount received by the Group upon issuance of the instrument, and the fair value of the recognized financial liability component. If the fair value of the convertible note is higher than the comparison value with the non-convertible debt, recognition in equity is not necessary.

Recognized as Equity

In line with IAS 32, the convertible notes were directly recognized in the Company's equity at the time of issuance, as part of shareholders' equity. This accounting treatment reflects the Company's intention to allow the conversion of the notes into preferred shares, as per the conditions established in the issuance contract. All decisions related to conversion are under the exclusive control of the Company.

3.1. New or Revised Accounting Pronouncements Adopted in 2023

The following new or revised standards have been issued by the IASB and have been effective, but they have not had an impact for the period covered by these financial statements:

- Amendments to IAS 1 - Presentation of Financial Statements - Accounting Policy Disclosures
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 - Income Taxes

3.2. Other Standards and Interpretations Not Yet Effective

These changes will be effective from January 1, 2024, with optional use for 2023. Analyses regarding potential disclosure changes will be completed by the effective date of the standard.

- Amendments to IAS 7 and IFRS 7 - Statement of Cash Flows and Financial Instruments: Disclosures - relate to the disclosure of information about financial agreements with suppliers in the explanatory notes to allow assessment of the impact of these agreements on an entity's liabilities and cash flows, and the inclusion of additional disclosure requirements about the terms, conditions, and accounting values of financial liabilities related to the agreements.

4. Operating segments

Management considers the entire Group as a single reportable operating segment, monitoring operations, making resources allocation decisions, and evaluating performance. Management analyzes relevant financial data on a Consolidated basis for all subsidiaries.

The Group's income, results and assets for this single reportable segment can be determined by reference to the consolidated statements of profit or loss and other comprehensive income or loss, as well as the Consolidated statements of financial position and other explanatory information.

5. Cash and cash equivalent

The short-term investments correspond to bank Certificates of Deposit (CDBs) and fixed income securities, with an average yield of the Interbank Deposit Certificate (DI) and daily liquidity.

	2023	2022
Cash and bank deposits	247,480	95,396
Short term investments	263,272	831,520
Total	**510,752**	**926,916**

The balances are distributed among the following functional currencies:

	2023	2022
BRL	408,072	904,923
USD	84,400	9,664
MXN	16,882	8,668
EUR	1,398	3,661
Total	**510,752**	**926,916**

6. Financial assets at fair value through profit and loss

The amount of financial instruments at fair value through profit and loss are presented below:

	2023	2022
Federal government bonds	81,956	77,647
Money market accounts	1,737	6,533
Securities	45,636	259
Equity securities (1)	4,031	4,031
Total	**133,360**	**88,470**

(1) The Group holds, since September 2019, an investment in an early-stage startup – Black, White and Shelby (Yuca) a co-living company domiciled in Brazil, categorized as Level 3 for fair value metrics.

For the period ended December 31, 2023 and 2022, there were no transfers between levels.

7. Loans

The following tables summarize outstanding loans to customers. The loans are in its majorities to Brazilian customers and are denominated in BRL and accrue fixed or floating interest rates.

	2023	2022
I) Loan portfolio	**5,310,875**	**5,464,644**
(-) Allowance for Credit Losses	(698,351)	(686,736)
Loans to Customers	**4,612,524**	**4,777,908**

II) Loans by stage net of expected credit loss	2023	2022
Stage 1	3,903,434	4,223,407
Stage 2	537,139	508,565
Stage 3	171,951	45,936
Loans to Customers	**4,612,524**	**4,777,908**

III) Net changes in expected credit loss	2023	2022
Initial Balance	**(686,736)**	**(243,642)**
Provisions	(698,066)	(698,181)
Write-off net recovery	633,094	199,017
Reversals	53,356	56,070
Final Balance	**(698,351)**	**(686,736)**

Reconciliation of the gross portfolio segregated by stages:

				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at December 31, 2022	**4,424,187**	**560,162**	**480,295**	**5,464,644**
Transfer to Stage 1	-	(20,300)	(1,854)	(22,154)
Transfer to Stage 2	(509,831)	-	(259)	(510,090)
Transfer to Stage 3	(386,148)	(4,722)	-	(390,870)
Transfer from Stage 1	-	509,831	386,148	895,979
Transfer from Stage 2	20,300		4,722	25,022
Transfer from Stage 3	1,854	259	-	2,113
Write-off net recovery	-	-	(768,572)	(768,572)
Acquisitions/ (Settlements)	527,462	(455,315)	542,656	614,803
Balances at December 31, 2023	**4,077,824**	**589,915**	**643,136**	**5,310,875**

				2022
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at December 31, 2021	**3,075,062**	**236,217**	**132,365**	**3,443,644**
Transfer to Stage 1	-	(29,332)	(6,006)	(35,338)
Transfer to Stage 2	(130,214)	-	(1,525)	(131,739)
Transfer to Stage 3	(135,032)	(13,523)	-	(148,555)
Transfer from Stage 1	-	130,214	135,032	265,246
Transfer from Stage 2	29,332	-	13,523	42,855
Transfer from Stage 3	6,006	1,525	-	7,531
Write-off net recovery	-	-	(281,430)	(281,430)
Acquisitions/ (Settlements)	1,579,033	235,061	488,336	2,302,430
Balances at December 31, 2022	**4,424,187**	**560,162**	**480,295**	**5,464,644**

Reconciliation of expected credit loss segregated by stages:

				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances at December 31, 2022	**(200,780)**	**(51,597)**	**(434,359)**	**(686,736)**
Transfer to Stage 1	-	114	115	229
Transfer to Stage 2	39,603	-	9	39,612
Transfer to Stage 3	294,439	1,558	-	295,997

Transfer from Stage 1	-	(39,603)	(294,439)	(334,042)
Transfer from Stage 2	(114)	-	(1,558)	(1,672)
Transfer from Stage 3	(115)	(9)	-	(124)
Write-off net recovery	-	-	633,094	633,094
Acquisitions/ (Settlements)	(307,423)	36,761	(374,047)	(644,709)
Balances at December 31, 2023	**(174,390)**	**(52.776)**	**(471.185)**	**(698.351)**

				2022
	Stage 1	Stage 2	Stage 3	Total
Balances at December 31, 2021	**(127,141)**	**(22,653)**	**(93,848)**	**(243,642)**
Transfer to Stage 1	-	211	48	259
Transfer to Stage 2	9,445	-	57	9,502
Transfer to Stage 3	113,758	9,866	-	123,624
Transfer from Stage 1	-	(9,445)	(113,758)	(123,203)
Transfer from Stage 2	(211)	-	(9,866)	(10,077)
Transfer from Stage 3	(48)	(57)	-	(105)
Write-off net recovery	-	-	199,017	199,017
Acquisitions/ (Settlements)	(196,583)	(29,519)	(416,009)	(642,111)
Balances at December 31, 2022	**(200,780)**	**(51,597)**	**(434,359)**	**(686,736)**

a) Loans to related parties

As of December 31, 2023, the Group has a BRL 62,010 loan to Clikalia SA, (BRL 55,359 as of December 31, 2022). Clikalia SA is a joint venture between Creditas Financial Solutions LLC. and Clikalia Holdco S.A. The conditions are TIIE+ 7% annual rate.

b) Other financial assets

On May 24, 2021, the company initiated a strategic partnership with Voltz to support the financing of electric motorcycles by acquiring convertible promissory notes in the amount of BRL 126,520. Additionally, on July 13, 2022, the company provided a loan to Voltz, in the amount of BRL 47,367. However, due to the company's financial constraints, the investment was assessed as posing significant challenges for recovery. Consequently, a conservative approach was adopted, with the investment being provisioned at zero value as of December 31, 2023 (BRL 117,250 as of December 31, 2022). The total amount impaired was BRL 173,887.

8. Inventories

Comprises inventories of vehicles for resale and spare parts. As of December 31, 2023, and December 31, 2022, there was no indication of impairment.

	2023	2022
Vehicles for resale	1,343	110,874
Spare parts	-	754
Total	**1,343**	**111,628**

9. Tax Credit

The balance of recoverable taxes refers to the withholding taxes on the invoices of services rendered. As of December 31, 2023, the Group has tax credits of BRL 25,133 (BRL 25,508 as of December 31, 2022).

10. Business Combination

Kzas Ltd

On September 2022, Creditas Financial Solutions Ltd acquired all the share capital of Kzas Ltd and its subsidiaries: Kzas LLC, Kzas Tecnologia and Investimento Ltda, and Kzas Krédito Assessoria Financeira Ltda, thereby obtaining control of the company. Kzas is a digital credit advisory firm that facilitates quick access to financing for the purchase of real estate from major banks through a simple and transparent mobile application. The company manages everything from the analysis, simulation, and approval of credit to the signature and registration at a notary's office.

The purchase price for the acquisition was BRL 80,475, of which BRL 7,088 was paid in cash and BRL 73,387 was in Equity. Of the total amount in equity, BRL 31,236 is subject to the achievement of specific targets outlined in the acquisition agreement. Creditas Financial Solutions Ltd is currently evaluating the purchase price allocation, taking into consideration the amounts of goodwill and the fair value of the assets acquired from Kzas Ltd and its subsidiaries.

a) Consideration Transferred

The following table summarizes fair value the acquisition date of consideration transferred.

Paid in Cash	7,088
Replacement share-based payment awards (a)	42,151
Contingent consideration arrangement - RSU (b)	31,236
Total consideration transferred	**80,475**

(a) Represented by the new share-based payment plan.

(b) Consist of an earn-out that will be paid with shares issuance. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

b) Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

The Fair Value of an asset is defined as the amount by which an asset could be exchanged between interested parties in a transaction in which both have knowledge of the asset and there is no forced sale condition to buy/sell the asset.

Platform (Software): the fair value was measured using the Cost Approach method, which values an asset based on the cost of reproducing or replacing it, less depreciation for the use the asset or due to its obsolescence. The recognized amounts of assets acquired, and liabilities assumed at the date of acquisition were:

Acquisition date	**Kzas 30/06/2022**
Cash and Cash Equivalents	1,165
Accounts Receivables	19
Deferred tax assets	79
Property and equipment	267
Intangible assets	14
Other assets	197
Accounts Payable	(217)
Tax obligations	(328)
Labor and social security liabilities	(507)
Other liabilities	(595)
Software	12,727
Brand	831
Total identifiable net assets acquired, and liabilities assumed (b)	**13,652**
Paid in Cash	7,088
Replacement share-based payment awards	42,151
Contingent consideration arrangement - RSU	31,236
Total consideration transferred (a)	**80,475**

Total Goodwill (a) – (b)	**66,823**

11. Investments

On July 18, 2023, the Banco Central do Brasil (BACEN) approved the acquisition of a 12.51% equity stake in CHP - Companhia Hipotecária Piratini. The capital transfer carried out by Creditas Soluções Financeiras Ltda. in 2021 amounted to BRL 5,003 and involved the acquisition of 938,000 shares.

	CHP - Companhia Hipotecária Piratini	CLIKALIA S.A	Total
Balance as at December 31, 2021	**5,003**	**1,874**	**6,877**
Share of profit of equity-accounted investees	-	(1,874)	(1,874)
Balance as at December 31, 2022	**5,003**	**-**	**5,003**
Share of profit of equity-accounted investees	318	-	318
Dividends received	(679)	-	(679)
Balance as at December 31, 2023	**4,642**	**-**	**4,642**

12. Property and equipment

Changes in property and equipment for the period ended as of December 31, 2023, and 2022 are as follows:

	Furniture	Leasehold improvements	Rights of use (Note 16)	Communication Equipment	Computers Equipment	Total
Balances at December 31, 2022	**221**	**21,848**	**103,780**	**5,120**	**38,047**	**169,016**
Additions	929	-	40,515	0	-	41,444
Disposals	(312)	(20,321)	(94,198)	(4,824)	(3,026)	(122,682)
Depreciation	(252)	(205)	(27,284)	(5)	(9,653)	(37,398)
Impairment					(2,868)	(2,868)
Balance as at December 31, 2023	**586**	**1,322**	**22,813**	**291**	**22,499**	**47,512**
Balance as at December 31 ,2021	**3,070**	**16,348**	**154,327**	**3,668**	**32,422**	**209,835**
Additions	2,568	8,458	10,626	1,646	14,899	38,197
Disposals	(5,153)	(992)	(8,841)	-	(2,836)	(17,822)
Depreciation	(264)	(1,966)	(52,332)	(194)	(6,438)	(61,194)
Balance as at December 31, 2022	**221**	**21,848**	**103,780**	**5,120**	**38,047**	**169,016**

13. Intangible assets and Goodwill

Changes in intangible assets for the period ended as of December 31, 2023, and 2022 are as follows:

	Goodwill	Customer relations	Software	Brand	Total
Balance as at December 31, 2022	**476,568**	**33,730**	**12,373**	**11,060**	**533,731**
Acquisitions	-	-	13,458	-	13,458
Disposals	-	(8,258)	(263)	(5,970)	(14,491)
Amortization	-	(2,407)	(5,622)	(138)	(8,167)
Impairment Loss Assets	(126,682)	-	-	-	(126,682)
Balance as at December 31, 2023	**349,886**	**23,065**	**19,946**	**4,952**	**397,849**
Balance as at December 31, 2021	**531,082**	**35,966**	**5,397**	**9,198**	**581,643**
Acquisitions	-	653	2,731	4,389	7,773
Acquisitions - through business combination	66,823	-	12,741	831	80,395

Disposals	-	(576)	(3,760)	(3,212)	(7,548)
Amortization	-	(2,313)	(4,736)	(145)	(7,194)
Impairment loss assets	(121,337)	-	-	-	(121,337)
Balance as at December 31, 2022	**476,568**	**33,730**	**12,373**	**11,060**	**533,731**

Goodwill arising on the acquisition of subsidiaries and intangible assets allocated in business combination

Goodwill arising on the difference between the amount paid upon the acquisition of investments in subsidiaries and the fair value of assets and liabilities is classified in intangible assets, in the consolidated financial statements. Part of goodwill arising on the acquisition of subsidiaries was allocated to identifiable intangible assets with finite and indefinite useful lives, after an analysis of the acquired assets.

	Goodwill and allocated intangible assets	Impairment Loss	Account Balance
Creditoo	46,998	-	46,998
Bcredi and Kzas	175,636	-	175,636
Minuto	294,552	(126,682)	167,870
	517,186	**(126,682)**	**390,504**

Goodwill impairment testing per type

The Company carries out impairment testing for its assets at least once a year or when there are indications of impairment. In the year ended December 31, 2023 and 2022, the Company reviewed events related to its acquisitions that could impact the expected recovery of non-financial assets.

Following the assessment, the Company decided to revise its long-term growth estimate for Minuto, which had an impact on the recovery of non-financial assets. As a result, an impairment loss of BRL 126,681 was recognized as of December 31, 2023 (BRL 121,337 as of December 31, 2022).

In the 2023 impairment test, the following growth assumptions were used in the calculations:

Creditoo	**Bcredi**	**Minuto**
1. Growth rate in perpetuity at 3.50%, and discount rate applied (WACC) at 19.16%	1. Growth rate in perpetuity at 3.50%, and discount rate applied (WACC) at 13.79%	1. Growth rate in perpetuity at 3.50%, and discount rate applied (WACC) at 19.19%
2. Net revenue with annual average growing 49% in the first year, 19% in the second, 9% in the third, 4% in the fourth, and perpetuity of 3.5% per year	2. Net revenue with annual average growing 22% in the first year, 15% in the second, 11% in the third, 7% in the fourth, and perpetuity of 3.5% per year	2. Net revenue with annual average growing 49% in the first year, 38% in the second, 26% in the third, 15% in the fourth, and perpetuity of 3.5% per year

In the 2022 impairment test, the following growth assumptions were used in the calculations:

Creditoo	**Bcredi**	**Minuto**
1. Growth rate in perpetuity at 3.00%, and discount rate applied (WACC) at 15.43%	1. Growth rate in perpetuity at 3.00%, and discount rate applied (WACC) at 13.48%	1. Growth rate in perpetuity at 3.00%, and discount rate applied (WACC) at 15.24%
2. Net revenue with annual average growing 74% in the first year, 34% in the second, 21% in the third, 15% in the fourth, and perpetuity of 3% per year	2. Net revenue with annual average growing 45% in the first year, 39% in the second, 31% in the third, 25% in the fourth, and perpetuity of 3% per year	2. Net revenue with annual average growing 73% in the first year, 51% in the second, 38% in the third, 21% in the fourth, and perpetuity of 3% per year

14. Accounts payable

	2023	2022
Domestic trade accounts payables	54,560	67,765
Foreign suppliers	4,288	1,672
Others	8	415
Total	**58,856**	**69,852**

15. Financial liabilities at amortized cost

	2023	2022
Financial obligation to FIDC quota-holders (a)	3,080,725	4,510,707
Borrowings and financing (b)	657,224	183,480
Commercial Andbank Agreement (c)	1,272,113	659,905
Commercial CHP Agreement	91,144	-
Total	**5,101,206**	**5,354,092**

a) Financial obligation to FIDC quota-holders

	Index	Rate	2023	2022
Senior	CDI	2.50% to 5.50%	1,286,622	2,711,661
Senior	IPCA	5.22% to 9.75%	1,305,971	772,898
Mezzanine	CDI	4.50% to 7.75%	253,070	755,473
Mezzanine	IPCA	7.27% to 11%	235,927	299,808
Total			**3,081,589**	**4,539,841**
Expected credit loss attributable to senior and mezzanine [1]			(864)	(29,133)
Total			**3,080,725**	**4,510,707**

[1] Due to the structure of the FIDCs, the junior quotas held by the Group do not support losses in the senior and mezzanine quotas beyond the excess spread that it is entitled to. As a result, such embedded credit risk feature amounted to BRL 864 as of December 31, 2023 (BRL 29,133 as of December 31, 2022).

CDI Rate is the Brazilian interbank deposit rate, which is an average of interbank overnight rates in Brazil.
IPCA is the Brazilian Broad Consumer Price Index, which is measured by IBGE between in each calendar month.
The maturity of these financial obligations is up the year 2024 in Auto and Payroll and 2040 in Home Securitizations.

Description	2023	2022
Opening balance	**4,539,841**	**3,913,839**
Issuance	686,177	761,806
Interest	555,940	695,321
Settlement	(1,902,835)	(574,653)
Interest payments	(797,533)	(256,472)
Closing balance	**3,081,589**	**4,539,841**

b) Loans and borrowings

As of December 31, 2023, and December 31, 2022, loans and borrowings are comprised of:

	Currency	Nominal Interest Rate	Year of Maturity	Face Value	Carrying Amount 2023	Carrying Amount 2022
Unsecured bank loan assumed (IDB)	BRL	CDI + 4%	2027	155,808	101,035	130,214
Unsecured bank loan assumed (Auto Solutions) (1)	BRL	CDI+1,7%	2022	60,000	-	53,266
Unsecured bank loan assumed (BBVA)	MXN	17.50%	2026	97,922	28,191	-
Corporate Debt (2)	BRL	CDI+10%	-	300,005	349,228	-
Senior Unsecured Bonds	USD	13%	2026	36,200	178,770	-

Balances at December 31, 2023	**657,224**	**183,480**

(1) Liquidated in 2023.
(2) There is no due date for this debt.

Below the period's transactions:

	IDB	Corporate Debt	Senior Unsecured Bonds	Others institutions	Total
Balance at December 31, 2022	**130,214**	**-**	**-**	**53,266**	**183,480**
Issuance		300,005	172,618	28,191	500,815
Interests	19,792	54,862	6,152	3,095	83,901
Payments	(48,971)	(5,639)	-	(56,361)	(110,971)
Balances at December 31, 2023	**101,035**	**349,228**	**178,770**	**28,191**	**657,224**

	IDB	Corporate Debt	Senior Unsecured Bonds	Others institutions	Total
Balance at December 31, 2021	**158,154**	**-**	**-**	**66,576**	**224,730**
Issuance	(31,772)	-	-	(15,930)	(47,702)
Interests	(19,578)	-	-	(5,132)	(24,710)
Payments	23,410	-	-	7,752	31,162
Balance at December 31, 2022	**130,214**	**-**	**-**	**53,266**	**183,480**

c) Commercial Andbank Agreement

On July 6, 2022, Creditas Soluções Financeiras LTDA. and Banco Andbank Brasil S.A. entered into a commercial partnership agreement, which establishes the terms and conditions for the rights and responsibilities of the parties involved. The partnership comprises two key areas: (i) Referral Services related to the Credit Purchase Transactions, and (ii) Servicing, which Creditas will provide to Andbank, in accordance with the terms and conditions outlined in the agreement and other relevant documents.

As part of this agreement, Creditas has committed to repurchasing the credit rights and providing ongoing collection services, thereby retaining the majority of the risks and benefits associated with the operation. As per IFRS 9 (Financial Instruments), the Group is required to record the financial assets and liabilities of this operation, along with the associated revenues, expenses, and expected losses in its financial statements.

Also, under the terms of the agreement, Creditas must provide support and reimburse Andbank for costs, expenses, and expenditures incurred in connection with the implementation or adaptation of the Credit Portfolio at Andbank. As of December 31,2023, Creditas recognized payables in BRL 92,635 (BRL 16,020 as of December 31, 2022) to Andbank.

As of December 31, 2023, Creditas had originated BRL 1,140,836 in accordance with the commercial agreement with Andbank, as compared to BRL 624,299 as of December 31, 2022. The agreement confers upon Creditas all associated rights and responsibilities.

16. Leases

The Company recognizes the right of use and lease liabilities in the execution of the contract data. The main leasing contracts refer to the administrative office and stores for the sale of automobiles. These lease agreements have an average duration of five years.

a) Right-of-use

a) Right-of-use	
Balances at December 31, 2021	**154,327**
Additions	10,626
Disposals	(8,841)
Depreciation expenses	(52,332)
Balance as at December 31, 2022	**103,780**
Additions	40,515
Disposals	(94,198)
Depreciation	(27,284)
Balances at December 31, 2023	**22,813**

b) Liabilities

Balance at December 31, 2021	**162,183**
Additions	10,728
Appropriate interest	6,488
Payment's interest	(2,534)
Payments	(36,676)
Balances at December 31, 2022	**140,189**
Additions	33,717
Disposals	(120,883)
Interests	4,920
Principal payments	(29,750)
Balances at December 31, 2023	**28,194**

c) Maturity of lease liabilities

Date	**Liabilities**	**%**
in up to a year	7,135	25.3
one to two years	7,836	27.8
two to three years	8,607	30.5
three to four years	4,615	16.4
	28,194	**100.0**

17. Convertible Note

As of December 31, 2023, the Company's convertible notes totaled BRL 62,587 (BRL 447,347 as of December 31, 2022). In November 2022, the company issued convertible notes totaling USD 84,100, that consist of two types:

- Primary convertible notes in the amount of USD 29,500.
- Convertible notes resulting from stock repurchase in the amount of USD 54,600.

These notes were renegotiated and classified as an equity instrument in 2023.

In July 2023, the Company issued primary convertible notes for a total amount of USD 8,000. The maturity date is forty-eight (48) months after the date of issuance and the interest on the principal amount of the notes accrues at 15% annual rate.

18. Contingencies

Creditas may be involved in labor, civil, and tax legal proceedings as a normal part of its activities. Any probable contingencies associated with these proceedings are classified as provisions for contingencies and are allocated in the line of Other Liabilities in the Balance Sheet. The total of contingencies is BRL 5,906 (BRL 1,574, as of December 31, 2022), as detailed below:

		2023		2022
	Civil	Labor	Civil	Labor
Balance as at December 31	**5**	**205**	**4**	**64**
Additions	755	2,206	1	158
Monetary update	-	2	-	-
(Reversals)	-	(46)	-	(17)
Balance as at end of period	**760**	**2,367**	**5**	**205**

Tax provisions correspond to the principal amount of taxes involved in administrative or judicial tax proceedings that are considered Legal Obligations under IAS 37:

	2023	2022
		Tax
Balance as at December 31	**1,364**	**266**
Additions	1,193	1,098
Monetary update	222	-
Balance as at end of period	**2,779**	**1,364**

Contingencies not provided for in the balance sheet

Amounts involved in administrative and judicial arguments with the risk of loss estimated as possible are not provided for. They are mainly composed of:

		2023		2022
	Civil	Labor	Civil	Labor
Balance as at December 31	**2,363**	**15,952**	**892**	**775**
Additions	1,298	14,046	2,100	15,769
Monetary update	37	102	15	3
(Reversals)	(1,468)	(9,252)	(644)	(595)
Balance as at end of period	**2,230**	**20,848**	**2,363**	**15,952**

The Company has a tax process related to the risk of loss estimated as possible regarding to the Service Tax (ISS) of the city of São Paulo - SP for the period from 2017 to 2020, as described below:

	2023	2022
		Tax
Balance as at December 31	**7,627**	**-**
Additions	-	7,627
Monetary update	6,473	-
Balance as at end of period	**14,100**	**7,627**

19. Equity

a) Issued Capital

Classes of shares

(i) Ordinary shares
Non-redeemable ordinary shares are entitled to receive dividends, participate in the liquidation of the Company and vote at meetings.

As mandatory, ordinary shares each have the right of one vote in the general meeting resolutions and participate with preferred shares in the distribution of profits. The Ordinary Shares are not redeemable at the option of the holder or the Company.
(ii) Preferred shares

Preferred shares were issued in several classes, all having preference in the receipt of dividends and the liquidation of the Company, in accordance with the order of preference established in the Company's Article of Association.
In addition, preferred shares have:
- Voting rights on some matters
- Right to appoint members of the board of Directors
- Protective rights against dilution, drag along and rights of refusal and co-sale
- Right to non-cumulative dividends, when distributed by the Company, equal to 8% of its issue prices

The holders of the preferred shares shall have the conversion right by dividing the applicable original issue price for each series by the applicable conversion price for each series (the “Conversion Rate”). Any downward adjustment of the Conversion Price of any series of the preferred shares may be waived by the consent or vote of the holders of at least a majority of the then outstanding preferred shares of such series.
Preferred shares do not have redemption rights at the option of their holders or the Company and are automatically converted into ordinary shares at the Conversion Rate upon the occurrence of an initial public offering (IPO) or liquidation event for a specified number of ordinary shares.

b) Equity

As of December 31, 2023, the Company's share capital was BRL 3,038,608 (BRL 3,629,017 as of December 31, 2022).

	2023	2022
Share Capital	3,038,608	3,629,017
Other Equity	1,286,899	-

Capital Stock – Number of Shares

	Ordinary Shares	Preferred Shares	Total
Balances at December 31, 2021	**1,444,763**	**9,739,993**	**11,184,756**
Ordinary Shares - Issued	2,269,718	-	2,269,718
Preferred Shares - Issued	-	1,067,683	1,067,683
Series F - Issued (i)	-	1,124,876	1,124,876
Balances at December 31, 2022	**3,714,481**	**11,932,552**	**15,647,033**
Ordinary Shares	(180,101)	(1,918,004)	(2,098,105)
Balances at December 31, 2023	**3,534,380**	**10,014,548**	**13,548,928**

c) Other comprehensive income

Other comprehensive income is related to the "Currency translation adjustment - CTA". Assets and liabilities denominated in non-BRL, currencies are translated at rates of exchange prevailing on the date of consolidated statements, while revenues and expenses are translated at average rates of exchange for the period. The currency translations adjustments are as below:

	2023	2022
Other comprehensive Income	12,189	11,309

	Rates of Exchange US$	
	2023	2022
Closing rate of	4.8413	5.2177
Average rate	4.9953	5.1615

	Rates of Exchange EUR$	
	2023	2022
Closing rate of	5.3516	5.5694
Average rate	5.4023	5.4353

	Rates of Exchange MXP$	
	2023	2022
Closing rate of	0.2856	0.2710
Average rate	0.2818	0.2566

d) Other Equity

The Company issued, in July 2023, convertible notes as part of its fundraising strategy to finance its operational and expansion activities in the amount of USD 1,286,899, representing 1,150,891 shares.

These notes were directly recognized in the Company's equity at the time of issuance, in accordance with International Accounting Standards (IAS 32 - Financial Instruments: Presentation). The notes will automatically convert into Preferred Shares upon the final maturity date event.

20. Share-based payment arrangement

a) Description of share-based payment arrangements

As of December 31, 2023 and 2022, the Group had the following share-based payment arrangements.

Share option programs (equity-settled)

On May 6, 2015, and July 10, 2019, the Group established share option programs that entitle key management personnel to purchase shares in the Company.

Under these programs, holders of vested options are entitled to purchase shares at the market price of the shares at grant date. Currently, these programs are limited to key management personnel and other senior employees.

The key terms and conditions related to the grants under these programs are as follows; all options are to be settled by the delivery of shares.

	Number of instruments	Vesting conditions	Contractual life of options
Options to key management personnel program			
On July 10, 2019	500,000	4 years of service and performance conditions related to Soft Bank returns over series D investment.	4 years
On December 17, 2020	125,000	Option Pool increase	
Options to senior Employee program			
On May 6, 2015	356,952	4 years of service, with 30% granted upon completing the 1st year and the remainder granted monthly until completing the period.	10 years
On May 6, 2015	66,262	Option Pool increase	
On Feb 16, 2017	(64,326)	Option Pool decrease	
On July 10, 2019	1,936	Option Pool increase	
On December 17, 2020	125,000	Option Pool increase	
On January 27, 2022	80,831	Option Pool increase	

b) Measurement of fair values

Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not considered in measuring fair value. The Group recognized the amount in the statements of changes in equity of BRL 82,164 on December 31, 2023 (BRL 56,849 on December 31, 2022).
The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

	Key management personnel		Senior employees	
Share option programs	**2023**	**2022**	**2023**	**2022**
Fair value at grant date (average)	US$ 25.77	U$ 24.06	US$ 111.32	US$ 108.62
Share price at grant date (average)	US$ 36.80	U$ 57.70	US$ 168.87	US$ 163.98
Exercise price	US$ 46.02	U$ 7.44	US$ 182.56	US$ 178.24
Expected volatility (average)	81.00%	74.95%	79.00%	79.86%
Expected life	4 years	6 years	4 years	6 years
Risk-free interest rate (based on government bonds)	1.51%	0.62%	1.90%	0.95%

Expected volatility has been based on an evaluation of the historical volatility of the Company’s peers share price.

c) Reconciliation of outstanding share options

			2023
Share option programs	**Number of options**	**Average exercise price**	
		BRL	**USD**
Outstanding at January 1	587,137	268.35	55.43
Forfeited during the year	(180,674)	932.58	192.63
Granted during the year	35,924	1,065.09	220.00
Exercised during the year	(36,767)	824.42	170.29
Outstanding at December 31	**405,620**	**772.61**	**159.59**

			2022
Share option programs	**Number of options**	**Average exercise price**	
		BRL	**USD**
Outstanding at January 1	306,987	174.17	31.21
Forfeited during the year	(71,095)	340.41	61.00
Granted during the year	(42,247)	759.78	136.00
Exercised during the year	393,492	1,226.76	219.83
Outstanding at December 31	**587,137**	**309.33**	**55.43**

d) Restricted share units granted for deals (RSU)

As of December 31, 2023, the Group has recognized in profit and loss results Restricted Share BRL 91,774 (BRL 50,718 as of December 31, 2022).

21. Loss per share

Basic loss per share is calculated by dividing the attributable to shareholders of the Company by the weighted average number of ordinary shares excluding ordinary outstanding shares by the Company and held as treasury shares, if any.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary outstanding shares and the SOP and RSU's issued with the potential to be converted into share capital.

The net loss and share data used in the basic and diluted loss per share calculations are as follow:

	2023	2022
Attributable to shareholders of the Company	(1,152,836)	(1,483,738)
Total weighted average of ordinary outstanding shares	1,524,586	1,463,510
Loss per share - basic and diluted (BRL)	**(0.7562)**	**(1.0138)**

The Company has SOP and RSU instruments that will become ordinary shares if exercised, acquired or converted. The weighted average of ordinary outstanding shares used to calculate both basic and diluted losses per share attributable to shareholders of the Company are the same, the instruments were considered anti-dilutive because they would reduce the loss by share. These instruments were considered anti-dilutive because they would reduce the loss by share.

22. Revenue

The Group disaggregates revenue two major products and services:

	2023	2022
Interest revenue (1)	1,784,177	1,399,419
Fees and Commission revenue (2)	164,233	162,047
Total	**1,948,410**	**1,561,466**

(1) Interest revenue - mainly comprises the interest accrual of loans to customers.
(2) Fees and Commission revenue – which mainly comprises the total revenues from servicing, origination, broker insurance and fees related to business partnerships.

The Group business is mainly performed in Brazil which corresponds to over 99% of the revenues (Note 7 - portfolio segregation). The Group obtains its revenues from many customers with no significant concentration.

23. Expenses

	2023	2022
General and Administrative expenses	**1,091,828**	**1,288,431**
Salaries, charges, and benefits	446,997	741,756
Servicing and FIDC Expenses (2)	162,949	148,125
Third party services (1)	70,927	67,222
Software and Telecommunication Expenses	76,632	51,727
Amortization and Depreciation	28,274	68,388
Loans structuring costs	47,016	97,274

Facilities	24,803	3,717
Tax expenses	58,779	2,537
Share based payments	157,952	107,685
Other	17,499	-
Marketing expenses	**109,964**	**199,266**
Marketing expenses	109,964	199,266
Other Expenses	**80,271**	**42,667**
Others	80,271	42,667
Total	**1,282,063**	**1,530,364**

(1) Third party services are related to accounting, legal and technology advisors.
(2) Consists of expenses related to funds operating fees.

24. Financial Result

Financial income	**2023**	**2022**
Interest from short-term investments	43,770	68,405
Others	120	2,965
	43,890	**71,370**

Financial expenses	**2023**	**2022**
Loss on other financial assets	(180,904)	-
Borrowings interest expenses	(95,655)	(22,219)
Promissory Note	(21,157)	
Fees for settlement of quotas	(10,967)	-
Financial transaction tax	(2,676)	(10,952)
Financial lease interest expense	(5,909)	(15,235)
Derivative financial instruments (1)	43,135	(37,504)
Others	(53,722)	(26,941)
	(327,855)	**(112,851)**

(1) In September 2021, Creditas entered into an agreement with Nu Holdings Ltd. (“Nu”) through which Nu would distribute certain financial products offered by Creditas to its customers. The agreement also provides that Nu would invest up to USD 200,000 (BRL 1,113,340) in Creditas’ securitization vehicles, becoming the holder of the senior quotas of the FIDCs. Nu was granted warrants that provide the right to acquire an equity interest, on a fully diluted basis, under a pre-agreed valuation, proportional to 50% of the amount invested in the securitization vehicles and products distributed. As of December 31, 2023, the notional value is USD 100,000 (BRL 484,070) and the fair value amounted to USD 21,557 (BRL 104,449), calculated using Binomial Method (as of December 31, 2022, USD 28,285 (BRL 147,584).

25. Income Taxes

a) Reconciliation of income tax expense and social contribution

The reconciliation of income tax and social contribution as follows:

	2023	**2022**
Loss before income taxes	**(1,145,525)**	**(1,486,610)**
Statutory rate (1)	**34%**	**34%**
Tax using the Company’s domestic tax rate	**389,478**	**505,447**
Temporary differences related to allowances for credit losses	(133,569)	(42,884)
Taxes credits recognized / (not recognized)	(224,487)	(302,333)
Different tax rate for companies abroad	15,056	(140,406)
Other group companies result with tax implications	(37,929)	
Others	(15,859)	(16,952)
Income tax for the year	**(7,309)**	**2,872**
Effective tax rate	**-2%**	**1%**
Income taxes expenses	**(7,309)**	**2,872**

Deferred income tax	-	-

(1) Current rates: (i) 25% for income tax; (ii) 9% for the social contribution.

b) Unrecognized deferred taxes assets

The Group has accumulated tax losses whose tax effects have resulted in an unrecognized deferred tax asset in the amount of BRL 980,025 (compared to BRL 763,215 on December 31, 2022). Although these losses can be used indefinitely to offset future taxable profits of the companies in which they arose, the Group has not recognized any deferred tax assets related to these losses. This is because the losses cannot be used to offset taxable profits between subsidiaries, and there is no other evidence of recoverability in the near future.

The Group does not have a time limit for the use of deferred tax assets. However, for Brazilian entities, the use of deferred tax assets related to tax loss and negative bases of social contribution is limited to 30% of taxable profit per year. Despite the limitations, the Group continues to assess the recoverability of these deferred tax assets on an ongoing basis and will recognize them in the future if it becomes more likely than not that they will be utilized.

26. Financial instruments accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Carrying amount				
Balances at December 31, 2023	**Mandatorily at FVTPL - others**	**Financial assets at amortized cost**	**Other financial liabilities**	**Fair Value**	**Hierarchy Level**
Financial assets measured at fair value					
Short term investments	242,362	-	-	242,362	2
Federal government bonds (1)	81,956	-	-	81,956	2
Money market accounts (1)	1,737	-	-	1,737	2
Securities	66,546	-	-	66,546	1
Equity Securities	4,031	-	-	4,031	3
Derivative Financial Instruments	104,449	-	-	104,449	3
Financial assets not measured at fair value					
Loans to customers (2)	-	4,621,950	-	5,490,755	2
Accounts receivable (3)	-	28,008	-	28,008	2
Other assets (3)	-	-	-	-	2
Financial liabilities not measured at fair value					
Financial liabilities at amortized cost (2)	-	-	5,101,206	5,424,912	2
Accounts payable (3)	-	-	58,856	58,856	2
Convertible Notes (3)	-	-	61,231	61,231	2

	Carrying amount				
Balances at December 31, 2022	**Mandatorily at FVTPL - others**	**Financial assets at amortized cost**	**Other financial liabilities**	**Fair Value**	**Hierarchy Level**
Financial assets measured at fair value					
Short term investments	831,520	-	-	831,520	2
Federal government bonds (1)	77,647	-	-	77,647	2
Money market accounts (1)	6,533	-	-	6,533	2
Securities	259	-	-	259	1
Equity Securities	4,031	-	-	4,031	3
Derivative Financial Instruments	147,584	-	-	147,584	3
Financial assets not measured at fair value					
Loans to customers (2)	-	4,781,517	-	5,947,518	2

Accounts receivable (3)	-	22,452	-	22,452	2
Other financial assets (3)	-	117,250	-	131,314	2
Financial liabilities not measured at fair value					
Financial liabilities at amortized cost (2)	-	-	5,354,092	5,380,945	2
Accounts payable (3)	-	-	69,852	70,202	2
Convertible Notes (3)	-	-	447,347	447,347	2

(1) Financial assets at fair value through profit and loss are measured at fair value. Unlisted securities are classified as Level 2, for those the fair value is determined using valuation techniques which employ the use of market observable inputs (CDI rate) and credit risk arises from the Group's exposures to third parties. For Level 3, for current market transactions or observable data are not available it requires a degree of judgment and estimation. The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active.
(2) Loans to Customers and Financial Liabilities at amortized cost are measured at amortized cost as they are held to collect contractual cash flows. Fair value is estimated by discounting future cash flows using market rates for similar items. The fair value is estimated considering a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets with an average rate of 22.53% to 30.00%, varying by product for the year ended December 31, 2023 (10.39% to 26.36% for the year ended December 31, 2022), adjusted by an illiquidity factor.
(3) Accounts receivables, accounts payable, other liabilities and other financial assets are measured at amortized cost. Since the amounts are expected to be settled in a short term, less than three months in most cases, the fair value is a reasonable approximation as the carrying amount.

27. Risk management

The Group's activities expose it to a variety of financial risks and operational risk: credit risk, market risk (including cash flow or fair value interest rate risk, and Inflation sensitivity), liquidity risk, operation risk and foreign exchange rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by policies approved by the Board of Directors. Which is evaluated and hedges financial risks in close co-operation with the Group's operating units.

a) Credit Risk

Credit risk is the risk of a counterparty failing to fulfill its obligations from a loan, leading to a financial loss. Credit risk arises from the Company's exposures to third parties, including cash and cash equivalents, accounts receivable, deposits in banks and other financial institutions, as well as from its operational activities, primarily related to personal loan products (accounts receivable), including outstanding receivables and commitments. The credit risk for customer loans is directly linked to the possibility of default on guarantees.

The Group restricts exposure to credit risks associated with cash and cash equivalents by investing in first-tier financial institutions with remuneration in short-term securities.

The Group uses internal customer information, statistical models, and other quantitative analyses to determine the risk profile of each customer. The information gathered is used to manage the credit risk of the portfolio and to assess expected credit losses, with periodic assessment of changes in provision values.

Credit risk management is based on several pillars, as described below:

- Statistical models for risk measurement and classification, and a conservative collateral policy
- Monitoring of the portfolio's risk profile through a prospective view to anticipate potential risks and imbalances
- Evaluation of collateral and other risk mitigation instruments
- Use of statistical models that include projection of default probabilities, as well as default recovery levels

The Company rigorously controls customer and counterparty credit exposure, acting to manage expected default levels in a timely manner. Losses are based on the customer's payment history and expected payment patterns by risk and transaction profile.

The Group assets are mainly related to secured loans and are mostly based on Brazil.

Balances at December 31, 2023	Less than one year	Between 1 and 2 years	Over 2 years	Total
Financial assets at fair value through profit and loss	150,239	-	4,031	154,270
Financial assets at amortized cost	2,106,647	1,053,946	1,551,375	4,711,968

Balances at December 31, 2022	Less than one year	Between 1 and 2 years	Over 2 years	Total
Financial assets at fair value through profit and loss	84,439	-	4,031	88,470
Financial assets at amortized cost	2,224,950	1,113,132	1,638,496	4,976,578

b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changes in market prices. Market risk comprises mainly two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans to customers, financial liabilities at amortized cost and deposits.

The management also monitors and manages market risk by using the Value at Risk (VaR) methodology which is a measure of the potential loss on loans due to adverse market movements based on historical data and are used to estimate the potential financial loss incurred.

Interest rate and Inflation sensitivity

The Group's interest rate and inflation risks arises mainly from short-term investments, loans to customers and financial liabilities at amortized cost. Short-term investments contracted in Brazilian Reais are mainly exposed to changes in the CDI rate. Loans and financial liabilities at amortized cost are mainly exposed to interest rate fluctuations in the CDI and IPCA and rates that are determined respectively by Brazilian Central Bank and Instituto Brasileiro de Geografia e Estatística ("IBGE").

The table below presents a sensitivity analysis of the financial instruments as of December 31, 2023, which demonstrates risks that may generate material losses to the Company, according to the assessment made by Management, the probable scenario is over a horizon of 12 months, with projected rates: CDI – 11.05% and IPCA – 4.62% per year. The remaining scenarios have been stressed by factors of 25% (possible) and 50% (remote), were used considering the scenario of the last year in Brazil where these rates practically doubled within 12 months.

Transactions	Carrying amount	Rate	Scenario probable	Scenario possible	Scenario remote
Short-term investments	242,362	CDI	26,781	33,476	40,172
Financial Liabilities at amortized cost (FIDC)	(1,539,692)	CDI	(170,136)	(212,670)	(255,204)
Loans to customers (1)	906,254	IPCA	41,879	52,349	62,818
Financial Liabilities at amortized cost (FIDC and CRIs)	(1,541,897)	IPCA	(71,253)	(89,066)	(106,879)
Total Impact on (loss) before tax (FY impact)			**(172,729)**	**(215,911)**	**(259,093)**

(1) Loans to customers amount refers to the home portfolio.

Rate source: IPCA from the Focus report of the Central Bank of Brazil – BACEN, and CDI according to B3 S.A reference rates, both available on the websites of the respective institutions as at December 31, 2023.

The Group also maintain an amount of Cash and Cash Equivalents outside Brazil as at December 31, 2023, the table below presents a sensitivity analysis of the financial instruments as of December 31, 2023, which demonstrates the gains material to the Company, according to the assessment made by Management, the probable scenario is over a horizon of 12 months, with projected rates increase in the current price of BRL 0.20 for the probable scenario, BRL 0.40 for the possible scenario and BRL

0.60 for the remote scenario.

These rates were used after analyzes carried out internally and with the variation that occurred in recent years:

Transactions	Carrying amount	Rate	Scenario probable	Scenario possible	Scenario remote
Cash and bank deposits	247,480	CDI	27,347	34,183	41,020

c) Liquidity Risk

The Group manages liquidity risk by maintaining reserves of cash. The Group continuously monitors actual and projected cash flows and matches the maturity profile of its financial assets and liabilities to ensure that it has enough funds to honor its obligations to third parties and meet its operational needs.

The Group invests surplus cash in interest bearing financial investments, selecting instruments with appropriate maturity or enough liquidity to provide adequate margin as determined by the forecasts.

The Group's financial liabilities at amortized cost refer to senior and mezzanine quotas of FIDCs and CRIs. For each one of the securitization vehicles in the Note 15, it is only required to comply with the amortization of those amounts to the extent of the liquidation of the Group's active credit portfolio, without effecting the junior quota holders due to the non-existence of any type of recourse to the holders. Additionally, loans to customers are legally segregated in the FIDCs; cash flows from them are also maintained in segregated bank accounts to make the payments on the senior and mezzanine quotas.

The table below analyzes the Group’s financial liabilities through to contractual maturity.

Balances at December 31, 2023	Less than one year	Between 1 and 2 years	Over 2 years	Total
ASSETS				
Cash and cash equivalents	510,752	-	-	510,752
Financial assets at fair value through profit and loss	129,329	-	4,031	133,360
Financial assets at amortized cost	2,106,647	1,053,946	1,551,375	4,711,968
LIABILITIES				
Accounts payable	55,260	3,596	-	58,856
Tax obligations	43,285	-	-	43,285
Labor and social security liabilities	63,834	-	-	63,834
Other liabilities	97,124	-	-	97,124
Financial liabilities at amortized cost	903,129	1,667,960	2,530,117	5,101,206

Balances at December 31, 2022	Less than one year	Between 1 and 2 years	Over 2 years	Total
ASSETS				
Cash and cash equivalents	926,916	-	-	926,916
Financial assets at fair value through profit and loss	84,439	-	4,031	88,470
Financial assets at amortized cost	2,224,950	1,113,132	1,638,496	4,976,578
LIABILITIES				
Accounts payable	66,256	3,596	-	69,852
Tax obligations	36,339	-	-	36,339
Labor and social security liabilities	87,302	-	-	87,302
Other liabilities	90,405	-	-	90,405
Financial liabilities at amortized cost	947,901	1,750,647	2,655,544	5,354,092

d) Fraud Risk

The Group’s exposure to operational risk from fraud is the risk of misuse, or wrongful or criminal deception will lead to a financial loss for one of the parties involved on a transaction. Fraud involving personal loans includes subscription fraud and auto and familiar fraud (when an individual acquires one of the Group products with the intention of not paying).
The Group’s fraud risk management policies are geared towards identifying and analyzing the transactions, to set appropriate controls and monitor all risks. Fraud Risk policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

e) Foreign Exchange Rate Risk

The functional currency is the BRL. The functional currency of the subsidiaries is generally the currency of the country in which they are located. Management decided not to hedge foreign exchange exposure originated by investments in Spain, United States and Mexico. As a result, the financial statements may present significant gains or losses due to translation of the financial statements of the subsidiaries due to the significance of these operations compared to Group's.

f) Operational Risk

Operational risk as the possibility of losses resulting from external events or failure, weakness or inadequacy of internal processes, people, or systems. It includes legal risk associated with the lack or deficiency in contracts, our failure to comply with applicable legal provisions and indemnities for damages to third parties arising from our activities.

The Group has an operational risk and internal control structure designed for the identification and assessment of operational risks, as well as the evaluation of the design and effectiveness of the internal controls structure. This structure also governs the preparation and periodic testing of the business continuity plan and for coordinating the risk assessment in new product launches and significant changes in existing processes. The Group's first line of defense and within the risk management process, includes for each business area mechanisms for identifying, measuring, evaluating, monitoring, and reporting operational risk events.

28. Related parties

Related parties' transactions are entered in the normal course of business at prices and terms approved by the Group's management.

As of December 31, 2023 and 2022, the Group maintains related parties' transactions:

a) Transactions with related parties

Loans to customers (1)	**2023**	**2022**
Clikalia S.A. de C.V	62,010	55,359
Convertible Notes	**2023**	**2022**
Shareholders	1,326,972	447,347
Interest income (2)	**2023**	**2022**
Clikalia S.A. de C.V	9,441	7,940
Financial Expenses	**2023**	**2022**
Convertibles - Shareholders	(1,372)	-

(1) Related parties of Loans to customers with parent company Clikalia. The interest rate is TIIE + 7% annual rate. This contract started in September 2021.
(2) Interest income generated in the operation of Cost of banking to originate the contracts.

b) Key management compensation

Management includes the legal directors of the Company and key executives of the Group and compensation consists of fixed compensation, profit sharing and benefits plus any correlating social or labor charges and or provisions for such charges.

	2023	**2022**
Salaries, benefits, and charges	(16,354)	(16,658)
Share based payments	(54,533)	(10,049)
Total	(70,887)	(26,707)

29. Other subjects

Purchase Agreement Andbank

Andbank and Creditas have signed a strategic agreement to foster their growth and expand their businesses. Under this agreement, Andbank Brasil, a private banking and asset management firm with R$8 billion in assets under management since 2011, will transfer its license to Creditas, a leading fintech platform for secured and specialized financial solutions. Upon approval of a share capital increase, the banking license will be valued at approximately R$450 million, and the overall transaction is valued at around R$500 million. The deal is subject to regulatory approvals from Banco Central do Brasil (BCB).

After the transaction, Andbank will continue its operations in Brazil as a broker dealer (DTVM) and asset management company. Furthermore, the agreement includes the possibility of Creditas becoming a minority shareholder in Andbank's private banking business, strengthening Andbank's private wealth franchise in Brazil. Simultaneously, Andbank plans to be a minority shareholder of Creditas. This strategic alliance creates new opportunities for both companies to leverage their strengths and expertise, driving mutual growth and value creation.

Insurance coverage

On December 31, 2023, and December 31, 2022, the Company had no contracts related to insurance coverage. Therefore, the amendments to IFRS 17, effective from January 1, 2023, are not applicable to the group.

30. Subsequent events

From the year-end date to the date of authorization of the financial statements, no event occurred that had an accounting or financial impact.