

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

Romi S.A.

Individual and Consolidated
Interim Financial Information
for the Quarter Ended
June 30, 2023 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Romi S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Romi S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2023, which comprises the individual and consolidated balance sheets as at June 30, 2023, and the related statements of profit and loss and of comprehensive income for the three- and six-month periods then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Brazilian standard NBC TG 21 - “Demonstração Intermediária” and international standard IAS 34 - Interim Financial Reporting, applicable to real estate development entities in Brazil registered with the Brazilian Securities and Exchange Commission (CVM), as well as for the presentation of such information in accordance with the standards issued by the CVM, applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with Brazilian standard NBC TG 21 and international standard IAS 34, applicable to real estate development entities in Brazil registered with the CVM, and presented in accordance with the standards issued by the CVM, applicable to the preparation of ITR.

Emphasis of matter

As described in note 2, the individual and consolidated interim financial information, included in the ITR, has been prepared in accordance with Brazilian standard NBC TG 21 and international standard IAS 34, applicable to real estate development entities in Brazil registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company for the recognition of revenue in the purchase and sale agreements of uncompleted real estate units on aspects related to transfer of control, abides by the Company's Management understanding on the application of Brazilian standard NBC TG 47, aligned with the understanding expressed by the CVM in Circular Letter CVM/SNC/SEP 02/2018. Our conclusion is not modified in respect of this matter.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes, applicable to real estate development entities in Brazil registered with the CVM. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in Brazilian standard NBC TG 09 - "Demonstração do Valor Adicionado". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with Brazilian standard NBC TG 09 and consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Campinas, July 18, 2023



DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.



Paulo de Tarso Pereira Jr.
Engagement Partner

ROMI S.A.

BALANCE SHEETS

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

	Notes	Parent Company		Consolidated		Notes	Parent Company		Consolidated	
		June 30 2023	December 31 2022	June 30 2023	December 31 2022		June 30 2023	December 31 2022		
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	3	150,075	21,662	247,248	131,999					
Short-term investments	3	36,789	118,814	36,789	118,814					
Trade accounts receivable	4	102,909	151,459	185,205	275,323					
Onlending of Finame - manufacturer financing	5	170,319	162,993	170,319	162,993					
Inventories	6	530,946	501,668	711,012	640,797					
Related parties	8	20,919	28,851	-	-					
Taxes recoverable	9	25,733	31,441	36,675	41,880					
Other receivables		14,464	8,781	23,193	17,128					
		<u>1,052,154</u>	<u>1,025,669</u>	<u>1,410,441</u>	<u>1,388,934</u>					
NONCURRENT ASSETS										
Trade accounts receivable	4	5,575	9,850	32,016	28,571					
Onlending of Finame - manufacturer financing	5	237,779	243,845	237,779	243,845					
Related parties	8	33,162	31,297	-	-					
Taxes recoverable	9	58,615	56,434	58,620	56,440					
Deferred income tax and social contribution	16	14,968	11,967	24,113	19,006					
Judicial deposits	15	12,135	12,200	12,135	12,200					
Other receivables		7,170	8,880	7,709	9,399					
		<u>369,404</u>	<u>374,473</u>	<u>372,372</u>	<u>369,461</u>					
Investments in subsidiaries	7	186,250	198,103	-	-					
Property, plant and equipment	11	362,292	346,383	431,391	420,275					
Investment property	10	13,500	13,500	15,251	15,251					
Intangible assets	12	794	808	45,668	51,012					
		<u>932,240</u>	<u>933,267</u>	<u>864,682</u>	<u>855,999</u>					
TOTAL ASSETS		<u>1,984,394</u>	<u>1,958,936</u>	<u>2,275,123</u>	<u>2,244,933</u>					
LIABILITIES AND EQUITY										
CURRENT LIABILITIES										
Borrowings	13	92,121	23,456	134,781	53,714					
Finame manufacturer financing	14	161,602	154,076	161,602	154,076					
Trade accounts payable		76,592	106,976	100,832	135,557					
Payroll and related taxes		35,354	42,079	45,861	48,850					
Taxes payable		3,670	25,138	10,310	37,397					
Advances from customers		29,987	31,187	109,203	106,404					
Profit sharing		2,685	9,406	2,685	9,406					
Dividends and interest on capital		16,496	15,130	16,496	15,130					
Provision for tax, labor and civil risks	15	2,606	2,683	2,606	2,683					
Other payables		7,279	9,693	26,988	34,630					
Related parties	8	600	1,490	-	-					
		<u>428,992</u>	<u>421,314</u>	<u>611,364</u>	<u>597,847</u>					
NONCURRENT LIABILITIES										
Borrowings	13	204,113	200,089	279,780	276,169					
Finame manufacturer financing	14	237,888	237,055	237,888	237,055					
Provision for tax, labor and civil risks	15	411	270	411	270					
Other payables		-	14	3,756	2,754					
Provision for equity deficit of subsidiaries	7	5,808	7,067	-	-					
Deferred income tax and social contribution	16	-	-	33,026	35,440					
		<u>448,220</u>	<u>444,495</u>	<u>554,861</u>	<u>551,688</u>					
TOTAL LIABILITIES		<u>877,212</u>	<u>865,809</u>	<u>1,166,225</u>	<u>1,149,535</u>					
EQUITY										
Capital	17	904,772	771,454	904,772	771,454					
Earnings reserve		134,722	248,144	134,722	248,144					
Carrying value adjustment		67,688	73,529	67,688	73,529					
		<u>1,107,182</u>	<u>1,093,127</u>	<u>1,107,182</u>	<u>1,093,127</u>					
NONCONTROLLING INTERESTS										
		-	-	1,716	2,271					
TOTAL EQUITY		<u>1,107,182</u>	<u>1,093,127</u>	<u>1,108,898</u>	<u>1,095,398</u>					
TOTAL LIABILITIES AND EQUITY		<u>1,984,394</u>	<u>1,958,936</u>	<u>2,275,123</u>	<u>2,244,933</u>					

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

ROMI S.A.

INCOME STATEMENT

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

			Parent Company	
	June 30, 2023	Accumulated current year 2023	June 30, 2022	Accumulated prior year 2022
Continuing operations				
Net operating revenue	247,156	473,308	319,096	578,967
Cost of goods sold and services rendered	(176,317)	(330,354)	(233,488)	(416,919)
Gross profit	70,839	142,954	85,608	162,048
Operating income (expenses)				
Selling	(18,610)	(32,992)	(20,241)	(36,846)
General and administrative	(14,334)	(23,502)	(10,952)	(21,343)
Research and development	(8,472)	(16,153)	(7,745)	(14,669)
Management profit sharing and fees	(3,418)	(6,881)	(3,499)	(6,900)
Equity in earnings of subsidiaries	6,712	6,773	(1,152)	(9,407)
Other operating income, net	1,451	3,690	686	1,712
	(36,671)	(69,065)	(42,903)	(87,453)
Operating income	34,168	73,889	42,705	74,595
Financial income (expenses)				
Financial income	5,078	13,135	2,846	5,938
Financial expenses	(5,596)	(10,558)	(3,168)	(5,228)
Foreign exchange gains (losses), net	712	574	(1,854)	6,718
	194	3,151	(2,176)	7,428
Income before income taxes	34,362	77,040	40,529	82,023
Income taxes				
Current	(1,865)	(8,545)	(7,649)	(18,754)
Deferred	(3,988)	(11,546)	(9,984)	(22,980)
	2,123	3,001	2,335	4,226
Net income	32,497	68,495	32,880	63,269
Basic earnings per share (Reais - R\$)	0.37	0.77	0.37	0.71

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

ROMI S.A.

INCOME STATEMENT

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

	June 30, 2023	Accumulated current year 2023	June 30, 2022	Consolidated Accumulated prior year 2022
Continuing operations				
Net operating revenue	308,636	567,791	372,062	657,397
Cost of goods sold and services rendered	(217,089)	(390,467)	(267,095)	(466,825)
Gross profit	<u>91,547</u>	<u>177,324</u>	<u>104,967</u>	<u>190,572</u>
Operating income (expenses)				
Selling	(28,915)	(54,336)	(32,414)	(58,001)
General and administrative	(25,380)	(45,970)	(21,549)	(43,666)
Research and development	(8,472)	(16,153)	(7,745)	(14,669)
Management profit sharing and fees	(3,475)	(6,992)	(3,540)	(6,978)
Other operating income, net	8,256	16,733	626	1,652
	<u>(57,986)</u>	<u>(106,718)</u>	<u>(64,622)</u>	<u>(121,662)</u>
Operating income	<u>33,561</u>	<u>70,606</u>	<u>40,345</u>	<u>68,910</u>
Financial income (expenses)				
Financial income	7,223	17,014	3,842	7,482
Financial expenses	(6,677)	(12,714)	(3,983)	(6,824)
Foreign exchange gains (losses), net	516	1,065	(2,083)	6,330
	<u>1,062</u>	<u>5,365</u>	<u>(2,224)</u>	<u>6,988</u>
Income before income taxes	<u>34,623</u>	<u>75,971</u>	<u>38,121</u>	<u>75,898</u>
Income taxes	(1,998)	(7,216)	(5,121)	(12,393)
Current	(5,234)	(13,784)	(9,876)	(23,320)
Deferred	3,236	6,568	4,755	10,927
Net income	<u>32,625</u>	<u>68,755</u>	<u>33,000</u>	<u>63,505</u>
Attributable to				
Net income attributable to controlling interests	32,497	68,495	32,880	63,269
Net income attributable to noncontrolling interests	128	260	120	236
	<u>32,625</u>	<u>68,755</u>	<u>33,000</u>	<u>63,505</u>

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

ROMI S.A.

STATEMENTS OF COMPREHENSIVE INCOME

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

	Parent Company			
	June 30,	Accumulated	June 30,	Accumulated
	2023	current year	2022	prior year
		2023		2022
Net income	32,497	68,495	32,880	63,269
Foreign currency translation effects	(4,960)	(5,841)	3,938	(21,010)
Comprehensive income	<u>27,537</u>	<u>62,654</u>	<u>36,818</u>	<u>42,259</u>

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

ROMI S.A.

STATEMENTS OF COMPREHENSIVE INCOME

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

	June 30, 2023	Accumulated current year 2023	June 30, 2022	Consolidated Accumulated prior year 2022
Net income	32,625	68,755	33,000	63,505
Foreign currency translation effects	(4,960)	(5,841)	3,938	(21,010)
Comprehensive income	<u>27,665</u>	<u>62,914</u>	<u>36,938</u>	<u>42,495</u>
Attributable to				
Comprehensive income attributable to controlling interests	27,537	62,654	36,818	42,259
Comprehensive income attributable to noncontrolling interests	<u>128</u>	<u>260</u>	<u>120</u>	<u>236</u>
	<u>27,665</u>	<u>62,914</u>	<u>36,938</u>	<u>42,495</u>

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

ROMI S.A.

STATEMENTS OF CHANGES IN EQUITY
 QUARTERS ENDED JUNE 30
 (In thousands of Brazilian reais - R\$)

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

Notes	Equity attributable to controlling interests							Equity attributable to noncontrolling interests	Total shareholders' equity
	Share capital	Retained earnings			Carrying value adjustment	Income for the year	Total		
		Profit reserves	Legal reserve	Total					
Balance at December 31, 2021	637,756	160,461	73,234	233,695	91,837	-	963,288	1,673	964,961
Net income	-	-	-	-	-	63,269	63,269	236	63,505
Foreign currency translation effects	-	-	-	-	(21,010)	-	(21,010)	-	(21,010)
Comprehensive income for the period	-	-	-	-	(21,010)	63,269	42,259	236	42,495
Share capital increase	-	-	-	-	-	-	-	-	-
Interim dividends	-	-	-	-	-	(7,333)	(7,333)	-	(7,333)
Interest on capital	-	-	-	-	-	(27,135)	(27,135)	-	(27,135)
Dividends paid by subsidiary	-	-	-	-	-	-	-	(216)	(216)
Transfers between reserves	-	28,801	-	28,801	-	(28,801)	-	-	-
Total contributions by and distributions to controlling interests	-	28,801	-	28,801	-	(63,269)	(34,468)	(216)	(34,684)
Balance at June 30, 2021	637,756	189,262	73,234	262,496	70,827	-	971,079	1,693	972,772
Balance at December 31, 2022	771,454	164,159	83,985	248,144	73,529	-	1,093,127	2,271	1,095,398
Net income	-	-	-	-	-	68,495	68,495	260	68,755
Foreign currency translation effects	-	-	-	-	(5,841)	-	(5,841)	-	(5,841)
Comprehensive income for the period	-	-	-	-	(5,841)	68,495	62,654	260	62,914
Share capital increase	17	133,318	(133,318)	-	(133,318)	-	-	-	-
Interim dividends	17	-	(11,412)	-	(11,412)	-	(11,412)	-	(11,412)
Interest on capital	17	-	-	-	-	(37,187)	(37,187)	-	(37,187)
Dividends paid by subsidiary	-	-	-	-	-	-	-	(815)	(815)
Transfers between reserves	-	31,308	-	31,308	-	(31,308)	-	-	-
Total contributions by and distributions to controlling interests	-	133,318	(113,422)	-	(113,422)	(68,495)	(48,599)	(815)	(49,414)
Balance at June 30, 2022	904,772	50,737	83,985	134,722	67,688	-	1,107,182	1,716	1,108,898

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

ROMI S.A.

STATEMENTS OF CASH FLOWS

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

	Notes	Parent Company		Consolidated	
		2023	2022	2023	2022
Cash flow from operations					
Income before income taxes		77,040	82,023	75,971	75,898
Adjustments to reconcile net income to net cash provided by operating activities:					
Financial income and exchange rate variation, non-realized		(6,841)	4,097	578	21,674
Depreciation and amortization	11, 12	22,397	16,563	29,103	25,219
Allowance (reversal) for doubtful accounts and other receivables	4, 5	(136)	(213)	(136)	(662)
Recognition of inventory realization	6	1,180	131	174	(3,248)
Gain (loss) on disposals of property, plant and equipment and intangible assets		(9,953)	(1,990)	(9,953)	(1,517)
Equity in earnings of subsidiaries	7	(6,773)	9,407	-	-
Recognition (reversal) of provision for contingent liabilities	15	212	840	212	840
Change in operating assets and liabilities					
Trade accounts receivable		56,016	(64,220)	89,864	(23,817)
Related parties (assets and liabilities)		5,309	25,877	-	-
Onlending of Finame - manufacturer financing		(378)	14,790	(378)	14,790
Inventories		(30,597)	(68,660)	(70,525)	(106,101)
Taxes recoverable		(8,033)	(10,520)	(2,081)	238
Judicial deposits		65	(66)	65	(66)
Other receivables		44	(4,490)	(359)	(6,275)
Trade accounts payable		(29,563)	45,242	(33,904)	53,974
Payroll and related taxes		(6,725)	(777)	(2,989)	1,451
Taxes payable		8,404	2,611	(5,209)	(20,424)
Advances from customers		(1,200)	(5,758)	2,799	16,293
Other payables		(9,258)	(1,256)	(13,485)	(10,128)
Cash provided by operating activities		61,210	43,631	59,747	38,139
Income tax and social contribution paid		(29,872)	-	(31,508)	(561)
Net cash provided by operating activities		31,338	43,631	28,239	37,578
Investing activities					
Short-term investments		82,025	32,249	82,025	32,249
Purchase of property, plant and equipment	11	(52,057)	(56,389)	(52,438)	(68,419)
Purchase of intangible assets	12	(136)	(120)	(181)	(120)
Proceeds from the sale of property, plant and equipment		23,854	4,041	23,854	4,041
Dividends received	7	25,026	2,913	-	-
Share Capital increase in subsidiary	7	(13,500)	(6,000)	-	-
Net cash used in investing activities		65,212	(23,306)	53,260	(32,249)
Financing activities					
Interest on capital and dividends paid	17	(47,097)	(31,043)	(47,912)	(31,259)
New loans and borrowings	13	84,000	43,637	102,910	46,645
Payments of loans and borrowings	13	(5,858)	(10,489)	(17,846)	(18,408)
Interest paid	13	(7,541)	(5,007)	(9,763)	(5,179)
New Finame - manufacturer financing		107,717	76,295	107,717	76,295
Payment of Finame - manufacturer financing		(84,579)	(78,557)	(84,579)	(78,557)
Interest paid - Finame - manufacturer financing		(14,779)	(17,419)	(14,779)	(17,419)
Net cash provided by (used in) financing activities		31,863	(22,583)	35,748	(27,882)
Increase (decrease) in cash and cash equivalents, net		128,413	(2,258)	117,247	(22,553)
Cash and cash equivalents, beginning of year		21,662	28,047	131,999	99,911
Effect of exchange rate changes on cash and cash equivalents		-	-	(1,998)	12,251
Cash and cash equivalents, end of period		150,075	25,789	247,248	89,609

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

ROMI S.A.

VALUE ADDED STATEMENT

QUARTERS ENDED JUNE 30

(In thousands of Brazilian reais - R\$)

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

	Parent Company		Consolidated	
	2023	2022	2023	2022
Generation of value added				
Revenue				
Revenue from products and services	549,316	662,836	643,541	742,054
Revenue from the construction of own assets	35,818	68,146	35,818	75,967
Allowance for doubtful accounts	(136)	213	(136)	662
Other revenues, net	3,690	1,712	16,733	1,652
	<u>588,688</u>	<u>732,907</u>	<u>695,956</u>	<u>820,335</u>
Inputs acquired from third parties				
Cost of products, goods and services	(329,270)	(475,369)	(342,610)	(479,320)
Other costs of products and services	(20,443)	(19,398)	(21,145)	(20,908)
Material, energy, third-party services and other	(27,314)	(29,352)	(45,776)	(38,715)
	<u>(377,027)</u>	<u>(524,119)</u>	<u>(409,531)</u>	<u>(538,943)</u>
Gross value added	211,661	208,788	286,425	281,392
Depreciation and amortization	(22,397)	(16,563)	(29,103)	(25,219)
Net value added	<u>189,264</u>	<u>192,225</u>	<u>257,322</u>	<u>256,173</u>
Received from third parties				
Equity in earnings of subsidiaries	6,773	(9,407)	-	-
Finance income (costs) and net foreign exchange gains (losses)	13,709	12,656	18,079	13,812
Total value added to be distributed	<u>209,746</u>	<u>195,474</u>	<u>275,401</u>	<u>269,985</u>
Distribution of value added				
Personnel and charges				
Payroll and related taxes	95,606	95,520	155,228	154,331
Sales commission	3,423	5,225	3,423	5,225
Management profit sharing and fees	6,881	6,898	6,992	6,940
Private pension plan	872	604	872	604
Taxes, fees and contributions	20,684	16,287	23,572	28,983
Interest	10,558	5,228	12,714	6,824
Rentals	3,227	2,443	4,920	4,025
Interest on capital	37,187	34,468	37,187	34,468
Noncontrolling interests	-	-	(815)	(216)
Retained earnings	<u>31,308</u>	<u>28,801</u>	<u>31,308</u>	<u>28,801</u>
Distributed value added	<u>209,746</u>	<u>195,474</u>	<u>275,401</u>	<u>269,985</u>

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

ROMI S.A.

Notes to the interim financial information at June 30, 2023

(In thousands of Brazilian reais (R\$), unless otherwise stated)

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

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. The Company is 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 systems 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 account 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.

This interim financial information was approved by the Company’s Board of Directors and authorized for issue on July 18, 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 this individual and consolidated interim financial information, 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 interim financial information for the quarter ended June 30, 2023 has been prepared in accordance with CVM Ruling No. 673 dated October 20, 2011, which approved accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM).

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Notes to the interim financial information

at June 30, 2023

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The individual and consolidated interim financial information has been prepared in accordance with the rules applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM). Aspects related to the transfer of control in the sale of real estate units follow the understanding of the Company's Management, in line with that expressed by CVM in Circular Letter/CVM/SNC/SEP No. 02/18 on the application of Technical Pronouncement CPC 47 (IFRS 15).

The accounting practices adopted by the Company in the preparation of the individual and consolidated interim financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2022 and, therefore, should be read in conjunction with those financial statements.

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 financial statements.

(a) Notes included in the financial statements for the year ended December 31, 2022 not included in this quarterly information

The individual and consolidated interim financial information is presented in accordance with technical pronouncement 7 CPC 21 and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this individual and consolidated interim financial information involves judgment by the Company's management on the materiality and changes that should be disclosed in the accompanying notes. Accordingly, this individual and consolidated interim financial information includes selected notes and does not comprise all notes presented for the year ended December 31, 2022. As permitted by Circular Letter 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes are not presented:

- Basis of preparation and significant accounting policies (Note 2);
- Pension plan (Note 18);
- Insurance (Note 19);
- Financial instruments and operational risks (Note 20);
- Net sales revenue (Note 23);
- Expenses by nature (Note 24);
- Finance income (costs) (Note 25); and
- Other operating income (expenses), net (Note 26).

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3 Cash and cash equivalents and short-term investments

	Parent		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Cash and banks	35,054	8,327	85,980	49,254
Bank deposit certificates (CDB) (a)	114,946	13,048	161,193	82,458
Other	75	287	75	287
Total cash and cash equivalents	150,075	21,662	247,248	131,999
Short-term investments backed by debentures (a)	36,789	76,157	36,789	76,157
Investment funds DI and fixed income (b)	-	42,657	-	42,657
Total assets held for trading	36,789	118,814	36,789	118,814

(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 Receivables

	Parent		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Current				
Domestic customers (Brazil)	85,569	133,308	106,663	147,549
Foreign customers	18,588	19,085	83,911	133,173
Allowance for doubtful accounts	(1,248)	(934)	(5,369)	(5,399)
	102,909	151,459	185,205	275,323
Noncurrent				
Domestic customers (Brazil)	769	2,506	19,783	15,530
Foreign customers	5,697	7,803	13,124	13,500
Allowance for doubtful accounts	(891)	(459)	(891)	(459)
	5,575	9,850	32,016	28,571

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

The balance of current trade accounts receivable as at June 30, 2023 and December 31, 2022, parent and consolidated, is distributed as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Falling due	86,730	124,779	160,861	230,061
Past due:				
1 to 30 days	4,105	14,810	8,403	25,810
31 to 60 days	1,727	944	2,629	2,359
61 to 90 days	1,630	2,392	1,955	4,306
91 to 180 days	4,494	2,933	6,534	6,584
181 to 360 days	2,096	2,520	2,564	2,785
Over 360 days	<u>3,375</u>	<u>4,015</u>	<u>7,628</u>	<u>8,817</u>
	17,427	27,614	29,713	50,661
Total	<u>104,157</u>	<u>152,393</u>	<u>190,574</u>	<u>280,722</u>
Allowance for doubtful accounts	<u>(1,248)</u>	<u>(934)</u>	<u>(5,369)</u>	<u>(5,399)</u>
Total current	<u>102,909</u>	<u>151,459</u>	<u>185,205</u>	<u>275,323</u>

The balance of noncurrent trade accounts receivable as at June 30, 2023, parent and consolidated, is distributed as follows:

	<u>Parent</u>	<u>Consolidated</u>
Falling due:		
2024 (6 months)	3,300	18,197
2025	2,893	12,642
2026 onward	<u>273</u>	<u>2,068</u>
Allowance for doubtful accounts	<u>(891)</u>	<u>(891)</u>
Total – noncurrent	<u>5,575</u>	<u>32,016</u>

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

	<u>Parent</u>	<u>Consolidated</u>
At December 31, 2022	1,393	5,858
Receivables written off	746	746
Foreign exchange difference	-	(344)
At June 30, 2023	<u>2,139</u>	<u>6,260</u>

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

	<u>Parent and Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Current		
FINAME falling due	160,546	152,287
FINAME awaiting release (a)	434	1,968
FINAME past due (b)	13,409	13,999
	<u>174,389</u>	<u>168,254</u>
Allowance for doubtful accounts	<u>(4,070)</u>	<u>(5,261)</u>
	<u>170,319</u>	<u>162,993</u>
Noncurrent		
FINAME falling due	238,331	237,515
FINAME awaiting release (a)	2,342	8,915
	<u>240,673</u>	<u>246,430</u>
Allowance for doubtful accounts	<u>(2,894)</u>	<u>(2,585)</u>
	<u>237,779</u>	<u>243,845</u>
Total	<u>408,098</u>	<u>406,838</u>

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.

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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 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 June 30, 2023, the balance of repossessed machinery, included under "Other receivables", parent and consolidated, amounted to R\$78 (R\$78 as at December 31, 2022) in current assets and R\$7,851 (R\$7,502 as at December 31, 2022) in noncurrent assets.

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As at June 30, 2023 and December 31, 2022, the balances of "Onlending of FINAME manufacturer financing", parent and consolidated, were as follows:

	Parent and Consolidated	
	June 30, 2023	December 31, 2022
Falling due	160,980	154,255
Past due:		
1 to 30 days	1,754	1,729
31 to 60 days	1,053	565
61 to 90 days	765	544
91 to 180 days	1,276	1,216
181 to 360 days	536	1,423
Over 360 days	8,025	8,522
	<u>13,409</u>	<u>13,999</u>
Total - current	<u>174,389</u>	<u>168,254</u>

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 (6 months)	69,270
2025	100,508
2026	59,042
2027 onward	11,853
Total – noncurrent	<u>240,673</u>

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

	<u>Parent and Consolidated</u>
At December 31, 2022	7,846
Allowance recognized (or written off) for the period	(882)
At June 30, 2023	<u>6,964</u>

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Finished products	46,159	32,757	92,175	78,854
Used machinery	4,748	1,145	4,748	1,145
Work in progress	164,337	146,052	236,849	173,546
Raw materials and components	305,265	305,950	358,137	363,812
Imports in transit	10,437	15,764	19,103	23,440
Total	<u>530,946</u>	<u>501,668</u>	<u>711,012</u>	<u>640,797</u>

The inventory balances, parent and consolidated, as at June 30, 2023 are net of provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use, amounting to R\$26,440 and R\$33,925 (R\$22,845 and R\$30,976 as at December 31, 2022), respectively.

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

	<u>Parent</u>	<u>Consolidated</u>
At January 1, 2023	22,485	30,976
Inventories sold or written off	(4,401)	(6,075)
Provision recognized	5,581	5,572
Foreign exchange difference	-	677
Transfer of provision resulting from machinery repossessed during the period	<u>2,775</u>	<u>2,775</u>
At June 30, 2023	<u><u>26,440</u></u>	<u><u>33,925</u></u>

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>
	<u>30,</u>	<u>31,</u>	<u>30,</u>	<u>31,</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Finished products	1,146	975	3,633	2,970
Used machinery	3,189	952	3,189	952
Work in progress	5,764	5,921	5,764	5,921
Raw materials and components	<u>16,341</u>	<u>14,637</u>	<u>21,339</u>	<u>21,133</u>
Total	<u><u>26,440</u></u>	<u><u>22,485</u></u>	<u><u>33,925</u></u>	<u><u>30,976</u></u>

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7 Investments in subsidiaries

	Ownership interest					
	June 30, 2023			December 31, 2022		
	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 (Shanghai) 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 Máquinas 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	-	-

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									June 30, 2023
	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
Investments:									
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	100.0	
Ownership interest	100.0%	100.0%	93.07%	100.0%	100.0%	100.0%	100.0%	100.0	%
Current assets	82,902	174,807	24,807	35,598	28,618	7,516	26,110	23,635	
Noncurrent assets	10,944	113,090	300	458	994	-	7,560	18,810	
Current liabilities	41,841	148,935	335	28,470	12,608	-	27,325	274	
Noncurrent liabilities	45,674	48,790	-	9,740	-	-	9,999	-	
Equity (equity deficit) of subsidiary	6,331	90,172	24,772	(2,154)	17,004	7,516	(3,654)	42,171	
Changes in investment:									
Investment balance as at December 31, 2022	10,603	104,897	30,505	(2,684)	17,327	8,044	(4,383)	26,726	191,036
Foreign exchange differences on foreign investments	(117)	(5,661)	-	218	-	(598)	317	-	(5,841)
Dividends proposed and paid (b)	-	-	(10,938)	-	(14,088)	-	-	-	(25,026)
Equity in earnings of subsidiaries	(4,155)	(9,064)	3,489	312	13,765	69	412	1,945	6,773
Increase/Decrease in capital in subsidiaries (c)	-	-	-	-	-	-	-	13,500	13,500
Equivalent value - closing balance	6,331	90,172	23,056	(2,154)	17,004	7,516	(3,654)	42,171	180,442
Investments in subsidiaries	6,331	90,172	23,056	-	17,004	7,516	-	42,171	186,250
Provision for equity deficit of subsidiaries	-	-	-	(2,154)	-	-	(3,654)	-	(5,808)

(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 January 31, 2023, and at the Annual Shareholders' Meeting held on March 14, 2023, the distribution of profits for the year 2022 was authorized. The Company received from this distribution in the second quarter of 2023 the amount of R\$10,938. Additionally, dividends was distributed by the subsidiary Rominor Empreendimentos, approved at the Annual and Extraordinary General Meeting on March 14, 2023 in the amount of R\$14,088.

(c) Capital increase in subsidiary PRODZ, until June 30, 2023, the amount of R\$15,000 had been contributed.

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	June 30, 2022								
	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
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	71,580	136,954	24,497	21,475	20,932	11,891	14,476	8,288	
Noncurrent assets	12,061	124,957	300	543	1,166	-	7,278	-	
Current liabilities	52,631	115,116	362	22,926	14,959	-	23,909	355	
Noncurrent liabilities	23,362	43,767	-	3,568	-	-	1,157	-	
Equity (equity deficit) of subsidiary	7,648	103,028	24,435	(4,476)	7,139	11,891	(3,312)	7,933	
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	(1,259)	(19,438)	-	473	-	(805)	19	-	(21,010)
Dividends proposed and paid (b)	-	-	(2,913)	-	-	-	-	-	(2,913)
Equity in earnings of subsidiaries	(242)	(18,660)	3,176	1,427	3,800	(224)	1,383	(67)	(9,407)
Capital increase in subsidiary	-	-	-	-	-	-	-	6,000	6,000
Equivalent value - closing balance	7,647	103,028	22,742	(4,476)	7,139	11,891	(3,312)	7,933	152,592
Investments in subsidiaries	7,647	103,028	22,742	-	7,139	11,891	-	7,933	160,380
Provision for equity deficit of subsidiaries	-	-	-	(4,476)	-	-	(3,312)	-	(7,788)

(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, approved by the Board of Directors at the meeting held on February 1, 2022, in the amount of R\$3,130, related to the second half of 2021. The Company received from this distribution the amount of R\$2,913.

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8 Related party transactions and balances

The balances and transactions with related parties as at June 30, 2023 and December 31, 2022 are as follows:

(i) Balance sheet accounts – Parent

	Receivables		Payables	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Direct subsidiaries				
Romi Europe	7,714	10,597	135	482
Romi Italy	2,978	2,261	-	-
Romi BW Machine Tools	5,290	6,083	13	-
Romi A.L.	-	-	395	772
Irsa Maquinas Mexico	18,103	17,667	36	6
Rominor Empreendimentos	-	4,497	-	-
Rominor Comércio	-	504	-	-
	34,085	41,609	579	1,260
Indirect subsidiaries				
B+W - Burkhardt+Weber	4,610	2,507	-	135
Romi France S.A.S.	4,191	2,925	-	-
Romi Máquinas España S.A.	8,084	10,330	-	-
Romi Machines UK	3,111	2,812	21	95
	19,996	18,574	21	230
Total	54,081	60,183	600	1,490
Current	20,919	28,886	600	1,490
Noncurrent	33,162	31,297	-	-
Total	54,081	60,183	600	1,490

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(ii) Transactions

	Sales revenue		Operating expense and finance income (costs)	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Romi Europe	2,448	7,443	398	2,403
Rominor Comércio	23	54	-	-
Rominor Empreendimentos	16	39	-	-
Romi Italy	5,344	11,395	-	-
Romi BW Machine Tools	3,215	16,734	98	1,110
Romi France S.A.S.	3,311	6,294	-	-
Romi A.L.	-	-	17	739
Romi Machines UK	4,369	25,878	41	982
Irsa Maquinas Mexico	5,719	16,851	84	189
B+W - Burkhardt + Weber	2,450	2,933	-	-
Romi Máquinas España	1,683	5,825	-	-
Prodz	38	62	-	-
Total	28,619	93,508	638	5,423

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. Notes fall due in the short term.

The Company provides administrative services, mainly accounting and legal services, to the parent Fênix Empreendimentos S.A. The revenue until June 30, 2023 was R\$39 (R\$38 as at June 30, 2022).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's Office. Donations until June 30, 2023 totaled R\$288 (R\$273 as at June 30, 2022).

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Management compensation for the periods ended June 30, 2023 and 2022 was as follows:

	June 30, 2023	June 30, 2022
Fees and charges	3,785	3,599
Profit sharing	2,736	2,973
Private pension plan	201	200
Healthcare plan	159	126
Parent	6,881	6,898
	<hr/>	<hr/>
Fees and charges of subsidiaries	111	81
Consolidated	6,992	6,979

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 14, 2023.

9 Taxes recoverable

The breakdown of taxes recoverable is as follows:

	June 30, 2023	December 31, 2022
Current		
Withholding Income Tax (IRRF)	466	259
Social Security Contribution (INSS)	2	2
Excise Tax (IPI)	3,710	4,871
Value-added Tax on Sales and Services (ICMS)	20,820	24,767
Social Integration Program (PIS)	131	1,161
Social Contribution on Revenues (COFINS)	604	381
Total Parent	25,733	31,441
Taxes recoverable of subsidiaries	10,942	10,439
Total Consolidated	36,675	41,880
Noncurrent		
Selic proceeding	55,684	52,970
Value-added Tax on Sales and Services (ICMS)	2,907	3,440
OTHER	24	24
Total Parent	58,615	56,434
Taxes recoverable of subsidiaries	5	6
Total Consolidated	58,620	56,440

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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, 2022) in the parent and R\$15,251 (R\$15,251 as at December 31, 2022) 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 and assessed the fair value less cost to sell of this property at R\$110,661 in the parent and R\$126,318 in the consolidated.

- (i) 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 339 lots between 300m² and 884m², which is expected to be completed and delivered in 2024. So far, sales are indicating that the total General Sales Value (GSV) estimated at around R\$130 million are adequate. Rominor Empreendimentos' interest, a wholly-owned subsidiary of the Company in this project is 50% of GSV. As of the date of this individual and consolidated interim financial information, the subsidiary "Rominor Empreendimentos" had recorded approximately R\$12,187 million as advances from customers related to its share in the land subdivision. Management analyzed the accounting standard CPC47 - 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 June 30, 2023, the percentage of completion of the works was 34.62%, according to the construction work measurement report, causing an impact of R\$13,084 in "Other operating income, net" (since the beginning of the construction work, a total balance of R\$27,019 has been recognized).

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11 Property, plant and equipment

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

	Parent	Consolidated
At December 31, 2022, net	346,383	420,275
Additions	52,057	52,438
Disposals	(13,901)	(13,901)
Depreciation	(22,247)	(27,776)
Foreign exchange difference	-	355
At June 30, 2023, net	362,292	431,391
	<u>362,292</u>	<u>431,391</u>
Total cost	812,099	971,690
Accumulated depreciation	(449,807)	(540,299)
Net balance	<u>362,292</u>	<u>431,391</u>

Due to the financing agreements with the BNDES, the Company pledged as collateral property, plant and equipment items amounting to R\$201,454 as at June 30, 2023 (R\$189,699 as at December 31, 2022). These items refer to land, buildings, facilities, machinery and equipment.

For the period ended June 30, 2023, 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
At December 31, 2022, net	808	51,012
Additions	136	181
Amortization	(150)	(1,327)
Foreign exchange difference	-	(4,198)
At June 30, 2023, net	794	45,668
	<u>794</u>	<u>45,668</u>

For the period ended June 30, 2023, the Company's Management evaluated each business segment (Note 18) 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.

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13 Borrowings

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

			Parent	Consolidated
	Domestic currency	Foreign currency	Total	Total
Borrowing balance at				
December 31, 2022	129,361	94,184	223,545	329,883
New borrowing (a) / (b)	84,000	-	84,000	102,910
Payment of principal	(684)	(5,174)	(5,858)	(17,846)
Payment of interest	(6,721)	(820)	(7,541)	(9,763)
Exchange and monetary differences (principal and interest)	-	(6,071)	(6,068)	(5,577)
Interest at the end of the period	7,144	1,015	8,159	14,954
Borrowing balance at				
June 30, 2023	213,100	83,134	296,234	414,561
Current	19,510	72,611	92,121	134,781
Noncurrent	193,590	10,523	204,113	279,780
	213,100	83,134	296,234	414,561

- (a) In May 2023, the Company contracted the financing line “Innovation for Competitiveness” from the Financier of Studies and Projects (“FINEP”), which is intended for innovation projects for the Company’s products and procedures and has the following characteristics: Total amount of up to R\$146,018,245.36, with annual releases, with a first release of up to R\$84,000,000.00 and a second one of up to R\$62,018,245.36; financial cost based on the reference interest rate (TR), plus Spread Finep of 3.3% and Inspection and Monitoring Fee of 0.99%; bank guarantee; total term of up to 84 months, of which 36 months refer to the grace period for payment of the first installment and 48 months for the payment of principal, as from the execution of the contract to be entered into between the Company and FINEP. This financing is exempt from financial and nonfinancial covenants.
- (b) In June 2023, the subsidiary Burkhardt + Weber Fertigungssysteme GmbH (“B+W”) entered into a financing agreement with Itaú Unibanco S.A. (Nassau Branch) in the amount of € 3.5 million (equivalent to a current amount of R\$18,910), with a 3-year term, guaranteed by the Company. The financing is subject to annual fixed interest of 5.7% due on a quarterly basis. This financing is exempt from financial and nonfinancial covenants.

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The maturities of financing recorded in noncurrent liabilities as at June 30, 2023, parent and consolidated, were as follows:

	<u>Parent</u>	<u>Consolidated</u>
2024 (6 months)	63,065	75,424
2025	26,031	49,728
2026	27,508	66,419
2027 onward	87,509	88,209
Total	<u>204,113</u>	<u>279,780</u>

14 FINAME manufacturer financing

	<u>Parent and Consolidated</u>
	<u>Domestic currency</u>
	<u>Total</u>
FINAME manufacturer financing	
December 31, 2022	391,131
New borrowing	92,472
Payment of principal	(54,160)
Payment of interest	(30,490)
Interest at the end of the period	537
Borrowing balance at June 30, 2023	<u>399,490</u>
Current	161,602
Noncurrent	<u>237,888</u>
	<u>399,490</u>

The agreements related to FINAME manufacturing financing are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. 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.

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The balances of the line item “FINAME manufacturer financing” and, consequently, of the line item “Onlending of FINAME manufacturer financing” as at June 30, 2023 and December 31, 2022 were monetarily adjusted through the end of the reporting period. The difference of R\$8,608 between these line items as at June 30, 2023 (R\$15,707 as at December 31, 2022) 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 June 30, 2023, parent and consolidated, were as follows:

	<u>Parent and Consolidated</u>
2024	68,068
2025	100,116
2026	58,399
2027 onward	<u>11,305</u>
Total	<u>237,888</u>

15 Provision for tax, labor and civil risks

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

	<u>Parent and Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Tax	150	-
Civil	1,641	1,835
Labor	<u>1,226</u>	<u>1,118</u>
Total	<u>3,017</u>	<u>2,953</u>
Current liabilities	2,606	2,683
Noncurrent liabilities	<u>411</u>	<u>270</u>
	<u>3,017</u>	<u>2,953</u>

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For legal proceedings classified as probable losses, changes in the provision for the period ended June 30, 2023 are as follows:

	December 31, 2022	Additions	Utilizations/ reversals	Monetary adjustment and foreign exchange difference	June 30, 2023
Tax	-	150	-	-	150
Civil	1,835	-	-	(194)	1,641
Labor	1,118	859	(797)	46	1,226
Total Parent	2,953	1,009	(797)	(148)	3,017
Total Parent and Consolidated	2,953	1,009	(797)	(148)	3,017

As at June 30, 2023, the main legal proceedings classified by Management, based on the opinion of its legal counsels, as probable losses or as legal obligation, are as follows:

(a) Tax proceedings

Refer to the provisions for:

- (i) 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 made by our legal counselors, on February 15, 2023, a STJ decision was published denying the National Treasury special appeal and upholding the previous decision on the merits of the action filed by ROMI. On May 5, 2023, the interlocutory appeal filed by the National Treasury against ROMI was judged where the appeal was not accepted by the court, maintaining a favorable decision to ROMI.

STF Decision - Topics 881 and 885 of general repercussion on February 8, 2023

On February 13, 2023, the Brazilian Securities and Exchange Commission – CVM released CIRCULAR LETTER No. 1/2023/CVM/SNC/SEP which brought guidance on relevant aspects to be observed in the preparation and publication of the individual and consolidated interim financial information in relation to decision of the Federal Supreme Court – STF of February 8, 2023, on res judicata in tax matters.

The decision of the STF that stipulated the loss of effects of a definitive sentence, final and unappealable, without the possibility of appeal, is valid only for taxes collected on a continuous basis and, in view of this, the technical areas of the CVM understand that the technical pronouncements CPC 24 and 25 must be observed when preparing the financial statements.

In this context, the Company's Management evaluated together with its legal advisors and concluded that the decision issued by the STF does not have any impact on the set of individual and consolidated interim financial information for the period ended June 30, 2023.

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(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\$ 12,135 as at June 30, 2023 (2022 – R\$12,163) of different natures 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 accounting 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 calculation 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, 2022, in an analysis made by our legal counselors, this proceeding was classified as possible loss. For the period ended June 30, 2023, 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 financial statements at December 31, 2022.

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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 June 30, 2023 and 2022 is as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
Profit before income tax and social contribution	77,040	82,023	75,971	75,898
Statutory rate (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution expense at statutory rates	(26,194)	(27,888)	(25,830)	(25,805)
Interest on capital	12,644	9,226	12,644	9,226
Monetary variation - Selic proceeding	1,069	695	1,069	695
Research and development ("Lei do Bem" - Law 11,196/05)	2,014	2,223	2,014	2,223
Equity in earnings of subsidiaries	2,303	(3,198)	-	-
Unrecorded deferred income tax and social contribution in subsidiaries	-	-	1,456	1,032
Management profit sharing	(930)	(1,011)	(930)	(1,011)
Other additions (deductions), net	549	1,199	2,361	1,247
Current and deferred income tax and social contribution income (expense)	<u>(8,545)</u>	<u>(18,754)</u>	<u>(7,216)</u>	<u>(12,393)</u>

The amount in the consolidated financial information refers basically to the difference in the calculation of income tax and social contribution between actual income method < lucro real > and deemed taxable income method < lucro presumido >, due to the fact that subsidiaries Rominor Comércio and Rominor Empreendimentos opted to calculate tax based on deemed taxable income method in the periods 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	
	2023	2022	2023	2022
Current	(11,546)	(22,980)	(13,784)	(23,320)
Deferred	3,001	4,226	6,568	10,927
Total	<u>(8,545)</u>	<u>(18,754)</u>	<u>(7,216)</u>	<u>(12,393)</u>

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Changes in deferred tax assets and liabilities, parent and consolidated, for the period ended June 30, 2023 were as follows:

	Assets		Liabilities	
	Parent	Consolidated	Parent	Consolidated
At December 31, 2022	11,967	19,006	-	35,440
Changes in the year				
Additions	5,159	7,581	-	-
Realization	(2,158)	(2,158)	-	(1,145)
Foreign exchange difference	-	(316)	-	(1,269)
At June 30, 2023	14,968	24,113	-	33,026

17 Equity

Capital

As at June 30, 2023, the Company's subscribed and paid-up capital amounting to R\$904,772 (R\$771,454 as at December 31, 2022) is represented by 88,734,045 book-entry, registered common shares, without par value (80,667,314 as at December 31, 2022).

On March 28, 2023, a capital increase in the amount of R\$133,318 was approved, through the capitalization of the Company's income 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 8,066,731 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.

Income 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.

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b) Dividends and interest on capital

Until the period ended June 30, 2023, distributions of interest on capital of R37,187 and interim dividends (“Dividends”) of R\$11,412 were approved, according to the notice to the market on the dates below:

1. On January 31, 2023, the distribution of interim dividends (“Dividends”) in the gross amount of R\$11,412, at 0.14 per share, was approved, for payment on March 08, 2023.
2. On March 14, 2023, the distribution of interest on capital to be attributed to the mandatory dividends for 2023 in the gross amount of R\$18,553, at R\$0.23 per share, was approved, for payment on April 26, 2023.
3. On June 6, 2023, the distribution of interest on capital to be attributed to the mandatory dividends for 2023 in the gross amount of R\$18,634, at R\$0.21 per share, was approved, for payment on July 14, 2023.

The total amount paid by the Company in the period ended June 30, 2023, net of withholding income tax, was R\$47,097.

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 period, excluding common shares purchased by the parent and held as treasury shares.

	June 30, 2023	June 30, 2022
Profit (loss) for the period attributable to the controlling interests	68,495	63,269
Weighted average number of shares outstanding (adjusted for bonus)	88,734	88,734
Basic and diluted earnings per share - adjusted	<u>0.77</u>	<u>0.71</u>

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

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18 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. The information for the period ended June 30, 2023 was prepared and is being presented on a comparative basis with the period ended June 30, 2022, according to the Company's segments:

	June 30, 2023					
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Other	Eliminations between segments	Consolidated
Net operating revenue	368,189	61,523	138,079	-	-	567,791
Cost of sales and services	(173,178)	(53,225)	(164,064)	-	-	(390,467)
Transfers remitted	1,303	-	39,821	-	(41,125)	-
Transfers received	(39,821)	-	(1,303)	-	41,125	-
Gross profit	156,493	8,298	12,533	-	-	177,324
Operating (expenses) income:						
Selling expenses	(44,053)	(6,915)	(3,368)	-	-	(54,336)
General and administrative expenses	(22,589)	(13,401)	(9,980)	-	-	(45,970)
Research and development	(11,988)	-	(4,165)	-	-	(16,153)
Management fees	(4,069)	-	(2,923)	-	-	(6,992)
Other operating income (expenses), net	3,649	-	-	13,084	-	16,733
Operating profit (loss) before finance income (costs)	77,443	(12,018)	(7,903)	13,084	-	70,606
Inventories	498,556	113,468	98,988	-	-	711,012
Depreciation and amortization	15,989	5,192	7,922	-	-	29,103
Property, plant and equipment, net	301,422	61,776	68,193	-	-	431,391
Intangible assets	789	44,874	5	-	-	45,668
	Europe	Latin America	North America	Africa and Asia	Total	
Net operating revenue per geographical region	130,167	415,433	18,125	4,066	-	567,791

	June 30, 2022					
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Other	Eliminations between segments	Consolidated
Net operating revenue	380,531	54,262	222,604	-	-	657,397
Cost of sales and services	(193,599)	(56,362)	(216,864)	-	-	(466,825)
Transfers remitted	403	-	38,487	-	(38,890)	-
Transfers received	(38,487)	-	(403)	-	38,890	-
Gross profit	148,849	(2,100)	43,823	-	-	190,572

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	June 30, 2022					
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Other	Eliminations between segments	Consolidated
Operating (expenses) income:						
Selling expenses	(47,291)	(7,854)	(2,855)	-	-	(58,000)
General and administrative expenses	(20,923)	(12,667)	(10,076)	-	-	(43,666)
Research and development	(10,844)	-	(3,825)	-	-	(14,669)
Management fees	(3,723)	-	(3,256)	-	-	(6,979)
Other operating income (expenses), net	1,652	-	-	-	-	1,652
Operating profit (loss) before finance income (costs)	67,720	(22,621)	23,811	-	-	68,910
Inventories	459,721	79,662	106,509	-	-	645,892
Depreciation and amortization	11,403	5,509	6,739	-	-	23,651
Property, plant and equipment, net	258,177	66,858	63,840	-	-	388,875
Intangible assets	892	52,176	5	-	-	53,073
	Europe	Latin America	North America		Africa and Asia	Total
Net operating revenue per geographical region	26,015	244,047	13,969	-	1,304	285,335

19 Future commitments

On April 10, 2017, the Company and Centrais Elébricas 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 Market Price Index (IGP-M).

Year of supply	Amount
2023	18,381
2024	16,050
2025 onward	15,495
	49,926

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

* * *