

(Convenience translation into English from the original
previously issued in Portuguese)

VITAL STRATEGIES BRASIL

Independent auditor's report

Financial statements
As at December 31, 2022

VITAL STRATEGIES BRASIL

Financial statements
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the
Managers and Members of
Vital Strategies Brasil
São Paulo - SP

Opinion on the financial statements

We have audited the financial statements of Vital Strategies Brasil ("Vital"), which comprise the statement of financial position as at December 31, 2022, and the respective statements of activities, comprehensive surplus, changes in net assets and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vital Strategies Brasil as at December 31, 2022, its financial performance and cash flows for the year then ended, in conformity with Brazilian accounting practices applicable to small and medium-sized entities and nonprofit organizations.

Basis for opinion on the financial statements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). 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 in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Audit of previous year's amounts

The financial statements for the year ended December 31, 2021, presented for comparison purposes, were audited by us, and our report thereon, dated April 08, 2022, was unmodified, including an emphasis paragraph regarding the restatement of the financial statements for the year ended December 31, 2020, due to the change in the policy for recording fixed assets.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Brazilian accounting practices applied to small and medium-sized companies and to nonprofit entities, and for such internal control as Management 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, Management 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 Management either intends to liquidate the Entity or to cease 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 taken 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 (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users that are taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, on whether there is material uncertainty 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 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 Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying 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 controls that we identify during our audit.



The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, June 06, 2023.



BDO RCS Auditores Associados Ltda.
CRC 2 SP 015165/O-8

A handwritten signature in blue ink, appearing to read 'Celso Luiz da Costa Lobo'.

Celso Luiz da Costa Lobo
Accountant CRC 1 SP 251526/O-6

VITAL STRATEGIES BRASIL

Statements of financial position As at December 31, 2022 and 2021 (In Brazilian Reais)

Assets				Liabilities and net assets			
	Note	2022	2021		Note	2022	2021
Current				Current			
Cash and cash equivalents	5	3,876,515	4,463,351	Trade accounts payable		584,748	132,955
Prepaid expenses		1,333	582	Labor liabilities	8	1,207,776	899,871
Accounts receivable	6	2,988,337	2,642,138	Tax liabilities		13,100	164,553
Advances		26,433	17,818	Prepaid contribution - Head office	9 and 11	683,844	-
		<u>6,892,618</u>	<u>7,123,889</u>	Donation advance - domestic and foreign	9	3,697,233	5,800,245
						<u>6,186,701</u>	<u>6,997,624</u>
Noncurrent				Net assets			
Other receivables	7	12,912	12,912	Net assets	10	718,829	139,177
		<u>12,912</u>	<u>12,912</u>			<u>718,829</u>	<u>139,177</u>
Total assets		<u><u>6,905,530</u></u>	<u><u>7,136,801</u></u>	Total liabilities and net assets		<u><u>6,905,530</u></u>	<u><u>7,136,801</u></u>

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

VITAL STRATEGIES BRASIL

Statements of activities

For the years ended December 31, 2022 and 2021

(In Brazilian Reais)

	Note	2022	2021
Net revenue			
Donations		5,631,732	319,286
Contributions from associates	11	11,849,293	12,236,402
Other sundry revenues		953,925	494,521
Revenues from donated services	2.12	33,750	20,250
		18,468,700	13,070,459
Administrative expenses			
Compensation expenses - Council - Donated services	2.12	(33,750)	(20,250)
Administrative and operating personnel expenses	12	(10,183,238)	(7,420,200)
General operating and administrative expenses	13	(7,574,734)	(5,555,614)
Taxes and fees		(91,730)	(36,570)
		585,248	37,825
Net surplus before financial income (loss), net			
		585,248	37,825
Financial revenues		67,557	68,539
Financial expenses		(73,153)	(106,364)
Financial revenues (expenses), net		(5,596)	(37,825)
		579,652	-
Surplus for the year		579,652	-

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

VITAL STRATEGIES BRASIL

Statements of comprehensive surplus For the years ended December 31, 2022 and 2021 (In Brazilian Reais)

	2022	2021
Surplus for the year	<u>579,652</u>	<u>-</u>
(=) Total comprehensive surplus for the year	<u><u>579,652</u></u>	<u><u>-</u></u>

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

VITAL STRATEGIES BRASIL

Statements of changes in net assets (In Brazilian Reais)

	Net assets	Retained surplus/ (accumulated deficit)	Total
Balances as at December 31, 2020 (restated)	139,177	-	139,177
Surplus for the year	-	-	-
Balances as at December 31, 2021	139,177	-	139,177
Surplus for the year	-	579,652	579,652
Balances as at December 31, 2022	<u>139,177</u>	<u>579,652</u>	<u>718,829</u>

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

VITAL STRATEGIES BRASIL

Statements of cash flows

For the years ended December 31, 2022 and 2021

(In Brazilian Reais)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Surplus for the year	579,652	-
Changes in assets and liabilities		
Decrease/(increase) in assets		
Prepaid expenses	(751)	(55)
Accounts receivable	(346,199)	(2,642,138)
Advances	(8,615)	-
Other receivables	-	(17,818)
Increase/(decrease) in liabilities		
Trade accounts payable	451,793	119,248
Labor liabilities	307,905	384,965
Tax liabilities	(151,453)	149,918
Prepaid contribution - Head office	683,844	(507,493)
Donation advance - Domestic and foreign	(2,103,012)	5,800,245
Net cash from operating activities	<u>(586,836)</u>	<u>3,286,872</u>
(Decrease)/increase in cash and cash equivalents, net	<u>(586,836)</u>	<u>3,286,872</u>
Cash and cash equivalents at beginning of year	4,463,351	1,176,478
Cash and cash equivalents at end of year	3,876,515	4,463,351
(Decrease)/increase in cash and cash equivalents, net	<u>(586,836)</u>	<u>3,286,872</u>

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

1. Operations

Vital Strategies Brasil (“Entity” or “Association”) is a private association and nonprofit organization established on September 25, 2017. The Association has purposes of public and social relevance, with no political or religious affiliations, whose main objectives are the promotion of education, healthcare and social care through the development, implementation and management of programs and services that promote the human right to healthcare.

In the scope of a Memorandum of Understanding between Vital Strategies and Vital Strategies Brasil, entered into in January 2018, the Brazilian Association supports federal, municipal and state governments to face the main reasons of preventable death, injuries and illness.

In 2022, it worked with the municipal governments of Campinas, Belo Horizonte, Fortaleza, Goiânia, Recife, Rio de Janeiro, Salvador, São Caetano do Sul and São Paulo, in addition to the state of Rio Grande do Norte. The Entity works in partnership with the Ministry of Health, the Pan American Health Organization (PAHO), the Brazilian Council of Health Departments (Conass), the Brazilian Council of Municipal Health Departments (Conasems), the Brazilian Front of Mayors (FNP) and various civil society organizations.

In Brazil, it divides its operations into three strategic areas: Chronic Non-communicable Diseases (NCDs); Violence Prevention and Public Health Systems, Environmental and Urban Health; and Climate Change. Within these thematic axes, the Entity leads and executes several projects, such as the following:

Covitel (telephone inquiry of risk factors for NCDs in the pandemic)

Nationwide inquiry to improve understanding on impacts of key risk factors related to chronic non-communicable diseases during the pandemic. Said inquiry includes questions about physical activity, eating habits, and alcohol and tobacco consumption, as well as information on general health perceptions, mental health, and prevalence of COVID-19 diagnosis, vaccination, and sequelae after infection.

Mental Health

Within the scope of the project, a mental health index was created, consisting of a synthesis of intersectoral indicators related to health promotion and mental illness prevention for children and adolescents in the city of Fortaleza.

Alcohol policy

In 2022, Vital Strategies launched *RESETE o Álcool*, a project that aims to reduce alcohol-related harm in several countries, including Brazil. The initiative provides financial and technical support to governments, civil societies and research groups with the aim of strengthening alcohol policies through communication and advocacy, data systems, research and development of policies.

Tobacco control

In partnership with civil society organizations, Vital Strategies focuses its efforts on combating the tactics used by the tobacco industry in Brazil to attract new consumers, particularly younger consumers, such as the proliferation of flavored cigarettes and electronic devices for smoking.

Food policy

Work with local partners to support them in the development of strategic communication campaigns aimed at achieving public policy goals of healthy eating with the following approaches: increase in taxes on sugary drinks; proper labeling on food packaging; and defense of the Food Guide for the Brazilian Population.

Gender violence prevention

The area includes several fronts of action, including a nationwide project that aims at estimating the prevalence and underreporting of gender violence in Brazil. Started in 2022, another pioneering project aims to identify, through linguistic analysis methods, semantic fields linked to gender violence in the open field of electronic medical records filled out in health units.

Epidemic prevention

Vital Strategies is currently supporting the dissemination of the 717 metrics (7 days to detect a suspected infectious disease outbreak, 1 day to notify public health authorities and 7 days to complete an initial response) at regional and national levels. The objective is to strengthen health surveillance departments in preparing for and responding to epidemic outbreaks.

Data for health

The Brazilian team of Vital Strategies provides technical support to other Latin American, Asian and African countries to improve data collection, quality and use for public health policy creation.

Traffic safety

Through the Bloomberg Initiative for Global Road Safety, it works in the cities of Campinas, Salvador, São Paulo and Recife to reduce traffic deaths and injuries and promote active and safe mobility. It coordinates national and global partners in association with municipal governments and supports the improvement of safe infrastructure, data surveillance and enforcement, as well as strategic communication actions to address risky behavior in traffic.

Air pollution and health

Work with the municipal government of Belo Horizonte to increase public awareness and political engagement in actions aimed at improving air quality and mitigating the effects of climate change in the municipality. The Shared Streets project, on the other hand, aimed at making recommendations to the Municipal Government of São Paulo in the implementation of the Transportation Demand Management (TDM) strategy based on promoting the sustainability of urban mobility systems, promoting active and collective transport and discouraging the use of private cars.

Partnership for healthy cities

Vital Strategies coordinates a global network of 70 cities, along with the Bloomberg Foundation and the World Health Organization (WHO), whose mayors are committed to fighting chronic non-communicable diseases and lesions. Fortaleza, Rio de Janeiro and São Paulo are the Brazilian representatives of the initiative.

Also, during 2022, Vital Strategies Brasil continued its fund raising and signed the following agreements with the institutions:

- Insitituto Ibirapitanga - Covitel I Project - R\$ 200,000;
- Associação Umane - Covitel II Project - R\$ 2,400,000;
- Resolve to Save Lives - Project to strengthen preparedness and response to epidemics in Brazil through the adoption of 7-1-7 opportunity metrics by the Ministry of Health and CONASS - R\$ 941,520;
- University of Washington - Project to measure the impact of Non-Pharmaceutical Interventions in response to COVID-19 - R\$ 829,327.83 (USD 159,691);
- Patrick J. McGovern Foundation - Project to integrate data and textual analysis in order to identify victims of gender violence - R\$ 512,520 (USD 100,000).

Entering into these contracts makes the Brazilian office a reference among Vital Strategies' worldwide offices in the area of fund raising.

With the addition of new projects and activities, the volume of employees, revenues and expenses increased. Between January and December 2022, the number of employees increased from twenty-six to thirty-three, revenues increased from R\$ 13,070,459 in 2021 to R\$ 18,468,700 in 2022 and expenses increased from R\$ 13,032,634 in 2021 to R\$ 17,883,452. Associates and partners provide, as contribution, the necessary funds to pay expenses not covered by other revenues. The Company recorded financial loss of R\$ 37,825 in 2021 and financial income of R\$ 579,652 in 2022.

1.1. Effects of COVID-19

Now, in the third year of the COVID-19 pandemic, jurisdictions all over the world have experienced a general improvement in economic perspectives, since the number of COVID-19 cases has significantly decreased. Many companies worldwide have gone back to business as usual, but the crisis has tested the commercial, operational, financial and organizational resilience of companies all over the world, highlighting risks and resilience gaps of many organizations, since the effects of the pandemic continue to impact global supply chains.

Until the issue of these financial statements, the Entity has not identified significant impacts to be disclosed and do not foresee impacts or accounting indications arising from the COVID-19 pandemic that imply changes in accounting policies, in the main estimates established and in the mentioned critical accounting judgments.

2. Summary of significant accounting practices

The significant accounting policies applied in the preparation of these financial statements are set forth below.

The financial statements were approved by the Association's Management on June 05, 2023.

2.1. Basis of preparation of the financial statements

The financial statements were prepared based on historical cost, except for financial assets and liabilities measured at fair value.

The financial statements were prepared in accordance with Brazilian accounting practices applicable to small and medium-sized companies (NBC TG 1000 (R1)) and for non-profit entities (ITG 2002 (R1)), both issued by the Brazilian Federal Council of Accounting (CFC).

2.2. Functional and reporting currency

These financial statements were prepared in Brazilian Reals, which is the Association's functional currency. All financial information is presented in Brazilian Reals, unless otherwise stated.

2.3. Use of estimates

The preparation of financial statements in accordance with Brazilian accounting practices requires Management to make estimates to determine and record certain assets, liabilities, revenues and expenses and the disclosure of information about its financial statements. Such estimates are based on the going concern principle and supported by the best information available on the filing date of the financial statements and on Management's experience. These estimates are reviewed when new information is available or when previous information on which they were based is changed. Transaction settlement involving those estimates might result in different values from estimates, due to the inherent inaccuracy of the process.

These estimates may differ from actual results. The main estimates refer to:

- Impairment;
- Provisions in general.

There were no significant changes in estimates in the period in comparison to the previous estimates.

2.4. Financial instruments

Non-derivative financial assets

The Association initially recognizes loans and receivables on the date they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the negotiation date on which the Entity becomes party to the instrument agreement provisions.

The Association maintains the following non-derivative financial assets in its financial statements: financial assets recorded at fair value through profit or loss, loans and receivables.

Financial assets stated at fair value through profit or loss

A financial asset is classified at fair value through profit or loss, if classified as held for trading and designated as such upon initial recognition. After initial recognition, transaction costs are recognized in the statement of activities when incurred.

Financial assets registered at fair value through profit or loss are measured at fair value, and changes in the fair value of such assets are recognized in surplus (deficit) for the year.

Cash and cash equivalents include cash balances. The Association had balance of highly liquid financial investments with original maturity of three months or less as of hire date in the financial statements as at December 31, 2022 and 2021.

Loans and receivables

Loans and receivables consist of financial assets with fixed or determinable payments and not quoted in an active market. They are initially recognized at fair value plus all other attributable transaction costs.

After initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables include accounts receivable and other assets.

Non-derivative financial liabilities

All financial liabilities are initially recorded on the negotiation date in which it becomes a party to the contractual provisions of the instrument. The Association writes off a financial liability when its contractual obligations are cancelled, overdue or withdrawn.

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when, and only when, the Association is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

The Association has the following nonderivative financial liabilities: trade accounts payable and other accounts payable.

Such liabilities are initially recorded at fair value plus any attributable transaction costs. After the initial recognition, financial liabilities are measured at the amortized cost using the effective interest rate method.

Derivative financial instruments

As at December 31, 2022 and 2021, the Association did not hold derivative financial instruments.

2.5. Cash and cash equivalents

Cash and cash equivalents include balances of cash and financial investments with original maturity of three months or less as from hire date, which are subject to an insignificant risk of change in value and are used to manage short-term obligations.

2.6. Accounts receivable

The amounts of accounts receivable approximate the amounts receivable as at the closing date of the period, considering their nature, receipt terms and realization.

2.7. Prepaid expenses

Prepaid expenses are recognized in the statement of activities as they are incurred.

2.8. Fixed and intangible assets

These are stated at acquisition, formation or construction cost, and only items with individual values exceeding R\$ 10,000 are recorded in accordance with internal policy. Until December 31, 2022, the Entity did not acquire items that met this requirement, therefore, there are no amounts recorded in its assets.

2.9. Provisions

These are recognized when the Association has a present or informal obligation as a result of past events, and it is probable that an outflow of funds is required to settle the obligation, and the amount may be reliably estimated.

The provisions are calculated at the present value of disbursements expected to be necessary for settling the obligation, using the adequate discount rate according to associated risks.

The provisions are restated up to reporting date as at the estimated amount of probable losses, considering their nature and supported by the opinion of the Association's legal advisors.

2.10. Results of activities

Surplus or deficit from the activities for the year is recorded on the accrual basis.

2.11. Operating revenue

Revenues and funds from the Association will be fully applied to the maintenance and development of the Association's activities in Brazil, and it is not allowed to distribute parts of its funds, for any reason.

(a) Contributions

Revenue from trade association contribution in the Association's normal course of activities is measured at the fair value of the consideration received or receivable so that the value of revenue from contribution can be reliably measured. The Association's funds were fully invested in its institutional purposes and for the payment of expenses inherently related to its operation.

(b) Revenues from voluntary work

As established in Interpretation ITG 2002 (R1) - Nonprofit Entities, the Association values revenues from voluntary work, including from members of Management, at their fair value considering the amounts that the Association would have to pay if hiring such services in a similar market. Revenues from voluntary work are recognized in surplus for the year with an offsetting entry to operating expenses also in surplus (deficit) for the year.

For the purpose of determining fair value, the Association adopts as reference the research on management compensation of the Brazilian Institute of Corporate Governance (IBGC), since it understands that the members of its governance bodies are comparable to the other entities included in this research.

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Notes to the financial statements
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2.12. Council compensation

As at December 31, 2022, the Association recorded the amount of R\$ 33,750 referring to voluntary work:

12/31/2022					12/31/2021				
Position	Quantity per position	Hours per year in the position	Amount per hour	Total	Position	Quantity per position	Hours per year in the position	Amount per hour	Total
Fiscal/Advisory Council	10	37.5	900	33,750	Fiscal council	10	22.5	900	20,250

2.13. Financial revenues and expenses

Financial revenues basically include revenues from interest on financial investments. Interest revenue is recognized in surplus, using the effective interest rate method. Financial expenses basically include bank expenses.

2.14. Statements of cash flows

These were prepared and are being presented in accordance with Technical Pronouncement NBC TG 1000 (R1) - Accounting for Small and Medium-Sized Companies, Section 7.

The statement of cash flows reflects cash changes that occurred in the reported fiscal years, and is presented using the indirect method. Terms used in the statement of cash flows are as follows:

- Operating activities: these are the main revenues of the Association and other activities that are not investing and financing;
- Investing activities: these are the additions and write-offs of non-current assets and other investments not included in cash and cash equivalents;
- Financing activities: these are activities that result in changes in the breakdown of net assets and loans.

3. Financial risk management

3.1. Financial risk factors

The Association's activities are exposed to several financial risks: market risk, credit risk and liquidity risk.

a) Market risk

The Association is exposed to market risks arising from its business activities. These market risks mainly involve the possibility of changes in interest rates.

b) Credit risk

Credit risk results from cash and cash equivalents and other receivables. Financial investments are held with top-tier institutions to reduce credit risks.

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c) Liquidity risk

The proper management of liquidity risk includes keeping sufficient cash. Management monitors the Association's liquidity level considering the expected cash flow.

4. Capital management

The Association's objectives in managing its capital are to ensure its ability to continue as a going concern and to meet the purposes stated in Note 1.

5. Cash and cash equivalents

Description	2022	2021
Cash	3,648	277
Bank checking accounts	20	20
Itaú - Aplic. Aut. Mais	3,872,847	4,463,054
	<u>3,876,515</u>	<u>4,463,351</u>

Financial investments are held with top-tier institutions to reduce credit risks, and are classified at amortized cost. As at December 31, 2022, the investments range from 0.10% to 0.36% p.m.

6. Accounts receivable

Description	2022	2021
Contributions receivable - Vital Strategies NY	127,577	127,577
Foreign and domestic donations	2,860,760	2,514,561
	<u>2,988,337</u>	<u>2,642,138</u>

7. Other receivables

Description	2022	2021
Collateral deposit	12,912	12,912
	<u>12,912</u>	<u>12,912</u>

On December 01, 2018, Vital Strategies entered into a lease agreement for a property located at Rua São Bento, No. 470, sala 104 - São Paulo with the company Prado 76 Negócios Imobiliários Ltda. and, as a guarantee, the amount of R\$ 9,690 was paid as collateral deposit to be returned upon the end of the lease, properly adjusted at the savings account rate. Additionally, Vital Strategies entered into another lease agreement on October 01, 2019, for the room of Building No. 102, with the amount of R\$ 3,222 paid as guarantee.

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8. Labor liabilities

Description	2022	2021
Social Security Tax (INSS) payable	165,370	135,066
Severance Pay Fund (FGTS) payable	-	48,867
Vacation pay	773,298	521,492
INSS on vacation pay	207,244	139,760
FGTS on vacation pay	61,864	41,719
Income Tax (IRPJ) on payroll	-	159,035
	<u>1,207,776</u>	<u>925,939</u>

9. Contribution and donation advances

Description	2022	2021
Prepaid contribution - Head office	683,844	-
Donation advance - Domestic and foreign	3,697,233	5,800,245
	<u>4,381,077</u>	<u>5,800,245</u>

Vital Strategies Brasil prepares its annual budget and communicates to its associates the projection of trade association contributions necessary to conduct its activities and projects. At the end of 2022, expenses actually incurred by the Association included the prepaid contribution made in 2022. Additionally, the associate Vital Strategies stated that the Advance on Trade Association Contribution amounted to R\$ 683,844 in 2023.

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Deferred revenue presented refers to the advance of donations made by the donors of projects raised in Brazil:

	Agreement amount 2021	Recognized revenue 2021	Advance of donation – domestic and foreign 2021	Agreement amount 2022	Recognized revenue 2022	Advance of donation – domestic and foreign 2022
OVERHEAD – Domestic fund raising		-	-	R\$ 409,192.76	R\$ 64,204.90	R\$ 344,987.86
ICS D007 – Air quality (2022)	R\$ 400,000.00	R\$ 0.00	R\$ 400,000.00		R\$ 393,779.81	R\$ 6,220.19
Instituto Ibirapitanga (2023)		-	-	R\$ 200,000.00	R\$ 200,000.00	R\$ 0.00
Umane – Covitel II (2023)		-	-	R\$ 2,490,000.00		R\$ 2,490,000.00
Resolve to Save Lives (2023)		-	-	R\$ 941,520.00	R\$ 830,425.45	R\$ 111,094.55
OPAS Plataforma Integrada (2022)	R\$ 1,304,202.70	R\$ 375,792.11	R\$ 928,410.59		R\$ 813,722.06	R\$ 114,688.53
Particus D005 Ligue os Pontos (2022)	R\$ 624,778.48	R\$ 42,649.81	R\$ 582,128.67		R\$ 547,641.40	R\$ 34,487.27
Cactus D003 – Mental Health (2022)	R\$ 550,000.00	R\$ 35,795.00	R\$ 514,205.00		R\$ 490,035.44	R\$ 24,169.56
Gates Foundation D008 Gender Based (2022)	R\$ 1,942,513.96	R\$ 14,570.25	R\$ 1,927,943.71		R\$ 1,384,990.16	R\$ 542,953.55
UMANE D006 COVITEL (2022)	R\$ 1,667,557.00	R\$ 220,000.00	R\$ 1,447,557.00		R\$ 1,418,925.60	R\$ 28,631.40
			R\$ 5,800,244.97			R\$ 3,697,232.91

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Notes to the financial statements

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10. Net assets

The Association's net assets are composed of funds and rights, acquired or received as contribution, donation, legacy, subvention, aid, earnings or in any other legal manner and shall be managed and solely used for the fulfillment of its purposes.

Surplus or deficit will be fully allocated to the fulfillment of the Association's purposes, as described in Note 1.

11. Related-party transactions

Liabilities	2022	2021
Advances on trade association contribution Vital Strategies Inc. (Note 11)	683,844	-
	683,844	-
Results	2022	2021
Revenues Vital Strategies Inc.	11,849,293	12,236,402
	11,849,293	12,236,402

Compensation to key personnel

There is no compensation to board members.

12. Administrative and operating personnel expenses

Description	2022	2021
Salaries	(5,514,221)	(4,005,731)
Year-end bonus	(493,481)	(358,456)
Vacation pay	(713,747)	(506,813)
Tax on Sales (PIS) on payroll	(64,609)	(49,446)
INSS	(1,747,284)	(1,362,569)
FGTS	(516,871)	(395,612)
Benefits	(1,133,025)	(741,573)
	(10,183,238)	(7,420,200)

VITAL STRATEGIES BRASIL

Notes to the financial statements

For the years ended December 31, 2022 and 2021

(In Brazilian Reals)

13. General operating and administrative expenses

Description	2022	2021
Asset lease	(23,998)	(410)
Copies	(63,835)	(68,981)
Services rendered by natural persons or legal entities	(4,380,639)	(4,052,914)
Meals	(27,315)	(3,944)
Domestic travel	(1,314,044)	(36,851)
Donations	(992,984)	(116,202)
Advertising and publicity	(32,772)	(198,411)
Office rent	(103,775)	(80,852)
Assets of permanent use	(372,705)	(444,032)
Software maintenance	(7,862)	(19,000)
Water, electricity and gas	(45,837)	(38,228)
Others	(208,968)	(495,790)
	(7,574,734)	(5,555,614)

14. Provisions for legal claims

In the ordinary course of conducting its business, the Association is involved in labor, civil and tax lawsuits. In accordance with the legal advisors' assessment, the Association has a labor filed on April 08, 2020 and June 10, 2022, with the likelihood of possible loss amounting to R\$ 604,152. Accordingly, it was not recorded in the financial statements for the years ended December 31, 2022 and 2021.

15. Taxes and contributions

Since the Association is a nonprofit organization, it presents the following scenario regarding taxes and contributions:

- Income and Social Contribution taxes: it is entitled to exemption from payment of federal taxes levied on surplus, as per Decree No. 76.186 of September 02, 1975, articles 167 to 174, of the Income Tax Regulations (RIR), approved by Decree No. 3.000 of March 26, 1999 and article 195 of the Federal Constitution;
- PIS: it is subject to the payment of PIS contribution calculated on payroll at the rate of 1%, in accordance with Law No. 9.532/97;
- COFINS: it is exempt from paying COFINS levied on revenues from its own activities, in accordance with Laws No. 9.718/98 and 10.833/03. It is only mandatory that the Association pay COFINS on service rendering.

16. Insurance (unaudited)

The Association adopts an insurance policy that considers the concentration of risks and their significance, in amounts considered sufficient by the Association's Management, taking into consideration the nature of its activities and its insurance consultants' opinion. The amounts of insurance coverage as at December 31, 2022, are as follows:

- Civil liability insurance for directors and officers - Tokio Marine: R\$ 10,000,000;
- Comprehensive business insurance - CHBB (until May 2023); Axa (as of May 2023): R\$ 1,150,000;
- Sundry risk insurance - CHUBB (until May 2023); Axa (as of May 2023): R\$ 40,000;
- Basic insurance - CHBB (until May 2023); Axa (as of May 2023) - INV, Lightning, Explosion/Implosion: R\$ 1,000,000;
- Electrical damage insurance - CHBB (until May 2023); Axa (as of May 2023): R\$ 50,000.

17. Subsequent events

On February 08, 2023, the Supreme Court of Brazil (STF) ruled on Matters No. 881 - Extraordinary Appeal No. 949.297 and No. 885 - Extraordinary Appeal No. 955.227.

The ministers who discussed these matters unanimously concluded that final court decisions in favor of taxpayers should be annulled if, at a later time, the Supreme Court has a different understanding on the subject. In other words, if years ago a company obtained authorization from the Court to stop paying any tax, this permission will automatically expire if, and when, STF understands that the payment is due.

Management evaluated with its internal legal advisors the possible impacts of this STF decision and concluded that, based on Management's assessment supported by its legal advisors, and in line with CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, CPC 32/IAS 12 - Income Taxes, ICPC 22/IFRIC 23 - Uncertainty over Income Tax Treatments, and CPC 24/IAS 10 - Subsequent Events, it does not result in significant impacts on its financial statements as at December 31, 2022.

Additionally, we did not observe any other subsequent event between the closing date and the issue of this document that was worth disclosing in these notes.