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Videolar - Innova S/A

Financial statements at December 31, 2024 and independent auditor's report

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Videolar-Innova S/A

Management Report as of December 31, 2024

01/23/2025

Dear Shareholders,

The management of Videolar-Innova S/A, in compliance with the legal and statutory provisions, hereby submits the **Management Report and Financial Statements for 2024** for your appreciation, with their explanatory notes, accompanied by the Independent Auditors' Report, for the years ended December 31, 2024 and 2023, elaborated in accordance with accounting practices adopted in Brazil.

HUGE CHALLENGES, FROM THE CLIMATE TO INTERNATIONAL PRICES

The global petrochemical industry's downturn got worse in 2024, while the Company was faced with new circumstances that led to a margin and profitability squeeze, even though sales volumes increased by 4%, gross revenue by 15% and market share was preserved. An unprecedented challenge:

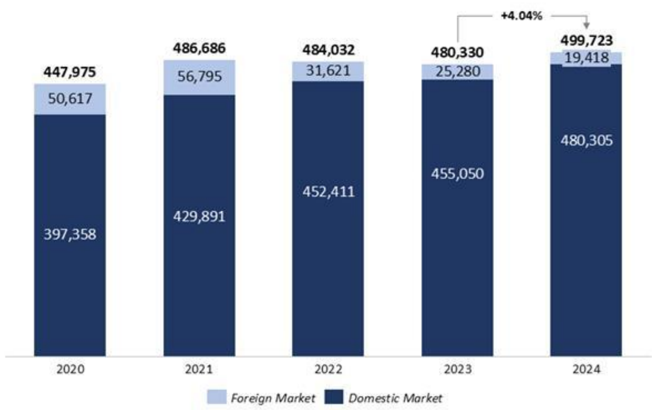
- The rains that hit the state of Rio Grande do Sul during May left isolated our petrochemical plant, in Triunfo. Even under that extreme circumstance, we ensured uninterrupted supply to customers provided by the petrochemical plant in Manaus (AM), while the southern teams focused on helping employees affected by the weather catastrophe.

- The drought in the Amazon Basin, during August, affected riverbeds and sharply increased logistics costs;

- From October onwards, a free fall in the international prices of our main products had a severe impact on the Company's prices.

Those new environmental imperatives met Innova's agile response, with key elements: our previous investments in production capacity and our positioning in the north and south of the country.

VOLUME OF SALES (TONS)



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NEW CYCLE OF PRODUCTION CAPACITY EXPANSIONS

The Company was a pioneer in submitting projects to the Expanded REIQ, in 2023, a new version of the re-established Special Regime for the Chemical Industry (REIQ), previously suspended since 2022, which encourages investments in production capacity expansions.

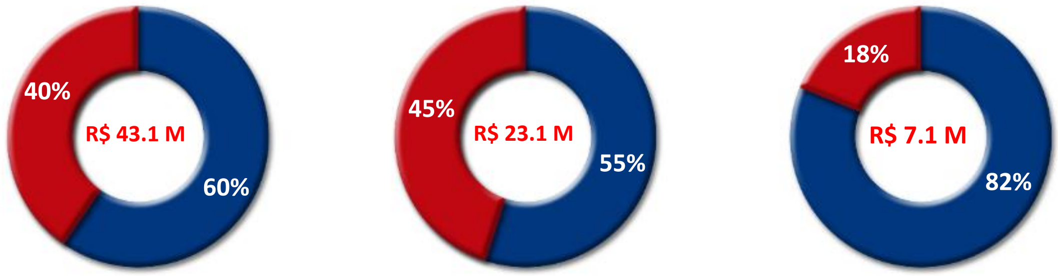
On 03/04/2024, Innova signed the first Term of Commitment for the Expansion of Installed Capacity with the Ministry of Development, Industry, Trade and Services (MDIC), for investments around R$ 49 million. Over the course of 2024, another four Terms of Commitment were signed, amounting to approximately R$ 24 million, totaling over R$ 73 million.

The investments have been promptly put into practice at the three industrial plants, in Triunfo (RS) and Manaus (AM), between March 2024 and until August 2025, with 42% earmarked for civil works and construction, 56% for machinery and equipment and 2% for other expenses.

R$ 73.3 M
TOTAL INVESTMENTS

R$ 44.3 M
REALIZED IN 2024

R$ 29.0 M
PLANNED FOR 2025



Plant I, Manaus (AM) | **Plant II, Triunfo (RS)** | **Plant IV, Manaus (AM)**

● Investments Made on 2024 ● Investments Planned for 2025

Innova's investments follow an agenda of insertion into the circular economy, as is the case with ECO-PS®, the first Brazilian polystyrene with up to 30% post-consumption (recycled) material in its composition, preserving same mechanical properties to the virgin resin.

The new resin was born in Manaus and will be now implemented in Triunfo (RS) petrochemical plant. ECO-PS® meets an imperative and growing demand for recycled and environmentally friendly materials. It gives rise to new applications in electronics, household appliances, office supplies and the industry in general. It promotes the selective collection production chain, as already happens in Manaus, where Innova and Sustainable Amazon Foundation (FAS) joined forces to support the Amazonas Association of Recyclable Materials Collectors (ASCARMAN).

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ECO-PS®: PRODUCTION CAPACITY EXPANSION

PLANT IV
MANAUS (AM)

PLANT II
TRIUNFO (RS)

+15,200
TONS/YEAR

Investments: R$ 5.8 M

ECO-PS® meets an imperative and growing market demand for recycled, circular economy and environmentally friendly materials. This project has led to new applications in the areas of electronics, household appliances, office supplies and industry in general.

In addition to fostering the rational use of natural resources, the ECO-PS® project also moves the selective collection production chain, as is already happening in the city of Manaus, in a joint project between Innova, the Amazonas Association of Recyclable Materials Collectors (ASCARMAN) and the Sustainable Amazon Foundation (FAS).

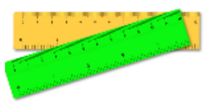
ECO-PS® Innova is a pioneering product in Brazil, at the forefront of the circular economy: polystyrene with up to 30% post-consumer material in its composition and mechanical properties compatible with those of virgin resin.

ECO-PS®

ECO-PS®: APPLICATIONS

HOUSEHOLD

ELECTRONIC



OFFICE SUPPLIES

PROFILES FOR THE FURNITURE

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STYRENE MONOMER (SM): PRODUCTION CAPACITY EXPANSION

+8,000

TONS/YEAR

Investments: R$ 18.0 M

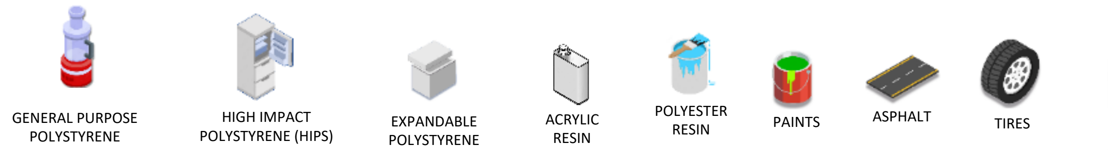
The new Rice Husk Storage and Dosing System, as well as the new Biomass Storage Yard wharehouse provide optimization of the fuel mix for the Steam and Power Generation Plant, which leads to an increase of the effective production capacity by the styrene monomer (SM) plant.

- **Rice Husk Storage and Dosing System:**
  The two new elevated silos for specific rice husks storage, with capacity of 1300 m³/silo, together with the elevators to the boiler transition silo, with capacity of 15.8T/h, allow correct dosage of chip and rice husk biomass to be fed into the boilers, eliminating continuous stops for cleaning the grills.

- **Biomass Storage Yard Warehouse:**
  The new covering protects biomass from rain, avoiding high humidity and preserving its calorific value.

Plant II, Triunfo (RS), petrochemical: installation of the biomass yard wharehouse

STYRENE MONOMER (SM): APPLICATIONS



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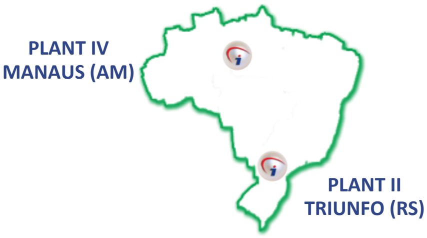
POLYSTYRENE (PS): PRODUCTION CAPACITY EXPANSION



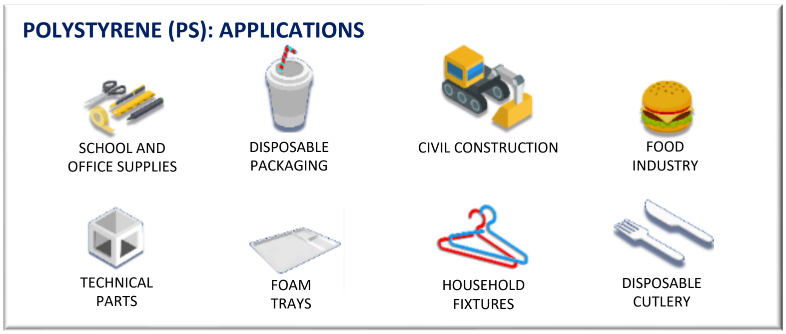
+14,000

TONS/YEAR

Investments: R$ 6.4 M

This project increases the general purpose polystyrene (GPPS) capacity production at Plants II and IV, respectively the petrochemical plants in Triunfo (RS) and Manaus (AM), providing agile and regionalized service to customers from the north to the south of the country.

Polystyrene (PS) resin extruder.



CLOSURE CAPS: PRODUCTION CAPACITY EXPANSION

+1.2

BILLION/YEAR

Investments: R$ 41.4 M

This project increases production capacity and efficiency with lighter and more sustainable closure caps, replacing 2.50 grams for 2.10 grams items: rational use of resources with single-material products, avoiding resins mixing and facilitating recycling.

Plant I, Manaus (AM): closure caps for mineral waters, juices and soft drinks.

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POLYSTYRENE (PS) AND POLYPROPYLENE (PP) REELS PRODUCTION CAPACITY EXPANSION

PLANT I
MANAUS (AM)

+1,700
TONS/YEAR

Investments: R$ 1.6 M

In addition to providing production capacity expansion, this project brings an improvement in final quality for the polystyrene (PS) and polypropylene (PP) reels: reduces the time required for adjustments when changing reels, increases reliability in the measurement of the substrate thickness and reduces the rejection and reprocessing rates.

The investment enables a 1,728 tons/year increase, which corresponds to an approximately 10% expansion of production capacity.

Plant I, Manaus (AM): polystyrene (PS) and polypropylene (PP) reels.

POLYSTYRENE (PS) AND POLYPROPYLENE (PP) REELS: APPLICATIONS

YOGURT POTS | DISPOSABLE CUPS | DISPOSABLE JARS | DISPOSABLE TRAYS | FLEXIBLE PACKAGING

ACQUISITION OF POLO FILMS

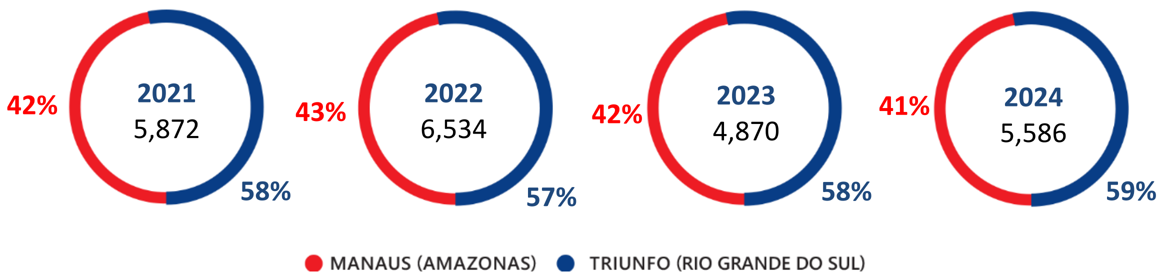
In October 2024, the Company signed an agreement to acquire Polo Films, a manufacturer of bioriented polypropylene (BOPP) films in Montenegro (RS). The operation aims to expand presence in the BOPP segment, manufactured by the Company since 2012 in Manaus (AM).

The investment follows a strategy previously adopted for the petrochemical business: industrial plants located in Manaus (AM) and Triunfo (RS), in the north and south of the country. This same model will enable greater flexibility in serving BOPP customers, both domestic and international.

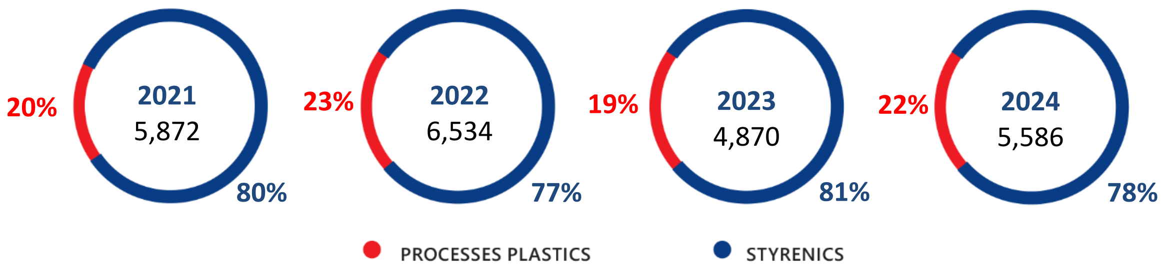
The Company´s main purpose is to increase the level of service, both in production and delivery, guaranteeing greater product availability even in the face of the climatic difficulties, as experienced in 2023 and 2024.

The transaction is subject to the approval of the Administrative Council for Economic Defense (CADE), as well as other conditions negotiated between the parties.

GROSS REVENUE BY GEOGRAPHICAL ORIGIN (R$ MM):



REVENUE BY SEGMENT (R$ MM):



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OUR STRATEGIC POSITIONS

MANAUS (AM)

PLANT I

- Bioriented polypropylene (BOPP) films
- Polystyrene (PS) and polypropylene (PP) reels
- Closure caps for mineral water, juices and soft drinks

ALPHAVILLE, BARUERI (SP)

HEAD OFFICE

- Sales and Management

PLANT IV

- General Purpose Polystyrene (GPPS)
- High Impact Polystyrene (HIPS)
- ECO-PS®

PETROCHEMICAL POLE, TRIUNFO (RS)

PLANT II

- Ethylbenzene (EB)
- Styrene monomer (SM)
- General Purpose Polystyrene (GPPS)
- High Impact polystyrene (HIPS)
- Expandable polystyrene (EPS)
- ECO-PS®
- PS-3D
- Steam and Power Generation Plant
- Styrenics Technology Center

SALES DISTRIBUTION:

SOUTHEAST	51%
SOUTH	22%
NORTHEAST	8%
NORTH	7%
CENTER-WEST	1%
EXPORTS	11%

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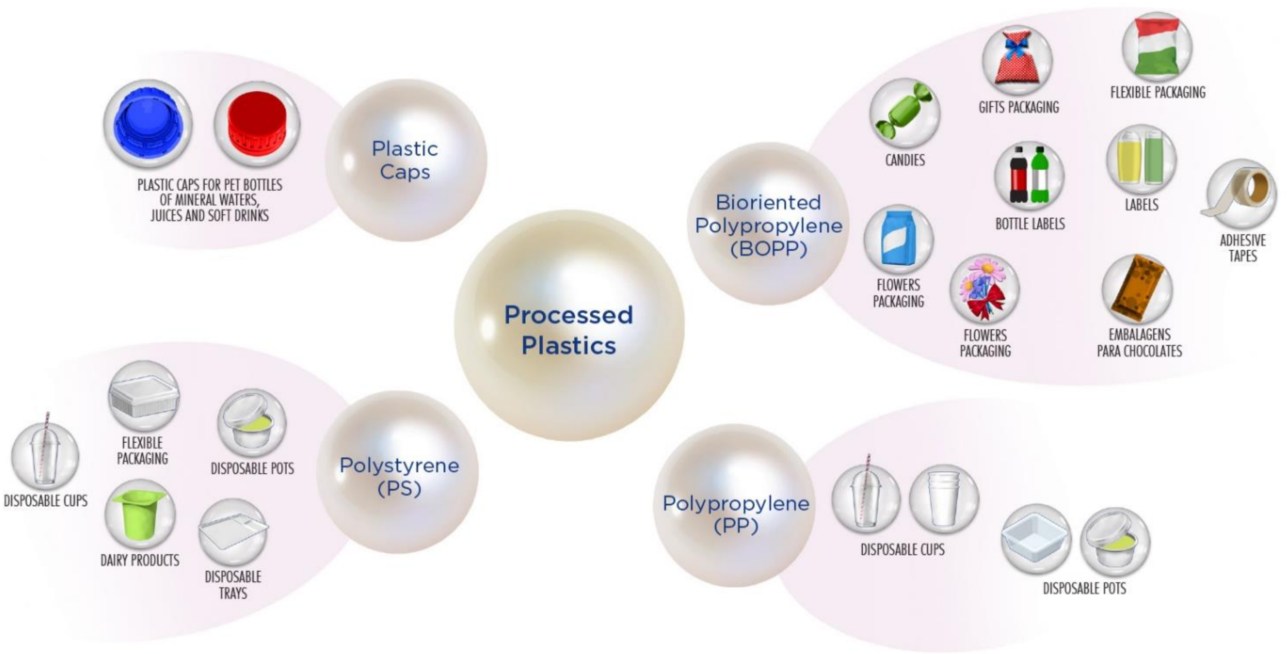
WHAT WE DO:

STYRENICS

PROCESSED PLASTICS:



WHO WE ARE TODAY AND WHERE WE CAME FROM

Innova is a Brazilian petrochemical company and manufacturer of processed plastics.

In petrochemicals, we manufacture styrenics: ethylbenzene (EB), styrene monomer (SM), as well as general purpose (GPPS), high impact (HIPS) and expandable (EPS) polystyrenes.

In plastic processing, we manufacture bioriented polypropylene (BOPP) films, polystyrene (PS) and polypropylene (PP) reels, as well as plastic closure caps for mineral waters, juices and soft drinks. Our products are at the very heart of the economy and production chain.

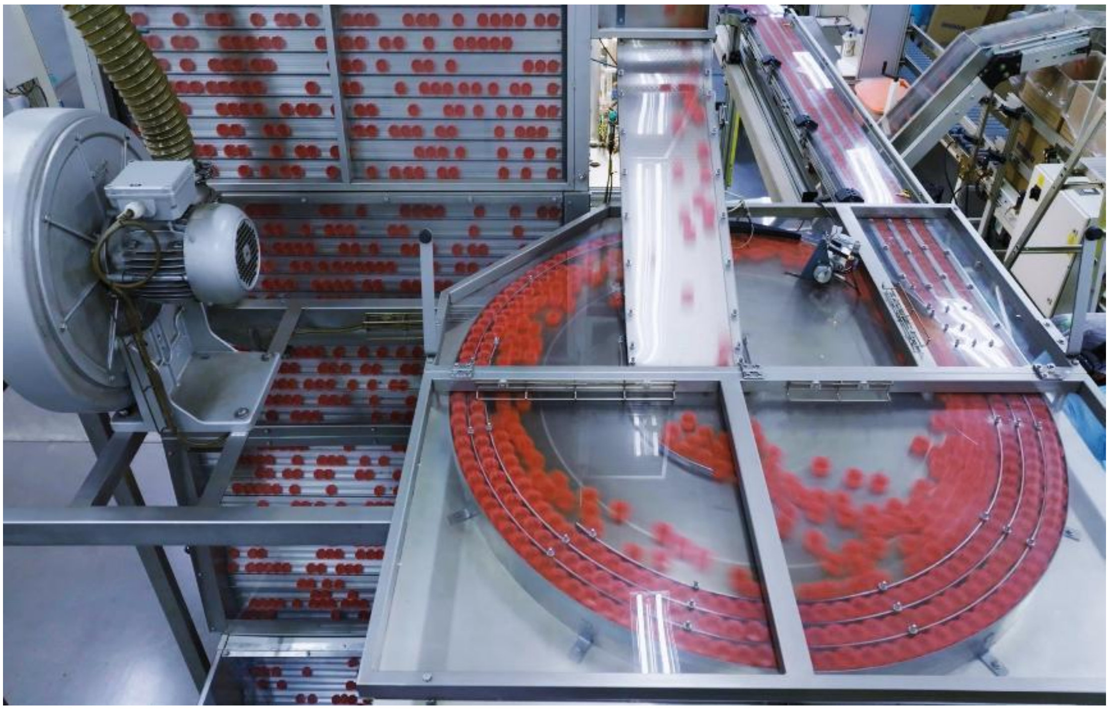
Our factories are strategically located: in Manaus (Amazonas) and Triunfo (Rio Grande do Sul): always close to our customers, industries from the north to the south of the country, and into the world.

Innova's DNA is rooted in the history of its original company, Videolar, a manufacturer of virgin and recorded physical media: VHS tapes, audio cassettes, floppy disks, pen drives, CDs, DVDs and Blu-ray discs.

At the end of the 1990s, Videolar saw the chance of moving from its position as the largest polystyrene consumer in Brazil to being a manufacturer of that resin: polystyrene was the raw material for VHS tape cartridges and CD cases. So, in 2002, the Company built the first petrochemical plant in the north of Brazil, supplying its own demand and that of other industries, such as the electronics and household appliance industries, with their refrigerator and TV cabinets, as well as office and school supplies, all of them based in the Manaus Industrial Pole.

At the peak of its history, the media industry reinvented itself as a petrochemical.

NEW REINVENTIONS



Just as VHS tapes consisted of processed plastics, others would come to the pipeline: in 2011, the Company built a factory for closure caps, used in mineral water, juices and soft drinks.

In 2012, a state-of-the-art plant was built in Manaus to manufacture bioriented polypropylene (BOPP) plastic films, as well as polystyrene (PS) and polypropylene (PP) reels, all essential items for the food packaging industry.

In 2014, Videolar bought from Petrobras, for US$ 500 million, the petrochemical company Innova, located at the Triunfo Petrochemical Pole (Rio Grande do Sul), an integrated manufacturer of ethylbenzene (EB), styrene monomer (SM), general purpose polystyrene (GPPS) and high impact polystyrene (HIPS).

From the beginning of the new management, in 2016, investments were made in expanding the plant's tank park and setting up a manufacturing line for a new product: expandable polystyrene (EPS), used in a wide variety of applications, from the pharmaceutical industry to construction and infrastructure works, such as roads and bridges.

After the incorporation, the company began to designate its products and businesses under the Innova brand and conquered strategical positions, North and South, with the possibility not only of providing regionalized customer service, but also of alternating the production emphasis, capturing opportunities according to the dynamics of the raw materials cost structure.

THOUGHT AND ACTION:

Mission

To lead in our business, offering trustable
and strong ties to customers and employees,
a sustainable attitude towards the environment and return to shareholders.

Vision

Know how to listen, develop, deliver:
there is always a clear need.

A leading company provides solutions.

Values

Committed and unblemished conduct;
Adaptability;
Total focus on customer demands.

GOVERNANCE & ORGANIZATION

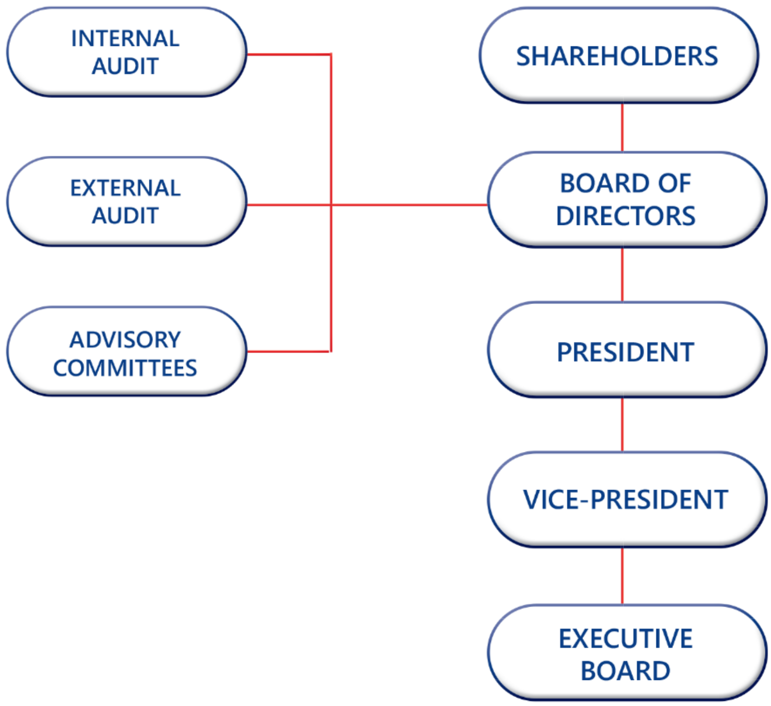
Innova's reputation and consistency are legacies of successive reinventions and trust built with the market and the community. Our Corporate Governance principles underpin everything Innova does: Transparency, Fairness, Accountability and Corporate Responsibility.

Even as a privately held company, since 2005 Innova has submitted its Financial Statements to external audits, always from the group known as the Big Four, maintaining the quality of its financial statements and the usual practice of being one of the first large Brazilian companies to publish its results for the year.

The Board of Directors, which is the Company's highest guidance body, is a permanent part of Innova's Corporate Governance structure and has its statutory Advisory Committees: Audit, Compliance and Sustainability.

Innova's organizational structure also includes an Internal Audit department, responsible for monitoring practices, processes and evaluating internal control systems, in accordance with established policies.

Our Corporate Governance is structured as follows:



ADVISORY COMMITTEES

Innova´s committees work as support for the Board of Directors, so as to enhance the efficiency and quality of the Board's decision-making processes by deepening discussions on their issues.

Audit Committee

The Audit Committee assists in activities involving the reliability of information, ensuring the quality of the accounting practices adopted in the preparation of financial statements, compliance with legal and regulatory requirements, and the adjustment of internal processes and controls related to risk management.

Compliance Committee

The Compliance Committee fosters a culture of integrity and the Company's commitment to act in an ethical and transparent manner. It seeks to detect, prevent and minimize risks, as well as ensure compliance with the regulations applicable to the business.

Sustainability Committee

The Sustainability Committee creates strategies and mechanisms to integrate sustainability into the company's management process, consolidating economic development and socio-environmental responsibility under a single business philosophy.

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VIDEOLAR-INNOVA S/A
ECONOMIC AND FINANCIAL PERFORMANCE

(IN THOUSANDS OF R$)

	2024	2023	2022
TOTAL ASSETS	4,768,080	4,515,202	4,225,983
SHAREHOLDERS' EQUITY	3,977,060	3,819,601	3,611,696
INDEBTEDNESS	-	-	-
GROSS OPERATING INCOME	5,586,441	4,870,123	6,534,332
NET OPERATING INCOME	4,854,246	4,282,660	5,729,123
GROSS INCOME	831,259	701,770	1,284,795
EBITDA	718,685	677,990	1,355,584
EBITDA MARGIN (%)	14.81%	15.83%	23.66%
FINANCIAL INCOME (LOSS)	58,460	81,836	43,755
NET INCOME	514,824	530,541	1,027,323
INVESTMENTS MADE (CAPEX)	136,724	208,793	156,356

PERSPECTIVES FOR 2025

The new reality of the climate and our solutions for overcoming its impacts have reaffirmed the company's role in the styrenic products and processed plastic markets, both of central importance to the economy and society. The economic scenario presents the year as challenging and uncertain, with demand expected to cool down as a result of rising interest rates.

This is followed by uninterrupted intensive investment coupled with financial discipline and transparency, principles that have led us to the present day through successive reinventions. This philosophy enables us, as a petrochemical and plastics manufacturer, to lead the search for creative solutions for the new frontier of the circular economy. Our numbers show a firm step towards neutralizing greenhouse gas emissions.

The acquisition of Polo Films, a manufacturer of bioriented polypropylene (BOPP) films, if authorized by the Administrative Council for Economic Defense (CADE), will expand the company's strategic positioning in the processed plastics segment.

ACKNOWLEDGMENT

We would like to thank our shareholders for their trust and encouragement. Our customers, for their preference. Our suppliers and financial institutions, for their support and partnership. And our employees, for their commitment and dedication, underpinning our notorious leadership role in the segments in which we operate.

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Independent auditor's report

To the Stockholders and Management
Videolar - Innova S/A

Opinion

We have audited the accompanying financial statements of Videolar - Innova S/A (the "Company"), which comprise the balance sheet as at December 31, 2024 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information accompanying the financial statements and the audit report

The Company's management is responsible for the other information that comprises the Management Report.

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

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Videolar - Innova S/A

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Barueri, January 23, 2025

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP027083/F-3

Geovani da Silveira Fagunde
Contador CRC 1MG051926/O-0

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Videolar-Innova S/A

Financial statements as of December 31, 2024

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Videolar-Innova S/A

Balance sheet as of December 31

In thousands of reais

Assets	Note	2024	2023
Current assets			
Cash and cash equivalents	8	810,247	1,010,520
Accounts receivable	9	945,152	732,675
Inventories	10	672,236	463,877
Recoverable income tax and social contribution	24.c	36,843	13,824
Recoverable taxes	11	37,325	48,742
Prepaid expenses		13,441	12,677
Advances to suppliers		23,479	2,835
Other accounts receivable		4,754	4,496
		2,543,477	**2,289,646**
Non-current assets			
Recoverable taxes	11	2,620	1,982
Judicial deposits	16	5,308	6,247
Other accounts receivable		1,624	-
		9,552	**8,229**
Investment property	12	333,393	334,789
Property, plant and equipment	13	1,635,537	1,635,611
Intangible assets	14	246,121	246,927
		2,215,051	**2,217,327**
Total assets		**4,768,080**	**4,515,202**

Liabilities and shareholders' equity	Note	2024	2023
Current liabilities			
Suppliers	15	367,600	267,419
Labor obligations and social charges		37,669	30,891
Income tax and social contribution payable	24.b	22,025	-
Tax obligations		20,422	32,848
Advances from clients		4,777	3,009
Dividends and interest on own capital payable	17.d	5,465	76,052
Other liabilities	18	25,802	18,391
		483,760	**428,610**
Non-current liabilities			
Deferred income tax and social contribution	24.a	298,088	244,214
Provision for lawsuits	16	3,883	18,477
Other liabilities	18	5,289	4,300
		307,260	**266,991**
Quotaholders' equity			
Capital	17.a	1,373,666	1,373,666
Capital reserve – goodwill	17.g	1	1
Tax incentive reserve	17.e	1,197,651	1,319,993
Legal reserve	17.c	203,695	177,954
Profit retention	17.f	1,092,402	838,342
Equity valuation adjustment	17.b	109,645	109,645
		3,977,060	**3,819,601**
Total liabilities and quotaholders' equity		**4,768,080**	**4,515,202**

See the accompanying notes to the financial statements.

(A free translation of the original in Portuguese)

Videolar-Innova S/A

Statement of income

Years ended December 31

In thousands of reais, unless otherwise indicated

	Note	2024	2023
Net operating revenue	19	**4,854,246**	**4,282,660**
Cost of sales	20	(4,022,987)	(3,580,890)
Gross operating income		**831,259**	**701,770**
Operating revenues (expenses)			
Commercial and administrative expenses	21	(269,239)	(274,512)
Realization of goodwill		(3,351)	(8,592)
Other operating revenue, net	22	6,950	97,929
		(265,640)	**(185,175)**
Financial revenues	23	138,705	89,247
Financial expenses	23	(22,909)	(22,103)
Inflation adjustment and exchange-rate change, net	23	(57,336)	14,692
Net financial income		**58,460**	**81,836**
Income (loss) before income tax and social contribution		**624,079**	**598,431**
Income tax and social contribution	24.b	(53,655)	(19,137)
Deferred income tax and social contribution	24.b	(55,600)	(48,753)
Income (loss) for the year		**514,824**	**530,541**
Earnings per share of capital at the end of the year - R$ (basic and diluted)		**332**	**342**
Number of shares at the end of the year		1,549,720	1,549,720

See the accompanying notes to the financial statements.

(A free translation of the original in Portuguese)

Videolar-Innova S/A

Statement of comprehensive income

Years ended December 31

In thousands of reais

	2024	2023
Net income for the year	514,824	530,541
Other comprehensive income, net of income tax and social contribution	-	-
Total comprehensive income	**514,824**	**530,541**

See the accompanying notes to the financial statements.

(A free translation of the original in Portuguese)

Videolar-Innova S/A

Statement of changes in shareholders' equity

Years ended December 31

In thousands of reais

		Capital	Capital reserve	Profit reserves					
		Paid-up capital	Goodwill on the sale of own shares	Legal	Tax incentives	Profit retention	Equity valuation adjustments	Retained earnings (loss)	Total
Balances at December 31, 2022		**1,373,666**	**1**	**151,427**	**1,306,430**	**670,526**	**109,645**	**-**	**3,611,694**
Distribution of dividends from prior years	17.d	-	-	-	-	(190,000)	-	-	**(190,000)**
Net income for the year		-	-	-	-	-	-	530,541	**530,541**
Formation of legal reserve	17.c	-	-	26,527	-	-	-	(26,527)	**-**
Profit retention reserve	17.f	-	-	-	(264,702)	264,702	-	-	**-**
Formation of IRPJ tax incentive reserve	17.e	-	-	-	12,303	-	-	(12,303)	**-**
Formation of ICMS tax incentive reserve	17.e	-	-	-	265,962	-	-	(265,962)	**-**
Formation of supplementary profit retention reserve	17.f	-	-	-	-	225,749	-	(225,749)	**-**
Payment of interim dividends and IOE in 2023	17.d	-	-	-	-	(132,635)	-	-	**(132,635)**
						-			
Balances at December 31, 2023		**1,373,666**	**1**	**177,954**	**1,319,993**	**838,342**	**109,645**	**-**	**3,819,601**
Distribution of dividends from prior years	17.d	-	-	-	-	(227,365)	-	-	**(227,365)**
Net income for the year		-	-	-	-	-	-	514,824	**514,824**
Formation of legal reserve	17.c	-	-	25,741	-	-	-	(25,741)	**-**
Profit retention reserve	17.f	-	-	-	(152,990)	152,990	-	-	**-**
Formation of IRPJ tax incentive reserve	17.e	-	-	-	30,648	-	-	(30,648)	**-**
Reserve for retained earnings	17.f	-	-	-	-	458,435	-	(458,435)	**-**
Payment of interim dividends in 2024	17.d	-	-	-	-	(130,000)	-	-	**(130,000)**
Balances at December 31, 2024		**1,373,666**	**1**	**203,695**	**1,197,651**	**1,092,402**	**109,645**	**-**	**3,977,060**

See the accompanying notes to the financial statements.

(A free translation of the original in Portuguese)

Videolar-Innova S/A

Statement of cash flows

Years ended December 31

In thousands of reais

	Note	2024	2023
Cash flow from operating activities			
Income before income tax and social contribution		624,079	598,431
Adjustments for reconciliation of net income to operating income			
Depreciation	13	134,946	106,893
Amortization	14	2,564	1,359
Realization of surplus in PP&E and intangible assets		11,254	13,018
Realization of goodwill		(7,902)	(4,426)
Write-off of fixed assets		20,389	65,127
Provision for lawsuits	16	(1,672)	(1,769)
Allowance for doubtful accounts	9	1,878	272
Provision for obsolescence	10	5,757	138
Adjustments to fair value	12	1,396	(55,874)
Exchange-rate changes on accounts payable and accounts receivable balances, net		19,886	(903)
		812,575	722,265
Increase (decrease) in assets			
Accounts receivable	9	(211,989)	216,654
Inventories	10	(214,116)	205,023
Recoverable taxes	11	10,779	97,927
Income tax and social contribution, recoverable	24.c	(2,873)	(12,036)
Other assets		(20,191)	(5,453)
		(438,390)	502,115
Increase (decrease) in liabilities			
Suppliers	15	75,998	(27,747)
Labor obligations and social charges		6,778	(10,095)
Tax obligations		(12,426)	18,353
Income tax and social contribution payable		(22,917)	-
Advances from clients		1,538	594
Other liabilities	18	8,400	(14,525)
Legal losses (Indemnification)	16	(5,020)	(1,198)
		52,351	(34,618)
Cash generated by operating activities		426,536	1189,762
Income taxes paid		(28,858)	(19,135)
Net cash (invested in) from operating activities		**397,678**	**1,170,627**
Cash flow from investment activities			
Acquisition of property, plant and equipment	13	(168,202)	(237,688)
Purchase of intangible	14	(1,797)	(236)
Sale of investment property		-	8,820
Net cash (invested in) generated by investment activities		**(169,999)**	**(229,104)**
Cash flow from financing activities			
Dividends	17.d	(427,952)	(188,784)
Interest on own capital	17.d	-	(59,757)
Net cash generated (used in) in financing activities		**(427,952)**	**(248,541)**
Increase/(decrease) in cash and cash equivalents, net		(200,273)	692,982
Cash and cash equivalents at the beginning of the year		1,010,520	317,538
Cash and cash equivalents at the end of the year		810,247	1,010,520
Change in cash and cash equivalents for the year		**(200,273)**	**692,982**

See the accompanying notes to the financial statements.

Notes to the financial statements

1 Operations

Videolar-Innova S.A. (“Innova” or “Company”) is a privately-held company domiciled in Brazil, headquartered at Avenida Torquato Tapajós, nº 5.555, Bloco B, Tarumã, CEP 69041-025, located in Manaus – AM.

The Company is engaged in the Plastic Resins segment (Styrene, Polystyrene and Expandable Polystyrene), and serves clients of the Electric-electronic, Plastic, Disposable Goods and Food industries, among others, as well as operating in transformed plastics such as Plastic Lids and BOPP (Biaxially Oriented PolyPropylene film).

The Company has three manufacturing plants, two located in the city of Manaus, state of Amazonas, and one in the city of Triunfo, state of Rio Grande do Sul.

The Company’s business management is based on well-defined principles of environmental, social and governance responsibility reflected in its corporate policies and vision of the future, disclosed in further details in our Annual Sustainability Report, which follows the GRI (Global Reporting Initiative) standard. As a practical example of our initiatives, in 2021, the petrochemical plant in Triunfo (RS) became self-producing and self-sufficient in the generation of electric power and steam from a 100% renewable source, biomass, replacing energy sources of fossil origin (fuel oil and mineral coal, used by the supplier of steams).

It is also very important to contextualize the severity of the El Niño phenomenon for the Amazon basin over the last two years, which has resulted in an unprecedented drop in river levels: this greatly affected the logistics flow of our two manufacturing plants in Manaus and presented us with the challenge, which has currently been overcome, of activating alternative modes such as road and ferry transportation, which have higher costs.

Polo Films acquisition

On October 2, 2024, the Share Purchase Agreement was signed with the controlling shareholders of Polo Films, a manufacturer of bioriented polypropylene (BOPP) films. The operation is under analysis of the Administrative Council for Economic Defense (CADE) and, if approved, will consolidate the movement towards new acquisitions that make sense to the business’s main lines: strategic positioning and increasing the reliability of the best delivery to clients, both in relation to the products already in the company’s portfolio and the inclusion of new items within the petrochemical and plastics processing universe.

Based on the facts and circumstances existing as of this date, Management assessed the Company’s ability to continue as a going concern and believes that the Company has the necessary resources to allow the going concern of its business in the future. Moreover, Management is not aware of any material uncertainty that may generate significant doubts about the ability to continue as a going concern. Thus, these financial statements were prepared based on the assumption of going concern.

2 Preparation basis

Statement of conformity

The financial statements were prepared according to the accounting practices adopted in Brazil, including the pronouncements, interpretations and guidance issued by Accounting Pronouncements Committee (CPC) and disclose all information of financial statements, which are consistent with those used by Management. The issuance of the financial statements was authorized by the Board of Directors on January 23, 2025.

Details about the Company's material accounting policies and other explanatory information are presented in Note 6. All relevant financial statement information, is being disclosed, and corresponds to that used by the Board of Directors.

3 Functional and presentation currency

These financial statements are being presented in Brazilian reais, functional currency of the Company. All balances have been rounded to the nearest value, unless otherwise indicated.

4 Use of estimates and judgments

The preparation of these financial statements, Management used judgments and estimates that affect the application of accounting principles of the Company, and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates as of December 31, 2024 that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the next fiscal year are included in the following Notes:

Note 13 – Property, plant and equipment – determination of useful life and impairment;

Note 14 – Intangible asset and goodwill impairment test: main assumptions in relation to recoverable values;

Note 19 – Revenue recognition: estimated return expectation;

Note 24.a – Uncertainty over income tax treatment;

Measurement of fair value

A number of Company's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

Level 1: Prices quoted (not adjusted) in active markets for identical assets and liabilities.

Level 2: Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

Level 3: Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company recognizes transfers between fair value hierarchic levels at the end of the financial statements year in which changes occurred.

Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

Note 12 – Investment property;

Note 26 – Financial instruments.

5 Measuring basis

The financial statements were prepared based on the historical cost, except for the following items, which are measured at fair value:

- Derivative financial instruments

- Non-derivative financial instruments measured at fair value through profit or loss;

- Investment property measured at fair value

6 Significant accounting policies

The Company adopted the accounting policies described below consistently in all years presented in these financial statements.

6.1 Operating revenue

Sales of goods

Revenue is recognized when products are delivered and accepted by the clients. For contracts that allow the client to return goods, the revenue is recognized to the extent that it is highly likely that a significant reversal in the value of accumulated revenue will not occur. In these circumstances, the Company recognizes a liability for the return and a right to recover the asset to be returned.

Tax incentives

Income deriving from tax incentives described in Note 19, received as monetary asset, is recognized in the Statement of Income for the year on a systematic basis, throughout the financial year as the related expenses are incurred. Conditions established for the maintenance of tax incentives were duly complied with by the Company.

6.2 Government grants and assistance

Government grants and assistance are recognized when the conditions established by the Federal, State and Municipal Governments have been met and are recorded as "Other Revenues" in income (loss) in the same period as the expense that the government grant or assistance intends to offset.

The Company is the beneficiary of the following tax incentives, which are granted by the states of Amazonas and Rio Grande do Sul and by the Federal Government:

ICMS

In the state of Amazonas

Tax incentive credits related to ICMS due, from State of Amazonas, were accounted for in the Company's income (loss) for the year as a contraentry to ICMS payable in the amount of R$ 161,401 (R$ 159,297 in 2023), according to Note 19.

In the State of Rio Grande do Sul

The Company has the tax benefit called Deemed Tax Credit since it is a beneficiary of FUNDOPEM/RS – Fundo Operação Empresa/RS (Rio Grande do Sul Company Operation Fund) and from INTEGRAR/RS – Programa de Harmonização de Desenvolvimento da Indústria do Rio Grande do Sul (Rio Grande do Sul State Industry Development Harmonization Program), under the terms of Decree 49205/12, which was revoked by Decree 56.055/2021, currently in force.

The Company complied with the requirements of CPC 7 - "Government Grants and Assistance" for its recognition and this investment reserve was recognized in the Company's income (loss) for the year in the amount of R$ 121,673 (R$ 106,666 in 2023) for FUNDOPEM, according to Note 19.

Income tax

The Company, in Manaus, has approval of its project by the Superintendency of development for the Amazon—SUDAM, and is entitled to a reduction in income tax and any non-refundable surtaxes, being obliged to capitalize the amount of the tax benefit according to the EO 2199-14, article 1, amended by Law 12715/2012, article 69.

On December 31, 2024, the reduction in income tax was R$ 30,648 (R$ 12,303 on 2023), and the company met all the legal requirements to benefit from these incentives.

IPI

Products industrialized in the Manaus Free Trade Zone are exempt from IPI, under the terms of Article 81, item II, of RIPI/2010, for projects approved by the Board of Directors of the Superintendence of the Manaus Free Trade Zone – SUFRAMA, intended for trading in any other point in the national territory, in accordance with basic production process.

PIS/COFINS

Recipients established in the Manaus Free Trade Zone (ZFM) will be taxed at a zero rate, and those outside the ZFM who calculate PIS/COFINS under the non-cumulative regime will be taxed at 0.65% (PIS) and 3% (COFINS), clients outside the ZFM who fall under the Deemed Profit regime or outside the ZFM who fall under the Taxable Income regime with total or partial revenue excluded from the Non-Cumulative Regime, or those outside the ZFM who opt for the National Simplified Taxation System (SIMPLES) regime will be taxed at 1.3% (PIS) and 6% (COFINS), under the terms of art. 5-A and art. 2, §4, item I, b, and II, of Law 10637/2002 and art. 2, §5, item I, b, and II of Law 10833/2003.

Import tax

Pursuant to Decree-Law 288/1967, Article 7, products manufactured in the ZFM, subject to the exceptions contained in the aforementioned article, will be subject to the requirement of Import Tax relating to raw materials, intermediate products, secondary materials and packaging materials, components and other inputs of foreign origin used in them, calculating the tax through a reduction coefficient of their *ad valorem* rate, as long as they meet the local industrialization level compatible with PPB for products included in the same heading and subheading of the Brazilian Customs Tariff (TAB).

6.3 Financial revenues and expenses

Financial revenues include interest revenues on invested funds. Interest income is recognized in profit the Income Statement using the effective interest method.

Financial expenses include discount at present value adjustments on provisions and contingent compensation, changes in financial assets fair value measured at fair value through income and impairment losses recognized in financial assets (except for receivables).

Exchange gains and losses are reported on a net basis.

6.4 Foreign currency

Foreign currency transactions are translated into the respective functional currency of the Company at the exchange rates on the dates of the transactions.
Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the exchange rate determined on that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into the functional currency at the foreign exchange rate on the date the fair value was determined.

Exchange differences arising from the conversion are charged to income.

6.5 Income tax and social contribution

Current and deferred income taxes and social contribution for the year are calculated based on rates of 15%, with additional 10% on taxable income exceeding R$ 240, for income tax, and 9% on taxable income for social contribution on net income, and consider offset of tax losses and negative basis of social contribution, limited to 30% of taxable income for the year.

Income tax and social contribution expense comprises both current and deferred income tax and social contribution. Current and deferred taxes are recognized in income (loss) or to items directly recognized in shareholders’ equity or in other comprehensive income.

Current income tax and social contribution expense
Current income tax and social contribution are shown net, in liabilities when there are amounts to be paid or under assets when the prepaid amounts exceed the total owed on the reporting date.

Deferred income tax and social contribution expenses
Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purposes and used for taxation purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset is recognized for unused tax losses, tax credits and unused deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the credits can be used. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of the existing temporary differences, are considered, based on the Company’s business plans.

Deferred tax assets are reviewed at each reporting date and impaired when their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to the balance sheet date and results in an uncertainty related to income tax (if any).

6.6 Inventories

Stated at the average cost of acquisition, net of recoverable taxes, when applicable.

The cost of finished products and work in process comprises raw materials, other production materials, cost of labor, other direct costs and a portion (allocation) of the fixed and variable costs, based on the normal operating capacity. The evaluation of inventories does not exceed its market value. Provisions for slow-moving or obsolete inventories are formed when considered necessary by Management.

6.7 Property, plant and equipment

(i) Recognition and measurement
Property, plant and equipment items are stated at historical acquisition or construction cost, including loan cost capitalized, net of accumulated depreciation and impairment losses.

When significant parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of a property, plant and equipment item (determined by comparing the proceeds from disposal with the book value of property, plant and equipment) are recognized in other operating revenues/expenses in income (loss).

Reclassification for investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as an investment property. Any gain on this remeasurement is recognized in income (loss) as the gain reverses any impairment loss on the specific property, and any remaining gain recognized as other comprehensive income and presented under equity valuation adjustment account. Any loss is immediately recognized in income (loss). However, to the extent that there is an amount previously recognized as a revaluation of said property, the loss is recognized in other comprehensive income and reduces the valuation reserve in shareholders' equity.

Subsequent costs

Subsequent costs are capitalized in accordance with the probability that associated future economic benefits may be earned by the Company.

Depreciation

Depreciation is calculated to amortize the cost of property, plant and equipment, net of their estimated residual values, using the straight-line method based on estimated useful lives of such items. Depreciation is recognized in income (loss). Land is not depreciated.
The estimated useful lives (in years) of property, plant and equipment are as follows:

	Years
Buildings and improvements	29
Machinery and equipment	16
Spare parts and sets.	7
Industrial facilities	12
Furniture and fixtures	12
Data processing equipment	5
Vehicles	5
Aircraft	10
Molds and tools	10
Telephony equipment	9

Depreciation methods, useful lives and residual values are reviewed on each balance sheet date and adjusted if appropriate.

6.8 Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill is measured at cost, less accumulated impairment losses, when applicable.

Research and development

Research and development expenditures are recognized in income (loss) as incurred.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and use or sell the asset. Other development expenditures are recognized in the income (loss) as incurred. After the initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets
Other intangible assets acquired by the Company with finite useful lives are carried at cost, net of accumulated amortization and any accumulated impairment losses, when applicable.

Subsequent expenses
Subsequent expenses are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally-generated goodwill and trademarks and patents, are recognized in profit or loss as incurred.

Amortization
Amortization is calculated using the straight-line method based on estimated useful lives of such items, net of estimated residual values. Amortization is usually recognized in income (loss). Goodwill is not amortized.

Estimated useful lives for current and comparative years are as follows:

	Years
Software	5
Brands, rights and patents	8

The amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.9 Investment property

Investment property is initially measured at cost and, subsequently, at fair value, and changes to fair value are recognized in the income (loss).

Gains and losses in the disposal of an investment property (calculated by the difference between the net value received in the sale and the book value) are recognized in the statement of income.

When an investment property previously recognized as property, plant and equipment is sold, any amount recognized in equity valuation adjustment is transferred to retained earnings.
The revenue from rental of investment properties is recognized as other revenues under the straight-line method over the lease period. Granted lease incentives are recognized as part of the total rental revenue, over the lease period.

The investment properties are recorded at fair value, which was based on valuations made by independent external appraisers as of December 31, 2024 and 2023.

6.10 Financial instruments

(i) Non-derivative financial assets – derecognition

Loans, receivables and deposits are initially recognized on the date that they were originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows of the asset expire, or when the rights to receive the contractual cash flows from a financial asset are transferred in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest that is created or retained in the financial assets transferred is recognized as an individual asset or liability.

Financial assets and liabilities are offset and the net value reported in the balance sheet only when there is a legally enforceable right to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

A financial asset is classified as measured at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. The transaction costs are recognized in income (loss) as incurred. They are measured at fair value and changes in the fair value, including gains with interest, which are recognized in the income (loss) for the year.

(ii) Non-derivative financial assets and liabilities – recognition and derecognition

A financial asset is classified as initially measured at fair value plus any attributable transaction costs. After the initial recognition, these financial liabilities are stated at amortized cost using the effective interest rate method.

(iii) Derivative financial instruments

When required, the Company timely analyzes the engagement of derivative financial instruments to hedge its exposure to foreign currency and interest rate changes.
After the initial recognition, derivatives are measured at fair value and changes are normally recorded in income (loss).

6.11 Capital

Common shares

Additional costs directly attributable to the issue of shares and share options are recognized as reducers of shareholders' equity. Effects from taxes related to these transactions' costs are accounted for in conformity with CPC 32.

Preferred shares

The Company did not issue redeemable preferred shares in the year.

The compulsory minimum dividends, as established in the By-laws, are recognized as liabilities.

Repurchase and re-issuance of shares (treasury shares)
When shares recognized as shareholders' equity are repurchased, the value of the consideration paid which includes any costs directly attributable is recognized as a deduction from shareholders' equity. The repurchased shares are classified as treasury shares and presented as a deduction from shareholders' equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in net assets, and the resulting gain or loss from the transaction is shown as capital reserve.

Increase in paid-up capital
The capital increase is determined by the shareholders at a general meeting or a shareholders' meeting. In the case of corporations, the decision on the capital increase may also be decided by the administrative body, if determined to do so. When deciding on an increase, it is essential to determine how it will be carried out. This may occur by increasing the nominal value of existing quotas or shares. The Company's capital can be increased by subscribing new shares or incorporating reserves.

6.12 Impairment

(i) Non-derivative financial assets
A financial asset not measured at fair value through profit or loss is assessed at each reporting date for except in the case of an impairment loss. An asset is impaired when there is objective evidence that a loss event has occurred after the initial recognition of the asset, and that such loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets suffered impairment includes: i) the debtor's failure to pay or delay in paying; ii) the restructuring of the amount owed to the Company at conditions that the Company would not consider as normal conditions; iii) evidence that the borrower or issuer will be going into bankruptcy; iv) negative changes in payment situation of debtors or issuers; v) the disappearance of an active market for a security; vi) or observable data indicating that expected cash flow measurement of a group of financial assets decreased.

An impairment is calculated as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The losses are recognized in an allowance in the income statement. When the Company considers that it is not possible to reasonably expect recovery, amounts are written-off. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
On each reporting date, the Company reviews book values of non-financial assets (except for investment properties, inventories and deferred tax assets) to determine if there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. In case of goodwill, recoverable value is tested on an annual basis.

For impairment tests, assets are grouped into CGUs, that is, the smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units. Goodwill in a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

Recoverable value of an asset or CGU is the higher of the value in use and the fair value less costs to sell. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations, the time value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in profit or loss. Recognized losses referring to CGUs are initially allocated to reduce any goodwill allocated to that CGU (or CGU group) and then to reduce the book value of other assets of that CGU (or CGU group) on a pro rata basis.

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only to the extent that the new book value of the asset does not exceed the book value without the impairment loss.

7 Changes in accounting policies and disclosures

The following changes in standards for the year beginning on January 1, 2024 are not expected to have a material impact on the Company’s financial statements:

Amendment to IAS 1/CPC 26 – Presentation of Financial Statements: according to IAS 1 – Presentation of financial statements, for an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settlement of the liabilities for at least 12 months from the balance sheet date. In January 2020, the IASB issued the amendment to IAS 1 – Classification of liabilities as current or non-current, whose date of application refers to fiscal years beginning on or after January 1, 2023, which determined that the entity would not have the right to avoid the settlement of a liability for at least 12 months if, at the balance sheet date, it had not complied with the ratios provided for in its covenants, even if the contractual measurement of the covenant was only required after the balance sheet date.

Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that contain covenants requiring the achievement of financial ratios under these covenants only after the balance sheet date, do not affect the classification as current or non-current. Only covenants with which the entity is required to comply up to the balance sheet date affect the classification of the liability, even if the measurement only takes place after that date.

The 2022 amendment introduces additional disclosure requirements that allow users of the financial statements to understand the risk of the liability being settled within 12 months of the balance sheet date. The 2022 amendment changed the date of application of the 2020 amendment. Thus, both changes apply for years beginning on or after January 1, 2024.

In thousands of reais, unless otherwise indicated

Amendment to CPC 06(R2) – Leases: the amendment issued in September 2022 clarifies the lease liability in a sale and leaseback transaction. When measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines the "lease payments" and the "revised lease payments" in a way that does not result in the seller-lessee recognizing any amount of gain or loss related to the right of use it retains. This could particularly affect sale and leaseback transactions where lease payments include variable payments that do not depend on a ratio or rate.

This amendment had no material impact on the company.

Amendments to IAS 7/CPC 03 – Statement of Cash Flows and CPC 40 – Financial Instruments: Evidencing: the amendment issued by the IASB in May 2023, brings new disclosure requirements on supplier finance arrangements (SFAs) with the purpose of enabling investors to assess the effects on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier financing arrangements are described in this amendment as arrangements in which one or more financing providers offer to pay amounts that an entity owes to its suppliers, and the entity agrees to pay in accordance with the terms and conditions of the arrangement on the same date, or at a later date, that the suppliers are paid. The agreements usually provide the entity with extended payment terms, or the entity's suppliers with early receipt terms, compared to the original due date of the related invoice.

The amendments mentioned above had no material impact on the company's disclosures.

8 Cash and cash equivalents

	2024	**2023**
Cash and cash equivalents	3,013	10,076
Interest earning bank deposits	807,234	1,000,444
Total	**810,247**	**1,010,520**

The investments retained by the Company in fixed income securities reflect the usual market conditions and are remunerated at the rate of the Interbank Deposit Certificates ("CDI"). Operations with a minimum investment term of 30 days were remunerated at an average rate of 101.3% of the CDI (102% in 2023). Such assets are convertible into a known sum of cash and subject to an insignificant risk of change of value.

In thousands of reais, unless otherwise indicated

9 Accounts receivable

Amounts receivable as of December 31, 2024 and 2023 are as follows:

	2024	2023
Clients	951,358	737,003
Expected credit loss	(6,206)	(4,328)
Total	**945,152**	**732,675**

Pursuant to the provisions of CPC 48, Management adopts the prospective model of “expected credit losses”, determined in accordance with the practices below, where the percentage of estimated loss is applied to the aging list of the client portfolio, according to the following stages:

Stage 1 – Includes debts that are still performing; Expected losses are calculated based on the actual experience of credit loss (write-off) over the last few years and the intrinsic risk of default on accounts receivable falling due.

Stage 2 – Includes trade notes with *Significant Risk of Loss*; based on the deterioration of the credit risk of clients renegotiated at the administrative level or in collection advisory, as well as with the need for judicial collection, regardless of maturity.

The table below shows the expected credit loss on December 31, 2024 and 2023:

	Accounts receivable		Provision for expected credit loss		Percentage of estimated loss	
Stage 1	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Falling due	939,367	733,093	(970)	(734)	0,1%	0,1%
Overdue 01–30 days	6,839	319	(84)	(3)	1,3%	0,9%
	946,206	**733,412**	**(1,054)**	**(737)**		
Stage 2						
Legal collection	5,152	3,212	(5,152)	(3,212)	100.0%	100.0%
Default risk	-	379	-	(379)	100.0%	100.0%
	5,152	**3,591**	**(5,152)**	**(3,591)**		
Total	**951,358**	**737,003**	**(6,206)**	**(4,328)**	0,7%	0,6%

Management believes that the risk related to accounts receivable is relatively low and there was no significant transfer of credit from Stage 1 to Stage 2.
Changes in the provision for estimated credit losses are as follows:

	2024	2023
Balance at the beginning of the year	(4,328)	(4,056)
Supplement to allowance for the year	(2,736)	(2,859)
Write-off in the provision for the year	858	2,587
Balance on December 31	**(6,206)**	**(4,328)**

In thousands of reais, unless otherwise indicated

10 Inventories

	2024	2023
Raw material and packaging	251,182	147,901
Finished goods	213,857	205,808
Work in process	150,399	63,737
Intermediate and auxiliary materials	44,299	46,647
Imports in progress	19,677	269
Other materials	1,192	2,127
Provision for obsolescence	(8,370)	(2,612)
Total	**672,236**	**463,877**

Changes to the provision for obsolescence are as follows:

	2024	2023
Balance at the beginning of the year	(2,612)	(2,474)
Addition of provision	(7,093)	(1,487)
Reversal of provision	1,335	1,349
Balance on December 31	**(8,370)**	**(2,612)**

The provision for obsolescence as of December 31, 2024 corresponds to R$ 6,252 (R$ 1,465 in 2023), allocated to raw materials and R$ 2,118 (R$ 1,147 in 2023) allocated to finished products, segregated between the business segments as follows: BOPP R$ 937 (R$ 1,335 in 2023), Laminates R$ 434 (R$ 0 in 2023), Plastic Caps R$ 1,455 (R$ 382 in 2023), Polystyrene/EPS R$ 5,544 (R$ 895 in 2023).

11 Recoverable taxes

	2024	2023
ICMS recoverable	23,304	29,244
PIS/COFINS recoverable	11,545	11,049
PIS/COFINS tax process (i)	279	5,240
IPI recoverable	755	2,280
Other	4,062	2,911
Total	**39,945**	**50,724**
Current assets	**37,325**	**48,742**
Non-current assets	**2,620**	**1,982**

(i) In mid-2020 and 2022, the decisions on the lawsuits determining the exclusion of ICMS from the PIS/COFINS calculation basis, retroactive to the years 2004 to 2021, became final and unappealable. In 2023, the amounts of the tax credits calculated were reviewed and, consequently, a supplement of R$ 5,240 was added, of which R$ 3,998 was the principal and R$ 1,242 was monetary restatement. The tax credit was used in March 2024 to settle (offset) PIS/COFINS taxes. In relation to the year 2024, there was also a review of tax credits, generating credits of R$ 8,512 in principal, plus R$ 8,999 in monetary restatement. After calculating and offsetting the debit balances, a residue of R$ 279 remained, which will be offset during the 2025 calendar year.

In thousands of reais, unless otherwise indicated

12 Investment properties

	2024	**2023**
Land and buildings	333,393	334,789
	333,393	**334,789**

The investment properties are recorded at fair value, which was based on valuations made by independent external appraisers as of December 31, 2024 and 2023.

The balance of investment property transactions was as shown below:

	2024	**2023**
Balance on January 1	334,789	307,275
Sale (i)	-	(28,360)
Fair value adjustment (Note 22) (ii)	(1,396)	55,874
Total	**333,393**	**334,789**

(i) Referring to the sale of the Property located on Avenida Açai, Manaus – AM, which was leased to third parties since August 2019.

(ii) The main impact on the change in PPI was due to the (negative) valuation of the property on Avenida Araguaia, which meant that the valuation of all the properties did not vary significantly.

In thousands of reais, unless otherwise indicated

13 Property, plant and equipment

	Land	Buildings and improvements	Machinery and equipment	Spare parts and sets	Industrial facilities	Furniture and fixtures	Data processing equipment	Vehicles	Aircraft	Molds and tools	Telephony equipment	Works of art and antiques	Provision for impairment loss (Note 13.1)	Construction in progress (Note 13.2)	Spare Parts – Construction in progress (i)	Goodwill - Property, plant and equipment	Total
Cost																	
Balances at 12/31/2022	**97,025**	**319,723**	**1,706,614**	**3,434**	**242,434**	**9,260**	**14,132**	**1,574**	**13,869**	**17,992**	**594**	**152**	**(2,964)**	**174,771**	**93,385**	**203,479**	**2,895,474**
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	208,795	29,129	-	237,924
Write-off	(4,352)	(4,766)	(25,489)	-	(7,499)	(1,298)	(770)	-	-	(1,897)	(2)	-	2,964	-	(20,780)	-	(63,889)
Transfer	(252)	7,937	192,438	-	21,841	3,727	3,503	396	-	2,782	18	-	-	(232,626)	-	-	(236)
Balances at 12/31/2023	**92,421**	**322,894**	**1,873,563**	**3,434**	**256,776**	**11,689**	**16,865**	**1,970**	**13,869**	**18,877**	**610**	**152**	**-**	**150,940**	**101,734**	**203,479**	**3,069,273**
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	136,724	33,275	-	169,999
Write-off	-	-	(1,990)	-	-	(20)	(4)	-	-	-	-	-	-	-	(18,772)	-	(20,786)
Transfer	-	3,911	171,778	3,618	32,488	922	4,972	210	-	167	275	-	-	(220,138)	-	-	(1,797)
Balances at 12/31/2024	**92,421**	**326,805**	**2,043,351**	**7,052**	**289,264**	**12,591**	**21,833**	**2,180**	**13,869**	**19,044**	**885**	**152**	**-**	**67,526**	**116,237**	**203,479**	**3,216,689**
Depreciation																	
Balances at 12/31/2022	**-**	**(149,406)**	**(889,793)**	**(546)**	**(141,468)**	**(7,352)**	**(12,302)**	**(977)**	**(2,889)**	**(14,385)**	**(247)**	**-**	**-**	**-**	**-**	**(94,474)**	**(1,313,839)**
	-											-	-	-	-		
Depreciation for the year	-	(11,216)	(110,945)	(344)	(17,313)	(581)	(1,407)	(348)	(1,387)	(962)	(56)	-	-	-	-	(12,930)	(157,489)
Write-off		1,732	24,833	-	7,219	1,217	768	-	-	1,895	2					-	37,666
Balances at 12/31/2023	**-**	**(158,890)**	**(975,905)**	**(890)**	**(151,562)**	**(6,716)**	**(12,941)**	**(1,325)**	**(4,276)**	**(13,452)**	**(301)**	**-**	**-**	**-**	**-**	**(107,404)**	**(1,433,662)**
Depreciation for the year	-	(11,306)	(100,903)	(1,179)	(15,466)	(734)	(2,184)	(377)	(1,387)	(1,284)	(126)	-	-	-	-	(12,941)	(147,887)
Write-off	-	-	377	-	-	18	2	-	-	-	-	-	-	-	-	-	397
Balances at 12/31/2024	**-**	**(170,196)**	**(1,076,431)**	**(2,069)**	**(167,028)**	**(7,432)**	**(15,123)**	**(1,702)**	**(5,663)**	**(14,736)**	**(427)**	**-**	**-**	**-**	**-**	**(120,345)**	**(1,581,152)**
Balances at 12/31/2024	92,421	156,609	966,920	4,983	122,236	5,159	6,710	478	8,206	4,308	458	152	-	67,526	116,237	83,134	1,635,537
Balances at 12/31/2023	92,421	164,004	897,658	2,544	105,214	4,973	3,924	645	9,593	5,425	309	152	-	150,940	101,734	96,075	1,635,611

(i) Spare Parts - Construction in progress: The Company classifies spare items, spare parts, tools and equipment for internal use in property, plant and equipment since the entity expects to use them for more than one financial year. Such practice is adopted according to the accounting pronouncement.

In thousands of reais, unless otherwise indicated

13.1 Construction in progress

As of December 31, 2024, the balance of construction in progress account was R$ 67,526 (R$ 150,940 in 2023) and was mainly represented by the projects: Expansion of Plastic Caps R$ 24,381 (Total Investment of R$ 33,537, ending June 2025); Biomass Yard Covering R$ 6,833 (Total Investment of R$ 7,203, ending May 2025); Rice husk silo R$ 4,590 (Total investment of R$ 8,260, ending May 2025); UPSM Clean Condensate System R$ 2,067 (Total Investment of R$ 2,088, ending February 2025); Air System R$ 1,798 (Total Investment of R$ 2,056, ending March 2025); Increase in P&D Infrastructure R$ 1,661 (Total Investment of R$ 3,364, ending December 2025).

13.2 Surplus

The surplus recognized in the Company's records is the result of the acquisition of a company in 2014 and subsequent merger, referring to property, plant and equipment in the total amount of R$ 203,479. The balance as of December 31, 2024 is R$ 83,134 (R$ 96,075 in 2023) after depreciation.

14 Intangible assets

Details on the Company's intangible assets are presented in the tables below:

	Software	Brands, rights and patents	Goodwill due to expectation of future profitability	Goodwill	Total
Cost					
Balances at 12/31/2022	**26,656**	**19,225**	**243,866**	**106,279**	**396,026**
Write-offs	(1,238)	-	-	-	(1,238)
Transfer	236				236
Balances at 12/31/2023	**25,654**	**19,225**	**243,866**	**106,279**	**395,024**
Transfer	1,797	-	-	-	1,797
Balances at 12/31/2024	**27,451**	**19,225**	**243,866**	**106,279**	**396,821**
Amortization					
Balances at 12/31/2022	**(22,033)**	**(18,483)**	**-**	**(106,134)**	**(146,650)**
Amortization for the year	(2,094)	(499)	-	(88)	(2,681)
Write-offs	1,234	-	-	-	1,234
Balances at 12/31/2023	**(22,893)**	**(18,982)**	**-**	**(106,222)**	**(148,097)**
Amortization for the year	(2,564)	-	-	(39)	(2,603)
Balances at 12/31/2024	**(25,457)**	**(18,982)**	**-**	**(106,261)**	**(150,700)**

In thousands of reais, unless otherwise indicated

	Software	Brands, rights and patents	Goodwill due to expectation of future profitability	Goodwill	Total
Residual value					
Balances at 12/31/2024	1,994	243	243,866	18	246,121
Balances at 12/31/2023	2,761	243	243,866	57	246,927

14.1 Goodwill

The goodwill recognized in the Company's records, as a result of the acquisition of a company in 2014 and subsequent merger, was determined as follows:

Cost of acquisition	1,105,219
(-) Acquired company's shareholders' equity as of 10/31/2014	(643,381)
(-) Goodwill	(217,972)
Goodwill on acquisition	**243,866**

The acquisition resulted in goodwill based on the expectation of future profits of R$ 243,866. It is the result of several factors especially the synergy between the companies' businesses.

The cash-generating unit to which the goodwill was allocated is tested for impairment annually, regardless of whether there are indications of impairment. The main cash flow assumptions are as follows: prices based on the last disclosed strategic plan, production curves related to plans existing in the Company portfolio, market operating costs and investments needed to complete the projects.

If the recoverable value of the cash-generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of any goodwill allocated to this unit and then to the other assets of the unit pro rata based on the book value of each asset in the unit. An impairment loss related to goodwill is not reversed in a posterior period. In carrying out the recovery study for the year, we did not identify any impairment loss.

The assumptions adopted for impairment testing considered a growth rate at the perpetuity of 3% and actual discount rate of 13.7% in a five-year horizon.

14.2 Goodwill

The surplus recognized in the Company's records is the result of the acquisition of a company in 2014 and subsequent merger, referring to industrial patents in the total amount of R$ 106,279. After amortization, the balance as of December 31, 2024 is R$ 18 (R$ 57 in 2023).

In thousands of reais, unless otherwise indicated

15 Suppliers

	2024	2023
Domestic suppliers	114,550	72,678
Foreign suppliers	253,050	194,741
	367,600	**267,419**

16 Provision for lawsuits and judicial deposits

Based on an individual analysis of court and administrative proceedings concerning tax, labor and civil issues against the Company, provisions were formed for risks of losses deemed likely by our legal advisors, of sums considered sufficient as follows:

	2024	2023
Tax (i)	301	4,403
Labor (ii)	3,520	6,062
Civil	62	110
Surplus (ii)	-	7,902
Non-current liabilities	**3,883**	**18,477**

(i) The reduction in the amount assigned to tax provisions considers: (i) the total amount currently provisioned, i.e. R$ 1,695, a reduction in relation to 2023 due to the closure of proceedings and respective payments, mainly administrative proceeding 31063527 of the State Treasury of Rio Grande do Sul, which had a provision in the amount of R$ 2,400 and addressed the collection of ICMS on electricity purchase transactions; and (ii) the active effect resulting from the uncontroversial amount to be received by the Company in the amount of R$ 1,394, referring to proceeding 1000296-13.2018.4.01.3200, which sought the right to refund taxes paid to SUFRAMA on imports made between 1991 and 1999.

(ii) The reduction in the amount provisioned for labor lawsuits arises from the closure of lawsuits and the respective payments, as well as court settlements that reduced the amount to be paid by the company.

(iii) Regarding proceeding 5003015-20.2015.8.21.0027, which is being handled by the law firm Lippert Advogados, it is worth mentioning that it has been before the judge for a decision since June 14, 2024. The present value of the lawsuit is restricted exclusively to the attorney's fees owed to the Attorney General's Office of the State of Rio Grande do Sul, and is the only probable loss of future disbursement that the Company may incur in this process.

Provision movements are shown below:

Provision for lawsuits	**Tax**	**Labor**	**Civil**	**Goodwill**	**Total**
Balances at December 31, 2022	**8,201**	**5,231**	**110**	**7,902**	**21,444**
(+) Supplement of provision	-	1,892	-	-	**1,892**
(-) Write-off of provision	(3,468)	(192)	-	-	**(3,660)**
(-) Payments made	(330)	(869)	-	-	**(1,199)**
Balances at December 31, 2023	**4,403**	**6,062**	**110**	**7,902**	**18,477**
(+) Supplement of provision	3,499	11,163	91	-	**14,753**
(-) Write-off of provision	(6,268)	(10,018)	(139)	(7,902)	**(24,327)**
(-) Payments made	(1,333)	(3,687)	-	-	**(5,020)**
Balances at December 31, 2024	**301**	**3,520**	**62**	**-**	**3,883**

Main lawsuits are commented as follows:

Tax proceedings

The forecast of possible losses that are not provided for amount to R$ 637,834 (R$ 658,958 in 2023). The reduction in the amount in relation to the previous year is mainly due to the dismissal of proceeding 5044721-47.2017.4.04.7100 concerning the tax assessment notice on the suspension of Drawback, with a decision that was totally favorable to the Company. The main cases classified as possible losses are:
(i) proceeding 10283.724949/2021-66 referring to the tax assessment notice related to amounts supposedly incorrectly deducted in the calculation of Taxable Income totaling R$ 232,933 (R$ 211,815 in 2023);
(ii) proceeding 2016.11209.12613.0.009414 referring to the tax assessment notice drawn up against AMZ due to the collection of ISS on copyright in the amount of R$ 150,283 (R$ 138,132 in 2023);
(iii) proceeding 1504453-19.2023.8.26.0014 in the amount of R$ 129,987 (R$ 123,343 in 2023) referring to the Tax Execution filed by the State of São Paulo linked to tax assessment notice 4.078.672-9, drawn up due to alleged undue deduction of ICMS-ST due to tax benefit granted by the State of Amazonas, not recognized by the São Paulo tax authorities, but with a favorable decision for taxpayers in lower courts, due to the understanding favorable to taxpayers signed by the Federal Supreme Court (STF) in 2023 within the scope of ADPF 1004, whose effects should reach all proceedings (administrative and judicial) that address this issue, so that there is an expectation of changing the contingency to “remote” in the short term.

The Company has tax judicial deposits recorded in the amount of R$ 3,910 (R$ 3,846 in 2023). Main lawsuits are:
(i) proceeding 5000829-78.2023.4.04.7100, referring to the Annulment Action filed by the Company against the tax assessment notice drawn up by the Brazilian Federal Revenue Service (RFB) for alleged undue offsetting of IPI credits, in the amount of R$ 555 (carried out in 2023);
(ii) proceeding 5001280-64.2018.4.03.6144, referring to the tax assessment notice on Drawback in the amount of R$ 520 (R$ 520 in 2023);
(iii) proceeding 001.2003.020195-1, referring to the Tax Execution filed by the State of Pernambuco related to the tax assessment notice drawn up by the Pernambuco tax authorities alleging non-payment of ICMS due for tax substitution in the amount of R$ 402 (R$ 402 in 2023).

Labor proceedings

Labor lawsuits deal with cases pending before the Labor Courts which, individually, are not relevant to the company’s business. Losses are estimated based on an individual analysis of labor claims.

The Company is a defendant in labor lawsuits, for which the possible loss is estimated at R$ 14,491 (R$ 6,999 in 2023), and the probable loss is provisioned in the total amount of R$ 3,519 (R$ 6,062 in 2023).

Civil proceedings

The provision for civil lawsuits consists chiefly in indemnity lawsuits.

The Company is a defendant in civil lawsuits amounting R$ 11,437 (R$ 15,724 in 2023) for which the loss is considered possible. Main lawsuits are:

In thousands of reais, unless otherwise indicated

(i) proceeding 0006284.22.2005.8.19.0203 for collection of property rights with an updated amount of R$ 8,842 (R$ 7,781 in 2023); e
(ii) proceeding 0002404-77.2016.8.21.0139 filled due to the alleged defect in the product with updated value of R$ 2,376 (R$ 2,376 in 2023);
The provision for civil contingencies corresponds to estimated losses related to lawsuits mainly involving commercial discussions.

Goodwill

The added value recognized in the Company's records is the result of the acquisition of a company in 2014 and subsequent merger, where there were lawsuits assessed as a possible risk, in the total amount of R$ 62,888, of which R$ 60,247 are tax lawsuits and R$ 2,641 labor lawsuits. After the partial realization of the lawsuits, the balance presented on December 31, 2024 is R$ 0 (R$ 7,902 in 2023) for tax lawsuits.

Judicial deposits

Judicial deposits linked and not linked to proceedings for which provisions were recorded, classified in non-current assets, are as follows.

Judicial deposits	**Tax**	**Labor**	**Civil**	**Total**
Balances at December 31, 2022	**5,165**	**1,694**	**773**	**7,632**
(+) Addition	2,740	474	-	3,214
(-) Write-off	(4,059)	(452)	(88)	(4,599)
Balances at December 31, 2023	**3,846**	**1,716**	**685**	**6,247**
(+) Addition	4,318	996	446	5,760
(-) Write-off	(4,254)	(1,561)	(884)	(6,699)
Balances at December 31, 2024	**3,910**	**1,151**	**247**	**5,308**

17 Quotaholders' equity

a. Capital

As of December 31, 2024 and 2023, the Company's capital amounts to R$ 1,373,666, represented by 1,549,720 common shares.

b. Equity valuation adjustment

The equity valuation adjustments derive from equity valuation of land and buildings available at Investment Property and adoption of Deemed Cost on assets recorded in Property, plant and equipment.

Amounts recorded in equity valuation adjustments will be totally or partially reclassified to income (loss) for the year upon disposal, write-off or depreciation of assets to which they refer. There were no changes in the balance of the equity valuation adjustment in the years ended December 31, 2024 and 2023.

In thousands of reais, unless otherwise indicated

c. Legal reserve

Legal reserve is formed at 5% of net income for each year, pursuant to the terms of art. 193 of Law no. 6.404/76, up to the limit of 20% of capital. Due to income for the year of R$ 514,824, the amount of R$ 25,741 was formed as a legal reserve, totaling R$ 203,695 (R$ 177,954 in 2023).

d. Dividends and interest on own capital

According to the Company's by-laws, net income for the year is allocated as follows: (i) 5% for formation of legal reserve, until reaches 20% of subscribed capital; and (ii) at least 25% of the remaining balance adjusted, pursuant to article 202 of Law 6404/76, for the payment of mandatory dividends after the resolution of the General Meeting.

In 2024, the shareholders approved the distribution of dividends in the amount of R$ 357,365. Of this total, R$ 227,365 relates to dividends from previous years and the remaining R$ 130,000 relates to interim dividends for 2024, which will be charged to the minimum mandatory dividend.

Changes in dividends are as follows:

	2024	**2023**
Balance on January 1	74,861	1,010
(+) Dividends distributed	357,365	262,635
(-) Payment of dividends	(427,952)	(188,784)
Balance on December 31	**4,274**	**74,861**

Changes in interest on own capital are as follows:

	2024	**2023**
Balance on January 1	1,191	948
(+) Interest on own capital distributed	-	60,000
(-) Payment of interest on own capital	-	(50,492)
(-) IRRF (Withholding income tax)	-	(9,265)
Balance on December 31	**1,191**	**1,191**

e. Tax incentive reserve

The Tax Incentive Reserve on December 31, 2023 totaled R$ 1,319,993, consisting of R$ 1,209,603 in incentives arising from deemed ICMS credits and another R$ 110,390 referring to the IRPJ tax incentive (SUDAM).

In 2024, the amount of R$ 152,990 was transferred through a partial reversal of the Tax Incentives Reserve to the Profit Reserve.

On December 31, 2024, the amount of R$ 30,648 was allocated to the formation of a tax incentive reserve related to IRPJ, totaling R$ 1,197,651 (R$ 1,319,993 in 2023).

In thousands of reais, unless otherwise indicated

f. Profit retention reserve

In 2024, the distribution of dividends amounting to R$ 227,365, referring to prior years, was authorized using the balance of the profit reserve.

In 2024, the amount of R$ 152,990 was transferred through a partial reversal of the Tax Incentives Reserve to the Profit Reserve.

A profit retention reserve was formed in the amount of R$ 458,435 (R$ 225,749 in 2023), totaling R$ 1,092,402 (R$ 838,342 in 2023), being available to shareholders.

g. Goodwill reserve on disposal of shares

In August 2020, the sale of treasury shares generated a positive result (profit). This credit was recorded as a goodwill reserve on the sale of shares in the Company's shareholders' equity, in the amount of R$ 1, with no changes since then.

18 Other liabilities

This group includes accounts arising from the contracting of third-party services payable.

	2024	2023
Freight on sales	14,573	7,372
Outsourced services	5,303	4,399
Electric power	3,049	2,782
Import expenses	1,863	2,531
Other	1,014	1,307
Total current liabilities	**25,802**	**18,391**
Benefit – Lifetime medical insurance	3,204	3,379
Escrow deposit (i)	1,164	-
Other	921	921
Total non-current liabilities	**5,289**	**4,300**

(i) Refers to a security deposit made based on real estate lease contracts held by the company and classified as Investment Properties (PPI), the amounts will be returned after the contracts expire.

19 Net operating revenue

	2024	2023
Gross operating revenue	5,586,441	4,870,123
Sales taxes	(969,605)	(836,696)
Tax incentive credits (i)	283,021	265,963
Returns	(19,405)	(16,730)
Pis/Cofins Grants (ii)	(26,206)	-
	4,854,246	**4,282,660**

(i) Tax incentives are made up of: ICMS benefit on the shipment of intermediate goods of R$ 161,401 (R$ 159,297 in 2023) and FUNDOPEM/RS Benefits of R$ 121,673 (R$ 106,666 in 2023).

In thousands of reais, unless otherwise indicated

(ii) Revenues from grants provided by the states were subject to PIS and COFINS contributions as of January 1, 2024, due to the publication of Law 14789/2023, which repealed the provisions of Laws 10637/2002 and 10833/2003, which determined that such revenues were not part of the calculation basis for the respective contributions.

20 Cost of products sold

	2024	**2023**
Cost of products sold	(3,531,252)	(3,119,501)
Cost of goods resold	-	(1,263)
Manufacturing general expenses	(387,988)	(356,062)
Production Idleness	(89,484)	(96,341)
Other	(14,263)	(7,723)
	(4,022,987)	**(3,580,890)**

21 Administrative and selling expenses

	2024	**2023**
Freight	(149,078)	(142,384)
Payroll expenses	(72,807)	(60,736)
Consulting and advisory	(15,525)	(10,649)
Depreciation and amortization (i)	(9,464)	(34,216)
Use license	(3,765)	(2,849)
Taxes and rates	(3,643)	(4,270)
Lawyers' fees	(3,557)	(1,662)
Import expenses	(3,030)	(3,068)
Insurance costs	(1,466)	(894)
Travel expenses	(1,217)	(1,501)
Maintenance and repairs	(1,005)	(1,389)
Electric power	(821)	(360)
Advertising and publicity	(697)	(778)
Provisions	6,679	1,970
Preservation of assets	(578)	(1,115)
Other	(9,265)	(10,611)
	(269,239)	**(274,512)**

(i) Depreciation referring to the reallocation of ICMS values on the purchase of property, plant and equipment items in 2023, pursuant to Note 11, was recognized in 2023. Note 11.

22 Other operating revenues (expenses)

	2024	**2023**
Operating income		
Sale of asset (i)	-	22,530
Sale of investment property (ii)	-	3,140
Sale of scrap	5,739	6,310
Lease income (iii)	5,937	12,270
Recovery of taxes (Note 11)	9,169	1,381
Adjustments at fair value of investment property (Note 12)	(1,396)	55,874
Other	2,904	2,610
	22,353	**104,115**

In thousands of reais, unless otherwise indicated

	2024	2023
Operating expenses		
Rebates	(10,338)	(5,015)
Losses with write-off of assets	(1,614)	-
Compensation	(934)	(330)
Other	(2,517)	(841)
	(15,403)	**(6,186)**

(I) There was no record of the factor under analysis in 2024.

(ii) There was no record of the factor under analysis in 2024.

(iii) Rental income referring to assets classified as Investment property. Compared to the previous year, revenue decreased due to the sale of the property that was leased to third parties, as presented in Note 12.

23 Net financial income

	2024	2023
Finance revenues		
Interest and gains on investments	128,039	83,257
Inflation adjustment	10,665	5,317
Discounts obtained	1	673
	138,705	**89,247**
Financial expenses		
PIS and COFINS on financial revenues	(6,450)	(4,150)
Interest on loans and other	(1,708)	(2,113)
Discounts granted	(2,003)	(1,458)
Bank expenses	(150)	(127)
Other (i)	(12,598)	(14,255)
	(22,909)	**(22,103)**
Net exchange rate changes		
Foreign exchange income	36,569	70,034
Foreign exchange costs	(93,905)	(55,342)
	(57,336)	**14,692**

(i) Discount arising from advances on receivables, justified by the need to transfer, without the right of recourse, part of the client credit risk to financial institutions.

24 Income tax and social contribution

a. Breakdown of deferred income tax and social contribution

	2024	2023
Credits on tax losses	-	30,092
Tax credits on timing differences:		
- Credits on provisions	11,320	7,544
Total deferred income tax and social contribution in assets	**11,320**	**37,636**

In thousands of reais, unless otherwise indicated

Equity valuation adjustment	(56,483)	(56,484)
Deferred tax on goodwill	(28,272)	(29,999)
Investment property	(94,665)	(95,139)
Corporate vs. tax depreciation	(129,988)	(100,228)
Total deferred income tax and social contribution in liabilities	**(309,408)**	**(281,850)**
Total deferred income tax and social contribution, net	**(298,088)**	**(244,214)**

Realization of deferred income tax on equity valuation adjustment is proportional to reserve realization.

As of December 31, 2024 and 2023, the Company has recorded under "Deferred income tax and Social Contribution" amounts calculated on expenses that are temporarily non-deductible from taxable income calculation for income tax purposes, which are available for future offsets against said tax.

Deferred taxes generated by these temporary differences are as follows:

	2024	**2023**
Net exchange-rate changes	5,390	(1,342)
Estimated losses for allowance for doubtful accounts	358	379
Estimated losses on recoverable values of inventories	2,846	888
Estimated sundry losses	1,405	4,023
Provision for judicial contingencies	1,321	3,595
Total provisions (reversals)	**11,320**	**7,543**
IR and CS tax rate 25% and 9%	34%	34%
IR/CS on temporary differences	**3,849**	**2,565**

The Company, based on expected future taxable income determined through technical studies conducted at the end of 2024 and 2023 and approved by Executive Board, recognized tax credits on temporary differences. Deferred assets book value is reviewed by the Company on an annual basis.

In 2024, the Company used the entire tax credit as shown below:

Years	**2024**	**2023**
Total balance of tax loss	-	**87,853**
Deferred assets on tax loss	-	29,870
Applied IR and CS tax rate - 25% and 9%	0%	34%
Recovery estimate for the coming years		
2024	-	87,853
	-	**87,853**

In thousands of reais, unless otherwise indicated

b. Reconciliation of current and deferred income tax and social contribution

The reconciliation of income from current and deferred income tax and social contribution totaling R$ 129,401 (R$ 67,890 in 2023) is as follows:

	2024	**2023**
Income (loss) before income tax and social contribution	**624,079**	**538,434**
Combined statutory rate	34%	34%
Expense with income tax and social contribution at the combined rate	**212,187**	**183,067**
Incentives and grants	(165,762)	(270,390)
Depreciation	(78,972)	(65,002)
Valuation Adjustment - PPI	1,396	(55,874)
Timing differences	(16,629)	(14,424)
Permanent differences	2,069	3,269
Exchange-rate change	17,538	(69)
Allowance for doubtful accounts	2,311	196
Changes in tax loss carryforwards (i)	*(79,304)*	*(40,842)*
Changes Negative basis	*(64,904)*	*(40,842)*
Current income tax calculation basis	**306,725**	**95,298**
Current social contribution calculation basis	**321,126**	**95,298**
Workers' Meal Program (PAT)	(1,191)	(572)
Expenses with Citizen Company	(93)	(105)
Sponsorship/Donations	(370)	(450)
Exemption and reduction – Exploration profit	(30,648)	(12,303)
Current income tax	**(44,355)**	**(10,371)**
Current social contribution	**(28,901)**	**(8,577)**
Social contribution of prior years	**(545)**	**(189)**
IRPJ Recoverable (Grant)	**20,147**	**-**
Total income tax and social contribution for the year	**(53,655)**	**(19,137)**
Effective rate	-23.88%	-19.88%
Exchange-rate change	6,732	(265)
Allowance for doubtful accounts	(21)	67
Depreciation	(29,759)	(21,156)
Timing differences	(2,935)	(6,802)
Valuation Adjustment - PPI	475	(15,766)
Tax-loss carryforward (i)	(30,092)	(5,020)
Total deferred income tax and social contribution	**(55,600)**	**(48,753)**

(i) Change in tax loss refers to the tax loss recorded for the year.

In thousands of reais, unless otherwise indicated

c. Income tax and social contribution, recoverable

	2024	2023
Income tax on interest earning bank deposit	6,610	13,506
Current income tax and social contribution	10,086	318
IRPJ recoverable (grant)	20,147	-
Total	**36,843**	**13,824**

25 Information on related parties

Company's related parties are: Matsukawa Holding Co LLP e Emtec Participações Ltda.

Management's key personnel includes board members and officers. Management's global annual remuneration, including the Board of Directors' members' fees, was established as up to R$ 8,300, as approved in the Annual and Special Shareholders' Meeting held on February 27, 2024.

Total management's remuneration for the year ended December 31, 2024 was R$ 7,255 (R$ 6,315 in 2023).

These expenditures were accounted for under caption general and administrative expenses in the statement of income.

26 Financial instruments

a. Financial risk management

The Company is exposed to the following risks resulting from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operating risk
- Capital risk

This note contains information on the Company's exposure to each of the abovementioned risks, the objectives, practices and the processes for measuring and managing risk and the capital management. Additional quantitative disclosures are included throughout these financial statements.

b. Risk management structure

The main risk factors to which the Company is exposed reflect strategic operational and economic/financial aspects. Strategic-operating risks are addressed using the Company's management model.

In thousands of reais, unless otherwise indicated

The economic and financial risks mainly reflect the behavior of macroeconomic variables such as exchange and interest rates as well as the characteristics of the financial instruments that the Company uses. These risks are managed by means of monitoring by Management that actively participates in the Company's operational management.

The Company has the practice of managing its existing risks in a conservative manner, aiming mainly to preserve the value and liquidity of financial assets and to guarantee financial resources for the smooth running of business.

(i) Credit risk

Credit risk is the risk of the Company incurring financial losses if a customer or a counterparty in a financial instrument fails to comply with contract obligations. Such risk is mainly due to Company’s trade accounts receivable, and financial instruments.

The book values of financial assets classified as loans and receivables represent the maximum credit exposure. Book value of financial assets that represents the maximum exposure to credit risk as showed:

	2024	**2023**
Cash and cash equivalents	810,247	1,010,520
Accounts receivable	945,152	732,675
Other accounts receivable	6,377	4,496
	1,761,776	**1,747,691**

Cash and cash equivalents

Cash and cash equivalents are maintained with banks and financial institutions, which are considered the prime line type.

Accounts receivable

The Company's exposure to credit risk is influenced, mainly, by the individual characteristics of each client. Management understands that there is no significant credit risk to which the Company is exposed, taking into consideration the characteristics of the counterparties, concentration levels and the relevance of the amounts in relation to total revenue.
See Note 9 - Accounts receivable for the estimate of expected credit losses.

Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset.

Management's approach to liquidity risk management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
We present below the contractual maturities of financial liabilities including payment of estimated interest and excluding, the impact of the negotiation agreements. Therefore, cannot be conciliated with the amounts of balance sheet:

In thousands of reais, unless otherwise indicated

		Contractual cash flow				
	Book value	**Total**	**≤01 year**	**02–03 years**	**03–04 years**	**>04 years**
Suppliers	367,600	367,600	367,600	-	-	-
	367,600	**367,600**	**367,600**	**-**	**-**	**-**

The cash flows presented above are not expected to be significantly advanced.

Market risk

Interest rate risk

The Company has interest earning bank deposits remunerated at the CDI interest rate change. Such assets amount to R$ 807,234 as of December 31, 2024 (R$ 1,000,444 in 2023).

	2024	**2023**
Variable rate instrument		
Interest earning bank deposit	807,234	1,000,444
	807,234	**1,000,444**

Analysis of sensitivity to changes in CDI rate

To estimate the principal financial indicators for sensitivity analysis, the Company uses the Focus survey, organized by the Central Bank of Brazil and based on the analysis of forecasts of financial and non-financial institutions. As of December 31, 2024, market expectations indicated an average effective CDI/SELIC rate of 12.25% for 2024, compared to the average effective rate of 10.88% in 2024.

	Probable scenario	**Scenario I - 25% decrease**	**Scenario II - 50% decrease**
CDI annual effective rate in 2024	10.88%	10.88%	10.88%
Interest earning bank deposits	807,234	807,234	807,234
12-month CDI estimated annual rate	12.25%	9.19%	6.13%
Effect in the financial instrument			
Increase / (Decrease)	**11,059**	**(13,662)**	**(38,384)**

Exchange rate risk

The related risk derives from the possibility of incurring losses due to fluctuations in foreign exchange rates that reduce or increase exposure to foreign currency. We present below the exposure by currency as of December 31, 2024 and 2023, which considers the equity values of foreign suppliers:

		2024		**2023**	
		Foreign currency nominal value	**R$**	**Foreign currency nominal value**	**R$**
Foreign suppliers	USD	40,625	231,563	39,627	196,009
Foreign suppliers	EUR	232	1,464	525	2,816
Foreign suppliers	GBP	-	-	12	76

In thousands of reais, unless otherwise indicated

Gains and losses involving these transactions are recognized in income for the year under caption financial income.

Sensitivity analysis - Foreign exchange
The sensitivity analysis assumes of maintaining as a probable scenario the market values as at December 31, 2024. The Company considered the scenarios below for the volatility of the US Dollar and Euro exchange rate.

For foreign exchange transactions subject to Dollar fluctuation, the following effects were estimated for the four scenarios, based on foreign exchange rate as of December 31, 2024 of R$ 6.1923 per US$ 1.00:

Scenario 1: (25% of Brazilian real appreciation);
Scenario 2: (50% of Brazilian real appreciation);
Scenario 3: (25% devaluation of the BRL);
Scenario 4: (50% devaluation of the BRL);
Risk: Dollar fluctuation

		Revenue (expense) on exchange rate (in reais)			
	Reference value, USD	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**
USD rate		**4.6442**	**3.0962**	**7.7404**	**9.2885**
Foreign suppliers	40,625	62,890	125,780	(62,890)	(125,780)
Financial income (loss) - revenue/ (expense)		**62,890**	**125,780**	**(62,890)**	**(125,780)**

Operating risk
Operating risk is the risk of direct or indirect losses arising from different causes related to the Company's processes, personnel, technology and infrastructure and external factors, except credit risks, market and liquidity risks, as those arising from legal and regulatory requirements.
The Company aims at the constant maintenance, updating of processes, thus minimizing operating risks and reducing possible financial flow impacts and damage to its reputation by seeking cost effectiveness to avoid operating restriction.

Capital risk
The Company's objectives in managing its capital are to safeguard its normal operations, besides maintaining a capital structure, appropriate to offer return to shareholders and benefits to the other stakeholders besides maintaining an optimal capital structure to reduce this cost.

Fair value measurement

Book values of the Company’s financial assets and liabilities may suffer change. The table below presents the comparison per class of book and fair values, including fair value hierarchy levels. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value.

In thousands of reais, unless otherwise indicated

December 31, 2024:

		Book value	Fair value
	Rating	**2024**	**2024**
Financial assets			
Cash and cash equivalents	Amortized cost	3,013	3,013
Interest earning bank deposits	Amortized cost	807,234	807,234
Accounts receivable	Amortized cost	945,152	945,152
Other accounts receivable	Amortized cost	6,377	6,377
Total		**1,761,776**	**1,761,776**
Financial liabilities			
Suppliers	Other financial liabilities	367,600	367,600
Total		**367,600**	**367,600**

December 31, 2023:

		Book value	Fair value
	Rating	**2023**	**2023**
Financial assets			
Cash and cash equivalents	Amortized cost	10,076	10,076
Interest earning bank deposits	Amortized cost	1,000,444	1,000,444
Accounts receivable	Amortized cost	732,675	732,675
Other accounts receivable	Amortized cost	4,496	4,496
Total		**1,747,691**	**1,747,691**
Financial liabilities			
Suppliers	Other financial liabilities	267,419	267,419
Total		**267,419**	**267,419**

Fair value represents the amount by which the asset/liability can be exchanged in a current transaction between parties willing to negotiate.

Capital management

One of the Company's management main objective is to ensure that the Company maintains a strong credit score and capital ratio free from problems in order to support businesses and maximize shareholders' value. The Company administrates capital structure and adjusts it considering changes in economic conditions.

27 Insurance coverage (unaudited)

On December 31, 2024, operating a civil liability risk insurance coverage was comprised of R$ 3,332,855 for material damage and R$ 320,000 for loss of income. Regarding Specific Risks, coverage was comprised of R$ 1,457,964 for material damage and R$ 280,000 for loss of profits. For general liability insurance coverage, R$ 75,000, for environmental risk insurance, R$ 150,000 and for D&O insurance, R$ 120,000. Aviation insurance - hull & optional civil liability US$ 159,300, RETA insurance R$ 1,866.

For insurance of domestic cargo transportation, the coverage is R$ 3,000 for terrestrial loading up to R$ 35,000 for aerial and waterway loading, and R$ 100,000 for styrene monomer transfer between units. On international transportation import, the coverage is US$ 55,000 exclusively for styrene monomer in bulk and polystyrene in bulk; US$ 11,000 to other goods by vehicle/waterway transportation; US$ 5,000 to air transportation of other goods or US$ 5,000 per vehicle/road trip. For insurance of export transportation, the coverage was US$ 10,000 exclusively for ethylbenzene and styrene and US$ 1,000 for other goods by vehicle/ship/airplane/transportation or accumulation.
Note: All transport insurance has been renewed for 36 months.

The coverage for group life insurance of the employees has salary multiple of 18 times as the calculation basis, limited to R$ 1,000 of coverage.

* * *

Executive board

Lirio Albino Parisotto
CEO

Reinaldo José Kröger
Diretor Vice-Presidente

Claudio da Rocha Filho
Operations Director

Christian Barg
Chief Industrial Officer

José Lemos de Carvalho Junior
Chief Financial Officer

Board of Directors

Lírio Albino Parisotto

Elie Linetzky Waitzberg

Liz Vanin Parisotto de Gregori

Raphael David Wojdyslawski

Luiz Fernando Furlan

Accountant

Simone Cristiane Lirussi dos Santos
CRC/1SP 272582/O-7

Certificado de Conclusão

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Rastreamento de registros

Status: Original 18 de março de 2025 | 16:00	Portador: Stephany Meneses stephany.meneses@pwc.com	Local: DocuSign
Status: Original 18 de março de 2025 | 16:38	Portador: CEDOC Brasil BR_Sao-Paulo-Arquivo-Atendimento-Team@pwc.com	Local: DocuSign

Eventos do signatário	Assinatura	Registro de hora e data
Geovani Fagunde ID: 715.354.386-49 Cargo do Signatário: Partner geovani.fagunde@pwc.com Sócio PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma), Certificado Digital **Detalhes do provedor de assinatura:** Tipo de assinatura: ICP Smart Card Emissor da assinatura: AC Certisign RFB G5 CPF do signatário: 71535438649 Cargo do Signatário: Partner **Termos de Assinatura e Registro Eletrônico:** Não oferecido através da Docusign	 Adoção de assinatura: Estilo pré-selecionado Usando endereço IP: 201.56.164.188	Enviado: 18 de março de 2025 | 16:04 Visualizado: 18 de março de 2025 | 16:37 Assinado: 18 de março de 2025 | 16:38

Eventos do signatário presencial	Assinatura	Registro de hora e data

Eventos de entrega do editor	Status	Registro de hora e data

Evento de entrega do agente	Status	Registro de hora e data

Eventos de entrega intermediários	Status	Registro de hora e data

Eventos de entrega certificados	Status	Registro de hora e data

Eventos de cópia	Status	Registro de hora e data
Stephany Meneses stephany.meneses@pwc.com Manager PwC BR Nível de segurança: E-mail, Autenticação da conta (Nenhuma) **Termos de Assinatura e Registro Eletrônico:**	**Copiado**	Enviado: 18 de março de 2025 | 16:38 Reenviado: 18 de março de 2025 | 16:38

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Eventos com testemunhas	Assinatura	Registro de hora e data

Eventos do tabelião	Assinatura	Registro de hora e data

Eventos de resumo do envelope	Status	Carimbo de data/hora
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Entrega certificada	Segurança verificada	18 de março de 2025 | 16:37
Assinatura concluída	Segurança verificada	18 de março de 2025 | 16:38
Concluído	Segurança verificada	18 de março de 2025 | 16:38

Eventos de pagamento	Status	Carimbo de data/hora