Highest operating cash generation and net profit in the Company's history, with synergies captured and new businesses

Earnings Conference Call

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Portuguese/English

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- **Revenues: R$11.4 billion in 2023 (+12% vs. 2022)**, including results from MWM, of approximately R$2.3 billion. Impacted by the appreciation of the Brazilian real vs. the U.S. dollar on revenues in foreign currency (67% of the total) and the drop in physical sales volumes (-7%), resulting from the 38% reduction in truck production in Brazil and the performance of applications with greater sensitivity to interest rates abroad. Revenues from the Distribution and Energy & Decarbonization segments accounted for 30% of sales in the domestic market and 13% of total sales in 2023.

- **Operating cash generation: R$829 million in 2023 (+106% vs. 2022), reaching the highest level in the Company's history.** Performance resulting from management initiatives aimed at efficiency gains by optimizing the use of assets and reducing inventory.

- **Adjusted EBITDA of R$ 1.3 billion**, similar to 2022. 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.

- **Adjusted EBITDA Margin of 11.1%**, against 12.5% in the previous year, affected by the factors previously mentioned and the inclusion of MWM's results as of December 2022, impacting the comparison base.

- **Net Income: R$517 million in 2023**, the highest ever reported, growing by 3% over 2022. The impact with the increase in financial expenses with the debentures issue for the acquisition of MWM was mitigated by tax credits arising from historical losses of the subsidiaries.

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 recent acquisition of MWM, we increased Tupy's 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, 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 like 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 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.

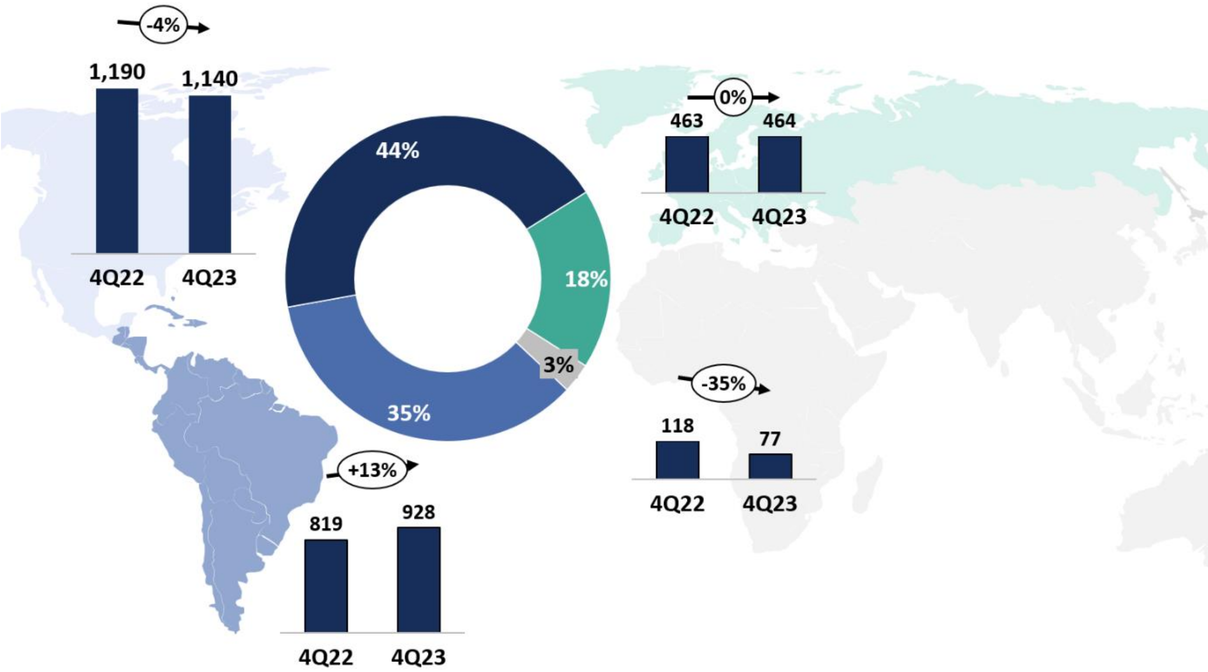
SUMMARIZED RESULTS

	Consolidated (R$ thousand)					
SUMMARY	**4Q23**	**4Q22**	**Var. [%]**	**2023**	**2022**	**Var. [%]**
Revenues	**2,621,978**	**2,591,090**	**1.2%**	**11,368,190**	**10,178,416**	**11.7%**
Cost of goods sold	(2,207,524)	(2,158,090)	2.3%	(9,433,067)	(8,290,773)	13.8%
Gross Profit	**414,454**	**433,000**	**-4.3%**	**1,935,123**	**1,887,643**	**2.5%**
% on Revenues	*15.8%*	*16.7%*		*17.0%*	*18.5%*	
Operating expenses	(258,304)	(267,269)	-3.4%	(1,028,150)	(950,285)	8.2%
Other operating revenues (expenses)	14,952	(44,041)	-	(77,338)	(152,426)	-49.3%
Income before Financial Result	**171,102**	**121,690**	**40.6%**	**829,635**	**784,932**	**5.7%**
% on Revenues	*6.5%*	*4.7%*		*7.3%*	*7.7%*	
Net financial result	(83,346)	(40,015)	108.3%	(291,495)	(141,854)	105.5%
Income before Tax Effects	**87,756**	**81,675**	**7.4%**	**538,140**	**643,078**	**-16.3%**
% on Revenues	*3.3%*	*3.2%*		*4.7%*	*6.3%*	
Income tax and social contribution	72,032	(25,275)	-	(21,127)	(140,857)	-85.0%
Net Income	**159,788**	**56,400**	**183.3%**	**517,013**	**502,221**	**2.9%**
% on Revenues	*6.1%*	*2.2%*		*4.5%*	*4.9%*	
EBITDA (CVM Inst. 527/12)	**267,380**	**206,393**	**29.5%**	**1,192,091**	**1,133,483**	**5.2%**
% on Revenues	*10.0%*	*8.0%*		*10.5%*	*11.1%*	
Adjusted EBITDA	**250,214**	**250,348**	**-0.1%**	**1,264,879**	**1,267,709**	**-0.2%**
% on Revenues	*9.5%*	*9.7%*		*11.1%*	*12.5%*	
Average exchange rate (BRL/USD)	**4.96**	**5.26**	**-5.7%**	**4.99**	**5.17**	**-3.5%**
Average exchange rate (BRL/€)	5.33	5.38	-0.9%	5.40	5.44	-0.7%

REVENUES

In 4Q23, 44% of revenues originated in North America. The South and Central Americas accounted for 35%, and Europe for 18% of the total. The remaining 3% came from Asia, Africa and Oceania, and the acquired plants contributed to a higher exposure to the Brazilian and European markets.

It is worth noting that several customers in the U.S. export their goods to other countries. Therefore, a substantial portion of sales to that region meets the global demand for commercial vehicles, machinery, and off-road equipment.



Revenue by Business Unit

To reflect the new profile of the Company, recent acquisitions, and opportunities for new business, in 1Q23, changes were made to the managerial presentation of Net Revenue.

The Transportation, Infrastructure, Agriculture, and Energy Generation Segment was split into **Structural Components & Manufacturing Contracts**, corresponding respectively to cast iron products and value-added services such as machining and assembly of components. **Energy and Decarbonization** covers results related to generator sets, company manufactured engines, marine applications, lighting towers, and decarbonization-related products and services.

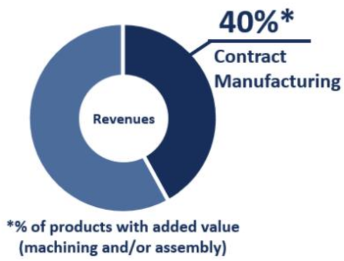
In turn, the **Distribution unit** includes revenues from aftermarket parts originating from MWM and hydraulic products.

Consolidated (R$ thousand)	4Q23	4Q22	Var. [%]	2023	2022	Var. [%]
Revenues	**2,621,978**	**2,591,090**	**1.2%**	**11,368,190**	**10,178,416**	**11.7%**
Domestic Market	**900,050**	**803,661**	**12.0%**	**3,698,292**	**2,828,137**	**30.8%**
Structural Components & Manufacturing Contracts	**616,451**	**739,828**	**-16.7%**	**2,605,873**	**2,605,167**	**0.0%**
Commercial vehicles (and passenger cars)	568,790	623,742	-8.8%	2,309,391	2,177,696	6.0%
Off-road	47,661	116,086	-58.9%	296,482	427,471	-30.6%
Energy & Decarbonization	**132,584**			**506,926**		
Distribution	**151,015**	**63,833**	**136.6%**	**585,493**	**222,970**	**162.6%**
Export Market	**1,721,928**	**1,787,429**	**-3.7%**	**7,669,898**	**7,350,279**	**4.3%**
Structural Components & Manufacturing Contracts	**1,626,280**	**1,731,612**	**-6.1%**	**7,244,331**	**7,174,291**	**1.0%**
Commercial vehicles (and passenger cars)	1,164,002	1,154,952	0.8%	5,118,614	4,860,276	5.3%
Off-road	462,278	576,660	-19.8%	2,125,717	2,314,015	-8.1%
Energy & Decarbonization	**39,050**			**193,628**		
Distribution	**56,598**	**55,817**	**1.4%**	**231,939**	**175,988**	**31.8%**

Note: the division among applications considers our best assumption for cases in which the same product is in two applications.

REVENUE BY BUSINESS UNIT

Structural Components & Manufacturing Contracts



Revenues from the Structural Components & Manufacturing Contracts were impacted by the lower production in the Brazilian market. This effect still reflects the replacement of the engine emission technology (Proconve P8 / Euro 6) and the consequent increase in the prices of commercial vehicles. Macroeconomic factors such as credit restrictions and the cooling of the economy, consequently affecting demand from sectors served by the Company due to high interest rates, impacted sales in Brazil and abroad while clients have been reducing inventory. In turn, the drop in commodity prices and climate effects impacted performance for off-road applications. Revenues from the foreign market, which accounts for 73% of sales in this segment, were also impacted by the appreciation of the R$ against the US$.

Approximately 40% of revenues comes from products that contain machining or engine assembly services for third parties (manufacturing contracts).

Energy & Decarbonization

Δ % Revenues	% Revenues DM	% Revenues FM
-	15%	2%

Sales for this segment in the domestic market grew by 11% from the previous quarter (3Q23), mainly due to the increase in demand for generator sets.

The segment was responsible for 15% of the Company's net revenues in the domestic market and 7% of total revenues.

Distribution

Δ % Revenues	% Revenues DM	% Revenues FM
74%	17%	3%

The sales of the distribution segment grew by 74%, mainly due to the inclusion of revenues from MWM (spare parts for the domestic and export markets), highlighting the launch of new products (optional and multi-brand lines).

The segment was responsible for 17% of the Company's net revenue in the domestic market and 8% of total revenue.

COST OF GOODS SOLD AND OPERATING EXPENSES

Cost of goods sold (COGS) totaled R$2.2 billion in 4Q23, including costs from MWM, impacting the annual comparison.

Production volume fell by 11% in the quarter vs. 4Q22, due to the reduction in demand in the Brazilian and foreign markets, in addition to initiatives aimed at generating cash. Third-party engine assembly operations were also affected by the drop in truck production in Brazil, leading to a lower operational efficiency and dilution of fixed costs.

As in previous quarters, the Mexican Peso appreciated in the annual comparison (13% vs. 4Q22), impacting costs in this currency, which account for approximately 20% of the Company's total costs.

These effects were partially mitigated by initiatives to reduce cost and expenses, in addition to productivity gains and synergies captured.

Consolidated (R$ thousand)

	4Q23	4Q22	Var. [%]	2023	2022	Var. [%]
Revenues	**2,621,978**	**2,591,090**	**1.2%**	**11,368,190**	**10,178,416**	**11.7%**
Cost of goods sold	**(2,207,524)**	**(2,158,090)**	**2.3%**	**(9,433,067)**	**(8,290,773)**	**13.8%**
Raw material	(1,326,634)	(1,320,378)	0.5%	(5,808,198)	(5,022,579)	15.6%
Labor, profit sharing, and social benefits	(471,698)	(462,460)	2.0%	(1,904,891)	(1,778,621)	7.1%
Maintenance materials and third parties	(169,401)	(141,404)	19.8%	(702,836)	(557,712)	26.0%
Energy	(110,950)	(121,521)	-8.7%	(464,367)	(506,675)	-8.4%
Depreciation and amortization	(83,772)	(80,359)	4.2%	(330,812)	(314,428)	5.2%
Others	(45,069)	(31,967)	41.0%	(221,962)	(110,758)	100.4%
Gross profit	**414,454**	**433,000**	**-4.3%**	**1,935,123**	**1,887,643**	**2.5%**
% on Revenues	*15.8%*	*16.7%*		*17.0%*	*18.5%*	
Operating expenses	**(258,304)**	**(267,269)**	**-3.4%**	**(1,028,150)**	**(950,285)**	**8.2%**
% on Revenues	*9.9%*	*10.3%*		*9.0%*	*9.3%*	

In addition to including the indicators from MWM, costs for 4Q23 were also mainly affected by the following:

- Raw materials: currency appreciation (Mexican Peso) partially mitigated by the drop in prices of several inputs.
- Labor: annual salary adjustments and appreciation in the Mexican Peso;
- Maintenance and outsourced services: inflation on services and appreciation of the Mexican Peso;
- Energy: 9% drop in the annual comparison, due to lower sales volume and reduction in energy prices in the Aveiro operation;

- Depreciation and amortization: 4% increase in depreciation costs, due to the addition of the new operations;

- Increase of R$13 million in the other operating costs line, mainly due to the addition of the MWM operation. The line includes costs with the handling of products and materials, engine engineering projects, leases, and health and safety, among other items.

Operating expenses, including selling and administrative expenses, reached R$258 million, down by 3% vs. 4Q22, mainly due to the drop in expenses with freight and efficiency gains.

OTHER OPERATING INCOME (EXPENSES)

Other net operating income and expenses came in as an income of R$15 million in 4Q23, compared to an expense of R$44 million in the previous year.

	Consolidated (R$ thousand)					
	4Q23	4Q22	Var. [%]	2023	2022	Var. [%]
Depreciation of non-operating assets	(2,179)	(86)	-	(4,551)	(416)	-
Amortization of intangible assets	-	-	-	-	(17,784)	-
Gain on bargain purchase	29,103	(14,298)	-	29,103	(14,298)	-
Others	(11,972)	(29,657)	-59.6%	(97,807)	(119,928)	-18.4%
Other operating revenues (expenses)	**14,952**	**(44,041)**	**-**	**(77,338)**	**(152,426)**	**-49.3%**

The Company concluded negotiations for the adjustment of the acquisition price of MWM, resulting in a revenue of R$29 million. According to contractual conditions, the acquisition was subject to adjustments to be calculated, referring to assets, liabilities, and working capital. The expenses recorded in 4Q22, in the amount of R$14 million, was due to a combination of adjustments for the acquisitions of the Aveiro and Betim plants and preliminary adjustments for the acquisition of MWM.

The “Others” line is composed by expenses of R$31 million from the constitution/restatement of provisions and revenues of R$19 million from the sales of unserviceable assets and others.

NET FINANCIAL RESULT

Net financial result came in as an expense of R$83 million.

	Consolidated (R$ thousand)					
	4Q23	4Q22	Var. [%]	2023	2022	Var. [%]
Financial expenses	(93,371)	(81,671)	14.3%	(340,075)	(221,484)	53.5%
Financial income	29,650	46,458	-36.2%	108,104	99,360	8.8%
Net monetary and currency variations	(19,625)	(4,802)	308.7%	(59,524)	(19,730)	201.7%
Net Financial Result	**(83,346)**	**(40,015)**	108.3%	**(291,495)**	**(141,854)**	105.5%

The increase in financial expenses in 4Q23 vs. 4Q22 was mainly due to funding and the increase in gross debt, which impacted interest on loans in R$.

Financial income reached R$30 million in the period, resulting from gains with financial investments. Compared to 4Q22, this line was affected with the greater cash position due to the debentures issue, in the amount of R$1 billion, to pay for the acquisition of MWM (issued in September and paid in November 2022).

Expenses from net monetary and currency variations totaled R$20 million, comprised of: (i) a negative variation in the balance sheet accounts in foreign currency, of R$34 million, due to the appreciation of the R$ in relation to the previous quarter (closing rate at the end of the quarter); and (ii) the result from hedge operations, corresponding to an income of R$14 million in the period, with a positive cash effect of R$6 million in the settled operations.

EARNINGS BEFORE TAXES AND NET INCOME

The Company's net income was R$160 million, 183% higher than in the previous year. This result was mainly due to the increase in tax credits arising from tax losses and negative social contribution bases of subsidiaries, in the amount of R$96 million.

	Consolidated (R$ thousand)					
	4Q23	4Q22	Var. [%]	2023	2022	Var. [%]
Income before Tax Effects	**87,756**	**81,675**	**7.4%**	**538,140**	**643,078**	**-16.3%**
Tax effects before currency impacts	51,939	(49,958)	-	(86,622)	(183,717)	-52.9%
Earnings before the currency effects on the tax base	**139,695**	**31,717**	**340.4%**	**451,518**	**459,361**	**-1.7%**
Currency effects on the tax base	20,093	24,683	-18.6%	65,495	42,860	52.8%
Net Income	**159,788**	**56,400**	**183.3%**	**517,013**	**502,221**	**2.9%**
% on revenues	*6.1%*	*2.2%*		*4.5%*	*4.9%*	

The tax bases of the assets and liabilities of the companies located in Mexico, where the functional currency is the USD, are held in Mexican Pesos at their historical values. Fluctuations in exchange rates affect the tax bases and, consequently, the currency effects are recorded as deferred income tax revenues and/or expenses. In 4Q23, the Company recorded a revenue of R$20 million, with no cash effect (compared to a revenue of R$25 million in 4Q22).

EBITDA

The combination of the aforementioned factors resulted in an EBITDA (CVM) of R$267 million, with a margin of 10.2%, up by 220 bps in the annual comparison. EBITDA adjusted for constitution/restatement of provisions, gain of bargain purchase and sales of unserviceable assets and others reached R$250 million, with a margin of 9.5%.

	Consolidated (R$ thousand)					
RECONCILIATION OF NET INCOME WITH EBITDA	**4Q23**	**4Q22**	**Var. [%]**	**2023**	**2022**	**Var. [%]**
Net Income for the Period	**159,788**	**56,400**	**183.3%**	**517,013**	**502,221**	**2.9%**
(+) Net financial result	83,346	40,015	108.3%	291,495	141,854	105.5%
(+) Income tax and social contribution	(72,032)	25,275	-	21,127	140,857	-85.0%
(+) Depreciation and amortization	96,278	84,703	13.7%	366,540	348,551	5.2%
EBITDA (CVM 527/12)	**267,380**	**206,393**	**29.6%**	**1,196,175**	**1,133,483**	**5.5%**
% on revenues	*10.2%*	*8.0%*		*10.5%*	*11.1%*	
(+) Other operating expenses, net	(17,131)	43,955	-	68,704	134,226	-48.8%
Adjusted EBITDA	**250,249**	**250,348**	**-**	**1,264,879**	**1,267,709**	**-0.2%**
% on revenues	*9.5%*	*9.7%*		*11.1%*	*12.5%*	

Results in the quarter include the indicators of MWM, which operate with margins lower than Tupy, thereby affecting the annual comparison (results in 4Q22 only includes the month of December). We also noted an adverse effect of the appreciation in the Brazilian real against the U.S. dollar, accounting for approximately 66% of revenues in the quarter, and the Mexican Peso, which directly impacts approximately 20% of costs. In turn, the change in engine technology to the Proconve P8 / Euro 6 standard still impacts the entire production chain of heavy vehicles in Brazil due to the increase in vehicle prices. The factors also take into consideration macroeconomic aspects, such as interest rates and credit restrictions. In terms of foreign market, we observed the cooling off demand in segments that are more sensitive to interest rates, such as the light commercial vehicles, and the light machining and equipment markets. The drop in prices for agricultural commodities, in turn, impacted demand for off-road applications in Brazil and abroad.

The comparison was also affected by inflation on services and labor costs, as well as several management initiatives aimed at generating operating cash, which had as its counterpart a reduction in production volumes, with lower dilution of fixed costs.

These achievements were offset by several management initiatives implemented during the year, in which we highlight projects aimed at efficiency gains, contractual negotiations with clients and suppliers, transfers, and reductions in costs and expenses for all the Company’s areas. In turn, the process of capturing synergies from acquisitions has outperformed the business plan.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$249 million in 4Q23, compared to R$243 million in 4Q22.

	Consolidated (R$ thousand)					
	4Q23	4Q22	Var. [%]	2023	2022	Var. [%]
PP&E						
Strategic investments	87,517	55,925	56.5%	237,936	138,315	72.0%
Maintenance and renovation of operating capacity	128,186	167,105	-23.3%	295,153	279,515	5.6%
Environment	19,249	8,920	115.8%	40,857	24,256	68.4%
Interest and financial charges	3,269	2,825	15.7%	12,563	7,175	75.1%
Intangible assets						
Software	9,505	7,120	33.5%	18,195	22,517	-19.2%
Projects under development	985	893	10.3%	5,729	3,336	71.7%
Total	**248,711**	**242,788**	**2.4%**	**610,433**	**475,114**	**28.5%**
% on Revenues	*9.5%*	*9.4%*		*5.4%*	*4.7%*	

The amounts mainly refer to new foundry and machining programs, higher operating efficiency, and synergies and investments in health, safety and the environment.

WORKING CAPITAL

	Consolidated (R$ thousand)				
	4Q23	3Q23	2Q23	1Q23	4Q22
Balance Sheet					
Accounts receivable	1,831,735	2,220,125	2,143,880	2,087,909	2,031,380
Inventories	1,961,262	1,977,233	2,021,128	2,185,575	2,207,884
Accounts payable	1,375,774	1,397,277	1,318,083	1,508,278	1,682,446
Sales outstanding [days]	59	69	66	64	60
Inventories [days]	76	74	73	78	79
Payables outstanding [days]	53	53	50	57	57
Cash conversion cycle [days]	**82**	**90**	**89**	**85**	**82**

The cash conversion cycle reduced by 8 days compared to the previous quarter 3Q23. The main lines presented the following variations:

- Reduction of R$388 million in accounts receivable, with an impact on the average receivable period equivalent to 10 days of sales, mainly due to seasonality in the period (lower sales compared to 3Q23), and currency appreciation over foreign currency accounts receivable, representing 74% of the total (closing rate of US$/R$ 4.84 in December 2023 vs. US$/R$ R$5.01 in September 2023);

- Inventories reduced by R$16 million and increased by 2 days in relation to the Cost of Goods Sold. The variation in seasonality was offset by the several actions carried out by the Company to reduce inventories in the operations located in Brazil and Mexico;

- Reduction of R$22 million in accounts payable. The lower production volume contributed to the reduction in purchases in the period. This line was also affected by the currency appreciation on accounts payable in foreign currency, which accounted for 40% of the total.

CASH FLOW

			Consolidated (R$ thousand)			
CASH FLOW SUMMARY	**4Q23**	**4Q22**	**Var.**	**2023**	**2022**	**Var.**
Cash and cash equivalents at the beginning of the period	**1,142,775**	**1,968,041**	**-41.9%**	**1,509,829**	**1,272,445**	**18.7%**
Cash from operating activities	443,315	426,213	4.0%	829,125	401,695	106.4%
Cash used in investing activities	(233,877)	(836,846)	-72.1%	(735,209)	(1,063,907)	-30.9%
Cash provided by (used in) financing activities	259,694	(38,932)	-	48,134	923,562	-94.8%
Currency effect on the cash for the year	(18,809)	(8,647)	117.5%	(58,781)	(23,966)	145.3%
Increase (decrease) in cash and cash equivalents	**450,323**	**(458,212)**	**-**	**83,269**	**237,384**	**-64.9%**
Cash and cash equivalents at the end of the period	**1,593,098**	**1,509,829**	**5.5%**	**1,593,098**	**1,509,829**	**5.5%**

The Company recorded an **operating cash generation of R$443 million**, the highest volume recorded in a quarter, compared to a generation of R$426 million in 4Q22 and R$359 million in 3Q23. This result was due to efforts to manage working capital, with highlight to the reduction in inventories, the performance of MWM's operations, and receivables arising from commercial negotiations. Operating cash generation in 2023 reached R$829 million, the highest in the Company's history.

Investment activities consumed R$234 million in 4Q23, compared to R$837 million in the same period from the previous year. The variation was mainly due to the acquisition of MWM, in 4Q22.

As for financing activities, a total of R$260 million was generated in 4Q23, arising mainly from funding.

The combination of these factors and the currency variation on cash, with a negative effect of R$19 million, resulted in an increase of R$450 million in cash and cash equivalents in the period. Accordingly, we ended 2023 with a balance of R$1,593 million.

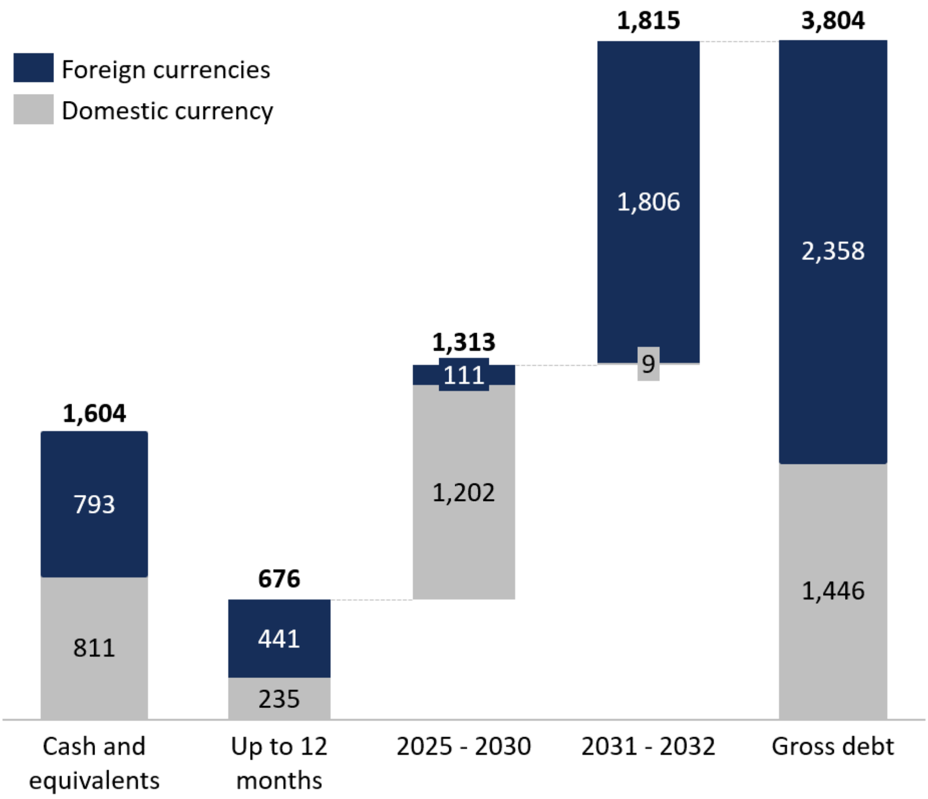
INDEBTEDNESS

The Company ended 4Q23 with a net debt of R$2.2 billion, corresponding to a net debt/LTM Adjusted EBITDA ratio of 1.74x.

Foreign currency liabilities 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 Company's cash balance, 51% of the total amount is denominated in R$ and 49% in foreign currency.

	Consolidated (R$ thousand)				
INDEBTEDNESS	**4Q23**	**3Q23**	**2Q23**	**1Q23**	**4Q22**
Short-term	676,277	226,040	208,295	139,668	284,633
Financing and loans	662,933	219,161	206,312	138,681	284,303
Financial instruments and derivatives	13,344	6,879	1,983	987	330
Long-term	3,127,748	3,170,678	3,173,618	3,274,608	3,235,576
Gross debt	**3,804,025**	**3,396,718**	**3,381,913**	**3,414,276**	**3,520,209**
Cash and cash equivalents	1,593,098	1,142,775	1,148,946	1,177,621	1,509,829
Financial instruments and derivatives	10,874	8,058	25,532	20,789	13,433
Net debt	**2,200,053**	**2,245,885**	**2,207,435**	**2,215,866**	**1,996,947**
Gross debt/Adjusted EBITDA	3.01x	2.69x	2.69x	2.69x	2.78x
Net debt/Adjusted EBITDA	**1.74x**	**1.78x**	**1.76x**	**1.75x**	**1.58x**

The Company's debt profile is as follows:



All amounts are reported in R$ million.