



**Financial &  
Economic  
Performance  
4Q22**



## Message from the Administration

We started 2022 very optimistic, anticipating the easing of the operational restrictions imposed by the Pandemic, resumption of activity in the oil industry, and economic recovery.

But this scenario did not materialize. As reported over the course of the year, the consequences of the outbreak of the Covid Omicron variant between the end of 2021 and the beginning of 2022 were remarkable, and soon afterwards the enormous problems brought about by the Covid outbreaks in China, with the imposition of draconian lockdowns in important parts of that country. Not enough, we also had the war in Ukraine starting in February 2022.

These events had very relevant effects on our supply chain, greatly affecting manufacturing and transport times, the working capital used in operations, the costs of acquiring materials and services.

Although the normalization of production and transport chains has been taking place gradually, a large part of the industry still faces delays, unforeseen costs and others.

The political and economic landscape for the country, which was positive at the beginning of the year, evolved into an institutional crisis that has not yet dissipated. The medium-term macroeconomic outlook remains uncertain, and it is now clear that the short term will be quite restrictive from a monetary point of view.

But even in a weak economy, there are winners and losers. Furthermore, each sector of activity has its own dynamics of growth and competition, which allows some to perform better than others and the economy in general.

It is the case. In 2022, despite the setbacks, Lupatech grew its net revenue by 18%. There were 15% in Valves and practically 100% in Ropes and Composites. These are expressive percentages, but they still do not reflect the full demand potential of our markets.

In Valves, there is a lot of demand to be generated by offshore pre-salt investments, the resumption of onshore production and investments in infrastructure for gas distribution and consumption. The outlook for the water and sewage utilities sector is one of political hesitation, but it also brings opportunities, which we have been following closely.

In Ropes and Composites, we have room for even more aggressive growth. We were able to start our supply of naval ropes, and we will chase a significant market share in this market of tens of millions per year. We have not yet resumed the supply of deepwater mooring ropes, which could represent a significant increase in revenue, considering that each mooring project represents sales in the range of US\$ 10 million. Our sales of fiberglass lining tubes have been growing consistently. We were also able to enter the business of supplying fiberglass poles, with contracts already in place with 3 energy utilities.

Our firm order backlog ended 2022 at BRL 74 million, compared to BRL 55 million in the previous year – a 35% jump. This portfolio represents a relevant proportion in relation to the revenues of 2022, so that if we consider that the year 2023 starts with this portfolio plus a balance

of contracts without purchase obligation of BRL 88 million, there is a positive perspective of growth for 2023.

The return on sales for the year, measured by the gross margin, was 23%, representing a drop in relation to the previous year (27.1%). The main reason for the lower margin in the period was the higher cost of purchasing inputs, resulting from the sudden rise in international inflation and the decision to purchase locally, at a higher cost, certain components and materials, avoiding longer and more uncertain terms import, in order to mitigate delays in deliveries to customers. We understand that both effects are transitory, being opposed in the short and medium term by the pass-through of costs to prices in new contracts and by periodic contractual readjustments.

Adjusted EBITDA was affected by the decline in sales profitability, explained above. Product Adjusted EBITDA, although lower, remained in positive territory.

In the year, a net income of R\$ 55 million was recorded, which had the positive contribution of the recognition of tax credits from income tax and contribution that can be used for future profitability.

Lupatech and its subsidiaries have rights to offset tax losses and negative base of social contribution of R\$ 1.9 billion, almost half of which in Lupatech S.A. This use is limited to offsetting 30% of taxable income for each year. At the current rate of 34%, this credit could represent tax savings of around R\$ 630 million. For accounting purposes, the recording of the right to the deferred tax account in the Company's assets respects parameters of technical estimates and accounting standards, so that a balance of R\$ 103 million was reestablished in the current balance sheet. However, the credit rights that effectively exist is much higher than the amount booked.

The Company had informed about negotiations with the federal tax authorities aimed at negotiating an Individual Transaction under the terms of Law 14,375/2022. In the meantime, the Company submitted a request to adhere to the Program for Early Settlement of Transactions and Enrollment of Active Debt of the Union of the Attorney General of the National Treasury - QuitaPGFN, established by Ordinance PGFN 8.798/2022 ("QuitaPGFN"). QuitaPGFN allows, among others, the early settlement of transaction agreement balances combining payments in cash and credits for income tax losses and CSLL negative basis. The use of said credits covers up to 70% (seventy percent) of the outstanding balance of the transaction agreements included in the request, providing a benefit of reduction in the balance of tax liabilities of R\$ 20.9 million which would otherwise be paid in cash installments. After deduction with tax credits, R\$ 8.5 million must be paid in cash divided into 12 (twelve) monthly installments. The Company's adhesion requests were substantially deferred.

In January 2023, the Company filed a request for termination of its court-supervised reorganization process. On March 14, 2023, a sentence was issued declaring the end of the judicial reorganization.

The end of the judicial reorganization is a relevant milestone in the company's history. The request was made on May 25, 2015, so the effort to restructure the company's liabilities and operations lasted almost 8 years. It is expected, naturally, that the end of the process will have a positive

impact on the company's relationship with its customers, suppliers, investors and financiers, in view of the limitations that the company's status imposed on these partners.

In addition to widening horizons in commercial relations, the end of the judicial reorganization will also provide the necessary environment for the company to advance on other fronts relevant to its recovery, in particular access to capital markets.

On this last front, an investment agreement was announced and implemented with BPS Capital Gestão de Ativos S.A. (“BPS”), as per material facts dated February 7 and March 24, 2023. The operation aims to improve the company's capital structure, through the injection of new resources to support the business plan and the conversion debt into equity. Under the agreement, BPS will subscribe up to BRL 10 million reais from a private offering of debentures totaling BRL 25 million, combined with the issue of warrants that allow the capitalization of outstanding debt.

Rafael Gorenstein

CEO and IRO

## Economic-Financial Performance

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

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

### Net Revenue

Net Revenue (R\$ thd)	1Q22	2Q22	3Q22	4Q22	2021	2022
<b>Products</b>	<b>29,718</b>	<b>25,389</b>	<b>29,264</b>	<b>25,258</b>	<b>93,439</b>	<b>109,629</b>
Valves	29,456	24,445	27,677	22,489	90,653	104,067
Ropes and Composites	262	944	1,587	2,769	2,786	5,562
<b>Services</b>	<b>396</b>	<b>84</b>	<b>14</b>	<b>267</b>	<b>114</b>	<b>761</b>
Oilfield Services	396	84	14	267	114	761
<b>Total</b>	<b>30,114</b>	<b>25,473</b>	<b>29,278</b>	<b>25,525</b>	<b>93,553</b>	<b>110,390</b>

Consolidated Net Revenue reached R\$ 110.4 million in the course of 2022, 18% higher than the R\$ 93.5 million in 2021.

#### Valves

Comparing 2022 with 2021, there was a 15% growth in net revenue. The retraction observed in 4Q22 compared to 3Q22 is due to logistical difficulties faced, which undermined the production plan.

#### Ropes and Composites

The 100% year-on-year growth in revenue mainly reflects the resumption of the composites unit, with the supply of casings and oil production tubes. In the period there was also the beginning of the offer of naval cables in the market, with sales and deliveries completed.

#### Services

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

### Order Backlog

As of December 31, 2022, the Company's order backlog in Brazil totaled R\$ 73.7 million. On the same date, the Company had a balance of R\$ 88.2 million in 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)	1Q22	2Q22	3Q22	4Q22	2021	2022
<b>Products</b>	<b>6,729</b>	<b>6,808</b>	<b>6,485</b>	<b>5,197</b>	<b>25,301</b>	<b>25,219</b>
<i>Gross Margin - Products</i>	<i>22.6%</i>	<i>26.8%</i>	<i>25.7%</i>	<i>20.6%</i>	<i>27.1%</i>	<i>23.0%</i>
<b>Services</b>	<b>25</b>	<b>8</b>	<b>5</b>	<b>(10)</b>	<b>(58)</b>	<b>28</b>
<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>
<b>Total</b>	<b>6,754</b>	<b>6,816</b>	<b>6,490</b>	<b>5,187</b>	<b>25,243</b>	<b>25,247</b>
<i>Gross Margin - Total</i>	<i>22.4%</i>	<i>26.8%</i>	<i>22.2%</i>	<i>20.3%</i>	<i>27.0%</i>	<i>22.9%</i>
<b>Depreciation</b>	<b>1,307</b>	<b>1,244</b>	<b>1,569</b>	<b>5,392</b>	<b>5,431</b>	<b>9,512</b>
Depreciation Products	988	953	1,141	930	3,966	4,012
Depreciation Services	319	291	428	4,462	1,465	5,500
<b>Gross Profit without depreciation</b>	<b>8,061</b>	<b>8,060</b>	<b>8,059</b>	<b>10,578</b>	<b>30,674</b>	<b>34,759</b>
<b>Gross Profit without depreciation Products</b>	<b>7,717</b>	<b>7,761</b>	<b>7,626</b>	<b>6,128</b>	<b>29,267</b>	<b>29,232</b>

\*n/a - não aplicado

### Products

Gross Profit in 4Q22 reached R\$ 5.2 million, with a margin of 20.6% against R\$ 6.5 million with a margin of 25.7% in 3Q22.

Comparing the year 2022 with 2021, there is a decrease in the gross margin of 4.1 percentage points.

The drop in margins during 2022 is a reflection of the post-pandemic inflationary surge and higher costs with international logistics and productive arrangements to mitigate delays.

### Services

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

### Expenses

Expenses (R\$ thd)	1Q22	2Q22	3Q22	4Q22	2021	2022
<b>Total Sales Expenses</b>	<b>2,486</b>	<b>2,571</b>	<b>2,596</b>	<b>2,579</b>	<b>9,217</b>	<b>10,232</b>
Sales Expenses - Products	2,486	2,571	2,596	2,579	9,216	10,232
Sales Expenses - Services	-	-	-	-	1	-
<b>Total Administrative Expenses</b>	<b>5,523</b>	<b>5,426</b>	<b>6,027</b>	<b>5,789</b>	<b>21,946</b>	<b>22,765</b>
Administrative Expenses - Products	2,741	2,864	3,381	3,091	9,654	12,077
Administrative Expenses - Services	2,782	2,562	2,646	2,698	12,292	10,688
<b>Management Fees</b>	<b>872</b>	<b>720</b>	<b>1,824</b>	<b>1,335</b>	<b>3,842</b>	<b>4,751</b>
<b>Total Expenses</b>	<b>8,881</b>	<b>8,717</b>	<b>10,447</b>	<b>9,702</b>	<b>35,005</b>	<b>37,747</b>

### Sales Expenses

In 2022, the Company's business expenses totaled R\$ 10.2 million versus R\$ 9.2 million in 2021. The increase was mainly to support sales growth and the evolution of logistics costs and commissions.

### Administrative Expense

Administrative expenses totaled R\$ 22.8 million in 2022. The increase of 3.7% compared to the year 2021 is due, substantially, to expenses with municipal taxes previously exempted.

### Management Compensation

The amount presented is composed of fixed and variable remuneration. In 2022, variable compensation was calculated and credited for the year 2021 and the 2020 Long-Term Incentive Plan.

### **Other Revenues and Operational (Expenses)**

<b>Other Operating (Expenses) (R\$ thd)</b>	<b>1Q22</b>	<b>2Q22</b>	<b>3Q22</b>	<b>4Q22</b>	<b>2021</b>	<b>2022</b>
Products	95	(721)	(933)	(4,722)	(3,779)	(6,281)
Expenses with Idleness - Products	(2,953)	(5,029)	(4,708)	(5,870)	(13,325)	(18,560)
Services	406	(1,152)	(182)	(20,888)	(21,992)	(21,816)
Expenses with Idleness - Services	(19)	(6)	(5)	-	(187)	(31)
<b>Total</b>	<b>(2,471)</b>	<b>(6,908)</b>	<b>(5,828)</b>	<b>(31,480)</b>	<b>(39,283)</b>	<b>(46,687)</b>

In 4Q22, R\$ 7.8 million were recorded as "Other Operating Income" against R\$ 39.3 million as "Other Operating Expenses", totaling a net effect of R\$ 31.5 million. The following factors stand out:

- I. R\$ 4.2 million of negative net effect on the disposal of fixed assets;
- II. R\$ 4.1 million of recognition of depreciation of real estate as investment property to meet business combination accounting standards;
- III. R\$ 11.9 million from the recognition of impairment on other assets;
- IV. R\$ 5.8 million in idle production expenses;
- V. R\$ 1.0 million corresponding to the negative net effect arising from the recognition of taxes and recovery of taxes, and adjustments of credit balances with the client;
- VI. R\$ 4.8 million with obsolescence and extraordinary losses with inventories;
- VII. R\$ 0.3 million corresponds to the positive net effect by updates of contingent processes according to the analysis of the legal advisors.

### **Financial Result**

<b>Financial Results (R\$ thd)</b>	<b>1Q22</b>	<b>2Q22</b>	<b>3Q22</b>	<b>4Q22</b>	<b>2021</b>	<b>2022</b>
Financial Revenue*	2,498	11,001	2,885	3,139	44,486	19,523
Financial Expense*	(19,620)	(5,138)	(6,453)	(14,448)	(23,310)	(45,659)
<b>Net Financial Results*</b>	<b>(17,122)</b>	<b>5,863</b>	<b>(3,568)</b>	<b>(11,309)</b>	<b>21,176</b>	<b>(26,136)</b>
Net Exchange Variance	33,171	(19,885)	(4,745)	7,298	(14,101)	15,839
<b>Net Financial Results - Total</b>	<b>16,049</b>	<b>(14,022)</b>	<b>(8,313)</b>	<b>(4,011)</b>	<b>7,075</b>	<b>(10,297)</b>

\* Excluding Exchange Variance

The Company's total net financial result in 4Q22 was negative by R\$ 4.0 million and has as main effect the updating of interest and fines on taxes, suppliers and loans. Comparing to 3Q22, the net financial result was 48% lower than in 3Q22 due to the fact that the exchange rate variation was positive in 4Q22.

In the year-on-year comparison, in 2022 the total financial result was negative in R\$ 10.3 million versus a positive result of R\$ 7.1 million in 2021. It is important to mention that on the previous year was recorded the gain on the legal arbitration for the breach of non-competition agreement signed at the time of the acquisition of the Mooring Ropes unit.

It is important to remember that exchange rate variations are predominantly the result of their incidence on balances between companies of the group abroad. The exchange rate oscillation affects in the opposite direction the translation into Brazilian Reais (BRL) of the equity of these entities, so that there are exchange rate variations recorded directly in the company's equity, without going through profit and loss accounts.

### Adjusted EBITDA from Operations

EBITDA Adjusted (R\$ thd)	1Q22	2Q22	3Q22	4Q22	2021	2022
<b>Products</b>	<b>2,113</b>	<b>2,767</b>	<b>1,201</b>	<b>(150)</b>	<b>8,923</b>	<b>5,931</b>
Margin	7.1%	10.9%	4.1%	-0.6%	9.6%	5.4%
<b>Services</b>	<b>(2,413)</b>	<b>(2,807)</b>	<b>(1,976)</b>	<b>(2,085)</b>	<b>(9,692)</b>	<b>(9,281)</b>
Margin	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>(300)</b>	<b>(40)</b>	<b>(775)</b>	<b>(2,235)</b>	<b>(770)</b>	<b>(3,349)</b>
Margin	-1.0%	-0.2%	-2.6%	-8.8%	-0.8%	-3.0%

Adjusted EBITDA for Products in the quarterly comparison decreased, mainly due to the decline in sales margins.

In the year-on-year comparison, although the volume of sales increased, there was a reduction in the margins of the period. This reduction is a consequence of the increase in raw material costs and logistics due to the post-pandemic inflationary surge.

Services Adjusted EBITDA is composed of legacy management costs.

Adjusted Ebitda Reconciliation (R\$ thd)	1Q22	2Q22	3Q22	4Q22	2021	2022
Gross Profit	6,754	6,816	6,490	5,187	25,243	25,247
SG&A	(8,009)	(7,997)	(8,623)	(8,368)	(31,163)	(32,997)
Management Compensation	(872)	(720)	(1,824)	(1,335)	(3,842)	(4,751)
Depreciation and Amortization	1,307	1,244	1,569	5,392	5,431	9,512
Other Operating Expenses	(2,470)	(6,909)	(5,828)	(31,480)	(39,283)	(46,687)
<b>Ebitda</b>	<b>(3,290)</b>	<b>(7,566)</b>	<b>(8,216)</b>	<b>(30,604)</b>	<b>(43,614)</b>	<b>(49,676)</b>
Result of disposal or write-off of assets	325	2,111	(1,189)	16,079	7,926	17,326
Provisions for Legal Proceedings	(600)	(593)	1,652	(337)	(948)	122
Idle expenses	2,637	5,231	4,200	5,870	11,190	17,938
Expenses with Restructuring and Other Extraordinary Expenses	628	777	2,778	6,757	24,677	10,940
<b>Adjusted EBITDA</b>	<b>(300)</b>	<b>(40)</b>	<b>(775)</b>	<b>(2,235)</b>	<b>(770)</b>	<b>(3,349)</b>



4Q22

Reconciliation of Adjusted Ebitda (RS thd)	Products	Services	Total
Gross Profit	5,197	(10)	5,187
SG&A	(5,670)	(2,698)	(8,368)
Management Compensation	(934)	(401)	(1,335)
Depreciation and Amortization	930	4,462	5,392
Other Operating Expenses	(10,592)	(20,888)	(31,480)
<b>Ebitda</b>	<b>(11,069)</b>	<b>(19,535)</b>	<b>(30,604)</b>
Result of disposal or write-off of assets	(24)	16,103	16,079
Provisions for Legal Proceedings	(11)	(326)	(337)
Idle expenses	5,870	-	5,870
Restructuring Process and Other Extraordinary Expenses	5,084	1,673	6,757
<b>Adjusted EBITDA</b>	<b>(150)</b>	<b>(2,085)</b>	<b>(2,235)</b>

Non-recurring expenses in 4Q22 refer mainly to the disposal of assets, update of contingent processes, idle production and extraordinary expenses related to judicial reorganization.

### Net Result

Net Result (RS thd)	1Q22	2Q22	3Q22	4Q22	2021	2022
Result Before Income Tax and Social Contribution	11,452	(22,832)	(18,098)	(40,007)	(41,971)	(69,485)
Income Tax and Social Contribution - Current	(6)	-	-	6	(4)	-
Income Tax and Social Contribution - Deferred	3,470	(822)	13	121,690	635	124,351
<b>Net Profit for the Period</b>	<b>14,916</b>	<b>(23,654)</b>	<b>(18,085)</b>	<b>81,689</b>	<b>(41,340)</b>	<b>54,866</b>
Profit (Loss) per 1,000 Shares	1.15	0.40	0.05	4.61	(1.42)	1.81

The positive net result obtained in 4Q22 and in fiscal year 2022 is mainly influenced by the registration to the deferred income tax and social contribution account of credits arising from estimated recoverability of tax carryforwards subject to offsetting with future estimated taxable income, in the amount of R\$ 103,000.

### Working Capital

Working Capital (RS thd)	2021	2022
Accounts Receivable	20,943	27,128
Inventories	41,127	39,247
Advances of suppliers	5,669	6,703
Recoverable taxes	64,608	51,160
Other Accounts Receivable	33,377	4,549
<b>Total Asset</b>	<b>165,724</b>	<b>128,787</b>
Suppliers	11,171	16,936
Advances from Customers	9,237	8,037
Taxes payable	17,793	25,977
Other Accounts Payable	2,792	5,698
Payroll and charges	4,519	5,603
<b>Total Liabilities</b>	<b>45,513</b>	<b>62,251</b>
<b>Working Capital Employed</b>	<b>120,211</b>	<b>66,536</b>
Working Capital Variation	61,964	(53,675)

In the comparison of 2022 with 2021, there is a reduction in working capital employed. Such reduction is mainly due to: (i) variation in taxes to be recovered, due to the estimate of loss due to non-recoverability - (impairment) on collection and recovery of credit, (ii) classification for the

long term of the amount receivable related to the arbitration procedure of Cordoaria São Leopoldo Ltda (value classified in the account – Other Accounts Receivable), and (iii) the increase in taxes to be collected due to the re classification to the short term, following the adherence to the "QuitaPGFN" amnesty.

### Cash and Financial Investments

Cash and cash equivalents (R\$ thd)	2021	2022
Cash and Cash Equivalents	19,176	13,171
<b>Total</b>	<b>19,176</b>	<b>13,171</b>

The Company's consolidated Cash position and Financial Investments in 2022 reached R\$ 13.2 million compared to R\$ 19.2 million in 2021.

### Indebtedness

Debts (R\$ thd)	2021	2022
<b>Short Term</b>	<b>38,231</b>	<b>54,308</b>
Credits subject to Judicial Recovery	3,361	4,331
Credits not subject to Judicial Recovery	34,870	49,977
<b>Long Term</b>	<b>90,587</b>	<b>101,346</b>
Credits subject to Judicial Recovery	90,587	95,526
Credits not subject to Judicial Recovery	-	5,820
<b>Total Debts</b>	<b>128,818</b>	<b>155,654</b>
Cash and Cash Equivalents	19,176	13,171
<b>Net Debt</b>	<b>109,642</b>	<b>142,483</b>

The increase in financial indebtedness between 2022 and 2021 is due to the raising of funds from financial institutions to finance the expansion of activity.

### Investment

Investments (R\$ thd)	2021	2022
Others Investments	21,942	21,942
Fixed Assets	147,474	138,386
Intangible Assets	84,745	83,749
<b>Total</b>	<b>254,161</b>	<b>244,077</b>

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

**Annexes**
**Annex I - Income Statements (R\$ Thousand)**

	<b>2021</b>	<b>2022</b>
Net Revenue From Sales	93,553	110,390
Cost of Goods and Services Sold	(68,310)	(85,143)
Gross Profit	25,243	25,247
Operating Income/Expenses	(74,288)	(84,435)
Selling	(9,217)	(10,232)
General and Administrative	(21,946)	(22,765)
Management Fees	(3,842)	(4,751)
Other Operation Income (Expenses)	(39,283)	(46,687)
Net Financial Result	7,075	(10,297)
Financial Income	44,486	13,161
Financial Expenses	(23,310)	(39,297)
Net Exchange Variance	(14,101)	15,839
<b>Loss Before Income Tax and Social Contribution</b>	<b>(41,970)</b>	<b>(69,485)</b>
Provision Income Tax and Social Contribution - Current	(4)	-
Provision Income Tax and Social Contribution - Deferred	634	124,351
<b>Gain (Loss) for the Period</b>	<b>(41,340)</b>	<b>54,866</b>

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

	<b>2021</b>	<b>2022</b>
Adjusted EBITDA from Operations	(770)	(3,349)
Expenses with Restructuring and Other Extraordinary Expenses	(24,675)	(10,940)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	(6,978)	(17,448)
<b>EBITDA from Operations</b>	<b>(32,424)</b>	<b>(31,738)</b>
Depreciation and amortization	(5,431)	(9,512)
Net Financial Result	7,075	(10,297)
Income Tax and Social Contribution - Current and Deferred	630	124,351
Idleness Expenses	(11,190)	(17,938)
<b>Net Income (Loss)</b>	<b>(41,340)</b>	<b>54,866</b>

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

	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Total Asset</b>	<b>503,026</b>	<b>573,102</b>
<b>Current Assets</b>	<b>231,140</b>	<b>181,288</b>
Cash and Cash Equivalents	19,176	13,171
Accounts Receivable	20,943	27,128
Inventories	41,127	39,247
Recoverable Taxes	64,608	51,160
Other Accounts Receivable	33,377	4,549
Prepaid Expenses	278	716
Advances to Suppliers	5,669	6,703
Assets Classified as Held for Sale	45,962	38,614
<b>Non-Current Assets</b>	<b>271,886</b>	<b>391,814</b>
Securities-restricted	44	44
Judicial Deposits	10,457	7,640
Impostos a Recuperar	1,133	1,831
Deferred Income Tax and Social Contribution	-	103,000
Other Accounts Receivable	6,091	35,222
Investments	21,942	21,942
Property, Plant and Equipment	147,474	138,386
Intangible Assets	84,745	83,749
<b>Total Liabilities and Shareholders Equity</b>	<b>503,026</b>	<b>573,102</b>
<b>Current Liabilities</b>	<b>85,303</b>	<b>118,650</b>
Suppliers - Not Subject to Judicial Recovery	6,047	10,748
Suppliers - Subject to Judicial Recovery - Class I	365	364
Suppliers -Subject to Judicial Recovery	4,759	5,824
Loans and Financing - Not Subject to Judicial Recovery	34,870	49,977
Loans and Financing - Subject to Judicial Recovery	3,361	4,331
Provisions Payroll and Payroll Payable	4,519	5,603
Commissions Payable	364	326
Taxes Payable	17,793	25,977
Obligations and Provisions for Labor Risks - Subject to Judicial	395	1,144
Advances from Customers	9,237	8,037
Other Accounts Payable	2,792	5,698
Provision for Contratual Fines	801	621
<b>Non-Current Liabilities</b>	<b>272,652</b>	<b>266,746</b>
Suppliers - Subject to Judicial Recovery	55,524	59,788
Loans and Financing - Subject to Judicial Recovery	90,587	95,526
Loans and Financing - Not Subject to Judicial Recovery	-	5,820
Taxes Payable	36,067	20,522
Deferred Income Tax and Social Contribution	46,984	46,208
Provision for Contingencies	33,786	32,915
Obligations and Provisions Labor Risks - Subject to Judicial	4,510	2,836
Other Accounts Payable	5,194	3,131
<b>Shareholders' Equity</b>	<b>145,071</b>	<b>187,706</b>
Capital Stock	1,897,348	1,898,871
Capital reserve	3,612	2,967
Capital Transaction Reserve	136,183	136,183
Equity Valuation Adjustment	204,671	191,562
Accumulated Losses	(2,096,743)	(2,041,877)

**Annex IV – Statements of the Consolidated Cash Flow (RS Thousand)**

	<b>2021</b>	<b>2022</b>
<b>Cash Flow from Operating Activities</b>		
Profit (loss) for the periods	(41,340)	54,866
Adjustments:		
Depreciation and Amortization	5,432	9,512
Income from sale of property, plant and equipment	(10,524)	7,675
Financial charges and exchange variation on financing	28,272	8,913
Reversal (Provision) for loss due to non-recoverability of assets	16,222	(7,614)
Deferred Income Tax and Social Contribution	(10,208)	(103,000)
Inventory obsolescence	17	(2,231)
(Reversal) Estimated losses for doubtful accounts	(156)	(1,685)
Actual losses with doubtful accounts	9	1,034
Adjust to present value	(10,755)	10,669
Fair value adjustment	43,605	(13,605)
Changes in Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(1,574)	(5,683)
(Increase) Decrease in Inventories	(9,212)	4,111
(Increase) Decrease in Recoverable Taxes	(486)	11,966
(Increase) Decrease in Other Assets	(16,588)	967
(Increase) Decrease in Suppliers	(96)	2,728
(Increase) Decrease in Taxes Payable	9,967	(15,762)
(Increase) Decrease in Others Accounts Payable	(17,217)	12,622
<b>Net Cash Flow from Operating Activities</b>	<b>(14,632)</b>	<b>(24,517)</b>
<b>Cash Flow from Investment Activities</b>		
Short Liabilities	(4,280)	-
Investment property	6,428	-
Securities - restricted account	309	383
Resources from the sale of fixed assets	27,329	6,399
Aquisition of Property, Plant and Equipment	(25,796)	(1,847)
Aquisition of Intangible Assets	(76)	(62)
<b>Net Cash Flow from (Used in) Investment Activities</b>	<b>3,914</b>	<b>4,873</b>
<b>Cash Flow from Financing Activities</b>		
Borrowing and financing	108,752	144,710
Capital increase (decrease)	4,185	1,523
Debentures Convertible into Shares	(1,037)	-
Payment of loans and financing	(103,021)	(132,594)
<b>Net Cash Flow from Financing Activities</b>	<b>8,879</b>	<b>13,639</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,839)</b>	<b>(6,005)</b>
At the Beginning of the Period	21,015	19,176
At the End of the Period	19,176	13,171

## About Lupatech

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