LUPATECH

2Q24 Results

21/Ago/2024

Disclaimer

- The information contained in this presentation relating to business prospects and projections of operating and financial results are merely estimates and, as such, are based mainly on the beliefs and assumptions of the Company's management and do not constitute a promise of performance. These estimates are subject to various risks and uncertainties as well as general economic conditions, in addition to the dynamics of its markets and operations, in accordance with the information available in the market to date and take into account the existence of usual lines of financing for this type of business.
- As a result, these estimates depend substantially on market conditions, the performance of the Brazilian economy, the business sectors in which the Company operates and international markets, and are therefore subject to change without prior notice. Due to these uncertainties, investors should not make any investment decision based solely on these estimates and statements about future operations. Any change in perception or in the aforementioned factors may cause actual results to differ from the projections made and disclosed.

Highlights

Key figures

Gross Revenues

R$ 41 MM

170 MM annualized

Net Revenues

R$ 34 MM

vs. 35 MM 1T24 e 20 MM 2T23

Gross Profit

R$ 7 MM

vs. 4 MM 2T23 (+70%)

EBITDA

R$ 0,3 MM, adjusted

vs. -R$2,6MM 2Q23

EBITDA Margin

1%, adjusted

vs. -13% 2Q23

Order Intake

R$ 41,4 MM

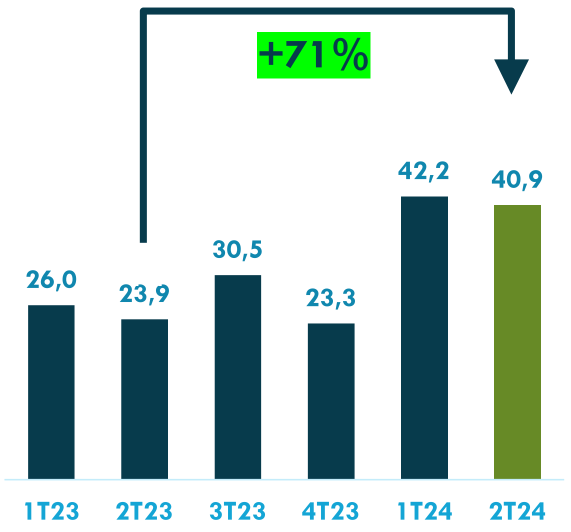
vs. R$ 31,9 MM 2Q23

Sales and Financial Performance

In the period, are Worth highlighting the increased sales and profitability

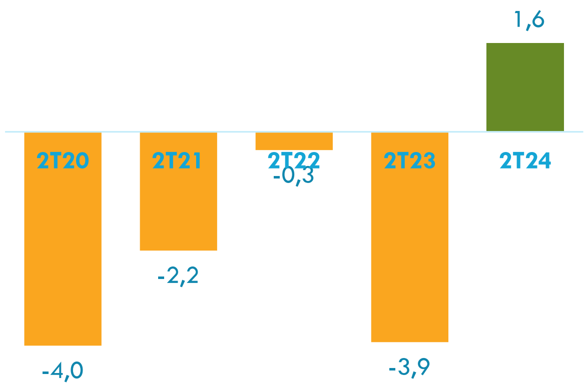
Gross Revenues
71% growth YoY

Quarterly Gross Sales in BRL million



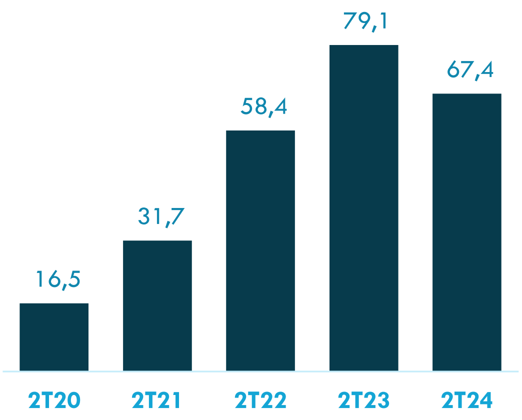
Positive total adj. Ebitda

Adj. EBITDA Acum. In BRL million



Order Backlog maintained

Order Backlog in BRL million



Material Facts Published

Prorrogation of contracts, new orders, tax amnesty, asset sales

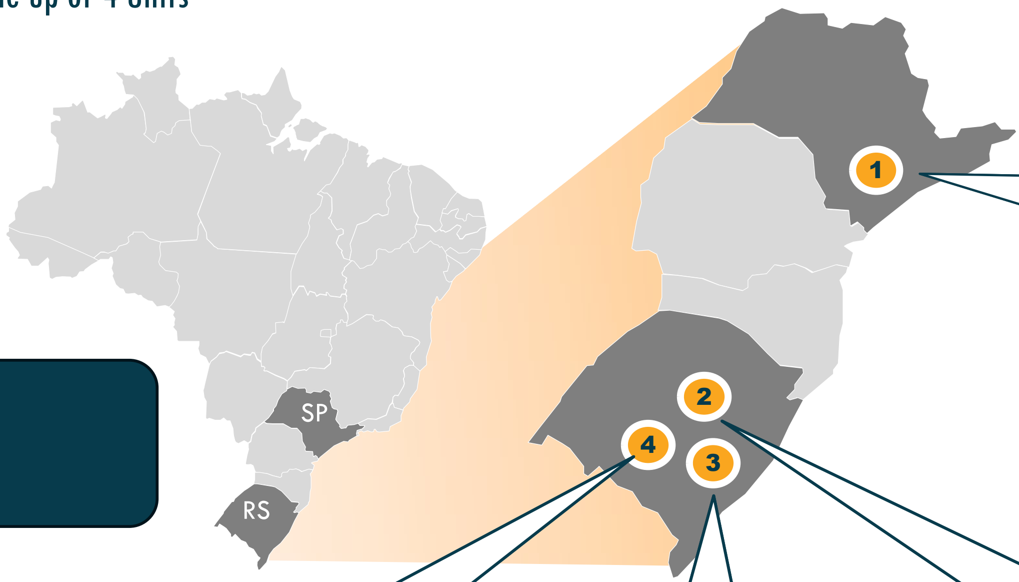
PETROBRAS **Prorrogation of supply contracts** **Up to R$126,3 million** **Extended for 12 months** Valves	PETROBRAS **New valve order** **R$19,0 million** **Fimr orders to be delivered within 12 monhts** Valves
SÃO PAULO GOVERNO DO ESTADO **Agreement on Sales Tax Litigation** State of São Paulo **Down from R$35,5M to R$7,5M** **Payable in 120 installments**	LUPATECH **Sale of non operating equipment** Services Business Unit **R$7,7M cash** **Cash boost**

Industrial Footprint

Industrial Plants

Lupatech occupies a relevant position in the Valves, Mooring Ropes and Composites market, with one of the largest manufacturing facilities in Latin America, made up of 4 Units

Land 339 th m²
Shop Flooer 61 th m²



Nova Odessa, SP

Oil & Gas Valves

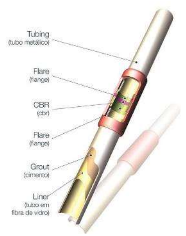
Veranópolis, RS

Industrial Valves

Castings

Feliz , RS

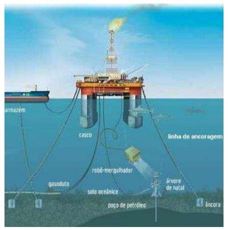
Tubes



Poles

São Leopoldo, RS

Mooring Ropes



148 th m^2 land
27 th m^2 shop floor

NOVA ODESSA PLANT

OIL & GAS VALVES

[LINK]

160 th m^2 land
16 th m^2 shop floor

VERANÓPOLIS

INDUSTRIAL VALVES

[LINK]

17 th m^2 land
12 th m^2 shop floor

SÃO LEOPOLDO PLANT

MOORING ROPES

[LINK]

14 th m^2 land
6 th m^2 shop floor

FELIZ PLANT

COMPOSITES

[LINK]

Lupatech Products and Markets

Lupatech´s Businesses

Lupatech's two main markets are valves and synthetic fiber products. In the metal-mechanical field, the company also manufactures technical parts for third parties.

1

Valves

- Largest valve manufacturer in Latin America
- Operates in the Oil & Gas sector and in various industry segments

2

High-performance synthetic fiber products

- Solutions based on high-performance synthetic fibers
- Main markets energy and O&G/naval industries:
  - Mooring ropes for oil platforms and naval mooring
  - Fiberglass products: pipes and poles

Valve Types

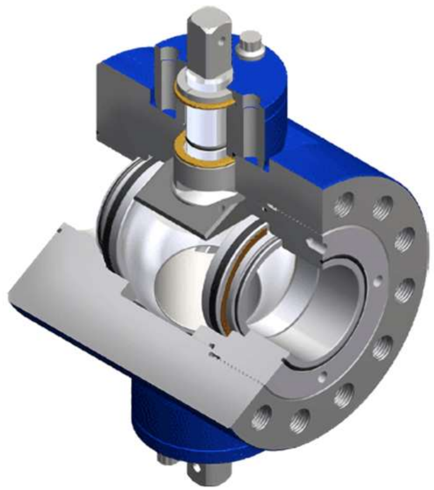
The main type of valve supplied by Lupatech is the "Ball" type. The company also supplies other types, such as Globe, Gate and Butterfly. We supply these valves in various steel alloys and with the most diverse drives.

Main types of valves (stop, check and control)

Globe

Gate

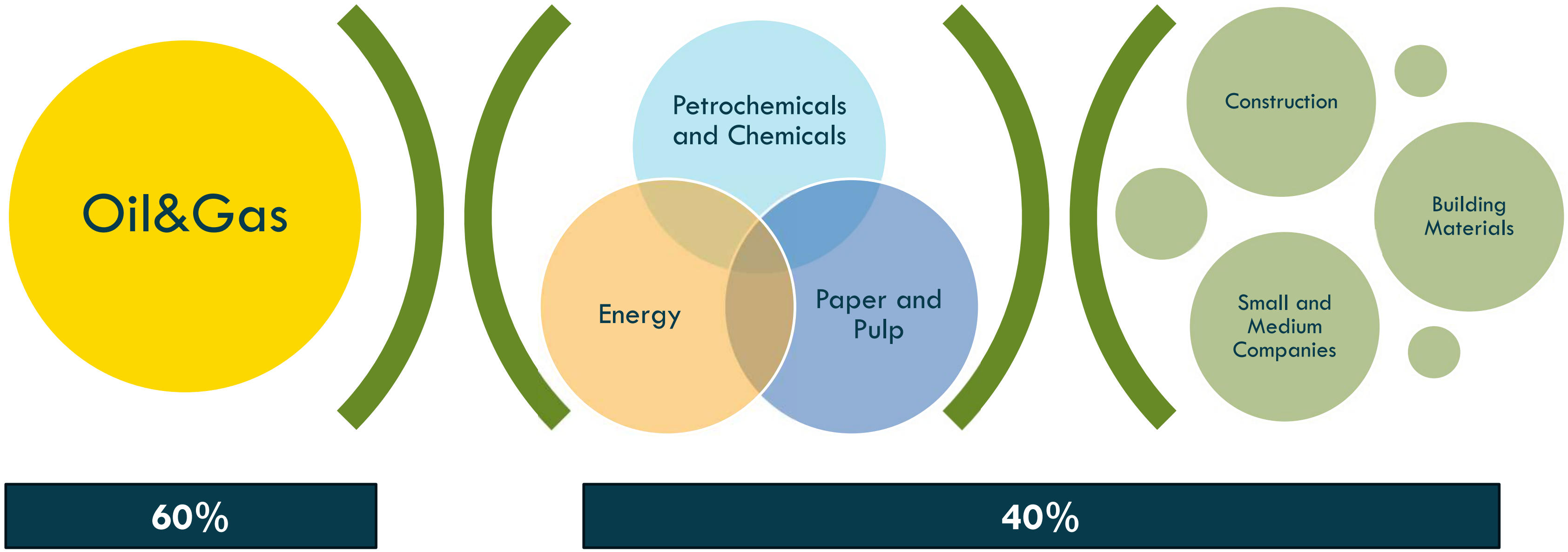
Ball



Butterfly

Market Segmentation

The Oil & Gas business accounts for around 60% of the demand for valves, while industry and construction account for around 40% internationally.



Market Approach

Lupatech approaches each sector/segment with specific marketing strategies. The Construction and Assembly market is mainly served by the Mipel brand and standardized products. Industry is served by Valmicro, which offers customization. The Oil & Gas business is served by the MNA and Tecval brands.

PRODUCT COMPLEXITY>>

	Construction	Industry	Oil&Gas
BRANDS	**Mipel**	**Valmicro**	**MNA & Tecval**
CHARACTERISTICS	Standard products with low customization Basic specs	Level of customization and specifications vary widely according to industry use	Stricter levels of specification and customization Large part of demand met to order
DISTRIBUTION	Indirect channels	Direct sales	Direct Sales
CRITICAL SUCCESS FACTORS	Convenience and availability	Quality, supply spectrum, agility, customer service.	Engineering, quality, supply spectrum, customer service

Productive Strategy

Each market is served with the most appropriate production strategies, aimed at satisfying customers in terms of cost and delivery time.
There are 3 types of manufacturing strategy: in-house serialized, in-house made to order and outsourced to Lupatech specifications.

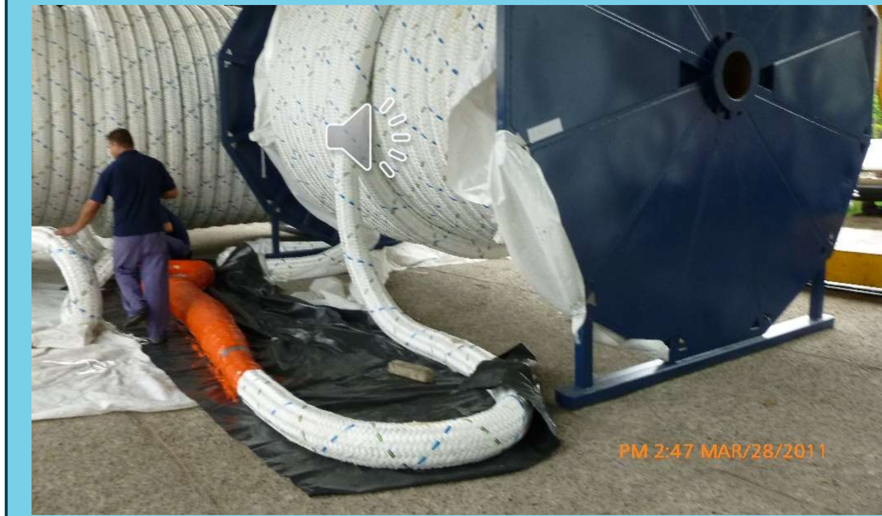
		Construction	Industry	Oil&Gas
1	OEM Manufacturing (China) under Lupatech specs	◕		
2	Own manufacturing, large lots, verticalization on key components	◔	●	◔
3	Own manufacturing, made to order, components outsourced			◕

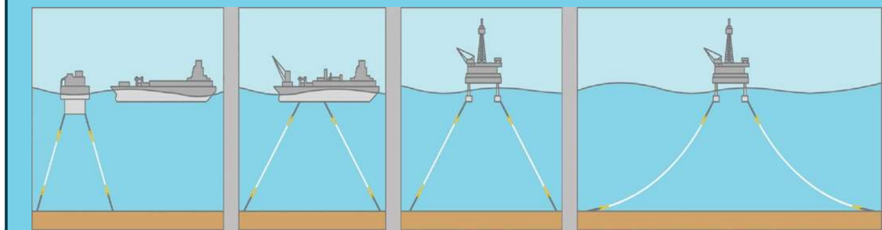
High Performance Synthetic Fiber Products

The company supplies tubular products in resin and fiberglass composite materials, as well as ropes for various applications. These include tubes for coating oil pipes, offshore anchor cables and power poles.

Composites – Poles and tubing liners

Mooring and naval ropes





Trajectory

Timeline

Lupatech has more than 40 years of experience as an industrial company, accompanied by a significant presence in the capital markets.

Focus only on manufacturing businesses
Promising business cycle in the 2024-28E period

Entry and Exit of Oilfield Services Business

	1987 **1º** **Investment** **CRP**	**1995** **2º** **Investment** **Advent**	**2003** **3º** **Investment** **BNDES-GP**	**2005** **4º** **Investment** **Axxon**	**2006** **IPO** **Debentures**	**2007-08** **Perpetual** **Bonds**		**2012** **Capital** **increase**	**2014** **Debt to** **equity** **conversion**	**2015** **Court** **supervised** **Restruct.**		**2023** **End of Court** **Sup.** **Restruct.**
1980 Creation of Microinox	**1984** Creation of Valmicro	**1995** Creation Steelinject	**2000** Acquisition of MNA	**2005** Acquisition of Carbonox	**2006** Acquisition of Mipel	**2007** Acquisition of CSL	**2008** Acquisition of Fiberware, Tecval	**2010** Creation Fiber Liners	**2012** Merger w/ San Antonio	**2014** Sale of Argentinean companies	**2018** Exit of Services Brazil	**2019** Sale of Lupatech OFS Colombia

A process of growth and consolidation supported by a series of fundraisings with PE funds

Insertion into the capital market, with listing of shares under the ticker Lupa3 (Novo Mercado) and issues in the debt market (local and international)

Through the judicial reorganization, the company restructured its liabilities, divested itself of foreign businesses and non-strategic investments

2006-2015: From the IPO to Judicial Reorganization

Excessive leverage, expensive acquisitions, failure in the oil services business

2006	IPO	▪ IPO in 2006 ▪ R$ 155M cash in + R$ 274M cash out	▪ Exit of PE investors ▪ Too little cash in
2006 A 2011	M&A vs. Leverage	▪ 17 acquistions = R$ 733M ▪ Debt financed expansion: R$ 1,2B – Debentures: R$230M – Bonds: US$275M	▪ High leverage ▪ Asset acquired at market peak
2012	San Antonio Merger	▪ San Antonio Merger ▪ Insufficient Recapitalization (R$375M)	▪ Net Liabilities merged ▪ Colapse of Lupatech factories ▪ Stranglement of working capital ▪ Default on investment obligations
2014	Debt to Equity Conversion	▪ *Debt to equity* conversion - 85% of financial debt ▪ Terms extended to 8 years ▪ Sale of foreign subsidiaries	▪ Deal signed Sep/2014 ▪ Sep-Dec/2014 = oil down 50% + “CarWash” scandal ▪ Buyer of key asset desists
2015	Judicial Reorganization	▪ Restructuring of liabilities ▪ Operational reorganization	▪ Divestment of Oilfield Services ▪ Focus in Manufacturing

2015-2023: Judicial Reorganization

The Restructuring aimed to reduce and reschedule indebtedness, divest the Oil Services business and recover various assets.

Debt Restructuring

- Sep/2014 - Out-of-court reorganization: conversion of 85% of the financial debt into equity and rescheduling of the balance
- Oct/2014 - Oil price collapse and Petrobras crisis made the out-of-court plan unfeasible.
- May/2015 - Judicial recovery: reorganization of financial, supplier and labor liabilities.

Divestments and Strategic Repositioning

- Exit from the oil services business: contain losses and generate cash
- Closure of the Services operation in Brazil (1,800 redundancies) and sale of Colombia
- Sale of industrial assets in Argentina and minority stake in Vicinay Marine
- Focus on industrial business in Brazil

Management of Contingent Assets and Liabilities

- Measures to contain and reduce labor and tax liabilities
- Initiatives to recover relevant assets:
  - Tax credits
  - Compensation from sellers of acquired companies
  - Customer credits

Before vs. After Restructuring

At the end of the restructuring, Lupatech was left with a significant set of monetizable assets that have been contributing to working capital growth and debt servicing

Sources to finance the recovery and debt servicing

2T 2014

Assets

Cash = zero

Liabilities

Debt = 1.800

Contingencies= 96

Equity

805 negative

4T 2023

Assets

Cash = 20

Assets to be monetized:

- Equipment for sale: 21
- Taxes to recover: 53
- Other receivables[1]: 33
- Legal claims[1]: 21
- Real estate[2]:120
- Tax losses to be offset[3]: 1.9 billion

Liabilities

Debt (restructured + new) = 218

Provisões Contingências = 33

Equity

160 positive

Schematic diagram for illustrative purposes only.
In R$ million unless specified
Approximate indicative figures. Incomplete data. Only intended to facilitate understanding of the company.
Should be analyzed in conjunction with the financial statements

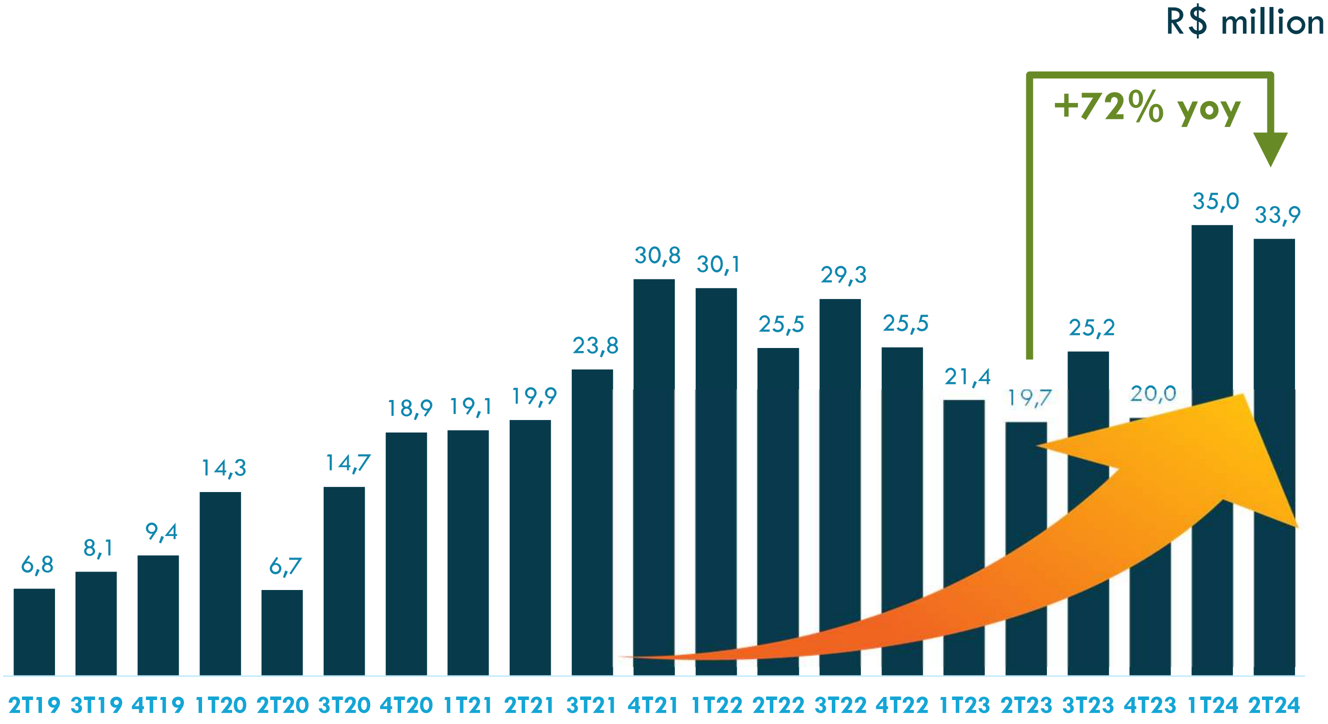
[1]CSL arbitration proceedings and contingent tax assets
[2]Property with potential sale or sale-leaseback (Nova Odessa, SP; Caxias do Sul; Feliz, RS)
[3]Tax credits, partially off balance due to impairment

Operational Performance

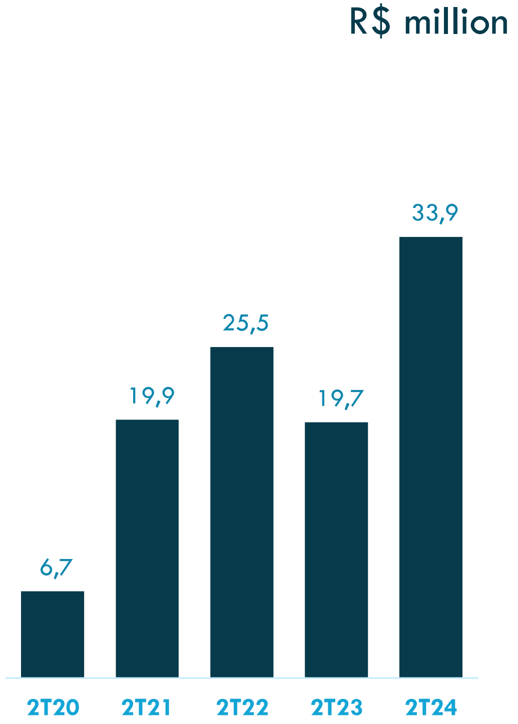
Net Sales

The company's Net Revenue grew 72% compared to the previous quarter, sustaining the level reached in 1Q24, despite the impact of the floods in Rio Grande do Sul, where we have 3 plants.

Quarterly Progress



Quarterly Net Sales

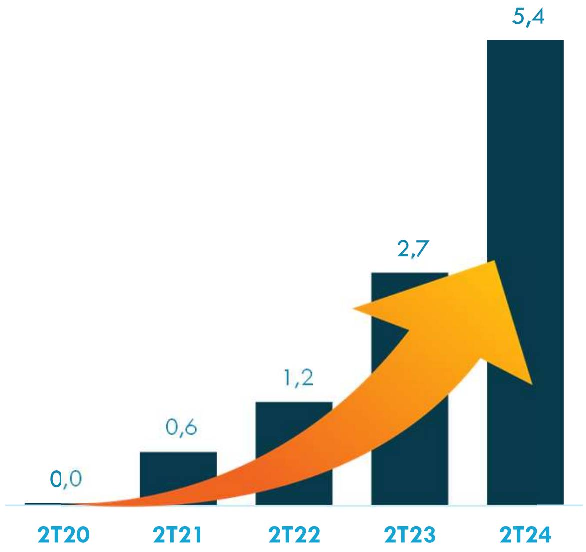


Net Sales – Ropes and Composites

Lupatech has been rehabilitating its Cables and Composites business. Net revenue reached R$5.4 million in 1H24, doubling compared to the previous year, despite the weather catastrophe in Rio Grande do Sul.

Annual Progress (YTD Net Sales)

R$ million



Perspectives

Ropes

- Expansion of naval ropes (hawser and mooring)
- Search for the resumption of the offshore mooring business (FPSOs)

Poles

- Effective technical approval in 4 groups of concessionaires, enabling them to purchase.

Tube Liners

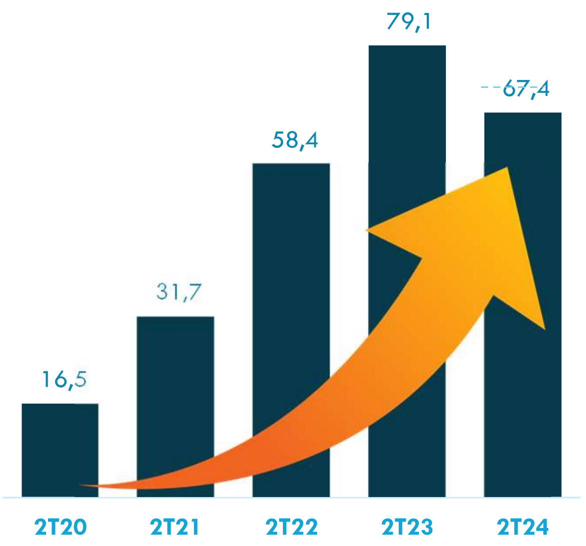
- Resumption of onshore E&P activity
- Export orders

Firm Order Backlog

The order backlog was sustained in 2Q24, closing at the same level as in 1Q24. The balance of contracts without purchase obligations grew by 13% over the first quarter.

Firm Order Backlog

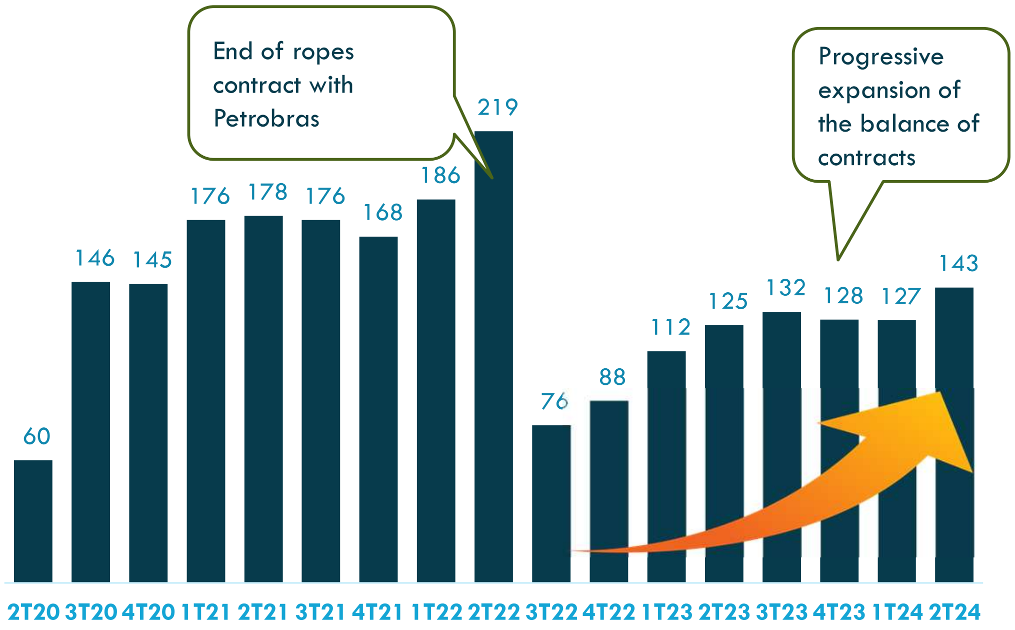
R$ million



Contract Backlog

w/ or w/o Purchase obligation

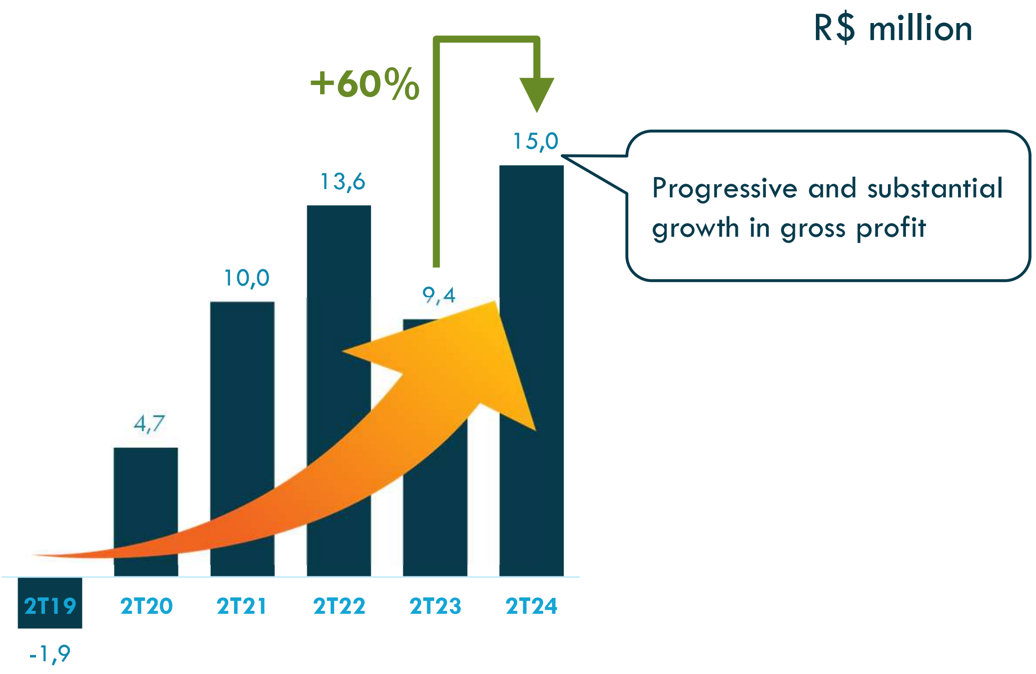
R$ million



Sales Profitability

Gross Profit rose in line with revenue growth, despite the impact of currency devaluation on imported raw material costs during 2Q23.

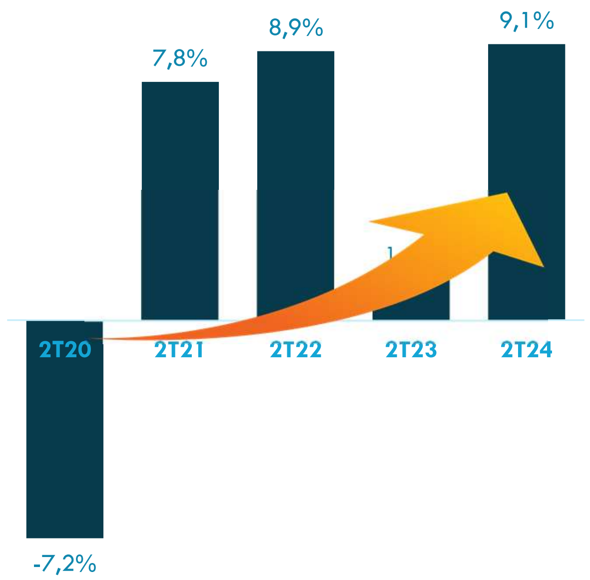
Gross Profit- YTD



Profitability – Adjusted EBITDA Product Segment

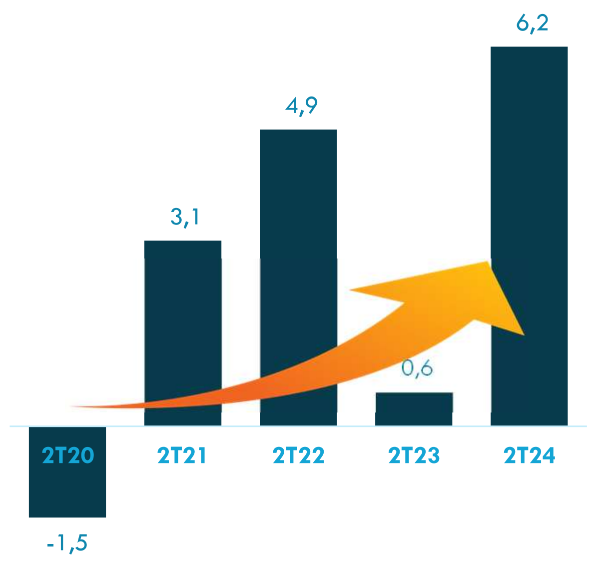
Adjusted EBITDA for Products grew significantly, registering the highest figure in the last 5 years, with a significant margin of 9.1% on net revenue.

Adjusted EBITDA Margin Products – YTD



Adjusted EBITDA Products – YTD

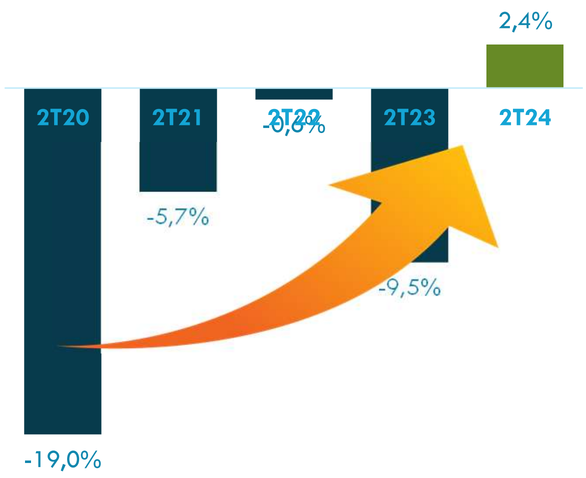
R$ million



Profitability – Total Adjusted EBITDA

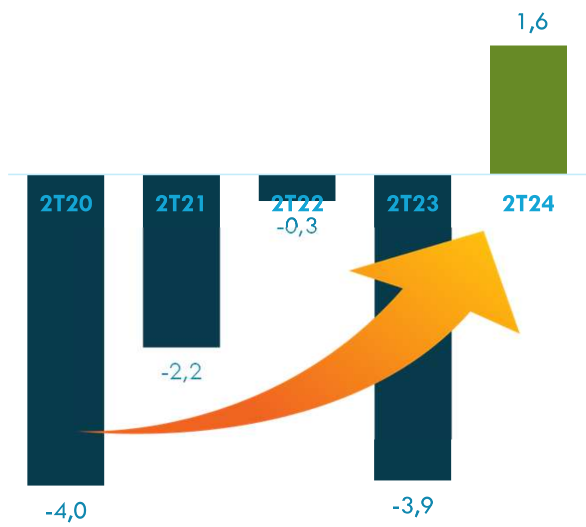
Total Adjusted Ebitda reached positive R$ 1,6 million accumulated for the year

Total EBITDA Margin – Year to date



Total EBITDA – Year to date

R$ million

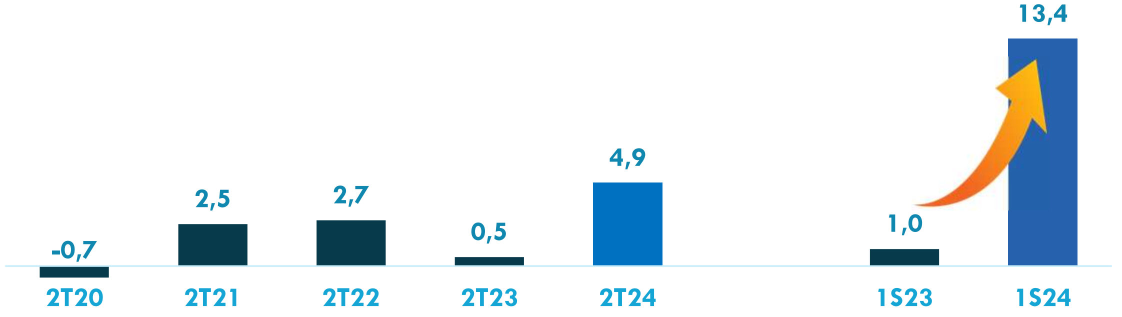


Reduction of Idleness

Volume growth has enabled reduction of idle labor

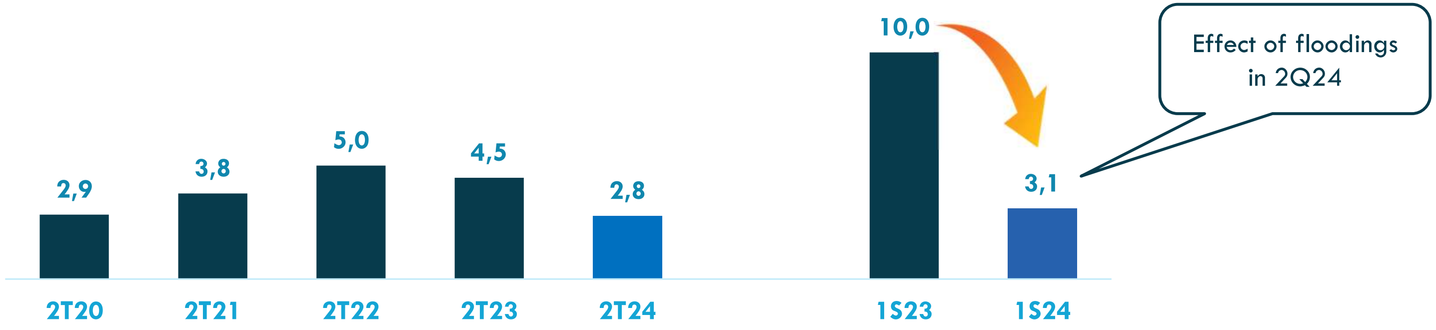
"Effective Gross Gains" = Gross Profit (+) Depreciation (–) Idleness Expenses²

R$ million



Idleness

R$ million



¹Depreciation booked to cost only
²Alocated to Other Operating Expenses

Q&A

Thank you!