JBS S.A.

Report on the shareholder´s equity calculated based on book value as of December 31, 2024

Index

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Report on the shareholder´s equity calculated based on book value

To the Shareholders and Management
JBS S.A.
São Paulo - SP

Audit firm data

1. **KPMG Auditores Independentes Ltda.**, an entity established in the city of São Paulo, at Rua Verbo Divino, 1400, Conjunto Térreo ao 801 - Parte, CEP 04719-911, enrolled with the National Register of Legal Entities of the Ministry of Finance under number 57.775.217/0001-29, registered with the Regional Association of Accountants of the State of São Paulo under number 2SP-014428/O-6, represented by its partner, Mr. Fabian Junqueira Sousa, accountant, ID No. 18.151.616-0 and TAX ID No. 249.471.108-80 and registered accountant in the Regional Association of Accountants of the State of São Paulo under number 1SP235639/O-0, residing and domiciled in São Paulo - São Paulo, with office at the same address of the represented entity, appointed by JBS S.A. (the Company) management to perform an evaluation of the shareholder’s equity based on book value as of December 31, 2024, in accordance with the accounting practices adopted in Brazil, presents below the result of its work.

Purpose of the evaluation

2. The evaluation of the JBS S.A. shareholder’s equity based on book value as of December 31, 2024 has the purpose to meet the requirement set forth in article 227 of Law 6.404 from 1976, and will be used as basis for the merger of all shares issued by JBS S.A. by JBS Participações Societárias S.A., pursuant to the Memorandum of Merger to be entered into by the parties.

Management's responsibility for the accounting information

3. Management is responsible for the recording of accounting books and for the preparation of financial information in accordance with the accounting practices adopted in Brazil, and for the relevant internal controls determined by Management as necessary to enable the preparation of such financial information that is free from material misstatement, whether due to fraud or error. A summary of the significant accounting policies adopted by the Company is described in attachment II of the report.

Scope of the work and independent auditors' responsibility

4. Our responsibility is to express a conclusion on the book value of the Company's shareholder´s equity as of December 31, 2024, based on the work performed in accordance with the Technical Bulletin CTG 2002, approved by the Federal Association of Accountants, which establishes the application of examination procedures on the statement of financial position. Therefore, we performed the examination of the related Company's statement of financial position in accordance with Brazilian auditing standards, which require the auditor to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the shareholder’s equity calculated for the preparation of our report is free from material misstatement.

5. An audit involves performing selected procedures to obtain evidence regarding the recognized amounts. The selected procedures depend on auditor’s judgment, including the risk assessment of material misstatement on the shareholder’s equity, whether due to fraud or error. In making the risk assessment, the auditor considers internal controls that are relevant to the Company's preparation of the statement of financial position in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

6. Based on the work performed, we have concluded that the amount of R$44,780,867,425.93 (forty-four billion, seven hundred and eighty million, eight hundred and sixty-seven thousand, four hundred and twenty-five Brazilian reais and ninety-three cents), according to the statement of financial position as of December 31, 2024, recorded in the company's accounting records and summarized in Attachment I, represents, in all material respects, the shareholder’s equity of JBS S.A., in accordance with the accounting practices adopted in Brazil.

São Paulo, April 1, 2025

KPMG Auditores Independentes Ltda.
CRC 2SP-014428/O-6

Original report in Portuguese signed by

Fabian Junqueira Sousa
Accountant CRC 1SP235639/O-0

ANNEX I

JBS S.A.

Statements of financial position
(In thousands of Brazilian reais – R$)

ASSETS	
CURRENT ASSETS	**December 31, 2024**
Cash and cash equivalents	4,525,210,180.92
Margin cash	177,635,771.54
Trade accounts receivable	5,525,251,833.03
Inventories	4,468,478,298.02
Recoverable taxes	1,847,884,980.34
Derivatives assets	25,641,241.14
Other current assets	157,080,506.82
TOTAL CURRENT ASSETS	**16,727,182,811.81**
NON-CURRENT ASSETS	
Recoverable taxes	6,278,785,508.73
Related party receivables	494,268,879.50
Other non-current assets	278,961,366.51
TOTAL NON-CURRENT ASSETS	**7,052,015,754.74**
Investments in equity-accounted investees, associates and joint venture	34,774,762,251.40
Property, plant and equipment	13,733,212,933.67
Right of use assets	194,295,193.76
Intangible assets	226,023,118.28
Goodwill	9,085,970,651.18
TOTAL NON-CURRENT ASSETS	**65,066,279,903.03**
TOTAL ASSETS	**81,793,462,714.84**

JBS S.A.
Statements of financial position
(In thousands of Brazilian reais – R$)

LIABILITIES AND EQUITY

CURRENT LIABILITIES	December 31, 2024
Trade accounts payable	5,995,099,100.72
Supply chain finance	1,994,033,716.54
Loans and financing	113,676,964.11
Income taxes	187,835,758.81
Payroll and social charges	1,484,449,225.61
Lease liabilities	79,643,002.62
Dividends payable	2,218,299,869.00
Derivatives liabilities	327,673,439.51
Other current liabilities	1,254,589,219.76
TOTAL CURRENT LIABILITIES	**13,655,300,296.68**
NON-CURRENT LIABILITIES	
Loans and financing	6,509,313,005.14
Income taxes and other taxes	177,013,854.20
Payroll and social charges	1,814,171,392.82
Lease liabilities	144,826,235.57
Deferred income taxes	2,520,549,051.38
Provision for legal proceedings	476,817,324.40
Related party payables	10,834,038,914.04
Derivatives liabilities	618,478,689.68
Other non-current liabilities	262,086,525.00
TOTAL NON-CURRENT LIABILITIES	**23,357,294,992.23**
EQUITY	
Share capital – commons shares	23,576,206,155.88
Capital reserve	747,381,374.65
Other reserves	24,842,233.29
Profit Reserves	18,347,227,177.65
Accumulated other comprehensive income	3,579,973,233.76
TOTAL EQUITY	**44,780,867,425.93**
TOTAL LIABILITIES AND EQUITY	**81,793,462,714.84**

ANNEX II

Key accounting practices

a) Basis of preparation and measurement

The statements of financial position as of December 31, 2024, recorded in the books of accounts, is presented in accordance with accounting practices adopted in Brazil. The statements of financial position sheet has been prepared on the basis of historical cost, unless otherwise noted.

b) Functional and presentation currency

An entity's functional currency is the currency of the primary economic environment in which it operates. The statements of financial position is presented in Brazilian reais (R$), which is the Company's presentation and functional currency.

c) Transactions and balances in a currency other than their functional currency

Foreign currency transactions are translated into the respective functional currency of each subsidiary using prevailing exchange rates on the dates of the transactions, as described below:

i. Assets and liabilities are translated at the current rate at the date of each closing period;
II. Income and expenses are translated at the average rate at the date of each closing period;
III. All differences resulting from exchange rate translation are recognized in equity, in line with other income and are presented in the statements of comprehensive income under the heading "Accumulated adjustment of translation and exchange variation in subsidiaries".
IV. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, under the caption “Finance income” or “Finance expense”.

d) Significant accounting judgments and estimates

The preparation of these financial statements requires the use of estimates and judgment by management in the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates depending upon the variables, assumptions or conditions used by management.

Information about the judgments made in applying the accounting policies that have the most significant effects on the amounts recognized in these statements of financial position are:

a. Net revenue – transfer of control;
b. Share-based compensation;
c. Deferred and current income taxes – uncertain tax treatments.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

a. Fair value measurement for biological assets;
b. Recognition and realization of deferred income taxes assets;
c. Impairment of financial assets;
d. Key assumptions underlying the impairment test of goodwill, property, plant and equipment and intangible assets;
e. Key assumptions about the likelihood and magnitude of an outflow of resources related to the provision for legal proceedings;
f. Derivative financial instruments and hedge accounting.

The Company periodically reviews the estimates and assumptions on an ongoing basis.

1. Cash and cash equivalents, and cash margin

Cash and cash equivalents:

The Company considers all highly liquid investments with an original maturity of three months or less, readily convertible to known amounts of cash and which are subject to an immaterial risk of changes in fair value to be cash equivalents. The carrying value of these assets approximates their fair values.

Margin cash:

The Company is required to maintain cash balances with a broker as collateral for exchange-traded futures contracts. These balances are classified as margin cash as they are not available for use by the Company to fund daily operations. The balance of margin cash also include investments in Treasury Bills, linked to the Consumer Price Index - Consumer Price Index ("CPI"), that protect against the risk of inflation (or deflation) when held to maturity. The cash is redeemable when the contracts are settled, therefore they are not considered as cash and cash equivalents.

2. Trade accounts receivable

Trade accounts receivable correspond to amounts owed by customers in the ordinary course of business. If the receivable is due within one year or less the account receivable is classified as a current asset, otherwise the receivable is classified as a non-current asset. Accounts receivables are presented at amortized cost less any impairment. Accounts receivable denominated in currencies other than the entities’ functional currency are remeasured using the exchange rate in effect at the end of the reporting period.

3. Inventories

Inventories are stated at the lower of the average cost of acquisition or production and their net realizable value. In the case of finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity, such as purchased raw materials, livestock purchase costs, livestock grow out costs (primarily feed, livestock grower pay and catch and haul costs), labor, manufacturing and production overheads. Biological assets are reclassified to work in progress inventory at the time of slaughter based on their carrying amounts, which is historical cost as described in the explanatory note - Biological assets.

4. Related Parties Transactions

The main balances of assets and liabilities, as well as the transactions resulting in income (loss) for any period, arise from to transactions between related parties or at under market conditions and prices. Transference of costs includes borrowing costs, interest and exchange, when applicable.

Other related party transactions recorded

The Company entered into an agreement with Banco Original, under which Banco Original acquires receivables held against certain domestic and international customers. The assignments are negotiated without recourse, through the definitive transfer of risks and benefits of the receivables to Banco Original. As of December 31, 2024, the Company had R$1,585,092 in assigned receivables. For the fiscal year ended in 31 of December 2024, the Company recorded financial costs related to this operation in the amount of R$302,815 which were recorded financial statements as financial expenses.

As of December 31, 2024, the Company had balances with Banco Original, in the amount of R$327,246 recorded under cash and equivalents of cash. Financial investments, including CDBs (Bank Deposit Certificates) and similar instruments, yield returns equivalent to the CDI (Interbank Deposit Certificate) according to the specified term and investment amount, following market practices. For the fiscal year ended December 31, 2024, interest earned from these investments amounted to R$48,100 recorded in the financial statements as financial income.

The Company has cattle purchase commitments for future delivery with certain suppliers, including the related party JBJ Agropecuária ("JBJ"), ensuring the acquisition of cattle at a fixed or adjustable price, without any cash effect on the Company until these commitments mature. Under this forward delivery contract, JBJ has already advanced financing through banks in a reverse factoring arrangement. As of December 31, 2024, the transaction amounted to R$299,200.

The Company also engages in bovine by-product purchasing operations for rendering activities with Prima Foods S.A.

The Company is the sponsor of the J&F Institute, a business school for young people aiming to train future leaders, offering free, high-quality education. For the fiscal year ended December 31, 2024, the Company made donations totaling R$106,472 recorded in the financial statements as administrative expenses.

The Company is also a member of the JBS Fund for the Amazon, a non-profit association aimed at fostering and financing initiatives and projects for the sustainable development of the Amazon biome . During the financial year ended December 31, 2024, the Company made donations totaling R$12,025 recorded in the financial statements as administrative expenses.

In its insurance contracting and renewal processes, the Company includes Original Corporate Corretora de Seguros Ltda., a related party, in its panel of insurance brokers, with contracts awarded under standard market conditions.

For the fiscal years ended December 31, 2024, and 2023, no expected losses from doubtful debts were recorded, nor were any bad debt expenses recognized related to transactions with related parties.
On December 30, 2024, the Company entered into an agreement for the sale of its Hygiene and Beauty operation to the related party Flora Produtos de Higiene e Limpeza S.A.
The transaction covers the transfer of assets and operations related to manufacturing and marketing of hygiene and beauty products, according to the terms agreed between the parties. The value of the sale was established at R$ 315 million, subject to working capital adjustments. The completion of the transaction will occur after the fulfillment of the condition's precedent stipulated in the agreement. The Company did not classify the operation as discontinued on December 31, 2024, as it does not represent a line of business individually significant, corresponding to only 0.2% of the Company's net assets.

On June 26, 2024, the Company entered into an agreement with Âmbar Hidroenergia Ltda. to form a consortium for the joint operation of power plants aimed at generating electricity. The participation in the consortium was defined as 99% for JBS S.A. and 1% for Âmbar Hidroenergia Ltda..

5. Income taxes

Current taxes

The Company and its subsidiaries located in Brazil and abroad are taxed in accordance with the tax laws in effect in each country. The Company analyzes the results of each subsidiary to apply the relevant income tax legislation, aiming to comply with treaties signed by the Brazil and avoid double taxation.

Current income tax and social contribution are calculated on the taxable income for the period and any adjustments from prior years. The amount of current tax payable or receivable is recorded based on the best estimate, taking into account uncertainties related to the calculation of such taxes.

The effective tax rate is calculated based on the tax laws in effect during each period and in each country where the Company operates. Management periodically evaluates its position on tax matters subject to varying interpretations and recognizes provisions for potential income tax and social contribution payments, when necessary.

In accordance with the technical interpretation CPC/IFRIC23, Management has assessed relevant tax decisions, identifying potential divergences in relation to the tax positions adopted by the Company. Based on this analysis, and considering legal opinions and applicable case law, a provision amounting to R$4,714,311 was recognized, reflecting discrepancies regarding the taxation of profits from foreign affiliates located in countries with international treaties. This provision was recorded by reducing the "recoverable taxes" line item, reflecting the potential realization of these amounts in the future.

The Company periodically reviews its tax positions where there is uncertainty regarding the tax treatment applied and adjusts the provision as necessary, in line with changes in the prevailing regulatory and legal environment.

Deferred taxes

The Company's tax assets or liabilities may be offset against the tax assets or liabilities if the said entities are legally entitled to it make or receive a single net payment and they intend to make or receive that net payment or recover the assets and settle liabilities simultaneously. In the Company, tax calculations refer to known tax uncertainties due to judgments used to calculate tax liabilities in the application of complex tax regulations complex tax regulations, which are constantly evolving in the tax jurisdictions where the Company operates. Deferred taxes will only be recognized if it is probable that it is probable that in the future there will be a positive tax base against which temporary differences can be utilized and losses offset, based on projections of taxable income taxable results as well as technical feasibility studies, submitted annually to the Company's and its subsidiaries' management bodies, when applicable.

Changes in tax laws and rates may affect deferred tax assets and liabilities recorded in the future. the Administration does not believe that there is a reasonable probability that there will be a material change in the recognized balances, however, at the close of the fiscal year, the calculation may result in a payment that is significantly different from the current estimate of tax liabilities or a change in the effective tax rate in the financial statements due to the complexity of these tax uncertainties. A legal settlement not favorable to the Company would require a cash outflow and could result in an increase in the effective tax rate on assessment; a favorable legal settlement may result in a reduction in the effective tax rate at assessment.

Deferred taxes are recognized on tax loss carryforwards and temporary asset and liability differences on tax basis versus book basis. Deferred taxes are not recognized when arising from active and/or passive adjustments that do not affect the tax bases, with the exception of adjustments of business combination adjustments. Deferred taxes are determined using tax rates (and laws) that are effective or substantively effective at the end of the current period and are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax expense on goodwill amortization is recorded only when there is tax amortization of goodwill in the assessment. .

Tax losses in Brazil do not expire, but are limited to the use of 30% of taxable income for the year. The utilization of tax losses in other jurisdictions expires between 10 and 20 years.

6. Investments in equity-accounted investees, associates and joint venture

The investments in associates and joint ventures are accounted using the equity method. Associates are those companies in which the Company has significant influence, without the power to control the financial and/or operating policy decisions. Joint ventures are those in which control is jointly exercised by the Company and one or more partners.

The financial statements of its subsidiaries are adjusted to follow the accounting policies established by the Company. All transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated.

When the Company acquires more shares or other equity instruments of an entity that it already controls, the gains and losses of this variation of participation are recorded as an increase or decrease in shareholders' equity under the caption "Capital Transaction".

7. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the purchase of the items and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Company and they can be measured reliably. The carrying amount of the replaced items or parts are recognized. All other repairs and maintenance costs are charged to the statement of income in the period in which they are incurred.

Depreciation is recognized using the straight-line method over the estimated useful lives of the assets. Assets are depreciated to their residual values. Land and construction in progress is not depreciated.

The Company assesses the recoverability of long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. When future undiscounted cash flows of assets are estimated to be insufficient to recover their related carrying value, the Company compares the asset’s estimated future cash flows, discounted to present value using a risk-adjusted discount rate, to its current carrying value and records a provision for impairment as appropriate.

The assets’ residual values and useful lives are reviewed and adjusted, if needed, at the end of each reporting period and the effect of any change in estimates is accounted for prospectively.

At each reporting date, management assesses whether there is an indication that an asset may be impaired. In that case, the estimated recoverable amount will be measured to determine if the asset is impaired. Assets and liabilities are grouped into CGU's (Cash generating units) for impairment testing purposes. When an assets or CGU's carrying amount, it is higher than its estimated recoverable amount, it is written down immediately to the recoverable amount. The recoverable amount is the higher amount of the estimate of the assets' fair value less cost to sell and value in use.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are recognized within the statement of income.

The Company's construction in progress relates to investments for expansion, modernization and adaptation of plants for the purposes of increasing productivity and obtaining new certifications required by the market. When these assets are completed and placed in service, they are transferred to property, plant and equipment and depreciation commences.

During the year ended at December 31, 2024, the Company entered into several purchase commitments for property, plant and equipment in the amount of R$94,927.

8 . Leases

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost and subsequently, at cost less any accumulated depreciation and impairment and adjusted for certain remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that were not paid at the start date, discounted at the interest rate implicit in the lease agreement. When the implicit rate cannot be readily determined, the incremental borrowing rate is used as discount rate.

The Company when measuring and remeasuring its lease liabilities and the right of use, used the discounted cash flow technique without considering projected future inflation in the flows to be discounted. Such technique generates significant distortions in the information provided, given the current reality of long-term interest rates in the Brazilian economic environment.

The nature of the expenses related to these leases is recognized as cost of depreciation of right of use assets. Financial expenses on lease obligations are recognized and demonstrated as interest expense.

The Company uses the optional exemption to not recognize a right of use asset and lease liability for short term (less than 12 months) and low value leases. The average discount rate used for the present value's calculation of the lease provision of the identified assets and, consequently, for the monthly accrual of financial interest were 5.83%, accordance with the term of each lease agreement and the economic policy of each subsidiary's domicile, in accordance with the term of validity of each lease agreement and the economic policy of each country where the subsidiary is domiciled.

9. Intangible assets

Intangible assets are carried at acquisition cost, net of accumulated amortization and impairment, if applicable. Intangible assets are recognized when it is expected that the assets will generate future economic benefits, taking into consideration the intangible assets' economic and technological viability. Intangible assets are primarily comprised of trademarks, customer relationships, water and mineral rights, supplier contracts, software and others..

Intangible assets with finite useful lives are amortized over the period of effective use using the straight-line method or a method that reflects the economic benefits of the asset. Intangible assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of na asset's fair value less costs to sell and its value in use.

The carrying value of indefinite-lived intangible assets, which refers to trademarks and water rights, are tested at least annually for impairment or more frequently if events or changes in circumstances indicate that the assets may be impaired. If impairment exists, a loss is recognized to write down the indefinite-lived assets to their recoverable amount.

Management understands that certain trademarks have indefinite lives due to verifiable history, the nature of the assets and expected use of the asset by the Company.

These acquired trademarks have no legal, regulatory or contractual limits on their use, do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other forms of deterioration in value.

Intangible assets acquired in a business combination are recognized at fair value based on valuation methodologies and techniques that often involve the use of a thirdparty valuation firm's expertise to calculate estimates of discounted cash flows.

10. Goodwill

The goodwill is recognized under the caption "Investments in subsidiaries, associate and joint venture" because for the investor it is part of its investment in the subsidiary's acquisition . Therefore, in the Company there is only goodwill from incorporations in the amount of R$9,085,970.
For tax purposes, all the goodwill recorded in the Company was fully amortized in the year ended December 31, 2021.

Goodwill is an indefinite lived asset and is required to be tested for impairment annually or whenever there is evidence of a decline in fair value. Assets and liabilities are grouped into CGU's (Cash generating units) for impairment testing purposes. Any impairment loss is recognized immediately in the statement of income and cannot be reversed.

For impairment testing, assets grouped together into the group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. CGUs are tested for impairment annually or whenever events and circumstances indicate that the recoverable amount of the CGU is less than its carrying amount. The recoverable amount is the higher of fair value less cost to sell or value in-use.
The Company first estimates the value in-use of CGUs and if lower than the carrying amount, the Company will estimate the fair value less cost to sell. During the years ended at December 31, 2024 and 2023, our estimates of the CGU groups' value in-use exceeded their carrying amounts and therefore estimates of fair value less cost to sell were not determined. The Company estimates of value inuse contain uncertainties due to judgments used in assumptions, including revenue growth, costs and expenses, capital expenditures, working capital and discount rates.

The assumptions are based on Management's estimates as well as comparable data available for market and economic conditions which generate the cash flows.

Upon the sale of a business, the goodwill or corresponding portion of goodwill is included in the calculation of profit or loss on disposal.

11. Trade accounts payable

Trade accounts payable correspond to the amounts owed to suppliers in the ordinary course of business. If the payment period is equivalent to one year or less, the amount is classified as current liabilities, otherwise the corresponding amount is classified as non-current liabilities. Accounts payable are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method.

12. Confirmed Risk

The Company engage in confirmed risk operations with top-tier financial institutions alongside domestic suppliers. It should be noted that, apart from a relaxation of terms, there were no operational or commercial changes in the process. Additionally, this transaction does not impact the prices set by the suppliers, which remain unchanged compared to the pre-operation values.

The primary objective of the agreement is to optimize payment processing and enable the advancement of receivables to participating suppliers, compared to the original invoice due date. For the Company, this operation does not result in a significant extension of payment terms compared to those previously agreed upon with nonparticipating suppliers, but it offers the advantage of early receipt to those involved. Additionally, the Company does not incur additional interest on the amounts owed.

Therefore, the amounts involved in the transaction are recorded as accounts payable, maintaining the same nature and function as the Company's other obligations, and are classified as current liabilities as of December 31, 2024 and 2023.

13. Loans and financing

Loans and financing are initially recognized at fair value upon receipt of the proceeds, net of transaction costs, and subsequently measured at amortized cost. Below is a schedule showing the Company loans and financing instruments by foreign and local currency. Local currency indicates loans denominated in the functional currency of the borrower. All borrowings denominated in currencies other than the presentation currency (Brazilian Reais) are translated to presentation currency each reporting period. Current amounts include accrued but unpaid interest at period-end. Premiums, discounts and transaction costs are amortized to finance expense using the effective interest method.

Debt Registration with the Securities Exchange Commission (SEC): On October 25, 2024, following the effectiveness declaration by the United States Securities and Exchange Commission (SEC), the Company initiated the acceptance period for the Exchange Offer of the 13 existing series of debt securities ("Old Bonds"), which were not registered with the SEC, for new registered debt securities ("New Bonds"). The offer was filed with the SEC on August 25 and expired on November 25, 2024.

14. Payroll and social charges

Taxes payable in installments: In December 2022, the Brazilian Supreme Court (STF), in a favorable decision regarding the Direct Action of Unconstitutionality (ADI No. 4,395), declared unconstitutional the subrogation of the collection of social security contributions related to the Rural Worker Assistance Fund (FUNRURAL) to slaughterhouses, consumer companies, consignors, or cooperatives purchasing production. As of December 31, 2024, the Company and its subsidiaries have recorded a provision under the "Social Charges Installments" line item amounting to R$1.49 billion related to FUNRURAL installments. As of December 31, 2024, the Company and its subsidiaries settled installments in cash and offset them against recoverable tax balances totaling R$1.49 billion . The Company is still awaiting the approval of the judgment minutes that will proclaim the result, as well as potential modulation of effects by the STF, which will determine the period for which the decision will take effect.

15. Dividends payable

The Company's bylaws require the payment of dividends equal to at least 25% of the annual net income attributable to company shareholders , after the allocation of 5% to the legal reserve, consequently, the Company registers the obligation at the end of the year for the minimum mandatory dividends.

The amount of residual dividends from previous fiscal years corresponds to unpaid amounts due to the lack of updated banking details with banks and brokers. This issue, arising from some minority shareholders, prevents the completion of the payment. The Company notifies these shareholders to update their information so that the balance can be settled. The balance of prescribed dividends is absorbed under the "Profit Reserves" account, as they are not distributed within the three-year period. The liability will be maintained as a short-term obligation during the legal period, as the payment is automatically processed once the records are updated.

On August 13, 2024, the Company approved the distribution of proposed interim dividends from profit reserves, totaling R$4.44 billion, equivalent to R$2.00 per common share. These interim dividends were paid to shareholders on October 7, 2024.

On November 13, 2024, the Company approved the distribution of proposed interim dividends related to profit reserves, in the total amount of R$2.22 billion, corresponding to R$1.00 per ordinary share. The interim dividends were paid to shareholders on January 15, 2025.

16. Provision for legal proceedings

The preparation of financial statements requires Management to use estimates and assumptions regarding contingencies, which affect the value of assets, liabilities, revenues, and expenses in the current reporting period. In particular, given the uncertainties of a fiscal nature in Brazilian tax legislation, the determination of tax liabilities requires Management to exercise judgment, and the outcome upon realization may differ from the estimates.

The Company and its subsidiaries are subject to proceedings of labor, civil, tax, social security, and other natures. Management must estimate the probability of any adverse outcomes from these proceedings as well as the probable losses associated with these matters.

Provisions are recognized as liabilities, in administrative expenses, and charges in financial results, when losses are considered probable; that is, when an outflow of resources is likely to be required, and the amount can be reliably measured.

When the existence of a present obligation is not deemed probable, the Company discloses contingent liabilities, except in cases where the possibility of an outflow of resources is remote, in which case no provision or disclosure is required.

The Company is involved in judicial and administrative proceedings, predominantly in Brazil. The analysis of the probability of losses in these cases takes into account the available evidence, legal norms, jurisprudence, the most recent and relevant judicial decisions, as well as the opinions of in-house legal counsel. Provisions are adjusted for inflation and recorded in net financial results (income/expenses). The average estimated time for the conclusion of proceedings is approximately 2.5 years for labor cases, 4 years for civil cases, and between 5 and 10 years for tax and social security cases.

17. Financial instruments

The Company and its subsidiaries recognize their financial assets and liabilities at fair value at initial recognition, with the exception of the accounts receivable which is measured at price per transaction, and subsequently measured at amortized cost or fair value through the result based on the business model for managing its assets and the contractual cash flow characteristics of the financial asset. The Purchases or sales of financial assets or liabilities are recognized at the date of the transaction.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them:

I. Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated at initial recognition at fair value through profit or loss. In this category the Company classifies mainly "CDBs and treasury bills" and "Derivative financial instruments".

II. Amortized cost: Represent financial assets and liabilities which Company's business model is to maintain financial assets in order to receive contractual cash flows and that exclusively constitute principal and interest payments on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized when the asset is written off, modified or has a reduction in its recoverable value. In this category the Company classifies mainly "Trade accounts receivable", "Cash and cash equivalents", "Trade accounts payable" and "Loans and financing".

Financial assets and liabilities are offset and presented net in the balance sheet when there is a legal right to offset the amounts recognized and there is an intention to liquidate them on a net basis or to realize the asset and settle the liability simultaneously. The legal right should not be contingent on future events and should be applicable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.