(A free translation of the original in Portuguese)

Financial statements

December 31, 2023

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TUPY
TUPY3 NOVO MERCADO

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MESSAGE FROM MANAGEMENT

During 2023, Tupy made important progress to position itself as a larger, diversified Company exposed to segments with high growth and profitability potential, based on characteristics that mark our history, such as research, development, and innovation.

In recent years, we made acquisitions and invested resources in the development of technologies and businesses, in addition to strategic moves that contributed to the construction of the New Tupy while obtaining efficiency gains. This financial discipline was essential for us to achieve good results, in which we highlight our operating cash generation in an environment with lower volumes, unfavorable exchange rates, and inflation on services and labor costs. We made significant advancements, especially in terms of synergies between operations and other initiatives aimed at reducing costs and expenses, however, there are still many opportunities to be captured in 2024.

Structural Components and Manufacturing Contracts: growth and adding value to the traditional product.

With the acquisition of MWM, we significantly increased our product and service portfolio. The skills acquired in machining, engine assembly, and engineering related services contributed to obtaining new contracts and opened new opportunities.

During the past year, we announced Manufacturing Contracts contributing, at maturity, with additional revenues of nearly R$650 million/year, which increase as of 2025, consisting of casting, machining and pre-assembly. This will increase our share in the heavy vehicle segment (Class 8 trucks) in the USA, a market that will return strongly in the coming year.

Our plants are located in countries offering comparative advantages and that benefit from trends such as nearshoring and outsourcing. In Brazil, several auto manufacturers have been seeking to expand their local supply base, thus achieving higher operational efficiency and optimizing logistical processes, in addition to relying on a clean energy matrix. Our plants in Mexico are a reference for clients who need to adapt to the requirements of the United States-Mexico-Canada Agreement (USMCA) to increase the percentage of content produced in North America.

Energy & Decarbonization: new businesses, research & development.

Over its 70-year history, MWM participated intensely in the Brazilian agribusiness sector, supplying engines to the main manufacturers of tractors and other agricultural machinery. In recent years, we continued to offer new solutions, such as engines powered by biogas and biomethane, which drive new electricity generator sets, lighting towers, and irrigation motor pumps, all of which are sold under the MWM brand. These engines also promoted the transformation of trucks and buses that brought enormous environmental gains through the replacement of diesel with biomethane, especially in the rural environment.

Since 2021, we have been operating third-party Bioplants and assembling expert teams for the agronomy, biotechnology, soil nutrition, zootechnics and biofertilizers industries. This enormous effort, along with our technical partnerships with companies, universities and research institutes, such as Embrapa and Unesp, has brought us many learning opportunities. As a result, we evolved in developing complete and customized operating solutions for the new Bioplants, associated with the production of proteins of animal origin, ranging from waste management to the generation of biofuels, electricity, green carbon dioxide, and organo-mineral fertilizers.

The agribusiness sector, which represents approximately 25% of Brazil's GDP, is one of the Company's priority markets, particularly for the animal protein export chain, in which we highlight the pig, poultry, and dairy cattle farming activities. In addition to reducing emissions in the atmosphere, our solutions contribute to reducing costs and increasing efficiency and competitiveness.

Therefore, we continue to fulfill our mission of making decarbonization feasible by offering cleaner and cheaper energy production solutions for food production, cargo transportation, and infrastructure construction.

We continue to develop other technologies in our engine development center, linked to other biofuels, which will be introduced to the market in 2024 and 2025. These factors, combined with the strength of the MWM brand in agribusiness, create a differentiated competitive positioning to meet the demands of rural properties of all sizes and with high potential for scalability.

We believe in a multi-fuel future, which is why we continue to invest on other fronts, particularly regarding the use of new materials and processes we are creating.

In terms of hydrogen, we announced a contract to supply cylinder heads for an engine that will use this technology in the European market and, last month, we presented at the International Engine Congress, in Baden-Baden, Germany, the testing results for a new technology (HPDI - High Pressure Direct Injection) which can be applied to hydrogen internal combustion engines developed by our clients to increase power and reduce fuel consumption.

The Ultra Light Iron technology developed by Tupy, which enables the production of lightweight engines, as light as aluminum, which is less costly and has a lower CO_2 emission level during the production process, was nominated for a global award (Howard Taylor) granted by the American Foundry Association, the sector's most important institution worldwide.

Aftermarket: resilience and distribution capacity

With the acquisition of MWM, we began to replace activities (after market) for diesel engine components, a segment with countercyclical characteristics and high profitability. This new unit has one of the largest parts distribution networks in the country, with more than 1,300 points of sale.

During 2023, we added over 1,000 items to our portfolio. In 2024, we will be working hard to increase our services and components portfolio, offering additional added value products and expanding capillarity, which includes developing a closer relationship with the agribusiness segment and expanding our international network. Within this context, we already announced a short block distribution contract for a large North American auto manufacturer, which includes casting, machining, and partial assembly.

Record-breaking results and efficiency gains

The change in engine technology, coupled with interest rates that are still high and restricted credit supply, contributed to a 38% drop in truck production in Brazil in 2023, significantly impacting the MWM unit. In the foreign market, the high interest rate levels and drop in commodity prices at the end of the year impacted sales for truck and machinery that are sensitive to this indicator.

Within this context, and with the expected challenging market in 2024, we adopted measures to adjust and optimize assets, reducing production more than the reduction in sales, with unfavorable impacts on operational efficiency and in dilution of fixed costs. Although this decision impacted margins, it strengthened the strong operating cash generation in the period, reaching R$829 million and growing by 106% from 2022, the best result in the Company's history.

The result for the year was also negatively affected by the significant appreciation of the Brazilian real and the Mexican peso against the U.S. dollar during the period, affecting revenues, costs, and expenses. These effects, combined with the decline in sales and production volume, impacted EBITDA by approximately R$600 million in 2023.

In addition to the inflation on services and labor costs, we also increased the structure of our new businesses which, even with their relevant strategic importance and promising opportunities, are not yet generating revenue and impacted EBITDA by approximately R$60 million.

Despite these effects, with the contribution by MWM and the several cost and expense reduction initiatives carried out by the Company in all its areas, EBITDA reached levels that were similar to the previous year and the Company recorded its highest historical revenues and net profit, totaling R$11.4 billion and R$517 million, respectively (up by 12% and 3% from the previous year).

We are proud of these results, achieved under so many uncertainties and factors that we do not control, many of which still remain in 2024. We are prepared for these challenges by negotiating contracts, optimizing structures, and adopting actions to increase operational efficiency in all our plants.

Our capital allocation decisions will continue to look at the development of new businesses and comply with our strategy, envisioning many growth opportunities not only for our traditional businesses, but also in and new activities in which we can apply our skills, always based on innovation and generating value for our customers and society.

SUMMARIZED RESULTS

Consolidated (R$ thousand)

SUMMARY	2023	2022	Var. [%]
Revenues	**11,368,190**	**10,178,416**	**11.7%**
Cost of goods sold	(9,433,067)	(8,290,773)	13.8%
Gross Profit	**1,935,123**	**1,887,643**	**2.5%**
% on Revenues	*17.0%*	*18.5%*	
Operating expenses	(1,028,150)	(950,285)	8.2%
Other operating expenses	(77,338)	(152,426)	-49.3%
Earnings before Financial Result	**829,635**	**784,932**	**5.7%**
% on Revenues	*7.3%*	*7.7%*	
Net financial income (loss)	(291,495)	(141,854)	105.5%
Earnings before Tax Effects	**538,140**	**643,078**	**-16.3%**
% on Revenues	*4.7%*	*6.3%*	
Income tax and social contribution	(21,127)	(140,857)	-85.0%
Net Income	**517,013**	**502,221**	**2.9%**
% on Revenues	*4.5%*	*4.9%*	
EBITDA (CVM Inst. 527/12)	**1,196,175**	**1,133,483**	**5.5%**
% on Revenues	*10.5%*	*11.1%*	
Adjusted EBITDA	**1,264,879**	**1,267,709**	**-0.2%**
% on Revenues	*11.1%*	*12.5%*	
Average exchange rate (R$/US$)	**4.99**	**5.17**	**-3.5%**
Average exchange rate (R$/€)	5.40	5.44	-0.7%

REVENUES

Revenues totaled R$11,368 million in 2023, up by 12% over 2022. The annual comparison reflects the acquisition of MWM, given that Tupy took over this operation on December 01, 2022.

Consolidated (R$ thousand)

	2023	2022	Var. [%]
Revenues	**11,368,190**	**10,178,416**	**11.7%**
Domestic Market	3,698,292	2,828,137	30.8%
Share (%)	*32.5%*	*27.8%*	
Foreign Markets	7,669,898	7,350,279	4.3%
Share (%)	*67.5%*	*72.2%*	
Revenues by segment	**11,368,190**	**10,178,416**	**11.7%**
Structural Components & Manufacturing Contracts	9,850,204	9,779,458	0.7%
Share (%)	*86.6%*	*96.1%*	
Energy & Decarbonization	700,554	-	-
Share (%)	*6.2%*	-	
Distribution	817,432	398,958	104.9%
Share (%)	*7.2%*	*3.9%*	

In 2023, North America accounted for 46% of the Company's revenues. The South and Central Americas accounted for 34%, and Europe for 18% of the total. The remaining 2% came from Asia, Africa, and Oceania.

The revenues from the domestic market increased by 31%, mainly due to the acquisition of MWM, which has a higher revenue share in the Brazilian market. This effect mitigated the impact of volume decline as a result from the replacement of the engine emission technology (Proconve P8 / Euro 6), consequently increasing the prices of commercial vehicles. The performance in the period was also affected by credit restrictions, high interest rates and falling prices of agricultural commodities.

In the foreign market, revenues increased by 4% from 2022, in which we highlight the applications for medium and heavy commercial vehicles, while the light commercial vehicle and off-road segments were impacted by the interest rates. Revenues in the year were also negatively impacted by the 3% appreciation of the R$ against the US$ (based on the average exchange rate).

COST OF GOODS SOLD AND OPERATING EXPENSES

COGS totaled R$9,433 million in 2023, up by 14% over 2022.

Consolidated (R$ thousand)

	2023	2022	Var. [%]
Revenues	**11,368,190**	**10,178,416**	**11.7%**
Cost of goods sold (COGS)	**(9,433,067)**	**(8,290,773)**	**13.8%**
Raw material	(5,808,198)	(5,022,579)	15.6%
Labor, profit sharing, and social benefits	(1,904,891)	(1,778,621)	7.1%
Maintenance materials and third parties	(702,836)	(557,712)	26.0%
Energy	(464,367)	(506,675)	-8.4%
Depreciation and amortization	(330,812)	(314,428)	5.2%
Others	(221,962)	(110,758)	100.4%
Gross profit	**1,935,123**	**1,887,643**	**2.5%**
% on Revenues	*17.0%*	*18.5%*	
Operating expenses	**(1,028,150)**	**(950,285)**	**8.2%**
% on Revenues	*9.0%*	*9.3%*	

In addition to the inclusion of costs originating from MWM, which affected our comparison base, the indicators for the year were also impacted by the appreciation of the Mexican peso, a currency that accounts for approximately 20% of the Company's costs, against the U.S. dollar, and by the inflation on services and labor costs.

Production volume decreased by 9% from 2022, due to the reduction in demand in the Brazilian and foreign markets, in addition to management initiatives aimed at reducing inventories and generating cash, resulting in a lower dilution of fixed costs.

These effects were partially mitigated by several initiatives to reduce costs, gain productivity, and capture synergies over 2023.

Operating expenses increased by 8% over the previous year, corresponding to 9% of net revenues, 30 bps lower than in 2022, mainly due to the reduction in freight expenses and efficiency gains.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses totaled R$77 million in 2023, versus R$152 million in 2022.

Consolidated (R$ thousand)

	2023	2022	Var. [%]
Depreciation of non-operating assets	(8,634)	(416)	-
Amortization of intangible assets	-	(17,784)	-
Gain (loss) on bargain purchase	29,103	(14,298)	-
Reversion REINTEGRA	-	(52,694)	-
Constitution and restatement of provisions	(96,275)	(42,825)	124.8%
Result from the sale of PP&E	(6,448)	(2,166)	197.7%
Result from the sale of unserviceable items and others	4,916	(22,243)	-
Other net operating expenses	**(77,338)**	**(152,426)**	**-49.3%**

NET FINANCIAL RESULT

The Company recorded a net financial loss of R$291 million in 2023.

The increase in financial expenses over the past year was mainly due to a higher gross debt arising from the issue of debentures, in the amount of R$1 billion, in September/2022, aimed at paying for the MWM acquisition, which directly impacts interests of borrowings in R$.

Financial income grew by 9% in the year.

The expenses from net monetary and currency variations, of R$60 million, were due to (i) negative variation in the balance sheet accounts, of R$102 million, and (ii) the result of hedge operations, in the amount of R$42 million.

Consolidated (R$ thousand)

	2023	2022	Var. [%]
Financial expenses	(340,075)	(221,484)	53.5%
Financial income	108,104	99,360	8.8%
Net monetary and currency variations	(59,524)	(19,730)	201.7%
Net Financial Result	**(291,495)**	**(141,854)**	**105.5%**

EARNINGS BEFORE TAXES AND NET INCOME

Due to the aforementioned factors, tax credits from historical losses of subsidiaries, and currency effects on the tax base, the Company reported a net income of R$517 million in 2023, compared to the net income of R$502 million in the previous year.

Consolidated (R$ thousand)

	2023	2022	Var. [%]
Earnings before Tax Effects	**538,140**	**643,078**	**-16.3%**
Tax effects before currency impacts[1]	(86,622)	(183,717)	-52.9%
Earnings before the currency effects on the tax base	**451,518**	**459,361**	**-1.7%**
Currency effects on the tax base[1]	65,495	42,860	52.8%
Net Income	**517,013**	**502,221**	**2.9%**
% on Revenues	*4.5%*	*4.9%*	

The impact with the increase in financial expenses was mitigated by tax credits arising from tax losses and negative social contribution bases of subsidiaries.

Note[1]: The tax bases of the assets and liabilities of companies located in Mexico, where the functional currency is the U.S. dollar, are held in Mexican pesos. Fluctuations in exchange rates affect the tax bases and, consequently, the currency effects are recorded as deferred income tax revenues and/or expenses.

EBITDA

The combination of the aforementioned factors resulted in an EBITDA (CVM) of R$1,192 million and an Adjusted EBITDA of R$1,265 million, with margins of 10.5% and 11.1%, respectively.

Consolidated (R$ thousand)

RECONCILIATION OF NET INCOME TO EBITDA	2023	2022	Var. [%]
Net Income (Loss) for the Year	**517,013**	**502,221**	**2.9%**
(+) Net financial result	291,495	141,854	105.5%
(+) Income tax and social contribution	21,127	140,857	-85.0%
(+) Depreciation and amortization	366,540	348,551	5.2%
EBITDA (CVM Instruction 527/12)	**1,196,175**	**1,133,483**	**5.5%**
% on revenues	*10.5%*	*11.1%*	
(+) Other Operating Expenses, Net	68,704	134,226	-45.8%
Adjusted EBITDA	**1,264,879**	**1,267,709**	**-0.2%**
% on revenues	*11.1%*	*12.5%*	

The adjustments made to EBITDA aim to offset the effects from items less related to the business, have no cash effect, or are non-recurring. Such expenses totaled R$69 million in 2023 and refer to (i) R$96 million from the constitution and restatement of provisions; and (ii) R$2 million from the sale of unserviceable items and other expenses; offset by the adjustment of a bargain purchase, totaling R$29 million.

Synergies captured, gains in operating efficiency, and initiatives to reduce cost and expenses partially mitigated the negative effects resulting from the appreciation of the Brazilian real and the Mexican peso, in addition to the drop in production and sales volumes, all of which jointly impacted EBITDA in more than R$600 million in 2023.

INVESTMENTS

Investments in property, plant, and equipment and intangible assets totaled R$610 million in 2023, up by 28% over 2022, and accounted for approximately 5% of net revenue for the year.

Consolidated (R$ thousand)

	2023	2022	Var. [%]
PP&E			
Strategic investments	237,936	138,315	72.0%
Maintenance and renovation	295,153	279,515	5.6%
Environment	40,857	24,256	68.4%
Interest and financial charges	12,563	7,175	75.1%
Intangible assets			
Software and others	18,195	22,517	-19.2%
Projects under development	5,729	3,336	71.7%
Total	**610,433**	**475,114**	**28.5%**
% on Revenues	*5.4%*	*4.7%*	

The variation refers mainly to new foundry and machining programs, gains in operating efficiency and synergy capturing, in addition to projects to improve safety and environment.

To list of investments in affiliated and/or subsidiaries, with changes that occurred during the year, is available in Note 12 (Investments) to the Financial Statements for the 2023 Fiscal Year, which is an integral part of this document.

INDEBTEDNESS

The Company ended 2023 with a net debt of R$2,200 million and a net debt/LTM Adjusted EBITDA ratio of 1.74x.

Liabilities in foreign currency accounted for 62% of the total (19% short-term and 81% long-term), while 38% of debt is denominated in R$ (16% short-term and 84% long-term). As for the cash balance, 51% of the total amount is denominated in R$ and 49% in foreign currency.

Consolidated (R$ thousand)

INDEBTEDNESS	2023	2022
Short-term*	676,277	284,633
Long-term	3,127,748	3,235,576
Gross debt	**3,804,025**	**3,520,209**
Cash and cash equivalents*	1,603,972	1,523,262
Net debt	**2,200,053**	**1,996,947**
Gross debt/Adjusted EBITDA	3.01x	2.78x
Net debt/Adjusted EBITDA	**1.74x**	**1.58x**

* Includes derivative financial instruments

WORKING CAPITAL

Consolidated (R$ thousand)

	2023	2022
Balance Sheet		
Accounts receivable	1,831,735	2,031,380
Inventories	1,961,262	2,207,884
Accounts payable	1,375,774	1,682,446
Sales outstanding [days]	59	60
Inventories [days]	76	79
Payables outstanding [days]	53	57
Cash conversion cycle [days]	**82**	**82**

Working Capital, measured by the variation in the Accounts Receivable, Inventories and Accounts Payable balances, decreased by 5% over 2022.

The variation in Accounts Receivable was mainly due to the currency appreciation over the balance in foreign currency, which accounted for 74% of the total amount (closing rate of R$/US$ 4.84 in December 2023 vs. R$/US$ 5.22 in December 2022).

The lower inventory balance reflects several initiatives carried out by the Company to reduce inventories in operations.

The variation in accounts payable arises from the lower volume produced in the period, reflected in the drop in purchase volume and deflation. The appreciation of the Brazilian real against the U.S. dollar also impacted accounts payable in foreign currency, which accounted for 40% of the total.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	2023	2022	Var.
Cash and cash equivalents at the beginning of the period	**1,509,829**	**1,272,445**	**18.7%**
Cash from operating activities	829,125	401,696	106.4%
Cash used in investing activities	(735,209)	(1,063,907)	-30.9%
Cash from financing activities	48,134	923,561	-94.8%
Currency effect on the cash for the year	(58,781)	(23,966)	145.3%
Increase (Decrease) in cash and cash equivalents	**83,269**	**237,384**	**-64.9%**
Cash and cash equivalents at the end of the period	**1,593,098**	**1,509,829**	**5.5%**

The Company generated R$829 million in cash from operating activities in 2023, up by 106% from 2022.

In terms of investment activities, we invested R$735 million, mainly for the additions to property, plant, and equipment and intangible assets related to programs and projects for new products and machining, gains in efficiency, information technology systems, safety, and the environment. The comparison basis was mainly affected by the acquisition of MWM do Brasil, in the amount of R$855 million in 2022.

In terms of financing activities, there was an increase of R$48 million, compared to a generation of R$924 million in the previous year. The comparison base was affected due to the issue of debentures, in the amount of R$1 billion, aimed at paying for the acquisition MWM do Brasil in 2022.

The combination of these factors, coupled with the currency effect on cash, led to higher cash and cash equivalents, of R$83 million, in the period. Accordingly, we ended the year with a cash and cash equivalents balance of R$1,593 million.

RELATIONSHIP WITH INDEPENDENT AUDITORS

According to CVM Resolution 162/22, of July 14, 2022, and its internal policies, Tupy S.A. preserves the independence of the auditor, under applicable regulations, for the hiring of services not related to external audit. In the year ended December 31, 2023, the independent auditors provided services related to external audit and revision of the ancillary obligation related to ECF (Tax Accounting Bookkeeping), totaling R$2,676 thousand in fees.

EXECUTIVE OFFICERS' STATEMENT

According to article 27 of CVM Resolution 80/22, of March 30, 2022, the Executive Board of Tupy S.A. declares that it has reviewed, discussed, and agreed with the opinion expressed in the Independent Auditor's Report on the Financial Statements issued on this date, and the Financial Statements for the fiscal year ended December 31, 2023.

The Company is subject to the rules of the Novo Mercado Arbitration Chamber, according to article 60 of its Bylaws.

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TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT DECEMBER 31, 2023 AND DECEMBER 31, 2022
(All amounts in thousands of reais)

A S S E T S

	Note	Parent company		Consolidated	
		12/31/23	12/31/22	12/31/23	12/31/22
CURRENT ASSETS					
Cash and cash equivalents	3	481,983	704,746	1,593,098	1,509,829
Derivative financial instruments	37	5,202	5,141	10,874	13,433
Trade account receivables	4	830,200	1,035,555	1,831,735	2,031,380
Inventories	5	444,402	519,306	1,961,262	2,207,884
Tooling	6	97,994	70,402	238,143	166,374
Income tax and social contribution recoverable	7	4,933	8,069	74,271	47,427
Other taxes recoverable	8	47,237	60,052	350,162	281,732
Other assets		53,434	57,293	127,108	168,621
Total current assets		1,965,385	2,460,564	6,186,653	6,426,680
NON-CURRENT ASSETS					
Income tax and social contribution recoverable	7	29,472	30,124	51,122	30,124
Other taxes recoverable	8	14,944	12,281	271,395	342,552
Deferred income tax and social contribution	9	212,057	265,839	780,516	657,132
Judicial deposits and other		6,782	9,099	32,034	30,165
Investments in equity instruments		2,984	2,746	9,590	15,496
Investments properties	11	-	-	3,622	5,694
Investments	12	4,126,332	4,136,047	-	-
Property, plant and equipment	13	857,244	708,827	2,792,713	2,584,302
Intangible assets	14	54,334	48,396	157,100	151,113
Total non-current assets		5,304,149	5,213,359	4,098,092	3,816,578
Total assets		7,269,534	7,673,923	10,284,745	10,243,258

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT DECEMBER 31, 2023 AND DECEMBER 31, 2022

(All amounts in thousands of reais)

L I A B I L I T I E S

		Parent company		Consolidated	
	Note	12/31/23	12/31/22	12/31/23	12/31/22
CURRENT LIABILITIES					
Trade accounts payables	16	558,563	606,734	1,375,774	1,682,446
Business combination obligations	20	163,644	304,739	163,644	304,739
Loans and financing	17	1,314,072	62,021	621,838	238,505
Debentures	18	41,095	45,798	41,095	45,798
Derivative financial instruments	37	12,998	73	13,344	330
Other taxes payable	19	24,498	30,895	110,802	193,548
Salaries, social security charges and profit sharing	21	189,395	224,047	379,107	426,428
Advances from customers	22	35,000	18,149	248,258	194,992
Related parties	10	3,785	6,219	-	-
Dividends and interest on shareholders' equity	26 f	94,189	98,243	94,189	98,243
Provision for tax, civil, social security and labor proceedings	24	14,598	23,868	14,598	23,868
Other liabilities	25	38,274	28,025	184,141	181,448
Total current liabilities		2,490,111	1,448,811	3,246,790	3,390,345
NON-CURRENT LIABILITIES					
Loans and financing	17	140,817	1,860,831	2,133,325	2,242,516
Debentures	18	994,423	993,060	994,423	993,060
Provision for tax, civil, social security and labor proceedings	24	248,357	220,578	405,825	380,274
Business combination obligations	20	53,076	107,768	53,076	107,768
Retirement benefit obligations	23	-	-	104,571	91,367
Other long term liabilities		18,497	3,032	18,893	3,568
Total non-current liabilities		1,455,170	3,185,269	3,710,113	3,818,553
EQUITY					
Share capital	26	1,177,603	1,060,301	1,177,603	1,060,301
Share issuance costs		(6,541)	(6,541)	(6,541)	(6,541)
Share-based payments		11,177	9,876	11,177	9,876
Treasury shares	26b	(3,612)	(451)	(3,612)	(451)
Carrying value adjustments		711,974	799,055	711,974	799,055
Income reserves		1,433,652	1,177,603	1,433,652	1,177,603
Non-controlling interest		-	-	3,589	(5,483)
Total equity		3,324,253	3,039,843	3,327,842	3,034,360
Total liabilities and equity		7,269,534	7,673,923	10,284,745	10,243,258

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2023 AND 2022
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/23	12/31/22	12/31/23	12/31/22
NET REVENUE	27	4,634,735	4,911,577	11,368,190	10,178,416
Cost of products sold	28	(3,526,463)	(3,777,632)	(9,433,067)	(8,290,773)
GROSS (LOSS) PROFIT		1,108,272	1,133,945	1,935,123	1,887,643
Selling expenses	28	(245,100)	(363,344)	(599,913)	(618,300)
Administrative expenses	28	(227,624)	(212,671)	(428,237)	(331,985)
Other operating expenses, net	30	(42,097)	(129,867)	(77,338)	(152,426)
Share of results of subsidiaries	12	318,005	261,396	-	-
PROFIT BEFORE FINANCE RESULTS AND INCOME TAXES		911,456	689,459	829,635	784,932
Finance costs	29	(277,875)	(176,779)	(340,075)	(221,484)
Finance income	29	54,303	89,716	108,104	99,360
Monetary and foreign exchange variations, net	29	(55,827)	(3,434)	(59,524)	(19,730)
		(279,399)	(90,497)	(291,495)	(141,854)
PROFIT (LOSS) BEFORE INCOME TAXES		632,057	598,962	538,140	643,078
Income tax and social contribution	31	(123,917)	(90,690)	(21,127)	(140,857)
NET INCOME (LOSS) FOR THE PERIOD		508,140	508,272	517,013	502,221
TUPY SHAREHOLDERS NET INCOME (LOSS)		508,140	508,272	508,140	508,272
NON-CONTROLLING NET INCOME (LOSS)		-	-	8,873	(6,051)
EARNINGS PER SHARE					
Basic earnings (loss) per share	32	3.52515	3.52595	3.52515	3.52595
Diluted earnings (loss) per share	32	3.49521	3.50153	3.49521	3.50153

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023 AND 2022
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/23	12/31/22	12/31/23	12/31/22
NET INCOME (LOSS) FOR THE YEAR		508,140	508,272	517,013	502,221
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12b	(165,310)	(168,047)	(165,310)	(168,047)
Hedge of net investment abroad	37c	123,534	111,652	123,534	111,652
Tax effect on hedge of net investment abroad		(42,010)	(37,961)	(42,010)	(37,961)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		424,354	413,916	433,227	407,865

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands of reais)

						Carrying value adjustments			Revenue reserves				
	Note	Share capital	Share issue cost	Shared based payments	Treasury stock	Exchange variation of investees	Deemed cost of fixed assets	Legal reserve	Reserve for investments	Retained earnings (losses)	Total controlling shareholders	Non-controlling Shareholders	Total
AT DECEMBER 31, 2021		**1,060,301**	**(6,541)**	**8,680**	**(5)**	**876,825**	**20,664**	**105,966**	**686,654**	**-**	**2,752,544**	**670**	**2,753,214**
Comprehensive income for the period													
Net income for the period		-	-	-	-	-	-	-	-	508,272	508,272	(6,051)	502,221
Realization of carrying value adjustments		-	-	-	-	-	(4,078)	-	-	4,078	-	-	-
Foreign exchange variation of investees located abroad	12b	-	-	-	-	(168,047)	-	-	-	-	(168,047)	-	(168,047)
Hedge of net investment abroad	37c	-	-	-	-	111,652	-	-	-	-	111,652	-	111,652
Tax impact on hedge of net investment abroad		-	-	-	-	(37,961)	-	-	-	-	(37,961)	-	(37,961)
Total comprehensive income for the period		-	-	-	-	(94,356)	(4,078)	-	-	512,350	413,916	(6,051)	407,865
Contributions from shareholders and distributions to shareholders													
Management stock option plan		-	-	5,682	-	-	-	-	-	-	5,682	-	5,682
Realization of management stock option plan		-	-	(3,113)	-	-	-	-	-	3,113	-	-	-
(-) Shares in treasury acquired		-	-	-	(1,819)	-	-	-	-	-	(1,819)	-	(1,819)
Treasury share granted		-	-	(1,373)	1,373	-	-	-	-	-	-	-	-
Non-controlling net income		-	-	-	-	-	-	-	-	-	-	(102)	(102)
Allocation of gain:													
Legal reserve		-	-	-	-	-	-	25,414	-	(25,414)	-	-	-
Investment reserve		-	-	-	-	-	-	-	424,671	(424,671)	-	-	-
Interest on shareholders' equity		-	-	-	-	-	-	-	(65,102)	-	(65,102)	-	(65,102)
Dividends		-	-	-		-	-	-	-	(65,378)	(65,378)	-	(65,378)
Total contributions from shareholders and distributions to shareholders		-	-	1,196	(446)	-	-	25,414	359,569	(512,350)	(126,617)	(102)	(126,719)
AT DECEMBER 31, 2022		**1,060,301**	**(6,541)**	**9,876**	**(451)**	**782,469**	**16,586**	**131,380**	**1,046,223**	**-**	**3,039,843**	**(5,483)**	**3,034,360**
AT DECEMBER 31, 2022		**1,060,301**	**(6,541)**	**9,876**	**(451)**	**782,469**	**16,586**	**131,380**	**1,046,223**	**-**	**3,039,843**	**(5,483)**	**3,034,360**
Comprehensive income for the period													
Net income for the period		-	-	-	-	-	-	-	-	508,140	508,140	8,873	517,013
Realization of carrying value adjustments		-	-	-	-	-	(3,295)	-	-	3,295	-	-	-
Foreign exchange variation of investees located abroad	12b	-	-	-	-	(165,310)	-	-	-	-	(165,310)	-	(165,310)
Hedge of net investment abroad	37c	-	-	-	-	123,534	-	-	-	-	123,534	-	123,534
Tax impact on hedge of net investment abroad		-	-	-	-	(42,010)	-	-	-	-	(42,010)	-	(42,010)
Total comprehensive income for the year		-	-	-	-	(83,786)	(3,295)	-	-	511,435	424,354	8,873	433,227
Contributions from shareholders and distributions to shareholders													
Capital increase	26e	117,302	-	-		-	-	-	(117,302)	-	-	-	-
Management stock option plan		-	-	10,321	-	-	-	-	-	-	10,321	-	10,321
(-) Treasury share granted		-	-	(9,020)	9,020	-	-	-	-	-	-	-	-
Shares in treasury acquired		-	-	-	(12,181)	-	-	-	-	-	(12,181)	-	(12,181)
Non-controlling net income		-	-	-	-	-	-	-	-	-	-	199	199
Allocation of gain:													
Legal reserve		-	-	-		-	-	25,407	-	(25,407)	-	-	-
Investment reserve		-	-	-	-	-	-	-	463,957	(463,957)	-	-	-
Interest on capital		-	-	-	-	-	-	-	(116,013)	-	(116,013)	-	(116,013)
Dividends		-	-	-		-	-	-	-	(22,071)	(22,071)	-	(22,071)
Total contributions from shareholders and distributions to shareholders		117,302	-	1,301	(3,161)	-	-	25,407	230,642	(511,435)	(139,944)	199	(139,745)
AT DECEMBER 31, 2023		**1,177,603**	**(6,541)**	**11,177**	**(3,612)**	**698,683**	**13,291**	**156,787**	**1,276,865**	**-**	**3,324,253**	**3,589**	**3,327,842**

See the accompanying notes to the financial statement

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOW
YEAR ENDED DECEMBER 31, 2023 AND 2022
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
Cash flow from operating activities:	Note	12/31/23	12/31/22	12/31/23	12/31/22
Profit for the period before income tax and social contribution		632,057	598,962	538,140	643,078
Adjustment to reconcile profit (losses) with cash provided by operating activities:					
Depreciation and amortization	13 and 14	148,070	140,517	366,540	348,551
Property, plant and equipment Impairment	13	(11,723)	-	(11,723)	-
Share of results of subsidiaries	12	(318,005)	(261,396)	-	-
Disposals of property, plant and equipment		15,961	(3,077)	21,222	(1,296)
Interest accrued and foreign exchange variations		331,575	108,936	380,748	147,525
Provision for impairment of trade receivables		(2,755)	6,226	(26,409)	10,862
Provision for losses on inventory		(7,904)	2,046	(2,018)	(4,685)
Provision for contingencies		115,367	33,257	133,901	42,825
Stock option plan		10,321	5,682	10,321	5,682
REINTEGRA impairment	30	-	52,744	-	52,744
Change in Eletrobrás credit	29	(238)	(649)	(238)	(649)
Bargain purchase		(29,103)	4,178	(29,103)	4,178
		883,623	687,426	1,381,381	1,248,815
Changes in operating assets and liabilities:					
Trade accounts receivables		135,576	(394,434)	47,793	(422,212)
Inventories		82,808	(84,932)	202,564	(292,741)
Tooling		(27,592)	(11,210)	(79,558)	(29,792)
Other taxes recoverable		(98,205)	5,321	(77,692)	(134,443)
Other assets		2,109	(13,233)	45,318	(34,282)
Judicial deposits and other		2,317	2,886	(1,869)	13,162
Trade payables		(51,953)	96,599	(257,065)	92,850
Other taxes payable		(6,397)	22,714	(81,092)	335
Salaries, social security charges and profit sharing		(34,652)	74,166	(39,087)	97,212
Advances from customers		16,851	(6,210)	58,745	(11,798)
Notes and other payables		10,249	(24,097)	3,812	(57,836)
Retirement benefit obligations		-	-	18,931	22,703
Payment of contingencies other liabitilies		(81,393)	(48,310)	(102,295)	58,390
Cash generated by operations		**833,341**	**306,686**	**1,119,886**	**550,363**
Interest paid		(128,899)	(68,197)	(114,391)	(137,869)
Income tax and social contribution paid		-	-	(176,370)	(10,798)
Net cash generated from operating activities		**704,442**	**238,489**	**829,125**	**401,696**
Cash flow from investing activities:					
Corportate Reorganization	12 b	(61)	-	-	-
Cash payed for company acquisition		-	(865,119)	-	(621,987)
Business Combinations Obligations	20	(166,673)	-	(166,673)	-
Additions to fixed assets or intangibles	13 and 14	(260,271)	(183,948)	(570,286)	(444,020)
Cash generated on PPE disposals		1,750	2,100	1,750	2,100
Subsidiaries and associates		1,733	(173,646)	-	-
Net cash used in investing activities		**(423,522)**	**(1,220,613)**	**(735,209)**	**(1,063,907)**
Cash flow from financing activities:					
Payment of loans	17	(810,080)	(2,625)	(163,794)	(388,504)
Debentures issued	18	-	1,000,000	-	1,000,000
Interest on debentures	18	(147,008)	-	(147,008)	-
Loans and financing raised	17	463,685	37,222	544,612	442,221
Lease payment from right of use		(10,818)	(6,433)	(31,357)	(18,818)
Forfaiting operation		-	-	-	(54,970)
Aumento de capital, líquido dos gastos com emissão de ações		150,000	-	-	-
Interest on capital and dividends paid		(135,347)	(59,599)	(135,347)	(59,599)
Income tax of interest on capital and dividends paid		(6,791)	5,050	(6,791)	5,050
Treasury stock		(12,181)	(1,819)	(12,181)	(1,819)
Net cash generated (used) in financing activities		**(508,540)**	**971,796**	**48,134**	**923,561**
Effect of exchange rate differences on cash for the period		4,857	2,710	(58,781)	(23,966)
Increase in cash and cash equivalents		**(222,763)**	**(7,618)**	**83,269**	**237,384**
Cash and cash equivalents at the beginning of the year		704,746	712,364	1,509,829	1,272,445
Cash and cash equivalents at the end of the year		**481,983**	**704,746**	**1,593,098**	**1,509,829**

See the accompanying notes to the financial statement

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED
YEAR ENDED DECEMBER 31, 2023 AND 2022
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/23	12/31/22	12/31/23	12/31/22
Origination of value added		5,009,457	5,291,605	12,392,473	10,820,116
Sale of products, net of returns and rebates	27	4,977,599	5,312,129	12,336,961	10,845,276
Other operating expenses, net		29,103	(14,298)	29,103	(14,298)
Provision for impairment of trade receivables		2,755	(6,226)	26,409	(10,862)
(-) Inputs acquired from third parties		(3,182,634)	(3,614,864)	(8,327,745)	(7,217,678)
Raw materials and processing material consumed		(2,589,427)	(2,915,534)	(5,469,915)	(4,872,907)
Materials, energy, third party services and other		(593,207)	(699,330)	(2,857,830)	(2,344,771)
GROSS VALUE ADDED		1,826,823	1,676,741	4,064,728	3,602,438
Retentions:		(136,347)	(140,517)	(354,817)	(348,551)
Depreciation and amortization	13 and 14	(148,070)	(140,517)	(366,540)	(348,551)
Impairment		11,723	-	11,723	-
Net value added generated by the Company		1,690,476	1,536,224	3,709,911	3,253,887
Value added received through transfer		372,308	351,112	108,104	99,360
Share of results of subsidiaries	12	318,005	261,396	-	-
Finance income	29	54,303	89,716	108,104	99,360
VALUE ADDED TO DISTRIBUTE		**2,062,784**	**1,887,336**	**3,818,015**	**3,353,247**
Distribution of value added					
Personnel		888,371	892,167	2,267,866	1,911,260
Employees		627,014	620,164	1,853,862	1,539,215
Social charges - Government Severance Indemnity Fund for Employees (FGTS)		44,388	43,130	78,226	43,130
Profit sharing		86,566	95,718	122,101	153,231
Management fees		24,057	29,717	24,057	29,717
Workplace healthcare and safety		70,074	65,648	107,374	65,648
Food		14,745	14,675	27,727	14,675
Professional education, qualification and development		1,342	1,556	4,394	2,649
Other amounts		20,185	21,559	50,125	62,995
Government		332,571	306,684	633,537	698,552
Federal taxes and contributions		287,452	245,037	498,961	491,079
State taxes and rates		36,741	53,080	124,618	197,849
Municipal taxes, rates and other		8,378	8,567	9,958	9,624
Third party capital		333,702	180,213	399,599	241,214
Finance costs	29	277,875	176,779	340,075	221,484
Monetary and foreign exchange variations, net	29	55,827	3,434	59,524	19,730
Own capital		508,140	508,272	517,013	502,221
Acionistas (dividendos)		22,071	65,378	22,071	65,378
Retained earnings (losses)		486,069	442,894	494,942	436,843
TOTAL VALUE ADDED		**2,062,784**	**1,887,336**	**3,818,015**	**3,353,247**

See the accompanying notes to the financial statement

(A free translation of the original in Portuguese)

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1. GENERAL INFORMATION

Tupy S.A. ("Parent Company") and its subsidiaries (jointly, "Company" or "Consolidated") develop and produce cast iron structural components of high geometric and metallurgical complexity. These engineering solutions are applied in the structural components, manufacturing contracts, energy and decarbonization and, contribute to people's quality of life, promoting access to health, basic sanitation, drinking water, food production and distribution, and global trade. The technological innovation involved in producing and creating these pieces is the company's specialty, in its 86-year history. The Company has industrial plants in Brazil, in Joinville-SC, Betim-MG and São Paulo-SP, and a distribution center in Jundiaí-SP. Abroad, its units are located in the cities of Saltillo and Ramos Arizpe, Mexico, as well as in the city of Aveiro, Portugal. In addition to the industrial plants, the Parent Company has a subsidiary in the Netherlands, which centralizes the Company's operations abroad and another one in Luxembourg, for issuing debt securities on the international market. Additionally, it has sales offices in Germany, USA, and Italy.

Tupy S.A. is a corporation (*sociedade anônima*), headquartered in Joinville-SC, registered on the São Paulo Stock Exchange ("B3": TUPY3) and listed on the *Novo Mercado* of B3 S.A.

On November 30, 2022, the Company completed the acquisition of MWM Tupy do Brasil Ltda thereby obtaining control of the operations.

The issue of these financial statements was authorized by the Board of Directors on March 20, 2024.

2. DESCRIPTION OF MATERIAL ACCOUNTING POLICES

2.1 Statement of compliance and preparation basis

The Company's financial statements were prepared according to the accounting practices adopted in Brazil, including the pronouncements, interpretations and guidance issued by Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and evidence all information of financial statements, and only them, which are consistent with those used by Management in its administration.

The presentation of the Individual and Consolidated Statement of Added Value is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies. The IFRS do not require the presentation of this statement. Accordingly, in conformity with IFRS, this statement is presented as supplementary information, without prejudice to financial statements as a whole.

The financial statements were prepared based on the historical cost, except for certain financial instruments measured at its fair values, as described in the accounting practices. The historical cost is usually based on the fair value of the payments made for the assets.

The preparation of financial statements requires the use of certain critical accounting estimates and the Company's Management to exercise its judgment in the process of applying its accounting policies. The areas requiring the highest level of judgment and having the highest complexity, and the areas where assumptions and estimates are significant for the financial statements are disclosed in Note 2.5.

2.2 Consolidation

Subsidiaries are all entities in which the Company holds the control and are fully consolidated as of the date control is transferred. Control is obtained when the Company is exposed or entitled to variable returns based on its involvement with the investee and has the capacity to affect those returns through the power exercised in relation to the investee. The consolidation is interrupted beginning on the date on which the Company loses the full or joint control. In this situation, on the control loss date, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are written-off, while any resulting gain or loss is recorded in the income (loss). As of December 31, 2023, the consolidated subsidiaries are:

		Interest* (%)	Functional currency	Headquarters
Direct subsidiaries				
Tupy Materials & Components B.V.	(a)	100,00	U.S. dollar	Netherlands
MWM - Tupy do Brasil Ltda.	(b)	100,00	Real	Brazil
Tupy Minas Gerais Ltda.	(c)	100,00	Real	Brazil
Tupy Agroenergética Ltda.	(d)	100,00	Real	Brazil
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "em liquidação"	(e)	100,00	Real	Brazil
Indirect subsidiary				
Tupy Europe GmbH	(f)	100,00	EURO	Germany
Tupy American Foundry Corporation	(f)	100,00	U.S. dollar	USA
FUNFRAP – Fundição Portuguesa, S.A.	(c)	83,60	EURO	Portugal
Tupy Mexico Saltillo, S.A. de C.V	(c)	100,00	U.S. dollar	Mexico
Technocast, S.A. de C.V.	(c)	100,00	U.S. dollar	Mexico
Diesel Servicios Industriales, S.A. de C.V.	(g)	100,00	U.S. dollar	Mexico
Servicios Industriales Technocast, S.A. de C.V.	(g)	100,00	U.S. dollar	Mexico
Tupy Overseas S.A.	(h)	100,00	U.S. dollar	Luxembourg

(*) Interest in capital and in voting capital.

The Company's investment in entity numbered by the equity method comprises interests in joint ventures.

Main activities of the subsidiaries:

(a) Company formed for the purpose of concentrating corporate activities abroad.

(b) Machining and assembly of engines and power generators.

(c) Industrial plants aimed at the freight transportation, infrastructure and agriculture segments.

(d) Company that acted with reforestation activities and that is currently inactive.

(e) Company in the process of liquidation, currently inactive.

(f) Companies abroad, functioning as an extension of activities in Brazil and acting in logistics, sales and technical assistance in the freight transportation, infrastructure, and agriculture segments;

(g) Provider of labor services to subsidiaries in Mexico.

(h) Company abroad incorporated with the aim of enabling the issue of debt securities in the international market.

Transactions, balances and unrealized gains in transactions between Group's companies are eliminated. Unrealized losses are also eliminated, unless the transaction shall provide impairment evidence of the asset transferred. The accounting policies of the subsidiaries are changed, when required, to assure the consistency with the policies adopted by the Parent company.

2.3 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured for the consideration amount transferred, which is valuated on fair value basis on the acquisition date, including the value of any non-controlling interest in the acquiree, regardless of their proportion. For each business combination, the Company measures the non-controlling interest in the acquiree based on its interest in the net assets identified in the acquiree. Costs directly attributable to the acquisition are accounted for as expense when incurred.

On acquiring a business, the Company assesses the financial assets and liabilities assumed in order to rate and to allocate them in accordance with contractual terms, economic circumstances and pertinent conditions on the acquisition date, which includes segregation by the acquired entity of built-in derivatives existing in the acquired entity’s host contracts.

Assets acquired and liabilities assumed as part of a business combination are measured at fair value on the acquisition date, with the exception of deferred tax assets and reimbursement assets.

Any contingent consideration to be transferred by the acquiree will be recognized at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability should be recognized in accordance with CPC 48 in the statement of operations.

Initially, a bargain purchase is measured as the excess between the net value (on the acquisition date) of the assets acquired and the liabilities assumed in relation to the consideration transferred. The difference must be recognized as gain in statement of income.

2.4 Foreign currency translation

a. Functional and presentation currency

The items included in the financial statements of each of the consolidated companies are measured using the main currency of the economic environment where the company operates (the "functional currency").

Individual and consolidated financial statements are being presented in *reais* (R$), functional currency of the Parent company.

b. Transactions and balances

Operations with foreign currencies are converted into functional currency by using foreign exchange rates prevailing on the transaction or valuation dates, when the items are measured.

Exchange gains and losses resulting from the settlement of those transactions and from the conversion at year-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of income.

Foreign exchange gains and losses related to loans, cash and cash equivalents and other are presented in the statement of financial income (loss) as inflation adjustments and exchange-rate changes, net. All other exchange gains and losses are presented in the statement of operations as “other operating revenues (expenses), net”.

Exchange-rate changes of monetary securities in foreign currency classified at amortized cost are recognized in P/L. Exchange-rate change on non-monetary financial assets and liabilities, such as investments in shares classified as measured at fair value through profit or loss, are recognized in income (loss) as part of the fair value gain or loss. Exchange-rate changes on non-monetary financial assets are included in equity valuation adjustments in shareholders' equity until the disposal of the net investment, when they are recognized in the statement of income. Charges and tax effects attributed to the exchange-rate changes on these loans are also recognized in shareholders' equity.

c. Subsidiaries with different functional currency

The income (loss) and financial position of all consolidated entities (none of which have a currency of a hyperinflationary economy), whose functional currency differs from the presentation currency, are converted into the presentation currency as follows:

- Assets and liabilities of each balance sheet presented are translated at the closing exchange rate on the balance sheet date.
- Revenues and expenses of each statement of income are converted by the average exchange rates for the month of the transaction.
- All resulting foreign exchange differences are recognized as separate component in the shareholders' equity in "Equity valuation adjustments" account.

In the consolidation, exchange differences arising from the translation of the net investments in foreign operations and loans and other foreign currency instruments designated as hedge of these investments are recognized in shareholders' equity. When a foreign operation is partially divested or sold, exchange differences previously recorded in shareholders' equity are recognized in the statement of operations as part of gain or loss on the sale.

Goodwill and fair value adjustments arising from acquisition of an entity in a foreign country are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Use of critical accounting estimates and judgments

When applying the Company's accounting policies, Management makes judgments and estimates on book values of assets and liabilities for which are not easily obtained from other sources. Estimates and respective assumptions are based on historic experience and on other factors that are considered relevant. Effective results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed. Effects from reviews made to accounting estimates are recognized in the period in which estimates are reviewed, in case review affects only that period; or also in subsequent periods, in case review affects both current period and future periods. The main judgments are presented below:

a. Deferred income tax and social contribution

In the financial statements, the Company recognizes the effect of deferred income tax and social contribution arising from tax losses and/or temporary differences. A provision for loss of tax assets is recorded when the recoverability of these assets is unlikely.

Determination of the provision for income tax or deferred income tax, assets and liabilities, and of any provision for losses on tax credits requires Management to make estimates. For every future tax credit, the Company evaluates likelihood of not recovering a portion of or all tax assets. The provision for devaluation depends on the evaluation of likelihood of generating future taxable income based on production and sales planning, prices, operating costs and other expenditures. (Note 9)

b. Useful life of the property, plant and equipment

The Company recognizes the depreciation of its property, plant and equipment based on estimated useful life, which is reviewed annually, which is in accordance with industry practices and previous experience, and reflects the economic life of property, plant and equipment. However, the actual useful lives may vary based on the technological updates made to each industrial plant. The useful lives of property, plant and equipment also affect the tests for impairment, when required.

The Company does not believe that there are indications of material changes in the estimates and assumptions used in determining the estimated useful life. (Note 13)

c. Impairment of non-financial assets

The Company tests its intangible assets and other long-term assets annually whenever events and circumstances indicate that the discounted cash flows, estimated to be generated by such assets, are less than the book values of these items.

Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

Cash flow estimates are based on historical results adjusted to reflect the Company's best market estimate and operating conditions. Estimates of actual values used by the Company to calculate the impairment loss, if any, represent the best estimate based on expected cash flows, industry trends, and reference to market rates and operations. Impairment losses may also occur when we decide to dispose of assets.

d. Tax, civil, social security and labor provisions

Tax, civil, social security and labor provisions are recorded when the possibility of disbursements or loss in lawsuits is considered probable with the support of legal advisors. Contingency provisions are recorded when the amount of the loss can be reasonably estimated. Due to its nature, contingencies are solved when one or more future events occur or do not occur. Typically, the occurrence or non-occurrence of such events does not depend on the Company's action, which makes it difficult to precisely estimate the date on which such events will occur. Evaluating such liabilities involves significant estimates and judgments by Management in relation to future events' results. (Note 24)

2.6 The Company's specific accounting policies

a. Cash and cash equivalents

Cash equivalents are maintained for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers as cash equivalents interest earning bank deposits readily convertible into known amounts of cash and subject to an insignificant risk of change of value. Consequently, an investment qualifies as cash equivalent when it has short-term maturity. The conditions for return on these investments are presented in Note 3.

b. Inventories

Inventories are valuated at average acquisition and/or production cost, considering the total absorption method of industrial costs, adjusted to net realizable value, where applicable.

The analysis for recognizing a provision, under the Company's standards, considers applicability, recoverability, realization, and signs of obsolescence. Such provisions are reviewed and adjusted at each reporting date of the financial statements. (Note 5)

c. Tooling

They refer to tools in production to fulfill contracts with clients. They are stated at acquisition and construction cost, less provision for adjustment to probable realizable values, where applicable. Such tools are supported by a loan-for-use contract, to be used in the production process, and are billed upon acceptance by clients. (Note 6)

d. Financial assets

(i) Recognition and measurement

The classifications of financial assets are based on the Company's business models for the management of these assets according to the characteristics of contractual cash flows, and classified as follows:

- Debt instruments measured at amortized cost ("AC");
- Debt instruments measured at fair value through other comprehensive income ("FVTOCI");
- Debt instruments, derivatives, equity instruments and debt instruments measured at fair value through profit or loss ("FVTPL");

The Company determines the classification of its financial assets upon its initial recognition, when it becomes part of the contractual provisions of the instrument.

Financial assets are initially recognized at fair value plus, in the case of investments not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Company's financial assets include cash and cash equivalents, trade accounts receivable and other accounts receivable, other loans and receivables and loan agreements and are classified into the category of financial assets at amortized cost. Investments in equity instruments and derivative financial instruments are classified in the financial assets category at fair value through profit or loss.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, which can be as follows:

- At amortized cost

They must be measured at amortized cost if both of the following conditions are met:

(a) the financial asset is maintained in the business model, whose the purpose is to maintain financial assets for the purpose of receiving contractual cash flows; and

(b) the contractual terms of financial assets that give rise, on specific dates, to cash flows that solely refer to payments of principal and interest on the principal amount outstanding.

- At fair value through other comprehensive income

They must be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is maintained within a business model whose purpose will be achieved by both the receipt of contractual cash flows and the sale of financial assets; and

(b) The contractual terms of financial assets give rise, on specific dates, to cash flows that solely refer to payments of principal and interest on the principal amount outstanding.

- At fair value through profit or loss

The financial asset must be measured at fair value through profit or loss, unless it is measured at amortized cost or at fair value through other comprehensive income.

(iii) Offsetting of financial instruments

Financial assets and liabilities are offset and their net amounts in the balance sheet only when there is a legal right to offset the amounts recognized and there is an intent to settle them on net bases, or realize the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

The Company assets, at the balance sheet dates, whether there is any evidence that determines that a financial asset or group of financial assets is impaired. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses (ECLs), the Company considers reasonable and supportable information, including quantitative and qualitative analyses based on the historical experience, evaluation of credit and prospective information. Evidence of impairment loss can include indicators that the borrowers are experiencing serious financial difficulty.

(v) Derecognition

Derecognition of a financial asset only occurs when the contractual rights over the asset’s cash flow are realized or expire or when the Company transfers the financial asset and substantially all of its risks and returns to third parties. In transactions where such financial assets are transferred to third parties, but without the effective transfer of the respective risks and returns, the asset is not derecognized.

The derecognition of a financial liability takes place only when its contractual obligation is discharged, canceled or expired. Financial liabilities are also derecognized when terms are modified, and the cash flows are substantially different if a new financial liability is recognized at fair value. In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in the income (loss).

(vi) Derivative financial instruments and hedge of net foreign investment

The Company uses derivative financial instruments to manage its exposure to foreign exchange rates.

Derivative financial instruments

The Company uses financial derivative transactions zero cost collar "ZCC" and Non Deliverable Forwards "NDF" as an instrument to minimize the risks arising from exchange-rate change on its operating revenue.

The financial derivative instruments contracted by the Company are classified as derivatives measured at fair value through profit or loss; therefore, all changes in the fair value of any of these derivative financial instruments are immediately recognized in financial income (loss).

The total fair value of a derivative financial instrument is classified as non-current when the contract matures in more than 12 months.

Hedge of foreign investment, net

The Company designates loans and financing in foreign currency as a hedging instrument to protect against the risk of exchange-rate changes arising from investments held by the Company abroad stemming from the translation of said investments into the presentation currency of the Company's financial statements.

At the beginning of each operation, the Company documents the following:

- the relationship between the hedge instruments and the hedge-protected items;
- risk management objectives;
- the strategy for carrying out hedge accounting;
- the assessment that the hedging instruments used in the transactions are highly effective in offsetting changes in the fair value of the hedged items.

The effective portion of gain or loss of a designated hedge instrument and qualified as foreign net investment hedge is recognized in shareholders' equity within "Equity valuation adjustments" account. The gain or loss relating to the non-effective portion is immediately recognized in the Company's financial income (loss). Changes in hedge amounts classified in the equity valuation adjustments account in shareholders' equity are stated in Note 37.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially or fully disposed of or sold.

e. Financing, loans and debentures

They are initially recognized at fair value, net of costs incurred in the transaction and are stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the settlement amounts is recognized in the statement of income during the period while the loans are outstanding, under the effective interest rate method. (Notes 17 and 18)

f. Financial liabilities

They are classified as initial recognition, financial liabilities at fair value through profit or loss, loans and financing, accounts payable or derivatives classified as hedge instrument, as the case may be. The classification depends on the purpose for which the financial liabilities were assumed.

(i) Initial recognition and measurement

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost under the effective interest method to calculate interest expense. The effective interest method computes the amortized cost of a liability and allocates the interest expenses during the period. The balances of suppliers, loans and financing, related parties and securities payable and other are classified here.

(ii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, this substitution or alteration is treated as a write-off of the original liability and recognition of a new liability, whereas the difference in the corresponding book value is recognized in the statement of income.

g. Suppliers participating in “forfaiting” operations

The Company enables a program of “forfaiting” operations with financial institutions in order to facilitate administrative procedures for suppliers to advance receivables related to purchases from the Parent Company and the Betim and Mexico subsidiaries.

In the Parent Company’s operations, the financial institution separately offers to pay our supplier in advance in exchange for a discount and, when contracted between the bank and the supplier (it is solely and exclusively the supplier’s decision whether or not to enter into such transaction), the Company pays to the financial institution, on the original payment date, the entire face value of the original obligation. This transaction did not change amounts and liability nature and it does not affect the Company with the financial charges practiced by the financial institution. The terms are not significantly altered and there is no guarantee given by the Company. Additionally, payments made by the Company represent purchases of goods and services, are directly related to supplier invoices, and do not substantially alter the Company’s cash flows, or even the economic–financial essence of dealing with operational transactions for the supply and purchase of goods or services for the Company in non-material amounts in the years 2023. Considering these characteristics and the essence of these transactions, the Company has the accounting practice of recognizing the respective financial liabilities stemming from these transactions under the “Suppliers” caption. (Note 16)

h. Employee benefits

The Company has specifically-defined benefit plans for employees in Mexico that are funded by payments determined by periodic actuarial calculations. The Company also has a specifically defined contribution plan for employees in Brazil.

The liability recognized in the balance sheet in relation to defined pension plans is the present value of obligation on balance sheet date, less the fair value of plan assets. The defined benefit obligation is annually calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation was determined by discounting estimated future cash outlays, using interest rate yields prevailing in the market for the currency in which benefits will be paid, and having maturity periods similar to those in the related pension plan obligation.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are stated directly in shareholders' equity as other comprehensive income, when they occur. Past costs of services are immediately recognized in the income figures.

With respect to defined contribution plan, in Brazil, the Company makes contributions to private pension plans on a contractual or voluntary basis. The Company has no additional obligation to make payments after the contribution is made. The contributions are recognized as employee benefit expenses, when due. The contributions made in advance are recognized as asset as a refund in cash or a reduction of future payments when made available. (Notes 21 and 23)

i. Advances from clients

They refer to advances of resources for the construction of tools that will be used in the production process. They are recorded at the contracted amounts, adjusted according to exchange-rate changes, where applicable, and settled upon billing of the object of the transaction. Revenue from advance from clients is recognized upon completion of the tool construction and with the approval of the tools by the client. (Note 22)

j. Share-based remuneration

The Company has a share-based remuneration plan for Administrators. Part of the variable remuneration of these Administrators is settled through the issue or purchase of the Company's equity instruments. The fair value of services, received in exchange for the granted stock options, is recognized as an expense. The total amount to be recognized is determined by reference to the fair value of the options granted.

Total expenses are recognized during the period in which the right is acquired; period during which the specific conditions of acquisition of rights should be met. (Note 26)

k. General provisions

A provision is recognized when the Company have a present (legal or constructive) obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.
The expense referring to any provision is presented in the statement of income, net of any reimbursement.

l. Revenues

Revenues are shown net of taxes and discounts. Sales taxes are recognized when sales are invoiced, and sales discounts are recognized when granted. Revenues from sale of goods are recognized when:

- the value of the sales is reliably measurable;
- the Company no longer holds control over the goods sold or any other responsibility related to the ownership thereof;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- it is likely that the economic benefits will flow to Company;
- and the risks and benefits of the products are fully transferred to the buyer.

These revenue recognition conditions are normally linked to the physical delivery of the goods, either at the client's facilities or the Company's facilities, depending on the type of shipping contracted. For contracts that allow the client to return products, the revenue is recognized to the extent that it is highly likely that a significant reversal in the value of accumulated revenue will not occur. (Note 27)

m. Indirect taxes

Revenues are recognized net of taxes. Likewise, acquisitions of goods, services, assets and expenses, except for situations in which, in acquisitions, taxes are not creditable, in which case such taxes are recognized as part of the acquisition cost of the goods, the service, the asset or the expense, as the case may be.

The amount of taxes levied on sales and acquisitions are included as a component of amounts receivable or payable on the Company's balance sheet.

The amount of taxes, once calculated (comparing credits for incoming acquisitions and debits for outgoing sales), will show a recoverable or payable balance and are presented on the balance sheet as assets or liabilities, respectively.

These charges are deducted from revenue in the statement of income. The credits arising from the non-accumulation of PIS/COFINS and ICMS are shown in the statement of income less cost of services rendered.

n. Segment information

For management purposes, the Company is divided into business units, based on products, with two operational segments subject to the disclosure of information:

- Freight transportation, infrastructure, agriculture and power generation segments
- Distribution segment

Management separately monitors the operating income (loss) of the business units, in order to be able to make decisions on the allocation of resources and evaluate performance, whose main indicators are EBITDA and operating profit, which, in some cases, is measured differently from operating profit or loss in the consolidated financial statements.

The Company's financing (including financing revenue and expense) and income taxes are managed on a consolidated basis and are not allocated to operating segments.

Financial revenues and financial costs, in addition to gains and losses at fair value on financial assets, are not allocated to individual segments, since the underlying instruments are managed on a group basis.

Current taxes, deferred taxes, and certain financial assets and liabilities are not allocated to these segments, as they are also managed on a group basis.

Capital expenditures consist of additions to fixed assets, intangible assets and investment properties, including assets stemming from the acquisition of subsidiaries.

2.7 New standards, amendments and interpretations of standards issued by IASB and CPC

a. New standards

The Company decided not to early adopt any other standard, interpretation or change that has been issued but is not yet effective.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts / CPC 50 - Insurance Contracts and replaced CPC 11 - Insurance Contracts). IFRS 17 and CPC 50 are effective for annual periods started as of January 1, 2023. This standard does not impact the Company.

Amendments to CPC 23 / IAS 8: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 (standard related to CPC 23), in which it introduces the definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement and input techniques to develop accounting estimates.

The amendments will be effective for periods beginning on or after January 1, 2023, and will apply to changes in accounting policies and estimates that occur on or after the beginning of that period. Early adoption is allowed if disclosed.

Amendments does not have a significant impact on the Company’s financial statements.

Amendments to IAS 1: Disclosure of accounting policies

The Company adopted the disclosure of accounting policies (amendments to CPC 26/IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any change in the accounting policies themselves, they affected the information accounting policies disclosed in the financial statements. The amendments aim to assist entities in disclosing accounting policies that are most useful by replacing the requirement for disclosure of “significant” accounting policies with “material” accounting policies and adding guidance on how entities should apply the concept of materiality when making decisions about the disclosure of accounting policies.
The Company is evaluating the impacts of these changes in the accounting policies disclosed.
Management has reviewed the accounting policies and updated the information disclosed in Note 2 Material accounting policies (2022: Significant accounting practices) in certain cases, in accordance with changes.

Amendments to CPC 32 / IAS 12: Income taxes

a. Deferred tax net transactions

The Company adopted deferred tax related to assets and liabilities arising from a single transaction from January 1, 2023. The changes restrict the scope of the exemption from initial recognition to exclude transactions that give rise to equal and compensating temporary differences, the entity shall recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognized as a profit reserve, accumulated losses or in other components of shareholders' equity at that date. However, there was no impact on the balance sheet as the balances qualify for offset in accordance with paragraph

74 of CPC 32/IAS 12. There was also no impact on profits, accumulated losses from opening on January 1, 2022 as a result of the change.

b. International tax reform -Pillar two

The Company adopted the International Tax Reform – Pillar Two Model Rules upon its publication. The amendments provide a temporary mandatory exception from deferred tax accounting for the additional tax, which takes effect immediately, and require new disclosures about Pillar Two exposure (Note 31). The mandatory exception applies retrospectively. However, as no new legislation to implement the additional tax has been enacted or substantially enacted as of December 31, 2022 in any jurisdiction in which the Company operates and no related deferred taxes have been recognized as of that date, retrospective application has no impact on the financial statements consolidated.

Amendments to IAS 1: Classification of liabilities as current or non-current

The amendments issued in 2020 and 2022, to specify the requirements for classifying the liability as current or non-current. And if need complimentary information for covenants related.

Amendments are valid for periods started as of January 1, 2024 must be applied on a retrospective basis. As disclosed in Note 17, the Company has a loan that is subject to specific covenants. Although the liabilities are classified as non-current as of December 31, 2023, a future breach of specific covenants may require the Company to settle the liabilities before the contracted maturity dates.

Amendments to CPC 26 / IAS 1 e CPC 40 / IFRS7: Financial instruments disclosures

The amendments introduce new disclosures related to financing arrangements with suppliers (“Downloaded Risk”) that help users of financial statements assess the effects of these arrangements on an entity's liabilities and cash flows and on the entity's exposure to credit risk. liquidity. The changes apply to annual periods beginning on or after January 1, 2024.
As disclosed in Note 16, the Company participates in a supply chain financing agreement to which the new disclosures will apply. The Company is evaluating the impact of the changes, mainly with regard to obtaining additional information necessary to meet the new disclosure requirements

Other accounting standards

The following new and amended standards are not expected to have a significant impact on the Company's consolidated financial statements:
Amendments to CPC 06/IFRS 16 - leases.
Amendments to CPC 02/IAS 21 – the effects of changes in foreign exchange rates.

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Cash and banks	4,104	3,200	9,072	26,139
Financial investments in Brazil	457,397	625,633	801,871	916,210
Financial investments abroad	20,482	75,913	782,155	567,480
	481,983	**704,746**	**1,593,098**	**1,509,829**

Interest earning bank deposits presented as cash and cash equivalents are securities with immediate liquidity and represent an insignificant risk of change in value. In Brazil, investments are remunerated by the change in the CDI (Interbank Deposit Certificate) rate, with an average rate equivalent to 13.38%

p.a. (average rate of 12.45% p.a. for the year ended December 31, 2022). Abroad, investments are predominantly in US dollars (US$) and remunerated at the average rate of 4.74% per annum (2.08% per annum (at December 31, 2022) called “time deposit” and “overnight”.

The cash and cash equivalent balance carried R$ 243,132 from the acquired MWM Tupy do Brasil Ltda., arising from the business combination that occurred on December 1, 2023, which would be returned to the seller after discussions about the final adjustment of the transaction price. On September 29, 2023, after partial agreement, R$ 169,785 was reimbursed. On February 01, 2024, after final settlement R$ 74,180 was paid to Navistar.

The Company operates with first-rate institutions, as detailed in Note 38.1.

4. ACCOUNTS RECEIVABLE

The trade accounts receivable, indicated by market and by aging, are shown below:

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Domestic market	214,716	176,808	481,457	638,762
Foreign market	622,958	868,056	1,388,609	1,469,486
Provision for impairment of trade receivables	(7,474)	(9,309)	(38,331)	(76,868)
	830,200	**1,035,555**	**1,831,735**	**2,031,380**

The balance of accounts receivable from the domestic market is denominated in Brazilian Reais; from the foreign market, it is predominantly in US Dollars and, to a lesser extent, in Euros.

The reduction in accounts receivable is mainly due to the variation in volume regarding the final quarter of 2023 compared to the previous year, and reduced by the appreciation of the Brazilian Real (R$) against the US Dollar (US$), which went from R$ 5.2177 on December 31, 2022 to R$ 4.8413 on December 31, 2023.

The amount of accounts receivable from the Parent Company, on the foreign market, includes amounts referring to sales to related parties that are eliminated in Consolidated, in the amount of R$ 449,779 (R$ 783,444at December 31, 2022). (Note 10)

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Falling due in up to 30 days	406,019	536,573	887,691	868,769
Falling due within 31 to 60 days	168,933	225,944	439,860	548,609
Falling due in more than 61 days	228,343	247,351	291,763	381,486
Total falling due	**803,295**	**1,009,868**	**1,619,314**	**1,798,864**
Overdue for up to 30 days	27,466	22,036	138,589	130,532
Overdue for 31 to 60 days	1,933	2,057	42,869	46,401
Overdue for more than 61 days	4,980	10,903	69,294	132,451
Total overdue	**34,379**	**34,996**	**250,752**	**309,384**
Provision for impairment of trade receivables	(7,474)	(9,309)	(38,331)	(76,868)
Total	**830,200**	**1,035,555**	**1,831,735**	**2,031,380**

The Company performs a qualitative analysis of the main clients and a quantitative analysis of the securities receivable portfolio to determine the losses on receivables, which presented the following changes:

	Parent company		Consolidated	
	Dec/23	**Dec/22**	**Dec/23**	**Dec/22**
Opening balance	**(9,309)**	**(4,439)**	**(76,868)**	**(11,256)**
Business combination	-	-	-	(55,193)
Additions	(15,476)	(22,038)	(39,710)	(26,677)
Reversals	18,231	15,812	66,119	15,815
Write-offs (*)	(920)	1,356	12,128	443
Closing balance	**(7,474)**	**(9,309)**	**(38,331)**	**(76,868)**

(*) Receivables written off during the year as uncollectible

As of December 31, 2023, the Company had expected losses on trade accounts receivable represented 2.1% of the balance of outstanding accounts receivable (consolidated) on that date (3.6% on December 31, 2022). The reversal represent a portion amount that had been pending for a long time, fully provisioned for the amount of R$ 36,725, recognized in MWM Tupy do Brasil Ltda, acquired on November 30, 2022. The amount of R$ 11,000 received was sent to the former parent company, Navistar International Corporation, as agreed in the contract between the parties.

5. INVENTORIES

	Parent company		Consolidated	
	Dec/23	**Dec/22**	**Dec/23**	**Dec/22**
Finished products	200,333	223,862	679,136	622,443
Work in progress	100,028	154,674	496,363	621,202
Raw materials	114,273	121,402	652,796	821,826
Maintenance and other materials	39,587	37,091	205,357	216,821
Provision for losses	(9,819)	(17,723)	(72,390)	(74,408)
	444,402	**519,306**	**1,961,262**	**2,207,884**

Inventories are valuated at average acquisition and/or production cost, considering the total absorption method of industrial costs, adjusted to net realizable value (provision for losses pursuant to internal policies), as applicable.

The decrease seen in the balance of inventories reflects actions to reduce working capital, potencialized by the appreciation of the Brazilian Real against the US Dollar, which went from R$ 5.2177 on December 31, 2022 to R$ 4.8413 on December 31, 2023.

The provision for losses showed the following changes:

	Parent company		Consolidated	
	Dec/23	**Dec/22**	**Dec/23**	**Dec/22**
Opening balance	**(17,723)**	**(15,677)**	**(74,408)**	**(79,093)**
Business combination	-	-	-	(20,643)
Additions	5,399	(3,835)	(10,464)	21,139
Write-off as loss	2,505	1,789	12,482	4,189
Closing balance	**(9,819)**	**(17,723)**	**(72,390)**	**(74,408)**

At December 31, 2023, the Company had inventories of finished products offered as collateral for labor and social security lawsuits in the amount of R$ 9.,371 (R$ 9,746 at December 31, 2022) in the Parent Company and Consolidated. Starting January 2020, the Company has taken out guarantee insurance.

6. TOOLING

	Parent company		Consolidated	
	Dec/23	**Dec/22**	**Dec/23**	**Dec/22**
Domestic market	43,279	28,310	69,772	41,964
Foreign market	54,715	42,092	168,371	124,410
	97,994	**70,402**	**238,143**	**166,374**

They refer to tooling in production to produce supply contracts and when completed, they will be sold to the clients. The main amount is financed by the respective clients (note 22). The increase in the period arises from the construction of tooling to meet new projects or to replace worn-out tooling

7. RECOVERABLE INCOME TAX AND SOCIAL CONTRIBUTION

	Dec/23			Dec/22		
	Current	Non-current	Total	Current	Non-current	Total
Parent Company	**4,933**	**29,472**	**34,405**	**8,069**	**30,124**	**38,193**
Income tax	4,933	20,175	25,108	8,069	21,616	29,685
Social contribution	-	9,297	9,297	-	8,508	8,508
Subsidiaries	**69,338**	**21,650**	**90,988**	**39,358**	**-**	**39,358**
Income tax	69,338	21,650	90,988	39,343	-	39,343
Social contribution	-	-	-	15	-	15
Consolidated	**74,271**	**51,122**	**125,393**	**47,427**	**30,124**	**77,551**

The increase in relation to 2022 is due to the estimated payment at the beginning of 2023, in the subsidiary Tupy México Saltillo, S.A de CV.

8. OTHER RECOVERABLE TAXES

Parent company

	Dec/23			Dec/22		
	Current	Non-current	Total	Current	Non-current	Total
ICMS recoverable - São Paulo (a)	50	-	50	102	-	102
ICMS recoverable - Santa Catarina (a)	7,690	8,166	15,856	20,569	5,503	26,072
Reintegra benefit	670	-	670	795	-	795
COFINS, PIS and IPI recoverable (b)	38,827	6,778	45,605	38,586	6,778	45,364
	47,237	**14,944**	**62,181**	**60,052**	**12,281**	**72,333**

Consolidated

	Dec/23			Dec/22		
	Current	Non-current	Total	Current	Non-current	Total
ICMS recoverable - São Paulo (a)	22,848	86,118	108,966	11,101	92,897	103,998
ICMS recoverable - Santa Catarina (a)	7,690	8,166	15,856	20,569	5,503	26,072
ICMS recoverable - Minas Gerais (a)	3,797	3,259	7,056	3,543	3,259	6,802
Reintegra benefit	876	-	876	1,499	-	1,499
COFINS, PIS and IPI recoverable (b)	161,001	72,378	233,379	156,051	154,231	310,282
Value-added tax (VAT) (c)	153,950	101,474	255,424	88,969	86,662	175,631
Consolidated	**350,162**	**271,395**	**621,557**	**281,732**	**342,552**	**624,284**

a. ICMS recoverable

These are credits arising from purchases of raw materials used in the manufacturing process of exported products and purchases of realizable property, plant and equipment, at their origin, in 48 installments, pursuant to applicable state legislation.

In Santa Catarina, the Company has been realizing these amounts – through transfers to third parties and with the expansion of the "Pro-Emprego" regime, which differs from the ICMS (VAT) charge on purchases of materials and energy.

The accumulated credit in São Paulo originates from the business combination for the acquisition of MWM Tupy do Brasil Ltda, occurred at December 1, 2022.

Such credit was constituted over the years, especially in 2018 essentially due to ICMS payments in the customs clearance of goods carried out within the state of São Paulo without equivalent consideration of consumption (debits), in view of the representativeness of export activities (exempt) and of interstate sales (carried out at a lower rate than practiced in the afore mentioned customs clearance) in the operation.Actions toward realizing this asset are under way, both in terms of establishing an agreement to third parts in order to minimize the generation of credits and to maximize the generation of debts.

b. Recoverable PIS, COFINS and IPI

These are credits stemming from the acquisition of inputs used in the production process and are offset against taxes levied on the sale of goods, and to offset other federal taxes for the original portion proportional to export revenues. For credits originating in proportion to revenues from the domestic market, such credits are used by offsetting against a memorandum account.

The business combination for the acquisition of MWM Tupy do Brasil Ltda brought PIS and COFINS assets from the exclusion of ICMS from the calculation basis in the amount of R$ 218,760. Of this amount, R$ 168,760 will be reimbursed to the seller as it is used by the acquiree.

The reduction observed results from the use to offset federal taxes and contributions.

c. Value added tax – VAT

These are credits arising from the acquisition of inputs used in the production process of subsidiaries in Mexico and from exports, from companies acquired on October 1, 2021, with customs clearance taking place in Italy. The aforementioned credits are reimbursed regularly by the respective tax authorities.

The increase in relation to the 2022 balance is due to the delay in reimbursement by the Mexican tax authorities, which was regularized in January 2024

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

The breakdown of deferred tax credits and debits stemming from income tax and social contribution, according to the balance sheet accounts, is presented below:

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Deferred assets				
Income tax and social contribution losses	138,106	178,723	458,558	436,988
Provisions for contingencies	45,885	56,222	129,265	113,485
Taxes and contribution recoverable	38,602	38,931	38,602	38,931
Property, plant and equipment - impairment	2,435	24,963	2,472	24,999
Salaries, social security charges and profit sharing	6,159	3,441	78,650	74,256
Provision for impairment of trade receivables	11,253	13,895	21,269	19,496
Provision for inventory losses	4,055	8,523	9,175	18,277
Share-based payments	3,799	3,357	3,799	3,357
Tooling	-	-	14,122	22,813
Financial derivative instruments	4,414	25	4,414	25
Other items	-	2,232	69,477	35,584
Property, plant and equipment - tax base (México)	-	-	62,704	39,065
Unrealized profits in subsidiaries	-	-	12,037	9,435
Subtotal	**254,708**	**330,312**	**904,544**	**836,711**

Deferred liabilities				
Depreciation rate differences	10,807	39,345	15,969	42,264
Business combination effect	21,627	14,836	21,627	14,835
Property, plant and equipment - carrying value adjustments	6,878	8,544	7,593	9,498
Financial derivative instruments	1,769	1,749	1,769	1,748
Deferred tax on asset valuation	-	-	36,855	36,855
Deferred tax on ICMS based on PIS/COFINS	-	-	38,645	74,378
Other items	1,570	-	1,570	-
Subtotal	**42,651**	**64,474**	**124,028**	**179,579**
Total deferred liabilities, net	**212,057**	**265,838**	**780,516**	**657,132**

Tax legislation in Mexico allows the Company to carry out depreciation based on tax property, plant and equipment, so the Company records the temporary difference in depreciation between the tax base and the accounting base. As of December 31, 2023, the amount of deferred taxes on temporary differences is R$ 62,704 (R$ 39,065 as of December 31, 2022). The change during the year is due to the exchange-rate impact between the tax calculation currency in Mexico (Mexican Pesos) and the Functional Currency (USD) of the subsidiaries in Mexico.

Still in Mexico, tax credits resulting from losses do not have a recovery limit as in Brazil, on the other hand they expire after ten years. Technocast S.A de C.V generated negative bases in the last 5 years, especially in the years most impacted by the Covid 19 pandemic. Despite past losses, projections for the plant indicate recovery capacity within the period of decline, thus credits records were kept.

The business combination through the acquisition of MWM Tupy do Brasil Ltda. brought a deferred income tax asset on tax losses, in the amount of R$ 139,160, and R$ 87,217 of temporary differences. Of the portion corresponding to the tax loss credit, R$ 119,160 will be reimbursed to the seller as it is used by the acquiree. It also brought deferred liabilities in the amount of R$ 74,378 referring to the taxation of PIS and COFINS credits on ICMS, which will only take place at the time of its use. Said amount will be deducted from the PIS and COFINS amount to be refunded to the seller (note 8 c).

In 2023, the Company assessed the ability to realize tax credits arising from tax losses and negative social contribution bases of the recently acquired MWM Tupy do Brasil Ltda, Tupy Minas Gerais Ltda. and FUNFRAP – Fundição Portuguesa S.A and made the following recognitions

• R$61,412 in negative base credits and temporal differences in social contribution from MWM Tupy do Brasil Ltda.

• R$ 24,413 of tax loss credits and negative basis of social contribution of Tupy Minas Gerais Ltda.

• R$ 10,100 of credits on tax losses of FUNFRAP Fundição Portuguesa S.A.

The Company assessed the realization of outstanding amounts, which indicates, considering current circumstances and earnings projections, the ability to recover these deferred taxes. The estimate of future realization is as follows:

	Parent company	Consolidated
Years	Dec/23	Dec/23
2024	116,783	190,608
2025	78,697	195,645
2026	47,925	175,654
2027	11,303	101,251
2028	-	107,033
Thereafter	-	134,353
	254,708	**904,544**

In the year ended December 31, 2023, deferred credits and tax debits are as follows:

	Parent company		Consolidated	
	Dec/23	Jun/22	Dec/23	Jun/22
Opening balance	**265.839**	**307.452**	**657.132**	**533.900**
Recognized in profit				
Recognized in profit for the year	(11.772)	(3.652)	181.371	50.784
Recognized in comprehensive income for the year	(42.010)	(37.961)	(42.010)	(37.961)
Effects of currency translation into presentation currency	-	-	(15.977)	(4.734)
Recognized in assets				
Business combination	-	-	-	115.143
Closing balance	**212.057**	**265.839**	**780.516**	**657.132**

10. RELATED PARTY TRANSACTIONS

The Parent Company's main transactions with related parties can be summarized as follows:

a. Subsidiaries

Assets	Dec/23	Dec/22
Trade account receivables	**449,779**	**783,444**
Tupy Mexico Saltillo, S.A. de C.V	251,762	334,997
Tupy American Foundry Corporation	91,097	237,497
Tupy Europe GmbH	52,283	100,314
Tupy Materials & Components B.V.	25,017	46,332
MWM Tupy do Brasil	24,116	30,404
Technocast, S.A. de C.V.	1,328	26,212
Tupy Minas Gerais Ltda.	3,746	4,598
Funfrap - Fundição Portuguesa S.A.	430	3,090
Other assets	**10,998**	**-**
MWM Tupy do Brasil	10,998	-
	460,777	**783,444**

Liabilities	Dec/23	Dec/22
Loans and financing	**925,915**	**1,878,936**
Tupy Overseas S.A	925,915	1,878,936
Other liabilities	**17,099**	**8,598**
Tupy Minas Gerais Ltda.	7,273	-
Tupy Europe GmbH	2,671	5,657
Tupy American Foundry Co.	723	2,061
Tupy México Saltillo S.A. de CV	1,520	880
Technocast, S.A. de C.V.	3,616	-
Related parties – loans	**2,489**	**6,219**
Tupy Agroenergética Ltda.	3,785	5,049
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "em liquidação"	(1,296)	1,170
	945,503	**1,893,753**

Statement of income	2023	2022
Revenues	**2,588,708**	**2,062,104**
Tupy American Foundry Corporation	1,028,752	1,111,679
Tupy Mexico Saltillo, S.A. de C.V	568,675	559,807
Tupy Europe GmbH	434,742	299,379
Tupy Material & Components B.V.	204,893	57,013
MWM Tupy do Brasil Ltda.	334,066	30,011
Tupy Minas Gerais Ltda.	17,580	4,138
Technocast, S.A. de C.V.	-	77
Other operating expenses, net	**58,023**	**44,220**
FUNFRAP – Fundição Portuguesa, S.A	6,765	7,966
Tupy Mexico Saltillo, S.A. de C.V	9,555	47
Tupy Material & Components B.V.	9,139	-
Tupy Europe GmbH	14,710	4,213
Technocast, S.A. de C.V.	15,421	23,077
Tupy American Foundry Corporation	2,433	7,080
Tupy Minas Gerais Ltda.	-	1,837
Finance costs	**(104,726)**	**(119,583)**
Tupy Overseas S.A.	(104,726)	(123,632)
Tupy Minas Gerais Ltda.	-	4,049
	2,542,005	**1,986,741**

The subsidiaries' operating activities are disclosed in note 2.2.

The rights receivable (Note 4) and the parent company's sales revenues with its subsidiaries are basically represented by sales of goods in the cargo transportation, infrastructure, agriculture and power generation segment. The amounts comply with the sales price lists practiced by the Company and the terms are from 60 to 90 days, as established among the parties. As of December 31, 2023, the related parties did not have overdue notes due to default and, therefore, the Parent Company does not have a provision for loss of these receivables.

Securities payable and other refer to current accounts between the foreign Subsidiaries and the Parent Company, basically for technical assistance in the cargo transportation, infrastructure, agriculture, and energy generation segments, with a term from 30 to 60 days, as established between the parts.

The conditions of the loan granted by Tupy Overseas S.A. to the Parent Company are disclosed in note 17.

Other transactions correspond to intercompany loan agreements payable between subsidiaries in Brazil and the Company, with an undefined term, remunerated at the change of the TR – Reference Rate.

Other net operating revenues (expenses) refer to the sale of property, plant and equipment from the machining line from Brazil to the subsidiaries Technocast S.A. de C.V. and Tupy México Saltillo S.A. de C.V.

b. Main shareholders

The Company's main shareholders are BNDES Participações S.A. – BNDESPAR (28.2%) and PREVI – Caixa de Previdência dos Funcionários do Banco do Brasil (24.8%).

c. Management remuneration

	Board of Directors		Board of Officers		Total	
	2023	2022	2023	2022	2023	2022
Fixed remuneration	4,258	4,690	6,511	7,390	10,769	12,080
Variable remuneration	-	-	4,441	13,287	4,441	13,287
Stock option plan	644	317	9,135	4,033	9,779	4,350
	4,902	**5,007**	**20,087**	**24,710**	**24,989**	**29,717**

The annual global remuneration, net of payroll charges, approved at the Ordinary General Meeting for the Board of Directors and Executive Board for the year ended December 31, 2023 is R$ 50,584 (R$ 43,219 for the year ended December 31, 2022). The annual global remuneration includes the amount of R$ 11,084 (R$ 11,718 for 2022) as allowance for discontinuance of position.

Statutory management remuneration takes place only at the Parent Company; therefore, there is no remuneration at subsidiaries.

The amounts related to the variable remuneration of the Executive Board are recorded as provision, in accordance with the targets established for the year.

For share-based remuneration, information on the Stock Option or Stock Subscription Plans issued by Tupy S.A. (“Plan”), approved in April 2019 and November 2022, are disclosed in Note 26.

As corporate benefits, the Company's Officers are entitled to a car, refund of expenses, health insurance, life insurance, defined contribution pension plan and indemnity for contract termination. As of December 31, 2023, these benefits totaled R$ 2.356 (R$ 2,128 in the same period of the previous year).

The Company does not offer its administrators a post-employment benefit plan.

d. Other related parties

The Parent Company takes part, as a sponsor, in Associação Atlética Tupy, a not-for-profit foundation that develops leisure and sports activities for the Company's employees. In the year ended December 31, 2023, the Company recognized as sponsorship expenses the amount of R$ 1.400 (R$ 1,546 as of December 31, 2022).

11. INVESTMENT PROPERTIES

The Company has assets classified as investment properties, consisting substantially of areas of land and forests, owned by the subsidiary Tupy Agroenergética Ltda. The book balance as of December 31, 2023 is R$ 3,622 (R$ 5,694 in 2022), considering historical cost as the calculation basis. The fair value of realization, as appraised by a specialized company, points to a range between R$ 49,423 (minimum) and R$ 91,524 (expected).

12. INVESTMENTS

a. Breakdown of investments in subsidiaries

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT DECEMBER 31, 2023							
investment in subsidiary company							
Tupy Materials & Components B.V(**)	5,472,048	2,429,892	41,226	126,350	100,00	130,060	2,435,424
Tupy Minas Gerais Ltda.	923,286	238,414	45,199	(9,337)	100,00	(8,412)	285,878
MWM Tupy do Brasil Ltda.	1,885,778	1,184,514	200,442	189,816	100,00	189,816	1,384,956
Tupy Agroenergética Ltda.	13,866	13,023	-	(1,386)	100,00	(1,386)	13,023
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	10,744	7,051	-	7,927	100,00	7,927	7,051
						318,005	**4,126,332**

(*) Adjusted by unrealized profits
(**) Controller of foreign operations

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT DECEMBER 31, 2022							
investment in subsidiary company							
Tupy Materials & Components B.V(**)	2,263,297	1,925,027	41,226	146,940	100,00	152,458	1,994,307
Tupy Overseas	2,016,340	39,812	-	38,055	100,00	38,055	39,812
Tupy American Foundry Co.	501,902	208,989	-	16,451	100,00	22,643	201,458
Tupy Europe GmbH	577,236	247,125	-	23,873	100,00	26,193	241,717
Tupy Minas Gerais Ltda.	1,004,077	247,755	45,199	8,023	100,00	8,937	288,305
MWM Tupy do Brasil Ltda.	1,986,782	1,144,005	212,909	11,984	100,00	11,984	1,356,914
Tupy Agroenergética Ltda.	15,079	14,409	-	1,830	100,00	1,830	14,409
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	2,507	(875)	-	(704)	100,00	(704)	(875)
						261,396	**4,136,047**

(*) Adjusted by unrealized profits
(**) Tupy S.A. 99% and Tupy Agroenergética 1%

b. Changes in investments

Parent company	
AT DECEMBER 31, 2021	**2,402,961**
Share in the results of subsidiaries	261,396
Exchange variations of investees located abroad	(168,047)
Tupy Minas Gerais payment of capital	299,977
Realization of capital gains	(5,171)
AT DECEMBER 31, 2022	**2,791,116**
AT DECEMBER 31, 2022	**4,136,047**
Share in the results of subsidiaries	318,005
Exchange variations of investees located abroad	(165,310)
Realization of capital gains	(12,471)
Corporate reorganization	61
Capital reducion	(150,000)
AT DECEMBER 31, 2023	**4,126,332**

The equity in net income of subsidiaries is recognized in the income (loss) for the year and the exchange-rate change on foreign investees is recognized in comprehensive income and comprises the balance of the equity valuation adjustment account in shareholders' equity.

c. Tupy Materials & Components B.V.

As part of the Company´s organizational restructuring plan, in May 1st 2023 the participation in subsidiaries, Tupy Overseas of Luxemburg and Tupy Europe GmgH from German were fully contributed up in the Tupy Materials & Components. B.V. located in the Netherlands.

In May 31st 2023 the subsidiary Tupy Agroenergética Ltda sold to the Parent Company the share of Tupy Materials & Components B.V., equivalent to 1% of shares.

On December 31, 2023 after contributed of the United States subsidiary Tupy American Foundry Co, Tupy Materials & Components. B.V. became the Controller of all foreign subsidiaries.

d. MWM Tupy do Brasil Ltda.

The Company Board of Directors approved on April 24, 2023 the capital reduction of the subsidiary MWM Tupy do Brasil Ltda., and it was paid in August 26 the amount of R$ 150,000. The reduction is intended to reinforce the Parent Company's cash to settle the commitment assumed in the business combination (Note 20).

e. Tupy Minas Gerais Ltda.

On March 31, 2022, the Company's Board of Directors approved the conversion of the intercompany loan with the Parent Company into capital. On April 1 and August 19, 2022, the amounts of R$ 100,000 and R$ 52,233, respectively, were transferred as payment of capital.

13. PROPERTY, PLANT AND EQUIPMENT

a. Changes in property, plant and equipment

Parent company	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
AT DECEMBER 31, 2021	**1,774,619**	**369,312**	**8,948**	**24,281**	**6,682**	**22,001**	**87,235**	**2,293,078**
Addition	123,579	14,787	-	8,774	1,143	5,562	47,157	201,002
Disposal	(75,380)	(3,255)	-	(2,113)	(2,143)	-	-	(82,891)
AT DECEMBER 31, 2022	**1,822,818**	**380,844**	**8,948**	**30,942**	**5,682**	**27,563**	**134,392**	**2,411,189**
Addition	173,334	28,291	-	5,945	1,461	24,884	54,395	288,310
Impairment	11,723	-	-	-	-	-	-	11,723
Disposal	(50,821)	(586)	-	(1,618)	(2)	(26,467)	-	(79,494)
AT DECEMBER 31, 2023	**1,957,054**	**408,549**	**8,948**	**35,269**	**7,141**	**25,980**	**188,787**	**2,631,728**
Depreciation								
AT DECEMBER 31, 2021	**(1,427,513)**	**(193,072)**	**-**	**(16,719)**	**(4,597)**	**(17,353)**	**-**	**(1,659,254)**
Depreciation in the year	(107,233)	(13,696)	-	(1,714)	(455)	(5,978)	-	(129,076)
Disposal	80,521	1,661	-	1,881	1,905	-	-	85,968
AT DECEMBER 31, 2022	**(1,454,225)**	**(205,107)**	**-**	**(16,552)**	**(3,147)**	**(23,331)**	**-**	**(1,702,362)**
Depreciation in the year	(111,176)	(12,542)	-	(2,359)	(471)	(9,107)	-	(135,655)
Disposal	38,349	159	-	1,130	2	23,893	-	63,533
AT DECEMBER 31, 2023	**(1,527,052)**	**(217,490)**	**-**	**(17,781)**	**(3,616)**	**(8,545)**	**-**	**(1,774,484)**
Carrying amount								
AT DECEMBER 31, 2022	368,593	175,737	8,948	14,390	2,535	4,232	134,392	708,827
AT DECEMBER 31, 2023	430,002	191,059	8,948	17,488	3,525	17,435	188,787	857,244

Consolidated	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
AT DECEMBER 31, 2021	**5,609,673**	**1,488,022**	**143,676**	**32,050**	**94,153**	**92,023**	**243,110**	**7,702,707**
Business combination adition	453,307	81,041	207,230	473	30,286	11,731	356	784,424
Addition	252,937	3,448	-	9,913	9,168	10,512	173,795	459,773
Exchange variation	(231,105)	(65,842)	(5,384)	(323)	(5,027)	(4,642)	(11,428)	(323,751)
Impairment	-	-	-	-	-	-	-	-
Disposal	(91,365)	(3,565)	-	(2,281)	(2,413)	-	-	(99,624)
AT DECEMBER 31, 2022	**5,993,447**	**1,503,104**	**345,522**	**39,832**	**126,167**	**109,624**	**405,833**	**8,523,529**
Addition	319,894	54,554	-	6,585	8,057	63,821	197,419	650,330
Exchange variation	(219,598)	(48,904)	(5,587)	(329)	(3,082)	(4,887)	(20,709)	(303,096)
Impairment	11,723	-	-	-	-	-	-	11,723
Disposal	(72,091)	(597)	-	(2,262)	(3,304)	(32,137.00)	-	(110,391)
AT DECEMBER 31, 2023	**6,033,375**	**1,508,157**	**339,935**	**43,826**	**127,838**	**136,421**	**582,543**	**8,772,095**
Depreciation								
AT DECEMBER 31, 2021	**(4,498,430)**	**(921,386)**	**-**	**(22,054)**	**(77,671)**	**(50,637)**	**-**	**(5,570,178)**
Business combination adition	(337,588)	(31,534)	-	(473)	(22,698)	(5,312)	-	(397,605)
Depreciation in the year	(252,710)	(39,249)	-	(2,229)	(4,323)	(18,295)	-	(316,806)
Exchange variation	192,942	42,715	-	244	4,654	2,035	-	242,590
Disposal	95,950	1,971	-	2,049	2,802	-	-	102,772
AT DECEMBER 31, 2022	**(4,799,836)**	**(947,483)**	**-**	**(22,463)**	**(97,236)**	**(72,209)**	**-**	**(5,939,227)**
Depreciation in the year	(273,277)	(38,545)	-	(3,165)	(6,898)	(28,002)	-	(349,887)
Exchange variation	180,440	33,782	-	202	2,768	3,284	-	220,476
Disposal	58,593	163	-	1,396	305	28,799	-	89,256
AT DECEMBER 31, 2023	**(4,834,080)**	**(952,083)**	**-**	**(24,030)**	**(101,061)**	**(68,128)**	**-**	**(5,979,382)**
Carrying amount								
AT DECEMBER 31, 2022	1,193,611	555,621	345,522	17,369	28,931	37,415	405,833	2,584,302
AT DECEMBER 31, 2023	1,199,295	556,074	339,935	19,796	26,777	68,293	582,543	2,792,713

Construction in progress includes several investments in sustaining capacity, the environment, labor safety, projects to expand machining capacity at Mexican plants and the development of strategic projects.

b. Impairment of non-financial assets

On December 31, 2023, the Company reviewed the recoverability indicators of its assets and did not identify the need for recognizing a loss in the year. Part of the assets of the deactivated plant in Mauá – SP, which had an impairment, was sold to the plants in Joinville – SC and Betim – MG, thus R$ 11,723 of the impairment was reversed.

c. Depreciation

The Company depreciates property, plant and equipment under the straight-line method, using the average useful lives based on a report prepared by experts, as shown below:

Consolidated

	Average useful lives
Machinery, facilities and equipment	18 years
Buildings	41 years
Vehicles	5 years
Furniture, fittings and other	14 years

d. Capitalization of interest and financial charges

The Company recognizes as asset formation costs the interest and financial charges incurred during the construction period for qualifiable assets.

The amount recorded in the year ended December 31, 2023 totals R$ 12,563 (R$ 7,175 during the year 2022).

e. Guarantees

The Company's property, plant, and equipment items, in the amount of R$ 698 (R$ 2,665 as of December 31, 2022), are pledged as collateral for loans and financing maturing in January 2025, representing 120% of the outstanding balance. And, as a guarantee for tax claims, the amount of R$ 5,895 (R$ 5,895 as of December 31, 2022), at the original cost of the good.

f. Insured amounts

Property, plant and equipment are insured against fire, electrical damage and explosion. Its coverage is determined according to values and risk level involved. (Note 34)

g. Transactions not affecting cash

The Company carried out non-cash transactions relating to investment activities, which were not reflected in the statement of cash flow. As of December 31, 2023, these transactions amounted to R$ 27,584 (R$ 23,919 as of December 31, 2022).

14. INTANGIBLE ASSETS

Parent company	Software	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2021	**33,979**	**3,896**	**10,731**	**48,606**
Acquisition/costs	6,713	1,182	3,336	11,231
Transfers	-	1,717	(1,717)	-
Amortization	(9,432)	(2,009)	-	(11,441)
AT DECEMBER 31, 2022	**31,260**	**4,786**	**12,350**	**48,396**
Acquisition/costs	11,079	1,545	5,729	18,353
Amortization	(9,964)	(2,451)	-	(12,415)
AT DECEMBER 31, 2023	**32,375**	**3,880**	**18,079**	**54,334**

Consolidated	Software	Contractual customer relationships	Goodwill	Trademark	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2021	**49,842**	**19,697**	**41,226**	**-**	**3,896**	**10,731**	**125,392**
Business combination adition	3,353	-	-	31,354	-	-	34,707
Acquisition/costs	21,335	-	-	-	1,182	3,336	25,853
Transfers	-	-	-	-	1,717	(1,717)	-
Disposal	(1,852)	-	-	-	-		(1,852)
Exchange variation	671	(1,913)	-	-	-	-	(1,242)
Disposal	(11,952)	(17,784)	-	-	(2,009)	-	(31,745)
AT DECEMBER 31, 2022	**61,397**	**-**	**41,226**	**31,354**	**4,786**	**12,350**	**151,113**
Acquisition/costs	16,650	-	-	-	1,545	5,729	23,924
Disposal	(87)	-	-	-	-		(87)
Exchange variation	(1,197)	-	-	-	-	-	(1,197)
Amortization	(14,202)	-	-	-	(2,451)	-	(16,653)
AT DECEMBER 31, 2023	**62,561**	**-**	**41,226**	**31,354**	**3,880**	**18,079**	**157,100**

a. Software

Basically, composed of a license for an integrated business management system (ERP), implemented on July 1, 2015. Amortization is being carried out on a straight-line basis over 10 years.

b. Client contractual relationship

The contractual relationship was originated from the acquisition of Tupy México S.A., de C.V. and Technocast S.A., de C.V. on April 16, 2012 and was valued based on the minimum expectation of maintaining the client portfolio, considering sales volumes practiced in periods prior to the acquisition, as well as with the market perspectives then available.

The valuation was carried out by applying the MEEM methodology ("*Multi-period excess earnings method*"*)*, which comprised a 10-year period, which means the minimum period projected for maintaining the business relationship with absorbed clients. Amortization was carried out on a straight-line method until April 2022, when the 10-year period was ended.

c. Goodwill

Intangible assets represented by the positive difference between the amount paid for the acquisition and the net fair value of the assets and liabilities of the subsidiaries Tupy México Saltillo S.A., de C.V. and Technocast S.A., de C.V., substantially generated by expected synergies.

Goodwill is allocated to the subsidiaries Tupy México Saltillo S.A., de C.V. and Technocast S.A., de C.V., which are considered two cash generating units (CGU) and both belong to the cargo transportation, infrastructure, agriculture, and power generation segment.

Annually, the existence of recorded goodwill impairment is verified by determining the recoverable amount of a CGU.

The recoverable value is determined based on value-in-use calculations. These calculations use discounted free cash flow projections, post-tax on income and capital expenses, based on projections of financial budgets under actual terms (no inflation) approved by Management covering a five-year period. The amounts related to cash flows, after five-year period were perpetuated based on cash flow of the fifth year. The main assumptions used to calculate value in use as of December 31, 2023 are as follows:

- revenues were determined according to demand projections by the client over the next five years;
- management determined operating margins based on historic performance and on expected market development; and
- discount rate in actual terms, before taxes, of 7.33% p.a., which reflects the Company's risks.

A sensitivity analysis was conducted to determine the impact of changing its main variable, the discount rate, considering an increase of 1p.p. Said analysis did not find an amount lower than the carrying cost of investments, so that the Company did not identify the need for an impairment adjustment on the recorded goodwill.

d. Brand

Amount attributed to the MWM brand generated in the business combination due to the acquisition of MWM Tupy do Brasil Ltda., considered as an intangible asset with an undefined useful life.

15. SECURITIES RECEIVABLE, JUDICIAL DEPOSITS AND OTHER

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Domestic market	53,434	57,293	85,463	86,373
Foreign market	-	-	41,645	82,248
	53,434	**57,293**	**127,108**	**168,621**

Notes receivable and other comprise advances for imports and for to employees, prepaid expenses, and other non-operating accounts receivable.

16. SUPPLIERS

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Domestic suppliers	422,914	473,064	716,451	851,219
Foreign suppliers	46,073	58,418	461,247	746,318
Subtotal	**468,987**	**531,482**	**1,177,698**	**1,597,537**
Forfaiting operation	89,576	75,252	198,076	84,909
	558,563	**606,734**	**1,375,774**	**1,682,446**

The changes in the period reflect the reduced level of activity compared to the closing of 2022, the deinflation of materials accumulated in the period and the appreciation of the Real against the US dollar (US$) which was R$ 5.2177 on December 31, 2022 to R$ 4.8413 on December 31, 2023.

The Company has agreements signed with Banco do Brasil S.A., Banco Itaú Unibanco S.A. and Banco Santander S.A. to structure, with its main suppliers, a transaction called "forfaiting". In this transaction, suppliers transfer the right to receive from securities to the financial institutions, which become the operation's creditors. Further details about these transactions are included in note 2.6 (g).

17. LOANS AND FINANCING

Parent company

	Maturity	Effective rate	Dec/23	Dec/22
Local currency			**56,826**	**43,916**
(a) FINEP	Jul/2032	10.20% p.a.	37,678	37,299
Sustainability	Jan/2025	6.02% p.a.	582	2,221
Leasing from right of use			18,566	4,396
Foreign currency			**1,398,063**	**1,878,936**
(b) Export prepayment - Tupy Overseas	Jul/2024	VC + 6.78% p.a.	925,915	1,878,936
(c) Advance on Export Contracts	Sep/2024	VC + 6.43% p.a.	378,285	-
(d) BNDES - Exim	Ago/2028	VC + 5.58% p.a.	93,863	-
Current portion			1,314,072	62,021
Non-current portion			140,817	1,860,831
			1,454,889	**1,922,852**

VC = Foreign exchange variation
CDI = Interbank deposit certificate

Consolidated

	Maturity	Effective rate	Dec/23	Dec/22
Local currency			**411,475**	**478,739**
(a) FINEP	Jul/2032	10.20% p.a.	37,678	37,299
Sustainability	Jan/2025	5.80% p.a.	737	2,475
(e) Export credit notes	Feb/2025	CDI + 1.59% p.a.	340,814	428,331
Leasing from right of use			32,246	10,634
Foreign currency			**2,343,688**	**2,002,282**
(c) Advance on Export Contracts	Sep/2024	VC + 6.43% p.a.	378,285	-
(f) Senior Unsecured Notes - US$375.000	Fev/2031	VC + 4.5% p.a.	1,833,352	1,974,325
(d) BNDES - Exim	Ago/2028	VC + 5.58% p.a.	93,863	-
Leasing from right of use			38,188	27,957
Current portion			621,838	238,505
Non-current portion			2,133,325	2,242,516
			2,755,163	**2,481,021**

VC = Foreign exchange variation
CDI = Interbank deposit certificate

As of December 31, 2023, the Company addresses all restrictive clauses specific to each operation.

a) Financiadora de Estudos e Projetos - FINEP

This refers to financing for innovation projects obtained from Financiadora de Estudos e Projetos - FINEP, contracted on July 14, 2022, a credit facility in the amount of R$ 103,000.

On September 6, 2022, the amount of R$ 37,080 was released, with an average term of 10 years and interest of 10.20% p.a. Resources with costs in TJLP – Long-term interest rate.

The guarantees consist of a bank guarantee with Banco Bradesco S.A.

b) Prepayment of exports – Tupy Overseas S.A.

In July 2023, the Parent Company began an installment plan for monthly amortization of the principal. During the period ended December 31, 2023, USD 165,000 was paid, equivalent to R$806,636. In addition, R$ 122,681 in interest was paid in the same period (R$131,048 in 2022). The positive impact of exchange rate variation on the prepayment amount payable with Tupy Overseas, for the period, resulted in revenue of R$ 69,258 (revenue of R$126,617 in the same period of the previous year).

In order to repayment PPE installment, which fully matures in July 2024, the Controller will search of a loan on the current terms as indicated in items c) and d) below.

c) Advance of Exchange contract – ACC

In October and December 2023, the Parent Company contracted loans from Banco do Brasil S.A., in the amount of USD 75,000, equivalent to R$ 373,915. Those loans mature in October and December 2024, with interest amortized quarterly and payment of the principal at the maturity of the operation, updated by the currency exchange variation plus 6.43% per year. To cover this exchange rate exposure, a swap operation was carried out at a cost of 100.25% of the CDI. (note 37 b)

Financial liabilities are being measured at fair value through profit or loss.

d) BNDES – Exim

In August 2023, the Parent Company obtained a BNDES-Exim credit line with Banco Itaú S.A., in the principal amount of USD 18,330, equivalent to R$ 89,666. This operation matures on August 15, 2028, with interest settled quarterly and principal amortization upon maturity of the operation, updated by the currency exchange variation plus 5.58% per year. To protect this exchange rate exposure, a swap operation was carried out at a cost of 108.5% of the CDI. (note 37 b)

Financial liabilities are being measured at fair value through profit or loss.

e) Export credit notes – NCE

On February 11, 2022, the subsidiary Tupy Minas Gerais Ltda. took out a loan from Banco do Brasil S.A., in the amount of R$ 405,000, restated at the CDI change + 1.62% p.a. During February and August 2023, together, R$ 162,000 was paid.

On February 2023, the same subsidiary took out a loan from Banco do Brasil S.A., in the amount of R$ 81,000, restated at the CDI change + 1.5% p.a. With a maturity at February 10, 2025.

Said contract does not have covenants.

f) *Senior Unsecured Notes – USD 375,000*

In February 2021, the Company concluded the issue of debt securities (“issue”) in the international market, through its subsidiary Tupy Overseas S.A., guaranteed by the Parent Company, in the amount of US$ 375,000 equivalent to R$ 2,018,063, with only one amortization in February 2031. Interest at a coupon of 4.50% per annum will be paid semi-annually in February and August. The proceeds from the Issue were used to pay the debt, Senior Unsecured Notes US$ 350,000 issued by the subsidiary Tupy Overseas in 2014. The Senior Unsecured Notes are fully and jointly guaranteed by the Company.

In February and August 2023, interest payments amounted to R$ 85,009. The exchange-rate change recognized in the year was revenue of R$ 141,150.

In the same period in the previously year, interest was paid in the amount of R$ 87,015. The exchange-rate change in the period between the contracting date and December 31, 2021 was an gain of R$ 136,050.

The Issue has covenants with annual measurement, and its main financial indicator is Net Debt/Adjusted EBITDA; as of December 31, 2023, the Company meets all criteria established. Failure to comply could result in the impediment of: (i) make fundings of loans and financing; (ii) distributing dividends higher than the legal minimum; (iii) making investments unrelated to the maintenance of productive activities; and (iv) buying back shares issued by the Company.

Additionally, non-financial covenants are applicable to the Issue, and the main non-financial measure that could result in the early maturity of the Issue is a change in the Company's control that reduces its external risk classification (rating).

g) Fair value of loans and financing

The Company calculates the fair value of its loans and financing (hierarchy level 2), by discounting their future payment flows, using curves, interest rates and currencies observable in the financial market. As of December 31, 2023, the fair value was R$ 2,317,438 (R$ 2,024,102 as of December 31, 2022).

h) Long-term maturities

	Parent company		Consolidated	
Year	Dec/23	Dec/22	Dec/23	Dec/22
2023	-	164	-	1,306
2024	-	1,823,426	-	181,419
2025 - 2030	131,442	28,841	316,562	109,841
2031	4,687	5,238	1,807,629	1,946,789
2032	4,688	3,162	9,134	3,161
	140,817	**1,860,831**	**2,133,325**	**2,242,516**

18. DEBENTURES

On September 6, 2022, the Company concluded the 4th issue of debentures in the amount of R$ 1,000,000. The balance will be amortized in two (02) consecutive annual installments maturing on September 6, 2026 and 2027, with half-yearly interest of CDI + 1.5% p.a.

Issue costs totaled R$ 6,515 and are monthly amortized over the term of the transaction.

	Parent company		Consolidated	
Debentures	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Current	41,095	45,798	41,095	45,798
Non-current	994,423	993,060	994,423	993,060
	1,035,518	**1,038,858**	**1,035,518**	**1,038,858**

Total net proceeds raised through the Restricted Offering were designated for financing the acquisition of one hundred percent (100%) of the quotas issued by MWM Tupy do Brasil Ltda. Regarding the business combination occurred in December 1, 2022. .

In March and September 2023, interest payments amounted to R$ 147,008, considering the nature this amount is classified as financing activities in the Company statement of cash flow.

The debentures are simple, that is, they will not be convertible into shares issued by the Company.

Debentures are unsecured and do not have real or fiduciary guarantee, nor any segregation of the Issuer's assets in particular, not offering any privilege over the Issuer's assets to guarantee Debentureholders in case court or out-of-court foreclosure of the Issuer’s obligations arising from Debentures and the Issue Deed is needed, and will not grant any special or general privilege to Debenture Holders, that is, without any preference, Debenture Holders competing on equal terms with other unsecured creditors in the event of the Issuer's bankruptcy.

	Parent company		Consolidated	
Debentures	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Current	41,095	45,798	41,095	45,798
Non-current	994,423	993,060	994,423	993,060
	1,035,518	**1,038,858**	**1,035,518**	**1,038,858**

19. TAXES PAYABLE

	Parent company		Consolidated	
Taxes Payable	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Income taxes payable	19,121	26,402	71,178	153,359
Other taxes payable	5,377	4,493	39,624	40,189
	24,498	**30,895**	**110,802**	**193,548**

The reduction in comparison with December 2022 is mainly due to the provision for income tax.

20. BUSINESS COMBINATIONS OBLIGATIONS

Acquisition of MWM Tupy do Brasil Ltda. (“MWM”) generated several accounts payable to the former parent company, Navistar International Corporation, as follows:

	Parent company		Consolidated	
	Dec/23	**Dec/22**	**Dec/23**	**Dec/22**
Cash and cash equivalents	73,290	243,132	73,290	243,132
Recoverable taxes	100,345	94,381	100,345	94,381
Deferred income tax	119,161	119,160	119,161	119,160
Working capital adjustment	890	43,400	890	43,400
Reimbursement of CSLL debt	(76,966)	(84,466)	(76,966)	(84,466)
Others	-	(3,100)	-	(3,100)
	216,720	**412,507**	**216,720**	**412,507**
Current portion	163,644	304,739	163,644	304,739
Non-current portion	53,076	107,768	53,076	107,768
	216,720	**412,507**	**216,720**	**412,507**

- Cash and cash equivalents: amounts assumed on transaction date with a commitment to return to the previous parent company within 135 days, subsequently extended by mutual agreement between the parties. On September 29, 2023, through a partial agreement between the parties, R$169,785 was repayment. In January 31, 2024 the final settlement took place and the balance of R$ 73,290 was paid in February 1, 2024.

- Recoverable taxes: are PIS and COFINS (taxes on revenue) credits resulting from the exclusion of ICMS in the calculation basis and as they are realized by MWM, they will be paid by Tupy S.A. to the previous parent company, net of tax effects. The increase occurred from an adjustment in social contribution taxation. The Company's estimate is that R$ 76,565 will be paid throughout 2024.
- Deferred income tax: are income tax credits on tax losses which, as they are realized by MWM, will be paid by Tupy S.A. to the previous parent company. The Company's estimate is that R$ 12,879 will be paid throughout 2024.
- Working capital adjustment: corresponds to the change between working capital on closing date, July 31, 2021, and the closing date. Said value represented the best estimate. After evaluation and agreementbetween the parties the final price was R$ 890, to be paid to the seller in February 1, 2024.
- Reimbursement of CSLL debt: corresponds to the potential contingency of Social Contribution on Net Income, due to non-taxation of MWM's export revenues in the period from January 1, 2018 to November 30, 2022. If the contingency becomes an effective debt of MWM Tupy do Brasil Ltda, it will be fully charged to the seller Navistar International Corporation, will reimburse Tupy S.A. considering the agreement of the parties.

21. SALARIES, PAYROLL CHARGES AND PROFIT SHARING

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Salaries	26,869	37,515	43,673	64,798
Provision for vacation pay and 13th month salary	67,217	75,979	157,125	157,985
Social charges	24,695	21,477	73,581	60,080
Profit sharing	69,457	88,501	103,571	142,990
Private pension plan	1,157	575	1,157	575
	189,395	**224,047**	**379,107**	**426,428**

The Company's employee profit sharing program is proportional to the acquisition year and is related to economic/financial and operational indices and individual performance goals. The Company has an optional private pension plan for all employees in Brazil. Plan type is that of defined contribution, according to which for each amount contributed by the employee, limited to a percentage established on payroll, the Company contributes an equal amount.

22. ADVANCE FROM CLIENTS

	Parent company		Consolidated	
	dez/23	dez/22	dez/23	dez/22
Tooling	35,000	18,149	148,556	108,974
Working capital	-	-	99,702	86,018
	35,000	**18,149**	**248,258**	**194,992**

These refer to fund advances for the construction of customer tooling that will be used in the production process and advance of working capital of MWM's subsidiary manufacturing operation.

23. OBLIGATIONS WITH RETIREMENT AND HEALTH CARE BENEFITS

Mexico operations have defined benefit obligations. The purpose of these plans is to offer employees retirement benefits that are additional and supplementary to those provided by other public or private retirement or pension plans. In addition, Mexican legislation also provides for other defined benefits related to premium for seniority and legal indemnity.

Recently acquired MWM Tupy do Brasil Ltda. grants a prepaid medical plan to its employees of the prepayment type, with premiums based on age group. Current employees (future retirees) make a fixed contribution to the medical plan and are therefore eligible to remain in the plans after retirement.

The amount recorded were based on reports prepared by specialized consulting.

Consolidated

Obligations recorded in the balance sheet	Dec/23	Dec/22
Social security plan benefits		
Pension plan	16,724	15,504
Other employee benefits		
Post-employment benefit	20,208	19,132
Seniority premium	29,832	24,846
Legal indemnity	37,807	31,885
	104,571	**91,367**

24. TAX, CIVIL, SOCIAL SECURITY AND LABOR PROVISIONS

The Company and its subsidiaries have ongoing lawsuits, arising from the normal course of their business, for which provisions have been formed, in the event of probable losses, supported by the opinions of legal advisers.

Changes occurred in tax, civil, social security and labor provisions in year ended December 31, 2023 provisions, as well as respective balances, are comprised as follows:

Parent company

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2021	**41,288**	**73,153**	**70,870**	**8,341**	**(9,693)**	**183,959**
Business combination adition	43,600	25,000	-	-	-	68,600
Additions	194	9,061	504	139	380	10,278
Restatements	3,629	(6,336)	25,837	229	-	23,359
Remuneration	-	-	-	-	(445)	(445)
Payments	(7,636)	(202)	(36,537)	-	-	(44,375)
Deposit Redemption	-	-	-	-	3,070	3,070
AT DECEMBER 31, 2022	**81,075**	**100,676**	**60,674**	**8,709**	**(6,688)**	**244,446**
Additions	-	64,561	-	-	-	64,561
Restatements	(6,258)	10,432	46,238	394	-	50,806
Reversal	(7,076)	(26,847)	-	-	-	(33,923)
Remuneration	-	-	-	-	(136)	(136)
Payments	(88)	(8,850)	(55,508)	-	-	(64,446)
Deposit Redemption	-	-	-	-	1,647	1,647
AT DECEMBER 31, 2023	**67,653**	**139,972**	**51,404**	**9,103**	**(5,177)**	**262,955**

Current	14,598
Non-current	248,357
	262,955

Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2021	**45,000**	**75,322**	**111,590**	**8,341**	**(23,045)**	**217,208**
Business combination adition	46,700	128,640	29,081	-	(16,093)	188,328
Additions	223	9,061	11,566	139	121	21,110
Restatements	3,710	(6,334)	23,771	689	-	21,836
Remuneration	-	-	-	-	485	485
Payments	(7,961)	(202)	(40,023)	-	-	(48,186)
Deposit Redemption	-	-	-	-	3,361	3,361
AT DECEMBER 31, 2022	**87,672**	**206,487**	**135,985**	**9,169**	**(35,171)**	**404,142**
Additions	3,491	64,664	25,379	-	(61)	93,473
Restatements	(5,516)	9,116	36,390	377	-	40,367
Reversal	(7,076)	(26,847)				(33,923)
Remuneration	-	-	-	-	(136)	(136)
Payments	(41)	(9,062)	(78,710)	(443)	(9,262)	(97,518)
Deposit Redemption	-	-	-	-	14,018	14,018
AT DECEMBER 31, 2023	**78,530**	**244,358**	**119,044**	**9,103**	**(30,612)**	**420,423**
Current						14,598
Non-current						405,825
						420,423

In general, the Company's provisions are for the long term. Considering judicial and administrative proceedings' rites in the Brazilian judicial system, it is difficult to accurately estimate when outcome of such contingencies will be issued and, for this reason, the Company is not disclosing settlement flow of these liabilities.

Provisions described above are adjusted, mainly, by the change in SELIC (Special Clearance and Escrow System) and IGPM (General Index of Market Prices) rates and their effects on income for the period are in Note 30.

a. Civil

Provision for civil claims amount, as of December 31, 2023, is R$ 78,530, of which R$ 46,700 were assumed in business combination occurred on December 1, 2022 and the other amounts are related to success fees in lawsuits.

b. Tax lawsuits

These are provisions related to tax administrative proceedings that deal with certain credits adopted by the Company in calculation of ICMS (Value-added tax on sales and services), PIS, COFINS, IRPJ (corporate income tax) and CSLL (social contribution on net income) taxes and taxes in operations with related parties.

The main variation in relation to the tax contingencies was the change in the loss prognosis - from possible to probable in the process whose updated amount represents R$ 66,994, corresponding to the tax foreclosure whose object is alleged irregularity in the calculation of Taxable Income and Social Contribution on o Net Income for the calendar year 2007, due to the full use of the tax loss and negative basis of Tupy Fundições Ltda., upon the merger by Tupy S.A. The Company argues that full compensation was permitted, in the event of closure or incorporation of the company, by tax legislation and by the case law of the former Taxpayers Council – current CARF

c. Labor lawsuits

These are lawsuits filed by former employees, individually or collectively filed by unions that are in progress in the Labor Court, claiming indemnities and labor sums allegedly owed by the Company.

d. Social security lawsuits

Social security provisions are related to alleged debts arising from discrepancies between declaration of social security contributions (GFIP-Information to Social Security) and respective payment (GPS). Such discrepancies result from amounts questioned by the Company and were duly deposited in court.

CONTINGENCIES WITH LIKELIHOOD OF POSSIBLE LOSSES

Contingent liabilities whose prospects of loss are considered possible, as assessed by Management in conjunction with the Company's external legal advisors, are described in demonstrative chart below:

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
IRPJ and CSLL processes	79,137	181,199	79,510	181,571
PIS, COFINS and IPI credits	163,828	175,063	163,828	175,063
ICMS credits	525,726	493,113	525,726	493,113
Expired tax debts	147,690	144,261	147,690	144,261
Reintegra credits	41,552	40,334	41,552	40,334
Social security	127,554	86,965	127,554	86,965
Labor lawsuits	74,225	87,887	164,450	223,455
Civil and other	2,883	71,223	17,137	71,524
	1,162,595	**1,280,045**	**1,267,447**	**1,416,286**

Possible tax and civil contingencies of acquiree MWM, at estimated amount of R$ 412,627, are not being reported in chart above, considering that the Company's obligation is limited to R$ 68,600. Said amount was recognized in the Parent Company. In the event of materialization of contingencies at MWM Tupy do Brasil Ltda. (amount above), said liability will be refunded by the former MWM controlling shareholder, pursuant to the terms of the purchase and sale agreement between Tupy S.A. and Navistar.

Except when described differently in the items below, the changes in contingencies between the years 2023 and 2022 resulted from inflation adjustment.

i. IRPJ (Corporate Income Tax) and CSLL (Social contribution tax) proceedings

Administrative proceedings in which the Federal Revenue Service of Brazil questions taxable income calculation, IRPJ (corporate taxable income) estimate is used, as well as compensation of taxes paid by subsidiaries abroad. The Company presented defense claiming that tax calculation was carried out properly.The main variation occurred because the exchange of the probability from possible to probable loss amouting of R$ 66,002, is a tax lien foreclosure whose purpose is the collection of tax assessment notice drawn up for alleged irregularity in calculation of Taxable Income and Social Contribution on Net Income (“CSLL”) Calculation Basis for calendar year 2007, due to full use of tax loss and negative CSLL basis of Tupy Fundições Ltda. upon its merger into Tupy S.A. The Company defends, in a writ of annulment, that prohibition of full compensation is not applicable in the event of wind-up or merger of the Company, in accordance with the law and jurisprudence of former Board of Taxpayers - current CARF.

ii. PIS and COFINS credits

Administrative and judicial proceedings in which the Federal Revenue Service of Brazil questions the Company, in most cases, for: (i) use of credits generated in the acquisition of inputs in the periods from 2004 to 2011; and (ii) appropriation of untimely credits. The Company presented administrative and judicial defenses demonstrating the pertinence of credits in compliance with tax legislation.

The most relevant case concerns the denial by the RFB of offsetting IRPJ, CSLL, IPI (Excise Tax), PIS and COFINS debts with credits arising from a final and unappealable lawsuit that stated the unconstitutionality of COFINS calculation base expansion by Law 9718/98, under the allegation that: (a) credit determined by the Company would supposedly extrapolate the court decision; and (b) credit would originate from unapproved offsets. Amounts involved correspond to R$ 54,012 in December 31, 2023 (R$ 51,100 as of December 31, 2022).

iii. ICMS credit

Administrative and judicial proceedings initiated by state tax authorities of São Paulo and Santa Catarina, from 2008 to 2021, in which certain ICMS credits made by establishments in Mauá and Joinville are questioned, with highlights for:

- Tax administrative proceeding that deals with the requirement of Santa Catarina State that the Company pay ICMS plus fine and interest referring to: (i) alleged credit misappropriations; (ii) non-payment of tax (Difal) on taxable transactions; (iii) inaccuracies/omissions in entries of the Digital Tax Bookkeeping from May 2017 to December 2021 on the grounds that ICMS credits would have been misappropriated because they refer to goods intended for the establishment use and consumption. The Company supports and presented evidence that demonstrates that credits refer to intermediary products used in the Company's core activity. The restated debits as of December 31, 2023 represent the amount of R$ 311,096 (in December 31, 2022 was R$ 291,200).
- Assessment notice drawn up by Sefaz/SP due to alleged illegality in the transfer of credit balance of Tax on operations related to Circulation of Goods and provision of interstate and intercity transport and communication services ("ICMS"), between São Paulo and Mauá units. The Company’s administrative proceeding defends that transfer was permitted by law, as it occurred after: (a) the end of ICMS calculation centralized in São Paulo unit; and (b) completion of Tupy Fundiões Ltda. merger by Tupy S.A. Finally, São Paulo State tax authorities clearly failed to comply with tax legislation by disallowing transferred ICMS credit balance, demanding it as if it were due and imposing a fine alleging the undue registration of credit balance. The restated debits represent R$ 150,490 as of December 31, 2023 and R$ 141,300 as of December 31, 2022.

In all proceedings, the Company has demonstrated pertinence of credits taken in compliance with tax legislation.

iv. Prescribed tax debts

Administrative and judicial tax collections promoted by the Federal Government related to alleged offsetting of debts with IPI Premium Credit. The Company is defending itself at the administrative and judicial levels, claiming the statute of limitations for said debts pursuant to superior courts’ jurisprudence.

The most relevant lawsuit concerns the refund of Premium Credit for Tax on Industrialized Products (“IPI”) (excise tax), whose right was recognized from January to April 1985 in a final and unappealable court decision issued in Ordinary Suit No. 87.0000671-8. In view of the adverse decisions of the Federal Revenue Service Judgment Office (“DRJ”) and more recently of the CARF, it can be inferred that present lawsuit represents a potential liability contingency in relation to compensations carried out with the credit object of aforementioned lawsuit (which were not approved by the RFB). While a portion of these debts was settled in the tax amnesty of Provisional Act 470/2009 (“MP470”), another portion of the debts was not included because they were considered expired at the time of amnesty adhesion. The restated debits represent R$ 128,629 as of December 31, 2023 and R$ 124,700 as of December 31, 2022.

v. Reintegra Credits

They include administrative proceedings in which the Federal Revenue Service of Brazil questions the use of credits from Reintegra additional amount related to the period from 2015 to 2018 to offset other debts calculated during 2020.

vi. Social security lawsuits

Administrative and judicial proceedings from 1998 and 2023 on the Federal Revenue Service of Brazil initiative, predominantly related to the social security contribution called Occupational Environmental Risk, as well as related to alleged debts related to social security contributions levied on payroll and owed by service providers (subsidiary liability). In all lawsuits, the Company demonstrates that adopted tax procedures are in full compliance with tax law.

This change, in addition to the effect of inflation adjustments, refers to social security debts excluded from tax amnesty by federal tax authorities.

The most relevant lawsuit is a tax foreclosure whose purpose is to collect an additional charge for Environmental Risks at Work (“RAT surcharge”) due to alleged exposure of employees to noise levels above tolerance levels. The Company sustains and presents evidences in a writ of annulment that noise to which its employees are exposed, with the use of personal protective equipment (“PPE”), are within permitted levels. The use of effective protection inhibits extraneous hearing effects raised by tax authorities, in accordance with technical reports presented in lawsuit file. Amounts involved correspond to R$ 65,442 as of December 31, 2023 and R$ 62,800, restated up to December 31, 2022.

vii. Labor lawsuits

These are lawsuits filed by former employees and former sales representatives pending before the Labor Court, claiming indemnities and labor sums supposedly owed by the Company.

This change stems from new labor lawsuits filed by former employees against the Company, changes in loss likelihood of existing lawsuits, reflecting lawsuits’ status and adjustments to contingency amounts. The reduction in relation to the value reported on December 31, 2022 is due to better measurement of the processes of the Subsidiary Tupy MWM do Brasil Ltda. where several cases were classified as remote loss.

viii. Civil lawsuit

Civil proceedings generally deal with disputes with the Company’s former suppliers.

25. SECURITIES PAYABLE AND OTHER

	Parent company		Consolidated	
Securities payable and other	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Domestic market	30,010	13,530	113,794	99,404
Foreign market	8,264	14,495	70,347	82,044
	38,274	**28,025**	**184,141**	**181,448**

Securities payable and other are mainly comprised of provisions for hiring of third-party services and expenses related to recognition of costs with our products’ quality problems.

26. CAPITAL, EQUITY VALUATION ADJUSTMENT, RESERVES AND ALLOCATION OF NET INCOME

a) Capital

	Dec/23		Dec/22	
Share capital breakdown in number of shares	**Number**	**%**	**Number**	**%**
Non-controlling stockholders				
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%	40,645,370	28.2%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	35,814,154	24.8%	35,814,154	24.8%
Trígono Capital Ltda	14,477,100	10.0%	14,477,100	10.0%
Other stockholders	52,816,014	36.7%	52,984,315	36.8%
Officers	240,862	0.2%	236,028	0.2%
Treasury stock	184,000	0.1%	20,533	0.0%
Total outstanding shares	**144,177,500**	**100.0%**	**144,177,500**	**100.0%**

Authorized capital is limited to R$ 1,200,000, represented by nominative registered common shares, with no par value.

The Company, its Shareholders, Administrators and members of the Tax Council commit to solve, through arbitration of the Market Arbitration Chamber, any dispute or controversy that may arise, related to or deriving from the application, validity, effectiveness, interpretation, violation and its effects of provisions of the Corporation Law, of the Company's Bylaws, of standards edited by the National Monetary Council, Central Bank of Brazil and Brazilian Securities and Exchange Commission, as well as provisions of other standards applicable to the capital market in general, in addition to those included in the New Market Regulation, Market Arbitration Chamber, Penalties Regulation and Agreement for Participation in the New Market.

b) Repurchase of shares

On November 12, 2023 the Company's Board of Directors approved the opening of the share buyback program to meet the long-term incentive program. Deadline for acquisition is May 14, 2025 and the limit of shares for repurchase is 4,000,000 common shares issued by the Company itself.

		Share quantity	
	Value (R$ thousand)	**Quantity**	**Share value (R$)**
AT DECEMBER 31, 2022	**5**	**300**	**16.97**
Shares repurchase (i)	1,819	77,556	23.45
Shares used of stock option plan (ii)	(1,373)	(57,373)	23.93
AT DECEMBER 31, 2022	**456**	**20,783**	**21.95**
Shares repurchase (i)	12,181	481,627	25.29
Shares used of stock option plan (ii)	(9,020)	(368,110)	24.50
AT DECEMBER 31, 2023	**4,068**	**154,783**	**26.28**

(i) Corresponds to repurchases made in the year for the purpose of backing Long-Term Incentive Plan (ILP). Repurchases were carried out in accordance with rules approved by the Board of Directors.

(ii) Shares used in the grant exercise provided for by the “Program for the granting of stock options”.

As of December 31, 2023, the market value of treasury shares was R$ 3,664,900.00.

c) Stock option plans

The Company currently has two outstanding long-term incentive plans. Main purposes of the Company's stock option plans are (i) to ensure the competitiveness of total compensation levels practiced; (ii) support the alignment of beneficiaries’ interests with those of the Company's shareholders, (iii) motivate and recognize participants, (iv) increase executives' level of commitment with generation of sustainable net income; and (v) reinforce the retention power of the Company's main leaders.

Grants during 2019–2021

In April 2019, the General Meeting approved the plan to grant shares at the levels of president, vice president and director of the Company (Beneficiaries), provided that certain performance and permanence conditions are met, such as Long-Term Incentives (ILP).

The number of units granted is the result of the gross amount in Brazilian Reais converted by the average quotation on Stock Exchange (weighted by volume) for the month of March prior to the grant.

The number of units to be effectively converted into Shares held by the beneficiary at the end of grace period (3 years) depends on two performance criteria:

- Absolute: 50% of the units, based on the Company's actual TSR – Total Shareholder Return, that is, incremental to IPCA (Advanced Consumer Price Index);
- Relative: 50% of the units, based on the Company's TSR – Total Shareholder Return compared to a group of selected companies.

Beneficiaries are entitled to the shares granted to them after 3 years from grant date of the grant (Vesting), subject to achievement of criteria above.

	Share quantity				
	Granted option	Exercised options	Cancellations	Share option in market	Share option to exercise
Granted in 04/11/2019	288,029	(67,009)	(221,020)	-	-
Granted in 04/11/2020	369,483	(369,483)	-	-	-
Granted in 04/11/2021	324,418	-	-	324,418	-
AT DECEMBER 31, 2023	**981,930**	**(436,492)**	**(221,020)**	**324,418**	**-**

Grants from 2022–2024:

In April 2022, the Shareholders' Meeting approved the plan to grant shares at the level of president, vice president, director and manager of the Company (Beneficiaries), provided that certain performance and permanence conditions are met, such as Long-Term Incentives (ILP).

The number of units granted is the result of the gross amount in Brazilian Reais converted by the average quotation on Stock Exchange (weighted by volume) for the month of March prior to the grant.

The number of units to be granted will be divided between restricted stock units and performance stock units, which will be determined by the Board of Directors at each grant. As well as the concepts and methodologies to be used for calculation.

Beneficiaries are entitled to shares granted to them after 3 years from the date of the grant (Vesting), subject to achievement of each grant criteria.

	Share quantity				
	Granted option	Exercised options	Cancellations	Share option in market	Share option to exercise
Granted in 04/11/2022	512,852	-	-	512,852	-
Granted in 04/11/2023	507,459	-	-	507,459	-
AT DECEMBER 31, 2023	**1,020,311**	**-**	**-**	**1,020,311**	**-**

d) Equity valuation adjustment

It is comprised of the exchange rate change in translation of balance sheets of subsidiaries that operate with functional currency other than these financial statements' presentation currency, according to list disclosed in Note 2.4 and impacts informed in Note 11, with a contra entry to net income from net investment hedge abroad. (note 37 b)

Also reflected are the balances of asset revaluations carried out in 1990 in land and buildings accounts and in 2005 in machinery and equipment account. The residual balance of the respective reserves on December 31, 2023, is R$ 8,128 (R$ 8,728 in 2022) and R$ 5,163 (R$ 7,858 in 2022), which was admitted as an integral part of the cost value of the respective assets. Realization against the retained earnings account occurs proportionately to the depreciation of the corresponding assets, when applicable.

e) Profit reserves

Legal reserve

In compliance with article 193 of Law 6404/76, the reserve is recorded at the rate of 5% of the net income (loss) for the year, up to the limit of 20% of the capital.

Reserve for investments

It is formed in an amount not lower than 5% of net income up to the limit of 50% of the capital, calculated in each fiscal year and the balance, together with the other profit reserves, except those for contingencies, tax incentives and unrealized profits, which cannot exceed the amount of the capital.

Investment reserve

	Constitution	Distribution	Capital increase	Balance	Expansion (*)
2007	46,963	-	-	46,963	-
2008	131,295	-	-	178,258	79,864
2009	98,886	-	-	277,144	65,776
2010	97,440	-	-	374,584	61,080
2011	125,014	-	-	499,598	135,133
2012	48,220	-	(138,656)	409,162	109,035
2013	71,646	-	-	480,808	93,427
2014	73,887	-	-	554,695	84,364
2015	118,151	-	-	672,846	42,931
2016	(169,375)	(100,358)	-	403,113	20,046
2017	156,651	(200,000)	-	359,764	36,052
2018	268,948	(162,500)	-	466,212	43,200
2019	275,455	(125,000)	-	616,667	130,083
2020	(67,231)	-	-	549,436	41,713
2021	199,518	(62,300)	-	686,654	106,296
2022	424,671	(65,102)	-	1,046,223	138,315
2023	486,028	(138,084)	(117,302)	1,276,865	237,936
				1,276,865	**1,425,251**

(*) They refer to strategic investments to expand production capacity.

On April 28, 2023 during the Shareholders' General Meeting was approved the Capital increase amount of R$ 117,302 because the profit reserves exceeded the Capital in December 31, 2023, after making all the allocations provided for in Corporation Law, as provided for in Art. 199 of Law 6404/76.

f) Allocation of income (loss)

According to the Company's Bylaws, the shareholders are entitled to a minimum dividend corresponding to 25% of the net income for each year, according to article 202 of Law 6404/76.

In 2023, R$ 463,957 were allocated to the investment reserve account, incorporating the basis used for distributing dividends for the year. In 2022, R$ 424,671 were added.

The distribution carried out in 2023 was supported by profit reserves, from the investment reserves subgroup, and was imputed to the mandatory minimum dividend in accordance with the Company's bylaws pursuant to article 202 of Law 6404/76.

Dividends proposed for deliberation at the General Shareholders' Meeting, in the amount of R$ 22,071, plus the distribution of Interest on own capital resolved by the Board of Directors in 2023, in the amount of R$ 116,013 correspond to the mandatory minimum of 25%.

On December 31, 2023, the sum of the profit reserves exceeded the Capital by R$ 256,049, after making all the allocations provided for in Corporation Law. As provided for in Art. 199 of Law 6404/76, Management will propose a capital increase during the Shareholders' General Meeting.

The following tables present the form used (Interest on own capital – JCP or Dividends), the dates of the Board of Directors' resolutions, the payment dates, the gross and net amounts of Withholding Income Tax (IRRF) and the amounts per share.

Table demonstrating the calculation of dividends for 2023 and 2022:

	Dec/23	Dec/22
Dividend calculation basis		
Net income for the period	508,140	508,272
Transfer to the legal reserve (5%)	25,407	25,414
	482,733	**482,858**
Distribution proposal (*)		
Interest on capital, gross	116,013	65,102
Dividends	22,071	65,378
	138,084	**130,480**

(*) For shares outstanding on the balance sheet date

	Ordinary	
Unit amount per share	**Dec/23**	**Dec/22**
Interest on capital, gross	0.80465	0.45154
Dividends	0.15308	0.45345
Total proposed for distribution	**0.95773**	**0.90499**

Table demonstrating the resolution and payment of dividends for 2023:

Approved date	Form	Gross amount	Per share	Net amount	Payment date
03.27.23	Interest on capital	41,365	0.2872	38,060	10.17.23
09.26.23	Interest on capital	37,885	0.2629	34,580	03.26.24
12.22.23	Interest on capital	36,763	0.2553	34,142	07.31.24
04.30.24	Dividends	22,071	0.1533	22,071	10.31.24
		138,084		**128,853**	

The balance payable of R$ 94,189 includes the installment related to the dividend of R$ 22,071, the installment of interest on own capital deliberated on September 26 and December 22, 2023, with payments dates during 2024 year and balances of previous installments.

27. REVENUES

We present below the reconciliation of gross revenue for tax purposes and the revenues presented in the income (loss) for the year:

	Parent company		Consolidated	
	2023	**2022**	**2023**	**2022**
Gross revenue	5,032,726	5,331,855	12,618,773	11,025,432
Returns and rebates	(55,127)	(19,726)	(281,812)	(180,156)
Revenue net of returns and rebates	**4,977,599**	**5,312,129**	**12,336,961**	**10,845,276**
Sales taxes	(342,864)	(400,552)	(968,771)	(666,860)
Net revenue	**4,634,735**	**4,911,577**	**11,368,190**	**10,178,416**
Net revenue				
Domestic market	1,478,610	1,697,637	3,698,292	2,828,137
Foreign market	3,156,125	3,213,940	7,669,898	7,350,279
	4,634,735	**4,911,577**	**11,368,190**	**10,178,416**

The growth reflects, substantially, the business combinations that occurred on December 1, 2022 of subsidiary MWM Tupy do Brasil Ltda.

28. COSTS AND EXPENSES BY NATURE

The breakdown of costs and expenses by nature, reconciled with the costs and expenses by function presented in the statement of income for the year is as follows:

	Parent company		Consolidated	
	2023	**2022**	**2023**	**2022**
Raw and processing materials	(2,142,734)	(2,443,304)	(5,808,198)	(5,022,579)
Maintenance and consumption materials	(312,012)	(224,528)	(832,133)	(643,125)
Salaries, payroll taxes and profit sharing	(838,564)	(875,694)	(2,050,280)	(1,847,452)
Social benefits	(106,295)	(104,624)	(172,139)	(144,785)
Electricity	(171,711)	(173,127)	(466,547)	(509,752)
Freight and commission on sales	(202,042)	(319,633)	(458,774)	(543,066)
Management fees	(24,056)	(29,717)	(24,056)	(29,717)
Other costs	(53,997)	(42,866)	(291,184)	(170,231)
	(3,851,411)	***(4,213,493)***	***(10,103,311)***	***(8,910,707)***
Depreciation	(147,776)	(140,154)	(357,906)	(330,351)
Costs and expenses total	**(3,999,187)**	**(4,353,647)**	**(10,461,217)**	**(9,241,058)**
Cost of products sold	(3,526,463)	(3,777,632)	(9,433,067)	(8,290,773)
Selling expenses	(245,100)	(363,344)	(599,913)	(618,300)
Administrative expenses	(227,624)	(212,671)	(428,237)	(331,985)
Costs and expenses total	**(3,999,187)**	**(4,353,647)**	**(10,461,217)**	**(9,241,058)**

The growth mainly occurred from the business combinations that occurred on December 1, 2022 subsidiary MWM Tupy do Brasil Ltda. On the other hand, there are important reductions in the items of raw materials and process materials, electricity and freight on sales.

29. FINANCIAL INCOME (LOSS)

	Parent company		Consolidated	
Finance results	**2023**	**2022**	**2023**	**2022**
Financial liabilities at amortized cost	***(245,386)***	***(165,241)***	***(292,226)***	***(187,535)***
Borrowing	(245,180)	(163,581)	(292,020)	(185,875)
Notes payable and other financial liabilities	(206)	(1,660)	(206)	(1,660)
Financial liabilities at fair value through profit or loss	***(20,208)***	***-***	***(20,208)***	***-***
Borrowing	(5,498)	-	(5,498)	-
Swap operation	(14,710)	-	(14,710)	-
Other finance costs	***(12,281)***	***(11,538)***	***(27,641)***	***(33,949)***
Finance costs	**(277,875)**	**(176,779)**	**(340,075)**	**(221,484)**
Financial assets at fair value through profit or loss	***238***	***649***	***238***	***649***
Investments in equity instruments	238	649	238	649
Amortized cost	***50,508***	***80,477***	***97,156***	***90,081***
Cash and cash equivalents	50,508	80,477	97,156	90,081
Tax credits and other finance income	***3,557***	***8,590***	***10,710***	***8,630***
Finance income	**54,303**	**89,716**	**108,104**	**99,360**
Monetary and foreign exchange variations, net				
Foreign exchange variations	(67,754)	(22,274)	(101,582)	(48,879)
Derivative financial instruments (note 37)	11,927	18,840	42,058	29,149
Foreign exchange variations, net	**(55,827)**	**(3,434)**	**(59,524)**	**(19,730)**
Finance results, net	**(279,399)**	**(90,497)**	**(291,495)**	**(141,854)**

The variation in the period reflects the increase in financial costs for interest on debentures issued in September 2022 and the impact of the foreign exchange variation with the appreciation of the Real against the US Dollar when compared to the same period of the previous year. The values reported in cash flow represent the portions of exchange variation and interest that were appropriated in the period and have not yet impacted cash.

30. OTHER OPERATING REVENUES (EXPENSES), NET

	Parent company		Consolidated	
	2023	**2022**	**2023**	**2022**
Bargain purchase - Acquisition MWM (note 39)	29,103	8,823	29,103	8,823
Constitution and restatement of provision	(77,741)	(33,257)	(96,275)	(42,825)
Disposals of property, plant and equipment	1,387	(385)	(6,448)	(2,166)
Bargain purchase - Acquisition Teksid	-	(23,121)	-	(23,121)
Recognition of Reintegra (note 8)	-	(52,694)	-	(52,694)
Result on the sale of unusable and other assets	5,448	(28,820)	4,916	(22,243)
	(41,803)	***(129,454)***	***(68,704)***	***(134,226)***
Depreciation of non-operating assets	(294)	(413)	(8,634)	(416)
Amortization of intangible assets (note 13)	-	-	-	(17,784)
Total other operating expenses, net	**(42,097)**	**(129,867)**	**(77,338)**	**(152,426)**

The Company closed the negotiations related to price adjustment regarding the acquisition of MWM Tupy do Brasil Ltda and the final result of the business combination increase the gain on bargain purchase in the amount of R$ 29,103. (note 39)

On December 21, 2022, the Company closed the negotiations related to price adjustment regarding the acquisition of the Brazilian and Portuguese operations Teksid SpA, for the subsidiaries Tupy Minas Gerais

Ltda (formerly: Teksid Iron do Brasil Ltda.) and Funfrap-Fundição Portuguesa S.A. and the final result of the business combination was the reversal of gain on bargain purchase in the amount of R$ 23,121, thus reducing the gain to R$ 25,683.

31. INCOME TAX AND SOCIAL CONTRIBUTION ON INCOME

	Parent company		Consolidated	
	2023	2022	2023	2022
Net income (loss) before tax effects	**632,057**	**598,962**	**538,140**	**643,078**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(214,900)	(203,647)	(182,968)	(218,646)
Tax effect of permanent (additions) exclusions:				
Reconhecimento de IR/CS diferidos - Controladas (nota 9)	-	-	95,925	-
Additional income tax (Services Companies – Mexico)	-	-	(266)	(217)
Tax overpayments	-	21,836	-	21,836
Reintegra – benefit	(16,895)	1,051	(16,895)	1,051
Depreciation of non-operating assets	(100)	(140)	(100)	(140)
Effect of correction of fixed assets	-	-	4,016	2,480
Interests on capital	39,444	22,135	39,444	22,135
Share of results of subsidiaries	108,122	88,875	-	-
Effects of different rates in subsidiaries	(14,149)	(12,962)	(14,149)	(12,962)
Efeito diferença de alíquota	-	-	17,084	22,403
Other permanent (additions) exclusions	(25,439)	(7,838)	(28,713)	(21,657)
Tax effects recorded in the statement of income before exchange	**(123,917)**	**(90,690)**	**(86,622)**	**(183,717)**
Effective rate of income tax before exchange effects	**20%**	**15%**	**16%**	**29%**
Effect of functional currency on tax base (a)	-	-	65,495	42,860
Tax effects recorded in the statement of income	**(123,917)**	**(90,690)**	**(21,127)**	**(140,857)**
Effective rate of income tax	**20%**	**15%**	**4%**	**22%**

a) Functional currency effect on tax basis

The tax bases of the assets and liabilities of companies located in Mexico, where the functional currency is the U.S. dollar, are maintained in Mexican Pesos at their historical values. Fluctuations in exchange rates modify the tax bases, and consequently, exchange effects are recognized as deferred income tax revenues and/or expenses.

b) Breakdown of tax effect recorded in the income (loss) for the year

	Parent company		Consolidated	
	2023	2022	2023	2022
Tax effects recorded in the statement of income				
Current income tax and social contribution	(112,145)	(87,038)	(202,498)	(191,641)
Deferred income tax and social contribution	(11,772)	(3,652)	181,371	50,784
	(123,917)	**(90,690)**	**(21,127)**	**(140,857)**

c) Global anti-base erosion model rule – pillar 2

The Company operates in Mexico, Portugal, the Netherlands, Luxembourg, the United States and Germany, with the legal tax rate being between 20% and 40%. None of its subsidiaries receives a subsidy from the Government through additional tax deductions that could reduce the effective tax rate lower than 15%.

32. EARNINGS PER SHARE

a) Basic

Basic earnings per share are calculated by dividing income attributable to Company's shareholders by the weighted average number of outstanding common shares during the period.

	2023	2022
Profit attributable to the stockholders of the Company	508,140	508,272
Outstanding shares	144,147,004	144,151,970
Basic results per share - R$	**3.52515**	**3.52595**

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, presuming the conversion of all the potential common shares with dilutive effects. The Company offers a plan with options to purchase potential common shares with dilutive effects. The calculation made to determine the number of shares that could have been issued at fair value was based on the monetary value of the subscription rights linked to the outstanding stock options.

	2023	2022
Profit attributable to the stockholders of the Company	508,140	508,272
Outstanding shares	145,381,809	145,157,179
Diluted results per share - R$	**3.49521**	**3.50153**

33. SEGMENT INFORMATION

The Company discloses information by operating business segment, in accordance with that reported to management bodies for decisions on resource allocations and performance evaluations, as described below.

Structural components, manufacturing contracts, power generation and decarbonization – Custom manufacturing of cast and machined products, with high technological content and added services, for global manufacturers of engines used in passenger cars, commercial vehicles, construction machinery, tractors, agricultural machinery, power generators, capital goods in general and engine assembly for third parties.

Distribution– Distribution of self-made and third-party spare parts, malleable iron connections for the construction industry and cast iron profiles for diversified use.

Information on the reported segments is shown below:

a) Reconciliation of revenues, costs, expenses and net income

Consolidated	Structural components, manufacturing, energy & decarbonization		Distribution		Total	
	2023	2022	2023	2022	2023	2022
Net revenue (Note 27)	10,550,758	9,779,458	817,432	398,958	11,368,190	10,178,416
Costs and expenses, except depreciation (Note 28)	(9,432,468)	(8,570,960)	(674,927)	(339,747)	(10,107,395)	(8,910,707)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 30)	(63,417)	(128,945)	(5,287)	(5,281)	(68,704)	(134,226)
Depreciation and amortization	(349,671)	(340,464)	(12,785)	(8,087)	(362,456)	(348,551)
Profit before finance results	**705,202**	**739,089**	**124,433**	**45,843**	**829,635**	**784,932**
Finance results (Note 29)					(291,495)	(141,854)
Profit before taxation					**538,140**	**643,078**
Income tax and social contribution (Note 31)					(21,127)	(140,857)
Profit for the period					**517,013**	**502,221**

b) Reconciliation of costs and expenses by segment

Consolidated	Structural components, manufacturing, energy & decarbonization		Distribution		Total	
	2023	2022	2023	2022	2023	2022
Raw and processing materials	(5,374,622)	(4,829,432)	(433,576)	(193,147)	(5,808,198)	(5,022,579)
Maintenance and consumption materials	(787,622)	(627,652)	(44,511)	(15,473)	(832,133)	(643,125)
Salaries, social security charges and profit sharing	(1,941,104)	(1,774,683)	(109,176)	(72,769)	(2,050,280)	(1,847,452)
Social benefits	(163,338)	(142,442)	(8,801)	(2,343)	(172,139)	(144,785)
Electricity	(445,360)	(491,730)	(21,187)	(18,022)	(466,547)	(509,752)
Depreciation	(345,121)	(322,264)	(12,785)	(8,087)	(357,906)	(330,351)
Freight and commissions on sales	(432,831)	(513,015)	(25,943)	(30,051)	(458,774)	(543,066)
Management fees	(22,130)	(27,550)	(1,926)	(2,167)	(24,056)	(29,717)
Other costs	(261,377)	(164,456)	(29,807)	(5,775)	(291,184)	(170,231)
	(9,773,505)	**(8,893,224)**	**(687,712)**	**(347,834)**	**(10,461,217)**	**(9,241,058)**

c) Reconciliation of assets and liabilities

Consolidated	Structural components, manufacturing, energy & decarbonization		Distribution		Total	
ASSETS	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Trade account receivables (Note 4)	1,693,150	1,908,975	138,585	122,405	1,831,735	2,031,380
Inventories (Note 5)	1,807,490	2,024,088	153,772	183,796	1,961,262	2,207,884
Tooling	238,143	166,374	-	-	238,143	166,374
Other assets	121,658	162,777	5,450	5,844	127,108	168,621
Property, plant and equipment (Note 13)	2,738,405	2,532,112	54,308	52,190	2,792,713	2,584,302
Intangible assets (Note 14)	156,893	151,113	207	-	157,100	151,113
Other assets not allocated	-	-	-	-	3,176,684	2,933,584
Total assets	**6,755,739**	**6,945,439**	**352,322**	**364,235**	**10,284,745**	**10,243,258**

Consolidated	Structural components, manufacturing, energy & decarbonization		Distribution		Total	
LIABILITIES	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Trade accounts payables	1,303,285	1,592,384	72,489	90,062	1,375,774	1,682,446
Income taxes payable	101,438	185,115	9,364	8,433	110,802	193,548
Salaries, social security charges and profit sharin	363,955	408,504	15,152	17,924	379,107	426,428
Advances from customers	233,436	193,469	14,822	1,523	248,258	194,992
Other liabilities	179,962	174,199	4,179	7,249	184,141	181,448
Deferred tax on intangible assets (Note 9)	36,855	36,855	-	-	36,855	36,855
Other liabilities not allocated	-	-	-	-	4,621,966	4,493,181
Equity	-	-	-	-	3,327,842	3,034,360
Total liabilities and equity	**2,218,931**	**2,590,526**	**116,006**	**125,191**	**10,284,745**	**10,243,258**

Dedicated assets and liabilities are allocated directly to segments. For those in common use, criteria are used according to their applicability or origin. As they are not directly related to the transaction, the Company does not allocate to the reported segments the assets of cash and cash equivalents, recoverable and deferred taxes and contributions, judicial deposits and other and investments in other companies. On the liability side, for the same reason, financing and loans, financing of taxes and social charges, dividends, provisions, deferred taxes and other long-term liabilities are not allocated.

d) Material clients responsible for more than 10% of the Company's total revenues

The Company has a diversified portfolio of domestic and foreign clients. In the cargo transportation, infrastructure, agriculture and power generation segment, there are clients who individually represent more than 10% of consolidated revenues, as shown below:

Consolidated

Revenue	2023	%	2022	%
Structural components, manufacturing, ener	**10,550,758**	**92.8**	**9,779,458**	**96.1**
Customer A	1,470,769	12.9	1,614,149	15.9
Customer B	1,428,262	12.6	1,537,093	15.1
Other customers	7,651,727	67.3	6,628,216	65.1
Distribution	**817,432**	**7.2**	**398,958**	**3.9**
Total Revenue	**11,368,190**	**100.0**	**10,178,416**	**100.0**

The breakdown of sales in the distribution segment is diversified.

e) Information on the countries where the Company holds revenues

Revenues from clients, attributed to the home country and each foreign country, and their share in the Company's total revenues for the year are broken down as follows:

Consolidated

	2023	%	2022	%
North America	**5,195,926**	**45.7**	**5,088,561**	**50.0**
United States	3,119,473	27.4	3,086,697	30.3
Mexico	2,018,666	17.8	1,921,654	18.9
Canada	57,787	0.5	80,210	0.8
South and Central Americas	**3,866,172**	**34.0**	**2,896,905**	**28.5**
Brazil - head office	3,698,292	32.5	2,828,137	27.8
Other countries	167,880	1.5	68,768	0.7
Europe	**2,045,761**	**18.1**	**1,812,700**	**17.7**
United Kingdom	508,527	4.5	417,420	4.1
Sweden	277,075	2.4	233,361	2.3
Netherlands	94,597	0.8	176,099	1.7
Italy	642,777	5.7	627,591	6.2
Spain	98,616	0.9	131,316	1.3
Germany	327,330	2.9	131,167	1.3
Other countries	96,839	0.9	95,746	0.8
Asia, Africa and Oceania	**260,331**	**2.2**	**380,250**	**3.8**
Japan	126,221	1.1	208,866	2.1
India	40,533	0.4	17,935	0.2
South Africa	4,919	-	28,090	0.3
China	68,877	0.6	87,834	0.9
Other countries	19,781	0.1	37,525	0.3
Total	**11,368,190**	**100.0**	**10,178,416**	**100.0**

f) Non-current assets

Non-current assets in this case correspond to investments in equity instruments, investment properties, property, plant and equipment and intangible assets and their interest in the Company's non-current assets for the year are broken down as follows:

Non-Circulant Assets	Dec/23	Dec/22
Brazil - Head Office	1,766,636	1,585,216
Mexico	1,164,618	1,132,466
Portugal	25,440	33,887
Other countries(*)	6,331	5,036
Total	**2,963,025**	**2,756,605**

(*) United States and Germany

34. INSURANCE COVERAGE

The Company adopts an insurance policy that considers the nature and degree of risks involved, in accordance with the guidance of its insurance consultants, and which Management considers adequate.

The Management of the Company is responsible for the sufficiency of the insurance coverage, which considers it appropriate to cover any losses.

The risks covered include the following items and corresponding amounts:

	Dec/23	Dec/22
Buildings	901,713	930,246
Machinery and equipment, furniture and fittings	4,495,928	4,520,327
Inventories	801,468	907,201
Loss of profit	2,323,370	2,147,610
General civil liability	350,933	312,225
Civil liability - management	165,756	151,306
Environmental Civil Liability*	55,694	55,694
Data and cyber protection	59,683	50,000

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In September 2022, the Saltillo plant, in Mexico, underwent an accident with the structural collapse of the iron melting system (Cubilô Furnace).

In parallel to the reconstruction of the damaged asset with the support of its external advisors, the Company notified the Insurers, presented reports and technical evidence with the aim of proving that its policy covers the sinister.

Considering the investigation process by insurance companies and advisors were still able to obtain additional technical investigations and aiming to ensure the Company's rapid compensation, eliminating the need for possible legal disputes, the insurance companies and the Company decided to formalize an extrajudicial agreement, importing compensation in favor of the Company

Considering that the event occurred in 2022 and no right to reimbursement was recognized in accounting, as it did not comply with CPC 25, the Company's understanding is that the change the prognosis order, only occurred with the signing of the agreement in March 07, 2024, as of the amount recognition.

The terms of the agreement and amounts involved are disclosed in note 40 of subsequent events.

35. COMMITMENTS

The Company has commitments for the acquisition of long-term assets related to its production process, contracted on the balance sheet date, but not yet incurred in the consolidated amount of R$ 189,773 (R$ 106,800 on December 31, 2022), which will be settled with own resources.

36. FINANCIAL INSTRUMENTS

		Parent company		Consolidated	
	Note	Dec/23	Dec/22	Dec/23	Dec/22
Financial assets at amortized cost		**1,372,399**	**1,806,693**	**3,583,975**	**3,739,995**
Cash and cash equivalents	3	481,983	704,746	1,593,098	1,509,829
Trade account receivables(*)	4	830,200	1,035,555	1,831,735	2,031,380
Notes and other financial assets		60,216	66,392	159,142	198,786
Effect on the Income Statement		*53,263*	*74,251*	*123,565*	*79,219*
Financial assets at fair value through profit or loss		**8,186**	**7,887**	**20,464**	**28,929**
Investments in equity instruments		2,984	2,746	9,590	15,496
Derivative financial instruments	37	5,202	5,141	10,874	13,433
Effect on the Income Statement		*17,776*	*25,355*	*45,434*	*30,723*
Financial liabilities at amortized cost		**3,199,930**	**3,697,744**	**5,463,678**	**5,485,584**
Trade accounts payables		558,563	606,734	1,375,774	1,682,446
Loans and financing	17	1,454,889	1,922,852	2,755,163	2,481,021
Debentures	18	1,035,518	1,038,858	1,035,518	1,038,858
Dividends and interest on capital		94,189	98,243	94,189	98,243
Notes payable and other financial liabilities		56,771	31,057	203,034	185,016
Effect on the Income Statement		*(245,386)*	*(165,241)*	*(292,226)*	*(187,535)*
Financial liabilities at fair value through profit or loss		**92,151**	**73**	**(1,366)**	**330**
Derivative financial instruments	37	12,998	73	13,344	330
Loans and financing	17	93,863	-	-	-
Swap operation		(14,710)	-	(14,710)	-
Effect on the Income Statement		*(5,611)*	*(5,866)*	*(3,138)*	*(925)*

(*) Includes the provision for impaired receivables

37. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET FOREIGN INVESTMENT

Derivative financial instruments

In order to minimize the impacts of exchange-rate change on future cash flows, the Company contracted financial instruments:

- Purchase of a Put option;
- Structured operations in the zero-cost collar (ZCC) modality;
- Non-Deliverable Forwards (NDF); and
- Swaps.

In the external scenario, the debate about the North American monetary policy. In several emerging economies, tightening cycles are beginning to be reversed into trajectories of interest rate declines. In this scenario, the dynamics of emerging currencies continue to be influenced by the different magnitudes of monetary tightening among countries, in addition to changes in the perception of endogenous and exogenous risk-return to these countries. In the comparison between December 31, 2022 and December 31, 2023, the Real appreciated by 7.21% against the North American Dollar and 3.91% against the Euro and the Mexican Peso appreciated by 7 .09% against the US Dollar.

a) Options and NDFs operations

i - Parent company

On December 31, 2023, the financial instruments amounted to US$ 68,800 in zero-cost collar operations, comprising: purchase of PUT with weighted average exercise price of R$ 4.8467 and sales of CALL with weighted average exercise price of R$ 5.3520, with maturities up to November 28, 2024. The

NDF operation amounted to US$ 2.000, with weighted average exercise price fo R$ 4.9757 with maturities up to January 25, 2024.

In the year ended December 31, 2023, the Company recognized revenue of R$ 11,927 in its financial income (loss), of which R$ 11,806 received from adjustments arising from the settlement of contracts in the period and a gain of R$ 121 from the mark-to-market of these instruments. In the same period of 2022, it recognized an revenue of R$ 18,840 in its financial income (loss), with the received of R$ 12,938 of adjustments arising from the settlement of contracts in the period and a gain of R$ 5,902 due to the mark-to-market of these instruments.

ii – Subsidiaries

As of December 31, 2023, U.S. dollar-denominated financial instruments amounted to US$ 45,100 in zero-cost collar operations, which consist of: purchase of PUT with a weighted average exercise price of MXN 17.1833 and sales of CALL with a weighted average exercise price of MXN 19.1896, with maturities up to August 15, 2024.

As of December 31, 2023, the financial instruments in EURO of the zero-cost collar operations amounted to EUR 13,700, which consist of: purchase of PUT with a weighted average exercise price of EUR 5.3273 and sales of CALL with a weighted average exercise price of EUR 5.7540, with maturities up to August 15, 2024. Also, the instruments in “NDF” purchase operations amounted to EUR 8,300, at an average price of EUR 5.3716, with maturities up to March 8, 2024.

In the period ended December 31, 2023, the subsidiaries recognized revenue of R$ 30,131 in their financial income (loss), of which R$ 32,555 was received from adjustments arising from the settlement of contracts in the period and loss of R$ 2,424 from the mark-to-market of these instruments. In the same period of the previous year, the subsidiaries recognized revenue of R$ 10,309 in their financial income (loss), of which R$ 4,066 was received from adjustments arising from the settlement of contracts in the period and R$ 6,243 from the mark-to-market of these instruments.

iii - Consolidated

In the period ended December 31, 2023, the revenue of R$ 42,058 was recognized in the consolidated financial income (loss), of which R$ 44,361 was received from adjustments arising from the settlement of contracts in the period and a loss of R$ 2,303 from the mark-to-market of these instruments. In the same period of the previous year, the revenue of R$ 29,149 was recognized in the consolidated financial income (loss), of which R$ 17,004 was received from adjustments arising from the settlement of contracts in the period and a gain of R$ 12,145 from the mark-to-market of these instruments.

The net outstanding positions at December 31, 2023 and 2022 are as follows:

	Parent company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Financial derivative instruments				
Liabilities	(13)	(73)	(359)	(330)
Assets	5,202	5,141	10,874	13,433
Financial derivative instruments, net	**5,189**	**5,068**	**10,515**	**13,103**

Below is the change in the period and the maturities of the outstanding position on December 31, 2023:

	Parent company	Subsidiaries	Consolidated
AT December 31, 2021	**5,068**	**8,035**	**13,103**
Recognized in financial results	11,927	30,131	42,058
Settlement	(11,806)	(32,555)	(44,361)
Foreign exchange impact	-	(285)	(285)
AT DECEMBER 31, 2023	**5,189**	**5,326**	**10,515**
Maturity date			
Due December 31, 2023	2,308	3,657	5,965
Due March 31, 2024	1,781	1,372	3,153
Due June 30, 2024	920	297	1,217
Due September 30, 2024	180	-	180
AT DECEMBER 31, 2023	**5,189**	**5,326**	**10,515**

b) Swap

On December 31, 2023, the Parent Company had contracted swap operations of US$ 93,330, in order to protect part of loans and financing in US$ dolar, reflecting the cash flow of the (i) BNDES Exim pre-shipment financing line and (ii) advance on export contracts ACC. Those operations are due up to July 16, 2024 and August 15, 2028. The purpose of this instrument is to exchange (i) currency from North American Dollars (US$) to Reais and (ii) interest of 5.58% p.a. to 108.5% CDI. (note 17 c)

Below is the maturities of the outstanding position on December 31, 2023:

	Parent company
Maturity date	
Due 07/16/2024	(7,480)
Due 09/16/2024	(4,752)
Due 08/15/2028	(753)
AT DECEMBER 31, 2023	**(12,985)**

Financial liabilities are being measured at fair value through profit or loss.

c) Hedge of foreign investment, net

Focusing on mitigating the impacts of exchange rate volatility on results, on January 10, 2014, the Company started to adopt the hedge of net foreign investment (net investment hedge).

On July 22, 2014, the Company designated the export prepayment agreement – Tupy Overseas S.A. (note 17) in the amount of US$ 349,000, equivalent then to R$ 772,302, as a hedging instrument for investments in subsidiaries in Mexico.

Accordingly, on December 31, 2023, the Company has export prepayment agreements in the amount of US$ 184,000 equivalent to R$ 890,799 designated as hedge instruments for investments in the indirect subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., whose functional currency is the U.S. dollar (US$) and have net assets of US$ 183,139, equivalent to R$ 886,633, which represents the effectiveness of 100.5%.

In the year ended December 31, 2023, the Company recognized in equity valuation adjustments, in shareholders' equity, a gross gain of R$ 123,534 from the conversion of prepayment contracts designated as hedge instruments. In the year ended December 31, 2022, the Company recognized in equity valuation adjustments, in shareholders' equity, gross revenue of R$ 111,652 from the conversion of prepayment contracts designated as hedge instruments.

38. FINANCIAL RISK MANAGEMENT

The Company has a financial management policy and internal rules monitored by the Risks and Internal Controls area, which determine practices for identifying, monitoring and controlling exposure to financial risks.

38.1 Credit risk

The credit risk arises from cash and cash equivalents, derivative financial instruments, interest earning bank deposits, and exposure to client credit, including outstanding accounts receivable.

Credit risk management of trade accounts receivable is carried out through a joint assessment of payment capacity, indebtedness ratio, market behavior and history with the Company, which establishes individual credit limits. Additionally, the Company performs a quantitative and qualitative analysis of the receivables portfolio, to determine the provision for losses on receivables. As of December 31, 2023, the Company and its subsidiaries had expected losses on trade accounts receivable of R$ 38,331 (R$ 76,868on December 31, 2022), which represented 2.1% of the balance of outstanding accounts receivable (consolidated) on that date (3.6% on December 31, 2022).

The reversal represents a portion amount that had been pending for a long time, fully provisioned for the amount of R$ 36,725, recognized in MWM Tupy do Brasil Ltda, acquired on December 1, 2022. The amount received was sent to the former parent company, Navistar International Corporation, as agreed in the contract between the parties.

The Company also has credit insurance to cover risks associated with MWM's exports and sales of generators in the domestic market.

The credit risk also consider retention of values by customers who demand quality problems refunds. For those events, the Company follows internal policy which it applies estimates to measure potential losses while discussing the origin of the debts with the respective customers.

Credit quality of financial assets

The credit quality of financial assets is evaluated by reference to external credit ratings (if any) or to historical information about counterparty default indexes:

	Parent company		Consolidated	
	Dec/23	**Dec/22**	**Dec/23**	**Dec/22**
Counterparties with external credit ratings*				
Cash and cash equivalents	**481,983**	**704,746**	**1,593,098**	**1,509,829**
AAA	225,301	331,221	837,063	656,422
AA+ / AA / AA-	238,358	297,612	278,870	330,222
A+ / A / A-	18,324	75,913	457,767	523,030
Outros	-	-	19,398	155
Derivative financial	**5,202**	**5,141**	**10,874**	**13,433**
AA+ / AA / AA-	5,202	5,141	10,874	13,433
Counterparties without external credit rating				
Trade receivables	**830,200**	**1,035,555**	**1,831,735**	**2,031,380**
Low risk	786,382	991,681	1,787,917	1,987,506
Moderate risk	43,818	43,874	43,818	43,874
High risk	7,474	9,309	38,331	76,868
Provision for impairment of trade receivables	(7,474)	(9,309)	(38,331)	(76,868)
Other financial assets	**63,200**	**69,138**	**168,732**	**214,282**
Total	**1,380,585**	**1,814,580**	**3,604,439**	**3,768,924**

(*) The Company considers, for the classification of risk, the lowest rating between the rating agencies.

Trade accounts receivable presents the following risk classifications:

- Low risk, clients in the structural components, manufacturing contracts, energy and decarbonization segment, except clients that have already presented historical losses.
- Moderate risk, clients in the distribution segment, except clients that have already experienced historical losses.
- High risk, clients that have provisioned balances and historical losses.

The other financial assets held by the Company are considered of high quality and do not show signs of loss.

38.2 Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to managing this risk is to maintain a minimum cash position.

The Company is a counterparty in some financing agreements, which require the maintenance of financial indexes, or compliance with other specific clauses. The main operations, the Senior Unsecured Notes issued in 2021 and the debentures issued in 2022, require the Company to meet the Net Debt/EBITDA financial ratio. If not complied with, it may impose restrictions, which are detailed in notes 17 and 18.

In order to guarantee sufficient liquidity to fulfill its obligations without causing losses or harming the Company's operations, the minimum cash is equivalent to the projection of two months of payment to suppliers, wages and charges, tax obligations, deducting receipts with a 50% discount for the same period, plus the balance of short-term loans and financing and mark-to-market of derivative instruments. In addition, the Company manages its investment portfolio following criteria of maximum concentration limits in financial institutions, as well as their global and local ratings.

We present below the contractual maturities of financial liabilities:

Consolidated		Contractual cash flow					
FINANCIAL LIABILITIES	Carrying amount	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total flow
Borrowings	2,755,163	169,497	575,864	294,087	275,498	2,077,708	3,392,654
Trade payables and notes and other	1,559,915	1,559,915	-	-	-	-	1,559,915
Debentures	1,035,518	71,601	75,861	795,525	573,730	-	1,516,717
Dividends payable	94,189	22,072	72,117	-	-	-	94,189
Financial derivative instruments	13,344	11,947	1,397	-	-	-	13,344
	5,458,129	**1,835,032**	**725,239**	**1,089,612**	**849,228**	**2,077,708**	**6,576,819**

No cash flow expected, included in the analysis of the maturation of the Company, may occur significantly sooner or in amounts significantly different. In addition, the Company has sufficient cash generation to face the flow of future payments.

38.3 Market risk

The economic policies of the world's major economies and the Brazilian Federal Government can have important effects on Brazilian companies, including the Company, as well as on market conditions and the prices of securities of Brazilian companies. Considering the nature of the Company's businesses and operations, level of exports and distribution of sales by market, a slowdown in the U.S. economy, mainly in the capital goods sector, could impact sales and revenues and, consequently, the profitability of the Company.

The main market risk factors to which it is exposed are related to: Exchange Rate, Interest Rate, and Inflation in the main inputs, Credit Risk and Liquidity Risk. The Company operates by managing its exposure to these factors, keeping them within acceptable parameters in order to optimize returns.

Interest rate risk

The interest rate risk arises from interest earning bank deposits and loans and financing maintained by the Company. Financial instruments with floating rates expose the Company to the risk of fluctuations in cash flow and the fixed-rate instruments expose it to fair value risk, and the Company may use derivative financial instruments, as follows:

Consolidated

	Note	Dec/23	Dec/22
Floating-rate instruments		**(744,461)**	**(808,465)**
Financial assets		669,612	696,280
Financial liabilities	17 and 18	(1,414,073)	(1,504,745)
Fixed-rate instruments		**(1,453,122)**	**(1,201,585)**
Financial assets		923,486	813,549
Financial liabilities	17 and 18	(2,376,608)	(2,015,134)

Sensitivity analysis of changes in variable interest rates

The Company has interest earning bank deposits exposed to CDI change and debt instruments exposed to both CDI and SELIC change.

Interest rate fluctuations may impact the Company's future results. The impacts that would be generated by fluctuations in interest rates to which the Company is exposed are as follows.

Interest rate risk — **Consolidated**

			Scenarios				
Floating rate instruments	**Risk**	**Disclosed**	**Probable**	**+25%**	**+50%**	**-25%**	**-50%**
In Brazilian reais							
Investments	**Interest rate (CDI - % p.a.)**	**11.65**	**11.15**	**13.9375**	**16.725**	**8.3625**	**5.575**
Financial assets		669,612	669,612	669,612	669,612	669,612	669,612
Potential impact		-	(2,999)	16,793	33,586	(17,225)	(35,360)
Borrowings	**Interest rate (CDI - % p.a.)**	**11.65**	**11.15**	**13.9375**	**16.725**	**8.3625**	**5.575**
Financial liabilities		(1,414,073)	(1,414,073)	(1,414,073)	(1,414,073)	(1,414,073)	(1,414,073)
Potential impact		-	(6,333)	35,463	70,925	(36,375)	(74,671)

Currency risk

The Parent Company is subject to currency risk on sales, purchases and loans denominated in a currency other than its functional currency, the Real. The Mexican subsidiary is subject to currency risk on costs and expenses denominated in a currency other than its functional currency, the U.S. Dollar. The Brazilian subsidiaries have the Real as the functional currency and are subject to currency risk on sales and purchases. The subsidiary Tupy Minas Gerais Ltda is predominantly exposed in EURO. The subsidiary MWM Tupy do Brasil Ltda is subject to a lesser extent to currency risk in its sales to the foreign market in U.S. Dollars (US$) and EURO and imports predominantly in Euros. The Parent Company's foreign currency transactions are predominantly denominated in U.S. Dollars (US$) and the subsidiary's transactions in Mexico, subject to currency risk, are predominantly denominated in Mexican Pesos.

Additionally, given the relevance of the Company's operations in Mexico, the change of the Mexican Peso also has an impact on the calculation of income tax, given that the net exchange-rate change arising from monetary assets and liabilities in dollars directly impacts the calculation basis of this tax (Note 31).

The Company manages its exposure to exchange rates by combining debt, interest earning bank deposits, accounts receivable, revenue from exports in foreign currency, operations with derivatives and hedge of net foreign investment. The Company's exposure, considering the subsidiaries that use the Real (R$) as their functional currency, is shown below:

Parent company

Net exposure impacting profit	Dec/23	Dec/22
Assets	**643,440**	**943,969**
Cash and cash equivalents abroad	20,482	75,913
Customers in the foreign market	622,958	868,056
Liabilities	**(97,601)**	**(58,136)**
Borrowings in foreign currency	(1,398,063)	(1,878,936)
Hedge of net investment abroad	890,799	1,820,977
Contracts swap	460,855	-
Other amounts	(51,192)	(177)
Net exposure impacting profit		
In thousands of R$	545,839	885,833
In thousands of US$	131,785	154,544
In thousands of EUR	11,977	13,194

The Company's exposure, considering the subsidiaries whose functional currency is in Real, U.S. Dollar and EURO (EUR), is shown below:

Subsidiaries

Net exposure impacting profit	Dec/23	Dec/22
Assets	**878,838**	**267,384**
Cash and cash equivalents abroad	82,578	11,944
Customers in the foreign market	475,786	172,138
Tax return	320,474	83,302
Liabilities	**(619,127)**	**(361,982)**
Trade accounts payables	(519,781)	(187,728)
Other amounts	(99,346)	(174,254)
Net exposure impacting profit		
In thousands of R$	259,711	(94,598)
In thousands of MXN	(466,853)	(518,656)
In thousands of US$	10,572	(17,691)
In thousands of EUR	14,051	24,416

Sensitivity analysis of foreign exchange exposure, except derivatives

This analysis is based on the exchange rate change, in which the risk variable is evaluated with a change of 25% and 50%, in relation to the probable scenario budgeted by the Company. This analysis considers that all the remaining variables, especially interest rates, are kept constant.

Consolidated			Scenarios			
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	**4.84**	**5.00**	**6.25**	**7.50**	**3.75**	**2.50**
Asset position	643,440	664,698	830,665	996,798	498,399	332,266
Liability position	(97,601)	(100,825)	(126,000)	(151,200)	(75,600)	(50,400)
Net exposure (R$ thousand)	545,839	563,873	704,665	845,598	422,799	281,866
Net exposure (US$ thousand)	112,746	112,746	112,746	112,746	112,746	112,746
Potential impact (R$ thousand)	-	**18,034**	**158,826**	**299,759**	**(123,040)**	**(263,973)**

Sensitivity analysis of foreign exchange exposure of derivatives

This analysis is based on the exchange rate change in relation to contracted CALL and PUT prices, in which the risk variable is evaluated with fluctuations of 25% and 50%, in relation to the probable scenario budgeted by the Company. This analysis considers that all the remaining variables are kept constant.

		Scenarios				
Parent company	**Disclosed**	**Probable**	**+25%**	**+50%**	**-25%**	**-50%**
U.S. Dollar rate	**4.84**	**5.00**	**6.25**	**7.50**	**3.75**	**2.50**
MTM Parent company	5,189	(41)	(67,141)	(153,337)	71,608	156,896
Potential impact (R$ thousand)		**(5,230)**	**(72,330)**	**(158,525)**	**66,420**	**151,707**

		Scenarios				
Parent company	**Disclosed**	**Probable**	**+25%**	**+50%**	**-25%**	**-50%**
U.S. Dollar rate	**4.84**	**5.00**	**6.25**	**7.50**	**3.75**	**2.50**
MTM Parent company (*Swap*)	(12,985)	4,706	123,770	242,954	(114,597)	(233,781)
Potential impact (R$ thousand)		**17,690**	**136,755**	**255,938**	**(101,613)**	**(220,796)**

Price risk

It arises from the possibility of fluctuations in the market prices of inputs used in the production process, mainly scrap, pig iron, metallic alloys, coke and electric power. These price fluctuations may cause changes in the Company's costs. The Company monitors them to reflect, in its sales prices, any fluctuations.

38.4 Operating risk

It arises from all the Company’s operations and may generate direct or indirect losses associated with a variety of causes related to processes, personnel, technology, infrastructure and external factors.

The Company's objective is to manage operating risk and avoid losses and damages to reputation and to seek cost efficiency.

The main responsibility for the development and implementation of controls for operational risks is exercised by a centralized area of Internal Controls under the management of Top Management.

38.5 Capital management

The Company's objectives in managing its capital are to safeguard the business continuity capacity to offer return to shareholders and benefits to the other stakeholders besides maintaining an optimal capital structure to reduce this cost.

To maintain or adjust the Company’s capital structure, Management may - or propose to, in cases that must be approved by shareholders - review dividend payment policy, return capital to shareholders, issue new shares or sell assets to reduce, for example, indebtedness level.

The Company’s Management monitors the ratio between own and third-party capital used to finance its operations. To mitigate liquidity risks and optimize the average cost of capital, the Company monitors compliance with financial ratios in financing and loan agreements.

The ratio of own capital versus third-party capital, at the end of each period, is presented below:

Consolidated

	Note	Dec/23	Dec/22
Own capital		**3,327,842**	**3,034,360**
Equity	26	3,327,842	3,034,360
Third party capital		**5,363,805**	**5,699,069**
Total current and non-current liabilities		6,956,903	7,208,898
Cash and cash equivalents	3	(1,593,098)	(1,509,829)
Own capital versus third-party capital ratio		**0.62**	**0.53**

38.6 Fair value

It is assumed that cash and cash equivalents, trade accounts receivable and accounts payable balances at book value, less impairment in case accounts receivable approximate their fair values.

All financial instruments classified as financial assets and financial liabilities at fair value through profit or loss (note 36) and the fair value of financing and loans disclosed in note 17 are calculated by discounting future contractual cash flows at the interest rate prevailing in the market, which are available to the Company for similar financial instruments.

The valuation techniques used by the Company are classified as level 2 of the fair value hierarchy. The fair value of financial instruments that are not negotiated on active markets (level 2) is determined based on evaluation techniques that maximize the use of data adopted by the market where they are available with the least possible use of specific estimates of the Company.

39. BUSINESS COMBINATION

On November 30, 2022, the Company acquired of 100% of MWM Tupy do Brasil Ltda. (formerly: International Indústria Automotiva da América do Sul), upon payment of R$ 855,000 and future negotiations of R$ 412,507, included the amount of cash and cash equivalents reimbursement.

After the closing transaction, the Company and the seller began negotiations to evaluate the transaction adjustments, which were partially completed on September 29, 2023 and definitively on February 1, 2024, which reduced the final value of the transaction by R$ 29,103.

The table below shows the amount of consideration paid on the acquisition date and future net disbursements provided for the purchase agreement

Consideration transferred	BRL	Adjustment	Adjusted
Amount of consideration paid on 11/30/2022	**855,000**		**855,000**
Future disbursements, net			
Working capital adjustment	43,400	(42,510)	890
Recoverable taxes (notes 8 and 9)	94,381	5,907	100,288
Deferred income tax (note 9)	119,160	-	119,160
Reimbursement of CSLL debt	(84,466)	7,500	(76,966)
Others	(3,100)	-	(3,100)
Amount of consideration paid + Future adjustments	**1,024,375**	**(29,103)**	**995,272**
Cash and cash equivalents assumed temporarily	243,132	-	243,132
Total	**1,267,507**	**(29,103)**	**1,238,404**

Complete information on the business combination between the Company and Navistar is described in note 30 of the Financial Statements as of December 31, 2022.

40. SUBSEQUENT EVENTS

Claims agreement Mexico

On March 7, 2024, the Company signed an agreement with insurance companies regarding the accident that occurred in the Saltillo exhaust system, in September 2022.

The agreement comprises reimbursement, in favor of the Company, in the amount of USD 10,481, within 30 business days, covering all losses incurred related to the aforementioned loss.

Capital increase

On January 31, 2024, the Company's Board of Directors approved the increase in the share capital of the subsidiary Tupy Minas Gerais Ltda up to the amount of R$ 350,000. Which R$ 265,000 were payed on February 9, 2024.

* * *

INDEPENDENT AUDITOR´S REPORT

(A free translation of the original in Portuguese)

KPMG Auditores Independentes Ltda.
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Independent auditors' report on the individual and consolidated financial statements

(A free translation of the original report in Portuguese)

To the Board of Directors, Shareholders and Management

Tupy S.A.

Joinville - Santa Catarina

Opinion

We have audited the individual and consolidated financial statements of Tupy S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2023, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, as well as the corresponding notes, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Tupy S.A. as of December 31, 2023, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the following section denominated "Auditor's responsibilities for the audit of the individual and consolidated financial statements." We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those that, in our professional judgment, were the most significant in our audit of current year. 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 thereon, and, therefore, we do not express a separate opinion on these matters.

Realization of tax credits from income and social contribution tax losses

See notes 2.5.a and 09 to the individual and consolidated financial statements

Key audit matter	How the audit addressed this matter
On December 31, 2023, the Company recognized tax credits deriving from income and social contribution tax losses in the amount of R$138,106 thousand and R$ 458,558 thousand, respectively, in its individual and consolidated financial statements. Tax credits from income and social contribution tax losses should be recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. The estimate of future taxable profit is grounded in a technical study prepared by management and involves the determination of certain significant assumptions, such as: projection period, revenue growth and operating expenses. We considered the assessment of the realization of deferred tax assets to be a key audit matter due to the judgment involved in determining the significant assumptions used to estimate the generation of future taxable profit, and due to the impact that possible changes in these assumptions could have on the amounts of deferred tax assets in the individual and consolidated financial statements, and the amount of the investment accounted for using the equity method in the individual financial statements.	Our audit procedures in this area included, but were not limited to: - With the help of our corporate finance experts, we evaluated whether significant assumptions set for determining the forecast period, revenue growth and operating expenses used by the Company to estimate future taxable profit are grounded in historical and/or market data; - We evaluated whether the budget used for projection purposes is those approved by the Company's governance bodies; And - Evaluate whether disclosures in the individual and consolidated financial statements are in accordance with the requirements of applicable accounting standards and consider relevant information. According to the evidence obtained by applying the procedures summarized above, we considered acceptable the realization of tax credits from income and social contribution tax losses and the respective disclosures in the context of the individual and consolidated financial statements taken as a whole.

Other issues - Statements of value added

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2023, 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 Company's financial statements and 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 been adequately prepared, in all material respects, according to the criteria set on this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information that accompanies the individual and consolidated financial statements and the independent auditors' report

The Company's management is responsible for other information comprising Management Report.

Our opinion on the individual and consolidated financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

In connection with our audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the works performed, we conclude that there is a material misstatement in the Management Report, we are required to disclose this 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 with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of individual and consolidated financial statements, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless Management intends to wind-up the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of the Company and its subsidiaries are the people responsible for overseeing the process of preparation of the financial statements.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our purposes are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue audit report containing our opinion. Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our 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 internal control of the Company and its subsidiaries.

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 ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may lead the Company and its subsidiaries to no longer remain as a going concern.

Evaluate the overall presentation, structure and content of the 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 controls that we identified 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 financial statements of the current year 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.

Joinville, March 20, 2024

KPMG Auditores Independentes Ltda.
CRC SC-000071/F-8

Original report in Portuguese signed by
Felipe Brutti da Silva
Accountant CRC RS-083891/O-0 T-SC

STATUTORY AUDIT AND RISK COMMITTEE REPORT - CAE

I – INTRODUCTION

The Statutory Audit and Risk Committee (Committee or CAE) of TUPY S.A. is a statutory body created at the Extraordinary General Meeting held on October 23, 2019, and installed at the Board of Directors meeting on April 30, 2020.

In compliance with the Brazilian Code of Corporate Governance for Publicly-Held Companies of CVM (item 4.1.1) and the New Market Regulation of B3 (article 22 item 'V'), the Committee currently consists of 6 (six) members, including one independent Board Member who coordinates the Committee, two other independent Board Members, and three external members.

The Committee is linked to the Board of Directors and, as an advisory body, does not have executive and/or deliberative functions, acting with autonomy and independence in the fulfillment of its legal and statutory responsibilities beyond those defined in its Internal Regulation.

Within its supervisory function among the various operational processes of the Company that it monitors, the Committee is responsible for reviewing the accounting procedures for the preparation and publication of the audited financial statements.

The Committee's evaluations are based on information received from Management, Internal Audit, those responsible for Risk Management, Internal Controls, Compliance, and Independent Audit, as well as analyses resulting from the monitoring of processes, also making use, whenever necessary, of the opinion of external experts.

According to Art. 7 of the Internal Regulations, the CAE's responsibilities include:

I - propose the rules for its operation, which shall be submitted for evaluation and deliberation by the Board;

II - analyze any changes in accounting rules that impact the financial statements;

III - analyze the criteria adopted in the valuation of assets, fair value, and recoverable value concerning the recovery of tax credits of any nature/taxes to be recovered, intangible assets, fixed assets, and biological assets;

IV - evaluate the treatment given to the accounting of benefits of any nature to Administrators;

V - analyze the integrated accounting processing system for the treatment of equivalence and/or consolidation of controlled and affiliated subsidiaries;

VI - review, prior to publication, the financial statements – issued at any time - the corresponding explanatory notes, proceeding to evaluate the legal issues that may impact the said statements, result releases, Reference Form, sustainability report, integrated report, management reports, and independent auditors;

VII - evaluate, together with the Corporate Legal Directorate, all legal issues and/or contingencies (civil, labor, tax, and others) that may pose risks and generate significant impacts on the capital structure and results included in the financial statements, including the evaluation of provisioning criteria;

VIII - monitor the quality and integrity of the information and measurements disclosed based on adjusted accounting data and non-accounting data that add elements not foreseen in the structure of the usual reports of the financial statements, supervising and evaluating relevant unusual transactions;

IX - evaluate the effectiveness and efficiency of the governance bodies involved in the process of preparing the financial statements and identify the existence of relevant unidentified risks, forwarding the appropriate actions;

X - issue an opinion to the Board regarding the hiring, monitoring, evaluation of the effectiveness of the work, and replacement of the independent auditors;

XI - evaluate the annual plans of internal audit and Compliance Management, issuing an opinion to support the Board's deliberation;

XII - assess the compliance by the Company's management with the recommendations made by the independent auditors and internal audit;

XIII - supervise the activities of the internal audit and Compliance Management, evaluate their results and the adequacy of their human and financial resources, according to the internal audit and compliance plans approved by the Board;

XIV - advise the Board of Directors in the selection process, choice, remuneration, evaluation, and replacement of professionals designated as responsible for the Internal Audit and Compliance areas;

XV - monitor the quality, integrity, and effectiveness of the accounting systems, risk management, internal controls, and compliance;

XVI - evaluate the process and structure of risk management - including strategic, financial, operational, environmental, legal, and reputation risks - and the effectiveness of the existing controls for their monitoring, including the adequacy of the human and financial resources allocated for this purpose;

XVII - assess the effectiveness of procedures for receiving and handling information about the non-compliance with legal and regulatory provisions applicable to the Company, regulations, and internal codes, and ensuring the confidentiality of information;

XVIII - follow up on contingency plans, controls implemented to ensure the security and logic of information systems, protection against fraud and misuse of technology, and the assets of the Company;

XIX - monitor the effectiveness of investigations and the Ethics and Conduct Committee in managing reports/complaints involving fraud. To this end, the Committee must have means for receiving and processing information about non-compliance with legal and regulatory provisions applicable to the Company, as well as regulations, policies, and internal codes, including providing for specific procedures to protect the provider and the confidentiality of information;

XX - recommend actions to internally disseminate the Integrity Program, involving the culture of ethics and sensitivity to risks;

XXI - evaluate, monitor, and recommend to management the correction or improvement of internal policies and the Company's Code of Ethics and Conduct;

XXII - express to the Board a position on transactions with Related Parties that fall under the purview of that Collegiate Body, under the terms of the Policy on Transactions with Related Parties and Conflict of Interest Situations;

XXIII - analyze and recommend to the Board mitigating actions and whether or not to accept the risks identified in due diligence related to mergers and acquisitions intended by the Company;

XXIV - meet with the Fiscal Council periodically, and whenever requested, to report on activities that are part of their respective competencies;

XXV - propose to the Board, annually, a specific budget for the performance of its functions;

XXVI - request the Governance Secretariat to hire consultants with recognized specialization, whenever it deems necessary the opinion of external and independent experts for the detailed analysis by the Committee of topics within its competence;

XXVII - annually promote the Committee's self-evaluation;

XXVIII - prepare an annual report, to be presented along with the financial statements, containing at least the following information:

(a) the activities carried out during the period, the results and conclusions reached;

(b) the evaluation of the effectiveness of the internal control systems and corporate risk management of the Company;

(c) the description of the recommendations presented to the Company's management and evidence of their implementation;

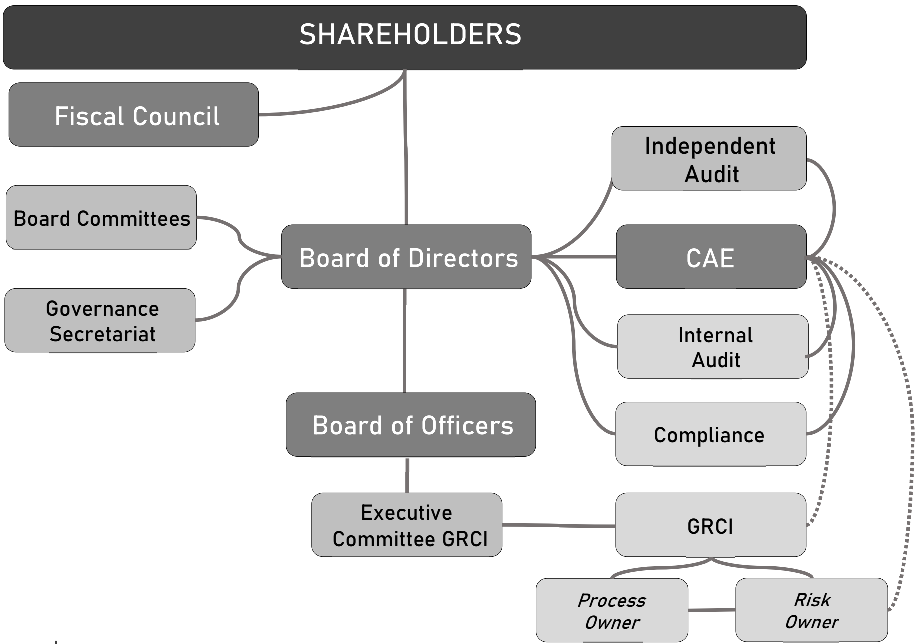
(d) the assessment of the effectiveness of the independent and internal audits;

(e) the assessment of the quality of the financial reports, internal controls, and corporate risk management related to the period; and

(f) any situations in which there is a significant divergence between the Company's management, the independent auditors, and the Committee regarding the Company's financial statements.

Without prejudice to the above attributions or those established by law, the Board of Directors and/or Fiscal Council may request the Committee to preliminarily analyze specific matters within their jurisdiction.

The structure, reporting, and relationship of the CAE with the internal and Governance bodies of the Company are illustrated in the figure below.



Legend:
Solid line – direct reporting to the Board of Directors, including Independent Audit, Internal Audit, and Compliance via Committee
Dotted line – reporting to the Executive Board, under the Committee's supervision

This report follows the guidelines set forth in Article 22, paragraph 1, of the B3 New Market Regulation, and Articles 31 D and E of CVM Resolution No. 23, dated February 25, 2021.

II – MEETINGS HELD

With the presence of its members, during the period covered by this report, the Committee met 21 (twenty-one) times between March 21, 2023, and March 13, 2024, as follows:

2023	March	21, 24 e 27
	April	14
	May	02 e 15
	June	02 e 21
	July	06 e 18
	August	07 e 17
	September	15
	October	20 e 27
	November	21
	December	15 e 19
2024	January	30
	February	28
	March	13

The first five meetings were held with the presence of members who were part of the previous CAE formation: José Rubens (independent Board Member and Coordinator), Jaime Kalsing, Jorge Manoel, and Marcos Alexandre, these as external members.

In June and July 2023, as an independent Board Member, appointed by that Collegiate Body, Jaime Kalsing began to coordinate the CAE meetings with the presence of the new member Ênio Mathias Ferreira (independent Board Member), and external members Jorge Manoel and Marcos Alexandre. Starting from the meeting on July 18, 2023, Ms. Ieda Cagni joined the CAE as an external member, and since January 30 of the current year, Mr. Vinicius Marques de Carvalho joined as an independent Board Member.

Considering the nature of the topics scheduled in the meetings, executives from the following areas were present:

- Risks and Internal Controls
- Compliance
- Controllership and Accounting

- Legal and Institutional Relations
- Health, Safety, Environment, and People
- Information Technology
- Treasury
- Presidency
- Vice-Presidency of Finance, Controls, Administration, and Investor Relations
- Vice-Presidency of Procurement and Logistics
- Vice-Presidency of Operations
- Internal Audit
- Ethics and Conduct Committee
- Independent Audit
- Corporate Governance
- "Risk owners" and those responsible for processes in administrative and industrial areas of the units located in Betim, Mexico, Portugal, and the Netherlands.

Specific meetings were also held with the Fiscal Council (March 24 and July 13, 2023, and March 13, 2024), aimed at addressing matters within the scope of both governance bodies.

In the ordinary meetings of the Board of Directors (CA), starting in June 2023, the CAE Coordinator began to formally report to the Board Members, through Summaries, on the matters addressed by the Committee in the meeting immediately preceding the CA meeting, informing them of the observations and submitting the consensus propositions among its members for the deliberation of that Collegiate Body. Between January and May 2023, the presentations to the Board of Directors were made by the previous coordination of the CAE, then carried out by Board Member José Rubens.

III – PRINCIPAIS ATIVIDADES E TEMAS TRATADOS

As principais atividades e questões tratadas envolveram os seguintes temas:

(1) Controllership, financial management, and indicator monitoring

- Monitoring financial management, including assets, liabilities, debt level, covenants, and cash position.
- Monthly monitoring of changes in equity and income accounts.
- Analysis and commentary on the content of quarterly ITRs, Special Balances for shareholder BNDES Participações S.A. - BNDESPAR, and the annual Financial Statements of 2023, respective Explanatory Notes, and review of the draft Management Report, in addition to the market release.
- Analysis and discussion of the draft Financial Statements and respective explanatory notes, as well as the Administration's report for the year ended December 31, 2023.
- Recommendations on adjustments made to the FS, expanding the content of the Explanatory Notes.
- Analysis of transactions with related parties and compliance with intercompany obligations.
- Analysis of actuarial commitments arising from the defined benefit pension plan for professionals located in the Mexican subsidiaries and the business combination with acquired MWM.
- Analysis of the values, variations, and accounting criteria for judicial contingencies (labor, civil, and tax).
- Evaluation of asset impairment tests and indicators of recoverability of intangible assets.

- Evaluation of the realization capacity of deferred taxes (to be recovered) - state and federal.
- Analysis of the amounts determined in the partial agreement promoted by the Company's administration, approved by the Board of Directors, with the Navistar Group due to the acquisition of MWM.
- Analysis of insurance policies, their values, and coverage.
- Analysis of the criteria for the accounting treatment of credits with customers, associated with "quality disputes," "partial returns," and "inventories of products located in external warehouses."

(2) Risk Management and Internal Controls

- Analyzed the Risk Matrices for the four quarters of 2023. Based on the identification of the most relevant risks, throughout the year, the CAE monitored the implemented actions through meetings with "risk owners."
- The evolution of the process of implementing the systems for the enhancement of Risk Management and Internal Controls at the corporate level - GRC, integrated into SAP, was analyzed.
- Monthly analysis of the minutes from the Executive Board meetings, Executive GRCI Committee, and the Dutch subsidiary Tupy Materials and Components - TMC, addressing recommendations about content and actions recorded in the meeting records.
- Monitored the management of the internal control environment and controls for responding to mapped risks.
- Evaluation of the Company's control hierarchy system.

(3) Legal

- Monitoring legal contingencies - analysis and discussion of indicators of labor and tax legal contingencies, tax assets, and relevant civil cases.
- Comparative analysis of active vs. passive legal contingencies, with an indication of the adequacy of concepts related to the probability of loss of cases according to the statement of the lawyers sponsoring the respective causes.
- Monitored the movement of the notification issued by SEF/SC regarding the credit of ICMS Santa Catarina, paying attention to the values at stake, decisions in the higher courts for similar cases, and the proper classification of the contingency in the Company's books.
- Analyzed perspectives, possible implications for the Company, involved risks, and respective action plans in relation to legislative changes at the national and international levels (e.g., Tax Reform and Global Anti-Base Erosion Model Rules - GloBE).

(4) Compliance, Whistleblower Channel, and Ethics and Conduct Committee

- Monthly qualitative and quantitative analysis of the indicators of the Ethics and Conduct system, including the Whistleblower Channel.

- Monitoring of internal investigations on the most significant facts, initiated in response to violations verified/reported under the auspices of the Code of Ethics and Conduct.
- Meeting with the members of the Ethics Committee N1 (Tupy headquarters).
- Monitoring of the procedures for consolidating the Compliance/Integrity Program in the various areas of the Company.
- Monitoring the introduction of the background check tool for managing third-party risk, based on the experience assimilated from the wholly-owned subsidiary MWM, which already adopted such a system in its operations.
- Recommended interaction with the Legal and Compliance Directorate of MWM, aiming at the integration of concepts and procedures.
- Evaluation of the Individual Performance of the Compliance Manager for the year 2023, recorded in a Proposal for Deliberation forwarded for CA's decision.
- Statement for the CA's decision on the goals for the Compliance area in 2024.
- The budget proposal for the Compliance area was analyzed and forwarded to the CA, with estimates of current expenses and in the budget for maintaining the Ethics Channel.

(5) Health, Safety, Environment, and People

- Analysis of Work Safety and Environmental Management indicators, including accident rates and atmospheric emissions in units in Brazil and Mexico.
- Discussions on the structure and management practices of HSE in the Company focusing on standardizing work safety procedures across all Company units, recommending a "zero tolerance" posture regarding the prioritization, development, and implementation of action plans, considering, in this context, the treatment of "near misses."
- Recommendation to ensure that the entire chain of professionals engaged in Work Safety practices is aware of their duties and responsibilities, periodically formalized, and that the actions of the area, and respective evidence, are presented monthly to the Company's executive leadership bodies, ensuring such duties and responsibilities are communicated by the Company and assumed by the respective managers.
- Emphasized the priority implementation of the results of inspections on the main physical structures of the units in Joinville, Betim, Mexico, and Portugal, according to the preliminary report of the hired experts, which, although resulted in the absence of catastrophic risks, presented several points of recommended improvement. The final report will be appreciated in the course of this first quarter with a report to the CA.
- Analysis and recommendation, within the scope of atmospheric emissions, for monitoring in all the Company's manufacturing units, seeking to meet local parameters or those established by Brazilian legislation, whenever more stringent.

(6) Internal Audit

- Analysis and discussion of the risks identified in the current activities of the Internal Audit.
- Analysis and commentary on the 2023 Internal Audit Plan.

- Monthly analysis and discussion of Internal Audit indicators, consistent with the work plan follow-up and recommendation compliance.
- Analysis of the Control Effectiveness Test (ToE) results, with recommendations for actions aimed at reducing ineffective controls.
- Evaluation and recommendations on the reports of the main investigations conducted by Internal Audit.
- Development, by a CAE member, of a "minicourse" held at the Company's headquarters, covering Internal Audit Procedures, Risks, and Internal Controls. The course lasted 10 hours, taught on August 16 and 17, with the participation of most professionals from the mentioned areas, including the Internal Audit Manager from Mexico.
- Proposal for Deliberation with attribution of concepts related to quantitative and qualitative objectives in each of the assessed dimensions regarding the performance of 2023.
- Evaluation and discussion of the reports of the Internal Audit works issued for the units located in Brazil and Mexico, including any deficiencies classified in risk degrees – high, medium, and low – accompanied by comments and action plans prepared by those responsible aiming at the respective corrective actions.
- Participation in the selection and recruitment process of the head of Internal Audit for Mexico.
- Statement on the goals for the Internal Audit area for 2024.

(7) Auditoria Independente

- Analysis of Audit reports on the quarterly, annual, and special FS, along with recommendations for the improvement of Internal Controls.
- Appreciation of the planning, scope, and main conclusions obtained in the quarterly reviews (ITR), and Special Statements (April and October) required by the shareholder BNDES in light of Articles 248 and 249 of Law 6.404/76, and the report for the issuance of the Financial Statements as of December 31, 2023.
- Analysis of procedures performed by auditors, Key Audit Matters (“KAM”), other matters presented as relevant, and adjustment slips, with a net non-material effect on the result, including:
    - Business combination
    - Contingencies
    - Revenue Recognition
    - Impairment
- Analysis of weaknesses, deficiencies, and improvement recommendations pointed out in the internal control report – made available, if plausible justification, only in August 2023 –, as well as the respective action plans of the internal areas for correction or improvement of the findings.
- Annual evaluation of Independent Audit services.

(8) Specific work in the Mexico units

- Considering accounting adjustments made in the 3rd Quarter of 2023, for which the Board of Directors determined the on-site evaluation of the internal control situation, involving

inventories, revenue recognition, accounts receivable, and accounts payable on the SAP platform.
- CAE member Marcos Alexandre, together with the head of Internal Audit and the Risk and Internal Controls Manager, reviewed processes and possibly still necessary accounting entries over a week in December 2023.
- The results, along with the recommendations made, are included in the "Mission Mexico 2023" report made available to the Board members, still pending management's statement on its content.

(9) Information Technology

- Evaluation of the integrity and security of Information Systems, with an emphasis on cyber risk mitigation tools.
- Discussion about the implementation and mapping of processes and controls for SAP Mexico.

(10) Corporate Governance

- Reading of the minutes from meetings received by the Company's governance bodies, including the Executive Board, Executive Committee of Risk Management and Internal Controls, and the TMC Board of Officers.
- Analysis of letters/notifications received from authorities and regulatory bodies;
- Monitoring the process of updating the Reference Form and the Corporate Governance Report “Apply or Explain” as foreseen in the Brazilian Code of Corporate Governance for Public Companies by CVM.
- Analysis of processes related to crisis management and business continuity.
- Review of the Sustainability Report.
- Monitoring the review work of the set of corporate policies.
- Updating the list of CAE activities and their distribution throughout the year.
- Analysis of the results of the CAE evaluation, the conclusions presented by a specialized consultancy hired by the Company – which led the process – and discussion about action plans.
- Review and proposal, approved by the CA, of general improvements to the CAE's Internal Regulations.
- Definition of the CAE's meeting calendar for the year 2024.
- Preparation of the annual budget proposal for the CAE for 2024.

IV - SUMÁRIO

The members of the Audit and Statutory Risk Committee of TUPY S.A., in the exercise of their legal, regulatory and statutory attributions and responsibilities, as provided in their Internal Regulation, reviewed the Financial Statements, accompanied by the report of KPMG Auditores Independentes, issued on this date without reservations, the Management's annual report corresponding to the fiscal year ending December 31, 2023, and taking into account the further information provided by the Company's Management and by the Independent Audit, as well as the proposal for allocation of net income for fiscal year 2023, unanimously express their favorable opinion on the mentioned proposals and that the aforementioned documents and information adequately reflect, in all relevant aspects, the equity and financial positions of the Company and its subsidiaries, and recommend the approval by the Company's Board of Directors for its submission to the Ordinary Shareholders' Meeting, pursuant to the terms of the Brazilian Corporation Law.

Joinville, March 20, 2024.

JAIME LUIZ KALSING
Independent Board Member
Committee Coordinator

ENIO MATHIAS FERREIRA
Board Member
Effective Member

VINÍCIUS MARQUES DE CARVALHO
Board Member
Effective Member

JORGE ROBERTO MANOEL
External Member

MARCOS ALEXANDRE TEIXEIRA
External Member

IEDA APARECIDA DE MOURA CAGNI
External Member

OPINION OF THE FISCAL COUNCIL

The Fiscal Council of Tupy S.A., in the course of its legal and statutory duties, examined the Company's Management Report and Financial Statements for the fiscal year ending December 31, 2023, which comprise the Balance Sheet, the Statements of Income, of Comprehensive Income, of Cash Flows, of Changes in Stockholders' Equity, and of Added Value and the respective Explanatory Notes, and the Management's proposal regarding the allocation of the Net Income for the Fiscal Year. Such examinations were further followed by the analysis of documents and, substantially, by information and clarifications provided by the external auditors and by the Company's Management throughout the year.

Furthermore, under the terms of article 163, III, and 166 § 2 of Law 6.404/76, the Fiscal Council examined the proposal to increase the Company's share capital, without the issue of new shares, in the amount of R$ R$ 256.049 corresponding to the profit reserve surplus, pursuant to articles 199 and 169 and its paragraph 1, of Law 6.404/76 ("Corporation Law"), as well as the subsequent amendment to Article 5 of the Company's Bylaws in order to express the Company's new share capital, which will become R$ 1.433.653.

Thus, after following the deliberations of the Board of Directors held on this date and based on the examinations performed, the Report of the Audit and Statutory Risk Committee and the Report of KPMG Auditores Independentes Ltda., issued on March 20, 2024, both without reservations, the Fiscal Council unanimously expresses its opinion that the aforementioned documents and information, as well as the Management's proposals related to the allocation of net income for the year and the capital increase, are ready to be submitted to the General Shareholders' Meeting.

Joinville, March 20, 2024.

João Augusto Monteiro

Chairman of the Fiscal Council

Francisco Ferreira Alexandre

Member of the Fiscal Council

Ricardo Zamora

Member of the Fiscal Council

MANAGEMENT

BOARD OF DIRECTORS

President

Paula Regina Goto

Vice-president
Vinícius Marques de Carvalho

Members
Anielle Francisco da Silva
Carlos Roberto Lupi
Enio Mathias Ferreira
Jaime Luiz Kalsing
José Rubens de La Rosa
Ricardo Antonio Weiss
Wagner de Sousa Nascimento

BOARD OF OFFICERS

CEO
Fernando Cestari de Rizzo (DRI)

Vice-presidents
Fabio Pena Rios
Ricardo Sendim Fioramonte

Accountant
Pedro Henrique Eyng
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