Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

FINANCIAL STATEMENTS
AS OF 31st OF MARCH, 2022
With the independent auditors' report

PULVITEC DO BRASIL INDÚSTRIA E COMÉRCIO DE COLAS E ADESIVOS LTDA.
(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

FINANCIAL STATEMENTS

AS OF 31st OF MARCH, 2022

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Independent auditors' report on the financial statements

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails. See Note 27 to the financial statements)

To the
Directors and Shareholders of
Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
São Paulo - SP

Opinion

We have examined the financial statements of Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda. (the “Company”), which comprise the balance sheets as of the 31st of March 2022 and the respective statements of income, of comprehensive income, of changes in equity, and of cash flows for the year ended on said date, as well as the pertinent explanatory notes, including a summary of the main accounting policies.

In our opinion, the aforementioned financial statements fairly present, in all material respects, the equity and financial position of Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda. on the 31st of March 2022, the performance of its operations and its cash flows for the year ended on said date, in accordance with accounting practices adopted in Brazil, applicable to small- and medium-sized companies.

Basis for the opinion

Our audit has been conducted as per Brazilian and International Standards on Auditing (ISA’s). Our responsibilities, under those standards, are described in the section below entitled “Auditor's responsibilities for the audit of the financial statements”. In relation to the Company, we are independent as per the relevant ethical principles set forth in the Accountant's Code of Professional Ethics and in the professional standards issued by the Brazilian Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the evidence of audit obtained is sufficient and appropriate to substantiate our opinion.

Other matters

The financial statements for the year ended on the 31st of March 2021, presented for the purposes of comparison, were duly audited by other independent auditors.

Responsibilities of the Management and Governance for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that it has deemed as necessary to enable the preparation of financial statements free from material misstatement, whether caused by fraud or error.

In the making of financial statements, the Management is responsible for evaluating the Company's ability to continue in operation, whilst disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Company or cease operations, or has no realistic alternative to avoid closing operations.

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

Auditor's responsibilities for the financial statements audit

Our purposes are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, though not a guarantee that the audit carried out as per the Brazilian and international auditing standards shall always detect any existing material misstatement. Misstatements may result from fraud or error and are considered material when, individually or as a whole, they can influence, within a reasonable perspective, the economic decisions of users taken with grounds on the aforementioned financial statements.

As part of the audit performed in accordance with the Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism in the course of the audit. Furthermore:

- We have identified and assessed the risks of material misstatement in the financial statements, regardless of its being caused by fraud or error. We have planned and performed audit procedures in response to such risks, and also obtained sufficient and appropriate audit evidence to substantiate our opinion. The risk of not detecting material misstatement derived from fraud is greater than the one derived from error, as fraud may involve the act of circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.

- We have obtained an understanding of the internal controls relevant to the audit, so we would design audit procedures befitting the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.

- We have assessed the adequacy of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the adequacy of the use, by the Management, of the accounting basis of operational continuity and, based on the audit evidence obtained, whether there is material uncertainty in relation to events or conditions which may raise significant doubt in relation to the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we must draw attention in our audit report to the respective disclosures in the financial statements or include a modification of our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. Nevertheless, future events or conditions may cause the Company to cease to continue as a going concern.

- We have evaluated the overall presentation, structure, and content of the financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that is consistent with the purposes of fair presentation.

We communicate with the ones in charge of governance regarding, among other things, the planned scope, the timing of the audit, and the significant audit findings, including any significant deficiencies in internal controls that we identify in the course of our work.

Sao Paulo, the 29th of April, 2022.

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

Silvio Cesar Cardoso
Accountant – CRC1SP 188.428/O-5

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)
Balance sheets as of the 31st of March 2022 and 2021
Values expressed in thousands of Reais

Assets	Note	2022	2021	Liabilities and equity	Note	2022	2021
Current assets				**Current liabilities**			
Cash and cash equivalents	4	4,772	2,324	Loans and financing	11	16,369	11,285
Accounts receivable from customers	5	11,695	9,347	Suppliers	12	1,502	2,980
Inventories	6	13,629	15,136	Tax obligations	-	589	131
Other credits	7	1,071	1,592	Labor obligations	13	1,451	1,347
Taxes to be recovered	8	12,255	12,068	Sales commissions payable	-	783	764
Prepaid expenses	-	392	318	Accounts payable	-	1,522	1,471
		43,814	**40,785**	Other accounts payable	14	3,877	4,124
				Lease payable	15	944	1,212
						27,037	**23,314**
Non-current assets							
Other credits	7	1694	1.694	**Non-current liabilities**			
Fixed assets	9	2,643	2,679	Provisions for contingencies	16	444	82
Intangible	10	6,275	6,385	Other accounts payable	14	457	457
		10,612	**10,758**	Provision for Taxes	17	1,251	1,163
						2,152	**1,702**
				Shareholders' equity			
				Share capital	18	74,303	74,303
				Accumulated losses	-	(49,066)	(47,776)
						25,237	**26,527**
Total		**54,426**	**51,543**	**Total**		**54,426**	**51,543**

The explanatory notes are forming part of these financial statements.

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of results for the years ended on the 31st of March 2022 and 2021
Values expressed in thousands of Reais

	Note	2022	2021
Net operating income	19	**70,054**	**76,563**
Cost of goods sold	20	(47,891)	(46,364)
Gross profit		**22,163**	**30,199**
General administrative expenses		(21,414)	(21,606)
Other income and (expenses), net		(353)	7,630
Operating expenses	21	**(21,767)**	**(13,976)**
Profit before financial result		**396**	**16,223**
Net financial result	22	(1,657)	(1,323)
Profit (loss) before taxes		**(1,261)**	**14,900**
Current income tax and social contribution	23	(29)	(4,450)
Net profit (loss) for the year		**(1,290)**	**10,450**

The explanatory notes are forming part of these financial statements.

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of results for the years ended on the 31st of March 2022 and 2021
Values expressed in thousands of Reais

	2022	2021
Profit (loss) for the year	**(1,290)**	**10,450**
Other comprehensive results	-	-
Total comprehensive income (loss) for the year	**(1,290)**	**10,450**

The explanatory notes are forming part of these financial statements.

Values expressed in thousands of Reais

	Share capital	Accumulated losses	Total of Shareholder's equity
Balances on the 31st of March 2020	**74,303**	**(58,226)**	**16,077**
Net profit for the year	-	10,450	**10,450**
Balances on the 31st of March 2021	**74,303**	**(47,776)**	**26,527**
Net loss for the year	-	(1,290)	**(1,290)**
Balances on the 31st of March 2022	**74,303**	**(49,066)**	**25,237**

The explanatory notes are forming part of these financial statements.

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of cash flows for the years ended on the 31st of March 2022 and 2021
Values expressed in thousands of Reais

	2022	2021
Cash flow from operating activities		
Net profit (loss) for the year	(1,290)	10,450
Adjustments to reconcile profit for the fiscal years with the funds from operating activities		
Depreciation and amortization	1,856	1,535
Interest and exchange variation on loans and financing	(77)	1,003
Exchange variation on other assets and liabilities	(108)	-
Result from the sale and write-off of fixed and intangible assets	1	90
Estimated losses with doubtful accounts	(117)	416
Provision for items invoiced and not shipped	1,512	24
Provision for inventory losses	(60)	455
Provision for Taxes	88	1,163
Provisions for contingencies	(362)	(3)
	1,443	**15,133**
Changes in assets and liabilities		
Accounts receivable from clients	2,348	(53)
Stocks [Inventory]	(1,507)	(6,453)
Other credits	(521)	(654)
Taxes to be recovered	187	(10,661)
Prepaid expenses	74	(131)
Other non-current assets	-	1,513
Suppliers	(1,478)	968
Tax obligations	458	2,166
Lease payable	(268)	(476)
Labor obligations	104	54
Other accounts payable	(247)	4,066
Payment of interest on loans	(1,489)	(1,080)
Payments of income tax and social contribution	(29)	(3,627)
Net cash from (applied in) operating activities	**(925)**	**765**
Cash flow from investing activities		
Additions to fixed and intangible assets	(1,711)	(1,312)
Net cash applied in investing activities	**(1,711)**	**(1,312)**
Cash flow from financing activities		
Contracting of loans and financing	16,369	15,595
Payments of loans and financing	(11,285)	(15,185)
Net cash from financing activities	**5,084**	**410**
Increase (decrease) in cash and cash equivalents	**2,448**	**(138)**
Cash and cash equivalents at the beginning of the year	2,324	2,462
Cash and cash equivalents at the end of the year	4,772	2,324
Increase (decrease) in cash and cash equivalents	**2,448**	**(138)**

The explanatory notes are forming part of these financial statements.

1. Operational context

Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltd., headquartered in Brazil, in the City of São Paulo – SP, at Av. Presidente Altino, 2468, 2568 e 2600, Jaguaré – SP, is engaged in the exploration of industry, commerce, representations, imports, exports, the provision of technical assistance and projects in the fields of activities of glues and adhesives, resins, chemicals, materials plastics and their manufactures, plastic and chemical materials for the use of seals and insulating masking tapes, the commercialization, import and export of cleaning and polishing products for metals in general and participation, directly or indirectly, in other companies, as a partner or shareholder.

1.1. Impacts of the pandemic

The company has been closely monitoring the economic impacts with respect to the Coronavirus (COVID-19) on Pulvitec's business, whilst keeping in contact with our main customers to understand the level of trade activities and the market in general.

Middle-class and upper-middle-class residents who were or are working from home are now gradually returning to their workplaces. However, we have noticed an adaptation in the hybrid form of work that we will need to understand as to whether we will have positive effects on our product line.

In the sanitizing products market, the company launched the alcohol gel line that significantly helped in the numbers of April 2020 and May 2020, but had its demand cooled by the excess supply of products on the market. The company still has material in stocks, having made campaigns to liquidate the remaining items. In the present financial statement, provisions were made for losses of around 80% of the balance in stock due to low handling and considering factors such as the expiry date of the products.

2. Basis for preparation

2.1. Declaration of compliance with accounting practices

The financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, which include corporate law and the standards issued by the Federal Accounting Council (CFC).

The financial statements were approved by the Management on the 29th of April, 2022.

2.2. Functional currency and presentation currency

The financial statements have been prepared and are presented in reais (R$), which is the company's functional currency. The functional currency was determined based on the primary economic environment of its operations. All of the financial information presented is in thousands of reais, unless stated otherwise.

2.3. Use of estimates and judgments

The preparation of the financial statements in accordance with the practices adopted in Brazil requires the Management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Reviews with respect to financial estimates are recognized in the year in which the estimates are reviewed and in any future years affected.

3. Main accounting practices

3.1. Financial instruments

Classification and measurement of financial assets and liabilities

According to IFRS 9 / NBC TG 48, upon initial recognition, a financial asset is classified as: at amortized cost; fair value through other comprehensive income (“VJORA”) [FVTOCI] – debt instrument; VJORA – equity instrument; and fair value through profit or loss (“VJR”) [FVTPL or FVR]. The classification of the financial assets is substantially established according to the business model in which a financial asset is managed and its contractual cash flow characteristics. The new significant accounting policies are described as follows:

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

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

• it is held within a business model whose objective is to hold financial assets in order to receive contractual cash flows; and

• its contractual terms generate, on specific dates, cash flows that are related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at VJORA [FVTOCI] if it meets both of the following conditions and is not designated as measured at VJR [FVTPL]:

• it is maintained within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and

•• its contractual terms generate, on specific dates, cash flows that are only payments of principal and interest on the outstanding principal amount.

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

The financial liabilities have been classified as measured at amortized cost or at FVTPL. 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 is designated as such on initial recognition. Financial liabilities measured at FVTPL are measured at fair value, whilst the net result, including interest, is recognized in the results. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in the result. Any gain or loss is also recognized in the result.

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

Impairment loss

Expected credit losses are estimates weighed by the probability of credit losses based on historical losses and projections of related assumptions. The credit losses are measured at present value based on all cash shortfalls (that is, the difference between the cash flows owed to the Company under the contract and the cash flows the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

In accordance with the replacement of the model of incurred losses with expected losses, the Management concluded that the methodology already adopted is in compliance with the model of expected losses and, therefore, the initial adoption of IFRS 9 / NBC TG 48 as of the 1st of January 2018 had no relevant impact on the measurement of expected losses on accounts receivable from customers.

3.2. Cash and cash equivalents

The balances include available funds, bank deposits, and short-term investments readily convertible into a known amount of cash and are not subject to a significant risk of change in value. These are valued at acquisition cost, plus earnings that do not exceed their respective market values.

3.3. Accounts receivable

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

The Management uses the individual analysis of receivables as a criterion for evaluating expected losses on doubtful accounts.

3.4. Adjustments to present value

Monetary items comprising assets and liabilities are adjusted to their present value based on the effective interest rate, when derived from short-term operations, if relevant, and long-term, without expected remuneration or subject to: (i) pre-fixed interest; (ii) notoriously below-market interest rates for similar transactions; and (iii) adjustments only for inflation, without interest. The company evaluates the effect of this procedure on a regular basis. On the 31st of March 2022 and 2021, no adjustments of this nature were identified.

3.5. Inventories

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

The inventories are deducted from expected losses with established devaluation when there is objective evidence that the Company will not be able to carry inventories at an amount greater than their average cost. The amount of expected losses is the difference between the carrying amount and the recoverable amount.

3.6. Fixed assets

Are recorded at acquisition cost and subject to impairment tests. The accumulated depreciation was computed using the straight-line method and recognized in the result for the year, as per the rates mentioned in Note 9.

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

Reduction of assets to the recoverable value

Non-current assets are reviewed annually to identify evidence of non-recoverable losses or, moreover, when events or changes in circumstances indicate that the carrying amount may not be recoverable. When that is the case, the recoverable value is calculated to verify for loss. When loss is there, it is recognized at the amount by which the asset's carrying amount exceeds its recoverable value, which is the higher of an asset's net selling price and value in use. For the purposes of valuation, the assets are grouped into the smallest group of assets for which separately identifiable cash flows exist.

3.7. Income tax and social contribution on the profit

Income tax and social contribution are calculated in accordance with the Brazilian tax legislation (real profit), at the rate of 15% of income tax, with an additional 10% on the excess of R$ 240K, and 9% of contribution Social.

3.8. Provision for contingencies

A provision is recognized, as a result of a past event, if the company has a legal or constructive obligation that can be estimated reliably, and it is likely that an outflow of economic asset will be required to settle the obligation.

3.9. Other current and non-current assets and liabilities

Current and non-current liabilities are stated at known or estimated amounts plus, when applicable, the corresponding charges, monetary and/or exchange variations incurred until the date of the balance sheet. When applicable, current and non-current liabilities are recorded at the present value, transaction by transaction, based on interest rates that reflect the term, the currency, and the risk of each transaction. The contra entry of adjustments to present value is recorded against the income account that gave rise to said liability. The difference between the present value of a transaction and the face value of the liability is allocated to income over the term of the contract based on the amortized cost method and the effective interest rate.

3.10. Revenue recognition

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

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

3.11. Result calculation

Revenues and expenses are recorded on the 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 if there is significant uncertainty as to its realization.

3.12. Leases

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

Definition of lease

Previously, the Companies would determine, at the beginning of the contract, whether it was or contained a lease under ICPC 03/IFRIC 4 - Complementary Aspects of Leasing Operations. As of the 1st of January 2019, the Companies assess whether a contract is or contains a lease based on the new lease definition. According to CPC 06 (R2), a contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration. In the transition to CPC 06 (R2), the Companies chose to apply the practical expedient of maintaining the assessment of which transactions are lease operations. The Companies applied CPC 06 (R2) only to contracts that were previously identified as lease operations. The contracts which were not identified as lease in accordance with CPC 06 (R1)/IAS 17 and ICPC 03/IFRIC 4 were not reassessed.

As the lessee

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

(i) Significant accounting policies

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

In thousands of reais

The lease liability is initially measured at the present value of the lease payments that were not paid at the commencement date, discounted using the incremental interest rate of the Companies. The Companies have 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 has an impact on the lease term, which significantly affects the value of recognized lease liabilities and right-of-use assets. Some leases contain extension options exercisable by the Companies up to one year before the end of the non-cancelable contract period. Whenever possible, the Companies seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Companies and not by the lessors. The Companies assess at the commencement date of the lease 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 the circumstances under their control.

4. Cash and cash equivalents

Description	2022	2021
Cash	-	1
Banks account movement	4,552	1,462
Financial investments	220	861
Total	**4,772**	**2,324**

4.1. Financial investments

Description	Investment type	Maturity	2022	2021
Banco Bradesco	Bank Deposit Certificates - CDB	D+1	219	33
Banco Santander	Bank Deposit Certificates - CDB	D+1	1	828
Total			**220**	**861**

The financial investments include bank deposit certificates and securities issued and committed by first-rate financial institutions, whose yield is linked to the variation of the Interbank Deposit Certificate (“CDI”). They are classified in cash and cash equivalents because they have a redemption term not exceeding three months, as of the investment date, and because there is no risk of change in value in the event of early redemption.

5. Accounts receivable from customers

Description	2022	2021
National customers	14,979	11,142
Foreign customers	226	320
Total accounts receivable from customers, gross	**15,205**	**11,462**
Estimated loss with doubtful accounts	(950)	(1,067)
Revenues from sales of undelivered goods	(2,560)	(1,048)
Total accounts receivable from customers, net	**11,695**	**9,347**

Aging list

In thousands of reais

Description	2022	%	2021	%
Becoming due	13,913	92%	8,908	78%
Overdue				
Overdue from 1 to 30 days	122	1%	813	7%
Overdue from 31 to 60 days	43	0%	366	3%
Overdue from 61 to 180 days	123	1%	369	3%
Overdue for more than 180 days	1,004	7%	1,006	9%
Total	**15,205**	**100%**	**11,462**	**100%**

The Company hires a third party to assist in the recovery process of receivables, who periodically assesses the chances of recoverability of overdue securities, until all possibilities are exhausted.

The policy for constituting expected losses on doubtful accounts is represented as follows:

Description	Estimate calculation	2022	2021
Judicial recovery	100%	(42)	(77)
Over 365 days	100%	(805)	(831)
From 181 to 364 days	75%	(79)	(91)
From 120 to 180 days	25%	(17)	(32)
From 90 to 120 days	15%	(5)	(12)
From 30 to 90 days	5%	(2)	(24)
		(950)	**(1,067)**

6. Inventories

Description	2022	2021
Finished products	6,589	9,925
Products in manufacture	418	209
Raw material	2,632	1,708
Packing material	2,978	3,039
Material on Consignment	1	2
Material held by third parties	329	460
Provision for low-turnover inventories	(742)	(802)
Cost of items invoiced and not delivered	1,424	595
Total	**13,629**	**15,136**

In thousands of reais

The movement of expected losses with inventories is represented as follows:

Description	2022	2021
Opening balance	(802)	(347)
Additions	(1,350)	(1,635)
Write-offs	1,410	1,180
Final balance	**(742)**	**(802)**

7. Other credits

Description	2022	2021
Advances to suppliers	1,269	1,178
Deposit in court - ICMS process	1,410	1,410
Other accounts receivable	86	698
Total	**2,765**	**3,286**
Current	**1,071**	**1,592**
Non-current	**1,694**	**1,694**

8. Recoverable taxes

Description	2022	2021
COFINS Recoverable	-	57
Tax reversals on unshipped goods	482	236
ICMS Recoverable	3,355	2,784
PIS/COFINS W/o ICMS Base Exclusion	7,118	7,709
NSS to offset	6	6
IPI to offset	999	1,021
Others	295	242
PIS Recoverable	-	13
Total	**12,255**	**12,068**

In thousands of reais

9. Fixed assets

		2022			2021
Description	**Rate**	**Cost**	**Depreciation**	**Net**	**Net**
Machines and equipment	10%	8,379	(6,931)	1,448	1,035
Industrial facilities	10%	1,435	(986)	449	444
Administrative facilities	10%	574	(394)	180	87
Laboratory equipment	10%	116	(106)	10	13
Furniture and utensils, Factory	10%	196	(184)	12	16
Furniture and utensils, Office	10%	292	(243)	49	50
Tools and belongings	10%	72	(64)	8	5
Computers and peripherals	20%	802	(465)	337	329
Assets assigned to home center	10%	740	(662)	78	97
Safety equipment	10%	60	(28)	32	47
Improvements	-	40	-	40	18
Fixed assets in progress, Factory	-	-	-	-	538
Total		**12,706**	**(10,063)**	**2,643**	**2,679**

9.1 Changes in fixed assets in 2022

Description - cost	**2021**	**Additions**	**Write-offs**	**Transfers**	**2022**
Machines and equipment	7,677	330	-	372	8,379
Industrial facilities	1,334	27	-	74	1,435
Administrative facilities	467	-	(1)	107	573
Laboratory equipment	116	-	-	-	116
Furniture and utensils, Factory	196	-	-	-	196
Furniture and utensils, Office	285	-	-	-	285
Tools and belongings	67	5	-	-	72
Computers and peripherals	676	121	-	4	801
Assets assigned to home center	740	-	-	-	740
Safety equipment	61	8	-	-	69
Improvements	18	13	-	9	40
Fixed assets in progress, Factory	541	25	-	(566)	-
	12,178	**529**	**(1)**	**-**	**12,706**
Accumulated depreciation	(9,499)	(565)	1	-	(10,063)
Total	**2,679**	**(36)**	**-**	**-**	**2,643**

In thousands of reais

10. Intangible

		2022			2021
Description	**Rate**	**Cost**	**Amortization**	**Net**	**Net**
Software use license	20%	465	(444)	21	33
Goodwill on acquisition - Goodwill	-	22,612	(17,353)	5,259	5,259
Right to use property	**	1,772	(777)	995	1,093
Total		**24,849**	**(18,574)**	**6,275**	**6,385**

10.1. Changes in intangible assets in 2022

Description - cost	**2021**	**Additions**	**Write-offs**	**Transfers**	**2022**
Software use license	451	14	-	-	465
Goodwill on acquisition - Goodwill	22,612	-	-	-	22,612
Right to use property	3,075	1,168	-	(2,471)	1,772
	26,138	**1,182**	**-**	**(2,471)**	**24,849**
Accumulated amortization	(19,753)	(1,292)	-	2,471	(18,574)
Total	**6,385**	**(110)**	**-**	**-**	**6,275**

11. Loans and financing

Description operation	**Conditions**	**Maturity**	**2022**	**2021**
Banco Santander	9.42% p.a.	06/2021	-	5,030
Banco HSBC	CDI+3.3% p.a.	03/2022	-	3,340
Banco Itaú	9.25% p.a.	03/2022	-	2,915
Banco Itaú - Finimp	1.24% p.m.	04/2022	2,050	-
Banco Itaú	CDI+0.24% p.m.	06/2022	2,509	-
Banco Itaú	CDI+0.35% p.m.	09/2022	2,661	-
Banco Itaú	CDI+0.46% p.m.	12/2022	2,704	-
Banco Itaú	CDI+0.32% p.m.	03/2023	3,076	-
Banco HSBC	CDI+0.275% p.m.	03/2023	1,515	-
Banco HSBC	CDI+0.275% p.m.	03/2023	1,854	-
Total			**16,369**	**11,285**

The loans contracted in the year total R$ 16,369 and are intended for working capital for the Company's operations. For credit guarantees with Banco Itaú, we have linked 50% of the receivables in our portfolio and, for loans with Banco HSBC, we have linked the comfort letter from our shareholder Pidilite.

In thousands of reais

12. Suppliers

Description	2022	2021
National suppliers	1,502	1,999
Foreign suppliers	-	981
Total	**1,502**	**2,980**

13. Labor obligations

Description	2022	2021
Provision for vacation	743	673
Salaries payable	540	519
Provision for 13th salary	168	155
Total	**1,451**	**1,347**

14. Other accounts payable

Description	2022	2021
Provision for commercial discounts	506	530
Provision for freight	57	8
Miscellaneous provisions	1,467	1,350
Provision for profit sharing	129	120
Provision for bonuses	511	917
Provision for legal expenses	16	16
Commission provision, others	540	292
Commission provision, tax	651	812
Other liabilities with third parties	457	457
Corporate mark-up guarantee	-	64
Internal audit provision	-	15
	4,334	**4,581**

Current	**3,877**	**4,124**
Non-current	**477**	**477**

In thousands of reais

15. Lease payable

Description - cost	2022	2021
Real estate leasing	944	1,212
	944	**1,212**

The lease agreements for properties in which the Company's headquarters are located were renewed for a period of one year, and will be negotiated again after the term of the agreements has expired.

16. Provisions for contingencies

Description	2022	2021
Labor contingencies	444	82
Total	**444**	**82**

The company is a party to labor, civil, and tax proceedings and these issues are being discussed both at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. The respective provisions for contingencies were constituted considering the estimate made by the legal advisors for the processes whose probability of loss in the respective outcomes has been evaluated as probable. The Management believes that the resolution of these issues will not produce an effect significantly different from the amount provisioned.

(a) Possible losses (not provisioned)

On the 31st of March 2022, in addition to the amounts mentioned above, the Management has R$1,439 arising from labor and civil cases, the assessment of which, by the legal counsel of the Company, indicates a possible probability of loss, reason why the Management did not enter this amount in the financial statements.

17. Provision for Taxes

Description	2022	2021
IRPJ – STF (a)	648	609
CSLL – STF(a)	239	224
PIS (b)	65	59
COFINS (b)	299	271
Total	**1,251**	**1,163**

(a) Provision for income tax and social contribution

The Management recognized a provision of R$ 887 (R$ 833 on the 31st of March 2021) for IRPJ and CSLL related to the exclusion of ICMS from the PIS and COFINS base, in proportion to the credit enabled.

In thousands of reais

(b) Provision for PIS and COFINS (VAT)

Additionally, Management made a provision of R$ 364 (R$ 330 in 2021) related to direct taxes in proportion to the credit enabled.

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

18. Share capital

(a) Share capital

On the 31st of March 2022, the share capital of the company is R$74,302,868, in shares with a par value of R$1 each, distributed as follows:

Description	%	Shares	Value – R$
Pidilite Industries Limited	99.99	74,302	74,302
Pidilite International Pte. Ltd.	0.01	1	1
Total	**100.00**	**74,303**	**74,303**

19. Net operating income

Description	2022	2021
Sales of national products and goods	56,197	75,125
Resale in the national market	33,138	19,928
Sale of national products and goods to ZFM or LAC	2,283	3,113
Exports	857	460
Industrialization made in other companies	45	30
Resale in the national market to ZFM or ALC	450	802
Revenues from sales of undelivered goods	(1,512)	(154)
Gross sales revenue	**91,458**	**99,304**
Taxes levied on sales	(18,286)	(19,815)
Return, sales - net	(2,581)	(2,360)
Advance taxes	(537)	(566)
Total	**70,054**	**76,563**

In thousands of reais

20. Cost of goods sold

Description	2022	2021
Cost of products and services sold	(40,441)	(37,949)
Freight expenses	(1,611)	(2,701)
Depreciation and amortization	(1,856)	(1,535)
Inventory adjustment	338	(512)
Electric energy	(592)	(462)
Bonus and taxes	(655)	(166)
Rents	(436)	(381)
Other costs	(2,638)	(2,658)
	(47,891)	**(46,364)**

21. Operating expenses

Description	2022	2021
Salaries and charges	(13,968)	(13,761)
Business expenses	(1,396)	(1,744)
Sales commissions	(3,156)	(3,428)
Services provided by third parties	(2,125)	(1,416)
Supplies and consumables	(428)	(394)
Other income (expenses)	(694)	6,767
	(21,767)	**(13,976)**

22. Net financial income (expense)

Description	2022	2021
Financial income		
Discount obtained	42	10
Interest income, customers	74	62
Income on investments	-	40
Revenue with SWAP	-	199
Exchange variation gain	344	440
	460	**751**
Financial Expenses		
Exchange variation loss	(291)	(234)
Interest on loans	(1,489)	(1,003)
Interest and fines on taxes	(8)	(17)
Interest and financial penalties	(18)	(264)
Other financial expenses	(171)	(353)
Bank expenses	(140)	(199)
Expenses with notary	-	(4)
Total	**(2,117)**	**(2,074)**
Total	**(1,657)**	**(1,323)**

In thousands of reais

23. Income tax and social contribution

Description	2022	2021
Result before income tax and social contribution	(1,261)	14,900
Additions	4,601	3,012
Deduction	(3,755)	(3,100)
Tax loss offset	-	(5,835)
Calculation basis	**(415)**	**8,977**
Income Tax	(19)	(3,245)
Social Contribution	(10)	(1,205)
	(29)	**(4,450)**
Effective Rate	**2%**	**30%**

24. Risk management

The management's understanding of the exposure to the following risks derived from financial instruments is presented below:

Credit risk; exchange rate risk, and liquidity risk.

This note presents information on the company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks and managing the Company's capital.
The Management of the Company has overall responsibility for the establishment and oversight of the risk management framework. The policies of management have been established to identify and analyze the risks to which it is exposed, to define appropriate risk limits and controls, and to monitor risks and adherence to imposed limits. The risk policies and systems are regularly reviewed to reflect changes in market conditions and the company's activities.

Credit Risk

This risk derives from the possibility that the Company may incur losses resulting from the difficulty in receiving amounts billed 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 agencies and the market.

Exchange rate risk

Exchange risk derives from current and future commercial operations, generated mainly by borrowing in foreign currency.

The policy of exchange risk management defined by the company's management is to protect up to 100% of the contracted value of the loan in foreign currency through exchange rate swaps.

It is important to highlight that the effective net exposure is mainly related to the estimate of future cash flows, for which there is a possibility of adjusting the composition of prices to be practiced in the retail, as a way of offsetting possible cost reflections in the event of scenarios appreciation in the dollar rate. Let it be considered that, substantially, the effective results will be realized only when the foreign currency loans and swaps are settled.

Liquidity risk

Derives from the possibility of reducing the resources destined for debt payments. The Management monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs.

25. Insurance coverage

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

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

26. Explanation added to the translation for the English version

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

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