STANDARD FINANCIAL STATEMENTS 2023

LUPATECH S.A.
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

2023 was a year marked by important financial events for the company.

On March 14, the end of the judicial reorganization was decreed. The filing for reorganization was made on May 25, 2015, so the effort to restructure the company's liabilities and operations lasted almost 8 years. The end of the process had positive repercussions both in the financial environment - more receptivity to the company's financing by the market - and in the commercial environment - with better customer perception of the company.

We resumed our activities in the capital markets, with two operations carried out during the period: an issue of convertible debentures with a subscription warrant as an additional benefit, and an issue of subscription warrants.

The 4th issue of debentures, in March, allowed for the injection of R$ 10 million in capital, and paved the way for a possible conversion of credits subject to judicial reorganization into capital, through the exercise of the warrants. Due to the fall in share prices, the parameters of the issue have not yet favored the materialization of debt capitalization.

Through the 4th issue of warrants, in July, the company achieved a capital injection of R$ 15.1 million up to the date of this report, less than the estimated amount, also due to the fall in share prices.

A third event contributed significantly to the improvement in the company's financial position: the settlement reached in the arbitration proceedings filed over contractual breaches associated with the acquisition of the San Antonio companies in 2012. As a result of the dispute, the company received compensation in the amount of R$ 47 million, of which R$ 32.8 in cash and R$ 14.2 in credit rights.

Finally, the company also made progress in the demobilization of assets remaining from service operations, having negotiated R$ 11.7 million in miscellaneous equipment, in cash and in installments, leaving an estimated R$ 20.6 million still for sale.

The order book ended the year with a balance of R$ 81 million in firm orders, an increase on the previous quarter, due to heated commercial activity.

In this vein, in the last quarter the company obtained two purchase orders for mooring ropes, allowing it to resume supplying this product. The Ropes and Composites business grew by 43% compared to the previous year, closing the year with revenues of R$ 8 million, mainly from the sale of fiberglass tubes (liners). The year 2024 is off to a more promising start, with a firm portfolio of R$ 12.1 million in this business.

In terms of valves, 2023 revenues were 25% lower than the previous year. The difference was due to a contract to supply valves for FPSOs in 2022, which generated revenues of R$ 19 million in the previous year. Despite the favorable portfolio throughout 2023, some events such as logistical delays and the retraction of credit supply at the beginning of the year (due to the contagion of a major event) hindered growth efforts. In 2024, we started the year with a better outlook in terms of liquidity and an accelerating order book.

Gross margin for the year remained at a similar level to the previous year, although gross profit fell in line with lower revenue. Product Adjusted EBITDA remained in positive territory, at R$ 2.7 million, with a margin of 3.1%. Total Adjusted EBITDA, including the Services legacy, remained negative.

With the end of the Judicial Recovery, various measures have been taken to reduce the cost of this legacy, especially in legal and administrative costs, and these measures should have an effect in the short and medium term.

The company made a net profit of R$ 52.6 million in 2023. This result was positively impacted by the gains resulting from the settlement in the San Antonio case, which, accompanied by financial inflows, contributed to the year ending with a more favorable cash position.

Rafael Gorenstein

CEO and Investor Relations Officer

Economic and 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)	1Q23	2Q23	3Q23	4Q23	2023	2022
Products	**21,324**	**19,626**	**25,136**	**19,960**	**86,046**	**109,629**
Valves	20,623	17,615	23,265	16,577	78,080	104,067
Ropes and Composites	701	2,011	1,871	3,383	7,966	5,562
Services	**68**	**46**	**57**	**52**	**223**	**761**
Oilfield Services	68	46	57	52	223	761
Total	**21,392**	**19,672**	**25,193**	**20,012**	**86,269**	**110,390**

Consolidated Net Revenue reached R$ 86.3 million in the course of 2023.

Products

The reduction observed between 2023 and 2022 is substantially due to the valve business due to the greater supply destined for the construction of an FPSO in the previous period. The decrease observed in 4Q23 compared to 3Q23 is largely due to the effect of projects delivered in 3Q23.

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

As of December 31, 2023, the Company's order backlog in Brazil totaled R$ 81.5 million. On the same date, the Company had a balance of R$ 128 million in supply contracts, with no purchase obligation. (Note: the figures do not include bids for which the respective orders or contracts have not yet been issued).

Gross Profit and Gross Margin

Gross Profit (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Products	**5,205**	**4,175**	**6,288**	**4,615**	**20,283**	**25,219**
Gross Margin - Products	*24.4%*	*21.3%*	*25.0%*	*23.1%*	*23.6%*	*23.0%*
Services	**15**	**7**	**(117)**	**(11)**	**(106)**	**28**
Gross Margin - Services	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Total	**5,220**	**4,182**	**6,171**	**4,604**	**20,177**	**25,247**
Gross Margin - Total	*24.4%*	*21.3%*	*24.5%*	*23.0%*	*23.4%*	*22.9%*
Depreciation	**1,301**	**1,212**	**946**	**919**	**4,378**	**5,463**
Depreciation Products	884	858	825	803	3,370	4,012
Depreciation Services	417	354	121	116	1,008	1,451
Gross Profit without depreciation	**6,521**	**5,394**	**7,117**	**5,523**	**24,555**	**30,710**
Gross Profit without depreciation Products	**6,089**	**5,033**	**7,113**	**5,418**	**23,653**	**29,231**

**n/a - not applied*

Products

Consolidated gross profit for 2023 reached R$ 20.3 million, with a margin of 23.6% against R$ 25.2 million with a margin of 23.0% in 2022. In the quarterly comparison, 4Q23 versus 3Q23, there was a decrease of 1.9 percentage points, mainly due to lower revenues, with lower dilution of fixed costs.

Services

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

Expenses

Expenses (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Total Sales Expenses	**2,470**	**2,368**	**3,509**	**4,331**	**12,678**	**10,232**
Sales Expenses - Products	2,470	2,368	3,509	4,331	12,678	10,232
Sales Expenses - Services	-	-	-	-	-	-
Total Administrative Expenses	**5,554**	**6,223**	**4,739**	**4,711**	**21,227**	**22,765**
Administrative Expenses - Products	3,071	3,067	2,548	2,589	11,275	12,077
Administrative Expenses - Services	2,483	3,156	2,191	2,122	9,952	10,688
Management Fees	**898**	**828**	**767**	**2,070**	**4,563**	**4,751**
Total Expenses	**8,922**	**9,419**	**9,015**	**11,112**	**38,468**	**37,748**

Sales Expenses

The Company's Sales Expenses are predominantly variable in the form of freight and sales commissions. In 2023, the Company's commercial expenses totaled R$ 12.7 million compared to R$ 10.2 million in 2022. The change was mainly due to the second half of 2023 due to the characteristics of the predominant businesses in that period.

Administrative Expense

Administrative expenses totaled R$ 21.2 million in 2023 against R$ 22.8 million in 2022. The reduction compared to the previous year is substantially due to the non-recurring expenses included in the result of the previous period compared.

Management Compensation

The amount presented is composed of fixed and variable remuneration.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Products	(75)	(483)	(100)	(4,321)	(4,979)	(6,281)
Expenses with Idleness - Products	(5,547)	(4,489)	(5,105)	(3,589)	(18,730)	(18,560)
Services	3,899	(180)	(1,298)	9,225	11,646	(21,816)
Expenses with Idleness - Services	-	-	-	-	-	(30)
Total	**(1,723)**	**(5,152)**	**(6,503)**	**1,315**	**(12,063)**	**(46,687)**

In 4Q23, R$ 42.5 million were booked in "Other Operating Income" against R$ 41.2 million in "Other Operating Expenses", totaling a net effect of R$ 1.3 million. The following factors are worth of noting:

I. R$ 27.6 million in revenue, referring to the favorable final sentence obtained by the Company in an arbitration proceeding seeking reimbursement for incurred losses subject to compensation in accordance with the Investment Agreement signed for the acquisition of the San Antonio Companies by the Lupatech Group in 2012 ("Agreement of Investment");

II. R$ 3.1 million corresponds to the net negative effect due to updates of contingent processes according to the analysis of legal advisors;
III. R$ 3.6 million expenses with production idleness;
IV. R$ 4.7 million with obsolescence and extraordinary inventory losses;
V. R$ 13.1 of recognition of impairment on other assets;
VI. R$ 1.8 million negative net effect on the sale of fixed assets.

Financial Result

Financial Results (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Financial Revenue*	2,393	770	1,917	16,174	21,254	19,523
Financial Expense*	(12,225)	(14,125)	(7,924)	(22,846)	(57,120)	(45,659)
Net Financial Results*	**(9,832)**	**(13,355)**	**(6,007)**	**(6,672)**	**(35,866)**	**(26,136)**
Net Exchange Variance	5,103	10,277	(7,416)	111,517	119,481	15,839
Net Financial Results - Total	**(4,729)**	**(3,078)**	**(13,423)**	**104,845**	**83,615**	**(10,297)**

* Excluding Exchange Variance

In 2023, the Company's net financial result was negative by R$ 35.9 million and its main effect was the adjustment to present value relating to the debt in Judicial Recovery, the updating of interest and fines on taxes, suppliers and loans. The total net financial result is influenced by exchange rate variation.

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 those entities, so that there are exchange rate variations booked directly to the company's equity, without going through profit and loss accounts.

Adjusted EBITDA from Operations

EBITDA Adjusted (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Products	**649**	**(95)**	**1,861**	**277**	**2,692**	**5,931**
Margin	3.0%	-0.5%	7.4%	1.4%	3.1%	5.4%
Services	**(1,945)**	**(2,525)**	**(2,439)**	**(2,116)**	**(9,025)**	**(9,281)**
Margin	n/a	n/a	n/a	n/a	n/a	n/a
Total	**(1,296)**	**(2,620)**	**(578)**	**(1,839)**	**(6,333)**	**(3,350)**
Margin	-6.1%	-13.3%	-2.3%	-9.2%	-7.3%	-3.0%

The variation in Adjusted EBITDA of Products in 4Q23 compared to the compared periods is mainly due to the decrease in revenue.

Adjusted EBITDA from Services comprises legacy management costs.

Adjusted Ebitda Reconciliation (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Gross Profit	5,220	4,182	6,171	4,604	20,177	25,247
SG&A	(8,024)	(8,591)	(8,248)	(9,042)	(33,905)	(32,997)
Management Compensation	(898)	(828)	(767)	(2,070)	(4,563)	(4,751)
Depreciation and Amortization	1,301	1,212	946	919	4,378	5,463
Other Operating Expenses	(1,723)	(5,152)	(6,503)	1,315	(12,063)	(46,687)
Ebitda	**(4,124)**	**(9,177)**	**(8,401)**	**(4,274)**	**(25,976)**	**(53,725)**
Result of disposal or write-off of assets	(93)	(33)	1,295	10,706	11,875	17,326
Provisions for Legal Proceedings	(5,195)	(387)	(101)	3,082	(2,601)	122
Idle expenses	5,547	4,489	5,105	3,589	18,730	17,938
Restructuring Process and Other Extraordinary	2,569	2,488	1,524	(14,942)	(8,361)	14,989
Adjusted EBITDA	**(1,296)**	**(2,620)**	**(578)**	**(1,839)**	**(6,333)**	**(3,350)**

Reconciliation of Adjusted Ebitda (R$ thd)	4Q23 Products	4Q23 Services	4Q23 Total
Gross Profit	4,615	(11)	4,604
SG&A	(6,920)	(2,122)	(9,042)
Management Compensation	(1,449)	(621)	(2,070)
Depreciation and Amortization	803	116	919
Other Operating Expenses	(7,910)	9,225	1,315
Ebitda	**(10,861)**	**6,587**	**(4,274)**
Result of disposal or write-off of assets	5	10,701	10,706
Provisions for Legal Proceedings	107	2,975	3,082
Idle expenses	3,589	-	3,589
Restructuring Process and Other Extraordinary	7,437	(22,379)	(14,942)
Adjusted EBITDA	**277**	**(2,116)**	**(1,839)**

Non-recurring expenses in 4Q23 mainly refer to production idleness, reversal of estimated losses due to non-recoverability of assets (impairment), result in the sale or write-off of assets and expenses related to Company's restructuring.

Net Result

Net Result (R$ thd)	1Q23	2Q23	3Q23	4Q23	2023	2022
Result Before Income Tax and Social Contribution	(10,154)	(13,467)	(22,770)	99,652	53,261	(69,485)
Income Tax and Social Contribution - Current	(1)	-	-	1	-	-
Income Tax and Social Contribution - Deferred	75	(1,044)	1,533	(1,176)	(612)	124,351
Net Profit for the Period	**(10,080)**	**(14,511)**	**(21,237)**	**98,477**	**52,649**	**54,866**
Profit (Loss) per 1,000 Shares	(0.32)	(1.43)	(0.09)	1.82	1.28	1.81

The positive net result obtained in the period of 2023 is mainly influenced, in addition to current revenues and expenses, the adjustment to present value referring to the debt under Judicial Reorganization, exchange rate variation of related parties and the net effect of other operating income and expenses.

Working Capital

Working Capital (R$ thd)	2023	2022
Accounts Receivable	18,140	27,128
Inventories	32,678	39,247
Advances of suppliers	7,522	6,703
Recoverable taxes	40,701	51,160
Other Accounts Receivable	5,612	4,549
Total Asset	**104,653**	**128,787**
Suppliers	15,072	15,805
Advances from Customers	1,161	8,037
Taxes payable	22,323	25,977
Other Accounts Payable/Other Obligations	5,783	5,698
Payroll and charges	5,493	5,603
Total Liabilities	**49,832**	**61,120**
Working Capital Employed	**54,821**	**67,667**
Working Capital Variation	(12,846)	(53,675)

When comparing 2023 with 2022, there is a reduction in working capital employed. This reduction is mainly due to: (i) reduction in inventories, and (ii) reduction in taxes recoverable resulting from offsetting tax debt.

Cash and Financial Investments

Cash and cash equivalents (R$ thd)	2023	2022
Cash and Cash Equivalents	19,907	13,171
Total	**19,907**	**13,171**

The Company's consolidated cash position and financial investments in 2023 reached R$ 19.9 million.

Indebtedness

Debts (R$ thd)	2023	2022
Short Term	**50,633**	**54,308**
Credits subject to Judicial Recovery	6,266	4,331
Credits not subject to Judicial Recovery	44,367	49,977
Long Term	**95,027**	**101,346**
Credits subject to Judicial Recovery	92,262	95,526
Credits not subject to Judicial Recovery	2,765	5,820
Total Debts	**145,660**	**155,654**
Cash and Cash Equivalents	19,907	13,171
Net Debt	**125,753**	**142,483**

The reduction in financial debt in 2023 versus 2022 is mainly associated with debt payments.

Investment

Investments (R$ thd)	2023	2022
Others Investments	19,685	21,942
Fixed Assets	131,405	138,386
Intangible Assets	83,210	83,749
Total	**234,300**	**244,077**

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

Annexes

Annex I - Income Statements (R$ Thousand)

	2023	2022
Net Revenue from Sales	86,269	110,390
Cost of Goods and Services Sold	(66,092)	(85,143)
Gross Profit	20,177	25,247
Operating Income/Expenses	(50,531)	(84,435)
Selling	(12,678)	(10,232)
General and Administrative	(21,227)	(22,765)
Management Fees	(4,563)	(4,751)
Other Operation Income (Expenses)	(12,063)	(46,687)
Net Financial Result	83,615	(10,297)
Financial Income	21,254	13,161
Financial Expenses	(57,120)	(39,297)
Net Exchange Variance	119,481	15,839
Loss Before Income Tax and Social Contribution	53,261	(69,485)
Provision Income Tax and Social Contribution - Deferred	(612)	124,351
Profit for the period	52,649	54,866

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

	2023	**2022**
Adjusted EBITDA from Operations	(6,333)	(3,350)
Expenses with Restructuring and Other Extraordinary	8,361	(10,940)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	(9,274)	(17,448)
EBITDA from Operations	(7,246)	(31,738)
Depreciation and amortization	(4,378)	(9,512)
Net Financial Result	83,615	(10,297)
Income Tax and Social Contribution - Current and Deferred	(612)	124,351
Idleness Expenses	(18,730)	(17,938)
Net Profit	52,649	54,866

Annex III – Consolidated Balance Sheets (R$ Thousand)

	2023	2022
Total Asset	**482,769**	**526,894**
Current Assets	**145,711**	**181,288**
Cash and Cash Equivalents	19,907	13,171
Accounts Receivable	18,140	27,128
Inventories	32,678	39,247
Recoverable Taxes	40,701	51,160
Other Accounts Receivable	5,612	4,549
Prepaid Expenses	553	716
Advances to Suppliers	7,522	6,703
Assets Classified as Held for Sale	20,598	38,614
Non-Current Assets	**337,058**	**345,606**
Other Credits	-	1
Securities-restricted	44	44
Judicial Deposits	5,079	7,639
Recoverable Taxes	6,953	1,831
Deferred Income Tax and Social Contribution	56,180	56,792
Other Accounts Receivable	34,502	35,222
Investments	19,685	21,942
Property, Plant and Equipment	131,405	138,386
Intangible Assets	83,210	83,749
Total Liabilities and Shareholders Equity	**482,769**	**526,894**
Current Liabilities	**102,918**	**118,650**
Suppliers - Not Subject to Judicial Recovery	9,876	11,074
Suppliers -Subject to Judicial Recovery	5,196	4,731
Loans and Financing - Not Subject to Judicial Recovery	44,367	49,977
Loans and Financing - Subject to Judicial Recovery	6,266	4,331
Provisions Payroll and Payroll Payable	5,493	5,603
Taxes Payable	22,323	25,977
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	315	1,144
Advances from Customers	1,161	8,037
Other Accounts Payable	5,783	6,319
Other obligations - subject to judicial recovery	2,138	1,457
Non-Current Liabilities	**220,288**	**220,538**
Suppliers - Subject to Judicial Recovery	26,649	26,162
Loans and Financing - Subject to Judicial Recovery	92,262	95,526
Loans and Financing - Not Subject to Judicial Recovery	2,765	5,820
Taxes Payable	29,199	20,522
Provision for Contigencies	27,591	32,915
Obligations and Provisions Labor Risks - Subject to Judicial Reorganization	2,238	2,836
Other Accounts Payable	3,350	3,131
Other obligations - subject to judicial recovery	36,234	33,626
Shareholders' Equity	**159,563**	**187,706**
Capital Stock	1,920,820	1,898,871
Capital reserve	144,754	139,150
Capital Transaction Reserve	74,679	191,562
Equity Valuation Adjustment	(1,980,690)	(2,041,877)
Accumulated Losses	159,563	187,706

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

	2023	2022
Cash Flow from Operating Activities		
Profit for the periods	52,649	54,866
Adjustments:		
Depreciation and Amortization	6,497	9,512
Income from sale of property, plant and equipment	3,923	7,675
Financial charges and exchange variation on financing	17,803	8,913
Reversal (Provision) for loss due to non-recoverability of assets	(6,835)	(7,614)
Deferred Income Tax and Social Contribution	612	(103,000)
Inventory obsolescence	945	(2,231)
(Reversal) Estimated losses for doubtful accounts	(1,292)	(1,685)
Actual losses with doubtful accounts	1,271	1,034
Adjust to present value	23,288	10,669
Fair value adjustment	(100,318)	(13,605)
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	9,002	(5,683)
(Increase) Decrease in Inventories	5,624	4,111
(Increase) Decrease in Recoverable Taxes	5,337	11,966
(Increase) Decrease in Other Assets	1,472	967
(Increase) Decrease in Suppliers	(12,633)	2,728
(Increase) Decrease in Taxes Payable	646	(15,762)
(Increase) Decrease in Others Accounts Payable	(9,083)	12,622
Net Cash Flow from Operating Activities	**(1,092)**	**(24,517)**
Cash Flow from Investment Activities		
Securities - restricted account	233	383
Resources from the sale of fixed assets	20,663	6,399
Aquisition of Property, Plant and Equipment	(803)	(1,847)
Aquisition of Intangible Assets	-	(62)
Net Cash Flow from (Used in) Investment Activities	**20,093**	**4,873**
Cash Flow from Financing Activities		
Borrowing and financing	86,106	144,710
Capital increase (decrease)	21,949	1,523
Payment of loans and financing	(120,320)	(132,594)
Net Cash Flow from Financing Activities	**(12,265)**	**13,639**
Net Increase (Decrease) in Cash and Cash Equivalents	**6,736**	**(6,005)**
At the Beginning of the Period	13,171	19,176
At the End of the Period	19,907	13,171

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 FRP power poles and tubes for lining oil pipelines.

LUPATECH S.A.

BALANCE SHEET
(In R$ Thousands)

ASSETS	Note	Parent 12/31/2023	Parent 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
CURRENT					
Cash and cash equivalents	5	1,440	2,734	19,907	13,171
Trade accounts receivable	6	13,340	18,227	18,140	27,128
Inventories	7	26,931	26,460	32,678	39,247
Recoverable taxes	8	26,479	35,791	40,701	51,160
Advances to suppliers		7,260	3,074	7,522	6,703
Other receivables	9	1,814	3,730	5,612	4,549
Prepaid expenses		469	629	553	716
Related companies	17.1	939	19,619	-	-
Assets classified as held for sale	10	896	3,236	20,598	38,614
Total current assets		79,568	113,500	145,711	181,288
NON-CURRENT					
Other receivables		-	1	-	1
Legal deposits	21.1	1,489	1,897	5,079	7,639
Securities	5	44	44	44	44
Recoverable taxes	8	6,238	1,115	6,953	1,831
Deferred income tax and social contribution	19	55,156	62,164	56,180	56,792
Related companies	17.1	9,742	12,644	-	-
Other receivables	9	33,663	32,848	34,502	35,222
Investments					
Investments in subsidiaries and associates	11.1	256,555	305,036	-	-
Investment property	11.2	-	-	19,685	21,942
Fixed assets	12	20,081	22,544	131,405	138,386
Intangible assets					
Goodwill on acquisition of investments	13	61,479	61,479	82,166	82,166
Other intangibles	13	760	1,292	1043.6873	1,583
Total non-current assets		445,207	501,064	337,058	345,606
TOTAL ASSETS		524,775	614,564	482,769	526,894

The notes are an integral part of the financial statements.

LUPATECH S.A.

BALANCE SHEET
(In R$ Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent 12/31/2023	Parent 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
CURRENT					
Suppliers - not subject to judicial reorganization	14	6,957	7,515	9,876	11,074
Suppliers - subject to judicial reorganization	14	5,196	4,731	5,196	4,731
Loans and financing - not subject to judicial reorganization	15	29,206	32,194	44,367	49,977
Loans and financing - subject to judicial reorganization	15	4,770	3,311	6,266	4,331
Salaries, provisions and social contributions		4,766	4,516	5,493	5,603
Taxes payable	22	13,742	16,215	22,323	25,977
Labor obligations and provisions - subject to judicial reorganization		315	1,144	315	1,144
Advances from customers		731	332	1,161	8,037
Other accounts payable	20	5,125	5,573	5,783	6,319
Other liabilities - subject to judicial reorganization	20	2,138	1,457	2,138	1,457
Related companies	17.1				
Total current liabilities		77,400	109,547	102,918	118,650
NON-CURRENT					
Suppliers - subject to judicial reorganization	14	26,649	26,162	26,649	26,162
Loans and financing - not subject to judicial reorganization	15	2,765	5,820	2,765	5,820
Loans and financing - subject to judicial reorganization	15	58,056	61,830	92,262	95,526
Taxes payable	22	12,880	8,815	29,199	20,522
Provision for tax, labor and civil risks	21.2	18,466	3,928	27,591	32,915
Labor obligations and provisions - subject to judicial reorganization		2,238	2,836	2,238	2,836
Other accounts payable	20	-	-	3,350	3,131
Other liabilities - subject to judicial reorganization	20	36,234	33,626	36,234	33,626
Related companies	17.1	130,524	174,294	-	-
Total non-current liabilities		287,812	317,311	220,288	220,538
SHAREHOLDERS' EQUITY	23				
Share capital		1,920,820	1,898,871	1,920,820	1,898,871
Reserves and capital transactions		144,754	139,150	144,754	139,150
Equity valuation adjustments		74,679	191,562	74,679	191,562
Accumulated losses		(1,980,690)	(2,041,877)	(1,980,690)	(2,041,877)
Attributable to the Company's shareholders		159,563	187,706	159,563	187,706
Total shareholders' equity		159,563	187,706	159,563	187,706
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		524,775	614,564	482,769	526,894

The notes are an integral part of the financial statements.

LUPATECH S/A

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

		Parent		Consolidated	
	Note	12/31/2023	31/12/2022	31/12/2023	31/12/2022
NET OPERATING REVENUE	27	74,417	96,873	86,269	110,390
COST OF GOODS SOLD	31	(54,718)	(71,472)	(66,092)	(85,143)
Gross profit		19,699	25,401	20,177	25,247
OPERATING EXPENSES					
Sales	31	(11,961)	(9,552)	(12,678)	(10,232)
General and administrative	31	(15,119)	(15,240)	(21,227)	(22,765)
Management remuneration	18 / 31	(4,563)	(3,032)	(4,563)	(4,751)
Equity income	11.1	53,626	(27,172)	-	-
Other operating income (expenses)	29	14,165	(23,407)	(12,063)	(46,687)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL RESULT		55,847	(53,002)	(30,354)	(59,188)
FINANCIAL RESULT					
Financial income	30	20,734	10,567	21,254	13,161
Financial expenses	30	(42,505)	(26,431)	(57,120)	(39,297)
Exchange variation, net	30	25,581	14,317	119,481	15,839
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		59,657	(54,549)	53,261	(69,485)
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	19	-	-	-	-
Deferred	19	(7,008)	109,415	(612)	124,351
PROFIT FOR THE YEAR		52,649	54,866	52,649	54,866
PROFIT ATTRIBUTABLE TO:					
Participation by the Company's shareholders		52,649	54,866	52,649	54,866
EARNINGS PER SHARE					
Basic per share	28	1.28294	1.80758	1.28294	1.80758
Diluted per share	28	1.28294	1.80758	1.28294	1.80758

The notes are an integral part of the financial statements.

LUPATECH S/A

STATMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED ON DECEMBER 31, 2023 AND 2022
(In R$ Thousands)

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
PROFIT FOR THE YEAR	52,649	54,866	52,649	54,866
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
Exchange variation on investments abroad	(116,883)	(13,109)	(116,883)	(13,109)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(64,234)	41,757	(64,234)	41,757
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Participation of the Company's shareholders	(64,234)	41,757	(64,234)	41,757

The notes are an integral part of the financial statements.

LUPATECH S.A.

CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY
FOR THE PERIODS ENDED ON DECEMBER 31, 2023 AND 2022
(In R$ Thousands)

	Share capital	Capital reserves, options granted	Accumulated losses	Equity valuation adjustments	Total participation of the Company's shareholders	Total shareholders' equity
BALANCES AS AT DECEMBER 31, 2021	**1,897,348**	**139,795**	**(2,096,743)**	**204,671**	**145,071**	**145,071**
Capital increase	1,523	-	-	-	1,523	1,523
Profit for the year	-	-	54,866	-	54,866	54,866
Exchange variation on investments abroad	-	-	-	(13,109)	(13,109)	(13,109)
Capital reserve	-	(645)	-	-	(645)	(645)
BALANCES AT DECEMBER 31, 2022	**1,898,871**	**139,150**	**(2,041,877)**	**191,562**	**187,706**	**187,706**
Capital increase	21,949	**-**	**-**	**-**	21,949	21,949
Prior year adjustments	-	**-**	**8,538**	**-**	8,538	8,538
Profit for the year	-	-	52,649	-	52,649	52,649
Exchange variation on investments abroad	-	-	-	(116,883)	(116,883)	(116,883)
Capital reserve	-	5,604	-	-	5,604	5,604
BALANCES AT DECEMBER 31, 2023	**1,920,820**	**144,754**	**(1,980,690)**	**74,679**	**159,563**	**159,563**

The notes are an integral part of the financial statements.

LUPATECH S/A

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

		Parent		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the periods		52,649	54,866	52,649	54,866
Depreciation and amortization	12 e 13	3,538	4,482	6,497	9,512
Reversal (Estimate) for loss on non-recoverability of assets	12 e 13	2,341	-	(6,835)	(7,614)
Equity equivalence	11.1	(53,626)	27,172	-	-
Result on write-off of fixed assets		(124)	(45)	3,923	7,675
Financial charges and exchange variation on financing		(1,931)	9,770	17,803	8,913
Deferred income tax and social contribution		7,008	(95,200)	612	(103,000)
Inventory obsolescence		(443)	-	945	(2,231)
(Reversal) Estimated losses on doubtful debtors	6	(1,284)	(1,553)	(1,292)	(1,685)
Actual losses on doubtful debtors	6	1,188	918	1,271	1,034
Present value adjustment	30	15,953	6,378	23,288	10,669
Fair value adjustment		5,604	(554)	(100,318)	(13,605)
(Increase) decrease in operating assets					
Trade accounts receivable		4,983	(2,430)	9,002	(5,683)
Inventories		(28)	4,285	5,624	4,111
Recoverable taxes		4,189	1,782	5,337	11,966
Other assets		(2,516)	(7,533)	1,472	967
Increase (decrease) in operating liabilities:					
Suppliers		(13,468)	1,652	(12,633)	2,728
Taxes payable		(2,723)	(13,793)	646	(15,762)
Other liabilities and accounts payable		17,817	(1,134)	(9,083)	12,622
Net cash used in operating activities		**39,127**	**(10,937)**	**(1,092)**	**(24,517)**
CASH FLOW FROM INVESTING ACTIVITIES					
Capitalization of subsidiary		(6,238)	(4,088)	-	-
Securities - restricted account	5	165	43	233	383
Proceeds from the sale of fixed assets		234	108	20,663	6,399
Acquisition of fixed assets	12	(654)	(1,666)	(803)	(1,847)
Additions to intangible assets	12	-	(63)	-	(62)
Net cash provided by (used in) investment activities		**(6,493)**	**(5,666)**	**20,093**	**4,873**
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowing of loans and financing		65,796	89,787	86,106	144,710
Borrowing (payment) of loans - related parties		(25,822)	653	-	-
Capital increase	23	21,949	1,523	21,949	1,523
Payment of loans and financing		(95,851)	(73,724)	(120,320)	(132,594)
Debentures convertible into shares		-	-	-	-
Net cash from financing activities		**(33,928)**	**18,239**	**(12,265)**	**13,639**
(DECREASE) NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,294)**	**1,636**	**6,736**	**(6,005)**
Cash and cash equivalents at the beginning of the year		2,734	1,098	13,171	19,176
Cash and cash equivalents at the end of the year		1,440	2,734	19,907	13,171

The notes are an integral part of the financial statements.

LUPATECH S.A.

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

		Parent		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
REVENUES					
Sales of goods, products and services (including IPI)	27	88,999	113,661	103,615	130,211
Revenue from the sale of fixed assets		234	108	20,663	6,399
Other income	29	46,695	2,956	71,612	19,459
Reversal (estimate) of losses on bad debts	6	1,284	1,553	1,292	1,685
Actual losses on bad debts	6	(1,188)	(918)	(1,271)	(1,034)
		136,024	**117,360**	**195,911**	**156,720**
INPUTS ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(26,200)	(43,611)	(20,241)	(35,719)
Materials, energy, third-party services and others		(18,602)	(13,028)	(27,992)	(25,936)
Loss on disposal of fixed assets		-	-	-	(13,145)
Estimated losses on non-recoverability of assets		-	(2,048)	-	(15,589)
Other expenses	29	(32,764)	(24,423)	(104,337)	(43,811)
		(77,566)	**(83,110)**	**(152,570)**	**(134,200)**
GROSS VALUE ADDED		58,458	34,250	43,341	22,520
DEPRECIATION AND AMORTIZATION	12 e 13	(3,538)	(4,482)	(6,497)	(9,512)
NET ADDED VALUE PRODUCED BY THE COMPANY		**54,920**	**29,768**	**36,844**	**13,008**
ADDED VALUE RECEIVED IN TRANSFER					
Equity income	11.1	53,626	(27,172)	-	-
Financial income	30	68,307	65,036	164,404	80,541
		121,933	**37,864**	**164,404**	**80,541**
TOTAL ADDED VALUE TO BE DISTRIBUTED		**176,853**	**67,632**	**201,248**	**93,549**
DISTRIBUTION OF ADDED VALUE		**176,853**	**67,632**	**201,248**	**93,549**
Personnel:		**34,033**	**35,245**	**41,624**	**43,841**
Direct remuneration		24,753	25,894	30,100	32,073
Benefits		7,469	7,580	9,252	9,500
FGTS		1,811	1,771	2,272	2,268
Taxes, fees and contributions:		**25,360**	**(89,386)**	**25,764**	**(96,482)**
Federal and state		17,103	(98,450)	15,751	(107,497)
State		7,858	8,716	9,532	10,598
Municipal		399	348	481	417
Remuneration of third-party capital:		**64,811**	**66,907**	**81,211**	**91,324**
Interest and other financial expenses	30	64,497	66,583	80,789	90,839
Rent		314	324	422	485
Remuneration (losses) on own capital:		**52,649**	**54,866**	**52,649**	**54,866**
Profit for the year		52,649	54,866	52,649	54,866

The notes are an integral part of the financial statements.

Lupatech S.A

Notes to the individual and consolidated accounting information contained in the Standardized Financial Statements Form - DFP for the years ended December 31, 2023 and December 31, 2022.

(In thousands of Reais, except where indicated)

1. General Information

Lupatech S.A ("Company") and its subsidiaries and associates (together the "Group") is a public limited company 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), producing mainly: industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring oil platforms and various other applications; and composite material artifacts, such as posts and tubular liners for lining oil pipelines.

Until 2017, the Company operated in the oil services business (Services segment), of which there are still various assets in the process of being demobilized, as well as the associated legacy. These assets are classified as assets held for sale and represent R$ 20,598.

1.1 Judicial reorganization closed on March 14, 2023

In order to address the effects of a prolonged financial crisis, Lupatech S.A. and its direct and indirect subsidiaries ("Lupatech Group") filed for Judicial Reorganization on May 25, 2015, which was processed before the 1st Bankruptcy and Judicial Reorganization Court of the District of São Paulo and granted on June 22, 2015.

The Judicial Reorganization Plan ("Plan") was approved by the General Meeting of Creditors on November 8, 2016 and subsequently ratified by the 1st Bankruptcy, Judicial Reorganization and Arbitration Court of the Capital of São Paulo on February 19, 2017.

The Plan was subject to two amendments, approved and ratified by the courts on November 30, 2018 and November 26, 2020, respectively.

On March 14, 2023, a decision was issued determining the termination of the Judicial Reorganization. As of the closure, the monitoring of activities by the Court ceases, and decisions relating to the disposal of permanent assets are no longer subject to it. Payment of the subject credits, whether they have been recognized or are the subject of legal dispute, must be made under the terms of the Plan.

On June 21, 2023, the decision to terminate Lupatech's Judicial Reorganization became final, and its certificate was issued by the São Paulo Board of Trade on August 4, 2023.

One of the main objectives of the judicial reorganization was to settle the credits subject to the Plan, which were partly settled with the payment in kind of Subscription Bonuses and partly 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 national 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 installment to be paid in cash, which corresponds to 65% of the credits in Class II, 50% of the credits in national currency in Classes III and IV, and 30% of the credits in foreign currency listed in Class III, are subject to interest and exchange variation at the rates indicated in the table above.

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

	Class I	Class II	Class III	Class III	Class IV	TOTAL	TOTAL
	Suppliers, Obligations and labor provisions	Loans and financing - National Currency	Suppliers, Loans and financing - National Currency	Suppliers, Loans and financing - Foreign Currency	Suppliers - National Currency	12/31/2023	12/31/2022
Accounting Balance Liabilities RJ	2,915	40,246	179,939	81,696	12,939	317,735	339,539
Adjustment to Present Value *	-	(16,468)	(85,370)	(40,475)	(4,127)	(146,439)	(169,726)
Net Accounting Balance	**2,915**	**23,778**	**94,569**	**41,220**	**8,813**	**171,296**	**169,813**
Maturities of the accounting balance:	-	-	-	-	-	-	-
2023	677	-	-	-	-	677	8,886
2024	-	2,616	5,650	1,661	603	10,530	11,338
2025	-	2,990	7,573	2,298	895	13,756	14,264
2026	-	2,990	9,274	2,907	880	16,051	16,823
2027	-	3,861	11,064	3,517	1,109	19,551	20,558
2028	-	4,485	14,651	4,688	1,274	25,098	26,468
2029	-	4,485	17,781	5,706	1,254	29,226	30,902
2030	-	4,485	22,501	7,234	1,223	35,443	37,572
2031	-	4,485	24,048	7,742	1,171	37,446	39,734
2032	-	9,850	30,569	9,875	4,537	54,831	56,268
2033	-	-	29,511	27,657	-	57,168	58,105
From 2034 onwards	2,238	-	7,320	8,400	-	17,958	18,622
Total	**2,915**	**40,247**	**179,942**	**81,685**	**12,946**	**317,735**	**339,539**
Litigation (dates and amounts undetermined)	16,867	-	1,618	-	1,501	19,986	23,737

* The accounting balances relating to Class II, III and IV credits include adjustments to present value considering discount rates of 13.65% per year for credits in national currency and 5.85% per year 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 2,217,680 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 652,336 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 financial statements for the year ended December 31, 2023, have been prepared on the assumption that the Company will continue as a going concern.

The Lupatech Group is seeking to regain its prominent position as one of Brazil's most important industrial groups in the oil and gas sector, as well as to maintain its position as a source of wealth, taxes and jobs.

The Company has been progressively improving its operating results, and continuity depends not only on improved performance, but also on the company's success in obtaining the 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 itself, and these resources could come from, for example, but not limited to, new credit lines, capital increases with or without debt conversion, the sale of assets or shareholdings, the refund of tax credits and the reprofiling of liabilities. Management is pursuing all of these options.

2. Preparation basis

2.1 Declaration of conformity

The individual and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil (BR GAAP).

The Company's management affirms that all relevant information specific to the financial information, and only this information, is being disclosed, and that it corresponds to the information used by the Company in its management.

The issuance of the financial statements was authorized by the Board of Directors on March 22, 2024.

2.2 Functional currency and presentation currency

These individual and consolidated financial statements are presented in Brazilian Real, which is the Company's functional currency. All balances have been rounded to the nearest thousand, unless otherwise stated.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value.

2.4 Basis of consolidation and investments in subsidiaries

As demonstrações financeiras consolidadas incluem as informações contábeis da Lupatech S.A e suas controladas.

Controlled companies

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

The consolidated financial statements include the accounting information of Lupatech S.A. and its direct and indirect subsidiaries, as shown below:

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

* Companies in liquidation processes.

** Companies incorporated into Sotep Sociedade Técnica de Perfuração S.A. on December 31, 2023.

Company in liquidation

The associates Lupatech Oil&Gas Coöperatief U.A. and Unap Internatinal Ltd. are in the process of being liquidated on the date of these financial statements.

The balance sheet and income statement of these associates are presented below:

BALANCE SHEET
(In thousands of Reais)

CURRENT ASSETS	12/31/2023	12/31/2022
CURRENT		
Trade accounts receivable	-	2,199
Recoverable taxes	-	-
Related companies	-	115,127
Total current assets	-	117,326
NON-CURRENT		
Related companies	-	12,154
Fixed assets	17,407	32,737
Total non-current assets	17,407	44,891
TOTAL ASSETS	17,407	162,217

LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2023	12/31/2022
CURRENT		
Suppliers	-	163
Related companies	-	18,263
Total current liabilities	-	18,426
NON-CURRENT		
Related companies	15,082	56,281
Total non-current liabilities	15,082	56,281
SHAREHOLDERS' EQUITY		
Share capital	178,073	272,332
Reserves and capital transactions	4,173	14,844
Accumulated losses	(179,921)	(199,666)
Total shareholders' equity	2,325	87,510
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,407	162,217

INCOME STATEMENT
(In thousands of Reais)

	12/31/2023	12/31/2022
NET OPERATING REVENUE	-	-
COST OF GOODS SOLD	-	-
Gross profit	-	-
OPERATING EXPENSES		
General and administrative	(43)	(143)
Other operating income (expenses)	(6,119)	(11,624)
OPERATING LOSS BEFORE FINANCIAL RESULT	(6,162)	(11,767)
FINANCIAL RESULT		
Financial Expenses	(1,975)	(301)
Financial Income	4,893	-
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(3,244)	(12,068)
Current	-	-
Deferred	-	-
LOSS FOR THE YEAR	(3,244)	(12,068)

3. Material accounting practices

A summary of the main accounting policies adopted by the Group is as follows:

3.1 Financial Instruments

The category depends on the purpose for which the financial assets and liabilities were acquired or contracted and is determined on initial recognition of the financial instruments.

The Company classifies non-derivative financial assets and liabilities in the following categories: financial assets measured at fair value through profit or loss, at fair value through other comprehensive income and at amortized cost.

3.1.1 Non-derivative financial assets and liabilities - recognition and derecognition

The Company recognizes loans and receivables and debt instruments initially on the date they were originated. All other financial assets and liabilities are recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligation is withdrawn, cancelled or expired.

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

3.1.2 Non-derivative financial assets and liabilities - measurement

Financial assets measured at fair value through profit or loss
A financial asset is classified as measured at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Transaction costs are recognized in profit or loss as incurred, are measured at fair value and changes in fair value, including interest gains and dividends, are recognized in profit or loss for the year.

Held-to-maturity financial assets
These assets are initially recognized at cost plus any directly attributable transaction costs. After their initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank deposits and short-term investments. Financial investments are recorded at their nominal value plus income earned up to the balance sheet date, in accordance with the rates agreed with the financial institutions.

Accounts receivable from customers
These are stated at the nominal values of the securities, plus exchange variation and adjusted to present value up to the balance sheet date, when applicable. The allowance for doubtful accounts is recognized, when

necessary, based on an analysis of the customer portfolio, in an amount considered sufficient by management to cover any estimated losses on the realization of the credits.

3.1.3 Non-derivative financial liabilities - measurement

A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Transaction costs are recognized in profit or loss as incurred. Financial liabilities are measured at fair value through profit or loss and changes in the fair value of these liabilities, including interest and dividend gains, are recognized in profit or loss for the year.

Other non-derivative financial liabilities are initially measured at fair value less any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Loans, financing and debentures
Loans, financing and debentures (portion referring to the debt instrument) are stated at amortized cost. They are stated at the amount raised, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest rate method.

3.2 Adjustment to present value

On transactions that give rise to an asset, liability, income or expense or other change in equity whose counterpart is a non-current asset or liability, receivable or payable, or short-term when there is a material effect, an adjustment to present value is recognized based on discount rates that reflect the best market assessments of the time value of money and the specific risks of the asset and liability on their original dates.

The adjustment to present value is presented as an adjustment to receivables and payables and is allocated to profit or loss as financial income or expenses on an accrual basis, using the effective interest rate method.

3.3 Adjustment to fair value

The adjustment to fair value is presented in a specific account, determined as an adjustment to fair value and its variation is allocated to profit or loss as financial income or expenses on an accrual basis.

3.4 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the average purchase or production cost principle, taking into account the total absorption method of industrial costs, lower than the realizable values.

In the case of manufactured inventories and products in progress, the cost includes a portion of the general manufacturing costs based on normal operating capacity.

3.5 Intangibles

Goodwill
Goodwill resulting from a business combination is stated at cost on the date of the business combination, net of the accumulated impairment loss, if any. Goodwill is tested annually, or in a shorter period when there is an indication of deterioration of the investment, to verify probable losses(impairment).

Goodwill is allocated to Cash Generating Units (CGUs) for impairment testing purposes. The allocation is made to the Cash Generating Units or Groups of Cash Generating Units that should benefit from the business combination from which the goodwill originated, duly segregated according to the operating segment.

3.6 Fixed assets

Recognition and measurement
Items of property, plant and equipment are measured at historical acquisition or construction cost, less accumulated depreciation andimpairment losses.

Cost includes expenses that are directly attributable to the acquisition of an asset. The cost of assets built by the Company itself includes:

- The cost of materials and direct labor;
- Any other costs to place the asset in the location and condition necessary for it to be able to operate in the manner intended by management;
- The costs of dismantling and restoring the site where these assets are located;
- Borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are recorded as separate items (main components) of property, plant and equipment. Any gains and losses on the disposal of an item of property, plant and equipment are recognized in profit or loss.

Subsequent costs
Subsequent expenses are capitalized to the extent that it is probable that future benefits associated with the expenses will be earned by the Company. Recurring maintenance and repair costs are recorded in the income statement.

Depreciation
Items of property, plant and equipment are depreciated using the straight-line method in the income statement based on the estimated useful life of each component. Leased assets are depreciated over the shorter of the asset's estimated useful life and the lease term, unless it is reasonably certain that the Company will obtain ownership of the asset at the end of the lease term. Land is not depreciated. Items of property, plant and equipment are depreciated from the date on which they are installed and available for use, or in the case of assets built in-house, from the day on which construction is completed and the asset is available for use.

The estimated rates are as follows:

	Weighted average depreciation rates % per year
Land	-
Building and construction	3%
Machinery and equipment	12%
Molds and matrixes	21%
Industrial installations	7%
Furniture and fixtures	9%
Data processing equipment	34%
Improvements	8%
Vehicles	12%

3.7 Estimated impairment of assets

a. Non-derivative financial assets (including receivables)
Financial assets not classified as financial assets at fair value through profit or loss, including investments accounted for using the equity method, are assessed at each balance sheet date to determine whether there is objective evidence of impairment.

b. Financial assets measured at amortized cost

The Company considers evidence of impairment of assets measured at amortized cost at both an individual and collective level. All individually significant assets are assessed for impairment. Those that have not been individually impaired are assessed collectively for any impairment that may have occurred but has not yet been identified. Assets that are not individually significant are assessed collectively for impairment based on the grouping of assets with similar risk characteristics.

An impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognized in the income statement and reflected in a reduction account of the respective asset. When the Company considers that there are no reasonable expectations of recovery, the amounts are written off. When a subsequent event indicates a reduction in impairment, the impairment is reversed through profit or loss.

c. Assets classified as fair value through profit or loss

Impairment losses on available-for-sale financial assets are recognized by reclassifying the cumulative loss recognized in equity valuation adjustments from equity to profit or loss. The reclassified loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of a debt security for which an impairment loss has been recognized increases and this increase can be objectively related to an event occurring after the impairment loss was recognized, then the loss is reversed and the amount of the reversal is recognized in profit or loss. Otherwise, the reversal is recognized in other comprehensive income.

d. Invested companies accounted for using the equity method

An impairment loss relating to an investee valued using the equity method is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

e. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred income tax and social contribution assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If there is such an indication, then the asset's recoverable amount is estimated. In the case of goodwill and intangible assets with an indefinite useful life, the recoverable value is tested annually.

Impairment losses are recognized in the income statement. Recognized losses relating to Cash Generating Units (CGUs) are initially allocated to the reduction of any goodwill allocated to this CGU (or group of CGUs), and then to the reduction of the book value of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss related to goodwill is not reversed. As for other assets, impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment loss had not been recognized.

3.8 Income tax and social contribution

Current and deferred income tax and social contribution for the year are calculated based on the rates in force, as detailed in note 19.

Income tax and social contribution expenses include current and deferred income taxes. Current and deferred taxes are recognized in the income statement unless they are related to a business combination, or items directly recognized in equity or other comprehensive income.

a. ***Income tax and social contribution expenses - current***

Current tax expense is the tax payable on profit for the year and any adjustment to tax payable in respect of previous years. The amount of current taxes payable is recognized in the balance sheet as a tax liability at the best estimate of the expected amount of taxes to be paid that reflects the uncertainties related to their determination, if any. It is measured based on the tax rates in force at the balance sheet date.

b. ***Income tax and social contribution expenses - deferred***

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and those used for taxation purposes. Changes in deferred tax assets and liabilities during the year are recognized as deferred income tax and social contribution expense. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither taxable profit or loss nor accounting profit or loss;
- temporary differences relating to investments in subsidiaries, associates and joint ventures, to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized in relation to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they will be used. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates that are expected to apply to temporary differences when they are reversed, based on the rates that were in force up to the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.

3.9 Provisions

A provision is recognized as a result of a past event, if the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an economic resource will be required to settle the obligation. The financial costs incurred are recorded in the income statement.

Provisions for tax, labor and civil risks are recorded based on the best estimates of the risk involved (note 21). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognized if, and only if, reimbursement is virtually certain and the amount can be measured reliably.

3.10 Other rights and obligations

They are stated at realizable values (assets) and at recognized or estimated values, plus, where applicable, the corresponding charges and monetary variations incurred (liabilities).

3.11 Translation of foreign currency balances

a. ***Transactions and balances***

Transactions in foreign currency are translated into the functional currency using the exchange rate in force on the date of the transaction. gains and losses resulting from the difference between the conversion of asset and liability balances in foreign currency at the end of the year and the conversion of the values on the date of the transactions are recognized in the income statement.

The functional currency of each entity is listed below

Direct and indirect subsidiaries	Functional Currency	Country
Direct participation		
Mipel Comércio e Indústria de Peças Técnicas Ltda.	Real	Brazil
UEP Equipamentos e Serviços para Petróleo Ltda.	Real	Brazil
Lupatech Finance Limited.	American dollar	Cayman Islands
Recu S.A.	Argentinian peso	Argentina
Lupatech Oil&Gas Coöperatief U.A.	Real	Brazil
Lochness Participações S.A.	American dollar	Netherlands
Ilno Administradora de Bens e Direitos Ltda.	Real	Brazil
Indirect participation		
Recu S.A.	Argentinian peso	Argentina
Lupatech Oil&Gas Coöperatief U.A. *	American dollar	Netherlands
UPC Perfuração e Completação Ltda.	Real	Brazil
Sotep Sociedade Técnica de Perfuração S.A.	Real	Brazil
Prest Perfurações Ltda.	Real	Brazil
UNAP International Ltd. *	American dollar	Cayman Islands
Ciaval II Administração de Bens e Direitos SPE S.A.	Real	Brazil

* Companies in the liquidation process.

b. Group companies

The results and financial position of all Group companies used as a basis for valuing investments valued using the equity method, which have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- Asset and liability balances are translated at the exchange rate in force on the balance sheet closing date;
- Profit and loss accounts are translated at the average monthly exchange rate;
- All differences resulting from the conversion of exchange rates are recognized in Shareholders' Equity, in the Statement of Comprehensive Income, in the line "Accumulated Conversion Adjustments", sub-account of the group "Asset Valuation Adjustments".

3.12 Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all potential ordinary shares that would cause dilution.

3.13 Investments in subsidiaries (Parent company)

In the parent company's financial statements, investments in subsidiaries are valued using the equity method and the result of this valuation is offset against an operating income account, with the exception of exchange variations on investments abroad, which are recorded in a specific equity account, to be recognized in income and expenses when the investment is sold or written off.

3.14 Report by segment

The report by operating segments is presented in a manner consistent with the internal report provided for operational decision-making. The main operational decision maker, responsible for allocating resources and assessing the performance of the operating segments, is the Executive Board. The Group's strategic decision-making is the responsibility of the Board of Directors.

3.15 Statement of Added Value ("DVA")

The Company prepared individual and consolidated statements of value added (DVA) in accordance with technical pronouncement CPC 09 - Statement of Value Added, which is presented as an integral part of the financial statements in accordance with BR GAAP applicable to publicly traded companies, while for IFRS they represent additional financial information.

3.16 New standards, changes and interpretations

New or revised pronouncements applied for the first time in 2023

The Company has applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise indicated). The Company has decided not to early adopt any other standards, interpretations or amendments that have been issued but are not yet effective.

Pronouncement	Change / improvement
IAS 1 – *Presentation of Financial Statements*	Disclosures of "material" accounting policies instead of significant accounting policies. The amendments define what "material accounting policy information" is and explain how to identify it.
IAS 1 – *Presentation of Financial Statements*	For an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settlement of the liability for at least twelve months from the balance sheet date.
IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*	Clarification of the distinction between changes in accounting estimates and accounting changes and correction of errors.
IFRS 17 - *Insurance*	Standard not applicable to the Company.
IAS 12 – Tributos sobre o Lucro	Requires entities to recognize deferred tax on lease transactions, decommissioning and restoration obligations.

4. Critical accounting estimates and judgments

In preparing these individual and consolidated financial statements, management has used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information on judgments made in applying accounting policies and uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 10 – Assets held for sale.;
- Note 12 – Property, plant and equipment;;
- Note 13 – Intangible assets;
- Note 19 – Income tax and social contribution;
- Note 21 – Contingent proceedings and judicial deposits.

In order to provide an understanding of how the Company forms its judgments about future events, including the variables and assumptions used in the estimates, we have included comments regarding each critical accounting practice described below:

a. Deferred income tax

The amount of deferred income tax assets is reviewed at each financial statement date and reduced by the amount that is no longer realizable by estimating future taxable profits. It is calculated using the tax rates applicable to taxable income in the years in which these temporary differences are to be realized. Future taxable income may be higher or lower than the estimates considered when defining the need to record, and the amount to be recorded, the tax asset.

The credits recognized on tax losses and negative social contribution bases are supported by projections of taxable income, based on technical feasibility studies, submitted annually to the Group's management bodies. These studies take into account the historical profitability of the Company and its subsidiaries and the prospect of maintaining profitability, allowing for an estimate of the recovery of credits in future years. The other credits, which are based on temporary differences, mainly a provision for tax liabilities, as well as a provision for losses, were recognized according to the expectation of their realization, also taking into account projections of future taxable results.

b. Useful life of long-lived assets

The Company recognizes depreciation and/or amortization of its long-lived assets based on estimated useful lives, and significantly reflects the economic life of long-lived assets. However, actual useful lives may vary based on the technological upgrading of each unit. The useful lives of long-lived assets also affect the cost recovery tests of long-lived assets, when necessary.

c. Test for impairment of long-lived assets

There are specific rules for assessing the recoverability of long-lived assets, especially property, plant and equipment, goodwill and other intangible assets. On the date of each financial statement, the Company carries out an analysis to determine whether there is evidence that the amount of long-lived assets will not be recoverable. If such evidence is identified, the recoverable amount of the assets is estimated by the Company.

The recoverable amount of an asset is determined by the higher of (a) its fair value less estimated costs to sell and (b) its value in use. Value in use is measured based on the discounted cash flows (before tax) derived from the continued use of an asset until the end of its useful life.

Regardless of whether or not there is any indication that the value of an asset may not be recovered, goodwill balances arising from business combinations and intangible assets with an indefinite useful life are tested for recoverability at least once a year, or less frequently when there are circumstances that require analysis over a shorter period than once a year. When the residual value of an asset exceeds its recoverable amount, the Company recognizes a reduction in the book balance of these assets.

If the recoverable amount of the asset cannot be determined individually, the recoverable amount of the business segments to which the asset belongs is analyzed.

Except for an impairment of goodwill, a reversal of impairment of assets is permitted. The reversal in these circumstances is limited to the amount of the balance of the provision for impairment of the corresponding asset.

The recoverability of goodwill is assessed based on the analysis and identification of facts and circumstances that may result in the need to anticipate the test carried out annually. If any fact or circumstance indicates that the recoverability of goodwill is affected, then the test is brought forward. The Company carried out new goodwill recoverability tests for all its cash-generating units, which represent the lowest level at which goodwill is monitored by management and is based on projections of discounted cash flow expectations and which take into account the following assumptions: cost of capital, growth rate and adjustments used for cash flow perpetuity purposes, methodology for determining working capital and long-term economic and financial forecasts.

The process of reviewing recoverability is subjective and requires significant judgment through analysis. The assessment of the Company's cash-generating units, based on projected cash flows, may be negatively impacted if the recovery of the economy and growth rates occurs at a slower rate than expected, as well as if management's plans for the Company's business do not materialize as expected in the future.

The evaluations and recoverability tests of the cash-generating units are based on the assumption that the Company and its subsidiaries will continue as a going concern.

5. Cash and cash equivalents and marketable securities

	Parent		Consolidated	
Cash and cash equivalents	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Cash and banks				
Brazil	885	2,115	2,823	2,340
Abroad	-	-	66	14
Total	885	2,115	2,889	2,354
Financial Investments - BDC				
Bank deposit certificate	555	619	17,018	10,817
Total	1,440	2,734	19,907	13,171
Marketable securities	44	44	44	44

Cash equivalents refer to fixed-income investments and bank deposit certificates with immediate liquidity, except when they are collateral for obligations contracted by the company. On December 31, 2023, the balance linked to guarantees is R$ 12,137.

In the comparative period, the increase in financial investments is mainly associated with raising funds from financial institutions.

6. Accounts receivable from customers

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Local market	13,997	18,089	19,155	25,127
Export	39	2,118	39	4,347
	14,036	20,207	19,194	29,474
Less: allowance for doubtful accounts	(696)	(1,980)	(1,054)	(2,346)
	13,340	18,227	18,140	27,128
Current	13,340	18,227	18,140	27,128
Non-Current	-	-	-	-

The amount of the risk of possible losses is presented as an estimate for doubtful accounts. These estimates are made taking into account the Company's credit policy, the time elapsed since the default and the specific situation of the credit or the client.

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

Write-offs for losses comply with the parameters of tax legislation and recovery refers to the corresponding income from the recovery of the credit previously estimated as a loss, arising from the actual receipt.

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
To profit	-	423	-	2,669
To win	11,762	14,296	15,358	18,983
Due to 30 days	1,040	1,035	1,104	1,223
Due from 31 to 90 days	191	1,444	191	1,444
Due from 91 to 180 days	32	590	32	623
Due from 181 a 360 days	212	439	350	2,186
Due more than 180 days	799	1,980	2,159	2,346
	14,036	20,207	19,194	29,474

As part of its means of financing, the Company advances credit rights with or without co-obligation. When there is co-obligation, there is a corresponding obligation under liabilities, as shown in Note 15 under the heading "Discounted securities with co-obligation".

7. Inventories

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finished goods	4,399	3,927	5,711	5,392
Goods for resale	802	1,691	2,237	3,487
Products in development	12,095	12,018	19,704	25,595
Raw material	17,926	16,672	30,341	31,033
Losses on inventory obsolescence	(8,291)	(7,848)	(25,315)	(26,260)
Total	26,931	26,460	32,678	39,247

Inventory Obsolescence Losses consist of management estimates based on inventory turnover, the order backlog and the outlook for future demand for inventory items. The loss is normally accrued gradually after 1 year in disuse. Items assessed as obsolete can have their status changed if the outlook for their use changes.

Inventories are not linked to guarantees.

Changes in inventory losses:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance for the period	(7,848)	(6,983)	(26,260)	(24,029)
Loss estimate	(563)	(867)	(563)	(2,354)
Reversal	120	2	1,508	123
Final balance	(8,291)	(7,848)	(25,315)	(26,260)

8. Recoverable taxes

	Parent		Consolidated	
Recoverable Taxes	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
ICMS recoverable	8,373	11,031	8,526	11,182
ICMS about PIS and COFINS	21,212	23,311	25,561	28,842
IPI to be recovered	1,193	1,371	1,375	1,599
PIS to be recovered	79	61	148	118
COFINS recoverable	360	281	451	398
IRRF to be recovered	103	11	107	407
IRPJ to be recovered	744	507	9,150	8,351
CSLL to be recovered	591	333	2,242	2,079
Others	62	-	94	15
Total	32,717	36,906	47,654	52,991
Current	26,479	35,791	40,701	51,160
Non Current	6,238	1,115	6,953	1,831

The origin of the credits listed above is as follows:

- **ICMS** - 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 destined for export.

- **ICMS on PIS and COFINS** – refers to the amount calculated by the Company due to a final and unappealable decision in favor of excluding ICMS from the PIS and COFINS calculation basis and as provided for in Ibracon Circular 07/2021.

  Actions are being taken to use these accumulated tax credits, either by using them in the operation, offsetting them against debts or refunding them in cash. A refund request was made on June 19, 2023, with a deadline of 365 days for analysis by the Internal Revenue Service.

- **IPI, PIS and COFINS recoverable -** credits on purchases of raw materials. These credits have been realized by offsetting them against other federal taxes.

- **Income Tax and Social Contribution to be recovered** – taxes withheld at source on income from financial operations and services provided to third parties. These taxes have been offset against taxes payable of the same nature or subject to refund requests, when applicable.

9. Other receivables

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Other accounts receivable - Current				
Debentures convertible into shares	1,673	3,590	2,067	3,983
Other accounts receivable	141	140	3,545	566
Total	1,814	3,730	5,612	4,549
Other accounts receivable - non-current				
Arbitration Procedure CSL	33,341	32,783	33,341	32,783
Other accounts receivable	322	65	1,161	2,439
Total	33,663	32,848	34,502	35,222

The "Debentures convertible into shares" consist of rights transferable into shares of Ciaval Administradora de Bens e Direitos SPE S.A., a special purpose Company set up under the terms of item XVI of Article 50 of Law 11.101/2005, to make the payment in kind of goods and rights to the creditors of Class I of the judicial reorganization of the Lupatech group.

The "Arbitration Procedure - CSL" represents the execution of a judicial title that the Company is promoting against Cordoaria São Leopoldo Ltda. and its successor Cordoaria São Leopoldo Original Ltda.

"Other accounts receivable" are mainly composed of credits assigned for payment arising from forward loans made to Luxxon Participações Ltda., in which the Company ceased to participate in January 2021.

10. Assets classified as held for sale

The Company has assets classified as held for sale, which comprise special equipment dedicated to certain specialized interventions in oil wells, used mainly offshore. The nature of these assets means that the sale will take more than a year, the specialty and the geographical difficulty result in a factor that reduces the liquidity of the assets, but which are not controllable by the entity. Lupatech remains committed to its plan to sell the assets, with negotiations underway or demonstrating efforts to sell the assets.

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

The balance of assets held for sale is shown below:

	Parent		Consolidated	
Assets classified as held for sale	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Machinery and equipment	896	3,236	19,184	37,198
Industrial tools	-	-	1,412	1,412
Furniture and utensils	-	-	-	2
Vehicles	-	-	2	2
Total	896	3,236	20,598	38,614

Summary of movements in assets held for sale:

	Parent				
Cost of Assets – Net of Impairment	**Machinery and equipment**	**Industrial Tools**	**Furniture and utensils**	**Vehicles**	**Total**
Balance on December 31, 2022	**3,236**	**-**	**-**	**-**	**3,236**
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Reversal/Estimate due to non-recoverability of assets	(2,341)	-	-	-	(2,341)
Balance on December 31, 2023	**895**	**-**	**-**	**-**	**895**

Cost of Assets – Net of Impairment	Consolidated				
Balance on December 31, 2022	**37,198**	**1,412**	**2**	**2**	**38,614**
Disposal	(24,365)	-	(2)	-	(24,367)
Reversal/Estimate due to non-recoverability of assets	8,913	-	-	-	8,913
Effect of converting foreign subsidiaries	(2,562)	-	-	-	(2,562)
Balance on December 31, 2023	**19,184**	**1,412**	**-**	**2**	**20,598**

11. Investments

11.1 Investments in subsidiaries and affiliates

	Mipel	Recu	UEP	Finance	LO&G	Lochness	Ilno	Parent 12/31/2023	Parent 12/31/2022
Investment									
Amount of share or quotas									
Ordinary shares (thd)	-	3,000	-	-	-	734,613	-		
Capital stock quotas (thd)	43,113	-	395,119	50	28	-	97,765		
Participation %	100%	95%	100%	100%	5%	100%	100%		
Shareholders' equity	**3,222**	**24**	**32,313**	**92,500**	**886**	**37,230**	**97,761**		
Income for the period	(11,434)	(6)	38,516	304	(3,202)	33,866	(2)		
Unrealized profits	(531)	-	-	-	-	-	-		
Movement of investments									
Opening balance in the period	9,106	126	15,301	102,725	280	83,783	93,715	305,036	341,227
AFAC*	160	-	-	-	-	-	-	160	-
Capital increase	5,000	-	588	-	490	-	-	6,078	4,088
Equity in earnings	(11,415)	(6)	38,516	(5,286)	72	33,866	(2,121)	53,626	(27,172)
Equity valuation adjustment	-	(97)	(22,092)	(4,939)	(798)	(80,419)	-	(108,345)	(13,107)
Final balance in the period	**2,851**	**23**	**32,313**	**92,500**	**44**	**37,230**	**91,594**	**256,555**	**305,036**

*Advance for future capital increase

The financial statements of subsidiaries and associates are as follows: Mipel Comércio e Indústria de Peças Técnicas Ltda.; Recu – S.A; UEP Equipamentos e Serviços para Petróleo Ltda.; Finance - Lupatech Finance Limited; LO&G - Lupatech Oil&Gas Coöperatief U.A, Lochness Participações S.A e Ilno Administradora de Bens e Direitos Ltda.

11.2 Investment property

It currently consists of land and a built-up 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., which was set up to give the property in payment to the creditors of Class I of the judicial reorganization of the Lupatech group, under the terms of item XVI of Article 50 of Law 11.101/2005, in accordance with the judicial authorization granted within the scope of the judicial reorganization process. Investment property is measured at fair value. On December 31, 2023, an estimate was recognized for the non-recoverability of assets. According to a technical report by an independent company, the total fair value calculated for real estate and portions of real estate intended for investment is R$ 19,685.

	Consolidated		
	Land	Building and construction	Total
Balance on December 31, 2022	20,302	1,640	21,942
Additions	-	-	-
Disposal	-	-	-
Reclassification to Fixed Assets	(1,483)	(774)	(2,257)
Balance on December 31, 2023	18,819	866	19,685

12. Imobilizado

	Weighted avarage rate of depreciation % p.p.	Parent		Consolidated	
		12/31/2023 net fixed assets	12/31/2022 net fixed assets	12/31/2023 net fixed assets	12/31/2022 net fixed assets
Land	-	3,751	3,751	13,730	13,730
Building and construction	3%	5,496	5,672	97,566	100,279
Machinery and equipment	12%	7,764	9,731	9,348	13,187
Molds and matrixes	21%	801	870	867	947
Industrial installations	7%	82	383	1,375	1,729
Furniture and fixtures	9%	536	581	711	796
Data processing equipment	34%	209	253	350	416
Improvements	8%	285	340	851	912
Vehicles	12%	12	7	12	7
Advances for fixed assets acquisitions	-	100	100	5,419	5,452
Construction in progress	-	1,045	856	1,176	931
Total		20,081	22,544	131,405	138,386

Summary of asset transactions:

	Parent								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial installations and improvements**	**Furniture and fixtures**	**Data processing equipment**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2022	**3,751**	**8,269**	**89,224**	**2,058**	**3,923**	**4,201**	**856**	**558**	**112,840**
Additions	-	-	374	21	2	17	233	7	654
Disposal	-	-	(279)	(11)	(14)	(61)	-	(2)	(367)
Transfer	-	-	44	-	-	-	(44)	-	-
Balance on December 31, 2023	**3,751**	**8,269**	**89,363**	**2,068**	**3,911**	**4,157**	**1,045**	**563**	**113,127**
Accumulated depreciation									
Balance on December 31, 2022	**-**	**(2,597)**	**(78,623)**	**(1,335)**	**(3,343)**	**(3,947)**	**-**	**(451)**	**(90,296)**
Additions	-	(176)	(2,362)	(371)	(37)	(58)	-	(2)	(3,006)
Disposal	-	-	187	5	5	57	-	2	256
Balance on December 31, 2023	**-**	**(2,773)**	**(80,798)**	**(1,701)**	**(3,375)**	**(3,948)**	**-**	**(451)**	**(93,046)**
Net fixed assets									
Balance on December 31, 2022	**3,751**	**5,672**	**10,601**	**723**	**580**	**254**	**856**	**107**	**22,544**
Balance on December 31, 2023	**3,751**	**5,496**	**8,565**	**367**	**536**	**209**	**1,045**	**112**	**20,081**

	Consolidated								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial installations and improvements**	**Furniture and fixtures**	**Data processing equipment**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2022	**13,730**	**113,152**	**102,487**	**5,757**	**5,734**	**7,891**	**931**	**13,863**	**263,545**
Additions	-	-	444	21	6	19	306	7	803
Disposal	-	-	(366)	(10)	(114)	(886)	-	(515)	(1,891)
Transfer	-	-	172	15	(126)	-	(61)	-	-
Reversal/estimate for non-recoverability of assets	-	-	-	-	179	-	-	-	179
Capitalized financial effect	-	-	1,250	-	-	-	-	-	1,250
Balance on December 31, 2023	**13,730**	**113,152**	**103,987**	**5,783**	**5,679**	**7,024**	**1,176**	**13,355**	**263,886**
Accumulated depreciation									
Balance on December 31, 2022	**-**	**(12,873)**	**(88,353)**	**(3,116)**	**(4,938)**	**(7,475)**	**-**	**(8,404)**	**(125,159)**
Additions	-	(2,713)	(2,652)	(446)	(72)	(73)	-	(2)	(5,958)
Disposal	-	-	269	5	42	874	-	482	1,673
Capitalized financial effect	-	-	(3,036)	-	-	-	-	-	(3,036)
Balance on December 31, 2023	**-**	**(15,586)**	**(93,772)**	**(3,557)**	**(4,969)**	**(6,674)**	**-**	**(7,924)**	**(132,480)**
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 December 31, 2023	**13,730**	**97,566**	**10,215**	**2,226**	**711**	**350**	**1,176**	**5,431**	**131,405**

Certain fixed assets are encumbered by mortgages, which guarantee loans, or pledged in certain tax contingencies. The following table shows the amounts of encumbered assets, according to their current book value:

Goods burdened by	Parent	Consolidated
Taxation (Tax executions)	7,252	7,284
Loans and financing	8,958	103,194
Total	16,210	110,478

According to reports drawn up by independent appraisers, the market value of the real estate and machinery and equipment totals R$ 170,840.

13. Intangibles

		Parent		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
	Weighted amortization rate % per year	Net intangible assets		Net intangible assets	
Goodwill on acquisition of investments (*)	-	61,479	61,479	82,166	82,166
Software and other licenses	20% a.a.	15	319	41	353
Development of new products	20% a.a.	745	973	1,003	1,230
Total		62,239	62,771	83,210	83,749

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

Overview of changes in intangible assets:

	Parent			
Gross intangible cost	**Goodwill on acquisition of investments**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2022	**61,479**	**13,270**	**10,233**	**84,982**
Additions	-	-	-	-
Balance on December 31, 2023	**61,479**	**13,270**	**10,233**	**84,982**
Accumulated Amortization				
Balance on December 31, 2022	**-**	**(12,951)**	**(9,260)**	**(22,211)**
Additions	-	(304)	(228)	(532)
Balance on December 31, 2023	**-**	**(13,255)**	**(9,488)**	**(22,743)**
Net Intangible Assets				
Balance on December 31, 2022	**61,479**	**319**	**973**	**62,771**
Balance on December 31, 2023	**61,479**	**15**	**745**	**62,239**

	Consolidated			
Gross intangible cost	**Goodwill on acquisition of investments**	**Softwares and other licenses**	**Development of new products**	**Total**
Balance on December 31, 2022	**79,890**	**16,356**	**11,581**	**107,827**
Additions	-	-	-	-
Balance on December 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	-	(312)	(227)	(539)
Balance on December 31, 2023	**2,276**	**(16,315)**	**(10,578)**	**(24,617)**
Net Intangible Assets				
Balance on December 31, 2022	**82,166**	**353**	**1,230**	**83,749**
Balance on December 31, 2023	**82,166**	**41**	**1,003**	**83,210**

a. Development of new products

This refers to the costs incurred in developing new products, processes and equipment. The amortization of these projects, the term of which does not exceed 5 years, is charged to the income statement.

b. Software and other licenses

Includes all data processing systems and licenses for use, which are recorded at acquisition cost and amortized on a straight-line basis. Software is amortized to the debit side of the income statement over a period of 5 years.

c. Goodwill on the acquisition of investments

Goodwill is allocated to the cash generating units for which it can be identified in the cash flows of the Cash Generating Units (CGUs). The balance of goodwill is not amortized, but is subject to impairment tests annually or whenever there are indications of a possible loss in value. In 2023, no indications of impairment of goodwill were identified.

The assumptions used to determine the fair value using the discounted cash flow method for impairment testing include: cash flow projections based on management's estimates of business performance over a 10-year horizon. The projections are made in nominal currency, assuming assumptions about exchange rates and inflation. The discounted cash flows are calculated for 5 and 10 year horizons and also considering the perpetuity of the business, and these values are compared to the book balances of the assets in use in order to assess the need to recognize any loss in value. Whenever appropriate, management compares the values in use with the estimated sale values of the CGUs in order to identify any distortions in the calculations.

The discount rates used were drawn up taking into account market information available on the test date. The discount rate used was 10.6% p.a., based on the weighted cost of capital according to the CAPM methodology.

Management's estimates take into account the progressive recovery of the business, so that significant events or changes in the outlook may lead to the estimation of significant losses due to the recoverability of goodwill.

The following table summarizes the allocation of the goodwill balance by Cash Generating Unit level:

CGUs	Goodwill on acquisition of investments			
	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Product Segment				
Industrial Valves	6,065	6,065	6,065	6,065
Ropes	55,414	55,414	55,414	55,414
Composites (Fiberware)	-	-	20,687	20,687
Total	61,479	61,479	82,166	82,166
Investment	-	-	-	-
Intangible	61,479	61,479	82,166	82,166

CGUs	Goodwill on investment acquisition	Impairment	Net goodwill
Product Segment			
Industrial Valves	6,065	-	6,065
Ropes	125,414	(70,000)	55,414
Composites (Fiberware)	20,687	-	20,687
Total	152,166	(70,000)	82,166

During the year ended December 31, 2023, no reversal or estimate of losses due to the non-recoverability of goodwill was recognized.

14. Suppliers

	12/31/2023						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	5,196	39,666	**44,862**	5,196	39,666	**44,862**	4,731	41,035	**45,766**	4,731	41,035	**45,766**
Export Suppliers	-	8,267	**8,267**	-	8,267	**8,267**	-	8,933	**8,933**	-	8,933	**8,933**
(-) Adjustment to present value	-	(21,284)	**(21,284)**	-	(21,284)	**(21,284)**	-	(23,806)	**(23,806)**	-	(23,806)	**(23,806)**
	5,196	**26,649**	**31,845**	**5,196**	**26,649**	**31,845**	**4,731**	**26,162**	**30,893**	**4,731**	**26,162**	**30,893**
Suppliers Not Subject to Judicial Recovery												
National Suppliers	6,795	-	**6,795**	9,714	-	**9,714**	7,394	-	**7,394**	10,953	-	**10,953**
Export Suppliers	162	-	**162**	162	-	**162**	121	-	**121**	121	-	**121**
	6,957	**-**	**6,957**	**9,876**	**-**	**9,876**	**7,515**	**-**	**7,515**	**11,074**	**-**	**11,074**
Total of Suppliers	**12,153**	**26,649**	**38,802**	**15,072**	**26,649**	**41,721**	**12,246**	**26,162**	**38,408**	**15,805**	**26,162**	**41,967**

The due dates for non-current installments from suppliers are as follows:

Parent and Consolidated	
Maturity	**12/31/2023**
2025	1,417
2026	1,794
2027	2,172
2028	2,896
From 2029	18,370
	26,649

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	**30,893**
Interest update	(1,266)
Exchange rate variation update	818
Payments	(1,123)
(-) Adjustment to present value	2,523
Balance on December 31, 2023	**31,845**

15. Loans and financing

			12/31/2023						12/31/2022					
			Parent			Consolidated			Parent			Consolidated		
Description	**Indexer**	**Fees weighted interest**	**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	2,616	37,630	**40,246**	2,616	37,630	**40,246**	1,495	39,001	**40,496**	1,495	39,001	**40,496**
(-) Adjustment to present value			-	(16,815)	**(16,815)**	-	(16,815)	**(16,815)**	-	(18,200)	**(18,200)**	-	(18,200)	**(18,200)**
Unsecured creditors (Class III)	FIXED	3,3% p.a. + TR	2,154	72,786	**74,940**	2,154	72,786	**74,940**	1,816	86,340	**88,156**	1,816	86,340	**88,156**
(-) Adjustment to present value			-	(35,545)	**(35,545)**	-	(35,545)	**(35,545)**	-	(45,311)	**(45,311)**	-	(45,311)	**(45,311)**
Foreign currency														
Unsecured creditors (Class III)	FIXED	0,4% p.a	-	-	-	1,496	71,933	**73,429**	-	-	-	1,020	78,759	**79,779**
(-) Adjustment to present value			-	-	-	-	(37,727)	**(37,727)**	-	-	-	-	(45,063)	**(45,063)**
			4,770	**58,056**	**62,826**	**6,266**	**92,262**	**98,528**	**3,311**	**61,830**	**65,141**	**4,331**	**95,526**	**99,857**
Not subject to Judicial Recovery														
Local currency														
Expansion - BNDES*	TJLP	6,55% p.a.	5,034	-	**5,034**	8,648	-	**8,648**	5,034	-	**5,034**	8,648	-	**8,648**
Discounted securities with co-obligation, fiduciary assignment of receivables and credits with fiduciary guarantee	FIXED	1,86% a.m.	17,581	-	**17,581**	17,834	-	**17,834**	20,984	-	**20,984**	23,786	-	**23,786**
Working Capital and GIF**	FIXED	1,68% a.m.	5,377	2,765	**8,142**	15,366	2,765	**18,131**	4,962	5,820	**10,782**	15,024	5,820	**20,843**
Foreign currency														
Capital de giro / expansão - BNDES*	DOLLAR	5,10% p.a.	1,214	-	**1,214**	2,519	-	**2,519**	1,214	-	**1,214**	2,519	-	**2,519**
			29,206	**2,765**	**31,971**	**44,367**	**2,765**	**47,132**	**32,194**	**5,820**	**38,014**	**49,977**	**5,820**	**55,797**
			33,976	**60,821**	**94,797**	**50,633**	**95,027**	**145,660**	**35,505**	**67,650**	**103,155**	**54,308**	**101,346**	**155,654**

* The credits for "Working Capital/Expansion" granted by the BNDES are the subject of litigation (Note 21) which involves, among other things, the classification of the credits. The amounts indicated in the table correspond to the total amount under discussion, and are subdivided into a part subject to Judicial Recovery and a part not subject. The non-subject part is limited to the value of the assets subject to fiduciary sale, which could only be assessed at auction according to the decision of the São Paulo Court of Justice - according to appraisal reports contracted by the Company, the assets had a value of R$ 5,005 in 2018.

**Due to non-compliance with the Financial Covenant of the Bank Credit Note (BOCOM), where valuation is carried out using financial ratios calculated based on the audited financial statements, the amount of R$ 3,451 was classified as current on December 31, 2023.

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

	Parent	Consolidated
Maturity	**12/31/2023**	**12/31/2022**
2025	4,035	5,642
2026	4,339	6,374
2027	5,479	7,943
2028	3,285	9,958
From 2029	43,682	65,110
	60,821	**95,027**

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

Current and Non-current		
	Total National and Foreign	
Loans and financing Subject to Judicial Reorganization	**Parent**	**Consolidated**
Balance on December 31, 2022	**65,141**	**99,857**
Interest update	3,667	4,067
Payments	(17,133)	(18,153)
Equity valuation adjustment*	-	(5,730)
Asset valuation adjustments	11,151	18,487
Balance on December 31, 2023	**62,826**	**98,528**

*Amount of balance sheet conversion in foreign currency.

The guarantees contracted on loans and financing are detailed below:

		Value of the guarantee		Value of the guarantee	
		Parent	Consolidated	Parent	Consolidated
Subject and not subject to Judicial Recovery		**Book value**	**Book value**	**Book value**	**Book value**
Local currency	**Garantee**				
Working capital / expansion	Mortgage / Buildings	2,659	94,256	33,281	33,906
	Machinery and equipment	783	3,422	2,639	3,653
	FGI	5,516	5,516	6,862	6,862
		8,958	**103,194**	**42,782**	**44,421**

According to independent appraisal reports dated from 2018 to 2022, the market value corresponding to the balances of mortgages, buildings, machinery and equipment totals R$ 141,855.

16. Debentures

Fourth Issue of Debentures in shares of the Company

At a meeting held on March 24, 2023, the Board of Directors approved the Company's 4th issue of Debentures Convertible into Shares. 250 Debentures were issued in a single series, for a nominal value of R$ 100,000, in the amount of up to R$ 25 million, with a Subscription Bonus as an additional benefit. 101 Debentures were subscribed, in the amount of R$ 10.1 billion, and the remaining 149 that were not subscribed were canceled.

On December 31, 2023, all the debentures of the 4th issue had been converted into shares and there was no remaining balance.

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

As decided at a meeting held on March 24, 2023, for each Debenture subscribed and paid up in the Issue, 175,600 Subscription Bonuses were delivered free of charge as an additional benefit, which conferred on their holders the right to subscribe and pay up shares, in the proportion of one Share for each Bonus exercised, under the terms and conditions of the respective issue of Subscription Bonuses, carried out in conjunction with the 4th Issue of Debentures. In the final homologation, 17,735,600 Subscription Bonuses were issued.

The warrants have an exercise period of up to March 24, 2025, which may be extended to March 24, 2026, in accordance with the issue rules.

17. Related Companies

17.1 Parent company

The balances and transactions between the Company and its subsidiaries, which are its related parties, were eliminated on consolidation. Details of the transactions between the parent company and its subsidiaries are presented below:

	Lochness	Mipel	Lupatech Finance	UEP Equipamentos	12/31/2023	12/31/2022
Current						
Accounts receivable	504	435	-	-	939	19,619
Non-current						
Mutual and loans	-	-	9,742	-	9,742	12,644
	504	435	9,742	-	10,681	32,263
Current						
Mutual and loans	-	-	-	-	-	12,154
Other accounts payable	-	-	1,251	3,203	4,454	20,405
Non-current						
Mutual and loans	-	-	130,524	-	130,524	141,418
Other bills to pay	-	-	-	-	-	32,876
	-	-	131,775	3,203	134,978	206,853
Result for the year						
Product purchases	-	7,505	-	-	7,505	8,672
Financial income	45	-	4	-	49	45
Financial expenses	404	-	623	-	1,027	651
Exchange variation	-	-	(18,245)	-	(18,245)	9,952
	449	7,505	(17,618)	-	(9,664)	19,320

	Parent						
	Transaction date	Duration	Interest rate	Amount R$	Balance US$	12/31/2023	12/31/2022
Assets mutual							
Foreign currency							
Contract 1	Jul-14	Undetermined	105% do DI-Cetip	19,820	1,925	9,320	12,241
Contract 2	Dec-14	Undetermined	12,000% p.a.	288	87	422	403
				20,108	**2,012**	**9,742**	**12,644**
Liabilities mutual							
Foreign currency							
Contract 3	Jan-18	Undetermined	0,4% p.a.	227,331	26,961	130,524	141,418
Contract 4	Dec-21	Undetermined	-	11,888	-	-	12,154
				239,219	**26,961**	**130,524**	**153,572**

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

Guarantees granted
Transactions with related parties do not have guarantees attached to the operation, and are summarized as 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 have guarantees in their composition.

18. Key management personnel

Management Remuneration
Every year, the shareholders at the Annual General Meeting determine the remuneration limits for the management bodies. Management remuneration is made up of a fixed component and, in the case of the Executive Board, also includes a variable component.

The following table details the remuneration of the management bodies:

	Parent Company and Consolidated			Parent Company and Consolidated		
Management compensation	**Fixed**	**Variable**	**12/31/2023**	**Fixed**	**Variable**	**12/31/2022**
Direction	(540)	(2,935)	(3,475)	(1,860)	(152)	(2,012)
Board of Directors	(1,088)	-	(1,088)	(1,020)	-	(1,020)
Total	(1,628)	(2,935)	(4,563)	(2,880)	(152)	(3,032)

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

The Company offers its managers and key employees the possibility of participating in stock option plans. These plans give the beneficiaries the right, but not the obligation, to acquire shares at a previously agreed price within defined periods, upon payment of the price. It is therefore a commercial transaction between the parties.

19. Income tax and social contribution

Lupatech S.A. and its subsidiaries and affiliates have balances of R$ 826,229 and R$ 1,060,510 respectively, of accumulated tax losses totaling R$ 1,886,739 until December 2023.

a) Deferred Income Tax and Social Contribution - Assets

The Company has tax losses which can be offset against future taxable profits, and deferred tax credits have been set up. According to the technical analyses prepared, the Company estimates the realization of tax credits as follows:

	Controladora		Consolidado	
IRPJ and CSLL - Tax Credits	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Estimated completion - 2024	3,962	3,962	4,286	4,286
Estimated completion - 2025	8,513	8,513	9,210	9,210
Estimated completion - 2026	11,462	11,462	12,401	12,401
From in 2027	66,613	71,263	77,103	77,103
Total	**90,550**	**95,200**	**103,000**	**103,000**

The Company recognizes deferred income tax and social contribution on temporary differences arising from adjustments to accounting profit, as shown below:

	Parent		Consolidated	
IRPJ and CSLL - Temporary Differences	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Adjustment to present value of suppliers, fines, loans and debentures	(25,873)	(29,670)	(34,852)	(40,395)
Assigned Cost	-	-	(2,447)	(2,447)
Others	(9,521)	(3,366)	(9,521)	(3,366)
	(35,394)	**(33,036)**	**(46,820)**	**(46,208)**

The above amounts are presented net in the balance sheet, as follows:

	Parent		Consolidated	
IRPJ and CSLL - Non-Current Assets	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Tax Credits	90,550	95,200	103,000	103,000
Temporary Differences	(35,394)	(33,036)	(46,820)	(46,208)
	55,156	**62,164**	**56,180**	**56,792**

b) Reconciliation of income tax and social contribution expenses

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Profit (loss) before tax	**59,657**	**(54,549)**	**53,261**	**(69,485)**
Addition and Exclusions				
Equity	53,626	27,172	-	-
Profits abroad	304	-	-	-
Stock obsolescence	(443)	(865)	945	(2,231)
(Reversal) Estimate of losses due to non-recoverability of assets	20,434	-	27,112	(5,674)
(Reversal) Estimate of losses for bad debts	(1,283)	(1,553)	(1,292)	(1,685)
Estimates for losses from lawsuits	(16,213)	(212)	2,562	(2,365)
Non deductable expenses	-	832	1,273	(3,905)
Present value adjustment	15,953	8,371	15,953	-
Fair value adjustment	-	645	-	-

Provision of interest on suppliers	(4,110)	27	(4,192)	(60)
Provision for exchange rate variation	(25,581)	13,534	(119,481)	(15,839)
Others	(110,172)	(7,122)	(49,733)	69,277
Calculation basis	**(7,828)**	**(13,720)**	**(73,593)**	**(31,967)**
Current income tax and social contribution	**-**	**-**	**-**	**-**
Deferred income tax and social contribution	**(7,008)**	**109,415**	**(612)**	**124,351**

20. Other accounts payable

	Parent		Consolidated	
Others payable - Current Liabilities	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Provision of fees	17	1,655	67	1,655
Labor contingencies payable	442	504	587	608
Miscellaneous provisions	437	993	437	1,281
Other obligations - subject to Judicial Recovery	2,138	1,457	2,138	1,457
Contractual Fines	3,072	621	3,072	621
Other bills to pay	1,157	1,800	1,620	2,154
Total	7,263	7,030	7,921	7,776

	Parent		Consolidated	
Others payable - Non-current	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Labor contingencies payable	-	-	1,849	2,060
Other obligations - subject to Judicial Recovery	36,234	33,626	36,234	33,626
Other bills to pay	-	-	1,501	1,071
Total	36,234	33,626	39,584	36,757

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

Parent and Consolidated	
Maturity	**12/31/2023**
2025	1,727
2026	2,187
2027	2,648
2028	3,530
From 2029	26,142
	36,234

The table below shows the movement of other obligations subject to judicial reorganization in 2023:

Current Liabilities and non-current	
Other obligations - subject to Judicial Recovery	**Parent and Consolidated**
Balance on December 31, 2022	**35,083**
Interest update	2,468
Payments	(1,458)
(-) Adjustment to present value	2,279
Balance on December 31, 2023	**38,372**

21. Contingent proceedings and judicial deposits

21.1 Judicial deposits

The Company has the following balances of judicial deposits, which are linked to contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	111	267
Labor contingencies	1,249	4,038
Civil contingencies	129	774
Total on December 31, 2023	**1,489**	**5,079**
Total on December 31, 2022	**1,897**	**7,639**

21.2 Provision for tax, labor and civil risks

The Company is discussing tax, labor and civil issues in court. The provision for tax, labor and civil risks was calculated by management based on available information and supported by the opinion of its lawyers as to the expected outcome, in an amount considered sufficient to cover losses considered probable that may occur as a result of unfavorable court decisions.

		Parent		Consolidated	
		Expectation of loss		Expectation of loss	
		Possible	Probable	Possible	Probable
Tax (i)					
ICMS - Tax on Circulation of Goods and Services	(i.1)	103,531	-	103,957	-
CSLL - Social Contribution on Net Income		2,279	-	6,900	-
IRPJ - Corporate Income Tax	(i.2)	21,039	-	52,044	-
IRRF - Withholding Income Tax	(i.3)	59,145	-	59,145	-
IPI - Excise Tax		949	-	949	-
COFINS - Tax for Social Security Financing		-	-	275	-
ISS - Services Tax	(i.4)	-	-	8,375	-
CIDE - Contribution for Intervention in the Economic Domain		-	-	1,707	-
Other tax provisions	(i.5)	1,951	-	53,850	-
		188,894	-	287,202	-
Labor (ii)		3,244	16,930	9,344	22,291
Civil (iii)		8,004	1,536	19,190	5,300
Total on December 31, 2023		200,141	18,466	315,736	27,591
Total on December 31, 2022		171,011	3,928	309,589	32,915

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

The provision for resources involved in the 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 presumed in view of the matter discussed, the judgments in each lawsuit and the jurisprudential understanding of each case. Claims with a probability of possible loss are excluded from the provision.

The movement in the balance of the provision is as follows:

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2022	**-**	**3,927**	**1,044**	**4,971**	**264**	**23,097**	**9,554**	**32,915**
Additions	-	13,641	561	14,202	-	14,490	758	15,248
Write-offs	-	(638)	(69)	(707)	(264)	(15,296)	(5,013)	(20,572)
Balance on December 31, 2023	**-**	**16,930**	**1,536**	**18,466**	**-**	**22,291**	**5,300**	**27,591**

Legal claims are divided into three spheres, namely:

(i) Tax contingencies

Discussions involving state and federal taxes, including IRPJ, PIS, COFINS, INSS, ICMS and IPI. There are cases at all procedural stages, from the initial instance to the higher courts, STJ and STF. The main cases and amounts are as follows:

Main contingent lawsuits in the parent company classified as possible losses on December 31, 2023:

(i.1) Annulment action brought by the state of Rio Grande do Sul seeking to set aside an ICMS tax credit, due to the company's failure to pay the tax on the fictitious export of goods under REPETRO, given that this operation is immune from its levy. Lawsuit filed on April 28, 2017, subject to a possible loss of R$ 77,934.

Annulment action filed against the State of São Paulo, filed on October 22, 2015, with the aim of cancelling the ICMS debt. It is argued, in summary, that the tax authorities ignored the fact that the incoming invoices were issued in order to annul the outgoing invoices that were improperly issued. The case is subject to a possible loss of R$ 4,367.

Tax execution by the São Paulo State Treasury, filed on July 13, 2012, relating to the collection of ICMS credits. Process subject to possible loss of R$ 16,902.

(i.2) Manifestation of non-conformity presented to have the negative IRPJ balance recognized. Process distributed on May 30, 2014, subject to possible loss of R$ 8,804.

Annulment action seeking the annulment of the tax credit (IRPJ and CSLL for the calendar years 2009 and 2010). Process distributed on April 15, 2020, subject to a possible loss of R$ 6,525.

Notice of infraction from the Brazilian Federal Revenue Service, issued as a result of the Manifestation of Nonconformity presented against the decision order. Process distributed on July 23, 2014, subject to a possible loss of R$ 5,710.

(i.3) Tax enforcement by the National Treasury, regarding the collection of IRRF debts. The discussion on the merits is being held in a writ of mandamus, in which a ruling was handed down recognizing that a substantial portion of the tax credits arising from the administrative process are unfounded. Case distributed on January 21, 2016, subject to possible loss of R$ 59,184.

Main contingent processes in subsidiaries classified as possible losses on December 31, 2023.

(i.2) Notice of infraction issued by the Brazilian Federal Revenue Service, due to alleged irregularities in the calculation of IRPJ, CSLL, PIS and COFINS in 2013. Case distributed on October 6, 2016, subject to a possible loss of R$ 13,250.

Notice of infraction from the Brazilian Federal Revenue Service, issued as a result of the arbitration of profit in calendar year 2010. Process distributed on November 10, 2014, subject to a possible loss of R$ 15,661.

(i.4) Tax enforcement by the Municipality of Três Rios - RJ, for collection of ISS for the periods 2013 and 2014. Process distributed on December 10, 2015, subject to a possible loss of R$ 3,848.

(i.5) Infraction notices issued by the Brazilian Federal Revenue Service, for the collection of fines due to alleged non-compliance with the special customs regime for temporary admission. Cases subject to possible loss of R$ 15,873.

Tax execution filed to collect taxes levied on declared imports. Process distributed on August 31, 2021, subject to a possible loss of R$ 7,024.

Tax assessment notices issued by the Brazilian Federal Revenue Service to collect the remaining balance of II, IPI, PIS and COFINS levied on declared imports. Cases subject to possible loss of R$ 3,575.

Notice of infraction issued by the Federal Government regarding the collection of fines levied as a result of alleged non-compliance with the special customs regime for temporary admission. Case distributed on December 14, 2018. Process subject to possible loss of R$ 3,180.

Notice of infraction issued by the Federal Government, distributed on December 14, 2018, relating to the collection of fines levied as a result of alleged non-compliance with the special customs regime for temporary admission. Process subject to possible loss of R$ 2,918.

(ii) Labor contingencies

The Company and its subsidiaries are parties to labor lawsuits, mainly involving claims for overtime, material and moral damages, unhealthy working conditions and hazardous duty, among others.

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

Obligations linked to labor contingencies	Balance Sheet	Subject to Judicial Reorganization	Not Subject to Judicial Reorganization	Total on 12/31/2023
Labor obligations and provisions	Current Liabilities	315	-	315
Labor obligations and provisions	Long-Term Liabilities	2,238	-	2,238
Provision for labor risks	Long-Term Liabilities	16,867	2,353	19,220
Labor contingencies assessed as possible	Not provisioned in the balance sheet	2,507	1,172	3,679

Obligations linked to labor contingencies	Balance Sheet	Total on 12/31/2023
Other Accounts Receivable/Convertible Debentures (Note 9)	Current assets	2,067
Judicial Deposits - Labor Contingencies	Non-Current Assets	4,038
Property for Investment (Note 21.1)	Non-Current Assets	19,685

On the occasion of the judicial reorganization, the Company took steps to pay all contingent labor credits subject to judicial reorganization. These measures include: (i) the payment in kind of shares in a Special Purpose Company to which assets and rights were contributed for sale and subsequent distribution of capital to former creditor shareholders; (ii) the issue of Subscription Bonuses for the payment of credits exceeding the amount of 150 minimum wages in force on the date of the request for judicial reorganization; and (iii) the necessary measures for the contribution of supplementary assets to the SPE.

(iii) Civil contingencies

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

(iii.1) Search and seizure lawsuit filed on October 20, 2015 by Banco Nacional do Desenvolvimento Econômico ("BNDES") against Lupatech S.A. and UEP - Equipamentos e Serviços para Petróleo Ltda, aiming to promote the search and seizure of machinery and equipment offered in fiduciary alienation on the occasion of financing granted by BNDES to these Group companies. Due to the judicial reorganization of the Lupatech Group, on February 1, 2017 the court of the 5th Federal Court of São Paulo, in which the lawsuit is being processed, ordered the suspension of all expropriatory acts and submitted to the judicial reorganization court the analysis of the essentiality of said machinery and equipment for the operations of the Lupatech Group.

In the judicial reorganization proceedings, with the exception of the assets belonging to the Macaé unit, the others were declared by the court to be essential to the Lupatech Group's operations, preventing their search and seizure. Subsequently, after the appeal periods had expired, the BNDES again demanded that the search and seizure of the assets in the Judicial Recovery be resumed. The BNDES' new request, although accepted in the first and second instances, was blocked by the Superior Court of Justice, which ordered that other means than seizure of the assets be used to satisfy the BNDES' claim.

The BNDES filed an appeal against the decision handed down by the STJ Minister, which is awaiting judgment. On July 12, 2023, the BNDES submitted a statement informing the court of the decision to close the judicial reorganization and reiterating its request for the granting of its interlocutory appeal. The appeals are awaiting judgment by the STJ.

In December 2021, the São Paulo Court of Justice ruled that the value of the BNDES' out-of-court credit, that arising from the assets that make up the fiduciary alienation guarantee - the subject of the search and seizure, is limited to its effective liquidation value at auction. According to the asset appraisal report dated 2018, the value of the assets is R$ 5,005. The debt is recorded in liabilities (Note 15) at its balance on the date of the request for judicial reorganization of R$ 11,167, which is subdivided into a part subject to Judicial Reorganization (class II) and a part not subject (the effective value of the assets).

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

(iii.1) Ordinary lawsuit filed by Weatherford Indústria e Comércio Ltda. and Weus Holding INC on July 14, 2008 against Lupatech - Equipamentos e Serviços para Petróleo Ltda. involving industrial and intellectual property disputes. The lawsuit has a risk of loss rating of approximately R$ 624 as probable, R$ 2,080 as possible and R$ 52,024 as remote.

(iii.2) Action brought by Petrobras against Sotep Sociedade Técnica de Perfuração S.A. for recognition and collection of contractual penalties. The dispute involves the illegality of the penalty applied by the contractor. Collection is subject to Sotep's Judicial Recovery. Sentencing is awaited. Process subject to possible loss of R$ 4,319.

21.3 Contingent Assets

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

	Parent		Consolidated	
	Gain expectation		Gain expectation	
	Possible	Probable	Possible	Probable
Tax	100	318	1,689	12,188
Civil	7,296	7,968	16,119	8,557
Total on December 31, 2023	**7,396**	**8,286**	**17,808**	**20,745**
Total on December 31, 2022	**5,411**	**48,437**	**11,367**	**59,526**

(i) Tax Contingent Assets

The Lupatech Group has legal claims seeking recognition of the exclusion of ICMS from the PIS and COFINS calculation basis. The matter was decided by the STF in general repercussion, so the company expects these lawsuits to proceed with favorable decisions. As they are still the subject of 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 as a result of a partial final and unappealable decision in favor of excluding ICMS from the PIS and COFINS calculation basis is shown in note 8.

The Lupatech Group has legal claims for the refund of ICMS-Import on operations covered by a special temporary admission regime, in which there was no transfer of ownership of the goods. As they are still the subject of 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 proceedings against CIM Componentes:

This is an arbitration proceeding initiated by Lupatech - Equipamentos e Serviços para Petróleo Ltda. against CIM Componentes, now known as 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 the 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$ 5,402 represented by the amount advanced by Lupatech, minus the amount of containers delivered by CIM Componentes. On June 8, 2022, an arbitration award was handed down confirming the existence of a claim in favor of Lupatech in the aforementioned historical amount, whose criteria for monetary correction and default interest would still be defined in a subsequent settlement phase. The liquidation phase was not opened because CIM Componentes did not submit the documents relating to its request, nor because it had not paid the costs of the procedure. A final decision is awaited from the Arbitration Court on Lupatech's request to set the initial terms for monetary correction and interest on arrears.

22. Taxes payable

	Parent		Consolidated	
Taxes payable - Current	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
ICMS installment	-	-	1,205	63
INSS installment	26	21	44	39
Ordinary installments	4,321	2,499	7,690	4,169

Installment Payment Judicial Recovery	455	654	1,139	1,314
Exceptional Transaction PGFN 8.798/2022 "QuitaPGFN"	1,191	6,231	1,334	8,572
Municipal installments	115	5	131	21
ICMS	19	73	49	1,109
INSS	1,560	1,555	1,974	2,068
IRRF	703	714	776	817
CSLL	21	13	24	17
COFINS	655	738	1,602	1,296
PIS	107	127	302	268
IPI	259	-	259	975
FGTS	4,241	3,513	4,791	4,731
ISSQN	26	21	670	-
Other taxes / installments	43	50	333	518
Total	13,742	16,215	22,323	25,977

	Parent		Consolidated	
Taxes payable - Non-current	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
ICMS installment	-	-	4,151	3,745
INSS installment	-	-	38	53
Ordinary Installment	11,958	7,733	21,948	13,077
Judicial Recovery Installment	808	969	2,374	2,839
ISS installment	18	1	305	353
Other miscellaneous taxes	96	112	383	455
Total	12,880	8,815	29,199	20,522

23. Shareholders' equity

	12/31/2023	**12/31/2022**
Share capital	1,920,820	1,898,871
Capital reserves and transactions	144,754	139,150
Asset valuation adjustments	74,679	191,562
Accumulated losses	(1,980,690)	(2,041,877)
Total equity	**159,563**	**187,706**

a) Capital stock

The current paid-up share capital consists only of ordinary shares, with 100% Tag Along rights:

	Parent and Consolidated	
	Number of Shares	**Share capital**
	Thousand	**R$**
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
Meeting Minutes 011/2023 of April 27, 2023	0.9	1.0
Meeting Minutes 031/2023 of September 05, 2023	28	49
Meeting Minutes 032/2023 of September 13, 2023	4,801	7,434
Meeting Minutes 033/2023 of September 20, 2023	33	51
Meeting Minutes 034/2023 of October 04, 2023	7	11
Meeting Minutes 035/2023 of October 18, 2023	16	19

Meeting Minutes 036/2023 of November 06, 2023	56	68
Meeting Minutes 039/2023 of November 21, 2023	1,544	1,817
Meeting Minutes 040/2023 of December 05, 2023	36	46
Meeting Minutes 041/2023 of December 21, 2023	103	752
Issue of new shares - exercise of warrants	6,625	10,249
Meeting Minutes 005/2023 of March 02, 2023	687	1,021
Meeting Minutes 022/2023 of June 16, 2023	180	493
Issue of new shares - exercise of options granted	867	1,514
Meeting Minutes 014/2023 of May 05, 2023	1,256	4,200
Meeting Minutes 026/2023 of July 11, 2023	787	2,524
Meeting Minutes 027/2023 of August 02, 2023	1,117	3,359
Meeting Minutes 028/2023 of August 07, 2023	33	103
Issue of new shares - 4th issue of Debentures	**3,193**	**10,186**
Total on December 30, 2023	**41,038**	**1,920,820**

b) Reserva de capital a realizar

	12/31/2023	**12/31/2022**
Issuance of Subscription Warrants (*)	(297,319)	(297,319)
Adjustment to fair value - Subscription Bonus	294,352	294,352
Subscription Bonus - 4th issue	(1,165)	-
Capital Reserve	**(4,132)**	**(2,967)**
Fair value of shares - Extrajudicial Recovery	144,754	139,150
Reserve and capital transactions	**144,754**	**139,150**

(*) for compliance with the Judicial Recovery Plan

Fourth issue of warrants:

On July 6, 2023, the Board of Directors approved the Company's 4th issue of warrants. The issue follows the Binding Investment Proposal of June 27, 2023.

Details of the 4th issue of warrants are set out below.

Series:	4th Issue
Date of approval:	July 06, 2023
Date of final maturity:	August 15, 2024 (*)
Amount subscribed:	6,920
Unit value R$:	810
Total amount R$:	5,605,200

(*) The exercise period can be extended by up to 180 days under the terms of the issue.

The exercise price of the warrants is set every two weeks, based on the average price of the Company's shares weighted by the volume traded in the previous ten trading sessions. The prices are set according to the calendar published by the Company, and the right to exercise at the respective price is granted in the subsequent fortnightly window.

As December 31, 2023, 6,572 warrants had been paid up and exercised.

c) Equity valuation adjustments

The Company recognizes under this heading the effect of exchange rate variations on investments in foreign subsidiaries and on goodwill arising on acquisitions of investments abroad, whose functional currency follows that to which the operation abroad is subject. The accumulated effect can only be reversed to the income statement as a gain or loss if the investment is sold or written off.

d) Dividends

Shareholders are entitled to an annual minimum mandatory dividend corresponding to 25% of adjusted net income, in accordance with corporate legislation and the bylaws. Due to accumulated losses, realized results and its financial situation, the Company has not calculated any dividends payable.

24. Financial instruments

24.1 Financial Risk Management

Financial risk factors

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

(i) Market Risks: arise 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, shares and commodities;

(ii) Credit Risks: are characterized by the possibility of loss resulting from uncertainty as to the fulfillment of obligations by counterparties, especially the receipt of amounts or the delivery of goods acquired, whether due to their economic and financial incapacity or mere breach of contract;

(iii) Liquidity risks: these 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

Foreign exchange risk arises from commercial and financial operations, recognized assets and liabilities and net investments in foreign operations. Due to its international operations, the company is exposed to the exchange rate risk of some currencies, mainly the US dollar.

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

	Amounts in US dollar thousands			
	Parent		**Consolidated**	
Items	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Cash and cash equivalents	-	69	3	3
Accounts receivable	13	305	13	726
Other assets	-	-	7,434	7,623
Related parties - Assets	2,012	2,423	-	-
Loans	(251)	(233)	(15,688)	(15,773)
Related parties - Liabilities	(26,961)	(29,432)	-	-
Other liabilities	-	-	(81)	(80)
Net exposure in US dollars	(25,187)	(26,868)	(8,319)	(7,501)

Fluctuations in interest rates also impose risks on the Company, directly due to fluctuations in the value of assets or liabilities, especially debts subject to post-fixed indices, 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 scenarios of fluctuation in these variables, with their respective probability assessments. These assumptions are judgment exercises made by management for the purposes of this simulation and may vary significantly from actual results.

Interest rate scenario and parity of the US dollar (US$) against the Brazilian real (R$) estimated by Management:
Interest rate for the year 2024: 11.8%
US$: 4.98

Interest rate and parity scenario for the US dollar (US$) against the Brazilian real (R$) possible, with a deterioration of 25% (twenty-five percent) in the risk variable considered probable:
Interest rate for the year 2024: Increase to 14.7%
US$: 6.23

Interest rate scenario and parity of the US dollar (US$) against the Brazilian real (R$) remote, with a deterioration of 50% (fifty percent) in the risk variable considered probable:
Interest rate for the year 2024: Increase to 17.6%
US$: 7.48

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

		Scenario as defined above					
		Parent			**Consolidated**		
Operating	**Risk**	**Probable**	**Possible**	**Remote**	**Probable**	**Possible**	**Remote**
Loans and financing	US$ hike	(38)	374	710	(2,516)	13,415	24,314
Loans and financing	Interest rate hike	(291)	48	58	67	83	100
Mutual contracts	US$ hike	(3,864)	37,592	71,319	-	-	-
Total (gain) loss		(4,193)	38,014	72,087	(2,449)	13,498	24,414

The credit and cash constraints faced by the Company limit the possibilities for 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 loans granted to customers for payment and to suppliers for advances.

Credit limits are monitored regularly when they are granted. When there is a default, the applicability of a provision for doubtful accounts is assessed.

Our revenues include amounts involving the client Petrobrás, directly and indirectly, which accounted for around 47% of the Company's total revenues on December 31, 2023 (48% in the same period in 2022).

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

24.2 Estimating Fair Value

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

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

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

The Company's main financial assets and liabilities are described below, as well as the criteria for their valuation:

a) Cash, cash equivalents and marketable securities - restricted

The cash and cash equivalents and securities balances are similar in value to the book balances, considering their turnover and liquidity. The table below shows this comparison:

	Parent		Consolidated	
Items	**Book value**	**Value of market**	**Book value**	**Value of market**
Cash and cash equivalents	1,440	1,440	19,907	19,907
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:

	Parent		Consolidated	
Items	**Book value**	**Value of market**	**Book value**	**Value of market**
Loans and financing not judicial recovery	6,248	5,772	11,167	10,138
Discounted securities with co-obligation	17,581	17,581	17,834	27,824
FGI/Fiduciary Receivables and Credits with fiduciary guarantee of credit rights	8,142	8,148	18,131	8,148
Loans and financing judicial recovery	62,826	62,826	98,528	98,528
Total	94,797	94,327	145,660	144,638

24.3 Financial Instruments by Category

	Parent					
	12/31/2023			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	13,340	-	13,340	18,227	-	18,227
Cash and cash equivalents	1,440	-	1,440	2,734	-	2,734
Related parties	10,681	-	10,681	32,263	-	32,263
Total	25,461	44	25,505	53,224	44	53,268
Financial Liabilities						
Loans and financing	-	94,797	94,797	-	103,155	103,155
Suppliers	38,802	-	38,802	38,407	-	38,407
Related parties	134,978	-	134,978	206,853	-	206,853
Total	173,780	94,797	268,577	245,260	103,155	348,415

	Consolidated					
	12/31/2023			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	18,140	-	18,140	27,128	-	27,128
Cash and cash equivalents	19,907	-	19,907	13,171	-	13,171
Total	38,047	44	38,091	40,299	44	40,343
Financial Liabilities						
Loans and financing	-	145,660	145,660	-	155,654	155,654
Suppliers	41,721	-	41,721	41,966	-	41,966
Total	41,721	145,660	187,379	41,966	155,654	197,620

25. Insurance Cover

It is the Company's principle to maintain insurance cover for fixed assets and inventories subject to risk, in the "Comprehensive Business" form. It also has general liability and life insurance cover, as shown below:

Insurance Purpose	Amount secured 12/31/2023	
- Comprehensive business insurance	R$	87,125
- Life insurance	R$	51,115
- General civil responsability insurance	R$	6,023
- International transport insurance (*)	US$	350

(*) 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, with the aim of ensuring sufficiency to cover any claims.

26. Stock option plan

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

(i) Incentive Plan 2017, approved by the General Shareholders' Meeting of April 12, 2017: All the grants under this plan have already been made, with no exercises pending.
(ii) Incentive Plan 2020, approved by the AGM of August 18, 2020: There are balances to be granted and outstanding exercises.
(iii) Incentive Plan 2023, approved by the AGM on May 18, 2023: Has balances to be granted and exercises pending.

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

Grants	2017 Plan			2020 Plan			2023 Plan		
	Amount	Strike Price	Maximum Exercise Term	Amount	Strike Price	Maximum Exercise Term	Amount	Strike Price	Maximum Exercise Term
Board Members	446,953	1.18	4/26/2024	807,868	1.78	9/2/2025	1,117,121	2.57	2/9/2027
	649,895	1.35	6/24/2027	348,250	2.57	6/9/2025	509,629	2.57	6/9/2025
				45,000	2.19	11/30/2025			
				135,000	2.74	11/30/2026			
				292,500	2.19	11/30/2025			
Other Beneficiaries	245,830	1.18	4/26/2024	406,250	2.74	11/30/2026	178,750	2.57	11/30/2026
Total	**1,096,848**			**2,034,868**			**1,805,500**		
- Exercisable	502,526			907,868			-		
- Non-Exercisable	192,073			1,127,000			1,625,500		
- Conditioned	402,249			-			180,000		

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 deadline forvesting has not yet been exceeded. Those indicated as "conditional", in turn, are subject to the occurrence of certain corporate events that increase the share capital.

27. Net revenue

	Parent		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Gross sales and/or services				
In Brazil	86,171	98,195	100,011	113,859
Export	2,828	15,466	3,604	16,353
	88,999	113,661	103,615	130,212
Deductions for gross sales				
Taxes on sales	(14,582)	(16,788)	(17,346)	(19,822)
Net sales and/or services	74,417	96,873	86,269	110,390

28. Earnings (loss) per share

Basic

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

	Parent Company and Consolidated	
Items	**12/31/2023**	**12/31/2022**
Net profit for the year	52,649	54,866
Profit attributable to the Company's shareholders	52,649	54,866
Weighted average number of ordinary shares issued (thousands)	41,038	30,353
Basic profit per share R$	1.28	1.81

29. Other operating income and (expenses)

Items	Parent 12/31/2023	Parent 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Others operating income				
Reversal of estimates for legal proceedings	-	-	2,562	-
Revenue from the sale of fixed assets	234	108	20,663	6,399
Reversal of estimated losses due to non-recoverability of assets	20,434	-	27,112	-
Recovery of taxes and contributions	1,014	1,857	1,014	2,898
Other operating income	24,923	-	722	-
Total other operating income	46,605	1,965	52,073	9,297
Others operating expenses				
Estimated losses on legal proceedings	(16,213)	(1,601)	-	(2,365)
Cost on sale of fixed assets	(110)	(62)	(33,137)	(13,145)
Estimated losses due to non-recoverability of assets	-	(2,048)	-	(5,674)
Estimated losses on inventory obsolescence	(442)	(867)	(5,792)	(2,354)
Production idleness expense	(14,899)	(17,971)	(18,731)	(19,241)
Other operating expenses	(776)	(2,823)	(6,476)	(13,206)
Total other operating expenses	(32,440)	(25,372)	(64,136)	(55,985)
Other operating expenses, net	**14,165**	**(23,407)**	**(12,063)**	**(46,687)**

30. Financial Results

Items	Parent 12/31/2023	Parent 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Financial Income				
Income from financial investments	165	43	233	383
Income from loan contracts	49	45	-	-
Adjustment to fair value	-	645	-	645
Present value adjustment	419	-	419	-
Monetary variation	3,486	2,125	4,469	3,783
Arbitration Procedure CSL	603	7,555	603	7,555
Debt renegotiation	15,877	-	14,231	-
Other financial income	135	154	1,299	795
Total financial Income	20,734	10,567	21,254	13,161
Financial Expenses				
Interest on loans and financing	(6,878)	(4,606)	(7,396)	(5,477)
Interest on loans and financing*	(3,667)	(2,341)	(3,667)	(2,341)
Interest on Bonds (Judicial Recovery)	-	-	(400)	(1,798)
Adjustment to present value	(16,372)	(8,371)	(23,707)	(14,001)
Interest on loan agreements	(1,027)	(651)	-	-
Interest on suppliers	(4,110)	(28)	(4,192)	(59)
Interest on suppliers and other obligations*	(3,734)	(3,836)	(3,734)	(3,836)
Fines, interest and monetary restatement	(4,315)	(4,643)	(4,377)	(8,401)
Outras despesas financeiras	(2,402)	(1,955)	(9,647)	(3,384)
Total financial Income	(42,505)	(26,431)	(57,120)	(39,297)
Net exchange variation	25,581	14,317	119,481	15,839

(*) Debts subject to Judicial Recovery

31. (Expenses) by nature

Items	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cost of goods sold	(54,718)	(71,472)	(66,092)	(85,143)
Raw material, materials for use and consumption, labor and third-party services	(52,654)	(69,519)	(63,857)	(82,022)
Depreciation and amortization	(2,787)	(3,208)	(3,176)	(3,612)
Others	723	1,255	941	491
Selling expenses	(11,961)	(9,552)	(12,678)	(10,232)
Third-party labor and services	(5,386)	(6,206)	(3,880)	(4,020)
Depreciation and amortization	(12)	(14)	(12)	(14)
Other commercial expenses	(6,563)	(3,332)	(8,786)	(6,198)
General and Administrative Expenses	(15,119)	(15,240)	(21,227)	(22,765)
Third-party labor and services	(9,625)	(10,685)	(14,740)	(16,800)
Depreciation and amortization	(739)	(1,260)	(1,190)	(1,837)
Other administrative expenses	(4,755)	(3,295)	(5,297)	(4,128)
Management remuneration	(4,563)	(3,032)	(4,563)	(4,751)

32. Information by business segment and geographical region

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

a) Products: mainly producing industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring oil platforms and various other applications; and composite material artifacts, such as poles and tubular liners for lining oil pipelines.

b) Services: The Company continues to demobilize its 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 and do not refer to regular operations.

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

Sales between the segments were made as sales between independent parties. The figures for total assets and liabilities are consistent with the balances recorded in the financial statements. These assets or liabilities are allocated based on the segment's operations and the physical location of the asset.

The information by segment is shown below:

	Products		Services		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net sales	**86,046**	**109,629**	**223**	**761**	**86,269**	**110,390**
Cost of sales	(65,763)	(84,410)	(329)	(733)	**(66,092)**	**(85,143)**
Gross Profit (Loss)	**20,283**	**25,219**	**(106)**	**28**	**20,177**	**25,247**
Selling expenses	(12,678)	(10,183)	-	(49)	**(12,678)**	**(10,232)**
General and administrative expenses	(16,470)	(18,993)	(4,757)	(3,772)	**(21,227)**	**(22,765)**
Management compensation	-	-	(4,563)	(4,751)	**(4,563)**	**(4,751)**
Reversal of estimated losses due to the non-recoverability of assets	-	-	-	9,915	**-**	**9,915**
Estimate of losses due to the non-recoverability of assets	-	-	-	(15,589)	**-**	**(15,589)**
Other operating income (expenses), net	(23,709)	(24,846)	11,646	(16,167)	**(12,063)**	**(41,013)**
Operating profit (loss) before financial result	**(32,574)**	**(28,803)**	**2,220**	**(30,385)**	**(30,354)**	**(59,188)**

	Products		Services		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Identifiable assets	**144,693**	**163,191**	**187,992**	**215,384**	**332,685**	**378,575**
Identifiable liabilities	**16,046**	**20,475**	**166,141**	**206,079**	**182,187**	**226,554**

	Products		Services		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Depreciation and amortization	**(3,371)**	**(4,011)**	**(1,007)**	**(1,451)**	**(4,378)**	**(5,462)**
Acquisition of fixed assets	**803**	**1,791**	**8,628**	**56**	**9,431**	**1,847**

The information by geographical region is shown below:

	Brazil		Others		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net sales	**86,269**	**110,390**	**-**	**-**	**86,269**	**110,390**
Cost of sales	(66,092)	(85,143)	-	-	**(66,092)**	**(85,143)**
Gross Profit (Loss)	**20,177**	**25,247**	**-**	**-**	**20,177**	**25,247**
Selling expenses	(12,678)	(10,232)	-	-	**(12,678)**	**(10,232)**
General and administrative expenses	(21,227)	(22,765)	-	-	**(21,227)**	**(22,765)**
Management compensation	(4,563)	(4,751)	-	-	**(4,563)**	**(4,751)**
Equivalência patrimonial	-	-	-	-	**-**	**-**
Reversal of estimated losses due to the non-recoverability of assets	-	9,915	-	-	**-**	**9,915**
Estimate of losses due to the non-recoverability of assets	-	(15,589)	-	-	**-**	**(15,589)**
Other operating income (expenses), net	(12,063)	(41,013)	-	-	**(12,063)**	**(41,013)**
Operating profit (loss) before financial result	**(30,354)**	**(59,188)**	**-**	**-**	**(30,354)**	**(59,187)**

	Brazil		Others		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Identifiable assets	**332,685**	**378,575**	**-**	**-**	**332,685**	**378,575**
Identifiable liabilities	**146,485**	**191,838**	**35,702**	**-**	**182,187**	**226,554**

	Brazil		Others		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Depreciation and amortization	**(4,378)**	**(5,462)**	**-**	**-**	**(4,378)**	**(5,462)**
Acquisition of fixed assets	**9,431**	**1,847**	**-**	**-**	**9,431**	**1,847**

33. Subsequent events

Waiver of CCB requirement

In reference to Explanatory Note 15 Loans and Financing, the Company informs that it received a waiver on March 20, 2024, where the financial institution confirms that this single item of breach/ non-compliance does not entail early maturity of the debt.

Comment on the behavior of business projections

In 2023 there was a reduction in the company's net revenue, due to higher supplies for the construction of an FPSO in the previous period in the Valves business. Despite the favorable portfolio in 2023, some events such as logistical delays still resulting from the pandemic and financing restrictions at the beginning of the year hampered growth efforts. In 2024, we started the year with a better outlook - a good order book and a favourable capitalization level.

Consolidated net revenue for 2023 was R$ 86.3 million.

The long-term objectives pursued by the Company are as follows:

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

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

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 markets and operations, in accordance with the information available in the market to date.

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

LUPATECH S.A.
CNPJ/ME nº 89.463.822/0001-12
NIRE 35.3.0045756-1
Publicly Traded Company - New Market

AUDIT COMMITTEE REPORT – 03/18/2024

I – INTRODUCTION AND COMPOSITION OF THE COMMITTEE:

The AUDIT COMMITTEE, as provided for in the internal regulations, Articles of Association and Legislation, in short, is responsible for advising the Company's Board of Directors, with regard to exercising its functions of supervising and monitoring the quality of the Company's financial statements, internal controls, compliance and risk management, with a view to ensuring the reliability of the information reflected therein. The Audit Committee was set up on October 26, 2022, and since then has been made up of the following members, who are in full exercise of their respective mandates:

1. **Paulo Pinese**, Brazilian, married, business administrator and accountant, holder of Identity Card RG No. 8.138.961-9, registered with CPF/MF No. 921.449.938- 15 and CRC SP 134.267/O-6, with business address at Rodovia Anhanguera, km. 119, Distrito Industrial, Nova Odessa (SP), CEP 13388-220, as Coordinator of the Audit Committee.
2. **Carlos Mario Calad Serrano**, Colombian national, married, engineer, holder of identity card RNE no. V471179-4, registered with the CPF/ME under no. 060.144.487-64, with business address at Rodovia Anhanguera, km. 119, Distrito Industrial, Nova Odessa (SP), CEP 13388-220.
3. **Celso Fernando Lucchesi**, Brazilian, married, geologist, holder of ID No. 05220023-5 - IFP-RJ, regularly registered with the CPF/MF under No. 117.047.300-82, with business address at Rodovia Anhanguera, km. 119, Distrito Industrial, Nova Odessa (SP), CEP 13388-220.

II – DUTIES OF THE AUDIT COMMITTEE

The Audit Committee is responsible, in addition to other duties assigned to it by law, regulation or the Bylaws:

II.1 - to give an opinion on the hiring and dismissal of independent auditors; II.2 - to supervise the activities of independent auditors, assessing their independence, the quality of the services provided and the suitability of such services for the Company's needs; II.3 - to supervise the activities carried out in the areas of internal control, internal auditing and the preparation of the Company's financial statements; II.4 - to monitor the quality and integrity of the internal control mechanisms, the financial statements and the information and measurements disclosed by the Company; II.5 - to assess and monitor the Company's risk exposures, and may request, among other things, detailed information on policies and procedures relating to: a) management remuneration; b) use of the Company's assets; and c) expenses incurred on behalf of the Company. II.6 - to assess and monitor, in conjunction with the Company's management and the internal audit department, the adequacy and disclosure of transactions with related parties; II.7 - to draw up an annual report with information on the activities, results, conclusions and recommendations, recording any significant differences between management, the independent auditors and the Audit Committee itself in relation to the financial statements; II.8 - to report to the Board of Directors on the work carried out by the Committee, communicating the main facts via a record in the minutes of meetings. II.9 - to perform the duties and carry out the other acts necessary to fulfill their responsibilities.

III – AUDIT COMMITTEE ACTIVITIES:

The Committee met on several occasions, namely: January 31, 2023, March 27, 2023, May 15, 2023, August 7, 2023, November 7, 2023 and March 18, 2024, with all three members present (two members at the first meeting held on January 31, 2013) at the meetings held during this period. During this period, the Audit Committee also met with the external auditors, with the Company's Chairman, Mr. Rafael Gorenstein, and with Ms. Vanessa Melo de Souza, Preparer of the Financial Statements.

At an ordinary meeting to be held on March 22, 2024, the Board of Directors will accept the recommendation of this Audit Committee to approve the Financial Statements discussed and reviewed by this Committee.

IV – BI-MONTHLY MONITORING ACTIVITIES:

The following points were discussed during the year:

V – TOPICS DISCUSSED IN 2023:

a) Financial Statements / Finance / Accounting: Quarterly monitoring of the Company's financial results; Review of the financial statements, including explanatory notes, draft management report and independent accounting auditor's report. Evaluated the accounting practices adopted; assessed the process for preparing and disclosing the financial statements; assessed the reasonableness of the criteria for recognizing income and incurring expenses that have a material impact on the company's financial statements.

b) Independent Accounting Audit: Assessed independence, especially with regard to the provision of other services, and compliance with applicable legal and regulatory provisions; Acquainted himself with the Independent Auditor's Annual Work Plan; Monitored, and supervised, the work of the independent accounting audit; Acquainted himself with the audit report on the financial statements;

c) Internal controls and compliance: Followed up on and monitored 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; became aware of the COMPANY's corporate policies; followed up on procedures relating to the Prevention and Combating of Money Laundering; followed up on procedures relating to the Prevention and Combating of Fraud, as well as becoming aware of the investigation reports and respective results; followed up on the dissemination and actions relating to the Anti-Corruption Law (Law 12. 846/2013, Decree 8.420/2015 and CGU Ordinance 909), Code of Ethics and Conduct and Compliance Program; Evaluated the risks related to the information technology (IT) environment; Evaluated the process of monitoring lawsuits, deposits and judicial blocks as well as the adequacy of the respective accounting provisions; Monitored the controls related to the financial area; Monitored the management of contracting third parties; Monitored the work related to the implementation of the LGPD; Monitored the identification and mitigation of the IT environment and cyber risks.

d) Irregularities and Whistleblowing: Followed up on the development of the process for reporting and monitoring the systems and controls implemented by Management for receiving and processing information about non-compliance with the legal and regulatory provisions applicable to it, as well as its internal regulations and codes, ensuring that they provide for effective mechanisms to protect the provider of the information and its confidentiality;

VI – AUDIT COMMITTEE HIGHLIGHTS:

The members of the Audit Committee, in the exercise of their legal duties and responsibilities, point out that they discussed in detail the accounting and recording procedures for the most relevant transactions recorded in the financial year ending December 31, 2023, as reflected in the minutes of the Audit Committee Meeting, on the dates mentioned above.

In addition, the Coordinator discussed the internal control and compliance environment with representatives of Management and found nothing to report in terms of internal control risks.

VII – RECOMMENDATION ON THE 2023 FINANCIAL STATEMENTS:

The members of the Audit Committee of Lupatech S.A., in the exercise of their duties and responsibilities, and in accordance with the Internal Regulations of this Committee, have carried out an analysis of the individual and consolidated financial statements and the annual report of the Management, including the Notes to the aforementioned financial statements, prepared for the Fiscal Year ending December 31, 2023, and, based on the information provided by the Management, by the External Auditors, this Committee expresses its favor, and thus recommends, to the Board of Directors its approval, of the aforementioned documents.

Nova Odessa (SP) March 18, 2024.

1. **Paulo Pinese**
   RG nº 8.138.961-9/CPF/MF n° 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.

(Convenience translation into English from the original previously issued in Portuguese)

LUPATECH S.A.

Independent auditor's report

Individual and consolidated financial statements
As at December 31, 2023

FERS/AS/MNP/PVJ

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the
Shareholders, Board Members and Management of
Lupatech S.A.
Nova Odessa - SP

Opinion on the individual and consolidated financial statements

We have audited the individual and consolidated financial statements of **Lupatech S.A. ("Company")**, identified as parent company and consolidated, which comprise the individual and consolidated statements of financial position as at December 31, 2023 and the respective individual and consolidated statements of income, comprehensive income (loss), changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of **Lupatech S.A.** as at December 31, 2023, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion on the individual and consolidated financial statements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Uncertainty as to going concern

The Company's individual and consolidated financial statements were prepared considering the normal course of its operations and maintenance of going concern. As mentioned on Note 1.2, however, the Company is after additional funds to supply the needs of working capital and debt services, as well as it discloses accumulated loss of R$ 1,980,690 thousand. These conditions indicate the existence of uncertainty as to the Company's going concern, which may raise doubts on the Company's and its controlled companies' ability to continue operating as usual. Thus, the ability to realize its assets depends on to the success of the Company's plan to refund tax credits and other assets, as well as on the actions to realize its forecasts, which include, mainly, increase in revenues and operational margins, as described in Note 1.2. Our opinion is not qualified on this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of fixed assets and *goodwill* - Parent company and Consolidated	**Audit response**
The Company evaluated the existence of impairment related to its Cash Generating Units ("CGUs"), where fixed assets and goodwill are allocated, as per Notes 12, 13 and 19. To calculate the recoverable value, the discounted cash flow method was used, based on economic and financial projections and on future taxable income. The determination of estimates of future profitability for the purposes of assessing the recoverable value of such assets requires the use of significant judgments and assumptions by the Company that are subject to a high degree of uncertainty on the realization of future business assumptions, on market indicators used to determine discount rates, as well as significant uncertainty about the Company's and its controlled companies' ability to continue as a going concern, which may affect the value of these assets in the individual and consolidated financial statements and the investment value recorded under equity method in the parent company's financial statements. For this reason, we considered this a key audit matter.	In our audit procedures: We evaluated the mathematical integrity and the relevant assumptions used in preparing the projection of discounted cash flows, also including the comparison of forecasts with past performance, the assessment of the existence of an active market for the CGUs evaluated and other evidence about the determination of the fair value used in determining the recoverable value and the evaluation and consistency of these assumptions with the business plans approved by the Board of Directors. Also, we conducted the sensitivity analysis for the main assumptions used in the projection made by the Company and its controlled companies. Based on the outcome of the audit procedures hereby described, we consider the evaluation of recoverable value prepared by the Company as appropriate, as well as its disclosures in the context of the financial statements taken as a whole.

Going concern

We draw attention to the matter described in the Section "Emphases" under the item Material uncertainty as to going concern, which is considered a key audit matter but reported in a specific section as required by the Audit Standard "NBC TA 570 Going concern".

Other matters

Statements of value added

The statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2023, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established by Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the financial statements taken as a whole.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the Management Report when provided to us and, in doing so, consider whether the report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report we are required to report that fact to the Company's governance and to its corresponding regulatory body.

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

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

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

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

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

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

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation; and
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are, therefore, the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Goiânia, March 22, 2024.

BDO RCS Auditores Independentes SS Ltda.
CRC 2 SP 013846/O-1

Fernando Eduardo Ramos dos Santos
Accountant CRC 1 GO 014553/O-0 - S - SP

Management’s declaration of the financial statements

The directors of the Company, 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 Company's Financial Statements for the year ended December 31, 2023.

Nova Odessa, March 22, 2024.

Rafael Gorenstein – Director President and of Investor Relations Officer

Marco Antônio Miola – Director without specific designation

Management’s declaration of the independent auditor’s report

The directors of the Company, in compliance with the provisions of item V of article 27 of CVM Instruction No. 80, of March 29, 2022, as amended, declare that they have reviewed, discussed and agreed with the independent auditors' report on the Company's Financial Statements for the year ended December 31, 2023.

Nova Odessa, March 22, 2024.

Rafael Gorenstein – Director President and of Investor Relations Officer

Marco Antônio Miola – Director without specific designation