

QUARTERLY INFORMATION 1Q2023

LUPATECH S.A. – IN JUDICIAL RECOVERY
CNPJ/MF nº 89.463.822/0001-12
NIRE 35.3.0045756-1
Publicly-Held Company with Authorized Capital –
New Market

Management Report

THIS IS A FREE TRANSLATION OF THE ORIGINAL TEXT IN PORTUGUESE IN CASE OF DIVERGENCE OF INTERPRETATION, THE PORTUGUESE TEXT WILL PREVAIL

Message from the Administration

During the 1st quarter of 2023, we had some significant events for the Company.

The first of these was the end of the Judicial Reorganization decreed on March 14, 2023. The reorganization request was filed on May 25, 2015, so that the effort to restructure the company's liabilities and operations lasted almost 8 years. It is expected, naturally, that the end of the process will have a positive impact on the company's relationship with its customers, suppliers, investors and financiers, in view of the limitations that the company's situation imposed on these partners.

In addition to opening horizons in commercial relations, the end of the judicial reorganization will also provide the necessary environment for the company to advance on other fronts relevant to its recovery, in particular access to the capital market.

On this front, we had a second important event. An investment agreement was announced and implemented with BPS Capital Gestão de Ativos S.A ("BPS"), pursuant to material facts dated February 7 and March 24, 2023. Under the agreement, BPS committed to an investment of R\$ 10 million reais in cash through a private offering of mandatorily convertible debentures combined with the issuance of Subscription Warrants that allow the capitalization of credits.

Within the scope of the offer, BPS and other investors subscribed R\$ 10.1 million in debentures, which will be entitled to 17,735,600 Subscription Warrants. Each bonus gives the right to subscribe for one share with credits at 333.33% of the prevailing market price (average of 10 trading sessions) subject to a floor of R\$4.03 per share. This implies that at the floor price, up to BRL 238 million in debt can be converted into capital, which would provide the converted credits with a maximum participation of 36.4% of the capital (considering the share capital at the end of 1Q23 of 31,040,244 shares). If the stock price is higher than the floor, a larger amount of debt can be reached for conversion, but in this scenario, the same amount of debt would have a smaller share of equity.

The transaction brings two benefits to the Company: the immediate injection of new resources to reinforce the capital structure and the possibility of a significant reduction in medium-term debt, through the exercise of the Subscription Warrants.

During 2022, we lived with operational restrictions imposed by the Pandemic. In particular, the imposition of draconian lockdowns in important parts of China has produced significant disruptions and delays in our production process. The effects of these delays have been persistent, and affected our revenues in the 1st quarter of 2023. In the same period of the previous year, we had a better performance, due to deliveries of a supply contract for an FPSO under construction.

Although the Net Revenue for the period has reduced in relation to the previous quarter and the same quarter of last year, we had an improvement in the Gross Margin compared, as the profitability recomposition occurs, which was reduced due to the recent inflationary surge. This improvement in sales profitability allowed the Adjusted EBITDA of Products to remain positive, despite the reduction in volumes.

Our firm order backlog ended 1Q23 at R\$ 71 million, and the balance of contracts without purchase obligation, readjusted, stood at R\$ 112 million. On May 4, 2023, subsequent to the end of the year, the Company entered into contractual amendments with Petrobras extending for one year contracts (without purchase obligation) that would expire in that same month, in the amount of R\$ 45.4 million readjusted.

Rafael Gorenstein
CEO and IRO

Economic-Financial Performance

Lupatech mainly manufactures (Products segment) industrial valves; valves for oil and gas; ropes for deepwater mooring of oil platforms, naval use and cargo lifting; artifacts of composite materials, mainly electricity poles and tubes for lining oil pipelines.

The Company used to operate in the oilfield services business (Services segment), of which remain various assets in the process of liquidation and several legacy matters associated with it.

Net Revenue

Net Revenue (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Products	29,718	21,324	25,258	21,324
Valves	29,456	20,623	22,489	20,623
Ropes and Composites	262	701	2,769	701
Services	396	68	267	68
Oilfield Services	396	68	267	68
Total	30,114	21,392	25,525	21,392

Consolidated net revenue reached R\$ 21.4 million in 1Q23.

Valves

The retraction observed in net revenue in 1Q23 compared to the comparative periods is mainly due to the Valves business due to the logistical difficulties faced, which jeopardized the production plan.

Services

Transactions carried out in this segment result from the liquidation of inventory balances and other activities related to plants that were demobilized, i.e., they do not arise from ongoing operations.

Order Backlog

On March 31, 2023, the Company's backlog of orders and contracts with a purchase obligation ("Order Backlog") in Brazil totaled R\$ 71.1 million. On the same date, the Company had a balance in supply contracts, with no purchase obligation, which adjusted represent approximately R\$ 112.4 million. (Note: the figures do not include expired bids for which the respective orders or contracts have not yet been issued).

Gross Profit and Gross Margin

Gross Profit (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Products	6,729	5,205	5,197	5,205
<i>Gross Margin - Products</i>	22.6%	24.4%	20.6%	24.4%
Services	25	15	(10)	15
<i>Gross Margin - Services</i>	n/a	n/a	n/a	n/a
Total	6,754	5,220	5,187	5,220
<i>Gross Margin - Total</i>	22.4%	24.4%	20.3%	24.4%
Depreciation	1,307	1,301	5,392	1,301
Depreciation Products	988	884	930	884
Depreciation Services	319	417	4,462	417
Gross Profit without depreciation	8,061	6,521	10,578	6,521
Gross Profit without depreciation Products	7,717	6,089	6,128	6,089

*n/a - not applied

Products

Comparing 1Q23 with 4Q22 and 1Q22, an important improvement in margins can be seen, as a result of the recomposition of margins made possible by the inflationary slowdown.

Services

The results of the services segment do not come from production activities, only from the sale of remaining inventories.

Expenses

Expenses (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Total Sales Expenses	2,486	2,470	2,579	2,470
Sales Expenses - Products	2,486	2,470	2,579	2,470
Sales Expenses - Services	-	-	-	-
Total Administrative Expenses	5,523	5,554	5,789	5,554
Administrative Expenses - Products	2,741	3,071	3,091	3,071
Administrative Expenses - Services	2,782	2,483	2,698	2,483
Management Fees	872	898	1,335	898
Total Expenses	8,881	8,922	9,703	8,922

Sales Expenses

The Company's commercial expenses in 1Q23 remained at levels similar to the comparative periods.

Administrative Expense

In 1Q23, the Company recognized R\$5.6 million in administrative expenses, levels similar to 1Q22 and 4% lower than 4Q22.

Management Compensation

The amount presented is composed of fixed and variable remuneration.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Products	95	(75)	(4,722)	(75)
Expenses with Idleness - Products	(2,953)	(5,547)	(5,870)	(5,547)
Services	406	3,899	(20,888)	3,899
Expenses with Idleness - Services	(19)	-	-	-
Total	(2,471)	(1,723)	(31,480)	(1,723)

In 1Q23, R\$ 6.2 million was booked in "Other Operating Income" against R\$ 7.9 million in "Other Operating Expenses", totaling a net effect of R\$ 1.7 million. Highlighting the following factors:

- I. R\$ 5,5 millions of expenses with idle production;
- II. R\$ 0.6 thousand corresponding to the negative net effect arising from the recognition of taxes and adjustments to credit balances with suppliers;
- III. R\$ 0.5 thousand for recognizing the depreciation of real estate as investment property to comply with accounting standards for business combinations;
- IV. R\$ 0.3 thousand with inventory obsolescence;
- V. R\$ 5.2 million corresponds to the positive net effect from updates of contingent liabilities according to the analysis of the legal advisors;

Financial Result

Financial Results (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Financial Revenue*	2,498	2,393	3,139	2,393
Financial Expense*	(19,620)	(12,225)	(14,448)	(12,225)
Net Financial Results*	(17,122)	(9,832)	(11,309)	(9,832)
Net Exchange Variance	33,171	5,103	7,298	5,103
Net Financial Results - Total	16,049	(4,729)	(4,011)	(4,729)

* Excluding Exchange Variance

The Company's total net financial result in 1Q23 was negative by R\$ 4.7 million, mainly due to the updates of charges on taxes, suppliers, loans and adjustment to present value referring to the debt under Judicial Reorganization. In addition, the 1Q23 result, compared to 1Q22, was impacted by the devaluation of the Real against the US Dollar.

It is important to remember that exchange rate variations are predominantly the result of their incidence on balances between companies of the group abroad. The exchange rate oscillation affects in the opposite direction the translation into Brazilian Reais (BRL) of the equity of these entities, so that there are exchange rate variations recorded directly in the company's equity, without going through profit and loss accounts.

Adjusted EBITDA from Operations

EBITDA Adjusted (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Products	2,113	649	(150)	649
Margin	7.1%	3.0%	-0.6%	3.0%
Services	(2,413)	(1,945)	(2,085)	(1,945)
Margin	n/a	n/a	n/a	n/a
Total	(300)	(1,296)	(2,235)	(1,296)
Margin	-1.0%	-6.1%	-8.8%	-6.1%

Adjusted EBITDA from Products in the comparison of 1Q23 with 1Q22 decreased, mainly due to the decrease in Net Revenue. Already, compared to 4Q22, Adjusted EBITDA from Products was positive and reflecting an improvement in the growth of the margins earned.

Adjusted EBITDA from Services comprises legacy management costs.

Adjusted Ebitda Reconciliation (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Gross Profit	6,754	5,220	5,187	5,220
SG&A	(8,009)	(8,024)	(8,368)	(8,024)
Management Compensation	(872)	(898)	(1,335)	(898)
Depreciation and Amortization	1,307	1,301	5,392	1,301
Other Operating Expenses	(2,470)	(1,723)	(31,480)	(1,723)
Ebitda	(3,290)	(4,124)	(30,604)	(4,124)
Result of disposal or write-off of assets	325	(93)	16,079	(93)
Provisions for Legal Proceedings	(600)	(5,195)	(337)	(5,195)
Idle expenses	2,637	5,547	5,870	5,547
Expenses with Restructuring and Extraordinary Expenses	628	2,569	6,757	2,569
Adjusted EBITDA	(300)	(1,296)	(2,235)	(1,296)

Reconciliation of Adjusted Ebitda (R\$ thd)	1Q23		
	Products	Services	Total
Gross Profit	5,205	15	5,220
SG&A	(5,541)	(2,483)	(8,024)
Management Compensation	(629)	(269)	(898)
Depreciation and Amortization	884	417	1,301
Other Operating Expenses	(5,622)	3,899	(1,723)
Ebitda	(5,703)	1,579	(4,124)
Result of disposal or write-off of assets	(98)	5	(93)
Provisions for Legal Proceedings	(162)	(5,033)	(5,195)
Idle expenses	5,547	-	5,547
Restructuring Process and Extraordinary Expenses	1,065	1,504	2,569
Adjusted EBITDA	649	(1,945)	(1,296)

Non-recurring expenses in 1Q23 refer mainly to the updating of contingent processes, production idleness and extraordinary expenses related to judicial recovery.

Net Result

Net Result (R\$ thd)	1Q22	1Q23	4Q22	1Q23
Result Before Income Tax and Social Contribution	11,452	(10,154)	(40,007)	(10,154)
Income Tax and Social Contribution - Current	(6)	(1)	6	(1)
Income Tax and Social Contribution - Deferred	3,470	75	121,690	75
Net Profit for the Period	14,916	(10,080)	81,689	(10,080)
Profit (Loss) per 1,000 Shares	1.15	(0.32)	4.610	(0.32)

Contributing to the negative result in 1Q23, in addition to current revenues and expenses, was the adjustment to present value referring to the debt under Judicial Reorganization and the net effect of other operating revenues and expenses.

Working Capital

Working Capital (R\$ thd)	4Q22	1Q23
Accounts Receivable	27,128	19,202
Inventories	39,247	36,933
Advances of suppliers	6,703	4,106
Recoverable taxes	51,160	44,603
Other Accounts Receivable	4,549	4,574
Total Asset	128,787	109,418
Suppliers	15,479	15,736
Advances from Customers	8,037	8,272
Taxes payable	25,977	24,101
Other Accounts Payable/Other Obligations	7,156	8,028
Payroll and charges	5,603	5,530
Total Liabilities	62,252	61,667
Working Capital Employed	66,535	47,751
Working Capital Variation	(53,675)	(18,784)

When comparing 1Q23 with 4Q22, there is a reduction in working capital employed. This reduction is mainly due to: (i) variation in accounts receivable due to the drop in sales, (ii) reduction in inventories and advances from suppliers, and (iii) reduction in recoverable taxes resulting from the offset of tax credits.

Cash and Financial Investments

Cash and cash equivalents (R\$ thd)	4Q22	1Q23
Cash and Cash Equivalents	13,171	3,881
Total	13,171	3,881

The Company's consolidated cash position and financial investments in 1Q23 reached R\$ 3.9 million, representing a reduction that was accompanied by an equivalent reduction in short-term debt.

Indebtedness

Debts (R\$ thd)	4Q22	1Q23
Short Term	54,308	39,897
Credits subject to Judicial Recovery	4,331	4,326
Credits not subject to Judicial Recovery	49,977	35,571
Long Term	101,346	103,871
Credits subject to Judicial Recovery	95,526	97,197
Credits not subject to Judicial Recovery	5,820	6,674
Total Debts	155,654	143,768
Cash and Cash Equivalents	13,171	3,881
Net Debt	142,483	139,887

The reduction in financial debt in the comparison between 1Q23 and 4Q22 is mainly associated with the payment of loans and financing with financial institutions.

Investment

Investments (R\$ thd)	4Q22	1Q23
Others Investments	21,942	21,942
Fixed Assets	138,386	136,989
Intangible Assets	83,749	83,510
Total	244,077	242,441

The variation presented in investment balances mainly refers to the recognition of depreciation, amortization, and balance sheet conversion effect on fixed assets of subsidiaries abroad.

Annexes

Annex I - Income Statements (R\$ Thousand)

	1Q22	1Q23
Net Revenue From Sales	30,114	21,392
Cost of Goods and Services Sold	(23,360)	(16,172)
Gross Profit	6,754	5,220
Operating Income/Expenses	(11,351)	(10,645)
Selling	(2,486)	(2,470)
General and Administrative	(5,523)	(5,554)
Management Fees	(872)	(898)
Other Operation Income (Expenses)	(2,470)	(1,723)
Net Financial Result	16,049	(4,729)
Financial Income	2,498	2,393
Financial Expenses	(19,620)	(12,225)
Net Exchange Variance	33,171	5,103
Loss Before Income Tax and Social Contribution	11,452	(10,154)
Provision Income Tax and Social Contribution - Current	(6)	(1)
Provision Income Tax and Social Contribution - Deferred	3,470	75
Gain (Loss) for the Period	14,916	(10,080)

Annex II – Reconciliation of EBITDA Adjusted (R\$ Thousand)

	1Q22	1Q23
<u>Adjusted EBITDA from Operations</u>	(300)	(1,296)
Expenses with Restructuring and Extraordinary Expenses	(821)	(2,569)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	275	5,288
<u>EBITDA from Operations</u>	(846)	1,423
Depreciation and amortization	(1,114)	(1,301)
Net Financial Result	16,049	(4,729)
Income Tax and Social Contribution - Current and Deferred	3,464	74
<u>Idleness Expenses</u>	(2,637)	(5,547)
<u>Net Income (Loss)</u>	14,916	(10,080)

Annex III – Consolidated Balance Sheets (R\$ Thousand)

	<u>2022</u>	<u>1Q23</u>
Total Asset	573,102	546,421
Current Assets	181,288	152,031
Cash and Cash Equivalents	13,171	3,881
Accounts Receivable	27,128	19,202
Inventories	39,247	36,933
Recoverable Taxes	51,160	44,603
Other Accounts Receivable	4,549	4,574
Prepaid Expenses	716	985
Advances to Suppliers	6,703	4,106
Assets Classified as Held for Sale	38,614	37,747
Non-Current Assets	391,814	394,390
Other Credits	1	1
Securities-restricted	44	44
Judicial Deposits	7,639	7,612
Impostos a Recuperar	1,831	5,241
Deferred Income Tax and Social Contribution	103,000	103,000
Other Accounts Receivable	35,222	36,051
Investments	21,942	21,942
Property, Plant and Equipment	138,386	136,989
Intangible Assets	83,749	83,510
Total Liabilities and Shareholders Equity	573,102	546,421
Current Liabilities	118,650	103,684
Suppliers - Not Subject to Judicial Recovery	10,748	10,931
Suppliers -Subject to Judicial Recovery	4,731	4,805
Loans and Financing - Not Subject to Judicial Recovery	49,977	35,571
Loans and Financing - Subject to Judicial Recovery	4,331	4,326
Provisions Payroll and Payroll Payable	5,603	5,530
Commissions Payable	326	213
Taxes Payable	25,977	24,101
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	1,144	1,286
Advances from Customers	8,037	8,272
Other Accounts Payable	5,698	6,473
Other obligations - subject to judicial recovery	1,457	1,555
Provision for Contractual Fines	621	621
Non-Current Liabilities	266,746	268,215
Suppliers - Subject to Judicial Recovery	26,162	26,555
Loans and Financing – Not Subject to Judicial Recovery	5,820	6,674
Loans and Financing - Subject to Judicial Recovery	95,526	97,197
Taxes Payable	20,522	23,898
Deferred Income Tax and Social Contribution	46,208	46,133
Provision for Contingencies	32,915	27,980
Obligations and Provisions Labor Risks - Subject to Judicial Reorganization	2,836	2,287
Other Accounts Payable	3,131	3,105
Other obligations - subject to judicial recovery	33,626	34,386
Shareholders' Equity	187,706	174,522
Capital Stock	1,898,871	1,899,892
Capital reserve	2,967	2,967
Capital Transaction Reserve	136,183	136,183
Equity Valuation Adjustment	191,562	187,437
Accumulated Losses	(2,041,877)	(2,051,957)

Annex IV – Statements of the Consolidated Cash Flow (R\$ Thousand)

	1Q22	1Q23
Cash Flow from Operating Activities		
Profit (loss) for the periods	14,916	(10,080)
Adjustments:		
Depreciation and Amortization	1,306	1,831
Income from sale of property, plant and equipment	352	324
Financial charges and exchange variation on financing	(30,061)	1,706
Reversal (Provision) for loss due to non-recoverability of assets	(343)	(418)
Deferred Income Tax and Social Contribution	(3,469)	-
Inventory obsolescence	(626)	(321)
(Reversal) Estimated losses for doubtful accounts	(53)	31
Actual losses with doubtful accounts	51	-
Adjust to present value	15,733	3,552
Fair value adjustment	(27,488)	(4,125)
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(9,045)	7,782
(Increase) Decrease in Inventories	(3,407)	2,635
(Increase) Decrease in Recoverable Taxes	442	3,147
(Increase) Decrease in Other Assets	(1,900)	1,472
(Increase) Decrease in Suppliers	4,475	(388)
(Increase) Decrease in Taxes Payable	341	(422)
(Increase) Decrease in Others Accounts Payable	30,411	(644)
Net Cash Flow from Operating Activities	(8,365)	6,082
Cash Flow from Investment Activities		
Securities - restricted account	102	60
Resources from the sale of fixed assets	479	101
Aquisition of Property, Plant and Equipment	(691)	(197)
Net Cash Flow from (Used in) Investment Activities	(110)	(36)
Cash Flow from Financing Activities		
Borrowing and financing	33,291	18,748
Capital increase (decrease)	83	1,021
Payment of loans and financing	(31,667)	(35,105)
Net Cash Flow from Financing Activities	1,707	(15,336)
Net Increase (Decrease) in Cash and Cash Equivalents	(6,768)	(9,290)
At the Beginning of the Period	19,176	13,171
At the End of the Period	12,408	3,881

About Lupatech

Lupatech is a Brazilian company with high added value products focused on the oil and gas sector, operating in manufacturing (Products segment) mainly producing industrial valves; valves for oil and gas; ropes for anchoring oil platforms; well completion equipment; artifacts of composite materials, mainly power poles and tubes for coating oil pipelines.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET

(In R\$ Thousands)

ASSETS	Note	Parent		Consolidated	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
CURRENT					
Cash and cash equivalents	3	3,577	2,734	3,881	13,171
Accounts receivables	4	13,319	18,227	19,202	27,128
Inventories	5	24,746	26,460	36,933	39,247
Recoverable taxes	6	30,367	35,791	44,603	51,160
Advances to suppliers		1,314	3,074	4,106	6,703
Other accounts receivable	7	3,753	3,730	4,574	4,549
Prepaid expenses		883	629	985	716
Accounts receivable - related parties	14.1	20,301	19,619	-	-
Assets classified as held for sale	8	3,236	3,236	37,747	38,614
Total current assets		<u>101,496</u>	<u>113,500</u>	<u>152,031</u>	<u>181,288</u>
NON-CURRENT ASSETS					
Other Credits		1	1	1	1
Judicial deposits	18.1	1,897	1,897	7,612	7,639
Securities-restricted	3	44	44	44	44
Recoverable taxes	6	4,526	1,115	5,241	1,831
Deferred income tax and social contribution	16	95,200	95,200	103,000	103,000
Accounts receivable - related parties	14.1	10,185	12,644	-	-
Other accounts receivable	7	33,677	32,848	36,051	35,222
Investments					
Direct and indirect associated companies	9.1	299,900	305,036	-	-
Investment property	9.2	-	-	21,942	21,942
Fixed assets	10	21,862	22,544	136,989	138,386
Intangibles					
Goodwill	11	61,479	61,479	82,166	82,166
Other intangibles	11	1,055	1,292	1,344	1,583
Total Non-current assets		<u>529,826</u>	<u>534,100</u>	<u>394,390</u>	<u>391,814</u>
TOTAL ASSETS		<u><u>631,322</u></u>	<u><u>647,600</u></u>	<u><u>546,421</u></u>	<u><u>573,102</u></u>

The notes are an integral part of the financial statements.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET

(In R\$ Thousands)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Note	Parent		Consolidated	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	12	7,431	7,274	10,931	10,748
Suppliers - subject to Judicial Recovery	12	4,805	4,731	4,805	4,731
Loans and financing - not subject to Judicial Recovery	13	28,529	32,194	35,571	49,977
Loans and financing - subject to Judicial Recovery	13	3,238	3,311	4,326	4,331
Provisions payroll and payroll payable		4,494	4,516	5,530	5,603
Commissions payable		133	241	213	326
Taxes payable	19	15,039	16,215	24,101	25,977
Obligations for labor risks and creditors- subject to Judicial Recovery		1,286	1,144	1,286	1,144
Advances from customers		566	332	8,272	8,037
Provision contractual fines		621	621	621	621
Other accounts payable	17	5,638	4,952	6,473	5,698
Other obligations - subject to judicial recovery	17	1,555	1,457	1,555	1,457
Related Parties - mutual and loans	14.1	32,314	32,559	-	-
Total current liabilities		<u>105,649</u>	<u>109,547</u>	<u>103,684</u>	<u>118,650</u>
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	12	26,555	26,162	26,555	26,162
Loans and financing - not subject to Judicial Recovery	13	6,674	5,820	6,674	5,820
Loans and financing - subject to Judicial Recovery	13	63,276	61,830	97,197	95,526
Deferred income tax and social contribution	16	33,552	33,036	46,133	46,208
Taxes payable	19	10,704	8,815	23,898	20,522
Provision for contingencies	18.2	4,109	3,928	27,980	32,915
Obligations and provisions labor risks - subject to judicial Recovery		2,287	2,836	2,287	2,836
Other accounts payable	17	-	-	3,105	3,131
Other obligations - subject to judicial recovery	17	34,386	33,626	34,386	33,626
Related Parties - mutual and loans	14.1	169,608	174,294	-	-
Total non-current liabilities		<u>351,151</u>	<u>350,347</u>	<u>268,215</u>	<u>266,746</u>
SHAREHOLDERS' EQUITY					
Capital stock	20	1,899,892	1,898,871	1,899,892	1,898,871
Capital reserve to be realized		2,967	2,967	2,967	2,967
Capital transaction reserve		136,183	136,183	136,183	136,183
Equity valuation adjustments		187,437	191,562	187,437	191,562
Retained earnings / Accumulated losses		(2,051,957)	(2,041,877)	(2,051,957)	(2,041,877)
Total shareholders' equity		<u>174,522</u>	<u>187,706</u>	<u>174,522</u>	<u>187,706</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>631,322</u>	<u>647,600</u>	<u>546,421</u>	<u>573,102</u>

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF INCOME
FOR THE PERIODS ENDED ON MARCH 31, 2023 AND 2022
(In thousands of Reais except loss per share, or when indicated)

	Note	Parent		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
NET REVENUE FROM SALES	24	17,501	27,221	21,392	30,114
COST OF GOODS AND SERVICES SOLD	28	(12,621)	(20,287)	(16,172)	(23,360)
Profit gross		4,880	6,934	5,220	6,754
OPERATING INCOME/EXPENSES					
Selling	28	(2,273)	(2,365)	(2,470)	(2,486)
General and administrative	28	(3,438)	(3,499)	(5,554)	(5,523)
Management compensation	15 / 28	(898)	(872)	(898)	(872)
Equity pick-up	9.1	(1,276)	(7,818)	-	-
Other operating income (expenses)	26	(4,503)	(3,690)	(1,723)	(2,470)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL RESULT		(7,508)	(11,310)	(5,425)	(4,597)
FINANCIAL RESULTS					
Financial income	27	1,386	2,251	2,393	2,498
Financial expenses	27	(8,190)	(5,849)	(12,225)	(19,620)
Exchange variation, net	27	4,748	29,473	5,103	33,171
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(9,564)	14,565	(10,154)	11,452
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	16	-	-	(1)	(6)
Deferred	16	(516)	351	75	3,470
PROFIT (LOSS) FOR THE PERIOD		(10,080)	14,916	(10,080)	14,916
PROFIT (LOSS) ATTRIBUTABLE TO Parent company's interest		(10,080)	14,916	(10,080)	14,916
PROFIT (LOSS) PER SHARE (In Reais)					
BASIC earnings per share	25	(0.32474)	0.51063	(0.32474)	0.51063
Diluted per share	25	(0.32474)	0.51063	(0.32474)	0.51063

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED ON MARCH 31, 2023 AND 2022
(In R\$ Thousands)

	Parent		Consolidated	
	<u>03/31/2023</u>	<u>03/31/2022</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
PROFIT (LOSS) FOR THE PERIOD	(10,080)	14,916	(10,080)	14,916
OTHER COMPREHENSIVE INCOME				
Exchange variation on investments abroad	(4,125)	(27,361)	(4,125)	(27,361)
Implementation of the equity valuation adjustment	-	-	-	-
COMPREHENSIVE INCOME OF THE PERIOD	<u>(14,205)</u>	<u>(12,445)</u>	<u>(14,205)</u>	<u>(12,445)</u>
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:				
Participation of controlling shareholders	(14,205)	(12,445)	(14,205)	(12,445)

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT CASH FLOW - INDIRECT METHOD
FOR THE PERIODS ENDED ON MARCH 31, 2023 AND 2022
(In R\$ Thousands)

	Note	Parent		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
FLUXO DE CAIXA DAS ATIVIDADES OPERACIONAIS					
Profit (Loss) for the period		(10,080)	14,916	(10,080)	14,916
Depreciation and amortization	12 e 13	1,087	1,071	1,831	1,306
Reversal (Estimated) for losses by non-recoverability of assets	12 e 13	-	-	(418)	(343)
Equity pick-up	9.1	1,276	7,818	-	-
Result on sale of fixed assets		(98)	-	324	352
Financial charges and exchange variation on financing		2,579	(19,198)	1,706	(30,061)
Deferred income tax and social contribution		-	-	-	(3,469)
Inventory Obsolescence		(218)	-	(321)	(626)
(Reversal) Estimated losses for doubtful accounts	4	31	(23)	31	(53)
Actual losses with doubtful accounts	4	-	21	-	51
Adjustment to present value	27	1,660	2,630	3,552	15,733
Adjustment to fair value		-	7	(4,125)	(27,488)
(Increase) decrease in operating assets:					
Accounts receivable		4,771	(7,870)	7,782	(9,045)
Inventories		1,932	(1,616)	2,635	(3,407)
Recoverable taxes		2,013	127	3,147	442
Other assets		654	(2,255)	1,472	(1,900)
(Increase) decrease in operating liabilities:					
Suppliers		(394)	2,694	(388)	4,475
Taxes payable		(461)	(29)	(422)	341
Others accounts payable		564	1,208	(644)	30,411
Cash flow from operating activities		5,316	(499)	6,082	(8,365)
CASH FLOW FROM INVESTING ACTIVITIES					
Capital payment in subsidiary		(265)	(1,374)	-	-
Bonds and securities - restricted account	3	36	4	60	102
Proceeds from the sale of property		101	-	101	479
Acquisition of fixed assets	10	(171)	(669)	(197)	(691)
Caixa líquido proveniente (aplicado) nas atividades de investimentos		(299)	(2,039)	(36)	(110)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans and financing		14,934	20,678	18,748	33,291
Proceeds (Payment) from loans and financing - Related parties		19	(766)	-	-
Capital Increase (Reduction)	20	1,021	83	1,021	83
Payments of loans and financing		(20,148)	(16,389)	(35,105)	(31,667)
Net cash provided by financing activities		(4,174)	3,606	(15,336)	1,707
(REDUCTION) NET INCREASE OF CASH AND CASH EQUIVALENTS					
		843	1,068	(9,290)	(6,768)
Cash and cash equivalents at the beginning of period		2,734	1,098	13,171	19,176
Cash and cash equivalents at the end of period		3,577	2,166	3,881	12,408

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY
CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY
FOR THE PERIODS ENDED ON MARCH 31, 2023 AND 2022

(In R\$ Thousands)

	Capital stock	Capital reserves, options granted	Accumulated profit/loss	Equity valuation adjustments	Total participation of the Company's shareholders	Total shareholders' equity
BALANCE ADJUSTMENT IN DECEMBER 31, 2021	1,897,348	139,795	(2,096,743)	204,671	145,071	145,071
Capital increase	83	-	-	-	83	83
Profit (Loss) for the year	-	-	14,916	-	14,916	14,916
Exchange variation on investments abroad	-	-	-	(27,361)	(27,361)	(27,361)
BALANCE ADJUSTMENT IN MARCH 31, 2022	1,897,431	139,795	(2,081,827)	177,310	132,709	132,709
BALANCE ADJUSTMENT IN DECEMBER 31, 2022	1,898,871	139,150	(2,041,877)	191,562	187,706	187,706
Capital increase	1,021	-	-	-	1,021	1,021
Profit (Loss) for the year	-	-	(10,080)	-	(10,080)	(10,080)
Exchange variation on investments abroad	-	-	-	(4,125)	(4,125)	(4,125)
BALANCE ADJUSTMENT IN MARCH 31, 2023	1,899,892	139,150	(2,051,957)	187,437	174,522	174,522

The notes are an integral part of the financial statements.

LUPATECH S.A. - EM RECUPERAÇÃO JUDICIAL

STATEMENT OF ADDED VALUE
FOR THE PERIODS ENDED ON MARCH 31, 2023 AND 2022
(In R\$ Thousands)

	Note	Parent		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
REVENUES					
Sales of goods, products and services (IPI including)	24	21,183	30,727	25,997	34,130
Ganho na alienação de ativo imobilizado		101	-	101	-
Other revenues	26	239	273	6,102	5,989
Reversal (estimated) of losses on doubtful accounts	4	(31)	23	(31)	53
Actual losses with doubtful accounts	4	-	(21)	-	(51)
		21,492	31,002	32,169	40,121
ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(4,593)	(6,897)	(2,483)	(3,989)
Materials, energy, and other outsourced services		(4,414)	(10,045)	(8,354)	(14,845)
Loss on disposal of fixed assets		-	-	(427)	-
Other expenses	26	(4,842)	(3,963)	(7,499)	(8,459)
		(13,849)	(20,905)	(18,763)	(27,293)
GROSS ADDED VALUE		7,643	10,097	13,406	12,828
DEPRECIATION AND AMORTIZATION	10 e 11	(1,087)	(1,071)	(1,831)	(1,306)
NET ADDED VALUE GENERATED BY THE COMPANY		6,556	9,026	11,575	11,522
ADDED VALUE RECEIVED IN TRANSFER					
Equity pick-up	9.1	(1,276)	(7,818)	-	-
Financial income	27	10,875	34,265	13,167	35,669
		9,599	26,447	13,167	35,669
TOTAL ADDED VALUE TO BE DISTRIBUTED		16,155	35,473	24,742	47,191
DISTRIBUTION OF ADDED VALUE					
DISTRIBUTION OF ADDED VALUE		16,155	35,473	24,742	47,191
Staff:		8,512	8,053	10,431	10,089
Direct compensation		6,161	5,998	7,520	7,463
Benefits		1,929	1,647	2,382	2,104
FGTS		422	408	529	522
Taxes and contributions:		4,710	4,031	6,376	2,437
Federal		2,520	2,175	3,613	231
States		2,086	1,774	2,640	2,105
Municipal		104	82	123	101
Remuneration of third party capital:		13,013	8,473	18,015	19,749
Interest and other financial expenses	27	12,931	8,390	17,896	19,620
Rent		82	83	119	129
Remuneration (loss) from equity:		(10,080)	14,916	(10,080)	14,916
Loss for the year		(10,080)	14,916	(10,080)	14,916
Non-controlling interests					

The notes are an integral part of the financial statements.

Lupatech S.A – In Judicial Recovery

Notes to the interim financial statements for the quarter ended March 31, 2023.

(In thousands of Reais, unless otherwise indicated)

1. General Information

Lupatech S / A - In Judicial Recovery (“Company”) and its subsidiaries and associates (jointly the “Group”) is a corporation headquartered in Nova Odessa, São Paulo State, with shares traded on the São Paulo stock exchange (“B3” LUPA3).

The group operates in manufacturing (**Products segment**) mainly producing: industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring oil platforms and several other applications; and artifacts of composite materials, such as poles and tubular sleeves for coating oil pipelines.

The Company operated until 2017, in the oil services business (**Services segment**), of which several assets remain in the process of demobilization, as well as the legacy associated with it.

1.1 Reorganization ended on March 14, 2023

In order to equate the effects of a prolonged financial crisis in which it was immersed, Lupatech S.A and its direct and indirect subsidiaries (“Grupo Lupatech”) filed a request for Judicial Reorganization on May 25, 2015, which was processed before the Court of the 1st Bankruptcy and Judicial Recovery Court of the Judicial District of São Paulo and granted on June 22, 2015.

The Judicial Recovery Plan (“Plan”) was approved by the General Meeting of Creditors on November 8, 2016 and subsequently ratified by the Judgment of the 1st Court of Bankruptcy, Judicial Reorganizations and Disputes Related to Arbitration of the Capital of São Paulo on February 19 from 2017.

The Plan was subject to two amendments, approved and ratified in court on November 30, 2018 and November 26, 2020, respectively.

On March 14, 2023, a decision was handed down determining the end of the Judicial Reorganization. As from the closure, the monitoring of activities by the Court ceases, as well as the decisions regarding the disposal of permanent assets. The payment of the subject credits, whether they have been qualified or are subject to judicial controversy, must be carried out under the terms of the Plan.

The main objectives of the court-supervised reorganization were to resolve the claims subject to the Plan, which were partially settled with the payment of Subscription Warrants and partially paid or rescheduled, as detailed in the table below:

Class of Creditors	Payment terms	Interest rate*	Time
I - Labor	Cash or Special Purpose Entity (SPE) shares up to the limit of 150 minimum wages in force in May 2015; the surplus in Subscription Bonuses	Not applicable	12 months from credit activation
II - Real Guarantee	35% in Sign-up Bonus, 65% in cash	TR + 3% p.a.	January 2032

III - Unsecured creditors	Local currency: 50% in Subscription Bonus, 50% in cash Foreign currency: 70% Signing Bonus, 30% cash	National currency: TR + 3.3% p.a. National currency: TR + 3.3% p.a.	January 2033**
IV - Micro and Small Companies	% in Sign-up Bonus, 50% in cash	TR + 3% p.a.	January 2032

*TR=Referential Rate

**Loans that become eligible for payment late are subject to the payment schedule of 180 months from the date on which they become eligible. Depending on the exchange variation, the payment of exchange variation and interest on loans in foreign currency may exceed the indicated term.

The principal is paid in fixed quarterly installments in reais according to the growth gradient established in the Plan. Interest and exchange variation are paid: (a) Classes II and IV: in one installment 30 days after the maturity of the principal or; (b) Class III: in 4 quarterly installments after the maturity of the principal, for credits in local currency, or as many installments as the value of the last installment of the corresponding principal, in the case of credits in foreign currency.

The portion to be paid in cash, which corresponds to 65% of Class II credits, 50% of Class III and IV credits in national currency, and 30% of foreign currency credits listed in Class III, bear interest and exchange variation at the rates indicated in the table above.

The table below details the flow of payments due to creditors within the scope of the judicial reorganization:

	Class I Suppliers, Obligations and labor provisions	Class II Loans and financing - National Currency	Class III Loans and financing - National Currency	Class III Loans and financing - Foreign Currency	Class IV Suppliers - National Currency	TOTAL 03/31/2023	TOTAL 12/31/2022
Accounting Balance Liabilities RJ	3,937	40,437	193,324	86,282	13,482	337,462	339,539
Adjustment to Present Value *	-	(17,787)	(96,958)	(45,730)	(4,590)	(165,065)	(169,726)
Net Accounting Balance	3,937	22,650	96,366	40,552	8,892	172,397	169,813
Maturities of the accounting balance:							
2023	1,650	1,121	3,340	896	371	7,378	8,886
2024	-	2,616	6,250	1,685	835	11,386	11,338
2025	-	2,990	8,138	2,293	909	14,330	14,264
2026	-	2,990	10,073	2,902	893	16,858	16,823
2027	-	3,861	12,091	3,512	1,126	20,590	20,558
2028	-	4,485	16,048	4,681	1,294	26,508	26,468
2029	-	4,485	19,487	5,697	1,274	30,943	30,902
2030	-	4,485	24,667	7,223	1,243	37,618	37,572
2031	-	4,485	26,377	7,729	1,191	39,782	39,734
2032	-	8,919	33,529	9,858	4,346	56,652	56,268
2033	-	-	27,063	30,470	-	57,533	58,105
From 2034 onwards	2,287	-	6,261	9,336	-	17,884	18,622
Total	3,937	40,437	193,324	86,282	13,482	337,462	339,539
Litigation (dates and amounts undetermined)	14,918	-	1,603	-	1,418	17,939	23,737

*The accounting balances related to credits in Classes II, III, and IV include present value adjustments considering discount rates of 13.65% per annum for credits in local currency and 5.85% per annum for foreign currency.

The portion paid in Subscription Warrants corresponds to 35% of Class II credits, 50% of Class III and IV credits in local currency, and 70% of foreign currency credits listed in Class III. The Subscription Warrants necessary for the fulfillment of the obligation were issued by the Company, having been registered in favor of the creditors or held in treasury by court order in the case of creditors whose registration information was incomplete or irregular. The Subscription Bonuses were given in payment at the rate of 1 (one) Bonus for

each R\$100 (one hundred reais) of listed credits. Each Bonus gives the holder the right, but not the obligation, to subscribe for one share at the price of R\$0.88 per share, until October 28, 2025.

A total of 4,352,503 Subscription Warrants were issued, of which 2,292,758 were registered in the name of the respective creditors 1,482,487 are in treasury as collateral for the Subscription Warrants issued in the US by Lupatech Finance and 577,258 are in the Company's treasury for delivery to creditors who did not submit registration information required for bookkeeping or reserved to meet contingent claims.

Information related to Judicial Recovery is available for consultation at the electronic address www.lupatech.com.br/ri.

1.2 Operational continuity

The interim financial statements for the period ended March 31, 2023 were prepared assuming the normal continuity of the Company's business.

The Lupatech Group seeks to recover its prominent position as one of the most important industrial groups in Brazil related to the oil and gas sector, as well as to maintain itself as a source of wealth generation, taxes and jobs.

Despite the improvement in results, continuity depends not only on improved performance, but also on the Company's success in obtaining additional resources needed to supply working capital and service debt. The volume of resources needed to finance the recovery depends on the speed of the recovery, and said resources could come, for example, and not be limited to, new credit lines, capital increase with or without debt conversion, sale of assets or equity interests, refund of tax credits and reprofiling of liabilities. Management pursues all these options.

1.3 Materially adverse events

The Company's Management monitors the occurrence of materially adverse events and their impacts on its business, such as the COVID-19 Pandemic and the War in Ukraine. At the current date, it is observed that the impact of the Pandemic and the War resulted in persistent delays in the production chain, supervening expenses and the burden brought by the inflationary process. On the date of issuance of these interim financial statements, the Company does not envisage risks to the continuity of its businesses, nor to accounting estimates and judgments.

2. Base of preparation

2.1 Declaration of conformity

The individual and consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil (BR GAAP), prepared in accordance with the Technical Pronouncement CPC 21 (R1) – Interim Financial Statements, equivalent to IAS 34 – “Interim Financial Reporting”.

The parent company's individual interim financial statements were prepared in accordance with BR GAAP.

The Company's Management affirms that all relevant information specific to the financial information, and only these, are being evidenced, and that they correspond to those used by it in its management.

In compliance with CVM Circular Letter No. 003/2011, below we present the explanatory notes included in the most recent annual financial statements (year ended December 31, 2022), which, in view of the absence of material changes in this period ended as of March 31, 2023, are not being repeated or included in full in these interim financial statements:

Notes not included in the three-month period ended March 31, 2023	Location of the complete note in the 2022 annual statement
Business Combination	Note nº 2.4.3
Main accounting practices	Note nº 3
Critical accounting estimates and judgments	Note nº 4

The issuance of the Company's interim accounting information for the period ended March 31, 2023 was authorized by the Board of Directors on May 15, 2023.

2.2 Functional currency and presentation currency

These interim financial statements are presented in Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, unless otherwise noted.

2.3 Measurement basis

The interim financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value.

2.4 Basis of consolidation and investments in subsidiaries

The consolidated financial statements include the financial statements of Lupatech S.A – In Judicial Recovery and its subsidiaries.

Controlled companies

The financial information of subsidiaries is recognized using the equity method and is included in the consolidated financial statements from the date on which the Group obtains control until the date on which control ceases to exist.

The consolidated interim financial statements include the financial information of Lupatech S.A – In Judicial Recovery and its direct and indirect subsidiaries, as shown below:

Direct and indirect subsidiaries	Direct and Indirect participation (%)	
	03/31/2023	12/31/2022
<u>Direct participation</u>		
Mipel Comércio e Indústria de Peças Técnicas Ltda- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Equipamentos e Serviços para Petróleo Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Finance Limited - In Judicial Recovery - (Cayman)	100.00	100.00
Recu S.A. - (Argentina)	95.00	95.00
Lupatech Oil&Gas Coöperatief U.A. - (Netherlands)	5.00	5.00
Lochness Participações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Ilno Administradora de Bens e Direitos Ltda - (Brazil)	100.00	100.00
<u>Indirect participation</u>		
Recu S.A. - (Argentina)	5.00	5.00
Lupatech Oil&Gas Coöperatief U.A. - (Netherlands)	95.00	95.00
Lupatech Perfuração e Completação Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Sotep Sociedade Técnica de Perfuração S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Prest Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Itacau Agenciamentos Marítimos Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Matep S.A. Máquinas e Equipamentos - In Judicial Recovery - (Brazil)	100.00	100.00
Amper Amazonas Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
UNAP International Ltd. - (Cayman)	100.00	100.00
Ciaval II Administração de Bens e Direitos SPE S.A	100.00	100.00

3. Cash and cash equivalents and marketable securities

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Cash and cash equivalents				
<u>Cash and banks</u>				
Brazil	2,939	2,115	3,161	2,340
Abroad	-	-	7	14
<u>Financial Investments - CDB</u>				
Bank deposit certificate	638	619	713	10,817
Total	3,577	2,734	3,881	13,171
Marketable securities	44	44	44	44

The amounts of cash equivalents refer to investments in fixed income and bank deposit certificates, with immediate liquidity, except when they constitute guarantee of obligations contracted by the Company.

In the comparative period, the reduction in financial investments is mainly associated with the payment of loans and financing with financial institutions.

4. Accounts receivable from customers

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Local market	13,304	18,089	19,521	25,127
Export	2,026	2,118	2,058	4,347
	15,330	20,207	21,579	29,474
Less: allowance for doubtful accounts	(2,011)	(1,980)	(2,377)	(2,346)
	13,319	18,227	19,202	27,128
Current	13,319	18,227	19,202	27,128
Non-Current	-	-	-	-

The value of the risk of possible losses is presented as an estimate for losses on doubtful debts. The constitution of these estimates is considered for amounts overdue for more than 360 days and follows the following criteria:

The credit risk of accounts receivable arises from the possibility of the Company not receiving amounts arising from sales operations. In order to mitigate this risk, the Company adopts the practice of detailed analysis of the equity and financial situation of its customers, establishing a credit limit and permanently monitoring their debt balance. The provision for credit risks was calculated based on the analysis of credit risks, which includes the history of losses, the individual situation of the customers, the situation of the economic group to which they belong, the real guarantees for the debts and the assessment of the consultants. and is considered sufficient by its Management to cover possible losses on amounts receivable.

The write-off for loss complies with the parameters of the legislation and the recovery refers to the corresponding income from the recovery of the credit previously estimated as a loss, resulting from the effective receipt.

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
To profit	-	423	2,234	2,669
To win	10,444	14,296	12,139	18,983
Due to 30 days	404	1,035	565	1,223
Due from 31 to 90 days	142	1,444	142	1,444
Due from 91 to 180 days	70	590	70	623
Due more than 180 days	4,270	2,419	6,429	4,532
	15,330	20,207	21,579	29,474

As part of its financing means, the Company anticipates credit rights with or without co-obligation. When co-obligation remains, a corresponding obligation remains in liabilities, as presented in Note 13 under the caption "Securities discounted with co-obligation".

5. Inventory

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Finished goods	4,221	3,927	5,731	5,392
Goods for resale	1,471	1,691	3,267	3,487
Products in development	11,409	12,018	24,671	25,595
Raw material	15,711	16,672	29,845	31,033
Losses on inventory obsolescence	(8,066)	(7,848)	(26,581)	(26,260)
Total	24,746	26,460	36,933	39,247

Inventory Obsolescence Losses consist of management's estimates based on inventory turnover, the order backlog and the prospect of future demand for inventory items. Items evaluated as obsolete may have their status changed if there is a change in the prospects for their use.

Movement of losses with inventories:

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Opening balance for the period	(7,848)	(6,983)	(26,260)	(24,029)
Loss estimate	(218)	(867)	(330)	(2,354)
Reversal	-	2	9	123
Final balance	(8,066)	(7,848)	(26,581)	(26,260)

6. Taxes to be recovered

Recoverable Taxes	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
ICMS recoverable	10,261	11,031	10,414	11,182
ICMS about PIS and COFINS	22,004	23,311	26,354	28,842
IPI to be recovered	1,259	1,371	1,422	1,599
PIS to be recovered	61	61	120	118
COFINS recoverable	281	281	400	398
IRRF to be recovered	30	11	428	407
IRPJ to be recovered	544	507	8,492	8,351
CSLL to be recovered	427	333	2,179	2,079
Others	26	-	35	15
Total	34,893	36,906	49,844	52,991
Current	30,367	35,791	44,603	51,160
Non Current	4,526	1,115	5,241	1,831

The origin of the credits listed above is as follows:

- **ICMS** - refers to credits on purchases of inputs used in the manufacture of products whose sale is subject to the reduced ICMS calculation base, as well as credits on purchases of inputs used in the manufacture of products intended for export.

Actions have been taken to use these accumulated tax credits, either through their consumption in the operation, compensation with debts or cash refunds.

- **ICMS s/ PIS and COFINS**—refers to the amount determined by the Company due to the final and unappealable decision favorable to the exclusion of ICMS from the PIS and COFINS calculation basis and as provided for in Ibracon Circular No. 07/2021.
- **COFINS, PIS and IPI to be recovered** –basically result from credits on purchases of raw materials used in exported products and sale of taxed products at zero rate. These credits have been realized through offset against other federal taxes.
- **Imposto de Renda e Contribuição Social a recuperar** – arising from taxes on profit, overpaid over previous years, or as an advance in the current year, and taxes withheld at source on financial operations and services provided by third parties. These taxes have been offset against taxes payable of the same nature or subject to a refund request, when applicable.

7. Other receivable accounts

The Company has the following balances recorded as other accounts receivable in current and non-current assets, as shown below:

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Other accounts receivable - Current				
Other accounts receivable	163	140	591	566
Debentures convertible into shares	3,590	3,590	3,983	3,983
Total	3,753	3,730	4,574	4,549
Other accounts receivable - Non-current				
Arbitration Procedure CSL	33,612	32,783	33,612	32,783
Amounts receivable from Luxxon	65	65	2,436	2,436
Other accounts receivable	-	-	3	3
Total	33,677	32,848	36,051	35,222

"Debentures convertible into shares" consist of rights transmutable into shares of Ciaval Administradora de Bens e Direitos SPE S.A., a special purpose company incorporated under the terms of item XVI of Article 50 of Law 11,101/2005, to effect the payment of assets and rights to Class I creditors of the judicial recovery of the Lupatech group.

The "Arbitration Proceedings – CSL" represents the execution of a legal title that the Company promotes against Cordoaria São Leopoldo Ltda. and its successor Cordoaria São Leopoldo Original Ltda.

The "Amounts receivable from Luxxon" arise from credit rights arising from loans made to the company Luxxon Participações Ltda., in which the Company ceased to participate in the company in January 2021.

8. Assets classified as held for sale

The Company has assets classified as held for sale in current assets, which mainly comprise property, plant and equipment in the services segment, in which they are not in operation and are in the process of being negotiated for sale.

The book value of the assets recorded in the Company's balance sheet is consistent with the reports of independent appraisers.

The balance of assets held for sale is shown below:

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Assets classified as held for sale				
Machinery and equipment	3,236	3,236	36,331	37,198
Industrial tools	-	-	1,412	1,412
Furniture and utensils	-	-	2	2
Vehicles	-	-	2	2
Total	3,236	3,236	37,747	38,614

Summary of movements in assets held for sale:

	Parent				
	Machinery and equipment	Industrial Tools	Furniture and utensils	Vehicles	Total
Gross Cost					
Balance on December 31, 2022	3,236	-	-	-	3,236
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Balance on March 31, 2023	3,236	-	-	-	3,236

	Consolidado				
Gross Cost					
Balance on December 31, 2022	37,198	1,412	2	2	38,614
Disposal	(5)	-	-	-	(5)
Effect of the conversion of subsidiaries abroad	(862)	-	-	-	(862)
Balance on March 31, 2023	36,331	1,412	2	2	37,747

9. Investments

9.1 Investmets in subsidiaries and affiliates

	Mipel	Recu	LESP	Finance	LO&G	Lochness	Ilno	Parent	
								03/31/2023	12/31/2022
Investment									
Amount of share or quotas									
Ordinary shares (thd)	-	3,000	-	-	-	-	97,765		
Capital stock quotas (thd)	38,113	-	-	50	-	-	-		
Participation %	100%	95%	100%	100%	5%	100%	100%		
Shareholders' equity	6,638	109	18,112	99,115	5,428	82,771	97,763		
Income for the period	(3,017)	-	2,952	84	(37)	1,142	-		
Unrealized profits	(561)	-	-	-	-	-	-		
Movement of investments									
Opening balance in the period	9,106	126	15,301	102,725	280	83,783	93,715	305,036	341,227
Advance for future capital increase	118	-	147	-	-	-	-	265	-
Aumento de capital	-	-	-	-	-	-	-	-	4,088
Equity in earnings	(3,029)	-	2,952	(1,808)	(2)	1,141	(530)	(1,276)	(27,172)
Equity valuation adjustment	-	(22)	(141)	(1,802)	(7)	(2,153)	-	(4,125)	(13,107)
Final balance in the period	6,195	104	18,259	99,115	271	82,771	93,185	299,900	305,036

The corporate reasons of subsidiaries and affiliates are as follows: Mipel – Mipel Comércio e Indústria de Peças Técnicas Ltda. – In Judicial Recovery; Recu - S/A; LESE - Lupatech - Equipamentos e Serviços para Petróleo Ltda. - In Judicial Recovery; Finance - Lupatech Finance Limited - In Judicial Recovery; LO&G - Lupatech Oil&Gas Coöperatief U.A.; Lochness Participações S/A - In Judicial Recovery and Ilno Administradora de Bens e Direitos Ltda.

9.2 Investment Property

It currently consists of land and built area, located in Macaé in Rio de Janeiro, where there are no operational activities. The property is owned by the company Ciaval II Administração de Bens e Direitos SPE S.A, constituted to effect the payment of the property to the Class I creditors of the judicial recovery of the Lupatech group, pursuant to item XVI of Art.50 of Law 11.101 /2005, pursuant to court authorization granted within the scope of the court-supervised reorganization process.

	Consolidated		
	Land	Building and construction	Total
Balance on December 31, 2022	20,302	1,640	21,942
Additions	-	-	-
Disposal	-	-	-
Balance on March 31, 2023	20,302	1,640	21,942

10. Fixed Assets

	Weighted average rate of depreciation % p.p.	Parent		Consolidated	
		03/31/2023 net fixed assets	12/31/2022 net fixed assets	03/31/2023 net fixed assets	12/31/2022 net fixed assets
Land	-	3,751	3,751	13,730	13,730
Building and construction	2%	5,628	5,672	99,600	100,279
Machinery and equipment	12%	9,181	9,731	12,581	13,187
Molds and matrixes	19%	937	870	1,011	947
Industrial facilities	6%	242	383	1,577	1,729
Furniture and fixtures	12%	571	581	774	796
Date processing equipments	34%	238	253	400	416
Improvements	6%	324	340	891	912
Vehicles	19%	6	7	6	7
Advances for fixed assets acquisitions	-	100	100	5,453	5,452
Construction in progress	-	884	856	966	931
Total		21,862	22,544	136,989	138,386

Synthesis of asset movement:

	Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Gross Cost									
Balance on December 31, 2022	3,751	8,269	89,224	2,058	3,923	4,201	856	558	112,840
Additions	-	-	131	-	-	-	41	(1)	171
Disposal	-	-	(30)	-	-	-	-	-	(30)
Transfer	-	-	13	-	-	-	(13)	-	-
Balance on March 31, 2023	3,751	8,269	89,338	2,058	3,923	4,201	884	557	112,981
Accumulated depreciation									
Balance on December 31, 2022	-	(2,597)	(78,623)	(1,335)	(3,343)	(3,947)	-	(451)	(90,296)
Additions	-	(44)	(624)	(157)	(9)	(16)	-	-	(850)
Disposal	-	-	27	-	-	-	-	-	27
Transfer	-	-	-	-	-	-	-	-	-
Balance on March 31, 2023	-	(2,641)	(79,220)	(1,492)	(3,352)	(3,963)	-	(451)	(91,119)
Net fixed assets									
Balance on December 31, 2022	3,751	5,672	10,601	723	580	254	856	107	22,544
Balance on March 31, 2023	3,751	5,628	10,118	566	571	238	884	106	21,862

	Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Gross Cost									
Balance on December 31, 2022	13,730	113,152	102,487	5,757	5,734	7,891	931	13,863	263,545
Additions	-	-	149	-	-	-	48	-	197
Disposal	-	-	(524)	-	(12)	(747)	(274)	-	(1,557)
Transfer	-	-	13	-	-	-	(13)	-	-
Reversal/estimate for non-recoverability of assets	-	-	143	-	1	-	274	-	418
Effect of the conversion of subsidiaries abroad	-	-	(1,476)	-	-	-	-	-	(1,476)
Assets held for sale	-	-	2,044	-	(1)	-	-	-	2,043
Balance on March 31, 2023	13,730	113,152	102,836	5,757	5,722	7,144	966	13,863	263,170
Accumulated depreciation									
Balance on December 31, 2022	-	(12,873)	(88,353)	(3,116)	(4,938)	(7,475)	-	(8,404)	(125,159)
Additions	-	(679)	(701)	(173)	(22)	(17)	-	-	(1,592)
Disposal	-	-	373	-	11	748	-	-	1,132
Transfer	-	-	-	-	-	-	-	-	-
Effect of the conversion of subsidiaries abroad	-	-	614	-	-	-	-	-	614
Assets held for sale	-	-	(1,177)	-	1	-	-	-	(1,176)
Balance on March 31, 2023	-	(13,552)	(89,244)	(3,289)	(4,948)	(6,744)	-	(8,404)	(126,181)
Net fixed assets									
Balance on December 31, 2022	13,730	100,279	14,134	2,641	796	416	931	5,459	138,386
Balance on March 31, 2023	13,730	99,600	13,592	2,468	774	400	966	5,459	136,989

There are liens constituted on certain property, plant and equipment items, which guarantee with mortgages loans contracted by the Company, or with pledge of certain tax contingencies. The following table shows the amounts of encumbered assets, according to the current book value:

Garanteed liabilities	Fixed assets	
	Parent	Consolidated
Taxation (Tax executions)	7,376	7,408
Loans and financing	3,608	99,435
Total	10,984	106,843

11. Intangibles

	Weighted amortization rate % per year	Parent		Consolidated	
		03/31/2023 net	12/31/2022 net	03/31/2023 net	12/31/2022 net
Goodwill on acquisition of investments (*)	-	61,479	61,479	82,166	82,166
Software and other licenses	20%	139	319	171	353
Development of new products	20%	916	973	1,173	1,230
Total		62,534	62,771	83,510	83,749

(*) In the Parent Company represents the balance of the goodwill of the merged subsidiaries.

Synthesis of movement of intangible assets:

	Parent			
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Gross intangible cost				
Balance on December 31, 2022	61,479	13,270	10,233	84,982
Additions	-	-	-	-
Capitalized financial effect	-	-	-	-
Balance on March 31, 2023	61,479	13,270	10,233	84,982
Accumulated Amortization				
Balance on December 31, 2022	-	(12,951)	(9,260)	(22,211)
Additions	-	(180)	(57)	(237)
Balance on March 31, 2023	-	(13,131)	(9,317)	(22,448)
Net Intangible Assets				
Balance on December 31, 2022	61,479	319	973	62,771
Balance on March 31, 2023	61,479	139	916	62,534

	Consolidated			
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Gross intangible cost				
Balance on December 31, 2022	79,890	16,356	11,581	107,827
Additions	-	-	-	-
Capitalized financial effect	-	-	-	-
Balance on March 31, 2023	79,890	16,356	11,581	107,827
Accumulated Amortization				
Balance on December 31, 2022	2,276	(16,003)	(10,351)	(24,078)
Additions	-	(182)	(57)	(239)
Balance on March 31, 2023	2,276	(16,185)	(10,408)	(24,317)
Net Intangible Assets				
Balance on December 31, 2022	82,166	353	1,230	83,749
Balance on March 31, 2023	82,166	171	1,173	83,510

Below is a summary of the allocation of the goodwill balance by cash-generating unit level:

CGUs	Goodwill on acquisition of investments			
	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Products Segment				
Mípel Comércio e Indústria de Peças Técnicas Ltda	6,065	6,065	6,065	6,065
Unit Lupatech Ropes	55,414	55,414	55,414	55,414
Lupatech – Equipamentos e Serviços para Petróleo – Unit Fiberware	-	-	20,687	20,687
Total	61,479	61,479	82,166	82,166

CGUs	Products Segment			Services Segment				Consolidated
	Mípel Comércio e Indústria de Peças Técnicas Ltda	Unit Lupatech Ropes	Unit Tecval	Unit Oil Tools	Unit Monitoring Systems	Unit Fiberware	Unit Oil & Gas	Total
Goodwill on acquisition of investments	6,065	125,414	55,680	9,149	9,884	20,687	59,227	286,106
Impairment due to non-recoverability	-	(70,000)	(55,680)	(9,149)	(9,884)	-	(59,227)	(203,940)
Net Goodwill	6,065	55,414	-	-	-	20,687	-	82,166
Balance on December 31, 2022	6,065	55,414	-	-	-	20,687	-	82,166
Reversal of losses due to non-recoverability	-	-	-	-	-	-	-	-
Estimated losses due to non-recoverability	-	-	-	-	-	-	-	-
Balance on March 31, 2023	6,065	55,414	-	-	-	20,687	-	82,166

12. Suppliers

	03/31/2023						12/31/2022					
	Parent			Consolidated			Parent			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Suppliers												
Subject to Judicial Recovery												
National Suppliers	4,805	41,124	45,928	4,805	41,124	45,929	4,731	41,035	45,766	4,731	41,035	45,766
Export Suppliers	-	8,695	8,695	-	8,695	8,695	-	8,933	8,933	-	8,933	8,933
(-) Adjustment to present value	-	(23,264)	(23,264)	-	(23,264)	(23,264)	-	(23,806)	(23,806)	-	(23,806)	(23,806)
	4,805	26,555	31,360	4,805	26,555	31,360	4,731	26,162	30,893	4,731	26,162	30,893
Suppliers												
Not Subject to Judicial Recovery												
National Suppliers	7,366	-	7,366	10,866	-	10,866	7,153	-	7,153	10,627	-	10,627
Export Suppliers	65	-	65	65	-	65	121	-	121	121	-	121
	7,431	-	7,431	10,931	-	10,931	7,274	-	7,274	10,748	-	10,748
Total of Suppliers	12,236	26,555	38,791	15,736	26,555	42,291	12,004	26,162	38,167	15,478	26,162	41,641

The maturities of non-current installments from suppliers are as follows:

Parent and Consolidated	
Maturity	03/31/2023
2024	1,023
2025	1,395
2026	1,767
2027	2,139
From 2028	20,232
	26,555

The table below shows the movement of suppliers subject to judicial recovery in 2023:

Parent and Consolidated	
Current and Non-current	
Suppliers Subject to Judicial Recovery	Total domestic and export suppliers
Balance on December 31, 2022	30,894
Interest update	441
Exchange rate variation update	(5)
Payments	(512)
(-) Adjustment to present value	542
Balance on March 31, 2023	31,360

13. Loans and financing

Description	Indexer	Fees weighted interest	03/31/2023						12/31/2022					
			Parent			Consolidated			Parent			Consolidated		
			Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Subject to Judicial Recovery														
Local currency														
Creditors with collateral (Class II)	FIXED	3,00% p.a. + TR	1,495	38,942	40,437	1,495	38,942	40,437	1,495	39,001	40,496	1,495	39,001	40,496
(-) Adjustment to present value			-	(17,787)	(17,787)	-	(17,787)	(17,787)	-	(18,200)	(18,200)	-	(18,200)	(18,200)
Unsecured creditors (Class III)	FIXED	3,3% p.a. + TR	1,743	86,740	88,483	1,743	86,740	88,483	1,816	86,340	88,156	1,816	86,340	88,156
(-) Adjustment to present value			-	(44,619)	(44,619)	-	(44,619)	(44,619)	-	(45,311)	(45,311)	-	(45,311)	(45,311)
Foreign currency														
Unsecured creditors (Class III)	FIXED	0,4% p.a	-	-	-	1,088	76,499	77,587	-	-	-	1,020	78,759	79,779
(-) Adjustment to present value			-	-	-	-	(42,578)	(42,578)	-	-	-	-	(45,063)	(45,063)
			3,238	63,276	66,514	4,326	97,197	101,523	3,311	61,830	65,141	4,331	95,526	99,857
Not subject to Judicial Recovery														
Local currency														
Working capital / expansion	TJLP	7,37% p.a.	5,034	-	5,034	8,648	-	8,648	5,034	-	5,034	8,648	-	8,648
Securities discounted with co-obligation	FIXED	1,51% p.m.	6,992	-	6,992	7,590	-	7,590	10,107	-	10,107	10,826	-	10,826
FGI	FIXED	1,83% p.m.	5,284	6,674	11,958	5,284	6,674	11,958	4,763	5,820	10,583	4,763	5,820	10,583
Trust Receivables	FIXED	2,04% p.m.	9,596	-	9,596	9,596	-	9,596	10,877	-	10,877	10,877	-	10,877
Credits with fiduciary guarantee of credit rights	FIXED	2,01% p.m.	-	-	-	1,454	-	1,454	-	-	-	2,083	-	2,083
Working capital	FIXED	1,90% p.m.	409	-	409	481	-	481	199	-	199	10,260	-	10,260
Foreign currency														
Working capital / expansion	DOLLAR	7,48% p.a.	1,214	-	1,214	2,519	-	2,519	1,214	-	1,214	2,519	-	2,519
			28,529	6,674	35,203	35,572	6,674	42,245	32,194	5,820	38,014	49,977	5,820	55,797
			31,767	69,950	101,717	39,898	103,871	143,768	35,505	67,650	103,155	54,308	101,346	155,654

The maturities of the non-current installments of the financing are detailed below:

<u>Maturity</u>	<u>Parent</u>	<u>Consolidated</u>
	<u>03/31/2023</u>	<u>03/31/2023</u>
2024	3,407	4,562
2025	4,124	5,700
2026	4,501	6,496
2027	5,661	8,076
From 2028	52,257	79,037
	<u>69,950</u>	<u>103,871</u>

Below, the movement of loans subject to judicial recovery in 2023:

<u>Loans and financing Subject to Judicial Reorganization</u>	<u>Current and Non-current</u>	
	<u>Total National and Foreign</u>	
	<u>Parent</u>	<u>Consolidated</u>
Balance on December 31, 2022	65,141	99,857
Interest update	923	1,032
Payments	(655)	(858)
Asset valuation adjustments	-	(2,098)
Asset valuation adjustments	1,105	3,590
Balance on March 31, 2023	66,514	101,523

The guarantees contracted on loans and financing are detailed below:

<u>Subject and not subject to Judicial Recovery</u>	<u>Local currency</u>	<u>Garantee</u>	<u>03/31/2023</u>		<u>12/31/2022</u>	
			<u>Value of the guarantee</u>		<u>Value of the guarantee</u>	
			<u>Parent</u>	<u>Consolidated</u>	<u>Parent</u>	<u>Consolidated</u>
			<u>Book value</u>	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
		Mortgage / Buildings	2,683	95,870	33,281	33,906
		Machinery and equipment	925	3,565	2,639	3,653
		FGI	6,795	6,795	6,862	6,862
			<u>3,608</u>	<u>99,435</u>	<u>35,920</u>	<u>37,559</u>

According to independent appraisal reports, dated from 2018 to 2022, the market value corresponding to mortgage balances, buildings, machinery and equipment add up to R\$122,170.

14. Related parties

14.1 Parent Company

Balances and transactions between the Company and its subsidiaries, which are related parties, were eliminated in the consolidation. The details regarding the transactions between the parent company and its subsidiaries are presented below:

	<u>Lochness</u>	<u>Mipel</u>	<u>Lupatech Finance</u>	<u>Lupatech Equipamentos</u>	<u>03/31/2023</u>	<u>12/31/2022</u>
Assets						
Current						
Accounts receivable	-	14	-	-	14	-
Other accounts receivable	2	868	-	19,417	20,287	19,619
Non-current						
Mutual and loans	10,185	-	-	-	10,185	12,644
	<u>10,187</u>	<u>882</u>	<u>-</u>	<u>19,417</u>	<u>30,486</u>	<u>32,262</u>
Liabilities						
Current						
Other accounts payable	12,237	-	-	-	12,237	12,154
Mutual and loans	9,636	-	1,251	9,190	20,077	20,405
Non-current						
Mutual and loans	-	-	137,596	-	137,596	141,418
Other bills to pay	32,012	-	-	-	32,012	32,876
	<u>53,885</u>	<u>-</u>	<u>138,847</u>	<u>9,190</u>	<u>201,922</u>	<u>206,853</u>
					<u>03/31/2023</u>	<u>03/31/2022</u>
Result for the year						
Product purchases	-	1,835	-	-	1,835	2,015
Financial income	12	-	-	-	12	11
Financial expenses	404	-	160	-	564	185
Exchange variation	-	-	5,275	-	5,275	14,503
	<u>416</u>	<u>1,835</u>	<u>5,435</u>	<u>-</u>	<u>7,686</u>	<u>16,714</u>

Transactions are carried out in accordance with the conditions agreed between the parties.

Guarantees granted

The transactions with related parties do not have guarantees linked to the operation, being limited to ordinary commercial transactions (purchase and sale of inputs), which are not backed by guarantees, as well as loan operations with Group companies, which also do not present guarantees in its composition.

15. Key Personnel of the Administration

Remuneration of the Administration

Annually, the shareholders meeting in the Assembly determine the remuneration limits for the management bodies. Management remuneration is made up of a fixed portion, and, in the case of the Board of Executive Officers, it also includes a variable portion. The following table details the remuneration of the Management bodies:

Management compensation	Parent Company and Consolidated			Parent Company and Consolidated		
	Fixed	Variable	03/31/2023	Fixed	Variable	03/31/2022
Direction	(465)	(178)	(643)	(615)	(2)	(617)
Board of Directors	(255)	-	(255)	(255)	-	(255)
Supervisory Board	-	-	-	-	-	-
Total	<u>(720)</u>	<u>(178)</u>	<u>(898)</u>	<u>(870)</u>	<u>(2)</u>	<u>(872)</u>

The Company does not offer key people compensation benefits in the categories of: (i) post-employment benefit, (ii) long-term benefit, (iii) employment contract termination benefit and (iv) share-based compensation.

The Company offers its managers and key employees the possibility of participating in plans to grant options for the purchase of shares issued by it. Such plans grant beneficiaries the right, but not the obligation, to acquire shares at a previously agreed price within defined terms, upon payment of the price. It is, therefore, a commercial transaction between the parties.

16. Income tax and social contribution

Lupatech S.A and its subsidiaries and affiliates have balances of R\$855,985 and R\$994,677 respectively, of accumulated tax losses totaling R\$1,850,662 until December 2021.

a) Deferred Income Tax and Social Contribution - Assets

The Company has tax losses that can be offset against future taxable income, having been constituted a deferred tax credit on December 31, 2022. According to the technical analyzes carried out, the Company estimates the realization of tax credits as follows, with such estimate based on the amount recognized in the Company's Assets.

Exercise	Parent Company and Consolidated
2023	757
2024	4,286
2025	9,210
2026	12,401
From in 2027	76,346
Total	103,000

b) Deferred Income Tax and Social Contribution - Assets

The Company recognizes deferred income and social contribution taxes on temporary differences arising from adjustments to accounting income.

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
NON-CURRENT LIABILITIES				
Adjustment to present value of suppliers, fines, loans and debentures	(29,152)	(29,670)	(39,286)	(40,395)
Assigned Cost	-	-	(2,447)	(2,447)
Others	(4,400)	(3,366)	(4,400)	(3,366)
Deferred income tax and social contribution	(33,552)	(33,036)	(46,133)	(46,208)

c) Reconciliation of income tax and social contribution expense

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Profit (Loss) before taxes	(9,564)	14,565	(10,154)	11,452
Addition and Exclusions				
Equity	1,276	7,818	-	-
Stock obsolescence	(218)	(131)	(321)	626
(Reversal) Estimate of losses due to non-recoverability of assets	-	-	418	1,738
(Reversal) Estimate of losses for bad debts	31	(23)	31	53
(Reversal) Estimate of losses for bad debts	(227)	480	5,195	575
Non deductible expenses	(27)	2	(82)	39
Non deductible expenses	2,178	2,630	2,178	15,733
Non deductible expenses	34	29	(59)	46
Non deductible expenses	4,792	(29,674)	(5,103)	(32,845)
Others	(10,609)	(1,438)	(8,587)	(6,258)
Calculation basis	(12,334)	(5,742)	(16,484)	(8,841)
Current income tax and social contribution	-	-	(1)	(6)
Deferred income tax and social contribution	(516)	351	75	3,470

17. Other accounts payable

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Others payable - Current Liabilities				
Electricity provision	28	329	28	329
Provision of fees	1,828	1,655	1,878	1,655
Labor contingencies payable	489	504	684	608
Miscellaneous provisions	595	664	835	952
Other obligations - subject to Judicial Recovery	1,555	1,457	1,555	1,457
Other bills to pay	2,698	1,800	3,048	2,154
Total	7,193	6,409	8,028	7,155
Others payable - Non-current				
Labor contingencies payable	-	-	2,010	2,060
Other obligations - subject to Judicial Recovery	34,386	33,626	34,386	33,626
Other bills to pay	-	-	1,095	1,071
Total	34,386	33,626	37,491	36,757

The maturities of installments of other obligations - subject to Judicial Reorganization allocated in non-current are as follows:

Parent and Consolidated	
Maturity	03/31/2023
2024	1,186
2025	1,617
2026	2,049
2027	2,480
From 2028	27,054
	34,386

18. Contingent process and judicial deposits

18.1 Judicial deposits

The Company presents the following balances of escrow deposits, which are linked to contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	111	346
Labor contingencies	1,387	5,838
Civil contingencies	399	1,428
Total on March 31, 2023	1,897	7,612
Total on December 31, 2023	1,897	7,639

18.2 Provision for tax, labor and civil risks

The Company discusses tax, labor and civil matters in the judicial sphere. The provision for tax, labor and civil risks was calculated by Management based on available information and supported by the opinion of its lawyers regarding the expected outcome, in an amount considered sufficient to cover losses considered probable that may occur due to court decisions unfavorable.

		Parent		Consolidated	
		Expectation of loss		Expectation of loss	
		Possible	Probable	Possible	Probable
Tax (i)					
ICMS - Tax on Circulation of Goods and Services	(i.1)	93,615	-	95,416	-
CSLL - Social Contribution on Net Income		2,203	-	7,118	-
IRPJ - Corporate Income Tax	(i.2)	20,363	-	68,369	-
INSS - National Institute of Social Security	(i.3)	-	-	6,828	-
IRRF - Withholding Income Tax	(i.4)	47,532	-	47,532	-
IPI - Excise Tax		902	-	902	-
COFINS - Tax for Social Security Financing		-	-	528	-
ISS - Services Tax	(i.5)	-	-	7,939	177
CIDE - Contribution for Intervention in the Economic Domain		-	-	2,285	-
Other tax provisions	(i.6)	2,019	-	51,749	91
		166,634	-	288,666	269
Labor (ii)		298	2,640	4,554	22,286
Civil (iii)		7,614	1,469	18,594	5,425
Total on March 31, 2023		174,546	4,109	311,814	27,980
Total on December 31, 2022		171,011	3,928	309,589	32,915

These amounts cover the totality of the Group's companies and include amounts under judicial and administrative discussion as well as situations incurred where, even without the existence of launches or formal questioning by the authorities, they may give rise to risks of future losses.

The provision for funds involved in lawsuits in the amounts set out above and referring to the spheres listed below, takes into account the probability of probable loss, which is configured when an outflow of economic benefits is presumable in view of the matter discussed, the judgments given in each demand and the jurisprudential understanding of each case. Claims with a possible likelihood of loss are excluded from the provision.

The movement in the provision balance is as follows:

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2022	-	2,884	1,044	3,928	264	23,097	9,554	32,915
Additions	-	2	494	496	-	155	806	961
Write-offs	-	(246)	(69)	(315)	-	(966)	(4,935)	(5,901)
Balance on March 31, 2022	-	2,640	1,469	4,109	264	22,286	5,425	27,975

Judicial demands are divided into three spheres, namely:

(i) *Tax Contingences*

Discussions involving taxes at the state and federal levels, including IRPJ, PIS, COFINS, INSS, ICMS and IPI. There are processes in all procedural stages, from the initial instance to the Superior Courts, STJ and STF. The main processes and values are as follows:

Main contingent proceedings in the parent company classified as a possible loss on March 31, 2023:

(i.1) Action for annulment of the State of Rio Grande do Sul that aims to deconstitute ICMS tax credit. Proceeding distributed on April 28, 2017, subject to possible loss of R\$75.248.

Tax foreclosure by the Public Treasury of the State of São Paulo with the aim of charging ICMS on imports. Proceeding distributed on October 22, 2015, subject to possible loss of R\$8.572.

Tax foreclosure by the Public Treasury of the State of São Paulo with the aim of charging ICMS on imports. Proceeding distributed on October 22, 2015, subject to possible loss of R\$4.197.

(i.2) Manifestation of non-compliance presented to have the negative IRPJ balance recognized. Proceeding distributed on May 30, 2014, subject to possible loss of R\$8.475.

Annulment aimed at deconstitution of the tax credit (IRPJ and CSLL referring to calendar years 2009 and 2010. Process distributed on April 15, 2020, subject to possible loss of R\$6.375

Tax assessment notice issued by the Federal Revenue Service of Brazil, issued as a result of the Manifestation of Non-compliance presented against the decision-making order. Proceeding distributed on July 23, 2014, subject to possible loss of R\$5.513.

(i.4) Fiscal Execution of the National Treasury, referring to the collection of IRRF debt. Proceeding distributed on January 21, 2016, subject to possible loss of R\$47.532.

Main contingent proceedings in subsidiaries classified as a possible loss on March 31, 2023.

(i.2) Assessment notice drawn up by the Federal Revenue of Brazil, due to alleged irregularities in the calculation of IRPJ, CSLL, PIS and COFINS in the 2013 fiscal year. Process distributed on October 6, 2016, subject to possible loss of R\$29.927

Infraction notice issued by the Federal Revenue of Brazil, issued as a result of arbitration of profit in calendar year 2010. Proceeding distributed on November 10, 2014, subject to possible loss of R\$15.616.

(i.3) Tax assessment notice issued by the Federal Revenue of Brazil, drawn up for the collection of Social Security Contribution credits. Proceeding filed on December 20, 2007, subject to possible loss of R\$4.980

(i.5) Tax assessment notice issued by the Federal Revenue of Brazil, drawn up for the collection of Social Security Contribution credits. Proceeding filed on December 20, 2007, subject to possible loss of R\$3.700.

(i.6) Infraction notices drawn up by the Federal Revenue Service of Brazil, for the collection of fines due to the alleged non-compliance with the special customs regime for temporary admission. Processes subject to possible loss of R\$19.067.

Infraction notices drawn up by the Federal Revenue of Brazil for the collection of the remaining balance of II, IPI, PIS and COFINS levied on declared imports. Processes subject to possible loss of R\$14.729.

Tax enforcement, filed for the collection of taxes levied on imports. Proceeding distributed on August 31, 2021, subject to possible loss of R\$4.187.

Infraction notice drawn up by the Federal Government, distributed on December 14, 2018, referring to the collection of fines imposed as a result of the alleged non-compliance with the special customs regime for temporary admission. Process subject to possible loss of R\$3.032.

(ii) *Labor contingencies*

The Company and its subsidiaries are parties to lawsuits of a labor nature referring to discussions that mainly involve overtime claims, property and moral damages, unhealthy and dangerous conditions, among others.

The following table details the Company's labor liabilities and contingencies, as well as the assets associated with it:

Obligations linked to labor contingencies	Balance Sheet	Subject to Judicial Reorganization	Not Subject to Judicial Reorganization	Total on 03/31/2023
Labor obligations and provisions - subject to judicial reorganization	Current Liabilities	1,286	-	1,286
Labor obligations and provisions - subject to judicial reorganization	Long-Term Liabilities	2,287	-	2,287
Provision for labor risks	Long-Term Liabilities	14,918	7,368	22,286
Labor contingencies assessed as possible	Not provisioned in the balance sheet	74	4,480	4,554

Obligations linked to labor contingencies	Balance Sheet	Balance on 03/31/2023
Other Accounts Receivable/Convertible Debentures (Note 7)	Current assets	3,983
Judicial Deposits - Labor Contingencies	Non-Current Assets	5,838
Property for Investment (Note 9.2)	Non-Current Assets	21,942

At the time of the judicial reorganization, the Company took measures aiming at the payment of all contingent labor claims subject to the judicial reorganization. Such measures include: (i) the payment of shares of a Special Purpose Entity to which assets and rights were contributed for disposal and subsequent distribution of capital to former creditor shareholders. (ii) the issuance of Subscription Warrants for the payment of credits exceeding the amount of 150 minimum wages in force on the date of the request for judicial recovery, and (iii) the necessary measures for the contribution of supplementary assets to the SPE.

A substantial part of existing labor contingencies originated from companies acquired in 2012 through an investment agreement between Lupatech S.A., San Antonio Internacional, GP Investments and others. By virtue of said instrument, Lupatech S.A. has the right to be reimbursed for amounts spent related to contingencies unknown at the time of acquisition. In this sense, the Company installed an arbitration procedure against the sellers (note 18.3) through which it recognized the right to reimbursement of expenses already incurred, as well as pursuing the future reimbursement of whatever comes.

(iii) Civil contingencies

The main discussions in this area, classified as a possible loss in the parent company on March 31, 2023, are related to:

(iii.1) Search and seizure action filed by BNDES -Banco Nacional do Desenvolvimento Econômico contra Lupatech S.A. – In Recovery Judicial e Lupatech - Equipamentos e Serviços para Petróleo Ltda. - In Recovery Judicial. Lawsuit distributed on October 20, 2015 with updated claim amount of R\$32,514. In a judgment handed down by the Court of Justice of São Paulo, in the case file on 12.14.2021, it was decided that the value of the BNDES credit arising from the fiduciary guarantee - object of the search and seizure, will be limited to the value of the guarantees provided which, according to the report of appraisal of assets dated 2018, the market value of these assets is R\$5,005, which is the amount subject to possible loss.

This is an action that aims to promote the search and seizure of machinery and equipment offered in chattel mortgage on the occasion of financing granted by the BNDES to the aforementioned companies of the Lupatech Group.

Due to the judicial reorganization of the Lupatech Group, on February 1, 2017, the judgment of the 5th Federal Court of São Paulo, in which the search and seizure action is processed, determined the suspension of all expropriation acts and submitted to the judgment of the judicial recovery the analysis of the essentiality of said machines and equipment for the operations of the Lupatech Group. The goods belong to the Macaé, Pojuca and Nova Odessa units. The search and seizure action has remained in such a situation ever since.

In the records of the judicial reorganization, with the exception of the assets belonging to the Macaé unit, the others were declared by the court as essential for the operations of the Lupatech Group, preventing their removal. Subsequently, once the appeal deadlines were exceeded, the BNDES again demanded that the search and seizure be resumed. The BNDES' new request was accepted by the Reorganization court and subsequently by the São Paulo Court of Justice, but was finally blocked by the Superior Court of Justice, which ordered the Judicial Reorganization court to indicate other means, other than the seizure of the goods, so that the BNDES credit is satisfied.

However, the Lupatech Group also questions in the court-supervised reorganization records (i) the integrity of the guarantee, due to the existence of defects in its constitution, as well as (ii) the effective value of the BNDES credit covered by the fiduciary sale (if any) of machinery and equipment.

The Judicial Administrator expressed a favorable opinion of the Company's position in the sense that the credit to be considered as extra-bankruptcy in favor of BNDES is equivalent to the forced liquidation value of machinery and equipment, estimated at approximately R\$3.5 million. The Public Prosecutor's Office, on the merits, opted for the non-implementation of the condition precedent for the constitution of the fiduciary alienation guarantee. Without going into the merits, the Reorganization judgment ruled that the delaying challenge was impossible. For this reason, an appeal for an interlocutory appeal was filed with the 2nd Chamber of Business Law of the Court of Justice of São Paulo, through which the company requested recognition of the possibility of filing delaying credit challenges and, on the merits, that it be recognized the full bankruptcy of the BNDES credit due to the ineffectiveness of the fiduciary guarantee since there was no implementation of the suspensive condition of the contracts entered into with the BNDES or, alternatively, that the non-bankruptcy of the credit was limited to the value of the forced liquidation of the assets object of the fiduciary alienation. Once the appeal was judged, the TJSP decided to judge it partially granted in order to recognize the possibility of filing delayed objections and, on the merits, to recognize that the non-competitive nature of the BNDES credit is limited to the amount obtained with the foreclosure of the assets subject to the fiduciary guarantee. The ruling was subject to a special appeal, which was not admitted by the TJSP, leading to the filing of an appeal in a special appeal.

In judgment of the Special Appeal, the Superior Court of Justice granted the appeal to prevent the continuation of the search and seizure of assets essential to the preservation of the business activities of the Lupatech Group. The BNDES filed an internal grievance against the decision handed down by the Minister Rapporteur of the case. A counter-draft is awaited by Lupatech. Both BNDES and Lupatech filed an internal grievance against the decision handed down by the Minister Rapporteur of the case, with both parties presenting their respective counterarguments. Appraisal of the appeals by the STJ is awaited.

The main discussions in this area, classified as a possible loss in subsidiaries on March 31, 2023, are related to:

(iii.1) Ordinary bond action filed by Weatherford Indústria e Comércio Ltda. and Weus Holding INC in the industrial property sphere. The process has a risk of loss classified as probable of approximately R\$624, a possible loss of R\$2,080 and a remote loss of R\$52,024. Process distributed on July 14, 2008.

(iii.2) Petrobrás appeal declaratory action, aiming at reducing the contractual penalty applied by the contracting party. Process distributed on June 21, 2017, subject to possible loss of R\$4,239.

18.3 Contingent Assets

The statement containing information on unrecorded active contingencies, according to the opinion of its legal advisors, is detailed below with the possibility of gain:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>Gain expectation</u>		<u>Gain expectation</u>	
	<u>Possible</u>	<u>Probable</u>	<u>Possible</u>	<u>Probable</u>
Tax	100	3,126	1,689	3,426
Civil	1,670	45,447	8,569	47,884
Total on March 31, 2023	1,770	48,572	10,258	51,310
Total on December 31, 202	5,411	48,438	11,367	59,526

(i) *Tax Contingent Assets*

The Lupatech Group has lawsuits claiming the recognition of the exclusion of ICMS from the PIS and COFINS calculation base. The matter was decided by the STF with general repercussions, so the company hopes that these processes will be followed by favorable decisions. As they are still subject to dispute, the accounting treatment of part of the contingent assets is maintained until the elements to recognize the corresponding tax credits are present.

The amount calculated by the Company due to the partial and unappealable decision favorable to the exclusion of ICMS from the PIS and COFINS calculation base, is set out in explanatory note No. 6.

In addition, the Lupatech Group also has lawsuits claiming the refund of the ICMS-Import levied on operations covered by the special regime of temporary admission, in which there was no transfer of ownership of the asset. As they are still subject to dispute, the accounting treatment of part of the contingent assets is maintained until the elements to recognize the corresponding tax credits are present.

(ii) *Civil Contingent Assets*

- Arbitration proceeding against San Antonio Internacional and its vehicles:

The Company is entitled to be reimbursed up to the nominal limit of R\$50,000 for losses it may incur as a result of any unknown contingencies, pursuant to the indemnity clause provided for in the Investment Agreement. On April 4, 2017, the Company submitted an application to the Market Arbitration Chamber to initiate arbitration against GP Investments and its vehicles seeking reimbursement for the losses incurred by the Company and arising from (i) unknown contingencies of the San Antonio Companies, and (ii) breach of obligations and breach of representations and warranties. An increase in the nominal limit of R\$50,000 for indemnities was also claimed in the arbitration.

On February 22, 2021, the Company was notified of the Partial Judgment issued by the Arbitral Tribunal, which provided a substantial part of the claims formulated in the Arbitration, and specifically (i) determined responsibilities, (ii) settled part of the requests and (iii) accepted the request to increase the nominal limit of R\$ 50 million. On March 25, 2021, the Company received the amount of R\$5,222 as a result of the voluntary compliance with the partial judgment issued within the scope of the ongoing arbitration proceeding.

On the date of publication of these financial statements, the process was awaiting the delivery of the final judgment, the amounts having already been calculated by the expert and submitted to the final considerations of the parties, and in a statement on the expert report, the defendants recognized due greater part of the calculated value, with the smaller part still being disputed submitted to the arbitral tribunal.

- Arbitration proceeding filed against CIM Componentes:

This is an arbitration procedure initiated by Lupatech – Equipamentos e Serviços para Petróleo Ltda. against CIM Componentes, current name Quantum Indústria Metalúrgica Ltda., due to the breach of the Contract for the Purchase and Sale of Cargo Containers for Transport, signed on February 25, 2012, and arbitrary withholding by the latter of the amount advanced by Lupatech throughout the execution of the contract in question, in the historical amount of R\$4,162 represented by the amount advanced by Lupatech, less the amount of totes delivered by CIM Componentes. On June 8, 2022, the arbitral award was issued confirming the existence of a claim in favor of Lupatech in the aforementioned historical amount, whose criteria for monetary correction and interest on arrears would still be defined in a subsequent liquidation phase. The opening of the liquidation phase by the Arbitration Court is awaited.

19. Taxes payable

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Taxes payable - Current				
Ordinary Installment Payment (PIS / COFINS / Social Security Contribution)	3,008	2,499	4,858	4,169
Exceptional Transaction PGFN 8.798/2022 "QuitaPGFN"	5,639	6,231	7,634	8,572
Judicial Recovery Installment	502	654	1,117	1,314
INSS installment	19	21	37	39
INSS	513	1,555	724	2,068
IRRF	468	714	517	817
CSLL	18	13	23	17
COFINS	581	738	917	1,296
PIS	94	127	195	268
IPI	-	-	675	975
FGTS	3,785	3,513	5,045	4,731
ICMS	116	73	1,536	1,109
Other miscellaneous taxes	296	77	823	602
Total	15,039	16,215	24,101	25,977

	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Taxes payable - Non-current				
Installment ICMS	-	-	3,323	3,298
Ordinary Installment (PIS/COFINS/Social Security Contribution)	9,535	7,733	16,425	13,077
Judicial Recovery Installment	969	969	2,837	2,839
Installment ISS	100	1	440	353
Installment SESI/SENAI	50	55	74	82
Other miscellaneous taxes	50	57	799	873
Total	10,704	8,815	23,898	20,522

20. Net equity

	03/31/2023	12/31/2022
Share capital	1,899,892	1,898,871
capital reserve	2,967	2,967
Capital reserves and transactions	136,183	136,183
Asset valuation adjustments	187,437	191,562
Accumulated losses	(2,051,957)	(2,041,877)
Total equity	174,522	187,706

a) Capital stock

The current paid social capital is composed only by ordinary shares, with 100% of right to Tag Along:

	Parent Company and Consolidated	
	Number of Shares	Share capital
	Thousand	RS
Total on December 31, 2022	30,353	1,898,871
Meeting Minutes 003/2023 of February 8, 2023	0.1	0.1
Meeting Minutes 005/2023 of March 02, 2023	0.1	0.1
Issuance of new shares - exercise of subscription bonus	0.2	0.2
Meeting Minutes 005/2023 of March 02, 2023	687	1,021
Issuance of new shares - exercise of options granted	687	1,021
Total on March 31, 2023	31,040	1,899,892

b) Capital reserve to be realized

	03/31/2023	12/31/2022
Issuance of Subscription Warrants (*)	(297,319)	(297,319)
Adjustment to fair value - Subscription Bonus	294,352	294,352
Capital Reserve	(2,967)	(2,967)
Fair value of shares - Extrajudicial Recovery	136,183	136,183
Reserve and capital transactions	136,183	136,183

(*) for compliance with the Judicial Recovery Plan

c) Asset valuation adjustments

The Company recognizes in this item the effect of exchange rate variations on investments in subsidiaries abroad and on goodwill arising from acquisitions of investments abroad, whose functional currency follows that to which the foreign operation is subject. The accumulated effect is subject to reversal to income for the year as a gain or loss only in the event of disposal or write-off of the investment.

d) Dividends

Annually, shareholders are expected to distribute mandatory minimum dividends corresponding to 25% of adjusted net income pursuant to corporate law and the bylaws. Due to accumulated losses, realized results and its financial situation, the Company has not determined dividends payable.

21. Financial instruments
21.1 Financial Risk Management

Financial risk factors

The Company's activities expose it to various financial risks that are grouped into three main segments, without prejudice to other supervening factors:

- (i) **Market Risks:** arising from the possibility of losses that may be caused by changes in the behavior of prices in the economy, such as, but not limited to: interest rates, exchange rates, inflation, stocks and commodities;
- (ii) **Credit Risks:** are characterized by the possibility of loss resulting from uncertainty regarding the fulfillment of obligations by counterparties, especially the receipt of amounts or the delivery of acquired goods, either as a result of their economic and financial inability or mere contractual breaches;
- (iii) **Liquidity Risks:** consist of the possibility of the Company not being able to effectively honor its obligations, on the due date, or only doing so with high losses.

Market risks

Currency risk arises from commercial and financial operations, recognized assets and liabilities and net investments in operations abroad. Due to its international operations, the Company is exposed to the exchange risk of certain currencies, mainly the US dollar.

The Company and its subsidiaries have assets and liabilities denominated in US dollars, as shown in the tables below:

Items	Amounts in US dollar thousands			
	Parent		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Cash and cash equivalents	69	69	1	3
Accounts receivable	377	305	378	726
Other assets	-	-	7,434	7,623
Related parties - Assets	2,005	2,423	-	-
Loans	(239)	(233)	(15,768)	(15,773)
Related parties - Liabilities	(29,493)	(29,432)	-	-
Other liabilities	-	-	(61)	(80)
Net exposure in US dollars	(27,281)	(26,868)	(8,016)	(7,501)

Interest rate fluctuations also pose risks to the Company, directly due to fluctuations in the value of assets or liabilities, especially debts subject to post-fixed rates, such as the TR, TJLP and CDI.

Sensitivity analysis of changes in foreign currency and changes in interest rates:

The analysis takes into account 3 fluctuation scenarios in these variables, with their respective probability assessments. These assumptions are judgmental exercises made by Management for the purposes of this simulation, and which may vary significantly in relation to actual results.

Scenario of interest rate and parity of the North American dollar (US\$) in relation to the real (R\$) likely, estimated by the Administration:

Interest rate for the year of 2023: 13,8%
US\$: 5,34

Scenario of interest rate and parity of the North American dollar (US\$) in relation to the real (R\$) possible, with deterioration of 25% (twenty five percent) on the risk variable considered as likely:

Interest rate for the year of 2023: Increase to 17,2%
US\$: 6,68

Scenario of interest rate and parity of the North American dollar (US\$) in relation to the real (R\$) remote, with deterioration of 50% (fifty per cent), on the risk variable considered as likely:

Interest rate for the year of 2023: Increase to 20,06%

US\$: 8,01

The impact shown in the table below refers to the 1-year projection period:

Operating	Risk	Scenario as defined above					
		Parent			Consolidated		
		Probable	Possible	Remote	Probable	Possible	Remote
Loans and financing	US\$ hike	(54)	394	733	1,779	(12,987)	(24,196)
Loans and financing	Interest rate hike	(324)	59	71	81	102	122
Mutual contracts	US\$ hike	(6,212)	45,361	84,509	-	-	-
Total (gain) loss		(6,590)	45,814	85,313	1,860	(12,885)	(24,074)

The credit and availability restrictions faced by the Company limit the possibilities of managing market risk.

Credit risk

The following are typically exposed to credit risk: cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions and credit granted to customers for payment and to suppliers for advances.

Credit limits are regularly monitored by concession opportunity. When there is default, the applicability of the allowance for doubtful accounts is assessed.

Our revenues show amounts involving the client Petrobrás, directly and indirectly, which accounted for approximately 48% in the first quarter of 2023 (40% in the same period of 2022) of the Company's total revenues.

Liquidity Risk

Management monitors the Company's liquidity level through projections and raising funds through committed credit lines, when contracting is feasible, given that liquidity limitations are a reality imposed by the Company's situation.

21.2 Fair Value Estimate Fair Value Estimate

The fair value of financial assets and liabilities, which have standard terms and conditions and are traded in active markets, is determined based on prices observed in these markets.

The fair value of other financial assets and liabilities (with the exception of derivative instruments) is determined in accordance with pricing models based on estimated discounted cash flows, based on the prices of similar instruments practiced in transactions carried out in a current market observable.

The fair value of derivative instruments is calculated using quoted prices. When these prices are not available, the discounted cash flow analysis is used through the yield curve, applicable according to the duration of the instruments for derivatives without options. For derivatives containing options, option pricing models are used.

The Company's main asset and liability financial instruments are described below, as well as the criteria for their valuation/assessment:

a) Cash, cash equivalents and marketable securities - restricted

Balances in cash and cash equivalents and marketable securities have values similar to the accounting balances, considering their turnover and liquidity. The table below presents this comparison:

Items	Parent		Consolidated	
	Book value	Value of market	Book value	Value of market
Cash and cash equivalents	3,577	3,577	3,881	3,881
Marketable securities	44	44	44	44

b) Loans and financing

The market value was estimated based on the present value of future cash disbursements, using interest rates that are available to the Company, as follows:

Items	Parent		Consolidated	
	Book value	Value of market	Book value	Value of market
Loans and financing not judicial recovery	6,657	6,648	11,648	11,241
Securities discounted with co-obligation	6,992	6,992	7,590	7,811
FGI/Fiduciary Receivables and Credits with fiduciary guarantee of credit rights	21,554	21,592	23,007	23,045
Loans and financing RJ	66,514	66,515	101,523	101,523
Total	101,717	101,747	143,768	143,620

21.3 Financial Instruments by Category

	Parent					
	03/31/2023			12/31/2022		
	Amortized cost	Fair Value by Result	Total financial assets	Amortized cost	Fair Value by Result	Total financial assets
Financial Assets						
Securities-restricted	-	44	44	-	44	44
Accounts receivable	13,319	-	13,319	18,227	-	18,227
Cash and cash equivalents	3,577	-	3,577	2,734	-	2,734
Related parties	30,486	-	30,486	32,263	-	32,263
Total	47,382	44	47,426	53,224	44	53,268
	-	101,717	101,717	-	103,155	103,155
Financial Liabilities	38,791	-	38,791	38,166	-	38,166
Loans and financing	201,922	-	201,922	206,853	-	206,853
Suppliers	240,713	101,717	342,430	245,019	103,155	348,174
Related parties						
Total						

	Consolidated					
	03/31/2023			12/31/2022		
	Amortized cost	Fair Value by Result	Total financial	Amortized cost	Fair Value by Result	Total financial
Financial Assets						
Securities-restricted	-	44	44	-	44	44
Accounts receivable	19,202	-	19,202	27,128	-	27,128
Cash and cash equivalents	3,881	-	3,881	13,171	-	13,171
Total	23,083	44	23,127	40,299	44	40,343
Financial Liabilities						
Loans and financing	42,291	-	42,291	41,640	-	41,640
Suppliers	42,291	143,769	186,060	41,640	155,654	197,294
Total						

22. Insurance Coverage

It is the Company's principle to maintain insurance coverage for property, plant and equipment and inventories subject to risks, in the "Comprehensive Business" modality. It also has coverage for general liability insurance and life insurance, as shown below:

Insurance Purpose	Amount secured	
	03/31/2023	
- Comprehensive business insurance	R\$	80,765
- Life insurance	R\$	62,800
- General civil responsibility insurance	R\$	6,019
- International freight insurance (*)	US\$	600

(*) Amounts in US dollar thousands.

The scope of our auditors' work does not include issuing an opinion on the sufficiency of the insurance coverage, which was contracted by the Company's Management within the prevailing market conditions and the restrictions imposed on the Company, aiming at sufficiency to cover any claims.

23. Stock option plan - "Stock option"

The Company has Stock Option Plans whose main objectives are to stimulate the Company's performance and retain its key professionals. There are two Granting Plans in effect:

- (i) 2017 Incentive Plan, approved by the AGE of April 12, 2017: All grants provided for under this plan have already been carried out, with pending exercises.
- (ii) 2020 Incentive Plan, approved by the EGM of August 18, 2020: It has balances to be granted as well as pending exercises.

The options granted and not exercised are shown in the table below:

Grants	2017 Plan			2020 Plan		
	The amount	Strike Price	Maximum Exercise Term	The amount	Strike Price	Maximum Exercise Term
Board Members	446,953	1.18	04/26/2024	807,868	1.78	09/02/2025
	649,895	1.35	06/24/2027	280,000	2.74	11/30/2026
Other Beneficiaries				525,000	3.42	11/30/2025
				6,250	4.44	11/30/2026
				292,500	2.74	11/30/2026
Total	1,096,848			1,911,618		
- Exercisable	310,453			807,868		
- Non-Exercisable	384,146			823,750		
- Conditioned	402,249			280,000		

Obtaining the right to exercise the Options is regulated in the respective Plans and Board Meetings that authorized the grants. The Options indicated as “not yet exercisable” correspond to those whose contractual term for the beginning of the exercise (vesting) has not yet been exceeded. Those indicated as “conditioned”, in turn, are subordinated to the occurrence of certain corporate events that increase the share capital.

24. Demonstration of net revenue

	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Gross sales and/or services				
In Brazil	20,977	21,271	25,622	24,135
Export	206	9,456	376	9,995
	21,183	30,727	25,998	34,130
Deductions for gross sales				
Taxes on sales	(3,682)	(3,506)	(4,606)	(4,016)
Net sales and/or services	17,501	27,221	21,392	30,114

25. Loss per share

Basic

Basic earnings (losses) per share are calculated by dividing the earnings attributable to the Company's shareholders by the weighted average number of common shares outstanding during the period.

Items	Parent Company and Consolidated	
	03/31/2023	03/31/2022
Profit (Loss) attributable to the Company's shareholders	(10,080)	14,916
Weighted average number of common shares issued (thousands)	31,040	29,211
Basic profit (loss) per share R\$	(0.32)	0.51

26. Other operating income and (expenses)

Items	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Others operating income				
Estimate reversal with lawsuits	231	11	5,671	1,391
Revenue from the sale of fixed assets	101	-	101	479
Reversal of estimated losses due to non-recoverability of assets	-	-	418	1,738
Others	8	262	13	2,381
Total other operating income	340	273	6,203	5,989
Others operating expenses				
Estimates for losses from lawsuits	(5)	(481)	(476)	(1,985)
Estimates for losses from lawsuits	-	-	(427)	(831)
Production idle expense	(4,492)	(2,953)	(5,549)	(2,971)
Others	(346)	(529)	(1,474)	(2,672)
Total other operating expenses	(4,843)	(3,963)	(7,926)	(8,459)
Other net operating expenses	(4,503)	(3,690)	(1,723)	(2,470)

27. Financial result

Items	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Financial Income				
Income from financial investments	36	4	60	102
Related-party interest income (mutual contract)	12	11	-	-
Monetary variance	472	214	663	371
Arbitration Procedure CSL	829	2,007	829	2,007
Other financial income	37	15	841	18
Total financial Income	1,386	2,251	2,393	2,498
Financial Expenses				
Interest on loans and financing	(1,746)	(445)	(1,945)	(667)
Interest on loans and financing (Judicial Reorganization)	(923)	(959)	(923)	(959)
Interest on bonds (Judicial Reorganization)	-	-	(109)	(81)
Adjustment to present value	(2,178)	(2,630)	(4,661)	(15,733)
Interest of mutual contract	(564)	(185)	-	-
Interest on suppliers / Provision of Interest	(34)	(29)	(59)	(46)
Interest on suppliers (Judicial Reorganization)	(771)	(829)	(771)	(829)
Fines, interest and monetary adjustment	(1,174)	(400)	(1,922)	(679)
Other financial expenses	(800)	(372)	(1,835)	(626)
Total financial expenses	(8,190)	(5,849)	(12,225)	(19,620)
Exchange variance, net	4,748	29,473	5,103	33,171

28. Expenditure by nature

Items	Parent		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<u>Cost of goods sold</u>	(12,621)	(20,287)	(16,172)	(23,360)
Raw material, materials for use and consumption, labor and third-party services	(12,111)	(19,669)	(15,408)	(22,464)
Depreciation and amortization	(730)	(840)	(835)	(937)
Others	220	222	71	41
<u>Selling expenses</u>	(2,273)	(2,365)	(2,470)	(2,486)
Third-party labor and services	(1,293)	(1,501)	(941)	(968)
Depreciation and amortization	(3)	(4)	(3)	(4)
Other commercial expenses	(977)	(860)	(1,526)	(1,514)
<u>General and Administrative Expenses</u>	(3,438)	(3,499)	(5,554)	(5,523)
Third-party labor and services	(2,552)	(2,505)	(4,086)	(4,043)
Depreciation and amortization	(353)	(227)	(463)	(365)
Other administrative expenses	(533)	(767)	(1,005)	(1,115)
<u>Remuneration of directors</u>	(898)	(872)	(898)	(872)

29. Information by business segment and geographic region

The Company has defined the Group's operating segments as follows:

- a) **Products:** mainly producing industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring oil platforms and several other applications; and artifacts of composite materials, such as poles and tubular sleeves for coating oil pipelines.
- b) **Services:** the Company proceeds with the demobilization of activities through the sale of equipment, as well as the associated legacy. The revenues that make up this segment arise from the liquidation of inventory balances, not referring to regular operations.

Geographically, Management evaluates the performance of the Brazilian and export markets.

Sales between segments were realized as sales between independent parties. The amounts related to total assets and liabilities are consistent with the balances recorded in the financial statements. These assets or liabilities are allocated based on segment operations and the physical location of the asset.

Segment information is shown below:

	Products		Services		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Net sales	21,324	29,718	68	396	21,392	30,114
Cost of sales	(16,119)	(22,989)	(53)	(371)	(16,172)	(23,360)
Gross Profit (Loss)	5,205	6,729	15	25	5,220	6,754
Selling expenses	(2,470)	(2,441)	-	(45)	(2,470)	(2,486)
General and administrative expenses	(4,786)	(4,550)	(768)	(973)	(5,554)	(5,523)
Management compensation	-	-	(898)	(872)	(898)	(872)
Reversal of estimated losses due to the non-recoverability of assets	-	-	418	1,738	418	1,738
Other operating income (expenses), net	(5,622)	(2,858)	3,481	(1,350)	(2,141)	(4,208)
Operating profit (loss) before financial result	(7,673)	(3,120)	2,248	(1,477)	(5,425)	(4,597)
	Products		Services		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Identifiable assets	153,158	163,191	209,767	215,384	362,925	378,574
Identifiable liabilities	17,770	20,475	163,484	172,089	181,254	192,564
	Products		Services		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Depreciation and amortization	(884)	(988)	(417)	(319)	(1,301)	(1,307)
Acquisition of fixed assets	199	670	-	23	199	693

Information by geographic region is shown below:

	Brazil		Others		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Net sales	21,392	30,114	-	-	21,392	30,114
Cost of sales	(16,172)	(23,360)	-	-	(16,172)	(23,360)
Gross Profit (Loss)	5,220	6,754	-	-	5,220	6,754
Selling expenses	(2,470)	(2,486)	-	-	(2,470)	(2,486)
General and administrative expenses	(5,554)	(5,523)	-	-	(5,554)	(5,523)
Management compensation	(898)	(872)	-	-	(898)	(872)
Reversal of estimated losses due to the non-recoverability of assets	418	1,738	-	-	418	1,738
Other operating income (expenses), net	(2,141)	(4,208)	-	-	(2,141)	(4,208)
Operating profit (loss) before financial result	(5,425)	(4,597)	-	-	(5,425)	(4,597)
	Brazil		Others		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Identifiable assets	362,925	378,575	-	-	362,925	378,575
Identifiable liabilities	146,246	157,848	35,008	34,716	181,254	192,564
	Brazil		Others		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Depreciation and amortization	(1,301)	(1,307)	-	-	(1,301)	(1,307)
Acquisition of fixed assets	199	693	-	-	199	693

30. Subsequent events

Fourth Issue of Debentures

At a meeting held on March 24, 2023, the Board of Directors approved the 4th issue of Debentures Convertible into Shares of the Company. 250 Debentures were issued in a single series, for the nominal value of R\$100,000, in the amount of up to R\$25 million, with a Subscription Bonus as an additional advantage.

During the period of exercise of the Preemptive Right for the subscription of the Debentures ended on May 2, 2023, 51 Debentures were subscribed, with 199 remaining unsubscribed.

On May 5, 2023, the voluntary conversion of 42 Debentures was carried out by the Debenture Holder “Enki Fundo de Investimento”, an Investment Fund under the management of BPS Capital Gestora de Recursos

Ltda. As a result of the conversion, an increase in the Company's capital stock of R\$4,200 million was decided upon, through the issuance of 1,255,980 new shares.

Third Issue of Subscription Warrants - (Additional Advantage of the 4th Issue of Debentures)

As resolved at a meeting held on March 24, 2023, for each Debenture subscribed and paid up in the Issuance, 175,600 Warrants will be delivered free of charge as an additional advantage, which will grant their holders the right to subscribe and pay up shares, in the proportion of a Share for each Warrant exercised, under the terms and conditions of the respective issue of Subscription Warrants, carried out together with the 4th Issue of Debentures.

Up to 43,900,000 Subscription Warrants will be issued. There is no issue price, as their issuance will be free of charge, as an additional advantage within the scope of the Issuance of Debentures and will, as a rule, be exercisable until March 24, 2025, and may be extended until March 24, 2026 After the exercise period, the Subscription Warrants will be extinguished by operation of law.

Considering the issuance of 51 Debentures, on May 3, 2023, the issuance of the Subscription Warrants that accompany the Debentures was also approved, as an additional advantage, with the issue of 8,955,600 Subscription Warrants of the 3rd issue of the Company's Subscription Warrants. The other Subscription Warrants will be issued according to the number of subscribed Debentures, to be computed in the final ratification of the 4th issue of Debentures.

Execution of Contract Amendments with Petrobras

On May 4, 2023, the Company signed amendments to the supply contracts maintained with Petrobras, which extend the contracts that would expire on May 5, 2023, by 365 days and, as the case may be, also increased the supply volume. Due to the signed amendments, the Company will be able to supply up to R\$45.4 million to Petrobras, considering that the contracts do not have a purchase obligation by Petrobras and are subject to new extensions for an additional period of up to 355 days by agreement between the parties.

Comments on the behavior of business projections

During 2022, we lived with operational restrictions imposed by the Pandemic. In particular, the imposition of draconian lockdowns in important parts of China has produced significant disruptions and delays in our production process. The effects of these delays have been persistent, and affected our revenues in the 1st quarter of 2023. Even though Net Revenue for the period has been reduced in relation to the previous quarter and the same quarter of last year, we had an improvement in the Gross Margin compared to As the recovery of profitability occurs, which was reduced due to the recent inflationary surge

Consolidated net revenue for the period ended March 31, 2023 was R\$21.4 million. The long-term goals are as follows:

Period	Net Revenue	Ebitda Margin
Between 3 and 5 years Target	BRL 550 million (considering the range of BRL 450 million to BRL 650 million)	17% to 23%
Between 5 and 10 years Target	BRL 1 billion to BRL 2 billion	NA

The projections, when disclosed, are estimates by the Company's Management and reflect its opinion, taking into account factors that may affect its performance, such as general economic conditions, in addition to the dynamics of its operating markets and operations, in accordance with with the information available on the market to date.

Any projections are, therefore, subject to risks, uncertainties and changes, not constituting a promise of performance.

The informed objectives are strategic targets pursued by the Company's management for horizons of 3 to 5 years and 5 to 10 years, not consisting of projections.



LUPATECH S.A. – IN JUDICIAL RECOVERY
CNPJ/ME nº 89.463.822/0001-12
NIRE 35.3.0045756-1
Public Company with Authorized Capital – New market

AUDIT COMMITTEE REPORT - 05-15-2023

I –INTRODUCTION AND COMPOSITION OF THE COMMITTEE:

The AUDIT COMMITTEE, as provided for in the internal regulations, Bylaws and Legislation, in short, is responsible for advising the Company's Board of Directors, with regard to the exercise of its functions of inspection and monitoring of the quality of financial statements, internal controls, compliance, management of the Company's risks, aiming at the reliability of information reflected therein. It has been composed of the following members, who are in full exercise of their respective mandates, namely:

1. **Paulo Pinese**, Brazilian, married, business administrator and accountant, bearer of Identity Card number 8.138.961-9, registered with CPF/MF number 921.449.938-15 and CRC SP 134.267/O-6, with business address at Rodovia Anhanguera, km. 119, Industrial District, Nova Odessa (SP), CEP 13388-220, with the role of Coordinator of the Audit Committee,
2. **Carlos Mario Calad Serrano**, Colombian, married, engineer, bearer of Identity Card number V471179-4, registered with the CPF/ME number 060.144.487-64, with business address at Rodovia Anhanguera, km. 119, Industrial District, Nova Odessa (SP), CEP 13388-220.
3. **Celso Fernando Lucchesi**, Brazilian, married, geologist, bearer of Identity Card number 05220023-5 IPF-RJ, regularly registered with the CPF/MF number 117.047.300-82, with business address at Rodovia Anhanguera, km. 119, Industrial District, Nova Odessa (SP), CEP 13388-220.

II – DUTIES OF THE AUDIT COMMITTEE

It is incumbent upon the Audit Committee, in addition to other attributions assigned to it by law, by regulation or by the Bylaws:

II.1. - Opinion on the hiring and dismissal of an independent auditor; II.2 - supervising the activities of the independent auditors, evaluating their independence, the quality of the services provided and the suitability of such services to the Company's needs; II.3 - supervise the activities carried out in the areas of internal control, internal audit and preparation of the Company's financial statements; II.4 - monitor the quality and integrity of internal control mechanisms, financial statements and information and measurements disclosed by the Company; II.5 - evaluate and monitor the Company's risk exposures, which may require, among others, detailed information on policies and procedures related to: a) management compensation; b) use of Company assets; and, c) expenses incurred on behalf of the Company. II.6 - evaluate and monitor, together with the Company's management and the internal audit area, the adequacy and disclosure of transactions with related parties; II.7 - prepare an annual report with information on activities, results, conclusions and recommendations, recording, if any, significant differences between management, independent auditing and the Audit Committee itself in relation to the financial statements; II.8 - report to the Board of Directors the work carried out by the Committee, communicating the main facts, via registration in the minutes of meetings. II.9 - exercise functions and perform the other acts necessary for the fulfillment of their responsibilities.

III – AUDIT COMMITTEE ACTIVITIES:

With regard to the current fiscal year 2023, the Committee met on three occasions, namely January 31, 2023; March 27, 2023, and May 15, 2023, at this meeting registering the presence of its three members. During this period, the Audit Committee also met with the external audit, with the Company's president, Mr. Rafael Gorenstein, and with Mrs. Vanessa Melo de Souza, Financial Statements Preparer.

In an ordinary meeting held on May 15, 2023, the Audit Committee discussed accounting and tax aspects related to the closure of the Financial Statements for the first quarter of 2023, corresponding to the three-month period beginning on January 1 and ending on March 31 2023. Board of Directors will accept the recommendation of this Audit Committee in the sense of approving the Financial Statements now discussed and revised by this same Committee.

Independent Accounting Audit: Assessed independence, especially with regards to the provision of other services, and compliance with applicable legal and regulatory provisions; Acknowledged the Independent Auditor's Annual Work Plan; Monitored the work of the independent accounting audit; Acknowledged the audit report on the financial statements for the 3-month period ended March 31, 2023.

IV – TOPICS DISCUSSED IN 2023:

- a) Financial / Financial / Accounting Statements: The Company's financial results for the 1st Quarter of 2023 were monitored, with regards to the Financial Statements

prepared for this period - Balance Sheet, Income Statement for the 1st Quarter, Statement of Comprehensive Income, Financial Statement of Cash Flow, Statement of Changes in Shareholders' Equity, and Statement of Added Value, all for the 3-month period ended March 31, 2023.

- b) In addition to the financial statements, their explanatory notes were reviewed. The adopted accounting practices were evaluated; evaluated the process of preparing and disclosing the financial statements for the period; assessed the reasonableness of the criteria for recognizing revenue and realizing expenses that significantly impact the financial statements of the Company and its subsidiaries.
- c) Internal controls and compliance: Follow-up and monitoring of the tools used by the COMPANY to assess risks, protect assets and supervise the effectiveness of compliance structures in combating fraud, corruption and preventing money laundering; Analysis and knowledge of the COMPANY's corporate policies; Monitoring of procedures relating to the Prevention and Combat of Money Laundering; Follow-up of procedures relating to the Prevention and Combat of Fraud, as well as being aware of the verification reports and respective results; Monitoring the dissemination and actions related to the Anti-Corruption Law (Law 12,846/2013, Decree 8,420/2015 and Ordinance CGU 909), Code of Ethics and Conduct and Compliance Program; Assessment of risks related to the information technology (IT) environment; Evaluation of the process of monitoring lawsuits, deposits and judicial blocks, as well as the adequacy of the respective estimates of accounting provisions; Monitoring of controls related to the financial area; Monitoring the management of third-party contracting; Monitoring of work related to the implementation of the LGPD; Monitoring and identification and mitigation of the environment and IT and cyber risks.
- d) Irregularities and Denouces: Monitored the development of the process for communication and monitoring of systems and controls implemented by the Administration for the reception and treatment of information regarding non-compliance with legal and normative provisions applicable to it, in addition to its internal regulations and codes, ensuring that foresee effective mechanisms that protect the information provider and its confidentiality.

V –AUDIT COMMITTEE HIGHLIGHTS:

The members of the Audit Committee, in the exercise of their attributions and legal responsibilities, point out that they discussed in detail, the accounting and recording procedures of the most relevant transactions taken to accounting records in the period of 3 (three) months, corresponding to the 1st Quarter of the year- calendar 2023, ending on 03/31/2023, and its consistency with the procedures adopted at the end of the immediately preceding fiscal year, 2022, are also reflected in the minutes of the Audit Committee Meeting of the aforementioned meetings.

VI – RECOMMENDATION AS TO THE FINANCIAL STATEMENTS AS OF 03/31/2023

The members of the Audit Committee of Lupatech S.A. – In Judicial Recovery, in the exercise of their attributions and responsibilities, and in accordance with the Internal Regulations of this Committee, they carried out the analysis of the financial statements – individual and consolidated, and the annual Management report, including Explanatory Notes to the aforementioned financial statements, prepared for the period of 3 (three) months ended on March 31, 2023, and, based on the information provided by Management, this Committee is in favor of, and thus recommends, to the Board of Directors its approval, of said documents cited.

Nova Odessa (SP) May 15, 2023.

1. **Paulo Pinese**
RG nº 8.138.961-9/CPF/MF nº 921.449.938- 15
CRC SP 134.267/O-6.

2. **Carlos Mario Calad Serrano**
RNE nº V471179-4/CPF/ME nº 060.144.487-64.

3. **Celso Fernando Lucchesi**
RG nº 05220023-5 IFP-RJ/CPF/MF sob o nº 117.047.300-82.



Declaration of directors on the financial statements

The Company's officers, in compliance with the provisions of item VI of article 27 of CVM Instruction No. 80, of March 29, 2022, as amended, declare that they have reviewed, discussed and agreed with the Interim Financial Statements for the period ended March 31 from 2023.

New Odessa, May 15, 2023.

Rafael Gorenstein – CEO and IRO

Paulo Prado da Silva - Director without specific designation