

**Padtec Holding S.A.**

Interim financial statements for the quarter ended  
September 30, 2023, accompanied by the Review  
Report on the Quarterly Information

## **Padtec Holding S.A.**

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## **Report on the Review of Quarterly Information**

To the Shareholders and the Management of  
**Padtec Holding S.A.**  
Campinas - SP

### **Introduction**

We have reviewed the individual and consolidated interim financial information of Padtec Holding S.A. (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2023, which comprises the Balance Sheet as of September 30, 2023 and the respective statements of profit of loss and comprehensive income for the three- and nine-month period then ended and changes in equity and cash flows for the nine-month period then ended, including the accompanying notes.

The Company’s Management is responsible for preparing the individual and consolidated interim financial statements in compliance with Technical Pronouncement CPC 21 (R1) Interim Reporting and International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”), as well as for its presentation in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission (“CVM”), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of the review**

We conducted our review in compliance with Brazilian and international standards for the review of interim financial information (NBC TR 2410 - Interim Financial Information Review Performed by the Entity’s Auditor and ISRE 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, respectively). A review of interim information consists of making inquiries, mainly to persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. The scope of a review is significantly lower than an audit conducted in compliance with audit standards and, accordingly, has not allowed us to obtain assurance that we are aware of all significant matters that could be identified through an audit procedure. Therefore, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim information**

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the aforementioned quarterly information was not prepared, in all material respects, in compliance with Technical Pronouncement CPC 21(R1) and International Standard IAS 34, applicable the preparation of Quarterly Information - ITR and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

### **Other matters**

### **Statement of value added**

The aforementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2023, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. Such statements were submitted to review procedures carried out together with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content comply with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware of any facts that would lead us to believe that these statements of value added were not prepared, in all material respects, in compliance with the criteria defined in this Standard and in a consistent manner in relation to the individual and consolidated interim financial information taken together.

São Paulo, November 09, 2023.



Fernando Radaich de Medeiros  
Accountant CRC 1SP 217.532/O-6

RSM Brasil Auditores Independentes Ltda.  
CRC 2SP-030.002/O-7

The logo for RSM, consisting of three colored squares (grey, green, blue) to the left of the letters "RSM" in a bold, sans-serif font.

## PADTEC HOLDING S.A.

### STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	NOTE	Parent		Consolidated	
		09/30/23	12/31/22	09/30/23	12/31/22
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and cash equivalents	4	-	60	49,304	49,620
Tradable securities	5	-	-	10,940	3,703
Trade accounts receivable	6	-	-	123,333	134,999
Inventories	7	-	-	112,951	93,435
Taxes recoverable	8	1,786	1,788	35,375	34,330
Financial transactions	17	-	-	40,400	41,125
Other credits	9	242	197	7,959	5,494
<b>TOTAL CURRENT ASSETS</b>		<b>2,028</b>	<b>2,045</b>	<b>380,262</b>	<b>362,706</b>
<b>NON-CURRENT</b>					
Trade accounts receivable	6	-	-	15,920	13,267
Restricted financial investments		-	-	1,453	212
Financial transactions	17	-	-	61,139	36,112
Judicial deposit	22.2	473	567	1,066	1,167
Other credits	9	-	-	58	409
		<b>473</b>	<b>567</b>	<b>79,636</b>	<b>51,167</b>
Investments	11.1	172,733	156,847	-	-
Net PPE	12	-	-	38,361	37,571
Net intangible assets	13	24	24	46,404	45,175
		<b>172,757</b>	<b>156,871</b>	<b>84,765</b>	<b>82,746</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>173,230</b>	<b>157,438</b>	<b>164,401</b>	<b>133,913</b>
<b>TOTAL ASSETS</b>		<b>175,258</b>	<b>159,483</b>	<b>544,663</b>	<b>496,619</b>

The notes are an integral part of the individual and consolidated interim financial statements.

## PADTEC HOLDING S.A.

### STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	Note	Parent		Consolidated	
		09/30/23	12/31/22	09/30/23	12/31/22
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Loans and financing	14	-	-	9,704	23,595
Derivative financial instruments	34.1	-	-	1,309	-
Debentures	15	-	-	-	10,517
Lease transactions	16	-	-	6,339	6,044
Suppliers	19	151	80	69,203	68,223
Related parties	10	-	-	93	344
Taxes and contributions payable	20	47	60	8,855	14,541
Taxes and contributions payable - installment payment	21	695	119	1,490	1,931
Labor charges	23	833	285	31,131	22,774
Miscellaneous provisions	22.1	634	713	2,711	2,689
Financial transactions	17	-	-	40,400	41,125
Advances from customers		-	-	8,065	1,458
Other accounts payable		-	-	1,360	355
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,360</b>	<b>1,257</b>	<b>180,660</b>	<b>193,596</b>
<b>NON-CURRENT</b>					
Provision for labor, tax and civil risks	22.2	6,990	9,662	16,529	19,308
Loans and financing	14	-	-	94,629	68,769
Debentures	15	-	-	-	10,440
Suppliers	19	-	-	508	522
Lease transactions	16	-	-	14,205	18,909
Taxes and contributions payable - installment payment	21	-	8	1,455	2,016
Related parties	10	12,596	12,877	-	-
Financial transactions	17	-	-	61,139	36,112
Transactions with senior FIDC quotas	18	-	-	21,415	10,393
Other accounts payable		-	-	875	875
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>19,586</b>	<b>22,547</b>	<b>210,755</b>	<b>167,344</b>
<b>TOTAL LIABILITIES</b>		<b>21,946</b>	<b>23,804</b>	<b>391,415</b>	<b>360,940</b>
<b>EQUITY</b>					
Capital	25.1	199,219	199,211	199,219	199,211
Accumulated losses		(43,692)	(60,780)	(43,756)	(60,780)
Goodwill on capital transaction		599	599	599	599
Other comprehensive income	25.2	(2,814)	(3,351)	(2,814)	(3,351)
<b>TOTAL EQUITY</b>		<b>153,312</b>	<b>135,679</b>	<b>153,248</b>	<b>135,679</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>175,258</b>	<b>159,483</b>	<b>544,663</b>	<b>496,619</b>

The notes are an integral part of the individual and consolidated interim financial statements.

## PADTEC HOLDING S.A.

### STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	Note	Period from July 1 to September 30		Period from July 1 to September 30		Period from January 1 to September 30		Period from January 1 to September 30	
		Parent Company		Consolidated		Parent Company		Consolidated	
		09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
<b>Net operating revenue</b>	27	-	-	<b>103,532</b>	<b>103,096</b>	-	-	<b>279,599</b>	<b>260,745</b>
Cost of goods sold and services provided	28	-	-	(64,337)	(69,806)	-	-	(177,023)	(178,638)
<b>Gross profit</b>		-	-	<b>39,195</b>	<b>33,290</b>	-	-	<b>102,576</b>	<b>82,107</b>
<b>Operating revenues (expenses)</b>									
Administrative expenses	29.1	(901)	(892)	(7,273)	(7,643)	(3,018)	(2,973)	(22,859)	(22,779)
Selling expenses	29.1	-	-	(8,580)	(7,884)	-	-	(26,511)	(24,666)
Research and development expenses	29.1	-	-	(9,670)	(8,941)	-	-	(28,733)	(26,614)
Equity income	11.5	11,479	11,116	-	-	15,349	4,535	-	-
Other operating revenues (expenses), net	29.2	5,597	2,128	5,080	5,302	6,537	2,889	2,412	6,898
<b>Profit before financial income (costs)</b>		<b>16,175</b>	<b>12,352</b>	<b>18,752</b>	<b>14,124</b>	<b>18,868</b>	<b>4,451</b>	<b>26,885</b>	<b>14,946</b>
Net financial result	30	(635)	(134)	(2,203)	(1,906)	(1,780)	(497)	(8,867)	(11,083)
<b>Profit before income tax and social contribution</b>		<b>15,540</b>	<b>12,218</b>	<b>16,549</b>	<b>12,218</b>	<b>17,088</b>	<b>3,954</b>	<b>18,018</b>	<b>3,863</b>
Income tax and social contribution									
Current	31	-	-	(1,009)	-	-	-	(994)	91
<b>Net income for the period</b>		<b>15,540</b>	<b>12,218</b>	<b>15,540</b>	<b>12,218</b>	<b>17,088</b>	<b>3,954</b>	<b>17,024</b>	<b>3,954</b>
<b>Profit (loss) attributable to:</b>									
Controlling shareholders		15,540	12,218	15,540	12,218	17,088	3,954	17,024	3,954
<b>Net income for the period</b>		<b>15,540</b>	<b>12,218</b>	<b>15,540</b>	<b>12,218</b>	<b>17,088</b>	<b>3,954</b>	<b>17,024</b>	<b>3,954</b>
<b>Earnings per share</b>									
Basic and diluted earnings per share	26					0.2157	0.0504	0.2149	0.0504
Diluted earnings per share	26					0.2157	0.0504	0.2149	0.0504

The notes are an integral part of the individual and consolidated interim financial statements.

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**PADTEC HOLDING S.A.**

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	<u>Period from July 1 to September 30</u>		<u>Period from January 1 to September 30</u>		<u>Period from January 1 to September 30</u>	
	<b>Parent Company and Consolidated</b>		<b>Parent Company</b>		<b>Consolidated</b>	
	<u>09/30/23</u>	<u>09/30/22</u>	<u>09/30/23</u>	<u>09/30/22</u>	<u>09/30/23</u>	<u>09/30/22</u>
<b>Net income for the period</b>	<b>15,540</b>	<b>12,218</b>	<b>17,088</b>	<b>3,954</b>	<b>17,024</b>	<b>3,954</b>
Items that may be reclassified subsequently to the statement of income (loss)						
Other comprehensive income						
Translation adjustments of balance sheet of subsidiaries abroad	1,109	(1,320)	1,511	(1,695)	1,511	(1,695)
Cash flow hedge	1,568	-	(974)	-	(974)	-
<b>Comprehensive income for the period</b>	<b>18,217</b>	<b>10,898</b>	<b>17,625</b>	<b>2,259</b>	<b>17,561</b>	<b>2,259</b>
Comprehensive income attributable to:						
Controlling shareholders	18,217	10,898	17,625	2,259	17,561	2,259
<b>Comprehensive income for the period</b>	<b>18,217</b>	<b>10,898</b>	<b>17,625</b>	<b>2,259</b>	<b>17,561</b>	<b>2,259</b>

The notes are an integral part of the individual and consolidated interim financial statements.

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**PADTEC HOLDING S.A.**

STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	<b>Parent Company and Consolidated</b>					
	<b>Note</b>	<b>Capital</b>	<b>Goodwill on capital transaction</b>	<b>Other comprehensive income</b>	<b>Accumulated losses</b>	<b>Total equity</b>
<b>BALANCE AS OF DECEMBER 31, 2021</b>		<b>199,211</b>	<b>599</b>	<b>(939)</b>	<b>(70,534)</b>	<b>128,337</b>
Net income (loss) for the period		-	-	-	3,954	3,954
Exchange variation adjustment of subsidiaries	11.4 / 25.2	-	-	(1,695)	-	(1,695)
<b>BALANCE AS OF SEPTEMBER 30, 2022</b>		<b>199,211</b>	<b>599</b>	<b>(2,634)</b>	<b>(66,580)</b>	<b>130,596</b>
<b>BALANCE AS OF DECEMBER 31, 2022</b>		<b>199,211</b>	<b>599</b>	<b>(3,351)</b>	<b>(60,780)</b>	<b>135,679</b>
Net income (loss) for the period		-	-	-	17,024	17,024
Exchange variation adjustment of subsidiaries	11.4 / 25.2	-	-	1,511	-	1,511
Capital increase	25.1	8	-	-	-	8
Cash flow hedge	25.2 / 34.1	-	-	(974)	-	(974)
<b>BALANCE AS OF SEPTEMBER 30, 2023</b>		<b>199,219</b>	<b>599</b>	<b>(2,814)</b>	<b>(43,756)</b>	<b>153,248</b>

The notes are an integral part of the individual and consolidated interim financial statements.

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## PADTEC HOLDING S.A.

### STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	Parent		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22
<b>Cash flows from operating activities</b>				
Profit for the period before taxes	17,088	3,954	18,018	3,863
<b>Adjustments to reconcile net income (loss) for the period with cash from (used in) operating activities:</b>				
Depreciation and amortization	-	-	19,092	12,787
Interest and inflation adjustments on loans	-	-	4,493	3,702
Interest and inflation adjustments on debentures	-	-	1,221	3,321
Amortization of costs with issuance of debentures	-	-	474	187
Allowance for doubtful accounts	-	-	1,162	(7,428)
Creation (reversal) of miscellaneous provisions	(79)	-	22	278
Provision for labor, tax and civil risks	593	(2,889)	1,410	(3,076)
Provision for inventory obsolescence	-	-	(4,499)	1,156
Equity income	(15,349)	(4,535)	-	-
Write-off of PPE and intangible assets	-	-	202	332
<b>Decrease (increase) in operating assets:</b>				
Trade accounts receivable	-	-	7,851	(19,819)
Tradable securities	-	-	(7,237)	(5,480)
Inventories	-	-	(15,017)	(22,999)
Taxes recoverable	2	-	(1,045)	(9,634)
Related parties	-	(259)	-	-
Judicial deposit	94	589	101	481
Other credits	(45)	(36)	(2,114)	(2,722)
<b>Increase (decrease) in operating liabilities:</b>				
Derivative financial instruments	-	-	1,309	-
Lease transactions	-	-	(5,099)	(3,366)
Suppliers	71	104	966	(2,734)
Labor charges	548	55	8,357	1,179
Taxes and contributions payable	555	(3)	(6,688)	(5,467)
Related party transactions	(281)	7,193	(251)	367
Transactions with senior FIDC quotas	-	-	11,022	10,547
Income tax and social contribution - paid	-	-	(994)	91
Charges on loans and financing - paid	-	-	(3,721)	(2,952)
Debenture charges - paid	-	-	(1,319)	(3,338)
Advances from customers	-	-	6,607	(5,107)
Other accounts payable	-	-	1,005	1,116
Labor, tax and civil indemnities - paid	(3,265)	(4,173)	(4,189)	(5,353)
<b>Net cash (used in) from operating activities</b>	<b>(68)</b>	<b>-</b>	<b>31,139</b>	<b>(60,068)</b>
<b>Cash flows from investment activities</b>				
Restricted financial investments	-	-	(1,241)	10,363
Acquisition of PPE and intangible assets	-	-	(20,623)	(11,714)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>(21,864)</b>	<b>(1,351)</b>
<b>Cash flows from financing activities</b>				
Capital increase	8	-	8	-
Cash flow hedge	-	-	(974)	-
Forfeiting	-	-	-	8,895
Raising of loans and financing	-	-	41,279	24,844
Payment of loans and financing - principal	-	-	(30,082)	(8,351)
Payment of debentures - principal	-	-	(21,333)	(8,000)
<b>Net cash (used in) from financing activities</b>	<b>8</b>	<b>-</b>	<b>(11,102)</b>	<b>17,388</b>
Exchange variation of cash in foreign currency	-	-	1,511	(1,695)
<b>Decrease in cash and cash equivalents</b>	<b>(60)</b>	<b>-</b>	<b>(316)</b>	<b>(45,726)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>-</b>	<b>49,620</b>	<b>87,468</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>-</b>	<b>-</b>	<b>49,304</b>	<b>41,742</b>
<b>Non-cash transactions</b>				
Right-of-use of lease	-	-	690	4,224

The notes are an integral part of the individual and consolidated interim financial statements.

## PADTEC HOLDING S.A.

### STATEMENTS OF VALUE ADDED FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

	Parent Company		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22
<b>1 - Revenues</b>	<b>2,658</b>	<b>7,062</b>	<b>347,485</b>	<b>330,937</b>
1.1. Sale of goods, products and products	-	-	347,855	318,616
1.2. Allowance for doubtful accounts	-	-	(1,162)	7,428
1.3. Other revenues	2,658	7,062	792	4,893
<b>2 - Inputs purchased from third parties</b>	<b>2,256</b>	<b>(5,419)</b>	<b>(134,722)</b>	<b>(151,990)</b>
2.1. Cost of products, goods and services sold	-	-	(110,262)	(111,737)
2.2. Energy, third-party services and other operating expenses	2,256	(5,419)	(24,460)	(40,253)
<b>3 - Retentions</b>	<b>-</b>	<b>-</b>	<b>(19,092)</b>	<b>(12,787)</b>
3.1. Depreciation and amortization	-	-	(19,092)	(12,787)
<b>4 - Value added produced, net</b>	<b>4,914</b>	<b>1,643</b>	<b>193,671</b>	<b>166,160</b>
<b>5 - Value added received on transfer</b>	<b>14,775</b>	<b>4,492</b>	<b>10,814</b>	<b>16,950</b>
5.1. Equity income	15,349	4,535	-	-
5.2. Financial revenues	(574)	(43)	10,814	16,950
<b>6 - Total value added to distribute</b>	<b>19,689</b>	<b>6,135</b>	<b>204,485</b>	<b>183,110</b>
<b>7 - Distribution of value added</b>	<b>19,689</b>	<b>6,135</b>	<b>204,485</b>	<b>183,110</b>
<b>7.1. Personnel and charges</b>	<b>1,165</b>	<b>1,460</b>	<b>82,346</b>	<b>78,176</b>
Direct compensation	1,086	1,370	58,076	59,402
Benefits	79	90	20,296	14,811
Severance Fund (FGTS)	-	-	3,974	3,963
<b>7.2. Taxes, fees and contributions</b>	<b>230</b>	<b>267</b>	<b>83,625</b>	<b>70,372</b>
Federal	224	263	58,550	48,326
State	-	-	22,594	19,670
Municipal	6	4	2,481	2,376
<b>7.3. Third-party capital remuneration</b>	<b>1,206</b>	<b>454</b>	<b>21,490</b>	<b>30,608</b>
Financial costs	1,206	454	19,681	28,033
Rents	-	-	1,809	2,575
<b>7.4. Equity remuneration</b>	<b>17,088</b>	<b>3,954</b>	<b>17,024</b>	<b>3,954</b>
Net income for the period	17,088	3,954	17,024	3,954

The notes are an integral part of the individual and consolidated interim financial statements.

## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE  
INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

### 1. GENERAL INFORMATION

#### 1.1. Operational context

Padtec Holding S.A. ("Company", B3: PDTC3), started its operations as an investment company in Internet projects in 2000, the year it went public on B3 S.A. – Brasil, Bolsa, Balcão ("B3").

In June 2020, the Company completed the process of merging shares issued by Padtec S.A. and the consequent conversion of Padtec S.A. into its wholly-owned subsidiary, which is currently its only investee.

Padtec S.A. was incorporated in 2001 and aims to provide high-capacity connections throughout Brazil, the Americas and around the world.

The Company holds direct and indirect interests in the following subsidiaries and investment fund:

	Equity interest (%)			
	09/30/23		12/31/22	
	Direct	Indirect	Direct	Indirect
Padtec S.A. (a)	100.00%		100.00%	
Sucursal Argentina (b)	-	100.00%	-	100.00%
Padtec EUA (c)	-	100.00%	-	100.00%
Padtec Colômbia (d)	-	100.00%	-	100.00%
Padtec Chile (e)	-	100.00%	-	100.00%
Padtec Peru (f)	-	100.00%	-	100.00%
Padtec Soluções Para Redes Ltda. (g)	-	100.00%	-	100.00%
FIDC FUNTTEL PADTEC - Fundo de Investimento em Direitos Creditórios (h)	-	20.00%	-	20.00%

- Padtec S/A is a privately held company focused on the development, manufacture, and commercialization of turnkey solutions for optical systems. Its portfolio includes equipment for corporate access, Data Center Interconnect, Storage Area Network Extension, metropolitan networks, and terrestrial multi-terabit long-distance networks, as well as providing platforms and solutions for the telecom system;
- Padtec Sucursal Argentina is an operating company, headquartered in Argentina, incorporated in 2007. Its main purpose is to perform sales activities, resell Group Padtec's products and provide implementation, operation and maintenance services. Padtec S.A. holds 100% equity interest;
- Padtec EUA is an operating company headquartered in the USA, in the state of Georgia, incorporated in 2014. Its main purpose is to perform sales activities, resell Group Padtec's products and provide implementation, operation and maintenance services. Padtec S.A. holds 100% equity interest;
- Padtec Colômbia is an operating company headquartered in Colômbia, incorporated in 2014. Its main purpose is to perform commercial activities, reselling the Group's products and providing implementation, operation and maintenance services. Padtec S.A. holds 100% equity interest;
- Padtec Chile is an operating company headquartered in Chile, incorporated in 2019, with 100% of its shares subscribed by Padtec Sucursal Argentina. Its main purpose is to perform sales activities, resell Group Padtec's products and provide implementation, operation and maintenance services;
- Padtec Peru is an operating company headquartered in Peru, incorporated in 2022, with 99% of its shares subscribed by Padtec S.A. and 1% by Padtec Sucursal Colômbia. Its main purpose is to perform sales activities, resell Group Padtec's products and provide implementation, operation and maintenance services;

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- g) Padtec Soluções Para Redes Ltda. is a privately-held company focused on leasing of equipment and solutions for optical systems. Its portfolio includes rental equipment for corporate access, Data Center Interconnect, Storage Area Network Extension, metropolitan networks, and terrestrial multi-terabit long-distance networks;
- h) FIDC Funttel Padtec - Fundo de Investimento em Direitos Creditórios, was created for the purpose of providing its shareholders with the appreciation of their shares through the allocation of their resources predominantly in credit rights arising from transactions of Equipment Purchase and Sale Agreements, entered into between Padtec S.A., as seller, and its customers, as buyers. The fund is managed by Finvest D.T.V.M. Ltda. and its operations began in April 2022. The paid-in capital of FIDC Funttel Padtec will be up to R\$ 100 million, with contributions of up to R\$ 80 million from BNDESPAR (senior quotas) and up to R\$ 20 million from Padtec S.A. (subordinated quotas, shown in the individual balance sheet of the investee in the group of tradable securities). Senior quotas are shown in the fund as shareholders' equity and in the Company's consolidated financial statements in the liability group (Note No. 18).

## **2. Presentation of the individual and consolidated interim financial statements**

### **2.1. Basis of preparation**

The individual and consolidated interim financial statements were prepared in compliance with IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"), as well as Technical Pronouncement CPC 21 (R1) - "Interim Reporting" and are presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission ("CVM"), applicable to the preparation of the Quarterly Information - ITR.

The accounting policies adopted in preparing the individual and consolidated interim financial information are consistent with those adopted and disclosed in the financial statements for the year ended December 31, 2022 and, therefore, both should be read together.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by Brazilian corporate law and accounting policies adopted in Brazil applicable to publicly held companies. IFRS standards do not require the presentation of such statement. Accordingly, under IFRS, this statement is presented as a supplementary information without prejudice to the set of financial statements.

The consolidated interim financial statements include the financial statements of Padtec Holding S.A. and the companies in which the Company holds direct or indirect control, as detailed in Note 1, whose fiscal years and accounting practices are coincident. Direct and indirect subsidiaries have been consolidated since the acquisition date, which corresponds to the date on which the Company acquired control.

The Company's Management represents that all relevant information applicable to the interim financial statements is evidenced in the notes and corresponds to that used in its management.

The authorization for the issuance of this individual and consolidated interim financial information was given by Management on November 09, 2023.

### **2.2. Basis of measurement**

The individual and consolidated interim financial statements were prepared based on the historical cost.

## **PADTEC HOLDING S.A.**

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#### **2.3. Functional currency and presentation currency**

The individual and consolidated interim financial statements are presented in Brazilian reais, the functional currency used by the Company (Parent Company). The functional currency of subsidiaries located abroad corresponds to the currency of their respective countries. The effects of translating the functional currency of subsidiaries abroad into Brazilian reais are recorded in equity as other comprehensive income – effects of conversion of investments abroad. All balances have been rounded to the closest thousands, except when otherwise indicated.

#### **2.4. New standards and revised interpretations issued**

##### **I. New or revised pronouncements applied for the first time in 2023**

##### **1. CPC 26 (R1)/IAS 1 - Classification of Liabilities as Current or Non-Current (Applicable for annual periods beginning on/or after January 1, 2023, early adoption allowed)**

The amendments to CPC 26/IAS 1 affect only the presentation of liabilities as current or non-current in the balance sheet and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about these items. The amendments clarify that the classification of liabilities as current or non-current is based on rights existing at the reporting date, specify that the classification is not affected by expectations about whether an entity will exercise its right to postpone settlement of the liability, explain that the rights exist if covenants are complied with on the reporting date, and introduce the definition of "settlement" to clarify that it refers to the transfer, to a counterparty, of an amount of cash, equity instruments, other assets or services.

The Company assessed the content of this pronouncement and did not identify impacts.

##### **2. CPC 26 (R1)/IAS 1 and practical file 2 of IFRS – Disclosure of Accounting Policies (Applicable for annual periods or periods beginning on/or after January 1, 2023)**

Amend the requirements of CPC 26/IAS 1 with regard to the disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions made by the main users of the financial statements. In applying the amendments, the entity discloses its material accounting policies, rather than its significant accounting policies. Supporting paragraphs of CPC 26/IAS 1 were also amended to clarify that accounting policy information related to transactions, other events or irrelevant conditions are irrelevant and do not need to be disclosed. Accounting policy information may be material due to the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is, in itself, material.

The Company assessed the content of this pronouncement and did not identify impacts.

##### **3. CPC 23/ IAS 8 - Definition of Accounting Estimates (Applicable for annual periods or periods beginning on/or after January 1, 2023)**

The amendment replaces the definition of "change in accounting estimate" with "accounting estimate". According to the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to uncertainty in measurement". The definition of change in accounting estimate has been deleted. However, IASB maintained the concept of changes in accounting estimates in the standard, with the following clarifications:

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- (i) A change in accounting estimate that results from new information or new developments is not a correction of an error; and
- (ii) The effects of a change in the data or measurement technique used to develop an accounting estimate are changes in accounting estimates if do not result from correcting prior period errors.

The Company assessed the content of this pronouncement and did not identify impacts.

#### **4. CPC 32/IAS 12 - Deferred Tax Related to Assets and Liabilities Resulting from a Single Transaction Applicable for annual years or periods beginning on/or after January 1, 2023**

The amendments introduce a further exception to the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption to transactions that result in equal taxable and deductible temporary differences. Depending on the applicable tax law, taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. For example, this could arise on the recognition of a lease liability and the corresponding right-of-use asset applying CPC 06 (R2)/IFRS 16 - Leases on the starting date of a lease. In line with the amendments to CPC 32/IAS 12, an entity is required to recognize the respective deferred assets and liabilities, and the recognition of deferred tax assets is subject to the recoverability criteria of CPC 32/IAS 12. The amendments apply to transactions occurring on or after the beginning of the earliest comparative period shown. In addition, at the beginning of the earliest comparative period, an entity recognizes:

- (i) A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be used) and a deferred tax liability for all deductible and taxable temporary differences associated with: (i) right-of-use assets and lease liabilities; and (ii) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset;
- (ii) The cumulative effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings or other component of shareholders' equity, as applicable, at that date.

The Company assessed the content of this pronouncement and did not identify impacts.

#### **3. Significant accounting policies**

The individual and consolidated interim financial statements were prepared based on the same accounting policies described in Notes Nos.3.1 to 3.17 disclosed in the financial statements for the year ended December 31, 2022, published on March 22, 2023. The effect of changes in accounting policies also is expected in the consolidated financial statements for the year ended December 31, 2023.

##### **New accounting procedures adopted in 2Q23**

- **Hedge accounting**

For hedge accounting purposes, the following classifications apply: (i) fair value hedge: hedge for protection against exposure to changes in fair value of recognized asset or liability or unrecognized firm commitment, as well as a component of any of these items, which is attributable to a specific risk and which may affect profit or loss; (ii) cash flow hedge: hedge of exposure to changes in cash flows that are attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction that may affect profit or loss; or (iii) net investment hedge in a foreign transaction in a foreign operating unit.



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The Company has the following structure for hedge accounting:

#### Cash flow hedge

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in fair value of the derivative is recognized in other comprehensive income and presented in the cash flow hedge account. The effective portion of changes in fair value of the derivative recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined on a present value basis, since the inception of the hedge. Any ineffective portion of the derivative's fair value is recognized immediately in profit or loss.

If the hedge no longer meets the cash flow hedge accounting criteria, or the hedging instrument expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively and gains or losses previously recognized in comprehensive income remain in shareholders' equity until the expected transaction or firm commitment affect profit or loss.

#### 4. Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Cash bank deposits	-	60	12,353	17,000
Highly-liquid financial investments	-	-	36,951	32,620
	-	<b>60</b>	<b>49,304</b>	<b>49,620</b>

Immediately-liquid financial investments as of September 30, 2023 refer to investments in CDB (Bank Deposit Certificate), held in top-tier financial institutions, yielding rates from 78% to 110% of CDI (Interbank Deposit Certificate), and are subject to a low risk of change in value (100% to 104% as of December 31, 2022).

#### 5. Tradable securities

FIDC Funttel Padtec - Fundo de Investimento em Direitos Creditórios	Consolidated	
	09/30/23	12/31/22
ICVM 355 Fund Shares	10,706	3,490
Federal Bonds	234	213
	<b>10,940</b>	<b>3,703</b>

The investment in the credit rights investment fund is diversified in quotas of other immediately liquid investment funds, government bonds, and credit rights arising from transactions generated by investee Padtec S.A. (Notes 6 and 18).



## PADTEC HOLDING S.A.

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#### 6. Trade receivables

	Consolidated	
	09/30/23	12/31/22
Referred in national currency	87,757	103,554
Referred in foreign currency (a)	36,859	38,638
FIDC FUNTEL - Padtec (b)	15,496	8,969
	<b>140,112</b>	<b>151,161</b>
(+) Court-Supervised Reorganization Oi (c)	2,493	2,493
(-) Provision for recognition of revenue outside the accounting period (d)	(364)	(3,562)
(-) Provision for expected credit losses (e)	(2,988)	(1,826)
	<b>139,253</b>	<b>148,266</b>
Current	123,333	134,999
Non-current	15,920	13,267
	<b>139,253</b>	<b>148,266</b>

- a) Consolidated represented by US\$ 7,361 thousand as of September 30, 2023 (US\$ 7,405 thousand as of December 31, 2022);
- b) Credits related to FIDC FUNTTEL PADTEC consolidation, according to Note 18;
- c) Grupo Oi filed for court-supervised reorganization on June 20, 2016, based on the Court-Supervised Reorganization and Bankruptcy Law (Law No.11.101/2005). On December 20, 2017, subsidiary Padtec S.A. adhered to Clause 4.3.6 of Oi's Court-Supervised Reorganization Plan, which provides that: "Payments of debt instruments included in the court-supervised reorganization will be paid with a 20-year grace period, as of the homologation date, in 5 annual, equal and successive installments, plus TR per year, the first installment falling due January 2039." Due to the risk associated with this receipt, the Company decided to set up a provision for loss, the amount of which is included in item e) of this Note 6;
- d) Provision for reversal of revenue recognition outside the accrual period ("cut-off");
- e) Provisions for expected credit losses are based on the assumptions of CPC 48 – Financial Instruments, and consider the analysis of the level of historical losses and knowledge and monitoring of the individual situation of the Company's customers. Management constantly monitors all bills and the individual situation of its customers, as well as the quality of credit granted. Based on these assessments, Management understands that the amounts provisioned as of September 30, 2023 are sufficient to cover possible losses with default.

## PADTEC HOLDING S.A.

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Below are the amounts of Trade Accounts Receivable due and past due, by maturity period:

	<b>Consolidated</b>	
	<b>09/30/23</b>	<b>12/31/22</b>
Falling due	126,724	143,317
01-30 days past due	3,425	215
31-60 days past due	2,881	153
61-90 days past due	844	259
91-120 days past due	1,887	113
121-150 days past due	493	1,194
151-180 days past due	1,647	697
181-360 days past due	1,821	1,577
Over 361 days past due	390	3,636
	<b>140,112</b>	<b>151,161</b>

Changes in allowance for expected credit losses are as follows:

	<b>Consolidated</b>				
	<b>12/31/22</b>	<b>09/30/23</b>			
	<b>Opening balance</b>	<b>Addition to provision</b>	<b>Reversal</b>	<b>Effective losses</b>	<b>Closing balance</b>
Provision for expected credit losses	(1,826)	(3,287)	735	1,390	(2,988)
<b>Total</b>	<b>(1,826)</b>	<b>(3,287)</b>	<b>735</b>	<b>1,390</b>	<b>(2,988)</b>

The changes on effective losses refer to the realization of losses recognized in the Company's results and the reversal of amounts resulting from the renegotiation and receipt from customers that were provisioned as losses (Note 29.2).

## 7. Inventories

	<b>Consolidated</b>	
	<b>09/30/23</b>	<b>12/31/22</b>
Finished products	16,094	19,650
Products in progress	1,474	2,094
Raw materials	68,790	52,120
Resale materials	8,607	2,738
Import in progress	9,053	10,492
Inventories held on third parties (a)	19,424	21,331
	<b>123,442</b>	<b>108,425</b>
<b>Provision for inventories</b>		
(-) Provision for obsolescence and slow turnover (b)	(10,491)	(14,990)
	<b>112,951</b>	<b>93,435</b>

- a) Refers substantially to raw materials under manufacturing process and pieces of equipment held as guarantee by customers;
- b) For this estimate, discontinued inventories are considered materials out of the quality standard and items with no movements whose realization is considered unlikely by Management, since newer technologies and/or solutions are available in the market. The provision for the realization of inventories is constituted based on the analysis of the sales prices charged, net effects of taxes and fixed expenses incurred in sales efforts.

## PADTEC HOLDING S.A.

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Changes in provisions for obsolescence and slow turnover are as follows:

	12/31/22	Consolidated		Closing balance
		Opening balance	09/30/23	
Inventories	(11,269)	(3,342)	7,585	(7,026)
Inventories held on third parties	(3,721)	(639)	895	(3,465)
<b>Total</b>	<b>(14,990)</b>	<b>(3,981)</b>	<b>8,480</b>	<b>(10,491)</b>

#### 8. Recoverable taxes

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Tax on the circulation of goods and services - ICMS	-	-	5,114	1,011
Industrialized product tax forwarding in transit - IPI	-	-	592	237
Financial credit (a)	-	-	7,088	13,695
Social Integration Program (PIS)	-	-	599	443
Contribution to Social Security Financing - COFINS	-	-	2,717	2,000
Social contribution on net income - CSLL (c)	2	8	1,108	1,609
Corporate Income Tax - IRPJ (b)	1,778	1,774	10,523	6,326
Brazilian Social Security Institute (INSS)	-	-	2	692
Income tax withholding - IRRF	6	6	912	1,650
Withholding tax from public agencies	-	-	3,257	2,651
Other	-	-	3,463	4,016
	<b>1,786</b>	<b>1,788</b>	<b>35,375</b>	<b>34,330</b>

- a) In December 2019, the amendment to Law No. 8.248/1991 (Information Technology Law) by Law No. 13.969/2019 was published, effective from April 1, 2020, until December 2029. Accordingly, the tax incentive has become the receipt of financial credit proportional to the investments in research and development (R&D) made in advance. The financial credit is calculated on a quarterly basis and used to pay federal taxes controlled by the Brazilian Federal Revenue Service;
- b) Balances arising from overpayments due to mandatory monthly advances.

#### 9. Other credits

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Rental guarantee deposit	-	-	149	149
Payroll advance	-	-	1,097	609
Advances to suppliers (a)	68	99	5,020	2,934
Prepaid insurance premiums (b)	174	98	1,078	1,608
Other credits receivable	-	-	673	603
	<b>242</b>	<b>197</b>	<b>8,017</b>	<b>5,903</b>
Current assets	242	197	7,959	5,494
Non-current	-	-	58	409
	<b>242</b>	<b>197</b>	<b>8,017</b>	<b>5,903</b>

- (a) Advances made to service providers;
- (b) Performance bond related to Finep transactions. (Note No. 14)

## PADTEC HOLDING S.A.

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### 10. Related parties

The Company has the following shareholders with a relevant interest (interest over five percent (5%) in its capital):

- a) Fundação CPqD – Centro de Pesquisa e Desenvolvimento em Telecomunicações, and
- b) BNDES Participações S.A. – BNDESPAR

In addition, the Company's direct and indirect interests in its subsidiaries are described in Note No. 1.

Controlling shareholders, subsidiaries and affiliates, entities with joint control and entities under common control that somehow have significant influence over the Company and its subsidiaries were considered as related parties.

The main related-party transactions and respective types are shown below:

- a) **Intercompany loan:** Financial transactions performed between the Company and its subsidiaries. The balances of the loan agreements are adjusted with interest of 2% per month, maturing in 24 months.
- b) **Sales of products:** Sales of finished products between Padtec S.A. and its subsidiaries, performed under conditions considered by the Company to be similar to those of the market at the time of the negotiation, in line with the internal policies pre-established by the Management.
- c) **Other services:** Transactions between Fundação CPqD and Padtec S.A., referring to expenses with infrastructure, property rental and administrative expenses according to the apportionment defined between contractual parties.

	Parent Company			Consolidated		
	09/30/23		12/31/22	09/30/23		12/31/22
	Padtec	Total	Total	Fundação CPqD	Total	Total
<b>Liabilities</b>						
Loan (a)	12,596	<b>12,596</b>	<b>12,877</b>	-	-	-
Other services (c)	-	-	-	93	<b>93</b>	<b>344</b>
	<b>12,596</b>	<b>12,596</b>	<b>12,877</b>	<b>93</b>	<b>93</b>	<b>344</b>
Current liabilities	-	-	-	93	<b>93</b>	<b>344</b>
Noncurrent liabilities	12,596	<b>12,596</b>	<b>12,877</b>	-	-	-
	<b>12,596</b>	<b>12,596</b>	<b>12,877</b>	<b>93</b>	<b>93</b>	<b>344</b>
	<b>Consolidated</b>					
	09/30/23					09/30/22
	Padtec Argentina	Padtec Chile	Padtec Colômbia	Padtec Peru	Padtec Redes	Total
<b>Revenues</b>						
Sales of products (b)	3,580	2,671	11,551	880	524	<b>19,206</b>
	<b>3,580</b>	<b>2,671</b>	<b>11,551</b>	<b>880</b>	<b>524</b>	<b>22,246</b>

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

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#### Key management personnel compensation

Key management staff of the Company and its subsidiaries are also considered to be Related Parties to the Company (see the Policy on Related Party Transactions of Padtec Holding S.A.).

Compensation paid to Executive Officers, members of Board of Directors and members of Supervisory Board, when in operation, and to the members of the Statutory Audit and Risks Committee is set by the Shareholders Meeting and is consistent with market standards. The maximum global amount (covering fixed and variable compensation) for fiscal year 2023, approved at the Shareholders' Meeting held on April 28, 2023 is R\$ 12,689. The annual compensation effectively paid to key management personnel includes the amounts related to monthly fees, bonuses related to the performance of the previous year, contributions to official social security and private pension:

	<u>09/30/23</u>	<u>09/30/22</u>
<b>Short-term benefits</b>		
Salaries including bonuses	3,063	4,780
Social security charges	561	584
Private Pension Fund	138	197
Other	100	131
<b>Total Compensation</b>	<u><u>3,862</u></u>	<u><u>5,692</u></u>

Subsidiary Padtec S.A. sponsors two private pension plans for its Management and employees, managed by Fundação Sistel de Seguridade Social, as described in Note No. 24.

The Company has no additional post-employment obligations to its Management and does not grant any other long- term benefits, such as length-of-service leave. The Company does not grant either any severance benefits to members of senior management in addition to those defined in the employment contract, signed between them and the Company.

The amounts shown in the table above are included in the total of "labor expenses and social charges" shown in the table in Note 29.1.

#### **11. Investments and provision for unsecured liabilities**

The summarized accounting information of the Company's subsidiaries, including the total amounts of assets, liabilities, unsecured liabilities, revenues and profit or loss for the period, are presented below:

##### **11.1. Breakdown of investments**

	<b>Parent</b>	
	<u>09/30/23</u>	<u>12/31/22</u>
<b>Investments in subsidiaries</b>		
Padtec S.A.	172,733	156,847
	<u><u>172,733</u></u>	<u><u>156,847</u></u>

## PADTEC HOLDING S.A.

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### 11.2. Summary of financial information of subsidiaries

	Automatos		Chenonceau		Padtec S.A.	
	Participações Ltda. (a)		Participações S.A. (a)			
	09/30/23	12/31/22	09/30/23	12/31/22	09/30/23	12/31/22
Capital	-	-	-	-	230,003	230,003
Total assets	-	-	-	-	544,666	502,457
Total liabilities	-	-	-	-	371,933	345,610
Equity	-	-	-	-	172,733	156,847
Income (loss) for the period	-	906	-	73	15,349	7,885
Number of shares (in thousands)	-	-	-	-	230,003	230,003
Number of shares held (in thousands)	-	-	-	-	230,003	230,003
Shareholding percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

a) Companies merged by the Company in November 2022.

## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

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### 11.3. Summary of financial information of indirect subsidiaries

	Padtec Sucursal		Padtec EUA		Padtec Colômbia		Padtec Peru		Padtec Soluções Para Redes Ltda (a)	
	Argentina									
	09/30/23	12/31/22	09/30/23	12/31/22	09/30/23	12/31/22	06/30/23	12/31/22	09/30/23	12/31/22
Capital	2,160	2,160	26,760	23,877	16,400	16,400	259	-	-	-
Total assets	12,677	12,935	246	645	28,108	26,118	1,642	-	727	-
Total liabilities	11,076	10,385	432	1,113	18,585	16,077	1,248	-	805	-
Net equity (negative net worth)	1,601	2,550	(186)	(468)	9,523	10,041	394	-	(78)	-
Income (loss) for the period	(1,055)	748	(2,680)	(3,181)	(1,750)	(1,305)	140	-	(78)	-
Number of shares (in thousands)	2,160	2,160	26,760	23,877	16,400	16,400	10,000	10,000	100	100
Number of shares held (in thousands)	2,160	2,160	2,760	23,877	16,400	16,400	10,000	10,000	100	100
Shareholding percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(a) Shown in number of shares.

### 11.4. Changes in investments at the Parent Company

	Automatos Participações Ltda.		Chenonceau Participações S.A.		Padtec S.A.		Total	
	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
	<b>Opening balance of investments</b>	-	-	-	1,187	156,847	151,374	156,847
<b>Opening balance - loss of investment</b>	-	(4,578)	-	-	-	-	-	(4,578)
Equity income	-	932	-	72	15,349	3,531	15,349	4,535
Cash flow hedge	-	-	-	-	(974)	-	(974)	-
Translation adjustment of balance sheet of subsidiaries abroad	-	-	-	-	1,511	(1,695)	1,511	(1,695)
Other	-	(1)	-	-	-	-	-	(1)
Balance of the provision for losses in subsidiaries	-	3,647	-	-	-	-	-	3,647
<b>Closing balance of investments</b>	-	-	-	<b>1,259</b>	<b>172,733</b>	<b>153,210</b>	<b>172,733</b>	<b>154,469</b>

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## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

### 12. Property, Plant & Equipment, net

	Consolidated							Total
	Machinery and equipment	Computer equipment	Furniture and fixtures	Telephone devices	Third-party property improvement	PP&E in progress	Right to use lease (a)	
<b>Balance as of December 31, 2022</b>								
Cost	22,539	12,613	2,677	21	4,025	-	32,013	<b>73,888</b>
Accumulated depreciation	(18,825)	(8,038)	(1,763)	(21)	(1,870)	-	(5,800)	<b>(36,317)</b>
<b>Balance as of December 31, 2022</b>	<b>3,714</b>	<b>4,575</b>	<b>914</b>	<b>-</b>	<b>2,155</b>	<b>-</b>	<b>26,213</b>	<b>37,571</b>
Acquisitions	432	2,738	14	-	-	3,874	690	<b>7,748</b>
Write-offs and disposals (acquisition)	616	(9)	-	-	-	-	(752)	<b>(145)</b>
Write-offs and disposals (depreciation)	(72)	(1)	(4)	-	-	-	25	<b>(52)</b>
Depreciation	(1,084)	(1,429)	(180)	-	(745)	-	(3,323)	<b>(6,761)</b>
<b>Balance as of September 30, 2023</b>	<b>3,606</b>	<b>5,874</b>	<b>744</b>	<b>-</b>	<b>1,410</b>	<b>3,874</b>	<b>22,853</b>	<b>38,361</b>
Cost	23,587	15,342	2,691	21	4,025	3,874	31,951	<b>81,491</b>
Accumulated depreciation	(19,981)	(9,468)	(1,947)	(21)	(2,615)	-	(9,098)	<b>(43,130)</b>
<b>Balance as of September 30, 2023</b>	<b>3,606</b>	<b>5,874</b>	<b>744</b>	<b>-</b>	<b>1,410</b>	<b>3,874</b>	<b>22,853</b>	<b>38,361</b>

- a) The Company adopted IFRS 16/CPC 6 (R2) - Lease transactions on January 1, 2020, considering as a basis for analysis the agreements with identifiable assets, for which the control of the use of the asset, economic benefits, among other aspects provided for in the pronouncement, are exclusive to the Company, irrespective of the legal form given to the agreement. Service agreements and supply agreements were treated as leasing agreements when there is an identifiable asset.



## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

### 13. Intangible assets

		Parent					
		Brands and patents			Total		
Cost		24			24		
<b>Balance as of December 31, 2022</b>		<b>24</b>			<b>24</b>		
Cost		24			24		
<b>Balance as of September 30, 2023</b>		<b>24</b>			<b>24</b>		

  

Consolidated							
Software	Brands and patents	Technical Information License	Development projects completed	Development projects in progress	Total		
11,724	27	6,250	43,585	17,149	<b>78,735</b>		
(8,413)	-	(5,737)	(19,410)	-	<b>(33,560)</b>		
<b>3,311</b>	<b>27</b>	<b>513</b>	<b>24,175</b>	<b>17,149</b>	<b>45,175</b>		
115	-	373	-	13,077	<b>13,565</b>		
-	-	-	11,917	(11,917)	-		
(12)	-	-	-	-	<b>(12)</b>		
7	-	-	-	-	<b>7</b>		
(955)	-	(665)	(10,711)	-	<b>(12,331)</b>		
<b>2,466</b>	<b>27</b>	<b>221</b>	<b>25,381</b>	<b>18,309</b>	<b>46,404</b>		
11,827	27	6,623	55,502	18,309	<b>92,288</b>		
(9,361)	-	(6,402)	(30,121)	-	<b>(45,884)</b>		
<b>2,466</b>	<b>27</b>	<b>221</b>	<b>25,381</b>	<b>18,309</b>	<b>46,404</b>		

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## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

Development projects in progress refer to new technologies under development that meet the recognition criteria related to the completion and use of assets and generation of future economic benefits.

#### 14. Loans and financing

Modality	Agreed rate per year	Annual average effective rate	Due date	Guarantee	Consolidated	
					09/30/23	12/31/22
<b><u>Local currency</u></b>						
Finep	TR+2.30% and 2.80%	3.94%	02/15/20 to 12/15/42	Bank-issued guarantee	71,835	62,788
Working Capital - Safra	CDI+5.53%	19.33%	10/22/20 to 09/23/25	-	-	6,752
Working Capital - Daycoval	CDI+5.9%	19.72%	10/29/20 to 09/30/24	Receivables	-	3,007
Working Capital - ABC Brasil	CDI+4.38%	18.33%	12/23/20 to 05/23/24	Receivables	-	5,130
Letter of credit with FINIMP	10.14%	10.14%	03/20/2023	Credit letter	-	14,687
<b><u>Foreign currency</u></b>						
NCE - Votorantim	Exchange rate variation + 8.55%	8.55%	07/26/23 to 06/27/26	Escrow account flow	32,498	-
					<b>104,333</b>	<b>92,364</b>
				Current liabilities	9,704	23,595
				Non-current liabilities	94,629	68,769
					<b>104,333</b>	<b>92,364</b>

Repayment schedule by year of maturity:

	Consolidated											TOTAL
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033-2042	
Loans and financing	2,426	12,374	20,383	9,904	4,665	4,665	4,665	4,665	4,665	4,001	31,920	<b>104,333</b>

Loans and Financing raised by the Company do not require the fulfillment of any covenants.

#### 14.1. Payments

As of September 30, 2023, R\$ 33,803 was paid in the consolidated, referring to interest and principal on loans raised by the Company.

#### 14.2. Raising of Loans and Financing

In April 2023, Padtec S.A. raised R\$ 32 million from Banco Votorantim, in an export credit note, NCE modality, with a three-year term, with payment of quarterly interest and principal in nine quarterly installments, with a grace period of 12 months from the signing of this agreement. The transaction is guaranteed by the financial flow of receivables in a restricted account.

For this loan, a SWAP was issued for the exchange rate variation and interest, subject to remuneration at the CDI rate + 1.65% p.a.

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

These funds allowed the settlement of the amounts of loans and financing that were outstanding with private institutions (Banco Daycoval, Banco ABC and Banco Safra) and the debentures issued by Padtec S.A. in 2020, in the amount of R\$ 34 million. Such restructuring allowed the Company to reduce its financial cost, in addition to benefiting from the grace period of the new transaction.

In addition, subsidiary Padtec S.A. has eight financing facilities with FINEP for technological investments in the amount of R\$ 118,455. The funds are released according to the disbursement and proof of costs under the strategic innovation plan of Padtec S.A. So far, R\$ 71,976 have been capitalized.

The following table presents each of these financing facilities:

Modality/Contract	Effective Term	Rate	Credit Released	Loans raised				Total
				2020	2021	2022	2023	
FINEP - 02.22.0026.00	02/07/2020 to 02/15/2032	TR+2.8%	7,793	3,896	3,896	-	-	7,792
FINEP - 02.20.003.00	02/07/2020 to 02/15/2040	TR+2.8%	16,172	6,469	6,359	3,344	-	16,172
FINEP - 02.21.032.00	04/20/2021 to 05/15/2039	TR+2.8%	16,819	-	5,887	-	-	5,887
FINEP - 02.21.033.00	04/20/2021 to 05/15/2039	TR+2.8%	2,835	-	1,701	-	1,134	2,835
FINEP - 02.22.0025.00	04/16/2022 to 04/15/2042	TR+2.3%	39,953	-	-	15,000	-	15,000
FINEP - 02.22.0026.00	04/16/2022 to 04/15/2040	TR+2.8%	4,101	-	-	2,000	-	2,000
FINEP - 02.22.0027.00	04/16/2022 to 04/15/2040	TR+2.8%	9,349	-	-	4,500	-	4,500
FINEP - 02.22.0511.00	11/21/2022 to 12/15/2042	TR+2.8%	21,434	-	-	9,645	8,145	17,790
			<b>118,455</b>	<b>10,365</b>	<b>17,843</b>	<b>34,489</b>	<b>9,279</b>	<b>71,976</b>

#### 14.3.Reconciliation of liabilities resulting from financing activities

	Consolidated
<b>Balance as of December 31, 2021</b>	<b>52,293</b>
Interest expenses	3,702
Interest Payment	(2,952)
Loans raised	24,844
Amortization	(8,351)
<b>Balance as of September 30, 2022</b>	<b>69,536</b>
<b>Balance as of December 31, 2022</b>	<b>92,364</b>
Interest expenses	4,493
Interest Payment	(3,721)
Loans raised	41,279
Amortization	(30,082)
<b>Balance as of September 30, 2023</b>	<b>104,333</b>

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### 15. Debentures

In December 2020, subsidiary Padtec S.A. issued R\$ 40,000 in simple debentures not convertible into shares, with security interests (fiduciary assignment of bank account), in a single series, for public distribution placed with restricted efforts pursuant to CVM Instruction 476 (in force at that time, "Debentures").

Modality	Agreed Rate	Due date	Annual average effective rate	Consolidated	
				09/30/23	12/31/22
<b>Local currency</b>					
Debentures – Padtec S.A	CDI + 3.8% p.a.	03/21/21 to 12/21/24	16.60%	-	20,957
				-	<b>20,957</b>
Current liabilities		Current liabilities		-	10,517
Noncurrent liabilities		Noncurrent liabilities		-	10,440
				-	<b>20,957</b>

In 1H23, the Company settled the outstanding amount of R\$ 20,957 related to this transaction.

#### 15.1.Reconciliation of liabilities resulting from financing activities

	Consolidated
<b>Balance as of December 31, 2021</b>	<b>31,405</b>
Interest expenses	3,321
Interest Payment	(3,338)
Amortization of costs with issuance of debentures	187
Payment of debentures - principal	(8,000)
<b>Balance as of September 30, 2022</b>	<b>23,575</b>
<b>Balance as of December 31, 2022</b>	<b>20,957</b>
Interest expenses	1,221
Interest Payment	(1,319)
Amortization of costs with issuance of debentures	474
Payment of debentures - principal	(21,333)
<b>Balance as of September 30, 2023</b>	<b>-</b>

#### 16. Lease transactions

The leased amount was calculated based on the present value of the fixed lease payments not made until that date. The amounts of the installments payable were discounted at the contractual rate or rates on loans (discount rate), plus other contractual obligations provided for in the lease agreements adjusted to present value.

Subsidiary Padtec S.A. has lease agreements with Daycoval Leasing – Banco Múltiplo S/A, referring to the lease of equipment that is being used in the Company's operation. The leases last for 36 months and include call option clause at the end of the respective terms. Lease payments will be made in 36 equal installments with final maturity by November 2026. The effect of this accounting is the recording of R\$ 8,134 in property, plant and equipment in the group of right-of-use, with a corresponding entry to the rental obligation in current and non-current liabilities.

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

The discount rate in force and used to calculate the present value of the provision for leasing of the identified assets and, consequently, for the monthly appropriation of financial interest, is 3.29% to 6.30%, in accordance with the effective term of each lease agreement.

#### Lease with Related Parties

The Company and its subsidiaries have a commitment arising from an operating lease agreement for the property where its administrative headquarters are located, executed with CPqD Foundation. The lease has a three-year term (expiring in 2025), with an option to renew after this period, and has no purchase option clauses at its termination. The lease payment is adjusted annually by the IGPM, and the actual rate of 6.3% per year was applied to reflect market prices.

The effect of this accounting is the recording in property, plant and equipment, with a corresponding entry to the rental obligation in current liabilities (see Note No. 10).

	<b>Consolidated</b>	
	<b>09/30/2023</b>	<b>12/31/2022</b>
<b>LIABILITIES</b>		
Provision for leasing	20,544	24,953
	<b>20,544</b>	<b>24,953</b>
Current liabilities	6,339	6,044
Noncurrent liabilities	14,205	18,909
	<b>20,544</b>	<b>24,953</b>

Below is the change in leases:

	<b>Consolidated</b>				
	<b>12/31/2022</b>	<b>Adjustment Contract and interest</b>	<b>Payment</b>	<b>Interest Financial</b>	
Machinery and equipment	5,734	670	(2,533)	437	4,308
Building lease - related parties	19,219	(524)	(2,616)	157	16,236
	<b>24,953</b>	<b>146</b>	<b>(5,149)</b>	<b>594</b>	<b>20,544</b>
Current liabilities	6,044				6,339
Noncurrent liabilities	18,909				14,205
	<b>24,953</b>				<b>20,544</b>

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### 17. Financial transactions

As of September 30, 2023, the Company has recorded Vendor and Forfait financial transactions in the amount of R\$ 40,400 (R\$ 41,125 as of December 31, 2022) in current liabilities and R\$ 61,139 (R\$ 36,112 as of December 31, 2022) in non-current liabilities. The corresponding entries for such entries are recorded in current assets and non-current assets and the transactions are described below:

	Consolidated	
	09/30/23	12/31/22
<b>Financial transactions</b>		
Vendor	65,533	50,371
Forfait	36,006	26,835
Fidc - Sifra	-	31
	<b>101,539</b>	<b>77,237</b>
Current liabilities	40,400	41,125
Noncurrent liabilities	61,139	36,112
	<b>101,539</b>	<b>77,237</b>

FIDC operations with Sifra Group were terminated in March 2023.

#### 17.1. Vendor Transactions

The Company entered into Vendor agreements with Banco do Brasil, Banco Safra, Banco Industrial, Banco Sofisa, Banco Paulista, Banco Regional de Desenvolvimento do Extremo Sul, Banco Daycoval and Cresol, which consist of sales financing transactions based on the principle of credit assignment. As of September 30, 2023 these financial institutions granted credits to 31 customers of the Company, upon Financing Promise Agreements, with a balance drawn of R\$ 100,484 maturing by December 2032. This amount is used to purchase the Company's products and services. As of September 30, 2023 there was no default and the amount recorded is R\$ 23,840 in the short term and R\$ 41,693 in the long term.

#### 17.2. Discount without recourse (forfait)

THE Company entered into Forfait agreements with Banco do Brasil, Banco ABC, and Banco Fibra, which consist of financing transactions for international sales, based on the principle of discounting receivables, providing terms and better conditions for customers. As of September 30, 2023, credits were granted to 5 of the Company's customers, with a balance drawn of R\$ 55,194 with maturity by August 2026. This amount is used for the acquisition of Company's products. So far, there was no default and the amount recorded is R\$ 16,560 in the short term and R\$ 19,446 in the long term.

#### 18. Transactions with senior FIDC FUNTTEL PADTEC quotas

FIDC FUNTTEL PADTEC - Fundo de Investimentos em Direitos Creditórios (FIDC FUNTTEL Padtec) aims to provide to its shareholders the appreciation of its shares by means of investing resources mainly in credit rights arising from the transaction of Equipment Purchase and Sale Contracts, entered into between Padtec S.A., as seller, and its customers, as buyers of equipment of equipment for the telecommunications sector, which are recognized as Goods or Products Developed in Brazil by the Ministry of Science, Technology and Innovations, or equivalent government body, under the terms of the MCT Ordinance no. 950, of December 12, 2006 and/or that are qualified as being part of a Basic Productive Process.

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

FIDC FUNTTEL Padtec was launched as a closed condominium and for an indefinite period. The fund has BNDES PARTICIPAÇÕES S/A as its senior shareholder (a party related to the Company, see Note 10) and exclusively PADTEC S.A. as a subordinate shareholder in the proportion 80% / 20% respectively. FIDC FUNTTEL PADTEC operation began in April 2022.

In April 2023, the Company made its second capital contribution in the amount of R\$ 2.5 million referring to its stake in this fund, reaching a total amount of R\$ 5 million so far.

FIDC Funttel Padtec's equity structure as of September 30, 2023 is shown below:

	Quantity of contractual quotas	Subscribed			Total
		Total amount of shares	Padtec Interest	Third-Party interest	
<b>FIDC FUNTTEL PADTEC</b>					
Senior	80,000	1.054	-	21,415	21,415
Subordinated	20,000	1.000	5,000	-	5,000
<b>Total</b>	<b>100,000</b>		<b>5,000</b>	<b>21,415</b>	<b>26,415</b>

The financial statement as of September 30, 2023 is presented below:

<b>FIDC FUNTTEL PADTEC</b>	<b>09/30/23</b>	<b>12/31/22</b>
<b>Current Assets</b>		
Tradable securities	10,940	3,703
Trade accounts receivable	15,496	8,969
Other receivables	16	258
<b>Total assets</b>	<b>26,452</b>	<b>12,930</b>
<b>Liabilities</b>		
Other accounts payable	37	37
	<b>37</b>	<b>37</b>
<b>Net equity</b>		
Share capital	25,000	12,500
Retained earnings	1,808	780
Amortization of shares - LE	(393)	(387)
<b>Total equity</b>	<b>26,415</b>	<b>12,893</b>
<b>Total Liabilities and Net Equity</b>	<b>26,452</b>	<b>12,930</b>
<b>Profit (loss)</b>	<b>09/30/23</b>	<b>12/31/22</b>
Finance Revenues	1,649	1,025
Financial Expenses	(234)	(245)
<b>Net income for the period</b>	<b>1,415</b>	<b>780</b>

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### 19. Suppliers

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Domestic suppliers	151	80	24,140	25,016
International suppliers	-	-	45,571	43,729
	<b>151</b>	<b>80</b>	<b>69,711</b>	<b>68,745</b>
Current liabilities	151	80	69,203	68,223
Noncurrent liabilities	-	-	508	522
	<b>151</b>	<b>80</b>	<b>69,711</b>	<b>68,745</b>

#### 20. Taxes and contributions payable

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Tax on the circulation of goods and services - ICMS	-	-	316	1,074
Corporate Income Tax - IRPJ	-	9	720	37
Excise Tax - IPI	-	-	4,111	6,077
Social contribution on Net Income - CSLL	-	5	254	6
Social Integration Program- PIS	-	-	320	711
Contribution to social security financing - COFINS	6	6	1,506	3,281
Service Tax - ISS	31	31	463	423
Other	10	9	1,165	2,932
Current liabilities	<b>47</b>	<b>60</b>	<b>8,855</b>	<b>14,541</b>

#### 21. Taxes and contributions payable - installment payment

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Installment payment of tax on the circulation of goods and services - ICMS (a)	-	-	2,250	3,585
Installment payment of tax on service - ISS	695	127	695	127
Other	-	-	-	235
<b>Total liabilities</b>	<b>695</b>	<b>127</b>	<b>2,945</b>	<b>3,947</b>
Current liabilities	695	119	1,490	1,931
Noncurrent liabilities	-	8	1,455	2,016
	<b>695</b>	<b>127</b>	<b>2,945</b>	<b>3,947</b>

- a) Subsidiary Padtec S.A. adhered to the installment payment plan to refinance its ICMS-related debts, pursuant to Joint Resolution SP/PGE 02/12 and SF 72/12, in the amount of R\$ 5,181, with an outstanding balance as of September 30, 2023 in the amount of R\$ 2,250 with final maturity until January 2027.



## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

## 22. Provisions

### 22.1. Miscellaneous provisions

	Parent			
	12/31/22	09/30/23		
	Opening balance	Addition to provision	Reversals	Final balance
Other	713	-	(79)	634
<b>Total</b>	<b>713</b>	<b>-</b>	<b>(79)</b>	<b>634</b>

  

	Consolidated			
	12/31/22	09/30/23		
	Opening balance	Addition to provision	Reversals	Final balance
Provision for commission (a)	855	942	(1,013)	784
Repairs during warranty (b)	1,121	222	(50)	1,293
Other	713	-	(79)	634
<b>Total</b>	<b>2,689</b>	<b>1,164</b>	<b>(1,142)</b>	<b>2,711</b>

a) Refers to the provision of fixed monthly salaries to salespeople, for the payment of commissions on sales made to customers, pursuant to contractual clauses;

b) Recognized to meet expenditures relating to products, including warranty and contractual obligations.

### 22.2. Provision for labor, tax and civil risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings, arising from the normal course of their operations, involving tax, civil, labor, and other matters. Provision is made only for amounts whose risk of loss is classified as probable.

	Parent				
	12/31/22	09/30/23			
	Opening balance	Additions	Reversals	Payments	Final balance
Labor (a)	8,914	1,459	(264)	(3,119)	6,990
Tax	748	41	(643)	(146)	-
<b>Total provisions</b>	<b>9,662</b>	<b>1,500</b>	<b>(907)</b>	<b>(3,265)</b>	<b>6,990</b>
Judicial deposits (c)	(567)	(26)	120	-	(473)
<b>Total</b>	<b>9,095</b>	<b>1,474</b>	<b>(787)</b>	<b>(3,265)</b>	<b>6,517</b>

  

	Consolidated				
	12/31/22	09/30/23			
	Opening balance	Additions	Reversals	Payments	Final balance
Labor (a)	10,942	2,278	(146)	(3,944)	9,130
Civil	3,977	564	-	-	4,541
Tax (b)	4,130	196	(1,424)	(146)	2,756
Administrative	259	-	(58)	(99)	102
<b>Total provisions</b>	<b>19,308</b>	<b>3,038</b>	<b>(1,628)</b>	<b>(4,189)</b>	<b>16,529</b>
Judicial deposits (c)	(1,167)	(216)	317	-	(1,066)
<b>Total</b>	<b>18,141</b>	<b>2,822</b>	<b>(1,311)</b>	<b>(4,189)</b>	<b>15,463</b>

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## **PADTEC HOLDING S.A.**

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### **(a) Labor**

Lawsuits filed by former employees of the Company (which succeeded Automatos Participações Ltda. in two lawsuits, due to the merger completed in November 2022), of subsidiary Padtec S.A., as well as former investees (Officer, Pini, ETML and Latin and Ventures- Softcorp), claiming labor rights.

#### **(b) Tax**

The main proceeding refers to Tax on Industrialized Products (IPI) of subsidiary Padtec S.A., which was assessed by the Brazilian Federal Revenue Service for the alleged sale of incentivized product accessories unaccompanied by the final products, allegedly not complying with the requirement to enjoy the tax benefit provided for in the Information Technology Law then in force (reduction of IPI rate). The subsidiary was assessed for the periods of 2011 and 2012 and the accrued risk is R\$ 2,756.

#### **(c) Judicial Deposits**

The amounts refer to judicial deposits held on behalf of investee Padtec S.A. and the Company in labor lawsuits.

#### **• Contingencies with estimated losses classified as possible**

In the consolidated, there are other lawsuits with a total amount at risk of R\$ 79,954 assessed by the legal advisors as having a possible risk of loss as of September 30, 2023 (R\$ 89,745 as of December 31, 2022), for which no provision has been made, given that accounting practices adopted in Brazil do not require their accounting and the Company does not expect extraordinary situations justifying a provision, in its opinion. This amount comprises R\$ 66,809 related to tax risks, R\$ 9,519 related to labor risks, R\$ 3,463 civil risks and R\$ 163 administrative risks. The main proceedings that fall under the classification of possible risk of loss are detailed below:

- The Company is a party to a civil proceeding filed by Banco Santander, requiring the piercing of the corporate veil of former investee Editora Pini, seeking to affect the then shareholders of this former investee. The object of the charge is a bank credit note issued by Editora Pini in default. The adjusted amount is R\$ 2,243;
- Subsidiary Padtec S.A. is a party to a tax foreclosure proceeding related to ICMS tax, which is in the appeal stage, in the amount of R\$ 6,659. The lower court decision was partially favorable to cancel the tax charged, maintaining, however, the requirement of fines;
- Subsidiary Padtec S.A. is a party to a tax foreclosure process embodied in CDA No.80 6 21 127486-04, demanding the payment of debts arising from Administrative Proceeding No.10831 724290/2014-65, already concluded at the administrative level, referring to the Tax Assessment Notice issued for requirement of a Regulatory Fine and differences calculated under II, IPI, PIS and COFINS, as a result of the alleged error in the tax classification of imported products. The purpose of the foreclosure is only the regulatory fine of 1% on the customs value, totaling R\$ 2,264. The Subsidiary guaranteed the foreclosure with the submission of a performance bond, to discuss in court the charge that it considers undue;
- There is a tax assessment notice issued against subsidiary Padtec S.A. by the Brazilian Federal Revenue Service referring to the payment of PIS and COFINS calculated on a non-cumulative basis, for the period from January 2009 to December 2010. The proceeding is at the Tax Control and Monitoring Service of the Federal Revenue Service of Sorocaba/SP and is awaiting judgment of the challenge, in the amount of R\$ 6,648. This process was stayed by a lawsuit filed by the subsidiary in 2008. Due to STF decision in the leading case and of the final and unappealable decision of the aforementioned lawsuit linked to this proceeding, in favor of the plaintiff, such developments were informed in the records in May 2021 and the immediate cancellation of the tax assessment notice under analysis was requested;

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

- Subsidiary Padtec S.A. has tax assessment notices and challenge of fine due to alleged non-compliance with the Basic Productive Process (PPB), for allegedly selling products with undue use of the tax benefit of IPI reduction in 2011 and 2012, in the amount of R\$ 48,184. In January 2018, Padtec S.A. received a subpoena, which dismissed the challenge presented and maintained the assessment. In September 2019, the judgment of the Voluntary Appeals presented to CARF converted the proceeding into a diligence, which was started in 2021. The reports and statements of the subsidiary's technical assistants were presented; and are awaiting assessment by the CARF;
- PerDComp Federal Taxes: Refers to Reimbursement Requests linked to the Offset Statements of subsidiary Padtec S.A., with credits arising from non-cumulative overpayment of taxes (IPI, COFINS, Cide and others), referring to several periods that were fully rejected and not ratified, amounting to R\$ 15,598 as of September 30, 2023. The records are at the National Process Management Center of the Federal Revenue Office in Ribeirão Preto/SP. There are also infraction notices of fines for non-approved offsets resulting from the same proceedings;
- Tax Assessment Notices issued by the Municipality of Belo Horizonte/MG, referring to (i) ISSQN payment at the rate of 5% related to alleged services rendered and fine for the issuance of a document other than that established by the municipal tax legislation, by the company PSG - Padtec Serviços Global de Telecomunicações Ltda (merged into subsidiary Padtec S.A.), by its branch located in that city from April 2015 to July 2016; and (ii) fine for issuing a document other than that established by the municipal tax legislation in the same period, with tax loss.. In the judgment of the appeal, it was decided to cancel the qualified fine and exclude the liability of the partners and, by majority, maintain the assessment referring to the ancillary obligation and principal obligation. The lawsuits amount to R\$ 5,302, with a "possible risk of loss", and the judgment is pending publication.

#### 23. Labor charges

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Wages	71	91	3,832	3,424
Profit sharing	-	-	4,959	2,194
Social charges	540	51	7,873	6,522
Provision for Vacations / Christmas Bonus	-	-	10,757	7,087
Private pension fund	-	-	-	994
Share-based compensation - Phantom Shares (a)	222	143	3,518	2,364
Other	-	-	192	189
	<b>833</b>	<b>285</b>	<b>31,131</b>	<b>22,774</b>

- a) The Company has a Long-Term Incentive and Retention Plan ("Plan") approved in October 2021, comprising a compensation program for certain beneficiaries (officers and/or employees of the Company or its subsidiaries who are considered key professionals) that consists of granting Phantom Shares, with yield based on the market price of the Company's shares traded at B3 S.A. – Brasil, Bolsa, Balcão and settled in cash, as established in this Plan and in the First Long-Term and Retention Incentive Program under the Company's Long-Term and Retention Incentive Plan. There is no forecast of effective trading of shares issued by the Company, since there will be no issuance and/or delivery of shares for settlement of this Plan.

#### 24. Private pension plan

Subsidiary Padtec S.A. sponsors two pension plans for its Management and employees, managed by Fundação Sistel de Seguridade Social. Supplementary pension plans are established as a defined contribution plan ("InovaPrev") or defined benefit ("CPqDPrev").

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

Under the defined benefit, the contribution and benefit amounts are defined when the plan is contracted, and funding is determined by actuarial calculations, to ensure that the plan can be granted and maintained. Under the defined contribution plan, the benefit amount is consistently adjusted, according to the applicable account balance held on behalf of the participant, which, in turn, results from the contribution amounts, contribution time, income arising from investments made, among other variables

Pursuant to the regulations for both plans, funding varies according to a contribution table based on salary ranges, from 1% to 8% of the employees' compensation.

As of September 30, 2023, there were no actuarial liabilities on behalf of Padtec S.A. arising from the supplementary pension plan.

Contributions made amounted to R\$ 2,263 as of September 30, 2023 (R\$ 2,180 as of September 30, 2022), which were recorded as "labor expenses and social charges" in P&L for the period and included in the table of Note 29.1.

## 25. Equity

### 25.1. Capital

As of September 30, 2023, the Company's subscribed and paid-in capital is R\$ 199,219, divided into 79,215 book-entry common shares, with no par value.

In 3Q23, 764,885 shares were issued under the terms of the VIII Stock Option Plan approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 28, 2023. As a result, the Company's capital was increased by the amount of R\$ 7.7.

Shareholder	09/30/23		12/31/22	
	Number of Shares	Interest - %	Number of Shares	Shareholding - %
Fundação CPqD – Centro de Pesquisa e Desenvolvimento em Telecomunicações	43,075,127	54.38%	43,075,127	54.91%
BNDES Participações S.A. – BNDESPAR	18,084,240	22.83%	18,084,240	23.05%
LMC Brazil, LLC	-	-	3,927,649	5.01%
Other	18,055,297	22.79%	13,362,763	17.03%
	<b>79,214,664</b>	<b>100.00%</b>	<b>78,449,779</b>	<b>100.00%</b>

### 25.2. Other comprehensive income

#### Translation adjustments

Refers to the accumulated translation adjustments for all foreign currency differences resulting from the conversion of the financial statements of operations abroad.

#### Cash flow hedge

The Company recognizes under this heading the variability of future cash flows attributable to changes in the USD/BRL exchange rate, arising from payments of principal and interest on financial liabilities (loans) contracted by the Company. The amounts recognized in other comprehensive income during the effectiveness of the hedging relationship shall be reclassified to financial income as a reclassification adjustment in the same period, or periods, in which the expected future transactions affected P&L. As of September 30, 2023, the amount of R\$ 974 was recorded in other comprehensive income, referring to Mark to Market in the Cash Flow Hedge account, as per Note 34.1.

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### 26. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the year.

The diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all potential diluted common shares by the stock options, and number of shares that could have been bought is determined at fair value, based on the monetary value of all subscription rights linked to outstanding stock options. The Company does not hold outstanding shares with dilutive potential or other instruments that could result in a dilution of the earnings per share calculation.

The number of shares calculated, as described above, is compared with the number of shares issued, assuming the period of stock options. The following shows the basic and diluted earnings per share as of September 30, 2023 and 2022:

	Consolidated		Parent Company	
	Continued operations			
	09/30/23	09/30/22	09/30/23	09/30/22
<b>Basic numerator</b>				
Profit for the period	17,024	3,954	17,088	3,954
Number of Shares	79,215	78,450	79,215	78,450
<b>Basic and diluted earnings per share - in Brazilian reais</b>	<b>0.2149</b>	<b>0.0504</b>	<b>0.2157</b>	<b>0.0504</b>

#### 27. Net operating revenue

	Period from July 1 to September 30		Period from January 1 to September 30	
	Consolidated		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22
<b>Gross operating revenue</b>	134,503	124,145	363,269	327,513
Products sold	114,736	84,481	303,723	226,049
Services rendered	19,768	39,665	59,547	101,465
Taxes on sales	(24,716)	(18,302)	(68,256)	(57,871)
Returns and cancellations	(6,255)	(2,747)	(15,414)	(8,897)
<b>Net operating revenue</b>	<b>103,532</b>	<b>103,096</b>	<b>279,599</b>	<b>260,745</b>

## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### 28. Cost of goods sold and services provided

	Period from July 1 to September 30		Period from January 1 to September 30	
	Consolidated		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22
Materials	(44,668)	(53,109)	(119,399)	(123,214)
Labor	(13,145)	(11,596)	(38,906)	(34,712)
Depreciation/amortization	(1,201)	(1,089)	(3,552)	(2,626)
Provision (reversal) - Cut-Off	(28)	1,479	(1,470)	1,280
Reversal of provisions (a)	1,614	579	4,147	(1,857)
Travel	(3,397)	(3,273)	(9,350)	(9,246)
Other costs	(3,512)	(2,797)	(8,493)	(8,263)
	<u>(64,337)</u>	<u>(69,806)</u>	<u>(177,023)</u>	<u>(178,638)</u>

a) Refers to obsolescence provisions and reversals, repairs and others.

## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023  
(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

### 29. Operating revenues (expenses)

#### 29.1. Administrative, selling and research and development expenses

	Period from July 1 to September 30		Period from July 1 to September 30		Period from January 1 to September 30		Period from January 1 to September 30	
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
Labor expenses and social charges	(422)	(492)	(14,268)	(14,023)	(1,360)	(1,701)	(44,177)	(47,249)
Third-party services	(187)	(179)	(1,266)	(1,987)	(840)	(827)	(3,779)	(5,139)
Selling and marketing expenses	-	-	(162)	(114)	-	(69)	(881)	(685)
General and administrative expenses (a)	(283)	(213)	(2,168)	(2,294)	(792)	(351)	(7,589)	(6,494)
Depreciation / amortization	-	-	(5,459)	(3,681)	-	-	(15,540)	(10,071)
Travel	-	-	(645)	(420)	-	-	(1,987)	(1,551)
Lease of properties and equipment	-	-	(171)	(85)	-	-	(415)	(402)
Other	(9)	(8)	(1,384)	(1,864)	(26)	(25)	(3,735)	(2,468)
	<b>(901)</b>	<b>(892)</b>	<b>(25,523)</b>	<b>(24,468)</b>	<b>(3,018)</b>	<b>(2,973)</b>	<b>(78,103)</b>	<b>(74,059)</b>

a) Refers to expenses with insurance, legal advice, corporate systems, among others.

Reported as follows:

	Period from July 1 to September 30		Period from July 1 to September 30		Period from January 1 to September 30		Period from January 1 to September 30	
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
Administrative expenses	(901)	(892)	(7,273)	(7,643)	(3,018)	(2,973)	(22,859)	(22,779)
Selling expenses	-	-	(8,580)	(7,884)	-	-	(26,511)	(24,666)
Research and development expenses	-	-	(9,670)	(8,941)	-	-	(28,733)	(26,614)
	<b>(901)</b>	<b>(892)</b>	<b>(25,523)</b>	<b>(24,468)</b>	<b>(3,018)</b>	<b>(2,973)</b>	<b>(78,103)</b>	<b>(74,059)</b>

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## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023  
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### 29.2. Other operating revenues (expenses), net

	Period from July 1 to September 30		Period from July 1 to September 30		Period from January 1 to September 30		Period from January 1 to September 30	
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
ISS credit granted	-	-	-	2	-	-	-	92
Administrative indemnities	-	-	(18)	(75)	-	-	(99)	(91)
Civil indemnities received (paid)	5,626	(744)	5,626	(744)	7,143	(364)	7,143	(364)
Labor indemnities	(2,343)	(1,196)	(2,616)	(1,423)	(3,119)	(3,809)	(3,944)	(4,868)
Tax indemnities	-	-	-	-	(146)	-	(146)	-
Loss of trade account receivables	-	-	-	(2,804)	-	-	(1,390)	(3,487)
Provision for expected credit losses	-	-	89	6,413	-	-	(1,162)	7,428
Provision for labor contingencies	2,315	4,068	2,036	4,026	1,924	7,062	1,812	7,402
Provision (reversal) for tax contingencies	(2)	-	(47)	(86)	748	-	1,429	1,247
Provision for civil contingencies	-	-	(11)	(58)	-	-	(565)	(418)
Provision (reversal) for administrative contingencies	-	-	(20)	28	-	-	157	35
Other	1	-	41	23	(13)	-	(823)	(78)
	<b>5,597</b>	<b>2,128</b>	<b>5,080</b>	<b>5,302</b>	<b>6,537</b>	<b>2,889</b>	<b>2,412</b>	<b>6,898</b>

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## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023  
(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

### 30. Net financial result

	Period from July 1 to September 30		Period from July 1 to September 30		Period from January 1 to September 30		Period from January 1 to September 30	
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
<b>Financial revenues</b>								
Income from financial investments	-	10	885	1,254	-	10	3,598	4,578
Income from financial transactions	-	-	1,041	698	-	-	2,445	1,531
Foreign exchange gains	-	-	188	3,390	-	-	4,690	10,262
Inflation adjustment on taxes and contributions	-	-	12	262	-	-	44	883
Pis and cofins on financial income	(522)	(54)	(621)	(154)	(665)	(54)	(972)	(396)
Other revenues	34	1	295	70	91	1	1,009	92
	<b>(488)</b>	<b>(43)</b>	<b>1,800</b>	<b>5,520</b>	<b>(574)</b>	<b>(43)</b>	<b>10,814</b>	<b>16,950</b>
<b>Financial costs</b>								
Interest on loans and financing	(64)	(63)	(1,829)	(2,931)	(210)	(170)	(6,450)	(10,070)
Interest on transaction with derivatives	-	-	(1,174)	-	-	-	(2,010)	-
Costs on financial transactions	-	-	658	80	-	-	(230)	(512)
Foreign exchange losses	-	-	(941)	(3,292)	-	-	(7,012)	(12,995)
Banking expenses	(1)	(1)	(245)	(119)	(6)	(3)	(572)	(650)
IOF expenses	(80)	(54)	(133)	(109)	(121)	(214)	(480)	(831)
Other expenses	(2)	27	(339)	(1,055)	(869)	(67)	(2,927)	(2,975)
	<b>(147)</b>	<b>(91)</b>	<b>(4,003)</b>	<b>(7,426)</b>	<b>(1,206)</b>	<b>(454)</b>	<b>(19,681)</b>	<b>(28,033)</b>
<b>Net financial result</b>	<b>(635)</b>	<b>(134)</b>	<b>(2,203)</b>	<b>(1,906)</b>	<b>(1,780)</b>	<b>(497)</b>	<b>(8,867)</b>	<b>(11,083)</b>

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## PADTEC HOLDING S.A.

MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023  
(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

### 31. Income tax and social contribution

#### Current

The reconciliation of tax expenses calculated by applying the combined tax rate and the income tax and social contribution expense charged to profit or loss is as follows:

	Period from July 1 to September 30		Period from July 1 to September 30		Period from January 1 to September 30		Period from January 1 to September 30	
	Parent		Consolidated		Parent		Consolidated	
	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22	09/30/23	09/30/22
<b>Income before taxes</b>	<b>15,540</b>	<b>12,218</b>	<b>16,549</b>	<b>12,218</b>	<b>17,088</b>	<b>3,954</b>	<b>18,018</b>	<b>3,863</b>
Equity Income	(11,479)	(11,116)	-	-	(15,349)	(4,535)	-	-
Law No. 11.196/05	-	-	(708)	-	-	-	(1,332)	-
(+/-) Other additions and deletions	(2,284)	(5,040)	(7,832)	1,372	(2,595)	(6,972)	(13,426)	(14,670)
Provision/reversal for obsolescence of inventory	-	-	(1,830)	(597)	-	-	(4,499)	1,156
Provision/reversal of contingencies	(2,314)	(5,010)	(1,957)	(5,346)	(2,673)	(7,062)	(1,997)	(8,429)
Provision/reversal of revenues	-	-	(187)	8,452	-	-	(866)	5,482
Provision/reversal for expected credit losses	-	-	(89)	(169)	-	-	1,162	(7,428)
Loss on account receivables	-	-	-	2,804	-	-	186	3,487
Provision/reversal - other	30	(31)	2,240	1,864	79	90	3,177	(2,567)
Financial credits	-	-	(6,246)	(5,334)	-	-	(17,496)	(15,205)
Other Additions and deletions	-	1	237	(302)	(1)	-	6,907	8,834
<b>Tax profit (loss) (IR basis)</b>	<b>1,777</b>	<b>(3,938)</b>	<b>8,009</b>	<b>13,590</b>	<b>(856)</b>	<b>(7,553)</b>	<b>3,260</b>	<b>(10,807)</b>
Income tax	-	-	(756)	-	-	-	(741)	91
Social contribution	-	-	(253)	-	-	-	(253)	-
Current income tax and CSLL	-	-	<b>(1,009)</b>	-	-	-	<b>(994)</b>	<b>91</b>

The Effective Rate calculated by the Company for the nine-month period ended September 30, 2023 was 5.5%. This percentage is based on profit before tax of R\$ 18,018 and income tax expense of R\$ 994. The main components that cause the effective rate to differ from the nominal income tax rate of 34% are the effects of financial Credits, the Law No. 11.196/05 and Provisions, which are used in the calculation as shown in the table above.

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## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts In thousands of Brazilian reais - R\$, unless otherwise indicated)

#### 32. Insurance (unaudited)

The Company and its subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks for amounts considered sufficient to cover possible claims, considering the nature of its activity. The risk assumptions adopted by the Company, given their nature, are not part of the audit scope of the individual and consolidated interim financial statements and, consequently, were not examined by the independent auditors.

Below, we show the amounts insured by risk coverage:

	Covered risk	Current period		Insured amount
		From	Up to	09/30/23
Equity Insurance	Basic coverage: fire, lightning and explosion Additional coverage: loss of profits, flooding, goods, electrical damage, landslide, equipment, machinery breakdown, registration and document recomposition, RC Commercial and Industrial establishments, theft and windstorm	04/28/23	04/28/24	<b>197,823</b>
Group Life Insurance (employees) - Principal	Death, accident, disability	06/30/23	06/30/24	<b>1,089</b>
Group Life Insurance (employees) - Supplement	Death, accident, disability	06/30/23	06/30/24	<b>490</b>
Group Life Insurance (interns)	Death, accident, disability	06/30/23	06/30/24	<b>38</b>
National Transportation	Road hazards	10/31/23	10/31/25	<b>4,000</b>
International Shipping (in US\$)	Broad coverage (Imports)	10/31/23	10/31/25	<b>USD 2,000</b>
International Shipping (in US\$)	Broad coverage (Export)	10/31/23	10/31/25	<b>USD 2,000</b>
Management civil liability- D&O	Executive Board	07/10/23	07/09/24	<b>50,000</b>
Comprehensive General Liability	General RC, Operations, Products	07/13/23	07/12/24	<b>15,000</b>

#### 33. Risk management

The Company and its subsidiaries manage their financial instruments through operating strategies and internal controls to ensure liquidity, profitability and security. The Company and its subsidiaries do not make financial investments of a speculative nature and gains resulting from these transactions are consistent with the policies and strategies defined by Management. The management of risks and financial instruments used is performed by means of policies, strategy definitions and implementation of control systems, defined by Management. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and on the characteristics of contractual cash flows.

## PADTEC HOLDING S.A.

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#### 34. Financial instruments

All financial instrument transactions are recognized in the financial statements of the Company and its subsidiaries, as shown in the table below:

	Fair Value Hierarchy	Consolidated			
		Book Value		Fair value	
		09/30/23	12/31/22	09/30/23	12/31/22
<b>Assets</b>					
<b>Amortized cost</b>					
Trade accounts receivable		139,253	148,266	139,253	148,266
				-	-
<b>Fair value through profit or loss</b>					
Cash and cash equivalents	Level 2	49,304	49,620	49,304	49,620
Restricted financial investments	Level 2	1,453	212	1,453	212
Tradable securities	Level 2	10,940	3,703	10,940	3,703
<b>Total</b>		<b>200,950</b>	<b>201,801</b>	<b>200,950</b>	<b>201,801</b>
<b>Liabilities</b>					
<b>Amortized cost</b>					
Loans and financing (current)		(9,704)	(23,595)	(9,704)	(23,595)
Loans and financing (non-current)		(94,629)	(68,769)	(94,629)	(68,769)
Debentures (current)		-	(10,517)	-	(10,517)
Debentures (non-current)		-	(10,440)	-	(10,440)
Lease transactions (current)		(6,339)	(6,044)	(6,339)	(6,044)
Lease transactions (non-current)		(14,205)	(18,909)	(14,205)	(18,909)
Suppliers		(69,203)	(68,223)	(69,203)	(68,223)
Suppliers (non-current)		(508)	(522)	(508)	(522)
Bonds with senior FIDC quotas (non-current)		(21,415)	(10,393)	(21,415)	(10,393)
<b>Total</b>		<b>(216,003)</b>	<b>(217,412)</b>	<b>(216,003)</b>	<b>(217,412)</b>

The classification of financial assets at amortized cost or at fair value through profit or loss is based on the business model and cash flow characteristics expected by the Company and its subsidiaries for each instrument.

#### Fair value against book values

The fair values of financial assets and liabilities, with the book values presented in the balance sheet, are as follows:

- Cash and cash equivalents and restricted financial investments – interest rates used to calculate yield on the Company's cash equivalents and restricted financial investments, at the end of the year, approximate their fair value for transactions of similar nature, term and risk;
- Loans and financing – are contracted under market conditions and, therefore, the carrying amounts approximate their market value for transactions of similar terms, source and risks.

#### Valuation of financial instruments

The fair value of a security corresponds to its maturity value (redemption value) brought to present value by the discount factor (relating to the maturity date of the security) obtained from the market yield curve in Brazilian reais.

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CPC 40 (R1) and IFRS 7 require the classification based on a three-level hierarchy to measure the financial instruments at fair value, based on observable and unobservable information related to the financial instrument valuation on the measurement date. CPC 40 (R1) and IFRS 7 also define observable information as market data obtained from independent sources and non-observable information reflecting market assumptions.

The three fair value hierarchy levels are:

- Level 1: Prices quoted in an active market for identical instruments;
- Level 2: Observable information other than prices quoted in an active market that are observable for the asset or liability, directly (as prices) or indirectly (price derivatives);
- Level 3: Valuation techniques under which inputs to measure the fair value are not available.

#### 34.1. Financial instruments designated for cash flow hedge

As a procedure for managing its market risks, the Company manages its exposures in foreign currency by contracting derivative financial instruments pegged to US dollar, considering the payment forecast.

In April 2023, subsidiary Padtec S/A designated derivative instruments for hedge accounting of cash flows to protect against the variability of future cash flows attributable to changes in the USD/BRL exchange rate arising from the payment of principal and interest on the liability financial instrument (loan) contracted by the Company (see Note 14).

Hedge accounting structure consists of the risk management strategy that seeks to converge its funding cost to the Interbank Deposit Certificates (CDI), as follows:

<u>Modality</u>	<u>Terms</u>	<u>Asset indexer</u>	<u>Liability indexer</u>	<u>Net</u>
SWAP	Apr/23 to Apr/26	VC* + 8.55% p.a.	CDI + 1.65% p.a.	USD 6,339

\*exchange rate variation.

As of September 30, 2023, the Company has the derivative financial instrument, as follows:

<u>Bank</u>	<u>Agreement.</u>	<u>Consolidated</u>					
		<u>Fair value - Long Position</u>		<u>Fair value - Short Position</u>		<u>Gain/loss</u>	
		<u>09/30/2023</u>	<u>12/31/2022</u>	<u>09/30/2023</u>	<u>12/31/2022</u>	<u>09/30/2023</u>	<u>12/31/2022</u>
<b>Votorantim</b>							
Curve - Swap	SWAP	32,498	-	32,833	-	(335)	-
Mark to Market	SWAP	32,294	-	33,603	-	(1,309)	-

The measurement of SWAP mark-to-market was made considering the effect of changes in the liability and asset indexes, based on market information available at the time, of this measurement.

The change in the derivative financial instrument is shown below:

	<u>Cash Flow Hedge</u>
<b>Balance as of December 31, 2022</b>	-
Interest on the transaction recognized in P&L	335
Losses recognized in Other Comprehensive Income	974
<b>Balance as of September 30, 2023</b>	<b>1,309</b>

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#### 34.2. Financial risk factors

The economic and financial risks mainly reflect the behavior of macro variables and exchange and interest rates, as well as the characteristics of the financial instruments used by Padtec Group. The Group's activities are exposed to various financial risks, capital risk, interest rate risk, exchange rate, credit and liquidity risk. The Company's practice is to manage existing risks on a conservative basis. The main purposes of this practice are to preserve the value and liquidity of financial assets and ensure the inflow of funds for the good development of business.

The Company's exposure to each of these risks, the purposes, practices and processes for risk measurement and management and capital management are described below.

#### 34.3. Capital risk

The Company manages its capital to ensure the continuity of their regular activities while seeking to maximize the return on their operations for all stakeholders or parties involved in their operations, by optimizing the use of debt and equity instruments.

The capital structure of the Company and its subsidiaries is made up by net indebtedness (loans and financing), less cash and cash equivalents and restricted financial investments and the Company's equity.

Padtec Group has net debt and its net cash (debt) ratio is:

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
Debt	-	-	125,748	123,714
Cash and cash equivalents, financial investments	-	60	50,757	49,832
Net Debt (net cash)	-	(60)	74,991	73,882
Net equity	153,312	135,679	153,248	135,679
Debt (cash) ratio, net	0%	0%	49%	54%

#### 34.4. Credit risk

Credit risk is the risk of the Company incurring a financial loss if a customer or a counterparty to a financial instrument fails to fulfill its contractual obligations, mostly arising from receivables from recurring customers and financial investments. To mitigate this risk, the Company and its subsidiaries adopt the procedure of making a detailed analysis of their customers' equity and financial position and constantly monitoring their outstanding debt balances. Impairment losses are shown in Note 6, according to the recoverability assessment performed by Management.

For financial investments, Padtec Group only carries out transactions with low-credit-risk institutions and setting a maximum limit of investment balances, as determined by Management. Management understands that there is no significant risk to which Padtec Group is exposed, considering the concentration levels and materiality of the amounts in relation to revenue.

#### 34.5. Liquidity risk

It is the risk of Padtec Group may face difficulties for the settlement of its obligations related to financial liabilities settled in cash.

The approach to the liquidity risk is to ensure the payment of obligations, thus, the purpose of maintaining available cash to settle short-term obligations, doing its best to always have sufficient liquidity to meet maturing obligations, under normal and stress conditions, without causing unacceptable losses or risking damage to the reputation of the Company and its subsidiaries.

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## PADTEC HOLDING S.A.

### MANAGEMENT'S NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

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Padtec Group works to align fund availability and fund generation to settle its obligations on the agreed terms. Contractual maturity is based on the most recent date when the Company and its subsidiaries should settle the related obligations:

	Book Value	Consolidated		
		Up to 1 year	1-2 years	2-20 years
Restricted financial investments	1,453	-	1,453	-
Financial transactions	101,539	40,400	33,953	27,186
Lease transactions	(20,544)	(6,339)	(5,055)	(9,150)
Loans and financing	(104,333)	(9,704)	(20,383)	(74,246)
Suppliers	(69,711)	(69,203)	(508)	-
Financial transactions	(101,539)	(40,400)	(33,953)	(27,186)
<b>Total</b>	<b>(193,135)</b>	<b>(85,246)</b>	<b>(24,493)</b>	<b>(83,396)</b>

#### 34.6. Currency risk

This risk arises from the possibility of fluctuations in the exchange rates of foreign currencies used by the Company. Management analyzes and monitors its exposures in order to take decisions on contracting instruments to hedge the respective exposures in foreign currency.

The net exposure in foreign currency is shown in the table below:

	Consolidated		Consolidated	
	09/30/23		12/31/22	
	R\$	US\$	R\$	US\$
<b>Assets</b>				
Trade accounts receivable	36,859	7,361	38,638	7,405
<b>Liabilities</b>				
Loans and financing	(32,498)	(6,245)	-	-
Trade accounts payable	(45,571)	(9,100)	(43,729)	(8,381)
<b>Total</b>	<b>(41,210)</b>	<b>(9,378)</b>	<b>(5,091)</b>	<b>(976)</b>

#### 34.7. Interest rate risk

Padtec Group's operations are indexed to fixed rates, Long-Term Interest Rate (TJLP) and CDI. Thus, Management understands that any fluctuation in interest rates would not have any significant impact on the Company's results.

## PADTEC HOLDING S.A.

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The book value of financial instruments representing the maximum exposure to interest rate risk as of the date of the interim financial statements was:

	Parent Company		Consolidated	
	09/30/23	12/31/22	09/30/23	12/31/22
<b>Assets</b>				
Cash and cash equivalents	-	60	49,304	49,620
Restricted financial investments	-	-	1,453	212
Tradable securities			10,940	3,703
Financial transactions			101,539	77,237
<b>Liabilities</b>				
Loans and financing	-	-	(104,333)	(92,364)
Debentures	-	-	-	(20,957)
Financial transactions	-	-	(101,539)	(77,237)
<b>Net exposure</b>	<b>-</b>	<b>60</b>	<b>(42,636)</b>	<b>(59,786)</b>

#### 34.8. Sensitivity analysis

Padtec Group performed a sensitivity analysis of the main risks to which its financial instruments are exposed, basically represented by variation in exchange rates and interest rates.

When exposure to risk is considered to be active, the risk to be considered is a reduction in linked indexes due to a consequent negative impact on profit or loss. Likewise, when exposure to risk is considered passive, the risk is an increase in the linked indexes, also with a negative impact on profit or loss. Thus, Padtec Group is qualifying the risks through the net exposure of the variables (Dollar, CDI, IGP-M, IPCA, TJLP and Selic), as shown.

	Consolidated		
	Probable scenario	25% Increase	50% Increase
<b><u>Exchange rate</u></b>			
Trade accounts receivable	35,859	9,215	18,430
Trade accounts receivable	(45,571)	(11,393)	(22,786)
Loans and financing	(32,498)	(8,125)	(16,249)
<b>Impact on profit or loss</b>		<b>(10,303)</b>	<b>(20,605)</b>
<b><u>Interest rate</u></b>			
Cash and cash equivalents	49,304	12,326	24,652
Restricted financial investments	1,453	363	727
Tradable securities	10,940	2,735	5,470
Loans and financing	(104,333)	(26,083)	(52,167)
<b>Impact on profit or loss</b>		<b>(10,659)</b>	<b>(21,318)</b>

#### 35. Information by segment

The Company and its subsidiaries have only one operating segment defined in the operational context. They are organized, and their performance is assessed, as a single business unit for operational, commercial, managerial, and administrative purposes.



## **PADTEC HOLDING S.A.**

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### **36. Subsequent events**

The Company called an Extraordinary Shareholders' Meeting to be held on November 23, 2023 and among the matters to be resolved is the reduction of the Company's capital to fully absorb the balance of accumulated losses recorded in the individual and consolidated Financial Statements of December 31, 2022.