



Consistent results and strong operating cash generation

Progress in the capture of synergies and beginning of operations with MWM do Brasil

Earnings conference call

Date: 03/28/2023

English/Portuguese

10:00 a.m. (NYT)

11:00 a.m. (Brasilia)

Dial in Brazil: +55 11 4090-1621

Dial in Brazil: +55 11 3181-8565

Dial in USA: +1 412 717-9627

Toll free USA: + 1 844 204-8942

Code: TUPY

Website: www.tupy.com.br/ir

Investor Relations

Thiago Fontoura Struminski
VP of Finances and Administration
Investor Relations Officer

Hugo Zierth
IR Manager

Rafael Felipe Junckes

dri@tupy.com.br

+55 (11) 2763-7844

- **Revenues of R\$10.2 billion in 2022 (+44% vs 2021):** these figures include the result of December of MWM Tupy do Brasil (“MWM do Brasil”), totaling R\$246 million. Transfer of costs and realization of prices mitigated bottlenecks in customers’ supply chain, which affected volumes produced. Revenue of R\$2.6 billion in 4Q22 (+26% vs 4Q21).
- **Operating Cash Generation: R\$402 million in 2022 (+24%), featuring the second half’s cash generation, which exceeded R\$650 million.** The cash generation reported in 4Q22, of R\$426 million (+42%), is the highest ever reported by the Company for a quarter and it was impacted, among other factors, by the decline of seven days in the cash conversion cycle compared to 3Q22.
- **Adjusted EBITDA: R\$1.3 billion in 2022 (+44%), up by R\$390 million vs 2021,** with flat margin. The impact of operations that still have lower margins (12 months - Aveiro and Betim) and stoppages that affected volumes were mitigated by the capture of synergies and management initiatives.

Adjusted EBITDA of R\$250 million, with a margin of 9.7% in 4Q22. Impact of non-recurring events (i) rebuilding of the casting system (furnace) in Mexico, totaling R\$41 million, and (ii) stoppages to adjust working capital, leading to high operating cash generation. The margin reported by MWM do Brasil in December was 3%, due to a seasonal effect and one-off impact in volumes led by a change in the engine technology (Proconve P8 / Euro 6).

- **Net Income: R\$502 million in 2022, the highest ever reported, a growth of 148% vs 2021.** Net income of R\$56 million in 4Q22.
- **Return on Invested Capital (ROIC): 13.5% in 2022 (vs 10.6% in 2021),** despite higher working capital and increased asset base coming from MWM do Brasil and considering only one month (December) of net operating income after taxes.

 **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

SUMMARY	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Revenues	2,591,090	2,059,017	25.8%	10,178,416	7,082,535	43.7%
Cost of goods sold	(2,158,090)	(1,754,054)	23.0%	(8,290,773)	(5,958,810)	39.1%
Gross Profit	433,000	304,963	42.0%	1,887,643	1,123,725	68.0%
<i>% on Revenues</i>	16.7%	14.8%		18.5%	15.9%	
Operating expenses	(267,269)	(186,006)	43.7%	(950,285)	(554,053)	71.5%
Other operating expenses	(44,041)	(8,282)	431.8%	(152,426)	(134,448)	13.4%
Earnings before Financial Result	121,690	110,675	10.0%	784,932	435,224	80.4%
<i>% on Revenues</i>	4.7%	5.4%		7.7%	6.1%	
Net financial income (loss)	(40,015)	(30,786)	30.0%	(141,854)	(147,197)	-3.6%
Earnings before Tax Effects	81,675	79,889	2.2%	643,078	288,027	123.3%
<i>% on Revenues</i>	3.2%	3.9%		6.3%	4.1%	
Income tax and social contribution	(25,275)	(18,711)	35.1%	(140,857)	(85,115)	65.5%
Net Income	56,400	61,178	-7.8%	502,221	202,912	147.5%
<i>% on Revenues</i>	2.2%	3.0%		4.9%	2.9%	
EBITDA (CVM Inst. 527/12)	206,393	212,423	-2.8%	1,133,483	802,892	41.2%
<i>% on Revenues</i>	8.0%	10.3%		11.1%	11.3%	
Adjusted EBITDA	250,348	203,871	22.8%	1,267,709	877,640	44.4%
<i>% on Revenues</i>	9.7%	9.9%		12.5%	12.4%	
Average exchange rate (R\$/US\$)	5.26	5.59	-5.9%	5.17	5.40	-4.3%
Average exchange rate (R\$/€)	5.38	6.38	-15.7%	5.44	6.38	-14.7%

Note¹: Amounts include 1 (one) month of MWM do Brasil (December 2022).

PHYSICAL SALES VOLUME*

	Consolidated (metric tons)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Domestic Market	45,836	46,810	-2.1%	202,567	132,192	53.2%
Transportation, Infrastructure, Agriculture, and Energy Generation	43,273	44,018	-1.7%	190,671	119,193	60.0%
Distribution	2,563	2,792	-8.2%	11,896	12,999	-8.5%
Foreign Markets	109,860	102,907	6.8%	477,051	405,401	17.7%
Transportation, Infrastructure, Agriculture, and Energy Generation	107,320	99,886	7.4%	463,773	392,406	18.2%
Distribution	2,540	3,021	-15.9%	13,278	12,995	2.2%
Total Physical Sales	155,696	149,717	4.0%	679,618	537,593	26.4%

* Note: Excludes the volumes of MWM do Brasil.

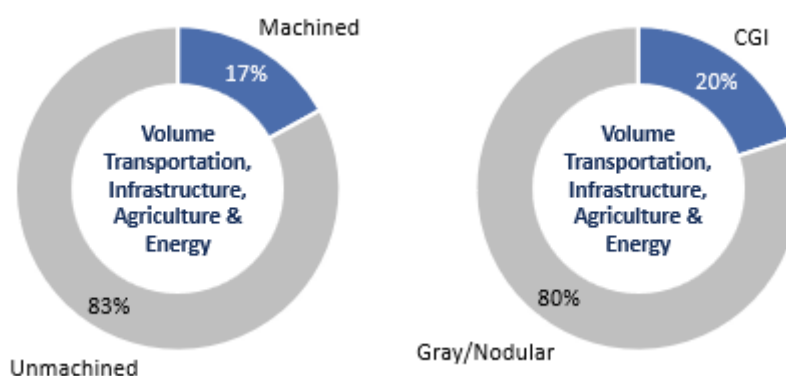
Volumes rose by 4% over the same period of the previous year (4Q21).

- Drop of 2% in sales in the Transportation, Infrastructure, Agriculture, and Energy Generation segments in the domestic market, as a result of the performance of off-road applications.
- Growth of 7% in the export market, due to volumes of applications to the Transportation, Infrastructure, Agriculture, and Energy Generation segment, arising from the demand for commercial and off-road vehicles.
- Drop of 8% and 16% in volume in the distribution segment (hydraulics only) in the domestic and export markets, respectively, led by a stronger comparison base, due to the pent-up demand in 4Q21.

Despite the positive macroeconomic indicators and high end-user demand, our customers are still affected by supply chain restrictions. This phenomenon has resulted in stoppages and reductions in production volume by engine manufacturers, impacting the Company's results, mainly in applications for commercial vehicles.

Share of CGI (Compacted Graphite Iron) and machined goods:

Partially or fully machined products accounted for 17% of the portfolio of the Transportation, Infrastructure, Agriculture, and Energy Generation segment (23% excluding volumes from the Betim and Aveiro plants). In terms of product distribution, by type of material, CGI accounted for 20% of the volume (26% excluding the new plants).



Note: Casting and CGI percentages do not include MWM do Brasil volumes.

REVENUES

Compared to the same period of the previous year, revenues increased by 26%. MWM do Brasil's revenues from December 2022 totaled R\$246 million.

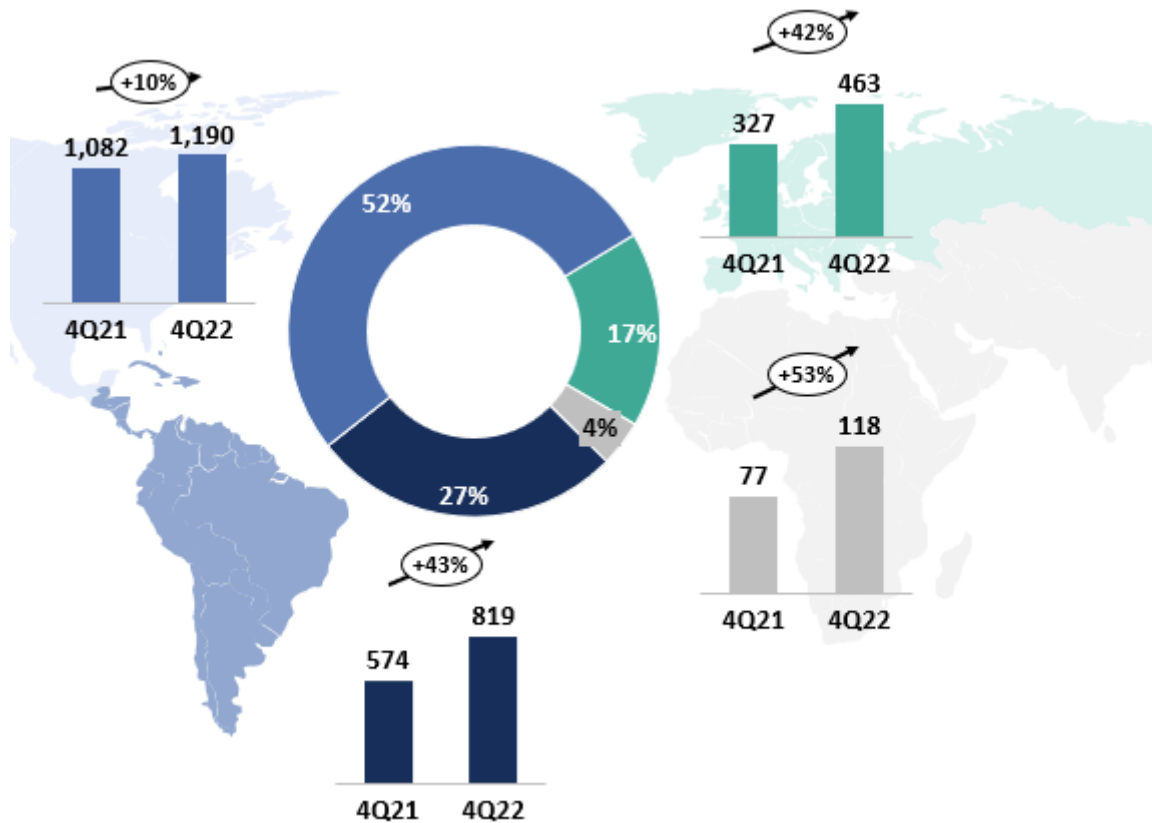
	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Revenues	2,591,090	2,059,017	25.8%	10,178,416	7,082,535	43.7%
Domestic market	803,661	557,155	44.2%	2,828,137	1,600,201	76.7%
Share (%)	31.0%	27.1%		27.8%	22.6%	
Foreign markets	1,787,429	1,501,862	19.0%	7,350,279	5,482,334	34.1%
Share (%)	69.0%	72.9%		72.2%	77.4%	
Revenues by segment	2,591,090	2,059,017	25.8%	10,178,416	7,082,535	43.7%
Transportation, Infrastructure, Agriculture, and Energy Generation	2,471,440	1,967,649	25.6%	9,779,458	6,748,877	44.9%
Share (%)	95.4%	95.6%		96.1%	95.3%	
Distribution ¹	119,650	91,368	31.0%	398,958	333,658	19.6%
Share (%)	4.6%	4.4%		3.9%	4.7%	

Note¹: Includes hydraulics and MWM do Brasil's aftermarket business.

Revenues by market and performance in the period

In 4Q22, 46% of revenues originated in North America. The South and Central Americas accounted for 32%, and Europe for 18% of the total. The remaining 4% came from Asia, Africa, and Oceania, and the plants acquired contributed to higher exposure to the Brazilian and European markets.

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



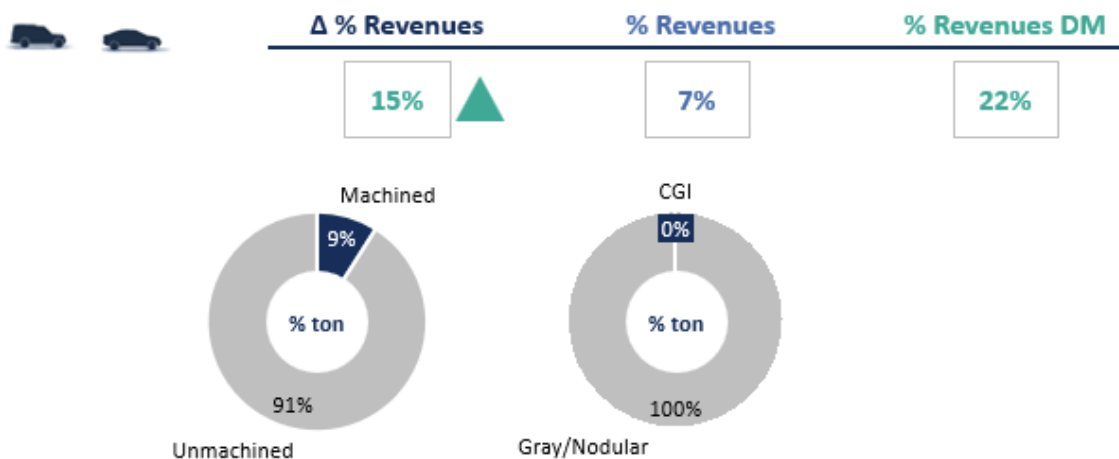
Consolidated (R\$ thousand)

	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Revenues	2,591,090	2,059,017	25.8%	10,178,416	7,082,535	43.7%
Domestic Market	803,661	557,155	44.2%	2,828,137	1,600,201	76.7%
Transportation, Infrastructure, Agriculture, and Energy Generation	739,828	509,061	45.3%	2,605,167	1,417,939	83.7%
Passenger cars	172,997	150,115	15.2%	725,087	269,782	168.8%
Commercial vehicles	450,745	273,966	64.5%	1,452,609	895,613	62.2%
Off-road	116,086	84,980	36.6%	427,471	252,544	69.3%
Distribution¹	63,833	48,094	32.7%	222,970	182,262	22.3%
Foreign Markets	1,787,429	1,501,862	19.0%	7,350,279	5,482,334	34.1%
Transportation, Infrastructure, Agriculture, and Energy Generation	1,731,612	1,458,588	18.7%	7,174,291	5,330,937	34.6%
Passenger cars	97,532	85,914	13.5%	447,899	271,115	65.2%
Light commercial vehicles	626,585	526,892	18.9%	2,605,758	2,107,540	23.6%
Medium and heavy commercial vehicles	430,835	341,039	26.3%	1,806,619	1,297,419	39.2%
Off-road	576,660	504,743	14.2%	2,314,015	1,654,863	39.8%
Distribution¹	55,817	43,274	29.0%	175,988	151,397	16.2%

The division among applications considers our best assumption for cases in which the same product is in two applications.
 Note¹: Includes hydraulics and MWM do Brasil's aftermarket business.

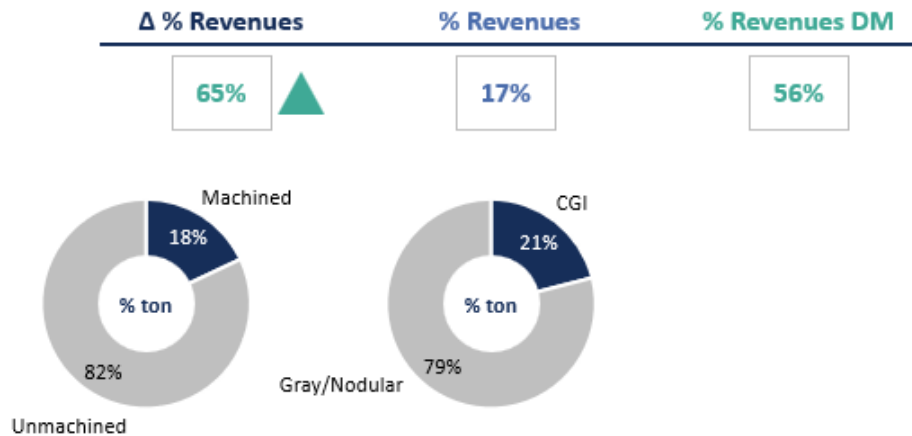
DOMESTIC MARKET (DM)

Passenger cars



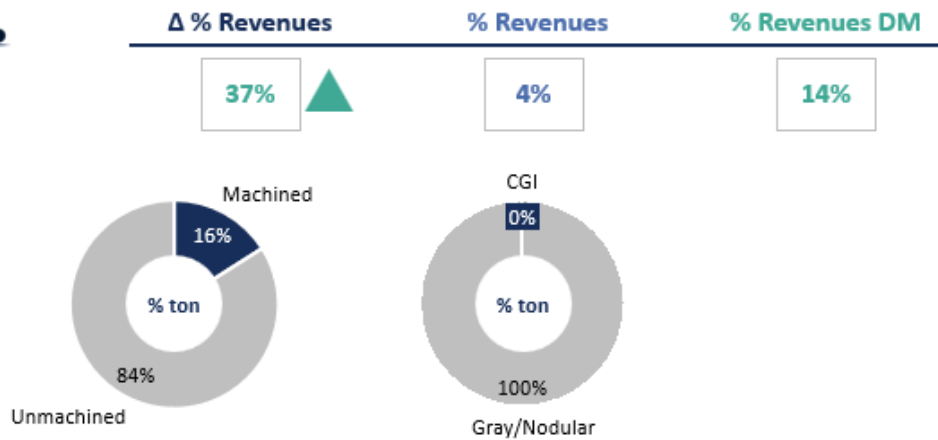
Revenues from passenger cars were impacted by the rise in production in the Brazilian market and the higher share of the Betim operation in the segment.

Commercial vehicles



Revenue growth based on applications for commercial vehicles mainly reflected MWM do Brasil's revenue (December 2022) and higher truck production in the Brazilian market. Among several factors, the change in the emission technology (Proconve P8 / Euro 6) led to production anticipation by automakers.

Off-road



Revenues from machinery and off-road vehicles for the domestic market were mainly impacted by the inclusion of MWM do Brasil's revenues.

Distribution



Δ % Revenues

33%



% Revenues

2%

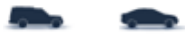
% Revenues DM

8%

Sales revenues in the distribution segment grew by 33%, mainly due to the inclusion of revenue of MWM do Brasil's aftermarket business.

FOREIGN MARKETS (EM)

Passenger cars



Δ % Revenues

14%

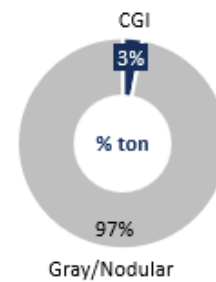
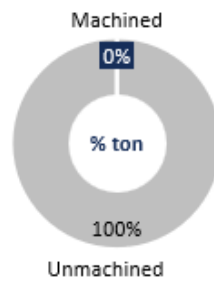
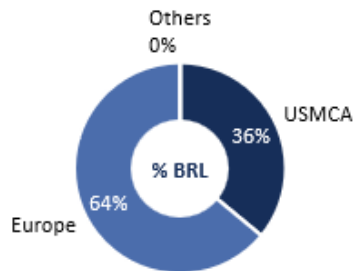


% Revenues

4%

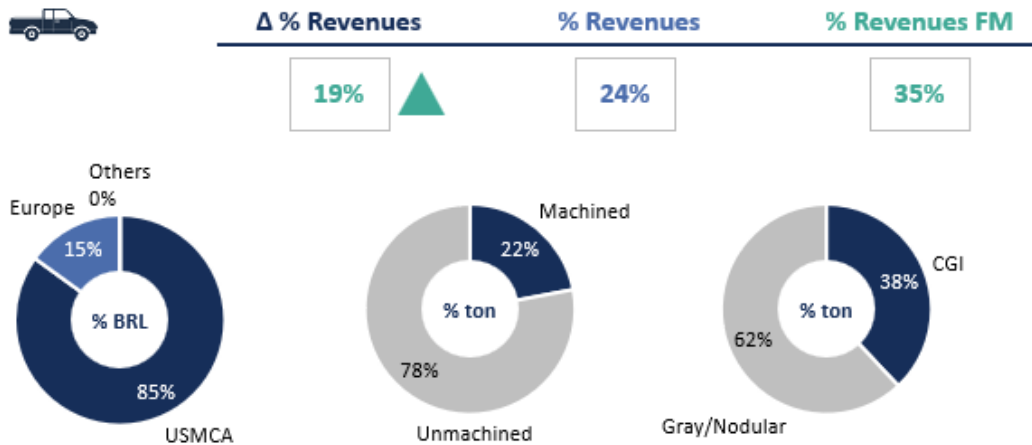
% Revenues FM

5%



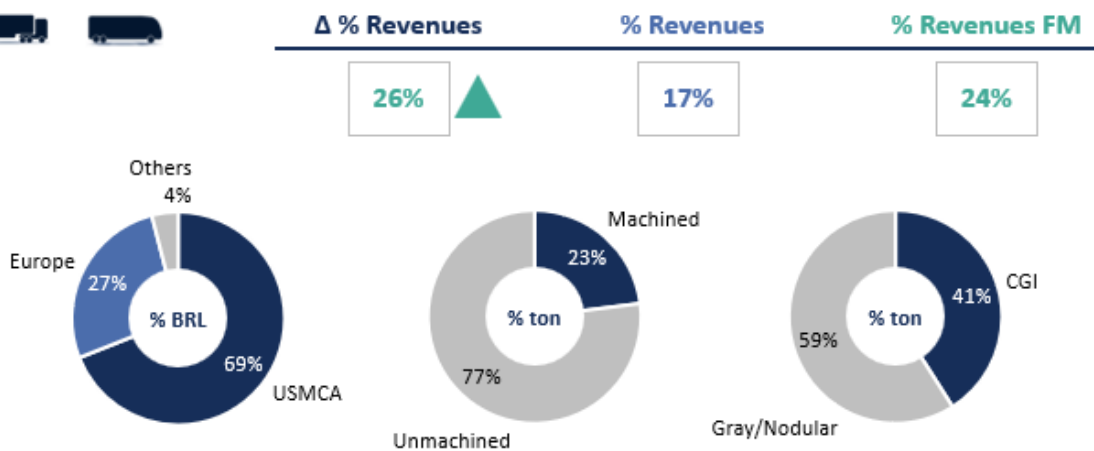
The segment's revenues grew year over year in 2022. The comparison base was impacted by the lower sales of the Aveiro and Betim plants to the European market in 4Q21, given that the perimeter of the transaction did not include inventories aimed at this market.

Light commercial vehicles



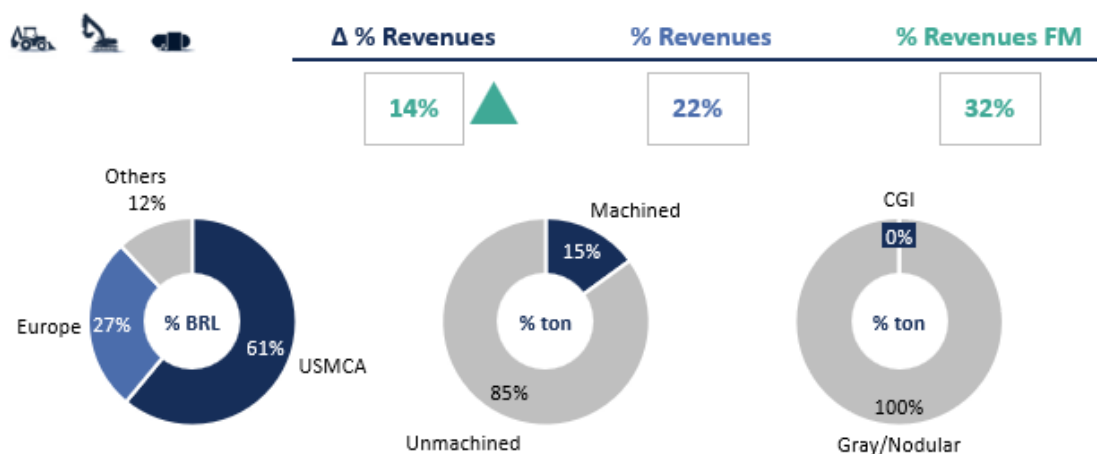
Production for the light commercial vehicles segment was positively impacted by the growth in demand for this type of application, which accounted for 80% of sales of the light commercial vehicles segment in the North American market, as well as the ramp-up of products.

Medium and heavy commercial vehicles



Despite the shortage of semiconductors, revenues from medium and heavy commercial vehicles increased due to the growth in demand in several markets and the ramp-up of products, in addition to the favorable comparison base. It is worth noting that 4Q21 sales were impacted by inventories not included in the perimeter of the acquisition of the Aveiro and Betim plants.

Off-road



Revenues from medium and heavy commercial vehicles increased due to the growth in demand in several markets and the ramp-up of products.

Distribution



Revenues from the distribution segment grew by 29%, mainly due to the inclusion of revenue of MWM do Brasil's aftermarket business.

▼ COST OF GOODS SOLD AND OPERATING EXPENSES

The Cost of Goods Sold (COGS) totaled R\$2,158 million in 4Q22, including MWM do Brasil's costs in December.

The comparison with 4Q21 reflects the significant increase in the prices of materials and services throughout 2022.

The result for the period was also impacted by a non-recurring effect related to the recovery of the structure of one of the operations in Mexico, which required the rebuilding of the casting system of one of the furnaces. The costs of this process totaled R\$41 million in 4Q22. The report prepared by the Company, with the support of specialized advisors, was presented to the insurance company and the process is under analysis.

Despite these factors and customers' stoppages, which led to lower volumes and loss of efficiency, the **gross margin reached 18.5% in 2022, the highest figure reported in the last seven years. Gains in efficiency, the capture of synergies, the realization of prices, and other management initiatives contributed to the growth of this indicator.**

	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Revenues	2,591,090	2,059,017	25.8%	10,178,416	7,082,535	43.7%
Cost of goods sold	(2,158,090)	(1,754,054)	23.0%	(8,290,773)	(5,958,810)	39.1%
Raw material	(1,320,378)	(1,022,303)	29.2%	(5,022,579)	(3,526,875)	42.4%
Labor, profit sharing, and social benefits	(462,460)	(382,747)	20.8%	(1,778,621)	(1,285,113)	38.4%
Maintenance supplies	(141,404)	(134,991)	4.8%	(557,712)	(417,228)	33.7%
Energy	(121,521)	(107,229)	13.3%	(506,675)	(340,786)	48.7%
Depreciation	(80,359)	(81,239)	-1.1%	(314,428)	(294,766)	6.7%
Other	(31,967)	(25,544)	25.1%	(110,758)	(94,041)	17.8%
Gross profit	433,000	304,963	42.0%	1,887,643	1,123,725	68.0%
<i>% on Revenues</i>	<i>16.7%</i>	<i>14.8%</i>		<i>18.5%</i>	<i>15.9%</i>	
Operating expenses	(267,269)	(185,867)	43.8%	(950,285)	(554,053)	71.5%
<i>% on Revenues</i>	<i>10.3%</i>	<i>9.0%</i>		<i>9.3%</i>	<i>7.8%</i>	

In addition to the impact of the addition of the costs of the new operation in December, and the furnace rebuilding, 4Q22 costs were impacted by the following factors in the annual comparison:

- Increases in raw material cost, mainly due to inflation for materials in the last 12 months and the higher share of products in CGI. The cost volatility over 2022 reflected the global economic performance and bottlenecks in the production chain, which impacted prices and the availability of materials. These effects were partially offset by synergies already captured among the operations, as well as several initiatives aimed at optimizing processes, replacement of the use of materials, and renegotiation of contracts with suppliers.
- Labor costs were impacted mainly by the annual pay rise negotiation, as well as overtime.
- Increase in the maintenance and third-party services account due to the impact of inflation.
- Increase in energy costs, mainly because of the higher use of electric furnaces and the product mix.
- Decrease of 1% in depreciation costs, mainly due to currency variation and exclusion of assets from the Mauá plant.
- Increase of R\$6 million in other operational costs, which includes product and material handling, rents, and health and safety, among other items.

Operating expenses, including selling and administrative expenses, reached R\$267 million. The result was mainly impacted by the significant rise in freight expenses, which are passed through according to contractual clauses, as well as the annual pay rise negotiation.

OTHER OPERATING INCOME (EXPENSES)

Other Net Operating Expenses totaled R\$44 million in 4Q22.

	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Depreciation of non-operating assets	(86)	(1,971)	-95.6%	(416)	(2,440)	-83.0%
Amortization of intangible assets	-	(14,863)		(17,784)	(57,260)	-68.9%
Bargain purchase	(14,298)	48,804		(14,298)	48,804	
Other	(29,657)	(40,252)	-26.3%	(119,928)	(123,552)	-2.9%
Other operating expenses	(44,041)	(8,282)	431.8%	(152,426)	(134,448)	13.4%

In May 2022, the amortization ended for intangible assets originating from the acquisition of the Mexican subsidiaries, in 2012.

The "Others" line is composed of (i) expenses totaling R\$19 million from the sale of unserviceable items and other expenses (vs R\$33 million in 4Q21), mainly referring to M&A expenses; (ii) constitution and restatement of provisions totaling R\$8 million (R\$5 million in the previous year); and (iii) net expense of R\$3 million, referring to the write-off of PP&E items (R\$2 million in 4Q21).

The comparison base was impacted by revenues totaling R\$49 million in 4Q21, due to a bargain purchase (accounting effect) referring to the acquisition of the Betim and Aveiro plants. Bargain purchase is measured as a surplus between the net fair value, on the acquisition date, of the assets acquired and liabilities assumed regarding the acquisition amount. According to contractual conditions, the acquisition was subject to adjustments to be calculated, referring to assets, liabilities, and working capital. In 4Q22, these adjustments resulted in a reversal of R\$23 million, reducing the gain to R\$26 million.

In this period, revenues from a bargain purchase of R\$9 million, related to the acquisition of MWM do Brasil, were recognized. These effects led to expenses totaling R\$14 million.

NET FINANCIAL RESULT

Net Financial Result came in as an expense of R\$40 million.

	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Financial expenses	(81,671)	(47,523)	71.9%	(221,484)	(207,021)	7.0%
Financial income	46,458	10,303	350.9%	99,360	47,982	107.1%
Net monetary and currency variations	(4,802)	6,434		(19,730)	11,842	
Net Financial Result	(40,015)	(30,786)	30.0%	(141,854)	(147,197)	-3.6%

The increase in financial expenses in 4Q22 vs 4Q21 was mainly due to the increase of gross debt arising from debenture issuance, totaling R\$1 billion, aimed at the payment for the acquisition of MWM do Brasil, and the rise in the interest rate (SELIC), which directly impacts interests of borrowings in Brazilian reais.

Financial income reached R\$46 million in the period. The increase was due to a higher cash balance in Brazilian reais and the interest rates that remunerate financial investments.

Expenses from net monetary and currency variations totaled R\$ 5 million and were comprised of (i) a negative variation in the balance sheet accounts in foreign currency, of R\$19 million, resulting from the appreciation of the Brazilian real during the quarter, with no cash effect, and (ii) the result of the mark-to-market of hedge operations, corresponding to an income of R\$14 million in the period, with a positive cash effect of R\$ 5 million in the settled operations.

EARNINGS BEFORE TAXES AND NET INCOME

The Company's net income totaled R\$56 million, due to the growth in the operating result and financial expenses, lower depreciation of intangible assets, currency effect on the tax base, and non-recurring expenses with the restructuring of the new furnace in Mexico.

	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Income (loss) before tax effects	81,675	79,889	2.2%	643,078	288,027	123.3%
Tax effects before currency impacts	(49,958)	(20,525)	143.4%	(183,717)	(82,321)	123.2%
Gains before currency effects on the tax base	31,717	59,364	-46.6%	459,361	205,706	123.3%
Currency effects on the tax base	24,683	1,814	-	42,860	(2,794)	
Net Income	56,400	61,178	-7.8%	502,221	202,912	147.5%

The tax bases of the assets and liabilities of the companies located in Mexico, where the functional currency is the U.S. dollar, are held in Mexican pesos at their historical values. Fluctuations in exchange rates affect the tax bases and, consequently, the currency effects are recorded as deferred income tax revenues and/or expenses. In 4Q22, the Company recorded a revenue of R\$25 million, with no cash effect (vs a revenue of R\$2 million in 4Q21).

EBITDA

The combination of the aforementioned factors resulted in an EBITDA (CVM) of R\$206 million. EBITDA adjusted for tax credits, creation/update of provisions, and sale of property, plant, and equipment reached R\$250 million, with a margin of 9.7%.

	Consolidated (R\$ thousand)					
RECONCILIATION OF NET INCOME WITH EBITDA	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Net Income for the Period	56,400	61,178	-7.8%	502,221	202,912	147.5%
(+) Net Financial Result	40,015	30,786	30.0%	141,854	147,197	-3.6%
(+) Income Tax and Social Contribution	25,275	18,711	35.1%	140,857	85,115	65.5%
(+) Depreciation and Amortization	84,703	101,748	-16.8%	348,551	367,668	-5.2%
EBITDA (according to CVM Instruction 527/12)	206,393	212,423	-2.8%	1,133,483	802,892	41.2%
% of revenues	8.0%	10.3%		11.1%	11.3%	
(+) Other net operating expenses, net*	43,955	(8,552)		134,226	74,748	79.6%
Adjusted EBITDA	250,348	203,871	22.8%	1,267,709	877,640	44.4%
% of revenues	9.7%	9.9%		12.5%	12.4%	

The adjustments made to EBITDA aim to offset the effects from items less related to the business, have no cash effect, or are non-recurring. These expenses totaled R\$44 million in 4Q22 and refer to (i) the R\$19 million expense due to the sale of unserviceable items and other expenses, (ii) expenses from

the creation and update of provisions totaling R\$8 million, (iii) write-off of PP&E items totaling R\$3 million, and (iv) expenses related to a bargain purchase totaling R\$14 million (vs the positive result of R\$49 million reported in 4Q21).

The EBITDA in the period was impacted by non-recurring costs related to the rebuilding of the furnace structure in one of our operations in Mexico, totaling R\$41 million. Excluding this effect, EBITDA (CVM) and adjusted EBITDA totaled R\$247 million and R\$291 million, with margins of 9.5% and 11.2%, respectively. The report prepared by the Company, with the support of specialized advisory personnel, was presented to the insurance company and the process is under analysis.

The result for the quarter includes on month (December) of MWM do Brasil. The margin for the period was 3%, due to a seasonal effect and a one-off impact in volumes led by a change in the engine technology (Proconve P8 / Euro 6).

Annual Result

The year 2022 was marked by an increase in the cost of materials and sundry services due to the impacts of the COVID-19 pandemic on the supply chains. The unavailability of semiconductors and other inputs significantly impacted customers' production, affecting our volumes, which were lower than those observed in the pre-pandemic period, despite the high demand for applications that use our products. These factors impacted the Company's margins and working capital throughout the year.

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). The margins of these plants have significantly increased but are still below those of the other premises.

We have captured several synergies throughout 2022, which impacted all Company plants in an amount higher than that expected in the integration plan. We have also identified several opportunities that will be captured in 2023 and in the next few years in the procurement, operations, and commercial areas.

We also made negotiations and realized prices that, similarly to the synergies, will continue benefitting the Company.

These initiatives, together with the diverse actions taken by management, led to the **highest Adjusted EBITDA ever reported by the Company, of R\$1.3 billion**. EBITDA/kg sold, in turn, was also the highest ever reported. Return on Invested Capital (ROIC) reached 13.5% in 2022, compared to 10.6% in 2021.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Investments in property, plant and equipment, and intangible assets totaled R\$243 million in 4Q22, compared to R\$116 million in 4Q21.

	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Property, Plant, and Equipment						
Strategic investments	55,925	46,067	21.4%	138,315	106,296	30.1%
Maintenance and renovation of operating capacity	167,105	61,415	172.1%	279,515	120,990	131.0%
Environment	8,920	4,856	83.7%	24,256	13,501	79.7%
Interest and financial charges	2,825	904	212.5%	7,175	2,446	193.3%
Intangible assets						
Software & others	7,120	2,865	148.5%	22,517	10,823	108.0%
Projects under development	893	308	189.9%	3,336	3,118	7.0%
Total	242,788	116,415	108.6%	475,114	257,174	84.7%
<i>% on Revenues</i>	<i>9.4%</i>	<i>5.7%</i>		<i>4.7%</i>	<i>3.6%</i>	

The amounts refer mainly to new foundry and machining programs, increase in operating efficiency and synergies, the implementation of a new ERP (Enterprise Resource Planning) system, and investments in health, safety, and the environment.

Investments aimed at rebuilding the smelting system in Mexico totaled R\$78 million in 4Q22.

WORKING CAPITAL

	Consolidated (R\$ thousand)				
	4Q22	3Q22	2Q22	1Q22	4Q21
Balance sheet					
Accounts receivable	2,031,380	1,994,902	2,046,607	1,511,386	1,251,097
Inventories	2,207,884	1,589,339	1,706,324	1,347,450	1,487,934
Accounts payable	1,682,446	1,266,979	1,523,747	1,086,964	1,239,828
Sales outstanding [days]	60	75	82	65	58
Inventories [days]	79	74	83	68	81
Payables outstanding [days]	57	60	72	55	63
Cash conversion cycle [days]	82	89	93	78	76

We also observed a decline of seven days in the cash conversion cycle compared to 3Q22. The main lines presented the following variations:

- Despite the inclusion of Accounts Receivable originating from MWM do Brasil's operations, the average receivables days fell by 15 days of sales because of the period seasonality (lower sales compared to 3Q22). Accounts Receivable in foreign currency (70% of the total) were also impacted by the currency depreciation (closing rate of US\$/R\$5.22 in December /22 vs US\$/R\$5.41 in September/22).

- Inventories increased by R\$619 million, representing an increase of five days concerning the Cost of Goods Sold. The increase was mainly due to the inclusion of MWM do Brasil and seasonality.
- Increase of R\$415 million in Accounts Payable, with a decline of 3 days compared to the previous quarter. The variation was mainly due to the acquisition of the new operation and the effect of the currency variation in foreign-currency commitments (47% of the total).

CASH FLOW

CASH FLOW SUMMARY	Consolidated (R\$ thousand)					
	4Q22	4Q21	Var. [%]	2022	2021	Var. [%]
Cash and cash equivalents at the beginning of the period	1,968,041	1,091,723	80.3%	1,272,445	1,425,113	-10.7%
Cash from operating activities	426,213	300,635	41.8%	401,695	324,266	23.9%
Cash used in investing activities	(836,846)	(24,397)		(1,063,907)	(171,011)	522.1%
Cash provided by (used in) financing activities	(38,932)	(112,544)	-65.4%	923,562	(383,312)	
Currency effect on the cash for the year	(8,647)	17,028		(23,966)	77,389	
Decrease in cash and cash equivalents	(458,212)	180,722	41.8%	237,384	(152,668)	
Cash and cash equivalents at the end of the period	1,509,829	1,272,445	18.7%	1,509,829	1,272,445	18.7%

The Company reported the **highest operating cash generation ever** for a quarter, of R\$426 million, compared to the R\$301 million reported in 4Q21. Among other factors, the result was due to the positive variation in working capital, with a decline in the cash conversion cycle compared to the previous quarter, because of management's diverse initiatives and seasonal factors. The impact of costs with the rebuilding of the casting structure in Mexico was R\$41 million.

Regarding the investment activities, in 4Q22, R\$837 million were consumed, mainly regarding the acquisition of MWM for R\$855 million, mitigated by MWM do Brasil's cash position, totaling R\$243 million, subject to total or partial return to the selling shareholder, based on contractual conditions.

Furthermore, investments increased year over year, and were related to new products and casting programs and projects, gains in efficiency & synergies among the operations, information technology systems, safety, and the environment. Investments related to the rebuilding of the structure in Mexico totaled R\$78 million. The YoY comparison was impacted by the receipt, in 4Q21, of R\$60 million in cash position and other adjustments related to the acquisition of the iron casting business of Teksid in Brazil and Portugal.

Regarding the financing activities, cash consumed in 4Q22 came to R\$39 million, R\$ 32 million of which was from interest on equity, compared to the R\$20 million recorded in the same period of the previous year. 4Q21 brings the impact of the amortization of intercompany loans, totaling R\$86 million, related to the units acquired in Betim and Aveiro, held with Teksid do Brasil and Teksid S.p.A, respectively, settled on the closing day of the operation, as provided for in the agreement between the parties.

The combination of these factors and the currency variation on cash, with a negative effect of R\$9 million, resulted in a decrease of R\$458 million in cash and cash equivalents in the period. Accordingly, we ended 2022 with a balance of R\$1,510 million.

INDEBTEDNESS

The Company ended 4Q22 with net debt of R\$2.0 billion, corresponding to a **net debt/LTM Adjusted EBITDA ratio of 1.58x**, and the indicator includes the EBITDA of one month (December) of MWM do Brasil.

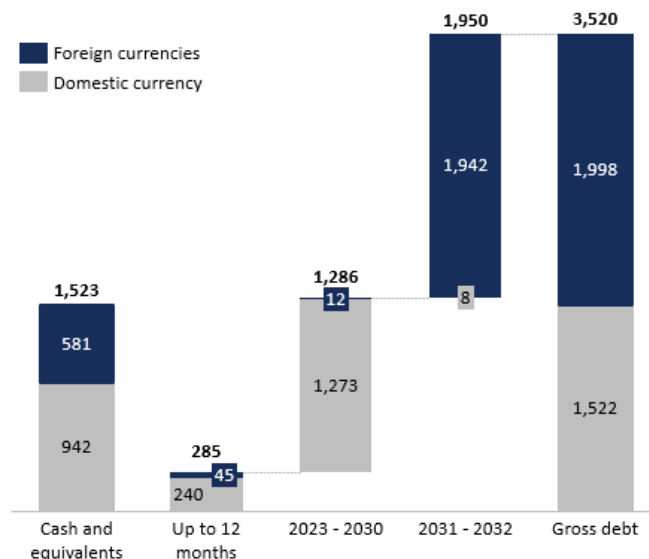
On September 2022, we issued a debt instrument in local currency (debenture), totaling R\$1 billion (net amount of R\$994 million after commissions), which was used to pay for the acquisition of MWM. The cost of debt is CDI +1.5% p.a., with semi-annual interest payments and amortization in two installments (September 2026 and 2027). In November 2022, a disbursement of R\$855 million was made.

The cash balance of MWM do Brasil is R\$243 million, subject to adjustments, with expected total or partial return to the selling shareholder, according to contractual clauses. Excluding this amount, the net debt/EBITDA ratio would be 1.77x.

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 Company's cash balance, 62% of the amount is denominated in Brazilian reais and 38% in foreign currency.

INDEBTEDNESS	Consolidated (R\$ thousand)				
	4Q22	3Q22	2Q22	1Q22	4Q21
Short term	284,633	213,008	188,354	241,374	508,889
Financing and loans	284,303	209,723	184,673	241,374	507,486
Derivative financial instruments	330	3,285	3,681	-	1,403
Long term	3,235,576	3,304,338	2,292,076	2,107,347	2,103,738
Gross debt	3,520,209	3,517,346	2,480,430	2,348,721	2,612,627
Cash and cash equivalents	1,509,829	1,968,041	838,441	952,897	1,272,445
Derivative financial instruments	13,433	5,350	4,639	27,129	678
Net debt	1,996,947	1,543,955	1,637,350	1,368,695	1,339,504
Gross debt/Adjusted EBITDA	2.78x	2.88x	2.15x	2.37x	2.98x
Net debt/Adjusted EBITDA	1.58x	1.27x	1.42x	1.38x	1.53x

The Company's debt profile is as follows:



Cash and cash equivalents include derivatives instruments. All amounts in R\$ million.

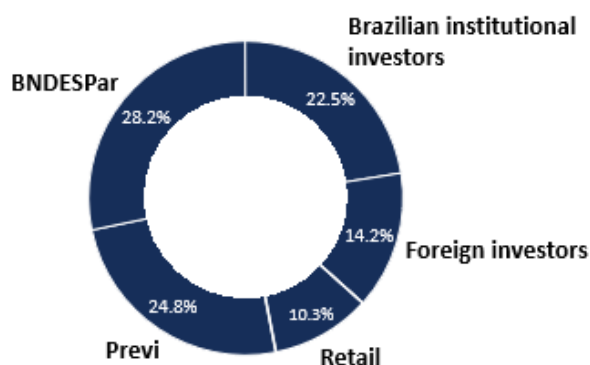
▷ PAYMENT OF INTEREST ON EQUITY (IOE)

On December 23, the Board of Directors' Meeting approved the distribution of interest on equity, of R\$33 million (gross amount), which will be paid on April 04, 2023, to shareholders of record on December 29, 2022.

▷ 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:



Anexo I – Production and sales of commercial vehicles in Brazil

	4Q22	4Q21	Var. (%)	3Q22	Var. (%)
Produção					
Trucks					
Semi-light	396	517	-23.4%	329	20.4%
Light	5,800	5,400	7.4%	5,103	13.7%
Medium	2,548	1,478	72.4%	2,447	4.1%
Semi-heavy	12,826	12,046	6.5%	13,930	-7.9%
Heavy	23,571	21,067	11.9%	23,094	2.1%
Total Trucks	45,141	40,508	11.4%	44,903	0.5%
Buses	7,840	4,316	81.6%	10,493	-25.3%
Commercial Vehicles	52,981	46,788	13.2%	55,396	-4.4%
Sales					
Trucks					
Semi-light	2,205	1,020	116.2%	2,377	-7.2%
Light	2,359	3,510	-32.8%	3,000	-21.4%
Medium	2,427	3,050	-20.4%	2,454	-1.1%
Semi-heavy	8,193	8,663	-5.4%	9,118	-10.1%
Heavy	18,296	17,163	6.6%	18,608	-1.7%
Total Trucks	33,480	33,406	0.2%	35,557	-5.8%
Buses	5,453	3,124	74.6%	4,595	18.7%
Commercial Vehicles	38,933	36,530	6.6%	40,152	-3.0%
Export					
Trucks					
Semi-light	241	162	48.8%	98	145.9%
Light	656	871	-24.7%	778	-15.7%
Medium	214	177	20.9%	274	-21.9%
Semi-heavy	2,038	1,638	24.4%	1,892	7.7%
Heavy	4,329	3,192	35.6%	3,797	14.0%
Total Trucks	7,478	6,040	23.8%	6,839	9.3%
Buses	1,252	1,384	-9.5%	1,815	-31.0%
Commercial Vehicles	8,730	7,424	48.8%	8,654	145.9%

Source: ANFAVEA

Anexo II – Production and sales of light and commercial vehicles in international markets

	4Q22	4Q21	Var. (%)	3Q22	Var. (%)
North America					
Production					
Passenger cars	685,258	633,368	4.3%	685,299	0.0%
Light Comercial Vehicles	2,950,849	2,655,479	8.2%	2,555,860	15.5%
% Light Commercial Vehicles	81.2%	80.7%		78.9%	
Light Duty 4-5	24,151	24,842	-2.8%	26,884	-10.2%
Medium Duty Classe 6-7	35,519	33,211	6.9%	32,295	10.0%
Medium Duty Classe 8	80,377	74,341	8.1%	85,154	-5.6%
Medium & Heavy Duty	140,047	132,394	5.8%	144,333	-3.0%
United States					
Sales					
Passenger cars	758,917	645,909	17.3%	721,273	5.2%
Light Comercial Vehicles	2,863,253	2,698,900	7.9%	2,683,377	6.7%
% Light Commercial Vehicles	79.0%	80.7%		78,8%	
Light Duty 4-5	30,155	37,046	-16.2%	30,813	-2.1%
Medium Duty Classe 6-7	31,434	27,241	8.6%	27,974	12.4%
Medium Duty Classe 8	75,118	58,273	28.7%	67,071	12.0%
Medium & Heavy Duty	136.707	122,560	10.9%	125,858	8.6%
Europe					
Sales					
Automóveis	2,472,349	2,173,642	13.8%	2,176,387	13.6%

Source: Automotive News; Bloomberg; ACEA

Anexo III – Agricultural machinery production and sales in global markets

	(Unidades)				
	4Q22	4Q21	Var. (%)	3Q22	Var. (%)
Sales					
Americas					
Estados Unidos & Canada	72,862	84,110	-13.4%	77,645	-6.2%
Europa					
Germany	10,640	13,303	-20.0%	13,764	-22.7%

Source: ANFAVEA; Bloomberg; AEM