(Convenience translation into English from the original previously issued in Portuguese)

CIMENTO TUPI S.A.

(Under Court-Ordered Reorganization)

Independent auditor's report

Individual and consolidated financial statements

As at December 31, 2022

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(Under Court-Ordered Reorganization)

Individual and consolidated financial statements
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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Management and Shareholders of
Cimento Tupi S.A. –Under Court-Ordered Reorganization
Rio de Janeiro - RJ

Opinion on the individual and consolidated financial statements

We have audited the individual and consolidated financial statements of Cimento Tupi S.A. – Under Court-Ordered Reorganization ("Company"), identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Cimento Tupi S.A. – Under Court-Ordered Organization as at December 31, 2022, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis for opinion on the individual and consolidated financial statements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its controlled companies in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Court-Ordered Reorganization Plan and material uncertainty as to the Company's ability to continue as a going concern

We draw attention to Note 1 to the individual and consolidated financial statements, which mentions that on February 11, 2021, the Company filed a request with the New York Court for recognition of its court-ordered reorganization, in progress in Brazil, as the main proceeding in the Company's restructuring process, based on Chapter 15 of the United States Bankruptcy Code. With the New York Court's recognition of the court-ordered reorganization, the lawsuit filed in the same jurisdiction by certain holders of notes against the Company will be suspended until the Company's Court-Ordered Reorganization Plan, approved by the Brazilian Court, is recognized and accepted by the New York Court, as mentioned above, making its conditions mandatory and binding for all note holders, ending the lawsuit in progress in that country. The hearing related to this procedure, initially scheduled for the month of August, was postponed more than once, due to the Interlocutory Appeal filed by certain foreign Funds that are holders of Notes against the approval of the Court-Ordered Reorganization Plan. Considering that the interlocutory appeal has not yet been judged, the hearing was postponed to April 2023.

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On July 25, 2022, the Judge of the 13th Civil Division of the Court of Justice of the State of Rio de Janeiro, justice of the Appeal filed by certain foreign Funds, holders of notes, against the decision to ratify the Court-Ordered Reorganization Plan, granted the stay of execution formulated in the appeal.

On August 15, 2022, the Judge revoked the decision to grant the stay of execution, thus reestablishing the ratification of the Court-Ordered Reorganization Plan, for all legal purposes, allowing the Company to resume the fulfillment of said Plan as approved by the majority of creditors.

Additionally, we draw attention to Note 1 to the individual and consolidated financial statements, which mentions that the individual and consolidated financial statements were prepared considering going concern as basis and which describes that in the year ended December 31, 2022, the Company and its controlled companies had accumulated losses in the amount of R$ 1,288,017 thousand, (individual and consolidated) current liabilities exceeding (individual and consolidated) current assets by R$ 148,296 thousand and R$ 35,455 thousand, respectively, high level of long-term bank indebtedness, and deficit in equity amounting to R$ 977,523 thousand.

This indicates the existence of significant uncertainty that may cast doubt on the Company's and its controlled companies' ability to continue as a going concern and as to the basis of preparation of the individual and consolidated financial statements, considering that as at December 31, 2022, the Company's individual and consolidated assets and liabilities were classified and evaluated assuming that it will continue as a going concern. The Company's Management considers that the Company will continue as a going concern, given that based on its studies and projections, the financial and equity scenarios described above are already provided for under the Court-Ordered Reorganization, which indicates that the Company will generate enough resources to continue operating in the foreseeable future. Our opinion is not qualified in respect of this matter.

Court-Ordered Reorganization Plan - Credits held by Megeve Capital LLC

We draw attention to Note 1 to the individual and consolidated financial statements, which describe that, on October 14, 2022, the Company received correspondence sent by Megeve Capital LLC, assignee of the first-priority claim originally held by Banco de Desenvolvimento de Minas Gerais (BDMG), in which they stated that the Company's debt to the referred creditor is considered overdue in advance, based exclusively on its request for Court-Ordered Reorganization. The Company promptly responded to the creditor regarding the unfounded allegation, since the request for Court-Ordered Reorganization took place in January 2021, long before Megeve acquired the credit in question, and BDMG had never used such an event to try to collect the debt in advance, in addition to the fact that the Company has been regularly and punctually complying with the contract's obligations, including the payment of monthly installments since November 2021, without any remark or opposition from Megeve. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2022, and presented as supplemental information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's individual and consolidated financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in Technical Pronouncement CPC 09 - Statement of Value Added.

In our opinion, the individual and consolidated statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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 Brazilian accounting practices and with the IFRS, issued by IASB, and for such internal control as Management determines is necessary to enable the preparation of individual and consolidated 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 and its controlled companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it either intends to liquidate the Company and its controlled companies 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 controlled companies' 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 (ISAs) 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 individual and consolidated financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and 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 material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its controlled companies 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 individual and consolidated 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 companies 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 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 controls that we identify during our audit.

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

Rio de Janeiro, March 16, 2023.

BDO RCS Auditores Independentes SS Ltda.
CRC 2 SP 013846/F

Cristiano Mendes de Oliveira
Accountant CRC 1 RJ 078157/O-2

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of financial position
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Assets				
Current				
Cash and cash equivalents (Note 6)	2,012	3,116	56,446	26,660
Accounts receivable (Note 7)	25,609	22,163	25,655	22,163
Inventories (Note 8)	70,472	70,656	108,419	105,690
Recoverable taxes (Note 9)	45,247	35,168	45,638	35,279
Notes receivable (Note 10)	-	-	3,127	3,635
Advances to suppliers	2,788	6,435	8,011	7,348
Other current assets	2,884	2,286	3,360	2,579
Total current assets	149,012	139,824	250,656	203,354
Non-current				
Notes receivable (Note 10)	4,045	4,922	4,045	4,922
Receivables from third parties	1,948	1,948	1,948	1,948
Related-party transactions (Note 15)	46,430	20,397	-	-
Recoverable taxes (Note 9)	91,089	129,002	91,089	129,002
Deferred Income and Social Contribution Taxes (Note 21)	425,161	305,798	425,161	305,798
Court deposits (Note 22)	14,823	12,696	15,528	13,401
Investments				
Controlled companies (Note 11)	119,427	106,443	-	-
Other investments	-	-	249	249
Fixed assets (Note 12)	567,404	559,283	595,474	586,913
Intangible assets (Note 13)	129,075	128,978	153,127	151,533
Total non-current assets	1,399,402	1,269,467	1,286,621	1,193,766
Total assets	1,548,414	1,409,291	1,537,277	1,397,120

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

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of financial position
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Liabilities				
Current				
Loans and financing (Note 14)	175,413	3,438,772	175,413	3,438,772
Trade accounts payable	23,134	55,710	23,911	56,484
Salaries and social charges	12,155	18,780	12,677	19,178
Income and Social Contribution taxes payable	-	-	208	62
Related-party transactions (Note 15)	15,592	15,592	-	-
Taxes in installments (Note 16)	49,669	36,834	51,848	38,886
Taxes payable (Note 17)	11,089	8,326	11,327	8,541
Other accounts payable (Note 18)	10,256	17,436	10,727	17,556
Total current liabilities	297,308	3,591,450	286,111	3,579,479
Non-current				
Loans and financing (Note 14)	2,116,107	215,525	2,116,107	215,525
Trade accounts payable	14,976	-	14,976	-
Taxes in installments (Note 16)	91,051	101,520	93,710	105,896
Provision for contingencies (Note 22)	3,847	15	3,847	15
Provision for loss on investments (Note 19)	2,648	4,625	-	-
Other accounts payable (Note 18)	-	4,196	-	4,196
Total non-current liabilities	2,228,629	325,881	2,228,640	325,632
Equity (Note 20)				
Capital stock	298,809	298,809	298,809	298,809
Capital reserves	11,685	11,685	11,685	11,685
Accumulated losses	(1,288,017)	(2,818,534)	(1,288,017)	(2,818,534)
Total equity attributable to controlling shareholders	(977,523)	(2,508,040)	(977,523)	(2,508,040)
Minority interest	-	-	49	49
Total equity	(977,523)	(2,508,040)	(977,474)	(2,507,991)
Total liabilities and equity	1,548,414	1,409,291	1,537,277	1,397,120

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

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of operations
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais, except losses per share, stated in Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Net operating revenue (Note 23)	601,462	495,776	596,309	491,573
Cost of goods sold	(440,894)	(352,268)	(433,745)	(349,404)
Gross profit	160,568	143,508	162,564	142,169
Operating expenses				
Selling expenses	(12,428)	(11,204)	(12,428)	(11,204)
General and administrative expenses (Note 24)	(86,375)	(44,870)	(88,022)	(47,214)
Other operating revenues (expenses), net (Note 25)	(5,798)	(5,992)	(3,530)	(5,675)
	(100,769)	(62,066)	(100,148)	(64,093)
Operating income (loss) before equity in earnings (losses) of controlled companies and financial income (loss)	55,967	81,442	58,584	78,076
Equity in earnings (losses) of controlled companies (Note 11)	5,977	(2,989)	-	-
Financial income (loss) (Note 26)				
Financial expenses	(65,513)	(256,587)	(66,254)	(256,923)
Financial revenues	336,184	5,075	342,389	6,080
	270,671	(251,512)	276,135	(250,843)
Operating income (loss) before other revenues/expenses	332,615	(173,059)	334,719	(172,767)
Other revenues (Note 27)	1,074,183	-	1,074,183	-
Income (loss) before Income and Social Contribution taxes	1,406,798	(173,059)	1,408,902	(172,767)
Income and Social Contribution Taxes (Note 21)	123,719	45,203	121,615	44,911
Minority interest	-	-	-	-
Income (loss) for the year	1,530,517	(127,856)	1,530,517	(127,856)
Income (loss) for the year attributable to				
Controlling shareholders	1,530,517	(127,856)	1,530,517	(127,856)
Non-controlling shareholders	-	-	-	-
Basic and diluted earnings (losses) per share for the year (Note 20)				
Preferred shares	67.9840	(5.4211)	-	-
Common shares	61.8036	(5.4211)	-	-

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

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of comprehensive income (loss)
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Income (loss) for the year	1,530,517	(127,856)	1,530,517	(127,856)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss), net of taxes	1,530,517	(127,856)	1,530,517	(127,856)
Attributable to				
Controlling shareholders	1,530,517	(127,856)	1,530,517	(127,856)
Non-controlling shareholders	-	-	-	-

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

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of changes in equity
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais)

		Capital reserve				
	Capital stock	Goodwill on subscription of shares	Accumulated losses	Total	Non-controlling interest	Total
As at December 31, 2020	298,809	11,685	(2,690,678)	(2,380,184)	50	(2,380,134)
Loss for the year	-	-	(127,856)	(127,856)	(1)	(127,856)
As at December 31, 2021	298,809	11,685	(2,818,534)	(2,508,040)	49	(2,507,991)
Net income for the year	-	-	1,530,517	1,530,517	-	1,530,517
As at December 31, 2022	298,809	11,685	(1,288,017)	(977,523)	49	(977,474)

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

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of cash flows
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flows from operating activities				
Income (loss) before Income and Social Contribution Taxes	1,406,798	(173,059)	1,408,902	(172,767
Non-cash adjustments:				
Depreciation/amortization	21,526	20,538	22,886	21,460
Write-off of fixed assets	313	4,167	459	4,050
Equity in earnings (losses) of controlled companies	(5,977)	2,989	-	-
Debt forgiveness	(1,074,183)	-	(1,074,183)	-
Contingencies	4,098	(3,589)	4,098	(3,589)
Exchange rate gains from (losses on) loans abroad	(324,783)	205,419	(324,783)	205,419
Discount to present value	(359)	(326)	(359)	(326)
Fines and interest on assets	(9,555)	(4,027)	(9,696)	(4,029)
Fines and interest on liabilities	55,838	49,360	56,427	49,640
Allowance for doubtful accounts	220	207	220	207
Other asset/liability write-offs	-	-	(1,021)	-
Adjusted income	73,936	101,679	82,950	100,065
(Increase)/decrease in asset accounts				
Accounts receivable	(3,665)	(2,831)	(3,712)	(2,831)
Notes receivable	1,243	1,111	2,771	1,024
Recoverable taxes	(136,028)	(148,135)	(141,385)	(150,575)
Inventories	184	(17,760)	(2,729)	(19,836)
Advances to suppliers	3,647	(2,079)	(663)	(1,852)
Other receivables	(1,691)	(867)	(782)	191
Court deposits	(2,131)	2,821	(2,131)	2,265
Increase/(decrease) in liability accounts				
Trade accounts payable	(17,600)	13,251	(17,597)	7,112
Tax liabilities	164,767	117,263	165,873	117,304
Salaries and social charges	1,195	(296)	1,320	(115)
Paid interest on loans	(247)	(6)	(247)	(6)
Other liabilities	(11,638)	3,035	(11,286)	3,131
Net cash from operating activities	71,972	67,186	72,382	55,877
Cash flows from investing activities				
Acquisition of fixed assets	(31,190)	(34,635)	(33,133)	(36,430)
Disposal of fixed assets	-	-	-	1
Acquisition of intangible assets	(161)	(158)	(1,661)	(339)
Acquisition of investments	(8,983)	(11,399)	-	-
Net cash from investing activities	(40,334)	(46,192)	(34,794)	(36,768)
Cash flows from financing activities				
Advance for Future Increase in Capital (AFAC) – Related-party payments	(24,940)	(8,592)	-	-
Paid loans and financing	(7,802)	(11,520)	(7,802)	(11,520)
Net cash from financing activities	(32,742)	(20,112)	(7,802)	(11,520)
(Decrease) increase in cash and cash equivalents, net	(1,104)	882	29,786	7,589
Cash and cash equivalents at beginning of year	3,116	2,234	26,660	19,071
Cash and cash equivalents at end of year	2,012	3,116	56,446	26,660

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

CIMENTO TUPI S.A. - UNDER COURT-ORDERED REORGANIZATION

Statements of value added
As at December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenues				
Gross operating revenue	803,607	662,071	804,600	662,333
Sales returns	(1,835)	(992)	(1,835)	(992)
Allowance for doubtful accounts	(220)	(207)	(220)	(207)
Other operating revenues (expenses), net	1,074,172	(1,636)	1,074,733	(1,284)
	1,875,724	659,236	1,877,278	659,850
Inputs acquired from third parties				
Cost of goods sold	(351,095)	(298,665)	(338,097)	(291,736)
Materials, electricity, third-party services and others	(181,675)	(127,510)	(181,123)	(129,560)
Gross value added	1,342,954	233,061	1,358,058	238,554
Withholdings				
Depreciation and amortization	(21,526)	(20,538)	(22,886)	(21,460)
Net value added generated	1,321,428	212,523	1,335,172	217,094
Value added received through transfer				
Equity in earnings (losses) of controlled companies	5,977	(2,989)	-	-
Financial revenues	336,184	5,075	342,389	6,080
Deferred Income and Social Contribution Taxes	127,502	61,919	127,502	61,919
Total value added to be distributed	1,791,091	276,528	1,805,063	285,093
Controlling shareholders	1,791,091	276,528	1,805,063	285,093
Non-controlling shareholders	-	-	-	-
Value added distribution				
Personnel and charges	71,418	56,736	75,629	59,508
Taxes, fees and contributions	119,771	87,514	128,763	92,827
Interest and rent	69,385	260,134	70,154	260,614
Net income (loss) for the year	1,530,517	(127,856)	1,530,517	(127,856)
Value added distributed	1,791,091	276,528	1,805,063	285,093

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

1. Operations

Cimento Tupi S.A. – Under Court-Ordered Reorganization ("Cimento Tupi" or "Company"), headquartered at Av. das Américas, 500, Rooms 205 and 206, Barra da Tijuca, Rio de Janeiro, is engaged in manufacturing cement and mortars of all types in its manufacturing plants located in Volta Redonda (RJ), Pedra do Sino (MG) and Mogi das Cruzes (SP), digging in reserves to obtain minerals, using cement byproducts, rendering concreting services and holding interest in other companies.

After the marked economic slowdown in the country, which had a significant impact on the cement sector between 2014 and 2019, the average price of cement increased in 2020 and remained unchanged throughout 2021 and 2022.

According to preliminary results for 2022 by the Brazilian Cement Industry Union (SNIC), cement sales decreased by 2.8% compared to 2021. The accelerated increase in production costs in the cement industry, which has maintained a high readjustment percentage since 2020, combined with the increase in inflation and interest rates. Despite the improvement in the unemployment rate, the high level of household debt and the rising interest rate compromised the cement industry's performance.

As for its indebtedness, considering that a large part of its debt is in foreign currency, the Company is exposed to exchange rate volatility.

Management considers the assumption of the Company's capacity to continue as a going concern, based on operational and financial projections contained in an economic feasibility report prepared by a specialized company that was attached to the Company's Court-Ordered Reorganization Plan, which indicate that the Company will generate sufficient funds to continue operating and meeting its obligations for the foreseeable future. These projections (Statements of financial position, operations and cash flows) are based on Cimento Tupi's historical results and price and volume trends for the coming years, an analysis of the sector, and current market indicators, as well as the costs involved in operations, investments and payment of financial liabilities under the conditions provided for in the approved Court-Ordered Reorganization Plan.

1.1. Court-Ordered Reorganization Plan

On January 21, 2021, the Company filed its request for court-ordered reorganization with the 3rd Business Court of the District of Rio de Janeiro, which was approved on January 22, 2021. On March 26, 2021, it filed its Court-Ordered Reorganization Plan, which describes the means to be used for the reorganization (restructuring of indebtedness through payment proposals to creditors subjected to the court-ordered reorganization, disposal of assets, increase and maintenance of activities, and other means detailed in the Plan), containing an economic feasibility study, a breakdown of the Company's financial and economic position, and valuation reports on its assets.

On October 14, 2021, the Court-ordered Reorganization Plan presented by the Company was approved by the majority of creditors in the General Creditors' Meeting then held, and on February 04, 2022, it was ratified by the judge. The Company was notified of the approval on February 22, 2022, and the decision was published on March 15, 2022. The Company has been making payments to creditors, as established in the Plan.

The full text of the Court-Ordered Reorganization Plan approved in the General Creditors' Meeting is available on the Company's website: http://www.cimentotupi.com.br/cimentotupi/Portugues/detRecuperacaoJudicial.php

The payments made by the Company from when the Court-Ordered Reorganization Plan was approved until December 31, 2022, by class of creditors, in accordance with the terms of the Plan, as follows:

Creditors	Class	Relation - Article 7, Paragraph 2 LRE	Amounts paid
Labor	I	869	1,048
Unsecured	III	3,204,608	22,280
Trade accounts payable		40,803	15,604
Other creditors		3,163,805	6,676
ME-EPP	IV	5,631	5,148

Of the 490 creditors listed in class 1 (R$ 869 thousand), only two will remain, which will be paid off in February 2023.

Of a total of 374 suppliers - classes 3 and 4 - with approximately R$ 46 million (considering credit assignments that occurred throughout the process), by February 2023 all will be settled, leaving only one outstanding supplier, which will be paid by October 2025 (R$ 21.9 million).

On February 11, 2021, the Company filed a request with the New York Court for recognition of its court-ordered reorganization, in progress in Brazil, as the main proceeding in the Company's restructuring process, based on Chapter 15 of the United States Bankruptcy Code. With the New York Court's recognition of the court-ordered reorganization, the lawsuit filed in the same jurisdiction by certain holders of notes against the Company will be suspended until the Company's Court-Ordered Reorganization Plan, approved by the Brazilian Court, is recognized and accepted by the New York Court, as mentioned above, making its conditions mandatory and binding for all note holders, ending the lawsuit in progress in that country. The hearing related to this procedure, initially scheduled for the month of August, was postponed more than once, due to the Interlocutory Appeal filed by certain foreign Funds that are holders of Notes against the approval of the Court-Ordered Reorganization Plan. Considering that the interlocutory appeal has not yet been judged, the hearing was postponed to March 2023.

On October 14, 2022, the Company received correspondence sent by Megeve Capital LLC, assignee of the first-priority claim originally held by Banco de Desenvolvimento de Minas Gerais (BDMG), through which it informed that it considered the Company's debt to said creditor to be overdue in advance, based exclusively on the Company's request for Court-Ordered Reorganization. The Company promptly responded to the creditor regarding the unfounded allegation, since the request for Court-Ordered Reorganization took place in January 2021, long before Megeve acquired the credit in question, and BDMG had never used such an event to try to collect the debt in advance, in addition to the fact that the Company has been regularly and punctually complying with the contract's obligations, including the payment of monthly installments since November 2021, without any remark or opposition from Megeve.

2. Presentation of individual and consolidated financial statements and significant accounting practices

The individual and consolidated financial statements have been prepared assuming that the Company will continue as a going concern and has been approved by the Board of Directors on March 16, 2023.

The Company's individual and consolidated financial statements were and are presented in accordance with the Brazilian accounting practices and with the pronouncements issued by the Committee of Accounting Pronouncements (CPC), in conformity with the international accounting standards issued by the International Accounting Standards Board (IASB).

The individual and consolidated financial statements include comparative information regarding the previous year.

The individual and consolidated financial statements were prepared based on the historical cost, except for certain financial instruments measured at fair value through profit or loss.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The individual and consolidated financial statements are presented in thousands of Brazilian Reais (R$ thousand), which is the Company's functional and reporting currency.

The individual and consolidated financial statements have been prepared in accordance with various valuation bases used for accounting estimates. The accounting estimates involved in the preparation of the individual and consolidated financial statements were based on objective and subjective factors and Management's judgment to determine the proper fair value to be recorded in the financial statements. Relevant items subject to estimates include: Allowance for doubtful accounts, provision for obsolescence of inventories, determination of useful life of fixed asset items, deferred Income and Social Contribution Taxes, provision for contingencies, and measurement of fair value of financial instruments. Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the individual and consolidated financial statements, due to the inherent inaccuracy of the estimates. The Company reviews these estimates and assumptions at least once a year.

The significant accounting practices applied in the preparation of these individual and consolidated financial statements are set forth below. These policies have been consistently applied to every reported year, unless otherwise stated.

(a) Basis of consolidation

(i) Controlled companies

The Company controls an entity when it is exposed to, or is entitled to, variable returns from its involvement with the entity and it is able to affect these returns by exerting its control over the entity.

The controlled companies' financial statements are included in the consolidated financial statements as of the date the control starts until the control no longer exists.

The controlled companies' financial statements are recognized using the equity method in the Parent Company's individual financial statements.

(ii) Loss of control

When the entity losses control over a controlled company, it derecognizes the assets and liabilities and any non-controlling interest and other components recorded in equity related to this controlled company. Any gains or losses arising from the loss of control are recognized in the statement of operations. If the Company holds any interest on the former controlled company, it is measured at its fair value on the date the control was lost.

(iii) Transactions eliminated in consolidation

Related-party transactions and balances, or any unrealized revenues or expenses arising from transactions with the Company and controlled companies are eliminated. Unrealized gains from transactions with investees accounted for on an equity basis are eliminated against the investment proportionally to the Company's interest on the investees. Unrealized losses are eliminated in the same way, but only when the transaction shows no evidence of impairment loss.

(b) Foreign currency

(i) Foreign-currency transactions

Foreign-currency transactions are translated into the respective functional currencies of the entities of Company at the exchange rates in effect on the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currencies are retranslated into the functional currency at the exchange rate calculated as at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are retranslated to the functional currency at the exchange rate on the date fair value was calculated. Non-monetary items stated at historical cost in foreign currency are translated using the exchange rate prevailing on transaction date. Foreign currency differences arising from the translation are usually recognized in income (loss).

(ii) Foreign transactions

Assets and liabilities from foreign transactions, including goodwill and fair value adjustments arising from the acquisition, are translated into Brazilian Reais at the exchange rates as at the reporting date. Revenues and expenses from foreign transactions are translated into Brazilian Reais at the exchange rates as at transactions dates.

The differences in foreign currency arising from the translation to the reporting currency are recognized in other comprehensive income (loss) and accumulated under asset and liability valuation adjustments in equity. If the controlled company is not wholly-owned, the corresponding portion of the translation difference is attributed to the non-controlling shareholders.

(c) Financial instruments – Initial recognition and subsequent measurement

Financial instruments are initially recorded at their fair value, plus, in the case of financial assets or liabilities other than at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities. They are subsequently measured as at each reporting date according to the classification of financial instruments in the following categories: (i) at amortized cost, (ii) at fair value through profit or loss and (iii) at fair value through other comprehensive income (loss).

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability. The legal right must not depend on future events and must be applicable in the regular course of business and in case of default, insolvency or bankruptcy of the Company or counterparty.

The Company's financial assets include cash and cash equivalents, marketable securities, accounts receivable and related-party receivables.

(d) Operating revenue

(i) Sale of goods

The operating revenue is recognized when (i) the most significant risks and benefits inherent to ownership of assets are transferred to the buyer, (ii) financial economic benefits are probable to flow to the Company, (iii) the associated costs and possible return of goods may be reliably estimated, (iv) there is no continuous involvement with the sold assets, and (v) the revenue value can be reliably measured. Revenue is measured net of returns, business discounts and bonuses.

(e) Financial revenues and expenses

The Company's revenues and expenses comprise:

- Interest revenue;
- Interest expenses;
- Revenue from dividends;
- Net gains from/losses on financial assets measured at fair value through profit or loss;
- Net exchange rate gains/losses on financial assets and liabilities;
- Net gains/losses on hedging instruments which are recognized in income (loss);

Interest expenses and revenues are recognized in income (loss) under the effective interest rate method.

Dividend revenue is recognized in the statement of operations on the date the Company's right to receive payment is established.

The Company classifies dividends and interest on equity capital received as cash flows from investing activities.

(f) Income and Social Contribution taxes

Current and deferred Income and Social Contribution Taxes are calculated at the following rates: 15% plus a 10% surtax on any taxable income in excess of R$ 240 thousand, in the case of Income Tax; and 9% on taxable income, in the case of Social Contribution Tax, considering Income and Social Contribution tax loss carryforwards, up to 30% of taxable income.

Income and Social Contribution tax expenses include current and deferred income taxes. Current and deferred taxes are recognized in income (loss) unless they are related to a business combination or to items directly recognized in equity or in other comprehensive income (loss).

(i) Expenses on current Income and Social Contribution taxes

Current tax expenses are the estimated tax payable or receivable calculated on taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as tax assets or liabilities at the estimate of the expected amount of taxes to be paid or received that best reflects uncertainties related to its calculation, if any. It is measured based on tax rates established as at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred income and social contribution tax expenses

Deferred tax assets and liabilities are recognized for temporary differences between the book values of assets and liabilities for financial statement purposes and the amounts used for income tax purposes.

Changes in deferred tax assets and liabilities in the year are recognized as deferred Income and Social Contribution tax expenses. Deferred taxes are not recognized for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction which is not a business combination and that does not affect taxable income or loss nor accounting result;
- Taxable temporary differences arising from initial recognition of goodwill.

A deferred tax asset is recognized according to non-utilized deductible tax losses and temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed as at each reporting date and reduced to the extent that it is no longer probable that they will be realized.

Deferred tax assets and liabilities are measured at the rates which are expected to be applied to temporary differences when they reverse, at the established rates as at the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Accounts receivable

Accounts receivable are stated at their nominal and realization amounts, and foreign trade accounts receivable (if any) are adjusted according to the exchange rates in force as at the date of the financial statements. When applicable, an allowance is recognized in an amount considered sufficient by Management for allowance for doubtful accounts based on an individual analysis of amounts receivable, considering: (i) the concept of incurred loss and expected loss, taking into account events of default that are likely to occur within twelve months after the date of disclosure of these financial statements, (ii) financial instruments that have significantly increased credit risk, but do not present objective evidence of impairment, and; (iii) financial assets that have already presented objective evidence of impairment as at December 31, 2021.

The allowance for doubtful accounts were recognized in an amount considered necessary and sufficient by Management to cover probable losses on the realization of these credits, which may be changed due to the recovery of credits from debtors or changes in the financial situation of clients.

The discount to present value of trade accounts receivable is not relevant due to its short-term realization.

(h) Impairment of financial assets

The Company and its controlled companies evaluate at least once a year if there is objective evidence that the financial asset or group of financial assets is not recoverable.

A financial asset or a group of financial assets is considered not to be recoverable if, and only if, there is objective evidence of impairment as the result of one or more events that happened after the asset's initial recognition ("impairment event"), impacting its future cash flows that can be reasonably estimated.

Financial liabilities, which are initially recognized at fair value, include trade accounts payable, loans and financing and related-party payables.

(i) Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined by using the average acquisition cost, not exceeding market value. Provisions for slow-moving or obsolete inventories are recognized when considered necessary by the Company's Management.

(j) Investments in controlled companies

A controlled company is an entity over which the Company exercises significant influence.

Based on the equity method, investment in controlled companies is accounted for in the statement of financial position at cost, plus changes after the acquisition of ownership interest in the controlled company.

Ownership interest held in the controlled company is stated in the statement of operations as equity in earnings (losses), representing the net income attributable to the shareholders of the controlled company.

When a change is directly recognized in equity of the controlled company, the Company recognizes its portion of the changes, and discloses this event, if applicable, in the statement of changes in equity. In the consolidated financial statements, unrealized gains and losses arising from transactions between the Company and its controlled company are eliminated according to the ownership interest held in such controlled company.

The financial statements of the controlled company are prepared for the same period of disclosure as the Company. Adjustments are made, if necessary, to align the accounting practices with those adopted by the Company.

After applying the equity method, the Company determines if additional impairment of its investments in controlled companies needs to be recognized. The Company determines, as at each closing date, whether there is objective evidence that such investments in a controlled company were impaired. If so, the Company calculates the impairment loss as the difference between the recoverable value of the controlled company and its book value, and also recognizes the amount in the statement of operations.

The controlled companies' assets and liabilities abroad are translated into Brazilian Reais at the exchange rate of the reporting date, and the related statements of operations are translated at the average monthly exchange rate. Exchange differences resulting from such translation are individually accounted for in equity.

(k) Fixed assets

(i) Recognition and measurement

Fixed asset items are measured at historical acquisition or construction cost, including costs of capitalized loan, less accumulated depreciation and impairment.

Any gains and losses on the disposal of a fixed asset item are recognized in income (loss).

(ii) Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with them will be obtained by the Company.

(iii) Depreciation

Depreciation is calculated to amortize the cost of fixed asset items, net of its estimated residual values, using the straight-line method based on estimated useful life of the items. Depreciation is recognized in income (loss). Leased assets are depreciated at the lower period between the estimated useful lives of the assets and the contract term, unless it is more likely than not that the Company will obtain the item by the end of the lease term. Plots of land are not depreciated.

The estimated useful lives of fixed assets are as follows:

	Years	Rate
Buildings	50	2%
Industrial machinery, equipment and facilities	30	3.33%
Furniture and fixtures	10	10%
Vehicles	5	20%
Railway wagons	30	3.33%
Others	5 to 25	4% to 20%

The depreciation methods, useful lives and residual values are reviewed as at each reporting date and adjusted if necessary.

(i) Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill is measured at cost, less accumulated impairment losses.

Other intangible assets

Other intangible assets acquired by the Company and with finite useful lives are measured at cost, less accumulated amortization and any losses accumulated by impairment.

Amortization

Amortization is calculated using the straight-line method based on the estimated useful life of the items, net of their estimated residual values. The amortization is usually recognized in income (loss). Goodwill is not amortized.

(m) Impairment loss

(i) Non-derivative financial assets

Financial assets not classified as measured at fair value through profit or loss, including investments accounted for using the equity method, are tested on the reporting date to determine if there is objective evidence of impairment.

Objective evidence of impairment includes:

- Late payment or default of the debtor;
- Restructuring of an amount owed to the Company in circumstances that would not be accepted under normal conditions;
- Indication that debtors or issuers will go bankrupt/request court-ordered reorganization;
- Negative changes in the situation of payments from debtors or issuers;
- The disappearance of an active market for the instrument due to financial difficulties; or
- Observable data indicating reduction in projected cash flows of a group of financial assets.

Financial assets measured at amortized cost

Impairment loss is calculated as the difference between the book value and the present value of estimated future cash flows discounted at the original effective interest rate of the asset. Losses are recognized in the statement of operations and in a provision account. When the Company considers that there is no reasonable expectation of recovery, the amounts are written off. When a subsequent event indicates a reduction in impairment, the provision is reverted through income (loss).

Investments accounted for using the equity method

Impairment losses related to investees accounted for using the equity method are measured by comparing the recoverable value of the investment and its book value. They are recognized in income (loss) and reversed if there is a favorable change in the estimates used to determine the recoverable value.

(ii) Non-financial assets

The recoverable value of an asset or CGU is the higher between value in use and fair value less selling costs. The value in use is based on estimated future cash flows, discounted to present value at a discount rate before taxes that reflects current market valuations of the time value of money and of the specific risks of the asset or CGU.

An impairment loss is recognized if the book value of the asset or CGU exceeds its recoverable value.

A goodwill-related impairment loss is not reversed. As for other assets, impairment losses are reversed only if the asset's new book value does not exceed the book value that would have been determined, net of depreciation or amortization, if the impairment loss had not been recognized.

(n) Trade accounts payable

Trade accounts payable are obligations payable for assets or services acquired in the ordinary course of business. They are classified as current liabilities if payment is due in a period of up to one year.

Otherwise, they are stated as non-current liabilities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the corresponding billed amount.

(o) Loans and financing

With the filing of its request for the Company's Court-Ordered Reorganization in January 2021, the loans and financing subject to court-ordered reorganization no longer incur interest until the approval of the PRJ, which occurred in February 2022. As of the publication in the Federal Register of the approval decision that took place in March 2022, the interest and other financial conditions became those provided for in the PRJ.

Other first-priority claims related to loans and financing remain at effective interest rates incurred up to the reporting dates, in accordance with the financial agreement terms, less transaction costs incurred in raising of funds.

Costs of loans directly related to the acquisition, construction or manufacturing of an asset, that necessarily requires a significant time to be finished for use purposes, are capitalized as part of the cost of the asset. Loan costs include interest and other costs incurred by an entity related to the loan.

(p) Accounts receivable from and/or payable to related parties

These are stated at realization and present values. Management does not have the policy of recognizing an allowance for doubtful accounts for transactions with related parties.

(q) Provisions

Provisions are recognized when the Company and its controlled companies have an actual obligation (legal or informal) as a result of past events, funds are likely to be necessary to settle this obligation and a reliable estimate of its amount can be made.

When the Company and its controlled companies expect the amount of a provision to be reimbursed, fully or partially, by means of an insurance contract, for example, this reimbursement is recognized as a separate asset, but only when its realization is considered virtually certain.
The Company and its controlled companies are party to legal and administrative proceedings.

Provisions are recognized for contingencies related to legal lawsuits to which funds are likely to be necessary to settle the contingency/obligation and a reasonable estimate may be done. The evaluation of the likelihood of loss considers the evidence available, the hierarchy of laws, available case law, the most recent court decisions and their significance in the legal system, as well as the opinion of external legal counselors. Provisions are reviewed and adjusted to take into account changes in circumstances in which the Company and its controlled companies are included.

(r) Capital stock

(i) Common shares

Additional costs directly attributable to the issue of shares and share options are recognized as deduction from equity. Tax effects related to the costs of these transactions are accounted for under CPC 32/IAS 12.

(ii) Preferred shares

Non-redeemable preferred shares are classified in equity, as the payment of dividends is discretionary, and they do not generate any obligation to deliver cash or other financial assets of the Company and do not require settlement in a variable number of equity instruments. Discretionary dividends are recognized as distributions in equity on the date of their approval by the Company's shareholders.

(iii) Repurchase and reissue of shares (treasury shares)

When shares recognized in equity are repurchased, the value of the paid compensation, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares, being then presented as a deduction from equity. When treasury shares are sold or subsequently reissued, the amount received is recognized as an increase in equity, and the gains or losses resulting from transactions are stated as capital reserve.

s) Statements of cash flows and value added

The statements of cash flows were prepared and are presented according to the Accounting Pronouncement CPC 03 (R2) - Statement of Cash Flows, issued by the Committee of Accounting Pronouncements (CPC). The Statements of value added were prepared and are presented according to Technical Pronouncement CPC 09 – Statement of Value Added, also issued by CPC.

3. Significant judgments, estimates and assumptions

Judgments

The preparation of the Company's individual and consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, as at the base date of the financial statements.

However, the uncertainty related to these assumptions and estimates may lead to results requiring significant adjustments to the book value of the affected asset or liability in future periods.

Estimates and assumptions

The main assumptions related to uncertainties on future estimates and other significant sources of uncertainties as at reporting date, involving a material risk of resulting in a significant adjustment to the book value of assets and liabilities in the following year are discussed below.

a) Fair value of financial instruments

When the fair value of financial assets and liabilities presented in the statement of financial position cannot be obtained from active markets, valuation techniques are used, including the discounted cash flow method. The data for these methods are based on those practiced in the market, whenever possible. However, when this is not feasible, a certain level of judgment is required to establish fair value. Judgment includes considering the data used, e.g., liquidity risk, credit risk, and volatility. Changes in assumptions about these factors may affect the fair value of financial instruments.

b) Provisions for tax, civil and labor risks

The Company recognizes provisions for civil and labor claims. The evaluation of the likelihood of loss considers the evidence available, the hierarchy of laws, available case law, the most recent court decisions and their significance in the legal system, as well as the opinion of external legal counselors.

The provisions are reviewed and adjusted to take into consideration change in circumstances, such as applicable statutes of limitations, conclusions from tax inspections or additional exposures identified based on new matters or court decisions.

c) Impairment test

Management reviews the net book value of the Company's assets annually with the purpose of identifying events or changes in economic, operating or technological circumstances that may indicate impairment or loss of their recoverable amount. When this evidence is identified, the recoverable value of the asset is calculated and if the net book value exceeds recoverable value an impairment charge is recognized writing the net book value down to recoverable value, when applicable.

The recoverable value of an asset or cash-generating unit is defined as the higher of its net sales price and value in use.

Assumptions used to determine asset values are based on the assessment or indication that assets recorded at book value exceed its recoverable value. These indications take into account the obsolescence of assets, the significant and unexpected reduction of its market value, changes in the macroeconomic environment in which the Company operates, and fluctuations in interest rates that may impact the future cash flows of cash generating units.

The Company's main assets that have their recoverable values tested annually at the end of each year are intangible assets with indefinite useful lives.

4. New standards and interpretations

During 2022, CPC issued the revision of the following standards, already effective for 2022:

Standard or interpretation	Description
Amendment to IAS 16/CPC 27 - Property, Plant and Equipment	The amendment prohibits an entity from deducting from the cost of fixed assets amounts received from the sale of items produced while the assets are being prepared for their intended use. Such related revenues and costs must be recognized in income (loss) for the year.
Amendment to IAS 37/CPC 25 - Provisions, Contingent Liabilities and Contingent Assets	This amendment elucidates that incremental costs of fulfillment and the allocation of other directly related costs are to be considered for evaluating whether a contract is onerous.
Amendments to IFRS 3/CPC 15 - Business Combinations	It replaces the references to the former version of the conceptual framework with the most recent one, issued in 2018.
IFRS 9/CPC 48 - Financial Instruments	It elucidates which rates must be included in the 10% test for analysis of write-off of financial liabilities.
IFRS 16/CPC 06 - Leases	Amendment to example 13 in order to exclude the example of lessor payments related to improvements to the leased property.
IFRS 1/CPC 37 First-time Adoption of International Financial Reporting Standards	It simplifies the application of said standard by a controlled company adopting IFRS standards for the first time after its parent company, in relation to the measurement of cumulative translation adjustments.
IAS 41/CPC 29 - Biological assets	Removal of the requirement to exclude cash flow estimates from taxation (IRPJ and CSLL) when measuring the fair value of biological assets and agricultural products, therefore aligning fair value measurement requirements set forth in IAS 41 with those of other IFRS standards.

The adoption of these new and revised standards and interpretations did not result in impacts on the Company's equity, financial position and income (loss) nor on the disclosures in these financial statements.

a) New and revised standards and interpretations already issued and not yet applicable

On the date of authorization of these financial statements, the Company did not adopt the new and revised standards and interpretations issued, but not yet applicable, as follows:

Standard or interpretation	Description	Effective for annual periods beginning on or after
CPC 50/IFRS 17	Insurance Contracts	01/01/2023
Amendments to CPC 26/IAS 1	Classification of Liabilities as Current or Non-current	01/01/2023
Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2 – Making Material Judgments	Disclosure of Accounting Policies	01/01/2023
Amendments to CPC 23/IAS 8	Definition of Accounting Estimates	01/01/2023
Amendments to CPC 36 (R3)/IFRS 10 and to CPC 18 (R2)/IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IAS 12/CPC 32	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023

The Company's Board of Directors is evaluating the relevant impacts on the financial statements as a result of the adoption of these new and revised standards and interpretations issued and not yet applicable.

5. Consolidation

The financial statements include the statements of Cimento Tupi S.A. - Under Court-Ordered Reorganization and of the controlled companies listed below, in which the Company holds more than 20% of ownership interest.

	Ownership interest %			
	Capital stock		Voting capital	
	2022	2021	2022	2021
Touro Empreendimentos Imobiliários e Participações Ltda.	99.99	99.99	99.99	99.99
Tupi do Nordeste Ltda.	99.99	99.99	99.99	99.99
Cimento Tupi Overseas Inc.	100.00	100.00	100.00	100.00
CP Cimento Overseas Co.	100.00	100.00	100.00	100.00
Tupi Rio Transportes S.A.	100.00	100.00	100.00	100.00
Tupimec - Indústria Mecânica Ltda.	99.99	99.99	99.99	99.99
Mape Incorporação e Empreendimentos Ltda.	99.99	99.99	99.99	99.99
Tupi Mineradora de Calcário Ltda.	99.90	99.90	99.90	99.90
Britas Arujá Ltda.	99.99	99.99	99.99	99.99

The process of consolidation of accounts recorded in the statements of financial position and operations corresponds to the sum of assets, liabilities, revenues and expenses according to their nature, plus the following eliminations:

- Ownership interest, reserves and retained earnings/ accumulated losses;
- Balances of intercompany accounts and other asset and/or liability accounts held by the companies whose statements of financial position were included in consolidation;
- Balances of intercompany revenues and expenses;
- Effects of material intercompany transactions.

The financial information of the consolidated controlled companies was prepared for the same period as the Parent Company's. Accounting practices were consistently applied by all consolidated companies.

6. Cash and cash equivalents

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash and banks	1,274	3,116	1,303	2,589
Bank Certificates of Deposit (CDB)	738	-	45,204	24,071
Real Estate Receivables Certificates (CRI)	-	-	9,939	-
	2,012	3,116	56,446	26,660

CDBs refer to investments whose yields approximate the variation of the Interbank Deposit Rate (CDI).

The highest yield of financial investments listed above is 96% of CDI.

7. Accounts receivable

	Parent company		Consolidated	
	2022	2021	2022	2021
Notes receivable	31,682	32,555	31,728	32,555
Allowance for doubtful accounts	(6,073)	(10,392)	(6,073)	(10,392)
	25,609	22,163	25,655	22,163

Changes in the allowance for doubtful accounts during the years ended December 31, 2022 and 2021, are as follows:

Balances as at December 31, 2021	(10,392)
(+) Addition to the allowance for doubtful accounts	(220)
(-) Write-off for loss	4,539
Balances as at December 31, 2022	(6,073)
Balances as at December 31, 2020	(10,185)
(+) Addition to the allowance for doubtful accounts	(207)
(-) Write-off for loss	-
Balances as at December 31, 2021	(10,392)

The Company recognizes this allowance based on the history of expected losses monitored by Management, at an amount deemed sufficient to cover probable losses on realization of accounts receivable.

The balance of consolidated accounts receivable per maturity is as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Falling due	17,862	10,479	17,908	10,479
Up to 90 days overdue	1,590	542	1,590	542
Between 91 and 180 days overdue	84	750	84	750
More than 180 days overdue	6,073	10,392	6,073	10,392
	25,609	22,163	25,655	22,163

8. Inventories

	Parent company		Consolidated	
	2022	2021	2022	2021
Finished goods	5,249	3,072	6,145	3,871
Work in process	3,651	5,247	3,651	5,247
Raw material - Slag	14,667	13,561	14,667	13,561
Raw material - Coke	4,426	5,806	4,426	5,806
Other raw materials	14,664	11,596	14,665	11,597
Materials for maintenance and consumption	28,619	31,140	28,632	31,145
Inventory in transit	(804)	234	(804)	234
Land for sale (i)	-	-	37,037	34,229
	70,472	70,656	108,419	105,690

(i) This refers to inventories of plots of land belonging to the controlled companies Mape Incorporação e Empreendimentos Ltda. and Touro Empreendimentos Imobiliários e Participações Ltda.

9. Recoverable taxes

	Parent company		Consolidated	
	2022	2021	2022	2021
Current assets				
State VAT (ICMS)	1,072	6,094	1,074	6,108
Income Tax/Social Contribution Tax	506	-	891	57
Taxes on Sales (PIS/COFINS)	43,140	28,283	43,144	28,323
Federal VAT (IPI)	529	458	529	458
Others	-	333	-	333
	45,247	35,168	45,638	35,279
Non-current assets				
State VAT (ICMS)	1,019	5,315	1,019	5,315
Taxes on Sales (PIS/COFINS)	90,070	123,687	90,070	123,687
	91,089	129,002	91,089	129,002

In October 2020, the Company recognized the individual and consolidated balances of PIS and COFINS credits, amounting to R$ 32,512 thousand and R$ 142,856 thousand, respectively, subject to offset. These amounts, totaling R$ 175,368, result from a final and unappealable court decision issued on 09/30/2019, which removed ICMS from the calculation basis of PIS and COFINS and authorized the administrative offset of amounts paid in the five years prior to the decision, to be requested to and approved by the Brazilian Federal Revenue Service. On 02/19/2021, the Federal Revenue Service started the process of determining the total amount of this credit, which ended in March/2022, allowing the Company to offset such amount.

10. Notes receivable

	Parent company		Consolidated	
	2022	2021	2022	2021
Seival Sul Mineração S.A. (i)	-	1,237	-	1,237
Ano Bom Incorp. e empreendimentos S.A. (ii)	-	-	3,127	2,882
Agemar Empreendimentos e Participações Ltda. (iii)	4,440	4,440	4,440	4,440
Discount to present value	(395)	(755)	(395)	(755)
Others	-	-	-	753
	4,045	4,922	7,172	8,557
Current assets	-	-	3,127	3,635
Non-current assets	4,045	4,922	4,045	4,922

(i) It refers to the balance receivable from the sale of shares of Companhia Nacional de Mineração Candiota;
(ii) It refers to the balance receivable from the sale of a property in Barra Mansa, state of Rio de Janeiro, by the controlled company Mape;
(iii) It refers to the balance receivable from the sale of the controlled company Suape Granéis do Nordeste Ltda.

11. Investments in controlled companies

a) Statements of main controlled companies

	2022					2021				
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.
Ownership interest - %	99.99	99.99	99.90	99.99	100.00	99.99	99.99	99.90	99.99	100.00
Equity	48,208	(64)	49,768	2,324	(2,584)	38,942	24	48,190	2,332	(4,616)
Income (loss) for the year	2,859	(88)	(518)	(488)	2,041	(843)	(52)	(570)	(411)	(1,540)

b) Changes in investments

	2022								2021
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.	Touro Empreendimentos Imobiliários e Participações Ltda.	Others	Total	Total
Balance at beginning of year	38,939	23	48,141	2,332	-	16,747	261	106,443	96,493
Capital contributions	6,406	-	2,096	481	-	-	-	8,983	11,399
Equity in earnings (losses) of controlled companies	2,859	(88)	(518)	(488)	2,041	2,171	-	5,977	(2,989)
Reclassification as liability	-	65	-	-	(2,041)	-	-	(1,976)	1,540
Balance at end of year	48,204	-	49,719	2,325	-	18,918	261	119,427	106,443

	2021								2020
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.	Touro Empreendimentos Imobiliários e Participações Ltda.	Others	Total	Total
Balance at beginning of year	35,658	75	45,856	2,323	-	12,320	261	96,493	84,788
Capital contributions	4,124	-	2,855	420	-	4,000	-	11,399	11,934
Equity in earnings (losses) of controlled companies	(843)	(52)	(570)	(411)	(1,540)	427	-	(2,989)	(2,511)
Reclassification as liability	-	-	-	-	1,540	-	-	1,540	2,282
Balance at end of year	38,939	23	48,141	2,332	-	16,747	261	106,443	96,493

Mape Incorporação e Empreendimentos Ltda.

Mape is mainly engaged in developing, administrating, purchasing and selling properties and own properties.

Tupimec Indústria Mecânica Ltda.

Tupimec is mainly engaged in manufacturing and installing industrial machinery and equipment and repair and maintenance services for railway equipment.

Tupi Mineradora de Calcário Ltda.

Tupi Mineradora is mainly engaged in exploring and using mineral reserves, as well as in exploring agriculture, livestock, afforestation and reforestation, with the sale of products from these activities.

Tupi do Nordeste Ltda.

Tupi do Nordeste is mainly engaged in exploring agriculture, livestock, afforestation and reforestation, with the sale of products from these activities.

Britas Arujá Ltda.

Britas Arujá is an entity in pre-operating stage that is mainly engaged in exploring, using, researching and mining mineral reserves, including granite grit found in Brazilian territory, and trading products deriving from such activities.

Touro Empreendimentos Imobiliários e Participações Ltda.

Touro Empreendimentos Imobiliários e Participações is mainly engaged in developing, administrating, purchasing and selling own properties.

Tupi Rio Transportes S/A

Tupi Rio is mainly engaged in road transport at the municipal, state and interstate levels, using its own fleet and/or a third party's for freight in general and for transporting bagged and bulk cargo, liquid, gaseous and special cargo, or cargo stored in containers, as well as hazardous products.

12. Fixed assets

	Parent company				
	2022			2021	
Accounts	Cost	Accumulated depreciation/ depletion	Net amount	Net amount	Annual depreciation rates
Plots of land	29,425	-	29,425	29,330	
Buildings	108,854	(32,127)	76,727	78,914	2%
Industrial machinery, equipment and facilities	696,003	(311,550)	384,453	384,970	3.33%
Furniture and fixtures	3,515	(3,000)	515	470	10%
Vehicles	7,675	(5,356)	2,319	2,397	20%
Railway wagons	21,021	(4,163)	16,858	14,209	3.33%
Leasehold improvements	902	(879)	23	-	(*)
Machinery and equipment to be installed	2,714	(724)	1,990	2,081	3.33%
Construction in progress	32,319	-	32,319	27,020	
Advances to suppliers	2,450	-	2,450		
Limestone mines	23,136	(4,013)	19,123	19,580	(**)
Others	6,578	(5,376)	1,202	312	4% to 20%
	934,592	(367,188)	567,404	559,283	

	Consolidated				
	2022			2021	
Accounts	Cost	Accumulated depreciation/ depletion	Net amount	Net amount	Annual depreciation rates
Plots of land	53,897	-	53,897	53,688	
Buildings	108,884	(32,149)	76,735	78,922	2%
Industrial machinery, equipment and facilities	697,313	(312,402)	384,911	385,523	3.33%
Furniture and fixtures	3,530	(3,009)	521	471	10%
Vehicles	14,859	(10,171)	4,688	4,414	20%
Railway wagons	21,021	(4,163)	16,858	14,209	3.33%
Leasehold improvements	902	(879)	23	-	(*)
Machinery and equipment to be installed	2,714	(724)	1,990	2,081	3.33%
Construction in progress	32,431	-	32,431	27,020	
Advances to suppliers	2,910	-	2,910	510	
Limestone mines	23,136	(4,013)	19,123	19,580	(**)
Others	6,775	(5,388)	1,387	495	4% to 20%
	968,372	(372,898)	595,474	586,913	

(*) Depreciation according to the terms of lease agreements;
(**) Limestone mines are amortized according to the period of depletion in proportion to the extracted ore.

As at December 31, 2022, the amount of R$ 20,788 (R$ 20,015 as at December 31, 2021), referring to depreciation, was accounted for as cost of goods sold.

Management reviewed the net book value of its assets as at December 31, 2022, to test them for impairment, and the recognition of a provision for impairment was not considered necessary.

During the assessment of recoverability of its assets, the Company used value in use per Cash Generating Unit (UCG) based on projections approved by Management and assumptions that are consistent with analyses performed in 2022 and 2021, which consider:

- Review of scenarios for each UGC pursuant to business plans;
- The country's macroeconomic scenario;
- Cash flow period compatible with proven mineral reserves, without perpetuity, also including assets with long maturation periods;
- Constant dollar discount rate of 11.83% based on the Weighted Average Cost of Capital (WACC).

Changes in fixed assets for the years ended December 31, 2022 and 2021, were as follows:

	Parent company												
Cost of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2021	29,330	108,854	679,299	3,397	7,104	17,756	875	2,714	27,020	-	23,136	5,530	905,015
Additions	106	-	4,087	86	490	2,565	--	-	21,042	2,450	-	364	31,190
Transfers	-	-	13,956	33	81	700	27	-	(15,482)	-	-	685	-
Write-offs	(11)	-	(1,339)	(1)	-	-	-	-	(261)	-	-	(1)	(1,613)
Balance in 2022	29,425	108,854	696,003	3,515	7,675	21,021	902	2,714	32,319	2,450	23,136	6,578	934,592

	Parent company												
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2021	-	(29,940)	(294,329)	(2,927)	(4,707)	(3,547)	(875)	(633)	-	-	(3,556)	(5,218)	(345,732)
Additions	-	(2,187)	(17,222)	(74)	(649)	(616)	(4)	(91)	-	-	(457)	(158)	(21,458)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	1	1	-	-	-	-	-	-	-	-	2
Balance in 2022	-	(32,127)	(311,550)	(3,000)	(5,356)	(4,163)	(879)	(724)	-	-	(4,013)	(5,376)	(367,188)

	Parent company												
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2022	29,425	76,727	384,453	515	2,319	16,858	23	1,990	32,319	2,450	19,123	1,202	567,404

	Parent company												
Cost of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2020	28,698	109,652	655,503	3,220	5,183	15,729	875	2,714	26,022	2,062	23,136	5,720	878,514
Additions	2,024	-	3,947	37	1,923	2,027	-	-	24,614	-	-	61	34,633
Transfers	-	89	22,514	249	18	-	-	-	(22,879)	-	-	9	-
Write-offs	(1,392)	(887)	(2,665)	(109)	(20)	-	-	-	(737)	(2,062)	-	(260)	(8,132)
Balance in 2021	29,330	108,854	679,299	3,397	7,104	17,756	875	2,714	27,020	-	23,136	5,530	905,015

	Parent company												
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2020	-	(28,389)	(278,611)	(2,965)	(4,376)	(3,015)	(746)	(542)	-	-	(3,098)	(5,362)	(327,104)
Additions	-	(2,207)	(16,460)	(68)	(352)	(532)	(129)	(91)	-	-	(458)	(114)	(20,411)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	656	742	106	21	-	-	-	-	-	-	258	1,783
Balance in 2021	-	(29,940)	(294,329)	(2,927)	(4,707)	(3,547)	(875)	(633)	-	-	(3,556)	(5,218)	(345,732)

	Consolidated												
Cost of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2021	53,688	108,884	680,674	3,406	13,033	17,756	875	2,714	27,020	510	23,136	5,725	937,421
Additions	220	-	4,117	92	2,169	2,565	-	-	21,154	2,450	-	366	33,133
Transfers	-	-	13,956	33	81	700	27	-	(15,482)	-	-	685	-
Write-offs	(11)	-	(1,434)	(1)	(424)	-	-	-	(261)	(50)	-	(1)	(2,182)
Balance in 2022	53,897	108,884	697,313	3,530	14,859	21,021	902	2,714	32,431	2,910	23,136	6,775	968,372

	Consolidated												
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2021	-	(29,962)	(295,151)	(2,935)	(8,619)	(3,547)	(875)	(633)	-	-	(3,556)	(5,230)	(350,508)
Additions	-	(2,187)	(17,252)	(75)	(1,976)	(616)	(4)	(91)	-	-	(457)	(158)	(22,816)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	1	1	424	-	-	-	-	-	-	-	426
Balance in 2022	-	(32,149)	(312,402)	(3,009)	(10,171)	(4,163)	(879)	(724)	-	-	(4,013)	(5,388)	(372,898)

	Consolidated												
Net fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2022	53,897	76,735	384,911	521	4,688	16,858	23	1,990	32,431	2,910	19,123	1,387	595,474

	Consolidated												
Cost of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2020	53,056	109,682	656,660	3,229	9,694	15,729	875	2,714	26,022	2,521	23,136	5,915	909,233
Additions	2,024	-	4,165	37	3,450	2,027	-	-	24,614	51	-	61	36,429
Transfers	-	89	22,514	249	18	-	-	-	(22,879)	-	-	9	-
Write-offs	(1,392)	(887)	(2,665)	(109)	(129)	-	-	-	(737)	(2,062)	-	(260)	(8,241)
Balance in 2021	53,688	108,884	680,674	3,406	13,033	17,756	875	2,714	27,020	510	23,136	5,725	937,421

	Consolidated												
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance in 2020	-	(28,404)	(279,429)	(2,973)	(7,600)	(3,015)	(746)	(542)	-	-	(3,098)	(5,374)	(331,181)
Additions	-	(2,214)	(16,464)	(68)	(1,146)	(532)	(129)	(91)	-	-	(458)	(114)	(21,216)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	656	742	106	127	-	-	-	-	-	-	258	1,889
Balance in 2021	-	(29,962)	(295,151)	(2,935)	(8,619)	(3,547)	(875)	(633)	-	-	(3,556)	(5,230)	(350,508)

13. Intangible assets

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances in 2021	93,564	35,143	271	128,978	93,564	57,553	416	151,533
Additions	-	56	105	161	-	1,553	108	1,661
Amortization	-	-	(64)	(64)	-	-	(67)	(67)
Balances in 2022	93,564	35,199	312	129,075	93,564	59,106	457	153,127

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances in 2020	93,564	35,143	243	128,950	93,564	57,372	388	151,324
Additions	-	-	158	158	-	181	158	339
Amortization	-	-	(130)	(130)	-	-	(130)	(130)
Balances in 2021	93,564	35,143	271	128,978	93,564	57,553	416	151,533

Impairment test for cash-generating units containing goodwill

Goodwill is directly related to the plant of Pedra do Sino (MG). The recoverable value of the assets was calculated based on the Company's cash generating unit: Pedra do Sino Plant, using discounted cash flows during the useful life of the cash generating unit's assets.

With the Company's assets having been tested for impairment as at December 31, 2022, the recoverable amount is higher than the assets' book value. Accordingly, no provision for impairment was recognized as at December 31, 2022.

14. Loans and financing (Consolidated)

	2022		2021		Current status
	Current	Non-current	Current	Non-current	
Parent company					
Domestic currency					
Megeve Capital LLC (On July 30, 2021, the Company was notified of the assignment of credit from BDMG to Megeve Capital LLC.)					First-priority claim
Raising of funds in April 2013, maturing until October 2030	1,106	235,130	1,377	214,586	
	1,106	235,130	1,377	214,586	
Working capital					
Bank Credit Notes (CCBs) issued by Banco Credit Suisse in April 2013, originally adjusted at CDI + interest of 4% p.a.	132,307	-	113,512	-	First-priority claim
Geribá Participações (CCB originally issued by Banco Credit Suisse)	-	3,670	3,573	-	First-priority claim – The approval of the court-ordered reorganization plan was published in the Federal Register on 03/15/2022
	133,413	238,800	118,462	214,586	

In foreign currency					
Notes	37,151	1,704,540	1,931,494	-	First-priority claim – The approval of the court-ordered reorganization plan was published in the Federal Register on 03/15/2022
Sinosure – Facility Agreement (Agricultural Bank of China)	2,371	100,746	112,715	-	Claim – The approval of the court-ordered reorganization plan occurred on 02/04/2022
Tupacta AG	2,371	71,596	1,276,101	-	Claim – The approval of the court-ordered reorganization plan was published in the Federal Register on 03/15/2022
Others	107	425	-	939	Claim – The approval of the court-ordered reorganization plan was published in the Federal Register on 03/15/2022
	42,000	1,877,307	3,320,310	939	
Parent company	175,413	2,116,107	3,438,772	215,525	
Consolidated	175,413	2,116,107	3,438,772	215,525	

15. Related-party transactions

	2022								2021
	Tupi Rio Transportes S.A.	Tupi Mineradora de Calcário Ltda.	Touro Empreendimentos Imobiliários e Participações Ltda.	Tupi do Nordeste Ltda.	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Britas Arujá Ltda.	Total	Total
Non-current assets									
Advance for increase in capital	14	-	46,251	-	-	165	-	46,430	20,397
Current liabilities									
Anticipated dividends	-	-	-	-	15,584	-	8	15,592	15,592
Transactions									
Cost of goods sold and services rendered	(49,682)	-	-	-	-	-	-	(49,682)	(34,580)

Related-party transactions mainly refer to intercompany accounts, as well as services rendered and operation of the entities' businesses.

16. Taxes and contributions in installments

These mainly refer to the installment payment of ICMS to the states of São Paulo, Minas Gerais and Rio de Janeiro.

	Parent company					
	2022			2021		
	Principal amount	Interest/fine	Total	Principal amount	Interest/fine	Total
Current liabilities	37,443	12,226	49,669	26,188	10,646	36,834
ICMS	33,307	11,102	44,409	21,835	8,917	30,752
Others	4,136	1,124	5,260	4,353	1,729	6,082
Non-current liabilities	63,766	27,285	91,051	76,501	25,019	101,520
ICMS	51,685	24,260	75,945	68,870	21,882	90,752
Others	12,081	3,025	15,106	7,631	3,137	10,768
	101,209	39,511	140,720	102,689	35,665	138,354

	Consolidated					
	2022			2021		
	Principal amount	Interest/fine	Total	Principal amount	Interest/fine	Total
Current liabilities	39,211	12,637	51,848	27,688	11,198	38,886
ICMS	34,158	11,340	45,498	22,732	9,025	31,757
Others	5,053	1,297	6,350	4,956	2,173	7,129
Non-current liabilities	65,978	27,732	93,710	80,389	25,507	105,896
ICMS	52,947	24,546	77,493	71,653	21,476	93,129
Others	13,031	3,186	16,217	8,736	4,031	12,767
	105,189	40,369	145,558	108,077	36,705	144,782

17. Taxes payable

	Parent company		Consolidated	
	2022	2021	2022	2021
ICMS	8,891	6,878	9,023	6,994
PIS/COFINS	713	-	796	78
Tax on Services (ISS)	564	550	570	556
Others	921	898	938	913
	11,089	8,326	11,327	8,541

18. Other accounts payable

	Parent company		Consolidated	
	2022	2021	2022	2021
Current liabilities				
Advances from customers	931	594	931	611
Credit purchase agreement - ICMS	-	4,800	-	4,800
Provision - Electricity	4,358	3,915	4,358	3,915
Profit sharing program	3,447	6,004	3,447	6,004
Others	1,520	2,123	1,991	2,226
	10,256	17,436	10,727	17,556

	Parent company		Consolidated	
	2022	2021	2022	2021
Non-current liabilities				
Credit purchase agreement - ICMS	-	4,196	-	4,196
	-	4,196	-	4,196

19. Provision for investments

	Parent company		Consolidated	
	2022	2021	2022	2021
Non-current liabilities				
Investment - Tupi Rio Transportes S/A	2,584	4,625	-	-
Investment – Tupimec Ind. Mecânica Ltda	64	-	-	-
	2,648	4,625	-	-

20. Equity

a) Capital stock

As at December 31, 2022, fully subscribed and paid-in capital stock is represented by 11,793 common shares and 11,792 preferred shares with no par value. Preferred shares are not entitled to voting and to receiving minimum or fixed dividends.

b) Capital reserves

The goodwill reserve represents excess value upon issue or capitalization in relation to basic share value on the date of issue, in 1996.

c) Statutory reserve

This reserve is recognized through allocation of 5% of net income for the year until it reaches 20% of capital stock, which is the limit provided for in corporate law, and may be used to absorb accumulated losses.

d) Appropriated retained earnings

This account is recognized by retaining part of net income for the year, if any. Such retention is based on the capital budget prepared by Management and approved by Shareholders in the Annual General Meeting, and is intended to be used in the Company's future investments.

e) Dividends

Shareholders are entitled to mandatory dividends of 25% of net income for the year, adjusted in conformity with legal provisions.

Holders of preferred shares are entitled to receive dividends per share that are 10% higher than dividends per share paid to holders of common shares.

f) Earnings (losses) per share

In compliance with CPC 41, the Company presents the following statements on earnings (losses) per share for the years ended December 31, 2022 and 2021.

Basic earnings (losses) per share are calculated by dividing net income (loss) for the period attributable to holders of the parent company's common and preferred shares by the weighted average of common and preferred shares outstanding during the period.

The following tables present the results and shares used to calculate basic and diluted losses per share:

	2022			2021		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Income for the year	728,850	801,667	1,533,046	(63,931)	(63,925)	(127,856)
Weighted average number of shares (in thousands of shares)	11,793	11,792	23,585	11,793	11,792	23,585
Basic and diluted earnings per share	61,8036	67,9840		(5,4211)	(5,4211)	

21. Income and Social Contribution taxes

a) Reconciliation of Income and Social Contribution tax expenses

	Parent company															
	Income Tax								Social Contribution Tax							
	4th quart/2022 – Quarterly taxable income	3rd quart/2022 – Quarterly taxable income	2nd quart/2022 – Quarterly taxable income	1st quart/2022 – Quarterly taxable income	4th quart/2021 – Quarterly taxable income	3rd quart/2021 – Quarterly taxable income	2nd quart/2021 – Quarterly taxable income	1st quart/2021 – Quarterly taxable income	4th quart/2022 – Quarterly taxable income	3rd quart/2022 – Quarterly taxable income	2nd quart/2022 – Quarterly taxable income	1st quart/2022 – Quarterly taxable income	4th quart/2021 – Quarterly taxable income	3rd quart/2021 – Quarterly taxable income	2nd quart/2021 – Quarterly taxable income	1st quart/2021 – Quarterly taxable income
Income (loss) before taxes	66,194	(41,359)	898,625	487,170	(89,768)	(200,276)	410,745	(297,612)	66,194	(41,359)	898,625	487,170	(89,768)	(200,276)	410,745	(297,612)
ADD-BACKS																
Equity in earnings (losses) of controlled companies	-	-	-	52	478	757	1,000	754	-	-	-	52	478	757	1,000	754
Realization of positive difference of sub-account - Assets	26	26	26	26	27	27	27	26	26	26	26	26	27	27	27	26
Exchange rate gains from (losses on) loans	-	61,916	182,940	-	83,976	260,201	-	274,933	-	61,916	182,940	-	83,976	260,201	-	274,933
Interest on loans	4,281	4,262	3,676	3,111	3,327	2,551	1,955	1,259	4,281	4,262	3,676	3,111	3,327	2,551	1,955	1,259
Provision for contingencies	56	-	-	40	48	-	18,793	-	56	-	-	40	48	-	18,793	-
Other add-backs	2,148	2,149	1,148	1,147	2,917	1,214	1,147	1,252	2,148	1,149	1,148	1,147	2,917	1,214	1,147	1,252
DEDUCTIONS																
Equity in earnings (losses) of controlled companies	587	2,979	2,463		-	-			587	2,979	2,463		-	-		
Depreciation – Corporate x Tax rate differences	8,216	8,189	8,391	8,411	8,225	8,152	8,129	8,097	8,216	8,189	8,391	8,411	8,225	8,152	8,129	8,097
Exchange rate gains from (losses on) loans	69,448	-	-	500,209	-	-	413,690	-	69,448	-	-	500,209	-	-	413,690	-
Reversal of contingencies	-	-	-	-	-	18,745			-				-	18,745		
Other deductions	2,464	932	2,542	2,185	85	83	80	79	2,464	932	2,542	2,185	85	83	80	79
Adjusted income/(loss)	(8,010)	14,894	1,073,019	(19,259)	(7,305)	37,493	11,768	(27,564)	(8,010)	13,894	1,073,019	(19,259)	(7,305)	37,493	11,768	(27,564)
Applicable rates	25%	25%	25%	25%	25%	25%	25%	25%	9%	9%	9%	9%	9%	9%	9%	9%
Current Income and Social Contribution taxes	281	(2,887)	(476)	-	-	(10,239)	(2,044)	-	101	(630)	(172)	-	-	(3,692)	(741)	-
Tax debts accrued from deferred Income and Social Contribution Taxes on temporary differences	227,681	14,726	(147,584)	(1,072)	49,424	(5,834)	3,395	(1,457)	81,966	5,301	(53,130)	(386)	17,792	(2,100)	1,223	(524)
Income and Social Contribution Taxes in income (loss)	227,962	11,839	(148,060)	(1,072)	49,424	(16,073)	1,351	(1,457)	82,067	4,671	(53,302)	(386)	17,792	(5,792)	482	(524)

	Consolidated															
	Income Tax								Social Contribution Tax							
	4th quart/2022 – Quarterly taxable income	3rd quart/2022 – Quarterly taxable income	2nd quart/2022 – Quarterly taxable income	1st quart/2022 – Quarterly taxable income	4th quart/2021 – Quarterly taxable income	3rd quart/2021 – Quarterly taxable income	2nd quart/2021 – Quarterly taxable income	1st quart/2021 – Quarterly taxable income	4th quart/2022 – Quarterly taxable income	3rd quart/2022 – Quarterly taxable income	2nd quart/2022 – Quarterly taxable income	1st quart/2022 – Quarterly taxable income	4th quart/2021 – Quarterly taxable income	3rd quart/2021 – Quarterly taxable income	2nd quart/2021 – Quarterly taxable income	1st quart/2021 – Quarterly taxable income
Income/ (loss) before taxes	66,728	(40,632)	899,281	487,357	(89,602)	(200,189)	410,773	(297,602)	66,728	(40,632)	899,281	487,357	(89,602)	(200,189)	410,773	(297,602)
ADD-BACKS																
Earnings (losses) of controlled companies under the deemed profit method	548	-	-	-	-	-	476	17	548	-	-	-	-	-	476	17
Realization of positive difference of sub-account - Assets	26	26	26	26	27	27	27	26	26	26	26	26	27	27	27	26
Exchange rate gains from (losses on) loans	-	61,916	182,940	-	83,976	260,201	-	274,933	-	61,916	182,940	-	83,976	260,201	-	274,933
Interest on loans	4,281	4,262	3,676	3,111	3,327	2,551	1,955	1,259	4,281	4,262	3,676	3,111	3,327	2,551	1,955	1,259
Provision for contingencies	56	-	-	40	48	-	18,793	-	56	-	-	40	48	-	18,793	-
Other add-backs	2,184	2,152	1,155	1,151	2,917	1,214	1,147	1,252	2,184	2,152	1,155	1,151	2,917	1,214	1,147	1,252
DEDUCTIONS																
Earnings (losses) of controlled companies under the deemed profit method	-	4,214	2,443	415	96	67	-	-	-	4,214	2,443	415	96	67	-	-
Depreciation – Corporate x Tax rate differences	8,216	8,189	8,391	8,411	8,225	8,152	8,129	8,097	8,216	8,189	8,391	8,411	8,225	8,152	8,129	8,097
Exchange rate gains from (losses on) loans	69,448	-	-	500,209	-	-	413,690	-	69,448	-	-	500,209	-	-	413,690	-
Reversal of contingencies	-	-			-	18,745			-	-			-	18,745		
Other deductions	2,464	932	2,542	2,185	85	83	80	79	2,464	932	2,542	2,185	85	83	80	79
Adjusted income/(loss)	(6,306)	14,389	1,073,702	(19,535)	(7,713)	36,756	11,272	(28,291)	(6,306)	14,389	1,073,702	(19,535)	(7,713)	36,756	11,272	(28,291)
Applicable rates	25%	25%	25%	25%	25%	25%	25%	25%	9%	9%	9%	9%	9%	9%	9%	9%
Current Income and Social Contribution taxes	281	(2,887)	(476)	-	-	(10,239)	(2,044)	-	101	(630)	(172)	-	-	(3,692)	(741)	-
Current IRPJ and CSLL of controlled companies – taxable income	(14)	(177)	(232)	(19)	-	-	-	-	(7)	(70)	(81)	(9)	-	-	-	-
IRPJ and CSLL – Deemed profit	(374)	(349)	(249)	(114)	(120)	(61)	(18)	(6)	(139)	(131)	(94)	(45)	(47)	(26)	(10)	(4)
Tax debts accrued from deferred Income and Social Contribution Taxes on temporary differences	227,681	14,726	(147,584)	(1,072)	49,424	(5,834)	3,395	(1,457)	81,966	5,301	(53,130)	(386)	17,792	(2,100)	1,223	(524)
Income and Social Contribution Taxes in income (loss)	227,574	11,313	(148,541)	(1,205)	49,424	(16,134)	1,333	(1,463)	81,921	4,470	(53,477)	(440)	17,792	(5,818)	472	(528)

b) Breakdown of deferred Income and Social Contribution Taxes

	Parent company and Consolidated	
	2022	2021
Income and Social Contribution tax losses	332,950	130,261
Provisions for contingencies	1,308	5
Taxed transactions on a cash basis - (exchange rate/interest on loans)	211,005	285,720
Deferred IRPJ and CSLL assets	545,263	415,986
Deferred IRPJ and CSLL on temporary differences	(88,290)	(78,376)
Tax amortization of goodwill	(31,812)	(31,812)
Deferred IRPJ and CSLL liabilities	(120,102)	(110,188)
	425,161	305,798

Considering expected generation of taxable income in the following years, the Company recognized deferred Income and Social Contribution taxes on the balance of tax losses.

The Company realized the balance of deferred Income and Social Contribution Taxes on tax losses recognized in 2014 and 2017, and in the first and second quarters of 2022.

22. Provisions for contingencies

The Company and its controlled companies are parties to lawsuits and administrative proceedings in the course of their operations, regarding tax, labor, civil and other issues. Based on the opinion of its legal counselors, the Company conducts an analysis of pending lawsuits and recognizes a provision in an amount deemed sufficient to cover estimated losses on ongoing lawsuits for those with expectation of probable loss.

As at December 31, 2022, the Company maintains a provision for contingencies arising from labor and tax discussions whose likelihood of loss is probable, in the amount of R$ 3,847 (R$ 15 as at December 31, 2021).

	Parent company		Consolidated	
	2022	2021	2022	2021
Initial balance	15	3,868	15	3,868
New	3,691	-	3,691	-
Adjustment	141	12	141	12
Concluded	-	(3,865)	-	(3,865)
Final balance	3,847	15	3,847	15

As at December 31, 2022, the Company has court deposits in the amount of R$ 15,528 in its consolidated statement of financial position (R$ 13,401 as at December 31, 2021).

In addition, the Company and its controlled companies are party to civil, labor and tax proceedings whose likelihood of an unfavorable outcome has been classified as possible by Management and its legal counselors. Therefore, no provision for contingencies was set up.

As at December 31, 2022, the amount of such contingencies was R$ 116,682 (R$ 113,674 as at December 31, 2021), as follows:

	Parent company		Consolidated	
Type	2022	2021	2022	2021
Tax contingencies	41,327	39,151	104,726	100,410
Labor contingencies	8,586	11,533	8,646	12,241
Civil contingencies	3,296	1,010	3,310	1,023
	53,209	51,694	116,682	113,674

23. Net operating revenue

	Parent company		Consolidated	
	2022	2021	2022	2021
Gross sales revenue				
Sales of goods	803,607	662,071	804,600	662,334
Deductions from sales	(202,145)	(166,295)	(208,291)	(170,761)
Sales returns	(1,835)	(992)	(1,835)	(992)
ICMS on sales	(138,801)	(114,292)	(140,305)	(115,494)
PIS and COFINS on sales	(61,509)	(50,797)	(66,029)	(53,957)
Others	-	(214)	(122)	(318)
Net operating revenue	601,462	495,776	596,309	491,573

24. General and administrative expenses

	Parent company		Consolidated	
	2022	2021	2022	2021
Expenses on remuneration, charges and benefits	(38,830)	(23,158)	(39,030)	(23,343)
Lawyers' fees (*)	(28,449)	(13,571)	(28,550)	(14,460)
Lease of properties/vehicles/equipment	(351)	(310)	(384)	(349)
Travel expenses	(1,038)	(490)	(1,100)	(522)
Third-party/consulting services	(14,362)	(4,335)	(14,939)	(5,003)
Others	(3,345)	(3,006)	(4,019)	(3,537)
	(86,375)	(44,870)	(88,022)	(47,214)

(*) The increase in lawyers' and consulting fees is mainly due to the Company's Court-ordered reorganization process.

25. Other operating revenues/(expenses), net

	Parent company		Consolidated	
	2022	2021	2022	2021
Provision for contingencies	(3,832)	(2,635)	(3,832)	(2,635)
PIS/COFINS credit	800	3,463	800	3,463
Write-off of fixed assets/investments	(11)	(1,636)	389	(1,349)
ICMS on shipments	(880)	(1,855)	(880)	(1,855)
Taxes in installments	(1,629)	(1,870)	(1,629)	(1,870)
Others	(246)	(1,459)	1,622	(1,429)
	(5,798)	(5,992)	(3,530)	(5,675)

26. Net financial income (loss)

	Parent company		Consolidated	
	2022	2021	2022	2021
Financial expenses				
Interest on loans	(22,586)	(21,811)	(22,586)	(21,811)
Interest/fines on tax installment payments	(20,703)	1,094	(21,297)	842
Discounts granted	(321)	(274)	(322)	(276)
Contractual interest	(21,652)	(29,922)	(21,652)	(29,922)
Exchange rate gains (losses) on loans	-	(205,433)	-	(205,433)
Other financial expenses	(251)	(241)	(397)	(323)
	(65,513)	(256,587)	(66,254)	(256,923)

	Parent company		Consolidated	
	2022	2021	2022	2021
Financial revenues				
Discounts obtained	1,118	203	1,210	206
Interest on financial investments	9	4	5,742	918
Interest received from customers	808	625	808	625
Exchange rate gains (losses) on loans	324,779	-	324,779	-
Other interest gains (mainly SELIC interest on PIS/COFINS recoverable)	9,111	3,917	9,491	4,004
Other financial revenues	359	326	359	327
	336,184	5,075	342,389	6,080
	270,671	(251,512)	276,135	(250,843)

27. Other revenues

	Parent company		Consolidated	
	2022	2021	2022	2021
Income from (loss on) restructuring of third-party loans	1,074,183	-	1,074,183	-
	1,074,183	-	1,074,183	-

Due to payment options chosen by certain creditors of the Company included in the Court-Ordered Reorganization Plan that provided for haircut, in 2022, the amount of R$ 1,074,183 was recognized as debt forgiveness, reducing its liabilities by this amount.

The haircut informed in the statements refers to discount applied to the credits of restructured Class III Creditors (as defined in the Court-Ordered Reorganization Plan), including Class III Credits represented by Senior Unsecured Notes. As at May 2022, said Creditors opted for restructuring among those options provided for in Clauses 4.3.1.3 (Option II – 70% haircut), 4.3.1.4 (Option III – 75% haircut) and 4.3.1.5 (Option IV – 95% haircut) of the Court-Ordered Reorganization Plan.

28. Segment reporting

Management groups entities into two distinct segments:

a) Cement

This segment is mainly engaged in manufacturing cements and mortars of all types in the Company's manufacturing units.

b) Own real estate management and development

The Company is mainly engaged in the development and management of its own properties, carried out by two of its controlled companies.
Management monitors operating income (loss) of its business units separately for the purpose of making decisions on the allocation of funds and assessment of performance.

The segment's performance is appraised based on operating income (loss), measured in relation to that reported in the consolidated financial statements.

The Company's segment information is as follows:

	2022				
	Cement	Real estate management and development	Others	Eliminations	Total Consolidated
Net revenue	601,462	8	44,522	(49,683)	596,309
Gross profit	160,568	8	1,988	-	162,564
Depreciation and amortization	(21,526)	-	(1,360)	-	(22,886)
Operating income	55,967	720	1,897	-	58,584
Financial income (loss)	270,671	5,804	(340)	-	276,135
Equity in earnings (losses) of controlled companies	5,977	-	-	(5,977)	-
Other revenues	1,074,183	-	-	-	1,074,183
Income before taxes	1,406,798	6,524	1,557	(5,977)	1,408,902
Income and Social Contribution taxes	123,719	(1,493)	(611)	-	121,615
Minority interest	-	-	-	-	-
Net income	1,530,517	5,031	946	(5,977)	1,530,517
Current assets	149,012	98,323	4,280	(959)	250,656
Non-current assets	1,399,402	15,584	52,835	(181,200)	1,286,621
Current liabilities	297,308	46,687	5,096	(62,980)	286,111
Non-current liabilities	2,228,629	93	2,566	(2,648)	2,228,640
	2021				

	Cement	Real estate management and development	Others	Eliminations	Total Consolidated
Net revenue	495,776	26	30,351	(34,580)	491,573
Gross income (loss)	143,508	26	(1,365)	-	142,169
Depreciation and amortization	(20,538)	-	(922)	-	(21,460)
Operating income (loss)	81,442	(1,031)	(2,335)	-	78,076
Financial income (loss)	(251,512)	906	(237)	-	(250,843)
Equity in earnings (losses) of controlled companies	(2,989)	-	-	2,989	-
Income (loss) before taxes	(173,059)	(125)	(2,572)	2,989	(172,767)
Income and Social Contribution taxes	45,203	(292)	-	-	44,911
Minority interest	-	-	-	-	-
Net income (loss)	(127,856)	(417)	(2,572)	2,989	(127,856)
Current assets	139,824	60,695	4,401	(1,566)	203,354
Non-current assets	1,269,467	15,584	50,898	(142,183)	1,193,766
Current liabilities	3,591,450	20,383	5,201	(37,555)	3,579,479
Non-current liabilities	325,881	206	4,169	(4,624)	325,632

29. Financial instruments and risk management

29.1. Analysis of financial instruments

The fair value of financial assets and liabilities is included in the value for which an instrument may be exchanged in a current transaction between the parties on an arm's length basis, and not in a forced sale or settlement. The following methods and assumptions were used to estimate fair value.

- Cash and cash equivalents, trade accounts receivable, trade accounts payable and other short-term obligations approximate their respective book value mostly due to these investments' short-term maturity;
- The fair value of receivables does not significantly differ from the book balances, since it is monetarily restated consistently with market rates and/or is adjusted by the provision for impairment.

Loans and financing bear fixed rates, which are consistent with those observable in the market; therefore, the book balances informed approximate their respective fair values.

The classification of financial assets of the Company and its controlled companies per category is as follows:

	Parent company					
	2022			2021		
Financial assets	Amortized cost	Fair value through profit or loss	Total	Amortized cost	Fair value through profit or loss	Total
Cash and cash equivalents	2,012	-	2,012	3,116	-	3,116
Accounts receivable	25,609	-	25,609	22,163	-	22,163
Note receivable and receivables from third parties	5,993	-	5,993	6,870	-	6,870
Related-party transactions	46,430	-	46,430	20,397	-	20,397
	80,044	-	80,044	52,546	-	52,546

	Consolidated					
	2022			2021		
Financial assets	Amortized cost	Fair value through profit or loss	Total	Amortized cost	Fair value through profit or loss	Total
Cash and cash equivalents	56,446	-	56,446	26,660	-	26,660
Accounts receivable	25,655	-	25,655	22,163	-	22,163
Note receivable and receivables from third parties	9,120	-	9,120	10,505	-	10,505
	91,221	-	91,221	59,328	-	59,328

29.2. Classification of financial instruments by category

The main financial liabilities of the Company and its controlled companies may be classified and accounted for at fair value through profit or loss, as follows:

	Parent company	
Financial liabilities	2022	2021
Trade accounts payable	38,110	56,484
Loans and financing	2,291,520	3,654,297
Related-party transactions	15,592	15,592
	2,345,222	3,726,373

	Consolidated	
Financial liabilities	2022	2021
Trade accounts payable	38,887	56,484
Loans and financing	2,291,520	3,654,297
	2,330,407	3,710,781

29.3. Risk management

The financial transactions of the Company and its controlled companies are previously approved by Management and performed through the finance area according to conservative strategies, focusing on safety, profitability and liquidity. Hedging mechanisms are adopted against financial risks arising from liabilities contracted, either in foreign or domestic currency, in order to manage exposure to exchange and interest rate risks.

The criteria for selection of financial institutions obey parameters that take into consideration *rating*s made available by renowned agencies specialized in the analysis of risk, equity, and concentration levels of transactions and resources. The main market risk factors that could affect the Company's business and that of its controlled companies are as follows:

a) Exchange rate risk

Exchange rate risk is related to the possibility of the Company incurring losses derived from fluctuation in exchange rates.

As the Company's liabilities are recognized in US dollars, the unpredictability of floating liabilities substantially derives from fluctuation in exchange rates, as shown in the simulation of future values considering devaluation of the Brazilian Real before the US dollar of 25% and 50%.

		Sensitivity analysis	
Foreign currency loans	Amount in Brazilian Reais	(Scenario I) future value I	(Scenario II) future value II
Notes	1,741,691	2,177,114	2,612,536
Sinosure	103,117	128,896	154,675
Tupacta	73,967	92,459	110,950
Cemrock	532	665	798

b) Credit risk

Financial instruments are subject to credit risks such as cash and cash equivalents and trade accounts receivable. All operations are conducted with banks with acknowledged liquidity, thus minimizing such risks.

The risk of incurring losses resulting from difficulty in receiving amounts from customers is minimized since sales are spread among a large number of customers, and subject to an individually established credit limit.

c) Interest rate risk

This risk derives from the possibility of the Company incurring losses due to fluctuation in interest rates increasing financial expenses mainly arising from loans.

d) Liquidity risk

Liquidity risk represents the risk of scarcity and difficulty on the part of the Company in paying its debts. The Company and its controlled companies seek to align the maturity of their debts with the period of cash generation to avoid a mismatch and create the need for greater leverage.

The following table shows in detail the remaining contractual maturity of the Company's main financial liabilities and the contractual amortization terms. This table was prepared according to the undiscounted cash flows of financial assets and liabilities based on the nearest date of maturity of the respective obligations.

	Parent company			
	Up to one year	From 1 to 3 years	Over 3 years	Total
Loans and financing	175,413	79,479	2,036,628	2,291,520
Trade accounts payable	23,134	14,976	-	38,110
Advances from customers	930	-	-	930
Other financial liabilities	97,831	74,833	22,713	195,377
Balances as at December 31, 2022	297,308	169,288	2,059,341	2,525,937

	Consolidated			
	Up to one year	From 1 to 3 years	Over 3 years	Total
Loans and financing	175,413	79,479	2,036,628	2,291,520
Trade accounts payable	23,911	14,976	-	38,887
Advances from customers	930	-	-	930
Other financial liabilities	85,857	76,806	20,751	183,414
Balances as at December 31, 2022	286,111	171,261	2,057,379	2,514,751

30. Insurance coverage

The Company and its controlled companies take out insurance for their inventories and fixed asset items in the Named-perils and Civil Liability categories. Aspects considered when evaluating risks are as follows: (a) decentralized location of industrial plants (Minas Gerais, Rio de Janeiro and São Paulo); (b) nature of activities; and (c) accident prevention measures. Maximum Indemnity Limit (LMI) is R$ 198,685 for the industrial plants.

The amounts of coverage take into consideration estimates to cover possible losses in sites with concentrated risks and maximum possible claim loss in a single event.

Risk assumptions adopted, due to their nature, were established by Management.

31. Subsequent events

Payments made regarding the Court-Ordered Reorganization Plan

Payments made by the Company from January 01, 2023 to March 07, 2023, by class of creditors, in accordance with the terms of the Court-Ordered Reorganization Plan are as follows:

Creditors	Class	Amounts paid
Labor	I	48
Unsecured	III	8,057
ME-EPP	IV	434

Supreme Court of Brazil (STF) changes understanding related to res judicata in tax matters

On February 08, 2023, STF ruled on Matters 881 – Extraordinary Appeal No. 949.297 and 885 – Extraordinary Appeal No. 955.227, which deal with the limits of res judicata in tax matters, notably upon issue of a final and unappealable decision in the concentrated control of constitutionality by which it declares the constitutionality of a tax previously considered unconstitutional, and the effects of judicial reviews presented by it on res judicata in tax matters of recurring nature, respectively.

The ministers who discussed these matters unanimously concluded that final court decisions in favor of taxpayers should be annulled if, later, the STF has a different understanding on the subject.

Accordingly, the analysis of the impacts arising from the judgment of Matters No. 881 and No. 885 involves examining/confirming two points: (i) existence of favorable res judicata, in an individual action linked to the legal relation of recurring nature, recognizing the unconstitutionality of the tax collection; and (ii) supervening of an unfavorable decision by the STF, in general repercussion or concentrated control of constitutionality, declaring the collection's constitutionality.

Regarding the Company's tax lawsuits, no impacts arising from the judgment of Matters 885 and 881 were identified, mainly because all still depend on a final and unappealable decision.

Management, along with its internal and external legal counselors, evaluated the possible impacts of this STF decision and concluded that, among the tax proceedings conducted by the Company, active and closed, there was no effect from the recent judgment of Matters of General Repercussion 881 and 885 by the STF.

In view of the aforementioned facts, the STF's decision does not result, in line with CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and CPC 24/IAS 10 - Subsequent Events, in significant impacts on its financial statements as at December 31, 2022.