

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

**Intelbras S.A. - Indústria de
Telecomunicação Eletrônica Brasileira**

Report on Review of Interim Financial
Information for the Nine-month
Period Ended September 30, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Interim Financial Information

September 30, 2022

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MANAGEMENT REPORT 3Q2022

Intelbras reports net revenue of R\$1,132,759 thousand and EBITDA of R\$148,612 thousand.

São José (SC), October 31st, 2022 – Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira (“Intelbras” or “Company”) discloses its consolidated results for the quarter ended September 30th, 2022. The amounts presented here are compared to those for the quarter ended September 30th, 2021, unless otherwise indicated otherwise. The accounting balances presented here were prepared in accordance with Brazilian corporate law and practices adopted in Brazil, already in accordance with international accounting standards (IFRS).

Highlights

Net Operating Revenue in this quarter was R\$1,132,759 thousand, representing a growth of 49.2% compared to the same period of the previous year.

With a growth of 66.9% in relation to the same period of the previous year, our **EBITDA** was R\$148,612 thousand, an amount 24.9% higher than in the previous quarter, representing an **EBITDA margin** of 13.1%.

The Company's consolidated **ROIC (pre-tax)** calculated considering the last four quarters was 22.9%, 3.6 p.p. above this consolidated indicator carried out in the previous quarter.

Our **Net Income** in this quarter was R\$122,666 thousand, which represents a growth of 38.8% in relation to the same period of the previous year and a net margin of 10.8% of net operating revenue.



Management Message

We started the second half of this year efficiently executing our business strategies. The results for this period are in line with the plans, and reinforce the perspectives to keep Company growing and with a greater presence in its operating markets.

In this third quarter, we implemented our business superintendence structure, seeking to give more autonomy and focus to the business areas, further integrating the business units and controlled companies of the group. Thus, the organization becomes more robust and structured to support its future growth.

We continued the process of integrating Renovigi, which underwent through an organizational restructuring in August, aiming to improve the efficiency in the operation. Although its results are still not as planned, our recently acquired subsidiary is starting to show signs of recovery and that it is on the right path, working closely to its accredited companies and with the commitment to continue developing the market for distributed generation of solar energy.

During the months of July and August, we made our first relevant sales to clean up the C Band spectrum, a process derived from the development of the 5G signal in Brazil. We consider these sales to be additional to the budget of the year, so that they contribute positively to the result for this quarter.

Finally, considering the improvement in the international logistics environment, we started to demobilize our investments in inventory, seeking better logistics efficiency, which can be observed in the generation of operating cash in this period and in the calculation of the average term of the inventory (in days).



Main financial indicators

R\$ thousands	3Q22	2Q22	Δ%	3Q21	Δ%
Net operating revenue	1,132,759	1,015,835	11.5%	758,978	49.2%
Gross profit	322,626	280,463	15.0%	224,876	43.5%
Gross Margin	28.5%	27.6%	+0.9p.p	29.6%	-1.1p.p
EBITDA	148,612	118,989	24.9%	89,020	66.9%
EBITDA Margin	13.1%	11.7%	+1.4p.p	11.7%	+1.4p.p
Profit for the period	122,666	96,776	26.8%	88,360	38.8%
Net Profit Margin	10.8%	9.5%	+1.3p.p	11.6%	-0.8p.p
ROIC (pre-tax)	22.9%	19.3%	+3.6p.p	31.6%	-8.7p.p



Net operational revenue

The strong growth in net operating revenue, of 49.2% in relation to the same period of the previous year, was built through our three operating segments, with Energy being the highlight. As also considered in the second quarter, we consolidated the revenues of the new subsidiary, Renovigi, and maintained our accelerated pace of growth in the sector. Comparing to the second quarter, we increased net operating revenue by 11.5%.

Organically, excluding the revenue generated by Renovigi, the Company reports a consolidated growth of 33.2%, with important contributions in all segments of operation.

Gross profit

We grew 15% in gross profit compared to the second quarter of 2022. This increase leads to an improvement of 0.9 percentage point in our gross margin, an oscillation within the normality of our operations, but which mainly reflects an improvement in the margin of our solar operation.

R\$ thousands	3Q22	2Q22	Δ%	3Q21	Δ%
Net operating revenue	1,132,759	1,015,835	11.5%	758,978	49.2%
Cost of sales and services	(810,133)	(735,372)	10.2%	(534,102)	51.7%
Gross profit	322,626	280,463	15.0%	224,876	43.5%

Comparing to the same period of the previous year, the fluctuation of 1.1 percentage points downwards is also within the normal range of our operations, and is mainly due to the higher share of the Energy segment in our net operating revenue.

Operating expenses

Our operating expenses remain under control and within budget for the period, as can be seen in the table below:

R\$ thousands	3Q22	2Q22	Δ%	3Q21	Δ%
Selling expenses	(129,064)	(119,978)	7.6%	(95,013)	35.8%
General and administrative expenses	(54,502)	(50,122)	8.7%	(47,493)	14.8%
Other operating expenses, net	(6,750)	(6,835)	-1.2%	(7,742)	-12.8%
Operating income (expenses)	(190,316)	(176,935)	7.6%	(150,248)	26.7%

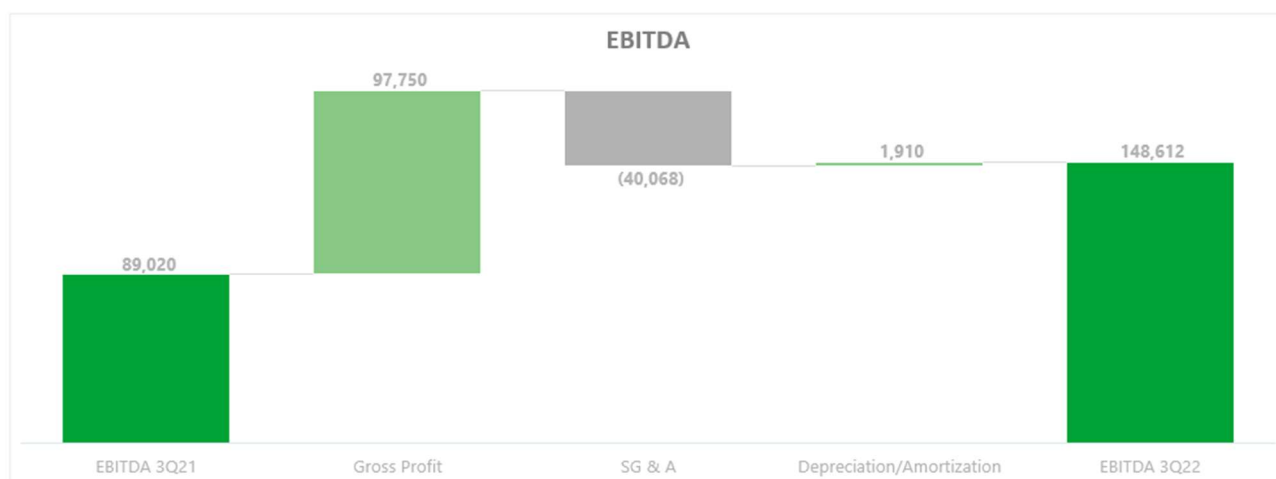
The 7.6% growth in operating expenses compared to the second quarter of 2022 represents a little more than half of the growth in gross profit, so that there is a gain in efficiency in operations.

EBITDA

The result of a better gross margin and adequate expenses control are reflected in the improvement in the EBITDA margin, which reached 13.1%, 1.4 percentage points higher than the second quarter of 2022 and the same period of the previous year. The proportions of growth in gross profit and expenses can be seen in the following table:

R\$ thousands	3Q22	2Q22	Δ%	3Q21	Δ%
Profit for the period	122,666	96,776	26.8%	88,360	38.8%
(+/-) income tax and social contribution	4,994	(1,757)	-384.2%	(4,011)	-224.5%
(+/-) Net finance results	4,650	8,509	-45.4%	(9,721)	-147.8%
(+) Depreciation	10,543	9,737	8.3%	8,184	28.8%
(+) Amortization	5,759	5,724	0.6%	6,208	-7.2%
EBITDA	148,612	118,989	24.9%	89,020	66.9%
% EBITDA	13.1%	11.7%	+1.4p.p	11.7%	+1.4p.p

The chart below illustrates the evolution of the main accounts in the income statement for the year, compared to the same period of the previous year.



Financial Results

During the quarter, the Company generated significant operating cash, which contributed to the increase in financial income, when compared to the second quarter of 2022, as can be observed in the table below:

R\$ thousands	3Q22	2Q22	Δ%	3Q21	Δ%
Finance income	38,657	25,589	51.1%	20,645	87.2%
Finance costs	(30,729)	(22,216)	38.3%	(11,106)	176.7%
Exchange gains (losses), net	(12,578)	(11,882)	5.9%	182	-7,011.0%

On the other hand, the increase in financial expenses is due to the recognition of interest charges on future installments to be paid to the former shareholders of Renovigi and to the financial context of this subsidiary, which has been evolving on a monthly basis, but still presents opportunities for improvement, mainly in expenses bank charges and interest on financing.

Regarding the exchange variation, the expansion of terms with suppliers, and the consequent increase in exchange exposure contributed to the 5.9% increase in this expense. Our hedge policy remains the same as in previous quarters.

Net income

The strong operating result contributed to the 26.8% increase in our net income, which reached R\$122,666 thousand, representing a net margin of 10.8%. Although this improvement of 1.3 percentage points in the margin already reflects gains in efficiency and productivity in the operation, we observe that the new subsidiary Renovigi still contributed little to the net result of the consolidated operation.

ROIC (pre-tax)

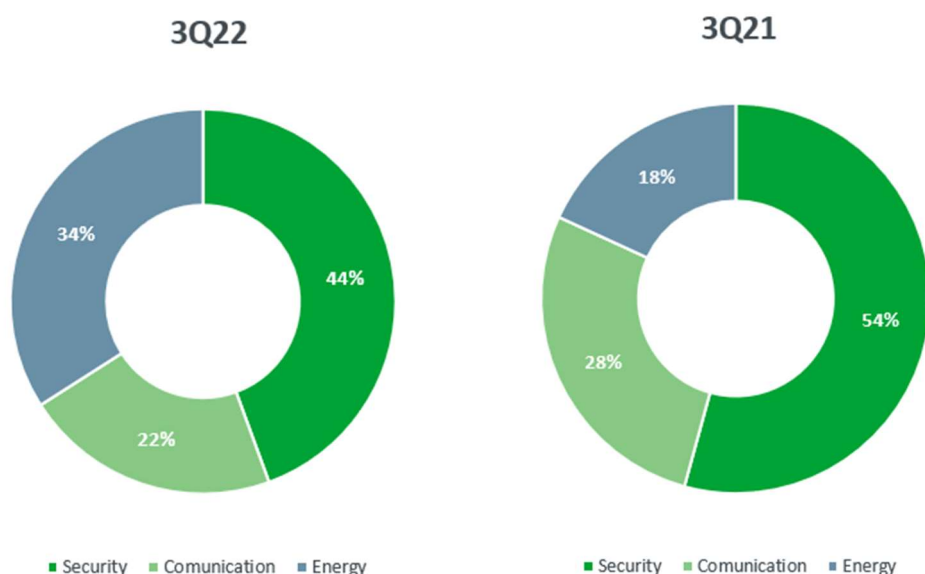
The return on invested capital indicator again showed a positive evolution, reinforcing the trend of improvement throughout the year.

R\$ thousands	3Q22	2Q22	Δ%	3Q21	Δ%
Operating profit before finance income (costs)	429,295	371,613		411,503	
Income tax and social contribution	(15,950)	(6,945)		(10,565)	
NOPAT	413,345	364,668	13.3%	400,938	3.1%
Net cash	(273,739)	(147,066)		(551,466)	
Equity	2,151,787	2,070,271		1,853,995	
Capital employed	1,878,048	1,923,205	-2.3%	1,302,529	44.2%
ROIC Pre-tax	22.9%	19.3%	+3.6p.p	31.6%	-8.7p.p

As in the second quarter of 2022, there is an impact on this indicator due to the fact that the results of the new subsidiary Renovigi refer only to two quarters. Thus, the Company's ROIC (pre-tax) organically (ex-Renovigi) was 26.4%.



Business evolution by segment



We started the second half of this year with growth in all our operating segments.

The Company's Security segment continues to demonstrate solid results, advancing in new markets for the Company and executing its strategies efficiently.

Our Communications segment is growing again, and in this third quarter it reports extraordinary revenues from the sale of converters for the KU band, a process foreseen for the implementation of the 5G signal throughout the national territory. We completed our homologation process at Anatel for our 5G CPE, being the first national CPE approved throughout the country.

The Energy segment has been gaining ground in the market in all its products categories and, in addition to significant organic growth, it includes a complete quarter of our subsidiary Renovigi, whose operations have been consolidated since May 1st, 2022.

Regarding gross margins, stability and recomposition of this indicator can be observed in our segments.

Below, each of the Company's three operating segments is presented in detail:

Security

Our Security segment delivers sequential growth in net operating revenue and margin stability in this third quarter, as can be seen in the table below:

SECURITY	3Q22	2Q22	Δ%	3Q21	Δ%
Net operating revenue	503,288	481,899	4.4%	411,831	22.2%
Gross profit	177,362	169,704	4.5%	141,185	25.6%
% Gross profit	35.2%	35.2%	+0.0p.p	34.3%	-0.2 p.p
Quantities	5,906,394	5,816,130	1.6%	5,987,191	-1.3%

As already observed in the second quarter of 2022, we confirmed significant revenue growth in the corporate projects market in various verticals.

Our leadership position in several categories of activity and focus on productivity gains allow us to maintain competitive prices and adequate margins for the operation, so that the gross margin has been maintained over the last two quarters, with significant revenue growth.

Communication

We resumed revenue growth of 16.4% in relation to the same period of the previous year in our communication segment, as well as presenting a relevant improvement in gross margin this year.

COMMUNICATION	3Q22	2Q22	Δ%	3Q21	Δ%
Net operating revenue	243,793	193,878	25.7%	209,403	16.4%
Gross profit	70,846	57,820	22.5%	55,255	28.2%
% Gross profit	29.1%	29.8%	-0.7p.p	26.4%	+2.7p.p
Quantities	1,960,051	1,808,523	8.4%	2,912,418	-32.7%

The third quarter of 2022 marked the first relevant sales for the C Band spectrum cleaning process in Brazil, planned to take place over the next 3 years, through twice a year bids coordinated by the winners of the 5G auction, held in November 2021.

We thus report an extraordinary net operating revenue of R\$30,889 thousand this quarter. Without this additional contribution, not foreseen in the Company's budget, this segment would report a revenue slightly higher than the same period of the previous year.

The supply chain for the product categories of the communication segment shows significant improvements, and the stock levels of this segment are gaining greater balance and availability.

Energy

Our sales in the Energy segment continue to accelerate. With the addition of revenues from our subsidiary Renovigi, we achieved a growth of 180% in relation to the same period of the previous year.

ENERGY	3Q22	2Q22	Δ%	3Q21	Δ%
Net operating revenue	385,678	340,058	13.4%	137,744	180.0%
Gross profit	74,418	52,939	40.6%	28,436	161.7%
% Gross profit	19.3%	15.6%	+3.7p.p	20.6%	-1.3p.p
Quantities	1,304,454	1,247,549	4.6%	932,385	39.9%

In terms of gross margin, there was an important recovery in margin compared to the previous quarter, due to strategies of greater cost efficiency and an improvement in the competitive environment, both in the organic operation of Solar and in Renovigi.

On the other hand, we also see opportunities to gain commercial efficiency, strengthen sales recovering strategic partners, which will lead to the resumption of revenue growth in the Renovigi operation.

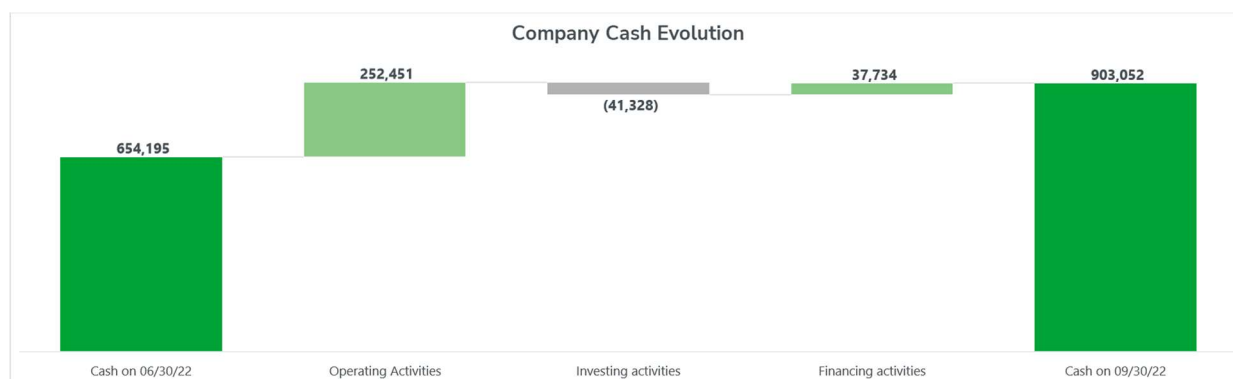


Cash position and debts

The balance of inventories has been fundamental for the resumption of operating cash generation, which could be observed throughout the third quarter.

R\$ thousands	3Q22	2Q22	Δ R\$	3Q21	Δ R\$
Cash and cash equivalents	903,052	654,195	248,857	947,744	(44,692)
Operating (others)	316,840	64,389	252,451	(38,043)	354,883
Net cash used in investing activities	(205,988)	(164,660)	(41,328)	(193,295)	(12,693)
Net cash provided by financing activities	(148,658)	(186,392)	37,734	426,101	(574,759)

Maintaining a robust cash position is one of the Company's fundamental values, and the evolution of cash can be seen in the chart below:



During the third quarter of 2022, we raised two new funds of contracts already signed with Finep and BNDES, as well as our subsidiary Renovigi increased its import financing operations. Our debts are presented in the following table:

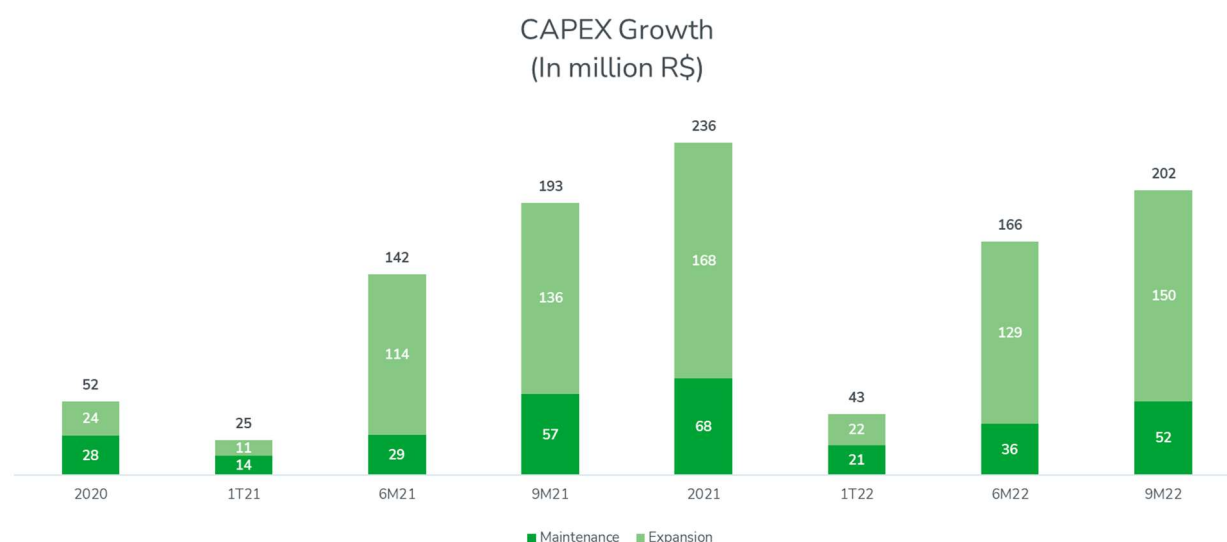
INSTITUTIONS	09/30/2022		06/30/2022		09/30/2021
	Principal + Interest	Interest + Payments	Principal + Interest	Interest + Payments	Principal + Interest
BNDES	219,407	47,862	171,545	68,381	103,164
FINEP	206,110	37,913	168,197	(19,690)	187,887
Private banks and Credit Cooperatives	203,796	36,409	167,387	62,160	105,227
Total Loans	629,313	122,184	507,129	110,851	396,278

* NOTE: values in R\$ thousands



CAPEX

Capex investments remained at our historical values throughout the third quarter of 2022, which can be seen in the chart below.



Perspectives

During the third quarter of 2022, the Company started its strategic planning activities, with a 5-year horizon and a 10-year vision. We see important growth opportunities in all of our product categories, in order to maintain our pace of growth in line with our historic achievements. In order to support future operations, with robust cash flow, the company authorized the issuance of debentures in the amount of R\$500,000 thousand, maturing in 7 years and remunerating interest at CDI + 1.5% per year.

Our factory in Santa Catarina has already produced the first units of our 5G CPE, a product that should start selling during this fourth quarter. We are evolving according to our plans, and we are confident that we will continue to contribute to the whole country having access to broadband, through our fiber solutions and now with 5G devices.

We understand that the integration process with Renovigi has already passed its most acute phase and we have already seen a resumption of commercial activities that will result in a quarter closer to what was planned for this company.

Therefore, we started a new quarter with the prospect of concluding an excellent year. Although this fourth quarter is more challenging, mainly due to the World Cup and an environment of elections that can result in less predictable market moments, we believe that we are on the right track. We added even more efforts to the routine to achieve the goals, and we will continue to achieve expressive corporate results, operating in new markets nationally, and reinforcing our leadership position together with our reseller and installer partners.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholder and Management of
Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2022, which comprises the balance sheet as at September 30, 2022 and the related statements of income and of comprehensive income for the three- and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Executive Board is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

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Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2022, prepared under the responsibility of the Company's Executive Board and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Curitiba, October 28, 2022


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Otávio Ramos Pereira
Engagement Partner

Balance sheets

As at September 30, 2022 and December 31, 2021

(Amounts in thousands of Brazilian reais – R\$)

	Note	Consolidated		Parent	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets					
Current assets					
Cash and cash equivalents	5	903,052	940,858	855,506	916,474
Securities	6	4,969	4,411	1,322	4,411
Trade receivables	7	732,325	634,869	716,846	611,800
Inventories	8	1,367,644	1,295,438	1,091,039	1,267,317
Recoverable taxes	9	84,888	60,243	53,730	57,950
Derivative instruments	24.2	9,729	4,835	8,159	4,835
Other receivables		26,779	14,634	19,386	13,527
Total current assets		3,129,386	2,955,288	2,745,988	2,876,314
Noncurrent assets					
Securities	6	9,698	10,119	9,698	10,119
Trade receivables	7	5,766	3,857	5,766	3,857
Escrow deposits	17.b	3,125	2,811	2,994	2,811
Deferred taxes	23	63,820	20,157	20,857	19,153
Recoverable taxes	9	45,695	3,215	3,764	2,433
Related parties	30	-	-	58,938	15,509
Other receivables		20,735	2,699	2,686	2,650
Investments	11	3,024	3,810	547,177	159,569
Lease right of use	10	31,482	9,862	9,220	3,390
Property, plant and equipment	12	458,598	371,066	424,463	340,348
Intangible assets	13	597,732	172,912	98,947	72,313
Total noncurrent assets		1,239,675	600,508	1,184,510	632,152
Total assets		4,369,061	3,555,796	3,930,498	3,508,466

Balance sheets

As at September 30, 2022 and December 31, 2021

(Amounts in thousands of Brazilian reais – R\$)

	Note	Consolidated		Parent	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Liabilities					
Current liabilities					
Trade payables	14	867,907	870,441	764,739	866,183
Borrowings and financing	15	269,619	137,104	101,467	135,648
Leases	10	11,961	4,227	5,612	1,155
Derivative instruments	24.2	2,176	3,756	-	3,756
Payroll, related taxes and profit sharing	16	113,122	102,629	97,611	94,303
Taxes payable		25,117	3,412	22,896	-
Provision for warranties	18	84,428	17,257	19,546	17,195
Provision for tax, labor and civil risks	17.a	983	810	943	810
Payables for acquisition of businesses	19	71,203	5,402	71,203	5,402
Interest on capital/dividends	20.f	-	33,151	-	33,151
Other payables		73,219	89,829	56,823	86,351
Total current liabilities		1,519,735	1,268,018	1,140,840	1,243,954
Noncurrent liabilities					
Borrowings and financing	15	359,694	306,590	343,721	306,450
Leases	10	21,936	6,066	3,996	2,428
Taxes payable		1,511	154	1,451	154
Provision for warranties	18	4,006	-	-	-
Provision for tax, labor and civil risks	17.a	19,542	15,849	14,851	15,074
Payables for purchase of shares	19	133,461	23,475	133,461	23,475
Payables for acquisition of businesses	19	151,317	10,801	151,317	10,801
Other payables		6,072	5,704	6,071	5,704
Total noncurrent liabilities		697,539	368,639	654,868	364,086
Equity					
Capital	20.a	1,074,500	1,074,500	1,074,500	1,074,500
Capital reserve	20.b	(26,701)	(26,701)	(26,701)	(26,701)
Earnings reserves	20.c	829,455	852,924	829,455	852,924
Retained earnings		258,128	-	258,128	-
Valuation adjustments to equity	20.d	(763)	(558)	(763)	(558)
Cumulative translation adjustments	20.e	171	261	171	261
Equity attributable to owners of the Company		2,134,790	1,900,426	2,134,790	1,900,426
Noncontrolling interests		16,997	18,713	-	-
Total equity		2,151,787	1,919,139	2,134,790	1,900,426
Total liabilities and equity		4,369,061	3,555,796	3,930,498	3,508,466

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of income

For the nine-month periods ended September 30, 2022 and 2021

(Amounts in thousands of Brazilian reais – R\$, except earnings per share)

	Note	Consolidated				Parent			
		07/01/2022	01/01/2022	07/01/2021	01/01/2021	07/01/2022	01/01/2022	07/01/2021	01/01/2021
		to	to	to	to	to	to	to	to
		09/30/2022	09/30/2022	09/30/2021	09/30/2021	09/30/2022	09/30/2022	09/30/2021	09/30/2021
Net operating revenue	25	1,132,759	3,014,792	758,978	2,180,387	984,767	2,723,749	731,712	2,123,766
Cost of sales and services	26	(810,133)	(2,158,080)	(534,102)	(1,528,394)	(707,188)	(1,965,717)	(526,984)	(1,516,245)
Gross profit		322,626	856,712	224,876	651,993	277,579	758,032	204,728	607,521
Operating income (expenses)									
Selling expenses	26	(129,064)	(356,638)	(95,013)	(254,919)	(113,033)	(323,187)	(90,072)	(243,951)
General and administrative expenses	26	(54,502)	(155,435)	(47,493)	(136,478)	(43,073)	(126,659)	(40,174)	(119,231)
Share of profit (loss) of subsidiaries	11	-	-	-	-	(988)	(2,517)	(3,308)	3,941
Other operating income (expenses), net	26	(6,750)	(18,489)	(7,742)	(1,132)	4,583	12,490	3,223	11,676
		(190,316)	(530,562)	(150,248)	(392,529)	(152,511)	(439,873)	(130,331)	(347,565)
Operating profit before finance income (costs)		132,310	326,150	74,628	259,464	125,068	318,159	74,397	259,956
Finance income	27	38,657	98,756	20,645	48,651	40,749	99,188	20,327	48,066
Finance costs	27	(30,729)	(67,333)	(11,106)	(36,863)	(24,649)	(55,945)	(11,233)	(35,915)
Exchange gains (losses), net	27	(12,578)	(30,983)	182	(8,259)	(9,498)	(29,682)	321	(8,259)
Profit before taxes		127,660	326,590	84,349	262,993	131,670	331,720	83,812	263,848
Current income tax and social contribution	23b	(15,249)	(16,596)	(5,871)	(8,033)	(14,638)	(14,638)	(4,138)	(4,138)
Deferred income tax and social contribution	23b	10,255	8,013	9,882	8,383	6,009	2,187	9,555	4,310
Profit for the period		122,666	318,007	88,360	263,343	123,041	319,269	89,229	264,020
Profit for the period attributable to:									
Owners of the Company		123,041	319,269	89,229	264,020	123,041	319,269	89,229	264,020
Noncontrolling interests		(375)	(1,262)	(869)	(677)	-	-	-	-
Basic and diluted earnings per share (in R\$)	21	0.37	0.97	0.27	0.81	0.38	0.97	0.27	0.81

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira


Statements of comprehensive income

For the nine-month periods ended September 30, 2022 and 2021

(Amounts in thousands of Brazilian reais – R\$)

	Note	Consolidated				Parent			
		07/01/2022	01/01/2022	07/01/2021	01/01/2021	07/01/2022	01/01/2022	07/01/2021	01/01/2021
		to	to	to	to	to	to	to	to
		09/30/2022	09/30/2022	09/30/2021	09/30/2021	09/30/2022	09/30/2022	09/30/2021	09/30/2021
Profit for the period		122,666	318,007	88,360	263,343	123,041	319,269	89,229	264,020
Items that that can be subsequently reclassified to the statement of income									
Other comprehensive income									
Exchange differences on foreign investments	11	(6)	(90)	123	98	(6)	(90)	123	98
Total comprehensive income		122,660	317,917	88,483	263,441	123,035	319,179	89,352	264,118
Comprehensive income attributable to:									
Owners of the Company		123,035	319,179	89,352	264,118	123,035	319,179	89,352	264,118
Noncontrolling interests		(375)	(1,262)	(869)	(677)	-	-	-	-

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of changes in equity
For the nine-month periods ended September 30, 2022 and 2021
(Amounts in thousands of Brazilian reais – R\$)

Note	Capital reserve			Earnings reserve								Total
	Capital	Share issuance costs	Legal	Tax incentives	Retained earnings	Investments	Valuation adjustments to equity	Cumulative translation adjustments	Retained earnings	Equity attributable to the owners of the Company	Noncontrolling interests	
Balances as at December 31, 2020	350,000	-	63,183	278,592	258,761	-	25,612	82	-	976,230	-	976,230
Payables for acquisition of noncontrolling interests	-	-	-	-	-	-	(25,896)	-	-	(25,896)	-	(25,896)
Noncontrolling interests in equity arising from acquisition	-	-	-	-	-	-	-	-	-	-	11,984	11,984
Surplus arising from acquisition, net	-	-	-	-	-	-	-	-	-	-	8,052	8,052
Realization of deemed cost, net of taxes	-	-	-	-	-	-	(205)	-	205	-	-	-
Exchange differences on investments in foreign subsidiaries	-	-	-	-	-	-	-	98	-	98	-	98
Profit for the period	-	-	-	-	-	-	-	-	264,020	264,020	(677)	263,343
Capital increase	20.h 724,500	-	-	-	-	-	-	-	-	724,500	-	724,500
Share issuance costs	20.h -	(26,701)	-	-	-	-	-	-	-	(26,701)	-	(26,701)
Allocations:												
Interest on capital	-	-	-	-	-	-	-	-	(9,837)	(9,837)	-	(9,837)
Dividends	-	-	-	-	(23,703)	-	-	-	(44,075)	(67,778)	-	(67,778)
Balances as at September 30, 2021	1,074,500	(26,701)	63,183	278,592	235,058	-	(489)	180	210,313	1,834,636	19,359	1,853,995
Balances as at December 31, 2021	1,074,500	(26,701)	81,405	281,307	490,212	-	(558)	261	-	1,900,426	18,713	1,919,139
Realization of deemed cost, net of taxes	-	-	-	-	-	-	(205)	-	205	-	-	-
Surplus arising from acquisition, net	-	-	-	-	-	-	-	-	-	-	(454)	(454)
Exchange differences on investments in foreign subsidiaries	11 -	-	-	-	-	-	-	(90)	-	(90)	-	(90)
Profit for the period	-	-	-	-	-	-	-	-	319,269	319,269	(1,262)	318,007
Allocations:												
Investment reserve	20.c -	-	-	-	(466,743)	466,743	-	-	-	-	-	-
Interest on capital	20.f -	-	-	-	-	-	-	-	(19,884)	(19,884)	-	(19,884)
Dividends	20.f -	-	-	-	(23,469)	-	-	-	(41,462)	(64,931)	-	(64,931)
Balances as at September 30, 2022	1,074,500	(26,701)	81,405	281,307	-	466,743	(763)	171	258,128	2,134,790	16,997	2,151,787

Statements of cash flows

For the nine-month periods ended September 30, 2022 and 2021

(Amounts in thousands of Brazilian reais – R\$)

		Consolidated		Parent	
	Note	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Cash flows from operating activities					
Profit before taxes		326,590	262,993	331,720	263,848
Adjustments to:					
Accrued interest and exchange differences		65,542	6,621	49,604	6,335
Depreciation	10;12	29,688	18,583	24,427	14,644
Amortization	13	16,736	9,232	4,195	3,473
Share of profit (loss) of subsidiaries	11	-	-	2,517	(3,941)
Provision for tax, labor and civil risks	17	(282)	2,665	(90)	2,020
Allowance for expected credit loss	7	13,164	(140)	12,046	(1,699)
Allowance for inventory losses	8	6,786	9,949	(1,560)	5,327
Tax credits	26	(77,564)	(75,689)	(74,421)	(73,106)
Adjustment do present value		25,032	4,739	20,398	4,739
Accrued trade discounts		215	2,851	215	2,851
Provision for warranties		1,229	1,972	2,351	1,897
Derivative instruments		(4,395)	(14,912)	(1,170)	(14,912)
Residual value of property, plant and equipment and intangible assets written off	12;13	4,825	4,865	3,961	5,087
		407,566	233,729	374,193	216,563
Changes in assets and liabilities					
(Increase) decrease in trade receivables		(101,159)	(37,587)	(120,187)	(34,605)
(Increase) decrease in inventories		70,893	(347,084)	166,000	(338,783)
(Increase) decrease in recoverable taxes		65,369	176,881	77,310	175,375
(Increase) decrease in escrow deposits		(314)	(6,806)	(183)	(6,806)
(Increase) decrease in other assets		(17,521)	(8,063)	(50,958)	(16,451)
Increase (decrease) in trade payables		(94,028)	(63,326)	(136,094)	(63,974)
Increase (decrease) in payroll, related taxes and profit sharing		5,884	(3,563)	3,308	(7,398)
Increase (decrease) in taxes payable		15,471	(1,020)	17,980	(739)
Increase (decrease) in other payables		(21,816)	22,112	(14,738)	22,106
Income tax and social contribution paid		(13,505)	(3,316)	(10,904)	(813)
Net cash provided by (used in) operating activities		316,840	(38,043)	305,727	(55,525)
Cash flows from investing activities					
Acquisition of property, plant and equipment items	12;31	(114,223)	(98,352)	(108,476)	(92,603)
Acquisition of investments in subsidiaries (net of cash and cash equivalents)	11;31	(59,938)	(81,608)	(59,938)	(81,608)
Dividends received	11	-	-	8,969	-
(Acquisition) write-off of other investments	11	898	-	808	(2,269)
Acquisition of intangible assets	13	(32,725)	(13,335)	(31,724)	(13,262)
Loans granted (intragroup)		-	-	(40,000)	-
Net cash used in investing activities		(205,988)	(193,295)	(230,361)	(189,742)
Cash flows from financing activities					
Loans granted (intragroup)		-	-	-	(4,856)
Borrowings (intragroup)		-	-	-	2,429
Borrowings	15	225,706	-	102,600	-
Borrowings paid (principal)	15	(219,181)	(105,728)	(97,531)	(103,593)
Borrowings paid (interest)	15	(31,455)	(19,420)	(19,147)	(19,409)
Payment of lease (principal)	10	(3,282)	(297)	(2,951)	(110)
Payment of lease (finance charges)	10	(1,481)	(147)	(340)	(17)
Payables for acquisition of businesses(principal)	19	(3,158)	-	(3,158)	-
Payables for acquisition of businesses (interest)	19	(320)	-	(320)	-
Capital increase		-	724,500	-	724,500
Share issuance costs		-	(40,456)	-	(40,456)
Dividends and interest on capital paid	20.f	(115,487)	(132,351)	(115,487)	(132,351)
Net cash (used in) provided by financing activities		(148,658)	426,101	(136,334)	426,137
(Decrease) increase in cash and cash equivalents, net		(37,806)	194,763	(60,968)	180,870
Cash and cash equivalents at the beginning of the period	5	940,858	752,981	916,474	743,535
Cash and cash equivalents at the end of the period	5	903,052	947,744	855,506	924,405

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of value added

For the nine-month periods ended September 30, 2022 and 2021

(Amounts in thousands of Brazilian reais – R\$)

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Revenues	3,575,816	2,696,763	3,257,044	2,638,567
Sale of goods and services, net of returns	3,531,365	2,680,621	3,217,581	2,621,031
Revenues related to the construction of own assets	44,083	10,643	44,083	10,643
Other revenue	13,532	5,359	7,426	5,194
Allowance for expected credit loss	(13,164)	140	(12,046)	1,699
Inputs purchased from third parties	(2,568,892)	(1,810,695)	(2,315,029)	(1,780,368)
Cost of sales and services	(2,038,788)	(1,330,863)	(1,878,424)	(1,340,847)
Supplies, power, outside services and other	(529,870)	(479,607)	(436,371)	(439,296)
Loss / recovery of assets	(234)	(225)	(234)	(225)
Gross value added	1,006,924	886,068	942,015	858,199
Depreciation and amortization	(46,424)	(27,815)	(28,622)	(18,117)
Wealth created by the Company	960,500	858,253	913,393	840,082
Wealth received in transfer	252,400	134,660	235,549	135,642
Share of profit (loss) of subsidiaries	-	-	(2,517)	3,941
Finance income and exchange gains	252,400	134,660	238,066	131,701
Total wealth for distribution	1,212,900	992,913	1,148,942	975,724
Wealth distributed	1,212,900	992,913	1,148,942	975,724
Personnel	331,600	288,813	322,279	280,196
Salaries and wages	274,983	244,109	266,719	236,505
Benefits	40,601	31,170	40,047	30,618
Severance Pay Fund (FGTS)	16,016	13,534	15,513	13,073
Taxes, fees and contributions	302,409	302,193	274,302	296,671
Federal	27,100	37,279	3,374	34,523
State	273,588	264,114	270,101	261,918
Municipal	1,721	800	827	230
Lenders and lessors	260,884	138,564	233,092	134,837
Finance costs and exchange losses	251,709	131,034	224,252	127,700
Rentals	9,175	7,530	8,840	7,137
Shareholders	318,007	263,343	319,269	264,020
Interest on capital and dividends paid	61,346	53,912	61,346	53,912
Retained earnings in the period	256,661	209,431	257,923	210,108

1. General information

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira (“Company”), incorporated on March 22, 1976, is a publicly-held company, listed at the “Novo Mercado” segment of B3, under ticker symbol “INTB3”, headquartered in the City of São José, State of Santa Catarina, with branches in the City of São José (SC) and in the Cities of Santa Rita do Sapucaí (MG), Manaus (AM), Jaboatão dos Guararapes (PE) and investments for expansion in the City of Tubarão (SC). It also has subsidiaries in Florianópolis (SC), Chapecó (SC), São José (SC), Louveira (SP) and in Asia.

It is mainly engaged in the manufacture, development and sale of electronic security equipment and electronic surveillance and monitoring services, consumer voice and/or data communications devices and equipment, professional voice and/or data communications equipment, services and means, network equipment, data communications infrastructure means and solutions and power and solar power products.

Significant transaction

On April 29, 2022, the Company announced to the market that it acquired 100% of the shares of Renovigi Energia Solar S.A. The acquisition diversifies its portfolio of products and expands its network of partners and sales channels, strengthening its solar product business on accelerated manner and with synergy. In May 2022, the Company hired specialists to measure the assets and liabilities of Renovigi Energia Solar S.A at fair value, under the Purchase Price Allocation (PPA) process. The Company used a preliminary version of the report for this interim financial information, where we showed the allocations in note 11 (f).

2. Basis of preparation of interim financial information

The Company’s interim financial information, included in the Interim Financial Information Form (ITR) for the nine-month period ended September 30, 2022, comprises the individual and consolidated interim financial information, prepared considering all Company’s significant information, which correspond to that used by Management in managing the Company, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standard Board (IASB), as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR).

The interim financial information has been prepared based on historical cost, except for the fair value measurement of certain financial instruments, when required by the standard. The accounting policies, consolidation bases and calculation methods adopted in preparing the interim financial information, as well as the main judgments adopted for the estimates used in the application of the accounting practices, are the same as those used in the preparation of the financial statements for the year ended December 31, 2021, contemplating the adoption of the new accounting pronouncements, when applicable.

This individual and consolidated interim financial information was approved and authorized for issue at the Board of Directors’ meeting held on October 27, 2022.

3. Significant accounting policies

The interim financial information is intended to provide update based on the most recent complete annual financial statements previously disclosed to the market. Therefore, it focus on new activities, events and circumstances and does not duplicate information previously disclosed, except when Management considers important to maintain a specific information.

The individual and consolidated interim financial information disclosed herein has been prepared based on the accounting policies and estimate calculation adopted in the preparation of the annual financial statements for the year ended December 31, 2021 (note 3).

As prescribed by CPC 21 (R1) (IAS 34) - Interim Financial Reporting, Management elected not to disclose again in details the accounting policies adopted by the Company. Accordingly, this individual and consolidated interim financial information must be read together with the annual financial statements for the year ended December 31, 2021, so as to allow users to expand their understanding about the Company's financial condition and liquidity and its capacity to generate profit and cash flows.

The standards and interpretations issued by the IASB significant for the Company that are not yet effective are the same as those disclosed in the financial statements for the year ended December 31, 2021.

4. Critical accounting judgments, estimates and assumptions

The preparation of the Company's individual and consolidated interim financial information requires Management to make judgments and estimates and adopt assumptions that affect the reported amounts of income, expenses, assets and liabilities, including contingent liabilities. The uncertainty inherent in such judgments, assumptions and estimates may give rise to results that require a significant adjustment of the carrying amount of the certain assets or liabilities in future years.

These judgments, estimates and assumptions are revised at each reporting date.

Estimates relating to the determination of the amount of the 2nd tranche of the acquisition agreement of Renovigi were used herein, which is provisioned in line item "Payables for acquisition of businesses". The calculation used projections related to the nominal EBITDA amount, according to the calculation period set forth in an agreement (note 19). There was no other change of any nature in relation to these estimation methods when compared to the previous reporting year. As prescribed by CPC 21 R1 (IAS 34) - Interim Financial Reporting, Management elected not to disclose again in details the significant accounting judgments, estimates and assumptions adopted by the Company. Accordingly, this individual and consolidated interim financial information must be read together with the individual and consolidated annual financial statements for the year ended December 31, 2021.

5. Cash and cash equivalents

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Cash and banks	23,446	19,673	14,908	18,580
Cash and banks – foreign currency	42,470	27,947	41,045	26,951
Short-term investments	837,136	893,238	799,553	870,943
	903,052	940,858	855,506	916,474

Investments are comprised of short-term investments, classified as cash equivalents, and refer to papers backed by the Interbank Deposit Certificate ("CDI"), held at institutions considered by Management as prime financial institutions, which yield is pegged to the DI rate with possibility of partial or full unrestricted redemption. The amounts are recorded at acquisition cost, plus respective income up to the balance sheet date, which were on average 102% of the CDI rate as at September 30, 2022 (101% as at December 101%, 2020).

6. Securities

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Short-term investments (i)	12,022	10,888	8,375	10,888
Short-term investments – Escrow account (ii)	2,645	3,642	2,645	3,642
	14,667	14,530	11,020	14,530
Current	4,969	4,411	1,322	4,411
Noncurrent	9,698	10,119	9,698	10,119

- (i) Refers to an escrow account to secure the indemnity obligations of the sellers of Khomp Indústria e Comércio Ltda. (company acquired), and the respective deposit management is shared and requires authorization of both parties to be handled. The agreement provides for the payment to the sellers in two installments, the first of which was paid in March 2022 and the second installment will be paid five years after the acquisition date. Also, there are amounts relating to the collaterals for loans granted by Caixa Econômica to subsidiary Renovigi.
- (ii) Refers to an escrow account to secure the indemnity obligations of the sellers of Seventh Ltda (company acquired). The release of this amount on behalf of the sellers is being made in five annual installments, the first one of which was paid in July 2021.

7. Trade receivables

Trade receivables are broken down as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic – third parties	769,695	659,651	752,269	636,666
Foreign – third parties	11,677	7,319	9,534	4,950
	781,372	666,970	761,803	641,616
Allowance for expected credit loss	(27,786)	(14,084)	(23,845)	(11,799)
Present value adjustment (PVA)	(15,495)	(14,160)	(15,346)	(14,160)
	738,091	638,726	722,612	615,657
Current	732,325	634,869	716,846	611,800
Noncurrent	5,766	3,857	5,766	3,857

Installment sales were adjusted to present value on the transaction dates based on the estimated rate over the collection term. The contra entry to the present value adjustment is “Net operating revenue” and its recovery is recorded as finance income in finance income (costs). The discount rate used involves an analysis of the capital structure and the uncertainties of the macroeconomic context and was 13.75% p.a. as at September 30, 2022 (8.07% p.a. as at December 31, 2021). As at September 30, 2022, the average days sales outstanding was 52 days (56 days as at December 31, 2021).

The aging list of trade receivables is as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Up to 360 days	713,620	613,353	706,776	592,460
More than 360 days	9,307	8,039	9,223	8,039
Up to 30 days past due	19,855	21,531	17,040	20,563
Up to 90 days past due	7,558	5,668	4,685	4,515
Up to 180 days past due	6,281	2,297	4,688	2,019
Up to 360 days past due	8,354	2,398	6,330	2,235
More than 360 days past due	16,397	13,684	13,061	11,785
Closing balance	781,372	666,970	761,803	641,616

Variations in the allowance for expected credit losses:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	(14,084)	(13,892)	(11,799)	(13,524)
Recognition	(14,172)	(4,673)	(12,557)	(2,028)
Balance arising from subsidiary acquisition	(538)	-	-	-
Reversal	1,008	4,481	511	3,753
Closing balance	(27,786)	(14,084)	(23,845)	(11,799)

The Company uses a simplified approach, as prescribed by CPC 48 (IFRS 9) – Financial Instruments, to prospectively recognize an additional allowance for expected losses. This estimate is calculated based on the historical losses on sales, applied on all trade receivables, including current balances. The purpose of this analysis is to ensure a more careful analysis in determining the allowance for expected credit loss on the Company's and its subsidiaries' trade receivables.

8. Inventories

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Finished goods	395,844	376,186	353,531	374,580
Work in process	50,758	48,131	44,221	41,135
Goods for resale	3,646	3,897	-	-
Raw materials and auxiliary materials	427,145	369,072	328,396	355,376
Imports in progress	332,444	395,422	278,601	395,402
Advances to suppliers	51,335	81,830	40,795	78,513
Goods held by third parties	167,743	31,531	66,812	29,459
Other	12,967	16,339	11,845	15,736
	1,441,882	1,322,408	1,124,201	1,290,201
Allowance for obsolescence	(49,425)	(15,369)	(9,723)	(11,283)
Present value adjustment (PVA)	(24,813)	(11,601)	(23,439)	(11,601)
	1,367,644	1,295,438	1,091,039	1,267,317

Variations in the allowance for obsolescence:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	(15,369)	(4,580)	(11,283)	(4,280)
Recognition	(12,523)	(21,579)	(3,953)	(17,794)
Balance arising from subsidiary acquisition	(27,270)	-	-	-
Reversal	5,737	10,790	5,513	10,791
Closing balance	(49,425)	(15,369)	(9,723)	(11,283)

9. Recoverable taxes

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
State VAT (ICMS) (a)	50,651	7,430	904	6,126
Financial credit – Law No. 13,969/19 (b)	24,762	13,729	23,832	12,454
Social contribution (CSLL)	4,679	2,964	4,459	2,878
Tax on revenue (COFINS)	15,618	4,773	351	4,684
Tax on revenue (PIS)	3,369	1,064	76	1,044
Corporate Income Tax (IRPJ)	24,698	14,058	23,756	13,758
Federal VAT (IPI)	6,565	12,513	3,894	12,512
Other	241	6,927	222	6,927
	130,583	63,458	57,494	60,383
Current	84,888	60,243	53,730	57,950
Noncurrent	45,695	3,215	3,764	2,433

- (a) Agreement 101/1997 exempts solar generator sales transactions from paying ICMS, and also grants the maintenance of the credits on the acquisition of inputs for manufacturing these products, resulting in an accumulated ICMS credit balance in solar product transactions. The Company has already been assessing and seeking alternatives to reimburse or offset the ICMS credit balance, in addition to obtaining special regimes from the SC and SP state finance departments, which granted the ICMS deferral on the acquisitions of solar generator inputs, thus significantly reducing the ICMS credit balance in future transactions.
- (b) Law No. 13,969/2019 repealed the decrease of the IPI rate for IT goods produced using the Basic Production Process (PPB) and authorized in Interministerial Ordinances and established the Financial Credit for full offset in replacement of the incentives extinguished by the repeal. Such new incentive will be effective until December 31, 2029. As at September 30, 2022, the Company has a credit in the amount of R\$24,762, consolidated balance, which is being periodically offset against federal taxes. This balance is being recorded as a contra entry to "Other operating income (expenses), net" in profit or loss for the period and the Company expects to offset the total credits within 12 months. See comment in note 22.1.

10. Leases

Right-of-use lease assets

As at September 30, 2022, the balances of right-of-use lease assets correspond to forklifts, administrative offices and logistics warehouses.

Variations in right-of-use assets:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance, net	9,862	-	3,390	-
Balance arising from subsidiary acquisition	16,347	-	-	-
Additions	9,861	11,064	9,316	3,866
Depreciation	(4,598)	(1,153)	(3,486)	(476)
Exchange gains (losses)	10	(49)	-	-
Closing balance, net	31,482	9,862	9,220	3,390

Balance breakdown:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Total cost	37,272	11,064	13,183	3,866
Accumulated depreciation	(5,751)	(1,153)	(3,963)	(476)
Exchange gains (losses)	(39)	(49)	-	-
Closing balance, net	31,482	9,862	9,220	3,390

Lease liability

Variations in lease liability:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance, net	10,293	-	3,583	-
Balance arising from subsidiary acquisition	18,122	-	-	-
Additions	9,861	11,064	9,316	3,866
Principal repayment	(3,282)	(919)	(2,951)	(283)
Interest payment	(1,481)	(275)	(340)	75
Exchange gain (loss) and interest	384	423	-	(75)
Closing balance, net	33,897	10,293	9,608	3,583
Current	11,961	4,227	5,612	1,155
Noncurrent	21,936	6,066	3,996	2,428

Minimum payments:

09/30/2022 – Consolidated						
	Up to 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total	Potential Pis/Cofins*
Minimum amounts payable	8,851	16,478	13,527	5,074	43,930	4,239
Interest expenses	(1,740)	(4,705)	(3,098)	(490)	(10,033)	(968)
	7,111	11,773	10,429	4,584	33,897	3,271

09/30/2022 – Parent						
	Up to 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total	Potential Pis/Cofins*
Minimum amounts payable	5,463	4,586	-	-	10,049	970
Interest expenses	(315)	(126)	-	-	(441)	(43)
	5,148	4,460	-	-	9,608	927

* Refers to the PIS and Cofins credits to be obtained with lease amounts.

Agreements per term and discount rate:

	Annual rate
Lease terms	
3 years	5.33%
4 years	3.92%
5 years	3.92%
15 years	7.32%
20 years	3.93%

11. Investments

As at September 30, 2022, the Company's investments are composed of equity interests in subsidiaries, as well as other investments, as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Investments in subsidiaries	-	-	48,837	54,485
Surplus on business acquisitions (*)	-	-	294,765	45,776
Goodwill on expected future earnings (**)	-	-	200,662	55,498
Other investments (***)	3,024	3,810	2,913	3,810
	3,024	3,810	547,177	159,569

(*) Refer to the surplus on acquisitions of subsidiaries Decio, Seventh, Khomp and Renovigi.

(**) The Company recognizes goodwill on the acquisitions of Prediotech, Decio and Seventh.

(***) Other investments refer to the investment at unit value in FUNDO SC - Fundo de Investimento em Empresas Emergentes Inovadoras, where the Company holds 10.00% interest and in Fundo de Investimento em Participação Sul Inovação, where it holds 4.80% interest.

Investments in subsidiaries are broken down as follows:

Investee	Control	Equity interest		Parent	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Ascent	Subsidiary	100%	100%	1,137	1,133
Seventh	Subsidiary	100%	100%	8,405	12,144
Décio	Subsidiary	100%	100%	6,736	4,614
Khomp	Subsidiary	75%	75%	38,505	36,594
Renovigi	Subsidiary	100%	-	(5,946)	-
				48,837	54,485

Variations in investments are shown below:

The main information on subsidiaries as at September 30, 2022 is broken down as follows:

Investee	12/31/2021	Share of profit (loss) of subsidiaries	Exchange losses	Dividends	Acquisition and other	09/30/2022
Ascent	1,133	94	(90)	-	-	1,137
Seventh	12,144	4,261	-	(8,000)	-	8,405
Décio	4,614	2,122	-	-	-	6,736
Khomp	36,594	2,880	-	(969)	-	38,505
Renovigi	-	(501)	-	-	(5,445)	(5,946)
Surpluses	45,776	(11,373)	-	-	260,363	294,766
Goodwill	55,498	-	-	-	145,164	200,662
Other	3,810	-	-	-	(898)	2,912
	159,569	(2,517)	(90)	(8,969)	399,184	547,177

09/30/2022							
Subsidiary	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	Revenues	Profit
Ascent	1,960	2,124	2,947	-	1,137	11,462	94
Seventh	10,887	2,045	4,471	55	8,406	20,977	4,261
Decio	16,216	17,282	9,735	17,027	6,736	27,486	2,122
Khomp	56,471	13,414	14,358	4,172	51,355	43,554	3,840
Renovigi	316,314	119,866	365,835	76,291	(5,946)	227,598	(501)

a) Ascent Asia Limited

Located in China (Wanchai, Hong Kong). The company is engaged in performing commercial consulting, corporate and economic information management activities, focused on prospecting new business. Ascent Asia Limited is also the Parent of Ascend Trading & Consultation (Shenzhen) Company Limited, headquartered in Shenzhen at Mainland China, engaged in performing business and logistics consulting services to provide support to the Company in the development of suppliers for its inputs, as well as to support customs activities related to the import transactions carried out by the Company.

b) Prediotech Consultoria e Projetos Tecnológicos LTDA-ME.

As at September 30, 2021, Management approved the instrument of liquidation of the legal entity of Prediotech Consultoria e Projetos Tecnológicos LTDA-ME. The subsidiary's operating activities, as well as its product line, were absorbed by subsidiary Seventh Ltda. Accordingly, the goodwill attributable to expected future earnings in the amount of R\$1,391, generated on the acquisition of Prediotech was maintained and will be subject to annual impairment test together with the goodwill of Seventh Ltda.

c) Seventh Ltda.

Located in Santa Catarina (Florianópolis). The company is engaged in developing video monitoring, access control, remote reception and event management solutions. The goodwill of R\$21,594 was generated on the acquisition, which is attributable to expected future earnings.

d) Décio Indústria Metalúrgica Ltda.

Located in Santa Catarina (São José). The company is engaged in manufacturing server structures specialized in cabinets. The goodwill of R\$1,788 was generated on the acquisition, which is attributable to expected future earnings.

e) Khomp Indústria e Comércio Ltda.

Located in Santa Catarina (Florianópolis), with a branch in São Paulo, the company is engaged in the development of electric and electronic telecommunication and IT products, provision of consulting, training, advisory, installation, hardware and software maintenance, import and export services.

The Company holds control of Khomp Indústria e Comércio Ltda. (Acquiree) through the acquisition of 75% interest. As part of the shareholders' agreement entered into among the Company and the noncontrolling shareholders of the Acquiree, a put option was issued to the noncontrolling shareholders and a call option was issued to the Company, which may give rise to the acquisition by the Company of the acquiree's remaining shares at an amount equivalent to the EBITDA multiple of the transactions, which may vary depending on the attainment of certain goals, exercisable at any time as from May 2025 by both parties. On the acquisition date, the put option held by the noncontrolling shareholders amounts to R\$25,896 and liabilities were recorded with a contra entry in equity pursuant to CPC 39 (IAS 32) – Financial Instruments. No amount was attributable to the call option held by the Company. The amount of the obligation arising from such financial liability was calculated using usual valuation techniques (present value of the principal and future interest, discounted by the market rate) and will be adjusted for inflation on a quarterly basis, the variations in the obligation being recognized in profit or loss for the period. As at September 30, 2022, the option amount is estimated at R\$17,565. The goodwill of R\$34,004 was generated on the acquisition, which is attributable to expected future earnings.

f) Renovigi Energia Solar S.A.

Located in Santa Catarina (Chapécó), with branches in Louveira (SP) and Itajaí (SC), the company is a privately-held company, established in 2012, engaged in the manufacturing of photovoltaic generators nationwide.

On April 29, 2022, the Company acquired 100% stake in the acquiree. The acquisition cost corresponds to the amount of R\$400,082, of which R\$83,584 was paid upon acquisition, R\$200,602 will be paid in 17 monthly installments after a seven-month grace period from the acquisition date, adjusted by the CDI rate fluctuation, and the estimated amount of R\$115,896 will be paid in three variable, annual and consecutive installments, calculated based on the attainment of growth targets of the EBITDA nominal amount. The amounts payable on the acquisition are being negotiated due to the notices described in note 19. The purchase price allocation process is in progress, which is expected to end in this year and, for purposes of disclosure in this interim financial information, preliminary allocations corresponding to R\$260,363 as surplus, R\$145,164 as goodwill and a negative balance sheet balance of (R\$5,445) were made, as follows:

Investee	Opening accounting balance 04/30/2022	Adjustments 04/30/2022 (*)	Closing accounting balance 04/30/2022	Surplus	Acquired amount
Cash and cash equivalents	23,646	-	23,646	-	23,646
Trade receivables (a)	40,287	(27,582)	12,705	-	12,705
Inventories (a and (b))	160,587	2,511	163,098	-	163,098
Recoverable taxes	56,373	(1,443)	54,930	-	54,930
Customer portfolio	-	-	-	189,510	189,510
Trademarks	19	-	19	52,471	52,490
Non-compete clause	-	-	-	22,444	22,444
Right of use	14,469	1,878	16,347	-	16,347
Deferred taxes (c)	2,327	33,968	36,295	-	36,295
Investments	2,377	-	2,377	-	2,377
Property, plant and equipment	2,670	-	2,670	-	2,670
Other assets	36,012	(26,447)	9,565	-	9,565
Total assets	338,767	(17,115)	321,652	264,425	586,077

Investee	Opening accounting balance 04/30/2022	Adjustments 04/30/2022 (*)	Closing accounting balance 04/30/2022	Surplus	Acquired amount
Borrowings and financing	(179,379)	1,030	(178,349)	-	(178,349)
Trade payables	(57,760)	1,219	(56,541)	-	(56,541)
Provisions and litigations	(85)	-	(85)	(4,062)	(4,147)
Leases	(15,599)	(2,523)	(18,122)	-	(18,122)
Provisions for warranty (b)	(15,368)	(54,580)	(69,948)	-	(69,948)
Other liabilities	(31,635)	27,583	(4,052)	-	(4,052)
Total liabilities	(299,826)	(27,271)	(327,097)	(4,062)	(331,159)
Equity – negative equity	(38,941)	44,386	5,445	(260,363)	(254,918)
Total liabilities and equity	(338,767)	17,115	(321,652)	(264,425)	(586,077)
Consideration reconciliation					
Equity/negative equity					(5,445)
Goodwill on acquisition					145,164
Surpluses					260,363
Consideration					400,082

(*) After the acquisition of Renovigi, the Company made adjustments related to the adequacy of accounting policies, and the main changes are related to:

- Sales cut-off and present value adjustment, with effect on net amount of (R\$26,786) in trade receivables and R\$18,559 in inventories; Additionally, other adjustments were made impacting trade receivables and inventories in the amounts of (R\$796) and R\$5,906, respectively;
- Obsolete and damaged inventories of inverters and micro-inverters were identified. The Company carried out a detailed technical inspection and evaluation and concluded that they refer to inventory items that cannot be sold. The estimated adjustment recorded in the opening balance sheet of the acquiree is (R\$76,534), of which (R\$21,954) was provisioned as inventory obsolescence and (R\$54,580) as provision for warranty of goods sold and non-recoverable taxes;
- Accounting for deferred taxes on adjustments.

12. Property, plant and equipment

	Consolidated								
	Land	Buildings	Facilities and improvements	Machinery, equipment and instruments	Furniture and fixtures	Computers	Other	Projects in progress	Total
Average annual depreciation rate		2%	10%	10% to 20%	10%	20% to 33%	20% to 100%		
Variations in cost									
Balances as at December 31, 2020	52,734	101,223	37,767	98,941	8,851	18,513	23,646	15,626	357,301
Additions	19,602	751	2,440	6,410	1,857	4,199	8,799	83,909	127,967
Property, plant and equipment arising from business combination	2,928	1,169	68	340	280	954	1,424	365	7,528
Acquisition of subsidiary – surplus	(353)	1,648	39	118	182	387	5,228	-	7,249
Transfers	-	22	2,388	22,528	889	5,747	10,562	(42,136)	-
Write-offs	-	-	(6)	(3,693)	372	(711)	(2,887)	(1)	(6,926)
Balances as at December 31, 2021	74,911	104,813	42,696	124,644	12,431	29,089	46,772	57,763	493,119
Additions	13,552	-	2,035	6,060	1,368	4,702	7,877	78,275	113,869
Property, plant and equipment arising from business combination	-	-	148	531	383	862	745	-	2,669
Transfers	446	53	11,831	6,607	1,242	2,875	3,731	(26,785)	-
Write-offs	-	(1)	(2)	(1,681)	(299)	(1,012)	(1,966)	(1,785)	(6,746)
Balances as at September 30, 2022	88,909	104,865	56,708	136,161	15,125	36,516	57,159	107,468	602,911
Variations in depreciation									
Balances as at December 31, 2020	-	(15,012)	(10,106)	(45,890)	(4,343)	(9,689)	(14,808)	-	(99,848)
Depreciation	-	(2,002)	(2,338)	(9,892)	(923)	(3,350)	(7,304)	-	(25,809)
Write-off	-	-	-	1,378	35	607	1,584	-	3,604
Balances as at December 31, 2021	-	(17,014)	(12,444)	(54,404)	(5,231)	(12,432)	(20,528)	-	(122,053)
Depreciation	-	(1,541)	(2,540)	(8,501)	(860)	(3,936)	(7,712)	-	(25,090)
Transfers	-	-	-	(4)	-	-	4	-	-
Write-offs	-	-	-	633	50	669	1,478	-	2,830
Balances as at September 30, 2022	-	(18,555)	(14,984)	(62,276)	(6,041)	(15,699)	(26,758)	-	(144,313)
Net depreciation balance									
Balances as at December 31, 2020	52,734	86,211	27,661	53,051	4,508	8,824	8,838	15,626	257,453
Balances as at December 31, 2021	74,911	87,799	30,252	70,240	7,200	16,657	26,244	57,763	371,066
Balances as at September 30, 2022	88,909	86,310	41,724	73,885	9,084	20,817	30,401	107,468	458,598

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Notes to the interim financial information

As at September 30, 2022

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)



	Parent								
	Land	Buildings	Facilities and improvements	Machinery, equipment and instruments	Furniture and fixtures	Computers	Other	Projects in progress	Total
Average annual depreciation rate		2%	10%	10% to 20%	10%	20% to 33%	20% to 100%		
<u>Variations in cost</u>									
Balances as at December 31, 2020	50,778	97,640	36,913	89,756	8,411	17,668	23,519	15,629	340,314
Additions	19,602	30	2,320	6,085	1,754	3,293	7,828	80,263	121,175
Transfers	-	22	3,125	22,495	636	5,733	8,891	(40,902)	-
Write-offs	-	-	(7)	(3,658)	(43)	(637)	(2,244)	(1)	(6,590)
Balances as at December 31, 2021	70,380	97,692	42,351	114,678	10,758	26,057	37,994	54,989	454,899
Additions	13,552	-	1,831	5,214	1,154	1,678	7,251	77,442	108,122
Transfers	446	53	11,586	6,301	1,242	2,875	3,731	(26,234)	-
Write-offs	-	-	(3)	(1,403)	(52)	(953)	(1,286)	(1,723)	(5,420)
Balances as at September 30, 2022	84,378	97,745	55,765	124,790	13,102	29,657	47,690	104,474	557,601
<u>Variations in depreciation</u>									
Balances as at December 31, 2020	-	(14,872)	(10,009)	(44,116)	(4,143)	(9,372)	(14,731)	-	(97,243)
Depreciation	-	(1,800)	(2,322)	(8,341)	(771)	(2,806)	(4,405)	-	(20,445)
Write-offs	-	-	-	1,371	32	568	1,166	-	3,137
Balances as at December 31, 2021	-	(16,672)	(12,331)	(51,086)	(4,882)	(11,610)	(17,970)	-	(114,551)
Depreciation	-	(1,349)	(2,502)	(7,753)	(734)	(3,106)	(5,497)	-	(20,941)
Transfers	-	-	-	(4)	-	-	4	-	-
Write-offs	-	-	1	633	47	665	1,008	-	2,354
Balances as at September 30, 2022	-	(18,021)	(14,832)	(58,210)	(5,569)	(14,051)	(22,455)	-	(133,138)
<u>Net depreciation balance</u>									
Balances as at December 31, 2020	50,778	82,768	26,904	45,640	4,268	8,296	8,788	15,629	243,071
Balances as at December 31, 2021	70,380	81,020	30,020	63,592	5,876	14,447	20,024	54,989	340,348
Balances as at September 30, 2022	84,378	79,724	40,933	66,580	7,533	15,606	25,235	104,474	424,463

As at September 30, 2022, depreciation allocated to the cost of production and administrative expenses in the consolidated total R\$14,826 and R\$10,264, respectively (R\$10,755 and R\$7,276 as at September 30, 2021).

Certain property, plant and equipment items are pledged as collateral for financing and tax payment transactions (note 15). Construction in progress refers to improvements at the Company's industrial and information technology areas.

Management tested its property, plant and equipment items for impairment in the year ended December 31, 2021, and did not identify the need to recognize an allowance for impairment losses on these assets. As at September 30, 2022, Management did not identify any risk factor that would indicate that the amount recorded was higher than its recoverable amount.

13. Intangible assets

	Consolidated						
	Goodwill	Non-competes agreement	Trademarks and patents	Projects in progress	Customer relationship	Software	Total
Average annual amortization rate		20%			7%	20%	
Variations in cost							
Balances as at December 31, 2020	58,140	36	6,014	3,599	1,597	46,884	116,270
Additions	30,724	-	-	21,285	-	7,017	59,026
Acquisition of subsidiary – surplus	-	169	20,093	-	17,688	2,318	40,268
Write-offs	-	-	-	(150)	-	(104)	(254)
Transfers	-	-	-	(1,980)	-	1,980	-
Balances as at December 31, 2021	88,864	205	26,107	22,754	19,285	58,095	215,310
Additions	-	-	-	28,924	-	3,801	32,725
Intangible assets arising from business combination	-	-	19	-	-	131	150
Acquisition of subsidiary – surplus	145,164	22,444	52,471	-	189,511	-	409,590
Write-offs	-	-	-	(894)	-	(53)	(947)
Transfers	-	-	-	(1,755)	-	1,755	-
Balances as at September 30, 2022	234,028	22,649	78,597	49,029	208,796	63,729	656,828
Variations in amortization							
Balances as at December 31, 2020	-	(11)	-	-	(509)	(28,227)	(28,747)
Amortization in the period	-	(7)	-	-	(7,264)	(6,389)	(13,660)
Write-offs	-	-	-	-	-	9	9
Balances as at December 31, 2021	-	(18)	-	-	(7,773)	(34,607)	(42,398)
Amortization in the period	-	(5)	-	-	(11,021)	(5,710)	(16,736)
Write-offs	-	-	-	-	-	38	38
Balances as at September 30, 2022	-	(23)	-	-	(18,794)	(40,279)	(59,096)
Net amortization balance							
Balances as at December 31, 2020	58,140	25	6,014	3,599	1,088	18,657	87,523
Balances as at December 31, 2021	88,864	187	26,107	22,754	11,512	23,488	172,912
Balances as at September 30, 2022	234,028	22,626	78,597	49,029	190,002	23,450	597,732

	Parent			
	Good will	Projects in progress	Software	Total
Average annual amortization rate			20%	
<u>Variations in cost</u>				
Balances as at December 31, 2020	33,366	3,599	38,579	75,544
Additions	-	21,285	6,913	28,198
Write-offs	-	(150)	(105)	(255)
Transfers	-	(1,980)	1,980	-
Balances as at December 31, 2021	33,366	22,754	47,367	103,487
Additions	-	28,205	3,519	31,724
Write-offs	-	(894)	(39)	(933)
Transfers	-	(1,755)	1,755	-
Balances as at September 30, 2022	33,366	48,310	52,602	134,278
<u>Variations in amortization</u>				
Balances as at December 31, 2020	-	-	(26,427)	(26,427)
Amortization in the period	-	-	(4,770)	(4,770)
Write-offs	-	-	23	23
Balances as at December 31, 2021	-	-	(31,174)	(31,174)
Amortization in the period	-	-	(4,195)	(4,195)
Write-offs	-	-	38	38
Balances as at September 30, 2022	-	-	(35,331)	(35,331)
<u>Net amortization balance</u>				
Balances as at December 31, 2020	33,366	3,599	12,152	49,117
Balances as at December 31, 2021	33,366	22,754	16,193	72,313
Balances as at September 30, 2022	33,366	48,310	17,271	98,947

Assets with finite useful lives

On an annual basis, the Company assesses whether there is evidence that the recoverable amount of intangible assets with finite useful lives might be impaired in relation to the carrying amounts. When such evidence is identified detailed impairment tests are conducted for this category of assets. The analyses conducted by Management did not identify any indicators or factors indicating that the carrying amounts might not be recoverable at the balance sheet dates.

Assets with indefinite useful lives

Management tested its goodwill for impairment in the year ended December 31, 2021, and did not identify the need to recognize an allowance for impairment losses on this goodwill. As at September 30, 2022, Management did not identify any risk factor that would indicate that the amount recorded was higher than its recoverable amount.

Research costs

Research and development costs incurred by the Company are earmarked for several electronic products. The research and development costs that are not eligible for capitalization, in the amount of R\$92,463 in the nine-month period ended September 30, 2022 (R\$73,793 as at September 30, 2021) were recognized as expenses in the period in "Other operating income (expenses), net".

14. Trade payables

Inputs for the Company's production are acquired in higher volume through the import from foreign suppliers, accounting for around 91% of the outstanding balance as at September 30, 2022. The present value adjustment was calculated based on the rate of 5.18% p.a. as at September 30, 2020 (2.39% p.a. as at December 31, 2021), to which the average rate adopted by financial institutions that offer forfait services to the Company's suppliers refer. The amounts related to intercompany transactions were excluded from the consolidated balance. The average payment period is 129 days (110 days as at December 31, 2021). These balances are broken down as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic suppliers	73,834	68,492	54,024	64,261
Domestic suppliers – forfait	16,564	24,183	16,564	24,183
Suppliers of imported goods	645,018	492,023	558,549	491,996
Suppliers of imported goods – forfait	145,419	288,186	145,419	288,186
	880,835	872,884	774,556	868,626
Present value adjustment (PVA)	(12,928)	(2,443)	(9,817)	(2,443)
	867,907	870,441	764,739	866,183

Balances with related and third parties are broken down as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Related parties				
Domestic suppliers	-	-	76	536
Suppliers of imported goods	223,455	263,219	224,268	263,627
Total due to related parties (note 30)	223,455	263,219	224,344	264,163
Unrelated	657,380	609,665	550,212	604,463
Total trade payables	880,835	872,884	774,556	868,626

Forfait

The Company entered into agreements with certain financial institutions for the financing of its supply chain. As agreed with the institutions, the Company's suppliers may elect to receive payment for their invoices in advance through the financial agent. Under the agreement, the financial institution agrees to pay the amounts due to a supplier in advance and receives the payment for the trade note by the Company on a subsequent date. The main purpose of this program is to facilitate payment processing and allow willing suppliers to sell their receivables due by the Company to a bank before the maturity date. In Management's opinion, the agreements do not significantly extend the payment conditions beyond the normal terms agreed with other suppliers that do not anticipate their receivables. The Company does not incur additional interest on the amounts due to suppliers.

The Company did not modify the liabilities to which the agreement applies, as there was no legal write-off and the original liability was not substantially modified when the supplier accepted the agreement. The amounts advanced by the suppliers continue to be recorded by the Company as payables, as the nature and function of the financial liability continue the same as other payables.

Payments made to the bank at the original maturity of the receivables are included in cash flows from operating activities as they continue to be part of the Company's operating cycle and their main nature continues to be payables for acquisition of inputs.

15. Borrowings and financing

This note provides information on the contractual terms of interest-bearing borrowings, which are measured at amortized cost. Note 24 provides more information on the group's exposure to interest rate, foreign currency, and liquidity risks.

				Consolidated		Parent	
Lenders / creditors	Index	Interest	Maturity	09/30/2022	12/31/2021	09/30/2022	12/31/2021
In local currency							
BNDES	TLP/TR/TS/TJPL/fixed rate	1.1% to 2.7% p.a.	Dec/31	219,407	180,471	219,407	180,471
FINEP	TR/fixed rate	3% p.a.	Jun/29	206,110	181,587	206,110	181,587
Working capital	CDI/fixed rate	2.42% to 4.90% p.a.	Jun/25	72,865	29,290	-	29,290
Leases	Fixed rate	3.18% to 3.48% p.a.	Apr/23	51	-	-	-
In foreign currency							
Working capital	CDI/fixed rate	3.5% to 5.28% p.a.	Jan/24	65,334	50,750	19,671	50,750
FINIMP	Fixed rate	3.7% to 5.98% p.a.	Mar/23	57,644	1,596	-	-
Forfaiting	Fixed rate	2.89% to 3.95% p.a.	Jan/23	7,902	-	-	-
				629,313	443,694	445,188	442,098
Current				269,619	137,104	101,467	135,648
Noncurrent				359,694	306,590	343,721	306,450

Collaterals

The following assets and financial instruments were pledged as collateral for the financing as at September 30, 2022 (consolidated):

Property, plant and equipment	101,318
Letter of guarantee	317,612
Short-term investments	3,646
	422,576

The total cost of contracting the letters of guarantee effective as at September 30, 2022 was 0.57% p.a. (0.69% p.a. as at December 31, 2021), recorded in "Other receivables" and allocated to profit or loss on accrual basis according to its validity as "Finance costs". The Company recognized in the nine-month period ended September 30, 2022 the total amount of R\$1,497 (R\$1,411 during the nine-month period ended September 30, 2021), relating to the finance costs for contracting such collateral. Variations in borrowings and financing are as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	443,694	501,527	442,098	497,265
Balance arising from subsidiary acquisition	178,349	-	-	-
Borrowings	225,706	82,000	102,600	82,000
Interest and exchange rate differences	32,200	27,323	17,168	27,221
Repayment of principal	(219,181)	(138,718)	(97,531)	(138,124)
Interest payment	(31,455)	(28,438)	(19,147)	(26,264)
Closing balance	629,313	443,694	445,188	442,098

The terms and conditions of outstanding borrowings are as follows:

a) BNDES - Investment Support Program

Funds released by the BNDES for investments in product research, development and innovation. After confirmation of the investment of funds, the BNDES grants to the Company a borrowing equivalent to up to 80% of the funds invested. Payments are made on a monthly basis and, during the grace period, interest is paid on a quarterly basis. Principal is repaid as detailed below:

PSI – Innovation 2021: The debt principal will be repaid in 96 monthly and consecutive installments, the first maturing on January 15, 2024, and the last on December 15, 2031.

PSI – Innovation 2018: The debt principal will be repaid in 87 monthly and consecutive installments, the first maturing on April 15, 2020, and the last on February 15, 2027.

PSI – Innovation 2016: The debt principal will be repaid in 48 monthly and consecutive installments, the first maturing on April 15, 2019, and the last on March 15, 2023.

b) Finep - Financing Agency for Studies and Projects

The Reimbursable Financing line means providing support to the Innovation Strategic Investment Plans of Brazilian companies offered by the FINEP. The purpose of the financing is to partially bear the expenses incurred with the preparation and implementation of the “Intelbras program of integrated communication and technology update for the company’s internationalization” project. The agreement has a 36-month grace period. The debt principal will be repaid in 85 monthly and consecutive installments, the first maturing on June 15, 2022, and the last on June 15, 2029. On July 12, 2022, the Company received two new tranches in the total amount of R\$48,600. Next expected tranches are: 5th - R\$29,700 and 6th - R\$32,400.

c) Working capital

The Company has a borrowing from Citibank in the amount of US\$20,000 thousand, taken in the first quarter of 2020 and payable in 11 installments of equal amount, the first maturing on September 24, 2020 and the last on March 24, 2023. As at September 30, 2022, the balance payable in US dollars is US\$3,636 thousand (US\$9,095 thousand as at December 31, 2021).

Additionally, subsidiary Renovigi has working capital loans in the amount of R\$176,172 with short-term investments pledged as collateral, which totals R\$3,646 as at September 30, 2022 (R\$3,231 as at December 31, 2021). The outstanding balances relating to the forfeiting of this subsidiary total R\$7,902 and are classified in borrowings and financing due to the debt characteristics, as related costs are borne by it.

d) Covenants

Agreements entered into with the BNDES have covenants related to debt-to-asset (<75%) and net debt-to-EBITDA (≤ 2.5) ratios ("covenants"), which are being fully met as at September 30, 2022.

The agreement entered into with Citibank determines that the Company must comply with the following financial ratio: Net debt (Total Net Bank Debt/EBITDA), lower than or equal to 2.5, at the end of the reporting period. The requirement is being fully met as at September 30, 2022.

In relation to the borrowing and financing agreements of subsidiary Renovigi Energia Solar S.A., in addition to the event of noncompliance with the agreement, there are the following accelerated maturity clauses relating to: Transfer of shareholding control, corporate restructuring and bank domicile transfer. If the direct or indirect shareholding control of the customer or its guarantor is changed or transferred, and if the customer or its guarantor is subject to merger, consolidation or spin-off. This clause was reviewed with the financial institutions and consider effects only after the subsidiary's acquisition by the Company. The agreements also include other accelerated maturity clauses, which are usual for this type of transaction and are being met by the Company.

The long-term borrowing and financing payment schedule is as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
2023	24,458	73,210	16,261	73,069
2024	70,020	50,457	64,233	50,457
2025	57,944	42,179	55,955	42,179
2026	55,955	42,179	55,955	42,179
2027	50,613	36,836	50,613	36,837
2028	39,929	26,153	39,929	26,153
2029 to 2031	60,775	35,576	60,775	35,576
	359,694	306,590	343,721	306,450

16. Payroll, related taxes and profit sharing

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Payroll	31,212	11,857	27,133	11,105
Related taxes	17,648	10,712	15,118	9,452
Accrued vacation pay and related taxes	42,487	35,344	36,054	31,256
Profit sharing	21,079	44,213	18,676	42,004
Other	696	503	630	486
	113,122	102,629	97,611	94,303

17. Provision for tax, labor and civil risks

The Company is a party to lawsuits and administrative proceedings, at different levels, related to tax, civil and labor matters, arising in the ordinary course of business. Based on the opinion of its legal counsel, the Company's Management recognizes a provision to cover probable losses that may arise from unfavorable outcomes of these lawsuits (assessed as risk of probable loss). At the end of the reporting periods, the Company recognized the following liabilities and escrow deposits related to these lawsuits:

a. Breakdown of the provision for tax, labor and civil risks:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Labor	4,077	3,316	3,980	3,219
Civil	5,046	3,129	943	3,129
Tax	11,402	10,214	10,871	9,536
	20,525	16,659	15,794	15,884
Current	983	810	943	810
Noncurrent	19,542	15,849	14,851	15,074

Variations in the provision

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Balance at the beginning of the period/year	16,659	13,691	15,884	13,876
Balance arising from subsidiary acquisition	4,148	285	-	-
Increase of provision	3,962	4,399	3,822	3,664
Reversal/write-offs of provision	(4,244)	(1,716)	(3,912)	(1,656)
Balance at the end of the period/year	20,525	16,659	15,794	15,884

Labor

Related to lawsuits filed by the former employees of the Company and service providers. The main discussion is related to the recognition of employment relationship, payment of vacation, remunerated weekly rest on commissions and wage differences.

Civil

Related to lawsuits discussing general matters of collection, indemnities and execution nature, as well as lawsuits discussing matters of commercial nature, relating to consumers' complaints about the products provided by the Company. No civil lawsuit was considered individually relevant.

Tax

The main tax discussions are related to lawsuits on the Tax Classification of Goods (NCM) of imported parts and pieces for manufacturing, according to the production process defined. The tax authorities understand that this must be classified as finished good. The lawsuit is pending judgment of the voluntary appeal by the CARF.

Possible losses, not provided for in the balance sheet

The lawsuits whose likelihood of loss is assessed as possible are of labor, civil and tax nature. The main tax lawsuits are as follows:

- Partial tax credit maintained by the CARF which challenged the IRPJ and CSLL levied on the ICMS deemed credit;
- Tax assessment notice related to the tax credit arising from the disallowance of the ICMS deemed credit granted by the State of origin;
- Tax assessment notice challenging the tax classification of the import of LCD displays;
- Tax assessment notice challenging the PIS and COFINS levied on the ICMS deemed credit.

The main civil lawsuits refers to:

- Litigation involving the provision of services supply of materials.

There is no individually relevant labor lawsuit.

The respective amounts are as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Labor	3,692	3,252	3,692	3,252
Civil	7,856	4,979	5,865	4,979
Tax	51,089	49,665	50,780	49,665
	62,637	57,896	60,337	57,896

Contingent assets

The contingent assets assessed as possible favorable outcome by the Company's legal counsel amount to R\$102,191 as at September 30, 2022 (R\$71,353 as at December 31, 2021), in the consolidated. The main matters include:

- Writ of security filed to ensure the Company's right to the limit of 20 minimum wages of the tax basis of contributions to third parties ("S" system) which adjusted amount is R\$44,967 as at September 30, 2022 (R\$41,657 as at December 31, 2021), refers to the claim for refund of payments made in the past five years;
- The Company is challenging at the courts the right not to pay the ICMS in the interstate delivery of goods to establishments of the same taxpayer. In a recent court ruling, the Superior Court of Justice understood that the ICMS paid in prior periods, levied on the transfer between establishments of the same company, must be refunded to taxpayers. The estimated amount to be recovered, in case of favorable outcome is R\$9,565 as at September 30, 2022 (R\$8,866 as at December 31, 2021);

- Writ of security filed to ensure the regulatory non-levy of TJLP-1999 for calculation of interest on capital, as the levy is a violation of the principles of unconstitutionality and illegality, and a violation of the principle of contribution capacity and non-seizure. A recent court ruling judged the claims valid, declaring the plaintiff's right to calculate interest on capital for 2021 onwards, based on the long-term interest rate (TLP). The estimated amount to be recovered, in case of favorable outcome is R\$8,138 as at September 30, 2022;
- The Company challenges the collection of amounts relating to the distributor relationship, due to the supply of Intelbras products. The lawsuit recognized, in a counterclaim, Intelbras' right to have the debt under the debt acknowledgment agreement entered into among the parties satisfied. The estimated amount to be recovered, in case of favorable outcome is R\$5,081 as at September 30, 2022;
- The Company challenges the collection of amounts relating to the distributor relationship, due to the supply of expired Intelbras products. As at September 30, 2022, the estimated amount is R\$3,286;

b. Breakdown of escrow deposits:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Labor	1,101	870	970	870
Tax	2,024	1,941	2,024	1,941
	3,125	2,811	2,994	2,811

18. Provision for warranties

The Company offers warranties for its products due to manufacturing defects, recognizing a provision when the products are sold, based on historical warranty data and a weighting of all disbursement probabilities. As at September 30, 2022, the provision for warranties in the Parent totals R\$19,546 (R\$17,195 as at December 31, 2021).

A technical failure was identified in a micro inverter model sold by Renovigi; accordingly, in 2022, additional provisions for warranties relating to the products that are on site were recognized in the amount of R\$54,580 and the Company provides for the substitution as mentioned in note 11 (f).

19. Payables for acquisition of businesses

The Company recognizes payables for acquisition of interest in subsidiaries. These payables are divided between “Payables for acquisition of businesses” (amortized cost), monthly adjusted by the CDI rate fluctuation and “Payables for purchase of shares” (fair value through profit or loss), adjusted by the projected attainment of the growth target of the Ebitda nominal amount of the acquirees (Khomp and Renovigi). The balances and variations are as follows:

	12/31/2021	Interest	Parent and Consolidated			09/30/2022
			New agreements	Interest payment	Principal repayment	
Payables for acquisition of businesses						
Décio Metalúrgica Ltda	1,700	-	-	-	(1,000)	700
Seventh Ltda	3,615	256	-	(110)	(1,120)	2,641
Khomp Indústria e Comércio Ltda	10,888	745	(2,010)	(210)	(1,038)	8,375
Renovigi Energia Solar S.A.	-	10,899	284,186	-	(84,281)	210,804
Total short term	5,402	1,661	151,199	(320)	(86,739)	71,203
Total long term	10,801	10,239	130,977	-	(700)	151,317
Payables for purchase of shares						
Khomp Indústria e Comércio Ltda	23,475	(5,910)	-	-	-	17,565
Renovigi Energia Solar S.A.	-	-	115,896	-	-	115,896
Total short term	-	-	-	-	-	-
Total long term	23,475	(5,910)	115,896	-	-	133,461

On July 8, 2022, the Company notified the sellers of Renovigi due to the matters below. On the issuance date of this interim financial information, the notice remains under analysis.

- a) Situation of inventories mentioned in note 11 (f);
- b) Attainment of the indicators of working capital and net debt requirements set forth in the acquisition agreement.

20. Equity

a. Capital

As at September 30, 2022, capital is R\$1,074,500 (same amount as at December 31, 2021), represented by 327,611,110 common shares.

b. Capital reserve

Share issuance costs refer to transaction costs such as: expense on the preparation of the offering prospectus and reports; third-party professional service compensation; expenses on advertising; fees and commissions; transfer costs; and registration costs. These costs were recorded net of the effects of income tax and social contribution.

c. Earnings reserves

(i) *Legal reserve*

Calculated at 5% of profit for the year, as provided for in Article 193 of Law 6,404/76, up to the limit of 20% of capital.

(ii) *Tax incentives*

Refer to the tax incentive amounts granted to the Company by the States of Santa Catarina, Minas Gerais and Amazonas.

(iii) *Investment reserve*

Recognized for strengthening working capital and enabling investments and the performance of the Company's and its subsidiaries' activities. On April 29, 2022, the annual and extraordinary general meeting approved the change in the limit of this reserve in the bylaws to R\$500,000.

d. Valuation adjustments to equity

In 2010 the Company elected to adopt the deemed cost for the main property, plant and equipment items.

As part of the shareholders' agreement entered into among the Company and the noncontrolling shareholders of Khomp Indústria e Comércio Ltda (Acquiree), a put option and a call option was issued, which may give rise to the acquisition by the Company of the remaining shares, for which noncurrent liabilities were recognized with an effect on line item "Valuation adjustment to equity" at the amount of R\$17,565, as mentioned in note 11 (e).

e. Cumulative translation adjustments

Comprise foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

f. Payments to shareholders

On February 24, 2022, the Board of Directors approved the payment of dividends additional to mandatory minimum dividends related to profit for the year ended December 31, 2021 in the amount of R\$23,469. The amounts were fully paid between February and March 2022.

As regards 2022, the Board of Directors approved on June 23, 2022 interest on capital in the amount of R\$19,884 and, on July 27, 2022, the prepayment of dividends in the amount of R\$41,462 was approved. Both were fully paid in March and August 2022, as shown in the table below:

	Consolidated 09/30/2022
Balance at the beginning of the period	33,151
Dividends approved in the period	64,931
Dividends paid in the period	(98,082)
Interest on capital approved in the period	19,884
Interest on capital paid in the period	(17,405)
(-) income tax on interest on capital in the period	(2,479)
Balance at the end of the period	-

g. Noncontrolling interests

Refers to the third-party interest, corresponding to 25%, held in the capital of subsidiary Khomp Indústria e Comércio Ltda, plus surplus arising on the business combination, as detailed in note 11 (e).

h. Public offering

On November 25, 2020, the Company's Board of Directors approved the conduction of a public offering for primary distribution of common shares, all registered, book-entry, without par value, and free and clear of any liens or encumbrances ("Shares"). On February 2, 2021, the Company's Board of Directors approved the issuance of 46,000,000 shares, for distribution in Brazil, with placement efforts abroad. The shares were authorized for trading at the Novo Mercado segment, B3's special trading segment, governed by B3 Novo Mercado Regulation, under ticker symbol "INTB3". The price per share was set at R\$15.75, which price per share was calculated pursuant to article 170, paragraph 1, item III, of the Brazilian Corporate Law, and determined based on the outcome of the Bookbuilding Procedure. The offering was settled on February 5, 2021. Based on the price mentioned in the immediately preceding paragraph, the gross proceeds from the IPO reached the amount of R\$724,500 before commissions and expenses.

Up to September 30, 2022, the Company incurred offering costs in the amount of R\$40,456. These costs are stated as "Share issuance costs" in equity, net of taxes, in the amount of R\$26,701.

21. Earnings (loss) per share

The purpose of the calculation of earnings (loss) per share is to allow performance comparisons between different companies in the same period, as well as for the same company in different periods.

	Parent	
	09/30/2022	09/30/2021
Numerator:		
Profit for the period	319,269	264,020
Denominator:		
Weighted average number of common shares	327,611,110	327,611,110
Denominator:		
Denominator for basic and diluted earnings (loss) per share	327,611,110	327,611,110
Basic and diluted earnings per share (in Brazilian reais - R\$)		
Basic and diluted earnings per common share	0.97454	0.80589

There are no equity instruments with capital dilutive effect as at September 30, 2022.

22. Tax incentives

21.1 Federal VAT (IPI)

Law 13,969, of December 26, 2019, changed the tax incentive regime implemented by Law No. 8,248, of October 23, 1991, usually known as "IT Law". This new law for the information technology and communication sector (ITCs) was called ITCs Law.

The changes defined in this new law were effective beginning April 1 2020, and the Federal VAT (IPI) rates started to be applied in full, that is, the IPI rates for goods classified under the Federal IT Law were no longer eligible to decreases as prescribed by the previous law. Based on such new law, beginning April 1, 2020, the companies classified under the ITCs Law will be eligible to a Financial Credit in replacement of the IPI tax decrease set forth in the previous law. This financial credit converted into federal credits, obtained through a multiplier on the investment in Research, Development and Innovation (RD&I) performed by the IT-related good companies, corresponding to 4% of its gross revenue in the domestic market, arising from the sale of IT goods and services, subject to tax relief as prescribed by this Law. This law will be effective up to December 31, 2029.

Such benefit amount reflected in profit or loss for the nine-month period ended September 30, 2022 was R\$77,564 (R\$75,689 in the nine -month period September 30, 2021).

21.2 State VAT (ICMS)

The Company uses the following benefits in the calculation of the State VAT (ICMS):

a) State of Santa Catarina

ICMS/SC Regulation – Decree No. 2,870/2001, allows the reduction of the ICMS tax basis in domestic transactions involving automation, IT and telecommunication equipment, it being authorized to apply directly the percentage rate of 12% on the full tax basis. This regulation allows using the deemed ICMS credit in transactions involving goods under the Federal IT Law No. 8,248/91, which provides for the qualification and competitiveness of the IT and automation sector. This benefit allows a tax burden of approximately 3% for goods manufactured in Santa Catarina. The effective period of the benefits is up to December 31, 2032, pursuant to Supplementary Law 160/17. The Company also uses tax benefits set forth in regulation for goods imported from abroad. The effective period of the benefits is up to December 31, 2025, pursuant to Supplementary Law 160/17. Such benefit amount reflected in profit or loss for the nine-month period ended September 30, 2022 was R\$62,247 (R\$81,554 in the nine -month period September 30, 2021).

b) State of Minas Gerais

The ICMS/MG regulation – Decree No. 43,080/02, allows using the deemed ICMS credit authorized in a Memorandum of Understanding signed with the State of Minas Gerais and set forth in Special Regime. The effective period of the benefits is up to December 31, 2032, pursuant to Supplementary Law 160/17. Such benefit amount reflected in profit or loss for the nine-month period ended September 30, 2022 was R\$19,297 (R\$17,978 in the nine -month period September 30, 2021).

c) State of Amazonas

Law No. 2,826/2003 allows using the deemed ICMS credit authorized in a Project approved with the State of Amazonas, which lists the goods eligible to tax incentives. The effective period of the benefits is up to December 31, 2073, pursuant to the Brazilian Constitution. Such benefit amount reflected in profit or loss for the nine-month period ended September 30, 2022 was R\$88,328 (R\$59,267 in the nine -month period September 30, 2021).

d) State of Pernambuco

Law No. 11,675/1999 allows using the deemed ICMS credit authorized by Decree 47,885/2019 and Decree 50,584/2021, published by the State of Pernambuco. This law will be effective up to December 31, 2032, pursuant to Law 17,914/2022. All conditions imposed to be eligible to the tax incentives are being fulfilled by the Company.

The branch started to operate on July 1, 2021 and the benefit amount reflected in profit or loss for the nine-month period ended September 30, 2022 was R\$4,275 (R\$1,530 in the nine-month period September 30, 2021).

21.3 Income tax and social contribution

The Company was eligible to the tax benefit established by Law No. 11,196/05, which allows directly deducting from taxable income calculation and the social contribution tax basis the amount corresponding to 60% of the total expenditures in technological research and innovation, in accordance with the provisions set out in said Law. The effective period of the benefits is indeterminate.

23. **Income tax and social contribution**a. Breakdown of deferred taxes (income tax and social contribution)

The Company has tax credits arising from prior-year tax loss carryforwards, that can be carried forward indefinitely, and from temporary additions and deductions. The tax basis of the deferred taxes is as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<u>Temporary differences</u>				
Provision for tax, civil and labor risks	16,124	15,990	15,958	15,884
Provision for warranties	88,465	17,195	19,546	17,195
Allowance for obsolete inventories	45,902	11,583	9,723	11,283
Allowance for expected credit losses (*)	14,783	2,644	13,292	2,644
Accrued profit sharing	20,414	-	18,676	-
Goodwill (**)	(33,366)	(33,366)	(33,366)	(33,366)
Surplus	(40,684)	(53,510)	(34,403)	(44,356)
Provision for IT Law	(469)	712	(469)	712
Difference between tax x accounting depreciation (useful life)	(13,317)	(11,175)	(13,317)	(11,175)
Deemed cost and review of the useful life of property, plant and equipment items	(38,079)	(38,390)	(38,079)	(38,390)
Effects of revenue recognition - CPC 47 (IFRS 15)	43,004	37,440	39,128	37,440
Accrued commercial funds	8,315	11,931	8,315	11,931
PVA - trade receivables and trade payables	27,381	23,317	28,969	23,317
Derivative transactions - hedge	3,154	15,464	2,548	15,464
Other	17,365	24,627	16,225	23,959
Total temporary differences	158,992	24,462	52,746	32,542
Combined deferred income tax and social contribution rate	34%	34%	34%	34%
Deferred income tax and social contribution on temporary differences	54,057	8,317	17,934	11,064
<u>Income tax and social contribution loss</u>				
Income tax loss	20,118	24,816	-	13,784
Deferred income tax rate	25%	25%	25%	25%
Deferred income tax on income tax loss	5,030	6,204	-	3,446
Social contribution loss	52,598	62,617	32,480	51,585
Deferred social contribution rate	9%	9%	9%	9%
Deferred social contribution on social contribution loss	4,734	5,636	2,923	4,643
<u>Deferred taxes</u>				
Deferred income tax	44,777	12,320	13,187	11,582
Deferred social contribution	19,043	7,837	7,670	7,571
Income tax and social contribution at statutory rate	63,820	20,157	20,857	19,153

(*) Part of the amount of the allowance for doubtful debts is comprised of receivables that already fulfill the requirements for deductibility and were considered as deductible.

(**) Goodwill paid upon the acquisition of companies was amortized as from the date the acquirees were merged. Deferred income tax and social contribution were recognized to the extent the tax amortization occurred. Tax goodwill is fully amortized on this date.

Deferred taxes are stated at their net amounts between assets and liabilities, pursuant to CPC 32 (IAS 12) – Income Taxes, when these taxes correspond to the same tax entities and there is an enforceable right of the Company's Management to settle them at their net amount.

The estimated realization of the Company's and its subsidiaries' tax credits, arising from income tax and social contribution losses, are supported by the Company's and its subsidiaries' earnings projections, approved by Management, as follows:

	Consolidated 09/30/2022	Parent 09/30/2022
2022	2,208	2,208
2023	3,590	715
2024 – 2026	3,966	-
	9,764	2,923

The assumptions used in the Company's and its subsidiaries' operating and financial result projections and growth potential were based on Management's expectations regarding the Company's and its subsidiaries' future taxable income calculation.

b. Reconciliation of income tax and social contribution expenses

The reconciliation of income tax and social contribution shown in profit or loss with the amounts calculated at the statutory rate is as follows:

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Profit before income tax and social contribution	326,590	262,993	331,720	263,848
Share of profit (loss) of subsidiaries	-	-	2,517	(3,941)
Interest on capital	(19,884)	(9,838)	(19,884)	(9,838)
Tax incentives	(251,712)	(234,198)	(244,163)	(229,849)
Effect of recognition on tax loss carryforwards	(15,192)	(9,889)	(15,192)	-
Technological research and innovation – Law No. 11,196/05	(17,200)	(13,979)	(16,069)	(13,979)
Other	2,643	3,882	(2,308)	(6,747)
	25,245	(1,029)	36,621	(506)
Combined income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(8,583)	350	(12,451)	172

Statutory rate

Current	(16,596)	(8,033)	(14,638)	(4,138)
Deferred	8,013	8,383	2,187	4,310
Income tax and social contribution at statutory rate	(8,583)	350	(12,451)	172
Effective rate	-2.63%	0.13%	-3.75%	0.07%

24. Risk and financial instrument management

1. Risk management

The Company enters into transactions involving financial instruments. These financial instruments are managed through operating strategies and internal controls that aim at ensuring liquidity, profitability and security. Financial instruments are contracted for hedging purposes based on a periodic analysis of the risk exposure that Management has the intention to hedge (exchange rates and interest rates). The control policy consists of an ongoing monitoring of contracted terms and conditions compared to market terms and conditions.

The amounts of financial assets and liabilities disclosed at the balance sheet date have been determined according to the accounting criteria and policies disclosed in specific notes to the interim financial information.

As a result of their activities, the Company and its subsidiaries could be exposed to the following financial risks:

- Credit risks;
- Liquidity risks;
- Market risks;
- Interest rate risk;
- Exchange rate risk;
- Operational risks.

(i) Credit risk

Arises from the possibility of the Company incurring losses as a result of default by its customers or financial institutions that are depositaries of funds or short-term investments.

To mitigate these risks, the Company analyzes the financial position of its customers and manage the credit risk based on a credit rating and granting program. The Company also recognizes an allowance for expected credit loss amounting to R\$27,786 as at September 30, 2022 (R\$14,084 as at December 31, 2021) in the consolidated and R\$23,845 as at September 30, 2022 (R\$11,799 as at December 31, 2021) in the Parent, to cover the credit risk.

For short-term investments and deposits at financial institutions, the Company's Management, through its treasury area, monitors market information on its counterparties to identify potential credit risks. The carrying amounts of the main financial assets that represent the maximum exposure to credit risk at the end of the reporting period are as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Checking account	65,916	47,620	55,953	45,531
Short-term investments	837,136	893,238	799,553	870,943
Securities	14,667	14,530	11,020	14,530
Trade receivables	781,372	666,970	761,803	641,616
	1,699,091	1,622,358	1,628,329	1,572,620

(ii) Liquidity risk

Arises from a possible decrease in the funds used to repay the Company's debts.

Management monitors the ongoing forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operating needs. In addition, the Company maintains balances in highly liquid short-term investments to cover possible mismatches between the maturity date of its contractual obligations and its cash generation.

The Company invests its cash surplus in interest-bearing financial assets (note 5) and chooses instruments with appropriate maturities or sufficient liquidity to create an adequate buffer, according to the forecasts referred to above.

At the balance sheet date, cash equivalents held by the Company are highly liquid and considered as sufficient to manage liquidity risk.

The amortization schedule of the non-derivative financial liabilities in the consolidated according to contractual conditions is shown below. The flow presented was not discounted and includes interest and inflation adjustment at the contractual indices based on the respective projected rates at the balance sheet date, published by the Focus Report of the Central Bank of Brazil:

	09/30/2022			
	Up to one year	One to three years	More than 3 years	Total
Trade payables	880,835	-	-	880,835
Payables for acquisition of businesses	79,213	165,455	10,354	255,022
Borrowings and financing	289,276	224,224	183,095	696,595
Payables for purchase of shares	-	45,055	142,764	187,819
	1,249,324	434,734	336,213	2,020,271

	12/31/2021			
	Up to one year	One to three years	More than 3 years	Total
Trade payables	872,884	-	-	872,884
Payables for acquisition of businesses	5,878	3,146	13,372	22,396
Borrowings and financing	145,490	196,990	154,833	497,313
Payables for purchase of shares	-	-	37,936	37,936
	1,024,252	200,136	206,141	1,430,529

(iii) Market risk

Arises from the possibility of fluctuations in the market prices of the inputs used in the production process, especially in the electric and electronic segment. These price fluctuations may significantly change the Company's costs. To mitigate these risks, the Company manages inventories by setting up the buffer inventories of this raw material.

Additionally, there is the agreement for the purchase of shares mentioned in note 11 (e) and 11 (f), which may vary depending on the attainment of certain goals related to the EBITDA of the Acquiree's operations.

(iv) Interest rate risk

Arises from the possibility of the Company obtaining gains or incurring losses due to fluctuations in interest rates on its financial assets and liabilities. To mitigate this type of risk, the Company seeks to diversify its funding sources and, in certain circumstances, conducts hedging transactions to reduce the finance cost of its operations. As at September 30, 2022, Currency Forward Contracts and swap transactions were contracted to mitigate cash flow risks due to currency fluctuations.

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<u>Instruments with floating interest rate</u>				
Securities	14,667	14,530	11,020	14,530
Borrowings and financing	(559,914)	(442,098)	(445,188)	(442,098)
Forward contracts	6,934	(3,756)	6,934	(3,756)
Swap transactions	619	4,835	1,225	4,835
<u>Instruments with fixed interest rate</u>				
Borrowings and financing	(69,399)	(1,596)	-	-

(v) Exchange rate risk

Arises from possible fluctuations in the exchange rates of the foreign currencies, mainly the US dollar, used by the Company to acquire inputs, sell goods, and contract financial instruments, in addition to other payables and receivables in foreign currencies. The Company constantly assesses the hedge transactions entered into to mitigate these risks. As at September 30, 2022, the consolidated exposure was as follows (in Brazilian reais – R\$):

	09/30/2022						12/31/2021					
	Foreign currency						Foreign currency					
	US dollar – US\$	Euro - €	Pound - £	Yen - ¥	Ren ¥	Total	US dollar – US\$	Euro - €	Pound - £	Yen - ¥	Ren ¥	Total
Assets												
Cash and cash equivalents	41,016	28	1	-	1,425	42,470	26,930	21	-	-	996	27,947
							7,319	-	-	-	-	7,319
Trade receivables	11,677	-	-	-	-	11,677						
Forward contracts (NDFs)	6,934	-	-	-	-	6,934	-	-	-	-	-	-
Swap contract	2,795	-	-	-	-	2,795	4,835	-	-	-	-	4,835
Liabilities												
Trade payables	(790,007)	(65)	-	(365)	-	(790,437)	(778,711)	(402)	(75)	(1,021)	-	(780,209)
Borrowings and financing	(128,888)	(1,992)	-	-	-	(130,880)	(50,750)	(1,596)	-	-	-	(52,346)
Forward contracts (NDF)	-	-	-	-	-	-	(3,756)	-	-	-	-	(3,756)
Swap contract	(2,176)	-	-	-	-	(2,176)	-	-	-	-	-	-
Net exposure	(858,649)	(2,029)	1	(365)	1,425	(859,617)	(794,133)	(1,977)	(75)	(1,021)	996	(796,210)

Management believes that the exposures to the foreign exchange risk are acceptable for its operations.

In order to verify the sensitivity of the exchange rate differences of trade receivables and trade payables in foreign currency to which the Company and its subsidiaries were exposed as at September 30, 2022, five different scenarios were defined with stresses of 5% and 10%, of decrease or increase in relation to the benchmark rate, the expected rate used for the next 12 months. Also, these stresses correspond to the expectation based on the magnitude of the changes in the US dollar rates for the 12 months prior to the base date.

The respective foreign exchange expense and income was calculated for each scenario. The portfolio base date used was September 30, 2022. The US dollar quotation used in the projection was R\$5.20.

	(Expense)/Income				
	Scenario I -10%	Scenario II -5%	Probable scenario	Scenario III +5%	Scenario IV +10%
Cash and cash equivalents	(5,512)	(3,540)	(1,567)	405	2,378
Trade receivables	(1,569)	(1,008)	(446)	115	677
Trade payables	106,170	68,179	30,188	(7,803)	(45,794)
Borrowings and financing	17,321	11,123	4,925	(1,273)	(7,471)
Financial instruments and derivatives	(1,015)	(652)	(289)	75	438
Impact on profit or loss	115,395	74,102	32,811	(8,481)	(49,772)

(vi) Operational risk

Operational risk is the risk of incurring direct or indirect losses due to a series of reasons associated to the Company's processes, personnel, technology, and infrastructure, as well as external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements, and generally accepted corporate behavior standards. The operational risks arise from all Company's operations.

The Company's objective is to manage the operational risk to avoid any financial losses and damages to the Company's reputation.

Senior Management has the primary responsibility for developing and implementing controls over operational risks.

2. Derivative instruments

The Company does not invest in derivatives or any other risk assets for speculative purposes. The Company's derivative instruments are stated at fair value and summarized as follows:

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<u>Assets</u>				
Swap	2,795	4,835	1,225	4,835
Forward contracts (NDFs)	6,934	-	6,934	-
	9,729	4,835	8,159	4,835
<u>Liabilities</u>				
Payables for purchase of shares	(133,461)	(23,475)	(133,461)	(23,475)
Swap	(2,176)	-	-	-
Forward contracts (NDFs)	-	(3,756)	-	(3,756)
	(135,637)	(27,231)	(133,461)	(27,231)

Swap transactions

As at September 30, 2022, the Company maintains a loan agreement in the amount of US\$10,913 thousand with Citibank, indexed by the Libor rate, plus 2.16% p.a., maturing in April 2023, for which it has contracted a derivative (swap agreement), with notional value at the same amount, and the CDI used as the index, maturing on the same date of the agreement. The derivative counterparty is also the Citibank, and the fair value of the SWAP is R\$1,225 as at September 30, 2022.

NDF transactions

Also, as at September 30, 2022, the Company has entered into Currency Forward Contracts totaling US\$48,458 thousand to hedge its future cash flow against currency fluctuations, and the fair value of these contracts is R\$6,934. The Currency Forward Contracts have average term of 90 days between the contracting date and the maturity date, with the following counterparties:

	US\$ - thousands
Bradesco	18,631
Fibra	7,583
Citibank	6,779
BTG	4,648
XP	3,792
Santander	3,674
HSBC	2,219
Itaú	798
CCB	334
	48,458

Call option contract

The Company is a party to a contract of payables for purchase of shares involving an option contract, as described in notes 11 (e) and 11 (f). The amount is recorded in “Payables for purchase of shares”.

3. Financial instruments - fair value

Financial assets and liabilities adjusted at current market rates are shown below:

	09/30/2022		12/31/2021		Classification
	Carrying amount	Fair value	Carrying amount	Fair value	
Assets					
Cash and cash equivalents	23,446	23,446	19,673	19,673	Amortized cost
Cash and cash equivalents – foreign currency			27,947	27,947	Amortized cost
	42,470	42,470			
Short-term investments	837,136	837,136	893,238	893,238	Amortized cost
Securities	14,667	14,667	14,530	14,530	Amortized cost
Trade receivables	738,091	738,092	638,726	638,726	Amortized cost
Forward contract	6,934	6,934	-	-	Fair value through profit or loss
Swap contract	2,795	2,795	4,835	4,835	Fair value through profit or loss
Liabilities					
Trade payables	867,907	867,907	870,441	870,441	Amortized cost
Borrowings and financing – including charges	629,313	632,420	443,694	441,626	Amortized cost
Other payables - acquisition of subsidiary	222,520	222,520	16,203	16,203	Amortized cost
Payables for purchase of shares	133,461	133,461	23,475	23,475	Fair value through profit or loss
Forward contract	-	-	3,756	3,756	Fair value through profit or loss
Swap contract	2,176	2,176	-	-	Fair value through profit or loss

Derivatives are measured according to the mark-to-market calculation at the reporting date.

Fair value measurement recognized in the interim financial information

The table below shows an analysis of the financial instruments recognized at fair value, after initial recognition. These financial instruments are classified in levels 1 to 3, based on the level where their fair value is quoted:

- Level 1: fair value measurement derives from quoted prices (unadjusted) in active markets, based on identical assets and liabilities;
- Level 2: fair value measurement derives from other quoted inputs included in Level 1, which are quoted through an asset or liability, either directly (that is, such as prices) or indirectly (that is, derived from prices); and
- Level 3: fair value measurement derives from valuation techniques that include an asset or liability without active market.

At the balance sheet date, Management adopted Level 2 to determine the fair values applicable to the Company's financial instruments, except for the payables for purchase of shares arising from Khomp's and Renovigi's acquisition, as mentioned in notes 11 (e) and 11 (f), for which Level 3 is used.

Criteria, assumptions and limitations used in fair value calculation

The estimated fair values of the Company's and its subsidiaries' financial assets and liabilities were determined as described below. The Company and its subsidiaries maintain a derivative contract (swap) and non-deliverable forward contracts (NDF) as mentioned in note 24 (ii). Also, there is the agreement for purchase of shares, as mentioned in notes 11 (e) and 11 (f).

Cash and cash equivalents and short-term investments

The carrying amounts of the balances in checking accounts held at banks approximate their fair values, and we believe that they are measured at fair value based on the probable realizable amount.

Trade receivables and trade payables

Arise directly from the Company's and its subsidiaries' operations, measured at amortized cost and recorded at their original amounts, less the allowance for losses and present value adjustment, when applicable.

Borrowings and financing – including charges

The fair values of these financing facilities are equivalent to their carrying amounts because they refer to financial instruments at rates that are equivalent to market rates and have exclusive features, arising from specific financing sources.

Limitations

The fair values were estimated at the balance sheet date, based on relevant market inputs. Changes in assumptions could significantly affect the estimates.

4. Qualitative and quantitative information on financial instruments

In order to verify the rate sensitivity in debts to which the Company and its subsidiaries were exposed as at September 30, 2022, five different scenarios were defined. Based on the FOCUS report of September 2022, the projected CDI / IGP-DI / IGP-M / DOLLAR rates were extracted and based on the future curve of BM&F of June 2022, the projected LIBOR rate was extracted, within a 12-month period beginning September 30, 2022, thus defining them as the probable scenario; based on this, 25% and 50% stresses were calculated, which correspond to the percentage rates used by Management in its management analyses.

The gross finance costs were calculated for each scenario, without considering taxes on costs and the maturities of each contract scheduled for the 12-month period beginning September 30, 2022 projecting the ratios for an one-year period and verifying their sensitivity in each scenario.

	09/30/2022				
	Scenario I - 50%	Scenario II - 25%	Risk	Scenario III - 25%	Scenario IV - 50%
Borrowings and financing	38,562	32,135	25,708	19,281	12,584

5. Capital management

Capital includes common shares and other reserves attributable to controlling shareholders. The main objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and adjusts it taking into account the changes in economic conditions and financial covenants. To maintain or adjust its capital structure, the Company can adjust the payment of dividends to shareholders, return capital to them, or issue new shares. The Company monitors capital through the correlation of net debt (or net cash) and equity. The Company's policy is to maintain a net cash position or, in case of net debt, the correlation between 20% and 40%. The Company includes in the net debt interest-bearing borrowings and financing, less cash and cash equivalents.

	Consolidated		Parent	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Interest-bearing borrowings and financing	629,313	443,694	445,188	442,098
(-) Cash and cash equivalents	(903,052)	(940,858)	(855,506)	(916,474)
Consolidated net debt	(273,739)	(497,164)	(410,318)	(474,376)
Equity	2,151,787	1,919,139	2,134,790	1,900,426
Correlation	(13%)	(26%)	(19%)	(25%)

To achieve this overall goal, the Company's capital management aims at, but not limited to, ensuring that it meets the financial commitments associated with borrowings and financing that define the capital structure requirements. Any breach of financial covenants would allow the bank to immediately require the settlement of borrowings and financing. There were no breaches of the financial covenants for any interest-bearing borrowings and financing in the period. No changes were made to the capital management objectives, policies or processes in the reporting periods.

25. Net operating revenue

The table below shows the reconciliation between gross revenue for tax purposes and revenue stated in the statement of income for the nine-month period ended:

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Sale of goods	3,819,097	2,917,308	3,493,193	2,855,831
Present value adjustment (PVA)	(35,270)	(30,483)	(34,954)	(30,483)
Commercial funds	(90,534)	(73,572)	(90,534)	(73,572)
Sales returns	(143,649)	(127,934)	(138,489)	(126,047)
Sales deductions:				
Federal VAT (IPI)	(128,144)	(175,423)	(125,765)	(173,704)
State VAT (ICMS)	(149,571)	(140,920)	(150,487)	(142,310)
Tax on revenue (PIS)	(45,406)	(33,489)	(40,736)	(33,121)
Tax on revenue (COFINS)	(209,160)	(154,300)	(187,652)	(152,598)
Service Tax (ISS)	(1,721)	(800)	(827)	(230)
Social Security Contribution on Gross Revenue (CPRB)	(850)	-	-	-
Net operating revenue	3,014,792	2,180,387	2,723,749	2,123,766

26. Expenses by nature

The Company elected to present the statement of income by function. As prescribed by CPC 26 (R1) (IAS 1) – Presentation of Financial Statements, costs and expenses are broken down by nature as follows:

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Expenses by function				
Cost of sales and services	2,158,080	1,528,394	1,965,717	1,516,245
Selling expenses	356,638	254,919	323,187	243,951
General and administrative expenses	155,435	136,478	126,659	119,231
Other operating income (expenses), net	18,489	1,132	(12,490)	(11,676)
	2,688,642	1,920,923	2,403,073	1,867,751
Cost of sales and services				
Raw material and resale	1,971,217	1,399,617	1,797,786	1,396,374
Fixed production costs	203,466	142,029	180,277	133,123
Present value adjustment (PVA)	(16,603)	(13,252)	(12,346)	(13,252)
	2,158,080	1,528,394	1,965,717	1,516,245
Selling expenses				
Personnel and benefits	162,319	122,843	146,608	114,928
Variable selling expenses	45,118	41,598	44,057	41,543
Freight	62,573	37,233	54,046	37,099
Marketing expenses	26,486	22,306	25,312	22,215
Outside services	13,770	10,530	12,668	9,809
Estimated losses on doubtful debts	12,672	623	12,123	363
Travels and representations	12,919	8,679	11,478	8,215
Maintenance and backup material	5,853	4,762	5,716	4,698
Utilities	6,178	3,599	3,752	3,433
Depreciation and amortization	7,449	3,405	7,334	3,309
Other	1,301	(659)	93	(1,661)
	356,638	254,919	323,187	243,951

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
General and administrative expenses				
Personnel and benefits	127,002	114,713	104,915	99,749
Outside services	11,731	9,859	8,440	8,530
Maintenance and backup material	7,409	5,261	5,884	4,826
Depreciation and amortization	5,176	4,135	4,504	3,721
Utilities	3,012	2,240	2,600	2,108
Other	1,105	270	316	297
	155,435	136,478	126,659	119,231
Other (income) expenses				
R&D costs	92,463	73,793	71,288	61,540
Financial credit	(77,564)	(75,689)	(74,421)	(73,106)
Allocation of surplus realization	14,346	-	-	-
Other	(10,756)	3,028	(9,357)	(110)
	18,489	1,132	(12,490)	(11,676)
Total	2,688,642	1,920,923	2,403,073	1,867,751

27. Finance income (costs)

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Income from short-term investments	54,122	21,527	52,359	21,158
Interest	3,852	2,674	6,619	2,460
Present value adjustment	34,287	24,007	33,768	24,007
Revenues on derivatives - stock options	6,262	-	6,262	-
Other	233	443	180	441
Finance income	98,756	48,651	99,188	48,066
Exchange gains	134,010	60,289	123,504	60,277
Exchange gains - borrowings	12,267	12,439	9,576	10,091
Revenues on derivatives – SWAP	8,095	12,327	5,751	12,327
Revenues on derivatives – forward contracts	67,047	60,715	65,477	60,715
Income on exchange rate changes	221,419	145,770	204,308	143,410
Interest on borrowings and financing	(27,041)	(18,205)	(20,372)	(18,068)
Interest on payables for business acquisitions	(10,899)	-	(10,899)	-
Banking expenses	(8,072)	(4,932)	(5,898)	(4,317)
IOF on financial transactions	(1,379)	(580)	(1,237)	(526)
Present value adjustment	(19,023)	(12,797)	(16,811)	(12,797)
Other	(919)	(335)	(728)	(207)
Finance costs	(67,333)	(36,849)	(55,945)	(35,915)
Exchange losses	(102,371)	(73,822)	(97,947)	(73,815)
Exchange losses - borrowings	(17,426)	(14,043)	(5,846)	(11,690)
Expenses on derivatives – SWAP	(11,769)	(9,595)	(9,361)	(9,595)
Expenses on derivatives – forward contracts	(120,836)	(56,569)	(120,836)	(56,569)
Expenses on exchange gains (losses)	(252,402)	(154,029)	(233,990)	(151,669)
Finance income (costs), net	440	3,543	13,561	3,892

28. Insurance coverage

The Company has a risk management program designed to minimize risks, seeking in the market coverage that is compatible with its size and operations. The insurance amounts are considered sufficient by Management to cover possible losses, taking into account the nature of the activities, the risks involved in operations and the advice of its insurance brokers.

The Company has the following main insurance policy taken with a third party effective from April 2022 to April 2023:

Insured risks	Insured amount	Deductible
Fire / disposal / riot / explosion / implosion	R\$250,000	15% losses reimbursable at the minimum amount of R\$270,000.00
Flood	R\$2,000	10% losses reimbursable at the minimum amount of R\$250,000.00
Electrical damages	R\$1,000	10% losses reimbursable at the minimum amount of R\$5,000.00
Loss of profits (P.L. 4 months)	R\$146,000	7 days
Machinery breakdown	R\$2,000	10% losses reimbursable at the minimum amount of R\$25,000.00
Robbery and/or aggravated theft	R\$2,000	10% losses reimbursable at the minimum amount of R\$50,000.00
Windstorm, hurricane, cyclone, aircraft crash, impact	R\$30,000	10% losses reimbursable at the minimum amount of R\$250,000.00
Fire / disposal / riot / explosion / implosion	R\$5,000	Reimbursable losses must be added to the losses of the original coverage for deduction of the respective deductible
Insured assets held by third parties	R\$1,500	10% losses reimbursable at the minimum amount of R\$10,000.00

29. Segment reporting

The segment reporting below is used by the Management of Intelbras to assess the performance of the operating segments and make decisions on the allocation of funds, the gross profit being the measurement used in the performance of its operating segments.

Security

Segment comprised of business lines related to electronic security, such as analog video surveillance equipment (CCTV), IP video surveillance (CCTV IP), alarms and sensors against invasion, alarms and sensors against fire and access control (controls and devices for building, residential and corporate use).

Communication

Segment comprised of business lines related to voice, image and data communication, as well as for network infrastructure. Equipment for corporate network, residential and fiber optic infrastructure, residential and corporate communication systems and related accessories is sold.

Energy

Segment comprised of business lines related to the supply of energy for electric and electronic equipment and consumers in general, in addition to power saving and nobreak devices for houses, companies and buildings. Power supplies, batteries, nobreaks, light sensors, in addition to on-grid and off-grid solar power generators are sold.

The Company's operations are carried out in Brazil and abroad, and there are no customers accounting for more than 10% of the revenue of each segment.

	Consolidated			
	09/30/2022			
	Communication	Security	Energy	Total
Net operating revenue	632,651	1,449,479	932,662	3,014,792
Gross profit	182,867	502,457	171,388	856,712

	Consolidated			
	09/30/2021			
	Communication	Security	Energy	Total
Net operating revenue	691,674	1,157,124	331,589	2,180,387
Gross profit	178,548	398,007	75,438	651,993

The information on assets regularly generated and analyzed by the managers of the respective segments, comprising the following assets: trade receivables, property, plant and equipment and intangible assets, is shown below. Liabilities are comprised of trade payables. This data is regularly analyzed by Management to assess the investments and allocation of funds necessary for each segment. The Company presents the balances comprising the adjustments to the accounting related to accounting standards CPC 47 (IFRS 15) – Revenue from Contracts with Customers and CPC 12 – Present Value Adjustment, and the allocation of the common areas proportionally.

	09/30/2022			
	Communication	Security	Energy	Total
Assets	499,055	681,946	613,420	1,794,421
Liabilities	145,669	413,209	309,029	867,907

	12/31/2021			
	Communication	Security	Energy	Total
Assets	465,248	543,498	173,958	1,182,704
Liabilities	132,974	457,257	280,210	870,441

30. Information on related-party transactions and balances

The Company is mainly engaged in the manufacture, development and sale of electronic security equipment and electronic surveillance and monitoring services, consumer voice and/or data communications devices and equipment, professional voice and/or data communications equipment, services and means, network equipment, data communications infrastructure means and solutions.

1. Transactions and balances between the Company and related parties

	Parent							
	Trade receivables		Trade payables		Loans granted		Other payables/receivables	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Ascent Asia	-	-	(813)	(408)	-	-	-	-
Seventh	32	-	-	-	-	-	-	-
Décio Indústria Metalúrgica	53	15	(76)	(522)	16,861	15,509	-	-
Khomp Indústria e Comércio	20	16	-	(14)	-	-	-	-
Renovigi Energia Solar	11,723	-	-	-	42,077	-	194	-
Zhejiang Dahua Technology	-	-	(223,455)	(263,219)	-	-	-	-
Total	11,828	31	(224,344)	(264,163)	58,938	15,509	194	-

	Consolidated							
	Trade receivables		Trade payables		Loans granted		Other payables/receivables	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Zhejiang Dahua Technology	-	-	(223,455)	(263,219)	-	-	-	-
Total	-	-	(223,455)	(263,219)	-	-	-	-

	Parent			
	Sales revenue		Purchases	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Ascent Asia	-	-	(5,790)	(4,707)
Seventh	16	8	-	-
Décio Indústria Metalúrgica	37	10	(18,386)	(16,549)
Khomp Indústria e Comércio	176	15	(83)	(60)
Renovigi Energia Solar	15,341	-	-	-
Zhejiang Dahua Technology	-	-	(445,301)	(406,892)
Total	15,570	33	(469,560)	(428,208)

	Consolidated			
	Sales revenue		Purchases	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Zhejiang Dahua Technology	-	-	(445,301)	(406,892)
Total	-	-	(445,301)	(406,892)

2. Balances and transactions between investees

	Consolidated			
	Sales revenue		Purchases	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Sales made by the Décio to Khomp	204	-	-	-
Sales made by the Ascent to Dahua	4,311	3,564	-	-
Total	4,515	3,564	-	-

Related-party transactions

Related-party balances refer to transactions under specific conditions agreed upon among the parties; balances in general are adjusted for inflation based on the Selic rate. Finally, the Company understands that related-party transactions have operating characteristics, thus the effects are recorded in operating activities in its statement of cash flows.

As at December 31, 2018, the Company entered into a cooperation agreement ("Cooperation Agreement") with Zhejiang Dahua Technology Co., Ltd., a company comprising the economic group of Dahua Europe B.V. Under the Cooperation Agreement, there is a commitment of acquiring exclusively from supplier Dahua closed circuit television products comprised of electronic surveillance cameras and digital video recorders, subject to the compliance by supplier Dahua with certain conditions, as established in the Cooperation Agreement. Beginning November 2019, supplier Dahua acquired shares representing 10% of the Company's capital.

Collaterals

The Company offers collateral for the borrowings and financing described in note 15, which are granted to the financial institutions and comprise letter of guarantee and property, plant and equipment items. There are no collaterals granted to third parties.

Compensation of key management personnel

Key management personnel includes the members of the Board of Directors and statutory and non-statutory officers, which duties involve the decision-making power and the control over the Company's activities. Compensation of key management personnel totaled R\$41,869 during the nine months ended September 30, 2022 (R\$32,567 as at September 30, 2021). This amount comprises short-term benefits consisting of: (i) management fees paid to the executive board and members of the Board of Directors; (ii) bonus paid to the executive board and (iii) other benefits, such as healthcare plan. The Company does not grant any post-employment and/or severance benefits to its officers and directors, other than those prescribed by the applicable law.

Key management personnel are not entitled to long-term benefits, such as pension plan, share-based compensation plan, etc.

31. Non-cash items

Transactions in the period not affecting the Company's cash flows are as follows:

	Consolidated		Parent	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Items not affecting cash:				
Exchange rate differences on foreign subsidiary	(90)	98	(90)	98
Lease contracts recognized	26,208	9,724	9,316	2,685
Acquisition of property, plant and equipment in installments	5,418	(3,764)	5,418	(3,764)
Acquisition of subsidiary in installments	355,981	15,960	355,981	15,960
Recognition of deferred tax liabilities on investee's acquisition	-	16,591	-	12,444
Put option of noncontrolling interests	-	25,896	-	25,896

32. Events after the reporting period

On October 17, 2022, the Company's Board of Directors approved the 3rd issue of simple, non-convertible, unsecured debentures, in a single series ("Issue" and "Debentures", respectively), in the volume of up to R\$500,000. The Issue shall be comprised of up to 500,000 Debentures, with unit par value of R\$1 on the issue date. Subject to the events of optional offer of total advanced redemption and accelerated maturity, the Debentures will mature within seven years counted from the Issue Date.

The net proceeds from the Restricted Offering will be allocated as follows: (a) 50% to the reimbursement of expenses incurred, under the Company's "Investment Plan from 2020 to 2022" and related to items financed for the expansion of the production capacity, organizational improvements and acquisition of materials; and (b) 50% for the Company's cash strengthening.