ROMI S.A.
Rod. SP 304, Km 141,5
Santa Bárbara d'Oeste SP
13459 057 Brazil
Phone +55 (19) 3455 9000
www.romi.com

MANAGEMENT REPORT - 2023

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, 2023, accompanied by the Independent Auditor's Report.

Economic indicators for the fourth quarter of 2023 closed the year pointing to an environment of economic stability, both domestically and internationally. However, at the beginning of 2024, the Entrepreneur Confidence Index in the industrial sector registered its second consecutive month of increase, reaching 53.2 points in January. The scenario of gradual reduction in Brazilian interest rates and controlled inflation could have a positive impact on the year 2024, causing the industry to recover confidence levels and make new investments. The tax benefit of Accelerated Depreciation, announced by the government and still awaiting approval, can also positively impact the Company's sales, when and if approved. In the foreign market, the expectation is of a possible "soft landing", a situation that would also provide an environment of greater confidence for investments.

Despite the challenges facing investors amid a more complex investment environment, industry leaders continue to express some optimism, as evidenced by this index. This occurs amid an environment that demands greater caution when making investment decisions.

The BW Machines Business Unit closed 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 2023 when compared to 2022.

The past few years have been marked by an environment of uncertainty and high volatility, with major challenges in relation to production volume management. 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 in internal processes automation.

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 the last years have consolidated successfully in the domestic and foreign markets. Looking ahead, we continue to invest heavily in launching machine generations and technologies for our product portfolio. In mid-2020, we also launched a solution for our customers, the rental of ROMI machines. This solution has proven to be highly competitive and has provided our customers with more business opportunities and, consequently, success in their operations. This new business has shown average annual growth of more than 70% in the last 3 years, and with great potential for continued growth in the future. With the aim of financially supporting our customers, in 2022 we created a fintech, PRODZ, which offers credit lines for the purchase of machines, directly from ROMI, in an easy, agile, digital and uncomplicated way. Since 2022, PRODZ has carried out around 200 operations, totaling R$81 million in credits granted. These new solutions have supported a large number of customers on their journeys of growth and success and demonstrate Romi's strategic purpose of taking care of the success of its customers.

In the foreign market we have strengthened our structures so that we can be even closer to our customers and consolidate the ROMI brand in the countries where we operate. These strategic initiatives continue to solidify our position and instill a strong sense of confidence in our ability to seize opportunities, both domestically and internationally.

In line with best market practices, ROMI has been active in ESG actions, focused on the areas of environment, social responsibility and corporate governance. Therefore, we highlight some practices already implemented: ESG Portal and Report, creation of the Diversity and Inclusion Policy, Training for the entire Company and Compliance Week, and adherence to the Business Pact for Integrity and against corruption, an initiative of the ETHOS Institute, where after the first diagnosis in 2021, ROMI obtained a score of 5.4, and in 2023, after continuous improvement and implementation of new ESG practices, it obtained a score of 8.1. To check all the actions carried out by the company in all ESG pillars, visit www.romi.com/esg/.

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The Company is currently included in several B3 indexes, namely: IBRA (Broad Brazil Index), IDIV (Dividends Index), SMLL (Small Cap Index), IGCT (Trade Corporate Governance Index), IGC-NM (Corporate Governance Index – Novo Mercado), IGC (Differentiated Corporate Governance Stock Index) and ITAG (Differentiated Tag Along).

1. OPERATING PERFORMANCE

Net Operating Revenue

Net operating revenue in 2023 was R$1.2 billion, 22.9% lower than in 2022, mainly due to decrease in sales of ROMI machines in the foreign market and of rough and machined cast iron parts in the domestic market.

Margins

In 2023, the gross margin was 29.9%, a decrease of 2.1 percentage points over the margin obtained in 2022, highlighting the ROMI Machines business unit.

The operating margin (Earnings Before Interest and Taxes - EBIT) recorded in 2023 was positive by 14.1%, a decrease of 2.9 percentage points compared to 2022.

Profit for the Year

Profit for 2023 was R$164.6 million.

2. INVESTMENTS

During 2023, R$126.4 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, 2023, 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

(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, 2023 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, 2023, 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, 2023, 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 International Financial Reporting Standards - 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, abide by the understanding expressed by the Brazilian Securities and Exchange Commission (CVM) in Circular Letter/CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15). Our opinion is not qualified in respect of this matter.

Deloitte.

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 "Casted and Machined Products" and "Burkhardt + Weber Fertigungssysteme GmbH ("B+W")" segments

During the year ended December 31, 2023, mainly due to the instabilities in the Casted and Machined Products and B+W segments market, 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, 2023, Management has assessed the existence of indications that could require the performance of impairment test for property, plant and equipment and intangible assets for these two cash-generating units 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 Casted and Machined Products and B+W segments and thus we consider acceptable the amount of property, plant and equipment and intangible assets for the Casted and Machined Products and B+W segments in the context of the individual and consolidated financial statements for the year ended December 31, 2023 taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2023, 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 aspects, 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 parent company and consolidated financial statements and the independent auditor's report

Management is responsible for such other information. The 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 International Financial Reporting Standards - 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 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.

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 judgement 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 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 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 30, 2024

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Paulo de Tarso Pereira Jr.
Engagement Partner

2024CA028421

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, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
CIRCULANTE					
Cash and cash equivalents	3	216,256	21,662	282,418	131,999
Short-term investments	3	66	118,814	32,066	118,814
Trade accounts receivable	4	101,665	151,459	275,423	275,323
Onlending of FINAME - manufacturer financing	5	170,821	162,993	170,821	162,993
Inventories	6	446,596	501,668	607,007	640,797
Related parties	8	19,238	28,851	-	-
Taxes recoverable	9	7,700	31,441	15,928	41,880
Other receivables		9,590	8,781	17,232	17,128
		971,932	1,025,669	1,400,895	1,388,934
NONCURRENT ASSETS					
Trade accounts receivable	4	2,555	9,850	35,129	28,571
Onlending of FINAME - manufacturer financing	5	232,033	243,845	232,033	243,845
Related parties	8	41,538	31,297	-	-
Taxes recoverable	9	60,811	56,434	60,817	56,440
Deferred income tax and social contribution	16	12,860	11,967	17,492	19,006
Judicial deposits	15	12,150	12,200	12,150	12,200
Other receivables		8,721	8,880	9,302	9,399
		370,668	374,473	366,923	369,461
Investments in subsidiaries	7	248,690	198,103	-	-
Property, plant and equipment	11	386,466	346,383	454,679	420,275
Investment property	10	13,500	13,500	15,183	15,251
Intangible assets	12	641	808	44,362	51,012
		1,019,965	933,267	881,147	855,999
TOTAL ASSETS		1,991,897	1,958,936	2,282,042	2,244,933

		Parent		Consolidated	
LIABILITIES AND EQUITY	**Note**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
CURRENT LIABILITIES					
Borrowings	13	140,550	23,456	176,839	53,714
FINAME manufacturer financing	14	162,410	154,076	162,410	154,076
Trade accounts payable		56,071	106,976	80,128	135,557
Payroll and related taxes		32,002	42,079	39,065	48,850
Taxes payable		8,230	25,138	15,541	37,397
Advances from customers		28,034	31,187	109,810	106,404
Profit sharing		5,507	9,406	5,507	9,406
Dividends and interest on capital		368	15,130	368	15,130
Provision for tax, labor and civil risks	15	3,848	2,683	3,848	2,683
Other payables		9,297	9,693	34,763	34,630
Related parties	8	206	1,490	-	-
		446,523	421,314	628,279	597,847
NONCURRENT LIABILITIES					
Borrowings	13	141,247	200,089	216,532	276,169
FINAME manufacturer financing	14	229,400	237,055	229,400	237,055
Provision for tax, labor and civil risks	15	403	270	403	270
Other payables		-	14	2,988	2,754
Provision for equity deficit of subsidiaries	7	4,813	7,067	-	-
Deferred income tax and social contribution	16	-	-	33,097	35,440
		375,863	444,495	482,420	551,688
TOTAL LIABILITIES		822,386	865,809	1,110,699	1,149,535
EQUITY	17				
Capital		904,772	771,454	904,772	771,454
Earnings reserve		195,316	248,144	195,316	248,144
Carrying value adjustment		69,423	73,529	69,423	73,529
		1,169,511	1,093,127	1,169,511	1,093,127
NONCONTROLLING INTERESTS		-	-	1,832	2,271
TOTAL EQUITY		1,169,511	1,093,127	1,171,343	1,095,398
TOTAL LIABILITIES AND EQUITY		1,991,897	1,958,936	2,282,042	2,244,933

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

ROMI S.A.
STATEMENT 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	**2023**	**2022**	**2023**	**2022**
Operations					
Net operating revenue	23	945,831	1,355,054	1,227,247	1,592,302
Cost of sales and services	24	(674,445)	(931,637)	(859,705)	(1,083,470)
Gross profit		271,386	423,417	367,542	508,832
Operating income (expenses)					
Selling	24	(67,043)	(82,260)	(111,387)	(125,756)
General and administrative	24	(52,802)	(44,926)	(98,431)	(91,376)
Research and development	24	(30,160)	(29,907)	(30,160)	(29,907)
Management profit sharing and fees	8	(14,005)	(17,413)	(14,232)	(17,575)
Equity in earnings of subsidiaries	7	57,052	20,562	-	-
Other operating income (expenses), net	26	7,286	4,588	59,835	26,920
		(99,672)	(149,356)	(194,375)	(237,694)
Operating profit		171,714	274,061	173,167	271,138
Finance income (costs)					
Finance income	25	27,448	13,345	34,967	19,075
Finance costs	25	(20,661)	(11,851)	(26,038)	(16,751)
Foreign exchange gains (losses), net		646	6,321	1,262	5,627
		7,433	7,815	10,191	7,951
Profit before taxation		179,147	281,876	183,358	279,089
Income tax and social contribution	16	(15,061)	(66,849)	(18,771)	(62,993)
Current	16	(15,954)	(69,217)	(21,601)	(67,356)
Deferred	16	893	2,368	2,830	4,363
Profit for the year		164,086	215,027	164,587	216,096
Attributable to					
Controlling interests				164,086	215,027
Noncontrolling interests				501	1,069
				164,587	216,096
Basic earnings per share in reais - R$	17	1.85	2.42		

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

ROMI S.A.
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED ON DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Profit for the year	164,086	215,027	164,587	216,096
Foreign currency translation effects	(4,106)	(18,308)	(4,106)	(18,308)
Comprehensive profit for the year	159,980	196,719	160,481	197,788
Attributable to				
Controlling interests			159,980	196,719
Noncontrolling interests			501	1,069
			160,481	197,788

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

ROMI S.A.
STATEMENT 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, 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		133,698	(133,698)	-	(133,698)	-	(16,867)	(16,867)	-	(16,867)
Interim dividends		-	(7,333)	-	(7,333)	-	-	(7,333)	-	(7,333)
Interest on capital		-	-	-	-	-	(59,547)	(59,547)	-	(59,547)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(471)	(471)
Transfers between reserves		-	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**
At December 31, 2022		**771,454**	**164,159**	**83,985**	**248,144**	**73,529**	**-**	**1,093,127**	**2,271**	**1,095,398**
Profit for the year		-	-	-	-	-	164,086	164,086	501	164,587
Foreign currency translation effects		-	-	-	-	(4,106)	-	(4,106)	-	(4,106)
Total comprehensive income for the year		-	-	-	-	(4,106)	164,086	159,980	501	160,481
Capital increase	17	133,318	(133,318)	-	(133,318)	-	-	-	-	-
Interim dividends	17	-	(11,412)	-	(11,412)	-	-	(11,412)	-	(11,412)
Interest on capital	17	-	-	-	-	-	(72,184)	(72,184)	-	(72,184)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(940)	(940)
Transfers between reserves		-	83,696	8,206	91,902	-	(91,902)	-	-	-
Total contributions by and distributions to controlling interests		133,318	(61,034)	8,206	(52,828)		(164,086)	(83,596)	(940)	(84,536)
At December 31, 2023		**904,772**	**103,125**	**92,191**	**195,316**	**69,423**	**-**	**1,169,511**	**1,832**	**1,171,343**

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

ROMI S.A.
CASH FLOW STATEMENT
YEAR ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Parent		Consolidated	
	Note	**2023**	**2022**	**2023**	**2022**
Cash flows from operating activities					
Profit before taxation		179,147	281,876	183,358	279,089
Adjustments from:					
Unrealized finance costs and foreign exchange difference		(14,331)	6,139	(17,474)	5,955
Depreciation and amortization	11, 12	43,644	36,687	56,038	50,746
Allowance (reversal) for doubtful accounts and other receivables	4, 5	4,187	(940)	4,187	(636)
Recognition (reversal) of inventory realization	6	(953)	(1,863)	(1,630)	(4,341)
Gain (loss) on disposals of property, plant and equipment and intangible assets	11, 12	(39,998)	(3,938)	(39,998)	(26,816)
Equity in earnings of subsidiaries	8	(57,052)	(20,562)	-	-
Recognition (reversal) of provision for contingent liabilities	15	1,354	1,026	1,354	1,026
Change in operating assets and liabilities					
Trade accounts receivable		59,276	(58,888)	(4,471)	(80,424)
Related parties (assets and liabilities)		(1,650)	44,180	-	-
Onlending of FINAME - manufacturer financing		3,935	(34,770)	3,935	(34,770)
Inventories		55,859	(67,853)	35,048	(69,472)
Taxes recoverable		3,396	(46,290)	23,090	12,638
Judicial deposits		50	(103)	50	(103)
Other receivables		13,648	7,427	14,293	5,518
Trade accounts		(47,072)	4,283	(51,596)	18,813
Payroll and related taxes		(10,077)	4,197	(9,785)	2,788
Taxes payable		20,087	25,959	(2,890)	(42,604)
Advances from customers		(3,153)	(21,859)	3,406	2,407
Other payables		(3,268)	6,377	(2,504)	1,414
Cash provided by operations		207,029	161,085	194,411	121,228
Income tax and social contribution paid		(36,995)	(7,907)	(40,081)	(10,159)
Net cash provided by operating activities		170,034	153,178	154,330	111,069
Cash flows from investing activities					
Short-term investments	3	118,748	(44,028)	86,748	(44,028)
Purchase of property, plant and equipment	11	(123,518)	(125,263)	(130,051)	(132,197)
Reduction of invested capital in foreign subsidiaries	7	7,397	-	-	-
Purchase of intangible assets	12	(137)	(73)	(199)	(252)
Revenue from the sale of fixed assets		80,093	21,043	80,093	21,043
Dividends received	8	26,706	11,058	-	-
Capital increase in subsidiary	7	(34,000)	(19,917)	-	-
Net cash used in investing activities		75,289	(157,180)	36,591	(155,434)
Cash flows from financing activities					
Interest on capital and dividends paid	17	(97,970)	(69,741)	(98,910)	(70,195)
New borrowings		84,000	108,445	100,325	187,746
Financing paid		(21,057)	(61,620)	(26,293)	(63,246)
Interest paid		(16,381)	(8,664)	(18,611)	(10,212)
New Finame - manufacturer financing		171,540	211,922	171,540	211,922
Payment of Finame - manufacturer financing		(117,426)	(156,272)	(117,426)	(156,272)
Interest paid - Finame - manufacturer financing		(53,435)	(26,453)	(53,435)	(26,453)
Net cash provided by (used in) financing activities		(50,729)	(2,383)	(42,810)	73,290
Increase (decrease) in cash and cash equivalents, net		194,594	(6,385)	148,111	28,925
Cash and cash equivalents at the beginning of the period		21,662	28,047	131,999	99,911
Foreign exchange gains (losses) on cash equivalents of foreign subsidiaries		-	-	2,308	3,163
Cash and cash equivalents at the end of the period		216,256	21,662	282,418	131,999

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

ROMI S.A.
VALUE ADDED STATEMENT
YEAR ENDED DECEMBER 31
(In thousands of Brazilian reais - R$)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Revenues				
Sales of goods, products and services	1,094,952	1,547,978	1,374,955	1,787,343
Revenues related to the constructions of own assets	93,316	64,932	93,316	64,932
Allowance for doubtful accounts	4,187	(940)	4,187	(636)
Other operating income, net	7,286	4,588	59,835	26,920
	1,199,741	1,616,558	1,532,293	1,878,559
Inputs acquired from third parties				
Materials used	(655,560)	(958,904)	(724,292)	(1,084,117)
Other costs of products and services	(42,951)	(38,485)	(44,606)	(44,640)
Electricity, third-party services and other expenses	(54,893)	(62,874)	(123,946)	(92,028)
	(753,404)	(1,060,263)	(892,844)	(1,220,785)
Gross value added	446,337	556,295	639,449	657,774
Depreciation and amortization	(43,644)	(36,687)	(56,038)	(50,746)
Net value added generated by the Company	402,693	519,608	583,411	607,028
Value added received through transfers				
Equity in earnings of subsidiaries	57,052	20,562	-	-
Finance income (costs) and net foreign exchange gains (losses)	28,094	19,666	36,229	24,702
Total value added to distribute	487,839	559,836	619,640	631,730
Distribution of value added				
Employees				
Payroll and related taxes	177,660	201,702	295,848	262,194
Sales commission	10,908	16,563	10,908	16,563
Management profit sharing and fees	14,005	17,413	14,232	17,575
Private pension plan	1,208	2,076	1,208	2,076
Taxes, fees and contributions	88,235	87,575	93,332	92,414
Interest	20,661	11,851	26,038	16,751
Rentals	11,076	7,629	14,928	9,601
Interest on capital distributed	-	-	-	-
Interest on capital and Interim dividends paid	72,184	59,547	72,184	59,547
Noncontrolling interests	-	-	(940)	(471)
Retained earnings	91,902	155,480	91,902	155,480
Value added distributed	487,839	559,836	619,640	631,730

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. 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.

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.

Changes in accounting policies and disclosures

There are no amendments or interpretations effective for the financial year beginning on January 1, 2023 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, 2023, 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.

Offsetting of financial instruments

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 Ltda. ("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. 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).

2.21. Statement of cash flows

The Company classifies the payment of interest and monetary differences on borrowings 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).

2.22. ICPC 22 (IFRIC23) - 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.

2.23. Adoption of new and revised IFRS standards

2.23.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins

on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

a) CPC 50 (IFRS 17) - Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

   The Company has adopted CPC 50 (IFRS 17) and the related amendments for the first time in the current year. CPC 50 (IFRS 17) establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes CPC 11 (IFRS 4) - Insurance Contracts.

   The standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

   The Company does not have any contracts that meet the definition of an insurance contract under CP 50 (IFRS 17).

b) Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgments

The Company has adopted the amendments to IAS 1 for the first time in the current year. 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.

c) Amendments to IAS 12 - Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, the Company 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.

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.

d) Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The Company has adopted the amendments to IAS 8 for the first time in the current year. 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.

2.23.2 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.

a) Amendments to IFRS 10 (CPC 36 (R3)) - Consolidated Financial Statements and IAS 28 (CPC 18 (R2)) - Investments in Associates and Joint Ventures — 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 Company's consolidated financial statements in future periods should such transactions arise.

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

   The amendments to IAS 1, published in January 2020, 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, 202. Earlier application of the amendments is permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

c) Amendments to IAS 1 - Presentation of Financial Statements — Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 202. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

d) Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures — Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

• The terms and conditions of the arrangements;
• The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
• The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
• Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;
• Liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

e) Amendments to IFRS 16 - Leases — Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in CPC 47 (IFRS 15) to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying CPC 47 (IFRS 15), is a lease liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with CPC 23 (IAS 8) to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

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

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.

3 CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Cash and banks	37,912	8,327	93,351	49,254
Bank deposit certificates (CDB) (a)	177,906	13,048	188,629	82,458
Other	438	287	438	287
Total cash and cash equivalents	**216,256**	**21,662**	**282,418**	**131,999**
Short-term investments backed by debentures (c)	66	76,157	32,066	76,157
Investment funds DI and fixed income (b)	-	42,657	-	42,657
Total assets held for trading	**66**	**118,814**	**32,066**	**118,814**

(a) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate, maturing in up to 90 days.
(b) They are comprised of investment funds with notes backed by LTN and NTN.
(c) Refers to investments substantially pegged to the Interbank Deposit Certificate ("CDI") rate, maturing in up to 90 days.

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

4 TRADE ACCOUNTS RECEIVABLE AND TRADE ACCOUNTS RECEIVABLE – PRODZ FINANCING

(i) RECEIVABLES

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Domestic customers (Brazil)	82,217	133,308	104,930	134,431
Foreign customers	22,508	19,085	142,217	133,173
Allowance for doubtful accounts	(3,060)	(934)	(6,420)	(5,390)
Current	**101,665**	**151,459**	**270,727**	**262,214**
Domestic customers (Brazil)	1,493	2,506	1,660	2,746
Foreign customers	3,534	7,803	5,862	13,500
Allowance for doubtful accounts	(2,472)	(459)	(2,472)	(459)
Noncurrent	**2,555**	**9,850**	**5,050**	**15,787**

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

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

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

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Falling due	81,220	124,779	208,799	217,012
Past due:				
1 to 30 days	4,954	14,810	12,818	25,789
31 to 60 days	4,074	944	4,552	2,311
61 to 90 days	1,837	2,392	1,823	4,306
91 to 180 days	4,488	2,933	5,988	6,584
181 to 360 days	4,530	2,520	5,646	2,785
Over 360 days	3,622	4,015	7,521	8,817
	23,505	27,614	38,347	50,592
Total	**104,725**	**152,393**	**247,146**	**267,604**
Allowance for doubtful accounts	(3,060)	(934)	(6,420)	(5,390)
Total current	**101,665**	**151,459**	**240,727**	**262,214**

As at December 31, 2023, trade accounts receivable net of the allowance for doubtful accounts amounting to R$20,445 (2022 - R$26,680 - Parent) and R$32,629 (2022 - R$45,262 - 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, 2023, parent and consolidated, is distributed as follows:

	Parent	Consolidated
Falling due:		
2025	4,009	2,430
2026	1,018	5,058
2027 onward	-	34
Allowance for doubtful accounts	(2,472)	(2,472)
Total – noncurrent	**2,555**	**5,050**

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

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

	Parent	Consolidated
At December 31, 2022	1,393	5,858
Receivables recognized for the year	-	-
Receivables written off	4,139	3,734
Foreign exchange differences	-	(699)
At December 31, 2023	**5,532**	**9,298**

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".

(ii) TRADE ACCOUNTS RECEIVABLE – PRODZ FINANCING

	PRODZ	
	12/31/2023	**12/31/2022**
Current - Consolidated		
Domestic customers	35,101	13,118
Allowance for doubtful accounts	(405)	(9)
Total	34,696	13,109
Noncurrent - Consolidated		
Domestic customers	30,079	12,784

The balance of trade accounts receivable - PRODZ financing in current assets as at December 31, 2023 and 2022 is distributed as follows:

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

	12/31/2023	12/31/2022
Falling due	33,994	13,067
Past due:		
1 to 30 days	363	21
31 to 60 days	258	30
61 to 90 days	150	-
91 to 180 days	181	-
181 to 360 days	117	-
Over 360 days	38	-
	1,107	51
Total	**35,101**	**13,100**
Allowance for doubtful accounts	(405)	(9)
Total current	**34,696**	**13,109**

As at December 31, 2023, trade accounts receivable - PRODZ financing net of the allowance for doubtful accounts in the amount of R$702 (2022 - R$42) are 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 trade accounts receivable - PRODZ financing in noncurrent assets as at December 31, 2023 is distributed as follows:

	PRODZ
Falling due:	
2025	20,288
2026	9,707
2027 onward	84
Allowance for doubtful accounts	-
Total – noncurrent	**30,079**

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

5 ONLENDING OF FINAME MANUFACTURER FINANCING

	Parent and Consolidated	
	12/31/2023	**12/31/2022**
FINAME falling due	161,780	152,287
FINAME awaiting release (a)	388	1,968
FINAME past due (b)	13,019	13,999
Current	**175,187**	**168,254**
Allowance for doubtful accounts	(4,366)	(5,261)
	170,821	**162,993**
FINAME falling due	233,673	237,515
FINAME awaiting release (a)	1,888	8,915
	235,561	246,430
Allowance for doubtful accounts	(3,528)	(2,585)
Noncurrent	**232,033**	**243,845**
Total	**402,854**	**406,838**

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.

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

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 December 31, 2023, the balance of repossessed machinery, included under “Other receivables”, parent and consolidated, amounted to R$1,163 (R$78 as at December 31, 2022) in current assets and R$7,479 (R$7,502 as at December 31, 2022) in noncurrent assets.

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

	Parent and Consolidated	
	12/31/2023	12/31/2022
Falling due	162,168	154,255
Past due:		
1 to 30 days	1,962	1,729
31 to 60 days	983	565
61 to 90 days	528	544
91 to 180 days	846	1,216
181 to 360 days	476	1,423
Over 360 days	8,224	8,522
	13,019	13,999
Allowance for doubtful accounts	(4,366)	(5,261)
Total - current	**170,821**	**162,993**

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

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:	
2025	121,956
2026	80,599
2027	29,193
2028 onward	3,813
Total – noncurrent	**235,561**

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

	Parent and Consolidated
At December 31, 2022	**7,846**
Allowance recognized (or written off) for the year	48
At December 31, 2023	**7,894**

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".

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

6 INVENTORIES

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Finished products	45,503	32,757	111,251	78,854
Used machinery	4,119	1,145	4,119	1,145
Work in progress	122,707	146,052	159,338	173,546
Raw materials and components	266,495	305,950	316,700	363,812
Imports in transit	7,772	15,764	15,599	23,440
Total	**446,596**	**501,668**	**607,007**	**640,797**

The inventory balances, parent and consolidated, as at December 31, 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$25,687 and R$34,210 (R$22,845 and R$30,976 as at December 31, 2022), respectively.

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

	Parent	Consolidated
At January 1, 2023	**22,485**	**30,976**
Inventories sold or written off	(12,061)	(12,843)
Provision recognized	11,108	11,213
Foreign exchange differences	-	709
Transfer of provision resulting from machinery repossessed during the year	4,155	4,155
At December 31, 2023	**25,687**	**34,210**

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

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

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finished products	1,092	975	1,417	2,970
Used machinery	2,533	952	2,533	952
Work in progress	5,803	5,921	5,803	5,921
Raw materials and components	16,259	14,637	24,457	21,133
Total	**25,687**	**22,485**	**34,210**	**30,976**

7 INVESTMENTS IN SUBSIDIARIES

							Ownership interest
				12/31/2023			12/31/2022
		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	-	-
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	-	-

	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 (Shanghai) 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")	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.	Romi Empreendimentos Imobiliários Ltda.	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.	Prodz Administração e Gestão de Bens Ltda.	Brazil	Granting of credit facilities to customers for machine financing and intermediation of services and businesses in general, except real estate.

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

12/31/2023

	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		
Ownership interest	100.0%	100.0%	93.07%	100.0%	100.0%	100.0%	100.0%	100.0%	
Current assets	83,527	191,340	28,131	56,734	57,762	-	26,254	36,763	
Noncurrent assets	10,452	109,438	300	300	(1,423)	-	2,584	30,079	
Current liabilities	53,197	152,607	1,991	43,655	197	-	23,094	420	
Noncurrent liabilities	39,198	49,513	-	12,103	-	-	10,557	-	
Equity (equity deficit) of subsidiary	1,584	98,658	26,440	1,276	56,142	-	(4,813)	66,422	
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	(109)	(4,033)	-	167	-	(447)	316	-	(4,106)
Dividends proposed and paid (b)	-	-	(12,618)	-	(14,088)	-	-	-	(26,706)
Equity in earnings of subsidiaries	(8,910)	(2,206)	6,721	3,793	52,903	(200)	(746)	5,696	57,052
Increase/Decrease in capital in subsidiaries	-	-	-	-	-	(7,397)	-	34,000	26,603
Equivalent value - closing balance at December 31, 2023	**1,584**	**98,658**	**24,608**	**1,276**	**56,142**	**-**	**(4,813)**	**66,422**	**243,877**
Investments in subsidiaries	1,584	98,658	24,608	1,276	56,142	-	-	66,422	248,690
Provision for equity deficit of subsidiaries	-	-	-	-	-	-	(4,813)	-	(4,813)

(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 ratified at the Annual Shareholders' Meeting held on March 14, 2023, which authorized the distribution of profits for the year 2022 and distribution of mandatory minimum dividends for 2023. The Company received from this distribution in the second quarter of 2023 the amount of R$10,938 and R$1,680, respectively.
(c) Dividends were 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.
(d) Capital increase in subsidiary PRODZ, until December 31, 2023, the amount of R$34,000 had been contributed.
(e) In September 2023, the activities of the subsidiary ROMI AL were discontinued, decapitalizing the subsidiary.

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

12/31/2022

	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%	93.1%	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 subsidiaries	-	-	-	-	-	(4,083)	-	24,000	19,917
Equivalent value - closing balance at December 31, 2022	**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, 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, related to the second half of 2021 and the first half of 2022. 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, 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.

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

8 RELATED PARTY BALANCES AND TRANSACTIONS

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

(i) Balance sheet accounts – Parent

	RECEIVABLES		PAYABLES	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Direct subsidiaries				
Romi Europe	9,572	10,597	34	482
Romi Italy	2,868	2,261	-	-
Romi BW Machine Tools	5,539	6,083	166	-
Romi A.L.	-	-	-	772
Irsa Maquinas Mexico	14,672	17,667	2	6
Rominor Empreendimentos	-	4,497	-	-
Rominor Comércio	1,682	469	-	-
	34,333	**41,574**	**202**	**1,260**
Indirect subsidiaries				
B+W - Burkhardt+Weber	9,556	2,507	-	135
Romi France S.A.S.	5,619	2,925	-	-
Romi Máquinas España S.A.	7,766	10,330	-	-
Romi Machines UK	3,502	2,812	4	95
	26,443	**18,574**	**4**	**230**
Total	**60,776**	**60,148**	**206**	**1,490**
Current	19,238	28,851	206	1,490
Noncurrent	41,538	31,297	-	-
Total	**60,776**	**60,148**	**206**	**1,490**

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

(ii) Transactions

	Sales revenue		Operating expense and finance income (costs)	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Romi Europe	8,091	7,443	636	2,403
Rominor Comércio	46	54	-	-
Rominor Empreendimentos	33	39	-	-
Romi Italy	8,869	11,395	-	-
Romi BW Machine Tools	10,426	16,734	781	1,110
Romi France S.A.S.	6,574	6,294	-	-
Romi A.L.	-	-	17	739
Romi Machines UK	6,766	25,878	61	982
Irsa Maquinas Mexico	7,282	16,851	92	189
B+W - Burkhardt + Weber	4,664	2,933	-	-
Romi Máquinas Espãna	1,932	5,825	-	-
Prodz	77	62	-	-
Total	**54,761**	**93,508**	**1,587**	**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 December 31, 2023 was R$155 (R$152 as at December 31, 2022).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor’s Office. Donations until December 31, 2023 totaled R$1,152 (R$1,092 as at December 31, 2022).

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

As informed in Note 10 - Investment property, through the subsidiary Rominor Empreendimentos Imobiliários Ltda. ("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, 2023 and 2022 was as follows:

	12/31/2023	12/31/2022
Fees and charges	7,702	7,345
Profit sharing	5,559	9,396
Private pension plan	405	401
Healthcare plan	339	271
PARENT	**14,005**	**17,413**
Fees and charges of subsidiaries	227	162
CONSOLIDATED	**14,232**	**17,575**

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.

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

9 TAXES RECOVERABLE

The breakdown of taxes recoverable is as follows:

	12/31/2023	12/31/2022
CURRENT		
Withholding Income Tax (IRRF)	1,824	259
Social Security Contribution (INSS)	2	2
Excise Tax (IPI)	2,684	4,871
Value-added Tax on Sales and Services (ICMS)	2,460	24,767
Social Integration Program (PIS)	130	1,161
Social Contribution on Revenues (COFINS)	600	381
Total Parent	**7,700**	**31,441**
Taxes recoverable of subsidiaries	8,228	10,439
Total Consolidated	**15,928**	**41,880**
NONCURRENT		
Selic proceeding (a)	58,255	52,970
Value-added Tax on Sales and Services (ICMS)	2,532	3,440
OTHER	24	24
Total Parent	**60,811**	**56,434**
Taxes recoverable of subsidiaries	6	6
Total Consolidated	**60,817**	**56,440**

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, 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 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, 2022) in the parent and R$15,183 (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 Ltda. (“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. The interest of Rominor Empreendimentos, a wholly-owned subsidiary of the Company in this project is 50% of GSV. As of the date of this individual and consolidated financial statements, the subsidiary "Rominor Empreendimentos" had recorded approximately R$23,087 as accounts receivable 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 December 31, 2023, the percentage of completion of the works was 81.86%, according to the construction work measurement report, causing an impact of R$51,966 in “Other operating income, net” (since the beginning of the construction work, a total balance of R$66,568 has been recognized).

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

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, 2022	3,997	210,158	388,615	10,072	4,574	30,444	23,784	671,561
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)	-
At December 31, 2022	3,997	216,035	488,455	12,159	4,680	37,616	11,002	773,943
Additions	-	1,839	48,086	959	11	820	71,803	123,518
Disposals	-	(1)	(61,770)	(22)	(8)	(1,336)	-	(63,137)
Transfers	-	728	59,360	(5)	(104)	-	(59,979)	-
At December 31, 2023	**3,997**	**218,601**	**534,131**	**13,091**	**4,579**	**37,100**	**22,826**	**834,325**
Accumulated depreciation								
At January 1, 2022	-	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)	-	(5,278)
At December 31, 2022	-	129,400	252,269	8,342	3,893	33,656	-	427,560
Depreciation	-	6,293	35,130	501	269	1,147	-	43,340
Disposals	-	-	(21,762)	(21)	(112)	(1,147)	-	(23,042)
At December 31, 2023	**-**	**135,693**	**265,637**	**8,822**	**4,050**	**33,656**	**-**	**447,859**
Useful lives		25 and 10 years	10 and 15 years	10 years	5 years	5 years		
Property, plant and equipment, net								
At January 1, 2022	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
At December 31, 2023	3,997	82,908	268,576	4,269	529	3,444	22,826	386,466

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

							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, 2022	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)	(3,621)	(23,971)
Unrealized profit	-	-	(5,269)	-	-	-	-	(5,269)
Transfers	-	4,338	62,568	1,084	-	-	(69,381)	(1,391)
Foreign exchange differences	(3,581)	(9,922)	(4,594)	(612)	(958)	(431)	3,699	(16,400)
At December 31, 2022	30,500	277,615	526,027	30,637	14,673	36,802	16,476	932,730
Additions	-	3,080	48,251	2,439	3,595	822	71,865	130,052
Disposals	-	(2,246)	(60,307)	(22)	(8)	(1,336)	-	(63,919)
Transfers	-	728	59,255	(4)	-	-	(59,979)	-
Foreign exchange differences	(1,036)	(1,846)	1,073	(45)	(2,912)	898	(277)	(4,145)
At December 31, 2023	**29,464**	**277,331**	**574,299**	**33,005**	**15,348**	**37,186**	**28,085**	**994,718**
Accumulated depreciation								
At January 1, 2022	-	144,234	269,912	20,839	9,377	32,773	-	477,136
Depreciation	-	8,335	30,976	1,977	810	1,505	-	43,603
Disposals	-	-	(5,953)	(196)	(83)	(2,032)	-	(8,264)
Foreign exchange differences	-	(31)	(24)	(37)	(3)	(6)	-	(101)
At December 31, 2022	-	152,538	294,912	22,583	10,100	32,240	-	512,373
Depreciation	-	8,531	36,105	2,088	871	1,657	-	49,252
Disposals	-	-	(21,933)	(48)	(8)	(1,835)	-	(23,824)
Foreign exchange differences	-	16	1,674	42	3	503	-	2,238
At December 31, 2023	**-**	**161,085**	**310,758**	**24,665**	**10,966**	**32,565**	**-**	**540,039**
Useful lives	-	25 and 10 years	10 and 15 years	10 years	5 years	5 years	-	
Property, plant and equipment, net								
At January 1, 2022	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
At December 31, 2023	29,464	116,246	263,541	8,340	4,382	4,621	28,085	454,679

Due to the financing agreements with the BNDES, the Company pledged as collateral property, plant and equipment items amounting to R$44,310 as at December 31, 2023 (R$189,699 as at December 31, 2022). These items refer to land, buildings, facilities, machinery and equipment.

Of the amount of R$43,340 (2022 - R$36,477) related to depreciation expense, R$40,382 (2022 - R$33,746) was recognized in the statement of profit and loss in "Cost of sales and services", R$1,027 (2022 - R$1,000) in "Selling expenses", R$1,493 (2022 - R$1,456) in "General and administrative expenses", and R$438 (2022 - R$275) in "Research and development" – Parent.

Of the amount of R$49,252 (2022 - R$43,501) related to depreciation expense, R$41,667 (2022 - R$36,802) was recognized in the statement of profit and loss in "Cost of sales and services", R$1,676 (2022 - R$1,480) in "Selling expenses", R$5,598 (2022 - R$4,944) in "General and administrative expenses", and R$311 (2022 - R$275) in "Research and development"- Consolidated.

Of the investments made in 2023, machines manufactured by the Company allocated to the machinery rental business, a new solution launched in the third quarter of 2020, represented R$79.3 million and R$14.6 million of depreciation. Since the launch of the solution, the total residual value of the investments until December 31, 2023 is R$207.1 million, with accumulated depreciation in the same year of R$31.2 million.

For the year ended December 31, 2023, 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.

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

12 INTANGIBLE ASSETS

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

	PARENT			CONSOLIDATED				
	Technology	Other	Total	Technology	Customer relationship	Trademarks	Other	Total
Gross cost								
At January 1, 2022	563	6,580	7,143	38,723	26,967	33,282	7,902	106,873
Additions	-	73	73	178	-	-	73	252
Foreign exchange differences	-	-	-	(3,089)	(938)	(1,955)	(179)	(6,161)
At December 31, 2022	563	6,653	7,216	35,812	26,029	31,327	7,796	100,964
Additions	-	137	137	-	-	-	248	248
Foreign exchange differences	-	-	-	(46)	(12)	(44)	(11)	(113)
Disposals	-	-	-	-	-	-	-	-
At December 31, 2023	**563**	**6,790**	**7,353**	**35,766**	**26,017**	**31,283**	**8,033**	**101,099**
Accumulated amortization								
At January 1, 2022	280	5,918	6,198	23,677	11,577	-	7,554	42,808
Amortization	37	173	210	5,618	1,352	-	173	7,143
Foreign exchange differences	-	-	-	-	-	-	-	-
At December 31, 2022	317	6,091	6,408	29,295	12,929	-	7,727	49,951
Amortization	11	293	304	5,193	1,300	-	293	6,786
At December 31, 2023	**328**	**6,384**	**6,712**	**34,488**	**14,229**	**-**	**8,020**	**56,737**
Useful lives	5 years	5 years		5 to 20 years	20 years	Indefinite	5 years	
Intangible assets, net								
At January 1, 2022	283	662	945	15,046	15,390	33,282	348	64,065
At December 31, 2022	246	562	808	6,517	13,100	31,327	69	51,013
At December 31, 2023	235	406	641	1,278	11,788	31,283	13	44,362

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, 2023.

(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 is related 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$303 (2022 - R$210) related to amortization expense, R$14 (2022 - R$11) was recognized in the statement of profit and loss in "Cost of sales and services", R$141 (2022 - R$105) in "General and administrative expenses", and R$148 (2022 - R$94) in "Research and development" – Parent.

Of the amount of R$6,786 (2022 - R$7,143) related to amortization expense, R$14 (2022 - R$11) was recognized in the statement of profit and loss in "Cost of sales and services", R$6,483 (2022 - R$6,675) in "Selling expenses", R$141 (2022 - R$292) in "General and administrative expenses", and R$148 (2022 - R$164) in "Research and development" – Consolidated.

For the year ended December 31, 2023, 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.

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

13 BORROWINGS

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

Type	Current 2023	Current 2022	Noncurrent 2023	Noncurrent 2022	Maturity	Principal amortization	Financial charges	Collateral
FINEP Project	150	-	84,000	-	05/15/2025	Quarterly	Reference interest rate, plus 3.3% p.a. + 0.99%	Bank guarantee
Investment Support Program - BNDES (b)	222	588	-	-	01/16/2023	Monthly	Rate of up to 4.00% p.a.	Collateral transfers of machinery and mortgages of buildings and land
Sundry FINAME	37	469	-	37	01/15/2024	Monthly	Rates of 3.50% to 10.53% p.a. (+ TLP 365/366)	Collateral transfer of financed machinery/Surety of Rominor/Promissory note
Import financing (FINIMP)	-	8,247	-	-	11/18/2022	Bullet payment	Interest of 1.26% p.a. to 0.422% p.a.	
Import financing (FINIMP)	-	2,561	-	-		Bullet payment		
Export financing (NCE)	19,551	-	-	-	03/17/2025	Bullet payment	Interest of 2.19% p.a. + CDI.	Surety of Rominor
Export financing (NCE)	21,348	11,089	10,722	54,226	03/01/2024	Bullet payment	Interest of 2.89% to 0.77% p.a.	
Line 4131	27,448	-	-	27,833	03/18/2024	Bullet payment	Interest of 3.97% p.a + CDI.	Bank guarantee
Export financing (BNDES)	56,022	-	-	55,959	10/15/2024	Bullet payment	Interest of 3.14% p.a + IPCA.	Collateral transfer
Export financing (BNDES) Facility 4.0	15,772	502	46,525	62,034	10/15/2024	Bullet payment	Interest of 3.14% p.a. + IPCA.	Collateral transfer
PARENT	**140,550**	**23,456**	**141,247**	**200,089**				
B+W - Technology center and ad office construction financing - € (c)	10,419	-	29,563	7,690	06/30/2027	Quarterly	2.40% p.a.	Property, plant and equipment (building)
B+W - Financing (COVID-19 effects) - € (d)	25,199	15,180	45,722	13,736	09/30/2023	Quarterly	2.00% p.a.	Property, plant and equipment (building)
BNDES EXIM	-	14,971	-	54,654	At each release			Surety of ROMI S.A.
Other - Working capital	671	107	-	-	-	-	-	
CONSOLIDATED	**176,839**	**53,714**	**216,532**	**276,169**				

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

	Parent			Consolidated
	Domestic currency	Foreign currency	Total	Total
Borrowing balance at December 31, 2022	**129,361**	**94,184**	**223,545**	**329,883**
New borrowing	84,000	-	84,000	100,325
Payment of principal	(906)	(20,151)	(21,057)	(26,293)
Payment of interest	(14,731)	(1,650)	(16,381)	(18,611)
Exchange and monetary differences (principal and interest)	-	(4,925)	(4,925)	(8,966)
Interest expense	14,705	1,910	16,615	17,033
Borrowing balance at December 31, 2023	**212,429**	**69,368**	**281,797**	**393,371**
Current	81,904	58,646	140,550	176,839
Noncurrent	130,525	10,722	141,247	216,532
	212,429	**69,368**	**281,797**	**393,371**

(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.

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

Covenants

Certain financing agreements are subject to annually measured covenants and clauses that, among others, require the Company to comply with certain financial ratios within predetermined parameters, pegged to indebtedness and capitalization ratios. In Management's assessment, in the year ended December 31, 2023 the Company complied with all covenants and clauses whose indicators are measured annually.

The maturities of financing recorded in noncurrent liabilities as at December 31, 2023, parent and consolidated, were as follows:

	Parent	Consolidated
2025	26,206	54,155
2026	27,508	50,867
2027 onward	87,533	111,510
Total	**141,247**	**216,532**

14 FINAME MANUFACTURER FINANCING

	Parent and Consolidated
	Domestic currency Total
FINAME manufacturer financing	
December 31, 2022	**391,131**
New borrowing	171,540
Payment of principal	(117,426)
Payment of interest	(53,273)
Interest expenses	(162)
Borrowing balance at December 31, 2023	**391,810**
Current	
FINAME manufacturer financing	162,410
Noncurrent	
FINAME manufacturer financing	229,400
	391,810

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

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.

The balances of the line item “FINAME manufacturer financing” and, consequently, of the line item “Onlending of FINAME manufacturer financing” as at December 31, 2023 and December 31, 2022 were monetarily adjusted through the end of the reporting period. The difference of R$11,044 between these line items as at December 31, 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 bank agent. 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, 2023, parent and consolidated, were as follows:

	Parent and Consolidated
2025	119,324
2026	78,275
2027	28,127
2028 onward	3,674
Total	**229,400**

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

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:

	Parent and Consolidated	
	12/31/2023	**12/31/2022**
Tax	150	-
Civil	2,464	1,835
Labor	1,637	1,118
Total	**4,251**	**2,953**
Current liabilities	3,848	2,683
Noncurrent liabilities	403	270
	4,251	**2,953**

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:

	12/31/2023	**12/31/2022**
Tax		
Excess of IRPJ and CSLL on interest on capital (i)	80,447	35,164
Disallowance of PIS and COFINS credits	13,864	11,547
Social security contribution credit on payment of profit to the Management	3,981	3,732
Negative balance of IRPJ and CSLL	2,570	2,540
Disallowance of IPI credits	6,604	6,203
Isolated fine - Offsetting not approved	-	677
Duplicate payment of IRRF	3,148	2,986
ICMS credit	165	128
Civil		
Losses and damages	13,799	11,664
Labor	3,203	3,347
Total Parent	**127,780**	**77,988**
Lawsuits in subsidiaries	-	-
Total Parent and Consolidated	**127,780**	**77,988**

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

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:

	12/31/2022	Additions	Utilizations/ reversals	Monetary adjustment and Foreign exchange differences	12/31/2023
Tax	-	150	-	-	150
Civil	1,835	732	-	(102)	2,465
Labor	1,118	1,694	(1,222)	46	1,636
Total Parent	**2,953**	**2,576**	**(1,222)**	**(56)**	**4,251**
Total Parent and Consolidated	**2,953**	**2,576**	**(1,222)**	**(56)**	**4,251**

As at December 31, 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 in 2007: 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. Finally, on November 23, 2023, a final and unappealable court decision was rendered, dismissing the special appeal filed by the Brazilian National Treasury. The decision canceling the IRPJ and CSLL assessments for calendar year 2007 is now definitive.

Excess of IRPJ and CSLL on interest on capital in 2019: Refers to a tax assessment notice issued by the Brazilian Federal Revenue Office demanding IRPJ and CSLL credits for the 1st, 3rd and 4th quarters of 2019, allegedly due as a result of the calculation and deduction of expenses with Interest on Capital in an amount exceeding the amount allowed by tax laws, using the base of profits from prior years, which were not distributed at the time they were determined. The Company's legal counsel has been monitoring the case and has filed a voluntary appeal with the Administrative Council of Tax Appeals, which is awaiting judgment.

Excess of IRPJ and CSLL on interest on capital in 2020: Refers to a tax assessment notice issued by the Brazilian Federal Revenue Office demanding IRPJ and CSLL credits for the 1st, 3rd and 4th quarters of 2020, allegedly due as a result of the calculation and deduction of expenses with Interest on Capital in an amount exceeding the amount allowed by tax laws, using the base of profits from prior years, which were not distributed at the time they were determined. The Company's legal counsel has been monitoring the case and has filed an objection to the tax assessment notice with the Federal Revenue Office, which is awaiting judgment.

<u>STF Decision - Topics 881 and 885 of general repercussion on February 8, 2023</u>

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 financial statements 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 counsel and concluded that the decision issued by the STF does not have any impact on the set of individual and consolidated financial statements for the year ended December 31, 2023.

(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$12,150 as at December 31, 2023 (2022 – R$12,200) 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 DCFT (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.

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

As at December 31, 2022, in an analysis made by our legal counselors, this proceeding was classified as possible loss. For the year ended December 31, 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, 2023.

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, 2023 and 2022 is as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
Profit before income tax and social contribution	**179,147**	**281,876**	**183,358**	**279,089**
Statutory rate (income tax and social contribution)	**34%**	**34%**	**34%**	**34%**
Income tax and social contribution expense at statutory rates	(60,910)	(95,838)	(62,342)	(94,890)
Interest on capital	24,543	20,246	24,543	20,246
Monetary variation - Selic proceeding	1,946	1,772	1,946	1,772
Research and development ("Lei do Bem" - Law 11,196/05)	3,248	4,621	3,248	4,621
Equity in earnings of subsidiaries	19,398	6,991	-	-
Unrecorded deferred income tax and social contribution in subsidiaries	-	-	7,197	642
Management profit sharing	(1,890)	(3,195)	(1,890)	(3,195)
Other deductions (additions), net	(1,396)	(1,446)	8,527	7,811
Current and deferred income tax and social contribution income (expense)	**(15,061)**	**(66,849)**	**(18,771)**	**(62,993)**

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 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 years presented, and for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

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

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

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Current	(15,954)	(69,217)	(21,601)	(67,356)
Deferred	893	2,368	2,830	4,363
Total	**(15,061)**	**(66,849)**	**(18,771)**	**(62,993)**

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

				2023				2022
	Temporary differences	Income tax	Social contribution	Total	Temporary differences	Income tax	Social contribution	Total
Assets (i):								
Inventories – provision for losses	25,687	6,406	2,312	8,718	22,485	5,607	2,024	7,630
Repossession of machinery	2,357	588	212	800	1,940	484	175	659
Tax loss	1,707	433	154	587	-	-	-	-
Discount to present value - trade accounts receivable and trade accounts payable	577	144	52	196	3,143	784	283	1,067
Provision for tax, labor and civil risks	4,251	1,060	383	1,443	2,952	736	266	1,002
Contingent commissions	1,083	270	98	368	381	95	34	129
Management profit sharing	5,497	-	495	495	9,396	-	846	846
Other temporary differences in assets	4,887	1,217	439	1,656	6,007	1,498	541	2,039
Liabilities (ii):								
Temporarily non-deductible differences in liabilities:								
Write-off of subsidiary Rominor's 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	**41,483**	**9,093**	**3,767**	**12,860**	**41,740**	**8,178**	**3,787**	**11,967**
Tax loss	-	-	-	6,221	-	-	-	5,761
Deferred taxes – Vila Romi	-	-	-	(1,589)	-	-	-	1,278
Deferred income tax and social contribution asset - consolidated	**41,483**	**9,094**	**3,765**	**17,492**	**41,740**	**8,178**	**3,787**	**19,006**
Write-off of negative goodwill on acquisition of subsidiary (ii)	19,029	14,804	-	14,804	19,029	14,359	-	14,359
Goodwill on the acquisition of Burkhardt + Weber (B+W) (ii)	66,270	18,293	-	18,293	89,941	21,082	-	21,082
Deferred income tax and social contribution liability - consolidated	**85,299**	**33,097**	**-**	**33,097**	**108,970**	**35,440**	**-**	**35,440**

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

(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.

Changes in deferred tax assets and liabilities, parent and consolidated, for the year ended December 31, 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	2,497	(370)	-	-
Realization	(1,604)	(2,891)	-	(6,091)
Foreign exchange differences	-	1,746	-	3,748
At December 31, 2023	**12,860**	**17,492**	**-**	**33,097**

17 EQUITY

Capital

As at December 31, 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 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 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.

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.

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

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:

	12/31/2023	12/31/2022
Profit for year attributable to the shareholders	164,086	215,027
(-) Recognition of legal reserve	(8,206)	(10,751)
Profit available for distribution	155,880	204,276
Mandatory dividends	(38,970)	(51,069)
Additional dividends already distributed	(33,214)	(8,478)
Total dividends distributed	(72,184)	(59,547)
Recognition of earnings reserve	**83,696**	**144,729**

Until the year ended December 31, 2023, distributions of interest on capital of R$72,184 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 was approved, attributed to the mandatory dividends for 2022 and arising from profits determined in the second half of 2022, in the gross amount of R$11,412, at 0.14 per share, for payment on March 8, 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.

4. On September 12, 2023, the distribution of interest on capital to be attributed to the mandatory dividends for 2023 in the gross amount of R$17,871, at R$0.20 per share, was approved, for payment on October 18, 2023.

5. On December 11, 2023, the distribution of interest on capital to be attributed to the mandatory dividends for 2023 in the gross amount of R$17,126, at R$0.19 per share, was approved, for payment on December 27, 2023.

The total amount paid by the Company for the year ended December 31, 2023, net of withholding income tax, was R$ 97,970.

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

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.

	12/31/2023	12/31/2022
Profit for the year attributable to the controlling interests	164,086	215,027
Weighted average number of shares outstanding (adjusted for bonus)	88,734	88,734
Basic and diluted earnings per share - adjusted	**1.85**	**2.42**

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, 2023 was R$1,208 (R$2,076 as at December 31, 2022). The amount incurred with the private pension plan was recorded in the statements of profit and loss for the years ended December 31, 2023 and 2022 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, 2023, the insurance coverage for fire, windstorm, electrical damages and theft was comprised as follows: (i) buildings - R$189,303; (ii) machines and equipment - R$585,532; (iii) inventories and machines pending repossession - R$527,697; (iv) construction works - R$11,118; (v) assets held by third parties – R$93,035 and (vi) other – R$806.

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 differences are represented by trade accounts receivable, direct investments, export financing and trade accounts payable.

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

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, 2023					
Borrowings	176,839	54,155	162,377	-	393,371
FINAME manufacturer financing	162,410	119,324	106,402	3,674	391,810
Trade accounts payable	80,128	-	-	-	80,128
At December 31, 2022					
Borrowings	53,714	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

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

Risk related to FINAME manufacturer financing transactions: 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.

Capital management risk: 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	
	2023	**2022**	**2023**	**2022**
(-) Total borrowings	673,607	614,676	785,181	721,014
Cash and cash equivalents (Note 3)	(216,256)	(21,662)	(282,418)	(131,999)
Short-term investments (Note 3)	(66)	(118,814)	(32,066)	(118,814)
Onlending of FINAME manufacturer financing (Note 5)	(402,854)	(406,838)	(402,854)	(406,838)
Net debt (Cash)	**54,431**	**67,362**	**67,843**	**63,363**
Total equity	**1,169,511**	**1,093,127**	**1,169,511**	**1,093,127**
Total capital	1,223,942	1,160,489	1,237,354	1,156,490
Gearing ratio - %	**4.4%**	**5.8%**	**5.5%**	**5.5%**

Additional sensitivity analysis required by the CVM

(i) Exchange rate fluctuations

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.

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

As at December 31, 2023, 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	36,621
Trade accounts receivable	26,178
Receivables from related parties	59,097
Other receivables	1,550
Payables to related parties	(1,415)
Borrowings	(79,310)
Trade accounts payable	(11,247)
Advances from customers	(6,022)
Other payables	(884)
Net asset exposure	**24,568**

Presented below is the gains that would have been recognized in profit (loss) for the year ended December 31, 2023 according to the following scenarios:

	Parent		
	Probable scenario	**Scenario II**	**Scenario III**
Net liability exposure	**(8,156)**	**(10,195)**	**(12,233)**

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 2024, with US Dollar at R$5.05 and Euro at R$5.69. 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.

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

As at December 31, 2023, 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	177,906	220,695
Total borrowings linked to CDI	(46,999)	(46,999)
Net asset exposure	**130,907**	**173,696**

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, 2023 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, 2024 at 9.5%. 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	13,091	16,363	19,636

		Consolidated	
	Probable scenario	**Scenario II**	**Scenario III**
Net asset exposure	17,370	21,712	26,054

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.

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

(c) Financial instruments by category

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

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Loans and receivables:				
Cash and cash equivalents	216,256	21,662	282,418	131,999
Short-term investments	66	118,814	32,066	118,814
Trade accounts receivable	104,220	161,309	310,552	303,894
Onlending of FINAME manufacturer financing	402,854	406,838	402,854	406,838
Related parties	60,776	60,148	-	-
Other receivables, except advances and machines pending repossession	16,774	16,027	16,353	36,180
Judicial deposits	12,150	12,200	12,150	12,200
Financial liabilities at amortized cost:				
Borrowings	281,797	223,545	393,371	329,883
FINAME manufacturer financing	391,810	391,131	391,810	391,131
Trade accounts payable	56,071	106,976	80,128	135,557
Other payables	9,297	9,707	37,751	37,384
Related parties	206	1,490	-	-

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 Rough and Machined Cast Iron Parts Business Unit reported an operating loss, 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 Note 11.

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

The financial statements for the year ended December 31, 2023 were prepared and are being presented on a comparative basis with the year ended December 31, 2022, according to the Company's segments:

						12/31/2023
	Romi Machinery	**Burkhardt + Weber Machinery**	**Cast and machined products**	**Other**	**Eliminations between segments**	**Consolidated**
Net operating revenue	781,864	225,584	222,595	-	-	1,227,247
Cost of sales and services	(382,238)	(176,218)	(302,852)	-	-	(859,705)
Transfers remitted	1,896	-	73,603	-	(75,499)	-
Transfers received	(73,603)	-	(1,896)	-	75,499	-
Gross profit	**326,726**	**49,366**	**(8,550)**	**-**	**-**	**367,542**
Operating (expenses) income:						
Selling expenses	(86,546)	(18,867)	(5,974)	-	-	(111,387)
General and administrative expenses	(48,373)	(29,420)	(20,638)	-	-	(98,431)
Research and development	(23,193)	-	(6,967)	-	-	(30,160)
Management fees	(8,757)	-	(5,475)	-	-	(14,232)
Other operating income (expenses), net	7,869	-	-	51,966	-	59,835
Operating profit (loss) before finance income (costs)	**167,727**	**1,079**	**(47,604)**	**51,966**		**173,167**
Inventories	443,581	93,671	69,755	-	-	607,007
Depreciation and amortization	31,288	9,500	15,250	-	-	56,038
Property, plant and equipment, net	320,058	60,551	74,070	-	-	454,679
Intangible assets	637	43,722	3	-	-	44,362

	Europe	**Latin America**	**North America**	**Africa and Asia**	**Total**
Net operating revenue per geographical region	437,328	665,939	95,092	28,888	1,227,247

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

12/31/2022

	Romi Machinery	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	**377,092**	**21,363**	**110,377**	**-**	**-**	**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 (expenses), net	4,042	-	-	22,878	-	26,920
Operating profit (loss) before finance income (costs)	**203,740**	**(22,780)**	**67,300**	**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	294,017	60,906	65,353	-	-	420,276
Intangible assets	805	50,204	3	-	-	51,012

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	285,466	1,254,241	46,035	6,560	1,592,302

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

22 FUTURE COMMITMENTS

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, 2025, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

YEAR OF SUPPLY	AMOUNT
2024	15,906
2025 onward	15,416
	31,322

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

23 NET OPERATING REVENUE

Net operating revenue for the years ended December 31, 2023 and 2022 is broken down as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
Domestic market	995,008	1,372,462	1,009,184	1,370,605
Foreign market	99,944	175,516	365,771	416,738
Gross sales revenue	1,094,952	1,547,978	1,374,955	1,787,343
(-) Taxes on sales	(149,121)	(192,924)	(147,708)	(195,041)
Net sales revenue	**945,831**	**1,355,054**	**1,227,247**	**1,592,302**

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

24 COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Depreciation and amortization	43,644	36,789	56,038	50,744
Personnel expenses	200,523	218,742	316,880	332,638
Raw materials and consumables	544,662	812,694	635,030	875,255
Freight	24,525	34,935	31,170	42,567
Other expenses	25,101	2,984	74,797	46,880
Total	**838,455**	**1,106,143**	**1,113,915**	**1,348,084**
Classified as:				
Cost of sales and services	674,445	931,637	859,705	1,083,470
Selling expenses	67,043	82,260	111,387	125,756
General and administrative expenses	52,802	44,926	98,431	91,376
Research and development	30,160	29,907	30,160	29,907
Management profit sharing and fees	14,005	17,413	14,232	17,575
Total	**838,455**	**1,106,143**	**1,113,915**	**1,348,084**

25 FINANCE INCOME (COSTS)

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Finance income:				
Income from short-term investments	16,407	6,603	21,429	11,625
Interest on trade accounts receivable	5,012	2,444	5,012	2,444
Finance income related to successful outcome in lawsuit	5,744	5,211	5,744	5,211
Other	285	(913)	2,782	(205)
Total	**27,448**	**13,345**	**34,967**	**19,075**
Finance costs:				
Interest on financing	(16,615)	(18,059)	(17,033)	(18,675)
Other	(4,046)	6,208	(9,005)	1,924
	(20,661)	**(11,851)**	**(26,038)**	**(16,751)**

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

26 OTHER OPERATING INCOME (EXPENSES), NET

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Gains on sales of assets	7,036	3,938	7,036	3,938
Successful outcome in lawsuit	-	-	-	-
Vila Romi Project	-	-	51,966	13,935
Sale of land from subsidiaries	-	-	-	8,943
Other	250	650	833	104
	7,286	**4,588**	**59,835**	**26,920**

27 APPROVAL OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The individual and consolidated financial statements were approved by the Board of Directors and authorized for issue on January 30, 2023.

28 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 30, 2024, the distribution of interim dividends was authorized, referring to the fiscal year 2023, in the amount of R$5,416, to be paid on February 8, 2024, subject to ratification at the Annual Shareholders’ Meeting to be held on March 12, 2024.

*   *   *

ROMI S.A

PROPOSAL TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING OF MARCH 12, 2024

CAPITAL BUDGET

FISCAL YEAR 2024

In thousands of Brazilian reais (R$)

A - SOURCES OF FUNDS	**344,331**
a) Own Resources (retention of profits from the 2023 fiscal year)	83,696
b) Own Resources (cash generation)	161,635
	99,000
B - INVESTMENTS 2024	**167,492**
a) Investments: productivity, maintenance, and machinery leasing	167,492
C - FINANCIALS	**176,839**
a) Loan liquidation in 2024	176,839

Luiz Cassiano Rando Rosolen

Chief Executive Officer

Fábio Barbanti Taiar

Administrative and Investor Relations Director

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, 2023, as well as the Management's Proposal concerning the Capital Budget for 2024. 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 30, 2024.

Alfredo Ferreira Marques Filho

Clóvis Ailton Madeira

Walter Luis Bernardes Albertoni

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SUMMARY REPORT OF THE
AUDIT AND RISK COMMITTEE 2023

The Audit and Risk Committee of ROMI S.A. (“Committee”), elected on March 14, 2023, has met in six occasions in the period from its election to this date, 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. 2024 budgets for the Internal Audit and the Audit and Risk Committee;
5. Audit Plan carried out in 2023 and proposed for 2024; 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, 2023, the Committee concluded that the Company is in compliance with the legal, regulatory and statutory standards and its policies.

Santa Bárbara d’Oeste - São Paulo, January 29, 2024

Márcio Guedes Pereira Júnior
Coordinator

Antônio Cândido de Azevedo Sodré Filho

Antônio Carlos Bonini Santos Pinto

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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 30, 2024

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 ROMI S.A. for the year ended December 31, 2023.

Santa Bárbara d'Oeste, January 30, 2024

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