

STANDARD FINANCIAL STATEMENTS 2024

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

In 2024, the company managed to substantially increase its level of operations, mainly as a result of the injections of funds obtained at the end of 2023, through a capital increase and the receipt of disputed credits. In this sense, we achieved a 43% increase in our Net Revenue, when comparing 2024 with the previous year, i.e. an increase of R\$37 million.

Gross Profit for the year totaled R\$26.3 million, with a margin of 21.4%, two percentage points lower than in the previous year. The reduction was mainly due to the significant rise in inflation and the exchange rate, which put continuous pressure on production costs. These cost increases tend to be passed on to prices gradually, either in new sales contracts or in the annual readjustments of supply contracts.

In 2024, Selling Expenses remained at the 2023 value of R\$12.7 million, which means a significant improvement, as there was a reduction from 15% to 10% of Net Revenue. Administrative Expenses were similarly fortunate, with a reduction from R\$21.2 million to R\$20.7 million in 2024, dropping from 25% to 17% of Net Revenue.

The growth in sales, combined with the dilution of costs and expenses, resulted in a positive Adjusted EBITDA in the Products business of R\$9.8 million, representing a margin of 8% on Revenue. In the previous year, the Products Adjusted EBITDA was R\$2.7 million. The company's Total Adjusted EBITDA was slightly positive, at R\$ 0.4 million - in 2023 it had been negative R\$6.3 million.

Without adjustments for exceptional and non-recurring items, Total EBITDA for 2024 was a relevant R\$29.9 million positive - in 2023 it was R\$26 million negative.

The portfolio of firm orders ended the year at R\$48 million. The portfolio of contracts with no purchase obligation ended the quarter at R\$130 million, the same level as the previous quarter.

The figures show the company's operational improvement.

The environment has been more optimistic for business in the oil and gas chain, due to increases in Petrobras' investment plan and changes in local content requirements. In the industrial sector, the environment is more restrictive, as investment in the economy have remained at the low levels of the last decade. Standing out from the general context is the electricity poles business which, for the first time since its recent inception, ended the year with a significant portfolio resulting from new contracts signed at the end of 3Q24.

Rafael Gorenstein
CEO and Investor Relations Officer

Economic and Financial Performance

The Lupatech Group operates in manufacturing (Products segment), producing mainly industrial valves; valves for oil and gas; mooring ropes for deepwater oil rigs, for naval use and for lifting loads; composite material artifacts, mainly power poles and pipes for lining oil pipelines.

The company operated in the oil services business (Services segment), from which various assets remain in the process of being demobilized, as well as the associated legacy.

Net Revenue

Net Revenue (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Products	34,866	33,783	30,690	23,496	122,835	86,046
Valves	31,260	31,966	29,321	20,003	112,550	78,080
Ropes and Composites	3,606	1,817	1,369	3,493	10,285	7,966
Services	139	153	-	-	292	223
Oilfield Services	139	153	-	-	292	223
Total	35,005	33,936	30,690	23,496	123,127	86,269

Consolidated net revenue reached R\$ 123.1 million in 2024, R\$ 36.8 million (43%) higher than consolidated net revenue in 2023.

Products

The increase in net revenue in 4Q24 compared to 3Q24 in Ropes and Composites was driven by contracts signed between the end of September and the beginning of October. However, the retraction seen in 4Q24 compared to 3Q24 in Valves was due to lower activity in the period.

Services

The transactions carried out in this segment arise from the liquidation of inventory balances and other activities related to plants that have been demobilized, and do not refer to ordinary operations.

Order Backlog

On December 31, 2024, the Company's order backlog in Brazil totaled R\$ 48.4 million. On the same date, the company had a balance of supply contracts with no purchase obligation of R\$ 130 million (Note: the figures do not include expired tenders for which the respective orders or contracts have not yet been issued).

Gross Profit and Gross Margin

Gross Profit (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Products	7,980	7,007	6,492	4,851	26,330	20,283
Gross Margin - Products	22.9%	20.7%	21.1%	20.6%	21.4%	23.6%
Services	49	-	-	-	49	(106)
Gross Margin - Services	n/a	n/a	n/a	n/a	n/a	n/a
Total	8,029	7,007	6,492	4,851	26,379	20,177
Gross Margin - Total	22.9%	20.6%	21.1%	20.6%	21.4%	23.4%
Depreciation	755	679	679	599	2,712	3,176
Depreciation Products	755	679	679	599	2,712	3,176
Gross Profit without depreciation	8,784	7,686	7,171	5,450	29,091	23,353
Gross Profit without depreciation Products	8,735	7,686	7,171	5,450	29,042	23,459

*n/a - not applied

Products

Gross profit in 2024 reached R\$ 26.3 million, with a margin of 21.4% compared to R\$ 20.3 million with a margin of 23.6% in 2023.

In the comparison between 4Q24 and 3Q24, gross profit fell mainly due to revenue, and also due to the slightly lower gross margin, due to the 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)	1Q24	2Q24	3Q24	4Q24	2024	2023
Total Sales Expenses	1,972	3,514	2,910	4,399	12,795	12,678
Sales Expenses - Products	1,972	3,514	2,910	4,399	12,795	12,678
Sales Expenses - Services	-	-	-	-	-	-
Total Administrative Expenses	5,112	5,444	5,335	4,849	20,740	21,227
Administrative Expenses - Products	1,918	2,630	3,247	3,376	11,171	11,275
Administrative Expenses - Services	3,194	2,814	2,088	1,473	9,569	9,952
Management Fees	750	750	1,037	718	3,255	4,563
Total Expenses	7,834	9,708	9,282	9,966	36,790	38,468

Selling and administrative expenses

Selling expenses are predominantly variable in the form of freight and commissions. In 4Q24 they totaled R\$ 4.4 million against R\$ 2.1 million in 3Q24. The increase as a proportion of revenue is due to the effect of the specific characteristics of the predominant contracts in the period. The year-on-year comparison remained at similar levels.

In 4Q24, the company recognized R\$ 4.8 million in administrative expenses, 9.1% less than in 3Q24, and in the year to date, administrative expenses are 2.3% lower than in the previous year. The reduction is mainly due to the non-recurring expenses included in the result for the previous period compared to the previous year.

Management Compensation

The amount presented is composed of fixed and variable remuneration.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Products	471	(3,140)	(133)	52,416	49,614	(4,979)
Expenses with Idleness - Products	(317)	(2,802)	(2,956)	(2,273)	(8,348)	(18,730)
Services	597	(4,175)	1,959	(2,716)	(4,335)	11,646
Expenses with Idleness - Services	-	-	-	-	-	-
Total	751	(10,117)	(1,130)	47,427	36,931	(12,063)

In 4Q24, R\$ 52.5 million of "Other Operating Income" was recorded against R\$ 5.1 million of "Other Operating Expenses", totaling a net effect of R\$ 47.4 million. The following factors stand out:

- I. R\$ 52.0 million net positive effect of the result of the sale of assets, mainly due to the Company's fixed assets transferred to the creation of the subsidiary LPT Ropes;

- II. R\$ 1.2 million refers to the net negative effect of updating contingent processes according to the analysis of the legal advisors;
- III. R\$ 2.3 million of expenses with idle production;
- IV. R\$ 0.5 thousand recognition of depreciation of real estate as investment property in compliance with accounting standards;
- V. R\$ 0.6 thousand from estimates of inventory obsolescence and recognition of taxes and contributions.

Financial Result

Financial Results (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Financial Revenue*	1,133	947	1,421	495	3,996	21,254
Financial Expense*	(6,426)	(7,231)	(10,745)	(21,330)	(45,732)	(57,120)
Net Financial Results*	(5,293)	(6,284)	(9,324)	(20,835)	(41,736)	(35,866)
Net Exchange Variance	(4,053)	(6,606)	3,093	(20,124)	(27,690)	119,481
Net Financial Results - Total	(9,346)	(12,890)	(6,231)	(40,959)	(69,426)	83,615

* Excluding Exchange Variance

The net financial result for 4Q24 was negative by R\$40.1 million, half of which was caused by the exchange rate variation and the rest substantially by the calculation of the adjustment to the present value of the tender debt, as well as the restatement of interest and charges on taxes, suppliers and loans.

It is important to remember that exchange rate variations are predominantly the result of their impact on loan balances between group companies abroad. Exchange rate fluctuations affect the translation of the equity of these entities into Reais in the opposite direction, so there are counterparts to the exchange rate variations accounted for directly in the company's equity, without transiting through profit and loss accounts.

See the following proforma statement of the net economic effect of exchange rate variations on intercompany loans:

	1Q24	2Q24	3Q24	4Q24	2024
Total Exchange Variation Revenue	402	12,123	6,151	791	19,467
Realized on exchange closing	11	763	125	612	1,511
Provision for outstanding securities	80	121	-	2	203
Provision for intercompany loans	311	11,239	5,671	178	17,398
Provision for unsecured suppliers	-	-	355	-	355
Total Exchange Variation Expense	(4,455)	(18,729)	(3,058)	(20,915)	(47,157)
Realized on exchange closing	(20)	(302)	-	-	(321)
Provision on outstanding securities	-	-	(114)	(14)	(128)
Provision on intercompany loan	(4,173)	(15,182)	(2,774)	(19,605)	(41,735)
Realized on payment of intercompany loan	-	(2,292)	-	-	(2,292)
Provision for unsecured suppliers	(262)	(953)	(170)	(1,254)	(2,638)
Net Exchange Variance	(4,053)	(6,606)	3,093	(20,124)	(27,690)
Counterpart in Shareholders' Equity	(3,862)	(6,235)	2,897	(19,428)	(26,628)
Net Economic Effect of Exchange Variation	(191)	(371)	196	(696)	(1,062)

Adjusted EBITDA from Operations

EBITDA Adjusted (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Products	3,526	2,714	2,845	721	9,806	2,693
Margin	10.1%	8.0%	9.3%	3.1%	8.0%	3.1%
Services	(2,220)	(2,374)	(2,672)	(2,150)	(9,416)	(9,025)
Margin	n/a	n/a	n/a	n/a	n/a	n/a
Total	1,306	340	173	(1,429)	391	(6,333)
Margin	3.7%	1.0%	0.6%	-6.1%	0.3%	-7.3%

The reduction in Adjusted EBITDA for Products in 4Q24 compared to the previous periods is mainly due to the decrease in revenue.

Services Adjusted EBITDA is made up of legacy management costs.

Adjusted Ebitda Reconciliation (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Gross Profit	8,028	7,008	6,492	4,851	26,379	20,177
SG&A	(7,084)	(8,959)	(8,245)	(9,248)	(33,536)	(33,905)
Management Compensation	(750)	(750)	(1,037)	(718)	(3,255)	(4,563)
Depreciation and Amortization	924	850	841	764	3,379	4,378
Other Operating Expenses	751	(10,117)	(1,130)	47,427	36,931	(12,062)
EBITDA from Activities	1,869	(11,968)	(3,079)	43,076	29,898	(25,975)
Result of disposal or write-off of assets	4	1,978	(4,239)	(51,845)	(54,102)	11,875
Provisions for Legal Proceedings	(1,434)	(238)	(138)	1,208	(601)	(2,601)
Idle expenses	317	2,802	2,956	2,273	8,348	18,730
Extraordinary Expenses	550	7,766	4,673	3,859	16,848	(8,362)
Adjusted EBITDA	1,306	340	173	(1,429)	391	(6,333)

Reconciliation of Adjusted Ebitda (R\$ thd)	4Q24		
	Products	Services	Total
Gross Profit	4,851	-	4,851
SG&A	(7,775)	(1,473)	(9,248)
Management Compensation	-	(718)	(718)
Depreciation and Amortization	647	117	764
Other Operating Expenses	50,143	(2,716)	47,427
EBITDA from Activities	47,866	(4,790)	43,076
Result of disposal or write-off of assets	(51,693)	(152)	(51,845)
Provisions for Legal Proceedings	(670)	1,878	1,208
Idle expenses	2,273	-	2,273
Extraordinary Expenses	2,945	914	3,859
Adjusted EBITDA	721	(2,150)	(1,429)

Net Result

Net Result (R\$ thd)	1Q24	2Q24	3Q24	4Q24	2024	2023
Result Before Income Tax and Social Contribution	(8,401)	(25,708)	(10,148)	1,350	(42,907)	53,261
Income Tax and Social Contribution - Current	-	(2)	(2)	(7)	(11)	-
Income Tax and Social Contribution - Deferred	1,002	2,451	329	7,364	11,146	(612)
Net Profit for the Period	(7,399)	(23,259)	(9,821)	8,707	(31,772)	(45,828)
Profit (Loss) per Share	(0.18)	(0.56)	(0.23)	(0.75)	(0.75)	1.28

The negative net result obtained in 2024 is influenced, in addition to current income and expenses, by the adjustment to present value of the tender debt and the net effect of other operating income and expenses.

Working Capital

Working Capital (R\$ thd)	12/31/2024	12/31/2023
Accounts Receivable	35,427	18,140
Inventories	26,930	32,678
Advances of suppliers	964	7,522
Recoverable taxes	31,017	40,701
Other Accounts Receivable	4,675	5,612
Total Asset	99,013	104,653
Suppliers	17,734	15,072
Advances from Customers	6,773	1,161
Taxes payable	22,096	22,323

Other Accounts Payable/Other Obligations	2,921	5,783
Payroll and charges	3,582	5,493
Total Liabilities	53,106	49,832
Working Capital Employed	45,907	54,821
Working Capital Variation	(8,914)	

When comparing the balances at December 31, 2024 with the balance at December 31, 2023, there is a reduction in the working capital employed. This reduction is mainly due to the consumption of inventories and tax credits.

Indebtedness

Debts (R\$ thd)	12/31/2024	12/31/2023
Short Term	56,264	50,633
Credits subject to Judicial Recovery	7,983	6,266
Credits not subject to Judicial Recovery	48,281	44,367
Long Term	123,437	95,027
Credits subject to Judicial Recovery	116,897	92,262
Credits not subject to Judicial Recovery	6,540	2,765
Total Debts	179,701	145,660
Cash and Cash Equivalents	3,515	19,907
Net Debt	176,186	125,753

The increase in financial indebtedness in the comparison of the balances at December 31, 2024 with the balances at December 31, 2023 is mainly associated with the updating of the Present Value of the debt subject to Judicial Recovery and the use of cash.

Short-term debt is detailed in the following tables, which show the composition by type and then the guarantee coverage.

Short-term debt - Credits not subject to Judicial Reorganization	12/31/2024
BNDES - Fiduciary Sale of Machinery	11,167
Co-obligation on discounted securities	10,524
Working Capital (various types)	26,590
Total	48,282

Guarantee Coverage - Working Capital (various types)	12/31/2024
CDB and performing credits	3,406
Other*	23,185
Total	26,590

*Performing receivables, FGI, Intra-group guarantee.

Note that part of the short-term debt corresponds to co-obligations on discounted securities (R\$ 10.5 million) or amounts to be self-settled by receivables that have already been performed or CDBs (R\$ 3.4 million). R\$ 23.2 million is pending future performance of receivables or is covered by fiduciary guarantees.

Annexes

Annex I - Income Statements (R\$ Thousand)

	2023	2024
Net Revenue From Sales	86,269	123,127
Cost of Goods and Services Sold	(66,092)	(96,748)
Gross Profit	20,177	26,379
Operating Income/Expenses	(50,531)	140
Selling	(12,678)	(12,796)
General and Administrative	(21,227)	(20,740)
Management Fees	(4,563)	(3,255)
Other Operation Income (Expenses)	(12,063)	36,931
Net Financial Result	83,615	(69,426)
Financial Income	21,254	3,996
Financial Expenses	(57,120)	(45,732)
Net Exchange Variance	119,481	(27,690)
Results Before Income Tax and Social Contribution	53,261	(42,907)
Provision Income Tax and Social Contribution - Current	-	(11)
Provision Income Tax and Social Contribution - Deferred	(612)	11,146
Net Profit (Loss) for the year	52,649	(31,772)

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

	2023	2024
Adjusted EBITDA from Operations	(6,333)	391
Idleness Expenses	(18,731)	(8,348)
Extraordinary expenses	8,362	(16,848)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	(9,274)	54,703
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EBITDA from Operations	(25,977)	29,898
Depreciation and amortization	(4,378)	(3,379)
Net Financial Result	83,615	(69,426)
Income Tax and Social Contribution - Current and Deferred	(612)	11,135
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Net Loss	52,649	(31,772)

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

	12/31/2024	12/31/2023
Total Asset	508,795	482,769
Current Assets	156,539	145,711
Cash and Cash Equivalents	3,515	19,907
Accounts Receivable	35,427	18,140
Inventories	26,930	32,678
Recoverable Taxes	31,017	40,701
Other Accounts Receivable	4,675	5,612
Prepaid Expenses	569	553
Advances to Suppliers	964	7,522
Assets Classified as Held for Sale	53,442	20,598
Non-Current Assets	352,256	337,058
Securities-restricted	44	44
Judicial Deposits	4,299	5,079
Recoverable Taxes	3,482	6,953
Deferred Income Tax and Social Contribution	68,253	56,180
Other Accounts Receivable	33,464	34,502
Investments	19,685	19,685
Fixed Assets	139,831	131,405
Intangible Assets	83,198	83,210
Total Liabilities and Shareholders Equity	508,795	482,769
Current Liabilities	112,399	102,918
Suppliers - not subject to Judicial Recovery	11,818	9,876
Suppliers - subject to Judicial Recovery	5,916	5,196
Loans and Financing - not subject to Judicial Recovery	48,281	44,367
Loans and Financing - subject to Judicial Recovery	7,983	6,266
Provisions Payroll and Payroll Payable	3,582	5,493
Taxes Payable	22,096	22,323
Obligations and Provisions for Labor Risks - subject to Judicial Recovery	106	315
Advances from Customers	6,773	1,161
Other Accounts Payable	2,921	5,783
Other obligations - subject to Judicial Recovery	2,923	2,138
Non-Current Liabilities	258,016	220,288
Suppliers - subject to Judicial Recovery	28,924	26,649
Loans and Financing - not Subject to Judicial Recovery	6,540	2,765
Loans and Financing - subject to Judicial Recovery	116,897	92,262
Taxes Payable	38,469	29,199
Provision for Contingencies	25,280	27,591
Obligations and Provisions Labor Risks - subject to Judicial Recovery	1,914	2,238
Other Accounts Payable	1,624	3,350
Other obligations - subject to judicial recovery	38,368	36,234
Shareholders' Equity	138,380	159,563
Capital Stock	1,922,339	1,920,820
Reserves and capital transactions	144,754	144,754
Equity valuation adjustment	83,748	74,679
Accumulated Losses	(2,012,461)	(1,980,690)

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

	2023	2024
Cash Flow from Operating Activities		
Profit (Loss) for the year	52,649	(31,772)
Adjustments:		
Depreciation and Amortization	6,497	5,498
Income from sale of property, plant and equipment	3,923	(56,723)
Financial charges and exchange variation on financing	17,803	47,939
Reversal (Provision) for loss due to non-recoverability of assets	(6,835)	(12,171)
Deferred Income Tax and Social Contribution	612	(12,073)
Inventory obsolescence	945	2,445
(Reversal) Estimated losses for doubtful accounts	(1,292)	(283)
Actual losses with doubtful accounts	1,271	33
Adjust to present value	23,288	13,721
Exchange variation on investments abroad	(100,318)	8,430
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	9,002	(17,037)
(Increase) Decrease in Inventories	5,624	3,303
(Increase) Decrease in Recoverable Taxes	5,337	13,155
(Increase) Decrease in Other Assets	1,472	9,611
(Increase) Decrease in Suppliers	(12,633)	(1,964)
(Increase) Decrease in Taxes Payable	646	(4,432)
(Increase) Decrease in Others Accounts Payable	(9,083)	(2,148)
Net Cash Flow from Operating Activities	(1,092)	(34,468)
Cash Flow from Investment Activities		
Bonds and securities - restricted account	233	470
Resources from the sale of fixed assets	20,663	81,018
Acquisition of fixed assets	(803)	(56,985)
Aquisition of Intangible Assets	-	(233)
Net cash provided by (used in) investing activities	20,093	24,270
Cash Flow from Financing Activities		
Borrowing and financing	86,106	135,478
Capital increase	21,949	1,519
Payment of loans and financing	(120,320)	(143,191)
Net cash provided by (used in) financing activities	(12,265)	(6,194)
Net Increase (Decrease) in Cash and Cash Equivalents	6,736	(16,392)
At the Beginning of the Period	13,171	19,907
At the End of the Period	19,907	3,515

About Lupatech

Lupatech S.A. is a Brazilian high value-added products company focused on the oil and gas sector. It operates in manufacturing (Products segment), producing mainly industrial valves; valves for oil and gas; mooring ropes oil rigs; composite material artifacts, mainly power poles and tubes for lining oil pipes.

STATEMENT OF FINANCIAL POSITION

(In thousands of Brazilian reais)

ASSETS	Note #	Company		Consolidated		LIABILITIES AND EQUITY	Note #	Company		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023			12/31/2024	12/31/2023	12/31/2024	12/31/2023
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	1,829	1,440	3,515	19,907	Trade accounts payable - not included in the court-supervised reorganization plan	14	10,246	6,957	11,818	9,876
Trade accounts receivable	6	31,531	13,340	35,427	18,140	Trade accounts payable included in the reorganization plan	14	5,916	5,196	5,916	5,196
Inventories	7	25,055	26,931	26,930	32,678	Loans and financing not included in the reorganization plan	15	43,333	29,206	48,281	44,367
Recoverable taxes	8	20,324	26,479	31,017	40,701	Loans and financing included in the reorganization plan	15	5,943	4,770	7,983	6,266
Advances to suppliers		797	7,260	964	7,522	Employees' pay, provisions and related charges		3,173	4,766	3,582	5,493
Other receivables	9	892	1,814	4,675	5,612	Taxes payable	21	14,028	13,742	22,096	22,323
Prepaid expenses		435	469	569	553	Employees' pay and related charges included in the reorganization plan		106	315	106	315
Related party transactions	16.1	213	939	-	-	Advances from customers		6,639	731	6,773	1,161
Assets classified as held for sale	10	1,057	896	53,442	20,598	Other payables	19	2,385	5,125	2,921	5,783
						Other payables included in the reorganization plan	19	2,923	2,138	2,923	2,138
						Related party transactions	16.1	13,116	4,454	-	-
Total current assets		82,133	79,568	156,539	145,711	Total current liabilities		107,808	77,400	112,399	102,918
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Deposits into court	20.1	1,420	1,489	4,299	5,079	Trade accounts payable included in the reorganization plan	14	28,924	26,649	28,924	26,649
Securities	5	44	44	44	44	Loans and financing not included in the reorganization plan	15	6,540	2,765	6,540	2,765
Recoverable taxes	8	3,482	6,238	3,482	6,953	Loans and financing included in the reorganization plan	15	61,169	58,056	116,897	92,262
Deferred income and social contribution taxes	18	64,526	55,156	68,253	56,180	Taxes payable	21	22,468	12,880	38,469	29,199
Related party transactions	16.1	1,479	9,742	-	-	Provision for tax, labor and civil contingencies	20.2	12,013	18,466	25,280	27,591
Other receivables	9	33,341	33,663	33,464	34,502	Employees' pay and related charges included in the reorganization plan		1,914	2,238	1,914	2,238
Long-term investment						Other payables	19	-	-	1,624	3,350
Investment in controlled and affiliated companies	11.1	314,683	256,555	-	-	Other payables included in the reorganization plan	19	38,368	36,234	38,368	36,234
Properties held for investment	11.2	-	-	19,685	19,685	Related party transactions	16.1	163,057	130,524	-	-
Property, plant and equipment	12	17,293	20,081	139,831	131,405	Total noncurrent liabilities		334,453	287,812	258,016	220,288
Intangible assets						EQUITY	22				
Goodwill determined in the acquisition of investment	13	61,479	61,479	82,166	82,166	Capital		1,922,339	1,920,820	1,922,339	1,920,820
Other intangible assets	13	761	760	1,032	1,044	Capital reserves and change in capital		144,754	144,754	144,754	144,754
Total noncurrent assets		498,508	445,207	352,256	337,058	Asset and liability valuation adjustment		83,748	74,679	83,748	74,679
						Accumulated losses		(2,012,461)	(1,980,690)	(2,012,461)	(1,980,690)
						Attributed to the Company's shareholders		138,380	159,563	138,380	159,563
						Total equity		138,380	159,563	138,380	159,563
TOTAL ASSETS		580,641	524,775	508,795	482,769	TOTAL LIABILITIES AND EQUITY		580,641	524,775	508,795	482,769

The accompanying notes are an integral part of these financial statements.

LUPATECH S.A.

STATEMENT OF INCOME

OF THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In thousands of Brazilian Reais, except for loss per share, or where otherwise indicated)

	Note #	Company		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
NET OPERATING REVENUE	26	119,243	74,417	123,127	86,269
COST OF PRODUCTS SOLD	30	(90,362)	(54,718)	(96,748)	(66,092)
Gross income		28,881	19,699	26,379	20,177
OPERATING EXPENSES					
Selling expenses	30	(12,636)	(11,961)	(12,796)	(12,678)
General and administrative expenses	30	(16,249)	(15,119)	(20,740)	(21,227)
Management compensation	17 / 30	(3,255)	(4,563)	(3,255)	(4,563)
Equity method adjustment of interest held in investees	11.1	(14,949)	53,626	-	-
Other operating revenue (expenses), net	28	47,604	14,165	36,931	(12,063)
OPERATING LOSS BEFORE FINANCIAL REVENUE (EXPENSES)		29,396	55,847	26,519	(30,354)
FINANCIAL REVENUE (EXPENSES)					
Financial revenue	29	2,838	20,734	3,996	21,254
Financial expenses	29	(37,625)	(42,505)	(45,732)	(57,120)
Foreign currency exchange rate gains (losses), net	29	(35,751)	25,581	(27,690)	119,481
INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		(41,142)	59,657	(42,907)	53,261
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current taxation	18	-	-	(11)	-
Deferred one	18	9,370	(7,008)	11,146	(612)
NET INCOME (LOSS)		(31,772)	52,649	(31,772)	52,649
INCOME (LOSS) ATTRIBUTED TO:					
The Company's shareholders		(31,772)	52,649	(31,772)	52,649
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share	27	(0.75413)	1.28294	(0.75413)	1.28294
Diluted earnings (loss) per share	27	(0.75413)	1.28294	(0.75413)	1.28294

The accompanying notes are an integral part of these financial statements.

LUPATECH S.A.

STATEMENT OF COMPREHENSIVE INCOME
OF THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands of Brazilian reais)

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
NET INCOME (LOSS)	(31,772)	52,649	(31,772)	52,649
OTHER COMPREHENSIVE INCOME				
Foreign currency exchange gains (losses) of investment overseas	9,069	(116,883)	9,069	(116,883)
TOTAL COMPREHENSIVE INCOME OF THE YEAR	<u>(22,703)</u>	<u>(64,234)</u>	<u>(22,703)</u>	<u>(64,234)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
The Company's shareholders	(22,703)	(64,234)	(22,703)	(64,234)

The accompanying notes are an integral part of these financial statements.

LUPATECH S.A.

STATEMENT OF CHANGE IN EQUITY

OF THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In thousands of Brazilian reais)

	Capital	Capital reserves and options granted	Accumulated losses	Asset and liability valuation adjustment	Attributed to the Company's shareholders	Total equity
BALANCES AS AT DECEMBER 31, 2022	1,898,871	139,150	(2,041,877)	191,562	187,706	187,706
Increase in capital	21,949	-	-	-	21,949	21,949
Adjustment from previous years	-	-	8,538	-	8,538	8,538
Net income	-	-	52,649	-	52,649	52,649
Foreign currency exchange gains (losses) of investment overseas	-	-	-	(116,883)	(116,883)	(116,883)
Capital reserve	-	5,604	-	-	5,604	5,604
BALANCES AS AT DECEMBER 31, 2023	1,920,820	144,754	(1,980,690)	74,679	159,563	159,563
BALANCES AS AT DECEMBER 31, 2023	1,920,820	144,754	(1,980,690)	74,679	159,563	159,563
Increase in capital	1,519	-	-	-	1,519	1,519
Loss of the year	-	-	(31,772)	-	(31,772)	(31,772)
Foreign currency exchange gains (losses) of investment overseas	-	-	-	9,069	9,069	9,069
BALANCES AS AT DECEMBER 31, 2024	1,922,339	144,754	(2,012,462)	83,748	138,379	138,379

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS – INDIRECT METHOD
OF THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands of Brazilian reais)

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	(31,772)	52,649	(31,772)	52,649
Depreciation and amortization	2,575	3,538	5,498	6,497
(Reversal) set up of provision for impaired assets	(2,340)	2,341	(12,171)	(6,835)
Equity method adjustment of interest held in investees	14,949	(53,626)	-	-
Result from the write-off of property, plant and equipment	(49,728)	(124)	(56,723)	3,923
Financial charges paid and financing foreign currency exchange rate gains (losses)	62,324	(1,931)	47,939	17,803
Deferred income and social contribution taxes	(9,370)	7,008	(12,073)	612
Obsolescence of inventories	844	(443)	2,445	945
(Reversal) set up of an allowance for doubtful accounts	(20)	(1,284)	(283)	(1,292)
Actual losses incurred with doubtful accounts	33	1,188	33	1,271
Discount to present value	7,541	15,953	13,721	23,288
Foreign currency exchange gains (losses) of investment overseas	1,037	5,604	8,430	(100,318)
(Increase) decrease in operating assets:				
Trade accounts receivable	(18,204)	4,983	(17,037)	9,002
Inventories	1,032	(28)	3,303	5,624
Recoverable taxes	8,911	4,189	13,155	5,337
Other assets	7,810	(2,516)	9,611	1,472
Increase (decrease) in operating liabilities:				
Trade accounts payable	(618)	(13,468)	(1,964)	(12,633)
Taxes payable	(156)	(2,723)	(4,432)	646
Other payables	(2,492)	17,817	(2,148)	(9,083)
Net funds provided by (used in) operating activities	(7,644)	39,127	(34,468)	(1,092)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment of capital of controlled companies	(65,041)	(6,238)	-	-
Securities - restricted account	130	165	470	233
Funds from loans received of related parties	10,249	-	-	-
Revenue from the sale of property, plant and equipment	55,677	234	81,018	20,663
Purchase of property, plant and equipment	(3,328)	(654)	(56,985)	(803)
Additions to intangible assets	(232)	-	(233)	-
Net cash provided by (used in) investing activities	(2,545)	(6,493)	24,270	20,093
CASH FLOWS OF FINANCING ACTIVITIES				
New loans and financing	115,696	65,796	135,478	86,106
New related-party loans (repayment)	4,744	(25,822)	-	-
Increase in capital	1,519	21,949	1,519	21,949
Repayment of loans and financing	(111,381)	(95,851)	(143,191)	(120,320)
Net cash provided by (used in) financing activities	10,578	(33,928)	(6,194)	(12,265)
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS	389	(1,294)	(16,392)	6,736
Cash and cash equivalents at beginning of year	1,440	2,734	19,907	13,171
Cash and cash equivalents at end of year	1,829	1,440	3,515	19,907

The accompanying notes are an integral part of these financial statements.

LUPATECH S.A.

STATEMENT OF VALUE ADDED
OF THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands of Brazilian reais)

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
REVENUE				
Sales of goods, products and services (included Federal VAT - IPI)	145,072	88,999	149,715	103,615
Revenue from the sale of property, plant and equipment	55,677	234	81,018	20,663
Reversal of provision for impaired assets	2,341	-	11,200	-
Other revenue	7,113	46,695	6,335	71,612
Reversal (set up) of an allowance for doubtful accounts	20	1,284	283	1,292
Actual losses incurred with doubtful accounts	(33)	(1,188)	(33)	(1,271)
	210,190	136,024	248,518	195,911
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of products sold and services provided	(60,601)	(26,200)	(55,124)	(20,241)
Materials, electric power, third party services and other	(19,135)	(18,602)	(25,237)	(27,992)
Losses incurred in the sale of property, plant and equipment	(5,950)	-	(38,112)	-
Other expenses	(11,577)	(32,764)	(23,510)	(104,337)
	(97,263)	(77,566)	(141,983)	(152,570)
GROSS VALUE ADDED	112,927	58,458	106,535	43,341
DEPRECIATION AND AMORTIZATION	(2,575)	(3,538)	(5,498)	(6,497)
NET VALUE PRODUCED BY THE COMPANY	110,352	54,920	101,037	36,844
ADDED VALUE RECEIVED THROUGH TRANSFERENCE				
Equity method adjustment to the equity of investees	(14,949)	53,626	-	-
Financial revenue	14,206	68,307	23,463	164,404
	(743)	121,933	23,463	164,404
TOTAL VALUE ADDED TO BE DISTRIBUTED	109,609	176,853	124,500	201,248
DISTRIBUTION OF VALUE ADDED	109,609	176,853	124,500	201,248
Personnel:	34,590	34,033	41,275	41,624
Direct compensation	24,751	24,753	29,408	30,100
Benefits	7,980	7,469	9,509	9,252
Severance Pay Fund (FGTS)	1,859	1,811	2,358	2,272
Taxation:	21,733	25,360	21,637	25,764
Federal taxes	6,982	17,103	6,353	15,751
State taxes	14,350	7,858	14,805	9,532
Local taxes	401	399	479	481
Compensation of third party capital:	85,058	64,811	93,360	81,211
Interest and other financial expenses	84,745	64,497	92,889	80,789
Leases	313	314	471	422
Other				
Increase (decrease) in own capital:	(31,772)	52,649	(31,772)	52,649
Net income (loss)	(31,772)	52,649	(31,772)	52,649

The accompanying notes are an integral part of these financial statements.

Lupatech S.A

Notes to the individual and consolidated financial statements included in the Standardized Financial Statement Form of the years ended December 31, 2024 and December 31, 2023.

(In thousands of Brazilian reais, except where otherwise indicated)

1. General information

Lupatech S.A (the "Company") and its subsidiaries and affiliated companies (together the "Group") is a corporation headquartered in Nova Odessa, State of São Paulo, whose shares are traded on the São Paulo Stock Exchange ("B3" LUPA3).

The Group operates in the manufacturing sector (**line of products**), producing mainly: industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring of oil platforms and various other applications; and composite material items, such as electric posts and tube liners for lining of oil pipelines.

Until 2017, the company used to operate in the oil services business (**line of services**) and such assets are in the process of being deactivated, as well as their associated operations. Those assets are classified as held for sale.

1.1 Going concern

The individual and consolidated financial statements of the year ended December 31, 2024 have been prepared on the assumption that the Company will continue as a going concern.

Lupatech Group aims to regain its prominent position as one of Brazil's most important corporations in the oil and gas industry, as well as to maintain its position as a source of wealth, taxes and jobs.

The Company's operating results have been progressively improving. Its continuity depends not only on the better performance, but also on success in obtaining the additional funds needed to supply working capital and service its debt. The volume of funds required to finance its recovery depends on the speed of the recovery itself. Such resources could come from, for example, but not limited to, new credit lines, capital increase with or without debt conversion, sale of assets or ownership interests, refund of tax credit and renegotiation of liabilities. Management has been pursuing all of these options.

2. Preparation basis

2.1 Declaration of compliance

The individual and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as Brazilian Generally Accepted Accounting Principles (BR GAAP).

Management declares that all significant information has been included in the financial statements and that it corresponds to the one they used in running the Company.

The Board of Directors authorized the issuance of the individual and consolidated financial statements on March 21, 2025.

2.2 Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian reais (R\$), the Company's functional and reporting currency. All balances have been rounded off to the nearest thousand, except where otherwise indicated.

2.3 Measurement basis

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

2.4 Consolidation basis and investment in controlled companies

Controlled companies

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

The consolidated financial statements are based on the following information of the Company and of its directly and indirectly controlled companies:

Directly and indirectly controlled companies	Direct and indirect control (%)	
	12/31/2024	12/31/2023
<u>Direct interest</u>		
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 Islands)	100.00	100.00
Recu S.A. - (Argentina)	95.00	95.00
Lupatech Oil&Gas Coöperatief U.A. - (The Netherlands)**	-	5.00
Lochness Participações S.A. - (Brazil)	100.00	100.00
Ilnu Administradora de Bens e Direitos Ltda - (Brazil)	100.00	100.00
LPT Ropes Ltda - (Brazil)***	100.00	-
<u>Indirect interest</u>		
Recu S.A. - (Argentina)	5.00	5.00
Lupatech Oil&Gas Coöperatief U.A. - (The Netherlands)**	-	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
UNAP International Ltd. - (Cayman Islands) *	-	100.00
Ciaaval II Administração de Bens e Direitos SPE S.A - (Brazil)	100.00	100.00

* Company terminated on June 6, 2024.

** Company terminated on November 5, 2024.

*** Company terminated on December 18, 2024.

3. Material accounting practices

Main accounting policies adopted at the Group are summarized below:

3.1 Financial instruments

Their classification depends on the financial instrument intended use, which is determined during initial measurement.

Non-derivative financial assets and liabilities are classified into the following categories: financial assets measured at fair value through profit or loss, measured at fair value through other comprehensive income and measured at amortized cost.

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

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

A financial asset is derecognized when the entity's right to the asset's cash flows has expired, or the entity has transferred its rights to receive cash flows from the asset in a transaction where essentially all risks and rewards from the ownership of the financial asset are transferred. Possible interest created or retained by the entity in the financial assets is recognized as a separate asset or liability.

Financial liabilities are derecognized when its contract obligation is withdrawn, canceled or expires.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a lawfully established right to offset the amounts and there is intention to pay its net amount or realize the assets and simultaneously settle the liability.

3.1.2 *Non-derivative financial assets and liabilities - measurement*

Financial assets measured at fair value through profit or loss

A financial instrument is measured at fair value through profit or loss if it is classified as held for trading and designated as such during initial recognition. Transaction costs are recognized in the statement of income as incurred. Financial assets measured at fair value through profit or loss are determined according to their fair value and changes in the fair value, including interest gains and dividends, are recognized in the statement of income.

Financial assets held to maturity

Those assets are initially recognized at fair value, plus any costs directly attributable to the transaction. After initial recognition, they are measured at amortized cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term financial investment. Financial investment is recorded at nominal value, plus yield earned up to reporting date, in accordance with the rates agreed with financial institutions.

Trade accounts receivable

They are stated at the nominal values of receivables, plus exchange variation gains and discounted to present value up to the reporting date, where applicable. An allowance for doubtful accounts is recognized, when necessary, based on an analysis of the customer's history, at an amount considered sufficient by Management to cover any estimated losses on the realization of receivables.

3.1.3 *Non-derivative financial liabilities - measurement*

A financial liability is measured at fair value through profit or loss if it is held for trading or if, upon initial recognition, it is designated at fair value through profit or loss. Transaction costs are recognized in the statement of income as incurred. Changes in the fair value, as well as gains obtained with interest and dividends, are also recognized in the statement of income.

Other non-derivative financial liabilities are initially measured at fair value, less any costs directly associated with the operation. After initial recognition, they are measured at amortized cost using the effective interest method.

Loans, financing operations and bonds

Loans, financing operations and bonds (the portion related to the debt instrument) are measured at amortized cost. They are stated at the amount received, less transaction costs incurred and after that measured at amortized cost using the effective interest rate method.

3.2 Discount to present value

Transactions giving rise to assets, liabilities, revenue or expenses, changes in equity with corresponding entries to non-current assets or liabilities, receivables or payables, as well as current ones when there is a material effect, are discounted to present value based on 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.

Discounts to present value are presented as adjustments to receivables and payables and allocated to profit or loss as financial revenue or expenses on an accrual basis, using the effective interest rate method.

3.3 Adjustment to fair value

Adjustments to fair value are presented in a specific account, allocated to profit or loss as financial revenue or expense on an accrual basis.

3.4 Inventories

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

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

3.5 Intangible assets***Goodwill***

Goodwill resulting from a business combination is stated at cost on the date of combination, net of 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 check for 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 operating segments.

3.6 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical purchase or construction cost, less accumulated depreciation and impairment.

Cost includes expenses directly attributable to the purchase of an asset. The cost of assets built at the Company includes:

- The cost of materials and direct labor;
- Any other costs to bring the assets to the location and necessary conditions to be operated in the way Management intended;
- Disassembling and restoration costs of the place where those assets are located;
- Borrowing costs of qualifying assets.

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

Subsequent costs

Subsequent expenditures are capitalized to the extent it is probable that the Company will obtain future rewards from the assets. Maintenance and repair expenses and recognized in the statement of income.

Depreciation

Assets are depreciated on a straight-line basis and the result recognized in the statement of income based on the estimated economic life of each component. Leased assets are depreciated using the shorter of estimated useful life of the asset and lease term, unless it is reasonably certain that the Company will obtain the ownership of the asset at the end of lease. Plots of land are not depreciated. Items of property, plant and equipment are depreciated from the date they are installed and available for use, or in the case of assets built in-house, from the day construction is completed and the asset is available for use.

Estimated depreciation rates are broken down below:

	Weighted average depreciation rates per year (%)
Plots of land	-
Buildings and construction	9%
Machinery and equipment	13%
Molds and matrixes	18%
Industrial facilities	6%
Furniture and fixtures	12%
Data processing equipment	18%
Improvements	10%
Vehicles	9%

3.7 Impairment

a. *Non-derivative financial assets (including receivables)*

Financial assets not measured at fair value through profit or loss, including investment accounted for using the equity method, are tested for impairment at reporting date to determine whether there is objective evidence of loss due to impairment.

b. *Financial assets measured at amortized cost*

Assets measured at amortized cost are tested for impairment both at individual and collective level. All individually significant assets are tested. Those that have not been individually impaired are then assessed collectively for any impairment that may have occurred but not yet identified. Assets that are not individually significant are also collectively tested for impairment based on grouping of items with similar risk characteristics.

Impairment is determined as the difference between the carrying amount and present value of estimated future cash flows, discounted at the original and effective interest rate of the asset. Losses are recognized in the statement of income and reflected in a reduction account of the respective asset. When there is no reasonable expectation of recovery, the amounts are written off. When a subsequent event indicates reduction in impairment, the reduction is reversed in the statement of income.

c. *Assets measured at fair value through profit or loss*

Impairment losses of financial assets available for sale are recognized by reclassification of cumulative loss recognized in equity to profit or loss. The reclassified loss is the difference between acquisition cost, net of any principal repayments and amortization, and current fair value, less any impairment previously recognized in profit or loss. If the fair value of a debt security for which an impairment loss has been recognized increases and such increase can be objectively related to an event occurring after the impairment 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. *Investees accounted for using the equity method*

The impairment of an investee whose numbers are recognized under the equity method is measured by comparison of the recoverable amount of the investment with its carrying amount. Impairment is recognized in the statement of income and is reversed if there is a favorable change in the estimates used to determine it.

e. *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than properties held for investment, inventories and deferred income and social contribution taxes, are reviewed at each reporting date to determine whether there is indication of impairment. If impairment is detected, the recoverable amount of the asset is estimated. In the case of goodwill and intangible assets with undetermined useful lives, the recoverable amount is tested annually.

Impairment losses are recognized in the statement of income. As for Cash Generating Units, any reduction in the goodwill allocated to the Cash Generating Unit (or group of CGUs) is recognized first and then the reduction in the carrying amount of the other assets of that CGU (or group of CGUs), on a proportional basis (*pro rata*).

Goodwill impairment losses are not reversed. As for other assets, impairment is reversed only to the extent that the new carrying amount of the asset does not exceed the carry amount that would have been determined had the impairment loss not been recognized, net of depreciation and amortization.

3.8 Income and social contribution taxes

Current and deferred income and social contribution taxes are based on the rates in force, as detailed in Note 19.

Income and social contribution tax expenses comprise current and deferred amounts. Current and deferred portions are recognized in the statement of income, unless they relate to a business combination, or items directly recognized in equity or in other comprehensive income.

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

Current tax is the one payable on taxable income of the year and any adjustment to the taxes payable regarding previous years. Current taxes payable are recognized in the statement of financial position as tax liabilities based at the best estimate of the expected amount of taxes to be paid, reflecting the uncertainties of their determination, if any. It is measured based on the tax rates in force at reporting date.

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

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

- Temporary differences between the initial recognition of assets and liabilities in an operation that is not a business combination and that do not affect taxable income or loss or book result;
- temporary differences relating investment in controlled companies, associates and joint ventures, to the extent that the Company is able to control the timing of 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 initial recognition of goodwill.

A deferred tax asset is recognized in relation to tax losses and deductible temporary differences not used, to the extent that it is probable that future taxable income will be available to be offset against. Deferred tax assets are reviewed at each reporting date and reduced to the point where their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates expected to be applied to temporary differences when they are reversed and at rates in effect until reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences of how the Company expects to recover or settle its assets and liabilities.

3.9 Provisions

A provision is recognized when the Company has incurred obligations or construed ones exist as a result of past events, they can be reliably measured and it is probable that funds will be required to settle them. Provisions are recorded based on the best estimates of the involved risk. Financial costs incurred are recorded in the statement of income.

Provisions for tax, labor and civil contingencies 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 reliably measured.

3.10 Other assets and liabilities

Assets are stated at realizable amounts (assets) and at amounts recognized or estimated, plus corresponding charges and adjustment for inflation incurred (liabilities).

3.11 Translation of balances denominated in foreign currency

a. Operations and balances

Operations in foreign currency are translated into the functional currency based on 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 translated values on the date of transactions are recognized in the statement of income.

The table below lists the functional currencies of each controlled company:

<u>Directly and indirectly controlled companies</u>	<u>Functional currency</u>	<u>Country</u>
<u>Direct interest</u>		
Mipel Comércio e Indústria de Peças Técnicas Ltda. - (Brazil)	Brazilian reais	Brazil
UEP Equipamentos e Serviços para Petróleo Ltda. - (Brazil)	Brazilian reais	Brazil
Lupatech Finance Limited - (Cayman Islands)	American dollar	Cayman Islands
Recu S.A. - (Argentina)	Argentinian Peso	Argentina
Lochness Participações S.A. - (Brazil)	Brazilian reais	Brazil
Ilno Administradora de Bens e Direitos Ltda - (Brazil)	Brazilian reais	Brazil
LPT Ropes Ltda - (Brazil)	Brazilian reais	Brazil
<u>Indirect interest</u>		
Recu S.A. - (Argentina)	Argentinian Peso	Argentina
Upc Perfuração e Completação Ltda. - (Brazil)	Brazilian reais	Brazil
Sotep Sociedade Técnica de Perfuração S.A. - (Brazil)	Brazilian reais	Brazil
Prest Perfurações Ltda. - (Brazil)	Brazilian reais	Brazil
Ciaval II Administração de Bens e Direitos SPE S.A - (Brazil)	Brazilian reais	Brazil

b. Companies of the group

The results and financial position of all companies of the Group were used as basis for valuation of investment using the equity method. Functional currencies different from the reporting one, are translated into the reporting currency as follows:

- Asset and liability balances are translated at the exchange rate in force on reporting date;
- Profit and loss accounts are converted at the average monthly exchange rate;
- All differences resulting from the conversion of exchange rates are recognized in Equity, in the Statement of Comprehensive Income, in the line "Accumulated conversion adjustments", a sub-account of the group "Equity valuation adjustments".

3.12 Earnings (loss) per share

Net basic earnings (loss) per share are determined by dividing the earnings (loss) attributable to the Company's shareholders by the weighted average of outstanding ordinary shares along the year.

Diluted net income (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 Investment in controlled companies (Company)

In the Company's financial statements, investment in subsidiaries is valued using the equity method and the result of the valuation has a corresponding item to an operating revenue account, with the exception of exchange variation of investees abroad, which are recorded in a specific equity line, to be recognized in revenue and expenses when the investment is sold or written off.

3.14 Report per segment

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

3.15 Statement of value added

Individual and consolidated statements of value added have been prepared according to the provisions of technical pronouncement CPC 9 - Statement of value added. They are presented as an integral part of the financial statements according to Brazilian Generally Accepted Accounting Principles (BR GAAP) applicable to publicly traded companies, whereas under IFRS they are presented as additional information.

3.16 New standards, interpretations and amendments to standards

Amendments to standards and new standards that came into force in 2024 are not applicable or had no material impact on these individual and consolidated financial statements and are listed below:

Pronouncement	Amendment / improvement
IAS 1 - <i>Presentation of the financial statements</i>	To classify a liability as noncurrent, an entity must have the right at the reporting date to defer settlement of the liability for at least 12 months after that date.
IAS 7 and IFRS 7 - <i>Statement of cash flows/Financial instruments: Disclosure</i>	Require an entity to provide additional disclosure about its supplier finance arrangements. Such norm is not applicable to the Company.

Pronouncement

Amendment / improvement

IFRS 18 – *Presentation of the financial statements* Mainly modifies the presentation format of income statements and requires new information related to management-defined performance measures. Applicable to years commencing on or after January 1, 2027.

In Management's assessment, they may have an impact on the Company's disclosures in subsequent periods. The Group has decided not to early adopt any standards, interpretations or amendments that have been issued.

4. Critical accounting estimates and assumptions

In preparing these individual and consolidated financial statements, Management made use of judgment, estimates and assumptions affecting the application of the Company's accounting policies, as well as the amounts reported of assets and liabilities, revenue and expenses. Actual results may differ from those estimates.

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

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

- Note 10 – Assets held for sale;
- Note 12 – Property, plant and equipment;
- Note 13 – Intangible assets;
- Note 18 - Income and social contribution taxes;
- Note 20 – Contingent liabilities and deposits into court.

In order to provide an understanding of how Management makes judgments about future events, including the variables and assumptions used in the estimates, we have included below comments on each critical accounting practice:

a. *Deferred income tax*

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

Tax loss credit and overpaid tax (negative tax base) are supported by projections of future taxable income, based on technical feasibility studies annually submitted to the Group's management bodies. These studies take into account the historical profitability of the Company and its controlled companies and the prospect of maintaining such profitability, allowing for an estimate of credit recovery in future years. Other credits, based on temporary differences, mainly the provision for tax liabilities, as well as provisions for losses, were recognized according to the expectation of their realization, also taking into account projections of future taxable income.

b. *Useful lives of long-term assets*

Depreciation and/or amortization of long-term assets are recognized based on estimated useful lives and reflects the economic life of long-term assets. However, actual useful lives may vary as a result of technological advances. The useful lives of long-term assets are also taken into account in testing the recovery of the cost of long-term assets, when they are necessary.

c. *Test of long-term assets for impairment*

There are specific rules for assessing the recoverability of long-term assets, especially property, plant and equipment, goodwill and other intangible assets. At each reporting date, an analysis is carried out to determine whether there is evidence that the amount of long-term assets will not be recoverable. If such evidence is identified, the recoverable amount of the assets is estimated.

The recoverable amount of an asset is determined as 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 (pre-tax) discounted cash flows 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, the balances of goodwill arising from business combinations and intangible assets with undetermined useful lives are tested for recoverability at least once a year, or a shorter period when there are circumstances requiring analysis sooner. When the residual value of an asset exceeds its recoverable amount, a reduction in the carrying amount of these assets is recognized.

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

Except for an impairment of goodwill, reversal of impairment of assets is possible. The reversal is limited to the amount of provision for impairment of the corresponding asset.

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. New goodwill recoverability tests have been carried out for all cash-generating units, which represent the lowest level at which goodwill is monitored by Management, based on projections of discounted cash flow expectations. Besides they 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 financial projections.

The process of reviewing recoverability is subjective and requires significant use of judgment through analysis. The valuation 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 in the future as expected.

The evaluations and recoverability tests of the cash-generating units are based on the assumption that the Company and its controlled companies will continue as going concerns.

5. Cash and cash equivalents and securities

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and cash equivalents				
<u>Petty cash and cash at banks</u>				
In Brazil	1,058	885	1,073	2,823
Overseas	-	-	6	66
Total	1,058	885	1,079	2,889
<u>Short-term financial investment</u>				
Certificates of deposit	771	555	2,436	17,018
Total	1,829	1,440	3,515	19,907
Securities	44	44	44	44

Cash equivalents refer to fixed-income investment and certificates of deposit with immediate liquidity, except when collateral exists for obligations contracted. As at December 31, 2024, the balance of collateral corresponded to R\$1,409.

In the comparative period, the reduction in short-term financial investment is mainly associated with the repayment of loans to financial institutions.

6. Trade accounts receivable

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Receivable in the domestic market	32,203	13,997	36,127	19,155
Receivable in the foreign market	4	39	70	39
	32,207	14,036	36,197	19,194
Allowance for doubtful accounts	(676)	(696)	(770)	(1,054)
	31,531	13,340	35,427	18,140
Current assets	31,531	13,340	35,427	18,140

The amount of estimated risk of loss to be incurred with receivables is presented as an allowance for doubtful accounts. Such estimate is made taking into account the Company's credit policy, the time elapsed since the default and the customer's specific credit status.

Such credit risk arises from the possibility of the Company not receiving amounts from sales made. In order to mitigate that, it is adopted the practice of detailed analysis of clients' financial and equity situation, establishment of a credit limit and permanent monitoring of outstanding balances. The allowance for doubtful accounts was set based on an analysis credit-granting risk, which includes past losses, individual status of customers, the situation of the financial group to which they belong, guarantees provided for the debt and the assessment of legal advisors. Management considers it sufficient to cover possible losses to be incurred with receivables.

The write-off of losses complies with the parameters of tax regulations. Recovery means the collection of amounts previously stated as losses.

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Amounts to be billed	16,794	-	16,794	-
Not yet due	11,765	11,762	13,652	15,358
Due up to 30 days	1,238	1,040	1,182	1,104
Overdue from 31 to 90 days	1,362	191	1,988	191
Overdue from 91 to 180 days	69	32	479	32
Overdue from 181 to 360 days	287	212	444	350
Overdue for more than 360 days	692	799	1,658	2,159
	32,207	14,036	36,197	19,194

As part of the Company's financing means, receivables are negotiated with or without joint obligation. When a joint obligation remains, it remains in liabilities, as presented in note 15 under the heading "Negotiated receivables under joint obligation".

7. Inventories

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Finished products	11,272	4,399	12,279	5,711
Merchandise for resale	612	802	2,047	2,237
Work in process	11,511	12,095	16,528	19,704
Raw materials and subsidiary materials	9,107	17,926	18,946	30,341
Losses to be incurred with inventory obsolescence	(7,447)	(8,291)	(22,870)	(25,315)
Total	25,055	26,931	26,930	32,678

Inventory obsolescence losses comprise Management estimates based on inventory turnover, order backlog and the prospect of future demand for inventory items. A loss is usually accrued gradually from the first year of disuse. Items assessed as obsolete can have their status changed if the outlook for their use changes.

Inventories are not tied to guarantees.

Change in inventory losses in the period is as follows:

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Balance at beginning of year	(8,291)	(7,848)	(25,315)	(26,260)
Loss estimate	(61)	(563)	(733)	(563)
Reversal	905	120	3,178	1,508
Ending balance	(7,447)	(8,291)	(22,870)	(25,315)

8. Recoverable taxes

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Recoverable taxes				
State VAT (ICMS)	4,998	8,373	5,169	8,526
State VAT (ICMS) excluded from the Contribution for the Social Integration Program (PIS) and Contribution for Social Security Funding (COFINS)	14,750	21,212	18,447	25,561
Federal VAT (IPI)	1,291	1,193	1,461	1,375
Contribution for the Social Integration Program (PIS)	237	79	316	148
Contribution for Social Security Funding (COFINS)	1,042	360	1,182	451
Withholding Income Tax (IRRF)	15	103	72	107
Corporate Income Tax (IRPJ)	790	744	6,430	9,150
Social Contribution Tax (CSLL)	619	591	1,330	2,242
Other	64	62	92	94
Total	23,806	32,717	34,499	47,654
Current assets	20,324	26,479	31,017	40,701
Noncurrent assets	3,482	6,238	3,482	6,953

The origin of the credits listed above is as follows:

- **State VAT (ICMS)** - credit from the purchase of inputs used in the manufacturing of products whose sale is subject to a reduced ICMS tax base, as well as credit on purchase of inputs used in the manufacturing of products intended for export.
- **State VAT (ICMS) excluded from the Contribution for the Social Integration Program (PIS) and Contribution for Social Security Funding (COFINS)** - refers to the amount determined at the Company as a result of a favorable final and non-appealable decision to exclude ICMS from the PIS and COFINS tax base.

Actions have been taken to use these accumulated tax credit, either by using them in operations, offsetting them against current tax debt or obtaining their refund. As at June 19, 2023, a request was made for partial refund of the amounts, which is under analysis by the Brazilian Internal Revenue Service. Such refund or offset is supported by article 92, paragraph 6 of Standard RFB 2.055/2021.

- **IPI, PIS and COFINS** - credit obtained in the purchase of raw materials. Such credit has been realized by offsetting them against other federal taxes.
- **Income and social contribution taxes** - withholding taxes paid on the yield from financial operations and services provided to third parties. These taxes have been offset against taxes payable of the same nature or their refund requested, where applicable.

9. Other receivables

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other receivables - current				
Bonds convertible into shares	749	1,673	1,142	2,067
Other receivables	143	141	3,533	3,545
Total	892	1,814	4,675	5,612
Other receivables - noncurrent				
Arbitration procedure - CSL	33,341	33,341	33,341	33,341
Other receivables	-	322	123	1,161
Total	33,341	33,663	33,464	34,502

"Bonds convertible into shares" consist of rights convertible 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 pay in kind goods and rights to Class I creditors of the Lupatech Group's court-supervised reorganization plan.

"Arbitration procedure - CSL" represents the execution of an arbitration procedure the Company started against Cordoaria São Leopoldo Ltda. and its successor Cordoaria São Leopoldo Original Ltda. As at September 23, 2021, in view of a favorable decision, the gain obtained in the process was recognized.

"Other receivables" are mainly composed of receivables assigned for repayment of loans made to the controlled company Luxxon Participações Ltda. The ownership interest the Company held in that entity was sold in January 2021.

10. Assets classified as held for sale

The Company has assets classified as held for sale, which comprise: (i) special equipment, dedicated to certain specialized operations in oil wells, used mainly offshore. Considering the nature of those assets, sales take more than one year, and the specialty and geographical difficulty result in a factor that reduces the liquidity of the assets, which is not controllable by the entity (ii) a property located in Caxias do Sul/RS and a plot of land located in the municipality of Nova Odessa/SP.

Lupatech's Management remains committed to sell the assets and negotiations are underway, what demonstrates the efforts being made to sell them.

The carrying amount of the assets recorded in the Company's statement of financial position is consistent with independent appraisers' reports. The balance of assets held for sale is as follows:

Assets classified as held for sale	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Plots of land	-	-	28,893	-
Buildings and facilities			13,416	
Machinery and equipment	1,057	896	9,737	19,184
Industrial tools	-	-	1,396	1,412
Vehicles	-	-	-	2
Total	1,057	896	53,442	20,598

Summary of changes in the period in assets held for sale:

Company

	Plots of land	Buildings and facilities	Machinery and equipment	Industrial tools	Furniture and fixtures	Vehicles	Total
Costs of assets - net of impairment							
Balance as at December 31, 2023	-	-	896	-	-	-	896
Additions	-	-	1,057	-	-	-	1,057
Write-offs	-	-	(3,236)	-	-	-	(3,236)
Reversal/set up of provision for non-recoverable assets	-	-	2,340	-	-	-	2,340
Balances as at December 31, 2024	-	-	1,057	-	-	-	1,057

Consolidated

Costs of assets - net of impairment							
Balances as at December 31, 2023	-	-	19,184	1,412	-	2	20,598
Additions	28,893	13,416	-	-	-	-	42,309
Write-offs	-	-	(20,771)	(16)	-	(58)	(20,845)
Reversal/set up of provision for non-recoverable assets	-	-	9,660	-	-	56	9,716
Effect of conversion of amounts of investees abroad	-	-	1,664	-	-	-	1,664
Balances as at December 31, 2024	28,893	13,416	9,737	1,396	-	-	53,442

11. Long-term investment

11.1. Investment in controlled and affiliated companies

	Mipel	Recu	UEP	Finance	LO&G	Lochness	Ilno	LPT	Company	
									12/31/2024	12/31/2023
Investment data										
Number of shares hold										
Ordinary shares ('000)	-	3,000	-	-	-	734,613	-	-		
Interest held in the capital ('000)	54,260	-	395,119	50	-	-	97,765	54,107		
Percentage of ownership interest held	100%	95%	100%	100%	5%	100%	100%	100%		
Equity										
Income (loss) in the period	(7,913)	(22)	(5,350)	(264)	-	14,457	(159)	-		
Unrealized income	(469)	-	-	-	-	-	-	-		
Change in long-term investment										
Balance at beginning of year	2,851	23	32,313	92,500	44	37,230	91,594	-	256,555	305,036
Advance for future increase in capital	-	-	-	-	-	-	-	-	-	160
Increase in capital	10,987	-	-	-	(53)	-	-	54,107	65,041	6,078
Equity method adjustment to the equity of investees	(7,850)	(22)	(5,350)	(4,973)	-	5,524	(2,278)	-	(14,949)	53,626
Asset and liability valuation adjustment	-	(1)	-	17,908	9	(9,880)	-	-	8,036	(108,345)
Balance at end of year	5,988	-	26,963	105,435	-	32,874	89,316	54,107	314,683	256,555

The corporate names of the controlled and affiliated companies are as follows: Mipel Comércio e Indústria de Peças Técnicas Ltda.; Recu – S.A; UEP Equipamentos e Serviços para Petróleo Ltda.; Lupatech Finance Limited; LO&G - Lupatech Oil&Gas Coöperatief U.A, Lochness Participações S.A, Ilno Administradora de Bens e Direitos Ltda and LPT Ropes Ltda.

11.2. Properties held for investment

It currently consists of a plot of land and built-up area located in the city of Macaé, Rio de Janeiro, where there are no operating activities. The property is owned by the company Ciaval II Administração de Bens e Direitos SPE S.A., which was set up to allow the donation of the property as payment to the Class I creditors of Lupatech Group's court-supervised reorganization plan. That was carried out under the terms of item XVI of Article 50 of Law 11.101/2005, in compliance with an authorization granted by the court supervising the reorganization process. Investment properties are measured at fair value. According to a technical report prepared by an independent company, the fair value of the investment property is R\$19,685.

	Consolidated		
	Plots of land	Buildings and construction	Total
Balances as at December 31, 2023	18,819	866	19,685
Additions	-	-	-
Write-offs	-	-	-
Balances as at December 31, 2024	18,819	866	19,685

12. Property, plant and equipment

	Weighted average depreciation rates per year (%)	Company		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
		Property, plant and equipment, net	Property, plant and equipment, net	Property, plant and equipment, net	Property, plant and equipment, net
Plots of land	-	3,751	3,751	19,777	48,670
Buildings and construction	9%	5,320	5,496	46,722	62,626
Machinery and equipment	13%	5,610	7,764	63,199	9,348
Molds and matrixes	18%	684	801	727	867
Industrial facilities	6%	73	82	1,310	1,375
Furniture and fixtures	12%	559	536	629	711
Data processing equipment	18%	163	209	244	350
Improvements	10%	432	285	998	851
Vehicles	9%	58	12	61	12
Advance for purchase of property, plant and equipment	-	100	100	5,419	5,419
Assets in construction	-	543	1,045	745	1,176
Total		17,293	20,081	139,831	131,405

Summary of changes in property, plant and equipment in the period:

	Company								Total
	Plots of land	Buildings and construction	Machinery, equipment and facilities	Facilities and improvements made	Furniture and fixtures	Data processing equipment	Assets in construction	Other	
Gross cost									
Balances as at December 31, 2023	3,751	8,269	89,363	2,068	3,911	4,157	1,045	563	113,127
Additions	-	-	1,832	7	61	21	294	57	2,272
Write-offs	-	-	(29,588)	-	(29)	(186)	(235)	(36)	(30,074)
Transference	-	-	334	241	1	(10)	(559)	(7)	-
Financial effect capitalized	-	-	-	-	-	-	(2)	-	(2)
Balances as at December 31, 2024	3,751	8,269	61,941	2,316	3,944	3,982	543	577	85,323
Accumulated depreciation									
Balances as at December 31, 2023	-	(2,773)	(80,798)	(1,701)	(3,375)	(3,948)	-	(451)	(93,046)
Additions	-	(176)	(1,961)	(110)	(34)	(59)	-	(4)	(2,344)
Write-offs	-	-	27,116	-	24	184	-	36	27,360
Transference	-	-	(4)	-	-	4	-	-	-
Balances as at December 31, 2024	-	(2,949)	(55,647)	(1,811)	(3,385)	(3,819)	-	(419)	(68,030)
Property, plant and equipment, net									
Balances as at December 31, 2023	3,751	5,496	8,565	367	536	209	1,045	112	20,081
Balances as at December 31, 2024	3,751	5,320	6,294	505	559	163	543	158	17,293

Consolidated

	Plots of land	Buildings and construction	Machinery, equipment and facilities	Facilities and improvements made	Furniture and fixtures	Data processing equipment	Assets in construction	Other	Total
Gross cost									
Balances as at December 31, 2023	48,670	78,212	103,987	5,783	5,680	7,024	1,176	13,355	263,887
Additions	-	-	56,208	7	65	23	625	57	56,985
Write-offs	-	-	(3,757)	(218)	(340)	(395)	(235)	(353)	(5,298)
Transference	-	11	641	267	(75)	(18)	(819)	(7)	-
Reversal/set up of provision for non-recoverable assets	-	214	2,184	-	1	-	-	56	2,455
Assets held for sale	(28,893)	(15,446)	-	-	-	-	-	-	(44,339)
Financial effect capitalized	-	-	-	-	-	-	(2)	-	(2)
Balances as at December 31, 2024	19,777	62,991	159,263	5,839	5,331	6,634	745	13,108	273,688
Accumulated depreciation									
Balances as at December 31, 2023	-	(15,586)	(93,772)	(3,557)	(4,969)	(6,674)	-	(7,924)	(132,482)
Additions	-	(2,714)	(2,179)	(188)	(60)	(107)	-	(6)	(5,254)
Write-offs	-	-	618	214	327	387	-	302	1,848
Transference	-	-	(4)	-	-	4	-	-	-
Assets held for sale	-	2,031	-	-	-	-	-	-	2,031
Balances as at December 31, 2024	-	(16,269)	(95,337)	(3,531)	(4,702)	(6,390)	-	(7,628)	(133,857)
Property, plant and equipment, net									
Balances as at December 31, 2023	48,670	62,626	10,215	2,226	711	350	1,176	5,431	131,405
Balances as at December 31, 2024	19,777	46,722	63,926	2,308	629	244	745	5,480	139,831

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

Assets encumbered by	Company	Consolidated
Taxation (tax actions in progress)	8,971	9,687
Loans and financing	6,617	98,734
Total	15,588	108,421

13. Intangible assets

	Weighted amortization rate	Company		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
		Intangible assets, net		Intangible assets, net	
Goodwill determined in the acquisition of long-term investment (*)	-	61,479	61,479	82,166	82,166
Software and other licenses	13% p.a.	8	15	122	41
Development of new products	13% p.a.	753	745	910	1,003
Total		62,240	62,239	83,198	83,210

(*) At the Company, it represents the balance of goodwill of merged subsidiaries.

Summary of change in intangible assets in the period:

	Company			
	Goodwill determined in the acquisition of long- term investment	Software and other licenses	Development of new products	Total
Gross intangible asset costs				
Balances as at December 31, 2023	61,479	13,270	10,233	84,982
Additions	-	-	232	232
Write-off	-	-	(203)	(203)
Balances as at December 31, 2024	61,479	13,270	10,262	85,011
Accumulated amortization				
Balances as at December 31, 2023	-	(13,255)	(9,488)	(22,743)
Additions	-	(7)	(224)	(231)
Write-off	-	-	203	203
Balances as at December 31, 2024	-	(13,262)	(9,509)	(22,771)
Intangible assets, net				
Balances as at December 31, 2023	61,479	15	745	62,239
Balances as at December 31, 2024	61,479	8	753	62,240

	Consolidated			
	Goodwill determined in the acquisition of long- term investment	Software and other licenses	Development of new products	Total
Gross intangible asset costs				
Balances as at December 31, 2023	82,166	16,356	11,581	110,103
Additions	-	-	233	233
Write-off	-	(47)	(203)	(250)
Transference	-	102	(102)	-
Balances as at December 31, 2024	82,166	16,411	11,509	110,086
Accumulated amortization				
Balances as at December 31, 2023	-	(16,315)	(10,578)	(26,893)
Additions	-	(20)	(224)	(244)
Write-off	-	46	203	249
Balances as at December 31, 2024	-	(16,289)	(10,599)	(26,888)
Intangible assets, net				
Balances as at December 31, 2023	82,166	41	1,003	83,210
Balances as at December 31, 2024	82,166	122	910	83,198

a. Development of new products

The costs incurred in developing new products, processes and equipment. The amortization of those projects with terms not exceeding 5 years, is recognized in the income statement of the year.

b. Software and other licenses

Includes all data processing systems and user licenses, 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 determined in the acquisition of long-term investment

Goodwill is allocated to the identifiable Cash Generating Units. The balance of goodwill is not amortized, but subject to impairment tests annually or whenever there are indications of a possible loss in value. In 2024, no signs of impairment were identified in the recoverability of goodwill.

The assumptions used to determine 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, based on 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. The values are compared to the carrying amounts of assets in use in order to assess the need to recognize any impairment. Whenever appropriate, Management compares the values in use with the estimated sale values of the CGUs in order to identify any distortions.

The discount rates used were determined taking into account market information available on the test date. The discount rate used was 10.9% 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 scenario 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 determined in the acquisition of long-term investment			
	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Line of products				
Industrial valves	6,065	6,065	6,065	6,065
Ropes	55,414	55,414	55,414	55,414
Composite items (Fiberware)	-	-	20,687	20,687
Total	61,479	61,479	82,166	82,166

CGUs	Goodwill from the acquisition of investment	Impairment	Net impairment
Line of products			
Industrial valves	6,065	-	6,065
Ropes	125,414	(70,000)	55,414
Composite items (Fiberware)	20,687	-	20,687
Total	152,166	(70,000)	82,166

During the year ended December 31, 2024, no reversal or estimate of losses due to the non-recoverability of goodwill was recognized.

14. Trade accounts payable

	12/31/2024						12/31/2023					
	Company			Consolidated			Company			Consolidated		
	Current liabilities	Noncurrent liabilities	Total	Current liabilities	Noncurrent liabilities	Total	Current liabilities	Noncurrent liabilities	Total	Current liabilities	Noncurrent liabilities	Total
Payables included in the reorganization plan												
Domestic trade accounts payable	5,916	39,038	44,954	5,916	39,038	44,954	5,196	39,666	44,862	5,196	39,666	44,862
Foreign trade accounts payable	-	10,515	10,515	-	10,515	10,515	-	8,267	8,267	-	8,267	8,267
Discount to present value	-	(20,629)	(20,629)	-	(20,629)	(20,629)	-	(21,284)	(21,284)	-	(21,284)	(21,284)
	5,916	28,924	34,840	5,916	28,924	34,840	5,196	26,649	31,845	5,196	26,649	31,845
Payables not included in the reorganization plan												
Domestic trade accounts payable	9,723	-	9,723	11,295	-	11,295	6,795	-	6,795	9,714	-	9,714
Foreign trade accounts payable	523	-	523	523	-	523	162	-	162	162	-	162
	10,246	-	10,246	11,818	-	11,818	6,957	-	6,957	9,876	-	9,876
Total	16,162	28,924	45,086	17,734	28,924	46,658	12,153	26,649	38,802	15,072	26,649	41,721

The maturities of non-current amounts payable to suppliers are as follows:

Company and Consolidated	
Maturity	12/31/2024
2026	1,966
2027	2,380
2028	3,173
2029	3,862
After 2030	17,543
	28,924

The table below shows the change in payables included in the reorganization plan in 2024:

Company and Consolidated	
Current and Noncurrent Amounts	
Payables included in the reorganization plan	Total domestic and foreign payables
Balances as at December 31, 2023	31,845
Recognition of interest	1,519
Foreign currency exchange rate adjustment	2,180
Repayment	(1,359)
Discount to present value	655
Balances as at December 31, 2024	34,840

15. Loans and financing

Description	Index	Weighted interest rate	12/31/2024						12/31/2023					
			Parent			Consolidated			Parent			Consolidated		
			Current liabilities	Noncurrent liabilities	Total	Current liabilities	Noncurrent liabilities	Total	Current liabilities	Noncurrent liabilities	Total	Current liabilities	Noncurrent liabilities	Total
Portion included in the reorganization plan														
<u>In domestic currency</u>														
Secured credit (Class II)	Fixed rate	3.00% p.a. + TR	2,990	37,314	40,304	2,990	37,314	40,304	2,616	37,630	40,246	2,616	37,630	40,246
(-) Discount to present value			-	(15,301)	(15,301)	-	(15,301)	(15,301)	-	(16,468)	(16,468)	-	(16,468)	(16,468)
Unsecured credit (Class III)	Fixed rate	3.3% p.a. + TR	2,953	72,213	75,166	2,953	72,213	75,166	2,154	72,786	74,940	2,154	72,786	74,940
(-) Discount to present value			-	(33,057)	(33,057)	-	(33,057)	(33,057)	-	(35,892)	(35,892)	-	(35,892)	(35,892)
<u>In foreign currency</u>														
Unsecured credit (Class III)	Fixed rate	0.4% p.a	-	-	-	2,040	87,276	89,316	-	-	-	1,496	71,933	73,429
(-) Discount to present value			-	-	-	-	(31,548)	(31,548)	-	-	-	-	(37,727)	(37,727)
			5,943	61,169	67,112	7,983	116,897	124,880	4,770	58,056	62,826	6,266	92,262	98,528
Portion not included in the reorganization plan														
<u>In domestic currency</u>														
Working Capital / expansion - BNDES financing*	(TJLP*)	7.43% p.a.	5,034	-	5,034	8,648	-	8,648	5,034	-	5,034	8,648	-	8,648
Joint-liability, receivables given as guarantee and secured receivables	Fixed rate	1.81% a.m.	27,080	666	27,746	27,109	666	27,775	17,581	-	17,581	17,834	-	17,834
Working Capital and GIF	Fixed rate	1.68% a.m.	10,005	5,874	15,879	10,005	5,874	15,879	5,377	2,765	8,142	15,366	2,765	18,131
<u>In foreign currency</u>														
Working capital / expansion - BNDES*	US dollar	6.06% p.a.	1,214	-	1,214	2,519	-	2,519	1,214	-	1,214	2,519	-	2,519
			43,333	6,540	49,873	48,281	6,540	54,821	29,206	2,765	31,971	44,367	2,765	47,132
			49,276	67,709	116,985	56,264	123,437	179,701	33,976	60,821	94,797	50,633	95,027	145,660

* Long-term interest rate

*The credit for "Working Capital/Expansion" granted by BNDES is subject of litigation (note 20) which involves, among other things, the classification of the credit. The amounts indicated in the table correspond to the total amount under discussion and are subdivided into the portions included and not included in the reorganization plan. The portion not included is limited to the value of the assets given as guarantee, whose value can only be assessed at a public auction, according to a decision by the São Paulo Court of Justice. Based on appraisal reports prepared by experts, the assets had a value of R\$5,005 in 2018.

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

Maturity	Company	Consolidated
	12/31/2024	12/31/2024
2026	3,432	7,935
2027	5,864	9,850
2028	5,315	12,451
2029	7,670	14,140
After 2030	45,428	79,061
	67,709	123,437

The change in loans included in the reorganization plan in 2024 is shown below:

Current and Noncurrent Amounts		
Loans and financing Portion included in the reorganization plan	Total domestic and foreign payables	
	Company	Consolidated
Balances as at December 31, 2023	62,826	98,528
Recognition of interest payable	4,963	2,585
Repayment	(4,679)	(6,175)
Asset and liability valuation adjustment*	-	19,761
(-) Discount to present value	4,002	10,181
Balances as at December 31, 2024	67,112	124,880

(*) Value of balances in foreign currency that have been converted.

The guarantees contracted on loans and financing are detailed below:

		12/31/2024		12/31/2023	
		Guarantee value		Guarantee value	
Portion not included in the reorganization plan		Company	Consolidated	Company	Consolidated
		Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
In domestic currency	Guarantee				
Working capital / expansion	Mortgage / buildings	2,634	92,112	2,659	94,256
	Machinery and equipment	597	3,236	783	3,422
	FGI	3,386	3,386	5,516	5,516
		6,617	98,734	8,958	103,194

16. Related party transactions

16.1. Company

The balances and transactions between the Company and its controlled companies were eliminated in the consolidation. Details of the transactions between the Company and its controlled companies are provided below:

	Controlled Company				12/31/2024	12/31/2023
	Lochness	Mipel	Lupatech Finance	UEP Equipamentos		
Current assets						
Other receivables	213	-	-	-	213	939
Noncurrent assets						
Loans	-	-	1,479	-	1,479	9,742
	<u>213</u>	<u>-</u>	<u>1,479</u>	<u>-</u>	<u>1,692</u>	<u>10,681</u>
Current liabilities						
Payables	-	425	-	-	425	-
Other payables	6,508	1,905	1,251	3,027	12,691	4,454
Noncurrent liabilities						
Loans	-	-	163,057	-	163,057	130,524
	<u>6,508</u>	<u>2,330</u>	<u>164,308</u>	<u>3,027</u>	<u>176,173</u>	<u>134,978</u>
Income (loss) of the year						
Sale of products	-	9,519	-	-	9,519	-
Purchase of products	-	-	-	-	-	7,505
Financial revenue	-	-	-	-	-	1,076
Foreign currency exchange rate gains (losses)	-	-	(32,134)	-	(32,134)	(18,245)
	<u>-</u>	<u>9,519</u>	<u>(32,134)</u>	<u>-</u>	<u>(22,615)</u>	<u>(9,664)</u>

	Company					12/31/2024	12/31/2023
	Transaction date	Maturity	Interest rate	Value (R\$)	Existing balance (US\$)		
Loans receivable							
In foreign currency							
Contract 1	Jul-14	Undetermined	105% of DI-Cetip	19,820	239	1,479	9,320
Contract 2	Dez-14	Undetermined	12.0% p.a.	-	-	-	422
				<u>19,820</u>	<u>239</u>	<u>1,479</u>	<u>9,742</u>
Loans payable							
In foreign currency							
Contract 3	Jan-18	Undetermined	0.4% p.a.	225,416	26,332	163,057	130,524
				<u>225,416</u>	<u>26,332</u>	<u>163,057</u>	<u>130,524</u>

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

Guarantees

Transactions with related parties do not have guarantees attached to the operations and are limited to ordinary commercial transactions (purchase and sale of inputs), which are not backed by guarantees, as well as loans between companies of the Group, which also do not include guarantees.

17. Key management personnel

Management compensation

Every year, shareholders at an Annual General Meeting determine the compensation limits for management. Compensation comprises a fixed portion and, in the case of the Executive Board, also includes a variable one.

The following table details the compensation paid to Management:

Management compensation	Company and Consolidated			Company and Consolidated		
	Fixed compensation	Variable Compensation	12/31/2024	Fixed compensation	Variable Compensation	12/31/2023
Executive Board	(1,878)	(288)	(2,166)	(540)	(2,935)	(3,475)
Board of Directors	(1,089)	-	(1,089)	(1,088)	-	(1,088)
Total	<u>(2,967)</u>	<u>(288)</u>	<u>(3,255)</u>	<u>(1,628)</u>	<u>(2,935)</u>	<u>(4,563)</u>

Managers are not compensated with the delivery of shares. Key personnel have the option to participate in plans that allow the purchase the Company's shares. The 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.

18. Income and social contribution taxes

Lupatech S.A and its controlled companies have the balances of R\$827,474 and R\$1,073.692 respectively of accumulated tax losses, amounting to R\$1,901,166 until December 2024.

a) Deferred income and social contribution tax assets

The Company has tax losses that can be offset against future taxable income and deferred tax credit has been set up. According to a technical analyses prepared, the estimated realization of tax credit is as follows:

Income and social contribution tax assets	Company		Consolidated	
	12/31/2024		12/31/2024	
Estimated realization - 2026	3,980		4,528	
Estimated realization - 2027	5,685		6,467	
Estimated realization - 2028	8,955		10,186	
Estimated realization - 2029	10,658		12,123	
After 2030	61,272		69,696	
	<u>90,550</u>		<u>103,000</u>	

Deferred income and social contribution taxes have been recognized on temporary differences, as follows:

Income and social contribution taxes on temporary differences	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Discount to present value of trade accounts payable, fines and loans	(24,078)	(25,873)	(31,587)	(34,852)
Deemed cost	-	-	(1,214)	(2,447)
Other	(1,946)	(9,521)	(1,946)	(9,521)
	<u>(26,024)</u>	<u>(35,394)</u>	<u>(34,747)</u>	<u>(46,820)</u>

The above amounts are presented net in the statement of financial position, as follows:

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Noncurrent income and social contribution tax assets				
Tax credit	90,550	90,550	103,000	103,000
Temporary differences	(26,024)	(35,394)	(34,747)	(46,820)
	64,526	55,156	68,253	56,180

b) Reconciliation of income tax and social contribution expense

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Income (loss) before taxes	(41,142)	59,657	(42,907)	53,261
Additions and exclusions				
Equity method adjustment of interest held in investees	(14,949)	53,626	-	-
Income from abroad	-	304	-	-
Obsolescence of inventories	(844)	(443)	2,445	945
(Reversal) set up of provision for impaired assets	2,341	20,434	11,200	27,112
(Reversal) set up of an allowance for doubtful accounts	(20)	(1,283)	(283)	(1,292)
Provision for lawsuits	5,644	(16,213)	601	2,562
Non-deductible expenses	-	-	(11)	1,273
Discount to present value	-	15,953	(13,721)	15,953
Provision for interest payable on loans	60	(4,110)	399	(4,192)
Provision for foreign currency exchange rate variation	35,751	(25,581)	27,690	(119,481)
Other	11,915	(110,172)	(3,378)	(49,734)
Tax base	(1,244)	(7,828)	(17,965)	(73,593)
Current income and social contribution taxes	-	-	(11)	-
Deferred income and social contribution taxes	9,370	(7,008)	11,146	(612)

19. Other payables

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other current payables				
Provision for legal costs	448	17	448	67
Claims payable	383	442	579	587
Sundry provisions	142	437	142	437
Other liabilities (*)	2,923	2,138	2,923	2,138
Contract violation fines	928	3,072	928	3,072
Other payables	484	1,157	824	1,620
Total	5,308	7,263	5,844	7,921

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other noncurrent payables				
Claims payable	-	-	1,624	1,849
Other liabilities (*)	38,368	36,234	38,368	36,234
Other payables	-	-	-	1,501
Total	38,368	36,234	39,992	39,584

(*) Debt included in the reorganization plan.

The maturities of the installments of other liabilities – included in the reorganization plan recorded in noncurrent liabilities are as follows:

Company and Consolidated		12/31/2024
Maturity		
2026		2,354
2027		2,849
2028		3,799
2029		4,625
After 2030		24,741
		38,368

The table below shows the change in other payables included in the reorganization plan in 2024:

Current and Noncurrent Amounts		Company and Consolidated
Other payables included in the reorganization plan		
Balances as at December 31, 2023		38,372
Recognition of interest payable		1,844
Recognition of extra debt		331
Payment		(2,140)
(-) Discount to present value		2,884
Balances as at December 31, 2024		41,291

20. Contingent liabilities and deposit into court

20.1. Deposits into court

The following table breaks down the balances of deposits made into court that are recorded as contingent liabilities:

	Deposits into court	
	Company	Consolidated
Tax contingencies	287	443
Labor contingencies	1,114	3,397
Civil contingencies	19	459
Total as at December 31, 2024	1,420	4,299
Total as at December 31, 2023	1,489	5,079

20.2. Provision for tax, labor and civil contingencies

The Company is a party to tax, labor and civil action filed in court. The provisions set up are based on available information and supported by the opinion of lawyers as to the expected outcome, at amounts considered sufficient to cover losses rated as probable.

		Company		Consolidated	
		Loss rating		Loss rating	
		Possible	Probable	Possible	Probable
Tax-related actions (i)					
ICMS	(i.1)	83,344	-	83,770	-
CSLL		2,380	-	7,273	-
IRPJ	(i.2)	21,967	-	60,495	-
IRRF	(i.3)	62,895	-	62,895	-
IPI		1,007	-	1,007	-
PIS/COFINS		-	-	288	-
ISS	(i.4)	-	-	7,918	-
CIDE		-	-	1,783	-
Importing taxes	(i.5)	-	-	26,430	-
Other	(i.6)	1,382	-	10,575	-
		172,975	-	262,434	-
Labor complaints (ii)		5,064	111,657	10,767	16,379
Civil action (iii)		7,935	356	17,185	8,901
Total as at December 31, 2024		185,974	12,013	290,386	25,280
Total as at December 31, 2023		200,141	18,466	315,736	27,591

These amounts encompass all the Group's companies and include amounts in discussion in and out of court, as well as situations where, even without the existence of formal questioning of authorities, may give rise to risks of future losses.

The provision for lawsuits described above, takes into account probable losses, where an outflow of funds is assumed to be used to settle the matter in discussion, court rulings and the understanding of courts as for similar cases. Claims rated as possible losses are not included in the provision.

The change in the balances of the provisions is as follows:

	Company				Consolidated			
	Tax-related actions	Labor complaints	Civil actions	Total	Tax-related actions	Labor complaints	Civil actions	Total
Total as at 12/31/2023	-	16,930	1,536	18,466	-	22,291	5,300	27,591
Additions during the year	-	-	2	2	-	-	154	154
Write-offs during the year	-	(5,273)	(1,182)	(6,455)	-	(5,911)	3,447	2,464
Total as at 12/31/2024	-	11,657	356	12,013	-	16,380	8,901	25,280

Legal claims are divided into three categories, namely:

(i) *Tax contingencies*

Discussions involving state and federal taxes, including Income tax (IRPJ), Contribution for the Social Integration Program (PIS), Contribution for Social Security Funding (COFINS), Contribution for the Brazilian Social Security Institute (INSS), State VAT (ICMS) and Federal VAT (IPI). There are cases at all court levels, from trial court to higher courts, (STJ and STF). The main cases and amounts are as follows:

Main contingent liabilities in the controlling company classified as possible losses on December 31, 2024:

(i.1) Annulment action brought by the State of Rio Grande do Sul seeking to disallow an ICMS tax credit, due to the Company's failure to pay tax based on assumed export of goods under the provisions of REPETRO, given that such operation is exempt from tax. Case filed on April 28, 2017, rated as a possible loss of R\$83,344.

(i.2) Request filed claiming recognition of income tax overpayment credit (negative tax base). Case filed on May 30, 2014, rated as a possible loss of R\$9,145.

Annulment action the Government filed aiming disallowance of tax credit (IRPJ and CSLL of the calendar years 2009 and 2010). Lawsuit filed on April 15, 2020, rated as a possible loss of R\$6,864.

Notice of infraction from the Brazilian Internal Revenue Service issued challenging a court decision rendered. Case filed on July 23, 2014, rated as a possible loss of R\$5,957.

(i.3) Tax enforcement by the Brazilian National Treasury regarding the collection of withholding income tax debt. The discussion on the merits is being held in a writ of mandamus. A ruling has been rendered recognizing that a substantial portion of the tax credit arising from the action lack grounds. Lawsuit filed on January 21, 2016, rated as a possible loss of R\$62,894.

Main contingent liabilities in the controlled companies classified as possible losses on December 31, 2024:

(i 2) Notice of infraction issued by the Brazilian Internal Revenue Service due to assumed irregularities in the calculation of IRPJ, CSLL, PIS and COFINS in 2013. Case filed on October 6, 2016, rated as a possible loss of R\$13,491.

Notice of infraction from the Brazilian Internal Revenue Service issued challenging the arbitration of income in the calendar year 2010. Case filed on November 10, 2014, rated as a possible loss of R\$16,465.

Action aimed at offsetting debt against tax credit corresponding to overpaid income tax in the calendar year 2010. Action filed on April 30, 2013, rated as a possible loss of R\$6,331.

(i.4) Tax enforcement by the Municipality of Três Rios - RJ to collect Services Tax (ISS) of the years 2013 and 2014. Case filed on December 10, 2015, rated as a possible loss of R\$3,848.

(i.5) Infraction notices issued by the Brazilian Internal Revenue Service imposing fines due to assumed non-compliance with the temporary admission special customs regime. Rated as a possible loss of R\$16,679.

Infraction notices issued by the Brazilian Internal Revenue Service to collect the remaining balances of II, IPI, PIS and COFINS levied on declared imports. Rated as a possible loss of R\$3,857.

Notice of infraction issued by the Brazilian Internal Revenue Service regarding the imposition of fines as a result of alleged non-compliance with the temporary admission special customs regime. Case filed on January 22, 2010. Rated as a possible loss of R\$3.111.

(ii) *Labor contingencies*

The Company and its controlled companies are parties to labor complaints, mainly involving claims for overtime, pain and suffering damages and extra payment for unhealthy and hazardous working conditions, among others.

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

Labor liabilities	Statement of financial position	Portion included in the reorganization plan	Portion not included in the reorganization plan	Total as at 12/31/2024
Employees` pay and related charges	Current liabilities	106	-	106
Employees` pay and related charges	Noncurrent liabilities	1,914	-	1,914
Provision for labor contingencies	Noncurrent liabilities	10,150	7,740	17,890
Labor contingencies rated as possible	Not included in the statement of financial position	1,023	2,192	3,215
Assets tied to labor contingencies		Statement of financial position	Total as at 12/31/2024	
Other accounts receivable/bonds convertible into shares (note 9)	Current assets			1,142
Deposits into court – labor contingencies (note 20.1)	Noncurrent assets			3,397
Properties held for investment (note 11.2)	Noncurrent assets			19,685

At the time of the court-supervised reorganization plan, steps were taken to pay all contingent labor credit included in plan. Such measures included: (i) the payment in kind of shares through a Special Purpose Company, where assets and rights were added for disposal and subsequent distribution of capital to former creditor shareholders. (ii) the issuance of Subscription Warrants for the payment of credit exceeding an amount of 150 minimum wages in force on the date of request for reorganization was filed, and (iii) the necessary measures to transfer the assets to the Special Purpose Company.

(iii) *Civil contingencies*

The main discussions in this area, classified as possible losses of the Company on December 31, 2024, relate to:

(iii 1) Search and seizure action 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 as guarantee when financing was granted by BNDES to the aforementioned companies of the Group. The adjusted value of the case is R\$43,609. Due to the court-supervised reorganization process at the Group, on February 1, 2017 the 5th Federal Court of São Paulo, ordered the suspension of all seizure acts and determined the essentiality of said machinery and equipment for the Group's operations involved in the reorganization process.

According to the reorganization plans, except for the assets belonging to the Macaé unit, the others were declared by the court to be essential to Lupatech Group's operations, preventing their search and seizure. Subsequently, after the appeal deadlines had expired, BNDES again demanded the search and seizure of the assets to be resumed. The new request, although accepted at first and second degree courts, was blocked by the Superior Court of Justice, which determined that other means than seizing the assets should be used to satisfy the BNDES' claim.

BNDES has filed an appeal against the decision rendered by the STJ judge, which is awaiting judgment. On July 12, 2023, BNDES submitted a statement informing the court of the decision to terminate the reorganization process, reinforcing its request for the granting of its appeal. The appeals are awaiting consideration by the superior court (STJ).

In December 2021, the São Paulo Court of Justice ruled that the value of the BNDES' credit, arising from the assets that make up the guarantee to be taken back, is limited to its effective liquidation value at auction. According to an asset appraisal report dated 2018, the value of the assets is R\$5,005. The debt recorded in liabilities (note 15) on the date where the reorganization request was filed was R\$11,167, which is subdivided, a portion was included in the reorganization plan (class II) and the other portion not included in the plan (actual value of the assets).

The main discussions in this area, classified as possible losses of the controlled companies on December 31, 2024 relate to:

(iii 1) Ordinary lawsuit filed by Weatherford Indústria e Comércio Ltda. and Weus Holding INC on July 14, 2008 against UEP, involving industrial and intellectual property dispute. The lawsuit is rated at approximately R\$5,691 as probable, R\$471 as possible and R\$18,970 as remote.

(iii.2) Action brought by Petrobras against Sotep Sociedade Técnica de Perfuração S.A. for the recognition and collection of contractual penalties. The dispute is based on assumed illegality of the penalty applied by Petrobras. Collection depends on the realization of Sotep's reorganization plan. A court decision is awaited. Action rated as a possible loss of R\$4,448.

20.3. Contingent assets

The statement below contains information on unrecorded contingent assets, according to the opinion of legal advisors, including their rating:

	Company		Consolidated	
	Rated as		Rated as	
	Possible	Probable	Possible	Probable
Tax-related actions	390	-	1,250	12,519
Civil actions	12,501	8,953	16,665	8,953
Total as at December 31, 2024	12,891	8,953	17,915	21,472
Total as at December 31, 2023	7,396	8,286	17,808	20,745

(i) *Contingent tax assets*

Lupatech Group is a party to lawsuits claiming refund of the State VAT (ICMS) on imports levied in operations covered by a special temporary admission regime, in which there was no transfer of ownership of the goods. As the matter is still in dispute, the accounting treatment give in keeping part of assets recorded as contingent until the necessary elements to recognize the tax credit are achieved.

(ii) *Contingent civil assets*

Arbitration procedure started against CIM Componentes:

This is an arbitration proceeding brought by UEP Equipamentos e Serviços para Petróleo Ltda. against CIM Componentes, currently known as Quantum Indústria Metalúrgica Ltda., in view of violation of the Contract for the purchase of cargo containers, signed on February 25, 2012. The latter kept the amounts advanced by Lupatech throughout the performance of the contract, corresponding to a historical amount of R\$5,563 represented by the amount Lupatech advanced, minus the value of containers actually delivered by CIM Componentes. On June 8, 2022, an arbitration award was rendered confirming the existence of a claim in favor of Lupatech for the aforementioned historical amount, whose criteria for monetary correction and default interest would still be defined in a later settlement phase.

An arbitration award was rendered fixing the initial terms and settling the financial indices and default interest of the claim brought by Lupatech. The decision became final, without CIM having voluntarily paid the debt. Therefore, judicial measures will be taken to recover the amount owed.

21. Taxes payable

In the second quarter of 2024, the Company concluded an ICMS litigation transaction with the state of São Paulo. The total amount under discussion corresponded to R\$35,512, which was reduced to R\$7,544, considering the discounts of 100% on interest and 50% to 100% on fines obtained in the transaction. Payment is set to be made including a down payment of 5% of the adjusted value and the balance in 119 equal and successive installments. The success achieved by the Company in the negotiation allowed for the reduction of R\$27,968, equivalent to 78.75% of the underlying ICMS liabilities, ending tax disputes with the state of São Paulo that had lasted more than a decade.

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Taxes payable - current				
State VAT (ICMS)	724	-	1,339	1,205
Contributions for the Brazilian Social Security Institute (INSS) to be paid in installments	40	26	58	44
Contributions for the Severance Pay Fund (FGTS) to be paid in installments	1,700	-	1,894	-
Ordinary installment plan	6,234	4,321	10,320	7,690
PGFN installment plan	-	1,191	221	1,334
Reorganization plan to be paid in installments	530	455	1,351	1,139
Local taxes to be paid in installments	151	115	337	131
State VAT (ICMS)	69	19	205	49
Contributions for The Brazilian Social Security Institute (INSS)	1,897	1,560	2,266	1,974
Withholding Income Tax (IRRF)	709	703	790	776
Social Contribution Tax (CSLL)	60	21	69	24
Contribution for Social Security Funding (COFINS)	295	655	659	1,602
Contribution for the Social Integration Program (PIS)	64	107	164	302
Federal VAT (IPI)	-	259	-	259
Severance Pay Fund (FGTS)	1,488	4,241	1,747	4,791
Other	67	69	676	1,003
Total	14,028	13,742	22,096	22,323

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Taxes payable - noncurrent				
State VAT (ICMS)	6,060	-	9,644	4,151
Contributions for the Brazilian Social Security Institute (INSS) to be paid in installments	-	-	17	38
Contributions for the Severance Pay Fund (FGTS) to be paid in installments	2,646	-	2,929	-
Ordinary installment plan	13,369	11,958	22,914	21,948
PGFN installment plan	-	-	826	-
Reorganization plan to be paid in installments	299	808	1,130	2,374
Local taxes to be paid in installments	1	18	584	305
Other	93	96	425	383
Total	22,468	12,880	38,469	29,199

22. Equity

	12/31/2024	12/31/2023
Capital	1,922.339	1,920.820
Capital reserves and change in capital	144,754	144,754
Asset and liability valuation adjustment	83,748	74,679
Accumulated losses	(2,012.461)	(1,980.690)
Total equity	138,380	159,563

a) Capital

Current paid capital consists only of ordinary shares, with 100% tag along rights:

	Company and Consolidated	
	Number of shares held '000	Capital R\$
Total as at December 31, 2023	41,038	1,920.820
Minutes 001/2024 as at January 18, 2024	2	2
Minutes 002/2024 as at February 19, 2024	10	11
Minutes 004/2024 as at March 20, 2024	60	55
Minutes 007/2024 as at April 3, 2024	36	39
Minutes 008/2024 as at April 26, 2024	187	224
Minutes 013/2024 as at May 20, 2024	5	3
Minutes 016/2024 as at May 20, 2024	139	71
Minutes 018/2024 as at July 16, 2024	38	23
Minutes 019/2024 as at July 23, 2024	610	1,086
Minutes 020/2024 as at August 2, 2024	4	3
Minutes 025/2024 as at September 2, 2024	1	1
Minutes 025/2024 as at December 23, 2024	1	1
New issuance of shares – exercise of subscription bonus	1,093	1,519
Total as at December 31, 2024	42,131	1,922.339

b) Capital reserve to be realized

	12/31/2024	12/31/2023
Issuance of subscription bonus (*)	(297,319)	(297,319)
Adjustment to the fair value of the subscription bonus	294,352	294,352
Subscription bonus – 4th issuance	(1,165)	(1,165)
Capital reserve	(4,132)	(4,132)

(*) For compliance with the reorganization plan.

c) Subscription bonus

Third issuance of subscription warrants - (Additional advantage of the 4th issuance of bonds)

At a meeting held on March 24, 2023, the Board of Directors approved the Company's 4th issuance of bonds convertible into shares. 250 bonds were issued in a single series, for a nominal value of R\$100,000, in the amount of up to R\$25 million, with subscription warrants as an additional benefit. 101 bonds were subscribed, amounting to R\$10.1 billion, and the remaining 149 that were not subscribed were canceled.

For each bond subscribed and paid up in the issuance, 175,600 subscription warrants were delivered free of charge as an additional benefit, which conferred on their holders the right to subscribe and pay shares, in the proportion of one share for each warrant exercised, under the terms and conditions of the respective issuance of warrants, carried out in combination with the 4th bond issuance. In the final approval, 17,735,600 subscription warrants were issued.

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

Fourth issuance of subscription warrants:

On July 6, 2023, the Board of Directors approved the Company's 4th issue of subscription warrants. The issuance is made in accordance with the Binding Investment Proposal as of June 27, 2023.

Details of the 4th issuance of subscription warrants are set out below.

Series:	4th Issuance
Approval date:	06/07/2023
Final maturity:	15/02/2025(*)
Number of bonuses subscribed:	6,920
Unit value (R\$):	810
Total Value (R\$):	5,605.200

(*) Under the terms of issuance, the exercise period can be extended by up to 180 days.

The exercise price of the subscription 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. Price determination follows a schedule published by the Company and the right to exercise at the respective price is given in the subsequent fortnightly window.

By December 31, 2024, 6,869 subscription warrants had been paid up and exercised, leaving only 51 bonuses pending exercise.

d) Asset and liability valuation adjustment

The Company recognizes under this heading the effect of exchange rate variation applicable to the investment made in subsidiaries abroad and on goodwill arising on acquisitions of investees overseas, whose functional currencies may be different. The accumulated effect can only be reversed to the income statement as a gain or loss if the investment is sold or written off.

e) Dividends

In accordance with corporate laws and the Company's articles of incorporation, shareholders are entitled to an annual minimum mandatory dividend corresponding to 25% of adjusted net income. Due to accumulated losses and its financial situation, the Company has not determined any dividends payable in the currently reported year.

23. Financial instruments

23.1. 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 risk: arise from the possibility of losses that may be caused by changes in prices, such as, but not limited to: interest rates, exchange rates, inflation, shares and commodities;
- (ii) Credit risk: 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 purchased, whether due to their economic and financial incapacity or mere contract violation;
- (iii) Liquidity risk: 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 risk

Foreign exchange risk arises from commercial and financial operations, recognized assets and liabilities and net investment 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 controlled companies have assets and liabilities denominated in US dollars, as shown in the table below:

Item	In thousands of US\$			
	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and cash equivalents	-	-	3	3
Trade accounts receivable	-	13	-	13
Other assets	3	-	1,455	7,434
Related party transactions - assets	239	2,012	239	-
Loans	(196)	(251)	(14,830)	(15,688)
Related parties transactions - liabilities	(26,332)	(26,961)	-	-
Other liabilities	-	-	(81)	(81)
Net exposure in US dollars	<u>(26,286)</u>	<u>(25,187)</u>	<u>(13,214)</u>	<u>(8,319)</u>

Fluctuations in interest rates also impose risks on the Company, directly due to fluctuations in the value of assets or liabilities, especially debt subject to variable rates, such as 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 the variables and 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.

Scenario 1 - US dollar (US\$) to Brazilian real (R\$) rate estimated by Management:

Interest rate for 2025: 12%

US\$: 6.06

Scenario 2 - US dollar (US\$) to Brazilian real (R\$) rate with a possible deterioration of 25% (twenty-five percent) in the risk variable considered probable:

Interest at rate for 2025: an increase to 15%

US\$: 7.57

Scenario 3 - US dollar (US\$) to Brazilian real (R\$) rate with a remote deterioration of 50% (fifty percent) in the risk variable considered probable:

Interest at rate for 2025: an increase to 18%

US\$: 9.08

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

Operation	Risk	Scenarios according to the definitions above					
		Company			Consolidated		
		Probable	Possible	Remote	Probable	Possible	Remote
Loans and financing	Increase in U.S. dollar rate	29	290	609	(688)	(6,940)	(14,568)
Loans and financing	Increase in interest rates	(291)	50	59	77	96	116
Loan agreements	Increase in U.S. dollar rate	3,595	36,434	76,463	-	-	-
Total (gains) losses		3,333	36,774	77,131	(611)	(6,844)	(14,452)

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, funds deposited with banks and financial institutions, loans and advances to customers and trade accounts payable.

Credit limits are monitored on a regular basis after granted. When there is default, the applicability of the allowance for doubtful accounts is assessed.

Our revenue comes mainly, directly or indirectly, from Petrobrás, which accounted for around 72% (47% in the same period of 2023) of the Company's total revenue as at December 31, 2024.

Liquidity risk

Management monitors the Company's liquidity level through projections and by raising funds through credit lines where feasible, when the Company faces liquidity limitations.

23.2. Fair value estimation

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 those markets.

The fair value of other financial assets and liabilities (with the exception of derivative instruments) is determined in accordance with pricing models based on discounted estimated cash flows and 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 prices are not available, the value of derivatives without options is determined through discounted cash flow analysis using a yield curve, applicable according to the duration of the instruments. 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/assessment:

a) Restricted cash and cash equivalents and securities

Cash and cash equivalents and securities balances are close to accounting balances, considering their turnover and liquidity. The table below shows this comparison:

Item	Company		Consolidated	
	Carrying Amount	Market value	Carrying Amount	Market value
Cash and cash equivalents	1,829	1,829	3,515	3,515
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 available to the Company, as follows:

Item	Company		Consolidated	
	Carrying Amount	Market value	Carrying Amount	Market value
Loans and financing not included in the reorganization plan	6,248	6,033	11,167	10,577
Receivables negotiation with joint-liability, receivables given as guarantee and secured receivables	27,746	24,900	27,775	24,929
Working Capital and FGI	15,879	15,869	15,879	15,869
Loans and financing included in the reorganization plan	67,112	67,112	124,880	124,880
Total	116,985	113,914	179,701	176,255

23.3. Financial instruments per type

	Company					
	12/31/2024			12/31/2023		
	Amortized cost	Measured at fair value through profit or loss	Total financial assets	Amortized cost	Measured at fair value through profit or loss	Total financial assets
Financial assets						
Securities	-	44	44	-	44	44
Trade accounts receivable	31,531	-	31,531	13,340	-	13,340
Cash and cash equivalents	1,829	-	1,829	1,440	-	1,440
Related-party transactions	1,692	-	1,692	10,681	-	10,681
Total	35,052	44	35,096	25,461	44	25,505
Financial liabilities						
Loans	-	116,985	116,985	-	94,797	94,797
Trade accounts payable	45,085	-	45,085	38,802	-	38,802
Related-party transactions	176,173	-	176,173	134,978	-	134,978
Total	221,258	116,985	338,243	173,780	94,797	268,577

	Consolidated					
	12/31/2024			12/31/2023		
	Amortized cost	Measured at fair value through profit or loss	Total financial assets	Amortized cost	Measured at fair value through profit or loss	Total financial assets
Financial assets						
Securities	-	44	44	-	44	44
Trade accounts receivable	35,427	-	35,427	18,140	-	18,140
Cash and cash equivalents	3,515	-	3,515	19,907	-	19,907
Total	38,942	44	38,986	38,047	44	38,091
Financial liabilities						
Loans	-	179,701	179,701	-	145,660	145,660
Trade accounts payable	46,658	-	46,658	41,721	-	41,721
Total	46,658	179,701	226,359	41,721	145,660	187,380

24. Insurance coverage

The principle at the Company is maintaining insurance coverage for fixed assets and inventories subject to risk of the type "Comprehensive business insurance." It also has general liability and life insurance coverage, as indicated below:

Insurance type	Amount insured	
	12/31/2024	
- Comprehensive business insurance	R\$	50,600
- Life insurance	R\$	49,198
- General civil liability insurance	R\$	10,029
- International transportation insurance (*)	US\$	350

(*) Value in US\$'000

The scope of our auditors' work does not include expressing an opinion on the sufficiency of the insurance coverage within prevailing market conditions with the aim of ensuring that it is sufficient to cover any claims, or the restrictions imposed on the Company.

25. Stock options

The Company has stock option plans whose main objectives are to stimulate the Company's performance and retain its key professionals. There are four stock option plans in force:

- (i) Incentive Plan 2017, approved by a meeting on April 12, 2017: All the grants under this plan have already been made, but there are still exercises pending.
- (ii) Incentive Plan 2020, approved by a meeting on August 18, 2020: All the grants under this plan have already been made, but there are still exercises pending.
- (iii) Incentive Plan 2023, approved by a meeting on May 18, 2023: All the grants under this plan have already been made, but there are still exercises pending.
- (iv) Incentive Plan 2024, approved by a meeting on May 16, 2024: No grant has yet been made and so there are no pending exercises.

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

Amount to be granted	Plan 2017			Plan 2020			Plan 2023		
	Quantity	Exercise price	Maximum period for exercise	Quantity	Exercise price	Maximum period for exercise	Quantity	Exercise price	Maximum period for exercise
Management members	201,022	1.18	10/28/2025	197,548	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
				100,000	2.74	11/30/2026	1,171,801	1.20	5/10/2027
							45,000	1.29	7/16/2027
Other Beneficiaries	60,308	1.18	10/28/2025	337,500	2.19	11/30/2025	167,500	2.57	11/30/2026
				441,250	2.74	11/30/2026	128,949	1.20	11/30/2027
Total	911,225			1,424,548			3,140,000		
- To be exercised	509,177			880,173			757,748		
- Exercised in the period	-			544,375			2,382,252		
- Conditional ones	402,048								

The process to vest the right to exercise the options is regulated by the respective plans and board meetings that authorized the grants. The options indicated as "not exercisable" correspond to those whose contractual deadline for vesting has not yet been exceeded. Those indicated as "conditional", in turn, are subject to the occurrence of certain corporate events, which increase the share capital and/or ratify a certain grant.

26. Net revenue

	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Gross revenue from sales and/or services				
In Brazil	143,946	86,171	147,666	100,011
Overseas	1,126	2,828	2,049	3,604
	145,072	88,999	149,715	103,615
Deductions from gross revenue				
Taxes on sales	(25,829)	(14,582)	(26,588)	(17,346)
Net sales and/or services	119,243	74,417	123,127	86,269

27. Earnings (loss) per share

Basic earnings (loss)

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

Item	Company and Consolidated	
	12/31/2024	12/31/2023
Net income (loss)	(31,772)	52,649
Earnings (loss) attributed to shareholders	(31,772)	52,649
Weighted average number of outstanding ordinary shares ('000)	42,131	41,038
Basic earnings (loss) per share - R\$	(0.754)	1.283

28. Other operating revenue (expenses), per type

Item	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Other operating revenue				
Reversal of provision for lawsuits	5,644	-	601	2,562
Revenue from the sale of property, plant and equipment	55,677	234	81,018	20,663
Reversal of provision for impaired assets	2,341	20,434	11,200	27,112
Recovery of taxes and contributions	-	1,014	-	1,014
Other	948	24,923	230	722
Total other operating revenue	64,610	46,605	93,049	52,073
Other operating expenses				
Provision for lawsuits	-	(16,213)	-	-
Cost incurred in the disposal of assets	(5,950)	(110)	(38,112)	(33,137)
Provision for inventory losses	-	(442)	(521)	(5,792)
Production idleness cost	(7,162)	(14,899)	(8,347)	(18,731)
Taxes to be paid in installments	(2,901)	-	(4,218)	-
Other	(993)	(776)	(4,920)	(6,476)
Total other operating expenses	(17,006)	(32,440)	(56,118)	(64,136)
Other operating expenses, net	47,604	14,165	36,931	(12,063)

29. Financial revenue (expenses)

Item	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Financial revenue				
Yield from short-term financial investment	130	165	470	233
Adjustment for inflation	2,234	3,486	2,340	4,469
Debt renegotiation	-	15,877	-	14,231
Other	474	1,206	1,186	2,321
Total financial revenue	2,838	20,734	3,996	21,254
Financial expenses				
Interest paid on loans and financing	(8,908)	(6,878)	(9,226)	(7,396)
Interest paid on loans and financing*	(4,962)	(3,667)	(2,585)	(4,067)
Discount to present value	(7,541)	(16,372)	(13,721)	(23,707)
Interest payable on loan contracts	(607)	(1,027)	-	-
Interest to be paid on trade accounts payable	-	(4,110)	-	(4,192)
Interest to be paid on trade accounts payable and other liabilities*	(3,363)	(3,734)	(3,363)	(3,734)
Fines, interest and adjustment for inflation	(10,030)	(4,315)	(13,475)	(4,377)
Other	(2,214)	(2,402)	(3,362)	(9,647)
Total financial expenses	(37,625)	(42,505)	(45,732)	(57,120)
Foreign currency exchange rate variation gains	11,368	47,573	19,467	143,150
Foreign currency exchange rate variation losses	(47,119)	(21,992)	(47,157)	(23,669)
Foreign currency exchange rate gains (losses), net	(35,751)	25,581	(27,690)	119,481

(*) Debt included in the court-supervised reorganization plan.

30. Expenses per type

Item	Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cost of products sold	(90,362)	(54,718)	(96,748)	(66,092)
Raw materials, materials for use and consumption, labor and third-party services	(88,488)	(52,654)	(93,987)	(63,857)
Depreciation and amortization	(2,370)	(2,787)	(2,712)	(3,176)
Other	496	723	(49)	941
Selling expenses	(12,636)	(11,961)	(12,796)	(12,678)
Labor and third-party services	(5,956)	(5,386)	(4,036)	(3,880)
Depreciation and amortization	(10)	(12)	(10)	(12)
Other selling expenses	(6,670)	(6,563)	(8,750)	(8,786)
General and administrative expenses	(16,249)	(15,119)	(20,740)	(21,227)
Labor and third-party services	(11,171)	(9,625)	(12,735)	(14,740)
Depreciation and amortization	(194)	(739)	(657)	(1,190)
Other administrative expenses	(4,884)	(4,755)	(7,348)	(5,297)
Management compensation	(3,255)	(4,563)	(3,255)	(4,563)

31. Information per business segment and geographical region

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

- a) **Products:** manufacturing of industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring of oil platforms and various other applications; and composite material items, such as electric posts and tube liners for lining of oil pipelines.
- b) **Services:** The process of deactivating operations through the sale of equipment continues. Service revenue comes from the disposal of inventories and do not refer to day-to-day operations.

Geographically, Management considers the performance of the market in Brazil and export markets.

Sales between segments were made as sales between independent parties. The amounts relating to 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 per segment is shown below:

	Products		Services		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Net revenue from sales	122,836	86,046	291	223	123,127	86,269
Cost of products sold	(96,505)	(65,763)	(243)	(329)	(96,748)	(66,092)
Gross income (loss)	26,331	20,283	48	(106)	26,379	20,177
Selling expenses	(12,796)	(12,678)	-	-	(12,796)	(12,678)
Administrative expenses	(18,896)	(16,470)	(1,844)	(4,757)	(20,740)	(21,227)
Management compensation	-	-	(3,255)	(4,563)	(3,255)	(4,563)
Reversal of provision for impaired assets	2,341	-	11,200	-	13,541	-
Other revenue (expenses), net	38,925	(23,709)	(15,535)	11,646	23,390	(12,063)
Operating income (loss) before financial income (expenses)	35,904	(32,574)	(9,386)	2,220	26,519	(30,354)

	Products		Services		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Identifiable assets	206,077	144,693	166,262	187,992	372,339	332,685
Identifiable liabilities	17,365	16,046	203,078	166,139	220,443	182,185

	Products		Services		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Depreciation and amortization	2,901	(3,371)	478	(1,007)	3,379	(4,378)
Purchase of property, plant and equipment	56,937	803	49	8,628	56,986	9,431

The information by geographical region is shown below:

	Brazil		Other		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Net revenue from sales	123,127	86,269	-	-	123,127	86,269
Cost of products sold	(96,748)	(66,092)	-	-	(96,748)	(66,092)
Gross income (loss)	26,379	20,177	-	-	26,379	20,177
Selling expenses	(12,796)	(12,678)	-	-	(12,796)	(12,678)
Administrative expenses	(20,740)	(21,227)	-	-	(20,740)	(21,227)
Management compensation	(3,255)	(4,563)	-	-	(3,255)	(4,563)
Reversal of provision for impaired assets	13,541	-	-	-	13,541	-
Other revenue (expenses), net	23,390	(12,063)	-	-	23,390	(12,063)
Operating income (loss) before financial income (expenses)	26,519	(30,354)	-	-	26,519	(30,354)

	Brazil		Other		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Identifiable assets	372,339	332,685	-	-	372,339	332,685
Identifiable liabilities	184,399	146,483	36,044	35,702	220,443	182,185

	Brazil		Other		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Depreciation and amortization	3,379	(4,378)	-	-	3,379	(4,378)
Purchase of property, plant and equipment	56,986	9,431	-	-	56,986	9,431

32. Court-supervised reorganization terminated on March 14, 2023

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

The reorganization plan (the "Plan") was approved by a general meeting of creditors on November 8, 2016 and subsequently approved by the 1st Court of Bankruptcy, Reorganization and Arbitration of the Capital of São Paulo on February 19, 2017.

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

On March 14, 2023, a decision was rendered determining the termination of the reorganization plan, which became final on June 21, 2023, and its certificate issued by the São Paulo Registry of Commerce on August 4, 2023.

One of the main objectives of the reorganization was to settle the credit included in the Plan, which was part paid in kind with subscription warrants and partly paid or rescheduled, as detailed in the following table:

Creditor type	Payment conditions	Interest rate*	Schedule
I - Labor credit	Cash or shares of a Special Purpose Company (SPE) up to the limit of 150 minimum wages in force in May 2015; the remainder in Subscription Warrants	Not applicable	12 months from approval
II - Secured credit	35% in subscription bonus, 65% in cash	TR + 3% p.a.	January 2032
III - Unsecured credit	In domestic currency: 50% in subscription bonus, 50% in cash In foreign currency: 70% in subscription bonus, 30% in cash	In domestic currency: TR + 3.3% p.a. In foreign currency: Exchange Var. + 0.4% p.a. for credit in foreign currency	January 2033**
IV - Small enterprises	50% in subscription bonus, 50% in cash	TR + 3% p.a.	January 2032

*TR=Reference Rate

**Credit that became eligible for payment at a later date is subject to a payment schedule of 180 months from the date they become eligible. Depending on their fluctuation, the payment of exchange rate and interest on credits in foreign currency may exceed the period indicated.

The principal is paid in fixed quarterly installments in Brazilian reais according to the growth rate established in the Plan. Interest and exchange variation were scheduled to be paid as follows: (a) Classes II and IV in one installment 30 days after the principal is due or; (b) Class III: in 4 quarterly installments after the maturity of principal, for credits in domestic currency, or as many installments applicable to the value of the last installment of corresponding principal, in the case of credit in foreign currency.

The portion to be paid in cash, corresponding to 65% of Class II credit, 50% in domestic currency in Classes III and IV, and 30% in foreign currency listed in Class III, are subject to interest and exchange variation adjustment at the rates indicated in the table above.

The table below details the flow of payments due to creditors according to the reorganization plan:

	Class I	Class II	Class III	Class III	Class IV	TOTAL	TOTAL
	Payables and labor provisions	Loans and financing in domestic currency	Payables, loans and financing in domestic currency	Payables, loans and financing in foreign Currency	Payables in domestic currency	12/31/2024	12/31/2023
Carrying amount of liabilities included in the reorganization plan	2,374	40,304	180,174	99,830	13,067	335,749	317,735
Discount to Present Value *	-	(15,301)	(78,470)	(35,163)	(3,784)	(132,718)	(146,436)
Net carrying amount	2,374	25,003	101,704	64,667	9,283	203,031	171,298
Carrying amount maturity							
2024	460	-	-	-	-	460	11,207
2025	-	2,990	6,761	2,265	644	12,660	13,756
2026	-	2,990	8,544	2,914	637	15,085	16,051
2027	-	3,861	10,332	3,526	817	18,536	19,551
2028	-	4,485	13,768	4,701	951	23,905	25,098
2029	-	4,485	16,757	5,722	970	27,934	29,226
2030	-	4,485	21,245	7,255	954	33,939	35,443
2031	-	4,485	22,737	7,766	961	35,949	37,446
2032	-	12,523	29,025	9,908	7,133	58,589	54,831
2033	-	-	51,005	9,847	-	60,852	47,327
After 2034	1,914	-	-	45,926	-	47,840	27,799
Total	2,374	40,304	180,174	99,830	13,067	335,749	317,735
Litigation (dates and amounts undetermined)	10,150	-	2,783	-	330	13,263	19,986

*The accounting balances relating to Classes II, III and IV credit include adjustments to present value considering discount rates of 13.65% per year for credit in national currency and 5.85% per year for foreign currency.

The portion paid in subscription warrants corresponds to 35% of Class II credit, 50% in credit in domestic currency in Classes III and IV, and 70% of credit in foreign currency listed in Class III. The subscription warrants required to meet the obligation were issued by the Company and booked 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 warrants were given in payment at the rate of 1 (one) Bonus for every R\$100 (one hundred reais) of credit listed. Each warrant gives the holder the right, but not the obligation, to subscribe for one share at a price of R\$0.88 per share, until October 28, 2025.

A total of 4,352,503 warrants were issued, of which 2,123,370 were registered on behalf of the respective creditors 1,482,487 are held in treasury as backing for the subscription warrants issued in the USA by Lupatech Finance and 746,646 are held in the Company's treasury for delivery to creditors who have not submitted the registration information required for bookkeeping or reserved to cover contingent credits.

Information on the recovery plan is available for consultation at the following website www.lupatech.com.br/ri.

33.Subsequent events

Organization of a wholly-owned subsidiary

On February 28, 2025, the Board of Directors authorized the organization of the wholly-owned subsidiary MNA Valves through transfer of credit arising from a final and non-appealable court decision in favor of the Company, relating to the exclusion of State VAT (ICMS) from the PIS and COFINS tax base, to form the share capital of said subsidiary.

The creation of MNA Valves and the transfer of assets is justified as a strategic measure, due to the legislative changes promoted by Law 14.973/2024, which amended Law 10.522/2002, modifying certain criteria and conditions for entering into contracts with public bodies. With the organization of the new subsidiary, the Company will be able to expand its commercial reach, with one more entity able to contract with public agents.

Comment on the behavior of business projections

In 2024, the company managed to substantially increase its level of operations, mainly as a result of the injections of funds obtained at the end of 2023, through a capital increase and the receipt of disputed credits. In this sense, we achieved a 43% increase in our Net Revenue, when comparing 2024 with the previous year, which is an increase of R\$ 37 million.

The portfolio of firm orders ended the year at R\$ 48 million. The portfolio of contracts with no purchase obligation ended the quarter at R\$ 130 million, the same level as the previous quarter.

Consolidated net revenue on December 31, 2024 was R\$ 123.1 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/MF nº 89.463.822/0001-12
NIRE 35.3.0045756-1
Public Company with Authorized Capital - New Market

AUDIT COMMITTEE REPORT – 03/19/2025

I – INTRODUCTION AND COMPOSITION OF THE COMMITTEE:

The AUDIT COMMITTEE, as provided for in the internal regulations, Articles of Association and Legislation, is responsible for advising the Company's Board of Directors on the exercise of its supervisory functions 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 is made up of the following members who are in full exercise of their mandates, namely:

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, bearer of identity card RNE no. V471179-4, registered with the CPF/MF under no. 060.144.487-64, with business address at Rodovia Anhanguera, km. 119, Distrito Industrial, Nova Odessa (SP), CEP 13388-220;
3. **Simone Anhaia Melo**, Brazilian, biologist, holder of ID card RG nº 4011785492, registered with the CPF/MF under nº 449.983.170-91, 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 for, in addition to other duties assigned to it by law, regulation or the Bylaws:

II.1. - Opinion on the hiring and dismissal of an independent auditor;

II.2 - supervising the activities of the independent auditors, assessing their independence, the quality of the services provided and the adequacy of such services to the Company's needs;

II.3 - supervising 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 - 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 - 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 - prepare an annual report with information on the activities, results, conclusions and recommendations, recording any significant disagreements between management, the independent auditors and the Audit Committee 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; and

II.9 - perform the duties and carry out the other acts necessary to fulfill its responsibilities.

III – AUDIT COMMITTEE ACTIVITIES:

With regard to the 2024 financial year. The Committee met again on March 19, 2025, at 4:30 p.m., virtually, via the Teams platform, a meeting which was attended by its two members - Mr. Carlos and Ms. Simone, qualified above. Mr. Paulo Pinese, the third member, was absent due to a trip abroad and a meeting. The Audit Committee has also interacted with the external auditors, with the company's chairman, Mr. Rafael Gorenstein, and with Ms. Vanessa Melo, the preparer of the financial statements, at the events mentioned above.

At this ordinary meeting held on March 19, 2025, this Audit Committee discussed accounting and tax aspects related to the closing of the 2024 annual Financial Statements, corresponding to the twelve-month period beginning on January 1 and ending on December 31, 2024. The Board of Directors will accept the recommendation of this Audit Committee to approve the Financial Statements for the financial year ended December 31, 2024, which have been discussed and reviewed by the same Committee.

Independent Accounting Audit: Assessed independence, especially with regard to the provision of other services, and compliance with applicable legal and regulatory provisions, on a permanent basis; Learned about the Independent Auditor's Annual Work Plan; followed up on the work of the independent accounting audit; Learned about the audit report on the financial statements for the 12-month period ended December 31, 2024.

IV – THEMES DEVELOPED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2024:

- a. Financial Statements / Finance / Accounting: We monitored the Company's financial results for the 3 quarters of the year - January to March/24, April to June/24, July to September/24, and also for the annual closing of 2024, with regard to the Financial Statements prepared for this period - Balance Sheet, Income Statement for the year

2024, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity, and Statement of Value Added for the 12-month period ending December 31, 2024.

- b. Reviewed in addition to the financial statements, with their explanatory notes. Assessed the accounting practices adopted; assessed the process of preparing and disclosing the financial statements for the period; assessed the reasonableness of the criteria for recognizing income and incurring expenses that have a material impact on the financial statements of the Company and its subsidiaries.
- c. Internal controls and compliance: Follow-up and monitoring of the tools used by the COMPANY to assess risks, protect assets and supervise the effectiveness of compliance structures in the fight against fraud, corruption and the prevention of money laundering; Analysis and knowledge of the COMPANY's corporate policies; Follow-up of the procedures relating to the Prevention and Combating of Money Laundering; Follow-up of the procedures relating to the Prevention and Combating of Fraud, as well as being aware of the investigation reports and respective results; Follow-up of the dissemination and actions relating to the Anti-Corruption Law (Law 12. 846/2013, Decree 8.420/2015 and CGU Ordinance 90. 846/2013, Decree 8.420/2015 and CGU Ordinance 909), Code of Ethics and Conduct and Compliance Program; Assessment of risks related to the information technology (IT) environment; Assessment of the process of monitoring lawsuits, deposits and judicial blocks as well as the adequacy of the respective estimates of accounting provisions; Monitoring of controls related to the financial area; Monitoring of third-party contracting management; Monitoring of work related to the implementation of the LGPD; Monitoring and identification and mitigation of the IT environment and cyber risks.
- d. Irregularities and Whistleblowing: Followed up on the development of the process for communicating and monitoring the systems and controls implemented by Management for receiving and processing information about non-compliance with the legal and normative 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;

V – 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 twelve (12) month period corresponding to the 2024 fiscal year, ending on December 31, 2024, and their consistency with the procedures adopted at the end of the immediately preceding fiscal year, 2023, as reflected in the minutes of the Audit Committee's quarterly meetings.

Among the topics discussed were:

- a. positive evolution of net sales revenues, and revenues of Lupatech and its subsidiaries, over the same values of the same period in 2023, including calculation of EBITDA for the period;
- b. evolution of operating costs; current Inventory position and its probable and possible realization over time;

- c. constitution of reserves for non-realization of assets such as Inventories, Accounts Receivable, other assets - goods available for sale and their provisions (impairment) for possible losses of realization, other credits against third parties (CSL - Cordoaria São Leopoldo);
- d. Registration of credits recognized on deferred IRPJ and CSLL, and their future realization, and support, and also realization of goodwill on investments in subsidiaries acquired in the past;
- e. Valuation of assets available for sale, no longer used in the operations of the Company and its subsidiaries; their valuation at fair value;
- f. Capitalization and depreciation policies for property, plant and equipment in use; and
- g. Analysis of the liabilities reflected in the 2024 annual financial statements.

We discussed the lifting of the Judicial Recovery (JR), carried out in the first quarter of 2023, and its disclosure in the notes to the financial statements presented here. Suggestion to re-discuss the positioning of this event and its disclosure in the notes to the financial statements to be presented with an independent audit, as a result of the disclosure for the purposes of comparing this current period of 2024 with the previous financial year of 2023, when the JR situation was still occurring.

Therefore, from now on, the Committee believes that the most relevant aspect of the financial statements in the notes to the financial statements needs to be reviewed and perhaps reallocated to the notes to the financial statements in the course of 2024, in order to include the liabilities that are still pending future settlement, derived from the JR, as in fact they have been.

In addition, the accounting procedures used by the Company during the quarter under review remained unchanged.

VI – RECOMMENDATION ON THE FINANCIAL STATEMENTS AS AT 12/31/2024:

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 Management, including the Notes to the aforementioned financial statements, prepared for the annual period ending December 31, 2024, and, based on the information provided by Management, this Committee expresses its favor, and thus recommends, to the Board of Directors, its approval of the aforementioned documents.

Nova Odessa (SP) March 19, 2025.

1. **Paulo Pinese - absent**
RG nº 8.138.961-9/CPF/MF nº 921.449.938- 15
CRC SP 134.267/O-6.
2. **Carlos Mario Calad Serrano**
RNE nº V471179-4/CPF/MF nº 060.144.487-64.
3. **Simone Anhaia Melo**
RG nº 4011785492/CPF/MF nº 060.144.487-64.

INDEPENDENT AUDITORS' REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders, Directors and Managers of
Lupatech S.A.
Nova Odessa - SP

Opinion on the individual and consolidated financial statements

We have examined the individual and consolidated financial statements of Lupatech S.A. (the "Company"), identified in these reports as company and consolidated, respectively, which comprise of the individual and consolidated statements of financial position as at December 31, 2024 and the respective statements of income, comprehensive income, 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 aspects, the financial position of Lupatech S.A. as of December 31, 2024, its individual and consolidated financial performance and its 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 the opinion on the individual and consolidated financial statements

We conducted our audit according to Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements" of our report. We are independent from the Company and its controlled companies 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 Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty as for the ability of the Company to continue as a going concern

As mentioned in explanatory note 1.1, the Company's individual and consolidated financial statements of the year ended December 31, 2024 have been prepared under the assumption of normal continuation of its operations. However, the Company and its controlled companies have been searching for sources of extra working capital and funds to service its debt and present accumulated losses of R\$2,012,461 thousand. These conditions indicate the existence of uncertainty as for its operational continuity, which may raise doubts as to the ability of the Company and its subsidiaries to continue as going concerns. As mentioned in note 18, the group has tax losses that can be offset against future taxable income, as well as deferred tax credit, amounting to R\$90,550 thousand at the Company and R\$103,000 thousand in the consolidated numbers. Besides, as mentioned in note 8, the group has recoverable taxes totaling R\$23,806 thousand and R\$34,499 thousand at the Company and consolidated numbers, respectively. Therefore, the ability to realize certain assets of the Company and its controlled companies relies on obtaining refund of tax credit and realization of a number of assets, as well as on actions to achieve the projections, which, as described in note 1.1., indicate growth in revenue and improvement in operating margins. Our opinion is not qualified in respect of this matter.

Key audit matters

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

With the exception of the matter described in the section "Material uncertainty related to the going concern" and the matter described below entitled "Assessment of goodwill impairment and deferred income tax assets - Company and Consolidated," there are no other key audit matters to report.

Assessment of goodwill impairment and deferred income tax assets - Company and Consolidated	Audit response
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As described in notes 13 and 18, procedures have been carried out at the Company and its controlled companies to assess the existence of impairment in relation to the goodwill allocated in Cash Generating Units ("CGUs"), as well as in relation to deferred income tax assets. The discounted cash flow method was used to calculate recoverable amounts. They are based on economic and financial projections and estimated future taxable income. The determination of estimates of future profitability for the purpose of assessing the recoverable amount of such assets requires the use of significant assumptions and judgment on the part of Management. That is subject to a high degree of uncertainty about the realization of assumed future businesses, as well as about the market indicators used in determining discount rates and takes into account the uncertainty about the ability of the Company and its controlled companies to continue as going concerns. That may impact the value of those assets in the individual and consolidated financial statements and the value of the investment recorded based on the equity method in the Company's financial statements. For this reason, we considered this matter to be material to our audit work.

During our audit work:

We assessed the mathematical soundness of the significant assumptions used in the preparation of the discounted cash flow projection, including comparing the forecasts with past performance, assessing the existence of an active market for the CGUs assessed and other evidence used in determining the recoverable amount, as well as assessing the consistency of these assumptions with the business plan the Board of Directors approved. We also carried out a sensitivity analysis for the main assumptions used in the projection prepared by the Company and its controlled companies.

Based on the results of the audit procedures described above, we consider that the assessment of the recoverable amount prepared by Management is appropriate, as well as their respective disclosures, in the context of the individual and consolidated financial statements taken as a whole.



Other matters

Statement of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company's Management for the year ended December 31, 2024 and presented as supplementary information based on IFRS, were submitted to the same audit procedures followed for the audit of the other financial statements of the Company. 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 their form and contents meet the criteria established in Accounting Pronouncement CPC 09 - Statement of Value Added. In our opinion, except for unknown effects of the matter mentioned in the section "Basis for the qualified opinion," the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in the technical pronouncement and are consistent with the individual and consolidated 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 individual and consolidated financial statements does not cover the Management Report and we are not expressing any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether 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 the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Those charged with governance in the Company and in its controlled companies are responsible for overseeing the Company's financial reporting process.

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

Our purpose is obtaining reasonable assurance about whether the individual and consolidated financial statements 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 standards and 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Fortaleza, March 21, 2025.



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

A handwritten signature in black ink, appearing to read 'André'.

André Custódio Nogueira
Accountant 1 PR 057107/O-2 - S - SP



Management's declaration on 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, 2024.

Nova Odessa, March 21, 2025.

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, pursuant to 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, 2024.

Nova Odessa, March 21, 2025.

Rafael Gorenstein – Director President and of Investor Relations Officer

Marco Antônio Miola – Director without specific designation