

(Convenience translation into English from the original
previously issued in Portuguese)

ENSEADA INDÚSTRIA NAVAL S.A.
(Under judicial reorganization)

Independent auditor's report

Individual and consolidated financial
statements
As at December 31, 2023

ENSEADA INDÚSTRIA NAVAL S.A.
(Under judicial reorganization)

Individual and consolidated financial statements
As at December 31, 2023

Contents

Independent auditor's report on the individual and consolidated financial statements

Individual and consolidated statements of financial position

Individual and consolidated statements of operations

Individual and consolidated statements of comprehensive income

Individual and consolidated statements of changes in equity

Individual and consolidated statements of cash flows

Management's notes to the individual and consolidated financial statements

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To
Board of Directors and Executive Board of
Enseada Indústria Naval S.A. - Under Judicial Reorganization
Maragogipe - BA

Qualified opinion

We have audited the individual and consolidated financial statements of Enseada Indústria Naval S.A. - Under Judicial Reorganization ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the individual and consolidated statements of financial position as at December 31, 2023 and the respective individual and consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the section "Basis for qualified opinion" of this report, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Enseada Indústria Naval S.A. - Under Judicial Reorganization as at December 31, 2023, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in accordance with Brazilian accounting practices.

Basis for qualified opinion

1) Limitations in the evaluation of trade accounts receivable impairment

As disclosed in Note 12 to the individual and consolidated financial statements, the Company has recorded under the caption "Trade accounts receivable", in assets, the amount of R\$ 1.244.507, corresponding to overdue trade notes, basically with the subsidiaries of Sete Brasil Participações S.A. which in April 2016 filed a request for judicial reorganization whose plan was homologated at the General Meeting of Creditors, held in November 2018. The Company, based on estimate to cover eventual losses in realization of these receivables, keeps a record of estimated losses in the amount of R\$ 1.208.948.

The Company maintains an agenda of discussions, both at judicial and administrative levels, with Sete Brasil Participações S.A. - Under Judicial Reorganization, with the objective of entering into an agreement for receipt of the impaired trade notes. Due to the limitations involving the discussions in-progress, it is not possible to reach a conclusion on the analysis of impairment presented by the Company for these long outstanding trade notes, as well as to determine eventual effects on the individual and consolidated financial statements of Enseada Indústria Naval S.A. - Under Judicial Reorganization as at December 31, 2023.

2) Limitations in the evaluation of impairment on recoverable taxes and contributions

As disclosed in Note 14 to the individual and consolidated financial statements, the Company has recorded under the caption "Recoverable taxes and contributions", in current and non-current assets, the amounts of R\$ 11.205 and R\$ 238.364, respectively, corresponding in the major part to recoverable taxes applied to the cost of the shipyard construction, presented as fixed asset. The recovery of these assets is directly related to the restart of operations since their realization will occur through offsetting with future taxes or through request of reimbursement in cash.

Due to the uncertainties related to the Company's going concern and to the process that involves a request for reimbursement in cash from government agencies, what requires a review by the creditor for purposes of deliberating on the said reimbursement, it was not possible for us to conclude on the analysis of impairment for such recoverable taxes that are outstanding for long time, whose financial realization will depend on future events, as well as to determine eventual effects on the individual and consolidated financial statements of Enseada Indústria Naval S.A. - Under Judicial Reorganization as at December 31, 2023.

3) Limitations on the evaluation of fixed and intangible assets impairment

As disclosed in Notes 16 and 17 to the individual and consolidated financial statements, the Company has recorded under the captions "Fixed assets" and "Intangible Assets" the amounts of R\$ 1.244.594 and R\$ 90.434, respectively. The Company's Board of Directors, grounded on economic and financial projections, understands that these assets will be recovered at their values in use when the Company reaches its full operation or at a possible sale. Due to the limitations deriving from the fact that these economic and financial projections use assumptions that are not under exclusive control of the Company, it is not possible to reach a conclusion on the impairment analysis presented for fixed and intangible assets, as well to determine eventual effects on the individual and consolidated financial statements of Enseada Indústria Naval S.A. - Under Judicial Reorganization as at December 31, 2023.

We conducted our audit according to Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the section "Auditor's Responsibilities for the Audit of the individual and consolidated financial statements" of our report. We are independent from Enseada Indústria Naval S.A. - Under Judicial Reorganization and its controlled company, in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the individual and consolidated financial statements.

Significant uncertainty related to going concern

We draw attention to Notes 3.1 and 3.4 to the individual and consolidated financial statements, where the Company informs to have implemented the restructuring of overdue liabilities, through homologation of the Judicial Reorganization Plan ("PRJ"), in the originally presented terms, as well as it is seeking a strategic repositioning focused on the obtaining of new revenues. Nevertheless, the set of implemented actions were not yet sufficient to balance the net current capital, which is negative in the amounts of R\$ 280.353 and R\$ 304.581, individual and consolidated, respectively. Such situation, associated to the lack of operational activity in volume compatible with the installed capacity and to the comprehensiveness of the matters necessary to the success of its business plan, indicate the existence of significant uncertainty regarding the going concern ability of the Company and of its controlled company. Our opinion is not qualified in regard to this matter.

Responsibilities of the Board of Directors and those charged with governance for the individual and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and for such internal control as it determines is necessary to enable the preparation of individual and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those in charge of the Company's governance are responsible for overseeing the financial statements preparation process.

Auditor's responsibilities for the audit on the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated 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 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 individual and consolidated financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated 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 qualified 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, misrepresentation or the override of internal control;
- Obtain an understanding of internal controls 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 and its controlled companies' internal controls;
- 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 and its controlled companies' 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 individual and consolidated 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 and its controlled companies to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the group to express a qualified opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, therefore, for the audit opinion.

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.

Salvador, May 23, 2024.



BDO RCS Auditores Independentes SS Ltda.
CRC 2 SP 013846/O-1 - S - BA


Manuel Perez Martinez Júnior
Accountant CRC 1 BA 025458/O-0

Enseada Indústria Naval S.A. – under Judicial Reorganization

Statements of financial position

As at December 31, 2023

(in thousand Reais unless otherwise stated)

Assets	Note	Parent company		Consolidated		Liabilities and equity	Note	Parent company		Consolidated	
		2023	2022	2023	2022			2023	2022	2023	2022
Current assets						Current liabilities					
Cash and cash equivalents	11	17,206	20,943	17,234	21,010	Suppliers	18	6,711	3,680	30,967	29,051
Trade accounts receivable	12	399	365	399	365	Financings	19	308,828	270,994	308,828	270,994
Inventories	13	15,078	15,149	15,078	15,149	Salaries and social charges		5,479	6,423	5,479	6,423
Recoverable taxes and contributions	14	11,205	11,340	11,205	11,340	Taxes payable		724	950	724	950
Other assets		1,046	1,093	1,046	1,093	Advances from customers	20	2,220	2,652	2,220	2,652
		<u>44,934</u>	<u>48,890</u>	<u>44,962</u>	<u>48,957</u>	Other liabilities	22	1,325	1,675	1,325	1,675
								<u>325,287</u>	<u>286,374</u>	<u>349,543</u>	<u>311,745</u>
Non-current assets						Non-current liabilities					
Long-term receivables						Suppliers					
Trade accounts receivable	12	35,160	36,939	35,160	36,939	Financings	19	730,707	581,916	730,707	581,916
Recoverable taxes and contributions	14	238,364	243,042	238,364	243,042	Provision for loss in investment	15	24,228	25,304		
Other assets		2,503	2,548	2,503	2,548	Loans with connected companies	31	6,048	5,931	6,048	5,931
		<u>276,027</u>	<u>282,529</u>	<u>276,027</u>	<u>282,529</u>	Advances for future capital increase	31	27,081	27,081	27,081	27,081
Investments	15	1		1		Other accounts payable with connected companies	31	5,577	3,762	5,577	3,762
Fixed assets	16	1,244,594	1,044,906	1,244,594	1,044,906	Provisions	21	7,379	2,332	7,379	2,332
Intangible assets	17	90,434	90,434	90,434	90,434	Other liabilities	22	8,324	7,940	8,324	7,940
		<u>1,611,056</u>	<u>1,417,869</u>	<u>1,611,056</u>	<u>1,417,869</u>			<u>1,050,428</u>	<u>860,664</u>	<u>1,026,200</u>	<u>835,360</u>
Equity						Total liabilities and equity					
Attributed to shareholders of the Company						Capital stock					
Capital stock						25.1	438,679	438,679	438,679	438,679	438,679
Capital reserve						25.2	20,674	20,674	20,674	20,674	20,674
Accumulated losses						26	(179,078)	(139,632)	(179,078)	(139,632)	(139,632)
							<u>280,275</u>	<u>319,721</u>	<u>280,275</u>	<u>319,721</u>	
Total assets		<u>1,655,990</u>	<u>1,466,759</u>	<u>1,656,018</u>	<u>1,466,826</u>	Total liabilities and equity		<u>1,655,990</u>	<u>1,466,759</u>	<u>1,656,018</u>	<u>1,466,826</u>

The Management's notes are an integral part of the individual and consolidated financial statements.

Enseada Indústria Naval S.A. - em Recuperação Judicial

Statements of operations

As at December 31, 2023

(In thousand Reais, unless otherwise stated)

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Continuing operations					
Revenue from contracts with customers	28	61,955	61,794	61,955	61,794
Cost of sales	29	(40,558)	(36,079)	(40,558)	(36,079)
Cost with idleness	29	(3,946)	(2,845)	(3,946)	(2,845)
Gross income		17,451	22,870	17,451	22,870
General and administrative expenses	29	(41,715)	(26,988)	(41,749)	(27,054)
Gain from fixed assets impairment	29	214,376	235,238	214,376	235,238
Profit sharing in controlled company	15.2	1,076	3,125		
Other operating income (expenses), net		(5,288)	565	(5,288)	565
Operating income		185,900	234,810	184,790	231,619
Net financial result	30	(225,346)	(267,303)	(224,236)	(264,112)
Loss for the year		(39,446)	(32,493)	(39,446)	(32,493)
Result per share from continuing operations attributable to shareholders of the Company during the year (expressed in R\$ per share)	27			(5,635.14)	(0.05)

The Management's notes are an integral part of the individual and consolidated financial statements.

Enseada Indústria Naval S.A. - em Recuperação Judicial

Statements of comprehensive income
As at December 31, 2023
(In thousand Reais, unless otherwise stated)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Loss for the year	(39,446)	(32,493)	(39,446)	(32,493)
Total comprehensive income for the year	<u>(39,446)</u>	<u>(32,493)</u>	<u>(39,446)</u>	<u>(32,493)</u>

The Management's notes are an integral part of the individual and consolidated financial statements.

Enseada Indústria Naval - em Recuperação Judicial

Statements of changes in equity

(In thousand Reais, unless otherwise stated)

	Attributable to shareholders of the Company			
	Capital stock	Capital reserve	Accumulated losses	Total equity
As at January 01, 2022	438,679	20,674	(107,139)	352,214
Comprehensive result for the year				
Loss for the year			(32,493)	(32,493)
As at December 31, 2022	<u>438,679</u>	<u>20,674</u>	<u>(139,632)</u>	<u>319,721</u>
Comprehensive result for the year				
Loss for the year			(39,446)	(39,446)
As at December 31, 2023	<u>438,679</u>	<u>20,674</u>	<u>(179,078)</u>	<u>280,275</u>

The Management's notes are an integral part of the individual and consolidated financial statements.

Enseada Indústria Naval S.A. - em Recuperação Judicial

Statements of cash flows

As at December 31, 2023

(In thousand Reais, unless otherwise stated)

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Operating activities cash flow	4				
Loss before Income Tax and Social Contribution		(39,446)	(32,493)	(39,446)	(32,493)
Adjustments to reconcile the loss					
Depreciation and amortization	16 and 17	11,224	10,713	11,224	10,713
Depreciation - Idleness	16	3,282	2,845	3,282	2,845
Resultado de controlada reconhecido por equivalência	15.2	(1,076)	(3,125)		
<i>Fixed assets impairment</i>	29	(214,376)	(235,238)	(214,376)	(235,238)
Gain from debts novation	30		(644,954)		(644,954)
Interests, monetary and exchange rate variations, net		100,285	5,562	99,175	2,369
Adjustment to present value of liabilities of the judicial reorganization	8	126,248	908,544	126,248	908,544
Gains on fixed and intangible assets write-off		(839)		(839)	
Variation in provisions		5,047	(11,511)	5,047	(11,511)
Variations in working capital					
Trade accounts receivable		(34)	278	(34)	278
Inventories		72	7,054	72	7,054
Recoverable taxes and contributions		4,813	2,888	4,813	2,888
Other assets		97	250	97	250
Suppliers		2,824	(20,908)	2,824	(20,908)
Advances from customers		(432)	(1,545)	(432)	(1,545)
Salaries and social charges		(944)	(155)	(944)	(155)
Taxes payable		(226)	(73)	(226)	(73)
Other liabilities		470	12,355	468	12,355
Net cash from (used in) operating activities		(3,011)	487	(3,047)	419
Investing activities cash flow					
Funds received from fixed assets sale		992		992	
Additions to the investment	15.2	(1)	(133)	(1)	
Additions to fixed assets	16	(223)	(479)	(223)	(479)
Net cash from (used in) investing activities		768	(612)	768	(479)
Financing activities cash flow					
Short and long-term debt, net	19.2				
Payments of interests and transaction costs		(1,160)		(1,160)	
Net cash used in financing activities		(1,160)		(1,160)	
Exchange rate variation in cash and cash equivalents		(334)	(342)	(337)	(342)
Use of cash and cash equivalents		(3,737)	(467)	(3,776)	(402)
Represented by					
Cash and cash equivalents at beginning of the year		20,943	21,410	21,010	21,412
Cash and cash equivalents at end of the year		17,206	20,943	17,234	21,010
Decrease in cash and cash equivalents		(3,737)	(467)	(3,776)	(402)

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

1 Operations

Enseada Indústria Naval S.A. - under Judicial Reorganization ("Enseada" or "Company") and, jointly with its controlled company ("Group" or "Consolidated"), is a closely-held corporation, based in Maragogipe-BA. Its business purposes are (i) execution of shipbuilding and engineering activities, among them the construction of drilling maritime platforms; of fixed and mobile offshore production platforms; of ships and/or vessels, especially to companies of the oil and natural gas sector; (ii) provision of port services in its port terminal of private use; and (iii) performance of other related activities.

The Company is an integral subsidiary of Enseada Indústria Naval Participações S.A. - under Judicial Reorganization ("Enseada Participações").

The issuance of these individual and consolidated financial statements ("financial statements") was authorized by the Company's Board of Directors on May 23, 2024.

2 Significant events occurred during the 2023 financial year

2.1 Main events

The balance sheet, cash flows and performance of the Company were particularly affected by the following events and transactions during the financial year ended December 31, 2023:

- Fixed assets impairment: based on the assumption that the fair value of fixed assets has to be equivalent to the present value of the debts restructured by the Judicial Reorganization Plan ("PRJ"), Enseada tested the book value of its fixed assets that resulted, as at December 31, 2023, in the partial reversal of the impairment loss in the amount of R\$ 214,376, with a corresponding entry to income/(loss) for the year, under the caption "Gain from fixed assets impairment" (Note 29).
- Revenue from contracts with customers: throughout 2023, Enseada entered into contracts for provision of port services of storage and handling of cargo to perform import and export operations of solid bulk cargo and cargoes in general through its port terminal of private use, located at the municipality of Maragogipe-BA. Therefore, the Company has recognized a gross revenue of R\$ 70,749 in income/(loss) for the year (Note 28).

Enseada Indústria Naval S.A. – under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

3 General information

3.1 Judicial reorganization of Enseada Participações and Enseada, jointly referred to as "Enseada Group"

3.1.1 General context |

On June 25, 2019, Enseada Participações and Enseada obtained the shareholders' approval to request the judicial reorganization of the Company and its controlled company, in accordance with article 122, item IX of Law 6.404/76. Main events related to the procedural steps of the Judicial Reorganization are the following:

<u>Date</u>	<u>Main events</u>
On October 04, 2019	Enseada Participações filed, together with its direct integral subsidiary Enseada and in accordance with Law 11.101/05, the request for judicial reorganization before the District Court of the capital of Rio de Janeiro State.
On October 09, 2019	The Court of the 1st. Business Court of the capital of Rio de Janeiro State ("Court of Judicial Reorganization") accepted the processing of the judicial reorganization of Enseada Group.
On November 27, 2019	The Court of Judicial Reorganization appointed Laspro Consultores Ltda. to act as judicial administrator of the Enseada Group.
On December 13, 2019	Enseada Group registered the PRJ, in which were established the terms and conditions for restructuring of the debt, as well as the economic-financial report and the property and assets evaluation.
On January 21, 2020	The judicial administrator published the first general list of creditors of the Enseada Group, after the administrative phase of qualifications and oppositions.
On September 14 2021	The ninth version of the Judicial Reorganization Plan was approved by large majority of the Enseada Group's creditors.

<u>Date</u>	<u>Main events (cont'd)</u>
On October 28, 2021	The Court of Judicial Reorganization gave judgment in which has homologated the PRJ and granted the judicial reorganization to Enseada Group, published on November 16, 2021 ("Homologation of the PRJ"), initiating the time period for the creditors of the companies under reorganization to choose among the options for payment and receipt of their respective credits as established in the PRJ.
On October 24, 2022	Presentation of the Preliminary Business Plan for each one of the Separate Production Units ("UPIs"): UPI Porto, UPI Industrial and UPI Espalier.
On December 22, 2022	Presentation to the Creditors holding In Rem Guarantee and to Creditors with Restructured Post-Petition Credits of the list containing three companies of renowned technical experience in evaluations of companies and/or assets, chosen by the companies under reorganization for performance of the independent valuation of UPI Porto, of UPI Industrial and of UPI Estaleiro, as well as presentation of the proportion of the restructured debt that will be allocated to each one of the UPIs.
On April 21, 2023	Enseada Group contracted the company KPMG Corporate Finance Ltda. -in charge of the independent valuation of the UPIs.
On September 8, 2023	Conclusion of the valuation work on the UPIs, of preparation of the respective Business Plans and division of assets and liabilities for each one of the UPIs.
On December 18, 2023	Formation of the three companies (UPIs) and approval of their respective bylaws, which are: Porto Enseada S.A., Enseada Industrial S.A. and Estaleiro Nova Enseada S.A.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

With homologation of the Enseada Group plan, the effects of the liabilities restructuring had their initial recognition recorded in the financial year ended December 31, 2021.

In the context of the judicial reorganization progress and in compliance with CPC 48 "Financial Instruments", the restructured liabilities, in the scope of the Plan whose change in relation to the original contracts was substantial, were de-recognized and new liabilities were recognized at fair value, by using the discounted cash flow method, using the discount rate of 16,73%.

3.1.2 Proposals for payment of the PRJ approved in the General Creditors Meeting ("AGC") held on September 14, 2021 and homologated by the Court of Judicial Reorganization on October 28, 2021

(a) Plan for creditors

This item presents, in a summarized way, the main conditions of the Plan and information on the payment made to the Creditors of the Enseada Group.

For further details on the established payment conditions, the orientation is to refer to the terms of the PRJ accessible at the judicial administrator website <https://lasproconsultores.com.br/recuperacao-judicial/>. In case of eventual divergences between the summary below and the PRJ, the PRJ shall prevail.

It shall be noted that, as established in Annex 1.1 of the PRJ, for all purposes of the Plan, including for purpose of counting the payment conditions term, it is considered that the judicial homologation of the PRJ occurs at the date of the publication, in the "Diário de Justiça Eletrônico", of the judicial decision that granted the judicial reorganization of the Enseada Group occurred on October 28, 2021 and published on November 16, 2021.

(b) Class I - Labor creditors

They shall be paid within 12 months as from the PRJ Homologation, provided that, and only if, in this period Liquidity Events occur that result in Generation of Free Cash of, at minimum, R\$ 100 million for the Enseada Group.

In case Liquidity Events do not occur in the above-mentioned period, the Uncontroversial Labor Credits shall be paid as follows:

- i. The amount corresponding up to 30 minimum-salaries: paid in the period of up to 30 days as from the PRJ Homologation, always observing the integral amount of the credit of the mentioned creditor; and
- ii. The remaining balance, up to the limit of 120 minimum salaries: paid until the end of the 11th month subsequent to the payment provided for in 'i', always observing individually the value of each credit.

In addition, the Labor Creditors whose credits exceed 150 minimum-salaries and that have not yet been integrally paid through the payments previously established, shall await the Company to present available funds in the Technical Reserve so that their respective remaining balances are settled without discount in, at least, 5 annual and equal installments, or receive the funds at the sale of the UPIs, providing that the conditions established in the Plan are respected.

In regard to controversial labor credits, they shall be paid only upon final decision of the respective homologations of calculations subsequently made after the definitive condemnation decisions or homologation of agreement.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

- (c) Class II - Credits with in rem guarantee and restructured post-petition credits held by creditors with in rem guarantee

The Class II creditors shall be paid as follows:

They will be paid through funds deriving from alienation of the UPIs: UPI Porto, UPI Industrial and UPI Estaleiro, in the terms and proportions established in the PRJ.

For the closing of 2023, the implementation of actions established in the timetable of the structuring process of the UPIs, which includes, on December 18, 2023, the formation of the three companies (UPIs) - Porto Enseada S.A., Enseada Industrial S.A. and Estaleiro Nova Enseada S.A. (Note 15), has not generated accounting impact given that it depends on the completion of alienation of one or more UPI's.

- (i) Payment at the initial period

During the 4 years time for alienation of the UPIs (Note 3.1.3) or until such UPIs are effectively sold or have their control assumed through subscription of the bonuses indicated in Note 3.1.3(a), the one that first occurs ("Initial Period"), the Creditors with In Rem Guarantee and Creditors with Restructured Post-petition Credits held by the Creditors with In Rem Guarantee will have right to a participation in the operational results of the Enseada Group, in accordance with the "Waterfall" of Payments" described in Note 3.1.2(g).

Given that the Class II Creditors enjoy preferential conditions, exactly for holding In Rem and fiduciary guarantees, their credits will remain with the face value, without any discount, with right to a more expressive portion of the Enseada results, in comparison with the Unsecured Creditors, in the "Waterfall" of Payments way described in Note 3.1.2(g).

- (ii) Additional distribution of funds in the initial period ("Cash sweep" mechanism)

In case the Technical Reserve balance reaches a level above 15% of the Company's net income of previous year, verified at the closing of a certain financial year ("Limit of the Technical Reserve"), Enseada will make an additional distribution equivalent to the whole amount that exceeds the Technical Reserve Limit ("Cash sweep" mechanism). This additional distribution value will be shared in the proportion of:

- 78,6% for Creditors with in rem Guarantee and Creditors with Restructured Post-petition credits held by the Creditors with in Rem Guarantee; and
- 21,4% for the Unsecured Creditors that have opted for the Option A (Note 3.1.2(d)(i)).

In addition to the Cash sweep mechanism obligation, there is the following additional guarantee for the Class II Creditors: in case the Technical Reserve balance exceeds annually the amount of R\$ 90 million, 50% of the excess amount shall be deposited in a Reserve Account with Banco do Brasil or Caixa Econômica Federal, at option of the Creditors with In Rem Guarantee, up to the limit of the Minimum Guaranteed Payments of the following financial year.

The value of the credits with in rem guarantee will be annually adjusted according to the "National Consumer Prices Index" ("IPCA"), as of October 04, 2019 (date of distribution of the request for judicial reorganization). In all cases, the monetary correction will be incorporated to the respective debt balance, which will be paid in the form of the above apportionments.

Up to the 2023 financial year, Enseada didn't make additional distribution of funds.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

(iii) Minimum guaranteed payments

Regardless the calculation and payment of the values in the "Waterfall" of Payments way described in Note 3.1.2(g), the Companies under Judicial Reorganization also present Timetable of Minimum Guaranteed Payments, which contemplates the payment of minimum installment of the Class II credits, in the established amounts and terms, as follows:

- Between the 15th. and 23rd. month after the PRJ Homologation: payment of monthly interests in the amount of R\$ 100;
- Between the 24th. and 36th. month after the PRJ Homologation: payment of monthly interests in the amount of R\$ 130; and
- Between the 37th. and 48th. month after the PRJ Homologation: payment of monthly interests in the amount of R\$ 150.

In 2023, the Company continued the settlement of the installments of the Minimum Guaranteed Payments of interests to the Class II Creditors in the framework of the RJ (Note 19.1).

(iv) Post-petition Credit and fiduciary guarantee

The Restructured Post-petition Credits held by Creditors with In Rem Guarantee will be paid with funds from alienation of the UPIs, as well as they will also have right to a participation in the operating results of the Enseada Group, in the same conditions given to the Creditors with In Rem Guarantee, maintaining unchanged all guarantees they hold, being the value of these Restructured Post-petition Credits annually corrected by the IPCA and such correction is incorporated to the respective debtor balance.

(d) Class III - Unsecured Creditors

These will be paid through one of the three options described below, at choice of each Unsecured Creditor.

In 2023, the Company made payments related to the unsecured creditors that adhered to Option B.1 in the framework of the RJ.

(i) Option A of payment

Payment of the respective unsecured credit at its face value, through distribution of part of the operational results of Enseada, in accordance with the "Waterfall" of Payments described in Note 3.1.2(g), being given settlement of the debt against receipt of such values.

Unsecured credits of the Option A are also subject to additional distribution of funds at the initial period ("Cash sweep" mechanism), as described in Note 3.1.2(c)(ii).

The Unsecured Creditor that has restrictions on the receipt of the restructured debt in the terms of options A or C, will be automatically classified under the Option B (B.1 or B.2, at free choice of the creditor), as described below.

The value of the unsecured credits that opt for Option A will be annually corrected by the TR rate, plus 0,5% p.a., counting as of October 04, 2019 (date of the distribution of the request for judicial reorganization), being such correction incorporated to the respective debtor balance, which will be paid in the planned apportionment way.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

(ii) Option B of payment

Enseada Group will pay the unsecured credit in cash, according to one of the alternatives and discounts described below, at discretion of the Unsecured Creditor:

- Option B.1 - Payment of up to R\$ 10, with discount of at least 50% of the credit value, which will be paid in 30 equal and consecutive monthly installments, being the first payment made up to the 12th month after the PRJ Homologation. These installments will be annually corrected by the TR variation, plus 0,5% p.a., as of October 04, 2019 (date of the distribution of the request for judicial reorganization) and the total correction calculated in the respective periods will only be paid with the last installment of the payments foreseen in the Plan.
- Option B.2 - Payment of up to R\$ 25, with discount of at least 80% of the credit value, which shall be paid in 60 equal and consecutive monthly installments, being the first one paid up to the 30th month after the PRJ Homologation. These installments will be annually corrected by the TR variation, plus 0,5% p.a., as of October 04, 2019 (date of the distribution of the request for judicial reorganization) and the total correction calculated in the respective periods will only be paid with the last installment of the payments foreseen in the Plan.

(iii) Option C of payment

Payment of the credits through funds arising from the alienation of UPI Porto, UPI Industrial and UPI Estaleiro, in the terms and proportions foreseen in the PRJ.

(iv) Other information on unsecured credits

- In the period of 90 days, counting as from the PRJ Homologation, the Unsecured Creditors shall inform to the Enseada Group in case they opt for Option B.1 or B.2, being this option final, definitive, binding and irrevocable, and the later retraction or change in the option will only be possible with the Enseada Group's agreement. In case of non-formalization of this choice, for all effects it will be considered as having chosen the Option A and this creditor can change its option by Option C in up to 30 days after the publication of the public notice of the UPIs sale.
- Unsecured Creditors that entered into contracts or agreements with Enseada before the beginning of the Judicial Reorganization, whose equipment or materials are no longer of interest for Enseada, can receive them, implicating in the settlement of the obligations of Enseada with these creditors.
- The Unsecured Creditors that have filed opposition of credit, intending the recognition of post-petition of its credit can, at any time, without loss, opt for adhesion to the Plan and receive the totality of its credits.
- Only unsecured credits included in the List of Creditors will be paid. In case of increase in the credit or inclusion of a new unsecured credit deriving from eventual opposition of credit or judgment of any lawsuit, the respective additional amounts will be paid upon final decision on the opposition.
- Unsecured credits whose value or classification is challenged by any interested party, in the terms of the Business Reorganization and Bankruptcy Law ("LRE"), will only have the payment suspended if there is legal decision suspending the effects of the classification or of the credit value.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

- Laggard creditors will be paid in the same conditions of the Unsecured Creditors, not having right to apportionments eventually already made.

(e) Class IV - Micro-companies ("ME") and Small-sized companies ("EPP") Creditors

The credits of ME and EPP will receive a first installment of up to R\$ 15, in up to 30 days as from the PRJ Homologation, always respecting the credit value of each ME and EPP creditor.

The remaining credit balance, after payment of the initial installment, will be paid by the Enseada Group in accordance with the following alternatives and at discretion of the ME and EPP creditor:

- i. With 75% discount on the credit value: payment of the balance in 12 equal and annual installments, being the first one paid up to 36 months from payment of the initial installment; and
- ii. With 95% discount on the credit value: payment of the balance in 3 equal and annual installments, being the first one paid up to 12 months from payment of the initial installment and the other ones at the same day of subsequent years.

These installments will be adjusted by the TR rate, as of October 4, 2019 (date of the distribution of the request for judicial reorganization) and the total correction calculated in the respective years will only be paid together with the last installment.

ME and EPP credits that have the value or classification disputed by any interest party, in the terms of the LRE, will only have the payment suspended if there is a court decision suspending the effects of the classification or of the credit value.

Until the 2023 financial year, the Company made payments of credits to the Micro-companies and Small-sized Companies (Class IV) in the framework of the RJ, related to the initial installment and to the first installment of those creditors that made the option with 95% discount.

(f) Subordination of the related parties' credits

The Enseada Group is obliged to make that all credits held by its current direct and indirect shareholders included in the Plan, are paid only after the full settlement to all creditors subject to the plan, and also it is not made any distribution of dividends to these shareholders while the restructured petition and post-petition debt is not settled.

(g) "Waterfall" of payments

In accordance with the "Waterfall" of Payments, the restructured debt will be paid as follows: All cash availabilities of the Companies under Judicial Reorganization, verified in the last day of every financial year, based on the audited financial statements of Enseada shall, in up to 180 days, be considered for distribution pro rata for amortization of the restructured debt and consequent payment of the Credits with In Rem Guarantee and Restructured Post-petition Credits hold by the Creditors with In Rem Guarantee (Class II) and Unsecured Credits (Class III), whose payment shall be made until the 30th day of June of every year.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

These funds to be distributed will be calculated in accordance with the following formula (further details on the calculation of the "Waterfall" of Payments are described in Annex 1.7 of the PRJ made available at the website of the judicial administrator):

- (+) Cash and cash equivalents balance
- (-) General and administrative expenses for maintenance of the activities, applicable only in case the accumulated balance of the Technical Reserve is below R\$ 100,000
- (-) Taxes related to the activity, including existing tax liabilities
- (-) Labor liabilities, in the way and limits established in the PRJ
- (-) Balance of advances from customers
- (-) Accumulated balance of the Technical Reserve
- (=) Result for Purposes of Sharing

The Result for Purposes of Sharing will be distributed until the last day of the first semester of each financial year as follows:

- 55% to the Creditor with in Rem Guarantee and Credits with Restructured Post-petition credits hold by Creditor with in Rem Guarantee;
- 15% to Unsecured Creditors; and
- 30% assigned to a Technical Reserve account of the Companies under Judicial Reorganization.

In addition, we inform that the Technical Reserve refers to the portion of the Result for Purposes of Sharing that will be destined to the Companies under Judicial Reorganization, necessary to cover eventual contingencies, current expenses or investments necessary for execution of the Business Plan and sustainability of the Company.

Until the 2023 financial year, Enseada didn't achieve positive result for purposes of sharing.

3.1.3 Compulsory alienation of the UPIs

In compliance with the timetable of the structuring process and alienation of the UPIs, on December 18 three entities were formed (UPIs) - Porto Enseada S.A., Enseada Industrial S.A. and Estaleiro Nova Enseada S.A., which will be offered for new investors through public tenders, in the maximum period of 4 years after the PRJ Homologation, without the acquirer succeeding the Companies under Judicial Reorganization in any debts, contingencies and obligations, in the terms of the art. 60 and 142 of the LRE.

The most significant benchmarks to be highlighted in the Timetable of the UPIs described in Annex 1.10 of the Plan are the following:

<u>Term</u>	<u>Main benchmarks</u>
In up to 3 years	An auction shall be made for sale of the priority UPI, which shall be identified by the Companies under Judicial Reorganization and jointly with the contracted evaluation company.
In up to 4 years	It shall be made the auction for sale of other UPIs.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The representative fixed assets, as well as the debts, in proportions to be defined in appraisal report prepared by company contracted for this purpose, and payment obligations provided for in the Plan for Creditors with In Rem Guarantee, Creditors with Restructured Post-petition Credits and Unsecured Creditors that have opted for the Options A or C, maintaining the payment conditions foreseen in the Plan, will be turned to UPI Porto, UPI Industrial and UPI Estaleiro.

The funds deriving from sale of the UPIs will be allocated for payment of the credits held by Labor Creditors, Creditors with in Rem Guarantee, Creditors with Restructured Post-petition Credits and by the Unsecured Creditors that have adhered to the Option C of payment ("UPI Creditors").

(a) Subscription Bonus

In conformity with the features and conditions established in the PRJ, on July 7, 2023 an Extraordinary General Meeting was held when it was approved the issuance of 2 Subscription Bonus by the Company, as provided for in Article 5th. of the Company's Bylaws, to be assigned to Banco do Brasil S.A. and to Caixa Econômica Federal, as the only creditors integrating the General List of Creditors ("OGC"), classified under the definition of Creditors with In Rem Guarantee and Creditors with Restructured Post-petition Credits, provided for in the 9th amendment to the homologated PRJ of the Enseada Group.

The Subscription Bonuses received by these creditors, issued by Enseada, grant to them the right of subscribing new shares of issuance of Enseada ("Bonus of Enseada Subscription"). Each Subscription Bonus will give to its holder the right to acquire a certain amount of ordinary shares representative of the Enseada capital, in accordance with the characteristics below:

Quantity	Holder	Subscription right	Value to be paid-in thousand R\$
01 Subscription bonus ("Bonus BB")	Banco do Brasil S.A. ("BB")	1,006,686,398 common shares issued by the Company	1,006,686 (*)
01 Subscription bonus ("Bonus Caixa")	Caixa Econômica Federal ("CEF")	758,791,936 common shares issued by the Company	758,792 (*)

(*) Value updated until May 2023.

- Pay-in price: The totality of the subscribed shares will be paid-in at a value to be determined on the date of the shares subscription, which will be equal to the totality of the credits held by BB and by CEF that are listed in Class II and of the Restructured Post-petition Credit of the PRJ ("Credit BB" and "Credit Class II Caixa"), whose payment was linked to the funds arising from the constitution of the UPI, in the terms of the PRJ. The pay-up value of the totality of the shares deriving from the exercise of the Subscription Bonuses will be paid in full on the subscription date through transfer to the Company's capital of the totality of the Credit BB or Credit Class II Caixa, depending on the case. Under the terms of the PRJ, the subscription of the Bonuses will imply in the performance and full settlement of the Credit BB and Credit Class II Caixa.
- Exercise term: The Subscription Bonuses holders can exercise the rights granted to them as of the 42nd. month counting from the date of the Judicial Homologation of the PRJ, in the terms of the PRJ.
- Cancellation: The Subscription Bonuses will be automatically cancelled at the issuance date of the UPI Subscription Bonuses provided for in the PRJ.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- . Subscription Rights: The rights granted to the Subscription Bonuses are linked to the PRJ and, in case of doubt or omission, the provisions in the PRJ will prevail.
- . Cession: In accordance with the PRJ, the holder can grant to Third Parties the subscription rights of the Subscription Bonuses. The Holder can request from the Company the break-up of the Subscription Bonuses providing that the same characteristics of this issuance are maintained.

In addition, at an Extraordinary General Meeting of Enseada Participações held on March 15, 2024, it was approved the voting instructions to the shareholders of Enseada for issuance of 1 additional subscription bonus in favor of Caixa Econômica Federal, in conformity with the characteristics and conditions established in Clause 7.4.1 of the PRJ of the Enseada Group and in proportion of its post-petition credit, as creditor with In Rem Guarantee and Creditor with Restructured Post-petition Credits. This additional subscription bonus will be issued by Enseada only when the adhesion of the CEF to the Judicial Reorganization of the Companies occurs (Note 34.2).

3.2 Operational Restructuring

The year 2023 presented a scenario of loss arising basically from the negative effect caused by the partial reversal of the adjustment to present value of the PRJ debts and from a still low level of operational activity. However, the Group will continue to implement measures in search of its strategic repositioning and obtaining of new contracts to maintain its operations. Among the measures adopted by the Management are:

- i. Adoption of more restrictive measures to the cash flow management, associated to a strong and continuous reduction of administrative and operating costs.
- ii. Prospection of business opportunities for use of already completed assets, besides monitoring of the domestic and international market conditions in view of the feasibility of conquering new contracts and to decide on the appropriate time for resumption of eventual residual works of the shipyard.
- iii. Diversification of Enseada's business based on the analysis of opportunities in the logistic and industrial sector, aiming an additional use and best use of its facilities to provide generation of increase in income.
- iv. Orderly restructuring of the Company's liabilities, through a judicial reorganization process whose Plan was approved and homologated by the Court of Judicial Reorganization in 2021.

The Company has a Business Plan approved by the Board of Directors that comprehends various market segments, such as port/logistics operations and industrial production, besides its core business - naval and offshore construction and of military vessels, and that includes defined actions to obtain certain amount of contracts for construction and integration of modules of *Floating Production Storage and Offloading* ("FPSOs") and other types of vessels over the coming years. Besides, part of this Business Plan is the diversification on the use of the industrial facilities in Bahia, what may contribute as income source in following years, as well as the potential impacts of the PRJ were also contemplated. Based on the expectation of obtaining these new businesses, Enseada's Management prepared a detailed analysis with projection of results until 2048, in order to substantiate the assumptions of going concern of Enseada.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Enseada has presented various commercial proposals to different customers and had obtained some contracts for port services of storage and handling of cargoes for execution of export and import operations of dry bulk and import of general cargo in 2022 and 2023.

The Company's Management understands that the assumptions of this plan are feasible, and are based on market studies and demand announced and projected by the sector. But it recognizes that its eventual non-success may impact its going concern assumption. In addition, we highlight that the Business Plan was conceived with the fundamental assumption that the PRJ would be approved by the respective creditors, what happened in 2021.

3.3 Net working capital

As at December 31, 2023, the Company reported liabilities in excess in relation to current assets in the amount of R\$ 280,353 (2022 - R\$ 237,484) in the parent company and R\$ 304,581 (2022 - R\$ 262,788) in the consolidated. In comparison, this excess remained at the same level, basically due to the post-petition portion of the debt with Caixa Econômica Federal which, considering the situation of default provided for in contractual clause of the guarantees, is classified in current liabilities. Besides, the unbalance in working capital continues to be impacted, mainly due to default of Sete Brasil related to the Contracts EPC Sondas entered into with the Subsidiaries Sete Brasil (Note 9.1(b)), as well as due to the crisis in the market of naval and offshore construction, which interrupted the demand for new vessels.

In order to overcome the effects of these events, the Management, in order to reconcile the payments flow to the potential operational income, is seeking strategic repositioning focused on the obtaining of new income sources for Enseada (Note 3.2).

3.4 Receivables from the EPC Sondas Contracts

In August 2012 Enseada entered into, with 6 Subsidiaries Sete Brasil, 6 contracts for construction of 6 drilling vessels ("Contracts EPC Sondas"). The interruption, in November 2014, of the payments owed by the Subsidiaries Sete Brasil to Enseada related to the Contracts EPC Sondas, has negatively impacted the progress of this project.

As at December 31, 2023, Enseada has a substantial amount of overdue receivables from its customers - Subsidiaries Sete Brasil. Considering the request for judicial reorganization made by Sete Brasil Participações S.A. - Under Judicial Reorganization, Enseada has assessed that it will have substantial losses related to the mentioned credits. Due to this, it accumulates until the present date, an estimate to cover eventual losses in realization of these receivables in the amount of R\$ 1,208,948 (2022 - R\$ 1,208,948). The provisioned amounts as at December 31, 2023 are equivalent to 97% of the receivables from these customers.

4 Basis of preparation

These financial statements were prepared in accordance with Brazilian accounting practices, including the pronouncements, interpretations and orientations issued by the Accounting Pronouncements Committee ("CPC") and the (International Financial Reporting Standards ("IFRS")) issued by the International Accounting Standards Board ("IASB"), currently denominated by the IFRS Foundation as "IFRS® Accounting Standards, including the interpretations issued by the IFRS Interpretations Committee (IFRIC® Interpretations) or by its predecessor agency, Standing Interpretations Committee (SIC® Interpretations) and evidence all significant information inherent to the financial statements, and only them, which are consistent with the ones used by the Administration in its management.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The financial statements were prepared considering historic cost as base value that, in case of certain financial assets and liabilities, have their cost adjusted to reflect the measurement at fair value, as well as the impairment losses of assets, as applicable.

Preparation of financial statements requires the use of certain critical accounting estimates and the Company's Management to use its judgment in the process of applying the accounting policies of the Group. The areas requiring higher level of judgment and that have more complexity, as well as the areas in which assumptions and estimates are significant to the financial statements, are disclosed in Note 7.

(a) Individual financial statements

The individual financial statements of the Parent Company were prepared in accordance with the Brazilian accounting practices issued by CPC. They are also in conformity with the International Financial Reporting Standards IFRS, issued by IASB (currently denominated by the IFRS Foundation as "IFRS accounting standards"). These individual financial statements are disclosed together with the consolidated financial statements.

(b) Consolidated financial statements

The consolidated financial statements were prepared and are being presented in accordance with Brazilian accounting practices, including the pronouncements issued by CPC and in accordance with the International Financial Reporting Standards IFRS, issued by IASB (currently denominated by the IFRS Foundation as "IFRS accounting standards").

4.1 Material accounting policies

Material accounting policies applied in preparation of these financial statements are summarized in the respective notes where they cause impacts. These policies were consistently applied to the presented periods, unless otherwise stated.

4.2 Changes in accounting policies and disclosures

(a) Changes adopted by the Group

The following changes in standards became effective for the first time for the financial year beginning on January 01, 2023:

- Change to IAS 1/CPC 26(R1) and IFRS Practice Statement 2 - Disclosure of accounting policies: change in the term "significant accounting policies" to "material accounting policies". The change also defines what is "information on material accounting policy", explains how to identify them and clarified that immaterial information on accounting policy do not have to be disclosed, but in case they are, they should not obscure the relevant accounting information. The "IFRS Practice Statement 2 Making Materiality Judgments", also changed, provides orientation on how to apply the concept of materiality to the disclosures of accounting policy.
- Change in IAS 8/CPC 23 - Accounting Policies, Change in Estimate and Error Rectification: the change clarifies how the entities shall differentiate changes in accounting policies from changes in accounting estimates, since the changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are in general applied retrospectively to previous transactions and other previous events, as well as to current period.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- Change in IAS 12/CPC 32 - Taxes on Income: the change requires the entities to recognize the deferred tax that, at initial recognition, originates equal amounts of taxable and deductible temporary differences. This is usually applied to lease transactions (right-of-use assets and lease liabilities) and obligations as, for example, with decommissioning and restoration, and requires recognition of additional deferred tax assets and liabilities.
- Change to IAS 12/CPC 32 - Taxes on Income: In December 2021, the Organization for Economic Cooperation and Development - OCDE, announced the rules of the Pillar Two model aiming a reform on the international corporative taxation in order to guarantee that multinational economic groups in the scope of these rules, pay tax on the minimum effective profit at the 15% rate. The effective rate of taxes on the profit of each country, calculated under this model, was denominated "Globe effective tax rate" or effective Global rate. These rules shall be approved by the local legislation of each country and some have already enacted new laws or are in the process of discussion and approval.

In May 2023, IASB issued changes in scope to IAS 12, "Taxes on Income" to enable temporary exemption in recording deferred taxes deriving from legislation enacted, or substantially enacted, on implementation of the OCDE Pillar Two. However, the entities are required to present additional disclosures in their annual financial statements of periods beginning on or after January 01, 2023, not having disclosure requirement for intermediary periods before December 31, 2023. The changes to IAS 12 are immediately and retrospectively applicable in accordance with IAS 8 "Accounting Policies, Change in Estimate and Error Rectification", including the requirement to disclose if the exception was applied and if the taxes on the entity's income were affected as consequence of the implementation of the Pillar Two rules.

The Group has analyzed the above-mentioned changes and has not identified impacts on its operating and accounting policies.

(b) Changes to new standards that are not yet in effect

The following changes in standards were issued by IASB, but are not in effect for the 2023 financial year. The anticipated adoption of the standards, though encouraged by IASB, is not authorized in Brazil by CPC. The Company has not anticipated the adoption of any of these standards and does not expect that they have a significant impact on the financial statements of subsequent periods.

- Change in IAS 1 - "Presentation of the Financial Statements": in accordance with the IAS 1 - "Presentation of financial statements", for an entity to classify liabilities as non-current in its financial statements, it has to have the right to prevent the settlement of the liabilities for at least twelve months as from the balance sheet date. In January 2020, IASB issued the change to IAS 1 "Classification of liabilities as current or non-current", whose application date was for financial years beginning as from January 01, 2023, which determined that the entity would not have right to prevent the settlement of a liability for at least twelve months if at the balance sheet date it had not complied with the indexes provided for in restrictive clauses (ex.: covenants), even if the contractual measurement of the covenant were only required after the balance sheet date in up to twelve months.

Subsequently, in October 2022, a new change was issued to clarify that the liabilities that have restrictive contractual clauses requiring the achievement of indexes under covenants only after the balance sheet date, does 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 occurs after that date.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The 2022 change introduces additional disclosure requirements that enable users of the financial statements to understand the risk of the liability being settled in up to twelve months after the balance sheet date. The 2022 alteration changed the date for application of the 2020 change. Therefore, both changes are applied to financial years beginning on January 01, 2024.

- Change to IFRS 16 - "Lease": the change issued in September 2022 brings clarifications on the lease liability in a "sale and leaseback" transaction. When measuring the lease liability subsequent to the sale and leaseback, the lessee seller determines the "lease payments" and the "reviewed lease payments" so that it does not result in recognition by the lessee-seller of any gain or loss amount related to the right-of-use it retains. This could affect particularly the sales and leaseback transactions in which the lease payments include variable payments that do not depend on an index or rate. The said change is in effect as of January 01, 2024.
- Changes to IAS 7 - "Statement of Cash Flows" and IFRS 7 - "Financial Instruments - Evidencing": the change issued by IASB in May 2023, introduces new requirements for disclosure on *supplier finance arrangements - SFAs* with the objective of enabling investors to evaluate the effects on the liabilities of an entity, the cash flows and the exposure to the liquidity risk. Finance agreements of suppliers are described in this change as being agreement in which one or more financing providers offer themselves to pay the values that an entity owes to their suppliers, and the entity agrees in paying according to the terms and conditions of the agreement at the same date, or at a later date, that the suppliers are paid. The agreements usually provide to the entity extended payment conditions, or to suppliers of the entity conditions of anticipated receipt, in comparison with the original maturity date of the related invoice.

The new disclosures include the following main information:

- (a) The terms and conditions of the SFAs agreements.
- (b) For the beginning and end date of the reporting period:
 - (i) The book value and the captions of the financial statements associated to the financial liabilities that are part of the SFAs agreements.
 - (ii) The book value and the captions associated to the financial liabilities in item (i) for which the suppliers have already received payment from the providers of funds.
 - (iii) Range of maturity dates of payments of financial liabilities in item (i) and comparable accounts payable that do not make part of the mentioned SFAs agreements.
- (c) Changes that do not affect cash in the book values of financial liabilities in (b)(i).
- (d) Concentration of liquidity risk with providers of funds.

IASB has provided temporary exemption for disclosure of comparative information in the first year of adoption of this change. In this exemption are also included some specific initial opening balances. Besides, the required disclosures are applicable only to annual periods during the first year of application.

The mentioned change is in effect as of January 01, 2024.

It is not expected that these changes will have significant impact on the financial statements of the Group.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

There aren't other IFRS accounting Standards or IFRIC interpretations that have not yet become effective and could have significant impact on the financial statements of the Group.

5 Consolidation

The Company consolidated all entities on which it holds control, in other words, when it is exposed to or have rights to variable returns from its involvement with the investee and has capacity to direct relevant activities of the investee.

Regarding CPC 00 (R2) "Conceptual Structure for Financial Report", the financial information of the investees Porto Enseada S.A., Enseada Industrial S.A. and Estaleiro Nova Enseada S.A. was not included in the consolidation because they are considered by the Company's Management as immaterial information and, therefore, not able to cause misstatements or obscurity in the decisions that main users of financial reports take based on such reports.

The controlled companies included (or not) in the consolidation are described in Note 15.1 and the accounting policies applied in preparation of the consolidated financial statements are described below:

5.1 Controlled companies

Controlled companies are all entities (including structured entities) on which the Group holds control. Controlled companies are fully consolidated as of the date the control is transferred to the Group. The consolidation ceases as of the date when the Group has no longer control.

Unrealized transactions, balances and gains in transactions among the companies of the Group are eliminated. Unrealized losses are also eliminated, unless the transaction shows evidence of impairment of the transferred assets. The accounting policies of the controlled companies are changed, as necessary, to assure consistency with the policies adopted by the Group.

5.2 Transactions with non-controlling interest

The Group treats transactions with non-controlling interest as transactions with owners of assets of the Group. For acquisition of interest from non-controlling, the difference between any compensation paid and the acquired portion of the book value of the controlled company's net assets is recorded in equity. Gains or losses on alienations to non-controlling interest are also recorded directly in equity, under the account "Adjustments to equity valuation".

6 Conversion of foreign currency

6.1 Functional currency and reporting currency

Items included in the financial statements of each one of the companies of the Group are measured by using the currency of the main economic environment in which the Company operates ("functional currency").

The financial statements are presented in Reais (R\$), the functional currency of the Company and also the reporting currency of the Group.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

6.2 Transactions and balances

Transactions in foreign currency are converted to the functional currency by using the exchange rates in effect on the evaluation dates when the items are measured.

Exchange rate gains and losses resulting from settlement of these transactions and from the conversion at the exchange rates of the end of the financial year, related to monetary assets and liabilities in foreign currency, are recognized in the statement of operations, under the caption "Net financial result".

7 Critical estimates and judgments

Accounting estimates and judgments are continuously evaluated and are based on historic experience, Management's knowledge, and information available on the balance sheet date and on other factors, including expectations of future events considered reasonable for normal circumstances. Changes in facts and circumstances may lead to review of such estimates. The future operating results and financial position may differ if the experiences and assumptions used in the measurement of the estimates are different from the actual results.

7.1 Critical accounting estimates and assumptions

Based on assumptions, the Group makes estimates in relation to the future. As definition, the resulting accounting estimates are rarely equal to the respective actual results. Estimates and assumptions that present significant risk, with probability of causing relevant adjustment in the book values of assets and liabilities in the following financial year, are contemplated below.

(a) Deferred Income Tax and Social Contribution

The Group keeps permanent register of deferred Income Tax and Social Contribution on the following bases: (i) tax losses and negative bases of Social Contribution on net income; and (ii) accounting income and expenses temporarily non-taxable and not deductible, respectively.

Recognition and value of deferred tax assets depend on future generation of taxable income, what required the use of estimates related to the future performance of the Group. Annually, the Group reviews the projection of taxable income. If such projection indicates that the taxable results will not be sufficient to absorb the deferred tax, then it is made the write-off on the corresponding portion of assets that will not be recovered. Based on this projection, the Group has not recorded the deferred Income Tax and Social Contribution on the tax loss of the current period and made the reversal of Income Tax and Social Contribution related to previous financial years.

(b) Realization of long-term non-financial assets

The Group annually tests its fixed assets for impairment on the basis of calculations of the value in use, which is based on estimates. Exceptionally, since the year 2021, Enseada has based itself on the assumption that the fair value of fixed assets shall be equivalent to the fair value of the debts restructured by the PRJ and of the post-petition portion held by Caixa Econômica Federal. The accounting policy and sensitivity analysis were presented in Note 16.3.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Assets subject to amortization are tested for impairment always when events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized when the book value of the asset exceeds its recoverable value, which represents the highest of the fair value of an asset less its disposal costs and its value in use.

Non-financial assets, except goodwill, that have been adjusted due to impairment, are subsequently reviewed for analysis of a possible reversal of impairment on the balance sheet date.

(c) Going concern

The financial statements for the year ended December 31, 2023 were prepared on the assumption of going concern and observing the legal requirements applicable in a judicial reorganization. The judicial reorganization has the objective of assuring the going concern of the Enseada Group. Such going concern was reinforced with the approval and homologation of the Judicial Reorganization Plan of the Enseada Group, as described in these notes. The mentioned decision was published on November 16, 2021, so that the debts with suppliers, loans and financings were novated and the respective balances recalculated under the terms and conditions of the Judicial Reorganization Plan and in conformity with the measures necessary to its implementation.

The Company's going concern depends ultimately on the success of the judicial reorganization process and on the realization of other forecasts of the Enseada Group. For this reason, still aiming an strategy focused on liquidity and on stabilization of the Group, besides the renegotiation of the debts through the approval and homologation of the Judicial Reorganization Plan of the Enseada Group (Note 3.1), Enseada's Management has been seeking new contracts in line with its Business Plan and making actions directed to its performance in the market of construction/integration of FPSOs modules and to the obtaining of naval and offshore construction contracts, aiming to resume the operations of its industrial plant and respective already completed assets. In addition, the Company also seeks opportunities in other markets, focusing on the industrial and logistic segments, whose estimates over the coming years are based on assumptions that may or not be realized in the terms intended by the Administration (Note 3.2).

7.2 Critical judgments in the application of material accounting policies

(a) Financial assets impairment

Provisions for losses on financial assets are regularly monitored by the Administration and are based on assumptions about the risk of default, being recorded at amount considered sufficient to cover losses in realization of accounts receivable. The Group uses judgment to establish these assumptions and to select the data for calculation of the impairment, that takes into consideration evidence of loss that include: cases of significant financial difficulties, including specific sectors, judicial collection, bankruptcy petition or judicial reorganization and other events related to the customers of the Company. Details on impairment losses in trade accounts receivable are presented in Note 12.

(b) Adjustment to present value

The Company evaluates its financial assets and liabilities to identify the occurrence of the applicability of adjustment to present value. For purposes of register, adjustment to present value is calculated taking into consideration the contractual cash flows and explicit, and in certain cases implicit, interest rate of liabilities.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

In general aspects, as applicable, the rate used is the average of investment return or of global fund raising of the Company, depending on whether the financial instrument is an asset or a liability, respectively. The accounting contra entry is the asset or liability that originated the financial instrument, when applicable, and the financial charges presumed are appropriated to income/(loss) of the Company over the operation term.

Under the terms and conditions of the PRJ, certain balances of suppliers, financings and provisions for contingencies related to administrative and judicial proceedings related to the Enseada Group, were adjusted at fair value at the novation date of the tender liabilities, in accordance with the requirements provided for in IFRS 9/CPC 48, equivalent to the present value at the time, calculated based on internal evaluation that took into consideration the cash flows of these liabilities and assumptions related to the discount rate, consistent with the maturity and currency of each financial liability, whose used rate was 16,73%.

8 Recognition of the effects from the homologation of the Judicial Reorganization Plan

In accordance with CPC 26 (IAS 1), the Company understands that the homologation of the Plan is the event that allows the register of the effects from the restructuring of its liabilities.

As result of the PRJ approval, the Company's Management, supported by the legal opinion of its internal and external legal advisors, has evaluated and concluded that the terms and conditions established in the PRJ are in full validity and, therefore, the accounting effects deriving from the restructuring/novation of the tender liabilities submitted to the Judicial Reorganization had its initial recognition on November 16, 2021, date when the mentioned Homologation of the PRJ was published.

Regarding the progress of the judicial reorganization, the highlight event occurred in the 2022 financial year, which was the Term of Agreement the Company made with PNBV enabling its lagging credit qualification, so that the value of the term (US\$ 82.417 thousand) is included in the list of creditors presented in the proceedings of judicial reorganization of Enseada (Note 18), whose relevant effects deriving from the novation of this debt are demonstrated in Note 18(a).

9 Financial risk management

The Company is exposed to some factors of financial and capital risks that can impact its performance and equity position. The evaluation of the exposure to financial and capital risks is periodically made to support the decision-making process regarding the risk management strategy.

9.1 Financial risk factors

The activities of the Group expose it to several financial risks: market risk (specifically the exchange rate risk), credit risk and, specially, the liquidity risk.

The risk management is made by the central treasury of the Group that identifies, evaluate and protect the Company against eventual financial risks in cooperation with the operational units of the Group.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The table below summarizes the nature and extension of the risks deriving from financial instruments and how the Group manages its exposure.

Risks	Origin of the exposure	Management
Market risk - exchange rate	Financial assets and liabilities in foreign currency	Composition of cash flow in foreign currencies
Credit risk	Cash and cash equivalents and Trade accounts receivable	Transactions with first-tier financial institutions
Liquidity risk	Low cash position	Restrictive management of cash and reduction of the structures

Risks	Origin of the exposure	Management
Market risk - exchange rate	Financial assets and liabilities in foreign currency	Composition of cash flow in foreign currencies
Credit risk	Cash and cash equivalents and Trade accounts receivable	Transactions with first-tier financial institutions
Liquidity risk	Low cash position	Restrictive management of cash and reduction of the structures

The Group can operate with financial instruments besides cash equivalents, such as other accounts receivable, accounts payable to suppliers and subcontractors and financings.

Financial instruments can be used by the Group with the objective of managing the financial availability of its operations and protect cash flows against the effects of exchange rate variations on the exposure to currencies and fluctuations in interest rates.

The values recorded in current assets have immediate liquidity or, in the major part, maturity below three months, as well as current liabilities consider the settlement terms in up to 12 months.

Considering the term and characteristics of these instruments, including the contracted remuneration rates, the book values are close to the realization values.

The management of the risks involved in these transactions is made with mechanisms of the financial market that enable to minimize the exposure of the Group to the financial market oscillations.

(a) Market risk - Exchange rate risk

The Company and its controlled company are exposed to exchange rate risks deriving from commercial operations (assets and liabilities) indexed to foreign currencies, especially in relation to the American dollar. The Group manages its exposure to exchange rates through composition of cash flow in foreign currency always when possible.

The exchange rate risk occurs when future trade transactions, assets or liabilities recorded are maintained in currency different from the functional currency of the entity.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

As at December 31, 2023, the Group does not have contracts with derivatives.

(b) Credit risk

The transactions that subject the Group to concentration of credit risk arise mainly from cash and cash equivalents, as well as from exposures of credit to customers, including outstanding accounts receivable.

The credit risk is managed at corporate level. For banks and other financial institutions the concentration of the credit risk is mainly related to bank current accounts and financial investments of immediate liquidity, classified as cash and cash equivalents, when the Group is exposed to the risk of the involved financial institution. Aiming to manage this risk, the Group maintains transactions only with first-tier financial institutions that have ratings provided by international agencies such as Fitch Rating, Standard and Poor's and Moody's Investor. As at December 31, 2023, 100% of the funds are allocated in financial institutions with rating equal or above the AA+ at national scale, being that 99,9% are allocated in financial institutions with classification of risk AAA in at least one of these agencies.

	Consolidated	
	2023	2022
AAA	17,223	20,992
AA+	11	18
	<u>17,234</u>	<u>21,010</u>

Regarding the credit risk of customers of the Group, there is exposure related to trade accounts receivable, being the higher volume related to the credit risk in accounts receivable from the Subsidiaries Sete Brasil that, as at December 31, 2023, has an overdue balance in the amount of R\$ 1,244,108 (2022 - R\$ 1,245,887), for which an impairment loss was recognized in the amount of R\$ 1,208,948 (2022 - R\$ 1,208,948), based on the analysis of risk of the respective credits. In this scenario, it remains the uncertainty related to the receipt of the overdue credits, what lead the Company's Management to remain awaiting definition on the measures for collection of its credit from the Subsidiaries Sete Brasil.

Trade accounts receivable are written-off when there isn't reasonable expectation of recovery. The evidence that there isn't reasonable expectation of recovery includes, among others: incapacity of the debtor to participate in a plan for renegotiation of its debt with the Group or to make contractual payments of debts overdue for more than 120 days.

Impairment losses in trade accounts receivable are presented as "Loss in realization of trade accounts receivables", in operating income. Subsequent recoveries of values previously written-off are credited in the same account.

(c) Liquidity risk

The liquidity risk arises from the possibility of the Company not meeting its contracted obligations on the scheduled dates and needs of cash due to restrictions of market liquidity. The cash flow forecast is made by the Finance Department that in order to manage cash liquidity in domestic currency, establishes assumptions on future disbursements and receipts.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The Group is exposed to liquidity risk of not having net funds to meet its financial commitments, due to a mismatch in term or volume between forecasted receipts and payments, as well as for not being able to count on the financial support from its shareholders.

Due to the Homologation of the PRJ on October 29, 2021, the Company's obligations related to contractual maturities of financial liabilities, including payment of interests on financings, were novated and the respective balances were recalculated in accordance with the terms and conditions of the Plan, observing its phases for purposes of debt restructuring. For further information about the Judicial Reorganization process, see Note 3.1.

As at December 31, 2023, the Group has funds in reais equivalent to the amount of R\$ 17,234 (2022 - R\$ 21,010) and continues seeking to increase its liquidity during 2024, through: (i) sale of assets whose use is not foreseen in the business plan; (ii) monetization of other rights such as tax credits; and (iii) operational generation of cash through new contracts, not only in the oil and gas / naval sector, as also arising from other businesses foreseen in the strategic re-planning of the Group, as mentioned in Note 3.2.

9.2 Capital management

The objectives of the Group when administering its capital is to safeguard the going concern ability of the Group to offer return to its shareholders and benefits to other interested parties, besides keeping, when possible, an ideal capital structure to reduce this cost.

To maintain or adjust the capital structure of the Group, since observed the judicial reorganization plan, Management can, among other actions, sell assets to reduce, for example, the level of indebtedness with the PRJ creditors.

Consistent with other companies in the sector, the Group monitors capital based on the financial leverage index. This index corresponds to net debt expressed as a percentage of total capital. In its turn, the net debt corresponds to the total financings (including short and long-term, as demonstrated in the consolidated statements of financial position), deducting the amount of cash and cash equivalents and securities. The total capital is calculated as the sum of equity, as demonstrated in the consolidated statements of financial position, with the net debt.

As at December 31, 2023 and 2022 the financial leverage indexes can be summarized as follows:

		Consolidated	
	Note	2023	2022
Total financings	19	1,039,535	852,910
Less: cash and cash equivalents	11	(17,234)	(21,010)
Less: securities		(62)	(56)
Net debt		1,022,239	831,844
Total equity		280,275	319,721
Total capital		1,302,514	1,151,565
Financial leverage index		78%	72%

In 2023 the financial leverage index remained at a level similar to previous year, whose net debt is impacted mainly due to charges and realization of the adjustment to present value of the financings listed in the PRJ.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The capital is not managed at the level of the Parent Company, only at the consolidated level.

9.3 Fair value estimate

It is supposed that the trade accounts receivable balances and accounts payable to suppliers at the book value, less impairment loss in the case of accounts receivable, are close to their fair values.

As result of the implementation of the measures approved in the Plan homologated in 2021 and of the respective accounting record in the calendar-year 2021, some of the financial liabilities classified as amortized cost were measured at fair value on the date of novation of these financial liabilities and maintained at amortized cost in the subsequent measurement.

Because of the approved Plan the values of suppliers and financings were novated and the balances were recalculated in accordance with the existing terms and conditions, observing its phases for purpose of debt restructuring. For further information about the Judicial Reorganization process, see Note 3.1.

10 Financial instruments by category

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Assets at amortized cost					
Cash and cash equivalents	11	17,206	20,943	17,234	21,010
Trade accounts receivable and other receivables		36,545	38,259	36,545	38,259
		<u>53,751</u>	<u>59,202</u>	<u>53,779</u>	<u>59,269</u>
Assets at fair value through income/(loss)					
Securities		62	56	62	56
		<u>62</u>	<u>56</u>	<u>62</u>	<u>56</u>
Liabilities at amortized cost					
Suppliers	18	247,795	210,078	272,051	235,449
Financings	19	1,039,535	852,910	1,039,535	852,910
Loans with connected companies	31	6,048	5,931	6,048	5,931
Other accounts payable with connected companies	31	5,577	3,762	5,577	3,762
		<u>1,298,955</u>	<u>1,072,681</u>	<u>1,323,211</u>	<u>1,098,052</u>

10.1 Financial assets

(a) Classification

At initial recognition, the Group classifies its financial assets at fair value. Subsequent classification depends on the purpose for which the financial assets were acquired, being this objective achieved either by obtaining of contractual cash flows or by the sale of the financial asset.

(b) Recognition and de-recognition

Investments are firstly recognized at fair value plus transaction costs for all financial assets not classified as at fair value through income/(loss).

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Financial assets at fair value through income/(loss) are firstly recognized at fair value and the transaction costs are debited to the statement of operations.

Financial assets held for sale and financial assets measured at fair value through income/(loss) are, subsequently, recorded at fair value. Other assets are recorded at amortized cost by using the effective interest rate method.

Financial assets are derecognized when the rights to receive cash flows expire or have been transferred and the Group has transferred substantially all risks and benefits of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at fair value plus, in case of financial asset not measured at fair value through income/(loss), the transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through income/(loss) are recorded as expenses in income/(loss).

10.2 Financial liabilities

Financial liabilities are recorded at amortized cost by using the effective interest rate method.

11 Cash and cash equivalents

	Parent company		Consolidated	
	2023	2022	2023	2022
Funds in bank and in cash - in the country	4	50	4	49
Funds in bank and in cash - abroad	4,090	3,438	4,118	3,506
Short-term bank deposits	13,112	17,455	13,112	17,455
	<u>17,206</u>	<u>20,943</u>	<u>17,234</u>	<u>21,010</u>

Cash and cash equivalents include cash money in cash and in fixed fund, bank accounts and highly liquid short term financial investments, with original maturity of up to three months and with immaterial risk of changing value.

12 Trade accounts receivable

	Parent company and Consolidated	
	2023	2022
Trade accounts receivable	1,244,507	1,246,252
Less: Estimated loss with doubtful credits	<u>(1,208,948)</u>	<u>(1,208,948)</u>
	35,559	37,304
Less non-current portion	<u>(35,160)</u>	<u>(36,939)</u>
Current portion	<u>399</u>	<u>365</u>

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Trade accounts receivable correspond to the values receivable for the sale of goods or provision of services in the normal course of the Group's activities. The Group maintains trade accounts receivable with the objective of collecting contractual cash flows and, therefore, these accounts are initially recognized at fair value and, subsequently, measured at amortized cost by using the effective interest rate method, deducting provisions for losses. If the receipt term is equivalent to one year or less, accounts receivables are classified in current assets. Otherwise, they are presented in non-current assets.

The balance presented in the caption Trade Accounts Receivable refers basically to: (i) in current assets to the contracts of port services of storage and handling of cargoes for execution of the export operations of iron ore; and (ii) in non-current assets, to the contracts entered into with the Subsidiaries Sete Brasil for construction and supply of 6 drilling vessel for petroleum drilling.

Regarding accounts receivable from PNBV, after a long period of negotiations in search of a comprehensive agreement to resolve the disputes related to the mentioned contract, on April 26, 2022 a Term of Agreement was signed, which ends definitively the contractual disputes between PNBV and Enseada deriving from the "Projeto Conversões", causing the integral write-off of the remaining balance of this receivable in the amount of R\$ 13,772 (Note 18.1(a)).

As at December 31, 2023, the balance receivable from the Subsidiaries Sete Brasil amounts to R\$ 1,244,108, for which was recognized an impairment loss in the amount of R\$ 1,208,948.

The breakdown of trade accounts receivable, by maturity, is as follows:

	Note	Parent company and Consolidated	
		2023	2022
Falling due		46	251
Overdue:			
Up to 90 days		239	98
From 91 to 180 days			11
From 181 to 360 days			2
Above 360 days		1,244,222	1,245,890
Estimated loss with doubtful credits	(i)	(1,208,948)	(1,208,948)
Total customers portfolio		35,559	37,304

(i) Refers to provision for impairment loss recognized at amount considered sufficient by Management to face eventual losses in realization of the accounts receivable related to the contract of Sete Brasil, which was based on analysis of the risk of these credits that contemplates evaluation of the situation of the economic group to which it belongs (Note 3.2). As it is understood that the expectation of financial realization of this portion is very remote, Enseada adopts the following procedure: (i) it records the loss at the original value; (ii) reverts the updating of the recorded notes in foreign currency until the recognition of this loss; and (iii) stops to update the accounts receivable for the amount already recognized as impaired. Up to now Enseada has not made the effective write-off of these trade notes.

As at December 31, 2023, the entire balance of accounts receivable presented in non-current assets is related to overdue trade notes and, for this reason, there wasn't recognition of adjustment to present value on the sales.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

13 Inventories

	Parent company and Consolidated	
	2023	2022
Maintenance materials	4,685	4,691
Advances to suppliers	9,407	9,472
Imports in-progress	986	986
	<u>15,078</u>	<u>15,149</u>

- (i) It refers to advances made to suppliers for purchase of sundry materials and equipment for conversion of hulls and construction of drilling vessels, which are included in the context of the Company's PRJ.

Inventory items are demonstrated at cost or at net realization value, the lowest of them. The method for inventories evaluation is the moving weighted average. The cost of finished products and products in-process includes the costs of the project, raw materials, direct labor, other direct costs and the respective direct production expenses (based on the normal operational capacity), excluding costs of loans. These costs are recognized in result as incurred and are recorded in "Cost of sales".

Inventory items are evaluated at their recoverable value on the balance sheet date. As applicable, in case of impairment loss, this is recognized immediately in income/(loss).

14 Recoverable taxes and contributions

	Note	Parent company and Consolidated	
		2023	2022
Current			
Recoverable PIS and COFINS	(i)	9,593	10,136
Recoverable ICMS	(ii)	614	718
Others		998	486
		<u>11,205</u>	<u>11,340</u>
Non-current			
Recoverable PIS and COFINS	(iii)	190,393	193,790
Recoverable ICMS	(ii)	39,825	41,106
Recoverable IPI	(iv)	7,096	7,096
Others		1,050	1,050
		<u>238,364</u>	<u>243,042</u>
Total recoverable taxes and contributions		<u>249,569</u>	<u>254,382</u>

- (i) Balance classified in short-term due to the expectation of realization that substantially derives from PIS and COFINS credits in acquisition of inputs, as well as of goods and services incorporated to the fixed assets used in the production process of the head office unit of Maragogipe-BA that has been offset with PIS, COFINS and other federal taxes.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- (ii) The balance refers to ICMS credits composed of values obtained in purchases of inputs for industrialization in the unit Inhaúma, as well as of values deriving from the transfer of inputs from this unit to the shipyard of Paraguaçu, besides the values verified in the acquisition of fixed assets for use in the production process of the Paraguaçu unit.
- (iii) Balance classified in long-term, deriving substantially from:
- a) R\$ 6,454 - remaining balance of PIS and COFINS credits linked to exports income, verified substantially in the acquisition of services applied in the production process of the Company and that is object of request, via administrative procedure, of request for compensation. As at December 31, 2023, the balance was kept in non-current assets due to the fact that Enseada remains awaiting the judgment of the administrative analysis, whose expectation of realization has a term above 12 months; and
 - b) R\$ 182,410 - PIS e COFINS credits verified in the acquisition of goods and services incorporated to the fixed assets that will be used in the production process of the head office of Maragogipe-BA, which will be offset with future federal taxes or reimbursed in cash.
- (iv) The main value that composes this balance, in the amount of R\$ 6,573, arises from the remaining portion compensable of the IPI creditor balance linked to export operations, verified substantially at acquisition of raw material, intermediary product and packaging material applied in the production process of the Company. As at December 31, 2023, the balance was maintained in non-current assets because of the fact that Enseada remains awaiting the judgment of the administrative analysis, whose expectation of realization is above 12 months.

15 Investments

The investment in controlled company is recorded and evaluated through the equity equivalence method, recognized in income/(loss) of the financial year as income (or expense) plus the goodwill and less the negative goodwill. When the transaction in the investee has been recorded directly in equity, the recognition is made proportional to the percentage of interest in the investment, with reflex on equity of the parent company, as other comprehensive income when occurred.

The balance presented in this caption is composed of the direct interest held in the companies listed below, evaluated through the equity equivalence method.

15.1 Information on controlled companies

		As at December 31, 2023				
	Note	Country (H.Q.)	Quantity of shares held	Interest in total capital (%)	Equity (Uncovered liabilities)	Net profit for the year
Enseada						
EEP Overseas Ltd.		Cayman Islands	100,000	100.00	(24,228)	1,076
Porto Enseada S.A.	(i)	Brazil	499	100.00	1	
Enseada Industrial S.A.	(i)	Brazil	499	100.00	1	
Estaleiro Nova Enseada S.A.	(i)	Brazil	499	100.00	1	

- (i) Companies not included in the consolidation due to the immateriality of the involved values (Note 5).

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

15.2 Changes in investments

	Note	Parent company and Consolidated		Parent company	
		Investments		Provision for loss on investment	
		2023	2022	2023	2022
As at January 01				(25,304)	(28,562)
Capital contribution	(i)	1			133
Participation in the controlled company's profit				1,076	3,125
As at December 31		1		(24,228)	(25,304)

(i) Through the acts approved in General Meeting of Formation, held on December 18, 2023, and in continuation of the terms and conditions of the PRJ, the Enseada Group formed three closed corporations (UPIs) denominated Porto Enseada S.A., Enseada Industrial S.A. and Estaleiro Nova Enseada S.A. (Note 3.1.2(c)). At this date, the totality of the capital shares (500 shares, in the amount of R\$ 500.00) for each one of these companies, were subscribed and paid-in in domestic currency, by the founder shareholders, as follows: Enseada (499 shares, in the amount of R\$ 499.00) and Enseada Participações (1 share, in the amount of R\$ 1.00).

16 Fixed assets

16.1 Changes during the financial year

	Note	Parent company and consolidated								
		Land	Construction in progress	Buildings	Leasehold improvements	Industrial facilities	Machinery and equipment	IT equipment	Other	Total
Total cost		7,353	2,634,367	196,147	2,549	57,549	51,967	15,498	14,117	2,979,547
Accumulated depreciation and amortization				(13,077)	(2,549)	(8,469)	(35,991)	(15,476)	(12,463)	(88,025)
Impairment		(5,261)	(1,884,949)	(130,991)		(35,118)	(11,431)	(16)	(1,184)	(2,068,950)
As at January 1, 2022		2,092	749,418	52,079		13,962	4,545	6	470	822,572
Acquisitions								397	82	479
Transfer for conclusion of project			(171,511)	169,859		1,652				
Other changes			168							168
Depreciation and amortization				(5,339)		(2,555)	(4,941)	(15)	(701)	(13,551)
Partial reversal of impairment		601	201,276	28,405		3,937	902	33	84	235,238
		2,693	779,351	245,004		16,996	506	421	(65)	1,044,906
Total cost		7,353	2,463,024	366,006	2,549	59,201	51,967	15,895	14,199	2,980,194
Accumulated depreciation and amortization				(18,416)	(2,549)	(11,024)	(40,932)	(15,491)	(13,164)	(101,576)
Impairment		(4,660)	(1,683,673)	(102,586)		(31,181)	(10,529)	17	(1,100)	(1,833,712)
As at December 31, 2022		2,693	779,351	245,004		16,996	506	421	(65)	1,044,906
Acquisitions								223		223
Write-offs, net of depreciation and amortization							(153)			(153)
Other changes			(168)						(84)	(252)
Depreciation and amortization	(i)			(7,320)		(2,632)	(4,009)	(112)	(433)	(14,506)
Partial reversal of impairment	(ii)	502	291,114	(89,811)		5,429	6,643	(308)	807	214,376
		3,195	1,070,297	147,873		19,793	2,987	224	225	1,244,594
Total cost		7,353	2,462,856	366,006	2,549	59,201	50,527	16,118	14,115	2,978,725
Accumulated depreciation and amortization				(25,736)	(2,549)	(13,656)	(43,654)	(15,603)	(13,597)	(114,795)
Impairment		(4,158)	(1,392,559)	(192,397)		(25,752)	(3,886)	(291)	(293)	(1,619,336)
As at December 31, 2023		3,195	1,070,297	147,873		19,793	2,987	224	225	1,244,594

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- (i) The amount of depreciation and amortization is distributed as follows in the captions of result:
- a) R\$ 859 (2022 - R\$ 1,228) - "Cost of sales";
 - b) R\$ 3,282 (2022 - R\$ 2,845) - "Cost with idleness"; and
 - c) R\$ 10,365 (2022 - R\$ 9,478) - "General and administrative expenses".
- (ii) It refers to the partial reversal of loss to the recoverable value of fixed assets, based on the assumptions established in the impairment test demonstrated in Note 16.3 and whose contra entry was in income/(loss) as "Gain from reversal of impairment in fixed assets" (Note 29).

The Company and its controlled company adopt the following accounting practices for fixed assets:

Fixed assets are measured at historic cost less accumulated depreciation and impairment losses. Historic cost includes the expenditures directly attributable to the acquisition of items and the financing costs related to acquisition of qualifying assets.

Subsequent costs are included in the book value of the asset or recognized as a separate asset, as appropriate, only when it is likely future economical benefits associated to these costs will flow and they can be reliably measured. The book value of replaced items or parts is written-off. All other repairs and maintenance are recorded in contra entry to result of the period as incurred.

Depreciation of assets is calculated through the straight-line method, considering their costs and their residual values during the estimated useful life, as follows:

	<u>Useful life (years)</u>
Buildings	50
Leasehold improvements	5
Industrial facilities	14 - 25
Machines and equipment	10
IT equipment	5
Others	4 - 25

Note: Plots of land have undefined useful life and for this reason are not depreciated.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of every financial year.

The book value of an asset is immediately reduced to its recoverable value when such book value is higher than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the sale value with the book value and are recognized in "Other net operating income (expenses) in the statements of operations.

The cost of loans and financings when directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the initial cost of these assets. Qualifying assets are those that necessarily demand a substantial time to be ready for use.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

16.2 Information on the main categories of fixed assets

(a) Works in progress

The main component of fixed assets is the balance of works in progress that refers to expenditures incurred in the construction of the naval shipyard in Maragogipe-BA, whose construction works reached 82% of execution progress and was suspended by Enseada in 2015 due to interruption of the payments owed by the Subsidiaries Sete Brasil - main customers of the Group. It is not yet foreseen the resumption of the construction because this depends on Enseada to enter into new contracts for construction or repair of ships.

As at December 31, 2023 the balance of works in progress is composed as follows:

- a) R\$ 2,517,669 - expenses with construction of the shipyard;
- b) R\$ 117,900 - capitalized financial charges;
- c) R\$ (172,713) - PIS and COFINS credits calculated at acquisition of materials, equipment and services associated to fixed assets; and
- d) R\$ (1,392,559) - impairment.

Works in progress are not depreciated. Depreciation begins when the assets are available for use. At the end of the construction phase, the relevant components with different useful life will be identified and depreciated in accordance with the corresponding useful life.

(b) Plots of land and buildings

Plots of land correspond to real estate located in Maragogipe-BA, where the construction of the naval shipyard was made and whose works are paralyzed.

The balance of the caption buildings is represented by the piers that are being used to carry out the activities related to the logistic-port segment through operations for export of iron ore and import of wind loads.

(c) Industrial facilities

These are the equipment, materials and cost for implementation of industrial facilities that have to be segregated from the civil works as they have a differentiated useful life, destined to the work of the Company's main activities such as: area for storage of water, substations of electric energy, etc.

(d) Machines and equipment

These are machines and equipment of economic production that not only assist in the production, but are used directly for realization of goods and services in the company such as: welding machines, cutting and painting, pumps, hydraulic conveyors and conveyor belts, evaporator units, forklifts and others.

16.3 Impairment test

With the homologation of the PRJ, on October 28, 2021, the methodology for calculation of fixed assets impairment that had been applied by the Company, which was based on discount to present value of future cash flows arising from the continuous use of a certain asset, showed to be inappropriate due to certain particularities in the PRJ of Enseada.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

The Enseada PRJ was grounded on the concept that the debts will be fully paid through the recoverable value of the fixed assets, either through "Waterfall" of Payments (value in use of assets), or through sale of the UPIs. Considering this assumption, Enseada's Management understands that the fair value of fixed assets shall be equivalent to the present value of the debts restructured by the PRJ and the post-petition portion of the financing of the "Fundo da Marinha Mercante ("FMM")", being, therefore, the adjustment value of the impairment equal to the difference between the book balance of the respective fixed assets and the balance of the mentioned debts calculated by adjustment to present value.

In view of this fact, as at December 31, 2023, the book value of fixed assets was reduced to the recoverable value through recognition of an impairment loss in the amount of R\$ 1,619,336, what resulted in the partial reversal of the amount of R\$ 214,376, recorded in income/(loss) for the financial year as "Gain from reversal of fixed assets impairment" (Note 29).

	Consolidated	
	2023	2022
Net present value	1,335,028	1,044,906
(-) Value of assets	(2,954,364)	(2,878,618)
Surplus (deficit)	(1,619,336)	(1,833,712)
Percentage in relation of assets value	-55%	-64%

17 Intangible assets

17.1 Changes during the financial year

	Parent company and consolidated			
	Right of use	Software	assets in formation	Total
Total cost	71,927	77,926	42,977	192,830
Accumulated amortization	(65,358)	(37,031)		(102,389)
As at January 1, 2022	6,569	40,895	42,977	90,441
Amortization		(7)		(7)
	6,569	40,888	42,977	90,434
Total cost	71,927	77,926	42,977	192,830
Accumulated amortization	(65,358)	(37,038)		(102,396)
As at December 31, 2022	6,569	40,888	42,977	90,434
Total cost	71,927	77,926	42,977	192,830
Accumulated amortization	(65,358)	(37,038)		(102,396)
As at December 31, 2023	6,569	40,888	42,977	90,434

Intangible assets are recognized at acquisition cost, net of accumulated depreciation and impairment losses.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

Their estimated useful lives are the following:

	<u>Vida útil (anos)</u>
Direitos de uso	5
<i>Softwares</i>	5

17.2 Information on the main categories of intangible assets

(a) Rights-of-use

The licenses for use of technologies purchased from third parties are recorded at acquisition cost and/or at the fair value and other directly attributable costs, less accumulated amortization and provision for impairment loss, when applicable. The licenses with defined useful life are amortized by using the straight-line method based on the estimated useful life of the assets within 5 years or during the acquisition contract term.

The licenses related to construction of the shipyard were fully amortized during the five years period, while the licenses related to operation only begins to be amortized when the shipyard starts its operation.

Research and development expenses are recorded in result as expense, when incurred.

(b) *Software*

Software licenses are capitalized based on the costs incurred to acquire the software and make it ready to be used. These costs are amortized during the estimated useful life of the software within 5 years.

The costs associated to software maintenance are recognized as expense, as incurred. The development costs that are directly attributable to the project and to the tests on identifiable and exclusive software products, controlled by the Group, are recognized as intangible assets.

Directly attributable costs that are capitalized as part of the software product include the costs with employees allocated in the development of software and an appropriate portion of the applicable indirect expenses. The costs also include the financing expenses incurred during the software development period.

Other development expenses that do not meet the criteria of capitalization are recognized as expense, as incurred. Development costs previously recognized as expense are not recognized as asset in subsequent period.

Costs in the development of software recognized as assets are amortized during its estimated useful life, not above five years.

(c) Intangible assets in formation

Represented by the expenses incurred for formation of technology in Enseada, which comprehends documents, engineering designs, technology and knowledge necessary for execution of projects related to the development of the naval industry. This intangible in formation process is not amortized. The amortization begins when the assets are available for use and will occur according to the corresponding useful life.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

18 Suppliers

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Current					
Domestic		5,015	1,776	5,014	1,776
Foreign		1,696	1,904	25,953	27,275
		6,711	3,680	30,967	29,051
Noncurrent					
Domestic		692,962	259,984	692,962	259,984
Foreign		557,855	1,026,402	557,855	1,026,402
(-) Discount to present value		(1,009,733)	(1,079,988)	(1,009,733)	(1,079,988)
		241,084	206,398	241,084	206,398
Total suppliers		247,795	210,078	272,051	235,449
Suppliers subject to the Judicial Reorganization, net of discount to present value	18.1	241,084	206,398	241,084	206,398
Suppliers not subject to the Judicial Reorganization		6,711	3,680	30,967	29,051
Total suppliers		247,795	210,078	272,051	235,449

Accounts payable to suppliers are obligations payable for goods or services that were acquired in the normal course of business, being classified as current liabilities if the payment is owed in the period of up to one year. Otherwise, the accounts payable are presented as non-current liabilities.

They are initially recognized at fair value and, subsequently, measured at amortized cost by using the effective interest rate method.

18.1 Information on suppliers subject to the Judicial Reorganization

The balance related to suppliers subject to the judicial reorganization is composed of the debts that were novated and restructured in the terms and conditions of the PRJ and are related to labor creditors, unsecured creditors and ME/EPP - Classes I, III and IV, respectively.

With approval of the Plan, the novated balances (including debt with PNBV) were recalculated in accordance with the existing terms and conditions, observing their phases for purposes of restructuring of the debt and were adjusted at fair value on the novation date of the tender liabilities, equivalent to the present value on the date of homologation of the PRJ, calculated based on internal evaluation that took into consideration the cash flows of these liabilities and assumptions related to the discount rates, consistent with the maturity and currency of each financial liability. For further information on the Judicial Reorganization process, see Note 3.1.

(a) Agreement for closing of litigations between the Company and PNBV

As at December 31, 2021, Enseada had recorded under the caption "Suppliers" a debt still considered as an illiquid obligation with PNBV, in the amount of R\$ 570,756 (equivalent to a US\$ 102,277), deriving from the subrogation of the contract with the supplier COSCO Dalian Shipyard Co., Ltd. ("COSCO") to PNBV, caused by the circumstances of finalization and anticipated delivery (in different phases of completion) of the contract for conversion of 4 ships Very Large Crude Carriers ("VLCCs") in 4 hulls of units of FPSOs ("Projeto Conversões"), where it was being discussed in a larger agenda with the customer, for calculation of the definitive values held by the parties, that included several lawsuits and additional services questioned and not yet reported in the financial statements of Enseada.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

On March 31, 2022, Petrobras published a communicate to the market to inform that its Administration Council approved the signing of the Term for Closing of Pending Matters between Petrobras and its controlled PNBV and Novonor and its controlled Enseada and OEC S.A., with the purpose of closing definitively, commercial pending issues deriving from the services provided and of the obligations assumed related to contracts entered into between the involved parties, including those between Enseada and PNBV related to the "Projeto Conversões".

The signing of this agreement was of major importance to Enseada because: (i) it ends, in a comprehensive and definitive way, commercial disputes with the Petrobras Group, notoriously the biggest investor in offshore projects in Brasil; (ii) provides a substantial reduction in the Company's liabilities, and; (iii) will enable that Enseada's efforts are fully directed to the obtaining of new contracts and to implementation of the PRJ.

On April 26, 2022, Enseada and PNBV signed the Term of Agreement through which the integral debt between the parties, updated until this date and demonstrated below, was novated and reduced to the total amount of US\$ 82.417 mil (Note 2.1), to be settled in accordance with the payment conditions foreseen for unsecured creditors - Class III of the judicial reorganization plan of Enseada.

Account	Note	Description	On the date of the Agreement
Supplier PNBV		Sub-rogate debt COSCO	507,968
Advance from customer PNBV	20	Debt from "Reimbursement account" mechanism	560,093
Trade accounts receivable PNBV	12	Remaining balance Conversions Project	(13,772)
		Full debt renegotiated	1,054,289
Net financial income (loss)	30	Gains from reissue of PNBV debt	(644,954)
		PNBV new debt	409,335

On May 25, 2022, PNBV presented to Court its lagging proof of claim, which had the agreement of the Company and favorable opinion of the Judicial Administrator. On September 8, 2022, the lagging proof of claim was judged upheld by the Court that delivered decision (final judgment on October 18, 2022) favorable to the inclusion in the General List of Creditors, of the value of the Term of Agreement, in favor of PNBV, under the category of unsecured creditor.

Also in this context, due to the novation of the PNBV debt, the initial register of the impact of the adjustment to fair value of the supplier PNBV, in the amount of R\$ 543,669 that had been recorded on the date of the PRJ homologation, which was fully reverted in the 2022 financial year and recalculated based on the value of the Term of Agreement, whose new adjustment to fair value of the supplier PNBV amounts to R\$ 315,037 that was recorded as contra entry to result of the 2022 financial year, under the caption "Net financial result" (Note 30).

As at December 31, 2023, the balance presented in non-current liabilities is related to debts with the suppliers listed in the PRJ, substantially composed of the totality of the unsecured credits.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

18.2 Breakdown of accounts payable to suppliers

Breakdown of accounts payable to suppliers, by maturity, is as follows:

	Parent company		Consolidated	
	2023	2022	2023	2022
Overdue notes				
Up to 90 days	226	264	226	264
From 91 to 180 days	15	10	15	10
From 181 to 360 days	20	312	20	312
More than 360 days	19,534	2,145	43,790	27,237
Falling due notes	1,237,733	1,287,335	1,237,733	1,287,614
Discount to present value	(1,009,733)	(1,079,988)	(1,009,733)	(1,079,988)
Total suppliers portfolio	<u>247,795</u>	<u>210,078</u>	<u>272,051</u>	<u>235,449</u>

As at December 31, 2023, the balance presented in non-current liabilities is impacted by the recognition of the adjustment to present value of the debts with suppliers of the judicial reorganization, which are presented under the caption "Trade notes falling due" due to the novation of this petition liability.

19 Financings

	Parent company and consolidated	
	2023	2022
Current		
Financing	<u>308,828</u>	<u>270,994</u>
Noncurrent		
Financing	1,790,217	1,713,729
(-) Discount to present value	(1,059,510)	(1,131,813)
	<u>730,707</u>	<u>581,916</u>
Total financing	<u>1,039,535</u>	<u>852,910</u>

Financings are firstly recognized at fair value, net of transaction costs and are, subsequently, stated at amortized cost. Any difference between the raised amounts (net of transaction costs) and total value payable is recognized in the statement of operations during the period in which the financings are outstanding, by using the effective interest rate method.

The Company has adopted the option of fair value in relation to recording of financing commitments, at the time of the reclassification of financial liabilities that were originated by the restructuring/novation of the tender liabilities submitted to Judicial Reorganization. The calculation of the fair value of each one of the financial liabilities was based on an internal evaluation that took into consideration the cash flows of these liabilities and the assumptions related to the discount rate.

The adjustment to fair value recognized in the balance sheet in relation to each novated financial liability is recorded in result, on a yearly basis, over the maturity term of the financial liability.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Financings are classified as current liabilities, unless the Group has an unconditional right to defer the settlement of the liability for, at least, 12 months after the balance sheet date.

General and specific financing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which is an asset that necessarily demands a substantial time to be ready for use or intended sale, are capitalized as part of the cost of the asset when it is likely that they will result in future economic benefits for the entity and that such costs can be reliably measured. Other finance costs are recognized as expense in the period they are incurred.

19.1 Information on financings

On July 31, 2013, Enseada entered into a long-term financing contract with Banco do Brasil S.A. ("BB") and Caixa Econômica Federal ("CEF"), banks that transfer funds from the "Fundo da Marinha Mercante" ("FMM"), whose releases of funds totaled R\$ 950,000, which was activated in February 2018, contemplating the renegotiation of debt with the financier banks and the customization of the payments flow. As of January 2019, Enseada stopped to settle the values related to the installments.

In this context, on October 4, 2019, Enseada Group filed a request for judicial reorganization, whose processing was accepted on October 9, 2019, approved in the AGC held on September 14, 2021 and homologated by the Court of Judicial Reorganization on October 28, 2021.

This debt with BB and CEF was listed in the process of judicial reorganization of the Enseada Group, whose balance is exclusively composed of the credits of Class II, being that:

- (i) O BB adhered to the Plan with the totality of its credits with in Rem guarantee and Post-petition credits; and
- (ii) CEF had its petition portion restructured by the Plan. A part of its debt linked to guarantee of equipment of Enseada is not subject to the Plan, remaining as post-petition credit, which remains being updated based on the original terms of the contract and, considering the default situation, this debt is classified in current liabilities. At any time. the financial institution may adhere to the Plan with the totality of its Credits not subject to receive them in the way foreseen in the conditions and terms of the Plan, keeping healthy all guarantees held by these creditors in case of adhesion.
- (iii) With approval of the Plan, the novated financing balances of the financings were recalculated in accordance with the existing terms and conditions, observing its phases for purposes of restructuring of the debt and were adjusted at fair value on the novation date of the post-petition liabilities, equivalent to the present value on the date of the PRJ homologation, calculated based on internal evaluation that took into consideration the cash flows of these liabilities and assumptions related to the discount rates, consistent with the maturity and the currency of each financial liability. For further information on the Judicial Reorganization process, see Note 3.1.

Also deriving from the terms agreed in the PRJ and based on the Timetable of Minimum Guaranteed Chronogram that establishes the payment of minimum portion of the Class II credits (Note 3.1.2(c)(iii)), as at December 31, 2023, the Company reclassified for short-term the amount of R\$ 1,580 related to monthly interests whose payment will occur within 12 months after the balance sheet date.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

19.2 Changes in financings

	Note	Parent company and consolidated	
		2023	2022
Initial balance		852,910	625,018
(+) Addition of charges	(i)	89,979	116,258
(+) Complement of interest and late payment fine	(ii)	25,503	8,095
(-) Amortization of interest	(iii)	(1,160)	
(+) Realization of discount to present value	(iv)	72,303	103,539
Final balance		<u>1,039,535</u>	<u>852,910</u>

- (i) Complement of the provision for charges on the post-petition credit of CEF, which update was based on the original conditions of the contract and of the charges of the petition credit of Class II, updated based on the PRJ conditions.
- (ii) Complement of the provision of interest default fine on the post-petition credit of CEF, updated according with the original conditions of the contract.
- (iii) Settlement of installments of the Guaranteed Minimum Payments installments of interests to the Class II creditors related to the RJ.
- (iv) Realization of the adjustment to present value of the petition debt of the creditors with in Rem guarantee - Class II.

19.3 Breakdown of non-current liabilities by maturity year

As at December 31, 2023, the balance presented in non-current liabilities is related to the petition debts of the creditors with in Rem guarantee listed in the PRJ.

The amount of the financings classified as non-current, by maturity year, is composed as follows:

	Parent company and consolidated	
	2023	2022
2024		1,640
2025	1,500	
2026 onwards	1,788,717	1,712,089
(-) Discount to present value	(1,059,510)	(1,131,813)
	<u>730,707</u>	<u>581,916</u>

20 Advance from customers

With the signing, on April 26, 2022, of the Term of Agreement between Enseada and PNBV, the integral debt between the parties, updated until this date and demonstrated in Note 18.1(a), was novated and reduced to US\$ 82.417 thousand (Note 2.1). With this, the balance payable to PNBV, recorded in the caption "Advances from Customers", was totally written-off to result, impacting the caption "Net financial result".

As at December 31, 2023, Enseada keeps the balance in the amount of R\$ 2,220 recorded in current liabilities and deriving from normal operations with its port operation customers.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

21 Provisions

Provisions for lawsuits (labor, civil, environmental and tax) are recognized when: (i) the Group has a present or constructive obligation as result of events already occurred; (ii) it is likely that funds outflow will be necessary to settle the obligation; and (iii) the value can be reliably estimated. The provisions do not include future operational losses.

When there are a number of similar obligations, the probability to settle them is determined taking into consideration the class of obligations as a whole. A provision is recognized even if the probability of settlement related to any individual item included in the same class of obligations is small.

The provisions are measured at the present value of the expenditures that may be necessary to settle the obligation, using a rate before tax effects that reflects current market evaluations of the time value of money and of the specific risks of the obligation.

Enseada keeps classified in non-current liabilities the totality of the provisions due to the fact that the expectation of settlement is above 12 months.

21.1 Breakdown of the provision by class

	Parent company and consolidated	
	2023	2022
Labor	812	1,015
Civil	306	1,237
Tax	5,668	
Environmental	593	80
	<u>7,379</u>	<u>2,332</u>

Enseada is a party in labor, civil and tax in-progress proceedings, whose prognosis of loss is probable. These proceedings are being discussed both in the administrative and judicial spheres, which, as applicable, are supported by court deposits, that may be reimbursed in case of success of the Company. Provisions for eventual losses deriving from these proceedings are estimated and updated by Management, supported by its external legal advisors.

The natures of the obligations can be summarized as follows:

- Labor contingencies - they consist mainly of claims from employees linked to subcontractors and former employees of Enseada.
- Civil lawsuits - they refer mainly to ordinary actions prior to the Judicial Reorganization of the Enseada Group and to cases of credit opposition related to divergences in the values presented in the General List of Creditors.
- Tax contingencies - they substantially refer to administrative proceedings of the Federal Revenue of Brazil, requesting that Enseada proceeds the return of the difference unduly received according to the terms of the § 2º, Item II of art. 3º of the "Portaria" nº 348/2010, related to the request for anticipation of 50% of the amount of Pis and Cofins credit related to the calculation period from the 1st. to the 3rd. quarter 2014.
- Environmental contingencies - deriving from Tax Execution Actions filed by the Instituto Chico Mendes de Conservação da Biodiversidade ("ICMBio"), for collection of the Executable Tax Debt, related to fine arbitrated in Infraction Notices.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

In the Management's opinion, after appropriate legal consulting, the outcome of these legal suits will not originate any significant loss besides the values provisioned on December 31, 2023.

21.2 Possible losses not provisioned in the balance sheet

The Group has lawsuits of tax, civil, labor and environmental natures, involving risks of loss classified by Management as possible, based on the assessment of its legal advisors, for which there isn't provision recorded, in accordance with the breakdown and estimate below:

	Note	Parent company and consolidated	
		2023	2022
Environmental	(i)	305	715
Labor	(ii)	23,437	10,926
Civil	(iii)	129,824	117,551
Tax	(iv)	116,071	142,176
		<u>269,637</u>	<u>271,368</u>

- (i) Environmental Infraction Notice issued in 2014, deriving from claim of the ICMBio under the claim that Enseada does not have an Individual Emergency Plan of the shipyard/ branch located in São Roque do Paraguaçu.
- (ii) As at December 31, 2023, the provision corresponds to 123 lawsuits of labor nature that derives from processes related to former employees of the Company and former employees of the subcontractors of the Company, part of them due to the large number of dismissals caused by the closing of the activities in the shipyard Inhaúma and stoppage of operations in the shipyard Paraguaçu. The legal advisors of the Company estimate that the time for conclusion of proceedings of this nature, is above 1 year. The estimates regarding outcomes of the processes and the possibility of future disbursement may change due to new decisions of the superior courts.
- (iii) Ordinary actions deriving basically from: (i) eventual defeat in the objections to executions of extra-judicial notes presented against execution that Enseada filed in 2017 against the Subsidiaries Sete Brasil, in the amount of R\$ 86,702, for judicial collection of the notes in default, that were already been formally approved by these customers; (ii) collection filed by Petrobras in the amount of R\$ 9,413; (iii) incidents of objection or of qualification of credit, distributed due to dependence from the Judicial Reorganization process of the Enseada Group, in the amount of R\$ 27,051, deriving from divergence or absence of the value of the unsecured credit listed in the General List of Creditors; and (iv) other civil-judicial proceedings filed against Enseada in the period from 2014 to 2021 that totals R\$ 6,658.

In addition, in comparison to previous financial year, the lawsuits filed by fishermen of the shipyard Paraguaçu region, whose classification was part as an involved value of R\$ 94,727 and another part as inestimable value, had, at December 31, 2023, the consolidated understanding that all processes are of inestimable values, due to the nature of the requests made and of the early phase of such requests.

- (iv) All proceedings of tax nature were contested by Enseada and, due to their administrative nature, they can be judicially questioned after the end of the administrative phase, with the presentation of guarantee for suspension of the collectability. The balance is substantially composed of:

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- a) R\$ 6,241 - infraction notices issued in the period of 2019 and 2020 by the Treasury Offices of the Rio de Janeiro and Bahia states;
- b) R\$ 79,174 - decision order issued by RFB that has not homologated the offsets made by Enseada in the GFIPs - Payment Forms of FGTS and of Information to Social Security of 2014 and 2016. In this period the Company was subject to the Social Security Contribution on Gross Income ("CPRB") and the offsets were made in accordance with current legislation to exclude the collection of the INSS-Payroll, since this tax was replaced by the CPRB;
- c) R\$ 19,956 - infraction notice issued by the RFB Office for collection of "PIS-Importação", "COFINS-Importação" and regulatory fine, due to the understanding that some of the goods acquired by Enseada were not supported by the tax benefit of RECAP - Special Regime for acquisition of capital assets to exporter companies; and
- d) R\$ 10,558 - administrative proceedings issued by the RFB Office, not homologating PIS and COFINS offsettings that were made by Enseada, for which in 2019, the Company presented Manifestation of Inconformity. In addition, in comparison with the previous period, there was a reduction in the presented value, considering that the infraction notices issued by RFB, in the original amount of R\$ 4,043, related to isolated fine applied on the value of the debts object of non-homologated declaration of PIS and COFINS offset had their prognosis changed by the legal advisors to the condition of "remote loss", due to decision of the theme 736 in the Federal Superior Court ("STF") that judged as unconstitutional the application of isolated fine (final decision).

(a) Public civil suit

In January 2017, the Federal Public Ministry ("MPF") proposed a Public Civil Action against the Federal Union, State of Bahia, IBAMA, ICMBio and the companies involved in the creation of the shipyard Paraguaçu, including Enseada and its indirectly controlled company Novonor. The objective of the action is to obtain the declaration of unconstitutionality of Law nº 12.058/2009 that modified the territorial limits of the "Reserva Extrativista Marinha da Baía do Iguape", besides seeking the joint condemnation of the defendants to recover or compensate alleged social-environmental damages deriving from the implementation of the shipyard. Initially the value assigned to the cause was R\$ 2.6 billion, corresponding to the amount of the enterprise. In March 2023, MPF revised the value of the case to R\$ 5 million. According to legal advisors, the economic claim of the MPF is considered illiquid and the probability of loss was assessed as possible.

It is not expected any other relevant liability resulting from contingent liabilities, besides the provisioned ones.

The proceedings classified as possible losses that are subject to the judicial reorganization are still considered as illiquid and uncertain obligations and, for this reason, were not listed in the judicial reorganization of the Enseada Group and may be restructured in the tender of the judicial reorganization creditors, in case there are definitive condemnations.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

22 Other liabilities

	Note	Parent company and consolidated	
		2023	2022
Current			
Labor liabilities	(a)	1,325	1,675
Noncurrent			
Labor liabilities	(a)	5,594	5,856
Environmental compensation	(b)	13,388	13,299
(-) Discount to present value	(b)	(10,658)	(11,215)
		8,324	7,940
Total other liabilities		9,649	9,615

(a) Labor liabilities

The presented balance considers the values related to administrative and judicial processes that were included in the list of labor creditors of the judicial reorganization of the Company, whose debts were novated and restructured in the terms and conditions of the PRJ - Class I. This list of creditors may be changed during the judicial reorganization process.

In accordance to the PRJ, as the Liquidity Events have not occurred during the 2022 and 2023 financial years, the Uncontroversial Labor Credits began to be paid in accordance with the limits of minimum salaries and terms established in the plan.

For further information about the Judicial Reorganization Plan, see Note 3.1.

The balance related to labor obligations is classified in current and non-current liabilities according to the expectation of settlement, if below or above 12 months, respectively.

In 2023 financial year, the Company made payments in the amount of R\$ 630 related to labor creditors (Class I) in the framework of the RJ.

(b) Environmental compensation

It refers to the amount owed to Instituto Chico Mendes de Conservação da Biodiversidade ("ICMBio") and to the "Secretaria do Meio Ambiente do Estado da Bahia" ("SEMA") - federal and state environmental agencies, respectively, related to the value of the Environmental Compensation for the use of natural resources for the implementation of the shipyard Paraguaçu, corresponding to the conditionality 2.4 of the "Site license" (LI nº 737/2010, renewed in 2014) of the mentioned venture, as per art. 36 of Law 9.985/2000, that instituted the National System of Conservation Units (Sistema Nacional de Unidades de Conservação) - SNUC.

In accordance with this legislation, due to the environmental impact deriving from the activities of implementation of the naval shipyard of Bahia and for being considered large-sized enterprise and significant environmental impact, Enseada shall support the implementation and maintenance of conservation units. The amount of funds to be assigned by the entrepreneur for this purpose is established by the licensing environmental agency, in accordance with the degree of environmental impact caused by the enterprise, based on its Environmental Impact Study - EIA and respective Report on Environmental Impact - RIMA. In the case of Enseada, the historic value defined on September 29, 2014 amounts to R\$ 10,045 and was updated by the "Índice Nacional de Preços ao Consumidor Amplo Especial" - IPCA-E until October 4, 2019 (date of the request for judicial reorganization).

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Due to the approval of the Judicial Reorganization Plan, the obligations were novated and the balances recalculated in accordance with the existing terms and conditions in the Plan - Class III, observing its phases for purposes of debt restructuring and were adjusted to the fair value on the date of novation of the petition liabilities, equivalent to the present value on the date of the PRJ homologation, calculated based on internal evaluation that took into consideration the cash flows of these liabilities and assumptions related to discount rates. For further information on the Judicial Reorganization process, see Note 3.1.

ICMBio presented credit divergence before the Judicial Administrator because of understanding that due to the credit nature, this should not be subject to the PRJ. The divergence was judged and the debt was maintained in the Plan.

The balance related to the obligations with ICMBio and SEMA is presented in non-current liabilities as the expectation of settlement is a term above 12 months.

23 Tax incentives

23.1 ISS - Maragogipe-BA

The Tax and Revenue Code of the municipality of Maragogipe-BA, established by the Complementary Law nº 027/2003 and modified by the municipal laws nº 007/2019 and nº 008/2020, established a 2% rate for Tax on Services of Any Nature ("ISS") levied on the services rendered or received by companies registered in the CNAEs - National Classification of Economic Activities specified in the mentioned laws, besides being applied to the services originated abroad or whose provision has begun abroad. Considering this, the services in which Enseada were responsible for the retention/payment of the ISS were taxed at the 2% rate.

However, on December 29, 2023, there was the publication of the Municipal Law nº 029/2023 that introduced the new Tax and Revenue Code of the Municipality of Maragogipe-BA, consolidating the tax legislation and revoking the Complementary Law nº 027/2003 and all previous conflicting provisions.

With this, on March 30, 2024, 90 days after the publication of the new legislation, the services where Enseada is responsible for retention or payment of the ISS will be taxed at the 5% rate (Note 34.1).

24 Income Tax and Social Contribution

24.1 Deferred Income Tax and Social Contribution

The values for future offsetting are the following:

	Parent company and consolidated	
	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after 12 months	(47,595)	(47,765)
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	47,595	47,765
Deferred tax (assets) liabilities, net		

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

Net changes in deferred taxes account are the following:

	Parent company and consolidated	
	2023	2022
As at January 1		
Exchange rate gains (losses)	13,511	109,662
Capitalized charges	(170)	(137)
Tax losses	687	(103,019)
Provisions	(14,028)	(6,506)
As at December 31		

Changes in deferred tax assets and liabilities during the financial year, without taking into consideration the balances offset, are the following:

	Parent company and consolidated					
	Deferred tax assets			Deferred tax liabilities		
	Provisions	Deferred exchange rate gains (losses)	Tax losses	Total	Capitalized charges	Total
As at January 1, 2022	(21,390)	(176,155)	149,643	(47,902)	47,902	47,902
Debited (credited) in the statement of operations	(6,506)	109,662	(103,019)	137	(137)	(137)
As at December 31, 2022	(27,896)	(66,493)	46,624	(47,765)	47,765	47,765
Debited (credited) in the statement of operations	(14,028)	13,511	687	170	(170)	(170)
As at December 31, 2023	(41,924)	(52,982)	47,311	(47,595)	47,595	47,595

Deferred Income Tax and Social Contribution are recognized by using the liabilities method on the temporary differences deriving from differences between the tax bases of assets and liabilities and their book values in the financial statements.

Deferred Income Tax and Social Contribution assets are recognized only at the proportion of the probability that future taxable income will be available and against which the temporary differences can be used. The Company reduces the book value of the deferred tax assets insofar as it is no longer probable that sufficient taxable income will be available to enable that the benefit of part or the entire deferred tax asset can be used.

Deferred Income Tax assets and liabilities are presented net in the balance sheet when there is the legal right and intention to offset them at the calculation of current taxes, in general related to the same legal entity and same tax authority. Therefore, deferred tax assets and liabilities in different entities or different countries are in general presented separately and not net.

The tax rates currently established for determination of deferred taxes, in Brazil are 25% for Income Tax and 9% for Social Contribution, producing a combined nominal tax load of 34%.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

24.2 Current Income Tax and Social Contribution

Income Tax and Social Contribution of the current financial year are calculated on the taxable income at the 15% rate plus 10% surtax on the taxable income exceeding R\$ 20 per month and of 9%, respectively, taking into consideration the offset of tax losses and negative basis of Social Contribution, limited to 30% of the taxable income of the financial year.

Current Income Tax and Social Contribution are presented net, by taxpayer entity, in liabilities when there are amounts payable, or in assets when the prepaid amounts exceed the total owed at the reporting date.

24.3 Reconciliation of the effects of Income Tax and Social Contribution on the result

	Parent company and consolidated	
	2023	2022
Loss before Income and Social Contribution Taxes	(39,446)	(32,493)
Income and Social Contribution Taxes - calculated at the rate of 34%	13,412	11,048
Permanent adjustments		
Result from ownership interest	365	1,063
Accumulated tax losses - recognized	(687)	103,018
Tax loss carryforwards (Art. 50-A, Item II of Law No. 14.112/20)		116,044
Other effects	(3,037)	(2,260)
Current provision - unrecognized deferred portion	29,967	(228,913)
Current year tax loss - unrecognized deferred portion	(40,020)	
Effect of Income and Social Contribution Taxes in income (loss)		

Income Tax and Social Contribution expenses in the period comprehend current and deferred taxes. The taxes on income are recognized in the statement of operations, unless in the proportion they are related to items recognized directly in equity or in comprehensive income. In such case the tax is also recognized in equity or in comprehensive income.

Current and deferred Income Tax and Social Contribution calculations are based on tax laws enacted, or substantially enacted, at the balance sheet date of the countries where the entities of the Group operate and generate taxable income. The Management periodically evaluates the positions assumed by the Group in calculations of taxes on income in relation to situations where the applicable tax regulation gives rise to interpretations; and establishes provisions, as appropriate, based on the estimated amounts of payment to tax authorities.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

25 Equity

25.1 Capital stock

(a) Authorized capital

The Company is authorized to increase its capital up to the limit of R\$ 2,013,373, through deliberation by the Administration Council, regardless the reform in Bylaws, for purposes of emission of Subscription Bonuses by the Company (Note 3.1.3(a)), in accordance to Art. 168 of LSA and in conformity with the characteristics and conditions established in Clause 7.4.1 of the Enseada Group PRJ. The matter was approved by following the steps required in the Company's bylaws, being first at the Extraordinary General Meeting of Enseada Participações held on July 7, 2023 and March 15, 2024, that approved the voting instruction to the Company's shareholders, favorable to the matter and, in the sequence, by the Extraordinary General Meeting of Enseada, held on July 7, 2023 and April 10, 2024 (Note 34.3).

(b) Subscribed and paid-in capital

On July 7, 2023, it was approved the grouping of the 655.765.191 common shares, all nominative and without par value, at the proportion of 100.010 for 1, resulting in 6.557 common shares, all nominative and without par value, assigned at the proportion of their respective interest in the Company's capital.

As a result, the capital stock of the Company, fully subscribed and paid in the amount of R\$ 438.679 (2022 - R\$ 438,679), begins to be represented by 6,557 (2022 - 655,765,191) common shares, distributed in accordance with the table below:

Shareholders	Number of shares	%
Enseada Participações	6,557	100.00

Each common share grants to its holder the right to one vote in the deliberations of the General Shareholders Meeting of the Company. These shares are indivisible before the Company, which will recognize as holder of rights the shareholder that is registered as holder of the shares.

No other changes have occurred in the caption "capital stock" of the Company in the 2023 financial year.

25.2 Capital reserve

(a) Goodwill reserve

The goodwill reserve, in the amount of R\$ 20,674 (2022 - R\$ 20,674) refers to the difference between the subscription price that the shareholders paid for the shares and its nominal value. As it is about a capital reserve, it can only be used for capital increase, absorption of losses, redemption, reimbursement or purchase of shares or payment of cumulative dividend to preferential shares.

No changes have occurred in the caption Goodwill Reserve in the 2023 financial year.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

26 Accumulated losses

The change occurred in the caption accumulated losses in the 2023 financial year derives from the loss in the financial year ended December 31, 2023, in the amount of R\$ 39,446.

27 Result per share - Basic and diluted

The result per share is calculated by dividing the result assigned to the Company's shareholders by the weighted average quantity of common shares in circulation during the year. There aren't diluted effects.

	Consolidated	
	2023	2022
Continued operations		
Income (loss) attributed to the Company's shareholders	(39,446)	(32,493)
Weighted average number of common shares (thousands)	7	655,765
Basic and diluted earnings (losses) per share - R\$	<u>(5,635.14)</u>	<u>(0.05)</u>

28 Income from contracts with customers

The reconciliation between gross revenue and net income is as follows:

	Parent company and Consolidated	
	2023	2022
Gross revenue from services		
Billings	70,749	68,260
Taxes on sales of services	(8,794)	(6,466)
Net revenue	<u>61,955</u>	<u>61,794</u>

In 2023 the billed income is concentrated in provision of port operations services for export of iron ore and import of Wind charges, made in its port terminal of private use, located in the municipality of Maragojipe-BA (Note 2.1), whose income is recognized on the basis of the services rendered during the period until the balance sheet date.

The income includes the fair value of the consideration received or receivable for the commercialization of services in the normal course of the Group's activities. The income is presented net of taxes, returns, abatements and unconditional discounts.

The Group recognizes income when the income value can be reliably measured, it is likely that future economic benefits will flow to the Company and when specific criteria have been met for each one of the Group's activities. The Group bases its estimates on historic results, taking into consideration the type of customer, type of transaction and specifications of each contract.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

29 Expenses by nature

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Expenses on personnel	(i)	(28,982)	(17,357)	(28,982)	(17,357)
Advisory services		(5,192)	(2,566)	(5,226)	(2,632)
Port services	(ii)	(26,288)	(23,596)	(26,288)	(23,596)
Expenses on materials		(767)	(1,018)	(767)	(1,018)
Expenses on travel and personnel transportation		(421)	(601)	(421)	(601)
Taxes and fees		(502)	(445)	(502)	(445)
Rents, HOA fees, and other administrative expenses		(17,368)	(15,339)	(17,368)	(15,339)
Idleness cost		(3,946)	(2,845)	(3,946)	(2,845)
Impairment of fixed assets	(iii)	214,376	235,238	214,376	235,238
Tax expenses		(3)	(6)	(3)	(6)
Other third-party services		(2,750)	(2,139)	(2,750)	(2,139)
Total cost of sales, selling, general and administrative expenses		128,157	169,326	128,123	169,260

- (i) It derives from expenditures with own labor, such as the values related to salaries, charges and benefits to the employees of the Company (Note 32), as well as expenses with outsourced services. In 2022, the balance was positively impacted due to reversal of labor provisions in the amount of R\$ 12,197.
- (ii) Substantially represented by hiring of wharfage and stowage services, in support to the port operation carried out in the Unit Paraguaçu.
- (iii) It refers to partial reversal of the impairment loss, which has been constituted based on the assumption that the fair value of fixed assets shall be equivalent to the fair value of the debts restructured by the PRJ (Note 16.3).

30 Net financial result

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Financial revenue					
Exchange rate gains	(i)	(2,114)	(12,678)	(2,118)	(12,679)
Discount to present value	(ii)		314,537		314,537
Gains from reissue of debt	(iii)		644,954		644,954
Other financial revenues		2,201	2,162	2,201	2,162
		87	948,975	83	948,974
Financial expenses					
Interest on financing		(89,979)	(116,258)	(89,979)	(116,258)
Interest on intercompany loans		2,746	(2,746)	2,746	(2,746)
Exchange rate losses	(iv)	41,819	164,291	42,933	167,483
Commission, interest, and late payment fine on financing		(25,503)	(8,095)	(25,503)	(8,095)
Discount to present value	(v)	(126,248)	(1,223,081)	(126,248)	(1,223,081)
Other financial expenses		(28,268)	(30,389)	(28,268)	(30,389)
		(225,433)	(1,216,278)	(224,319)	(1,213,086)
Total financial income (loss), net		(225,346)	(267,303)	(224,236)	(264,112)

- (i) Negative effect of the exchange rate variation due to drop in the 2022 and 2023 exchange rates, causing the recognition of financial expense in the updating of notes in foreign currency in trade accounts receivable.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- (ii) It refers basically to the recording of adjustment to fair value of the Enseada debt with PNBV novated through the Term of Agreement signed in April 2022 (Note 18.1(a)).
- (iii) Gain verified in the novation and reduction of the Enseada debt with PNBV, deriving from signature of the Agreement Term between the parties, in April 2022 (Note 18.1(a)).
- (iv) Positive effect of the exchange rate variation from 2022 to 2023, causing the recognition of financial income in the updating of suppliers notes in foreign currency, as well as the impact of the exchange rate variation on the adjustment to fair value of the debt notes of the PRJ.
- (v) Derives from the realization of adjustment to present value of unsecured credits, credits with in Rem guarantee and with ME and EPP listed in the PRJ. In 2022, this caption was impacted by the integral reversal of the initial register of the accounting impact of the adjustment to fair value of the debt with PNBV that had been recorded on the date of the PRJ homologation, due to the renegotiation and novation of the debt through the Term of Agreement signed in April 2022.

Financial income is recognized according to the time elapsed according to the accrual basis of accounting, by using the effective interest rate method.

31 Related-parties balances and transaction

The following transactions were conducted with related parties:

31.1 Balances at end of the financial year

	Note	Parent company and Consolidated			
		December 31, 2023		December 31, 2022	
		Current assets	Noncurrent liabilities	Current assets	Noncurrent liabilities
Suppliers	(i)		94,898		94,872
Intercompany loans	(ii)		85,371		88,117
Advances for future increase in capital	(iii)		27,081		27,081
Other related-party payables	(iv)		55,883		55,883
Other assets		529		529	
(-) Discount to present value					
Intercompany loans	(ii)		(79,323)		(82,186)
Other related-party payables	(iv)		(50,306)		(52,121)
		529	133,604	529	131,646

The related-parties balances classified in non-current liabilities, except the advances for future capital increase, are listed in Class III of the PRJ and are demonstrated as follows:

- (i) The main value is basically composed of R\$ 80,472 (2022 - R\$ 80,472) - services of engineering and construction of the shipyard of Maragogipe-BA rendered by the Consórcio Estaleiro Paraguaçu, in accordance with contract entered into on April 17, 2013.
- (ii) Related to the amount of remaining credits since December 2017 of the Novonor loans with Enseada, which were adjusted to fair value and are represented by the amounts expected at settlement of the obligations.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

- (iii) The balance represents funds made available by the parent company in the period from 2019 to 2021, for Enseada to honor the payment of operating expenses. The AFAC is recorded at cost, without adding financial charges. The values of the shares are not pre-defined at the transactions time.
- (iv) It is composed of the following values, which are adjusted to present value and represented by the amounts expected at the settlement of the obligations:
- a) R\$ 3,517 (2022 - R\$ 2,372) - Enseada's debts arising from bank loans, whose amounts were assumed by Novonor - guarantor of the operation, on October 6, 2017 and on July 5, 2018; and
 - b) R\$ 2,060 (2022 - R\$ 1,390) - part of the Enseada credit granted by Novonor to NSP Investimento S.A. - Under Judicial Reorganization, which origin arises from the subrogation of the right to R\$ 42,236, when, on July 5, 2018, Novonor became creditor of Enseada for having made, as guarantor, the settlement of the bank loan in the modality Guaranteed Account (Hot Money) that had been contracted by the Company.

In relation to the PRJ, the Enseada Group is obliged to make that all credits held by its current shareholders, direct or indirect, included in the Plan, are paid only after the integral payment to all Creditors Subject to the Plan.

For further information on the Judicial Reorganization process, see Note 3.1.

In addition, with the filing of the PRJ, the values related to related parties are classified in current and non-current liabilities according to the expectation of settlement, if below or above 12 months, respectively.

31.2 Transactions in result

	Parent company and Consolidated	
	2023	2022
General and administrative expenses	(301)	(303)
Total transactions	(301)	(303)

31.3 Remuneration key-personnel of Management

The key-personnel of Management include advisors, directors and members of the Executive Committee of Enseada, whose remuneration paid or payable for their services is presented below:

	Parent company and Consolidated	
	2023	2022
Salaries and other short-term benefits to employees	5,304	6,392
Post-employment benefits	99	98
Other long-term benefits		1,452
	5,403	7,942

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements

As at December 31

(in thousand Reais, unless otherwise stated)

32 Benefits to employees

32.1 Retirement obligations

The Group is sponsor of the defined contribution retirement plan for its employees, which is administered by Vexty, a closed entity of private pension. Vexty provides to its participants the optional defined contribution plan in which individual saving fund for retirement is created and where are accumulated the monthly and sporadic contributions from participants and monthly and annual contributions from the sponsors. The Group does not have any additional payment obligation after the contribution is made. The contributions are recognized as an expense of benefits to employees when owed.

32.2 Other post-employment obligations - Health Plan

The Group offers post-retirement medical assistance benefit to its employees that contribute fixed and monthly. The right to this benefit is, in general, conditioned to the permanence of the employee in the Company until the age for retirement and the completion of a minimum time of service. The employee can remain in the plan with the same conditions of assistance coverage enjoyed during the employment contract, since the employee assumes the integral payment of the plan (company portion + employee portion).

32.3 Profit participation

The Group recognizes a liability and an expense of participation in the results, based on a methodology that takes into consideration some factors, such as result, goals and performance indicators of the Company. The Group recognizes a provision when it is contractually obliged or when there is a previous practice that have created a constructive obligation.

33 Insurance (unaudited)

The Group has a program for risks management with the objective of limiting them, contracting in the market insurance coverage compatible with its size and operations. Insurance coverage was contracted at amounts considered sufficient by Management to cover eventual accidents, considering the nature of its activities, the risks involved in its operations and guidance from its insurance advisors.

As at December 31, 2023, the Group presented the following insurance policies contracted with third parties:

Type	Note	Insurance company	Effective until	Coverage R\$ thousand
Civil liability		Zurich Minas Brasil Seguros S.A.	7/26/2024	5,000
Civil liability of port operator	(i)	FairFax Brasil Seguros Corporativos S.A.	8/27/2024	30,000

(i) Policy for coverage of damages to vessels, third parties and of the cargo during cargo load and unloading in the port terminal.

Enseada Indústria Naval S.A. - under Judicial Reorganization

Management's notes to the individual and consolidated financial statements
As at December 31
(in thousand Reais, unless otherwise stated)

34 Subsequent events

34.1 ISS - Maragogipe-BA

With publication of the Municipal Law nº 029/2023, on December 29, 2023, that introduced a new Tax and Revenue Code of the Municipality of Maragogipe-BA, consolidating the tax legislation and revoking the Complementary Law nº 027/2003 and all previous conflicting provisions, as from March 30, 2024, when elapsed 90 days of the publication of the new legislation, the services where Enseada is responsible for retaining or paying ISS began to be taxed at the 5% rate (Note 23.1).

34.2 Bonus of additional subscription

At the Extraordinary General Meeting of Enseada Participações, held on March 15, 2024, it was approved the voting instruction to shareholders of Enseada for issuance of 1 Bonus of additional Subscription in favor of Caixa Econômica Federal, in conformity with the characteristics and conditions established in Clause 7.4.1 of the PRJ of the Enseada Group and in proportion of its post-petition credit, while for the creditor with in rem Guarantee and the Creditor with Restructured Post-petition Credits, this additional Subscription Bonus will be issued by Enseada only when there is adhesion by Caixa to the Judicial Reorganization Plan of the Enseada Group (Note 3.1.3(a)).

34.3 Increase in authorized capital

At the Extraordinary General Meeting of Enseada Participações, held on March 15, 2024, it was approved the increase of the authorized capital of the Company up to the limit of R\$ 2,013,373, for purposes of issuance of Subscription Bonuses by the Company (Note 3.1.3(a)), as provided for in Art. 168 of the LSA and in conformity with characteristics and conditions established in Clause 7.4.1 of the PRJ of Enseada Group. At the Extraordinary General Meeting of the Company, held on April 10, 2024, it was approved the amendment to Enseada bylaws, to increase its authorized capital up to the mentioned limit (Note 25.1(a)).

* * *