

QUARTERLY INFORMATION 2Q2022

LUPATECH S.A. – IN JUDICIAL RECOVERY

CNPJ/MF nº 89.463.822/0001-12

NIRE 35.3.0045756-1

**Publicly-Held Company with Authorized Capital –
New Market**

Management Report

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

Message from the Administration

In the previous quarter we reported on the relevant effects related to the outbreak of the Covid Omicron variant and the war in Ukraine that occurred between late 2021 and early 2022. Following the accommodation of these events and the "neo-normalization" of post-pandemic life in the Western world, we started witnessing the outbreak of Covid in China, with the imposition of draconian lockdowns in key parts of that country and consequent further disruptions to the operations our suppliers and shipping times.

In this context, the expectations of the production chains normalization did not materialize, and the coexistence with the imperfect and the unusual persisted. Consequently, the revenues for the period mirrored the delays that had formed since the beginning of the year. Net revenue for the quarter was R\$ 25.5 million, slightly lower than the previous quarter one of R\$ 30 million.

Despite the small reduction, the level of activity in the year remained substantially above the previous year - we grew 43% compared to the first half of 2021. This growth included a significant increase in the Ropes and Composites line of business, which, with R\$ 1.2 million in sales, doubled over the previous year - as consequence of the demand acceleration for tubular sleeves in fiberglass-reinforced plastic for lining of oil production pipes and the start of HMPE ropes commercialization.

The profitability of sales in the second quarter, measured by gross margin, was 26.8%, representing a significant improvement over the previous quarter (22.4%) and a return to expected levels, considering that the costs of the first quarter had been impacted by a concentration of imports in a period when the dollar had appreciated excessively.

When we evaluate profitability by Adjusted EBITDA, the small reduction in revenue was offset by improved profitability, leading to a result close to zero. Highlight for the Product Adjusted EBITDA that had better margins not only in comparison with the previous year but also against the previous quarter. Measured in Brazilian Reais, Adjusted EBITDA for products grew 60% year-to-date and 31% compared to the previous quarter.

For the quarter, a net loss of R\$ 23.6 million was assessed, once again impacted by the effects of the exchange rate variation (R\$ 19.9 million) that arises mainly from debt with foreign subsidiaries. This effect in profit&loss has an opposing entry in the Net Equity.

The firm order book closed the second quarter at R\$ 58 million, close to the level of the previous quarter.

As already mentioned in the first quarter report, sales of HMPE ropes began in April and the first contract for the supply of fiberglass poles was obtained. The acceptance of both products has been positive, and as mentioned above, has already been reflected in sales growth - still small, but in the desired direction.

After great difficulties imposed by the pandemic, the establishment of a "Representative Office" in China was finally announced, in the city of Wenzhou, Zhejiang Province.

The opening of the office in China has as its main strategic objective to increase the company's integration with international production chains. This movement, initiated in 2018, has allowed the company to expand its product portfolio by offering OEM products under its specifications and supervision, as well as to acquire components for products manufactured in Brazil under more competitive terms and with the required quality standards.

With the local presence, the company intends to develop and strengthen relationships and partnerships with Chinese suppliers, so that, in the medium and long term, it can expand its possibilities of international operations, such as, for example, through the delivery of products directly from China.

Regarding the judicial recovery, the company provided all the necessary information to the judicial trustee so that he could produce the documents required for the Court to evaluate the closing of the case. In turn, the court trustee submitted the updated Provisional General Creditors List and a circumstantiated report, in which he submits the facts to the court with a view to closing the process.

With the advent of the Law 14.375/2022, the company started dealings with the federal tax authority to negotiate Individual Transaction contemplating the new benefits provided for in the Law, which, if granted, would have a significant impact on its recovery. Due to the existing correlation with the restructuring process, the pertinent elements were made known to the respective court.

Rafael Gorenstein
CEO and IRO

Economic-Financial Performance

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

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

Net Revenue

Net Revenue (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Products	19,815	25,389	29,718	25,389	38,869	55,107
Valves	19,582	24,445	29,456	24,445	38,243	53,901
Ropes and Composites	233	944	262	944	626	1,206
Services	52	84	396	84	79	480
Oilfield Services	52	84	396	84	79	480
Total	19,867	25,473	30,114	25,473	38,948	55,587

Net revenue reached R\$ 55.6 million in the first half of 2022, 42.7% higher than the R\$ 38.9 million in the first half of 2021.

Valves:

Over the last quarters, Net Revenue showed an important evolution, mainly driven by the recovery in the markets where the Lupatech Group operates. When comparing 2Q22 with 2Q21, it is possible to observe an increase of 28.2%. In the comparison between 1Q22 and 2Q22, the revenue remained at similar levels, however, in the income statement it is influenced by the recognition of provisions and revenue reversals by the application of accounting standards - IFRS15.

Ropes and Composites

The reported revenue mirrors the gradual upturn in the Composites unit, with the supply of liners for oil production pipes.

Services

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

Order Backlog

As of June 30, 2022, the Company's firm order backlog in Brazil totaled R\$ 58.4 million. On the same date, the Company had a balance of contracts for the supply of Valves and Mooring Ropes, with no purchase obligation by the clients, of R\$ 219 million. (note: the figures do not include bids for which the respective orders or contracts have not yet been issued).

Gross Profit and Gross Margin

Gross Profit (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Products	5,356	6,808	6,729	6,808	10,190	13,537
<i>Gross Margin - Products</i>	<i>27.0%</i>	<i>26.8%</i>	<i>22.6%</i>	<i>26.8%</i>	<i>26.2%</i>	<i>24.6%</i>
Services	(133)	8	25	8	(145)	33
<i>Gross Margin - Services</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Total	5,223	6,816	6,754	6,816	10,045	13,570
<i>Gross Margin - Total</i>	<i>26.3%</i>	<i>26.8%</i>	<i>22.4%</i>	<i>26.8%</i>	<i>25.8%</i>	<i>24.4%</i>
Depreciation	1,280	1,244	1,114	1,244	2,578	2,357
Depreciation Products	997	953	795	953	2,013	1,748
Depreciation Services	283	291	319	291	565	609
Gross Profit without depreciation	6,503	8,060	7,868	8,060	12,623	15,928
Gross Profit without depreciation Products	6,353	7,761	7,524	7,761	12,203	15,285

*n/a - not applied

Products

Gross profit in 2Q22 reached R\$ 6.8 million, with a margin of 26.8% against R\$ 5.4 million with a margin of 27.0% in 2Q21, and R\$ 6.7 million with a margin of 22.6 % in 1Q22.

In the quarterly comparison of 2022, there was an increase in gross margin of 4.2 percentage points. The improvement is explained by the reduction that occurred in 1Q22, due to purchases of imported inputs at an unfavorable exchange rate.

Services

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

Expenses

Expenses (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Total Sales Expenses	2,163	2,571	2,486	2,571	4,005	5,057
Sales Expenses - Products	2,163	2,571	2,486	2,571	4,005	5,057
Sales Expenses - Services	-	-	-	-	-	-
Total Administrative Expenses	4,927	5,426	5,523	5,426	10,757	10,949
Administrative Expenses - Products	2,570	2,864	2,741	2,864	4,783	5,605
Administrative Expenses - Services	2,357	2,562	2,782	2,562	5,974	5,344
Management Compensation	720	720	872	720	2,359	1,592
Total Expenses	7,810	8,717	8,881	8,717	17,121	17,598

Sales Expenses

The Company's Sales Expenses are directly related to sales and are predominantly variable in the form of freight and commissions. In 2Q22, they totaled R\$2.6 million against R\$ 2.2 million in 2Q21.

When comparing 2Q22 with 1Q22, there was a small increase in selling expenses, in the opposite direction to the reduction in revenue, which is explained by provisions for loss of doubtful debts.

Administrative Expense

The Company recognized R\$ 5.4 million in administrative expenses in 2Q22, 10.1% higher than the amount recognized in 2Q21, and 1.8% higher in the half-year comparison. Such variations are

due to the recognition of expenses with tax advisory services, legal expenses with judicial recovery and payroll exemption.

On the other hand, administrative expenses in 2Q22 remained at a similar level with 1Q22.

Management Compensation

The amount presented is composed of fixed and variable remuneration. There is no significant variation in Directors' Fees.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Products	(799)	(70)	95	(70)	(1,597)	25
Expenses with Idleness - Products	(3,788)	(5,681)	(2,953)	(5,681)	(6,593)	(8,634)
Services	(4,862)	(1,152)	406	(1,152)	(20,256)	(746)
Expenses with Idleness - Services	(44)	(6)	(18)	(6)	(141)	(24)
Total	(9,493)	(6,909)	(2,470)	(6,909)	(28,587)	(9,379)

In 2Q22, it was recorded R\$ 8.2 million in “Other Operating Income” against R\$ 15.1 million in “Other Operating Expenses”, totaling a net effect of R\$ 6.9 million. Highlighting the following factors:

- I. R\$ 0.2 million corresponding to the positive net effect of updating contingent processes according to the analysis of the legal advisors;
- II. R\$ 1.1 million corresponding to the positive net effect, related to the impairment adjustments and the result of the sale of fixed assets;
- III. R\$ 5.7 million in idle production expenses;
- IV. R\$ 2.2 million from the recognition of taxes, adjustments in credit balances with suppliers and judicial deposits;
- V. R\$ 0.3 million with obsolescence of stocks.

Financial Result

Financial Results (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Financial Revenue*	1,723	11,001	2,498	11,001	2,022	13,499
Financial Expense*	(15,367)	(5,138)	(19,620)	(5,138)	(16,735)	(24,758)
Net Financial Results*	(13,644)	5,863	(17,122)	5,863	(14,713)	(11,259)
Net Exchange Variance	23,991	(19,885)	33,171	(19,885)	6,748	13,286
Net Financial Results - Total	10,347	(14,022)	16,049	(14,022)	(7,965)	2,026

* Excluding Exchange Variance

The Company's total net financial result in 2Q22 was negative by R\$ 14.0 million versus a positive result of R\$16.0 million in 1Q22 and R\$10.3 million in 2Q21. The financial result in 2Q22 was impacted by the devaluation of the Brazilian Real against the US Dollar.

It is important to remember that exchange variations are predominantly the result of their incidence on balances between companies of the group abroad. The exchange rate oscillation affects in the opposite direction the translation into Reais of the equity of these entities, so that

there are exchange rate variations recorded directly in the company's equity, without going through income accounts.

The financial result is presented in detail in Note 23.

Adjusted EBITDA from Operations

EBITDA Adjusted (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Products	1,893	2,767	2,113	2,767	3,044	4,880
Margin	9.6%	10.9%	7.1%	10.9%	7.8%	8.9%
Services	(2,984)	(2,807)	(2,413)	(2,807)	(5,259)	(5,220)
Margin	n/a	n/a	n/a	n/a	n/a	n/a
Total	(1,091)	(40)	(300)	(40)	(2,215)	(340)
Margin	-5.5%	-0.2%	-1.0%	-0.2%	-5.7%	-0.6%

Adjusted EBITDA from Products in 2Q22 increased compared to 1Q22 and 2Q21, mainly due to the improvement in sales performance and margins. The growth in Adjusted EBITDA from Products was a significant 31% compared to the previous quarter, with an equally relevant expansion of 3.8 percentage points in the margins earned.

Services Adjusted EBITDA in 2Q22 and 1S22 showed an increase due to higher costs incurred with legacy management and contingent liabilities.

Adjusted Ebitda Reconciliation (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Gross Profit	5,223	6,816	6,754	6,816	10,045	13,570
SG&A	(7,090)	(7,997)	(8,009)	(7,997)	(14,762)	(16,007)
Management Compensation	(720)	(720)	(872)	(720)	(2,359)	(1,592)
Depreciation and Amortization	1,280	1,244	1,307	1,244	2,578	2,551
Other Operating Expenses	(9,493)	(6,909)	(2,470)	(6,909)	(28,587)	(9,379)
Ebitda	(10,800)	(7,566)	(3,289)	(7,566)	(33,085)	(10,855)
Result of disposal or write-off of assets	852	2,111	325	2,111	2,721	2,436
Provisions for Legal Proceedings	(85)	(593)	(600)	(593)	(255)	(1,194)
Idle expenses	3,115	5,231	2,637	5,231	5,668	7,868
Expenses with Restructuring and Other Extraordinary Expenses	5,827	777	628	777	22,736	1,405
Adjusted EBITDA	(1,091)	(40)	(300)	(40)	(2,215)	(340)

	2Q22		
Reconciliation of Adjusted Ebitda (R\$ thd)	Products	Services	Total
Gross Profit	6,808	8	6,816
SG&A	(4,931)	(3,066)	(7,997)
Management Compensation	(504)	(216)	(720)
Depreciation and Amortization	953	291	1,244
Other Operating Expenses	(5,751)	(1,158)	(6,909)
Ebitda	(3,425)	(4,141)	(7,566)
Result of disposal or write-off of assets	-	2,111	2,111
Provisions for Legal Proceedings	441	(1,034)	(593)
Idle expenses	5,231	-	5,231
Restructuring Process and Other Extraordinary Expenses	520	257	777
Adjusted EBITDA	2,767	(2,807)	(40)

Non-recurring expenses in 2Q22 refer mainly to the sale of assets, updating of contingent processes, idle production and extraordinary expenses related to judicial recovery.

Net Result

Net Result (R\$ thd)	2Q21	2Q22	1Q22	2Q22	1S21	1S22
Result Before Income Tax and Social Contribution	(1,733)	(22,832)	11,452	(22,832)	(43,628)	(11,380)
Income Tax and Social Contribution - Current	(16)	-	(6)	-	(26)	(6)
Income Tax and Social Contribution - Deferred	3,739	(822)	3,470	(822)	2,879	2,648
Net Profit for the Period	1,990	(23,654)	14,916	(23,654)	(40,775)	(8,738)
Profit (Loss) per 1,000 Shares	(6.22)	0.40	1.15	0.40	(8.29)	(0.30)

The negative net result obtained in 2Q22 is mainly influenced by the financial result, with a direct effect of the exchange rate variation on the Company's consolidated result. It is important to remember that these effects are predominantly results on balances between companies of the group abroad that are reflected in the opposite direction in the company's Shareholders' Equity, made possible by the conversion of the balance sheet in foreign currency of the respective subsidiaries.

Working Capital

Working Capital (R\$ thd)	1Q22	2Q22
Accounts Receivable	29,991	26,430
Inventories	45,160	46,372
Advances of suppliers	5,323	5,741
Recoverable taxes	62,241	62,847
Other Accounts Receivable	34,870	39,239
Suppliers	17,842	15,373
Advances from Customers	9,398	10,377
Taxes payable	18,273	19,360
Other Accounts Payable	3,290	4,244
Payroll and charges	5,374	6,772
Working Capital Employed	123,408	124,503
Working Capital Variation	3,196	1,095

Comparing 2Q22 with 1Q22, there is an increase in working capital employed. This increase is mainly due to the variation in Other Accounts Receivable due to the higher level of activity.

Cash and Cash Equivalents

Cash and cash equivalents (R\$ thd)	1Q22	2Q22
Cash and Cash Equivalents	12,408	11,349
Total	12,408	11,349

The Company's consolidated position of Cash and Cash Equivalents in 2Q22 reached R\$ 11.3 million.

Indebtedness

Debts (R\$ thd)	1Q22	2Q22
Short Term	41,319	42,841
Credits subject to Judicial Recovery	3,523	3,685
Credits not subject to Judicial Recovery	37,796	39,156
Long Term	92,084	93,477
Credits subject to Judicial Recovery	92,084	93,477
Total Debts	133,403	136,318
Cash and Cash Equivalents	12,408	11,349
Net Debt	120,995	124,969

The increase in financial indebtedness when comparing 2Q22 with 1Q22 is explained by the updating of the Judicial Recovery debt and the fund raising from financial institutions to finance the expansion of the activity.

Investment

Investments (R\$ thd)	1Q22	2Q22
Others Investments	21,942	21,942
Fixed Assets	146,098	144,097
Intangible Assets	84,476	84,221
Total	252,516	250,260

The variation shown in the investment balances refers to the sale of fixed assets, recognition of depreciation and the effect of exchange rate variation on the property, plant and equipment of subsidiaries abroad.

Annexes

Annex I - Income Statements (R\$ Thousand)

	1Q22	2Q22
Net Revenue From Sales	30,114	25,473
Cost of Goods and Services Sold	(23,360)	(18,657)
Gross Profit	6,754	6,816
Operating Income/Expenses	(11,351)	(15,626)
Selling	(2,486)	(2,571)
General and Administrative	(5,523)	(5,426)
Management Compensation	(872)	(720)
Other Operation Income (Expenses)	(2,470)	(6,909)
Net Financial Result	16,049	(14,022)
Financial Income	2,498	5,207
Financial Expenses	(19,620)	656
Net Exchange Variance	33,171	(19,885)
Results Before Income Tax and Social Contribution	11,452	(22,832)
Provision Income Tax and Social Contribution - Current	(6)	-
Provision Income Tax and Social Contribution - Deferred	3,470	(822)
Gain (Loss) for the Period	14,916	(23,654)

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

	1Q22	2Q22
Adjusted EBITDA from Continuing Operations	(300)	(40)
Expenses with Restructuring and Other Extraordinary Expenses	(713)	(777)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	360	(1,517)
EBITDA from Operations	(653)	(2,334)
Depreciation and amortization	(1,307)	(1,244)
Net Financial Result	16,049	(14,022)
Income Tax and Social Contribution - Current and Deferred	3,464	(822)
Idleness Expenses	(2,637)	(5,231)
Net Income (Loss)	14,916	(23,654)

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

	1Q22	2Q22
Total Asset	501,571	501,609
Current Assets	231,363	234,645
Cash and Cash Equivalents	12,408	11,349
Accounts Receivable	29,991	26,430
Inventories	45,160	46,372
Recoverable Taxes	62,241	62,847
Other Accounts Receivable	34,870	39,239
Prepaid Expenses	857	657
Advances to Suppliers	5,323	5,741
Assets Classified as Held for Sale	40,513	42,010
Non-Current Assets	270,208	266,964
Securities-restricted	44	44
Judicial Deposits	10,425	9,452
Tax to be recovered	1,132	1,114
Other Accounts Receivable	6,091	6,094
Investments	21,942	21,942
Property, Plant and Equipment	146,098	144,097
Intangible Assets	84,476	84,221
Total Liabilities and Shareholders Equity	501,571	501,609
Current Liabilities	97,133	100,854
Suppliers - Not Subject to Judicial Recovery	12,327	10,270
Suppliers - Subject to Judicial Recovery - Class I	365	364
Suppliers - Subject to Judicial Recovery	5,150	4,739
Loans and Financing - Not Subject to Judicial Recovery	37,796	39,156
Loans and Financing - Subject to Judicial Recovery	3,523	3,685
Provisions Payroll and Payroll Payable	5,374	6,772
Commissions Payable	269	329
Taxes Payable	18,273	19,360
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	387	283
Advances from Customers	9,398	10,377
Other Accounts Payable	3,290	4,244
Provision for Contratual Fines	981	1,275
Non-Current Liabilities	271,729	275,813
Suppliers - Subject to Judicial Recovery	55,817	57,911
Loans and Financing - Subject to Judicial Recovery	92,084	93,477
Taxes Payable	36,558	36,389
Deferred Income Tax and Social Contribution	43,515	44,296
Provision for Contingencies	34,380	34,332
Obligations and Provisions Labor Risks - Subject to Judicial	4,502	4,382
Other Accounts Payable	4,873	5,026
Shareholders' Equity	132,709	124,942
Capital Stock	1,897,431	1,897,431
Capital reserve	3,612	3,612
Capital Transaction Reserve	136,183	136,183
Equity Valuation Adjustment	177,310	193,197
Accumulated Losses	(2,081,827)	(2,105,481)

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

	1Q22	2Q22
Cash Flow from Operating Activities		
Profit (loss) for the periods	14,916	(23,654)
Adjustments:		
Depreciation and Amortization	1,306	1,244
Income from sale of property, plant and equipment	352	3,121
Financial charges and exchange variation on financing	(30,061)	24,102
Reversal (Provision) for loss due to non-recoverability of assets	(343)	(3,173)
Deferred Income Tax and Social Contribution	(3,469)	781
Inventory obsolescence	(626)	(257)
(Reversal) Estimated losses for doubtful accounts	(53)	(78)
Actual losses with doubtful accounts	51	70
Adjust to present value	15,733	(5,794)
Fair value adjustment	(27,488)	16,014
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(9,045)	3,568
(Increase) Decrease in Inventories	(3,407)	(955)
(Increase) Decrease in Recoverable Taxes	442	555
(Increase) Decrease in Other Assets	(1,900)	(3,491)
(Increase) Decrease in Suppliers	4,475	(1,534)
(Increase) Decrease in Taxes Payable	341	188
(Increase) Decrease in Others Accounts Payable	30,411	(13,453)
Net Cash Flow from Operating Activities	(8,365)	(2,746)
Cash Flow from Investment Activities		
Securities - restricted account	102	114
Resources from the sale of fixed assets	479	3,387
Aquisition of Property, Plant and Equipment	(691)	(395)
Aquisition of Intangible Assets	-	(4)
Net Cash Flow from (Used in) Investment Activities	(110)	3,102
Cash Flow from Financing Activities		
Borrowing and financing	33,291	31,729
Capital increase (decrease)	83	-
Payment of loans and financing	(31,667)	(33,144)
Net Cash Flow from Financing Activities	1,707	(1,415)
Net Increase (Decrease) in Cash and Cash Equivalents	(6,768)	(1,059)
At the Beginning of the Period	19,176	-
At the End of the Period	12,408	(1,059)

About Lupatech - In Judicial Recovery

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

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET
(In R\$ Thousands)

ASSETS	Note	Parent		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
CURRENT					
Cash and cash equivalents	3	814	1,098	11,349	19,176
Accounts receivables	4	20,130	15,301	26,430	20,943
Inventories	5	31,993	30,745	43,938	41,127
Recoverable taxes	6	36,619	37,564	62,847	64,608
Advances to suppliers		2,038	1,763	5,741	5,669
Other accounts receivable	7	36,319	30,562	39,239	33,377
Prepaid expenses		622	242	657	278
Accounts receivable - related parties	13.1	20,699	19,613	-	-
Assets classified as held for sale	27	3,236	3,236	42,010	45,962
Total current assets		152,470	140,124	232,211	231,140
NON-CURRENT ASSETS					
Other Credits		1	1	1	1
Judicial deposits	15.3	1,922	1,915	9,451	10,456
Securities-restricted	3.2	44	44	44	44
Recoverable taxes	6	1,114	1,124	1,114	1,133
Accounts receivable - related parties	13.1	12,669	15,983	-	-
Other accounts receivable	7	163	163	6,094	6,091
Investments					
Direct and indirect associated companies	8.1	319,320	341,227	-	-
Investment property	8.2	-	-	21,942	21,942
Fixed assets	9	23,898	24,471	144,097	147,474
Intangibles					
Goodwill	10	61,479	61,479	82,166	82,166
Other intangibles	10	1,758	2,274	2,055	2,579
Total Non-current assets		422,368	448,681	266,964	271,886
TOTAL ASSETS		574,838	588,805	499,175	503,026

The notes are an integral part of the financial statements.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET

(In R\$ Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	11	6,634	3,671	10,270	6,047
Suppliers - subject to Judicial Recovery Class I	11	364	365	364	365
Suppliers - subject to Judicial Recovery	11	4,739	4,759	4,739	4,759
Loans and financing - not subject to Judicial Recovery	12	21,703	14,762	39,156	34,870
Loans and financing - subject to Judicial Recovery	12	2,801	2,613	3,685	3,361
Provisions payroll and payroll payable		5,450	3,731	6,772	4,519
Commissions payable		274	321	329	364
Taxes payable	16	12,202	11,032	19,360	17,793
Obligations for labor risks and creditors- subject to Judicial Recovery		283	395	283	395
Advances from customers		2,240	1,630	10,377	9,237
Provision contratual fines		1,275	801	1,275	801
Other accounts payable		3,462	2,001	4,245	2,792
Related Parties - mutual and loans	13.1	32,756	31,857	-	-
Total current liabilities		94,183	77,938	100,855	85,303
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	11	57,911	55,524	57,911	55,524
Loans and financing - subject to Judicial Recovery	12	60,217	57,813	93,477	90,587
Deferred income tax and social contribution	14	30,712	31,945	44,296	46,984
Taxes payable	16	22,916	23,148	36,389	36,067
Provision for contingencies	15.1	4,882	4,140	34,332	33,786
Obligations and provisions labor risks - subject to judicial Recovery		4,382	4,510	4,382	4,510
Other accounts payable		2,043	2,176	5,026	5,194
Related Parties - mutual and loans	13.1	175,085	186,540	-	-
Total non-current liabilities		358,148	365,796	275,813	272,652
SHAREHOLDERS' EQUITY					
Capital stock	17	1,897,431	1,897,348	1,897,431	1,897,348
Capital reserve to be realized		3,612	3,612	3,612	3,612
Capital transaction reserve		136,183	136,183	136,183	136,183
Equity valuation adjustments		193,196	204,671	193,196	204,671
Retained earnings / Accumulated losses		(2,107,915)	(2,096,743)	(2,107,915)	(2,096,743)
Parents company's interest		122,507	145,071	122,507	145,071
Non-controlling interests		-	-	-	-
Total shareholders' equity		122,507	145,071	122,507	145,071
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		574,838	588,805	499,175	503,026

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF INCOME
FOR THE PERIODS ENDED ON JUNE 30, 2022 AND 2021
(In thousands of Reais except Loss per share, or when indicated)

	Note	Parent		Consolidated	
		06/30/2022	06/30/2021	06/30/2022	06/30/2021
NET REVENUE FROM SALES	21	50,145	35,260	55,587	38,948
COST OF GOODS AND SERVICES SOLD	25	(37,866)	(25,348)	(46,461)	(28,903)
Profit gross		12,279	9,912	9,126	10,045
OPERATING INCOME/EXPENSES					
Selling	25	(4,780)	(3,818)	(5,057)	(4,005)
General and administrative	25	(7,405)	(9,280)	(10,949)	(10,757)
Management compensation	13.2/25	(1,592)	1,520	(1,592)	(2,359)
Equity pick-up	8.1	(10,769)	(13,509)	-	-
Other operating income (expenses)	24	(7,728)	(23,365)	(7,369)	(28,587)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL RESULT		(19,995)	(38,540)	(15,841)	(35,663)
FINANCIAL RESULTS					
Financial income	23	7,173	65	7,705	2,023
Financial expenses	23	(11,435)	(10,519)	(18,964)	(16,736)
Exchange variation, net	23	11,852	6,769	13,286	6,748
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(12,405)	(42,225)	(13,814)	(43,628)
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	14	-	-	(6)	(25)
Deferred	14	1,233	1,450	2,648	2,878
PROFIT (LOSS) FOR THE PERIOD		(11,172)	(40,775)	(11,172)	(40,775)
PROFIT (LOSS) ATTRIBUTABLE TO					
Parent company's interest		(11,172)	(40,775)	(11,172)	(40,775)
Non-controlling interest		-	-	-	-
PROFIT (LOSS) PER SHARE (In Reais)					
BASIC earnings per share	22	(0.37825)	(8.29302)	(0.37825)	(8.29302)
Diluted per share	22	(0.37825)	(8.29302)	(0.37825)	(8.29302)

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED ON JUNE 30, 2022 AND 2021
(In R\$ Thousands)

	Parent		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
PROFIT (LOSS) FOR THE PERIOD	(11,172)	(40,775)	(11,172)	(40,775)
OTHER COMPREHENSIVE INCOME				
Exchange variation on investments abroad	(11,475)	15,179	(11,475)	15,179
Implementation of the equity valuation adjustment	-	-	-	-
COMPREHENSIVE INCOME OF THE PERIOD	<u>(22,647)</u>	<u>(25,596)</u>	<u>(22,647)</u>	<u>(25,596)</u>
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:				
Participation of controlling shareholders	(22,647)	(25,596)	(22,647)	(25,596)
Non-controlling interests	-	-	-	-

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT CASH FLOW - INDIRECT METHOD
FOR THE PERIODS ENDED ON JUNE 30, 2022 AND 2021
(In R\$ Thousands)

		Parent		Consolidated	
	Note	06/30/2022	06/30/2021	06/30/2022	06/30/2021
FLUXO DE CAIXA DAS ATIVIDADES OPERACIONAIS					
Profit (Loss) for the period		(11,172)	(40,775)	(11,172)	(40,775)
Depreciation and amortization	9 e 10	2,109	2,255	2,550	2,573
Reversal (Estimated) for losses by non-recoverability of assets	9 e 10	-	-	(3,516)	(1,337)
Equity pick-up	8.1	10,769	13,509	-	-
Result on sale of fixed assets		(20)	(10)	3,466	2,406
Financial charges and exchange variation on financing		(1,515)	1,493	(5,959)	(2,662)
Deferred income tax and social contribution		(1,233)	4,463	(2,688)	(1,337)
Inventory Obsolescence		-	(1,071)	(883)	(1,006)
(Reversal) Estimated losses for doubtful accounts	4	(22)	(256)	(131)	(270)
Actual losses with doubtful accounts	4	25	-	121	-
Adjustment to present value	23	3,993	3,461	9,939	5,616
Adjustment to fair value		9	17,159	(11,810)	15,202
(Increase) decrease in operating assets:					
Accounts receivable		(4,832)	401	(5,477)	63
Inventories		(1,248)	(1,496)	(1,928)	(3,466)
Recoverable taxes		955	(5,125)	997	1,143
Other assets		(6,419)	474	(5,391)	2,437
(Increase) decrease in operating liabilities:					
Suppliers		846	(3,861)	2,941	1,096
Taxes payable		191	8,685	529	15,528
Others accounts payable		4,585	(33,086)	16,959	5,008
Cash flow from operating activities		(2,979)	(33,780)	(11,453)	219
CASH FLOW FROM INVESTING ACTIVITIES					
Overdue Liabilities		-	-	-	(4,280)
Payment of capital in subsidiaries		(334)	(3,890)	-	-
Securities-restricted	3.2	8	1	216	177
Resources from sale of fixed assets		20	10	3,866	232
Asset Acquisition	9	(1,028)	(650)	(1,086)	(819)
Additions to the intangible	9	(4)	(29)	(4)	(73)
Cash Flow from (Used in) Investment Activities		(1,338)	(4,558)	2,992	(4,763)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans and financing		38,235	38,462	65,020	117,612
Proceeds (Payment) from loans and financing - Related parties		282	43,354	-	-
Capital Increase (Reduction)	17	83	3,623	83	3,623
Payments of loans and financing		(34,567)	(46,051)	(64,469)	(118,348)
Convertible debentures in share		-	(1,037)	-	(1,037)
Net cash provided by financing activities		4,033	38,351	634	1,850
(REDUCTION) NET INCREASE OF CASH AND CASH EQUIVALENTS					
		(284)	13	(7,827)	(2,694)
Cash and cash equivalents at the beginning of period		1,098	161	19,176	21,015
Cash and cash equivalents at the end of period		814	174	11,349	18,321

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY

FOR THE PERIODS ENDED ON JUNE 30, 2022 AND 2021

(In R\$ Thousands)

	Capital stock	Capital reserves, options granted	Accumulated profit/loss	Equity valuation adjustments	Parents company's interest	Non-controlling interest	Total shareholders' equity
BALANCE ADJUSTMENT IN DECEMBER 31, 2020	1,893,163	139,789	(2,055,403)	173,961	151,510	-	151,510
Capital increase	3,623	-	-	-	3,623	-	3,623
Profit (Loss) for the year	-	-	(40,775)	-	(40,775)	-	(40,775)
Exchange variation on investments abroad	-	-	-	15,179	15,179	-	15,179
BALANCE ADJUSTMENT IN JUNE 30, 2021	1,896,786	139,789	(2,096,178)	189,140	129,537	-	129,537
BALANCE ADJUSTMENT IN DECEMBER 31, 2021	1,897,348	139,795	(2,096,743)	204,671	145,071	-	145,071
Capital increase	83	-	-	-	83	-	83
Profit (Loss) for the year	-	-	(11,172)	-	(11,172)	-	(11,172)
Exchange variation on investments abroad	-	-	-	(11,475)	(11,475)	-	(11,475)
BALANCE ADJUSTMENT IN JUNE 30, 2022	1,897,431	139,795	(2,107,915)	193,196	122,507	-	122,507

The notes are an integral part of the financial statements.

LUPATECH S.A. - EM RECUPERAÇÃO JUDICIAL

STATEMENT OF ADDED VALUE
FOR THE PERIODS ENDED ON JUNE 30, 2022 AND 2021
(In R\$ Thousands)

		Parent		Consolidated	
	Note	06/30/2022	06/30/2021	06/30/2022	06/30/2021
RECEITAS					
Sales of goods, products and services (IPI including)	21	57,025	43,072	63,566	47,657
Ganho na alienação de ativo imobilizado		20	-	3,866	-
Reversão de estimativa de perdas pela não recuperabilidade de ativos		-	-	5,899	-
Other revenues	24	272	7,602	4,380	15,112
Reversal (estimated) of losses on doubtful accounts	4	22	255	117	270
Actual losses with doubtful accounts	4	(25)	-	(118)	-
		57,314	50,929	77,710	63,039
ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(24,817)	(13,856)	(21,047)	(15,260)
Materials, energy, and other outsourced services		(5,679)	(6,369)	(15,372)	(9,034)
Loss on disposal of fixed assets		-	-	(7,284)	-
Estimate of losses due to the non-recoverability of assets		-	-	-	(1,632)
Capital losses on investment		-	(17,197)	-	(17,197)
Other expenses	24	(8,020)	(13,770)	(14,229)	(24,870)
		(38,516)	(51,192)	(57,932)	(67,993)
GROSS ADDED VALUE		18,798	(263)	19,779	(4,954)
DEPRECIATION AND AMORTIZATION		9 e 10	(2,109)	(2,255)	(2,573)
NET ADDED VALUE GENERATED BY THE COMPANY			16,689	17,229	(7,527)
ADDED VALUE RECEIVED IN TRANSFER					
Equity pick-up	8.1	(10,769)	(13,509)	-	-
Financial income	23	48,370	29,277	58,058	33,198
		37,601	15,768	58,058	33,198
TOTAL ADDED VALUE TO BE DISTRIBUTED		54,290	13,250	75,287	25,671
DISTRIBUTION OF ADDED VALUE		54,290	13,250	75,287	25,671
Staff:		16,814	13,162	20,865	15,550
Direct compensation		12,554	9,828	15,486	11,558
Benefits		3,413	2,635	4,300	3,159
FGTS		847	699	1,079	833
Taxes and contributions:		7,704	7,768	9,313	9,512
Federal		4,074	3,620	4,951	4,816
States		3,457	4,095	4,156	4,584
Municipal		173	53	206	112
Remuneration of third party capital:		40,944	33,095	56,281	41,384
Interest and other financial expenses	23	40,780	32,962	56,031	41,163
Rent		164	133	250	221
Remuneration (loss) from equity:		(11,172)	(40,775)	(11,172)	(40,775)
Loss for the year		(11,172)	(40,775)	(11,172)	(40,775)
Non-controlling interests		-	-	-	-

The notes are an integral part of the financial statements.

Lupatech S/A – In Judicial Reorganization

Notes to the individual and consolidated interim financial information contained in the Quarterly Information Form - ITR for the quarters ended on June 30, 2022 and 2021

(In thousands of Reais, except Net loss per share, or when indicated)

1 Operational context

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

The group, which has 446 employees, operates in manufacturing (**Products segment**) mainly producing industrial valves; valves for oil and gas; synthetic fiber ropes for anchoring oil platforms and various other applications; and artifacts of composite materials, such as posts and tubular sleeves for coating oil pipelines.

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

1.1 Operational continuity

The Lupatech Group seeks to overcome the economic and financial crisis and restructure its business through the judicial reorganization process, according to the judicial reorganization plan presented to its creditors, with the objective of preserving its business activity, recovering its prominent position as one of the most relevant economic groups in Brazil related to the oil and gas sector, as well as to remain a source of wealth generation, taxes and jobs.

In the scenarios developed by Management, the estimates indicate the need to obtain additional financial resources to raise working capital levels to support the resumption of operations. Such resources could come, for example, and without being limited to, from new lines of credit, capital increase with or without conversion of debts, sale of assets or equity interests, refund of tax credits and reprofiling of liabilities. Management pursues all of these options.

The Company has been successful in certain measures implemented since the filing of the Judicial Reorganization request, which made it possible to inject substantial resources into its operations. Among such measures, it is worth mentioning the receipt of relevant amounts from its main client, sale of equity interests, sale of fixed assets and refund of tax credits.

Several measures to obtain resources are pursued with the purpose of providing the necessary working capital for raising the level of activity and servicing the debt. The amount of capital needed to finance the resumption depends on the speed of the resumption itself.

In 2021, taking advantage of the favors introduced in the Exceptional Transaction modality Law 13.988/2020 (PGFN Ordinance No. 14.402/2020) and Law 14.112/2020, the Company reorganized the amount of R\$35,050 of its liabilities related to Social Security and Treasury obligations, generating a direct benefit to Grupo Lupatech with discounts on interest, fines and charges in the

amount of R\$19,477. The adhesion to the Installment Program granted the right to settle 30% of the consolidated debt in the JR modality within the scope of the RFB, using credits arising from tax losses and negative basis in the amount of R\$9,085.

On February 22, 2021, the Company became aware of a partial sentence in an arbitration proceeding with the Market Arbitration Chamber, filed against GP Investimentos, San Antonio Internacional and its vehicles, which substantially granted the claims made by the Company. The proceeding continues in the settlement of a judgment that will determine the amounts effectively owed to Lupatech as a result of violations of the Investment Agreement for the merger of San Antonio's Brazilian companies in 2012 (Explanatory Note 15.2).

On March 26, 2021, the Company received reimbursements in the amount of R\$5,222 as a result of voluntary compliance with the partial sentence.

Lupatech S/A was assured the right to reimbursement of PIS and COFINS on ICMS, related to taxes collected from December 2001 to December 2014, which can be offset against future debts or refunded to the company. The partial res judicata of said decision took place in October 2019.

On August 18, 2021, the Brazilian Federal Revenue Service complied with the preliminary injunction in the context of a writ of mandamus filed by Lupatech S/A determining the authorization to offset the PIS and COFINS credits levied on ICMS, resulting from a court decision with partial transit in res judicata, whose effectiveness had not been recognized. As a result of compliance with the court decision, Lupatech S.A. is now able to offset credits in the amount of R\$29,465, amounts updated until July 2021 with current federal taxes due, except for social security. The Company continues to litigate for the right to reimburse taxes paid in excess as of 2015.

On November 18, 2021, the final decision in favor of the affiliate Lupatech Equipamentos e Serviços para Petróleo Ltda - In Judicial Reorganization was certified, in the records of the Writ of Mandamus filed by the Company, which discusses the exclusion of ICMS from the calculation basis of PIS and COFINS. As a result of compliance with the court decision, Lupatech Equipamentos is now able to enjoy this credit in the amount of R\$3,634, subject to offsetting or reimbursement.

In August 2020, the Company became aware of the final decision rendered in the Arbitration Proceeding, pending before the Arbitration Chamber of Federasul (CAF), filed by the Company against Cordoaria São Leopoldo Ltda., aiming at the application of contractual penalties for breach of non-compete agreement resulting from the acquisition of the Anchoring Ropes unit. The Company was the winner in the aforementioned arbitration procedure, and the non-compliance with the non-compete clause was recognized, resulting in Lupatech being sentenced to pay a contractual fine. On September 23, 2021, in view of a new favorable decision, the Company recognized in the balance sheet a gain from the lawsuit in amount of R\$22,738. Subsequently, on May 13, 2022, the 2nd Civil Court of Porto Alegre, in charge of the execution of the judicial title arising from the arbitration process, granted the request for attachment of credits arising from the contracts that Cordoaria São Leopoldo Original Ltda. (successor of Cordoaria São Leopoldo Ltda.) has with PETROBRAS, up to the limit of R\$33,554, which represents the updated credit of the Company plus fines and fees. On June 28, 2022, the magistrate accepted the request of Cordoaria São Leopoldo Original Ltda., to limit the attachment to the percentage of profit that will be earned in each contract signed with Petrobras, which totals BRL 5,769. This decision was the subject of a Motion for Clarification by Lupatech, which is awaiting judgment. And, in the future, it will be taken to court through the filing of an Interlocutory Appeal. As of June 30, 2022, the updated amount of the lawsuit is R\$31,613.

Certain business units have had their operations substantially affected by the conditions of the Oil and Gas market, by the economic crisis in Brazil and by the repercussions of the Judicial Reorganization process, with their activity level and their operational performance limited. In the Company's assessment, these units will return to operating at higher levels as the business environment returns to normal, whenever the resources necessary for their working capital are granted.

On September 24, 2021, the Company received a purchase order to supply valves for the construction of an FPSO (Floating Production Storage and Offloading). The order is worth US\$3,400, equivalent to R\$17,981. The contract is a firm purchase commitment, and deliveries are expected between the first and second quarter of 2022. The contract represents an important milestone in the resumption of the supply of equipment for the FPSO vessel construction market, whose demand includes a representative part of the Company's product portfolio.

In the course of 2020 and 2021, a Lupatech firm contracts Valves and Anchoring Ropes, with no obligation to purchase. The readjusted value, contracts on the date of the financial accounts is R\$219 million. These events are important indicators of the expected resumption of activity in the industry and their benefits for Lupatech.

Strategic opportunities to accelerate the resumption of activity and/or mitigate continuity risks through mergers and acquisitions are continuously monitored by Management.

During the six months period ended June 30, 2022, the Company incurred a loss before income tax and social contribution of R\$9,971 in the parent company and R\$11,380 in the consolidated (loss before income tax and social contribution of R\$42,225 in the parent company and R\$43,628 in the consolidated in the six-month period ended June 31, 2021) and on June 30, 2022, the Company's total current assets exceeded the current liabilities by R\$58,288 in the parent company, and in the consolidated total current assets exceeded total current liabilities by R\$133,791 (on December 31, 2021 total current assets exceeded total current liabilities by R\$62,186 in the parent company, and in consolidated total current assets exceeded total of current liabilities in R\$145,837). Despite the improvement in results, continuity depends not only on improved performance, but also on the Company's success in obtaining additional funds necessary to supply working capital and service its debt.

1.2 Judicial Recovery

1. Process of Judicial Recovery of the Lupatech Group

On May 25, 2015, Lupatech S / A and its direct and indirect subsidiaries (Lupatech Group) obtained the approval of the Board of Directors for the judicial reorganization of the Company, pursuant to Article 122, sole paragraph, of Law 6.404/76.

On that same date, Lupatech S/A and its subsidiaries: Lupatech Finance Limited; Amper Amazonas Perfurações Ltda; Itacau Agenciamentos Marítimos Ltda; Lochness Participações S/A; Lupatech – Equipamentos e Serviços para Petróleo Ltda; Lupatech – Perfuração e Completação Ltda; Matep S/A Máquinas e Equipamentos; Mipel Indústria e Comércio de Válvulas Ltda; Prest Perfurações Ltda; Sotep Sociedade Técnica de Perfuração S/A, have brought, in the district of São Paulo, the request for judicial recovery before the judgment of the 1st Court of Bankruptcy and Judicial Recoveries of

the district of São Paulo, which was granted on June 22, 2015. Alta Administração Judicial Ltda was appointed as the judicial administrator.

Initially, the Lupatech Group submitted a Judicial Recovery Plan, approved by the creditors at the General Meeting and ratified by Judgment of the 1st Court of Bankruptcy, Judicial Recovery and Arbitration Related Disputes of the Capital of São Paulo on December 11, 2015. Subsequently, on June 27, 2016, the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo granted court injunctions filed by two creditors, annulling the approval decision of the Lupatech Group's Judicial Recovery Plan.

The Company had a favorable decision regarding a special appeal, determining the removal of a fine previously imposed on the company for delaying litigation improperly applied by the São Paulo Court of Justice that annulled the Judicial Recovery Plan previously presented.

On September 5, 2016, a new Lupatech Group Judicial Reorganization plan was submitted to the court of origin, meeting the criteria established in the judgments of the 2nd Chamber of Business Law of the São Paulo State Court of Justice, which had been approved. On November 8, 2016, by the Lupatech Group General Meeting of Creditors, having been ratified by the Court of First Instance, Judicial Reorganization and Arbitral Conflicts of the State of São Paulo, without reservations, on February 19, 2017. In view of the final approval of the court, the indemnity period against the approval of the plan expired on March 13, 2017. The Group Management assessed that the absence of subsequent damages fully confirmed the legality of the plan and its effects from the approval of the sovereign decision of the Company. Therefore, the Lupatech Group and all creditors subject to compliance with the plan and legally bound to comply with the plan as of this date.

On July 2, 2019, the Lupatech Group Judicial Administrator submitted the General Table of Credits to the Court, to which the Lupatech Group filed a list of labor and civil creditors illiquid by ongoing lawsuits, which was upheld with subsequent court decision that such credits, insofar as they originate before the application for Judicial Reorganization, are subject to the terms of the Plan.

The Company used three strategies to settle commitments with Class I creditors. The first, corresponding to up to five minimum wages related to strictly salary credits maturing in the three months preceding the date of the request, was paid in cash to the respective labor creditors, duly complied with article 54, sole paragraph, of the Bankruptcy Law. The second, without attribution of relevance, was the payment of creditors through the conversion of credit into debentures of Lupatech S/A, and the third occurred through the awarding of the shares of the special purpose company (SPE), in the form of art. 50 XVI of Law No. 11,101.

In this context, on November 28, 2017, the Company announced the 3rd issue of mandatorily convertible debentures of Lupatech S / A in the amount of up to R\$30,000. The issue was completed on January 31, 2018 with a subscription of R\$29,313. The charge was directed to Class I creditors and creditors not subject to Judicial Reorganization, and the preemptive right was granted to shareholders.

On October 29, 2018, the Lupatech Group submitted a proposal for adjustments to the payment flow of the Class III unsecured creditors, which consisted in deferring part of the initial payments in exchange for a 0.3% increase in the interest rate. RT + 3.3% per year). The General Meeting of Creditors met on November 30, 2018 and approved the company's proposal. The AGC's decision was submitted to the appellate court, and it was ratified, with the respective approval decision being final and without any appeal being filed within the term.

On that same date, the Board of Directors approved the issuance of three million, four hundred and four thousand, five hundred and twenty-eight (3,404,528) Subscription Warrants for payment of 50% of Class III and IV creditors' debt and 35% of Class II creditors. The Bonds were issued and registered in the name of the creditors entitled to such, and the Judicial Recovery Judgment authorizing the Company to hold in treasury the securities corresponding to the creditors who, due to lack of information, due to operational impossibility or lack of liquidity in its credit could not have their Bonus book entry.

On August 28, 2020, in remedy for the consequences of the COVID-19 Pandemic, the Lupatech Group submitted to the General Meeting of Creditors a proposal to adjust the terms of payment of Classes I and III of creditors of the Judicial Recovery. The envisaged changes include changes in the form and flow of payments to creditors in these classes. The proposed additive comprised, in summary:

- (i) adjustments to the payment method of Class I creditors, so that the credits that exceed the limit stipulated in art. 83 item I of Law 11,101 are paid in full as provided for in clause 6.2.2 of the Plan;
- (ii) adjust the payment method of Class III creditors to reschedule payments during the period affected by the pandemic, increase the portion of the payment in subscription bonus of creditors in foreign currency, define the payment schedule for late creditors and;
- (iii) approve an incentive scheme for prepayments that are made before December 2025.

The company's proposal was duly approved by creditors at the Creditors' General Meeting and ratified in court on November 26, 2020, and the ratification decision was not aggravated by any creditor, so the amendment to the plan became binding on class I creditors and III.

The Addendum to the Plan had significant effects on the Company's Public Debt, reflecting the reduction of R\$74,000 in the debt on December 31, 2020.

II. *About the Judicial Reorganization Plan, approved by the creditors at a general meeting held on November 8, 2016, and ratified on February 15, 2017, by the court of the 1st Bankruptcy Court, Judicial Reorganizations and Conflicts Related to the Arbitration of the Capital of São Paulo, subject to amendments on November 30, 2018 and August 28, 2020.*

The adoption of the specific recovery measures provided for in the Plan below aims to: (i) to reschedule the Lupatech Group's liabilities, allowing its future settlement; (ii) allow cash flow to maintain and foster the activities of the Lupatech Group; (iii) dispose of certain assets considered not essential to the economic activities of the Lupatech Group; (iv) obtain new resources from the capital market to accelerate the recovery; and (v) by raising the Lupatech Group, allowing the generation of jobs and the payment of taxes.

a. *Recovery measures*

The Plan uses the following means of recovery, pursuant to Article 50 of the Bankruptcy Law: (i) granting of special terms and conditions for the payment of the Lupatech Group's obligations, with the equalization of financial charges, with the initial date of the date of distribution of the application for judicial reorganization; (ii) capital increase through the issuance of securities, with possible change in corporate control; (iii) partial sale, transfer or lease of assets of the Lupatech Group; (iv)

creation of a special purpose company for the transfer of assets destined to the payment of creditors; and (v) other measures to be eventually submitted to the prior approval of the Reorganization Court.

Capital increase: In order to allow the injection of new capital, at any time after the judicial approval of the Plan, the Lupatech Group may make one or more calls to increase the capital of Lupatech, which may be destined to creditors subject to the Plan, creditors not subject to the Plan, and / or third party investors, as the case may be.

The Plan provides for the delivery of subscription bonuses to Class I, II, III and IV creditors. Up to the present date, 3,404,528 (three million, four hundred and four thousand, five hundred and twenty-eight) were issued by Lupatech, which, if exercised, will be converted into an equal number of shares, part of which remains in treasury awaiting the credits that they will pay become liquid or that their delivery is operationally possible. Credits are exchanged through the granting of a subscription bonus for every hundred reais of credit - a ratio that can be proportionally altered in the event of a reverse split, split or bonus of the shareholder base. The exercise price of the Bonds issued is R\$0.88 per share.

In the event of any capital increase allowing the capitalization of credits subject to the Plan, the exercise of the right to participate in said capital increase will be, always, optional to the creditors, and will always be granted in an equal manner to each of the classes of creditors subject to the plan or the whole basis of creditors under the Plan. In the event of a capital increase contemplating both creditors subject to the Plan and third party investors, the conditions of the subscription of shares offered should be the same for both.

Warranties: To ensure the acquisition of new resources, preserved the rights of creditors with real warranty, the Group Company may, in addition to giving personal guarantees, constitute real and fiduciary warranties: (i) from the consolidation of ownership in favor of the Lupatech Group, over the property located in São Leopoldo; and (ii) from the eventual elimination of warranties given to Creditors with Real Warranty, over any of the unencumbered assets.

Disposal of assets: The Lupatech Group, upon the judicial approval of the Plan, may dispose of the permanent assets described in the Plan, through (i) competitive procedure; (ii) private contract signed at a price not lower than that stated in appraisal reports prepared by a specialized company; or (iii) private auction, to be held by a company specializing in the valuation and sale of assets through face-to-face auctions or via the Internet. The net proceeds from such disposals will be used to pay obligations arising from labor law, tax and social security charges, and obligations set forth in the Plan.

Disposal of Isolated Productive Units (IPUs): The Lupatech Group, from the Judicial homologation of the Plan, may sell the UPIs described in the Plan. The sale of IPUs may be made jointly or separately, through a competitive procedure including, including, one or more IPUs or permanent assets. The net proceeds from such disposals will be used to pay obligations arising from labor law, tax and social security charges, and obligations set forth in the Plan.

Any alienation of IPUs by means of competitive procedure shall be carried out respecting the provisions of the respective notices, in accordance with the Bankruptcy Law, and met the other conditions provided for in this Plan. It is at the discretion of the Lupatech Group opt for any of the modalities of competitive procedure provided for in articles 142 to 145 of the Bankruptcy Law.

The UPIs that are sold by competitive procedure will be free of any liens, and their respective purchasers will not respond to any debt or contingency of the Lupatech Group, including those of tax and labor nature, in accordance with Article 60 and 141 of the Bankruptcy Law.

In the event of disposal of any of IPU's envisaged in the Plan by means of a competitive procedure, the Lupatech Group may include, as an integral part of the IPU, accession of any rights of use, costly and temporary in nature, about the buildings in which are located the equipment which constitute the IPU's alienated.

Disposal of assets of businesses not rehabilitating: The Lupatech Group may also divest assets owned by foreign societies in which holds participation or control, not members of the Judicial Recovery. The net proceeds arising from such disposals will join in the cash of those rehabilitating, and shall be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Disposal of assets given in real or fiduciary warranty: Upon the prior consent of the creditor holding the warranty and / or in accordance with the law or the Plan, the Lupatech Group may dispose of assets given in real or fiduciary warranty to third parties. The resources arising from the alienation of such goods will be used for the discharge of credits held by the creditor with real warranty or by the creditor with fiduciary warranty. Eventual surplus values shall be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Constitution of SPEs: In order to enable or facilitate the sale of any goods of the permanent asset or of the IPU's described in the Plan, as the case may be, the Lupatech Group may, individually or jointly, transfer one or more of these assets or IPU's to societies of specific purpose constituted by the Lupatech Group.

Approval for alienation of assets: Without prejudice to the hypotheses of alienation of assets and alienation of assets given in real guarantee or fiduciary, will be permitted any other modality of alienation, replacement or encumbrance of goods upon authorization of Judgment of Recovery or approval by the General Meeting of Creditors, complied with the terms of the laws and contracts applicable to such assets. Closed the Judicial Recovery, the Lupatech Group may freely dispose of any goods of its circulating or permanent asset, observed the charges borne on such goods, not being applicable anymore the restrictions provided for in this Plan or in art. 66 of the Bankruptcy Law, being, however, subject to the usual restrictions contained in the social contracts and statutes of the societies in the Lupatech Group and new debt instruments, as the case may be.

Termination of Judicial Reorganization: Upon completion of the Judicial Reorganization, Lupatech Group may dispose of its assets and resources without imposing the restrictions and limitations set forth in the Plan.

b. Restructuring of credits subject to the Plan

Observing the provisions in Article 61 of the Bankruptcy Law, all Credits Subject to the Plan, which will be paid by Lupatech and by Lupatech Finance as main debtors, as the case may be, in solidarity with the other societies in the Lupatech Group, which remain as co-obligated and debtors in solidarity, with express waiver of any benefit of order.

The credits subject to the Plan shall be paid within the time limits and forms set out in the Plan, for

each class of Creditors Subject to the Plan, even if the contracts which gave rise to Credits Subject to the Plan have laid down in a different way. With the referred novation, all obligations, covenants, financial indexes, hypotheses of netting, fines, as well as any other contractual obligations that are incompatible with the conditions of this Plan, shall cease from being applicable.

The credits not subject to the Plan would be paid in the form originally contracted or in the form that is agreed between the Lupatech Group and its respective creditor, additionally, if applicable, through the implementation of measures envisaged in the Plan.

In order to reduce payment administration costs, a minimum amount of payment to creditors subject to the Plan of two hundred and fifty reais per creditor subject to the Plan qualified in the list of creditors in classes III and IV, limited to the balance shall be respected. of their respective credit subject to the Plan.

The payment methods provided to creditors of Classes I, II, III, and IV are intended not only to reschedule a substantial part of the credit to be made in cash; but also, allow lenders to benefit from the economic uplift pursued by the Lupatech Group through the exercise of the subscription bonus offered in exchange for part of their credit.

Credits that have their rating contested by the Lupatech Group or any interested party under the Bankruptcy Law can only be paid after the judgment determining the qualification of the disputed claim has been finalized, subject to the terms of the Bankruptcy Law, the deadlines for payment start only after the final decision has been passed.

In the event of an increase in any credit, or the inclusion of new credit as a result of any credit challenge or judgment of any lawsuit, the respective amount (in case of inclusion) or additional amount (in case of increase) will be paid through proportional distribution of the value in future installments. Any increase or inclusion of any Credit in the list of creditors during the payment term will not give the creditor whose credits are increased any right to retroactive or proportional payment of installments already paid.

c. *Restructuring of Labor Credits*

The disputed labor credits that may be the subject of an agreement in the Labor Court must be paid in the manner established in the respective agreements duly ratified by the Labor Court in a final decision. In no event will the disputed labor claims be treated more beneficially than that given to uncontroversial labor claims.

d. *Restructuring of credits with real warranty*

In addition to the payment provided for above, the Lupatech Group may, at any time and upon the consent of the respective creditor with real warranty, make the total or partial payment of the balance of the respective credit with real warranty through: (i) the payment in kind any of the assets given in real guarantee in favor of the creditor with real guarantee; (ii) the payment of credits held by the Lupatech Group, in an amount sufficient to cover the balance of the respective credit with real warranty; or (iii) the delivery of proceeds from the disposal of any of the assets given in real warranty to the creditor with real warranty, either under the Plan, upon court authorization, or under Article 60 of the Bankruptcy Law.

In the event that the alternative payment occurs only partially, the respective creditor with real warranty shall release excessive collateral in favor of the Lupatech Group under the Plan.

e. Restructuring of unsecured credits

Unsecured credits denominated in foreign currencies will be calculated in reais based on the exchange rate on the date of the request and will be paid under conditions similar to those provided for in the Plan, subject to the variation of the Central Bank's official exchange rate on the business of the day prior to the exchange. payment. Exchange variation will be calculated as the difference between the original amount of the foreign currency unsecured credit and the amounts actually paid in foreign currency.

The Lupatech Group will ensure the payment, in cash, of at least two thousand reais per unsecured creditor, both in domestic and foreign currency, up to the limit of the value of their respective unsecured credit. In the event that such minimum amount exceeds 50% of unsecured credit, only the remaining balance of unsecured credit will be paid for the delivery of Subscription Bonus

Cancellation of the current Notes: After the Plan's judicial ratification, and after obtaining a judicial decision in *Chapter 15* recognizing the Plan's effectiveness in North American territory, the Notes currently held by the *Noteholders* will be deemed to be fully canceled, which will be replaced by the *New Notes*, to be issued within 180 days from the date of obtaining the court decision in *Chapter 15*.

As per the Notice to the Market of October 18, 2021, the Company has completed the mandatory replacement of the Notes issued on October 8, 2014. *The Depository Trust Company* ("DTC") has replaced US\$49,302 in principal amount currently held by DTC by (a) US\$14,628 in aggregate principal amount of 0.4% of the Company's Secured Fixed Rate Notes and 1,482,487 "*Warrants*" which are exercisable for an equal number of warrants. Each subscription warrant is converted into one Lupatech common share at an exercise price of R\$0.88. The Deed dated October 18, 2021, in which the "*New Notes*" are issued by Lupatech Finance Limited, has Lupatech as Guarantor, and *Wilmington Savings Fund Society, FSB* "*New Notes Trustee*", as trustee, paying agent, registrar and transfer agent.

On October 28, 2021, the Company became aware of the judicial decision issued by the New York Bankruptcy Court, which, due to the conclusion of the issuance of the New Notes and *Subscription Warrants*, determined the termination of *Chapter 15* in the United States of America.

f. Restructuring of Credits from Micro Enterprises (ME) and Small Businesses (SB)

The Lupatech Group will warranty the payment, in cash, of at least two thousand reais per ME and EPP lender, up to the amount of its respective ME and EPP credit. In the event that such minimum amount exceeds 50% of the ME and EPP credit, only the remaining balance of the ME and EPP credit will be paid for the delivery of the Subscription Bonuses.

2nd Issuance of the Company's Subscription Bonus

On March 3, 2021, the Company, through a Board of Directors' Meeting, approved the terms and conditions of the 2nd Issue of Subscription Warrants, in a single and onerous series, within the authorized capital limit, to be carried out so that, at the within the scope of the Judicial Recovery Plan of the Company and other companies in its group, promote the payment of credits subject to the Judicial Recovery Plan.

The Subscription Bonuses will be placed privately, without any effort to sell to the general public and without the intermediation of financial institutions that are part of the distribution system, and the Issue will respect the preemptive rights of the Company's shareholders and will be directed to holders of Credits of Classes I, II, III and IV, under the terms of the Judicial Reorganization Plan, to companies belonging to the Lupatech Group that have credits against it, with the specific purpose of subsequently giving payment to the Creditors of Classes I, II, III and IV of the Company when they become liquid.

In this context, the Issue was approved in the amount of R\$94,797,500.00 (ninety-four million, seven hundred and ninety-seven thousand and five hundred reais), through the issue of 947,975 (nine hundred and forty-seven thousand nine hundred and seventy-five) subscription bonus issued by the Company.

On April 27, 2021, the Bonus bookkeeping process was completed, leaving subscribers free to trade the Warrants on the stock exchange or exercise the Warrants against the Company from April 29, 2021, ending the period for exercise on October 28, 2025.

As a result of the Issue, the Company will not obtain any funds with a view to dealing with an issue with payment with credits. Thus, in the event of the exercise of the preemptive right by the Company's shareholders, with payment in national currency, the sums paid by them will be delivered proportionally to the credit holders to be paid up under the terms of article 171, paragraphs 2 and 3, Brazilian Corporate Law.

1.3 Pandemic (Covid-19) and War in Ukraine

In mid-March 2020, the Company began to face the consequences of the COVID-19 Pandemic. From the second quarter of 2021 onwards, a reheating of commercial activity was observed, which had suffered again in early 2021 with the outbreak of the second wave of the pandemic. At the end of the first quarter of 2022, outbreaks of the disease in China have led to new lockdowns and the shutdown of factories and ports in that country, which once again exacerbated the already existing disruptions in global supply chains, including those in which the Company operates.

In February 2022, a war between Russia and Ukraine began with relevant international repercussions, both in the financial systems and in the global flow of a series of raw materials and products that have Russia as a major producer. There were immediate repercussions on the prices of a series of raw materials, such as nickel, a metal used in the production of various steel alloys.

The Company's Management is monitoring the possible impacts of Covid-19 and the war. On the date of issuance of these financial statements, the Company does not foresee risks to the continuity of its business, nor to the accounting estimates and judgments due to the pandemic.

2 Basis of preparation

2.1 Declaration of conformity (with respect to the IFRS and CPC Standards)

The consolidated quarterly information was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil (BR GAAP).

The parent company's individual quarterly information was prepared in accordance with BR GAAP.

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

In compliance with CVM Circular Letter No. 003/2011, of April 28, 2011, we present below the explanatory notes included in the most recent annual financial statements (year ended December 31, 2021), which, in view of the absence of material changes in the six month period ended June 30, 2022, are not being repeated or fully included in this quarterly information:

Notes not included in the three-month period ended June 30, 2022	Location of the complete note in the 2021 annual statement
Business Combination	Note nº 2.4.3
Main accounting practices	Note nº 3
Critical accounting estimates and judgments	Note nº 4
Other bills to pay	Note nº 18
Liabilities at fair value	Note nº 21

The issuance of the Company's interim financial information for the six month period ended June 30, 2022 was authorized by the Board of Directors on August 14, 2022.

2.1.1 Balances previously disclosed

In compliance with the requirements of Technical Pronouncement CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors, approved by Resolution No. 1979/09 of the Federal Accounting Council, the Company retrospectively reclassified deferred income tax and social contribution related to added value of machines and equipment. This reclassification, reflected in the Parent Company in investments in subsidiaries and affiliates (non-current assets) and equity valuation adjustment (shareholders' equity). In the Consolidated, the effect was on deferred income tax and social contribution (non-current liabilities) and equity valuation adjustment (equity). The following table reflects the reclassification in equity:

Balances originally presented on 06/30/2021	Capital stock	Capital reserves, options granted	Accumulated profit/loss	Equity valuation adjustments	Parents company's interest	Non-controlling interest	Total shareholders' equity
BALANCES ON DECEMBER 31, 2020	1,893,163	139,789	(2,055,403)	162,651	140,200	-	140,200
Capital increase	3,623	-	-	-	3,623	-	3,623
Profit (Loss) for the year	-	-	(40,775)	-	(40,775)	-	(40,775)
Exchange variation on investments abroad	-	-	-	15,179	15,179	-	15,179
BALANCES ON JUNE 30, 2021	1,896,786	139,789	(2,096,178)	177,830	118,227	-	118,227

Adjustment	Capital stock	Capital reserves, options granted	Accumulated profit/loss	Equity valuation adjustments	Parents company's interest	Non-controlling interest	Total shareholders' equity
BALANCES ON DECEMBER 31, 2020	-	-	-	11,310	11,310	-	11,310
Capital increase	-	-	-	-	-	-	-
Profit (Loss) for the year	-	-	-	-	-	-	-
Exchange variation on investments abroad	-	-	-	-	-	-	-
BALANCES ON JUNE 30, 2021	-	-	-	11,310	11,310	-	11,310

Balances originally presented on 06/30/2021	Capital stock	Capital reserves, options granted	Accumulated profit/loss	Equity valuation adjustments	Parents company's interest	Non-controlling interest	Total shareholders' equity
BALANCES ON DECEMBER 31, 2020	1,893,163	139,789	(2,055,403)	173,961	151,510	-	151,510
Capital increase	3,623	-	-	-	3,623	-	3,623
Profit (Loss) for the year	-	-	(40,775)	-	(40,775)	-	(40,775)
Exchange variation on investments abroad	-	-	-	15,179	15,179	-	15,179
BALANCES ON JUNE 30, 2021	1,896,786	139,789	(2,096,178)	189,140	129,537	-	129,537

2.2 Functional currency and presentation currency

This quarterly information is presented in Brazilian reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, unless otherwise indicated.

2.3 Measurement basis

The quarterly information was prepared based on the historical cost, except for certain financial instruments measured at their fair value.

2.4 Basis of consolidation and investments in subsidiaries

The consolidated quarterly information includes the financial statements of Lupatech S/A – In Judicial Reorganization and its subsidiaries.

2.4.1 Controlled companies

The Group controls an entity when it is exposed to, or is entitled to, variable returns arising from its involvement with the entity and has the ability to affect these returns by exercising its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control until the date on which control ceases to exist.

Within six month period ended June 30, 2022, the financial information of subsidiaries is recognized using the equity method.

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

Direct and indirect subsidiaries	Direct and Indirect participation (%)	
	06/03/2022	12/31/2021
<u>Direct participation</u>		
Mípel Comércio e Indústria de Peças Técnicas Ltda- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Equipamentos e Serviços para Petróleo Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Finance Limited - In Judicial Recovery - (Cayman)	100.00	100.00
Recu S.A. - (Argentina)	95.00	95.00
Lupatech Oil&Gas Coöperatief U.A. - (Netherlands)	5.00	5.00
Lochness Participações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Ilo Administradora de Bens e Direitos Ltda - (Brazil)	100.00	100.00
<u>Indirect participation</u>		
Recu S.A. - (Argentina)	5.00	5.00
Lupatech Oil&Gas Coöperatief U.A. - (Netherlands)	95.00	95.00
Lupatech Perfuração e Completação Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Sotep Sociedade Técnica de Perfuração S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Prest Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Itacau Agenciamentos Marítimos Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Matep S.A. Máquinas e Equipamentos - In Judicial Recovery - (Brazil)	100.00	100.00
Amper Amazonas Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
UNAP International Ltd. - (Cayman)	100.00	100.00
Ciaval II Administração de Bens e Direitos SPE S.A	100.00	100.00

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses derived from intra-group transactions, are eliminated. Unrealized gains arising from transactions with investees recorded using the equity method are eliminated against the investment in proportion to the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment loss.

3 Cash and cash equivalents and restricted securities

3.1 Cash and cash equivalents

The balances of cash and cash equivalents are made up as follows:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
<u>Cash and banks</u>				
Brazil	670	961	687	1,278
Abroad	-	-	2	-
Total	670	961	689	1,278
<u>Financial Investments</u>				
Bank deposit certificate	144	137	10,660	17,898
Total	144	137	10,660	17,898
Cash and cash equivalents	814	1,098	11,349	19,176

The amounts of cash equivalents refer to highly liquid investments, with an insignificant risk of change in value, and refer to funds invested in fixed income and bank deposit certificates. The interest rates on bank deposit certificate financial investments are based on the Interbank Deposit Certificate – CDI.

3.2 Marketable securities - Restricted

On June 30, 2022, the Company has R\$44 in non-current assets, the same balance presented on December 31, 2021, in the parent company and in the consolidated, referring to the lease warranty.

4 Accounts receivable from customers

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Local market	15,341	16,172	21,842	22,312
Export	8,300	2,662	8,488	2,662
	23,641	18,834	30,330	24,974
Less: allowance for doubtful accounts	(3,511)	(3,533)	(3,900)	(4,031)
	20,130	15,301	26,430	20,943
Current	20,130	15,301	26,430	20,943
Non-Current	-	-	-	-

Within six month period ended June 30, 2022, estimated losses on doubtful accounts were reversed in the amount of R\$22 in the parent company and R\$131 in the consolidated.

Within six month period ended June 30, 2021, R\$256 in the parent company and R\$270 in the consolidated were reversed from the estimated income for doubtful accounts.

5 Inventory

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Finished goods	4,276	6,325	5,761	7,800
Goods for resale	2,859	4,645	4,671	6,453
Products in development	12,924	10,292	27,046	20,374
Raw material	18,892	16,466	33,806	30,529
Losses on inventory obsolescence	(6,958)	(6,983)	(24,912)	(24,029)
Total	31,993	30,745	46,372	41,127

Within six month period ended June 30, 2022, there was a reversal of loss with obsolescence of inventories, in the amount of R\$25 in the parent company and R\$883 in the consolidated (on June 30, 2021 there was a reversal of loss with obsolescence of inventories, in amount of R\$155 in the parent company and reversal of R\$218 in the consolidated), as shown in the movement below:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Opening balance for the pe	(6,983)	(7,055)	(24,029)	(24,046)
Loss estimate	(215)	(213)	(1,239)	(418)
Reversal	240	285	356	435
Final balance	<u>(6,958)</u>	<u>(6,983)</u>	<u>(24,912)</u>	<u>(24,029)</u>

6 Taxes to be recovered

Recoverable Taxes	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
ICMS recoverable	11,652	10,296	11,802	10,453
PIS and COFINS without ICMS	23,575	25,993	27,209	29,627
IPI to be recovered	1,350	1,454	1,577	1,681
PIS to be recovered	37	40	89	95
COFINS recoverable	170	184	316	331
IRRF to be recovered	11	11	395	434
IRPJ to be recovered	523	383	20,020	20,506
CSLL to be recovered	415	326	2,539	2,607
Others	-	1	14	7
Total	<u>37,733</u>	<u>38,688</u>	<u>63,961</u>	<u>65,741</u>
Current	36,619	37,564	62,847	64,608
Non Current	1,114	1,124	1,114	1,133

The origin of the credits listed above is as follows:

- **COFINS, PIS and IPI to be recovered** - basically result from credits on purchases of raw materials used in exported products and sale of taxed products at zero rate. These credits have been realized through offset against other federal taxes.
- **Income tax and social contribution to be recovered** - arising from taxes on profit, overpaid over previous years, or as an advance in the current year, and taxes withheld at source on financial operations and services provided by third parties. These taxes have been offset against taxes payable of the same nature or subject to a refund request, when applicable.
- **ICMS** - refers to credits on purchases of inputs used in the manufacture of products whose sale is subject to the reduced ICMS calculation base, as well as credits on purchases of inputs used in the manufacture of products intended for export.
- **PIS and COFINS without ICMS** – refers to the amount determined by the Company as a result of the final unappealable decision favoring the exclusion of ICMS from the PIS and COFINS calculation basis.

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

7 Other accounts to be received

On June 30, 2022, the Company has the following balances recorded as other accounts receivable in current and non-current assets, as shown below:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Other accounts receivable - Current				
Other accounts receivable	347	976	998	1,522
Arbitration Procedure CSL	31,613	25,227	31,613	25,227
Debentures convertible into shares	4,360	4,359	6,628	6,628
Total	36,320	30,562	39,239	33,377
Other accounts receivable - Non-current				
Loans receivable from related Luxxon	163	163	6,091	6,091
Outras contas a receber	-	-	3	-
Total	163	163	6,094	6,091

The Company has a loan agreement with Luxxon Participações Ltda in the amount of R\$6,091 on June 30, 2022, the same balance was presented on December 31, 2021. This amount is recorded in other accounts receivable in non-current assets. Said contract was not subject to a transaction upon exit from the company on January 15, 2021, the credit remaining sound, and Luxxon was granted a grace period for the renegotiation of its liabilities.

As described in Note 1.1, the Company recognized in the balance sheet the credit right against Cordoaria São Leopoldo Ltda and its successor Cordoaria São Leopoldo Original Ltda, referring to a contractual fine imposed by decision in an Arbitration Proceeding, in the updated amount of R\$31.613.

8 Investments

8.1 Investments in subsidiaries and affiliates

	Mipel	Recu	LESP	Finance	LO&G	Lochness	Ilno	Parent	
								06/30/2022	12/31/2021
Investment									
Amount of share or quotas									
Ordinary shares (thd)	-	3,000	-	-	-	-	97,765		
Capital stock quotas (thd)	34,762	-	-	50	-	-	-		
Participation %	100	95	100	100	5	100	100		
Shareholders' equity	3,627	188	30,446	103,913	17,613	85,351	97,764		
Results in the period	(3,652)	-	(1,830)	351	(99)	1,497	-		
Unrealized profits	(518)	-	-	-	-	-	-		
Changes in investments									
Opening balance in the period	6,925	232	33,157	112,631	943	89,575	97,764	341,227	331,920
Advance for future capital increase	-	-	112	-	-	-	-	112	3,588
Capital increase	-	-	222	-	-	-	-	222	26,757
Equity in earnings	(3,816)	-	(1,830)	(4,180)	(5)	1,497	-	(8,334)	(33,648)
Equity valuation adjustment	-	(53)	(1,103)	(4,539)	(57)	(5,721)	-	(11,473)	12,610
Final balance in the period	3,109	179	30,558	103,912	881	85,351	97,764	321,754	341,227

The corporate names of the subsidiaries and affiliates are as follows: Mipel – Mipel Comércio e Indústria de Peças Técnicas Ltda. - In Judicial Recovery; Recu - S/A; LESP - Lupatech - Equipment and Services for Petróleo Ltda. - In Judicial Recovery; Finance - Lupatech Finance Limited - In Judicial Reorganization; LO&G - Lupatech Oil&Gas Coöperatief U.A, Lochness Participações S/A - In Judicial Recovery and Ilno Administradora de Bens e Direitos Ltda.

Investments in subsidiaries are valued using the equity method. The equity result is composed as follows:

		Parent			
		Three-month period ending in		Six-month period ending in	
		06/30/2022	06/30/2021	06/30/2022	06/30/2021
In affiliates		(516)	(7,075)	(8,334)	(13,509)
Total		(516)	(7,075)	(8,334)	(13,509)

		Consolidated			
		Three-month period ending in		Six-month period ending in	
		06/30/2022	06/30/2021	06/30/2022	06/30/2021
In affiliates		-	-	-	-
Total		-	-	-	-

8.2 Investment Property

It currently consists of land and built-up area, located in Macaé, Rio de Janeiro, where there are no operational activities. These unused portions are reserved for another destination that may be more profitable and efficient for the Company, namely, leasing, real estate development or long-term sale.

On June 30, 2022 and December 31, 2021, the balance of investment properties is R\$21,942 on a consolidated basis.

9 Fixed Assets

	Weighted average rate of depreciation % p.p.	Parent		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
		net fixed assets	net fixed assets	net fixed assets	net fixed assets
Land	-	3,751	3,751	13,730	13,730
Building and construction	2%	5,760	5,851	101,482	101,782
Machinery and equipment	12%	10,861	12,084	11,598	15,103
Molds and matrixes	19%	570	470	652	560
Industrial facilities	6%	98	79	1,452	1,606
Furniture and fixtures	13%	607	623	813	856
Data processing equipments	12%	235	198	148	115
Improvements	9%	373	328	975	939
Vehicles	19%	7	7	118	119
Advances for fixed assets acquisitions	-	119	113	10,562	11,331
Construction in progress	-	1,517	967	2,567	1,333
Total		23,898	24,471	144,097	147,474

Summary of fixed assets movement:

Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others
Gross Cost								
Balance on December 31, 2021	3,751	8,269	88,345	1,373	3,921	4,090	967	600
Additions	-	-	241	1	7	63	696	20
Disposal	-	-	(8)	-	-	-	-	-
Transfer	-	-	31	116	-	-	(147)	-
Capitalized financial effect	-	-	-	-	-	-	1	(13)
Balance on June 30, 2022	3,751	8,269	88,609	1,490	3,928	4,153	1,517	607
Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others
Accumulated depreciation								
Balance on December 31, 2021	-	(2,418)	(75,791)	(966)	(3,298)	(3,892)	-	(480)
Additions	-	(91)	(1,395)	(53)	(23)	(26)	-	(1)
Baixas	-	-	8	-	-	-	-	-
Balance on June 30, 2022	-	(2,509)	(77,178)	(1,019)	(3,321)	(3,918)	-	(481)
Parent								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others
Imobilizado líquido								
Balance on December 31, 2021	3,751	5,851	12,554	407	623	198	967	120
Balance on June 30, 2022	3,751	5,760	11,431	471	607	235	1,517	126

Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others
Gross Cost								
Balance on December 31, 2021	13,730	110,032	113,560	5,280	6,743	7,428	1,333	21,572
Additions	-	-	276	1	23	68	697	21
Disposal	-	-	(9,731)	(189)	(1,283)	(18)	(484)	(249)
Transfer	-	-	(1,103)	116	1	-	677	309
Reversal/estimate for non-recoverability of assets	-	-	4,025	-	54	-	343	(906)
Effect of the conversion of subsidiaries abroad	-	-	(4,295)	-	-	-	1	-
Assets held for sale	-	-	8,655	-	401	12	-	(1)
Capitalized financial effect	-	-	-	-	-	-	-	(14)
Balance on June 30, 2022	13,730	110,032	111,387	5,208	5,939	7,490	2,567	20,732

Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others
Accumulated depreciation								
Balance on December 31, 2021	-	(8,250)	(97,897)	(2,735)	(5,887)	(7,313)	-	(10,122)
Additions	-	(300)	(1,574)	(71)	(47)	(29)	-	(1)
Disposal	-	-	3,305	25	1,209	13	-	70
Effect of the conversion of subsidiaries abroad	-	-	1,731	-	-	-	-	-
Assets held for sale	-	-	(4,702)	-	(401)	(13)	-	1
Balance on June 30, 2022	-	(8,550)	(99,137)	(2,781)	(5,126)	(7,342)	-	(10,052)

Consolidated								
	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others
Net fixed assets								
Balance on December 31, 2021	13,730	101,782	15,663	2,545	856	115	1,333	11,450
Balance on June 30, 2022	13,730	101,482	12,250	2,427	813	148	2,567	10,680

There are property, plant and equipment items linked to liability warranties on June 30, 2022, liabilities assessed at the time of attachment, in the following amounts:

Guaranteed liabilities	Fixed assets	
	Parent	Consolidated
Taxation (Tax executions)	14,791	14,969
Loans and financing	35,920	37,810
Total	50,711	52,779

* Values according to Evaluation

On June 30, 2022, the balance was R\$50,711 in the parent company and R\$52,886 in the consolidated.

10 Intangibles

	Weighted depreciation rate% per year	Parent		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
		net	net	net	net
Goodwill on acquisition of investments	-	61,479	61,479	82,166	82,166
Software and other licenses	20%	678	1,037	719	1,085
Development of new products	20%	1,080	1,237	1,336	1,494
Total		63,237	63,753	84,221	84,745

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

Synthesis of movement of intangible assets:

Parent				
Gross intangible cost	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2021	61,479	13,265	10,228	84,972
Additions	-	4	-	4
Balance on June 30, 2022	61,479	13,269	10,228	84,976

Parent				
Accumulated amortization	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2021	-	(12,228)	(8,991)	(21,219)
Additions	-	(363)	(157)	(520)
Balance on June 30, 2022	-	(12,591)	(9,148)	(21,739)

Parent				
Net Intangible Assets	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2021	61,479	1,037	1,237	63,753
Balance on June 30, 2022	61,479	678	1,080	63,237

Consolidated				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Gross intangible cost				
Balance on December 31, 2021	79,890	16,352	11,576	107,818
Additions	-	4	-	4
Balance on June 30, 2022	79,890	16,356	11,576	107,822

Consolidated				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Accumulated amortization				
Balance on December 31, 2021	2,276	(15,267)	(10,082)	(23,073)
Additions	-	(370)	(158)	(528)
Balance on June 30, 2022	2,276	(15,637)	(10,240)	(23,601)

Consolidated				
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Net Intangible Assets				
Balance on December 31, 2021	82,166	1,085	1,494	84,745
Balance on June 30, 2022	82,166	719	1,336	84,221

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

CGUs	Goodwill on acquisition of investments			
	Intangible Parent		Intangible Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Products Segment				
Mipel Comércio e Indústria de Peças Técnicas Ltda	6,065	6,065	6,065	6,065
Unit Lupatech Ropes	55,414	55,414	55,414	55,414
Lupatech – Equipamentos e Serviços para Petróleo – Unit Fiberware	-	-	20,687	20,687
Total	61,479	61,479	82,166	82,166
Investment	-	-	-	-
Intangible	61,479	61,479	82,166	82,166

Goodwill is allocated to cash-generating units for which they can be identified in the cash flows of the Cash-Generating Units - “CGU”.

Below is a summary of the amounts recorded as a loss due to the non-recoverability of goodwill per Cash-Generating Unit:

CGUs	Products Segment				Services Segment			Consolidated
	Mipel Comércio e Indústria de Peças Técnicas Ltda	Unit Lupatech Ropes	Lupatech - Equipamentos e Serviços para Petróleo - Unidade Oil Tools	Unit Tecval	Lupatech - Equipamentos de Serviços para Petróleo - Unidade Monitoring Systems	Lupatech - Equipamentos de Serviços para Petróleo - Unidade Fiberware	Lupatech - Equipamentos de Serviços para Petróleo - Unidade Oil & Gas	
Goodwill on acquisition of investments	6,065	125,414	9,149	55,680	9,884	20,687	59,227	-
Impairment due to non-recoverability	-	(70,000)	(9,149)	(55,680)	(9,884)	-	(59,227)	(203,940)
Net Goodwill	6,065	55,414	-	-	-	20,687	-	82,166
Balance on December 31, 2021	6,065	55,414	-	-	-	20,687	-	82,166
Reversal of losses due to non-recoverability	-	-	-	-	-	-	-	-
Estimated losses due to non-recoverability	-	-	-	-	-	-	-	-
Balance on June 30, 2022	6,065	55,414	-	-	-	20,687	-	82,166

11 Suppliers

	06/30/2022						12/31/2021					
	Parent			Consolidated			Parent			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Suppliers												
Subject to Judicial Recovery												
Domestic Suppliers	5,103	99,760	104,863	5,103	99,760	104,863	5,124	98,802	103,926	5,124	98,802	103,926
Export Suppliers	-	20,724	20,724	-	20,724	20,724	-	21,289	21,289	-	21,289	21,289
(-) Present value adjustment	-	(62,573)	(62,573)	-	(62,573)	(62,573)	-	(64,567)	(64,567)	-	(64,567)	(64,567)
	<u>5,103</u>	<u>57,911</u>	<u>63,014</u>	<u>5,103</u>	<u>57,911</u>	<u>63,014</u>	<u>5,124</u>	<u>55,524</u>	<u>60,648</u>	<u>5,124</u>	<u>55,524</u>	<u>60,648</u>
Not Subject to Judicial Recovery												
Domestic Suppliers	6,589	-	6,589	10,225	-	10,225	3,624	-	3,624	6,000	-	6,000
Export Suppliers	45	-	45	45	-	45	47	-	47	47	-	47
	<u>6,634</u>	<u>-</u>	<u>6,634</u>	<u>10,270</u>	<u>-</u>	<u>10,270</u>	<u>3,671</u>	<u>-</u>	<u>3,671</u>	<u>6,047</u>	<u>-</u>	<u>6,047</u>
Total of Suppliers	<u>11,737</u>	<u>57,911</u>	<u>69,648</u>	<u>15,373</u>	<u>57,911</u>	<u>73,284</u>	<u>8,795</u>	<u>55,524</u>	<u>64,319</u>	<u>11,171</u>	<u>55,524</u>	<u>66,695</u>

According to the Judicial Reorganization plan in force, 50% of the unsecured credits of suppliers in reais and 70% of the unsecured credits of suppliers in foreign currency will be paid through the payment of subscription bonus and the remaining 50% and 30% will be paid in cash within 15 years, plus interest and monetary restatement at a variable rate equivalent to TR + 3% per year for Class IV in reais and TR + 3.3% per year for Class III in reais, 0.4% for creditors in foreign currency to be paid respectively 30 days or in four quarterly installments after the maturity of the last installment of the principal, as proposed in the terms of payments of the unsecured creditors of the new Plan.

On June 30, 2022, there was an adjustment to present value on suppliers subject to judicial reorganization in the amount of R\$1,994 (R\$1,969 on December 31, 2021).

The balance of adjustment to present value on suppliers subject to judicial reorganization on June 30, 2022 is R\$62,573 (R\$64,567 on December 31, 2021) in the parent company and in the consolidated, considering the discount rate of 13.65% per year.

12 Loans and financing

			06/30/2022						12/31/2021					
			Parent			Consolidated			Parent			Consolidated		
Description	Indexer	Fees weighted interest	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Subject to Judicial Recovery														
Local currency														
Secured creditors	FIXO	3,00% a.a. + TR	1,495	40,548	42,043	1,495	40,548	42,043	1,495	40,657	42,152	1,495	40,657	42,152
Working capital / expansion			1,495	40,548	42,043	1,495	40,548	42,043	1,495	40,657	42,152	1,495	40,657	42,152
(-) Present value adjustment			-	(19,878)	(19,878)	-	(19,878)	(19,878)	-	(20,647)	(20,647)	-	(20,647)	(20,647)
Unsecured creditors														
Unsecured creditors	FIXO	3,3% a.a. + TR	1,306	86,137	87,443	1,306	86,137	87,443	1,118	85,624	86,742	1,118	85,624	86,742
Working capital / expansion			246	13,884	14,130	246	13,884	14,130	208	13,782	13,990	208	13,782	13,990
Working capital / expansion			208	12,298	12,506	208	12,298	12,506	176	12,202	12,378	176	12,202	12,378
Working capital / expansion			87	14,144	14,231	87	14,144	14,231	87	14,144	14,231	87	14,144	14,231
Research and development funding			102	5,718	5,820	102	5,718	5,820	86	5,676	5,762	86	5,676	5,762
Debentures			663	40,093	40,756	663	40,093	40,756	561	39,820	40,381	561	39,820	40,381
(-) Adjustment to present value			-	(46,590)	(46,590)	-	(46,590)	(46,590)	-	(47,821)	(47,821)	-	(47,821)	(47,821)
Foreign currency														
Unsecured creditors	FIXO	0,4% a.a	-	-	-	884	78,007	78,891	-	-	-	748	83,466	84,214
Noteholders			-	-	-	884	78,007	78,891	-	-	-	748	83,466	84,214
(-) Adjustment to present value			-	-	-	-	(44,747)	(44,747)	-	-	-	-	(50,692)	(50,692)
			2,801	60,217	63,018	3,685	93,477	97,162	2,613	57,813	60,426	3,361	90,587	93,948
Not subject to Judicial Recovery														
Local currency														
Working capital / expansion	TJLP	4,86% a.m.	5,034	-	5,034	9,954	-	9,954	5,034	-	5,034	8,648	-	8,648
Discounted titles	FIXO	1,83% a.m.	9,207	-	9,207	9,241	-	9,241	6,313	-	6,313	6,501	-	6,501
Credit titles	FIXO	1,88% a.m	6,248	-	6,248	18,737	-	18,737	2,000	-	2,000	17,000	-	17,000
Credit limit	FIXO	11,90% a.m.	-	-	-	10	-	10	201	-	201	202	-	202
Foreign currency														
Working capital / expansion	DÓLAR	7,48% a.a.	1,214	-	1,214	1,214	-	1,214	1,214	-	1,214	2,519	-	2,519
			21,703	-	21,703	39,156	-	39,156	14,762	-	14,762	34,870	-	34,870
			24,504	60,217	84,721	42,841	93,477	136,318	17,375	57,813	75,188	38,231	90,587	128,818

According to the Judicial Reorganization plan in force, 35% of the credits with real guarantee subject to the Judicial Reorganization must be paid through the payment of subscription bonus and the remaining 65% will be paid in cash within 15 years, with accrual of interest and monetary restatement at a variable rate equivalent to the TR + 3% per year, to be paid 30 days after the maturity of the last installment of the principal, as proposed in the terms of payments by creditors with real guarantee of the new Plan.

In the case of unsecured credits of loans and financings listed in reais, in accordance with the Judicial Recovery plan in force, 50% will be paid through the payment of subscription bonus and the remaining 50% will be paid in cash within 15 years, with interest accrued and monetary correction at a variable rate equivalent to the TR + 3.3% per year, to be paid four quarterly installments after the maturity of the last installment of the principal, as approved in the terms of payments of the unsecured creditors of the new Plan.

The payment of the *Noteholder's* unsecured credits will be made upon payment of 30% of the value of the respective unsecured credit, including principal, interest incurred updated at a rate of 0.4% and exchange variation, and payment of 70% of the value of the respective unsecured credit, equivalent to the remaining balance of the principal, through the payment of Subscription Bonuses (*Warrants*).

On June 30, 2021, there was an adjustment to present value of loans and financing subject to judicial reorganization in the amount of R\$2.000 in the parent company (R\$4,203 on December 31, 2021) and of R\$7.945 in the consolidated (R\$12,725 on December 31, 2021).

The balance of adjustment to present value on loans and financing subject to judicial reorganization on June 30, 2022 is R\$66,468 (R\$68,468 on December 31, 2021) in the parent company and R\$111,215 (R\$119,160 on December 31, 2021) in the consolidated, considering the discount rate of 13.65% per year.

The maturities of non-current financing installments are as follows:

Maturity	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
2022	1,762	1,596	2,325	2,331
2023	1,944	1,765	2,712	2,767
2024	3,206	2,907	4,333	4,377
2025	3,888	3,529	5,424	5,533
2026	1,946	2,539	6,198	6,405
From 2027	47,471	45,477	72,485	69,174
	<u>60,217</u>	<u>57,813</u>	<u>93,477</u>	<u>90,587</u>

The guarantees for loans and financing were granted as follows, on June 30, 2022 and December 31, 2021:

	06/30/2022				12/31/2021			
	Value of the guarantee				Value of the guarantee			
	Parent		Consolidated		Parent		Consolidated	
	Book value*	Appraisal report value**	Book value*	Appraisal report value**	Book value*	Appraisal report value**	Book value*	Appraisal report value**
Subject and not subject to Judicial Recovery								
Local currency								
Working capital / expansion								
Mortgage / Buildings	33,281	117,165	33,906	139,107	33,288	117,165	33,913	139,107
Working capital / expansion								
Machinery and equipment	2,639	2,540	3,904	5,005	2,639	2,540	4,171	5,005
	35,920	119,705	37,810	144,112	35,927	119,705	38,084	144,112

* Net values of depreciation.

** Appraisal according to reports prepared by Appraisal Evaluations and Engineering Ltda.

The Notes and Debentures are treated as loans subject to judicial reorganization, in non-current liabilities, which bear interest and monetary correction at a variable rate equivalent to TR + 3.3% per year in reais, as determined for the payment of these creditors in the New Judicial Recovery Plan.

13 Related parties

13.1 Parent

The balances and transactions between the Company and its subsidiaries, which are its related parties, have been eliminated in the consolidation. The details in regard to transactions between the parent company and its subsidiaries are presented below:

	Parent				06/30/2022	12/31/2021
	Lochness	Mipel Sul	Lupatech Finance	LESP		
Assets						
Current						
Accounts receivable	-	44	-	-	44	25
Other accounts receivable	269	1,623	-	18,763	20,655	19,588
Non-current						
Mutual and loans	12,669	-	-	-	12,669	15,983
	12,938	1,667	-	18,763	33,368	35,596
Liabilities						
Current						
Accounts payable	-	-	-	654	654	881
Other accounts payable	9,802	-	1,251	8,849	19,902	17,977
Mutual and loans	12,201	-	-	-	12,201	12,999
Non-current						
Mutual and loans	-	-	142,081	-	142,081	151,377
Other bills to pay	33,004	-	-	-	33,004	35,163
	55,007	-	143,332	9,503	207,842	218,397
Result for the year					06/30/2022	06/31/2021
Product purchases	-	3,495	-	-	3,495	2,651
Financial income	21	-	-	-	21	20
Financial expenses	-	-	340	-	340	422
Exchange variation	-	-	11,086	-	11,086	2,723
	21	3,495	11,426	-	14,942	5,816

		Parent					
	Transaction date	Duration	Interest rate	Amount R\$	Balance US\$	06/30/2022	12/31/2021
Assets mutual							
Foreign currency							
Contract 1	jul-14	Indeterminado	105% do DI-Cetip	19,820	2,346	12,289	15,601
Contract 2	dez-14	Indeterminado	12,000% a.a.	288	73	380	382
				20,108	2,419	12,669	15,983
Liabilities mutual							
Foreign currency							
Contract 3	jan-18	Indeterminado	0,4%a.a	227,331	27,125	142,081	151,377
Contract 4	dez-21	Indeterminado	-	11,015	2,329	12,201	12,999
				238,346	29,454	154,282	164,376

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

The foreign currency loan and loan agreements between the Parent Company and Lupatech Finance are presented on June 30, 2022 for the net amount of R\$142,081 (remaining balance of R\$151,377 on December 31, 2021) in the Parent Company's liabilities.

a. Guarantees granted

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

b. Pricing and charges conditions

Loan agreements between companies in Brazil are monetarily restated by the monthly DI-Cetip market funding rate.

13.2 Key Personnel of the Administration

a. Remuneration of the Administration

The amount of R\$1,592 in the parent company and consolidated (R\$1,520 in the parent company and R\$2,359 in the consolidated in the same period of 2021) comprises fixed compensation and amounts corresponding to variable compensation. This variable compensation recorded in the period of 2021 refers to amounts originally contracted in the compensation for the years 2019 and 2020, which were provisioned in the results of the respective years, and whose credit was calculated and authorized by the Board of Directors in March 2021.

At the Annual and Extraordinary General Meeting held on May 19, 2022, the annual global fixed and variable compensation of the Company's managers for the year 2022 in the amount of up to R\$6,335 was approved, distributed as follows: (i) up to R\$3,029 for the Board's global fixed compensation, including benefits and charges; (ii) up to R\$2,123 for the global variable compensation of the Executive Board; and (iii) up to R\$1,183 for the global fixed compensation of the Board of Directors.

14 Income tax and social contribution

For companies based in Brazil, depending on the situation of each company, if taxed by taxable income, the provision for income tax is calculated and recorded at the rate of 15% on taxable income, plus an additional 10%, and social contribution at the rate of 9%, calculated and recorded on profit before income tax, adjusted in accordance with tax legislation. Companies taxed based on presumed profit calculate income tax at the rate of 15%, plus an additional 10%, and social contribution at the rate of 9%, on an estimated profit of 8% to 32% for income tax and 12% for social contribution applied on the gross sales of sales and services of the subsidiaries, in compliance with the tax rules in force.

Lupatech S / A and its subsidiaries and affiliates have R\$1,850,662 of tax loss accumulated up to December 2021.

a. Deferred income and social contribution taxes

On June 30, 2022, in the parent company and in the consolidated, the balances of existing non-current deferred income tax and social contribution are presented as shown in the table below:

NON-CURRENT LIABILITIES	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Adjustment to present value of suppliers, fines, loans and debentures	(30,712)	(31,662)	(41,361)	(43,727)
Assigned Cost	-	-	(2,935)	(2,975)
Others	-	(283)	-	(282)
Deferred income tax and social contribution	(30,712)	(31,945)	(44,296)	(46,984)

Deferred income tax and social contribution are recorded in income on June 30, 2022, referring to the result for the six months ended on this date, in amount of R\$1,233 (revenue) in the parent company and R\$ 2,648 (revenue) in the consolidated (R\$1,450 (revenue) in the parent company and R\$2,878 (revenue) in the consolidated referring to the six-month period ended on June 30, 2021).

b. Conciliation of the expenditure of income tax and social contribution

	Parent			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Profit (loss) before taxes from continuing operations	(24,535)	777	(9,970)	(42,225)
Additions and exclusions				
Equity pick-up	516	(7,075)	(8,334)	(13,509)
Estimated losses for doubtful accounts	106	-	(25)	-
(Reversal) Allowance for doubtful accounts	(2)	85	22	256
Provision for contingency losses	240	847	742	1,189
Non-deductible expenses	-	3,642	2	3,642
Adjust to present value	1,363	2,461	3,993	3,461
Investment valued at equity value	-	-	-	(50,055)
Provision for interest on suppliers	97	17	126	12
Exchange variation provision	17,481	(23,010)	(11,686)	(6,854)
Others	5,804	15,258	20,153	25,222
Calculation basis	1,069	(6,998)	(4,978)	(78,861)
Current income tax and social contribution of subsidiaries with	-	-	-	-
Deferred income tax and social contribution	882	1,212	1,233	1,450

	Consolidated			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Profit (loss) before taxes from continuing operations	(22,832)	(1,733)	(11,380)	(43,628)
Additions and exclusions				
Provision for losses with inventory obsolescence	(626)	-	-	-
(Reversal) Estimate of losses due to the non-recoverability of assets	(1,738)	(689)	-	(1,652)
(Reversal) Estimated losses for doubtful accounts	(53)	101	-	270
Provision for contingency losses	(30)	(15,386)	545	1,535
Non deductible expenses	3,173	3,642	3,212	3,642
Adjustment to present value	(15,733)	7,072	-	3,461
Investment valued at equity value	-	-	-	(50,055)
Provision of interest on suppliers	-	46	46	63
Exchange variation provision	19,652	(24,826)	(13,193)	(7,917)
Others	15,567	17,360	9,002	(311)
Calculation basis	(2,620)	(14,413)	(11,768)	(94,592)
Current income tax and social contribution of subsidiaries with taxable income	-	(16)	(6)	(25)
Deferred income tax and social contribution	(822)	3,738	2,648	2,878

15 Contingent proceedings and judicial deposits

15.1 Provision for tax, labor and civil risks

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

		Parent		Consolidated	
		Expectation of loss		Expectation of loss	
		Possible	Probable	Possible	Probable
Tax (i)					
ICMS - Tax on Circulation of Goods and Services	(i.1)	87,426	-	89,115	-
CSLL - Social Contribution on Net Income	(i.2)	5,073	-	10,609	-
IRPJ - Corporate Income Tax	(i.3)	19,628	-	68,518	-
INSS - National Institute of Social Security	(i.4)	-	-	¥6,820	-
IRRF - Withholding Income Tax	(i.5)	54,483	-	54,483	-
IPI - Excise Tax		872	-	872	-
PIS - Programa de Integração Social		-	-	-	-
COFINS - Tax for Social Security Financing		-	-	563	-
ISS - Services Tax	(i.6)	-	-	7,579	167
CIDE - Contribution for Intervention in the Economic Domain		-	-	1,176	-
Other tax provisions	(i.7)	1,248	780	48,228	866
		168,729	780	287,963	1,033
Labor (ii)		194	3,083	3,944	23,795
Civil (iii)		45,800	1,019	78,144	9,504
Total on June 30, 2022		214,723	4,882	370,051	34,332
Total on December 31, 2021		190,089	4,140	332,277	33,786

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

The provision for resources involved in lawsuits in the amounts mentioned above (R\$4,882 in the parent company and R\$34,332 in the consolidated on June 30, 2022 and R\$4,140 in the parent company and R\$33,786 in the consolidated on December 31, 2021) and referring to the spheres

below listed takes into account the probability of probable loss, which is configured when an outflow of economic benefits is presumed in view of the matter discussed, the judgments made in each claim and the jurisprudential understanding of each case.

Claims with a possible probability of loss are excluded from the provision.

Changes in the provision balance on June 30, 2022 are as follows:

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2021	758	2,885	497	4,140	1,160	24,336	8,290	33,786
Additions	22	265	522	809	26	345	3,554	3,925
Write-offs	-	(67)	-	(67)	(153)	(886)	(2,340)	(3,379)
Balance on June 30, 2022	780	3,083	1,019	4,882	1,033	23,795	9,504	34,332

Judicial demands are divided into three spheres, namely:

(i) *Tax contingencies*

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

The main contingent proceedings classified as possible loss on June 30, 2022:

- (i.1) Annulment Action of the State of Rio Grande do Sul that aims to deconstitute ICMS tax credit. Process distributed on April 28, 2017, subject to a possible loss of R\$70,205.

Fiscal execution of the Public Treasury of the State of São Paulo aiming at the collection of ICMS on imports. Process distributed on October 22, 2015, subject to possible loss of R\$7,495.

Action for Annulment filed against the State of São Paulo, distributed on October 22, 2015, with the objective of canceling ICMS debt. Process subject to possible loss of R\$3,996.

- (i.2) Tax assessment notice issued by the Federal Revenue Service of Brazil, distributed on July 13, 2011, referring to the collection of social contributions levied on the payroll. Process subject to possible loss of R\$2,230.

Notice of infraction issued by the Federal Government, distributed on December 14, 2018, referring to the collection of fines levied as a result of the alleged non-compliance with the special customs regime for temporary admission. Process subject to possible loss of R\$2,723.

Notice of infraction drawn up by the Federal Revenue Service of Brazil, as a result of Manifestation of Nonconformity. Process distributed on July 23, 2014, subject to possible loss of R\$2,089.

- (i.3) Tax assessment notice from the Brazilian Federal Revenue Service, issued as a result of the arbitration of profit in calendar year 2010. Proceeding distributed on November 10, 2014, subject to possible loss of R\$15,846.

Annulment action aiming at the deconstitution of the tax credit (IRPJ and CSLL referring to calendar years 2009 and 2010. Process distributed on April 15, 2020, subject to possible loss of R\$6,107.

Tax assessment notice issued by the Federal Revenue Service of Brazil, due to alleged irregularities in the calculation of IRPJ, CSLL, PIS and COFINS in 2013. Process distributed on October 6, 2016, subject to possible loss of R\$28,088.

Tax enforcement, in which the arbitration of profit for the purpose of the IRPJ requirement is discussed. Process distributed on June 29, 2018, subject to a possible loss of R\$2,745.

Tax assessment notice from the Federal Revenue Service of Brazil, drawn up as a result of a Manifestation of Non-conformity presented against the decision-making order. Process distributed on July 23, 2014, subject to possible loss of R\$5,394.

Manifestation of nonconformity filed to have the negative balance of IRPJ recognized. Process distributed on May 30, 2014, subject to possible loss of R\$8,126.

- (i.4) Tax assessment notice from the Federal Revenue Service of Brazil, drawn up for the collection of Social Security Contribution credits. Process distributed on December 20, 2007, subject to possible loss of R\$4,980.
- (i.5) Fiscal Execution of the National Treasury, referring to the collection of IRRF debt. Process distributed on January 21, 2016, subject to possible loss of R\$54,483.
- (i.6) Tax Enforcement of the Municipality of Três Rios – RJ, for the collection of ISS for the periods of 2013 and 2014. Process distributed on December 10, 2015, subject to possible loss of R\$3,550.
- (i.7) Tax assessment notice issued by the Brazilian Federal Revenue Service to collect the remaining balance of II, IPI, PIS and COFINS levied on declared imports. Process distributed on January 23, 2020, subject to a possible loss of R\$2,425.

Infraction notices drawn up by the Federal Revenue Service of Brazil for the collection of fines due to the alleged non-compliance with the special customs regime for temporary admission. Proceedings subject to possible loss of R\$17,520.

Tax assessment notices issued by the Brazilian Federal Revenue Service to collect the remaining balance of II, IPI, PIS and COFINS levied on declared imports. Proceedings subject to possible loss of R\$14,033.

Writ of Mandamus filed for recognition of the prescription of customs taxes arising from operations under the special temporary admission regime. Process distributed on May 09, 2022, subject to possible loss of R\$2,663.

Tax execution, filed for collection of taxes on imports. Process distributed on August 31, 2021, subject to possible loss of R\$3,763.

(ii) *Labor contingencies*

The Company and its subsidiaries are parties to lawsuits of a labor nature relating to discussions that mainly involve claims for overtime, material and moral damages, unhealthy work and hazardous work, among others.

(iii) *Civil contingencies*

The main discussions in this area, classified as possible loss on June 30, 2022 are related to:

- (iii.1) Bond common stock filed by Weatherford Indústria e Comércio Ltda. and Weus Holding INC in the industrial property sphere. The process has a risk of loss classified as probable of approximately R\$624, a possible loss of R\$2,080 and a remote loss of R\$52,024. Process distributed on July 14, 2008.
- (iii.2) Return action for damages and indemnity action filed by the company Aeróleo Táxi Aéreo S/A, subject to possible loss of R\$9,228. Process distributed on November 1, 2013.
- (iii.3) Petrobrás appeal declaratory actions, seeking the reduction of a contractual penalty applied by the contracting party. Lawsuits distributed on March 14, 2014 and June 21, 2017, subject to possible loss of R\$11,569.
- (iii.4) Monitory lawsuit filed against Petrobrás. Process distributed on July 13, 2016, subject to possible loss of R\$11,277.
- (iii.5) Search and Seizure Action filed by BNDES - National Bank for Economic Development against Lupatech S.A. - In Judicial Recovery and Lupatech - Equipamentos e Serviços para Petróleo Ltda. - In Judicial Recovery. Process distributed on October 20, 2015, subject to possible loss of R\$31,392. This is an action that aims to promote the search and seizure of machinery and equipment offered in fiduciary alienation on the occasion of financing granted by BNDES to the referred companies of Grupo Lupatech.

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

In the judicial reorganization records, with the exception of the assets belonging to the Macaé unit, the others were declared by the judges as essential for the operation of the Lupatech Group, preventing its removal. Later, after the appeal deadlines had passed, the BNDES again demanded the resumption of the search and seizure. The new BNDES request was accepted by the Reorganization court and later by the São Paulo Court of Justice, but it ended up being challenged by the Superior Court of Justice, which determined that the Judicial Reorganization court indicated others means other than the seizure of assets, so that the BNDES' credit is satisfied.

Notwithstanding, the Lupatech Group also questions in the judicial reorganization records (i) the soundness of the guarantee, due to the existence of defects in its constitution, as well as (ii) the effective value of the BNDES covered by the statutory lien (if any) of machinery and equipment.

The Judicial Administrator expressed a favorable opinion on the Company's position in the sense that the credit to be considered as extra-bankruptcy in favor of BNDES is equivalent to the forced liquidation value of machinery and equipment, estimated at approximately R\$3.5 million. On the other hand, the Public Prosecutor's Office, with regard to the merits, opined for the non-implementation of the precedent condition for the constitution of the guarantee of fiduciary alienation. Without going into the merits, the Reorganization court ruled on the impossibility of the delayed challenge. For this reason, an interlocutory appeal was filed with the 2nd Chamber of Business Law of the Court of Justice of São Paulo, through which the company requested recognition of the possibility of filing late objections to credit and, on the merits, that it be the full bankruptcy of the BNDES credit was recognized due to the ineffectiveness of the fiduciary guarantee since there was no implementation of the suspensive condition of the contracts entered into with BNDES or, alternatively, that the extra-bankruptcy of the credit was limited to the value of forced liquidation of the assets object of the fiduciary alienation. Once the appeal was judged, the TJSP considered it partially granted to recognize the possibility of filing late objections and, on the merits, to recognize that the extrajudicial nature of the BNDES' credit is limited to the amount obtained with the foreclosure of the assets covered by the fiduciary warranty. The judgment was the subject of a special appeal, which is pending admissibility by the TJSP for subsequent remittance and distribution to the Superior Court of Justice. In the judgment of the Interlocutory Appeal, the Superior Court of Justice granted the appeal to prevent the continuation of the search and seizure of assets essential to preserve the business activities of the Lupatech Group. BNDES filed an interlocutory appeal against the decision rendered by the Minister Reporting on the case. Lupatech is waiting for the presentation of the counter-minute.

The main discussions in this area, classified as probable loss on June 30, 2022 are related to:

- (i) Declaratory action filed against Petrobras, aiming at reducing the contractual penalty applied by the contracting party. Process distributed on March 14, 2014, subject to a probable loss of R\$3,572.

15.2 Contingent Assets

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

	Probability of probable gain	
	Parent	Consolidated
Tax (i)	4,756	5,563
Civil (ii)	50,087	50,106
Balance on June 30, 2022	54,843	55,669
Balance on December 31, 2021	79,913	80,683

(i) Contingent Tax Assets

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

The amount determined by the Company as a result of a partial final and unappealable decision favorable to the exclusion of ICMS from the PIS and COFINS calculation basis, is shown in Note 6.

(ii) **Civil Contingent Assets**

- Arbitration proceeding against GP *Investments*/San Antonio Internacional and its vehicles:

The Company is entitled to be reimbursed up to the nominal limit of R\$50,000 referring to losses that it may incur as a result of any unknown contingencies, pursuant to the indemnity clause provided for in the Investment Agreement. On April 4, 2017, the Company presented before the Market Arbitration Chamber a request for the initiation of arbitration against GP Investments and its vehicles seeking reimbursement for the losses incurred by the Company and arising from (i) contingencies not known to the San Antonio Societies, and (ii) breach of obligations and breach of representations and warranties. An increase in the nominal limit of R\$50,000 for indemnities is also claimed in the arbitration.

On February 22, 2021, the Company was informed of the Partial Judgment issued by the Arbitration Court, which provided for a substantial part of the claims formulated in the Arbitration, and specifically (i) determined responsibilities, (ii) settled part of the claims and (iii) accepted the request to increase the nominal limit of R\$50 million. Arbitration continues in the judgment settlement phase to determine the amounts of the remaining convictions. Once sentenced and settled, the amounts constitute a judicial enforcement order.

On March 25, 2021, the Company received the amount of R\$5,222 as a result of voluntary compliance with the partial award rendered in the scope of the arbitration process in progress. Currently, the arbitration procedure is in the award settlement phase in relation to the other claims made by Lupatech, excluding the amount already paid for the voluntary compliance with the award.

15.3 Judicial deposits

The Company presents the following balances of escrow deposits, on June 30, 2022, which are linked to contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	111	916
Labor contingencies	1,398	6,888
Civil contingencies	413	1,647
Balance on June 30, 2022	1,922	9,451
Balance on December 31, 2021	1,915	10,456

16 Taxes payable

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Taxes payable - Current				
Ordinary Installment Payment (PIS / COFINS / Social Security Contribution)	1,430	429	2,252	773
Exceptional Transaction Law 13.988/2020 (Ordinance PGFN No. 14.402/2020) and Law 112/2020	3,637	3,037	5,169	4,351
Judicial Recovery Installment	873	1,025	1,113	1,381
INSS installment	23	-	41	18
INSS	1,857	1,950	2,368	2,448
IRRF	447	715	520	764
CSLL	21	34	28	40
COFINS	591	774	943	1,160
PIS	282	322	380	424
IPI	-	-	791	541
FGTS	2,869	2,568	3,998	4,010
ICMS	84	96	1,134	1,184
Other miscellaneous taxes	88	82	623	699
Total	12,202	11,032	19,360	17,793

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Taxes payable - Non-current				
Installment INSS	649	516	710	580
Installment IRPJ	7,647	7,691	7,647	7,691
Installment CSLL	2,821	2,837	2,821	2,837
Installment COFINS	1,408	1,415	1,408	1,415
Installment ICMS	-	-	1,784	1,586
Installment Ordinário (PIS/COFINS/Contribuição Previdenciária)	4,725	2,718	7,338	3,840
Exceptional Transaction Law 13.988 / 2020 (Ordinance PGFN No. 14.402 / 2020) and Law 112 / 2020	16,962	18,827	22,711	24,739
Judicial Recovery Installment	1,082	1,499	2,875	4,139
Installment ISS	4	6	388	423
Installment SESI/SENAI	-	-	20	16
Other miscellaneous taxes	77	98	1,146	1,260
	35,375	35,607	48,848	48,526
Judicial deposits linked to installments of IRPJ / CSLL	(12,459)	(12,459)	(12,459)	(12,459)
Total	22,916	23,148	36,389	36,067

On November 14, 2017, the Company promoted the adhesion of several subsidiaries and investees of Grupo Lupatech to the Special Tax Regularization Program – PERT, instituted by Provisional Measure no. 783/2017 and by Law no. 13.496/2017, reorganizing, through this action, the amount of R\$123,000 of its liability related to contingencies and tax obligations, which was accompanied by discounts in interest, fines and charges in a total of R\$48,000. Due to operational issues of the adhesion process, a significant part (73%) of the liabilities adhered to has not yet been consolidated. This stems from an operational/systemic issue of the Federal Revenue – liabilities that are not listed in the systems available for processing by taxpayers have to be handled manually. In the case of the Company, a large number of processes, especially customs, were included in this context. The company has timely taken the administrative and legal preventive measures indicated by its tax advisors to ensure the right to process the adhesion.

In 2021, taking advantage of the favors introduced in the Exceptional Transaction modality Law 13,988/2020 (PGFN Ordinance No. 14,402/2020) and Law 14,112/2020, the Company reorganized the amount of R\$35,050 of its liabilities related to Social Security and Treasury obligations, generating a direct benefit to Grupo Lupatech with discounts on interest, fines and charges in the amount of R\$19,477. The adhesion required payment of a toll of R\$93 in cash, with the remainder being settled in up to 120 installments. In the RJ modality within the scope of the RFB, such adhesion

granted the right to settle 30% of the consolidated debt using credits arising from tax losses and negative basis in the amount of R\$9,085.

17 Net equity

a. Capital stock

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

	Parent and Consolidated	
	Number of Shares	Capital Stock
	Mil	R\$
Balance on December 31, 2021	29,117	1,897,348
Issuance of new shares - subscription bonus exercise	94	83
Balance on June 30, 2022	29,211	1,897,431

According to the minutes of meetings disclosed in the six month period ended on June 30, 2022, the Board of Directors approved the Company's capital increase through the exercise of warrants to acquire 94 common shares. The increase realized in the period was R\$83.

b. Dividends

To shareholders is ensured, annually, the mandatory distribution of minimum dividends corresponding to 25% of the adjusted net profit in the terms of corporate legislation.

c. Equity Valuation Adjustments

The Company recognizes in this item the effect of exchange rate variations on investments in subsidiaries abroad and on goodwill arising from acquisitions of investments abroad, whose functional currency follows that to which the foreign operation is subject. The accumulated effect will be reversed to income for the year as a gain or loss only in the event of disposal or write-off of the investment. On June 30, 2022, the balance of adjustment to equity valuation is R\$193,197 (R\$204,671 as of December 31, 2021).

d. Capital reserve

On October 29, 2018, Lupatech S.A. - In Judicial Reorganization communicated to its shareholders and the general public that its Board of Directors approved the 1st Issuance of Subscription Bonuses in a single and onerous series in the amount of R\$340,453. The issuance took place within the scope of the Judicial Recovery Plan of the Company and other companies of its group, to promote the payment of the creditors of Classes II, III and IV of the Judicial Recovery whose credits come to pay the Subscription Warrants.

A total of 3,404,528 subscription warrants were issued, at the rate of 1 bonus for each R\$100.00 (one hundred reais) owed. The bonds were subscribed and paid in on December 11, 2018 ("Subscription Term").

The Subscription Bonuses may be exercised, during their term, for the fixed price of R\$0.88 per Share.

Following the Judicial Reorganization Plan, of the total issued, R\$326,746 was allocated to creditors, part of which remains in the Company's power until operationally delivery to creditors is possible,

with an unrealized capital reserve of R\$2,875 being recorded. The remaining balance of R\$13,707 refers to the reserve subscribed for gross contingencies subject to Recovery.

Due to the amendment to the Judicial Reorganization Plan ratified in court on November 26, 2020, foreign currency creditors had a change in the percentage of payment in subscription bonus from 50% to 70%. Thus, for the sole purpose of complying with accounting standards, the Company applied the provisions of ICPC 16. Thus, the amounts of liabilities exchanged for subscription bonuses in the amount of R\$35,121 and the adjustment to an estimated fair value of R\$34,384 were recorded as an unrealized capital reserve in the net amount of R\$736,407.

In the six month period ended on June 30, 2022, for the acquisition of 94,457 common shares of the Company, 94,457 Subscription Warrants were exercised

18 Financial instruments

18.1 Financial Risk Management

Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity. The Group's global risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance, through the use of derivative financial instruments to hedge certain exposures.

Risk management is carried out by the central treasury, according to established principles, except for jointly controlled companies, which are shared with the other controlling shareholders. The Group's treasury identifies and assesses the Company's position against possible financial risks in cooperation with the Group's operating units. The Board of Directors establishes principles for the management of global risk, as well as for specific areas, such as exchange rate risk, interest rate risk, use of derivative and non-derivative financial instruments. The implementation of risk protection devices through the contracting of financial instruments is subordinated to the company's liquidity and the availability of credit limits with potential counterparties.

(i) Exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from exposure to certain currencies, mainly in relation to the US dollar. Exchange risk arises from commercial and financial operations, recognized assets and liabilities and net investments in foreign operations.

Management has established foreign exchange risk management principles that require the Company to manage its foreign exchange risk in relation to its functional currency. To manage its foreign exchange risk arising from commercial operations, the Company seeks to balance its trade balance between purchases and sales in currencies other than the functional currency. The credit and cash constraints faced by the Company significantly limit the possibilities of contracting foreign exchange derivatives, commonly used in the management of foreign exchange risk.

The Company has certain investments in operations abroad, whose net assets are exposed to foreign exchange risk.

On June 30, 2022 and December 31, 2021, the Company and its subsidiaries had assets and liabilities denominated in U.S. dollars as shown in the tables below:

Items	Amounts in US dollar thousands			
	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Cash and cash equivalents	62	69	560	69
Accounts receivable	2,648	-	2,648	-
Other assets	-	-	7,878	12,372
Related parties - Assets	2,419	2,864	-	-
Loans	(232)	(218)	(15,293)	(15,542)
Related parties - Liabilities	(29,454)	(29,455)	-	-
Other liabilities	-	-	(170)	(38)
Net exposure in US dollars	(24,557)	(26,740)	(4,377)	(3,139)

On June 30, 2022, the exchange rate of the US dollar against the real was US\$1.00 = R\$5,2380 (US\$1.00 = R\$5.5805 in December 31, 2021). If the real depreciates by 10% against the official US dollar at the end of the year, all other variables being maintained, the impact on the result is a loss of approximately R\$8.554 in the parent company and R\$870 in the consolidated.

Sensitivity analysis of foreign currency variations, interest rate variations and risks involving derivative operations:

As mentioned above, the Company is exposed to interest rate fluctuation risks and foreign currencies (other than its functional currency, the “Real”), mainly the US dollar in its loans and financing. The analysis takes into account 3 fluctuation scenarios in these variables. In defining the scenarios used, Management believes that the following assumptions can be realized, with their respective probabilities, however, it should be noted that these assumptions are judgmental exercises performed by Management and that they may generate significant variations in relation to the actual results determined due to the conditions market, which cannot be reliably estimated at this date for the full profile of the estimates.

As determined by the CVM, through Instruction 475, the Company's Management presents the sensitivity analysis, considering:

Interest rate scenario and parity of the US dollar (US\$) in relation to the probable real (R\$) estimated by Management:

Interest rate for the year 2022: 13,8%

US\$: 5,12

Interest rate scenario and parity of the US dollar (US\$) in relation to the real (R\$) possible, with a deterioration of 25% (twenty-five percent) in the risk variable considered as probable:

Interest rate for the year 2022: Increase to 17,2%

US\$: 6,40

Remote interest rate and parity scenario of the US dollar (US\$) in relation to the Brazilian real (R\$), with a deterioration of 50% (fifty percent), in the risk variable considered as probable:

Interest rate for the year 2022: Increase to 20,06%

US\$: 7,68

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

		Scenario as per description above					
Operating	Risk	Parent			Consolidated		
		Probable	Possible	Remote	Probable	Possible	Remota
Loans and financing	US\$ hike	29	290	609	609	609	609
Loans and financing	Interest rate hike	(304)	61	73	73	73	73
Mutual contracts	US\$ hike	3,415	34,444	72,303	72,303	72,303	72,303
Total (gain) loss		3,140	34,795	72,985	72,985	72,985	72,985

The credit and cash constraints faced by the Company significantly limit the possibilities of managing exchange risk

(ii) *Risk of cash flow or fair value associated with interest rate*

The Group's interest rate risk arises from long-term borrowings. Loans raised at variable rates expose the Group to cash flow interest rate risk. The Group's loans at variable rates are mainly denominated in "Reais". To minimize possible impacts arising from these fluctuations, the Company adopts diversification practices, alternating the contracting of its debts, aiming to adapt them to the market.

The Group analyzes its interest rate exposure dynamically. Several scenarios are simulated taking into account refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group defines a reasonable change in the interest rate and calculates the impact on income. For each simulation, the same interest rate change is used for all currencies. The scenarios are prepared only for liabilities that represent the main interest-bearing positions.

Based on the simulations carried out, considering the Group's indebtedness profile on June 30, 2022, the impact on the result, after calculating income tax and social contribution, with a variation of around 0.25 percentage points in variable interest rates, considering that all other variables were kept constant, this would correspond to an approximate increase of R\$2,359 in interest expenses in the year.

The credit and cash constraints faced by the Company significantly limit the possibilities of managing interest rate risk.

(iii) *Credit risk*

Credit risk is managed corporately. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, securities from entities classified by the Company's Management as first class are accepted. Individual risk limits are determined based on internal or external ratings in accordance with limits established by Management. The use of credit limits is regularly monitored and, when applicable, an allowance for doubtful accounts is recorded.

The selectivity of its customers, as well as the monitoring of sales financing terms by business segment and individual position limits, are procedures adopted in order to minimize possible problems of default in its accounts receivable. Our revenues present amounts involving the client Petrobras, directly and indirectly, which in the six month period ended June 30, 2022 accounted for approximately 51% (36% in the six month period ended on June 30, 2021) of the revenues of the Company and its subsidiaries.

(iv) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, availability of funding through committed credit facilities and the ability to settle market positions. Due to the dynamic nature of the Group's business, the treasury seeks to obtain flexibility in funding through committed credit lines when contracting them is feasible.

Management monitors the Group's liquidity level, considering the expected cash flow, which comprises unused credit lines, cash and cash equivalents. This is generally carried out at the corporate level of the Group, in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Group's liquidity management principles involve projecting cash flows in major currencies and considering the level of liquid assets necessary to achieve these projections, monitoring balance sheet liquidity ratios in relation to internal regulatory requirements and external debt and maintenance of debt financing plans.

18.2 Fair Value Estimate

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

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

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

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

a. *The Cash, cash equivalents and marketable securities - restricted*

The balances in cash and cash equivalents and in marketable securities have their values similar to the book balances, considering their turnover and liquidity. The table below presents this comparison, on June 30, 2022:

Items	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Cash and cash equivalents	814	814	11,349	11,349
Marketable securities	44	44	44	44

b. *Loans and financing*

The estimated fair value was calculated based on the present value of the future cash disbursement, using interest rates that are available to the Company and the evaluation indicates that the fair values, in relation to the book balances, are as follows, on June 2022:

Items	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Loans and financing not judicial recovery	6,248	6,186	11,178	10,913
Discounted securities with non-RJ co-obligation	9,207	9,207	9,241	9,241
Credit title	6,248	6,248	18,737	18,738
Loans and financing judicial recovery	63,018	63,017	97,162	97,162
Total	84,721	84,658	136,318	136,054

18.3 Financial Instruments by Category

Summary of financial instruments by category:

	Parent				
	06/30/2022			12/31/2021	
	Amortized cost	Fair Value through Profit and Loss	Total financial assets	Amortized cost	Fair Value through Profit and Loss
Financial Assets					
Securities-restricted	-	44	44	-	44
Accounts receivable	20,130	-	20,130	15,301	-
Cash and cash equivalents	814	-	814	1,098	-
Related parties	33,368	-	33,368	35,596	-
Total	54,312	44	54,356	51,995	44

	Parent				
	06/30/2022			12/31/2021	
	Amortized cost	Fair Value through Profit and Loss	Total financial liabilities	Creditors list	Fair Value through Profit and Loss
Financial Liabilities					
Loans and financing	-	84,721	84,721	-	75,188
Suppliers	69,648	-	69,648	64,319	-
Related parties	207,842	-	207,842	218,397	-
Total	277,489	84,721	362,211	282,715	75,188

	Consolidated				
	06/30/2022			12/31/2021	
	Amortized cost	Fair Value through Profit and Loss	Total financial assets	Amortized cost	Fair Value through Profit and Loss
Financial Assets					
Securities-restricted	-	44	44	-	44
Accounts receivable	26,430	-	26,430	20,943	-
Cash and cash equivalents	11,349	-	11,349	19,176	-
Total	37,779	44	37,823	40,119	44

	Consolidated				
	06/30/2022			12/31/2021	
	Amortized cost	Fair Value through Profit and Loss	Total financial liabilities	Creditors list	Fair Value through Profit and Loss
Financial Liabilities					
Loans and financing	-	136,318	136,318	-	128,818
Suppliers	73,284	-	73,284	66,696	-
Total	73,284	136,318	209,602	66,695	128,818

19 Insurance Coverage

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

Insurance Purpose	Amount secured	
	06/30/2022	
- Comprehensive business insurance	R\$	90,354
- Life insurance	R\$	52,966
- General civil responsibility insurance	R\$	24,216
- International freight insurance *	US\$	200

* Amounts in US dollar thousands.

The scope of the work of our auditors does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by the Company's Management, which considers it sufficient to cover any claims.

20 Stock option plan - “Stock option”

The Company has Stock Option Plans that have the following main objectives:

- Stimulate the resumption of the historical levels of the Company's operational activity and the fulfillment of the established business goals, by creating incentives to align the interests and objectives of the Company's key professionals with its shareholders, especially the fulfillment of the obligations contained in its Plan Judicial Recovery;
- Enable the Company to obtain and maintain the services of its key professionals, offering them, as an additional advantage, the opportunity to become shareholders of the Company, enabling and encouraging the subscription of shares with credits held against the Company from fixed or fixed remuneration. variable, with the consequent preservation of cash; and
- Promote the good performance of the Company and the interests of shareholders through a long-term commitment on the part of its key professionals.

There are two Concession Plans in force:

- (i) Plan 2017, approved by the AGE of April 12, 2017, which authorized the granting of options equivalent to up to 10% of the Company's capital stock. All the grants provided for under this plan have already been carried out, with pending exercises.
- (ii) Incentive Plan 2020, approved by the Extraordinary General Meeting of August 18, 2020, which decided to grant up to 2,550,000 common shares issued by the Company.

The grants made until June 30, 2022 are shown in the following table:

Grants	2017 Plan			2020 Plan		
	The amoun	Strike Price	Maximum Exercise Term	The amoun	Strike Price	Maximum Exercise Term
Board Members	1,455,028	1.18	26/04/2024	1,143,000	1.78	02/09/2025
	1,129,630	1.35	24/06/2027			
Other Beneficiaries				480,000	3.99	30/11/2025
				51,250	4.44	30/11/2026

On April 30, 2021 and August 19, 2021, the Board of Directors decided to adjust the granting of options due to subsequent corporate events, as well as welcoming the exercise of options by members of the management.

Pursuant to the RCA of February 10, 2022, the Board of Directors approved to the beneficiaries a new grant of up to 51,250 options to purchase common shares of the Company, within the scope of the 2020 Incentive Plan.

After computing the changes and exercises, the following options granted and not exercised remain:

Remaining Options	Exercisable	Not yet Exercisable (term)	Conditioned
Rafael Gorenstein			
Plan 2017 - 1st grant	709,656	-	241,805
Plan 2017 - 2st grant	306,262	459,394	120,903
Plan 2020	860,000	-	-
Paulo Prado da Silva			
Plan 2017	431,026	-	72,541
Plan 2020	-	-	-
João Marcos C. Feiteiro			
Plan 2017	77,884	116,825	48,362
Plan 2020	283,000	-	-
Other Beneficiaries			
Plan 2017	-	-	-
Plan 2020	-	531,250	-

Under the 2017 and 2020 Plans, the right to exercise the Option takes place in successive and annual installments of 20%, the first installment being exercisable from the date of signature of the Agreement, thus totaling 4 years for the acquisition of the right over the total number of Options.

In all Plans, there is provision for the possibility of adjusting the terms and conditions of the options due to certain subsequent corporate events.

21 Demonstration of net revenue

	Parent			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Gross sales and/or services				
In Brazil	20,863	21,733	42,134	42,765
Export	5,435	162	14,891	307
	26,298	21,895	57,025	43,072
Deductions for gross sales				
Taxes on sales	(3,374)	(3,937)	(6,880)	(7,812)
Net sales and/or services	22,924	17,958	50,145	35,260

	Consolidated			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Gross sales and/or services				
In Brazil	23,967	24,160	48,102	47,207
Export	5,468	161	15,463	450
	29,435	24,321	63,565	47,657
Deductions for gross sales				
Taxes on sales	(3,962)	(4,454)	(7,978)	(8,709)
Net sales and/or services	25,473	19,867	55,587	38,948

22 Profit (loss) per share

a. Basic

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

Items	Parent Company and Consolidated			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Net income (loss) from the exercise	(23,654)	1,989	(8,738)	(40,775)
Profit (loss) attributable to the Company's controlling shareholders	(23,654)	1,989	(8,738)	(40,775)
Weighted average number of common shares issued (thousands)	16,550	4,917	29,536	4,917
Basic earnings (loss) per share - R\$	(1.43)	0.40	(0.30)	(8.29)

b. Diluted

The diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding, to assume the conversion into common shares of instruments that may cause dilution.

Equity instruments have a dilutive effect when they result in the issuance of shares at a value lower than the current share price.

On June 30, 2022, the dilutive effects referring to the stock options were verified, as per explanatory note nº 20, to the subscription warrants of creditors subject to the Judicial Reorganization, as per explanatory note nº 1.2.

23 Financial outcome

Items	Parent			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Financial Income				
Income from financial investments	4	1	8	1
Related-party interest income (mutual contract)	10	10	21	20
Monetary variance	507	-	721	-
Arbitration Procedure CSL	4,379	-	6,386	-
Other financial income	22	34	37	44
Total financial Income	4,922	45	7,173	65
Financial Expenses				
Interest on loans and financing	(2,462)	(1,089)	(3,866)	(1,767)
Interest on Debentures	-	-	-	(203)
Present value adjustment	(1,363)	(2,461)	(3,993)	(3,461)
Interest of mutual contract	(155)	(198)	(340)	(422)
Interest on suppliers	(780)	(794)	(1,637)	(1,884)
Fines and interest on taxes	(385)	(1,851)	(747)	(1,965)
IOF, banking expenses and others	(441)	(299)	(852)	(817)
Total financial expenses	(5,586)	(6,692)	(11,435)	(10,519)
Gain on exchange variance	9,183	26,157	41,197	29,212
Loss on exchange variance	(26,804)	(3,242)	(29,345)	(22,443)
Exchange variance, net	(17,621)	22,915	11,852	6,769

Items	Consolidated			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Financial Income				
Income from financial investments	114	127	216	177
Present value adjustment	5,794	-	-	-
Monetary variance	691	1,234	1,062	1,468
Arbitration Procedure CSL	4,379	-	6,386	-
Other financial income	23	362	41	378
Total financial Income	11,001	1,723	7,705	2,023
Financial Expenses				
Interest on loans and financing	(2,700)	(1,123)	(4,326)	(1,826)
Interest on bonds	(114)	(80)	(195)	(1,367)
Interest on Debentures	-	-	-	(203)
Present value adjustment	-	(9,227)	(9,939)	(5,615)
Interest on suppliers	(787)	(828)	(1,662)	(1,935)
Fines and interest on taxes	(730)	(3,584)	(1,360)	(4,113)
IOF, banking expenses and others	(807)	(525)	(1,482)	(1,676)
Total financial expenses	(5,138)	(15,367)	(18,964)	(16,735)
Gain on exchange variance	20,296	23,991	50,353	31,175
Loss on exchange variance	(40,181)	-	(37,066)	(24,427)
Exchange variance, net	(19,885)	23,991	13,286	6,748

24 Other operating income (expenses)

Items	Parent			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Others operating income				
Reversal of estimate with lawsuit	20	71	31	5,880
Gain on disposal of fixed assets	20	-	20	-
Others	(21)	1,661	241	1,722
Total other operating income	19	1,732	292	7,602
Others operating expenses				
Provision for loss of lawsuit	(66)	(1,160)	(547)	(2,342)
Cost of idle production	(5,029)	(3,788)	(7,983)	(6,592)
Capital losses on investment	-	-	-	(17,197)
Others	(321)	(4,179)	(849)	(4,836)
Total other operating expenses	(5,416)	(9,127)	(9,379)	(30,967)
Other net operating expenses	(5,397)	(7,395)	(9,087)	(23,365)

Items	Consolidated			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Others operating income				
Reversal of estimate with lawsuit	596	2,074	1,987	11,160
Gain on disposal of fixed assets	3,387	-	3,866	-
Reversal of estimated losses due to non-recoverability of assets	4,161	-	5,899	-
Others	12	2,358	2,393	3,952
Total other operating income	8,156	4,432	14,145	15,112
Others operating expenses				
Provision for loss of lawsuit	(348)	(423)	(2,333)	(5,120)
Loss on disposal of fixed assets	(6,453)	(961)	(7,284)	(2,954)
Cost of idle production	(5,687)	(3,832)	(8,658)	(6,902)
Capital losses on investment	-	1,665	-	(17,197)
Others	(2,578)	(10,374)	(5,249)	(11,526)
Total other operating expenses	(15,065)	(13,925)	(23,524)	(43,699)
Other net operating expenses	(6,909)	(9,493)	(9,379)	(28,587)

25 (Expenditure) by nature

Items	Parent			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
<u>Cost of goods sold</u>	(16,221)	(12,752)	(36,508)	(25,348)
Raw materials, materials for use and consumption, labor and third-party services	(15,613)	(12,028)	(35,282)	(23,877)
Depreciation and amortization	(807)	(867)	(1,647)	(1,754)
Others	199	143	421	283
<u>Selling expenses</u>	(2,415)	(2,082)	(4,780)	(3,818)
Third-party labor and services	(1,505)	(1,520)	(3,006)	(2,861)
Depreciation and amortization	(4)	(10)	(8)	(15)
Other commercial expenses	(906)	(552)	(1,766)	(942)
<u>General and Administrative Expenses</u>	(3,906)	(3,425)	(7,405)	(9,280)
Third-party labor and services	(2,678)	(2,438)	(5,184)	(4,578)
Depreciation and amortization	(228)	(240)	(454)	(486)
Other administrative expenses	(1,000)	(747)	(1,767)	(4,216)
<u>Remuneration of directors</u>	(720)	(720)	(1,592)	1,520

Items	Consolidated			
	Three-month period ending in		Six-month period ending in	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
<u>Cost of goods sold</u>	(18,657)	(14,644)	(42,017)	(28,903)
Raw materials, materials for use and consumption, labor and third-party services	(17,744)	(13,616)	(40,209)	(26,841)
Depreciation and amortization	(905)	(1,023)	(1,843)	(2,067)
Others	(8)	(5)	35	5
<u>Selling expenses</u>	(2,571)	(2,163)	(5,057)	(4,005)
Third-party labor and services	(956)	(1,000)	(1,924)	(1,906)
Depreciation and amortization	(4)	(9)	(7)	(14)
Other commercial expenses	(1,611)	(1,154)	(3,126)	(2,085)
<u>General and Administrative Expenses</u>	(5,426)	(4,927)	(10,949)	(10,757)
Third-party labor and services	(4,132)	(3,974)	(8,175)	(8,092)
Depreciation and amortization	(335)	(244)	(700)	(493)
Other administrative expenses	(959)	(709)	(2,074)	(2,172)
<u>Remuneration of directors</u>	(720)	(720)	(1,592)	(2,359)

26 Information by business segment and geographic region

The Company's Management defined the Group's operating segments, based on the reports used to make strategic decisions, reviewed by the Board of Directors and considers that the market in which it operates is segmented into the **Product** line, the same composition presented in explanatory note no. 1.

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

Geographically, Management considers the performance of the Brazilian and South American markets in general. Distribution by region is considered to be the location of the Group's companies and not the location of the customer.

The revenue generated by the reported operating segments comes mainly from:

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

Sales between segments were carried out as sales between independent parties. Revenue from external parties reported to the Executive Board was measured in a befittingly with that presented in the income statement.

The amounts related to total assets are consistent with the balances recorded in the financial statements. These assets are allocated based on segment operations and the physical location of the asset.

The amounts related to total liabilities are consistent with the balances recorded in the financial statements. These liabilities are allocated based on segment operations.

Segment information is shown below:

	Three-month period ending in					
	Products		Services		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Net sales	25,389	19,815	84	52	25,473	19,867
Cost of sales	(18,581)	(14,459)	(76)	(185)	(18,657)	(14,644)
Gross Profit (Loss)	6,808	5,356	8	(133)	6,816	5,223
Selling expenses	(2,567)	(2,163)	(4)	-	(2,571)	(2,163)
General and administrative expenses	(4,501)	(2,570)	(925)	(2,357)	(5,426)	(4,927)
Management remuneration	-	-	(720)	(720)	(720)	(720)
Reversal of estimated losses due to the non-recoverability of assets	-	-	4,161	-	4,161	-
Other operating income (expenses), net	(5,751)	(4,587)	(5,319)	(4,906)	(11,070)	(9,493)
Operating income (loss) before financial result	(6,011)	(3,964)	(2,799)	(8,116)	(8,810)	(12,080)
	Products		Services		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Identifiable assets	170,773	160,474	192,297	197,021	363,070	357,495
Identifiable liabilities	13,478	7,361	191,385	183,394	204,863	190,755
	Products		Services		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Depreciation and amortization	(1,941)	(997)	(230)	(283)	(2,171)	(1,280)
Acquisition of Property, plants and equipment	1,059	749	28	39	1,087	788

	Six-month period ending in					
	Products		Services		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Net sales	55,106	38,869	481	79	55,587	38,948
Cost of sales	(41,571)	(28,679)	(446)	(224)	(42,017)	(28,903)
Gross Profit (Loss)	13,535	10,190	35	(145)	13,570	10,045
Selling expenses	(5,008)	(4,005)	(49)	-	(5,057)	(4,005)
General and administrative expenses	(9,052)	(10,489)	(1,897)	(268)	(10,949)	(10,757)
Management remuneration	-	-	(1,592)	(2,359)	(1,592)	(2,359)
Reversal of estimated losses due to the non-recoverability of assets	-	-	5,899	-	5,899	-
Other operating income (expenses), net	(8,609)	(8,190)	(6,669)	(20,397)	(15,277)	(28,587)
Operating income (loss) before financial result	(9,134)	(12,494)	(4,273)	(23,169)	(13,407)	(35,663)
	Products		Services		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Identifiable assets	170,773	160,474	234,307	197,021	405,080	357,495
Identifiable liabilities	13,478	7,361	191,385	183,394	204,863	190,755
	Products		Services		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Depreciation and amortization	(1,941)	(2,014)	(230)	(11)	(2,171)	(2,025)
Acquisition of Property, plants and equipment	1,059	751	28	39	1,087	790

The information by geographic region is shown below:

	Three-month period ending in					
	Brazil		Others		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Net sales	25,473	19,867	-	-	25,473	19,867
Cost of sales	(18,657)	(14,459)	-	(185)	(18,657)	(14,644)
Gross Profit (Loss)	6,816	5,408	-	(185)	6,816	5,223
Selling expenses	(2,571)	(2,163)	-	-	(2,571)	(2,163)
Administrative costs	(5,426)	(4,927)	-	-	(5,426)	(4,927)
Management remuneration	(720)	(720)	-	-	(720)	(720)
Reversal of estimated losses due to the non-recoverability of assets	4,161	-	-	-	4,161	-
Other income (expenses), net	(11,070)	(9,493)	-	-	(11,070)	(9,493)
Operating income (loss) before financial result	(8,809)	(11,895)	-	(185)	(8,809)	(12,080)
	Brazil		Others		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Identifiable assets	363,070	357,495	-	-	363,070	357,495
Identifiable liabilities	170,718	157,233	34,145	33,522	204,863	190,755
	Brazil		Others		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Depreciation and amortization	(2,550)	(997)	-	(283)	(2,550)	(1,280)
Acquisition of Property, plants and equipment	1,087	749	-	39	1,087	788

	Six-month period ending in					
	Brazil		Others		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Net sales	55,587	38,948	-	-	55,587	38,948
Cost of sales	(42,017)	(28,903)	-	-	(42,017)	(28,903)
Gross Profit (Loss)	13,570	10,045	-	-	13,570	10,045
Selling expenses	(5,057)	(4,005)	-	-	(5,057)	(4,005)
Administrative costs	(10,949)	(10,757)	-	-	(10,949)	(10,757)
Management remuneration	(1,592)	(2,359)	-	-	(1,592)	(2,359)
Reversal of estimated losses due to the non-recoverability of assets	5,899	-	-	-	5,899	-
Other income (expenses), net	(15,278)	(28,587)	-	-	(15,278)	(28,587)
Operating income (loss) before financial result	(13,407)	(35,663)	-	-	(13,407)	(35,663)

	Brazil		Others		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Identifiable assets	405,080	357,495	-	-	405,080	357,495
Identifiable liabilities	170,718	157,233	34,145	33,522	204,863	190,755

	Brazil		Others		Consolidated	
	06/30/2022	06/30/2021	30/06/2022	06/30/2021	30/06/2022	06/30/2021
Depreciation and amortization	(2,171)	(2,025)	-	-	(2,171)	(2,025)
Acquisition of Property, plants and equipment	1,087	790	-	-	1,087	790

27 Assets classified as held for sale

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

In the context of actions to restructure the Company's operations, Management has been conducting actions and negotiations that may result in the sale of certain assets. The sale of such assets will only be considered highly probable to the extent that there is a prior understanding between the parties and, mainly, there is judicial authorization for the conclusion of the business since such authorization is an essential requirement in the judicial reorganization process.

On June 30, 2022, the balance of assets held for sale is shown as follows:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Assets classified as held for sale - Current assets				
Machinery and equipment	3,236	3,236	39,888	43,517
Industrial tools	-	-	2,005	2,329
Furniture and fixtures	-	-	3	3
Date processing equipments	-	-	111	111
Vehicles	-	-	2	2
Total	3,236	3,236	42,010	45,962

	Parent		Consolidado	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Assets classified as held for sale - Non-Current				
Total	-	-	-	-

Summary of movement of assets held for sale:

Controladora							
Gross Cost	Land	Buildings and constructions	Machinery and equipment	Industrial Tools	Furniture and fixtures	Date processing equipments	Vehicles
Balance on December 31, 2021	-	-	3,236	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Balance on June 30, 2022	-	-	3,236	-	-	-	-

Consolidado							
Gross Cost	Land	Buildings and constructions	Machinery and equipment	Industrial Tools	Furniture and fixtures	Date processing equipments	Vehicles
Balance on December 31, 2021	-	-	43,517	2,329	3	111	2
Disposal	-	-	(5,486)	(324)	-	-	-
Reversal/Estimation for non-recoverability of assets	-	-	4,025	-	-	-	-
Effect of the conversion of subsidiaries abroad	-	-	(2,168)	-	-	-	-
Balance on June 30, 2022	-	-	39,888	2,005	3	111	2

28 Subsequent Events

In compliance with the Brazilian accounting standards, the Management informs that no subsequent events to be disclosed have occurred between the base date from the closing of the financial statements and the date of their respective approval.

Comment on the behavior of business projections

In the previous quarter, we reported the remarkable effects related to the outbreak of the Covid Omicron variant and the war in Ukraine, which took place between the end of 2021 and the beginning of 2022. After the accommodation of these events and the “neonormalization” of post-pandemic life in the western world, we moved on to witnessing the outbreak of Covid outbreaks in China, with the imposition of draconian lockdowns in important parts of that country and consequent new disruptions in the operations of our suppliers and in transport times. In this context, expectations of normalization of production chains did not occur, and coexistence with the imperfect and the unusual persisted. Thus, the period's revenues reflected the delays that had formed since the beginning of the year. Consolidated net revenue for the quarter was R\$ 25.5 million, and for the semester was R\$ 56 million.

That said, the company will review the projections for the current year, which will be disclosed through a material fact pursuant to CVM resolution 80/2022, as soon as they are available.



Declaration of directors on the financial statements

In accordance with item VI of article 25 of CVM Instruction No. 480, of December 7, 2009, the Board of Executive Officers declares that it has reviewed, discussed and agreed with the Company's Quarterly Informativo Form for the quarter ended June 30, 2022.

Nova Odessa, August 15, 2022.

Rafael Gorenstein – CEO and IRO

Paulo Prado da Silva - Director without specific designation