

QUARTERLY INFORMATION 3Q2022

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

Throughout the year we have been reporting on the dramatic effects of the Covid Omicron outbreak, the Ukraine war event, and the outbreak of Covid in China with the imposition of draconian lockdowns in key parts of that country. All these events had very significant effects on our supply chain, greatly affecting manufacturing and transportation times, working capital employed in operations, and the costs of acquiring materials and services.

In this context, the normalization of the production and transportation chains has been occurring gradually, there are still many imperfections but increasingly fewer surprises. However, living with the consequences of the evils of the past is inevitable: delays to be mitigated, unforeseen costs etc.

In the macroeconomic context, the two most relevant issues worth mentioning are the international inflationary eruption and the local economy in the context of the electoral race in Brazil.

The first, as we have mentioned, has implied higher input costs, which affect the margins of the contracts in execution, but which have been passed on in new contracts - that is, it has a transitory effect, since it is a systemic issue and affects all national and international competitors.

The second is a more complex digression. The Brazilian economy grew in 2021 and will grow at a slower pace this year. A probable slowdown in economic activity towards the end of the year has been reported – how much of this is the result of the electoral race, the international scenario, or simply the effects of restrictive monetary policy to contain inflation is hard to quantify. At this moment it is not clear the evolution of the macroeconomic framework in the medium term, but in the short term, it is clear that the environment will be restrictive.

However, even in this pale economic scenario, there are two pieces of good news for Lupatech. The investment rate of the Brazilian economy is high compared to historical standards, approaching 19% of GDP, and the output gap is at low levels, which should sustain the current investment cycle, which is expected to be catalyzed by all the infrastructure projects that have been contracted for the coming years. As manufacturers of products that are closely linked to investment, we should remain optimistic - in fact, customer inquiries and purchases have shown more consistency than hesitation.

The revenues of the Company for the quarter increased from the previous quarter to R\$ 29.2 million versus R\$ 25.4 in the previous period. This growth does not reflect all the potential that could have been realized in the period, given the turbulent operational context by the events described above. Growth was of 35% compared to the accumulated in the nine months of the previous year and of 23% compared to the third quarter. These are expressive growths, but they

did not allow us to meet our expectations for the year, which included projects that did not happen, especially those related to the resumption of the Ropes business.

In the sales of the period, it is important to highlight the growth of 68% in revenue in the Ropes and Composites segments compared to the second quarter, and 94% in the year-to-date versus last year. In absolute values the numbers are still modest, but they are already starting to reflect the work we are doing in the resumption of sales of FRP liners and the introduction of new products such as poles and naval ropes.

The profitability of sales in the third quarter, measured by the gross margin, was 22.2%, down from the previous quarter (26.8%). The main reason for the lower margin in the period was the higher cost of purchasing inputs, partly due to inflationary pressures around the world and partly due to the decision to source certain components and materials locally at a higher cost, avoiding the longer and uncertain transit times of imported items, in order to mitigate delays in deliveries to customers.

Adjusted EBITDA was affected by the drop in Gross Profit explained above. Product Adjusted EBITDA, although lower, remained in positive territory.

For the quarter a net loss of R\$ 18 million was calculated, once again impacted by the effects of the exchange rate variation (R\$ 4.7 million) that results mainly from debt with foreign subsidiaries. This effect in the result has an opposite counterpart in the Net Equity.

The firm order backlog closed the third quarter at R\$ 57 million, the same level as the previous quarter. Subsequently to the end of the quarter, new orders increased the firm order backlog, which totaled R\$ 73 million on the date of this report.

Regarding the judicial recovery, the company provided all the necessary information to the Court 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 to the records 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. There were favorable manifestations of the Public Prosecutor's Office to the closure.

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)	3Q21	3Q22	2Q22	3Q22	9M21	9M22
Products	23,801	29,264	25,389	29,264	62,670	84,371
Valves	22,985	27,677	24,445	27,677	61,228	81,578
Ropes and Composites	816	1,587	944	1,587	1,442	2,793
Services	-	14	84	14	79	494
Oilfield Services	-	14	84	14	79	494
Total	23,801	29,278	25,473	29,278	62,749	84,865

Consolidated Net Revenue reached R\$ 84.9 million in 9M22, 35.2% higher than the R\$ 62.7 million in 9M21.

Valves

Over the last few months, Net Revenue showed an important evolution, mainly driven by the recovery in the markets where Grupo Lupatech operates. Comparing 3Q22 with 2Q22, it is possible to observe an increase of 14.9%. In the comparison of 3Q22 with 3Q21, the increase is 23.0%.

Ropes and Composites

The reported revenue reflects the gradual resumption of 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 September 30, 2022, the Company's order backlog in Brazil totaled R\$ 57.4 million. On the same date, the Company had a balance of R\$ 76.4 million in Valves supply contracts, with no purchase obligation. (Note: the figures do not include overdue bids for which the respective orders or contracts have not yet been issued).

Gross Profit and Gross Margin

Gross Profit (R\$ thd)	3Q21	3Q22	2Q22	3Q22	9M21	9M22
Products	7,244	6,485	6,808	6,485	17,434	20,022
<i>Gross Margin - Products</i>	<i>30.4%</i>	<i>22.2%</i>	<i>26.8%</i>	<i>22.2%</i>	<i>27.8%</i>	<i>23.7%</i>
Services	60	5	8	5	(85)	38
<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	7,304	6,490	6,816	6,490	17,349	20,060
<i>Gross Margin - Total</i>	<i>30.7%</i>	<i>22.2%</i>	<i>26.8%</i>	<i>22.2%</i>	<i>27.6%</i>	<i>23.6%</i>
Depreciation	1,294	1,569	1,244	1,569	3,872	3,927
Depreciation Products	1,024	1,141	953	1,141	3,037	2,889
Depreciation Services	270	428	291	428	835	1,038
Gross Profit without depreciation	8,598	8,059	8,060	8,059	21,221	23,987
Gross Profit without depreciation Products	8,268	7,626	7,761	7,626	20,471	22,911

*n/a - not applied

Products

Gross Profit in 3Q22 reached R\$ 6.5 million, with a margin of 22.2% against R\$ 7.2 million with a margin of 30.4% in 3Q21, and R\$ 6.8 million with a margin of 26.8 % in 2Q22.

Comparing 9M22 with 9M21, there is a reduction in gross margin of 4.1 percentage points. This reduction in gross margin is due to the increase in costs due to the inflationary surge and the decision to locally acquire some components and materials that would be imported under normal circumstances, in order to ensure faster delivery times.

Services

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

Expenses

Expenses (R\$ thd)	3Q21	3Q22	2Q22	3Q22	9M21	9M22
Total Sales Expenses	2,343	2,596	2,571	2,596	6,348	7,653
Sales Expenses - Products	2,343	2,596	2,571	2,596	6,348	7,653
Sales Expenses - Services	-	-	-	-	-	-
Total Administrative Expenses	5,103	6,027	5,426	6,027	15,860	16,976
Administrative Expenses - Products	2,376	3,381	2,864	3,381	7,159	8,986
Administrative Expenses - Services	2,727	2,646	2,562	2,646	8,701	7,990
Management Compensation	720	1,824	720	1,824	3,079	3,416
Total Expenses	8,166	10,447	8,717	10,447	25,287	28,045

Sales Expenses

The Company's commercial expenses are directly related to sales and are predominantly variable in the form of freight and commissions. In 3Q22 they totaled R\$ 2.6 million against R\$ 2.3 million in 3Q21.

The 3Q22 comparative did not show any significant variation in comparison to 2Q22.

Administrative Expense

Administrative expenses totaled R\$ 6.0 million in 3Q22, while in 2Q22 these expenses totaled R\$ 5.4 million. The increase in expenses is mainly explained by the adjustment of depreciation amounts of certain non-operating equipment and increased municipal taxes, previously exempted.

Management Compensation

The amount presented is composed of fixed and variable remuneration. In the quarter, variable compensation was calculated and credited for the year 2021 and the 2020 Long-Term Incentive Plan.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R\$ thd)	3Q21	3Q22	2Q22	3Q22	9M21	9M22
Products	(1,353)	(933)	(70)	(933)	(2,950)	(908)
Expenses with Idleness - Products	(3,770)	(4,708)	(5,681)	(4,708)	(10,363)	(13,343)
Services	2,820	(182)	(1,152)	(182)	(17,436)	(927)
Expenses with Idleness - Services	(33)	(5)	(6)	(5)	(174)	(29)
Total	(2,336)	(5,828)	(6,909)	(5,828)	(30,923)	(15,207)

In 3Q22, R\$ 3.9 million were recorded as "Other Operating Income" against R\$ 9.7 million as "Other Operating Expenses", totaling a net effect of R\$ 5.8 million. The following factors stand out:

- I. R\$ 2.4 million positive effects, corresponding to the recognition of credits resulting from the exclusion of ICMS from the calculation basis of PIS and COFINS;
- 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\$ 4.7 million in idle production expenses;
- IV. R\$ 1.7 million for updates of contingent processes according to the analysis of the legal advisors;
- V. R\$ 1.6 million from tax recognition, credit balance adjustments with customers, and success fees;
- VI. R\$ 1.3 million with obsolescence and extraordinary losses with inventories.

Financial Result

Financial Results (R\$ thd)	3Q21	3Q22	2Q22	3Q22	9M21	9M22
Financial Revenue*	19,963	2,885	11,001	2,885	21,986	16,384
Financial Expense*	(1,257)	(6,453)	(5,138)	(6,453)	(17,993)	(31,210)
Net Financial Results*	18,706	(3,568)	5,863	(3,568)	3,993	(14,826)
Net Exchange Variance	(14,904)	(4,745)	(19,885)	(4,745)	(8,156)	8,541
Net Financial Results - Total	3,802	(8,313)	(14,022)	(8,313)	(4,163)	(6,285)

* Excluding Exchange Variance

The Company's total net financial result in 3Q22 was negative by R\$ 8.3 million. 57.1% of this amount refers to exchange variation and 42.9% has as main effect the updating of interest and fines on taxes, loans, and suppliers.

In the comparison with 3Q21, which had a positive result of R\$ 3.8 million, it is important to mention that in that period there was the recognition of an arbitration award for breach of non-competition agreement signed at the time of the acquisition of the Mooring Cable unit.

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 Brazilian Reais (BRL) of the equity of these entities, so that there are exchange rate variations recorded directly in the company's equity, without going through income accounts.

The financial result is presented in detail in Note 23.

Adjusted EBITDA from Operations

EBITDA Adjusted (R\$ thd)	3T21	3T22	2Q22	3Q22	9M21	9M22
Products	2,918	1,201	2,767	1,201	5,962	6,081
Margin	12.3%	4.1%	10.9%	4.1%	9.5%	7.2%
Services	(2,258)	(1,976)	(2,807)	(1,976)	(7,517)	(7,196)
Margin	n/a	n/a	n/a	n/a	n/a	n/a
Total	660	(775)	(40)	(775)	(1,555)	(1,115)
Margin	2.8%	-2.6%	-0.2%	-2.6%	-2.5%	-1.3%

Adjusted EBITDA for Products in 3Q22 decreased when compared to 2Q22 and 3Q21, mainly due to lower sales margins. Services Adjusted EBITDA is due to legacy management costs.

Adjusted Ebitda Reconciliation (R\$ thd)	3T21	3T22	2Q22	3Q22	9M21	9M22
Gross Profit	7,304	6,490	6,816	6,490	17,349	20,060
SG&A	(7,446)	(8,623)	(7,997)	(8,623)	(22,208)	(24,629)
Management Compensation	(720)	(1,824)	(720)	(1,824)	(3,079)	(3,416)
Depreciation and Amortization	1,294	1,569	1,244	1,569	3,872	4,120
Other Operating Expenses	(2,336)	(5,828)	(6,909)	(5,828)	(30,923)	(15,207)
Ebitda	(1,904)	(8,216)	(7,566)	(8,216)	(34,989)	(19,072)
Result of disposal or write-off of assets	(113)	(1,189)	2,111	(1,189)	2,608	1,247
Provisions for Legal Proceedings	(840)	1,652	(593)	1,652	(1,095)	458
Idle expenses	3,199	4,200	5,231	4,200	8,867	12,068
Expenses with Restructuring and Other Extraordinary Expenses	318	2,778	777	2,778	23,054	4,184
Adjusted EBITDA	660	(775)	(40)	(775)	(1,555)	(1,115)

3T22

Reconciliation of Adjusted Ebitda (R\$ thd)	Products	Services	Total
Gross Profit	6,485	5	6,490
SG&A	(4,699)	(3,924)	(8,623)
Management Compensation	(1,277)	(547)	(1,824)
Depreciation and Amortization	1,140	429	1,569
Other Operating Expenses	(5,640)	(188)	(5,828)
Ebitda	(3,991)	(4,225)	(8,216)
Result of disposal or write-off of assets	-	(1,189)	(1,189)
Provisions for Legal Proceedings	79	1,573	1,652
Idle expenses	3,693	507	4,200
Restructuring Process and Other Extraordinary Expenses	1,420	1,358	2,778
Adjusted EBITDA	1,201	(1,976)	(775)

Non-recurring expenses in 3Q22 refer mainly to the disposal of assets, update of contingent processes, idle production and extraordinary expenses related to judicial reorganization.

Net Result

Net Result (R\$ thd)	3Q21	3Q22	2Q22	3Q22	9M21	9M22
Result Before Income Tax and Social Contribution	604	(18,098)	(22,832)	(18,098)	(43,024)	(29,478)
Income Tax and Social Contribution - Current	(16)	-	-	-	(41)	(6)
Income Tax and Social Contribution - Deferred	(467)	13	(822)	13	2,411	2,661
Net Profit for the Period	121	(18,085)	(23,654)	(18,085)	(40,654)	(26,823)
Profit (Loss) per 1,000 Shares	0.0473	0.0473	0.4045	0.0473	(1.6948)	(2.8026)

The negative net result obtained in 3Q22 is influenced by the financial result, with 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 group companies abroad, which are reflected in the opposite direction in the company's shareholders' equity, due to the translation of the foreign currency balance of the respective subsidiaries.

Working Capital

Working Capital (R\$ thd)	2Q22	3Q22
Accounts Receivable	26,430	25,272
Inventories	46,372	45,530
Advances of suppliers	5,741	5,718
Recoverable taxes	62,847	54,090
Other Accounts Receivable	39,239	50,372
Total Asset	180,629	180,982
Suppliers	15,373	17,639
Advances from Customers	10,377	8,815
Taxes payable	19,360	17,065
Other Accounts Payable	4,244	3,736
Payroll and charges	6,772	7,777
Total Liabilities	56,126	55,032
Working Capital Employed	124,503	125,950
Working Capital Variation	1,095	1,447

Comparing 3Q22 with 2Q22, there is a small increase in working capital employed.

Cash and Cash Equivalents

Cash and cash equivalents (R\$ thd)	2Q22	3Q22
Cash and Cash Equivalents	11,349	12,606
Total	11,349	12,606

The Company's consolidated Cash and Cash Equivalents position in 3Q22 reached R\$ 12.6 million.

Indebtedness

Debts (R\$ thd)	2Q22	3Q22
Short Term	42,841	45,100
Credits subject to Judicial Recovery	3,685	4,050
Credits not subject to Judicial Recovery	39,156	41,050
Long Term	93,477	100,634
Credits subject to Judicial Recovery	93,477	94,715
Créditos não sujeitos à Recuperação Judicial	-	5,919
Total Debts	136,318	145,734
Cash and Cash Equivalents	11,349	12,606
Net Debt	124,969	133,128

The increase in financial indebtedness in the comparison between 3Q22 and 2Q22 is explained by the updating of the Judicial Recovery debt and by the raising of funds with financial institutions to finance the expansion of activity.

Investment

Investments (R\$ thd)	2Q22	3Q22
Others Investments	21,942	21,942
Fixed Assets	144,097	143,557
Intangible Assets	84,221	83,928
Total	250,260	249,427

The variation presented in the balances of investments refers to the disposal of fixed assets, recognition of depreciation and the effect of exchange variations on the fixed assets of foreign subsidiaries.

Anexes

Annex I - Income Statements (R\$ Thousand)

	2Q22	3Q22
Net Revenue From Sales	25,473	29,278
Cost of Goods and Services Sold	(18,657)	(22,788)
Gross Profit	6,816	6,490
Operating Income/Expenses	(15,626)	(16,275)
Selling	(2,571)	(2,596)
General and Administrative	(5,426)	(6,027)
Management Compensation	(720)	(1,824)
Other Operation Income (Expenses)	(6,909)	(5,828)
Net Financial Result	(14,022)	(8,313)
Financial Income	5,207	2,317
Financial Expenses	656	(5,885)
Net Exchange Variance	(19,885)	(4,745)
Results Before Income Tax and Social Contribution	(22,832)	(18,098)
Provision Income Tax and Social Contribution - Deferred	(822)	13
Gain (Loss) for the Period	(23,654)	(18,085)

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

	2Q22	3Q22
Adjusted EBITDA from Continuing Operations	(40)	(775)
Expenses with Restructuring and Other Extraordinary Expenses	(777)	(2,778)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	(1,517)	(463)
EBITDA from Operations	(2,334)	(4,016)
Depreciation and amortization	(1,244)	(1,569)
Net Financial Result	(14,022)	(8,313)
Income Tax and Social Contribution - Current and Deferred	(822)	13
Idleness Expenses	(5,231)	(4,200)
Net Income (Loss)	(23,654)	(18,085)

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

	2Q22	3Q22
Total Asset	501,609	505,207
Current Assets	234,645	238,538
Cash and Cash Equivalents	11,349	12,606
Accounts Receivable	26,430	25,272
Inventories	46,372	45,530
Recoverable Taxes	62,847	54,090
Other Accounts Receivable	39,239	50,372
Prepaid Expenses	657	1,063
Advances to Suppliers	5,741	5,718
Assets Classified as Held for Sale	42,010	43,887
Non-Current Assets	266,964	266,669
Securities-restricted	44	44
Judicial Deposits	9,452	9,273
Tax to be recovered	1,114	1,831
Other Accounts Receivable	6,094	6,094
Investments	21,942	21,942
Property, Plant and Equipment	144,097	143,557
Intangible Assets	84,221	83,928
Total Liabilities and Shareholders Equity	501,609	505,207
Current Liabilities	100,854	104,630
Suppliers - Not Subject to Judicial Recovery	10,270	11,721
Suppliers - Subject to Judicial Recovery - Class I	364	364
Suppliers -Subject to Judicial Recovery	4,739	5,554
Loans and Financing - Not Subject to Judicial Recovery	39,156	41,050
Loans and Financing - Subject to Judicial Recovery	3,685	4,050
Provisions Payroll and Payroll Payable	6,772	7,777
Commissions Payable	329	316
Taxes Payable	19,360	17,065
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	283	3,011
Advances from Customers	10,377	8,815
Other Accounts Payable	4,244	3,736
Provision for Contratural Fines	1,275	1,171
Non-Current Liabilities	275,813	286,831
Suppliers - Subject to Judicial Recovery	57,911	58,667
Loans and Financing - Subject to Judicial Recovery	93,477	94,715
Loans and financing - not subject to judicial recovery	-	5,919
Taxes Payable	36,389	42,611
Deferred Income Tax and Social Contribution	44,296	44,431
Provision for Contingencies	34,332	34,686
Obligations and Provisions Labor Risks - Subject to Judicial	4,382	2,861
Other Accounts Payable	5,026	2,941
Shareholders' Equity	124,942	113,746
Capital Stock	1,897,431	1,898,871
Capital reserve	3,612	3,612
Capital Transaction Reserve	136,183	136,183
Equity Valuation Adjustment	193,197	198,646
Accumulated Losses	(2,105,481)	(2,123,566)

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

	2Q22	3Q22
Cash Flow from Operating Activities		
Profit (loss) for the periods	(23,654)	(18,085)
Adjustments:		
Depreciation and Amortization	1,244	1,570
Income from sale of property, plant and equipment	3,121	(40)
Financial charges and exchange variation on financing	24,102	9,897
Reversal (Provision) for loss due to non-recoverability of assets	(3,173)	(1,180)
Deferred Income Tax and Social Contribution	781	135
Inventory obsolescence	(257)	(180)
(Reversal) Estimated losses for doubtful accounts	(78)	(868)
Actual losses with doubtful accounts	70	851
Adjust to present value	(5,794)	(568)
Fair value adjustment	16,014	5,571
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	3,568	1,175
(Increase) Decrease in Inventories	(955)	1,022
(Increase) Decrease in Recoverable Taxes	555	8,090
(Increase) Decrease in Other Assets	(3,491)	(10,963)
(Increase) Decrease in Suppliers	(1,534)	1,511
(Increase) Decrease in Taxes Payable	188	1,683
(Increase) Decrease in Others Accounts Payable	(13,453)	(5,507)
Net Cash Flow from Operating Activities	(2,746)	(5,886)
Cash Flow from Investment Activities		
Securities - restricted account	114	79
Resources from the sale of fixed assets	3,387	98
Aquisition of Property, Plant and Equipment	(395)	(437)
Aquisition of Intangible Assets	(4)	-
Net Cash Flow from (Used in) Investment Activities	3,102	(260)
Cash Flow from Financing Activities		
Borrowing and financing	31,729	40,100
Capital increase (decrease)	-	1,440
Payment of loans and financing	(33,144)	(34,137)
Net Cash Flow from Financing Activities	(1,415)	7,403
Net Increase (Decrease) in Cash and Cash Equivalents	(1,059)	1,257
At the Beginning of the Period	-	-
At the End of the Period	(1,059)	1,257

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)

		Parent		Consolidated	
<u>ASSETS</u>	<u>Note</u>	<u>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
CURRENT					
Cash and cash equivalents	3	2,486	1,098	12,606	19,176
Accounts receivables	4	18,940	15,301	25,272	20,943
Inventories	5	29,702	30,745	45,530	41,127
Recoverable taxes	6	37,993	37,564	54,090	64,608
Advances to suppliers		1,882	1,763	5,718	5,669
Other accounts receivable	7	36,969	30,562	50,372	33,377
Prepaid expenses		928	242	1,063	278
Accounts receivable - related parties	13.1	21,776	19,613	-	-
Assets classified as held for sale	27	3,236	3,236	43,887	45,962
Total current assets		<u>153,912</u>	<u>140,124</u>	<u>238,538</u>	<u>231,140</u>
NON-CURRENT ASSETS					
Other Credits		1	1	1	1
Judicial deposits	15.3	1,922	1,915	9,272	10,456
Securities-restricted	3.2	44	44	44	44
Recoverable taxes	6	1,115	1,124	1,831	1,133
Accounts receivable - related parties	13.1	13,089	15,983	-	-
Other accounts receivable	7	163	163	6,094	6,091
Investments					
Direct and indirect associated companies	8.1	326,533	341,227	-	-
Investment property	8.2	-	-	21,942	21,942
Fixed assets	9	23,246	24,471	143,557	147,474
Intangibles					
Goodwill	10	61,479	61,479	82,166	82,166
Other intangibles	10	1,469	2,274	1,762	2,579
Total Non-current assets		<u>429,061</u>	<u>448,681</u>	<u>266,669</u>	<u>271,886</u>
TOTAL ASSETS		<u>582,973</u>	<u>588,805</u>	<u>505,207</u>	<u>503,026</u>

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	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	11	7,765	3,671	11,721	6,047
Suppliers - subject to Judicial Recovery Class I	11	364	365	364	365
Suppliers - subject to Judicial Recovery	11	5,554	4,759	5,554	4,759
Loans and financing - not subject to Judicial Recovery	12	24,586	14,762	41,050	34,870
Loans and financing - subject to Judicial Recovery	12	3,098	2,613	4,050	3,361
Provisions payroll and payroll payable		6,269	3,731	7,777	4,519
Commissions payable		254	321	316	364
Taxes payable	16	10,139	11,032	17,065	17,793
Obligations for labor risks and creditors- subject to Judicial Recovery		3,011	395	3,011	395
Advances from customers		521	1,630	8,815	9,237
Provision contratual fines		1,171	801	1,171	801
Other accounts payable		2,981	2,001	3,736	2,792
Related Parties - mutual and loans	13.1	32,316	31,857	-	-
Total current liabilities		98,029	77,938	104,630	85,303
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	11	58,667	55,524	58,667	55,524
Loans and financing - subject to Judicial Recovery	12	61,238	57,813	94,715	90,587
Loans and financing - not subject to Judicial Recovery	12	5,919	-	5,919	-
Deferred income tax and social contribution	14	30,333	31,945	44,431	46,984
Taxes payable	16	26,745	23,148	42,611	36,067
Provision for contingencies	15.1	4,773	4,140	34,686	33,786
Obligations and provisions labor risks - subject to judicial Recovery		2,861	4,510	2,861	4,510
Other accounts payable		-	2,176	2,941	5,194
Related Parties - mutual and loans	13.1	180,662	186,540	-	-
Total non-current liabilities		371,198	365,797	286,831	272,653
SHAREHOLDERS' EQUITY					
Capital stock	17	1,898,871	1,897,348	1,898,871	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		198,646	204,671	198,646	204,671
Retained earnings / Accumulated losses		(2,123,566)	(2,096,743)	(2,123,566)	(2,096,743)
Parents company's interest		113,746	145,071	113,746	145,071
Non-controlling interests		-	-	-	-
Total shareholders' equity		113,746	145,071	113,746	145,071
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		582,973	588,805	505,207	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 SEPTEMBER 30, 2022 AND 2021
(In thousands of Reais except Loss per share, or when indicated)

	Note	Parent		Consolidated	
		09/30/2022	09/30/2021	09/30/2022	09/30/2021
NET REVENUE FROM SALES	21	76,027	56,740	84,865	62,749
COST OF GOODS AND SERVICES SOLD	25	(55,883)	(39,456)	(64,805)	(45,400)
Profit gross		20,144	17,284	20,060	17,349
OPERATING INCOME/EXPENSES					
Selling	25	(7,194)	(6,072)	(7,653)	(6,348)
General and administrative	25	(11,591)	(12,382)	(16,976)	(15,860)
Management compensation	13, 2/25	(3,416)	800	(3,416)	(3,079)
Equity pick-up	8.1	(11,087)	(13,904)	-	-
Other operating income (expenses)	24	(14,460)	(25,100)	(15,207)	(30,923)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL RESULT		(27,604)	(39,374)	(23,192)	(38,861)
FINANCIAL RESULTS					
Financial income	23	9,051	18,875	10,022	21,986
Financial expenses	23	(17,749)	(13,862)	(24,849)	(17,993)
Exchange variation, net	23	7,866	(8,052)	8,541	(8,156)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(28,436)	(42,413)	(29,478)	(43,024)
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	14	-	-	(6)	(41)
Deferred	14	1,613	1,759	2,661	2,411
PROFIT (LOSS) FOR THE PERIOD		(26,823)	(40,654)	(26,823)	(40,654)
PROFIT (LOSS) ATTRIBUTABLE TO					
Parent company's interest		(26,823)	(40,654)	(26,823)	(40,654)
Non-controlling interest		-	-	-	-
PROFIT (LOSS) PER SHARE (In Reais)					
BASIC earnings per share	22	(2.80263)	(1.69479)	(2.80263)	(1.69479)
Diluted per share	22	(2.80263)	(1.69479)	(2.80263)	(1.69479)

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 SEPTEMBER 30, 2022 AND 2021
(In R\$ Thousands)

	Parent		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
PROFIT (LOSS) FOR THE PERIOD	(26,823)	(40,654)	(26,823)	(40,654)
OTHER COMPREHENSIVE INCOME				
Exchange variation on investments abroad	(6,025)	29,453	(6,025)	29,453
COMPREHENSIVE INCOME OF THE PERIOD	<u>(32,848)</u>	<u>(11,201)</u>	<u>(32,848)</u>	<u>(11,201)</u>
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:				
Participation of controlling shareholders	(32,848)	(11,201)	(32,848)	(11,201)
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 SEPTEMBER 30, 2022 AND 2021
(In R\$ Thousands)

		Parent		Consolidated	
	Note	09/30/2022	09/30/2021	09/30/2022	09/30/2021
FLUXO DE CAIXA DAS ATIVIDADES OPERACIONAIS					
Profit (Loss) for the period		(26,823)	(40,654)	(26,823)	(40,654)
Depreciation and amortization	9 e 10	3,346	3,401	4,120	3,873
Reversal (Estimated) for losses by non-recoverability of assets	9 e 10	-	-	(4,696)	(4,895)
Equity pick-up	8.1	11,087	13,904	-	-
Result on sale of fixed assets		(20)	(30)	3,433	5,830
Financial charges and exchange variation on financing		7,743	15,045	3,938	19,161
Deferred income tax and social contribution		(1,233)	(1,759)	(2,553)	(870)
Inventory Obsolescence		-	67	(1,063)	187
(Reversal) Estimated losses for doubtful accounts	4	(882)	(254)	(999)	(279)
Actual losses with doubtful accounts	4	25	-	972	-
Adjustment to present value	23	5,587	4,757	9,371	3,655
Adjustment to fair value		89	17,076	(5,903)	30,045
(Increase) decrease in operating assets:					
Accounts receivable		(2,782)	(1,224)	(4,302)	(1,200)
Inventories		1,043	(4,265)	(3,340)	(7,909)
Recoverable taxes		(800)	230	9,087	1,317
Other assets		(7,219)	(23,794)	(16,354)	(18,066)
(Increase) decrease in operating liabilities:					
Suppliers		1,235	703	4,452	1,157
Taxes payable		761	7,719	2,212	13,427
Others accounts payable		2,137	(33,795)	11,451	(11,085)
Cash flow from operating activities		(6,706)	(42,873)	(16,997)	(6,306)
CASH FLOW FROM INVESTING ACTIVITIES					
Overdue Liabilities		-	-	-	(4,280)
Payment of capital in subsidiaries		(2,416)	(3,461)	-	-
Securities-restricted	3.2	18	3	295	248
Resources from sale of fixed assets		20	30	3,964	749
Asset Acquisition	9	(1,403)	(1,060)	(1,523)	(1,504)
Additions to the intangible	9	(4)	(30)	(4)	(74)
Cash Flow from (Used in) Investment Activities		(3,785)	(4,518)	2,732	(4,861)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans and financing		65,297	54,807	105,120	71,886
Proceeds (Payment) from loans and financing - Related parties		(770)	50,196	-	-
Capital Increase (Reduction)	17	1,523	4,185	1,523	4,185
Payments of loans and financing		(54,171)	(60,757)	(98,948)	(68,530)
Convertible debentures in share		-	(1,037)	-	(1,037)
Net cash provided by financing activities		11,879	47,394	7,695	6,504
(REDUCTION) NET INCREASE OF CASH AND CASH EQUIVALENTS					
		1,388	3	(6,570)	(4,663)
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		2,486	164	12,606	16,352

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 SEPTEMBER 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	4,185	-	-	-	4,185	-	4,185
Profit (Loss) for the year	-	-	(40,654)	-	(40,654)	-	(40,654)
Exchange variation on investments abroad	-	-	-	29,453	29,453	-	29,453
BALANCE ADJUSTMENT IN SEPTEMBER 30, 2021	1,897,348	139,789	(2,096,057)	203,414	144,494	-	144,494
BALANCE ADJUSTMENT IN DECEMBER 31, 2021	1,897,348	139,795	(2,096,743)	204,671	145,071	-	145,071
Capital increase	1,523	-	-	-	1,523	-	1,523
Profit (Loss) for the year	-	-	(26,823)	-	(26,823)	-	(26,823)
Exchange variation on investments abroad	-	-	-	(6,025)	(6,025)	-	(6,025)
BALANCE ADJUSTMENT IN SEPTEMBER 30, 2022	1,898,871	139,795	(2,123,566)	198,646	113,746	-	113,746

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 SEPTEMBER 30, 2022 AND 2021
(In R\$ Thousands)

		Parent		Consolidated	
	Note	09/30/2022	09/30/2021	09/30/2022	09/30/02021
REVENUES					
Sales of goods, products and services (IPI including)	21	88,303	69,084	99,076	76,453
Reversão de estimativa de perdas pela não recuperabilidade de ativos		-	-	7,045	-
Other revenues	24	2,139	14,075	10,989	28,886
Reversal (estimated) of losses on doubtful accounts	4	882	253	999	270
Actual losses with doubtful accounts	4	(865)	-	(972)	-
		90,459	83,412	117,137	105,609
ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(34,012)	(23,135)	(27,751)	(24,126)
Materials, energy, and other outsourced services		(11,972)	(8,280)	(22,619)	(13,436)
Loss on disposal of fixed assets		-	-	(7,349)	(6,894)
Estimate of losses due to the non-recoverability of assets		-	-	-	(1,632)
Capital losses on investment		-	(17,197)	-	(17,197)
Other expenses	24	(16,599)	(21,979)	(25,892)	(34,087)
		(62,583)	(70,591)	(83,611)	(97,372)
GROSS ADDED VALUE					
		27,876	12,821	33,526	8,237
DEPRECIATION AND AMORTIZATION					
	9 e 10	(3,346)	(3,401)	(4,120)	(3,873)
NET ADDED VALUE GENERATED BY THE COMPANY					
		24,530	9,420	29,406	4,364
ADDED VALUE RECEIVED IN TRANSFER					
Equity pick-up	8.1	(11,087)	(13,904)	-	-
Financial income	23	55,069	49,785	68,877	62,731
		43,982	35,881	68,877	62,731
TOTAL ADDED VALUE TO BE DISTRIBUTED					
		68,512	45,301	98,283	67,095
DISTRIBUTION OF ADDED VALUE					
		68,512	45,301	98,283	67,095
Staff:					
		26,066	20,243	32,394	24,087
Direct compensation		19,203	15,137	23,780	17,905
Benefits		5,549	4,001	6,932	4,861
FGTS		1,314	1,105	1,682	1,321
Taxes and contributions:		13,129	12,670	17,185	16,410
Federal		6,554	6,178	9,358	9,044
States		6,318	6,412	7,519	7,197
Municipal		257	80	308	169
Remuneration of third party capital:		56,140	53,042	75,527	67,252
Interest and other financial expenses	23	55,901	52,824	75,163	66,894
Rent		239	218	364	358
Remuneration (loss) from equity:		(26,823)	(40,654)	(26,823)	(40,654)
Loss for the year		(26,823)	(40,654)	(26,823)	(40,654)
Non-controlling interests		-	-	-	-

The notes are an integral part of the financial statements.

Lupatech S/A – In Judicial Recovery

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

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

1 Operational context

Lupatech S/A – In Judicial Recovery (“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 454 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 August 2020, the Company became aware of the final decision rendered in the Arbitration Proceeding, pending before the Federasul Arbitration Chamber (CAF), filed by the Company against Cordoaria São Leopoldo Ltda., aiming at the application of contractual penalties for violation of non-competition agreement arising from the acquisition of the Anchor Cables unit. The Company won

the referred arbitration procedure, having recognized the non-compliance with the non-competition clause, resulting in the condemnation to pay a contractual fine to Lupatech. On September 23, 2021, in view of a new favorable decision, the Company recognized in the balance sheet the proceeding gain in amount of R\$22,738. On September 30, 2022, the restated value of the lawsuit is R\$32,421.

In February 2021, the Company became aware of a partial judgment 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 process continues with the liquidation of the judgment that will determine the amounts effectively owed to Lupatech as a result of violations of the Investment Agreement for the incorporation of the Brazilian companies of San Antonio in 2012 (Explanatory Note 15.2). On March 26, 2021, the Company received compensation in the amount of R\$5,222 as a result of voluntary compliance with the partial judgment.

In August 2021, the Federal Revenue of Brazil complied with the preliminary decision based on a writ of mandamus filed by Lupatech S/A determining the qualification for offsetting PIS and COFINS credits levied on ICMS, resulting from a court decision with partial transit res judicata, whose effectiveness had not been recognized. As a result of complying with the court decision, Lupatech S.A. is now able to offset credits in the amount of R\$29,465 with current federal taxes due, except social security. In the same period of 2021, the credit of Mipel Comércio e Industria de Peças Técnicas Ltda was enabled in the amount of R\$1,327

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

In August 2022, there was a final and unappealable decision in favor of Lupatech S/A, guaranteeing the right to reimbursement or compensation of PIS and COFINS levied on ICMS, collected in the period from January 2015 to July 2021 updated by SELIC, the amount of said credit on September 30, 2022 is R\$2,325. Also on September 30, 2022, by virtue of Ibracon Circular No. 07/2021, the amount of R\$715 thousand related to taxes collected from March 15, 2017 to March 4, 2021 was recognized in the affiliate Mipel Comércio e Industria de Peças Técnicas Ltda. July 2021.

In the third quarter of 2022, as well as in the year 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\$35,264 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\$20,904. Adherence to the Installment Plan granted the right to settle 30% of the consolidated debt in the RJ modality within the scope of the RFB using credits arising from tax loss and negative basis in the amount of R\$9,953.

The Board of Directors, in meetings held in August and September 2022, approved the contracting of loans and financing by the Company with financial institutions. As well as issuing bank credit notes, export credit notes, signing foreign exchange contracts, derivatives and respective amendments, including all their renegotiations and renegotiations, in the amount of R\$7,500. The constitution of the aforementioned guarantees for a period greater than or equal to thirty-six months was also approved.

During 2020 and 2021, Lupatech entered into Valves supply contracts, with no purchase obligation. The readjusted value of these contracts on the date of the financial statements is R\$76 million. Such events are important indicators of the expected resumption of activity in the industry and its benefits for Lupatech.

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.

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

During the nine-month period ended September 30, 2022, the Company incurred a loss before income tax and social contribution of R\$28,436 in the parent company and R\$29,478 in the consolidated (loss before income tax and social contribution of R\$42,413 in the parent company and R\$43,024 in the consolidated for the nine-month period ended September 30, 2021) and on September 30, 2022, the Company's total current assets exceeded current liabilities by R\$55,883 in the parent company, and in the consolidated, total current assets exceeded total current liabilities by R\$133,908 (on December 31, 2021 total current assets exceeded total current liabilities by R\$62,186 in the parent company, and in the consolidated total current assets exceeded total current liabilities at 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 resources needed to supply working capital and service debt.

1.2 Judicial Recovery

I. 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 on a special appeal, determining the removal of a fine improperly imposed by the Court of Justice of São Paulo on the company for delaying litigation for embargoes on the decision that annulled the Judicial Reorganization 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.

The company provided all the necessary information to the trustee so that he could produce the required documents so that the responsible Court could assess the conclusion of the process. This time, the trustee presented in the records the updated General Table of Provisional Creditors and a detailed report, in which he submits the facts to the Court with a view to closing the process.

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 has 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 nine-month period ended September 30, 2022, are not being repeated or fully included in this quarterly information:

Notes not included in the nine-month period ended September 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 nine-month period ended September 30, 2022 was authorized by the Board of Directors on November 10, 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:

(in R\$ Thousands)

Balances originally presented on 09/30/2021	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	4,185	-	-	-	4,185	-	4,185
Profit (Loss) for the year	-	-	(40,654)	-	(40,654)	-	(40,654)
Exchange variation on investments abroad	-	-	-	29,453	29,453	-	29,453
BALANCES ON SEPTEMBER 30, 2021	1,897,348	139,789	(2,096,056)	192,104	133,185	-	133,185
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 SEPTEMBER 30, 2021	-	-	-	11,310	11,310	-	11,310
Balances originally presented on 09/30/2021	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	4,185	-	-	-	4,185	-	4,185
Profit (Loss) for the year	-	-	(40,654)	-	(40,654)	-	(40,654)
Exchange variation on investments abroad	-	-	-	29,453	29,453	-	29,453
BALANCES ON SEPTEMBER 30, 2021	1,897,348	139,789	(2,096,056)	203,414	144,494	-	144,494

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 Recovery 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 nine-month period ended September 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 Recovery and its direct and indirect subsidiaries, as shown below:

Direct and indirect subsidiaries	Direct and Indirect participation	
	09/30/2022	12/31/2021
Direct participation		
Mipel Comércio e Indústria de Peças Técnicas Ltda- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Equipamentos e Serviços para Petróleo Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Finance Limited - In Judicial Recovery - (Cayman)	100.00	100.00
Recu S.A. - (Argentina)	95.00	95.00
Lupatech Oil&Gas Coöperatief U.A. - (Netherlands)	5.00	5.00
Lochness Participações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Ilnu Administradora de Bens e Direitos Ltda - (Brazil)	100.00	100.00
Indirect participation		
Recu S.A. - (Argentina)	5.00	5.00
Lupatech Oil&Gas Coöperatief U.A. - (Netherlands)	95.00	95.00
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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<u>Cash and banks</u>				
Brazil	1,883	961	1,895	1,278
Abroad	-	-	2	-
Total	1,883	961	1,897	1,278
<u>Financial Investments</u>				
Bank deposit certificate	603	137	10,709	17,898
Total	603	137	10,709	17,898
Cash and cash equivalents	2,486	1,098	12,606	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 September 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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Local market	18,850	16,172	25,529	22,312
Export	2,741	2,662	2,775	2,662
	21,591	18,834	28,304	24,974
Less: allowance for doubtful accounts	(2,651)	(3,533)	(3,032)	(4,031)
	18,940	15,301	25,272	20,943
Current	18,940	15,301	25,272	20,943
Non-Current	-	-	-	-

In the nine-month period ended September 30, 2022, the amount of R\$882 in the parent company and R\$999 in the consolidated was reversed from the estimated result for losses on doubtful accounts. On September 30, 2021, the amount of R\$254 in the parent company and R\$279 in the consolidated were reversed from the estimated result for losses on doubtful accounts.

5 Inventory

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Finished goods	4,132	6,325	5,615	7,800
Goods for resale	2,043	4,645	3,846	6,453
Products in development	13,406	10,292	29,208	20,374
Raw material	17,186	16,466	31,953	30,529
Losses on inventory obsolescence	(7,065)	(6,983)	(25,092)	(24,029)
Total	29,702	30,745	45,530	41,127

In the nine-month period ended September 30, 2022, there was an estimated loss with obsolescence of inventories, in the amount of R\$82 in the parent company and R\$1,063 in the consolidated (on September 30, 2021 there was a reversal of loss with obsolescence of inventories, in the amount of R\$67 in the parent company and reversal of R\$187 in the consolidated), as shown in the movement below:

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance for the period	(6,983)	(7,055)	(24,029)	(24,046)
Loss estimate	(214)	(213)	(1,307)	(418)
Reversal	132	285	244	435
Final balance	(7,065)	(6,983)	(25,092)	(24,029)

6 Taxes to be recovered

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Recoverable Taxes				
ICMS recoverable	11,554	10,296	11,705	10,453
PIS and COFINS without ICMS	24,936	25,993	29,286	29,627
IPI to be recovered	1,426	1,454	1,654	1,681
PIS to be recovered	61	40	115	95
COFINS recoverable	280	184	427	331
IRRF to be recovered	11	11	402	434
IRPJ to be recovered	593	383	9,958	20,506
CSLL to be recovered	247	326	2,360	2,607
Others	-	1	14	7
Total	39,108	38,688	55,921	65,741
Current	37,993	37,564	54,090	64,608
Non Current	1,115	1,124	1,831	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 due to the final and unappealable decision favorable to the exclusion of ICMS from the PIS and COFINS calculation basis and as provided for in Ibracon Circular No. 07/2021.

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

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Other accounts receivable - Current				
Other accounts receivable	145	976	601	1,522
Credit collection and recovery	-	-	10,679	-
Arbitration Procedure CSL	32,464	25,227	32,464	25,227
Debentures convertible into shares	4,360	4,359	6,628	6,628
Total	36,969	30,562	50,372	33,377
Other accounts receivable - Non-current				
Loans receivable from related Luxxon	163	163	6,091	6,091
Other accounts receivable	-	-	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 September 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\$32.421.

8 Investments

8.1 Investments in subsidiaries and affiliates

	Mipel	Recu	LESP	Finance	LO&G	Lochness	Ilno	Parent	
								09/30/2022	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	1,602	165	30,626	107,869	18,231	86,224	97,764		
Results in the period	(5,677)	-	(2,465)	436	(35)	(327)	-		
Unrealized profits	(523)	-	-	-	-	-	-		
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	1,902	-	2	-	-	-	-	1,904	3,588
Capital increase	-	-	512	-	-	-	-	512	26,757
Equity in earnings	(5,846)	-	(2,465)	(2,447)	(2)	(327)	-	(11,087)	(33,648)
Equity valuation adjustment	-	(75)	(578)	(2,315)	(31)	(3,024)	-	(6,023)	12,610
Final balance in the period	2,981	157	30,628	107,869	910	86,224	97,764	326,533	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 Recovery; 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		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
In affiliates	(2,753)	(395)	(11,087)	(13,904)
Total	(2,753)	(395)	(11,087)	(13,904)

	Consolidated			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
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 September 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	
		09/30/2022	12/31/2021	09/30/2022	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%	5,717	5,851	108,104	101,782
Machinery and equipment	12%	10,291	12,084	11,868	15,103
Molds and matrixes	19%	651	470	730	560
Industrial facilities	6%	524	79	1,875	1,606
Furniture and fixtures	13%	590	623	789	856
Date processing equipments	12%	272	198	406	115
Improvements	9%	356	328	933	939
Vehicles	19%	7	7	114	119
Advances for fixed assets acquisitions	-	102	113	3,008	11,331
Construction in progress	-	985	967	2,000	1,333
Total		23,246	24,471	143,557	147,474

Summary of fixed assets movement:

Parent									
Gross Cost	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Balance on December 31, 2021	3,751	8,269	88,345	1,373	3,921	4,090	967	600	111,316
Additions	-	-	264	52	11	115	932	29	1,403
Disposal	-	-	(8)	-	-	-	-	(31)	(39)
Transfer	-	-	294	632	(11)	-	(915)	-	-
Capitalized financial effect	-	-	-	-	-	-	1	(39)	(38)
Balance on September 30, 2022	3,751	8,269	88,895	2,057	3,921	4,205	985	559	112,642
Parent									
Accumulated depreciation	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Balance on December 31, 2021	-	(2,418)	(75,791)	(966)	(3,298)	(3,892)	-	(480)	(86,845)
Additions	-	(134)	(2,170)	(211)	(33)	(41)	-	(1)	(2,590)
Baixas	-	-	8	-	-	-	-	31	39
Balance on September 30, 2022	-	(2,552)	(77,953)	(1,177)	(3,331)	(3,933)	-	(450)	(89,396)
Parent									
Imobilizado liquido	Land	Building and construction	Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Balance on December 31, 2021	3,751	5,851	12,554	407	623	198	967	120	24,471
Balance on September 30, 2022	3,751	5,717	10,942	880	590	272	985	109	23,246

	Consolidated								
			Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Gross Cost	Land	Building and construction							
Balance on December 31, 2021	13,730	110,032	113,560	5,280	6,743	7,428	1,333	21,572	279,678
Additions	-	-	350	53	34	121	936	29	1,523
Disposal	-	-	(9,878)	(189)	(1,333)	(18)	(484)	(280)	(12,182)
Transfer	-	6,770	(983)	590	(10)	110	403	(6,880)	-
Reversal/estimate for non-recoverability of assets	-	-	5,205	-	54	-	-	(563)	4,696
Effect of the conversion of subsidiaries abroad	-	-	(2,357)	-	-	-	1	-	(2,356)
Assets held for sale	-	-	5,325	-	409	269	-	11	6,014
Capitalized financial effect	-	-	-	-	-	-	-	(38)	(38)
Balance on September 30, 2022	13,730	116,802	111,222	5,734	5,897	7,910	2,189	13,851	277,335

	Consolidated								
			Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Accumulated depreciation	Land	Building and construction							
Balance on December 31, 2021	-	(8,250)	(97,897)	(2,735)	(5,887)	(7,313)	-	(10,122)	(132,204)
Additions	-	(448)	(2,542)	(240)	(72)	(45)	-	(5)	(3,352)
Disposal	-	-	3,387	25	1,259	13	-	101	4,785
Transfer	-	-	857	24	-	-	(189)	(692)	-
Effect of the conversion of subsidiaries abroad	-	-	932	-	-	-	-	-	932
Assets held for sale	-	-	(3,361)	-	(408)	(159)	-	(11)	(3,939)
Balance on September 30, 2022	-	(8,698)	(98,624)	(2,926)	(5,108)	(7,504)	(189)	(10,729)	(133,778)

	Consolidated								
			Machinery and equipment, molds and matrixes	Industrial facilities and improvements	Furniture and fixtures	Date processing equipments	Construction in progress	Others	Total
Net fixed assets	Land	Building and construction							
Balance on December 31, 2021	13,730	101,782	15,663	2,545	856	115	1,333	11,450	147,474
Balance on September 30, 2022	13,730	108,104	12,598	2,808	789	406	2,000	3,122	143,557

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

Garanteed liabilities	Fixed assets	
	Parent	Consolidated
Taxation (Tax executions)	14,791	14,969
Loans and financing	35,920	37,684
Total	50,711	52,653

* Values according to Evaluation

On September 30, 2022, it had a balance of R\$50,711 in the parent company and R\$52,653 in the consolidated.

10 Intangibles

	Weighted depreciation rate% per year	Parent		Consolidated	
		09/30/2022	12/31/2021	09/30/2022	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%	498	1,037	535	1,085
Development of new products	20%	971	1,237	1,227	1,494
Total		62,948	63,753	83,928	84,745

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

Synthesis of movement of intangible assets:

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

	Parent			
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Accumulated amortization				
Balance on December 31, 2021	-	(12,228)	(8,991)	(21,219)
Additions	-	(543)	(213)	(756)
Capitalized financial effect	-	-	(53)	(53)
Balance on September 30, 2022	-	(12,771)	(9,257)	(22,028)

	Parent			
	Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Net Intangible Assets				
Balance on December 31, 2021	61,479	1,037	1,237	63,753
Balance on September 30, 2022	61,479	498	971	62,948

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 September 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	-	(554)	(214)	(768)
Capitalized financial effect	-	-	(53)	(53)
Balance on September 30, 2022	2,276	(15,821)	(10,349)	(23,894)

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 September 30, 2022	82,166	535	1,227	83,928

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Products Segment				
Mípel Comércio e Indústria de Peças Técnicas Ltda	6,065	6,065	6,065	6,065
Unit Lupatech Ropes	55,414	55,414	55,414	55,414
Lupatech – Equipamentos e Serviços para Petróleo – Unit Fiberware	-	-	20,687	20,687
Total	61,479	61,479	82,166	82,166
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
	Mípel Comércio e Indústria de Peças Técnicas Ltda	Unit Lupatech Ropes	Lupatech - Equipamentos e Serviços para Petróleo - Unit Oil Tools	Unit Tecval	Lupatech - Equipamentos de Serviços para Petróleo - Unit Monitoring Systems	Lupatech - Equipamentos de Serviços para Petróleo - Unit Fiberware	Total
Goodwill on acquisition of investments	6,065	125,414	9,149	55,680	9,884	20,687	286,106
Impairment due to non-recoverability	-	(70,000)	(9,149)	(55,680)	(9,884)	-	(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 September 30, 2022	6,065	55,414	-	-	-	20,687	82,166

11 Suppliers

	09/30/2022						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	5,918	99,680	105,598	5,918	99,680	105,598	5,124	98,802	103,926	5,124	98,802	103,926
Export Suppliers	-	21,008	21,008	-	21,008	21,008	-	21,289	21,289	-	21,289	21,289
(-) Present value adjustment	-	(62,021)	(62,021)	-	(62,021)	(62,021)	-	(64,567)	(64,567)	-	(64,567)	(64,567)
	5,918	58,667	64,585	5,918	58,667	64,585	5,124	55,524	60,648	5,124	55,524	60,648
Not Subject to Judicial Recovery												
Domestic Suppliers	7,494	-	7,494	11,451	-	11,451	3,624	-	3,624	6,000	-	6,000
Export Suppliers	271	-	271	271	-	271	47	-	47	47	-	47
	7,765	-	7,765	11,722	-	11,722	3,671	-	3,671	6,047	-	6,047
Total of Suppliers	13,683	58,667	72,350	17,640	58,667	76,307	8,795	55,524	64,319	11,171	55,524	66,695

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 September 30, 2022, there was an adjustment to present value on suppliers subject to judicial reorganization in the amount of R\$2,546 (R\$1,969 on December 31, 2021).

The balance of adjustment to present value on suppliers subject to judicial reorganization on September 30, 2022 is R\$62,021 (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

			09/30/2022						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	40,503	41,998	1,495	40,503	41,998	1,495	40,657	42,152	1,495	40,657	42,152
Working capital / expansion			1,495	40,503	41,998	1,495	40,503	41,998	1,495	40,657	42,152	1,495	40,657	42,152
(-) Present value adjustment			-	(19,482)	(19,482)	-	(19,482)	(19,482)	-	(20,647)	(20,647)	-	(20,647)	(20,647)
Unsecured creditors	FIXO	3,3% a.a. + TR	1,603	86,162	87,765	1,603	86,162	87,765	1,118	85,624	86,742	1,118	85,624	86,742
Working capital / expansion			265	13,930	14,195	265	13,930	14,195	208	13,782	13,990	208	13,782	13,990
Working capital / expansion			224	12,341	12,565	224	12,341	12,565	176	12,202	12,378	176	12,202	12,378
Working capital / expansion			243	13,988	14,231	243	13,988	14,231	87	14,144	14,231	87	14,144	14,231
Research and development funding			110	5,736	5,846	110	5,736	5,846	86	5,676	5,762	86	5,676	5,762
Debentures			761	40,167	40,928	761	40,167	40,928	561	39,820	40,381	561	39,820	40,381
(-) Adjustment to present value			-	(45,945)	(45,945)	-	(45,945)	(45,945)	-	(47,821)	(47,821)	-	(47,821)	(47,821)
Foreign currency														
Unsecured creditors	FIXO	0,4% a.a	-	-	-	952	80,385	81,337	-	-	-	748	83,466	84,214
Noteholders			-	-	-	952	80,385	81,337	-	-	-	748	83,466	84,214
(-) Adjustment to present value			-	-	-	-	(46,908)	(46,908)	-	-	-	-	(50,692)	(50,692)
			3,098	61,238	64,336	4,050	94,715	98,765	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	8,648	-	8,648	5,034	-	5,034	8,648	-	8,648
Discounted titles	FIXO	1,88% a.m.	9,411	-	9,411	9,594	-	9,594	6,313	-	6,313	6,501	-	6,501
Credit titles	FIXO	2,05% a.m	8,727	5,919	14,646	20,084	5,919	26,003	2,000	-	2,000	17,000	-	17,000
Credit limit	FIXO	11,90% a.m.	200	-	200	205	-	205	201	-	201	202	-	202
Foreign currency														
Working capital / expansion	DÓLAR	7,48% a.a.	1,214	-	1,214	2,519	-	2,519	1,214	-	1,214	2,519	-	2,519
			24,586	5,919	30,505	41,050	5,919	46,969	14,762	-	14,762	34,870	-	34,870
			27,684	67,157	94,841	45,100	100,634	145,734	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 September 30, 2022, there was an adjustment to present value of loans and financing subject to judicial reorganization in the amount of R\$3.041 in the parent company (R\$4,203 on December 31, 2021) and of R\$6.825 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 September 30, 2022 is R\$65.427 (R\$68,468 on December 31, 2021) in the parent company and R\$112,335 (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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
2022	1,801	1,596	2,369	2,331
2023	1,986	1,765	2,761	2,767
2024	3,277	2,907	4,413	4,377
2025	3,972	3,529	5,522	5,533
2026	4,343	2,539	6,305	6,405
From 2027	51,778	45,477	79,264	69,174
	67,157	57,813	100,634	90,587

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

		09/30/2022				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	Garantee								
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	3,778	5,005	2,639	2,540	4,171	5,005
		35,920	119,705	37,684	144,112	35,927	119,705	38,084	144,112

* Net values of depreciation.

** Appraisal according to reports prepared by Appraisal Avaliações e Engenharia 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					
		Lochness	Mipel Sul	Lupatech Finance	LESP	09/30/2022	12/31/2021
Assets							
Current							
Accounts receivable		-	4	-	-	4	25
Other accounts receivable		210	2,467	-	19,095	21,772	19,588
Non-current							
Mutual and loans		13,089	-	-	-	13,089	15,983
		13,299	2,471	-	19,095	34,865	35,596
Liabilities							
Current							
Accounts payable		-	-	-	-	-	881
Other accounts payable		9,375	-	1,251	9,096	19,722	17,977
Mutual and loans		12,594	-	-	-	12,594	12,999
Non-current							
Mutual and loans		-	-	146,595	-	146,595	151,377
Other bills to pay		34,067	-	-	-	34,067	35,163
		56,036	-	147,846	9,096	212,978	218,397
						09/30/2022	09/30/2021
Result for the year							
Product purchases		-	5,730	-	-	5,730	4,439
Financial income		33	-	-	-	33	31
Financial expenses		-	-	483	-	483	589
Exchange variation		-	-	5,464	-	5,464	30,650
		33	5,730	5,947	-	11,710	35,709

	Parent						
	Transaction date	Duration	Interest rate	Amount R\$	Balance US\$	09/30/2022	12/31/2021
<u>Assets mutual</u>							
Foreign currency							
Contract 1	jul-14	Indeterminate	105% of DI-Cetip	19,820	2,346	12,684	15,601
Contract 2	dez-14	Indeterminate	12,000% a.a.	288	75	405	382
				<u>20,108</u>	<u>2,421</u>	<u>13,089</u>	<u>15,983</u>
<u>Liabilities mutual</u>							
Foreign currency							
Contract 3	jan-18	Indeterminate	0,4%a.a	227,331	27,114	146,595	151,377
Contract 4	dez-21	Indeterminate	-	12,064	2,329	12,594	12,999
				<u>239,395</u>	<u>29,443</u>	<u>159,189</u>	<u>164,376</u>

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 September 30, 2022 for the net amount of R\$146,595 (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\$3,416 in the parent company and consolidated, (R\$800 in the parent company and R\$3,079 in the consolidated in the same period of 2021) comprises fixed compensation and amounts corresponding to variable compensation. The variable remuneration recorded in the period of 2022 refers to amounts calculated for the year of 2021 and the Long-Term Incentive Plan (ILP 2020). On the other hand, the variable remuneration recorded in the period of 2021 refers to amounts originally contracted 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 September 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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Adjustment to present value of suppliers, fines, loans and debentures	(30,333)	(31,662)	(41,497)	(43,727)
Assigned Cost	-	-	(2,934)	(2,975)
Others	-	(283)	-	(282)
Deferred income tax and social contribution	<u>(30,333)</u>	<u>(31,945)</u>	<u>(44,431)</u>	<u>(46,984)</u>

Deferred income tax and social contribution are recorded in income on September 30, 2022, referring to the income for the nine months ended on this date, in the amounts of R\$1,613 (revenue) in the parent company and R\$2,661 (revenue) in the consolidated (R\$1,759 (revenue) in the parent company and R\$2,411 (revenue) in the consolidated for the nine-month period ended September 30, 2021).

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

	Parent			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Profit (loss) before taxes from continuing operations	(18,465)	(188)	(28,436)	(42,413)
Additions and exclusions				
Equity pick-up	2,753	(395)	11,087	(13,904)
Estimated losses for doubtful accounts	109	88	83	(67)
(Reversal) Allowance for doubtful accounts	(860)	(2)	882	254
Provision for contingency losses	97	(1,082)	633	107
Non-deductible expenses	1	-	4	3,642
Adjust to present value	1,594	1,296	5,587	4,757
Investment valued at equity value	-	-	-	(50,055)
Provision for interest on suppliers	5	(8)	62	4
Exchange variation provision	4,721	14,803	(7,412)	7,949
Others	(795)	1,447	1,691	26,757
Calculation basis	<u>(10,840)</u>	<u>15,959</u>	<u>(15,819)</u>	<u>(62,969)</u>
Aliquota fiscal combinada	34%	34%	34%	34%
Deferred income tax and social contribution	<u>380</u>	<u>309</u>	<u>1,613</u>	<u>1,759</u>

	Consolidated			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Profit (loss) before taxes from continuing operations	(18,098)	604	(11,380)	(43,024)
Additions and exclusions				
Provision for losses with inventory obsolescence	(180)	(31)	(1,063)	(187)
(Reversal) Estimate of losses due to the non-recoverability of assets	1,146	4,415	7,045	2,763
(Reversal) Estimated losses for doubtful accounts	868	9	(999)	279
Provision for contingency losses	(3,213)	(3,036)	(2,668)	(1,501)
Non deductible expenses	(6,288)	1,603	(3,076)	5,245
Adjustment to present value	1,594	1,296	5,587	4,757
Investment valued at equity value	-	-	-	(50,055)
Provision of interest on suppliers	(77)	(136)	(103)	(73)
Exchange variation provision	4,745	14,491	(8,541)	6,575
Others	4,177	(7,945)	(11,897)	(8,101)
Calculation basis	(15,326)	11,270	(27,095)	(83,322)
Deferred income tax and social contribution	13	(467)	2,648	2,411

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)	89,376	-	91,110	-
CSLL - Social Contribution on Net Income	(i.2)	2,200	-	7,875	-
IRPJ - Corporate Income Tax	(i.3)	19,902	-	70,495	-
INSS - National Institute of Social Security	(i.4)	-	-	6,846	-
IRRF - Withholding Income Tax	(i.5)	55,656	-	55,656	-
IPI - Excise Tax		895	-	895	-
COFINS - Tax for Social Security Financing		-	-	573	-
ISS - Services Tax	(i.6)	-	-	7,726	171
CIDE - Contribution for Intervention in the Economic Domain		-	-	1,194	-
Other tax provisions	(i.7)	1,793	805	53,821	892
		169,822	805	296,191	1,063
Labor (ii)		181	2,939	4,428	24,046
Civil (iii)		46,530	1,029	79,758	9,577
Total on September 30, 2022		216,533	4,773	380,377	34,686
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\$4,773 in the parent company and R\$34,686 in the consolidated on September 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 September 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	47	387	533	967	53	793	3,419	4,265
Write-offs	-	(333)	(1)	(334)	(150)	(1,083)	(2,132)	(3,365)
Balance on September 30, 2022	805	2,939	1,029	4,773	1,063	24,046	9,577	34,686

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 September 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\$71,916.

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\$7,612.

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\$4,064.

- (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\$2,266.

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\$2,796.

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\$2,136.

- (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\$16,158.

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\$6,259.

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\$29,303.

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\$2,872.

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\$5,517.

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\$55,656.
- (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\$3,626.
- (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\$2.495.

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\$18.045.

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\$16.403.

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\$2.851

Tax execution, filed for collection of taxes on imports. Process distributed on August 31, 2021, subject to possible loss of R\$4.030.

(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 September 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\$9,308. 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\$11,243.
- (iii.4) Monitory lawsuit filed against Petrobrás. Process distributed on July 13, 2016, subject to possible loss of R\$11,647.
- (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\$31,821. 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. Both BNDES and Lupatech filed an internal grievance against the decision handed down by the Minister Rapporteur of the case, with both parties presenting their respective counterarguments. Appraisal of the appeals by the STJ is awaited.

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

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\$3,616.

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)	3,047	4,510
Civil (ii)	55,179	55,247
Balance on September 30, 2022	58,226	59,757
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 for losses it may incur as a result of any unknown contingencies, pursuant to the indemnity clause provided for in the Investment Agreement. On April 4, 2017, the Company submitted an application to the Market Arbitration Chamber to initiate arbitration against GP Investments and its vehicles seeking reimbursement for the losses incurred by the Company and arising from (i) unknown contingencies of the San Antonio Companies, and (ii) breach of obligations and breach of representations and warranties. An increase in the nominal limit of R\$50,000 for indemnities was also claimed in the arbitration.

On February 22, 2021, the Company was notified of the Partial Judgment issued by the Arbitral Tribunal, which provided a substantial part of the claims formulated in the Arbitration, and specifically (i) determined responsibilities, (ii) settled part of the requests and (iii) accepted the request to increase the nominal limit of R\$50 million. The Arbitration proceeds in the judgment settlement phase to determine the amounts of the remaining convictions. Once sentenced and liquidated, the amounts constitute a judicial enforceable title.

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

- Arbitration proceeding filed against CIM Componentes

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

15.3 Judicial deposits

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

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	111	916
Labor contingencies	1,398	6,802
Civil contingencies	413	1,554
Balance on September 30, 2022	1,922	9,272
Balance on December 31, 2021	1,915	10,456

16 Taxes payable

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Taxes payable - Current				
Ordinary Installment Payment (PIS / COFINS / Social Security Contribution)	2,022	429	3,211	773
Exceptional Transaction Law 13.988/2020 (Ordinance PGFN No. 14.402/2020) and Law 112/2020	2,044	3,037	2,990	4,351
Judicial Recovery Installment	761	1,025	1,111	1,381
INSS installment	23	-	41	18
INSS	705	1,950	959	2,448
IRRF	479	715	538	764
CSLL	24	34	30	40
COFINS	568	774	914	1,160
PIS	276	322	374	424
IPI	-	-	548	541
FGTS	3,077	2,568	4,208	4,010
ICMS	74	96	1,520	1,184
Other miscellaneous taxes	86	82	621	699
Total	10,139	11,032	17,065	17,793

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Taxes payable - Current				
Ordinary Installment Payment (PIS / COFINS / Social Security Contribution)	2,022	429	3,211	773
Exceptional Transaction Law 13.988/2020 (Ordinance PGFN No. 14.402/2020) and Law 112/2020	2,044	3,037	2,990	4,351
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CSLL	24	34	30	40
COFINS	568	774	914	1,160
PIS	276	322	374	424
IPI	-	-	548	541
FGTS	3,077	2,568	4,208	4,010
ICMS	74	96	1,520	1,184
Other miscellaneous taxes	86	82	621	699
Total	10,139	11,032	17,065	17,793

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 2022 and at the beginning of the third quarter of 2022, 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\$35,264 from 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\$20,904. Adherence to the Installment Plan granted the right to settle 30% of the consolidated debt in the RJ modality within the scope of the RFB using credits arising from tax loss carryforwards in the amount of R\$9,953.

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 Thousand	Capital Stock R\$
Balance on December 31, 2021	29,117	1,897,348
Issuance of new shares - subscription bonus exercise	100	88
Issuance of new shares - exercise of options granted	1,136	1,435
Balance on September 30, 2022	30,353	1,898,871

According to the minutes of meetings disclosed in the nine-month period ended on September 30, 2022, the Board of Directors approved the Company's capital increase through the exercise of warrants to acquire 100,344 common shares. The increase realized in the period was R\$88,302.

On September 28, 2022, according to the Board of Directors' meeting, there was an increase in the Capital Stock in the amount of R\$1,435 (issuance of 1,136 new shares - common and registered), referring to the exercise of options granted to key employees and service providers of the Company.

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 September 30, 2022, the balance of adjustment to equity valuation is R\$198.646 (R\$204,671 as of December 31, 2021).

d. Capital reserve

On October 29, 2018, Lupatech S.A. - In Judicial Recovery 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 nine-month period ended on September 30, 2022, for the acquisition of 100,344 common shares of the Company, 100,344 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 September 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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Cash and cash equivalents	69	69	389	69
Accounts receivable	2,731	-	2,731	-
Other assets	-	-	8,095	12,372
Related parties - Assets	2,421	2,864	-	-
Loans	(225)	(218)	(15,510)	(15,542)
Related parties - Liabilities	(29,443)	(29,455)	-	-
Other liabilities	-	-	(55)	(38)
Net exposure in US dollars	(24,447)	(26,740)	(4,350)	(3,139)

On September 30, 2022, the exchange rate of the US dollar against the real was US\$1.00 = R\$5,4466 (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\$8.752 in the parent company and R\$827 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\$: 5.18

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\$: 6.47

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\$: 7.76

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

Itens	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Loans and financing not judicial recovery	6,448	4,922	11,372	9,604
Discounted securities with non-RJ co-obligation	9,411	9,411	9,594	9,594
Credit title	14,646	14,646	26,003	26,003
Loans and financing judicial recovery	64,336	64,337	98,765	98,765
Total	94,841	93,316	145,734	143,966

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 September 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\$2,882 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 nine-month period ended September 30, 2022

accounted for approximately 50% (38% in the nine-month period ended on September 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 September 30, 2022:

Items	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Cash and cash equivalents	2,486	2,486	12,606	12,606
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 September 2022:

Itens	Parent		Consolidated	
	Book value	Fair Value	Book value	Fair Value
Loans and financing not judicial recovery	6,448	4,922	11,372	9,604
Discounted securities with non-RJ co-obligation	9,411	9,411	9,594	9,594
Credit title	14,646	14,646	26,003	26,003
Loans and financing judicial recovery	64,336	64,337	98,765	98,765
Total	94,841	93,316	145,734	143,966

18.3 Financial Instruments by Category

Summary of financial instruments by category:

	Parent					
	09/30/2022			12/31/2021		
	Amortized cost	Fair Value through Profit and Loss	Total financial assets	Amortized cost	Fair Value through Profit and Loss	Total financial assets
Financial Assets						
Securities-restricted	-	44	44	-	44	44
Accounts receivable	18,940	-	18,940	15,301	-	15,301
Cash and cash equivalents	2,486	-	2,486	1,098	-	1,098
Related parties	34,865	-	34,865	35,596	-	35,596
Total	56,291	44	56,335	51,995	44	52,039
	Parent					
	09/30/2022			12/31/2021		
	Amortized cost	Fair Value through Profit and Loss	Total financial liabilities	Creditors list	Fair Value through Profit and Loss	Total financial liabilities
Financial Liabilities						
Loans and financing	-	94,841	94,841	-	75,188	75,188
Suppliers	72,350	-	72,350	64,319	-	64,319
Related parties	212,978	-	212,978	218,397	-	218,397
Total	285,328	94,841	380,169	282,715	75,188	357,904
	Consolidated					
	09/30/2022			12/31/2021		
	Amortized cost	Fair Value through Profit and Loss	Total financial assets	Amortized cost	Fair Value through Profit and Loss	Total financial assets
Financial Assets						
Securities-restricted	-	44	44	-	44	44
Accounts receivable	25,272	-	25,272	20,943	-	20,943
Cash and cash equivalents	12,606	-	12,606	19,176	-	19,176
Total	37,878	44	37,922	40,119	44	40,163
	Consolidated					
	09/30/2022			12/31/2021		
	Amortized cost	Fair Value through Profit and Loss	Total financial assets	Amortized cost	Fair Value through Profit and Loss	Total financial assets
Financial Liabilities						
Loans and financing	-	145,735	145,735	-	128,818	128,818
Suppliers	76,306	-	76,306	66,695	-	66,695
Total	76,306	145,735	222,041	66,694	128,818	195,513

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:

<u>Insurance Purpose</u>	<u>Amount secured</u>
<u>09/30/2022</u>	
- Comprehensive business insurance	R\$ 80,765
- Life insurance	R\$ 105,644
- General civil responsibility insurance	R\$ 6,019
- International freight insurance *	US\$ 600

* Amounts in US dollar thousands.

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

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) Incentive 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 September 30, 2022 are shown in the following table:

Grants	2017 Plan			2020 Plan		
	The amount	Strike	Maximum	The amount	Strike	Maximum
Board	615,121	1.18	26/04/2024	1,068,352	1.78	02/09/2025
Members	908,034	1.35	24/06/2027	280,000	2.74	30/11/2026
Other Beneficiaries				480,000	3.44	30/11/2025
				51,250	4.44	30/11/2026
				45,000	3.67	30/11/2026
				292,500	2.74	30/11/2026

On April 30, 2021 and September 28, 2022, the Board of Directors resolved to adjust the granting of options due to subsequent corporate events and events, as well as accepting the exercise of options by members of the Board of Executive Officers and key employees of the Company.

In accordance with the RCA of February 10, 2022, the Board of Directors approved a new grant of up to 51,250 options to purchase common shares of the Company, within the scope of the 2020 Incentive Plan, for key employees of the Company.

According to RCA of September 28, 2022, there was exercise of options granted to the Board of Executive Officers and service providers, through credits held against the Company, within the scope of the Stock Option Plans “Plano Incentivado 2017” and “Plano Incentivado Encouraged 2020”. The total number of options exercised was 1,136,151 for a total of R\$1,434,398.00 (one million, four hundred and thirty-four thousand, three hundred and ninety-eight reais) and, consequently, 1,136,151 common shares of the Company.

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

3Q22			
Remaining Options	Exercises	Not yet exercisable (deadline)	Conditional (Corporate Event or Ratification)
Rafael Gorenstein			
Plan 2017 - 1st grant	-	-	201,141
Plan 2017 - 2st grant	258,130	306,262	100,571
Plan 2020	860,000	-	-
Paulo Prado da Silva			
Plan 2017	353,637	-	60,343
Plan 2020	-	-	-
João Marcos C. Feiteiro			
Plan 2017	124,958	77,884	40,229
Plan 2020 - 1st grant	208,352	-	-
Plan 2020 - 1st grant	-	-	100,000
Simone Anhaia			
Plan 2017	-	-	-
Plan 2020	-	-	60,000
Celso Lucchesi			
Plan 2017	-	-	-
Plan 2020	-	-	60,000
Carlos Calad			
Plan 2017	-	-	-
Plan 2020	-	-	60,000
Other Beneficiaries			
Plan 2017	-	-	-
Plan 2020	-	868,750	-

Within the scope of the 2017 Plan, the right to exercise the Option was obtained as indicated in the respective Plans and Board Meetings that authorized the grants, so that part of the options granted in the 2017 Plan become exercisable due to (a) the course of terms established in the grants, which release the options "not yet exercisable", and (b) corporate events that increase the Company's capital stock and release part of the Conditional Options.

Within the scope of the 2020 Plan, the right to exercise the Option was obtained as indicated in the respective Plans and Board Meetings that authorized the grants, so that the options granted in the 2020 Plan become exercisable due to (a) the course of deadlines foreseen in the grants, which release the options "not yet exercisable", and/or (b) ratification and homologation in the General Meeting of the grants carried out by the Board of Directors of the Company and released part of the Conditional Options.

21 Demonstration of net revenue

	Parent			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Gross sales and/or services				
In Brazil	31,103	25,912	73,237	68,677
Export	175	100	15,066	407
	31,278	26,012	88,303	69,084
Deductions for gross sales				
Taxes on sales	(5,396)	(4,532)	(12,276)	(12,344)
Net sales and/or services	<u>25,882</u>	<u>21,480</u>	<u>76,027</u>	<u>56,740</u>

	Consolidated			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Gross sales and/or services				
In Brazil	35,302	28,359	83,404	75,566
Export	209	437	15,672	887
	35,511	28,796	99,076	76,453
Deductions for gross sales				
Taxes on sales	(6,233)	(4,995)	(14,211)	(13,704)
Net sales and/or services	<u>29,278</u>	<u>23,801</u>	<u>84,865</u>	<u>62,749</u>

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		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Net income (loss) from the exercise	(18,085)	121	(26,823)	(40,654)
Profit (loss) attributable to the Company's controlling shareholders	<u>(18,085)</u>	<u>121</u>	<u>(26,823)</u>	<u>(40,654)</u>
Weighted average number of common shares issued (thousands)	9,571	2,570	9,571	23,987
Basic earnings (loss) per share - R\$	<u>(1.89)</u>	<u>0.05</u>	<u>(2.80)</u>	<u>(1.69)</u>

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 September 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		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Financial Income				
Income from financial investments	10	2	18	3
Related-party interest income (mutual contract)	12	11	33	31
Monetary variance	976	1,038	1,697	1,043
Arbitration Procedure CSL	808	17,738	7,195	17,738
Other financial income	72	21	108	60
Total financial Income	1,878	18,810	9,051	18,875
Financial Expenses				
Interest on loans and financing	(1,620)	(1,087)	(5,486)	(2,854)
Present value adjustment	(1,594)	(1,296)	(5,587)	(4,757)
Interest of mutual contract	(143)	(167)	(483)	(589)
Interest on suppliers	(952)	(404)	(2,590)	(2,287)
Fines and interest on taxes	(1,196)	(395)	(1,943)	(2,361)
IOF, banking expenses and others	(809)	6	(1,660)	(1,014)
Total financial expenses	(6,314)	(3,343)	(17,749)	(13,862)
Gain on exchange variance	4,821	1,698	46,018	30,910
Loss on exchange variance	(8,807)	(16,519)	(38,152)	(38,962)
Exchange variance, net	(3,986)	(14,821)	7,866	(8,052)
Consolidated				
Items	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Financial Income				
Income from financial investments	79	71	295	248
Present value adjustment	568	1,103	-	1,103
Monetary variance	1,351	1,030	2,413	2,496
Arbitration Procedure CSL	808	17,738	7,195	17,738
Other financial income	79	21	119	401
Total financial Income	2,885	19,963	10,022	21,986
Financial Expenses				
Interest on loans and financing	(1,924)	(1,087)	(6,250)	(2,914)
Interest on bonds	(109)	(79)	(304)	(1,447)
Present value adjustment	-	858	(9,371)	(4,757)
Interest on suppliers	(954)	(276)	(2,616)	(2,210)
Fines and interest on taxes	(2,243)	(570)	(3,604)	(4,683)
IOF, banking expenses and others	(1,223)	(103)	(2,704)	(1,982)
Total financial expenses	(6,453)	(1,257)	(24,849)	(17,993)
Gain on exchange variance	8,502	9,570	58,855	40,745
Loss on exchange variance	(13,247)	(24,474)	(50,314)	(48,901)
Exchange variance, net	(4,745)	(14,904)	8,541	(8,156)

24 Other operating income (expenses)

Items	Parent			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Others operating income				
Reversal of estimate with lawsuit	206	1,454	237	7,334
Arbitration Procedure - CSL	-	5,000	-	5,000
Others	1,640	19	1,902	1,741
Total other operating income	1,846	6,473	2,139	14,075
Others operating expenses				
Provision for loss of lawsuit	(1,311)	(1,641)	(1,859)	(3,983)
Cost of idle production	(4,163)	(3,770)	(12,146)	(10,362)
Capital losses on investment	-	-	-	(17,197)
Others	(1,745)	(2,797)	(2,594)	(7,633)
Total other operating expenses	(7,219)	(8,208)	(16,599)	(39,175)
Other net operating expenses	(5,373)	(1,735)	(14,460)	(25,100)

Items	Consolidated			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Others operating income				
Reversal of estimate with lawsuit	437	4,364	2,424	15,524
Arbitration Procedure - CSL	-	5,000	-	5,000
Gain on disposal of fixed assets	98	-	3,964	-
Reversal of estimated losses due to non-recoverability of assets	1,146	2,763	7,045	4,396
Others	2,208	16	4,601	3,967
Total other operating income	3,889	12,143	18,034	28,887
Others operating expenses				
Provision for loss of lawsuit	(2,759)	(3,522)	(5,092)	(8,642)
Loss on disposal of fixed assets	(65)	(3,940)	(7,349)	(6,894)
Estimativa de perdas pela não recuperabilidade de ativos	-	-	-	(1,632)
Cost of idle production	(4,713)	(3,803)	(13,371)	(10,705)
Capital losses on investment	-	-	-	(17,197)
Others	(2,180)	(3,214)	(7,429)	(14,740)
Total other operating expenses	(9,717)	(14,479)	(33,241)	(59,810)
Other net operating expenses	(5,828)	(2,336)	(15,207)	(30,923)

25 (Expenditure) by nature

Items	Parent			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
<u>Cost of goods sold</u>	(19,375)	(14,108)	(55,883)	(39,456)
Raw materials, materials for use and consumption, labor and third-party services	(18,833)	(13,355)	(54,114)	(37,232)
Depreciation and amortization	(783)	(894)	(2,429)	(2,648)
Others	241	141	660	424
<u>Selling expenses</u>	(2,414)	(2,254)	(7,194)	(6,072)
Third-party labor and services	(1,548)	(1,587)	(4,554)	(4,447)
Depreciation and amortization	(4)	(5)	(11)	(20)
Other commercial expenses	(862)	(662)	(2,629)	(1,605)
<u>General and Administrative Expenses</u>	(4,186)	(3,102)	(11,591)	(12,382)
Third-party labor and services	(2,761)	(2,543)	(7,945)	(7,121)
Depreciation and amortization	(452)	(247)	(906)	(733)
Other administrative expenses	(973)	(312)	(2,740)	(4,528)
<u>Remuneration of directors</u>	(1,824)	(720)	(3,416)	800

Items	Consolidated			
	Three-month period ending in		Nine-month period ending in	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
<u>Cost of goods sold</u>	(22,788)	(16,497)	(64,805)	(45,400)
Raw materials, materials for use and consumption, labor and third-party services	(21,945)	(15,535)	(62,154)	(42,377)
Depreciation and amortization	(889)	(1,002)	(2,732)	(3,069)
Others	46	40	81	46
<u>Selling expenses</u>	(2,596)	(2,343)	(7,653)	(6,348)
Third-party labor and services	(1,025)	(919)	(2,949)	(2,825)
Depreciation and amortization	(4)	(5)	(11)	(20)
Other commercial expenses	(1,567)	(1,419)	(4,693)	(3,503)
<u>General and Administrative Expenses</u>	(6,027)	(5,103)	(16,976)	(15,860)
Third-party labor and services	(4,323)	(3,943)	(12,498)	(12,035)
Depreciation and amortization	(676)	(291)	(1,376)	(784)
Other administrative expenses	(1,028)	(869)	(3,102)	(3,041)
<u>Remuneration of directors</u>	(1,824)	(720)	(3,416)	(3,079)

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:

- a. **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.
- b. **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	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Net sales	29,264	23,764	14	37	29,278	23,801
Cost of sales	(22,779)	(16,530)	(9)	33	(22,788)	(16,497)
Gross Profit (Loss)	6,485	7,234	5	70	6,490	7,304
Selling expenses	(2,596)	(2,343)	-	-	(2,596)	(2,343)
General and administrative expenses	(5,115)	(3,712)	(912)	(1,391)	(6,027)	(5,103)
Management remuneration	-	-	(1,824)	(720)	(1,824)	(720)
Reversal of estimated losses due to the non-recoverability of assets	-	-	1,146	-	1,146	-
Other operating income (expenses), net	(5,641)	(5,123)	(1,333)	2,787	(6,974)	(2,336)
Operating income (loss) before financial result	(6,867)	(3,944)	(2,918)	746	(9,785)	(3,198)
	Products		Services		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Identifiable assets	168,766	160,474	183,724	197,021	352,490	357,495
Identifiable liabilities	17,558	7,361	198,929	183,394	216,487	190,755
	Products		Services		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Depreciation and amortization	(1,140)	1,676	(428)	(283)	(1,569)	1,393
Acquisition of Property, plants and equipment	1,468	648	55	66	1,523	714

	Nine-month period ending in					
	Products		Services		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Net sales	84,371	62,633	494	116	84,865	62,749
Cost of sales	(64,351)	(45,209)	(454)	(191)	(64,805)	(45,400)
Gross Profit (Loss)	20,020	17,424	40	(75)	20,060	17,349
Selling expenses	(7,604)	(6,348)	(49)	-	(7,653)	(6,348)
General and administrative expenses	(14,167)	(14,201)	(2,809)	(1,659)	(16,976)	(15,860)
Management remuneration	-	-	(3,416)	(3,079)	(3,416)	(3,079)
Reversal of estimated losses due to the non-recoverability of assets	-	-	7,045	-	7,045	-
Other operating income (expenses), net	(14,250)	(13,314)	(8,002)	(17,609)	(22,252)	(30,923)
Operating income (loss) before financial result	(16,001)	(16,439)	(7,191)	(22,422)	(23,192)	(38,861)
	Products		Services		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Identifiable assets	168,766	160,474	227,611	197,021	396,377	357,495
Identifiable liabilities	17,558	7,361	198,929	183,394	216,487	190,755
	Products		Services		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Depreciation and amortization	(3,081)	(338)	(1,038)	(13)	(4,119)	(351)
Acquisition of Property, plants and equipment	1,468	1,399	55	105	1,523	1,504

The information by geographic region is shown below:

	Three-month period ending in					
	Brazil		Others		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Net sales	29,278	23,801	-	-	29,278	23,801
Cost of sales	(22,788)	(16,497)	-	-	(22,788)	(16,497)
Gross Profit (Loss)	6,490	7,304	-	-	6,490	7,304
Selling expenses	(2,596)	(2,343)	-	-	(2,596)	(2,343)
Administrative costs	(6,027)	(5,103)	-	-	(6,027)	(5,103)
Management remuneration	(1,824)	(720)	-	-	(1,824)	(720)
Reversal of estimated losses due to the non-recoverability of assets	1,146	-	-	-	1,146	-
Other income (expenses), net	(6,974)	(2,336)	-	-	(6,974)	(2,336)
Operating income (loss) before financial result	(9,785)	(3,198)	-	-	(9,785)	(3,198)
	Brazil		Others		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Identifiable assets	352,490	357,495	-	-	352,490	357,495
Identifiable liabilities	182,058	157,233	34,429	33,522	216,487	190,755
	Brazil		Others		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Depreciation and amortization	(1,569)	1,676	-	(283)	(1,569)	1,393
Acquisition of Property, plants and equipment	1,523	648	-	66	1,523	714

	Nine - month period ending in					
	Brazil		Others		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Net sales	84,865	62,749	-	-	84,865	62,749
Cost of sales	(64,805)	(45,400)	-	-	(64,805)	(45,400)
Gross Profit (Loss)	20,060	17,349	-	-	20,060	17,349
Selling expenses	(7,653)	(6,348)	-	-	(7,653)	(6,348)
Administrative costs	(16,976)	(15,860)	-	-	(16,976)	(15,860)
Management remuneration	(3,416)	(3,079)	-	-	(3,416)	(3,079)
Reversal of estimated losses due to the non-recoverability of assets	7,045	-	-	-	7,045	-
Other income (expenses), net	(22,252)	(30,923)	-	-	(22,252)	(30,923)
Operating income (loss) before financial result	(23,192)	(38,861)	-	-	(23,192)	(38,861)

	Brazil		Others		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Identifiable assets	396,377	357,495	-	-	396,377	357,495
Identifiable liabilities	182,058	157,233	34,429	33,522	216,487	190,755

	Brazil		Others		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Depreciation and amortization	(4,119)	(351)	-	-	(4,119)	(351)
Acquisition of Property, plants and equipment	1,523	1,504	-	-	1,523	1,504

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

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets classified as held for sale - Current assets				
Machinery and equipment	3,236	3,236	42,471	43,517
Industrial tools	-	-	1,412	2,329
Furniture and fixtures	-	-	2	3
Date processing equipments	-	-	-	111
Vehicles	-	-	2	2
Total	3,236	3,236	43,887	45,962

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets classified as held for sale - Non-Current				
Total	-	-	-	-

Summary of movement of assets held for sale:

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

Consolidated								
Gross Cost	Land	Buildings and constructions	Machinery and equipment	Industrial Tools	Furniture and fixtures	Date processing equipments	Vehicles	Total
Balance on December 31, 2021	-	-	43,517	2,329	3	111	2	45,962
Disposal	-	-	(4,827)	(917)	(1)	(111)	-	(5,856)
Reversal/Estimation for non-recoverability of assets	-	-	5,011	-	-	-	-	5,011
Effect of the conversion of subsidiaries abroad	-	-	(1,230)	-	-	-	-	(1,230)
Balance on September 30, 2022	-	-	42,471	1,412	2	-	2	43,887

28 Subsequent Events

Supply of Valves for Gas Transportation

According to the Material Fact of November 7, 2022, the Company informed that it received a purchase order from a private customer for the supply of valves applicable to the transport of gas. The order has a value of BRL 9 million reais, it is a firm purchase commitment with deliveries scheduled for a period of up to 240 days. The valves will be produced by the Company's manufacturing unit (Lupatech MNA) located in Nova Odessa – SP.

Comment on the behavior of business projections

Throughout the year, we have seen significant effects related to the outbreak of the Covid Omicron variant, the event of the war in Ukraine, and the outbreak of Covid outbreaks in China, with the imposition of draconian lockdowns in important parts of that country. All these events had very relevant effects on our supply chain, greatly affecting manufacturing and transport times, working capital used in operations, and the costs of acquiring materials and services. In this context, the normalization of production and transport chains has been taking place gradually, with many imperfections still remaining, but fewer and fewer surprises. However, living with the consequences of the evils of the past is inevitable: delays to be mitigated, unforeseen costs, etc.

Consolidated net revenue for the quarter was BRL 29.2 million, and for the nine months of 2022 it was BRL 85 million.

Regarding the projections originally released for the current year, in addition to the factors mentioned above, some projects expected for the year, in particular involving the resumption of the Ropes plant, did not happen, producing a reduction in expectations.

That said, the company has adjusted its net revenue projections, maintaining, however, its long-term objectives, as follows:

Period	Net Revenue	Ebitda Margin
2022 Projection	R\$ 115 million to R\$ 135 million	NA
Between 3 and 5 years Objective	R\$ 550 million (in a range of R\$ 450 million to R\$ 650 million)	17% to 23%
Between 5 and 10 years Objective	R\$ 1 billion to R\$ 2 billion	NA

The projections disclosed here are estimates by the Company's Management and reflect its perception of factors that may affect its performance, such as the general conditions of the economy, in addition to the dynamics of its markets and operations, according to the information available on the market to date.

The Forecasts are, therefore, subject to risks, uncertainties and alterations, not constituting a promise of performance for the fiscal years of 2022 and the periods from 3 to 5 years and from 5 to 10 years.



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 September 30, 2022.

Nova Odessa, November 10, 2022.

Rafael Gorenstein – CEO and IRO

Paulo Prado da Silva - Director without specific designation