



**Financial &
Economic
Performance
1Q25**



Message from the Administration

At the end of 2024, the Brazilian economy suffered a significant blow as a result of what became known as the “pix crisis”. In that context, the exchange rate suddenly devalued to 6.30, which led to a severe reaction by the Central Bank, raising interest rates to the level of 15% per year.

This scenario had an impact on the company. In December, we had a significant volume of imported inputs awaiting shipment from abroad - the immediate purchase of which would translate into significant losses at the prevailing exchange rates. There was also the risk that the exchange rate would rise to even higher levels in the 60 days of international transportation, generating unpredictable disbursements. Therefore, shipments had to be postponed until the situation normalized.

In view of the circumstances, many activities and sales planned for the first quarter were not carried out, and we had a reduction in revenue compared to the previous quarter and the same period last year. Gross Profit and other profitability indicators were naturally affected by the lesser dilution of fixed costs.

As a result of the monetary tightening, industrial demand was shy. For this reason, the order book remained stable. However, the outlook for the Oil & Gas sector is positive, with several major refining projects and FPSOs currently being tendered for execution over the next few years.

Rafael Gorenstein
CEO and Investor Relations Officer

Economic and Financial Performance

Lupatech 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 tubes for lining oil pipelines.

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

Net Revenue

Net Revenue (R\$ thd)	1Q24	1Q25	4Q24	1Q25
Products	34,866	18,351	23,496	18,351
Valves	31,260	15,810	20,003	15,810
Ropes and Composites	3,606	2,541	3,493	2,541
Services	139	68	-	68
Oilfield Services	139	68	-	68
Total	35,005	18,419	23,496	18,419

In 1Q25, total consolidated net revenue reached R\$ 18.4 million. The decrease in 1Q25 compared to the previous periods is due to the postponement of input purchases due to the macroeconomic context.

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 March 31, 2025, the Company's order backlog in Brazil totaled R\$ 49 million. On the same date, the Company had a balance of supply contracts without purchase obligation of R\$ 117 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	1Q25	4Q24	1Q25
Products	7,980	2,831	4,851	2,831
<i>Gross Margin - Products</i>	<i>22.9%</i>	<i>15.4%</i>	<i>20.6%</i>	<i>15.4%</i>
Services	49	17	-	17
<i>Gross Margin - Services</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Total	8,029	2,848	4,851	2,848
<i>Gross Margin - Total</i>	<i>22.9%</i>	<i>15.5%</i>	<i>20.6%</i>	<i>15.5%</i>
Depreciation	755	455	599	455
Depreciation Products	755	455	599	455
Gross Profit without depreciation	8,784	3,303	5,450	3,303
Gross Profit without depreciation Products	8,735	3,286	5,450	3,286

*n/a - not applied

Products

Gross profit for 1Q25 reached R\$ 2.8 million, with a margin of 15.4%. The drop in margin for both periods is mainly associated with lower revenue, which is directly reflected in the lower dilution of fixed costs.

Services

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

Expenses

Expenses (R\$ thd)	1Q24	1Q25	4Q24	1Q25
Total Sales Expenses	1,972	2,733	4,399	2,733
Sales Expenses - Products	1,972	2,733	4,399	2,733
Sales Expenses - Services	-	-	-	-
Total Administrative Expenses	5,112	5,331	4,849	5,331
Administrative Expenses - Products	1,918	4,445	3,376	4,445
Administrative Expenses - Services	3,194	886	1,473	886
Management Fees	750	1,501	718	1,501
Total Expenses	7,834	9,565	9,966	9,565

Selling and administrative expenses

In 1Q25, the company recognized R\$ 2.7 million in sales expenses and R\$ 5.3 million in administrative expenses. The fluctuations are substantially due to the non-recurring expenses included in the result for the periods compared.

Management Compensation

The amount shown is made up of fixed and variable remuneration. The variation in relation to previous periods refers to the variable remuneration amounts for the previous year, which were only approved during the quarter.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R\$ thd)	1Q24	1Q25	4Q24	1Q25
Products	471	(242)	52,416	(242)
Expenses with Idleness - Products	(317)	(1,597)	(2,273)	(1,597)
Services	597	(961)	(2,716)	(961)
Expenses with Idleness - Services	-	-	-	-
Total	751	(2,800)	47,427	(2,800)

In 1Q25, R\$ 0.4 thousand was recorded in “Other Operating Income” against R\$ 3.2 million in “Other Operating Expenses”, totaling a net negative effect of R\$ 2.8 million. The following factors stand out:

- I. R\$ 1.6 million of expenses with idle production;
- II. R\$ 0.7 thousand referring to the net negative effect of updating contingent liabilities according to the analysis of the legal advisors;
- III. R\$ 0.4 thousand recognition of depreciation of real estate as investment property in compliance with accounting standards;
- IV. R\$ 0.1 thousand from estimates of inventory obsolescence.

Financial Result

Financial Results (R\$ thd)	1Q24	1Q25	4Q24	1Q25
Financial Revenue*	1,133	809	495	809
Financial Expense*	(6,426)	(13,915)	(21,330)	(13,915)
Net Financial Results*	(5,293)	(13,106)	(20,835)	(13,106)
Net Exchange Variance	(4,053)	12,476	(20,124)	12,476
Net Financial Results - Total	(9,346)	(630)	(40,959)	(630)

* Excluding Exchange Variance

The net financial result for 1Q25 was negative by R\$ 13.1 million, and has as its main effect the restatement of interest and charges on taxes, suppliers and loans and the calculation of the present value adjustment of the debt. The total net financial result is influenced by the exchange rate variation.

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 postings opposed to the exchange rate variations accounted for directly in the company's equity, without reporting through the profit and loss accounts.

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

	1Q25
Total Exchange Variation Revenue	13,374
Realized on exchange closing	199
Provision for outstanding securities	30
Provision for intercompany loans	12,349
Provision for unsecured suppliers	796
Total Exchange Variation Expense	(898)
Realized on exchange closing	(256)
Provision on intercompany loan	(604)
Provision for unsecured suppliers	(38)
Net Exchange Variance	12,476
Counterpart in Shareholders' Equity	11,745
Net Economic Effect of Exchange Variation	731

Adjusted EBITDA from Operations

EBITDA Ajustado (R\$ mil)	1T24	1T25	4T24	1T25
Produtos	3.526	(3.168)	721	(3.168)
Margem	10,1%	-17,3%	3,1%	-17,3%
Serviços	(2.220)	(672)	(2.150)	(672)
Margem	n/a	n/a	n/a	n/a
Total	1.306	(3.840)	(1.429)	(3.840)
Margem	3,7%	-20,8%	-6,1%	-20,8%

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	1Q25	4Q24	1Q25
Gross Profit	8,028	2,848	4,851	2,848
SG&A	(7,084)	(8,064)	(9,248)	(8,064)
Management Compensation	(750)	(1,501)	(718)	(1,501)
Depreciation and Amortization	924	618	764	618
Other Operating Expenses	751	(2,800)	47,427	(2,800)
EBITDA from Activities	1,869	(8,899)	43,076	(8,899)
Result of disposal or write-off of assets	4	(170)	(51,845)	(170)
Provisions for Legal Proceedings	(1,434)	707	1,208	707
Idle expenses	317	1,597	2,273	1,597
Extraordinary Expenses	550	2,925	3,859	2,925
Adjusted EBITDA	1,306	(3,840)	(1,429)	(3,840)

	1Q25		
Reconciliation of Adjusted Ebitda (R\$ thd)	Products	Services	Total
Gross Profit	2,831	17	2,848
SG&A	(7,178)	(886)	(8,064)
Management Compensation	-	(1,501)	(1,501)
Depreciation and Amortization	504	114	618
Other Operating Expenses	(1,839)	(961)	(2,800)
EBITDA from Activities	(5,682)	(3,217)	(8,899)
Result of disposal or write-off of assets	(13)	(157)	(170)
Provisions for Legal Proceedings	(57)	764	707
Idle expenses	1,597	-	1,597
Extraordinary Expenses	987	1,938	2,925
Adjusted EBITDA	(3,168)	(672)	(3,840)

Net Result

Net Result (R\$ thd)	1Q24	1Q25	4Q24	1Q25
Result Before Income Tax and Social Contribution	(8,401)	(10,147)	1,350	(10,147)
Income Tax and Social Contribution - Current	-	(1)	(7)	(1)
Income Tax and Social Contribution - Deferred	1,002	(1,236)	7,364	(1,236)
Net Profit for the Period	(7,399)	(11,384)	8,707	(11,384)
Profit (Loss) per Share	(0.18)	(0.27)	(0.75)	(0.27)

The negative net result obtained in 1Q25 is influenced, in addition to current income and expenses, by the adjustment to present value of debt, restatement of interest on loans and the net effect of other operating income and expenses.

Working Capital

Working Capital (R\$ thd)	03/31/2025	12/31/2024
Accounts Receivable	34,339	35,427
Inventories	26,546	26,930
Advances of suppliers	439	964
Recoverable taxes	24,773	31,017
Other Accounts Receivable	2,366	4,675
Total Asset	88,463	99,013
Suppliers	20,944	17,734
Advances from Customers	7,042	6,773
Taxes payable	28,435	22,096
Other Accounts Payable/Other Obligations	3,771	2,921
Payroll and charges	5,509	3,582
Total Liabilities	65,701	53,106
Working Capital Employed	22,762	45,907
Working Capital Variation	(23,145)	

When comparing the balances at March 31, 2025 versus December 31, 2024, there is a reduction in working capital employed. Assets decreased mainly due to: (i) consumption of tax credits and long-term accounting reclassification of taxes recoverable, and (ii) long-term accounting reclassification of other receivables referring to tax reclaims adjudicated in court. Liabilities, in turn, increased due to: (i) non-payment of the judicial recovery installment, (ii) tax debts that will be included in new installments, and (iii) recognition of variable remuneration (which has not been disbursed).

Indebtedness

Debts (R\$ thd)	03/31/2025	12/31/2024
Short Term	58,997	56,264
Credits subject to Judicial Recovery	8,390	7,983
Credits not subject to Judicial Recovery	50,607	48,281
Long Term	121,816	123,437
Credits subject to Judicial Recovery	116,326	116,897
Credits not subject to Judicial Recovery	5,490	6,540
Total Debts	180,813	179,701
Cash and Cash Equivalents	2,356	3,515
Net Debt	178,457	176,186

The increase in financial indebtedness when comparing the balances as at March 31, 2025 with the balances as at December 31, 2024 is mainly associated with taking out new loans.

Short-term indebtedness not subject to Judicial Reorganization is detailed in the following tables, which show the composition by type and guarantee coverage.

Short-term debt - Credits not subject to Judicial Reorganization	03/31/2025
BNDES - Fiduciary Sale of Machinery	11,167
Co-obligation on discounted securities	11,881
Working Capital (various types)	27,559
Total	50,607

Guarantee Coverage - Working Capital (various types)	03/31/2025
CDB and performing credits	7,427
Other*	20,132
Total	27,559

*Performing receivables, FGI, Intra-group guarantee.

Note that short-term debt corresponds to: (i) co-obligations on discounted securities (R\$ 11.9 million), (ii) amounts to be self-settled by receivables already performed or CDBs (R\$ 7.4 million), and (iii) amounts covered by fiduciary guarantees or pending future performance of receivables (R\$ 20.1 million).

Annexes

Annex I - Income Statements (R\$ Thousand)

	1Q24	1Q25
Net Revenue From Sales	35,005	18,419
Cost of Goods and Services Sold	(26,977)	(15,571)
Gross Profit	8,028	2,848
Operating Income/Expenses	(7,083)	(12,365)
Selling	(1,972)	(2,733)
General and Administrative	(5,112)	(5,331)
Management Fees	(750)	(1,501)
Other Operation Income (Expenses)	751	(2,800)
Net Financial Result	(9,346)	(630)
Financial Income	1,134	809
Financial Expenses	(6,427)	(13,915)
Net Exchange Variance	(4,053)	12,476
Results Before Income Tax and Social Contribution	(8,401)	(10,147)
Provision Income Tax and Social Contribution - Current	-	(1)
Provision Income Tax and Social Contribution - Deferred	1,002	(1,236)
Net Profit (Loss) for the year	(7,399)	(11,384)

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

	1Q24	1Q25
Adjusted EBITDA from Operations	1,306	(3,840)
Idleness Expenses	(317)	(1,597)
Extraordinary expenses	(550)	(2,925)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	1,430	(537)
EBITDA from Operations	1,869	(8,899)
Depreciation and amortization	(924)	(618)
Net Financial Result	(9,346)	(630)
Income Tax and Social Contribution - Current and Deferred	1,002	(1,237)
Net Loss	(7,399)	(11,384)

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

	03/31/2025	12/31/2024
Total Asset	503,978	508,795
Current Assets	144,657	156,539
Cash and Cash Equivalents	2,356	3,515
Accounts Receivable	34,339	35,427
Inventories	26,546	26,930
Recoverable Taxes	24,773	31,017
Other Accounts Receivable	2,366	4,675
Prepaid Expenses	1,024	569
Advances to Suppliers	439	964
Assets Classified as Held for Sale	52,814	53,442
Non-Current Assets	359,321	352,256
Financial applications	1,442	-
Securities-restricted	44	44
Judicial Deposits	3,406	4,299
Recoverable Taxes	8,936	3,482
Deferred Income Tax and Social Contribution	67,017	68,253
Other Accounts Receivable	36,558	33,464
Investments	19,685	19,685
Fixed Assets	139,097	139,831
Intangible Assets	83,136	83,198
Total Liabilities and Shareholders Equity	503,978	508,795
Current Liabilities	128,506	112,399
Suppliers - not subject to Judicial Recovery	14,503	11,818
Suppliers - subject to Judicial Recovery	6,441	5,916
Loans and Financing - not subject to Judicial Recovery	50,607	48,281
Loans and Financing - subject to Judicial Recovery	8,390	7,983
Provisions Payroll and Payroll Payable	5,509	3,582
Taxes Payable	28,435	22,096
Obligations and Provisions for Labor Risks - subject to Judicial Recovery	106	106
Advances from Customers	7,042	6,773
Other Accounts Payable	3,771	2,921
Other obligations - subject to Judicial Recovery	3,702	2,923
Non-Current Liabilities	254,230	258,016
Suppliers - subject to Judicial Recovery	28,826	28,924
Loans and Financing - not Subject to Judicial Recovery	5,490	6,540
Loans and Financing - subject to Judicial Recovery	116,326	116,897
Taxes Payable	35,612	38,469
Provision for Contingencies	25,374	25,280
Obligations and Provisions Labor Risks - subject to Judicial Recovery	1,914	1,914
Other Accounts Payable	1,754	1,624
Other obligations - subject to judicial recovery	38,934	38,368
Shareholders' Equity	121,242	138,380
Capital Stock	1,922,342	1,922,339
Reserves and capital transactions	144,754	144,754
Accumulated conversion adjustments	77,992	83,748
Accumulated Losses	(2,023,846)	(2,012,461)

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

	1Q24	1Q25
Cash Flow from Operating Activities		
Profit (Loss) for the year	(7,399)	(11,384)
Adjustments:		
Depreciation and Amortization	1,455	993
Income from sale of property, plant and equipment	(1)	24
Financial charges and exchange variation on financing	8,061	(343)
Reversal (Provision) for loss due to non-recoverability of assets	-	(196)
Deferred Income Tax and Social Contribution	(1,002)	1,236
Inventory obsolescence	938	(110)
(Reversal) Estimated losses for doubtful accounts	(97)	6
Adjust to present value	184	6,988
Exchange variation on investments abroad	2,115	(5,756)
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(14,398)	1,082
(Increase) Decrease in Inventories	(1,735)	494
(Increase) Decrease in Recoverable Taxes	2,908	790
(Increase) Decrease in Other Assets	(186)	(1,360)
(Increase) Decrease in Suppliers	12	580
(Increase) Decrease in Taxes Payable	(3,158)	2,355
(Increase) Decrease in Others Accounts Payable	414	5,284
Net Cash Flow from Operating Activities	(11,889)	683
Cash Flow from Investment Activities		
Bonds and securities - restricted account	150	51
Resources from the sale of fixed assets	-	176
Acquisition of fixed assets	(263)	(146)
Net cash provided by (used in) investing activities	(113)	81
Cash Flow from Financing Activities		
Borrowing and financing	37,105	25,065
Capital increase	68	3
Payment of loans and financing	(29,480)	(26,991)
Net cash provided by (used in) financing activities	7,693	(1,923)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,309)	(1,159)
At the Beginning of the Period	19,907	3,515
At the End of the Period	15,598	2,356

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.