Prática Produtos S.A.

Individual and consolidated financial statements accompanied by the Independent Auditor's Report

On December 31, 2024

Prática Produtos S.A.

Index

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

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

To:
Shareholders and Directors of
Prática Produtos S.A.
Pouso Alegre - MG

Opinion on the individual and consolidated financial statements

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

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Prática Produtos S.A. as of December 31, 2024, its individual and consolidated financial results and its respective individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with 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 those standards, are described in the following section entitled "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 Code of Professional Ethics for Accountants and the professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those which, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on those individual and consolidated financial statements, and therefore we do not express a separate opinion on these matters.

Revenue recognition

As mentioned in explanatory notes no. 3.11 and 24 to the financial statements, the Company and its subsidiaries recognize their revenue based on Pronouncement CPC 47 – Revenue from Contracts with Customers. Revenue comprises the fair value of consideration received or receivable for the sale of products in the normal course of the Company's and its subsidiaries' activities, and is recognized when the Company satisfies the performance obligation.

Due to the significance of the amounts involved and the inherent characteristics of the revenue recognition process, including the volume and security of capturing all sales within the reporting period, we consider this topic a significant issue in our audit work.

How did our audit address this issue?

Our audit procedures included, among others:

- Understanding sales flows and evaluating the internal control environment for revenue recognition and related accounts receivable;
- Analytical procedures on revenue movements, using data disaggregated by revenue type, to identify movements inconsistent with our expectations obtained from our prior knowledge of the Company and the sector, and which may indicate potential problems with out-of-period revenue recognition;
- External confirmation procedures for a sample of the base that makes up the accounts receivable balance by sending confirmation letters;
- Verification, by sampling, of the supporting documentation for sales made during the fiscal year;
- Verification of financial receipts from accounts receivable balances subsequent to the reporting date of the individual and consolidated financial statements; and
- Profitability check of receipts, with verification of documentation proving the delivery of goods within the correct time period.

As a result of these procedures, we identified an audit adjustment indicating the need to reverse certain recognized revenues whose performance obligations had not been met by December 31, 2024. This adjustment was not recorded by management due to its immateriality with respect to the individual and consolidated financial statements taken as a whole.

Based on the results of the audit procedures performed, which are consistent with management's assessment, we consider the revenue recognition policies acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other topics

Value Added Statements

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2024, prepared under the responsibility of the Company 's management and presented as supplementary information for IFRS purposes, were subjected to audit procedures performed in conjunction with the audit of the Company 's financial statements . In forming our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 Statement of Added Value. In our opinion, this statement(s) of added value have been properly prepared, in all material respects, according to the criteria defined in this Standard and are consistent with the individual and consolidated financial statements taken as a whole.

Other information that accompanies the individual and consolidated financial statements and the auditor's report.

The Company's management is responsible for this other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion on that report.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether that report is materially inconsistent with the individual and consolidated financial statements or with our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Management and governance responsibilities for individual and consolidated financial statements.

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, matters relating to its going concern and the use of this accounting basis in the preparation of the financial statements, unless management intends to liquidate the Company and its subsidiaries or cease operations, or has no realistic alternative to avoid ceasing operations.

Those responsible for the governance of the Company and its subsidiaries are those with responsibility for overseeing the process of preparing the financial statements.

Auditor's responsibilities for the audit of 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 auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted 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 designed and performed audit procedures responsive to those risks, and obtained sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations.
- We obtain an understanding of internal controls relevant to the audit in order to plan audit procedures that are appropriate to 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 assessed the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is a material uncertainty relating to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern .

If we conclude that a material uncertainty exists, we must draw attention in our audit report to the related 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 a going concern.

- We 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 represent the corresponding transactions and events in a manner consistent with the objective of fair presentation.
- We obtain sufficient appropriate 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 communicate with those responsible for governance regarding, among other things, the scope and timing of planned audit work and significant audit findings, including any significant deficiencies in internal controls that may have been identified during our work.

We also provide those responsible for governance with a statement that we comply with relevant ethical requirements, including applicable independence requirements, and we disclose any relationships or matters that could significantly affect our independence, including, where applicable, the respective safeguards.

From the matters that were communicated to those charged with governance, we determined those that were considered most significant in the audit of the individual and consolidated financial statements for the current period and which, therefore, constitute the key audit matters.

We describe these matters in our audit report unless law or regulation has prohibited public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of such communication may, from a reasonable perspective, outweigh the benefits of communication to the public interest.

São Paulo, March 31, 2025.

André Luiz Cabral da Silva
Accountant CRC [Accounting Regional Board] 1SP- 270.311/O-5

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

Prática Produtos S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

Individual and consolidated balance sheets as of December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

ASSETS

		Controlling Company		Consolidated	
	Notes	**31/12/2024**	**31/12/2023**	**31/12/2024**	**31/12/2023**
Current assets					
Cash and cash equivalents	4	59.103	29.302	64.007	33.859
Secured investments	5	1.771	2.485	1.771	2.485
Accounts receivable	6	56.828	64.510	63.441	67.878
Inventories	7	82.959	60.457	93.386	67.792
Taxes to be recovered	8	3.916	3.726	4.530	4.059
Prepaid expenses	-	1.035	1.414	1.418	1.825
Dividends receivable	-	135	212	135	212
Related parties	19.2.1	5.605	6.101	-	-
Other assets	-	1.711	1.368	912	1.016
Total current assets		**213.063**	**169.575**	**229.600**	**179.126**
Non-current assets					
Taxes to be recovered	8	7.223	13.267	7.223	13.267
Secured investments	5	780	2.538	780	2.538
Related parties	19.2.1	25.586	13.720	-	-
Deferred tax asset	9.1	2.604	835	5.797	4.746
Other assets	-	168	96	168	96
Investments	10	4.452	5.525	2.979	3.379
Property, plant and equipment	11	40.078	33.253	40.419	33.405
Intangible	12	11.125	11.530	11.133	11.530
Total non-current assets		**92.016**	**80.764**	**68.499**	**68.961**
Total assets		**305.079**	**250.339**	**298.099**	**248.087**

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

Prática Produtos S.A.

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Individual and consolidated balance sheets as of December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

LIABILITIES AND EQUITY

		Controlling Company		Consolidated	
	Notes	**31/12/2024**	**31/12/2023**	**31/12/2024**	**31/12/2023**
Current liabilities					
Loans and financing	13	46.751	40.211	46.751	40.211
Leasing	14	487	641	487	641
Suppliers	15	24.190	17.979	26.239	18.782
Supplier finance arrangements	16	3.436	3.400	3.436	3.400
Tax obligations	-	2.286	2.973	2.329	2.996
Labor and social obligations	-	7.398	6.512	7.627	6.542
Contract liabilities	17	3.953	6.287	3.953	6.287
Customer advances	18	13.977	9.609	13.977	9.615
Related parties	19.2.1	1.397	1.032	1.397	1.032
Dividends payable	23.e	6.704	6.822	6.704	6.822
Miscellaneous provisions	20	8.474	8.925	8.579	8.925
Other liabilities	-	301	492	296	492
Total current liabilities		**119.354**	**104.883**	**121.775**	**105.745**
Non-current liabilities					
Loans and financing	13	46.090	61.538	46.090	61.538
Debentures	22	25.000	-	25.000	-
Leasing	14	675	643	675	643
Suppliers	15	-	427	-	427
Provision for procedural risks	21	645	718	645	718
Tax obligations	-	-	45	-	45
Miscellaneous provisions	20	2.348	1.341	2.348	1.341
Provision for uncovered liabilities	10	9.401	3.114	-	-
Total non-current liabilities		**84.159**	**67.826**	**74.758**	**64.712**
Net worth					
Share capital	23.a	29.068	29.068	29.068	29.068
Profit reserve	23.bcdef	74.890	49.948	74.890	49.948
Other comprehensive income	23.f	(2.392)	(1.386)	(2.392)	(1.386)
Total net worth		**101.566**	**77.630**	**101.566**	**77.630**
Total liabilities and equity		**305.079**	**250.339**	**298.099**	**248.087**

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Prática Produtos S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

Statements of individual and consolidated results for the fiscal years ending on December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

		Controlling Company		Consolidated	
	Notes	**31/12/2024**	**31/12/2023**	**31/12/2024**	**31/12/2023**
Net operating revenue	24	323.529	307.660	338.466	316.490
Cost of goods sold	25	(171.241)	(169.973)	(172.623)	(168.954)
Gross profit		**152.288**	**137.687**	**165.843**	**147.536**
Operating revenues (expenses)					
General and administrative expenses	26	(66.939)	(54.636)	(74.721)	(62.196)
Business expenses	27	(35.157)	(28.791)	(44.499)	(34.140)
Depreciation and amortization	-	(1.574)	(2.211)	(1.668)	(2.778)
Equity method result	10	(5.090)	(2.919)	542	846
Other operating income (expenses), net	28	5.826	(243)	4.056	(1.315)
		(102.934)	**(88.800)**	**(116.290)**	**(99.583)**
Profit before financial income and expenses		**49.354**	**48.887**	**49.553**	**47.953**
Financial result					
Financial expenses	29	(22.982)	(19.442)	(24.158)	(19.547)
Financial income	29	18.992	12.379	19.837	12.379
		(3.990)	**(7.063)**	**(4.321)**	**(7.168)**
Profit before provision for income tax and social contribution.		**45.364**	**41.824**	**45.232**	**40.785**
Income tax and social security contribution - current	9.2	(14.494)	(14.579)	(14.355)	(14.607)
Income tax and social security contribution - deferred	9.2	1.753	1.814	1.746	2.881
		(12.741)	**(12.765)**	**(12.609)**	**(11.726)**
Net profit for the year		**32.623**	**29.059**	**32.623**	**29.059**
Net profit per share (based on the average number of shares outstanding during the period) - in BRL		9,72361	8,66132		

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

Prática Produtos S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

Statements of comprehensive income, both individual and consolidated, for the fiscal years ending on December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

	Controlling Company		Consolidated	
	31/12/2024	**31/12/2023**	**31/12/2024**	**31/12/2023**
Net profit for the year	32.623	29.059	32.623	29.059
Other comprehensive results				
Asset valuation adjustment, net	(30)	(30)	(30)	(30)
Cumulative conversion adjustments	(976)	(323)	(976)	(323)
Comprehensive result	31.617	28.706	31.617	28.706

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

Prática Produtos S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

Statements of changes in equity for the years ended December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

		Profit reserve									
	Share capital	Capital reserve	Other comprehensive results	Legal reserve	Reserve for rescues	Retained earnings	Tax incentive reserve	Subtotal	Rescue actions	Retained earnings	Total
Balances as of December 31, 2022	29.068	1.209	(1.033)	6.369	16.119	23.585	2.189	48.262	-	-	77.506
Net profit for the year	-	-	-	-	-	-	-	-	-	29.059	29.059
Cumulative conversion adjustments	-	-	(323)	-	-	-	-	-	-	-	(323)
Performing asset valuation adjustments, net of taxes.	-	-	(30)	-	-	-	-	-	-	45	15
Reserve of tax incentives - investment subsidies	-	-	-	-	-	(9.739)	9.739	-	-	-	-
Investment grant reserve - affiliated	-	-	-	-	-	(1.200)	1.787	587	-	-	587
Investment reserve - PTA	-	-	-	-	-	-	319	319	-	(319)	-
Destinations:	-	-	-	-	-	-	-	-	-	-	-
- legal reserve	-	-	-	(555)	-	-	-	(555)	1.794	(1.239)	-
- rescue reserve	-	-	-	-	(16.119)	-	-	(16.119)	16.119	-	-
- capital reserve		(1.209)	-	-	-	-	-	-	1.209	-	-
- retained earnings	-	-	-	-	-	17.454	-	17.454	3.270	(20.724)	-
dividend distribution	-	-	-	-	-	-	-	-	-	(6.822)	(6.822)
Shares paid to BNDES	-	-	-	-	-	-	-	-	(22.392)	-	(22.392)
Balances as of December 31, 2023	29.068	-	(1.386)	5.814	-	30.100	14.034	49.948	-	-	77.630
Balances as of December 31, 2023	29.068	-	(1.386)	5.814	-	30.100	14.034	49.948	-	-	77.630
Net profit for the year	-	-	-	-	-	-	-	-	-	32.623	32.623
Cumulative conversion adjustments	-	-	(976)	-	-	-	-	-	-	-	(976)
Performing asset valuation adjustments, net of taxes.	-	-	(30)	-	-	-	-	-	-	45	15
Reserve of tax incentives - investment subsidies	-	-	-	-	-	(26.444)	26.444	-	-	291	291
Destinations:	-	-	-	-	-	-	-	-	-	-	-
- rescue reserve					9.620	-	-	9.620		(9.620)	-
- retained earnings	-	-	-	-	-	14.476	-	14.476	-	(14.476)	-
dividend distribution	-	-	-	-	-	-	-	-	-	(8.017)	(8.017)
Balances as of December 31, 2024	29.068	-	(2.392)	5.814	9.620	18.132	40.478	74.044	-	846	101.566

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

Prática Produtos S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

Statements of individual and consolidated cash flows for the fiscal years ending on December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

	Controlling Company		Consolidated	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Profit before provision for income tax and social contribution.	45.364	41.824	45.232	40.785
Equity method result	5.090	2.919	(542)	(846)
Residual value of fixed and intangible assets written off.	45	355	65	248
Provision for asset impairment	-	(188)	-	184
Depreciation and amortization	5.452	5.711	5.620	5.760
Charges on financing and lease liabilities	17.662	9.041	17.662	9.041
Miscellaneous provisions	1.849	2.725	556	1.628
Provision for inventory loss	943	2.918	943	2.918
Expected credit loss	(359)	370	(348)	370
Provision for procedural risks	(73)	251	(73)	251
Accumulated conversion and profit adjustments to be realized.	-	-	(162)	(67)
(Increase)/decrease in operating assets:				
Accounts receivable from customers	8.041	(23.889)	4.785	(22.904)
Stocks	(23.445)	(6.617)	(26.537)	(7.442)
Taxes to be recovered	5.854	2.464	5.573	2.435
Prepaid expenses	379	264	407	938
Other assets	(415)	238	32	590
Increase/(decrease) in operating liabilities:				
Suppliers	5.784	(213)	7.030	(168)
Risk-based operation	36	(931)	36	(931)
Labor and social obligations	886	1.032	1.085	1.047
Tax obligations	(732)	1.788	(712)	1.772
Revenues to make	(2.334)	(2.544)	(2.334)	(2.544)
Customer advances	4.368	(3.490)	4.362	(3.487)
Other liabilities	(190)	334	(196)	123
Taxes paid	(14.494)	(14.579)	(14.355)	(14.607)
Cash and cash equivalents generated from operating activities	59.711	19.783	48.129	15.094
Cash flow from investing activities				
Acquisition of property, plant and equipment	(11.904)	(9.917)	(12.281)	(9.931)
Acquisition of intangible assets	(13)	(18)	(21)	(18)
Dividends received	1.378	600	1.378	600
Bank interest received	(67)	(108)	(67)	(108)
Capital investment in the venture	(944)	-	-	-
Cash and cash equivalents used in investing activities	(11.550)	(9.443)	(10.991)	(9.457)
Financing activities				
Secured investments	2.472	2.437	2.472	2.437
Raising funds	70.613	93.595	70.613	93.595
Leasing acquisition	603	1.177	603	1.177
Amortization of lease payments and interest payments	(956)	(1.008)	(956)	(1.008)
Loan amortization: principal and interest	(96.952)	(75.547)	(96.952)	(75.547)
Dividends paid	(8.135)	(4.277)	(8.135)	(4.277)
Related parties	(11.005)	(8.275)	365	(439)
Stock redemption	-	(22.392)	-	(22.392)
Issuance of debentures	25.000	-	25.000	-
Cash and cash equivalents used in financing activities	(18.360)	(14.290)	(6.990)	(6.454)
Net increase/(decrease) in cash and cash equivalents	29.801	(3.950)	30.148	(817)
Cash and cash equivalents				
At the beginning of the exercise	29.302	33.252	33.859	34.676
At the end of the exercise	59.103	29.302	64.007	33.859
Net increase/(decrease) in cash and cash equivalents	29.801	(3.950)	30.148	(817)

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

Prática Produtos S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails.)

Individual and consolidated value-added statements for the fiscal years ending on December 31, 2024 and 2023

(Values expressed in thousands of Brazilian reais, except where otherwise indicated)

	Controlling Company		Consolidated	
	31/12/2024	**31/12/2023**	**31/12/2024**	**31/12/2023**
Revenues				
Sales of merchandise, products and services, net of discounts.	384.281	361.879	399.217	370.710
Other revenues	-	-	(13)	9
Losses and provision for expected credit loss - reversal/ (establishment)	359	(370)	348	(370)
	384.640	**361.509**	**399.552**	**370.349**
Inputs acquired from third parties				
Costs of products, goods and services sold	(134.565)	(136.673)	(136.898)	(136.518)
Materials, energy, third-party services and others	(63.834)	(67.824)	(72.783)	(75.919)
	(198.399)	**(204.497)**	**(209.681)**	**(212.437)**
Gross value added	**186.241**	**157.012**	**189.871**	**157.912**
Withholdings				
Depreciation and amortization	(5.452)	(5.711)	(5.620)	(5.760)
	(5.452)	**(5.711)**	**(5.620)**	**(5.760)**
Net value added produced	**180.789**	**151.301**	**184.251**	**152.152**
Value added received in transfer				
Equity method result	(5.090)	(2.919)	542	846
Financial income	18.992	12.379	19.837	12.379
	13.902	**9.460**	**20.379**	**13.225**
Total added value to be distributed	**194.691**	**160.761**	**204.630**	**165.377**
Value added received in transfer				
Personnel and expenses	74.814	62.929	81.039	68.067
Taxes, fees and contributions	62.127	48.060	63.830	47.021
Financial expenses	22.982	19.442	24.158	19.547
Rentals and leases	2.144	1.271	2.979	1.683
Net profit for the year	32.624	29.059	32.624	29.059
Total value added distributed	**194.691**	**160.761**	**204.630**	**165.377**

Explanatory notes from management to the individual and consolidated financial statements for the years ended December 31, 2024 and 2023.
(In thousands of Brazilian reais)

1. Operational context

Prática Produtos S.A. ("Company" or "Prática"), located in the Municipality of Pouso Alegre - MG, Rodovia BR 459, Km 101 – Zip Code 37.556-140, has as its corporate purpose and main activity the manufacture of electric ovens and furnaces for industrial purposes, parts and accessories; manufacture of refrigeration and ventilation machines and equipment for industrial and commercial use, parts and accessories; import of machines, equipment and components necessary for the achievement of its corporate purpose; industry, trade, export and import of machines and equipment for industrial kitchens, bakeries, restaurants; technical assistance and industrialization on behalf of third parties; and participation in other companies, national or foreign, business or civil, as a partner or shareholder.

The Company was incorporated in September 2006 under the name Klimaquip S.A. – Tecnologia do Frio and until the beginning of 2009 its main activity was the exploitation of the Klimaquip brand, marketed predominantly by the related party Prática Produtos Ltda. ("Prática") through the payment of royalties of 8% on the sales value of products bearing the Klimaquip brand.

In May 2009, Alagoa Brasil Participações Ltda. ("Alagoa"), a non-operating holding company, acquired a stake in the Company through a capital contribution of R$ 10,720, equivalent to a 50.57% stake in the Company's share capital. Following the change in shareholding structure, the commercialization of products under the Klimaquip brand through Prática was discontinued, and, in return, the Company's manufacturing and commercialization activities were expanded.

During 2013, the Company's shareholding structure changed, with MNF Capital SGPS S.A. becoming 60% owned, having acquired the 51.58% previously held by Alagoa during the fiscal year.

In January 2014, a subscription, purchase and sale agreement and other agreements under a suspensive condition were signed, which was finalized in March 2014, and which resulted in the transfer of ownership of 60% of the shares held by MNF Capital SGPS S.A. to Prática Participações S.A. This made Prática Participações S.A. the sole owner of 100% of the Company's capital.

In October 2015, at an extraordinary general meeting, the Company changed its name from Klimaquip S.A. – Tecnologia do Frio to Prática Klimaquip Indústria e Comércio S.A., modifying its corporate purpose, opening two branches, and amending its articles of association to reflect the previous changes.

On May 31, 2016, the subsidiary Prática Produtos S.A. was incorporated based on an Appraisal Report of the net assets of the incorporated company dated May 31, 2016. This measure had been planned since 2014. The incorporation occurred due to the similarity of operations between the companies, which have similar production processes and sales operations to the same consumer market.

The merger brought advantages through the streamlining of the corporate structure and greater utilization of existing synergies between the aforementioned companies, with a reduction in financial, operational, and administrative costs, generating benefits and greater efficiency for the parties.

In the last quarter of 2017, a reverse merger of the controlling company Prática Participações S.A. took place, based on an Appraisal Report of the net assets of the merged company dated September 30, 2017. This measure aimed to simplify the group's corporate structure.

The reverse merger resulted in an increase in the Company's equity, with the consequent redistribution of common shares issued by the Company previously owned by Prática Participações to Brava Participações Ltda., as well as the issuance by the Company of 2,057,154 (two million, fifty-seven thousand, one hundred and fifty-four) new common shares and the creation and issuance of 373,242 (three hundred and seventy-three thousand, two hundred and forty-two) new class “A” preferred shares and 414,253 (four hundred and fourteen thousand, two hundred and fifty-three) new class “B” preferred shares, observing the current participation of Prática Participações' partners in its capital.

On August 31, 2019, at an Extraordinary General Meeting, the Board of Directors approved the redemption of 414,253 Class “B” preferred shares held by MNF Capital – SGPS S.A. for a total value of R$ 8,400. On the same date, it was resolved to cancel the aforementioned acquired preferred shares, using the balance of the “Redemption Fund”, “Capital Reserves” and “Retained Earnings”.

The Company completed its BOVESPA MAIS Level 2 listing and its registration with the CVM in September 2018.

At an Extraordinary General Meeting held on July 21, 2023, the change of the company's corporate name from "Prática Klimaquip Industria e Comercio S.A." to "Prática Produtos S.A." was approved.

In February 2023, the Company presented its shareholders with a report prepared by PWC Strategy do Brasil Consultoria Empresarial Ltda, which shows that carrying out the Company's IPO is not feasible at this time. Therefore, the company is no longer obligated to proceed with the initial public offering as required by the shareholders' agreement.

On December 15, 2023, at an Extraordinary General Meeting, the redemption of 373,242 (three hundred and seventy-three thousand, two hundred and forty-two) preferred shares, all book-entry and without par value, issued by the Company and held by the shareholder BNDESPAR, was approved at a unit price of R$59.99 per share, for the amount of R$22,392 (twenty-two million, three hundred and ninety-two thousand reais), using the balance of the "Redemption Fund", "Capital Reserves" and "Retained Earnings". On the same date, the cancellation and extinction of all preferred shares issued by the Company was approved.

2. Presentation and preparation of individual and consolidated intermediate information.

2.1 Declaration of compliance (with regard to IFRS standards and CPC standards)

Individual and consolidated information

The presentation of the Statement of Added Value (DVA), both individually and consolidated, is required by Brazilian corporate law and accounting practices adopted in Brazil applicable to publicly traded companies. *IFRS standards* do not require the presentation of this information. Consequently, under *IFRS standards*, this statement is presented as supplementary information, without prejudice to the overall accounting information.

The Company presents its Financial Information for the Controlling Company and the Consolidated Group, contained in the Financial Statements Form – DF, prepared simultaneously in accordance with accounting practices adopted in Brazil and international accounting standards (IFRS), including Technical Pronouncement CPC 21 – Interim Financial Statements and the international standard IAS 34 – *Interim Financial Reporting*, issued by the *International Accounting Standards Board (IASB),* and presented in a manner consistent with the rules issued by the CVM (Brazilian Securities and Exchange Commission), applicable to the preparation of the Financial Statements – DF, and are identified as "Controlling Company" and "Consolidated Group" respectively. The accounting practices adopted in Brazil applied to the individual financial statements do not differ from IFRS, which now allows the application of the equity method in subsidiaries, associates and companies with joint control in separate financial statements. Therefore, the Individual Accounting Information is also in accordance with IFRS, and discloses all relevant information specific to accounting information, and only that information, which is consistent with that used by management in its management.

Individual (controlling company) and consolidated information is presented in Reais, which is the presentation currency, and all values are rounded to thousands of Reais, except where otherwise indicated.

2.2 Operational continuity

Management has assessed the Company's ability to continue operating normally and is confident that it has the resources to continue its business in the future. Additionally, Management is not aware of any material uncertainty that could cast significant doubt on its ability to continue operating. Therefore, this information has been prepared on the assumption of the Company's going concern business.

2.3 Preparation base

The individual and consolidated information was prepared using historical cost as the basis of valuation, except where otherwise indicated, such as certain assets and financial instruments, which may be presented at fair value.

The preparation of individual and consolidated financial statements in accordance with IFRS and Technical Pronouncements – CPC requires the use of certain accounting estimates by the Company's Management.

2.4 Foreign currency balance conversion

Functional and presentation currency

The information for each subsidiary included in the Company's consolidation and that used as a basis for evaluating investments using the equity method are prepared using the functional currency of each entity.

According to CVM Resolution 640/10 (CPC 02 (R2) – effect of changes in exchange rates and conversion of information), an entity's functional currency is the currency of the primary economic environment in which it operates. In defining the functional currency of each of its subsidiaries, Management considered which currency significantly influences the selling price of its products and services, as well as the currency in which the majority of the cost of its production inputs is paid or incurred. The consolidated information is presented in Brazilian Reais (R$), which is the functional and presentation currency of Prática Produtos S.A.

(In thousands of Brazilian reais)

Transactions and balances

Foreign currency transactions are translated into the Company's functional currency at the exchange rates on the transaction date. Gains and losses resulting from the difference between the translation of monetary assets and liabilities in foreign currency at the end of the fiscal year and the translation of the transaction amounts are recognized in the income statement. Non-monetary assets and liabilities in foreign currency that are measured at historical cost are translated at the exchange rate on the date of the initial transactions, and the resulting translation differences are recognized in other comprehensive income at the end of each period or fiscal year.

Group companies

The results and financial position of all subsidiaries included in the consolidated financial statements and investments valued using the equity method, which have a functional currency different from the presentation currency, are converted to the presentation currency as follows:

- **i.** Assets and liabilities are converted at the exchange rate in effect on the closing date of the consolidated information;
- **ii.** Income statement accounts are converted using the average monthly exchange rate.
- **iii.** All differences resulting from currency conversions are recognized in equity and in the consolidated statement of comprehensive income under the heading "Accumulated conversion adjustments".

2.5 Consolidation, provision for uncovered liabilities and investment

2.5.1 Basis for consolidation of the subsidiary company

The consolidated information includes the stake in the following subsidiary company:

Subsidiary	12/31/2024 (%)	12/31/2023 (%)
Prática Products Inc.	100	100
Prática Chile Spa	100	100
Prática Europe GmbH	100	-

Prática Products Inc.

Prática Products INC, headquartered in Lewisville, Texas, United States of America, has as its corporate purpose and main activity the manufacture, sale, rental, import and export of machinery and equipment for industrial kitchens, bakeries and restaurants, as well as providing technical assistance and general commercial support to third parties, and participating in other companies as a partner or shareholder.

The Company's effective control over the aforementioned company began on January 1, 2018, the date on which the Company incorporated its controlling company, Prática Participações S.A., which until then held control of said company.

Prática Chile SPA

Prática Chile SPA, based in Santiago, Chile, has as its corporate purpose and main activity the sale, rental, import and export of machinery and equipment for industrial kitchens, bakeries and restaurants, as well as providing technical and commercial assistance in general to third parties, and participating in other companies as a partner or shareholder in the Chilean market.

(In thousands of Brazilian reais)

Prática Europe GmbH

Prática Europe GmbH, based in Cologne, Germany, has as its corporate purpose and main activity the sale, rental, import and export of machinery and equipment for industrial kitchens, bakeries and restaurants, as well as providing technical assistance and general commercial support to third parties, serving the entire European market.

Intragroup balances and transactions, as well as any income or expenses arising from these operations, are eliminated in the consolidation of the financial statements. Unrealized gains resulting from transactions with investee companies, accounted for using the equity method, are adjusted against the investment in proportion to the Group's participation in the investee. Similarly, unrealized losses are eliminated, except in cases where there is evidence of impairment.

2.5.2 Investment in associates companies

Associates companies are entities over which the Group exerts significant influence, without, however, holding control, generally characterized by a shareholding of between 20% and 50% of the voting rights. Investments in these entities are accounted for using the equity method and are initially recognized at cost.

Affiliate	12/31/2024 (%)	12/31/2023 (%)
Embtech Tecnologia Embarcada S.A.	30	30

Embtech Tecnologia Embarcada S.A. has the following corporate purpose: (I) industry, trade, import, export of computer equipment and electronic components in general; (II) design and development of hardware and embedded systems for special applications in the automation and control sector; (III) provision of maintenance and repair services for computer equipment and electronic components in general.

3. Summary of material accounting practices

3.1 Financial instruments – initial recognition and subsequent measurement

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.1.1 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, upon initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the characteristics of the financial asset's contractual cash flows and the Company's business model for managing these financial assets.

Except for accounts receivable from customers that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value through profit or loss. Accounts receivable from customers that do not contain a significant financing component or for which the Company has applied the practical expedient, as disclosed in Note 3.11. Recognition of revenue from product sales.

For a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to generate cash flows that are "solely payments of principal and interest" on the outstanding principal amount. This assessment is performed at the instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets, or both.

(b) Subsequent measurement

For subsequent measurement purposes, financial assets are classified into four categories:

i. Financial assets at amortized cost (debt instruments).
ii. Financial assets at fair value through other comprehensive income with reclassification of retained earnings and losses (debt instruments).
iii. Financial assets designated at fair value through other comprehensive income, without reclassification of accumulated gains and losses at the time of their discrepancy (equity instruments).
iv. Financial assets at fair value through profit or loss.

December 31, 2024, the Company has only financial assets classified as financial assets at amortized cost and financial assets at fair value through profit or loss.

(c) Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Company's financial assets at amortized cost include accounts receivable, accounts receivable from related parties, and other financial assets recorded as other receivables in current and non-current assets.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are presented on the balance sheet at fair value, with net changes in fair value recognized in the income statement.

(e) Desrecognition

A financial asset (or, where applicable, a portion of a financial asset or part of a group of similar financial assets) is derecognized when:

i. The rights to receive cash flows from the asset have expired; or ii. The Company has transferred its rights to receive cash flows from the asset or assumed an obligation to fully repay the cash flows received without significant delay to a third party under a transfer agreement and (a) the Company has substantially transferred all the risks and benefits of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and benefits of the asset, but has transferred control of the asset.

(f) Impairment of financial assets

The Company recognizes estimates of expected credit losses for all unowned debt instruments at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due under the contract and all cash flows the Company expects to receive, discounted at an effective interest rate that approximates the original transaction rate. Expected cash flows will include cash flows from the sale of held collateral or other credit enhancements that are integral to the contractual terms.

The provision for doubtful accounts is based on the principles of CPC 48 – Financial Instruments, and considers the analysis of historical loss levels and the knowledge and monitoring of the individual situation of its clients. The provision for estimated losses for doubtful accounts is also based on the principles of CPC 48 – Financial Instruments, and considers the analysis of historical loss levels and the knowledge and monitoring of the individual situation of its clients, being considered sufficient to cover potential losses in the realization of receivables. Management constantly monitors all securities and the individual situation of its clients, as well as the quality of the credit granted. When the result of these assessments suggests risks to the realization of receivables, negotiations are carried out to monitor payment terms with these clients.

Based on these assessments, Management believes that the amounts provisioned as of December 31, 2024, are sufficient to cover potential losses from defaults.

3.1.2 Financial Liabilities

(a) Initial recognition and measurement

All financial liabilities are initially measured at their fair value, plus or less, in the case of a financial liability that is not measured at fair value through profit or loss, the transaction costs that are directly attributable to the issuance of the financial liability.

The Company's financial liabilities include suppliers, other accounts payable, and loans and financing.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated at initial recognition at fair value through profit or loss.

Financial liabilities designated at initial recognition at fair value through profit or loss are designated at the initial recognition date, and only if the criteria of CPC 48 are met. The Company has not designated any financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost (loans and financing)

After initial recognition, loans and financing obtained and granted subject to interest are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when liabilities are derecognized, as well as through the effective interest rate amortization process.

The amortized cost is calculated taking into account any discount or goodwill on acquisition and fees or costs that are an integral part of the effective interest rate method. Amortization using the effective interest rate method is included as a finance expense in the income statement.

This category generally applies to loans and financing granted and contracted, subject to interest.

(c) Desrecognition

A financial liability is derecognized when the obligation underlying the liability is extinguished, that is, when the obligation specified in the contract is settled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

3.1.3 Financial instrument clearing

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated balance sheet if there is a currently applicable legal right to offset the recognized amounts and if there is an intention to settle on a net basis, realizing the assets and settling the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments, and not for investment or other purposes. They include cash, demand bank deposits and financial investments realizable within 90 days of the original date of the security or considered to have immediate liquidity or convertible into a known amount of cash and which are subject to an insignificant risk of change in value, which are recorded at fair value through profit or loss, plus accrued income up to the balance sheet dates, which do not exceed their market or realizable value.

3.3 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined by average cost and includes expenses incurred in acquiring inventories, production and transformation costs, and other costs incurred in bringing them to their existing locations and conditions. For manufactured inventories and work-in-process, the cost includes a portion of overhead manufacturing costs based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

Periodically, management evaluates the composition of its inventory, making provisions for obsolescence of slow-moving items with no expectation of future use. The Company adopts a policy for classifying slow-moving items, identifying as such those that have not been moved in the last 360 days. Specific provisions are made for these items, especially when there is no reasonable expectation of future use. Additionally, the Company establishes provisions for items that have been discontinued or that are no longer sold due to strategic decisions or changes in market conditions.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

impairment losses, when necessary.

Certain property, plant and equipment, including land and buildings, were valued at their assigned cost at the opening date of the 2009 fiscal year. The effects of the assigned cost increased property, plant and equipment, offsetting equity. These effects were reflected in the Company's balance sheet in the investments item, offset by an entry in equity.

The cost includes expenses that are directly attributable to the acquisition of an asset.

Software *purchased* that is an integral part of a piece of equipment's functionality is capitalized as part of that equipment. Recurring maintenance and repair expenses are recorded in the income statement.

When parts of a fixed asset have different useful lives, they are recorded as individual fixed asset items (major components).

Gains and losses on the disposal of a fixed asset (determined by the difference between the proceeds from the disposal and the carrying amount of the fixed asset) are recognized in other operating income/expenses in the income statement.

3.4.2 Depreciation

Property, plant and equipment are depreciated using the straight-line method in the income statement based on the estimated useful life of each component. Land is not depreciated.

Property, plant and equipment are depreciated from the date they are installed and available for use, or, in the case of internally constructed assets, from the date construction is completed and the asset is available for use.

(In thousands of Brazilian reais)

The average estimated useful lives in years for the current and comparative fiscal years are as follows:

Real estate / construction	25
Machinery and equipment	10
Furniture and utensils	10
Vehicles	5
Facilities	10
Computers and peripherals	5
Various utensils	10
Tools	10
Industrial machines	10
Equipment for telephony	10
Industrial ovens	10

Depreciation methods, useful lives, and residual values will be reviewed at the end of each financial year, and any adjustments will be recognized as changes in accounting estimates.

3.5 Intangible Assets

It is valued at acquisition cost, less accumulated amortization and impairment losses, when applicable. Intangible assets are amortized considering their actual use or a method that reflects the economic benefit of the intangible asset. The residual value of intangible items is immediately written off to its recoverable amount when the residual balance exceeds the recoverable amount.

Intangible assets with a defined useful life are amortized over their useful lives using an amortization method that reflects the economic benefit of the intangible asset.

Intangible assets are reviewed annually for impairment assessment purposes, or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company reviews the amortization period and amortization method for its intangible assets with defined useful lives at the end of each fiscal year.

3.5.1 Goodwill based on expectations of future results

Goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of the assets and liabilities of the acquired entity. Goodwill from subsidiaries is recorded as an "intangible asset". Goodwill is tested at least annually for impairment and accounted for at its cost less accumulated impairment losses. The carrying amount of goodwill is compared to its recoverable amount, which is the higher of its value in use and its fair value less costs to sell. Impairment losses recognized on goodwill are not reversed.

The gains and losses on the disposal of an investee include the carrying amount of goodwill related to the entity sold.

3.6 Impairment of non-financial assets

At the date of each financial statement, the Company analyzes whether there is evidence that the carrying amount of an asset will not be recovered. If such evidence is identified, the Company estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of: (a) its fair value less costs to sell it, and (b) its value in use. Value in use is equivalent to the discounted cash flows (before taxes) derived from the continued use of the asset until the end of its useful life, regardless of any indication that its carrying amount is not recoverable. Intangible assets with indefinite useful lives have their recoverability tested at least once a year in December. When the residual carrying amount of the asset exceeds its recoverable amount, the Company recognizes a reduction in the carrying amount of this asset (impairment), and any reduction in the recoverable amount of the assets is recorded in the profit or loss for the period or fiscal year.

Except with respect to a reduction in the value of goodwill, the reversal of previously recognized losses is permitted. The reversal in these circumstances is limited to the depreciated balance that the asset would have on the date of the reversal, assuming that the reversal has not been recorded.

3.7 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are incurred as expenses as the related service is provided. There are no clauses in employment contracts providing for post-employment benefits.

3.8 Provisions

Provisions for tax, labor, and civil risks are recognized when a past event has generated a present obligation (legal or constructive), an outflow of resources is probable, and the amount of the obligation can be reliably estimated.

The amount set aside as a provision is the best estimate of the settlement amount at the closing date of the individual and consolidated financial statements, taking into account the risks and uncertainties related to the obligation. When the provision is measured using the estimated cash flow to settle the present obligation, its amount is determined through the present value of those cash flows.

When the economic benefit required to settle a provision is expected to be received from third parties, this receivable is recorded as an asset when reimbursement is virtually certain and the amount can be reliably estimated.

3.9 Share capital

Ordinary shares

Common stock is classified as equity. Additional costs directly attributable to the issuance of stock and stock options are recognized as a deduction from equity, net of any tax effects.

3.10 Dividends

According to Brazilian law, the Company is required to distribute a minimum mandatory annual dividend of 25% of adjusted net income when stipulated in its Articles of Association. According to accounting practices, CPC 24 - Subsequent Events and ICPC 08 - Accounting for Proposed Dividend Payments, only the minimum mandatory dividend can be provisioned; declared but not yet approved dividends should only be recognized as a liability in the financial statements after approval by the competent authority. Therefore, they will be maintained in equity, in an account for proposed additional dividends, as they do not meet the criteria for a present obligation at the date of the aforementioned financial statements.

3.11 Recognition of revenue from product sales.

Revenue comprises the fair value of consideration received or receivable for the sale of products in the ordinary course of the Company's activities. Revenue is presented net of taxes, returns, allowances and discounts, as well as eliminations of sales between companies of the Company. Sales taxes are recognized when sales are invoiced.

(a) Sale of products

Revenue from customer contracts is recognized when the performance obligation is fulfilled. The Company generally concludes that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer. Ovens, refrigerators, and baking machines: In these contracts, the principal performance obligation is generally expected to be the delivery of the machines. The distinction of other performance obligations such as technical installation/delivery and training is immaterial in the context of the contract and therefore does not have a significant impact on the Company's individual and consolidated financial statements. Plug and play products: In these contracts, the sale of products is generally expected to be the only performance obligation, so revenue from the sale of equipment is recognized when control of the asset is transferred to the customer, usually upon delivery of the item.

(i) Guarantee obligations

The Company generally provides warranties for general repairs and does not provide extended warranties in its contracts with customers. Therefore, most existing warranties will be assurance warranties in accordance with IFRS 15 and CPC 47, which will continue to be accounted for in accordance with IAS 37 and CPC 25 Provisions, contingent liabilities and contingent assets, consistent with its current practice.
(ii) Non-monetary consideration

The Company has received used machinery from some customers as part of the payment for the purchase of new machinery. The fair value of this non-monetary consideration received from the customer is included in the transaction price and measured when the Company obtains control of the equipment.

The Company applies the requirements of CPC 46 - Fair Value Measurement in determining the fair value of non-monetary consideration.

(b) Financial revenue

Financial revenue is recognized according to the accrual basis of accounting, using the effective interest rate method.

3.12 Presentation of information by segment

The information by operating segment is presented in a manner consistent with the internal report provided to the main operating decision-maker. The main operating decision-maker, responsible for resource allocation and performance evaluation of the operating segments, is represented by the Company's Committee and Executive Board.

3.13 Leases

CPC 06 (R2) - Lease Transactions, issued by the CPC, is equivalent to the international standard IFRS 16 – Leases, issued in January 2016 replacing the previous version of said standard (CPC 06 (R1), equivalent to the international standard IAS 17). CPC 06 (R2) establishes the principles for the recognition, measurement, presentation and disclosure of lease transactions and requires lessees to account for all leases according to a single balance sheet model, similar to the accounting for finance leases under CPC 06 (R1).

The standard includes two recognition exemptions for lessees – leases of “low-value” assets (e.g., personal computers) and short-term leases (i.e., leases with a term of 12 months or less). At the commencement date of a lease, the lessee recognizes a liability to make the payments (a lease liability) and an asset representing the right to use the underlying asset during the lease term (a right-of-use asset). Lessees must separately recognize interest expense on the lease liability and depreciation expense on the right-of-use asset.

3.14 Current and deferred income tax and social security contributions

Income tax and social security contributions for the current period or fiscal year are calculated based on rates of 15%, plus an additional 10% on taxable profit exceeding R$ 240,000 per year for income tax and 9% on taxable profit for social security contributions on net profit, and take into account the offsetting of tax losses and a negative social security contribution base limited to 30% of the annual taxable profit.

Income tax and social contribution expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to items recognized directly in equity.

Current tax is the tax payable or expected to be receivable on the taxable profit or loss for the period, at the tax rates enacted or substantively enacted on the date the information is submitted, and any adjustments to taxes payable in respect of prior periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. Deferred tax is measured at the rates expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted prior to the reporting date.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits, and deductible temporary differences when it is probable that future taxable profits will be available and against which they can be utilized.

Deferred income tax and social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer likely.

3.15 Application of critical accounting judgments and practices in the preparation of individual and consolidated financial statements.

The process of preparing individual and consolidated financial statements involves the use of estimates. The determination of these estimates took into account experiences from past and current events, assumptions regarding future events, formal expert opinions, where applicable, and other objective and subjective factors. Significant items subject to these estimates and assumptions include:

(a) Useful life of long-lived assets: management reviews the useful life of key assets with defined useful lives annually.
(b) Impairment testing of long-lived and indefinite-life assets: annually, the Company tests for potential impairment losses on indefinite-life assets and, when necessary, performs impairment tests on definite-life assets. The recoverable amounts of Cash Generating Units (CGUs) were determined based on value-in-use calculations, performed using estimates.
(c) Realization and obsolescence of inventories: the assumptions used are described in Note 3.3.
(d) Credit risk analysis for determining the estimated credit loss: the assumptions used are described in Note 3.1.1. (f).
(e) Deferred income tax asset on tax losses and negative social contribution base (Note 3.14), as well as the analysis of other risks for the determination of other provisions, including for contingencies arising from administrative and judicial proceedings (Note 3.8).
(f) Analysis of other risks for the determination of provisions, including contingencies. Provisions are established for all contingencies for which an outflow of resources is probable for their settlement. The assessment of the probability of losses includes evaluation of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the assessment of external lawyers and specialists, when applicable.

The settlement of transactions involving these estimates may result in amounts that differ from those recorded in the individual and consolidated financial statements due to inaccuracies inherent in the estimation process. These estimates and assumptions are reviewed periodically.

3.16 Cash flow statement

The statement of cash flows has been prepared and is presented in accordance with Accounting Pronouncement CPC 03 - Statement of Cash Flows, issued by the Accounting Pronouncements Committee (CPC), and reflects the changes in cash that occurred during the periods presented.

3.17 New accounting pronouncements

The following changes to accounting pronouncements become mandatory for periods beginning on or after January 1, 2024:

- Amendment to IAS 1 (CPC 26 – R1) - Classification of liabilities as current or non-current;
- Amendment to IFRS 16 (CPC 06 – R2) - Lease liabilities in a sale and return lease;
- Amendment to IAS 1 (CPC 26 – R1) - Non-current liabilities with restrictive clauses (covenants); Amendment to IAS 7 (CPC 03 – R2) and IFRS 7 (CPC 40 – R1) standards - Supplier financing arrangements.

(In thousands of Brazilian reais)

3.17.1 Accounting pronouncements issued but not effective

The IASB has issued/revised some IFRS standards, which are due for adoption in 2025 or later, and the Company is evaluating the impacts on its financial statements of adopting these standards.

Changes to IFRS Accounting Standards	Mandatory application date
Amendment to IAS 21 (CPC 02) - Lack of convertibility. Clarifies aspects related to accounting treatment and disclosure when a currency lacks convertibility into another currency.	Annual periods beginning on or after January 1, 2025. Early application permitted.
Amendment to IFRS 9 and IFRS 7 standards (CPC 48) – Changes in the classification and measurement of financial instruments. Clarifies aspects related to the classification and measurement of financial instruments.	Annual periods beginning on or after January 1, 2026. Early application permitted.
Annual improvements to IFRS Accounting Standards. Makes changes to IFRS 1 (CPC 37 – R1), addressing first-adoption aspects related to hedge accounting; IFRS 7 (CPC 48), addressing aspects of gains and losses on the reversal of a financial instrument, credit risk disclosures, and the difference between fair value and transaction price; IFRS 9 (CPC 48), addressing aspects related to the reversal of lease liabilities and transaction price; IFRS 10 (CPC 36 – R3), addressing the determination of the de facto agent; and IAS 7 (CPC 03 – R2), addressing aspects related to the cost method.	Annual periods beginning on or after January 1, 2026. Early application permitted.
Issuance of IFRS 18 (CPC 26 – R1) – Presentation and disclosure of financial statements. Establishes the requirements for the presentation and disclosure of the general purpose of financial statements to ensure that relevant information is provided that faithfully represents assets, liabilities, equity, income and expenses, as well as performance measures defined by management (PMMs).	Annual periods beginning on or after January 1, 2027. Early application permitted.
Issuance of IFRS 19 (CPC 45) – Subsidiaries without legal disclosure obligation. Establishes simplified disclosure requirements for the consolidated or individual financial statements of entities eligible for the application of this standard.	Annual periods beginning on or after January 1, 2027. Early application permitted.

(In thousands of Brazilian reais)

4. Cash and cash equivalents

The Company's cash and cash equivalents account consists of readily available funds and short-term financial investments that are highly liquid and have a low risk of value changes. These resources represent the balance available for operations and the amount in investments that can be readily converted into cash, according to the Company's liquidity needs.

The composition of cash and cash equivalents balances as of December 31, 2024 and 2023 is presented below:

	Controlling company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash	1	1	7	1
Checking accounts	6,528	3,427	10,397	7,984
Financial investments	52,574	25,874	53,603	25,874
	59,103	**29,302**	**64,007**	**33,859**

Financial investments are distributed across the following categories:

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Bank certificates of deposit (CDBs)	5,432	7,592	5,432	7,592
Highly liquid investments	47,142	18,282	48,171	18,282
	52,574	**25,874**	**53,603**	**25,874**

In order to remunerate its availability, the Company seeks to allocate its resources to fixed-income financial investment products or funds referenced to the DI (interbank deposit rate), notably low-risk and with daily liquidity, which can be traded for fixed terms in exchange for increased profitability. The selection of securities follows the criterion of the best relationship between profitability and the issuer's rating, the latter not lower than investment grade ("Investments grade" - national scale in local currency). The profitability of the investments varies between 100% and 102% of the CDI (Interbank Deposit Certificate).

5. Secured investments

The Company engages in credit operations that require the establishment of guarantees in the form of secured financial investments. These guarantees remain unavailable during the term of the loan agreements, and their release is conditional upon the full settlement of the financial obligations assumed. The amounts relating to the secured investments are classified in the balance sheet as restricted assets, segregated from other freely available investments, as detailed below.

	Controlling Company and Consolidated	
	12/31/2024	12/31/2023
Current		
100% CDI	289	885
102% CDI	150	168
Variable income (a)	1,332	1,432
	1,771	**2,485**
Non-current		
100% CDI	-	286
102% CDI	50	200
Variable income (a)	350	1,672
Capitalization bond	380	380
	780	**2,538**

(In thousands of Brazilian reais)

(a) Variable income funds with Caixa Econômica Federal and Banco do Brasil.

The amounts raised for which the secured investments provide guarantees are R$ 10,760 as of December 31, 2024 (R$ 21,748 as of December 31, 2023).

6. Accounts receivable of customers

Accounts receivable balances represent amounts owed to the Company for the sale of products and the provision of services in the regular course of its business. The amounts shown below are recorded at the face value of the invoices issued, adjusted for the provision for estimated losses, as applicable.

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic customers	49,292	54,350	49,292	54,350
International customers	7,709	10,692	14,333	14,060
	57,001	**65,042**	**63,625**	**68,410**
Provision for expected credit losses	(173)	(532)	(184)	(532)
	56,828	**64,510**	**63,441**	**67,878**

Accounts receivable are classified according to their respective due dates. As of December 31, 2024, the breakdown was as follows:

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Current	47,984	51,389	54,608	54,757
Overdue by 1 to 30 days	5,911	9,089	5,911	9,089
Overdue by 31 to 60 days	1,367	2,073	1,367	2,073
Overdue by 61 to 90 days	685	551	685	551
Overdue by 91 to 180 days	455	1,375	455	1,375
Overdue by 181 to 360 days	504	537	504	537
Over 360 days	95	28	95	28
Provision for expected credit losses	(173)	(532)	(184)	(532)
	56,828	**64,510**	**63,441**	**67,878**

Movement of expected credit losses	Controlling Company			
	12/31/2023	Additions	Write-offs	12/31/2024
Provision for expected credit losses	(532)	(273)	632	(173)

Movement of expected credit losses	Consolidated			
	12/31/2023	Additions	Write-offs	12/31/2024
Provision for expected credit losses	(532)	(284)	632	(184)

(In thousands of Brazilian reais)

7. Inventories

The Company's inventories consist of raw materials, production inputs, work-in-process, finished goods intended for sale, and other categories, as detailed below. As of December 31, 2024, the composition of the balances was as follows:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Raw material	39,264	30,624	39,264	30,624
Products in process	2,897	3,200	2,897	3,200
Intermediate products	11,762	7,389	11,762	7,389
Finished products	13,644	8,372	19,190	15,707
Products in the possession of third parties.	10,067	6,900	10,067	6,900
Advance payment to suppliers	5,797	3,713	5,797	3,713
Merchandise for resale	4,351	4,552	9,232	4,552
Others	1,460	1,047	1,460	1,047
Estimated loss from obsolete inventory	(6,283)	(5,340)	(6,283)	(5,340)
	82,959	**60,457**	**93,386**	**67,792**

	Controlling Company and Consolidated			
	12/31/2023	**Additions**	**Write-offs**	**12/31/2024**
Estimated loss from obsolete inventory	(5,340)	(1,730)	787	(6,283)

The Company recognizes provisions for losses related to raw materials and spare parts that remain in inventory without movement for a period exceeding 360 days and that have no prospect of use. Additionally, provisions are made for losses on finished goods that are not part of the current sales offer and that have undergone modifications that make their future sale unfeasible.

The Company does not hold any inventory offered as collateral in legal proceedings or loans.

8. Taxes to be recovered

Taxes recoverable refer to tax credits arising from taxes previously collected or paid by the Company, which may be used to offset future tax liabilities, in accordance with applicable legislation. The breakdown of balances recorded as of December 31, 2024 is presented below:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
ICMS to be recovered	295	2,585	295	2,585
IPI to be recovered	1,109	1,125	1,109	1,125
VAT to be recovered	-	-	534	-
PIS and COFINS to be recovered (1)	1,833	-	1,833	-
Other taxes	679	16	759	349
Current assets	**3,916**	**3,726**	**4,530**	**4,059**
PIS and COFINS to be recovered (1)	4,587	7,939	4,587	7,939
PIS and COFINS update to be recovered (1)	2,636	5,328	2,636	5,328
Non-current assets	**7,223**	**13,267**	**7,223**	**13,267**

(In thousands of Brazilian reais)

(1) PIS and COFINS credits

The Company has two ongoing processes related to the exclusion of the Tax on the Circulation of Goods (ICMS) from the calculation basis of the Social Integration Program ("PIS") and the Contribution to Social Security Financing ("COFINS"), whose claimed credits cover the period from 2003 to 2016 of Prática Produtos (incorporated in 2016) and the period since 2012 of the Company. As is public knowledge, the Plenary of the Supreme Federal Court (STF) decided, by majority vote, in a judgment with general repercussion on May 13, 2021, that ICMS (a Brazilian state sales tax) does not form part of the calculation basis for PIS and COFINS (federal social security contributions), with the decision being valid from March 15, 2017, the date on which the general repercussion thesis was established, when judging extraordinary appeal (RE) 574.706, except for judicial and administrative actions filed up to the date of the session in which the judgment was rendered. It should be noted that both of the Company's lawsuits were filed before March 15, 2017. The credits are updated quarterly by the Selic rate.

9. Income tax and social security contribution

9.1 Deferred tax asset and liability

Deferred Income Tax and Social Contribution are recorded to reflect the future tax effects attributable to temporary differences between the tax base of assets and liabilities and their respective carrying amounts, at the combined tax rate of 34%.
Projections for the realization of deferred tax assets are reviewed annually in December. If material events occur that modify these projections, they will be revised by the Company during the fiscal year.

As of December 31, 2024 and 2023, the deferred Income Tax and Social Contribution originate from the following sources:

	Controlling Company		**Consolidated**	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Temporary differences – active	(15,915)	(15,232)	(15,915)	(15,232)
Temporary differences – passive	6,848	10,746	6,848	10,745
Cost assigned to fixed asset revaluation	1,409	2,029	1,409	2,029
	(7,658)	(2,458)	(7,658)	(2,458)
Controlling company combined tax rate	34%	34%	34%	34%
Deferred income tax and social contribution – controlling company	**(2,604)**	**(835)**	**(2,604)**	**(835)**
Tax loss and negative CSLL base – subsidiary	-	-	(15,205)	(18,625)
Combined tax rate	-	-	21%	21%
Deferred income tax and social contribution – subsidiary	-	-	(3,193)	(3,910)
Total deferred taxes, net liabilities/(assets)	**(2,604)**	**(835)**	**(5,797)**	**(4,746)**

The Company's future business prospects and earnings projections are forecasts supported by Management's expectations.

(In thousands of Brazilian reais)

The expectation of recovering all deferred tax credits resulting from tax losses, based on a technical feasibility study and temporary differences, It is defined as follows:

	Consolidated	
	12/31/2024	12/31/2023
2024	-	2,086
2025	992	1,448
2026	2,376	1,212
2027	1,990	-
2028	439	-
	5,797	**4,746**

9.2 Reconciliation of Income Tax and Social Contribution expenses

The reconciliation between Income Tax expenditure and Social Contribution using the nominal and effective tax rates is shown below:

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Profit before income tax and social contribution:	45,364	41,824	45,232	40,785
Standard rate	34%	34%	34%	34%
Income tax and social security contributions at the official rates - 34%	(15,424)	(14,220)	(15,379)	(13,867)
(Additions) Temporary/Permanent Exclusions:				
Provisions	140	(1,386)	140	(1,386)
Investments and Subsidiaries	(1,731)	(1,059)	(1,637)	(1,059)
Tax Incentives and Benefits	1,112	1,689	1,112	1,689
Taxation and International Regulation	-	(71)	-	(452)
Financial Operations and Adjustments	(10)	(164)	(10)	(164)
Expenses and Depreciation	(183)	(167)	(183)	(167)
Other additions	(839)	(290)	(839)	(291)
Other exclusions	2,441	1,090	2,441	1,090
Income tax and social security contributions – current	**(14,494)**	**(14,579)**	**(14,355)**	**(14,607)**
(Additions) Temporary exclusions:				
Provisions	392	1,435	392	1,435
Tax Incentives and Benefits	1,140	-	1,140	-
Taxation and International Regulation	-	-	(7)	1,067
Financial Operations and Adjustments	10	164	10	164
Expenses and Depreciation	211	216	211	216
Total	**(12,741)**	**(12,765)**	**(12,609)**	**(11,726)**
Income tax and social security contributions – current	(14,494)	(14,579)	(14,355)	(14,607)
Income tax and social security contributions – deferred	1,753	1,814	1,746	2,881
Total	**(12,741)**	**(12,765)**	**(12,609)**	**(11,726)**

(In thousands of Brazilian reais)

10. Investments

a) Movement of investments

Summary of financial information for subsidiaries and affiliates:

	Prática Inc.		Prática Europe		Prática Chile		Embtech	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Net profit/(loss)	(4,356)	(4,014)	**(66)**	-	(1,210)	249	1,807	2,821
Investment subsidy	-	-	**-**	-	-	-	973	1,959
Result of the year	**(4,356)**	**(4,014)**	**(66)**	**-**	**(1,210)**	**249**	**2,780**	**4,780**
Share Capital	18,495	15,089	**965**	-	3,005	2,628	800	800
Total assets	19,814	14,023	**927**	-	7,826	7,281	10,774	13,193
Total liabilities	27,692	16,271	**28**	-	5,892	4,412	1,430	2,288
Equity	(7,878)	(2,248)	**899**	-	1,934	2,869	9,344	10,904
Provision for unrealized profit	(1,523)	(866)	**-**	-	(1,360)	(723)	-	-
Investment net equity	**(9,401)**	**(3,114)**	**899**	**-**	**574**	**2,146**	**9,344**	**10,904**
Number of shares	1000	1,000	1,000	-	1,000	1,000	800,000	800,000
Percentage of participation	100%	100%	100%	-	100%	100%	30%	30%

The movement of investments is shown below:

	Controlling Company (a)					
	Subsidiaries			Affiliate		
	Prática Inc. 100%	Prática Chile 100%	Prática Europe 100%	Embtech 30%	Others N/A	Total
Investment balance as of December 31, 2022	**1,278**	**2,939**	**-**	**2,499**	-	**6,716**
Equity method	(4,014)	249	-	846	-	(2,919)
Profits to be realized	(374)	(723)	-	-	-	(1,097)
Dividends	-	-	-	(662)	-	(662)
Cumulative conversion adjustment	(4)	(319)	-	-	-	(323)
Investment grant	-	-	-	588	-	588
Credit Cooperative Quotas	-	-	-	-	108	108
Investment balance as of December 31, 2023	**(3,114)**	**2,146**	**-**	**3,271**	**108**	**2,411**
Equity method	(4,356)	(1,210)	(66)	542	-	(5,090)
Profits to be realized	(657)	(636)	-		-	(1,301)
Dividends	-	-	-	(1,301)	-	(1,293)
Cumulative conversion adjustment	(1,274)	275	-	-	-	(999)
Investment grant	-	-	-	292	-	292
Investment contribution	-	-	965	-	-	965
Credit Cooperative Quotas	-	-	-	-	67	67
Investment balance as of December 31, 2024	**(9,401)**	**575**	**899**	**2,804**	**175**	**(4,949)**

	2024	2023
Assets	4,452	5,525
Liabilities	(9,401)	(3,114)
Liquid	**(4,949)**	**(2,411)**

(In thousands of Brazilian reais)

The results of the subsidiary Prática Produtos Inc. fell short of projections due to investments aimed at structuring the market and the recognition of a tax asset loss. Although the current results do not fully meet expectations, the Company remains confident that the efforts undertaken will contribute to improvements in subsequent periods, enabling the reversal of the provision for investment loss.

11. Property, plant and equipment

11.1 Movement of property, plant and equipmentfor the fiscal year ended December 31, 2024.

The following table details the movements of property, plant and equipment for the fiscal years ended in 2024 and 2023.

		Controlling Company			
	12/31/2023	(+) Additions	(-) Write-offs	Transf.	12/31/2024
Cost					
Real Estate and Infrastructure	18,696	1,718	-	72	20,486
Furniture, Utensils and Tools	3,069	325	(34)	-	3,360
Equipment and Technology	4,825	867	(113)	(20)	5,559
Machinery and equipment	33,112	4,745	(619)	3,631	40,869
Vehicles	147	-	-	-	147
Leasing	4,759	618	(1,152)	-	4,225
Advance for property, plant and equipment	-	3,631	-	(3,631)	-
	64,608	**11,904**	**(1,918)**	**52**	**74,646**

		Controlling Company			
	12/31/2023	(+) Additions	(-) Write-offs	Transf.	12/31/2024
Ongoing property, plant and equipment					
Construction in progress	52	-	-	(52)	-
	52	**-**	**-**	**(52)**	**-**
Depreciation					
Real estate/buildings	(5,938)	(511)	-	-	(6,449)
Furniture and utensils	(2016)	(172)	27	-	(2,161)
Various utensils	(3,136)	(560)	103	-	(3,593)
Computers and peripherals	(18,044)	(2,849)	1,045	-	(19,848)
Facilities	(59)	(29)	-	-	(88)
Equipment for telephony	(2,213)	(913)	698	-	(2,428)
	(31,407)	**(5,034)**	**1,873**	**-**	**(34,568)**
Total	**33,253**	**6,870**	**(45)**	**-**	**40,078**

Explanatory notes from management to the individual and consolidated financial statements for the years ended December 31, 2024 and 2023.

(In thousands of Brazilian reais)

		Consolidated			
	12/31/2023	**(+) Additions**	**(-) Write-offs**	**Transf.**	**12/31/2024**
Cost					
Real Estate and Infrastructure	19,193	2,066	(330)	72	21,001
Furniture, Utensils and Tools	3,228	325	(193)	-	3,360
Equipment and Technology	4,836	868	(120)	(20)	5,564
Machinery and equipment	33,468	4,745	(975)	3,631	40,869
Vehicles	147	-	-	-	147
Leasing	4,833	646	(1,155)	-	4,324
Advance for fixed assets	-	3,631	-	(3,631)	-
	65,705	**12,281**	**(2,773)**	**52**	**75,265**
Ongoing property, plant and equipment					
Construction in progress	52	-	-	(52)	-
	52	**-**	**-**	**(52)**	**-**
Depreciation					
Real Estate and Infrastructure	(6,200)	(511)	156	106	(6,449)
Furniture, Utensils and Tools	(2,026)	(212)	77	-	(2,161)
Equipment and Technology	(3,137)	(560)	103	-	(3,594)
Machinery and equipment	(18,669)	(2,849)	1,670	-	(19,848)
Vehicles	(59)	(33)	4	-	(88)
Leasing	(2,261)	(1,037)	698	(106)	(2,706)
	(32,352)	**(5,202)**	**2,708**	**-**	**(34,846)**
Total	**33,405**	**7,079**	**(65)**	**-**	**40,419**

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, and any adjustments are recognized as changes in accounting estimates.

Discounted cash flows for assessing asset recoverability were prepared covering a period of the next 5 years. This cash flow is in line with the Company's strategic plan for 2024 to 2027 and with growth projections based on historical series and market projections from associations and government bodies.

For the fiscal year ended December 31, 2024, no evidence was identified of assets recorded in the accounting records at a value exceeding that recoverable through use or sale.

11.2 Right of use

The Company adopted IFRS 16/CPC 6 (R2) – Lease Transactions on January 1, 2019, considering as the basis of analysis contracts with identifiable assets, whose control of the asset's use, economic benefits, among other aspects foreseen in the pronouncement, are exclusive to the Company, regardless of the legal form given to the contract. Service contracts and supply agreements were equated to lease contracts when there is an identifiable asset. Depreciation of the right of use is calculated based on the term of each lease contract.

Lease agreements with a term of less than twelve months and an identifiable asset with a market value of less than R$ 20,000 were not covered by IFRS 16.

The liabilities recorded are calculated based on the present value of the remaining lease payments, discounted at a rate of 9.5% per year. The values of the right-of-use asset are recorded prospectively.

The Company's lease agreements do not contain clauses that allow for the acquisition of the leased assets at the end of the contractual term. Therefore, the useful life of the assets, in the absence of impairment, will be the contractual term. The amortization of these assets occurs linearly according to the term of each lease agreement.

(In thousands of Brazilian reais)

12. Intangible

12.1 Movement of intangible assets for the fiscal year ended December 31, 2024

	Controlling Company				
	12/31/2023	(+) Additions	(-) Write-offs	Transf.	12/31/2024
Cost					
Software	3,386	13	-	-	3,399
Trademarks and patents	373	-	-	-	373
Product development	5,783	-	(5,767)	-	16
Concessionaires	712	-	-	-	712
Goodwill¹	10,251	-	-	-	10,251
	20,505	**13**	**(5,767)**	**-**	**14,751**
(-) Amortization					
Software amortization	(2,718)	(210)	-	-	(2,998)
Concessionaire	(505)	(107)	-	-	(628)
Product development amortization	(5,752)	(15)	5,767	-	-
	(8,975)	**(332)**	**5,767**	**-**	**(3,626)**
Total	**11,530**	**(319)**	**-**	**-**	**11,125**

	Consolidated				
	12/31/2023	(+) Additions	(-) Write-offs	Transf.	12/31/2024
Cost					
Software	3,386	21	-	-	3,407
Trademarks and patents	373	-	-	-	373
Product development	5,783	-	(5,767)	-	16
Concessionaires	712	-	-	-	712
Goodwill¹	10,251	-	-	-	10,251
	20,505	**21**	**(5,767)**	**-**	**14,759**
(-) Amortization					
Software amortization	(2,718)	(280)	-	-	(2,998)
Concessionaire	(505)	(123)	-	-	(628)
Product development amortization	(5,752)	(15)	5,767	-	-
	(8,975)	**(418)**	**-**	**-**	**(3,626)**
Total	**11,530**	**(397)**	**-**	**-**	**11,133**

For the fiscal year ended December 31, 2024, no evidence was identified of assets recorded in the accounting records at a value exceeding that recoverable through use or sale.

(1) Goodwill Prática Produtos and Embtech

The goodwill recorded refers to the acquisitions of Klimaquip S.A. (now Prática Produtos S.A.) by Prática Participações S.A. and its affiliate Embtech S.A.

The goodwill was allocated to a group of UGC (Prática Produtos - Controlling Company), whose amount as of December 31, 2024, is R$ 10,251, and as mentioned in the operational context, with the reverse merger, the tax benefit on the goodwill corresponding to 34% in the amount of R$ 3,375 was recognized, which will be used in accordance with tax legislation, against equity. On December 31, 2022, the reserve was fully realized.

(In thousands of Brazilian reais)

The average estimated useful lives in years for the previous and current comparative fiscal years are as follows:

Software	3
Trademarks and Patents	Not applicable
Product Development	3
Concessionaires	5

Amortization methods, useful lives, and residual values are reviewed at each financial year-end, and any adjustments are recognized as changes in accounting estimates.

13. Loans and financing

	Currency	Indexer	Interest Rates p.a. (%)	Controlling Company and Consolidated 12/31/2024	12/31/2023
Working capital	Reais	Pre- fixed	(a)	71,101	87,449
Working capital (foreign currency)	USD	Pre- fixed	(b)	20,387	12,518
Financing of property, plant and equipment	Reais	Pre- fixed	(c)	852	1,782
Fair value adjustment NDF	Reais	Pre- fixed	-	501	-
				92,841	**101,749**
Current liabilities				46,751	40,211
Non-current liabilities				46,090	61,538
				92,841	**101,749**

Here are the loan transactions:

	Controlling Company and Consolidated					
			Amortization			
	12/31/2023	Collection	Main	Interest paid	Fees	12/31/2024
Working capital (a)	87,449	33,910	(52,210)	(9,218)	11,170	71,101
Working capital (foreign currency) (b)	12,518	36,703	(33,253)	(1,236)	5,655	20,387
Financing of property, plant and equipment (c)	1,782	-	(932)	(103)	105	852
Fair value adjustment NDF	-	-	-	-	510	501
	101,749	**70,613**	**(86,395)**	**(10,557)**	**17,431**	**92,841**

(a) *For working capital operations, the agreed rates are: (i) fixed between 2.5% and 8.9% and (ii) indexed between CDI + 2.55% p.a. and CDI + 4.2% p.a.*
(b) *Advance payment operations for ACC foreign exchange contracts with agreed rates between 7.00% p.a. and 7.78% p.a.*
(c) *The loans are secured by a fiduciary assignment of the Company's assets.*

Loan installments recorded in current and non-current liabilities as of December 31, 2024 and 2023, have the following due dates:

Year	Controlling Company and Consolidated 12/31/2024	12/31/2023
2024	-	40,211
2025	46,751	35,693
2026	22,950	22,595
2027	14,230	3,250
2028	7,672	-
After 2029	1,238	-
	92,841	**101,749**

(In thousands of Brazilian reais)

Due to cash generation and the restructuring of loan agreements to more favorable terms, the Company made early payments throughout 2024.

14. Leasing

14.1. Lease liabilities - Composition and movement

To assess the Company's financial impacts in accordance with the requirements of CPC 06 (R2) Leases, Management periodically reviews all new real estate lease agreements, equipment leases, and any leased assets incorporated into a service agreement held by the Company, in order to identify all contractual aspects that must be considered to apply and measure right-of-use assets, lease liabilities, and recognition exemptions.

According to item 5 of CPC 06 (R2), the Company may opt for exemption from applying the standard for short-term leases and for which the underlying asset is of low value. The standard mentions that this analysis should be performed for individual items when new; however, the Company chose to apply this analysis to the contracts in their entirety, and not individually, due to the relevance of the total value of the lease contracts.

The determination of the lease term is based on an individual analysis of each contract and addendum, taking into account the contract signing date and the date of entry and activation of the assets, identifying the moment when the Company begins to control the asset, as well as the term of the renewal clauses, to stipulate the final term of the lease. The Company understands that using the contractual term is the best estimate for determining the lease usage time.

For the purpose of measuring the value of the payments, the Company determined the amounts as fixed by the lessor, i.e., a minimum value stipulated in the contract.

For the purposes of adopting CPC 06 (R2), the Company used the nominal rate, which takes into account the country's credit risk, the term of the lease contracts, the nature and quality of the guarantees offered, among other factors. The discount rate applied to the calculation was measured by the Company's management and took into account specific regional factors, considering the companies consolidated in these financial statements.

As of December 31, 2024, the Company's existing lease agreements did not undergo any changes in their payment flows, and therefore, we do not identify the need for adjustments to the balances recorded in the balance sheet.

The balance movement of the lease liability is shown in the tables below:

- Liabilities

				Controlling Company and Consolidated	
	Currency	**Indexer**	**Interest Rates per annum (%)**	**12/31/2024**	**12/31/2023**
Leasing	Reais	Pre- fixed	11%	1,162	1,284
				1,162	**1,284**
Current liabilities				487	641
Non-current liabilities				675	643
				1,162	**1,284**

(In thousands of Brazilian reais)

Here are the transactions related to the lease agreement:

	Controlling Company and Consolidated					
			Amortization			
	12/31/2023	Collection	Main	Fees	Fees	12/31/2024
Leasing	1,284	603	(946)	(10)	231	1,162
	1,284	**603**	**(946)**	**(10)**	**231**	**1,162**

The lease payments recorded in current and non-current liabilities as of December 31 have the following due dates:

	Controlling Company and Consolidated	
Year	**12/31/2024**	**12/31/2023**
2024	-	641
2025	487	643
2026	675	-
	1,162	**1,284**

15. Suppliers

The accounts payable account reflects the Company's obligations to third parties for the acquisition of raw materials, goods, services, and other inputs necessary for its operation. These liabilities represent commitments assumed in the normal course of business and are recorded at the nominal value of the invoices, in accordance with the terms agreed upon with the suppliers.

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic suppliers	21,078	17,095	21,078	17,095
International suppliers	3,112	884	5,161	1,687
Total circulating	**24,190**	**17,979**	**26,239**	**18,782**
Domestic suppliers	-	427	-	427
Total non-current	**-**	**427**	**-**	**427**
Total	**24,190**	**18,406**	**26,239**	**19,209**

Accounts payable to suppliers are classified according to the terms established in the purchase contracts, encompassing both short-term and long-term obligations. The amounts payable to suppliers, by due date range, are presented as follows:

	Controlling Company		Consolidated	
	301/12/2024	12/31/2023	12/31/2024	12/31/2023
Due within 365 days	24,037	17,968	26,086	18,771
Overdue by 1 to 30 days	37	7	37	7
Overdue by 31 to 60 days	38	-	38	-
Overdue by more than 60 days	78	4	78	4
Total circulating	**24,190**	**17,979**	**26,239**	**18,782**
Due in more than 365 days	-	427	-	427
Total non-current	**-**	**427**	**-**	**427**
Total	**24,190**	**18,406**	**26,239**	**19,209**

(In thousands of Brazilian reais)

16. Supplier finance arrangements

The Company maintains a supplier finance arrangements with financial institutions, the purpose of which is to enable its domestic suppliers to receive advance payment for invoices issued against the Company. In this type of operation, there is no joint liability for the Company, which is limited only to fulfilling the terms originally agreed upon in the payment instruments.

In a factoring operation, suppliers assign the right to receive payment for invoices to financial institutions, also assuming responsibility for paying the financial charges arising from the advance payment, without this generating additional costs for the Company.

This mechanism allows the Company to extend the payment terms of invoices, improving its cash flow management, while offering suppliers the option to receive payments in advance at more competitive interest rates.

The consolidated balances for this transaction as of December 31, 2024 and 2023 are presented below:

	Controlling Company and Consolidated	
	12/31/2024	12/31/2023
Risk draft Itaú	2,940	2,012
Risk draft Bradesco	-	1,079
Risk draft Santander	496	309
Total	**3,436**	**3,400**

17. Contract liabilities

The revenues to realize account comprises sales amounts already recognized by the Company, but not yet accompanied by the actual transfer of goods to the customer. These amounts are recorded as deferred revenue until all conditions for revenue recognition are fully met, in accordance with the criteria established by current accounting standards.

	Controlling Company and Consolidated	
	12/31/2024	12/31/2023
Revenue received within 1 to 30 days.	2,036	1,449
Revenue received 31 to 60 days ago	363	900
Revenue received 61 to 90 days ago	308	100
Revenue received between 91 and 180 days ago.	735	145
Revenue received between 181 and 360 days	417	27
Revenue received more than 360 days ago	94	3,666
Total	**3,953**	**6,287**

18. Customer advances

The customer advance account is recorded as a liability of the Company and represents amounts received in advance from customers at the time purchase orders are formalized. These advances reflect payments made by customers before the delivery of goods and are treated as liabilities until the sales transaction is effectively completed.

(In thousands of Brazilian reais)

As of December 31, 2024, the balances recorded in this account are:

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic customers	11,909	5,727	11,909	5,727
International customers	2,068	3,882	2,068	3,888
Total	**13,977**	**9,609**	**13,977**	**9,615**

Advance payments will be made in accordance with the delivery schedules agreed upon between the Company and its clients.

19. Related parties

19.1. Compensation of directors

Compensation for key administrative personnel totaled R$ 7,236 as of December 31, 2024 (R$ 5,995 as of December 31, 2023).

The Company's Board of Directors consists of 6 members, one of whom is independent as governed by the Company's Bylaws, and the statutory executive board consists of 7 members.

19.2. Transactions in equity accounts with related parties

19.2.1. Balances with related parties

The Company conducts transactions with related parties (subsidiaries and associate companies) in the normal course of its operations. These transactions mainly involve commercial operations and the purchase/sale of products.

As of December 31, 2024, the balances with related parties recorded in the balance sheet accounts are composed of:

	12/31/2024					12/31/2023				
	Prática Products Inc.	Prática Chile	Prática Europe	Embtech	Total	Prática Products Inc.	Prática Chile	Prática Europe	Embtech	Total
Current assets										
Customers	-	5,605	-	-	5,605	1,832	4,269	-	-	6,101
Non-current assets										
Customers	25,586	-	-	-	25,586	13,720	-	-	-	13,720
	25,586	**5,605**	**-**	**-**	**31,191**	**15,552**	**4,269**	**-**	**-**	**19,821**
Liabilities										
Suppliers	-	-	-	1,397	1,397	-	-	-	1,032	1,032
	-	**-**	**-**	**1,397**	**1,397**	**-**	**-**	**-**	**1,032**	**1,032**

The amounts for Prática Products Inc., Prática Chile, and Prática Europe were eliminated in the consolidation. The related party balance in the consolidated figures consists only of the balance payable to Embtech.

(In thousands of Brazilian reais)

Movements in account balances with related parties:

Active	Subsidiary
Balance as of 12/31/2023	**19,821**
Increase in accounts receivable	16,514
Write off accounts receivable	(11,602)
Exchange rate variation	6,458
Balance as of 12/31/2024	**31,191**

Liabilities	Associate Company
Balance as of 12/31/2023	**1,032**
Increase in bills to pay	20,299
Lower accounts payable	(19,934)
Balance as of 12/31/2024	**1,397**

19.2.2. Transactions in the income statement with related parties

The Company maintains a purchase and sale relationship with its subsidiary Prática Products Inc. and a purchase operation of electronic components with its associate Embtech Tecnologia Embarcada S.A. The transactions that occurred during the fiscal year are shown below.

	Controlling Company	
	12/31/2024	**12/31/2023**
Prática Products Inc.		
Sales	11,712	8,260
Cost	(8,866)	(8,260)
	Controlling Company	
	12/31/2024	**12/31/2023**
Prática Chile		
Sales	4,659	4,927
Cost	(2,588)	(4,927)
	Controlling Company	
	12/31/2024	**12/31/2023**
Prática Products Inc.		
Purchases	543	-
	Controlling Company and Consolidated	
	12/31/2024	**12/31/2023**
Embtech		
Purchases	8,996	11,904

20. Miscellaneous provisions

Provisions are recognized when the Company has a present obligation arising from past events, it is probable that an outlay of resources will be required to settle that obligation, and a reliable estimate can be made of the amount of the liability. Provisions are reviewed periodically to reflect the best estimates, considering new information and changes in circumstances.

(In thousands of Brazilian reais)

As of December 31, 2024 and 2023, the composition of the provisions was as follows:

	Controlling Company		Consolidated	
Current	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Provision for commissions (a)	4,007	3,171	4,007	3,171
Provisions for guarantees (b)	1,474	1,428	1,474	1,428
Provisions for rebates	166	97	166	97
Provision for allowances and bonuses (c)	1,645	3,609	1,645	3,609
Provisions for installation expenses	48	145	48	145
Provisions for export expenses	399	225	399	225
Provisions for legal entities	119	83	119	83
Miscellaneous provisions	201	167	306	167
Provision for interest on debentures	415	-	415	
	8,474	**8,925**	**8,579**	**8,925**
Non-current				
Provision for legal entities (d)	685	1,341	685	1,341
Provision for long-term compensation	1,663	-	1,663	-
	2,348	**1,341**	**2,348**	**1,341**

(a) *Provision for commissions refers to the recognition of commission expenses on sales related to sales made within the period.*
(b) *Provision for warranties refers to estimated expenses for repairing future failures in equipment that is still under warranty. The calculation takes into account historical warranty expenses and the warranty coverage period of equipment currently in use.*
(c) *Provision for employee bonus payments, balance fully paid during fiscal year 2024.*
(d) *This refers to the provision for legal expenses related to the process of excluding PIS/COFINS from the ICMS tax base, recorded as a non-current asset in explanatory note 8.*

21. Provision for procedural risks

The Company is involved, as a defendant, in lawsuits and administrative proceedings in various courts and government agencies, arising from the normal course of its operations. These disputes encompass tax, labor, civil, and other matters. Based on assessments by legal advisors and an analysis of pending lawsuits, Management recognized a provision for contingencies in the amount of R$ 645,000 as of December 31, 2024 (R$ 718,000 as of December 31, 2023), intended to cover risks associated with civil, tax, and labor lawsuits.

Below is the breakdown of the item "Provision for procedural risks":

	Controlling Company and Consolidated	
	12/31/2024	**12/31/2023**
Tax litigation proceedings	346	346
Civil lawsuits	299	372
	645	**718**

Case progress as of December 31, 2024:

	Controlling Company and Consolidated			
	12/31/2023	**Additions**	**Write-offs**	**12/31/2024**
Tax litigation proceedings	346	-	-	346
Civil lawsuits	372	162	(235)	299
	718	**162**	**(235)**	**645**

The Company adopts a prudent policy in establishing provisions, with the aim of ensuring that potential liabilities are properly recorded and disclosed in the financial statements, in accordance with accounting principles and applicable law.

(In thousands of Brazilian reais)

There are other lawsuits assessed by legal advisors as potentially risky, amounting to R$ 4,210 thousand as of December 31, 2024 (R$ 4,540 thousand as of December 31, 2023), for which no provision has been made, given that the opinion of its legal advisors is that the probability of loss is "possible" or "remote." The increase in the value of lawsuits in which the Company is a defendant refers to an assessment by the Brazilian Federal Revenue Service, with the issuance of an infraction notice, based on the existence of differences to be collected in the Tax on Industrialized Products (IPI), arising from the alleged incorrect tax classification of some of the products marketed by the Company. The Company filed an objection to the infraction notice, arguing the accuracy of the tax classifications adopted, and additionally hired companies specializing in product analysis and identification of their tax classification to support its defense.

22. Debentures

On May 7, 2024, the Company carried out the 1st Issuance of private, nominative debentures, convertible into shares, with fiduciary guarantee, in a single series, entered into between the Company and STRATUS SCP III BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES – MULTIESTRATÉGIA.

	Controlling Company and Consolidated	
	12/31/2024	**12/31/2023**
First debenture issue	20,000	-
Amendment to the 1st Debenture Issue	5,000	
	25,000	**-**

Series: sole series
Number of debentures: 2,500 units
Use of funds: Financing operational activities and expansion. Including investment in CAPEX, working capital, and research and development.
Convertibility: the debentures were issued in registered form, without the issuance of physical certificates or physical documents.
Species: surety bond
Expiry date: May 7, 2028, which may be extended for 12 months.
Compensation: From the Issue Date until the date of conversion or the effective payment and settlement of the Debentures, whichever occurs first, the Debentures will be entitled to a percentage participation remuneration on the dividends distributed.

22.1 – Early maturity clauses (financial covenants)

In the aforementioned private debenture issuance instrument, there are performance clauses, commonly called "*covenants,*" which primarily contain non-financial indicators, as well as others related to the Company's financial performance.

The penalties for non-compliance with these clauses result in the debt becoming due immediately, and it must be reclassified as a current liability.

22.2 Liquidity event

The Company and its shareholders will make every effort to enable and execute a Liquidity Event by the end of 2027, including a structured plan for preparing and exposing the Company to the capital market. In the event of a Liquidity Event, the Investor will have the option to convert the debentures into shares.

(In thousands of Brazilian reais)

23. Equity

a. Share capital

The Company's subscribed share capital as of December 31, 2024 and 2023 is R$ 29,068 thousand, consisting of 3,355,031 common shares, all registered, without par value and owned by the controlling shareholder.

b. Legal reserve

It is constituted at a rate of 5% of the net profit determined in each fiscal year, in accordance with article 193 of Law No. 6,404/76, up to a limit of 20% of the Company's share capital.

The balance recorded on December 31, 2024 is R$ 5,814 (R$ 5,814 on December 31, 2023).

c. Retained earnings reserve

The retained earnings reserve consists of profits earned by the Company, retained for the specific purpose of investment based on the capital budget, after accounting for all allocations provided for in the Bylaws, relating to the legal reserve, dividends and redemption reserve.

The balance recorded on December 31, 2024 is R$ 18,132 (R$ 30,100 on December 31, 2023).

d. Redemption reserve for debentures

The reserve for redemption of profits is constituted at a rate of 30% of the net profit determined in each fiscal year, according to the private instrument for the registration of debentures, up to a limit of R$40,000. The balance recorded on December 31, 2024, is R$9,620 (R$0 on December 31, 2023).

e. Dividends payable

Regarding the remaining profit for the fiscal year, after the establishment of the legal reserve, a provision for the mandatory minimum dividend of 25% is created. Dividends payable are separated from equity at the end of the fiscal year and recorded as a liability.

	12/31/2023	Payment	Recognition	12/31/2024
Dividends payable	6,822	(8,135)	8,017	6,704

f. Other comprehensive income

This account records asset valuation adjustments made in 2010 resulting from costs attributed to land and buildings, and exchange rate variations resulting from the conversion of investments in foreign subsidiaries whose functional currency differs from that of the controlling company.
On December 31, 2024, the account showed an amount of R$ (2,392) and R$ (1,386) on December 31, 2023.

g. Reserve of tax incentives

The Company benefited from a reduction in the ICMS tax base on its sales transactions, as stipulated in Protocol 52/91, resulting in the application of reduced effective tax rates, as detailed below:

(i) Reduction of the tax rate for intrastate sales from 18% to 8.8%;

(In thousands of Brazilian reais)

(ii) Reduction of the tax rate for interstate sales destined for São Paulo, Rio de Janeiro, and states in the Southern region from 12% to 8.8%;
(iii) Reduction of the tax rate for interstate sales destined for states in the North, Northeast, Midwest, and Espírito Santo regions from 7% to 5.14%.

With the enactment of Complementary Law No. 160/2017, these incentives came to be classified as "investment subsidies." According to various administrative and judicial interpretations, such subsidies are not included in the tax base for calculating corporate income tax (IRPJ) and social contribution on net profit (CSLL).

In accordance with the application of this benefit, the Company implemented the necessary procedures, including the rectification of ancillary tax returns and accounting adjustments related to the establishment of the tax incentive reserve, the amounts of which are presented below.

Description	12/31/2024	12/31/2023
Government Subsidy – Reduction of the Taxable Income for Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL)	37,796	11,928
Investment subsidy – Associated companies	2,079	1,787
Reserve of tax incentives	873	319
Total Government Subsidy	**40,748**	**14,034**

24. Net operating revenue

Net operating revenue represents the result of the Company's product sales after deducting sales taxes, returns, and discounts granted to customers. Below is the reconciliation between gross revenue and net revenue from goods sold for the fiscal year ended December 31, 2024:

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Operating revenue - domestic market	342,979	304,812	342,978	304,812
Operating revenue - international market	55,793	69,175	70,730	78,005
Sales taxes	(60,752)	(54,219)	(60,751)	(54,219)
Discounts and returns	(14,491)	(12,108)	(14,491)	(12,108)
	323,529	**307,660**	**338,466**	**316,490**

Revenue is recognized net of discounts, trade benefits granted, and sales taxes, such as:

- **State taxes** – Tax on the Circulation of Goods (ICMS) – 18% for domestic transactions and 7% or 12% for interstate transactions, with a reduced tax base of 51.11% for domestic transactions and 26.66% or 26.57% for interstate transactions, according to protocol 52/91;
- **Federal taxes** – Tax on Industrialized Products (IPI) – 0% rate for finished products and 3.75% to 10% for materials for resale;
- **Federal contributions** – Social Integration Program (PIS) – 1.65%;
- **Federal contributions** – Contribution for the financing of social security – 7.6%.

25. Cost of goods sold

The cost of goods sold (COGS) represents the costs incurred by the Company in producing and acquiring products that were sold during the period. These costs include raw materials, direct labor, manufacturing overhead, and other expenses directly attributable to the production process.

(In thousands of Brazilian reais)

The composition of the CPV for the fiscal years ended December 31, 2024 and 2023 is detailed below:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Raw material	(102,686)	(111,729)	(104,068)	(110,710)
Indirect manufacturing costs	(2,628)	(2,135)	(2,628)	(2,135)
Cost of goods resold	(25,335)	(17,607)	(25,335)	(17,607)
Salaries and payroll taxes	(28,744)	(24,591)	(28,744)	(24,591)
Productive depreciation	(3,420)	(2,662)	(3,420)	(2,662)
production consumables	(4,216)	(4,141)	(4,216)	(4,141)
Inventory Adjustment	(545)	(1,807)	(545)	(1,807)
Manufacturing overhead	(2,723)	(2,383)	(2,723)	(2,383)
Provisions for inventory loss	(944)	(2,918)	(944)	(2,918)
	(171,241)	**(169,973)**	**(172,623)**	**(168,954)**

26. General and administrative expenses

The Company's administrative expenses refer to costs incurred in managing and administering operations that are not directly related to the production or sale of products. These expenses include costs for administrative personnel, outsourced services, rent, office maintenance, and other operational expenses necessary for the efficient functioning of the company.

For the fiscal years ended December 31, 2024 and 2023, the composition of administrative expenses is as follows:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Salaries, wages and other personnel costs	(36,356)	(30,008)	(40,232)	(35,074)
Third-party services	(17,396)	(13,953)	(18,583)	(14,828)
Infrastructure expenses	(2,430)	(1,482)	(3,422)	(2,233)
Operating expenses	(6,479)	(5,443)	(6,926)	(5,759)
Research and development	(794)	(864)	(794)	(864)
Taxes and charges	(2,409)	(2,246)	(2,733)	(2,246)
Others	(1,075)	(640)	(2,031)	(1,192)
	(66,939)	**(54,636)**	**(74,721)**	**(62,196)**

27. Selling expenses

Commercial expenses represent the costs incurred by the Company to promote and sell its products in the market. These expenses include costs for commissions, advertising, technical assistance, warranty replacement parts, customer training, freight, and other items related to commercial activities.

Below is a detailed breakdown of business expenses for the fiscal years ended December 31, 2024 and 2023:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Sales commissions	(17,843)	(15,011)	(20,690)	(16,851)
Advertising	(3,784)	(3,227)	(5,595)	(5,235)
Outsourced technical assistance	(3,717)	(3,173)	(4,435)	(3,858)
Cost of replacement parts under warranty.	(1,514)	(1,210)	(1,683)	(1,211)
Customer training	(508)	(435)	(778)	(435)
Promotions and bonuses	(397)	(214)	(397)	(214)
Freight	(5,454)	(4,404)	(5,456)	(4,413)
Others	(1940)	(1,117)	(5,465)	(1,923)
	(35,157)	**(28,791)**	**(44,499)**	**(34,140)**

(In thousands of Brazilian reais)

28. Other operating income (expenses), net

Other operating revenues (expenses) represent items that are not directly related to the Company's main operations. These revenues and expenses include one-off events, gains or losses on assets, various provisions, and other elements that impact operating results.

Below is the detailed breakdown for the fiscal years ended December 31, 2024 and 2023:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Other miscellaneous income and expenses	1,399	630	(371)	(442)
Profits realized by subsidiaries	(1,275)	(917)	(1,275)	(917)
Tax Recoveries and Incentives (a)	6,776	2,726	6,776	2,726
Provisions	35	(1,973)	35	(1,973)
Asset Write-offs (b)	(1,109)	(709)	(1,109)	(709)
	5,826	**(243)**	**4,056**	**(1,315)**

(a) Revenue derived from tax recovery, excluding investment subsidies recorded in the equity account of the Tax Incentive Reserve from the income tax base.
(b) This refers to the sale of property, plant and equipment below their residual value .

29. Financial result

The Company's financial results are comprised of financial income and financial expenses related to fundraising, investment, and exchange rate variations. Financial income and expenses are recognized in accordance with the accrual principle, reflecting the actual financial gain or cost of each transaction over the period.

Below, we present a detailed breakdown of the financial results for the fiscal years ended December 31, 2024 and 2023:

	Controlling Company		Consolidated	
Financial income	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Financial investment income	4,666	3,956	4,666	3,956
Interest received	2,611	1,881	2,771	1,881
Discounts obtained	416	173	421	173
Positive exchange rate variation	11,299	6,369	11,979	6,369
	18,992	**12,379**	**19,837**	**12,379**

	Controlling Company		Consolidated	
Financial expenses	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Passive interest	(12,021)	(11,575)	(12,023)	(11,580)
Bank charges	(1,498)	(1,577)	(1,507)	(1,577)
Discounts granted	(128)	(195)	(177)	(195)
IOF [Tax on Financial Operation]	(25)	(52)	(25)	(52)
Negative exchange rate variation	(7,939)	(5,818)	(9,055)	(5,918)
Loss on fair value adjustment - NDF	(1,142)	-	(1,142)	-
Others	(229)	(225)	(229)	(225)
	(22,982)	**(19,442)**	**(24,158)**	**(19,547)**

Financial result	**(3,990)**	**(7,063)**	**(4,321)**	**(7,168)**

30. Information by segment

Management defined the reportable operating segments based on reports used for strategic decision-making, analyzed by the executive board, which are segmented from the perspective of the product sold and from a geographic perspective.

The types of products sold include ovens, equipment for preservation and freezing, baking machines, and others, subdivided as follows:

Ovens

- **Gastronomy:** In this segment, our main clients are restaurants, fast food chains, and food industries. We operate in this market with our Technicook brand, which offers combination ovens and *speed ovens* to our customers. In fiscal year 2024, sales revenue from the Technicook Line represented 37.4% of the Group's revenue, compared to 28.5% in 2023;
- **Bakery:** In this segment, our main clients are bakeries and frozen bread production centers. We operate in this market with the Technipan brand, which offers a range of ovens for dough preparation. In fiscal year 2024, revenues from the Technipan line represented 12.7% of turnover, compared to 13.1% in 2023.

Refrigeration equipment

- **Refrigeration:** For the refrigeration segment, we offer blast freezers of various capacities, fermentation chambers, and storage chambers. All products carry the Klimaquip brand, and in 2024 they represented 8.5% of revenue, compared to 12.4% in 2023.

Baking Machines

- **Bakery Machines:** For the bakery machinery segment, we offer molders, cylinders, mixers, dough mixers, among others. All products carry the Technipan brand, representing 9.8 % of the market in 2024, compared to 9.9% in 2023.

Others

- **Parts and Services:** In fiscal year 2024, sales of spare parts and services accounted for 8.6% of revenue, compared to 7.3% in 2023.
- **Resellers:** For the reseller segment, we offer dishwashers and microwaves. In fiscal year 2024, sales represented 2.2% of revenue, compared to 4.5% in 2023.
- **Export :** Export sales are concentrated in sales to clients in Latin America and Europe. In the accumulated third quarter of 2024, export revenue represented 20.7% of the company's revenue, compared to 24.3% in 2023.

The Company evaluates its performance by segment, and in accordance with accounting standards, this information is disclosed broken down by net revenue, depreciation, and net profit (loss). There are no revenues from transactions with a single external customer that represent 10% or more of total revenues. The consolidated information by business operating segment, analyzed by the executive board as of December 31, 2024 and 2023, is as follows:

(In thousands of Brazilian reais)

Results by product segment

	Controlling Company		Consolidated	
	Net operating revenue		Net operating revenue	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Ovens	201,362	198,288	216,519	207,118
Refrigeration equipment	40,867	38,578	40,727	38,578
Baking machines	31,580	30,748	31,472	30,748
Others	49,720	40,046	49,748	40,046
	323,529	**307,660**	**338,466**	**316,490**

	Depreciation and amortization		Depreciation and amortization	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Ovens	(3,393)	(3,680)	(3,595)	(3,730)
Refrigeration equipment	(689)	(716)	(676)	(716)
Baking machines	(532)	(571)	(523)	(571)
Others	(838)	(743)	(826)	(743)
	(5,452)	**(5,711)**	**(5,620)**	**(5,760)**

	Net profit		Net profit	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Ovens	20,304	18,729	20,869	18,729
Refrigeration equipment	4,121	3,644	3,926	3,644
Baking machines	3,184	2,904	3,033	2,904
Others	5,013	3,782	4,795	3,782
	32,623	**29,059**	**32,623**	**29,059**

Revenue by destination

	Ovens			
	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
National	151,410	127,887	151,160	127,887
Export	49,952	70,401	65,359	79,231
	201,362	**198,288**	**216,519**	**207,118**
	Refrigeration equipment			
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
National	40,718	38,224	40,578	38,224
Export	149	354	149	354
	40,867	**38,578**	**40,727**	**38,578**
	Baking machines			
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
National	31,266	30,490	31,158	30,490
Export	314	258	314	258
	31,580	**30,748**	**31,472**	**30,748**
	Others			
	12/31/2024	12/31/2023	12/31/2024	216,519
National	45,625	36,460	45,460	36,460
Export	4,095	3,586	4,288	3,586
	49,720	**40,046**	**49,748**	**40,046**
	Total			
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
National	269,019	233,061	268,356	233,061
Export	54,510	74,599	70,110	83,429
	323,529	**307,660**	**338,466**	**316,490**

(In thousands of Brazilian reais)

Assets by segment

	Property, plant and equipment			
	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Ovens	24,944	21,432	25,856	22,064
Refrigeration equipment	5,063	4,170	4,864	4,663
Baking machines	3,912	3,323	3,758	2,649
Others	6,159	4,328	5,941	4,029
	40,078	**33,253**	**40,419**	**33,405**

31. Financial instruments

The Company maintains operations with financial instruments. The management of these instruments is carried out through operational strategies and internal controls aimed at ensuring liquidity, profitability, and security. The contracting of financial instruments for hedging purposes is done through periodic analyses of the risk exposure that Management intends to cover (exchange rates, interest rates, etc.). The control policy consists of continuous monitoring of the contracted conditions *versus* the prevailing market conditions. The Company does not make speculative investments in derivatives or any other risky assets.

a. Comparison of market value and respective fair values.

The following is a presentation of the market value of the financial instruments:

	Controlling Company			
	12/31/2024		12/31/2023	
	Book value	Fair value	Book value	Fair value
Cash and banks	6,529	6,529	3,428	3,428
Financial investments	52,574	52,574	25,874	25,874
Secured investments	2,551	2,551	5,023	5,023
Accounts receivable from customers	56,828	56,828	64,510	64,510
Suppliers	24,190	24,190	18,406	18,406
Loans and financing	92,841	92,841	101,749	101,749
Supplier finance arrangements	3,436	3,436	3,400	3,400

	Consolidated			
	12/31/2024		12/31/2023	
	Book value	Fair value	Book value	Fair value
Cash and banks	10,404	10,404	7,985	7,985
Financial investments	53,603	53,603	25,874	25,874
Secured investments	2,551	2,551	5,023	5,023
Accounts receivable from customers	63,441	63,441	67,878	67,878
Suppliers	26,239	26,239	19,209	19,209
Loans and financing	92,841	92,841	101,749	101,749
Supplier finance arrangements	3,436	3,436	3,400	3,400

The operations of the Company and its subsidiaries are subject to the risk factors described in the following sections.

(In thousands of Brazilian reais)

b. Credit risk

The Company and its subsidiaries restrict exposure to credit risks associated with cash and cash equivalents by investing in sound financial institutions with returns in short-term securities. With regard to accounts receivable, which are subject to credit risks and generally lack collateral, the procedures adopted to minimize commercial risks include customer selectivity through appropriate credit analysis and the establishment of sales limits. Estimated losses from these customers are fully provisioned.

c. Input price risk

This risk is related to the possibility of fluctuations in the price of raw materials and other inputs used in the Company's production processes. To minimize this risk, the Company constantly monitors price fluctuations of the inputs used in its production processes, in order to optimize the cost of goods sold equation.

d. Interest rate risk

This stems from the possibility that the Company and its subsidiaries may incur gains or losses resulting from fluctuations in interest rates applicable to their financial assets and liabilities. To mitigate this type of risk, the Company and its subsidiaries seek to diversify their fundraising in terms of fixed or floating interest rates.

The Company does not hold derivative instruments to hedge against interest rate fluctuation risk.

e. Exchange rate risk

This risk is linked to the possibility of changes in exchange rates, affecting financial expenses or revenues and the active or passive balances of contracts indexed to a foreign currency. Furthermore, this risk influences the price of some inputs that are quoted in foreign currency and may positively or negatively affect the cost of goods sold. The Company does not hold derivative instruments to hedge against exchange rate fluctuation risk.

The following is an analysis of exchange rate sensitivity, considering scenarios of a 25% and 50% deterioration of the Real:

	USD/BRL	EURO/BRL	CLP/BRL
Rates as of 12/31/2024	6.1923	6.4363	0.0062
Scenario 1: 25% Deterioration of the Real	7.7404	8.0454	0.0078
Scenario 2: 50% Deterioration of the Real	9.2885	9.6545	0.0094
Scenario 3: 25% Appreciation of the Real	4.6442	4.8272	0.0047
Scenario 4: 50% Appreciation of the Real	3.0962	3.2182	0.0031

Foreign Clients

	Foreign Currency Balance	Effect Result in BRL			
		Scenario 1	Scenario 2	Scenario 3	Scenario 4
USD	$7,137	11,049	22,097	(11,049)	(22,097)
CLP	CLP 113.600	177	354	(177)	(354)
Net position		**11,226**	22,425	(11,226)	(22,425)

(In thousands of Brazilian reais)

Foreign suppliers

	Foreign Currency Balance	Effect Result in BRL Scenario 1	Scenario 2	Scenario 3	Scenario 4
EURO	€527	(816)	(1,632)	816	1,632
USD	$39	(63)	(126)	63	126
CLP	CLP 10.933	(17)	(34)	17	34
	Net position	**(896)**	**(1,791)**	**896**	**1,791**

Foreign currency loans

	Foreign Currency Balance	Effect Result in BRL Scenario 1	Scenario 2	Scenario 3	Scenario 4
USD	$2,499	(3,869)	(7,737)	3,869	7,737
EURO	€578	(930)	(1,860)	930	1,860
	Net position	**(4,799)**	**(9,597)**	**4,799**	**9,597**

f. Capital structure risk (or financial risk)

This stems from the choice between equity capital (capital contributions and retained earnings) and debt capital that the Company makes to finance its operations. To mitigate liquidity risks and optimize the weighted average cost of capital, the Company continuously monitors its debt levels in accordance with market standards. In certain circumstances, hedging operations are carried out to avoid fluctuations in the financial cost of operations.

Fair value

Several of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. For financial instruments under "Financial Assets and Liabilities" that are recorded using the amortized cost method and that mainly include "Cash and cash equivalents," "Accounts receivable from customers," "Other receivables," "Loans and financing," "Suppliers," and "Other payables," the carrying amount is a reasonable approximation of fair value and, according to item 29 of Technical Pronouncement CPC 40 – Financial Instruments, for these cases, disclosure of fair value is not required.

g. Liquidity risk and capital management

The Company manages liquidity risk by maintaining adequate reserves, bank credit lines, and lines of credit for borrowing as it deems appropriate, through continuous monitoring of projected and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Net debt is as follows:

	Controlling Company		Consolidated	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Debt	(92,841)	(101,749)	(92,841)	(101,749)
Cash and cash equivalents	59,103	29,302	64,007	33,859
Secured investments	2,551	5,023	2,551	5,023
	(31,187)	**(67,424)**	**(26,283)**	**(62,867)**

Debt is defined as both short-term and long-term loans and financing.

(In thousands of Brazilian reais)

Classification of financial instruments

Non-derivative financial instruments are classified as described below. There are no other financial instruments classified in categories other than those listed below:

		Controlling Company		Consolidated	
	Notes	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Assets					
Fair value through profit or loss					
Financial investments	4	52,574	25,874	39,123	25,874
Secured investments	5	2,551	5,023	3,098	5,023
Assets at amortized cost					
Cash and banks	4	6,529	3,428	10,404	7,985
Accounts receivable from customers	6	56,828	64,510	63,441	67,878
Other assets		1,879	1,464	1,080	1,112
Total		**120,361**	**100,299**	**131,079**	**107,872**

		Controlling Company		Consolidated	
	Notes	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Liability at amortized cost					
Loans and financing	13	92,841	101,749	92,841	101,749
Suppliers	15	24,190	18,406	26,239	19,209
Supplier finance arrangements	16	3,436	3,400	3,436	3,400
Total		**120,467**	**123,555**	**122,516**	**124,358**

Capital management

Liquidity risk arises from the working capital management of the Company and its subsidiaries, and from the amortization of financial charges and principal on debt instruments. It is the risk that the Company and its subsidiaries will encounter difficulties in meeting their outstanding financial obligations.

The Company and its subsidiaries manage their capital based on parameters for optimizing the capital structure, focusing on liquidity and leverage metrics that enable a return to shareholders, in the medium term, commensurate with the risks assumed in the operation.

Capital management is carried out with the objective of defining the best financing structure for the Company and its subsidiaries.

The main indicators for monitoring this management are the modified immediate liquidity indicator, represented by the ratio between cash and cash equivalents, and the leverage and current debt (short-term) indicator:

	Controlling Company		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash, cash equivalents, and short-term financial investments	59,103	29,302	64,007	33,859
Short-term loans and financing	46,751	40,211	46,751	40,211
Modified Liquidity Indicator	**1.26**	**0.73**	**1.37**	**0.84**

The leverage indicator – monitoring the ratio of net debt (total debt less cash and cash equivalents) to EBITDA (LTM) at levels considered manageable for the continuity of operations.

Based on the analysis of these indicators, working capital management is defined in order to maintain the natural leverage of the Company and its subsidiaries at levels equal to or lower than the leverage ratio that Management considers appropriate.

(In thousands of Brazilian reais)

The following table presents the contractual terms (representing undiscounted contractual cash flows) of financial liabilities:

Controlling Company

12/31/2024	Less than 1 year	2026	2027	2028	After 2029	Total
Suppliers	24,188	2	-	-	-	24,190
Loans and financing	46,751	22,950	14,230	7,672	1,238	92,841
Supplier finance arrangements	3,436					3,436
Total	**74,375**	**22,952**	**14,230**	**7,672**	**1,238**	**120,467**
12/31/2023	**Less than 1 year**	**2025**	**2026**	**2027**	**After 2028**	**Total**
Suppliers	17,979	427	-	-	-	18,406
Loans and financing	40,211	35,693	22,595	3,250	-	101,749
Supplier finance arrangements	3,400	-	-	-	-	3,400
Total	**61,590**	**36,120**	**22,595**	**3,250**	**-**	**123,555**

Consolidated

12/31/2024	Less than 1 year	2026	2027	2028	After 2029	Total
Suppliers	26,237	2		-	-	26,239
Loans and financing	46,751	22,950	14,230	7,672	1,238	92,841
Supplier finance arrangements	3,436					3,436
Total	**76,424**	**22,952**	**14,230**	**7,672**	**1,238**	**122,516**
12/31/2023	**Less than 1 year**	**2025**	**2026**	**2027**	**After 2028**	**Total**
Suppliers	18,782	427	-	-	-	19,209
Loans and financing	40,211	35,693	22,595	3,250	-	101,749
Supplier finance arrangements	3,400	-	-	-	-	3,400
Total	**62,393**	**36,120**	**22,595**	**3,250**	**-**	**124,358**

Hierarchy of fair value

The following table presents financial instruments recorded at fair value, by levels of fair value hierarchy, using a valuation method.

The different levels were defined as follows:

- **Level 1:** Quoted (unadjusted) prices in active markets for like and like assets and liabilities;
- **Level 2:** *Inputs,* excluding quoted prices, included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- **Level 3:** Assumptions, for the asset or liability, that are not based on observable market data (unobservable *inputs).*

	12/31/2024		
	Level 1	**Level 2**	**Level 3**
Current Assets			
Financial investments	-	52,574	-
Secured investments	-	2,551	-
	-	**55,125**	**-**

The Company did not hold any derivative financial instruments or other similar risk instruments.

(In thousands of Brazilian reais)

31.1. Derivative financial instruments

The Company uses non-deliverable forward (NDFs) contracts as a derivative financial instrument to mitigate the exchange rate risk associated with its international operations. The use of NDFs is part of the Company's risk management strategy, with the objective of protecting cash flow and reducing exchange rate volatility on export revenues and foreign currency obligations.

The Company's risk management policy provides for the conservative use of NDFs, exclusively for hedging foreign exchange exposures. The Company does not engage in derivatives transactions for speculative purposes.

As of December 31, 2024, the composition of non-deliverable forward contracts (NDFs) was as follows:

		12/31/2024			
Type of financial instrument	Entered into	Maturity	Value (US$)	Exchange Rate	Nature of the Protected Risk
NDF Contract – Itaú BBA	03/07/2024	29/04/2025	333	5.6890	Export exchange rate risk
NDF Contract – Itaú BBA	03/07/2024	20/02/2025	333	5.6666	Export exchange rate risk
NDF Contract – Itaú BBA	03/07/2024	30/06/2025	333	5.7200	Export exchange rate risk
			999	**5.6618**	

32. Insurance (unaudited)

The Company adopts a policy of contracting insurance coverage for assets subject to risk for amounts considered sufficient to cover potential losses, taking into account the nature of its activity and the opinion of its insurance advisors.

Given their nature, the risk assumptions adopted are not part of the audit scope and, consequently, were not reviewed by the Company's auditors.

The insurance policies contracted cover the following types of risks: civil liability risks and property risks.

As of December 31, 2024, insurance coverage is summarized as follows:

Risks covered	Compensation limits (R$ thousand)
Property coverage Head office	92,000
Property coverage SP Branch	4,000
Property coverage Recife Branch	4,000
property coverage PHP Branch	400
Civil liability	27,000
Vehicles	
National transport (exclusively for stainless steel sheets, steel pipes and glass);	500
National transport (for other goods inherent to the insured's line of business)	1,000
National transport (for utility and/or passenger vehicles)	30
International transport (for goods covered by the policy)	2,500
International transport (for additional ground coverage)	600

33. Approval of accounting information

The Company's individual and consolidated financial information for the fiscal year ended December 31, 2024, was approved by the board of directors on March 31, 2025.

34. Subsequent events

No events occurred after the end of the fiscal year ended December 31, 2024, that significantly affected the Company's results.