Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.

Financial Statements
March 31, 2023
With independent auditor's report

Pulvitec Do Brasil Indústria E Comércio De Colas E Adesivos Ltda.

Financial Statements

March 31, 2023

Content

Independent auditor's report on the financial statements

To
Management and Shaholders of
Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
São Paulo - SP

Opinion

We have examined the financial statements for **Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda**. ("Company"), comprising the balance sheet as of March 31, 2023 and related statements of income, comprehensive income, changes in equity and cash flows for the period then ended, as well as the related notes, including the summary of relevant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the equity and financial position of **Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda**. as of March 31, 2023, the performance of its operations and cash flows for the period then ended, in compliance with the accounting policies adopted in Brazil, as applicable to small and mid-sized enterprises.

Basis for the opinion

We conducted our audit in compliance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's responsibilities for the audit of financial statements". We are independent of the Company in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Board 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.

Management and governance responsibilities for the financial statements

The Company's Management is responsible for preparing and properly presenting the financial statements in compliance with accounting practices adopted in Brazil and for the internal controls that it has determined to be required to allow the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to remain as a going concern, disclosing, when applicable, issues regarding its operational continuity and the use of this accounting basis in preparing the financial statements, unless management intends to liquidate the Company or discontinue its operations, or it has no other realistic alternative to avoid closing operations.

Those responsible for the Company's governance are those responsible for supervising the process of preparing the financial statements.

Auditors' responsibilities for the audit of financial statements

Our purpose is to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of the audit carried out in compliance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition to that:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- We analyze the adequacy of the Management's use of the going concern accounting basis and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubts regarding the ability of the Company to remain as a going concern. Should we find any material uncertainty, we must draw attention, in our audit report, to the relevant disclosures in the financial statements, or include changes in our opinion, in case these disclosures are not appropriate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may hinder the Company's ability to remain as a going concern.
- We assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner compatible with the purpose of appropriate presentation.

We communicate with those in charge of governance regarding, among other matters, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

São Paulo, April 24, 2023.

Silvio Cesar Cardoso
Accountant - CRC1SP 188.428/O-5

RSM Brasil Auditores Independentes – S/S
CRC 2SP-030.002/O-7

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.

Balance sheets as of March 31, 2023 and 2022
Amounts in thousands of Brazilian Reais

Assets	Note	2023	2022	Liabilities and equity	Note	2023	2022
Current assets				**Current liabilities**			
Cash and cash equivalents	4	1,497	4,772	Loans and financing	12	11,704	16,369
Trade accounts receivable	5	13,885	11,695	Lease payable	16	1,494	944
Inventories	6	13,574	13,629	Trade accounts payable	13	6,607	1,502
Other accounts receivable	7	2,885	1,071	Tax obligations	-	396	589
Taxes recoverable	9	11,254	12,255	Labor liabilities	14	1,593	1,451
Prepaid expenses	-	498	392	Sales commission payable	-	746	783
		43,593	**43,814**	Accounts payable	-	1,864	1,527
				Other accounts payable	15	3,784	3,856
						28,188	**27,021**
Non-current assets							
Other accounts receivable	7	285	1,694	**Non-current liabilities**			
Judicial deposits	8	1,574	1,410	Provision for contingencies	17	223	444
Property, Plant & Equipment	10	2,530	2,643	Other accounts payable	15	413	473
Intangible assets	11	7,060	6,275	Provision for taxes	18	1,417	1,251
		11,449	**10,612**			**2,053**	**2,168**
				Equity			
				Share Capital	19	74,303	74,303
				Accumulated losses	-	(49,502)	(49,066)
						24,801	**25,237**
Total assets		**55,042**	**54,426**	**Total liabilities and equity**		**55,042**	**54,426**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.

Income statements for the periods ended March 31, 2023 and 2022
Amounts in thousands of Brazilian Reais

	Note	2023	2022
Net operating revenue	20	**84,825**	**70,054**
Cost of goods sold	21	(56,355)	(47,891)
Gross profit		**28,470**	**22,163**
General and administrative expenses		(25,734)	(21,414)
Other expenses		(641)	(353)
Operating expenses	22	**(26,375)**	**(21,767)**
Profit before financial income (expenses)		**2,095**	**396**
Net financial expenses	23	(2,531)	(1,657)
Loss before taxes		**(436)**	**(1,261)**
Income tax and social contribution	24	-	(29)
Loss for the year		**(436)**	**(1,290)**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.

Statements of compreehensive income for the periods ended March 31, 2023 and 2022
Amounts in thousands of Brazilian Reais

	2023	2022
Loss for the year	(436)	(1,290)
Other comprehensive income	-	-
Total comprehensive income for the year	**(436)**	**(1,290)**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.

Statements of changes in equity for the periods ended March 31 2023 and 2022
Amounts in thousands of Brazilian Reais

	Share Capital	Accumulated losses	Total
Balance as of March 31, 2021	**74,303**	**(47,776)**	**26,527**
Loss for the year	-	(1,290)	(1,290)
Balance as of March 31, 2022	**74,303**	**(49,066)**	**25,237**
Loss for the year	-	(436)	(436)
Balance as of March 31, 2023	**74,303**	**(49,502)**	**24,801**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.

Statements of cash flows for the periods ended March 31, 2023 and 2022
Amounts in thousands of Brazilian Reais

	2023	2022
Cash flow from operating activities		
Loss for the year	**(436)**	**(1,290)**
Adjustments to reconcile profit for the periods with cash derived from operating activities		
Depreciation and amortization	1,893	1,856
Interest and exchange variation on loans and financing	(1)	(185)
Cash from the sale and write-off of PPE and intangible assets	46	1
Estimated credit losses on doubtful accounts	(71)	(116)
Provision for unshipped goods invoiced	370	1,512
Provision for inventory losses	(181)	(60)
Provision for taxes	(166)	88
Reversal of provisions (provisions) for contingencies	221	(362)
	1,675	**1,444**
Changes in assets and liabilities		
Trade accounts receivable	(2,489)	2,348
Inventories	236	(1,507)
Other accounts receivable	(1,979)	(521)
Taxes recoverable	1,001	187
Prepaid expenses	(106)	74
Judicial deposits	165	-
Trade accounts payable	5,105	(1,478)
Tax obligations	(193)	458
Lease payable	550	(268)
Labor liabilities	142	104
Other accounts payable	168	(247)
Payment of interest on loans	(276)	(1,489)
Income tax and social contribution paid	-	(29)
Net cash from (used in) operating activities	**3,999**	**(925)**
Cash flow from investing activities		
Additions to PPE and intangible assets	(2,610)	(1,711)
Net cash used in investing activities	**(2,610)**	**(1,711)**
Cash flow from financing activities		
Raising of loans and financing	11,704	16,369
Payment of loans and financing	(16,368)	(11,285)
Net cash from (used in) financing activities	**(4,664)**	**5,084**
(Decrease) /increase in cash and cash equivalents	**(3,275)**	**2,448**
Cash and cash equivalents at the beginning of the year	4,772	2,324
Cash and cash equivalents at the end of the year	1,497	4,772
(Decrease) /increase in cash and cash equivalents	**(3,275)**	**2,448**

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

1. Operational context

The purpose of Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda., headquartered in Brazil in the city of São Paulo - SP, at Av. Presidente Altino, 2468, 2568 e 2600, Jaguaré – SP, is to explore the industry, trade, representation, import, export, the provision of technical assistance and projects in the fields of glues and adhesives, resins, chemical products, plastic materials and their manufactures, plastic and chemical materials for use in sealing and insulating crepe tapes, the trade, import, and export of cleaning and metal polishing products in general, and direct or indirect interest in other companies, as a partner or shareholder.

2. Preparation basis

2.1. Statement of compliance with accounting policies

The financial statements were prepared and are being presented in compliance with the accounting practices adopted in Brazil, encompassing the corporate law and standards issued by the Federal Accounting Council (CFC), as applicable to small and medium-sized enterprises (CPC PME).

The financial statements were approved by Management on April 24, 2023.

2.2. Functional currency and presentation currency

The financial statements were prepared and are being presented in Brazilian Reais (R$), which is the Company's functional currency. Functional currency was determined considering the primary economic environment of its operations. Financial information are presented in thousands of Brazilian reais, except when otherwise indicated.

2.3. Use of estimates and judgments

The preparation of the financial statements in compliance with Brazilian practices requires management to make judgments, estimates and assumptions that affect the application of accounting practices and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are revised on an ongoing basis. Reviews related to financial estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

3. Significant accounting policies

3.1. Financial instruments

Classification and measurement of financial assets and liabilities

Under IFRS 9 / NBC TG 48, on initial recognition, a financial asset is classified into: at amortized cost; fair value through other comprehensive income ("FVTOCI") - debt instrument; FVTOCI - equity instrument; and fair value through profit or loss ("FVTPL"). The classification of financial assets is substantially based on the business model in which a financial asset is managed and on the characteristics of contractual cash flows. The new significant accounting policies are described below:

Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and losses are recognized in profit or loss. Any gain or loss is recognized in profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- It is held within a business model which purpose is to hold financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows related to the payment of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVTOCI if it meets both conditions below and is not designated as measured at FVTPL:

- it is held within a business model which purpose is achieved both by the receipt of contractual cash flows and by the sale of financial assets; and
- its contractual terms generate, on specific dates, cash flows representing only the payment of principal and interest on the principal amount outstanding.

The Company's financial assets are substantially represented by cash and cash equivalents (Note 4) classified at fair value through profit or loss, as well as trade accounts receivable (Note 5) and other accounts receivable (Note 7), which are classified as subsequently measured at amortized cost. IFRS 9 / NBC TG 48 adoption did not result in changes in the financial statements.

Financial liabilities were classified as measured at amortized cost or at VJR. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative or designated as such at initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net gain (loss), including interest, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost under the effective interest method. Interest expense, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss is also recognized in profit or loss.

The Company's financial liabilities are substantially represented by loans and financing (Note 11) classified at fair value through profit or loss, as well as trade accounts payable (Note 12), accounts payable (Note 14) and lease payable (Note 15), which are classified as subsequently measured at amortized cost. IFRS 9 / NBC TG 48 adoption did not result in changes in the financial statements.

Impairment loss

Expected credit losses are estimates weighted by the likelihood of credit losses, based on historical losses and forecasts of related assumptions. Credit losses are measured at present value based on all cash shortfalls (i.e., the difference between the cash flows due to the Company pursuant to the agreement and cash flows the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

In compliance with the replacement of the incurred loss model by expected loss model, Management concluded that the methodology already adopted is adherent to the expected loss model and, therefore, the initial adoption of IFRS 9 / NBC TG 48 as of January 1, 2018 did not pose material impacts on the measurement of expected losses on trade accounts receivable.

3.2. Cash and cash equivalents

Balances include cash on hand, bank deposits, and financial investments readily convertible to a known amount of cash and are not subject to a significant risk of change in value. These are valued at acquisition cost, plus income that does not exceed their respective market values.

3.3. Trade accounts receivable

Correspond to the balances receivable from customers related to sales made until the closing date of the financial statements.

Management uses an individual analysis of receivables as a criterion for assessing expected credit losses.

3.4. Adjustment to present value

Monetary items included in assets and liabilities are adjusted to their present value based on the effective interest rate, when they arise from short-term transactions, if relevant, and long-term transactions, with no expected return or subject to: (i) fixed interest rates; (ii) interest rates notoriously below market rates for similar transactions; and (iii) only inflation adjustments, with no interest. The Company periodically assesses the effect of this procedure. On March 31, 2023 and 2022, no adjustments of this nature were identified.

3.5. Inventories

Inventories are stated at net acquisition value, plus manufacturing costs for the preparation of products, which is lower than net realizable values of selling costs. Inventory costs are determined using the average cost method. The net realizable value corresponds to the estimated selling price of inventories, less all estimated costs of completion and the costs necessary to make the sale.

Inventories are deducted from the expected impairment losses established when there is objective evidence that the Company will not be able to realize the inventories at a value higher than their average cost. The expected loss amount is the difference between the carrying amount and the recoverable amount.

3.6. Property, Plant & Equipment

It is recorded at acquisition cost and subject to impairment tests. Accumulated depreciation was calculated using the straight-line method, and recognized in profit or loss for the year in accordance with the rates mentioned in Note No. 9.

Assets acquired through financial leasing transactions are recorded at their cash value or adjusted to the present value of the respective obligation.

Impairment of assets

Non-current assets are reviewed on an annual basis to identify evidence of impairment losses or, whenever events or changes in circumstances indicate that the book value may not be recoverable. When this is the case, the recoverable amount is calculated to check for impairment. When impairment exists, it is recognized by the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher between the net selling price and the value in use of an asset. For valuation purposes, assets are grouped into the smallest group of assets for which there are separately identifiable cash flows.

3.7. Income tax and social contribution – current

Income tax and social contribution are calculated in compliance with Brazilian tax legislation (taxable income), at the rate of 15% income tax, with a 10% surtax on the amount exceeding R$ 240 thousand, and 9% social contribution.

3.8. Provision for contingencies

Provisions are recognized as a result of a past event when there is a legal or constructive obligation that may be reliably estimated and it is likely that a economic resource will be required to settle the obligation.

3.9. Other current and non-current assets and liabilities

Current and non-current liabilities are recorded at known or estimated amounts, plus, when applicable, the corresponding charges and inflation adjustments incurred up to the balance sheet dates. When applicable, current and non-current liabilities are recorded at present value, transaction by transaction, based on interest rates reflecting the term, currency and risk of each transaction. The counterpart of the adjustments to present value is accounted for against the income accounts that gave rise to the relevant liability. The difference between the present value of a transaction and the face value of the liability is recognized to profit or loss over the term of the contract based on the amortized cost method and the effective interest rate.

3.10. Revenue recognition

Revenues from contracts with customers are recognized by the Company as control of the products is transferred to customers, represented by the ability to determine the use of the products and obtain substantially all of the remaining benefits arising from the products.

To this end, the Company follows the conceptual structure of the standard, based on a five-step model: (1) identification of contracts with customers; (2) identification of performance obligations provided for in contracts; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligation set forth in the contracts and (5) revenue recognition when the performance obligation is met.

3.11. Income calculation – P&L

Revenues and expenses are recorded on an accrual basis. Revenue is measured at the fair value of the consideration received, net of discounts and related taxes or charges. Revenue is not recognized when there is significant uncertainty in its realization.

3.12. Leases

CPC 06 (R2) – IFRS 16 introduced a single accounting model for leases on the balance sheet of lessees. As a result, the Lessee Companies recognized right-of-use assets that represent their rights to use the underlying assets and lease liabilities that represent their obligation to make lease payments. The lessor's accounting remains similar to previous accounting policies. Companies applied CPC 06 (R2) using the simplified modified retrospective transition approach, therefore, comparative information presented for 2019 -2020 was not restated - i.e., it is presented as previously reported in compliance with CPC 06/IAS 17 and related interpretations. Details of changes in accounting policies are disclosed below.

Definition of lease

Previously, the Companies used to determine, at the beginning of the contract, whether it was or contained a lease under ICPC 03/IFRIC 4 - Supplementary Aspects of Leasing Transactions. As of January 1, 2019, Companies assess whether a contract is or contains a lease based on the new lease definition. Under CPC 06 (R2). a contract is or contains a lease when it transfers the right to control the use of the identified asset for a period of time for a consideration. In the transition to CPC 06 (R2), Companies opted to apply the practical expedient of maintaining the assessment of which transactions are leases. The Company applied CPC 06 (R2) only to contracts that were previously identified as leases. Contracts not identified as leases under CPC 06 (R1)/IAS 17 and ICPC 03/IFRIC 4 were not reassessed.

As lessee

The Companies leased certain assets, including real estate, vehicles, machinery and equipment. As lessees, the Companies previously classified operating or finance leases based on their assessment of whether the lease transferred substantially all the risks and rewards of ownership. Pursuant to CPC 06 (R2), Companies recognize right-of-use assets and lease liabilities for most leases - that is, such leases are recorded on the balance sheet.

(i) Significant accounting policies

The Companies recognize a right-of-use asset and a lease liability on the lease effective date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated amortization and impairment losses, and adjusted for certain remeasurements of the lease liability. Some leases are adjusted by inflation indexes, such as IGP-M, IGP-DI, IGP, IPC-A and INP-C.

Lease liabilities are initially measured at the present value of lease payments unpaid at the effective date, discounted using the Companies' incremental interest rate. The Companies applied judgment to determine the lease term of contracts that include renewal options.

The assessment of whether the Companies are reasonably certain to exercise these options impacts the lease term, which significantly affects the value of the lease liabilities and right-of-use assets recognized. Some leases contain extension options exercisable by the Companies up to one year before the end of the non-cancellable contract period. Where possible, Companies seek to include extension options in new leases to provide operational flexibility. Extension options held are exercisable only by the Companies and not by the lessors. The Companies assess at the lease effective date whether the exercise of the extension options is reasonably certain. The Companies reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within their control.

3.13. New and revised standards and interpretations

I. New or revised pronouncements applied for the first time in 2022

The main regulations amended, issued or under discussion by the International Accounting Standards Board (“IASB”) and the Accounting Pronouncements Committee (“CPC”), are as follows:

- IAS 16/CPC 27 "Property, Plant and Equipment": the amendment prohibits an Entity from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the asset is being prepared for its intended use. The respective revenues and related costs are recognized in profit or loss for the year.
- Annual improvements to IFRS 2018-2020 effective for periods beginning on or after 01/01/2022. This standard amends IFRS 1, addressing aspects of first-time adoption in a subsidiary; such as: IFRS 9-Financial Instruments, comments on the 10% test criterion for the reversal of financial liabilities; IFRS 16-Leases, includes illustrative examples of leasing.

The changes described above had no material impact on the financial statements.

II. New standards, reviews and interpretations issued but not yet in effect on 03/31/2023

For the following standards or amendments, the Company's Management has not yet determined whether there will be significant impacts on its financial statements; namely:

- Amendment to IAS 8 - Accounting Policies, Changes in Estimates and Error Rectification: amends the definition of accounting estimates, which are now considered as "monetary amounts in the financial statements subject to measurement uncertainty", effective for periods beginning on or after 01/01/2023;

In thousands of Brazilian reais

- Amendment to IAS 12 – Taxes on Profit (IRPJ and CSLL): establishes an additional exception to the exemption from the initial recognition of deferred income taxes related to assets and liabilities resulting from a single transaction, effective for periods beginning on or after 01/01/2023;
- Amendment to IAS 1 (CPC 26) - Presentation of Financial Statements - Classification of liabilities as Current or Non-current. Paragraphs 69 to 76 of this amended IAS specify requirements on how to proceed. They clarify:

  a) the meaning of a right to defer settlement;
  b) that the right to defer must exist at the base date of the report;
  c) that this classification is not affected by the likelihood that an entity will exercise its right of deferral; and
  d) that only if a derivative embedded in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification.

The aforementioned amendments are valid for periods beginning on or after 04/01/2023 and shall be applied retrospectively. Currently, the Company is assessing the impact of these changes on its current practice.

4. Cash and cash equivalents

Description	2023	2022
Transaction bank account	1,334	4,552
Financial investments	163	220
Total	**1,497**	**4,772**

4.1. Cash-equivalent financial investments

Description	Investment type	Maturity	2023	2022
Banco Bradesco	Bank deposit certificates - CDB	D+1	-	219
Banco Bradesco	Bank deposit certificates - CDB	D+1	162	-
Banco Santander	Bank deposit certificates - CDB	D+1	1	1
Total			**163**	**220**

The financial investments include bank deposit certificates and securities issued and committed from top-tier financial institutions, whose yield is pegged to the variation of the Brazilian index Interbank Deposit Certificate ("CDI"). They are classified in cash and cash equivalents as they have a redemption period of no more than three months from the investment date and because there is no risk of change in value in the event of early redemption.

In thousands of Brazilian reais

5. Trade accounts receivable

Description	2023	2022
Domestic customers	17,528	14,979
Foreign customers	166	226
Estimated credit losses	(879)	(950)
Revenue from sales of undelivered goods	(2,930)	(2,560)
Total trade accounts receivable, net	**13,885**	**11,695**

The maturity of trade accounts receivable is shown below:

Description	2023	%	2022	%
Not overdue	15,987	90%	13,913	92%
Overdue				
1 to 30 days past due	380	2%	122	1%
31 to 60 days past due	336	2%	43	0%
61 to 180 days past due	93	1%	123	1%
Over 180 days past due	898	5%	1,004	7%
Total	**17,694**	**100%**	**15,205**	**100%**

The Company hires a third party to assist in the process of recovering receivables, and also periodically assess the chances of recoverability of overdue bills, until all possibilities are exhausted. The policy for recording expected losses on doubtful accounts is as follows:

Description	Estimated loss	2023	2022
Court-supervised reorganization	100%	278	42
Over 365 days	100%	567	805
From 181 to 364 days	75%	20	79
From 120 to 180 days	25%	7	17
From 90 to 120 days	15%	7	4
From 30 to 90 days	5%	-	3
		879	**950**

6. Inventories

Description	2023	2022
Finished products	5,177	6,589
Products in progress	312	418
Raw materials	1,780	2,632
Packaging material	2,816	2,978
Consignment Material	1	1
Material held by third parties	875	329
Import in transit	1,593	-
Provision for low-turnover inventories	(561)	(742)
Cost of undelivered invoiced items	1,581	1,424
Total	**13,574**	**13,629**

In thousands of Brazilian reais

Changes in expected inventory losses are represented as follows:

Description	2023	2022
Opening balance	(742)	(802)
Additions	(1,212)	(1,350)
Write-offs	1,393	1,410
Closing balance	**(561)**	**(742)**

7. Other receivables

Description	2023	2022
Advances to suppliers (a)	2,495	1,269
Other accounts receivable	675	86
Total	**3,170**	**1,355**

(a) Refers to advances made both to customs brokers and foreign suppliers for the import of goods, which are paid in advance in relation to the entry of goods into the country and/or invoices under the heading of trade accounts payable.

Description	2023	2022
Current	**2,885**	**1,071**
Noncurrent	**285**	**284**

8. Judicial deposits

Description	2023	2022
Judicial deposit – ICMS(VAT) (a)	1,410	1,410
Judicial deposit – civil	164	-
Total	**1,574**	**1,410**

(a) Amounts refer to the judicial deposit made before the State of Minas Gerais on 10/30/2015, related to lawsuit 426925797.2013.813.0024, executed by the Court of Justice of the State of Minas Gerais, subsequently transferred to the Electronic Judicial Process on 10/19/2021, no. 1283996-29.2013.8.13.0024. As monitored by the tax advisors, the process is suspended and a decision is pending on the request for a new judicial expert opinion to investigate the tax substitution regime in certain goods, since 11/12/2020. The probability of loss is classified as possible, therefore, there is no risk to be provisioned for tax contingencies.

9. Taxes recoverable

Description	2023	2022
Tax reversals on unshipped goods	549	482
ICMS Recoverable	4,228	3,355
PIS/COFINS on ICMS (VAT) base exclusion (a)	5,680	7,118
INSS to Offset	22	6
IPI to offset	404	999
Other	371	295
Total	**11,254**	**12,255**

(a) PIS/COFINS credit on ICMS (VAT) exclusion from the calculation basis

In thousands of Brazilian reais

The credit survey was made in the period from February/2009 to March/2018, through the judicial proceeding - writ of mandamus no. 0002468-57.2014.403.6100 filed on 02/17/2014, according to normative instruction RFB 1.717/2007, which became final on 12/06/2018 and administrative proceeding no. 18186.722203/2019-11, in which the credit qualification was made on 07/13/2020. The Company has already started the credit recovery through the initial refund request no. 14939.70671.210720.1.3.54-4401, transmitted on 07/21/2020, in the amount of R$ 7,728,063 and, after checking with the lawyers, on 05/08/2021, the amount of R$ 323.660 to the initial credit on the invoices with CFOP 5.124 (Industrialization made for another company) through refund request 33064.62911.180521.1.3.54-6808 and, the other refund requests, before the additional amount, were rectified on 05/05/2021.

(b) STF final and unappealable decision in tax matters

On February 8, 2023, the Full Bench of the Federal Supreme Court (STF) decided, unanimously, in Extraordinary Appeals 955.227 (Theme 885) and 949.297 (Theme 881) on the possibility of deconstituting the final unappealable decision in successive legal relationships in tax matters. After analysis by Management, together with its legal advisors, of the tax proceedings to which the Company is or was a party, both as plaintiff and defendant, no situation was identified that could impact the set of financial statements ended March 31, 2023.

10. Property, plant & equipment

		2023			2022
Description	**Rate**	**Cost**	**Depreciation Rate**	**Amount**	**Net**
Machinery and equipment	10%	8,456	(6,971)	1,485	1,448
Industrial facilities	10%	1,437	(1,081)	356	449
Administrative facilities	10%	574	(418)	156	179
Laboratory equipment	10%	116	(109)	7	10
Factory furniture and fixtures	10%	206	(186)	20	12
Office furniture and utensils	10%	305	(251)	54	49
Tools and belongings	10%	72	(65)	7	8
Computers and peripherals	20%	879	(582)	297	334
Assets assigned to home center	10%	740	(680)	60	78
Safety equipment	10%	66	(27)	39	40
Improvements	-	40	(7)	33	36
PP&E in progress - factory	-	16	-	16	-
Total		**12,907**	**(10,377)**	**2,530**	**2,643**

In thousands of Brazilian reais

10.1. Changes in PP&E - 2023

Description – cost	2022	Additions	Write-Offs	Transfers	2023
Machinery and equipment	8,379	326	(249)	-	8,456
Industrial facilities	1,435	2	-	-	1,437
Administrative facilities	574	0	-	-	574
Laboratory equipment	116	-	-	-	116
Factory furniture and fixtures	196	10	-	-	206
Office furniture and utensils	292	13	-	-	305
Tools and belongings	72	-	-	-	72
Computers and peripherals	798	88	(7)	-	879
Assets assigned to home center	740	-	-	-	740
Safety equipment	60	6	-	-	66
Improvements	40	-	-	-	40
PP&E in progress - factory	-	16	-	-	16
	12,702	**461**	**(256)**	**-**	**12,907**
Accumulated depreciation	(10,059)	(535)	216	-	(10,377)
Total	**2,643**	**(74)**	**(40)**	**-**	**2,530**

11. Intangible assets

		2023			2022
Description	**Rate**	**Cost**	**Amortization**	**Amount**	**Net**
Software use license	20%	459	(449)	10	21
Goodwill on acquisition	-	22,612	(17,353)	5,259	5,259
Right-of-use assets	**	3,921	(2,130)	1,791	995
Total		**26,992**	**(19,932)**	**7,060**	**6,275**

11.1. Changes in intangible assets in 2022

Description – cost	2022	Additions	Write-Offs	Transfers	2023
Software use license	465	-	(6)	-	459
Goodwill on acquisition	22,612	-	-	-	22,612
Right-of-use assets	1,772	2,149	-	-	3,921
	24,849	**2,149**	**(6)**	**-**	**26,992**
Accumulated amortization	(18,574)	(1,358)	-	-	(19,932)
Total	**6,275**	**791**	**(6)**	**-**	**7,060**

In thousands of Brazilian reais

12. Loans and financing

Transaction descripton	Conditions	Maturity	2023	2022
Banco Itau - Finimp	1.24% per month	04/2022	-	2,050
Banco Itau	CDI + 0.24% per month	06/2022	-	2,509
Banco Itau	CDI + 0.35% per month	09/2022	-	2,661
Banco Itau	CDI + 0.46% per month	12/2022	-	2,704
Banco Itau	CDI + 0.32% per month	03/2023	-	3,076
Banco HSBC	CDI + 0.275% per month	03/2023	-	1,515
Banco HSBC	CDI + 0.275% per month	03/2023	-	1,854
Banco HSBC	CDI + 0.385% per month	05/2023	1,520	-
Banco HSBC	CDI + 0.385% per month	05/2023	1,858	-
Banco Itau - Finimp	CDI + 0.24% per month	06/2023	1,677	
Banco Itau	CDI + 0.24% per month	05/2023	2,768	-
Banco Itau	CDI + 0.26% per month	03/2024	3,881	-
Total			**11,704**	**16,369**

Loans acquired in the year total R$ 11,704 and are aimed at working capital for the company's operations. For credit collateral with Banco Itaú, we bound 50% of the receivables in our portfolio and, for loans with HSBC, we bounded a comfort letter from our shareholder Pidilite.

13. Trade accounts payable

Description	2023	2022
Domestic suppliers	3,499	1,502
Foreign suppliers	3,108	-
Total	**6,607**	**1,502**

14. Labor obligations

Description	2023	2022
Provision for vacation	858	743
Wages payable	551	540
Provision for Christmas bonus	184	168
Total	**1,593**	**1,451**

In thousands of Brazilian reais

15. Other accounts payable

Description	2023	2022
Provision for management bonuses and profit sharing (a)	1,050	640
Provision of commercial discount and commission for representatives (b)	1,317	1,041
Provision for freight (c)	397	57
Miscellaneous provisions (d)	857	1,483
Attorney fees	354	651
Other liabilities with third parties	222	457
	4,197	**4,329**

(a) Refers to the provision for bonuses for the executive board, paid annually, as well as bonuses for the board's length of service, totaling R$ 906 in 2023 (R$ 511 in 2022) and profit sharing for other employees in the amount of R$ 144 (R$ 129 in 2022).
(b) These are accounts payable referring to commercial representatives on sales amounts as well as estimated discounts applied on price lists.
(c) These are accounts payable for freight paid to carriers.
(d) These are miscellaneous payables, which include provisions for travel, cleaning, security, reception, water and other expenses recognized on an accrual basis while invoices and/or rendering of accounts have not been received.

Description	2023	2022
Current	3,784	3,856
Noncurrent	413	473

16. Lease payable

Description	2023	2022
Real estate leasing	1,494	944
Total	**1,494**	**944**

Lease agreements for properties on which the Company's headquarters are located have been renewed for a period of one year, and will be negotiated again after the term of the agreements has expired.

17. Provision for contingencies

Description	2023	2022
Labor contingencies	8	444
Civil contingencies	215	-
Total	**223**	**444**

The Company is a party to labor, civil and tax proceedings and is discussing these matters both at the administrative and judicial levels, which, when applicable, are supported by judicial deposits.

In thousands of Brazilian reais

The respective provisions for contingencies were established considering the estimate made by the legal advisors for proceedings whose probability of loss in the respective outcomes was assessed as probable. Management believes that the settlement of these issues will not have a significantly different effect on the provisioned amount.

(a) Possible losses (with no provisions)

As of March 31, 2023, in addition to the aforementioned amounts, Management has a total of R$ 2,811 (R$ 1,439 on March 31, 2022) derived from labor and civil claims, whose assessment by the Company's legal advisors indicates a possible probability of loss, which is why Management did not record this amount in the financial statements.

18. Provision for taxes

Description	2023	2022
IRPJ – income tax – STF (a)	734	648
CSLL income tax – STF(a)	270	239
PIS – indirect taxes (b)	74	65
COFINS – indirect taxes (b)	339	299
Total	**1,417**	**1,251**

(a) Provision for income tax and social contribution

The Company's Management recognized a Provision in the amount of R$ 1,004 (R$ 887 as of March 31, 2022) for IRPJ and CSLL – income taxes related to ICMS (VAT) exclusion from PIS and COFINS base, proportionally to the qualified credit.

(b) Provision for PIS and COFINS (indirect taxes)

Additionally, Management made a provision of R$ 413 (R$ 364 in 2022) referring to indirect taxes proportionally to the qualified credit.

The Federal Supreme Court (STF) has not yet ruled on the enforceability of this charge.

19. Share capital

(a) Share capital

The company's share capital on March 31, 2023 is R$ 74,302,868, comprising shares with a par value of R$ 1 each, distributed as follows:

Description	%	Shares	Amount - R$
Pidilite Industries Limited	99.99	74,302	74,302
Pidilite International PTE. Ltd.	0.01	1	1
Total	**100**	**74,303**	**74,303**

In thousands of Brazilian reais

20. Net operating revenue

Description	2023	2022
Sales of domestic products and goods	66,653	56,197
Resale in domestic market	37,480	33,138
Sale of domestic products and goods to ZFM or ALC	2,707	2,283
Exports	859	857
Industrialization performed in other companies	44	45
Resale in domestic market for ZFM or ALC	658	450
Revenue from sales of undelivered goods	(370)	(1,512)
Gross revenue from sales	**108,031**	**91,458**
Taxes levied on sales	(20,155)	(18,286)
Sales returns - net	(2,611)	(2,581)
Pre-paid taxes	(440)	(537)
Total	**84,825**	**70,054**

21. Cost of goods sold

Description	2023	2022
Cost of goods and services sold	(46,783)	(39,503)
Salaries and charges	(5,191)	(4,792)
Depreciation and amortization	(1,391)	(1,251)
Inventory adjustments	(743)	338
Electric energy	(408)	(426)
Consumables	(377)	(351)
Rental and IPTU	(311)	(249)
Services provided by third parties	(94)	(69)
Other costs and expenses	(1,057)	(1,588)
	(56,355)	**(47,891)**

22. Operating expenses

Description	2023	2022
Salaries and charges	(10,523)	(9,176)
Selling expenses	(1,349)	(1,396)
Commissions on sales	(3,883)	(3,156)
Services provided by third parties	(2,196)	(2,056)
Freight expenses	(2,670)	(1,608)
Depreciation and amortization	(653)	(606)
Bonus and taxes	(619)	(655)
Travel expenses	(1,241)	(471)
Consumables	(70)	(77)
Other expenses	(3,171)	(2,566)
	(26,375)	**(21,767)**

In thousands of Brazilian reais

23. Net financial expense

Description	2023	2022
Financial revenues		
Discounts obtained	13	42
Interest income from customers	73	74
Income on investments	7	-
Foreign exchange gains	480	344
	573	**460**
Financial Expenses		
Foreign exchange losses	(151)	(291)
Interest on loans	(2,488)	(1,489)
Interest and fines on taxes	(12)	(8)
Financial interest and fines	(25)	(18)
Other finance costs	(293)	(171)
Banking expenses	(135)	(140)
Total	**(3,104)**	**(2,117)**
Net financial expense	**(2,531)**	**(1,657)**

24. Income tax and social contribution - current

Description	2023	2022
Income (loss) before income tax and social contribution	(436)	(1,260)
Additions	5,351	4,601
Deduction	(6,082)	(3,755)
Tax loss offset	-	-
Calculation basis	**(1,167)**	**(414)**
Income tax	-	(19)
Social contribution	-	(10)
	-	**(29)**
Effective rate	**0%**	**(7%)**

25. Risk management

Below is management's understanding of the exposure to the following risks arising from financial instruments:

Credit risk; exchange rate risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and managing the Company's capital.

The company's management has the overall responsibility for the establishment and supervision of the risk management framework. The Company's management policies were established in order to identify and analyze the risks to which the Company is exposed, to define risk limits and appropriate controls, and to monitor risks and adherence to defined limits. Risk policies and systems are regularly reviewed to reflect changes in market conditions and in the Company's activities.

Credit risk

This risk arises from the possibility of the Company incurring losses as a result of the difficulty in receiving amounts invoiced to its customers and distributors. To reduce this type of risk, the Company performs individual credit analysis of its customers, based on potential sales analysis, risk and default history, data from risk and market agencies.

Currency risk

Currency risk arises from current and future business transactions, mainly as a result of raising loans in foreign currency.

The currency risk management policy defined by the company's management is to hedge up to 100% of the contracted value of foreign currency loans through currency swaps.

It is worth noting that the effective net exposure is related mainly to the estimate of future cash flows, for which there is the possibility of adjustments in the composition of prices to be practiced in the retail market, as a way to offset possible effects of costs due to the occurrence of appreciation scenarios in the dollar exchange rate. It should be considered that, substantially, actual results will be realized only upon settlement of the foreign currency loans and swaps.

Liquidity risk

This risk arises from the possibility of having lower funds assigned for debt payments. Management monitors the ongoing forecast of the Company's liquidity requirements to ensure that sufficient cash is available to meet operational needs.

26. Insurance coverage (unaudited)

The Company holds insurance coverage for amounts considered sufficient by the technical and operational departments (DTO) to cover possible risks on its assets and/or liabilities.

The scope of the audit work does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by the Company's Management and which considers it sufficient to cover any claims.