Inoxcva Comércio E Indústria De Equipamentos Criogênicos Ltda.

Financial statements for the year ended December 31, 2022 and Independent Auditor’s Report

671-2023-7

Inoxcva Comércio E Indústria De Equipamentos Criogênicos Ltda.

Financial statements
December 31, 2022

Contents

INDEPENDENT AUDITOR'S REPORT

To the Management of
Inoxcva Comércio e Indústria de Equipamentos Criogênicos Ltda.
Indaiatuba - 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, 2022 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, 2022, 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.

Emphasis of matter

Related parties

As mentioned in Note 14 to the financial statements, the Company carries out relevant transactions with related parties based on conditions negotiated between the parties. Our opinion is not qualified in respect of this matter.

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 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 concern.
- 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 01, 2023.

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

RSM Brasil Auditores Independentes - Sociedade Simples
CRC 2SP-030.002/O-7

INOXCVA COMÉRCIO E INDÚSTRIA DE EQUIPAMENTOS CRIOGÊNICOS LTDA.

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

ASSETS

	Note	2022	2021
Current assets			
Cash and cash equivalents	4	480,167	3,779,820
Trade receivables	5	2,373,045	2,086,104
Inventories	6	27,812	274,873
Taxes recoverable	7	582,765	497,290
Other assets	-	45,630	13,195
Total current assets		**3,509,419**	**6,651,282**
Noncurrent assets			
Judicial deposits	8	206,008	206,008
Assets held for sale	9	6,463,092	6,463,092
Property, plant and equipment	10	2,224,278	2,367,224
Total noncurrent assets		**8,893,378**	**9,036,324**
Total assets		**12,402,797**	**15,687,606**

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, 2022 and 2021
(In Reais - R$)

LIABILITIES AND EQUITY

	Note	2022	2021
Current liabilities			
Trade payables	-	472,447	652,598
Payroll and related taxes	11	539,872	308,375
Taxes payable	12	236,590	60,849
Other liabilities	13	652,352	4,819,022
Total current liabilities		**1,901,261**	**5,840,844**
Noncurrent liabilities			
Related parties	14.1	4,002,588	3,025,745
Taxes payable	12	275,742	259,295
Other liabilities	13	1,374,201	1,643,715
Total noncurrent liabilities		**5,652,531**	**4,928,755**
Equity			
Capital	16	13,332,327	13,332,327
Accumulated losses	-	(8,483,322)	(8,414,320)
Total equity		**4,849,005**	**4,918,007**
Total liabilities and equity		**12,402,797**	**15,687,606**

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, 2022 and 2021
(In Reais - R$)

	Note	2022	2021
Net revenue	17	12,782,645	7,167,350
(-) Cost of sales and services	18	(10,624,365)	(4,755,912)
Gross profit		**2,158,280**	**2,411,438**
General and administrative expenses	19	(2,685,281)	(2,267,651)
Other operating income	-	270,715	9,466
		(2,414,566)	**(2,258,185)**
Profit (loss) before finance income (costs)		**(256,286)**	**153,253**
Finance income (costs), net	20	191,552	(318,932)
Profit (loss) before income tax and social contribution		**(64,734)**	**(165,679)**
Deferred income tax and social contribution	-	(4,268)	(99,134)
Loss for the year		**(69,002)**	**(264,813)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(69,002)**	**(264,813)**

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, 2022 and 2021
(In Reais - R$)

	Capital	Accumulated losses	Total equity
Balance at December 31, 2020	**13,332,327**	**(8,149,507)**	**5,182,820**
Loss for the year	-	(264,813)	(264,813)
Balance at December 31, 2021	**13,332,327**	**(8,414,320)**	**4,918,007**
Loss for the year	-	(69,002)	(69,002)
Balance at December 31, 2022	**13,332,327**	**(8,483,322)**	**4,849,005**

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, 2022 and 2021
(In Reais - R$)

	2022	2021
Profit (loss) before income tax and social contribution	**(64,734)**	**(165,679)**
Adjustments to reconcile profit (loss) to cash generated by operating activities		
Depreciation and amortization	524,544	602,069
Disposal of property, plant and equipment	-	36,166
Performance bonus	177,988	103,963
Provision for legal claims	-	23,307
	637,798	**599,826**
Decrease (increase) in assets		
Trade receivables	(286,941)	(1,583,380)
Inventories	247,061	(199,991)
Taxes recoverable	(85,475)	(207,161)
Judicial deposits	-	(206,008)
Other assets	(32,435)	9,880
	(157,790)	**(2,186,660)**
Increase (decrease) in liabilities		
Trade payables	(180,151)	538,464
Payroll and related taxes	53,509	(34,006)
Taxes payable	192,188	56,752
Other liabilities	(4,436,184)	3,874,072
Taxes payable	(4,268)	(106,045)
	(4,374,906)	**4,329,237**
Net cash flows from operating activities	**(3,894,898)**	**2,742,403**
Investing activities		
Purchases of property, plant and equipment	(381,598)	(79,877)
Net cash flows used in investing activities	**(381,598)**	**(79,877)**
Financing activities		
Related-party transactions	976,843	196,534
Cash flows from financing activities	**976,843**	**196,534**
Increase (decrease) in cash and cash equivalents	**(3,299,653)**	**2,859,060**
Cash and cash equivalents at the beginning of the year	3,779,820	920,760
Cash and cash equivalents at the end of the year	480,167	3,779,820
Increase (decrease) in cash and cash equivalents	**(3,299,653)**	**2,859,060**

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 February 27, 2023.

2. Presentation of financial statements

The financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise those included in the Brazilian corporate law and the standards, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Federal Accounting Council (CFC).

2.1. Accounting judgments, estimates and assumptions

In preparing the financial statements in accordance with accounting practices adopted in Brazil, Management is required to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities reported in the financial statements and the notes to the financial statements.

Significant items subject to these estimates and assumptions include the economic useful life and the residual value of property, plant and equipment and intangible assets, allowance for expected credit losses, provision for legal claims, provision for inventory losses, provision for impairment of inventories, social contribution and other taxes, impairment of assets and fair value of financial instruments.

The use of estimates and judgments is complex and considers several assumptions and future projections and, therefore, the settlement of transactions may result in amounts that differ from the estimates. The Company reviews its estimates and assumptions annually.

2.2. Statement of compliance

The financial statements for the years ended December 31, 2022 and 2021 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).

3. Significant accounting policies

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

3.1. Functional currency

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

3.2. Income recognition

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

3.3. 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).

3.4. 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.

3.5. Inventories

Inventories are stated at average acquisition or production cost, adjusted to replacement cost and net realizable value, when applicable.

The cost of finished goods and work in process comprises raw materials, labor and other indirect costs related to production, based on normal production capacity.

Provisions for impairment of inventories and for slow-moving and/or obsolete inventories are established whenever identified.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.6. Taxes recoverable

Taxes recoverable are those included in the acquisitions of goods and services, generally related to the Company’s operating activities.

These taxes are not recorded in costs of inventories and the Company adopts the criteria set forth in the prevailing legislation for their allocation.

3.7. Related parties

Transactions with related parties refer to transfers of a financial nature that were carried out under conditions and terms established between the parties.

3.8. Prepaid expenses

These refer to prepayments of insurance and other expenses whose benefits or provision of services to the company will occur in the following year.

3.9. Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated or amortized.

These items are only classified in this line item when their sale is highly probable and they are available for immediate sale in their current conditions.

3.10. Property, plant and equipment, net

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.

3.11. 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, 2022 no adjustments to be accounted for were identified.

3.12. Other current and noncurrent 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.

3.13. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business.

Trade payables are classified as current liabilities if payment is due in one year or less (or in the normal operating cycle of business, if longer). Otherwise, they are presented as noncurrent liabilities.

3.14. Payroll and related taxes

These refer to amounts payable to employees arising from benefits, accrual for vacation already incurred and charges levied on these provisions.

3.15. Provisions

Provisions are recognized when:

(i) The Company has a present obligation (legal or constructive obligation as a result of past events;
(ii) It is probable that an outflow of resources will be required to settle the obligation;
(iii) The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the time elapsed is recognized as interest expense.

3.16. Provision for legal claims

These provisions are recognized for all contingencies related to lawsuits in which it is probable that an outflow of resources will be required to settle the contingency/obligation and a reliable estimate can be made.

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.

3.17. Current and deferred income tax and social contribution

Current and deferred income tax and social contribution are calculated at the rates of 15% plus a 10% surtax on taxable profit exceeding R$240,000 for income tax and 9% on taxable profit for social contribution and consider the offset of tax losses limited to 30% of the taxable profit.

3.18. 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.

3.19. Right-of-use assets and lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

(Amounts expressed in Reais - R$)

3.20. Standards issued but not yet effective at December 31, 2022

Pronouncement	Alteration	Validity
LAS 1- Presentation of Financial Statements/ IFRS - Practice Statements	Disclosure of "material" accounting policies rather than "material" accounting policies. We define changes as "material accounting policy information" and explain them as identifiers	from January 1, 2023
LAS 1- Presentation of Financial Statements/ IFRS - Practice Statements	For an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settling the liabilities for at least twelve months from the balance sheet date.	from January 1, 2024
LAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	Clarification of the allocation between changes in accounting estimates and changes in accounting policies and correction of errors	from January 1, 2023
IFRS 17- Insurance Contracts	Standard not applicable to the Company	from January 1, 2023
LAS 12 - Tributos sabre o Lucro	Requires entities to recognize deferred tax on lease transactions, decommissioning and restoration obligations.	from January 1, 2023

4. Cash and cash equivalents

Comprised by:

	2022	2021
Cash	20,501	3,538
Banks	327,960	2,106,649
Short-term investments	131,706	1,669,633
	480,167	**3,779,820**

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.

5. Trade receivables

Trade receivables are comprised as follows:

	2022	2021
Not related parties	1.995,284	2,086,104
Related parties	377,761	-
	2,373,045	**2,086,104**

(Amounts expressed in Reais - R$)

The aging list of trade receivables is summarized as follows:

	2022	**2021**
Current (not past due)	1,805,626	1,639,159
Up to 30 days past due	-	166,779
31 to 60 days past due	489,600	120,000
61 to 90 days past due	-	122,026
More than 120 days past due	77,189	38,140
	2,373,045	**2,086,104**

6. Inventories

Inventories are comprised as follows:

	2022	**2021**
Products for resale	-	34,900
Inputs for provision of services	19,994	44,864
Raw materials	7,818	195,109
	27,812	**274,873**

7. Taxes recoverable

Taxes recoverable are comprised as follows:

	2022	**2021**
ICMS (state VAT)	362,815	343,601
Social contribution	80,918	116,578
Income tax	82,790	-
Other taxes recoverable	56,242	37,111
	582,765	**497,290**

8. Judicial Deposits

	2022	**2021**
Judicial deposits	206,008	206,008
	206,008	**206,008**

The judicial deposit refers to process number 5007492-22.2021.4.03.6104, in which Inox requests recognition of non-taxation of taxes levied on imports of goods.

9. 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$ 6,463,092. (R$ 6,486,399 - 2020)

(Amounts expressed in Reais - R$)

Subsequently, due to the change of strategy, the Company decided to discontinue the planning of the installation of such manufacturing plant in Monte Mor. In view of such discontinuity, Management decided to sell the property (land and improvements).

In 2021, Inox lost the expropriation process carried out by Rodovias do Tietê S.A.. Due to the loss, Management recorded a loss of R$ 23,307 referring to the cost of the expropriated land.

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

10. Property, plant and equipment

Property, plant and equipment are comprised as follows:

	Depreciation rate	2022 Cost	2022 Depreciation	2022 Net	2021
Machinery and equipment	10%	1,520,190	(1,044,345)	475,845	370,056
Furniture and fixtures	10%	210,770	(154,022)	56,748	57,489
IT equipment	20%	111,143	(84,681)	26,462	24,206
Leasehold improvements	10%	51,249	(51,249)	-	-
Right of use - lease	-	3,195,924	(1,530,701)	1,665,223	1,915,473
		5,089,276	**(2,864,998)**	2,224,278	**2.367.224**

10.1. Changes

	2021	Additions	Depreciation	2022
Machinery and equipment	370,056	226,377	(120,588)	475,845
Furniture and fixtures	57,489	15,318	(16,059)	56,748
IT equipment	24,206	12,253	(9,997)	26,462
Right of use - lease	1.915.473	127,650	(377,900)	1,665,223
	2.367.224	**381,598**	**(524,544)**	**2,224,278**

	2020	Additions	Disposals	Depreciation	2021
Machinery and equipment	435,526	58,032	-	(123,502)	370,056
Furniture and fixtures	65,597	10,505	-	(18,613)	57,489
IT equipment	24,606	11,340	(3,172)	(8,568)	24,206
Right of use - lease	2,399,853	-	(32,994)	(451,386)	1.915.473
	2,925,582	**79,877**	**(36,166)**	**(602,069)**	**2.367.224**

The Management did not identify indicators of economic loss of the recoverable value of its property, plant and equipment.

Depreciation of property, plant and equipment was carried out using the straight-line method based on rates that Management considers appropriate.

(Amounts expressed in Reais - R$)

11. Payroll and related taxes

	2022	2021
Accrued vacation pay	180,239	103,694
INSS (social security contribution) on accrued vacation	49,178	30,460
INSS payable	77,757	35,453
Performance bonus	177,988	103,963
FGTS (Severance pay fund)	13,012	10,617
FGTS on accrued vacation	14,411	8,141
Other social security obligations	27,287	16,047
	539,872	**308,375**

12. Taxes payable

	2022	2021
ISS (service tax)	20,866	18,065
COFINS (tax on revenue)	175,179	20,968
PIS (tax on revenue)	38,019	4,474
Tax contingencies	275,742	259,295
Other taxes payable	2,526	17,342
	512,332	**320,144**
Current	236,590	60,849
Noncurrent	275,742	259,295
	512,332	**320,144**

13. Other liabilities

	2022	2021
Rent payable (i)	1,981,979	2,190,168
Advance from customers (ii)	-	4,240,296
Fees payable	35,616	30,600
Insurance payable	7,715	-
Other payables	1,243	1,674
	2,026,553	**6,462,737**
Current	652,352	4,819,022
Noncurrent	1,374,201	1,643,715
	2,026,553	**6,462,737**

(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 adjusted and amortized over the lease term.

(Amounts expressed in Reais - R$)

14. Related parties

14.1. Amounts receivable from Inox India Limited.

The balance receivable from related parties at December 31, 2022 was R$ 377,761 (R$ Nil at December 31, 2021) equivalent to USD$ 72,399 at December 31, 2022 (USD Nill at December 31, 2021).

14.2. Amounts payable to Inox India Limited.

The balance payable to related parties at December 31, 2022 was R$ 4.002.588 (R$ 3.025.745 at December 31, 2021) equivalent to USD$ 767,117 at December 31, 2022 (USD 542.200 at December 31, 2021).

15. Provision for legal claims

As of December 31, 2022, there were no lawsuits under discussion classified as probable or possible involving the Company, making the constitution of any provision or disclosure unnecessary.

Current legislation

In accordance with current legislation, income tax reports filed in the last five years are subject to review by the tax authorities.

Several other reports relating to federal and local taxes and contributions, social security contributions and other similar charges for other periods are subject to review for other periods.

However, in the opinion of the Company's Management, all taxes and fees due have been paid or are accounted for in the balance sheet and, as of December 31, 2022 and 2021, there are no known lawsuits against the Company.

Contingencies that may arise from inspections cannot be determined at this moment, although it is not expected that there will be additional liabilities or material information that is not disclosed in the financial statements.

16. Equity

16.1. Capital

The subscribed capital at December 31, 2022 and 2021 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 Limited	**13,332,327**	**13,332,327**

(Amounts expressed in Reais - R$)

17. Net revenue

	2022	2021
Maintenance services	3,179,347	3,987,377
Representation services	973,259	1,625,197
Resale of products	11,277,750	2,583,320
Commissions	295,307	-
Taxes on revenue	(2,943,018)	(1,028,544)
	12,782,645	**7,167,350**

18. Cost of sales and services

	2022	2021
Cost of goods sold	(8,597,616)	(3,157,379)
Cost of services rendered	(1,894,085)	(1,462,580)
Other costs	(132,664)	(135,953)
	(10,624,365)	**(4,755,912)**

19. General and administrative expenses

	2022	2021
Administrative expenses	(1,659,484)	(1,364,018)
Personnel expenses	(228,700)	(213,061)
Depreciation and amortization	(524,544)	(602,069)
Taxes and fees	(28,129)	(26,234)
Other general and administrative expenses	(244,424)	(62,269)
	(2,685,281)	**(2,267,651)**

20. Finance income (costs), net

	2022	2021
Finance income		
Income from short-term investments	115,700	52,777
Discounts obtained	1,913	61
Other finance income	5,912	355
Total finance income	**123,525**	**53,193**
Finance costs		
Foreign exchange losses	270,026	(174,989)
Interest	(141,691)	(148,726)
Discounts granted	(34,521)	(20,784)
Other finance costs	(25,787)	(27,626)
Total finance costs	**68,027**	**(372,125)**
Total finance income (costs)	**191,552**	**(318,932)**

21. Financial instruments

21.1. 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, 2022, 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.

22. Insurance (unaudited)

The Company’s Management adopts the policy of contracting insurance for assets subject to risks in amounts considered sufficient to cover any losses, in view of the nature of its activities.

The risk assumptions adopted and the insurance coverage, considering the nature of such risks, are not part of the audit of the financial statements and, consequently, were not examined by our independent auditors.

23. Subsequent events

The Company’s has no matters since December 31, 2022 to be disclosure as subsequent events.