Individual and Consolidated Financial Statements

Forbes Resources Brazil Holding S.A.

March 31, 2025 and 2024

Forbes Resources Brazil Holding S.A.

Statements of financial position

March 31, 2025 and 2024

(In thousands of reais)

		Consolidated		Individual	
Assets	**Note**	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**
Current assets					
Cash and cash equivalents	1	42.342	12.394	1.064	326
Accounts receivable	3	33.377	11.777	-	-
Intercompany loans	4	2.103	1.618	1.775	1.544
Inventories	5	58.411	54.516	-	-
Leases	10.1	384	367	-	-
Income and social contribuition taxes	12.1	22.224	4.264	-	-
Taxes and contribuitions	12.2	5.137	3.432	292	186
Other current assets		12.802	5.244	17	906
Prepaid expenses		4.981	5.359	-	-
		181.761	**98.971**	**3.148**	**2.962**
Non-current assets					
Restricted deposits	2	19.854	18.427	-	-
Deferred tax assets	12.1	45.161	92.983	-	24.900
Taxes and contribuitions	12.2	16.681	11.412	-	-
Intercompany loans	4	28.585	3.704	28.585	2.391
Leases	10.1	2.467	2.393	-	-
Other non-current assets		176	-	890	-
Investments		-	-	278.083	205.034
Property, plant and equipment	6.1	147.024	160.686	-	-
Intangible assets	6.2	54.212	59.203	-	-
		314.160	**348.808**	**307.558**	**232.325**
Total assets		**495.921**	**447.779**	**310.706**	**235.287**

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

Forbes Resources Brazil Holding S.A.

Statements of financial position
March 31, 2025 and 2024
(In thousands of reais)

		Consolidated		Individual	
Liabilities and equity	**Note**	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**
Current Liabilities					
Trade accounts payable	7	56.079	48.622	1	1
Advances from customers	8	55.693	28.070	-	-
Lease liability	10.2	4.073	2.776	-	-
Income and social contribution taxes	12.1	9.202	335	-	-
Tax installment	12.1	6.777	2.942	-	-
Taxes and contributions	12.1	46.435	51.246	110	20
Labor and social obligations		6.865	6.778	-	-
Contingent consideration for acquisition of subsidiary		24.125	14.041	24.125	14.041
Loans and financing	9	459.084	312.880	459.084	312.880
Intercompany loans		45.273	36.585	103.704	36.585
Provision for decommissioning of areas	11	5.287	14.256	-	-
Other liabilities		4.144	6.084	-	-
		723.037	**524.615**	**587.024**	**363.527**
Non-current liabilities					
Trade accounts payable		584	-	-	-
Contingent consideration for acquisition of subsidiary		51.371	67.437	51.371	67.437
Lease liability	10.2	2.542	1.058	-	-
Provision for decommissioning of areas	11	45.997	75.543	-	-
Deferred tax liability	12.12	7.403	-	7.403	-
Tax installment	12.1	12.302	9.561	-	-
Taxes and contributions	12.2	22.393	18.106	-	-
Intercompany loans		20.111	39.687	72.864	99.137
Provision for contingencies		16.964	6.418	-	-
Other liabilities		779	168	-	-
		180.446	**217.978**	**131.638**	**166.574**
Equity		-	-		
Subscribed capital	13	1	1	1	1
Unpaid capital	13	(1)	(1)	(1)	(1)
Accumulated loss	13	(407.956)	(294.814)	(407.956)	(294.814)
Other comprehensive Income (loss)		394	-	-	-
		(407.562)	**(294.814)**	**(407.956)**	**(294.814)**
Total liabilities		**495.921**	**447.779**	**310.706**	**235.287**

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

Forbes Resources Brazil Holding S.A.

Individual and Consolidated Statements of profit or loss

March 31, 2025 and 2024

(In thousands of reais)

		Consolidated		Individual	
	Note	Q1 2025	Q1 2024	Q1 2025	Q1 2024
Revenue	14	142.639	115.536	-	-
Cost of goods sold	15.1	(100.677)	(87.971)	-	-
Gross profit		**41.962**	**27.565**	**-**	**-**
Expenses					
Selling	15.2	(5.820)	(26.190)	-	-
General and administrative	15.3	(21.393)	(9.707)	(2.940)	(132)
Equity method		-	-	15.718	(6.886)
Other operating income (expenses)	15.4	7.496	585	(17)	(35)
		(19.717)	**(35.312)**	**12.761**	**(7.053)**
Income (loss) before finance income (costs) and taxes		22.245	(7.747)	12.761	(7.053)
Net finance income (costs)	**16**	**8.645**	**(23.531)**	**13.867**	**(21.593)**
Finance costs		(35.954)	(24.548)	(28.317)	(21.732)
Finance income		44.599	1.017	42.184	139
Profit (losses) before taxes		**30.890**	**(31.278)**	**26.628**	**(28.646)**
Income and social contribution taxes		**(4.262)**	**2.632**	**-**	**-**
Current income and social contribution taxes		-	-	-	-
Deferred income and social contribution taxes		(4.262)	2.632	-	-
Net income (loss)		**26.628**	**(28.646)**	**26.628**	**(28.646)**

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

Forbes Resources Brazil Holding S.A.

Individual and Consolidated Statements of Comprehensive Income (loss)

March 31, 2025 and 2024

(In thousands of reais)

	Note	Consolidated		Individual	
		Q1 2025	Q1 2024	Q1 2025	Q1 2024
Profit (loss)		26.628	(28.646)	26.628	(28.646)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		394	-	-	
Total comprehensive income (loss)		**34.008**	**(28.646)**	**26.628**	**(28.646)**

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

Forbes Resources Brazil Holding S.A.

Individual and Consolidated Statements of Cash Flows

March 31, 2025 and 2024

(In thousands of reais)

	Consolidated	Individual
	Q1 2025	**Q1 2025**
Cash flow from operating activities		
Net income (loss) for the year	7.865	7.865
Equity pickup	-	(16.597)
Provision for obsolescence and net realizable value	(80)	-
Provision for contingencies	-	-
Depreciation and amortization	13.051	-
Finance income (expenses)	817	-
	21.653	**(8.732)**
(Increase) decrease in operating assets and liabilities:		
Trade accounts receivables	(18.616)	-
Taxes recoverables	(1.747)	-
Restricted deposits	-	-
Inventories	(6.710)	-
Other assets	1.819	-
Prepaid expenses	887	-
Lease receivables	11	-
Trade accounts payables	20.548	19.602
Labor and social obligations	744	-
Tax obligations	(4.227)	-
Lease payables	(514)	-
Other liabilities	51.774	-
	43.969	**19.602**
Net cash (used in) from operating activities	**65.622**	**10.870**
PPE aquisition	(12.561)	-
Cash flow from investment activities	**(12.561)**	**-**
Loan / intercompany loan and interests received/paid	(43.692)	(17.181)
Net cash from (used in) financing activities	**(43.692)**	**(17.181)**
Increase (decrease) in cash and cash equivalents	**9.369**	**(6.311)**
Cash and cash equivalents at beginning of year	32.973	7.375
Cash and cash equivalents at end of year	42.342	1.064

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

(In thousands of reais)

1 Cash and cash equivalents

	Nota	Consolidated		Individual	
		Q1 2025	Q1 2024	Q1 2025	Q1 2024
Cash and banks		42.100	447	822	2
Financial investments		242	11.947	242	324
Total		**42.342**	**12.394**	**1.064**	**326**

The balance of cash and cash equivalents includes cash in hand, available bank deposits and short-term financial investments with high liquidity, which meet the definition of cash and cash equivalents recommended in accounting practice.

Accounting practice

They represent cash, available bank deposits and short-term financial investments with high liquidity, readily convertible into a known amount of cash and with an insignificant risk of change in value.

2 Restricted deposits

	Nota	Consolidated		Individual	
		Q1 2025	Q1 2024	Q1 2025	Q1 2024
Restricted deposits		19.854	18.427	-	-
Total		**19.854**	**18.427**	**-**	**-**

Paraná Xisto S.A., a subsidiary of the Company, maintains deposits in financial institutions to comply with the requirements of ANP Resolution No. 854/2021. These investments have restricted cash characteristics and are only moved annually, based on the ANP's review of the amount of the subsidiary's environmental liabilities and determination of the amount to be maintained as a restricted deposit.

The Company maintained the amount of R$19,854 deposited as collateral for the letter as of March 31, 2025

3 Accounts receivable

	Nota	Consolidated		Individual	
		Q1 2025	Q1 2024	Q1 2025	Q1 2024
Accounts receivables		33.377	11.777	-	-
Total		**33.377**	**11.777**	**-**	**-**

The Company and its subsidiary have no history of losses on trade receivables and, therefore, as of March 31, 2025 and 2024, no allowance for expected credit losses on trade receivables has been recognized.

Accounting practice

Accounts receivable are initially recognized at the fair value of the consideration to be received, which is unconditional from a customer (i.e., only the passage of time is required for the payment of the consideration to become due), and subsequently measured at amortized cost.

The Company recognizes an allowance for expected credit losses (ECL) for short-term accounts receivables using a provision matrix.

The Company bases this on unadjusted historical credit loss experience when such information represents the best reasonable and supportable information, or adjusted based on currently observable data to reflect the effects of current and future conditions, provided such data is available without undue cost or effort.

In general, for other receivables, the Company recognizes a provision equal to the 12-month ECL; however, when the credit risk of the financial instrument increases significantly from its initial recognition, the provision is recognized at an amount equal to the lifetime ECL.

When assessing a significant increase in credit risk, the Company compares the risk of default on the financial instrument at the reporting date with the risk of default on the financial instrument at its initial recognition date.

Regardless of the assessment of a significant increase in credit risk, the Company presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except when reasonable and supportable information available demonstrates otherwise.

The Company assumes that the credit risk of accounts receivables has not increased significantly since initial recognition when they are considered to have low credit risk at the reporting date. Low credit risk is determined based on external credit ratings and internal assessment methodologies.

In the absence of a dispute or other issues that may result in suspension of collection, the Company considers default to have occurred when the counterparty fails to fulfill its legal obligation to pay its debts when due or, depending on the instrument, when the payment under the contract is past due for 90 (ninety) days or more.

ECL is the weighted average of historical credit losses, adjusted for their respective default risks, as applicable to the weightings. Credit loss on a financial asset is measured as the difference between all contractual cash flows due to the Company and all cash flows the Company expects to receive, discounted at the original effective interest rate.

(In thousands of reais)

4 Related parties

10.1 Consolidated

Transactions with related parties are segregated between loans and checking account between the companies and the amounts are as follows:

	Consolidated				Individual			
	Receivable		Payable		Receivable		Payable	
	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024
Loans	30.483	5.322	65.384	76.272	30.155	3.935	160.958	135.722
Checking account	205	-	-	-	205	-	15.610	-
Total	**30.688**	**5.322**	**65.384**	**76.272**	**30.360**	**3.935**	**176.568**	**135.722**
Current	2.103	1.618	45.273	36.585	1.775	1.544	103.704	36.585
Noncurrent	28.585	3.704	20.111	39.687	28.585	2.391	72.864	99.137
Total	**30.688**	**5.322**	**65.384**	**76.272**	**30.360**	**3.935**	**176.568**	**135.722**

5 Inventories

		Consolidated	
		Q1 2025	Q1 2024
Finished goods	(i)	10.882	13.194
Finished goods held by third parties	(ii)	4.925	12.229
In-process products	(iii)	1.847	5.380
Materials and supplies	(iv)	41.382	27.552
Provision for inventory obsolescence		(705)	(2.238)
Provision for adjustments to net realizable value		80	(1.600)
Total		**58.411**	**54.516**

(i) Includes fuel oil, LPG, sulfur, naphtha, shale water and fuel gas
(ii) Includes OTE fuel oil and naphtha stored in third-party tanks. In 2023, the subsidiary Paraná Xisto entered into a lease agreement for storage tanks to store fuel oil at Terin, located at the Port of Paranaguá (PR).
(iii) Shale oil and oily water
(iv) Includes operating materials and sludge acquired from third parties

(In thousands of reais)

The provision for inventory obsolescence at the end of the fiscal year is as follows:

	Consolidated	
	Q1 2025	**Q1 2024**
Opening balance of the provision	705	2.238
Recognition	-	-
Reversal	-	-
Closing balance of the provision	**705**	**2.238**

The provision for adjustments to net realizable value at the end of the fiscal year is as follows:

	Consolidated	
	Q1 2025	**Q1 2024**
Opening balance	80	1.600
Recognition	-	-
Reversal	-	-
Closing balance	**80**	**1.600**

Crude oil inventories may be marketed in their raw state, as well as consumed in the production process of their by-products.

Work-in-process products are composed of product streams that have already gone through at least one processing unit but still need to be processed, treated, or converted to be made available for sale.

Materials and supplies mainly represent production inputs and operating materials that will be used in the Company’s activities and are presented at average purchase cost.

Inventories are adjusted to their realizable value by means of provisions for adjustment to market value and other provisions, when necessary. The classification of losses due to obsolescence and provisions for adjustment to realizable value in the statement of profit or loss are presented under cost of goods sold.

Accounting practice

Inventories are measured at their weighted average cost of purchase or production and are adjusted to their net realizable value when the latter is lower than the items’ carrying amount.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and expenses necessary to make the sale. Changes in selling prices after the reporting date are considered in the calculation of net realizable value to the extent that they confirm the conditions existing at the reporting date.

Materials and supplies are measured at average purchase cost, provided that such cost does not exceed replacement cost.

Provisions for obsolescence of materials and supplies are determined with reference to specific inventory items, through periodic reviews to determine the extent of any need for a provision. The classification of obsolescence losses in the statement of profit or loss is presented under cost of goods sold.

(In thousands of reais)

6 Property, plant and equipment and intangible assets

6.1 Property, plant and equipment

The consolidated property, plant and equipment is presented as follows:

	Land	Buildings and improvements	Machinery and equipment	Assets under construction	Stripping costs	Right-of-use assets	Advance payments	Total
Balance as of December, 31 2023	30.923	54.246	73.244	3.275	-	3.828	-	165.516
Additions	-	-	2.877	20.106	5.195	6.193	8	34.379
Write-offs	-	-	(293)	-	-	-	-	(293)
Transfers	-	-	7.421	(9.005)	-	-	-	(1.584)
Depreciation	-	(2.921)	(44.447)	-	-	(3.305)	-	(50.673)
Balance as of December, 31 2024	30.923	51.325	38.802	14.376	5.195	6.716	8	147.345
Cost	30.923	57.254	203.255	14.242	5.195	13.856	8	324.733
Accumulated depreciation	-	(5.929)	(164.453)	134	-	(7.140)	-	(177.388)
Balance as of December, 31 2024	30.923	51.325	38.802	14.376	5.195	6.716	8	147.345
Additions	-	-	492	11.893	-	-	-	12.385
Transfers	-	-	8	-	-	-	(8)	-
Depreciation	-	(511)	(11.338)	-	-	(858)	-	(12.707)
Balance as of March, 31 2025	30.923	50.814	27.964	26.269	5.195	5.858	-	147.023
Cost	30.923	57.254	203.755	26.135	5.195	13.856	-	337.118
Accumulated depreciation	-	(6.440)	(175.791)	134	-	(7.998)	-	(190.095)
Balance as of March, 31 2025	30.923	50.814	27.964	26.269	5.195	5.858	-	147.023
		18-21	2			1-5		

Accounting practice

Property, plant and equipment are stated at acquisition or buildup cost, which also includes directly attributable costs necessary to place the asset into working condition, and, when applicable, net of accumulated depreciation and impairment losses. As of March 31, 2025 and 2024, no indicators of impairment of property, plant and equipment were identified.

Expenditures on major planned maintenance carried out to restore or maintain the original performance standards of industrial units are recognized in property, plant and equipment when the campaign period exceeds twelve months and the campaigns are foreseeable. These expenditures are depreciated over the expected period until the next major maintenance. Maintenance expenditures that do not meet these criteria are recognized as expenses or cost of goods sold in the statement of profit or loss, depending on the asset's allocation and use.

Spare parts and replacement components with a useful life greater than one year and that can only be used in connection with items of property, plant and equipment are recognized and depreciated together with the main asset.

Borrowing costs directly attributable to the acquisition or construction of assets are capitalized as part of the cost of such assets.

Development costs are capitalized only if development costs can be measured reliably, if the product or process is technically and commercially viable, if future economic benefits are probable, and if the Company has the intention and sufficient resources to complete development and to use or sell the asset. In 2024, the subsidiary Paraná Xisto began the development of a new mine called Rio das Pedras, which is not yet in operation. Development costs incurred in fiscal year 2024 amounted to R$ 5,195.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company reviews the estimated residual value and expected useful life of the assets at least annually. In particular, the Company considers the impact of health, safety, and environmental legislation in assessing the estimated residual value and expected useful life of the assets.

Right-of-use assets are presented as part of property, plant and equipment and, based on the useful lives of their respective underlying assets and the characteristics of the lease agreements (term, transfer of asset, or exercise of purchase option), are depreciated on a straight-line basis over the contractual periods.

The residual value, useful life, and depreciation methods of the assets are reviewed at the end of each fiscal year and adjusted prospectively when applicable.

(In thousands of reais)

6.2 Intangible assets

Intangible assets are presented as follows:

	Mining rights	Software	Intangible assets under development	Total
Balance as of December, 31 2023	38.617	16.496	555	55.668
Additions	-	776	6.179	6.955
Write-offs	-	(1.338)	-	(1.338)
Transfers	-	7.780	(6.196)	1.584
Amortization	(7.021)	(1.467)	-	(8.488)
Balance as of December, 31 2024	31.596	22.247	538	54.381
Cost	45.641	24.064	538	70.243
Accumulated amortization	(14.045)	(1.817)	-	(15.862)
Balance as of December, 31 2024	31.596	22.247	538	54.381
Additions	-	-	176	176
Amortization	-	(345)	-	(345)
Balance as of March, 31 2025	31.596	21.902	714	54.212
Cost	45.641	24.064	714	70.419
Accumulated amortization	(14.045)	(2.162)	-	(16.207)
Balance as of March, 31 2025	31.596	21.902	714	54.212

Accounting practice

Intangible assets are measured at historical acquisition cost or at fair value when acquired in a business combination, net of accumulated amortization and, if applicable, accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Amortization is calculated using the straight-line method based on the estimated useful life of the assets, which is reviewed at each statement of financial position date.

There were no indicators that the carrying amount of intangible assets exceeded their recoverable amount as of March 31, 2025 and 2024.

(In thousands of reais)

7 Trade accounts payable

	Consolidated		Individual	
	Q1 2025	Q1 2024	Q1 2025	Q1 2024
Domestic	74.479	48.622	19.643	1
Foreign	1.826	0	0	0
Total	**76.305**	**48.622**	**19.643**	**1**
Current	75.720	48.622	19.643	1
Noncurrent	584	0	-	0

8 Advances from customers

	Consolidated	
	Q1 2025	Q1 2024
Advances from customers	55.693	28.070
Total	**55.693**	**28.070**

9 Loans and financing

The breakdown of the Company's loans as of March 31, 2025 and 2024 is as follows:

						Individual and consolidated	
Counterparty	**Issuance**	**Nominal value (USD)**	**Maturity**	**Currency**	**Rate p.a.**	03/31/2025	03/31/2024
LCM – Lumina	10/19/2022	75,000	03/31/2025	USD	15%	-	312,880
Nordic AS	04/24/2024	80,000	04/24/2028	USD	16%	459,084	-
Total						**459,084**	**312,880**
Current						459,084	312,880

On July 23, 2024, the Company fully settled the liability related to the 1st and 3rd issuance of debentures with LCM Lumina.

On April 24, 2024, the Company issued debentures in the amount of US$ 80,000, with Nordic Trustee AS, a company based in Norway, as the counterparty. Paraná Xisto S.A. is the guarantor of this instrument, since all of Xisto’s shares and the credit rights of its receivables were pledged as collateral under the contract.

(In thousands of reais)

10 Leases (Consolidated)

10.1 Lease receivables (lessor)

As of March 31, 2025 and 2024, changes in the lease contract recognized as an asset by the subsidiary are presented as follows:

				Consolidated
	12/31/2024	Receipts	Interest income	03/31/2025
Lease receivables	2.862	-102	91	2.851
Total	**2.862**	**-102**	**91**	**2.851**
Current	384			384
Non-current	2.478			2.467

	12/31/2023	Receipts	Interest income	Remeasurements	03/31/2024
Lease receivables	2.642	-96	86	128	2.760
Total	**2.642**	**(96)**	**86**	**128**	**2.760**
Current	350				367
Non-current	2.292				2.393

The finance lease receipts are detailed as follows:

	Q1 2025
2024	
2025	293
2026	349
2027	307
2028	269
2029 onwards	1.634
As of March 31	2.851

The finance lease is represented by the lease agreement for the research and development facilities owned by the subsidiary Paraná Xisto, entered into with Petrobras, and has a term of 20 years, with installments due monthly.

(In thousands of reais)

10.2 Lease liability (lessee)

As of March 31, 2025 and 2024, changes in lease contracts recognized as liabilities are as follows:

						Consolidated
	12/31/2024	**Principal payment**	**Interest payment**	**Accrued interest**	**Transfers**	**03/31/2025**
Lease payables	7.129	-514	-178	178	-	6.615
Total	**7.129**	**-514**	**-178**	**178**	**-**	**6.615**
Current	3.787					3.272
Non-current	3.342					3.342

	12/31/2023	**Principal payment**	**Interest payment**	**Accrued interest**	**Transfers**	**03/31/2024**
Lease payables	4.656	-822	-127	127		3.834
Total	**4.656**	**(822)**	**-127**	**127**	**-**	**3.834**
Current	3.535					2.776
Non-current	1.121					1.058

As of March 31, 2025, the lease contract cash flows by maturity are as follows:

	Q1 2025
2025	423
2026	411
2027	363
2028 onwards	124
As of March 31	**1.321**

Accounting practice

<u>For contracts in which the Company is the lessee</u>

Lease liabilities are measured at the present value of lease payments, excluding projected future inflation, and take into account taxes recoverable, non-cancelable terms, and extension options when reasonably certain.

The payment flows are discounted using the Company's nominal incremental financing rate, as the interest rates implicit in third-party lease contracts are typically not readily determinable.

Remeasurements of the lease liability generally reflect changes resulting from contractual indices or rates, as well as changes in lease terms due to new expectations concerning extensions or terminations.

(In thousands of reais)

Interest incurred updates the lease liability and is classified as a financial expense, while payments reduce the carrying amount of the liability.

Payments associated with short-term leases (with a term of 12 months or less) or variable lease payments are recognized as expenses over the lease term.

For contracts in which the Company is the lessor

When the Company is the lessor under a contract classified as a finance lease, a receivable is recognized in an amount equal to the net investment in the lease, which consists of the lease payments receivable and any unguaranteed residual value for which the Company is responsible, discounted at the interest rate implicit in the lease.

Credit loss on a financial asset is measured as the difference between all contractual cash flows due to the Company and all cash flows the Company expects to receive, discounted at the original effective interest rate.

11 Provision for decommissioning of areas

The subsidiary Paraná Xisto has legal obligations related to the remediation of areas impacted by oil shale mining activities and to ensure the safe future use of the project area. The rehabilitation of degraded areas is systematically conducted throughout the operational life of the mines. As a result, the damage caused during mine preparation for the start of production is largely remediated in the subsequent years.

As of March 30, 2024, the Company has provisioned an amount of R$ 51,284 for decommissioning of areas

	Consolidated	
	Q1 2025	**Q1 2024**
Provision for decommissioning of areas	39.437	73.213
Provision for environmental expenses	11.847	16.586
Total	**51.284**	**89.799**
Current	5.287	14.256
Noncurrent	45.997	75.543

As of March 31, 2025, the provisioned balance refers to amounts recognized by the subsidiary for environmental compensation obligations assumed by the Company in the course of its operations, in compliance with Resolution 854/2021 of the National Agency of Petroleum, Natural Gas and Biofuels (ANP), which aims to ensure the environmental remediation of areas impacted by mining activities.

Changes in the provision between March 31, 2025 and 2024 reflect the periodic reassessment process of expected future expenditures by Management and the best estimate of disbursements to be made by the Company for the recovery of decommissioned areas, in addition to environmental remediation expenses incurred concurrently with the Company’s production process. Changes in the provision due to the passage of time and revisions of estimated future expenditures are reviewed and adjusted by the Company at each year-end.

(In thousands of reais)

Accounting practice

The recognition of legal obligations for environmental remediation of areas impacted by oil shale mining activities occurs as the mine development and production activities are carried out. The environmental damage substantially originates from the production phase of the mines and considering that overburden removal takes place almost concurrently with shale extraction, the recognition of the provision for related environmental remediation is recorded as part of production costs. Estimates are reviewed periodically based on current information on costs and expected remediation plans.

As of March 31, 2025 and 2024, the asset corresponding to the environmental liability was fully depreciated, and consequently, changes in the estimated costs for environmental remediation incurred during 2025 and 2024 were recognized in liabilities with a corresponding impact on profit or loss.

The effects of the present value adjustment of the provision are recognized as finance income (costs).

12 Taxes

12.1 Income and social contribution taxes

	Consolidated							
	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
Current	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**
Income tax	16.219	2.969	-	-	6.743	246	-	-
Social contribuition	6.005	1.295	-	-	2.460	89	-	-
	22.224	**4.264**	**-**	**-**	**9.202**	**335**	**-**	**-**
Installments								
Income tax paid in installments	-	-	-	-	5.118	2.274	9.343	7.390
Social contribuition paid in installments	-	-	-	-	1.659	668	2.959	2.170
	-	**-**	**-**	**-**	**6.777**	**2.942**	**12.302**	**9.561**
Deferred tax								
Income tax	-	-	33.206	50.061	-	-	-	-
Social contribuition	-	-	11.954	18.022	-	-	-	-
	-	**-**	**45.161**	**68.083**	**-**	**-**	**-**	**-**
Total	**22.224**	**4.264**	**45.161**	**68.083**	**15.979**	**3.277**	**12.302**	**9.561**

Accounting practice

Income and social contribution tax expenses for the year are recognized in the statement of profit or loss unless they relate to items directly recognized in equity, and include both current and deferred taxes. These taxes are calculated based on rates of 15%, plus a 10% surtax on taxable profit computed on the Company's accounting records ('lucro real') for income tax purposes, and 9% on taxable profit ('lucro real') for social contribution purposes, considering the offsetting of income and social contribution tax losses, limited to 30% of taxable profit ('lucro real') for the year.

Current income and social contribution taxes

These are calculated based on taxable profit determined according to applicable legislation and the rates in effect at the end of the reporting period. Uncertainties regarding the treatment of income taxes are assessed periodically, taking into account the likelihood of acceptance by the tax authority.

Current income and social contribution taxes are presented net when there is a legally enforceable right to offset recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income and social contribution taxes

Deferred taxes are generally recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts, and are measured using the rates expected to apply in the period in which the asset is realized or the liability is settled, based on rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, including unused tax losses and credits, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be used, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred income and social contribution taxes are presented net when there is a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(In thousands of reais)

12.2 Other taxes and contributions

	Consolidated							
	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	Q1 2025	**Q1 2024**	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**
State VAT (ICMS)	611	605	3.210	817	3.445	27.122	-	-
Federal contribution taxes on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)	-	-	13.471	10.596	1.577	1.734	-	-
Royalties	-	-	-	-	1.487	1.206	-	-
Tax on Financial Transactions (IOF)	-	-	-	-	(38)	-	-	-
ICMS paid in installments	-	-	-	-	38.326	20.046	22.393	18.106
Withholding Income Tax	3.228	2.642	-	-	950	1.006	-	-
Other	1.006	-	-	-	578	111	-	-
Total	**4.845**	**3.247**	**16.681**	**11.412**	**46.324**	**51.225**	**22.393**	**18.106**

13. Equity

13.1 Subscribed capital

As of March 31, 2025 and 2024, subscribed capital in the amount of R$1,000.00 is represented by 1,000 common registered no-par value shares, as follows:

Capital subscription on July 18, 2022 – R$1,000.00 – corresponding to 1,000 shares.

There were no changes in capital during the year ended March 31, 2025 and 2024.

Accounting practice

Capital is represented by common shares. Incremental costs directly attributable to the issuance of shares are presented as a deduction from equity, as capital transactions, net of tax effects.

13.2 Income reserves

Legal reserve

The legal reserve is constituted annually by allocating 5% of the net income for the year and may not exceed 20% of the Company's capital. The purpose of the legal reserve is to ensure the integrity of capital and may only be used to offset losses or increase capital through a resolution made at the shareholders' meeting.

As of March 31, 2025 and 2024, no legal reserve was set up since the Company reported losses in both years.

13.3 Dividends

Net income for the year, adjusted in accordance with applicable legislation, shall be allocated as follows, subject to approval by the General Shareholders' Meeting:
(i) a portion corresponding to 5% (five percent) of net income shall be allocated to the legal reserve, which shall not exceed 20% (twenty percent) of the Company's capital;
(ii) a portion of the remaining net income may be allocated to contingency reserves, with the purpose of offsetting, in future periods, a decrease in income arising from contingencies rated as probable loss;
(iii) a portion of the net income resulting from government grants or donations for investment may be allocated to the tax incentive reserve;
(iv) any portion of the contingency reserve constituted in previous years and related to actual or unrealized losses, if any, must be reversed;
(v) from the remaining balance, after the deductions and reversals indicated and as provided by applicable legislation, a portion corresponding to 25% (twenty-five percent) shall be distributed to shareholders as mandatory dividends;
(vi) all or part of the remaining balance, after deductions, reversals, and payment of mandatory dividends, may be retained to execute the capital budget, if the proposal to do so is approved by the Company's management; and
(vii) any remaining balance, if applicable, must be distributed to shareholders as additional dividends.

No dividends were paid by the Company during the fiscal years ended March 31, 2025 and 2024, as the Company recorded losses in both years.

(In thousands of reais)

13.4 Other Comprehensive Income (Loss)

Due to the translation of the financial statements of its indirect subsidiary, whose functional currency is the Canadian Dollar, other comprehensive income (loss) was recognized.
Foreign currency transactions are initially recorded at the functional currency exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate on the reporting date.

All differences are recorded in the statement of profit or loss, except for the foreign exchange variation arising from the translation of the subsidiary's statement of financial position. This difference is recognized in other comprehensive income (loss).

Charges and tax effects related to the foreign exchange differences on these monetary items are also recognized in other comprehensive income.

14. Sales revenue

	Consolidated and individual	
	Q1 2025	**Q1 2024**
Gross sales revenues	174.123	160.471
(-) Sales returns	-	(1.767)
(-) Commercial discounts	(1.793)	(5.943)
Sales taxes (*)	(29.691)	(37.225)
Net sales revenues	**142.639**	**115.536**
Net revenue by product		
Fuel Oil	108.148	86.604
Gas	8.050	6.060
Naphtha	17.728	14.605
LPG	5.749	6.115
Sulfur	2.692	2.064
Shale water	272	88
Total	**142.639**	**115.536**

(*) Includes PIS, COFINS and ICMS.

Accounting practice

The Group evaluates contracts with customers that will be subject to revenue recognition and identifies the distinct goods and services promised in each contract.

Performance obligations are defined as promises to transfer a product or service (or a group of products or services) that is distinct, or a series of distinct products or services that are substantially the same and have the same pattern of transfer to the customer.

The Group measures revenue at the amount of consideration it expects to be entitled to in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties. Transaction prices are based on contractually stated prices, which reflect the Company's pricing methodologies and policies based on market parameters.

(In thousands of reais)

The Group grants rebates to customers based on contractual clauses when pre-determined volume thresholds are reached. These rebates are considered a form of variable consideration and are estimated and recognized as a reduction in revenue at the time the sale is recognized, taking into account the likelihood that customers will achieve the pre-determined volumes that entitle them to such rebates. The rebates granted are presented as deductions from gross revenue in the statement of profit or loss for the year.

Revenue is recognized when a good is transferred—that is, when the customer obtains control over it—thus satisfying the performance obligation. This generally occurs at specific points in time upon delivery of the product.

15. Costs and expenses by nature

15.1 Cost of goods sold and services rendered

	Consolidated and individual	
Cost of goods sold	**Q1 2025**	**Q1 2024**
Raw materials, supplies, contracted services, and other	(69.829)	(60.573)
Depreciation	(12.664)	(13.663)
Royalties	(4.887)	(3.429)
Personnel expenses	(13.297)	(10.306)
Total	**(100.677)**	**(87.971)**

Accounting practice

The cost of goods and services sold for the goods sold includes the recording of production costs—comprising the cost of direct materials and labor, and a proportional share of indirect manufacturing overhead based on the normal operating capacity of the respective products sold—and includes royalty costs arising from shale production.

15.2 Selling expenses

	Consolidated and individual	
Selling expenses	**Q1 2025**	**Q1 2024**
Storage	(3.690)	(2.485)
Freight	(1.429)	(2.339)
Personnel	(467)	(487)
Contracted services	(192)	(277)
Depreciation	(8)	(4)
Other	(34)	(20.598)
Total	**(5.820)**	**(26.190)**

(In thousands of reais)

15.3 General and administrative expenses

	Consolidated		Individual	
	Q1 2025	**Q1 2024**	**Q1 2025**	**Q1 2024**
Professional services	(13.410)	(3.333)	(2.940)	(132)
Personnel expenses	(4.968)	(2.962)	-	
Asset write-offs		-		
Consulting fees		-		
Rentals	(985)	(798)	-	
Depreciation and amortization	(378)	(470)	-	
Utilities and services	(46)	(416)	-	
General expenses	(603)	(286)	-	
Maintenance	(1.003)	(1.442)	-	
Total	**(21.393)**	**(9.707)**	**(2.940)**	**(132)**

15.4 Other operating income (expenses), net

	Consolidated		Individual	
	Q1 2025	**Q1 2024**	**Q1 2025**	**Q1 2024**
Rental income	1.043	601	-	
Other	6.454	(16)	(17)	(37)
Total	**7.497**	**585**	**(17)**	**(37)**

16 Net finance income (costs)

	Consolidated		Individual	
Finance income	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**
Foreign exchange gains	42.742	83	41.805	83
Income from financial investments	598	792	3	13
Interest income from leases	91	86	-	-
Interest income from loans	410	45	376	43
Other finance income	759	11	-	-
	44.599	**1.017**	**42.184**	**139**
Finance expense				
Lease finance costs	(178)	(127)	-	-
Interest expenses	(28.281)	(14.314)	(22.700)	(13.144)
Foreign exchange losses	(6.518)	(8.699)	(4.941)	(8.497)
IOF expenses	(649)	(72)	(649)	(72)
Other	(328)	(1.336)	(27)	(19)
	(35.954)	**(24.548)**	**(28.317)**	**(21.732)**
Net finance income (expense)	**8.645**	**(23.531)**	**13.867**	**(21.593)**

(In thousands of reais)

17 Provision for contingencies

The Group recognizes provisions in amounts sufficient to cover losses considered probable and for which a reliable estimate can be made.

Legal proceedings that represent present obligations for which the outflow of resources is not probable, or for which a sufficiently reliable estimate of the amount cannot be made, are not recognized but are disclosed, unless the likelihood of an outflow is remote.

As of March 31, 2025, labor lawsuits for which the likelihood of loss is considered probable by management and its internal and external legal advisors totaled R$ 614

In 2024, the Company recognized a provision for tax risks in the amount of R$ 6,768 (R$ 4,034 in 2023), related to the payment of ICMS tax on triangular oil sales operations involving inventories stored at third-party locations. Based on opinions and technical assessments from the Company's legal advisors, in the event of legal disputes regarding this matter, the likelihood of loss and disbursement by the Company is deemed probable, and thus, the corresponding amount was recognized as a contingent tax liability.

Finally, the Company is involved in other legal proceedings for which Management, based on the assessment of its internal and external legal advisors, has not recognized provisions for contingencies. As of March 31, 2024, neither the parent company nor the consolidated group had any cases for which the likelihood of loss was considered possible.

The amounts of provision for contingencies are shown below.

			Consolidated
	Labor	**Tax**	**Total**
Balance as of March 31, 2024	-	6,418	6,418
Balance as of March 31, 2025	614	16,349	16,963

Changes in the provision for contingencies during the fiscal year are as follows:

		Consolidated
	03/31/2025	**03/31/2024**
Opening balance	**6,418**	**6,418**
Additions	7,382	-
Monetary adjustments	3,163	-
Closing balance	**16,963**	**6,418**

Accounting practice

The Company recognizes provisions for losses referring to legal and administrative proceedings when, based on technical assessments from its legal advisors and Management's judgment, the disbursement of future cash is considered probable and the other conditions for recognizing a provision are met.

Contingent liabilities with a probable risk of loss that cannot be reliably measured, and those with a possible risk of loss, are disclosed in the notes to the financial statements.

Contingent assets are not recognized, but are disclosed in the notes to the financial statements when the inflow of economic benefits is probable. If the inflow of economic benefits is virtually certain, the related asset is no longer considered contingent and its recognition is appropriate.

(In thousands of reais)

18 Risk Management and Financial Instruments

18.1 Financial Instruments

The Group engages in operations involving financial instruments. Management of these instruments is carried out through operational strategies and internal controls aimed at ensuring liquidity and profitability. The control policy consists of ongoing monitoring of the contractual conditions in comparison with current market conditions.

As of March 31, 2025, the Group did not engage in investments for speculation purposes. The results are in line with the policies and strategies defined by the Group's Management.

All financial instrument transactions are recognized in the individual and consolidated financial statements, as shown below,

18.2 Measurement of Financial Instruments

The Company's financial instruments are measured at amortized cost, except for the contingent consideration from the acquisition of a subsidiary, which is measured at fair value. The fair values of these financial instruments are equivalent to their carrying amounts.

	Consolidated		Individual	
	Q1 2025	**Q1 2024**	**Q1 2025**	**Q1 2024**
Assets	42.342	19.793	1.064	2.244
Accounts receivable	33.377	17.450	-	-
Related parties	2.103	350	1.775	1.006
Leases	2.851	3.368	-	-
Other assets	12.980	4.088	905	1.090
Prepaid expenses	-	-	-	-
Restricted deposits	19.854	19.596	-	-
	113.507	**64.645**	**3.744**	**4.340**

	Consolidated		Individual	
Liabilities	**Q1 2025**	**Q1 2024**	**Q1 2025**	**Q1 2024**
Suppliers	56.663	36.039	1	62.341
Leases	6.614	4.656	-	-
Loans and financing	-	229.267	-	229.267
Contingent consideration for the acquisition of subsidiary	75.496	81.478		-
Related parties	65.384	53.325	176.567	111.756
Other liabilities	4.923	6.313	-	-
	209.080	**411.078**	**176.568**	**403.364**

18.3 Risk management

The Company’s risk management is conducted by its executive officers, based on the corporate risk management policy established by the parent company. This policy aims to ensure a proper balance between growth and return objectives and the Company’s level of exposure to risks—whether inherent to its own operations or arising from the external environment in which it operates—so that, through the effective allocation of the Company’s physical, financial, and human resources, the Company can achieve its strategic goals.

The Company’s operations are subject to the following risk factors:

18.3.1 Credit risk

The credit risk management policy aims to minimize the possibility of non-collection of sales made and amounts invested, deposited, or guaranteed with financial institutions and counterparties, by conducting credit analysis, granting, and management using quantitative and qualitative parameters.

The Company is exposed to credit risk from financial institutions in relation to cash management. Management believes the credit risks associated with cash and cash equivalents are reduced due to operations being conducted with Brazilian financial institutions with recognized liquidity.

18.3.2 Liquidity risk

The Company primarily uses its resources for working capital expenditures. Historically, its needs have been met through internally generated funds, short-term debt, sales transactions, and capital contributions from the parent company when necessary. These sources of funds, combined with the Company's financial position, are expected to continue supporting compliance with the capital requirements established at the corporate level. All of the Company’s financial liabilities have maturities of less than one year, except for lease obligations, loans, and loan agreements.

18.4Market risk

18.4.1 Interest rate risk

This arises from the possibility that the Company may incur gains or losses due to fluctuations in interest rates applicable to its financial assets and liabilities. As of March 31, 2025, the Company had no material exposure to interest rate risk, since its financing agreements carry fixed interest rates.

18.4.2 Oil and Derivatives Price Risk

The Company is exposed to the risk of fluctuations in international oil prices. This commodity is affected by macroeconomic and geopolitical factors beyond the Company’s control.

(In thousands of reais)

18.4.3 Currency Risk

The Company is exposed to currency risk in foreign operations due to differences in the currencies involved in loans, borrowings, and intercompany agreements, primarily in USD – U.S. dollars. Foreign exchange rate risk refers to changes in foreign exchange rates that could cause the Company to incur unexpected losses, resulting in a reduction of assets or an increase in liabilities. As of March 31, 2024, the Company had the following net exposure to foreign exchange differences in assets and liabilities from transactions denominated in foreign currency (USD):

Consolidated	03/31/2025
Intercompany receivables	30,688
Loans and borrowings	(459,084)
Intercompany payables	(65,384)
Net foreign exchange exposure	(493,780)

Sensitivity analysis

Based on the financial instruments denominated in U.S. dollars as of March 31, 2025, the Company performed a sensitivity analysis for a potential appreciation (depreciation) of the exchange rate (R$/USD) by 25% and 50%. The balances considering the exchange rate variations are presented in the table below.

		US$ rise		US$ fall	
	12/31/2024	**25%**	**50%**	**-25%**	**-50%**
Exchange rate fluctuation (US$)	(493,780)	(617,225)	(740,670)	(370,335)	(246.890)

19. Events after the reporting period

Subsequent to the Period ended March 31, 2025, the Company has entered into a business combination agreement and intends to go public through a combination with Papaya Growth Opportunity Corp. I (Nasdaq: PPYA, “PPYA”). The business combination values PX at an enterprise value of US $341m and upon completion of the transaction, which is expected to close in late-2025, the combined company will retain its name “PX Energy” and its ordinary shares will be listed on the U.S. stock exchange.