INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Financial statements for the year ended December 31, 2019 and Independent Auditor’s Report

RT/MM/LS 0127i/20

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Financial statements
December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Management of
Inoxcva Comércio e Indústria de Equipamentos Criogênicos Ltda.
São Paulo - SP

Opinion

We have audited the financial statements of Inoxcva Comércio e Indústria de Equipamentos Criogênicos Ltda. ("Company" or "Inoxcva"), which comprise the statement of financial position as at December 31, 2019 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 Inoxcva Comércio e Indústria de Equipamentos Criogênicos Ltda. as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

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 Company in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council (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.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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:

- 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 control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
  If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 control that we identify during our audit.

Indaiatuba, March 13, 2020.

Pemom Auditoria e Consultoria S.S.
CRC 2 SP 030.181/O-6

Marco Antonio **Miranda** Alves	**Renato** Tsunezo **Tanikawa**
Accountant CRC 1SP-223-797/O-7	Accountant CRC 1SP-270.926/O-0

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Statements of financial position
As at December 31, 2019 and 2018
(In Reais - R$)

ASSETS

	Note	2019	2018
Current assets			
Cash and cash equivalents	4	568,193	328,829
Trade receivables	5	1,619,390	890,605
Inventories	6	507,617	872,037
Taxes recoverable	7	463,279	766,755
Related parties	13.2	973,292	173,049
Other assets	-	354,780	51,931
Total current assets		**4,486,551**	**3,083,206**
Noncurrent assets			
Assets held for sale	8	6,486,399	6,486,399
Property, plant and equipment	9	3,694,529	736,495
Total noncurrent assets		**10,180,928**	**7,222,894**
Total assets		**14,667,479**	**10,306,100**

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

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Statements of financial position
As at December 31, 2019 and 2018
(In Reais - R$)

LIABILITIES AND EQUITY

	Notes	2019	2018
Current liabilities			
Trade payables	-	232,595	114,851
Payroll and related taxes	10	367,945	209,219
Taxes payable	11	694,740	53,798
Deferred taxes	-	330,919	-
Other liabilities	12	676,956	75,177
Total current liabilities		**2,303,155**	**453,045**
Noncurrent liabilities			
Related parties	13.1	2,347,881	2,596,834
Other liabilities	12	2,527,773	-
Provision for legal claims	14	37,395	52,162
Total noncurrent liabilities		**4,913,049**	**2,648,996**
Equity			
Capital	15	13,332,327	13,332,327
Accumulated losses	-	(5,881,052)	(6,128,268)
Total equity		**7,451,275**	**7,204,059**
Total liabilities and equity		**14,667,479**	**10,306,100**

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

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Statements of profit or loss and comprehensive income
For the years ended December 31, 2019 and 2018
(In Reais - R$)

	Notes	2019	2018
Net revenue	16	11,345,314	4,108,430
(-) Cost of sales and services	17	(7,972,041)	(2,329,505)
Gross profit		**3,373,273**	**1,778,925**
General and administrative expenses	18	(2,112,394)	(1,807,132)
Other operating income	-	-	2,481
		(2,112,394)	**(1,804,651)**
Profit (loss) before finance income (costs)		**1,260,879**	**(25,726)**
Finance income (costs)	19	(682,744)	(556,940)
Loss before income tax and social contributon		**578,135**	**(582,666)**
Deferred income tax and social contribution	-	(330,919)	-
Loss for the year		**247,216**	**(582,666)**
Other comprehensive income		-	-
Total comprehensive income for the year		**247,216**	**(582,666)**

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

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Statements of changes in equity
For the years ended December 31, 2019 and 2018
(In Reais - R$)

	Note	Capital	Unpaid capital	Accumulated losses	Total equity
Balance at December 31, 2017		**15,000,000**	**(1,667,673)**	**(5,535,158)**	**7,797,169**
Decrease in subscribed capital	15	(1,667,673)	1,667,673	-	-
Prior year adjustment		-	-	(10,444)	(10,444)
Loss for the year	-	-	-	(582,666)	(582,666)
Balance at December 31, 2018		**13,332,327**	**-**	**(6,128,268)**	**7,204,059**
Loss for the year	-	-	-	247,216	247,216
Balance at December 31, 2019		**13,332,327**	**-**	**(5,881,052)**	**7,451,275**

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

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

Statements of cash flows
For the years ended December 31, 2019 and 2018
(In Reais - R$)

	2019	2018
Loss before income tax and social contribution	**578,135**	**(582,666)**
Adjustments to reconcile loss to cash generated by operating activities		
Depreciation and amortization	574,448	147,323
Prior year adjustment	-	(10,444)
Provision for legal claims	(14,767)	(49,163)
	1,137,816	**(494,950)**
Decrease (increase) in assets		
Trade receivables	(728,785)	(153,450)
Inventories	364,420	33,559
Taxes recoverable	303,476	100,571
Other assets	(302,849)	(23,353)
	(363,738)	**(42,673)**
Increase (decrease) in liabilities		
Trade payables	117,744	(37,505)
Payroll and related taxes	158,726	(53,911)
Taxes payable	640,942	36,169
Other liabilities	3,129,552	2,637
	4,046,964	**(52,610)**
Net cash flows from operating activities	**4,821,042**	**(590,233)**
Investing activities		
Purchases of property, plant and equipment	(3,532,482)	(35,861)
Net cash flows used in investing activities	**(3,532,482)**	**(35,861)**
Financing activities		
Related-party transactions	(1,049,196)	545,051
Net cash flows from (used in) financing activities	**(1,049,196)**	**545,051**
Increase (decrease) in cash and cash equivalents	**239,364**	**(81,043)**
Cash and cash equivalents at the beginning of the year	328,829	409,872
Cash and cash equivalents at the end of the year	568,193	328,829
Increase (decrease) in cash and cash equivalents	**239,364**	**(81,043)**

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

1. General information

Inoxcva Comércio e Indústria de Equipamentos Criogênicos Ltda. (“Inoxcva” or “Company”) is a subsidiary of an Indian based company engaged in holding of equity interests, as shareholder or stockholder, in other companies in Brazil or abroad, business development of the Inox Group in Brazil, participation in business meetings, events, trade shows and exhibitions, and distribution of promotional material.

The Company is also engaged in import, export, storage, purchase, sale, resale, equipment lease, rental, marketing, contracting, distribution, processing, disposal, assembly, manufacturing, overhaul, maintenance, repair, renovation and treatment of any type of tank for cryogenic and non-cryogenic packaging and distribution, vaporizers and related equipment including tanks for natural gas storage, tanks for oil storage, industrial plants for liquefied natural gas, packaging, distribution and provision for use of liquefied natural gas.

The financial statements were reviewed and approved by the Company’s management on March 13, 2020.

2. Presentation of financial statements

2.1. Statement of compliance

The financial statements for the years ended December 31, 2019 and 2018 have been prepared in accordance with accounting practices adopted in Brazil, which comprise the standards, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC).

2.2. Functional currency

The Company's functional currency is the Brazilian Real (R$), which is also its presentation currency.

3. Significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are as follows:

3.1. Income determination

Revenues, costs and expenses are recognized on an accrual basis.

3.2. Cash and cash equivalents

Cash and cash equivalents comprise cash, checking account and highly liquid short-term investments, immediately convertible into a known amount of cash and subject to an insignificant risk of change in value with the possibility of redemption in the short term (three months from the date of purchase).

Negative bank balances, if any, are presented in current liabilities.

3.3. Trade receivables and allowance for expected credit losses

Trade receivables arise from the sale of products and provision of services and comprise the consideration receivable for the sale in the ordinary course of business.

Revenues from the sale of products and services are measured at the consideration to which the Company expects to be entitled, less returns, discounts, rebates, amortization of customer contract assets and other deductions, if applicable, and is recognized as the Company satisfies its performance obligation, i.e., upon the transfer of ownership and/or completion of provision of services.

The Company does not have a history of losses on trade receivables, for this reason there is no indication of the need to establish an allowance for expected credit losses for its receivables, as established by CPC 48 - Financial Instruments.

3.4. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any.

The depreciation is calculated under the straight-line method and the rates are calculated according to the estimated useful lives of the assets.

An item of property, plant and equipment is derecognized when sold or when no future economic benefits from its use or sale are expected.

Any gain or loss arising from the derecognition of the asset (measured as the difference between the net proceeds from the sale and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The residual values, useful lives of assets and depreciation methods are reviewed at the end of each reporting period and adjusted prospectively, as applicable.

3.5. Other assets and liabilities

A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle it.

Provisions are recognized based on the best estimates of the risk involved.

An asset is recognized in the statement of financial position when it is probable that its future economic benefits will flow to the Company and its cost or amount can be reliably measured.

Assets and liabilities are classified as current when their realization or settlement is likely to occur in the next 12 months, otherwise they are stated as noncurrent.

3.6. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, e.g., under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

3.7. Judgments

The preparation of the Company's financial statements requires Management to make judgments and estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the end of the reporting period.

However, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the carrying amount of the affected asset or liability in future periods.

3.8. Estimates and assumptions

The main assumptions related to sources of uncertainty in future estimates and other important sources of estimate uncertainty at the end of the reporting period involving a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below:

3.9. Taxes

There are uncertainties in respect of the interpretation of complex tax regulations and to the amount and timing of future taxable profits.

Given the long-term nature and the complexity of the existing contractual instruments, any differences between the actual results and the assumptions adopted or future changes in these assumptions could require future adjustments to the tax income and expense already recognized.

The Company establishes provisions based on applicable estimates for possible consequences of audits by the tax authorities of the jurisdictions in which it operates.

The amount of these provisions is based on several factors such as experience of prior tax audits and different interpretations of tax regulations by the taxable entity and the tax authority.

These different interpretations may arise from the wide variety of subjects depending on the conditions in place at the Company's domicile.

Significant judgment by Management is required to determine the amount of deferred tax assets that can be recognized based on the probable timing and level of future taxable profits as well as future tax planning strategies.

3.10. Provision for legal claims

The Company recognizes a provision for tax, civil and labor claims.

The assessment of the likelihood of loss includes the assessment of available evidence, hierarchy of laws, available case laws, the most recent court decisions and their relevance in the legal system, as well as the assessment made by outside legal counsel.

Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, the completion of tax audits or additional exposures identified based on new matters or court rulings.

The settlement of transactions involving these estimates may result in amounts significantly different from those recognized in the financial statements due to inaccuracies inherent to the process of their determination.

The Company reviews its estimates and assumptions at least annually.

3.11. Taxation - current income tax and social contribution

Current income tax and social contribution assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

The tax rates and tax laws used to calculate the tax are those that have been enacted or substantively enacted at the end of the reporting period.

Income taxes include Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL"), which are calculated under the taxable income regime (adjusted income) at the rates applicable under the legislation in force: 15% on taxable income plus a 10% surtax on amounts exceeding R$ 240,000 of taxable income per year for IRPJ, and 9% for CSLL.

3.12. Impairment testing of assets

Management reviews annually the net carrying amount of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of these assets.

When there is such evidence and the net carrying amount of the asset exceeds its recoverable amount, a provision for impairment is established adjusting the net carrying amount to the recoverable amount.

The Company periodically assesses the effect of this procedure, and in the financial statements for December 31, 2019 no adjustments to be accounted for were identified.

3.13. Financial instruments

The Company's financial instruments comprise cash and cash equivalents (assets measured at fair value through profit or loss), trade receivables, trade payables and related parties.

The Company recognizes financial instruments on the date on which they originated or on the trading date in which it becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receiving contractual cash flows from a financial asset under a transaction that transfers substantially all the risks and rewards of ownership of the financial asset.

Any interest that is created or retained in the financial assets is recognized as an individual asset or liability.

The Company derecognizes a financial liability when, and only when, its obligations are discharged, canceled or have expired.

3.14. Loans and receivables

Loans and receivables are financial assets or liabilities with fixed or determinable payments that are not quoted in an active market.

These amounts are recognized initially at fair value plus any attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

3.15. Financial liabilities - initial recognition and subsequent measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as loans and receivables.

The Company determines the classification of its financial liabilities on their initial recognition.

The Company's main financial liabilities include payables to related parties.

3.16. Subsequent measurement

The measurement of financial liabilities depends on their classification which may be as follows:

- **Borrowings:** after initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest method, less transaction costs incurred;
- **Gains and losses:** are recognized in the statement of profit or loss when the liabilities are derecognized and during the process of amortization using the effective interest method.

3.17. Noncurrent assets held for sale

The Company classifies a noncurrent asset as held for sale if its carrying amount is recovered through a sale transaction.

The asset or group of assets held for sale must be available for immediate sale in its current condition subject only to the terms that are customary for the sale of such asset held for sale.

Therefore, its sale must be highly probable.

The group of assets held for sale is measured at the lower of its carrying amount and the fair value less selling expenses.

If the carrying amount exceeds its fair value, an impairment loss is recognized in profit or loss.

Any reversal or gain will only be recognized up to the limit of the recognized loss.

(Amounts expressed in Reais - R$)

3.18. Right-of-use assets and lease liabilities

Effective January 1, 2019, transition date, the Company adopted the guidelines of IFRS 16 / CPC 06 (R2) - Leases which determines the recognition, from the transition date, of the right to use the leased asset and the liability for future payments in respect of all lease contracts or transactions with the same characteristics of a lease and which includes the right to control a certain identified (specific) asset and to obtain benefits from its use unless they have some type of exemption.

3.18.1. Transition approach

Management assessed the impacts of the new standard and elected the simplified retrospective approach. This approach does not impact retained earnings (equity) at the date of initial application and the effects are presented as of January 1, 2019.

On transition, lease liabilities will be measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate.

Right-of-use assets will be measured at an amount equal to the lease liabilities adjusted by the amount of any prepaid or accumulated lease payments related to that lease that was recognized in the statement of financial position immediately before the initial application date.

3.18.2. Impacts on the statement of financial position on initial application

As a result of the initial application of CPC 06 (R2) / IFRS 16 in respect of leases that were previously classified as operating, the Company recognized at January 1, 2019 lease liabilities in the amount of R$ 3,434,542 and right-of-use assets in the same amount.

4. Cash and cash equivalents

Comprised by:

	2019	**2018**
Cash	9,774	6,853
Banks	428,895	192,454
Short-term investments	129,524	129,522
	568,193	**328,829**

Short-term investments refer to fixed-income investment funds and Bank Certificates of Deposit (CDB) with short-term maturities and/or immediate liquidity, with yield based on the variation of the Interbank Certificate of Deposit (CDI) rates.

(Amounts expressed in Reais - R$)

5. Trade receivables

Trade receivables are comprised as follows:

	2019	2018
Trade notes receivable	**1,619,390**	**890,605**

The aging list of trade receivables is summarized as follows:

	2019	2018
Current (not past due)	1,539,331	721,952
Up to 30 days past due	23,655	11,226
61 to 90 days past due	49,535	157,427
More than 360 days past due	6,869	-
	1,619,390	**890,605**

6. Inventories

Inventories are comprised as follows:

	2019	2018
Products for resale	461,243	840,293
Inputs for provision of services	38,615	31,744
Raw materials	7,759	-
	507,617	**872,037**

7. Taxes recoverable

Taxes recoverable are comprised as follows:

	2019	2018
ICMS (state VAT)	-	333,526
Taxes overpaid	118,391	118,355
Social contribution	242,945	225,742
Income tax	51,683	38,872
Other taxes recoverable	50,260	50,260
	463,279	**766,755**

8. Assets held for sale

In 2012, the Company planned the installation of a manufacturing plant in the city of Monte Mor, State of São Paulo, purchasing land and making improvements such as earthwork and cleaning in the amount of R$ 6,486,399.

Subsequently, due to the change of strategy, the Company decided to discontinue the planning of the installation of such manufacturing plant in Monte Mor.

(Amounts expressed in Reais - R$)

In view of such discontinuity, Management decided to sell the property (land and improvements).

Management believes that the sale value will be higher than the carrying amount and, therefore, no provision for loss is required.

9. Property, plant and equipment

Property, plant and equipment are comprised as follows:

	Depreciation	2019			2018
	rate	Cost	Depreciation	Net	Net
Machinery and equipment	10%	1,234,634	(676,722)	557,912	594,531
Furniture and fixtures	10%	184,947	(100,855)	84,092	99,047
IT equipment	20%	82,907	(58,705)	24,202	21,518
Leasehold improvements	10%	51,249	(40,100)	11,149	21,399
Right of use – lease	-	3,434,542	(417,368)	3,017,174	-
		4,988,279	**(1,293,750)**	**3,694,529**	**736,495**

9.1. Changes

	2018	Additions	Depreciation	2019
Machinery and equipment	594,531	84,737	(121.356)	557,912
Furniture and fixtures	99,047	3,376	(18,331)	84,092
IT equipment	21,518	9.827	(7,143)	24,202
Leasehold improvements	21,399	-	(10,250)	11,149
Right of use – lease	-	3,434,542	(417,368)	3,017,174
	736,495	**3,532,482**	**(574,448)**	**3,694,529**

	2017	Additions	Depreciation	2018
Machinery and equipment	692,355	16,245	(114,069)	594,531
Furniture and fixtures	117,209	-	(18,162)	99,047
IT equipment	6,745	19,616	(4,843)	21,518
Leasehold improvements	31,648	-	(10,249)	21,399
	847,957	35,861	(147,323)	736,495

10. Payroll and related taxes

	2019	2018
Accrued vacation pay	124,591	62,323
INSS (social security contribution) on accrued vacation	34,013	10,233
INSS payable	35,357	29,067
Performance bonus	130,185	84,156
FGTS (Severance pay fund)	10,752	8,415
FGTS on accrued vacation	9,967	2,999
Other social security obligations	23,080	12,026
	367,945	**209,219**

(Amounts expressed in Reais - R$)

11. Taxes payable

	2019	2018
ICMS (state VAT)	446,233	-
ISS (service tax)	2,548	23,156
COFINS (tax on revenue)	168,609	23,986
PIS (tax on revenue)	36,605	5,210
Other taxes payable	40,745	1,446
	694,740	**53,798**

12. Other liabilities

	2019	2018
Rent payable (i)	3,172,939	40,000
Fees payable	23,604	22,584
Insurance payable	7,570	10,500
Other payables	616	2,093
	3,204,729	**75,177**
Current	676,956	75,177
Noncurrent	2,527,773	-
	3,204,729	**77,177**

(i) As a result of the initial application of CPC 06 (R2) / IFRS 16 in respect of leases that were previously classified as operating, the Company recognized at January 1, 2019 lease liabilities in the amount of R$ 3,434,542, this amount is monetarily restated and amortized over the lease term.

13. Related parties

13.1. Value payable to Inox India Private Limited

The balance payable to related parties at December 31, 2019 was R$ 2,347,881 (R$ 2,596,834 at December 31, 2018) equivalent to USD 582,550 at December 31, 2019 (USD 670,236 at December 31, 2018).

13.2. Assets and result with Inox India Private Limited

The amount recognized in the result of R$ 973,292 (R$ 173,049 as of December 31, 2018), equivalent to USD $ 241,470 (USD $ 44,660 as of December 31, 2018) arising from the provision of commissions to related parties, Inox India Private Limited.

(Amounts expressed in Reais - R$)

14. Provision for legal claims

	2019	2018
Tax contingencies	**37,395**	**52,162**

The Company carries out transactions with foreign related parties and, thus, may be subject to collection under the transfer pricing rules. This amount was not subjected to taxation and, accordingly, a provision for risk related to non-taxation was established.

14.1. Movement

	2019	2018
Opening balance	52,162	101,325
Reversal	(14,767)	(49,163)
Closing balance	37,395	52,162

15. Equity

15.1. Capital

The subscribed capital at December 31, 2019 and 2018 is R$ 13,332,327 and comprises 13,332,327 share units with par value of R$ 1.00 each, held as follows:

Shareholders	Number of share units	R$
Inox India Pvt. Limited	13,327,827	13,327,827
Parag Padmakar Kulkarni	4,500	4,500
	13,332,327	**13,332,327**

On February 28, 2018, the Company's shareholders decided to cancel 1,667,673 unpaid share units with par value of R$ 1.00.

16. Net revenue

Net revenue is comprised as follows:

	2019	2018
Maintenance services	2,266,737	3,276,122
Representation services	1,168,441	351,100
Resale of products	10,115,168	970,158
Commissions (a)	973,292	173,049
Taxes on revenue	(3,178,324)	(661,999)
	11,345,314	**4,108,430**

a) Amount of R$ 973,292 (R$ 173,049 at December 31, 2018) equivalent to USD 241,470 (USD 44,660 at December 31, 2018) arising from the provision of commissions with related party Inox India Private Limited.

(Amounts expressed in Reais - R$)

17. Cost of sales and services

This balance is comprised as follows:

	2019	2018
Cost of services rendered	(6,426,612)	(1,160,865)
Cost of goods sold	(1,401,128)	(1,064,320)
Other costs	(144,301)	(104,320)
	(7,972,041)	**(2,329,505)**

18. General and administrative expenses

	2019	2018
Administrative expenses	(1,290,076)	(1,446,866)
Provision for legal claims	14.767	-
Personnel expenses	(168,962)	(166,664)
Depreciation and amortization (i)	(564,873)	(137,957)
Taxes and fees	(53,166)	(38,536)
Other general and administrative expenses	(50,084)	(17,109)
	(2,112,394)	**(1,807,132)**

(i) As a result of the initial application of CPC 06 (R2) / IFRS 16 in respect of leases that were previously classified as operating, the Company is amortizing the right of use of the lease over the lease term.

19. Finance income (costs)

	2019	2018
Finance income		
Income from short-term investments	66,398	7,684
Discounts obtained	1	4,501
Other finance income	4,409	16,615
Total finance income	**70,808**	**28,800**
Finance costs		
Foreign exchange losses	(350,654)	(395,334)
Interest	(154,555)	(152,673)
Discounts granted	-	(18,601)
Present value adjustment	(226,806)	-
Other finance costs	(21,537)	(19,132)
Total finance costs	**(753,552)**	**(585,740)**
Total finance income (costs)	**(682,784)**	**(556,940)**

20. Financial instruments

20.1. Risks

Liquidity risk: this is the risk of not having sufficient liquid funds to meet the Company's financial commitments due to the mismatch of terms or volumes regarding expected receipts and payments.

Foreign exchange risk: this risk arises from the possibility of fluctuations in the exchange rates of foreign currencies used by the Company for purchase of inputs, sale of products and contracting of financial instruments.

Interest rate risk: this risk arises from the possibility that the Company may obtain gains or incur losses due to fluctuations in interest rates to which its financial assets and liabilities are subject. In order to mitigate this type of risk, the Company seeks to diversify its funding in terms of fixed and floating rates.
The Company reviewed the main financial assets and liabilities at December 31, 2019, as well as the criteria for their measurement, valuation and classification, which are described below:

- **Cash and cash equivalents:** the amounts of cash and cash equivalents the carrying amounts of which approximate the realizable values at the end of the reporting period are classified as receivables;
- **Trade receivables:** are stated at carrying amounts which approximate the realizable values at the end of the reporting period;
- **Trade payables:** are stated at carrying amount which approximate the realizable values at the end of the reporting period;
- **Related parties:** are stated at carrying amounts which approximate the realizable values at the end of the reporting period.

21. Events after the reporting period

21.1. COVID-19

The Company has constantly assessed the potential impacts of the Coronavirus (COVID-19) on the administrative and operations areas and has taken some measures to stop the spread of the disease and minimize economic impacts.

To date, there has been no relevant or material impact on its business that would justify changing the figures for December 31, 2019.

The Company will continue to assess such impacts and risks and will make any required disclosures.