Highest EBITDA and Operating Cash Generation Ever

Efficiency gains and favorable currency scenario mitigated the impact of the drop in volumes in 2024

Earnings Call

Date: March 28, 2025

Portuguese/English

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Website: www.tupy.com.br/ri

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- **Net Revenue: R$10.7 billion in 2024 (-6% vs. 2023).** The depreciation of the Brazilian real and the 17% growth of MWM's revenue mitigated the impact of the reduction of roughly 20% in the physical sales volume, due to the lower demand for commercial vehicles and off-road applications in the export market.

- **Gross Profit: R$1.9 billion,** with a margin of 18.1% (vs. 17.0% in 2023).

- **Adjusted EBITDA: R$1.3 billion (+2% vs. 2023), the highest figure ever,** due to efficiency gains and the favorable currency scenario.

- **Adjusted EBITDA margin of 12.1%** (vs. 11.1% in 2023).

- **The traditional business's margin reached 13%**, close to that of the period prior to the acquisitions (14%), despite falling volumes and synergy projects yet unfinished, like the relocation of production to more efficient lines. MWM's margin was 8%, vs. 6% in the period prior to the acquisition.

- **Highest Operating Cash Generation ever, amounting to R$1.4 billion,** due to operational efficiency and working capital management initiatives, the favorable currency scenario, and the performance of MWM's operation.

- **Net Income: R$82 million** (vs. R$517 million in 2023), due to the effect of the appreciation of the Mexican peso on the tax base and the impairment of assets, in the amount of R$250 million, with no cash effect, owing to initiatives to relocate production to more efficient lines.

- **Shareholder remuneration:** (i) Interest on equity of R$190 million, referring to the 2024 fiscal year; and (ii) share buyback in the amount of R$173 million*.

* Cash effect of R$143 million in the period.

MESSAGE FROM MANAGEMENT

The year 2024 was marked by the execution of important stages of our strategy, as well as the development of businesses and technologies that define the New Tupy.

We made significant progress in managing our traditional business, as outlined in the integration plan following the acquisition of the Aveiro and Betim plants. We assumed the role of market consolidators, reversing challenging trends by reducing costs and optimizing structures, strengthening our business, and capturing efficiency opportunities for sustainable growth. The completion of this project will occur by the end of the year, concentrating production in more efficient assets, which is expected to generate cost reductions exceeding R$150 million per year.

These actions, combined with disciplined cost management, led to outstanding results in 2024, with margin growth and record operating cash flow generation, despite weak performance in key markets such as the United States and Europe.

Net revenue reached R$10.7 billion, down by 6% from the previous year. The revenue growth from MWM's services and distribution, along with a favorable exchange rate environment, helped mitigate the double-digit decline in physical sales volume in the traditional business (iron cast products).

Despite the challenging scenario, Adjusted EBITDA reached R$1.3 billion, the highest in the Company's history, with 2% year-over-year growth and a margin of 12.1% (vs. 11.1% in 2023).

Net income for the period was R$82 million, impacted, among other factors, by a non-cash impairment of R$250 million, resulting from initiatives to optimize capacity and reallocate production to more efficient lines.

Throughout the year, we prioritized operating cash flow generation, which reached R$1.4 billion, also the highest in our history. The net debt-to-Adjusted EBITDA ratio stood at 1.8x, a comfortable level, in line with historical indicators, reflecting a consistent and balanced financial management approach.

This performance allowed the Company to substantially reward its shareholders, declaring R$190 million in interest on equity, related to the 2024 fiscal year, with a dividend yield of approximately 6%. Additionally, we seized the opportunity to allocate capital to share buybacks, an efficient investment that reinforces confidence in the business and generates value for shareholders, with R$173 million allocated during the period.

We increased margins in the traditional business, despite a decline in sales volume. We expanded our presence in manufacturing services and new businesses, many of which still present negative margins due to technical and commercial development investments, which precede revenue generation. These outstanding results reflect the execution of planned actions, our confidence in future prospects, and, most importantly, the dedication of all teams.

Results by Business

Results by Business *	Revenues (R$ million)			EBITDA Margin	
	2024	2023	Var.	2024	2023
Tupy	**10,665**	**11,368**	**-6%**	**12.1%**	**11.1%**
Traditional Business	**7,963**	**9,057**	**-12%**	**13.4%**	**11.7%**
MWM	**2,702**	**2,311**	**17%**	**8.4%**	**8.9%**
Services, Engineering, and Proprietary Engines	1,689	1,419	19%	8%	-
Aftermarket	508	487	4%	26%	-
Gensets	424	355	19%	7%	-
New Businesses	82	50	63%	-81%	-

*unaudited

Traditional Business: operational efficiency and volume recovery

In the international market, the decline in road freight prices and high interest rates led fleet operators to postpone fleet expansion and replacement, impacting commercial vehicle sales. On the other hand, the domestic market saw growth in heavy vehicle production in 2024, with a notable recovery in sales compared to 2023. In the off-road segment, we observed impacts from lower commodity prices and a slower pace of residential construction activity in the United States, as well as stabilization in non-residential construction indicators.

The combination of these factors resulted in a **12% decline in revenue for the traditional segment compared to the previous year**, equivalent to a reduction of over R$1 billion. However, a strong set of initiatives, including cost optimization, operational efficiency gains, and process restructuring, combined with a favorable exchange rate, drove absolute EBITDA growth, **reaching a margin of 13.4% (vs. 11.7% in 2023)**.

Since the pre-acquisition margin was approximately 14.0%, and a significant portion of operational gains has yet to be captured, we remain optimistic about future prospects. Currently, three of our five plants are operating at reduced occupancy rates, impacting results, but there is significant recovery potential as these assets are utilized more efficiently.

Looking ahead, we foresee a sales recovery, as already indicated by customers starting in the second half of 2025, driven by: (i) economic growth and the need for fleet replacement; (ii) expected improvement in sector indicators, such as freight prices and volumes; and (iii) pre-buy expectations, given the change in engine emission regulations in the United States starting in 2027. The implementation of potential tax reduction policies and lower transportation sector regulation could also positively impact truck sales, as well as infrastructure investments.

This volume increase will be absorbed by a leaner and more optimized industrial structure, which will benefit from operational leverage, resulting in higher profitability. Additionally, a new lineup of products is in the final stages of development, featuring greater technical complexity and more attractive margins, including high-value-added services such as machining. All necessary investments have already been made, and these projects will begin generating revenue in 2025.

Operational efficiency and competitiveness are fundamental pillars of this business and drive our ability to secure new contracts.

MWM: value creation and growth opportunities

MWM's revenues reached **R$2.7 billion in 2024, with an EBITDA margin of 8.4%** (vs. 6% at acquisition).

This performance resulted from cost reduction initiatives and process improvements, which will be intensified in 2025, particularly in the Energy & Decarbonization unit. Scaling new businesses with higher margins will also contribute to increased profitability.

Services, Engineering, and Proprietary Engines

The combination of Tupy's traditional business with MWM has created a unique value proposition in the industry, offering engine engineering services, component logistics management, biofuel conversion projects, and engine assembly for various customers. Our negotiation pipeline includes a wide range of projects, resulting from the growing demand for outsourcing and content nationalization solutions. Given the nature of the services sector, such as lower investment and working capital requirements, this business delivers a high a return on invested capital (ROIC) and strong cash generation.

Sales of proprietary engines were impacted by lower demand from equipment manufacturers in the construction and agribusiness sectors. However, these platforms continue to play a strategic role in value creation, driving products such as motor pumps and marine engines.

Distribution of engine spare parts

This unit has experienced an average annual growth rate of 16% over the past four years, driven by the expansion of our product portfolio and distribution network, which is now the second largest in Brazil. The strength of the MWM brand and the launch of our services will further increase market share, establishing us as a reference in engine solutions across cargo transportation, construction, agribusiness, and generator sets segments.

Generator Sets

We have been active in the generator sets market since 2019 and have established ourselves as industry leaders in Brazil, with annual growth exceeding 10% over the past three years (19% in 2024 compared to the previous year). This growth is driven by the high quality of our products and the rising demand for backup and energy generation solutions across various sectors such as industry, commerce, hospitals, agribusiness, and data centers. We have expanded our portfolio with biofuel-powered models, reinforcing our commitment to innovation and sustainability. Our growth plan includes entering the large-scale equipment market (above 2,000 kVA) and expanding into international markets.

Margins were affected by lower sales volume in the early months of 2024 and the ramp-up of new products. Throughout the year, various efficiency gain initiatives were implemented, contributing to a return to double-digit levels in the first two months of 2025.

Innovation and New Businesses: Marine, Vehicle Transformation, Bio Plants, and Battery Recycling

Beyond the strong growth outlook in our established segments, we remain committed to developing new businesses based on innovation and our Company's expertise. These projects include Bio plants and fertilizers; replacing conventional engines with biofuel-powered solutions for trucks; irrigation systems; and work marine engines; among other strategic initiatives. All business models developed have already been commercially launched and are in a phase of accelerated growth. However, development, demonstration, and commercialization expenses still exceed revenues generated from these initiatives.

Recent acquisitions have added knowledge and talent, contributing to the creation of a more competitive Company with clear opportunities for growth and value generation. A common factor among these acquisitions is innovation, technical expertise, and the development of solutions for feasible decarbonization and energy efficiency in key sectors such as transportation, infrastructure, and agribusiness.

Research and Development are the foundation of our business, and over time, they have established Tupy as a reference in the markets where it operates. The competency base we are building will allow us to expand and diversify our revenue streams in segments where we have strong competitive advantages. In 2024, expenses on these technologies and their related structures exceeded R$120 million.

Geopolitical uncertainties—including potential tariffs that could affect supply to our key market—require close attention. However, our contracts include strategic protections, and we benefit from production flexibility across our plants. Furthermore, we fully comply with USMCA guidelines. The strong economic momentum in the United States, coupled with infrastructure renewal efforts, is expected to positively impact our American customers, reinforcing our confidence in long-term demand.

We are proud of the results achieved in 2024, especially considering a challenging scenario full of uncertainties and external factors beyond our control. We look to the future with optimism, driven by solid growth and transformation prospects. This progress is only possible thanks to the talent and dedication of our 19,000 employees, who, with effort and determination, are building a stronger and more competitive New Tupy.

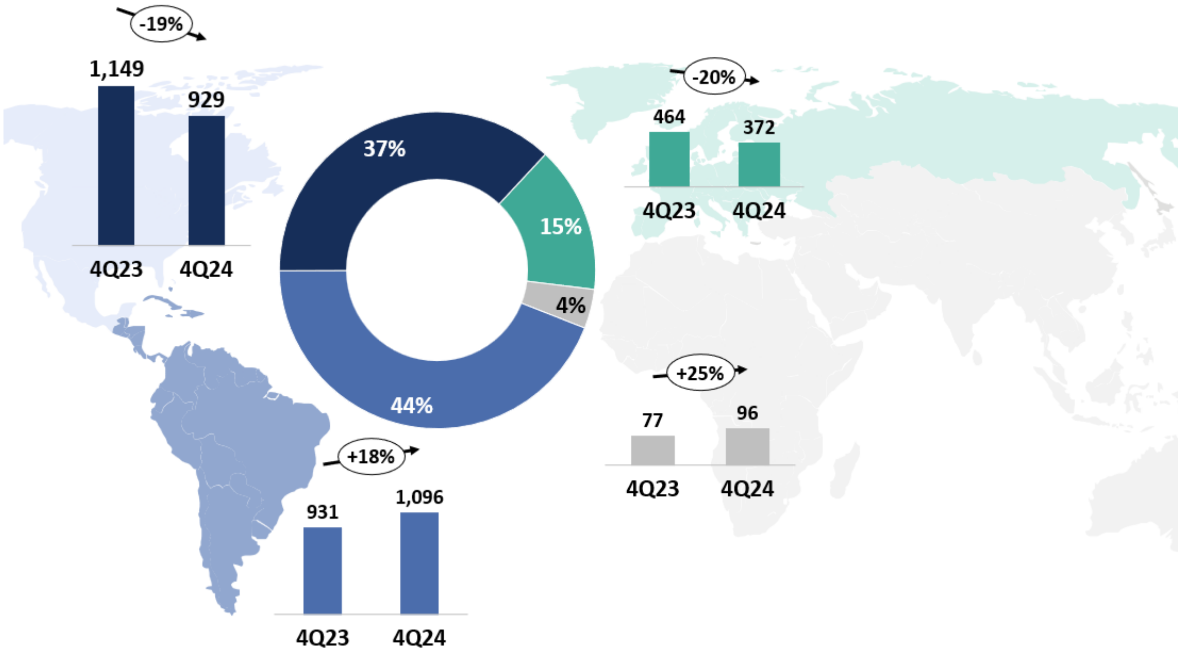
SUMMARIZED RESULTS

	Consolidated (R$ thousand)					
SUMMARY	**4Q24**	**4Q23**	**Var. [%]**	**2024**	**2023**	**Var. [%]**
Revenues	**2,493,426**	**2,621,978**	**-4.9%**	**10,665,110**	**11,368,190**	**-6.2%**
Cost of goods sold	(2,069,985)	(2,207,524)	-6.2%	(8,738,519)	(9,433,067)	-7.4%
Gross Profit	**423,441**	**414,454**	**2.2%**	**1,926,591**	**1,935,123**	**-0.4%**
% on Revenues	*17.0%*	*15.8%*		*18.1%*	*17.0%*	
Operating expenses	(275,347)	(258,304)	6.6%	(1,011,320)	(1,028,150)	-1.6%
Impairment	(250,126)	-	-	(250,126)	-	-
Other operating income (expenses)	16,185	14,952	8.2%	(105,478)	(77,338)	36.4%
Income/Loss before Financial Result	**(85,847)**	**171,102**	**-**	**559,667**	**829,635**	**-32.5%**
% on Revenues	*-*	*6.5%*		*5.2%*	*7.3%*	
Net financial result	10,762	(83,346)	-	(300,539)	(291,495)	3.1%
Income/Loss before Tax Effects	**(75,085)**	**87,756**	**-**	**259,128**	**538,140**	**-51.8%**
% on Revenues	*-*	*3.3%*		*2.4%*	*4.7%*	
Income tax and social contribution	(22,581)	72,032	-	(176,688)	(21,127)	736.3%
Net Income/Loss	**(97,666)**	**159,788**	**-161.1%**	**82,440**	**517,013**	**-84.1%**
% on Revenues	*-*	*6.1%*		*0.8%*	*4.5%*	
EBITDA (CVM Inst. 527/12)	**270,719**	**267,380**	**1.2%**	**1,196,891**	**1,196,175**	**0.1%**
% on Revenues	*10.9%*	*10.2%*		*11.2%*	*10.5%*	
Adjusted EBITDA	**252,422**	**250,249**	**0.9%**	**1,293,899**	**1,264,879**	**2.3%**
% on Revenues	*10.1%*	*9.5%*		*12.1%*	*11.1%*	
Average exchange rate (BRL/USD)	**5.83**	**4.96**	**17.5%**	**5.39**	**4.99**	**8.0%**
Average exchange rate (BRL/EUR)	6.22	5.33	16.7%	5.83	5.40	8.0%

REVENUES

In 4Q24, 37% of revenues originated in North America. The South and Central Americas accounted for 44%, and Europe for 15%. 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 many other countries. Therefore, a substantial portion of sales to this region meets the global demand for commercial vehicles, machinery, and off-road equipment.



Consolidated (R$ thousand)

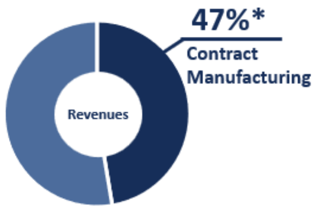
	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
Revenues	**2,493,426**	**2,621,978**	**-4.9%**	**10,665,110**	**11,368,190**	**-6.2%**
Domestic Market	**1,019,770**	**900,050**	**13.3%**	**4,165,743**	**3,698,292**	**12.6%**
Structural Components and Manufacturing Contracts	**723,795**	**616,451**	**17.4%**	**3,033,055**	**2,605,873**	**16.4%**
Commercial vehicles (and passenger cars)	660,126	568,790	16.1%	2,742,993	2,309,391	18.8%
Off-road	63,669	47,661	33.6%	290,062	296,482	-2.2%
Energy and Decarbonization	**142,250**	**132,584**	**7.3%**	**533,591**	**506,926**	**5.3%**
Distribution (aftermarket and hydraulics)	**153,725**	**151,015**	**1.8%**	**599,097**	**585,493**	**2.3%**
Export Market	**1,473,656**	**1,721,928**	**-14.4%**	**6,499,367**	**7,669,898**	**-15.3%**
Structural Components and Manufacturing Contracts	**1,389,006**	**1,626,280**	**-14.6%**	**6,157,859**	**7,244,331**	**-15.0%**
Commercial vehicles (and passenger cars)	991,163	1,164,002	-18.4%	4,616,156	5,118,614	-9.8%
Off-road	397,842	462,278	-13.9%	1,541,702	2,125,717	-27.5%
Energy and Decarbonization	**35,905**	**39,050**	**-8.1%**	**140,770**	**193,628**	**-27.3%**
Distribution (aftermarket and hydraulics)	**48,745**	**56,598**	**-13.9%**	**200,738**	**231,939**	**-13.5%**

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

REVENUE BY BUSINESS UNIT

Structural Components and Manufacturing Contracts

Δ % Revenues	% Revenues DM	% Revenues FM
- 6%	71%	94%



*% of products with added value (machining and/or assembly)

The favorable currency scenario and the better product mix mitigated the impact of the reduction in sales volume.

Demand from the export market was affected by freight prices still depreciated, affecting the renewal and expansion of fleets. Potential buyers postponed vehicle acquisitions, observing the implications of the U.S. elections and changing interest rates.

In the domestic market, the performance of truck production in Brazil positively impacted our operations in structural components and manufacturing contracts, with emphasis on the growth of operations in the assembly of third-party engines. In turn, we noted a reduction in volumes destined for indirect exports, which consist of the sending of engines, blocks and machined cylinder heads to the export market.

Demand from off-road applications was mainly affected by the drop in global prices of agricultural commodities and high interest rates, impacting the construction market.

We have made progress in our product value creation strategy. Approximately 47% of revenues came from products that contain machining or engine assembly services for third parties (Manufacturing Contracts), a percentage that was 40% in 4Q23.

Energy and Decarbonization

Δ % Revenues	% Revenues DM	% Revenues FM
4% ▲	14%	2%

Revenues from sales of generating groups increased by 28% over a year earlier, due to the growth in sales volume in the domestic and export markets and the higher average price (product mix).

This fact, coupled with higher revenue from new businesses, mitigated the effect of the decline in own engine sales, chiefly used by equipment manufacturers. Interest rates, agricultural commodity prices and adverse credit conditions negatively affected demand for these applications.

The segment accounted for 14% of the Company's net revenue in the domestic market and 7% of total revenue.

Distribution

Δ % Revenues	% Revenues DM	% Revenues FM
- 2% ▼	15%	3%

Revenues from the Distribution segment saw a 2% decline, due to the lower economic activity, especially in the export market, in the hydraulic products business, which consists of iron profiles and connections. In contrast, the aftermarket unit saw a growth in sales, delivering a performance 5% higher than the same period a year ago.

The indicator reflects the strategy to launch new products and expand distribution channels focused on the aftermarket of diesel-powered engine parts used in various applications.

The segment was responsible for 15% of the Company's net revenue in the domestic market and 8% of the total revenue.

COST OF GOODS SOLD AND OPERATING EXPENSES

COGS totaled R$2.1 billion in 4Q24, down by 6% over 4Q23.

The impact of the drop in production and sales volumes, with an effect on the dilution of fixed costs, was mitigated by several initiatives to reduce costs and expenses, in addition to productivity gains and synergies implemented over the past quarters. As a result, gross margin reached 17.0%, a significant growth compared to the 15.8% reported in 4Q23.

In 2024, COGS dropped by 7% (vs. a drop of 6% in revenues). The gross margin was 18.1% in the period, vs. 17% in the previous year.

	Consolidated (R$ thousand					
	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
Revenues	**2,493,426**	**2,621,978**	**-4.9%**	**10,665,110**	**11,368,190**	**-6.2%**
Cost of goods sold	**(2,069,985)**	**(2,207,524)**	**-6.2%**	**(8,738,519)**	**(9,433,067)**	**-7.4%**
Raw material	(1,259,049)	(1,326,634)	-5.1%	(5,298,767)	(5,808,198)	-8.8%
Labor, profit sharing, and social benefits	(405,370)	(471,698)	-14.1%	(1,828,353)	(1,904,891)	-4.0%
Maintenance materials and third parties	(165,251)	(169,401)	-2.4%	(677,368)	(702,836)	-3.6%
Energy	(108,338)	(110,950)	-2.4%	(444,257)	(464,367)	-4.3%
Depreciation and amortization	(94,778)	(83,772)	13.1%	(343,675)	(330,812)	3.9%
Others	(37,199)	(45,069)	-17.5%	(146,101)	(221,962)	-34.2%
Gross profit	**423,441**	**414,454**	**2.2%**	**1,926,591**	**1,935,123**	**-0.4%**
% on Revenues	*17.0%*	*15.8%*		*18.1%*	*17.0%*	
Operating expenses	**(275,347)**	**(258,304)**	**6.6%**	**(1,011,320)**	**(1,028,150)**	**-1.6%**
% on Revenues	*11.0%*	*9.9%*		*9.5%*	*9.0%*	

Costs in 4Q24 were also mainly affected by:

- Raw materials: efficiency gain initiatives and the depreciation of the Mexican peso, mitigating the effect of inflation on materials;
- Labor: impact of efficiency gains (organizational structure and lower headcount) and the depreciation of the Mexican peso;
- Maintenance and third-party services: reduced due to management initiatives and the depreciation of the Mexican peso, partially offsetting the inflation of services;
- Energy: reduced mainly due to the lower sales volume in the period;
- Depreciation: increased due to the depreciation of the Brazilian real against the U.S. dollar, with an impact on the value of foreign currency assets.
- Decrease of R$8 million in other operating costs. The line includes costs with the handling of products and materials, engine engineering projects, leases, and health and safety, among other items.

Operating expenses (including administrative and selling expenses) reached R$275 million, up by 7% from 4Q23, chiefly impacted by freight expenses arising from logistics bottlenecks.

OTHER OPERATING INCOME (EXPENSES)

Other net operating income/expenses came in as an income of R$16 million in 4Q24, compared to an income of R$15 million in the previous year.

	Consolidated (R$ thousand)					
	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
Depreciation of non-operating assets	(2,112)	(2,179)	-3.1%	(8,470)	(8,634)	-1.9%
Bargain purchase	-	29,103	-	-	29,103	-
Others	18,297	(11,972)	-	(97,008)	(97,807)	-0.8%
Other operating income and expenses	**16,185**	**14,952**	**8.2%**	**(105,478)**	**(77,338)**	**36.4%**
Impairment	(250,126)	-	-	(250,126)	-	-
Total adjustments due to impairment	**(250,126)**	**-**	**-**	**(250,126)**	**-**	**-**

The “Other” line consists of net revenue of R$18 million, arising from (i) the sale of unserviceable assets and the write-off of PP&E, with net revenue of R$7 million (vs. a R$19 million revenue in 4Q23); (ii) the creation/restatement of provisions, in the amount of R$19 million (vs. R$31 million in 4Q23); (iii) expenses of R$32 million with restructurings, and (iv) the reversal of impairment of ICMS tax credits, with a positive result of R$62 million.

The Company’s synergy plan arising from the acquisition provided for the relocation, among other initiatives, of production to more efficient lines. As a result, the Company reduced its operating capacity.

In this context, PP&E and intangibles were tested for impairment, resulting in R$250 million adjustments, with no cash effect.

This project, to be finished in 2025, will lead to a R$150-200 million reduction in costs every year.

NET FINANCIAL RESULT

Net Financial Result came in as an income of R$11 million in 4Q24, against an expense of R$83 million in the same period a year ago.

	Consolidated (R$ thousand)					
	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
Financial expenses	(116,734)	(93,371)	25.0%	(400,941)	(340,075)	17.9%
Financial income	43,698	29,650	47.4%	152,067	108,104	40.7%
Net monetary and currency variations	83,798	(19,625)	-	(51,665)	(59,524)	-13.2%
Net Financial Result	**10,762**	**(83,346)**	-	**(300,539)**	**(291,495)**	3.1%

The variation in financial expenses year on year in 4Q24 was mainly due to (i) new fundraising, with the consequent increase in expenses related to the payment of interest, and (ii) the depreciation of the Brazilian real against the U.S. dollar, impacting the provision of interest on foreign currency debts.

The financial income reached R$44 million in the period, due to the increase in cash position from fundraising and operating cash generation, mitigating the effect of the decline in interest income from financial investments in the annual comparison.

Revenues from net monetary and currency variations totaled R$84 million and were comprised of (i) the result of hedge transactions, corresponding to an expense of R$30 million in the period, with revenues of R$8 million from mark-to-market of exchange rate hedging instruments and R$38 million from the cash effect of settled transactions; and (ii) a positive variation in the balance sheet accounts in foreign currency, of R$114 million, due to the depreciation of the Brazilian real against the U.S. dollar in relation to the previous quarter.

INCOME/LOSS BEFORE TAX EFFECTS AND NET INCOME/LOSS

The Company's net result in the quarter was negative by R$98 million, mainly impacted by the accounting write-down of assets (impairment) in the amount of R$250 million, related to projects to gain operational efficiency, with the relocation of production to lower-cost lines. Excluding this effect, the net income would be R$67 million in 4Q24 and R$247 million in 2024.

The result was also impacted by currency effects on the tax base (an expense of R$22 million vs. revenue of R$20 million in 4Q23), with no cash effect.

	Consolidated (R$ thousand)					
	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
Income/Loss before Tax Effects	**(75,085)**	**87,756**	**-**	**259,128**	**538,140**	**-51.8%**
Tax effects before currency impacts	171	51,939	-	(76,489)	(86,622)	-11.7%
Income/Loss before currency effects on the tax base	**(74,914)**	**139,695**	**-**	**182,639**	**451,518**	**-59.6%**
Currency effects on the tax base	(22,752)	20,093	-	(100,199)	65,495	-
Net Income/Loss	**(97,666)**	**159,788**	**-**	**82,440**	**517,013**	**-84.1%**
% on revenues	-	*6.1%*		*0.8%*	*4.5%*	

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 2024, this effect had a negative impact of R$100 million on the result (vs. gains of R$65 million in 2023).

EBITDA

The combination of the aforementioned factors resulted in CVM EBITDA of R$271 million, with a margin of 10.9% (vs. 10.2% in 4Q23). EBITDA reached R$1.2 billion in the year, with a margin of 11.2% (vs. 10.5% in the same period in 2023).

EBITDA adjusted for other operating expenses and income (creation/restatement of provisions, as a result of PP&E sales, and other expenses) reached R$252 million, with a margin of 10.1% in 4Q24 (vs. 9.5% in 4Q23). Year to date, Adjusted EBITDA reached R$1.3 billion, up by 2%, with a margin of 12.1% (vs. 11.1% in 2023).

	Consolidated (R$ thousand)					
RECONCILIATION OF NET INCOME WITH EBITDA	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
Net Income for the Period	**(97,666)**	**159,788**	**-**	**82,440**	**517,013**	**-84.1%**
(+) Net Financial Result	(10,762)	83,346	-	300,539	291,495	3.1%
(+) Income Tax and Social Contribution	22,581	(72,032)	-	176,688	21,127	736.3%
(+) Depreciation, Amortization and Impairment	356,566	96,278	270.4%	637,224	366,540	73.8%
EBITDA (CVM 527/12)	**270,719**	**267,380**	**1.2%**	**1,196,891**	**1,196,175**	**0.1%**
% on revenues	*10.9%*	*10.2%*		*11.2%*	*10.5%*	
(+) Other Operating Expenses, Net	(18,297)	(17,131)	6.8%	97,008	68,704	41.2%
Adjusted EBITDA	**252,422**	**250,249**	**0.9%**	**1,293,899**	**1,264,879**	**2.3%**
% on revenues	*10.1%*	*9.5%*		*12.1%*	*11.1%*	

Management initiatives implemented over 2024, including operational efficiency gains and negotiations with clients and suppliers, as well as more favorable exchange rates mitigated the effect of the two-digit drop in sales volume.

CVM EBITDA in 2024 was impacted by expenses with restructurings, in the amount of R$58 million.

The Company has invested in innovation and new businesses, yet without the corresponding entry in revenues. **Expenses related to these activities were above R$120 million in 2024.**

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$175 million in 4Q24, compared to R$249 million in 4Q23, down by 30%.

	4Q24	4Q23	Var. [%]	2024	2023	Var. [%]
PP&E						
Strategic investments	66,766	87,517	-23.7%	195,242	237,936	-17.9%
Maint. & modernization of op. capacity	80,907	128,186	-36.9%	200,294	295,153	-32.1%
Environment	10,319	19,249	-46.4%	30,812	40,857	-24.6%
Interest and financial charges	3,882	3,269	18.8%	17,704	12,563	40.9%
Intangible assets						
Software	12,304	9,505	29.4%	20,591	18,195	13.2%
Projects under development	1,036	985	5.2%	4,434	5,729	-22.6%
Total	**175,214**	**248,711**	**-29.6%**	**469,077**	**610,433**	**-23.2%**
% on Revenues	*7.0%*	*9.5%*		*4.4%*	*5.4%*	

The figures mainly refer to new foundry and machining programs, higher operational efficiency, and synergies between operations, in addition to investments in health, safety and the environment.

WORKING CAPITAL

	Consolidated (R$ thousand)				
	4Q24	3Q24	2Q24	1Q24	4Q23
Balance Sheet					
Accounts receivable	1,837,435	2,110,455	2,091,348	1,947,770	1,831,735
Inventories	2,197,704	2,069,851	2,046,123	1,990,018	1,961,262
Accounts payable	1,482,620	1,411,298	1,406,553	1,407,774	1,375,774
Advances from Customers	*85,207*	*76,497*	*103,869*	*103,039*	*99,702*
Sales outstanding [days]	63	71	69	64	59
Inventories [days]	92	85	82	78	76
Payables outstanding [days]	65	61	60	59	57
Cash conversion cycle [days]	**90**	**95**	**91**	**83**	**78**

The cash conversion cycle reduced by 5 days compared 3Q24. The indicator was affected, among others, by the difference between the closing exchange rate for the quarter (R$6.19, applied to the balance sheet lines), and the average exchange rate for the last 12 months (R$5.39, impacting the revenues and the cost lines).

The main lines presented the following variations:

- Reduction of R$273 million in accounts receivable, with an impact on sales outstanding equivalent to 8 days of sales, mainly due to seasonality in the period (lower sales compared to 3Q24). Foreign currency accounts receivable represented 74% of the total and were also impacted by the depreciation of the Brazilian real over 3Q24 (closing rate of US$/R$6.19 in December 2024 vs. US$/R$5.45 in September 2024).

- Rise of R$128 million in inventories, with a 7-day increase, due to the depreciation of the Brazilian real against the U.S. dollar and the implementation of flexibility and product transfer projects.

- The 4-day increase in accounts payable was due to various management initiatives with suppliers, offset by the lower purchase volume owing to the drop in production volume and the effect of currency variation on foreign currency accounts payable, which accounted for 43% of the total.

  The calculation of payables outstanding (in days) considers the advance, by customers, of working capital from the engine manufacturing contract.

CASH FLOW

Consolidated (R$ thousand)						
CASH FLOW SUMMARY	4Q24	4Q23	Var.	2024	2023	Var.
Cash and cash equivalents at the beginning of the period	**2,167,915**	**1,142,775**	**89.7%**	**1,593,098**	**1,509,829**	**5.5%**
Cash from operating activities	591,616	443,315	33.5%	1,353,491	829,125	63.2%
Cash used in investing activities	(189,141)	(233,877)	-19.1%	(640,086)	(735,209)	-12.9%
Cash provided by (used in) financing activities	(329,384)	259,694	-	(151,687)	48,134	-
Currency effect on the cash for the year	135,197	(18,809)	-	221,387	(58,781)	-
Increase (decrease) in cash and cash equivalents	**208,288**	**450,323**	**-53.7%**	**783,105**	**83,269**	**840.4%**
Cash and cash equivalents at the end of the period	**2,376,203**	**1,593,098**	**49.2%**	**2,376,203**	**1,593,098**	**49.2%**

The Company reported an operating cash generation of R$592 million, **its highest quarterly figure ever**, compared to the R$443 million recorded in 4Q23. The variation was due to working capital management initiatives, increased cash generation arising from MWM operations, tax rebate abroad, and the effect of the appreciation of the U.S. dollar (average exchange rate of R$5.83 in 4Q24 vs. R$4.96 in 4Q23).

Investment activities consumed R$189 million in 4Q24, compared to R$234 million in the same period a year ago.

As for investing activities, we recorded a consumption of R$329 million in 4Q24, mainly due to debt amortization and share buyback. The annual comparison was affected by financial funding occurred in 4Q23.

The combination of these factors and the currency variation on cash, with a positive impact of R$135 million, resulted in an increase of R$208 million in cash and cash equivalents in the period. Accordingly, we ended 2024 with a balance of R$2,376 million.

INDEBTEDNESS

The Company ended 4Q24 with a net debt of R$2.3 billion, corresponding to a net debt/LTM Adjusted EBITDA ratio of 1.81x.

Foreign currency liabilities accounted for 65% of the total (18% in the short term and 82% in the long term), while 35% of debt is denominated in Brazilian reais (6% in the short term and 94% in the long term). As for cash and cash equivalents, 50% of the total amount is denominated in Brazilian reais and 50% in foreign currency.

	Consolidated (R$ thousand)				
INDEBTEDNESS	**4Q24**	**3Q24**	**2Q24**	**1Q24**	**4Q23**
Short term	660,196	683,329	1,186,934	723,435	676,277
Financing and loans	638,123	654,575	1,045,676	715,909	662,933
Financial instruments and derivatives	22,073	28,754	141,258	7,526	13,344
Long term	4,132,189	3,855,658	3,743,358	3,518,745	3,127,748
Gross debt	**4,792,385**	**4,538,987**	**4,930,292**	**4,242,180**	**3,804,025**
Cash and cash equivalents	2,376,203	2,167,915	2,427,739	1,876,456	1,593,098
Financial instruments and derivatives	73,825	32,392	69,630	8,410	10,874
Net debt	**2,342,357**	**2,338,680**	**2,432,923**	**2,357,314**	**2,200,053**
Gross debt/Adjusted EBITDA	3.70x	3.51x	3.73x	3.37x	3.01x
Net debt/Adjusted EBITDA	**1.81x**	**1.81x**	**1.84x**	**1.87x**	**1.74x**

The Company's debt profile is as follows: