Individual and Consolidated Financial Statements

Valid Soluções S.A.

December 31, 2022
with Independent Auditor’s Report

Valid Soluções S.A.

Individual and consolidated financial statements

December 31, 2022

Contents

Centro Empresarial PB 370
Praia de Botafogo, 370
8º ao 10º andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brazil
Phone: +55 21 3263-7000
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on the Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Valid Soluções S.A.
Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of Valid Soluções S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Recoverability of goodwill and deferred tax credits

As disclosed in the notes 10 and 6.b, at December 31, 2022, the Company has significant balances of goodwill and deferred tax assets. These assets are annually tested for impairment to determine whether there are any events or changes in economic, operational or technological circumstances that may indicate they are impaired. The assessment regarding the recoverability of these assets, including, in specific for the goodwill, the definition of Cash-Generating Units (CGU), is highly subjective, as it is based on various assumptions affected by market projections and uncertain economic scenarios.

Due to the significance of their balances, the level of uncertainty and the high degree of judgment inherent to determining the corresponding recoverable amounts, we consider this issue a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) assessing the criteria for defining and identifying the CGUs; (ii) the involvement of specialists to assist us in evaluating the projections prepared by management for the recoverability of these assets; (iii) evaluation of the adequacy and consistency of assumptions used in the estimates and projections of future cash flows and taxable income; comparing them, when available, with data from external sources, such as projected economic growth and cost inflation; (iv) evaluation of the calculation methodology and sensitivity analysis of assumptions; and (v) review of the disclosures made by the Company in the financial statements.

Based on the result of the audit procedures performed on the impairment test of the long-lived assets, which is consistent with management's assessment, we consider that the criteria and assumptions of the recoverable amount adopted by management, as well as the related disclosures are acceptable in the context of the financial statements taken as a whole.

2. Revenue recognition

As disclosed in the note 2.6, the Company recognizes its revenue on an accrual basis at a specific point in time as services are rendered and the control over the goods is transferred to the customer, for an amount that reflects the consideration to which the Company expects to be entitled in exchange for these goods or services. The high transaction volume requires controls and processes that ensure the integrity of the operations.

Due to the significance of amounts involved and the characteristics inherent to the revenue recognition process, including the volume and security of capturing all transactions, including those generated in other jurisdictions, within the accrual period, we consider this item as a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) understanding of the Company's internal processes for measuring and recognizing revenue; (ii) assessment of the systems used in the process with support from technology specialists; (iii) external confirmation procedures on a sampling basis by sending out confirmation letters; (iv) checking, on a sampling basis, of the supporting documentation for the revenue recorded in the year; (v) cut-off test of revenue accrual period, with checking of documentation proving the delivery of the goods and/or rendering of services; (vi) monthly analysis of revenues using aggregated and disaggregated data in order to identify relations or changes contrary to our expectations based on our knowledge of the Company and industry; and (vii) review of the disclosures made by the Company in the financial statements.

Based on the audit procedures performed, which are consistent with management assessment, we believe that Company policies for recognizing revenue from sales of goods and services, as well as their respective disclosure in the financial statements, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2022, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor’s report

Management is responsible for such other information, which comprise the Management Report.

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

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

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

Auditor’s responsibilities for the audit of the individual and consolidated financial statements

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

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

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.

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

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

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

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

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 8, 2023

ERNST & YOUNG
Auditores Independentes S.S.
SP-015199/F

Wilson J. O. Moraes
Accountant CRC 1RJ 107.211/O-1

Valid Soluções S.A.

Statements of financial position
December 31, 2022 and 2021
(In thousands of reais)

		Individual		Consolidated	
	Note	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Assets					
Current assets					
Cash and cash equivalents	4	**234,037**	206,464	**365,161**	390,039
Restricted financial investment	4	**19,621**	45,746	**19,644**	45,797
Trade accounts receivable	5	**181,778**	152,323	**347,115**	428,869
Related-party receivables	14	**19,009**	193,896	**-**	-
Taxes recoverable	6.a	**58,997**	42,122	**96,478**	82,647
Inventories	7	**174,422**	134,235	**344,161**	323,266
Other		**15,342**	4,778	**122,414**	39,321
		703,206	779,564	**1,294,973**	1,309,939
Assets available for sale and discontinued operations	27	**14,949**	8,209	**16,746**	16,746
Noncurrent assets					
Marketable securities	4	**11,940**	8,573	**11,940**	8,573
Restricted financial investment	4	**128,423**	123,891	**128,423**	123,891
Trade accounts receivable	5	**3,818**	5,603	**3,818**	5,603
Related-party receivables	14	**88,192**	171,447	**2,138**	1,722
Taxes recoverable	6.a	**83,892**	52,198	**83,892**	81,624
Judicial deposits	8	**19,132**	40,483	**19,365**	41,204
Deferred income and social contribution taxes	6.b	**22,006**	41,308	**103,855**	115,533
Investments	9	**789,678**	900,020	**62,122**	62,369
Property, plant and equipment	11	**209,832**	190,514	**262,562**	431,254
Intangible assets	10	**39,666**	40,532	**666,246**	894,848
Other		**4,516**	880	**7,271**	4,477
		1,401,095	1,575,449	**1,351,632**	1,771,098
Total assets		**2,119,250**	2,363,222	**2,663,351**	**3,097,783**

		Individual		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Liabilities and equity					
Current liabilities					
Trade accounts payable		**70,105**	65,355	**180,597**	193,468
Obligations arising from purchase of goods and services		**5,364**	9,544	**5,364**	9,593
Related-party payables	14	**6,974**	3,260	**150**	250
Loans, financing, debentures and leases payable	12	**174,343**	323,805	**281,801**	446,267
Payroll, accruals and social charges payable		**59,383**	45,566	**96,814**	92,804
Taxes, charges and contributions payable	6.c	**27,511**	10,368	**55,749**	29,335
Dividends and interest on equity payable	15.d	**21,012**	23,156	**21,012**	23,156
Advances from customers and other accounts payable		**4,863**	3,877	**60,729**	59,435
		369,555	484,931	**702,216**	854,308
Noncurrent liabilities					
Related-party payables	14	**2,134**	3,160	**2,164**	3,190
Loans, financing, debentures and leases payable	12	**448,095**	572,624	**585,354**	820,355
Provisions for litigation and legal proceedings	13	**56,403**	37,410	**66,130**	45,548
Taxes, charges and contributions payable	6.c	**1,352**	451	**1,352**	1,245
Deferred income and social contribution taxes	6.b	**-**	-	**9,585**	38,337
Other accounts payable		**6,344**	5,842	**23,875**	28,274
		514,328	619,487	**688,460**	936,949
Equity					
Capital	15.a	**1,022,370**	1,003,527	**1,022,370**	1,003,527
Capital reserves	15.b	**24,640**	20,967	**24,640**	20,967
Treasury shares	15.b	**(25,666)**	(31,804)	**(25,666)**	(31,804)
Income reserves	15.c	**38,713**	45,774	**38,713**	45,774
Cumulative translation adjustments	15.e	**175,310**	220,340	**175,310**	220,340
		1,235,367	1,258,804	**1,235,367**	1,258,804
Noncontrolling interests	15.f		-	**37,308**	47,722
		1,235,367	1,258,804	**1,272,675**	1,306,526
Total liabilities and equity		**2,119,250**	2,363,222	**2,663,351**	3,097,783

See accompanying notes.

Valid Soluções S.A.

Statements of profit or loss
December 31, 2022 and 2021
(In thousands of reais, unless otherwise stated)

	Note	Individual		Consolidated	
		12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
			(Restated)		(Restated)
Sales revenue, net	17	**935,194**	847,569	**1,879,437**	1,616,413
Cost of sales and/or services	18	**(674,575)**	(639,391)	**(1,209,810)**	(1,125,016)
Gross profit		**260,619**	208,178	**669,627**	491,397
Selling expenses	18	**(60,677)**	(44,207)	**(176,100)**	(174,808)
General and administrative expenses	18	**(34,593)**	(43,706)	**(115,703)**	(88,378)
Other operating income (expenses), net	20	**(29,184)**	(49,657)	**(71,727)**	(60,221)
Equity pickup	9	**85,662**	56,616	**(3,446)**	(2,628)
Income before finance income (costs)		**221,827**	127,224	**302,651**	165,362
Finance income	19	**125,524**	79,054	**220,262**	161,804
Finance costs	19	**(255,190)**	(123,027)	**(406,839)**	(230,059)
Income before income taxes on continuing operations		**92,161**	83,251	**116,074**	97,107
Income and social contribution taxes	6.d	**14,173**	6,011	**(18,716)**	(9,615)
Income for the year from continuing operations		**106,334**	89,262	**97,358**	87,492
Discontinued operations					
Loss for the year from discontinued operations		**(81,855)**	(29,575)	**(81,855)**	(29,575)
Net income for the year		**24,479**	59,687	**15,503**	57,917
Income attributable to controlling interests		**24,479**	59,687	**24,479**	59,687
Income attributable to noncontrolling interests	15.f	**-**	-	**(8,976)**	(1,770)
Basic and diluted earnings per share, attributable to controlling interests (in reais) in continuing operations	16	**1.33559**	1.14165	**1.33559**	1.14165
Basic and diluted earnings per share, attributable to controlling interests (in reais) in discontinued operations	16	**(1.02812)**	(0.37826)	**(1.02812)**	(0.37826)

See accompanying notes.

Valid Soluções S.A.

Statements of comprehensive income
December 31, 2022 and 2021
(In thousands of reais)

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net income for the year	**24,479**	59,687	**15,503**	57,917
Other comprehensive income				
Items that may be subsequently reclassified				
Exchange effects on the translation of investments abroad	**(46,656)**	54,956	**(47,630)**	55,893
Hedge of net investment in a foreign operation	**1,626**	(8,118)	**1,626**	(8,118)
Total comprehensive income (loss) for the year	**(20,551)**	106,525	**(30,501)**	105,692
Comprehensive income attributable to:				
Income attributable to controlling interests	**(20,551)**	106,525	**(20,551)**	106,525
Income attributable to noncontrolling interests	**-**	-	**(9,950)**	(833)

See accompanying notes.

Valid Soluções S.A.

Statements of changes in equity
December 31, 2022 and 2021
(In thousands of reais)

	Note	Capital	Stock option recognized	Capital transactions	Treasury shares	Legal reserve	Investment reserve	Cumulative translation adjustment	Retained earnings	Total equity - controlling interests	Noncontrolling interests	Total equity
Balances at: 12/31/2021		**1,003,527**	**21,686**	**(719)**	**(31,804)**	**2,984**	**42,790**	**220,340**	**-**	**1,258,804**	**47,722**	**1,306,526**
Capital increase	15.a	**18,843**	**-**	**-**		**-**	**-**	**-**		**18,843**	**-**	**18,843**
Treasury shares	15.b	**-**		**-**	**(19,377)**	**-**	**-**	**-**	**-**	**(19,377)**	**-**	**(19,377)**
Exchange effects on investments abroad	15.e	**-**	**-**	**-**	**-**	**-**	**-**	**(45,030)**	**-**	**(45,030)**	**(974)**	**(46,004)**
Recognized options granted	15.b	**-**	**3,673**	**-**	**-**	**-**	**-**	**-**	**-**	**3,673**	**-**	**3,673**
Treasury shares (cancellation of 2,000,000 shares)	15.b	**-**	**-**	**-**	**25,515**	**-**	**(25,515)**	**-**	**-**	**-**	**-**	**-**
Net income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,479**	**24,479**	**(8,976)**	**15,503**
Recognition of legal reserve	15.c	**-**	**-**	**-**	**-**	**1,224**	**-**	**-**	**(1,224)**	**-**	**-**	**-**
Recognition of investment reserve	15.c	**-**	**-**	**-**	**-**	**-**	**2,255**	**-**	**(2,255)**	**-**	**-**	**-**
Dividends paid to noncontrolling shareholders	15.f	**-**	**-**	**-**	**-**	**-**	**(30)**	**-**	**-**	**(30)**	**(464)**	**(494)**
Allocation for payment of interest on equity (IOE)	15.d	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,000)**	**(21,000)**	**-**	**(21,000)**
Adjustments for inflation to foreign subsidiary	15.c	**-**	**-**	**-**	**-**	**-**	**13,601**	**-**	**-**	**13,601**	**-**	**13,601**
Subsidiary reserve		**-**	**-**	**-**	**-**	**-**	**1,404**	**-**	**-**	**1,404**	**-**	**1,404**
Balances at 12/31/2022		**1,022,370**	**25,359**	**(719)**	**(25,666)**	**4,208**	**34,505**	**175,310**	**-**	**1,235,367**	**37,308**	**1,272,675**

	Note	Capital	Stock option recognized	Capital transactions	Treasury shares	Legal reserve	Investment reserve	Cumulative translation adjustment	Retained earnings (accumulated losses)	Total equity - controlling interests	Noncontrolling interests	Total equity
Balances at 12/31/2020		904,508	12,517	-	(24,808)	58,983	140,631	173,502	(202,455)	1,062,878	49,778	1,112,656
Capital increase	15.a	99,019	-	-	-	-	-	-	-	99,019	2,200	101,219
Treasury shares	15.b	-	-	-	(6,996)	-	-	-	-	(6,996)	-	(6,996)
Exchange effects on investments abroad	15.e	-	-	-	-	-	-	54,956	-	54,956	937	55,893
Hedge of net investment in a foreign operation	15.e	-	-	-	-	-	-	(8,118)	-	(8,118)	-	(8,118)
Recognized options granted	15.b	-	9,169	-	-	-	-	-	-	9,169	-	9,169
Net income for the year	15.c	-	-	-	-	-	-	-	59,687	59,687	(1,770)	57,917
Recognition of legal reserve						2,984	-	-	(2,984)	-	-	
Adjustments for inflation to foreign subsidiary	15.c	-	-	-	-	-	8,571	-	-	8,571	-	8,571
Absorption of accumulated losses	15.c	-	-	-	-	(58,983)	(143,472)	-	202,455	-	-	-
Dividends paid to noncontrolling shareholders	15.f	-	-	-	-	-	-	-	-	-	(2,018)	(2,018)
Acquisition of noncontrolling interests	9	-	-	(719)	-	-	-	-	-	(719)	(1,381)	(2,100)
Recognition of investment reserve	15.c	-	-	-	-	-	33,558	-	(33,558)	-	-	-
Allocation for payment of interest on equity (IOE)	15.d	-	-	-	-	-	-	-	(23,145)	(23,145)	-	(23,145)
Subsidiary reserve		-	-	-	-	-	3,502	-	-	3,502	(24)	3,478
Balances at 12/31/2021		**1,003,527**	**21,686**	**(719)**	**(31,804)**	**2,984**	**42,790**	**220,340**	**-**	**1,258,804**	**47,722**	**1,306,526**

See accompanying notes.

Valid Soluções S.A.

Statements of cash flows
December 31, 2022 and 2021
(In thousands of reais)

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income before income taxes on continuing operations	92,161	83,251	116,074	97,107
Loss before income taxes on discontinued operations	(81,855)	(29,575)	(81,855)	(29,575)
Income before income and social contribution taxes	**10,306**	53,676	**34,219**	67,532
Adjustments to reconcile P&L to cash flows from operating activities				
Depreciation	**36,920**	30,429	**75,811**	87,393
Write-off of assets	**4,421**	7,659	**12,657**	11,852
Amortization	**11,394**	7,892	**68,462**	65,773
Impairment and income from disposal of USA operation	**-**	-	**118,069**	-
Fair value of fund Criatec III	**(847)**	(1,220)	**(1,501)**	(1,220)
Restatement of judicial deposits	**(1,243)**	(687)	**(1,295)**	(766)
Recognized options granted	**3,673**	9,169	**3,673**	9,169
Provisions for litigation and legal proceedings	**20,987**	28,152	**24,207**	31,143
Reversal of property, plant and equipment obsolescence	**-**	(396)	**-**	(396)
Allowance for expected credit losses	**(493)**	341	**(18,289)**	12,666
Provision for impairment	**15,342**	4,442	**24,832**	8,884
Restructuring of plants	**522**	12,904	**522**	(1,500)
Provision for inventory obsolescence	**-**	(2,598)	**(461)**	(1,619)
Equity pickup	**(3,807)**	(27,041)	**3,446**	2,628
Interest expenses on debentures, loans and financing	**139,106**	63,722	**152,440**	85,020
Foreign exchange difference on loans	**-**	-	**964**	1,328
Interest, write-offs and foreign exchange difference on leases	**761**	(1,487)	**4,160**	4,398
Interest and exchange differences on intercompany loans	**26,352**	(7,655)	**41,938**	2,473
Credits and financial adjustments of PIS and COFINS on ICMS	**(5,625)**	(18,668)	**(7,353)**	(47,070)
Other foreign exchange differences	**(1,699)**	1,540	**33,829**	(1,019)
Changes in assets and liabilities				
Trade accounts receivable	**(13,993)**	(11,709)	**(61,895)**	(27,585)
Taxes recoverable	**9,750**	(18,785)	**(20,743)**	(23,057)
Inventories	**(37,962)**	(26,166)	**(191,948)**	(46,711)
Judicial deposits	**22,810**	(19,207)	**22,381**	(19,272)
Other accounts receivable	**(2,506)**	(1,022)	**249,194**	10,601
Related-party receivables	**(8,139)**	(3,170)	**(416)**	(197)
Trade accounts payable	**(5,014)**	(9,270)	**2,418**	(16,135)
Related-party payables	**(14,019)**	(5,732)	**(1,126)**	(432)
Payroll, accruals and social charges payable	**12,487**	22,117	**6,783**	39,128
Taxes, charges and contributions payable	**(1,273)**	7,174	**16,188**	(12,483)
Advances from customers and other accounts payable	**(4,542)**	(5,692)	**(22,270)**	(13,062)
Payment of labor, civil and tax contingencies	**(2,449)**	(3,897)	**(3,189)**	(4,349)
Payment of income and social contribution taxes (IRPJ and CSLL)	**(252)**	(8,115)	**(21,474)**	(22,141)
Cash from operating activities	**210,968**	76,700	**544,233**	200,974
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(52,388)**	(28,631)	**(62,369)**	(58,272)
Acquisition of intangible assets	**(11,078)**	(15,059)	**(28,475)**	(53,608)
Capital increase in subsidiaries	**(395)**	(5,340)	**-**	-
Marketable securities	**(2,520)**	(1,731)	**(1,866)**	(1,731)
Restricted financial investment	**21,593**	(112,524)	**21,621**	(112,525)
Acquisition of equity interest	**(12,000)**	-	**(12,000)**	-
Merger of subsidiaries	**17,809**	-	**-**	-
Acquisition of noncontrolling interests	**-**	(2,100)	**-**	(2,100)
Cash flows used in investing activities	**(38,979)**	(165,385)	**(83,089)**	(228,236)
Cash flows from financing activities				
Related-party receivables	**297,185**	(350,628)	**-**	-
Dividends paid to noncontrolling shareholders	**-**	-	**(464)**	(2,018)
Interest on equity paid	**(23,144)**	-	**(23,144)**	-
Treasury shares	**(19,377)**	(6,996)	**(19,377)**	(6,996)
Issue of shares in the Parent Company, net of transaction costs	**18,843**	99,019	**18,843**	99,019
Payment of leases	**(6,653)**	(4,196)	**(18,432)**	(25,116)
Payment of interest on leases	**-**	-	**(3,993)**	(5,366)
Debentures taken out	**245,780**	522,389	**245,780**	522,389
Payment of debentures	**(620,700)**	(90,000)	**(620,700)**	(90,000)
Payment of interest on debentures	**(105,476)**	(32,597)	**(105,476)**	(32,597)
Repayment of financing	**-**	-	**(11)**	(135)
Loans raised	**216,332**	99,078	**415,146**	133,035
Repayment of loans	**(113,146)**	(236,992)	**(327,788)**	(629,589)
Payment of interest on loans	**(34,060)**	(20,525)	**(46,372)**	(47,217)
Cash used in financing activities	**(144,416)**	(21,448)	**(485,988)**	(84,591)
Increase (decrease) in cash and cash equivalents	**27,573**	(110,133)	**(24,844)**	(111,853)
Cash and cash equivalents at beginning of year	**206,464**	316,597	**390,039**	486,536
Effect of exchange rate differences on the balance of cash and cash equivalents	**-**	-	**(34)**	15,356
Cash and cash equivalents at end of year	**234,037**	206,464	**365,161**	390,039
Decrease in cash and cash equivalents	**27,573**	(110,133)	**(24,844)**	(111,853)

See accompanying notes.

Valid Soluções S.A.

Statements of value added
December 31, 2022 and 2021
(In thousands of reais)

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
		(Restated)		(Restated)
Revenues	**1,073,632**	969,917	**2,387,221**	1,782,660
Sales of services and goods, net of returns	**1,066,232**	968,600	**2,037,725**	1,755,601
Other revenues	**6,907**	1,658	**331,207**	39,579
Allowance for expected credit losses	**493**	(341)	**18,289**	(12,520)
Bought-in inputs	**(492,013)**	(473,994)	**(1,396,980)**	(928,701)
Cost of sales and services	**(429,308)**	(400,007)	**(793,608)**	(721,421)
Materials, power, services from suppliers and other	**(62,705)**	(73,987)	**(603,272)**	(207,280)
Gross value added	**581,619**	495,923	**990,241**	853,959
Depreciation and amortization	**(48,314)**	(38,321)	**(119,326)**	(107,433)
Net value added produced by the Company	**533,305**	457,602	**870,915**	746,526
Value added received in transfer	**129,331**	106,095	**216,816**	159,176
Equity pickup	**3,807**	27,041	**(3,446)**	(2,628)
Finance income	**125,524**	79,054	**220,262**	161,804
Total value added to be distributed	**662,636**	563,697	**1,087,731**	905,702
Personnel and charges (except INSS)	**232,940**	228,556	**420,033**	396,372
Direct compensation	**189,128**	173,100	**357,630**	322,649
Benefits	**32,812**	36,933	**47,417**	51,362
Unemployment Compensation Fund (FGTS)	**11,000**	18,523	**14,986**	22,361
Taxes, charges and contributions	**135,652**	139,908	**227,609**	205,897
Federal taxes	**99,697**	112,137	**181,757**	170,829
State taxes	**8,675**	1,924	**10,803**	2,684
Local taxes	**27,280**	25,847	**35,049**	32,384
Debt remuneration	**269,565**	135,546	**424,586**	245,516
Interest	**255,190**	123,027	**406,839**	230,059
Rent	**14,375**	12,519	**17,747**	15,457
Equity remuneration	**24,479**	59,687	**15,503**	57,917
Retained profits from continuing operations	**106,334**	59,687	**106,334**	59,687
Retained profits (loss) from discontinued operations	**(81,855)**	-	**(81,855)**	-
Noncontrolling interests in retained profits (loss)	**-**	-	**(8,976)**	(1,770)
Value added distributed	**662,636**	563,697	**1,087,731**	905,702

See accompanying notes.

1. Operations

Valid Soluções S.A. (“Valid”, “Parent Company” or “Company”), headquartered at Laura Maiello Kook, n° 511, Ipanema das Pedras, Sorocaba, São Paulo State, has been operating in Brazil since 1993, when American Banknote Corporation acquired the Brazilian subsidiary of Thomas de La Rue, a company engaged in providing security printing services, which operated in the Brazilian market for almost 50 years.

The Company is primarily engaged in the production and rendering of services to the security market, in the identification, management and protection of physical or digital data.

Created in 1957, Valid incorporates trust and security in the identification of people, objects and transactions, since the beginning of its operations. The permanence in the market gave the brand a special credibility for the development of secure and integrated solutions, an evolution that crossed the century and motivates it to continue meeting the challenges of a digital society over the next decades. Valid is one of the most important technology players in the issue of driver’s licenses, civil identities, digital certificates, in addition to bank and virtual cards in the most diverse sectors of the economy, such as government, banks, telecommunications, education, health, entertainment and retail.

The Company serves customers in both the private and public sectors, offering anti-fraud products and services, as well as processes and technologies that hinder forgery. Valid’s major customers are state governments and government agencies, large financial institutions, telecommunications companies, retailers, agriculture cooperatives and self-employed professionals. The portfolio of solutions offered includes credit and debit cards, driver’s licenses, security prints, ID cards, as well as the processing and issue of documents with security prints and fraud prevention, document logistics, printing product supply management services, smart cards, traceable stamps, contactless cards, digital certificates, checks, bank statements, biometric identification systems, administrative modernization systems, internet banking applications, subscription management systems for mobile service providers, intelligent storage systems, traceability services using RFID technology and public utility bills.

The Company and its subsidiaries (collectively referred to as the “Group”) are the companies domiciled in Brazil, the United States, Spain, Denmark, Republic of Mauritius, Singapore, Panama, South Africa, Nigeria, United Arab Emirates, India, Indonesia, Argentina, Mexico, Uruguay, Colombia, China, Taiwan and Ireland, as detailed in Note 2.3.

The Company shares are traded on B3 under ticker symbol “VLID3” and has been listed since June 12, 2016 in the new governance listing segment named Novo Mercado (New Market).

2. Basis of preparation

2.1. Statement of compliance

The individual and consolidated financial statements have been prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the rules set forth by the Brazilian SEC (CVM) and the accounting pronouncements issued by Brazil's FASB (CPC), which are in line with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Additionally, the Company considered the accounting guidance OCPC 07 issued by CPC in November 2014 in preparing its financial statements. Accordingly, significant information inherent in the financial statements, and only such information, is being disclosed and corresponds to that used by management to manage the Company's activities.

The individual and consolidated financial statements were approved and authorized for publication by the Board of Directors on March 8, 2023.

2.2. Basis of measurement

The individual and consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through profit or loss and the financial statements of Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A. ("Valid Argentina"), which were prepared under the requirements of "IAS 29 - Financial Reporting in Hyperinflationary Economies.

2.3. Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiaries as at December 31, 2022. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(In thousands of reais, unless otherwise stated)

The percentage of equity interest held at the reporting dates is as follows:

		(%) Equity interest			
		12/31/2022		12/31/2021	
Subsidiaries	Denomination	Direct	Indirect	Direct	Indirect
1. Valid Participações Ltda. (1)	Valid Par	**-**	**-**	100	-
2. Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A.	Valid Argentina	**100**	**-**	98.3	1.7
3. Interprint Ltda. (1)	Interprint	**-**	**-**	100	-
3.1. Valid Certificadora Digital Ltda.	Valid Certificadora	**100**	**-**	-	100
3.2. Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A.	Valid Uruguay	**100**	**-**	-	100
3.3. Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A. de C.V.	Valid Mexico	**100**	**-**	-	100
3.4. Valid Link Sol em Rastreabilidade S.A.	Valid Link	**100**	**-**	-	100
3.4.1. Agrotopus Suporte e Serviços em Tecnologia da Informação Ltda. (2)	Agrotopus	**100**	**-**	-	100
3.5. Guaratinguetá Consórcio Rotativo	Guaratinguetá Consórcio	**100**	**-**	50	50
4. Valid Soluções e Serviços de Segurança em Meios de Pagamento e Identificação	Valid Sucursal	**100**	**-**	100	-
5. Blu Pay Tecnologia de dados Ltda.	BluPay	**100**	**-**	100	-
6. Serbet - Sistema de Estacionamento Veicular do Brasil Ltda.	Serbet	**50% + 1 unit of interest**	**-**	50% + 1 unit of interest	-
7. Alpdex Processamento de Dados Ltda.(3)	Alpdex	**-**	**-**	50% +1 unit of interest	-
8. Mitra - Acesso em Rede e Tecnologia da Informação Municipal Ltda.	Mitra	**51**	**-**	51	-
9. Valid Hub Consultoria em Tecnologia e Tratamento de Dados S.A.	Valid Hub	**60**	**-**	60	-
10. Valid Soluciones Tecnológicas	Valid Spain	**100**	**-**	100	-
10.1. Valid USA, Inc. (4)	Valid USA	**-**	**100**	-	100
10.1.1. Valid Identity Solutions, LLC	Valid ID	**-**	**100**	-	100
10.1.2. Valid Secure Packaging, Inc.	VSP	**-**	**-**	-	100
10.1.3. Marketing *Software* Company, LLC (5)	MSC	**-**	**100**	-	100
10.2. Valid A/S	Valid A/S	**-**	**100**	-	100
10.2.1. Valid Logistics Limited	Valid Logistics	**-**	**100**	-	100
10.2.2. Valid Holding Denmark Aps	Valid Holding	**-**	**100**	-	100
10.2.2.1. Valid Panamá Inc.	Valid Panama	**-**	**100**	-	100
10.2.2.2. Valid South Africa (Pty) Ltd.	Valid South Africa	**-**	**70**	-	70
10.2.2.3. Valid Africa Ltd.	Valid Africa	**-**	**100**	-	100
10.2.2.4. Valid Middle East FZE	Valid Middle East	**-**	**100**	-	100
10.2.2.5. Valid Technologies India Pvt. Ltd.	Valid Technologies Índia	**-**	**99.9**	-	99.9
10.2.2.6. Valid Asia Pte Ltd	Valid Singapore	**-**	**100**	-	100
10.2.2.7. PT Valid Technologies Indonesia	Valid Indonesia	**-**	**99**	-	99
10.2.2.8. Valid Card Manufacturing Taiwan Ltd.	Valid Taiwan	**-**	**100**	-	100
10.2.3. Logos Smart Card A/S	Logos Denmark	**-**	**100**	-	100
10.2.4. PT Valid Technologies Indonesia	Valid Indonesia	**-**	**1**	-	1
10.2.5. Valid Technologies India Pvt. Ltd.	Valid Technologies Índia	**-**	**0.1**	-	0.1
10.3. Valid Technologies (Beijing) Co, Ltd.	Valid Beijing	**-**	**100**	-	100
10.4. Valid Card Nigeria Limited	Valid Nigeria	**-**	**70**	-	70

(1) Merged into parent in December 2022.
(2) Merged into Valid Link in April 2022.
(3) Merged into Serbet in June 2022.
(4) The Identification and Means of Payment activities of this subsidiary were disposed of in December 2022. See Note 26 for further details.
(5) USA Data operation was disposed of on September 30, 2022. See Note 26 for further details.

Specifically, the Company controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- Ability to use its power over the investee to affect the amount of its returns.

Usually, it is assumed that the majority of voting rights results in control. In order to support this assumption and when the Company has less that the majority of voting rights of an investee, the Company considers all relevant facts and circumstances in evaluating whether it has power in relation to an investee, including:

- The contractual arrangement between the investor and the other vote holders;
- Rights arising from other contractual arrangements; and
- The voting rights and potential voting rights of the Group (investor).

The Company assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the aforementioned three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements as from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income is attributed to the Company’s controlling and noncontrolling interests, even if this results in loss to noncontrolling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company’s accounting policies. All intra-group assets, liabilities, profit or loss, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the equity interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Company loses control exercised over a subsidiary, the corresponding assets (including any goodwill) and the subsidiary’s liabilities are written off at their carrying amount on the date the control is lost, and the carrying amount of any noncontrolling interests is written off on the date that control is lost (including any other comprehensive income components attributed to them). Any resulting gains or losses are recorded in profit or loss. Any investment retained is recognized at fair value on the date it loses control.

Entity with significant influence

At December 31, 2022, subsidiary Valid Soluciones Tecnológicas holds 6.22% and 20% of the shares of Cubic Telecom (“Cubic”) and Beautiful Card Technology (“BCT”), respectively, and the Parent holds 10% of VSoft Tecnologia Participações S.A. (“Vsoft”) and Via Soft Soluções Tecnológicas S.A. (“Via Soft”), respectively, on which it has significant influence. They are measured using the equity method.

2.4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer must measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in fair value of contingent consideration regarded as an asset or a liability will be recognized in accordance with the Financial Instruments, equivalent to IFRS 9, in the statement of profit or loss.

Goodwill is initially measured as the excess of the consideration transferred in relation to net assets acquired (net identifiable assets acquired and liabilities assumed). Consideration transferred, where lower than the fair value of the net assets acquired, is recognized as a gain in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the cost of the operation when determining the gain or loss on disposal. Goodwill disposed of on this operation is calculated based on the relative values of the portion disposed of in relation to the cash-generating unit maintained.

CGUs to which goodwill was allocated are tested for impairment annually, or more frequently when there is an indication that a unit may be impaired. If the recoverable amount of the CGU is lower than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill associated with the unit and subsequently to the other assets of this unit, in proportion to the carrying amount of each asset. Any goodwill impairment loss is recognized directly in profit or loss for the year. Impairment loss is not reversed in subsequent periods.

2.5. Functional and presentation currencies

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the functional currency of the Company, and have been rounded to the nearest thousand, unless otherwise stated. The Company and its subsidiaries determine their own functional currency, and for those entities whose functional currencies are other than the Brazilian real, the financial statements are translated into the Brazilian real: assets and liabilities are translated at the closing exchange rate effective at the reporting date, and profit or loss at the average rate for the period, in accordance with CPC 02 (R2) - The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements, equivalent to IAS 21 - The Effects of Changes in Foreign Exchange Rates.

a) <u>Transactions and balances</u>

Foreign currency transactions are initially recorded at the exchange rate of the functional currency effective at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date.

All differences are recognized in the statement of profit or loss, except for monetary items that are designated as part of the of a net investment. These differences are recorded directly in other comprehensive income until the net investment is disposed of, when the referred to differences are recognized in the statement of profit or loss. Tax charges and effects attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the transaction date. Nonmonetary items that are measured at fair value in foreign currency are translated using the exchange rates at the dates when the fair value was determined. The gain or loss arising from translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss for the year are also recognized in other comprehensive income or profit or loss for the year, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines transaction date for each payment or receipt of advance consideration.

Functional currencies of the Company and its subsidiaries are as follows:

Companies	Functional currency
Valid	Brazilian real
Valid Participações	Brazilian real
BluPay	Brazilian real
Serbet	Brazilian real
Mitra	Brazilian real
Valid Hub	Brazilian real
Valid Argentina	Argentine peso
Interprint	Brazilian real
Valid Certificadora	Brazilian real
Valid Link	Brazilian real
Guaratinguetá Consórcio	Brazilian real
Valid Uruguay	Uruguayan peso
Valid Mexico	Mexican peso
Valid Sucursal	Colombian peso
Valid Spain	Euro
Valid USA	US dollar
Valid ID	US dollar
MSC	US dollar
Valid A/S (1)	US dollar
Valid Beijing	US dollar
Valid Nigeria	US dollar

(1) The functional currency of each Valid A/S subsidiary is determined based on its individual transactions. However, the functional currency US dollar is the most significant for Valid A/S and its subsidiaries.

Assets and liabilities of foreign subsidiaries are translated into Brazilian reais at the closing exchange rate prevailing at the respective reporting date, and their statements of profit or loss are translated at the exchange rates prevailing at the transaction dates, as well as the statements of cash flows. The exchange differences arising on such translation are recognized in other comprehensive income. On disposal of a foreign operation, cumulative translation differences relating to this foreign operation, recognized in other comprehensive income, are reclassified to profit or loss.

2.6. Revenue recognition

Revenue from contracts with customers is recognized when control over the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Company's operating segments and the respective considerations about the time of revenue recognition are described below:

Means of payment

Sales revenue from this segment, in relation to products, is recognized when control over the asset is transferred to the customer, usually upon delivery of the cards, while the services are recognized at the moment the service is provided. The regular credit term is 30 to 90 days after delivery.

Identification

This revenue is recognized upon issue of the documents since, once these documents are issued, responsibility and therefore control over their withdrawal is transferred to the requesting party.

Mobile

In this segment, the Company provides services that improve the communication between telephone service providers and their customers, in the development of technologies for use in cell phones - such as recharge and payment - and also in the production of cards intended for telecommunications. SIM Cards are the main product of this business unit. Revenue is recognized upon transfer of responsibility to the customer.

Interest income

Interest income and expenses are recognized in “Finance income (costs)” under the effective interest rate method.

2.7. Taxes

Income and social contribution taxes - current

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to the taxation authorities, using the tax rates that are approved at the end of the reporting year in the countries where the Company operates and generates taxable profit.

Current income and social contribution taxes relating to items recognized directly in equity are recognized in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred taxes</u>

Deferred taxes arise from temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or taxable loss); and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred taxes related to items recognized directly in equity are also recognized in equity, rather than in the statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Company records current tax assets and liabilities at their net amount if, and only if, the referred to entities have a legally enforceable right to make or receive one single net payment and the entities intend to make or receive this net payment or recover the asset and settle the liability simultaneously. The Company records deferred tax assets and liabilities at their net amount if, and only if, the entity has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority: (i) on the same taxable entity; or (ii) on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Sales taxes

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of sales tax included; and
- When the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.8. Financial instruments

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 (CPC 47) - Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are "solely payments of principal and interest" (also referred to as the SPPI test) on the principal amount outstanding. This assessment is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost.
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in P&L when the asset is written off, modified or impaired.

The Company's financial assets at amortized cost include trade accounts receivable, intercompany loans, cash and banks, and other noncurrent financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired to be sold or repurchased in the short term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria used to classify debt instruments at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if this eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control over the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of: (i) the carrying amount of the asset; and (ii) the maximum amount of consideration that the entity could be required to repay (amount of the guarantee).

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral parts of the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are measured initially at fair value and, in the case of a financial liability not at fair value through profit or loss, plus or less transaction costs directly attributable to the issue of the financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria under “IFRS 9 (CPC 48) - Financial Instruments” are satisfied.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans, borrowings and financing are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans, borrowings and financing.

Derecognition

A financial liability is derecognized when the obligation thereunder is extinguished, i.e., when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

<u>Offsetting of financial instruments</u>

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

<u>Hedge accounting</u>

At the inception of a hedging relationship, the Company formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that results from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purposes and effect.

Hedge of a net investment

Hedge of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.9. Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other capital reserves.

2.10. Financial reporting in hyperinflationary economies

In July 2018, the cumulative inflation rate over three years in Argentina exceeded 100%. During the last quarter of 2018, the Argentine peso depreciated sharply against other currencies, and interest rates exceeded 40%. The International Accounting Standards Board (IASB) does not establish when an economy is hyperinflationary. However, IAS 29 - Financial Reporting in Hyperinflationary Economies establishes certain quantitative and qualitative parameters that help determine if an economy is hyperinflationary.

The Company carried out an evaluation of Argentina's current economic scenario including, in its analysis, the evaluation of Argentina's future projections. In this regard, the Company identified that the situation of the indicators presented above is not expected to be reversed in the short term. For that reason, considering the standard clarifications on maintaining the currency's purchasing power, the Company has treated the Argentine peso as a hyperinflationary currency and recorded the transactions in subsidiary Valid Argentina under the requirements of IAS 29 as from the third quarter of 2018.

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy, whether they are based on a historical cost approach or a current cost approach, must be stated in terms of the measuring unit that is current at the reporting position date and translated into Brazilian reais at the spot rate prevailing at the end of the reporting period.

As a result of the foregoing, the Company applied the accounting for hyperinflationary economies for its Argentine subsidiaries, by applying the rules of IAS 29 in preparing its financial statements, as follows:

- The accounting and disclosure standard for hyperinflationary economies was applied as from January 1, 2018 (as per paragraph 4 of IAS 29, the standard should be applied to the financial statements of any entity from the beginning of the period in which the existence of hyperinflation is identified);
- Nonmonetary assets and liabilities recorded at historical cost and equity of subsidiaries in Argentina were restated using an inflation index. The impacts of hyperinflation resulting from changes in general purchasing power up to December 31, 2017 were reported in equity and the impacts of changes in general purchasing power as of January 1, 2018 were reported in the statement of profit or loss in an account specific for hyperinflation adjustment, in finance income (costs). In accordance with paragraph 3 of IAS 29, there is no defined general price index; however, this standard allows for use of judgment in cases in which restatement of the financial statements is required.
- The statement of profit or loss is adjusted at the end of each reporting period by reference to the general price index and is then translated at the exchange rate in force at the end of each reporting period, thus reflecting the cumulative inflation and currency rates for the year in profit or loss.

Monetary restatement of the statement of financial position of subsidiary Valid Argentina generated an impact of R$18,535 in the Company's assets, (R$21,886) in liabilities, and R$3,351 in profit or loss.

2.11. Inventories

Inventories are measured at the lower of cost and net realizable value. The inventory cost is based on the average cost principle and includes the costs incurred in acquiring inventories, production and processing costs, and other costs incurred in bringing them to their existing locations and conditions, where applicable.

In the case of manufactured or in-process inventory, the cost includes a portion of the overhead manufacturing costs based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(In thousands of reais, unless otherwise stated)

2.12. Property, plant and equipment

Property, plant and equipment items of the Company and its subsidiaries are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of property, plant and equipment are replaced, the Company and its subsidiaries recognizes these parts as an individual asset item, with a specific useful life and depreciation. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. The residual value and the estimated useful lives of the assets are reviewed and adjusted prospectively, when applicable, at year end.

Depreciation is calculated on a straight-line basis over the useful life of the asset and at weighted average rates of the years reported, which take into consideration the useful life of these assets, as follows:

	Annual average annual depreciation rate
Buildings	**9.9%**
Machinery and equipment	**8.4%**
Furniture and fixtures	**13.3%**
Vehicles	**20.0%**
EDP equipment	**20.0%**
Leasehold improvements	**12.0%**

A property, plant and equipment item is derecognized on disposal or when no future economic benefit is expected from its use or sale. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss for the year when the asset is derecognized.

2.13. Intangible assets

Finite-lived intangible assets acquired separately are initially recorded at cost and are stated at cost less amortization and accumulated impairment losses. Amortization is recognized using the straight-line method based on the estimated useful life of the assets. The estimated useful life and amortization method are reviewed at each year end, and the effect of any changes in estimates is accounted for prospectively. Indefinite-lived intangible assets acquired separately are recorded at cost, less accumulated impairment losses.

Internally generated intangibles resulting from expenses are recognized if and only if all the conditions set out in IAS 38 (CPC 04) - Intangible Assets are met, based on the expenses incurred as from the date when the intangible asset began met the recognition criteria. Following initial recognition, internally generated intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, as well as intangible assets acquired separately.

In the consolidated financial statements, intangible assets acquired in a business combination and recorded separately from goodwill are recognized at fair value at acquisition date, which is equivalent to cost. Following initial recognition, intangible assets acquired in a business combination are carried at cost less any accumulated amortization and accumulated impairment losses.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit or loss when the asset is derecognized.

2.14. Impairment of nonfinancial assets

At year end, the Company and its subsidiaries review the carrying amount of tangible and intangible assets to identify whether there is any indication that these assets are impaired. If there is such indication, the recoverable amount of the asset is estimated in order to measure this loss amount, if any. When the recoverable amount of an asset may not be estimated on an item-by-item basis, the recoverable amount of the CGU to which the asset belongs is calculated. When a reasonable and consistent allocation base may be identified, the corporate assets are also allocated to the individual CGUs and to the smallest group of CGUs for which a reasonable and consistent allocation base may be identified.

Intangible assets with an indefinite useful life or not yet available for use are subject to impairment testing at least on an annual basis and whenever there is any indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows were not adjusted. If the recoverable amount of an asset or CGU calculated is lower than its carrying amount, the carrying amount of this asset or CGU is reduced to its recoverable amount. Impairment loss is recognized immediately in the statement of profit or loss. Impairment related to goodwill is not reversed. In relation to other assets, impairment loss is reversed only on the condition that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

2.15. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Restructuring provisions

Restructuring provisions are recognized only when the Company has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the main locations and roles, and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan’s main features.

Provisions for tax, civil and labor contingencies

The Company is a party to various legal and administrative proceedings. Provisions for tax, civil and labor contingencies are recognized for all contingencies referring to legal proceedings whose settlement is likely to result in an outflow of economic benefits, and for which a reliable estimate can be made. Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of outside legal advisors. Provisions are constantly reviewed and adjusted to take into consideration changes in circumstances, such as the applicable statute of limitations, tax audit conclusions, or additional exposures that may be identified based on new matters or court decisions.

2.16. Noncurrent assets held for sale

The Company classifies noncurrent assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These noncurrent assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to the terms that are usual and customary for the sale of such assets. The Company's appropriate management hierarchy level is committed to the plan to sell assets and a firm program was implemented to locate a buyer, to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale, except when they are linked to an operation that will be closed and, consequently, carried out through its continuous use.

Assets and liabilities classified as held for sale and/or discontinued operation are presented separately as current items in the statement of financial position. When a set of assets is characterized as a discontinued operation, the results are presented separately in the statements of profit or loss in the current year and in the prior year, as provided for in IFRS 5 (CPC 31) - Noncurrent Assets Held for Sale and Discontinued Operation.

2.17. Trade accounts receivable

Trade accounts receivable correspond to receivables for the sale of goods or rendering of services in the ordinary course of the Company business. If the term of receipt is within one year or another term within the Company's normal operating cycle, accounts receivable are classified in current assets. They are otherwise presented as noncurrent assets.

Trade accounts receivable are initially measured at fair value and subsequently measured at amortized cost using the effective interest method, less credit risk for determining the allowance for expected credit losses. The credit risk used to determine the allowance for expected credit losses is established when there is an objective evidence that the Company will not be able to collect all amounts due. The value of the allowance is the difference between the carrying amount and the recoverable amount.

2.18. Trade accounts payable and Obligations arising from purchase of goods and services

These are obligations payable for goods or services that were acquired from suppliers in the ordinary course of business, classified as current liabilities. Otherwise, trade accounts payable are stated as noncurrent liabilities. They are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest rate method.

The Company entered into contracts with banks to assist its suppliers in factoring transactions. Under these transactions, suppliers transfer their receivables against the Company to top-tier banks, without right of recourse, in order to receive them in advance, subject to the application of a discount. After carrying out the transactions, the banks become the Company's creditors of the notes assigned by the suppliers in the original amount and deadline of the receivables assigned, without any associated financial charge or benefit. Notes payable related to these transactions remain classified under Obligations arising from purchase of goods and services.

2.19. Use of estimates and judgments

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

Estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the year when such estimates are reviewed and in any future years that may be affected. The main areas involving estimates and assumptions that were not addressed in previous notes are described below:

a) Allowance for expected credit losses

This allowance is recognized at an amount deemed sufficient by management to cover losses, if any, on the realization of accounts receivable. Management uses the credit rating on a prospective basis, and taking into consideration the history of losses and an additional individual assessment of the risk exposure of its customers, to measure their exposure and obtain the most adequate risk assessment and, consequently, record the allowance.

b) Useful lives of property, plant and equipment and intangible assets

Management reviews the estimated useful lives of property, plant and equipment and intangible assets on an annual basis, at year-end.

c) Provision for profit sharing

The provision for profit sharing is measured monthly, based on quality and financial performance metrics, as well as the individual objectives of employees, annually established and recalculated at year-end, based on the best estimate of goals achieved, as established in the annual budget.

d) Restructuring provisions

Restructuring provisions are recognized when the Company has a detailed formal restructuring plan and has created a valid expectation to the parties affected that it will carry out the restructuring process by implementing such plan or disclosing the plan’s main features to those affected by the restructuring. Measurement of the restructuring provision includes only restructuring costs, which correspond to the amounts necessarily related to the restructuring and those not associated with the Company’s continuing activities.

3. New accounting pronouncements

3.1. Standards issued but not yet effective

Amendments to IAS 1: Classification of liabilities as current and noncurrent

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, correlated with CPC 26, to specify the requirements for classifying liabilities as current or noncurrent. These amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company does not expect material impacts arising from these amendments.

Amendments to IAS 8: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 (CPC 23), in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

These amendments are not expected to significantly impact the Company's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 (CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgment for the disclosure of accounting policies. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide nonmandatory guidance on the application of the definition of material to accounting policy information, an adoption date for these amendments is not necessary.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is carrying out an impact assessment, however, it does not expect significant impacts arising from the adoption of this standard.

(In thousands of reais, unless otherwise stated)

4. Cash and cash equivalents, marketable securities, and restricted financial investments

	Individual		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Current				
Cash and banks	**8,975**	14,096	**107,153**	160,839
Cash equivalents	**225,062**	192,368	**258,008**	229,200
Total cash and cash equivalents	**234,037**	206,464	**365,161**	**390,039**
Restricted financial investments	**19,621**	45,746	**19,644**	45,797
	253,658	252,210	**384,805**	435,836
Noncurrent				
Marketable securities	**11,940**	8,573	**11,940**	8,573
Restricted financial investments	**128,423**	123,891	**128,423**	123,891
	140,363	132,464	**140,363**	132,464
	394,021	384,674	**525,168**	568,300

Cash equivalents refer to highly liquid financial investments held in top-tier financial institutions, which can be redeemed at any time and are readily convertible into a known cash amount, with insignificant risk of change in value, and comprise, mainly, investments in floating-income Bank Deposit Certificates (CDB) and repurchase agreements backed by debentures, with guaranteed buyback and yield based on Interbank Deposit Certificate (DI) rates. The average yield of cash equivalents and marketable securities was 98.4% p.a. of the CDI for the year ended December 31, 2022 (100.2% p.a. of the CDI for the year ended December 31, 2021).

Marketable securities refer to the investment in Fundo Criatec III Investment Fund ("FIP") aimed at capitalizing micro and small innovative companies. This financial asset is measured and accounted for based on its fair value, and gains or losses resulting from changes in fair value are recorded in profit or loss. Restricted financial investments are guarantees for certain loan and debenture agreements, of which (i) R$45,992 are invested in CDBs, with returns at 102.5% and remunerated at the CDI rate at 101.2%; and (ii) R$102,052 invested in an index investment fund (CDI FICFI), with average return of 12.8% in the last 12 months and related to the 9th issue of debentures and loans. The amounts can be redeemed upon settlement of the loans, and the segregation between short and long term was based on the assessment of the unconditional right to redeem the amounts invested.

(In thousands of reais, unless otherwise stated)

5. Trade accounts receivable

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade accounts receivable	**207,252**	178,474	**423,133**	528,654
Expected losses on accounts receivable	**(21,656)**	(20,548)	**(72,200)**	(94,182)
	185,596	157,926	**350,933**	434,472
Current	**181,778**	152,323	**347,115**	428,869
Noncurrent	**3,818**	5,603	**3,818**	5,603

The aging list of accounts receivable is as follows:

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Falling due	**142,754**	112,093	**240,616**	291,712
Past due				
Within 30 days	**17,051**	23,457	**52,339**	62,607
From 31 to 90 days	**5,923**	3,900	**21,204**	19,129
From 91 to 120 days	**2,584**	844	**2,992**	22,333
From 121 to 180 days	**4,092**	1,568	**25,589**	9,718
From 181 to 365 days	**1,938**	13,362	**3,220**	19,517
Above 365 days	**32,910**	23,250	**77,173**	103,638
Total overdue	**64,498**	66,381	**182,517**	236,942
Total	**207,252**	178,474	**423,133**	528,654

In the year ended December 31, 2022, part of the overdue consolidated balance, amounting to R$111,122, derives from foreign subsidiaries based in Spain, Denmark, Mexico, Colombia and Nigeria (R$130,976 at December 31, 2021) and, therefore, is subject to the appreciation or depreciation of the Brazilian real against the functional currencies of these subsidiaries.

In the year ended December 31, 2022, changes in the balance of the allowance for expected credit losses are as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Opening balance	(20,548)	(20,207)	(94,182)	(78,720)
Additions	**(2,894)**	(16,621)	**(17,038)**	(38,355)
Reversals	**3,387**	16,280	**35,327**	25,689
Write-off in the sale of the Valid USA operation	**-**	-	**394**	-
Translation adjustments	**-**	-	**3,299**	(2,796)
Merger - Interprint	**(1,601)**	-	**-**	-
Closing balance	**(21,656)**	(20,548)	**(72,200)**	(94,182)

(In thousands of reais, unless otherwise stated)

The Company analyzes the balances of overdue receivables individually and uses, as an assumption, the history of receivables from and amounts rescheduled with such customers to hedge against possible risks. In addition, the allowance for expected credit losses is calculated considering qualitative aspects to measure the expected loss for the next 12 months and/or over the useful life of the asset depending on the risk at the reporting date. These aspects take into consideration the history of losses and an additional individual assessment of the credit risk of the Company's customers, as disclosed by the credit rating agencies for each country and/or region in which the Group companies operate. Management uses a publicly-available rating disclosed by credit rating agencies to measure the exposure of its customers in order to obtain the most adequate risk assessment and, consequently, record the allowance, irrespective of whether or not the balances are overdue. Management of the Company and its subsidiaries considers that the amounts accrued are sufficient to cover any losses on realization of receivables.

At December 31, 2022, subsidiary Valid Spain recorded a balance of R$33,009 overdue for more than 90 days (R$38,714 at December 31, 2021), for which an allowance was recorded in the amount of R$33,368 (R$37,264 at December 31, 2021).

6. Taxes

a) Taxes recoverable

	Individual		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Income and social contribution taxes (IRPJ and CSLL) recoverable (1)	**50,869**	32,410	**66,233**	52,236
State VAT (ICMS) recoverable	**2,305**	620	**18,214**	14,772
Federal VAT (IPI) recoverable (2)	**21,675**	36,198	**21,675**	36,757
Federal taxes withheld by customers	**-**	-	**6,341**	4,767
Social Security Tax (INSS) recoverable	**524**	3,761	**655**	3,965
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) recoverable (3)	**57,539**	19,891	**57,845**	49,523
Other	**9,977**	1,440	**9,407**	2,251
	142,889	94,320	**180,370**	164,271
Current	**58,997**	42,122	**96,478**	82,647
Noncurrent	**83,892**	52,198	**83,892**	81,624

(1) These refer mainly to income tax on financial investments and prepaid income and social contribution taxes.

(2) IPI recoverable, classified as noncurrent assets, refers to credits that the Company expects to realize through request for offset with taxation authorities. By December 31, 2022, the Company had concluded the refund request for IPI credits amounting to R$20,120 and is now awaiting a decision from the federal agency.

In 2022, the Company received the refund of part of the credits in the amount of R$28,408, of which R$7,446 related to monetary restatement.

(In thousands of reais, unless otherwise stated)

(3) This refers mainly to the discussion related to ICMS in the PIS and COFINS tax bases, on which Brazil's Federal Supreme Court (STF) handed down a decision favorable to the taxpayer in 2017, with limitation of the effects of the decision in time judged in 2021, confirming the unconstitutionality and defining that the ICMS separately identified in the invoices must not be included in the PIS and COFINS tax bases. Therefore, considering that these credits are now classified as 'virtually certain', management recognized the amount of R$50,603 (R$48,315 as of December 31, 2021), including monetary restatement. As it is not yet possible to estimate the date when the lawsuits will be judged, the amounts were recorded in noncurrent assets.

b) Deferred income and social contribution taxes

The main components of deferred income and social contribution tax assets (liabilities) and related changes are as follows:

	Individual						
	12/31/2020	**Additions (reversal / realization)**	**Addition (reversal) on surplus value**	**12/31/2021**	**Additions (reversal / realization)**	**Merger (1)**	**12/31/2022**
Tax loss	13,434	(5,357)	-	8,077	**(2,596)**	**-**	**5,481**
Commissions payable	1,693	(1,127)	-	566	**66**	**33**	**665**
Attorney's fees	878	191	-	1,069	**672**	**-**	**1,741**
Provisions for contingencies	4,473	8,247	-	12,720	**6,302**	**155**	**19,177**
Allowances for expected credit losses	6,624	116	-	6,740	**(168)**	**153**	**6,725**
Provisions for equipment obsolescence	3,212	(135)	-	3,077	**-**	**460**	**3,537**
Restructuring provisions				-	**2,450**	**-**	**2,450**
Provisions for profit sharing	241	6,550	-	6,791	**4,371**	**144**	**11,306**
Provisions for royalties	612	146	-	758	**37**	**-**	**795**
Recognized options granted	-	1,292	-	1,292	**-**		**1,292**
Impairment	-	1,510	-	1,510	**4,402**	**1,510**	**7,422**
Other temporary additions (exclusions)	5,683	1,570	-	7,253	**(1,486)**	**770**	**6,537**
Tax amortization of deductible goodwill	-	-	-	-	**-**	**(35,290)**	**(35,290)**
Credits and financial adjustments of PIS and COFINS on ICMS	-	(3,203)	-	(3,203)	**-**	**(4,118)**	**(7,321)**
Deferred IRPJ/CSLL on asset revaluation surplus	(5,010)	15	(347)	(5,342)	**2,898**	**(67)**	**(2,511)**
Total deferred taxes	31,840	9,815	(347)	41,308	**16,948**	**(36,250)**	**22,006**

(1) Refers to mergers of subsidiaries, as mentioned in Note 9.

(In thousands of reais, unless otherwise stated)

	Consolidated						
	12/31/2020	Addition (reversal/realization)	Foreign exchange difference/ monetary restatement	12/31/2021	Addition (reversal/realization)	Foreign exchange difference/monetary restatement	12/31/2022
Tax loss	80,875	(3,621)	4,859	82,113	**(2,331)**	**(3,364)**	**76,418**
Commissions payable	2,237	(1,203)	-	1,034	**(13)**	**-**	**1,021**
Transaction cost in business acquisition	2,910	(378)	202	2,734	**(2,530)**	**(204)**	**-**
Finance costs related to loans	1,842	444	(70)	2,216	**2,223**	**(1,025)**	**3,414**
Attorney’s fees	878	191	-	1,069	**672**	**-**	**1,741**
Provisions for contingencies	6,066	8,034	(12)	14,088	**6,235**	**(57)**	**20,266**
Accrued vacation pay	2,546	(48)	186	2,684	**(2,484)**	**(200)**	**-**
Allowances for expected credit losses	10,982	4,171	24	15,177	**(6,411)**	**(6)**	**8,760**
Provisions for equipment obsolescence	5,492	135	81	5,708	**(1,881)**	**(195)**	**3,632**
Provisions for profit sharing	241	7,312	-	7,553	**4,281**	**-**	**11,834**
Provisions for restructuring	1,029	(508)	59	580	**1,333**	**(43)**	**1,870**
Provisions for royalties	612	146	-	758	**1,316**	**-**	**2,074**
Recognized options granted	-	1,292	-	1,292	**-**	**-**	**1,292**
Financial instruments (hedge)	1,850	2,749	(42)	4,557	**(28)**	**(511)**	**4,018**
Impairment	11,272	3,436	847	15,555	**(7,199)**	**(934)**	**7,422**
Other provisions	12,522	5,163	(110)	17,575	**(7,135)**	**(1,045)**	**9,395**
Tax amortization of deductible goodwill	(35,290)	-	-	(35,290)	**-**	**-**	**(35,290)**
PIS and COFINS tax credits on ICMS	-	(7,322)	-	(7,322)	**-**	**-**	**(7,322)**
Accounting vs. tax depreciation difference	(33,799)	(6,426)	(2,510)	(42,735)	**37,502**	**388**	**(4,845)**
Inflation adjustment - Valid Argentina	(3,497)	(1,003)	469	(4,031)	**(594)**	**(1,816)**	**(6,441)**
Deferred IRPJ/CSLL on asset revaluation surplus	(8,261)	1,031	-	(7,230)	**2,241**	**-**	**(4,989)**
Other	(889)	-	-	(889)	**889**	**-**	**-**
Total deferred taxes	59,618	13,595	3,983	77,196	**26,086**	**(9,012)**	**94,270**
Assets	104,465			115,533			**103,855**
Liabilities	(44,847)			(38,337)			**(9,585)**

The presentation in the financial statements considers the offsetting of deferred tax assets and liabilities by the legal entity.

Management expects to realize the deferred tax assets in up to 5 years, based on the approved future taxable income projections.

At December 31, 2022, deferred tax credits on tax losses were not recognized in the approximate amount of R$44,952 (R$43,962 at December 31, 2021), referring to subsidiary Valid USA Inc, since it is not possible to reasonably estimate their realization, as provided for in IAS 12 (CPC 32).

(In thousands of reais, unless otherwise stated)

c) Taxes, charges and contributions payable

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
IRPJ and CSLL payable	-	-	**13,824**	3,156
State VAT (ICMS) payable	**1,077**	1,220	**3,052**	2,969
Service Tax (ISS) payable	**11,307**	3,168	**21,678**	14,947
COFINS payable	**11,559**	1,269	**12,555**	3,073
PIS payable	**2,960**	171	**3,179**	509
INSS withheld from customers	**1,188**	4,514	**1,292**	4,525
Other	**772**	477	**1,521**	1,401
	28,863	10,819	**57,101**	30,580
Total current	**27,511**	10,368	**55,749**	29,335
Total noncurrent	**1,352**	451	**1,352**	1,245

d) Reconciliation between tax expenses and statutory rates

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income (loss) before income taxes from continuing operations	**92,161**	83,251	**116,074**	97,107
IR and CSLL at nominal rate	**34%**	34%	**34%**	34%
IRPJ/CSLL expense (credit) at nominal rate	**31,335**	28,305	**39,465**	33,016
Reconciliation with effective rate:				
Interest on equity	**(7,140)**	(7,869)	**(7,140)**	(7,869)
Recognized options granted	**1,249**	1,493	**1,249**	1,493
Difference in rate for foreign companies and taxation of income abroad	**1,494**	5,008	**(8,205)**	513
Equity pickup - discontinued operations	**(29,125)**	(19,250)	**1,172**	894
Tax incentives and nondeductible expenses	**3,519**	(480)	**5,147**	(802)
Monetary restatement not subject to IRPJ and CSLL (1)	**(6,992)**	(11,202)	**(7,413)**	(16,739)
ICMS matching credit	**(5,351)**	(1,324)	**(5,351)**	(1,324)
Asset revaluation surplus - Serbet	**(1,543)**	-	**(1,543)**	-
Other	**(1,619)**	(692)	**1,335**	433
IRPJ and CSLL expense (credit) charged to profit or loss for the year	**(14,173)**	(6,011)	**18,716**	9,615
Effective rate				
Current IRPJ/CSLL	**(2,775)**	(3,804)	**(44,802)**	(23,210)
Deferred IRPJ/CSLL	**16,948**	9,815	**26,086**	13,595

(1) On September 24, 2021, Brazil's Federal Supreme Court ("STF") judged Appeal No. 1063.187/SC, representative of Topic 962 of the general repercussion thesis, which addresses the levying of IRPJ and CSLL on late payment interest received by the taxpayer in the reimbursement of unduly paid taxes. This judgment accepted, by unanimous vote, the thesis of the unconstitutionality of the levying of IRPJ and CSLL on amounts referring to monetary restatement received due to the reimbursement of unduly paid taxes.

(In thousands of reais, unless otherwise stated)

7. Inventories

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Raw materials	**114,612**	79,773	**171,120**	218,924
Work-in-process	**35,287**	39,734	**41,250**	67,522
Replacement parts and materials	**7,447**	4,532	**7,679**	5,360
Goods for resale	**3,664**	1,195	**104,397**	23,936
Provision for inventory losses	**-**	-	**(3,219)**	(10,239)
Advances to suppliers	**13,412**	9,001	**22,934**	17,763
	174,422	134,235	**344,161**	323,266

8. Judicial deposits

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Judicial deposits - labor	**4,336**	5,032	**4,405**	5,563
Judicial deposits - tax	**2,329**	2,214	**2,329**	2,306
Judicial and civil-related deposits	**12,467**	11,532	**12,631**	11,630
Judicial deposits - criminal	**-**	21,705	**-**	21,705
	19,132	40,483	**19,365**	41,204

The most individually significant amounts are as follows:

- In December 2021, the Brazilian Federal Police launched an operation to investigate alleged irregularities in the bidding process for printing of the tests of the National High School Exam (ENEM) relating to the period from 2010 to 2019, and search and seizure warrants were executed at the Company's plants. As a result of the police investigation linked to this operation, the Company had its assets seized under the preliminary injunction and decision handed down by the 10th Federal Criminal Court, in the total amount of R$21,705 at December 31, 2021. Subsequently, the related judicial deposit amount was replaced by surety bond, and the funds were released to the Company's cash and cash equivalents. This situation was maintained at December 31, 2022. In the third quarter of 2022, the investigated parties provided clarifications. Currently, the hearing of the other investigated parties is awaited. The Company engaged a specialized law firm to monitor the progress of the case until its conclusion.
- On February 8, 2013, the Company made a judicial deposit of R$6,646 related to a civil lawsuit classified as possible loss, filed against Brazil's National Telecommunications Agency (ANATEL), claiming the suspension of the penalty imposed by this Agency against the Company, under an administrative proceeding, for the alleged production of an inductive card with an expired certificate number. At December 31, 2022, the restated judicial deposit amounts to R$12,176 (R$11,245 at December 31, 2021).

(In thousands of reais, unless otherwise stated)

9. Investments

Financial information

At December 31, 2022, the significant financial information of direct and indirect subsidiaries are as follows:

Subsidiaries (1)	Total assets	Total liabilities	Equity	Profit or loss for the year
Valid Par (3)	-	-	-	(27)
Valid Argentina	99,821	74,653	25,168	5,690
Valid Sucursal	67,262	48,363	18,899	2,594
BluPay	2,675	334	2,341	(4,223)
Serbet (2)	20,992	13,594	7,398	(3,869)
Alpdex (2) (3)	-	-	-	94
Valid Hub (2)	5,333	4,255	1,078	(2,030)
Mitra (2)	14,275	6,019	8,256	4,688
Interprint (3)	-	-	-	40,640
Valid Certificadora	43,202	11,979	31,223	4,535
Valid Mexico	34,213	21,427	12,786	1,554
Valid Uruguay	3,482	89	3,393	538
Valid Link	8,915	3,009	5,906	3,536
Guaratinguetá Consórcio	1,658	1,361	297	243
Valid Spain	877,731	402,303	475,428	(40,433)
Valid Beijing	7,429	3,587	3,842	(5,406)
Valid Nigeria (2)	32,767	25,472	7,295	2,591
Valid USA (consolidated)	193,288	54,752	138,536	(58,961)
Valid A/S (consolidated)	329,223	138,222	191,001	38,827

(1) Considers 100% of the subsidiaries' balances, regardless of the equity interest held by the Company in such entities.

(2) The Company does not hold 100% equity interest.

(3) Companies merged in December 2022, as described in Note 2.

(In thousands of reais, unless otherwise stated)

Changes in investments

	Individual											
Investments	**12/31/2021**	**Additions**	**Acquisition of equity interest**	**Write-offs / Impairment**	**Equity pickup**	**Adjustment for inflation - IAS 29 (1)**	**Foreign exchange differences**	**Merger**	**Amortization**	**Subsidiary reserve**	**Income (loss) from discontinued operations**	**12/31/2022**
Subsidiaries												
Valid Spain (3)	553	-	-	-	(27)	-	-	(526)	-	-	-	-
Valid Argentina	19,123	-	-	-	5,588	13,364	(13,346)	440	-	-	-	25,169
Valid Sucursal	21,155	-	-	-	2,594	-	(4,850)	-	-	-	-	18,899
Interprint [3]	195,281	-	-	-	40,640	237	(254)	(235,904)	-	-	-	-
Valid Spain	531,415	-	-	-	41,422	-	(16,958)	-	-	1,404	(81,855)	475,428
BluPay	6,169	395	-	-	(4,223)	-	-	-	-	-	-	2,341
Serbet	8,347	-	-	-	(1,935)	-	-	287	-	-	-	6,699
Alpdex [2]	240	-	-	-	47	-	-	(287)	-	-	-	-
Valid Hub	1,865	-	-	-	(1,218)	-	-	-	-	-	-	647
Mitra	1,820	-	-	-	2,391	-	-	-	-	-	-	4,211
Via Soft	-	-	151	-	54	-	-	-	-	(4)	-	201
V/Soft		-	(10)	-	329	-	-	-	-	(26)	-	293
Valid Certificadora	-	-	-	-	-	-	-	31,223	-		-	31,223
Consórcio Guaratinguetá	-	-	-	-	-	-	-	149	-	-	-	149
Valid Uruguay	-	-	-	-	-	-	-	3,393	-	-	-	3,393
Valid Link	-	-	-	-	-	-	-	5,906	-	-	-	5,906
Valid Mexico		-	-	-	-	-	-	12,786	-		-	12,786
	785,968	395	141	-	85,662	13,601	(35,408)	(182,533)	-	1,374	(81,855)	587,345
Goodwill												
Interprint [3]	-	-	-	-	-	-	-	103,793	-	-	-	103,793
Valid Link	-	-	-	-	-	-	-	2,851	-	-	-	2,851
Valid Argentina	808	-	-	-	-	-	(375)	29	-	-	-	462
Valid Spain	77,768	-	-	-	-	-	(9,247)	-	-	-	-	68,521
BluPay	2,436	-	-	-	-	-	-	-	-	-	-	2,436
Serbet	13,996	-	-	(12,946)	-	-	-	-	-	-	-	1,050
Mitra	7,357	-	-	-	-	-	-	-	-	-	-	7,357
Via Soft and VSoft	-	-	159	-	-	-	-	-	-	-	-	159
Revaluation surplus - technology	10,897	-	4,420	(1,693)	-	-	-	190	(1,688)	-	-	12,126
Revaluation surplus - customer portfolio	790	-	3,578	(703)	-	-	-	-	(87)	-	-	3,578
	114,052	-	8,157	(15,342)	-	-	(9,622)	106,863	(1,775)	-	-	202,333
Total investments	900,020	395	8,298	(15,342)	85,662	13,601	(45,030)	(75,670)	(1,775)	1,374	(81,855)	789,678

(1) Effects arising from the subsidiary in Argentina.

(In thousands of reais, unless otherwise stated)

(2) Merged into Serbet in June 2022, with no changes in the equity interest held.
(3) Merged into the Parent in December 2022, with no changes in the equity interest held.

	Individual									
Investments	12/31/2020	Additions	Acquisition of noncontrolling interests	Equity pickup	Adjustment for inflation - IAS 29	Foreign exchange differences	Subsidiary reserve	Income (loss) from discontinued operations	Amortization	12/31/2021
Subsidiaries										
Valid Par	575	**-**	**-**	**(22)**	**-**	**-**	**-**	**-**	**-**	**553**
Valid Argentina	16,908	**-**	**-**	**(3,934)**	**8,421**	**(2,272)**	**-**	**-**	**-**	**19,123**
Valid Sucursal	15,962	**-**	**-**	**6,876**	**-**	**(1,683)**	**-**	**-**	**-**	**21,155**
Interprint	172,467	**-**	**-**	**22,146**	**150**	**563**	**(45)**	**-**	**-**	**195,281**
Valid Spain	472,124	**-**	**-**	**34,254**	**-**	**51,042**	**3,570**	**(29,575)**	**-**	**531,415**
BluPay	(437)	**9,294**	**(317)**	**(2,371)**	**-**	**-**	**-**	**-**	**-**	**6,169**
Serbet	7,114	**2,200**	**-**	**(944)**	**-**	**-**	**(23)**	**-**	**-**	**8,347**
Alpdex	331	**-**	**-**	**(91)**	**-**	**-**	**-**	**-**	**-**	**240**
Valid Hub	1,527	**-**	**-**	**338**	**-**	**-**	**-**	**-**	**-**	**1,865**
Mitra	1,456	**-**	**-**	**364**	**-**	**-**	**-**	**-**	**-**	**1,820**
Total investments	688,027	**11,494**	**(317)**	**56,616**	**8,571**	**47,650**	**3,502**	**(29,575)**	**-**	**785,968**
Goodwill										
Valid Argentina	919	**-**	**-**	**-**	**-**	**(111)**	**-**	**-**	**-**	**808**
Valid Spain	78,469	**-**	**-**	**-**	**-**	**(701)**	**-**	**-**	**-**	**77,768**
BluPay	1,413	**-**	**1,023**	**-**	**-**	**-**	**-**	**-**	**-**	**2,436**
Serbet	13,996	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,996**
Mitra	7,357	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,357**
Revaluation surplus - technology	11,553	**-**	**1,022**	**-**	**-**	**-**	**-**	**-**	**(1,678)**	**10,897**
Revaluation surplus - customer portfolio	885	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(95)**	**790**
Total goodwill	114,592	**-**	**2,045**	**-**	**-**	**(812)**	**-**	**-**	**(1,773)**	**114,052**
Total	802,619	**11,494**	**1,728**	**56,616**	**8,571**	**46,838**	**3,502**	**(29,575)**	**(1,773)**	**900,020**

(In thousands of reais, unless otherwise stated)

	Consolidated					
Investments	**12/31/2021**	**Equity pickup**	**Foreign exchange differences**	**Subsidiary reserve**	**Acquisition of equity interest**	**12/31/2022**
Associates						
Cubic	8,112	**(2,187)**	**(972)**	**1,404**	**-**	**6,357**
VCMC	1,108	**(1,642)**	**819**	**-**	**-**	**285**
VSoft	-	**329**	**-**	**(26)**	**(10)**	**293**
ViaSoft	-	**54**	**-**	**(4)**	**151**	**201**
Total investments	9,220	**(3,446)**	**(153)**	**1,374**	**141**	**7,136**
Goodwill - Cubic	53,149	**-**	**(6,320)**	**-**	**-**	**46,829**
Goodwill - Via Soft and VSoft	-	**-**	**-**	**-**	**159**	**159**
Revaluation surplus - technology	-	**-**	**-**	**-**	**4,420**	**4,420**
Revaluation surplus - customer portfolio	-	**-**	**-**	**-**	**3,578**	**3,578**
Total	62,369	**(3,446)**	**(6,473)**	**1,374**	**8,298**	**62,122**

	Consolidated				
Investments	**12/31/2020**	**Equity pickup**	**Foreign exchange differences**	**Subsidiary reserve**	**12/31/2021**
Subsidiaries					
Cubic	6,603	**(1,141)**	**(61)**	**2,711**	**8,112**
VCMC	2,641	**(1,487)**	**(46)**	**-**	**1,108**
Total investments	9,244	**(2,628)**	**(107)**	**2,711**	**9,220**
Goodwill - Cubic	53,627	**-**	**(478)**	**-**	**53,149**
Total	62,871	**(2,628)**	**(585)**	**2,711**	**62,369**

Acquisition of equity interest

The Company acquired a 10% equity interest in VSoft and ViaSoft in October 2022. These companies operate in the digital segment, rendering technological services with solutions for (i) process certification and identification of people in the transit market; (i) biometric systems; and (iii) digital identity systems. This investment gives Valid the possibility of complementing its geographic presence in the country and also ensures the expansion of the product and technology portfolio, being able to explore new businesses in a market where Valid already operates, both for the public market, through initiatives together with the State Traffic Departments, and the private market with solutions that allow the certification of processes for driving schools.

(In thousands of reais, unless otherwise stated)

The Company did not acquire control, but it holds significant influence over the investee and, therefore, recognizes this investment as an associate. At the time of acquisition, management evaluated the investee's assets and liabilities to determine the surplus values and goodwill included in the investment, as follows:

Total consideration	**12,000**
Fair value of additional call and put options (1)	**(3,702)**
Adjusted acquisition price	**8,298**
Equity of investees at book value	**141**
Fair value of assets and liabilities	
Revaluation surplus - technology and customer portfolio	**7,998**
Equity of investees at fair value	**8,139**
Goodwill paid on expected future profitability	**159**

(1) The acquisition agreement has certain call and put options with maturities between March 2023 and March 2027 that, if exercised by the Company, may gradually increase its equity interest in the investees. This amount was classified as a financial asset.

Up to the issue date of these financial statements, the Company had not yet completed the measurement of the investee's assets and liabilities; therefore, the amounts presented above are preliminary.

10. Intangible assets

Changes in intangible asset balances are as follows:

	Individual						
	12/31/2021	**Additions**	**Merger**	**Write-offs**	**Amortization**	**Transfers**	**12/31/2022**
Finite useful life							
Software	36,885	**11,517**	**636**	**(4,084)**	**(9,619)**	**684**	**36,019**
Finite useful life	36,885	**11,517**	**636**	**(4,084)**	**(9,619)**	**684**	**36,019**
Indefinite useful life							
Goodwill							
Trust	3,647	**-**	**-**	**-**	**-**	**-**	**3,647**
Total intangible assets	40,532	**11,517**	**636**	**(4,084)**	**(9,619)**	**684**	**39,666**

	Individual					
	12/31/2020	**Additions**	**Write-offs**	**Amortization**	**Transfers**	**12/31/2021**
Finite useful life						
Software	33,304	15,808	(6,018)	(6,119)	(90)	36,885
Finite useful life	33,304	15,808	(6,018)	(6,119)	(90)	36,885
Indefinite useful life						
Goodwill						
Trust	3,647	-	-	-	-	3,647
Total intangible assets	36,951	15,808	(6,018)	(6,119)	(90)	40,532

(In thousands of reais, unless otherwise stated)

	Consolidated								
	12/31/2021	**Additions**	**Write-offs**	**Impairment**	**Amortization**	**Foreign exchange differences**	**Transfers**	**Transfers to discontinued operations**	**12/31/2022**
Finite useful life									
Software	257,387	**29,372**	**(9,935)**	**(3,386)**	**(59,713)**	**(15,541)**	**684**	**(23,527)**	**175,341**
Customer portfolio	17,106	**-**	**-**	**(1,406)**	**(5,133)**	**(998)**	**(46)**	**(2,582)**	**6,941**
Right of use (1)	15,090	**-**	**-**	**-**	**(3,558)**	**-**	**-**	**-**	**11,532**
Trademarks and patents	1,408	**-**	**-**	**-**	**(48)**	**(134)**	**46**	**(1,272)**	**-**
Digital certification license	46	**-**	**-**	**-**	**(10)**	**-**	**-**	**-**	**36**
Total - finite useful life	291,037	**29,372**	**(9,935)**	**(4,792)**	**(68,462)**	**(16,673)**	**684**	**(27,381)**	**193,850**
Indefinite useful life									
Trademarks and patents	20,648	**-**	**-**	**-**	**-**	**(1,343)**	**-**	**-**	**19,305**
Digital certification license	500	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**500**
Goodwill				**-**					
Trust	3,647	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,647**
Argentina	851	**-**	**-**	**-**	**-**	**(389)**	**-**	**-**	**462**
Interprint	103,793	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**103,793**
Valid Link	2,851	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,851**
Spain	77,768	**-**	**-**	**-**	**-**	**(9,247)**	**-**	**-**	**68,521**
Valid USA	83,117	**-**	**-**	**-**	**-**	**(5,892)**	**-**	**(77,225)**	**-**
Valid A/S	265,782	**-**	**-**	**-**	**-**	**(17,279)**	**-**	**-**	**248,503**
Blu Pay	2,436	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,436**
Serbet	27,992	**-**	**-**	**(20,040)**	**-**	**-**	**-**	**-**	**7,952**
Mitra	14,426	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,426**
Total - indefinite useful life	603,811	**-**	**-**	**(20,040)**	**-**	**(34,150)**	**-**	**(77,225)**	**472,396**
Total intangible assets	894,848	**29,372**	**(9,935)**	**(24,832)**	**(68,462)**	**(50,823)**	**684**	**(104,606)**	**666,246**

(1) This amount basically refers to concessions granted to operate digital parking activity.

(In thousands of reais, unless otherwise stated)

	Consolidated						
	12/31/2020	**Additions**	**Write-offs**	**Amortization**	**Foreign exchange differences**	**Transfers**	**12/31/2021**
Finite useful life							
Software	265,453	48,411	(6,363)	(57,605)	9,010	(1,519)	257,387
Customer portfolio	23,054	-	-	(5,562)	1,243	(1,629)	17,106
Right of use (1)	1,023	15,051	-	(2,596)	-	1,612	15,090
Trademarks and patents	1,311	-	-	-	97	-	1,408
Digital certification license	56	-	-	(10)	-	-	46
Total - finite useful life	290,897	63,462	(6,363)	(65,773)	10,350	(1,536)	291,037
Indefinite useful life							
Trademarks and patents	19,228	-	-	-	1,420	-	20,648
Digital certification license	500	-	-	-	-	-	500
Goodwill							
Trust	3,647	-	-	-	-	-	3,647
Argentina	969	-	-	-	(118)	-	851
Interprint	103,793	-	-	-	-	-	103,793
Nexitera	2,851	-	-	-	-	-	2,851
Spain	78,468	-	-	-	(700)	-	77,768
Valid USA	77,400	-	-	-	5,717	-	83,117
Valid A/S	247,503	-	-	-	18,279	-	265,782
Blu Pay	2,436	-	-	-	-	-	2,436
Serbet	27,992	-	-	-	-	-	27,992
Mitra	14,426	-	-	-	-	-	14,426
Total - indefinite useful life	579,213	-	-	-	24,598	-	603,811
Total intangible assets	870,110	63,462	(6,363)	(65,773)	34,948	(1,536)	894,848

(1) This amount basically refers to concessions granted to operate digital parking activity.

Intangible assets with finite useful lives are represented basically by the customer portfolio and software licenses, amortized on a straight-line basis at the average rates of 16.3% and 21.9% p.a., respectively, based on the estimated useful lives or license terms (applicable to software licenses), while digital certification licenses and trademarks and patents are amortized at the average rate of 10% and 33.3% p.a., respectively.

Impairment losses - Fair value less costs to sell

In 2022, the Company carried out a review of investments and business plans related to the Digital Parking cash-generating unit, which in turn had an impact on the identification segment. As a result of this review, the Company carried out the impairment test by calculating the fair value less cost to sell and recognized a provision for losses totaling R$24,832, comprising R$20,040 referring to goodwill and R$4,792 referring to revaluation surplus of technology and customer portfolio.

In addition, in 2022 the Company disposed of assets in the business unit of Data Business, Driver's Licenses and Cards in the United States, as shown in Note 27.

The assessment of fair value less cost to sell was considered by management under level 2.

Impairment losses - Value in use

At least once a year and whenever there is an indication of impairment, the Company tests goodwill based on expected future profitability for impairment based on the valuation of value in use, where estimated future cash flows are discounted to their present values at a pretax discount rate that reflects a current market assessment of the time value of money and the specific risks for the asset or cash-generating unit ("CGUs").

The goodwill on a business combination is allocated to the CGU or the group of CGUs that are expected to benefit from combination synergies. Such allocation reflects the lowest level where goodwill is monitored for internal purposes and is not higher than an operating segment determined in accordance with IFRS 8 (CPC 22).

The Company cannot predict whether an event that causes devaluation of assets will occur, when it will occur or when it will affect the reported asset amount. The Company and its subsidiaries believe that all of its estimates are reasonable, and are consistent with internal reports and the business of the Company and its direct or indirect subsidiaries, as well as reflect the management's best estimates. The impairment test is based on a series of judgments, estimates and assumptions. The key assumptions on which management based its future cash flow projections, estimates and judgment, are as follows:

- Projection of operating income or loss for the first year, based on the growth rate of the current year. The flows are based on the strategy plans approved by the Board of Directors of the Company and its subsidiaries. Such projection is prepared by country and/or business, where applicable, and considers external sources such as macroeconomic scenarios of the Group's business segment, business evolution, inflation, exchange rates and the Group's historical profit or loss.

(In thousands of reais, unless otherwise stated)

- Income projection considers 5 years as an observable period for all cash-generating units, based on the P&L expected by the Group by attracting new customers, maintaining existing customers and developing new solutions for the market. To estimate the recoverable amount, management used as assumptions the sector's growth rates, rates of return on investment made and the continuity of operations of the Company and its subsidiaries.

The impairment test was performed using the discounted future cash flow model, and by applying a discount rate (Weighted Average Cost of Capital - WACC), as shown in the table below. The future cash flow was adjusted by the specific risk of the industry in which the Company's subsidiaries operate, based on the country risk of each investee, as determined by the local management and the management in Brazil.

	CGU (location)	**Average growth rate**	**Discount rate (1)**	**Perpetuity growth rate**	**Net assets at 12/31/2022**
Trust Selos	Brazil	14%	13.2%	2%	**R$18,684**
Driver's licenses	Brazil	6%	13.2%	2%	**R$262,191**
Valid Link	Brazil	267%	13.2%	2%	**R$8,757**
Mitra + BluPay	Brazil	12%	13.2%	2%	**R$27,640**
Valid Argentina	Argentina	51%	15.5%	1%	**R$61,948**
Mobile	Global	13%	9.0%	3%	**US$115,568**

(1) According to the criteria defined in IAS 36 (CPC 01 (R1)), the discount rate should be a pretax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Additionally, the discount rate also needs to reflect the risks specific to the asset and the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that an entity expects to derive from the asset. The discount rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of a listed entity that has a single asset (or a portfolio of assets) similar in terms of service potential and risks to the asset under review. However, the discount rate (or rates) used to measure an asset's value in use shall not reflect risks for which the future cash flows estimates have been adjusted. Otherwise, the effect of some assumptions will be double-counted. At last, when an asset-specific rate is not directly available from the market, an entity uses surrogates to estimate the discount rate.

In this regard, the Company management used the weighted average cost of capital ("WACC") methodology to determine the (pretax) discount rate of the projected cash flow of each cash generating unit described above. This rate indicates the minimum level of attractiveness of the investment, i.e. in practice it considers the return on investment that the Company expects. The indicators used by the Company management in determining the discount rates for each cash generating unit are described below:

- Risk-free rate: determined using the yield of government securities linked to the countries in which operations are located.
- Unlevered beta: determined using the average unlevered beta of similar companies in the market.
- Size risk: determined using the characteristics of the operation and the maturity of the cash generating unit.
- Market risk: determined using the operational characteristics of each company (segment), such as: market, ability to attract new customers, characteristics of service demand and sales of products, etc.

(In thousands of reais, unless otherwise stated)

Of assets tested for value in use, the Company management concluded that no reasonably possible changes in key assumptions on which the recoverable amount is based would cause the total carrying amount to exceed the total recoverable amount of the cash-generating units; thus, at December 31, 2022, there was no need to recognize other amounts referring to the provision for impairment.

11. Property, plant and equipment

	Individual					
	12/31/2021	Additions	Merger	Write-offs	Transfers	12/31/2022
Cost						
Land	3,222	-	-	-	-	3,222
Buildings	84,827	1,140	9,989	-	147	96,103
Machinery and equipment	237,990	4,010	54,398	(17,536)	5,638	284,500
Furniture and fixtures	19,240	2,864	2,226	(31)	274	24,573
Vehicles	639	-	11	-	-	650
Data processing equipment	126,349	31,100	30,082	(1,179)	5,001	191,353
Leasehold improvements	4,888	264	-	-	7,558	12,710
Construction in progress	4,163	3,883	97	(23)	(5,664)	2,456
Advances to suppliers	6,505	9,438	173	(84)	(14,707)	1,325
Right of use - IFRS 16	17,392	3,107	284	(1,539)	-	19,244
Subtotal - cost	505,215	55,806	97,260	(20,392)	(1,753)	636,136
Depreciation						
Buildings	(48,264)	(4,073)	(18,445)	-	3,593	(67,189)
Machinery and equipment	(144,991)	(10,836)	(44,955)	13,303	1,459	(186,020)
Furniture and fixtures	(13,245)	(1,636)	(2,036)	24	-	(16,893)
Vehicles	(607)	(32)	(11)	-	-	(650)
Data processing equipment	(101,526)	(13,504)	(27,035)	720	(390)	(141,735)
Leasehold improvements	(3,773)	(1,011)	-	-	(3,593)	(8,377)
Right of use - IFRS 16	(2,295)	(5,828)	(71)	2,754	-	(5,440)
Subtotal - depreciation	(314,701)	(36,920)	(92,553)	16,801	1,069	(426,304)
Total property, plant and equipment, net	190,514	18,886	4,707	(3,591)	(684)	209,832

(In thousands of reais, unless otherwise stated)

	Individual					
	12/31/2020	**Additions**	**Write-offs**	**Provision for obsolescence**	**Transfers**	**12/31/2021**
Cost						
Land	3,732	-	-	-	(510)	3,222
Buildings	98,903	-	(2,099)	-	(11,977)	84,827
Machinery and equipment	221,073	10,606	(1,359)	396	7,274	237,990
Furniture and fixtures	18,423	816	-	-	1	19,240
Vehicles	639	-	-	-	-	639
Data processing equipment	118,981	6,134	(260)	-	1,494	126,349
Leasehold improvements	3,772	-	(15)	-	1,131	4,888
Construction in progress	2,971	5,225	(61)	-	(3,972)	4,163
Advances to suppliers	1,304	11,260	(58)	-	(6,001)	6,505
Right of use (IFRS 16)	13,890	12,905	(9,403)	-	-	17,392
Subtotal - cost	483,688	46,946	(13,255)	396	(12,560)	505,215
Depreciation						
Buildings	(42,894)	(5,598)	228	-	-	(48,264)
Machinery and equipment	(138,071)	(8,121)	1,201	-	-	(144,991)
Furniture and fixtures	(11,684)	(1,561)	-	-	-	(13,245)
Vehicles	(558)	(49)	-	-	-	(607)
Data processing equipment	(92,202)	(9,556)	232	-	-	(101,526)
Leasehold improvements	(3,741)	(33)	1	-	-	(3,773)
Right of use (IFRS 16)	(6,736)	(5,511)	9,952	-	-	(2,295)
Subtotal - depreciation	(295,886)	(30,429)	11,614	-	-	(314,701)
Total property, plant and equipment, net	187,802	16,517	(1,641)	396	(12,560)	190,514

(In thousands of reais, unless otherwise stated)

	Consolidated								
	12/31/2021	Additions	Write-off	Reversal of provision for obsolescence	Adjustment for inflation - IAS 29 (1)	Foreign exchange differences	Transfers to discontinued operations	Transfers	12/31/2022
Cost									
Land	3,680	**-**	**-**	**-**	**-**	**(44)**	**(414)**	**-**	**3,222**
Buildings	103,954	**1,140**	**(4)**	**-**	**-**	**(763)**	**(7,232)**	**147**	**97,242**
Machinery and equipment	567,014	**4,113**	**(23,117)**	**2,438**	**41,215**	**(57,921)**	**(150,521)**	**6,868**	**390,089**
Furniture and fixtures	30,947	**3,023**	**(253)**	**-**	**845**	**(1,477)**	**(4,230)**	**282**	**29,137**
Vehicles	1,558	**361**	**(149)**	**-**	**132**	**(99)**	**(161)**	**-**	**1,642**
Data processing equipment	206,825	**36,151**	**(1,663)**	**-**	**7,447**	**(10,049)**	**(18,500)**	**5,710**	**225,921**
Leasehold improvements	119,558	**421**	**-**	**-**	**7,633**	**(16,476)**	**(82,218)**	**7,558**	**36,476**
Construction in progress	6,144	**7,975**	**(588)**	**-**	**81**	**(423)**	**(2,102)**	**(7,586)**	**3,501**
Advances to suppliers	6,517	**9,632**	**(92)**	**-**	**-**	**-**	**-**	**(14,732)**	**1,325**
Right of use - IFRS 16	178,942	**18,152**	**(6,144)**	**-**	**3,894**	**(18,196)**	**(117,427)**	**-**	**59,221**
Subtotal - cost	1,225,139	**80,968**	**(32,010)**	**2,438**	**61,247**	**(105,448)**	**(382,805)**	**(1,753)**	**847,776**
Depreciation									
Buildings	(68,900)	**(4,301)**	**4**	**-**	**-**	**105**	**1,115**	**3,593**	**(68,384)**
Machinery and equipment	(402,223)	**(25,515)**	**17,719**	**-**	**(32,463)**	**46,156**	**123,359**	**1,459**	**(271,508)**
Furniture and fixtures	(23,859)	**(1,932)**	**246**	**-**	**(756)**	**1,374**	**4,183**	**-**	**(20,744)**
Vehicles	(1,412)	**(91)**	**149**	**-**	**(74)**	**50**	**161**	**-**	**(1,217)**
Data processing equipment	(171,328)	**(17,477)**	**1,204**	**-**	**(6,767)**	**8,714**	**17,160**	**(390)**	**(168,884)**
Leasehold improvements	(53,334)	**(7,175)**	**-**	**-**	**(3,490)**	**7,868**	**35,830**	**(3,593)**	**(23,894)**
Right of use - IFRS 16	(72,829)	**(19,320)**	**6,712**	**-**	**(1,583)**	**8,277**	**48,160**	**-**	**(30,583)**
Subtotal - depreciation	(793,885)	**(75,811)**	**26,034**	**-**	**(45,133)**	**72,544**	**229,968**	**1,069**	**(585,214)**
Total property, plant and equipment, net	431,254	**5,157**	**(5,976)**	**2,438**	**16,114**	**(32,904)**	**(152,837)**	**(684)**	**262,562**

(1) Impairment of PP&E related to discontinued operations. For further information see Note 26.
(2) Effects arising from the subsidiary in Argentina.

No new indicators of asset impairment were identified as at December 31, 2022.

(In thousands of reais, unless otherwise stated)

	Consolidated							
	12/31/2020	**Additions**	**Write-off**	**Reversal of provision for obsolescence**	**Adjustment for inflation - IAS 29 (1)**	**Foreign exchange differences**	**Transfer to asset available for sale**	**12/31/2021**
Cost								
Land	4,484	-	-	-	-	33	(837)	3,680
Buildings	129,300	-	(4,681)	-	-	576	(21,241)	103,954
Machinery and equipment	507,502	13,480	(27,086)	396	19,398	5,848	47,476	567,014
Furniture and fixtures	29,471	838	(144)	-	419	247	116	30,947
Vehicles	2,228	60	(786)	-	159	(115)	12	1,558
Data processing equipment	194,355	8,617	(3,878)	-	3,702	204	3,825	206,825
Leasehold improvements (*)	106,689	453	(1,860)	-	3,759	4,952	5,565	119,558
Construction in progress	28,707	29,284	(436)	-	44	1,484	(52,939)	6,144
Advances to suppliers	1,339	11,307	(58)	-	-	-	(6,071)	6,517
Right of use (IFRS 16)	162,858	19,278	(13,585)	-	1,266	9,125	-	178,942
Subtotal - cost	1,166,933	83,317	(52,514)	396	28,747	22,354	(24,094)	1,225,139
Depreciation								
Buildings	(63,736)	(6,231)	1,134	-	-	(67)	-	(68,900)
Machinery and equipment	(377,005)	(31,596)	27,668	-	(16,439)	(4,851)	-	(402,223)
Furniture and fixtures	(21,274)	(2,090)	123	-	(381)	(237)	-	(23,859)
Vehicles	(2,010)	(121)	777	-	(170)	112	-	(1,412)
Data processing equipment	(156,833)	(13,914)	3,071	-	(3,387)	(265)	-	(171,328)
Leasehold improvements	(42,362)	(8,599)	1,198	-	(1,792)	(1,779)	-	(53,334)
Right of use (IFRS 16)	(56,768)	(24,842)	13,054	-	(1,179)	(3,094)	-	(72,829)
Subtotal - depreciation	(719,988)	(87,393)	47,025	-	(23,348)	(10,181)	-	(793,885)
Total property, plant and equipment, net	446,945	(4,076)	(5,489)	396	5,399	12,173	(24,094)	431,254

(1) Effects arising from the subsidiary in Argentina.

(In thousands of reais, unless otherwise stated)

12. Loans, financing, debentures and leases payable

	Individual		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Loans (a)	**269,805**	166,874	**501,745**	436,719
Financing	**-**	-	**-**	11
Debentures (b)	**338,382**	713,477	**338,382**	713,477
Leases (c)	**14,251**	16,078	**27,028**	116,415
	622,438	896,429	**867,155**	1,266,622
Current	**174,343**	323,805	**281,801**	446,267
Noncurrent	**448,095**	572,624	**585,354**	820,355

(In thousands of reais, unless otherwise stated)

(a) Loans

The main information on loans can be summarized as follows:

Description	Loans (a.1)	Loans (a.2)	Loans (a.3)	Loans (a.4)	Loans (a.5)	Loans (a.6)	Loans (a.7)	Loans (a.8)	Loans (a.9)	Loans (a.10)	Loans (a.11)
Borrower	Valid Spain	Valid Spain	Valid Spain	Valid Spain	Valid Spain	Valid Spain	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.
Bank	Santander	Itaú BBA	Santander	Santander	Santander	Santander	BTG	Safra	CEF	CEF	Brasil
Total	EUR$ 13,000	US$38,888	US$7,142	EUR$4,400	Eur 4,200	US$ 10,000	R$ 33,333	R$ 26,666	R$ 100,000	R$ 90,000	R$ 30,000
Date the loan was raised	11/13/2018	05/07/2019	05/05/2022	05/05/2022	10/11/2022	12/19/2022	04/16/2021	03/12/2021	03/31/2022	05/31/2022	05/07/2022
Maturity date	04/14/2025	04/22/2025	05/05/2025	04/22/2025	10/06/2023	12/09/2024	02/14/2025	03/13/2025	03/30/2026	05/31/2026	05/07/2026
Interest	4.70% p.a.	6.95% p.a.	6.90% p.a.	4.70% p.a.	5.99% p.a.	7.72% p.a.	CDI +2.90% p.a.	CDI + 3.04% p.a.	CDI + 0.20% p.m.	CDI + 0.13% p.m.	CDI + 2.17% p.a.
Guarantee	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.	Valid S.A.
Repayment of principal	Semiannually (from October 2022)	Semiannually from April 2020	Semiannually from November 2022	Semiannually from October 2022	Total in October 2023	Semiannually from December 2023	Monthly from March 2023	10-month grace period (bimonthly from January 23, 2023)	4-month grace period (bimonthly from August 2022)	9-month grace period (monthly from March 2023)	12-month grace period (monthly from August 2023)
Interest payment	Semiannually from October 2022	Semiannually from April 2023	Semiannually from November 2022	Semiannually from October 2022	Semiannually from April 2023	Semiannually from June 2023	Monthly interest - 12 months and quarterly, after grace period	Quarterly from July 2021	4-month grace period. Bimonthly from August 2022	9-month grace period (monthly from March 2023)	12-month grace period (monthly from August 2023)
Balance in debt currency at 12/31/2022:	EUR11,061	US$8,084	US$6,014	EUR $3,701	US$4,235	US$9,401	R$ 32,872	R$ 26,489	R$ 90,057	R$ 90,645	R$ 29,742
Restated balance at 12/31/2022 - R$:	R$61,606	R$42,182	R$31,197	R$20,480	R$23,587	R$52,362	R$32,872	R$26,489	R$90,057	R$90,645	R$29,742

Loans were obtained to strengthen cash or roll over debt.

(In thousands of reais, unless otherwise stated)

Loan balances are broken down as follows:

Loans	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Principal	**270,909**	164,086	**501,571**	430,142
Interest	**2,842**	3,478	**4,976**	7,431
Funding costs	**(3,946)**	(690)	**(4,802)**	(854)
	269,805	166,874	**501,745**	436,719
Current	**77,372**	93,597	**180,887**	198,569
Noncurrent	**192,433**	73,277	**320,858**	238,150

These loans are subject to compliance with quarterly covenants with which the Company and its subsidiaries were compliant at December 31, 2022. The main financial and operating covenants of the loans are the following:

- Net debt/EBITDA lower than or equal to 3;
- EBITDA/net finance costs higher than or equal to 1.75.

In the year ended December 31, 2022, the amount of R$374,160 (R$676,806 at December 31, 2021) was repaid, out of which R$46,372 (R$47,217 at December 31, 2021) as interest on loans.

(b) Debentures

The main information on debentures can be summarized as follows:

Description	Debentures (b.1)	Debentures (b.2)	Debentures (b.3)	Debentures (b.4)
Debentures	7th issue - 05/24/2018	8th issue – 1st series	8th issue – 2nd series	9th issue
Date of approval	Board of Directors' Meeting held on 05/21/2018	Board of Directors' Meeting held on 05/05/2021	Board of Directors' Meeting held on 05/05/2021	Board of Directors' Meeting held on 04/19/2022
Number	36,000 unsecured nonconvertible debentures	27,000 unsecured nonconvertible debentures	503,700 unsecured nonconvertible debentures	250,000 unsecured nonconvertible debentures
Par value	10,000	1,000	1,000	1,000
Total	360,000,000	27,000,000	503,700,000	250,000,000
Maturity date:	06/30/2023	05/10/2024	05/10/2025	06/20/2027
Remuneration:	115% CDI	CDI + 3.85%	CDI + 4.25%	CDI + 3.0%
Repayment of principal:	Annually	Quarterly from February 2022	Quarterly from May 2022	Semiannually from December 2024
Interest payment:	Semiannually	Quarterly from November 2021	Semiannually during the grace period and quarterly from May 2022	Semiannually from December 2022
Type and series	Single-series non-privileged debentures	Unsecured nonconvertible debentures with security interest in 2 series	Unsecured nonconvertible debentures with security interest in 2 series	Single-series unsecured nonconvertible debentures with security interest
Settlement date	-	December 2022	December 2022	-
Restated balance in R$ at 12/31/2022	90,905	Settled	Settled	247,477

(In thousands of reais, unless otherwise stated)

The balances of debentures are broken down as follows:

	Individual		Consolidated	
Debentures	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Principal	**340,000**	710,700	**340,000**	710,700
Interest	**2,257**	10,613	**2,257**	10,613
Funding costs	**(3,875)**	(7,836)	**(3,875)**	(7,836)
	338,382	713,477	**338,382**	713,477
Current	**91,166**	224,948	**91,166**	224,948
Noncurrent	**247,216**	488,529	**247,216**	488,529

The debentures are subject to certain quarterly covenants with which the Company was in compliance at December 31, 2022 and 2021. The debenture-related covenants are as follows:

- Net debt/EBITDA lower than or equal to 3;
- EBITDA/net finance costs higher than or equal to 1.75.

In the year ended December 31, 2022, the amount of R$726,176 (R$122,597 at December 31, 2021) was repaid, out of which R$105,476 (R$32,597 at December 31, 2021) as interest on debentures.

(c) Leases

The present values of future minimum payments due by the Company and subsidiaries related to their leases are as follows:

	Individual		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Within 1 year	**5,805**	5,260	**9,748**	22,739
From 1 to 5 years	**8,446**	10,818	**17,280**	93,676
	14,251	16,078	**27,028**	116,415

(In thousands of reais, unless otherwise stated)

The book values of lease liabilities and changes for the year are shown below:

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Opening balance:	**16,078**	7,636	**116,415**	116,107
Additions	**3,852**	14,125	**16,130**	19,870
Interest	**1,353**	573	**5,161**	6,950
Write-offs	**(592)**	(2,060)	**(1,185)**	(2,568)
Foreign exchange restatement	**-**	-	**184**	16
Foreign exchange differences (Equity)	**-**	-	**(10,767)**	6,522
Merger	**213**	-	**-**	-
Discontinued operations	**-**	-	**(76,485)**	-
Payments	**(6,653)**	(4,196)	**(22,425)**	(30,482)
Closing balance	**14,251**	16,078	**27,028**	116,415

The maturity of loans, financing and debentures at December 31, 2022 and 2021 (not including future charges) is as follows:

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Within 1 year	**168,538**	318,545	**272,053**	423,528
From 1 to 2 years	**134,788**	311,693	**232,723**	476,482
From 2 to 3 years	**155,722**	173,015	**186,212**	173,099
From 3 to 4 years	**107,497**	77,098	**107,497**	77,098
From 5 to 6 years	**41,642**	-	**41,642**	-
	608,187	880,351	**840,127**	1,150,207

(In thousands of reais, unless otherwise stated)

13. Provisions for litigation and legal proceedings

The Company and its subsidiaries are plaintiffs and defendants to tax, civil and labor legal and administrative proceedings, arising in the ordinary course of their business, and make judicial deposits as necessary. Provisions for possible disbursements arising out of such proceedings are estimated and restated by the Company management, supported by the opinion of its outside legal advisors.

The provision recorded for proceedings whose likelihood of loss has been assessed as probable is broken down as follows:

	Individual					
	12/31/2021	Provisions	Reversals	Payments	Merger	12/31/2022
Labor	11,737	**10,542**	**(6,065)**	**(2,046)**	**435**	**14,603**
Tax	4,835	**9,108**	**(36)**	**(161)**	**-**	**13,746**
Civil, commercial and other	20,838	**7,512**	**(74)**	**(242)**	**20**	**28,054**
	37,410	**27,162**	**(6,175)**	**(2,449)**	**455**	**56,403**

	Individual				
	12/31/2020	Provisions	Reversals	Payments	12/31/2021
Labor	11,873	6,589	(4,559)	(2,166)	11,737
Tax	1,176	5,370	-	(1,711)	4,835
Civil, commercial and other	106	20,967	(215)	(20)	20,838
	13,155	32,926	(4,774)	(3,897)	37,410

	Consolidated					
	12/31/2021	Provisions	Reversals	Payments	Foreign exchange differences	12/31/2022
Labor	13,793	**12,280**	**(7,385)**	**(2,117)**	**(151)**	**16,420**
Tax	10,024	**12,847**	**(1,626)**	**(808)**	**(285)**	**20,152**
Civil, commercial and other	21,731	**8,268**	**(177)**	**(264)**	**-**	**29,558**
	45,548	**33,395**	**(9,188)**	**(3,189)**	**(436)**	**66,130**

	Consolidated					
	12/31/2020	Provisions	Reversals	Payments	Foreign exchange differences	12/31/2021
Labor	14,385	7,328	(5,620)	(2,250)	(50)	13,793
Tax	3,429	8,630	(135)	(2,079)	179	10,024
Civil, commercial and other	811	21,160	(220)	(20)	-	21,731
	18,625	37,118	(5,975)	(4,349)	129	45,548

Labor claims

- These refer to various labor claims, the most significant of which individually relate to overtime, acknowledgment of employment relationship, health/hazardous duty pay, equal pay for equal work, among other labor rights.

Tax proceedings

- Debt annulment action representing a contingency of R$1,534 at December 31, 2022 (R$1,250 at December 31, 2021), deriving from deduction of financial investments frozen by the Collor Plan from the taxable profit, offset with credit in favor of the Company. This action is pending a final decision.
- Writ of Mandamus filed with the purpose of obtaining a declaration that the tax base of Contributions intended for Third Parties is subject to a limit of 20 minimum wages, as well as the right to reimbursement of the amounts “overpaid”. The preliminary injunction was granted to the Company, which has opted to benefit from the right to the relief granted, which is why it decided to recognize a provision with the amounts granted to return them in case the injunction is revoked. On May 27, 2022, the suspension of the case was certified until the final judgment of Topic 1079 of the Brazilian High Court of Justice (STJ). At December 31, 2022, the provision amounted to R$11,789 (R$3,585 at December 31, 2021).

Civil claims

- Civil proceeding filed against the Company on February 3, 2004 by a former salesperson, claiming severance pay and commissions due under a commercial representation contract and compensation for its termination. The proceeding is currently pending judgment at STF. On April 16, 2021, the 3rd Vice-Presidency of the Court of Justice of the state of Rio de Janeiro dismissed the special appeal filed by the Company against the judgment of the 8th Civil Chamber of the Court of Justice of the state of Rio de Janeiro, which upheld the requests filed by the plaintiff. The likelihood of loss on this lawsuit became probable as of April 16, 2021 and, as a result, the corresponding provision, in the amount of R$21,300 (R$20,440 at December 31, 2021) was recorded. The case records have been awaiting trial since November 2021.

- Collection action filed by United Arenas Ltda. against Valid, aiming at collecting rents referring to the movable property subject matter of the “Lease Agreement for the MM3000 Hologram Application Machine” entered into by the parties. A decision was rendered, partially granting the requests made by the plaintiff, which filed an appeal against a specific portion of the decision. At the same time, the plaintiff required the enforcement of the judgment to execute the entirety of the amount claimed in the main action. The Company appealed to the STJ against the decision. This appeal has not yet been judged by the Brazilian High Court of Justice (STJ). In 2021, the likelihood of loss on this lawsuit was assessed as possible and, therefore, no provision was recorded. The Company recognized a provision in 2022 to cover probable losses and at December 31, 2022, the provision totals R$6,616.

(In thousands of reais, unless otherwise stated)

Proceedings whose likelihood of loss has been assessed as possible

No provision was recognized for legal and administrative proceedings whose likelihood of loss is assessed as possible by management, based on the opinion of outside legal advisors. These proceedings are as follows:

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Labor (i)	**47,330**	50,535	**50,504**	58,041
Tax (ii)	**240,598**	293,659	**258,154**	346,893
Civil, commercial and other (iii)	**26,174**	28,753	**43,046**	46,494
Criminal (iv)	**21,705**	21,705	**21,705**	21,705
	335,807	394,652	**373,409**	473,133

(i) Labor claims

The Company is a party to various labor claims, mostly seeking overtime, acknowledgment of employment relationship, health/hazardous duty pay, equal pay for equal work, and FGTS and INSS-related benefits, among other labor rights.

(ii) Tax proceedings

- Federal Value-Added Tax (IPI): the Company was served tax assessment notices, from 2010 to 2013, by federal tax authorities under the allegation that the tax classification of the Company's customized prints should be different from the one adopted. Pursuant to the tax code informed by the Brazilian IRS, the materials produced by the Company should be subject to IPI taxation and, therefore, the Company should be considered an IPI taxpayer to the Federal Government. Under the same tax assessment notice, the tax authorities used IPI credits that were accumulated due to acquisition of inputs used in the production of said prints, to reduce the calculated debts subject matter of the tax assessment notices. As a result of amortization of IPI credits with debts, the taxation authorities disallowed the offset returns in which those credits were used. Given a change in financial guidance on the issue, the Company no longer offsets accumulated tax credits against other federal taxes, but requires refund in cash of the corresponding amounts. In August 2022, the Company was notified of the unfavorable decision in administrative proceedings. At December 31, 2022, the restated amount of these proceedings is R$15,932 (R$15,220 at December 31, 2021).

- The Company was served a tax assessment notice by the São Paulo State Department of Finance requiring payment of alleged ICMS amounts from January 2012 to December 2013, as the tax authorities understand that ICMS payment is required on (i) transfers between facilities owned by the same entity and (ii) shipments to other facilities taxed as services rendered. At December 31, 2022, the restated amount of the referred to proceeding is R$117,994 (R$110,872 at December 31, 2021). On April 19, 2017, a decision partially favorable to the Company was awarded. Appeals to the High Court of Justice have been filed. Currently, such appeals await trial. In May 2017, in a judgment session, by unanimous vote, it partially granted the Ordinary Appeal filed by the Company and dismissed the Mandatory Review. In July 2017, an appeal to the STJ was filed by the State Finance Department. In August 2017, the Company filed an appeal to the STJ and a reply brief was presented to the appeal to the STJ filed by the State Finance Department. The referred to appeals filed are currently awaiting inclusion in the court's trial docket by Court of Taxes and Fees (TIT-SP).

- The Company was served tax assessment notices by the Brazilian IRS related to income and social contribution taxes for calendar years 2014 and 2015. A challenge has been lodged and partially accepted. With a voluntary appeal filed, it is currently awaiting trial at the Administrative Board of Tax Appeals (CARF). At December 31, 2022, the restated amount referring to this lawsuit is R$27,268 (R$25,065 at December 31, 2021).

- Tax assessment notice for collection of ISS against Valid Certificadora for allegedly incorrect classification of the digital certification activity. At December 31, 2022, the related restated amount is R$7,685 (R$6,758 at December 31, 2021).

In addition, the Company figures as a plaintiff in the following tax proceedings:

- Proceeding referring to tax credits related to the collection of IPI, due to allegedly classification error for certain graphic prints, from January to December 2007. In July 2021, the Company filed the case documents. However, the trial has not yet taken place. At December 31, 2022, the restated amount referring to this lawsuit is R$18,998 (R$17,146 at December 31, 2021).

- Proceeding referring to tax credits related to the collection of IPI, due to allegedly classification error for certain graphic prints, from April to December 2006. This proceeding is currently awaiting inclusion in the court's trial docket to judge the Federal Government's appeal and the Company's reply brief. At December 31, 2022, the restated amount referring to this lawsuit is R$25,860 (R$14,247 at December 31, 2021).

- The Company intends to cancel the remaining debts under discussion regarding the ICMS requirement on printing tolling operations (magnetic cards), related to the period from January 2009 to December 2010. At December 31, 2022, the restated amount of this proceeding is R$57,664 (R$55,043 on December 31, 2021).

- Tax foreclosure filed by the State Finance Department against Valid Soluções S.A. for collection of Cofins debts related to the periods from August to December 1996 and from January 1997 to December 2001. The stay of execution filed by the Company was upheld, recognizing the nullity of the enforcement order on the grounds that the taxes contained in the certificate attesting to existence of debts included in the roster of debtors to federal government were not subject to assessment, disregarding the offsets indicated therein (against PIS credits), and that the amounts were registered without due notice to the appellant. Tax foreclosure suspended, pending judgment of the appeal filed in the case records. At December 31, 2022, the restated amount is R$4,724 (R$4,588 at December 31, 2021).

(iii) Civil, commercial and other proceedings

- Civil proceeding filed by the Company on July 9, 2007, claiming annulment or otherwise reduction of the fine imposed by ANATEL. The proceeding is currently pending judgment at the appellate court. At December 31, 2022, the restated amount of the proceeding, considering a refund of amounts received, is R$14,606 (R$14,646 at December 31, 2021).

- Collection action filed by Notre Dame insurer due to termination of the group health insurance contract. The claims were dismissed in the lower and higher courts. The plaintiff appealed and the STJ accepted the appeal, returning the case records to the lower court for production of expert evidence. At December 31, 2022, the restated amount referring to this lawsuit is R$1,330 (R$1,255 at December 31, 2021).

(iv) Criminal proceeding

This refers to a preliminary injunction for the confiscation of assets determined by virtue of a decision issued by the 10th Federal Criminal Court, which determined the seizure of the Company's assets up to the limit of R$21,705 on December 7, 2021. The Company requested that the amounts frozen be replaced by surety bond. This decision was made in connection with the Police Investigation intended to investigate alleged irregularities in the bidding process for printing of the tests of the National High School Exam (ENEM) between 2010 and 2019, in connection with which search and seizure warrants were executed at the Company's plants in December 2021. The surety bond presented by the Company was accepted. In April 2022, the Company filed an appellate brief. The Company engaged a specialized law firm to monitor the progress of the case until its conclusion.

(In thousands of reais, unless otherwise stated)

14. Transactions with related parties

	Individual	
	12/31/2022	**12/31/2021**
Accounts receivable		
Valid Argentina	**5,196**	286
Valid Sucursal	**4,608**	3,544
Interprint	**-**	1,534
Valid Certificadora	**867**	1,052
Valid Link	**1,544**	593
Valid Hub	**2,888**	-
Other	**58**	11
Total accounts receivable	**15,161**	7,020
Intercompany loan receivable		
Valid Spain	**88,192**	358,323
Serbet	**3,848**	-
Total assets	**107,201**	365,343
Accounts payable		
Mitra	**(2,323)**	(3,159)
Valid Spain	**(2,068)**	(824)
Valid AS	**(4,629)**	(2,342)
Other	**(88)**	(95)
Total liabilities	**(9,108)**	(6,420)

	Individual	
	12/31/2022	**12/31/2021**
Statement of profit or loss		
Net revenues		
Valid Sucursal	**6,436**	2,501
Interprint	**1,063**	405
Certificadora	**109**	316
Valid Argentina	**6,171**	1
Valid USA	**73**	-
Mitra	**369**	-
Valid Hub	**261**	-
Other	**62**	167
	14,544	3,390
Cost of sales and services		
Valid Certificadora	**(85)**	(69)
Valid Spain	**(18,473)**	(8,426)
Valid AS	**(51,763)**	(38,608)
Valid USA	**(441)**	(24)
Other	**(158)**	(161)
	(70,920)	(47,288)
Finance income (costs)		
BluPay	**-**	104
Valid USA	**-**	1,672
Serbet	**150**	-
Valid Spain	**67,489**	46,211
Valid Spain	**(93,016)**	(40,336)
	(25,377)	**(7,651)**

(In thousands of reais, unless otherwise stated)

These refer to intercompany purchases of inputs for production according to the parties' needs, and there is no agreement entered into for minimum production. Days sales/payable outstanding is 35 days and all transactions are conducted in accordance with market practices.

A summary of the contractual conditions for intercompany loans maintained by the Group is as follows:

Intercompany loan	Spain (a.1)	Spain (a.2)	Spain (a.3)	Serbet (a.4)	Valid USA (a.5)	Valid USA (a.6)
Origin	Valid	Valid	Valid	Valid	Valid Spain	Valid Spain
Total	EUR 3,361	EUR 22,728	Eur 28,500	R$ 4,300	US$ 13,000	US$ 2,500
Date the loan was raised	03/29/2021	05/03/2021	05/03/2021	08/03/2022	11/23/2018	03/15/2019
Maturity date (*)	03/31/2026	05/03/2026	11/30/2022	08/03/2025	11/23/2025	05/31/2023
Remuneration	6.0% p.a.	6.00% p.a.	6.00 % p.a.	8.0% p.a. + IPCA .	6.0% p.a.	5.2% p.a.
Repayment of principal	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet
Balance in debt currency at 12/31/2022:	Settled	EUR15,835	Settled	R$3,848	Settled	Settled
Restated balance at 12/31/2022 – R$:	Settled**	88,192*	Settled**	R$3,848*	Settled**	Settled**

(*) The contract provides for annual automatic renewals.
(**) Intercompany loans settled in December 2022.

Other transactions between related parties related to the sale of inputs:

	12/31/2022	12/31/2021
Between Valid Spain and:		
Argentina	**4,268**	4,562
Valid USA	**2,727**	35,492
Valid Sucursal	**31,760**	18,979
Valid Mexico	**16,213**	2,257
Valid Nigeria	**2,897**	-
	57,865	61,290
Between Valid A/S and:		
Spain	**49,910**	25,805
Valid Nigeria	**17,413**	15,384
Valid USA	**28,537**	13,958
Valid Argentina	**26,731**	21,882
Valid China	**1,091**	-
	123,682	77,029

These transactions are fully eliminated in consolidation.

Compensation paid to the Executive Board, Board of Directors and Supervisory Board

For the year ended December 31, 2022 and 2021, compensation paid to the board of directors, executive board, supervisory board, and other management members, recorded in the statement of profit or loss, including social charges and other benefits, is as follows:

(In thousands of reais, unless otherwise stated)

Consolidated	Board of Directors	Supervisory Board	Statutory Board	Other management members	12/31/2022
Annual fixed compensation	**2,145**	**545**	**9,949**	**6,187**	**18,826**
Compensation	**1,775**	**468**	**6,049**	**4,173**	**12,465**
Charges and benefits	**370**	**77**	**3,106**	**1,569**	**5,122**
Private pension plan	**-**	**-**	**794**	**445**	**1,239**
Annual variable compensation	**-**	**-**	**12,971**	**5,525**	**18,496**
Variable compensation	**-**	**-**	**5,696**	**4,649**	**10,345**
Share-based payment	**-**	**-**	**5,875**	**594**	**6,469**
Charges borne by the employer	**-**	**-**	**1,400**	**282**	**1,682**
Total compensation	**2,145**	**545**	**22,920**	**11,712**	**37,322**

(*) The compensation paid to Executive Board, Board of Directors, Supervisory Board and Statutory Board approved at the Annual General Meeting held on April 20, 2022 corresponds to R$18,928.

Consolidated	Board of Directors	Supervisory Board	Statutory Board	Other management members	12/31/2021
Annual fixed compensation	1,970	456	7,787	9,082	19,295
Compensation	1,647	380	5,396	3,426	10,849
Charges and benefits	323	76	2,006	5,125	7,530
Private pension plan	-	-	385	531	916
Annual variable compensation	-	-	12,136	3,669	15,805
Variable compensation	-	-	4,324	2,314	6,638
Share-based payment	-	-	5,004	612	5,616
Charges borne by the employer	-	-	2,808	743	3,551
Total compensation	1,970	456	19,923	12,751	35,100

(*) The compensation paid to Executive Board, Board of Directors, Supervisory Board and Statutory Board approved at the Annual General Meeting held on April 29, 2021 corresponds to R$15,940.

15. Equity

a) Capital

At the meeting held on January 7, 2021, the Board of Directors approved the Company's capital increase and the issue of an additional subscription warrant capped at the authorized capital. After the limit period foreseen for the shareholders to acquire the shares, a capital increase was made through issue of 10,845,387 shares, which represented a contribution in the amount of R$99,005, and a subscription warrant was granted to each share in the capital increase process, which may be converted into the Company's shares in the future. The conversion value of the shares provided for in the subscription warrant is R$10.67 (ten reais and sixty-seven cents). Accordingly, capital net of share issue costs increased from R$904,508 to R$1,003,527, represented by 82,070,387 registered book-entry common shares, with no par value.

At the meeting held on March 9, 2022, the Board of Directors approved the Company's capital increase as a result of the exercise of part of the subscription warrants issued on March 12, 2021, in the amount of R$4,322, through issue of 405,055 new registered book-entry common shares, with no par value. Accordingly, capital net of share issue costs increased from R$1,003,527 to R$1,007,849, represented by 82,475,442 registered book-entry common shares, with no par value.

At the meeting held on September 12, 2022, the Board of Directors approved the Company's capital increase as a result of the exercise of part of the subscription warrants issued on March 12, 2021, in the amount of R$14,521, through issue of 1,360,933 new registered book-entry common shares, with no par value. Accordingly, capital net of share issue costs increased from R$1,007,849 to R$1,022,370, represented by 83,836,375 registered book-entry common shares, with no par value.

At the meeting held on December 30, 2022, the Board of Directors approved the cancellation of 2,000,000 registered book-entry common shares, with no par value and held in treasury, without changing the capital amount and with the respective accounting, pursuant to the law. Accordingly, the net share capital is R$1,022,370 represented by 81,836,375 registered book-entry common shares, with no par value.

The Company is authorized to increase capital up to the limit of 100,000,000 common shares, including common shares already issued.

(In thousands of reais, unless otherwise stated)

b) Capital reserves and treasury shares

Recognized stock options and restricted shares

As the stock option programs were terminated in 2012 and 2019, the Company had a capital reserve for stock options granted of R$12,517 at December 31, 2020.

A Company's Long-Term Incentive Plan "PILP" (restricted shares) was approved at the Special General Meeting held on April 29, 2021. The fixed share price considered the average of the last 90 stock trading sessions (before the Special and Annual General Meeting) with a vesting period of up to the fourth year of the grant, and the number of 2,530,023 shares were estimated to be required. The Binomial model was used and considered the "Protective Put" logic, which would be the cost that the shareholder would have to incur to maintain their expected gain at the time of exercise by acquiring a share put option at the share price at the time of the exercise of the stock option arising from the Long-Term Incentive Plan.

The Company recognized R$3,673 as expense for the year ended December 31, 2022 (R$9,167 in 2021) matched against the capital reserve for stock options granted.

The summary of the plan's conditions is as follows:

				Changes in options:			
Grant date	**Options granted**	**Maturity date**	**Fair value (in reais)**	**Balance at beginning of year**	**Granted during the year**	**Canceled during the year**	**Balance at end of year**
Matching program - 2021	133,764	May/21	R$8.78	80,211	(80,211)	-	-
Matching program - 2021 - B	377,804	Jul/21	R$ 8.78	107,923	(16,982)	(2,933)	88,008
RSU program – 2021 - 1	233,333	May/21	R$ 8.78	-	-	-	-
RSU program - 2021 - 2	233,333	May/22	R$ 8.78	-	-	-	-
RSU program - 2021 - 3	233,334	May/23	R$ 8.78	233,334	-	-	233,334
					-		
SOP program - 2021 - 1	138,126	May/21	R$ 8.78	128,564	(41,438)	-	87,126
SOP program - 2021 - 2	138,126	May/22	R$ 8.78	128,560	(41,438)	-	87,122
SOP program - 2021 - 3	138,126	May/23	R$ 8.78	-	-	-	-
SOP program - 2021 - 4	138,122	May/24	R$ 8.78	-	-	-	-
SOP program - 2021 - B	67,500	May/21	R$ 8.78	101,250	-	-	101,250
SOP program - 2021 - B	67,500	May/22	R$ 8.78	101,250	-	-	101,250
SOP program - 2021 - B	67,500	May/23	R$ 8.78	-	-	-	-
SOP program - 2021 - B	67,500	May/24	R$ 8.78	-	-	-	-
SOP program - 2021 - G	181,348	Jul/21	R$ 8.78	-	-		-
SOP program - 2022 Managers	51,334	Jul/23	R$ 9.41	-		-	-
SOP program - 2022 Managers	51,325	Jul/23	R$ 9.58	88,187		-	88,187
SOP program - 2021 Managers	-	Jul/23	R$9.41	36,711	(8,491)	(2,933)	25,287
Matching program - 2022.1	12,353	Jul/23	R$10.12	12,353	-	-	12,353
Matching program - 2022.2	12,354	Jul/23	R$10.12	12,354	-	-	12,354
SOP program_CFO.1	35,000	Jul/23	R$9.58	35,000	-	-	35,000
SOP program_CFO.2	35,000	Jul/23	R$9.58	35,000	-	-	35,000
SOP program 2022.1	60,000	Aug/25	R$8.78	60,000	-	-	60,000
SOP program 2022.2	60,000	Aug/25	R$8.78	60,000	-	-	60,000
Matching program _CFO.1	20,629	Jul/23	-	20,629	-	-	20,629
Matching program _CFO.2	20,630	Jul/23	-	20,630	-	-	20,630
Total	**2,574,041**			**1,261,956**	**(188,560)**	**(5,866)**	**1,067,530**

There were no expired options in 2022.

(In thousands of reais, unless otherwise stated)

Treasury shares

Since January 2008, the Company has approved, through its Board of Directors, programs to buy back common shares issued by itself to keep them in treasury and, subsequently, dispose of and/or use them to meet obligations stemming from the key management compensation programs. Considering that the number of shares will always be below the maximum limit, the Board of Directors may review, at any time, the number of authorized shares, and supplement the legal limit of 10% of total outstanding shares. These shares are acquired with the funds from the Company's cash.

Changes in the buyback programs are as follows:

Date of approval	Maximum number to be acquired	% of outstanding shares	End date
11/12/2019	1,000,000 shares	1.45%	05/12/2021
10/19/2021	2,000,000 shares	2.48%	10/20/2022
04/19/2022	1,000,000 shares	1.21%	12/30/2023

In the year ended December 31, 2022, the Company acquired 2,160,700 shares and delivered 506,185 shares, as part of the long-term incentive program, which was concluded on December 30, 2022, and canceled 2,000,000 shares at an average price of R$12.76 (twelve reais and seventy-six cents). At December 31, 2022, the Company holds 2,011,873 common shares in treasury in the amount of R$25,666 (2,357,358 shares at December 31, 2021, in the amount of R$31,804), whose weighted average cost of acquisition and minimum and maximum costs are as follows:

	Individual (in reais)		
Type	Share price - Minimum	Share price - Maximum	Share price - Weighted
Share acquisition cost	**7.53**	**25.39**	**12.76**

Based on the last market quote available at December 31, 2022, treasury shares total R$18,489, with weighted average price, and minimum and maximum price at December 31, 2022 as follows:

	Price (in reais)			
Type	Share price - Minimum	Share price - Maximum	Share price - Weighted	Share price - Last quote
Current share price	**7.66**	**11.87**	**9.94**	**9.19**

(In thousands of reais, unless otherwise stated)

c) Income reserves

Legal reserve

The legal reserve is recognized upon allocation, at year end, of 5% of net income for the year, in compliance with article 193 of the Brazilian Corporation Law.

Investment reserve

This is intended to be used in investments considered in the capital budget, in conformity with article 196 of the Brazilian Corporation Law.

Balance at 12/31/2020:	140,631
Absorption of accumulated losses	(143,472)
Investment reserve recognized referring to income for 2021	33,558
Adjustments for inflation to foreign subsidiary	8,571
Subsidiary reserve	3,502
Balance at 12/31/2021:	42,790
Treasury shares canceled	**(25,515)**
Investment reserve recognized referring to income for 2022	**2,255**
Subsidiary reserve	**1,404**
Dividends paid to noncontrolling shareholders	**(30)**
Adjustments for inflation to foreign subsidiary	**13,601**
Balance at 12/31/2022	**34,505**

d) Dividends and interest on equity

Dividends and interest on equity (IOE) payable	Amount per share (in reais)	Date	Individual and Consolidated
Balance at December 31, 2020			11
Declared IOE referring to 2021	R$0.29035	12/29/2021	23,145
Balance at December 31, 2021			23,156
Payment of declared IOE referring to 2021	R$0.29035	01/31/2022	(23,144)
Declared IOE referring to 2022	R$0.26303	12/20/2022	21,000
Balance at December 31, 2022			21,012

Interest on equity is calculated based on the Long-Term Interest Rate (TJLP) variation, under the terms of Law No. 9249/95, and is accounted for as finance costs, as required by the tax legislation. For financial statements presentation purposes, IOE is presented as a reduction of retained earnings in equity.

Interest on equity is subject to withholding income tax at the rate of 15%, except for immune or exempt shareholders, as determined in Law No. 9249/95. The Company's Articles of Incorporation establish mandatory minimum dividend of 25%, calculated on annual net income, adjusted in accordance with article 202 of Law No. 6404/76.

(In thousands of reais, unless otherwise stated)

e) Other comprehensive income

Cumulative translation adjustments

In conformity with CVM Rule No. 640 of October 7, 2010, which approved Accounting Pronouncement CPC 02 (R2) - The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements ("CPC 02"), equivalent to IAS 21, which determines that foreign exchange adjustments of investments abroad should be recognized in the Parent Company's equity, the Company set up a "cumulative translation adjustment" account, arising from translation of the financial statements of foreign subsidiaries, and the translation of the respective goodwill resulting from the related acquisitions. The variations are a consequence of fluctuations in the subsidiaries' functional currencies (Dollar and Euro), when different from the Brazilian real.

Hedge of net investment in a foreign operation

Pursuant to CPC 48 (IFRS 09), hedging transactions of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on hedge investment related to the effective portion is recognized in other comprehensive income, in equity. The gain or loss relating to the non-effective portion is immediately recognized in the statement of profit or loss. Gains and losses accumulated in equity are included in the statement of profit or loss when the foreign operation is partially or fully disposed of or sold.
Subsidiary Valid Spain presents net investments in foreign operations in US dollars and records exchange differences in other comprehensive income, as defined by IAS 21.

This transaction reflected exchange fluctuations deriving from parity between the US dollar (investment currency) and the euro (functional currency of Valid Spain). In the first half of 2018, the Company decided to improve its current risk management structure and has been analyzing manners to mitigate currency fluctuations recorded in equity. As such, in order to hedge against foreign exchange differences, the Company decided to maintain a minimum percentage of the net investments in foreign operations hedged against currency fluctuation (investment in Valid USA (US dollar)) and designated non-derivative instruments to hedge the foreign exchange differences.

f) Noncontrolling interests

	12/31/2022	12/31/2021
Opening balances	**47,722**	49,778
Share in P&L for the year	**(8,976)**	(1,770)
Acquisition of noncontrolling interests	**-**	(1,381)
Capital increase	**-**	2,200
Dividends paid to noncontrolling shareholders	**(464)**	(2,018)
Other	**-**	(24)
Cumulative translation adjustments	**(974)**	937
Closing balances	**37,308**	47,722

(In thousands of reais, unless otherwise stated)

16. Earnings per share

	Individual	
	12/31/2022	**12/31/2021**
Profit or loss attributed to Company's common shareholders	**24,479**	59,687
Weighted average number of common shares used to calculate earnings per share	**79,616**	78,187
Basic earnings (loss) per share (in reais)	**0.30746**	0.76339
Earnings (loss) per share referring to continuing operations	**1.33559**	1.14165
Earnings (loss) per share referring to discontinued operations	**(1.02812)**	(0.37826)

Basic earnings per share are calculated by dividing net income (loss) for the year attributed to the Company's common shareholders by the weighted average number of common shares outstanding in the year. For the years presented, basic and diluted earnings per share are the same, considering that the Company and its subsidiaries do not have instruments with potential dilution effect. The weighted average of the number of common shares used in the calculation corresponds to the average number of outstanding shares in the years presented.

17. Sales revenue, net

	Individual		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
				(Restated)
Gross revenue from products sold	**78,921**	81,581	**470,610**	366,090
Gross revenue from services rendered	**995,105**	896,375	**1,579,795**	1,405,202
Total gross revenue	**1,074,026**	977,956	**2,050,405**	1,771,292
Sales taxes	**(131,038)**	(121,031)	**(158,288)**	(139,188)
Sales returns	**(7,794)**	(9,356)	**(12,680)**	(15,691)
Net sales revenue	**935,194**	847,569	**1,879,437**	1,616,413

(In thousands of reais, unless otherwise stated)

18. Costs and expenses by nature

The Company elected to present its statement of profit or loss by function. Breakdown of costs and expenses by nature is as follows:

	Individual		Consolidated	
Expenses by nature	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
				(Restated)
Labor	**189,128**	173,100	**357,630**	322,649
Employee benefits	**32,812**	36,933	**47,417**	51,362
Taxes and charges	**29,787**	43,411	**65,592**	79,456
Operating lease	**14,375**	12,519	**17,747**	15,457
Depreciation and amortization	**48,286**	38,321	**105,014**	92,346
Consumables/raw material	**273,709**	285,331	**522,333**	518,367
Third-party services	**27,261**	45,139	**126,444**	120,417
Maintenance	**13,810**	14,520	**20,668**	17,934
Utilities and services	**82,784**	54,053	**140,196**	98,827
Sales commissions	**10,427**	9,269	**25,630**	23,989
Freight on sales	**7,990**	8,501	**19,147**	21,227
General and other expenses	**39,476**	6,207	**53,795**	26,171
Total expenses by nature	**769,845**	727,304	**1,501,613**	1,388,202
Classified as:				
Cost of sales and/or services	**674,575**	639,391	**1,209,810**	1,125,016
Selling expenses	**60,677**	44,207	**176,100**	174,808
General and administrative expenses	**34,593**	43,706	**115,703**	88,378
Total	**769,845**	727,304	**1,501,613**	1,388,202

(In thousands of reais, unless otherwise stated)

19. Finance income and costs

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
				(Restated)
Finance income				
Financial investment yield	**36,534**	14,778	**51,534**	16,505
Foreign exchange difference and interest on intercompany loans	**66,665**	47,990	**53,993**	60,219
Foreign exchange difference on loans	**-**	-	**8,350**	4,533
Other foreign exchange differences	**5,100**	2,020	**84,248**	47,797
Foreign exchange differences and restatement of leases	**1,013**	1,263	**1,262**	1,492
Marketable securities	**1,774**	1,574	**1,774**	1,574
Credits and financial adjustments on tax credits	**10,650**	10,821	**11,966**	27,368
Monetary restatement of judicial deposits and contingencies	**2,621**	-	**5,644**	-
Other finance income	**1,167**	608	**1,491**	2,316
Total finance income	**125,524**	79,054	**220,262**	161,804
Finance costs				
Interest on debentures, loans and financing	**(139,106)**	(63,722)	**(152,440)**	(85,020)
Foreign exchange difference and interest on intercompany loans	**(93,017)**	(40,335)	**(95,931)**	(62,692)
Foreign exchange difference on loans	**-**	-	**(9,314)**	(5,861)
Other foreign exchange differences	**(3,401)**	(4,433)	**(118,077)**	(47,651)
Bank expenses	**(11,704)**	(11,138)	**(16,362)**	(15,467)
Interest, restatement and foreign exchange differences on leases	**(1,392)**	(1,889)	**(5,348)**	(8,401)
Loss on hedge	**(3,040)**	(108)	**(3,040)**	(108)
Monetary restatement of judicial deposits and contingencies	**(2,603)**	-	**(2,867)**	-
Marketable securities	**(273)**	(354)	**(273)**	(354)
Other finance costs	**(654)**	(1,048)	**(3,187)**	(4,505)
Total finance costs	**(255,190)**	(123,027)	**(406,839)**	(230,059)
Total finance income and costs	**(129,666)**	(43,973)	**(186,577)**	(68,255)

(In thousands of reais, unless otherwise stated)

20. Other operating income (expenses)

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
				(Restated)
Provisions for losses on restructuring	**(522)**	(12,904)	**(522)**	(12,904)
Sale of real estate property - Valid USA	**-**	-	**-**	14,404
Loss on disposal of operation in Valida USA	**-**	-	**(7,221)**	-
Amortization of asset revaluation surplus	**(81)**	-	**(14,306)**	(15,082)
Loss on sale of PPE and provision for obsolescence	**(3,690)**	(7,075)	**(9,006)**	(7,276)
Impairment (1)	**(15,432)**	(4,442)	**(24,832)**	(8,884)
Other operating income and expenses, net	**(1,615)**	(4,796)	**(7,969)**	(10,039)
Contingency - legal proceeding (2)	**(7,934)**	(20,440)	**(7,871)**	(20,440)
Total other operating expenses	**(29,184)**	(49,657)	**(71,727)**	(60,221)

(1) In 2022, the provision for impairment refers to the write-off of goodwill and surplus value of Serbet in the parent company and, in the consolidated, write-off of goodwill, surplus value of Serbet and write-off of goodwill of noncontrolling shareholder. In 2021, refers to provision for impairment recorded under "asset available for sale" referring to the disposal of a plant located in the city of São Bernardo do Campo, São Paulo state;

(2) Civil proceeding detailed in Note 13.a.

21. Segment reporting

For management purposes, the Company is organized into business units based on its products and services and has three reportable operating segments:

a) Means of payment

In this segment, integrated solutions, such as chip and magnetic stripe cards, gift cards, check printing, invoices and bank statements are offered. In addition, solutions in Radio Frequency Identification - RFID, contactless cards and mobile payments (through TSM - Trusted Service Manager and HCE - Host Card Emulation, via NFC - Near Field Communication) are also offered.

b) Identification

The identification segment provides physical and electronic solutions, such as data collection, storage and management, security prints, recognition and digital printing that meet this demand. All these technologies make a cross-reference between the database and the data contained in the document or portable media, such as paper, plastic or even electronic communication means, to check authenticity or status. The main identification documents are identity cards, drivers' licenses, class council cards, and stamps for brand security and authenticity.

The Company offers a full-service structure, with wide service fronts, which include the generation of computerized systems for the administration of databases, the collection of biometric data, the printing and customization of official identification documents, solutions for *Smart Cities*, traceable stamps and Digital Certification services.

c) Mobile

The broad telecommunications portfolio offered by the Company includes services of issuing statements and technologies for use in cell phones, in addition to innovations resulting from digital mobility, such as NFC, TSM and HCE solutions for mobile service providers.

In this segment, the Company provides services that improve the communication between telephone service providers and their customers, in the development of technologies for use in cell phones - such as recharge and payment - and also in the production of cards intended for telecommunications. SIM Cards are the main product of this business unit.

Focusing on the mobile market trends, Valid is actively participating in the different initiatives associated with the evolution of the SIM card, specifically the one called eUICC (embedded UICC). This new phase of SIM cards considers a broader market since SIM cards are now part of the connectivity related to the initiatives Machine to Machine and Internet of Things (IoT); the chip will be used not only in a mobile phone but also in other types of devices, such as automobiles, power meters, etc. In this new context, the solution considers not only the chip, but also a chip activation platform (known as Subscription Manager).

The Company management separately monitors operating income (expenses) of business units in order to make decisions on fund allocation and evaluate performance. Segment performance is evaluated mainly based on the profit allocated by segment, which comprises net revenue less costs, selling and administrative expenses; accordingly, other net operating income and expenses, equity pickup, finance income (costs), and income and social contribution tax expenses are not considered.

(In thousands of reais, unless otherwise stated)

Significant information on profit, assets and liabilities per business segment is summarized below:

12/31/2022	Identification	Means of payment	Mobile	Eliminations	Consolidated
Revenues					
Revenues from customers	619,771	700,171	559,495	-	1,879,437
Revenues from intersegment	2,106	164,625	212,711	(379,442)	-
Total revenues	621,877	864,796	772,206	(379,442)	1,879,437
Costs	(376,641)	(532,753)	(300,416)	-	(1,209,810)
Selling expenses	(34,468)	(34,378)	(107,254)	-	(176,100)
Administrative expenses	(33,183)	(43,181)	(39,339)	-	(115,703)
Intersegment costs and expenses	(2,106)	(164,625)	(212,711)	379,442	-
Finance income (costs), net	-	-	-	-	(186,577)
Other operating expenses, net	-	-	-	-	(164,973)
Impairment	(20,040)	-	-	-	(20,040)
Equity pickup	-	-	-	-	(3,446)
Income and social contribution taxes (IRPJ/CSLL)	-	-	-	-	(18,716)
Net income for the year	-	-	-	-	(15,928)

12/31/2022	Identification	Means of payment	Mobile	Eliminations	Consolidated
Operating assets	298,257	347,818	519,410	(207,829)	957,656
Trade accounts receivable	122,594	109,635	326,533	(207,829)	350,933
Inventories	18,593	179,927	145,641	-	344,161
Property, plant and equipment	157,070	58,256	47,236	-	262,562
Operating liabilities	60,415	92,113	240,961	(207,528)	185,961
Trade accounts payable	60,415	92,113	240,961	(207,528)	185,961

12/31/2021	Identification	Means of payment	Mobile	Eliminations	Not allocated to segments	Consolidated
Revenues						
Revenues from customers	488,758	611,571	516,084		-	1,616,413
Revenues from intersegment	1,229	84,835	185,359	(271,423)	-	-
Total revenues	489,987	696,406	701,443	(271,423)	-	1,616,413
Costs	(317,590)	(515,985)	(291,441)	-	-	(1,125,016)
Selling expenses	(47,913)	(29,210)	(97,685)	-	-	(174,808)
Administrative expenses	(37,361)	(24,762)	(26,255)	-	-	(88,378)
Intersegment costs and expenses	(1,229)	(84,835)	(185,359)	271,423	-	-
Finance income (costs), net	-	-	-	-	(68,255)	(68,255)
Other operating expenses, net	-	-	-	-	(60,221)	(60,221)
Equity pickup	-	-	-	-	(2,628)	(2,628)
Income and social contribution taxes (IRPJ/CSLL)					(9,615)	(9,615)
Net income for the year						87,492

(In thousands of reais, unless otherwise stated)

12/31/2021	Identification	Means of payment	Mobile	Eliminations	Consolidated
Operating assets	**251,343**	**696,581**	**411,989**	**(170,921)**	**1,188,992**
Trade accounts receivable	**111,471**	**185,164**	**308,758**	**(170,921)**	**434,472**
Inventories	**14,078**	**240,945**	**68,243**	**-**	**323,266**
Property, plant and equipment	**125,794**	**270,472**	**34,988**	**-**	**431,254**
Operating liabilities	**81,209**	**124,912**	**162,415**	**(165,475)**	**203,061**
Trade accounts payable	**81,209**	**124,912**	**162,415**	**(165,475)**	**203,061**

"Other operating expenses, net", "Finance income (costs), net", and "Income and social contribution taxes" are presented in the table above on a non-segmented basis, as the Company understands that these items are not directly related to any operating segment.

The Company and its subsidiaries operate in the following geographic areas: Brazil (home country), Spain, Argentina, USA, Colombia, Uruguay, Mexico, Denmark, Republic of Mauritius, Singapore, Panama, South Africa, Nigeria, United Arab Emirates, India, Indonesia, Taiwan, China and Ireland.

Because they are individually immaterial, revenues and noncurrent assets from operations in foreign countries, except for the USA, Argentina and EMEAA, have been disclosed in the aggregate, as follows:

Revenues by geographic distribution	Consolidated 12/31/2022	Consolidated 12/31/2021 (Restated)
In the entity's home country - Brazil	**1,131,817**	1,006,628
In Argentina	**164,974**	99,149
In EMEAA (**)	**353,510**	308,693
In other foreign countries	**135,107**	109,313
In the USA	**94,029**	92,630
Total	**1,879,437**	1,616,413

Noncurrent assets (1)	Consolidated 12/31/2022	Consolidated 12/31/2021 (Restated)
In the entity's home country - Brazil	**715,924**	729,052
In Argentina	**19,004**	19,825
In EMEA (2)	**505,344**	586,895
In the USA	**-**	306,997
In other foreign countries	**7,505**	12,796
Total	**1,247,777**	1,655,565

(1) Does not include deferred taxes.
(2) The following countries are considered in this line: Denmark, Republic of Mauritius, Singapore, Panama, South Africa, United Arab Emirates, India, Spain, Indonesia, China and Nigeria.

(In thousands of reais, unless otherwise stated)

d) Information on major customers

In line with IFRS 8 (CPC 22) - Segment Reporting, the Company management informs that there is no transaction with one single foreign customer that accounts for 10% or more of the total revenue of the Company and its subsidiaries.

22. Retirement benefit plans

The Company offers defined contribution pension plans to employees located in Brazil based on the groups defined in the internal pension plan policy. The plan assets are maintained separately from those of the Company and its subsidiaries, in funds controlled by trustees.

The Company contributes a specific percentage rate of the wage costs to the pension plan, which is its only obligation in relation to the pension plan.

For the years ended December 31, 2022 and 2021, the Company and its subsidiaries recognized the following benefit-related amounts as “Cost of sales” and “Operating expenses” in the statement profit or loss:

	Individual		Consolidated	
Benefits	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Private pension plan	**(339)**	(501)	(342)	(530)
	(339)	(501)	(342)	(530)

23. Financial instruments and risk management

The Company and its subsidiaries measured the market value of financial assets and liabilities based on available market information and appropriate valuation methodologies. However, market data interpretation and the selection of valuation methods require considerable judgment and estimates to best determine the realizable value. Accordingly, the estimates presented do not necessarily reflect the current market values. Use of different market hypotheses and/or methodologies can have a significant impact on estimated realizable values.

Significant financial liabilities of the Company and its subsidiaries refer to debentures, loans and financing and trade accounts payable. The main purpose of the debentures issued and borrowings was to raise funds to finance the operations of the Company and its subsidiaries and business combinations, whereas trade and other accounts payable arise directly from their operations. Significant financial assets of the Company and its subsidiaries include cash and cash equivalents, marketable securities, and trade accounts receivable that result directly from their operations.

(In thousands of reais, unless otherwise stated)

Fair value measurement

Financial instruments recognized at fair value can be measured at levels 1 to 3, based on the level in which the fair value is quoted, as follows:

Level 1: fair value measurement is derived from quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: fair value measurement is derived from other inputs quoted included in Level 1, which are quoted through an asset or liability directly (i.e. as the prices) or indirectly (i.e. derivative of prices);

Level 3: fair value measurement is derived from valuation techniques that include an asset or liability that is not included in an active market.

The fair value of financial assets and liabilities is included in the amount for which a financial instrument could be exchanged in a current transaction between willing parties, and not in a forced sale or settlement.

The carrying amounts and fair values of the Company's financial instruments measured at fair value through profit or loss as well as loans, financing and debentures at December 31, 2022 and 2021 are as follows:

12/31/2022		Individual		Consolidated	
Fair value measurement	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Cash and banks	Level 2	**8,975**	**8,975**	**107,153**	**107,153**
Cash equivalents	Level 2	**225,062**	**225,062**	**258,008**	**258,008**
Marketable securities	Level 2	**11,940**	**11,940**	**11,940**	**11,940**
Restricted financial investment	Level 2	**148,044**	**148,044**	**148,067**	**148,067**
Loans, financing and debentures	Level 2 (1)	**608,187**	**680,793**	**840,127**	**897,108**

12/31/2021		Individual		Consolidated	
Fair value measurement	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Cash and banks	Level 2	14,096	14,096	160,839	160,839
Cash equivalents	Level 2	192,368	192,368	229,200	229,200
Marketable securities	Level 2	8,573	8,573	8,573	8,573
Restricted financial investment	Level 2	169,637	169,637	169,688	169,688
Loans, financing and debentures	Level 2 (1)	880,351	895,795	1,150,207	1,136,969

(1) Accounting considering amortized cost and fair value disclosure determined based on Level 2.

- Market risk

  Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to market price changes. Market prices comprise two types of risk: interest rate risk and currency risk.

(In thousands of reais, unless otherwise stated)

- Interest rate risk

  Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Profit or loss of the Company and its subsidiaries is subject to changes in interest rates on financial investments and debentures, which are pegged to the CDI rate. For the Company's most significant loans, the index is pegged to the Libor rate.

- Currency risk

  Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company and its subsidiaries' exposure to the risk of changes in foreign exchange rates relates primarily to their operating activities (when revenues or expenses are denominated in a currency other than the functional currency) and the Company's net investments in foreign subsidiaries.

The table below shows the sensitivity of the Company and its subsidiaries to an estimated depreciation/appreciation of the functional currencies by 25% and 50% in relation to subsidiaries with functional currencies other than the Brazilian real. The sensitivity analysis considers the equity of subsidiaries translated into Brazilian reais at the end of the reporting period, considering depreciation/appreciation of 25% and 50% in exchange rates. The depreciation/appreciation of the functional currencies other than the Brazilian real would result in equity reduction/increase at the following amounts:

	Consolidated - 12/31/2022	
Currency	**Foreign exchange difference 25%**	**Foreign exchange difference 50%**
Equity - Argentine pesos	**6,292**	**12,584**
Equity - Colombian pesos	**4,725**	**9,450**
Equity - Mexican pesos	**3,197**	**6,393**
Equity - Uruguayan pesos	**848**	**1,696**
Equity - Euro	**118,857**	**237,714**
Equity - US dollar	**82,177**	**164,354**

The Company records trade accounts payable for equipment and raw material denominated in foreign currency. Therefore, profit or loss is subject to changes in the US dollar and Euro exchange rates. The Company estimates that a possible depreciation of the Brazilian real against the US dollar and Euro by 25% and 50%, respectively, would impact finance costs at December 31, 2022 in the following amounts:

(In thousands of reais, unless otherwise stated)

	Consolidated			
	12/31/2022		12/31/2021	
Currency	**Foreign exchange difference 25%**	**Foreign exchange difference 50%**	**Foreign exchange difference 25%**	**Foreign exchange difference 50%**
Impact	**4,519**	**9,038**	4,979	9,957

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company and its subsidiaries are exposed to credit risk from their operating activities (primarily accounts receivable) and from their financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade accounts receivable are substantially concentrated in major financial institutions, telecommunication companies and State Government agencies. Given the reputation and financial soundness of such customers, the Company management does not expect to incur any loss on collection of receivables. The balance receivable is recorded net of estimated losses and, therefore, at the expected realizable value.

Deposits in banks and financial institutions

All transactions of the Company and its direct and indirect subsidiaries are conducted with banks with acknowledged liquidity, which, according to management’s understanding, minimizes the risks thereof.

Liquidity risk

Liquidity risk is defined as the possibility of the Company and its subsidiaries lacking sufficient funds to honor their commitments given the different currencies and the settlement terms of their rights and obligations.

The liquidity and cash flow control of the Company and its subsidiaries is monitored on a daily basis by management in order to ensure that cash flows from operations and the prior funding, when necessary, are sufficient to meet their commitment schedule, not generating liquidity risks.

(In thousands of reais, unless otherwise stated)

The aging list of outstanding financial liabilities at December 31, 2022 and 2021 is as follows:

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Within 1 month	**75,469**	74,899	**185,961**	203,061
Trade accounts payable	**75,469**	74,899	**185,961**	203,061
Within 1 month	**7,507**	2,374	**7,545**	6,022
From 1 to 3 months	**10,500**	9,750	**10,577**	71,215
From 3 months to 1 year	**150,531**	306,421	**253,931**	346,291
From 1 to 5 years	**439,649**	561,806	**568,074**	726,679
Above 5 years	**-**	-	**-**	-
Loans, financing and debentures	**608,187**	880,351	**840,127**	1,150,207

Sensitivity analysis

In general, the main risks related to the financial instruments used by the Company are pegged to: (i) changes in Interbank Deposit Certificate (CDI), mainly with respect to obligations on debentures issued and financial investments and (ii) Libor rate on loans raised by the Company and its subsidiaries Valid USA and Valid Spain.

The Company uses the average CDI rate for financial charges on debentures issued by the Company (plus interest charges) and for yield for the case of financial investments. Financial charges on loans are represented by Libor plus a fixed contractual rate.

In addition, the Company has trade accounts payable pegged to the US dollar and Euro. However, taking into consideration that these payables mature within 30 days, a sensitivity analysis is not presented as the Company understands that it would not generate any benefits. With a view to analyzing the sensitivity of the index to which the Company's financial investments were exposed at December 31, 2022, three different scenarios were defined. Based on projections disclosed by B3, dated January 2, 2023, CDI was projected for the next 12 months at 13.79%, which was defined as the probable scenario. From this scenario, CDI variations from 25% to 50% were calculated.

For each scenario, gross finance income from financial investments was calculated, not considering taxes on investment income. The base date used for financial investments was the balance outstanding at December 31, 2022, with a one-year projection and analysis of the CDI sensitivity in each scenario.

(In thousands of reais, unless otherwise stated)

Individual					
Transaction	**Balance at 12/31/2022**	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**
Financial investments (cash equivalents)	**225,062**	**CDI**	**13.79%**	**10.34%**	**6.90%**
Gross finance income			**31,036**	**23,271**	**15,529**

Individual					
Transaction	**Balance at 12/31/2021**	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**
Financial investments (cash equivalents)	**192,368**	**CDI**	**11.79%**	**8.84%**	**5.90%**
Gross finance income			**22,680**	**17,005**	**11,350**

Consolidated					
Transaction	**Balance at 12/31/2022**	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**
Financial investments (cash equivalents)	**258,008**	**CDI**	**13.79%**	**10.34%**	**6.90%**
Gross finance income			**35,579**	**26,678**	**17,803**

Consolidated					
Transaction	**Balance at 12/31/2021**	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**
Financial investments (cash equivalents)	229,200	CDI	11.79%	8.84%	5.90%
Gross finance income			27,023	20,261	13,523

The same analysis was conducted for the balance corresponding to the Company's obligations with debentures at December 31, 2022. Interest of 115.0% was added for the 7th issue, and of 109.65% for the 9th issue, reaching indexes of 15.86% and 15.12%, and this scenario was considered probable. From this scenario, CDI variations from 25% to 50% were calculated.

Gross finance costs of obligations were calculated for each scenario, without taking into consideration the flow of maturity of installments falling due within the next 12 months. The reporting date used for debentures was the balance outstanding at December 31, 2022, with a one-year projection and analysis of the DI sensitivity in each scenario.

Transaction	**Balance at 12/31/2022**	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**
Debentures (9th issue)	**247,477**	**CDI**	**15.12%**	**18.90%**	**22.68%**
Gross finance costs			**37,419**	**46,773**	**56,128**
Debentures (7th issue)	**90,905**	**CDI**	**15.86%**	**19.83%**	**23.79%**
Gross finance costs			**14,418**	**18,026**	**21,626**

(In thousands of reais, unless otherwise stated)

Transaction	Balance at 12/31/2021	Risk	Probable scenario	Scenario II	Scenario III
Debentures (8th issue)	533,028	CDI	13.53%	16.91%	20.30%
Debentures (7th issue)	180,449	CDI	13.53%	16.91%	20.30%
Gross finance costs			96,534	120,649	144,836

The same analysis was conducted for the balance corresponding to subsidiary Valid USA's obligations with loans at December 31, 2022. A 3-month Libor rate of 5.45% projected and disclosed by REFINITIV on January 3, 2023 was taken into consideration and, based on this probable scenario, 25% and 50% index variations were calculated.

Transaction	Balance at 12/31/2022	Risk	Probable scenario	Scenario II	Scenario III
Loans - Valid USA	**-**	**Libor**	**4.80%**	**6.81%**	**8.17%**
Gross finance costs			**-**	**-**	**-**

Transaction	Balance at 12/31/2021	Risk	Probable scenario	Scenario II	Scenario III
Loans - Valid USA	73,219	Libor	0.58%	0.73%	0.87%
Gross finance costs			425	534	637

Capital management

The Group's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to deliver returns to its shareholders and benefits to other stakeholders, and to maintain an adequate capital structure to reduce this cost.

In order to maintain or adjust capital structure, the Group may revise the policy adopted for payment of dividends, return capital to shareholders and issue new shares to reduce debt, for example.

The Group monitors capital based on financial leverage ratios. One such ratio is the net debt-to-equity ratio. Net debt, on the other hand, corresponds to total loans, financing, debentures and leases payable (including short- and long-term debts) net of cash and cash equivalents and restricted financial investments.

As at December 31, 2022, the Group's net debt amounted to R$353,927, corresponding to 27.8% of equity (R$706,895 at December 31, 2021, equivalent to 54.1% of equity).

(In thousands of reais, unless otherwise stated)

24. Insurance coverage

The Company takes out insurance coverage at amounts to cover any claims relating to its industrial plants, considering the nature of its activity and the risks involved in its operations. At December 31, 2022, the Company has the following major insurance policies taken out from third parties:

Type	Currency	Amount insured
Civil liability	Brazilian real	144,105
Operational risks	Brazilian real	443,142
Sundry risks	Brazilian real	170,953
Vehicles	Brazilian real	7,518
D&O - civil liability	Brazilian real	94,974
Errors & Omissions (E&O) - professional liability	Brazilian real	160,555
Loyalty and crime	Brazilian real	7,718
Product transportation - import/export	US dollar	13,229

25. Additional disclosures to the statements of cash flows

a) Noncash transactions

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Capitalization of intercompany loan - BluPay	**-**	6,154	**-**	-
Intangible assets acquired and not paid	**439**	749	**897**	9,854
Property, plant and equipment acquired and not paid	**311**	5,410	**447**	5,767
Lease acquired and not paid - PPE	**3,107**	12,905	**18,152**	19,278
Lease acquired and not paid - liabilities	**3,852**	14,125	**16,130**	19,870
Receivables from the disposal of Valid USA's assets	**-**	-	**86,495**	-
Sale of real estate property (USA)	**-**	-	**-**	31,449
Total noncash transactions	**7,709**	39,343	**122,121**	86,218

(In thousands of reais, unless otherwise stated)

b) Changes in liabilities from financing activities

	Individual						
	12/31/2021	Additions	Write-off	Merger	Payment (principal + interest)	Allocation (interest + transaction cost)	12/31/2022
Loans	166,874	216,332	-	-	(147,206)	33,805	269,805
Debentures	713,477	245,780	-	-	(726,176)	105,301	338,382
				-			
Leases	16,078	3,852	(592)	213	(6,653)	1,353	14,251
Total debt	896,429	465,964	(592)	213	(880,035)	140,459	622,438

	Individual						
	12/31/2020	Additions	Write-off	Merger	Payment (principal + interest)	Allocation (interest + transaction cost)	12/31/2021
Loans	306,374	99,078	-	-	(257,517)	18,939	166,874
Debentures	268,902	522,389	-	-	(122,597)	44,783	713,477
Leases	7,636	14,125	(2,060)	-	(4,196)	573	16,078
Total debt	582,912	635,592	(2,060)	-	(384,310)	64,295	896,429

	Consolidated								
	12/31/2021	Additions	Write-off	Discontinued operations	Payment (principal + interest)	Allocation (interest + transaction cost)	Foreign exchange restatement	Foreign exchange differences (Equity)	12/31/2022
Loans	436,719	415,146	-	-	(374,160)	47,139	964	(24,063)	501,745
Financing	11	-	-	-	(11)	-	-	-	-
Debentures	713,477	245,780	-	-	(726,176)	105,301	-	-	338,382
Leases	116,415	16,130	(1,185)	(76,485)	(22,425)	5,161	184	(10,767)	27,028
Total debt	1,266,622	677,056	(1,185)	(76,485)	(1,122,772)	157,601	1,148	(34,830)	867,155

	Consolidated							
	12/31/2020	Additions	Write-off	Payment (principal + interest)	Allocation (interest + transaction cost)	Foreign exchange restatement	Foreign exchange differences (Equity)	12/31/2021
Loans	922,930	133,035	-	(676,806)	40,237	1,328	15,995	436,719
Financing	146	-	-	(135)	-	-	-	11
Debentures	268,902	522,389	-	(122,597)	44,783	-	-	713,477
Leases	116,107	19,870	(2,568)	(30,482)	6,950	16	6,522	116,415
Total debt	1,308,085	675,294	(2,568)	(830,020)	91,970	1,344	22,517	1,266,622

(In thousands of reais, unless otherwise stated)

26. Reconciliation of EBITDA

The Company uses EBITDA as the main metric for the evaluation of the Company's financial performance. For purposes of compliance with the provisions of paragraph 2, article 2, of CVM Ruling No. 527/12, the Company presents below the reconciliation of the amounts used to calculate EBITDA for the years ended December 31, 2022 and 2021:

	Consolidated	
	12/31/2022	12/31/2021 (Restated)
Net income (loss) for the year	**24,479**	59,687
(+) Income and social contribution taxes (IRPJ and CSLL)	**18,716**	9,615
(+) Finance income/costs	**186,577**	68,255
(+) Depreciation and amortization	**119,326**	107,433
EBITDA under CVM Ruling No. 572 of October 4, 2012	**349,098**	244,990
(+) Other operating income (expenses)	**66,796**	60,221
(+) Depreciation and amortization	**(18,905)**	(17,235)
(+) Noncontrolling interests	**(8,976)**	(1,770)
(+/-) P&L from discontinued operations	**86,786**	29,575
(+/-) Equity pickup - noncontrolling interests	**3,446**	2,628
Adjusted EBITDA (1)	**478,245**	318,409

(1) EBITDA and Adjusted EBITDA are not financial performance measures in accordance with the Accounting Practices Adopted in Brazil and IFRS, nor should they be considered in isolation or as an alternative to net income, as an operating performance measure, or an alternative to operating cash flows as a liquidity measure. In accordance with CVM Ruling No. 527 of October 4, 2012, EBITDA calculation may not exclude any items that are nonrecurring, nonoperating or relating to discontinued operations and is obtained by net income (loss) for the year, plus income taxes, finance income (costs) and depreciation, amortization and depletion. Adjusted EBITDA is used by the Company as an additional financial performance measure and should not be used in replacement for profit or loss. Adjusted EBITDA corresponds to EBITDA adjusted through elimination of the effects of other operating income (expenses), effects of depreciation, amortization, expenses and taxes on equity pickup of associates and other nonrecurring expenses. Other companies may calculate Adjusted EBITDA differently from the Company. As such, Adjusted EBITDA presents limitations that compromise its use as a measure of the Company's profitability, since it does not take into consideration certain costs and expenses in connection with our business that affect the Company's P&L.

27. Discontinued operations and assets available for sale

(a) Discontinued operations

United States Payment and Identification unit

At December 31, 2022, the Company entered into a purchase and sale agreement for disposal of certain assets held by Valid USA Inc. ("Valid USA"). This transaction involves the assets of the Payment and Identification unit of Valid USA, and does not include those of the Mobile USA division, which will remain as part of Mobile Global, current Valid portfolio.

On December 2, 2022, the asset sale process was completed.

The total amount of this transaction was US$62 million (equivalent to R$322,304) and will be paid in two installments. The first installment will be paid on the transaction closing date, mentioned above, in the approximate amount of US$44 million and the second installment, in the approximate amount of US$18 million, maturing in 90 days from the transaction date.

United States Data Operation

On September 30, 2022, the Company entered into a purchase and sale agreement for disposal of certain assets held by Valid USA Inc. ("Valid USA"). This transaction involved the assets of Valid USA's Data unit.

The sale took place through a management buyout format, led by the American executives who are and will remain at the forefront of this business.

The total amount of the transaction was US$5 million (equivalent to R$28,280) and will be paid in two installments. The first installment will be paid on the transaction closing date, mentioned above, in the approximate amount of US$4 million and the second installment, in the approximate amount of US$1 million, maturing in January 2025.

(In thousands of reais, unless otherwise stated)

P&L for the year referring to discontinued operations is shown below:

	December 31, 2022			December 31, 2021		
	Payments and identification unit	**Data**	**Total**	**Payments and identification unit**	**Data**	**Total**
Sales revenue, net	534,198	23,321	557,519	542,633	38,955	581,588
Cost of sales and/or services	(466,350)	(21,147)	(487,497)	(529,631)	(27,833)	(557,464)
Gross profit	**67,848**	**2,174**	**70,022**	13,002	11,122	24,124
Selling expenses	(9,866)	(3,624)	(13,490)	(12,457)	(4,326)	(16,783)
General and administrative expenses	(23,351)	(1,750)	(25,101)	(34,540)	(2,376)	(36,916)
Operating income (expenses)	**34,631**	**(3,200)**	**31,431**	(33,995)	4,420	(29,575)
Impairment	(61,735)	(34,984)	(96,719)	-	-	-
Other expenses	(16,567)	-	(16,567)	-	-	-
Loss for the period from discontinued operations	**(43,671)**	**(38,184)**	**(81,855)**	(33,995)	4,420	(29,575)
Basic and diluted earnings per share, attributable to controlling interests (in reais) in discontinued operations	**(0.54852)**	**(0.47960)**	**(1.02812)**	(0.43479)	0.05653	(0.37826)

(1) Impairment of assets linked to the discontinued operation, net of attributed deferred taxes, according to the test carried out by the Company. The amount of the impairment loss was determined taking into account the transaction value.

After classification as a discontinued operation, the depreciation and amortization of assets classified as held for sale ceased, in compliance with item 25 of IFRS 5 (CPC 31).

(b) Other assets available for sale

On September 30, 2021, the Company management decided to sell one of its plants located in the city of São Bernardo do Campo, São Paulo state, thus resulting in the classification of this asset as available for sale, based on the following criteria: (i) the property is available for immediate sale and may be disposed of in its current state; (ii) the disposal is expected to be completed by June 30, 2023; (iii) considering the amounts for which the Company intends to make the sale, a provision for impairment of R$8,884 was recognized in assets available for sale; and (iv) the Company has ceased to depreciate the respective assets. The cost of assets, net of depreciation, and impairment loss represent the amount of R$12,001 at December 31, 2022 and 2021.

At December 31, 2021, the Company management decided to sell one of its plants located in Caju - Rio de Janeiro - state of Rio de Janeiro (RJ), thus resulting in the classification of this asset as available for sale, based on the following criteria: (i) the property is available for immediate sale and may be disposed of in its current state; (ii) the disposal is expected to be completed by December 31, 2023; (iii) considering the amounts for which the Company intends to make the sale, a provision for impairment is not expected; and (iv) the Company has ceased to depreciate the respective assets. The cost of assets, net of depreciation, represents the amount of R$4,745 at December 31, 2022 and 2021.

Management has a plan to sell these assets and remains engaged to carry it out.

28. Events after the reporting period

On February 8, 2023, the Federal Supreme Court of Brazil ("STF") established an understanding that the individual "res judicata" in continued tax relations loses its effects automatically from the moment the STF, in a binding manner, states otherwise. The Company and its subsidiaries evaluated the impacts of this decision and concluded that there is no material impact on the individual and consolidated financial statements.

At December 20, 2022, the Board of Directors approved the payment to shareholders referring to interest on equity, referring to the period between January 1 and December 31, 2022, in the gross amount of R$21,000 corresponding to R$0.26303082 per share.
The payment took place on January 31, 2023.