

(Free Translation into English from the Original
Previously Issued in Portuguese)

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Individual and Consolidated
Financial Statements for the
Year Ended December 31, 2024

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Financial statements

December 31, 2024

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EARNINGS RELEASE 2024

Intelbras reports consolidated net revenue of R\$1,287,676 thousand and EBITDA of R\$165,315 thousand in the quarter.

São José (SC), February 26th, 2025 – Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira ("Intelbras" or "Company") announces its consolidated results for the quarter ended December 31st, 2024 and for the fiscal year 2024. The figures presented here are compared with those for the quarter ended December 31st, 2023 and the 2023 financial year, unless otherwise indicated. The accounting balances presented herein were extracted from the financial statements prepared in accordance with Brazilian corporate law and the practices adopted in Brazil, already in accordance with international accounting standards (IFRS).

4Q24 Highlights

Net Operating Revenue was R\$1,287,676 thousand this quarter, representing a variation of 3.5% compared to 3Q24 and 10.8% compared to the same period of the previous year.

Our **EBITDA** was R\$165.315 thousand, which represents a variation of 5.8% compared to the Adjusted EBITDA of the same period of the previous year, representing an EBITDA margin of 12.8%, an increase of +0.7 percentage points compared to 3Q24.

The Company's consolidated **ROIC (pre-tax)** obtained during the last four quarters was 18.1%, - 3.2p.p. below this consolidated indicator achieved in the third quarter and -3.7 percentage points compared to the same period of the previous year (adjusted).

Our **Net Income** in the fourth quarter was R\$127.539 thousand, which represents a variation of - 1.4% in relation to the net income reported in the previous quarter and a net margin of 9.9%.



Management Message

During the 2023 and 2024 fiscal years, the Company faced some decisive moments that could impact its business in both the short and the long terms. The 2024 year was a period of structural preparation to ensure continuous growth, carried out through significant investments that influenced some of the results of the period.

Our ERP system, which has supported our operations for the last 20 years, has reached the limit of its capacity, calling for an update. We, then, structured an internal team with the support of competent consultancies, who formed a group of more than 200 people, responsible for planning and executing the transition project. This process lasted 18 months, involved the Company as a whole and culminated in the launch of the new system's operation in the early days of January 2025. The attention dedicated to aligning this transition with the distribution channel and other customers was essential to minimize the impacts of the flow of goods. It is possible to say that the strategy worked

properly, and from the additional inventories built up throughout the year, the supply chain did not suffer significant impacts during the gradual resumption of operations in the new system.

Regarding the business segments, even with the logistical challenges and the currency devaluation that have been observed since the second quarter, which increased costs, we recorded significant revenue growth and preservation of results in line with our history. We believe that our evolution must always be structured and robust, which guarantees to the Company a continuous and long-term growth trajectory. In this sense, the introduction of new lines in our ICT segment has been implemented and has already contributed to the evolution of the segment. In the Security segment, we were successful in rebuilding stocks, which had been consumed by the severe drought in the Amazon River in 2023, and we were able to expand our capacity to meet the growing demands for security equipment observed in 2024. Our additional investments in inventory and industrial capacity were essential to sustain the rapid pace of revenue growth. Finally, in the Energy segment, we observed the recovery of business profitability, which had been negatively affected in the previous year.

In the fourth quarter, we announced the succession of our CEO, which will take place on April 1st, 2025. On that date, Mr. Altair Silvestri will leave the position and Mr. Henrique Fernandez, an executive with 17 years of experience in the Company, will assume the position. The succession process, conducted with rigor and attention, was successfully concluded.

We ended the year in a challenging scenario, with a deteriorated macroeconomic environment, but with several opportunities under our management, which allow us to keep the Company on its historical path of success. We remain confident that, with the investments made and with our growth avenues in full development, the Company should continue its growth trajectory according to its history. External variables, such as interest and exchange rates, must be reflected in the price lists, which requires an even more efficient management of the variables under our control.

Therefore, we continue to strengthen our relationship with partner resellers and distribution channel, offering more value to everyone through a broad and competitive portfolio, in addition to our increasingly relevant pre and after-sales services, which reinforce our differentiation in the market. We reiterate our commitment to permanently seek efficiency in our processes and the competitiveness of our products, while leading innovative processes in our market.

It was a year of new learnings that prepared us to face the challenges of 2025. We extend our gratitude to everyone who stood by the Company and contributed to these results, especially our partners, employees, and shareholders.



Main financial indicators

R\$ thousands	4Q24	3Q24	Δ%	4Q23*	Δ%
Net operating revenue	1,287,676	1,243,880	3.5%	1,162,421	10.8%
Gross profit	373,353	364,482	2.4%	342,634	9.0%
<i>Gross Margin</i>	29.0%	29.3%	-0.3p.p	29.5%	-0.5p.p
EBITDA	165,315	150,534	9.8%	156,191	5.8%
<i>EBITDA Margin</i>	12.8%	12.1%	+0.7p.p	13.4%	-0.6p.p
Profit for the period	127,539	129,383	-1.4%	150,012	-15.0%
<i>Net Profit Margin</i>	9.9%	10.4%	-0.5p.p	12.9%	-3.0p.p
ROIC (pre-tax)	18.1%	21.3%	-3.2p.p	21.8%	-3.7p.p

* NOTE: adjusted values as presented in the 2023 Management Report.

R\$ thousands	2024	2023*	Δ%
Net operating revenue	4,756,146	4,103,676	15.9%
Gross profit	1,462,629	1,306,420	12.0%
<i>Gross Margin</i>	30.8%	31.8%	-1.0p.p
EBITDA	642,151	566,045	13.4%
<i>EBITDA Margin</i>	13.5%	13.8%	-0.3p.p
Profit for the period	528,412	511,038	3.4%
<i>Net Profit Margin</i>	11.1%	12.5%	-1.4p.p
ROIC (pre-tax)	18.1%	21.8%	-3.7p.p

* NOTE: adjusted values as presented in the 2023 Management Report.



Net Operational Revenue

According to the seasonality expected for the period, net operating revenue in the fourth quarter was the highest of the year and reached a growth of 10.8% compared to the same period of the previous year. With the amount of R\$1,287,676 thousand in the last quarter of the year, the Company reports a total annual revenue of R\$4,756,146 thousand, 15.9% higher than the previous year. Growth was observed in the three segments of operation, and a positive and constant evolution of our business throughout the year.

Gross Profit

Throughout the 2024's fourth quarter, the devaluation of the Brazilian currency against the US dollar continued to impact our costs. Although softer than in the third quarter due to the evolution of inventories, this factor contributed to the growth of gross profit being lower than the growth of net revenue, reaching 9.0% compared to the same period of the previous year.

R\$ thousands	4Q24	3Q24	Δ%	4Q23	Δ%
Net operating revenue	1,287,676	1,243,880	3.5%	1,162,421	10.8%
Cost of sales and services	(914,323)	(879,398)	4.0%	(849,200)	7.7%
Gross profit	373,353	364,482	2.4%	313,221	19.2%
(+) Non-recurring cost	-	-	-	29,413	-
Adjusted gross profit	373,353	364,482	2.4%	342,634	9.0%
Gross margin	29.0%	29.3%	-0.3p.p	26.9%	+2.1p.p
Adjusted gross margin	29.0%	29.3%	-0.3p.p	29.5%	-0.5p.p

When calculating the consolidated gross margin, there is also a negative oscillation of 0.5 p.p. comparing to the same period of the previous year, and 0.3p.p. quarter over quarter, a margin oscillation considered within the normality of the operation, even in the face of a scenario of relevant devaluation of the local currency.

R\$ thousands	2024	2023	Δ%
Net operating revenue	4,756,146	4,103,676	15.9%
Cost of sales and services	(3,293,517)	(2,826,669)	16.5%
Gross profit	1,462,629	1,277,007	14.5%
(+) Non-recurring cost	-	29,413	-
Adjusted gross profit	1,462,629	1,306,420	12.0%
Gross margin	30.8%	31.1%	-0.3p.p
Adjusted gross margin	30.8%	31.8%	-1.0p.p

Compared to the 2023 fiscal year, there is a compression of 1.0 percentage points in gross margin, mainly affected by the increase in operating costs throughout the year, as a result of the currency devaluation from the second quarter of this year, the increase in logistics costs and the higher industrial costs for the construction of additional inventory to face the water crisis in the Amazon River and the transition of the Company's ERP.

Operating Expenses

Total operating expenses in the fourth quarter performed according to the plan and were slightly lower than in the third quarter.

Sequentially, selling expenses grew at a slower pace than net operating revenue, as expected for the period and in line with the trend observed since the second quarter of 2024.

R\$ thousands	4Q24	3Q24	Δ%	4Q23	Δ%
Selling expenses	(174,354)	(170,379)	2.3%	(142,534)	22.3%
General and administrative expenses	(64,190)	(65,526)	-2.0%	(57,438)	11.8%
Other operating expenses, net	3,729	(2,872)	-229.8%	55,427	-93.3%
Operating income (expenses)	(234,815)	(238,777)	-1.7%	(144,545)	62.5%
(-) Write-off financial debt	-	-	-	(63,933)	-
Adjusted operating income (expenses)	(234,815)	(238,777)	-1.7%	(208,478)	12.6%

In addition, throughout the 2024 fiscal year, expenses grew 12.0%, below the net operating revenue growth, but in the same proportion as the growth in gross profit, mainly due to the compression of the gross margin observed during the second half of the year. The annual data can be observed in the table below:

R\$ thousands	2024	2023	Δ%
Selling expenses	(644,734)	(560,321)	15.1%
General and administrative expenses	(259,342)	(238,140)	8.9%
Other operating expenses, net	(14,236)	42,779	-133.3%
Operating income (expenses)	(918,312)	(755,682)	21.5%
(-) Write-off financial debt	-	(63,933)	-
Adjusted operating income (expenses)	(918,312)	(819,615)	12.0%

EBITDA

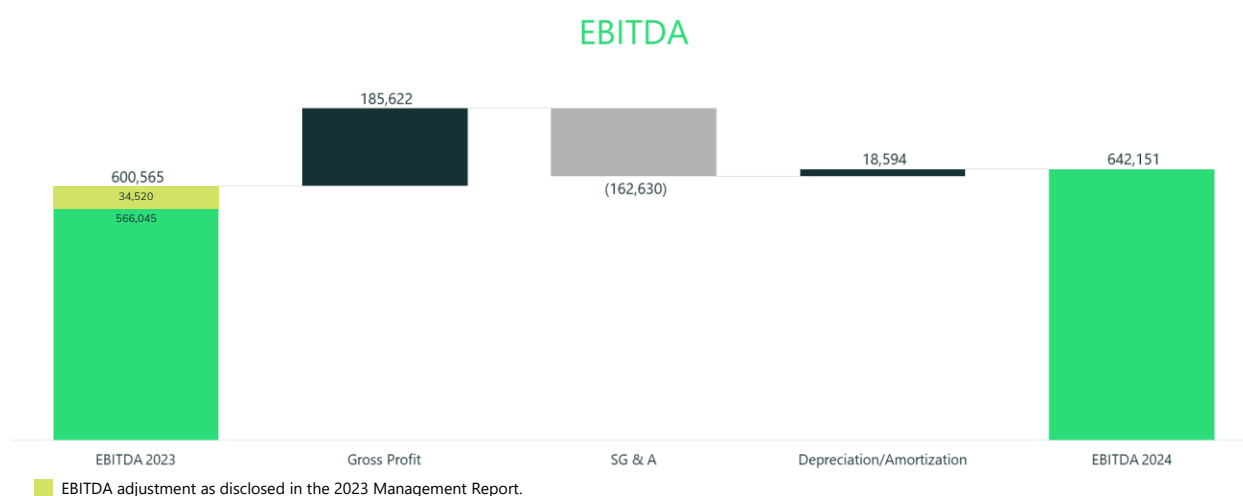
Despite the strong macro-economic pressure on costs, associated with the devaluation of the real, there was a growth of 5.8% compared to adjusted Ebitda in the fourth quarter of 2023. Considering the evolution of the result throughout the year, the sequential improvement of 0.7p.p. in the Ebitda margin in relation to the third quarter reflects the Company's ability to control expenses and price adjustments. The following table presents the quarterly data:

R\$ thousands	4Q24	3Q24	Δ%	4Q23	Δ%
Net operating revenue	1,287,676	1,243,880	3.5%	1,162,421	10.8%
Gross profit	373,353	364,482	2.4%	313,221	19.2%
(-) SG & A expenses	(234,815)	(238,777)	-1.7%	(144,545)	62.4%
(+) Depreciation	15,484	14,653	5.7%	14,424	7.3%
(+) Amortization	11,293	10,176	11.0%	7,611	48.4%
EBITDA	165,315	150,534	9.8%	190,711	-13.3%
(+) Non-recurring cost	-	-	-	29,413	-
(-) Write-off financial debt	-	-	-	(63,933)	-
Adjusted EBITDA	165,315	150,534	9.8%	156,191	5.8%
% EBITDA	12.8%	12.1%	+0.7p.p	16.4%	-3.6p.p
% Adjusted EBITDA	12.8%	12.1%	+0.7p.p	13.4%	-0.6p.p

Regarding the annual evolution, as already commented in the Gross Profit section, throughout the 2024 fiscal year, the Company faced an increase in its operating costs, due to the increase in logistics costs and the depreciation of the local currency, as well as with the additional construction of inventories to face the migration of its ERP and avoid new shortages in the market due to the expected drought in the Amazon River. Facing this scenario, the Company executed price increases in its portfolio whenever necessary and controlled its expenses, which contributed to ending the year with its Ebitda margin in line with the Company's historical results. The Ebitda margin of 13.5% was 0.3p.p. lower than the adjusted margin recorded in 2023 and represents a growth of 13.4% compared to the adjusted Ebitda of the same period.

R\$ thousands	2024	2023	Δ%
Net operating revenue	4,756,146	4,103,676	15.9%
Gross profit	1,462,629	1,277,007	14.5%
(-) SG & A expenses	(918,312)	(755,682)	21.5%
(+) Depreciation	55,932	52,027	7.5%
(+) Amortization	41,902	27,213	54.0%
EBITDA	642,151	600,565	6.9%
(+) Non-recurring cost	-	29,413	-
(-) Write-off financial debt	-	(63,933)	-
Adjusted EBITDA	642,151	566,045	13.4%
% EBITDA	13.5%	14.6%	-1.1p.p
% Adjusted EBITDA	13.5%	13.8%	-0.3p.p

The evolution of Ebitda throughout the year is available in the chart below:



Financial Results

The negative net financial result in the fourth quarter was impacted by a significant exchange rate variation, resulting from the volatility of the local currency. In addition, the allocation of capital to the formation of higher inventories in the previous quarter, drove to the consequent reduction in cash available for financial investments, resulted in a decrease in financial income.

R\$ thousands	4T24	3T24	Δ%	4T23	Δ%	2024	2023	Δ%
Finance income	48,620	51,539	-5.7%	54.402	-10.6%	202,645	222,743	-9.0%
Finance costs	(48,071)	(43,124)	11.5%	(49.925)	-3.7%	(166,959)	(214,430)	-22.1%
Exchange gains (losses), net	(26,672)	(7,978)	234.3%	1.017	-2,722.6%	(65,168)	(12,944)	403.5%

Net Income

Net income for the fourth quarter was R\$127,539 thousand, 15.0% below the same period of the previous year, impacted by the negative contribution of the financial result. This amount corresponds to a net margin of 9.9%.

Regarding the 2024 fiscal year, the accumulated net income of R\$528,412 thousand represents a growth of 3.4% compared to that achieved in 2023. Throughout the period, significant exchange rate variations were observed, which had a relevant impact on the second and fourth quarters of the year. On the other hand, the net margin for the year of 11.1% is in line with our historical results.

ROIC (pre-tax)

Following the strategy of greater capital allocation in inventories, which increased our capital employed by 34.6% when compared to the previous year, our ROIC showed an annual decrease of 3.7 p.p. This strategy effectively deduced the operational and supply impacts of our customers during the dry season in the Amazon River and with the transition of our ERP, but was mainly responsible for the reduction of our ROIC to the level of 18.1%.

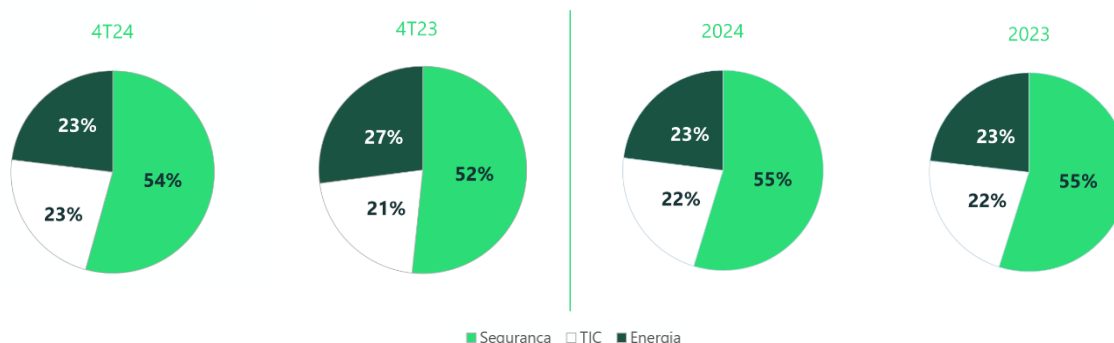
The Company calculates its ROIC (pre-tax) based on the results of the last 12 reported months. The details of the calculation can be seen in the table below:

R\$ thousands	4Q24	3Q24	Δ%	4Q23	Δ%
Operating profit before finance income (costs) LTM (a)	544,317	574,455		521,325	
Income tax and social contribution LTM	13,577	8,815		28,864	
NOPAT LTM (b)	557,894	583,270	-4.4%	550,189	1.4%
Net (cash)/debit	35,547	(173,267)		(389,154)	
Equity	2,966,536	2,867,568		2,623,522	
Capital employed (c)	3,002,083	2,694,301	11.4%	2,234,368	34.4%
ROIC Pre-tax (a)/(c)	18.1%	21.3%	-3.2p.p	23.3%	-5.2p.p
Adjusted ROIC Pre-tax	18.1%	21.3%	-3.2p.p	21.8%	-3.7p.p

NOTE: LTM refers to the sum of the last 12 months.



Business Segments Evolution



As observed in the charts above, the composition of our net operating income remains stable in 2023 and 2024 and is very similar to that achieved in this quarter. The following table presents net operating revenues by segment and their evolution:

R\$ thousands	4Q24	4Q23	Δ%	2024	2023	Δ%
Intelbras	1,287,676	1,162,421	10.8%	4,756,146	4,103,676	15.9%
Security	699,309	600,436	16.5%	2,602,713	2,225,214	17.0%
Information and Communication Technology	291,531	247,308	17.9%	1,062,207	907,919	17.0%
Energy	296,836	314,677	-5.7%	1,091,226	970,543	12.4%

More details about the evolution of the business in each of the segments of operation are available below:

Security

Annual net operating revenue for Security reached R\$2,602,713 thousand, 17.0% above the revenue realized in 2023. The portfolio and addressing strategies for markets still under development, such as Access Controllers and Smart Home equipment, have contributed significantly to this result. It is also noteworthy that in a gradual and structured way, we are growing our performance in larger projects, through our InProject distributors and our internal customer service team.

During the fourth quarter, with the expanded inventory, revenue evolved as expected and according to was observed in the market, through the sell-out reported by our distributors. Price increases were also followed by the market in general, so that commercial activities continued to heat up.

On the other hand, the sequential increase in costs due to exchange rate depreciation kept margins compressed during the fourth quarter. As the currency stabilizes, the price tables will reflect the new cost levels.

ICT

As well as observed in Security, the ICT segment achieved a 17.0% growth in its annual net operating revenue and reached the level of R\$1,062,226 thousand in 2024. This growth was built based on the introduction of two new portfolios, with two relevant partnerships signed at the end of 2023.

On the other hand, revenues from KU Band converters, which had represented R\$40,019 thousand in 2023, in the current fiscal year were not relevant, and reached R\$6,104 thousand. Disregarding such revenues, it is observed that the segment reached 21.6% growth compared to the previous year.

In addition, during the fourth quarter of 2023, the largest share of KU Band revenue was recorded, totaling R\$26,025 thousand. Considering this revenue on a comparative basis, the segment's growth was 17.9%. When excluding this revenue from the analysis, an even more significant growth of 31.7% is observed.

The Company's presence in the markets addressed by the new portfolios is still in its early stages, but moving forward with a long-term vision, structuring each step. This construction involves not only expanding the offer, but also strengthening operations and customer support, creating sustainable foundations for future growth.

In the provider channel (ISPs), we are expanding our operations by offering an increasingly complete portfolio, which includes optical networks and cables, solutions for smart homes, security and energy systems. At the same time, in the IT Integrators market, we provide a complete portfolio of enterprise networks and structured cabling, meeting demands of different customer sizes.

In addition, in 2024, we reinforced our commercial capillarity, improved after-sales support, and expanded the training offer for professional radio portfolios, further strengthening our presence in the market.

However, as already observed in the security segment, the continued increase in costs due to exchange rate depreciation kept the pressure on our margins in the last quarter of the year. We remain attentive to these challenges, adjusting strategies to ensure competitiveness and sustainability over time.

Energy

Throughout the year, our Energy segment succeeded in recovering its profitability and reducing dependence on the Solar On-Grid Generators product category. The growth of its total revenue in the segment of 12.4% reflects this strategy and raised it to the amount of R\$1,091,226 thousand.

The other product categories within the Energy segment continue their growth trajectory and consolidate themselves as important business lines of the Company. This portfolio is totally adherent to our distribution channel, and has already been demonstrating its relevance, both in the Company's revenue and in its market.

In the fourth quarter, the segment shows a sequential growth in revenue, when compared to the third quarter of the year, but a decrease of 5.7% when compared to the same period of the previous year. On the other hand, even with a drop in revenue, there is a relevant improvement in gross profit, which is 64.2% higher than in the same period of the previous year, even with all the cost pressure faced during the last quarter.



Cash and Debt Position

As a result of the strategy adopted to increase inventories during the previous quarter, and the expiration of the payment terms of an important portion of this material, there was an operating cash consumption of R\$117,956 thousand in this quarter, as showed in the table below:

R\$ thousands	4Q24	3Q24	Δ R\$	4Q23	Δ R\$
Cash and cash equivalents at the beginning of the quarter	1,133,638	1,249,597	(115,959)	1,198,471	(64,833)
Net cash used in operating activities	(117,956)	1,472	(119,428)	246,849	(364,805)
Net cash used in investing activities	(64,662)	(52,218)	(12,444)	(65,263)	601
Net cash provided by financing activities	(63,051)	(65,213)	2,162	(76,888)	13,837
Cash and cash equivalents at the end of the quarter	887,969	1,133,638	(245,669)	1,303,169	(415,200)

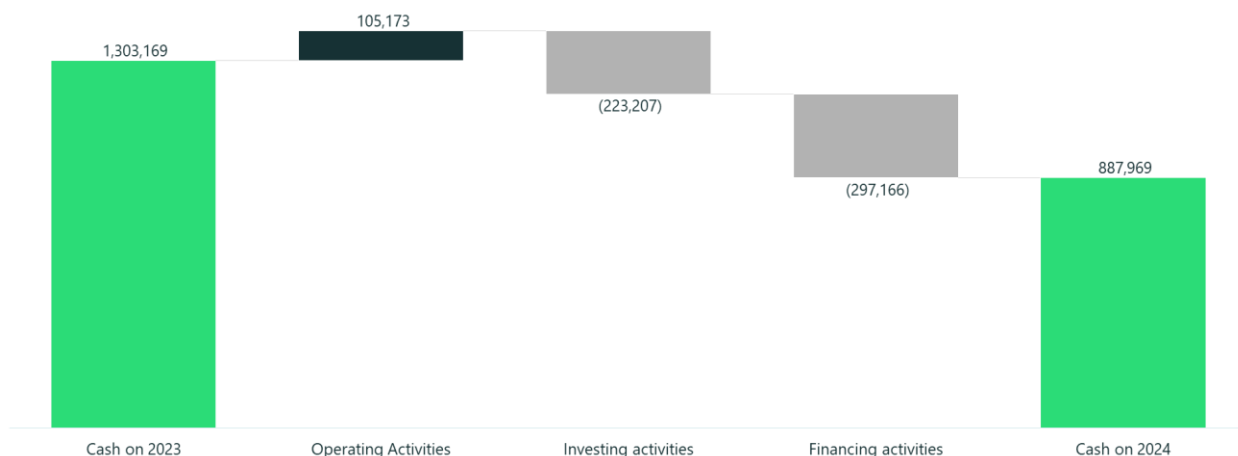
Throughout 2024, operating cash generation was lower than in the previous year, mainly due to the increase in the need for working capital due to the planned increase in inventories. This allocation to inventories is temporary, and throughout 2025 the working capital cycle should return to its historical levels.

R\$ thousands	2024	2023	Δ R\$
Cash and cash equivalents at the beginning of the period	1,303,169	1,556,826	(253,657)
Net cash used in operating activities	105,173	548,888	(443,715)
Net cash used in investing activities	(223,207)	(214,378)	(8,829)
Net cash provided by financing activities	(297,166)	(588,167)	291<001
Cash and cash equivalents at the end of the period	887,969	1,303,169	(415,200)

In the investment activities, in addition to the resources allocated to fixed assets that were reduced compared to 2023, the implementation of the new ERP was being developed throughout the period, which had been reported as an ongoing project in our intangible assets.

The graphical representation of the cash evolution throughout the year is available below:

Company Cash Evolution



Our debts remain at an adequate and stable level compared to the previous year and the details are available in the following table:

INSTITUTIONS	12/31/2024		09/30/2024		12/31/2023
	Principal + Interest	Movement	Principal + Interest	Movement	Principal + Interest
BNDES	250,542	(11,424)	261,966	36,001	225,965
FINEP	147,759	(8,809)	156,568	9,579	146,989
Debentures	509,902	(14,462)	524,364	14,601	509,763
Private banks and Credit Cooperatives	15,313	(2,160)	17,473	(13,825)	31,298
Total Loans	923,516	(36,855)	960,371	46,356	914,015

* NOTE: values in R\$ thousands

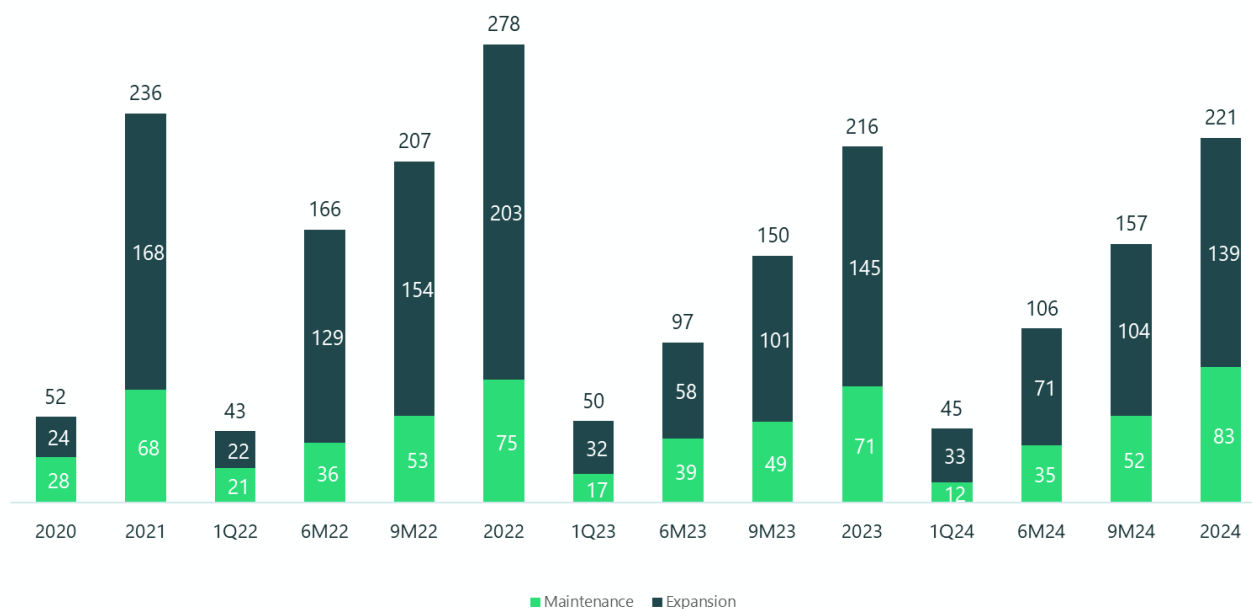


CAPEX

Throughout the period of 2024, the main investment in Capex expansion was the completion of the construction work of the new Distribution Center in São José/SC.

Additionally, the Company invested in the implementation of its new ERP system. This implementation represented about 40% of the expansion Capex for the entire period, completed by the end of the year, when the old system was shut down and the new system went into operation. The chart below represents the evolution of CAPEX in 2024:

CAPEX Growth (In million R\$)



Perspectives

In the last four years, several initiatives have been implemented targeting the maintenance the Company's growth pace. Many of these actions were successful, although others did not materialize as planned. The necessary adjustments are made in the budget reviews and measures to mitigate negative impacts or accelerate positive ones are immediately implemented. In this context, in addition to commercial decisions, structural decisions were also made and executed.

The year 2025 began with the operation of our new ERP, an essential tool to continue the growth plan, with a focus on improving the efficiency and governance of all processes. The projections for operations and revenues have been met, with efforts focused on reestablishing volumes during the first weeks of the year, in order to minimize any negative impact on the supply of our customers and our business.

The implementation of the new ERP required detailed planning of all areas of the Company, especially operations, which needed to work with high inventory levels to mitigate possible delays in migration. As a result, the pressure on the working capital observed during the last half of the year is not structural, and throughout 2025, it will be possible to observe the recovery of historical cycles of operation and operating cash generation.

Regarding business segments, the strategies defined in 2024 to achieve the growth reported in the period remain in place. There are significant business expansion opportunities across all three Business Units (BUs), while there are areas that require operational improvements and are being addressed. Our five-year business plan, reviewed annually, continues to project expansions in line with our longer track record, ensuring the Company has an adequate pace of growth to achieve better levels of return on invested capital.

The inauguration of our new CEO, scheduled for April 1st, 2025, begins a new cycle at the Company. His success will be based on the learning acquired throughout his professional career, as a relevant executive in the Company, and on the support of the corporate structure, continuing the achievements of the last 20 years under the leadership of the current CEO.

Thus, the continuous improvement of the new ERP, the optimization of working capital and the structured revenue growth will be the main focuses of this new management in its first year in the position.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of income

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

		Consolidated		Parent Company	
	Note	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Assets					
Current assets					
Cash and cash equivalents	5	887,969	1,303,169	698,114	1,254,967
Securities	6	140	2,916	-	1,545
Trade receivables	7	1,213,341	950,998	1,214,722	897,619
Inventories	8	1,772,722	1,167,552	1,575,981	1,039,756
Recoverable taxes	9	133,012	154,276	97,221	84,174
Derivative financial instruments	25.2	28,815	-	23,845	-
Other receivables		40,784	34,839	35,853	29,838
Total current assets		4,076,783	3,613,750	3,645,736	3,307,899
Noncurrent assets					
Securities	6	10,833	9,771	10,833	9,771
Trade receivables	7	35,576	23,669	34,041	23,669
Escrow deposits	17.c	5,120	5,754	4,907	5,546
Deferred taxes	24	83,447	66,539	51,319	45,059
Recoverable taxes	9	62,794	972	8,999	4,717
Related parties	32	-	-	-	136,648
Other receivables		783	6,539	101	6,456
Investments	11	5,849	3,739	680,279	467,066
Lease right of use	10	17,293	12,661	11,771	7,963
Property, plant and equipment	12	686,234	605,335	648,907	569,531
Intangible assets	13	584,809	539,556	185,585	134,273
Total noncurrent assets		1,492,738	1,274,535	1,636,742	1,410,699
Total assets		5,569,521	4,888,285	5,282,478	4,718,598

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of income

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

		Consolidated		Parent Company	
	Note	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Liabilities					
Current liabilities					
Trade payables	14.a	879,200	698,061	741,888	671,309
Trade payables – forfeiting	14.b	340,406	179,063	327,025	179,063
Loans and financing	15	211,119	120,483	202,663	95,581
Leases	10	6,981	5,169	5,101	4,552
Derivative instruments	25.2	-	3,782	-	3,213
Payroll, related taxes and profit sharing	16	121,788	112,448	109,937	101,585
Taxes payable		43,915	28,822	33,461	22,481
Provision for warranties	18	45,042	27,394	24,198	19,243
Provision for tax, labor and civil risks	17.a	1,767	1,329	1,677	1,071
Payables for acquisition of businesses	19	979	7,706	979	7,706
Interest on capital/dividends	21.g	29,505	45,702	29,505	45,702
Other payables	20	115,669	136,327	98,086	116,241
Total current liabilities		1,796,371	1,366,286	1,574,520	1,267,747
Noncurrent liabilities					
Loans and financing	15	712,397	793,532	705,540	787,135
Leases	10	11,233	8,143	7,160	3,751
Taxes payable		1,486	979	342	957
Provision for warranties	18	23,050	32,518	-	-
Provision for tax, labor and civil risks	17.a	18,929	20,232	13,493	15,111
Payables for acquisition of businesses	19	25,117	26,837	25,117	26,837
Other payables	20	14,402	16,236	14,397	16,236
Total noncurrent liabilities		806,614	898,477	766,049	850,027
Equity					
Capital	21.a	1,700,000	1,700,000	1,700,000	1,700,000
Capital reserve	21.b	(26,701)	(26,701)	(26,701)	(26,701)
Treasury Shares	21.d	(733)	-	(733)	-
Earnings reserve	21.c	1,267,578	927,806	1,267,578	927,806
Valuation adjustments to equity	21.e	(1,125)	(969)	(1,125)	(969)
Cumulative translation adjustments	21.f	2,890	688	2,890	688
Equity attributable to owners of the Company		2,941,909	2,600,824	2,941,909	2,600,824
Noncontrolling interests		24,627	22,698	-	-
Total equity		2,966,536	2,623,522	2,941,909	2,600,824
Total liabilities and equity		5,569,521	4,888,285	5,282,478	4,718,598

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of income

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Note	Consolidated		Parent Company	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Net operating revenue	26	4,756,146	4,103,676	4,462,988	3,792,130
Cost of sales and services	27	(3,293,517)	(2,826,669)	(3,147,351)	(2,635,830)
Gross profit		1,462,629	1,277,007	1,315,637	1,156,300
Operating income (expenses)					
Selling expenses	28	(644,734)	(560,321)	(577,892)	(485,505)
General and administrative expenses	28	(259,342)	(238,140)	(208,946)	(189,708)
Share of profit (loss) of subsidiaries	11	-	-	(1,019)	(30,701)
Other operating income (expenses), net	28	(14,236)	42,779	12,399	71,219
		(918,312)	(755,682)	(775,458)	(634,695)
Operating profit before finance income (costs)		544,317	521,325	540,179	521,605
Finance income	29	202,645	222,743	196,778	228,262
Finance costs	29	(166,959)	(214,430)	(158,326)	(198,182)
Exchange gains (losses), net	29	(65,168)	(12,944)	(55,957)	(15,626)
Profit before taxes		514,835	516,694	522,674	536,059
Current income tax and social contribution	24.b	(3,377)	(7,731)	-	(3,438)
Deferred income tax and social contribution	24.b	16,954	36,595	6,260	11,610
Profit for the year		528,412	545,558	528,934	544,231
Profit for the year attributable to:					
Owners of the Company		528,934	544,231	528,934	544,231
Noncontrolling interests		(522)	1,327	-	-
Profit for the year		528,412	545,558	528,934	544,231
Basic and diluted earnings per share (in R\$)	22	1.61	1.66	1.61	1.66

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of comprehensive income

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Profit for the year	528,412	545,558	528,934	544,231
Items that that can be subsequently reclassified to the statement of income				
Other comprehensive income				
Exchange differences on foreign investments	2,985	764	2,202	598
Total comprehensive income	531,397	546,322	531,136	544,829
Comprehensive income attributable to:				
Owners of the Company	531,136	544,829	531,136	544,829
Noncontrolling interests	261	1,493	-	-

(Free Translation into English from the Original Previously Issued in Portuguese)



Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of changes in equity

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Note	Capital	Share issuance costs	Treasury Shares	Earnings reserve				Valuation adjustmen ts to equity	Cumulative translation adjustments	Retained earnings	Equity attributable to the owners of the Company	Noncontrolling interests	Total	
				Legal	Tax incentives	Retained earnings	Investments							
Balances as at December 31, 2022	1,074,500	(26,701)	-	105,418	281,307	297,256	500,000	(833)	90	-	2,231,037	17,245	2,248,282	
Realization of deemed cost, net of taxes	-	-	-	-	-	-	-	(136)	-	136	-	-	-	
Addition of noncontrolling shareholder due to business combination	-	-	-	-	-	-	-	-	-	-	-	3,960	3,960	
Exchange differences on investments in foreign subsidiaries	-	-	-	-	-	-	-	-	598	-	598	166	764	
Additional dividends	-	-	-	-	-	(29,410)	-	-	-	-	(29,410)	-	(29,410)	
Interest on capital	-	-	-	-	-	(38,895)	-	-	-	-	(38,895)	-	(38,895)	
Increase in investment reserve limit	-	-	-	-	-	(228,951)	228,951	-	-	-	-	-	-	
Capital increase	625,500	-	-	-	(281,307)	-	(344,193)	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	-	-	544,231	544,231	1,327	545,558	
Allocations:			-											
Legal reserve	-	-	-	27,212	-	-	-	-	-	(27,212)	-	-	-	
Tax incentive reserve	-	-	-	-	3,099	-	-	-	-	(3,099)	-	-	-	
Interest on capital	-	-	-	-	-	-	-	-	-	(52,500)	(52,500)	-	(52,500)	
Dividends	-	-	-	-	-	-	-	-	-	(54,237)	(54,237)	-	(54,237)	
Investment reserve	-	-	-	-	-	-	407,319	-	-	(407,319)	-	-	-	
Balances as at December 31, 2023	1,700,000	(26,701)	-	132,630	3,099	-	792,077	(969)	688	-	2,600,824	22,698	2,623,522	
Realization of deemed cost, net of taxes	-	-	-	-	-	-	-	(156)	-	156	-	-	-	
Addition of noncontrolling shareholder due to business combination	-	-	-	-	-	-	-	-	-	-	-	2,216	2,216	
Exchange differences on investments in foreign subsidiaries	11.1	-	-	-	-	-	-	-	2,202	-	2,202	783	2,985	
Additional dividends	21.g	-	-	-	-	-	(58,558)	-	-	-	(58,558)	-	(58,558)	
Interest on capital	21.g	-	-	-	-	-	(40,357)	-	-	-	(40,357)	-	(40,357)	
Non-controlling dividends		-	-	-	-	-	-	-	-	-	-	(548)	(548)	
Share buybacks	21.d	-	-	(733)	-	-	-	-	-	-	(733)	-	(733)	
Profit for the year		-	-	-	-	-	-	-	-	528,934	528,934	(522)	528,412	
Allocations:				-	-	-	-	-	-					
Legal reserve	21.c	-	-	-	26,447	-	-	-	-	(26,447)	-	-	-	
Minimum mandatory dividends	21.g	-	-	-	-	-	-	-	-	(90,403)	(90,403)	-	(90,403)	
Investment reserve	21.c	-	-	-	-	-	412,240	-	-	(412,240)	-	-	-	
Balances as at December 31, 2024		1,700,000	(26,701)	(733)	159,077	3,099	-	1,105,402	(1,125)	2,890	-	2,941,909	24,627	2,966,536

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of cash flows

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Note	Consolidated		Parent Company	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash flows from operating activities					
Profit before taxes		514,835	516,694	522,674	536,059
Adjustments to:					
Accrued interest and exchange differences		244,800	150,014	219,979	124,813
Depreciation	10;12	55,932	52,027	48,727	43,303
Amortization	13	41,902	27,213	24,476	10,346
Share of profit (loss) of subsidiaries	11.a	-	-	1,019	30,701
Provision for tax, labor and civil risks	17.a	3,522	976	3,321	23
Allowance for expected credit loss	7	7,093	6,016	6,206	5,560
Allowance for inventory losses	8	32,413	12,177	32,439	44,198
Tax credits	28	(134,214)	(120,930)	(132,633)	(119,172)
Adjustment to present value		4,971	(1,547)	4,631	(1,166)
Accrued trade discounts		(351)	18	(558)	(172)
Provision for warranties	18	8,180	(12,052)	4,955	(1,087)
Derivative instruments		(34,869)	7,253	(29,330)	6,891
Gain (loss) on write-off of financial liabilities	19	-	(63,933)	-	(63,933)
Gain (loss) on write-off of leases, property, plant and equipment and intangible assets	10;12;13	11,722	17,667	10,020	17,013
		755,936	591,593	715,926	633,585
Changes in assets and liabilities					
(Increase) decrease in trade receivables		(286,622)	(132,224)	(339,289)	(126,867)
(Increase) decrease in inventories		(632,913)	185,433	(564,320)	80,436
(Increase) decrease in recoverable taxes		93,656	106,627	115,304	99,093
(Increase) decrease in escrow deposits		634	(994)	639	(918)
(Increase) decrease in other assets		2,205	(11,486)	823	(13,362)
Increase (decrease) in trade payables		182,262	(175,011)	138,080	(93,757)
Increase (decrease) in payroll, related taxes and profit sharing		9,340	(6,558)	8,352	(6,259)
Increase (decrease) in taxes payable		14,877	(3,161)	9,303	(2,802)
Increase (decrease) in other payables		(26,411)	4,877	(23,942)	35,992
Income tax and social contribution paid		(7,791)	(10,208)	(4,075)	(6,271)
Net cash provided by operating activities		105,173	548,888	56,801	598,870
Cash flows from investing activities					
Acquisition of property, plant and equipment items	12;33	(136,587)	(171,080)	(128,067)	(162,862)
Acquisition of intangible assets	13	(84,510)	(42,743)	(76,776)	(40,812)
Acquisition of investments in subsidiaries (net of cash and cash equivalents acquired)	11;33	-	(1,985)	-	(9,131)
Capital increase in investee	11;33	-	-	(143,990)	(58,228)
Dividends received	11	-	-	10,246	5,500
Loans granted (intragroup)		-	-	-	(142,400)
Acquisition (write-off) of other investments	11	(2,110)	1,430	(2,081)	1,450
Net cash used in investing activities		(223,207)	(214,378)	(340,668)	(406,483)
Cash flows from financing activities					
Borrowings (net of expenses on debentures)	15	131,609	29,350	94,792	27,000
Borrowings paid (principal)	15	(131,320)	(219,398)	(75,754)	(79,984)
Borrowings paid (interest)	15	(78,625)	(90,438)	(75,895)	(86,342)
Payment of lease (principal)	10	(6,895)	(7,586)	(5,511)	(5,346)
Payment of lease (finance charges)	10	(1,543)	(1,731)	(774)	(301)
Payables for acquisition of businesses (principal)	19	(8,267)	(115,338)	(8,267)	(115,338)
Payables for acquisition of businesses (interest)	19	(466)	(9,821)	(466)	(9,821)
Share buyback program	21.d	(733)	-	(733)	-
Payment of non-controlling dividends		(548)	-	-	-
Dividends paid	21.g	(119,456)	(83,647)	(119,456)	(83,647)
Interest on capital paid	21.g	(80,922)	(89,558)	(80,922)	(89,558)
Cash provided by (used in) financing activities		(297,166)	(588,167)	(272,986)	(443,337)
Increase (decrease) in cash and cash equivalents, net		(415,200)	(253,657)	(556,853)	(250,950)
Cash and cash equivalents at the beginning of the year	5	1,303,169	1,556,826	1,254,967	1,505,917
Cash and cash equivalents at the end of the year	5	887,969	1,303,169	698,114	1,254,967

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of value added

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Revenues	5,665,165	4,917,270	5,361,971	4,579,169
Sale of goods and services, net of returns	5,600,622	4,702,269	5,300,131	4,368,949
Revenues related to the construction of own assets	37,120	99,970	37,120	99,970
Other revenue	34,516	121,047	30,926	115,810
Allowance for expected credit loss	(7,093)	(6,016)	(6,206)	(5,560)
Inputs purchased from third parties	(4,234,113)	(3,231,879)	(3,945,711)	(2,937,240)
Cost of sales and services	(3,238,503)	(2,439,622)	(3,090,959)	(2,295,148)
Supplies, power, outside services and other	(993,799)	(791,470)	(852,941)	(641,305)
Loss / recovery of assets	(1,811)	(787)	(1,811)	(787)
Gross value added	1,431,052	1,685,391	1,416,260	1,641,929
Depreciation and amortization	(97,834)	(79,240)	(73,203)	(53,649)
Wealth created by the Company	1,333,218	1,606,151	1,343,057	1,588,280
Wealth received in transfer	490,207	372,172	461,065	327,308
Share of profit (loss) of subsidiaries	-	-	(1,019)	(30,701)
Finance income and exchange gains	490,207	372,172	462,084	358,009
Total wealth for distribution	1,823,425	1,978,323	1,804,122	1,915,588
Wealth distributed	1,823,425	1,978,323	1,804,122	1,915,588
Personnel	581,272	505,708	563,764	490,775
Salaries and wages	467,859	412,348	452,705	399,104
Benefits	85,312	69,245	83,859	68,358
Severance Pay Fund (FGTS)	28,101	24,115	27,200	23,313
Taxes, fees and contributions	189,880	545,837	228,114	533,091
Federal	71,318	95,789	93,240	88,368
State	114,070	447,297	131,920	443,469
Municipal	4,492	2,751	2,954	1,254
Lenders and lessors	523,861	381,220	483,310	347,491
Interest and exchange losses	518,310	375,493	478,213	342,244
Rentals	5,551	5,727	5,097	5,247
Shareholders	528,412	545,558	528,934	544,231
Interest on capital and dividends paid	90,403	106,737	90,403	106,737
Retained earnings in the year	438,009	438,821	438,531	437,494

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Notes to the financial statements

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

1. General information

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira (“Company” or “Intelbras”) is a publicly-held company, incorporated on March 22, 1976, headquartered in the City of São José (SC). It owns a branch in the own City of São José (SC) and branches in the cities of Tubarão (SC), Santa Rita do Sapucaí (MG), Manaus (AM), Jaboatão dos Guararapes (PE). It also has subsidiaries in Brazil in the cities of Florianópolis (SC), Chapecó (SC), São José (SC) and abroad in China, Colombia and Uruguay.

The Company is mainly engaged in the manufacture, development and sale of (i) electronic security equipment and electronic surveillance and monitoring services; (ii) consumer voice and/or data communications devices and equipment, professional voice and/or data communications equipment, services and means, network equipment, data communications infrastructure means and solutions; and (iii) power and solar power products.

The Company is listed at the “Novo Mercado” segment of B3 since February 2021 and its shares are traded under ticker symbol “INTB3”.

This individual and consolidated interim financial information was approved and authorized for issue at the Board of Directors’ meeting held on October 25, 2024.

1.1. Business combination – Acquisition of Allume

On October 6, 2023, the Company entered into a Share Purchase and Sale Agreement and Other Covenants, whereby it has acquired 55% of the shares of Allume Holding S.A.S. (“Allume” or “Acquiree”), a company with which the Company already had a business relationship. Founded in 1997 in Cali, Colombia, the acquiree sells products related to electronic security, networks, communication, building automation and power management, offering own and third-party products.

The acquiree owns four direct subsidiaries and is one of the leading companies in the Colombian market, recognized for its scope and excellence in the service to local distributors and resellers. The Company discloses further information on this acquisition in note 11.2

1.2. Aunady S.A.

During the period ended September 30, 2024, through establishment of Aunady S.A., the Company started operations in Uruguay with a view to strengthening its presence in the country. The subsidiary will intermediate the Company’s sales to Uruguay and will provide greater support to local distributors and resellers.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Notes to the financial statements

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

2. Basis of preparation of the financial statements

2.1. Basis of preparation and presentation

The Company's interim financial information, included in the Interim Financial Information Form (ITR) for the three- and nine-month periods ended September 30, 2024, comprises the individual and consolidated interim financial information, prepared considering all Company's significant information, which corresponds to that used by Management in managing the Company, in accordance with technical pronouncement CPC 21 (R1), issued by the Accounting Pronouncements Committee (CPC), and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR).

The interim financial information has been prepared based on historical cost, except for the fair value measurement of certain financial instruments, when required by the standard. The accounting policies, consolidation bases and calculation methods adopted in preparing the interim financial information, as well as the main judgments adopted for the estimates used in the application of the accounting practices, are the same as those used and disclosed in the notes to the financial statements for the year ended December 31, 2023, contemplating the adoption of the new accounting pronouncements, when applicable.

The individual and consolidated interim financial information is presented in thousands of Brazilian reais (R\$), which is also the Company's functional and presentation currency, unless otherwise stated.

The statement of value added (DVA) is presented as supplemental information, as required by the standards issued by the CVM, and is not a statement provided for and mandatory in accordance with the IFRS. Its purpose is to disclose the Company's wealth during the period and show its distribution between the several stakeholders

2.2. Functional Currency and Presentation Currency

The individual and consolidated financial statements are presented in thousands of Reais (R\$), which is the functional and presentation currency of the Company, except when otherwise indicated. All information presented in thousands of reais has been rounded to the nearest value.

The financial statements of each subsidiary included in the consolidation are prepared using the functional currency of each investee. In defining the functional currency of each of its investees, Management considered which currency significantly influences the sale price of the services provided and the currency in which most of the cost of its services is paid or incurred

2.3. Basis of consolidation

The consolidated financial statements include the Company and its subsidiaries for the years ended December 31, 2024 and 2023, as listed below:

Equity interest - %

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Notes to the financial statements

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Name	Core activity	Country	12/31/2024	12/31/2023	Equity interest
Ascent Asia Limited	Corporate consulting and management	China	100%	100%	Direct
Ascend Trading & Consultation (Shenzhen) Company Limited. (a)	Provision of corporate consulting and logistics services	China	100%	100%	Indirect
Décio Indústria Metalúrgica Ltda.	Manufacturing of structures for servers	Brazil	100%	100%	Direct
Seventh Ltda.	Solutions for video monitoring, access control, remote reception and event management	Brazil	100%	100%	Direct
Khomp Indústria e Comércio Ltda.	Development of electric and electronic telecommunication and IT products and provision of consulting services	Brazil	75%	75%	Direct
Expectrun Tecnologia da Informação Ltda. (b)	Development of SaaS through IoT in Box application platforms	Brazil	70%	70%	Indirect
Renovigi Energia Solar Ltda.	Manufacturing, sale and installation of photovoltaic generators	Brazil	100%	100%	Direct
Allume Holding S.A.S.	Investments in Colombian and foreign companies	Colombia	55%	55%	Direct
Lince Comercial S.A.S. (c)	Wholesale distributor of products related to electronic security, building automation and power management	Colombia	100%	100%	Indirect
UXE S.A.S. (c)	Distributor of products from Lince Comercial S.A.S.	Colombia	100%	100%	Indirect
Modo Seguridad 365 S.A.S. (c)	Sale of electronic security systems and devices	Colombia	100%	100%	Indirect
Emer-Tech LLC. (c)	Sale of IT-related products and peripherals	United States	100%	100%	Indirect
Aunady S.A.	Sales consulting	Uruguay	100%	-	Direct

(a) Investee of Ascent Asia Limited;**(b)** Investee of Khomp Indústria e Comércio Ltda., which holds 70% stake in this subsidiary;**(c)** Investees of Allume Holding S.A.S., which holds 100% stake in these subsidiaries.

The Company assesses whether it exercises control or not over an investee if facts and circumstances indicate that the following elements of control are present: has power over the investee; is exposed or is entitled to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect the amount of its returns.

The criteria adopted in consolidation are those set out in technical pronouncement CPC 36 / IFRS 10 – Consolidated Financial Statements, the main of which are:

- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is achieved until the date on which it ceases to exist;
- All intragroup balances are eliminated;
- Elimination of investment balances proportionally to the respective equity;
- Reclassification of surplus according to the nature of each balance; and
- Unrealized profits on consolidated intercompany transactions have been fully eliminated.

The Company does not hold investments in associates or joint ventures.

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3. Material accounting policies

The accounting policies, described in detail below, have been applied consistently to all fiscal years presented in these individual and consolidated financial statements.

3.1. Business combination

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the sum of the consideration transferred, based on the fair value on acquisition date, and the amount of any noncontrolling interest in the acquiree. For each business combination, the acquirer must measure noncontrolling interests in the acquiree at fair value or based on its share of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred in relation to the net assets acquired (identifiable net assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment testing, after the acquisition date, the goodwill acquired on a business combination is allocated to each of the cash-generating units that are expected to benefit from the combination synergies, regardless of other assets or liabilities of the acquiree attributable to these cash-generating units.

When goodwill is part of a cash-generating unit and a portion of such unit is sold to third parties that are not under the Company's control, the goodwill associated with the portion sold should be included in transaction costs when the gain or loss on sale is determined. The goodwill disposed of under these circumstances is determined based on the proportional amounts of the portion disposed of in relation to the cash-generating unit maintained

3.2. Foreign currency

Foreign currency-denominated transactions, i.e., all transactions carried out in a currency other than the functional currency, are translated at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange gains and losses arising on translating monetary assets and liabilities are recognized in the statement of income. Non-monetary assets and liabilities acquired or contracted in foreign currency are translated at the exchange rates prevailing at the transaction dates or at the dates fair value is determined when this is used. Gains and losses arising from changes in foreign investments are directly recognized in equity, in "Cumulative translation adjustments".

Assets and liabilities from foreign operations are translated into Brazilian reais, functional currency, at the exchange rates prevailing at the reporting date. Income and expenses from foreign operations are translated into Brazilian reais at the average exchange rates.

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3.3. Financial instruments

(i) Non-derivative financial assets

Initial recognition

Financial assets are initially recognized at trade date when the Company becomes a party to the underlying contract, and are classified as (i) subsequently measured at amortized cost, (ii) at fair value through other comprehensive income (“FVTOCI”) and (iii) at fair value through profit or loss (“FVTPL”).

The classification of financial assets on initial recognition depends on their contractual cash flow characteristics and the Company’s business model for managing these assets. That is, how the Company manages its financial assets to generate cash flows. Accordingly, the business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

A financial asset is classified and measured at amortized cost or at fair value through other comprehensive income, when it generates cash flows that are “solely payments of principal and interest on the principal amount outstanding. Such assessment is performed by financial instrument. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model adopted.

A financial asset is initially measured at fair value plus, for an item not measured at fair value through profit or loss, the transaction costs that are directly attributable to its acquisition or issue. For trade receivables without a significant financing component, the initial measurement is carried out at the transaction price.

Subsequent recognition

For purposes of subsequent measurement, financial assets are classified into category described below:

Amortized cost: Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Any gains and losses are recognized in profit or loss when an asset is derecognized, modified or impaired. The Company’s financial assets in this category include mainly cash and cash equivalents, securities and trade receivables.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the asset’s cash flows expire or when it transfers the rights to receiving contractual cash flows from a financial asset under a transaction that transfers substantially all the risks and rewards of ownership of the financial asset. Any interests created or retained by the Company in the financial assets are recognized as an individual asset or liability.

Financial assets or financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(ii) Financial liabilities

Initial recognition

The Company recognizes debt instruments issued and liabilities on the date they are originated. All other financial liabilities are initially recognized on the trade date when the Company becomes a party to the underlying contract.

Upon initial recognition, financial liabilities are either classified as (i) financial liabilities at fair value through profit or loss (ii) financial liabilities at amortized cost or (iii) derivatives designated as hedge instruments in an effective hedge relationship, as applicable.

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified into category described below:

Financial liabilities at amortized cost (borrowings and financing): after initial recognition, interest-bearing borrowings and financing are subsequently measured at amortized cost, using the effective interest method. Any gains and losses are recognized in profit or loss when liabilities are derecognized, as well as in the amortization process of the effective interest rate. The amortized cost is calculated taking into account any negative goodwill or goodwill arising on the acquisition and any rates or costs that are an integral part of the effective interest method. The Company's other financial liabilities in this category include mainly trade payables and other payables arising on business acquisition.

Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or when they are paid. When an existing financial liability is replaced for another from the same lender under substantially different terms, or the terms of the existing liability are substantially modified, such replacement or modification is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

(iii) Derivative financial assets and liabilities

The Company contracts derivative financial instruments in order to manage its exposure to exchange rate fluctuations. The contracted operations are recognized at fair value through profit or loss, recording the balances in assets and/or liabilities with a counterpart in the financial result, in the income statement. Details on derivative operations are described in explanatory note no. 25.

3.4. Cash and cash equivalents

Include cash, bank deposits and short-term investments redeemable within 90 days from the investment date, considered highly liquid or convertible into a known amount of cash, which are subject to an insignificant risk of change in value and carried at cost plus income earned through the end of the reporting periods, which does not exceed their fair or realizable values.

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3.5. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the average acquisition or production cost and includes expenses incurred on the acquisition of inventories, production and processing costs and other costs incurred to bring them to their location and existing conditions. In the case of manufactured inventories and work in process, cost includes a share of overheads based on normal operating capacity.

The net realizable value is the estimated sales price in the ordinary course of business, less estimated completion costs and selling expenses.

3.6. Investments

The investment in a subsidiary is accounted for under the equity method. Exchange gains and losses arising on foreign investments are recognized "Cumulative translation adjustments" in equity.

The results of operations and financial position of all entities, whose functional currency is different from the presentation currency, are translated into the presentation currency as follows:

- (i) Assets and liabilities in the balance sheet are translated using the exchange rate at the balance sheet date.
- (ii) Income and expenses in the statement of income are translated using the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates in effect at the transaction dates and, in this case, income and expenses are translated using the exchange rates prevailing at the transaction dates).
- (iii) All foreign exchange differences are recognized as a separate component in equity, in "Valuation adjustments to equity".

3.7. Property, plant and equipment

Recognition and measurement

Property, plant equipment items are measured at the historical acquisition, formation or construction cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of assets built by the entity itself includes costs of materials and direct labor, any other costs for bringing the asset to the place and condition necessary for it to be capable of operating in the manner intended by Management, the costs of dismantling and restoring the place where such assets are located, as well as borrowing costs on qualifying assets. Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized at their net amount in "Other income" in profit or loss.

Subsequent costs

Subsequent costs are capitalized to the extent it is probable that future benefits associated with such costs will flow into the Company. Recurring maintenance and repair costs are recorded in profit or loss.

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Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset or another cost value. The residual value of the assets written off is usually immaterial and, for this reason, it is not considered in determining the recoverable amount.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of property, plant and equipment items for the current year and comparative period are as follows:

	<u>Useful lives</u>
Buildings	80 years
Machinery, equipment and instruments	5 - 11 years
Furniture and fixtures	15 years
Facilities and improvements	10 - 25 years
Computers	3 - 5 years
Other	3 - 5 years

Other additions are capitalized only when there is an increase in the economic benefits of the related property, plant and equipment item. Any other type of expenditure is expensed when incurred.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and potential adjustments are recognized as a change in accounting estimates.

Interest capitalization

Borrowing costs directly related to the acquisition, construction or production of an asset that necessarily requires a significant time to be completed for use or sale are capitalized as part of the cost of the corresponding asset. All other borrowing costs are recognized as expenses as incurred. Borrowing costs comprise interest and other costs incurred by the Company related to the loan.

3.8. Intangible assets**(i) Goodwill**

Goodwill arising on the acquisition of subsidiaries is recorded in the Parent's financial statements as part of the investment and together with intangible assets in the consolidated financial statements.

Goodwill is measured at cost, less accumulated impairment losses, when applicable. Goodwill is tested for impairment on an annual basis or whenever the circumstances indicate it might be impaired.

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Goodwill is allocated to a cash-generating unit (CGU) for impairment testing purposes. The allocation is made to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that originated the goodwill.

Given that the useful life of goodwill is indefinite, these assets are not amortized, and are submitted to the impairment test annually, regardless of whether or not there are risk indicators present.

(ii) Non-compete agreement

Non-compete agreements acquired in a business combination are recognized at fair value on acquisition date. Non-compete agreements have finite useful lives and are accounted for at cost less accumulated amortization. Amortization is calculated on a straight-line basis during the expected life of the non-compete agreement, which is estimated in five years.

(iii) Trademarks and patents

Trademarks and patents are initially stated at historical cost. Trademarks and patents acquired in a business combination are recognized at fair value on acquisition date. Subsequently, trademarks and patents with finite useful lives are accounted for at cost, less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful life between 8 and 14 years.

(iv) Projects in progress

Directly attributable costs on projects that are capitalized as part of the project product include costs on employees allocated to project development and an appropriate share of direct expenses.

Development costs that do not meet the capitalization criteria are recognized as expenses, when incurred. Development costs previously recognized as expenses are not recognized as assets in a subsequent period.

Software/project development costs recognized as assets are amortized on a straight-line basis over their useful lives.

(v) Customer relationship

Contractual relationships with customers, acquired in a business combination, are stated at their fair value on the acquisition date. Contractual relationships with customers have finite useful lives and are accounted for at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated life of the relationship with the customer, which is estimated at 14 years.

(vi) Software

Software development or maintenance costs are expensed when incurred. Expenses directly associated to exclusive, identifiable software, controlled by the Company, which will probably generate economic benefits higher than the costs during more than one year are recognized as intangible assets. Direct expenses include the compensation payable to the software development team and the appropriate portion of related general expenses. Expenses on software performance improvement or expansion beyond original specifications are added to the original software cost. Amortization is calculated using the straight-line method over the expected useful life of the software, estimated at 5 years.

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3.9. Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed on each reporting date to determine whether there is objective evidence that it might be impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows that can be reliably estimated.

Objective evidence that the financial assets are impaired may include default or delinquency in payment by the borrower, the restructuring of the amount due to the Company on terms that the Company would not otherwise consider, or indications that a borrower will file for bankruptcy or court-ordered reorganization.

3.10. Financial assets measured at amortized cost

The Company considers evidence of impairment for loans and receivables. All significant loans and receivables are assessed with respect to the loss of specific amount. Receivables that are not individually significant are collectively tested for impairment by grouping together receivables with similar risk characteristics.

In collectively testing assets for impairment, the Company uses historical trends of the likelihood of default, the recovery timing and the loss amount incurred, adjusted to reflect Management's judgment as to the assumptions if the current economic and credit conditions are such that actual losses are likely to be greater or lower than suggested by historical trends.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective original interest rate of the asset. Impairment losses are recognized in profit or loss and reflected in an allowance account as a contra entry to receivables. Interest on an impaired asset continues to be recognized through the reversal of the discount. When a subsequent event indicates the reversal of impairment, the impairment loss is reversed and recognized in profit or loss.

3.11. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred income tax and social contribution, are analyzed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable amount, an allowance for impairment is recorded to adjust the net carrying amount to the recoverable amount. Inventories are monthly assessed and an allowance for inventory obsolescence losses is recorded, as described in note 4.5.

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated annually. The recoverable amount of an asset or a certain cash-generating unit is defined as the higher of the value in use and the net sales value.

In estimating the value in use of the asset, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the weighted average cost of capital for the

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industry in which the cash-generating unit operates. Details on the assumptions adopted are described in note 13.

Except for the allowance for inventory losses (note 8), Management did not identify any indication that would evidence that non-financial assets are impaired.

3.12. Trade receivables

Trade receivables are amounts owed by customers for goods sold or services provided in the ordinary course of business. Trade receivables are initially recognized at the amount of the consideration that is unconditional, unless they contain significant financial components, when they are recognized at fair value. The Company holds amounts receivable, with the purpose of receiving contractual cash flows, subsequently measuring them at amortized cost.

The Company applies the simplified approach of CPC 48 (IFRS 9) - Financial Instruments to measure the expected credit losses. Allowances for impairment of trade receivables are measured by applying the average historical losses realized and expected for the year on the outstanding receivables at the end of the year.

3.13. Employee benefits

The Company grants benefits to its employees, such as meal ticket, health care plan, transportation voucher and variable compensation. The Company does not have benefits classified as defined benefit in the reporting years.

Short-term employee benefit obligations are measured on an undiscounted basis and recognized as expenses as the related service is provided.

The liability is recognized at the amount expected to be paid under the cash bonus plan or short-term profit sharing, if the Company has a legal or constructive obligation to pay this amount due to a past service provided by the employee and the obligation can be reliably estimated.

The Company recognizes a liability and profit-sharing expenses in profit or loss based on a policy approved by Management and disclosed to employees. The Company recognizes an accrual when it is contractually required or when there is a past practice that created a constructive obligation.

3.14. Provisions

A provision is recognized as a result of a past event, if the Company has a legal or constructive obligation that can be reliably estimated and it is probable that an outflow of funds will be required to settle the obligation. If the timing effect of the amount is significant, provisions are determined by discounting expected future cash flows at a pretax rate that reflects the current market assessments of the time value of money and liability-specific risks. Significant provisions are mentioned in note 4.

3.15. Operating revenue

The Company's revenues derive solely from the sale of security, communication and energy products, as described in note 1.

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Revenue is recognized at fair value when the following conditions are met:

- i) Control over the goods is transferred to the buyer;
- ii) The Company no longer holds control or responsibility for the goods sold;
- iii) The economic benefits for the Company are probable;
- iv) Services are provided.

Revenue is measured based on the consideration that the Company expects to receive under a contract with a customer. Sales revenue is stated net of returns, including taxes on sales.

The amount of revenue is accounted for net of expected returns and cancellations.

There is a significant financing component in contracts considering the period between the date payment is received and control over this equipment is transferred, as well as market interest rates. Accordingly, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (see note 7).

The Company maintains sales discount and incentive programs, through which it offers rebates based on the sales volume contracted by customers. Discounts may be granted by customer category or when the quantity of goods acquired during the period exceeds the limit set out in a contract. Rebates are offset against amounts payable by the customer or financial payments. The Company applies the expected value method to estimate the variable consideration under a contract. Thereafter, the Company applies the requirements on the estimated variable consideration to adjust sales prices (see note 4.6).

3.16. Tax incentives

Government grants are recognized when there is reasonable assurance that the conditions established by the government grantors are met, calculated, and governed according to the contracts, arrangements and laws applicable to each benefit.

The effects on profit or loss are recorded in the accounting records on accrual basis, where gains relating to Financial credit - Law 13.969/19 are accounted for in Other operating income (expenses), net, as shown in notes 9 and 23, and other gains are recorded as sales deductions. The financed amounts are accounted for in current and noncurrent liabilities and adjusted according to the respective contracts

3.17. Finance income and costs

Finance income comprise interest income on short-term investments, present value adjustment and other sundry income. Such interest income is recognized in profit or loss.

Finance costs comprise interest expenses on borrowings, finance charges on taxes, and present value adjustment. Such interest expenses are recognized in profit or loss.

The Company also recognizes expenses on exchange rate changes, which are also accounted for directly in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are accounted for in profit or loss using the effective interest method.

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3.18. Income tax and social contribution

Current and deferred income tax and social contribution for the year are calculated at the rates of 15% for income tax, plus a 10% surtax on taxable income exceeding R\$240 (annual basis), and 9% on taxable income for social contribution, considering the offset of income tax and social contribution loss, limited to 30% of taxable income.

Income tax and social contribution expense comprises current and deferred income taxes. Current and deferred taxes are recognized in profit or loss.

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted at the end of the reporting period, and any adjustment to taxes payable in relation to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes. The deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized by unutilized tax losses, tax credits and deductible temporary differences when it is probable that future income subject to taxation will be available and against which they will be utilized. Deferred income tax and social contribution assets are reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable.

3.19. Present value adjustment of assets and liabilities

Long-term and short-term monetary assets and liabilities are adjusted to present value when the effect is considered material in relation to the financial statements taken as a whole. The present value adjustment is calculated considering contractual cash flows and the explicit, and in certain cases, implicit interest rates of the respective assets and liabilities.

Accordingly, the interest embedded in revenues, expenses and costs related to these assets and liabilities is discounted for recognition on an accrual basis.

The adjustment to present value of resales in installment is recorded in "Trade receivables". Its realization is recorded in "Revenue from resale of goods", according to maturity.

The present value adjustment relating to the purchase of goods for resale is recorded in line item "Trade payables", with a contra entry to line item "Inventories". Its reversal is recorded in line item "Cost of resales and services" according to maturity.

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3.20. Classification as current and noncurrent

The Company recognizes assets and liabilities in the balance sheet based on their classification as current or noncurrent. Assets are classified as current when:

- (i) Assets are expected to be realized, or available for sale or consumption in the entity's normal operating cycle;
- (ii) Assets are primarily held for trading;
- (iii) Assets are expected to be realized within 12 months after the balance sheet date; and
- (iv) Assets correspond to cash or cash equivalents (as defined in Technical Pronouncement CPC 03 R1 (IAS 7) - Statement of Cash Flows) unless they are restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

All other assets are classified as noncurrent.

Liabilities are classified as current when:

- (i) Liabilities are expected to be settled in the entity's normal operating cycle;
- (ii) Liabilities are primarily held for trading;
- (iii) Liabilities are expected to be settled within 12 months after the balance sheet date; and
- (iv) The entity has no unconditional right to defer settlement of the liability during at least 12 months after the balance sheet date.

The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified in noncurrent assets and liabilities.

3.21. Statement of value added

This statement is intended to disclose the wealth created by the companies and its distribution during a given year, and is presented as required by the Brazilian Corporate Law. Such statement has been prepared based on information obtained from the accounting records used as a basis for the preparation of the financial statements, supplementary records and in accordance with the provisions of technical pronouncement CPC 09 - Statement of Value Added.

3.22. Profit distribution

Shareholders are entitled to minimum dividend of 25% of the adjusted profit for the year in conformity with the Chapter VI of the Company's bylaws and the Brazilian Corporate Law.

The Company recognizes a liability for dividend payment when such distribution becomes a present obligation at the balance sheet date, related to the portion of mandatory minimum dividend not prepaid and/or supplementary dividends, which distribution was duly approved up to the balance sheet date.

3.23. New accounting standards

The Company applied the following amendments to the IFRS mandatorily effective for the annual period beginning on January 1, 2024, which did not result in any significant impact on the disclosures in the financial statements:

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- Amendments to **IAS 7/CPC 03 (R2)** and **IFRS 7/CPC 40 (R1)** - Supplier financing agreements that add the need to disclose information on supplier financing agreements that allow users of financial statements to assess the effects of such agreements on the entity's liabilities, cash flows and liquidity risk exposure;
- Amendments to **IAS 1/CPC 26 (R1)** - Classification of Liabilities as Current or Non-Current, clarifying that the classification of liabilities as current or non-current is based on the rights existing at the end of the reporting period. In addition, they specify that the classification is not affected by expectations about whether an entity will exercise its right to postpone the settlement of liabilities and explain that rights exist if the restrictive clauses are fulfilled at the end of the period;
- Amendments to **IAS 1/CPC 26 (R1)** - Presentation of Financial Statements — Noncurrent Liabilities with Covenants indicating that only covenants that an entity must comply with on or before the end of the reporting period affect the entity's right to delay the settlement of a liability for at least 12 months after the reporting date;
- Amendment to **IFRS 16/CPC 06 (R2)** - Leases — Lease Liability in a Sale and Leaseback Transaction that add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15 for purposes of accounting as sale.

For the year ended December 31, 2024, the Company elected not to early adopt any standard, interpretation or amendment that has been issued. The new and revised IFRSs issued but not yet applicable are listed below:

- **IFRS 18** – Presentation and Disclosures in the Financial Statements: the Company is currently working to identify all the impacts that the changes will have on the financial statements and notes to the financial statements;
- **IFRS 19** – Subsidiaries without public liability - Disclosures: the Company is not eligible for the application of the new rule, due to the equity instruments being publicly traded;
- Amendments to **CPC 02 (R2)/IAS 21** – Effects on Changes in Exchange Rates and Translation of Financial Statements and **CPC 37 (R1)** – Initial Adoption of International Accounting Standards (Lack of Convertibility): Changes are not expected to have a material impact on the financial statements;
- Amendments to **CPC 18 (R3)** - Investment in Affiliates, Subsidiaries and Jointly Controlled Enterprises and **ICPC 09** - Individual Financial Statements, Separate Statements, Consolidated Statements and Application of the Equity Method: the changes are not expected to have a material impact on the financial statements.

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4. Critical accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's individual and consolidated financial statements requires Management to make judgments and estimates and adopt assumptions that affect the reported amounts of income, expenses, assets and liabilities, as well as the disclosures of contingent liabilities on the reporting date. However, the uncertainty inherent in such assumptions and estimates may give rise to results that require a significant adjustment of the carrying amount of the affected asset or liability in future periods.

Estimates and assumptions

The preparation of the individual and consolidated financial statements requires Management to use estimates to account for certain assets, liabilities and other transactions. Estimates and assumptions are revised on an ongoing basis, so that any changes are made pursuant to CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors. The accounting policies and areas that require higher level of judgment and use of estimates in the preparation of individual and consolidated financial statements are:

4.1. Impairment loss on non-financial assets

An impairment loss exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of the fair value less costs to sell and the value in use. The calculation of the fair value less costs to sell is based on available information on transactions involving the sale of similar assets or market prices less additional costs to dispose of the asset. The value in use is calculated using the discounted cash flow model. The cash flows arise from the budget for the next five years and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit tested for impairment. Recoverable amount is sensitive to the discount rate used under the discounted cash flow method, as well as expected future cash receipts, and to the growth rate used for extrapolation purposes. The main assumptions used to determine the recoverable amount of the several cash-generating units, including sensitivity analysis, are detailed in note 13.

4.2. Business combination

There are uncertainties related to the business combination process as a result of the calculation of goodwill and the fair values of the net assets and liabilities acquired, as well as their estimated useful lives. The Company relies on the work of specialized advisors for the preparation of a technical report on the Purchase Price Allocation (PPA). Details on the material accounting policies related to business combinations are disclosed in note 3.1.

During the year ended December 31, 2024, there was business combination related to the acquisition of 55% stake in subsidiary Allume, as detailed in note 11.2.2.

4.3. Realization of deferred taxes

There are uncertainties over the interpretation of complex tax regulations and the amount and timing of future taxable income. In view of the comprehensive aspect of the tax law and the long-term nature

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and complexity of contractual instruments, differences between actual results and the assumptions adopted, or future changes in these assumptions, could require future adjustments to tax income and expenses already recorded.

In the years ended December 31, 2024 and 2023, the Company did not identify any matter that would require the recognition of provisions for tax risks and currently there is no ongoing tax audit conducted by the tax authorities. Interpretation differences may arise for several matters, depending on conditions effective in the Company's corresponding domicile.

Deferred tax asset is recognized for all unutilized tax losses to the extent that it is probable that taxable income will be available to allow the utilization of such tax losses. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based on the probable term and future taxable income, together with future tax planning strategies.

4.4. Provision for tax, civil and labor risks

The Company recognizes a provision for tax, civil and labor risks. The likelihood of loss is assessed based on available evidence, the hierarchy of laws, available case rulings, most recent court decisions, their relevance within the legal system, and the assessment made by our outside legal counsel.

Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits, or additional exposures identified based on new matters or court rulings. The details on this provision are shown in note 17.

4.5. Allowance for inventory obsolescence

The Company analyses the inventory realization, based on the expected inventory utilization or sale, history of losses, and also on the assessment between the carrying amount and the net realizable value.

4.6. Provision for discounts and commercial funds

The Company makes payments to its customers for market development purposes, such as advertising and marketing, based on predetermined criteria. Expenditures related to advertising and marketing programs are recognized as selling expenses. A provision is estimated and recorded at the balance sheet date based on goals achieved, but not yet realized, and a provision is recognized for these amounts as a reduction of trade receivables in assets, as a contra entry to selling expenses. The provision estimates take into account sales estimates, compliance with established criteria, as well as historical data.

The Company also maintains programs through which it offers to its customers discounts based on the attainment of certain preset commercial goals. Discounts are presented as sales deductions, when associated with the transaction price, as mentioned in note 3.15. The Company adopts estimates based on the contractual terms and conditions and historical data to estimate the amount of the adjustment to its revenue, which amounts reported are segregated in note 26 - Net operating revenue.

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4.7. Allowance for expected credit losses on trade receivables

The Company uses an allowance matrix to calculate expected credit losses on trade receivables. The allowance rates applied are based on the default days for groups of customers, according to the sales channel, as they present similar loss patterns.

The allowance matrix is initially based on the Company's historical loss rates. The Company revises the matrix on a prospective basis to adjust it according to its historical credit loss experience. For example, if there is expectation of deterioration of economic conditions in the next year (for example, the gross domestic product), which could result in increased default levels in the manufacturing sector, the historical loss rates are adjusted. Historical loss rates observed in all reporting periods are adjusted and the changes in prospective estimates are analyzed.

The assessment of the correlation between the historical loss rates, the expected economic conditions and the expected credit losses is a significant estimate. The number of expected credit losses is sensitive to changes in circumstances and expected economic conditions. The Company's historical credit loss experience and the projection of economic conditions may not show the real pattern of the customer in the future. The information on expected credit losses on the Company's trade receivables is disclosed in note 7.

4.8. Provision for warranties

The provision for warranties is recognized when the related goods are sold. The Company uses historical data on the use of the warranties as a basis to measure the provision. Also, it weights all probabilities of disbursements during the warranty period. The details on this provision are shown in note 18.

4.9. Derivative instruments

The Company has derivative instruments recorded at fair value through profit or loss, that is, NDF (Non Deliverable Forward) contracts, to hedge against exchange rate fluctuations on foreign trade payables; Swap contract to hedge against exchange and interest rate fluctuations on bank financing and borrowings; in addition to the recognition of the payables for acquisition of stake in subsidiary Khomp Indústria de Comércio Ltda. relating to a put option held by the holders of a residual stake of 25% in such company. The uncertainties related to these balances refer to the calculation of their respective fair values.

4.10. Review of the useful life of property, plant and equipment and intangible assets

The Company makes judgment to determine useful life of property, plant and equipment and intangible assets. This estimate is determined based on the period in which these assets are expected to generate economic benefits for the Company.

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5. Cash and cash equivalents

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and banks	24,558	18,850	18,392	13,792
Cash and banks - foreign currency	37,849	75,171	28,431	69,281
Short-term investments (i)	732,913	1,209,148	558,641	1,171,894
Short-term investments - foreign currency (ii)	92,649	-	92,650	-
	887,969	1,303,169	698,114	1,254,967

- (i). Financial investments are made up of short-term investments, classified as cash equivalents, and refer to papers backed by Interbank Deposit Certificates (CDI), contracted with Institutions considered by the Administration as 1st line, whose income is linked to the DI rate with the possibility of partial or total redemptions without restrictions. The amounts are recorded at the acquisition cost, plus the respective yields up to the balance sheet closing date, which averaged approximately 102% of the CDI on December 31, 2024 (103% on December 31, 2023).
- (ii). Investments in foreign currency are composed of overnight and time deposit. The remuneration ranged from 4.85% p.a. to 5.27% p.a.

6. Securities

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Short-term investments (i)	10,973	11,142	10,833	9,771
Short-term investments - Escrow account (ii)	-	1,545	-	1,545
	10,973	12,687	10,833	11,316
Current	140	2,916	-	1,545
Noncurrent	10,833	9,771	10,833	9,771

- (i) Refers to an investment account to secure the indemnity obligations of the sellers of Khomp Indústria e Comércio Ltda. (company acquired), and the respective deposit management is shared and requires authorization of both parties to be handled. The agreement provides for the payment to the sellers in two installments, the first of which was paid in March 2022 and the second installment will be paid on April 2026.
- (ii) Refers to an escrow account to secure the indemnity obligations of the sellers of Seventh Ltda. (company acquired). The release of these amounts to sellers was completed in September 2024.

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7. Trade receivables

Trade receivables are broken down as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Domestic – third parties	1,267,023	1,006,332	1,222,376	962,807
Domestic - related parties	-	-	48,486	120
Foreign – third parties	53,894	29,253	30,874	11,215
Foreign – related parties	-	-	13,977	3,205
	1,320,917	1,035,585	1,315,713	977,347
Allowance for expected credit losses	(45,092)	(39,289)	(40,639)	(35,356)
Present value adjustment (PVA)	(26,908)	(21,629)	(26,311)	(20,703)
	1,248,917	974,667	1,248,763	921,288
Current	1,213,341	950,998	1,214,722	897,619
Noncurrent	35,576	23,669	34,041	23,669

Installment sales were adjusted to present value on the transaction dates based on the estimated rate over the collection term. The contra entry to the present value adjustment is “Net operating revenue” and its recovery is recorded as finance income in finance income (costs). The discount rate used involves an analysis of the capital and the uncertainties of the macroeconomic context and was, on average, 11.42% p.a. on December 31, 2024 (12.22% p.a. on December 31, 2023).

The aging list of trade receivables is as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Current - up to 365 days	1,165,868	903,122	1,190,045	870,275
More than 365 days	39,671	35,206	38,136	33,609
Up to 30 days past due	47,061	40,007	32,405	27,456
31 to 90 days past due	9,583	9,817	4,689	6,012
91 to 180 days past due	6,999	6,469	5,692	4,921
181 to 365 days past due	11,012	10,937	9,941	9,175
More than 365 days past due	40,723	30,027	34,805	25,899
Closing balance	1,320,917	1,035,585	1,315,713	977,347

Variations in the allowance for expected credit losses:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Opening balance	(39,289)	(33,273)	(35,356)	(29,796)
Additions, net of reversals	(7,093)	(7,781)	(6,206)	(6,086)
Write-offs	1,290	1,765	923	526
Closing balance	(45,092)	(39,289)	(40,639)	(35,356)

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The Company uses a simplified approach, as prescribed by CPC 48 (IFRS 9) – Financial Instruments, to prospectively recognize an additional allowance for expected losses. This estimate is calculated based on the historical losses on sales, applied on all trade receivables, including current balances. The purpose of this analysis is to ensure a more careful analysis in determining the allowance for expected credit loss on the Company's and its subsidiaries' trade receivables.

8. Inventories

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Finished goods	742,555	385,885	681,021	335,984
Work in process	86,517	83,246	78,640	76,547
Raw materials and auxiliary materials	742,461	335,894	634,438	287,200
Imports in progress	245,269	433,863	229,910	409,278
Advances to suppliers	35,855	29,064	28,292	21,919
	1,852,657	1,267,952	1,652,301	1,130,928
Allowance for obsolescence	(47,484)	(63,638)	(43,913)	(54,421)
Present value adjustment (PVA)	(32,451)	(36,762)	(32,407)	(36,751)
	1,772,722	1,167,552	1,575,981	1,039,756

Variations in the allowance for inventory losses:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Opening balance	(63,638)	(51,461)	(54,421)	(10,223)
Additions, net of reversals	(32,413)	(82,496)	(32,439)	(53,916)
Write-offs	48,567	70,319	42,947	9,718
Closing balance	(47,484)	(63,638)	(43,913)	(54,421)

9. Recoverable taxes

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
State VAT (ICMS) (a)	59,728	57,219	-	1,608
Financial credit – Law No. 13,969/19 (b)	37,124	26,394	36,786	25,941
Social contribution (CSLL)	2,905	3,070	1,911	2,584
Tax on revenue (COFINS)	20,164	11,034	9,561	9,073
Tax on revenue (PIS)	4,447	2,229	2,074	1,965
Corporate Income Tax (IRPJ) (c)	42,956	45,849	37,564	43,751
Federal VAT (IPI)	5,672	5,759	1,604	3,732
Other	22,810	3,694	16,720	237
	195,806	155,248	106,220	88,891
Current	133,012	154,276	97,221	84,174
Noncurrent	62,794	972	8,999	4,717

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- (a) Agreement 101/1997 exempts solar generator sales transactions from paying ICMS, and also grants the maintenance of the credits on the acquisition of inputs for manufacturing these products, resulting in an accumulated ICMS credit balance in solar product transactions. The Company requested the approval of these credit balances relating to the periods from 2018 to 2022 to the states of Santa Catarina and São Paulo and is currently waiting for the release of the amounts. The balances relating to 2023 are under request process with the states.
- (b) Law No. 13,969/2019 repealed the decrease of the IPI rate for IT goods produced using the Basic Production Process (PPB) and authorized in Interministerial Ordinances and established the Financial Credit for full offset in replacement of the incentives extinguished by the repeal. Such new incentive will be effective until December 31, 2029. As at December 31, 2024, the Company has credits in the consolidated amount of R\$37,124 which is being periodically offset against federal taxes. This balance is being recorded as a contra entry to “Other operating income (expenses), net” in profit or loss and the Company expects to offset the total credits within 12 months.
- (c) IRPJ is comprised of negative balance and monthly estimate for offset in the amount of R\$16,395 and withholding income tax on short-term investments of R\$26,561.

10. LeasesRight-of-use lease assets

As at December 31, 2024, the balances of right-of-use lease assets correspond to forklifts, administrative offices and logistics warehouses.

Variations in right-of-use assets:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Opening balance, net	12,661	29,657	7,963	7,992
Additions	11,797	6,363	9,469	5,221
Depreciation	(7,463)	(7,864)	(5,661)	(5,250)
Write-offs	-	(15,272)	-	-
Exchange gains (losses)	298	(223)	-	-
Closing balance, net	17,293	12,661	11,771	7,963

Balance breakdown:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Total cost	31,983	25,643	21,854	18,514
Accumulated depreciation	(14,690)	(12,982)	(10,083)	(10,551)
Closing balance, net	17,293	12,661	11,771	7,963

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Lease liability

Variations in lease liability:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Opening balance, net	13,312	32,259	8,303	8,428
Additions	11,797	6,363	9,469	5,221
Accrued interest and exchange differences	1,543	1,625	774	301
Write-offs	-	(17,618)	-	-
Principal repayment	(6,895)	(7,586)	(5,511)	(5,346)
Interest payment	(1,543)	(1,731)	(774)	(301)
Closing balance, net	18,214	13,312	12,261	8,303
Current	6,981	5,169	5,101	4,552
Noncurrent	11,233	8,143	7,160	3,751

Below is additional information related to the lease liability maturity schedule and related discount rates:

	At December 31, 2024			
	Consolidated		Parent Company	
	Minimum amounts payable	Average lease terms	Minimum amounts payable	Average lease terms
In 1 year	8,136	9.39%	6,028	9.76%
From 2 to 5 years	9,418	8.79%	7,619	9.66%
From 6 to 10 years old	1,530	3.93%	-	-
Above 10 years old	1,887	3.93%	-	-
Total	20,971	8.28%	13,647	9.70%
(-) Interest to be incurred	(2,757)		(1,386)	
Lease Liability Balance	18,214		12,261	

PIS and COFINS

The Company and its subsidiaries have the potential right to recover PIS and COFINS taxes related to the gross contractual flows of lease liabilities, which, as of December 31, 2024, is R\$1,262 in the Parent Company and R\$1,940 in the Consolidated (As of December 31, 2023, R\$841 in the Parent Company and R\$2,283 in the Consolidated).

11. Investments**11.1. Variations in investments**

As at December 31, 2024, the Company's investments are composed of equity interests in subsidiaries, as well as other investments, as follows:

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	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Investments in subsidiaries	-	-	343,729	115,863
Surplus on business acquisitions (*)	-	-	92,472	100,795
Goodwill on expected future earnings (*)	-	-	245,068	246,795
Unrealized Profits	-	-	(6,684)	-
Other investments (**)	5,849	3,739	5,694	3,613
	5,849	3,739	680,279	467,066

(*) Refer to surplus/goodwill on the acquisitions of Decio and Seventh, Khomp, Renovigi and Allume.

(**) Refer to the amount of the unit in Fundo de Investimento em Participação Sul Inovação, which holds 4.80% and investment in Gruvi Tecnologias S.A., dedicated to software development and licensing activities, acquired in December 2022 which holds 4.99%.

Investments in subsidiaries are broken down as follows:

Investee	Control	Equity interest		Parent Company	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Ascent	Subsidiary	100%	100%	2,218	1,165
Seventh	Subsidiary	100%	100%	12,585	12,334
Décio	Subsidiary	100%	100%	35,924	10,636
Khomp	Subsidiary	75%	75%	48,144	45,069
Renovigi	Subsidiary	100%	100%	241,215	41,798
Allume	Subsidiary	55%	55%	3,701	4,861
Aunady	Subsidiary	100%	-	(58)	-
				343,729	115,863

Variations in investments are shown below:

Investee	12/31/2023	Addition/(Write-off)	Share of profit (loss) of subsidiaries	Exchange gains (losses)	Dividends	12/31/2024
Ascent	1,165	-	800	253	-	2,218
Seventh	12,334	-	8,851	-	(8,600)	12,585
Décio	10,636	20,195	5,093	-	-	35,924
Khomp	45,069	-	4,721	-	(1,646)	48,144
Renovigi (i)	41,798	200,000	(583)	-	-	241,215
Allume	4,861	-	(1,698)	538	-	3,701
Aunady	-	-	(69)	11	-	(58)
Surpluses	100,795	2,708	(11,450)	419	-	92,472
Goodwill	246,795	(2,708)	-	981	-	245,068
Unrealized Profit	-	-	(6,684)	-	-	(6,684)
Other	3,613	2,081	-	-	-	5,694
	467,066	222,276	(1,019)	2,202	(10,246)	680,279

(i) During the year ended December 31, 2024, the Company decided to increase the capital of the Renovigi Investee in the amount of R\$200,000, through the subscription of a total of 137,297,652 new shares, fully paid in local currency by the Company through loans granted in previous years in the amount of R\$56,010 and transfers of funds in 2024 of R\$143,990.

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11.2. Business combination

Acquisition carried out in 2023 – Allume Holding S.A.S

On October 6, 2023, the Company acquired 55% stake in the capital of Allume Holding S.A.S. (“Allume” or “Acquiree”).

Founded in 1997 in Cali, Colombia, Allume operates in the electronic security, networks, communication, building automation and power management segments, offering own and third-party products. The acquiree owns four direct subsidiaries and is one of the leading companies in the Colombian market, recognized for its scope and excellence in the service to local distributors and resellers.

The total transaction amount was US\$3,058, translated at the exchange rate quotation on the acquisition date of R\$5.1918, thus obtaining the consideration amount of R\$15,877, the price being structured as follows:

- (i) US\$1,787 paid in 2023;
- (ii) US\$690 settled in 2024;
- (iii) Earn-out in the amount of US\$107 settled on March 7, 2024, pursuant to the goals established in the agreement entered into among the parties; and
- (iv) Contingent consideration in the amount of US\$474 for possible future inconsistencies, retained for a three-year period, payable at the proportion of 1/3 on annual basis during such period.

Also, the Company received two call options related to the remaining shares of the acquiree’s capital, which can be exercised by the Company over five years as from the transaction closing date, which can be extended for another five years. The options do not result in the Company’s present obligation of acquiring the remaining shares and there is no certainty about the timing the options will be exercised, therefore, no amount was attributed to the call options received.

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The table below shows the identifiable net assets acquired and liabilities assumed for business combination in 2023:

	Allume Consolidated
Cash and cash equivalents	7,146
Trade receivables	12,424
Inventories	34,354
Recoverable taxes	2,670
Property, plant and equipment	994
Other assets	1,147
ASSETS	58,735
Trade payables	15,516
Loans and financing	29,167
Current and deferred taxes	3,123
Taxes, payroll and related taxes	511
Other liabilities	1,619
LIABILITIES	49,936
Net assets and liabilities	8,799
Surplus / deficit (i)	4,924
Goodwill on expected future earnings	8,329
Noncontrolling interest, based on the equity interest	(6,175)
Consideration transferred	15,877

- (i) The Company hired a specialized consulting company to assess and allocate the purchase price, as set forth in technical pronouncement CPC 15 (R1) – Business Combination, equivalent to IFRS 3 – Business Combination. The table below shows the assets and liabilities at fair value:

Surplus / deficit	Amount
Inventories	359
Non-compete clause	246
Customer portfolio	4,319
Additional provisions	(680)
Indemnifying asset	680
	4,924

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12. Property, plant and equipment

	Consolidated								
	Land	Buildings	Facilities and improvements	Machinery, equipment and instruments	Furniture and fixtures	Computers	Other (i)	Projects in progress	Total
Average annual depreciation rate		1%	4% a 10%	9% a 20%	7%	20% a 33%	20% a 33%		
Variations in cost									
Balances as at December 31, 2022	88,909	104,865	59,446	140,216	15,534	38,716	59,272	138,230	645,188
Additions	-	5	3,666	6,575	1,906	5,984	19,472	135,574	173,182
Property, plant and equipment arising from business combination	-	-	-	497	706	869	72	-	2,144
Transfers	-	92,817	7,269	33,941	2,528	6,059	7,173	(145,483)	4,304
Write-offs	-	(8,570)	(2,330)	(4,999)	(311)	(1,800)	(3,979)	(911)	(22,900)
Balances as at December 31, 2023	88,909	189,117	68,051	176,230	20,363	49,828	82,010	127,410	801,918
Additions	-	699	3,116	36,936	6,501	5,711	38,028	49,003	139,994
Property, plant and equipment arising from business combination	-	-	-	(1)	4	30	6	-	39
Transfers	-	110,742	9,743	13,889	1,418	3,184	2,023	(140,999)	-
Write-offs	(252)	(479)	(878)	(6,971)	(746)	(1,270)	(8,599)	(3,353)	(22,548)
Balances as at December 31, 2024	88,657	300,079	80,032	220,083	27,540	57,483	113,468	32,061	919,403
Variations in depreciation									
Balances as at December 31, 2022	-	(19,075)	(15,917)	(65,250)	(6,364)	(17,184)	(28,796)	-	(152,586)
Depreciation	-	(2,555)	(4,526)	(14,344)	(1,702)	(7,848)	(13,188)	-	(44,163)
Property, plant and equipment arising from business combination	-	-	-	(9)	(506)	(628)	(7)	-	(1,150)
Transfers	-	(153)	(14)	624	(271)	(1,090)	(3,400)	-	(4,304)
Write-offs	-	-	712	1,085	186	1,415	2,222	-	5,620
Balances as at December 31, 2023	-	(21,783)	(19,745)	(77,894)	(8,657)	(25,335)	(43,169)	-	(196,583)
Depreciation	-	(2,896)	(3,423)	(13,503)	(1,579)	(8,352)	(18,716)	-	(48,469)
Property, plant and equipment arising from business combination	-	-	-	-	8	1	(1)	-	8
Transfers	-	-	-	(8)	-	8	-	-	-
Write-offs	-	1	830	4,283	563	978	5,220	-	11,875
Balances as at December 31, 2024	-	(24,678)	(22,338)	(87,122)	(9,665)	(32,700)	(56,666)	-	(233,169)
Net depreciation balance									
Balances as at December 31, 2022	88,909	85,790	43,529	74,966	9,170	21,532	30,476	138,230	492,602
Balances as at December 31, 2023	88,909	167,334	48,306	98,336	11,706	24,493	38,841	127,410	605,335
Balances as at December 31, 2024	88,657	275,401	57,694	132,961	17,875	24,783	56,802	32,061	686,234

(i) "Other" is comprised of Company cars, molds and leased assets, among others.

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Notas explicativas às informações anuais

Exercícios findos em 31 de dezembro de 2024 e 2023

(Valores expressos em milhares de Reais, exceto quando indicado de outra forma)

	Parent Company								
	Land	Buildings	Facilities and improvements	Machinery, equipment and instruments	Furniture and fixtures	Computers	Other (i)	Projects in progress	Total
Average annual depreciation rate		1%	4% a 10%	9% a 20%	7%	20% a 33%	20% a 33%		
Variations in cost									
Balances as at December 31, 2022	84,378	97,745	56,970	128,722	13,470	31,536	50,592	135,199	598,612
Additions	-	5	3,024	4,931	1,737	2,906	19,103	133,258	164,964
Transfers	-	92,664	7,241	34,625	2,265	4,909	3,780	(145,484)	-
Write-offs	-	(8,571)	(282)	(4,905)	(157)	(1,527)	(2,704)	(912)	(19,058)
Balances as at December 31, 2023	84,378	181,843	66,953	163,373	17,315	37,824	70,771	122,061	744,518
Additions	-	699	2,917	34,169	6,158	5,109	37,052	45,370	131,474
Transfers	-	110,742	9,698	8,665	1,418	3,183	2,023	(135,729)	-
Write-offs	-	(479)	(863)	(6,084)	(673)	(898)	(7,916)	(3,282)	(20,195)
Balances as at December 31, 2024	84,378	292,805	78,705	200,123	24,218	45,218	101,930	28,420	855,797
Variations in depreciation									
Balances as at December 31, 2022	-	(18,476)	(15,718)	(60,932)	(5,850)	(15,131)	(24,810)	-	(140,917)
Depreciation	-	(2,298)	(4,054)	(13,223)	(1,418)	(5,791)	(11,269)	-	(38,053)
Transfers	-	-	8	-	(8)	-	-	-	-
Write-offs	-	-	278	1,071	116	1,110	1,408	-	3,983
Balances as at December 31, 2023	-	(20,774)	(19,486)	(73,084)	(7,160)	(19,812)	(34,671)	-	(174,987)
Depreciation	-	(2,639)	(3,279)	(11,894)	(1,078)	(6,606)	(17,570)	-	(43,066)
Transfers	-	-	-	(8)	-	8	-	-	-
Write-offs	-	1	829	4,212	502	784	4,835	-	11,163
Balances as at December 31, 2024	-	(23,412)	(21,936)	(80,774)	(7,736)	(25,626)	(47,406)	-	(206,890)
Net depreciation balance									
Balances as at December 31, 2022	84,378	79,269	41,252	67,790	7,620	16,405	25,782	135,199	457,695
Balances as at December 31, 2023	84,378	161,069	47,467	90,289	10,155	18,012	36,100	122,061	569,531
Balances as at December 31, 2024	84,378	269,393	56,769	119,349	16,482	19,592	54,524	28,420	648,907

(i) "Other" is comprised of Company cars, molds and leased assets, among others.

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In relation to interest capitalization, attributed to borrowing costs arising from the acquisition, construction or production of assets, in the year ended December 31, 2024, interest was capitalized in the amount of R\$293 (R\$1,337 in 2023). Certain property, plant and equipment items are pledged as collateral for financing and tax payment transactions (note 15).

Construction in progress refers to improvements at the Company's industrial and information technology areas.

Management tested its property, plant and equipment items for impairment in the year ended December 31, 2024, and did not identify any indications of the need to recognize an allowance for impairment losses on these assets.

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13. Intangible assets

	Consolidated						
	Goodwill	Non-compete agreement	Trademarks and patents	Projects in progress	Customer relationship	Software	Total
Average annual amortization rate		20%	7% to 13%		7%	20%	
Variations in cost							
Balances as at December 31, 2022	268,634	28,095	67,944	56,316	99,807	64,777	585,573
Additions	-	-	-	27,897	-	14,846	42,743
Intangible assets arising from business combination	-	-	-	-	-	667	667
Acquisition of subsidiary	11,038	-	-	-	-	-	11,038
Exchange gains (losses)	489	-	-	-	-	-	489
Write-offs	-	-	(4)	(1,974)	-	(770)	(2,748)
Transfers	-	-	-	(26,130)	-	26,130	-
Balances as at December 31, 2023	280,161	28,095	67,940	56,109	99,807	105,650	637,762
Additions	-	-	-	50,921	-	33,589	84,510
Acquisition of subsidiary	(2,708)	246	-	-	4,319	-	1,857
Exchange gains (losses)	981	-	-	-	763	86	1,830
Write-offs	-	-	(4)	(960)	-	(385)	(1,349)
Transfers	-	-	-	(38,831)	-	38,831	-
Balances as at December 31, 2024	278,434	28,341	67,936	67,239	104,889	177,771	724,610
Variations in amortization							
Balances as at December 31, 2022	-	(3,744)	(1,991)	-	(22,714)	(42,173)	(70,622)
Amortization in the year	-	(5,585)	(2,987)	-	(6,093)	(12,548)	(27,213)
Intangible assets arising from business combination	-	-	-	-	-	(386)	(386)
Write-offs	-	-	-	-	-	15	15
Balances as at December 31, 2023	-	(9,329)	(4,978)	-	(28,807)	(55,092)	(98,206)
Amortization in the year	-	(5,647)	(2,987)	-	(6,492)	(26,776)	(41,902)
Exchange gains (losses)	-	-	-	-	-	7	7
Write-offs	-	-	-	-	-	300	300
Balances as at December 31, 2024	-	(14,976)	(7,965)	-	(35,299)	(81,561)	(139,801)
Net amortization balance							
Balances as at December 31, 2022	268,634	24,351	65,953	56,316	77,093	22,604	514,951
Balances as at December 31, 2023	280,161	18,766	62,962	56,109	71,000	50,558	539,556
Balances as at December 31, 2024	278,434	13,365	59,971	67,239	69,590	96,210	584,809

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	Parent Company			
	Goodwill	Projects in progress	Software	Total
Average annual amortization rate			20%	
<u>Variations in cost</u>				
Balances as at December 31, 2022	33,366	55,431	53,650	142,447
Additions	-	26,408	14,404	40,812
Write-offs	-	(1,183)	(770)	(1,953)
Transfers	-	(26,130)	26,130	-
Balances as at December 31, 2023	33,366	54,526	93,414	181,306
Additions	-	49,513	27,263	76,776
Write-offs	-	(961)	(174)	(1,135)
Transfers	-	(37,854)	37,854	-
Balances as at December 31, 2024	33,366	65,224	158,357	256,947
<u>Variations in amortization</u>				
Balances as at December 31, 2022	-	-	(36,702)	(36,702)
Amortization in the year	-	-	(10,346)	(10,346)
Write-offs	-	-	15	15
Balances as at December 31, 2023	-	-	(47,033)	(47,033)
Amortization in the year	-	-	(24,476)	(24,476)
Write-offs	-	-	147	147
Balances as at December 31, 2024	-	-	(71,362)	(71,362)
<u>Net amortization balance</u>				
Balances as at December 31, 2022	33,366	55,431	16,948	105,745
Balances as at December 31, 2023	33,366	54,526	46,381	134,273
Balances as at December 31, 2024	33,366	65,224	86,995	185,585

Assets with finite useful lives

On an annual basis, the Company assesses whether there is evidence that the recoverable amount of intangible assets with finite useful lives might be impaired in relation to the carrying amounts. When such evidence is identified detailed impairment tests are conducted for this category of assets. The analyses conducted by Management did not identify any indicators or factors indicating that the carrying amounts might not be recoverable at the balance sheet dates.

Assets with indefinite useful lives

The Company's assets with indefinite useful lives are comprised of goodwill paid on business combinations. These assets are annually tested for impairment, regardless of indicators of existing risks or not. In the year ended December 31, 2024, no assets recorded at an amount higher than their recoverable amount were identified.

The goodwill disclosed above is based on expected future earnings, supported by valuation reports, after allocation of the assets identified. Goodwill maintained by the Company is summarized below:

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Business acquired	Type of acquisition	Segment	12/31/2024	12/31/2023
Maxcom do Brasil Ltda.	Merged	Security	1,348	1,348
Engesul Produtos Eletrônicos	Merged	Security	11,610	11,610
Automatiza Ind. Com. de Equip. Eletrônico Ltda.	Merged	Security	20,408	20,408
Seventh Ltda. e Prediotech (Incorporada por Seventh)	Subsidiary	Security	22,986	22,986
Décio Indústria Metalúrgica Ltda.	Subsidiary	ICT	1,788	1,788
Khomp Indústria e Comércio Ltda.	Subsidiary	ICT	30,724	30,724
Renovigi Energia Solar Ltda.	Subsidiary	Energy	179,770	179,770
Allume Holding S.A.S.	Subsidiary	Security	9,800	11,527
			278,434	280,161

During the year ended December 31, 2024, the Company tested goodwill of each one of its groups of Cash-Generating Units (CGUs) for impairment. The CGUs are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and goodwill must be allocated to the CGUs, or groups of CGUs, for which economic benefits arising from business combination synergies are expected to be generated. Based on the foregoing and the Company's assessment, the operating segments represent the smallest identifiable group to which goodwill must be allocated.

Tests were conducted based on the discounted cash flow method, in order to determine the value in use for each of the CGUs to which goodwill is allocated. Based on the tests conducted for the years ended December 31, 2024 and 2023, Management concluded that the amount of these assets will be recovered at an amount higher than the carrying amount at the balance sheet date, not being necessary therefore to record an allowance for impairment loss for the goodwill recorded.

Cash projections were made for a five-year horizon and subsequently perpetuated. The first year of the projected flow is in accordance with Management's detailed budget for each CGU. Growth assumptions were adopted for the next four years based on Management's business guidelines and perpetuity was prepared using a growth rate of 3.56% (3.50% in 2023).

Projections are discounted at the weighted average cost of capital ("WACC"). The post-tax discount rate applied on cash flow projections ranges is 12.49% p.a. in 2024 (12.08% p.a. in 2023).

In addition to the impairment test mentioned above, the Company prepared a sensitivity analysis considering the variations in pretax profit and finance income (costs) and the nominal discount rate by 1 percentage point, which did not result in the need to recognize an allowance for impairment loss.

Research costs

Research and development costs incurred by the Company are earmarked for several electronic products. The research and development costs that are not eligible for capitalization, in the amount of R\$159.452 during the year ended December 31, 2024 (R\$142.527 as at December 31, 2023) were recognized as expenses in the year in "Other operating income (expenses), net".

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14. Trade payables

Inputs for the Company's production are acquired in higher volume through the import from foreign suppliers, accounting for around 88% of the outstanding balance as at December 31, 2024.

a) Breakdown of trade payables

Trade payables are broken down as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Trade payables				
Domestic market	116,553	109,330	116,431	114,742
Foreign market	777,674	602,329	639,912	570,122
	894,227	711,659	756,343	684,864
Present value adjustment (PVA) (i)	(15,027)	(13,598)	(14,455)	(13,555)
	879,200	698,061	741,888	671,309

- (i) Present value adjustment is carried out based on the average rate adopted by financial institutions that offer forfeit services to the Company's suppliers. As at December 31, 2024, the discount rate used is 6.41% p.a. (6.90% p.a. as at December 31, 2023) for foreign trade payables and 11.42% p.a. (12.22% p.a. as at December 31, 2023) for domestic trade payables.

b) Trade payables - payor risk

The Company enters into agreements ("payor risk" or "forfeiting") with certain financial institutions for the financing of its supply chain. As agreed with the institutions, the Company's suppliers may elect to receive payment for their invoices in advance through the financial agent. Under the agreement, the financial institution agrees to pay the amounts due to a supplier in advance and receives the payment for the trade note by the Company on a subsequent date. The main purpose of this program is to facilitate payment processing and allow willing suppliers to sell their receivables due by the Company to a bank before the maturity date. Agreements are subject to specific limits and terms as conditions.

During the implementation of this transaction, there is no change in the conditions originally agreed between the Company and its suppliers (term or amount of the balances payable) that opted for receiving the securities in advance from the financial institutions. Also, the Company is not subject to additional interest on the amounts due to suppliers or any *covenants* on the transaction. Accordingly, in Management's opinion, the agreements do not significantly extend the payment conditions beyond the normal terms agreed with other suppliers that do not anticipate their receivables.

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Trade payables - payor risk are broken down as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Trade payables - payor risk				
Domestic market	16,715	5,726	15,989	5,726
Foreign market	329,321	176,394	316,546	176,379
	346,036	182,120	332,535	182,105
Present value adjustment (PVA) (i)	(5,630)	(3,057)	(5,510)	(3,042)
	340,406	179,063	327,025	179,063

- (i) Present value adjustment is carried out based on the average rate adopted by financial institutions that offer forfait services to the Company's suppliers. As at December 31, 2024, the discount rate used is 6.41% p.a. (6.90% p.a. as at December 31, 2023) for foreign trade payables and 11.42% p.a. (12.22% p.a. as at December 31, 2023) for domestic trade payables.

The Company did not modify the liabilities to which the agreement applies, as there was no legal write-off and the original liability was not substantially modified when the supplier accepted the agreement. The amounts advanced by the suppliers continue to be recorded by the Company as "Trade payables", as the nature and function of the financial liability continue the same as other payables.

Payments made to the bank at the original maturity of the receivables are included in cash flows from operating activities as they continue to be part of the Company's operating cycle and their main nature continues to be payables for acquisition of inputs.

c) Due to related parties

The amounts related to intercompany transactions were excluded from the consolidated balance. Due to related and third parties are broken down as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Related parties				
Domestic suppliers	-	-	10,283	13,497
Foreign suppliers	505,846	220,453	478,466	220,453
Total due to related parties (note 32)	505,846	220,453	488,749	233,950
Unrelated	713,760	656,671	580,164	616,422
Total trade payables	1,219,606	877,124	1,068,913	850,372

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15. Borrowings and financing

This note provides information on the contractual terms of interest-bearing borrowings, which are measured at amortized cost. Note 25 provides more information on the group's exposure to interest rate, foreign currency, and liquidity risks.

				Consolidated		Parent Company	
Financing / Creditors	Index	Interest	Maturity	12/31/2024	12/31/2023	12/31/2024	12/31/2023
In local currency							
BNDES	IPCA/SELIC/TR	1.55% a 3.54% p.a.	mar/34	250,542	225,965	250,542	225,965
FINEP	TR	3% p.a.	jun/29	147,759	146,989	147,759	146,989
Debentures	CDI	1.5% p.a.	oct/29	509,902	509,763	509,902	509,762
Working capital	CDI	4.78% p.a.	jun/25	523	5,744	-	-
In foreign currency							
Working capital	IBR	1.77% to 3.00% p.a.	oct/27	14,790	25,554	-	-
				923,516	914,015	908,203	882,716
Current				211,119	120,483	202,663	95,581
Noncurrent				712.397	793.532	705.540	787.135

Collaterals

The following assets and financial instruments were pledged as collateral for the financing as at December 31, 2024 (consolidated):

Property, plant and equipment	80,128
Letter of guarantee	156,403
	236,531

The total cost of contracting the letters of guarantee effective as at December 31, 2024 was 0.33% p.a. (0.50% p.a. as at December 31, 2023), recorded in "Other receivables" and allocated to profit or loss on accrual basis according to its validity as "Finance costs". The Company recognized in the year the total amount of R\$750 (R\$1,404 as at December 31, 2023) relating to the finance costs for contracting such collateral.

Variations in borrowings and financing are as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Opening balance	914,015	1,065,215	882,716	925,821
Balance arising from subsidiary acquisition	-	29,167	-	-
Borrowings	131,609	29,350	94,792	27,000
Interest and exchange rate differences	87,837	100,119	82,344	96,221
Repayment of principal	(131,320)	(219,398)	(75,754)	(79,984)
Interest payment	(78,625)	(90,438)	(75,895)	(86,342)
Closing balance	923,516	914,015	908,203	882,716

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The terms and conditions of outstanding borrowings are as follows:

a) BNDES - Investment Support Program

Funds released by the BNDES for investments in product research, development and innovation. After confirmation of the investment of funds, the BNDES grants to the Company a borrowing equivalent to up to 80% of the funds invested. Payments are made on a monthly basis and, during the grace period, interest is paid on a quarterly basis. Principal is repaid as detailed below:

PSI – Innovation 2023: The debt principal will be paid in 96 monthly and consecutive installments, the first maturing on April 15, 2026, and the last on March 15, 2034.

PSI – Innovation 2021: The debt principal will be paid in 96 monthly and consecutive installments, the first maturing on January 15, 2024, and the last on December 15, 2031.

PSI - Innovation 2018: The debt principal will be repaid in 87 monthly and consecutive installments, the first maturing on April 15, 2020, and the last on August 15, 2027.

b) Finep - Financing Agency for Studies and Projects

The Reimbursable Financing line means providing support to the Innovation Strategic Investment Plans of Brazilian companies offered by the FINEP. The purpose of the financing is to partially bear the expenses incurred with the preparation and implementation of the “Intelbras program of integrated communication and technology update for the company’s internationalization” project. The agreement has a 36-month grace period. The debt principal will be repaid in 85 monthly and consecutive installments, the first maturing on June 15, 2023, and the last on June 15, 2029.

c) Debentures

On October 21, 2023 (Issuance Date), with settlement on October 27, 2023, the Company carried out the 3rd issuance of simple, non-convertible, unsecured debentures simples, pursuant to CVM Instruction No. 476, of January 16, 2009 (currently governed by CVM Resolution 160, of July 14, 2023), as amended, and other applicable legal and regulatory provisions, in a single series, for public distribution, with restricted distribution efforts for raising of R\$500 million.

500,000 debentures were issued, with unit par value of R\$1 each on the issuance date. The proceeds will be allocated as follows: (a) 50% to the reimbursement of expenses incurred, under the Company’s “Investment Plan from 2020 to 2022” and related to items financed for the expansion of the production capacity, organizational improvements and acquisition of materials; and (b) 50% for the Company’s cash strengthening.

The payment period of the debentures will be seven years from the Issuance Date, thus maturing on October 21, 2029 (Maturity Date). The first payment of the balance of the Unit Par Value will be made on April 21, 2025, and subsequently, semiannual repayments will be made up to the Maturity Date. Compensatory interest on the debentures is 100% of the CDI + 1.5% p.a., paid on the 21st day every April and October, starting on April 21, 2024 up to the last payment on the Maturity Date.

Transaction costs related to the issuance totaled R\$2,653 thousand and will be recorded during the debentures term.

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d) Working capital

Subsidiary Renovigi has working capital loans in the amount of R\$523 with no short-term investments pledged as collateral.

As at December 31, 2024, acquiree Allume has working capital loans in the amount of R\$14,790 with no short-term investments pledged as collateral.

e) Covenants

Agreements entered into with the BNDES have covenants related to debt-to-asset (<75%) and net debt-to-EBITDA (= <2.5) ratios ("covenants").

Debentures issued on October 21, 2022, with settlement on October 27, 2022, require the maintenance of financial ratios (covenants), annually determined based on the Company's consolidated and audited financial statements, based on the divisions quotients below:

(a) ratio between the Company's Net Debt / EBITDA must be equal to or lower than 2.50x; and

(b) ratio between the Company's Net Debt / Total Assets must be equal to or lower than 0.17x.

In relation to the borrowing and financing agreements of subsidiary Renovigi Energia Solar Ltda., in addition to the events of noncompliance with the agreement, there are the following accelerated maturity clauses relating to: Transfer of shareholding control, corporate restructuring and bank domicile transfer. If the direct or indirect shareholding control of the customer or its guarantor is changed or transferred, and if the customer or its guarantor is subject to merger, consolidation or spin-off. This clause was reviewed with the financial institutions and consider effects only after the subsidiary's acquisition by the Company. The agreements also include other accelerated maturity clauses, which are usual for this type of transaction.

As at December 31, 2024, the Company and its subsidiaries fully met all covenants related to borrowings and financing.

The long-term borrowing and financing payment schedule is as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
2025	-	165,345	-	159,770
2026	178,227	160,592	173,641	159,770
2027	171,570	154,413	169,299	154,413
2028	158,709	143,700	158,709	143,700
2029 to 2031	203,891	169,482	203,891	169,482
	712,397	793,532	705,540	787,135

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16. Payroll, related taxes and profit sharing

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Payroll	18,214	15,444	16,254	13,666
Related taxes	15,125	13,813	13,368	12,055
Accrued vacation pay and related taxes	50,755	46,916	44,922	40,989
Profit sharing	36,364	35,772	34,308	34,510
Other	1,330	503	1,085	365
	121,788	112,448	109,937	101,585

17. Provision for tax, labor and civil risks

The Company is a party to lawsuits and administrative proceedings, at different levels, related to tax, civil and labor matters, arising in the ordinary course of business. Based on the opinion of its legal counsel, the Company's Management recognizes a provision to cover probable losses that may arise from unfavorable outcomes of these lawsuits (assessed as risk of probable loss). At the end of the reporting periods, the Company recognized the following liabilities and escrow deposits related to these lawsuits.

a. Breakdown of the provision for tax, labor and civil risks:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Labor	3,078	4,460	2,912	3,860
Civil	5,883	5,436	1,719	1,116
Tax	11,735	11,665	10,539	11,206
	20,696	21,561	15,170	16,182
Current	1,767	1,329	1,677	1,071
Noncurrent	18,929	20,232	13,493	15,111

Variations in the provision

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Balance at the beginning of the year	21,561	20,585	16,182	15,951
Balance arising from subsidiary acquisition	680	-	-	-
Increase of provision	3,522	4,374	3,321	3,476
Reversal/write-offs of provision	(5,067)	(3,398)	(4,333)	(3,245)
Balance at the end of the year	20,696	21,561	15,170	16,182

Labor

Related to lawsuits filed by the former employees of the Company and service providers. The main

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discussion is related to the recognition of employment relationship, payment of vacation, remunerated weekly rest on commissions and wage differences.

Civil

Related to lawsuits discussing general matters of collection, indemnities and execution nature, as well as lawsuits discussing matters of commercial nature, relating to consumers' complaints about the products provided by the Company. No civil lawsuit was considered individually relevant.

Tax

The main tax discussions are related to lawsuits on the Tax Classification of Goods (NCM) of imported parts and pieces for manufacturing, according to the production process defined. The tax authorities understand that this must be classified as finished good. The lawsuit is pending judgment of the voluntary appeal by the CARF.

Possible losses, not provided for in the balance sheet

The lawsuits whose likelihood of loss is assessed as possible are of labor, civil and tax nature, and the main labor lawsuits are as follows:

- Tax assessment notice challenging the tax classification of the import of LCD displays;
- Tax assessment notice challenging the PIS and COFINS levied on the ICMS deemed credit;
- Tax assessment notice requiring the reversal of IPI credits on the sale of goods imported to the Manaus Free Trade Zone and Western Amazon.

The main tax lawsuit is related to the:

- Litigation involving the provision of services and supply of materials.

There is no individually relevant labor lawsuit.

The respective amounts are as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Labor	10,203	9,097	9,568	8,916
Civil	6,498	14,451	4,754	11,239
Tax	52,472	52,704	41,571	51,993
	69,173	76,252	55,893	72,148

b. Breakdown of assets recognized:

The Company has the following assets whose probability of favorable outcome is considered virtually certain by the legal counsel due to final and unappealable decision recorded in "Other receivables".

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	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Civil	59	122	27	104
Tax	50	4,126	49	4,126
	109	4,248	76	4,230

Civil

Related to collection, indemnity and execution lawsuits with decisions favorable to the Company or settlement agreements.

Tax

The main tax lawsuits are related to the reimbursement of costs, loss of the other party and recognition of rights relating to tax payment/refund.

Contingent assets

The contingent assets assessed as possible favorable outcome by the Company's legal counsel amount to R\$156,520 as at December 31, 2024 (R\$124,631 as at December 31, 2023) which were not accounted for by the Company. These lawsuits are of labor, civil and tax nature. The main matters include:

- Writ of security filed to ensure the Company's right to the limit of 20 minimum wages of the tax basis of contributions to third parties ("S" system);
- Writ of security filed to ensure the regulatory non-levy of TJLP-1999 for calculation of interest on capital, as the levy is a violation of the principles of unconstitutionality and illegality, and a violation of the principle of contribution capacity and non-seizure. A recent court ruling judged the claims valid, declaring the plaintiff's right to calculate interest on capital for 2022 onwards, based on the long-term interest rate (TLP).
- The Company challenges the collection of amounts relating to the distributor relationship, due to the supply of Intelbras products. The lawsuit recognized, in a counterclaim, Intelbras' right to have the debt under the debt acknowledgment agreement entered into among the parties satisfied;
- Writ of security filed to ensure the Company's right to deduct the ICMS from the PIS/COFINS tax basis, considering the economic effect of the gross-up calculation methodology.
- Enforcement of decision on collection action that sentenced the distributor to pay the outstanding invoices.

The respective amounts are as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Civil	34,248	24,790	30,228	23,337
Tax	122,272	99,841	109,923	93,093
	156,520	124,631	140,151	116,430

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c. Breakdown of escrow deposits:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Labor	2,869	3,572	2,655	3,364
Tax	2,251	2,182	2,252	2,182
	5,120	5,754	4,907	5,546

18. Provision for warranties

The Company offers warranties for its products due to manufacturing defects, which repair is guaranteed through the authorized dealers, express change or repair of products. In order to cover these costs, the Company recognizes a provision when the products are sold, based on historical warranty data and a weighting of all disbursement probabilities.

During the year ended December 31, 2024, expenses relating to the provision for warranties, net between additions and reversals, were recognized in the addition amount of R\$8,180 (reversals of R\$12,052 as at December 31, 2023) in consolidated and additions of R\$4,955 (reversals of R\$1,087 as at December 31, 2023) in Parent Company.

19. Payables for acquisition of businesses

The Company recognizes payables for acquisition of interest in subsidiaries. The obligations are divided between “Payables for acquisition of businesses” (amortized cost), in the amount of R\$12,791 monthly adjusted by the CDI rate fluctuation and “Payables for purchase of shares” (fair value through profit or loss), in the amount of R\$13,305 adjusted by the projected attainment of the growth target of the Ebitda nominal amount of the acquirees (Khomp). The balances and variations are as follows:

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	Décio Metalúrgica Ltda.	Seventh Ltda.	Khomp Indústria e Com. Ltda.	Renovigi Energia Solar Ltda.	Allume S.A. S.	Total
Balances as at December 31, 2022	700	2,721	24,319	176,058	-	203,798
Interest	-	254	1,128	12,995	-	14,377
Fair value adjustment to call options	-	-	(99)	-	-	(99)
New agreements	-	-	-	-	15,877	15,877
Exchange gains (losses)	-	-	-	-	(1,187)	(1,187)
Payment of interest	-	-	-	(9,821)	-	(9,821)
Principal repayment	(700)	(1,440)	-	(113,198)	(9,131)	(124,469)
Write-off of financial liabilities (i)	-	-	-	(63,933)	-	(63,933)
Balances as at December 31, 2023	-	1,535	25,348	2,101	5,559	34,543
Interest	-	77	1,061	-	-	1,138
Fair value adjustment to call options	-	-	(2,272)	-	-	(2,272)
Exchange gains (losses)	-	-	-	-	1,420	1,420
Payment of interest	-	-	-	(466)	-	(466)
Principal repayment	-	(1,612)	-	(1,635)	(5,020)	(8,267)
Balances as at December 31, 2024	-	-	24,137	-	1,959	26,096
Balances as at December 31, 2023						
Current	-	1,535	-	2,101	4,070	7,706
Noncurrent	-	-	25,348	-	1,489	26,837
Balances as at December 31, 2024						
Current	-	-	-	-	979	979
Noncurrent	-	-	24,137	-	980	25,117

- (i). On November 21, 2023, the Company entered into a Transaction Instrument and Other Covenants with the former shareholders of subsidiary Renovigi. As agreed among the parties, it was established that the amounts pending payment as regards the acquisition would be offset against the amounts of all contingencies subject to present and future losses, such as judicial claims and defective products, in the subsidiary. The revenue of R\$63,933 arising from the write-off of this financial liability was recorded in “Other operating (income) expenses, net” in the Company’s profit or loss.

20. Other payables

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Advances from customers	65,886	68,027	61,779	54,481
Advanced revenue	7,277	20,342	-	15,670
Business agreements	9,150	10,008	9,150	10,008
ILP plan (note 32)	4,698	3,877	4,698	3,877
Accrued operating expenses	28,372	32,507	25,186	30,761
Other payables	14,688	17,802	11,670	17,680
	130,071	152,563	112,483	132,477
Current	115,669	136,327	98,086	116,241
Noncurrent	14,402	16,236	14,397	16,236

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21. Equity

a. Capital

As at December 31, 2024 and 2023, capital was R\$1,700,000, represented by 327,611,110 common shares.

On April 18, 2024, the Company's Management, at the Ordinary and Extraordinary General Meeting, approved the capital increase in the amount of R\$625,500, using the balances of the earnings reserves, as follows: (i) R\$281,307 of funds from the tax incentive reserve; (ii) R\$344,193 from the investment reserve.

b. Share issuance costs

Share issuance costs refer to transaction costs such as: expense on the preparation of the offering prospectus and reports; third-party professional service compensation; expenses on advertising; fees and commissions; transfer costs; and registration costs. These costs were recorded net of the effects of income tax and social contribution.

c. Earnings reserves

(i) *Legal reserve*

Calculated at 5% of profit for the year, as provided for in Article 193 of Law 6,404/76, up to the limit of 20% of capital.

(ii) *Tax incentives*

As mentioned in note 21.a, on April 18, 2024, the amounts related to tax incentives granted to the Company by the states of Santa Catarina, Minas Gerais and Amazonas were used to increase capital.

As at December 31, 2024, the amount refers to the IRPJ reduction relating to the incentive from the area of operation of the Amazon Development Authority (SUDAM), allocated to the tax incentive reserve in 2024.

(iii) *Investment reserve*

Recognized for strengthening working capital and enabling investments and the performance of the Company's and its subsidiaries' activities. Also, there is the possibility of using this reserve for capital increase.

On April, 18, 2023, the Company's Management, at the Ordinary and Extraordinary General Meeting, approved the increase of the investment reserve limit from R\$500,000 to R\$1,500,000.

(iv) *Retained earnings*

Refers to the retention of earnings after Bylaws Reserves and Mandatory Minimum Dividends. After the increase of the investment reserve limit on April 18, 2023, the amount relating to retained

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earnings for prior years was transferred to this reserve and the balance of retained earnings amounted to zero.

d. Share Buyback

On September 27, 2024, the Board of Directors approved the opening of a Share Buyback Program for repurchase of the Company's common shares. The program authorizes acquisitions limited to 400,000 common shares within a maximum term of 18 months, from September 30, 2024 to March 30, 2026.

During the fiscal year ended December 31, 2024, the Company repurchased 46,730 common shares, at an average cost of R\$15.69 per share.

e. Valuation adjustments to equity

In 2010 the Company elected to adopt the deemed cost for the main property, plant and equipment items.

In April 2021, as part of the shareholders' agreement entered into among the Company and the noncontrolling shareholders of Khomp Indústria e Comércio Ltda. (Acquiree), a put option and a call option were issued, which may give rise to the acquisition by the Company of the remaining shares. The put option held by the noncontrolling shareholders was recognized in noncurrent liabilities with an effect online item "Valuation adjustment to equity" at the amount of R\$25,896.

f. Cumulative translation adjustments

Comprise foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

g. Payment to shareholders

On February 28, 2024, the Board of Directors approved the payment of dividends additional to mandatory minimum dividends related to profit for the year ended December 31, 2023 in the amount of R\$58,558. The amounts were fully paid on March 15, 2024, together with the amount of R\$45,702 as interest on capital approved on December 20, 2023.

On March 19, 2024, the Board of Directors approved the payment of interest on capital at the gross amount of R\$40,357, settled on August 15, 2024.

On July 26, 2024, the Company's Board of Directors approved the payment of interim dividends in the total amount of R\$60,898, based on profit determined during the six-month period ended June 30, 2024. Payment to shareholders was made on August 15, 2024, with no compensation as inflation adjustment.

The table below shows the variations in interest on capital/dividends for distribution during the year ended December 31, 2024:

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Consolidated	
Dividend calculation	
Balance at the beginning of the period	45,702
(+) Dividends approved	119,456
(+) Minimum mandatory dividends	29,505
(-) Dividends paid	(119,456)
(+) Interest on capital approved	40,357
(-) IRRF on interest on capital approved	(5,137)
(-) Interest on capital paid	(80,922)
Balance at the end of the period	29,505

h. Noncontrolling interests

Refers to the third-party interest, corresponding to 25%, held in the capital of subsidiary Khomp Indústria e Comércio Ltda. and 45% of subsidiary Allume Holding S.A.S., plus surplus arising on the business combinations.

22. Earnings (loss) per share

The purpose of the calculation of earnings (loss) per share is to allow performance comparisons between different companies in the same period, as well as for the same company in different periods.

	12/31/2024	12/31/2023
Numerator:		
Profit for the year attributable to the Company owners	528,934	544,231
Denominator:		
Weighted average number of common shares	327,607,049	327,611,110
Denominator:		
Denominator for basic and diluted earnings (loss) per share	327,607,049	327,611,110
Basic and diluted earnings per share (in Brazilian reais - R\$)		
Basic and diluted earnings per common share	1.61	1.66

There are no equity instruments with capital dilutive effect as at December 31, 2024.

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23. Tax incentives

	Maturity date	Consolidated		Parent Company	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Financial credit - Law No. 13,969/2019 (i)	12/31/2029	138,126	121,005	136,545	119,248
ICMS - State of Amazonas (ii)	12/31/2032	183,067	171,182	183,067	171,182
ICMS - State of Santa Catarina (iii)	12/31/2032	153,837	106,046	148,375	100,854
ICMS - State of Minas Gerais	12/31/2032	30,772	28,820	30,772	28,820
ICMS - State of Pernambuco	12/31/2032	8,854	7,645	8,854	7,645
		514,656	434,698	507,613	427,749

- (i) Law 13,969/2019 changed the tax incentive regime implemented by Law No. 8,248/1991, usually known as “IT Law”. Currently called as Information Technology and Communication Companies Law (“ITC Law”), such law authorized eligible companies to utilize a financial credit in replacement of the IPI tax decrease, as set forth in the former law. The financial credit will be converted into federal credits, obtained through a multiplier on the investments in Research, Development and Innovation (RD&I) performed by the IT-related good companies, corresponding to 4% of its gross revenue in the domestic market, arising from the sale of IT goods and services, subject to tax relief as prescribed by this Law. The amount of this benefit is recorded in line item “Other operating income (expenses), net” in the statement of income.
- (ii) Law No. 2,826/2003 allows using the deemed ICMS credit authorized in a Project approved with the State of Amazonas, which lists the goods eligible to tax incentives.
- (iii) ICMS/SC Regulation - Decree No. 2,870/2001, allows the reduction of the ICMS tax basis in domestic transactions involving automation, IT and telecommunication equipment, it being authorized to directly apply the percentage rate of 12% on the full tax basis. This regulation allows using the deemed ICMS credit in transactions involving goods under the Federal IT Law No. 8,248/91, which provides for the qualification and competitiveness of the IT and automation sector.

24. Income tax and social contribution**a. Breakdown of deferred taxes (income tax and social contribution)**

The Company and its subsidiaries have tax credits arising from prior-year tax loss carryforwards, that can be carried forward indefinitely, and from temporary additions and deductions. The tax basis of the deferred taxes is as follows:

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	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
<u>Temporary differences</u>				
Provision for tax, civil and labor risks	15,604	16,995	15,372	16,182
Provision for warranties	78,738	66,055	24,198	19,243
Allowance for obsolete inventories	49,584	61,277	43,913	54,421
Allowance for expected credit losses (*)	16,475	17,796	15,484	16,136
Goodwill (**)	(33,366)	(33,366)	(33,366)	(33,366)
Surplus	(141,600)	(158,357)	-	-
Difference between tax x accounting depreciation (useful life)	(31,067)	(18,226)	(31,067)	(18,226)
Deemed cost and review of the useful life of property, plant and equipment items	(37,533)	(37,768)	(37,533)	(37,768)
Effects of revenue recognition - CPC 47 (IFRS 15)	66,635	29,705	65,792	30,101
Accrued commercial funds	8,757	5,624	8,757	5,624
PVA - trade receivables and trade payables	38,701	41,753	38,753	40,858
Derivative transactions - hedge	(28,915)	(1,214)	(23,845)	(1,784)
Other	28,494	28,385	20,011	26,404
Total temporary differences	30,507	18,659	106,469	117,825
Combined deferred income tax and social contribution rate	34%	34%	34%	34%
Deferred income tax and social contribution on temporary differences	10,372	6,344	36,199	40,061

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	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
<u>Income tax and social contribution loss</u>				
Income tax loss	203,892	166,706	33,437	4,362
Deferred income tax rate	25%	25%	25%	25%
Deferred income tax on income tax loss	50,973	41,677	8,359	1,091
Social contribution loss	245,574	205,759	75,119	43,415
Deferred social contribution rate	9%	9%	9%	9%
Deferred social contribution on social contribution loss	22,102	18,518	6,761	3,907
<u>Deferred taxes</u>				
Deferred income tax	58,600	46,341	34,976	30,547
Deferred social contribution	24,847	20,198	16,343	14,512
Income tax and social contribution at statutory rate	83,447	66,539	51,319	45,059

(*) Part of the amount of the allowance for doubtful debts is comprised of receivables that already fulfill the requirements for deductibility and were considered as deductible.

(**) Goodwill paid upon the acquisition of companies was amortized as from the date the acquirees were merged. Deferred income tax and social contribution were recognized to the extent the tax amortization occurred. Tax goodwill is fully amortized on this date.

Deferred taxes are stated at their net amounts between assets and liabilities, pursuant to CPC 32 (IAS 12) - Income Taxes, when these taxes correspond to the same tax entities and there is an enforceable right of the Company's Management to settle them at their net amount.

The estimated realization of the Company's and its subsidiaries' tax credits, arising from income tax and social contribution losses, are supported by the Company's and its subsidiaries' earnings projections, approved by Management, as follows:

	Consolidated	Parent Company
	12/31/2024	12/31/2024
2025	11,362	6,027
2026	8,162	1,859
2027	9,586	2,553
2028	8,563	707
After 2028	35,402	3,974
	73,075	15,120

The assumptions used in the Company's and its subsidiaries' operating and financial result projections and growth potential were based on Management's expectations regarding the Company's and its subsidiaries' future. Based on these projections, the Company assesses the probability of generation of taxable income in the future against which tax losses can be utilized.

During the year ended December 31, 2024, after assessments, the Company concluded that it continues to be probable that the Parent and its subsidiaries will generate taxable income in the future and, consequently, realize deferred taxes on tax losses.

b. Reconciliation of income tax and social contribution expenses

The reconciliation of income tax and social contribution shown in profit or loss with the amounts calculated at the statutory rate is as follows:

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	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Profit before income tax and social contribution	514,835	516,694	522,674	536,059
Share of profit (loss) of subsidiaries	-	-	1,019	30,701
Interest on capital	(40,357)	(91,395)	(40,357)	(91,395)
Tax incentives	(514,656)	(434,698)	(507,613)	(427,749)
Technological research and innovation - Law No. 11,196/05	(2,186)	(72,480)	-	(69,854)
Allowance for expected credit losses	-	(825)	-	(1,605)
Other	2,432	(2,189)	5,866	(191)
	(39,932)	(84,893)	(18,411)	(24,034)
Combined income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	13,577	28,864	6,260	8,172
Statutory tax rate				
Current	(3,377)	(7,731)	-	(3,438)
Deferred	16,954	36,595	6,260	11,610
Income tax and social contribution at statutory rate	13,577	28,864	6,260	8,172
Effective rate	2.64%	5.59%	1.20%	1.52%

25. Risk and financial instrument management**1. Risk management**

The Company enters into transactions involving financial instruments. These financial instruments are managed through operating strategies and internal controls that aim at ensuring liquidity, profitability and security. Financial instruments are contracted for hedging purposes based on a periodic analysis of the risk exposure that Management has the intention to hedge (exchange rates, interest rates, etc.). The control policy consists of an ongoing monitoring of contracted terms and conditions compared to market terms and conditions.

The amounts of financial assets and liabilities disclosed at the balance sheet date have been determined according to the accounting criteria and policies disclosed in specific notes to the financial information.

As a result of their activities, the Company and its subsidiaries could be exposed to the following financial risks:

- Credit risks;
- Liquidity risks;
- Market risks;
- Interest rate risk;
- Exchange rate risk;
- Operational risks.

(i) Credit risk

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Arises from the possibility of the Company incurring losses as a result of default by its customers or financial institutions that are depositaries of funds or short-term investments.

To mitigate these risks, the Company analyzes the financial position of its customers and manage the credit risk based on a credit rating and granting program and elects to supplement risk management by taking credit insurance. The Company also recognizes an allowance for expected credit loss amounting to R\$45,092 as at December 31, 2024 (R\$39,289 as at December 31, 2023) in the consolidated and R\$40,639 as at December 31, 2024 (R\$35,356 as at December 31, 2023) in the Parent Company, to cover the credit risk.

For short-term investments and deposits at financial institutions, the Company's Management, through its treasury area, monitors market information on its counterparties to identify potential credit risks. The carrying amounts of the main financial assets that represent the maximum exposure to credit risk at the end of the reporting period are as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Checking account	62,407	94,021	46,823	83,073
Short-term investments	825,562	1,209,148	651,291	1,171,894
Securities	10,973	12,687	10,833	11,316
Trade receivables	1,320,917	1,035,585	1,315,713	977,347
	2,219,859	2,351,441	2,024,660	2,243,630

(ii) Liquidity risk

Arises from a possible decrease in the funds used to repay the Company's debts.

Management monitors the ongoing forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operating needs. In addition, the Company maintains balances in highly liquid short-term investments to cover possible mismatches between the maturity date of its contractual obligations and its cash generation.

The Company invests its cash surplus in interest-bearing financial assets (note 5) and chooses instruments with appropriate maturities or sufficient liquidity to create an adequate buffer, according to the forecasts referred to above.

At the balance sheet date, cash equivalents held by the Company are highly liquid and considered as sufficient to manage liquidity risk.

The amortization schedule of the non-derivative financial liabilities in the consolidated according to contractual conditions is shown below. The flow presented was not discounted and includes interest and inflation adjustment at the contractual indices based on the respective projected rates at the balance sheet date, published by the Focus Report of the Central Bank of Brazil:

	12/31/2024			Total
	Up to one year	One to three years	More than 3 years	
Trade payables	894,227	-	-	894,227

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Trade payables - payor risk	346,036	-	-	346,036
Payables for acquisition of businesses	979	26,309	-	27,288
Borrowings and financing	260,802	776,994	321,352	1,359,148
	1,502,044	803,303	321,352	2,626,699

	12/31/2023			Total
	Up to one year	One to three years	More than 3 years	
Trade payables	711,659	-	-	711,659
Trade payables - payor risk	182,120	-	-	182,120
Payables for acquisition of businesses	6,924	27,710	-	34,634
Borrowings and financing	186,723	760,624	526,028	1,473,375
	1,087,426	788,334	526,028	2,401,788

(iii) Market risk

Arises from the possibility of fluctuations in the market prices of the inputs used in the production process, especially in the electric and electronic segment. These price fluctuations may significantly change the Company's costs. To mitigate these risks, the Company manages inventories by setting up the buffer inventories of this raw material.

Additionally, there is the agreement for the purchase of shares mentioned in note 21 (e), which may vary depending on the attainment of certain goals related to the EBITDA of the Acquiree's operations.

As informed in CPC 40 (R1) (IFRS 7) - Financial Instruments: Disclosure, items (iv) and (v) below show the variable market risks and respective sensitivity analyses to which the Company is subject in its operations.

(iv) Interest rate risk

Arises from the possibility of the Company obtaining gains or incurring losses due to fluctuations in interest rates on its financial assets and liabilities. To mitigate this type of risk, the Company seeks to diversify its funding sources and, in certain circumstances, conducts hedging transactions to reduce the finance cost of its operations. As at December 31, 2024, Currency Forward Contracts and swap transactions were contracted to mitigate cash flow risks due to currency fluctuations.

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
<u>Instruments with floating interest rate</u>				
Securities	10,973	12,687	10,833	11,316
Borrowings and financing	(923,516)	(888,461)	(908,203)	(882,716)
Forward contracts	28,815	(3,292)	23,845	(3,213)
Swap transactions	-	(490)	-	-
<u>Instruments with fixed interest rate</u>				
Borrowings and financing	-	(25,554)	-	-

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(v) Exchange rate risk

Arises from possible fluctuations in the exchange rates of the foreign currencies, mainly the US dollar, used by the Company to acquire inputs, sell goods, and contract financial instruments, in addition to other payables and receivables in foreign currencies. The Company constantly assesses the contracting of hedging transactions to mitigate these risks, as shown in note 25.2, thus hedging against fluctuation in exchange rates and not exposing foreign currency-denominated balances in full.

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As at December 31, 2024 and 2023, the consolidated exposure was as follows (in Brazilian reais - R\$):

	12/31/2024					
	Foreign currency					Total
	US dollar – US\$	COP \$	Euro €	Yen ¥	Ren ¥	
Assets						
Cash and cash equivalents	121.062	6.501	23	-	2.912	130.498
Trade receivables	34.024	19.069	-	-	801	53.894
Forward contracts (NDF)	28.815	-	-	-	-	28.815
Liabilities						
Trade payables	(1.017.822)	(2.350)	(253)	(5.499)	(81.071)	(1.106.995)
Loans and financing	-	(14.790)	-	-	-	(14.790)
Net exposure	(833.921)	8.430	(230)	(5.499)	(77.358)	(908.578)

	12/31/2023					
	Foreign currency					Total
	US dollar – US\$	COP \$	Euro €	Yen ¥	Ren ¥	
Assets						
Cash and cash equivalents	69,266	4,677	19	-	1,209	75,171
Trade receivables	14,370	14,864	-	-	19	29,253
Liabilities						
Trade payables	(761,143)	(11,652)	(6)	(5,900)	(22)	(778,723)
Loans and financing	(696)	(24,858)	-	-	-	(25,554)
Forward contracts (NDF)	(3,292)	-	-	-	-	(3,292)
Swap contract	(490)	-	-	-	-	(490)
Net exposure	(681,985)	(16,969)	13	(5,900)	1,206	(703,635)

Management believes that the exposures to the foreign exchange risk are acceptable for its operations.

In order to verify the sensitivity of the exchange rate differences of trade receivables and trade payables in foreign currency to which the Company and its subsidiaries were exposed as at December 31, 2024, five different scenarios were defined with stresses of 5% and 10%, of decrease or increase in relation to the benchmark rate, the expected rate used for the next 12 months. Also, these stresses correspond to the expectation based on the magnitude of the changes in the US dollar rates, the highest balance in foreign currency, for the 12 months prior to the base date.

The respective expense and income on exchange rate differences were calculated for each scenario, considering only the amounts in US dollar, due to their relevance. The portfolio base date used was December 31, 2024. The US dollar quotation used in the projection was R\$5.50.

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	(Expense)/Income				
	Scenario I -10%	Scenario II -5%	Probable scenario	Scenario III +5%	Scenario IV +10%
Cash and cash equivalents	(14,610)	(8,696)	(2,782)	3,132	9,046
Trade receivables	(6,504)	(3,871)	(1,238)	1,394	4,027
Trade payables	123,315	73,398	23,481	(26,435)	(76,352)
Derivative instruments	(3,477)	(2,070)	(662)	745	2,153
	98,724	58,761	18,799	(21,164)	(61,126)

(vi) Operational risk

Operational risk is the risk of incurring direct or indirect losses due to a series of reasons associated to the Company's processes, personnel, technology, and infrastructure, as well as external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements, and generally accepted corporate behavior standards. The operational risks arise from all Company's operations. The Company's objective is to manage the operational risk to avoid any financial losses and damages to the Company's reputation.

Senior Management has the primary responsibility for developing and implementing controls over operational risks.

2. Derivative instruments

The Company does not invest in derivatives or any other risk assets for speculative purposes. The Company's derivative instruments are stated at fair value and summarized as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
<u>Assets</u>				
Forward contracts (NDFs)	28,815	-	23,845	-
	28,815	-	23,845	-
<u>Liabilities</u>				
Payables for purchase of shares	(13,305)	(15,577)	(13,305)	(15,577)
Swap	-	(490)	-	-
Forward contracts (NDFs)	-	(3,292)	-	(3,213)
	(13,305)	(19,359)	(13,305)	(18,790)

NDF transactions

As at December 31, 2024, the Company enters into Currency Forward Contracts totaling US\$77,759 thousand to hedge its future cash flow against currency fluctuations, and the fair value of these contracts is R\$28,815, recorded in current liabilities (R\$3,292 in current assets in 2023). The Currency Forward Contracts have average term of 90 days between the contracting date and the maturity date.

Call option contract

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The Company is a party to a contract of payables for purchase of shares involving an option contract, as described in note 21 (e). The amount is recorded in “Payables for purchase of shares”.

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3. Financial instruments - fair value

Financial assets and liabilities adjusted at current market rates are shown below:

	Consolidated				Classification
	12/31/2024		12/31/2023		
	Carrying amount	Fair value	Carrying amount	Fair value	
Assets					
Cash and cash equivalents	62,407	62,407	94,021	94,021	Amortized cost
Short-term investments	825,562	825,562	1,209,148	1,209,148	Amortized cost
Securities	10,973	10,973	12,687	12,687	Amortized cost
Trade receivables	1,248,917	1,248,917	974,667	974,667	Amortized cost
Forward contract	28,815	28,815	-	-	Fair value through profit or loss
Liabilities					
Trade payables	1,219,606	1,219,606	877,124	877,124	Amortized cost
Borrowings and financing - including charges	923,516	923,516	914,015	914,015	Amortized cost
Other payables - acquisition of subsidiary	12,791	12,791	18,966	18,966	Amortized cost
Payables for purchase of shares	13,305	13,305	15,577	15,577	Fair value through profit or loss
Forward contract	-	-	3,292	3,292	Fair value through profit or loss
Swap contract	-	-	490	490	Fair value through profit or loss

Derivatives are measured according to the mark-to-market calculation at the reporting date.

Fair value measurement recognized in the financial statements

The table below shows an analysis of the financial instruments recognized at fair value, after initial recognition. These financial instruments are classified in levels 1 to 3, based on the level where their fair value is quoted:

- Level 1: fair value measurement derives from quoted prices (unadjusted) in active markets, based on identical assets and liabilities;
- Level 2: fair value measurement derives from other quoted inputs included in Level 1, which are quoted through an asset or liability, either directly (that is, such as prices) or indirectly (that is, derived from prices); and
- Level 3: fair value measurement derives from valuation techniques that include an asset or liability without active market.

At the balance sheet date, Management adopted Level 2 to determine the fair values applicable to the Company's financial instruments, except for the payables for purchase of shares arising from Khomp's acquisition, as mentioned in note 21 (d), for which Level 3 is used.

Criteria, assumptions and limitations used in fair value calculation

The estimated fair values of the Company's and its subsidiaries' financial assets and liabilities were determined as described below. The Company and its subsidiaries maintain a derivative contract (swap) and non-deliverable forward contracts (NDF) as mentioned in this note 25 (ii).

Cash and cash equivalents and short-term investments

The carrying amounts of the balances in checking accounts held at banks approximate their fair values, and we believe that they are measured at fair value based on the probable realizable amount.

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Trade receivables and trade payables

Arise directly from the Company's and its subsidiaries' operations, measured at amortized cost and recorded at their original amounts, less the allowance for losses and present value adjustment, when applicable.

Borrowings and financing - including charges

The fair values of these financing facilities are equivalent to their carrying amounts because they refer to financial instruments at rates that are equivalent to market rates and have exclusive features, arising from specific financing sources for R&D and Projects.

Limitations

The fair values were estimated at the balance sheet date, based on relevant market inputs. Changes in assumptions could significantly affect the estimates.

4. Qualitative and quantitative information on financial instruments

In order to verify the sensitivity to the financial indexes linked to financial investments and loans that the Company and its subsidiaries were exposed to on the base date of December 31, 2024, 05 different scenarios were defined for evaluation.

Based on the balances recorded in the Company's balance sheet as of December 31, 2024, positive and negative variations of 10% and 20% were calculated based on the probable scenario, which correspond to the percentages used by Management in its management analyses. In the likely scenario, the projected average rates are based on market expectations for the financial indicators linked to the rights and obligations evaluated, published by the Focus Bulletin of the Central Bank of Brazil.

In each scenario, the Company calculated the effects on the financial result for the 12-month period from the balance sheet balances on December 31, 2024, without taking into account the incidence of taxes and the scheduled maturity flows for each contract, thus obtaining the values as shown in the table below:

	Consolidated						
	Saldos em 31/12/2024	Average Rate	Probable scenario	Scenario I +10%	Scenario II +20%	Scenario III -10%	Scenario IV -20%
Short-term investments							
Local currency	732,913	14.55%	106,639	117,303	127,967	95,975	85,311
Foreign currency	92,649	4.64%	4,299	4,729	5,159	3,869	3,439
	825,562	13.44%	110,938	122,032	133,126	99,844	88,750
Loans and financing							
Local currency	908,726	11.56%	(105,049)	(115,554)	(126,059)	(94,544)	(84,039)
Foreign currency	14,790	11.58%	(1,713)	(1,884)	(2,056)	(1,542)	(1,370)
	923,516	11.56%	(106,762)	(117,438)	(128,115)	(96,086)	(85,409)
Net effect on the result			4,176	4,594	5,011	3,758	3,341

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5. Capital management

Capital includes common shares and other reserves attributable to controlling shareholders. The main objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and adjusts it taking into account the changes in economic conditions and financial *covenants*. To maintain or adjust its capital structure, the Company can adjust the payment of dividends to shareholders, return capital to them, or issue new shares. The Company monitors capital through the correlation of net debt (or net cash) and equity. The Company's policy is to maintain a net cash position or, in case of net debt, the correlation between 20% and 40%. The Company includes in the net debt interest-bearing borrowings and financing, less cash and cash equivalents.

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Interest-bearing borrowings and financing	923,516	914,015	908,203	882,716
(-) Cash and cash equivalents	(887,969)	(1,303,169)	(698,114)	(1,254,967)
Consolidated net debt	35,547	(389,154)	210,089	(372,251)
Equity	2,966,536	2,623,522	2,941,909	2,600,824
Correlation	1%	(15%)	7%	(14%)

To achieve this overall goal, the Company's capital management aims at, but not limited to, ensuring that it meets the financial commitments associated with borrowings and financing that define the capital structure requirements. Any breach of financial covenants would allow the bank to immediately require the settlement of borrowings and financing. There were no breaches of the financial covenants for any interest-bearing borrowings and financing in the year. No changes were made to the capital management objectives, policies or processes in the reporting periods.

26. Net operating revenue

The table below shows the reconciliation between gross revenue for tax purposes and revenue stated in the statement of income for the year:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Gross operating revenue	6,016,862	5,175,318	5,694,552	4,824,818
Sales taxes	(861,831)	(725,164)	(850,772)	(694,847)
Commercial funds	(132,250)	(131,451)	(132,250)	(131,451)
Sales returns	(266,635)	(215,027)	(248,542)	(206,390)
Net operating revenue	4,756,146	4,103,676	4,462,988	3,792,130

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27. Cost of sales and services

	Consolidado		Controladora	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Cost of sales and services	3,293,517	2,826,669	3,147,351	2,635,830
Raw material and resale	2,878,267	2,483,731	2,760,943	2,325,013
Fixed production costs	370,954	310,092	345,051	282,355
Depreciation and amortization	44,296	32,846	41,357	28,462
	3,293,517	2,826,669	3,147,351	2,635,830

28. Expenses by nature

The Company elected to present the income statement by function. As prescribed by CPC 26 (R1) (IAS 1) - Presentation of Financial Statements, costs and expenses are broken down by nature as follows:

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Expenses by function				
Selling expenses	644,734	560,321	577,892	485,505
General and administrative expenses	259,342	238,140	208,946	189,708
Other operating expenses (income), net (i)	14,236	(42,779)	(12,399)	(71,219)
	918,312	755,682	774,439	603,994
Personnel expenses	552,477	523,128	462,507	439,837
Sales and marketing	217,123	181,874	206,724	154,251
Freight	131,763	109,481	123,281	96,834
Utilities, maintenance and support materials	43,128	43,366	37,699	36,532
Depreciation and amortization	53,538	46,394	31,846	25,187
Outside services	53,973	37,610	43,317	28,505
Other (income) expenses (i)	524	(65,241)	1,698	(57,980)
Financial credit	(134,214)	(120,930)	(132,633)	(119,172)
	918,312	755,682	774,439	603,994

- (i). On November 21, 2024, the Company entered into an agreement that resulted in the write-off of the financial liability relating to the acquisition of Renovigi, as detailed in note 19.

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29. Finance income (costs)

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Income from short-term investments	113,694	150,600	104,402	147,739
Interest	16,444	7,667	21,296	17,902
Present value adjustment	69,107	60,560	67,983	58,783
Revenues on derivatives - stock options	2,591	2,759	2,591	2,759
Other	809	1,157	506	1,079
Finance income	202,645	222,743	196,778	228,262
Interest on financing and borrowings	(82,087)	(101,357)	(81,820)	(95,420)
Interest on payables for business acquisitions	-	(12,995)	-	(12,996)
Banking expenses	(11,138)	(11,803)	(5,482)	(7,555)
IOF on financial transactions	(3,593)	(1,102)	(1,044)	(741)
Present value adjustment	(68,018)	(81,698)	(68,240)	(77,636)
Expenses on derivatives - stock options	(318)	(2,660)	(318)	(2,660)
Other	(1,805)	(2,815)	(1,422)	(1,174)
Finance costs	(166,959)	(214,430)	(158,326)	(198,182)
Exchange rate gains (losses)	(154,580)	36,043	(141,402)	27,336
Exchange gains (losses) on borrowings	(15)	1,924	-	(427)
Derivative transactions - Swap	7	(1,514)	-	(484)
Income (expenses) on derivatives - forward contracts	89,420	(49,397)	85,445	(42,051)
Exchange gains (losses), net	(65,168)	(12,944)	(55,957)	(15,626)
Finance income (costs), net	(29,482)	(4,631)	(17,505)	14,454

30. Insurance coverage

The Company has a risk management program designed to minimize risks, seeking in the market coverage that is compatible with its size and operations. The insurance amounts are considered sufficient by Management to cover possible losses, taking into account the nature of the activities, the risks involved in operations and the advice of its insurance brokers.

As at December 31, 2024, the Company has the following insurance coverage according to the insurance policies taken from third parties:

Insured risks	Insured amount
Operational risks (property insurance)	337,940
Loss of profits (P.I. 4 months)	198,000
Civil liability	32,000
Domestic freight and exports	6,042,229
Credit risks	70,000

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31. Segment reporting

The segment reporting below is used by the Management of Intelbras to assess the performance of the operating segments and make decisions on the allocation of funds, the gross profit being the measurement used in the performance of its operating segments.

Security

Segment comprised of business lines related to electronic security, such as analog video surveillance equipment (CCTV), IP video surveillance (CCTV IP), alarms and sensors against invasion, alarms and sensors against fire and access control (controls and devices for building, residential and corporate use).

Communication

Segment comprised of business lines related to voice, image and data communication, as well as for network infrastructure. Equipment for corporate network, residential and fiber optic infrastructure, residential and corporate communication systems and related accessories is sold.

Energy

Segment comprised of business lines related to the supply of energy for electric and electronic equipment and consumers in general, in addition to power saving and nobreak devices for houses, companies and buildings. Power supplies, batteries, nobreaks, light sensors, in addition to on-grid and off-grid solar power generators are sold.

The Company's operations are carried out in Brazil and abroad, and there are no customers accounting for more than 10% of the revenue of each segment.

	12/31/2024			
	ICT	Security	Energy	Total
Net operating revenue	1,062,207	2,602,713	1,091,226	4,756,146
Gross profit	288,449	904,954	269,226	1,462,629
	12/31/2023			
	ICT	Security	Energy	Total
Net operating revenue	907,919	2,225,214	970,543	4,103,676
Gross profit	274,789	832,655	169,563	1,277,007

The information on assets regularly generated and analyzed by the managers of the respective segments, comprising the following assets: trade receivables, inventories, property, plant and equipment and intangible assets, is shown below. Liabilities are comprised of trade payables. This data is regularly analyzed by Management to assess the investments and allocation of funds necessary for each segment.

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	Assets		Liabilities	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Information and Communication Technology (ICT)	1,199,446	863,087	237,702	150,611
Security	2,131,840	1,590,142	746,385	556,039
Energy	961,396	833,881	235,519	170,474
	4,292,682	3,287,110	1,219,606	877,124

32. Information on related-party transactions and balances

The Company is mainly engaged in the manufacture, development and sale of electronic security equipment and electronic surveillance and monitoring services, consumer voice and/or data communications devices and equipment, professional voice and/or data communications equipment, services and means, network equipment, data communications infrastructure means and solutions.

1. Transactions and balances between the Company and related parties

Parent Company							
Balances in the balance sheet							
	Trade receivables		Trade payables		Loans granted		Other payables/receivables
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024 12/31/2023
Ascent Asia	-	-	-	(271)	-	-	- -
Seventh	-	1	-	-	-	-	(13) -
Décio Indústria Metalúrgica (i)	24	41	(5,070)	(4,995)	-	(19,720)	- -
Khomp Indústria e Comércio	55	39	(102)	(337)	-	-	- -
Renovigi Energia Solar (ii)	48,407	39	(5,111)	(7,894)	-	(116,928)	301 (858)
Allume Holding SAS	13,977	3,205	-	-	-	-	- -
Zhejiang Dahua Technology (iii)	-	-	(478,466)	(220,453)	-	-	4,941 -
	62,463	3,325	(488,749)	(233,950)	-	(136,648)	5,229 (858)
Transactions							
	Sales revenue		Purchases		Interest on loans		
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	
Ascent Asia	-	-	(10,467)	(9,202)	-	-	
Seventh	2	10	-	-	-	-	
Décio Indústria Metalúrgica	99	95	(41,391)	(35,110)	475	2,311	
Khomp Indústria e Comércio	292	718	(1,742)	(546)	-	-	
Renovigi Energia Solar	41,123	542	(188,034)	(59,660)	5,205	8,736	
Allume Holding SAS	11,232	184	-	-	-	-	
Zhejiang Dahua Technology (iii)	-	-	(1,131,769)	(545,483)	-	-	
Aunady	-	-	(414)	-	-	-	
	52,748	1,549	(1,373,817)	(650,001)	5,680	11,047	
Consolidated							
Balances in the balance sheet				Transactions			
	Trade receivables		Other payables/receivables		Purchases		
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	
Zhejiang Dahua Technology (iii)	(505,846)	(220,453)	4,941	-	(1,186,658)	(545,483)	
	(505,846)	(220,453)	4,941	-	(1,186,658)	(545,483)	

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Notes to the financial statements

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

- (i) On April 24, 2024, the Company converted loans granted to Décio into capital stock in the amount of R\$20,195.
- (ii) During the year ended December 31, 2024, the Company made rebates of loans granted to Renovigi against accounts payable to the subsidiary in the amount of R\$66,123 and converted R\$56,010 of loans granted into capital stock.
- (iii) The amounts presented correspond to the sum of transactions with Dahua and its investees.

2. Balances and transactions between investees

	Consolidated	
	Sales revenue	
	12/31/2024	12/31/2023
Sales made by Décio to Khomp	-	93
Sales made by Ascent to Dahua	7,576	5,641
Sales made by Dahua to Allume	54,889	2,207
	62,465	5,734

Related-party transactions

Related-party balances refer to transactions under specific conditions agreed upon among the parties; balances in general are adjusted for inflation based on the Selic rate. Finally, the Company understands that related-party transactions have operating characteristics, thus the effects are recorded in operating activities in its statement of cash flows.

As at December 31, 2018, the Company entered into a cooperation agreement ("Cooperation Agreement") with Zhejiang Dahua Technology Co., Ltd., a company comprising the economic group of Dahua Europe B.V. Under the Cooperation Agreement, there is a commitment of acquiring exclusively from supplier Dahua closed circuit television products comprised of electronic surveillance cameras and digital video recorders, subject to the compliance by supplier Dahua with certain conditions, as established in the Cooperation Agreement. Beginning November 2019, supplier Dahua acquired shares representing 7.56% of the Company's capital.

Collaterals

The Company offers collateral for the borrowings and financing described in note 15, which are granted to the financial institutions and comprise letter of guarantee and property, plant and equipment items. There are no collaterals granted to third parties.

Compensation of key management personnel

Key management personnel includes the members of the Board of Directors and statutory and non-statutory officers, which duties involve the decision-making power and the control over the Company's activities. Compensation of key management personnel totaled R\$43,812 during the 12-month period December 31, 2024 (R\$55,525 as at December 31, 2023). This amount comprises short-term benefits consisting of: (i) management fees paid to the executive board and members of the Board of Directors; (ii) bonus paid to the executive board and (iii) other benefits, such as healthcare plan.

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For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

The Company does not grant any post-employment and/or severance benefits to its officers and directors, other than those prescribed by the applicable law.

Long-term incentive plan (ILP Plan)

The Company has a Long-term Incentive Plan (“ILP Plan”) granted to Executive Officers and Managers, to attract, motivate or retain, as well as to align its interests with the Company’s and its shareholders’ interests.

The amount the plan participants will be entitled is converted by the average price of the Company’s shares at B3, based on the month period to the vesting of the right. After compliance with the grace periods set forth in the regulation, the amount the plan participants will be entitled will be converted again in cash, considering the average price of the Company’s shares at the month period to the financial settlement.

As a condition to the application of the ILP Plan (trigger), the Company needs to obtain, at least, 20% of Return on Invested Capital (ROIC) in the year immediately prior to each year of vesting of the right. Also, the ILP Plan, coupled with the profit sharing, cannot exceed the limits of number of salaries of those eligible set forth in the plan regulation.

The regulation of the ILP Plan determines some conditions for receiving the incentive, being divided into two installments where:

- 30% of the incentive will be released after the participant turns 60 years old or ends their career; and
- 70% in three annual installments from the 2nd year of the respective date of granting the contract.

During the year ended December 31, 2024, expenses relating to the ILP Plan were recorded in the amount of R\$321 as general and administrative expenses in the statement of income for the year, as a contra entry to other payables, in noncurrent liabilities, together with the retention of R\$ 696 of profit sharing payable to the participants of the ILP Plan as Reciprocity, according to the variations in the table below:

ILP PLAN	12/31/2023	Reciprocity	Recognition	Adjustment	12/31/2024
2022	1,924	-	-	(726)	1,198
2023	1,953	500	-	(860)	1,593
2024	-	-	1,907	-	1,907
TOTAL	3,877	500	1,907	(1,586)	4,698

33. Non-cash items

Transactions in the year not affecting the Company’s cash flows are as follows:

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Notes to the financial statements

For the years ended December 31, 2024 and 2023

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Consolidated		Parent Company	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Items not affecting cash:				
Exchange rate differences on foreign subsidiary	2,985	764	2,202	598
Lease contracts recognized	11,797	6,363	9,469	5,221
Interest on capital payable, net	29,505	45,702	29,505	45,702
Changes in the balance of suppliers of property, plant in equipment in installments	(3,407)	2,102	(3,407)	2,102
Capital increase using earnings reserves	-	625,500	-	625,500
Capital increase in investees using loans granted	-	-	76,205	45,787
Rebates on loans granted to investees with <i>intercompany transactions</i>	-	-	66,123	-
Acquisition of subsidiary in installments	-	6,746	-	6,746

34. Events after the reporting period

- (i) On January 29, 2025, the Company entered into a financing agreement with the National Bank for Economic and Social Development – BNDES in the amount of R\$200,000, with the objective of financing the development of business with micro, small and medium-sized internet providers.

The fundraising will be carried out over the next 3 years according to the progress of the project, with a grace period of 12 months to start amortizations after the funds are made available. Subsequently, settlements will take place in up to 60 months, with remuneration linked to the TR plus spread of 2.7% p.a.

- (ii) At the meeting of the Board of Directors held on February 25, 2025, the Company approved the payment of additional dividends in the amount of R\$60,421, corresponding to the amount of R\$0.184476100865 per share. The payment to shareholders will be made beginning March 17, 2025, with no compensation as inflation adjustment.

* * *

STATEMENT OF THE EXECUTIVE OFFICERS ON THE COMPANY'S INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Executive Officers of **Intelbras S.A. Indústria de Telecomunicação Eletrônica Brasileira** ("Company"), in accordance with item VI, paragraph 1, article 27 of CVM Resolution Nº 80, on March 29, 2022, as amended, declare that they have reviewed, discussed and agreed with the Company's individual and consolidated financial statements for the year ended December 31, 2024, compared to December 31, 2023, authorizing its conclusion on this date.

São José (SC), February 27th, 2025.

Altair Angelo Silvestri
Chief Executive Officer

Rafael Boeing
Investor Relations Officer and Administrative and Financial Superintendent Officer

Henrique Fernandez
Communication Superintendent Officer

Marcio Ferreira da Silva
Energy Superintendent Officer

Paulo Daniel Correa
Security Superintendent Officer

**STATEMENT OF THE EXECUTIVE OFFICERS ON THE INDEPENDENT AUDITOR'S REPORT ON
COMPANY'S INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**

The Executive Officers of **Intelbras S.A. Indústria de Telecomunicação Eletrônica Brasileira** ("Company"), in accordance with item V, paragraph 1, article 27 of CVM Resolution Nº 80, on March 29, 2022, as amended, declare that they have reviewed, discussed and agreed with the opinion expressed in the independent auditors' report on the Company's individual and consolidated financial statements for the year ended December 31st, 2024, compared to December 31st, 2023, authorizing its conclusion on this date.

São José (SC), February 27th, 2025.

Altair Angelo Silvestri
Chief Executive Officer

Rafael Boeing
Investor Relations Officer and Administrative and Financial Superintendent Officer

Henrique Fernandez
Communication Superintendent Officer

Marcio Ferreira da Silva
Energy Superintendent Officer

Paulo Daniel Correa
Security Superintendent Officer

**INTELBRAS S.A. INDÚSTRIA DE TELECOMUNICAÇÃO ELETRÔNICA
BRASILEIRA**

Public-Open Company
CNPJ: 82.901.000/0001-27

ANNUAL REPORT OF THE AUDIT COMMITTEE

FISCAL YEAR ENDED DECEMBER 31st, 2024

1. Context

The Audit Committee ("**Committee**") of Intelbras S.A. Indústria de Telecomunicação Brasileira S.A. ("**Company**") is a non-statutory advisory sub-group linked to the Company's Board of Directors, whose installation was ratified at the Board of Directors' Meeting occurred on November 25th, 2020 ("**RCA 11.25.2020**"). The Committee has, among other attributions, the objective of continuously monitoring and evaluating the risk identification systems and internal controls, monitoring the Company's risk exposures. The Committee's Internal Regulations ("**Regulations**") were approved on RCA 11.25.2020 and amended at the Board of Directors Meeting that occurred on January 8th, 2021 and are available on our investor relations website (<https://ri.intelbras.com.br>) and the website of Brazilian Securities and Exchange Commission ("**CVM**") (www.cvm.gov.br), in the category "Internal Regulations of the Audit Committee".

2. Composition

The Committee is composed of, at least, 3 (three) members appointed by the Board of Directors, being: **(i)** at least 1 (one) independent member, as defined by the Novo Mercado Regulations; **(ii)** at least 1 (one) member with recognized experience in matters of corporate accounting, according to the regulations issued by the CVM that provide for the registration and exercise of independent audit activity within the scope of the securities market and defines the duties and the responsibilities of the managers of the audited entities and in the relationship with the independent auditors. The Committee must have in its composition the presence of a coordinator ("**Coordinator**") who will be responsible for representing, organizing and coordinating its activities.

Currently, the Company's Committee is composed of 3 (three) members, re-elected on

RCA 04.19.2023, for a term of 1 (one) year. The Committee has **(i)** 1 (one) independent member (who meets the independence criteria established in the Novo Mercado Regulations and by the CVM); and **(ii)** 1 (one) specialist in accounting and finance, not performing any other function in the Company, following the requirements of article 22, item V of the Novo Mercado Regulations. Among the members elected to compose the Committee, one effective member exercises the function of Coordinator.

The members of Committee are: Marciel Manoel Linhares, Gilberto Heinzelmann and Marcos Antônio Quintanilha.

3. Attributions and Responsibilities

The Committee's assignments are provided for in the Regulations and are performed under the requirements of the applicable regulations:

- i. Evaluate performance and issue an opinion on the hiring and dismissal of independent audit services;
- ii. Evaluate the quarterly information, interim statements and annual financial statements;
- iii. Monitor the activities of the internal audit and internal controls area of the Company;
- iv. Review and submit to the approval of the Board of Directors the Company's Risk Appetite proposal prepared by the Executive Board;
- v. Evaluate and analyze the Risk Management Structure and the Company's Risks, recommending improvements whenever necessary; and
- vi. Evaluate, monitor, and recommend to Executive Officers the correction or improvement of the Company's internal policies, including the policy for transactions between related parties.

The Committee also prepares, annually, a summary report covering the meetings that occurred and the main matters discussed, highlighting the recommendations made to the Board of Directors.

4. Meetings Held e Main Subjects Discussed

In the fiscal year ended on December 31, 2024, in compliance with the provisions of Article 10 of the Regulations, 10 (ten) formal meetings of the Committee occurred, on the following dates: **(a)** January 22nd, 2024; **(b)** February 22nd, 2024; **(c)** March 25th, 2024; **(d)** April 24th, 2024; **(e)** June 03rd, 2024; **(f)** July 23rd, 2024; **(g)** September 23rd, 2024; **(h)** October 23rd, 2024; **(i)** October 28th, 2024, and **(j)** December 18th, 2024.

At the meeting that occurred on February 22nd, 2024, described in item **(b)** above, the Committee met to analyze and resolve the issuance of the financial statements for the year ended December 31st, 2023, and the respective audit report issued by the Company's external auditors ("**Independent Auditors' Report 2023**"). The members of the Committee decided, on that occasion, to recommend the approval of the Company's financial statements for the fiscal year ended on December 31, 2023, as well as to approve said Report.

At other meetings, the Committee met to analyze the Company's performance and assess its risk identification systems and internal controls, monitoring its risk exposures and preparing suggestions for improvement to the Board of Directors. Additionally, were discussed **(a)** the Company's quarterly and interim information and financial statements; **(b)** the evaluation and monitoring of the Company's internal policies, preparing recommendations for improving internal policies and practices; **(c)** the management and performance processes of the Company's compliance committee and the main topics monitored; **(d)** the management processes of Research and Development operations and the way of controlling tax benefits; **(e)** the internal IT environment and information security policies, ERP performance and IT structure to support company's growth; **(f)** the transaction with related parties and internal controls; **(g)** the inventory management and obsolete scrapping processes; **(h)** the performance of the Internal Audit and Internal Controls; **(i)** the company's people management and training process; **(j)** the company's after-sales management process and control; **(k)** the Company's provision for legal contingencies; **(l)** the status, performance of subsidiaries and acquisitions of new companies; **(m)** the relevant investments in construction and fixed assets; **(n)** the risk management and strategic risks; **(o)** monitoring the process of Hiring and Annual Assessment of the Work of External Auditors; **(p)** monitoring of ESG activities - Environmental, Social and Governance; **(q)** monitoring of the process of Sales Management, Programs and Benefits for Business Partners; **(r)** supervision and assessment of the processes of calculation and recognition of Income Tax/Social Contribution on Net Income and **(s)** monitoring of Insurance Coverage Management

During the current year, the meeting February 21st, 2025 was to analyze and resolve the issuance of the financial statements for the year ended on December 31st, 2024, and respective Audit report issued by the Company's external auditors ("**Independent Auditors' Report 2024**"). Committee members decided to recommend to the Board of

Directors the approval of the Company's financial statements for the fiscal year ended December 31, 2024, as well as to approve the content of the 2024 Audit Report.

The Committee, throughout the fiscal year ending on December 31st, 2025, according to the Work Plan previously defined and presented to the Company's Board of Directors, will make at least 09 meetings, and may, whenever necessary, call extraordinary meetings to address emerging and/or relevant issues.

5. Internal Control and Management Risks Systems

Since its implementation, the Committee has maintained interactions with the owners of the Risks and Changes Committee, the Corporate Management and Compliance Department, the Internal Audit Department, the Controlling Department and the Ethics, Risks and Compliance Committee, in addition to the internal and external fraud investigation and fraud prevention process. The Committee, based on the set of information obtained during its interactions with such groups/areas and on its investigations, assesses the effectiveness of the internal control systems maintained by the Company and will continue to make efforts to strengthen the risk management process, with the effective engagement of all levels of management.

6. Advisory to the Board of Directors

The Committee reports to the Board of Directors and operates with operational autonomy and own budget in the exercise of its functions, functioning as an auxiliary, advisory and advisory sub-group to the Company's Board of Directors about the control over the quality of the financial statements and internal controls, aiming at the reliability and integrity of the information.

7. Self-Evaluation

Under the terms of Article 12 of the Regulations, the Committee makes, annually, its self-evaluation and its functioning process and the individual evaluation of its members. A member who has been in office for at least 2 (two) ordinary meetings since the last evaluation is eligible to participate in the evaluation process. This process is the responsibility of the Audit Committee Coordinator.

In the Committee's self-evaluation process, the subjects dealt with in the meetings occurs considered, as well as the parameters involving issues of financial statements, risk management and internal controls, management and internal audit responsibilities,

training and professional development of members.

Due to the Committee holding 10 (ten) meetings, during the fiscal year ended in 2024, all its members are eligible to prepare the evaluation process, to be made by the Committee Coordinator. The evaluation process, under the terms of the Regulations ("Evaluation"), will take place during the first half of the 2025 fiscal year.

Thus, at the end of the evaluation process, the consolidated results of the evaluations will be made available to the members of the Committee and the Board of Directors. The individual evaluations of the Committee members, in turn, will be made available to the respective individual, the Committee Coordinator and the Chairman of the Board of Directors.

8. Planning for the 2025 Fiscal Year

The Committee planned to hold 9 (nine) meetings throughout 2024, contemplating the provisions of the Rules of Procedure, to have at least 4 (four) meetings, whose agendas will involve the exercise of the legal and regimental attributions listed in this Report in the item "Attributions and Responsibilities", without prejudice to any extraordinary meetings in which the performance of the Committee.

9. Conclusions and Recommendations

The members of the Committee, in the exercise of their attributions and legal responsibilities, analyzed the Company's financial statements for the fiscal year ended on December 31st, 2024, accompanied by the Management Report and the Independent Auditors' Report on the financial statements, ad referendum to the Company's Board of Directors.

Considering the information provided by the Company's Management and by the Independent Audit representatives, the Committee concluded that the information and documents presented regarding the Company's financial statements for the fiscal year ended December 31, 2023, accompanied by the Management Report and the Independent Auditors on the financial statements, adequately reflect, in all material aspects, the equity and financial position of the Company and recommended their approval.

São José, February 21st, 2025.

Marcos Antônio Quintanilha
Audit Committee Coordinator

Gilberto Heinzelmann
Audit Committee Member

Marciel Manoel Linhares
Audit Committee Member