(Convenience Translation into English from the Original Previously Issued in Portuguese)

Romi S.A.

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2022 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Management and Shareholders of
Romi S.A.

Opinion on the individual and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRSs, applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM)

We have audited the accompanying individual and consolidated financial statements of Romi S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2022, and the related statements of profit and loss, of comprehensive income, of changes in equity and 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 financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Romi S.A. as at December 31, 2022, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRSs, applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries 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 audit opinion.

Emphasis of matter

As described in note 2.16.b, the individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and IFRSs, applicable to real estate development entities in Brazil, registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company, for recognition of revenue from uncompleted real estate unit purchase and sale agreements, on aspects related to transfer of control, abides by the understanding expressed by the CVM in Circular Letter CVM/SNC/SEP 02/2018 on the application of NBC TG 47 (IFRS 15). Our opinion is not qualified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Property, plant and equipment and intangible assets - Assessment of the indications of impairment of property, plant and equipment and intangible assets for the "Burkhardt + Weber Fertigungssysteme GmbH ("B+W")" segment

During the year ended December 31, 2022, mainly due to the instabilities in the B+W segment market as a result of the "Covid-19", we consider that the assessment of the indications of impairment of property, plant and equipment and intangible assets was important during each one of the quarters for the year then ended.

In the last quarter of the year ended December 31, 2022, Management has assessed the existence of indications that could require the performance of impairment test for property, plant and equipment and intangible assets for this cash-generating unit and concluded on the non-existence of any indication. We performed audit preliminary procedures on some of the relevant business estimates and assumptions that could indicate whether the assets might be impaired, when applicable, for any potential identification of the risk of material misstatement of the individual and consolidated financial statements. Based on the audit evidence obtained through the preliminary procedures applied, we did not identify any indications of impairment for the B+W segment and thus we consider acceptable the amount of property, plant and equipment and intangible assets for the B+W segment in the context of the individual and consolidated financial statements for the year ended December 31, 2022 taken as a whole.

Recognition of revenue from the sale of real estate units

As disclosed in note 10 to the individual and consolidated financial statements, during the year ended December 31, 2022, the Company recognized, through its subsidiary Rominor Empreendimentos Imobiliários S.A. ("Rominor Empreendimentos"), the amount of R$13,935 thousand as revenue from uncompleted real estate unit purchase and sale agreements.

Management believes that its revenue from real estate unit purchase and sale agreements must be recognized in accordance with Circular Letter CVM/SNC/SEP 02/2018, applicable to real estate development entities in Brazil, and, accordingly, it has concluded that the agreements entered into are eligible for revenue recognition over time. In light of the foregoing, this matter was considered a key audit matter. In addition to involving skilled professionals, we performed preliminary audit procedures on the relevant technical qualitative aspects to identify the risk of material misstatement in the individual and consolidated financial statements, as well as on the related disclosures. Based on the audit evidence obtained through the preliminary procedures applied, we concluded that there is no risk of material misstatement and considered as reasonable the conclusion reached by Management in the context of the individual and consolidated financial statements for the year ended December 31, 2022 taken as a whole, in accordance with the accounting practices adopted and disclosed by the Company.

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Other matters

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2022, prepared under the responsibility of the Company's Management and presented as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such standard and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

Management is responsible for the other information. Such other information comprises the Management Report.

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

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRSs, applicable to real estate development entities in Brazil, registered with the CVM, 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 individual and consolidated 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

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Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated 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 individual and consolidated 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 internal control of the Company and its subsidiaries.

- 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 and its subsidiaries' 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 individual and consolidated 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 and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Campinas, January 31, 2023

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Paulo de Tarso Pereira Jr.
Engagement Partner

2023CA019477

ROMI S.A.

BALANCE SHEETS
AS AT DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Parent		Consolidated	
ASSETS	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2022
CIRCULANTE					
Cash and cash equivalents	3	21,662	28,047	131,999	99,911
Short-term investments	3	118,814	74,786	118,814	74,786
Trade accounts receivable	4	151,459	123,874	275,323	237,952
Onlending of FINAME - manufacturer financing	5	162,993	152,775	162,993	152,775
Inventories	6	501,668	431,176	640,797	536,699
Related parties	8	28,851	53,303	-	-
Taxes recoverable	9	31,441	40,337	41,880	48,935
Other receivables		8,781	6,833	17,128	13,224
		1,025,669	911,131	1,388,934	1,164,282
NONCURRENT ASSETS					
Trade accounts receivable	4	9,850	13,439	28,571	20,714
Onlending of FINAME - manufacturer financing	5	243,845	218,866	243,845	218,866
Related parties	8	31,297	51,473	-	-
Taxes recoverable	9	56,434	70,466	56,440	70,472
Deferred income tax and social contribution	16	11,967	9,599	19,006	10,557
Judicial deposits	15	12,200	12,097	12,200	12,097
Other receivables		8,880	5,932	9,399	6,498
		374,473	381,872	369,461	339,204
Investments in subsidiaries	7	198,103	191,012	-	-
Property, plant and equipment	11	346,383	275,200	420,275	370,348
Investment property	10	13,500	13,500	15,251	16,621
Intangible assets	12	808	945	51,012	64,065
		933,267	862,529	855,999	790,238
TOTAL ASSETS		1,958,936	1,773,660	2,244,933	1,954,520

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2022
CURRENT LIABILITIES					
Borrowings	13	23,456	70,541	53,714	70,732
FINAME manufacturer financing	14	154,076	142,830	154,076	142,830
Trade accounts payable		106,976	115,340	135,557	129,391
Payroll and related taxes		42,079	37,882	48,850	46,062
Taxes payable		25,138	7,086	37,397	21,246
Advances from customers		31,187	53,046	106,404	103,997
Profit sharing		9,406	7,680	9,406	7,680
Dividends and interest on capital		15,130	17,983	15,130	18,191
Provision for tax, labor and civil risks	15	2,683	1,445	2,683	1,445
Other payables		9,693	5,020	34,630	34,579
Related parties	8	1,490	3,096	-	-
		421,314	461,949	597,847	576,153
		-	-	-	-
NONCURRENT LIABILITIES					
Borrowings	13	200,089	117,868	276,169	149,499
FINAME manufacturer financing	14	237,055	219,104	237,055	219,104
Provision for tax, labor and civil risks	15	270	347	270	347
Other payables		14	15	2,754	3,095
Provision for equity deficit of subsidiaries	7	7,067	11,089	-	-
Deferred income tax and social contribution	16	-	-	35,440	41,361
		444,495	348,423	551,688	413,406
TOTAL LIABILITIES		865,809	810,372	1,149,535	989,559
EQUITY	17				
Capital		771,454	637,756	771,454	637,756
Earnings reserve		248,144	233,695	248,144	233,695
Carrying value adjustment		73,529	91,837	73,529	91,837
		1,093,127	963,288	1,093,127	963,288
NONCONTROLLING INTERESTS		-	-	2,271	1,673
TOTAL EQUITY		1,093,127	963,288	1,095,398	964,961
TOTAL LIABILITIES AND EQUITY		1,958,936	1,773,660	2,244,933	1,954,520

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

ROMI S.A.

STATEMENTS OF PROFIT AND LOSS
YEAR ENDED DECEMBER 31
(In thousands of Brazilian reais - R$, except for earnings per share expressed in Brazilian reais)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Parent		Consolidated	
	Note	2021	2020	2021	2020
OPERATIONS					
Net operating revenue	23	1,355,054	1,064,134	1,592,302	1,383,499
Cost of sales and services	24	(931,637)	(722,832)	(1,083,470)	(936,710)
GROSS PROFIT		423,417	341,302	508,832	446,789
OPERATING INCOME (EXPENSES)					
Selling	24	(82,260)	(62,100)	(125,756)	(110,895)
General and administrative	24	(44,926)	(37,287)	(91,376)	(85,846)
Research and development	24	(29,907)	(27,077)	(29,907)	(27,077)
Management profit sharing and fees	8	(17,413)	(15,585)	(17,575)	(15,721)
Equity in earnings of subsidiaries	7	20,562	9,147	-	-
Other operating income (expenses), net	26	4,588	2,042	26,920	4,298
		(149,356)	(130,860)	(237,694)	(235,241)
OPERATING PROFIT		274,061	210,442	271,138	211,548
Finance income (costs)					
Finance income	25	13,345	11,387	19,075	12,332
Finance costs	25	(11,851)	(11,727)	(16,751)	(14,000)
Foreign exchange gains (losses), net		6,321	3,084	5,627	3,386
		7,815	2,744	7,951	1,718
PROFIT BEFORE TAXATION		281,876	213,186	279,089	213,266
INCOME TAX AND SOCIAL CONTRIBUTION	16	(66,849)	(9,412)	(62,993)	(9,118)
Current	16	(69,217)	4,541	(67,356)	3,434
Deferred	16	2,368	(13,953)	4,363	(12,552)
PROFIT FOR THE YEAR		215,027	203,774	216,096	204,148
ATTRIBUTABLE TO					
Controlling interests				215,027	203,774
Noncontrolling interests				1,069	374
				216,096	204,148
BASIC EARNINGS PER SHARE IN REAIS - R$	17	2.67	2.53		

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

ROMI S.A.

STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED ON DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previosuly Issued in Portuguese)

	Parent		Consolidated	
	2022	2021	2022	2021
PROFIT FOR THE YEAR	215,027	203,774	216,096	204,148
Foreign currency translation effects	(18,308)	3,484	(18,308)	3,484
COMPREHENSIVE PROFIT FOR THE YEAR	196,719	207,258	197,788	207,632
ATTRIBUTABLE TO				
Controlling interests			196,719	207,258
Noncontrolling interests			1,069	374
			197,788	207,632

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

ROMI S.A.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Attributable to the controlling interests								
			Earnings reserve							
	Note	Capital	Earnings reserve	Legal reserve	Total	Carrying value adjustment	Profit for the year	Total	Noncontrolling interests	Total
AT DECEMBER 31, 2020		637,756	23,849	63,045	86,894	88,353	-	813,003	1,581	814,584
Profit for the year		-	-	-	-	-	203,774	203,774	374	204,148
Foreign currency translation effects		-	-	-	-	3,484	-	3,484	-	3,484
Total comprehensive income for the year		-	-	-	-	3,484	203,774	207,258	374	207,632
Interim dividends		-	-	-	-	-	(16,867)	(16,867)	-	(16,867)
Interest on capital		-	-	-	-	-	(40,106)	(40,106)	-	(40,106)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(282)	(282)
Transfers between reserves		-	136,612	10,189	146,801	-	(146,801)	-	-	-
Total contributions by and distributions to controlling interests		-	136,612	10,189	146,801	-	(203,774)	(56,973)	(282)	(57,255)
AT DECEMBER 31, 2021		637,756	160,461	73,234	233,695	91,837	-	963,288	1,673	964,961
AT DECEMBER 31, 2021		637,756	160,461	73,234	233,695	91,837	-	963,288	1,673	964,961
Profit for the year		-	-	-	-	-	215,027	215,027	1,069	216,096
Foreign currency translation effects		-	-	-	-	(18,308)	-	(18,308)	-	(18,308)
Total comprehensive income for the year		-	-	-	-	(18,308)	215,027	196,719	1,069	197,788
Capital increase	17	133,698	(133,698)	-	(133,698)	-	-	-	-	-
Interim dividends	17	-	(7,333)	-	(7,333)	-	-	(7,333)	-	(7,333)
Interest on capital	17	-	-	-	-	-	(59,547)	(59,547)	-	(59,547)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(471)	(471)
Transfers between reserves	17	-	144,729	10,751	155,480	-	(155,480)	-	-	-
Total contributions by and distributions to controlling interests		133,698	3,698	10,751	14,449		(215,027)	(66,880)	(471)	(67,351)
AT DECEMBER 31, 2022		771,454	164,159	83,985	248,144	73,529	-	1,093,127	2,271	1,095,398

ROMI S.A.

STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previosuly Issued in Portuguese)

		Parent		Consolidated	
	Note	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		281,876	213,186	279,089	213,266
Adjustments from:					
Unrealized finance costs and foreign exchange difference		6,139	(15,811)	5,955	(16,387)
Depreciation and amortization	11, 12	36,687	25,955	50,746	42,376
Allowance (reversal) for doubtful accounts and other receivables	4, 5	(940)	(532)	(636)	(980)
Recognition (reversal) of inventory realization	6	(1,863)	(3,885)	(4,341)	(5,435)
Gain (loss) on disposals of property, plant and equipment and intangible assets	11, 12	(3,938)	(2,251)	(26,816)	(2,251)
Equity in earnings of subsidiaries	7	(20,562)	(9,147)	-	-
Recognition (reversal) of provision for contingent liabilities	15	1,026	(234)	1,026	(234)
Change in operating assets and liabilities					
Trade accounts receivable		(58,888)	(13,003)	(80,424)	(44,754)
Related parties (assets and liabilities)		44,180	(21,127)	-	-
Onlending of FINAME - manufacturer financing		(34,770)	(36,257)	(34,770)	(36,252)
Inventories		(67,853)	(163,138)	(69,472)	(160,223)
Taxes recoverable		(46,290)	(33,507)	12,638	(26,573)
Judicial deposits		(103)	(10,213)	(103)	(10,213)
Other receivables		7,427	13,334	5,518	11,881
Trade accounts		4,283	29,199	18,813	34,952
Payroll and related taxes		4,197	10,610	2,788	9,899
Taxes payable		25,959	(467)	(42,604)	(2,343)
Advances from customers		(21,859)	20,890	2,407	33,535
Other payables		6,377	4,539	1,414	2,115
Cash provided by operations		161,085	8,141	121,228	42,379
Income tax and social contribution paid		(7,907)	-	(10,159)	(722)
NET CASH PROVIDED BY OPERATING ACTIVITIES		153,178	8,141	111,069	41,657
CASH FLOWS FROM INVESTING ACTIVITIES					
Short-term investments		(44,028)	52,380	(44,028)	52,380
Purchase of property, plant and equipment	11	(125,263)	(90,808)	(132,197)	(100,321)
Purchase of intangible assets	12	(73)	(291)	(252)	(2,791)
Revenue from the sale of fixed assets		21,043	4,505	21,043	4,505
Dividends received	7	11,058	3,970	-	-
Capital increase in subsidiary	7	(19,917)	-	-	-
NET CASH USED IN INVESTING ACTIVITIES		(157,180)	(30,244)	(155,434)	(46,227)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest on capital and dividends paid	17	(69,741)	(130,120)	(70,195)	(130,398)
New borrowings		108,445	124,745	187,746	129,906
Financing paid		(61,620)	(112,586)	(63,246)	(118,226)
Interest paid		(8,664)	(10,341)	(10,212)	(12,438)
New Finame - manufacturer financing		211,922	220,079	211,922	220,079
Payment of Finame - manufacturer financing		(156,272)	(151,067)	(156,272)	(151,067)
Interest paid - Finame - manufacturer financing		(26,453)	(31,492)	(26,453)	(31,492)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(2,383)	(90,782)	73,290	(93,636)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET		(6,385)	(112,885)	28,925	(98,206)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERÍOD		28,047	140,932	99,911	195,418
FOREIGN EXCHANGE GAINS (LOSSES) ON CASH EQUIVALENTS OF FOREIGN SUBSIDIARIES		-	-	3,163	2,699
CASH AND CASH EQUIVALENTS AT THE END OF THE PERÍOD		21,662	28,047	131,999	99,911

The accompanying notes are an integral part of this financial information.

ROMI S.A.

STATEMENTS OF VALUE ADDED
YEAR ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previosuly Issued in Portuguese)

	Parent		Consolidated	
	2022	2021	2022	2021
REVENUES				
Sales of goods, products and services	1,547,978	1,221,749	1,787,343	1,541,446
Revenues related to the constructions of own assets	64,932	76,594	64,932	76,594
Allowance for doubtful accounts	(940)	(532)	(636)	(980)
Other operating income, net	4,588	2,042	26,920	4,298
	1,616,558	1,299,853	1,878,559	1,621,358
INPUTS ACQUIRED FROM THIRD PARTIES				
Materials used	(958,904)	(747,123)	(1,084,117)	(823,750)
Other costs of products and services	(38,485)	(29,858)	(44,640)	(37,966)
Electricity, third-party services and other expenses	(62,874)	(60,924)	(92,028)	(111,068)
	(1,060,263)	(837,905)	(1,220,785)	(972,784)
GROSS VALUE ADDED	556,295	461,948	657,774	648,574
Depreciation and amortization	(36,687)	(25,955)	(50,746)	(42,376)
NET VALUE ADDED GENERATED BY THE COMPANY	519,608	435,993	607,028	606,198
VALUE ADDED RECEIVED THROUGH TRANSFERS				
Equity in earnings of subsidiaries	20,562	9,147	-	-
Finance income (costs) and net foreign exchange gains (losses)	19,666	14,471	24,702	15,718
TOTAL VALUE ADDED TO DISTRIBUTE	559,836	459,611	631,730	621,916
DISTRIBUTION OF VALUE ADDED				
Employees				
Payroll and related taxes	201,702	175,481	262,194	312,661
Sales commission	16,563	9,017	16,563	9,017
Management profit sharing and fees	17,413	15,585	17,575	15,721
Private pension plan	2,076	1,310	2,076	1,310
Taxes, fees and contributions	87,575	173,134	92,414	195,404
Interest	11,851	11,728	16,751	10,614
Rentals	7,629	2,816	9,601	6,557
Interest on capital distributed	-	-	-	-
Interest on capital and Interim dividends paid	59,547	40,106	59,547	40,106
Noncontrolling interests	-	-	(471)	92
RETAINED EARNINGS	155,480	10,189	155,480	10,189
VALUE ADDED DISTRIBUTED	559,836	459,611	631,730	621,916

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

1. GENERAL INFORMATION

Romi S.A. (Parent) and its subsidiaries (jointly referred to as “Company” or “Consolidated”), listed on the "New Market" of B3 S.A. - Brasil, Bolsa, Balcão, since March 23, 2007, and based in Santa Bárbara d’Oeste, São Paulo, are engaged in the assembly and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing system analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of rough cast parts and machined cast parts; export and import, and representation on its own account or on behalf of third parties, and the provision of related services. It also holds investments in other companies as a partner, shareholder or member in other civil or business entities, business ventures of any nature, in Brazil or abroad, and manages its own and/or third-party assets.

The Company’s industrial facilities consist of thirteen plants in three units located in the city of Santa Bárbara d’Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The latter is a plant for large tooling machinery for special applications, with high precision and productivity. It also holds interest in subsidiaries in Brazil and abroad.

These individual and consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on January 31, 2023.

Possible impacts related to the Russia and Ukraine conflict

On February 24, 2022, for political and economic reasons, Russia invaded the Ukrainian territory initiating an armed conflict against Ukraine. From that moment on, Governments, entrepreneurs and the entire world population started to keep track of the development of the conflict and assess the economic impacts. Until the date of approval of these financial statements, the Company’s management has assessed and concluded that there are no significant impacts on its operation. Management constantly evaluates the development of this matter in order to implement measures to mitigate any impact on its operations.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The individual and consolidated financial statements have been prepared in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), and contains all material information specific to the individual and consolidated financial statements, which is consistent with that used by Management. The accounting policies of the subsidiaries are consistent with those of the Parent.

The main accounting policies adopted in the preparation of these individual and consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1. Basis of preparation

The individual and consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration paid in exchange for the assets. The preparation of individual and consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual and consolidated financial statements, are disclosed in Note 2.18.

The preparation of the individual and consolidated statements of value added (DVA) is required by the Brazilian corporate law and the accounting practices adopted in Brazil for listed companies, but is not required by IFRS. Therefore, under IFRS, the presentation of such statements is considered supplementary information, and not part of the set of individual and consolidated financial statements.

<u>Changes in accounting policies and disclosures</u>

There are no amendments or interpretations effective for the financial year beginning on January 1, 2022 that would be expected to have a material impact on the Company’s individual and consolidated financial statements.

2.2. Investments in subsidiaries - Consolidated

(a) Parent

Subsidiaries include all entities (including structured entities) over which the Company has control. The Parent controls an entity when it is exposed or has rights to variable returns as a result of its involvement with the entity and has ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent. They are deconsolidated from the date on which that control ceases.

Investments in subsidiaries are accounted for using the equity method from the date on which control is acquired. Based on this method, investments in subsidiaries are recognized in the individual and consolidated financial statements at the acquisition cost, and are periodically adjusted to the amount corresponding to the Parent’s share of the profits (losses) of the subsidiaries, with a balancing item in the operating profit (loss), except for the foreign exchange effects on the translation of these investments, which are recorded in a separate line item in equity called “Carrying value adjustments". These effects are recognized in income and expenses upon the sale or disposal of the investment.

After reducing the carrying amount of the investor's share to nil, additional losses are considered and a liability (provision for equity deficit) is recognized only to the extent that the investor has incurred a legal or constructive obligation to make payments on behalf of the subsidiary.

Of the acquisition price, the amount exceeding the fair value of the acquiree’s equity as at the transaction date is treated as goodwill based on future earnings. Additionally, investment balances may be reduced due to the recognition of impairment losses (Note 2.10).

Dividends received from subsidiaries are recorded as a reduction of the investment balance.

(b) Consolidated

The Company has fully consolidated the financial statements of the Parent and all of its subsidiaries. Information on control is described in Note 7- Investments in subsidiaries.

Third-party interests in the equity and profits of subsidiaries are presented separately in the consolidated balance sheet and the consolidated statement of profit and loss, respectively, in the line item "Noncontrolling interests".

Intragroup transactions and balances are eliminated upon consolidation, and any gains or losses on these transactions are also eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

2.3. Translation of foreign currency and of foreign subsidiaries' financial statements

The assets and liabilities of the Parent and foreign subsidiaries (none of which has the currency of a hyper-inflationary economy) are translated into reais at the exchange rates prevailing at the end of the reporting period, and their statement of profit and loss accounts (income and expenses) are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates). Exchange difference arising on the translation of these balances are separately recognized in equity, in the line item "Carrying value adjustments".

Fair value adjustments resulting from acquisitions of foreign entities are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(a) Functional and presentation currency

The individual and consolidated financial statements are presented in Brazilian Reais (R$), which is the functional currency of the Parent and of its subsidiaries located in Brazil. The functional currency of subsidiaries is determined based on the primary economic environment in which they operate, and when their functional currency is different from the reporting currency, the individual and consolidated financial statements are translated into reais at the end of the reporting period.

(b) Transactions and balances

Foreign currency transactions are initially recognized at the exchange rate prevailing on the transaction date. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the end of the reporting period. All differences are recorded in the statement of profit and loss. Non-monetary items measured at their historical costs in foreign currency are translated using the exchange rates prevailing at the dates of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value was determined.

2.4. Cash and cash equivalents

i) Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments, and not for investment or any other purposes. These include cash, cash on hand and short-term investments realizable within 90 days as of the original date of the notes or considered to be highly liquid or convertible into a known amount of cash, with an immaterial risk of changes in value, which are recorded at fair value through profit or loss, plus income earned through the end of the reporting period, not exceeding their market or realizable values.

ii) Short-term investments

Short-term investments are comprised of investment funds with notes backed by LTN, LFT and NTN, which are recorded at fair value through profit or loss, plus income earned through the end of the reporting period, not exceeding their market or realizable values.

2.5. Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, as disclosed in Note 2.16 - Revenue recognition for sales of goods.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i. Financial assets at amortized cost (debt instruments).

ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

iv. Financial assets at fair value through profit or loss.

At December 31, 2022, the Company has only financial assets classified as financial assets at amortized cost and financial assets at fair value through profit or loss.

(c) Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade accounts receivable, onlending of FINAME manufacturer financing, related parties and other financial assets recorded as other receivables in current and noncurrent financial assets.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the statement of profit and loss.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

i. The rights to receive cash flows from the asset have expired; or

ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(f) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further disclosures relating to impairment of trade accounts receivable are also provided in Note 4.

(i) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and receivables, and trade accounts payable. All financial liabilities are measured initially at fair value plus or less, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

The Company’s financial liabilities include trade accounts payable and other payables, and borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(c) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in CPC 48 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

(d) Financial liabilities at amortized cost (borrowings)

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing borrowings.

For more information, see Notes 13 and 14.

(e) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

<u>Offsetting of financial instruments</u>

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

2.6. Inventories

Inventories are stated at the lower of their net realizable value (estimated selling price in the normal course of business less estimated costs to make the sale) and the average production cost or average purchase price. Allowances for slow-moving or obsolete inventories are recognized when they are considered necessary by management. The Company calculates the cost of its inventories by absorption, using the weighted moving average method. The cost of finished goods and work in progress includes design costs, raw materials, direct labor, other direct costs and related manufacturing overheads (based on normal operating capacity). It excludes borrowing costs.

2.7. Property, plant and equipment

Property, plant and equipment is carried at cost less depreciation, plus capitalized interest incurred during the construction of new units, when applicable. Depreciation is calculated on a straight-line basis, taking into consideration the estimated useful lives of the assets.

Subsequent costs are included in the residual value or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with these costs will flow to the Company and these benefits can be measured reliably.

The residual value of the replaced item is derecognized. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives of property, plant and equipment items by category are set out in Note 11.

An asset's residual value is written down immediately to the recoverable amount when it is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other operating income (expenses), net" in the statement of profit and loss.

2.8. Investment property

Investment property comprises land and buildings held to earn rental income and/or for capital appreciation, as disclosed in Note 10. Investment property is recognized at its acquisition or construction cost, less accumulated depreciation, calculated using the straight-line method at rates that take into consideration the useful lives of the assets.

2.9. Intangible assets

Intangible assets are stated at acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets are amortized based on their actual use or using a method that reflects the economic benefits of the intangible assets. The residual value of an intangible asset is written down immediately to its recoverable amount when the residual balance exceeds the recoverable amount (Note 12).

Intangible assets acquired in the course of a business combination (technology, customer relationship, portfolio of customers) are carried at fair value, less accumulated amortization and impairment losses, when applicable. Intangible assets with finite useful lives are amortized over their useful lives using an amortization method that reflects the economic benefit of the intangible asset.

Intangible assets are assessed annually for indicators of impairment if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Company reviews the amortization period and amortization method of its intangible assets with finite useful lives at the end of each reporting period.

Expenditure on research and development is recognized in intangible assets when the development requirements are meet. When these criteria are not meet, such expenditure is recognized in the statement of profit and loss for the year when it is incurred under “Research and development”.

2.10. Impairment of nonfinancial assets

At the end of the reporting period, the Company analyzes whether there is evidence that the carrying amount of an asset will not be recovered. If such evidence is identified, the Company estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of: (a) its fair value less costs to sell and (b) its value-in-use. The value in use is equivalent to the discounted cash flow (before taxes) arising from the continuous use of the asset up to the end of its useful life. Regardless of whether or not there is evidence of impairment, intangible assets with indefinite useful lives are tested for impairment at least once a year, in December. When the carrying amount of an asset exceeds its recoverable amount, the Company recognizes an impairment loss in its profit or loss account.

Except for impairment of goodwill, the reversal of previously recognized losses is permitted. Reversal in these circumstances is limited to the depreciated balance of the asset at the reversal date, assuming that the reversal has not been recorded.

2.11. Present value adjustment of assets and liabilities

Assets and liabilities arising from short and long-term transactions, when they are material, are discounted to their present values based on discount rates that reflect the best assessments of market conditions. The discount rate used reflects market conditions. The adjustment to present value is measured on a “pro rata” basis, since the origin of each transaction. The reversals of the adjustments of monetary assets and liabilities were recognized as finance income or costs.

2.12. Current and deferred income tax and social contribution

The current income tax and social contribution expense is calculated on the basis of the tax laws enacted at the end of the reporting period in countries where the Parent and its subsidiaries operate and generate taxable profit. Management periodically evaluates the positions taken by the Company in its income tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities. The current tax is the expected tax payable or receivable on the taxable profit or loss for the year, at the tax rates prevailing at the end of the reporting date.

Deferred income tax and social contribution are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the individual and consolidated financial statements. However, deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss. Deferred income tax and social contribution are determined based on the tax rates (and laws) in effect at the end of the reporting period and applicable when the related income tax and social contribution are realized, and are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and/or the tax losses can be utilized. Deferred income tax and social contribution assets are reviewed at the end of each reporting period and written down to the extent that their realization is no longer probable.

The income tax and social contribution benefit or expense for the period include current and deferred taxes. Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that they relate to business combination, or to items recognized directly in equity or in other comprehensive income.

Deferred tax assets and liabilities are presented on a net basis in the balance sheet when there is a legally enforceable right and an intention to offset them against the calculation of current taxes, generally when related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are presented separately, and not on a net basis.

2.13. Employee benefits

The Company has several employee benefit plans, including pension plans (defined contribution), healthcare, dental care, and profit sharing.

Post-employment pension plans are characterized as a defined contribution plan, to which the Company has no legal obligation in the event that the plan does not have sufficient assets to pay the employees' vested benefits as a result of their past service.

Contributions to defined contribution pension plans are recognized as expenses when actually incurred, i.e., when the employees provide services to the Company (Note 18).

2.14. Capital

Common shares are classified in equity. There are no preferred shares.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15. Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's shareholders is recognized as a liability in the Company's individual and consolidated financial statements at the year-end based on the Company's bylaws. Any amount that exceeds the required minimum is only provided on the date it is approved by the Board of Directors.

The tax benefit of interest on capital is recognized in the statement of profit and loss.

2.16. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value added taxes, returns, rebates and discounts, after eliminating sales within the Company. Taxes on sales are recognized when sales are billed.

(a) Sales of goods

Revenue from contracts with customers is recognized when the performance obligation is met. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Romi Machinery and B+W Machinery: Under these contracts the main performance obligation is expected to be the delivery of machines. Distinction from other performance obligations such as technical installation/delivery and training are immaterial in the context of the contract and therefore have no significant impact on the Company's individual and consolidated financial statements. Cast and Machined Products: Under these contracts, the sale of equipment is generally expected to be the only performance obligation, so that revenue from the sale of equipment is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Some contracts with customers of Cast and Machined Products provide customers with a right for volume/productivity rebates.

(ii) Warranty obligations

The Company typically provides warranties for general repairs of defects and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under IFRS 15/CPC 47, which will continue to be accounted for under IAS 37/CPC 25 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

(iii) Financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in CPC 47, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. In addition, the Company identified that in the sale of used machines there is a financing component, since this transaction is financed to the final customer with Company resources, and the finance cost is embedded in the machine’s sale price (invoice). The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component.

(iv) Non-cash consideration

The Company received used machines from certain customers as part of payment from purchase of new ones. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Company obtains control of the equipment. The Company applies the requirements of CPC 46 Fair Value Measurement in measuring the fair value of the noncash consideration.

(b) Sale of plots of land (own)

The Company, through its wholly-owned subsidiary Rominor Empreendimentos Imobiliários S.A. (“Rominor Empreendimentos”) is a real estate development entity, created with the objective of carrying out real estate projects on the Company's own properties, considering that its real estate assets are considered investment property and/or inventories.

In the model of selling plots of land under contracts with partners, in line with CVM guidelines, the Company believes that control of the land is transferred directly from “Rominor Empreendimentos” to the buyer of the lot at the time of signing the purchase and sale agreement. Thus, for those projects still under development, after signing the purchase and sale agreement, the Company accounts for the sale of the improvements allocated to that plot of land directly to the buyer of the lot and the revenue from this sale is recorded using the method of percentage of performance incurred, under “Other operating income (expenses), net”.

The Company adopted CPC 47/IFRS 15 - “Revenue from Contracts with Customers”, based on the guidelines contained in Circular Letter CVM/SNC/SEP No. 02/2018, which establishes accounting procedures related to the recognition, measurement and disclosure of certain types of transactions arising from contracts for the purchase and sale of unfinished real estate units, adopting the “over time” criterion for revenue recognition. The entity shall recognize revenue when (or as) the entity satisfies the performance obligation by transferring the good or service (i.e. an asset) promised to the customer, linked to the physical progress of the work. The asset is considered to have been transferred when (or as) the customer obtains control of that asset.

Amounts of recognized sales revenue in excess of the amounts actually received from customers, are recorded in current or noncurrent assets under the “Trade accounts receivable” line item. The amounts received in connection with the sale of plots of land that are higher than the amounts recognized as revenue are accounted for under “Advances from customers”.

Taxes on the difference between the revenue earned from real estate development and the accumulated revenue subject to taxation are calculated and accounted when this difference in revenue is recognized.

(c) Finance income

Finance income is recognized on an accrual basis, using the effective interest method.

2.17. Provisions

Provision for tax, labor and civil risks is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

The amount recognized as a provision represents the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to be required to settle the present obligation, its carrying amount is the present value of the relevant cash flow.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18. Critical accounting estimates and judgments used in the preparation of the individual and consolidated financial statements

The preparation of individual and consolidated financial statements involves the use of estimates. The determination of these estimates took into consideration the experiences of past and current events, assumptions regarding future events, formal expert opinions, when applicable, and other objective and subjective factors. Significant items which are subject to these estimates and assumptions include:

(a) Useful lives of long-lived assets: management reviews the useful lives of the main assets with finite useful lives annually.

(b) Impairment testing of long-lived assets and assets with indefinite useful lives: the Company tests annually the impairment of assets with indefinite useful lives and, when necessary, tests the impairment of assets with definite useful lives. The recoverable amounts of Cash-Generating Units ("CGUs") have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 2.10).

(c) Inventory realization and obsolescence: the assumptions used are described in Note 2.6.

(d) Analysis of the credit risk to determine the allowance for doubtful accounts: the assumptions used are described in Note 2.5 (i) (f).

(e) Deferred income tax assets on tax losses carried forward (Note 2.12) and the analysis of other risks used to determine other provisions, including contingencies arising from administrative and judicial proceedings (Note 2.17).

(f) Analysis of other risks to determine provisions, including contingencies. Provisions are recognized for all contingencies in which it is probable that an outflow of resources will be required for their settlement. The assessment of the likelihood of loss includes the assessment of available evidence, hierarchy of laws, available case laws, recent court decisions and their relevance in the legal system, as well as the assessment made by outside counselors.

The settlement of transaction involving these estimates may result in amounts different from those recognized in the individual and consolidated financial statements due to inaccuracies inherent to the estimation process. These estimates and assumptions are periodically reviewed.

2.19. Right-of-use assets

CPC 06 (R2) - Leases issued by CPC is equivalent to the international standard IFRS 16 - Leases, issued in January 2016 in replacement of the previous version of said standard (CPC 06 (R1), equivalent to the international standard IAS 17).

CPC 06 (R2) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under CPC 06 (R1). The standard includes two exemptions from recognition for lessees - leases of low-value assets (i.e. personal computers) and short-term leases (i.e. leases with a term of 12 months or less). At the beginning of a lease, the lessee recognizes a liability for the payments (a lease liability) and an asset representing the right to use the underlying asset over the lease term (a right-of-use asset). The lessees should record separately the interest expenses on the lease liability and the depreciation expense of the right-of-use asset.

2.20. New and revised standards and interpretations

New and revised CPCs/IFRSs already issued but not yet adopted

As part of the CPC commitment to adopt in Brazil all the amendments introduced by the International Accounting Standards Board - IASB in IFRS, amendments to certain accounting pronouncements have already been disclosed by the IASB, which are not yet effective and have not been early adopted by the Company in the preparation of these financial statements. These amendments are not expected to have a significant impact on the Company's individual and consolidated financial statements.

Amendments to IFRS 10 (CPC 36 (R3)) – Consolidated Financial Statements and IAS 28 (CPC 18 (R2)) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 (CPC 36 (R3)) and IAS 28 (CPC 18 (R2)) deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to been set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 (CPC 26 (R1)) - Classification of Liabilities as Current and Noncurrent

The amendments to IAS 1 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or noncurrent, including deferring the application of the January 2020 amendments.

Amendments to IAS 1 - Presentation of Financial Statements (CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with early application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 (CPC 23) - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes (CPC 32) — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities.
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of earnings reserve (or other component of equity, as appropriate), at that date.

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted.

There are no other standards or interpretations issued and not yet adopted that, in Management's opinion, may have a significant impact on the profit or loss or equity disclosed by the Company.

2.21. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, responsible for allocating resources, assessing the performance of the operating segments and making strategic decisions for the Company (Note 21).

2.22. Statement of cash flows

The Company classifies the payment of interest and monetary differences on borrowings and debentures and the receipt of dividends as financing and investing activities, respectively, in its cash flows. This classification was adopted because these refer to borrowing costs and return on investments, in line with the provisions of item 33 of CPC 03 (R2).

2.23. ICPC 22 (IFRIC 23) - Uncertainty over Income Tax Treatments

IFRIC 23, which is effective for annual reporting periods beginning January 1, 2019, sets out how to determine the accounting and tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group, and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax returns.

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cash and banks	8,327	4,272	49,254	52,276
Bank deposit certificates (CDB) (a)	13,048	23,712	82,458	47,572
Other	287	63	287	63
Total cash and cash equivalents	21,662	28,047	131,999	99,911
Short-term investments backed by debentures (a)	76,157	24,400	76,157	24,400
Investment funds DI and fixed income (b)	42,657	50,386	42,657	50,386
Total assets held for trading	118,814	74,786	118,814	74,786

(a) These investments are substantially pegged to the Interbank Deposit Certificate (“CDI”) rate.

(b) They are comprised of investment funds with notes backed by LTN and NTN.

4. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at their amortized costs, which approximate their fair values.

The balance of current trade accounts receivable as at December 31, 2022 and 2021, parent and consolidated, is distributed as follows:

	Parent		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Current				
Domestic customers (Brazil)	133,308	106,984	147,549	109,169
Foreign customers	19,085	18,186	133,173	134,697
Allowance for doubtful accounts	(934)	(1,296)	(5,399)	(5,914)
	151,459	123,874	275,323	237,952

	Parent		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Noncurrent				
Domestic customers (Brazil)	2,506	7,248	15,530	7,895
Foreign customers	7,803	6,801	13,500	13,429
Allowance for doubtful accounts	(459)	(610)	(459)	(610)
	9,850	13,439	28,571	20,714

	Parent		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Falling due	124,779	103,816	230,061	197,743
Past due:				
1 to 30 days	14,810	11,303	25,810	21,507
31 to 60 days	944	2,376	2,359	3,612
61 to 90 days	2,392	724	4,306	3,894
91 to 180 days	2,933	2,060	6,584	5,031
181 to 360 days	2,520	1,605	2,785	1,678
Over 360 days	4,015	3,286	8,817	10,401
	27,614	21,354	50,661	46,123
Total	152,393	125,170	280,722	243,866
Allowance for doubtful accounts	(934)	(1,296)	(5,399)	(5,914)
Total current	151,459	123,874	275,323	237,952

As at December 31, 2022, trade accounts receivable net of the allowance for doubtful accounts amounting to R$26,680 (2021 - R$20,058 - Parent) and R$45,262 (2021 - R$40,209 - Consolidated) were past due but not impaired. These accounts relate to a number of independent customers for whom there is no recent history of default or for which the Company has guarantees.

The balance of noncurrent trade accounts receivable as at December 31, 2022, parent and consolidated, is distributed as follows:

	Parent	Consolidated
Falling due:		
2024	7,169	21,189
2025	2,706	7,315
2026 onward	434	526
Allowance for doubtful accounts	(459)	(459)
Total – noncurrent	9,850	28,571

Changes in the allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent		Consolidated	
	2022	2021	2022	2021
At December 31, 2021	1,906	1,763	6,524	6,829
Receivables recognized for the year	-	1,668	304	1621
Receivables written off	(513)	(1,525)	(513)	(1,525)
Foreign exchange difference	-	-	(457)	(401)
At December 31, 2022	1,393	1,906	5,858	6,524

The allowance for doubtful accounts is estimated and recorded based on the individual analysis of each customer, and for the transactions where there are security interests, the expected loss is calculated based on the net realizable value and the amount of the security interest receivable.

The additions to and release of the provision for impaired receivables have been included in the statement of profit and loss line item “General and administrative expenses”.

5. ONLENDING OF FINAME MANUFACTURER FINANCING

	Parent and Consolidated	
	December 31, 2022	December 31, 2021
Current:		
FINAME falling due	152,287	143,370
FINAME awaiting release (a)	1,968	806
FINAME past due (b)	13,999	14,224
	168,254	158,400
Allowance for doubtful accounts	(5,261)	(5,625)
	162,993	152,775
Noncurrent:		
FINAME falling due	237,515	218,059
FINAME awaiting release (a)	8,915	3,455
	246,430	221,514
Allowance for doubtful accounts	(2,585)	(2,648)
	243,845	218,866
Total	406,838	371,641

The item “Onlending of FINAME manufacturer financing" refers to sales to customers financed by funds from the Brazilian Development Bank ("BNDES") (Note 14) which are carried at their amortized costs, which approximate their fair values.

FINAME manufacturer refers to financing specifically linked to sales transactions, with terms of up to 60 months with a grace period of up to six months, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on customer's characteristics. Funds are released by the BNDES on identification of a customer and sale, as well as checking that a customer has fulfilled the terms of Circular Letter 195 dated July 28, 2006 issued by BNDES, through a financial agent, with the formalization of a financing agreement in the name of the Company and consent of the customer to be financed. The amounts, periods and charges of the transaction are fully reflected in the amounts to be received by the Company from the bank mediating the agreement to which the Company is the debtor. The Company retains title to the financed equipment until the final settlement of the obligation by the customer.

The differences between onlending of FINAME manufacturer financing receivables and payables (liability) include:

(a) FINAME transactions awaiting release: refers to FINAME manufacturer financing transactions that meet the specified terms and have been approved by all parties involved. The preparation of documentation, the issue of the sales invoice, and the delivery of the equipment to the customer have all taken place. The crediting of the related funds to the Company’s account by the agent bank is pending at the end of the reporting period, in view of the normal operating terms of the agent.

(b) FINAME past due: refers to amounts receivable not settled by customers on their due dates. The Company records the provision for possible losses on the realization of these balances, at the amount of the difference between the expected value of the sale of the collateral (machines) recovered through execution of the covenant regarding reservation of title over the machinery sold (security interest) and the value of the receivables from the defaulting customer. In instances in which the security interest cannot be located, a full loss provision is made for the balance of the receivable.

    The machinery repossessed as part of the execution process is recorded at its carrying amount, not exceeding its fair value, under “Other receivables”, pending a final court decision, after which it is transferred to inventories. As at December 31, 2022, the balance of repossessed machinery, included under “Other receivables”, parent and consolidated, amounted to R$78 (R$169 as at December 31, 2021) in current assets and R$7,502 (R$4,690 as at December 31, 2021) in noncurrent assets.

As at December 31, 2022 and December 31, 2021, the balances of "Onlending of FINAME manufacturer financing", parent and consolidated, were as follows:

	Parent and Consolidated	
	December 31, 2022	December 31, 2021
Falling due	154,255	144,176
Past due:		
1 to 30 days	1,729	1,522
31 to 60 days	565	840
61 to 90 days	544	538
91 to 180 days	1,216	1,283
181 to 360 days	1,423	1,141
Over 360 days	8,522	8,900
	13,999	14,224
Total – current	168,254	158,400

The expected realization of noncurrent receivables relating to the onlending of FINAME - manufacturer financing, parent and consolidated, is as follows:

	Parent and Consolidated
Falling due:	
2024	127,146
2025	79,789
2026	36,979
2027 onward	2,516
Total – noncurrent	246,430

Changes in the allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent and Consolidated
At December 31, 2021	8,273
Allowance recognized (or written off) for the year	(427)
At December 31, 2022	7,846

The allowance for doubtful accounts is estimated and recorded based on the individual analysis of each customer, and for the transactions where there are security interests, the expected loss is calculated based on the net realizable value and the amount of the security interest receivable.

The additions to and release of the provision for impaired receivables have been included in the statement of profit and loss line item "General and administrative expenses".

6. INVENTORIES

	Parent		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Finished products	32,757	25,891	78,854	68,093
Used machinery	1,145	5,002	1,145	5,002
Work in progress	146,052	117,620	173,546	139,514
Raw materials and components	305,950	265,902	363,812	301,530
Imports in transit	15,764	16,761	23,440	22,559
Total	501,668	431,176	640,797	536,699

The inventory balances, parent and consolidated, as at December 31, 2022 are net of provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use, amounting to R$22,485 and R$30,976 (R$22,623 and R$33,592 as at December 31, 2021), respectively.

The changes in the provision to bring inventories to their net realizable value are as follows:

	Parent	Consolidated
At January 1, 2020	22,623	33,592
Inventories sold or written off	(12,209)	(12,651)
Provision recognized	10,346	10,338
Foreign exchange difference	-	(2,028)
Transfer of provision resulting from machinery repossessed during the year	1,725	1,725
At December 31, 2022	22,485	30,976

The changes in the provision for inventory losses by class of inventories are as follows:

	Parent		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Finished products	975	1,266	2,970	3,869
Used machinery	952	2,220	952	2,220
Work in progress	5,921	5,249	5,921	5,249
Raw materials and components	14,637	13,888	21,133	22,254
Total	22,485	22,623	30,976	33,592

7. INVESTMENTS IN SUBSIDIARIES

The Company's investments in its subsidiaries are as follows:

		Ownership interest					
		December 31, 2022			December 31, 2021		
		Direct	Indirect	Noncontrolling	Direct	Indirect	Noncontrolling
1.	Romi Itália S.r.l. ("Romi Italy")	99.99	0.01	-	99.99	0.01	-
1.1	Romi Machines UK Ltd.	-	100.00	-	-	100.00	-
1.2	Romi France SAS	-	100.00	-	-	100.00	-
1.3	Romi Máquinas España S.A.	-	100.00	-	-	100.00	-
2	Romi Europa GmbH ("Romi Europe")	100.00	-	-	100.00	-	-
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W")	-	100.00	-	-	100.00	-
2.1.1	Burkhardt + Weber/Romi (Shangai) Co., Ltd	-	100.00	-	-	100.00	-
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor Comércio")	93.07	-	6.93	93.07	-	6.93
4.	Romi BW Machine Tools, Ltd.	100.00	-	-	100.00	-	-
5.	Rominor Empreendimentos Imobiliários S.A. ("Rominor Empreendimentos")	100.00	-	-	100.00	-	-
6.	Romi A.L. S.A. ("Romi A.L.")	100.00	-	-	100.00	-	-
7.	Irsa Maquinas México S. de R. L. de C.V.	99.99	-	0.01	99.99	0.01	-
8.	Prodz Administração e Gestão de Bens Ltda.	100.00	-	-	100.00	-	-

The following list presents the location and main objectives of subsidiaries:

	Subsidiary	Country	Main activity
1.	Romi Itália S.r.l. ("Romi Italy")	Italy	Sale of machines for plastics and machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd.	United Kingdom	
1.2	Romi France SAS	France	
1.3	Romi Máquinas España S.A.	Spain	
2	Romi Europa GmbH ("Romi Europe")	Germany	
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W")	Germany	Production and sale of large tooling machinery with high technology, precision and productivity, as well as machinery for specialized applications.
2.1.1	Burkhardt + Weber/ Romi (Shangai) Co., Ltd	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor Comércio")	Brazil	Real estate activity, including purchases and sales, lease of company-owned properties, exploration of real estate rights, intermediation of real estate businesses, and provisions of sureties and guarantees.
4.	Romi BW Machine Tools, Ltd.	United States of America	Sale of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Rominor Empreendimentos Imobiliários S.A. ("Rominor Empreendimentos")	Brazil	Interest in real estate ventures.
6.	Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for operations in the foreign market.
7.	Irsa Maquinas Mexico S. de R. L. de C.V.	Mexico	Sale of machines for plastics and machine tools, spare parts and technical support.
8.	Romi Administração e Gestão de Bens Ltda. ("Prodz")	Brazil	Granting of credit facilities to customers for machine financing.

	Romi Italy and subsidiaries (1)	Romi Europe and subsidiaries (2)	Rominor Comércio (3)	Romi Machine Tools (4)	Rominor Empreendimentos (5)	Romi A.L. (6)	IRSA Máq. Mexico (7)	Prodz (8)	December 31, 2022 Total
Investments:									
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000		
Ownership interest	100.0%	100.0%	93.07%	100.0%	100.0%	100.0%	100.0%	100.0%	
Current assets	92,850	160,863	33,897	30,075	40,237	8,044	25,759	14,061	
Noncurrent assets	12,214	123,257	300	797	1,510	-	5,540	12,784	
Current liabilities	47,904	133,094	1,421	21,187	24,420	-	24,706	119	
Noncurrent liabilities	46,557	46,129	-	12,369	-	-	10,976	-	
Equity (equity deficit) of subsidiary	10,603	104,897	32,776	(2,684)	17,327	8,044	(4,383)	26,726	
Changes in investment:									
Investment balance as at December 31, 2021	9,148	141,126	22,479	(6,376)	3,339	12,920	(4,713)	2,000	179,923
Foreign exchange differences on foreign investments	(1,367)	(16,916)	-	490	-	(946)	431	-	(18,308)
Dividends proposed and paid (b)	-	-	(6,561)	-	(4,498)	-	-	-	(11,058)
Equity in earnings of subsidiaries	2,822	(19,313)	14,587	3,202	18,486	153	(101)	726	20,562
Increase/Decrease in capital in subsidiary (c)	-	-	-	-	-	(4,083)	-	24,000	19,917
Equivalent value - closing balance	10,603	104,897	30,505	(2,684)	17,327	8,044	(4,383)	26,726	191,036
Investments in subsidiaries	10,603	104,897	30,505	-	17,327	8,044	-	26,726	198,103
Provision for equity deficit of subsidiaries	-	-	-	(2,684)	-	-	(4,383)	-	(7,067)

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.

(b) Payment of dividends by subsidiary Rominor Comércio, approved by the Board of Directors at the meeting held on February 1, 2022 and July 20, 2022, in the amounts of R$3,130 and R$3,413, respectively, related to the second half of 2021 and the first half of 2022, respectively. Additionally, the Company received mandatory minimum dividends in the amount of R$505. The Company received from this distribution the amounts of R$2,913, R$3,176 and R$472, respectively, totaling R$6,561 as at December 31, 2022. Additionally, the Company received the distribution of mandatory dividends made by Rominor Empreendimentos, to be submitted for approval at the AGM - Annual Shareholders' Meeting to be held in 2023.

(c) Until December 31, 2022, R$24,000 had been capitalized as capital increase in subsidiary PRODZ. Additionally, until December 31, 2022 R$(4,083) had been spent in capital reduction in subsidiary ROMI AL.

	Romi Italy and subsidiaries (1)	Romi Europe and subsidiaries (2)	Rominor Comércio (3)	Romi Machine Tools (4)	Rominor Empreendimentos (5)	Romi A.L. (6)	IRSA Máq. Mexico (7)	Prodz (8)	Total
									December 31, 2021
Investments:									
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000		
Ownership interest	100.0%	100.0%	93.07%	100.0%	100.0%	100.0%	100.0%	100.0%	
Current assets	83,374	161,573	24,120	20,885	3,153	12,920	14,667	2,000	
Noncurrent assets	15,011	145,674	300	1,318	597	-	5,796	-	
Current liabilities	69,679	109,608	268	28,579	411	-	25,176	-	
Noncurrent liabilities	19,558	56,513		-	-	-	-	-	
Equity (equity deficit) of subsidiary	9,148	141,126	24,152	(6,376)	3,339	12,920	(4,713)	2,000	
Changes in investment:									
Investment balance as at December 31, 2020	1,549	142,572	21,230	(8,001)	2,517	12,525	(3,128)	-	169,264
Foreign exchange differences on foreign investments	661	2,689	-	(510)	-	894	(250)	-	3,484
Dividends proposed and paid (b)	-	-	(3,771)	-	(199)	-	-	-	(3,970)
Equity in earnings of subsidiaries	6,938	(4,135)	5,020	2,137	1,021	(499)	(1,334)	(0)	9,147
Equivalent value - closing balance	**9,148**	**141,126**	**22,479**	**(6,376)**	**3,339**	**12,920**	**(4,713)**	**2,000**	**179,923**
Investment in subsidiaries	9,148	141,126	22,479	-	3,339	12,920	-	2,000	191,012
Provision for equity deficit of subsidiaries	-	-	-	(6,376)	-	-	(4,713)	-	(11,089)

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.

(b) Payment of dividends by subsidiary Rominor Comércio, approved by the Board of Directors at the meeting held on February 11, 2020 and July 24, 2020, in the amounts of R$2,041 and R$1,415, respectively, related to the second half of 2019 and the first half of 2020, respectively. The Company received from this distribution the amounts of R$1,899 and R$1,317, respectively, totaling R$3,216 as at December 31, 2020.

8. RELATED PARTY BALANCES AND TRANSACTIONS

The balances and transactions with related parties as at December 31, 2022 and 2021 are as follows:

(i) Balance sheet accounts – Parent

	Receivables		Payables	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Direct subsidiaries:				
Romi Europe	10,597	10,496	482	334
Romi Italy	2,261	15,407	-	-
Romi BW Machine Tools	6,083	24,459	-	599
Romi A.L.	-	-	772	638
Irsa Maquinas Mexico	17,667	21,266	6	-
Rominor Empreendimentos	4,497	-	-	-
Rominor Comércio	504	-	-	-
	41,609	71,628	1,260	1,571
Indirect subsidiaries:				
B+W - Burkhardt+Weber	2,507	2,168	135	1,525
Romi France S.A.S.	2,925	7,799	-	-
Romi Máquinas España S.A.	10,330	10,594	-	-
Romi Machines UK	2,812	12,587	95	-
	18,574	33,148	230	1,525
Total	60,183	104,776	1,490	3,096
Current	28,886	53,303	1,490	3,096
Noncurrent	31,297	51,473	-	-
Total	60,183	104,776	1,490	3,096

(ii) Transactions

			Operating expense and finance income (costs)	
	December 31, 2021	June 31, 2020	December 31, 2021	June 31, 2020
Romi Europe	7,061	4,074	1,026	1,404
Rominor Comércio	24	18	-	-
Romi Italy	17,187	5,930	-	-
Romi Machine Tools	8,854	5,246	582	14
Romi France S.A.S.	10,414	6,318	412	-
Romi A.L.	-	-	620	355
Romi Machines UK	19,345	9,888	103	94
Irsa Maquinas Mexico	6,424	4,090	-	-
B+W - Burkhardt + Weber	2,906	2,315	-	-
Romi Máquinas Espãna	5,429	2,913	-	-
Prodz	-	-	-	-
Total	77,644	40,792	2,743	1,867

	Sales revenue		Operating expense and finance income (costs)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Romi Europe	7,443	7,061	2,403	1,026
Rominor Comércio	54	24	-	-
Rominor Empreendimentos	39	-	-	-
Romi Italy	11,395	17,187	-	-
Romi BW Machine Tools	16,734	8,854	1,110	582
Romi France S.A.S.	6,294	10,414	-	412
Romi A.L.	-	-	739	620
Romi Machines UK	25,878	19,345	982	103
Irsa Maquinas Mexico	16,851	6,424	189	-
B+W - Burkhardt + Weber	2,933	2,906	-	-
Romi Máquinas Espãna	5,825	5,429	-	-
Prodz	62	-	-	-
Total	93,508	77,644	5,423	2,743

The main balances and transactions with the aforementioned related parties refer to trading transactions between the parent and its subsidiaries.

The Company entered into trading transactions with certain subsidiaries for the supply and purchase of equipment, parts and pieces, but it does not have material transactions with related parties other than those described above. Decisions regarding transactions between the parent and its subsidiaries are made by management.

The Company provides administrative services, mainly accounting and legal services, to the parent Fênix Empreendimentos S.A. The revenue until December 2022 was R$152 (R$159 as at December 31, 2021).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor’s Office. Donations until December 2022 totaled R$1,092 (R$991 as at December 31, 2020).

As informed in Note 10 - Investment property, through the subsidiary Rominor Empreendimentos Imobiliários S.A. ("Rominor Empreendimentos"), there was the launch of the land subdivision - Vila Romi Residence, 35 lots were sold to the Company’s related parties in the total amount of R$14,400. These sales were made at market value, in accordance with the Company's Related Party Transaction Policy and in line with the New Market practices. The price list of the lots and other conditions were approved at the Board of Directors' Meeting on March 29, 2022, whose resolutions were taken exclusively by the independent members of the Board of Directors who considered themselves unimpeded, according to the minute disclosed to the market on the same date.

In 2022, the Parent acquired property, plant and equipment (2 machine tools) from its indirect subsidiary abroad B+W - Burkhardt + Weber, in the amount of R$19,998, which represents the construction cost of property, plant and equipment.

Management compensation for the years ended December 31, 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
Fees and charges	7,345	6,779
Profit sharing	9,396	8,155
Private pension plan	401	426
Healthcare plan	271	225
Parent	17,413	15,585
Fees and charges of subsidiaries	162	136
Consolidated	17,575	15,721

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual Shareholders' Meeting held on March 15, 2022.

9. TAXES RECOVERABLE

The breakdown of taxes recoverable is as follows:

	Note Note	December 31, 2022	December 31, 2021
Current:			
Withholding Income Tax (IRRF)		259	175
Corporate Income Tax (IRPJ)		-	134
Social Contribution on Net Income (CSLL)		-	16
Social Security Contribution (INSS)		2	5
ICMS included in the PIS and COFINS tax base	15 (a)(i)	-	12,314
Excise Tax (IPI)		4,871	6,854
Value-added Tax on Sales and Services (ICMS)		24,767	3,049
Social Integration Program (PIS)		1,161	3,870
Social Contribution on Revenues (COFINS)		381	13,920
Total Parent		31,441	40,337
Taxes recoverable of subsidiaries		10,439	8,595
Total Consolidated		41,880	48,935
Noncurrent:			
Selic proceeding	(a)	52,970	48,086
Value-added Tax on Sales and Services (ICMS)		3,440	22,281
Other		24	99
Total Parent		56,434	70,466
Taxes recoverable of subsidiaries		6	6
Total Consolidated		56,440	70,472

(a) Tax proceedings ("non-levy of IRPJ and CSLL on monetary adjustment and interest from undue payment")

On March 20, 2019, the Company filed for a writ of mandamus in order to recover taxes that it believes were unduly paid in the last five years, since IRPJ (corporate income tax) and CSLL (social contribution on net income) were not levied on the amounts related to monetary adjustment and late payment interest on the refund of tax credits.

This subject was submitted to the analysis of general repercussion on September 24, 2021 when, judging extraordinary appeal 1.063.187, the Supreme Federal Court (STF), by unanimous decision, ruled on the non-levy of IRPJ and CSLL on the amounts related to monetary adjustment and interest on the refund of tax credits, as transcribed below: "The levy of IRPJ and CSLL on the amounts related to the Selic rate received due to claim for refund of undue payment is unconstitutional".

Management analyzed such proceeding considering the accounting literature in effect, the two main pronouncements analyzed were: (i) ICPC 22 - Uncertainty over Income Tax Treatments; and (ii) CPC 25 - Provisions, Contingent Liabilities and Contingent Assets. The analyses considered the opinion of Management and of tax experts. After various analyses and discussions, it was concluded that ICPC 22 - Uncertainty over Income Tax Treatments would be the pronouncement most applicable to this specific situation since the matter involves specifically IRPJ and CSLL, that is, income taxes.

Such pronouncement requires that the Company evaluate whether it is "more likely than not" that the tax treatment adopted will be accepted by the tax authorities. Considering that it is a proceeding with effect of general repercussion, applied to all other proceedings that come to be judged, the recent history of STF decisions and the fact that the Company has a proceeding that was filed before the STF decision, Management concluded that it is more likely than not that the Company is entitled to such credit on the date of approval and issue of the individual and consolidated interim financial information for September 30, 2021 and such conclusion is in accordance with the opinion of our legal counselors, reason why this tax credit was recognized for the period ended September 30, 2021.

The effects of the recognition represented the following impacts on the statements of profit and loss for the third quarter of 2021: (i) finance income: R$2.1 million; and (ii) income tax and social contribution on current income: R$42.9 million.

Lastly, the proceeding has been stayed at the Regional Federal Court of the 3rd Region since March 30, 2021. For the year ended December 31, 2022, the Company's Management reassessed and concluded that there are no facts or factors that change the conclusion previously reached at the time of issue of the individual and consolidated interim financial information at September 30, 2021.

10. INVESTMENT PROPERTY

In 2012, the Company's management decided, based on the perspectives of short and medium-term expansion of operations, to classify certain property as "Investment Property" for future capital appreciation. The amounts classified as investment property are R$13,500 (R$13,500 as at December 31, 2021) in the parent and R$15,251 (R$16,621 as at December 31, 2021) in the consolidated.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert who applied a methodology accepted by the Brazilian Institute of Engineering Appraisals as well as recent transactions with similar property. For the year ended December 31, 2022, there was no significant change in the fair value of these properties, less any transaction costs, in the amount of R$110,661 (R$110,661 as at December 31, 2021) in the parent and R$126,318 (R$188,606 as at December 31, 2021) in the consolidated.

(i) As at March 31, 2022, through its wholly-owned subsidiary Rominor Empreendimentos Imobiliários S.A., it entered into the Sale of a Property to third parties, namely the "(Land located at Rua Dona Margarida)", with total area of 4,103 m², subdivided in 9 plots of land at an average value of R$700.00/m² in the city of Santa Barbara D'Oeste. The proceeds from the sale of 6 plots of land in the first quarter were classified in the line item "Operating income", with an impact of R$2,985 on net operating income (expenses) and R$2,613 on profit for the period. In the second quarter, the impact from the sale of the 3 remaining plots of land was R$1,155 on net operating income (expenses) and R$1,079 on profit for the period.

(ii) In April 2022, through the subsidiary Rominor Empreendimentos Imobiliários S.A. ("Rominor Empreendimentos"), there was the launch of the land subdivision Vila Romi Residence, with 352 lots between 300m² and 884m², which is expected to be completed and delivered in 2024. So far, sales are indicating the total General Sales Value (GSV) estimated at around R$137 million are adequate. The interest of Rominor Empreendimentos, a wholly-owned subsidiary of the Company, in this project is 50% of GSV. As of the date of these financial statements, the subsidiary "Rominor Empreendimentos" had recorded approximately R$13.9 million as advances from customers related to its share in the land subdivision. Management analyzed the accounting standard CPC 47 - Revenue from Contracts with Customers and the relevant CVM rules and believes that the Percentage of Completion ("POC") methodology should be applied for revenue recognition of Vila Romi Residence As at December 31, 2022, the percentage of completion of the works was 19.08%, according to the construction work measurement report, causing an impact of R$13,935 in "Other operating income, net".

(iii) On October 11, 2022, through the subsidiary Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor Comércio"), the Company entered into a property sale agreement with third parties, for the land located at Avenida Bandeirantes, Lote 7, with total area of 24,159 m², in the city of Santa Bárbara d'Oeste, for the gross amount of R$10,500. The proceeds from the sale in the fourth quarter of 2022 were classified under "Other operating income, net", in the amount of R$8,943.

11. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment, parent and consolidated, are as follows:

	Parent							
	Land	Buildings and yards	Machinery and equipment	Furniture and fittings	Vehicles	Information technology	Construction in progress	Total
Cost of property, plant and equipment, gross								
At January 1, 2021	3,997	203,749	327,987	9,484	4,091	29,577	6,405	585,208
Additions	-	2,008	25,202	599	523	880	61,596	90,807
Disposals	-	-	(4,390)	(11)	(40)	(13)	-	(4,454)
Transfers	-	4,401	39,816	(0)	-	-	(44,217)	(0)
At December 31, 2021	3,997	210,158	388,615	10,072	4,574	30,444	23,784	671,562
Additions	-	1,555	59,044	1,219	189	3,036	60,220	125,263
Disposals	-	(16)	(14,451)	(197)	(83)	(4,513)	(3,621)	(22,881)
Transfers	-	4,338	55,329	1,065	-	8,649	(69,381)	0
At December 31, 2022	3,997	216,035	488,537	12,159	4,680	37,616	11,002	773,943
Accumulated depreciation								
At January 1, 2021	-	117,067	218,243	7,946	3,466	26,297	-	373,020
Depreciation	-	6,130	17,876	277	270	960	-	25,513
Disposals	-	-	(2,110)	(11)	(40)	(10)	-	(2,171)
At December 31, 2021	-	123,197	234,009	8,212	3,696	27,247	-	396,362
Depreciation	-	6,203	23,006	326	280	6,662	-	36,477
Disposals			(4,746)	(196)	(83)	(253)	-	(5,279)
At December 31, 2022	-	129,400	252,269	8,342	3,893	33,656	-	427,560
Useful lives	-	25 and 10 years	10 and 15 years	10 years	5 years	5 years	-	
Property, plant and equipment, net								
At January 1, 2021	3,997	86,682	109,744	1,538	625	3,280	6,405	212,188
At December 31, 2021	3,997	86,961	154,606	1,860	878	3,197	23,784	275,200
At December 31, 2022	3,997	86,635	236,268	3,818	787	3,960	11,002	346,383

	Consolidated							
	Land	Buildings and yards	Machinery and equipment	Furniture and fittings	Vehicles	Information technology	Construction in progress	Total
Cost of property, plant and equipment, gross								
At January 1, 2021	33,473	272,537	368,677	25,197	11,955	35,975	12,352	760,083
Additions	-	6,521	25,347	2,787	2,296	1,784	61,585	100,321
Disposals	-	-	(4,390)	(11)	(40)	(13)	-	(4,454)
Transfers	-	4,401	39,816	(11)	103	(13)	(44,297)	(0)
Foreign exchange difference	608	(5,270)	(1,002)	(310)	(2,164)	(612)	283	(8,467)
At December 31, 2021	34,081	278,189	428,449	27,652	12,150	37,121	29,923	847,483
Additions	-	5,027	62,896	2,710	3,564	2,144	55,856	132,197
Disposals	-	(16)	(18,022)	(197)	(83)	(2,032)	(6,102)	(26,452)
Unrealized profit	-	-	(5,269)	-	-	-	-	(5,269)
Transfers	-	4,338	62,568	1,084			(67,990)	-
Foreign exchange difference	(3,581)	(9,922)	(4,594)	(612)	(958)	(431)	4,789	(15,310)
At December 31, 2022	30,500	277,615	526,027	30,637	14,673	36,802	16,476	932,648
Accumulated depreciation								
At January 1, 2021	-	135,064	252,430	18,566	8,511	30,766	-	445,337
Depreciation	-	9,183	19,608	2,312	903	2,027	-	34,034
Disposals	-	-	(2,110)	(20)	(40)	(10)	-	(2,180)
Foreign exchange difference	-	(13)	(16)	(19)	3	(10)	-	(55)
At December 31, 2021	-	144,234	269,912	20,839	9,377	32,773	-	477,135
Depreciation	-	8,335	30,976	1,977	810	1,505		43,603
Disposals	-	-	(5,953)	(196)	(83)	(2,032)		(8,264)
Foreign exchange difference	-	(31)	(24)	(37)	(3)	(6)		(101)
At December 31, 2022	-	152,538	294,912	22,583	10,100	32,240	-	512,373
Useful lives	-	25 and 10 years	10 and 15 years	10 years	5 years	5 years	-	
Property, plant and equipment, net								
At January 1, 2021	33,473	137,473	116,247	6,631	3,444	5,209	12,352	314,746
At December 31, 2021	34,081	133,955	158,537	6,813	2,773	4,348	29,923	370,348
At December 31, 2022	30,500	125,077	231,115	8,054	4,573	4,562	16,476	420,275

Due to the financing agreements with the BNDES, the Company pledged as collateral property, plant and equipment items amounting to R$189,699 as at December 31, 2022 (R$133,744 as at December 31, 2021). These items refer to land, buildings, facilities, machinery and equipment.

Of the amount of R$36,477 (2021 - R$25,513) related to depreciation expense, R$33,746 (2021 - R$22,871) was recognized in the statement of profit and loss in “Cost of sales and services", R$1,000 (2021 - R$1,346) in “Selling expenses”, R$1,456 (2021 - R$1,118) in “General and administrative expenses”, and R$275 (2021 - R$178) in “Research and development” – Parent.

Of the amount of R$43,501 (2021 - R$34,034) related to depreciation expense, R$36,802 (2021 - R$26,126) was recognized in the statement of profit and loss in “Cost of sales and services”, R$1,480 (2021 - R$8,217) in “Selling expenses”, R$4,944 (2021 - R$2,547) in “General and administrative expenses”, and R$275 (2021 - R$198) in “Research and development”- Consolidated.

Of the investments made in 2022, machines manufactured by the Company allocated to the machinery rental business, a new solution launched in the third quarter of 2020, represented R$64.9 million and R$11.3 million of depreciation. Since the launch of the solution, the total residual value of the investments until December 31, 2022 is R$101.4 million, with accumulated depreciation in the same year of R$14.6 million.

For the year ended December 31, 2022, the Company's Management evaluated each business segment (Note 21) and concluded that there is no indication that would require the recognition of a provision for impairment of property, plant and equipment and intangible assets.

12. INTANGIBLE ASSETS

Changes in intangible assets, parent and consolidated, are as follows:

	Parent			Consolidated				
Gross cost	Technology	Other	Total	Technology	Customer relationship	Trademarks	Other	Total
At January 1, 2021	540	6,312	6,852	36,758	27,244	33,581	7,672	105,255
Additions	23	268	291	2,523	-	-	268	2,791
Foreign exchange difference			-	(559)	(277)	(299)	(38)	(1,135)
At December 31, 2021	563	6,580	7,143	38,723	26,967	33,282	7,902	106,873
Additions	-	73	73	178	-	-	73	252
Foreign exchange difference			-	(3,089)	(938)	(1,955)	(179)	(6,161)
Disposals	-	-	-	-	-	-	-	-
At December 31, 2022	563	6,653	7,216	35,812	26,029	31,327	7,796	100,964
Accumulated amortization								
At January 1, 2021	280	5,476	5,756	17,312	10,042	-	7,112	34,466
Amortization	-	442	442	6,365	1,535	-	442	8,342
Foreign exchange difference	-	-	-	-	-	-	-	-
At December 31, 2021	280	5,918	6,198	23,677	11,577	-	7,554	42,808
Amortization	37	173	210	5,618	1,353	-	173	7,143
At December 31, 2022	317	6,091	6,408	29,295	12,930	-	7,727	49,951
Useful lives	5 years	5 years		5 to 20 years	20 years	Indefinite	5 years	
Intangible assets, net								
At January 1, 2021	260	836	1,096	19,446	17,202	33,581	560	70,789
At December 31, 2021	283	662	945	15,046	15,390	33,282	348	64,065
At December 31, 2022	246	562	808	6,517	13,099	31,327	69	51,012

On December 22, 2011, the Company approved the acquisition of all of the shares of B+W (Burkhardt + Weber Fertigungssysteme Gmbh) through its direct subsidiary Romi Europa Gmbh. Accordingly, at the acquisition date, the Company carried out the measurement and allocation of the purchase price, with the following nature and characteristics:

(a) Technology: Refers to the know-how related to products and processes that are technologically feasible, which assure competitive advantages in relation to the product quality and efficiency, with depreciation of 15 to 20 years.

(b) Portfolio of customers: Refers to customer sales orders outstanding as at the acquisition date, fully depreciated at December 31, 2021.

(c) Customer relationship: Refers to contractual rights arising from: (i) the history of customer relationships; (ii) the likelihood of occurrence of new business in the future, with depreciation of 20 years.

(d) Trademarks: refers to the rights of use of the trademark B+W (Burkhardt + Weber Fertigunssysteme), which relates to high-tech products, without a defined depreciation period.

According to Management's assessment, conducted with the support of its consultants, through the application of procedures for measuring the useful life of trademarks, the useful lives of the trademarks were considered to be indefinite and, therefore, the trademarks will be assessed annually for impairment purposes, in accordance with the relevant accounting standards.

Of the amount of R$210 (2021 - R$442) related to amortization expense, R$11 (2021 - R$9) was recognized in the statement of profit and loss in “Cost of sales and services”, R$105 (2021 - R$277) in “General and administrative expenses”, and R$94 (2021 - R$156) in “Research and development” – Parent.

Of the amount of R$7,143 (2021 - R$8,342) related to amortization expense, R$11 (2021 - R$9) was recognized in the statement of profit and loss in “Cost of sales and services”, R$6,675 (2021 - R$7,800) in “Selling expenses”, R$292 (2021 - R$341) in “General and administrative expenses”, and R$164 (2021 - R$192) in “Research and development”- Consolidated.

For the year ended December 31, 2022, the Company's Management evaluated each business segment (Note21) and concluded that there is no indication that would require the recognition of a provision for impairment of property, plant and equipment and intangible assets.

13. BORROWINGS

Changes in borrowings, parent and consolidated, is as follows:

Type	Current 2022	Current 2021	Noncurrent 2022	Noncurrent 2021	Maturity	Principal amortization	Financial charges	Collateral
Investment Support Program - BNDES (b)	588	5,547	-	461	1/16/2023	Monthly	Rate of up to 4.00% p.a.	Collateral transfers of machinery and mortgages of buildings and land
Sundry FINAME	469	596	37	481	1/15/2024	Monthly	Rates of 3.50% to 10.53% p.a. (+ TLP 365/366)	Collateral transfer of financed machinery/Surety of Rominor Comércio/Promissory note
Import financing (FINIMP)	8,247	14,288	-	-	11/18/2022	Bullet payment	Interest of 1.26% p.a. to 0.422% p.a.	
Import financing (FINIMP)	-	7,923	-	2,922	12/13/2023	Bullet payment	Interest of 1.85% p.a. to 1.07% p.a.	Surety of Rominor Comércio
Import financing (FINIMP)	2,561	-	-	-		Bullet payment		
Export financing (NCE)	-	11,180	-	-	11/7/2022	Bullet payment	Interest of 2.19 % p.a. + CDI.	Surety of Rominor Comércio
Export financing (NCE)	11,089	28,892	54,226	58,754	3/1/2024	Bullet payment	Interest of 2.89% p.a. to 0.77% p.a.	
Line 4131	-	-	27,833	-	3/18/2024	Bullet payment	Interest of 3.97 % p.a. + CDI.	Bank guarantee
Export financing (BNDES)	-		55,959					
Export financing (BNDES) Facility 4.0	502	2,115	62,034	55,249	10/15/2024	Bullet payment	Interest of 3.14 % p.a. + IPCA.	Collateral transfer
Parent	23,456	70,541	200,089	117,868				
B+W - Technology center and ad office construction financing - € (c)	-	-	7,690	9,410	6/30/2027	Quarterly	2.40% p.a.	Property, plant and equipment (building)
B+W - Financing (COVID-19 effects) - € (d)	15,180	-	13,736	22,221	9/30/2023	Quarterly	2.00% p.a.	Property, plant and equipment (building)
BNDES EXIM	14,971		54,654		3/29/2026	Maturity	Euro: Interest 1.1% p.a. + 0.131415% p.a. US Dollar: Interest 1.1% p.a. + 2.2661% p.a.	Surety Romi S.A.
Other - Working capital	107	191	-	-	-	-	-	
Consolidated	53,714	70,732	276,169	149,499				

Changes in borrowings, parent and consolidated, are as follows:

	Parent			Consolidated		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Borrowing balance at:						
December 31, 2021	64,219	124,190	188,409	64,219	156,012	220,231
New borrowing	62,033	46,412	108,445	62,033	125,713	187,746
Payment of principal	(6,128)	(55,492)	(61,620)	(6,128)	(57,118)	(63,246)
Payment of interest	(6,635)	(2,029)	(8,664)	(6,635)	(3,577)	(10,212)
Exchange and monetary differences (principal and interest)	-	(21,084)	(21,084)	-	(23,311)	(23,311)
Interest at the end of the year	15,872	2,187	18,059	15,872	2,803	18,675
Borrowing balance at December 31, 2022	129,361	94,184	223,545	129,361	200,522	329,883
Current	11,980	11,476	23,456	11,980	41,734	53,714
Noncurrent	117,381	82,708	200,089	117,381	158,788	276,169
	129,361	94,183	223,545	129,361	200,522	329,883

(a) In December 2014, the Company's officers were authorized to contract a financing from BNDES amounting to R$35,631, with the purpose of development of new products and production of domestic prototypes in 2015 and 2016, with rate of 4.00% p.a., a grace period of 23 months, and a payment term of 96 months (including the grace period). This agreement contained the following covenants related to compliance with contractual obligations:

(i) Audited Consolidated Financial Ratio: (Equity/Total Assets) higher than or equal to 0.40.

(ii) Audited Consolidated Financial Ratio: (Total Net Debt/Total Liabilities) lower than or equal to 0.25.

As at December 31, 2022, the Company complied with all the covenants of the above item.

(b) On July 5, 2012, Burkhardt + Weber entered into a Financing Agreement with Commerzbank in Reutlingen (Germany) in the amount R$9,410 (equivalent to € 3.6 million), which is supported by KfW Bank (Kredit-anstalt für Wiederaufbau), with quarterly installments beginning on September 30, 2014 and ending on June 30, 2027 (15 years). The amount disbursed is intended solely for the construction of the research and development facilities and support activities, as supplies and sales. The financing has a grace period of 24 months and fixed interest of 2.4% p.a., due quarterly, including during the grace period. There are no clauses stipulating compliance with financial ratios.

(c) On April 28, 2020, the Company was authorized to contract the Exim Pre-Shipment Financing Line from BNDES, with the purpose of financing the Company's production for export, under the terms of Decision No. CCOp 30/2020 - BNDES, with the following conditions: (i) amount equivalent in reais to US$10,000,000.00 (ten million dollars), (ii) term of 48 months, (iii) finance cost of 3.4% p.a. plus IPCA, and (iv) guarantee by a 6th mortgage of the buildings registered under No. 34,310 and No. 69,544 in the Real Estate Registry Office of Santa Bárbara d'Oeste, State of São Paulo, owned by the Company. This agreement contained the following covenants related to compliance with contractual obligations: (iii) Audited Consolidated Financial Ratio: (Total Net Debt/EBITDA) lower than or equal to 3.75. As at December 31, 2021, the Company complied with the covenant of the above item.

(d) On July 3, 2020, Burkhardt + Weber entered into a Financing Agreement with Commerzbank, Kreissparkasse and Baden-Württembergische Bank (Germany) in the amount of R$22,221 (equivalent to € 3.3 million), equally divided between the mentioned banks, which is supported by KfW Bank (Kredit-anstalt für Wiederaufbau), with quarterly installments beginning on December 30, 2022 and ending on September 30, 2023. The amount released is intended to finance the operation's working capital, specially due to the effects of the COVID-19 pandemic. The financing has a grace period of 30 months and fixed interest of 2.0% p.a., due quarterly, including during the grace period. During the effective period of the agreement, Burkhardt + Weber cannot pay dividends or settle loans that were outstanding at the time of the execution of the agreement. There are no clauses stipulating compliance with financial ratios.

(e) On March 29, 2022, the Company contracted with the BNDES System the BNDES Exim Post-shipment Financing Facility (Supplier Credit Modality), in order to finance the Company's production intended for export to its subsidiaries (or other importers to be defined by the Company), pursuant to Decisions CCOp_06/2022 - FINAME and CCOp_20/2022 - BNDES, in amounts equivalent to up to (i) US$8,000,000.00 at the financial cost of LIBOR rate set at 2.2661% p.a., plus 1.1% p.a. spread and 0.5% flat discounted upon release of the amount, and (ii) € 10,000,000.00 at the financial cost arising from the "Euro Area Yield Curve" set at 0.131415% p.a., plus 1.1% p.a. spread and 0.5% flat discounted upon release of the amount, both with (a) term of 4 years, with semi-annual payments and maturity of the first installment of principal in the 12th month from the shipment date or consolidation of shipments, and (b) personal guarantee by the Company, for the entire debt, through endorsement (or credit assignment), with right of recourse in favor of BNDES or FINAME, as applicable, in the credit instruments representing the payment of exports. This agreement contained the following covenants related to compliance with contractual obligations: (i) Audited Consolidated Financial Ratio: (Net Debt/EBITDA) less than or equal to 3.75, determined by the consolidated result accumulated in the last 12 months from the last Standardized Financial Statement or last Interim Financial Information.

(f) In December 2022, the Company contracted with the BNDES System the BNDES Exim Pre-shipment Financing Facility for 4.0 accredited goods, in order to finance the Company's production intended for export, in an amount equivalent to up to US$11,600,000.00, at financial cost of SELIC rate, plus 0.75% p.a., with a term of 5 years and maturity of the first installment of principal in the 12th month from the signing of the operation contract to be entered into between the Company and BNDES. This agreement contained the following covenants related to compliance with contractual obligations: (i) Audited Consolidated Financial Ratio: (Net Debt/EBITDA) less than or equal to 3.75, determined by the consolidated result accumulated in the last 12 months from the last Standardized Financial Statement or last Interim Financial Information.

The maturities of financing recorded in noncurrent liabilities as at December 31, 2022, parent and consolidated, were as follows:

	Parent	Consolidated
2024	113,991	134,938
2025 onward	86,098	141,231
Total	200,089	276,169

14. FINAME MANUFACTURER FINANCING

	Parent and Consolidated	
	December 31, 2022	December 31, 2021
Current:		
FINAME manufacturer financing	154,076	142,830
Noncurrent:		
FINAME manufacturer financing	237,055	219,104
Total	391,131	361,934

The agreements related to FINAME manufacturing financing are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor Comércio. Balances are directly related to the balances of "Onlending of FINAME manufacturer financing" (Note 5), considering that the loans are directly linked to sales to specific customers. The contractual terms related to the amounts, charges and periods financed under the program are on-lent in full to the financed customers and amounts received on a monthly basis under the line item “Amounts receivable - onlending of FINAME manufacturer financing” are fully used for the repayment of the related financing agreements. The Company, therefore, acts as an agent for the financing, but remains as the main debtor in this transaction.

The balances of the line item “FINAME manufacturer financing” and, consequently, of the line item “Onlending of FINAME manufacturer financing” as at December 31, 2022 and 2021 were monetarily adjusted through the end of the reporting period. The difference of R$15,707 between these line items as at December 31, 2022 (R$9,707 as at December 31, 2021) refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet released by the agent bank. Management understands that there are no risks to the realization of these receivables, other than the amount of the allowance for doubtful accounts already recorded, since the amounts are collateralized by the financed machinery.

The noncurrent maturities of the FINAME manufacturer financing as at December 31, 2022, parent and consolidated, were as follows:

	Parent and Consolidated
2023	123,825
2024	76,581
2025	34,283
2026 onward	2,366
Total	237,055

15. PROVISION FOR TAX, LABOR AND CIVIL RISKS

The Company’s management, based on the opinion of legal counselors, classified the legal proceedings in accordance with the likelihood of loss, as follows:

	Parent and Consolidated	
	December 31, 2022	December 31, 2021
Tax	-	8
Civil	1,835	674
Labor	1,118	1,110
Total	2,953	1,792
Current liabilities	2,683	1,445
Noncurrent liabilities	270	347
	2,953	1,792

Based on the opinion of legal counsel, the Company’s management classified the tax, civil and labor proceedings, involving risks of loss classified by management as possible, for which no provision was recognized as follows:

	December 31, 2022	December 31, 2021
Tax:		
Excess of IRPJ and CSLL on interest on capital - (a) (ii)	35,164	34,412
Disallowance of PIS and COFINS credits (f)	11,547	11,144
Social security contribution credit on payment of profit to the Management	3,732	3,506
Negative balance of IRPJ and CSLL	2,540	2,511
Disallowance of IPI credits	6,203	5,936
Isolated fine - Offsetting not approved	677	531
Disallowance of REINTEGRA credits	-	125
Duplicate payment of IRRF	2,986	2,849
ICMS credit	128	128
Civil:		
Losses and damages	11,664	9,093
Labor	3,347	2,328
Total Parent	77,988	72,563
Lawsuits in subsidiaries:		
Labor	-	63
Irregularities in the termination of the contract	-	379
Total Parent and Consolidated	77,988	73,005

For legal proceedings classified as probable losses and legal obligations for which unconstitutionality is being challenged at court, Management recognized a provision for any liabilities and payables. Changes in the provision are as follows:

	December 31, 2021	Additions	Utilizations/ payments/ reversals	Monetary adjustment and Foreign exchange difference	December 31, 2022
Tax	8	-	(9)	1	-
Civil	674	1,185	(12)	(13)	1,835
Labor	1,110	248	(386)	146	1,118
Total Parent	1,792	1,433	(407)	134	2,953
Total Parent and Consolidated	1,792	1,433	(407)	134	2,953

As at December 31, 2022, the main legal proceedings classified by Management, based on the opinion of its legal counsel, as probable losses or as legal obligation are as follows:

(a) Tax proceedings

Refer to the provisions for:

(i) As at December 31, 2018, PIS and COFINS balances related to ICMS on sales were R$10,322 and R$47,543, respectively.

On October 24, 2006, the Company filed a common civil action challenging the constitutionality of the inclusion of the ICMS separately stated on sales invoices in the PIS and COFINS tax base, as well as for refund for overpayment retroactively to 5 years.

On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR regarding the general repercussion effect, the Federal Supreme Court (STF), by majority of votes, decided that the ICMS is not to be included in the PIS and COFINS tax base since it is intended to the State and, therefore, is not included in the concept of revenue. However, on October 19, 2017 the National Treasury Attorney General's Office (PGFN) filed Motions to Clarify in view of the Court Decision published on October 2, 2017 by the STF. In this motion, PGFN requests the correction of alleged errors in the Court Decision. The most significant ones are as follows: (i) modulation of judgment effects (ii) lack of clarity on the ICMS to be excluded (whether the tax calculated or paid), which reflects on the determination of tax credit to be recovered as well as the future exclusion procedure; and (iii) material error regarding the analysis of gross and net revenue concepts brought by Law 6,404/76, the motions to clarify are pending analysis by the STF. In view of these facts, Management decided to maintain the present obligation derived from past events in the individual and consolidated financial statements for the year ended December 31, 2018.

On March 13, 2019, the Company obtained a favorable final decision on the lawsuit on the subject, which decided for the unconstitutionality of the inclusion of the ICMS separately stated on sales invoices in the PIS and COFINS tax base. As a result, the then present obligation derived from a past event was no longer considered as an obligation and, therefore, the Company recorded in the individual and consolidated financial statements for the first quarter of 2019 the effects of the favorable outcome on such lawsuit, amounting to R$138,008, before taxes, of which R$74,321 recorded in "Other operating income (expenses), net", and R$63,686 in line item "Finance income". The impact on profit for the year was R$105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital, proposed in March 2019, in the amount of R$29,542, according to the Shareholder Notice dated March 26, 2019. On September 20, 2019, judicial deposits in the amount of R$88,456 were released and included in the Company's cash and cash equivalents.

(ii) Excess of IRPJ and CSLL on interest on capital: Refers to the deductibility of interest on capital, based on profits from previous years, which were not distributed at the time they were calculated. According to the analysis of our legal counselors, decisions at the judicial level are mostly favorable to taxpayers.

As at December 31, 2022, there were no legal proceedings with risks of losses classified as probable.

(b) Civil proceedings

These refer to civil proceedings in which the Company is the defendant related mainly to the following claims: (i) revision/termination of contracts; (ii) damages; and (iii) annulment of protest of notes with losses and damages, among others.

(c) Labor claims

The Company has recorded a provision for contingencies for labor claims in which it is the defendant, the main causes are as follows: (i) additional overtime due to reduction of lunch break; (ii) health hazard premium/hazardous duty premium; (iii) stability prior to retirement; (iv) damages for work-related accident/disease; and (v) jointly liability over outsourced companies, among others.

(d) Judicial deposits

The Company has judicial deposits amounting to R$12,200 as at December 31, 2022 (2021 - R$12,097) of different nature and classified in noncurrent assets, referring to possible or remote lawsuits.

The tax, civil and labor proceedings assessed as representing possible losses involve matters similar to those above. The Company's management believes that the outcomes of ongoing legal proceedings shall not result in disbursements higher than those recognized in the provision. The amounts involved do not qualify as legal obligations.

On August 31, 2021, the Company deposited in court the amount of R$10,072 related to the proceeding regarding ICMS in the PIS and COFINS tax base; although a final and unappealable decision was rendered on February 21, 2019, only on September 2, 2020 the Brazilian Federal Revenue Office decided to verify whether the tax credits stated in the DCTF (Declaration of Federal Tax Debts and Credits) referred to PIS and COFINS levied on ICMS included in the respective tax bases. A tax notice was issued, requiring the presentation of various tax documents.

After analysis, the Federal Revenue Office understood that the Company would have considered, in the calculation of PIS and COFINS levied on ICMS stated in the shipping invoices, operations of sale of goods and services that supposedly would not have been included in the tax bases of such contributions. The Federal Revenue concluded that part of the PIS and COFINS tax credits stated in the DCTF related to the writ of mandamus would not correspond to the amount of ICMS stated in the invoices and thus a collection letter was issued, requiring the payment of these amounts.

After a detailed analysis of such collection, the Company understood that the Federal Revenue made several mistakes in its calculation of PIS and COFINS; thus, for legal reasons it was necessary to make a deposit in court to contest such undue collection.

As at December 31, 2021, in an analysis made by our legal counselors, this proceeding was classified as possible loss. For the year ended December 31, 2022, the Company's Management reassessed and concluded that there are no facts or factors that change the conclusion previously reached at the time of the issuance of the individual and consolidated financial statements as at December 31, 2021.

16. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R$240, and social contribution is calculated at the rate of 9% on taxable profits, except for subsidiaries Rominor Comércio and Rominor Empreendimentos, which pay income tax and social contribution based on the deemed taxable income method.

The reconciliation of the tax effect on the Company's profit before income tax and social contribution through application of the prevailing tax rates as at December 31, 2022 and 2021 is as follows:

	Parent		Consolidated	
	2022	2021	2022	2021
Profit before income tax and social contribution	281,876	213,186	279,089	213,266
Statutory rate (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution expense at statutory rates	(95,838)	(72,483)	(94,890)	(72,510)
Interest on capital	20,246	13,636	20,246	13,636
Monetary variation - Selic proceeding	1,772	42,924	1,772	42,924
Research and development ("Lei do Bem" - Law 11,196/05)	4,621	4,023	4,621	4,023
Equity in earnings of subsidiaries	6,991	3,110	-	-
Unrecorded deferred income tax and social contribution in subsidiaries	-	-	642	348
Management profit sharing	(3,195)	(2,773)	(3,195)	(2,773)
Other additions (deductions), net	(1,446)	2,151	7,811	5,234
Current and deferred income tax and social contribution income (expense)	(66,849)	(9,412)	(62,993)	(9,118)

The amount in the individual and consolidated financial statements refers basically to the difference in the calculation of income tax and social contribution between actual income <lucro real> and and deemed taxable income method, due to the fact that subsidiaries Rominor Comércio and Rominor Empreendimentos opted to calculate tax based on deemed taxable income method in the years presented, and for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

The breakdown of income tax and social contribution income (expense) is as follows:

	Parent		Consolidated	
	2022	2021	2022	2021
Current	(69,217)	4,541	(67,356)	3,434
Deferred	2,368	(13,953)	4,363	(12,552)
Total	(66,849)	(9,412)	(62,993)	(9,118)

	2022				2021			
	Temporary differences	Income tax	Social contribution	Total	Temporary differences	Income tax	Social contribution	Total
Assets (i)								
Inventories - provision for losses	22,485	5,607	2,024	7,631	22,623	5,638	2,036	7,674
Repossession of machinery	1,940	484	175	659	1,190	297	107	404
Discount to present value - trade accounts receivable and trade accounts payable	3,143	784	283	1,067	1,115	278	100	378
Provision for tax, labor and civil risks	2,952	736	266	1,002	1,792	447	161	608
Contingent commissions	381	95	34	129	497	124	45	169
Management profit sharing	9,396	-	846	846	7,956	-	716	716
Other temporary differences in assets	6,007	1,498	541	2,039	3,107	774	280	1,054
Liabilities (ii)								
Temporarily non-deductible differences in liabilities:								
Write-off of subsidiary Rominor Empreendimentos' negative goodwill	(4,563)	(1,025)	(378)	(1,403)	(4,563)	(1,025)	(378)	(1,403)
Other temporary differences from liabilities	-	-	(2)	(2)	-	-	-	-
Deferred income tax and social contribution, net - parent	41,740	8,178	3,789	11,967	33,717	6,532	3,067	9,599
Tax loss				5,761				979
Deferred taxes – Vila Romi				1,278				
Other temporary differences in assets								(21)
Deferred income tax and social contribution asset - consolidated	41,740	8,178	3,789	19,006	33,717	6,532	3,067	10,577
Write-off of negative goodwill on acquisition of subsidiary (ii)	19,029	14,359	-	14,359	19,029	16,804	-	16,804
Goodwill on the acquisition of Burkhardt + Weber (B+W) (ii)	89,941	21,082	-	21,082	86,055	24,557	-	24,557
Deferred income tax and social contribution liability - consolidated	108,970	35,440	-	35,440	105,084	41,361	-	41,361

(i) The recorded deferred tax assets are limited to the amounts for which the utilization is supported by future taxable profit projections, which do not exceed ten years, based on management's best judgment and expectations. Future taxable profit projections include estimates related to the performance of the Brazilian and global economies, the selection of foreign exchange rates, sales volumes and prices, tax rates, etc., which may differ from the actual amounts. As the income tax and social contribution results depend not only on the taxable profits, but also on the Company's and its Brazilian and foreign subsidiaries' tax and corporate structure, the expected realization of temporarily non-deductible differences, the existence of non-taxable income, non-deductible expenses, and several other variables, there is no direct correlation between the Company's and its subsidiaries' profit and the actual income tax and social contribution payable. Accordingly, changes in the realization of temporarily non-deductible differences should not be considered indicative of the future earnings of the Company and its subsidiaries.

(ii) Income tax and social contribution liabilities refer substantially to the write-off of negative goodwill, recognized in accordance with the accounting practices adopted in Brazil, arising on the acquisitions of the subsidiaries Rominor Comércio, Romi Italy and Burkhardt + Weber (B+W), as part of the adoption of CPCs. Taxes payable on gains arising from the write-off of negative goodwill will be recognized in profit or loss when the negative goodwill is realized, which will occur when the investment is sold or liquidated.

As at December 31, 2022, the expected realization of deferred income tax and social contribution, recorded in noncurrent assets, parent and consolidated, was as follows:

	Parent and Consolidated
Year of realization	
2023	10,852
2024	2,488
2025	3,217
2026 onward	2,449
Total	19,006

Changes in deferred tax assets and liabilities, parent and consolidated, for the year ended December 31, 2022 were as follows:

	Assets		Liabilities	
	Parent	Consolidated	Parent	Consolidated
At December 31, 2021	9,599	10,557	-	41,361
Changes in the year:				
Additions	2,682	3,702	-	-
Realization	(314)	(314)	-	(975)
Foreign exchange difference	-	5,061	-	(4,946)
At December 31, 2022	11,967	19,006	-	35,440

17. EQUITY

Capital

As at December 31, 2022, the Company's subscribed and paid-up capital amounting to R$771,454 (R$637,756 as at December 31, 2021) is represented by 80,667,314 book-entry, registered common shares, without par value (73,333,922 as at December 31, 2021).

On September 20, 2022, a capital increase in the amount of R$133,698 was approved, through the capitalization of the Company's earnings reserve, within the limit of authorized capital, pursuant to Article 7, paragraph one of the Company's Bylaws with bonus shares.

The share bonus was paid at a 10% rate, and the capital increase was made with the issue of 7,333,392 new book-entry common shares, without par value, attributed to the holders of shares as a bonus in the proportion of 1 new share for every 10 existing shares.

Earnings reserve

a) Legal reserve

As required by Article 193 of Law 6404/76, the balance of the line item "Legal reserve" is equivalent to 5% of the profit for the year, limited to 20% of the capital.

b) Dividends and interest on capital

The Company’s bylaws provide for the payment of a minimum dividend of 25% of profit for the year adjusted as set forth by Corporate Law. Management’s proposal for the distribution of interest on capital as dividends and the recognition of earnings reserve submitted to the Annual Shareholders’ Meeting is as follows:

	December 31, 2022	December 31, 2021
Profit for year attributable to the shareholders	215,027	203,774
(-) Recognition of legal reserve	(10,751)	(10,189)
Profit available for distribution	204,276	193,585
Mandatory dividends	(51,069)	(48,396)
Additional dividends already distributed	(8,478)	(8,577)
Total dividends distributed	(59,547)	(56,973)
Recognition of earnings reserve	144,729	136,612

Until the year ended December 31, 2022, distributions of interest on capital of R$59,547 and interim dividends (“Dividends”) of R$7,333 were approved, according to the notice to the market on the dates below:

1. According to the notice to the market on February 1, 2022, the distribution of interim dividends arising from the earnings reserve from 2021 in the gross amount of R$7,333, at R$0.10 per share, was approved, for payment on March 22, 2022.

2. According to the notice to the market on March 15, 2022, the distribution of interest on capital to be attributed to the mandatory dividends for 2021 in the gross amount of R$12,467, at R$0.17 per share, was approved, for payment on May 18, 2022.

3. According to the notice to the market on June 7, 2022, the distribution of interest on capital in the gross amount of R$14,668, at R$0.20 per share, was approved for payment on August 24, 2022.

4. According to the notice to the market on September 20, 2022, the distribution of interest on capital in the gross amount of R$15,473, at R$0.21 per share, was approved for payment on October 19, 2022.

5. On December 14, 2022, the distribution of interest on capital to be attributed to the mandatory dividends for 2022 in the gross amount of R$16,939, at R$0.21 per share, was approved, for payment on January 18, 2023.

The total amount paid by the Company, in the year ended December 31, 2022, was R$69,741.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of outstanding common shares in the year, excluding common shares purchased by the parent and held as treasury shares.

	Note	December 31, 2022	December 31, 2021
Profit for the year attributable to the controlling interests		215,027	203,774
Weighted average number of shares outstanding (adjusted for bonus)		80,667	80,667
Basic and diluted earnings per share		2.67	2.53

Basic and diluted earnings per share are the same, since the Company does not have any instruments diluting the earnings per share.

18. PENSION PLAN

The Company has a defined contribution pension plan managed by an authorized pension plan entity, effective since October 1, 2000, for all its employees and management, which are referred to as "Plano Gerador de Benefício Livre- PGBL", classified as a defined contribution plan.

The nature of the plan allows the Company, at any time and at its sole and exclusive discretion, to suspend or permanently discontinue its contributions to the plan.

The plan is funded by the Company and its participants, according to the type of benefit for which they are eligible.

The amount of contributions made by the Company in the year ended December 31, 2022 was R$2,076 (R$1,310 as at December 31, 2021). The amount incurred with the private pension plan was recorded in the statements of profit and loss for the years ended December 31, 2022 and 2021 in line items "Cost of sales and services", "Selling expenses", "General and administrative expenses" and "Research and development", based on the reference cost center of each employee.

19. INSURANCE

As at December 31, 2022, the insurance coverage for fire, windstorm, electrical damages and theft was comprised as follows: (i) buildings - R$186,143; (ii) machines and equipment - R$477,610; (iii) inventories and machines pending repossession - R$421,278; (iv) construction works - R$5,820; (v) assets held by third parties – R$61,254 ; and (vi) other - R$1,316.

20. FINANCIAL INSTRUMENTS AND OPERATING RISKS

(a) General considerations

The Company enters into transactions with financial instruments whose risks are managed by means of financial position strategies and risk exposure limits. All transactions are fully accounted for and restricted to the following instruments:

- Cash and cash equivalents and short-term investments: carried at amortized cost plus income earned through the end of the reporting period, which approximate their fair values.
- Trade accounts receivable and onlending of FINAME manufacturer financing: commented on and presented in Notes 4 and 5.
- Borrowings and FINAME manufacturer financing: commented on and presented in Notes 13 and 14.

The Company believes that the other financial instruments, such as payables of related parties, which are recognized in the individual and consolidated financial statements at their carrying amounts, are substantially similar to those which would have been obtained if they were traded in the market. However, as there is no active market for these instruments, there may be differences if the Company decides to settle them in advance.

(b) Risk factors that may affect the Company's business

Commodity price risk: risk related to possible fluctuations in the prices of the products that the Company sells or in the prices of raw materials or other inputs used in its production process. Sales revenues and mainly the cost of sales and services affected by fluctuations in the international prices of its products or materials may change. In order to minimize this risk, the Company constantly monitors price fluctuations in the domestic and foreign markets.

Interest rate risk: arises from the possibility of the Company incurring losses (or earning gains) due to fluctuations in the interest rates charged on the Company's assets or liabilities obtained in the market. In order to mitigate the possible impact resulting from interest rate fluctuations, the Company has a diversification policy, alternating between fixed rates and floating rates (such as LIBOR and CDI), and periodically renegotiates its contracts to adjust them to the market.

Exchange rate risk: arises from the possibility of fluctuations in exchange rates affecting finance costs or income and the liability or asset balances of contracts denominated in a foreign currency. In addition to trade accounts receivable arising from exports from Brazil and investments abroad, which form a natural hedge against currency fluctuations, the Company assesses its exchange exposure.

The Company has financial instruments pegged to the US Dollar and the Euro. The instruments exposed to foreign exchange difference are represented by trade accounts receivable, direct investments, export financing and trade accounts payable.

Tax risk: related to changes in tax laws and in the understanding of the lawsuits in which the company is a defendant, which may directly or indirectly affect the company's profitability, either by increasing costs/expenses or by increasing the tax burden on the profit obtained.

Credit risk: arises from the possibility of the Company and its subsidiaries not receiving amounts generated by sales transactions or receivables from financial institutions generated by financial investments.

Quality of credit: due to its customer portfolio and the fact that these customers do not have a risk rating granted by rating agencies, the Company and its subsidiaries adopt as policy a detailed analysis of the financial situation of its customers, the establishment of a credit limit and the ongoing monitoring of its debt balance. In addition, collateral is required from customers for all FINAME manufacturer financing transactions. No credit limit was exceeded during the year, and management does not expect any loss as a result of the defaults of these counterparties being higher than the amounts already accrued.

In relation to financial investments, the Company carries out transactions only with financial institutions with a low level of credit risk. Additionally, each financial institution has a maximum investment balance limit determined by the Company’s management.

Liquidity risk: the Company’s debt and cash management policy provides for the use of credit facilities, whether or not backed by export receivables, to manage the appropriate levels of short-, medium- and long-term liquidity. The maturity date of the noncurrent portion of the borrowings are presented in Note 13.

The table below divides the Company’s financial liabilities into the relevant maturity groupings based on the remaining period to maturity as at the balance sheet date. The amounts disclosed in the table represent the contractual undiscounted cash flows. The balances due within 12 months are equal to the balances to be carried forward as the impact of discounting is not significant.

	Consolidated				
	Less than one year	Between one and two years	Between two and five years	Over five years	Total
At December 31, 2022					
Borrowings	53714	134,938	125,722	15,508	329,883
FINAME manufacturer financing	154,076	123,825	76,581	36,649	391,131
Trade accounts payable	135,557	-	-	-	135,557
At December 31, 2021					
Borrowings	70,732	23,401	122,081	4,017	220,231
FINAME manufacturer financing	142,830	112,240	77,294	29,570	361,934
Trade accounts payable	129,391	-	-	-	129,391

<u>Risk related to FINAME manufacturer financing transactions</u>: liabilities related to FINAME manufacturer transactions are backed by the balances of the line item "Receivables - onward lending of FINAME manufacturer financing". In turn, the equipment related to these receivables is sold with the Company's retention of title registered at the notary's office in order to reduce the risk of loss.

<u>Capital management risk:</u> the Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure, including its debt-to-equity ratio and cash and cash equivalents, observing the approval levels and indebtedness limits established and approved by the Board of Directors, as follows. These limits are periodically reviewed by the Board of Directors.

	Parent		Consolidated	
	2022	2021	2022	2021
(-) Total borrowings	614,676	550,343	721,014	582,165
Cash and cash equivalents (Note 3)	(21,662)	(28,047)	(131,999)	(99,911)
Short-term investments (Note 3)	(118,814)	(74,786)	(118,814)	(74,786)
Onlending of FINAME manufacturer financing (Note 5)	(406,838)	(371,641)	(406,838)	(371,641)
Net debt (Cash)	67,362	75,869	63,363	35,827
Total equity	1,093,127	963,288	1,093,127	963,288
Total capital	1,160,489	1,039,157	1,156,490	999,115
Gearing ratio - %	5.8%	7.3%	5.5%	3.6%

<u>Additional sensitivity analysis required by the CVM</u>

(i) <u>Exchange rate fluctuations</u>

Exchange rate fluctuations may positively or adversely affect the individual and consolidated financial statements due to an increase or decrease in the balances of accounts payable to suppliers of imported components, in accounts receivable from export customers, and in borrowings denominated in foreign currency.

As at December 31, 2022, the foreign currency denominated balances were subject to foreign exchange effects. Assets and liabilities exposed to exchange rate fluctuations recognized in the balance sheet are as follows:

	Parent
Cash and cash equivalents	6,100
Trade accounts receivable	25,826
Receivables from related parties	55,181
Other receivables	1,250
Payables to related parties	(4,193)
Borrowings	(104,137)
Trade accounts payable	(22,150)
Advances from customers	(3,853)
Net liability exposure	(45,976)

Presented below is the loss that would have been recognized in profit (loss) for the year ended December 31, 2022 according to the following scenarios:

	Parent		
	Probable scenario	Scenario II	Scenario III
Net asset exposure	19,315	24,144	28,973

The probable scenario considers future US Dollar and Euro rates, based on quotations obtained from the projections report of the Economic Analysis section of Santander Brazil, considering the quotation projected for 2023, with US Dollar at R$5.20 and Euro at R$5.82. Scenarios II and III project an increase in exchange rates of 25% and 50%, respectively. The probable scenarios, II and III, are being presented in conformity with CVM Instruction 475/08. Management uses the probable scenario in the assessment of possible changes in exchange rates and presents such scenario in compliance with IFRS 7 – "Financial Instruments: Disclosure.

(ii) Interest rate fluctuations

The finance income from financial investments and the finance costs on borrowing are impacted by changes in interest rates, such as the CDI, SELIC and the TLP.

As at December 31, 2022, three scenarios covering an increase or decrease in interest rates were estimated. The exposure to interest rate risk of the transactions linked to the CDI and TLP variation is as follows.

	Parent	Consolidated
Total cash and cash equivalents and short-term investments linked to CDI	131,862	201,272
Total borrowings linked to CDI	-	(13,736)
Net asset exposure	131,862	187,536

The sensitivity analysis considers the exposure of borrowings, net of short-term investments, indexed to CDI.

The tables below show the incremental gain (loss) that would have been recognized in profit (loss) for the year ended December 31, 2022 according to the following scenarios:

The probable scenario considers future interest rates, based on quotations obtained from the projections report of the Economic Analysis section of Santander Brazil, considering the rates projected for December 31, 2023 at 12.25%. Scenarios I and II consider an increase in interest rates of 25% and 50%, respectively.

	Parent		
	Probable scenario	Scenario II	Scenario III
Net asset exposure	16,153	20,191	24,230

	Consolidated		
	Probable scenario	Scenario II	Scenario III
Net asset exposure	22,973	28,716	34,460

As the FINAME manufacturer financing is specifically linked to sales transactions payable to the Company, but whose interest rates, under the FINAME manufacturer system rules, are fully passed on to customers, the Company understands that there is no financial impact on profits arising from fluctuations in this financing interest rate.

(c) Financial instruments by category

The main financial assets and liabilities, parent and consolidated, are shown below:

	Parent		Consolidated	
	2022	2021	2022	2021
Loans and receivables:				
Cash and cash equivalents	21,662	28,047	131,999	99,911
Short-term investments	118,814	74,786	118,814	74,786
Trade accounts receivable	161,309	137,313	303,894	258,666
Onlending of FINAME manufacturer financing	406,838	371,641	406,838	371,641
Related parties	60,148	104,776	-	-
Other receivables, except advances and machines pending repossession	16,027	6,721	36,180	13,678
Judicial deposits	12,200	12,097	12,200	12,097
Financial liabilities at amortized cost:				
Borrowings	223,545	188,409	329,883	220,231
FINAME manufacturer financing	391,131	361,934	391,131	361,934
Trade accounts payable	106,976	115,340	135,557	129,391
Other payables	9,707	5,035	37,384	37,674
Related parties	1,490	3,096	-	-

21. SEGMENT REPORTING - CONSOLIDATED

To manage its business, the Company is organized into three business units on which the Company reports its primary information by segment, namely: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products. Although the Burkhardt+Weber machines business unit reported an operating loss, due to the gradual recovery from pandemic effects, the Company concluded that there is no indication that would require the recognition of a provision for impairment of property, plant and equipment and intangible assets, as mentioned in NE 11.

The information for the year ended December 31, 2022 was prepared and is being presented on a comparative basis with the year ended December 31, 2021, according to the Company's segments:

	December 31, 2022					
	Máquinas Romi	Burkhardt + Weber Machinery	Cast and machined products	Other	Eliminations between segments	Consolidated
Net operating revenue	904,600	180,566	507,136	-	-	1,592,302
Cost of sales and services	(428,190)	(169,667)	(485,613)	-	-	(1,083,470)
Transfers remitted	1,277	10,464	90,130	-	(101,871)	-
Transfers received	(100,594)	-	(1,277)	-	101,871	-
Gross profit	377,093	21,363	110,376	-	-	508,832
Operating (expenses) income:						
Selling expenses	(102,591)	(16,922)	(6,243)	-	-	(125,756)
General and administrative expenses	(43,179)	(27,221)	(20,976)	-	-	(91,376)
Research and development	(22,178)	-	(7,729)	-	-	(29,907)
Management fees	(9,446)	-	(8,129)	-	-	(17,575)
Other operating income, net	4,042	-	-	22,878	-	26,920
Operating profit (loss) before finance income (costs)	203,741	(22,780)	67,299	22,878	-	271,138
Inventories	471,563	70,681	98,553			640,797
Depreciation and amortization	24,562	11,875	14,309			50,746
Property, plant and equipment, net	294,016	60,906	65,353			420,275
Intangible assets	805	50,204	3			51,012
	Europe	Latin America	North America	Asia		Total
Net operating revenue per geographical region	285,466	1,254,241	46,035	6,560		1,592,302

	December 31, 2021				
	Máquinas Romi	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	746,639	245,312	391,548	-	1,383,499
Cost of sales and services	(363,322)	(197,734)	(375,654)	-	(936,710)
Transfers remitted	1,210	-	61,753	(62,963)	-
Transfers received	(61,753)	-	(1,210)	62,963	-
Gross profit	322,773	47,578	76,438	-	446,789

	December 31, 2021				
	Máquinas Romi	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Operating (expenses) income:					
Selling expenses	(81,871)	(20,742)	(8,282)		(110,895)
General and administrative expenses	(35,938)	(31,356)	(18,552)		(85,846)
Research and development	(19,435)	-	(7,642)		(27,077)
Management fees	(7,966)	-	(7,755)		(15,721)
Other operating income, net	2,437	1,861	-		4,298
Operating profit (loss) before finance income (costs)	180,000	(2,659)	34,207		211,548
Inventories	405,701	48,094	82,904		536,699
Depreciation and amortization	18,427	12,134	11,815		42,376
Property, plant and equipment, net	232,292	79,009	59,047		370,348
Intangible assets	938	63,120	7		64,065

	Europe	Latin America	North America	Asia	Total
Net operating revenue per geographical region	336,322	979,495	40,151	27,530	1,383,498

22. FUTURE COMMITMENTS

On April 10, 2017, the Company and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to amend the agreement for the supply of electric energy entered into on May 1, 2007, which intended to contract a volume of electric energy according to the Company’s needs. On May 30, 2019, the Company entered into an electric energy purchase agreement with Engie Brasil Energia Comercializadora Ltda. - Engie, for the periods following the ongoing agreement with CDSA. As a result, the supply of electric energy has been extended for further three years, up to December 31, 2023, and has reflected the following commitments that will be adjusted annually by the General Price Index - Market (IPCA).

Year of supply	Amount
2023	18,268
2024	16,001
2025 onward	15,407
	49,676

The Company's management believes that this agreement is compatible with the electricity requirements for the contracted period.

23. SALES REVENUE

Net sales revenue for the years ended December 31, 2022 and 2021 is broken down as follows:

	Parent		Consolidated	
	2022	2021	2022	2021
Domestic market	1,372,462	1,081,326	1,370,605	1,081,315
Foreign market	175,516	140,423	416,738	460,131
Gross sales revenue	1,547,978	1,221,749	1,787,343	1,541,446
(-) Taxes on sales	(192,924)	(157,615)	(195,041)	(157,947)
Net sales revenue	1,355,054	1,064,134	1,592,302	1,383,499

24. COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	2022	2021	2022	2021
Depreciation and amortization	36,687	25,955	50,746	42,376
Personnel expenses	218,742	173,680	332,638	308,196
Raw materials and consumables	812,694	627,545	875,255	718,975
Freight	34,935	23,154	42,567	31,475
Other expenses	3,085	14,547	46,878	75,227
Total	1,106,143	864,881	1,348,084	1,176,249
Classified as:				
Cost of sales and services	931,637	722,832	1,083,470	936,710
Selling expenses	82,260	62,100	125,756	110,895
General and administrative expenses	44,926	37,287	91,376	85,846
Research and development	29,907	27,077	29,907	27,077
Management profit sharing and fees	17,413	15,585	17,575	15,721
Total	1,106,143	864,881	1,348,084	1,176,249

25. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	2022	2021	2022	2021
Finance income:				
Income from short-term investments	6,603	4,454	11,625	4,473
Interest on trade accounts receivable	2,444	3,950	2,444	3,950
Finance income related to successful outcome in lawsuit	5,211	2,372	5,211	2,372
Other	(913)	611	(205)	1,537
Total	13,345	11,387	19,075	12,332

	Parent		Consolidated	
	2022	2021	2022	2021
Finance costs:				
Interest on financing	(18,059)	(10,279)	(18,675)	(10,950)
Other	6,208	(1,448)	1,924	(3,050)
	(11,851)	(11,727)	(16,751)	(14,000)

26. OTHER OPERATING INCOME (EXPENSES), NET

	Parent		Consolidated	
	2022	2021	2022	2021
Gains on sales of assets	3,938	2,251	3,938	2,251
Income from sales of real estate	-	-	13,935	-
Sale of land from subsidiaries	-	-	8,943	-
Other	650	(209)	104	2,047
	4,588	2,042	26,920	4,298

27. EVENTS AFTER THE REPORTING PERIOD

(i) Subsidiaries: Rominor Comércio, Empreendimentos e Participações S.A. (“Rominor Comércio”).

At a meeting of the Board of Directors held on January 31, 2023, the distribution of interim dividends was authorized, referring to the fiscal year 2022, in the amount of R$11,755, to be paid on February 15, 2023, subject to ratification at the Annual Shareholders’ Meeting to be held on March 14, 2023.

(ii) At a meeting of the Board of Directors held on January 31, 2023, the distribution of interim dividends was authorized, referring to the fiscal year 2022, in the amount of R$11,412, to be paid on March 8, 2023, subject to ratification at the Annual Shareholders’ Meeting to be held on March 14, 2023.

(iii) Subsidiaries: Rominor Empreendimentos Imobiliários S.A. (“Rominor Empreendimentos”)

At a meeting of the Board of Directors held on January 31, 2023, the distribution of interim dividends in the amount of R$13,490, referring to the fiscal year 2022, and the distribution of dividends from the earnings reserve for the fiscal year 2021 in the amount of R$598 were recommended, to be paid on February 24, 2023, subject to ratification at the Annual Shareholders’ Meeting to be held on March 14, 2023.

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ROMI S.A.
MANAGEMENT REPORT - 2022

Dear Sirs:

We are submitting for the consideration of the Shareholders, Customers, Suppliers, Capital Market and society in general the Management Report and the Financial Statements of Romi S.A. ("Romi" or "Company") for the year ended December 31, 2022, accompanied by the Independent Auditor's Report.

A large part of 2022 continued to indicate a favorable environment for investments, as we can see in the business confidence indexes and the use of the installed capacity. This recovery in business volume can be noticed in all units, both in businesses in the domestic market and in exports and more recently at the Burkhardt Weber business unit.

The Company, having consolidated channels in the foreign market, as well as new solutions, such as the leasing of machines and financial support to its customers in the acquisition of equipment, has strengthened these businesses with the aim of continuing to support its customers with excellence, in addition to achieving relevant sales and, consequently, operating volumes.

However, although the Industrial Entrepreneur Confidence Index (ICEI) showed consistent recovery behavior until October 2022, we noticed a significant reduction in recent months. In addition to a world scenario of inflation and increase in interest rates, currently we have a more challenging and turbulent environment for making investments, both in the domestic and foreign markets, already reflecting in the incoming orders for 4Q22.

The BW Machines Business Unit completed relevant orders during the last quarters, in Asia, in the United States, as well as in Europe, which resulted in a significantly larger backlog at the end of 2022 when compared to 2021.

The past few years have been marked by an environment of uncertainty and high volatility, with major challenges in relation to production volume management, for example Accordingly, we continue to implement actions to streamline the structure, with a more agile and flexible planning and manufacturing process, to respond quickly to the demand volatility. Over the past few years we have made several optimizations, especially in indirect structures and internal processes automation. We also reinforced the focus on cost and expense reduction projects, in addition to investing in automation and productivity, focusing on the increase of profitability, which can be noted since 2017.

Strategically, we have defined the development of new product generations as a priority, and have advanced significantly in terms of technological content, aligned to the needs of Industry 4.0, and the lines launched in 2018 and 2019 have consolidated successfully in the domestic and foreign markets.

Additionally, we have strengthened our structures abroad and developed new solutions for our customers, such as machine leasing and financial support, through the creation of a fintech. These strategies give us great confidence that we are well prepared to keep seizing the opportunities, both in the domestic and foreign markets.

1. OPERATING PERFORMANCE

Net Operating Revenue

Net operating revenue in 2022 was R$1.6 billion, 15.1% higher than in 2021, mainly due to growth in sales of ROMI machines and rough and machined cast iron parts in the domestic market.

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Margins

In 2022, the gross margin was 32.0%, with an impact of -0.3 percentage points over the margin obtained in 2021, highlighting the Romi Machines business unit.

The operating margin (Earnings Before Interest and Taxes - EBIT) recorded in 2022 was positive by 17.0%, an increase of 1.7 percentage points compared to 2021, due to increase in revenue aligned with an effective control of operating expenses.

Profit for the Year

Profit for 2022 was R$216.1 million.

2. INVESTMENTS

During 2022, R$127.3 million was invested, the greater part of which was allocated to automation, maintenance, productivity, flexibility, competitiveness of the units of the industrial facilities and machines manufactured by the Company that were allocated to the machinery rental business, all within the investment plan foreseen for the year.

3. EXTERNAL AUDIT

In accordance with the provisions of CVM Instruction 381/03, the Company informs that in the year ended December 31, 2022, no services other than the audit of the financial statements were provided by Deloitte Touche Tohmatsu Auditores Independentes Ltda.

4. ARBITRATION

Romi’s shares are listed on the B3’s “ New Market”, a differentiated listing segment encompassing those companies that voluntarily stand out in adopting the highest standards of corporate governance. Consequently, the Company is linked to the B3’ New Market Arbitration Chamber. In this way, its shareholders, officers and members of the Supervisory Board undertake to resolve, through arbitration, any dispute or controversy that may arise among them, especially related to or resulting from the application, validity, effectiveness, interpretation, breach and its effects, of the provisions set out in the Corporate Law, its Bylaws, rules issued by the National Monetary Council, the Central Bank of Brazil or the Brazilian Securities and Exchange Commission, as well as other rules applicable to the capital market in general, besides those included in the New Market Listing Regulation, the New Market Participation Agreement and the Arbitration Regulation of the Market Arbitration Chamber.

The Management

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SUPERVISORY BOARD'S OPINION

In compliance with legal and statutory provisions, the members of the Supervisory Board of Romi S.A. have examined the Management Report, the Financial Statements and the Proposal for Allocation of Profit and Distribution of Dividends for the fiscal year ended December 31, 2022, as well as the Management's Proposal concerning the Capital Budget for 2023. Based on information and clarifications received from the Management and the Independent Auditors, the members of the Supervisory Board are of the opinion that these documents are appropriate for submission to the Annual and Extraordinary General Meeting.

Santa Bárbara d'Oeste, January 31, 2023.

Alfredo Ferreira Marques Filho

Clóvis Ailton Madeira

Walter Luis Bernardes Albertoni

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SUMMARY REPORT OF THE AUDIT AND RISK COMMITTEE 2022

The Audit and Risk Committee of Romi S.A. ("Committee"), in the period from 4/25/2022 to 1/30/2023, met in seven occasions, four of which were meetings with the members of the Supervisory Board and of the Independent Audit Firm, for the analysis of the Interim Financial Information, pursuant to its By-laws.

The main issues discussed were:

1. Internal Audit activities, as well as the development and implementation of the action plans established to remedy the deficiencies identified;
2. Interim Financial Information and Financial Statements together with the members of the Supervisory Board and of the Independent Audit Firm;
3. Letter of Recommendations from the Independent Audit Firm;
4. 2023 budgets for the Internal Audit and the Audit and Risk Committee;
5. Audit Plan carried out in 2022 and proposed for 2023; and
6. Compliance Program and Risk Management System, including a Whistleblowing Channel and implementation of ESG practices.

Considering the analysis of the aforementioned matters, including the Financial Statements for the year ended December 31, 2022, the Committee concluded that the Company is in compliance with the legal, regulatory and statutory standards and its policies.

Márcio Guedes Pereira Júnior **Coordinator**	**Antônio Cândido de Azevedo Sodré Filho**
Antônio Carlos Bonini Santos Pinto	**Francisco José Levy**

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PUBLICLY-HELD COMPANY

OFFICERS' REPRESENTATION ON THE FINANCIAL STATEMENTS

The officers mentioned below represent that they have prepared, reviewed and discussed the financial statements and that there is no significant matter requiring additional comments other than those already described in the notes to the financial statements.

Santa Bárbara d'Oeste, January 31, 2023

Luiz Cassiano Rando Rosolen – Chief Executive Officer
Fernando Marcos Cassoni – Vice-President
Fábio Barbanti Taiar – Executive Officer
Douglas Pedro de Alcântara – Executive Officer
Mauricio Lanzellotti Lopes – Executive Officer
Tales Caires Aquino – Executive Officer

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PUBLICLY-HELD COMPANY

OFFICERS' REPRESENTATION ON THE INDEPENDENT AUDITOR'S REPORT

The officers mentioned below represent that they have reviewed, discussed and agreed with the Report on Review issued by Deloitte Touche Tohmatsu Auditores Independentes on the individual and consolidated financial statements of Indústrias Romi S.A. for the year ended December 31, 2022.

Santa Bárbara d'Oeste, January 31, 2023

Luiz Cassiano Rando Rosolen – Chief Executive Officer

Fernando Marcos Cassoni – Vice-President

Fábio Barbanti Taiar – Executive Officer

Douglas Pedro de Alcântara – Executive Officer

Mauricio Lanzellotti Lopes – Executive Officer

Tales Caires Aquino - Executive Officer