U&M Mineração e Construção S.A.

Parent company and consolidated financial statements as of December 31, 2022

Content

MANAGEMENT REPORT

Dear Ones,
Pursuant to the legal and statutory provisions, the Management of U&M Mineração e Construção S.A., hereby submits for its appreciation the Management Report and the corresponding Financial Statements, accompanied by the report of the independent auditors, referring to the accounting year ended as of December 31, 2022.

MESSAGE TO SHAREHOLDERS
(Amounts expressed in thousands of Reais, unless otherwise indicated)

We hereby present the results for 2022 compared to 2021 for U&M, a Parent Company with almost 50 years of history that operates with a focus on large movements of soil and rock, earthmoving in general, operation and implementation of mines and leasing of heavy equipment. Because we are extremely specialized, we are able to offer our customers a value proposition with a high versatility of equipment fleet, flexibility and agility in meeting demands, in addition to cost predictability and operational efficiency.

Despite the control of the new coronavirus pandemic in 2022 in terms of people's health, the economy remains challenging, also impacted by the War between Russia and Ukraine, which generated an increase in inflation and by the increase in the cost of money mainly due to the change in level of the Selic rate, such conditions that affected the company, causing an increase in costs and delivery times for parts and supplies in general, as well as financial expenses.

The result for 2022 was lower than expected, mainly due to the recognition of a provision for uncertainties in the realization of credits due to the request for Judicial Reorganization of the Mina do Tucano, which reduced U&M's cash by BRL 98,877 and EBITDA by BRL 79,102, as described in explanatory note 5. This recognition of estimated credit loss was a totally isolated event since there has never been any other event of this magnitude in the Parent Company's history, i.e., no substantial loss of accounts receivable.

The consolidated gross revenue for 2022 was BRL 1,493,479 (BRL 1,342,428 in 2021), which represents growth, 2022/2021 of 11.25%. The backlog of contracts already signed from 2023 to 2026 is BRL 3,658,648. In addition, there are contracts under commercial negotiation for expansion or continuity that add up to close to BRL 410,673 and also opportunities for new business in the pipeline.

The Parent Company is present in 6 Brazilian states: Minas Gerais, Pará, Maranhão, Goiás, Amapá and Bahia, contributing to the extraction of iron ore, gold, bauxite, phosphate and copper in open pit mines. The activities carried out during the year were for large mining companies in contracts for the provision of services or leasing of equipment.

At U&M, we believe that innovation and technology are the basis for the sustainability of the business and that is why two important projects are at an advanced stage of development, the autonomous and hybrid truck (diesel electric) which we hope will contribute significantly to reducing the environmental impact and are in line with the growing trend of customer demands related to the reduction of operating costs, increased efficiency in mine operations, health and safety of people.

The Parent Company ended 2022 with 3,179 employees (2021 there were 3,326), with a falling accident frequency rate and a total backlog of contractors of BRL 3,658,648. Investments in assets to support contracts and expected growth amounted to BRL 381,687, and in 2021 it was around BRL 314,359.

Backlog: Contracts closed year by year for Parent Company

Description	2023	2024	2025	2026	TOTAL
Backlog – Closed Contracts	1,235,839	1,388,743	677,507	356,588	**3,658,648**

Company Operating and Financial Results

Description	2022	2021	Var. % (2022/2021)
Number of Equipment U&M Fleet	860	829	**3.7%**
Gross Revenue	**1,493,479**	**1,342,428**	**11.3%**
Net Revenue	**1,293,068**	**1,162,800**	**11.2%**
Gross Profit	**192,237**	**148,800**	**29.2%**
% gross margin	14.87%	12.80%	2.1 p.p.
EBIT	**120,053**	**153,334**	**(21.7%)**
% EBIT margin	9.3%	13.19%	(3.9 p.p.)
EBITDA	**243,705**	**246,750**	**(1.2%)**
% EBITDA margin	18.8%	21.22%	(2.4 p.p.)
ADJUSTED EBITDA (i)	**322,807**	**261,476**	**23.5%**
% adjusted EBITDA margin	25.0%	22.5%	2.5 p.p.
Net Profit	**10,344**	**54,648**	**(81.1%)**
% net profit margin	0.8%	4.7%	(3.9 p.p.)

(i) In 2022 the non-recurring event related to the estimate of potential losses on accounts receivable from customers and in 2021 the Levyequip Fine due to the Assessment Notice, detailed in explanatory notes 5 and 17 (ii), respectively.

Gross Revenue:
In 2022, gross revenue reached BRL 1,493,479, growing 11.25% when compared to 2021. Gross revenue in 2022 was entirely the result of contracts with large mining companies, with service provision contracts representing 83% and extra-heavy equipment leasing, 17% of gross revenue.

Net Revenue:
In 2022, net revenue was BRL 1,293,068, increasing 11.20% when compared to 2021. The growth in net revenue is related to increased demand for existing contracts, contractual readjustments and attracting new customers.

EBITDA:
In 2022, EBITDA reached BRL 243,705, (1.2%) lower when compared to 2021, mainly due to the negative impact, an isolated and non-recurring fact of the judicial recovery of Mina do Tucano, whose details are detailed in explanatory note 5.

Adjusted EBITDA:
Adjusted EBITDA reached BRL 322,807, greater by 23.5% when compared to 2021 due to the increase in revenue from services rendered/leasing of extra-heavy equipment. In this amount, we consider as an adjustment the impact of the estimated loss with the judicial recovery of Mina do Tucano, whose details are described in explanatory note 5.

Net Profit:
Net Profit for 2022 was BRL 10,344, much lower than expected and lower than the net profit of BRL 54,648 in 2021, largely due to the recognition of potential losses arising from the judicial recovery of Mina do Tucano.

Description	2022	2021	Var. % (2022/2021)
Net Profit	**10,344**	**54,648**	**(81.1%)**
(+) Income tax and Social contr.	1,502	43,803	(96.6%)
(+) Financial expenses	179,126	96,734	85.2%
(-) Financial revenues	(70,919)	(41,851)	69.5%
(+) Depreciation and amortization	123,652	93,417	32.4%
EBITDA	**243,705**	**246,750**	**(1.2%)**
% EBITDA margin	18.8%	21.2%	(2.4 p.p.)
(+) Expected credit loss	79,102	-	-
(+) Assessment Notice Levy	-	14,726	-
ADJUSTED EBITDA	**322,807**	**261,476**	**23.5%**
% adjusted EBITDA margin	25.0%	22.5%	2.5 p.p.

Debt and Investment:
In 2022, U&M invested BRL 381,687 in assets including extra heavy equipment, support equipment and components. In addition, the acquisition of new assets, which will be delivered in 2023 and 2024, has already been carried out, since in our business it is necessary to anticipate demands and carry out acquisitions, so that delivery times, which are usually long, do not jeopardize the growth expected. Additionally, we are always looking for opportunities around the world to purchase used extra-heavy equipment in good operating condition.

We ended 2022 with leverage of 3.1x the EBITDA value and 2.3x the Adjusted EBITDA value, a gross debt of BRL 983,948 and a net debt of BRL 757,104, as described in note 15. Of this amount, 44,74% is for contracts with funding in dollars, but only 24.65% with exchange exposure, since 75.35% is for hedged by derivative operations, which are shown in note 9.3.

Description	2022	2021	Var. % (2022/2021)
Capex	**381,687**	**314,359**	**21.4%**
New Financings	612,269	593,283	**3.2%**
Gross Debt	**983,948**	**668,868**	**47.1%**
Short Term	455,127	282,011	61.4%
Long Term	528,821	386,857	36.7%
Cash and Financial Applications	**226,844**	**126,131**	**79.8%**
Net Debt	**757,104**	**542,737**	**39.5%**
Net Debt/ EBITDA	3.1x	2.2x	90.7 p.p.
Net Debt/ ADJUSTED EBITDA	2.3x	2.1x	27.0 p.p.

We leave here a thank you to the people. The result presented is the result of the joint work of employees, people who work hard in pursuit of excellence, in addition to the alliance with customers, suppliers and partners in general.

We appreciate the trust placed.

KPMG Auditores Independentes Ltda.
Rua Paraíba, 550 - 12º andar - Bairro Funcionários
30130-141 - Belo Horizonte/MG - Brazil
Caixa Postal 3310 - CEP 30130-970 - Belo Horizonte/MG - Brazil
Telephone +55 (31) 2128-5700
kpmg.com.br

Independent auditors' report on the parent company and consolidated financial statements

(A free translation of the original report in Portuguese)

To the Shareholders and Board of Directors

U&M Mineração e Construção S.A.

Rio de Janeiro - RJ

Opinion

We have audited the parent company and consolidated financial statements of U&M Mineração e Construção S.A. ("the Company"), which comprise the parent company and consolidated statement of financial position as of December 31, 2022, the parent company and consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes, comprising significant accounting policies and other explanatory information.

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

Basis for the opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the parent company and consolidated financial statements section" of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant's Code of Ethics ("Código de Ética Profissional do Contador") and the professional standards issued by the Federal Accounting Council ("Conselho Federal de Contabilidade") 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 parent company and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition - measurement and recognition of service and lease revenue	
See notes 3.4 and 22 to the parent company and consolidated financial statements.	
Key audit matters	**How the matter was addressed in our audit**
The Group's revenue from service and lease is recognized based on the measurement of the services provided and the lease equipment until a cut-off date (measurement period - End of the month). The measurements the services provided and the leasing of equipment are made for the 30-day period, and are approved and billed monthly, but do not cover the complete month, in certain cases only embracing part of the current month and part of the previous month. The amount of revenue to be recognized for the services provided and the leasing of equipment in the month for the measurement period (end of the month) not yet approved is estimated. We considered recognizing revenue by estimate involves a recognition risk. For this reason, we consider this a key audit matter.	Our audit procedures in this area included, among others: We gained an understanding of the processes related to recognizing service and lease revenue and carried out detailed tests on the Group's entire revenue, checking its existence by analyzing the supporting documents and auditing 100% of billing documents issued to clients used for estimating the revenue during the measurement period (end of the month) and the approved service measurement documents, in addition to receipt of cash by clients. Based on the detailed tests described above, we also carried out the revenue recognition criteria for the measurement period approaching the end of the financial year, not yet approved by the client (revenue cut-off test). We also evaluated the Company's disclosures. In the course of our audit, we identified a control deficiency, given that the management does not carry out a cut-off analysis of revenues from services provided and leased equipment. Based on the evidence obtained through the procedures summarized above, we consider the revenue amounts and the respective disclosures are acceptable in the context of the financial statements taken as a whole for the year ended December 31, 2022.

Other matters – Statements of added value

The parent company and consolidated statements of added value (DVA) for the year ended December 31, 2022, prepared under responsibility of Company's management, whose presentation is not required for non-public companies, have been subject to audit procedures jointly performed with the audit of Company's financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the parent company and consolidated financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of added value have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated statements and the auditor's report

The Company's management is responsible for the other information, which includes the Management's Report.

Our opinion on the parent company and consolidated statements does not cover the Management's Report and we do not express any form of audit conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with 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 the parent company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company 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 and its subsidiaries financial reporting process.

Auditors' responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 parent company and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company 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 auditors' report. However, future events or conditions may cause the Company and its subsidiary to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether the parent company and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate 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 determine 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 auditors' 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.

Belo Horizonte, March 31, 2023

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 F-MG

Original report in Portuguese signed by
Anderson Luiz de Menezes
Accountant CRC MG-070240/O-3

U&M Mineração e Construção S.A.

Statements of financial

Years ended as of December 31, 2022 and 2021

(Amounts expressed in thousands of Reais)

		Parent Company		Consolidated	
	Notes	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Current					
Assets					
Cash and cash equivalent	4	226,844	123,550	226,844	126,131
Accounts receivable from customers	5	207,013	267,883	207,013	267,883
Inventories	6	322,324	323,323	322,324	323,323
Advances to suppliers	7	11,809	6,686	11,809	6,686
Taxes to recover	8	7,550	13,659	7,550	13,679
Taxes on profit to recover	8	13,479	313	13,479	313
Derivative financial instruments	9	1,081	3,169	1,081	3,169
Other assets		13,186	4,368	13,186	4,368
Total current assets		**803,286**	**742,951**	**803,286**	**745,552**
Non-current					
Derivative financial instruments	9	718	16,359	718	16,359
Accounts receivable from customers	5	20,196	-	20,196	-
Legal Deposits	20	5,507	4,502	5,507	4,502
Taxes to recover	8	-	4,763	-	4,763
Other assets		-	52	-	52
Total long-term receivables		**26,421**	**25,676**	**26,421**	**25,676**
Investments	12	-	2,600	-	-
Fixed Assets	13	1,022,379	757,884	1,022,379	757,884
Intangible		686	576	686	576
		1,023,065	**761,060**	**1,023,065**	**758,460**
Total non-current asset		**1,049,486**	**786,736**	**1,049,486**	**784,136**
Total asset		**1,852,772**	**1,529,687**	**1,852,772**	**1,529,688**

		Parent Company		Consolidated	
	Notes	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Current					
Liabilities					
Loans and financing	15	455,127	282,011	455,127	282,011
Suppliers	16	85,237	58,952	85,237	58,952
Collectable taxes	17	29,811	24,561	29,811	24,561
Income tax and social contribution payable	10	-	7,415	-	7,415
Salaries and social charges	18	32,643	39,862	32,643	39,862
Advance from Customers	19	21,210	6,740	21,210	6,740
Lease purchase operations	14	6,066	6,939	6,066	6,939
Interest on equity and dividends payable	21	5,740	16,816	5,740	16,816
Derivative financial instruments	9	20,235	16,493	20,235	16,493
Other obligations		1,201	598	1,201	599
Total current liabilities		**657,270**	**460,387**	**657,270**	**460,388**
Non-current					
Loans and financing	15	528,821	386,857	528,821	386,857
Collectable taxes	17	17,136	23,836	17,136	23,836
Provisions	20	7,018	7,146	7,018	7,146
Lease purchase operations	14	22,016	19,100	22,016	19,100
Deferred taxes	10	76,344	77,050	76,344	77,050
Derivative financial instruments	9	10,039	2,423	10,039	2,423
Total non-current liabilities		**661,374**	**516,412**	**661,374**	**516,412**
Equity	21				
Capital stock		66,499	66,499	66,499	66,499
Capital reserve		19,684	19,684	19,684	19,684
Legal Reserve		13,300	13,300	13,300	13,300
Profit retention reserve		447,639	466,219	447,639	466,219
Actions in Treasury		(138)	(138)	(138)	(138)
Other comprehensive results		(12,856)	(12,676)	(12,856)	(12,676)
Total net worth		**534,128**	**552,888**	**534,128**	**552,888**
Total liabilities and equity		**1,852,772**	**1,529,687**	**1,852,772**	**1,529,688**

The explanatory notes are an integral part of the individual and consolidated financial statements.

U&M Mineração e Construção S.A.

Statements of profit or loss

Years ended as of December 31, 2022 and 2021

(Amounts expressed in thousands of Reais)

		Parent Company		Consolidated	
	Notes	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Net revenue from services	22	1,293,068	1,137,146	1,293,068	1,162,800
Cost of services provided	23	(1,100,831)	(1,013,684)	(1,100,831)	(1,014,000)
Gross income or loss		**192,237**	**123,462**	**192,237**	**148,800**
Operating income/expenses					
Administrative and General Expenses	24	(25,563)	(16,522)	(25,609)	(16,680)
Equity pick-up	12	(40)	22,370	-	-
Expected credit loss	5	(79,102)	-	(79,102)	-
Other operating income	25	35,259	50,031	35,259	50,031
Other operating expenses	25	(2,732)	(28,818)	(2,732)	(28,817)
Earnings before financial results and taxes		**120,059**	**150,523**	**120,053**	**153,334**
Financial result					
Financial expenses	26	(179,123)	(96,732)	(179,126)	(96,734)
Financial revenues	26	70,910	41,786	70,919	41,851
Earnings before taxes and contributions on profits		**11,846**	**95,577**	**11,846**	**98,451**
Income tax and social contribution					
Income tax and social contribution - Current	10	(2,208)	(20,763)	(2,208)	(23,637)
Income tax and social contribution - Deferred	10	706	(20,166)	706	(20,166)
Financial result		**10,344**	**54,648**	**10,344**	**54,648**
Number of shares (block of ‘K’)		59,058	59,058	59,058	59,058
Income for the year attributed to:					
Controlling shareholders				10,344	54,648
				10,344	**54,648**
Basic and diluted earnings per share (in reais)	27			0.18	0.93

The explanatory notes are an integral part of the individual and consolidated financial statements.

U&M Mineração e Construção S.A.

Statements of comprehensive income

Years ended as of December 31, 2022 and 2021

(Amounts expressed in thousands of Reais)

	Note	Parent Company		Consolidated	
		12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Financial result		10,344	54,648	10,344	54,648
Items that are or may be subsequently reclassified to income:					
Overseas operations - foreign currency conversion differences	12	(180)	57	(180)	57
Total comprehensive income for the year		**10,164**	**54,705**	**10,164**	**54,705**
Comprehensive income for the year attributed to:					
Controlling shareholders				10,164	54,705
				10,164	**54,705**

The explanatory notes are an integral part of the individual and consolidated financial statements.

U&M Mineração e Construção S.A.

Statements of changes in equity

Years ended as of December 31, 2022 and 2021

(Amounts expressed in thousands of Reais)

	Note	Capital stock	Actions in Treasury	Capital reserve	Legal reserve	Profit retention reserve	Accumulated earnings (losses)	Other comprehensive results	Total
As of January 01, 2021		**66,499**	**(138)**	**19,684**	**13,300**	**436,318**	**-**	**(12,733)**	**522,930**
Conversion adjustments	12	-	-	-	-	-	-	57	57
Financial result		-	-	-	-	-	54,648	-	54,648
Additional dividends	21.4	-	-	-	-	(11,085)	-	-	(11,085)
Mandatory dividends	21.4	-	-	-	-		(13,662)	-	(13,662)
Profit retention		-	-	-	-	40,986	(40,986)	-	-
As of December 31, 2021		**66,499**	**(138)**	**19,684**	**13,300**	**466,219**	**-**	**(12,676)**	**552,888**
Conversion adjustments	12	-	-	-	-	-	-	(180)	(180)
Financial result		-	-	-	-	-	10,344	-	10,344
Additional dividends	21.4	-	-	-	-	(26,338)	-	-	(26,338)
Mandatory dividends	21.4	-	-	-	-	-	(2,586)	-	(2,586)
Profit retention		-	-	-	-	7,758	(7,758)	-	-
As of December 31, 2022		**66,499**	**(138)**	**19,684**	**13,300**	**447,639**	**-**	**(12,856)**	**534,128**

The explanatory notes are an integral part of the individual and consolidated financial statements.

U&M Mineração e Construção S.A.

Statements of cash flows

Years ended as of December 31, 2022 and 2021

(Amounts expressed in thousands of Reais)

		Parent Company		Consolidated	
	Notes	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Cash flow from operating activities					
Net income for the year		**10,344**	**54,648**	**10,344**	**54,648**
Adjusted by:					
Provision/Reversal for contingency	20.2	210	5,788	210	5,788
Earnings with Equity pick-up	12	40	(22,370)	-	-
Depreciation and Amortization	23 / 24	123,652	93,101	123,652	93,417
Provision for tax expenses related to the Assessment Notice			37,392	-	37,392
Provision for interest	14.2 / 15.2	70,432	24,677	70,432	24,677
(Earned) Income from the sale of property, plant and equipment	13	(975)	1,345	(975)	1,345
Result in write-off of lease agreements	13	(101)	(407)	(101)	(407)
Write-off of scrapped assets	13	-	4,553	-	4,553
Provision for income tax and social contribution expenses	10.1	1,502	40,929	1,502	43,803
Amortization of cost of raising debentures	15	-	385	-	385
Unrealized exchange variation		(30,846)	30,708	(31,198)	30,833
Inventory adjustment	23	6,450	2,803	6,450	2,803
Other fixed assets	13	-	(292)	-	(292)
Expected credit loss	5	79,102	-	79,102	-
Unrealized result of operations with derivatives (swap/NDF)		34,332	(10,897)	34,332	(10,897)
		294,142	**262,363**	**293,750**	**288,048**
Increase (decrease) of assets:					
Accounts receivable from customers		(38,430)	(103,895)	(38,430)	(95,093)
Taxes to recover		10,872	(4,398)	10,892	(4,406)
Inventories		(5,451)	(80,635)	(5,451)	(80,635)
Legal Deposits		(1,005)	(733)	(1,005)	(733)
Advances to suppliers		(5,123)	4,728	(5,123)	4,728
Financial instruments and derivatives		19,953	5,515	19,953	5,515
Other assets		(1,829)	141	(1,829)	147
Increase (decrease) in liabilities:					
Salaries and social charges		(7,219)	5,353	(7,219)	5,326
Collectable taxes		(1,450)	406	(1,450)	640
Suppliers		13,778	4,074	13,950	4,074
Other obligations		264	(53)	263	(313)
Advance from customers		14,470	75	14,470	75
Financial instruments and derivatives		(25,197)	2	(25,197)	2
Cash generated by (used in) operating activities		**267,775**	**92,943**	**267,574**	**127,375**
Income tax and social contribution paid		(22,789)	(21,011)	(22,789)	(27,315)
Net cash flow from (used in) operating activities		**244,986**	**71,932**	**244,785**	**100,060**
Cash flow from investment activities					
Payment on purchase of real estate	13 / 29	(220,116)	(275,749)	(220,116)	(275,749)
Payment on purchase of intangibles		(347)	(184)	(347)	(184)
Receipt on sale of property		-	2,786	-	2,786
Dividends received	12	-	23,240	-	-
Purchase of Shares of the Investee		-	(1)	-	-
Linked application redemption	4	-	14,847	-	14,847
Cash arising from the write-off of the investee	12	2,380	4,907	-	-
Cash flow (used in) from investing activities		**(218,083)**	**(230,154)**	**(220,463)**	**(258,300)**
Cash flow from financing activities					
Raising of loans	15 / 29	461,912	591,085	461,912	591,085
Amortization of the principal	15	(281,086)	(333,589)	(281,086)	(333,589)
Amortization of interest and foreign exchange variation	15	(52,357)	(32,501)	(52,357)	(32,501)
Payment of interest on equity and dividends	21	(40,000)	(20,909)	(40,000)	(20,909)
Amortization of Lease Liabilities	14.2	(8,925)	(3,383)	(8,925)	(3,383)
Amortization of interest on lease liabilities	14.2	(3,153)	(8,029)	(3,153)	(8,029)
Net cash from (used in) financing activities		**76,391**	**192,674**	**76,391**	**192,674**
Net variation in cash and cash equivalents		**103,294**	**34,452**	**100,713**	**34,434**
At the beginning of the year	4	123,550	89,098	126,131	91,874
Effect of foreign exchange rate operations on cash held		-	-	-	177
At the end of the year	4	226,844	123,550	226,844	126,131
Increase in cash and cash equivalents		**103,294**	**34,452**	**100,713**	**34,434**

The explanatory notes are an integral part of the individual and consolidated financial statements.

U&M Mineração e Construção S.A.

Statements of added value

Years ended as of December 31, 2022 and 2021

(Amounts expressed in thousands of Reais)

		Parent Company		Consolidated	
	Notes	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Revenues:		**1,447,769**	**1,366,867**	**1,447,769**	**1,393,494**
Service Provision	22	1,493,479	1,315,801	1,493,479	1,342,428
Other revenues		33,392	51,066	33,392	51,066
Expected credit loss	5	(79,102)	-	(79,102)	-
Inputs purchased from third parties:		**(734,572)**	**(674,554)**	**(734,619)**	**(674,625)**
Cost of services provided		(602,929)	(592,905)	(602,929)	(592,905)
Materials, energy, third-party services and others		(33,227)	(21,419)	(33,256)	(21,479)
Other costs and expenses		(98,416)	(60,230)	(98,434)	(60,241)
Gross added value		**713,197**	**692,313**	**713,150**	**718,869**
Withholdings:		**(123,652)**	**(93,101)**	**(123,652)**	**(93,417)**
Depreciation and amortization	23 / 24	(123,652)	(93,101)	(123,652)	(93,417)
Net added value		**589,545**	**599,212**	**589,498**	**625,452**
Added value received in transfer:		**71,938**	**64,375**	**71,987**	**42,069**
Equity pick-up equivalence result	12	(40)	22,370	-	-
Financial revenues		71,943	41,969	71,952	42,033
Other income received on transfers		35	36	35	36
Total added value		**661,483**	**663,587**	**661,485**	**667,521**
		-	-	-	-
Added value distribution:		**661,483**	**663,587**	**661,485**	**667,521**
Personnel and charges		**275,864**	**247,865**	**275,864**	**247,925**
Direct remuneration		191,199	172,885	191,199	172,931
Benefits		66,230	61,332	66,230	61,332
F.G.T.S.		18,435	13,648	18,435	13,662
Taxes, fees and contributions		**256,628**	**270,838**	**256,628**	**274,698**
Federal		193,514	212,167	193,514	216,027
State		593	1,299	593	1,299
Municipal		62,521	57,372	62,521	57,372
Remuneration of third-party capital		**118,646**	**90,236**	**118,648**	**90,250**
Interest		91,134	69,650	91,136	69,648
Expenses on rental		27,410	20,586	27,410	20,602
Others		102	-	102	-
Equity return		**10,345**	**54,648**	**10,345**	**54,648**
Dividends and interest on equity	21	2,586	13,662	2,586	13,662
Retained earnings/(losses) for the year		7,759	40,986	7,759	40,986

The explanatory notes are an integral part of the individual and consolidated financial statements.

Explanatory notes to the parent company and consolidated financial statements

(Amounts expressed in thousands of Reais, unless otherwise indicated)

1 Operational context

1.1 General considerations

U&M Mineração e Construção S.A. ("U&M" or "Parent Company") is a privately-held corporation domiciled in Brazil. The Parent Company is headquartered at Avenida Marechal Câmara, nº 160, Sala 1518A, Edifício Orly - Rio de Janeiro, Brazil. These financial statements comprise the Parent Company and its subsidiaries (jointly referred to as the "Company"). The Parent Company's main activity is earthmoving, construction and open pit mining, specializing in large movements of soil and rocks, through the leasing of equipment or provision of specialized services. The main services are related to: ore mining, waste rock, excavation, loading, soil and rock transport, drilling and infrastructure construction.

The subsidiaries through which the Parent Company develops activities in Brazil and abroad are described in Note 1.3. The Parent Company does not have a final Parent Company and is owned by the Machado Family, as parent company shareholders.

1.2 Joint operations

The Parent Company holds an 80% interest in the TBM Operational Consortium, formed on April 14, 2020, headquartered in the city of Matias Barbosa, Minas Gerais. The TBM consortium aims to regulate the use and maintenance of the TBM700N Aircraft. The joint operation was created between the Parent Company (80% - Leader of the Consortium), Pangea Empreendimentos S.A. (10%) and Gavião Real Empreendimentos de Qualidade S.A. (10%). The consortium decisions are taken jointly by all consortium members.

1.3 List of controlled entities and joint operations

The consolidated financial statements include the financial statements of the Parent Company and its direct and indirect subsidiaries for the years ended December 31, 2022 and 2021:

		% Interest	
		12/31/2022	**12/31/2021**
U&M Mining Zâmbia Ltd. (a)	Subsidiary	100%	100%
U&M Mining Moçambique Lda. (b)	Subsidiary	99%	99%
TBM Operational Consortium (c)	Joint operation	80%	80%

(a) U&M Mining Zâmbia Ltd, was incorporated on May 17, 2007, headquartered in the city of Chingola, Copperbelt - Zambia, with the purpose of providing mining services, more specifically to comply with the performance of the contract with Company Konkola Copper Mines PLC (belonging to the Indian group Vedanta Resources). U&M Mining Zâmbia Ltd has been inactive since 2015, and had its closure completed in February 2023.

(b) U&M Mining Moçambique Lda, was incorporated on June 24, 2019, headquartered in Maputo, Maputo Province – Mozambique. As of the date of these parent company and consolidated financial statements, the subsidiary U&M Moçambique Lda had its capital to be paid in, with the currency MZN - Metical as its functional currency, resulting from the issue of shares, however, there are no transactions that confirm the functional currency, since the company is not operational.

(c) The TBM Operational Consortium was incorporated on April 14, 2020, headquartered in the city of Matias Barbosa, Minas Gerais. The purpose of the consortium is to regulate the use and maintenance of the Aircraft TBM700N. The Parent Company recognizes the TBM Operational Consortium information proportionally, line by line.

The other companies presented above were recognized in the parent company financial statements in investments.

2 Presentation of financial statements

2.1 Declaration of Compliance

The parent company and consolidated financial statements were prepared in compliance with accounting practices adopted in Brazil, which are in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The accounting practices adopted in Brazil comprise those included in the Brazilian corporate law and the pronouncements, guidelines and technical interpretations issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Federal Accounting Council (“CFC”) and the Brazilian Commission of Securities (“CVM”).

Details on the Company’s accounting policies, including changes, are presented in explanatory note 3.

The financial statements were approved and authorized for disclosure by the Board of Directors and the Executive Board on March 24, 2023.

All relevant information specific to the financial statements, and only these, are being evidenced, and correspond to those used by Administration in its management.

2.2 Functional currency and reporting currency

These parent company and consolidated financial statements are presented in Reais, which is the Company’s functional currency, except for U&M Zâmbia, whose functional currency is the dollar (USD). All financial information is presented in reais (BRL) and has been rounded to the nearest thousand, unless otherwise indicated.

2.3 Use of estimates and judgments

In preparing these parent company and consolidated financial statements, Management used judgments, estimates that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and judgments are reviewed on an ongoing basis and are based on historical experience and other factors, such as expectations of future events that are considered probable.

a. Judgments

Information on judgments made in the application of accounting policies that have significant effects on the amounts recognized in the financial statements are included in the following explanatory notes:

Explanatory note 14 - lease term: determine whether it was measured in compliance with management's reasonable expectation and its maintenance, exercising the extension options.

b. Uncertainties on assumptions and estimates

Information on uncertainties related to estimates and assumptions that have a material effect and may result in a material adjustment to the book value of assets and liabilities in the next accounting year are included in the following explanatory notes:

Explanatory note 5 and 3.13 – Economic analysis for the purpose of measuring the provision and impairment of accounts receivable from customers;

Explanatory note 3.11 – Economic analysis for measuring the fair value of financial instruments.

Explanatory note 13 - Measurement of depreciation over the useful life of property, plant and equipment: main assumptions in determining the useful life;

Explanatory note 20 - Recognition and measurement of provisions for contingencies: main assumptions regarding the probability and magnitude of resource outflows; and

Explanatory note 22 - Revenue recognition: measurements carried out monthly as the provision of services progresses.

c. Fair value measurement

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

The Company has established a control structure related to fair value measurement. This includes a valuation team that has overall responsibility for reviewing all significant fair value measurements, including Level 3 fair values reporting directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, the valuation team analyzes the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of the CPC/IFRS standards, including the level in the fair value hierarchy at which such valuations should be classified.

Significant valuation issues are reported to the Company's Management.

When measuring the fair value of an asset or a liability, the Company uses observable market data as much as possible. Fair values are classified at different levels in a hierarchy based on the information (inputs) used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs, except quoted prices included in Level 1, which are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs, for the asset or liability, that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability are classified into different levels of the fair value hierarchy, then the measurement of fair value is categorized in its entirety at the same level of the fair value hierarchy as the lowest entry level which is significant for the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial statement period in which the changes occurred.

Additional information regarding the assumptions used in measuring fair values is included in the following explanatory note:

Explanatory note 9 - financial instruments.

2.4 Measurement basis

The parent company and consolidated financial statements were prepared based on historical cost, with the exception of financial instruments measured at fair value.

3 Main accounting policies

The Company has consistently applied the accounting policies described below to all years presented in these parent company and consolidated financial statements, unless otherwise indicated.

3.1 Changes in the main accounting policies

There is no new standard or amendment, valid for annual periods beginning on January 1, 2022 or after that date that materially affects the Company's financial statements, namely:

- Amendment to IAS 16/CPC 27 "Fixed Assets
- Amendment to IAS 37/CPC 25 "Provision, Contingent Liabilities and Contingent Assets"
- Annual improvements - 2018-2020 cycle:
    * IFRS 9/CPC 48 - "Financial Instruments"
    * IFRS 16/CPC 06 - "Leases"
    * IFRS 1/CPC 37 "Initial Adoption of International Financial Reporting Standards"

The Company has decided not to adopt in advance any other standard, interpretation or amendment that has been issued but is not yet effective.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

The Company controls an entity when it is exposed to, or has rights over, the variable returns arising from its involvement with the entity and has the ability to affect those returns by exercising its power over the entity.

In the Parent Company's parent company financial statements, the financial information of subsidiaries is recognized by using the equity method. Such investments are initially recognized by cost, which includes transaction costs. After initial recognition, the parent company financial statements include the Parent Company's share of net profit or loss for the year and other comprehensive income of the investee until the date on which significant influence or control ceases to exist.

Joint operations

Joint operations are represented by agreements based on which the Company has rights over its assets and obligations for its liabilities, according to its defined interest. Income and expenses in joint operations are accounted for on a line-by-line basis. They are initially recognized at cost, which includes transaction costs.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income or expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investees recorded using the equity method are eliminated against the investment in proportion to the Parent Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains are eliminated, but only to the extent that there is no evidence of an impairment loss.

3.3 Foreign currency

Transactions in foreign currency

Operations with foreign currencies are translated into the Parent Company's functional currency, by using the exchange rates in force on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date on which the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the transaction date. Foreign currency differences resulting from translation are generally recognized in financial expenses.

Overseas operations

Assets and liabilities from operations abroad are translated into Real at the exchange rates calculated on the balance sheet date and the corresponding statements of income are translated into Reais at the average exchange rate for the month. Foreign currency differences generated on translation into reporting currency are recognized in other comprehensive income and accumulated in equity valuation adjustments in equity.

3.4 Customer contract revenue

The Company's revenue comes from providing services and leasing equipment:

Revenue from service provision

Revenue from contracts with customers is recognized when control over the service is transferred, which may occur at a moment in time or over time, as contractual obligations are complied with.

Revenue is measured at the amount that reflects the consideration to which it is expected to be entitled and is based on a five-step model:

- Identification of the contract;

- Identification of performance obligations;

- Determination of the transaction price;

- Allocation of transaction price to performance obligations;

- Revenue recognition

The revenue performance obligation is satisfied over time, as the customer simultaneously receives and consumes the benefits generated by the Company's performance. For each performance obligation, the Company measures progress towards the complete satisfaction of that obligation, by using the input method. In this method, revenues are recognized based on direct measurements of the value to the customer of the services transferred up to the date in question. Revenue is recognized based on the total material moved by U&M in the month, calculated by the total machine hours and employee hours applied to that project.

Income from services rendered and the variable portion of revenue from equipment leasing are recognized based on the measurement of services rendered and/or lease incurred up to a cut-off date (measurement period – end of month). The Parent Company has long-term contracts and measurements are carried out for a period of 30 days, being approved and billed monthly, covering, in some cases, part of the current month and part of the previous month. The determination of the amount of revenue to be recognized in the month, referring to the measurement period not yet approved by the customer, is carried out through an estimate based on internal measurements. The Company's average collection period is an average of 32 days in 2022 and 41 days in 2021, as of the issue of the invoice.

Lease income

The Company leases certain property, plant and equipment to its customers, which are classified as operational from the lessor's perspective. The Company has classified these leases as operating leases because they do not substantially transfer all the risks and rewards inherent in ownership of the assets. Lease revenues involve fixed and variable rental values. Variable values are measured based on measurements incurred, up to a cut-off date (measurement period – end of month), of the equipment use.

Measurements of the services provided and the lease of equipment are made for a period of 30 days, and are approved and billed monthly, but do not cover the entire month, in some cases considering only part of the current month and part of the previous month.

3.5 Short-term employee benefits

Obligations arising from short-term employee benefits are recognized as expenses on personnel as the corresponding service is rendered. The liability is recognized for the expected payment amount if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The

Company does not grant any other long-term benefits to employees on the date of these financial statements.

3.6 Financial income and expenses

The Company's financial income and expenses comprise:

- Interest and commissions;

- Income tax withheld at source (IRRF) and tax on financial transactions (IOF);

- Operations with derivatives (Swap/NDF);

- Passive exchange variation;

- Lease-purchase operations – financial expenses;

- Assessment notice penalty;

- Other financial expenses;

- Income from financial investments;

- Interest from third parties;

- Active exchange variation; **and**

- Other financial income.

Interest income and expense are recognized in profit or loss by using the effective interest rate method. The Company classifies interest received as cash flows from investing activities. In calculating interest income or expense, the effective interest rate is applied to the gross book value of the asset.

When preparing the Statement of Cash Flows, the Company classified the interest paid on loans, financing, leases and debentures as a financing and non-operating activity, as it understands that the funds raised are used to finance purchases of assets and working capital, to cash flow management purposes and for this reason the operations were considered as financing activities in the cash flow statements. Additionally, dividends received were classified as investment activities, as they refer to return on investments.

3.7 Income tax and social contribution

Income tax and social contribution for the current and deferred year are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of BRL 240 million for income tax and 9% on taxable income for social contribution on Net Profit. Compensation of tax losses and negative base of social contribution is considered, limited to 30% of taxable income for the year, when applicable.

Expense on income tax and social contribution comprises current and deferred income tax and social contribution, recognized in income.

Current income tax and social contribution expenses

Current tax is the estimated tax payable on taxable income for the year. The amount of current taxes payable is recognized in the balance sheet as a tax liability based on the best estimate of the expected amount of taxes to be paid. Measurement is based on tax rates enacted on the balance sheet date. Tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they relate to income tax levied by the same tax authority on the same entity subject to taxation.

Deferred income tax and social contribution expenses

Deferred tax assets and liabilities are recognized in relation to temporary differences between the book values of assets and liabilities for financial statement purposes and used for taxation purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset is recognized in relation to unused tax losses and deductible temporary differences, to the extent that it is likely that future taxable profits will be available against which they will be used. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to fully recognize a deferred tax asset, future taxable profits will be considered, adjusted for reversals of existing temporary differences, based on the Company's business plans.

Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates expected to apply to temporary differences when they reverse.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.

Tax assets and liabilities are offset if there is a legal right to offset deferred tax liabilities and assets, and they relate to income tax assessed by the same tax authority on the same entity subject to taxation.

3.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated at weighted average cost and includes expenses incurred in acquiring inventories, production and transformation costs and other costs incurred to bring them to their current locations and conditions.

Net realizable value is the estimated selling price in the ordinary course of business, minus estimated completion costs and selling expenses.

3.9 Fixed assets

(i) Recognition and measurement

Property, plant and equipment items are measured at historical acquisition or construction cost, net of accumulated depreciation and any impairment losses. Cost includes expenses directly attributable to the acquisition of assets. The cost of assets built by the Parent Company and its subsidiaries includes materials and direct labor, as well as any other costs attributable to placing the assets in the location and conditions required for them to function as intended by the management, costs of dismantling and restoring the place they are located and borrowing costs on qualifying assets.

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

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the result of the disposal with the book value of the property, plant and equipment and are recognized net in “Other income” or “Other expenses” in income.

Subsequent costs are capitalized only when it is likely that future economic benefits associated with the expenditures will be accrued by the Company. Recurring maintenance and repair expenses are recorded in income.

(ii) Depreciation

Depreciation is calculated to amortize the cost of property, plant and equipment items, net of their estimated residual values, by using the straight-line method based on the estimated useful lives of the items. Depreciation is recognized in income on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment, as this method better reflects the pattern of use of future economic benefits incorporated into the asset. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are installed and available for use, or, in the case of assets built in-house, from the date the construction is completed and the asset is available for use.

The estimated average depreciation rate for the current year are:

	Average rate	
	2022	**2021**
Improvements	20%	20%
Machines and equipment	11%	11%
Vehicles	22%	23%
Hardware	20%	20%
Right of use	26%	24%
Others	11%	10%

Useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate. There was no change in the estimated useful life, the change in the average depreciation rate is related to the variation in the quantity of each type of vehicle, machinery and equipment.

3.10 Intangible

(i) Recognition and measurement

Intangible assets that have finite useful lives are measured at cost, minus accumulated amortization and any accumulated impairment losses.

(ii) Amortization

Amortization is cost over value, the cost of an asset or other residual value.

Amortization is recognized in income by using the straight-line method in relation to the projected useful lives of intangible assets, based on the data that these methods are available for use, as it is the one that reflects the pattern of generation of future benefits embodied in the asset.

	Average rate	
	2022	**2021**
Software	20%	20%

3.11 Financial instruments

a. Initial classification and subsequent measurement

(i) Initial recognition and measurement

Accounts receivable from customers and debt securities issued are initially recognized on the date they were originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value through result (VJR), plus, for an item not measured at VJR, costs of transaction that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured: at amortized cost; at fair value through other comprehensive income (VJORA) - debt instrument; to VJORA - equity instrument; or at fair value through profit or loss (VJR).

Financial assets are not reclassified subsequent to initial recognition, unless the Company changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as being measured at VJR: - it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and - its contractual terms generate, on specific dates, cash flows that are related only to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at VJORA if it meets both of the following conditions and is not designated as being measured at VJR: - it is held within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and - its contractual terms generate, on specific dates, cash flows that are only payments of principal and interest on the outstanding principal amount.

All financial assets not classified as measured at amortized cost or at VJORA, as described above, are classified as to VJR. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at VJORA as well as VJR if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Assessment of the business model
The Company performs an assessment of the objective of the business model in which a financial asset is held in the portfolio because this better reflects the way in which the business is managed and the information is provided to Management. The information considered includes:

- The policies and objectives stipulated for the portfolio and the practical functioning of these policies. They include the matter of knowing whether the strategy of Management is focused on obtaining contractual interest income, maintaining a certain interest rate profile, the correspondence between the duration of the financial assets and the duration of the related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets;

- How the performance of the portfolio is evaluated and reported to Management;

- The risks that affect the performance of the business model (and the financial asset held in that business model) and the way in which those risks are managed;

- How the business managers are remunerated – for example, whether compensation is based on the fair value of managed assets or on contractual cash flows achieved; and

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and its expectations concerning future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, consistent with ongoing recognition of assets.

Financial Assets - Assessment of whether contractual cash flows are principal and interest payments only
For purposes of this valuation, “principal” is defined as the fair value of the financial asset upon initial recognition. “Interest” is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding over a given period of time and for other basic borrowing risks and costs (for example, liquidity risk and administrative costs), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are principal and interest payments only. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows in such a way that it would not meet that condition. When making this assessment, the Company considers:

- Contingent events that change the value or timing of cash flows;

- Terms that may adjust the contractual rate, including variable rates;

- Prepayment and term extension; and

- The terms that limit access to specific asset cash flows (e.g. based on the performance of an asset).

Financial Assets - Subsequent Measurement and Profit and Loss

Financial assets at VJR - These assets are subsequently measured at fair value. The net result, including interest or dividend income, is recognized in profit or loss.

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

Debt instruments at VJORA - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income. Other net profit is recognized in ORA. Upon derecognition, the accumulated result in ORA is reclassified to income.

Equity instruments at VJORA - These assets are subsequently measured at fair value. Dividends are recognized as a gain in income, unless the dividend clearly represents a recovery of part of the cost of the investment. Other Net Profit is recognized in ORA and is never reclassified to income.

Prepayment is consistent with the principal and the interest payments policy if the amount of the prepayment represents, for the most part, unpaid amounts of principal and interest on the outstanding principal amount - which may include reasonable additional compensation for the early termination of the contract. In addition, with respect to a financial asset acquired for an amount less than or greater than the contract face value, allowing or requiring prepayment for an amount representing the contract face value plus contractual interest (which may also include additional reasonable compensation for early contract termination) accrued (but not paid) are treated as consistent with these criteria if the fair value of the prepayment is insignificant at initial recognition.

Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities were classified as measured at amortized cost or at VJR. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, if it is a derivative or is designated as such upon initial recognition. Financial liabilities measured at VJR are measured at fair value and the net result, including interest, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost by using the effective interest rate method. Interest expense, exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

In the event of breach of contractual agreement (covenants) of a long-term loan (non-financial indicators, for example) at the end or before the end of the Balance Sheet date, the Parent Company assesses the need for reclassification as current, considering obtaining the unconditional right to defer its settlement for at least twelve months after that date. This assessment also considers the need for faithful representation regarding the essence required for the Financial Statements, as well as the purpose of providing reliable information on the Parent Company's equity and financial position.

(iii) Derecognition

Financial assets
The Company derecognizes a financial asset when the contractual rights to the asset's cash flows expire, or when the Company transfers the contractual rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor maintains substantially all the risks and rewards of ownership of the financial asset and also does not retain control over the financial asset.

The Company enters into transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all the risks and rewards of the transferred assets. In these cases, the financial assets are not derecognized.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expires and when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not carry cash or liabilities assumed) is recognized in profit or loss.

Interest rate reform
When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate reform, the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining contractual cash flows is required by the benchmark interest rate reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and

- The new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e., the basis immediately prior to the change.

When changes have been made to a financial asset or financial liability, in addition to changes in the basis for determining the contractual cash flows required by the reference interest rate reform, the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the benchmark interest rate reform. Thereafter, the Parent Company and its subsidiaries apply the modification accounting policies to additional changes.

(iv) Offset

Financial assets or liabilities are offset and the net amount presented in the balance sheet when, and only when, the Parent Company and its subsidiaries currently have a legally enforceable right to offset the amounts and intend to settle them on a net basis or realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Company maintains derivative financial instruments to protect its exposure to foreign currency variation and interest rate risks.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value and changes in fair value are normally recognized in profit or loss.

3.12 Capital stock

The Parent Company has only common shares classified in its shareholders' equity comprising its capital stock.

Mandatory minimum dividends, as defined in the articles of incorporation, are recognized as a liability.

Repurchase and reissue of shares (treasury shares)

When shares recognized as equity are repurchased, the amount of consideration paid, which includes any directly attributable costs, is recognized as a deduction from equity. Shares repurchased are classified as treasury shares and are presented as a deduction from shareholders' equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity, and the gain or loss resulting from the transaction is presented as an equity reserve or equity through payment approved by the shareholders.

3.13 Reduction to recoverable value (impairment)

Non-derivative financial assets

The Parent Company and its subsidiaries recognize provisions for expected credit losses on financial assets measured at amortized cost.

Provisions for losses on accounts receivable from customers, when applicable, are measured at an amount equal to the expected credit loss for the entire life of the instrument. In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and forward-looking information.

The Company considers a financial asset to be in default when:

- It is unlikely that the debtor will fully pay its credit obligations to the Company, without resorting to actions such as the realization of the guarantee (if any); or

- The financial asset is overdue for more than 90 days.

The maximum period considered in estimating the expected credit loss is the contractual period during which the Parent Company is exposed to credit risk.

Measurement of expected credit losses
Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash shortfalls (i.e., the difference between the cash flows owed to the Company pursuant to the contract and the cash flows the Company expects to receive). Expected credit losses are discounted at the financial asset's effective interest rate.

Financial assets with recovery problems
At each balance sheet date, the Company assesses whether the financial assets carried at amortized cost have recovery problems. A financial asset has "recovery problems" when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset.

Objective evidence that financial assets have had recovery problems includes the following observable data:

- Significant financial difficulties of the debtor;

- Breach of contractual clauses, such as default or delay of more than 90 days;

- Restructuring of an amount owed to the Company under conditions that would not be accepted under normal circumstances;

- The probability that the debtor will enter bankruptcy or undergo another type of financial reorganization; or

- The disappearance of active market for the title because of financial difficulties.

The allowance for losses on financial assets measured at amortized cost is deducted from the gross book value of the assets.

The gross book value of a financial asset is derecognized when the Parent Company and its subsidiaries have no reasonable expectation of recovering the financial asset in whole or in part.

Non-financial assets
The book values of non-financial assets of the Parent Company and its subsidiaries, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication occurs, the recoverable amount of the asset is estimated.

For impairment tests, assets are grouped into Cash Generating Units (UGC), i.e., the smallest potential group of assets that generate cash inflows through their continuous use, which entries are largely independent of the inflows cash from other assets or UGCs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the book value of the asset or UGC exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses are reversed only to the extent that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, had the impairment not been recognized.

3.14 Suppliers

Accounts payable to suppliers are obligations to pay for goods or services that were acquired in the regular course of business, being classified as current liabilities if payment is due within a period of up to one year. Otherwise, accounts payable are presented as non-current liabilities.

3.15 Provisions

Provisions are recognized when the Company has a present or constructive obligation as a result of past events, which can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Provisions are recorded considering the present value of the best estimates of future outflows.

3.16 Leases

At the beginning of a contract, the Company assesses whether a contract is or contains a lease, i.e., whether the right to control the use of an identified asset has been transferred for a period of time in exchange for consideration.

As leaseholder

Upon inception or change of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their parent company prices.

The Company recognizes a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the location on which it is located, minus any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the leaseholder at the end of the lease term, or if the cost of the lease right-of-use asset reflects that the leaseholder will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of the property, plant and equipment. In addition, the right-of-use asset is periodically written down for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not made at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be immediately determined, the Company's incremental borrowing rate. The

Company determines its incremental rate on borrowings by obtaining interest rates from various external funding sources and making certain adjustments to reflect the terms of the lease and the type of asset being leased. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in measuring the lease liability comprise, when applicable, the following:

- Fixed payments, including fixed payments in essence; and

- Variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if there is a change in the amounts expected to be paid under the residual value guarantee, if the Company changes its assessment whether it will exercise an option to purchase, extension or termination or whether there is a fixed revised lease payment in essence.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset or is recorded in profit or loss if the book value of the right-of-use asset has been reduced to zero.

For leases of low-value assets, the Company opted not to recognize right-of-use assets and short-term and low-value lease liabilities. The Company recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets that do not meet the definition of investment property under ‘fixed assets’ and lease liabilities under ‘lease liabilities’ on the balance sheet.

As lessor

Upon inception or change of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their independent prices.

When the Company acts as a lessor, it determines, at the beginning of the lease, whether each lease is a finance or operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards inherent in ownership of the underlying asset. If so, the lease is a finance lease; otherwise, it is an operating lease. As part of this assessment, the Company considers certain indicators, such as whether the lease term is equivalent to most of the economic life of the underlying asset.

The Company applies the write-off and impairment requirements of CPC 48/IFRS 9 to the net investment in the lease and regularly reviews the estimated unsecured residual values used in calculating the gross investment in the lease.

The Company recognizes lease receipts arising from operating leases as revenue using variable amounts that are measured based on measurements incurred up to the cut-off date (measurement period) as part of operating lease revenue.

The lease revenue recognized by the Company in 2022 and 2021 is disclosed in note 22.

3.17 Operating Segment

The Parent Company and its subsidiaries have one single operating segment consisting of the provision of specialized services and the rental of extra-heavy equipment. The Parent Company and its subsidiaries are organized, and their performance evaluated, as one single business unit for operational, commercial, managerial and administrative purposes, with the results followed-up, monitored and evaluated centrally by the Company's Chief Executive Officer ("CEO"). This view is supported by the following factors:

- There are no divisions in its structure to manage the different lines of services; and

- Strategic decisions are based on studies of market opportunities and not just on the execution of works.

3.18 Added Value Statement ("DVA")

The presentation of the Statement of Added Value ("DVA"), parent company and consolidated, prepared in compliance with the criteria defined in Technical Pronouncement CPC 09 - Added Value Statement is required by Brazilian corporate law and by the accounting practices adopted in Brazil, applicable to the public companies, which are presented as an integral part of the financial statements, while the IFRS do not require the submission of this statement and, therefore, they represent supplementary financial information, without prejudice to these financial statements as a whole.

3.19 New Standards and interpretations not yet effective

A series of new rules will be effective for accounting years beginning on or after January 1st 2023. The Company did not adopt these standards in the preparation of these financial statements, which are described below.

• Classification of liabilities as current or non-current (amendments to CPC 26 - IAS 1)

• Deferred taxes related to assets and liabilities arising from a single transaction (amendments to CPC 32 - IAS 12)

• Insurance contracts (CPC 50 - IFRS 17)

• Disclosure of accounting policies (amendments to CPC 26 - IAS 1 and IFRS practical statement 2)

• Definition of accounting estimate (CPC 23 - IAS 8)

4 Cash and cash equivalent

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Cash and cash equivalent	95	40	95	40
Cash account banks:				
National banks	26,587	794	26,587	794

International banks	3,190	871	3,190	3,451
Financial investment	196,972	121,845	196,972	121,846
	226,844	**123,550**	**226,844**	**126,131**

Cash equivalents are held for the purpose of meeting short-term cash commitments. Financial investments are Bank Deposit Certificates (CDB), remunerated with an average return as of December 31, 2022 of 90% of the (CDI) Interbank Deposit Certificate (84% as of December 31, 2021). Highly liquid securities are readily convertible into a known amount of cash and are subject to insignificant risk of change in value.

5 Accounts receivable from customers

	Parent Company/ Consolidated	
	12/31/2022	**12/31/2021**
National customers (*)	211,339	133,929
Measurements to be invoiced (*)	94,972	133,954
(-) Provision for expected credit loss	(79,102)	-
	227,209	**267,883**
Current liabilities	207,013	267,883
Non-current	20,196	-

(*) All accounts receivable, billed and unbilled, were recorded in reais.

On September 09, 2022, one of the Parent Company's customers filed for judicial recovery. On December 31, 2022, the receivable balance of BRL 98,877 was reduced by a provision for estimated losses in the amount of BRL 79,102. This estimate considers the existence of important mining assets of the customer, with mining potential that operates in the gold market, the Parent Company is currently an unsecured creditor, and may be included in the special regime, being considered a strategic supplier, thus having priority in the receipt of debts.

As of December 31, 2021, there was no provision for expected credit losses due to the low exposure to credit risks on its trade receivables. The exposure of the Parent Company and its subsidiaries to credit risks related to trade accounts receivable and other receivables is disclosed in Note 9.

6 Inventories

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Warehouse	322,324	323,323
	322,324	**323,323**

The warehouse inventory is mainly composed of tires, parts and consumables for the maintenance of machines and equipment used in operations.

Considering the nature of the inventories and the market context for the services provided by the Parent Company, no evidence was identified that the net recoverable value of these inventories is lower than their accounting record or that there are obsolete inventories as of December 31, 2022 and 2021.

7 Advances to suppliers

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
National	1,727	812
International	10,082	5,874
	11,809	**6,686**

The exposure of the Parent Company and its subsidiaries to exchange rate risks related to advances to international suppliers is disclosed in Note 9.

8 Taxes to recover

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Income tax withheld at source IRRF (i)	5,261	8,845	5,261	8,862
INSS – National Institute of Social Security	494	1,386	494	1,386
Social Integration Program - PIS	254	1,106	254	1,106
Contribution to Social Security Financing COFINS	1,181	7,085	1,181	7,085
VAT Zâmbia	-	-	-	3
	7,550	**18,422**	**7,550**	**18,442**
Corporate income tax – IRPJ (ii)	9,925	233	9,925	233
Social Contribution on Net Income – CSLL(ii)	3,554	80	3,554	80
	13,479	**313**	**13,479**	**313**
Current liabilities	21,029	13,972	21,029	13,992
Non-current	-	4,763	-	4,763

(i) Refers mainly to income tax withheld at source, referring to the result of operations with derivatives (Swap).

(ii) IRPJ and CSLL to be offset due to the calculation of Lalur by estimate.

9 Financial instruments and derivatives

The Company's main asset and liability financial instruments as of December 31, 2022 and 2021 are described below, as well as the criteria for their evaluation and valuation:

9.1 Identification and valuation of financial instruments

The Parent Company carries out operations with financial instruments, especially cash and cash equivalents, marketable securities, trade accounts receivable, loans and financing, suppliers, leasing liabilities and derivative financial instruments - SWAPs.

The amounts recorded in current assets and liabilities have immediate liquidity. The book values of loans and financing in reais are indexed to the CDI and Selic variation and approximate their market value. A number of loans and financing in US dollars are hedged by SWAPS whose derivative contracts are measured at fair value through profit or loss.

The financial instruments recognized in the financial statements are substantially similar to those that would be obtained if they were traded in the market.

Capital management
The Company's capital management aims to ensure the continuity of operations in a healthy and sustainable manner, generating value for shareholders and other stakeholders. In order to maintain or adjust the capital structure, the Company may review the dividend payment policy, return capital to shareholders or even sell assets to reduce, for example, the level of indebtedness.

Accounting classification and fair values
The table below presents the book and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

Financial Instruments

Parent Company	**Book value**			**Fair value**			
December 31, 2022	**Fair value through result**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets							
Cash and cash equivalent	-	226,844	226,844	-	-	-	-
Accounts receivable from customers	-	211,339	211,339	-	-	-	-
Derivative financial instruments	1,799	-	1,799	-	1,799	-	1,799
	1,799	**438,183**	**439,982**	**-**	**1,799** -	**-**	**1,799**
Liabilities							
Loans and Financing	-	983,948	983,948	-	-	-	-
Suppliers	-	85,237	85,237	-	-	-	-
Derivative financial instruments	30,274	-	30,274	-	30,274	-	30,274
Lease purchase operations	-	28,082	28,082	-	-	-	-
	30,274	**1,097,267**	**1,127,541**	**-**	**30,274**	**-**	**30,274**

Parent Company	**Book value**			**Fair value**			
December 31, 2021	**Fair value through result**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets							
Cash and cash equivalent	-	123,550	123,550	-	-	-	-
Accounts receivable from customers	-	133,929	133,929	-	-	-	-
Derivative financial instruments	19,528	-	19,528	-	19,528	-	19,528
	19,528	**257,479**	**277,007**	**-**	**19,528**	**-**	**19,528**
Liabilities							
Loans and Financing	-	668,868	668,868	-	-	-	-

Suppliers	-	58,952	58,952	-	-	-	-
Derivative financial instruments	18,916	-	18,916	-	18,916	-	18,916
Lease purchase operations	-	26,039	26,039	-	-	-	-
	18,916	**753,859**	**772,775**	**-**	**18,916**	**-**	**18,916**

Consolidated	**Book value**			**Fair value**			
December 31, 2022	**Fair value through result**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets							
Cash and cash equivalent	-	226,844	226,844	-	-	-	-
Accounts receivable from customers	-	211,339	211,339	-	-	-	-
Derivative financial instruments	1,799	-	1,799	-	1,799	-	1,799
	1,799	**438,183**	**439,982**	**-**	**1,799 -**	**-**	**1,799**
Liabilities							
Loans and Financing	-	983,948	989,726	-	-	-	-
Suppliers	-	85,237	85,237	-	-	-	-
Derivative financial instruments	30,274	-	30,274	-	30,274	-	30,274
Lease purchase operations	-	28,082	28,082	-	-	-	-
	30,274	**1,097,267**	**1,127,541**	**-**	**30,274**	**-**	**30,274**

Consolidated	**Book value**			**Fair value**			
December 31, 2021	**Fair value through result**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets							
Cash and cash equivalent	-	126,131	126,131	-	-	-	-
Accounts receivable from customers	-	133,929	133,929	-	-	-	-
Derivative financial instruments	19,528	-	19,528	-	19,528	-	19,528
	19,528	**260,060**	**279,588**	**-**	**19,528**	**-**	**19,528**
Liabilities							
Loans and Financing	-	668,868	668,868	-	-	-	-
Suppliers	-	58,952	58,952	-	-	-	-
Derivative financial instruments	18,916	-	18,916	-	18,916	-	18,916
Lease purchase operations		26,039	26,039	-	-	-	-
	18,916	**753,859**	**772,775**	**-**	**18,916**	**-**	**18,916**

Derivative financial instruments (Swap): Detailing of asset and liability end

Asset				**Parent Company/ Consolidated**			
Counterparts	**Maturity**	**Indexers**		**Estimated amount**	**12/31/2022**	**Estimated amount**	**12/31/2021**
Bradesco	2024	CDI + 2.56%	VC (dollar) + 3.15%	-	-	182,349	10,722
Citibank	2023	CDI + 2.09%	Libor + 1.57%	26,694	875	62,190	4,581
Itaú	2023	CDI + 2.05%	VC (dollar) + 1.95%	22,320	367	51,893	4,225
Citibank	2025	VC (dollar) + 6.80%	CDI + 2.50%	25,511	557	-	-
				74,525	**1,799**	**296,432**	**19,528**
Current liabilities					1,081		3,169
Non-current					718		16,359

Liability				**Parent Company/ Consolidated**			
Counterparts	**Maturity**	**Indexers**		**Estimated amount**	**12/31/2022**	**Estimated amount**	**12/31/2021**
Bradesco	2024	VC (dollar) + 3.15%	CDI + 2.55%	152,179	(14,880)	-	-
China Bank Construction	2024	VC (dollar) + 2.58%	CDI + 2.50%	38,289	(4,430)	52,713	(1,185)
Itaú	2024	VC (dollar) + 2.40%	CDI + 2.50%	27,354	(3,036)	52,141	(987)
Itaú	2023	VC (dollar) + 1.95%	CDI + 2.05%	14,920	(1,660)	-	-
Votorantim	2023	VC (dollar) + 2.67%	CDI + 2.00%	6,509	(564)	32,798	(872)
Banco do Brasil	2024	VC (dollar) + 3.65%	CDI + 2.55%	19,580	(2,119)	24,839	(412)
Bradesco	2024	VC (dollar) +3.15%	CDI + 2.56%	51,708	(764)	25,523	(14,508)
Citibank	2022	Libor + 2.16%	CDI + 0.38%	-	-	860	(648)
Citibank	2022	Libor + 0.98%	CDI + 1.15%	-	-	9,930	(304)
Citibank	2025	VC (dollar) + 6.80%	CDI + 2.50%	13,375	(1,875)	-	-
/Citibank	2025	VC (dollar) + 6.26%	CDI + 1.75%	10,454	(132)	-	-
Citibank	2025	TLP + 2.95%	CDI + 2.30%	41,014	(813)	-	-
				375,382	**(30,274)**	**198,804**	**(18,916)**
Current liabilities					(20,235)		(16,493)
Non-current					(10,039)		(2,423)

Note: (VC) corresponds to Exchange Variation.

Fair Value Determination
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The concept of fair value deals with numerous variations in the metrics used to measure a value at a reliable value.

Assets and liabilities recorded at fair value through profit or loss correspond to derivative financial instruments and are classified as level 2.

In the year ended December 31, 2022 and 2021, the Company did not make transfers between hierarchical levels.

Several of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values were determined for measurement and/or disclosure purposes based on the following methods.

The book value of financial assets and liabilities measured at amortized cost is a reasonable approximation of their fair value.

Cash and cash equivalent
The book values reported in the balance sheet approximate the fair values due to the short maturity of these instruments.

Accounts receivable from customers
The fair value of trade accounts receivable is estimated as the present value of future cash flows, discounted at the market interest rate determined on the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities
The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted at the market interest rate calculated on the date of presentation of the financial statements.

9.2 Financial Risk
The Parent Company is exposed to several financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The Parent Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance and, when necessary, use derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Parent Company's treasury and policies are determined by the Board of Directors. The treasury instruments area identifies financial risks, values and contracts with the aim of protecting the Parent Company from potential financial risks, mainly arising from interest and exchange rates.

Risk management structure
Management has overall responsibility for establishing and overseeing the risk management framework. Management is responsible for developing and monitoring risk management policies. The managers of each department regularly report to the Board on their activities.

Risk management policies are established to identify and analyze the risks faced and define appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed frequently to reflect changes in market conditions and activities.

Credit risk

Credit risk is the risk that the Company and its subsidiaries incur in financial losses if a customer or a counterparty to a financial instrument fails to comply with its contractual obligations. This risk arises from accounts receivable from customers and mainly from financial instruments.

Management has established a practice whereby each new customer is analyzed individually as to its financial condition, so that it can accept the proposal obtained through bidding processes. The review carried out includes the evaluation, when available, of the financial statements and information from the credit agencies.

The book values of financial assets and contract assets represent the maximum exposure to credit risk. The Parent Company maintains cash and cash equivalents in prime financial institutions and does not limit its exposure to a specific institution. As of December 31, 2022 and 2021, the maximum exposure to credit risk was the book value of cash and cash equivalents, presented in note 4, as well as Accounts receivable from customers, with emphasis on expected credit losses in note 5.

Assessment of expected credit loss for parent company customers

In the provision of services, due to the nature and characteristics of the services provided and with a portfolio of customers considered to be great partners, large customers, a low or non-existent credit risk is assumed, even because there is a concentration of customers and, consequently, there is market information for these customers.

Any type of configuration of the billing and receiving process is evaluated and controlled, mitigated and with credit risk.

Provisions for expected credit losses are constituted based on the historical percentage of loss, macroeconomic impacts on the behavior of the default history of the customer portfolio, segregated by customer category and according to the aging of the portfolio and correlation with these factors to determine the loss of accounts receivable from customers. For accounts receivable overdue for more than 90 days, the Parent Company performed an assessment to identify the recoverable amount of the asset and subsequently recognize the estimated impairment loss of the balance of receivables. As of December 31, 2022, one of the Parent Company’s customers filed for bankruptcy. For more information, refer to note 5.

Accounts Receivable w/ Sale of Fixed Assets

The Parent Company requires prepayment in full for sales of property, plant and equipment. If there is a delay and/or cancellation of the contract, the transfer of the asset to the buyer will not occur, which is effective when the invoice for the sale of the asset is issued.

the balance of receivables from national customers by maturity age are:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Unmatured	**112,461**	**133,929**
Up to 30 days	46,136	98,760
Between 31 - 60 days	66,325	35,169
Between 61 - 90 days	-	-
Above 90 days	-	-
Matured:	**98,878**	**-**
Up to 30 days	-	-
Between 31 - 60 days	-	
Between 60 - 90 days	-	-
Above 90 days	98,878	-
	211,339	**133,929**

On September 09, 2022, one of the Company's customers filed for judicial recovery as detailed in Note 5.

As of December 31, 2021, no provision for this customer was constituted, since the Company, at the time, had no expectation of losses, evidenced by the full receipt in the subsequent period.

Cash and cash equivalent

The Company limited its exposure to credit risk by investing in securities and debt with top-tier and large financial institutions, mitigating exposure to credit risk.

Guarantees

The Parent Company has financial guarantees for three banking institutions, in relation to loan agreements, with one agreement guaranteeing the transfer flow of a certain amount, and the other agreements with simple domicile credited to an escrow account, which is released after verification of the payment.

Liquidity risk

It is the risk of the Company not having enough net resources to honor its financial commitments, due to the mismatch of terms or volume between expected receipts and payments.

In order to manage cash liquidity in local and foreign currency, assumptions are established for future disbursements and receipts, which are monitored daily by Management. Thus, the Parent Company monitors the expected level of cash inflows from 'Accounts receivable from customers' together with the main expected cash outflows related to 'Suppliers', 'Loans and Financing', 'Derivative Financial Instrument' and 'Leases'.

Future cash flows referring to derivative instruments (Swap) and transactions in foreign currency may differ from the amounts presented in Note 15, as exchange rates may change. Except for these financial liabilities, it is not expected that the cash flows included in Note 15 will occur significantly earlier, or in amounts significantly different from the figures presented.

			Parent Company and Consolidated			
December 31, 2022	**Book value**	**Contractual value**	**2023**	**2024**	**2025 onwards**	**Total**
Loans and Financing	983,948	1,122,288	495,262	461,566	165,460	1,122,288
Suppliers	85,237	85,237	85,237	-	-	85,237
Financial instruments and derivatives	30,274	30,274	23,367	6,906	1	30,274
	1,099,459	**1,237,799**	**603,866**	**468,472**	**165,461**	**1,237,799**
Other financial liabilities						
Lease purchase operations	28,082	43,370	9,009	6,148	28,213	43,370
Total	**1,127,541**	**1,281,169**	**612,875**	**474,620**	**193,674**	**1,281,169**

			Parent Company and Consolidated				
December 31, 2021	**Book value**	**Contractual value**	**2022**	**2023**	**2024**	**2025 onwards**	**Total**
Loans and Financing	668,868	712,282	308,193	241,862	162,227	-	712,282
Suppliers	58,952	58,952	58,952	-	-	-	58,952
Financial instruments and derivatives	18,916	18,916	16,458	1,047	1,411	-	18,916
	746,736	**790,150**	**383,603**	**242,909**	**163,638**	**-**	**790,150**
Other financial liabilities							
Lease purchase operations	26,039	41,053	9,903	4,358	4,012	22,780	41,053
Total	**772,775**	**831,203**	**393,506**	**247,267**	**167,650**	**22,780**	**831,203**

9.3 Market risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, affect the Company's results or the value of its financial instruments. The objective of market risk management is to monitor and control exposures, within acceptable parameters, while optimizing returns.

Interest rate risk

The risk associated with interest rates is related to the possibility of losses due to fluctuations in interest rates, increasing financial expenses related to loans and financing raised in the market. Interest rate monitoring directs the Parent Company's decisions regarding the contracting of new operations, seeking to protect itself against the risk of volatility in these rates. The following table shows the tracking of items with interest rate volatility.

		Parent Company and Consolidated	
		12/31/2022	**12/31/2021**
Cash and cash equivalent	CDI	196,972	121,845
Loans and Financing	CDI	(412,660)	(621,371)
Loans and Financing	TJLP	(38,880)	
Loans and Financing	SELIC	(41,645)	(2,200)
		(296,213)	**(501,726)**

Derivatives

The Company holds interest rate swaps for risk management purposes that are designated in the cash flow hedge relationships. Interest rate swaps have variable ends indexed to the CDI.

Foreign exchange rate risk

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in exchange rates, which may affect the result when income or expenses are denominated in a currency other than the functional currency, as well as in net investments in subsidiaries abroad.

As a strategy to reduce foreign exchange exposure, the Company carried out contract swap operations with financial institutions. Another measure to minimize the impacts is related to contracts with customers, which provide for price adjustments related to exchange variation, allowing for protection within the Company's own operation, so that on average 30% of the sale price is linked to foreign exchange variation. These transactions are carried out within the guidelines established by Management.

Contracts in foreign currency

In the tables below, we indicate the payment agreements for which the Company and its subsidiaries have amounts receivable or received in foreign currency and the respective amounts converted into reais.

		Parent Company		Consolidated	
Outstanding Balance_Asset	**Main currency**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Advances to suppliers	USD	1,097	390	1,097	390
Cash and cash equivalent	USD	611	156	611	618
Financial instruments and derivatives	USD	5,802	3,499	5,802	3,499
		7,510	**4,045**	**7,510**	**4,507**
Advances to suppliers	EUR	1	-	1	-
		1	**-**	**1**	**-**
Advances to suppliers	AUD	404	-	404	-
		404	**-**	**404**	**-**
		7,915	**4,045**	**7,915**	**4,507**

		Parent Company		Consolidated	
Outstanding Balance_Asset	**Main currency**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Advances to suppliers	BRL	7,323	1,998	7,323	1,998
Cash and cash equivalent	BRL	3,188	871	3,188	3,449
Derivative financial instruments	BRL	30,274	19,528	30,274	19,528
		40,785	**22,397**	**40,785**	**24,975**

		Parent Company		Consolidated	
Outstanding balance_Liability	**Main currency**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Loans and Financing	USD	84,368	88,485	84,368	88,485
Suppliers	USD	27	34	27	34
		84,395	**88,519**	**84,395**	**88,519**
Suppliers	AUD	664	-	664	-
		664	**-**	**664**	**-**

85,059	**88,519**	**85,059**	**88,519**

Outstanding balance_Liability	Main currency	Parent Company 12/31/2022	Parent Company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Loans and Financing	BRL	440,205	493,791	440,205	493,791
Suppliers	BRL	2,501	192	2,501	192
		442,706	**493,983**	**442,706**	**493,983**

9.4 Sensitivity Analysis

Management carried out a sensitivity analysis in compliance with CPC 40/IFRS 7, in order to demonstrate the impacts of exchange rate variations on its financial assets and liabilities, considered for the next 12 months.

These analyzes are intended to illustrate the sensitivity of exchange rates in addition to changes in market variables in the Parent Company's financial instruments. However, the settlement of transactions involving these estimates may result in values different from those estimated due to the subjectivity inherent to the process used in the preparation of these analyses.

Projected sensitivity to rate risk

The Parent Company prepared the sensitivity based on the analysis between the closing Selic rate in the financial base, using the highest and lowest Selic rate projected by the Central Bank of Brazil for the next 3 years, understanding that the impacts related to this operation, if carried out, will affect the future results of the Parent Company and its subsidiaries. The variations considered for the Selic rate were applied to the CDI, since the indices are correlated.

The Parent Company's operations are indexed at post-fixed rates, by the CDI and SELIC:

Parent Company/Consolidated				**Scenario – 10.26%**			**Scenario – 41.39%**		
Financial instruments	**Exposure as of 12/31/2022**	**indexer**	**Interest rate p.a.**	**%**	**Amount**	**Impact on the result**	**%**	**Amount**	**Impact on the result**
Financial assets									
Financial investment	196,972	CDI	13.65%	12.25%	24,129	(2,758)	8.00%	15,758	(11,129)
Financial liabilities									
Loans and Financing	(412,660)	CDI	13.65%	12.25%	(50,511)	5,777	8.00%	(33,013)	23,315
Loans and Financing	(38,880)	TJLP	9.75%	8.75%	(3,402)	389	5.71%	(2,222)	1,569
Loans and Financing	(41,645)	SELIC	13.75%	12.34%	(5,139)	587	8.06%	(3,356)	2,370
Effect on income and equity						**3,995**			**16,125**

Parent Company/Consolidated				**Scenario + 24.32%**			**Scenario - 24.32%**		
Financial instruments	**Exposure as of 12/31/2021**	**indexer**	**Effective interest rate p.a.**	**%**	**Amount**	**Impact on the result**	**%**	**Amount**	**Impact on the result**
Financial assets									
Financial investment	121,845	CDI	9.15%	11.38%	13,860	2,711	6.92%	8,438	(2,711)

Financial liabilities									
Loans and Financing	(621,371)	CDI	9.15%	11.38%	(70,682)	(13,827)	6.92%	(43,028)	13,827
Loans and Financing	(2,200)	SELIC	9.25%	11.50%	(253)	(49)	7.00%	(155)	49
Effect on income and equity						**(11,165)**			**11,165**

Sensitivity projection for spot exchange rate risk

Management prepared this sensitivity analysis based on the existing variation between the closing dollar on the reference date of the financial statements, by using the highest and lowest dollar disclosed in Focus Bulletin, issued by the Central Bank of Brazil for the next 3 years, understanding that potential impacts are linked to this variation, which, if carried out, will impact the future results of the Parent Company and its subsidiaries.

Parent Company and Consolidated	**Reference Exchange Rate**	**Currency**	**Reference Exchange Rate Balance**	**12/31/2022**	**Scenario +1%**	**Effect on the result**	**Scenario +2%**	**Effect on the result**
ASSET								
Cash and Cash Equivalent	5.2171	USD	611	3,190	3,216	26	3,241	51
			611	**3,190**	**3,216**	**26**	**3,241**	**51**
LIABILITY								
Loans and Financing	5.2177	USD	84,368	440,205	443,825	(3,620)	447,200	(6,995)
Suppliers (i)	5.2177	USD	28	145	146	(1)	147	(2)
Suppliers (i)	3.5445	AUD	665	2,356	2,375	(19)	2,393	(37)
			85,061	**442,706**	**446,346**	**(3,640)**	**449,741**	**(7,035)**
Net effect on income/equity						**(3,614)**		**(6,984)**

Parent Company	**Reference Exchange Rate**	**Currency**	**Currency USD**	**12/31/2021**	**Scenario + 0.35%**	**Effect on the result**	**Scenario - 4.13%**	**Effect on the result**
ASSET								
Advances to suppliers (i)	5.5805	USD	2,645	14,761	14,813	52	14,151	(610)
Cash and Cash Equivalent	5.5805	USD	156	871	874	3	835	(36)
			2,801	**15,632**	**15,687**	**55**	**14,986**	**(646)**
LIABILITY								
Loans and Financing	5.5805	USD	88,485	493,791	495,519	(1,728)	473,397	20,394
Suppliers (i)	5.5805	USD	34	192	193	(1)	184	8
			88,519	**493,983**	**495,712**	**(1,729)**	**473,581**	**20,402**
Net effect on income/equity						**(1,674)**		**19,756**

Consolidated	Reference Exchange Rate	Currency	Currency USD	12/31/2021	Scenario + 0.35%	Effect on the result	Scenario -4.13%	Effect on the result
ASSET								
Advances to suppliers (i)	5.5805	USD	2,645	14,761	14,813	52	14,151	(610)
Cash and Cash Equivalent	5.5805	USD	618	3,449	3,461	12	3,307	(142)
			3,263	**18,210**	**18,274**	**64**	**17,458**	**(752)**
LIABILITY								
Loans and Financing	5.5805	USD	88,485	493,791	495,519	(1,728)	473,397	20,394
Suppliers (i)	5.5805	USD	34	192	193	(1)	184	8
			88,519	**493,983**	**495,712**	**(1,729)**	**473,581**	**20,402**
Net effect on income/equity						**(1,665)**		**19,650**

(i) The amounts represent only balances that are susceptible to exchange rate variations, excluding balances of advances to international suppliers and international suppliers that have already completed their customs process.

10 Income tax and social contribution

The reconciliation between income tax and social contribution, calculated at the nominal rate provided for in the tax legislation, and income tax and social contribution expenses, recorded in profit or loss for the period, are shown below:

10.1 Amounts recognized in profit or loss

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current income tax and social contribution expense	**(2,208)**	**(20,763)**	**(2,208)**	**(23,637)**
Current period expense	(2,208)	(20,763)	(2,208)	(23,637)
Deferred income tax and social contribution expense	**706**	**(20,166)**	**706**	**(20,166)**
Temporary differences of the period	706	(20,166)	706	(20,166)
Total income tax and social contribution	**(1,502)**	**(40,929)**	**(1,502)**	**(43,803)**

10.2 Reconciliation of income tax and social contribution expense

The amounts of income tax and social contribution shown in the result present the following reconciliation in their amounts at the nominal rate:

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit (loss) before IRPJ and CSLL	**11,846**	**95,577**	**11,846**	**98,451**
Tax rate on the duty	34%	34%	34%	34%
IRPJ and CSLL, nominal value	**(4,028)**	**(32,496)**	**(4,028)**	**(33,473)**
Permanent additions	(1,045)	(5,461)	(1,045)	(5,461)
Equity	(14)	7,606	-	-
Adjustment of tax regime difference (iii)	-	-	-	5,680
IR and CS Assessment notice (i)	-	(12,992)	-	(12,992)
Technological Innovation from previous periods (ii)	1,315	2,022	1,315	2,022
Tax incentives	50	40	50	40
Others	2,220	352	2,206	381
Actual IRPJ and CSLL	**(1,502)**	**(40,929)**	**(1,502)**	**(43,803)**
Current IRPJ and CSLL in income for the year	2,208	20,763	2,208	23,637
IRPJ and CSLL deferred in income for the year	(706)	20,166	(706)	20,166
	1,502	**40,929**	**1,502**	**43,803**
	13%	43%	13%	44%

(i) Assessment Notice received in Jan/2021 referring to the reference year of 2015, with option for payment via installments in sixty (60) months, see explanatory note N. 17 (ii).

(ii) Recognition of the tax credit arising from the 2021 technological innovation benefit with the Ministry of Technology, being an extemporaneous credit.

(iii) Refers to the difference in the tax regime between Levyequip and its Parent Company U&M Mineração, considering that Levyequip's Presumed Profit option is considered a simplified regime, as it allows the Federal Revenue Service to determine the tax calculation basis of Income and Social Contribution, only based on the revenue calculated by the Parent Company, unlike the tax regime used by the Parent Company, which is the Actual Profit.

10.3 Income tax and social contribution - deferred

Deferred income tax and social contribution are recorded to reflect future tax effects attributable to temporary differences between the tax base of assets and liabilities and their respective carrying amounts, as follows:

	Parent Company and Consolidated	
	12/31/2022	12/31/2021
Deferred income tax and social contribution CPC 06/IFRS16	627	391
Swap and NDF-Hedge	65,722	30,454
Provisioned passive exchange variation (iii)	28,805	-
Expected credit loss (iv)	26,895	-
Provision for labor, civil and tax contingencies.	2,384	2,429
Total asset	**124,433**	**33,274**
Law Adjustment 11,638 – leasing (i)	(24,877)	(18,651)
Swap and NDF-Hedge	(56,185)	(32,590)
Depreciation (Art. 40 of Law 12.973) (ii)	(81,019)	(58,878)

Provisioned active foreign exchange variation (iii)	(38,394)	-
Other deferred liabilities	(302)	(205)
Total liability	**(200,777)**	**(110,324)**
Net Deferred IRPJ and CSLL	**(76,344)**	**(77,050)**

Activity of temporary differences over periods

	Parent Company and Consolidated		
	Balance as of December 31, 2022	**Recognized in result**	**Balance as of December 31, 2021**
Deferred Income Tax and Social Contribution CPC 06 (R2)/IFRS 16	627	236	391
Swap and NDF-Hedge	65,722	35,268	30,454
Provisioned passive exchange variation (iii)	28,805	28,805	-
Expected credit loss (iv)	26,895	26,895	-
Provision for labor, civil and tax contingencies.	2,384	(45)	2,429
Active deferred IRPJ and CSLL	**124,433**	**91,159**	**33,274**
Law Adjustment N. 11.638 – leasing (i)	(24,877)	(6,226)	(18,651)
Swap and NDF-Hedge	(56,185)	(23,595)	(32,590)
Depreciation (Art. 40 of Law 12.973) (ii)	(81,019)	(22,141)	(58,878)
Provisioned active foreign exchange variation (iii)	(38,394)	(38,394)	-
Other deferred liabilities	(302)	(97)	(205)
Deferred IRPJ and CSLL liabilities	**(200,777)**	**(90,453)**	**(110,324)**
Net Deferred IRPJ and CSLL	**(76,344)**	**706**	**(77,050)**

(i) Refers to the temporary difference of an asset acquired through a lease, where there is a difference between the depreciation of that asset and the amount of the lease paid.

(ii) Temporary depreciation difference, referring to the difference between the economic useful life and the useful life accepted for tax purposes.

(iii) For 2022, we had a change in the calculation system for calculating deferred tax, moving from accrual to cash.

(iv) Refers to the provision for estimated losses on the realization of accounts receivable from a customer that, in September 2022, a customer requested court-supervised recovery, as per explanatory note 5.

10.4 Income tax and social contribution payable

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Corporate income tax payable (IRPJ)	-	5,441
Social contribution on net income payable (CSLL)	-	1,974
	-	**7,415**

11 Related parties

Transactions between related parties are carried out in compliance with the conditions agreed upon between the parties.

(a) Nature of the transactions:

	Parent Company			
	Transactions carried out in the periods ending		Outstanding balance on	
Others	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
(+) Dividends to be received (i)	-	23,240	-	-
(-) Dividends paid/payable (ii)	(40,000)	(32,501)	(5,740)	(16,816)
(-) Accounts payable (iii)	-	(16,758)	-	-
(-) Real estate lease (iv)	(4,042)	(3,461)	(21,151)	(18,533)
	(44,042)	**(29,480)**	**(26,891)**	**(35,349)**

	Consolidated			
	Transactions carried out in periods ending		Outstanding balance on	
Others	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
(-) Dividends paid/payable (ii)	(40,000)	(32,501)	(5,740)	(16,816)
(-) Real estate lease (iv)	(4,042)	(3,461)	(21,151)	(18,533)
	(44,042)	**(35,962)**	**(26,891)**	**(35,349)**

(i) Dividends received from Levyequip Equipamentos Ltda. arising from the results obtained in the year.

(ii) Minimum mandatory and additional dividends paid to the Parent Company’s shareholders.

(iii) Refers to the purchase of property, plant and equipment and parts from U&M Zâmbia’s inventory.

(iv) Property leasing with company Pangea, a related party of the Company.

(b) Compensation to Management

Key personnel of Management refers to officers and directors. The compensation comprised the following benefit.

	12/31/2022	12/31/2021
Fixed compensation	7,308	5,830
Variable compensation	5,598	3,215
	12,906	**9,045**

Management does not have post-employment benefits or other long-term benefits.

12 Investments

Investments in controlled companies:

	% Interest	
	2022	**2021**
U&M Mining Zambia Ltd	100.00%	100.00%
Levyequip Equipamentos Ltda.	-	-

	Controlled			
	Net worth		Result in the period	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Levyequip Equipamentos Ltda.	-	-	-	22,352
U&M Mining Zâmbia Ltd.	1	2,600	(40)	20
	1	2,600	(40)	22,372

	Controlled			
	Investment		Equity	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Levyequip Equipamentos Ltda.	-	-	-	22,352
U&M Mining Zambia Ltd.	-	2,600	(40)	20
	-	2,600	(40)	22,372

Activity of the Investment

	12/31/2022	**12/31/2021**
Initial Balance	**2,600**	**25,874**
Equity Income	(40)	22,370
Accumulated conversion adjustment - CTA	(180)	57
Capital Reduction - U&M Mining Zâmbia Ltd (i)	(2,380)	(16,633)
Purchase of Shares	-	1
Liquidation of Levyequip Equipamentos Ltda. (ii)	-	(5,829)
Distribution of Dividends (iii)	-	(23,240)
Final Balance	**-**	**2,600**

(i) Settlement of credit payable with a related party upon reduction of equity interest in the investee. Explanatory note N. 1.4.
(ii) Refers to the termination of the Company’s operations, as described in explanatory note 1.2.
(iii) Dividends received from Levyequip.

13 Fixed assets

Composition of fixed assets

Fixed assets for the year ended December 31, 2022 and 2021 are shown below:

	Parent Company and Consolidated								
	Improvements	**Machines and equipment (ii)**	**Vehicles**	**Hardware**	**Right of Use Asset**	**Others**	**Fixed assets in progress**	**Advances to supplier**	**Total**
Cost									
Balance as of December 31, 2020	**19,599**	**898,315**	**11,187**	**3,454**	**8,725**	**16,148**	**218**	**51,113**	**1,008,759**
Addition (i)	611	143,739	88	1,535	33,934	4,969	-	129,771	**314,647**
Write-off	-	(15,272)	(199)	(101)	(10,107)	(6,188)	-	-	**(31,867)**
Others	-	-	-	-	-	292	-	-	**292**
Transfer Cost	218	145,288	-	-	-	(1,542)	(218)	(143,746)	**-**
Balance as of December 31, 2021	**20,428**	**1,172,070**	**11,076**	**4,886**	**32,552**	**13,679**	**-**	**37,138**	**1,291,831**
Addition (i)	-	254,658	-	1,033	13,160	2,345	782	123,990	**395,968**
Write-off	-	(18,141)	(294)	(282)	(2,098)	(2,000)	-	-	**(22,815)**
Transfer Cost	-	89,406	-	-	-	(252)	-	(89,154)	**-**
Balance as of December 31, 2022	**20,428**	**1,497,993**	**10,782**	**5,639**	**43,614**	**13,772**	**782**	**71,974**	**1,664,984**
Depreciation									
Balance as of December 31, 2020	**(4,040)**	**(440,540)**	**(2,030)**	**(1,657)**	**(3,775)**	**(7,380)**	**-**	**-**	**(459,422)**
Addition (i)	(3,725)	(77,191)	(1,064)	(751)	(9,183)	(984)	-	-	**(92,898)**
Write-off	-	7,737	199	98	5,297	5,042	-	-	**18,373**
Balance as of December 31, 2021	**(7,765)**	**(509,994)**	**(2,895)**	**(2,310)**	**(7,661)**	**(3,322)**	**-**	**-**	**(533,947)**
Addition (i)	(3,808)	(106,756)	(1,071)	(903)	(9,714)	(1,164)	-	-	**(123,416)**
Write-off	-	13,441	294	280	-	743	-	-	**14,758**
Balance as of December 31, 2022	**(11,573)**	**(603,309)**	**(3,672)**	**(2,933)**	**(17,375)**	**(3,743)**	**-**	**-**	**(642,605)**
Net book value:									
Residual balance as of 12/31/2021	12,663	662,076	8,181	2,578	24,891	10,357	-	37,138	**757,884**
Residual balance as of 12/31/2022	8,855	894,684	7,110	2,706	26,239	10,029	782	71,974	**1,022,379**

(i) In the year ended December 31, 2022 and 2021, part of the acquisitions of fixed assets took place through FINAME and LEASING financing, with no cash flow involved in the initial operation. Such asset acquisitions totaled BRL 150,347 in 2022 (BRL 2,198 as of December 31, 2021). In all of the Parent Company's Finame contracts, the financed asset is sold as guarantee for the loan. The cost of acquiring machinery and equipment has already deducted the PIS and COFINS credit.

(ii) As per explanatory note 1.2, the assets controlled by Levyequip were merged by the Parent Company for the amount of BRL 662.

The Parent Company and consolidated fixed assets include right-of-use assets in the amount of BRL 26,239 in 2022 (BRL 24,891 as of December 31, 2021) related to leased properties and equipment, as per Note 14.1

Fixed assed in guarantee

Some production and support equipment is used as legal guarantees and as credit rights in contracts with financial institutions. In 2022, the amount totaled BRL 431,639 (BRL 235,062 as of December 31, 2021).

14 Leasing Operations

As lessor

Revenue arising from these lease agreements is recognized as operating revenue, as lease revenue, as per explanatory note 22.

To generate this revenue, the Company uses its property, plant and equipment such as machinery and equipment used in the provision of services and moves it even when it is available for lease, i.e., there is segregation between the assets that are leased because they are not specific, since management is centralized and performed according to availability.

The Parent Company has contracts that are billed according to the monthly measurements of the hours used, and it is not potential to separate the maturities into cash flow.

As of December 31, 2022, there are amounts contracted in the approximate amount of BRL 571,348, which will be invoiced over the next 3 years (as of December 31, 2021, the approximate amount was BRL 554,000).

Below is the breakdown of the lease revenue amount, as per explanatory note N. 22:

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Fixed revenue	153,007	112,870	153,007	139,496
Variable revenue	95,195	67,823	95,195	67,823
	248,202	180,693	248,202	207,320

As leaseholder - Right-of-use assets and lease liabilities

Lease operations are valued and their contracts recognized as a right-of-use asset and a lease liability for the following contracts that contain leases:

- Leasing of residential and commercial properties used in operations.

- Lease of equipment used in operations.

The Parent Company chose to use the exemptions provided for in the standard for short-term leases (i.e., leases with a term of 12 months or less) without a purchase option and for low-value items. Thus, these leases are recognized as an expense in income, in other operating expenses, on a straight-line basis, over the lease term.

The Company does not have a potential recoverable right to PIS/Pasep and Cofins embedded in the leasing consideration.

14.1 Right of use

The right-of-use asset, classified under property, plant and equipment, was measured at cost, consisting of the initial measurement value of the lease liability and amortized on a straight-line basis until the end of the lease term or the useful life of the identified asset, as the case may be.

The composition of the balance by identified asset class is as follows:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Real Property	21,949	19,056
Equipment	4,290	5,835
	26,239	**24,891**

The activity of right-of-use assets is shown below:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Initial balance	**24,891**	**4,950**
Adding new contracts	13,160	33,934
Contract write-off	(2,098)	(10,107)
Amortization Additions	(9,714)	(9,183)
Amortization Write-off	-	5,297
Final Balance	**26,239**	**24,891**

Right-of-use assets have their recoverable value analyzed at least annually. No evidence of impairment was identified for these assets.

14.2 Lease liabilities

The lease liability recognized was measured at the present value of the minimum payments required in the contracts, discounted by the Parent Company and its subsidiaries' incremental discount/loan rate, detailed above.

The activity in lease liabilities is as follows:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Initial balance	**26,039**	**5,360**
Addition of contracts	13,160	33,934
Contract write-off	(2,199)	(5,217)
Incurred interest	3,160	3,374
Payment of principal	(8,925)	(8,029)
Payment of interests	(3,153)	(3,383)
Final Balance	**28,082**	**26,039**
Current liabilities	6,066	6,939
Non-current	22,016	19,100

The payment flow of the Parent Company's obligations, with agreed debts, is shown below.

	Parent Company and Consolidated	
Lease liabilities	**12/31/2022**	**12/31/2021**
Up to 1 year	6,066	6,939
From 2 to 3 years	6,476	4,441
From 4 to 5 years	2,760	3,070
Above 5 years	12,780	11,589
Total	**28,082**	**26,039**

14.3 Discount rate

The Parent Company estimated the discount rates, based on the risk-free interest rates observed in the Brazilian market, for its contracts, adjusted to its reality and characteristics of the lease contract (“credit spread”). The table below shows the fees charged:

	Parent Company and Consolidated	
	Discount rate (%)	
	12/31/2022	**12/31/2021**
Residential property	12.38	12.38
Commercial property	12.06	12.06
Equipment	15.30	15.30
Others	6.73	6.73

15 Loans and Financing

15.1 Composition of Balances

				Parent Company and Consolidated	
	% Rate per year	**Currency**	**Maturity**	**12/31/2022**	**12/31/2021**
Working capital (i)	CDI + (1.99% p.a. at 3.10% p.a)	BRL	2022-2025	402,960	157,127
Working capital (i)	13.75% p.a.	BRL	2024	50,558	-
Working capital (i)	VC + (1.57% p.a. at 5.78% p.a.)	USD	2022-2024	346,743	493,792
Finame (ii)	TLP + 2.95% p.a.	BRL	2024-2025	38,880	2,200
Finame (ii)	SELIC + 2.45% at 2.95% p.a.	BRL	2023	41,645	2,281
Leasing (iii)	CDI + 1.47% p.a. at CDI + 3.65%	BRL	2022-2023	9,700	13,468
International Leasing (iv)	VC + 5.08% p.a. at 5.73%	USD	2025	93,462	-
				983,948	**668,868**
Current liabilities				455,127	282,011
Non-current				528,821	386,857

(i) Working Capital: these are Bank Credit Bills acquired from financial institutions with the purpose of financing the Parent Company’s working capital and for the purchase of machinery and equipment for operations. The contracts have a minimum principal amortization grace period of 6 months, which can last up to one year. Some contracts have an average guarantee of 50% of the loan amount in the entity’s equipment.

(ii) Finame: financing for investments in road trucks used in operations. The contracts have a 6-month principal amortization grace period. In all of the Parent Company's Finame contracts, the financed asset is sold as guarantee for the loan.

(iii) Leasing: leasing contracts for investments in machinery and equipment used in operations. The contracts have a 6-month amortization grace period.

(iv) International Leasing: lease agreements for investment in machinery and equipment used in operations. The contracts have an amortization grace period of between 2 and 6 months.

The exposure of the Parent Company and its subsidiaries to foreign exchange risks related to loans and financing in foreign currency is disclosed in explanatory note 9.

15.2 Transactions in loans and financing

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Initial balance	**668,868**	**377,465**
(+) Financing	612,269	593,283
(+) Interest provision	67,272	21,303
(+/-) Foreign exchange variation provision	(31,018)	30,930
(-) Amortization of the principal	(281,086)	(333,589)
(-) Amortization of interest and foreign exchange variation	(52,357)	(20,909)
(+) Cost to amortize	-	385
Balance at end of period	**983,948**	**668,868**

15.3 Amortization Schedule

As of December 31, 2022 and 2021, the amortization schedule is shown below, by maturity year:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Maturity		
2022	-	282,011
2023	455,127	229,256
2024	394,251	157,601
2025	134,570	-
	983,948	**668,868**

15.4 Covenants

There are five contracts with a financial restrictive clause (covenants) in effect, which is the ratio of net debt divided by EBITDA, with two contracts not exceeding 2.5x in the accounting year ended during the term of the contract and three others with half-yearly checks and annual accounts, whose ratio between net debt and EBITDA does not exceed 3x.

Due to the non-recurring event of the judicial recovery of customer Mina do Tucano, the covenants referring to a contract, whose Net Debt/EBITDA ratio could not be higher than 2.5x, was not complied with.

Waiver
The Parent Company has loans and financing with certain contractual conditions, which require compliance with restrictive clauses (covenants) based on certain financial indices and non-financial indicators, as set forth in the respective agreements. These contracts provide that, in the event of non-compliance with these indices and indicators, the financial institution will have the right to consider the contract expired in advance, decreeing the early maturity of the debt.

It should be noted that the non-achievement of the aforementioned index is an isolated and exceptional event - which will not compromise U&M's payment capacity - due to the non-receipt of relevant revenue, due to a request for judicial recovery made by one of its customers.

Non-financial covenants were impacted by Judicial Reorganization Action N. 0245214-56.2022.8.19.0001, brought on SEP/06/2022, before the 1st Corporate Court of the Judicial District of Rio de Janeiro/RJ, by Mina Tucano Ltda./Others (Great Panther Mining Limited), generating uncertainties concerning the recovery of accounts receivable from that customer, estimated and recognized in 2022. The financial institution decided to waive the compliance with the contractual default by the Company (Waiver), without any charge or execution of any amount in advance.

Considering the waiver obtained in the period subsequent to the closing date of the financial statements on March 10, 2023, the debt reclassified from non-current liabilities to current liabilities in the amount of BRL 23,244 is not due or payable in the short term.

16 Suppliers

	Parent Company/Consolidated	
	12/31/2022	**12/31/2021**
National	80,383	58,686
International	4,854	266
	85,237	**58,952**

The balance of foreign suppliers mainly refers to amounts denominated in US dollars.

The exposure of the Parent Company and its subsidiaries to foreign exchange risks related to international suppliers is disclosed in explanatory note 9.

17 Collectable taxes

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Income tax withheld at source - IRRF	3,295	1,947
Social integration program to be collected - PIS	2,403	1,708

Contribution for Social Security Financing payable - COFINS	10,636	6,668
Tax on services of any nature payable – ISSQN	4,066	5,754
Installment Law 11.941 (Refis) (i)	940	1,423
Non-pension Installment (ii)	25,505	30,813
Others	102	84
	46,947	**48,397**
Current liabilities	29,811	24,561
Non-current	17,136	23,836

(i) **Installment Law N. 11.941/09**

On September 11, 2009, the Parent Company adhered to the debt reduction and installment program with the Union, referring to PIS, COFINS, IRRF, IOF, CSRF, IRPJ and CSLL tax debts, obtaining the consolidation of the balance on June 30, 2011. At the time of consolidation, part of the tax loss balance was used to write off the total debt. The Parent Company is complying with its obligations in a timely manner and in December 2022 there were 20 installments falling due.

(ii) **Non-pension Installment Plan**

In 2021, the Parent Company received a tax assessment notice referring to the company Levyequip, with the collection of IRPJ, CSLL, PIS and COFINS, choosing to formalize the request for ordinary installments, thus guaranteeing a 40% (forty percent) discount on the amount of fines. The Parent Company is complying with its obligations in a timely manner and as in December 2022 there are 35 installments falling due to be paid in the coming years.

The total amount paid in installments was BRL 37,392 divided into 60 installments. The accounting of the installments affected the following accounting items in income as of December 31, 2021:

	Parent Company			
	Taxes current	**Other operational revenues (expenses)**	**Financial Expenses**	**Total**
IRPJ	9,554	-	-	9,554
CSLL	3,437	-	-	3,437
COFINS	-	2,769	-	2,769
PIS	-	602	-	602
INTEREST	-	-	6.304	6.304
FINE	-	14,726	-	14,726
	12,991	**18,097**	**6,304**	**37,392**

Regarding the subject matter of PA N. 17227-720.448/2020-43 and 17227-720.455/2020-45 (reference year 2015), which has already been subject to payment, it is informed that the company Levyequip ended its activities in August of 2021. According to the Parent Company's analysis, and supported by the opinion of external legal advisors, Management has concluded that there are no additional risks of loss.

Installments activity

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Initial balance	**32,236**	**1,915**

(+) New Installment	-	37,392
(+) Appropriated interests	2,998	1,725
(-) Payment of principal	(7,740)	(8,363)
(-) Payment of Interests	(1,049)	(433)
Final balances	**26,445**	**32,236**
Current liabilities	9,309	8,401
Non-current	17,136	23,835

18 Salaries and social charges

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Salaries payable	8,806	9,142
Profit sharing payable	-	6,789
INSS payable	4,600	4,603
FGTS payable	2,642	2,673
Provision for vacations and charges	16,312	16,457
Others	283	198
	32,643	**39,862**

19 Advance from customers

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Advance on sale of assets	634	147
Scrap sales advance	12	14
Construtora Barbosa Mello (i)	6,579	6,579
MMIC - Mineração Maraca Indústria e Comércio S.A. (ii)	13,985	-
	21,210	**6,740**

(i) Receipt of an appeal regarding the provisional execution of a judgment regarding the Jeceaba Consortium, a joint operation issued in June 2013.

(ii) Refers to a contractual advance, which will be monthly offset after the issuance of invoices referring to the provision of services.

20 Judicial deposits and provision for judicial and administrative claims

The Parent Company, in the regular course of its business, files civil, labor and tax claims in administrative and judicial forums.

20.1 Legal Deposits

Legal deposits refer to amounts deposited in court, for the purposes of appeal, guarantee of potential executions or court settlement. The court deposits classified in the non-current assets group are shown below:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Labor	3,479	2,610

Taxation	2,028	1,892
	5,507	**4,502**

20.2 Provision for legal and administrative claims

The Parent Company and its subsidiaries are parties to tax, civil and labor proceedings arising from tax assessment notices, claims from third parties and former employees, or lawsuits and inquiries. For these contingencies, provisions were set up when, in the opinion of Management and its legal advisors, the risk of loss is considered probable. These provisions are shown below:

	Parent Company and Consolidated			
	Labor	**Taxation**	**Civil**	**Total**
As of December 31, 2021	**4,157**	**2,954**	**35**	**7,146**
Additions (i)/(ii)	1,766	81	-	1,847
Provision reversal	(292)	(1,324)	(21)	(1,637)
Payments	(327)	(2)	(9)	(338)
As of December 31, 2022	**5,304**	**1,709**	**5**	**7,018**

	Parent Company and Consolidated			
	Labor	**Taxation**	**Civil**	**Total**
As of December 31, 2020	**2,065**	**-**	**5**	**2,070**
Additions (i)	3,631	2,954	30	6,615
Provision reversal	(827)	-	-	(827)
Payments	(712)	-	-	(712)
As of December 31, 2021	**4,157**	**2,954**	**35**	**7,146**

(i) The labor lawsuits arise from complaints from former employees who plead, in particular, amounts such as overtime, night shift and break during workdays. The increase in the contingency amount related to these lawsuits is due to the progress of lawsuits in court, as well as the review of the loss classification of claims.

(ii) Tax lawsuits arise from questioning certain tax assessment notices issued in inspection processes, as well as lawsuits that discuss the legitimacy of charging certain taxes. The substantial reduction is mainly due to the filing of a tax lawsuit related to the ICMS calculation base reduced by 95% on the import of used equipment.

20.3 Potential losses not provisioned in the balance sheet

The Company is being claimed in certain civil, labor and tax claims at the judicial and administrative levels, classified as "potential losses" by Management with the support of its legal advisors for which, therefore, no provisions have been set up. The total amounts under discussion are as follows:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Civil (i)	10,450	8,966
Labor (ii)	5,612	3,925
Taxation (iii)	83,178	59,708
	99,240	**72,599**

(i) Civil proceedings classified as potential remained stable throughout the year 2022, with the amounts mainly composed of proceedings related to customer Consórcio Construtor Jeceaba ending in June 2013, in which U&M had a 33.33% interest.

(ii) The scope of labor claims includes several claims – mainly overtime, night shifts and break during workdays and in different phases.

(iii) In the tax sphere, there are proceedings at the administrative stage – referring to assessment notices issued in inspection processes – and judicial, referring to processes that mostly discuss ICMS on leasing and reduction of the calculation base on the import of used equipment. The increase in the amount involved related to actions classified as a potential loss is mainly due to the judicialization of an administrative proceeding through a tax foreclosure that discusses the ISS in the Municipality of Rio de Janeiro.

21 Equity

21.1 Capital stock

As of December 31, 2022, the parent company's capital stock was composed of 59,058 lots of one thousand common shares, with no par value. The value of the fully subscribed and paid-in capital stock is BRL 66,499, identical as of December 31, 2021.

21.2 Capital reserve

The capital reserve may be used, as provided by law, for: (i) absorption of losses that exceed retained earnings and profit reserves; (ii) redemption, reimbursement or purchase of shares; (iii) redemption of founders' shares; (iv) incorporation to the share capital; or (v) payment of dividends to preferred shares, when this advantage is assured. The goodwill on the subscription of shares of the Parent Company is BRL 19,546, constituted in 2005 by the sale of shares to the company Epsa, among others.

21.3 Profit reserve

Legal Reserve

Brazilian corporate law requires corporations to appropriate 5% of annual Net Profit to a profit reserve, before profits are distributed, ceasing to be incorporated when it reaches 20% of the capital stock.

Profit retention reserve

Refers to results from previous years, which were allocated at the Annual Shareholders' Meeting and will be distributed later.

21.4 Dividends

The Articles of Incorporation determine the distribution of mandatory minimum dividends of 25% of Net Profit after appropriation of the legal reserve.

	12/31/2022	**12/31/2021**
Net income for the year	10,344	54,648
Percentage of mandatory minimum dividends	25%	25%
Mandatory Minimum Dividends	**(2,586)**	**(13,662)**

	12/31/2022	**12/31/2021**
Balance at beginning of period	**16,816**	**24,570**
Proposed additional dividends (i)	26,338	11,085
Mandatory minimum dividends	2,586	13,662
Dividend payment	(40,000)	(32,501)

Balance at end of period	**5,740**	**16,816**

(i) The Parent Company's Administration approved the use of the profit reserve to make the additional distribution of dividends, in the amount of BRL 26,338 on December 31, 2022 (BRL 11,085 as of December 31, 2021), both paid on the same proposed year. The amount was defined by Management according to cash availability.

22 Net revenue from services

	Parent Company		**Consolidated**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Service revenue	1,245,277	1,135,108	1,245,277	1,135,108
Lease income	248,202	180,693	248,202	207,320
(-) PIS/COFINS	(138,147)	(121,713)	(138,147)	(122,684)
(-) ISSQN	(62,264)	(56,942)	(62,264)	(56,944)
	1,293,068	**1,137,146**	**1,293,068**	**1,162,800**

We hereby present the net revenue below by geographic information (State):

	Parent Company		**Consolidated**	
State	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
AP	159,653	223,961	159,653	223,961
BA	150,008	54,450	150,008	54,450
GO	248,626	231,963	248,626	231,963
MA	148,398	142,021	148,398	152,479
MG	260,264	244,426	260,264	244,426
PA	326,118	240,325	326,118	255,521
Net Revenue	**1,293,068**	**1,137,146**	**1,293,068**	**1,162,800**

Revenue from services and rental of extra-heavy equipment, for the year ended December 31, 2022, was composed of 6 customers, representing 11 contracts (as of December 31, 2021, there were 6 customers and 10 contracts). Below we show the representation of revenue per customer, in which all contracts are totaled:

	Parent Company		**Consolidated**	
Customers	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
A	28%	26%	28%	26%
B	19%	20%	19%	20%
C	17%	20%	17%	19%
D	15%	13%	15%	13%
E	12%	14%	12%	13%
F	8%	7%	8%	8%

23 Cost of services provided

	Parent Company	**Consolidated**

	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Salaries and charges	(323,727)	(292,167)	(323,727)	(292,167)
Depreciation and amortization	(111,820)	(81,993)	(111,820)	(82,309)
Lease purchase operations - Depreciation	(9,714)	(9,183)	(9,714)	(9,183)
Replacement parts	(307,186)	(301,036)	(307,186)	(301,036)
Usage material and applied material	(49,562)	(52,384)	(49,562)	(52,384)
Fuel and lubricants	(54,871)	(63,651)	(54,871)	(63,651)
Maintenance services	(17,870)	(21,585)	(17,870)	(21,585)
Freights	(45,052)	(33,824)	(45,052)	(33,824)
Equipment leasing	(27,213)	(19,923)	(27,213)	(19,923)
Tires and undercarriage	(126,201)	(116,293)	(126,201)	(116,293)
Subcontractors + serv. provided for legal p.	(6,761)	(7,495)	(6,760)	(7,495)
Real estate and condominium rentals	(141)	(506)	(141)	(506)
Inventory losses	(6,450)	(2,803)	(6,450)	(2,803)
Others	(14,263)	(10,841)	(14,264)	(10,841)
	(1,100,831)	**(1,013,684)**	**(1,100,831)**	**(1,014,000)**

24 Administrative and General Expenses

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Salaries and charges	(10,013)	(8,138)	(10,013)	(8,213)
Electricity, water and sewage	(593)	(530)	(593)	(537)
Depreciation and amortization	(2,118)	(1,925)	(2,118)	(1,925)
Services provided by third parties	(9,647)	(4,315)	(9,676)	(4,315)
Replacement parts	(238)	(75)	(238)	(76)
Donations and Contributions	(300)	(93)	(300)	(93)
Communication	(245)	(218)	(245)	(220)
Real Estate and Condominium Rentals	(28)	(23)	(28)	(40)
Travel and accommodation expense	(424)	(118)	(424)	(120)
Others	(1,957)	(1,087)	(1,974)	(1,141)
	(25,563)	**(16,522)**	**(25,609)**	**(16,680)**

25 Other operating income (expenses)

	Parent Company		Consolidated	
Other revenues	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Revenue from sales of scrap metal, tires and parts	5,943	4,959	5,943	4,959
Tax credits (i)	1,384	21,793	1,384	21,793
Income from disposal of fixed assets	3,741	1,714	3,741	1,714
PIS/COFINS Credit Recovery (ii)	20,909	21,329	20,909	21,329
Others	3,282	236	3,282	236

	35,259	**50,031**	**35,259**	**50,031**

	Parent Company		Consolidated	
Other expenses	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Losses on disposal of fixed assets	(2,766)	(3,060)	(2,766)	(3,060)
Social security installment plan	-	(3,414)	-	(3,414)
Contingencies	129	(5,077)	129	(5,077)
Fees and Taxes	(47)	(1,513)	(47)	(1,513)
Assessment notice fine (iii)	-	(14,726)	-	(14,726)
Others	(48)	(1,028)	(48)	(1,027)
	(2,732)	**(28,818)**	**(2,732)**	**(28,817)**

(i) PIS and COFINS credit, referring to equipment allocated to non-operating subsidiaries.

(ii) PIS and COFINS credit related to inventory items and provision of services to non-operating subsidiaries.

(iii) Refers to the fine on the assessment notice, as described in explanatory note 17 (ii).

26 Financial income (expenses)

	Parent Company		Consolidated	
Financial expenses	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Interest and commissions	(73,884)	(31,408)	(73,884)	(31,408)
IRRF / IOF	(2,822)	(969)	(2,822)	(969)
Operations with derivatives (Swap/NDF)	(81,883)	(23,336)	(81,883)	(23,336)
Passive foreign exchange variation	(16,206)	(36,829)	(16,208)	(36,827)
Interest on leasing operations	(3,017)	(3,096)	(3,017)	(3,096)
Other financial expenses	(1,311)	(1,094)	(1,312)	(1,098)
	(179,123)	**(96,732)**	**(179,126)**	**(96,734)**

	Parent Company		Consolidated	
Financial revenues	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Application income	22,017	3,691	22,017	3,691
Operations with derivatives (Swap/NDF)	2,490	33,455	2,490	33,455
Active foreign exchange variation	46,163	4,494	46,172	4,558
Other financial income	240	146	240	147
	70,910	**41,786**	**70,919**	**41,851**
Net financial result	**(108,213)**	**(54,946)**	**(108,207)**	**(54,883)**

27 Result per share

The calculation of basic earnings per share was based on net income attributable to holders of common shares and the weighted average number of common and preferred shares outstanding:

	Consolidated	
	12/31/2022	**12/31/2021**
Net income for the period attributable to the Company's owners and used in the calculation of basic earnings per share	10,344	54,648
Weighted average number of shares for purposes of calculating basic earnings per share (*)	59,058	59,058
	0.18	**0.93**

(*) As there are no differences in the number of shares during the periods, the weighted average number of common shares is the same number of existing shares.

There is no difference between the calculation of basic and diluted earnings per share due to the lack of potential dilutive shares.

28 Commitments

The Company signed a Term of Commitment, referring to Leasing and Working Capital, for the year ended December 31, 2022:

- Leasing, lease purchase of large equipment for the amount of USD 4,991, with an agreement on April 09, 2022 and the equipment became available between April and December/2023.
- Working Capital, in the amount of BRL 80,000 with the agreement on December 21, 2022, the resource being released on January 11, 2023.

29 Complementary Cash Flow Information

Transactions in the period that did not have a cash effect were:

	Parent Company and Consolidated	
	12/31/2022	**12/31/2021**
Funding activity		
Leasing (i)	111,009	-
Finame (i)	39,348	2,198
Lease Purchase (ii)	13,160	33,394
Distributed dividends (iii)	2,904	13,662
Investing activities		
Lease Purchase (ii)	13,160	33,934
Capital Reduction U&M Mining Zambia (iv)	-	16,633
Incorporation of Levyequip assets (v)	-	922
Acquisition of Fixed Assets not liquidated		
- Leasing (i)	111,009	-
- Finame (i)	39,348	2,198

- Accounts payable (i)	12,335	2,104

(i) Purchases of fixed assets through financing and installments with suppliers not yet settled.
(ii) Renewals and contracting of leases that met the recognition criteria of CPC 06/IFRS 16 – Leasing.
(iii) Dividends accrued but not yet paid.
(iv) Settlement of credit payable with related party through reduction of equity interest in the investee.
(v) In August 2021, Levyequip's operations were closed and its assets were merged into U&M, with Cash and cash equivalents BRL 4,907, Other Assets BRL 260 and Fixed Assets BRL 662.

30 Information per segment

The Parent Company and its subsidiaries have one single operating segment consisting of the provision of specialized services and the rental of extra-heavy equipment. The Parent Company and its subsidiaries are organized, and their performance evaluated, as one single business unit for operational, commercial, managerial and administrative purposes, with the results accompanied, monitored and evaluated by the Chief Executive Officer ("CEO"), the main manager of operations of the Parent Company. This view is supported by the following factors: There are no divisions in its structure to manage the different lines of services; and

The Company's strategic decisions are based on studies of market opportunities and not just on the execution of works.

31 Subsequent Events

(a) Obtaining a Waiver regarding breach of Covenants:
As described in explanatory note 5, due to the request for judicial recovery by Mina Tucano Ltda./Others (Great Panther Mining Limited), U&M recognized until December 2022 the amount of BRL 79,102 referring to estimated losses in the recovery of this credit. This recognition, considered by Management as a non-recurring item, negatively impacted both operating EBITDA by 5 p.p., impacting cash by approximately BRL 100 million reais, culminating in non-compliance with the pre-established covenant in one of the Company's loan agreements. In February 2023, a waiver request was initiated with the financial agent, so that the Company could continue to implement its investment and business and operational development plan to fully comply with the commitments for the coming years. On March 10, 2023, the financial institution approved the granting of waiver and pardon for non-compliance with the said non-financial covenant in 2022, without any collection or early maturity of the debt.

(b) The Subsidiary, U&M Mining Zâmbia Ltd - established on May 17, 2007, headquartered in the city of Chingola, Copperbelt - Zâmbia, whose corporate purpose was to provide mining services, where it had been inactive since 2015, having its closure in February 2023, with a write-off of the CTA in the amount of BRL 12,856.

(c) Funding of BRL 80,000 on January 11, 2023, with quarterly amortizations, 6-month grace period and CDI rate + 2.45% p.a., to reinforce cash.

* * *

Rio de Janeiro, March 31, 2023.

Sérgio Ribeiro Machado
Chief Executive Officer

Carolina Carvalho Zacharias
CFO

Daniela Curtinhas Fialho
Accountant CRC-MG090389/O-7SRJ