MARCOPOLO S/A

CNPJ Nº 88.611.835/0001-29

CVM – 00845-1 / NIRE 43300007235

FINANCIAL STATEMENTS
2022

Independent auditors' report on the individual and consolidated financial statements

(A free translation of the original in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB)

To the Board of Directors and Shareholders of

Marcopolo S.A.

Caxias do Sul - RS

Opinion

We have audited the individual and consolidated financial statements of Marcopolo S.A. ("the Company"), referred to as parent company and consolidated, respectively, which comprise the balance sheet as of December 31, 2022, and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Marcopolo S.A. as of December 31, 2022, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the individual and consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries, in accordance with the relevant ethical requirements included in the Accountants Professional Code of Ethics ("Código de Ética Prossional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained its sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

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

Revenue recognition

See Note 2.21(a) and 26 of the individual and consolidated financial statements

Key audit matter	How the matter was addressed in our audit
As mentioned in Note 2.21(a), the Company recognizes its revenues when the performance obligation is satisfied and has objective evidences that all acceptance criteria have been met. Considering the volume of transactions involved, we focus our work on revenue recognition, as significant amount of sales are made and, due to the logistics of customer delivery, there may be a time interval between the issuance of the sales invoices of the products and the effective period of the transfer of control of the products sold to the Company's customers. The eventual revenue recognition, arising from cars billed but not delivered by December 31, 2022, was considered significant for our audit, given the risks that a revenue is recognized prior to the transfer of risks and benefits to the customer and compliance with the performance obligation.	In this context, our audit procedures included, among others: ▪ Understanding of sales workflows, test of design and implementation of revenue recognition control in particular those related to determining the time when the Company transfers control of products sold to customer, mainly in the cut-off period; ▪ On a sample basis, we carry out the inspection of the respective contracts, orders, invoices, subsequent proof of financial receipt and test the criteria adopted by the Company to determine the appropriate time at which the control is transferred and the revenue is recognized according to the supporting documentation, as well as evaluate the period of revenue cut off and respective proof of delivery of the products sold. ▪ Assessment whether disclosures in the individual and consolidated financial statements consider relevant information. Based on the audit procedures summarized above, we considered acceptable the revenue recognition of the Company in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2022.

Impairment of goodwill

See Note 2.6.5(d) and 14 of the individual and consolidated financial statements

Key audit matter	How the matter was addressed in our audit
As mentioned in Note 2.6.5(d), for impairment of goodwill, the Company estimates the impairment of the Cash Generating Unit ("CGU") to which goodwill was allocated based on future cash flows,	Our audit procedures included, among others: ▪ Understanding on the preparation and review of technical studies and analyses of the impairment made available by the Company;

discounted at present value using the discount rate before taxes that reflects current market valuations of the value of money over time and the risks specific to each CGU, and compared with its booked values. For the annual assessment of the recoverability of these assets, significant assumptions and judgments are used in determining estimates of future cash flows, including, gross margin, growth rates and discount rates. Due to the relevance and high level of judgment involved in the process of determining estimates of future profitability for the purposes of evaluating the impairment of such assets, which may impact the value of these assets in the individual and consolidated financial statements, and as well as the value of the investment recorded by the equity method in the financial statements of the parent company, we consider this area to be relevant to our audit.	▪ With the support of our corporate finance specialists, we evaluate significant assumptions and judgments in determining estimates of future cash flows, including volume of sales, operating costs and discount rates; and ▪ Analysis of disclosures made by the Company in the individual and consolidated financial statements. Based on the evidence obtained through the above procedures, we consider the measurement of impairment of goodwill acceptable, in the context of the consolidated financial statements taken as a whole, for the year ended December 31, 2022.

Other matters

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed together with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled to the financial statements and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have beeb adequately prepared, in all relevant respects, according to the criteria set on this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Audit of the financial statements for the previous year

The individual and consolidated balance sheet, as of December 31, 2021 and the individual and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows and notes for the year then ended, presented as corresponding amounts in the individual and consolidated financial statements for the current year, were previously audited by other independent auditors, who issued an unqualified audit report dated February 24, 2022. The corresponding amounts for individual and consolidated statements of value added, for the year ended December 31, 2021, were submitted to the same audit procedures by those independent auditors and, based on their audit, those auditors issued an unqualified audit report.

Other information accompanying the individual and consolidated financial statements and the auditors' report

Management is responsible for this other information that includes the Management's Report.

Our opinion of the individual and consolidated financial statements does not cover the Management's Report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' responsibilities for the audit of 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect possible existing material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in 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 and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Porto Alegre, February 27, 2023

KPMG Auditores Independentes Ltda.
CRC SP-014428/F-7

(Original report in Portuguese signed by)
Cristiano Jardim Seguecio
Accountant CRC SP-244525/O-9 T-RS

MARCOPOLO S.A.
CNPJ no. 88.611.835/0001-29
Public Company
NIRE No. 43 3 0000723 5

DECLARATION

Messrs. James Eduardo Bellini and José Antonio Valiati, Directors of MARCOPOLO S.A., a company headquartered at Avenida Marcopolo, 280, Bairro Planalto, in this city of Caxias do Sul, RS, registered under CNPJ no. 88.611.835/0001-29, in compliance with the provisions of items V and VI of Article 25 of CVM Instruction no. 480 of December 7, 2009, as amended by CVM Instruction 586 of June 8, 2017, declare that they have:

a) Reviewed, discussed and agree with the opinions expressed in the opinion of the independent auditors KPMG – Independent Auditors, regarding the Financial Statements for the financial year ended December 31, 2022; and
b) Reviewed, discussed and agreed with the Financial Statements of Marcopolo S.A. for the year ended December 31, 2022.

Caxias do Sul, February 27, 2023

James Eduardo Bellini
Board Member

Jose Antonio Valiati
Board Member and Director of Investor Relations

MARCOPOLO S.A.

CNPJ No. 88.611.835/0001-29 and NIRE No. 43 3 0000723 5 - Publicly-Held Company

REPORT FROM THE AUDIT AND RISK COMMITTEE

Marcopolo S.A.'s Audit and Risk Committee (the Committee) hereby declares that, throughout 2022, bimonthly meetings were held in accordance with the Company's schedule of annual meetings in order to analyze matters falling within its scope of competence according to the Committee's internal regulations. The meetings were held virtually, and the Committee's performance during the year centered upon the following activities:

<u>Governance, Risks, Compliance:</u>

- Discussion of topics relevant to the organization's risks, such as: provisions for contingencies, insurance coverage for equity, financial position and default, position of credits and tax debts, regulatory changes that impact the company, inflation in costs related to products, actions taken to address the Pandemic, Cybersecurity, compliance with the General Data Protection Act, among others.
- Monitoring of the Company's *Compliance* program;
- Evaluation of the internal control system and risk management based on the meetings and information provided;

<u>Internal Audit:</u>

- Evaluation of the scope and planning of the internal audit work for the year;
- Monitoring the execution of the work and discussion of the final reports issued, containing the shortcomings and recommendations identified;

<u>Independent Audit:</u>

- Knowledge of the Financial Statements and monitoring of the work performed under independent auditing;
- Evaluation of the report of recommendations for the improvement of internal controls, as well as the respective action plans of the responsible areas for the remediation of the points.

CONCLUSION:

Given the existing system of internal controls, the scope, depth and quality of the work performed by the auditors - independent and internal - as well as the unqualified content included in the independent auditors' preliminary opinion, the Committee expresses its agreement with the financial statements published for the year ended December 31, 2022, understanding that they may be assessed by the Board of Directors, as presented.

Caxias do Sul, February 27, 2023.

Henrique Bredda

Coordinator of the Audit and Risks Committee

"REPORT BY THE FISCAL COUNCIL"

"The Fiscal Council of Marcopolo S.A., in compliance with the legal and statutory provisions, in accordance with article 163 of Law 6404/76 and subsequent amendments, has examined the management report and financial statements for the year ended December 31, 2022. Based on the examinations carried out, considering also the unqualified report of KPMG - Independent Auditors, dated 02.27.2023, as well as the information and clarifications received during the financial year, they unanimously believe that the said documents are in a position to be considered by the Ordinary General Meeting of Shareholders".

Caxias do Sul, February 27, 2023.

Francisco Sérgio Quintana da Rosa   William Cordeiro   Cristiano Machado Costa
President

RESULTS FOR THE 2022 FISCAL YEAR - Management Discussion and Analysis

To the attention of the esteemed Shareholders:

Marcopolo S.A.’s ("Marcopolo" or “the Company”) Management Body wishes to submit a Management Discussion and Analysis and the Company’s Financial Statements for the year ended December 31, 2022 for your review, together with a report from independent auditors and opinions from the Audit Committee and Auditing and Risk Committee.

Financial statements are presented in accordance with accounting practices adopted in Brazil and IFRS – *International Financial Reporting Standards* established by the IASB - *International Accounting Standards Board*.

1. OPERATIONAL CONTEXT

Marcopolo is a publicly-traded corporation, the headquarters of which are located in Caxias do Sul, Rio Grande do Sul. The company was founded on August 6, 1949, and its primary business activities consist of the manufacture and sale of buses, bus bodies and components.

Marcopolo’s product line includes a wide range of models divided into highway, urban and micro bus groups, in addition to the family of Volare micro buses (complete bus, with chassis and body) and electric buses. The Company is also able to produce vehicles for use in collective railway transport.

Marcopolo’s buses are manufactured in eleven different manufacturing units, three of which are located in Brazil (two plants in Caxias do Sul – RS and one located in São Mateus – ES). There are a total of eight manufacturing units located overseas, with one plant located in South Africa, three in Australia, and one unit located in China, Mexico, Argentina and Colombia, respectively.

Marcopolo also holds a 40% stake in Valeo (climatization and air conditioning), 30% in WSul (foams for use in seats), 65% in Apolo (plastic solutions) and 8.5% in the Canadian company NFI Group Inc.

Marcopolo also retains complete control of Banco Moneo S.A., which was established to offer support in financing the Company's products.

2. PERFORMANCE INDICATORS

The table below presents specific indicators that are relevant to management and analysis of the Company's performance in 2022.

CONSOLIDATED DATA

(R$ millions and variation expressed as a percentage, unless indicated otherwise)

Operational Performance	2022	2021	Var. %
Net operating revenue	5,415.6	3,499.4	54.8
Revenue in Brazil	3,179.2	1,784.2	78.2
Export revenue for Brazil	1,018.6	649.3	56.9
Overseas revenue	1,217.8	1,065.9	14.3
Gross Profit	829.5	356.2	132.9
EBITDA (1)	385.6	333.5	15.6
Net Profit	436.8	358.4	21.9
Earnings per share in R$	0.464	0.381	21.9
Return on Invested Capital – ROIC (2)	5.2%	5.3%	-0.1 pp
Return on Equity – ROE (3)	15.0%	14.0%	1.0 pp
Investments	97.4	104.0	-6.3
Shareholders' Equity	3,162.4	2,905.0	8.9
Financial Position: Industrial Sector			
Cash, Cash Equivalents and Investments (4)	1,185.4	1,355.4	-12.5
Short-Term Financial Liabilities	-564.9	-692.9	18.5
Long-Term Financial Liabilities	-1,268.8	-1,121.6	-13.1
Net Financial Liabilities	-648.2	-459.1	-41.2
Financial Position: Industrial and Financial Segments			
Cash, Cash Equivalents and Investments	1,241.9	1,398.7	-11.2
Short-Term Financial Liabilities	-750.7	-887.6	15.4
Long-Term Financial Liabilities	-1,618.3	-1,434.3	-12.8
Net Financial Liabilities	-1,127.1	-923.2	-22.1
Margins			
Gross Margin	15.3%	10.2%	5.1 pp
EBITDA Margin	7.1%	9.5%	-2.4 pp
Net Margin	8.1%	10.2%	-2.1 pp

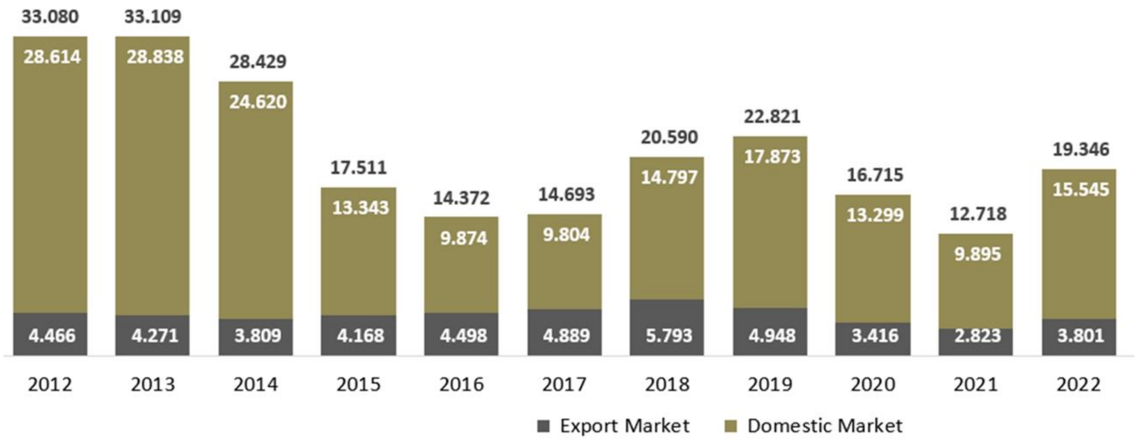
Notes: (1) *EBITDA* = Earnings before interest, taxes, depreciation and amortizations; (2) *ROIC* (*Return on Invested Capital*) = (Nopat for the last 12 months) / (clients + inventories + remaining accounts receivable + investments + fixed assets + intangible assets - suppliers - remaining accounts payable). Banco Moneo's effects on the base for assets and liabilities were excluded from the calculation. (3) *ROE* (*Return on Equity*) = Net Income for the last 12 months /Initial Shareholders' Equity; pp = percentage points.

3. PERFORMANCE OF THE BUS MANUFACTURING SECTOR IN BRAZIL

Brazilian bus production totaled 19,346 units in 2022, a volume representing a 52.1% increase over the 12,718 units produced in 2021. Demand on the domestic market reached a total of 15,545 units, 57.1% higher than in 2021 (9,895), while production allocated to foreign markets totaled 3,801 units, a 34.6% increase compared to exports during the previous year (3,416).

Due to the fact that it involves the sale of a complete vehicle, Volare models are not included in data for bus body production in Brazil. If the production of this type of vehicle is taken into consideration, yearly national production would total 24,005 units, a 49.0% increase compared to the 16,116 units produced in 2021.

The following graph presents the development of the product of bus bodies in Brazil in recent years:



BUS BODY PRODUCTION IN BRAZIL – TOTAL (in units)

PRODUCTS (1)	2022			2021			Var.
	DM	FM (2)	TOTAL	DM	FM (2)	TOTAL	%
Highway	3,211	1,735	**4,946**	3,178	1,392	**4,570**	8.2%
Urban	8,040	1,795	**9,835**	4,514	1,233	**5,747**	71.1%
Micro buses	4,294	271	**4,565**	2,203	198	**2,401**	90.1%
TOTAL	**15,545**	**3,801**	**19,346**	**9,895**	**2,823**	**12,718**	**52.1%**

Sources: FABUS (National Association of Bus Manufacturers).
Notes: (1) Includes units exported in KD (disassembled).

4. MARCOPOLO'S PERFORMANCE

2022 marked the resumption of activities within the bus market. The production volumes seen during the reopening of markets post-pandemic were recovered. All business segments presented growth in Brazil when compared to 2021, while in international operations, volumes varied according to the strategy adopted by the Company for each market. The Company's results were in line with ongoing economic recovery, reaching healthy levels of profitability in 2022 after 2 years of retraction.

The increase in volume occurred gradually over the course of the year beginning in the first quarter, during which the effects of proliferation of the Omicron variant were still being felt. Throughout the first half of 2022, the Company experiences a shortage of available components, especially chassis, which impaired the production *ramp-up*. In order to meet increased demand, the Company once again began contracting labor, and work stoppages or collective vacations were not required during the year. Production reached the levels expected for 3Q22, maintaining this pace up to the end of 2022.

In 2022, Marcopolo's domestic bus and bus body sales grew 39.0% when compared to 2021. The entirety of the segments in the domestic market saw an increase demand after the pandemic, particularly the heavy-duty road line, which is used in tourism and long-distance highway travel and began to pick up traction in the second half of 2022. The representation of heavy-duty road vehicles saw an increase in relation to light-duty road vehicles, with the ratio between heavy- and light-duty returning to the levels seen prior to the pandemic.

The federal program Caminho da Escola ('On the Road to School') also contributed relevant production volumes, with helped spur recovery among urban, microbus and Volare models.

Exports also saw a recovery of demand, with a 7.7% increase in volumes sold. The reduction in the growth of exports is largely due to markets reopening later than in Brazil. The political scenario in important markets in South America affected sales, resulting in production volumes that were below the potential that these countries represent. A smaller volume of large sales packages directed to the African continent also limited export performance when compared to 2021.

Highway models saw a 6.3% increase in volumes produced when compared to 2021. Decreased performance in the charter market was partially offset by increased demand for heavy-duty buses, particularly Generation 8 ("G8") models, which have been able to consolidate their success in sales. Urban production was 39.9% higher than in 2021, the result of recovery in markets for public transport, relevant announcements of investment from Brazil municipalities, as well as in foreign markets, and a growth in volumes allocated to the Caminho da Escola program. The microbus and Volares segment maintained a consistent performance, presenting growth of 25.7% in annual comparisons, particularly with regards to the Volare business division.

The resumption of business activities with private clients and an increase in the volume provided to Caminho da Escola greatly benefited this market segment.

On March 15, the Company announced the merger of its subsidiary San Marino Ônibus Ltda. and the controlled company Ciferal Indústria de Ônibus Ltda on the marketplace. The industrial plant known as Neobus, which is located in Caxias do Sul, RS, assumed the trade name Ciferal.

On March 31, the Company disclosed planned changes to its corporate governance structure on the marketplace, which includes changes to the Board of Directors and announcement of the succession plan for its Chief Executive Officer (CEO). These changes will become effective during the 2023 Annual Meeting of Shareholders and designation of the new Board of Directors.

On August 11, the Company announced the launch of its integrated electric bus, the Attivi, which is fitted with a Marcopolo chassis and bus body. The demand for electric buses, both in Brazil and within export markets, led to the Company developing its own vehicle, through, in addition to the bus body, Marcopolo also acts in the capacity of an assembler, manufacturing the chassis.

4.1 Units Registered in Net Revenue

In 2022, 14,154 units were registered as being part of net revenue, 10,161 of which were registered in Brazil (71.8% of the total), 1,930 were exported from Brazil (13.6% of the total) and 2,063 were produced overseas (14.6% of the total), as shown in the following table:

OPERATIONS (in units)	**2022**	**2021**	**Var. %**
BRAZIL:			
- Domestic Market	10,161	7,310	39.0%
- Foreign Market	2,027	1,882	7.7%
SUBTOTAL	**12,188**	**9,192**	**32.6%**
Exported KD eliminations (1)	97	388	-75.0%
TOTAL FOR BRAZIL	**12,091**	**8,804**	**37.3%**
OVERSEAS:			
- South Africa	268	240	11.7%
- Australia	328	275	19.3%
- China	99	30	230.0%
- Mexico	677	1,063	-36.3%
- Argentina	691	843	-18.0%
OVERSEAS TOTAL	**2,063**	**2,451**	**-15.8%**
OVERALL TOTAL	**14,154**	**11,255**	**25.8%**

Notes: (1) KD *(Knock Down)* = Partially or fully disassembled bus bodies.

4.2 Production

In 2022, Marcopolo's consolidated production totaled 14,725 units, 31.1% higher than the 11,230 units manufactured in 2021. Of this total, 86.6% of the units were produced in Brazil and the remaining 13.4% were manufactured overseas. The following tables present data on Marcopolo's global production:

MARCOPOLO – CONSOLIDATED GLOBAL PRODUCTION

OPERATIONS (in units)	**2022**	**2021**	**Var. %**
BRAZIL: (1)			
- Domestic Market	10,727	7,308	46.8%
- Foreign Market	2,117	1,859	13.9%
SUBTOTAL	**12,844**	**9,167**	**40.1%**
Exported KD eliminations (2)	97	388	-75.0%
TOTAL FOR BRAZIL	**12,747**	**8,779**	**45.2%**
OVERSEAS:			
- South Africa	237	240	-1.3%
- Australia	325	275	18.2%
- China	102	30	240.0%
- Mexico	672	1,063	-36.8%
- Argentina	642	843	-23.8%
OVERSEAS TOTAL	**1,978**	**2,451**	**-19.3%**
OVERALL TOTAL	**14,725**	**11,230**	**31.1%**

Notes: (1) Includes production of Volare models; (2) KD *(Knock Down)* = Partially or fully dismantled bus bodies.

MARCOPOLO – CONSOLIDATED GLOBAL PRODUCTION BY MODEL

PRODUCTS/MARKETS (2)	**2022**			**2021**		
(in units)	**DM**	**FM (1)**	**TOTAL**	**DM**	**FM (1)**	**TOTAL**
Highway	1,387	1,133	**2,520**	1,717	653	**2,370**
Urban	4,079	2,586	**6,665**	1,429	3,334	**4,763**
Micro buses	770	208	**978**	963	124	**1,087**
SUBTOTAL	**6,236**	**3,927**	**10,163**	**4,109**	**4,111**	**8,220**
Volares (3)	4,491	168	**4,659**	3,199	199	**3,398**
TOTAL PRODUCTION	**10,727**	**4,095**	**14,822**	**7,308**	**4,310**	**11,618**

Notes: DM = Domestic Market; FM = Foreign Market; (1) Production of Volares is not included in data from SIMEFRE and FABUS, or for sector production. (2) Overall production in FM includes units exported in KD (partially or totally dismantled bus bodies).

MARCOPOLO – PRODUCTION IN BRAZIL

PRODUCTS/MARKETS [2]	2022			2021		
(in units)	DM	FM [1]	TOTAL	DM	FM [1]	TOTAL
Highway	1,387	826	**2,213**	1,717	550	**2,267**
Urban	4,079	915	**4,994**	1,429	988	**2,417**
Micro buses	770	208	**978**	963	122	**1,085**
SUBTOTAL	**6,236**	**1,949**	**8,185**	**4,109**	**1,660**	**5,769**
Volares [3]	4,491	168	**4,659**	3,199	199	**3,398**
TOTAL PRODUCTION	**10,727**	**2,117**	**12,844**	**7,308**	**1,859**	**9,167**

Note: See notes in the table for Consolidated Global Production by Model

4.3 Market Share

Marcopolo maintained its position as market leaders in the bus bodies segment, ending the year with a market share of 53.5%. The decrease in market share over the course of the year can be explained by the concentration of deliveries to the Camino da Escola program from competitors in relation to the 2021 bidding process in 2022 in the micro bus market segment.

The following table presents Marcopolo's market share for Brazilian production by product line:

SHARE OF BRAZILIAN PRODUCTION (%)

PRODUCTS [1]	2018	2019	2020	2021	2022
Highway	68.0	67.9	48.2	49.6	44.7
Urban	49.1	39.6	54.4	42.1	50.8
Micro buses and Volares	71.6	75.6	72.4	77.3	61.1
TOTAL	**61.1**	**55.1**	**58.7**	**56.9**	**53.5**

Source: FABUS and Marcopolo.
Note: [1] The Volare models were included in calculations as micro buses for the purposes of determining market share.

5. CONSOLIDATED NET REVENUE

Consolidated net revenue totaled R$5,415.6 million in 2022, 54.8% lower than the R$3,499.4 million recorded in 2021. These results represented the largest source of revenue in terms of an increase in volume during the post-pandemic period, with recovery seen in the domestic market, exports and international operations.

Domestic sales generated revenues of R$ 3,179.2 million or 58.7% of total net revenue (51.0% in 2021). Exports, when added to overseas business activities, account for total revenue of R$ 2,236.3 million or 41.3% of total revenue (49.0% in 2021).

Revenue by product and designated market are presented in the following table:

TOTAL CONSOLIDATED NET REVENUE BY PRODUCTS AND MARKETS (R$ million)

PRODUCTS/MARKETS [1]	2022			2021		
	DM	FM	TOTAL	DM	FM	TOTAL
Highway	661.3	800.8	**1,462.1**	429.5	419.1	**848.6**
Urban	786.5	1,193.0	**1,979.5**	246.1	1,087.60	**1,333.7**
Micro buses	146.6	45.9	**192.5**	123.5	29.9	**153.4**
Subtotal bus bodies	**1,594.3**	**2,039.7**	**3,634.0**	**799.1**	**1,536.5**	**2,335.7**
Volares [2]	1,311.7	59.5	**1,371.1**	843.5	75.8	**919.4**
Chassis	94.9	38.9	**133.8**	1.3	22.6	**24.0**
Bco. Moneo	103.2	0.0	**103.2**	86.1	0	**86.1**
Parts and Others	75.2	98.3	**173.4**	54.2	80.2	**134.4**
OVERALL TOTAL	**3,179.3**	**2,236.3**	**5,415,6**	**1,784.2**	**1,715.3**	**3,499.4**

Notes: [1] DM = Domestic Market; FM = Foreign Market; [2] Revenue from Volares includes chassis.

Of the total consolidated net revenue in 2022, 67.1% originated from the sale of bus bodies (66.7% in 2021), 25.3% from the sale of Volares (26.3% in 2021) and 7.6% from revenues for parts, Banco Moneo and chassis (7.0% in 2021).

6. GROSS INCOME AND MARGINS

In 2022, gross income totaled R$829.5 million, representing 15.3% of recorded net revenue (R$356.2 million or 10.2% of the net revenue for 2021). The increase in gross margin reflects improvements in the market environment post-pandemic, development of the sales *mix,* including an increase in volumes for products with a higher added value, recomposition of margins through the transfer of costs and increased operational leverage after restructuring and reductions in expenses implemented between 2020 and 2021.

Gross profit and margin were negatively affected in 2022 by postponement in deliveries due to missed time among employees associated with the Omicron variant in 1Q22 and a shortage of components, particularly chassis, throughout the first half of 2022. Results were also impacted, particularly during the second half of 2022, by operational difficulties at the Argentinian subsidiary Metalsur, as well as by the delivery of the remaining volumes for the Caminho da Escola program in relation to the 2021 bidding process, during which there was a deterioration in profitability due to inflation.

7. SALES EXPENSES

Sales expenses totaled R$231.3 million in 2022 or 4.3% of the net revenue, compared to R$191.6 million, or 5.5% of recorded revenue, in 2021. This increase in commercial expenses in absolute terms reflects the commissioning of sales made by the Company.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled R$243.2 million in 2022 and R$206.3 million in 2021, representing 4.4% and 5.9% of recorded net revenue, respectively. A dilution of fixed costs verified in 2022 contributed to the increase in financial results for the year and was a positive reflection of the restructuring and reductions in expenses implemented between 2020 and 2021.

9. REMAINING OPERATING INCOME/EXPENSES

In 2022, R$47.7 million were accounted for as “Remaining Operating Expenses” compared to R$254.0 million in “Remaining Operating Revenues” in 2021.

The main negative impact recorded under "Remaining Operating Expenses" involves the constitution of labor provisions related to termination of employment contracts during the pandemic, which totaled R$42.7 million. The Company continues to work towards implementing the measures necessary in providing a defense, a reduction of losses and mitigating future labor risks, which has results in monthly reductions in amounts designated to constituting the provision.

In 2021, the product line benefited from tax-related proceedings, with a total positive impact of R$182.0 million associated with the exclusion of ICMS (State Goods and Services Tax) from calculation bases for PIS and COFINS (Social Integration Program and Contribution for Social Security Financing) net of fees; for R$67.6 million referring to the non-incidence of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) as part of the adjustment of tax debts for inflation, according to a ruling from the Federal Supreme Court; and R$40.7 million referring to successful legal proceedings involving the non-incidence of IRPJ and CSLL on adjustments for inflation linked to investments. The Company also recorded a positive impact totaling R$29.7 million for sale of the property belonging to Marcopolo Rio, which is located in Duque de Caxias, RJ and has been inactive and available for sale since October 30, 2020.

10. EQUITY INCOME

Equity income in 2022 were found to have decreased by a total of R$41.5 million, compared to a positive increase of R$15.7 million in 2021.

The main negative impact on equity income were results for operations at the Canadian NFI Group Inc. ("NFI"), in which a positive result of R$1.7 million in 2021 was reverted into a negative result totaling R$60.3 million in 2022. Remaining related operations helped to partially offset NFI’s determined losses.

Results for equity are presented in detail in Explanatory Note No. 11 to the Financial Statements.

11. NET FINANCIAL RESULTS

The net financial results for 2022 were found to be positive by a total of R$147.5 million, compared to a positive result of R$154.9 million in 2021.

In 2022, financial results were benefited in a non-recurring manner by a total of R$81.2 million in relation to the financial effect of contributions consisting of loans made to the Argentinian subsidiary Metalsur. An amount total US$ 14.0 million was used to fulfill obligations in dollars recorded at the official exchange rate, particularly those associated with maintenance of business activities, including suppliers and employees. The differences between the exchange rate for the admission of funds and the payment of obligations generated financial gains totaling the above mentioned amount.

In 2021, financial results had benefited from recognition of the adjustment for inflation levied on amounts subject to litigation as part of proceedings for excluding ICMS from the calculation bases for PIS and COFINS for a total positive contribution of R$166.2 million, as well as a positive reflection in the amount of R$22.0 million related to the non-incidence of IRPJ and CSLL on the adjustment of tax debts for inflation and R$19.9 million as part of recognition of successful legal proceedings involving the non-incidence of IRPJ and CSLL on adjustments for inflation linked to investments.

A detailed description of the issuing of financial results is presented in Explanatory Note No. 28 to the Financial Statements.

12. EBITDA

EBITDA reached a total of R$385.6 million in 2022, with a 7.1% margin, compared to R$333.5 million and a 9.5% margin in 2021.

EBITDA was positively affected improvements in the market environment post-pandemic, development of the sales *mix,* including an increase in volumes for products with an increased added value, recomposition of margins through the transfer of costs and increased operational leverage after restructuring and reductions in expenses implemented between 2020 and 2021.

EBITDA was negatively impacted by the postponement of deliveries caused by missed time among employees associated with the Omicron variant in 1Q22 and a shortage of components, particularly chassis, throughout the first half of 2022, labor provisions (R$42.7 million), and results from the Canadian affiliate NFI Group Inc. (R$60.3 million), results from the Argentinian subsidiary Metalsur (R$120.1 million), as well as delivery of the remaining volumes for the Caminho da Escola program in relation to the 2021 bidding process, during which there was a deterioration in profitability due to inflation.

In 2021, *EBITDA* had benefited from the “Remaining Operating Revenues” line, which contributed a total R$254.0 million on a non-recurring basis.

The following table highlights the accounts that compose the *EBITDA*:

R$ million	2022	2021
Result before IR and CS	413.3	382.9
Finance Income	-657.7	-499.8
Financial Expenses	510.2	344.9
Depreciation / Amortization	119.8	105.5
EBITDA	**385.6**	**333.5**

13. NET PROFIT

Net profit for 2022 reached a total of R$436.8 million, with a net margin of 8.1%. The recovery seen in the Company's results in 2022 is due to the factors described in *EBITDA* and financial results. Results represent a historical record in terms of absolute values and marked a movement away from the demand crisis generated by the Covid-19 pandemic at the Company.

14. BORROWING

Borrowing totaled R$1,127.1 million as of 12.31.2022 (R$923.2 million as of 12.31.2021). Of this total, R$478.8 million originated from the financial sector (Banco Moneo) and R$648.2 million from the industrial sector.

It is important to note that borrowing in the financial sector stems from the consolidation of Banco Moneo's activities and must be analyzed separately since it presents characteristics that differ from the Company's industrial activities. The “Clients” account in Banco Moneo’s Assets are used as a corresponding entry for the Bank's financial liabilities. Credit risk has been duly provisioned. Because these are FINAME transfers, each disbursement from BNDES has an exact corresponding entry in Banco Moneo's client receivables account, both in terms of time periods and fixed rates. See Explanatory Note 31 to the Financial Statements.

As of December 31, net borrowing in the industrial sector represented 1.7 times the *EBITDA* for the last 12 months.

15. GENERATION OF CASH FLOW

In 2022, funds totaling R$45.4 million were generated as a result of operating activities. Investment activities, with dividends received from affiliate companies deducted, required R$94.0 million, while financing activities consumed R$83.0 million.

As a result, the initial cash balance of R$1,398.7 million, taking investments that were not available into consideration and deducting R$25.2 million for the difference between changes in exchange rate and variations in accounts related to financial investments that were not available, was reduced to R$1,241.9 million at the end of the year.

The statement of cash flows for the industrial and financial sectors is presented in detail in Note 32 to the Financial Statements.

16. PERFORMANCE OF CONTROLLED CONMPANIES AND AFFILIATES

16.1 Overseas subsidiaries

In 2022, units from controlled companies overseas produced 1,978 units, a decrease of 19.3% compared to 2021 production levels (2,451 units).

The main highlights for overseas controlled companies are presented below:

MARCOPOLO SOUTH AFRICA (MASA) – In 2022, MASA, which is located in Johannesburg, delivered 268 units, a 11.7% increase compared to 2021. Through the production and sale of products with an increased added value, the controlled company continues to make gains in terms of profitability, representing a net profit of R$3.5 million in 2022 (a positive increase of R$1.2 million in 2021). The Company also presented improvements in its operating indicators and market share.

MARCOPOLO ARGENTINA (METALSUR) – In 2022, Metalsur's Argentinian operations, which are located in Rosario, delivered 691 units, an 18.0% decrease compared to 2021. The controlled company suffered from a series of negative factors, including, in particular, increasing local inflation, which affected margins for the portfolio’s orders, and operational difficulties that resulted in delivery delays. At the end of 2022, after contributions were made in the form of loans and detailed in the financial result, the company was able to reduce its net losses to R$43.8 million.

MARCOPOLO AUSTRALIA (VOLGREN) – With headquarters located in Melbourne, Australia, Volgren delivered 328 units in 2022, a 19.3% increase compared to 2021. The favorable sales environment was not reflected in positive results as inflation eroded margins for the portfolio’s orders. These operations are dependent on sales to public entities, which makes it difficult to subsequently pass on costs, which in turn causes prices to remain fixed for long periods of time. The controlled company presented a net loss of R$20.9 million in 2022.

MARCOPOLO CHINA (MAC) – MAC has a department dedicated to *sourcing* and the production of parts, components and bus bodies, as well as production of PKD buses for export. The unit, which does not sell to the Chinese domestic market and exports to countries in Asia, Africa and Oceania, has suffered from new restrictions applied to its main markets. The operation managed to receive new orders in 2022, increasing volume by 230%.

MARCOPOLO MEXICO (POLOMEX) – Located in Monterrey, Mexico, Polomex delivered 677 units in 2022, 36.3% less than 2021. This reduction in sales was part of a company strategy aimed at focusing sales on road vehicles with a higher added value. This strategic change allowed Polomex to revert the loss calculated in 2021 to a net income of R$1.1 million in 2022.

16.2 Overseas affiliates

SUPERPOLO – Located in Colombia, Superpolo sustained positive results even with the decrease in volume in 2022, with a calculated equity of R$2.7 million. The Colombian market experienced a peak in sales between 2019 and 2020, and a downturn in terms of volumes and results was already expected.

NFI GROUP INC. – NFI Group Inc., a company in which Marcopolo holds an 8.5% ownership interest, is the leading manufacturer of urban and highway buses in the United States and Canada. With headquarters located in Winnipeg, Canada, the company is a leader in technology and offers a wide range of products. NFI's results negatively affected equity by a total of R$60.3 million. The company has been suffering from a shortage of components associated with the postponement of deliveries and inflation on the long order portfolio.

16.3 Banco Moneo

Banco Moneo S.A. began operations in July 2005 for the purpose of financing Marcopolo's products. The bank is authorized to operate in the areas of leasing and credit, financing and investment portfolios. In 2022, the bank reported a net income of R$15.5 million (R$8.3 million in 2021). The bank maintained its policy of prioritizing quality in its loan portfolio through means of a rigorous evaluation and approval system, which has offered benefits during the post-pandemic period.

17. CORPORATE GOVERNANCE

Marcopolo seeks to adopt best practices for Corporate Governance, adhering to the principles of transparency, equity, *accountability* and corporate responsibility and its shares have been listed under B3 (São Paulo’s stock exchange) Corporate Governance Level 2 since 2002. The Company is bound to arbitration in the Market Arbitration Chamber, according to the arbitration clause contained in its Articles of Incorporation.

Marcopolo's management has been formalized based on a distinction between the roles and responsibilities among the Board of Directors and the Executive Board. The Board of Directors consists of seven members, six of whom are independent, two of which are elected by minority shareholders, one by shareholders holding shares of preferred stock. An additional three members are elected by controlling shareholders.

The Chair of the Board of Directors does not participate in the Executive Board. Additionally, in order to offer assistance, opinions, and support in the conducting of business activities, the Board of Directors also includes the following Committees: (i)

Auditing and Risks; (ii) Human Resources and Ethics; (iii) Strategy and Innovation; and, (iv) Compliance. The functions of each of these support Committees can be found at the Company's website, ri.marcopolo.com.br under the Corporate Governance/Internal Committee Regulations menu. The training received and professional history of each of the members that make up the Board of Directors are available on the Company's Reference Form, which relies on support from specialists in the area of finance, people and sector management, among others. Additionally, the Board of Directors also welcomes diversity among members and employees and the inclusion of complementary skill bases.

The Company also has an Audit Committee that is made up of three members, one of which is appointed by minority shareholders, one by shareholders holding shares of preferred stock and one by the controlling shareholders. The powers bestowed upon each body are defined in the Company's Articles of Incorporation.

The Company offers minority shareholders fair and equal treatment, regardless of whether the circumstances in question involve capital or remaining *stakeholders*. In the disclosure of information, the company makes use of the highest standards of transparency, seeking to establish a climate of trust, both internally and in the company's relations with third parties.

In 2022, the Company held meetings with the Association of Capital Market Investment Analysts and Professionals (APIMEC), participated in several conferences and *non-deal roadshows* organized by financial institutions both in Brazil and overseas, and continued to provide services to analysts and investors. The Company also held its in-person *investor day*, which was broadcast live through its Investor Relations webpage. The Marcopolo Investor Relations *website* (ri.marcopolo.com.br) offers up to date content aimed at investors.

18. COMPLIANCE PRACTICES

Marcopolo, in addition to good governance and risk management practices, has relied on a Compliance department since 2014, the structure of which includes a committee that advises the Board of Directors, which is known as the Compliance Committee and is made up of the president and vice president of the Board of Directors, duly instituted directors, the Compliance Officer (“CCO”) and a representative from the controlling shareholders. The CCO participates in all board meetings and seeks to ensure compliance with Compliance guidelines in relation to matters addressed by the organization's senior management. The Compliance Committee’s structure also includes a senior compliance analyst and internal agents that work in remaining areas of the company, acting as an intermediary in issues related to Compliance.

Since 2005 the company has implemented a Code of Conduct that is approved and reviewed periodically by the Board of Directors. The Code of Conduct defines the Company's values, which includes respect and placing value in people, ethics and integrity, sustainability, making things happen with excellence, customer satisfaction, and teamwork. All employees receive a copy of materials and training with regards to

Company guidelines. In addition to the Code of Conduct, Marcopolo has also implemented a Global Integrity Policy, which describes ethical values that must be observed at the Company. In addition to periodically providing specific training according to demand and the preparation of documents focused on the mitigation of risks, such as the contingency and consequence management policy, the objectives of which are to provide an educational instrument that stimulates desirable behaviors within the organization, Marcopolo Secure Contact Number is available to all employees and *stakeholders* and is an exclusive channel that can used to reports of practices that violate internal policies and applicable legislation.

Training materials related to the Company's Values, Code of Conduct and Global Integrity Policy can be accessed by all employees via Marcopolo University's digital platform. The Compliance department also monitors compliance with Compliance guidelines in the various areas of the Company, implements due diligence processes related to integrity in partners and third parties, among other practices. In compliance with the Brazilian General Data Protection Act, with support from an external consultancy, the Company works to implement adjustments to new legislation and has already indicated an individual responsible for adjustment to standards and maintaining dialogue with supervisory authorities. Specific training on the subject is also available at Marcopolo University.

19. INDEPENDENT AUDITORS

19.1 Change in Independent Auditors

In 2022, the Company carried out a rotation in auditors, contracting KPMG Auditores Independentes, the headquarters of which are located in Porto Alegre, RS, Avenida Carlos Gomes, 258, 6th floor. KPMG replace PricewaterhouseCoopers Auditores Independentes.

19.2 CVM Instruction 381/03

In compliance with CVM Resolution 162/22, Marcopolo hereby informs that it does not maintain contract with its Independent Auditors that is not related to auditing of the Company's Financial Statements.

20. CAPITAL MARKET

20.1 Capital Stock

As of December 31, 2022, the Company's capital stock totaled R$1,334,052,461.60, divided into 946,892,882 shares, 341,625,744 of which are shares of common stock (36.1%) and 605,267,138 (63.9%) are shares of preferred stock. These shares are not to bearer, registered, recorded, and not issued at par value.

20.2 Performance of Marcopolo Shares at B3

In 2022, transactions involving Marcopolo's shares totaled R$3,638.1 million. Participation of foreign investors in Marcopolo's share capital totaled, as of December 31, 41.2% of the shares of preferred and 27.2% of the Company's total capital stock. At the end of the period, there were 69,408 shareholders at Marcopolo.

The following table presents the development of main indicators related to the capital market:

INDICATORS	2022	2021
Amount of transactions (R$ million)	3,638.1	4,853.6
Market value (R$ million) (1)(2)	2,679.7	2,888.0
Existing shares	946,892,882	946,892,882
Book value per share (R$)	3.36	3.07
POMO4 quotation at the end of the period	2.83	3.05

Notes: (1) Quotation for the most recent transaction for the period for share of preferred stock (POMO4), multiplied by the total shares (common and preferred stock) existing in the same period. (2) Of this total 6,509,670 shares of preferred stock were included in the treasury as of 12.31.2022.

21. DIVIDENDS/INTEREST ON EQUITY

The total proposed amount for payment of interest as remuneration for equity, attributed to dividends for 2022 totals R$220.0 million or R$0.234 per share. The total amount to be distributed is equivalent to 50.4% of the net profit attributable to results for 2022 and represents a *yield* (dividend per share/quotation of the share of preferred stock at the end of the year) of 8.3%.

22. INVESTMENTS/FIXED ASSETS

In 2022, Marcopolo made investments totaling R$97.4 million, R$53.8 million of which was spent on the controlling company and applied in the following manner: R$34.5 million in machinery and equipment, R$5.8 million in buildings and improvements, R$11.8 million in computer equipment and *software* and R$1.7 million in other fixed assets. A total of R$43.7 million was invested in controlled companies, of which R$27.2 million was invested in Volare Veículos (São Mateus), R$3.5 million in Marcopolo Argentina, R$4.4 million in Marcopolo Australia, R$4.8 million in Ciferal (formerly San Marino), R$1.4 million in Marcopolo Mexico, R$1.4 million in Marcopolo South Africa and R$0.9 million in the remaining units.

23. SOCIO-ENVIRONMENTAL RESPONSIBILITY

In order to implement best practices in the area of *Environmental, Social and Corporate Governance* (ESG), Marcopolo consistently seeks to achieve economic development while improving quality of life among its employees and their families and society as a whole. Marcopolo's Unified Production System – SIMPS, which forms the basis for the Marcopolo Way, applies the principles and foundations of the LEAN philosophy in the form of methods, tools and organizational best practices in order to optimize performance in processes. SIMPS also offers support to industrial management in implementing the company's strategy for growth, market leadership, productivity, quality, employee safety, improvements in the work environment and profitability of products and services. Marcopolo continues to hold certification under the international management standards ISO 14.001 - Environment, ISO 9.001 – Quality and was recommended for ISO 45001 – Health and Safety Certification, which replaced OHSAS 18001.

23.1 Social Responsibility

Marcopolo and its collaborators, through the Marcopolo Foundation, implement social responsibility projects that are focused on communities. Founded in 1998, the Marcopolo Foundation is a non-profit organization that operates under four key pillars for social development: education, culture, sport and wellbeing. The services provided by the Foundation are focused on initiatives for young people from public schools and the children of employees.

Education

Stimulating the social and educational development of children and adolescents is one of the Marcopolo Foundation's key objectives. In 2022, more than 25,000 public school students received services through means of educational programs. Highlighted from among these programs is Projeto Escolas ('the Schools Project'), which has been providing initiatives aimed at updated skills training for teachers and principals with regards to current issues. The Marcopolo Foundation offers structural improvements (works and renovations) at the public schools receiving services, as well as leisure activities with participation from approximately 5,000 students. Students registered in Projeto Escolas also participate in inclusion programs through the the Soccer School and Marcopolo's School of Creativity. In 2023, the Projeto Escolas will expand its service to include a total of 5 schools from the original 2, in addition to continuing to implement initiatives in other schools.

Athletics

The Marcopolo Foundation offers a Recreational Headquarters that includes one of the state's best sports complexes. The venue served as the official headquarters for the 2022 Deaflympics. In 2022, the recreational headquarters began generating its own energy through the use of a photovoltaic system, which reduced contracted energy consumption by more than 70%.

Marcopolo's Soccer School is a project carried out with partners, through means of laws that offered incentives for athletic activities. The School provides 100 vacancies for students at Projeto Escolas and the children of collaborators. We also offer an annual calendar of games and tournaments for Marcopolo employees.

Wellbeing

The Marcopolo Foundation carries out campaigns aimed at the collection and allocation of food products, furniture, hygiene products and clothing, responding to emergencies in the cities surrounding the Company's plants.

Festivities

The Marcopolo Foundation contributes to festive celebrations both within Marcopolo and the communities in which the Company operates. Parties such as Christmas, Entrevero (3-day celebration of the traditions in the state of Rio Grande do Sul), Children's Day and the St. John's Festival were held, and more than 40 thousand people participated.

Culture

Under the banner of offering open access to Culture, and as a tool for expanding the cultural repertoire of surrounding communities, the Foundation offers not only specific activities in this area, but also integrates initiatives into the remaining pillars that are used to structure the foundation's work.

In 2022, we presented the EMC – Marcopolo School of Creativity project, through which more than 15 workshops are offered across a range of areas such as Cooking, Theater, Audiovisual Design, Drawing, Computational Thinking, Mathematics, Text Production, Crafts, among others – the school's objective is to offer before and after school activities to young people aged 12 to 18 years old (in 2022 300 children and adolescents participated in programs and more than 800 hours of workshops and classes were provided).

In addition to its own programs, the Marcopolo Foundation implements projects aimed at fostering inclusion through art through means of partnerships, such as the celebrated Hip Hop Culture in Schools – winner of the RS Education Award and the Creative Brazil Award – which is used to address topics such as leadership, personal development, self-accountability and accountability to society. More than 5,000 students across 10 public schools participated in the project in Caxias do Sul. Other projects were also implemented, such as Viajante das Artes ('Traveler of the Arts'), which involved writing workshops held in 10 other schools using a bus fitted with a mobile library. This vehicle also participated in several book fairs, among other events.

23.2 Employee Satisfaction

Marcopolo monitors the satisfaction of its employees through means of periodic surveys. Results for the surveys serve as a basis for the implementation of improvements to the company's management processes. The most recent survey was conducted in January 2023, and involved companies located both in Brazil and overseas.

The Company maintains communication channels that are used to receive and respond to complaints from employees regarding various issues affecting their life at the company. Additionally, Conduct and Compliance Committees have been established for the purposes of assessing situations that violate Marcopolo's Code of Conduct and the organization's Compliance Policy.

23.3 Education and Training

Marcopolo maintains permanent programs for the training of its employees. In 2022, 259,801 hours of training were provided -- an average of 25 hours per employee/year. Marcopolo University offers employees the chance to participate in online training. The University currently relies on more than 230 titles with content that focuses on specific career preparation pathways. These titles receive an average of 8,500 hits each month. The company also provides managers with various training programs and the development of management skills.

Marcopolo's School of Professional Training (EFPM) offered training to 91 apprentices as part of an Automotive Vehicle Assembler course. 50 more young people have been selected to participate in the course during the 2022/2023 academic period . The course is held in partnership with SENAI and the Social Assistance Foundation (FAS). One of EFPM's main objectives is to prepare professionals for insertion into the labor market and their first paid employment opportunity.

Marcopolo has maintained an Educational Incentives Program since 1981, offering scholarships to employees that were approved during the selection process. The company also provides easy access to qualification programs for communication in English and Spanish.

23.4 Quality of Life

Programs aimed at improving quality of life among employees and their families are mainly coordinated by the Health and Wellbeing department and the Marcopolo Foundation and include activities in the areas of health, education, leisure, culture and athletics, which are generally extended to family members.

23.5 Environment

Adherence to protection of the environment has been declared under Marcopolo's Integrated Business Management Policy and is an ongoing commitment at the Company. The controls needed to minimize the impacts of Marcopolo's business activities are established in a sustainable and balanced manner in accordance with applicable legislation. The Company also continuously seeks to implement best practices. All Marcopolo units in Brazil have received certification in ISO 14.001 – Environmental Management System.

In 2022, the Company carried out the Greenhouse Gas Emission Inventory, which included data for the years 2020 and 2021. Monitoring of indicators that demonstrate environmental performance in relation to water and energy consumption and the generation of solid waste was consolidated, and a reduction target for 2023 will be studied in relation to the average for the previous year. The departments' engagement in the development of new or alternative materials was also intensified in 2022 through the reusing of waste originating from the various materials used to build bus bodies.

23.6 Remuneration

The remuneration received by employees consists of a fixed portion that is linked to skills and abilities and levels of seniority, as well as a variable portion that is associated with reaching targets under Marcopolo's Profit Sharing Program. Salary levels are periodically surveyed in order to assess whether amounts paid to employees are within compatible standards, which allows the company to remain competitive within the labor market.

23.7 Plan for the Granting of Stock Options

Regulation of the Stock Option or Subscription Plan was approved by the shareholders at the Special Shareholders' Meeting held on December 22, 2005 and amended by the AGM/SSM of March 23, 2006 and by the Board of Directors at meetings held in 2006, 2007, 2011, 2012 and 2013. The main objectives of the plan, which includes participation from executives from the Company and its controlled companies (with the exception controlling directors), include: (i) aligning participants' interests with those of shareholders; (ii) committing participants to the company's short, medium and long-term results; (iii) encouraging and stimulating a sense of ownership; and (iv) attracting and retaining talent. The Plan is monitored by HR and Ethics Committee and approved by Marcopolo's Board of Directors.

The company also has a Long-Term Incentive Plan Stocks Restricted by Performance in place, which was proposed by the Board of Directors on February 12, 2015 and approved at the Annual Meeting of Shareholders held on March 26, 2015. The plan is aimed at developing a compensation package for the company's highest-level executives, with participants committing to achieving long-term results, competitiveness within the marketplace, attracting and retaining the best professionals and aligning the interests of executives and shareholders.

24. REMUNERATION RECEIVED BY DIRECTORS

The annual overall amount for fixed remuneration is established at the Annual Meeting of Shareholders and distributed among directors by the Board of Directors. The highest individual annual remuneration received by the Board of Directors totaled R$2,281.3 thousand in 2022. The average remuneration received by the Board totaled R$897.4 thousand, and the lowest remuneration received was R$570.0 thousand. The highest individual remuneration received by the statutory board of officers totaled R$6,421.6 thousand in 2022. The average remuneration received totaled R$5,463.9 thousand, and the lowest remuneration received was R$4,506.1 thousand. The highest individual remuneration received by the Audit Committee totaled R$311,600 in 2022. The average remuneration received by the Committee totaled R$267,600, and the lowest remuneration received was R$245,600.

25. TOTAL STAFF

No. of EMPLOYEES	2022	2021	2020	2019	2018
Controlling company	6,836	4,979	5,615	6,606	7,410
Controlled companies in Brazil	3,400	2,291	2,462	3,134	2,826
Controlled companies Overseas	1,792	1,640	1,524	1,595	1,739
Affiliates	654	772	521	2,852	3,579
TOTAL	**12,682**	**9,682**	**10,123**	**14,187**	**15,554**

Notes: Employees of affiliates were taken into account based on the proportion of ownership interest.

26. PERSPECTIVES FOR 2023

With the resumption of business activities in bus markets in 2022, in which passengers and users began to return to normal patterns of travel, the Company expects the process of economic recovery to be consolidated throughout 2023, with additional growth in terms of volumes of buses sold. Supply chains for components and chassis shown signs of gradual normalization and have limited effects in our most relevant markets, which has contributed to expanding delivery environments. The engine-based transition invoked by the standard Proconve 7 is expected to have a limited impact on production volumes for buses in 2023, particularly during 2Q23, when new models will be approved and made available to customers.

Within the market for road vehicles, the ratio between light and heavy-duty vehicles returned to pre-pandemic levels, which led to improvements to the sales *mix*. Heavy-duty road vehicles, which are used for long-distance travel and tourism purposes, now account for the majority of sales and the success of G8 models continues to drive sales across this family of products. The charter sector is maintaining consistent volume, with a decrease that was lower than expected, which may be considered a sign of resilience.

In urban areas, the maintenance of subsidies created during recent years on the part of municipalities has encouraged the renewal of agreements with dealers. Direct investments made by Brazilian cities have allowed fleets to be modernized as part a trend towards adhering to the best practices for public transport adopted in developed countries. The segment continues to invest in products with a higher added value, with increased volumes of articulated and electric buses. Electric buses, including the urban model Attivi, a key Marcopolo product, or remaining bus body models, are gaining traction as more and more cities announce targets decarbonization and plans to replace a significant portion of their fleets. The Company has been increasing the production of electric buses, launching, testing and approving models across a wide range of markets.

The micro bus and Volares segment will continue to perform well, with an increase in volumes provided to the private sector. Sales made to the government and deliveries to the federal Caminho da Escola program will also contribute to this segment's performance. In 2022, the Company delivered 2,502 urban buses, 337 micro buses and 1,415 Volares (a total of 4,254 units) as part of the Caminho da Escola program, which included the bidding processes for 2021 and 2022. The Company expects to deliver the remaining volume for the 2022 bidding process (1,988 of the total of 3,050 units) throughout the first half of 2023 and expects a new bidding process for 2023 to be announced at any moment.

The Company also expects to see growth in exports, with the normalization of sales in key countries such as Chile, Peru, Argentina and Mexico. Slower progress in the reopening of tourist destinations and urban public transport appears to have negatively affected recovery in terms of export volumes compared to the Brazilian market in 2022. Packages currently being negotiated for African countries and the start of exports for Attivi integrated electric buses are expected to complement volumes in 2023.

The performance of international operations are expected to improve in 2023, with a recovery in profitability. Marcopolo Mexico (Polomex), after concentrating sales in the highway segment in 2022, particularly with the launch of G8 models, is projecting additional market growth, with a recovery in *market share*. Marcopolo Australia (Volgren) continues to suffer from the effects of inflation in its order portfolio. A purge of Marcopolo's portfolio carried out through means of deliveries or renegotiation of prices, gains in efficiency and a reduction in costs will be the Company's focus in early 2023, with positive results expected for 2023. Marcopolo Argentina (Metalsur) is seeking to quickly adjust prices to the local reality in terms of costs. Relevant changes to the Company's administration made in 2022 are beginning to be reflected in improvements in indicators for productivity and results. Marcopolo South Africa (MASA), after 2 years of consistent results, is projecting continued positive results for the upcoming year with qualification of the sales *mix* and an increased production volume for highway buses. Marcopolo China (MAC) present strong recovery in terms of volume in 2022 and is expected to continue its recovery process once the nation has reopened. Growth in volume is expected to resume in 2023.

From among Marcopolo's affiliates, Colombia's Superpolo is expected to maintain balanced results, with growth in terms of volume and an improved sales *mix* in 2023. The Canadian affiliate NFI continues to face challenges related to the sourcing of materials, particularly electronic components and batteries, which is affecting deliveries and expanding the portfolio of orders. The postponement of deliveries associated with an increase in costs should continue to impact the affiliate's margins over the short term, up until its portfolio is renewed and orders are delivered with updated prices.

In 2022, Marcopolo began to reap the benefits of the cultural and structural transformation that was implemented between 2020 and 2022. A significant decrease in expenses, adjustment of Marcopolo's asset base (including the closing of two plants in Brazil), restructuring of international operations (with the departure of India and Egypt, and consolidation of the plants located in Argentina as part of a single operation), increasingly cautious prioritization of investments, the launch of products such as Attivi and the new generation of G8 buses, Marcopolo Rail and the relaunch of its purpose "Bringing People Together" followed by a special marketing program developed together with clients and focused on passengers are examples of innovative actions that have been implemented in seeking out the recovery and sustainability of business activities, the results of which materialized in 2022 and should continue to play a role over the coming years.

With new market developments expected in 2023 and the expansion of initiatives aimed at international operations, the Company will continue to pursue its strategic objectives of returning to its desired margin and profitability. Record results in absolute terms in 2022 are laying a new foundation for a process of recovery in terms of volume that is only just beginning. The Company remains confident in our teams' level of commitment and engagement in achieving higher levels of performance, with a focus on transforming a favorable market environment into increasingly regular and consistent results.

27. ACKNOWLEDGEMENTS

Marcopolo considers it an honor to be operating and carrying out business activities on a global scale and wishes to thank its clients, suppliers, representatives, shareholders, financial institutions, government agencies, community and, in particular, employees for their effort, dedication and commitment.

Caxias do Sul, February 27, 2023.

The Administration.

Marcopolo S.A.

Company financial statements as of December 31, 2022 and 2021

Marcopolo S.A.

Balance sheets as of December 31

In thousands of Brazilian Real

Assets	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
Current					
Cash and cash equivalents	7	720,650	817,438	1,171,473	1,322,975
Derivative financial instruments	5 and 7	542	131	598	683
Client accounts receivable	8	676,532	267,520	1,242,563	657,575
Inventories	9	485,245	356,599	1,338,351	987,614
Recoverable taxes	10	56,333	38,560	222,780	209,251
Recoverable income tax and social security contributions		38,256	17,269	48,891	24,905
Other accounts receivable		136,955	146,769	121,084	164,184
		2,114,513	1,644,286	4,145,740	3,367,187
Non-current assets					
Financial assets measured at amortized cost	7	145,095	106,539	69,864	75,061
Client accounts receivable	8	-	-	513,542	435,455
Recoverable taxes	10	272,268	302,297	377,818	417,258
Recoverable income tax and social security contributions		74,962	84,721	74,962	90,834
Deferred income tax and social security contributions	20	180,689	152,826	284,877	220,910
Deposits in court	18	37,224	41,163	63,471	67,131
Other accounts receivable		623	620	2,241	2,414
		710,861	688,166	1,386,775	1,309,063
Investments	11	2,424,285	2,281,651	459,429	560,123
Investment property	12	6,002	6,240	47,351	48,004
Property, plant and equipment	13	440,144	433,462	1,030,013	1,017,759
Intangible assets	14	12,124	9,026	326,042	352,388
		2,882,555	2,730,379	1,862,835	1,978,274
		3,593,416	3,418,545	3,249,610	3,287,337
Total Assets		5,707,929	5,062,831	7,395,350	6,654,524

Liabilities and shareholders' equity	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
Current					
Suppliers		387,719	181,980	653,253	459,049
Loans and financing	16	273,975	449,103	749,712	886,657
Derivative financial instruments	5	874	920	975	921
Salaries and vacations payable		130,254	69,097	203,956	122,656
Taxes and contributions payable		76,933	49,205	140,557	128,191
Client advances		39,485	16,665	158,058	112,597
Commissioned representatives		34,734	16,014	44,894	22,575
Interest on shareholders' equity and dividends		84,179	71,401	84,179	71,401
Management ownership interests		4,604	3,981	4,604	3,981
Leasing obligations	17	2,738	1,819	15,110	19,661
Provision for guarantees		44,562	34,381	87,735	64,388
Other accounts payable		39,100	47,796	145,899	133,963
		1,119,157	942,362	2,288,932	2,026,040
Non-current liabilities					
Loans and financing	16	1,221,893	1,014,352	1,618,315	1,434,302
Provision for loss on investments	11	75,736	81,077	53,149	51,835
Provision for contingencies	18	100,558	90,802	132,115	121,567
Other accounts payable		-	-	15,114	253
Leasing obligations	17	4,145	4,902	58,877	39,965
Obligations due to ownership interest		24,075	24,331	24,075	24,331
		1,426,407	1,215,464	1,901,645	1,672,253
Total liabilities		2,545,564	2,157,826	4,190,577	3,698,293
Shareholders' equity attributable to controlling shareholders	21				
Share capital		1,334,052	1,334,052	1,334,052	1,334,052
Capital reserves		1,840	2,644	1,840	2,644
Profit reserves		1,419,857	1,088,258	1,419,857	1,088,258
Equity valuation adjustments		432,319	507,585	432,319	507,585
Treasury shares		(25,703)	(27,534)	(25,703)	(27,534)
		3,162,365	2,905,005	3,162,365	2,905,005
Participation of non-controller shareholders		-	-	42,408	51,226
		3,162,365	2,905,005	3,204,773	2,956,231
Total liabilities and net equity		5,707,929	5,062,831	7,395,350	6,654,524

The management's explanatory notes are an integral part of these financial statements.

Marcopolo S.A.

Income statements
Years ended December 31
In thousands of Brazilian Real, unless otherwise stated

		Parent company		Consolidated	
	Note	**2022**	**2021**	**2022**	**2021**
Operations					
Net sales and services revenue	26	2,395,555	1,303,125	5,415,618	3,499,439
Cost of goods sold and services rendered	27	(2,063,279)	(1,203,100)	(4,586,109)	(3,133,084)
Cost of idle assets	27	-	(6,952)	-	(10,131)
Gross profit		332,276	93,073	829,509	356,224
Selling expenses	27	(126,553)	(70,746)	(231,283)	(191,570)
Administrative expenses	27	(132,380)	(97,783)	(243,185)	(206,291)
Other income (expenses), net	29	(42,449)	185,375	(47,730)	253,995
Equity equivalence result	11	351,845	112,877	(41,532)	15,667
Operating profit		382,739	222,796	265,779	228,025
Financial revenue	28	423,054	384,137	657,712	499,805
Financial expenses	28	(381,270)	(256,450)	(510,207)	(344,933)
Financial results	28	41,784	127,687	147,505	154,872
Profits before income taxes and social contributions		424,523	350,483	413,284	382,897
Income tax and social contribution	20				
Current		(3,272)	(33,446)	(40,449)	(80,090)
Deferred		27,863	49,586	63,967	55,565
Profit for the period		449,114	366,623	436,802	358,372
Attributable to:					
Controlling shareholders		449,114	366,623	449,114	366,623
Ownership interests held by non-controlling shareholders		-	-	(12,312)	(8,251)
		449,114	366,623	436,802	358,372
Net income per share attributable to controlling shareholders for the period (expressed in R$ per share)					
Basic	30	0.47758	0.39009	0.47758	0.39009
Diluted	30	0.47430	0.38719	0.47430	0.38719

The management's explanatory notes are an integral part of these financial statements.

Marcopolo S.A.

Statements of Comprehensive income
Years ended December 31
In thousands of Brazilian Real

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the period	449,114	366,623	436,802	358,372
Adjustment for hyperinflation	(24,524)	(13,547)	(24,524)	(13,547)
Differences in exchange rates used to convert foreign transactions	(50,742)	104,303	(47,248)	108,001
Total comprehensive income	373,848	457,379	365,030	452,826
Comprehensive income attributable to:				
Controlling shareholders	373,848	457,379	373,848	457,379
Ownership interests held by non-controlling shareholders	-	-	(8,818)	(4,553)
Total comprehensive income	373,848	457,379	365,030	452,826

The management's explanatory notes are an integral part of these financial statements.

Marcopolo S.A.

Statements of equity
Years ended December 31
In thousands of Brazilian Real

												Attributable to controlling shareholders			
		Capital reserves		Profit reserves											
	Share capital	Gain or loss on the sale of Company shares	Reserves for capital transactions	Legal reserve	Tax incentives	For future capital increase	For payment of interim dividends	For purchase of Company shares	Proposed additional dividend	Equity valuation adjustments	Treasury shares	Accumulated profits	Total shareholders' equity	Ownership interests held by non-controlling shareholders	Total shareholders' equity
As of December 31, 2020	1,334,052	(8,751)	12,019	76,201	177,918	282,968	133,406	133,406	23,945	416,829	(29,776)	-	2,552,217	55,779	2,607,996
Comprehensive income for the period															
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	366,623	366,623	(8,251)	358,372
Adjustment for hyperinflation	-	-	-	-	-	-	-	-	-	(13,547)	-	-	(13,547)	-	(13,547)
Exchange variation of investments abroad	-	-	-	-	-	-	-	-	-	104,303	-	-	104,303	3,698	108,001
Total comprehensive income	-	-	-	-	-	-	-	-	-	90,756	-	366,623	457,379	(4,553)	452,826
Contributions from shareholders and distributions to shareholders															
Sale of treasury shares	-	(624)	-	-	-	-	-	-	-	-	2,242	-	1,618	-	1,618
Additional dividend payment	-	-	-	-	-	-	-	-	(23,945)	-	-	-	(23,945)	-	(23,945)
Allocation															
Legal reserve	-	-	-	17,319	-	-	-	-	-	-	-	(17,319)	-	-	-
Reserve for tax incentives	-	-	-	-	20,247	-	-	-	-	-	-	(20,247)	-	-	-
Proposed additional dividend	-	-	-	-	-	-	-	-	18,288	-	-	(18,288)	-	-	-
Mandatory minimum dividend	-	-	-	-	-	-	-	-	-	-	-	(82,264)	(82,264)	-	(82,264)
Transfer between reserves	-	-	-	-	-	228,505	-	-	-	-	-	(228,505)	-	-	-
Total shareholder contributions and distributions to shareholders	-	(624)	-	17,319	20,247	228,505	-	-	(5,657)	-	2,242	(366,623)	(104,591)	-	(104,591)
As of December 31, 2021	1,334,052	(9,375)	12,019	93,520	198,165	511,473	133,406	133,406	18,288	507,585	(27,534)	-	2,905,005	51,226	2,956,231

The management's explanatory notes are an integral part of these financial statements.

Marcopolo S.A.

Statements of equity
Years ended December 31
In thousands of Brazilian Real

	Attributable to controlling shareholders														
		Capital reserves		Profit reserves											
	Share capital	Gain or loss on the sale of Company shares	Reserves for capital transactions	Legal reserve	Tax incentives	For future capital increase	For payment of interim dividends	For purchase of Company shares	Proposed additional dividend	Equity valuation adjustments	Treasury shares	Accumulated profits	Total shareholders' equity	Ownership interests held by non-controlling shareholders	Total shareholders' equity
As of December 31, 2021	1,334,052	(9,375)	12,019	93,520	198,165	511,473	133,406	133,406	18,288	507,585	(27,534)	-	2,905,005	51,226	2,956,231
Comprehensive income for the period															
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	449,114	449,114	(12,312)	436,802
Adjustment for hyperinflation	-	-	-	-	-	-	-	-	-	(24,524)	-	-	(24,524)	-	(24,524)
Exchange variation of investments abroad	-	-	-	-	-	-	-	-	-	(50,742)	-	-	(50,742)	3,494	(47,248)
Total comprehensive income	-	-	-	-	-	-	-	-	-	(75,266)	-	449,114	373,848	(8,818)	365,030
Contributions from shareholders and distributions to shareholders															
Sale of treasury shares	-	(804)	-	-	-	-	-	-	-	-	1,831	-	1,027	-	1,027
Additional dividend payment	-	-	-	-	-	-	-	-	(18,288)	-	-	-	(18,288)	-	(18,288)
Allocation															
Legal reserve	-	-	-	20,890	-	-	-	-	-	-	-	(20,890)	-	-	-
Reserve for tax incentives	-	-	-	-	31,317	-	-	-	-	-	-	(31,317)	-	-	-
Proposed additional dividend	-	-	-	-	-	-	-	-	34,307	-	-	(34,307)	-	-	-
Mandatory minimum dividend	-	-	-	-	-	-	-	-	-	-	-	(99,227)	(99,227)	-	(99,227)
Transfer between reserves	-	-	-	-	-	263,373	-	-	-	-	-	(263,373)	-	-	-
Total shareholder contributions and distributions to shareholders	-	(804)	-	20,890	31,317	263,373	-	-	16,019	-	1,831	(449,114)	(116,488)	-	(116,488)
As of December 31, 2022	1,334,052	(10,179)	12,019	114,410	229,482	774,846	133,406	133,406	34,307	432,319	(25,703)	-	3,162,365	42,408	3,204,773

The management's explanatory notes are an integral part of these financial statements.

Marcopolo S.A.

Statements of cash flows - indirect method
Years ended December 31
In thousands of Brazilian Real

		Parent company		Consolidated	
	Note	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities					
Profit for the period		449,114	366,623	436,802	358,372
Adjustments to reconcile the results to the availabilities generated by operating activities:					
Depreciation and amortization	13 and 14	44,260	35,464	119,808	105,470
Gain (loss) on sale of investment assets and fixed and intangible assets		3,158	6,431	3,614	(53,562)
Equity income	11	(351,845)	(112,877)	41,532	(15,667)
Expected credit losses	8	(1,173)	7,259	(13,510)	39,112
Current and deferred income tax and social contributions	20	(27,863)	(16,140)	(63,967)	24,525
Appropriated interest and change in exchange rate		(836)	80,098	68,533	126,509
Non-controlling interests		-	-	(12,312)	(8,251)
Assets measured at fair value		(38,967)	(36,188)	5,283	(5,142)
Changes in assets and liabilities					
(Increase) decrease in trade receivables		(407,839)	112,735	(671,834)	285,892
(Increase) decrease in inventories		(128,646)	(141,512)	(420,305)	(237,516)
(Increase) decrease in other accounts receivable		(13,085)	(435,901)	(44,129)	(546,570)
Increase (decrease) in suppliers		205,739	28,192	251,709	100,759
Increase (decrease) in other accounts payable		153,944	31,319	353,416	94,412
Cash generated from operating activities		(114,039)	(74,497)	54,640	268,343
Taxes on profit paid		-	(33,446)	(9,273)	(80,090)
Net cash from operating activities		(114,039)	(107,943)	45,367	188,253
Cash flows from investing activities					
Contributions to capital in controlled companies		(62,467)	(90,683)	-	-
Dividends from subsidiaries, jointly controlled entities and associates		189,609	162,769	2,306	4,749
Additions of property, plant and equipment	13	(48,261)	(71,523)	(90,326)	(100,081)
Intangible asset additions	14	(5,512)	(3,625)	(7,113)	(3,923)
Cash receipt from sale of investments, fixed and intangible assets		484	1,426	1,095	66,494
Net cash (used in)/from investing activities		73,853	(1,636)	(94,038)	(32,761)
Cash flows from financing activities					
Treasury shares		1,027	1,618	1,027	1,618
Loans from third parties		506,427	599,805	921,325	895,909
Loan payments – principal		(430,916)	(259,611)	(812,152)	(678,463)
Loan payments – interest		(44,355)	(24,938)	(104,378)	(76,127)
Payment of interest on shareholders' equity and dividends		(88,785)	(16,539)	(88,785)	(16,539)
Net cash (used in)/from investing activities		(56,602)	300,335	(82,963)	126,398
Effect of movements in exchange rates on cash held		-	-	(19,868)	154
Net increase (decrease) in cash and cash equivalents		(96,788)	190,756	(151,502)	282,044
Cash and cash equivalents at the start of the period		817,438	626,682	1,322,975	1,040,931
Cash and cash equivalents at the end of the period		720,650	817,438	1,171,473	1,322,975

The management's explanatory notes are an integral part of these financial statements.

Marcopolo S.A.

Statements of value added
Years ended December 31
In thousands of Brazilian Real

	Parent company		Consolidated (*)	
	2022	2021	2022	2021
Statements of value added				
Revenue	**2,699,605**	**1,738,401**	**6,169,106**	**4,227,702**
Sales of merchandise, products and services	2,669,189	1,468,378	6,043,346	3,849,433
Other revenue	29,243	277,282	112,393	417,381
Expected credit losses	1,173	(7,259)	13,367	(39,112)
Inputs acquired from third parties (includes ICMS and IPI)	**(2,115,783)**	**(1,266,293)**	**(5,046,595)**	**(3,467,851)**
Cost of products and services provided	(1,791,922)	(1,020,800)	(4,482,116)	(3,044,180)
Materials, energy, third party services and others	(252,169)	(153,586)	(403,691)	(271,146)
Loss of assets	(71,692)	(91,907)	(160,788)	(152,525)
Gross value added	**583,822**	**472,108**	**1,122,511**	**759,851**
Depreciation and amortization	(44,260)	(35,464)	(119,808)	(105,470)
Net value added generated by the entity	**539,562**	**436,644**	**1,002,703**	**654,381**
Value added received in transfer	**774,899**	**497,014**	**616,180**	**515,472**
Share of profit of equity-accounted investees	351,845	112,877	(41,532)	15,667
Financial revenue	423,054	384,137	657,712	499,805
Total value added to be distributed	**1,314,461**	**933,658**	**1,618,883**	**1,169,853**
Distribution of added value	**1,314,461**	**933,658**	**1,618,883**	**1,169,853**
Personnel	547,666	337,874	810,214	530,842
Direct remuneration	451,125	249,859	661,514	400,864
Benefits	64,304	54,878	105,252	87,377
FGTS	32,237	33,137	43,448	42,601
Taxes, fees and contributions	(71,663)	(32,956)	(151,151)	(73,211)
Federal	(20,264)	1,227	(114,499)	28,001
State	(53,073)	(35,547)	(38,755)	(103,114)
Municipal	1,674	1,364	2,103	1,902
Remuneration for third party capital	389,344	262,117	523,018	353,850
Financial expenses	381,270	256,450	510,207	344,933
Rentals	8,074	5,667	12,811	8,917
Profits for the year, interest on shareholders' equity and dividends	449,114	366,623	436,802	358,372
Interest on shareholders' equity and dividends	99,227	82,264	99,227	82,264
Retained earnings for the period	349,887	284,359	337,575	276,108

(*) The consolidated statement of value added is not part of the IFRS consolidated financial statements.

The management's explanatory notes are an integral part of these financial statements.

1 Operational context

Marcopolo S.A. ("Marcopolo") is a publicly held company, having its head office situated in Caxias do Sul, State of Rio Grande do Sul. The Company's individual and consolidated financial statements for the year ended December 31, 2022 include Marcopolo and its controlled companies, jointly controlled companies and investments in affiliates (referred to as "the Company").

Marcopolo's core activity is the manufacturing and sale of buses, automotive vehicles, bodies, parts, agricultural and industrial machinery, and imports and exports, and may also acquire equity interests in other companies.

Marcopolo has its shares traded on B3 (Brasil, Bolsa, Balcão) under the acronyms "POMO3" and "POMO4" and is listed in the segment of corporate governance level 2.

2 Summary of the main accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently throughout the years presented in these individual and consolidated financial statements.

2.1 Preparation basis

(a) Declaration of compliance
The Company's individual and consolidated financial statements were prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP), considering pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities Commission (CVM) and the provisions contained in the Brazilian Corporations Act.

The Company's management states that all the relevant information in the financial statements, and only them, are being evidenced, and that they correspond to that used by it in its management.

Issuing of individual and consolidated financial statements was authorized by the Board of Directors on February 27, 2023.

(b) Measurement basis
The individual and consolidated financial statements were prepared based on historical cost using a value base that, in the case of financial assets and liabilities (including derivative instruments) is adjusted to reflect the measurement at fair value according to Note 2.6 and 2.17.

(c) Use of estimates and judgments
In the preparation of these individual and consolidated financial statements, management used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.
Information about judgments in applying accounting policies and uncertainties in the assumptions and estimates that pose a significant risk of an adjustment in the next financial year have been included in the following notes:

- Note 2.2 (a, ii) - Subsidiaries;
- Note 2.2 (a, iv) – Investments in companies with joint ventures;
- Note 2.18 (a) - Uncertainty about the treatment of taxes on profit
- Note 8 – Expected credit losses;
- Note 14 (b) – Goodwill test for verification of *impairment*;
- Note 18 - Provisions for civil, labor-related and tax risks;
- Note 20 – Deferred taxes.

(d) Value added statement

The Company has prepared individual and consolidated statements of value added (DVA) in accordance with technical pronouncement CPC - 09 - Value Added Statement, which are presented as an integral part of the financial statements under BR GAAP applicable to publicly traded companies, while for IFRS they represent additional financial information.

2.2 Consolidation basis

(a) Consolidated financial statements

The following accounting policies are applied in the preparation of the consolidated financial statements.

(i) Non-controller shareholder equity interest

The Company elected to measure any non-controlling interest in the acquired entity according to the proportional interest in the liquid assets identifiable at the acquisition date.

Any changes in the Company's interest in a subsidiary which does not entail loss of control are recorded as shareholders' equity transactions.

(ii) Subsidiaries

Subsidiaries are all entities (including specific purpose entities) in which the Company has the power to determine the financial and operating policies, generally accompanied by an interest of more than half of the voting rights (voting share). The existence and the effect of possible voting rights currently exercisable or convertible are taken into account when evaluating whether the Company controls another entity. The subsidiaries are totally consolidated from the date on which the control is transferred to the Company. The consolidation is interrupted on the date when the control ends. Financial information for controlled companies is recognized n the Parent company's individual financial statements using the equity method.

(iii) Transactions eliminated in the consolidation

Balances and transactions made within the Company, and any unrealized income or expenses derived from intercompany transactions at the Company are eliminated, with the exception of gains or losses stemming from transactions made in foreign currency. Unrealized gains arising from transactions with investees recorded by equity method are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Investments in companies with joint ventures

A joint venture is a joint business that happens when an operator has rights over the liquid assets of the agreements and records the investment through the equity method.

(v) Associates

Affiliates refers to entities over which the Group, whether directly or indirectly, exerts significant influence, but not control or joint control, over financial and operational policies.

Investments in affiliates are accounted for using the equity method and are initially recognized at their cost value, including transaction expenses. The Company's investment in associates includes the goodwill identified in the acquisition, net of any accumulated impairment loss. See Note 2.11 regarding impairment of non-financial assets, including goodwill.

The Company's interest in the profits or losses of its associates post-acquisition is recognized in the income statement and its interest in the activity in post-acquisition reserves is recognized in the reserves. The post-acquisition cumulative transactions are adjusted against the investment's carrying amount. When the Company's interest in the losses of an associate is equal to or greater than its interest in that company, the Company does not recognize additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associates are eliminated in proportion to the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of the associates have been changed when required to ensure consistency with the policies adopted by the Company.

If the ownership interest in the associate is reduced but significant influence is retained, only a proportional part of the amounts previously recognized in other comprehensive income shall be reclassified in income or loss, where appropriate.

Gains and losses resulting from dilution occurring in interests in associates are recognized in the income statement.

(vi) Adjustment for hyperinflation – IAS 29 (CPC 42)

With accumulated inflation exceeding 100% in the last three years in Argentina, the application of IAS 29 (CPC 42) – Accounting in a hyperinflationary economy – was required as of 2018. According to the standard, non-monetary assets and liabilities, shareholders' equity and income statement of investees operating in highly inflationary economies are adjusted by the change in the general purchasing power of the currency, applying a general price index.

The Company carried out an adjustment for inflation at its controlled company MP Argentina, its joint controlled company Loma and its affiliate Metalpar, with are headquartered in Argentina. Non-monetary assets and liabilities recorded at historical cost and shareholders' equity were adjusted for inflation. The impacts of adjustment for inflation were registered as an equity valuation adjustment under shareholders' equity, in a negative amount totaling R$24,523 (negative amount of R$13,547 in 2021), and in the consolidated income statement in a positive amount of R$62,498 (R$15,051 in 2021) under the entry equity income.

2.3 Presentation of information per segments

Information by operating segment is reported consistently with the internal report provided to the main operating decision makers. The main operating decision maker, responsible for the allocation of funds and performance evaluation of the operating segment, is the Board of Directors, also responsible for the Company's strategic decision-making.

2.4 Functional currency and presentation currency

The consolidated quarterly information is being presented in Brazilian Real (R$), which is Marcopolo's functional currency and the Company's reporting currency. All balances have been rounded to the nearest thousand, except when otherwise indicated.

Items included in each of the Company's businesses financial statements are measured using the currency of the main economy in which the company operates ("functional currency").

Each entity's functional currency is listed below:

Subsidiaries	**Denomination**	**Functional Currency**	**Country**
Apolo Soluções em Plásticos Ltda.	Apolo	Brazilian Real	Brazil
Arcanjos Investimentos e Participações Ltda.	Arcanjos	Brazilian Real	Brazil
Banco Moneo S.A.	Banco Moneo	Brazilian Real	Brazil
Ciferal Indústria de Ônibus Ltda.	Ciferal	Brazilian Real	Brazil
Ilmot International Corporation.	Ilmot	US Dollar	Uruguay
Marcopolo (Changzhou) Bus Manufacturing Co; Ltd.	MBC	Renminbi	China
Marcopolo Australia Holdings Pty Ltd.	MP Australia	Australian Dollar	Australia
Marcopolo Auto Components Co.	MAC	Renminbi	China
Marcopolo Canada Holdings Corp.	MP Canada	Canadian Dollar	Canada
Marcopolo International Corp.	MIC	US Dollar	Virgin Islands
Marcopolo Middle East and Africa FZE.	MP Middle East	Dirham	United Arab Emirates
Marcopolo Next Serviços em Mobilidade Ltda.	MP Next	Brazilian Real	Brazil
Marcopolo South Africa Pty Ltd.	Masa	Rand	South Africa
Marcopolo Trading S.A.	Trading	Brazilian Real	Brazil
Marcopolo Argentina S.A.	MP Argentina	Argentine Peso	Argentina
Moneo Investimentos S.A.	Moneo	Brazilian Real	Brazil
Neobus Chile SPA.	Neobus Chile	Chilean Peso	Chile
Polo Venture Participações Ltda.	Polo Venture	Brazilian Real	Brazil
Pologren Australia Pty Ltd.	Pologren	Australian Dollar	Australia
Polomex S.A. de C.V.	MP Mexico	Mexican Peso	Mexico
Rotas do Sul Logística Ltda.	Rotas do Sul	Brazilian Real	Brazil
San Marino Bus de México S.A. de C.V.	San Marino Mexico	Mexican Peso	Mexico
San Marino Ônibus Ltda.	San Marino	Brazilian Real	Brazil
Syncroparts Comércio e Distribuição de Peças Ltda.	Syncroparts	Brazilian Real	Brazil
Volare Comércio e Distribuição de Veículos e Peças Ltda.	Volare Comércio	Brazilian Real	Brazil
Volare Veículos Ltda.	Volare Veículos	Brazilian Real	Brazil
Volgren Australia Pty Ltd.	Volgren	Australian Dollar	Australia

Jointly controlled entities	**Denomination**	**Functional Currency**	**Country**
Loma Hermosa S.A.	Loma	Argentine Peso	Argentina
Metalpar S.A.	Metalpar	Argentine Peso	Argentina
Superpolo S.A.	Superpolo	Colombian Peso	Colombia

Associates	Denomination	Functional Currency	Country
Mercobus S.A.C.	Mercobus	Novo Sol	Peru
New Flyer Industries Inc.	New Flyer	US Dollar	Canada
Spheros Thermosystems Colombia Ltda.	Spheros Colombia	Colombian Peso	Colombia
Valeo Climatização do Brasil – Veículos Comerciais S.A.	Valeo	Brazilian Real	Brazil
Valeo Thermal Commercial Vehicles México, SA CV	Valeo México	Mexican Peso	Mexico
WSul Espumas Indústria e Comércio Ltda.	WSul	Brazilian Real	Brazil

2.5 Foreign currency

(a) Transactions in foreign currency

Transactions in foreign currency are converted into the respective functional currencies of the Company entities by the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are reconverted to the functional currency using the effective exchange rate as of the base date for financial statements on which fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are converted at the exchange rate on the transaction date. The differences in foreign currency resulting from this conversion are generally acknowledged in the income or loss.
However, exchange differences resulting from the re-conversion of the items listed below are recognized in other comprehensive income:

- financial liability designated as a hedge of the net investment in a foreign operation, to the extent that the hedge is effective; and

- a qualified and effective cash flow hedge.

(b) Overseas operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition, are translated into the Brazilian Real at the exchange rates determined on the balance sheet date. Income and expenses from foreign operations are translated into the Brazilian real at the exchange rates determined on the dates of the transactions.

Foreign currency differences generated on translation into the reporting currency are recognized in other comprehensive income and accumulated in equity valuation adjustments in equity. If the subsidiary is not a wholly-owned subsidiary, the corresponding portion of the conversion difference is attributed to non-controller shareholders.

When a foreign operation (a subsidiary, jointly controlled entity or associate) is transferred, the cumulative amount in the equity valuation adjustment account is reclassified to the income statement as part of profit or loss in the transfer. When only part of the investment of a subsidiary including a foreign operation is transferred, so that the control is maintained, the relevant part of such accumulated value is reassigned to the non-controlling interest. In any other partial transfer of a foreign transaction, the portion corresponding to the transfer is reclassified to profit or loss.

2.6 Financial instruments

The Company classifies financial assets and liabilities in the following categories: at fair value through profit or loss (FVTPL), at fair value through other comprehensive income (FVOCI) and at amortized cost.

2.6.1 Non-derivative financial assets and financial liabilities - recognition and derecognition

The Company initially recognizes loans and receivables and debt instruments on the date on which they were originated using the amortized cost. All other financial assets and liabilities are recognized on the trade date, when the entity becomes a party to the instrument's contractual provisions.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows from a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

2.6.2 Non-derivative financial assets - measurement

(a) Financial assets measured at the fair value through other comprehensive income

A debt instrument is measured at FVOCI only if it meets both conditions below:

- the asset is kept within a business model the purpose of which is achieve both through the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset, on specific dates, originate cash flows representing payment of principal and interest on the outstanding principal amount.

(b) Financial assets measured at the amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- the asset is kept within a business model for the purpose of collecting contractual cash flows; and
- the contractual terms of the financial asset, on specific dates, originate cash flows that are only payments of principal and interest on the outstanding principal amount.

All the other financial assets are classified as measured at the fair value through profit or loss.

Furthermore, upon initial recognition, the Company may irrevocably designate a financial assets meeting the requirements to be measured at amortized cost, FVOCI or even FVTPL. This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from the result produced by the respective asset.

2.6.3 Non-derivative financial assets - measurement

(a) Financial liabilities measured at the fair value through profit or loss

A financial liability is classified as being measured at fair value through profit or loss or designated as such upon initial recognition. The transaction costs are recognized in profit or loss as they are incurred.

Financial liabilities measured at the fair value through profit or loss are measured at fair value and any changes in the fair value of these liabilities, including interest and dividend gains, are recognized in the profit or loss for the period.

(b) Financial liabilities measured at the amortized cost

Non-derivative financial liabilities are initially measured at fair value and, provided it is not an item measured at the fair value through profit or loss, increased by transaction costs directly attributable to its acquisition or issuance. Financial liabilities are measured using the effective interest rate method.

2.6.4 Repurchase and reissue of shares - Treasury Share

When shares recognized as shareholders' equity are repurchased, the amount of the consideration paid, which includes any directly attributable costs, is recognized as deduction from the shareholders' equity. The repurchased shares are classified as treasury share and stated as deduction from the shareholders' equity. When treasury share is subsequently sold or reissued, the amount received is recognizes as an increase in shareholders' equity and the gain or loss resulting from the transaction is stated as capital reserve.

2.6.5 Reduction to the recoverable value - Impairment

(a) Non-derivative financial assets

The Company assesses, on a prospective basis, the expected credit losses associated with debt securities recorded at amortized cost and fair value through other comprehensive income. The applied impairment methodology depends on whether or not there has been a significant increase in credit risk.

For the accounts receivable from customers, the Company applies the simplified approach as permitted by IFRS 9/CPC 48 and, therefore, recognizes the expected losses over the useful life from the initial recognition of the receivables.

(b) Financial assets measured by the amortized cost

The Company considers evidence of loss of value of assets measured at amortized cost at both on an individual and on a collective level. All the individually significant assets are evaluated for impairment loss. Those that have not suffered loss of value individually are then evaluated collectively for any loss of value that may have happened but not yet been identified. Assets that are not individually significant are evaluated collectively for loss of value based on a group of assets with similar risk characteristics.

When evaluating impairment loss collectively, the Company uses historical trends for recovery periods and lost amounts incurred, adjusted to reflect the Management's judgment on whether the current economic and credit conditions are such that the actual losses will likely be greater or smaller than those suggested by the historical trends.

Impairment loss is computed as the difference between the carrying amount and the present value of future estimated cash flows, discounted at the asset's original effective interest rate. The losses are recognized in profit or loss and reflected in an provision account. When the Company considers that there are no reasonable prospects of recovery, the amounts are reversed. When a subsequent event indicates a reduction in the loss of value, the reduction through loss of value is reversed by means of profit or loss.

(c) Investees accounted for under the equity method

An impairment loss concerning an investee appraised by the equity method is measured by comparing the investment's recoverable value against its carrying amount. An impairment loss is recognized in profit or loss and it is reversed if there has been any favorable change in the estimates used to determine the recoverable value.

(d) Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventory, income tax and active deferred social contribution, are reviewed at each reporting date to check whether there is any indication of impairment loss. If such indication is found, then the asset's recoverable amount is estimated. In case of goodwill and intangible assets with undefined useful lives, the recoverable amount is tested annually.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less associated disposal costs. The determined value in use is based on estimated future cash flows deducted in order to present value using a deduction rate net of tax that reflects current market assessments for the value of the currency and the specific risks associated with the asset or CGU.

An impairment loss is recognized if the asset or CGU's book value exceeds its recoverable amount.

2.7 Derivatives measured at fair value through profit or loss

Derivative instruments procured do not qualify for hedge accounting. The changes in the fair value of any of these derivative instruments are immediately recognized in the income statement under "financial revenue (expenses)".

2.8 Accounts receivable from customers

Accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of the Company's business. If the deadline for receipt is equivalent to a year or less (or another that meets the normal cycle of the Company's operations), accounts receivable are classified in the current assets. Otherwise, they are presented as noncurrent assets.

Client accounts receivable are initially recognized at the transaction price and subsequently measured at amortized cost using the effective interest rate method less any provisions for *impairment*.

2.9 Inventory

Inventories are measured at the lower between cost and net realizable value. The cost of inventories is based on the average cost principle and includes expenses incurred in the purchase of inventories, production, transformation and other costs incurred to bring them to their places and existing conditions. In the case of manufactured inventories and products in progress, the cost includes a portion of the manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, minus estimated costs of completion and selling expenses.

2.10 Property, Plant and Equipment

Recognition and measurement
Property, plant and equipment are measured at the historical cost of purchase of construction minus accumulated depreciation and accumulated (impairment) losses.

The cost includes expenses that are directly attributable to the purchase of an asset. Cost of assets built by the Company itself includes:

- Cost of materials and direct labor;
- Any other costs to place the asset in the necessary site and condition for it to operate as intended by the Management;
- Costs for disassembly and restoration of the site where such assets are located; and
- Loan costs on qualifiable assets.

When parts of an item of property, plant and equipment have different useful lives, they are recorded as separate items (major components) of property, plant and equipment.

Any gains and losses on the disposal of an item of property, plant and equipment are recognized in profit or loss.

Reclassification for investment property
When the property use changes from occupied by the owner to investment property, it is remeasured at fair value and reclassified as investment property.

Subsequent losses
Subsequent expenses are capitalized to the extent that it is likely that future benefits associated to the expenses will be derived by the Company. Recurring maintenance and repair expenses are recorded in profit or loss.

Depreciation
Items of property, plant and equipment are depreciated by the straight-line method in the statement of income for the year based on the estimated economic useful life of each component. Leased assets are depreciated for the shorter period between the estimated useful life of the asset and the term of the agreement, unless it is reasonably certain that the Company will obtain ownership of the asset at the end of the lease term. Land is not depreciated.

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

The estimated useful lives for the current year are as follows:

	Years
Buildings	40-60
Machines	10-15
Vehicles	7-8
Furniture, fixtures and equipment	5-12

The depreciation methods, the useful lives and the residual values are reviewed at each balance sheet date and adjusted if appropriate.

2.10.1 Right-of-use asset

Recognition and measurement
The company applied practical standard proceedings according to which the asset with right of use corresponds to the deducted lease liabilities, using the incremental interest rate on the transition date. After the initial measurement, the values recorded as right of use are updated through the cost method; thus, any cumulative depreciation is deducted on a monthly basis, according to the criteria of CPC 27 – Property, Plant and Equipment in the depreciation of the asset with right of use and any re-measurement of the lease liability adjusted, depending on the specific case.

The estimated useful life for the current accounting period are determined according to each contractual period.

2.11 Intangible assets and goodwill

(a) Goodwill
Goodwill consists of the positive difference between the amount paid or payable and the net amount of the acquired entity's assets and liabilities at fair value. Goodwill stemming from the acquisition of controlled companies are recorded as "intangible assets" in the Company's consolidated statements. The portion of this goodwill attributable to the parent company is included in its individual balance sheet as part of the accounting balance for the investment. If the acquirer determines negative goodwill, it should record the amount as gain in profit or loss at period, on the date of acquisition. Goodwill is tested annually to check for likely impairment and recorded at cost minus accumulated impairment losses, which are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(b) Trademarks and licenses

Trademarks and licenses purchased separately are stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the date of acquisition, since they have a defined useful life and are accounted for at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses during their estimated useful life from 10 to 20 years.

(c) Software

The software licenses purchased are capitalized based on costs incurred to purchase the software and prepare it for use. These costs are amortized over their useful life of up to 5 years.

The costs associated with maintaining software are recognized as an expense, as incurred. Development costs directly attributable to the design and tests of identifiable and exclusive software products, controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so it is available for use;
- management intends to complete the software and use it or sell it;
- the software can be sold or used;
- the software will likely generate future and demonstrable economic benefits;
- technical, financial and other suitable resources are available to complete development for the use or sale of the software; and
- the expense attributable to the software during the development thereof can be measured safely.

Other development expenses that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Research and Development

Expenses on research activities are recognized in the income statement as incurred.

Development costs are capitalized only if development costs can be measured reliably, if the product or process is technically and commercially viable, if the future economic benefits are probable, and if the Company has the intention and resources sufficient to complete the development and use or sell the asset. Capitalized expenditures include the cost of materials, direct labor, manufacturing costs that are directly attributable to the preparation of the asset for its proposed use, and borrowing costs. Other development expenses are recognized in the income statement as incurred.

After initial recognition, capitalized development expenses are measured at cost, less accumulated amortization and impairments.

(e) Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

(f) Subsequent expenses

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

(g) Amortization

Except for goodwill, amortization is recognized in profit or loss by the straight-line method considering the estimated useful lives of intangible assets, as of the date they are available for use.

2.12 Investment Property

Investment property is measured at the historical cost of purchase of construction minus accumulated depreciation and accumulated (impairment) losses.

Gains and losses in the transfer of investment property (calculated by the difference between the net amount received from the sale and the item's carrying amount) are recognized in profit or loss.
When investment property previously recognized as property, plant and equipment is sold, any amount recognized in equity valuation adjustment is transferred to accumulated profit.

2.13 Accounts payable to suppliers

Accounts payable to suppliers are obligations payable for goods or services that were purchased from suppliers in the ordinary course of business, and are classified as current liabilities if payment is due within a period of up to 12 months. Otherwise, the accounts payable are presented as non-current liabilities.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the corresponding invoice.

The Company is part of a credit assignment agreement, in which the supplier may choose to receive in advance through a bank, considering the amounts receivable from the Company. Under the terms of the agreement, a bank agrees to pay amounts to a participating supplier in relation to invoices for which payment is owed by the Company and receives a payment from the Company as of the bond's original payment due date. The main purpose of this agreement is to facilitate the processing of payments and allow suppliers to assign receivables owed by the Company to a bank prior to the payment due date, if they wish to do so. The Company did not derecognize the liability to which the agreement applies since a legal write-off was not executed and the original liability was not modified. From the Company's perspective, the agreement does not extend the payment conditions beyond the normal terms agreed with the supplier. The Company does not incur additional interest from the bank on amounts owe to the supplier. Therefore, the Company has disclosed the amounts accounted for by the supplier in the consolidated financial statements under accounts payable, in an amount of R$9,883 as of December 31, 2022 since the nature and function of the financial liability remain the same as other accounts payable.

2.14 Loans and Financing

Loans and financing are initially recognized at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts raised (net of transaction costs) and the redemption value is recognized in the income statement while the loans are in progress, using the effective interest rate method.

Loans are classified as current liabilities, unless the Company has some unconditional right to defer the liability liquidation for at least 12 months after the balance sheet date.

2.15 Determining the adjustment to present value

Items subject to this value discount are:

- Trade accounts receivable comprised of the forward sale to customers of the Company with low credit risk. The discount rate used by Management for the discount to present value for these items is 100% of the monthly CDI for domestic market customers and the market rate for advancements provided under the foreign exchange contract for clients in the foreign market. The interest rate charged in a sales transaction is determined at the time of the initial registration of the transaction and is not adjusted subsequently; and

- Accounts payable to suppliers comprised of forward purchases from suppliers of the Company. The Company performed a calculation of the present value using the same assumptions used for accounts receivable.

2.16 Provisions

A provision is recognized on the basis of a past event if the Company has a legal or constructive obligation that may be estimated reliably and it is likely that economic funds are required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks for the liability. The financial costs incurred are recorded in the income statement.

2.17 Provision for warranties

A provision for warranties is recognized when the products or services are sold. The provision is based on historical warranty data and by weighting all the possible results in respect of the associated probabilities.

2.18 Income tax and social contribution

The income and social contribution taxes for the period, both current and deferred, are computed based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$240 for income taxes and 9% on taxable income for social contribution on net profit within the period, considering the offsetting of tax losses and negative basis of social contribution limited to 30% of the taxable income.

The income tax and social contribution expense encompasses both current and deferred income tax. Current tax and deferred tax are recognized in profit or loss unless they refer to a combination of businesses or items directly recognized in shareholders' equity or other comprehensive income.

The Company applies technical interpretation IFRIC 23/ICPC 22, which deals with the accounting of taxes on profit when there is uncertainty about the acceptability of certain tax treatment. If the organization concludes that the tax authority is not likely to accept uncertain tax treatment, the entity reflects the effect of uncertainty in determining taxable income.

(a) Income tax and social contribution expenses - current

Current tax expense is the estimated tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is recognized in the balance sheet as tax assets or liabilities by the best estimate of the expected value of taxes to be paid or received, reflecting the uncertainties inherent to the determination thereof, if any. It is measured based on the tax rates that have been decreed on the balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

(b) Income tax and social contribution expenses - deferred

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amount of assets and liabilities for financial statement purposes and those used for taxation purposes. The changes in deferred tax assets and liabilities in the year are recognized as a deferred income and social contribution tax expense. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect neither taxable profit or loss or net profit;
- temporary differences related to investments in subsidiaries, associates and joint ventures, to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future; and
- temporary taxable differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized in respect of tax losses and deductible temporary differences not used, to the extent that it is probable that future taxable profits will be available against which they will be used. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer likely.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the tax rates that have been enacted up to the balance sheet date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.
Deferred tax assets and liabilities are offset only if certain criteria are met.

2.19 Pension and post-employment benefits

The Company recognizes its obligations related to employee benefit plans and related costs, net of plan assets, in accordance with the following practices:

(i) The cost of pension and other post-employment benefits provided to employees is actuarially determined using the projected unit credit method and the Management's best estimate of expected investment performance for fund plans, salary increases, retirement age of employees and expected health care costs. The discount rate used to determine the obligation for future benefits is an estimate of the current interest rate at the balance sheet date;

(ii) Pension plan assets are evaluated at the market value;

(iii) Past service costs arising from plan adjustments are amortized on a straight-line basis over the remaining service period of active employees at the adjustment date;

(iv) Actuarial gains and losses are immediately recognized under comprehensive income for the period; and

(v) Plan reductions result from significant changes in the expected length of service of active employees. A net loss is recognized with reduction when the event is probable and can be estimated, while the net gain with reduction is deferred until its realization.

In accounting for pension and post-employment benefits, various statistics and other factors are used in an attempt to anticipate future events in the calculation of the expense and the obligation related to the plans.

These factors include assumptions about discount rate, expected return on plan assets, future increases in cost with health care, and rate of future compensation increases.

In addition, actuarial consultants also use subjective factors such as termination, turnover and mortality rates to estimate these factors. The actuarial assumptions used by the Company maybe materially different from actual results due to changes in economic and market conditions, regulatory events, court decisions, higher or lower termination rates or shorter or longer periods of life of participants.

2.20 Share Capital

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

Preferred Shares
They are classified in shareholders' equity if they are not redeemable, or redeemable only at the option of the Company, and any dividends are discretionary. Discretionary dividends are recognized as distributions in shareholders' equity on the date of their approval by the Company's shareholders. According to the Company's bylaws, the preferred shares differ from the common ones by the priority of repayment in the capital.

The distribution of minimum dividends and interest on shareholders' equity to Marcopolo's shareholders is recognized as a liability in the Company's financial statements at the end of the year, based on Marcopolo's articles of incorporation. Any amount in excess of the mandatory minimum is only provisioned for on the date it is approved by the shareholders at the annual general meeting.

2.21 Revenue recognition

Operating revenue is recognized when the performance obligation is satisfied, taking into consideration the following indicators of transfer of control: (i) the entity has a present right to pay for the asset; (ii) the client has legal ownership of the asset; (iii) the entity transferred the physical ownership of the asset; (iv) the costumer has the significant risks and benefits of ownership of the asset; and (v) the costumer accepted the asset. Revenue is measured net of returns, trade discounts and bonuses, as well as after elimination of intercompany sales.

(a) Bus sales

Revenue recognition does not occur until: (i) the cars have been delivered to the customer; (ii) the risks of obsolescence and loss have been transferred to the customer; (iii) the client has accepted the cars in accordance with the sales contract; and (iv) the acceptance provisions have been agreed, or the Company has objective evidence that all criteria for acceptance have been met.

Sales are recorded based on the price specified in the sales contracts, and are discounted to the present value.

(b) Financial services

We carry out financial intermediation operations through the controlled company Banco Moneo, for the purpose of providing financing for the acquisition of goods and services, aiming at best serving the Company's clients. This income is recognized on an accrual basis and accounted for in revenue accounts, based on the effective interest rate and pro rated interest method for transactions expiring up to the 59th day. After a period of 60 days of delay, these amounts are maintained in revenue that is to be appropriated and recognized upon the amounts being received.

2.22 Financial income and financial expenses

The Company's financial income and expenses comprise:

- revenue and interest expense;
- net gains/losses on disposal of available-for-sale financial assets;
- net gains/losses on financial assets measured at the fair value through profit or loss;
- net gains/losses from exchange rate change on financial assets and liabilities;
- impairment of fair value in contingent consideration classified as financial liabilities;
- impairment on financial assets (other than accounts receivable);
- net gains/losses in hedge instruments recognized in profit or loss; and
- reclassifications of net gains previously recognized in other comprehensive income.

Interest income and expense are recognized in the result using the effective interest method.

The Company classifies both the dividends and the interest on shareholders' equity received as cash flows from investing activities.

3 Critical accounting estimates and judgments

The estimates and accounting premises are continuously evaluated and based on historic experience and other factors, including expectations for future events that are considered reasonable to the following statutory reserves:

Based on assumptions, the Company makes estimates concerning the future. By definition, the resulting accounting estimates will rarely be the same as their actual results. The estimates and assumptions that pose a significant risk, with the likelihood of causing a material adjustment to the carrying amount of assets and liabilities for the next year, are addressed below.

(a) (Impairment) of goodwill
The Company tests goodwill for impairment annually, in accordance with the accounting policy presented in Note 2.11. The recoverable amounts of CGUs were determined based on calculations of the value in use, based on estimates.

(b) Income tax, social contributions and other taxes
The Company is subject to income tax in all countries in which it operates. A significant judgment is required to determine the provision for income taxes in these various countries.

(c) Expected credit losses
The credit analysis area of the Company evaluates and judges the credit quality of the customer, taking into account consideration of their financial position, the guarantees offered and past experiences, revisiting periodically the balances.

(d) Contingencies
The Company has labor, civil and tax lawsuits and has been discussing these issues both at the administrative and judicial levels. The allowances for possible losses arising from these lawsuits are estimated and updated by Management, based on the opinion of its external and internal legal advisors.

4 Financial risk management

4.1 Risk Factors

(a) Market risk

(i) Foreign exchange risk
The Company's results are susceptible to variations, since its assets and liabilities are linked to the volatility of the exchange rate, mainly the US dollar.

As a strategy to prevent and reduce the effects of exchange rate fluctuation, the Management has adopted the policy of using natural hedges with the maintenance of related assets also susceptible to exchange variance.

As of December 31, 2022 and 2021, the Company held assets, liabilities and forwards denominated in foreign currency in the amounts described below:

In thousands of Brazilian Real, unless otherwise stated

				Consolidated
				2022
	Accounts receivable from customers	**Suppliers**	**Loans**	**Forwards**
Currencies				
Dirham	332	-	-	-
US Dollars	126,439	-	1,025,717	109,559
Australian Dollars	52,231	65,777	183,574	-
Argentine Pesos	10,268	28,927	30,001	-
Chilean Pesos	-	1,327	-	-
South African Rand	13,116	6,052	776	-
Chinese Renminbis	12,481	7,979	24,732	-
Mexican Peso	136,068	-	-	-
Singapore Dollar	-	-	-	1,947
	350,935	110,062	1,264,800	111,506

				Consolidated
				2021
	Accounts receivable from customers	**Suppliers**	**Loans**	**Forwards**
Currencies				
Dirham	313	306	-	-
US Dollars	170,354	12,396	980,705	106,610
Australian Dollars	28,439	30,187	161,324	-
Argentine Pesos	21,555	38,172	39,303	-
Chilean Pesos	-	2,215	-	-
South African Rand	21,222	11,470	5,332	-
Chinese Renminbis	9,871	3,558	18,107	879
Mexican Peso	58,202	61,738	-	-
Euro	-	-	-	73
Singapore Dollar	-	-	-	230
Swiss Franc	-	-	-	205
	309,956	160,042	1,204,771	107,997

(ii) Interest rate risk

The Company's results are susceptible to losses due to fluctuations in interest rates that increase financial expenses related to loans and financing raised in the market, or decrease financial income related to financial investments. The Company continuously monitors the market interest rates in order to assess any requirement to contract new transactions to protect itself against the volatility risk of these rates.

(iii) Sale and purchase price risk

Considering that exports are equivalent to 26.6% of expected revenue for 2023, potential volatility of the exchange rate effectively represents a price risk that may alter the results forecast by the Company's Management.

On the other hand, the purchase of raw materials that are considered to *commodities* represents approximately 28% of total purchases and therefore subject the Company to the effects of fluctuations in market prices for these items.
To mitigate these risks, the Company continuously monitors price developments.

In thousands of Brazilian Real, unless otherwise stated

(b) Credit risk

Credit risk is managed corporately. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits at banks and financial institutions, as well as credit exposures to customers, including outstanding accounts receivable and committed transactions. If there is no independent rating, the credit analysis area evaluates the credit quality of the customer, taking into account their financial position, past experience and other factors. The individual risk limits are determined based on internal or external ratings or according to the limits established by the Board of Directors. The utilization of credit limits is monitored on a regular basis.

The Company is also subject to expected credit losses at an amount of R$30,045 (parent company) and R$139,184 (consolidated) as of December 31, 2022 (R$38,210 and R$160,521 as of December 31, 2021), representing 4.3% and 7.3%, respectively, of the outstanding balance for accounts receivable from the controlled company and the consolidated (12.5% and 12.8% as of December 31, 2021), which was constituted to address associated credit risk.

(c) Liquidity risk

It is the risk that the Company may not have sufficient net funds to honor its financial commitments, as a result of the mismatch of term or volume between expected receipts and payments.

Future receipt and payment premises are established to manage cash liquidity in domestic and foreign currency, which are monitored on a daily basis by the Treasury Department.

		Consolidated 2022			
		Contractual cash flow			
	Carrying Amount	**Total**	**From one to two years**	**From two to five years**	**Over five years**
Non-derivative financial liabilities					
Loans and financing	2,368,027	2,628,261	646,721	1,829,523	152,017
Leasing obligations	73,987	51,521	33,048	13,362	5,111
Suppliers	653,253	653,253	653,253	-	-
Derivative financial liabilities					
Derivative financial instruments	975	975	975	-	-

		Consolidated			
		2021			
		Contractual cash flow			
	Carrying Amount	**Total**	**From one to two years**	**From two to five years**	**Over five years**
Non-derivative financial liabilities					
Loans and financing	2,320,959	2,636,522	922,892	1,564,321	149,309
Leasing obligations	59,626	59,626	30,998	18,925	9,703
Suppliers	459,049	459,049	459,049	-	-
Derivative financial liabilities					
Derivative financial instruments	921	921	921	-	-

(d) Sensitivity analysis

The following table shows the sensitivity analysis of the financial instruments, which describes the risks that may cause material variations for the Company, with a more probable scenario (scenario I), according to an evaluation carried out by Management, considering a 12-month horizon when the next financial statements should be disclosed. Two more scenarios are presented which, if occurring, may generate adverse results for the Company, scenario II considering a possible deterioration of 25% and scenario III, a deterioration of 50%.

Assumptions	**Effects of accounts on net profit**	**Probable scenario (Scenario I)**	**(Scenario II)**	**(Scenario III)**
CDI - %		13.75	17.19	20.63
TJLP - %		7.37	9.21	11.05
Exchange Rate - USD		5.22	6.52	7.83
Exchange rate - Euro		5.65	7.06	8.48
LIBOR - %		5.14	6.42	7.71
ACC cost discount - %		7.57	9.46	11.35
SOFR - %		4.63	5.79	6.94
TR - %		2.75	3.44	4.12
	Investments	89,588	111,936	134,263
	Interbank relations	128,122	140,610	153,098
	Loans and financing	(135,726)	(411,936)	(688,630)
	Forwards	(1,663)	28,574	59,626
	Accounts receivable subtracted from accounts payable	219	98,722	197,225
	Gain/(Loss)	80,540	(32,094)	(144,418)

4.2 Capital management

The Company's objective in managing capital is to safeguard the ability of its operational continuity, to guarantee return to shareholders, maintaining an optimized capital structure to reduce capital costs.

Seeking the sustainability and perpetuation of its business, in addition to social and environmental aspects, the Company places emphasis on the economic and financial results, which result in added value to the business and return to shareholders. In order to monitor the performance, the methodology known as Value-added Management was adopted in 2001, which focuses on operational actions which result in superior financial performance. The staff received training under this program on the development and use of measurement and control tools to accomplish targets, thus enabling the simulation and analysis of efficiency in the management of working capital and the effects of new investments on the Company's profitability. Simultaneously, Marcopolo adopted the concepts of BSC (Balanced Score Card) which translates each unit's strategy into objectives, drivers, targets and action plans, which are frequently monitored and managed. The tools related to the objectives are: WACC (*Weighted Average Cost Of Capital*), Net Debt/EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*) and Debt/Shareholders' Equity Ratio. In recent years, these key indicators have been:

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WACC - between 8% and 12% p.a.
Net Debt/EBITDA - between 0.90x and 2.50x
Debt/shareholders' equity ratio - between 15% and 80%

Financial leverage ratios as of December 31, 2022 and 2021 may be summarized as follows (Note 31):

	Consolidated		**Industrial Segment**		**Financial Segment** (*)	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Total loans	2,368,027	2,320,959	1,832,692	1,813,557	535,335	507,402
Derivative financial instruments	975	921	975	921	-	-
Less: cash and cash equivalents	(1,171,473)	(1,322,975)	(1,114,967)	(1,279,679)	(56,506)	(43,296)
Less: derivative financial instruments	(598)	(683)	(598)	(683)	-	-
Net debt (A)	1,196,931	998,222	718,102	534,116	478,829	464,106
Total shareholders' equity (B)	3,204,773	2,956,231	2,960,326	2,722,650	244,447	233,581
Financial leverage ratio - % (A/B)	37	34	24	20	196	199

(*) Banco Moneo maintains equity compatible with the degree of risk of the structure of its assets, according to Resolution 2.099/94 of the National Monetary Council and complementary legislation.

4.3 Estimated fair value

It is assumed that the balances of accounts receivable from clients and accounts payable to suppliers at book value are provided near fair values. The fair value of financial liabilities for reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company applies CPC 46/IFRS 13 for financial instruments measured in the balance sheet at fair value, which requires disclosure of fair value measurements at the level of the following fair value measurement hierarchy:

. Quoted prices (unadjusted) on active markets for identical assets and liabilities (level 1);

. Information other than quoted prices included within level 1 that is adopted by the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

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. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The table below presents the Company's assets and liabilities measured at fair value as of December 31, 2022 and 2021, which were fully classified at level 2:

	Consolidated	
	2022	**2021**
Assets		
Financial assets at fair value through profit or loss		
Derivatives for trading	598	683
	598	683
Liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives for trading	975	921
	975	921

4.4 Other risk factors

The Company, upon the initiative of the Board of Directors, may perform internal evaluation procedures whenever external or internal factors indicate the possibility that distortions in the financial statements have occurred. Such procedures are performed independently, with or without the support of external experts, and their results are reported to the Board of Directors.

5 Financial instruments by category

(a) Financial assets measured at fair value through profit or loss

(i) Derivatives - The derivative instruments obtained by the Company are intended to protect its portfolio ordering operations and exposure to fluctuations risks in exchange rates and interest rates, and are not used for speculative purposes.

(b) Financial assets measured at the amortized cost

(i) Cash and cash equivalents - Checking account balances held at banks have their market values similar to the accounting balances, considering their characteristics and maturities;

(ii) Financial investments - Financial investments are measured at the amortized cost;

(iii) Trade accounts receivable - Trade accounts receivable for the sale of goods and services rendered; and

(iv) Related parties - Represented by loans.

(c) Financial liabilities measured at the fair value through profit or loss

(i) Derivatives - The derivative instruments obtained by the Company are intended to protect its portfolio ordering operations and exposure to fluctuations risks in exchange rates and interest rates, and are not used for speculative purposes.

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(d) Financial liabilities measured at the fair value through profit or loss

(i) Loans and financing - Loans and financing are recorded based on the contractual interest of each operation. The difference between the book value and the market value, determined by the discounted cash flow method, can be summarized as follows:

	Consolidated			
	2022		2021	
Nature of the asset	**Equity value**	**Market value**	**Equity value**	**Market value**
Loans and financing	2,368,027	2,396,250	2,320,959	2,340,679

(ii) Suppliers – Represented by amounts payable for the purchase of goods and services

(e) Derivative financial instruments

The table below presents an estimate of the market value of our position of Non-deliverable Forward (NDF) and Forward contracts. Unrealized gains and losses on derivative transactions are recorded (if loss) under the heading of derivative financial instruments or (if gain) under derivative financial instruments and the corresponding entry in the result in the heading financial income or expenses - exchange rate change, respectively.

Assets

					Notional value	Fair value		Values receivable	
Company	**Counterpart**	**Position**	**Start**	**End**	**2022**	**2022**	**2021**	**2022**	**2021**
Marcopolo					USD thousand				
	VOTORANTIM	Purchase	-	-	-	-	131	-	131
	PACTUAL	Purchase	12.20.22	02.15.23	6,000	542	-	542	-
						542	**131**	**542**	**131**
Masa					USD thousand				
	STD	Purchase	-	-	-	-	171	-	171
						-	**171**	**-**	**171**
Ciferal					USD thousand				
	BRADESCO	Sale	12.12.22	03.30.23	1,000	34	290	34	290
						34	**290**	**34**	**290**
MP Australia									
					USD thousand				
	WESTERN UNION	Purchase	-	-	-	-	76	-	76
					CHF thousand				
	WESTERN UNION	Purchase	-	-	-	-	6	-	6

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					SGD thousand				
	WESTERN UNION	Purchase	11.02.22	01.31.23	500	22	9	22	9
						22	**91**	**22**	**91**
						598	**683**	**598**	**683**

Liabilities

Company	Counterpart	Position	Start	End	Notional value 2022	Fair value 2022	Fair value 2021	Values payable 2022	Values payable 2021
Marcopolo					USD thousand				
	PACTUAL	Purchase	12.14.22	02.15.23	5,000	(331)	(444)	(331)	(444)
	SAFRA	Purchase	12.14.22	02.15.23	9,000	(543)	-	(543)	-
	SANTANDER	Purchase	-	-	-	-	(19)	-	(19)
	BRADESCO	Purchase	-	-	-	-	(252)	-	(252)
	BRAZIL	Purchase	-	-	-	-	(15)	-	(15)
	FIBRA	Purchase	-	-	-	-	(101)	-	(101)
	VOTORANTIM	Purchase	-	-	-	-	(89)	-	(89)
						(874)	**(920)**	**(874)**	**(920)**
MP Mexico					USD thousand				
	Banco Monex	Purchase	11.24.22	04.17.23	2,000	(33)	-	(33)	-
						(33)	-	(33)	-
MP Australia					EUR thousand				
	WESTERN UNION	-	-	-	-	-	(1)	-	(1)
						-	**(1)**	-	(1)
Masa					USD thousand				
	STD	Purchase	12.08.22	05.31.23	1,314	(68)	-	(68)	-
						(68)	-	(68)	-
						(975)	**(921)**	(975)	(921)

Marcopolo accumulated the following gains and losses on derivatives in the years ended December 31, 2022 and 2021:

	Realized gains/losses			
	Interest on derivatives		**Exchange variation on derivatives**	
	2022	**2021**	**2022**	**2021**
Marcopolo	(12,099)	(3,456)	(2,522)	6,606
Ciferal	563	627	2,151	(852)
San Marino	-	211	-	(1,625)
Masa	-	-	607	(227)
MP Australia	-	-	250	1,353

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6 Consolidated financial statements

The consolidated financial statements include the statements of Marcopolo S.A. and its subsidiaries, as listed below:

(a) Subsidiaries

	Percentage participation					
	2022			2021		
	Direct	Indirect	Non-controlling	Direct	Indirect	Non-controlling
Apolo	65.00	-	35.00	65.00	-	35.00
Arcanjos	-	100.00	-	-	100.00	-
Banco Moneo	-	100.00	-	-	100.00	-
Ciferal	99.99	0.01	-	99.99	0.01	-
Ilmot	100.00	-	-	100.00	-	-
MAC	100.00	-	-	100.00	-	-
Masa	100.00	-	-	100.00	-	-
MBC	100.00	-	-	100.00	-	-
MP Argentina	43.99	26.01	30.00	43.99	26.01	30.00
MIC	100.00	-	-	100.00	-	-
Moneo	100.00	-	-	100.00	-	-
MP Australia	100.00	-	-	100.00	-	-
MP Canada	100.00	-	-	100.00	-	-
MP Middle East	100.00	-	-	100.00	-	-
MP Next	99.99	0.01	-	99.99	0.01	-
Neobus Chile (2)	-	100.00	-	-	100.00	-
NewRoad (2)	-	-	-	-	100.00	-
Polo Venture	99.99	0.01	-	99.99	0.01	-
Pologren (1)	-	100.00	-	-	100.00	-
MP Mexico	3.61	70.39	26.00	3.61	70.39	26.00
Rotas do Sul (2)	-	100.00	-	-	100.00	-
San Marino	100.00	-	-	100.00	-	-
San Marino Mexico (2)	-	100.00	-	-	100.00	-
Syncroparts	100.00	-	-	100.00	-	-
Trading	99.99	0.01	-	99.99	0.01	-
Volare Comércio	100.00	-	-	100.00	-	-
Volare Veículos	100.00	-	-	100.00	-	-
Volgren (1)	-	100.00	-	-	100.00	-

(1) Consolidation in MP Australia.
(2) Consolidated in Ciferal.

The main practices adopted for the consolidated financial statements are highlighted below:

(i) Elimination of asset and liability account balances between consolidated companies;

(ii) Elimination of equity interests, reserves and retained earnings from controlled companies;

(iii) Elimination of the balances for revenue and expenses, as well as unrealized profits, arising from intercompany transactions. Unrealized losses are eliminated in the same manner, but only when there is no evidence of impairment of the related assets;

(iv) Elimination of tax contributions on the portion of unrealized profit presented as deferred taxes in the consolidated balance sheet; and

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(v) Highlighting of the value of the non-controlling interest in consolidated financial statements.

(b) Joint ventures (non-consolidated)

	Percentage participation			
	2022		2021	
	Direct	**Indirect**	**Direct**	**Indirect**
Loma	51.00	-	51.00	-
Metalpar	1.00	49.00	1.00	49.00
Superpolo	20.61	29.39	20.61	29.39

The amount of the main balances of the financial statements of these companies is shown as follows:

	Assets		Liabilities		Net revenue		Profit	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Superpolo	306,194	413,947	157,606	216,232	338,110	261,019	5,318	19,539

(c) Associates (non-consolidated)

	Percentage participation			
	2022		2021	
	Direct	**Indirect**	**Direct**	**Indirect**
GB Polo	-	-	20.00	-
Mercobus	40.00	-	40.00	-
New Flyer	-	8.54	-	9.28
Valeo	40.00	-	40.00	-
Setbus (1)	-	40.00	-	40.00
Spheros Colombia (1)	-	40.00	-	40.00
Valeo Mexico (1)	-	40.00	-	40.00
WSul	30.00	-	30.00	-

(1) Consolidated in the associates (non-consolidated) Valeo.

The amount of the main balances of the financial statements of these companies is shown as follows:

	Assets		Liabilities		Net revenue		Profit (loss)	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
GBPolo (1)	-	119,969	-	149,124	6,849	31,032	(17,645)	(5,805)
Mercobus	5,689	5,550	1,871	1,975	4,711	4,732	328	445
Valeo	199,042	165,249	79,722	63,201	272,704	174,477	17,128	1,810
WSul	19,934	16,387	8,594	9,324	48,876	31,801	5,177	880

(1) Investment written off in December 2022.

The nature of ownership interests are presented below:

Apolo Soluções em Plásticos Ltda. - 65% ownership interest, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. The company's corporate purpose involves the injection of plastic parts, and the development, manufacture and trade of plastic products and materials.

Marcopolo Middle East and Africa FZE. - Wholly-owned subsidiary located in Dubai, United Arab Emirates. The objective of Marcopolo Middle East is the development of commercial relations with the Middle East.

Moneo Investimentos S.A. - Wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Moneo's objective is to hold stakes in other companies, exclusively in those that are financial institutions or other institutions authorized to operate by the Central Bank of Brazil and has the following wholly-owned subsidiary:

Banco Moneo S.A. - located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. The company's corporate purpose involves banking activities in general, performed in the manner authorized by the Central Bank and operations carried out within the Brazilian marketplace.

Marcopolo Next Serviços em Mobilidade Ltda. – wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Its purpose is to provide services and solutions in mobility.

Polo Venture Participações Ltda. – wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Its main purpose is the participation in the capital of other companies in the country and abroad.

- Arcanjos Investimento e Participações Ltda. – Indirect subsidiary, located in the city and state of São Paulo, Brazil. Its main purpose is the participation in the share capital of other companies.

Ciferal Indústria de Ônibus Ltda. – Wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Ciferal's corporate purpose involves the manufacturing of bus and microbus bodies, as well as their parts, components and accessories and maintaining ownership interests in other companies, including the following controlled companies:

- San Marino Bus de México S.A. de C.V. – A wholly-owned subsidiary, located in Toluca in the State of Mexico, Mexico. The company's corporate purpose involves the manufacturing bus bodies.

- Rotas do Sul Logística Ltda. – A wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. The company's corporate purpose involves the provision of transportation services.

- Neobus Chile SPA. – A wholly-owned subsidiary, located in Chile. The company's corporate purpose involves the commercialization of products and parts.

Ilmot International Corporation. – Wholly-owned subsidiary located in Uruguay. Ilmot is engaged in holding interests in other companies and has the following subsidiaries/associates:

- Polomex S.A. de C.V. – located in Monterrey, Nuevo León, Mexico. Polomex is a bus body manufacturer.

- Superpolo S.A.S. – located in Colombia. Superpolo's objective is to manufacture bus bodies.

Marcopolo Auto Components Co. – A wholly-owned subsidiary, located in ChangZhou City, China, which seeks to develop and promote sales of bus components.

Marcopolo Australia Holdings Pty Ltd. – Wholly-owned subsidiary, located in Melbourne, Australia. The objective of MP Australia is to hold shares in other companies and has the following subsidiary:

- Pologren Australia Holdings Pty Ltd. – Subsidiary, located in Melbourne, Australia. The objective of Pologren is to hold stakes in other companies and it has the following subsidiary:

  - Volgren Australia Pty Limited. – located in Melbourne, Australia. Holds a 100% ownership interest in terms of capital. Volgren's objective is to manufacture bus bodies.

Marcopolo (Changzhou) Bus Manufacturing Co.;Ltd – A wholly-owned subsidiary, located in ChangZhou City, China. The Company’s corporate purpose involves the development and manufacture of bus bodies and components.

Marcopolo Canada Holdings Corp. – wholly-owned subsidiary, located in Canada. MP Canada is engaged in participation in other companies and has the following associate:

- New Flyer Industries Inc. – located in Canada, with a 9.28% ownership interest in terms of capital. The objective of New Flyer is to manufacture buses.

Marcopolo International Corp. – wholly-owned subsidiary, located in the British Virgin Islands. The activities of this subsidiary are currently suspended.

Marcopolo South Africa Pty Ltd. – A wholly-owned subsidiary, located in Johannesburg, South Africa. The Company’s purpose involves the manufacturing of bus bodies.

Marcopolo Trading S.A. – wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Its purpose is to provide technical services related to foreign trade.

Syncroparts Com. e Distr. de Peças Ltda. – Wholly-owned subsidiary, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Its purpose is the trade and distribution of parts for motor vehicles, and interests in other companies.

Volare Veículos Ltda. – A wholly-owned subsidiary, located in São Mateus, in the State of Espírito Santo, Brazil. The Company’s corporate purpose involves the manufacturing of bus and microbus bodies, as well as parts, components and accessories.

Volare Comércio e Distribuição de Veículos e Peças Ltda. – Wholesale subsidiary, located in São Paulo, in the State of São Paulo, Brazil. The Company’s corporate purpose involves the wholesale trade of motor vehicle parts and accessories.

Loma Hermosa S.A. – Affiliate holding a 51% ownership interest in terms of capital, located in the Province of Buenos Aires, Argentina. Loma is engaged in holding interests in other companies and has the following subsidiaries/associates::

- Metalpar S.A. – Subsidiary, holding a 98% ownership interest in terms of capital, located in the Province of Buenos Aires, Argentina. Metalpar's objective is to manufacture bus bodies.

- Metalsur Carrocerias S.r.l. – Subsidiary, holding a 51% ownership interest in terms of capital, located in the Province of Santa Fe, Argentina. Metalsur's objective is to manufacture bus bodies.

Valeo Climatização do Brasil – Veículos Comerciais S.A. – Affiliate, holding a 40% ownership interest in terms of capital, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. Valeo's objective is the assembly, commercialization, import and export of refrigeration and air conditioning equipment and participation in other companies, with the following subsidiaries:

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- Valeo Thermal Commercial Vehicles México S.A. de C.V. – Wholly-owned subsidiary, located in Mexico, the corporate purpose of which involves the assembly, commercialization, and import and export of refrigeration and air conditioning equipment.

- Spheros Thermosystems Colombia Ltda. – A wholly-owned subsidiary, located in Colombia, the corporate purpose of which involves the assembly, commercialization, and import and export of refrigeration and air conditioning equipment.

WSul Espumas Indústria e Comércio Ltda. – Affiliate holding a 30% ownership interest in terms of capital, located in Caxias do Sul, in the State of Rio Grande do Sul, Brazil. WSul's objective is the manufacture and commercialization of polyurethane foam, moldings and their derivatives.

7 Cash and cash equivalents, financial assets and derivatives

7.1 Cash and cash equivalents

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Cash and bank deposits				
In Brazil	161,357	82,194	168,537	93,599
Overseas	62	314	59,554	88,142
Securities of immediate liquidity				
In Brazil (*)	559,231	734,930	885,909	1,114,697
Overseas	-	-	57,473	26,537
Total cash and cash equivalent	720,650	817,438	1,171,473	1,322,975

(*) Corresponds, in a substantial manner, to investments in Bank Deposit Certificates (CDB), remunerated at rates that vary between 92.0% and 105.0% CDI, resulting in a weighted average of 102.5% of the CDI as of December 31, 2022.

7.2 Financial assets measured at amortized cost loss and derivative financial instruments

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Current				
Derivative financial instruments				
Derivatives - Non Deliverable Forwards	542	131	598	683
	542	131	598	683
Non-current				
At amortized cost				
Related parties	145,095	106,539	69,864	75,061
	145,095	106,539	69,864	75,061

Derivative financial instruments are presented as current assets or liabilities. The Company does not hold financial instruments that have been recorded under *hedge accounting* in accordance with IFRS 9/CPC 48.

8 Accounts receivable from customers

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Current				
In the domestic market	197,429	84,850	677,493	180,039
In the foreign market	213,460	142,352	381,823	324,855
Related parties	307,725	81,479	-	-
Interbank relations	-	-	285,430	267,536
Adjustment to present value	(12,037)	(2,951)	(22,476)	(7,087)
Expected credit losses	(30,045)	(38,210)	(79,707)	(107,768)
	676,532	267,520	1,242,563	657,575
Non-current assets				
In the foreign market	-	-	104,201	28,788
Interbank relations	-	-	468,818	459,420
Expected credit losses	-	-	(59,477)	(52,753)
	-	-	513,542	435,455
	676,532	267,520	1,756,105	1,093,030

Interbank relations refer to loans for bus financing by Banco Moneo, through onlending of the FINAME program of BNDES.

The composition of trade accounts receivable by maturity is as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Amounts due	656,827	231,300	1,588,446	1,077,418
Overdue:				
Up to 30 days	17,980	6,955	125,853	54,172
Between 31 and 60 days	5,723	5,296	57,287	8,142
Between 61 and 90 days	2,023	2,916	35,114	3,946
Between 91 and 180 days	2,296	2,808	53,531	9,239
Over 181 days	33,765	59,406	57,534	107,721
Adjustment to present value	(12,037)	(2,951)	(22,476)	(7,087)
(-) Expected credit losses	(30,045)	(38,210)	(139,184)	(160,521)
	676,532	267,520	1,756,105	1,093,030

The changes in expected credit losses are shown below:

	Parent company	Consolidated
Balance as of January 1, 2021	(37,354)	(147,220)
Provision recorded for the period	(7,259)	(40,564)
Reversal of provision for accounts receivable (write-off)	6,403	26,345
Recovery of provisioned credits	-	1,451
Exchange variation	-	(533)
Balance on December 31, 2021	(38,210)	(160,521)

	Parent company	Consolidated
Provision recorded for the period	(3,974)	(18,924)
Reversal of provision for accounts receivable (write-off)	6,992	7,251
Recovery of provisioned credits	5,147	32,291
Exchange variation	-	719
Balance as of December 31, 2022	(30,045)	(139,184)

Accounts receivable are denominated in the following currencies:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Brazilian Real	463,072	125,168	1,405,170	783,074
Dirham	-	-	332	313
US Dollar	213,460	142,352	126,439	170,354
Australian Dollar	-	-	52,231	28,439
Argentine Peso	-	-	10,268	21,555
Rand	-	-	13,116	21,222
Renminbi	-	-	12,481	9,871
Mexican Peso	-	-	136,068	58,202
	676,532	267,520	1,756,105	1,093,030

9 Inventory

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Finished products	72,601	55,758	406,917	207,922
Products in preparation	69,760	44,559	168,580	145,232
Raw and auxiliary materials	339,904	220,509	724,937	569,584
Current imports	8,971	41,134	52,071	81,362
Provision for losses from inventories	(5,991)	(5,361)	(14,154)	(16,486)
	485,245	356,599	1,338,351	987,614

The change in the provision for inventory losses is shown below:

	Parent company	Consolidated
Balance as of January 1, 2021	(6,469)	(13,666)
Reversal of provision	3,141	6,634
Provision recorded for the period	(2,033)	(8,899)
Exchange variation	-	(555)
Balance on December 31, 2021	(5,361)	(16,486)
Reversal of provision	325	6,521
Provision recorded for the period	(955)	(4,885)
Exchange variation	-	696
Balance as of December 31, 2022	(5,991)	(14,154)

In thousands of Brazilian Real, unless otherwise stated

10 Recoverable taxes

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Current				
Tax on Industrialized Products (IPI)	1,743	2,470	2,835	3,925
Tax on Circulation of Goods and Services (ICMS)	8,719	11,771	49,492	27,912
Social Integration Program (PIS)	1,613	2,232	16,552	13,668
Contribution to Social Security Financing (COFINS)	10,170	9,964	65,733	57,581
National Institute of Social Security (INSS)	-	-	584	584
Reintegra	820	820	1,195	1,677
Value Added Tax (VAT)	-	-	30,451	77,561
Pis/Cofins to recover - ICMS exclusion base calculation (ii)	15,209	-	37,645	16,272
Other	18,059	11,303	18,293	10,071
	56,333	38,560	222,780	209,251
Non-current assets				
Tax on Circulation of Goods and Services (ICMS)	3,022	3,368	3,243	3,644
Pis/Cofins to recover - ICMS exclusion base calculation (ii)	269,246	298,929	348,021	402,031
Value Added Tax (VAT)	-	-	26,554	11,583
	272,268	302,297	377,818	417,258
	328,601	340,857	600,598	626,509

(i) Details are provided in explanatory note 29 (i).
(ii) Details are provided in explanatory note 29 (iii).

11 Investments

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Subsidiaries	2,261,129	2,118,118	-	-
Jointly controlled entities	110,499	119,165	86,564	102,915
Associates	52,657	44,368	369,402	451,901
Other investments	-	-	3,463	5,307
	2,424,285	2,281,651	459,429	560,123

In thousands of Brazilian Real, unless otherwise stated

(a) Investment in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are as follows:

Subsidiaries:

	Apolo	Ciferal	Ilmot (1)	Loma Metalsur (1)	MAC (1)	MBC (1)	MP Australia (1)	Masa (1)	MP Argentina (1)(2)	MIC (1)	Moneo	MP Canada (1)	MP Middle East (1)	MP Next	MP Mexico (1)	San Marino (2), (3)	Polo Venture	Syncro	Trading	Volare Vehicles	Volare Commerce	Subsidiaries Total 2022	Subsidiaries Total 2021
Investment Data																							
Share capital	3,850	308,055	80,343	20,107	61,356	18,000	79,751	9,558	20,107	7,304	150,000	125,440	1,421	5,000	52,561	-	20,000	4,000	5,000	351,110	11.000		
Shareholders' equity	9,678	722,705	166,757	(22,600)	697	(4,522)	56,390	64,342	(22,600)	8,097	246,339	399,999	(3,749)	4,527	176,177	-	6,717	6,875	9,107	466,521	7,322		
Shares or quotas held	3,250,000	308,054,016	154,000	4,897,938	1	1	100	300	4,897,938	1,400,000	150,000	4,925,530	1	4,999,500	3,011,659	-	19,998,000	4,000,000	4,999,850	343,110,000	11,000,000		
% participation	65.00	100.00	100.00	26.01	100.00	100.00	100.00	100.00	43.99	100.00	100.00	100.00	100.00	99.99	3.61	100.00	99.99	100.00	99.99	100.00	100.00		
Net income (loss) for the period	1,528	244,178	2,185	(43,764)	(11,031)	(2,355)	(20,893)	3,456	(43,764)	290	15,475	(60,487)	(1,358)	159	1,080	36,938	(1,159)	611	286	153,510	1,826		
Changes in investments																							
Opening balances:																							
By the equity value	5,298	110,389	183,582	1,494	-	-	87,896	68,916	27,398	8,347	235,196	515,032	-	-	6,478	564,058	7,675	6,264	8,888	275,711	5,496	2,118,118	1,960,849
Reclassification of provision for investment loss	-	-	-	-	(22,396)	(2,547)	-	-	-	-	-	-	(2,567)	(1,732)	-	-	-	-	-	-	-	(29,242)	(16,642)
Acquisition of ownership interests	-	511,259	-	-	-	-	-	-	-	-	-	-	-	-	-	(511,259)	-	-	-	-	-	-	667
Advance for capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,300	-	37,300	64,114
Payment of capital	-	-	-	-	33,067	-	-	-	-	-	-	-	-	6,100	-	-	200	-	-	-	-	39,367	26,199
Dividends received/reversed	-	(90,000)	(2,903)	-	-	-	-	-	-	-	(4,332)	-	-	-	-	(90,000)	-	-	(68)	-	-	(187,303)	(158,020)
Equity equivalence result	993	244,178	2,185	(11,383)	(11,031)	(2,355)	(20,893)	3,456	(19,252)	290	15,475	(60,487)	(1,358)	159	39	36,938	(1,159)	611	286	153,510	1,826	332,028	103,490
Cumulative conversion adjustments	-	1,396	(16,107)	2,952	1,057	380	(10,613)	(8,030)	4,992	(540)	-	(45,326)	176	-	(157)	300	-	-	-	-	-	(69,520)	103,847
Reduction in capital	-	-	-	-	-	-	-	-	-	-	-	(20,164)	-	-	-	-	-	-	-	-	-	(20,164)	-
Exchange variation on capital reduction	-	-	-	-	-	-	-	-	-	-	-	10,944	-	-	-	-	-	-	-	-	-	10,944	-
Adjustment for hyperinflation	-	-	-	1,058	-	-	-	-	1,789	-	-	-	-	-	-	-	-	-	-	-	-	2,847	4,521
Transfers	-	-	-	-	-	-	-	-	(881)	-	-	-	-	-	-	-	-	-	-	-	-	(881)	-
Amortization of added value	-	(112)	-	-	-	-	-	-	(682)	-	-	-	-	-	-	(37)	-	-	-	-	-	(831)	(149)
Closing balances:	6,291	777,110	166,757	(5,879)	697	(4,522)	56,390	64,342	13,364	8,097	246,339	399,999	(3,749)	4,527	6,360	-	6,716	6,875	9,106	466,521	7,322	2,232,663	2,088,876
Provision for loss of investment	-	-	-	5,879	-	4,522	-	-	14,316	-	-	-	3,749	-	-	-	-	-	-	-	-	28,466	29,242
By the equity value	6,291	777,110	166,757	-	697	-	56,390	64,342	27,680	8,097	246,339	399,999	-	4,527	6,360	-	6,716	6,875	9,106	466,521	7,322	2,261,129	2,118,118

(1) Enterprises overseas.
(2) These balances include investments and goodwill.
(3) San Marino was merged into Ciferal, both controlled by Marcopolo, on March 31, 2022. As of April 1, 2022, the company San Marino ceased to exist and its operation was fully transferred to Ciferal.

In thousands of Brazilian Real, unless otherwise stated

Joint ventures:

	Joint ventures				
				Total	
	Loma (1), (2)	**Metalpar** (1)	**Superpolo** (1)	**2022**	**2021**
Investment Data					
Share capital	122,399	17	13,908		
Shareholders' equity	(91,455)	(62,800)	148,588		
Shares or quotas held	50,171,712	493,611	265,763		
% participation	51.00	1.00	20.61		
Net profit (loss) for the period	9,163	25,200	5,318		
Changes in investments					
Opening balances:					
By the equity value	33,169	-	40,749	73,918	86,522
Reclassification of provision for investment loss	-	(757)	-	(757)	(841)
Payment of capital	-	-	-	-	-
Dividends received	-	-	(2,036)	(2,036)	(2,909)
Equity equivalence result	4,673	252	1,096	6,021	9,892
Cumulative conversion adjustments	22,251	375	(9,185)	13,441	686
Adjustment for hyperinflation	(26,872)	(498)	-	(27,370)	(18,068)
Exchange variation on disposal of investment	-	-	-	-	(510)
Transfers	881			881	-
Capital gains amortization	(869)	-	-	(869)	(1,551)
Investment write-off	-	-	-	-	(60)
Closing balances:	33,233	(628)	30,624	63,229	73,161
Provision for loss of investment	46,642	628	-	47,270	46,004
By the equity value	79,875	-	30,624	110,499	119,165
Goodwill on investment	(48,856)	-	-	(48,856)	(52,172)
Allocation of the purchase price	(18,749)	-	-	(18,749)	(22,184)
Indirect participation - Superpolo	-	-	43,670	43,670	58,106
By the consolidated equity value	12,270	-	74,294	86,564	102,915

(1) Enterprises overseas.
(2) These balances include investments and goodwill.

In thousands of Brazilian Real, unless otherwise stated

Associates:

						Associates	
						Total	
	GBPolo	**Mercobus**	**Valeo**	**WSul**	**New Flyer**	**2022**	**2021**
	(1), (2)	(1)			(1)		
Investment Data							
Share capital	2,721,496	799	30,000	6,100	5,155,251		
Shareholders' equity	-	3,818	119,320	11,340	3,708,958		
Shares or quotas held	1,960,784	232,000	244,898	1,830,000	6,587,834		
% participation	20.00	40.00	40.00	30.00	8.54		
Net income (loss) for the period	(17,645)	328	17,128	5,177	(705,960)		
Changes in investments							
Opening balances:							
By the equity value	-	1,430	40,819	2,119	-	44,368	44,778
Reclassification of provision for investment loss	(5,831)	-	-	-	-	(5,831)	(4,176)
Dividends received	-	-	-	(270)	-	(270)	(1,840)
Equity equivalence result	(3,529)	131	6,851	1,553	-	5,006	5
Cumulative conversion adjustments	5,312	(34)	58	-	-	5,336	(230)
Reduction in capital	6,202	-	-	-	-	6,202	-
Exchange variation on capital reduction	(2,154)	-	-	-	-	(2,154)	-
Closing balances:	-	1,527	47,728	3,402	-	52,657	38,537
Provision for loss of investment	-	-	-	-	-	-	5,831
By the equity value	-	1,527	47,728	3,402	-	52,657	44,368
Indirect participation - New Flyer	-	-	-	-	316,745	316,745	407,533
By the equity value	-	1,527	47,728	3,402	316,745	369,402	451,901

(1) Enterprise abroad.
(2) Company sold in December 2022.

In thousands of Brazilian Real, unless otherwise stated

12 Investment Property

The investment properties refer to two properties: one located in Três Rios and the other in Caxias do Sul.

The land located in Três Rios, in Rio de Janeiro has 140.000m², its constructed area is 20.378,87m². The property is measured at a book value of R$41,349 (R$41,764 as of December 31, 2021) and was assessed at a fair value of R$41,971.

The land located in Caxias do Sul, in Rio Grande do Sul has 46,530.05m², its built area is 35,860.75m². The property is measured at a book value of R$6,002 (R$6,240 on December 31, 2021) and was valued at a fair value of R$49,930.

The fair values are net of marketing expenses and were calculated by specialized valuers. There are no operating activities being carried out at the sites, which are maintained to earn rental income or for the appreciation of the property. There were only irrelevant expenses related to surveillance, insurance and energy were incurred during the 2022 fiscal year.

				Parent company
	Land	**Buildings and Constructions**	**Machinery and Equipment**	**Total**
Balance on December 31, 2021	2,609	3,351	280	6,240
Depreciation	-	(191)	(47)	(238)
Balances as of December 31, 2022	2,609	3,160	233	6,002
Cost of the investment property	2,609	3,558	330	6,497
Accumulated depreciation	-	(398)	(97)	(495)
Residual value	2,609	3,160	233	6,002
Annual depreciation rates - %		5.4	14.1	

				Consolidated
	Land	**Buildings and Constructions**	**Machinery and Equipment**	**Total**
Balance on December 31, 2021	22,822	22,612	2,570	48,004
Depreciation	-	(412)	(241)	(653)
Balances as of December 31, 2022	22,822	22,200	2,329	47,351
Cost of the investment property	22,822	24,998	3,799	51,619
Accumulated depreciation	-	(2,798)	(1,470)	(4,268)
Residual value	22,822	22,200	2,329	47,351
Annual depreciation rates - %		2.5	11.2	

13 Fixed Assets

(a) Summary of activity related to the parent company's fixed assets

	Land	Buildings and Constructions	Machinery and Equipment	Furniture and fixtures	IT equipment	Vehicles	Other	Total	Building – Right to use	Total
Balances as of January 1, 2021	15,659	130,368	232,355	3,278	9,938	1,872	175	393,645	5,545	399,190
Additions	-	11,131	56,710	229	3,374	79	-	71,523	2,038	73,561
Write-offs	-	(171)	(5,552)	(13)	(175)	(246)	-	(6,157)	-	(6,157)
Transfers	-	(395)	395	-	-	-	-	-	-	-
Depreciation	-	(3,732)	(23,642)	(673)	(3,190)	(209)	-	(31,446)	(1,686)	(33,132)
Balance on December 31, 2021	15,659	137,201	260,266	2,821	9,947	1,496	175	427,565	5,897	433,462
Cost of property, plant and equipment	15,659	206,903	444,203	9,499	31,602	5,516	175	713,557	9,369	722,926
Accumulated depreciation	-	(69,702)	(183,937)	(6,678)	(21,655)	(4,020)	-	(285,992)	(3,472)	(289,464)
Residual value	15,659	137,201	260,266	2,821	9,947	1,496	175	427,565	5,897	433,462
Balance on December 31, 2021	15,659	137,201	260,266	2,821	9,947	1,496	175	427,565	5,897	433,462
Additions	-	5,848	34,530	685	6,520	678	-	48,261	2,209	50,470
Write-offs	-	-	(1,746)	(7)	(157)	(16)	(16)	(1,942)	-	(1,942)
Depreciation	-	(4,342)	(31,362)	(571)	(3,079)	(200)	-	(39,554)	(2,292)	(41,846)
Balances as of December 31, 2022	15,659	138,707	261,688	2,928	13,231	1,958	159	434,330	5,814	440,144
Cost of property, plant and equipment	15,659	212,657	474,041	10,141	35,413	6,169	159	754,239	11,578	765,817
Accumulated depreciation	-	(73,950)	(212,353)	(7,213)	(22,182)	(4,211)	-	(319,909)	(5,764)	(325,673)
Residual value	15,659	138,707	261,688	2,928	13,231	1,958	159	434,330	5,814	440,144
Annual depreciation rates - %		2.8	11.8	9.0	15.0	12.3	9.4			

In thousands of Brazilian Real, unless otherwise stated

(b) Summary of activity involving consolidated fixed assets

	Land	**Buildings and Constructions**	**Machinery and Equipment**	**Furniture and fixtures**	**Computer equipment**	**Vehicles**	**Other**	**Property, plant and equipment in progress**	**Total**	**Building – Right to use**	**Machine - Right to use**	**Total**
Balances as of January 1, 2021	55,624	424,655	386,285	8,333	12,119	4,986	13,084	31,561	936,647	65,341	4,332	1,006,320
Exchange rate effect	(9)	(1,148)	(340)	184	-	61	(186)	105	(1,333)	1,350	-	17
Adjustmen for hyperinflation	728	6,591	4,103	195	-	428	2,695	2,170	16,910	-	-	16,910
Additions	-	12,892	63,183	612	4,918	3,730	2,121	12,625	100,081	7,824	-	107,905
Write-offs	-	(3,037)	(7,642)	(407)	(459)	(781)	(151)	(24)	(12,501)	-	-	(12,501)
Transfers	6	19,757	966	1	-	89	(6)	(20,813)	-	-	-	-
Depreciation	-	(14,400)	(53,214)	(1,815)	(4,010)	(1,952)	(3,852)	(28)	(79,271)	(20,967)	(654)	(100,892)
Balance on December 31, 2021	56,349	445,310	393,341	7,103	12,568	6,561	13,705	25,596	960,533	53,548	3,678	1,017,759
Cost of property, plant and equipment	56,349	564,742	872,636	25,544	40,556	19,288	44,115	25,596	1,648,826	113,246	6,258	1,768,330
Accumulated depreciation	-	(119,432)	(479,295)	(18,441)	(27,988)	(12,727)	(30,410)	-	(688,293)	(59,698)	(2,580)	(750,571)
Residual value	56,349	445,310	393,341	7,103	12,568	6,561	13,705	25,596	960,533	53,548	3,678	1,017,759
Balance on December 31, 2021	56,349	445,310	393,341	7,103	12,568	6,561	13,705	25,596	960,533	53,548	3,678	1,017,759
Exchange rate effect	(185)	(11,565)	(13,176)	(2,751)	-	(315)	(2,145)	(77)	(30,214)	(4,937)	-	(35,151)
Adjustment for hyperinflation	1,369	28,252	9,587	425	-	819	692	(2,527)	38,617	-	-	38,617
Additions	8,272	11,059	45,910	1,243	7,228	1,656	457	14,501	90,326	38,146	-	128,472
Write-offs	-	-	(2,300)	(24)	(262)	(692)	(41)	(1,387)	(4,706)	(82)	-	(4,788)
Transfers	-	-	-	-	182	-	-	(182)	-	-	-	-
Depreciation	-	(19,865)	(63,636)	(1,767)	(4,593)	(2,129)	(2,360)	(43)	(94,393)	(20,221)	(282)	(114,896)
Balances as of December 31, 2022	65,805	453,191	369,726	4,229	15,123	5,900	10,308	35,881	960,163	66,454	3,396	1,030,013
Cost of property, plant and equipment	65,805	586,193	886,659	24,031	44,018	19,215	38,483	35,881	1,700,285	132,321	11,526	1,844,132
Accumulated depreciation	-	(133,002)	(516,933)	(19,802)	(28,895)	(13,315)	(28,175)	-	(740,122)	(65,867)	(8,130)	(814,119)
Residual value	65,805	453,191	369,726	4,229	15,123	5,900	10,308	35,881	960,163	66,454	3,396	1,030,013
Annual depreciation rates - %		1.7	8.2	9.1	15.3	12.9						

Land and buildings comprise mainly factories and offices.

In thousands of Brazilian Real, unless otherwise stated

(c) Guarantee

As of December 31, 2022, properties with a net book value of R$11,140 (R$20,225 as of December 31, 2021) are subject to a registered suretyship in order to guarantee bank loans and contingencies.

14 Goodwill and intangible assets

(a) Summary of the movement of the parent company's intangible assets

	Software	**Trademarks and licenses**	**Total**
Balances as of January 1, 2021	7,243	490	7,733
Additions	3,418	207	3,625
Amortizations	(2,295)	(37)	(2,332)
Balance on December 31, 2021	8,366	660	9,026
Cost of intangible assets	63,637	1,070	64,707
Accumulated amortization	(55,271)	(410)	(55,681)
Residual value	8,366	660	9,026
Balance on December 31, 2021	8,366	660	9,026
Additions	5,245	267	5,512
Amortizations	(2,334)	(80)	(2,414)
Balances as of December 31, 2022	11,277	847	12,124
Cost of intangible assets	68,391	1,337	69,728
Accumulated amortization	(57,114)	(490)	(57,604)
Residual value	11,277	847	12,124
Annual amortization rates - %	20.0	7.0	

In thousands of Brazilian Real, unless otherwise stated

(b) Summary of the movement of consolidated goodwill and intangible assets

	Software	Trademarks and licenses	Customer portfolio	Other Intangible Assets	Goodwill	Total
Balances as of January 1, 2021	8,852	9,611	23,952	789	302,726	345,930
Exchange rate effect	(37)	-	-	-	7,034	6,997
Adjustment for hyperinflation	546	-	-	-	-	546
Additions	3,700	223	-	-	-	3,923
Write-offs	(6)	-	-	(424)	-	(430)
Transfers	282	1	(283)	-	-	-
Amortizations	(3,855)	(41)	(682)	-	-	(4,578)
Balance on December 31, 2021	9,482	9,794	22,987	365	309,760	352,388
Cost of intangible assets	86,272	10,245	56,452	10,245	309,760	472,974
Accumulated amortization	(76,790)	(451)	(33,465)	(9,880)	-	(120,586)
Residual value	9,482	9,794	22,987	365	309,760	352,388
Balance on December 31, 2021	9,482	9,794	22,987	365	309,760	352,388
Exchange rate effect	(324)	-	-	-	(29,402)	(29,726)
Adjustment for hyperinflation	1,182	-	-	-	-	1,182
Additions	6,845	268	-	-	-	7,113
Write-offs	(3)	-	-	-	-	(3)
Amortizations	(4,140)	(90)	(682)	-	-	(4,912)
Balances as of December 31, 2022	13,042	9,972	22,305	365	280,358	326,042
Cost of intangible assets	92,115	10,760	51,643	9,263	280,358	444,139
Accumulated amortization	(79,073)	(788)	(29,338)	(8,898)	-	(118,097)
Residual value	13,042	9,972	22,305	365	280,358	326,042
Annual amortization rates - %	20.0	0.4	2.8	10.0		

Composition of goodwill:

	Goodwill				
	Loma/ Metalsur	San Marino	New Flyer	Pologren	Total
Balance on December 31, 2021	52,172	30,739	82,321	144,528	309,760
Exchange rate effect	-	-	(10,004)	(19,398)	(29,402)
Balances as of December 31, 2022	52,172	30,739	72,317	125,130	280,358

(c) Goodwill test for verification of *impairment*

(i) Goodwill from direct subsidiary – Ciferal

Consists of the goodwill generated during acquisition of the investment in San Marino, which was incorporated by Ciferal on March 31, 2022 at an amount of R$30,739. The projections to establish the recoverable value were prepared according to the value in use, and were made for a period of five years and in perpetuity. The following main premises were invoked as of December 31, 2022: (i) a gross margin of 20.14%, (ii) a growth rate of 5.77% p.a., and (iii) a discount rate calculated after tax of 15.23% p.a., taking past management experience, as well as expectations for growth of the Company's operating segment into consideration. The recoverable amount was compared with the book balance for assets that compose the CGU and, as a result of this analysis and application of the premise described regarding discounted cash flows in order to determine the need to reduce the recoverable amount of goodwill, the Company's Management did not identify the need for recognition of *impairment* for this Cash Generating Unit. According to CPC 01, the Company provided projections for the following scenarios involving sensitivity: (i) a 25% decrease or increase in net revenue, (ii) a 25% decrease or increase in EBITDA margin; and (iii) 1% decrease or increase in discount rate. Alternative scenarios would not result in a need for *impairment*.

(ii) Goodwill at indirect subsidiary – Pologren

Consists of the goodwill generated in acquisition of the investment in Volgren at an amount of R$125,130. The projections to establish the recoverable value were prepared according to the value in use, considering the projection in the five-year period and in perpetuity. The following main premises were invoked as of December 31, 2022: (i) a gross margin of 19.08% p.a., (ii) a growth rate of 20.15% p.a., and (iii) a discount rate calculated after tax of 8.7% p.a., taking past management experience, as well as expectations for growth of the Company's operating segment into consideration. The recoverable amount was compared with the book balance for assets that compose the CGU and, as a result of this analysis and application of the premise described regarding discounted cash flows in order to determine the need to reduce the recoverable amount of goodwill, the Company's Management did not identify the need for recognition of *impairment* for this Cash Generating Unit. According to CPC 01, the Company provided projections for the following scenarios involving sensitivity: (i) a 25% decrease or increase in net revenue, (ii) a 25% decrease or increase in EBITDA margin; and (iii) 1% decrease or increase in discount rate. Alternative scenarios would not result in a need for *impairment*.

(iii) Goodwill from indirect affiliate – New Flyer

Composed of goodwill generated in the acquisition of the investment in New Flyer in the amount of R$ 72,317. New Flyer is a publicly-traded company, the shares (NFI) of which are traded on the Canadian stock exchange. The recoverable amount was calculated at fair value (level 1), taking the quotation for shares from the indirect associate (10.95 Canadian dollars) compared to the book value (which, at the time of acquisition, totalled 10.50 Canadian dollars) into account. The recoverable amount was compared with accounting for assets that compose the CGU and, as a result of this analysis, the Company's Management did not identify the need to recognize *impairment* for this Cash Generating Unit.

(iv) Goodwill at subsidiary – Metalsur

Composed of goodwill generated from corporate reorganization in Argentina in the amount of R$ 52,172. The projections to establish the recoverable value were prepared according to the value in use, and were made for a period of five years and in perpetuity. The following main premises were invoked as of December 31, 2021: (i) a gross margin of 23.25% p.a., (ii) a growth rate of 26.46% p.a., and (iii) a discount rate calculated after tax of 20.00% p.a., taking past management experience, as well as expectations for growth of the Company's operating segment into consideration. The recoverable amount was compared with the book balance for assets that compose the CGU and, as a result of this analysis and application of the premise described regarding discounted cash flows in order to determine the need to reduce the recoverable amount of goodwill, the Company's Management did not identify the need for recognition of *impairment* for this Cash Generating Unit. According to CPC 01, the Company provided projections for the following scenarios involving sensitivity: (i) a 25% decrease or increase in net revenue, (ii) a 25% decrease or increase in EBITDA margin; and (iii) 1% decrease or increase in discount rate. Alternative scenarios would not result in a need for *impairment*.

In thousands of Brazilian Real, unless otherwise stated

15 Related Parties - Parent company

(a) Related party balances and transactions

The main balances for assets and liabilities for related parties as of December 31, 2022, as well as the transactions that influenced results for the year, are described in the following table:

Related Parties	Asset balances by loan and current account	Accounts receivable from sales	Accounts payable for purchases	Sale of products/services	Purchase of products/services
Apolo	-	-	1,957	11	15,406
MP Middle East	-	10,027	-	10,304	-
Ciferal	-	103,662	16,104	248,233	22,177
Ilmot	1,085	-	-	-	-
Loma	69,864	-	-	-	-
Mac	-	925	164	1,506	5,653
Masa	-	9,882	-	20,837	-
MP Argentina	73,795	61,764	-	58,478	-
MP Australia	-	63	-	85	-
Polomex	-	48,060	-	64,954	-
San Marino	-	-	-	57,216	1,331
Valeo	-	-	13,547	-	75,878
Volare Comércio	66	207	1	559	19
Volare Veículos	285	73,135	713	83,110	3,008
WSul	-	-	12,100	-	58,381
Balance in 2022	145,095	307,725	44,586	545,293	181,853
Balance in 2021	106,539	81,479	18,144	291,716	124,544

Balances for loans and checking accounts held by companies headquartered in Brazil are subject to financial contributions equivalent to variation in the CDI. Overseas companies are subject to interest calculated using the semi-annual LIBOR and/or SOFR rate, with an additional 3% p.a..

In thousands of Brazilian Real, unless otherwise stated

(b) Remuneration of key management personnel

Key management personnel include the directors, officers and members of the Executive Committee. The remuneration paid or payable is as follows:

	2022				
	Fixed	**Variable**	**Pension plan**	**Share-based payment**	**Total**
Board of Directors and statutory directors	10,918	5,728	65	112	**16,823**
Non-statutory directors	8,707	8,570	333	297	**17,907**
	19,625	14,298	398	409	**34,730**

During the year ended December 31, 2022, the purchase options of 396,073 recorded shares of preferred stock were exercised by Marcopolo's managers and employees at the price of R$2.42 per share and a discount of R$0.40 per share, using treasury shares, in accordance with the provisions set forth in Marcopolo's stock option plan. The transfer of 86,080 shares in the amount of R$3.70 was also carried out according to the Long-Term Incentive Plan - Restricted Stock Units.

	2021				
	Fixed	**Variable**	**Pension plan**	**Share-based payment**	**Total**
Board of Directors and statutory directors	9,812	5,487	57	269	**15,625**
Non-statutory directors	6,519	4,329	229	652	**11,729**
	16,331	9,816	286	921	**27,354**

During the year ended December 31, 2021, the purchase options of 296,580 recorded shares of preferred stock were exercised by Marcopolo's managers and employees at the price of R$2.34 per share and a discount of R$0.46 per share, using treasury shares, in accordance with the provisions set forth in Marcopolo's stock option plan. The transfer of 192,096 shares in the amount of R$3.73 was also carried out according to the Long-Term Incentive Plan - Restricted Stock Units.

In thousands of Brazilian Real, unless otherwise stated

16 Loans and Financing

	Average rate weighted % p.a.	Year of Maturity	Parent company		Consolidated	
			2022	**2021**	**2022**	**2021**
Domestic currency						
FINAME	4.02	2023 to 2025	125	335	1,037	2,674
Bank loans	8.60	2027	-	-	6,081	7,368
Interbank deposits	14.09	2024	-	-	4,808	19,494
FINEP	6.24	2024 to 2034	315,992	320,369	321,181	333,408
FDE – Development funds	3.00	2025	-	-	52,284	73,795
Fundepar – ES	-	2026	-	-	30,000	30,000
Export credit notes - Compulsory	15.93	2026	185,315	185,197	185,315	185,197
Related parties	CDI	-	13	53	-	-
Foreign currency						
Advances on exchange contracts	5.78	2023	-	-	31,294	23,204
Pre-payment for export in US dollars	3.48	2023 to 2026	67,576	175,684	67,576	175,684
Export Credit Notes – USD	4.36	2023 to 2026	926,847	781,817	926,847	781,817
Financing in Rand	11.28	2023 to 2027	-	-	776	5,332
Financing in Renminbi	6.29	2023	-	-	24,732	18,107
Financing in Australian Dollars	5.85	2023	-	-	183,574	161,324
Financing in Argentine pesos	27.71	2023 to 2026	-	-	30,001	39,303
Subtotal of domestic and foreign currency			1,495,868	1,463,455	1,865,506	1,856,707
Open market funding						
Domestic currency						
BNDES – Pre-fixed Operations	10.64	2026 to 2028	-	-	450,837	373,882
BNDES – Postfixed Operations	IPCA + 1.41	2027	-	-	21,317	41,816
BNDES – Postfixed Operations	TJLP + 1.94	2024	-	-	1,236	22,685
BNDES – Postfixed Operations	SELIC + 1.49	2028	-	-	29,131	25,869
Subtotal of open market funding			-	-	502,521	464,252
Subtotal of loans and financing			1,495,868	1,463,455	2,368,027	2,320,959
Derivative financial instruments			874	920	975	921
Total loans and financing			1,496,742	1,464,375	2,369,002	2,321,880
Current liabilities			274,849	450,023	750,687	887,578
Non-current liabilities			1,221,893	1,014,352	1,618,315	1,434,302

In thousands of Brazilian Real, unless otherwise stated

Long-term installments have the following payment schedule:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
From 13 to 24 months	222,545	275,831	396,147	443,754
From 25 to 36 months	462,166	159,942	579,596	285,711
From 37 to 48 months	386,240	414,310	461,066	506,891
From 49 to 60 months	45,641	61,913	74,173	93,650
After 60 months	105,301	102,356	107,333	104,296
	1,221,893	1,014,352	1,618,315	1,434,302

(a) Loans and Financing

FINAME financing is guaranteed through means of fiduciary sale of financed assets in the amount of R$11,140 carried out on December 31, 2022 (R$20,225 as of December 31, 2021).

(b) Open market funding

Open market funding refers to funding made by Banco Moneo, from BNDES, to finance FINAME operations.

The face value and fair value of funding in the open market are:

	Face value (future)		Fair value (present)	
	2022	**2021**	**2022**	**2021**
From 1 to 12 months	219,399	205,179	181,072	178,469
From 13 to 24 months	167,542	155,909	141,632	139,182
From 25 to 36 months	105,906	99,157	91,174	91,248
After 36 months	97,250	58,910	88,641	55,353
	590,097	519,155	502,519	464,252

The face value of current liabilities loans approximates their fair value.

(c) Debt reconciliation

				Consolidated
	Bank loans	**Derivatives**	**Funding Open Market**	**Total**
Debt as of December 31, 2021	1,837,213	921	483,746	2,321,880
Movements that affected the cash flow	46,827	54	(25,624)	21,257
Movements that did not affect the cash flow				
Interest and exchange variations	(23,342)	-	49,207	25,865
Debt as of December 31, 2022	1,860,698	975	507,329	2,369,002

17 Lease obligations

The changes in the balances of the lease liabilities are shown below.

	Parent company		**Consolidated**	
	2022	**2021**	**2022**	**2021**
Opening balance	6,721	6,187	59,626	70,968
Interest and exchange variations	1,046	925	(7,242)	3,521
Additions	2,205	2,038	45,406	7,462
Considerations paid	(3,089)	(2,429)	(23,803)	(22,325)
	6,883	6,721	73,987	59,626

The lease maturity schedule is shown below.

	Parent company		**Consolidated**	
	2022	**2021**	**2022**	**2021**
From 1 to 12 months	2,738	1,819	15,110	19,661
From 13 to 24 months	1,217	1,820	13,449	15,842
From 25 to 36 months	512	1,100	11,844	6,557
From 37 to 48 months	585	441	3,573	4,041
From 49 to 60 months	665	504	24,107	3,821
Above 60 months	1,166	1,037	5,904	9,704
Present value of contracts	6,883	6,721	73,987	59,626

The potential right of Pis/Cofins to recover embedded in the lease consideration is shown below.

	Parent company and Consolidated		**Parent company and Consolidated**	
	2022	**2022**	**2021**	**2021**
	Nominal	**Adjusted to present value**	**Nominal**	**Adjusted to present value**
Lease Consideration	2,937	2,671	4,618	3,938
Potential Pis/Cofins (9.25%)	272	247	427	364

In thousands of Brazilian Real, unless otherwise stated

18 Provisions

(a) Passive contingencies

The Company is a party to labor, civil, tax and other lawsuits in progress and is discussing these issues both at the administrative and judicial levels. When applicable, the claims are supported by judicial deposits. The allowances for possible losses arising from these lawsuits are estimated and updated by Management, based on the opinion of its external and internal legal advisors.

The contingencies that, in the opinion of the Company's legal advisors, are considered to constitute likely or probable losses as of December 31, 2022 and 2021 are presented below. Contingencies considered as probable losses are provisioned.

	Parent company			
	2022		2021	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	1,565	31,345	1,032	25,147
Labor	83,082	117,271	78,684	79,887
Tax	15,911	263,035	11,086	263,818
	100,558	411,651	90,802	368,852

	Consolidated			
	2022		2021	
Nature	**Probable**	**Possible**	**Probable**	**Possible**
Civil	3,638	35,082	2,737	25,589
Labor	99,598	127,283	94,666	89,958
Tax	28,879	338,154	24,164	302,965
	132,115	500,519	121,567	418,512

	Parent company		Consolidated	
Judicial deposits	**2022**	**2021**	**2022**	**2021**
Civil	1,966	2,987	2,873	3,962
Labor	14,389	18,980	17,926	22,637
Tax	20,869	19,196	42,672	40,532
	37,224	41,163	63,471	67,131

(i) Civil and labor

The Company is a party to civil and labor lawsuits, among which are claims for indemnification of work accidents and occupational diseases. None of these cases refer to individually significant amounts.

In thousands of Brazilian Real, unless otherwise stated

(ii) Taxes

The Company and its subsidiaries are parties to tax lawsuits. Below is a description of the nature of the main causes:

. Provisioned

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
REINTEGRA – credit appropriation (i)	663	662	663	662
Special Tax Regime – tax credit (ii)	822	752	822	752
IRPJ 2010, 2011 and 2012 (iii)	7,257	6,344	7,257	6,344
Other contingencies	7,169	3,328	20,137	16,406
	15,911	11,086	28,879	24,164

(i) Contingency related to REINTEGRA credit - contingency arising from divergence of procedure in the request for Reintegra credit related to the 1st and 2nd Quarter of 2012.
(ii) Contingency regarding the discussion of the procedures adopted for the enjoyment of tax benefits used in the commercialization of products.
(iii) Contingency related to the discussion of the procedures adopted to offset the income tax paid abroad.

. Not provisioned

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
PIS, COFINS and FINSOCIAL - offsets	2,291	2,068	2,291	2,068
COFINS - refund request (i)	25,708	24,115	25,708	24,115
PIS, COFINS - credit	11,639	10,177	11,639	10,177
PIS - offsets (ii)	14,485	13,078	14,485	13,078
IPI - credit	3,891	3,605	3,891	3,605
IRPJ - lower realized inflationary profit	3,235	3,102	3,235	3,102
IRPJ and CSLL - Negative Balance (iii)	18,170	19,011	18,170	19,011
IRPJ and CSLL - profits overseas (iv)	-	32,502	-	32,502
IRPJ and CSLL - IR paid overseas	1,370	1,237	1,370	1,237
IRPJ and CSLL - profits from overseas (v)	92,141	80,110	92,141	80,110
DCP - Monetary adjustment (vi)	32,188	29,749	32,188	29,749
REINTEGRA - Offset (vii)	18,912	17,672	18,912	17,672
ICMS - outputs with reduced tax rate for non-taxpayers (viii)	-	-	6,452	16,207
ICMS - unsuitable tax documents (ix)	2,327	2,156	2,327	2,156
ISS - services rendered by third parties	-	6,718	-	6,718
INSS - services rendered by legal entities	5,063	4,752	5,063	4,752
LC160 – compensation (x)	-	-	34,458	-
Other lower value contingencies	31,615	13,766	65,824	36,706
	263,035	263,818	338,154	302,965

i) Contingencies for which the prospect of loss is considered probable related to procedures addressed by the supervisory body with regards to requests for refund of COFINS payments. The administrative process is ongoing at the Administrative Council for Tax Appeals – CARF.

(ii) Contingency whose perspective of loss is considered possible, related to amounts recorded in active debt, arising from unapproved offsetting derived from credits obtained in legal proceedings. The process is ongoing in the Administrative Council of Tax Appeals – CARF.

(iii) Contingency whose perspective of loss is considered possible, related to procedures questioned by the inspection, regarding requests for refund of the negative balance of IRPJ and CSLL. The case is in progress before the Administrative Council of Tax Appeals.

(iv) Contingency whose perspective of loss is considered possible, related to the discussion on the consolidation abroad of the results of indirect subsidiaries, before the offering of profits to taxation in Brazil. The Voluntary Appeal filed by the company was upheld and the proceedings were dismissed.

(v) Contingency whose perspective of loss is considered possible, related to the discussion on the disallowance of compensations made with foreign taxes. The case is in progress before the Administrative Council of Tax Appeals.

(vi) Contingency whose perspective of loss is considered possible, related to the discussion on DCP credits, referring to the disallowance of the monetary restatement and isolated fine applied as a result of the unapproved statements. The case is in progress before the Administrative Council of Tax Appeals.

(vii) Contingency whose perspective of loss is considered possible, related to the discussion on Reintegra's credit, due to divergence of procedure in the credit claim. The proceeding is in progress before the Regional Judgment Office (DRJ).

(viii) Contingency, whose perspective of loss is considered possible, of the subsidiary, related to ICMS - exits at a reduced rate for non-taxpayers established outside the State. The lawsuit is in progress before the Taxpayers' Council of the State of Rio de Janeiro.

(ix) Contingency whose perspective of loss is considered possible, related to discussions on ICMS, due to the alleged issuance of tax documents with error in the application of the tax rate, in sales transactions to non-taxpayers established outside the State. The lawsuit is in progress in the Court of Justice of the State of São Paulo.

(x) Contingencies in which the prospect of loss is considered probable, related to discussion of the scope of the concept of subsidy for the purposes of IRPJ and CSLL taxation. The proceeding is in progress before the Regional Judgment Office (DRJ).

19 Employee pension and post-employment benefits plan

Marcopolo is the main sponsor of Marcoprev Sociedade de Previdência Privada, a non-profit civil society founded in December 1995, whose main purpose is to grant complementary benefits to Social Security to all employees of the sponsors: Marcopolo (main), Ciferal, Syncroparts, Trading, Banco Moneo and Marcopolo Foundation. In 2022, a total of R$8,913 (R$7,968 in 2021) was spent on contributions made at a consolidated level. The actuarial regime for determining the cost and contributions of the plan is the capitalization method. It is a mixed "defined benefit" plan, where contributions are the sole responsibility of the sponsor, and "defined contribution" where contributions are the responsibility of the sponsor and the participant, on an optional basis.

In thousands of Brazilian Real, unless otherwise stated

As of the base date of December 31, 2022 and 2021, amounts related to post-employment benefits were determined as part of an annual actuarial valuation conducted by independent actuaries, and are recognized in the financial statements as presented below.

The amounts recognized in the balance sheet are as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Present value of actuarial liabilities	(296,462)	(301,061)	(300,309)	(305,014)
Fair value of the plan assets	359,247	348,872	363,905	353,467
Surplus not subject to reimbursement or reduction in future contributions	(62,785)	(47,811)	(63,596)	(48,453)
Liabilities to be recognized	-	-	-	-

According to the prerogatives contained in the regulations of the retirement plan and in the accounting portion of the supplementary retirement plan, there is no possibility of reimbursement, increase in benefit or reduction in future contributions. Consequently, assets arising from a surplus under plans were not accounted for as of December 31, 2022.

The movements in the defined benefit obligation during the period are shown below:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Opening balance	-	-	-	-
Contributions from plan participants	4,619	4,360	4,644	4,392
Actuarial losses (gains)	(4,619)	(4,360)	(4,644)	(4,392)
Recognized net annual revenue (expense)	-	-	-	-
Closing balance	-	-	-	-

The changes in the fair value of the assets of the benefit plan in the years presented are as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Opening balance	348,872	353,656	353,467	358,423
Sponsors' contribution	4,619	4,360	4,644	4,392
Employee contribution	55	71	56	72
Benefits paid	(19,683)	(15,993)	(19,875)	(16,167)
Expected return on plan assets	25,384	6,778	25,613	6,747
Closing balance	359,247	348,872	363,905	353,467

In thousands of Brazilian Real, unless otherwise stated

The changes in the actuarial obligation in the years presented are as follows:

	Parent company		**Consolidated**	
	2022	**2021**	**2022**	**2021**
Opening balance	301,061	325,555	305.014	329,936
Actuarial (gains) losses	(11,775)	(32,995)	(12,037)	(33,568)
Cost of current services	1,092	1,772	1,100	1,784
Financial cost	25,712	22,651	26,051	22,957
Employee contributions	55	71	56	72
Benefits paid	(19,683)	(15,993)	(19,875)	(16,167)
Closing balance	296,462	301,061	300,309	305,014

The amounts recognized in the income statement are:

	Parent company		**Consolidated**	
	2022	**2021**	**2022**	**2021**
Cost of current services	1,092	1,772	1,100	1,784
Financial cost	(200)	(192)	(202)	(193)
Total included in personnel costs	892	1,580	898	1,591

The main actuarial assumptions at the balance sheet date are:

. **Economic hypotheses**

	Percentage p.a.			
	Parent company		**Consolidated**	
	2022	**2021**	**2022**	**2021**
Discount rate (*)	9.90	8.88	9.90	8.88
Expected rate of return on plan assets	9.90	8.88	9.90	8.88
Future salary increases	5.98	5.73	5.98	5.73
Inflation	3.50	3.25	3.50	3.25

(*) The discount rate consist of: inflation of 3.50% p.a. in addition to interest totaling 5.98% p.a. for 2022 (inflation of 3.25% p.a. in addition to interest of 5.73% p.a. for 2021).

. **Demographic assumptions**

	Parent company		**Consolidated**	
	2022	**2021**	**2022**	**2021**
Mortality table	AT 2000(*)	AT 2000(*)	AT 2000(*)	AT 2000(*)
Mortality table and invalids	RRB 1983	RRB 1983	RRB 1983	RRB 1983
Disability entry table	RRB 1944	RRB 1944	RRB 1944	RRB 1944

(*) Table segregated by sex, based on the AT-2000 Basic smoothed by 10%.

In thousands of Brazilian Real, unless otherwise stated

. Actuarial circumstances and analyses of sensitivity

The table below, of sensitivity analysis of the obligations of benefit plans, shows the impact on actuarial exposure (7.41% p.a.) by changing the premise in the discount rate by 1 p.p.:

(i) Current value of the obligation as of December 31, 2022.

- Total	296,462

(ii) Significant actuarial circumstances as of December 31, 2022.

		Sensitivity Analysis	**Effect on VPO**
Discount rate	7.19%	1% increase	267,755
Discount rate	5.19%	1% reduction	331,429

(iii) Methods and hypotheses used in sensitivity analyses.

The results presented were prepared by modifying only the actual hypotheses mentioned in each line.

20 Income tax and social contribution

(a) Deferred income tax and social contribution

The basis for the constitution of taxes is as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Assets (liabilities)				
Provision for technical assistance	44,566	34,965	86,118	57,458
Provision for commissions	34,457	12,408	53,355	16,639
Expected credit losses	8,646	9,746	29,782	77,418
Provision for profit sharing	60,286	39,807	65,521	41,731
Provision for contingencies	104,485	95,463	135,751	104,909
Provision for losses from inventories	5,991	5,361	8,103	9,272
Provision for third party services	5,027	9,944	78,850	25,126
Provision for contractual terminations	10,249	8,753	21,207	14,800
Unrealized inventories	8,628	9,626	8,628	9,626
Adjustment to present value	8,237	2,033	13,373	3,393
Suspended withholding income tax	11,024	10,121	11,024	10,121
(Tax depreciation)	(22,248)	(22,102)	(22,248)	(22,102)
(Appropriation of derivative gains/losses)	332	790	332	2,220
Exchange variation	(24,471)	77,675	(24,471)	77,675
Tax loss and negative basis of social contribution	263,004	144,882	364,821	232,092
Other provisions	13,226	10,016	7,728	(10,643)
Calculation Basis	531,439	449,488	837,874	649,735
Nominal rate - %	34	34	34	34
Deferred income tax and social contribution	180,689	152,826	284,877	220,910

(b) Estimated installments required for realization of deferred tax assets

The recovery of tax credits is based on projections of taxable income, as well as on the realization of temporary differences for the following years:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
From 1 to 12 months	44,834	40,696	84,931	52,023
From 13 to 24 months	37,502	35,767	55,185	56,500
From 25 to 36 months	19,650	16,759	47,649	36,036
From 37 to 48 months	18,928	22,908	37,028	37,001
Over 48 months	59,775	36,696	60,084	39,350
	180,689	152,826	284,877	220,910

(c) Reconciliation of current income tax and social contribution expenses

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Reconciliation				
Income before income tax and social contribution	424,523	350,483	413,284	382,897
Nominal rate - %	34	34	34	34
	(144,338)	(119,164)	(140,517)	(130,185)
Permanent additions and exclusions				
Equity income	122,768	4,291	-	-
Interest on shareholders' equity	37,076	34,188	37,076	34,188
Management participation	(2,330)	(1,510)	(2,330)	(1,510)
Worker's Food Program	-	731	-	731
Industrial Development Program (i)	-	14,302	-	14,302
Assumed ICMS credit	-	-	24,849	-
Tax loss of subsidiaries	-	-	83,649	(11,942)
Rota 2030	2,223	857	2,223	857
Complementary Law 160	10,648	594	10,648	594
IRPJ/CSLL on the Selic rate	10,697	63,858	13,736	63,858
Other additions (exclusions)	(12,153)	17,993	(5,816)	4,582
	24,591	16,140	23,518	(24,525)
Income tax and social contribution				
Current	(3,272)	(33,446)	(40,449)	(80,090)
Deferred	27,863	49,586	63,967	55,565
	24,591	16,140	23,518	(24,525)
Effective rate - %	6	5	6	6

(i) It is a tax incentive focused on technological innovation. Marcopolo deducts from the IRPJ and CSLL tax bases the expenses incurred in the calculation period with technological research and development of technological innovation classified as operating expenses, according to Law 11.196/2005.

21 Shareholders' equity

(a) Share capital

The Company's authorized share capital is 2,100,000,000 shares, of which 700,000,000 are common shares and 1,400,000,000 are registered preferred shares with no par value.

As of December 31, 2022, the subscribed and paid-in capital stock is represented by 946,892,882 (946,892,882 as of December 31, 2021) registered shares, of which 341,625,744 are shares of common stock and 605,267,138 preferred stock, with no par value. According to the Company's bylaws, the preferred shares differ from the common ones by the priority of repayment in the capital.

Of the total l subscribed capital, 249,269,214 (236,669,520 as of December 31, 2021) registered shares of preferred stock belong to shareholders located overseas.

(b) Reserves

(i) Legal reserve

This is constituted at the rate of 5% of the net income ascertained in each fiscal year pursuant to article 193 of Law no. 6.404/76, up to the limit of 20% of the share capital.

(ii) Statutory reserves

Marcopolo allocates at least 25% (twenty-five percent) of the remaining profit to the payment of dividends to all shares of Marcopolo, as a minimum mandatory dividend. The remaining balance of the net profit will be allocated, in its entirety, to the formation of the following reserves:

Reserve for future capital increase to be used in future capital increases, to be formed by 70% of the remaining balance of the net profit for each year, not exceeding 60% of the share capital.

. The reserve for payment of interim dividends to be used for payment of interim dividends provided for in paragraph 1 of article 33 of the Company's Articles of Incorporation, which are to be formed using 15% of the remaining balance for net income for each year may not exceed 10% of the Company's
share capital.

Reserve for the purchase of own shares to be used for the acquisition of shares issued by Marcopolo, for cancellation, holding in treasury and/or respective disposal, to be formed by 15% of the remaining balance of the net profit for each year, not exceeding 10% of the share capital.

(iii) Tax incentives

Based on Article 30 of Law 12.973/14, amended after the enactment of Complementary Law 160 on August 7, 2017, the tax incentives granted by the States and the Federal District are considered grants for investments and cannot be distributed as profit or dividends to shareholders. The adoption of this procedure is the basis for non-taxation of the subsidy for investments in income tax and social contribution.

(c) Treasury shares

Corresponds to the hoarding of 6,497,567 registered shares of preferred stock, acquired at an average cost of R$3.9558 (one, in reals) per share. During the fiscal year, 482,153 registered shares of preferred stock were sold at a weighted average price of R$2.6485 per share, generating a negative net result of R$804. The value of treasury shares as of December 31, 2022 corresponds to a total of R$25,703. The shares will be used to, under the terms of paragraph 3 of article 168 of the Brazilian Corporations Act and CVM Resolution No. 77, grant stock options to Marcopolo's managers and employees, in accordance with the Stock Option Plan approved at the Special Shareholders' Meeting held on December 22, 2005.

In thousands of Brazilian Real, unless otherwise stated

22 Interest on shareholders' equity - Federal Law No. 9.249/95 and dividends

In accordance with the option provided for under Federal Law No. 9.249/95, Marcopolo calculated interest on equity based on the Long-Term Interest Rate (TJLP) in force for the fiscal year, at a total amount of R$133,534 (R$100,552 in 2021) paid as of April 4, 2023, at a ratio of R$0.142 and 0.037 respectively for each share, both for recorded shares of common stock and recorded shares of preferred stock, which were accounted for as financial expenses, as required under tax legislation. For the purpose of these financial statements, such interest has been eliminated from financial expenses for the year and is being presented in the retained earnings account against cash.

Income tax and social security contributions made during the fiscal year were reduced by approximately R$45,402 (R$34,188 in 2021), as a result of the deduction of these taxes for interest on shareholders' equity credited to shareholders.

Statement of the calculation of the mandatory minimum dividend:

	2022	**2021**
Net profit for the year (Subsidiary)	449,114	366,623
Tax incentive - Complementary law 160	(31,317)	(20,247)
Annual net profit (Parent company) after tax incentive	417,797	346,376
Legal reserve (5%)	(20,890)	(17,319)
Calculation basis for dividends	396,907	329,057
Amount of mandatory minimum dividends (25%)	99,227	82,264
Proposed dividends in addition to the mandatory minimum	34,307	18,288
Total dividends proposed by Company Management	133,534	100,552
Interest on equity imputed to dividends		
Gross amount	133,534	100,552
Withholding tax (15%)	(20,030)	(15,083)
Suspend withholding tax	4,181	3,475
Net amount of interest credited	117,685	88,944
Net value of interest, dividends credited and proposed	117,685	88,944

The total amount for referred to interest was attributed to the mandatory minimum dividend declared in advance for the current fiscal year in accordance with item III of CVM Resolution No. 683/2012.

23 Insurance coverage

As of December 31, 2022, the Company held insurance coverage against fire and various risks to property, plant and equipment and inventories, at amounts considered sufficient to cover any losses.

In thousands of Brazilian Real, unless otherwise stated

The main insurance coverages are:

		Consolidated	
Nature of the asset	**Equity value**	**2022**	**2021**
Inventories, buildings and contents	Fire and various risks	1,522,981	1,035,815
Vehicles	Collision and civil liability	145,949	55,887
		1,668,930	1,091,702

24 Accomodation notes, sureties and guarantees

The Company had contracted, as of December 31, 2022, guarantees and/or sureties in the amount of R$117,527 (R$93,674 as of December 31, 2021), granted to banks as part of client financing operations. Guarantees for the respective financed assets, as well as the residual book value for assets financed in the amount of R$11,140 (R$20,225 on December 31, 2021) given in bank loan guarantees and contingencies were provided as counterperformance. The company held surety bonds in force as of December 31, 2022 in the amount of R$168,412 (R$98,149 as of December 31, 2021).

25 Employee participation in profits and results

During the 2022 fiscal year, in accordance with the provisions set forth under Federal Law No. 10,101 of December 19, 2000, the Company's Management opted for semi-annual payment, with a portion being paid in July 2022. The remaining balance will be provided in February 2023.

Ownership interests held by employees were calculated in the manner established under the Agreement for Implementation of Marcopolo's Profit Sharing Program (SUMAR).

The amounts are classified in the income statement for the year as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Cost of Products and Services Sold	32,186	12,367	36,876	14,323
Selling expenses	6,737	3,767	6,737	3,777
Administration expenses	8,724	8,647	10,526	10,201
	47,647	24,781	54,139	28,301

26 Revenue

The reconciliation of gross sales to net revenue is as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Gross sales of products and services	2,749,190	1,516,853	6,184,526	3,944,836
Taxes on sales and returns	(353,635)	(213,728)	(768,908)	(445,397)
Net revenue	2,395,555	1,303,125	5,415,618	3,499,439

27 Expenses by specific nature

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Raw materials and consumables	1,422,628	802,552	3,628,349	2,535,552
Cost of idleness	-	6,952	-	10,131
Third party services and others	252,168	153,585	403,691	271,146
Direct remuneration	443,126	261,995	686,901	440,354
Remuneration of management	16,813	9,874	16,813	9,874
Employee participation in profits and results	47,647	24,781	54,139	28,301
Depreciation and amortization charges	44,260	34,058	119,808	103,351
Private pension expenses	7,843	6,985	8,913	7,968
Other expenses	87,727	77,799	141,963	134,399
Total costs and expenses of sales, distributions and administrative expenses.	2,322,212	1,378,581	5,060,577	3,541,076

28 Financial results

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Financial revenue				
Interest and monetary variations received	39,835	190,063	47,396	230,031
Interest on derivatives	448	7	1,011	845
Income from financial investments	73,750	21,630	175,493	31,848
Adjustment to present value of accounts receivable from customers	28,944	13,491	83,769	28,231
	142,977	225,191	307,669	290,955
Financial expenses				
Interest on loans and financing	(88,125)	(48,582)	(125,061)	(81,759)
Interest on derivatives	(12,547)	(3,463)	(12,547)	(3,463)
Bank expenses	(5,831)	(5,538)	(12,603)	(10,899)
Adjustment to present value of suppliers	(20,415)	(4,683)	(43,962)	(11,046)
	(126,918)	(62,266)	(194,173)	(107,167)
Currency variations				
Active exchange variation	258,322	146,956	323,184	189,482
Active exchange variation on derivatives	21,755	11,990	26,859	19,368
Passive exchange variation	(230,075)	(188,800)	(289,660)	(223,653)
Passive exchange variation on derivatives	(24,277)	(5,384)	(26,374)	(14,113)
	25,725	(35,238)	34,009	(28,916)
Net financial result	41,784	127,687	147,505	154,872

In thousands of Brazilian Real, unless otherwise stated

29 Other operating income (expenses)

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Exclusion of ICMS from the PIS and Cofins tax bases (III)	1,465	160,917	8,481	223,461
Exclusion of monetary correction from the IRPJ/CSLL calculation basis in financial investments (ii)	15,551	40,690	15,551	40,690
IRPJ/CSLL on the Selic rate (i)	(8,336)	61,791	(8,119)	67,638
Attorneys' fees	(6,533)	(27,378)	(12,444)	(33,265)
Provision for labor contingencies	(39,236)	(47,583)	(42,470)	(53,171)
Tax expenses	(6,840)	(4,911)	(6,840)	(12,116)
Impairment of property for investment	-	-	-	(5,584)
Disposal of property located in Rio de Janeiro – Ciferal	-	-	-	29,681
Other expenses	1,480	1,849	(1,889)	(3,339)
Total for other operating income (expenses)	(42,449)	185,375	(47,730)	253,995

(i) From the decision of the Federal Supreme Court on the unconstitutionality of the incidence of IRPJ and CSLL on amounts related to the Selic rate received due to the repetition of tax undue (RE 1.063.187 – Theme 962) the Company and its subsidiaries Ciferal and San Marino, carried out the calculation of the amounts included in their lawsuits that discuss the subject. Based on the best estimate of amounts associated with the aforementioned survey, the Company and its subsidiaries recognized in the year 2021, the amount of R$102,542. R$67,638 recorded in other revenues, R$22,019 recorded in financial income and R$12,885 recorded in current income tax/social contribution.

(ii) Its details are contained in note 18 (b).

(*) From the decision of the Federal Supreme Court on the exclusion of ICMS from the PIS and COFINS tax bases, the Company and its subsidiaries Ciferal Indústria de Ônibus Ltda. and Volare Veículos Ltda. carried out the calculation of the amounts included in their lawsuits that discuss the subject. Based on the best estimate of amounts associated with the aforementioned survey, the Company and its subsidiaries recognized in 2021, R$383,065. This amount includes the principal of R$214,545, recorded in other income and the Selic interest adjustment of R$168,521 recorded in the financial result.

30 Earnings per share – shares of common and preferred stock

(a) Basic

Basic profit per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of shares issued during the year, excluding the shares purchased by the Company and held as treasury shares.

	2022	**2021**
Profit attributable to shareholders	449,114	366,623
Weighted average number of shares in circulation (thousands)	940,395	939,835
Earnings per share	0.47758	0.39009

(b) Diluted

Diluted profit per share are calculated by adjusting the weighted average number of common and preferred shares outstanding to assume the conversion of all potential diluted common shares.
The Company considers the exercise of stock options by employees and management as a dilution effect of common and preferred shares. The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of stock options.

	2022	2021
Profit attributable to shareholders	449,114	366,623
Weighted average number of shares in circulation (thousands)	940,395	939,835
Adjustments for:		
Exercise of stock options	6,498	7,058
Earnings per share	0.47430	0.38719

31 Balance sheets and income statements by segment

The industrial segment produces bus bodies and spare parts. The financial segment is responsible for financing operations through Banco Moneo.

Balance sheets

	Consolidated		Industrial		Financial	
	2022	2021	2022	2021	2022	2021
Assets						
Current						
Cash and cash equivalents	1,171,473	1,322,975	1,114,967	1,279,679	56,506	43,296
Derivative financial instruments	598	683	598	683	-	-
Accounts receivable from customers	1,242,563	657,575	980,577	411,051	261,986	246,524
Inventories	1,338,351	987,614	1,338,351	987,614	-	-
Other accounts receivable	392,755	398,340	347,899	362,078	44,856	36,262
	4,145,740	3,367,187	3,782,392	3,041,105	363,348	326,082
Non-current						
Financial assets measured at amortized cost	69,864	75,061	69,864	75,061	-	-
Accounts receivable from customers	513,542	435,455	101,375	27,380	412,167	408,075
Other accounts receivable	803,369	798,547	782,666	774,692	20,703	23,855
Investments	459,429	560,123	459,429	560,123	-	-
Investment properties	47,351	48,004	47,351	48,004	-	-
Property, plant and equipment	1,030,013	1,017,759	1,029,684	1,016,405	329	1,354
Intangible assets	326,042	352,388	324,801	352,124	1,241	264
	3,249,610	3,287,337	2,815,170	2,853,789	434,440	433,548
Total Assets	7,395,350	6,654,524	6,597,562	5,894,894	797,788	759,630
Liabilities						
Current						
Suppliers	653,253	459,049	653,253	459,049	-	-
Loans and financing	749,712	886,657	563,884	691,958	185,828	194,699
Derivative financial instruments	975	921	975	921	-	-
Other accounts payable	884,992	679,413	868,727	662,307	16,265	17,106
	2,288,932	2,026,040	2,086,839	1,814,235	202,093	211,805

In thousands of Brazilian Real, unless otherwise stated

	Consolidated		Industrial		Financial	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Non-current						
Loans and financing	1,618,315	1,434,302	1,268,808	1,121,599	349,507	312,703
Other accounts payable	283,330	237,951	281,589	236,410	1,741	1,541
	1,901,645	1,672,253	1,550,397	1,358,009	351,248	314,244
Participation of non-controller shareholders	42,408	51,226	42,408	51,226	-	-
Shareholders' equity attributable to controlling shareholders	3,162,365	2,905,005	2,917,918	2,671,424	244,447	233,581
Total liabilities	7,395,350	6,654,524	6,597,562	5,894,894	797,788	759,630

Income statements

	Consolidated		Industrial		Financial	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Operations						
Net sales and services revenue	5,415,618	3,499,439	5,312,481	3,413,386	103,137	86,053
Cost of goods sold and services rendered	(4,586,109)	(3,143,215)	(4,533,926)	(3,101,684)	(52,183)	(41,531)
Gross profit	829,509	356,224	778,555	311,702	50,954	44,522
Operating revenues (expenses)						
Selling expenses	(231,283)	(191,570)	(223,565)	(183,033)	(7,718)	(8,537)
Administrative expenses	(243,185)	(206,291)	(225,442)	(190,322)	(17,743)	(15,969)
Other net operating income (expenses)	(47,730)	253,995	(49,633)	257,462	1,903	(3,467)
Equity equivalence result	(41,532)	15,667	(41,532)	15,667	-	-
Operating profit	265,779	228,025	238,383	211,476	27,396	16,549
Financial result						
Financial revenue	657,712	499,805	657,712	499,805	-	-
Financial expenses	(510,207)	(344,933)	(510,207)	(344,933)	-	-
Profit before income tax and social contribution	413,284	382,897	385,888	366,348	27,396	16,549
Income tax and social contribution	23,518	(24,525)	35,503	(16,241)	(11,985)	(8,284)
Net profit for the year	436,802	358,372	421,391	350,107	15,411	8,265

32 Statement of cash flows by business segment - indirect method

	Consolidated		Industrial Segment		Financial Segment	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities						
Net income for the period	**436,802**	**358,372**	**421,391**	**350,107**	**15,411**	**8,265**
Adjustments to reconcile the results to the availabilities generated by operating activities:						
Depreciation and amortization	119,808	105,470	119,436	105,221	372	249
Gain (loss) on sale of assets originating from investments, property, plant and equipment and intangible assets	3,614	(53,562)	2,455	(53,562)	1,159	-
Equity method	41,532	(15,667)	41,532	(15,667)	-	-
Expected credit losses	(13,510)	39,112	(21,228)	30,575	7,718	8,537
Current and deferred income tax and social contribution	(63,967)	24,525	(75,952)	16,241	11,985	8,284
Appropriated interest and change in exchange rate	68,533	126,509	19,326	85,332	49,207	41,177
Non-controlling interests	(12,312)	(8,251)	(12,312)	(8,251)	-	-
Assets measured at fair value	5,283	(5,142)	5,283	(5,142)	-	-
Changes in assets and liabilities						
(Increase) decrease in accounts receivable from customers	(671,834)	285,892	(644,562)	231,050	(27,272)	54,842
(Increase) decrease in inventories	(420,305)	(237,516)	(420,305)	(237,516)	-	-
(Increase) decrease in other accounts receivable	(44,129)	(546,570)	(38,687)	(536,089)	(5,442)	(10,481)
Increase (decrease) in suppliers	251,709	100,759	251,709	100,759	-	-
Increase (decrease) in accounts payable and provisions	353,416	94,412	357,211	88,931	(3,795)	5,481
Cash generated by operating activities	**54,640**	**268,343**	**5,297**	**151,989**	**49,343**	**116,354**
Profit taxes paid	(9,273)	(80,090)	(441)	(68,258)	(8,832)	(11,832)
Net cash generated by operating activities	**45,367**	**188,253**	**4,856**	**83,731**	**40,511**	**104,522**
Cash flows from investment activities						
Dividends from subsidiaries, jointly controlled entities and associates	2,306	4,749	2,306	4,749	-	-
Additions of property, plant and equipment	(90,326)	(100,081)	(90,077)	(99,237)	(249)	(844)
Intangible asset additions	(7,113)	(3,923)	(5,880)	(3,877)	(1,233)	(46)
Cash receipt on sale of investments, property, plant and equipment and intangible assets	1,095	66,494	1,095	66,494	-	-
Net cash used in investment activities	**(94,038)**	**(32,761)**	**(92,556)**	**(31,871)**	**(1,482)**	**(890)**
Cash flows from financing activities						
Treasury shares	1,027	1,618	1,027	1,618	-	-
Loans from third parties	921,325	895,909	669,957	709,548	251,368	186,361
Loan payments – principal	(812,152)	(678,463)	(581,086)	(418,330)	(231,066)	(260,133)
Loan payments – interest	(104,378)	(76,127)	(62,802)	(40,500)	(41,576)	(35,627)
Payment of interest on shareholders' equity and dividends	(88,785)	(16,539)	(84,240)	(13,919)	(4,545)	(2,620)
Net cash (used in)/from investing activities	**(82,963)**	**126,398**	**(57,144)**	**238,417**	**(25,819)**	**(112,019)**

	Consolidated		Industrial Segment		Financial Segment	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Effect of exchange rate changes on cash and cash equivalents	(19,868)	154	(19,868)	154	-	-
Net increase (decrease) in cash and cash equivalents	**(151,502)**	**282,044**	**(164,712)**	**290,431**	**13,210**	**(8,387)**
Cash and cash equivalents at the start of the period	1,322,975	1,040,931	1,279,679	989,248	43,296	51,683
Cash and cash equivalents at the end of the period	1,171,473	1,322,975	1,114,967	1,279,679	56,506	43,296

33 Additional information

The industrial business segment operates in the geographical regions specified below. The financial business segment operates exclusively in Brazil.

(a) Net revenue by geographical region

	Consolidated	
	2022	**2021**
Brazil	4,198,012	2,433,527
Africa	115,949	99,902
Argentina	315,998	282,714
Australia	463,401	422,175
China	47,288	17,152
United Arab Emirates	3,620	310
Mexico	271,350	243,659
	5,415,618	3,499,439

(b) Property, plant and equipment, goodwill and intangible assets by geographic region

	Consolidated	
	2022	**2021**
Brazil	973,698	957,050
Africa	15,806	18,388
Argentina	38,098	36,068
Australia	192,660	229,535
Canada	72,317	82,321
China	7,499	11,685
Mexico	55,599	34,651
Uruguay	93	100
United Arab Emirates	285	349
	1,356,055	1,370,147

34 Subsequent event

(a) According to the Minutes for the Board of Directors' Meeting held on February 27, 2023, the payment of dividends for the 2022 fiscal year, at an amount of R$86,515, which is to be paid at the rate of R$0.092 per share as of April 4, 2023, was approved. Dividends will be deducted from profit reserves allocated for the 2022 fiscal year.

(b) In January, the Company secured a loan under the EXIM – Pre-shipping modality in an amount of R $103,972, at a rate of 5.17% p.a., due date for which is expected to be on January 15, 2028.