(A free translation of the original in Portuguese)

Financial statements

December 31, 2022

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TUPY
TUPY3 NOVO MERCADO

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MESSAGE FROM MANAGEMENT

The year 2022 represented another important step in the construction of the New Tupy. This process, conducted over the last few years, has made us a bigger, more sustainable, and more diversified Company. Our net revenue moved up from R$5.2 billion in 2019, in the pre-pandemic period, to R$10.2 billion in 2022. Adjusted EBITDA, in turn, increased by 80% in the same period. It was a significant growth, but still far from representing the full potential we can achieve, and hardly reflects the effect of the acquisition of MWM Tupy do Brasil ("MWM").

With the integration of the Aveiro and Betim operations, our customer base increased, and we currently supply all truck and agricultural and construction machinery manufacturers in the West. This was the first full year of joint operations and we have significantly increased Tupy's results since we were able to anticipate the capture of synergies. However, there is still much to achieve with efficiency improvements and flexibility of operations, both in the new plants and in the Mexican and Joinville premises.

The period also marks the greatest transformation in our history into the Company's new strategic architecture with new growth avenues and toward a low-carbon economy, that will play a fundamental role in the Tupy of the future.

Contract Manufacturing: adding value to the traditional product

With the recent acquisition of MWM, we increased Tupy's product and service portfolio. The combination of knowledge, skills, and strength of MWM allows us to broaden the scope of our manufacturing contracts to include, in addition to casting and machinery, the assembly of engines for third parties, and associated engineering services. We became a Company with a unique positioning in the world, capable of offering complete and cost-effective solutions for the capital goods industry. Based on this new configuration, and the location of our plants in countries with comparative advantages and that benefit from trends such as nearshoring, we foresee a revenue increase by outsourcing our clients' activities

Recently, we announced manufacturing contracts that will come into effect as of 2024 and that will amount, at maturity, additional revenues of R$ 650 million per year, also increasing the share of machining services. The investments, of approximately R$ 340 million, will be made in Brazil and Mexico, and will also contribute to the increase in operational efficiency.

Energy and Decarbonization: countless opportunities and scalable businesses

MWM will contribute to important progress in our energy and decarbonization initiatives, featuring mobility solutions and energy generation through biofuels.

In road and urban transportation, we are developing projects to revamp the truck and bus fleet of large Brazilian companies that seek economically and technically feasible decarbonization solutions that reduce emissions and transportation costs.

In the energy segment, MWM uses its expertise in generators, engines, and fuel to offer complete solutions that include reuse of solid urban waste and agribusiness waste for electricity generation and biofuel production. This alternative, besides reducing costs for producers, allows the manufacture of biofertilizers and reduction of methane emissions in agriculture, while still guaranteeing access to energy security in remote regions.

Several initiatives are in the prospecting phase. And, recently, we announced a partnership with the Primato cooperative, which consists of the first phase of a project with high scalability.

The initial investment is approximately R$9 million, covering 13 properties that will be served by a biogas plant to be installed in Ouro Verde do Oeste, State of Paraná, Brazil. The project also contemplates the vehicular transformation of the current fleet, replacing the use of diesel engines for biomethane.

Aftermarket Sector: resilience and distribution capacity

Through the combination with MWM, we also commence activities in the diesel engine aftermarket, which is anti-cyclical and is marked by growth. Since the beginning of the year, we have advanced in the introduction of new products from Tupy's technological domain.

All-time high results and construction of a New Tupy

The year 2022 had many challenges, with imbalances in the supply chains resulting from the impacts of the COVID-19 pandemic, the crisis in Eastern Europe, and long lockdowns in China. We faced significant increases in the cost of materials and customer stoppages that affected our volumes, with repercussions on margins, while in the first half of the year we built up inventories necessary for the ordinary working capital of the Betim and Aveiro operations. The macroeconomic scenario, in turn, has been characterized by greater caution, despite the good fundamentals of the real economy.

Despite this scenario, the Company reported the highest Adjusted EBITDA ever, of more than R$1.3 billion, a R$390 million increase over the previous year. In turn, the EBITDA per kilo was also the highest ever reported. We presented strong operational cash generation, featuring the second half, which contributed more than R$650 million. The net income was also the highest ever reported, of R$502 million, corresponding to an increase of 148%.

This is just the beginning of this New Tupy. There are still many opportunities to be captured from gains in operational efficiency and purchasing costs in all operations, as well as pricing and new business. The possibility of adding value to the cast products, based on the technical qualification that MWM brought to Tupy, will open many opportunities for growth, and has already contributed to the signing of new contracts, in addition to several projects that are under discussion.

We are proud to have achieved significant results and advances in our strategy with transformational acquisitions that will allow Tupy to grow in the traditional business and advance in new segments of operation while maintaining a comfortable financial structure. For this reason, we have a long-term vision and focus on return and value creation for society, structuring a Company that will be increasingly relevant in the transition into a low-carbon economy. In this period, in which we celebrate 85 years of innovation and pioneering spirit, I would like to express my immense gratitude to everyone who is part of our history: customers, shareholders, board members, investors, suppliers, technology partners and, especially, more than 19,000 employees who have dedicated themselves to overcome goals and build a New Tupy.

SUMMARIZED RESULTS [1]

Consolidated (R$ thousand)

SUMMARY	2022	2021	Var. [%]
Revenues	**10,178,416**	**7,082,535**	**43.7%**
Cost of goods sold	(8,290,773)	(5,958,810)	39.1%
Gross Profit	**1,887,643**	**1,123,725**	**68.0%**
% on Revenues	*18.5%*	*15.9%*	
Operating expenses	(950,285)	(554,053)	71.5%
Other operating expenses	(152,426)	(134,448)	13.4%
Earnings before Financial Result	**784,932**	**435,224**	**80.4%**
% on Revenues	*7.7%*	*6.1%*	
Net financial income (loss)	(141,854)	(147,197)	-3.6%
Earnings before Tax Effects	**643,078**	**288,027**	**123.3%**
% on Revenues	*6.3%*	*4.1%*	
Income tax and social contribution	(140,857)	(85,115)	65.5%
Net Income	**502,221**	**202,912**	**147.5%**
% on Revenues	*4.9%*	*2.9%*	
EBITDA (CVM Instruction 527/12)	**1,133,483**	**802,892**	**41.2%**
% on Revenues	*11.1%*	*11.3%*	
Adjusted EBITDA	**1,267,709**	**877,640**	**44.4%**
% on Revenues	*12.5%*	*12.4%*	
Average exchange rate (R$/US$)	**5.17**	**5.40**	**-4,3%**
Average exchange rate (R$/€)	5.44	6.38	-14.7%

Nota[1]: Amounts include 1 (one) month of MWM do Brasil (December 2022).

PHYSICAL SALES VOLUME

Sales increased in 2022, featuring the performance of the commercial vehicles and off-road categories. In addition to macroeconomic factors and execution of new contracts, volumes from the plants in Betim, in Brazil, and Aveiro, in Portugal, acquired in October 2021, contributed to the performance.

Despite the increased demand, our customers were affected by supply chain restrictions, especially the reduced supply of semiconductors. This phenomenon caused stoppages and reductions in production volumes at the engine manufacturers, resulting in sales below the potential.

Consolidated (metric tons)

	2022	2021	Var. [%]
Domestic Market	**202,567**	**132,192**	**53.2%**
Transportation, Infrastructure, Agriculture, and Energy Generation	190,671	119,193	60.0%
Distribution	11,896	12,999	-8.5%
Foreign Markets	**477,051**	**405,401**	**17.7%**
Transportation, Infrastructure, Agriculture, and Energy Generation	463,773	392,406	18.2%
Distribution	13,278	12,995	2.2%
Total Physical Sales	**679,618**	**537,593**	**26.4%**

Note: Excludes the volumes of MWM do Brasil.

REVENUES

Revenues totaled R$10,178 million in 2022, up by 44% over 2021, and the revenue/kg increased by 14% in the period. In addition to increased volumes, the result reflects cost transfers and price recovery, as well as the integration of MWM do Brasil revenues, referring to December.

Consolidated (R$ thousand)

	2022	2021	Var. [%]
Revenues	**10,178,416**	**7,082,535**	**43.7%**
Domestic Market	2,828,137	1,600,201	76.7%
Share (%)	*27.8%*	*22.6%*	
Foreign Markets	7,350,279	5,482,334	34.1%
Share (%)	*72.2%*	*77.4%*	
Revenues by segment	**10,178,416**	**7,082,535**	**43.7%**
Transportation, Infrastructure, Agriculture, and Energy Generation	9,779,458	6,748,877	44.9%
Share (%)	*96.1%*	*95.3%*	
Distribution [1]	398,958	333,658	19.6%
Share (%)	*3.9%*	*4.7%*	

Note[1]: Includes Hydraulics and MWM do Brasil's aftermarket business.

In 2022, North America accounted for 50% of the Company's revenues. The South and Central Americas accounted for 29%, and Europe for 18% of the total. The remaining 3% came from Asia, Africa, and Oceania.

Revenues from the domestic market increased by 77%, mainly as a result of the operations acquired in October 2021, which had a higher share in the Brazilian market, and the performance of sales of applications for commercial vehicles, machinery, and off-road equipment, boosted by agribusiness and indirect export opportunities.

In the foreign markets, revenues increased by 34% over 2021, featuring applications for medium and heavy commercial vehicles, machinery, and equipment.

COST OF GOODS SOLD AND OPERATING EXPENSES

COGS totaled R$8,291 million in 2022, up by 39% over 2021.

Consolidated (R$ thousand)

	2022	2021	Var. [%]
Revenues	**10,178,416**	**7,082,535**	**43.7%**
Cost of goods sold	**(8,290,773)**	**(5,958,810)**	**39.1%**
Raw material	(5,022,579)	(3,526,875)	42.4%
Labor, profit sharing, and social benefits	(1,778,621)	(1,285,113)	38.4%
Maintenance materials and third parties	(557,712)	(417,228)	33.7%
Energy	(506,675)	(340,786)	48.7%
Depreciation	(314,428)	(294,766)	6.7%
Others	(110,758)	(94,041)	17.8%
Gross profit	**1,887,643**	**1,123,725**	**68.0%**
% on Revenues	*18.5%*	*15.9%*	
Operating expenses	**(950,285)**	**(554,053)**	**71.5%**
% on Revenues	*9.3%*	*7.8%*	

In addition to the inclusion of the acquired operation, the period's costs were impacted by higher prices and the unavailability of materials throughout the year. These effects were mitigated by several initiatives to reduce costs, gain productivity, and capture synergies.

Operating expenses increased by 72% over 2021, mainly because of higher volumes and freight prices.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses totaled R$152 million in 2022, versus R$134 million in 2021.

Consolidated (R$ thousand)

	2022	2021	Var. [%]
Depreciation of non-operating assets	(416)	(2,440)	-83.0%
Amortization of intangible assets	(17,784)	(57,260)	-68.9%
Gain (loss) on bargain purchase	(14,298)	48,804	
Reversion REINTEGRA	(52.694)	-	
Constitution and restatement of provisions	(42,365)	(33,958)	24.8%
Result from the sale of PP&E	(2,166)	(3,841)	-43.6%
Result from the sale of unserviceable items and others	(22,703)	(85,753)	-73.5%
Other net operating expenses	**(152,426)**	**(134,448)**	**13.4%**

NET FINANCIAL RESULT

The Company recorded a net financial loss of R$142 million in 2022.

In September, the Company concluded the issue of a debt instrument in the domestic market (Debentures), totaling R$1 billion (net value of R$994 million after fees), which was used mainly to pay for the acquisition of MWM do Brasil. The cost of debt is CDI +1.5% p.a., with semi-annual interest payments and amortization in two installments (September 2026 and 2027).

The rise in the interest rate (SELIC), which impacted cash position and indebtedness in domestic currency, contributed to the increase in financial revenues and expenses in the period. The comparison basis was also affected by the updating, in 2021, of the value of the derivative instrument used to adjust the present value of receivables from Eletrobrás (with no cash effect), which represented net revenue of R$9 million.

The expenses from net monetary and currency variations, of R$20 million, were due to (i) negative variations in the balance sheet accounts, of R$49 million, and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to revenue of R$29 million in the period.

Consolidated (R$ thousand)

	2022	2021	Var. [%]
Financial expenses	(221,484)	(207,021)	7.0%
Financial income	99,360	47,982	107.1%
Net monetary and currency variations	(19,730)	11,842	
Net Financial Result	**(141,854)**	**(147,197)**	-3.6%

EARNINGS BEFORE TAXES AND NET INCOME

Due to the aforementioned factors, the tax effect of permanent additions/exclusions, and currency effects on the tax base, the Company reported a net income of R$502 million in 2022, compared to the net income of R$203 million reported in 2021.

Consolidated (R$ thousand)

	2022	2021	Var. [%]
Earnings before Tax Effects	**643,078**	**288,027**	**123.3%**
Tax effects before currency impacts[1]	(183,717)	(82,321)	123.2%
Earnings before the currency effects on the tax base	**459,361**	**205,706**	**123.3%**
Currency effects on the tax base[1]	42,860	(2,794)	
Net Income	**502,221**	**202,912**	**147.5%**

Note[1]: The tax base 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$1,133 million and an Adjusted EBITDA of R$1,268 million, with margins of 11.1% and 12.5%, respectively.

Consolidated (R$ thousand)

RECONCILIATION OF NET INCOME TO EBITDA	2022	2021	Var. [%]
Net Income (Loss) for the Year	**502,221**	**202,912**	**147.5%**
(+) Net financial result	141,854	147,197	-3.6%
(+) Income tax and social contribution	140,857	85,115	65.5%
(+) Depreciation and amortization	348,551	367,668	-5.2%
EBITDA (CVM Instruction 527/12)	**1,133,483**	**802,892**	**41.2%**
% on revenues	*11.1%*	*11.3%*	
(+) Other Operating Expenses, Net	134,226	74,748	79.6%
Adjusted EBITDA	**1,267,709**	**877,640**	**44.4%**
% on revenues	*12.5%*	*12.4%*	

The adjustments made to EBITDA aim at offsetting the effects of items less related to the business, do not have a cash effect, or are non-recurring. Such expenses totaled R$134 million in 2022 and refer to (i) R$53 million from reversion of tax credits, related to the REINTEGRA benefit; (ii) constitution and restatement of provisions totaling R$42 million, (iii) R$25 million from the sale of unserviceable items and other expenses; and (iv) adjustment of a bargain purchase, totaling R$14 million.

The year 2022 was marked by an increase in the cost of raw materials and services because of the impacts of the COVID-19 pandemic on the supply chains. The unavailability of semiconductors and other inputs led to a decrease in customers' production, resulting in volumes below their potential. These factors impacted the Company's margins and working capital throughout the year, and, in the second half, we had scheduled stoppages that affected margins but generated significant operating cash.

The comparison with 2021 was also impacted by the inclusion of the operations located in Aveiro and Betim (three months in 2021 *vs* twelve months in 2022), which have significantly progressed but still have margins below those reported in the other plants.

In 2022, we made negotiations and realized prices that, similarly to the captured synergies, will continue benefitting the Company in the next few years.

These initiatives, together with the several actions carried out by Management, contributed to the maintenance of the Adjusted EBITDA margin in the comparison with the previous year. Return on Invested Capital (ROIC), in turn, reached 13.5% in 2022, compared to 10.6% in 2021, despite the increase in working capital and the larger asset base from MWM do Brasil and considering only one month (December) of net operating income after taxes from this operation.

INVESTMENTS

Investments in property, plant and equipment, and intangible assets totaled R$475 million in 2022, up by 85% over 2021, and accounted for approximately 5% of the net revenue for the period.

Consolidated (R$ thousand)

	2022	2021	Var. [%]
Property, Plant, and Equipment			
Strategic investments	138,315	106,296	30.1%
Maintenance and renovation	279,515	120,990	131.0%
Environment	24,256	13,501	79.7%
Interest and financial charges	7,175	2,446	193.3%
Intangible assets			
Software & others	22,517	10,823	108.0%
Projects under development	3,336	3,118	7.0%
Total	**475,114**	**257,174**	**84.7%**
% on Revenues	*4.7%*	*3.6%*	

The variation refers mainly to new foundry and machining programs, gains in operating efficiency and synergies, the implementation of a new ERP (Enterprise Resource Planning) system in the operations in Mexico, in addition to projects to improve safety and the environment.

The 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 2022 Fiscal Year, which is an integral part of this document.

INDEBTEDNESS

The Company ended 2022 with a net debt of R$1,997 million and a net debt/LTM Adjusted EBITDA ratio of 1.58x, where the indicator contemplates the EBITDA of one month (December) at MWM do Brasil.

Liabilities in foreign currency accounted for 57% of the total (2% in the short term and 98% in the long term), while 43% of debt is denominated in Brazilian reais (16% in the short term and 84% in the long term). As for the cash balance, 62% of the total is denominated in Brazilian reais and 38% in foreign currency.

Consolidated (R$ thousand)

INDEBTEDNESS	2022	2021
Short term*	284,633	508,889
Long term	3,235,576	2,103,738
Gross debt	**3,520,209**	**2,612,627**
Cash and cash equivalents*	1,523,262	1,273,123
Net debt	**1,996,947**	**1,339,504**
Gross debt/adjusted EBITDA	2.78x	2.98x
Net debt/Adjusted EBITDA	**1.58x**	**1.53x**

* Includes derivative financial instruments

WORKING CAPITAL

Consolidated (R$ thousand)

	2022	2021
Balance Sheet		
Accounts receivable	2,031,380	1,251,097
Inventories	2,207,884	1,487,934
Accounts payable	1,682,446	1,239,828
Sales outstanding [days]	60	58
Inventories [days]	79	81
Payables outstanding [days]	57	63
Cash conversion cycle [days]	**82**	**76**

The variation in Accounts Receivable was mainly due to higher volumes from the units in Betim and Aveiro, acquired in October 2021, and the business combination from the acquisition of MWM do Brasil, in 2022, as well as cost transfers and price realizations.

The increase in inventory balances reflects the high inflation of raw material prices in the period and the inclusion of inventories from the new operation.

The variation in accounts payable is a result of higher sales and purchases, and the period's inflation. The appreciation of the Brazilian real against the U.S. dollar (US$), which moved down from R$5.58 on December 31, 2021, to R$5.22 on December 31, 2022, also impacted accounts payable in foreign currency, which accounted for 47% of the total.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	2022	2021	Var. [%]
Cash and cash equivalents at the beginning of the period	**1,272,445**	**1,425,113**	**-10.7%**
Cash from operating activities	401,695	324,266	23.9%
Cash used in investment activities	(1,063,907)	(171,011)	522.1%
Cash from financing activities	923,562	(383,312)	-
Currency effect on the cash for the year	(23,966)	77,389	-
Increase (decrease) in cash and cash equivalents	**237,384**	**(152,668)**	**-**
Cash and cash equivalents at the end of the period	**1,509,829**	**1,272,445**	**18.7%**

The Company generated R$402 million in cash from operating activities in 2022, up by 24% from 2021.

In terms of investment activities, we invested R$1,064 million, mainly for the acquisition of MWM do Brasil, totaling R$855 million, and 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.

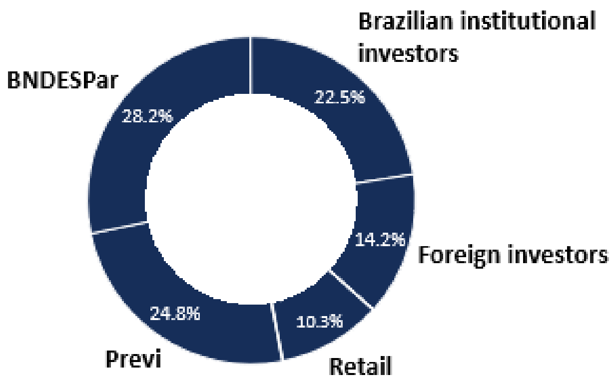
Financing activities corresponded to an entry of R$924 million, versus consumption of R$383 million in the previous year. The result was mainly due to the debenture issuance, totaling R$1 billion, aimed at the payment for the acquisition.

The combination of these factors, combined with the currency effect on cash, led to higher cash and cash equivalents, of R$237 million, in the period. Accordingly, we ended the year with a cash and cash equivalents balance of R$1,510 million.

OWNERSHIP STRUCTURE

According to the Material Fact disclosed on January 2, 2023, on January 1, 2023, the term of effectiveness of the First Amendment and Consolidation of the Company's Shareholders' Agreement, entered on September 20, 2013, between BNDES Participações S.A. - BNDESPAR and Caixa de Previdência dos Funcionários do Banco do Brasil - PREVI, the Shareholders' Agreement therefore ceasing to be in force as of that date.

Tupy’s ownership structure as of December 31, 2022, was as follows:



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

RELATIONSHIP WITH INDEPENDENT AUDITORS

According to CVM Instruction 381/03, of January 14, 2003, 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, 2022, the independent auditors provided services related to external audit and revision of the ancillary obligation related to ECF (Tax Accounting Bookkeeping).

EXECUTIVE OFFICERS’ STATEMENT

According to article 25 of CVM Instruction 480, of December 7, 2009, 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, 2022.

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(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT DECEMBER 31, 2022 AND DECEMBER 31, 2021
(All amounts in thousands of reais)

A S S E T S

	Note	Parent company		Consolidated	
		12/31/22	12/31/21	12/31/22	12/31/21
CURRENT ASSETS					
Cash and cash equivalents	3	704,746	712,364	1,509,829	1,272,445
Derivative financial instruments	37	5,141	386	13,433	678
Trade account receivables	4	1,035,555	684,487	2,031,380	1,251,097
Inventories	5	519,306	436,420	2,207,884	1,487,934
Tooling	6	70,402	59,192	166,374	141,703
Income tax and social contribution recoverable	7	8,069	56,084	47,427	108,334
Other taxes recoverable	8	60,052	100,320	281,732	214,887
Other assets	15	57,293	59,162	168,621	106,869
Total current assets		2,460,564	2,108,415	6,426,680	4,583,947
NON-CURRENT ASSETS					
Income tax and social contribution recoverable	7	30,124	18,245	30,124	18,245
Other taxes recoverable	8	12,281	80,980	342,552	85,115
Deferred income tax and social contribution	9	265,839	307,452	657,132	533,900
Related parties		-	125,198	-	-
Judicial deposits and other		9,099	11,985	30,165	13,350
Investments in equity instruments		2,746	2,097	15,496	12,434
Investments properties	11	-	-	5,694	5,716
Investments	12	4,136,047	2,402,961	-	-
Property, plant and equipment	13	708,827	633,824	2,584,302	2,132,529
Intangible assets	14	48,396	48,606	151,113	125,392
Total non-current assets		5,213,359	3,631,348	3,816,578	2,926,681
Total assets		7,673,923	5,739,763	10,243,258	7,510,628

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT DECEMBER 31, 2022 AND DECEMBER 31, 2021
(All amounts in thousands of reais)

L I A B I L I T I E S

		Parent company		Consolidated	
	Note	12/31/22	12/31/21	12/31/22	12/31/21
CURRENT LIABILITIES					
Trade accounts payables	16	606,734	502,076	1,682,446	1,239,828
Business combination obligations	20	304,739	-	304,739	-
Loans and financing	17	62,021	69,161	238,505	507,486
Debentures	18	45,798	-	45,798	-
Derivative financial instruments	37	73	1,220	330	1,403
Other taxes payable	19	30,895	8,181	193,548	72,443
Salaries, social security charges and profit sharing	21	224,047	149,881	426,428	271,469
Advances from customers	22	18,149	24,359	194,992	125,821
Related parties	10	6,219	5,086	-	-
Dividends and interest on shareholders' equity	26f	98,243	22,312	98,243	22,312
Provision for tax, civil, social security and labor proceedings	24	23,868	34,064	23,868	34,064
Other liabilities	25	28,025	67,412	181,448	118,276
Total current liabilities		1,448,811	883,752	3,390,345	2,393,102
NON-CURRENT LIABILITIES					
Loans and financing	17	1,860,831	1,950,540	2,242,516	2,103,738
Debentures	18	993,060	-	993,060	-
Provision for tax, civil, social security and labor proceedings	24	220,578	149,895	380,274	183,144
Business combination obligations		107,768	-	107,768	-
Retirement benefit obligations	23	-	-	91,367	72,803
Other long term liabilities		3,032	3,032	3,568	4,627
Total non-current liabilities		3,185,269	2,103,467	3,818,553	2,364,312
EQUITY					
Share capital	26	1,060,301	1,060,301	1,060,301	1,060,301
Share issuance costs		(6,541)	(6,541)	(6,541)	(6,541)
Share-based payments		9,876	8,680	9,876	8,680
Treasury shares		(451)	(5)	(451)	(5)
Carrying value adjustments		799,055	897,489	799,055	897,489
Income reserves		1,177,603	792,620	1,177,603	792,620
Non-controlling interest		-	-	(5,483)	670
Total equity		3,039,843	2,752,544	3,034,360	2,753,214
Total liabilities and equity		7,673,923	5,739,763	10,243,258	7,510,628

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
PERIOD ENDED DECEMBER 31, 2022 AND 2021
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/22	12/31/21	12/31/22	12/31/21
NET REVENUE	27	4,911,577	3,971,845	10,178,416	7,082,535
Cost of products sold	28	(3,777,632)	(3,122,443)	(8,290,773)	(5,958,810)
GROSS PROFIT		1,133,945	849,402	1,887,643	1,123,725
Selling expenses	28	(363,344)	(143,095)	(618,300)	(300,616)
Administrative expenses	28	(212,671)	(179,433)	(331,985)	(253,437)
Management fees	10	-	-	-	-
Other operating expenses, net	30	(129,867)	(80,406)	(152,426)	(134,448)
Share of results of subsidiaries	12	261,396	(44,469)	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		689,459	401,999	784,932	435,224
Finance costs	29	(176,779)	(158,607)	(221,484)	(207,021)
Finance income	29	89,716	49,986	99,360	47,982
Monetary and foreign exchange variations, net	29	(3,434)	22,529	(19,730)	11,842
		(90,497)	(86,092)	(141,854)	(147,197)
PROFIT BEFORE TAXATION		598,962	315,907	643,078	288,027
Income tax and social contribution	31	(90,690)	(111,699)	(140,857)	(85,115)
NET INCOME FOR THE PERIOD		508,272	204,208	502,221	202,912
TUPY SHAREHOLDERS NET INCOME (LOSS)		508,272	204,208	508,272	204,208
NON-CONTROLLING NET LOSS		-	-	(6,051)	(1,296)
EARNINGS PER SHARE					
Basic earnings per share	32	3.52595	1.41642	3.52595	1.41642
Diluted earnings per share	32	3.50153	1.40766	3.50153	1.40766

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
PERIOD ENDED DECEMBER 31, 2022 AND 2021
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/22	12/31/21	12/31/22	12/31/21
NET INCOME FOR THE YEAR		508,272	204,208	502,221	202,912
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12b	(168,047)	137,835	(168,047)	137,835
Hedge of net investment abroad	37b	111,652	(127,966)	111,652	(127,966)
Tax effect on hedge of net investment abroad	37b	(37,961)	43,506	(37,961)	43,506
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		413,916	257,583	407,865	256,287

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

	Note	Share capital	Share issue cost	Shared based payments	Treasury stock	Carrying value adjustments: Exchange variation of investees	Carrying value adjustments: Deemed cost of fixed assets	Legal reserve	Revenue reserves: Reserve for investments	Retained earnings (losses)	Total controlling shareholders	Non-controlling Shareholders	Total
AT DECEMBER 31, 2020		**1,060,301**	**(6,541)**	**5,245**	**(374)**	**823,450**	**26,184**	**95,756**	**549,436**	**-**	**2,553,457**	**-**	**2,553,457**
Comprehensive income for the period													
Net income for the period		-	-	-	-	-	-	-	-	204,208	204,208	(1,296)	202,912
Realization of carrying value adjustments		-	-	-	-	-	(5,520)	-	-	5,520	-	-	-
Foreign exchange variation of investees located abroad	12b	-	-	-	-	137,835	-	-	-	-	137,835	-	137,835
Hedge of net investment abroad	37b	-	-	-	-	(127,966)	-	-	-	-	(127,966)	-	(127,966)
Tax impact on hedge of net investment abroad	37b	-	-	-	-	43,506	-	-	-	-	43,506	-	43,506
Total comprehensive income for the period		-	-	-	-	53,375	(5,520)	-	-	209,728	257,583	(1,296)	256,287
Contributions from shareholders and distributions to shareholders													
Management stock option plan		-	-	3,809	-	-	-	-	-	-	3,809	-	3,809
(-) Shares in treasury acquired		-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
(-) Treasury share granted		-	-	(374)	374	-	-	-	-	-	-	-	-
Non-controlling net income		-	-	-	-	-	-	-	-	-	-	1,966	1,966
Allocation of profit:													
Legal reserve		-	-	-	-	-	-	10,210	-	(10,210)	-	-	-
Investment reserve		-	-	-	-	-	-	-	199,518	(199,518)	-	-	-
Interest on shareholders' equity		-	-	-	-	-	-	-	(62,300)	-	(62,300)	-	(62,300)
Total contributions from shareholders and distributions to shareholders		-	-	3,435	369	-	-	10,210	137,218	(209,728)	(58,496)	1,966	(56,530)
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**
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	37b	-	-	-	-	111,652	-	-	-	-	111,652	-	111,652
Tax impact on hedge of net investment abroad	37b	-	-	-	-	(37,961)	-	-	-	-	(37,961)	-	(37,961)
Total comprehensive income for the year		-	-	-	-	(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	-	-	-
(-) Treasury share granted		-	-	(1,373)	1,373	-	-	-	-	-	-	-	-
(-) Shares in treasury acquired		-	-	-	(1,819)	-	-	-	-	-	(1,819)	-	(1,819)
Non-controlling net income		-	-	-	-	-	-	-	-	-	-	(102)	(102)
Allocation of gain:													
Legal reserve		-	-	-		-	-	25,414	-	(25,414)	-	-	-
Investment reserve		-	-	-	-	-	-	-	424,671	(424,671)	-	-	-
Interest on capital		-	-	-	-	-	-	-	(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**

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
PERIOD ENDED DECEMBER 31, 2022 AND 2021
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
Cash flow from operating activities:	Note	12/31/22	12/31/21	12/31/22	12/31/21
Profit for the period before income tax and social contribution		598,962	315,907	643,078	288,027
Adjustment to reconcile profit with cash provided by operating activities:					
Depreciation and amortization	12 and 13	140,517	141,192	348,551	367,668
Share of results of subsidiaries	12	(261,396)	44,469	-	-
Disposals of property, plant and equipment		(3,077)	611	(1,296)	5,535
Interest accrued and foreign exchange variations		108,936	112,219	147,525	154,659
Provision for impairment of trade receivables		6,226	(6,939)	10,862	(5,834)
Provision for losses on inventory		2,046	(605)	(4,685)	21,970
Provision for contingencies	24	33,257	33,695	42,825	33,958
Stock option plan		5,682	3,809	5,682	3,809
Reversion REINTEGRA		52,744	-	52,744	-
Change in Eletrobrás credit		(649)	(8,771)	(649)	(8,771)
Bargain purchase		4,178	(48,804)	4,178	(48,804)
		687,426	586,783	1,248,815	812,217
Changes in operating assets and liabilities:					
Trade accounts receivables		(394,434)	(144,692)	(422,212)	(330,272)
Inventories		(84,932)	(173,369)	(292,741)	(480,939)
Tooling		(11,210)	(15,219)	(29,792)	66,370
Other taxes recoverable		5,321	87,999	(134,443)	87,612
Other assets		(13,233)	(2,236)	(34,282)	(24,324)
Eletrobras		-	90,470	-	90,470
Judicial deposits and other		2,886	35,753	13,162	35,474
Trade payables		96,599	161,521	92,850	304,134
Other taxes payable		22,714	5,927	335	(16,338)
Salaries, social security charges and profit sharing		74,166	33,103	97,212	63,627
Advances from customers		(6,210)	(3,007)	(11,798)	(84,574)
Notes and other payables		(24,097)	878	(57,836)	8,264
Retirement benefit obligations		-	-	22,703	2,274
Payment of contingencies other liabitilies		(48,310)	(37,643)	58,390	(51,057)
Cash generated by operations		**306,686**	**626,268**	**550,363**	**482,938**
Interest paid		(68,197)	(150,521)	(137,869)	(146,311)
Income tax and social contribution paid		-	-	(10,798)	(12,361)
Net cash generated from operating activities		**238,489**	**475,747**	**401,696**	**324,266**
Cash flow from investing activities:					
		(865,119)	34,025	(621,987)	59,985
Additions to fixed assets or intangibles	12 and 13	(183,948)	(146,308)	(444,020)	(233,096)
Cash generated on PPE disposals		2,100	3,218	2,100	2,100
Subsidiaries and associates		(173,646)	(123,120)	-	-
Net cash used in investing activities		**(1,220,613)**	**(232,185)**	**(1,063,907)**	**(171,011)**
Cash flow from financing activities:					
Payment of loans	17	(2,625)	(318,967)	(388,504)	(2,343,289)
Debentures issued	17	1,000,000	-	1,000,000	-
Loans and financing raised	17	37,222	-	442,221	2,018,062
Lease payment from right of use		(6,433)	(6,202)	(18,818)	(16,309)
Forfaiting operation		-	-	(54,970)	(1,648)
Interest on capital and dividends paid		(59,599)	(43,309)	(59,599)	(43,309)
Income tax of interest on capital and dividends paid		5,050	3,186	5,050	3,186
Treasury stock		(1,819)	(5)	(1,819)	(5)
Net cash used in financing activities		**971,796**	**(365,297)**	**923,561**	**(383,312)**
Effect of exchange rate differences on cash for the period		2,710	1,924	(23,966)	77,389
Increase in cash and cash equivalents		**(7,618)**	**(119,811)**	**237,384**	**(152,668)**
Cash and cash equivalents at the beginning of the year		712,364	832,175	1,272,445	1,425,113
Cash and cash equivalents at the end of the year		**704,746**	**712,364**	**1,509,829**	**1,272,445**

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
PERIOD ENDED DECEMBER 31, 2022 AND 2021
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	12/31/22	12/31/21	12/31/22	12/31/21
Origination of value added		5,291,605	4,375,675	10,820,116	7,522,694
Sale of products, net of returns and rebates	27	5,312,129	4,319,932	10,845,276	7,468,056
Other operating expenses, net		(14,298)	48,804	(14,298)	48,804
Provision for impairment of trade receivables		(6,226)	6,939	(10,862)	5,834
(-) Inputs acquired from third parties		(3,614,864)	(2,866,399)	(7,217,678)	(5,087,378)
Raw materials and processing material consumed		(2,915,534)	(2,297,528)	(4,872,907)	(3,318,759)
Materials, energy, third party services and other		(699,330)	(568,871)	(2,344,771)	(1,768,619)
GROSS VALUE ADDED		1,676,741	1,509,276	3,602,438	2,435,316
Retentions:		(140,517)	(141,192)	(348,551)	(367,668)
Depreciation and amortization	12 and 13	(140,517)	(141,192)	(348,551)	(367,668)
Net value added generated by the Company		1,536,224	1,368,084	3,253,887	2,067,648
Value added received through transfer		351,112	5,517	99,360	47,982
Share of results of subsidiaries	12	261,396	(44,469)	-	-
Finance income	29	89,716	49,986	99,360	47,982
VALUE ADDED TO DISTRIBUTE		**1,887,336**	**1,373,601**	**3,353,247**	**2,115,630**
Distribution of value added					
Personnel		892,167	742,966	1,911,260	1,398,707
Employees		620,164	548,964	1,539,215	1,181,332
Social charges - Government Severance Indemnity Fund for Emplo		43,130	36,838	43,130	36,838
Profit sharing		95,718	48,392	153,231	65,781
Management fees		29,717	17,200	29,717	17,200
Workplace healthcare and safety		65,648	55,183	65,648	55,183
Food		14,675	14,124	14,675	14,124
Professional education, qualification and development		1,556	1,496	2,649	2,139
Other amounts		21,559	20,769	62,995	26,110
Government		306,684	290,349	698,552	318,832
Federal taxes and contributions		245,037	213,172	491,079	221,217
State taxes and rates		53,080	68,236	197,849	88,362
Municipal taxes, rates and other		8,567	8,941	9,624	9,253
Third party capital		180,213	136,078	241,214	195,179
Finance costs	29	176,779	158,607	221,484	207,021
Monetary and foreign exchange variations, net	29	3,434	(22,529)	19,730	(11,842)
Own capital		508,272	204,208	502,221	202,912
Acionistas (dividendos)		65,378	-	65,378	-
Retained earnings (losses)		442,894	204,208	436,843	202,912
TOTAL VALUE ADDED		**1,887,336**	**1,373,601**	**3,353,247**	**2,115,630**

See the accompanying notes to the financial statement

(A free translation of the original in Portuguese)

NOTES TO THE FINANCIAL STATEMENTS

(A free translation of the original in Portuguese)

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 sectors of freight transportation, infrastructure, agribusiness, and energy generation 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 85-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, Brazil, USA, and Italy.

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

The issue of these financial statements was authorized by the Board of Directors on March 27, 2023.

1.1 Acquisition of an industrial plant in Brazil.

On November 30, 2022, the Company completed the acquisition of MWM Tupy do Brasil Ltda (former name: International Indústria Automotiva da América do Sul), thereby obtaining control of the operations as detailed in the Business Combination. (Note 39)

2. DESCRIPTION OF SIGNIFICANT ACCOUNTING PRACTICES

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, 2022, the consolidated subsidiaries are:

		Interest* (%)	Functional currency	Headquarters
Direct subsidiaries				
Tupy Materials & Components B.V	(a)	100,00	Real	Netherlands
Tupy American Foundry Corporation	(b)	100,00	U.S. dollar	USA
Tupy Europe GmbH	(b)	100,00	EURO	Germany
Tupy Overseas S.A.	(c)	100,00	U.S. dollar	Luxembourg
Tupy Agroenergética Ltda.	(d)	100,00	Real	Brazil
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	(e)	100,00	Real	Brazil
Teksid Iron do Brasil Ltda	(f)	100,00	Real	Brazil
MWM - Tupy do Brasil Ltda	(g)	100,00	Real	Brazil
Indirect subsidiary				
Tupy Mexico Saltillo, S.A. de C.V.	(f)	100,00	U.S. dollar	Mexico
Technocast, S.A. de C.V.	(f)	100,00	U.S. dollar	Mexico
Diesel Servicios Industriales, S.A. de C.V.	(h)	100,00	U.S. dollar	Mexico
Servicios Industriales Technocast, S.A. de C.V.	(h)	100,00	U.S. dollar	Mexico
FUNFRAP – Fundição Portuguesa, S.A	(i)	84%	EURO	Portugal

(*) 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) 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;

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

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

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

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

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

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

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 assesses, 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 "ZCC" and "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 “drawee risk” operations

The Company enables a program of “drawee risk” 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 unit.

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 2022 and 2021. 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)

In the operation carried out by the Betim unit, by decision of that subsidiary, the financial institution made the payment to the supplier on the original due date of the transaction, and the subsidiary paid the financial institution in a period longer than the original contract, plus financial charges. Thus, for such operations, the Company had the accounting practice of recognizing such financial liabilities under the “Loans and financing” caption. Said operation was discontinued by the subsidiary in August 2022. (Note 17)

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 (a standard not yet issued by the CPC in Brazil, but which will be codified as CPC 50 - Insurance Contracts and will replace 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 25/IAS 37 – Provisions, contingent liabilities and contingent assets

The Company initially adopted the amendments to CPC 25 – Onerous Contracts on the Costs to Fulfill a Contract, starting January 1, 2022. Including both incremental costs and the allocation of other direct costs in the identification of an onerous contract.
The Company reviewed and determined that no contract would be identified as onerous; thus, there is no impact on opening balance sheets on January 1, 2022 due to this amendment.

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

In January 2020, IASB issued amendments to paragraphs 69–76 of IAS 1, related to CPC 26, to specify the requirements for classifying the liability as current or non-current.
The changes enlighten:

- What is the meaning of a right to defer the settlement;
- That the right to postpone must exist on the base date of the report;
- That this classification is not affected by the likelihood that an entity will exercise its right of postponement; and,
- That the terms of a liability would not affect its classification only if a derivative embedded in a convertible liability was an equity instrument.

Amendments are valid for periods started as of January 1, 2023 must be applied on a retrospective basis.
Amendments are not expected to have a significant impact on the Company's financial statements.

Amendments to 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 are not expected to have a significant impact on the Company's financial statements.

Amendments to IAS 1: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 (standard related to CPC 26 (R1)), in which it provides guides and examples to help entities apply materiality judgment to the disclosure of accounting policies. 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 amendments to IAS 1 are applicable for periods beginning on or after January 1, 2023, with early adoption permitted.

The Company is evaluating the impacts of these changes in the accounting policies disclosed.

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Cash and banks	3,200	9,817	26,139	14,692
Financial investments in Brazil	625,633	642,678	916,210	665,273
Financial investments abroad	75,913	59,869	567,480	592,480
	704,746	**712,364**	**1,509,829**	**1,272,445**

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 12.45% p.a. (average rate of 4.56% p.a. for the year ended December 31, 2021). Abroad, investments are predominantly in US dollars (US$) and remunerated at the average rate of 2.08% per annum (0.21% per annum at December 31, 2021) called “time deposit” and “overnight”.

The balance of cash and cash equivalents at December 31, 2022 carries R$ 243,132 from the acquiree MWM Tupy do Brasil Ltda. Such amount will be reimbursed to the seller as soon as the procedures related to the price adjustment to be defined between the parties (the Company and Navistar International Corporation) are concluded, under the terms of the purchase and sale agreement entered into. (Note 39)

The Company operates with first-rate institutions, as detailed in Note 37.1.

4. ACCOUNTS RECEIVABLE

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

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Domestic market	176,808	156,108	638,762	275,975
Foreign market	868,056	532,818	1,469,486	986,378
Provision for impairment of trade receivables	(9,309)	(4,439)	(76,868)	(11,256)
	1,035,555	**684,487**	**2,031,380**	**1,251,097**

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 change in accounts receivable is mainly due to the increase in volume at the Betim and Aveiro units, both acquired in October 2021, and the business combination resulting from the acquisition of MWM Tupy do Brasil Ltda. on December 1, 2022. Additionally, the account was impacted by adjustments in selling prices in the period, compared to the previous year, and reduced in part by the appreciation of the Brazilian Real (R$) against the US Dollar (US$), which went from R$ 5.5805 on December 31, 2021 to R$ 5.2177 on December 31, 2022.

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$ 783.44 (R$ 392,066 at December 31, 2021). (Note 10)

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Falling due in up to 30 days	536,573	261,683	868,769	596,940
Falling due within 31 to 60 days	225,944	169,236	548,609	342,979
Falling due in more than 61 days	247,351	214,979	381,486	202,151
Total falling due	**1,009,868**	**645,898**	**1,798,864**	**1,142,070**
Overdue for up to 30 days	22,036	31,266	130,532	86,562
Overdue for 31 to 60 days	2,057	2,858	46,401	9,467
Overdue for more than 61 days	10,903	8,904	132,451	24,254
Total overdue	**34,996**	**43,028**	**309,384**	**120,283**
Provision for impairment of trade receivables	(9,309)	(4,439)	(76,868)	(11,256)
Total	**1,035,555**	**684,487**	**2,031,380**	**1,251,097**

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/22	**Dec/21**	**Dec/22**	**Dec/21**
Opening balance	**(4,439)**	**(9,236)**	**(11,256)**	**(10,500)**
Business combination	-	-	(55,193)	(2,574)
Additions	(22,038)	(5,613)	(26,677)	(4,962)
Reversals	15,812	12,552	15,815	12,552
Write-offs (*)	1,356	(2,142)	443	(5,772)
Closing balance	**(9,309)**	**(4,439)**	**(76,868)**	**(11,256)**

(*) Receivables written off during the year as uncollectible

The increase in the estimate for losses on receivables is due to the pre-existing balance in the acquiree MWM Tupy do Brasil Ltda, with roughly 60% of the estimated loss referring to a single client, whose debts are being discussed in a lawsuit.

5. INVENTORIES

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Finished products	223,862	189,643	622,443	482,219
Work in progress	154,674	99,455	621,202	564,642
Raw materials	121,402	128,691	821,826	356,566
Maintenance and other materials	37,091	34,308	216,821	163,600
Provision for losses	(17,723)	(15,677)	(74,408)	(79,093)
	519,306	**436,420**	**2,207,884**	**1,487,934**

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 increase seen in the balance of inventories reflects the strong inflation in the prices of raw materials witnessed in the period, with the business combination resulting from the acquisition of MWM Tupy do Brasil Ltda. (Note 39) being partially mitigated by the appreciation of the Brazilian Real against the US Dollar, which went from R$ 5.5805 on December 31, 2021 to R$ 5.2177 on December 31, 2022.

The provision for losses showed the following changes:

	Parent company		Consolidated	
	Dec/22	Dec/21	Dec/22	Dec/21
Opening balance	**(15,677)**	**(16,282)**	**(79,093)**	**(36,998)**
Business combination	-	-	(20,643)	(36,741)
Additions	(3,835)	(1,116)	21,139	(7,075)
Write-off as loss	1,789	1,721	4,189	1,721
Closing balance	**(17,723)**	**(15,677)**	**(74,408)**	**(79,093)**

At December 31, 2022, the Company had inventories of finished products offered as collateral for labor and social security lawsuits in the amount of R$ 9,746 (R$ 10,559 at December 31, 2021) in the Parent Company and Consolidated. Starting January 2020, the Company has taken out guarantee insurance.

6. TOOLING

	Parent company		Consolidated	
	Dec/22	Dec/21	Dec/22	Dec/21
Domestic market	28,310	23,055	41,964	39,320
Foreign market	42,092	36,137	124,410	102,383
	70,402	**59,192**	**166,374**	**141,703**

The increase in the period stems from the construction of tool projects defined with clients.

7. RECOVERABLE INCOME TAX AND SOCIAL CONTRIBUTION

Starting in 2019, the Company began to pay taxes on taxable income on a quarterly basis. In some prior periods, excess payment was determined, resulting in credit balances. Such amounts were used to offset federal taxes owed by the Company, especially Income Tax and Social Contribution, or reimbursement in kind in the case of subsidiaries in Mexico.

	Dec/22			Dec/21		
	Current	Non-current	Total	Current	Non-current	Total
Parent Company	**8,069**	**30,124**	**38,193**	**56,084**	**18,245**	**74,329**
Income tax	8,069	21,616	29,685	56,084	2,947	59,031
Social contribution	-	8,508	8,508	-	15,298	15,298
Subsidiaries	**39,343**	**-**	**39,343**	**52,250**	**-**	**52,250**
Income tax	39,343	-	39,343	52,250	-	52,250
Social contribution	15	-	15	-	-	-
Consolidated	**47,412**	**30,124**	**77,536**	**108,334**	**18,245**	**126,579**

During 2022, R$ 74,008 of Income Tax and Social Contribution credits were used to offset taxes payable (R$ 59,563 in 2021).

8. OTHER RECOVERABLE TAXES

Parent company

	Dec/22			Dec/21		
	Current	Non-current	Total	Current	Non-current	Total
ICMS recoverable - São Paulo (a)	102	-	102	1,337	2	1,339
ICMS recoverable - Santa Catarina (a)	20,569	5,503	26,072	29,988	21,457	51,445
Reintegra benefit (b)	795	-	795	678	52,744	53,422
COFINS, PIS and IPI recoverable (c)	38,586	6,778	45,364	68,317	6,777	75,094
	60,052	**12,281**	**72,333**	**100,320**	**80,980**	**181,300**

Consolidated

	Dec/22			Dec/21		
	Current	Non-current	Total	Current	Non-current	Total
ICMS recoverable - São Paulo (a)	11,101	92,897	103,998	1,337	2	1,339
ICMS recoverable - Santa Catarina (a)	20,569	5,503	26,072	29,988	21,457	51,445
ICMS recoverable - Minas Gerais (a)	3,543	3,259	6,802	8,167	853	9,020
Reintegra benefit (b)	1,499	-	1,499	910	52,744	53,654
COFINS, PIS and IPI recoverable (c)	156,051	154,231	310,282	79,395	10,059	89,454
Value-added tax (VAT) (d)	88,969	86,662	175,631	95,090	-	95,090
Consolidated	**281,732**	**342,552**	**624,284**	**214,887**	**85,115**	**300,002**

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. (Note 39)

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 aforementioned customs clearance) in the operation.

The accumulation was mitigated after the granting of a Special Import Regime by the state tax authorities, ensuring the suspension of the foregoing tax in all operations involving the internalization of raw materials originating from abroad.

It also adhered to different regimes/programs provided for in federal and state legislation, especially the following initiatives:

- RECOF – Customs System for Industrial Warehouse under Computerized Control - Regime Aduaneiro de Entreposto Industrial sob Controle Informatizado.
- RESE – Special Simplified Export Regime (State of São Paulo).
- E-Credac – (CAT Ordinance 26/2010): the Subsidiary submitted the documents and obtained favorable court orders legitimizing the credit in the amount of R$ 48,927 at December 31, 2022.

Actions toward realizing this asset are under way, both in terms of establishing an agreement to minimize the accumulation of credits and to maximize the generation of debts. However, given the uncertainties regarding actual consumption and the significant credit balance at December 31, 2022, the Company recognizes an impairment allowance in the amount of R$ 61,933. The foregoing estimate was applied in measuring the base opening balance for the business combination (Note 39).

b. Reintegra benefit

Credits arising from the benefit instituted by Provisional Measure 540 of August 02, 2011 and reinstated by Law 13043/14, regulated by Decree 8415/15, with changes provided for in Decree 8543/15. The balance for 2021 was materially composed of the credit from tax residue not discharged in the production chain, as set forth in Law 13043/14. However, considering the recent unfavorable decisions within the scope of the STF (Federal Supreme Court), in similar cases, it was understood that the asset registered up to that time became contingent, being derecognized and subsequently recognized in other operating expenses. (Note 30)

c. 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 (Note 39).

d. 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.

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/22	Dec/21	Dec/22	Dec/21
Deferred assets				
Income tax and social contribution losses	178,723	223,308	436,988	326,403
Provisions for contingencies	56,222	60,489	113,485	75,069
Taxes and contribution recoverable	38,931	39,760	38,931	39,760
Property, plant and equipment - impairment	24,963	30,288	24,999	30,332
Salaries, social security charges and profit sharing	3,441	4,563	74,256	51,108
Provision for impairment of trade receivables	13,895	9,371	19,496	16,879
Provision for inventory losses	8,523	7,057	18,277	13,211
Share-based payments	3,357	2,950	3,357	2,950
Tooling	-	-	22,813	13,030
Financial derivative instruments	-	284	-	284
Other items	2,232	14,077	35,584	32,907
Property, plant and equipment - tax base (México)	-	-	39,065	10,982
Unrealized profits in subsidiaries	-	-	9,435	16,078
Subtotal	**330,287**	**392,147**	**836,686**	**628,993**

Deferred liabilities				
Depreciation rate differences	39,345	57,457	42,264	60,622
Business combination effect	14,835	16,593	14,835	16,593
Property, plant and equipment - carrying value adjustments	8,544	10,645	9,498	11,969
Financial derivative instruments	1,723	-	1,723	-
Deferred tax on intangible assets	-	-	-	5,909
Deferred tax on asset valuation	-	-	36,855	-
Deferred tax on ICMS based on PIS/COFINS	-	-	74,378	-
Subtotal	**64,448**	**84,695**	**179,554**	**95,093**
Total deferred liabilities, net	**265,839**	**307,452**	**657,132**	**533,900**

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, 2022, the amount of deferred taxes on temporary differences is R$ 39,065 (R$ 10,982 as of December 31, 2021). 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.

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 (Note 39). 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).

For income tax and social contribution deferred assets, the Company assessed the realization of outstanding amounts, which indicates, considering current circumstances, the ability to recover these deferred taxes. The estimate of future realization, based on the Company's earnings projection and expected effective realization of temporary differences, is as follows:

	Parent compan	**Consolidated**
Years	**Dec/22**	**Dec/22**
2023	100,546	241,651
2024	60,650	124,518
2025	68,913	130,852
2026	39,571	61,853
2027	9,763	29,330
Thereafter	50,844	248,482
	330,287	**836,686**

In the year ended December 31, 2022, deferred credits and tax debits are as follows:

	Parent company		**Consolidated**	
	Dec/22	**Mar/21**	**Dec/22**	**Mar/21**
Opening balance	**307,452**	**316,080**	**533,900**	**428,733**
Recognized in profit (loss)				
Recognized in profit (loss) for the year	(3,652)	(52,134)	50,784	7,585
Recognized in comprehensive income for the year	(37,961)	43,506	(37,961)	43,506
Effects of currency translation into presentation currency	-	-	(4,734)	18,990
Recognized in assets				
Business combination	-	-	115,143	35,086
Closing balance	**265,839**	**307,452**	**657,132**	**533,900**

10. RELATED PARTY TRANSACTIONS

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

a. Subsidiaries

Assets	Dec/22	Dec/21
Trade account receivables	**780,354**	**389,306**
Tupy Mexico Saltillo, S.A. de C.V	334,997	198,706
Tupy American Foundry Corporation	237,497	164,967
Tupy Europe GmbH	100,314	21,257
Tupy Materials & Components B.V.	46,332	-
MWM Tupy do Brasil	30,404	-
Technocast, S.A. de C.V.	26,212	3,799
Tupy Minas Gerais Ltda.	4,598	577
Funfrap - Fundição Portuguesa S.A.	3,090	2,760
Related parties – loans	**-**	**125,198**
Tupy Minas Gerais Ltda	-	125,198
	780,354	**514,504**

Liabilities	Dec/22	Dec/21
Loans and financing	**1,878,936**	**2,009,584**
Tupy Overseas S.A	1,878,936	2,009,584
Other liabilities	**8,598**	**16,771**
Tupy Europe GmbH	5,657	9,910
Tupy American Foundry Co.	2,061	3,911
Tupy México Saltillo S.A. de CV	880	2,103
Tupy Minas Gerais Ltda.	-	847
Related parties – loans	**6,219**	**5,086**
Tupy Agroenergética Ltda.	5,049	3,909
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "em liquidação"	1,170	1,177
	1,893,753	**2,031,441**

Statement of income	2022	2021
Revenues	**2,062,104**	**1,472,720**
Tupy American Foundry Corporation	1,111,679	871,642
Tupy Mexico Saltillo, S.A. de C.V	559,807	377,578
Tupy Europe GmbH	299,379	223,500
Tupy Material & Components B.V.	57,013	-
MWM Tupy do Brasil Ltda.	30,011	-
Tupy Minas Gerais Ltda.	4,138	-
Technocast, S.A. de C.V.	77	-
Other operating expenses, net	**44,220**	**7,526**
Technocast, S.A. de C.V.	23,077	3,413
FUNFRAP – Fundição Portuguesa, S.A	7,966	2,805
Tupy American Foundry Corporation	7,080	-
Tupy Europe GmbH	4,213	-
Tupy Minas Gerais Ltda.	1,837	1,229
Tupy Mexico Saltillo, S.A. de C.V	47	79
Finance costs	**(119,583)**	**(126,407)**
Tupy Overseas S.A.	(123,632)	(129,604)
Tupy Minas Gerais Ltda.	4,049	3,197
	1,986,741	**1,353,839**

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, 2022, 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.

The intercompany loan agreement between the Parent Company and Tupy Minas Gerais Ltda., existing on December 31, 2021, was capitalized on March 31, 2022 (Note 12 c)

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 and PREVI – Caixa de Previdência dos Funcionários do Banco do Brasil.

c. Management remuneration

	Board of Directors		Board of Officers		Total	
	2022	2021	2022	2021	2022	2021
Fixed remuneration	4,690	4,353	7,390	6,851	12,080	11,204
Variable remuneration	-	-	13,287	2,726	13,287	2,726
Stock option plan	317	473	4,033	2,797	4,350	3,270
	5,007	**4,826**	**24,710**	**12,374**	**29,717**	**17,200**

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, 2022 is R$ 43,219 (R$ 37,239 for the year ended December 31, 2021). The annual global remuneration includes the amount of R$ 11,718 (R$ 11,645 for 2021) 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, 2022, these benefits totaled R$ 2,128 (R$ 1,402 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, 2022, the Company recognized as sponsorship expenses the amount of R$ 1,546 (R$ 271 as of December 31, 2021).

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, 2022 is R$ 5,694 (R$ 5,716 in 2021), 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, 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%

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT SEPTEMBER 30, 2021							
investment in subsidiary company							
Tupy Materials & Components B.V(**)	2,174,224	1,933,207	41,226	(39,246)	100,00	(30,681)	1,965,518
Tupy Overseas	2,116,761	1,759	-	(26,360)	100,00	(26,360)	1,759
Tupy American Foundry Co.	388,311	205,115	-	16,439	100,00	14,877	194,552
Tupy Europe GmbH	375,048	252,141	-	17,062	100,00	15,808	244,164
Tupy Minas Gerais Ltda.	778,866	(15,114)	-	(11,720)	100,00	(17,950)	(15,440)
Tupy Agroenergética Ltda.	14,322	12,579	-	149	100,00	149	12,579
Sociedade Técnica de Fundições Gerais SA. - Sofunge "em liquidação"	2,514	(171)	-	(312)	100,00	(312)	(171)
						(44,469)	**2,402,961**

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

b. Changes in investments

Parent company

AT DECEMBER 31, 2020	**2,307,818**
Share in the results of subsidiaries	(44,469)
Exchange variations of investees located abroad	137,835
Business combination	1,777
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
Exchange variations of investees located abroad	(5,171)
Business combination (note 39)	1,344,931
AT DECEMBER 31, 2022	**4,136,047**

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 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, 2020	**1,718,484**	**362,866**	**8,948**	**21,844**	**6,063**	**19,724**	**29,033**	**2,166,962**
Addition	72,962	6,550	-	3,667	620	2,277	58,202	144,278
Disposal	(16,827)	(104)	-	(1,230)	(1)	-	-	(18,162)
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**
Depreciation								
AT DECEMBER 31, 2020	**(1,332,895)**	**(181,857)**	**-**	**(15,998)**	**(4,200)**	**(10,929)**	**-**	**(1,545,879)**
Depreciation in the year	(109,926)	(11,319)	-	(1,741)	(398)	(6,424)	-	(129,808)
Disposal	15,308	104	-	1,020	1	-	-	16,433
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)**
Carrying amount								
AT DECEMBER 31, 2021	347,106	176,240	8,948	7,562	2,085	4,648	87,235	633,824
AT DECEMBER 31, 2022	368,593	175,737	8,948	14,390	2,535	4,232	134,392	708,827

Consolidated	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
AT DECEMBER 31, 2020	**4,527,424**	**979,892**	**86,479**	**24,993**	**38,550**	**53,842**	**128,469**	**5,839,649**
Business combination adition	906,147	451,061	51,501	4,426	52,893	6,035	20,159	1,492,222
Addition	134,432	16,188	-	3,686	1,322	29,172	87,604	272,404
Exchange variation	192,411	40,985	5,696	210	1,389	2,974	6,878	250,543
Disposal	(150,741)	(104)	-	(1,265)	(1)	-	-	(152,111)
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
Transfer to property, plant and equipment in use								-
Exchange variation	(231,105)	(65,842)	(5,384)	(323)	(5,027)	(4,642)	(11,428)	(323,751)
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**
Depreciation								
AT DECEMBER 31, 2020	**(3,489,345)**	**(543,981)**	**-**	**(17,948)**	**(27,390)**	**(34,128)**	**-**	**(4,112,792)**
Business combination adition	(757,599)	(325,030)	-	(2,981)	(46,536)	-	-	(1,132,146)
Depreciation in the year	(247,872)	(29,583)	-	(2,053)	(2,738)	(14,532)	-	(296,778)
Exchange variation	(149,061)	(22,896)	-	(127)	(1,008)	(1,977)	-	(175,069)
Disposal	145,447	104	-	1,055	1	-	-	146,607
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)**
Carrying amount								
AT DECEMBER 31, 2021	1,111,243	566,636	143,676	9,996	16,482	41,386	243,110	2,132,529
AT DECEMBER 31, 2022	1,193,611	555,621	345,522	17,369	28,931	37,415	405,833	2,584,302

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, 2022, the Company reviewed the recoverability indicators of its assets and did not identify the need for recognizing a loss in the year.

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	35 years
Vehicles	5 years
Furniture, fittings and other	15 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, 2022 totals R$ 7,175 (R$ 2,446 during the year 2021).

e. Guarantees

The Company's property, plant, and equipment items, in the amount of R$ 2,665 (R$ 5,821 as of December 31, 2021), 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, 2021), 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, 2022, these transactions amounted to R$ 23,919 (R$ 38,661 as of December 31, 2021).

14. INTANGIBLE ASSETS

Parent company	Software	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2020	**41,890**	**2,126**	**8,874**	**52,890**
Acquisition/costs	1,754	2,228	3,118	7,100
Transfers	-	1,261	(1,261)	-
Amortization	(9,665)	(1,719)	-	(11,384)
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**

Consolidated	Software	Contractual customer relationships	Goodwill	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2020	**46,148**	**73,372**	**41,226**	**2,126**	**8,874**	**171,746**
Business combination adition	6,767	-	-	-	-	6,767
Acquisition/costs	8,595	-	-	2,228	3,118	13,941
Transfers	-	-	-	1,261	(1,261)	-
Disposal	(31)	-	-	-		(31)
Exchange variation	274	3,585	-	-	-	3,859
Disposal	(11,911)	(57,260)	-	(1,719)	-	(70,890)
AT DECEMBER 31, 2021	**49,842**	**19,697**	**41,226**	**3,896**	**10,731**	**125,392**
Business combination adition	3,353	-	-	-	-	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)
Amortization	(11,952)	(17,784)	-	(2,009)	-	(31,745)
AT DECEMBER 31, 2022	**61,397**	**-**	**41,226**	**4,786**	**12,350**	**151,113**

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, 2022 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 7.6% 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. (note 39)

15. SECURITIES RECEIVABLE, JUDICIAL DEPOSITS AND OTHER

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Domestic market	57,293	59,162	86,373	76,944
Foreign market	-	-	82,248	29,925
	57,293	**59,162**	**168,621**	**106,869**

Notes receivable and other comprise advances for imports and for to employees, prepaid expenses, and other non-operating accounts receivable. The change in the period substantially reflects the balances assumed in the business combination.

16. SUPPLIERS

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Domestic suppliers	473,064	358,695	851,219	480,115
Foreign suppliers	58,418	52,049	746,318	668,381
Subtotal	**531,482**	**410,744**	**1,597,537**	**1,148,496**
Forfaiting operation	75,252	91,332	84,909	91,332
	606,734	**502,076**	**1,682,446**	**1,239,828**

The changes in the period reflect the balances assumed in the business combination, in the amount of R$ 343,378, the highest level of activity compared to the closing of 2021, the inflation of materials accumulated in the period, partially mitigated by the appreciation of the Real against the US dollar (US$) which was R$ 5.5805 on December 31, 2021 and R$ 5.2177 on December 31, 2022.

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 “drawee risk”. 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/22	Dec/21
Local currency			**43,916**	**10,117**
(a) FINEP	Jul/2032	10.20% p.a.	37,299	-
Sustainability	Jan/2025	5.59% p.a.	2,221	4,851
Leasing from right of use			4,396	5,266
Foreign currency			**1,878,936**	**2,009,584**
(b) Export prepayment - Tupy Overseas	Jul/2024	VC + 6.78% p.a.	1,878,936	2,009,584
Current portion			62,021	69,161
Non-current portion			1,860,831	1,950,540
			1,922,852	**2,019,701**

Consolidated

	Maturity	Effective rate	Dec/22	Dec/21
Local currency			**478,739**	**464,177**
(a) FINEP	Jul/2032	10.20% p.a.	37,299	-
Sustainability	Jan/2025	6.30% p.a.	2,475	5,485
(c) Export credit notes	Feb/2025	CDI+1.66% p.a.	428,331	398,456
(d) Forfaiting operation	Jul/2022	17.3% p.a.	-	54,970
Leasing from right of use			10,634	5,266
Foreign currency			**2,002,282**	**2,147,047**
(e) Senior unsecured Notes - US$375.000	Feb/2031		1,974,325	2,110,005
Leasing from right of use			27,957	37,042
Current portion			238,505	507,486
Non-current portion			2,242,516	2,103,738
			2,481,021	**2,611,224**

As of December 31, 2022, 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.

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

In January and July 2022, interest installments were paid in the amount of R$ 131,048 (R$ 125,773 in January and July 2021). The impact of the exchange-rate change on the prepayment amount payable with Tupy Overseas, for the period was revenue of R$ 126,617 (expense of R$ 133,946 in the year ended December 31, 2021).

c) Export credit notes – NCE

In the business combination carried out on October 1, 2021, the Company assumed export credit note contracts from Tupy Minas Gerais Ltda. in the amount of R$ 390,166, principal plus pro-rata interest, entered into with Banco Bradesco S.A. with maturity until July 2022 and CDI average rate + 1.87% p.a. The amount of principal settled in the period was R$ 385,000.

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. and with semi-annual amortizations as from February 10, 2025. Said contract does not have covenants.

d) Drawee risk operations

Term extension operations carried out by Tupy Minas Gerais Ltda. with Banco Daycoval S.A. and Banco Fidis S.A., were taken out with a maximum term of 120 days as from the issue of the invoice and a rate of 17.3% p.a. These operations were fully settled in August 2022.

e) *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 2022, interest payments amounted to R$ 87,015. The exchange-rate change recognized in the year was revenue of R$ 136,050.

In August 2021, interest was paid in the amount of R$ 44,171. The exchange-rate change in the period between the contracting date and December 31, 2021 was an expense of R$ 52,617.

The Issue has covenants with annual measurement, and its main financial indicator is Net Debt/Adjusted EBITDA; as of December 31, 2022, 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).

f) 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, 2022, the fair value was R$ 2,024,102 (R$ 2,459,977 as of December 31, 2021).

g) Long-term maturities

	Parent company		Consolidated	
Year	Dec/22	Dec/21	Dec/22	Dec/21
2023	164	2,433	1,306	22,239
2024	1,823,426	1,948,076	181,419	481
2025 - 2030	28,841	31	109,841	31
2031	5,238	-	1,946,789	2,080,987
2032	3,162	-	3,161	-
	1,860,831	**1,950,540**	**2,242,516**	**2,103,738**

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 will be monthly amortized over the term of the transaction.

Total net proceeds raised through the Restricted Offering were designated for (i) financing the acquisition of one hundred percent (100%) of the quotas issued by MWM Tupy do Brasil Ltda. (formerly: International Indústria Automotiva da América do Sul Ltda.) and (ii) cash reinforcement to meet the Issuer's commitments.

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/22**	**Dec/21**	**Dec/22**	**Dec/21**
Current	45,798	-	45,798	-
Non-current	993,060	-	993,060	-
	1,038,858	**-**	**1,038,858**	**-**

19. TAXES PAYABLE

	Parent company		Consolidated	
Taxes Payable	**Dec/22**	**Dec/21**	**Dec/22**	**Dec/21**
Income taxes payable	26,402	-	153,359	39,340
Other taxes payable	4,493	8,181	40,189	33,103
	30,895	**8,181**	**193,548**	**72,443**

This increase in comparison with December 2021 is mainly due to the provision for income tax for the period determined in subsidiary Tupy México Saltillo S.A. de C.V.

20. BUSINESS COMBINATIONS OBLIGATIONS

Acquisition of MWM Tupy do Brasil Ltda. (formerly International Indústria Automotiva da América do Sul) ("MWM") generated several accounts payable to the former parent company, Navistar International Corporation, as follows:

Parent company and Consolidated	
	Dec/22
Cash and cash equivalents (note 4)	243,132
Recoverable taxes (notes 8 and 9)	94,381
Deferred income tax (note 9)	119,160
Working capital adjustment	43,400
Reimbursement of CSLL debt	(84,466)
Others	(3,100)
	412,507
Current portion	304,739
Non-current portion	107,768
	412,507

- Cash and cash equivalents: amounts assumed on transaction date with a commitment to return to the previous parent company within 135 days (unless, by agreement between the parties, price adjustment procedure is extended), with no adjustment.
- 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,
- 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.

- Working capital adjustment: corresponds to the change between working capital on closing date, July 31, 2021, and the closing date. Said value represents the best estimate and will be subject to evaluation and validation between the parties within a period of 135 days (unless, by agreement of the parties, procedure related to price adjustment is extended).
- 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. Considering the premises of MWM’s purchase and sale agreement, if the contingency becomes an effective debt of MWM, it will be charged to the seller Navistar International Corporation (note 24).

21. SALARIES, PAYROLL CHARGES AND PROFIT SHARING

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Salaries	37,515	24,395	64,798	37,540
Provision for vacation pay and 13th month salary	75,979	67,992	157,985	108,740
Social charges	21,477	15,728	60,080	56,867
Profit sharing	88,501	41,207	142,990	67,763
Private pension plan	575	559	575	559
	224,047	**149,881**	**426,428**	**271,469**

This increase substantially reflects on liabilities assumed in the business combination in the amount of R$ 60,283 for the acquisition of MWM Tupy do Brasil Ltda., increase in the provision for profit sharing impacted by the income (loss) for the year and reconstitution of provisions for vacations.

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/22	**dez/21**	**dez/22**	**dez/21**
Domestic market	17,240	22,313	130,506	51,440
Foreign market	909	2,046	64,486	74,381
	18,149	**24,359**	**194,992**	**125,821**

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

Change occurred in the period is mainly due to liabilities assumed in business combination.

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.

Consolidated

Obligations recorded in the balance sheet	Dec/22	Dec/21
Social security plan benefits		
Pension plan	15,504	15,440
Other employee benefits		
Post-employment benefit	19,132	-
Seniority premium	24,846	24,565
Legal indemnity	31,885	32,798
	91,367	**72,803**

This increase in the period is mainly due to a liability assumed in a business combination in the amount of R$ 19,132.

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, 2022 provisions, as well as respective balances, are comprised as follows:

Parent company

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2020	**48,428**	**73,435**	**73,822**	**11,027**	**(20,245)**	**186,467**
Additions	-	1	13	-	(108)	(94)
Restatements	4,621	(283)	24,853	4,490	-	33,681
Remuneration	-	-	-	-	(385)	(385)
Payments	(11,761)	-	(27,818)	(7,176)	-	(46,755)
Deposit Redemption	-	-	-	-	11,045	11,045
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**

Current	23,868
Non-current	220,578
	244,446

Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2020	**50,795**	**73,435**	**73,822**	**11,027**	**(20,245)**	**188,834**
Business combination adition	-	2,163	41,808	-	(14,003)	29,968
Additions	-	1	584	-	(714)	(129)
Restatements	5,966	(277)	23,194	4,490	-	33,373
Remuneration	-	-	-	-	(385)	(385)
Payments	(11,761)	-	(27,818)	(7,176)	-	(46,755)
Deposit Redemption	-	-	-	-	12,302	12,302
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**

Current	23,868
Non-current	380,274
	404,142

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, 2022, is R$ 88,231, of which R$ 46,700 were assumed in business combination occurred on December 1, 2022 (note 39) 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.

Changes incurred in 2022, substantially arise from business combination occurred on December 1, 2021 (note 39) with emphasis on:

- R$ 84,466 of unpaid CSLL on export revenues from 01/01/2018 to 12/31/2022. MWM Tupy do Brasil Ltda. used a favorable decision that ruled out the taxation of export revenues by the Social Contribution on Net Income, however, in view of the decision of the Plenary of the STF (Federal Supreme Court) - Items 881 and 885 (decision of February 8, 2023), recognized the provision. The recognition of the provision is due to the current understanding of the STF (Federal Supreme Court), which considers a final and unappealable decision ("res judicata") on taxes collected on a continuous basis that loses its effects if the Court decides otherwise due to general repercussions. If there is a change, the effects of previous decision may no longer be produced. This liability, if materialized, will be the responsibility of the seller and is reflected as accounts receivable and presented as a reduction of accounts payable generated in business combination. (note 20)

- R$ 25,000 is the measuring for tax claims' current obligations.
- R$ 43,600 is the measuring for civil claims' current liabilities.

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.

The amount of R$ 29,081 in change for the year is attributed to the business combination carried out on December 1, 2022. (Note 39)

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:

	Controladora		Consolidado	
	dez/22	dez/21	dez/22	dez/21
Processos de IRPJ e CSLL	181,199	165,334	181,571	165,706
Créditos de PIS, COFINS e IPI	175,063	165,134	175,063	165,134
Créditos de ICMS	493,113	168,509	493,113	168,509
Débitos fiscais prescritos	144,261	143,679	144,261	143,679
Créditos Reintegra	40,334	36,358	40,334	36,358
Processos de natureza previdenciária	86,965	76,791	86,965	76,791
Processos de natureza trabalhista	87,887	68,710	223,455	120,098
Processos de natureza cível e outros	71,223	67,492	71,524	67,819
	1,280,045	**892,007**	**1,416,286**	**944,094**

Possible tax and civil contingencies of acquiree MWM, at estimated amount of R$ 250,374, are not being reported in chart above, considering that the Company's obligation is limited to R$ 68,600, as detailed in business combination note (note 39). 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.

Except when described differently in the items below, the changes in contingencies between the years 2022 and 2021 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 lawsuit 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. Amounts involved correspond to R$ 64,200 as of December 31, 2022.

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$ 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, 2022 represent the amount of 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$ 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$ 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 2008 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$ 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.

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/22**	**Dec/21**	**Dec/22**	**Dec/21**
Domestic market	13,530	20,130	99,404	39,378
Foreign market	14,495	47,282	82,044	78,898
	28,025	**67,412**	**181,448**	**118,276**

Securities payable and other are comprised of provisions for operating costs and expenses and change in the period is mostly due to recognition of costs with our products' quality problems and with hiring of third-party services.

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

a) Capital

	Dec/22		Dec/21	
Share capital breakdown in number of shares	**Number**	**%**	**Number**	**%**
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%
Officers	236,028	0.2%	194,482	0.1%
Treasury stock	20,533	0.0%	300	0.0%
Non-controlling interests				
Trígono Capital Ltda	14,477,100	10.0%	14,477,100	10.0%
Other stockholders	52,984,315	36.8%	53,046,094	36.9%
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 May 12, 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 November 13, 2023 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, 2020	**374**	**24,656**	**15.17**
Shares used of stock option plan (i)	(374)	(24,656)	15.17
Shares repurchase (ii)	5	300	17.71
AT DECEMBER 31, 2021	**5**	**300**	**17.71**
Shares repurchase (ii)	1,819	77,556	23.45
Shares used of stock option plan (i)	(1,373)	(57,373)	23.93
AT DECEMBER 31, 2022	**451**	**20,483**	**22.02**

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

(ii) As a result of business combination (Note 38), shareholders had the right to withdraw from the Company upon reimbursement of their shares value calculated based on the Company's book net equity as of December 31, 2021, as per report of assessment prepared pursuant to §1 of art. 256 of the Brazilian Corporate Law. There was a reimbursement of the entire participation of one shareholder corresponding to 300 shares for the total amount of R$ 5,313.00. The shares will be held in treasury.

(iii) 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. Lowest and highest prices obtained were R$ 20.51 and R$ 26.24, respectively.

As of December 31, 2022, the market value of treasury shares was R$ 561,577.55.

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	(22,904)	(221,020)	44,105.00	-
Granted in 04/11/2020	369,483	-	-	369,483.00	-
Granted in 04/11/2021	324,418	-	-	324,418.00	-
AT DECEMBER 31, 2022	**981,930**	**(22,904)**	**(221,020)**	**738,006**	**-**

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	-
AT DECEMBER 31, 2022	**512,852**	**-**	**-**	**512,852**	**-**

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 13, with a contra entry to net income from net investment hedge abroad. (note 35b)

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, 2022, is R$ 9,140 (R$ 9,555 in 2020) and R$ 11,524 (R$ 16,629 in 2020), 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	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	-	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
			1,046,223	**1,187,315**

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

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 2022, R$ 490,049 were allocated to the investment reserve account, incorporating the basis used for distributing dividends for the year. In 2021, R$ 199,518 were added.

The distribution carried out in 2022 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$ 65,378, plus the distribution of Interest on own capital resolved by the Board of Directors in 2022, in the amount of R$ 65,102 correspond to the mandatory minimum of 25%.

On December 31, 2022, the sum of the profit reserves exceeded the Capital by R$ 117,302, 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 2022:

	Dec/22	Dec/21
Dividend calculation basis		
Net income for the period	508,272	204,208
Transfer to the legal reserve (5%)	25,414	10,210
	482,858	**193,998**
Distribution proposal (*)		
Interest on capital, gross	65,102	62,300
Dividends	65,378	-
	130,480	**62,300**

(*) For shares outstanding on the balance sheet date

	Ordinary	
Unit amount per share	**Dec/22**	**Dec/21**
Interest on capital, gross	0.45154	0.43211
Dividends	0.45345	-
Total proposed for distribution	**0.90499**	**0.43211**

Table demonstrating the resolution and payment of dividends for 2022:

Approved date	Form	Gross amount	Per share	Net amount	Payment date
09.16.22	Interest on capital	32,413	0.2249	29,913	11.07.22
12.23.22	Interest on capital	32,689	0.2268	30,068	04.04.23
04.28.23	Dividends	65,378	0.4535	65,378	to define
		130,480	**0.9050**	**125,359**	

The balance payable of R$ 98,067 includes the installment related to the dividend of R$ 65,378, the installment of interest on own capital deliberated on December 23, 2022, with a payment date for April 4, 2023, of R$ 32,689 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	
	2022	**2021**	**2022**	**2021**
Gross revenue	5,331,855	4,376,505	11,025,432	7,632,376
Returns and rebates	(19,726)	(56,573)	(180,156)	(164,320)
Revenue net of returns and rebates	**5,312,129**	**4,319,932**	**10,845,276**	**7,468,056**
Sales taxes	(400,552)	(348,087)	(666,860)	(385,521)
Net revenue	**4,911,577**	**3,971,845**	**10,178,416**	**7,082,535**
Net revenue				
Domestic market	1,697,637	1,412,338	2,828,137	1,600,201
Foreign market	3,213,940	2,559,507	7,350,279	5,482,334
	4,911,577	**3,971,845**	**10,178,416**	**7,082,535**

The growth reflects the business combinations that occurred on October 1, 2021 (Teksid acquisition) and December 1, 2022 (MWM acquisition) in addition to cost transfers and price recomposition.

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	
	2022	2021	2022	2021
Raw and processing materials	(2,443,304)	(1,946,830)	(5,022,579)	(3,526,875)
Maintenance and consumption materials	(224,528)	(213,268)	(643,125)	(489,516)
Salaries, payroll taxes and profit sharing	(875,694)	(716,386)	(1,847,452)	(1,349,943)
Social benefits	(104,624)	(90,986)	(144,785)	(95,847)
Electricity	(173,127)	(158,950)	(509,752)	(343,919)
Freight and commission on sales	(319,633)	(116,472)	(543,066)	(241,341)
Management fees	(29,717)	(17,200)	(29,717)	(17,200)
Other costs	(42,866)	(44,304)	(170,231)	(140,254)
	(4,213,493)	***(3,304,396)***	***(8,910,707)***	***(6,204,895)***
Depreciation	(140,154)	(140,575)	(330,351)	(307,968)
Costs and expenses total	**(4,353,647)**	**(3,444,971)**	**(9,241,058)**	**(6,512,863)**
Cost of products sold	(3,777,632)	(3,122,443)	(8,290,773)	(5,958,810)
Selling expenses	(363,344)	(143,095)	(618,300)	(300,616)
Administrative expenses	(212,671)	(179,433)	(331,985)	(253,437)
Costs and expenses total	**(4,353,647)**	**(3,444,971)**	**(9,241,058)**	**(6,512,863)**

The growth reflects the business combinations that occurred on October 1, 2021 (Teksid acquisition) and December 1, 2022 (MWM acquisition) in addition to the impacts of material and freight inflation.

29. FINANCIAL INCOME (LOSS)

	Parent company		Consolidated	
Finance results	**2022**	**2021**	**2022**	**2021**
Financial liabilities at amortized cost	***(165,241)***	***(138,581)***	***(187,535)***	***(169,412)***
Borrowing	(163,581)	(138,294)	(185,875)	(169,125)
Notes payable and other financial liabilities	(1,660)	(287)	(1,660)	(287)
Financial assets at fair value through profit or loss	-	***(10,605)***	-	***(10,605)***
Credits - Eletrobrás	-	(10,605)	-	(10,605)
Other finance costs	***(11,538)***	***(9,421)***	***(33,949)***	***(27,004)***
Finance costs	**(176,779)**	**(158,607)**	**(221,484)**	**(207,021)**
Financial assets at fair value through profit or loss	***649***	***19,376***	***649***	***19,376***
Credits - Eletrobrás	-	19,629	-	19,629
Investments in equity instruments	649	(253)	649	(253)
Amortized cost	***80,477***	***22,146***	***90,081***	***22,146***
Cash and cash equivalents	80,477	22,146	90,081	22,146
Mutuo	-	3,198	-	-
Tax credits and other finance income	***8,590***	***5,266***	***8,630***	***6,460***
Finance income	**89,716**	**46,788**	**99,360**	**47,982**
Monetary and foreign exchange variations, net				
Foreign exchange variations	(22,274)	23,905	(48,879)	12,763
Derivative financial instruments (note 37)	18,840	(1,376)	29,149	(921)
Foreign exchange variations, net	**(3,434)**	**22,529**	**(19,730)**	**11,842**
Finance results, net	**(90,497)**	**(89,290)**	**(141,854)**	**(147,197)**

30. OTHER OPERATING REVENUES (EXPENSES), NET

	Parent company		Consolidated	
	2022	2021	2022	2021
Bargain purchase - Acquisition Teksid	(23,121)	48,804	(23,121)	48,804
Bargain purchase - Acquisition MWM (note 39)	8,823	-	8,823	-
Recognition of Reintegra (note 7)	(52,694)	-	(52,694)	-
Constitution and restatement of provision	(33,257)	(33,695)	(42,825)	(33,958)
Disposals of property, plant and equipment	(385)	(35)	(2,166)	(3,841)
Result on the sale of unusable and other assets	(28,820)	(94,863)	(22,243)	(85,753)
	(129,454)	***(79,789)***	***(134,226)***	***(74,748)***
Depreciation of non-operating assets	(413)	(617)	(416)	(2,440)
Amortization of intangible assets (note 13)	-	-	(17,784)	(57,260)
Total other operating expenses, net	**(129,867)**	**(80,406)**	**(152,426)**	**(134,448)**

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. All information on said business combination is detailed in note 37 to the financial statements as of December 31, 2021.

31. INCOME TAX AND SOCIAL CONTRIBUTION ON INCOME

	Parent company		Consolidated	
	2022	2021	2022	2021
Net income (loss) before tax effects	**598,962**	**315,907**	**643,078**	**288,027**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(203,647)	(107,409)	(218,646)	(97,929)
Tax effect of permanent (additions) exclusions:				
Additional income tax (Services Companies – Mexico)	-	-	(217)	(7,918)
Tax overpayments	21,836	-	21,836	-
Finance income from monetary assets	-	-	-	6,464
Reintegra – benefit	1,051	834	1,051	834
Depreciation of non-operating assets	(140)	(210)	(140)	(210)
Effect of correction of fixed assets	-	-	2,480	2,498
Interests on capital	22,135	21,182	22,135	21,182
Share of results of subsidiaries	88,875	(15,119)	-	-
Effects of different rates in subsidiaries	(12,962)	-	(12,962)	-
Other permanent (additions) exclusions	(7,838)	(10,977)	746	(7,242)
Tax effects recorded in the statement of income before	**(90,690)**	**(111,699)**	**(183,717)**	**(82,321)**
Effective rate of income tax before exchange effects	**15%**	**35%**	**29%**	**29%**
Effect of functional currency on tax base (a)	-	-	42,860	(2,794)
Tax effects recorded in the statement of income	**(90,690)**	**(111,699)**	**(140,857)**	**(85,115)**
Effective rate of income tax	**15%**	**35%**	**22%**	**30%**

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	
	2022	2021	2022	2021
Tax effects recorded in the statement of income				
Current income tax and social contribution	(87,038)	(59,565)	(191,641)	(92,700)
Deferred income tax and social contribution	(3,652)	(52,134)	50,784	7,585
	(90,690)	**(111,699)**	**(140,857)**	**(85,115)**

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.

	2022	2021
Profit attributable to the stockholders of the Company	508,272	204,208
Outstanding shares	144,151,970	144,172,491
Basic results per share - R$	**3.52595**	**1.41642**

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.

	2022	2021
Profit attributable to the stockholders of the Company	508,272	204,208
Outstanding shares	145,157,179	145,069,660
Diluted results per share - R$	**3.50153**	**1.40766**

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.

Cargo transportation, infrastructure, agriculture and power generation – 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 (formerly: Hydraulics) – Distribution of self-made and third-party spare parts, malleable iron connections for the construction industry and cast iron profiles for diversified use.

As a result of the business combination that took place on December 1, 2022 (note 39), the Company decided to adjust the denomination of its operating business segments in order to accommodate the new operations acquired in the transaction.

Information on the reported segments is shown below:

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

Consolidated	Tranportation, infrastructure, agriculture and power generation		Distribuition		Total	
	2022	2021	2022	2021	2022	2021
Net revenue (Note 27)	9,779,458	6,748,877	398,958	333,658	10,178,416	7,082,535
Costs and expenses, except depreciation (Note 28)	(8,570,960)	(5,935,546)	(339,747)	(269,349)	(8,910,707)	(6,204,895)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 30)	(128,945)	(69,480)	(5,281)	(5,268)	(134,226)	(74,748)
Depreciation and amortization	(340,464)	(359,348)	(8,087)	(8,320)	(348,551)	(367,668)
Profit before finance results	**739,089**	**384,503**	**45,843**	**50,721**	**784,932**	**435,224**
Finance results (Note 29)					(141,854)	(147,197)
Profit before taxation					**643,078**	**288,027**
Income tax and social contribution (Note 31)					(140,857)	(85,115)
Profit (loss) for the period					**502,221**	**202,912**

b) Reconciliation of costs and expenses by segment

Consolidated	Tranportation, infrastructure, agriculture and power generation		Distribuition		Total	
	2022	2021	2022	2021	2022	2021
Raw and processing materials	(4,829,432)	(3,382,705)	(193,147)	(144,170)	(5,022,579)	(3,526,875)
Maintenance and consumption materials	(627,652)	(474,732)	(15,473)	(14,784)	(643,125)	(489,516)
Salaries, social security charges and profit sharir	(1,774,683)	(1,281,854)	(72,769)	(68,089)	(1,847,452)	(1,349,943)
Social benefits	(142,442)	(93,996)	(2,343)	(1,851)	(144,785)	(95,847)
Electricity	(491,730)	(323,802)	(18,022)	(20,117)	(509,752)	(343,919)
Depreciation	(322,264)	(299,648)	(8,087)	(8,320)	(330,351)	(307,968)
Freight and commissions on sales	(513,015)	(219,494)	(30,051)	(21,847)	(543,066)	(241,341)
Management fees	(27,550)	(15,867)	(2,167)	(1,333)	(29,717)	(17,200)
Other costs	(164,456)	(143,096)	(5,775)	2,842	(170,231)	(140,254)
	(8,893,224)	**(6,235,194)**	**(347,834)**	**(277,669)**	**(9,241,058)**	**(6,512,863)**

c) Reconciliation of assets and liabilities

Consolidated	Tranportation, infrastructure, agriculture and power		Distribuition		Total	
ASSETS	Dec/22	Dec/21	Dec/22	Dec/21	Dec/22	Dec/21
Trade account receivables (Note 4)	1,908,975	1,208,792	122,405	42,305	2,031,380	1,251,097
Inventories (Note 5)	2,024,088	1,400,448	183,796	87,486	2,207,884	1,487,934
Tooling	166,374	141,703	-	-	166,374	141,703
Other assets	162,777	100,834	5,844	6,035	168,621	106,869
Property, plant and equipment (Note 13)	2,532,112	2,088,032	52,190	44,497	2,584,302	2,132,529
Intangible assets (Note 14)	151,113	125,392	-	-	151,113	125,392
Other assets not allocated	-	-	-	-	2,933,584	2,265,104
Total assets	**6,945,439**	**5,065,201**	**364,235**	**180,323**	**10,243,258**	**7,510,628**

Consolidated	agriculture and power generation		Distribuition		Total	
LIABILITIES	Dec/22	Dec/21	Dec/22	Dec/21	Dec/22	Dec/21
Trade accounts payables	1,592,384	1,210,308	90,062	29,520	1,682,446	1,239,828
Income taxes payable	185,115	71,543	8,433	900	193,548	72,443
Salaries, social security charges and profit sharin	408,504	259,479	17,924	11,990	426,428	271,469
Advances from customers	193,469	113,191	1,523	12,630	194,992	125,821
Other liabilities	174,199	111,027	7,249	7,249	181,448	118,276
Deferred tax on intangible assets (Note 9)	36,855	5,909	-	-	36,855	5,909
Other liabilities not allocated	-	-	-	-	4,493,181	2,923,668
Equity	-	-	-	-	3,034,360	2,753,214
Total liabilities and equity	**2,590,526**	**1,771,457**	**125,191**	**62,289**	**10,243,258**	**7,510,628**

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	2022	%	2021	%
Tranportation, infrastructure, agriculture and power generation	**9,779,458**	**96.1**	**6,748,877**	**95.3**
Customer A	1,614,149	15.9	1,371,808	19.4
Customer B	1,537,093	15.1	1,223,992	17.3
Other customers	6,628,216	65.1	4,153,077	58.6
Distribuition	**398,958**	**3.9**	**333,658**	**4.7**
Total Revenue	**10,178,416**	**100.0**	**7,082,535**	**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

	2022	%	2021	%
North America	**5,088,561**	**50.0**	**4,140,553**	**58.5**
United States	3,086,697	30.3	2,477,716	35.0
Mexico	1,921,654	18.9	1,623,754	22.9
Canada	80,210	0.8	39,083	0.6
South and Central Americas	**2,896,905**	**28.5**	**1,656,341**	**23.4**
Brazil - head office	2,828,137	27.8	1,600,201	22.6
Other countries	68,768	0.7	56,140	0.8
Europe	**1,812,700**	**17.8**	**964,753**	**13.7**
United Kingdom	417,420	4.1	317,084	4.5
Sweden	233,361	2.3	183,574	2.6
Netherlands	176,099	1.7	138,832	2.0
Italy	627,591	6.2	149,887	2.1
Spain	131,316	1.3	36,246	0.5
Germany	131,167	1.3	60,660	0.9
Other countries	95,746	0.9	78,470	1.1
Asia, Africa and Oceania	**380,250**	**3.7**	**320,888**	**4.4**
Japan	208,866	2.1	150,324	2.1
India	17,935	0.2	8,242	0.1
South Africa	28,090	0.3	90,600	1.3
China	87,834	0.9	57,772	0.8
Other countries	37,525	0.2	13,950	0.1
Total	**10,178,416**	**100.0**	**7,082,535**	**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/22	Dec/21
Brazil - Head Office	1,585,216	1,085,981
Mexico	1,132,466	1,142,207
Portugal	33,887	47,473
Other countries(*)	5,036	410
Total	**2,756,605**	**2,276,071**

(*) United States and Germany

g) Comparative effect of previous denomination - "Hydraulics"

For comparative purposes, the information from the Hydraulics segment is shown below as the previous year's classification.

Reconciliation of revenues, costs, expenses and net income

Consolidated	Hydraulics	
	2022	2021
Net revenue	363,798	333,658
Costs and expenses, except depreciation	(313,076)	(269,349)
Other operating expenses, net, except amortization of intangible assets and depreciation	(4,942)	(5,268)
Depreciation and amortization	(7,925)	(8,320)
Profit before finance results	**37,855**	**50,721**

Reconciliation of costs and expenses by segment

Consolidated	Hydraulics	
	2022	2021
Raw and processing materials	(171,321)	(144,170)
Maintenance and consumption materials	(15,047)	(14,784)
Salaries, social security charges and profit sharing	(70,990)	(68,089)
Social benefits	(2,007)	(1,851)
Electricity	(17,953)	(20,117)
Depreciation	(7,925)	(8,320)
Freight and commissions on sales	(29,776)	(21,847)
Management fees	(2,167)	(1,333)
Other costs	(3,815)	2,842
	(321,001)	**(277,669)**

Reconciliation of assets and liabilities

Consolidated	Hydraulics	
ASSETS	2022	2021
Trade account receivables	43,874	42,305
Inventories	110,288	87,486
Other assets	5,844	6,035
Property, plant and equipment	50,962	44,497
Total consolidated assets	**210,968**	**180,323**

Consolidated	Hydraulics	
LIABILITIES	2022	2021
Trade accounts payables and tooling	50,508	29,520
Taxes and contributions	3,398	900
Salaries, social security charges and profit sharing	17,924	11,990
Advances from customers	1,523	12,630
Other liabilities	3,175	7,249
Total consolidated liabilities	**76,528**	**62,289**

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/22	Dec/21
Buildings	930,246	859,225
Machinery and equipment, furniture and fittings	4,520,327	4,603,110
Inventories	907,201	676,525
Loss of profit	2,147,610	1,615,524
General civil liability	312,225	330,625
Civil liability - management	151,306	181,386
Environmental Civil Liability*	55,694	63,210
Data and cyber protection	50,000	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). Immediately, the Company notified the insurer and started preparing reports to characterize the event within the scope of coverage of the policy, as well as starting the reconstruction of the damaged asset. In the opinion of the Company and expert advice, the policy covers direct damage, that is, the reconstruction of the collapsed asset and consequential losses that are proven, that is, loss of profits. The report prepared by the Company, with the support of expert advisory, was presented to the insurer on January 20, 2023, and is still in the analysis and document request phase. All requests regarding the root cause have already been made available. The amount invested by the Company, of R$ 78 million referring to direct damages, system reconstruction, is recognized as property, plant and equipment and the amount of R$ 41 million, referring to losses incurred, is recognized in the statement of income.

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$ 106,800 (R$ 100,158 on December 31, 2021), which will be settled with own resources.

36. FINANCIAL INSTRUMENTS

		Parent company		Consolidated	
	Note	**Dec/22**	**Dec/21**	**Dec/22**	**Dec/21**
Financial assets at amortized cost		**1,806,693**	**1,593,196**	**3,739,995**	**2,643,761**
Cash and cash equivalents	3	704,746	712,364	1,509,829	1,272,445
Trade account receivables(*)	4	1,035,555	684,487	2,031,380	1,251,097
Mutuo		-	125,198	-	-
Notes and other financial assets		66,392	71,147	198,786	120,219
Effect on the Income Statement		*74,251*	*32,283*	*79,219*	*27,980*
Financial assets at fair value through profit or loss		**7,887**	**2,483**	**28,929**	**13,112**
Investments in equity instruments		2,746	2,097	15,496	12,434
Derivative financial instruments	37	5,141	386	13,433	678
Effect on the Income Statement		*25,355*	*19,091*	*30,723*	*19,440*
Financial liabilities at amortized cost		**3,697,744**	**2,614,533**	**5,485,584**	**3,996,267**
Trade accounts payables		606,734	502,076	1,682,446	1,239,828
Loans and financing	17	1,922,852	2,019,701	2,481,021	2,611,224
Debentures	18	1,038,858	-	1,038,858	-
Dividends and interest on capital		98,243	22,312	98,243	22,312
Notes payable and other financial liabilities		31,057	70,444	185,016	122,903
Effect on the Income Statement		*(165,241)*	*(138,581)*	*(187,535)*	*(169,412)*
Financial liabilities at fair value through profit or loss		**73**	**1,220**	**330**	**1,403**
Derivative financial instruments	25	73	1,220	330	1,403
Effect on the Income Statement		*(5,866)*	*(1,091)*	*(925)*	*(985)*

(*) Includes the provision for impaired receivables

37. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET FOREIGN INVESTMENT

a) Derivative financial instruments

In order to minimize the impacts of exchange-rate change on future cash flows, the Company contracted financial instruments through structured operations in the zero-cost collar (ZCC) modality, which consists of the purchase of a put option and the sale of a call option; the operations have the same notional value, same counterparty, same maturity and there is no net premium. The Company also uses Non-Deliverable Forwards (NDF) which consist of operations of purchase and sale of foreign currency without physical delivery, at an agreed price, on a specific future date. These instruments' fair value is measured using widely used market information providers, based on *Black-Scholes* pricing model, broadly used by market participants to measure similar instruments.

In the external scenario, there is a relative normalization of supply chains and a possible accommodation in prices in the U.S. economy, which could lead to a lesser need for an increase in interest rates by the FED. 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, 2021, and December 31, 2022, the real appreciated by 6.5% against the USD and 11.9% against the Euro, and the Mexican Peso appreciated by 4.9% against the USD.

i - Parent company

On December 31, 2022, the financial instruments amounted to US$ 55,300 in zero-cost collar operations, comprising: purchase of PUT with weighted average exercise price of R$ 5.1529 and sales of CALL with weighted average exercise price of R$ 5.9264, with maturities up to August 17, 2023.

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

2021, it recognized an expense of R$ 1,376 in its financial income (loss), with the payment of R$ 907 of adjustments arising from the settlement of contracts in the period and a loss of R$ 469 due to the mark-to-market of these instruments.

ii – Subsidiaries

As of December 31, 2022, U.S. dollar-denominated financial instruments amounted to US$ 60,500 in zero-cost collar operations, which consist of: purchase of PUT with a weighted average exercise price of MXN 19.6443 and sales of CALL with a weighted average exercise price of MXN 21.0420, with maturities up to August 25, 2023.

As of December 31, 2022, the financial instruments in EURO of the zero-cost collar operations amounted to EUR 10,400, which consist of: purchase of PUT with a weighted average exercise price of EUR 5.1437 and sales of CALL with a weighted average exercise price of EUR 6.2493, with maturities up to August 15, 2023. Also, the instruments in "NDF" purchase operations amounted to EUR 11,100, at an average price of EUR 5.3792, with maturities up to March 8, 2023.

In the period ended December 31, 2022, 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. In the same period of the previous year, the subsidiaries recognized revenue of R$ 455 in their financial income (loss), arising from the mark-to-market of these instruments.

iii - Consolidated

In the period ended December 31, 2022, 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. In the same period of the previous year, an expense of R$ 921 was recognized in the consolidated financial income (loss), of which R$ 907 refers to the payment of adjustments arising from the settlement of contracts in the period and a loss of R$ 14 due to the mark-to-market of these instruments.

The net outstanding positions at December 31, 2022 and 2021 are as follows:

	Parent company		Consolidated	
	Dec/22	**Dec/21**	**Dec/22**	**Dec/21**
Financial derivative instruments				
Liabilities	(73)	(1,220)	(330)	(1,403)
Assets	5,141	386	13,433	678
Financial derivative instruments, net	**5,068**	**(834)**	**13,103**	**(725)**

Below is the change in the period and the maturities of the outstanding position on December 31, 2022:

	Parent company	Subsidiaries	Consolidated
Recognized in financial results	18,840	10,309	29,149
Settlement	(12,938)	(4,286)	(17,224)
Market to market	-	1,793	1,793
Market to market	5,902	7,816	13,718
Foreign exchange impact	-	110	110
AT December 31, 2021	(834)	109	(725)
AT DECEMBER 31, 2022	**5,068**	**8,035**	**13,103**
Maturity date			
Due June 30, 2022	2,734	5,882	8,616
Due September 30, 2022	1,693	1,611	3,304
AT December 31, 2022	641	542	1,183
AT DECEMBER 31, 2022	**5,068**	**8,035**	**13,103**

b) 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, 2022, the Company has export prepayment agreements in the amount of US$ 349,000 equivalent to R$ 1,820,977 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$) and have net assets of US$ 363,977, equivalent to R$ 1,899,123, which represents the effectiveness of 95.9%.

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. In the year ended December 31, 2021, the Company recognized in equity valuation adjustments, in shareholders' equity, a gross loss of R$ 127,966 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, 2022, the Company and its subsidiaries had expected losses on trade accounts receivable of R$ 76,868 (R$ 11,256 on December 31, 2021), which represented 3.6% of the balance of outstanding accounts receivable (consolidated) on that date (0.9% on December 31, 2021).

The increase in the value of expected losses in 2022 compared to the previous year is mainly due to the business combination in view of the acquisition of MWM. More than 60% of the estimated loss refers to a single client, whose debt is being discussed in a lawsuit.

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

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/22	**Dec/21**	**Dec/22**	**Dec/21**
Counterparties with external credit ratings*				
Cash and cash equivalents	**704,746**	**712,364**	**1,509,829**	**1,272,445**
AAA	331,221	385,275	656,422	443,614
AA+ / AA / AA-	297,612	267,220	330,222	361,614
A+ / A / A-	75,913	59,869	523,030	467,217
Outros	-	-	155	-
Derivative financial	**5,141**	**386**	**13,433**	**678**
AA+ / AA / AA-	5,141	264	13,433	264
AA+	-	25	-	25
Others	-	97	-	389
Counterparties without external credit rating				
Trade receivables	**1,035,555**	**684,487**	**2,031,380**	**1,251,097**
Low risk	991,681	642,364	1,987,506	1,208,974
Moderate risk	43,874	42,123	43,874	42,123
High risk	9,309	4,439	76,868	11,197
Provision for impairment of trade receivables	(9,309)	(4,439)	(76,868)	(11,197)
Other financial assets	**69,138**	**73,244**	**214,282**	**132,653**
Total	**1,814,580**	**1,470,481**	**3,768,924**	**2,656,873**

(*) 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 cargo transportation, infrastructure, agriculture and power generation segment, except clients that have already presented historical losses.
- Moderate risk, clients in the hydraulics 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	2,481,021	192,028	118,564	301,411	15,809	1,970,634	2,598,446
Trade payables and notes and other	1,863,894	1,863,894	-	-	-	-	1,863,894
Debentures	1,038,858	72,208	75,252	294,921	1,221,796	-	1,664,177
Dividends payable	98,243	98,243	-	-	-	-	98,243
Financial derivative instruments	330	49	281	-	-	-	330
	5,482,346	**2,226,422**	**194,097**	**596,332**	**1,237,605**	**1,970,634**	**6,225,090**

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/22	Dec/21
Floating-rate instruments		**(808,465)**	**244,221**
Financial assets		696,280	642,678
Financial liabilities	17 e 18	(1,504,745)	(398,457)
Fixed-rate instruments		**(1,201,585)**	**(1,583,000)**
Financial assets		813,549	629,767
Financial liabilities	17 e 18	(2,015,134)	(2,212,767)

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.)**	**13.65**	**7.90**	**9.88**	**11.85**	**5.93**	**3.95**
Financial assets		696,280	696,280	696,280	696,280	696,280	696,280
Potential impact		-	(35,228)	12,745	25,489	(12,982)	(26,458)
Borrowings	**Interest rate (CDI - % p.a.)**	**13.65**	**7.90**	**9.88**	**11.85**	**5.93**	**3.95**
Financial liabilities		(1,504,745)	(1,504,745)	(1,504,745)	(1,504,745)	(1,504,745)	(1,504,745)
Potential impact		-	(76,131)	27,543	55,085	(28,056)	(57,178)

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/22	Dec/21
Assets	**943,969**	**592,687**
Cash and cash equivalents abroad	75,913	59,869
Customers in the foreign market	868,056	532,818
Liabilities	**(58,136)**	**(238,963)**
Borrowings in foreign currency	(1,878,936)	(2,009,584)
Hedge of net investment abroad	1,820,977	1,947,595
Other amounts	(177)	(176,974)
Net exposure impacting profit		
In thousands of R$	885,833	353,724
In thousands of US$	154,544	57,028
In thousands of EUR	13,194	5,071

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/22	Dec/21
Assets	**267,384**	**213,666**
Cash and cash equivalents abroad	11,944	80,181
Customers in the foreign market	172,138	25,421
Tax return	83,302	108,064
Liabilities	**(361,982)**	**(390,248)**
Trade accounts payables	(187,728)	(193,975)
Other amounts	(174,254)	(196,273)
Net exposure impacting profit		
In thousands of R$	(94,598)	(176,582)
In thousands of MXN	(518,656)	(968,830)
In thousands of US$	(17,691)	7,474
In thousands of EUR	24,416	7,309

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	**5.2177**	**5.20**	**6.50**	**7.80**	**3.90**	**2.60**
Asset position	943,969	940,767	1,175,958	1,411,150	705,575	470,383
Liability position	(58,136)	(57,938)	(72,423)	(86,908)	(43,454)	(28,969)
Net exposure (R$ thousand)	885,833	882,829	1,103,535	1,324,242	662,121	441,414
Net exposure (US$ thousand)	169,775	169,775	169,775	169,775	169,775	169,775
Potential impact (R$ thousand)	**-**	**(3,004)**	**217,702**	**438,409**	**(223,712)**	**(444,419)**

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	**5.2177**	**5.20**	**6.50**	**7.80**	**3.90**	**2.60**
MTM Controladora	5,068	5,643	(37,895)	(106,190)	62,524	130,206
Potential impact (R$ thousand)		**575**	**(42,963)**	**(111,258)**	**57,456**	**125,138**

			Scenarios			
Subsidiaries	**Disclosed**	**Probable**	**+25%**	**+50%**	**-25%**	**-50%**
U.S. Dollar rate vs. Mexican peso	**19.4879**	**20.96**	**26.20**	**31.44**	**15.72**	**10.48**
MTM Subsidiaries (US$ mil)	1,057	(895)	(10,807)	(18,680)	13,787	49,736
MTM Subsidiaries (R$ mil)	5,513	(4,654)	(70,243)	(145,708)	53,769	129,315
EURO rate	**5.5694**	**5.22**	**6.53**	**7.83**	**3.92**	**2.61**
MTM Subsidiaries (R$ mil)	2,523	(298)	8,373	10,391	(4,571)	(6,389)
Potential subsidiaries impact (R$ thousand)		**(12,987)**	**(69,906)**	**(143,352)**	**41,163**	**114,890**
Potential consolidated impact (R$ thousand)		**(12,413)**	**(112,869)**	**(254,610)**	**98,619**	**240,028**

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/22	Dec/21
Own capital		**3,034,360**	**2,753,214**
Equity	26	3,034,360	2,753,214
Third party capital		**5,699,069**	**3,484,969**
Total current and non-current liabilities		7,208,898	4,757,414
Cash and cash equivalents	3	(1,509,829)	(1,272,445)
Own capital versus third-party capital ratio		**0.53**	**0.79**

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 April 18, 2022, the Company entered into a Share Purchase Agreement with Navistar International Corporation for the acquisition of 100% of MWM Tupy do Brasil Ltda. (formerly: International Indústria Automotiva da América do Sul).

On August 22, 2022, the transaction was approved at the Extraordinary General Meeting of the shareholders of Tupy S.A.

On October 26, 2022, the General Superintendence of the Administrative Council for Economic Defense (SG/CADE) approved, without restrictions, the acquisition of 100% of the assets and businesses of MWM Tupy do Brasil Ltda.

The conclusion of the transaction took place on November 30, 2022, upon payment of R$ 855,000, assuming, as of December 1, the net assets and liabilities.

This acquisition will provide new paths of growth that are adjacent to the current model, add value to products and services, bring diversification in revenue and exposure to sectors that are countercyclical, such as aftermarket. The expansion in the energy sector will increase the Company’s interests in businesses and clients that have grown with the Brazilian agricultural sector. In this scenario, we can mention businesses associated with new fuel alternatives such as biogas, biomethane, natural gas, biodiesel and hydrogen, which meet clients’ demand for decarbonization; and electricity generation.

Specialists were hired to evaluate and determine the fair value of the assets acquired and the liabilities assumed in the acquisition, also including the allocation of the price paid, in accordance with CPC 15 (R1) – Business Combination (IFRS 3).

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

Consideration transferred	BRL
Amount of consideration paid on 11/30/2022	**855,000**
Future disbursements, net	
Working capital adjustment	43,400
Recoverable taxes (notes 8 and 9)	94,381
Deferred income tax (note 9)	119,160
Reimbursement of CSLL debt	(84,466)
Others	(3,100)
Amount of consideration paid + Future adjustments	**1,024,375**
Cash and cash equivalents assumed temporarily	243,132
Total	**1,267,507**

Of this total consideration transferred, until December 31, 2022, there was a disbursement of R$ 855,000.

The existing obligation, referring to the financial return of cash and cash equivalents, in the amount of R$ 243,132, will be settled within 135 days after the closing, considering the contractual assumptions, including its non-financial restatement during this period.

The other amounts will be settled considering the following contractual requirements:

- **Working capital adjustment:** it corresponds to the change found between the working capital present on the date the negotiation was closed (July 31, 2021) and the date of the acquisition of control. Said amount represents the best estimate of the cash disbursement and will be paid to the seller as soon as the negotiations between the parties are concluded.
- **Recoverable taxes**: they are PIS and COFINS credits arising from the exclusion of ICMS from the calculation basis, which, as they are carried out by MWM Tupy do Brasil Ltda., will be paid/refunded by Tupy S.A. to the seller.
- **Deferred income tax**: they are income tax credits on tax losses which, as they are realized by MWM Tupy do Brasil Ltda., will be paid/refunded by Tupy S.A. to the seller.
- **Reimbursement of CSLL debt**: it corresponds to the contingency of Social Contribution not collected by MWM Tupy do Brasil Ltda. in the period from January 1, 2018 to November 30, 2022. Considering the contractual assumptions, said debt, if materialized in MWM Tupy do Brasil Ltda., will be charged to the seller.

The table below presents the net assets assumed and the amounts identified by the specialists who were hired to evaluate and determine the fair value of the assets acquired and the liabilities assumed in the acquisition, also including the allocation of the price paid, in accordance with CPC 15 (R1) – Business Combination (IFRS 3).

MWM	Carrying amount	Added value	Fair value
Assets acquired	***2,033,924***	***212,910***	***2,246,834***
Cash and cash equivalents	243,132		243,132
Trade account receivables	409,381		409,381
Inventories	454,412	4,164	458,576
Recoverable taxes	421,188		421,188
Deferred income tax	226,377		226,377
Other assets	66,625		66,625
Property, plant and equipment	209,456	177,392	386,848
Intangible assets	3,353	31,354	34,707
Liabilities assumed	***901,904***	***68,600***	***970,504***
Trade accounts payables	343,379		343,379
Salaries, social security charges	60,415		60,415
Taxes and social contributions	58,185		58,185
Advances from customers	88,249		88,249
Provision for tax, civil, social security and labor pı	135,855	68,600	204,455
Other liabilities	104,587		104,587
Deferred income tax	111,234	-	111,234
Net assets assumed	**1,132,020**	**144,310**	**1,276,330**
Gain on a bargain purchase			**(8,823)**

Result of added value and intangibles assessments

- R$ 4,164 as the profit margin on finished goods inventories existing on the date of the business combination;
- R$ 177,392 of added value identified in property, plant and equipment items;
- R$ 31,354 of the value of the MWM brand;
- Measurement of existing obligations for tax claims of R$ 25,000; and,
- Measurement of existing obligations for civil claims in the amount of R$ 43,600.

Fair value measurement methodology:

Inventories

Finished goods were valued at fair value considering the sales price less costs for trading.

Property, plant and equipment

The cost approach was used based on the market comparison method: evaluation model considers the market prices for similar items, when available, and the depreciated replacement cost, when appropriate. The depreciated replacement cost reflects wear and tear adjustments, as well as functional and economic obsolescence.

Intangible assets - trademark

The method used to assess the Brand was the Relief-from-Royalty method. The assumption of this valuation methodology is the premise that a market participant would be required to pay the owner of the intangible assets to have the legal enforceable right to use its brand. As existing Brand ownership exempts the company from making such payments (royalties), the financial performance of the company is increased to the extent that such payments are avoided. Main assumptions were: (i) revenue projection, according to the Company's business plan, adjusted to the market, (ii) royalty rate formed by comparable elements of 0.64%, (iii) WARA (Weighted Average Return on Assets) discount rate formed by the WACC (Weighted Average Capital Cost) adding a risk adjustment of 13.26% for the said asset, and (iv) undefined useful life.

Provisions for litigation

The Company has identified civil and tax matters that represent existing obligations arising from past events. Thus, these risks were measured at fair value and are being added to the fair value of the liability. Regarding the additional risks that do not represent existing obligations, the acquisition contract provides for the seller's obligation to refund the Company in the event of financial losses.

Tax aspects of the transaction

The prevailing tax legislation allows the deductibility of the goodwill generated on the acquisition of businesses and the fair value of the net assets acquired when a non-substantive action is taken after the acquisition by the Company (that is, when the Company merges or is merged into the acquired company) and, therefore, the tax and accounting basis of the net assets acquired are the same as of the acquisition date. In this sense, for the acquired business, the Company considers that it will be entitled to deduct the amortization or depreciation of the acquired net assets, when, and if, there is a future merger. In this scenario, no deferred income tax effects were recognized related to the control acquisition transaction in these individual and consolidated financial statements.

The Company's consolidated statement of income includes the amount of R$ 246,214 in revenues and R$ 11,984 in net income generated by the acquiree in the period from December 1 to 31, 2022.

The Company estimates that the consolidated statement of income for the year would show net revenue of R$ 12,853,110 and net income of R$ 639,794 if the business combination had occurred on January 1, 2022.

* * *

INDEPENDENT AUDITOR´S REPORT

(A free translation of the original 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, 2022, 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, comprising the significant 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, 2022, 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, 2022, the Company recognized tax credits deriving from income and social contribution tax losses in the amount of R$178,723 thousand and R$436,988 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	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.

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.	

Measurement of the fair value of identifiable assets acquired in a business combination

See Notes 1.1, 2.3 and 39 to the individual and consolidated financial statements

Key audit matter	How the audit addressed this matter
The Company acquired control over MWM Tupy do Brasil S.A. (formerly called International Automotive Industry of South America Ltda.), and consequently applied the acquisition method, which requires the recognition and measurement of identifiable assets acquired and liabilities assumed at fair value, pursuant to Technical Pronouncement CPC 15 (R1) - Business Combination. Applying this method requires, among other procedures, that the Company determine the fair value of the assets acquired and of the liabilities assumed by the Company and calculate the goodwill for expected future profitability or gain from a bargain purchase. These procedures consisted of a high level of judgment by management in defining the methods and assumptions for determining the fair values of property, plant and equipment and intangible assets, which consist of comparing them with other similar assets for property, plant and equipment, as well as the royalty and discount rate for intangible assets.	Our audit procedures in this area included, among others: - We found on the documents that formalized the transaction, such as contracts and minutes, support for the acquisition date and the acquisition price; -With the help of our corporate finance experts and the measurement of tangible assets, we evaluated: - if the methodology applied to measure the fair value of property, plant and equipment and intangible assets acquired by the Company has been prepared in accordance with the valuation practices and methodologies normally used in the market; - the consistency of the significant royalty and discount rate assumptions used to determine intangible assets; - the assessment as to whether the values of property, plant and equipment are adequate when compared with the market value of comparable property, plant and equipment. - We evaluated whether the disclosures made in the notes to the individual company and consolidated financial statements are adequate in accordance

This matter was considered to be a key audit matter due to the judgment involved in the determination of the methods and assumptions used to estimate the fair values of assets mentioned above, and the level of uncertainty inherent in significant methods and assumptions that, if changed, can have an impact on the fair value measurement of identifiable assets acquired in a business combination.	with the accounting policy requirements applicable to the transaction. According to the evidence obtained by applying the procedures described above, we considered acceptable the measurement of the fair values of identifiable assets acquired in a business combination, as well as the disclosures related to this matter in the context of the individual and consolidated financial statements for the year ended December 31, 2022 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, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed together with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled to the 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.

Audit of prior year's financial statements

The individual and consolidated balance sheets as of December 31, 2021, and the individual company and consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows and related notes for the year then ended, presented as related amounts in the individual and consolidated financial statements for the current year, were previously audited by other independent auditors, who issued a report thereon on March 29, 2022 with no changes. The related amounts for the individual and consolidated statements of value added for the year ended December 31, 2021 were submitted to the same audit procedures by those independent auditors and, based on their audit, they issued their report with no changes.

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 27, 2023

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

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, have reviewed the Financial Statements with the report from KPMG Auditores Independentes, issued without reservations on March 27, 2023, the Management's annual report corresponding to the fiscal year ending December 31, 2022, and the proposal to increase the Company's share capital, without the issue of new shares, in the amount of R$ 117.302,000.00 corresponding to the profit reserve surplus, according to articles 199 and 169 and its paragraph 1, of Law 6.404/76 ("Corporation Law"). A."), 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 2022 and the proposal for share capital increase, 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 submission to the Ordinary and Extraordinary Shareholders' Meeting, pursuant to the terms of the Corporation Law.

Joinville (SC), March 27th, 2023.

JOSÉ RUBENS DE LA ROSA

Independent Board Member - Committee Coordinator

JAIME LUIZ KALSING

External Member

JORGE ROBERTO MANOEL

External Member

MARCOS ALEXANDRE TEIXEIRA

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, 2022, 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$ 117,302. 000.00 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$ 1,177,602,764.04.

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 27, 2023, 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/SC, March 27th, 2023.

João Augusto Monteiro

Chairman of the Fiscal Council

Daniela Maluf Pfeiffer

Full Member of the Fiscal Council

Luiz Cláudio Moraes

Full Member of the Fiscal Council

MANAGEMENT

BOARD OF DIRECTORS

President
Ricardo Doria Durazzo

Vice-president
Marcelo Otavio Wagner

Members
Claudia Elisa de Pinho Soares
Claudia Silva Araujo de Azeredo Santos
Daniel André Stieler
Gabriel Stoliar
José Rubens de La Rosa
Paula Regina Goto
Ricardo Antonio Weiss

BOARD OF OFFICERS

CEO
Fernando Cestari de Rizzo

Vice-presidents
Erodes Berbetz
Fabio Pena Rios
Ricardo Sendim Fioramonte
Thiago Fontoura Struminski (DRI)

Accountant
Pedro Henrique Eyng
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