www.pwc.com.br

(A free translation of the original in Portuguese)

Videolar - Innova S/A

Financial statements at December 31, 2023 and independent auditor's report

Videolar-Innova S/A

Management Report as of
December 31, 2023

01/23/2024

Dear Shareholders,

The management of Videolar-Innova S/A, in compliance with the legal and statutory provisions, submits to your assessment the Management Report and Financial Statements for the Year 2023, with its explanatory notes, accompanied by the Independent Auditors' Report, for the years ended December 31, 2023 and 2022, prepared in accordance with accounting practices adopted in Brazil.

2023: SOLIDITY IN THE FACE OF A CHALLENGING SCENARIO

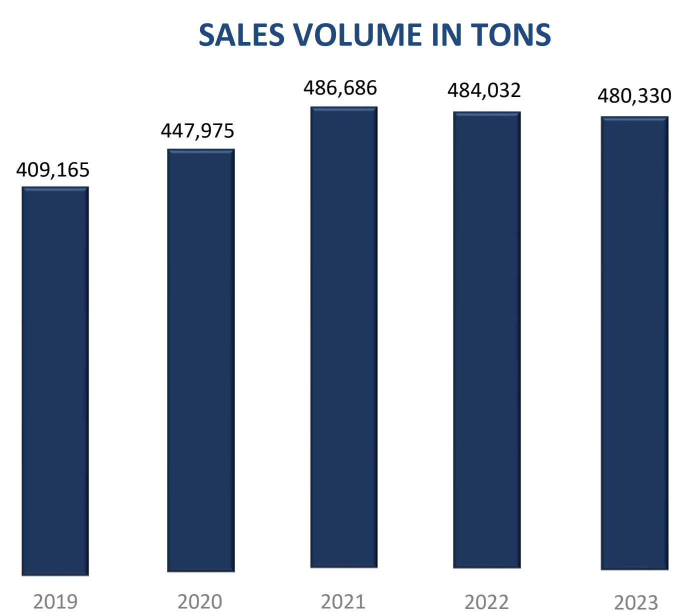
The year 2023 unfolded under the effects of the notorious downturn in the global petrochemical industry: squeezed margins, with a direct impact on turnover and profitability.

Geopolitical factors reoriented the map of energy resources, favoring Asia with the possibility of manufacturing cheaper resins. This led to a surge in imports, bringing to 60% the utilization rate of the chemical industry installed capacity in Brazil, its lowest level in the last 30 years, according to the Brazilian Chemical Industry Association (ABIQUIM).

At the same time, significant additional production capacity came on stream on the international scene.

Against this backdrop, there was a global economic recession, high inflation and interest rates in developed economies, a fall in the average exchange rate of around 3%, as well as high interest rates in Brazil.

Even in the face of this adverse situation, Innova's sales volume remained stable, reinforcing the Company´s importance in the market.



Virtuous Environmental Goal: Achieved

During 2023, investments in a renewable energy matrix were consolidated at the Triunfo petrochemical plant, in Rio Grande do Sul, and its tankage capacity was doubled.

The process began in 2018 with the first change in the energy matrix, for natural gas, replacing the consumption of 10,000 tons/year of fuel oil, leading to the first 30% reduction in greenhouse gas emissions from the process furnaces.

The second virtuous impact was brought about by Innova´s pioneering implementation in the global petrochemical industry of the Direct Heating Unit (DHU), a state-of-the-art equipment that replaces the conventional furnace. The DHU reuses the gas generated by the process itself for heating the charge in the new reactor.

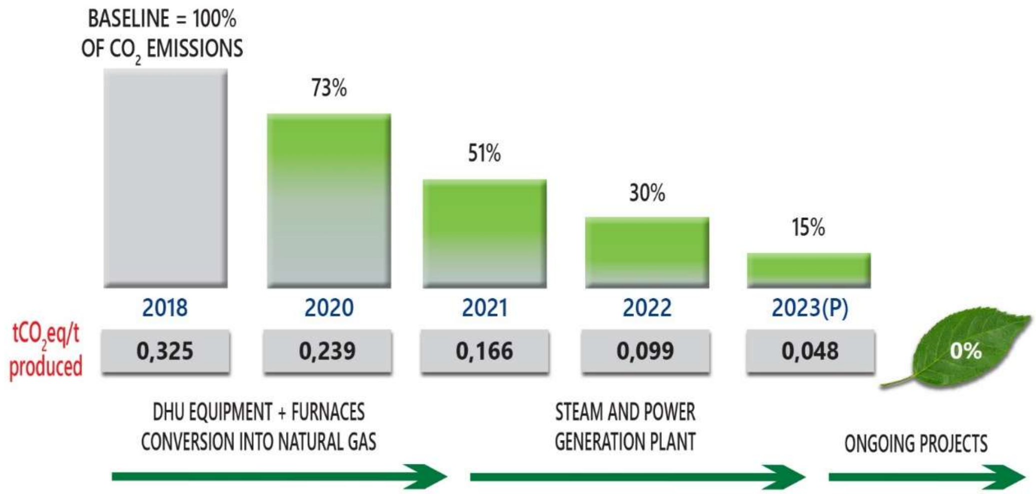
In practice, it substitutes around 20% of the steam consumed for each ton of styrene monomer (SM) produced, previously using fossil fuels.

STEAM AND POWER GENERATION PLANT

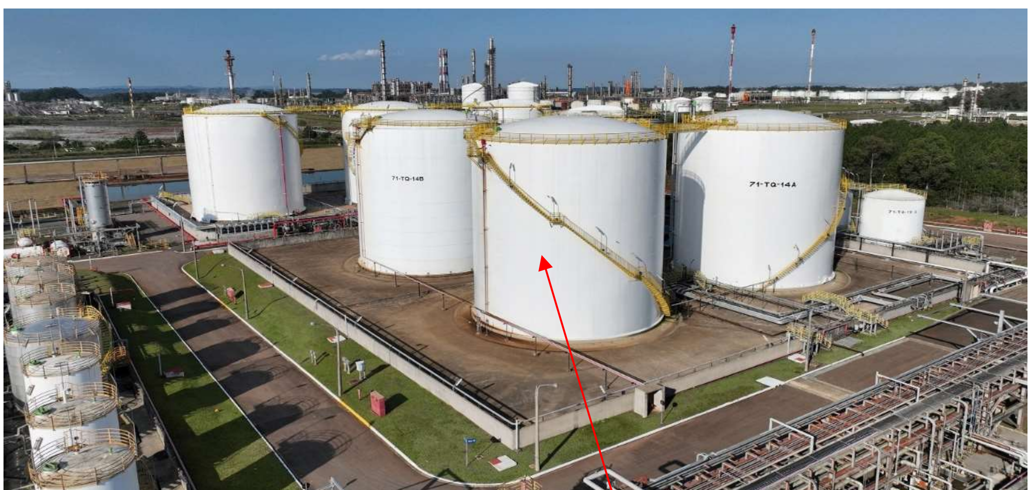
The big turning point for the new renewable energy matrix came with the implementation of the Steam and Power Generation plant, which runs on biomass from plant residues instead of fossil fuels, with 30,000 kW of installed output, equivalent to the consumption of a city with 450,000 inhabitants.

All steps of this move are described in our Greenhouse Gas Inventory, awarded a gold seal by the Brazilian GHG Protocol Program of the Getúlio Vargas Foundation's Center for Sustainability Studies, meaning a seal of quality on our emissions measurement, compatible with the ISO 14.064 standard. In short, Innova's greenhouse gas emissions in 2023 have been reduced by 85% compared to the year 2018 baseline.

ON THE WAY TO NEUTRAL CARBON,
SCOPES 1 & 2



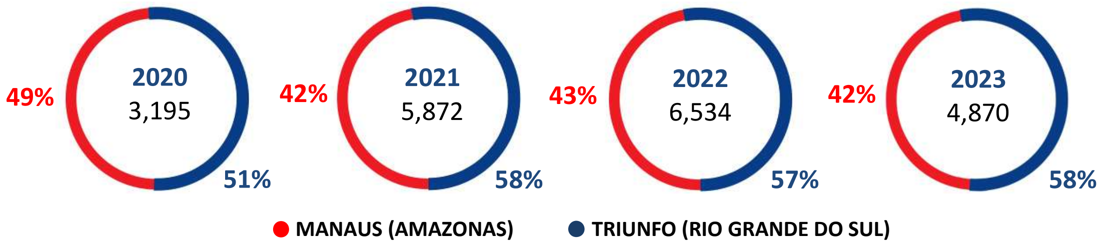
EXPANSION OF TANKAGE



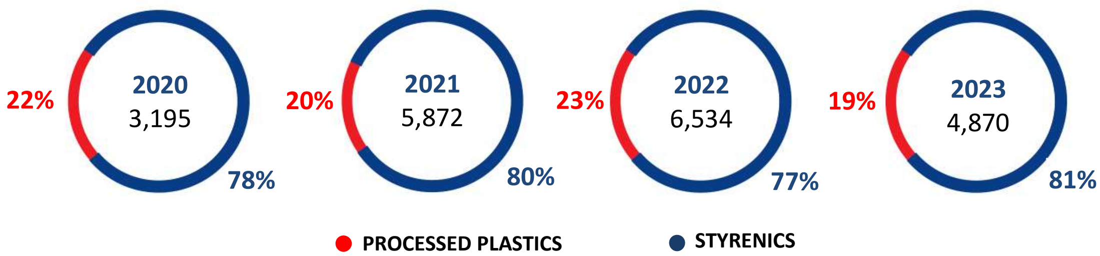
Another landmark in 2023: the expansion of the tanking area at the Triunfo (Rio Grande do Sul) petrochemical plant, providing flexibility and reliability to the market. Together, the tankage capacity for ethylbenzene (EB) and styrene monomer (SM) at all Innova's production plants reaches 100,000 tons.

This project crowns a series of intense investments in previous years: R$457 million, between 2019 and 2021, to expand production capacity on the styrene monomer (SM), polystyrene (PS), expandable polystyrene (EPS) and bioriented polypropylene (BOPP) films lines, as well as setting up the Steam and Power Generation Plant.

GROSS SALES BY GEOGRAPHICAL ORIGIN (R$ MM)

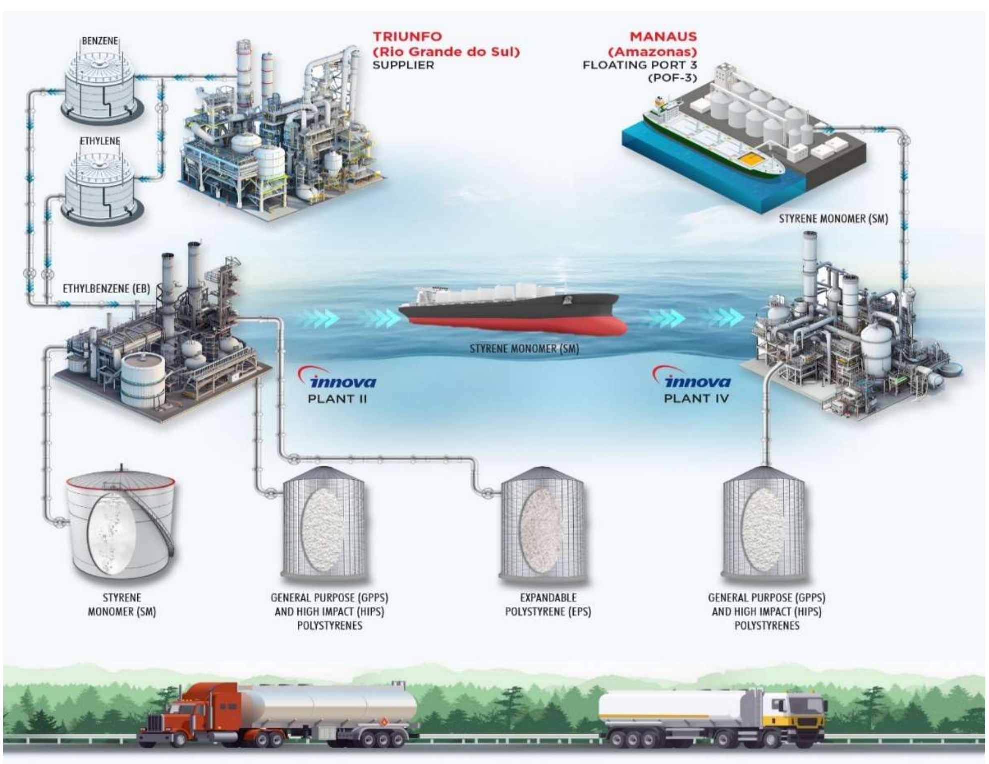


GROSS SALES BY SEGMENT (R$ MM)



A strategic investment of key importance in coping with international price fluctuations: the possibility of moving styrene monomer (SM) from the petrochemical plant in Triunfo (Rio Grande do Sul) to the petrochemical plant in Manaus (Amazonas).

INTEGRATED STYRENICS PRODUCTION CHAIN



WHERE WE ARE: STRATEGIC POSITIONS

MANAUS (AMAZONAS)

PLANT I

- Bioriented polypropylene films (BOPP)
- Polystyrene (PS) and polypropylene (PP) reels
- Plastic closure caps for mineral water, juices, and soft drinks

PLANT IV

- General Purpose Polystyrene (GPPS)
- High Impact Polystyrene (HIPS)
- ECO-PS®

ALPHAVILLE, BARUERI (SÃO PAULO)

HEARQUARTERS

- Sales and Administration

TRIUNFO (RIO GRANDE DO SUL) PETROCHEMICAL:

PLANT II

- Etylbenzene (EB)
- Styrene Monomer (SM)
- General Purpose Polystyrene (GPPS)
- High Impact Polystyrene (HIPS)
- Expandable Polystyrene (EPS)
- PS-3D
- Steam and Power Generation Plant
- Styrenics Technology Center

SALES DISTRIBUTION

SOUTHEAST	51%
SOUTH	22%
NORTHEAST	8%
NORTH	7%
MIDWEST	1%
EXPORTS	11%

WHAT WE DO

STYRENICS

STYRENE MONOMER (SM)

Product used in chemical reactions for obtaining resins. It is an essential feedstock for our polystyrene.

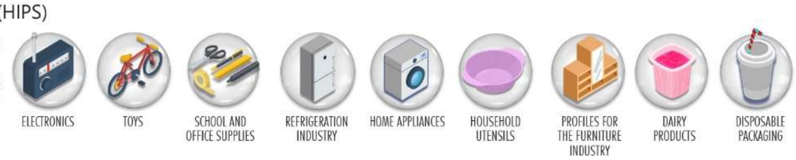
THERMOPLASTIC RESINS

GENERAL PURPOSE POLYSTYRENE (GPPS)

A 100% recyclable product, transparent, rigid and non-toxic. Developed in grades to meet the specific needs of various market segments.

HIGH IMPACT POLYSTYRENE (HIPS)

A 100% recyclable product, resin with up to 12% rubber added to provide greater impact resistance. Developed in grades that meet specific needs of various market segments.



EXPANDABLE POLYSTYRENE (EPS)

A rigid cellular plastic, 100% recyclable, with thermal and mechanical insulation properties. Innova's technology allows the production of expandable polystyrene beads that expand up to 50 times their size, an alternative to conventional, water-intensive processes.

ECO-PS®

100% recyclable polystyrene, produced with up to 30% post-consumer (recycled) material in its composition, with mechanical properties similar to those of a product made with 100% virgin resin.

PROCESSED PLASTICS

FLEXIBLE FILMS

BIORIENTED POLYPROPYLENE (BOPP)

Films oriented in both directions, lengthwise and widthwise, providing high resistance and flexibility. BOPP guarantees an effective barrier to food contact with oxygen and humidity: it maintains the freshness, integrity and quality of packaged products.

PLASTIC REELS

POLYSTYRENE (PS)

100% recyclable plastic polystyrene (PS) reels.

POLYPROPYLENE (PP)

100% recyclable plastic polypropylene (PP) reels.

PLASTIC CAPS
FOR PET BOTTLES OF MINERAL WATERS, JUICES AND SOFT DRINKS

The closure caps, 100% recyclable, are molded by compression and their sealing technology guarantees high efficiency in retaining carbon dioxide (CO_2). They are certified by the Food Safety System Certification (FSSC 22000), a risk management standard for food and drink safety.

WHO WE ARE TODAY AND WHERE WE COME FROM

Innova is a Brazilian petrochemical company and manufacturer of processed plastics.

In petrochemicals, we manufacture styrenics: ethylbenzene (EB), styrene monomer (SM), as well as general purpose (GPPS), high impact (HIPS) and expandable (EPS) polystyrenes.

In plastic processing, we manufacture bioriented polypropylene (BOPP) films, polystyrene (PS) and polypropylene (PP) reels, as well as plastic closure caps for mineral waters, juices and soft drinks. Our products are at the very heart of the economy and production chain.

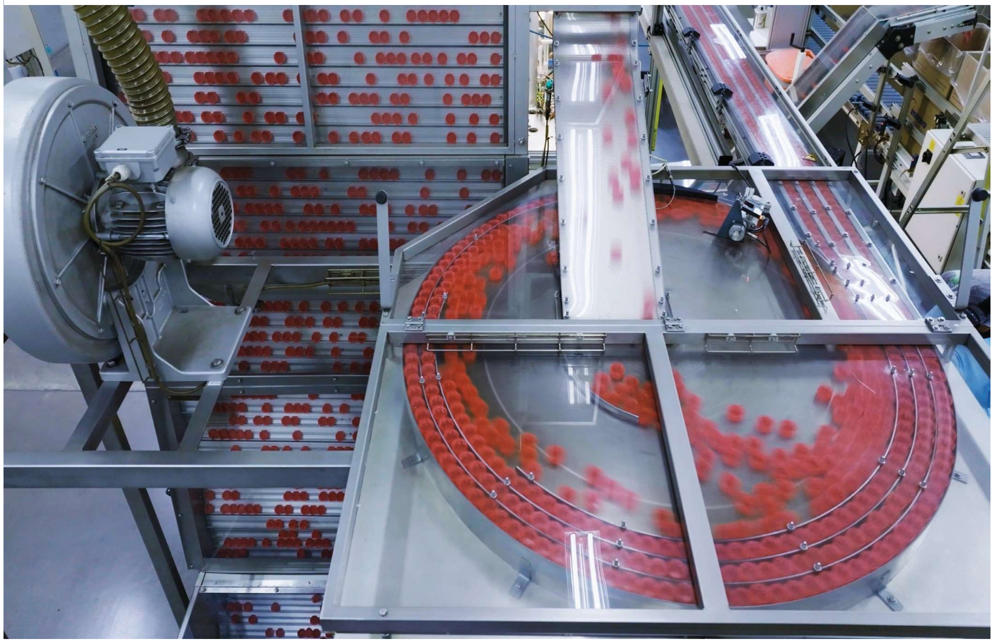
Our factories are strategically located: in Manaus (Amazonas) and Triunfo (Rio Grande do Sul): always close to our customers, industries from the north to the south of the country, and into the world.

Innova's DNA is rooted in the history of its original company, Videolar, a manufacturer of virgin and recorded physical media: VHS tapes, audio cassettes, floppy disks, pen drives, CDs, DVDs and Blu-ray discs.

At the end of the 1990s, Videolar saw the chance of moving from its position as the largest polystyrene consumer in Brazil to being a manufacturer of that resin: polystyrene was the raw material for VHS tape cartridges and CD cases. So, in 2002, the Company built the first petrochemical plant in the north of Brazil, supplying its own demand and that of other industries, such as the electronics and household appliance industries, with their refrigerator and TV cabinets, as well as office and school supplies, all of them based in the Manaus Industrial Pole.

At the peak of its history, the media industry reinvented itself as a petrochemical.

NEW REINVENTIONS



Just as VHS tapes consisted of processed plastics, others would come to the pipeline: in 2011, the Company built a factory for closure caps, used in mineral water, juices and soft drinks.

In 2012, a state-of-the-art plant was built in Manaus to manufacture bioriented polypropylene (BOPP) plastic films, as well as polystyrene (PS) and polypropylene (PP) reels, all essential items for the food packaging industry.

In 2014, Videolar bought from Petrobras, for US$ 500 million, the petrochemical company Innova, located at the Triunfo Petrochemical Pole (Rio Grande do Sul), an integrated manufacturer of ethylbenzene (EB), styrene monomer (SM), general purpose polystyrene (GPPS) and high impact polystyrene (HIPS).

From the beginning of the new management, in 2016, investments were made in expanding the plant's tank park and setting up a manufacturing line for a new product: expandable polystyrene (EPS), used in a wide variety of applications, from the pharmaceutical industry to construction and infrastructure works, such as roads and bridges.

After the incorporation, the company began to designate its products and businesses under the Innova brand and conquered strategical positions, North and South, with the possibility not only of providing regionalized customer service, but also of alternating the production emphasis, capturing opportunities according to the dynamics of the raw materials cost structure.

THOUGHT AND ACTION:

Mission

To lead in our business, offering trustable
and strong ties to customers and employees,
a sustainable attitude towards the environment and return to shareholders.

Vision

Know how to listen, develop, deliver:
there is always a clear need.

A leading company provides solutions.

Values

Committed and unblemished conduct;
Adaptability;
Total focus on customer demands.

GOVERNANCE & ORGANIZATION

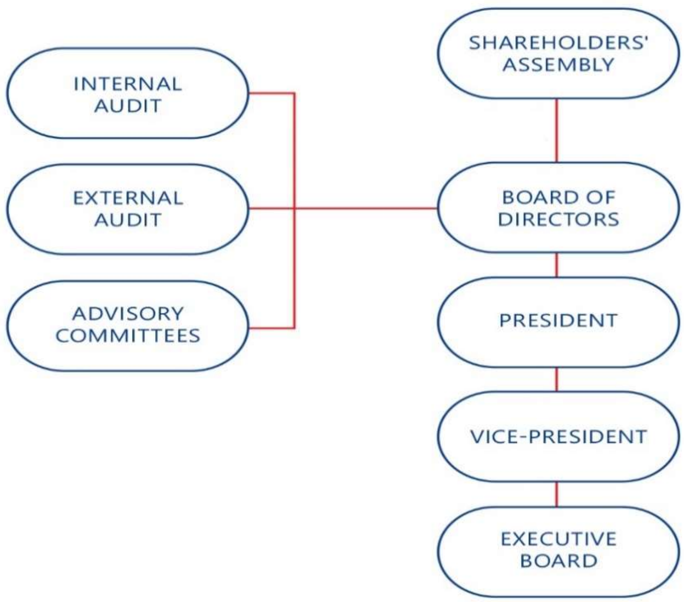
Innova's reputation and consistency are legacies of successive reinventions and trust built with the market and the community. Our Corporate Governance principles underpin everything Innova does: Transparency, Fairness, Accountability and Corporate Responsibility.

Even as a privately held company, since 2005 Innova has submitted its Financial Statements to external audits, always from the group known as the Big Four. Specifically in the 2023 financial year, and on its own initiative, the Company decided to make a rotation and replaced KPMG Auditores Independentes Ltda. for PricewhaterhouseCoopers Brasil Ltda.

The Board of Directors, which is the Company's highest guidance body, is a permanent part of Innova's Corporate Governance structure and has its statutory Advisory Committees: Audit, Compliance and Sustainability.

Innova's organizational structure also includes an Internal Audit department, responsible for monitoring practices, processes and evaluating internal control systems, in accordance with established policies.

Our Corporate Governance is structured as follows:



ADVISORY COMMITTEES

Innova´s committees work as support for the Board of Directors, so as to enhance the efficiency and quality of the Board's decision-making processes by deepening discussions on their issues.

Audit Committee

The Audit Committee assists in activities involving the reliability of information, ensuring the quality of the accounting practices adopted in the preparation of financial statements, compliance with legal and regulatory requirements, and the adjustment of internal processes and controls related to risk management.

Compliance Committee

The Compliance Committee fosters a culture of integrity and the Company's commitment to act in an ethical and transparent manner. It seeks to detect, prevent and minimize risks, as well as ensure compliance with the regulations applicable to the business.

Sustainability Committee

The Sustainability Committee creates strategies and mechanisms to integrate sustainability into the company's management process, consolidating economic development and socio-environmental responsibility under a single business philosophy.

VIDEOLAR-INNOVA S/A
ECONOMIC AND FINANCIAL PERFORMANCE

(IN THOUSANDS OF R$)

	2023	2022	2021
TOTAL ASSETS	4,515,202	4,225,983	3,817,645
NET EQUITY	3,819,601	3,611,696	2,788,518
INDEBTEDNESS	-	-	-
GROSS OPERATING REVENUE	4,870,123	6,534,332	5,872,628
NET OPERATING REVENUE	4,282,660	5,729,123	5,174,223
GROSS PROFIT	701,770	1,284,795	1,551,938
EBITDA	677,990	1,355,584	1,308,347
EBITDA Margin (%)	15,83%	23,66%	25,29%
FINANCIAL RESULT	81,836	43,755	(71,079)
NET PROFIT	530,541	1,027,323	833,813
INVESTIMENTS MADE (CAPEX)	208,793	156,356	116,687

It is also very important to put into context the severity for the Amazon region of the El Niño phenomenon in 2023, which brought unprecedented drought and lower river levels: this greatly affected the logistics flow of the two plants in Manaus and presented Innova with the challenge, which has now been overcome, of activating alternative transportation modes, such as road and ferry, at high costs.

OUTLOOK FOR 2024

Styrenics and processed plastics continue to play a central role in the economy and there is a favorable outlook for the domestic market recovery, given the trend towards a gradual reduction in the country's basic interest rate and, on the global stage, the possible start of an inflection in the downward cycle of the petrochemical industry, with recovery of spreads, as a result of the rebalance between demand and supply.

Innova's guiding thinking is always in practice: intensive and continuous investments combined with financial discipline and transparency, principles that have led us to the present day through successive reinventions. They also enable us, as a petrochemical and processed plastics manufacturer, to lead the search of creative solutions for the new frontier of circular economy. Our figures express a firm pace towards neutralizing greenhouse gas emissions.

ACKNOWLEGMENTS

We would like to thank our shareholders for their trust and encouragement. Our customers, for their preference. Our suppliers and financial institutions, for their support and partnership. And to our employees, for their commitment and dedication, underpinning our notorious leadership role in the segments in which we operate.

Independent auditor's report

To the Stockholders and Management
Videolar - Innova S/A

Opinion

We have audited the accompanying financial statements of Videolar - Innova S/A (the "Company"), which comprise the balance sheet as at December 31, 2023 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matters

Prior-year information

The original financial statements of the Company for the year ended December 31, 2022, were audited by another firm of auditors whose report, dated January 25, 2023, expressed an unmodified opinion on those statements.

Other information accompanying the financial statements and the audit report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers Auditores Independentes Ltda., Av. Marcos Penteado de Ulhoa Rodrigues, 939, 120,
Torre Jatobá, Castelo Branco Office Park, Barueri, SP, Brasil, 06460-040
T: 4004-8000, www.pwc.com.br

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Barueri, January 23, 2024

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Geovani da Silveira Fagunde
Contador CRC 1MG051926/O-0

Videolar-Innova S/A

Financial statements as of December 31, 2023

Contents

Videolar-Innova S/A

Balance sheet as of December 31

In thousands of reais, unless otherwise indicated

Assets	Note	2023	2022
Current assets			
Cash and cash equivalents	8	1,010,520	317,538
Accounts receivable	9	732,675	929,852
Inventories	10	465,706	670,870
Recoverable income tax and social contribution	23.c	13,824	1,788
Recoverable taxes	11	46,913	91,463
Prepaid expenses		12,677	2,319
Advances to suppliers		2,835	6,770
Other accounts receivable		4,496	4,106
		2,289,646	2,024,706
Non-current assets			
Recoverable taxes	11	1,982	55,359
Judicial deposits	16	6,247	7,632
		8,229	62,991
Investment property	12	334,789	307,275
Property, plant and equipment	13	1,635,611	1,581,635
Intangible assets	14	246,927	249,376
		2,217,327	2,138,286
Total assets		**4,515,202**	**4,225,983**

Liabilities	Note	2023	2022
Current liabilities			
Suppliers	15	267,419	295,694
Labor obligations and social charges		30,891	40,986
Tax obligations		32,848	14,495
Advances from clients		3,009	2,607
Dividends and interest on own capital payable	17.d	76,052	1,958
Other liabilities		18,391	31,792
		428,610	387,532
Non-current liabilities			
Deferred income tax and social contribution	23.a	244,214	199,887
Provision for lawsuits	16	18,477	21,444
Other liabilities		4,300	5,424
		266,991	226,755
Shareholders' equity			
Capital	17.a	1,373,666	1,373,666
Capital reserve – Goodwill	17.g	1	1
Tax incentive reserve	17.e	1,319,993	1,306,430
Legal reserve	17.c	177,954	151,427
Profit retention	17.f	838,342	670,527
Equity valuation adjustment	17.b	109,645	109,645
		3,819,601	3,611,696
Total liabilities and shareholders' equity		**4,515,202**	**4,225,983**

See the accompanying notes to the financial statements

Videolar-Innova S/A

Statement of income

Years ended December 31

In thousands of reais, unless otherwise indicated

	Note	2023	2022
Net operating revenue	18	**4,282,660**	**5,729,123**
Cost of sales	19	(3,580,890)	(4,444,328)
Gross operating income		**701,770**	**1,284,795**
Operating revenues (expenses)			
Commercial and administrative expenses	20	(274,512)	(167,355)
Realization of goodwill		(8,592)	(7,957)
Other operating income, net	21	97,929	88,822
		(185,175)	**(86,490)**
Financial revenues	22	89,247	33,541
Financial expenses	22	(22,103)	(19,387)
Net inflation adjustments and exchange-rate changes	22	14,692	29,601
Net financial income		**81,836**	**43,755**
Income (loss) before income tax and social contribution		**598,431**	**1,242,060**
Current income tax and social contribution	23.b	(18,948)	(76,686)
Deferred income tax and social contribution	23.b	(48,942)	(138,051)
Net income for the year		**530,541**	**1,027,323**
Earnings per share of capital at the end of the year - R$ (basic and diluted)		**342**	**663**

See the accompanying notes to the financial statements

Videolar-Innova S/A

Statement of comprehensive income

Years ended December 31

In thousands of reais, unless otherwise indicated

	2023	2022
Net income for the year	530,541	1,027,323
Comprehensive income	-	-
Other comprehensive income, net of income tax and social contribution	-	-
Total comprehensive income	**530,541**	**1,027,323**

See the accompanying notes to the financial statements

Videolar-Innova S/A

Statement of changes in shareholders' equity

Years ended December 31

In thousands of reais, unless otherwise indicated

					Profit reserve				
		Capital	Capital reserve: Goodwill on the sale of own shares	Equity valuation adjustments	Legal	Tax incentives	Profit retention	Retained earnings (losses)	Total
Balances at December 31, 2021		**1,373,666**	**1**	**109,562**	**100,060**	**936,377**	**268,851**	**-**	**2,788,516**
Distribution of interim dividends in 2021	17.d	-	-	-	-	-	(60,000)	-	**(60,000)**
Payment of interest on own capital	17.d	-	-	-	-	-	-	(144,228)	**(144,228)**
Net income for the year		-	-	-	-	-	-	1,027,323	**1,027,323**
Realization of equity adjustment	17.b	-	-	83	-	-	-	-	**83**
Formation of legal reserve	17.c	-	-	-	51,367	-	-	(51,367)	**-**
Formation of IRPJ tax incentive reserve	17.e	-	-	-	-	46,102	-	(46,102)	**-**
Formation of ICMS tax incentive reserve	17.e	-	-	-	-	323,951	-	(323,951)	**-**
Profit retention reserve	17.f	-	-		-	-	461,675	(461,675)	**-**
							-		
Balances at December 31, 2022		**1,373,666**	**1**	**109,645**	**151,427**	**1,306,430**	**670,526**	**-**	**3,611,694**
Dividends paid from prior years	17.d	-	-	-	-	-	(190,000)		**(190,000)**
Net income for the year		-	-	-	-	-	-	530.541	**530,541**
Formation of legal reserve	17.c	-	-	-	26,527	-	-	(26.527)	**-**
Profit retention reserve	17.f	-	-	-	-	(264,702)	264,702	-	**-**
Formation of IRPJ tax incentive reserve	17.e	-	-	-	-	12,303	-	(12,303)	**-**
Formation of ICMS tax incentive reserve	17.e	-	-	-	-	265,962	-	(265,962)	**-**
Supplementary profit retention reserve	17.f	-	-	-	-	-	225,749	(225,749)	**-**
Payment of interim dividends and JCP 2023	17.d	-	-	-	-	-	(132,635)	-	**(132,635)**
Balances at December 31, 2023		**1,373,666**	**1**	**109,645**	**177,954**	**1,319,993**	**838,342**	**-**	**3,819,601**

See the accompanying notes to the financial statements

Videolar-Innova S/A

Statement of cash flows

Years ended December 31

In thousands of reais, unless otherwise indicated

	Note	2023	2022
Cash flow from operating activities			
Income before income tax and social contribution		598,431	1,242,060
Adjustments for reconciliation of net income to operating income			
Depreciation	13	106,893	125,442
Amortization	14	1,359	3,825
Realization of surplus in property, plant and equipment		13,018	7,956
Realization of goodwill on deferred income tax		(4,426)	-
Write-off of fixed assets		65,127	36,820
Provision for lawsuits	16	(1,769)	(85,040)
Allowance for estimated credit loss for allowance for doubtful accounts	9	272	564
Provision for obsolescence	10	138	(492)
Gain from adjustment to fair value	12	(55,874)	(34,114)
Financial charges and exchange-rate change over balances of financing, tax obligations, judicial deposits, accounts payable and receivable, net		(903)	(5,837)
		722,265	1,291,184
Increase (decrease) in assets			
Accounts receivable	9	216,654	(56,022)
Inventories	10	205,023	(75,990)
Recoverable taxes	11	97,927	(31,675)
Income tax and social contribution, recoverable	23.c	(12,036)	(1,552)
Other assets		(5,453)	470
		502,115	(164,769)
Increase (decrease) in liabilities			
Suppliers	15	(27,747)	(341,785)
Labor obligations and social charges		(10,095)	(11,509)
Tax obligations, income tax and social contribution payable		18,353	(22,104)
Advances from clients		594	(11,153)
Other liabilities		(14,525)	(7,885)
Payment of contingencies (Indemnities)	16	(1,198)	(20,437)
		(34,618)	(414,873)
Cash generated by operating activities		1,189,762	711,542
Income taxes paid		(19,135)	(111,438)
Net cash flow from operating activities		**1,170,627**	**600,104**
Cash flow from investment activities			
Acquisition of property, plant and equipment	13	(237,688)	(156,357)
Purchase of intangible	14	(236)	(17)
Sale of investment property		8,820	-
Cash flow used in investment activities		**(229,104)**	**(156,374)**
Cash flow from financing activities			
Funding financing		-	150,806
Payment of financing		-	(151,828)
Dividends	17.d	(188,784)	(59,714)
Interest on own capital	17.d	(59,757)	(149,499)
Net cash used in financing activities		**(248,541)**	**(210,235)**
Net increase in cash and cash equivalents		692,982	233,495
Cash and cash equivalents at the beginning of the year		317,538	84,043
Cash and cash equivalents at the end of the year		1,010,520	317,538
Change in cash and cash equivalents for the year		**692,982**	**233,495**

See the accompanying notes to the financial statements

Management's explanatory notes to the financial statements

1 Operations

Videolar-Innova S.A. (“Innova” or “Company”) is a privately-held company domiciled in Brazil, headquartered at Avenida Torquato Tapajós, nº 5.555, Bloco B, Tarumã, CEP 69041-025, located in Manaus - AM.

The Company is engaged in the Plastic Resins segment (Styrene, Polystyrene and Expandable Polystyrene), and serves clients of the Electric-electronic, Plastic, Disposable Goods and Food industries, among others, as well as operating in transformed plastics such as Plastic Lids and BOPP (Biaxially Oriented PolyPropylene film).

Since the merger of Innova S.A. in 2015, the Company consolidated its position in the Petrochemical segment. The Company has three manufacturing plants, two located in the city of Manaus, state of Amazonas, and one in the city of Triunfo, state of Rio Grande do Sul.

The Company’s business management is based on well-defined principles of environmental, social and governance responsibility reflected in its corporate policies and vision of the future, disclosed in further details in our Annual Sustainability Report, which follows the GRI (Global Reporting Initiative) standard. As a practical example of our initiatives, in 2021, the petrochemical plant in Triunfo (RS) became self-producing and self-sufficient in the generation of electric power and steam from a 100% renewable source, biomass, replacing energy sources of fossil origin (fuel oil and mineral coal, used by the supplier of steams).

Based on the facts and circumstances existing as of this date, Management assessed the Company’s ability to continue as a going concern and believes that the Company has the necessary resources to allow the going concern of its business in the future. Moreover, Management is not aware of any material uncertainty that may generate significant doubts about the ability to continue as a going concern. Thus, these financial statements were prepared based on the assumption of going concern.

2 Preparation basis

Statement of conformity

The financial statements include were prepared in accordance with accounting practices adopted in Brazil (BR GAAP).

The issue of the financial statements was authorized by the Board of Directors on January 22, 2024.

Details about the Company’s material accounting policies and other explanatory information are presented in Note 6.

All material information proper to the financial statements, and only it, is being evidenced, and corresponds to those used by Management for administration.

3 Functional and presentation currency

These financial statements are being presented in Brazilian reais, functional currency of the Company. All balances have been rounded to the nearest value, unless otherwise indicated.

4 Use of estimates and judgments

The preparation of these financial statements, Management used judgments and estimates that affect the application of accounting principles of the Company, and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates as of December 31, 2023 that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the next fiscal year are included in the following Notes:

Note 13 - Property, plant and equipment – determination of useful life and impairment;

Note 14 - Intangible asset and goodwill impairment test: main assumptions concerning recoverable values;

Note 19 - Revenue recognition: estimated return expectation;

Note 23.a – Uncertainty over income tax treatment.

Measurement of fair value

A number of Company's accounting policies and disclosures requires the measurement of fair value for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

Level 1: Prices quoted (not adjusted) in active markets for identical assets and liabilities.

Level 2: Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

Level 3: Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company recognizes transfers between fair value hierarchic levels at the end of the financial statements year in which changes occurred.
Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

Note 12 - Investment property;

Note 25 – Financial instruments.

5 Measuring basis

The financial statements were prepared based on the historical cost, except for the following items, which are measured at fair value:

- Derivative financial instruments;

- Non-derivative financial instruments measured at fair value through profit or loss;

- Investment property measured at fair value

6 Significant accounting policies

The Company adopted accounting policies described below consistently to all years presented in these financial statements.

6.1 Operating revenue

Sales of goods

Revenue is recognized when products are delivered and accepted by the clients. For contracts that allow the client to return goods, the revenue is recognized to the extent that it is highly likely that a significant reversal in the value of accumulated revenue will not occur. In these circumstances, the Company recognizes a liability for the return and a right to recover the asset to be returned.

Tax incentives

Revenue deriving from tax incentives described in Note 18, received as monetary asset, is recognized in income for the year on a systematic basis, throughout the financial year corresponding to incurred expenses, which is the object of this incentive. Conditions established for the maintenance of tax incentives were duly complied with by the Company.

6.2 Government grants and assistance

Government grants and assistances are recognized when there is reasonable assurance that conditions established by the Federal, State and Municipal Governments have been met and that they will be earned and are recorded as “Other Revenues” in income (loss) for the period necessary to confront them with the expense that the government grant or assistance intends to offset.

The Company is beneficiary of the following tax incentives granted by Amazonas, Rio Grande do Sul State, and Federal Government:

ICMS

In the state of Amazonas

Tax incentive credits related to ICMS reimbursement, from State of Amazonas, were accounted for in the Company's income (loss) for the year as a contraentry to ICMS payable in the amount of R$ 159,297 (R$ 195,498 in 2022), as per Note 18.

In the State of Rio Grande do Sul

The Company has Financial Benefits from FUNDOPEM/RS – Fundo Operação Empresa/RS (Rio Grande do Sul Company Operation Fund) and from INTEGRAR/RS –Programa de Harmonização de Desenvolvimento da Indústria do Rio Grande do Sul (Rio Grande do Sul State Industry Development Harmonization Program), provided for in Decree 49.205/12.

The Company complied with the requirements of CPC 7 - "Government Grants and Assistance" for its recognition and this investment reserve was recognized in the Company's income (loss) for the year in the amount of R$ 106,666 (R$ 128,453 in 2022) for FUNDOPEM, according to Note 18.

Income tax

The Company, in the units of Manaus, has approval of its project by the Superintendency of development for the Amazon—SUDAM, and is entitled to a reduction in income tax and any non-refundable surtaxes, being obliged to capitalize the amount of the tax benefit according to the EO 2199-14, article 1, amended by Law 12715/2012, article 69.

As of December 31, 2023 and 2022, the Company complied with all legal requirements to use these benefits.

IPI

They are exempt from IPI, under the terms of Article 81, item II, of RIPI/2010, products industrialized in the Manaus Free Trade Zone, by establishments with projects approved by the Board of Directors of the Superintendence of the Manaus Free Trade Zone - SUFRAMA, intended for trading in any other point in the national territory, in accordance with basic production process.

PIS/COFINS

Recipients established in the Manaus Free Trade Zone (ZFM) will be taxed at a zero rate, and outside the ZFM that calculates PIS/COFINS under the non-cumulative regime - 0.65% (PIS) and 3% (COFINS). Clients outside of ZFM included in the Deemd Income or outside of ZFM classified in Taxable Income with total or partial revenue, excluded from the Non-Cumulative Regime, or outside ZFM that opts for the Simplified Taxation System (SIMPLES) - 1.3% (PIS) and 6% (COFINS).

Import tax

Pursuant to Decree-Law 288/1967, Article 7, products manufactured in the ZFM, subject to the exceptions contained in the aforementioned article, will be subject to the requirement of Import Tax relating to raw materials, intermediate products, secondary materials and packaging materials, components and other inputs of foreign origin used in them, calculating the tax through a reduction coefficient of their *ad valorem* rate, as long as they meet the local industrialization level compatible with PPB for products included in the same heading and subheading of the Brazilian Customs Tariff (TAB).

6.3 Financial revenues and expenses

Financial revenues include interest revenues on invested funds. Interest revenue is recognized in income (loss) using the effective interest method.

Financial expenses include expenses with interest on loans, discount at present value adjustments on provisions and contingent compensation, changes in financial assets fair value measured at fair value through profit or loss and impairment losses recognized in financial assets (except for receivables).

Exchange gains and losses are reported on a net basis.

6.4 Foreign currency

Foreign currency transactions are translated into the respective functional currency of the Company at the exchange rates on the dates of the transactions.
Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the exchange rate determined on that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined.

Exchange differences arising from the conversion are charged to income.

6.5 Income tax and social contribution

Current and deferred income taxes and social contribution for the year are calculated based on rates of 15%, with additional 10% on taxable income exceeding R$ 240, for income tax, and 9% on taxable income for social contribution on net income, and consider offset of tax losses and negative basis of social contribution, limited to 30% of taxable income for the year.

Income tax and social contribution expense comprises both current and deferred income tax and social contribution. Current and deferred taxes are recognized in income (loss) or to items directly recognized in shareholders' equity or in other comprehensive income.

(i) Current income tax and social contribution expense

Current income tax and social contribution are shown net, in liabilities when there are amounts to be paid or under assets when the prepaid amounts exceed the total owed on the reporting date.

(ii) Deferred income tax and social contribution expenses

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purposes and used for

taxation purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income tax and social contribution expense.
A deferred tax asset is recognized for unused tax losses, tax credits and unused deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the credits can be used. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of the existing temporary differences, are considered, based on the Company's business plans.

Deferred tax assets are reviewed at each reporting date and impaired when their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to the balance sheet date and results in an uncertainty related to income tax (if any).

6.6 Inventories

Stated at the average cost of acquisition, net of recoverable taxes, when applicable.

The cost of finished products and work in process comprises raw materials, other production materials, cost of labor, other direct costs and a portion (allocation) of the fixed and variable costs, based on the normal operating capacity. The evaluation of inventories does not exceed its market value. Provisions for slow-moving or obsolete inventories are formed when considered necessary by Management.

6.7 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, including loan cost capitalized, net of accumulated depreciation and impairment losses.

When significant parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of a property, plant and equipment item (determined by comparing the proceeds from disposal with the book value of property, plant and equipment) are recognized in other operating revenues/expenses in income (loss).

(ii) Reclassification for investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as an investment property. Any gain from this remeasurement is recognized in income (loss) as the gain reverses a impairment loss on the specific property, and any remaining gain recognized as other comprehensive income and presented under equity valuation adjustment account. Any loss is immediately recognized in income (loss). However, to the extent that there is an amount previously recognized as a revaluation of said property, the loss is recognized in other comprehensive income and reduces the valuation reserve in shareholders' equity.

In thousands of reais, unless otherwise indicated

(iii) Subsequent costs

Subsequent costs are capitalized in accordance with the probability that associated future economic benefits may be earned by the Company.

(iv) Depreciation

Depreciation is calculated to amortize the cost of property, plant and equipment, net of their estimated residual values, using the straight-line method based on estimated useful lives of such items. Depreciation is recognized in income (loss). Land is not depreciated.

The estimated useful lives (in years) of property, plant and equipment are as follows:

	Years
Buildings and improvements	30
Machinery and equipment	16
Spare parts and sets.	10
Industrial facilities	30
Furniture and fixtures	12
Data processing equipment	05
Vehicles	05
Aircraft	10
Molds and tools	15
Telephony equipment	06

Depreciation methods, useful lives and residual values are reviewed on each balance sheet date and adjusted if appropriate.

6.8 Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill is measured at cost, less accumulated impairment losses, when applicable.

Research and development

Research and development expenditures are recognized in income (loss) as incurred.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and use or sell the asset. Other development expenditures are recognized in the income (loss) as incurred. After the initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets

Other intangible assets acquired by the Company with finite useful lives are carried at cost, net of accumulated amortization and any accumulated impairment losses, when applicable.

(ii) Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally-generated goodwill and trademarks and patents, are recognized in profit or loss as incurred.

(iii) Amortization

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

Estimated useful lives for current and comparative years are as follows:

	Years
Software	05
Brands, rights and patents	08

The amortization methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

6.9 Investment property

Investment property is initially measured at cost and, subsequently, at fair value, and changes to fair value are recognized in the income (loss).

Gains and losses in the disposal of an investment property (calculated by the difference between the net value received in the sale and the item book value) are recognized in the statement of income.

When an investment property previously recognized as property, plant and equipment is sold, any amount recognized in equity valuation adjustment is transferred to retained earnings.

The revenue from rental of investment properties is recognized as other revenues under the straight-line method over the lease period. Granted lease incentives are recognized as part of the total rental revenue, over the lease period.

6.10 Financial instruments

(i) Non-derivative financial assets - derecognition

Loans, receivables and deposits are initially recognized on the date that they were originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows of the asset expire, or when the rights to receive the contractual cash flows from a financial asset are transferred in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest that is created or retained in the financial assets transferred is recognized as an individual asset or liability.

Financial assets and liabilities are offset and the net value reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

A financial asset is classified as measured at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. The transaction costs are recognized in income (loss) as incurred. They are measured at fair value and changes in the fair value, including gains with interest, which are recognized in the income (loss) for the year.

(ii) Non-derivative financial assets and liabilities - recognition and derecognition

The financial liabilities are recognized initially on the negotiation date on which becomes a party to the contractual provisions of the instrument. The Group writes off a financial liability when its contractual obligations are discharged or canceled or expire.

The Company classifies non-derivative financial liabilities in the category of other financial liabilities.

A financial asset is classified as initially measured at fair value plus any attributable transaction costs. After the initial recognition, these financial liabilities are stated at amortized cost using the effective interest rate method.

(iii) Derivative financial instruments

When required, the Company timely analyzes the engagement of derivative financial instruments to hedge its exposure to foreign currency and interest rate changes.

After the initial recognition, derivatives are measured at fair value and changes are normally recorded in profit or loss.

6.11 Capital

Common shares

Additional costs directly attributable to the issue of shares and share options are recognized as reducers of shareholders' equity. Effects from taxes related to these transactions’ costs are accounted for in conformity with CPC 32.

Preferred shares

The Company did not issue redeemable preferred shares in the year.

The compulsory minimum dividends, as established in the By-laws, are recognized as liabilities.

Repurchase and re-issuance of shares (treasury shares)

When shares recognized as shareholders' equity are repurchased, the value of the consideration paid which includes any costs directly attributable is recognized as a deduction from shareholders' equity. The repurchased shares are classified as treasury shares and presented as a deduction from net assets. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in net assets, and the resulting gain or loss from the transaction is shown as capital reserve.

Increase in paid-up capital
The capital increase is determined by the shareholders at a general meeting or a shareholders' meeting. In the case of corporations, the decision on the capital increase may also be decided by the administrative body, if determined to do so. When deciding on an increase, it is essential to determine how it will be carried out. This may occur by increasing the nominal value of existing quotas or shares. The Company's capital can be increased by subscribing new shares or incorporating reserves.

6.12 Impairment

(i) Non-derivative financial assets
A financial asset not measured at fair value through profit or loss is assessed at each reporting date for objective evidence of impairment loss. An asset is impaired when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets suffered impairment includes: i) the debtor's failure to pay or delay in paying; ii) the restructuring of the amount owed to the Company at conditions that the Company would not consider as normal conditions; iii) signs that the borrower or issuer will be going into bankruptcy; iv) negative changes in payment situation of debtors or issuers; v) the disappearance of an active market for a security; vi) or observable data indicating that expected cash flow measurement of a group of financial assets decreased.

An impairment is calculated as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The losses are recognized in an allowance in the income statement. When the Company considers that it is not possible to reasonably expect recovery, amounts are written-off. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets
On each reporting date, the Company reviews book values of non-financial assets (except for investment properties, inventories and deferred tax assets) to determine if there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. In case of goodwill, recoverable value is tested on an annual basis.

For impairment tests, assets are grouped into CGUs, that is, the smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units. Goodwill in a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

In thousands of reais, unless otherwise indicated

Recoverable value of an assets or CGU is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of times value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in profit or loss. Recognized losses referring to CGUs are initially allocated to reduce any goodwill allocated to that CGU (or CGU group) and then to reduce the book value of other assets of that CGU (or CGU group) on a pro rata basis.

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

7 New standards and interpretations not yet effective

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

Classification of Liabilities as Current or Non-Current (amendments to CPC 26 and CPC 23);

Disclosure of Accounting Policies (amendments to CPC 26);

Definition of accounting estimate (amendments to CPC 23); and

Deferred tax related to assets and liabilities arising from a single transaction (amendments to CPC 32).

8 Cash and cash equivalents

	2023	**2022**
Cash and cash equivalents	10,076	20,586
Interest earning bank deposit	1,000,444	296,952
	1,010,520	**317,538**

The investments retained by the Company in fixed income securities reflect the usual market conditions and are remunerated at the rate of the Interbank Deposit Certificates ("CDI"). Operations with a minimum investment term of 30 days were remunerated at an average rate of 102% of the CDI (101% in 2022). Such assets are convertible into a known sum of cash and subject to an insignificant risk of change of value.

In thousands of reais, unless otherwise indicated

9 Accounts receivable

Amounts receivable as of December 31, 2023 and 2022 are as follows:

	2023	**2022**
Clients	737,003	933,908
	737,003	**933,908**
Expected credit loss	(4,328)	(4,056)
Current assets	**732,675**	**929,852**

Pursuant to CPC 48, Management adopted the prospective model of "expected credit losses", determined according to the following practices:

Stage 1 - Includes debts that are still performing; Expected losses are calculated based on the actual experience of credit loss (write-off) over the last few years and the intrinsic risk of default on accounts receivable falling due.

Stage 2 - Includes trade notes with *Significant Risk of Loss*; based on the deterioration of the credit risk of clients renegotiated at the administrative level or in collection advisory, as well as with the need for judicial collection, regardless of maturity.

The table below shows the expected credit loss on December 31, 2023 and 2022:

Stage 1	**Accounts receivable**		**Provision for expected credit loss**		**Percentage of estimated loss**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Falling due	733,093	930,496	(734)	(917)	0.1%	0.1%
Overdue 01–30 days	319	276	(3)	(3)	0.9%	1.1%
	733,412	**930,772**	**(737)**	**(920)**		
Stage 2						
Legal collection	3,212	3,136	(3,212)	(3,136)	100.0%	100.0%
Default risk	379	-	(379)	-	100.0%	0.0%
	3,591	**3,136**	**(3,591)**	**(3,136)**		
Total	**737,003**	**933,908**	**(4,328)**	**(4,056)**	0.6%	0.4%

Management believes that the risk related to accounts receivable is relatively low and there was no significant transfer of credit from Stage 1 to Stage 2.

In thousands of reais, unless otherwise indicated

Changes in the provision for estimated credit losses are as follows:

	2023	2022
Balance at the beginning of the year	(4,056)	(3,492)
Supplement to allowance for the year	(2,859)	(564)
Write-off in the provision for the year	2,587	-
Balance at December 31	**(4,328)**	**(4,056)**

10 Inventories

	2023	2022
Raw material	137,266	215,284
Work in process	103,809	197,715
Finished goods	204,661	238,585
Packaging and inputs	15,745	12,851
Imports in progress	269	2,162
Other materials	3,956	4,273
	465,706	**670,870**

Changes to the provision for obsolescence are as follows:

	2023	2022
Balance at the beginning of the year	(2,474)	(2,966)
Addition of provision	(1,487)	-
Reversal of provision	1,349	492
Balance at December 31	**(2,612)**	**(2,474)**

The provision for obsolescence as of December 31, 2023 corresponds to R$ 1,465 (R$ 1,759 in 2022), allocated to raw materials and R$ 1,147 (R$ 713 in 2022) allocated to finished products. They are segregated between business segments as follows: BOPP R$ 1,335 (R$ 600 in 2022), Plastic Caps R$ 382 (R$ 123 in 2022), Polystyrene/EPS R$ 895 (R$ 106 in 2022).

11 Recoverable taxes

	2023	2022
ICMS recoverable (i)	29,244	97,577
PIS/COFINS recoverable	11,049	18,922
PIS/COFINS - tax lawsuit (ii)	5,240	24,567
IPI recoverable	2,280	2,833
Other	1,082	2,923
	48,895	**146,822**
Current assets	**46,913**	**91,463**
Non-current assets	**1,982**	**55,359**

In thousands of reais, unless otherwise indicated

(i) In 2023, the Company carried out an assessment of the recoverability of ICMS on the purchase of Property, Plant and Equipment. The assessment concluded that the Company would not benefit from ICMS credit, as it is a beneficiary of ICMS Government Grants in both the State of Amazonas and Rio Grande do Sul. Based on the assessment carried out, the Company decided to reallocate the recoverable amounts in the amount of R$ 73,311 to the original property, plant and equipment items. Therefore, the values remained recorded as part of the cost of property, plant and equipment, being recognized in income (loss) through depreciation.

(ii) In 2022, the final and unappealable decision was handed down for the merged companies Rimo and AMZ, which determine the exclusion of ICMS from the PIS/COFINS calculation basis. Said decision was retroactive to the years 2004 to 2021, on the total balance of R$ 59,936, of which R$ 40,434 as principal plus R$ 19,502 in inflation updating. Such amounts were offset against federal taxes in 2022, leaving a balance of R$ 2023 for future offsetting as of December 31, 2023.. In 2023, a review of the amounts calculated in 2022 was performed, resulting in a complement of R$ 5,240, with R$ 3,998 as principal plus R$ 1,242 as monetary correction.

12 Investment property

	2023	**2022**
Land and buildings	334,789	307,275
	334,789	**307,275**

The investment properties are recorded at fair value, which was based on valuations made by independent external appraisers as of December 31, 2023 and 2022.

The balance of investment property transactions was as shown below:

	2023	**2022**
Balance at January 1	307,275	273,161
Write-off (i)	(28,360)	-
Gain from adjustment to fair value (Note 21)	55,874	34,114
Total	**334,789**	**307,275**

(i) Referring to the sale of the Property located on Avenida Açai, Manaus – AM, which was leased to third parties since August 2019.

Investment property is real estate (land, building or part of a building or both) retained by the proprietor to earn income from rentals or for capital appreciation or both situations with no intention to use, which generates cash flows separate from other assets.

In thousands of reais, unless otherwise indicated

13 Property, plant and equipment

	Land	Buildings and improvements	Machinery and equipment	Spare parts and sets	Industrial facilities	Furniture and fixtures	Data processing equipment	Vehicles	Aircraft	Molds and tools	Telephony equipment	Works of art and antique.	Provision for impairment loss (Note 13.1)	Construction in progress (Note 13.2)	Spare Parts – Construction in progress (i)	Surplus value (PP&E)	Total
Cost																	
Balances at 12/31/2021	**97,025**	**317,994**	**1,687,064**	**3,434**	**242,036**	**9,463**	**13,440**	**1,574**	**13,869**	**17,992**	**594**	**152**	**(2,964)**	**101,774**	**75,310**	**203,479**	**2,782,236**
Additions	-	-	-	-	-	4	-	-	-	-	-	-	-	103,015	53,338	-	156,357
Write-off	-	-	(41,414)	-	(1,122)	(262)	(302)	-	-	-	-	-	-	(18)	-	-	(43,118)
Transfer	-	1,729	60,964	-	1,520	55	994	-	-	-	-	-	-	(30,000)	(35,262)	-	-
Balances at 12/31/2022	**97,025**	**319,723**	**1,706,614**	**3,434**	**242,434**	**9,260**	**14,132**	**1,574**	**13,869**	**17,992**	**594**	**152**	**(2,964)**	**174,771**	**93,385**	**203,479**	**2,895,474**
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	208,795	29,129	-	237,924
Write-off	(4,352)	(4,766)	(25,489)	-	(7,499)	(1,298)	(770)	-	-	(1,897)	(2)	-	2,964	-	(20,780)	-	(63,889)
Transfer	(252)	7,937	192,438	-	21,841	3,727	3,503	396	-	2,782	18	-	-	(232,626)	-	-	(236)
Balances at 12/31/2023	**92,421**	**322,894**	**1,873,563**	**3,434**	**256,776**	**11,689**	**16,865**	**1,970**	**13,869**	**18,877**	**610**	**152**	**-**	**150,940**	**101,734**	**203,479**	**3,069,273**
Depreciation																	
Balances at 12/31/2021	**-**	**(138,444)**	**(799,929)**	**(202)**	**(126,582)**	**(7,237)**	**(11,800)**	**(708)**	**(1,503)**	**(13,624)**	**(193)**	**-**	**-**	**-**	**-**	**(81,523)**	**(1,181,745)**
Depreciation for the year	-	(10,962)	(95,632)	(344)	(14,886)	(352)	(796)	(269)	(1,386)	(761)	(54)	-	-	-	-	(12,951)	(138,393)
Write-off	-	-	5,768	-	-	237	294	-	-	-	-	-	-	-	-		6,299
Balances at 12/31/2022	**-**	**(149,406)**	**(889,793)**	**(546)**	**(141,468)**	**(7,352)**	**(12,302)**	**(977)**	**(2,889)**	**(14,385)**	**(247)**	**-**	**-**	**-**	**-**	**(94,474)**	**(1,313,839)**
Depreciation for the year	-	(11,216)	(110,945)	(344)	(17,313)	(581)	(1,407)	(348)	(1,387)	(962)	(56)	-	-	-	-	(12,930)	(157,489)
Write-off	-	1,732	24,833	-	7,219	1,217	768	-	-	1,895	2	-	-	-	-	-	37,666
Balances at 12/31/2023	**-**	**(158,890)**	**(975,905)**	**(890)**	**(151,562)**	**(6,716)**	**(12,941)**	**(1,325)**	**(4,276)**	**(13,452)**	**(301)**	**-**	**-**	**-**	**-**	**(107,404)**	**(1,433,662)**
Balances at 12/31/2023	92,421	164,004	897,658	2,544	105,214	4,973	3,924	645	9,593	5,425	309	152	-	150,940	101,734	96,075	1,635,611
Balances at 12/31/2022	97,025	170,317	816,821	2,888	100,966	1,908	1,830	597	10,980	3,607	347	152	(2,964)	174,771	93,385	109,005	1,581,635

(i) Spare Parts - Construction in progress: The Company adopts the criterion of classifying spare items, spare parts, tools and equipment for internal use in property, plant and equipment since the entity expects to use them for more than one financial year. Such practice is adopted according to the accounting pronouncement.

In thousands of reais, unless otherwise indicated

13.1 Provision for impairment loss - Impairment test

The provision for impairment losses is comprised of property, plant and equipment and spare parts of discontinued segments. In 2023, after obtaining a tax report supporting the destruction of the inventory, we wrote-off the provision, as detailed below:

	2023	**2022**
Spare parts	-	2,964
	-	**2,964**

In compliance with the requirements of pronouncement CPC 01 (R1) - Asset Impairment, the Company performed the annual recovery test of its assets as of December 31, 2023 and 2022, which were estimated based on the values in use, using the discounted cash flows.

13.2 Property, plant and equipment in progress

As of December 31, 2023, the balance of construction in progress account was R$ 148,092 (R$ 174,771 in 2022) and was mainly represented by the projects: EB/SM/CGVE Scheduled Maintenance Stoppage R$ 40,738, Revitalization of BOPP Lines R$ 10,856, Replacement of Coils R$ 27,183, Replacement of Reactor Equipment (23P02) R$ 14,779 and Steam Relief System R$ 5,827.

13.3 Surplus value

The surplus value recognized in the Company’s records is the result of the acquisition of Innova S.A. referring to property, plant and equipment in the total amount of R$ 203,479. The balance as of December 31, 2023 is R$ 96,075 (R$ 109,005 in 2022).

14 Intangible assets

Details on the Company's intangible assets are presented in the tables below:

Cost	**Software**	**Brands, rights and patents**	**Goodwill due to expectation of future profitability**	**Goodwill**	**Total**
Balances at 12/31/2021	**26,639**	**19,225**	**243,866**	**106,279**	**396,009**
Additions	17	-	-	-	17
Balances at 12/31/2022	**26,656**	**19,225**	**243,866**	**106,279**	**396,026**
Write-offs	(1,238)	-	-	-	(1,238)
Transfer	236	-	-	-	236
Balances at 12/31/2023	**25,654**	**19,225**	**243,866**	**106,279**	**395,024**

In thousands of reais, unless otherwise indicated

	Software	Brands, rights and patents	Goodwill due to expectation of future profitability	Goodwill	Total
Amortization					
Balances at 12/31/2021	**(19,779)**	**(16,912)**	**-**	**(106,045)**	**(142,737)**
Amortization for the year	(2,253)	(1,572)	-	(88)	(3,913)
Balances at 12/31/2022	**(22,033)**	**(18,483)**	**-**	**(106,134)**	**(146,650)**
Amortization for the year	(2,094)	(499)	-	(88)	(2,681)
Write-offs	1,234	-	-	-	1,234
Balances at 12/31/2023	**(22,893)**	**(18,982)**	**-**	**(106,222)**	**(148,097)**
Residual value					
Balances at 12/31/2023	2,761	243	243,866	57	246,927
Balances at 12/31/2022	4,623	741	243,866	146	249,376

14.1 Goodwill

The goodwill recognized in the Company's records, as a result of Innova S.A. acquisition in 2014, was computed as per the following:

Cost of acquisition	1,105,219
(-) Net equity - Innova on 31/10/2014	(643,381)
(-) Goodwill	(217,972)
Goodwill on acquisition	**243,866**

The acquisition resulted in goodwill based on the expectation of future profits of R$ 243,866. It is the result of several factors especially the synergy between the two companies´ businesses.

The cash-generating unit to which the goodwill was allocated is tested for impairment annually, regardless of whether there are indications of impairment. The main cash flow assumptions are as follows: prices based on the last disclosed strategic plan, production curves related to plans existing in the Company portfolio, market operating costs and investments needed to complete the projects.

If the recoverable value of the cash-generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of any goodwill allocated to this unit and then to the other assets of the unit pro rata based on the book value of each asset in the unit. An impairment loss related to goodwill is not reversed in a posterior period. In carrying out the recovery study for the year, we did not identify any impairment loss.

The assumptions adopted for impairment testing considered a growth rate at the perpetuity of 3.25% and actual discount rate of 14.7% in a five-year horizon.

In thousands of reais, unless otherwise indicated

14.2 Goodwill

The surplus value recognized in the Company's records is the result of the acquisition of Innova S.A. referring to industrial patents in the total amount of R$ 106,279. After amortization, the balance at December 31, 2023 is R$ 57 (R$ 146 in 2022).

15 Suppliers

	2023	**2022**
Domestic suppliers	72,678	94,573
Foreign suppliers	194,741	201,121
	267,419	**295,694**

16 Provision for lawsuits and judicial deposits

Based on an individual analysis of court and administrative proceedings concerning tax, labor and civil issues against the Company, provisions were formed for risks of losses deemed likely by our legal advisors, of sums considered sufficient as follows:

	2023	**2022**
Tax	4,403	8,201
Labor	6,062	5,231
Civil	110	110
Surplus value	7,902	7,902
Non-current liabilities	**18,477**	**21,444**

The provision for civil lawsuits consists chiefly in indemnity lawsuits.

Labor lawsuits deal with cases pending before the Labor Courts which, individually, are not relevant to the company's business.

Transactions with provisions are shown below:

In thousands of reais, unless otherwise indicated

Provision for lawsuits	**Tax**	**Labor**	**Civil**	**Surplus value**	**Total**
Balances at December 31, 2021	**9,246**	**4,287**	**105,486**	**8,886**	**127,905**
(+) Supplement of provision	1,088	2,733	774	-	**4,595**
(-) Write-off of provision (i)	(1,207)	(23)	(89,389)	-	**(90,619)**
(-) Payments made	(926)	(1,766)	(16,761)	(984)	**(20,437)**
Balances at December 31, 2022	**8,201**	**5,231**	**110**	**7,902**	**21,444**
(+) Supplement of provision	-	1,892	-	-	**1,891**
(-) Write-off of provision	(665)	(192)	-	-	**(3,660)**
(-) Payments made	(3,133)	(869)	-	-	**(1,198)**
Balances at December 31, 2023	**4,403**	**6,062**	**110**	**7,902**	**18,477**

(i) In 2022, reversal in the amount of R$ 101,400 for the dismissal of the cause due to the judicial settlement signed with the plaintiff, who claimed the annulment of the purchase and sale agreement of the property located at Avenida Rio Negro, nº 400, between Carville (former owner of the property) and the Company.

Main lawsuits are commented as follows:

Tax proceedings

The forecast of possible losses that are not provided for amount to R$ 658,958 (R$ 608,347 in 2022). Main lawsuits are: (i) proceeding 10283.724949/2021-66 referring to the tax assessment notice related to amounts supposedly incorrectly deducted in the calculation of Taxable Income totaling R$ 211,815 (R$ 190,997 in 2022); (ii) proceeding 2016.11209.12613.0.009414 referring to the tax assessment notice drawn up against AMZ due to the collection of ISS on copyright in the amount of R$ 138,132 (R$ 135,513 in 2022); (iii) proceeding 1504453-19.2023.8.26.0014 referring to the Tax Execution filed by the State of São Paulo linked to tax assessment notice 4.078.672-9, drawn up due to alleged undue deduction of ICMS-ST due to tax benefit granted by the State of Amazonas, not recognized by the São Paulo tax authorities, but with a favorable decision for taxpayers, under the terms of ADPF 1004, judged by the Federal Supreme Court (STF) in 2023, the effects of which should reach all proceedings (administrative and judicial) that address this topic, so that there is an expectation of changing the contingency to "remote" in the short term, and; (iv) proceeding 5044721-47.2017.4.04.7100 referring to the tax assessment notice addressing the suspension of Drawback in the amount of R$ 90,410 (R$ 82,626 in 2022).

The Company has tax judicial deposits recorded in the amount of R$ 3,846 (R$ 5,156 in 2022). Main lawsuits are: (i) proceeding 5000829-78.2023.4.04.7100, referring to the Annulment Action filed by the Company against the tax assessment notice drawn up by the Brazilian Federal Revenue Service (RFB) for alleged undue offsetting of IPI credits, in the amount of R$ 555 (carried out in 2023); (ii) proceeding 5001280-64.2018.4.03.6144, referring to the tax assessment notice on Drawback in the amount of R$ 520 (R$ 520 in 2022); (iii) proceeding 001.2003.020195-1, referring to the Tax Execution filed by the State of Pernambuco related to the tax assessment notice drawn up by the Pernambuco tax authorities alleging non-payment of ICMS due for tax substitution in the amount of R$ 402 (R$ 402 in 2022).

In thousands of reais, unless otherwise indicated

Labor proceedings

The provision for labor lawsuits corresponds to losses estimated based on individual analysis of labor lawsuits.

The Company is a defendant in labor lawsuits, for which the possible loss is estimated at R$ 6,999 (R$ 6,664 in 2022), and the probable loss is provisioned in the total amount of R$ 6,062 (R$ 5,231 in 2022).

Civil proceedings

The Company is a defendant in civil lawsuits amounting R$ 15,724 (R$ 10,782 in 2022) for which the loss is considered possible. Main lawsuits are: (i) proceeding 0006284.22.2005.8.19.0203 for collection of property rights with an updated amount of R$ 7,781 (R$ 7,027 in 2022); (ii) proceeding 0002404-77.2016.8.21.0139 filled due to the alleged defect in the product with updated value of R$ 2,386 (R$ 2,376 in 2022); (0613440iii) proceeding 0613440-72.2013.8.04.0001 linked to logistics operations with an updated value of R$ 1.288 (R$ 609 in 2022).

The provision for civil contingencies corresponds to estimated losses related to lawsuits mainly involving commercial discussions.

Surplus value

The added value recognized in the Company’s records is the result of the acquisition of Innova S.A., where there were lawsuits assessed as a possible risk, in the total amount of R$ 62,888, of which R$ 60,247 are tax lawsuits and R$ 2,641 labor lawsuits. After the partial realization of the lawsuits, the balance presented on December 31, 2023 is R$ 7,902 (R$ 8,886 in 2022) for tax lawsuits.

Judicial deposits

Judicial deposits linked and not linked to proceedings for which provisions were recorded, classified in non-current assets, are as follows.

Judicial deposits	**Tax**	**Labor**	**Civil**	**Total**
Balances at December 31, 2021	**5,618**	**1,598**	**700**	**7,916**
(+) Addition	53	744	171	968
(-) Write-off	(506)	(648)	(98)	(1,252)
Balances at December 31, 2022	**5,165**	**1,694**	**773**	**7,632**
(+) Addition	2,740	474	-	3,214
(-) Write-off	(4,059)	(452)	(88)	(4,599)
Balances at December 31, 2023	**3,846**	**1,716**	**685**	**6,247**

In thousands of reais, unless otherwise indicated

17 Shareholders' equity

a. Capital

As of December 31, 2023 and 2022, the Company's capital amounts to R$ 1,373,666, represented by 1,549,720 common shares.

b. Equity valuation adjustment

The equity valuation adjustments derive from equity valuation of land and buildings available at Investment Property and adoption of Deemed Cost on assets recorded in Property, plant and equipment.

Amounts recorded in equity valuation adjustments will be totally or partially reclassified to income (loss) for the year upon disposal, write-off or depreciation of assets to which they refer. Changes in balance of equity valuation adjustment were as follows:

	2023	**2022**
Balance at January 1	109,645	109,562
Realization of equity evaluation adjustment	-	83
Total	**109,645**	**109,645**

c. Legal reserve

Legal reserve is formed at 5% of net income for each year, pursuant to the terms of art. 193 of Law no. 6.404/76, up to the limit of 20% of capital. Due to income for the year of R$ 530.541, the amount of R$ 26,527 was formed as a legal reserve, totaling R$ 177,954 (R$ 151,427 in 2022).

d. Dividends and interest on own capital

According to the Company's by-laws, net income for the year is allocated as follows: (i) 5% for formation of legal reserve, until reaches 20% of subscribed capital; and (ii) at least 25% of the remaining balance adjusted, pursuant to article 202 of Law 6404/76, for the payment of mandatory dividends after the resolution of the General Meeting.

Shareholders approved the distribution of dividends in the amount of R$ 190,000, relating to interim dividends for 2022 and the distribution of interest on own capital in the gross amount of R$ 60,000, which will be attributed to the minimum mandatory dividend. In December, a provision was made in the amount of R$ 72,635 relating to mandatory dividends, totaling R$ 132,635 for the year 2023.

Changes in dividends are as follows:

	2023	**2022**
Balance at January 1	1,010	724
(+) Dividends distributed	262,635	60,000
(-) Payment of dividends	(188,784)	(59,714)
Balance at December 31	**74,861**	**1,010**

In thousands of reais, unless otherwise indicated

Changes in interest on own capital are as follows:

	2023	**2022**
Balance at January 1	948	28,636
(+) Interest on own capital distributed	60,000	144,228
(-) Payment of interest on own capital	(50,492)	(149,646)
(-) IRRF (Withholding income tax)	(9,265)	(22,270)
Balance at December 31, 2023	**1,191**	**948**

e. Tax incentive reserve

The Tax Incentive Reserve on December 31, 2022 totaled R$ 1,306,430, consisting of R$ 1,206,469 in incentives arising from deemed ICMS credits and another R$ 99,961 referring to the IRPJ tax incentive (SUDAM).

On December 12, 2023, the Company’s management decided to partially revert the Tax Incentive Reserve to the Profit Reserve in the amount of R$ 264,702.

On December 31, 2023, the amount of R$ 12,303 was allocated to the formation of a tax incentive reserve related to IRPJ, and R$ 265,963 to the ICMS tax incentive reserve, totaling R$ 1,319,993 (R$ 1,306,430 in 2022).

f. Profit retention reserve

In 2023, the distribution of dividends amounting R$ 190,000 was authorized of interim dividends for 2022, using the balance of the profit reserve.

A profit retention reserve was formed in the amount of R$ 225,748 (R$ 461,676 in 2022), which added to the allocation of tax incentive reserves of R$ 264,702, totaling R$ 838,342 (R$ 670,527 in 2022) available to shareholders.

g. Goodwill reserve on disposal of shares

In August 2020, the sale of treasury shares generated a positive result (profit). This credit was recorded as a goodwill reserve on the sale of shares in the Company’s shareholders' equity, in the amount of R$ 1, with no changes since then.

18 Net operating revenue

	2023	**2022**
Gross operating revenue	4,870,123	6,534,332
Tax incentive credits (i)	265,963	323,951
Sales taxes	(836,696)	(1,085,352)
Returns	(16,730)	(43,808)
	4,282,660	**5,729,123**

(i) Tax incentives are made up of: ICMS benefit on the shipment of intermediate goods of R$ 159,297 (R$ 195,498 in 2022) and FUNDOPEM/RS Benefits of R$ 106,666 (R$ 128,453 in 2022).

In thousands of reais, unless otherwise indicated

19 Cost of products sold

	2023	2022
Cost of products sold	(3,119,501)	(3,979,195)
Cost of goods resold	(1,263)	(312)
Manufacturing general expenses	(356,062)	(387,974)
Production Idleness	(96,341)	(68,340)
Other	(7,723)	(8,507)
	(3,580,890)	**(4,444,328)**

20 Administrative and selling expenses

	2023	2022
Payroll expenses	(60,736)	(72,151)
Depreciation (i)	(34,216)	(8,411)
Electric power	(360)	(358)
Taxes and rates	(4,270)	(2,819)
Provisions (ii)	1,970	105,477
Lawyers' fees	(1,662)	(3,019)
Preservation of assets	(1,115)	(1,825)
Travel expenses	(1,501)	(1,206)
Freight and carriage	(142,384)	(151,843)
Maintenance and repairs	(1,389)	(1,662)
Consulting and advisory	(10,649)	(9,121)
Insurance costs	(894)	(1,332)
Use license	(2,849)	(2,797)
Import expenses	(3,068)	(4,400)
Advertising and publicity	(778)	(1,075)
Other	(10,611)	(10,813)
	(274,512)	**(167,355)**

(i) Recognition of depreciation referring to the reallocation of ICMS values on the purchase of property, plant and equipment items in 2023, pursuant to Note 11.

(ii) In the year ended December 31, 2022, there was a reversal of Provision in the amount of R$ 101,400 linked to a judicial transaction, pursuant to Note 16.

21 Other operating revenues (expenses)

	2023	2022
Operating income		
Sale of assets (i)	22,530	3,918
Sale of investment property (ii)	3,140	-
Sale of scrap	6,310	7,342
Lease income (iii)	12,270	11,875
Recovery of taxes (Note 11)	1,381	40,434
Increase in fair value of investment property (Note 12)	55,874	34,114
Other	2,610	11,908
	104,115	**109,591**

In thousands of reais, unless otherwise indicated

	2023	2022
Operating expenses		
Rebates	(5,015)	-
Losses with write-off of assets	-	(1,541)
Compensation	(330)	(17,686)
Other	(841)	(1,542)
	(6,186)	**(20,769)**

(I) Result from the sale of assets related to the Media segment discontinued in 2023.

(ii) Result from the sale of the investment property as per Note 12 (sale value of R$ 31,500 and cost of the property of R$ 28,360).

(iii) Rental income referring to assets classified as Investment property, pursuant to Note 12.

22 Net financial income

	2023	2022
Finance revenues		
Interest and gains on investments	83,257	11,398
Inflation adjustment	5,317	21,585
Discounts obtained	673	558
	89,247	**33,541**
Financial expenses		
PIS and COFINS on financial revenues	(4,150)	-
Interest on loans and other	(2,113)	(2,015)
Discounts granted	(1,458)	(54)
Bank expenses	(127)	(1,436)
Other (i)	(14,255)	(15,882)
	(22,103)	**(19,387)**
Net exchange-rate changes		
Foreign exchange income	70,034	162,446
Foreign exchange costs	(55,342)	(132,845)
	14,692	**29,601**

(i) Discount arising from advances on receivables, justified by the need to transfer, without the right of recourse, part of the client credit risk to financial institutions.

In thousands of reais, unless otherwise indicated

23 Income tax and social contribution

a. Formation of deferred income tax and social contribution

	2023	2022
Credits on tax losses	30,092	35,112
Tax credits on timing differences:		
- Credits on provisions	7,544	14,356
Total deferred income tax and social contribution in assets	**37,636**	**49,468**
Equity valuation adjustment	(56,484)	(56,484)
Deferred tax on goodwill	(29,999)	(34,425)
Investment property	(100,228)	(79,374)
Corporate vs. tax depreciation	(95,139)	(79,072)
Total deferred income tax and social contribution in liabilities	**(281,850)**	**(249,355)**
Total deferred income tax and social contribution, net	**(244,214)**	**(199,887)**

The Company has tax losses and negative social contribution bases generated in Brazil of R$ 87,853 (R$ 103,272 in 2022), which may be offset against future taxable profits without limitation.

Realization of deferred income tax on equity valuation adjustment is proportional to reserve realization.

As of December 31, 2023 and 2022, the Company has recorded under "Deferred income tax and Social Contribution" amounts calculated on expenses that are temporarily non-deductible from taxable income calculation for income tax purposes, which are available for future offsets against said tax.

Deferred taxes generated by these temporary differences are as follows:

	2023	2022
Net exchange-rate changes	(1,342)	(3,166)
Estimated losses for allowance for doubtful accounts	379	919
Estimated losses on recoverable values of inventories	888	2,472
Provision for Profit Sharing	-	8,429
Estimated sundry losses	4,023	20,025
Provision for judicial contingencies	3,595	13,542
Total Provisions (reversals)	7,543	42,222
IR and CS tax rate 25% and 9%	34%	34%
IR/CS on temporary differences	2,565	14,355

In thousands of reais, unless otherwise indicated

The Company, based on expected future taxable income determined through technical studies conducted at the end of 2023 and 2022 and approved by Executive Board, recognized tax credits on tax losses, negative bases of income tax and temporary differences, with no statute of limitations. Deferred assets book value is reviewed by the Company on an annual basis.

Based on the technical study regarding estimated generation of future taxable income, the Company foresees the recovery of tax credits in the following years:

Years	**2023**	**2022**
Total balance of tax loss	**87,853**	**103,272**
Deferred assets on tax loss	29,870	35,112
Applied IR and CS tax rate - 25% and 9%	34%	34%
Recovery estimate for the coming years	**2023**	**2022**
2023	-	103,272
2024	87,853	-
	87,853	**103,272**

The expected recoverability of the tax credits is based on the projections of future taxable income taking into consideration various business and financial assumptions. In 2023, R$ 15,384 (R$ 160,707 in 2022) was used from the tax loss base.

Accordingly, these estimates may differ from the effective taxable income in the future due to the inherent uncertainties involving these estimates.

b. Reconciliation of current and deferred income tax and social contribution

The reconciliation of income from current and deferred income tax and social contribution totalling R$ 67,890 (R$ 217,737 in 2022) is as follows:

	2023	**2022**
Income (loss) before income tax and social contribution	**538,434**	**1,097,831**
Combined statutory rate	34%	34%
Expense with income tax and social contribution at the combined rate	**183,067**	**373,263**
Incentives and grants	(270,390)	(330,950)
Depreciation	(65,002)	(68,455)
Valuation Adjustment - PPI	(55,874)	(34,114)
Timing differences (ii)	(14,424)	(126,397)
Permanent differences	3,269	3,534
Exchange-rate change	(69)	(6,173)
Allowance for doubtful accounts	196	312
Changes in tax loss carryforwards (i)	(40,842)	(160,672)
Current income tax and social contribution calculation basis	**95,298**	**374,917**

In thousands of reais, unless otherwise indicated

Workers' Meal Program (PAT)	(572)	(2,249)
Expenses with Citizen Company	(105)	(38)
Sponsorship/Donations	(450)	(2,372)
Exemption and reduction – Exploration profit	(12,303)	(46,102)
Current income tax and social contribution	**(18,948)**	**(76,686)**
Effective rate	-19.88%	-20.45%
Exchange-rate change	(265)	(2,328)
Allowance for doubtful accounts	67	(337)
Depreciation	(21,156)	(25,546)
Timing differences	(6,802)	(34,271)
Valuation Adjustment - PPI	(15,766)	(11,599)
Tax-loss carryforward	(5,020)	(63,969)
Deferred income tax and social contribution	**(**48,942**)**	**(138,050)**

(i) Change in tax loss refers to the tax loss recorded for the year.
(ii) In 2022, reversal of provision in the amount of R$ 101,400 linked to a judicial transaction (Note 16).

c. Income tax and social contribution, recoverable

	2023	**2022**
Opening balance	1,788	236
Income tax on interest earning bank deposit	13,506	1,552
Current income tax	(1,470)	-
	13,824	**1,788**

Transitory tax regime—RTT

The Company opted for the Transition Tax Regime ("RTT") established by Law 12973, dated May 13, 2014, through which IRPJ (corporate income tax), CSLL (social contribution on net income), and PIS and COFINS (income taxes) calculation continues to be determined according to accounting methods and criteria defined by Law.

Accordingly, deferred income tax and social contribution calculated on adjustments arising from the adoption of new accounting practices deriving from Law 12973/14 were recorded in the Company's financial statements, when applicable, in conformity with pronouncement CPC 32 – Income taxes. The Company confirmed this option in the Corporate Income Tax Return ("DIPJ") for 2016.

24 Information on related parties

Company's related parties are: Matsukawa Holding Co LLP e Emtec Participações Ltda.
Management's key personnel includes board members and officers. Management's global annual remuneration, including Board of Directors' members' fees, was established as up to R$ 7,800, as approved in the Annual and Special Shareholders' Meeting held on March 24, 2023.

Total management's remuneration for the year ended December 31, 2023 was R$ 6,315 (R$ 5,849 in 2022).
Said expenditures were accounted for under caption general and administrative expenses in the statement of income.

25 Financial instruments

a. Financial risk management

The Company is exposed to the following risks resulting from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operating risk
- Capital risk

This note contains information on the Company's exposure to each of the abovementioned risks, the objectives, practices and the processes for measuring and managing risk and the capital management. Additional quantitative disclosures are included throughout these financial statements.

b. Risk management structure

The main risk factors to which the Company is exposed reflect strategic operational and economic/financial aspects. Strategic-operating risks are addressed using the Company's management model.

The economic and financial risks mainly reflect the behavior of macroeconomic variables such as exchange and interest rates as well as the characteristics of the financial instruments that the Company uses. These risks are managed by means of monitoring by Management that actively participates in the Company's operational management.

The Company has the practice of managing its existing risks in a conservative manner, aiming mainly to preserve the value and liquidity of financial assets and to guarantee financial resources for the smooth running of business.

In thousands of reais, unless otherwise indicated

(i) Credit risk

Credit risk is the risk of the Company incurring financial losses if a customer or a counterparty in a financial instrument fails to comply with contract obligations. Such risk is mainly due to Company's trade accounts receivable, and financial instruments.

The book values of financial assets classified as loans and receivables represent the maximum credit exposure. Book value of financial assets that represents the maximum exposure to credit risk as showed:

	2023	**2022**
Cash and cash equivalents	1,010,520	317,538
Accounts receivable	732,675	929,852
Other accounts receivable	4,496	4,106
	1,747,691	**1,251,496**

Cash and cash equivalents

Cash and cash equivalents are maintained with banks and financial institutions, which are considered the prime line type.

Accounts receivable

The Company's exposure to credit risk is influenced, mainly, by the individual characteristics of each client. Management understands that there is no significant credit risk to which the Company is exposed, taking into consideration the characteristics of the counterparties, concentration levels and the relevance of the amounts in relation to total revenue.

See Note 9 - Accounts receivable for the estimate of expected credit losses.

(ii) Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset.

Management's approach to liquidity risk management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

We present below the contractual maturities of financial liabilities including payment of estimated interest and excluding, the impact of the negotiation agreements. Therefore, cannot be conciliated with the amounts of balance sheet:

In thousands of reais, unless otherwise indicated

		Contractual cash flow				
	Book value	**Total**	**≤01 year**	**02–03 years**	**04 years**	**>04 years**
Suppliers	267,419	267,419	267,419	-	-	-
	267,419	**267,419**	**267,419**	**-**	**-**	**-**

The cash flows presented above are not expected to be significantly advanced.

(iii) Market risk

Interest-rate risk

The Company has interest earning bank deposits remunerated at the CDI interest rate change. Such assets amount to R$ 1,000,444 as of December 31, 2023 (R$ 296,952 in 2022).

	2023	**2022**
Variable rate instrument		
Interest earning bank deposit	1,000,444	296,952
	1,000,444	**296,952**

Analysis of sensitivity to changes in CDI rate

To estimate the principal financial indicators for sensitivity analysis, the Company uses the Focus survey, organized by the Central Bank of Brazil and based on the analysis of forecasts of financial and non-financial institutions. As of December 31, 2023, market expectations indicated an average effective CDI/SELIC rate of 10% for 2024, compared to the average effective rate of 13.04% in 2023.

	Probable scenario	**Scenario I - 25% decrease**	**Scenario II - 50% decrease**
Interbank Deposit Certificate annual effective rate in 2023	13.04%	8.81%	5.87%
Interest earning bank deposits	1,000,444	1,000,444	1,000,444
Interbank Deposit Certificate estimated annual rate for 12 months	10%	7.5%	5%
Effect in the financial instrument			
Increase / (Decrease)	30,413	13,106	8,704

Currency risk

The related risk derives from the possibility of incurring losses due to fluctuations in foreign exchange rates that reduce or increase exposure to foreign currency. We present below the exposure by currency as of December 31, 2023 and 2022, which considers the equity values of foreign suppliers:

In thousands of reais, unless otherwise indicated

		2023		2022	
		Foreign currency nominal value	R$	Foreign currency nominal value	R$
Foreign suppliers	USD	39,627	196,009	38,202	199,328
Foreign suppliers	EUR	525	2,816	278	1,549
Foreign suppliers	GBP	12	76	38	244

Gains and losses involving these transactions are recognized in income for the year under caption financial income.

Sensitivity analysis - Foreign exchange
The sensitivity analysis is based on the assumption of maintaining as a probable scenario the market values as at December 31, 2023. The Company considered the scenarios below for the volatility of the US Dollar and Euro exchange rate.

For foreign exchange transactions subject to USD fluctuation, the following effects were estimated for the four scenarios, based on foreign exchange rate as of December 31, 2023 of R$ 4.8413 per US$ 1.00:

Scenario 1: (25% of Brazilian real appreciation);

Scenario 2: (50% of Brazilian real appreciation);

Scenario 3: (25% devaluation of the BRL);

Scenario 4: (50% devaluation of the BRL);

Risk: Dollar fluctuation

		Revenue (expense) on exchange rate (in reais)			
	Reference value, USD	Scenario 1	Scenario 2	Scenario 3	Scenario 4
USD rate		**3.6310**	**2.4207**	**6.0516**	**7.2620**
Foreign suppliers	39,627	49,534	59,441	(49,534)	(59,441)
Financial income (loss) - revenue/ (expense)		**49,534**	**59,441**	**(49,534)**	**(59,441)**

(iv) Operating risk
Operating risk is the risk of direct or indirect losses arising from different causes related to the Company's processes, personnel, technology and infrastructure and external factors, except credit risks, market and liquidity risks, as those arising from legal and regulatory requirements.
The Company aims at the constant maintenance, updating of processes, thus minimizing

In thousands of reais, unless otherwise indicated

operating risks and reducing possible financial flow impacts and damage to its reputation by seeking cost effectiveness to avoid operating restriction.

(v) Capital risk

The Company's objectives in managing its capital are to safeguard its normal operations, besides maintaining a capital structure, appropriate to offer return to shareholders and benefits to the other stakeholders besides maintaining an optimal capital structure to reduce this cost.

Fair value measurement

Book values of the Company's financial assets and liabilities may suffer change. The table below presents the comparison per class of book and fair values, including fair value hierarchy levels. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value.

December 31, 2023:

		Book value	Fair value
	Rating	**2023**	**2023**
Financial assets			
Cash and cash equivalents	Amortized cost	10,076	10,076
Interest earning bank deposits	Amortized cost	1,000,444	1,000,444
Accounts receivable	Amortized cost	732,675	732,675
Other accounts receivable	Amortized cost	4,496	4,496
Total		**1,747,691**	**1,747,691**
Financial liabilities			
Suppliers	Other financial liabilities	267,419	267,419
Total		**267,419**	**267,419**

December 31, 2022:

		Book value	Fair value
	Rating	**2022**	**2022**
Financial assets			
Cash and cash equivalents	Amortized cost	20,586	20,586
Interest earning bank deposits	Amortized cost	296,952	296,952
Accounts receivable	Amortized cost	929,852	926,852
Other accounts receivable	Amortized cost		
Total		**1,247,390**	**1,247,390**
Financial liabilities			
Suppliers	Other financial liabilities	295,694	295,694
Total		**295,694**	**295,694**

Fair value represents the amount by which the asset/liability can be exchanged in a current transaction between parties willing to negotiate.

Capital management

One of the Company's management main objective is to ensure that the Company maintains a strong credit score and capital ratio free from problems in order to support businesses and maximize shareholders' value. The Company administrates capital structure and adjusts it considering changes in economic conditions.

26 Insurance coverage (unaudited)

At December 31, 2023, operating a civil liability risk insurance coverage was comprised of R$ 2,983,965 for material damage and R$ 330,600 for loss of income. Regarding Specific Risks, coverage was comprised of R$ 1,430,679 for material damage and R$ 278,910 for loss of profits. For general liability insurance coverage, R$ 100,000, for environmental risk insurance, R$ 150,000 and for D&O insurance, R$ 120,000. Aviation insurance - hull & optional civil liability US$ 159,300, RETA insurance R$ 1,794.

For insurance of domestic cargo transportation, the coverage is R$ 3,000 for terrestrial loading up to R$ 35,000 for aerial and waterway loading, and R$ 100,000 for monomer transfer between units. On international transportation import, the coverage is US$ 55,000 exclusively for styrene monomer in bulk and polystyrene in bulk; US$ 11,000 to other goods by vehicle/waterway transportation; US$ 5,000 to air transportation of other goods or US$ 5,000 per vehicle/road trip. For insurance of export transportation, the coverage was US$ 10,000 exclusively for ethylbenzene and styrene and US$ 1,000 for other goods by vehicle/ship/airplane/transportation or accumulation.

* * *

Executive Board

Lírio Albino Parisotto
CEO

Reinaldo José Kröger
Director Vice-President

Cláudio da Rocha Filho
Chief Sales & Operating Officer

Christian Barg
Chief Industrial Officer

José Lemos de Carvalho Junior
Chief Financial Officer

Board of Directors

Lírio Albino Parisotto

Elie Linetzky Waitzberg

Liz Vanin Parisotto

Raphael David Wojdyslawski

Accountant

Simone Cristiane Lirussi dos Santos
CRC/SP 272582/O-7

DocuSign

Certificado de Conclusão

Identificação de envelope: 90B18659D6244B489E59DCE87FF05230 — Status: Concluído
Assunto: Complete com a DocuSign: 1. FS and independent auditor's report_Videolar - Innova S/A.pdf
LoS / Área: Assurance (Audit, CMAAS)
Tipo de Documento: Relatórios ou Deliverables
Envelope fonte:

Documentar páginas: 57	Assinaturas: 1	Remetente do envelope:
Certificar páginas: 2	Rubrica: 0	Stephany Meneses
Assinatura guiada: Ativado		Avenida Brigadeiro Faria Lima, 3732, 16º e 17º andares, Edifício Adalmiro Dellape Baptista B32, Itai
Selo com EnvelopeId (ID do envelope): Ativado		São Paulo, São Paulo 04538-132
Fuso horário: (UTC-03:00) Brasília		stephany.meneses@pwc.com
		Endereço IP: 201.56.164.188

Rastreamento de registros

Status: Original 11 de março de 2024 | 18:57	Portador: Stephany Meneses stephany.meneses@pwc.com	Local: DocuSign
Status: Original 11 de março de 2024 | 19:11	Portador: CEDOC Brasil BR_Sao-Paulo-Arquivo-Atendimento-Team@pwc.com	Local: DocuSign

Eventos do signatário	Assinatura	Registro de hora e data
Geovani Fagunde geovani.fagunde@pwc.com Sócio PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma), Certificado Digital **Detalhes do provedor de assinatura:** Tipo de assinatura: ICP Smart Card Emissor da assinatura: AC Certisign RFB G5 CPF do signatário: 71535438649 Cargo do Signatário: Sócio de auditoria **Termos de Assinatura e Registro Eletrônico:** Não oferecido através do DocuSign	DocuSigned by: Geovani Fagunde 277A8752AA5D493... Adoção de assinatura: Estilo pré-selecionado Usando endereço IP: 54.94.237.112	Enviado: 11 de março de 2024 | 19:03 Visualizado: 11 de março de 2024 | 19:10 Assinado: 11 de março de 2024 | 19:11

Eventos do signatário presencial	Assinatura	Registro de hora e data

Eventos de entrega do editor	Status	Registro de hora e data

Evento de entrega do agente	Status	Registro de hora e data

Eventos de entrega intermediários	Status	Registro de hora e data

Eventos de entrega certificados	Status	Registro de hora e data

Eventos de cópia	Status	Registro de hora e data
CEDOC BR_Sao-Paulo-Arquivo-Atendimento-Team@pwc.com PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma) **Termos de Assinatura e Registro Eletrônico:** Não oferecido através do DocuSign	**Copiado**	Enviado: 11 de março de 2024 | 19:11

Eventos de cópia	Status	Registro de hora e data
Stephany Meneses stephany.meneses@pwc.com Manager PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma) **Termos de Assinatura e Registro Eletrônico:** Não oferecido através do DocuSign	**Copiado**	Enviado: 11 de março de 2024 | 19:11 Reenviado: 11 de março de 2024 | 19:11
Thiago Oviedo thiago.oviedo@pwc.com Diretor PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma) **Termos de Assinatura e Registro Eletrônico:** Não oferecido através do DocuSign	**Copiado**	Enviado: 11 de março de 2024 | 19:11

Eventos com testemunhas	Assinatura	Registro de hora e data

Eventos do tabelião	Assinatura	Registro de hora e data

Eventos de resumo do envelope	Status	Carimbo de data/hora
Envelope enviado	Com hash/criptografado	11 de março de 2024 | 19:03
Entrega certificada	Segurança verificada	11 de março de 2024 | 19:10
Assinatura concluída	Segurança verificada	11 de março de 2024 | 19:11
Concluído	Segurança verificada	11 de março de 2024 | 19:11

Eventos de pagamento	Status	Carimbo de data/hora