

Financial Statements

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

December 31, 2023
with Independent Auditor's Report

Management Report

1. Figures and performance

The year 2023 was a period marked by excellent economic performance for BGC Liquidez, even presenting a slight retraction in its numbers. Since the end of 2022, the Company has been hiring highly regarded professionals from the financial market, but the Israel-Hamas war at the Gaza Strip and the Central Bank Benchmark Rate (Selic Rate) not expected to fall contributed with this slight retraction presented in our financial statements.

The Securities Dealer ("Entity" or "Company") recorded a trading revenue in this year of R\$59,929 (R\$64,684 in 2022). The Company's net income in 2023 totaled R\$40,903 (R\$44,523 in 2022), the fall in its income is due to the realization of deferred taxes, which for the year 2023 the Company recorded an expense of R\$6,100 (whilst for 2022 there was income of R\$22,769). Net income was entirely held in a reserve account as it is earmarked for future investments.

The Company's assets at December 31, 2023, totaled R\$267,450 (R\$288,252 in December 2022) with total liabilities of R\$85,533 (R\$147,212 in December 2022). Equity of R\$181,917 (R\$141,040 in December 2022) increased due to the net income recorded in the period.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Financial statements

December 31, 2023

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A free translation from Portuguese into English of Independent auditor's report on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to small and medium-sized enterprises (NBC TG 1000 (R1))

Independent auditor's report on financial statements

To the
Management and Members of
BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.
Rio de Janeiro - RJ

Opinion

We have audited the financial statements of BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda. (the "Entity") which comprise the statement of financial position as at December 31, 2023, and the related statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda. as at December 31, 2023, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Entity and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of a matter - Restatement of the financial statements

As mentioned in Note 2.1a, the Company is restating comparative balances of income and social contribution taxes, disclosed in Note 24b, due to adjustments conducted in changes in assets and liabilities of temporary differences from the comparative period. As a consequence, the Note was adjusted and is restated as per NBC TG 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of these matters.

Other information accompanying the financial statements and the auditor's report

The Entity's executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the 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 the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive board and those charged with governance for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, and for such internal control as the executive board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive board is responsible for assessing the Entity'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 the executive board either intends to liquidate the Entity or to cease its operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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



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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained 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 Entity's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Dealer to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

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

São Paulo, March 26, 2024

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-034519/O

Henrique Furtado Maduro
Accountant CRC SP-291892/O

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Statement of financial position at
December 31, 2023 and 2022
(In thousands of reais)

	Note	12/31/2023	12/31/2022		Note	12/31/2023	12/31/2022
Assets		156,573	140,653	Liabilities			
Current assets				Current liabilities		80,535	134,024
Cash and banks	4	319	870	Financial liabilities			
Financial instruments				Borrowings and onlending	12	-	10,000
Highly liquid short-term investments	5	66,700	74,496	Derivative financial instruments	6.d	-	136
Marketable securities	6	52,798	20,010	Securities trading	7.b	4,464	17,834
Securities trading	7.a	7,626	18,030	Provisions			
Other receivables				Social and labor obligations	13	41,409	45,653
Income receivable	8	1,927	2,355	Current tax obligations	14	13,846	19,469
Other assets	9	27,203	24,892	Other obligations	15	20,816	40,932
Noncurrent assets		105,235	144,059	Noncurrent liabilities		4,998	13,188
Financial instruments				Provisions			
Marketable securities	6	83,070	117,325	Other contingent liabilities	25	4,961	12,931
Other receivables				Deferred tax liabilities	24.b	37	257
Other assets	9	5,594	3,862				
Deferred tax assets	24.b	16,571	22,872	Equity		181,917	141,040
Permanent assets		5,642	3,540	Capital	16.a	75,305	50,230
Property and equipment in use	10.a	13,940	12,513	Capital increase	16.b	-	25,075
(-) Accumulated depreciation	10.b	(8,343)	(9,038)	Legal reserve	16.c	5,203	3,158
Intangible assets,	11.a	347	347	Income reserve	16.d	101,354	62,496
(-) Accumulated amortization	11.b	(302)	(282)	Other comprehensive income		55	81
Total assets		267,450	288,252	Total liabilities and equity		267,450	288,252

See accompanying notes.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Statement of profit or loss

Years ended December 31, 2023 and 2022 and six-month period ended December 31, 2023

(In thousands of reais, except earnings per unit of interest)

	Note	2 nd half of 2023	12/31/2023	12/31/2022
Trading revenues		25,698	59,929	64,684
Gain (loss) on marketable securities transactions	6.c	44,278	93,256	76,745
Gain (loss) on derivative financial instruments	6.d	(18,580)	(33,327)	(12,061)
Trading expenses		(6)	(784)	(2,683)
Borrowings and onlending	12	(6)	(784)	(2,683)
Net trading profit		25,692	59,145	62,001
Other operating income (expenses)		40,898	77,029	68,139
Service revenue	17	91,116	185,327	176,062
Personnel expenses	18	(23,096)	(45,251)	(39,180)
Other administrative expenses	19	(26,616)	(52,362)	(44,829)
Tax expenses	20	(7,832)	(16,231)	(16,211)
Other operating income	21	13,709	15,177	2,503
Other operating expenses	22	(6,383)	(9,631)	(10,206)
Operating income (expenses)		66,590	136,174	130,140
Income before income taxes and profit sharing		66,590	136,174	130,140
Income and social contribution taxes		(13,588)	(27,098)	(4,760)
Current income and social contribution taxes	24.a	(8,130)	(20,998)	(27,529)
Deferred income and social contribution taxes		(5,458)	(6,100)	22,769
Employee profit sharing		(30,190)	(68,173)	(80,857)
Net income for the six-month period		22,812	40,903	44,523
Earnings per unit of interest - R\$		0.45	0.54	0.89

See accompanying notes.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Statement of comprehensive income

Years ended December 31, 2023 and 2022 and six-month period ended December 31, 2023

(In thousands of reais)

	2nd half of 2023	12/31/2023	12/31/2022
Net income for the six-month period/year	22,812	40,903	44,523
Items that may be reclassified to the statement of profit or loss			
Net fair value of financial assets available for sale	(15)	(26)	199
Comprehensive income (loss) for the six-month period/year	22,797	40,877	44,722

See accompanying notes.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Statement of changes in equity

Years ended December 31, 2023 and 2022 and six-month period ended December 31, 2023

(In thousands of reais)

	XX Capital	Capital increase	Legal reserve	Income reserve	Other comprehensive income	Net income for the six-month period	Total
Balances at December 31, 2021 - Restated	50,230	25,075	932	20,199	(118)	-	96,318
Net income for the year	-	-	-	-	-	44,523	44,523
Recognition of reserves	-	-	2,226	42,297	-	(44,523)	-
Marketable securities marked to market	-	-	-	-	199	-	199
Balances at December 31, 2022	50,230	25,075	3,158	62,496	81	-	141,040
Capital increase	25,075	(25,075)	-	-	-	-	-
Net income for the year	-	-	-	-	-	40,903	40,903
Recognition of reserves	-	-	2,045	38,858	-	(40,903)	-
Marketable securities marked to market	-	-	-	-	(26)	-	(26)
Balances at December 31, 2023	75,305	-	5,203	101,354	55	-	181,917
Balances at June 30, 2023	50,230	25,075	4,063	79,682	70	-	159,120
Capital increase	25,075	(25,075)	-	-	-	-	-
Net income for the six-month period	-	-	-	-	-	22,812	22,812
Recognition of reserves	-	-	1,140	21,672	-	(22,812)	-
Marketable securities marked to market	-	-	-	-	(15)	-	(15)
Balances at December 31, 2023	75,305	-	5,203	101,354	55	-	181,917

See accompanying notes.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Statements of cash flows

Years ended December 31, 2023 and 2022 and six-month period ended December 31, 2023

(In thousands of reais)

	Note	2 nd half of 2023	12/31/2023	12/31/2022
Cash flows from operating activities				
Net income for the six-month period/year		22,812	40,903	44,523
Noncash adjustments				
Reversal of provisions for labor contingencies	21	(11,211)	(11,955)	-
Provision for labor contingencies	22	3,219	3,953	1,867
Provision for civil contingencies	22	692	692	-
Monetary adjustment		(96)	(196)	(340)
Unrealized foreign exchange differences		(244)	602	379
Provision for deferred income and social contribution taxes		5,458	6,100	(22,617)
Depreciation and amortization	19	736	1,351	1,019
Adjusted net income for the six-month period/year		21,366	41,450	24,831
(Increase)/decrease in marketable securities		1,128	1,467	(23,105)
(Increase)/decrease in derivative financial instruments		-	(136)	136
(Increase)/decrease in securities trading		59	(2,992)	12,886
(Increase)/decrease in income receivable		203	428	(82)
(Increase)/decrease in other assets		3,825	(3,847)	(3,317)
Increase/(decrease) in social and labor obligations		(7,672)	(4,245)	13,121
Increase/(decrease) in current tax obligations		(5,813)	(16,455)	11,933
IRPJ and CSLL tax base payments		7,113	10,814	-
Increase/(decrease) in accounts payable		(22,045)	(21,239)	2,744
Net cash flows from operating activities		(1,836)	5,245	39,147
Cash flows from investing activities				
Acquisition of property and equipment		(2,478)	(3,832)	(2,096)
Write-off of property and equipment		240	240	72
Net cash flows from investing activities		(2,238)	(3,592)	(2,024)
Cash flows from financing activities				
Repayment of borrowings and onlending		-	(10,000)	(10,000)
Net cash flows from financing activities		-	(10,000)	(10,000)
Net increase (decrease) in cash and cash equivalents		(4,074)	(8,347)	27,123
Cash and cash equivalents at beginning of six-month period/year		71,093	75,366	48,243
Cash and cash equivalents at end of six-month period/year		67,019	67,019	75,366
Net increase (decrease) in cash and cash equivalents		(4,074)	(8,347)	27,123

See accompanying notes.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements

Years ended December 31, 2023 and 2022

(In thousands of reais)

1. Operations

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda. (the “Entity” or “DTVM”) is a limited liability entity with head office in the city of Rio de Janeiro, Brazil, and premises in the city of São Paulo. The Entity is a subsidiary of BGC Brazil Holdings Limitada, headquartered in Brazil, and its ultimate parent is BGC Partners, Inc, with jurisdiction in the United States of America.

The DTVM’s main business purpose is to operate as a stock exchange broker, operate on commodities and futures exchanges; render brokerage and advisory services or technical support in financial and capital markets activities and operations, in addition to conducting other activities expressly authorized by both the Central Bank of Brazil (BACEN) and the Brazilian Securities and Exchange Commission (CVM).

2. Presentation of financial statements

The National Monetary Council (CMN) Resolution No. 4818/2020 and the Central Bank of Brazil (BCB) Resolution No. 02/2020 established the general criteria and procedures for the preparation and disclosure of the Financial Statements. BCB Resolution No. 02/2020 repealed BACEN Circular Letter No. 3959/2019 and is applicable in the preparation, disclosure and issuance of Financial Statements since it became effective on January 1, 2021. That standard, among other requirements, determined the disclosure of recurring and nonrecurring income (loss) in a segregated manner in the notes to the financial statements.

In addition, as of January 2020, the amendments introduced by CMN Resolutions Nos. 4818/20, 4924/21 and BCB Resolution No. 2/2020, were included in the Entity’s financial statements. The main objective of these standards is to bring similarity with the guidance for the presentation of financial statements in accordance with the International Financial Reporting Standards (IFRS). The main changes implemented were: presentation as current and noncurrent; the balances in the statement of financial position for the period are presented in comparison with the immediately preceding fiscal year and the other statements with the same periods of the previous fiscal year for which they were presented; presentation of finance lease transactions at present value under assets; assessments of recurring and nonrecurring income (loss); and the inclusion of the Statement of Comprehensive Income (Loss).

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

2. Presentation of financial statements (Continued)

The accounting pronouncements issued by the Brazilian FASB (CPC) approved by the Central Bank of Brazil are listed below:

Standard	BACEN/CMN Resolution No.
CPC 01 (R1) - Impairment of Assets	3,566/08
CPC 02 (R2) - The effects of changes in foreign exchange rates and translation of financial statements	4,524/16
CPC 03 (R2) - Statement of Cash Flows	4,818/20
CPC 04 (R1) - Intangible Assets	4,534/16
CPC 05 (R1) - Related Party Disclosures	3,750/09
CPC 10 (R1) - Share-based Payment	3,989/11
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	4,007/11
CPC 24 - Events After the Reporting Period	3,973/11
CPC 25 - Provisions, Contingent Liabilities and Contingent Assets	3,823/09
CPC 27 - Property, Plant and Equipment	4,535/16
CPC 33 (R1) - Employee Benefits	4,877/20
CPC 41 - Earnings per share	3,959/19
CPC 46 - Fair Value Measurement	4,748/19

In preparing these financial statements, assumptions and estimates regarding prices were used to record and determine the amounts of assets and liabilities. Accordingly, when such assets and liabilities are effectively settled, the resulting gain or loss may differ from these estimates.

The following pronouncements have been approved by the Central Bank of Brazil, but do not have an immediate effect on the Entity's financial statements. They will become effective on January 1, 2025.

- CMN Resolution No. 4966/2021 - effective from January 1, 2025, provides for the accounting criteria applicable to financial instruments, as well as for the designation and recognition of hedging relationships (hedge accounting), and includes concepts of CPC 48 - Financial Instruments.
- CMN Resolution No. 4975/2021 - effective from January 1, 2025, approves the adoption of CPC 06 (R2), which provides for the recognition, measurement, presentation and disclosure of leases by a financial institution, either as a lessor or as a lessee. The impacts of the implementation of this standard are being analyzed by the Entity.
- BCB Resolution No. 255/2022 and BCB Ruling No. 318/2022 provides for the use of the accounting standard for Institutions Regulated by the Central Bank of Brazil (Cosif) and defines the accounting subgroups of the accounts in the Accounting Standard for Institutions Regulated by the Central Bank of Brazil (Cosif). The impacts of the implementation of the new standard for the Cosif chart of accounts are being analyzed by the Entity.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

2. Presentation of financial statements (Continued)

Plan for the implementation of CMN Resolution No. 4966/21

In compliance with the provisions of article 76 of CMN Resolution No. 4966/21, the Entity presents a summary of the plan for implementation of the accounting regulations established in this resolution, already approved by the Board of Directors in 2022.

The structure of the work front is based on the following main pillars:

- (i) Recognition, classification, measurement and derecognition;
- (ii) Expected loss;
- (iii) Hedge accounting; and
- (iv) Disclosures.

The Entity has been conducting the activities in stages as follows:

- Identify the main differences in requirements between the current standards and CMN Resolution No. 4966/21;
- Assess the procedures, controls and systems, and identify any necessary adjustments;
- Identify the need to adapt existing models and parameters to calculate expected losses; and
- Establish detailed implementation plans considering processes and systems.

The Entity is still assessing the possible impacts of the adoption of CMN Resolution No. 4966/21. Nonetheless, it should be noted that, according to article 67 of CMN Resolution No. 4966/21, BACEN may disclose additional rules that are necessary for the enactment of the Resolution. Such rules may have a material impact on the action plans that have been identified.

These financial statements were approved by the Entity's Executive Board on March 26, 2024.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

2. Presentation of financial statements (Continued)

2.1. Restatement for the correction of errors

a) Note 24b restatement of December 2022

By presenting the Note 24b in December 2022, the Company compared it in the P&L balances, when actually the Company should have presented it in the Statement of Financial Position balances, thus, and considering the temporary differences of monetary adjustment and marketable securities marked to market at the tax credits' opening balance, as follows:

Note disclosed at December 31, 2022

Temporary difference	Balance at 12/31/2022	Deferred tax asset, net	Present value	Period for realization
Provision for profit sharing	40,493	16,602	16,252	Within 1 year
Provision for contingencies	10,731	4,400	1,685	5 to 10 years
Provision for reimbursement to related parties	4,562	1,870	716	5 to 10 years
Monetary adjustment of judicial deposits	(252)	(103)	(40)	5 to 10 years
Total	55,534	22,769	18,613	

To be used in	Deferred tax asset, net	Present value
2023	18,757	15,334
2024	1,358	1,110
2025	1,100	899
2026	1,000	818
2027	554	452
Total	22,769	18,613

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

2. Presentation of financial statements (Continued)

2.1. Restatement for the correction of errors (Continued)

a) Note 24b restatement of December 2022 (Continued)

Restated Note

Temporary difference	Balance at 12/31/2022	Deferred tax asset, net	Present value	Period for realization
Provision for profit sharing	40,493	16,602	16,252	Within 1 year
Provision for contingencies	10,731	4,400	1,685	5 to 10 years
Provision for reimbursement to related parties	4,562	1,870	716	5 to 10 years
Monetary adjustment of judicial deposits	(489)	(201)	(77)	5 to 10 years
Marketable securities marked to market	(136)	(56)	(21)	5 to 10 years
Total	55,161	22,615	18,555	

December 31, 2022		
To be used in	Deferred tax asset, net	Present value
2023	18,757	15,390
2024	1,358	1,114
2025	1,100	903
2026	1,000	820
2027	400	328
Total to be used	22,615	18,555

December 31, 2022		
To be used in	Deferred tax asset, net	Present value
2023	18,757	15,390
2024	1,358	1,114
2025	1,100	903
2026	1,000	820
2027	400	328
Total to be used	22,615	18,555

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

3. Significant accounting practices

1. Cash and cash equivalents

The amount of cash and cash equivalents in domestic currency is stated at face value. A characteristic of cash and cash equivalents (highly liquid interbank investments) is their high liquidity. They have a maturity term equal to or less than 90 days on the date of acquisition and present an insignificant risk of changes in fair value. Cash and cash equivalents are broken down in Note 4.

2. Marketable securities

Pursuant to Bacen Circular Letter No. 3068 of November 8, 2001, marketable securities in portfolio are classified into three different categories, according to management's intention, as follows:

- Held for trading;
- Available for sale; and
- Held to maturity.

Held-for-trading securities are stated as current assets, regardless of maturity. These include securities acquired to be actively and frequently traded. They are marked to market, whereas their appreciation or depreciation is posted to profit or loss (P&L).

Available-for-sale securities represent securities that were not purchased for the purpose of being frequently traded. They are used, among other purposes, for liquidity reserve, guarantees, and hedge against risks. Gains earned based on acquisition rates as well as any permanent losses thereon are recorded in P&L. These securities are carried at market value whereas valuation gains or losses are matched against a specific account in equity (net of tax effects) and posted to P&L upon realization thereof.

Held-to-maturity securities refer to those the Entity has the intention and financial ability to hold in portfolio until their maturity. They are stated at acquisition cost, plus related earnings. Any permanent losses are immediately recorded in P&L.

Derivative financial instruments are valued at market value at the reporting date, and accounted for based on the following criteria:

- Futures transactions - daily adjustments are recorded as assets or liabilities and allocated as income or expenses on a daily basis;

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

3. Significant accounting practices (Continued)

2. Marketable securities (Continued)

- Options transactions - premiums paid or received are accounted for in an asset or liability account, respectively, and remain therein until the option is effectively exercised, if applicable, when they are written off as a decrease or increase in cost of the asset, if it is effectively exercised, or as income or expense, in the event it is not exercised; and
- Swap transactions - differences receivable or payable are recorded as assets or liabilities, respectively, and recognized as income or expense on a pro rata basis through the reporting date.

At December 31, 2023 and 2022, there were no derivative financial instruments intended as hedging instruments.

3. Securities trading - assets and liabilities

Represented by amounts pending settlement within the regulatory deadline, related to the purchase or sale of securities and agreements of financial assets held on B3 S.A. - Brasil, Bolsa, Balcão ("B3"), for own account and/or of third parties.

4. Borrowings and onlending

These funds are stated at the amounts payable and consider the charges payable through the reporting date, recognized on a daily "pro rata" basis.

5. Property and equipment and intangible assets

They correspond to the rights over tangible and intangible assets intended to maintain the Institution's activities or that are exercised for that purpose.

Property and equipment (tangible assets) and deferred charges (intangible assets) are stated at cost. Depreciation of property and equipment is calculated using the straight-line method, at the rates of 20% p.a. for vehicles and data processing systems, and 10% p.a. for the other items. Amortization of intangible assets is also calculated using the straight-line method, at the rate of 20% p.a.

Intangible assets comprise development and acquisition costs and expenses of software used in data processing activities.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

3. Significant accounting practices (Continued)

6. Employee benefits

Employee benefits are recognized, measured and disclosed in accordance with the criteria established by CPC 33 (R1) - Employee Benefits, approved by CMN Resolution No. 4877/20.

7. Share-based payment

Eligible employees participate in the global long-term compensation program by receiving units that represent an expected future right to receive shares (units) of the parent BGC Global Holdings L.P. The units are measured based on the company's share value on the date on which the conversion of units into shares is authorized. When the Parent settle the units, i.e., pays to the Entity's employees, the Entity records these amounts as expenses for the period in profit or loss, matched against liabilities, and subsequently reimburses the employee benefit to the Parent. There is no deadline established for the reimbursement, and the Entity and its Parent are currently negotiating reimbursements twice a year.

8. Taxes

Taxes are calculated at the rates below, considering the legislation in force relevant to each tax for purposes of the respective tax bases.

Tax	Rate
IRPJ	15.00%
IRPJ (surtax)	10.00%
Social Contribution tax on Net Profit (CSLL) (i)	15.00%
Contribution tax on gross revenue for social integration program (PIS)	0.65%
Contribution tax on gross revenue for social security financing (COFINS)	4.00%
Service Tax (ISS) - Rio de Janeiro (brokerage services)	2.00%
ISS - Rio de Janeiro (other services)	5.00%
ISS - São Paulo	5.00%

(i) The social contribution tax rate was increased from 15% to 16% during the period from August 1, 2022 to December 31, 2022, pursuant to Law No. 14446/22. As of January 1, 2023, the rate returned to 15%.

9. Impairment of nonfinancial assets

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

3. Significant accounting practices (Continued)

10. Contingent assets and liabilities and legal, tax and social security obligations

Contingent assets and liabilities, as well as legal obligations, are recognized, measured and disclosed according to the criteria established by CPC 25 - Provisions, Contingent Liabilities and Contingent Assets and by CMN Resolution No. 3823/09:

- Contingent assets - these are only recognized in the financial statements upon existence of evidence guaranteeing their realization, on which no further appeals can be filed.
- Contingent liabilities - these are recognized in the financial statements when, based on the opinion of legal advisors and management, the likelihood of an unfavorable outcome of a legal or administrative proceeding is considered probable, implying a probable cash outflow for settlement, and when the amounts involved can be reliably measured. Contingent liabilities.

whose likelihood of unfavorable outcome was assessed as possible by legal advisors are only reported in notes to financial statements, whereas those assessed as remote loss require neither provision nor disclosure.

- Legal, tax and social security obligations - these refer to legal claims whereby lawfulness and constitutionality of some taxes and contributions are challenged. The amount under dispute is measured and accounted for.

11. Determination of profit or loss

Revenues and expenses are recorded simultaneously on an accrual basis, upon determination of their triggering event, when correlated and regardless of receipt or payment.

Fixed rate transactions are recorded at redemption value and income and expenses corresponding to future periods are stated as a reduction of the respective assets or liabilities.

Transactions with floating rates or indexed to foreign currencies are restated through the reporting date.

12. Related parties

The balances related to transactions with related parties arise from transactions in accordance with contractual and usual market conditions.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

3. Significant accounting practices (Continued)

13. Other operating expenses

Events that occurred but were not expected are determined in the statement of profit or loss, as well as those that originated in the ordinary course of operations, but which, for whatever reason, produced an unexpected amount.

14. Earnings per unit of interest

Earnings per unit of interest are calculated by multiplying earnings/loss per thousand, and dividing it by the number of units of interest.

15. Use of accounting estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of certain financial or nonfinancial assets and liabilities, revenues and expenses, and other transactions, such as: (i) fair value of certain financial assets and liabilities; (ii) depreciation rates of property and equipment items; (iii) provisions required for absorbing any risks deriving from lawsuits. The settlement amounts of such financial or nonfinancial assets and liabilities may differ from those presented based on these estimates.

16. Recurring and nonrecurring income (loss)

BCB Resolution No. 02/2020 provides for the disclosure of recurring and nonrecurring income (loss) on a segregated basis. Under this Resolution, a nonrecurring income (loss) is the income (loss) that: I - is not incidental to the typical activities of the institution; and II - is not expected to occur frequently in future years.

The Entity has not identified any nonrecurring income (loss) for the year ended December 31, 2023.

17. Events after the reporting period

These events correspond to the events that occur between the reporting date and the date when the financial statements are authorized for issue. They include:

- Adjusting events: those that provide evidence of conditions that existed at the reporting date; and
- Non-adjusting events: those that provide evidence of conditions that did not exist at the reporting date.

If events after the reporting period exist, they are disclosed according to the criteria established by CPC 24 - Events after the reporting period, approved by CMN Resolution No. 3973/11.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

4. Cash and cash equivalents

The Entity's balance of cash and cash equivalents at December 31, 2022 and 2023 is as follows:

Description	12/31/2023	12/31/2022
Cash	1	2
Banks - local currency	318	868
Total cash and banks	319	870
Highly liquid short-term investments (i)	66,700	74,496
Total	67,019	75,366

(i) Interbank investments maturity term equal to or less than 90 days (Note 5)

5. Highly liquid short-term investments

a) Investments in repurchase agreements

Description	12/31/2023	12/31/2022
Resale pending settlement (own funds)		
Financial Treasury Bills (LFT)	50,000	19,996
National Treasury Bills (LTN)	16,700	54,500
Total	66,700	74,496

b) Breakdown by maturity

Description	12/31/2023	12/31/2022
	Within 3 months	Within 3 months
Resale pending settlement		
Financial Treasury Bills (LFT)	50,000	19,996
National Treasury Bills (LTN)	16,700	54,500
Total	66,700	74,496

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

6. Marketable securities

At December 31, 2023 and 2022, marketable securities were classified as “available for sale”, as per BACEN Circular Letter No. 3068/01.

a) Breakdown by type

Own portfolio	12/31/2023			12/31/2022		
	Cost	Market	MTM adjustment (ii)	Cost	Market	MTM adjustment (ii)
Free						
Available-for-sale securities						
Financial Treasury Bills (LFT)	68,519	68,574	55	34,236	34,267	31
National Treasury Bills (LTN)	-	-	-	5,800	5,797	(3)
Subject to guarantees given						
Financial Treasury Bills (LFT)	36,763	36,800	37	63,397	63,506	109
Investment funds (i)	30,494	30,494	-	33,765	33,765	-
Total	135,776	135,868	92	137,198	137,335	137

(i) Represented by investments in the Fundo de Investimento Liquidez Câmara B3 Multimercado Investimento no Exterior;

(ii) Accumulated marked-to-market (MTM) adjustment recorded as a matching entry in equity corresponds to unrealized losses of R\$92 (gains of R\$137 in 2022).

b) Breakdown by maturity

Marketable securities by maturity	12/31/2023				Securities without maturity	Total
	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	Above 3 years		
Financial Treasury Bills (LFT)	-	52,798	15,021	37,555	-	105,374
Investment funds	-	-	-	-	30,494	30,494
Total	-	52,798	15,021	37,555	30,494	135,868

Marketable securities by maturity	12/31/2022				Securities without maturity	Total
	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	Above 3 years		
Financial Treasury Bills (LFT)	5,731	8,482	62,340	21,220	-	97,773
National Treasury Bills (LTN)	5,797	-	-	-	-	5,797
Investment funds	-	-	-	-	33,765	33,765
Total	11,528	8,482	62,340	21,220	33,765	137,335

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

6. Marketable securities (Continued)

c) Gain (loss) on marketable securities transactions

Gains (losses) on transactions with marketable securities was R\$44,278 in the second (2nd) half of the year ended December 31, 2023, and corresponded to R\$93,256 (R\$76,745 in 2022) in the year 2023.

d) Gain (loss) on derivative transactions

Derivative transactions resulted in a loss of R\$18,580 in the second half of the year ended December 31, 2023, loss of R\$33,327 (loss of R\$12,061 in 2022) in the year 2023.

At December 31, 2023, the Entity did not record balances of derivatives to be settled, at December 31, 2022 there was a balance of derivatives of R\$136 .

7. Securities trading

The balance of securities trading (receivable and payable) at December 31, 2023 and 2022, is as follows:

a) Securities trading - amounts receivable

Description	12/31/2023	12/31/2022
Pending settlement accounts - Debtors		
Market institutions	6,150	13,692
Individuals and legal entities	5	5
B3 clearing agents	1,471	4,333
Total	7,626	18,030

b) Securities trading - amounts payable

Description	12/31/2023	12/31/2022
Pending settlement accounts - (Creditors)		
Market institutions	(1,472)	(3,052)
Individuals and legal entities	-	(81)
B3 clearing agents	(2,992)	(14,701)
Total	(4,464)	(17,834)

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

8. Income receivable

Description	12/31/2023	12/31/2022
Income from brokerage of spot market dollar exchange	1,468	1,963
Income from brokerage of SELIC	339	317
Income from brokerage of forward currency agreements	120	75
Total	1,927	2,355

9. Other assets

Description	12/31/2023	12/31/2022
Salary advances	39	53
Labor appeals filed (i)	5,594	3,862
Income and social contribution taxes to offset	137	117
Payments to be refunded	126	331
Prepaid expenses (ii)	16,580	12,588
Related-party receivables (Note 26) (iii)	10,321	11,803
Total	32,797	28,754
Current	27,203	24,892
Noncurrent	5,594	3,862

- (i) This refers to judicial deposits for labor claims in which the balance was of R\$2,613 (R\$3,814 at December 31, 2022) at December 31, 2023, also a judicial deposit for a municipal tax claim with a balance of R\$1,293 (R\$436 at December 31, 2022) at December 31, 2023, and a risk coverage at December 31, 2023 referring to labor claims originated in the period prior to the acquisition of the Entity, amounting R\$1,688 (credit balance was of R\$415 at December 31, 2022).
- (ii) The balance of prepaid expenses is represented by the retention bonus contracts, which are amortized in accordance with the terms, in addition to the balance of prepaid administrative expenses. Of the total amount, R\$14,999 refers to the retention bonus (R\$10,838 in 2022) and R\$1,581 refers to prepaid administrative expenses (R\$1,750 in 2022).
- (iii) Related-party receivables particularly refer to receivables from BGC NY stemming from advisory services and market information, maturing in the month following the month the service is rendered, and amounting to R\$10,321 (R\$11,147 in 2022), in addition to reimbursement of sundry expenses between BGC Liquidez and BGC Capital Market L.P. received throughout 2023, finishing the reimbursement balance (R\$656 in 2022).

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

10. Property and equipment

a) Property and equipment

Description	Annual depreciation rates	12/31/2022	12/31/2023		
		Net	Acquisitions	Write-offs	Net
Construction in progress	0.00%	-	1,394	-	1,394
Facilities	10.00%	525	273	-	798
Furniture and equipment	10.00%	576	522	(464)	634
Equipment	10.00%	1,659	12	(901)	770
Data processing system	20.00%	9,729	1,620	(1,019)	10,330
Security system	20.00%	24	11	(21)	14
Total		12,513	3,832	(2,405)	13,940

b) Accumulated depreciation

Description	Annual depreciation rates	12/31/2022	12/31/2023		
		Net	Depreciation for the period	Write-offs	Net
(-) Facilities	10.00%	(104)	(67)	-	(171)
(-) Furniture and equipment	10.00%	(313)	(186)	237	(262)
(-) Equipment	10.00%	(1,575)	(22)	899	(698)
(-) Data processing system	20.00%	(7,024)	(1,173)	998	(7,199)
(-) Security system	20.00%	(22)	(23)	32	(13)
Total0}		(9,038)	(1,471)	2,166	(8,343)

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

11. Intangible assets

a) Intangible assets

Description	Annual depreciation rates	12/31/2022	12/31/2023	
		Net amount	Acquisitions / Write offs	Net amount
Software	20.00%	347	-	347
Total		347	-	347

b) Accumulated amortization

Description	Annual depreciation rates	12/31/2022	12/31/2023	
		Net amount	Acquisitions / Write offs	Net amount
Software	20.00%	(282)	(20)	(302)
Total		(282)	(20)	(302)

12. Borrowings and onlending

Borrowings and onlending are represented by funds raised from financial institutions, as shown in the table below:

Description	12/31/2023	12/31/2022
Itaú Unibanco S.A. (i)	-	10,000
Total	-	10,000

- (i) For the funds obtained from Itaú Unibanco S.A. no guarantee was offered to cover the transaction. The average borrowing rate was CDI + 4.75% per annum. By assessing the Company's cash requirements, it was identified that the credit line was no longer necessary and in June 2023 the Company settled it.

At December 31, 2023, interest expenses on borrowings totaled R\$784 (R\$2,683 in 2022), R\$6 in the second half of 2023.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

13. Social and labor obligations

The balance of social and labor obligations is represented as follows:

Description	12/31/2023	12/31/2022
Provision for profit sharing (i)	30,838	39,347
Provision for bonus	2,341	2,256
Retention bonus payable	4,986	102
Accrual for vacation pay and related charges	3,244	3,948
Provision for 13th month salary and related charges	-	-
Total	41,409	45,653

- (i) Provision for profit sharing applicable to all employees, pursuant to the collective bargaining agreement approved on December 16, 2022. Expenses for the second (2nd) half of 2023 amounted to R\$30,190, and for the year ended December 31, 2023 amounted R\$68,173 (R\$80,857 in 2022). Payments are made semi-annually, as determined by the collective bargaining agreement.

14. Current tax obligations

Description	12/31/2023	12/31/2022
Taxes and contributions payable	4,025	3,185
Income taxes	9,821	16,284
Total	13,846	19,469

15. Other obligations

Description	12/31/2023	12/31/2022
Related-party payables (Note 26 (i))	15,323	37,616
Provision for other administrative expenses (ii)	1,139	1,641
Other payments (iii)	4,354	1,675
Total	20,816	40,932

- (i) Provisions for related-party payables at December 31, 2023, particularly refer to amounts payable to BGC USA, stemming from apportionment of administrative expenses without expected maturity amounting to R\$4,562 (R\$4,562 in 2022), refund of expenses amounting of R\$8,612 (R\$8,583 in 2022) to BGC Partners L.P. and refund of expenses corresponding to R\$2,148 (R\$846 in 2022) for other Group's entities in 2022, and refund of expenses that were settled in 2023 (R\$23,625 in 2022) to BGC Global Holdings.
- (ii) Provisions for administrative expenses are particularly those referring to amounts payable to economic and financial advisory service providers, and referring to the Charity Day.
- (iii) Other payments refer to trade accounts payable and rental payable.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

16. Equity

a) Capital

At December 31, 2023, paid-in capital amounts to R\$75,305 (R\$50,230 in 2022) and is represented by 7,530,475 (5,023,013 in 2022) units of interest at R\$10.00 (ten reais) each.

b) Capital increase

On December 7, 2021, a request for a capital increase was filed with the Central Bank of Brazil in the amount of R\$25,075. On July 27, 2023, Central Bank of Brazil (BACEN) approved the process No. 202285 referring the Company's capital increase request.

c) Legal reserve

The Entity's legal reserve is calculated at 5% of net income. At December 31, 2023, the Company recognized a legal reserve in the amount of R\$2,045, totaling R\$5,203 (R\$3,158 in 2022) in view of the net income recorded in the year.

d) Income reserve

Income computed in the annual or interim statements of financial position will be immediately distributed to members as dividends, retained in the Entity's income reserves for timely distribution or capitalization, always in line with each member's proportion in capital, as set forth in paragraph 2, article 7 of the Amendment to the Articles of Organization dated December 09, 2021, in force.

The remaining balance of net income, after recognition of the reserve, was maintained at the Entity as determined by controlling member BGC Brazil Holding LLC.

At December 31, 2023, the balance of the income reserve is R\$101,354 (R\$62,496 in 2022).

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

17. Service revenue

Description	2 nd half 2023	12/31/2023	12/31/2022
Services rendered - related parties (Note 26)	34,679	70,075	52,390
Stock exchange brokerage - SP	28,003	48,215	62,292
Stock exchange brokerage - RJ	19,055	26,669	47,534
Brokerage of OTC transactions	9,379	40,368	13,846
Total	91,116	185,327	176,062

18. Personnel expenses

Description	2 nd half 2023	12/31/2023	12/31/2022
Salaries	(14,844)	(29,625)	(26,413)
Social security charges	(3,892)	(7,695)	(6,893)
Benefits	(3,930)	(7,248)	(5,421)
Other	(430)	(683)	(453)
Total	(23,096)	(45,251)	(39,180)

19. Other administrative expenses

Description	2 nd half 2023	12/31/2023	12/31/2022
Data processing	(7,990)	(15,985)	(16,131)
Specialized technical services	(9,536)	(19,165)	(13,661)
Communications	(1,703)	(3,412)	(3,463)
Depreciation and amortization	(736)	(1,351)	(1,019)
Rental	(1,348)	(2,637)	(2,516)
Finance costs	(450)	(861)	(858)
Third-party services	(96)	(182)	(292)
Entertainment expenses	(1,681)	(2,717)	-
Travel expenses	(446)	(925)	-
Expenses with events	(541)	(551)	-
Maintenance expenses	(269)	(438)	-
B3 Expenses	(493)	(953)	-
Condominium fees	(356)	(725)	-
Other administrative expenses	(971)	(2,460)	(6,889)
Total	(26,616)	(52,362)	(44,829)

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

20. Tax expenses

Description	2 nd half 2023	12/31/2023	12/31/2022
ISS	(3,977)	(8,008)	(7,378)
Contribution tax on gross revenue for social security financing (COFINS)	(3,196)	(6,797)	(7,238)
Contribution tax on gross revenue for social integration program (PIS)	(519)	(1,104)	(1,178)
Other tax expenses	(140)	(322)	(417)
Total	(7,832)	(16,231)	(16,211)

21. Other operating income

Description	2 nd half 2023	12/31/2023	12/31/2022
Refund (former controlling members) (i)	-	-	455
Reversal of provision for contingencies (Note 25) (i)	11,211	11,955	244
Monetary gains	10	20	32
Foreign exchange gains	1,976	2,590	963
Monetary adjustment of judicial deposits	96	196	315
Sundry	416	416	494
Total	13,709	15,177	2,503

(i) These amounts refer to contingency reversals, in which the Company unified their names from 2023 on.

22. Other operating expenses

Description	2 nd half 2023	12/31/2023	12/31/2022
Provision for labor and civil contingencies (Note 25.a)	(3,911)	(4,645)	(5,665)
Interest and fines - sundry	-	-	(17)
Foreign exchange losses	(2,115)	(3,950)	(2,428)
Indemnification due to court settlement	(57)	(57)	-
Discounts granted	(246)	(246)	-
Sundry (i)	(54)	(733)	(2,096)
Total	(6,383)	(9,631)	(10,206)

(i) Sundry balance is comprised of other nondeductible expenses which at December 31, 2023, totaled R\$20, by refund of expenses of R\$702 in 2023 (R\$2,063 in 2022) to BGC Holdings L.P., and by the write-off of property and equipment totaling R\$11 in 2023 (R\$27 in 2022).

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

23. Nonrecurring income (loss)

Pursuant to BCB Resolution No. 02/2020, the Entity analyzed profit or loss and concluded that nonrecurring income (loss) for the periods ended December 31, 2023 and 2022.

24. Current income and social contribution taxes

a) Current

	12/31/2023		12/31/2022	
	IRPJ	Social Contribution tax on Net Profit (CSLL)	IRPJ	Social Contribution tax on Net Profit (CSLL)
Pretax income	68,001	68,001	49,283	49,283
Temporary additions/(exclusions)				
Provision for profit sharing	(7,959)	(7,959)	11,694	11,694
Provision for contingencies	4,645	4,645	5,420	5,420
Monetary adjustment of judicial deposits	1,208	1,208	(315)	(315)
Reversal of provision for contingencies	(11,955)	(11,955)	(455)	(455)
Other temporary differences	1,009	1,009	1,362	1,362
Permanent additions/(exclusions)				
Gifts and donations	116	116	180	180
Awards and bonuses	-	-	2,360	-
Other permanent differences	100	100	560	560
Tax Relief Law ("Lei do Bem")	(1,293)	(1,293)	-	-
Workers' Meal Program (PAT) in double	(2,155)	-	(1,478)	-
Adjusted tax base	51,717	53,872	68,611	67,729
Tax base after offset of tax credits	51,717	53,872	68,611	67,729
Income tax - 15%	(7,758)	-	(10,292)	-
Income tax - 10% surtax	(5,159)	-	(6,837)	-
CSLL - 15% / 16%	-	(8,081)	-	(10,400)
Current income and social contribution taxes	(12,917)	(8,081)	(17,129)	(10,400)

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

24. Current income and social contribution taxes restated (Continued)

b) Deferred taxes restated

Deferred taxes on temporary differences have been accounted for since January 1, 2022, as per the Entity's classification under the criteria of Resolution No. 4842 of July 30, 2020.

Therefore, the table below shows the changes in temporary differences for the period, as well as the impact of opening balances and the period estimated by management for realization of the tax credits generated:

Temporary difference	Balance at 12/31/2023	Deferred tax asset, net	Present value	Period for realization
Provision for profit sharing	30,838	12,334	12,108	Within 1 year
Provision for bonus agreement	2,341	937	919	Within 1 year
Charity day	414	166	163	Within 1 year
Provision for contingencies	3,273	1,309	569	5 to 10 years
Provision for reimbursement to related parties	4,562	1,825	793	5 to 10 years
Monetary adjustment of judicial deposits	-	-	-	5 to 10 years
Marketable securities marked to market	(92)	(37)	(16)	5 to 10 years
Total	41,336	16,534	14,536	

Temporary difference	Balance at 12/31/2022	Deferred tax asset, net	Present value	Period for realization
Provision for profit sharing	40,493	16,602	16,252	Within 1 year
Provision for contingencies	10,731	4,400	1,685	5 to 10 years
Provision for reimbursement to related parties	4,562	1,870	716	5 to 10 years
Monetary adjustment of judicial deposits	(489)	(201)	(77)	5 to 10 years
Marketable securities marked to market	(136)	(56)	(21)	5 to 10 years
Total	55,161	22,615	18,555	

To be used in	December 31, 2023		December 31, 2022	
	Deferred tax asset, net	Present value	Deferred tax asset, net	Present value
2023	-	-	18,757	15,390
2024	13,437	11,813	1,358	1,114
2025	1,250	1,098	1,100	903
2026	1,080	950	1,000	820
2027	550	484	400	328
2028	217	191	-	-
Total to be used in	16,534	14,536	22,615	18,555

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

25. Contingent liabilities and legal, tax and labor obligations

a) Contingent liabilities classified as probable losses

Provisions for labor claims are represented by proceedings filed by nine (5) former employees. Provisions for labor claims are represented by proceedings filed by two (2) former companies. Changes in provision for contingencies for the year are as follows:

Description	December 31, 2023			December 31, 2022		
	Labor claims	Civil claims	Total	Labor claims	Civil claims	Total
Balance at beginning of year	12,931	-	12,931	11,064	-	11,064
Recognition	2,590	692	3,282	5,050	-	5,050
Restatements	1,306	-	1,306	688	-	688
Reversals	(12,558)	-	(12,558)	(3,871)	-	(3,871)
Balance at end of year	4,269	692	4,961	12,931	-	12,931

In view of the scenario of contingencies presented, the Entity maintains balances of judicial deposits, which may be used in case of unfavorable outcomes resulting in losses. The balance of judicial deposits held by the Entity at December 31, 2023 is R\$5,594 (R\$3,862 in 2022), as per Note 9.

b) Contingent liabilities classified as possible losses

At December 31, 2023, the Entity was a defendant in five (5) lawsuits in progress for various matters for which the outcome is assessed as a possible loss, totaling R\$60,739 (R\$57,572 restated for four (4) lawsuits in 2022).

c) Regulatory agencies

There are no administrative proceedings in progress by the Brazilian Financial System that could significantly impact the Entity's profit or loss and transactions.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

26. Related parties

a) Balances with related parties

	12/31/2023		12/31/2022	
	Assets Amount receivable	Liabilities and equity Amount payable	Assets Amount receivable	Liabilities and equity Amount payable
BGC Capital Market	483	-	1,786	-
Cantor Fitzgerald & CO	55	-	-	-
GFI Securities LLC	5,564	(42)	2,539	(45)
BGC Financial LP	3,661	(585)	7,170	(1)
BGC Partners LP	-	(8,612)	-	(8,583)
Fenics Market Data	206	-	176	-
Cantor Fitzgerald Securities	209	(453)	132	(133)
BGC USA	-	(4,562)	-	(4,562)
BGC Derivative Markets, LP.	-	(178)	-	(192)
BGC Brokers, LP.	1	(530)	-	(439)
GFINET INC.	-	-	-	(24)
BGC Global Holdings LP	-	-	-	(23,625)
Tower Bridge International Services LP	-	-	-	(12)
BGC Brokes LP Nyon Branch	142	-	-	-
Aurel BGC	-	(59)	-	-
BGC Partners INC.	-	(302)	-	-
Total	10,321	(15,323)	11,803	(37,616)

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

26. Related parties (Continued)

a) Balances with related parties (Continued)

	12/31/2023				12/31/2022			
	Revenues		Expenses		Revenues		Expenses	
	Provision of services	Foreign exchange differences	Other expenses	Foreign exchange differences	Provision of services	Foreign exchange differences	Other expenses	Foreign exchange differences
BGC Capital Market	7,703	187	-	(337)	3,160	43	-	(70)
Cantor Fitzgerald & CO	480	4	-	(15)	885	20	-	(49)
GFI Securities LLC	11,540	764	-	(1,244)	19,193	711	-	(1,037)
BGC Financial LP	46,672	831	-	(1,623)	28,503	764	-	(1,312)
BGC Partners LP	-	157	-	(179)	-	286	-	(298)
Fenics Market Data	2,069	41	-	(74)	649	10	-	(10)
Cantor Fitzgerald Securities	752	17	-	(43)	-	1	-	(8)
BGC Derivative Markets, LP.	15	-	(44)	(115)	-	-	2	-
BGC Brokers, LP.	353	9	(2)	(45)	-	-	(12)	-
BGC Global Holdings LP	-	504	(702)	-	-	12	(2,063)	-
BGC Holdings LP	-	6	-	-	-	-	-	-
BGC Brokers LP Nyon Branch	488	-	-	-	-	-	-	-
Aurel BGC	-	1	-	(1)	-	-	-	-
BGC European Holding LP	3	-	-	-	-	-	-	-
Newmark	-	65	(15)	(258)	-	-	-	-
Total	70,075	2,586	(763)	(3,934)	52,390	1,847	(2,073)	(2,784)

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

26. Related parties (Continued)

b) Revenue from services rendered to related parties

In the year ended December 31, 2023, revenues from consulting and market information services with Related Parties totaled R\$70,075 (R\$52,390 in 2022), in the second (2nd) half of 2023 total consulting revenue was of R\$34,679, which refers to monthly provision of services payable within 30 days on average.

Transactions with related parties were carried out under usual market terms and conditions.

c) Key management personnel compensation

Key management personnel compensation for the year ended December 31, 2023 totaled R\$2,200 (R\$2,061 in 2022)), and is considered a short-term benefit.

The Entity does not offer pension and/or any other post-employment benefits, or share-based payments.

27. Risk management

Detailed information on the risk management process and capital requirement is available at the Entity's head office, located in the state of Rio de Janeiro.

The risk management structure is fully independent from the business functions, and reports directly to head office senior management, in order to ensure exemption of conflicts of interest and segregation of duties that is in line with good corporate governance and market practices.

The Entity's organizational structure is designed according to recommendations proposed by the Basel Accord, which formalizes policies, procedures and methodologies consistent with risk appetite and business strategy, and which monitors various risks inherent in the operations and/or processes, including market, liquidity, credit, legal and operational risks.

Such risk management processes are also related to the business continuity management processes, particularly in connection with the preparation of impact analyses, business continuity plans, disaster response plans, backup plans, and crisis management.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

27. Risk management (Continued)

a) Market risk

Market risk is related to the possibility of losses due to fluctuations in prices and rates, given the mismatching of terms, currencies and indexes of the Entity's asset and liability portfolios. However, according to the document Rules and Parameters for BGC Liquidez Operations, the Entity is not authorized to conduct proprietary operations, and is only limited to the market risk related to:

- (1) Positions resulting from operational errors and facilitation transactions;
- (2) Interest rate of investments in government securities (overnight operations), which are intended for equity remuneration.

To control such exposures, the Entity monitors market risks through portions of the Minimum Required Capital (MRC) of its portfolio, as determined by Bacen Resolutions No. 4193/2013 and No. 4192/2013.

b) Operational risk

In compliance with article 32 of Resolution No. 4557/2017 enacted by the Brazilian National Monetary Council (CMN) on February 23, 2017, the Entity made public a summary of its operational risk management structuring project, which is available at its head office in the state of Rio de Janeiro. The project comprises institutional policies, policies for process and procedures, systems, contingency plans, business continuity, occurrence of external events, in addition to the formalization of the single structure required by the regulator.

The Entity monitors the operational risk on an ongoing basis through a dedicated system and team, which also assesses and addresses loss events. Improvement opportunities and action plans are mapped (risk matrix) and monitored (work flow) until the Entity becomes fully qualified.

c) Credit risk

The credit risk incurred by the Entity is, as management understands it, immaterial, as nearly all operations are conducted at the clearing house level - CBLC and B3 - wherein the Entity solely operates as a broker.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

27. Risk management (Continued)

d) Liquidity risk

In compliance with article 27 of Resolution No. 4557/2017 enacted by the Brazilian National Monetary Council (CMN) on February 23, 2017, the Entity made public a summary of its liquidity risk management structuring project, which is available at its head office in the state of Rio de Janeiro. The project includes a liquidity risk management structure compatible with the nature of the Entity's operations, complexity of products and services provided, and the exposure to such risk.

Liquidity risk monitoring consists in monitoring the Entity's short and long-term cash flows on an ongoing basis, considering normal and adverse market events.

e) Social, Environmental and Climate Risk

The Social, Environmental and Climate Responsibility Policy (PRSA) was designed based on CMN Resolution No. 4945/2021, which addresses the social, environmental and climate responsibility of financial institutions. The Entity understands that implementation of this Policy will enhance the inclusion of social, environmental and climate issues in the Entity's decision-making processes and analyses, in addition to integrating the work developed internally by the Internal Control, Facilities and Technology departments.

Parallel to the PRSA preparation, CMN Resolution No. 4945/2021 mentions obligations related to governance in the organization. Among other items, it determined that a statutory director in charge of compliance with PRSA should be appointed, and the Entity appointed Mr. Carlos Sinclair Magalhães, Compliance and Internal Control Director.

In order to comply with and update the commitments assumed under the PRSA, periodic committees will be formed, involving departments strategically related to this matter. Those actions will be recorded in the minutes to the committee meeting, and will include more than the social, environmental and climate risk management processes; actions and plans promoting good social and environmental practices involving customers, suppliers and employees will also be included.

f) Capital management structure

In order to ensure information reliability, as in all procedures conducted by the Entity, capital management is shared by some of the Entity's departments, such as risk, accounting and finance departments.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

27. Risk management (Continued)

f) Capital management structure (Continued)

The officer appointed to represent BGC Liquidez before Bacen in capital management will be in charge of reviewing and approving this control on a semiannual basis. In addition, he/she will analyze and approve, in conjunction with other executive board members, the capital management structure and policy, and will communicate possible risks that may impact the Entity's capital.

Risk and accounting managers will be in charge of preparing and managing the semiannual capital management report to be submitted for review and approval by the officer in charge.

g) Policies and strategies

The Statement of Operating Limits (SOL), submitted monthly to Bacen, will be used as a capital need analysis tool, in line with the internal capital management and strategic planning reports.

Capital requirement computation will be based on the Basel Index monthly calculated and submitted to the regulator.

At December 31, 2023, the Basel Index was 37.33% (27.30% at December 31, 2022).

Description	12/31/2023	12/31/2022
RWA for operational risk	384,203	327,873
RWA for credit risk	81,548	63,865
RWA for market risk	20,478	1,015
Total	486,229	392,753

Capital required for RWA		
Capital required computed	181,872	107,210
Minimum Required Capital (MRC)	51,159	41,239

h) Capital plan

Capital management is based on the institution's operational needs and strategies, but also in light of other organizational needs.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

27. Risk management (Continued)

h) Capital plan (Continued)

According to past estimates, in 2020, the Entity reversed the scenario of accumulated losses and expanded the positive margin shown by the Basel index, maintaining this scenario for the year ended December 31, 2023.

<u>Basel index</u>	
2018	13.39%
2019	16.21%
2020	19.25%
2021	22.31%
2022	27.30%
2023	37.33%

28. Long-term unit award program

The unit program refers to the granting of equity interest in BGC Holdings, L.P. The terms and conditions of the program are described in BGC Holdings' Second Amended and Consolidated Agreement of Limited Liability, as amended and updated on December 13, 2017.

The Partnership Units, which are currently required to be in the form of PSUs, PPSUs, PSIs, PPSIs, PSEs or PPSEs, are subject to the terms and conditions contained in the grant document(s) under which this non-monetary grant was awarded, including, without limitation, any cancellation clauses and covenants.

BGC Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda.

Notes to the financial statements (Continued)

Years ended December 31, 2023 and 2022

(In thousands of reais)

29. Events after the reporting period

There were no events after the reporting period up to the present time.

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Executive Board:

Carlos Eduardo Sinclair Magalhães
Chief Risk and Compliance Officer

Marcelo dos Santos
Chief Operating Officer

Emerson Fernandes Belo
Accounting Manager:
CRC No.: 1SP-242808/O-5