Padtec S.A.

Individual and Consolidated Financial Statements Accompanied by the Independent Auditor's Report

On December 31, 2024.

Padtec S.A.

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Independent Auditor's Report on the Individual and Consolidated Financial Statements

To:
Shareholders and Managers of
Padtec S.A.
Campinas - SP

Opinion on the Individual and Consolidated Financial Statements

We have examined the individual and consolidated financial statements of **Padtec S.A.** ("Company"), identified as the parent company and consolidated, respectively, which comprise the balance sheet as of December 31, 2024, and the related statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, as well as the corresponding explanatory notes, including material accounting policies and other explanatory information.

In our opinion, the above-mentioned individual and consolidated financial statements present fairly, in all material respects, the financial position of **Padtec S.A.** as of December 31, 2024, and the individual and consolidated performance of its operations, and its respective individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for Opinion on the Individual and Consolidated Financial Statements

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section titled "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements." We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Professional Ethics Code of the Accountant and the professional standards issued by the Federal Accounting Council, and we have complied with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Emphases

Restatement of the Financial Statements as of December 31, 2023

As mentioned in explanatory note no. 2.7 of the individual financial statements, due to the reclassification of inventories to net intangible assets, the corresponding amounts for the prior year, presented for comparison purposes, were reclassified and are being restated in accordance with CPC 23 – Accounting Policies, Changes in Estimates, and Corrections of Errors, and CPC 26 (R1) – Presentation of Financial Statements. Our opinion does not contain any reservations regarding this matter.

Management and Governance Responsibilities for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and the international financial reporting standards (IFRS) issued by the IASB, as well as for the internal controls it has deemed necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, when applicable, matters related to its operational continuity and the use of this basis in the preparation of the financial statements, unless management intends to liquidate the Company and its subsidiaries, cease their operations, or has no realistic alternative to avoid the cessation of operations.

The individuals responsible for the governance of the Company and its subsidiaries are those with responsibility for overseeing the financial statement preparation process.

Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements may arise from fraud or error and are considered material when, individually or in the aggregate, they could reasonably influence the economic decisions of users taken based on the individual and consolidated financial statements.

As part of the audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, and planned and performed audit procedures in response to those risks, as well as obtained appropriate and sufficient audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that resulting from error, since fraud may involve the act of circumventing internal controls, collusion, falsification, omission or intentional misrepresentation.
- We gained an understanding of the relevant internal controls for the audit to plan appropriate audit procedures based on the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.

- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We have concluded on the appropriateness of the use by management of the going concern basis of accounting and, based on the audit evidence obtained, whether there is a significant uncertainty regarding events or conditions that may raise substantial doubt about the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that there is significant uncertainty, we are required to draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include a modification to our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and its subsidiaries to cease to be able to continue as a going concern.
- We have assessed the overall presentation, structure, and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements appropriately represent the corresponding transactions and events in a manner consistent with the objective of fair presentation.
- We have obtained appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We have communicated with those responsible for governance regarding, among other aspects, the scope and timing of the planned audit work and the significant audit findings, including any significant deficiencies in internal controls that may have been identified during our work.

São Paulo, March 25, 2025.

Cassiano Gonçalves Alvarez
Accountant CRC 1SP 219.153/O-3

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

Padtec S.A.

Individual and Consolidated Balance Sheets
as of December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

		Parent Company		Consolidated	
ASSETS	**NOTE**	**12/31/2024**	**12/31/2023 (restated)**	**12/31/2024**	**12/31/2023 (restated)**
CURRENT					
Cash and Cash Equivalents	4	153,106	46,135	158,084	50,456
Marketable Securities	5	-	-	1,837	9,920
Accounts Receivable from Customers	6	92,061	75,822	142,504	125,809
Inventories	7	108,022	94,046	117,157	100,344
Taxes recoverable	8	20,658	24,009	27,074	28,324
Financial Operations	17	51,723	44,278	41,929	39,008
Other credits	10	2,749	4,519	4,461	6,691
TOTAL CURRENT ASSETS		**428,319**	**288,809**	**493,046**	**360,552**
NON-CURRENT					
Accounts Receivable from Customers	6	378	4,766	40,359	4,766
Related Parties	11	45,342	49,324	5,836	14,597
Restricted Financial Investments	9	32,599	1,754	32,599	1,754
Derivative Financial Instruments	34.1	971	-	971	-
Financial Operations	17	85,971	63,845	46,156	52,891
Judicial escrow deposits	22.2	893	678	893	678
Other credits	10	317	21	317	24
		166,471	**120,388**	**127,131**	**74,710**
Investments	12.1	22,226	15,756	-	-
Net fixed assets	13	38,073	39,675	41,316	40,422
Net Intangible Assets	14	61,705	52,787	61,810	52,888
		122,004	**108,218**	**103,126**	**93,310**
TOTAL NON-CURRENT ASSETS		**288,475**	**228,606**	**230,257**	**168,020**
TOTAL ASSETS		**716,794**	**517,415**	**723,303**	**528,572**

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

Padtec S.A.

Individual and Consolidated Balance Sheets
as of December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

		Parent Company		Consolidated	
LIABILITIES	**NOTE**	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
CURRENT					
Loans and financing	15	72,234	13,374	76,473	13,374
Derivative Financial Instruments	34.1	-	1,671	-	1,671
Lease Liabilities	16	5,103	5,882	5,103	5,882
Suppliers	19	55,614	54,354	57,666	57,348
Related Parties	11	569	400	569	400
Taxes and Contributions Payable	20	7,608	3,322	8,579	4,595
Taxes and Contributions Payable – Installments	21	623	623	623	623
Social Obligations	23	17,619	25,860	18,475	26,891
Dividends Payable	25.4	-	4,082	-	4,082
Other Provisions	22.1	3,113	2,311	3,113	2,311
Financial Operations	17	51,723	44,278	41,929	39,008
Advances to customers		2,327	1,143	2,327	1,447
Other accounts payable		2,078	392	3,168	1,206
TOTAL CURRENT LIABILITIES		**218,611**	**157,692**	**218,025**	**158,838**
NON-CURRENT					
Loans and financing	15	257,668	99,081	263,405	99,081
Suppliers	19	619	508	619	508
Lease Liabilities	16	12,283	13,071	12,283	13,071
Taxes and Contributions Payable – Installments	21	675	1,299	675	1,299
Provisions for Labor, Tax, and Civil Risks	22.2	6,862	9,185	6,862	9,185
Financial Operations	17	85,971	63,845	46,156	52,891
Obligations Related to Senior Quotas – FIDC	18	-	-	41,609	21,109
Provision for Deficit in Shareholders' Equity	12.2	349	86	-	-
Other accounts payable		147	-	147	-
TOTAL NON-CURRENT LIABILITIES		**364,574**	**187,075**	**371,756**	**197,144**
TOTAL LIABILITIES		**583,185**	**344,767**	**589,781**	**355,982**
SHAREHOLDERS' EQUITY					
Capital Stock	25.1	162,174	162,174	162,174	162,174
Capital Reserves	25.2	21	21	21	21
Legal Reserve	25.2	-	859	-	859
Proposed Dividends	25.4	-	12,247	-	12,247
Accumulated Deficit		(23,127)	-	(23,214)	(58)
Other comprehensive income	25.3	(5,459)	(2,653)	(5,459)	(2,653)
TOTAL SHAREHOLDERS' EQUITY		**133,609**	**172,648**	**133,522**	**172,590**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**716,794**	**517,415**	**723,303**	**528,572**

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

Padtec S.A.

Individual and Consolidated Statements of Income
For the years ended December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

		Parent Company		Consolidated	
	Note	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Net operating income	27	**275,396**	**356,924**	**298,759**	**368,687**
Cost of Goods Sold and Services Rendered	28	(190,669)	**(231,812)**	(203,714)	(237,416)
Gross profit		**84,727**	**125,112**	**95,045**	**131,271**
Operating revenues(expenses)					
Administrative expenses	29.1	(20,170)	(22,859)	(23,589)	(25,083)
Sales expenses	29.1	(26,705)	(28,976)	(34,530)	(35,457)
Research and Development Expenses	29.1	(34,257)	(37,486)	(34,257)	(37,486)
Income using the equity method	12.4	(3,957)	(8,135)	-	-
Other Net Operating Income (Expenses)	29.2	(4,121)	(2,994)	(4,842)	(3,252)
Profit (Loss) Before Financial Income (Expenses)		**(4,483)**	**24,662**	**(2,173)**	**29,993**
Net Financial Result	30	(19,503)	(7,431)	(21,448)	(12,796)
Profit (Loss) Before Income Tax and Social Contribution		**(23,986)**	**17,231**	**(23,621)**	**17,197**
Income Tax and Social Contribution					
Current	31	-	(43)	(394)	(67)
Net Profit (Loss) for the Year		**(23,986)**	**17,188**	**(24,015)**	**17,130**
Result Attributable to:					
Controlling Shareholders		(23,986)	17,188	(24,015)	17,130
Net Profit (Loss) for the Year		**(23,986)**	**17,188**	**(24,015)**	**17,130**
Earnings (Loss) per Share					
Basic and Diluted Earnings (Loss) per Share	26	(1.8330)	1.3135	(1.8353)	1.3091

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

Padtec S.A.

Individual and Consolidated Statements of Comprehensive Income
for the years ended December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Subsidiary		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Net Profit (Loss) for the Year	**(23,986)**	**17,188**	**(24,015)**	**17,130**
Items That May Be Subsequently Reclassified to the Statement of Income:				
Foreign Currency Translation Adjustments of Foreign Subsidiaries	2,452	2,812	2,452	2,812
Cash Flow Hedge	(5,258)	(117)	(5,258)	(117)
Comprehensive income for the year	**(26,792)**	**19,883**	**(26,821)**	**19,825**
Comprehensive Income Attributable to:				
Controlling Shareholders	(26,792)	19,883	(26,821)	19,825
Comprehensive income for the year	**(26,792)**	**19,883**	**(26,821)**	**19,825**

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

Statements of Changes in Shareholders' Equity
for the years ended December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Note	Consolidated							
		Capital Stock	Capital Reserves	Legal Reserve	Proposed Dividends	Cash Flow Hedge	Other comprehensive income	Retained Earnings / Accumulated Losses	Total Shareholders' Equity
BALANCES AS OF DECEMBER 31, 2022		**230,003**	**21**	**-**	**-**	**-**	**(5,348)**	**(67,829)**	**156,847**
Net profit for the year		-	-	-	-	-	-	17,130	**17,130**
Legal Reserve Allocation	12.4/25.3	-	-	859	-	-	-	(859)	**-**
Proposed Dividends Allocation		-	-	-	12,247	-	-	(12,247)	**-**
Minimum Mandatory Dividends		-	-	-	-	-	-	(4,082)	**(4,082)**
Foreign Exchange Variation Adjustment of Subsidiaries		-	-	-	-	-	2,812	-	**2,812**
Capital Reduction		(67,829)	-	-	-	-	-	67,829	**-**
Cash Flow Hedge		-	-	-	-	(117)	-	-	**(117)**
BALANCES AS OF December 31, 2023		**162,174**	**21**	**859**	**12,247**	**(117)**	**(2,536)**	**(58)**	**172,590**
Loss for the year		-	-	-	-	-	-	(24,015)	**(24,015)**
Reversal of Legal Reserve	25.2	-	-	(859)	-	-	-	859	**-**
Reversal of Proposed Dividends	-	-	-	-	(12,247)	-	-	-	**(12,247)**
Foreign Exchange Variation Adjustment of Subsidiaries	12.4/25.3	-	-	-	-	-	2,452	-	**2,452**
Cash Flow Hedge	25.3/34.1	-	-	-	-	(5,258)	-	-	**(5,258)**
BALANCES AS OF December 31, 2024		**162,174**	**21**	**-**	**-**	**(5,375)**	**(84)**	**(23,214)**	**133,522**

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

Padtec S.A.

Individual and Consolidated Statements of Value Added
For the years ended December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Note	Parent Company		Consolidated	
		12/31/2024	12/31/2023 (restated)	12/31/2024	12/31/2023 (restated)
Cash Flows from Operating Activities					
Profit (Loss) for the Year Before Taxes		**(23,986)**	**17,231**	**(23,621)**	**17,197**
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and Amortization		23,095	25,753	23,376	25,863
Interest and Monetary Variations on Loans		29,888	4,616	32,739	4,616
Interest and Monetary Variations on Debentures		-	1,220	-	1,220
Amortization of Debenture Issuance Costs		-	474	-	474
Provision for Doubtful Accounts		3,925	1,156	4,318	1,156
Recognition (Reversal) of Other Provisions		802	335	802	335
Provisions for Labor, Tax, and Civil Risks		224	817	224	817
Provision for Inventory Obsolescence		(250)	(5,838)	(250)	(5,838)
Equity in Earnings (Losses) of Subsidiaries		3,957	8,135	-	-
Write-off of Property, Plant and Equipment and Intangible Assets		2,208	1,233	2,453	1,267
Decrease (Increase) in Operating Assets:					
Accounts Receivable from Customers		(15,776)	31,029	(56,606)	16,535
Marketable Securities		-	-	8,083	(6,217)
Inventories		(13,726)	(169)	(16,563)	(1,071)
Taxes recoverable		3,351	5,517	1,250	4,218
Transactions with Related Parties		3,982	(13,497)	8,761	(1,720)
Derivative Financial Instruments		(971)	-	(971)	-
Judicial escrow deposits		(215)	(78)	(215)	(78)
Other credits		1,474	551	1,937	(1,009)
Increase (Decrease) in Operating Liabilities:					
Derivative Financial Instruments		(1,671)	1,671	(1,671)	1,671
Lease Liabilities		(7,072)	(6,690)	(7,072)	(6,690)
Suppliers		1,371	(11,815)	429	(10,808)
Social Obligations		(8,241)	3,866	(8,416)	4,402
Taxes and Contributions Payable		3,662	(11,160)	3,360	(11,785)
Transactions with Related Parties		169	56	169	56
Obligations Related to Senior Quotas – FIDC		-	-	20,500	10,716
Advances to customers		1,184	(315)	880	(11)
Proposed Dividends		(12,247)	-	(12,247)	-
Other accounts payable		(224)	(555)	52	(25)
Labor, Tax, and Civil Settlements – Paid		(490)	(1,277)	(490)	(1,277)
Income Tax and Social Contribution – Paid		-	(43)	(394)	(67)
Loan and Financing Charges – Paid	15.1	(13,431)	(4,918)	(13,525)	(4,918)
Debenture Charges – Paid	15.1	-	(1,319)	-	(1,319)
Net Cash from Operating Activities		**(19,008)**	**45,986**	**(32,708)**	**37,710**
Cash flows from investing activities					
Capital Increase in Subsidiary (Cash)		(7,712)	(6,370)	-	-
Acquisition of fixed and intangible assets		(27,114)	(36,372)	(30,140)	(37,028)
Net Cash Used in (Provided by) Investing Activities		**(34,826)**	**(42,742)**	**(30,140)**	**(37,028)**
		Parent Company		**Consolidated**	

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

Padtec S.A.

Individual and Consolidated Statements of Value Added
For the years ended December 31, 2024 and 2023
(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Note	12/31/2024	12/31/2023 (restated)	12/31/2024	12/31/2023 (restated)
Cash flows from financing activities					
Restricted Financial Investments		(30,845)	(1,542)	(30,845)	(1,542)
Cash Flow Hedge		(5,258)	(117)	(5,258)	(117)
Dividends paid		(4,082)	-	(4,082)	-
Proceeds from Loans and Financing	15.2	235,568	50,948	245,899	50,948
Repayment of Loans and Financing – Principal	15.1	(34,578)	(30,555)	(37,690)	(30,555)
Repayment of Debentures – Principal		-	(21,332)	-	(21,332)
Net Cash Used in (Provided by) Financing Activities		**160,805**	**(2,598)**	**168,024**	**(2,598)**
Foreign Exchange Variation on Cash in Foreign Currency		-	-	2,452	2,812
Increase in Cash and Cash Equivalents		**106,971**	**646**	**107,628**	**896**
Cash and Cash Equivalents at the Beginning of the Year		**46,135**	**45,489**	**50,456**	**49,560**
Cash and Cash Equivalents at the End of the Year		**153,106**	**46,135**	**158,084**	**50,456**
Non-Cash Transactions					
Right-of-Use Assets – Leases		**5,505**	**690**	**5,505**	**690**

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

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

1. GENERAL INFORMATION

1.1. Operational context

Padtec S.A. ("Company" or "Padtec") is a privately held corporation engaged in the development, manufacturing, and commercialization of turnkey solutions for optical systems. Its portfolio includes equipment for corporate access, Data Center Interconnect (DCI), Storage Area Network (SAN) extension, metropolitan networks, and long-haul terrestrial and submarine multi-terabit networks. The Company's headquarters is located at Rua Doutor Ricardo Benetton Martins, No. 1,000, Parque II do Polo de Alta Tecnologia, Campinas, State of São Paulo, Brazil.

The Company's consolidated financial statements include the Company and its subsidiaries (collectively referred to as the "Group"):

	Equity Interest (%)			
	12/31/2024		12/31/2023	
	Direct	Indirect	Direct	Indirect
Padtec Argentina (a)	100.00%	-	100.00%	-
Padtec USA (b)	100.00%	-	100.00%	-
Padtec Colombia (c)	100.00%	-	100.00%	-
Padtec Chile (d)	-	100.00%	-	100.00%
Padtec Peru (e)	99.00%	-	99.00%	-
Padtec Soluções para Redes Ltda. (f)	100.00%	-	100.00%	-
FIDC FUNTTEL PADTEC – Credit Rights Investment Fund (g)	20.00%	-	20.00%	-

a) Padtec Argentina Branch is an operational entity established in Argentina, incorporated in 2007. Its primary purpose is to engage in commercial activities, resell products of the Padtec Group, and provide implementation, operation, and maintenance services. The Company holds 100% of its share capital.
b) Padtec USA is an operational entity established in the United States of America, in the State of Georgia, incorporated in 2014. Its primary purpose is to engage in commercial activities, resell products of the Padtec Group, and provide implementation, operation, and maintenance services. The Company holds 100% of its share capital.
c) Padtec Colombia is an operational entity established in Colombia, incorporated in 2014. Its primary purpose is to engage in commercial activities, resell products of the Padtec Group, and provide implementation, operation, and maintenance services. The Company holds 100% of its share capital.
d) Padtec Chile is an operational entity established in Chile, incorporated in 2019. All of its issued shares are subscribed by Padtec Argentina Branch. Its primary purpose is to engage in commercial activities, resell products of the Padtec Group, and provide implementation, operation, and maintenance services.
e) Padtec Peru is an operational entity established in Peru, incorporated in 2022. 99% of its issued shares are subscribed by the Company, and 1% by Padtec Colombia. Its primary purpose is to engage in commercial activities, resell products of the Padtec Group, and provide implementation, operation, and maintenance services.
f) Padtec Soluções Para Redes Ltda. is a privately held company dedicated to the leasing of equipment and solutions for optical systems. Its portfolio includes leased equipment for corporate access, Data Center Interconnect, Storage Area Network Extension, metropolitan networks, and long-haul terrestrial multi-terabit networks. The Company holds 100% of its share capital.
g) FIDC Funttel Padtec – Credit Rights Investment Fund was established with the objective of generating returns for its shareholders through the investment of its funds primarily in credit rights arising from transactions under Equipment Purchase and Sale Agreements entered into between the Company, as the 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 total subscribed capital of FIDC Funttel Padtec is up to BRL100 million, with contributions of up to BRL80 million from BNDESPAR (senior quotas) and up to BRL20 million from the Company (subordinated quotas, presented in the investee's individual balance sheet under the group of marketable securities). The senior quotas are presented in the fund's financial statements as equity and are reported in the Company's consolidated financial statements as a liability (see Explanatory Note No. 18).

2. Presentation of Individual and Consolidated Financial Statements

2.1. Basis of Preparation

The individual (Parent Company) and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in compliance with accounting practices adopted in Brazil (BR GAAP).

The consolidated financial statements include the financial statements of the Company and of the entities over which the Company has direct or indirect control, as detailed in Explanatory Note No. 1, and whose fiscal years and accounting policies are aligned. Direct and indirect subsidiaries are consolidated from the respective acquisition dates, which correspond to the dates on which the Company obtained control.

Management represents that all relevant information specific to the financial statements is disclosed herein and corresponds to the information used in the management of the Padtec Group.

Authorization for the issuance of these financial statements was granted by Management on March 25, 2025.

2.2. Measurement Basis

The individual and consolidated financial statements have been prepared based on historical cost, except for the following items recognized in the balance sheets: i) derivative financial instruments measured at fair value, and ii) non-derivative financial instruments measured at fair value through profit or loss. The classification of fair value measurement into Levels 1, 2, or 3 (depending on the observability of the inputs used) is presented in Explanatory Note No. 34.

2.3. Use of Estimates and Judgments

The preparation of the individual and consolidated financial statements requires Management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses.

Actual results may differ from these accounting estimates. Accordingly, Management continually reviews the estimates and assumptions applied, based on historical experience and other relevant factors. Adjustments arising from the review of such estimates are recognized in the period in which the estimates are revised and, if applicable, in future periods.

The main accounting areas that require the use of estimates and assumptions, which are subject to a higher degree of uncertainty and carry a risk of resulting in material adjustments if significant changes occur in future periods, include:

- Explanatory Note No. 6 – Accounts Receivable from Customers (estimated credit losses: key assumptions related to expected credit loss);
- Explanatory Note No. 7 – Inventories (provision for obsolescence and slow-moving items: key assumptions regarding expected inventory losses);
- Explanatory Note No. 13 – Property, Plant, and Equipment (application of defined useful lives and key assumptions regarding recoverable amounts);

- Explanatory Note No. 14 – Intangible Assets (key assumptions related to recoverable amounts);
- Explanatory Note No. 16 – Lease Transactions (assessment of whether a contract contains a lease);
- Explanatory Note No. 22.1 – Provisions (recognition and measurement: key assumptions regarding the likelihood of outflows of resources);
- Explanatory Note No. 22.2 – Provisions for Labor, Tax, and Civil Risks (recognition and measurement: key assumptions regarding the likelihood of outflows of resources); and
- Explanatory Note No. 24 – Private Pension Plan (key actuarial assumptions in measuring defined benefit obligations).

2.4. Functional Currency and Presentation Currency

The individual and consolidated financial statements are presented in Brazilian reais (BRL), which is the functional and presentation currency of the Company (Parent Company). The functional currency of the subsidiaries established in the United States and Argentina is the U.S. dollar; in Colombia, it is the Colombian peso; in Chile, the Chilean peso; and in Peru, the Peruvian sol. The effects of translating the financial statements of foreign subsidiaries from their functional currencies into reais are recorded in equity as Other Comprehensive Income – Foreign Currency Translation Adjustments. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.5. Statement of Value Added

The Company has prepared the individual and consolidated Statements of Value Added ("DVA") in accordance with Technical Pronouncement CPC 09 (R1) – Statement of Value Added. These statements are presented as an integral part of the financial statements under accounting practices adopted in Brazil and as supplementary information for IFRS reporting, as they are not required or prescribed by IFRS.

2.6. Statement of Cash Flows

The Statements of Cash Flows have been prepared using the indirect method and are presented in accordance with CPC 03 (R2).

2.7. Restatement of the Financial Statements as of December 31, 2023

During the preparation of the financial statements for the year ended December 31, 2024, the Company's Management identified a reclassification and, as a result, reassessed the accounting policies applied in the preparation of both the individual and consolidated financial statements, in accordance with the applicable IFRSs and CPCs. Management concluded that the financial statements for the year ended December 31, 2023, include a reclassification which, in Management's judgment, is material and requires the restatement of the individual and consolidated financial statements.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

The reclassification made is described below:

	Parent Company			
ASSETS	**12/31/2024**	**Originally Presented 12/31/2023**	**Reclassification**	**Restated 12/31/2023**
CURRENT ASSETS				
Inventories	108,022	95,898	(1,852)	94,046
Other current assets	320,297	194,763	-	194,763
TOTAL CURRENT ASSETS	**428,319**	**290,661**	**(1,852)**	**288,809**
NON-CURRENT				
Net Intangible Assets	61,705	50,935	1,852	52,787
Other non-current assets	226,770	175,819	-	175,819
TOTAL NON-CURRENT ASSETS	**288,475**	**226,754**	**1,852**	**228,606**
TOTAL ASSETS	**716,794**	**517,415**	**-**	**517,415**

	Consolidated			
ASSETS	**12/31/2024**	**Originally Presented 12/31/2023**	**Reclassification**	**Restated 12/31/2023**
CURRENT ASSETS				
Inventories	117,157	102,196	(1,852)	100,344
Other current assets	375,889	260,208	-	260,208
TOTAL CURRENT ASSETS	**493,046**	**362,404**	**(1,852)**	**360,552**
NON-CURRENT				
Net Intangible Assets	61,810	51,036	1,852	52,888
Other non-current assets	168,447	115,132	-	115,132
TOTAL NON-CURRENT ASSETS	**230,257**	**166,168**	**1,852**	**168,020**
TOTAL ASSETS	**723,303**	**528,572**	**-**	**528,572**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company			
	12/31/2024	Originally Presented 12/31/2023	Reclassification	Restated 12/31/2023
Cash Flows from Operating Activities				
Profit (Loss) for the Year Before Taxes	**(23,986)**	**17,231**	**-**	**17,231**
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:				
Other cash adjustments provided by (used in) operating activities	70,005	37,901	-	37,901
Decrease (Increase) in Operating Assets:				
Inventories	(13,726)	(2,021)	1,852	(169)
Other decrease (increase) in operating assets	(8,155)	23,522	-	23,522
Increase (Decrease) in Operating Liabilities:				
Other decrease (increase) in operating liabilities	(36,990)	(32,499)	-	(32,499)
Net Cash from Operating Activities	**(12,852)**	**44,134**	**1,852**	**45,986**
Cash flows from investing activities				
Acquisition of fixed and intangible assets	(33,270)	(34,520)	(1,852)	(36,372)
Other decrease (increase) in investing activities	(7,712)	(6,370)	-	(6,370)
Net Cash Used in (Provided by) Investing Activities	**(40,982)**	**(40,890)**	**(1,852)**	**(42,742)**
Cash flows from financing activities				
Other decrease (increase) in financing activities	160,805	(2,598)	-	(2,598)
Net Cash Used in (Provided by) Financing Activities	**160,805**	**(2,598)**	**-**	**(2,598)**
Foreign Exchange Variation on Cash in Foreign Currency	-	-	-	-
Increase in Cash and Cash Equivalents	**106,971**	**646**	**-**	**646**
Cash and Cash Equivalents at the Beginning of the Year	**46,135**	**45,489**	**-**	**45,489**
Cash and Cash Equivalents at the End of the Year	**153,106**	**46,135**	**-**	**46,135**
Non-Cash Transactions				
Right-of-Use Assets – Leases	**5,505**	**690**	**-**	**690**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Consolidated			
	12/31/2024	Originally Presented 12/31/2023	Reclassification	Restated 12/31/2023
Cash Flows from Operating Activities				
Profit (Loss) for the Year Before Taxes	**(23,621)**	**17,197**	**-**	**17,197**
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:				
Other cash adjustments provided by (used in) operating activities	63,662	29,910	-	29,910
Decrease (Increase) in Operating Assets:				
Inventories	(16,563)	(2,923)	1,852	(1,071)
Other decrease (increase) in operating assets	(37,761)	11,729	-	11,729
Increase (Decrease) in Operating Liabilities:				
Other decrease (increase) in operating liabilities	(18,425)	(20,055)	-	(20,055)
Net Cash from Operating Activities	**(32,708)**	**35,858**	**1,852**	**37,710**
Cash flows from investing activities				
Acquisition of fixed and intangible assets	(30,140)	(35,176)	(1,852)	(37,028)
Other decrease (increase) in investing activities	-	-	-	-
Net Cash Used in (Provided by) Investing Activities	**(30,140)**	**(35,176)**	**(1,852)**	**(37,028)**
Cash flows from financing activities				
Other decrease (increase) in financing activities	168,024	(2,598)	-	(2,598)
Net Cash Used in (Provided by) Financing Activities	**168,024**	**(2,598)**	**-**	**(2,598)**
Foreign Exchange Variation on Cash in Foreign Currency	2,452	2,812	-	2,812
Increase in Cash and Cash Equivalents	**107,628**	**896**	**-**	**896**
Cash and Cash Equivalents at the Beginning of the Year	**50,456**	**49,560**	**-**	**49,560**
Cash and Cash Equivalents at the End of the Year	**158,084**	**50,456**	**-**	**50,456**
Non-Cash Transactions				
Right-of-Use Assets – Leases	**5,505**	**690**	-	**690**

An accounting adjustment was made to reclassify expenses previously recorded as inventory to the Intangible Assets group, considering that such expenses relate to the development, acquisition, or enhancement of know-how. This reclassification is in accordance with established accounting principles, reflecting the nature of the investment as an intangible asset capable of generating future economic benefits. The reclassification was based on a detailed analysis of the items involved, and an amount of BRL1,852 was recognized as an intangible asset. This adjustment ensures greater adherence to applicable accounting standards and provides a more accurate view of the Company's financial position and results of operations.

3. Material Accounting Policies

The material accounting policies applied in the preparation of these individual and consolidated financial statements are described below. These policies have been applied consistently across all periods presented.

3.1. Basis of Consolidation

Investments in subsidiaries and associates are accounted for in the Parent Company's financial statements using the equity method. The Company's share in the results of its subsidiaries is recognized in profit or loss under equity in earnings of subsidiaries. In the case of foreign investments with functional currencies different from the Company's functional currency, changes in the investment value arising solely from exchange rate variation are recorded in equity under Other Comprehensive Income – Foreign Currency Translation Adjustments – and are only recognized in profit or loss upon disposal or write-off due to impairment.

For purposes of equity method accounting, unrealized profits on transactions with subsidiaries are fully eliminated, whether from sales by the Parent to the subsidiary or between subsidiaries. Unrealized losses are also eliminated, but only to the extent that there is no evidence of impairment. Balances and transactions between the Group entities, as well as any income or expenses arising from these transactions, are fully eliminated in the preparation of the consolidated financial statements.

In 2024, the Company recorded unrealized profits in the amount of BRL87 related to sales of equipment to Padtec Soluções Para Redes Ltda. Padtec Soluções Para Redes Ltda, in turn, leases this equipment to its customers. The unrealized profit is recognized in the Company's results as Padtec Soluções realizes such profits through monthly sales to its clients. The effect of this operation results in the elimination of BRL29 in unrealized profit in the consolidated financial statements.

In the case of investments in subsidiaries, associates, or jointly controlled entities with negative shareholders' equity (deficit equity), such investments are presented under non-current liabilities. Management believes there is no difference between accounting practices adopted in Brazil and IFRS in this respect, as the Company is jointly liable for the obligations of its subsidiaries with deficit equity.

3.2. Transactions and Balances in a Currency Other Than the Functional Currency

Foreign currency transactions are translated into the Padtec Group's functional currency (BRL – Brazilian real) using the exchange rates prevailing at the dates of the transactions. Balance sheet account balances are translated at the exchange rates prevailing on the reporting dates. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss under "Finance Income" and "Finance Expenses."

3.3. Application of the Accounting Standard for Hyperinflationary Economies

To ensure that the financial statements of Padtec Argentina are presented in a current measuring unit, Technical Resolution No. 6 of Argentina (RT 6) was applied, which is equivalent to CPC 42 (IAS 29) – Financial Reporting in Hyperinflationary Economies. This standard has been adopted as the accounting policy for reporting in a highly inflationary economic environment.

Inventory balances were restated using the current replacement cost of the respective items, and the other items in the financial statements of Padtec Argentina were adjusted using the National Consumer Price Index (IPC Nacional), published by INDEC (Instituto Nacional de Estadística y Censos).

3.4. Financial Instruments

i. Financial Assets

Financial assets are initially recognized on the date they are originated or on the trade date when the Company or its subsidiaries become a party to the contractual provisions of the instrument. Derecognition of a financial asset occurs when the contractual rights to the asset's cash flows expire or when the risks and rewards of ownership of the financial asset are substantially transferred.

<u>Measurement:</u>

- Financial assets measured at fair value through profit or loss: These assets are subsequently measured at fair value. The net result, including interest income or dividend income, is recognized in profit or loss.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Debt instruments at fair value through other comprehensive income: These assets are subsequently measured at fair value. Net results are recognized in other comprehensive income, except for interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, which are recognized in profit or loss. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company and its subsidiaries do not hold financial assets in this classification.
- Equity instruments at fair value through other comprehensive income (FVOCI): These assets are subsequently measured at fair value. All changes in fair value are recognized in other comprehensive income and will never be reclassified to profit or loss, except for dividends, which are recognized in profit or loss (unless the dividend clearly represents a recovery of part of the cost of the investment). The Company and its subsidiaries do not hold financial assets in this classification.

  Upon initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

  Financial assets are not subsequently reclassified after initial recognition unless the Company changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified on the first day of the reporting period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified as measured at fair value through profit or loss.

<u>Business Model Assessment:</u>

The Company performs an assessment of the objective of the business model under which a financial asset is held, as this better reflects the way the business is managed. Information provided to Management for this purpose includes:

- the policies and objectives established for the portfolio and the practical implementation of those policies. This includes whether Management’s strategy focuses on earning contractual interest income, maintaining a specific interest rate profile, matching the duration of financial assets with that of related liabilities or expected cash outflows, or realizing cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company’s Management;
- the risks affecting the performance of the business model (and the financial assets held in that business model) and the way in which those risks are managed;
- how the managers of the business are remunerated – for example, whether remuneration is based on the fair value of the assets managed or on the contractual cash flows obtained; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and their expectations about future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, in accordance with the continued recognition of the Company’s assets.

Financial assets held for trading or managed with performance assessed based on fair value are measured at fair value through profit or loss.

<u>Assessment of Whether Contractual Cash Flows Represent Solely Payments of Principal and Interest</u>

For the purpose of evaluating contractual cash flows, principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money, credit risk associated with the principal amount outstanding during a particular period, and other basic lending risks and costs (e.g., liquidity risk and administrative costs), along with a profit margin.

The Company considers the contractual terms of the financial instrument to assess whether the cash flows are solely payments of principal and interest on the principal amount outstanding. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows so that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual interest rate, including variable interest rate features;
- prepayment and extension features; and
- terms that restrict the Company's access to specific cash flows (e.g., based on the performance of an underlying asset).

Purchases or sales of financial assets that require delivery within a time frame established by regulation or market convention (regular way trades) are recognized on the trade date, i.e., the date on which the Company commits to purchase or sell the asset.

ii. Financial Liabilities

Financial liabilities are initially recognized on the date they are originated or the trade date on which the Company or its subsidiaries become a party to the contractual provisions of the instrument. Financial liabilities are classified as follows:

- Measured at fair value through profit or loss: These are financial liabilities that are: (i) held for trading, (ii) designated at fair value with the objective of mitigating the accounting mismatch from recognizing income and expenses separately to provide more relevant and consistent financial information, or (iii) derivatives. These liabilities are recorded at their respective fair values, with changes recognized in profit or loss.
  Any subsequent changes in fair value attributable to changes in the credit risk of the liability are recognized in other comprehensive income.
- Measured at amortized cost: These are all other financial liabilities that do not fall into the above classification. They are initially recognized at fair value net of any transaction costs directly attributable to the issue and are subsequently measured at amortized cost using the effective interest method.

iii. Derivative Financial Instruments

Hedge Accounting

For hedge accounting purposes, the following classifications are applicable: (i) Fair value hedge – a hedge of the exposure to changes in the fair value of a recognized asset or liability, or an unrecognized firm commitment (or a component of any such item), that is attributable to a specific risk and could affect profit or loss; (ii) Cash flow hedge – a hedge of the exposure to variability in cash flows that is attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction, and that could affect profit or loss; or (iii) Hedge of a net investment in a foreign operation – a hedge of foreign currency exposure related to a net investment in a foreign operation.

The Company applies the following hedge accounting structure:

Cash Flow Hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented within the cash flow hedge reserve. The effective portion of the changes in the derivative's fair value 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, from the inception of the hedge. Any ineffective portion of the derivative's fair value change is recognized immediately in profit or loss.

If the hedge no longer meets the criteria for cash flow hedge accounting, or if the hedging instrument expires, is sold, terminated, or exercised, hedge accounting is discontinued prospectively. Gains or losses previously recognized in other comprehensive income remain in equity and are only reclassified to profit or loss when the forecast transaction or firm commitment affects profit or loss.

3.5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short-term financial investments with original maturities of three months or less from the contract date, which are subject to an insignificant risk of change in fair value upon settlement and are used by the Company for the management of short-term obligations. The determination of the composition of the Company's cash and cash equivalents aims to maintain sufficient liquidity to ensure the continuity of investments and the fulfillment of both short- and long-term obligations, while preserving adequate returns on capital structure to support the ongoing operations and value creation of the Company.

3.6. Accounts Receivable from Customers

Accounts receivable from customers are recorded at their nominal amount, less an allowance for expected credit losses, which is estimated based on the weighted risk of loss for each customer group, considering the differing risks associated with each collection scenario. Present value calculations, when applicable, are performed at the transaction date using an interest rate that reflects the term and prevailing market conditions at that time.

3.7. Inventories

Inventories are stated at the lower of net realizable value (estimated selling price in the ordinary course of business less estimated costs to sell) and average production cost or weighted average acquisition cost. The Company and its subsidiaries account for inventories under the absorption costing method, using the weighted moving average method. Provisions for slow-moving or obsolete inventory are recognized when deemed necessary by Management.

3.8. Property, Plant, and Equipment

Property, plant, and equipment are measured at acquisition and/or construction cost, including capitalized borrowing costs incurred during the construction period for qualifying assets, less accumulated depreciation and, when applicable, accumulated impairment losses. The cost also includes any other expenses necessary to bring the asset to the location and condition required for it to operate in the manner intended by Management, including dismantling and restoration costs of the location where the asset is situated, and borrowing costs related to other qualifying assets.

Tangible assets held under finance lease arrangements that are intended for use in the Company's and its subsidiaries' operations are recorded as though the asset were acquired through a financed purchase. At the inception of the lease, a corresponding right-of-use asset is recognized under property, plant, and equipment along with a lease liability. These assets are also subject to depreciation, calculated based on either the estimated useful lives of the respective assets or the lease term, where there is no purchase option.

Depreciation is recognized on a straight-line basis over the estimated useful lives of each asset or asset group, so that the residual value is fully written off by the end of the useful life. The estimated useful lives, residual values, and depreciation methods are reviewed annually, and the effects of any changes in estimates are accounted for prospectively.

Gains and losses arising from the disposal or retirement of property, plant, and equipment are determined by comparing the proceeds from the sale with the carrying amount of the asset and are recognized on a net basis within other operating income or expenses.

3.9. Intangible Assets

i) Software

Purchased software licenses are capitalized and amortized over their estimated useful lives. Expenditures related to the development or maintenance of software are recognized as expenses as incurred. Expenditures that are directly associated with identifiable and unique software controlled by the Company and that are expected to generate economic benefits exceeding their costs for more than one year are recognized as intangible assets. The estimated useful lives of significant intangible asset items for the periods presented are disclosed in Explanatory Note No. 14.

ii) Product Research and Development

Research expenditures are recognized as incurred in profit or loss. Development expenditures are recognized as an intangible asset only when all of the following criteria are met: (i) the development costs can be measured reliably; (ii) the product or process is technically and commercially feasible and is expected to generate probable future economic benefits; and (iii) the Company and its subsidiaries have the intent and sufficient resources to complete the development and to use or sell the asset. Capitalized development expenditures are measured at cost, less accumulated amortization and any accumulated impairment losses, when applicable. Intangible assets are amortized on a straight-line basis, and the amortization is recognized in profit or loss over the estimated useful lives of the assets, starting from the date they are available for use.

3.10. Impairment of Assets

Management annually reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that such assets may not be recoverable through use or sale. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries determine the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs or to the smallest group of CGUs for which such a basis can be identified.

Intangible assets with indefinite useful lives or those not yet available for use are tested for impairment at least once a year, or whenever there is any indication that the asset may be impaired.

The recoverable amount is the higher of: fair value less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of an impairment loss is recognized immediately in profit or loss.

3.11. Provisions

Provisions are recognized when, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic resources will be required to settle the obligation. Where applicable, provisions are measured by discounting the expected future cash outflows at a rate that reflects current market assessments and the specific risks associated with liability.

Provisions for labor, tax, civil, and administrative risks are recognized based on legal opinions and Management's evaluation of known claims as of the balance sheet date, for which the risk of loss is considered probable.

3.12. Leases

At the commencement date of a lease agreement, the Company recognizes in the balance sheet the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the lease liability and finance costs. The corresponding lease obligations, net of finance charges, are classified as current or non-current liabilities based on the term of the lease agreement. Leased assets classified under property, plant, and equipment are depreciated over the term of the lease agreement.

3.13. Employee Benefits

Pension Plan

The Company provides its employees with a private pension plan, recognized on an accrual basis in accordance with CPC 33 (R1) – Employee Benefits, in which the Company acts as the sponsor of the plan. The plans are administered by Fundação Sistel de Seguridade Social and have the following characteristics:

- **Defined Contribution Plan**: A post-employment benefit plan under which the sponsor makes fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts in the event the plan does not hold sufficient assets to meet future obligations. Obligations are recognized as expenses in profit or loss in the period in which the services are rendered.
- **Defined Benefit Plan**: The net obligation is calculated as the present value of the defined benefit obligation, determined using actuarial assumptions including biometric studies and market-consistent discount rates, less the fair value of plan assets at the balance sheet date. The actuarial obligation is calculated annually by independent actuaries, under the responsibility of Management, using the projected unit credit method. Actuarial gains and losses are recognized in other comprehensive income as they occur.

Share-Based Compensation – Phantom Shares

Long-Term Incentive and Retention Plan (October 2021)

The Company has a Long-Term Incentive and Retention Plan approved in October 2021, related to a compensation program for certain beneficiaries (executive officers and/or employees of the Company or its subsidiaries who are considered key professionals), which consists of the granting of Phantom Shares based on shares issued by the Parent Company, Padtec Holding, with cash settlement, as provided for in the Long-Term Incentive and Retention Plan and the First Program under the Long-Term Incentive and Retention Plan. There is no provision for the actual trading of the Company's shares, as no issuance and/or delivery of shares will occur for the settlement of this Plan.

In accordance with CPC 10 (R1) – Share-Based Payment, the amounts related to the Phantom Shares are recognized as a liability, with a corresponding charge to profit or loss, based on the fair value of the granted Phantom Shares and the vesting period. The fair value of this liability is reviewed and updated at the end of each quarterly and annual reporting period, in accordance with changes in the fair value of the granted benefit and the vesting of rights by the beneficiaries.

Long-Term Incentive and Retention Plan II (April 2024)

The Company has a Long-Term Incentive and Retention Plan II, approved in April 2024, which establishes a compensation program for certain beneficiaries (executive officers and/or employees of the Company or its subsidiaries who are considered key professionals). The program involves the granting of Phantom Shares, based on shares issued by the Parent Company, Padtec Holding, with cash settlement, as outlined in both the Long-Term Incentive and Retention Plan II and the First Program under the scope of the Plan. There is no provision for the actual trading of the Company's shares, as no issuance and/or delivery of shares will occur for the settlement of this Plan.

In accordance with CPC 10 (R1) – Share-Based Payment, the amounts related to the Phantom Shares are recognized as a liability, with a corresponding charge to profit or loss, based on the fair value of the granted Phantom Shares and the vesting period. The fair value of this liability is reviewed and updated at the end of each quarterly and annual reporting period, in accordance with changes in the fair value of the granted benefit and the vesting of rights by the beneficiaries. However, for the fiscal year ended December 31, 2024, the vesting period for this plan had not yet been met (the first vesting for Plan II is scheduled to occur in Q3 2025).

3.14. Earnings per Share

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the respective period. Diluted earnings per share are calculated by adjusting the net income attributable to shareholders for the effects of instruments that could potentially dilute earnings, and by adjusting the weighted average number of shares outstanding to reflect the potential conversion of such instruments, in accordance with CPC 41 / IAS 33.

3.15. Current and Deferred Income Tax and Social Contribution

Current income tax and social contribution expenses are calculated based on statutory rates of 15%, plus a 10% surtax on taxable income exceeding BRL 240 for income tax, and 9% on taxable income for social contribution. The calculation considers the utilization of tax loss carryforwards and negative bases of social contribution, limited to 30% of the taxable income for the period. Income tax and social contribution expense comprises both current and deferred tax. Current and deferred taxes are recognized in profit or loss, unless they relate to business combinations or items recognized directly in equity or in other comprehensive income.

Current tax expense is determined in accordance with applicable tax legislation in effect as of the reporting date in the jurisdictions where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in relation to tax matters that are subject to interpretation and recognizes provisions where it is expected that income tax or social contribution will be payable under the applicable tax bases.

Deferred income tax and social contribution are recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax bases in the individual and consolidated financial statements. However, deferred taxes are not recognized for temporary differences arising from the initial recognition of assets or liabilities in transactions that do not affect either accounting or taxable profit, except for business combinations. Deferred income tax and social contribution are determined using the tax rates (and laws) in effect at the reporting date and expected to apply when the related deferred tax assets or liabilities are realized or settled. They are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized and tax loss carryforwards can be recovered. Deferred tax assets are reviewed at each reporting date and are recognized by Management when it is probable that they will be recoverable.

3.16. Revenue Recognition

Revenue from ordinary activities of the Company and its subsidiaries is measured based on the consideration received or receivable. Operating revenue is recognized when it represents the transfer (or promise of transfer) of goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

IFRS 15 / CPC 47 establishes a five-step model for revenue recognition: (i) identification of the contract with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when (or as) the entity satisfies a performance obligation.

Accordingly, revenue is recognized only when (or as) the performance obligation is satisfied — that is, when control of the goods or services is effectively transferred to the customer. If it is probable that discounts will be granted and the amount can be reliably measured, the discount is recognized as a reduction of operating revenue as the related sales are recognized.

3.17. Product Warranty

Warranty costs related to replacement parts are recognized at the time revenue is recorded in the income statement. Such recognition is based on estimated amounts determined using historical experience. The warranty coverage period ranges from one to three years.

3.18. New Standards Issued but Not Yet Adopted

New and amended standards and interpretations issued, but not yet effective as of the issuance date of the Company's financial statements, are described below. The Company intends to adopt these new and amended standards and interpretations, as applicable, when they become effective.

- IFRS 18: Presentation and Disclosure in Financial Statements
- Amendments to CPC 18 (R3) – Investments in Associates, Subsidiaries, and Joint Ventures, and to ICPC 09 – Separate Financial Statements, Individual Financial Statements, Consolidated Financial Statements, and Application of the Equity Method;
- Amendments to CPC 02 (R2) – Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements, and to CPC 37 (R1) – First-time Adoption of International Financial Reporting Standards;
- IFRS 19 – Subsidiaries Without Public Accountability: Disclosures;
- Amendments to IFRS 7 / CPC 40 and IFRS 9 / CPC 48 – Classification and Measurement of Financial Instruments;
- IFRS 7 and IFRS 9 – Contracts Referencing Dependence on Natural Energy;
- OCPC 10 – Carbon Credits (tCO_2e), Emission Allowances, and Decarbonization Credits (CBIO).

Management does not expect the adoption of the above-listed standards to have a material impact on the Company's financial statements in future periods, except for the following:

IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 (Presentation of Financial Statements), equivalent to CPC 26 (R1) in Brazil. IFRS 18 introduces new requirements for the presentation within the statement of profit or loss, including specified totals and subtotals. Additionally, entities are required to classify all income and expenses in the statement of profit or loss into one of five categories: operating, investing, financing, income taxes, and discontinued operations, with the first three being new classifications.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

The standard also mandates disclosure of management-defined performance measures, income and expense subtotals, and includes new requirements for aggregation and disaggregation of financial information based on the "functions" identified in the primary financial statements (PFS) and the notes to the financial statements.

Entities must apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted subject to approval by the local regulatory body. The standard requires retrospective application, with specific transitional provisions. The potential impacts of adopting this standard are still being evaluated by Management.

4. Cash and Cash Equivalents

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Demand bank deposits	4,737	2,931	9,715	7,252
Highly liquid financial investments	148,369	43,204	148,369	43,204
	153,106	**46,135**	**158,084**	**50,456**

As of December 31, 2024, the Company's cash equivalents consisted of investments in CDBs (Bank Deposit Certificates), held with top-tier financial institutions. These investments earned interest ranging from 97% to 105% of the CDI (Interbank Deposit Certificate) and were subject to low risk of changes in fair value.

For comparison, as of December 31, 2023, these rates ranged from 78% to 103% of the CDI.

5. Marketable Securities

	Consolidated	
	12/31/2024	12/31/2023
FIDC Funttel Padtec – Credit Rights Investment Fund		
Fund Units	1,569	9,679
Federal Government Bonds	268	241
	1,837	**9,920**

The investment in the credit rights investment fund is diversified across units of other investment funds with immediate liquidity, government bonds, and credit rights originating from transactions generated by the Company (Explanatory Notes No. 6 and No. 18).

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

6. Accounts Receivable from Customers

	Parent Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Accounts Receivable:				
Denominated in local currency	79,267	68,769	79,535	68,770
Denominated in foreign currency (a)	8,997	10,198	49,771	44,023
FIDC FUNTEL – Padtec (b)	-	-	49,775	16,161
	88,264	**78,967**	**179,081**	**128,954**
(+) Oi Judicial Recovery (c)	2,822	2,493	2,822	2,493
(+) Unbilled services rendered (d)	10,795	2,382	10,795	2,382
(-) Provision for revenue recognition outside the accrual period (e)	(2,535)	(272)	(2,535)	(272)
(-) Provision for expected credit losses (f)	(6,907)	(2,982)	(7,300)	(2,982)
	92,439	**80,588**	**182,863**	**130,575**
Current assets	92,061	75,822	142,504	125,809
Non-current assets	378	4,766	40,359	4,766
	92,439	**80,588**	**182,863**	**130,575**

a) On a consolidated basis, this amount is represented by USD 8,038 thousand as of December 31, 2024 (USD 9,093 thousand as of December 31, 2023).

b) These credits relate to the consolidation of the FIDC FUNTTEL PADTEC, as disclosed in Explanatory Note No. 18.

c) The Oi Group filed for judicial reorganization in June 2016 under the Brazilian Bankruptcy and Judicial Reorganization Law (Law No. 11,101/2005). In December 2017, the Company adhered to Clause 4.3.6 of Oi's Judicial Reorganization Plan, which establishes the following: "The payments of the securities subject to judicial reorganization will be made with a grace period of 20 years from the date of court approval, in five equal and consecutive annual installments, adjusted by the Referential Rate (TR) per year, with the first installment due in January 2039." Due to the risk associated with the recoverability of this credit, the Company chose to record a provision for loss, which is included in item (f) of this Explanatory Note No. 6.

d) This amount refers to the accrual of services rendered that have not yet been invoiced due to procedural reasons.

e) Provision for reversal of revenue recognized outside the appropriate reporting period ("cut-off").

f) Provisions for expected credit losses are based on the assumptions outlined in CPC 48 – Financial Instruments, and consider historical loss rates, as well as ongoing assessments of each customer's credit status and overall financial condition. Management continuously monitors all receivables and the individual creditworthiness of its customers, along with the overall quality of credit granted. Based on these assessments, Management believes that the provisions recorded as of December 31, 2024, are sufficient to cover potential losses due to default.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

Below are the amounts of Accounts Receivable from Customers, broken down by aging of past-due and not yet due balances:

	Parent Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
To be due	59,902	59,344	150,719	109,331
Overdue from 1 to 30 days	9,534	8,529	9,534	8,529
Overdue from 31 to 60 days	4,547	3,550	4,547	3,550
Overdue from 61 to 90 days	3,473	2,267	3,473	2,267
Overdue from 91 to 120 days	925	622	925	622
Overdue from 121 to 150 days	1,661	472	1,661	472
Overdue from 151 to 180 days	1,800	312	1,800	312
Overdue from 181 to 360 days	4,467	3,080	4,467	3,080
Overdue for more than 361 days	1,955	791	1,955	791
	88,264	**78,967**	**179,081**	**128,954**

The movement in the provision for expected credit losses is as follows:

	Parent Company				
	12/31/2022	**12/31/2023**			
	Opening balance	**Additions to the provision**	**Reversals**	**Write-offs**	**Closing balance**
Estimated credit losses for doubtful accounts	(1,826)	(3,504)	958	1,390	(2,982)
Total	**(1,826)**	**(3,504)**	**958**	**1,390**	**(2,982)**

	Parent Company				
	12/31/2023	**12/31/2024**			
	Opening balance	**Additions to the provision**	**Reversals**	**Write-offs**	**Closing balance**
Estimated credit losses for doubtful accounts	(2,982)	(4,637)	452	260	(6,907)
Total	**(2,982)**	**(4,637)**	**452**	**260**	**(6,907)**

	Consolidated				
	12/31/2022	**12/31/2023**			
	Opening balance	**Additions to the provision**	**Reversals**	**Write-offs**	**Closing balance**
Estimated credit losses for doubtful accounts	(1,826)	(3,504)	958	1,390	(2,982)
Total	**(1,826)**	**(3,504)**	**958**	**1,390**	**(2,982)**

	Consolidated				
	12/31/2023	**12/31/2024**			
	Opening balance	**Additions to the provision**	**Reversals**	**Write-offs**	**Closing balance**
Estimated credit losses for doubtful accounts	(2,982)	(5,030)	452	260	(7,300)
Total	**(2,982)**	**(5,030)**	**452**	**260**	**(7,300)**

The movement in write-offs refers to the realization of losses previously recognized in the Company's income statement, while the movement in reversals relates to renegotiations and collections from customers whose receivables had been previously provisioned as losses (Explanatory Note No. 29.2).

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

7. Inventories

	Parent Company		Consolidated	
	12/31/2024	**12/31/2023 (restated)**	**12/31/2024**	**12/31/2023 (restated)**
Finished products	18,222	7,562	27,357	13,860
Work in Process	2,528	3,113	2,528	3,113
Raw Materials	68,012	61,281	68,012	61,281
Merchandise for Resale	8,062	7,717	8,062	7,717
Imports in Process	4,954	5,473	4,954	5,473
Inventory Held by Third Parties (a)	15,146	18,052	15,146	18,052
	116,924	**103,198**	**126,059**	**109,496**
Inventory Provision				
(-) Provision for obsolescence and slow-moving inventory (b)	(8,902)	(9,152)	(8,902)	(9,152)
	108,022	**94,046**	**117,157**	**100,344**

a) They substantially relate to raw materials undergoing industrial processing and loaned equipment provided as collateral to customers.

b) This estimate includes discontinued inventory, materials that fall outside quality standards, and items with no inventory turnover, for which the likelihood of realization is considered low by Management, given the availability of new technologies and/or solutions in the market.

The movement in provisions for obsolescence and slow-moving inventory is as follows:

	Parent Company and Consolidated			
	12/31/2022	**12/31/2023**		
	Opening balance	**Addition**	**Reversals**	**Closing balance**
Inventory	(11,269)	(4,109)	9,791	(5,587)
Inventory held by third parties	(3,721)	(1,316)	1,472	(3,565)
	(14,990)	**(5,425)**	**11,263**	**(9,152)**

	Parent Company and Consolidated			
	12/31/2023	**12/31/2024**		
	Opening balance	**Additions to the provision**	**Reversals**	**Closing balance**
Inventory	(5,587)	(4,268)	5,462	(4,393)
Inventory held by third parties	(3,565)	(2,227)	1,283	(4,509)
	(9,152)	**(6,495)**	**6,745**	**(8,902)**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

8. Taxes recoverable

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Tax on the Circulation of Goods and Services – ICMS	430	3,295	430	3,295
Financial Credit (a)	6,582	4,978	6,582	4,978
Corporate Income Tax – IRPJ (b)	2,083	5,779	2,083	5,779
Social Contribution on Net Income – CSLL (b)	411	1,461	411	1,461
Withholding Income Tax – IRRF	2,690	1,280	2,690	1,280
Tax Withholding by Government Agencies	2,245	3,800	2,287	3,816
Tax on Industrialized Products – IPI	773	388	773	388
Social Integration Program – PIS	891	527	891	527
Contribution for the Financing of Social Security – COFINS	4,045	2,383	4,045	2,383
National Institute of Social Security – INSS	2	2	2	2
Withholding Value-Added Tax – VAT	-	-	2,245	2,493
Deferred income tax	-	-	1,909	896
Others	506	116	2,726	1,026
	20,658	**24,009**	**27,074**	**28,324**

a) In December 2019, Law No. 13,969/2019 was enacted, amending Law No. 8,248/1991 (the "Information Technology Law"). The amended law became effective in April 2020 and will remain in effect through December 2029. Under the revised legislation, the fiscal incentive was converted into a financial credit proportional to the Company's pre-approved investments in research and development (R&D). This financial credit is calculated on a quarterly basis and is used to offset federal taxes administered by the Brazilian Federal Revenue Service (Receita Federal do Brasil).
b) The balances presented relate to overpayments resulting from mandatory monthly prepayments. For the balance recorded in the Parent Company, the Company is awaiting reimbursement pursuant to a formal refund request submitted to the Brazilian Federal Revenue Service.

9. Restricted Financial Investments

	Parent Company and Consolidated	
	12/31/2024	12/31/2023
ABC Brasil (a)	2,333	-
Banco Cresol (b)	1,281	881
Ágora - Bradesco (c)	27,208	-
Others	1,777	873
	32,599	**1,754**

a) Financial investment held at Banco ABC Brasil, in the form of a CDB (Bank Deposit Certificate), pledged as collateral for a surety bond that secures a loan with BNDES. The average yield is 103% of the CDI (Interbank Deposit Certificate).
b) Financial investment held at Banco Cresol, in the form of a CDB (Bank Deposit Certificate), pledged as collateral for financial transactions with Finep. The average yield is 103% of the CDI (Interbank Deposit Certificate).
c) Financial investment held at Banco Bradesco (Ágora), in the form of a Financial Bill (Letra Financeira), pledged as collateral for a surety bond that secures a loan with BNDES. The average yield is 11.29% per year.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

10. Other credits

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Payroll advances	804	822	804	822
Advances to suppliers (a)	967	1,753	1,828	3,565
Prepaid insurance premiums	372	605	372	605
Prepaid software licenses	758	111	758	111
Other accounts receivable	165	1,249	1,016	1,612
	3,066	**4,540**	**4,778**	**6,715**
Current assets	2,749	4,519	4,461	6,691
Non-current assets	317	21	317	24
	3,066	**4,540**	**4,778**	**6,715**

(a) Advances made to suppliers of service providers.

11. Related Parties

Related parties include direct and indirect shareholders with significant ownership interests (greater than 5%), as well as entities directly or indirectly controlled by the Company.

The main nature and types of transactions with related parties are described below:

a) **Intercompany Loans:** Financial transactions conducted between the Company and its subsidiaries. The outstanding balances of intercompany loan agreements are subject to interest of 2% per year, with a maturity term of 24 months.

b) **Product Sales:** Sales of finished goods between the Company and its foreign subsidiaries, carried out under conditions that the Company considers to be comparable to market terms at the time of each transaction, in accordance with pre-established internal policies set by Management.

c) **Other Services:** Transactions carried out between Fundação CPqD and the Company, and between Padtec Redes and the Company, relating to infrastructure costs, property lease, and administrative expenses, as allocated based on contractual agreements between the parties.

Information regarding loan and financing agreements entered into between the Company and the Brazilian Development Bank (BNDES), the sole shareholder of BNDESPAR, is disclosed in Explanatory Note No. 15.

Details concerning the operating lease agreement for the property where the Company's headquarters is located, entered into with Fundação CPqD, are disclosed in Explanatory Note No. 16.

Information about the FIDC FUNTTEL PADTEC – Credit Rights Investment Fund, whose senior quota holder is BNDES Participações S.A. (BNDESPAR), is provided in Explanatory Note No. 18.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company								Consolidated			
	12/31/2024							12/31/2023	12/31/2024			12/31/2023
	Parent Company		Direct Subsidiaries						Parent Company			
	Fundação CPqD	Padtec Holding	Padtec Colombia	Padtec Argentina	Padtec Peru	Padtec Redes	Total	Total	Fundação CPqD	Padtec Holding	Total	Total
Assets												
Customers	-	-	26,183	9,647	1,835	1,841	**39,506**	**34,727**	-	-	**-**	**-**
Intercompany Loans (a)	-	5,836	-	-	-	-	**5,836**	**14,597**	-	5,836	**5,836**	**14,597**
Non-current assets	**-**	**5,836**	**26,183**	**9,647**	**1,835**	**1,841**	**45,342**	**49,324**	**-**	**5,836**	**5,836**	**14,597**
Liabilities												
Other Services (b)	569	-	-	-	-	-	**569**	**400**	569	-	**569**	**400**
Current liabilities	**569**	**-**	**-**	**-**	**-**	**-**	**569**	**400**	**569**	**-**	**569**	**400**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company							
	12/31/2024							12/31/2023
	Direct Subsidiaries							
	Padtec Colombia	Padtec Argentina	Padtec Chile	Padtec USA	Padtec Peru	Padtec Redes	Total	Total
Revenues								
Sales of Products (b)	20,197	5,824	3,278	1,207	1,652	1,038	33,196	28,971
	20,197	**5,824**	**3,278**	**1,207**	**1,652**	**1,038**	**33,196**	**28,971**

	Parent Company				Consolidated			
	12/31/2024			12/31/2023	12/31/2024			12/31/2023
	Parent Company	Direct Subsidiaries			Parent Company	Direct Subsidiaries		
	Fundação CPqD	Padtec Redes	Total	Total	Fundação CPqD	Padtec Redes	Total	Total
Expenses / Costs								
Other services (c)	228	201	**429**	**87**	228	201	**429**	**87**
	228	**201**	**429**	**87**	**228**	**201**	**429**	**87**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

Compensation of Key Management Personnel

Key management personnel of the Company and its subsidiaries are also considered related parties to the Company (see the Company's Related Party Transactions Policy).

Compensation paid to Executive Officers, members of the Board of Directors, Fiscal Council (when in place), and the Statutory Audit and Risk Committee is established by the General Shareholders' Meeting and follows market standards. The maximum aggregate amount (covering both fixed and variable compensation) approved for fiscal year 2024 by the General Shareholders' Meeting held on April 26, 2024, is BRL 8,912. The actual annual compensation paid to key management personnel includes monthly management fees, performance bonuses related to the prior year, contributions to the official pension system, and private pension contributions:

	12/31/2024	12/31/2023
Short-term benefits		
Salaries including bonuses	2,217	2,682
Social Security (INSS)	419	505
Private Pension	187	206
Others	119	130
Total Compensation	**2,942**	**3,523**

The Company sponsors two private pension plans for its Officers and employees, administered by Fundação Sistel de Seguridade Social, as described in Explanatory Note No. 24.

The Company has no additional post-employment obligations toward its Officers, nor does it offer other long-term benefits such as sabbatical leave or length-of-service leave. The Company also does not offer any termination benefits to members of Management other than those provided for in the individual employment agreements signed with the Company.

The amounts shown in the table above are included in the total for "labor expenses and social charges," as presented in the table of Explanatory Note No. 29.1.

12. Investments

The summarized financial information of the Company's subsidiaries, including total assets, liabilities, deficit equity, revenues, and results for the periods, is presented below:

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

12.1. Composition of investments

	Parent Company	
	12/31/2024	12/31/2023
Interest in subsidiaries:		
Padtec S.A. Argentina Branch	2,096	1,385
Padtec USA	678	210
Padtec Colombia	8,751	8,874
FDIC Funtell Padtec S.A.	10,000	5,000
Padtec Peru	701	287
	22,226	**15,756**

12.2. Provision for Deficit in Shareholders' Equity

	Parent Company	
	12/31/2024	12/31/2023
Interest in subsidiaries:		
Padtec Soluções Para Redes Ltda	(349)	(86)
	(349)	**(86)**

12.3. Summary of financial information of indirect subsidiaries

	Padtec S.A. – Argentina Branch		Padtec USA		Padtec Colombia		Padtec Soluções Para Redes Ltda		Padtec Peru	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Capital Stock	2,160	2,160	30,169	27,457	16,400	16,400	30	30	259	259
Total Assets	12,831	12,241	805	497	47,532	36,070	1,933	501	3,205	2,466
Total Liabilities	10,734	10,856	127	287	38,781	27,196	2,282	587	2,504	2,179
Shareholders' equity (deficit in shareholders' equity)	2,097	1,385	678	210	8,751	8,874	(349)	(86)	701	287
Net income (loss) for the year	67	(2,622)	(2,155)	(2,978)	(1,871)	(2,453)	(263)	(116)	265	34
Number of shares (in thousands)	2,160	2,160	30,169	27,457	16,400	16,400	100	100	10,000	10,000
Number of shares held (in thousands)	2,160	2,160	30,169	27,457	16,400	16,400	100	100	10,000	10,000
Equity interest percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(a) presented in number of units.

12.4. Movement of investments in the Parent Company

	Padtec S.A. – Argentina Branch		Padtec USA		Padtec Colombia		Padtec Soluções Para Redes Ltda		Padtec Peru		FDIC Funtell Padtec S.A.		Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Opening balance of investments	1,385	2,550	210	-	8,874	10,041	-	-	287	-	5,000	2,500	**15,756**	**15,091**
Opening balance of investment loss	-	-	-	(468)	-	-	(86)	-	-	-	-	-	**(86)**	**(468)**
Capital increase	-	-	2,712	3,580	-	-	-	30	-	260	-	-	**2,712**	**3,870**
Contributions / capital injections (redemptions)	-	-	-	-	-	-	-	-	-	-	5,000	2,500	**5,000**	**2,500**
Equity in earnings of subsidiaries	67	(2,622)	(2,155)	(2,978)	(1,871)	(2,453)	(263)	(116)	265	34	-	-	**(3,957)**	**(8,135)**
Foreign currency translation adjustment of foreign subsidiaries	644	1,457	(89)	76	1,748	1,286	-	-	149	(7)	-	-	**2,452**	**2,812**
Balance of provision for losses in subsidiaries	-	-	-	-	-	-	349	86	-	-	-	-	**349**	**86**
Closing balance of investments	**2,096**	**1,385**	**678**	**210**	**8,751**	**8,874**	**-**	**-**	**701**	**287**	**10,000**	**5,000**	**22,226**	**15,756**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

13. Net fixed assets

	Parent Company						
	Machinery and equipment	**Computer equipment**	**Furniture and fixtures**	**Leasehold improvements**	**Construction in progress (a)**	**Right-of-use assets – leases (b)**	**Total**
Balances on December 31, 2023							
Cost	24,077	14,874	2,658	3,803	7,437	31,875	**84,724**
Accumulated depreciation	(20,271)	(9,927)	(1,980)	(2,638)	-	(10,233)	**(45,049)**
Balances on December 31, 2023	**3,806**	**4,947**	**678**	**1,165**	**7,437**	**21,642**	**39,675**
Additions	2,328	1,387	2	-	-	5,505	**9,222**
Transfer from construction in progress to completed	7,437	-	-	-	(7,437)	-	**-**
Write-offs and disposals (acquisition cost)	(121)	(98)	-	(5)	-	(876)	**(1,100)**
Write-offs and disposals (depreciation)	16	(30)	-	-	-	23	**9**
Depreciation	(1,827)	(1,987)	(209)	(995)	-	(4,715)	**(9,733)**
Balances on December 31, 2024	**11,639**	**4,219**	**471**	**165**	**-**	**21,579**	**38,073**
Cost	32,747	16,164	2,660	3,798	-	36,504	**91,873**
Accumulated depreciation	(21,108)	(11,945)	(2,189)	(3,633)	-	(14,925)	**(53,800)**
Balances on December 31, 2024	**11,639**	**4,219**	**471**	**165**	**-**	**21,579**	**38,073**

a) Refers to the acquisition of machinery and equipment for the Company's plug-in manufacturing facility, which is part of its growth strategy within the Equipment/DWDM business unit.
b) See Explanatory Note No. 16.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company						
	Machinery and equipment	**Computer equipment**	**Furniture and fixtures**	**Leasehold improvements**	**Fixed assets in progress**	**Right-of-Use Assets – Leases**	**Total**
Balances on December 31, 2022							
Cost	22,323	12,502	2,644	4,025	-	32,014	**73,508**
Accumulated depreciation	(18,725)	(8,007)	(1,741)	(1,870)	-	(5,801)	**(36,144)**
Balances on December 31, 2022	**3,598**	**4,495**	**903**	**2,155**	**-**	**26,213**	**37,364**
Additions	2,011	2,379	14	5	7,437	690	**12,536**
Write-offs and disposals (acquisition cost)	(257)	(7)	-	(226)	-	(828)	**(1,318)**
Write-offs and disposals (depreciation)	(123)	(43)	-	226	-	25	**85**
Depreciation	(1,423)	(1,877)	(239)	(994)	-	(4,459)	**(8,992)**
Balances on December 31, 2023	**3,806**	**4,947**	**678**	**1,166**	**7,437**	**21,641**	**39,675**
Cost	24,077	14,874	2,658	3,804	7,437	31,876	**84,726**
Accumulated depreciation	(20,271)	(9,927)	(1,980)	(2,638)	-	(10,235)	**(45,051)**
Balances on December 31, 2023	**3,806**	**4,947**	**678**	**1,166**	**7,437**	**21,641**	**39,675**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Consolidated						
	Machinery and equipment	**Computer equipment**	**Furniture and fixtures**	**Leasehold improvements**	**Construction in progress (a)**	**Right-of-use assets – leases (b)**	**Total**
Balances on December 31, 2023							
Cost	24,263	15,596	2,689	4,030	7,437	31,875	**85,890**
Accumulated depreciation	(20,323)	(10,043)	(2,005)	(2,864)	-	(10,233)	**(45,468)**
Balances on December 31, 2023	**3,940**	**5,553**	**684**	**1,166**	**7,437**	**21,642**	**40,422**
Additions	2,821	3,758	84	-	-	5,505	**12,168**
Transfer from construction in progress to completed	7,437	-	-	-	(7,437)	-	**-**
Write-offs and disposals (acquisition cost)	(121)	(97)	-	(5)	-	(876)	**(1,099)**
Write-offs and disposals (depreciation)	(84)	(37)	(66)	-	-	23	**(164)**
Depreciation	(1,847)	(2,245)	(209)	(995)	-	(4,715)	**(10,011)**
Balances on December 31, 2024	**12,146**	**6,932**	**493**	**166**	**-**	**21,579**	**41,316**
Cost	34,400	19,257	2,773	4,025	-	36,504	**96,959**
Accumulated depreciation	(22,254)	(12,325)	(2,280)	(3,859)	-	(14,925)	**(55,643)**
Balances on December 31, 2024	**12,146**	**6,932**	**493**	**166**	**-**	**21,579**	**41,316**

a) Refers to the acquisitions of machinery and equipment for the Company's plug-in manufacturing facility, which is part of its growth strategy within the Equipment/DWDM business unit.
b) See Explanatory Note No. 16.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Consolidated						
	Machinery and equipment	**Computer equipment**	**Furniture and fixtures**	**Leasehold improvements**	**Fixed assets in progress**	**Right-of-Use Assets – Leases**	**Total**
Balances on December 31, 2022							
Cost	22,539	12,613	2,677	4,025	-	32,013	**73,867**
Accumulated depreciation	(18,825)	(8,038)	(1,763)	(1,870)	-	(5,800)	**(36,296)**
Balances on December 31, 2022	**3,714**	**4,575**	**914**	**2,155**	**-**	**26,213**	**37,571**
Additions	2,034	3,001	23	5	7,437	690	**13,190**
Write-offs and disposals (acquisition cost)	(310)	(18)	(11)	-	-	(828)	**(1,167)**
Write-offs and disposals (depreciation)	(70)	(44)	(3)	-	-	25	**(92)**
Depreciation	(1,428)	(1,961)	(239)	(994)	-	(4,458)	**(9,080)**
Balances on December 31, 2023	**3,940**	**5,553**	**684**	**1,166**	**7,437**	**21,642**	**40,422**
Cost	24,263	15,596	2,689	4,030	7,437	31,875	**85,890**
Accumulated depreciation	(20,323)	(10,043)	(2,005)	(2,864)	-	(10,233)	**(45,468)**
Balances on December 31, 2023	**3,940**	**5,553**	**684**	**1,166**	**7,437**	**21,642**	**40,422**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

14. Net Intangible Assets

	Parent Company						
	Software	**Software development**	**Trademarks and patents**	**Technical information license**	**Completed development projects (a)**	**Development projects in progress (a)**	**Total**
Balances on December 31, 2023							
Cost	12,652	-	3	6,713	61,656	21,910	**102,934**
Accumulated amortization	(9,486)	-	-	(6,631)	(34,030)	-	**(50,147)**
Balances on December 31, 2023	**3,166**	**-**	**3**	**82**	**27,626**	**21,910**	**52,787**
Additions	212	-	-	323	-	22,862	**23,397**
Transfer from development in progress to completed	(726)	-	-	726	29,836	(29,836)	**-**
Write-offs and disposals (amortization)	-	-	-	-	(1,117)	-	**(1,117)**
Amortization	(1,141)	-	-	(1,131)	(11,090)	-	**(13,362)**
Balances on December 31, 2024	**1,511**	**-**	**3**	**-**	**45,255**	**14,936**	**61,705**
Cost	12,138	-	3	7,762	91,492	14,936	**126,331**
Accumulated amortization	(10,627)	-	-	(7,762)	(46,237)	-	**(64,626)**
Balances on December 31, 2024	**1,511**	**-**	**3**	**-**	**45,255**	**14,936**	**61,705**

a) The development projects in progress refer to new technologies under development by the Company that meet the recognition criteria established by CPC 04 (R1). These criteria include technical feasibility of completion, the intention and ability to use or sell the asset, and the expectation of generating future economic benefits.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company						
	Software	**Software development**	**Trademarks and patents**	**Technical information license**	**Completed development projects**	**Development projects in progress**	**Total**
Balances on December 31, 2022							
Cost	11,421	-	3	6,250	43,585	17,149	**78,408**
Accumulated amortization	(8,239)	-	-	(5,737)	(19,410)	-	**(33,386)**
Balances on December 31, 2022	**3,182**	**-**	**3**	**513**	**24,175**	**17,149**	**45,022**
Additions	1,231	-	-	463	-	20,980	**22,674**
Transfer from development in progress to completed	-	-	-	-	18,071	(16,219)	**1,852**
Write-offs and disposals (acquisition cost)	-	-	-	-	-	-	**-**
Write-offs and disposals (amortization)	-	-	-	-	-	-	**-**
Amortization	(1,247)	-	-	(894)	(14,620)	-	**(16,761)**
Balances on December 31, 2023	**3,166**	**-**	**3**	**82**	**27,626**	**21,910**	**52,787**
Cost	12,652	-	3	6,713	61,656	21,910	**102,934**
Accumulated amortization	(9,486)	-	-	(6,631)	(34,030)	-	**(50,147)**
Balances on December 31, 2023	**3,166**	**-**	**3**	**82**	**27,626**	**21,910**	**52,787**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Consolidated						
	Software	**Software development**	**Trademarks and patents**	**Technical information license**	**Completed development projects (a)**	**Development projects in progress (a)**	**Total**
Balances on December 31, 2023							
Cost	12,934	-	3	6,713	61,656	21,910	**103,216**
Accumulated amortization	(9,667)	-	-	(6,631)	(34,030)	-	**(50,328)**
Balances on December 31, 2023	**3,267**	**-**	**3**	**82**	**27,626**	**21,910**	**52,888**
Additions	292	-	-	323	-	24,714	**25,329**
Transfer from development in progress to completed	(726)	-	-	726	29,836	(31,688)	**(1,852)**
Write-offs and disposals (acquisition cost)	-	-	-	-	-	-	**-**
Write-offs and disposals (amortization)	(73)	-	-	-	(1,117)	-	**(1,190)**
Amortization	(1,144)	-	-	(1,131)	(11,090)	-	**(13,365)**
Balances on December 31, 2024	**1,616**	**-**	**3**	**-**	**45,255**	**14,936**	**61,810**
Cost	12,500	-	3	7,762	91,492	14,936	**126,693**
Accumulated amortization	(10,884)	-	-	(7,762)	(46,237)	-	**(64,883)**
Balances on December 31, 2024	**1,616**	**-**	**3**	**-**	**45,255**	**14,936**	**61,810**

a) The development projects in progress refer to new technologies under development by the Company that meet the recognition criteria established by CPC 04 (R1). These criteria include technical feasibility of completion, the intention and ability to use or sell the asset, and the expectation of generating future economic benefits.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Consolidated						
	Software	Software development	Trademarks and patents	Technical information license	Completed development projects	Development projects in progress	Total
Balances on December 31, 2022							
Cost	11,725	-	3	6,250	43,585	17,149	**78,712**
Accumulated amortization	(8,414)	-	-	(5,737)	(19,410)	-	**(33,561)**
Balances on December 31, 2022	**3,311**	**-**	**3**	**513**	**24,175**	**17,149**	**45,151**
Additions	1,231	-	-	463	-	20,980	**22,674**
Transfer from development in progress to completed	-	-	-	-	18,071	(16,219)	**1,852**
Write-offs and disposals (acquisition cost)	(22)	-	-	-	-	-	**(22)**
Write-offs and disposals (amortization)	14	-	-	-	-	-	**14**
Amortization	(1,267)	-	-	(894)	(14,620)	-	**(16,781)**
Balances on December 31, 2023	**3,267**	**-**	**3**	**82**	**27,626**	**21,910**	**52,888**
Cost	12,934	-	3	6,713	61,656	21,910	**103,216**
Accumulated amortization	(9,667)	-	-	(6,631)	(34,030)	-	**(50,328)**
Balances on December 31, 2023	**3,267**	**-**	**3**	**82**	**27,626**	**21,910**	**52,888**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

15. Loans and financing

					Parent Company		Consolidated	
Modality	Contracted annual interest rate	Average effective annual rate	Earnings	Guarantee	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Local currency								
Finep	TR + 2.30% and 2.80%	3.08%	02/15/2020 to 12/15/2042	Bank guarantee	104,218	81,284	104,218	81,284
EXIM BNDES	IPCA+7.02%	8.23%	09/15/2024 to 06/15/2029	Bank guarantee	150,697	-	150,697	-
					254,915	**81,284**	**254,915**	**81,284**
Foreign currency								
Banco Brasil - Forfait	8.30%	9.31%	05/02/2024 to 01/24/2027	Restricted account cash flow	-	-	9,976	-
Finimp Banco Votorantim	Foreign exchange variation + 4.50%	4.87%	10/28/2024 to 01/24/2025	Restricted account cash flow	9,899	-	9,899	-
Finimp Banco do Brasil	3.00%	3.25%	10/29/2024 to 04/25/2025	Receivables	24,527	-	24,527	-
NCE - Votorantim	Foreign exchange variation + 8.55%	8.55%	07/26/2023 to 04/27/2026	Restricted account cash flow	-	31,171	-	31,171
NCE - Votorantim	Foreign exchange variation + 7.80%	12.38%	09/30/2024 to 03/28/2028	Restricted account cash flow	40,561	-	40,561	-
					74,987	**31,171**	**84,963**	**31,171**
					329,902	**112,455**	**339,878**	**112,455**
Current liabilities					72,234	13,374	76,473	13,374
Non-current liabilities					257,668	99,081	263,405	99,081
					329,902	**112,455**	**339,878**	**112,455**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

Maturity schedule by year:

	Consolidated											
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035-2042	TOTAL
Loans and financing	76,473	63,802	58,066	47,473	22,946	6,940	6,940	6,269	6,135	6,135	38,699	**339,878**

15.1. Payments

In March 2024, the Company settled the loan obtained in 2023 from Banco Votorantim and entered into a new agreement with the same financial institution for the issuance of a new export credit note (Nota de Crédito à Exportação – NCE) in the amount of BRL 32,000. The primary objective of this transaction was to reduce the cost of debt, which decreased from CDI + 1.65% per year to CDI + 1.49% per year, in addition to extending the debt maturity profile. This negotiation enabled the Company to maintain greater cash availability and liquidity.

By December 2024, a total of BRL 51,215 had been paid on a consolidated basis, and BRL 48,009 on the Parent Company level, related to interest and principal repayments on loans obtained by the Company.

15.2. Loan and Financing Arrangements

The Company obtained new borrowings during fiscal year 2024, as described below:

Bank	Modality	Nominal annual interest rate	Rate	Issuance date	Number of installments	Final maturity date	Amount raised
FINIMP BV	FINIMP	4.50%	0.38%	01/09/2024	1	01/24/2025	**5,935**
FINIMP BV	FINIMP	4.50%	0.38%	01/22/2024	1	01/24/2025	**2,332**
VOTORANTIM	NCE	CDI+1.49%	0.97%	03/28/2024	8	03/28/2028	**32,000**
BANCO BRASIL	FORFAIT	8.30%	0.69%	03/28/2024	12	01/24/2027	**10,331**
FINEP 25	SAC POS	URTR + 2.30%	0.20%	04/02/2024	241	04/15/2042	**15,000**
FINIMP BB	FINIMP	3.00%	0.25%	05/02/2024	1	04/25/2025	**20,579**
EXIM BNDES	EXIM	IPCA+7.02%	0.58%	06/24/2024	60	06/15/2029	**150,000**
FINEP 27	SAC POS	URTR + 2.80%	0.24%	07/10/2024	217	04/15/2040	**4,000**
FINEP 511	SAC POS	URTR + 2.80%	0.24%	07/04/2024	241	12/15/2042	**2,358**
FINEP 32	SAC POS	URTR + 2.80%	0.24%	12/03/2024	217	05/15/2039	**3,363**
							245,899

- Finimp Banco Votorantim: In January 2024, the Company obtained BRL 8,267 through an import financing facility (Finimp), with a single maturity date extended to January 2025, bearing interest at a linear annual rate of 4.50% plus foreign exchange variation.
- Banco Votorantim: In March 2024, the Company raised BRL 32,000 through an export credit note, under the NCE (Nota de Crédito à Exportação) modality, with a four-year term and semiannual payments of interest and principal, including a 12-month grace period starting from the contract signing date. The transaction is secured by a restricted account cash flow from receivables. A swap agreement was executed for this loan to hedge against both foreign exchange and interest rate fluctuations, resulting in an effective cost of CDI + 1.49% per year.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

- Banco do Brasil Forfait: In March 2024, the Company raised BRL 10,331 through a Forfait operation, with a 36-month term and an annual interest rate of 8.30%, with quarterly payments of principal and interest.
- Banco Brasil - Finimp: In May 2024, the Company raised BRL 20,579 (USD 3,946) through an import financing facility (Finimp), bearing interest at an annual rate of 3%, with a single maturity extended to April 2025. Since this loan is denominated in foreign currency, the transaction is subject to fluctuations in exchange rates.
- BNDES – Exim Facility: In June 2024, the Company raised BRL 150,000 from the Brazilian Development Bank (BNDES) under the Exim financing program. The loan has a 60-month term, bears interest at IPCA + 7.02% per year, and provides for a single principal repayment on June 15, 2029, with quarterly interest payments. In October 2024, BNDES approved the extension of both the principal amortization and interest payment terms. As a result, principal repayment was rescheduled as a lump sum due at the end of the contract in June 2029, and interest payments will be made quarterly from June 2024 through June 2029. The funds are primarily allocated to the production and export of equipment from the Company's portfolio. BNDES is the sole shareholder of BNDES Participações S.A. – BNDESPAR, which holds a significant equity interest in the Company (see Explanatory Note No. 25.1).

In addition, the Company has eight financing lines approved with FINEP, designated for investments in technology, totaling BRL 118,456. The funds are disbursed in accordance with expenditure and proof of costs under the Company's strategic innovation plan. In 2024, the Company received BRL 24,722, bringing total capitalized funds to BRL 106,367 to date.

The following section presents each of these financing lines:

Loan Type / Agreement	Term	Rate	Amount Disbursed	Borrowings					
				2020	2021	2022	2023	2024	Total
FINEP - 02.20.0002.00	02/07/2020 to 02/15/2032	TR + 2.8%	7,793	3,896	3,897	-	-	-	**7,793**
FINEP - 02.20.0003.00	02/07/2020 to 02/15/2040	TR + 2.8%	16,172	6,469	6,359	3,344	-	-	**16,172**
FINEP - 02.21.0032.00	04/20/2021 to 05/15/2039	TR + 2.8%	16,819	-	5,887	-	7,568	3,364	**16,819**
FINEP - 02.21.0033.00	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	**30,000**
FINEP - 02.22.0026.00	04/16/2022 to 04/15/2040	TR + 2.8%	4,101	-	-	2,000	2,101	-	**4,101**
FINEP - 02.22.0027.00	04/16/2022 to 04/15/2040	TR + 2.8%	9,349	-	-	4,500	-	4,000	**8,500**
FINEP - 02.22.0511.00	11/21/2022 to 12/15/2042	TR + 2.8%	21,434	-	-	9,645	8,145	2,358	**20,147**
			118,456	**10,365**	**17,844**	**34,489**	**18,948**	**24,722**	**106,367**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

15.3. Restrictive Covenants

The loan obtained from BNDES under the Exim program requires that the amount requested for disbursement must correspond to 80% (eighty percent) of the export commitment undertaken.

The Company periodically monitors this ratio to ensure compliance with the agreed terms. In Management's view, all restrictive covenants, both financial and non-financial, were duly met as of December 31, 2024.

15.4. Reconciliation of Liabilities Arising from Financing Activities

	Parent Company	Consolidated
Opening balances as of January 1, 2023	**92,364**	**92,364**
	-	
Interest expenses	4,616	4,616
Interest payments	(4,918)	(4,918)
Borrowings	50,948	50,948
Amortization	(30,555)	(30,555)
Balances on December 31, 2023	**112,455**	**112,455**
Interest expenses	29,888	32,739
Interest payments	(13,431)	(13,525)
Borrowings	235,568	245,899
Amortization	(34,578)	(37,690)
Balances on December 31, 2024	**329,902**	**339,878**

16. Lease Transactions

The lease liability is measured at the present value of the fixed lease payments that remain unpaid as of the reporting date. The lease payments are discounted using the contractual interest rate or the Company's borrowing rate (discount rate), adjusted for other contractual obligations stipulated in the lease agreements and brought to present value.

The Company has lease agreements with Daycoval Leasing – Banco Múltiplo S/A related to the leasing of equipment used in its operations. These leases have a term of 36 months and include a purchase option at the end of the lease term. Lease payments are made in 36 equal installments, with final maturity in November 2026. The accounting effect of this arrangement was the recognition of BRL 8,134 under property, plant, and equipment within the right-of-use assets group, with a corresponding lease liability recognized in current and non-current liabilities.

The prevailing discount rate used to calculate the present value of the lease liability for the identified assets—and, consequently, for the monthly allocation of finance charges—ranges from 3.29% to 6.30%, in accordance with the term of each lease agreement.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

In April 2024, the Company entered into a leasing agreement with HP Financial Services Arrendamento Mercantil S/A for the lease of servers. This lease has a term of 60 months and includes a purchase option at the end of the contract. Lease payments are made in 60 equal installments, with final maturity in April 2029. The accounting effect of this lease was the recognition of BRL 5,534 under property, plant, and equipment within the right-of-use assets group, with a corresponding lease liability recognized in current and non-current liabilities.

Lease Agreement with Related Parties

The Company and its subsidiaries are party to an operating lease agreement with Fundação CPqD for the property where the Company's administrative headquarters is located. The lease has a term of three years, expiring in 2025, and includes a renewal option after this period. It does not contain a purchase option at the end of the lease term. Lease payments are adjusted annually based on the IGPM index, and a real discount rate of 6.3% per year was applied to reflect fair market value. The accounting effect of this lease is the recognition of a right-of-use asset under property, plant, and equipment, with a corresponding lease liability recorded under current liabilities (see Explanatory Note No. 11):

	Parent Company and Consolidated	
	12/31/2024	**12/31/2023**
Provision for lease liabilities	17,386	18,953
	17,386	**18,953**
Current liabilities	5,103	5,882
Non-current liabilities	12,283	13,071
	17,386	**18,953**

The lease movement is presented below:

	Parent Company and Consolidated				
	12/31/2022	**New contracts**	**Payment**	**Finance charges**	**12/31/2023**
Machinery and equipment	5,734	670	(3,430)	565	3,539
Property lease – Related Parties	19,219	(524)	(3,489)	208	15,414
	24,953	**146**	**(6,919)**	**773**	**18,953**
Current liabilities	6,044				5,882
Non-current liabilities	18,909				13,071
	24,953				**18,953**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company and Consolidated				
	12/31/2023	New contracts	Payment	Finance charges	12/31/2024
Machinery and equipment	3,539	5,505	(3,843)	633	5,834
Property lease – Related Parties	15,414	-	(4,105)	243	11,552
	18,953	**5,505**	**(7,948)**	**876**	**17,386**
Current liabilities	5,882				5,103
Non-current liabilities	13,071				12,283
	18,953				**17,386**

17. Financial Operations

As of December 31, 2024, the Company had recognized Vendor and Forfait financial transactions in the amount of BRL 41,929 (BRL 39,008 as of December 31, 2023) under current liabilities, and BRL 46,156 (BRL 52,891 as of December 31, 2023) under non-current liabilities. The corresponding entries are recorded under current and non-current assets, and the transactions are described as follows:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Vendor	56,576	62,561	56,576	62,561
Forfait	31,509	29,338	31,509	29,338
Fidc Funttel	49,609	16,224	-	-
	137,694	**108,123**	**88,085**	**91,899**
Current assets	51,723	44,278	41,929	39,008
Non-current assets	85,971	63,845	46,156	52,891
	137,694	**108,123**	**88,085**	**91,899**

17.1. Vendor Transactions

The Company has entered into Vendor financing agreements with Banco do Brasil, Banco Safra, Banco Industrial, Banco Sofisa, Banco Paulista, Banco Regional de Desenvolvimento do Extremo Sul, Banco Daycoval, and Cresol. These agreements consist of sales financing arrangements based on the principle of credit assignment. As of December 31, 2024, these financial institutions had extended credit to 32 of the Company's customers through the execution of Loan Commitment Agreements, with total financing of BRL 95,010 and maturities through December 2032. These funds are used for the acquisition of the Company's products and implementation services. As of December 31, 2024, there were no defaults, and the outstanding amount recorded was BRL 22,156 under current liabilities and BRL 34,420 under non-current liabilities.

17.2. Forfait Transactions

The Company has entered into Forfait agreements with Banco do Brasil, Banco ABC, and Banco Fibra. These are international sales financing operations based on the discounting of receivables, offering customers extended payment terms and improved commercial conditions. As of December 31, 2024, credit was extended to 7 of the Company's customers under this structure, totaling BRL 64,839 in financing, with maturities through September 2027. These funds are used for the purchase of the Company's products. To date, there have been no defaults, and the amounts recorded were BRL 19,773 under current liabilities and BRL 11,736 under non-current liabilities.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

18. OBLIGATIONS RELATED TO SENIOR QUOTAS – FIDC FUNTTEL PADTEC

The FIDC FUNTTEL PADTEC – Credit Rights Investment Fund is intended to provide returns to its quota holders by investing primarily in credit rights arising from Equipment Purchase and Sale Agreements entered into between the Company, as the seller, and its customers, as buyers of equipment intended for the telecommunications sector. These transactions must involve goods or products recognized as Developed in Brazil by the Ministry of Science, Technology, and Innovation or an equivalent public authority, in accordance with Ordinance MCT No. 950, dated December 12, 2006, and/or qualify under a Basic Productive Process (*Processo Produtivo Básico*).

The FIDC FUNTTEL Padtec was established as a closed-end investment fund with an indefinite term. The fund's sole senior quota holder is BNDES Participações S.A. (BNDESPAR), a related party to the Company (see Explanatory Note No. 10), and the sole subordinated quota holder is Padtec S.A., with an 80% / 20% participation ratio, respectively. The operations of the FIDC FUNTTEL PADTEC began in April 2022.

By the end of 2024, the Company had made four capital contributions of BRL 2.5 million each, related to its interest in this fund, totaling BRL 10 million.   .

The equity structure of the FIDC Funttel Padtec as of December 31, 2024, is presented below:

FIDC FUNTTEL PADTEC	Contracted number of units	Subscribed Total value of quotas	Subscribed Padtec's interest	Subscribed Third-party interest	Subscribed Total
Senior	80,000	1.054	-	41,609	41,609
Subordinated	20,000	1.000	10,000	-	10,000
Total	**100,000**		**10,000**	**41,609**	**51,609**

The financial statements as of December 31, 2024 and 2023 are presented below:

FIDC FUNTTEL PADTEC	12/31/2024	12/31/2023
Current Assets		
Marketable Securities	1,837	9,920
Accounts Receivable from Customers	49,775	16,161
Other credits	21	64
Total Assets	**51,633**	**26,145**
Liabilities		
Other accounts payable	24	36
	24	**36**
Net equity		
Capital Stock	50,000	25,000
Retained earnings	3,303	2,313
Amortization of quotas – Legal Entity	(1,694)	(1,204)
Total Shareholders' Equity	**51,609**	**26,109**
Total liabilities and shareholders' equity	**51,633**	**26,145**

Result	**12/31/2024**	**12/31/2023**
Financial Income	2,560	2,231
Financial Expenses	(366)	(311)
Net profit for the year	**2,194**	**1,920**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

19. Suppliers

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
National suppliers	15,200	16,342	15,201	16,346
International suppliers	41,033	38,520	43,084	41,510
	56,233	**54,862**	**58,285**	**57,856**
Current liabilities	55,614	54,354	57,666	57,348
Non-current liabilities	619	508	619	508
	56,233	**54,862**	**58,285**	**57,856**

20. Taxes and Contributions Payable

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Tax on the Circulation of Goods and Services – ICMS	2,849	106	2,849	106
Corporate Income Tax - IRPJ	-	-	3	-
Tax on Industrialized Products – IPI	2,619	2,084	2,619	2,084
Social Contribution on Net Income – CSLL	-	-	2	-
Social Integration Program – PIS	325	140	327	140
Contribution for the Financing of Social Security – COFINS	1,512	651	1,520	651
Service Tax - ISS	214	290	214	290
Deferred income tax	-	-	800	465
Others	89	51	245	859
	7,608	**3,322**	**8,579**	**4,595**

21. Taxes and Contributions Payable – Installments

	Parent Company and Consolidated	
	12/31/2024	12/31/2023
Installment plan for Tax on the Circulation of Goods and Services – ICMS (a)	1,298	1,922
	1,298	**1,922**
Current liabilities	623	623
Non-current liabilities	675	1,299
	1,298	**1,922**

a) The Company entered into an installment payment program to refinance its ICMS (Tax on the Circulation of Goods and Services) liabilities, in accordance with Joint Resolutions SP/PGE 02/12 and SF 72/12, in the total amount of BRL 3,117. As of December 31, 2024, the outstanding balance was BRL 1,298, with final maturity scheduled for January 2027.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

22. Provisions

22.1. Other Provisions

	Parent Company and Consolidated			
	12/31/2022	12/31/2023		
	Opening balance	Additions to the provision	Reversals	Closing balance
Provision for commission (a)	855	1,355	(1,281)	929
Warranty repairs (b)	1,121	398	(137)	1,382
	1,976	**1,753**	**(1,418)**	**2,311**

	Parent Company and Consolidated			
	12/31/2023	12/31/2024		
	Opening balance	Additions to the provision	Reversals	Closing balance
Provision for commission (a)	929	1,200	(1,054)	1,075
Warranty repairs (b)	1,382	707	(51)	2,038
	2,311	**1,907**	**(1,105)**	**3,113**
Current Liabilities	2,311			3,113
Non-current liabilities	-			-
	2,311			**3,113**

a) This refers to the provision for fixed monthly salary amounts of sales representatives, intended for the payment of commissions on sales made to customers, in accordance with contractual terms.
b) Provision recognized to cover expenses related to products, including warranties and contractual obligations.

22.2. Provisions for Labor, Tax, and Civil Risks

The Company and its subsidiaries are parties to judicial and administrative proceedings arising in the normal course of business, involving tax, civil, labor, and other matters. Provisions are recognized only for amounts where the risk of loss is classified as probable.

	Parent Company and Consolidated					
	12/31/2022	12/31/2023				
	Opening balance	Additions	Reversals	Payments	Settlement	Closing balance
Labor Claims	2,029	1,050	(89)	(1,148)	-	1,842
Civil Claims (a)	3,978	468	-	-	-	4,446
Tax Claims (b)	3,379	216	(782)	-	-	2,813
Administrative	259	-	(46)	(129)	-	84
	9,645	**1,734**	**(917)**	**(1,277)**	**-**	**9,185**
Judicial Deposits (c)	(600)	(295)	217	-		(678)
	9,045	**1,439**	**(700)**	**(1,277)**	**-**	**8,507**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

	Parent Company and Consolidated					
	12/31/2023	**12/31/2024**				
	Opening balance	**Additions**	**Reversals**	**Payments**	**Settlement**	**Closing balance**
Labor	1,842	560	(877)	(471)	-	1,054
Civil (a)	4,446	422	(165)	-	(2,057)	2,646
Tax (b)	2,813	165	-	-	-	2,978
Administrative	84	177	(58)	(19)	-	184
	9,185	**1,324**	**(1,100)**	**(490)**	**(2,057)**	**6,862**
Judicial Deposits (c)	(678)	(265)	50	-	-	(893)
	8,507	**1,059**	**(1,050)**	**(490)**	**(2,057)**	**5,969**

(a) Civil

These consist of ordinary collection lawsuits filed against the Company. In the case of the plaintiff VKN Representações Comerciais Ltda., the claim relates to the alleged breach of a purported commercial representation agreement. The lawsuit, initiated in 2014, is currently in the evidentiary phase, with a provisioned risk of BRL 2,475 as of December 31, 2024.

The second lawsuit was brought by former client Klisa Telecom, which sought the payment of a penalty for the alleged contractual breach by the subsidiary, along with compensation for alleged moral and material damages. The case had been ongoing since 2017, and in October 2024, a settlement agreement was approved and will be paid in installments. The amount payable under the settlement totaled BRL 2,056 as of December 31, 2024.

(b) Tax Matters

The principal tax case concerns Tax on Industrialized Products (IPI). The Company was assessed by the Brazilian Federal Revenue Service for allegedly selling accessories related to incentivized products without the accompanying final products, allegedly violating the requirements for eligibility under the Information Technology Law in effect at the time (which allowed for a reduction in IPI rates). The subsidiary was assessed for the years 2011 and 2012, with a provisioned risk of BRL 2,979. In November 2024, a decision was issued on the Voluntary Appeal. The judging panel of CARF (Administrative Council of Tax Appeals) partially upheld the appeal, canceling approximately 99% of the assessments. The decision is still subject to motions for clarification and/or a special appeal by the National Treasury.

(c) Judicial Deposits

These amounts refer to court deposits made by the Company in connection with labor lawsuits.

- **Contingencies with Losses Deemed Possible**

  On a consolidated basis, there are other legal proceedings with a total exposure of BRL 78,470, which, as of December 31, 2024, have been assessed by the Company's legal advisors as posing a possible risk of loss (compared to BRL 75,885 as of December 31, 2023). No provision has been recorded for these matters, as Brazilian accounting practices do not require recognition of provisions for losses classified as possible, and the Company has not identified any exceptional circumstances that would, in its judgment, warrant the recognition of such provisions. This amount is composed of BRL 71,866 in tax-related matters, BRL 5,744 in labor matters, BRL 683 in civil matters, and BRL 117 in administrative matters. The principal cases classified as involving possible risk of loss are detailed below:

- The Company is a party to a civil lawsuit seeking the piercing of the corporate veil of its former investee, Editora Pini, in an effort to hold the former shareholders of the investee liable. The claim pertains to a bank credit note issued by Editora Pini that remains unpaid. The updated claim amount is BRL 2,505. The case is currently pending before the trial court (first instance).
- The Company is a defendant in a tax enforcement proceeding related to ICMS, which is currently under appeal. The amount at issue is BRL 6,872. The first-instance judgment was partially favorable, canceling the assessed tax but upholding the application of penalties. The subsidiary has filed an appeal, which is awaiting judgment.
- The Company is also a party to a tax enforcement action based on CDA No. 80 6 21 127486-04, which seeks to collect amounts due under Administrative Proceeding No. 10831 724290/2014-65, already concluded at the administrative level. The case concerns a tax assessment notice issued for the collection of regulatory fines and additional amounts related to Import Duty (II), IPI, PIS, and COFINS, due to an alleged error in the customs classification of imported goods. The subject of the enforcement action is limited to a regulatory fine of 1% on customs value, totaling BRL 2,505. The subsidiary secured the enforcement proceeding by presenting a surety bond, in order to challenge what it considers to be an undue charge through judicial means. A judgment was rendered in favor of the subsidiary, declaring the fine unenforceable as set forth in the case and thereby nullifying the Tax Enforcement Certificate (CDA). The Company filed a motion for clarification, while the National Treasury filed an appeal. The case is currently pending judgment.
- A tax assessment was issued against the Company by the Brazilian Federal Revenue Service concerning the collection of PIS and COFINS under the non-cumulative regime, covering the period from January 2009 to December 2010. The case is currently under review by the Tax Control and Oversight Department of the Federal Revenue Office in Sorocaba/SP, and awaits a decision on the administrative objection, with the amount under dispute totaling BRL 7,117. This administrative proceeding was suspended due to a judicial action filed by the subsidiary in 2008. Following the decision of the Brazilian Supreme Court (STF) in the leading case and the final, unappealable judgment rendered in favor of the plaintiff in the related judicial proceeding, these developments were reported in the administrative record in May 2021, with a formal request for the immediate cancellation of the assessment under review.
- The subsidiary is also involved in tax assessments and objections related to alleged noncompliance with the Basic Productive Process (PPB), for purportedly selling products that benefited improperly from IPI tax reduction incentives during the period from 2011 to 2012, with the total amount under dispute being BRL 49,123. In January 2018, the Company received a notice denying the administrative objection and upholding the assessment. In September 2019, the CARF (Administrative Council of Tax Appeals) converted the appeal into a request for additional investigation, which began in 2021. In November 2024, a decision was issued on the Voluntary Appeal. The judging panel of CARF (Administrative Council of Tax Appeals) partially upheld the appeal, canceling approximately 99% of the assessments. The decision is still subject to motions for clarification and/or a special appeal by the National Treasury.
- PerDComp – Federal Taxes: These refer to Reimbursement Requests linked to the Company's Tax Compensation Declarations for tax credits arising from overpayments of federal taxes (IPI, COFINS, CIDE, and others) under the non-cumulative regime, related to various periods. All requests were fully denied and not approved, totaling BRL 14,719 as of December 31, 2024. In October 2024, the Company's objection was not admitted in the proceedings. In December, the Company filed a Voluntary Appeal against the decision.
- Tax Assessments Issued by the Municipality of Belo Horizonte/MG refer to: (i) the assessment of ISSQN (Municipal Services Tax) at a 5% rate on alleged services rendered and a fine for issuing documents under an entity not registered in accordance with municipal tax regulations, issued to PSG – Padtec Serviços Globais de Telecomunicações Ltda. (which was merged into the Company), related to its branch in that municipality for the period from April 2015 to July 2016; and (ii) a fine for issuing tax documents under a different establishment than that required under local tax legislation for the same period, resulting in tax underpayment. In the decision on the appeal, the qualified fine was canceled, and the liability of the shareholders was excluded. By majority decision, however, the assessment related to the accessory and principal obligations was upheld.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

The total amount under dispute was BRL 6,250 as of December 31, 2024, and the risk has been classified as possible loss. In June 2024, the Company received notice of the appellate decision (Acórdão) and filed a Special Appeal, which remains pending judgment.

23. Social Obligations

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Salaries	2,652	3,442	2,842	3,494
Profit sharing and employee performance bonuses	-	2,915	-	3,008
Social charges	5,726	6,957	6,120	7,468
Provision for vacation and 13th salary	6,687	7,622	6,896	7,858
Private Pension	953	1,121	953	1,121
Share-based compensation – Phantom Shares (a)	1,555	3,746	1,555	3,746
Others	46	57	109	196
	17,619	**25,860**	**18,475**	**26,891**

a) The Company has a Long-Term Incentive and Retention Plan ("Plan") approved in October 2021, which comprises a compensation program for certain beneficiaries (officers and/or employees of the Company or its subsidiaries who are considered key professionals). This program consists of the granting of Phantom Shares, a form of compensation based on the market value of the shares of its parent company, Padtec Holding, traded on B3 S.A. – Brasil, Bolsa, Balcão, with cash settlement, as established under the Plan and the First Long-Term Incentive and Retention Program under the Company's Long-Term Incentive and Retention Plan ("First Program"). There is no provision for the actual trading of the Company's shares, as no issuance and/or delivery of shares will occur for the settlement of this Plan.

In April 2024, the Company approved the Second Long-Term Incentive and Retention Plan ("Plan II"). This compensation program also targets certain beneficiaries (officers and/or employees of the Company or its subsidiaries who are considered key professionals) and likewise involves the granting of Phantom Shares, based on shares issued by the parent company Padtec Holding, with cash settlement, as established under Plan II and the First Long-Term Incentive and Retention Program under Plan II. There is no provision for the actual trading of the Company's shares, as no issuance and/or delivery of shares will occur for settlement of this Plan II. The first vesting under Plan II will occur in the third quarter of 2025 (3Q25).

Beginning in the first quarter of 2024, the Company adopted the Black-Scholes methodology for pricing the Phantom Shares, which resulted in an impact on the compensation provision. The following assumptions were used in the Black-Scholes calculation for each respective plan:

Phantom Shares Plan I

- Padtec Holding's closing share price on December 30, 2024: BRL 1.26
- Exercise price of the options: BRL 7.02 (Trigger as established under the Plan and the First Program)
- Expected volatility: 73% per year Expected volatility was calculated based on the standard deviation of the average daily returns of a group of companies with shares traded on B3.
- Option life: 10 years from the grant date (as established under the Plan and the First Program)
- Risk-free interest rate was estimated at 12.15% per year

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

Phantom Shares Plan II

- Padtec Holding's closing share price on December 30, 2024: BRL 1.26
- Exercise price of the options: BRL 2.83 (Trigger as established under the First Program of Plan II)
- Expected volatility: 73% per year Expected volatility was calculated based on the standard deviation of the average daily returns of a group of companies with shares traded on B3.
- Option life: 3 years from the grant date (as established under the First Program of Plan II)

b) Risk-free interest rate was estimated at 12.15% per year

24. Private Pension Plan

The Company sponsors two private pension plans for its officers and employees, which are administered by Fundação Sistel de Seguridade Social. The supplementary pension plans are structured as a defined contribution plan ("InovaPrev") and a defined benefit plan ("CPqDPrev").

Under the defined benefit plan, both the contribution amounts and the benefit payments are determined at the time the plan is established. Funding is determined on an actuarial basis to ensure the granting and maintenance of benefits. In the defined contribution plan, benefit amounts are continuously adjusted based on the individual account balance maintained for the participant. This balance reflects the sum of contributions made, contribution duration, investment returns, and other variables.

According to the regulations of both plans, the funding is shared between the Company and the participants, and is calculated based on a contribution scale tied to salary brackets, ranging from 1% to 8% of the officers' and employees' remuneration.

As of December 31, 2024, there were no actuarial liabilities recognized by the Company in relation to the supplementary pension plans.

Total contributions made amounted to BRL 3,193 through December 31, 2024 (BRL 3,293 as of December 31, 2023), and were recorded under "labor expenses and social charges" in the statement of income for the year. These contributions are included in the table presented in Explanatory Note No. 29.1.

25. Net equity

25.1. Capital Stock

As of December 31, 2024 and 2023, the Company's subscribed and paid-in share capital amounted to BRL 162,174, divided into 13,085,308 registered common shares with no par value.

	12/31/2024		12/31/2023	
Shareholder	**Number of shares**	**Equity interest (%)**	**Number of shares**	**Equity interest (%)**
Padtec Holding S.A	13,085,308	100.00%	13,085,308	100.00%
Total	**13,085,308**	**100.00%**	**13,085,308**	**100.00%**

25.2. Capital Reserves and Fair Value Adjustment

Legal Reserve

In accordance with Article 193 of Brazilian Law No. 6,404/76 and the Company's Bylaws, a legal reserve equal to 5% of the net income for the year is required to be recognized. As of December 31, 2024, no legal reserve was recognized due to the net loss recorded by the Company. Pursuant to Article 200 of Law No. 6,404/76, capital reserves were used to absorb losses exceeding retained earnings and other profit reserves.

25.3. Other comprehensive income

Foreign Currency Translation Adjustment
This refers to the cumulative translation adjustments arising from foreign currency differences related to the conversion of financial statements from foreign operations.

Cash Flow Hedge
This item reflects the variability of future cash flows attributable to changes in the BRL/USD exchange rate, arising from the principal and interest payments on financial liabilities (borrowings) contracted by the Company. Amounts recognized in other comprehensive income during the hedge relationship are reclassified to financial result as a reclassification adjustment in the same period, or periods, during which the forecasted transactions affect profit or loss. As of December 31, 2024, a total of BRL 5,375 was recognized in other comprehensive income, related to the mark-to-market adjustment under the Cash Flow Hedge account, as detailed in Explanatory Note No. 34.1.

25.4. Dividends

The Company's Bylaws establish the allocation of 25%, adjusted in accordance with Article 202 of Brazilian Law No. 6,404/76, as the minimum mandatory dividends to be distributed whenever a profit is recorded for the fiscal year. No dividends were distributed for the fiscal year ended December 31, 2024. For the fiscal year ended December 31, 2023, BRL 3,674 in mandatory minimum dividends were distributed.

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 outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume the conversion of all potentially dilutive common shares through stock options. The number of shares that could have been acquired at fair value is determined based on the monetary value of subscription rights attached to outstanding stock options. The Company has stock options that are potentially dilutive and could result in a reduction of earnings per share.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

The number of shares calculated as described above is compared to the number of shares actually issued, assuming the exercise period of the stock options. The following presents the basic and diluted earnings per share as of December 31, 2024 and 2023:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Earnings (Loss) per Share:				
Net Profit (Loss) for the Year	(23,986)	17,188	(24,015)	17,130
Weighted average number of common shares outstanding	13,085,308	13,085,308	13,085,308	13,085,308
Basic and diluted earnings (loss) per share – in Brazilian reais	**(1.8330)**	**1.3135**	**(1.8353)**	**1.3091**

27. Net operating income

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Gross operating revenue	346,448	459,497	372,224	472,800
Products sold	274,397	378,737	297,047	388,526
Services rendered	72,051	80,760	75,177	84,274
Taxes on sales	(64,349)	(86,301)	(65,767)	(86,475)
Returns and cancellations	(6,703)	(16,272)	(7,698)	(17,638)
Net operating income	**275,396**	**356,924**	**298,759**	**368,687**

28. Cost of Goods Sold and Services Rendered

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Materials	(114,833)	(158,242)	(123,191)	(159,854)
Labor	(44,596)	(47,529)	(46,187)	(49,716)
Third-party services	(6,696)	(2,456)	(6,696)	(2,456)
Depreciation / amortization	(4,707)	(4,682)	(4,941)	(4,752)
Revenue recognition adjustment (Cut-Off)	1,286	(1,459)	1,286	(1,459)
Provisions / reversals (a)	(623)	5,058	(623)	5,058
Travel	(9,298)	(12,463)	(9,360)	(12,598)
Other costs	(11,202)	(10,039)	(14,002)	(11,639)
	(190,669)	**(231,812)**	**(203,714)**	**(237,416)**

. This refers to provisions and reversals related to obsolescence, product warranties, and other items.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

29. Operating income (expenses)

29.1. Administrative, commercial, and research and development expenses

	Parent Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Labor expenses and social charges	(47,286)	(46,409)	(54,078)	(54,578)
Third-party services	(3,282)	(5,808)	(3,483)	(3,605)
Sales and marketing expenses	(515)	(1,218)	(515)	(1,235)
General and Administrative Expenses	(5,266)	(6,372)	(8,719)	(8,233)
Depreciation / amortization	(18,390)	(21,070)	(18,436)	(21,111)
Travel	(1,675)	(1,787)	(2,417)	(2,590)
Property and equipment lease	(476)	(521)	(476)	(521)
Freight	(2,702)	(3,258)	(2,713)	(3,275)
Consumables	(1,151)	(2,398)	(1,151)	(2,398)
Other taxes	(389)	(480)	(388)	(480)
	(81,132)	**(89,321)**	**(92,376)**	**(98,026)**

Presented as:	Parent Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Administrative expenses	(20,170)	(22,859)	(23,589)	(25,083)
Sales expenses	(26,705)	(28,976)	(34,530)	(35,457)
Research and Development Expenses	(34,257)	(37,486)	(34,257)	(37,486)
	(81,132)	**(89,321)**	**(92,376)**	**(98,026)**

29.2. Other Operating Income (Expenses), Net

	Parent Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Write-off of other payables / receivables	-	1,358	-	1,358
Administrative indemnities	(430)	(129)	(430)	(129)
Civil indemnities	(393)	-	(393)	-
Labor indemnities	(442)	(1,352)	(442)	(1,352)
Losses on receivables from customers	(717)	(1,390)	(717)	(1,390)
Provision for doubtful accounts	(3,925)	(1,156)	(4,318)	(1,156)
Reversal of labor contingency provision	788	187	788	187
Provision for tax contingencies	(165)	(215)	(165)	(215)
Provision for civil contingencies	(257)	(468)	(257)	(468)
Provision (reversal) for administrative contingencies	(100)	175	(100)	175
Others	1,520	(4)	1,192	(262)
	(4,121)	**(2,994)**	**(4,842)**	**(3,252)**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

30. Net Financial Result

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Finance income				
Income from financial investments	10,228	4,402	11,076	5,174
Income from financial operations	2,406	2,456	2,406	2,456
Active exchange rate variation	9,258	6,433	17,724	8,561
Monetary restatement on taxes and contributions	117	56	117	56
PIS and COFINS on finance income	(619)	(378)	(619)	(378)
Other revenue	644	1,047	671	1,104
	22,034	**14,016**	**31,375**	**16,973**
Finance expenses				
Interest on loans and borrowings	(14,815)	(7,573)	(14,815)	(7,573)
Interest on derivative transactions	(4,331)	(3,167)	(4,331)	(3,167)
Expenses from financial operations	(294)	(442)	(294)	(442)
Passive exchange rate variation	(15,810)	(5,941)	(25,726)	(14,125)
Fines / Interest	(351)	(792)	(1,719)	(930)
Banking expenses	(1,095)	(777)	(1,095)	(777)
IOF Expenses	(204)	(387)	(206)	(387)
Other expenses	(4,637)	(2,368)	(4,637)	(2,368)
	(41,537)	**(21,447)**	**(52,823)**	**(29,769)**
Net Financial Result	**(19,503)**	**(7,431)**	**(21,448)**	**(12,796)**

31. Current income tax and social contribution

The reconciliation between the income tax and social contribution expense calculated by applying the combined statutory tax rates and the expense actually recognized in the income statement is presented as follows:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Profit (loss) before taxes	**(23,986)**	**17,231**	**(23,621)**	**17,197**
Equity in earnings of subsidiaries	3,957	8,135	-	-
"Lei do Bem" tax incentive	-	(2,417)	-	(2,417)
(+/-) Other additions and exclusions	(12,196)	(22,421)	(8,604)	(14,252)
Inventory obsolescence provision/reversal	(250)	(5,838)	(250)	(5,838)
Provision/reversal for contingencies	(267)	321	(267)	321
Revenue provision/reversal	584	(954)	584	(954)
Provision/reversal for doubtful accounts	3,925	1,156	4,318	1,156
Losses on receivables	-	161	-	161
Other provisions/reversals	(4,380)	1,805	(4,380)	1,805
Financial credits	(19,345)	(22,432)	(19,345)	(22,432)
Other additions and exclusions	7,537	3,360	10,736	11,529
Taxable income (Income Tax Basis)	**(32,225)**	**528**	**(32,225)**	**528**
Income tax	-	(15)	(394)	(39)
Social contribution	-	(28)	-	(28)
Current Income Tax and Social Contribution	**-**	**(43)**	**(394)**	**(67)**

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

32. Insurance (Unaudited)

The Company and its subsidiaries maintain a policy of contracting insurance coverage for assets subject to risk, in amounts considered sufficient to cover potential losses, taking into account the nature of their operations. The risk assumptions adopted by the Company and its subsidiaries, given their nature, are not within the scope of the audit of the individual and consolidated financial statements and, consequently, have not been reviewed by the independent auditors.

Below is a summary of the insured amounts by type of risk coverage:

		Current Term		Insured Amount
	Covered Risk	**From**	**To**	**12/31/2024**
Property Insurance / Named Perils	Basic coverage: fire, lightning, and explosion 05/28/2024 – 05/28/2025 Additional coverages: loss of profits, flooding, assets, electrical damage, collapse, equipment, machinery breakdown, reconstruction of records and documents, general liability (commercial and industrial premises), theft, and windstorm	05/28/2024	05/28/2025	**320,044**
Group Life Insurance (employees) – Primary Coverage	Death, accident, disability	07/01/2024	06/30/2026	**1,129**
Group Life Insurance (Employees) – Supplemental	Death, accident, disability – This refers to supplemental life insurance voluntarily contracted by approximately five employees. Premiums are cost-shared and deducted from payroll.	07/01/2024	06/30/2026	**508**
Group Life Insurance (Interns)	Death, accident, disability	07/01/2024	07/01/2025	**40**
Domestic Transportation Insurance	Road transport risks	10/31/2024	10/31/2025	**6,000**
International Transportation Insurance (in USD)	Comprehensive coverage (Imports)	10/31/2024	10/31/2025	**USD 2,000**
International Transportation Insurance (in USD)	Comprehensive coverage (Exports)	10/31/2024	10/31/2025	**USD 2,000**
Directors and Officers (D&O) Liability Insurance	Executive Board	07/09/2024	07/09/2025	**50,000**
Civil Liability	General liability, Operations, Products	07/13/2023	07/13/2025	**15,000**

33. Risk Management

The Company and its subsidiaries manage their financial instruments through operational strategies and internal controls designed to ensure liquidity, profitability, and security. The Company and its subsidiaries do not engage in speculative financial investments, and the results of these operations are consistent with the policies and strategies defined by Management.

Risk management and the use of financial instruments are governed by policies, strategic guidelines, and control systems established by Management.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

The classification of financial assets under IFRS 9 is generally based on the business model under which a financial asset is managed and on its contractual cash flow characteristics.

34. Financial Instruments

All transactions involving financial instruments are recognized in the financial statements of the Company and its subsidiaries, as shown in the following:

		Consolidated			
	Fair Value Hierarchy	Carrying Amount		Fair Value	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Assets					
Amortized cost					
Accounts Receivable from Customers		182,863	130,575	182,863	130,575
Fair value through profit or loss					
Cash and Cash Equivalents	Level 2	158,084	50,456	158,084	50,456
Restricted Financial Investments	Level 2	32,599	1,754	32,599	1,754
Marketable Securities	Level 2	1,837	9,920	1,837	9,920
Total		**375,383**	**192,705**	**375,383**	**192,705**
Liabilities					
Amortized cost					
Loans and borrowings (current)		(76,473)	(13,374)	(76,473)	(13,374)
Loans and borrowings (non-current)		(263,405)	(99,081)	(263,405)	(99,081)
Lease liabilities (current)		(5,103)	(5,882)	(5,103)	(5,882)
Lease liabilities (non-current)		(12,283)	(13,071)	(12,283)	(13,071)
Suppliers		(57,666)	(57,348)	(57,666)	(57,348)
Suppliers (non-current)		(619)	(508)	(619)	(508)
Obligations with senior quotas FIDC (non-current)		(41,609)	(21,109)	(41,609)	(21,109)
Total		**(457,158)**	**(210,373)**	**(457,158)**	**(210,373)**

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

Fair Value versus Carrying Amount

The fair values of financial assets and liabilities, compared with the carrying amounts presented on the balance sheet, are as follows:

- Cash and Cash Equivalents and Financial Investments as Collateral – The interest rates that remunerate the Company's cash equivalents and financial investments as collateral at the end of the year are close to market rates for transactions of the same nature, term, and similar risks.
- Loans and Borrowings – Generally, these are contracted at market standards, and therefore, the carrying amounts are close to market values for transactions with similar terms, origin, and risks.

Valuation of Financial Instruments

The fair value of a security corresponds to its maturity value (redemption value) discounted to present value using the discount factor (referencing the maturity date of the instrument), derived from the market interest rate curve in Brazilian reais (BRL).

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

CPC 40 (R1) and IFRS 7 require classification into a three-level hierarchy for fair value measurements of financial instruments, based on observable and unobservable data regarding the valuation of a financial instrument at the measurement date. CPC 40 (R1) and IFRS 7 also define observable data as market data obtained from independent sources and unobservable data as market assumptions.

The three levels of the fair value hierarchy are:

- Level 1: Quoted prices in active markets for identical instruments.
- Level 2: Observable data other than quoted prices in active markets, which are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).
- Level 3: Instruments whose significant inputs are not market-observable data.

34.1. Financial Instruments Designated for Cash Flow Hedge

As part of its market risk management procedure, the Company manages its foreign currency exposure through the use of derivative financial instruments linked to the U.S. dollar, considering the forecasted payment obligations.

In March 2024, the Company designated derivative instruments for cash flow hedge accounting 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 financial liabilities (loan) contracted by the Company (see Explanatory Note No. 14).

The hedge accounting structure follows a risk management strategy aimed at aligning its funding cost with the Interbank Deposit Certificates (CDI) rate, as detailed below:

Modality	Term	Active Index	Liability Index	Amount
SWAP	Mar/24 to Mar/28	VC* + 7.80% per annum	CDI + 1.49% per annum	USD 6,426

*Exchange rate variation.

As of December 31, 2024, the Company holds the following derivative financial instrument:

		Consolidated					
		Fair Value - Asset Side		Fair Value - Liability Side		Gain/Loss	
Bank	Contract	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Votorantim							
Curve - Swap	Swap	39,325	31,171	32,979	32,725	6,346	(1,554)
Market to Market	Swap	34,692	31,717	33,722	33,388	971	(1,671)

The measurement of the mark-to-market value of the SWAP was performed considering the effect of the variations in the indexes of the asset and liability sides, based on market information available at the time of the measurement.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

The movement of the derivative financial instrument is shown below:

	Cash Flow Hedge
Mark-to-Market	(1,554)
Gains recognized in OCI	(117)
Balance as of December 31, 2023	**(1,671)**
Mark-to-Market Gain	1,554
Monetary and exchange rate updates and interest	6,346
Gains recognized in OCI	(5,258)
Balance as of December 31, 2024	**971**

The Company monitors fluctuations in the variable interest rates linked to certain debts and, when necessary, uses derivative instruments to manage these risks. The table below shows the positions of derivative financial instruments used for interest rate risk hedging:

Interest Rate Risk: Outstanding interest rate derivatives as of December 31, 2024

Bank	Contract	Maturity	Carrying Amount	Fair Value
Votorantim	*Interest Rate Swap*	Mar/24 to Mar/28	971	971

34.2. Financial Risk Factors

Economic and financial risks primarily reflect the behavior of macroeconomic variables, exchange rates, and interest rates, as well as the characteristics of the financial instruments used by the Padtec Group. The activities of the Padtec Group are exposed to various financial risks, including capital risk, interest rate risk, exchange rate risk, credit risk, and liquidity risk. The Company practices conservative management of its existing risks. This practice aims to preserve the value and liquidity of financial assets and ensure sufficient financial resources for the smooth operation of the business.

The Company's exposure to each of these risks, along with its objectives, practices, processes for risk measurement and management, and capital management, are outlined below.

34.3. Capital Risk

The Company manages its capital to ensure the continuity of its normal activities while aiming to maximize the return on its operations for all stakeholders involved, through the optimization of the use of debt and equity instruments.

The capital structure of the Company and its subsidiaries is comprised of net debt (loans and borrowings), less cash and cash equivalents, and financial investments as collateral, along with its equity.

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Debt	329,902	112,455	381,487	133,564
Cash and cash equivalents, financial investments	185,705	47,889	190,683	52,210
Net debt (net cash)	144,197	64,566	190,804	81,354
Net equity	133,609	172,648	133,522	172,590
Net Debt (Cash) to Equity Ratio	108%	37%	143%	47%

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

34.4. Credit risk

Credit risk is the risk that the Company may incur a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk primarily arises from receivables, which are mostly from recurring customers and financial investments. To mitigate this risk, the Company and its subsidiaries adopt the practice of conducting a detailed analysis of the financial position and situation of their clients, establishing continuous monitoring of the outstanding balances with their counterparties. Losses due to impairment are detailed in Explanatory Note No. 6, according to the recoverability assessment carried out by Management.

Regarding financial investments, the Padtec Group only invests in institutions with low credit risk and maintains a maximum investment balance, determined by Management. Management believes that there is no significant credit risk exposure to which the Padtec Group is subjected, considering the concentration levels and the relevance of the amounts in relation to its revenue.

34.5. Liquidity risk

Liquidity risk is the risk that the Padtec Group may face difficulties in fulfilling obligations related to its financial liabilities that require cash settlement.

The approach to managing liquidity risk aims to ensure the payment of obligations. Therefore, the objective is to maintain cash availability to meet short-term obligations, doing everything possible to ensure that there is always sufficient liquidity to meet upcoming obligations, under both normal and stressed conditions, without causing unacceptable losses or jeopardizing the reputation of the Company and its subsidiaries.

The Padtec Group works to align availability and resource generation to ensure the timely fulfillment of its obligations. The contractual maturity is based on the most recent date on which the Company and its subsidiaries are required to settle their respective obligations:

	Consolidated			
	Carrying Amount	**Up to 1 year**	**1 - 2 years**	**2 - 20 years**
Restricted Financial Investments	32,599	-	32,599	-
Financial Operations	88,085	41,929	34,738	11,418
Lease Transactions	(17,386)	(5,103)	(5,055)	(7,228)
Loans and financing	(339,878)	(76,473)	(63,802)	(199,603)
Suppliers	(58,285)	(57,666)	(619)	-
Financial Operations	(88,085)	(41,929)	(34,738)	(11,418)
Total	**(382,950)**	**(139,242)**	**(36,877)**	**(206,831)**

34.6. Exchange Rate Risk

This 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 make decisions regarding the use of hedging instruments for the respective foreign currency exposures.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

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

	Consolidated		Consolidated	
	12/31/2024		12/31/2023	
	BRL	USD	BRL	USD
Assets				
Accounts Receivable from Customers	49,771	8,038	44,023	9,093
Liabilities				
Loans and financing	(84,963)	(13,721)	(31,171)	(6,439)
Suppliers	(43,084)	(6,958)	(41,510)	(8,574)
Total	**(78,276)**	**(12,641)**	**(28,658)**	**(5,920)**

34.7. Interest Rate Risk

The Padtec Group's operations are indexed to fixed rates, the Long-Term Interest Rate (TJLP) and the Interbank Deposit Rate (CDI). Therefore, Management believes that any fluctuations in interest rates would not have a significant impact on the Company's results.

The carrying amount of the financial instruments representing the maximum exposure to interest rate risk as of the date of the interim financial information was:

	Parent Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Assets				
Cash and Cash Equivalents	153,106	46,135	158,084	50,456
Restricted Financial Investments	32,599	1,754	32,599	1,754
Marketable Securities	-	-	1,837	9,920
Derivative Financial Instruments	971	-	971	-
Financial Operations	137,694	108,123	88,085	91,899
Liabilities				
Loans and financing	(329,902)	(112,455)	(339,878)	(112,455)
Derivative Financial Instruments	-	(1,671)	-	(1,671)
Financial Operations	(137,694)	(108,123)	(88,085)	(91,899)
Net Exposure	**(143,226)**	**(66,237)**	**(146,387)**	**(51,996)**

34.8. Sensitivity Analysis

The Padtec Group conducted a sensitivity analysis of the primary risks to which its financial instruments are exposed, mainly represented by variations in exchange rates and interest rates.

When the exposure to risk is considered active, the risk to be considered is a reduction in the linked indexes due to a consequent negative impact on its result. Similarly, when the exposure to risk is considered passive, the risk is an increase in the linked indexes, which also has a negative impact on the result.

(Amounts expressed in thousands of Brazilian Reais – BRL, unless otherwise indicated)

Thus, the Padtec Group is qualifying the risks through net exposure of the variables (USD, CDI, IGP-M, IPCA, TJLP, and Selic), as demonstrated below.

	Consolidated		
Exchange Rate	**Expected Value**	**25% Increase**	**50% Increase**
Accounts Receivable from Customers	49,771	12,443	24,886
Suppliers	(43,084)	(10,771)	(21,542)
Loans and financing	(84,963)	(21,241)	(42,482)
Impact on Result		**(19,569)**	**(39,138)**

	Consolidated		
Interest Rate	**Expected Value**	**25% Increase**	**50% Increase**
Cash and Cash Equivalents	158,084	39,521	79,042
Restricted Financial Investments	32,599	8,150	16,300
Marketable Securities	1,837	459	919
Loans and financing	(339,878)	(84,970)	(169,939)
Impact on Result		**(36,840)**	**(73,678)**

35. Segment Information

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

36. Subsequent Event

In March 2025, the Company announced the signing of the FUST-Commercialization credit line with BNDES, amounting to up to BRL 30 million. These funds will be used to finance the commercialization of machinery and equipment and will be released upon the verification of each project/sale.