Individual and Consolidated Financial Statements

Iochpe-Maxion S.A. and Subsidiaries

December 31, 2022
with Independent Auditor's Report

1) MESSAGE FROM THE CEO

The year 2022 was characterized by global economic and geopolitical uncertainties, with inflation levels and interest rates at historically high levels. Bottlenecks and interruptions in the supply chain continued to impact the sector throughout the year.

Even in this scenario, the global production of light vehicles, excluding China, according to IHS consulting, grew by 8.3% in 4Q22 and 6.7% in 2022 compared to the same periods of the previous year. The commercial vehicle segment showed growth in global production, excluding China, by 1.2% in 4Q22 and 9.5% in 2022, according to LMC. Despite the growth observed in 2022, global automotive production, excluding China, is still 13,0% below the volume produced in 2019, before the start of the pandemic.

Net operating revenue grew 9.8% in 4Q22, reaching R$ 4.2 billion and 23.8% in 2022, reaching R$ 16.9 billion, an annual revenue record. This growth is due to the recovery of volumes and price increases, due to the increase in the cost of raw materials and other inputs. On the other hand, exchange variation had a negative impact of R$ 398.8 million in 4Q22 and R$ 1.3 billion in the year. In 2022 the commercial vehicle segment continued to have a relevant participation of 48.2% in the Company´s revenue.

EBITDA was R$ 291.5 million in 4Q22, a 25.4% decrease compared to 4Q21, which benefited from non-recurring events. We ended 2022 with EBITDA of R$ 1,736.9 million. Excluding non-recurring events in both periods, we had an EBITDA reduction of 20.9% in 4Q22 and an increase of 1.0% in 2022, with a drop in margin from 11.4% to 9.3% in the year and from 8.8% to 6.3% in 4Q22.

The Company's operating margins were negatively impacted in 4Q22 by the same effects observed in 3Q22, namely: (i) the lag between the cost of raw material inventory and selling prices; (ii) lower operating efficiency due to unscheduled production stoppages by customers; and (iii) the impacts of inflation across all regions, particularly energy costs in Europe. In addition to these effects, the end of the year has a seasonal effect of customer stoppages (a characteristic of the global automotive sector) with impacts on operational efficiency.

It is worth mentioning that main elements negatively impacting 2H22 results are of a temporary and transitory nature, not structural. The gap between the cost of raw material inventory and sales prices occurs when there are significant changes in input prices. Production stoppages occurred due to the restriction of semiconductors supply. The situation is showing gradual and sequential improvement. Inflation levels observed during 2H22 began to show some softening in the main markets towards the end of the year. The cost of energy in Europe is already at a much lower level than observed in 2H22.

Our net result was a loss of R$ 141.1 million in 4Q22 and a net profit of R$ 278.9 million in 2022. It is important to mention that our net result in 4Q22 was negatively impacted by R$ 181.8 million due to the settlement at the administrative level with the Mexican tax authorities, as disclosed in Relevant Facts published in July 2021 and November 2022.

Our financial leverage, measured by the ratio of net debt to EBITDA in the last 12 months, was 2.26x in 4Q22, compared to 2.27x in 3Q22 and 2.33x in 4Q21.

Net debt in 4Q22 decreased by 9.2% compared to 4Q21 (or R$ 397.1 million), and 6.4% (or R$ 267.0 million) compared to 3Q22, due to operating cash generation in the quarter. The liquidity ratio, measured by total liquidity divided by short-term debt, ended the quarter at 2.7x, compared to 1.7x in 3Q22 and 0.7x in 4Q21.

The cash position at the end of 4Q22 was R$ 2,287.1 million compared to R$ 1,088.1 million at the end of 4Q21. Additionally, we have an undrawn committed credit line (Revolver Credit Facility) of R$ 500.0 million. In Jan/23, the Company renewed until Feb/24 a credit line not yet withdrawn, with BNDES, in the amount of R$ 620.0 million and a term of 7 years.

For the second consecutive year, we were part of B3's Corporate Sustainability Index (ISE) portfolio. In the Carbon Disclosure Project - CDP, we had an improvement in our score in the "climate changes" category from B- to B, a relevant factor in the assessment of the portfolio. Another important event on our ESG agenda was the signing of the UN Global Compact in early 2023. The UN Global Compact is relevant because it is aligned with our own business goals and core values, and because we believe it is imperative that all companies and organizations act ambitiously to solve the global challenges of sustainable development.

The year 2022 was an important period for advancing the Company's long-term strategic agenda. We completed investments to increase capacity in the commercial vehicle segment in Brazil and Europe, we continued to ramp up volumes at our aluminum wheel plant in India, together with our partner in China we started production at our first aluminum wheel plant in the country, we started the construction of a new plant for forged aluminum wheels for commercial vehicles in Europe, and we strengthened our portfolio launching new programs in the electric vehicle segment in both business divisions. All this with discipline in the allocation of capital, demonstrated by the reduction in net debt.

We remain attentive to market changes, inflationary pressures, changes in our customers' production volumes and geopolitical events, always seeking to adapt in a timely manner to the possible impacts of these factors. We remain focused on gains in productivity and operational efficiency, launching new products, developing our advanced engineering, digitalization and innovation and strengthening our balance sheet, so that we can continue to generate value in a sustainable way over time.

2) HIGHLIGHTS OF THE 4Q22 AND 2022

- Net operating revenue: R$ 4,160.0 million in 4Q22, an increase of 9.8%[1], and R$ 16,947.9 million in 2022, an increase of 23.8%[1]
- Net leverage[2] of 2.26x in 4Q22, compared to 2.33x in 4Q21and 2.27x in 3Q22

[1] Compared to the same period of the previous year
[2] Net debt/ EBITDA of the last 12 months

- Reduction of 8.9% (or R$ 382.5 million) in net debt in 4Q22 compared to 4Q21 and 6.1% (or R$ 252.4 million) compared to 3Q22
- Total liquidity of R$ 2,787.1 million[3] in 4Q22 compared to R$ 2,104.3 million in 3Q22 and R$ 1,088.1 million in 4Q21. Liquidity ratio (total liquidity divided by short-term debt) of 2.7x, compared to 0.7x in 4Q21 and 1.7x in 3Q22
- Signature of the UN Global Compact
- Participation, for the second consecutive year, in B3's ISE
- Distribution of R$ 105.2 million in dividends for the year 2022, of which R$ 59.7 million in interest on equity net of taxes and R$ 45.5 million in dividends.

3) MARKET

Production of vehicles in regions where the Company's highest percentage of consolidated revenues are concentrated, presented the following behavior in the periods indicated (thousand):

	Brazil[1]			North America[2]			Europe[2]		
Segment	4Q21	4Q22	Var.	4Q21	4Q22	Var.	4Q21	4Q22	Var.
Light Vehicles	551	560	*1.7%*	3,293	3,554	*7.9%*	3,536	4,037	*14.2%*
Commercial Vehicles	45	52	*16.0%*	135	139	*3.2%*	131	141	*7.8%*

Segment	2021	2022	Var.	2021	2022	Var.	2021	2022	Var.
Light Vehicles	2,071	2,176	*5.1%*	13,047	14,310	*9.7%*	14,022	14,795	*5.5%*
Commercial Vehicles	178	194	*9.2%*	520	564	*8.5%*	458	507	*10.6%*

(1) Source: ANFAVEA

(2) Source: IHS Automotive (Light Vehicles) and LMC Automotive (Commercial Vehicles)

(3) Consider EU27 + UK + Turkey

The most recent forecasts of consultancies, considering the uncertainties and challenges observed throughout 2022, indicate a growth of 4.6% in the production of light vehicles and of 9.5% in the production of commercial vehicles, in 2023, both excluding China.

4) OPERATING AND FINANCIAL PERFORMANCE

Consolidated I.S - R$ thousand	4Q21	4Q22	Var.	2021	2022	Var.
Net Operating Revenue	3,787,410	4,159,955	*9.8%*	13,688,367	16,947,869	*23.8%*
Cost of Goods Sold	(3,409,312)	(3,835,919)	*12.5%*	(11,984,244)	(15,139,227)	*26.3%*
Gross Profit	378,098	324,036	*-14.3%*	1,704,123	1,808,642	*6.1%*
	10.0%	*7.8%*		*12.4%*	*10.7%*	
Operating Expenses	(204,802)	(210,048)	*2.6%*	(740,829)	(742,589)	*0.2%*
Other Operating Expenses/Revenues	61,425	42,417	*-30.9%*	284,312	149,186	*47.5%*
Equity Income	14,728	9,986	*-32.2%*	33,879	30,445	*-10.1%*
Operating Income (EBIT)	249,449	166,391	*-33.3%*	1,281,485	1,245,684	*-2.8%*
	6.6%	*4.0%*		*9.4%*	*7.4%*	
Financial Results	(118,276)	(245,269)	*107.4%*	(324,617)	(617,664)	*90.3%*
Income Taxes	(21,302)	(14,442)	*-32.2%*	(329,930)	(223,848)	*-32.2%*
Minority Shareholders	(15,955)	(47,826)	*199.8%*	(89,717)	(125,239)	*39.6%*
Net Income	93,916	(141,146)	*-250.3%*	537,221	278,932	*48.1%*
	2.5%	*-3.4%*		*3.9%*	*1.6%*	
EBITDA	390,803	291,489	*-25.4%*	1,841,333	1,736,915	*-5.7%*
	10.3%	*7.0%*		*13.5%*	*10.2%*	

[3] Cash + revolving credit facilities

4.1) Net Operating Revenue

Consolidated net operating revenue reached R$ 4,160.0 million in 4Q22 and R$ 16,947.9 million in 2022, an increase of 9.8% and 23.8% compared to 4Q21 and to 2021, respectively.

Net operating revenue in 4Q22 was positively impacted by the recovery in production volumes, even in a still restrictive component supply scenario and by the price increase, due to the escalation in the costs of raw materials and other inputs.

The exchange rate variation negatively impacted the Company´s operating revenue by R$ 398.8 million in 4Q22 and R$ 1,345.0 million in 2022.

The table below shows the behavior of consolidated net operating revenue by region and by product, for the periods indicated.

Net Operating Revenue- R$ thousand	4Q21	4Q22	Var.	2021	2022	Var.
Aluminum Wheels (Light vehicles)	126,540	145,037	*14.6%*	514,306	600,365	*16.7%*
Steel Wheels (Light vehicles)	114,537	135,961	*18.7%*	426,959	590,795	*38.4%*
Steel Wheels (Commercial vehicles)	361,029	355,379	*-1.6%*	1,250,676	1,570,061	*25.5%*
Structural Components (Light vehicles)	75,706	118,183	*56.1%*	342,307	460,524	*34.5%*
Structural Components (Commercial vehicles)	419,686	506,447	*20.7%*	1,448,463	1,944,960	*34.3%*
South America	1,097,497	1,261,009	*14.9%*	3,982,712	5,166,705	*29.7%*
	29.0%	*30.3%*		*29.1%*	*30.5%*	
Aluminum Wheels (Light vehicles)	156,472	117,388	*-25.0%*	518,374	552,078	*6.5%*
Steel Wheels (Light vehicles)	461,828	371,551	*-19.5%*	1,543,593	1,759,132	*14.0%*
Steel Wheels (Commercial vehicles)	106,363	90,705	*-14.7%*	395,868	453,894	*14.7%*
Structural Components (Commercial vehicles)	418,603	572,084	*36.7%*	1,464,065	2,233,332	*52.5%*
North America	1,143,265	1,151,727	*0.7%*	3,921,900	4,998,437	*27.4%*
	30.2%	*27.7%*		*28.7%*	*29.5%*	
Aluminum Wheels (Light vehicles)	510,037	683,953	*34.1%*	1,980,639	2,436,834	*23.0%*
Steel Wheels (Light vehicles)	310,682	308,267	*-0.8%*	1,149,647	1,272,499	*10.7%*
Steel Wheels (Commercial vehicles)	356,183	390,316	*9.6%*	1,255,549	1,547,569	*23.3%*
Europe	1,176,901	1,382,537	*17.5%*	4,385,835	5,256,902	*19.9%*
	31.1%	*33.2%*		*32.0%*	*31.0%*	
Aluminum Wheels (Light vehicles)	214,630	224,228	*4.5%*	834,913	904,799	*8.4%*
Steel Wheels (Light vehicles)	45,814	49,841	*8.8%*	174,415	218,096	*25.0%*
Steel Wheels (Commercial vehicles)	109,302	90,613	*-17.1%*	388,593	402,931	*3.7%*
Asia + Others	369,746	364,683	*-1.4%*	1,397,921	1,525,826	*9.1%*
	9.8%	*8.8%*		*10.2%*	*9.0%*	
Iochpe-Maxion Consolidated	3,787,410	4,159,956	9.8%	13,688,367	16,947,869	23.8%
	100.0%	*100.0%*		*100.0%*	*100.0%*	
Maxion Wheels	2,873,416	2,963,242	*3.1%*	10,433,533	12,309,054	*18.0%*
	75.9%	*71.2%*		*76.2%*	*72.6%*	
Maxion Structural Components	913,994	1,196,714	*30.9%*	3,254,835	4,638,816	*42.5%*
	24.1%	*28.8%*		*23.8%*	*27.4%*	

4.2) Cost of Goods Sold

Cost of goods sold reached R$ 3,835.9 million in 4Q22 and R$ 15,139.2 million in 2022, an increase of 12.5% compared to 4Q21 and 26.3% compared to 2021.

The increase in the cost of goods sold in 4Q22 is due to (i) the increase in the prices of raw materials and other inputs, (ii) the higher production volume, and (iii) unscheduled production stoppages.

4.3) Gross Profit

Gross profit of R$ 324.0 million in 4Q22 and R$ 1,808.6 million in 2022, a reduction of

14.3% compared to 4Q21 and an increase of 6.1% compared to 2021.

4.4) Operational Expenses

Operating expenses (selling, general and administrative expenses and management fees) reached R$ 210.0 million in 4Q22 and R$ 742.6 million in 2022, an increase of 2.6% compared to 4Q21 and 0.2% compared to 2021.

4.5) Other Operating Expenses/Operating Income

In 4Q22, we had a positive result of R$ 42.4 million and of R$ 149.2 million in 2022, a decrease compared to the positive value of R$ 61.4 million in 4Q21 and R$ 284.3 million in 2021.

The main components of 4Q22 results were a gain of R$13.4 million in insurance reimbursements, and recognition of the gain from the exclusion of ICMS from the PIS/Cofins calculation base in the amount of R$ 14.4 million. In 4Q21, the main components were (i) recognition of the success obtained by a Mexican subsidiary in a process aimed to reclassify the additional work accident risks applicable to its operation, which resulted in a gain of R$ 37.2 million, (ii) recognition of the gain from the exclusion of ICMS from the PIS/Cofins calculation base in the amount of R$ 20.3 million, and (iii) reversal of provisions related to the closure of the Akron plant recognized in 2020, in the amount of BRL 16.5 million.

4.6) Equity Income

Positive amount of R$ 10.0 million in 4Q22 and R$ 30.4 million in 2022, an increase of 32.2% and 10.1% compared to 4Q21 and 2021, respectively.

The equity result was impacted by the reduction in the result of the railway segment and by the increase in the loss of Dongfeng Maxion in China, the latter in the initial phase of operations. The positive highlight is the increase in Maxion Montich's result due to the increase in vehicle production in South America.

The following table sets forth the amounts corresponding to Iochpe-Maxion's ownership, which reflect the results of the equity income in the Company.

	4Q21				4Q22				
R$ thousand	Amsted Maxion[1]	Maxion Montich[2]	Dongfeng Maxion[3]	Total	Amsted Maxion[1]	Maxion Montich[2]	Dongfeng Maxion[3]	Total	Var.
Net Income (Loss)	9,836	8,340	(3,449)	14,727	1,325	11,328	(2,667)	9,985	*-32.2%*

	2021				2022				
R$ thousand	Amsted Maxion	Maxion Montich	Dongfeng Maxion	Total	Amsted Maxion	Maxion Montich	Dongfeng Maxion	Total	Var.
Net Income (Loss)	15,409	27,494	(9,024)	33,879	9,267	34,957	(13,779)	30,445	*-10.1%*

[1] Amsted- Maxion Fundição e Equipamentos Ferroviários S.A.: Related company in the railway segment (19.5% share)

[2] Maxion Montich S.A.: Joint business with factories of structural components in Argentina and Uruguay (50% stake)

[3] Dongfeng Maxion Wheels Ltd.: Related company that produces aluminum wheels in China (50% stake)

4.7) Earnings Before Interest and Tax (EBIT)

Operating profit of R$ 166.4 million in 4Q22 and R$ 1,245.7 million in 2022, a reduction of 33.3% compared to 4Q21 and an increase of 2.8% compared to 2021.

4.8) Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

EBITDA of R$ 291.5 million with 7.0% margin in 4Q22 and R$ 1,736.9 million in 2022 with 10.2% margin, a reduction of 25.4% and 5.7% compared to 4Q21 and 2021, respectively.

Excluding the non-recurring effects in both periods (R$ 57.4 million in 4Q21 and R$ 27.8 million in 4Q22), EBITDA in 4Q22 would have decreased by 20.9% with a margin of 6.2%. Likewise, EBITDA in 2022 would have grown by 1.0% with a margin of 9.3%.

The table below shows the evolution of EBITDA.

EBITDA Reconciliation - R$ Thousand	4Q21	4Q22	Var.	2021	2022	Var.
Net Income	93,916	(141,146)	*-250.3%*	537,221	278,933	*48.1%*
Minority Shareholders	15,955	47,826	*199.8%*	89,717	125,239	*39.6%*
Income Taxes and Social Contribution	21,302	14,442	*-32.2%*	329,930	223,848	*-32.2%*
Financial Results	118,276	245,269	*107.4%*	324,617	617,664	*90.3%*
Depreciation / Amortization	141,354	125,098	*-11.5%*	559,848	491,231	*-12.3%*
EBITDA	390,803	291,489	*-25.4%*	1,841,333	1,736,915	*-5.7%*

4.9) Financial Result

The financial result was negative by R$ 245.3 million in 4Q22 and R$ 617.7 million in 2022, an increase of 107.4% compared to 4Q21 and 90.3% compared to 2021.

The increase in the financial result is related to the increase in interest rates in Brazil and abroad and the settlement at the administrative level with the Mexican tax authorities.

The settlement had a negative impact on financial expenses by R$ 97.7 million.

4.10) Net Income

Net loss of R$ 141.1 million in 4Q22 (loss per share of R$ 0.45703) and net income of R$ 278.9 million in 2022 (earnings per share of R$1.83996), a decrease compared to net income of R$ 93.9 million in 4Q21 (earnings per share of R$ 1.16175) and net income of R$ 537.2 million in 2021 (earnings per share of R$ 3.52577).

The decrease in net income in 4Q22 and 2022 is mainly explained by the expense with the court settlement with the Mexican authorities, which impacted financial expenses (as mentioned in item 4.9 above) and the income tax line by R$ 84.1 million, totaling R$ 181.8 million, in addition to positive non-recurring events in both periods, however, more relevant in 2021 than in 2022.

5) CAPITAL EXPENDITURES

Investments reached R$ 257.2 million in 4Q22 and R$ 592.0 million in 2022, an increase of 10.7% compared to 4Q21 and 22.2% compared to 2021. The main investments in the period were related to increasing capacity to meet the demand of the commercial vehicle segment, launching new products, and improving productivity.

6) LIQUIDITY AND INDEBTEDNESS

The cash and cash equivalents position on December 31, 2022, was R$ 2,287.1 million, 56.1% of which in reais and 43.9% in other currencies.

Consolidated gross indebtedness (borrowings, financing, and current and non-current) on December 31,2022 reached R$ 6,477.0 million, of which R$ 1,043.6 million (16.1%) was recorded in current liabilities and R$ 5,433.4 million (83.9%) in non-current liabilities.

The liquidity ratio, the ratio of total liquidity (considering revolving credit lines) to short-term debt, was 2.67x at the end of 4Q22, an improvement over the ratio of 0.73x at the end of 4Q21. The improvement in this ratio was due to the increase in cash generation, contracting of revolving credit lines and lengthening of the Company's indebtedness profile.

The main indicators of consolidated gross debt at the end of 4Q22 were: (i) lines in euros (euro + 3,9% per year) with 42.9%, (ii) reais indexed to the CDI, which represented 43.4% (average cost of CDI + 1.76%), and (iii) lines in dollars (US$ + 6.0% per year) with 10.4%.

Consolidated net debt[4] on December 31,2022 reached R$ 3,916.9 million, a decrease of 8.9% in relation to the amount of R$ 4,299.4 million reached on December 31, 2021, and a reduction of 6.1% compared to September 30, 2022.

Net debt at the end of 4Q22 represented 2.26x EBITDA in the last 12 months (compared to the 2.27x ratio presented in 3Q22), while at the end of 4Q21 it represented 2.33x.

7) SHAREHOLDERS´ EQUITY

Consolidated shareholders 'equity reached R$ 4,292.8 million (book value per share of R$ 27.93) on December 31, 2022, a decrease of 2.4% compared to shareholders' equity reached on December 31, 2021(R$ 4,398.1 million and book value per share of R$ 28.61).

Shareholders' equity attributable to controllers reached R$ 3,919.8 million (book value per share of R$ 25.50) on December 31, 2022, a decrease of 3.0% in relation to shareholders' equity attributed to controllers reached on 31 December 2021 (R$ 4,041.7 million and book value per share of R$ 26.29).

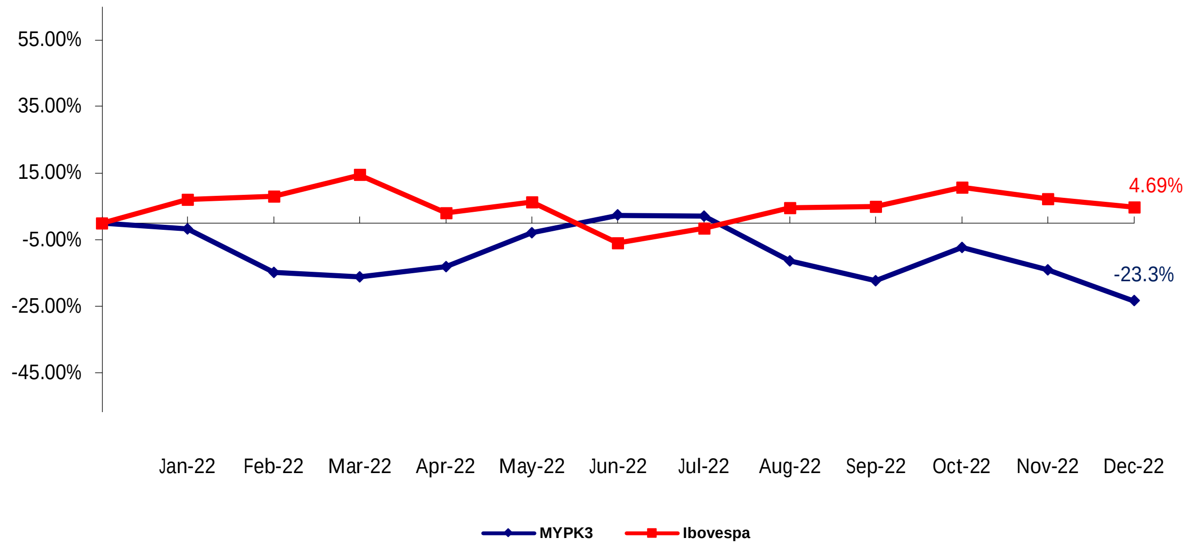
The change in shareholders' equity is related to the result for the period and the exchange rate variation that impacts the value of net assets abroad (equity valuation adjustment).

8) CAPITAL MARKETS

[4] Gross debt plus derivative financial instruments liabilities current and non-current, less cash and cash equivalents and derivative financial instruments current and non-current assets.

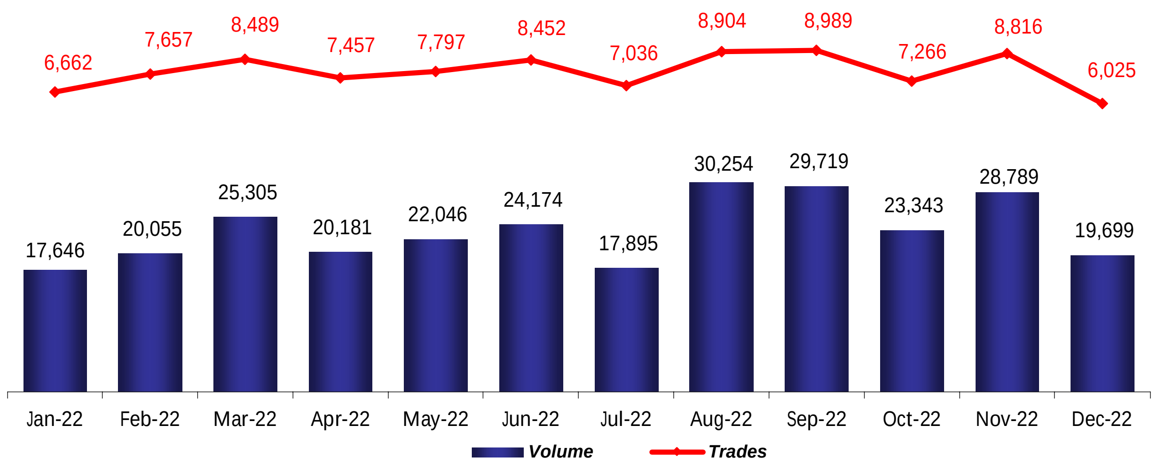
Iochpe-Maxion common shares (B3: MYPK3) closed 4Q22 quoted at R$ 11.77, a decrease of 7.3% in the quarter and 23.3% in the last 12 months. At the end of 4Q22, Iochpe-Maxion reached a capitalization (market cap) of R$ 1,809.3 million (R$ 2,359.6 million at the end of 4Q21).

Share Performance – Last 12 months



Iochpe-Maxion's shares in 4Q22 had an average daily trading volume in B3 of R$ 22.5 million (R$ 30.5 million in 4Q21) and an average daily number of 8,010 trades (9,365 trades in 4Q21).

Daily Average Volume



9) EARNINGS

Iochpe-Maxion´s by-laws provides for distribution of 37% of net income (after any accumulated losses from previous periods) as the mandatory dividend. Considering (i) the net income in 2022 of R$ 278.9 million, and (ii) the adoption of deemed cost to property, plant and equipment and its depreciation, which increased net income by R$ 5.4 million; the mandatory dividend amount related to 2022 is R$ 105.2 million, of which R$ 59.7 million, or R$ 0.394133 per share, distributed to shareholders through net interest on equity ("JCP") net of taxes approved by the Board of Directors at meeting held on June 29, 2022 and September 29,2022, as provided by article 42 of the Company´s By-laws, with the cut-off date for the identification of the shareholders that are entitled to the JCP occurred on July 04, 2022 and October 03, 2022, respectively; and R$ 45.5 million, or R$ 0,3012802 per share, as dividends referring to the results of the fiscal year 2022 already discounted the aforementioned net JCP, with the cut-off date for identification of the shareholders who will be entitled to the receipt of dividends on March 23, 2023.

10) ARBITRATION CLAUSE

The Company is bound to arbitration at the Arbitration Chamber of Novo Mercado, as provided for in the Arbitration Clause included in its By-laws.

11) MANAGEMENT´S STATEMENT

In compliance with the provisions contained in article 27 of CVM Resolution No. 80/22, the Board declares that it discussed, reviewed, and agreed with the special review report of the independent auditors and with the individual and consolidated financial statements of December 31, 2022.

The Company's financial statements presented herein are in accordance with Brazilian corporate law and prepared in accordance with accounting practices adopted in Brazil and international financial reporting standards (IFRS), as issued by the International Accounting Standard Board.

EBITDA and adjusted EBITDA should not be considered as an alternative to net income, as indicators of the Company's operating performance, or alternatives to cash flow as an indicator of liquidity.

The Company's Management believes that EBITDA and Adjusted EBITDA are a practical measure to measure its operating performance and allow a comparison with other companies.

The Company calculates EBITDA in accordance with CVM Resolution 156, regulated on 08/01/22. Thus, EBITDA represents net income (loss) before interest, income tax and social contribution and depreciation/amortization.

Cruzeiro, March 20, 2023.

Iochpe-Maxion S.A. and Subsidiaries

Individual and consolidated financial statements

December 31, 2022

Contents

Independent auditor’s report on individual and consolidated financial statements...............................1

Individual and consolidated financial statements

Statements of financial position..7
Statements of profit or loss 8
Statements of comprehensive income 9
Statements of changes in equity 10
Statements of cash flows 11
Statements of value added 12
Notes to individual and consolidated financial statements..13

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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Management of
Iochpe-Maxion S.A. and Subsidiaries
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Iochpe-Maxion S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Iochpe-Maxion S.A. as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Realization of deferred tax assets

As mentioned in Note 9, Iochpe-Maxion S.A., when applicable, records deferred tax assets on temporary differences, and tax losses carryforward and social contribution losses, based on the reasonable probability that these companies will generate future taxable profit in order to use such assets.

As at December 31, 2022, deferred tax assets amounted to R$ 25,148 thousand and R$269,034 thousand – individual and consolidated, respectively. Due to the uncertainties inherent in the business that had an impact on projections of future taxable profit and respective estimates to determine the ability to recover these deferred tax assets and the fact that the Company and its subsidiaries used significant judgment in determining the amount of future taxable profits, which are based on projected revenue, costs and finance income/(costs), this was considered a key audit matter.

How our audit addressed this matter

We obtained an understanding of internal controls relating to projections of future taxable profits prepared by the Company and its subsidiaries. We assessed the nature of the temporary differences, as well as of the tax losses carryforward and social contribution losses that comprise the taxable base, considering applicability of the legislation in each country. We analyzed the calculation of deferred tax assets, with the assistance of our tax specialists.

Additionally, we assessed the assumptions and methodologies used by the Company in preparing projected profit/(loss), compared these assumptions with data obtained from external sources, when available, such as projected economic growth, conducted a sensitivity analysis on projected revenues and costs, and conducted mathematic tests on these projections. We analyzed consistency between the data used in preparing projected profit/(loss) and accounting records, when applicable, and confirmed that the information used in preparing projected profit/(loss) derives from the Company's business plan approved by those charged with governance. In addition, we compared the expected future taxable profit and the amount limit to be recorded as the Company's and its subsidiaries' deferred tax assets and analyzed whether the disclosures made by the Company were adequate.

As a result of these procedures, we identified audit adjustments relating to decrease in the deferred tax assets and increase in the deferred tax liabilities amounts. This adjustment was not recorded by management, since it was considered immaterial on the individual and consolidated financial statements as a whole.

Based on the results of our audit procedures on the test of recoverability of deferred tax assets, which is consistent with management’s assessment, we believe that the criteria and assumptions adopted by management, as well as respective disclosures in the notes are acceptable in the context of the Company’s individual and consolidated financial statements taken as a whole.

Impairment of goodwill

As mentioned in Note 13, the Company recorded significant goodwill amounts that may present realization risk and, as such, be impaired. As at December 31, 2022, goodwill amounted to R$ 1,810,204 thousand. This risk arises not only due to the significance of the balances, but also to the impact of the local and global economic scenario for determining the growth and discount rate assumptions used in the “analysis of provision for non-realization of goodwill” conducted by the Company, and to the high level of judgment involved in determining the estimates by management. As such, this was considered a key audit matter.

How our audit addressed this matter

Our audit procedures included an analysis of the business plans of the Company, globally and per cash-generating unit, with the technical support of our valuation specialists, when applicable, for analyzing and challenging the assumptions for discount rate and revenue increase used by management in “analysis of provision for non-realization of goodwill”. Additionally, we analyzed the methodology and assumptions used by management for preparing the profit/(loss) projections, conducted mathematic tests on these projections, analyzed consistency between the data used in preparing the projections and accounting records, when applicable and confirmed that the information used in preparing such projections derives from the Company’s business plan approved by those charged with governance. We also analyzed whether the Company’s disclosures on the matter are appropriate.

The Company’s disclosures on the accounting practices and balances are presented, respectively, in Notes 4 and 13 to the financial statements.

Based on the results of the audit procedures performed on the impairment of goodwill, which is consistent with management´s evaluation, we believe that these assessments and premises, as well as respective disclosures, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

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Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2022, prepared under the responsibility of Company board of directors, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Board of directors is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of board of directors and those charged with governance for the individual and consolidated financial statements

Board of directors is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the 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 of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

Auditor’s responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained 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 Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.
- Concluded on the appropriateness of board of directors' 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 Company’s and its subsidiaries’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated 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 auditor’s report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluated 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.

- Obtained 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 scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

São Paulo, March 20, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP034519/O

Luciano Ferreira da Cunha
Contador CRC-1SP210861/O-2

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2O22
(In thousands of reais - R$)

		Parent		Consolidated	
ASSETS	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
CURRENT ASSETS					
Cash and cash equivalents	5	1,236,846	252,537	2,287,054	1,088,114
Trade receivables	6	578,102	495,103	2,053,692	1,731,914
Inventories	7	698,130	835,116	2,702,075	3,196,694
Recoverable taxes	8	246,444	190,414	600,748	500,695
Prepaid expenses		10,529	6,605	57,725	49,093
Derivative financial instrument	29	-	-	32,079	31,949
Other receivables		44,887	36,545	152,952	249,055
Total current assets		2,814,938	1,816,320	7,886,325	6,847,514
NONCURRENT ASSETS					
Recoverable taxes	8	215,075	238,961	338,745	370,063
Deferred income tax and social contribution	9.a	25,148	41,107	269,034	323,117
Judicial deposits		57,199	51,294	62,618	56,649
Derivative financial instrument	29	21,468	-	258,780	112,730
Other receivables		3,021	4,925	74,127	16,056
Investments	11	3,363,479	4,054,656	129,203	138,834
Property, plant and equipment	12	1,102,395	1,000,408	4,043,815	4,253,134
Intangible assets	13	85,358	88,071	2,085,571	2,348,415
Right of use	14	4,597	4,367	47,237	53,018
Total noncurrent assets		4,877,740	5,483,789	7,309,130	7,672,016
TOTAL ASSETS		7,692,678	7,300,109	15,195,455	14,519,530

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
CURRENT LIABILITIES					
Borrowings, financing and debentures	15	555,820	862,930	1,043,611	1,481,781
Trade payables	16	426,291	334,044	2,294,570	2,269,458
Taxes payables	17	35,104	27,053	317,483	223,096
Payroll and related taxes	18	180,773	160,142	502,106	507,948
Advances from customers		52,986	40,586	66,561	83,113
Derivative financial instrument	29	10,894	-	16,250	-
Dividends and interest on equity payable		105,573	201,325	125,623	201,326
Other payables		72,019	82,589	402,259	400,006
Total current liabilities		1,439,460	1,708,669	4,768,463	5,166,728
NONCURRENT LIABILITIES					
Borrowings, financing and debentures	15	2,253,387	1,472,424	5,433,377	4,050,429
Provision for labor, tax and civil risks	19	62,565	68,813	78,574	90,893
Deferred income tax and social contribution	9.a	-	-	42,904	120,725
Derivative financial instrument	29	1,591	-	1,591	-
Actuarial pension plan liabilities		-	-	462,259	616,795
Other payables		15,868	8,459	115,480	75,841
Total noncurrent liabilities		2,333,411	1,549,696	6,134,185	4,954,683
EQUITY					
Share capital	21.a	1,576,954	1,576,954	1,576,954	1,576,954
Stock options		3,061	3,061	3,061	3,061
Earnings reserves		623,446	450,209	623,446	450,209
Capital reserve		34,484	21,301	34,484	21,301
Treasury shares	21.e	(41,448)	(28,894)	(41,448)	(28,894)
Valuation adjustments to equity		1,723,310	2,019,113	1,723,310	2,019,113
		-	-	-	-
Equity attributable to controlling interests		3,919,807	4,041,744	3,919,807	4,041,744
Noncontrolling interests		-	-	373,000	356,375
Total equity		3,919,807	4,041,744	4,292,807	4,398,119
TOTAL LIABILITIES AND EQUITY		7,692,678	7,300,109	15,195,455	14,519,530

The accompanying notes are an integral part of the Individual and Consolidated Financial Statements.

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In thousands of reais - R$, except earnings (loss) per share)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
NET SALES AND SERVICES REVENUE	26	5,083,187	3,970,470	16,947,869	13,688,367
COST OF GOODS SOLD AND SERVICES	27	(4,405,179)	(3,249,746)	(15,139,227)	(11,984,244)
GROSS PROFIT		678,008	720,724	1,808,642	1,704,123
OPERATING INCOME (EXPENSES)					
Selling expenses	27	(27,223)	(17,697)	(96,095)	(78,486)
General and administrative expenses	27	(147,065)	(148,031)	(627,523)	(643,946)
Management fees	10.a	(18,971)	(18,397)	(18,971)	(18,397)
Equity pickup	11	184,736	87,056	30,445	33,879
Other operating income (expenses), net	28	(7,344)	152,022	149,186	284,312
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		662,141	775,677	1,245,684	1,281,485
Finance income	24	94,861	81,837	114,455	97,853
Finance costs	24	(436,364)	(189,445)	(713,353)	(389,416)
Foreign exchange gains (losses), net	25	(14,871)	1,817	(18,766)	(33,054)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		305,767	669,886	628,020	956,868
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	9.b	(10,874)	(126,528)	(284,028)	(355,355)
Deferred	9.b	(15,960)	(6,137)	60,180	25,425
PROFIT FOR THE YEAR		278,933	537,221	404,172	626,938
ATTRIBUTABLE TO					
Controlling interests		278,933	537,221	278,933	537,221
Noncontrolling interests		-	-	125,239	89,717
EARNINGS PER SHARE FOR THE YEAR:					
BASIC - R$	31	1.83996	3.52577	1.83996	3.52577
DILUTED - R$	31	1.83996	3.52561	1.83996	3.52561

The accompanying notes are an integral part of the Individual and Consolidated Financial Statements.

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In thousands of reais - R$)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
PROFIT FOR THE YEAR		278,933	537,221	404,172	626,938
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will be subsequently reclassified to profit or loss:					
Gains (losses) on translation of financial statements of foreign subsidiaries		(369,022)	214,168	(468,206)	203,505
Cash flow hedge					
Fair value of cash flow hedge, net of taxes	29	(423)	-	44,530	11,242
Items that will not be subsequently reclassified to profit or loss:					
Effect of change in actuarial assumptions, net of taxes	11	79,469	33,411	79,469	33,411
Total other comprehensive income (loss)		(289,976)	247,579	(344,207)	248,158
TOTAL COMPREHENSIVE INCOME (LOSS)		(11,043)	784,800	59,965	875,096
Attributable to:					
Controlling interests		(11,043)	784,800	(11,043)	784,800
Noncontrolling interests		-	-	71,008	90,296
		(11,043)	784,800	59,965	875,096

The accompanying notes are an integral part of the Individual and Consolidated Financial Statements.

IOCHPE-MAXION

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(In thousands of reais - R$)

				Earnings reserves				Valuation adjustments to equity					
	Note	Share Capital	Stock options	Legal reserve	Bylaws reserve for investment and working capital	Capital reserve	Treasury shares	Deemed cost to property, plant and equipment	Other comprehensive income (loss)	Profit for the year	Equity	Noncontrolling interests	Total equity
BALANCES AT DECEMBER 31, 2020		1,576,954	3,061	96,648	24,273	12,467	(28,894)	63,109	1,714,667	-	3,462,285	340,476	3,802,761
Profit for the year		-	-	-	-	-	-	-	-	537,221	537,221	89,717	626,938
Other comprehensive income (loss)		-	-	-	-	-	-	-	247,579	-	247,579	579	248,158
Total comprehensive income (loss)		-	-	-	-	-	-	-	247,579	537,221	784,800	90,296	875,096
Realization of deemed cost, net of tax effects		-	-	-	-	-	-	(5,843)	-	5,843	-	-	-
Write-off of deemed cost, net of tax effects		-	-	-	-	-	-	(399)	-	-	(399)	-	(399)
Hyperinflationary effect on investment in joint venture		-	-	-	-	8,834	-	-	-	-	8,834	-	8,834
Dividends allocated to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	(74,397)	(74,397)
Allocations of profit for the year:		-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	27,153	-	-	-	-	-	(27,153)	-	-	-
Bylaws reserve for investment and working capital		-	-	-	314,977	-	-	-	-	(314,977)	-	-	-
Interest on equity		-	-	-	(12,842)	-	-	-	-	-	(12,842)	-	(12,842)
Mandatory minimum dividends		-	-	-	-	-	-	-	-	(200,934)	(200,934)	-	(200,934)
BALANCES AT DECEMBER 31, 2021		1,576,954	3,061	123,801	326,408	21,301	(28,894)	56,867	1,962,246	-	4,041,744	356,375	4,398,119
Profit for the year		-	-	-	-	-	-	-	-	278,933	278,933	125,239	404,172
Other comprehensive income (loss)		-	-	-	-	-	-	-	(289,976)	-	(289,976)	(54,231)	(344,207)
Total comprehensive income (loss)		-	-	-	-	-	-	-	(289,976)	278,933	(11,043)	71,008	59,965
Treasury shares acquired	18.e	-	-	-	-	-	(12,554)	-	-	-	(12,554)	-	(12,554)
Interest on equity		-	-	-	-	-	-	-	-	-	-	-	-
Write-off of goodwill on acquisition of noncontrolling interests		-	-	-	-	13,183	-	-	-	-	13,183	-	13,183
Realization of deemed cost, net of tax effects		-	-	-	-	-	-	(5,454)	-	5,454	-	-	-
Write-off of deemed cost, net of tax effects		-	-	-	-	-	-	(373)	-	-	(373)	-	(373)
Dividends allocated to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	(54,383)	(54,383)
Allocation of profit for the year:		-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	14,219	-	-	-	-	-	(14,219)	-	-	-
Bylaws reserve for investment and working capital		-	-	-	164,945	-	-	-	-	(164,945)	-	-	-
Interest on equity		-	-	-	(5,927)	-	-	-	-	-	(5,927)	-	(5,927)
Mandatory minimum dividends		-	-	-	-	-	-	-	-	(105,223)	(105,223)	-	(105,223)
		-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT DECEMBER 31, 2022		1,576,954	3,061	138,020	485,426	34,484	(41,448)	51,040	1,672,270	-	3,919,807	373,000	4,292,807

The accompanying notes are an integral part of the Individual and Consolidated Financial Statements.

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In thousands of reais - R$)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		278,933	537,221	404,172	626,938
Adjustments to reconcile profit for the year to net cash from (used in) operating activities:					
Depreciation and amortization	27	70,430	67,482	491,231	559,848
Income tax and social contribution	9.b	26,834	132,665	223,848	329,930
Residual value of property, plant and equipment and intangible assets written off	12, 13 and 14	4,416	10,050	21,899	40,772
Equity pickup	11	(184,736)	(87,056)	(30,445)	(33,879)
Provision for tax, civil, and labor risks, net of reversals and inflation adjustments	19	3,786	8,909	6,457	30,806
Inflation adjustment of judicial deposits		(3,791)	(1,126)	(4,014)	(1,189)
Interest, monetary variations and amortization of borrowing costs		394,629	172,795	561,952	359,260
Interest on lease liability		347	364	1,793	3,546
Expected credit losses		10,933	3,293	23,158	2,310
Allowance for (reversal of) inventory losses		(7,153)	17,919	23,066	38,798
Finance cost (net) of pension plans and post-employment benefits	20	-	-	12,922	11,719
Loss (gain) on sale of property, plant and equipment		3,919	4,457	1,233	(15,037)
Write-off of deemed cost		(373)	(399)	(373)	(399)
Income from exclusion of ICMS from PIS and COFINS base	24 and 28	(75,583)	(283,542)	(83,518)	(292,772)
Gain on contingent asset		-	-	-	(49,946)
Loss on measurement of put option		-	-	30,662	(6,876)
Fair value of financial instrument		(51)	-	(51)	-
Decrease (increase) in assets:					
Trade receivables	6	(93,932)	(167,450)	(452,091)	(284,862)
Inventories	7	144,139	(436,609)	239,939	(1,423,636)
Other receivables and other accounts		30,963	(110,473)	(21,594)	(355,719)
Increase (decrease) in liabilities:					
Trade payables	16 and 34	804,368	1,318,939	973,934	1,857,794
Payment of pension plans and post-employment benefits	20	-	-	(39,993)	(47,837)
Payments of tax, civil and labor risks	19	(10,034)	(2,770)	(18,080)	(20,414)
Tax, labor and social security obligations		28,682	80,509	63,058	186,573
Other payables and other liabilities		(7,237)	42,847	147,446	(8,110)
		1,419,489	1,308,025	2,576,611	1,507,618
Payment of interest on borrowings and financing		(110,306)	(93,595)	(256,226)	(229,744)
Payment of interest on debentures		(184,588)	(46,880)	(184,588)	(46,880)
Payment of interest on lease liability		(347)	(294)	(2,397)	(5,816)
Payment of income tax and social contribution		-	(114,317)	(254,735)	(205,619)
		(295,241)	(255,086)	(697,946)	(488,059)
Net cash from operating activities		1,124,248	1,052,939	1,878,665	1,019,559
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital decrease (increase) in subsidiaries	11.b	585,412	(152,744)	-	-
Purchase of property, plant and equipment	12 and 34	(148,492)	(122,684)	(485,773)	(470,320)
Purchase of intangible assets	13	(902)	(7,786)	(2,873)	(14,722)
Net cash from (used in) investing activities		436,018	(283,214)	(488,646)	(485,042)
CASH FLOWS FROM FINANCING ACTIVITIES					
Debentures raised	15	750,000	-	750,000	-
Borrowings and financing raised	15	814,391	925,000	3,040,617	3,741,463
Repayment of borrowings and financing - principal	15	(553,420)	(997,924)	(2,171,319)	(3,549,810)
Debentures amortization - principal	15	(450,000)	-	(450,000)	-
Repayment of lease liabilities - principal		(4,037)	(1,912)	(32,630)	(29,566)
Repayment of (Forfait)	15	(911,532)	(1,093,253)	(911,532)	(1,093,253)
Capitalization of borrowing costs		(7,935)	(18,904)	(14,990)	(82,686)
Payment of proposed and additional dividends	21.c	(200,870)	-	(200,870)	-
Dividends paid to noncontrolling interests	11.d	-	-	(34,663)	(165,641)
Acquisition of treasury shares	21.e	(12,554)	-	(12,554)	-
Net cash used in financing activities		(575,957)	(1,186,993)	(37,941)	(1,179,493)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		984,309	(417,268)	1,352,078	(644,976)
Exchange differences on translating cash and cash equivalents of foreign subsidiaries		-	-	(153,138)	127,651
Cash and cash equivalents at beginning of year		252,537	669,805	1,088,114	1,605,439
Cash and cash equivalents at end of year		1,236,846	252,537	2,287,054	1,088,114
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		984,309	(417,268)	1,198,940	(517,325)

The accompanying notes are an integral part of the Individual and Consolidated Financial Statements.

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In thousands of reais - R$)

	Note	Parent 12/31/2022	Parent 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
REVENUES					
Sales and service revenue	26	6,255,366	4,812,784	18,170,522	14,578,742
Expected credit losses	6	(10,933)	(3,293)	(23,158)	(2,310)
Other revenues		77,657	239,522	228,672	364,446
		6,322,090	5,049,013	18,376,036	14,940,878
INPUTS ACQUIRED FROM THIRD PARTIES (INCLUDING STATE VAT - ICMS AND FEDERAL VAT - IPI)					
Raw materials		(3,036,566)	(2,093,721)	(10,761,011)	(7,897,636)
Materials, electric power, third-party services and other items		(581,194)	(495,843)	(2,309,417)	(2,041,408)
		(3,617,760)	(2,589,564)	(13,070,428)	(9,939,044)
GROSS VALUE ADDED		2,704,330	2,459,449	5,305,608	5,001,834
RETENTIONS					
Depreciation and amortization	27	(70,430)	(67,482)	(491,231)	(559,848)
NET VALUE ADDED PRODUCED BY THE COMPANY AND ITS SUBSIDIARIES		2,633,900	2,391,967	4,814,377	4,441,986
VALUE ADDED RECEIVED IN TRANSFER					
Equity pickup	11.b	184,736	87,056	30,445	33,879
Finance income	24	94,861	81,837	114,455	97,853
Foreign exchange gains (losses), net	25	(14,871)	1,817	(18,766)	(33,054)
		264,726	170,710	126,134	98,678
TOTAL VALUE ADDED TO BE DISTRIBUTED		2,898,626	2,562,677	4,940,511	4,540,664
DISTRIBUTION OF VALUE ADDED					
Personnel:					
Salaries and wages		942,757	830,064	2,435,420	2,366,821
Employees' profit sharing		25,185	21,548	111,164	123,346
Taxes:					
Federal		480,040	492,756	499,996	502,337
State		718,819	482,090	748,768	512,077
Municipal		154	133	154	133
Lenders:					
Finance costs	24	436,364	189,445	713,353	389,416
Rentals		16,374	9,420	27,484	19,596
Shareholders:					
Proposed and additional dividends	20.c	105,223	200,934	105,223	200,934
Retained profits		173,710	336,287	173,710	336,287
Noncontrolling interests in retained profits		-	-	125,239	89,717
		2,898,626	2,562,677	4,940,511	4,540,664

The accompanying notes are an integral part of the Individual and Consolidated Financial Statements.

1. Operations

Iochpe-Maxion S.A. (“Company”) is a publicly held company headquartered at Rua Dr. Othon Barcellos, 83, in the city of Cruzeiro, São Paulo state, registered with B3 S.A. - Brasil, Bolsa, Balcão, under ticker symbol MYPK3.

The activities of the Company, its subsidiaries, joint ventures and associates are carried out at 9 plants located in Brazil and 24 plants located abroad. Information on the Company’s main operations is presented in Note 2.

As communicated to the market, the Company is part of the B3 Corporate Sustainability Index (“ISE”) portfolio for the second consecutive year. The new portfolio will be in force until December 31, 2023, bringing together 70 companies. In 2022, the Company improved its Carbon Disclosure Project (“CDP”) score in the “Climate Change” category, moving up from B- to B. The CDP is part of the ISE assessment of the climate change dimension. The presence in the ISE reaffirms the Company's positioning and strategic direction toward the best environmental, social and governance practices.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

2. Group Companies

The activities of the Company and its subsidiaries are focused on the automotive segment and segregated into the wheels and structural component divisions. The consolidation comprises the financial statements of the Company and of the following direct and indirect subsidiaries:

			12/31/2022	
	Country	**Activities**	**% - Direct interest**	**% - Indirect interest**
Iochpe-Maxion S.A. (Parent Company - Cruzeiro)	Brazil	(a) (d) (e)	**-**	**-**
São Paulo Branch	Brazil	-	**-**	**-**
Limeira Branch - Steel	Brazil	(b)	**-**	**-**
Limeira Branch - Aluminum	Brazil	(c)	**-**	**-**
Contagem Branch	Brazil	(e)	**-**	**-**
Resende Branch	Brazil	(d)	**-**	**-**
Maxion (Nantong) Wheels Co. Ltd.	China	(a)	**100 .00**	**-**
Maxion Wheels do Brasil Ltda.	Brazil	(c)	**100 .00**	**-**
Iochpe-Maxion Austria GmbH	Austria	(g)	**100 .00**	**-**
Maxion Wheels Aluminum India Pvt. Ltd.	India	(c)	**-**	**100 .00**
Maxion Wheels Immobilien GmbH & Co. KG	Germany	-	**-**	**100 .00**
Maxion Wheels (Thailand) Co. Ltd. (i)	Thailand	(c)	**-**	**100 .00**
Maxion Inci Jant Sanayi, A.S. (i)	Turkey	(b) (c)	**-**	**60 .00**
Iochpe Sistemas Automotivos de México, S.A. de C.V.	Mexico	(g)	**-**	**100 .00**
Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Mexico	(d) (e)	**-**	**100 .00**
Maxion Wheels de Mexico, S. de R.L. de C.V.	Mexico	(a) (b) (c)	**-**	**100 .00**
Maxion Wheels U.S.A. LLC	USA	(f)	**-**	**100 .00**
Maxion Wheels Sedalia LLC	USA	(b)	**-**	**100 .00**
Maxion Wheels South Africa (Pty) Ltd.	South Africa	(c)	**-**	**100 .00**
Maxion Wheels Japan K.K.	Japan	-	**-**	**100 .00**
Maxion Wheels Czech s.r.o.	Czech Republic	(b) (c)	**-**	**100 .00**
Maxion Wheels Holding GmbH	Germany	(g)	**-**	**100 .00**
Maxion Wheels España S.L.	Spain	(b)	**-**	**100 .00**
Hayes Lemmerz Barcelona, S.L.	Spain	-	**-**	**100 .00**
Maxion Wheels Italia S.r.l.	Italy	(c)	**-**	**100 .00**
Maxion Wheels Konigswinter GmbH	Germany	(g)	**-**	**100 .00**
Kalyani Maxion Wheels Private Limited	India	(a) (b)	**-**	**85 .00**
Maxion Wheels Werke GmbH	Germany	(a) (b)	**-**	**100 .00**
Maxion Jantas Jant Sanayi ve Ticaret A.S.	Turkey	(a)	**-**	**60 .00**

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

	Country	Activities	12/31/2021 % - Direct interest	12/31/2021 % - Indirect interest
Iochpe-Maxion S.A. (Parent Company - Cruzeiro)	Brazil	(a) (d) (e)	-	-
São Paulo Branch	Brazil	-	-	-
Limeira Branch - Steel	Brazil	(b)	-	-
Limeira Branch - Aluminum	Brazil	(c)	-	-
Contagem Branch	Brazil	(e)	-	-
Resende Branch	Brazil	(d)	-	-
Remon-Resende Montadora Ltda. (i)	Brazil	-	**66.67**	**33.33**
Maxion (Nantong) Wheels Co. Ltd.	China	(a)	**100.00**	-
Maxion Wheels (Thailand) Co. Ltd. (i)	Thailand	(c)	**8.15**	**91.84**
Maxion Wheels do Brasil Ltda.	Brazil	(c)	**100.00**	-
Iochpe-Maxion Austria GmbH	Austria	(g)	**100.00**	-
Maxion Wheels Aluminum India Pvt. Ltd.	India	(c)	-	**100.00**
Maxion Wheels Immobilien GmbH & Co. KG	Germany	-	-	**100.00**
Iochpe Sistemas Automotivos de México, S.A. de C.V.	Mexico	(g)	-	**100.00**
Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Mexico	(d) (e)	-	**100.00**
Maxion Wheels de Mexico, S. de R.L. de C.V.	Mexico	(a) (b) (c)	-	**100.00**
Maxion Wheels U.S.A. LLC	USA	(f)	-	**100.00**
Maxion Wheels Akron LLC (i)	USA	-	-	**100.00**
Maxion Wheels Sedalia LLC	USA	(b)	-	**100.00**
Maxion Import LLC (i)	USA	(f)	-	**100.00**
Maxion Wheels South Africa (Pty) Ltd.	South Africa	(c)	-	**100.00**
Maxion Wheels Japan K.K.	Japan	-	-	**100.00**
Maxion Wheels Czech s.r.o.	Czech Republic	(b) (c)	-	**100.00**
Maxion Wheels Holding GmbH	Germany	(g)	-	**100.00**
Maxion Wheels España S.L.	Spain	(b)	-	**100.00**
Hayes Lemmerz Barcelona, S.L.	Spain	-	-	**100.00**
Maxion Wheels Italia S.r.l.	Italy	(c)	-	**100.00**
Maxion Wheels Konigswinter GmbH	Germany	(g)	-	**100.00**
Kalyani Maxion Wheels Private Limited	India	(a) (b)	-	**85.00**
Maxion Wheels Werke GmbH	Germany	(a) (b)	-	**100.00**
Maxion Inci Jant Sanayi, A.S. (i)	Turkey	(b) (c)	-	**60.00**
Maxion Jantas Jant Sanayi ve Ticaret A.S.	Turkey	(a)	-	**60.00**

(i) See "Corporate reorganizations" section in this Note.

(a) Manufacture and sale of heavy steel wheels.

(b) Manufacture and sale of light steel wheels for automobiles, pickups, SUVs and light and medium commercial vehicles.

(c) Manufacture and sale of light aluminum wheels for vehicles.

(d) Manufacture and sale of heavy structural components (complete frames, sidebars and crossbars) and metal stampings for commercial vehicles.

(e) Manufacture and sale of automotive and light structural components (metal stampings from passenger vehicles, hand brank levers, pedal assemblies, welded assemblies, structural parts and other automotive components).

(f) Sale of light and heavy wheels.

(g) Company that holds controlling interests in one or more companies.

Interests in joint ventures

Maxion Montich S.A.

The Company, through its joint venture Maxion Montich S.A. (“Maxion Montich”), located in Cordoba, Argentina, is engaged in the manufacturing and sale of heavy structural components (complete frames, sidebars and crossbars), metal stampings and welded assemblies for commercial and light vehicles.

At December 31, 2022, investments in joint venture Maxion Montich representing 50% interests are accounted by the equity pickup method.

Interests in associates

Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.

The Company, through its associate Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (“Amsted-Maxion”), located in Cruzeiro, São Paulo state, is engaged in the manufacturing of industrial castings and railroad wheels.

Amsted-Maxion, through Greenbrier Maxion Serviços e Equipamentos Ferroviários S.A. (“Greenbrier-Maxion Ferroviário”), its joint venture located in the city of Hortolândia, São Paulo state, is engaged in the manufacturing and sale of railway wagons.

DongFeng Maxion Wheels Ltd.

The Company, through its associate DongFeng Maxion Wheels Ltd. (“DongFeng Maxion”) located in Suizhou, Hubei Province, China, is engaged in manufacturing and sale of aluminum wheels for light vehicles focused on the Chinese market. DongFeng Maxion began operating in the 1st quarter of 2022 and is still in the ramp-up stage.

The Company has significant influence on this associate, evidenced by the appointment of members of the Board of Directors and other rights arising from an Investment Agreement entered into with DongFeng Motor Chassis Systems.

At December 31, 2021 and 2022, investments in associates Amsted-Maxion and DongFeng Maxion, representing 19.5% and 50% interests respectively, are accounted by the equity pickup method.

Iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated financial statements
Year ended December 31, 2022
(Amounts expressed in thousands of reais - R$, unless otherwise stated)

The main financial statement groups of joint ventures and associates are as follows:

	Maxion Montich		Amsted-Maxion Fundição		DongFeng Maxion	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Statements of financial position						
Current assets	**235,998**	188,833	**202,619**	176,968	**31,675**	58,097
Noncurrent assets	**58,744**	82,551	**398,378**	390,866	**177,672**	176,947
Current liabilities	**(172,891)**	(132,796)	**(224,363)**	(211,589)	**(25,669)**	(21,351)
Noncurrent liabilities	**(11,048)**	(32,598)	**(117,155)**	(135,269)	**(137,496)**	(128,397)
Equity attributable to controlling interests	**110,689**	105,855	**132,334**	112,698	**23,091**	42,648
Noncontrolling interests	**114**	135	**127,145**	108,278	**23,091**	42,648
Total equity	**110,803**	105,990	**259,479**	220,976	**46,182**	85,296
Statements of profit or loss						
Net sales and services revenue	**785,185**	575,464	**626,946**	486,010	**10,273**	-
Cost of sales and services	**(665,768)**	(477,575)	**(513,461)**	(410,074)	**(28,738)**	-
Operating expenses	**(21,000)**	(14,061)	**(40,113)**	(16,292)	**(6,333)**	(17,368)
Finance income (costs), net	**7,787**	(1,089)	**(15,374)**	29,465	**(2,760)**	(616)
Income tax and social contribution	**(36,141)**	(27,642)	**(10,476)**	(10,088)	**-**	(64)
Loss for the year - noncontrolling interests	**(149)**	(110)	**-**	-	**-**	-
Net income (loss) for the year	**69,914**	54,987	**47,522**	79,021	**(27,558)**	(18,048)

Interests in venture capital funds

In a partnership with Autotech Ventures Management III, LLC, the Company is a member of a private venture capital fund based in the United States, dedicated to investments in promising startups in the automotive and transportation sectors. In this connection, the Company will have access to research and development programs, in addition to priority in the acquisition of units of interest and shares in future IPOs of these companies. The participation in the fund is strategic for the Company's business, with a minimum duration of ten years, starting in calendar year 2022. The total capital committed to the fund is US$5,500 thousand, the first contribution being made on January 5, 2022 for the amount of US$385 thousand, and the second one made on November 18, 2022, amounting to US$165 thousand. This is a financial investment recorded as “Other receivables” in noncurrent assets. At December 31, 2022, the fair value of such investment is R$2,172.

Corporate reorganizations

In 2022, the Company engaged in a process of global reorganization of its subsidiaries in order to create a more horizontal and less complex corporate structure from a legal point of view, simplifying the flow of capital between the subsidiaries. The main events resulting from this corporate reorganization are described below, in chronological order:

(i) On May 31, 2022, the entity Maxion Wheels do Brasil Ltda., holder of 33.33% interest in Remon-Resende Montadora Ltda., transferred its units of interest to the Company, which became its direct controlling entity. At September 30, 2022, subsidiary Remon - Resende Montadora Ltda. was merged into the Company, ceasing to exist legally.

(ii) On June 30, 2022, the entity Maxion Wheels Akron LLC was merged into Maxion Wheels U.S.A. LLC.

(iii) On August 31, 2022, subsidiary Maxion Import LLC was merged into indirect subsidiary Maxion Wheels U.S.A. LLC, ceasing to exist legally.

(iv) On September 29, 2022, direct subsidiary Iochpe-Maxion Austria GmbH acquired all units of interest of subsidiary Maxion Wheels (Thailand) Co. Ltd. held by indirect subsidiary Maxion Wheels Italia S.r.l. for €36.3 million, in cash, obtaining 91.84% equity interest in the Thai subsidiary. There was no significant cash disbursement due to tax effects.

(v) On September 30, 2022, the Company, having a minority position in subsidiary Maxion Wheels (Thailand) Co. Ltd., decided to contribute at book value all its units of interest in the investee, equivalent to 8.16%, to direct subsidiary Iochpe-Maxion Austria GmbH, which in turn now holds 100% of the Thai subsidiary's capital.

(vi) On September 30, 2022, the German indirect subsidiary Maxion Wheels Holding GmbH distributed its entire interest in the Turkish subsidiary Maxion Inci Jant Sanayi, A.S. to its controlling entity, Iochpe-Maxion Austria GmbH and, in return, there was a reduction in its equity for an amount equivalent to the total amount of the units of interest granted.

The transactions were carried out among subsidiaries of the same economic group, and all indirect investees before and after that corporate reorganization remain under the common control of the Company, as well as they were carried out with the purpose that the direct subsidiary Iochpe-Maxion Austria GmbH now obtained a direct interest in its aforementioned indirect investments. Such transactions under common control had no effect on the Company's individual and consolidated financial statements, once the book values of said investments were maintained in accordance with the Company's accounting policy.

Furthermore, the Company analyzed the local tax and accounting aspects of each jurisdiction involved in the reorganization, and the tax effects recognized in its financial statements are not relevant.

Conflict between Russia and Ukraine

In February 2022, Russia invaded the Ukrainian territory, starting a warlike confrontation that has been in course for more than a year, with global geopolitical and economic impacts. Up to the date of approval of these financial statements, Management understands that there are no significant direct impacts on the Company's operations, but is constantly assessing the course of the conflict in order to eventually implement effective measures to mitigate potential adverse effects on its operations.

Cyber incident

On December 5, 2022, the Company was victim of a cyberattack, detected and blocked by its information technology controls environment and IT specialists team, leading to, for security reasons, the immediate interruption of the network and its operating systems, both reestablished as soon as the integrity of the database and the server stability were achieved. There was no damage to the Company's operations or to its customers' activities.

3. Basis of preparation of the financial statements

The individual and consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil (“BR GAAP”).

The accounting practices adopted in Brazil comprise the rules set forth in Brazilian Corporation Law and the technical pronouncements, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and by the Brazilian Securities and Exchange Commission (CVM).

Since there is no difference between consolidated equity and consolidated profit/(loss) attributable to the Parent´s shareholders, disclosed in the consolidated financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, and the Parent´s equity and profit or loss disclosed in the individual financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated financial statements in a single set, using a side by side format.

Management represents that all relevant information for the financial statements, and only this information, is being disclosed and corresponds to the information used in managing the Company.

The financial statements were prepared based on the historical cost, except for the financial instruments measured at their revalued amounts or at fair value at the end of each reporting period. Historical cost is generally based on the fair value of consideration paid in exchange for assets and services.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at measurement date, regardless of whether that price is directly observable or estimated using a different valuation technique. In estimating fair value of an asset or liability, the Company takes into consideration the characteristics of the asset or liability in case the market participants take these characteristics into account when pricing the asset or liability at the measurement date. Fair value for purposes of measurement and/or disclosure in these consolidated financial statements is calculated on such basis, except for share-based payment transactions that are within the scope of IFRS 2 (CPC 10 (R1)), lease transactions that are within the scope of IFRS16 (CPC 06 (R2)) – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 (CPC 16 (R1)) - Inventories or value in use in IAS 36 (CPC 01 (R1)) – Impairment of Assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and of the entities controlled by the Company (its subsidiaries) prepared until December 31 each year. Control is obtained when the Company:

• Has power over the investee;

• Is exposed or has rights to variable returns from its involvement with the investee; and

• Has the ability to use such power to affect its returns.

The Company reassesses whether or not it retains the controls over an investee if facts and circumstances indicate the occurrence of changes in one or more of the three components of control mentioned above.

When the Company does not hold the majority of the voting rights in an investee, it will have power over this investee when the voting rights are sufficient to enable it to unilaterally address the investee's relevant activities. In assessing if the Company's voting rights in an investee are sufficient to confer power on the Company, Management considers all significant facts and circumstances, including:

• The size of the Company's holding of voting rights in relation to the size and dispersion holding of the other holders of voting right.

• Potential voting rights held by the Company, by other holders of voting rights or by other parties.

• Rights arising from other contractual agreements.

• Any additional fact or circumstance that indicate that the Company has or does not have the ability to conduct the significant activities when decisions must be made, including voting patterns in prior shareholders' meetings.

The consolidation of a subsidiary begins when the Company obtains control over this subsidiary and ceases when the Company loses control over the subsidiary. All transactions, balances, revenues and expenses, and cash flows between the Company and its investees are eliminated in the consolidated financial statements.

The individual and consolidated financial statements were prepared using the historical cost as value basis and available-for-sale financial assets and liabilities measured at fair value.

Functional and presentation currency

In the preparation of the financial statements of each entity of the Group, transactions in foreign currency, i.e. any currency other than each entity's functional currency, are recorded by applying the exchange rates at each transaction date. At the end of each reporting period, monetary assets and liabilities denominated in foreign currency are translated at the exchange rates in effect at the end of each period. Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Nonmonetary items measured at historical cost in foreign currency are not translated.

Exchange gains or losses are recognized in profit or loss when earned or incurred, other than:

• Exchange rate changes arising from borrowings and financing in foreign currency relating to constructions in progress for future production use, which are included in the cost of these assets when considered as adjustments to interest expenses on those borrowings and financing denominated in foreign currency.

• Exchange rate changes arising from transactions to hedge against foreign exchange risks.

• In the consolidated financial statements, exchange rate changes arising on monetary items, receivable or payable, regarding a foreign transaction, whose settlement is not estimated or likely to occur (and is, therefore, part of the net investment in the foreign operation), initially recognized in “other comprehensive income” and reclassified from equity to profit or loss upon disposal or partial disposal of the net investment.

For the purpose of presentation of these consolidated financial statements, assets and liabilities relating to the Company’s foreign transactions are translated using the exchange rates prevailing at the end of the reporting period. Gains and losses are translated using the average exchange rates for the period, unless these exchange rates fluctuate significantly throughout the period, case in which the exchange rates prevailing on the transaction date are used. Exchange rate changes arising from these translations, if any, are recognized in “Other comprehensive income” and accumulated in a separate component of the foreign currency translation reserve (attributed to non-controlling interests, as appropriate).

Upon disposal of a foreign operation (i.e. disposal of 100% of the Company’s interest in a foreign operation, or disposal involving loss of control over a subsidiary that includes foreign operations or partial disposal of interests in a joint venture or associate that includes a foreign operation in which the interests held become a financial asset), the exchange fluctuation amount accumulated in the reserve for foreign currency translation referring to this operation attributable to Company’s owners is fully reclassified to profit or loss.

Additionally, in case of partial disposal of a subsidiary that includes a foreign operation that does not represent loss of control by the Company over the subsidiary, the proportional shares of the accumulated exchange rate differences are reclassified to non-controlling interests and not recognized in profit or loss.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

For all remaining partial disposals (i.e. partial disposals of associates or joint ventures that do not represent significant loss of the Company's influence or joint control), the proportional share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and adjustments to fair value arising on the acquisition of a foreign operation are recognized as assets and liabilities of the foreign transaction and translated at the closing exchange rate. Exchange rate differences are recorded in "Other comprehensive income".

Exchange rates

The exchange rates in Brazilian reais (R$) prevailing at the financial statement reporting date are as follows:

Closing rate	12/31/2022	12/31/2021
US dollars - US$	**5.2177**	5.5805
Euro - €	**5.5694**	6.3210

Average rate	12/31/2022	12/31/2021
US dollars - US$	**5.1648**	5.3950
Euro - €	**5.4440**	6.3813

Use of estimates and judgments

In applying the accounting policies described in note 4, Management performs judgments and estimates regarding the reported assets and liabilities´ carrying amounts, which are not easily obtained from other sources. The estimates and associated assumptions are based on historical experience and on other factors deemed relevant. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects from the revisions of accounting estimates are recognized in profit or loss for the current year.

Significant areas involving accounting estimates and judgments are as follows:

- Expected credit losses;
- Inventory losses;
- Property, plant and equipment useful life and depreciation method;
- Impairment of goodwill and other nonfinancial assets;
- Income tax and social contribution;

- Provision for labor, tax and civil risks;

- Pension plan actuarial liabilities.

- Risk and financial instrument management.

- Analysis on whether right-of-use assets are subject to impairment.

Investments in subsidiaries and joint ventures

An associate is an entity over which the Company has significant influence, and which does not qualify as a subsidiary or joint venture. Significant influence is the power to participate in the decisions of the investee´s financial and operating policies, without exercising individual or joint control over these policies.

A joint venture is a joint arrangement whereby the parties holding the joint control have rights on the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of a joint venture, applicable solely when the decisions on relevant activities require the unanimous approval of the parties sharing such control.

Under the equity method of accounting, an investment in an associate or joint venture is initially recognized in the consolidated statement of financial position at cost and subsequently adjusted to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture.

Consolidation of financial statements

Consolidated financial statements – include the financial statements of the Company and its subsidiaries, for the same reporting period and consistent with the accounting practices adopted by the Company.

The main consolidation criteria include:

- Elimination of intercompany asset and liability balances among the consolidated entities;

- Elimination of the Parent company's interests in equity of its direct and indirect subsidiaries;

- Elimination of intercompany transactions, balances and unrealized gains and losses in intercompany transactions. Unrealized losses are also eliminated, unless the transaction has evidence of impairment of the transferred asset.

4. Significant accounting policies

4.1. ADOPTION OF NEW AND REVISED IFRS IN EFFECT IN THE CURRENT YEAR

4.1.1. Amendments to IAS 16 (CPC 27) – Property, Plant and Equipment – Proceeds Before Intended Use

The update to IAS 16 (CPC 27) – Property, Plant and Equipment prohibits deducting from the cost of a fixed asset item any proceeds from the sale of items produced before the asset is available for use, i.e., proceeds applied to bring the asset to its location and condition necessary for it to be able to operate in the desired manner. Consequently, the Company recognizes these proceeds from the sale and associated costs directly in profit or loss for the year, in accordance with IAS 2 (CPC 16) – Inventories.

If not presented separately in the statement of comprehensive income, the financial statements must disclose the amounts of proceeds and costs included in profit or loss corresponding to items produced that are not a product of the Company’s ordinary activities, and whose line item(s) in the statement comprehensive income include(s) these proceeds and costs.

Amendments to the pronouncement are applicable retrospectively only to property, plant and equipment items that have been made available for use in the manner intended by management as of the earliest period presented. Such updates did not have a significant impact on the Company's individual and consolidated financial statements.

4.1.2. Amendments to IFRS 3 – References to the Conceptual Framework

The updates to IFRS 3 (CPC 15) – Business Combinations refer to the 2018 Conceptual Framework, which includes a requirement in which obligations within the scope of IAS 37 – Provisions, Contingent Assets and Contingent Liabilities must be considered by the acquirer to determine whether there is a present obligation at the acquisition date as a result of past events. A similar criterion must be adopted by the acquirer in case of taxes payable within the scope of IFRIC 21 – Taxes. Additionally, the amendment explicitly prohibits the acquirer from recognizing contingent assets eventually acquired in a business combination.

In accordance with the transitional provisions, the Company applies the amendments prospectively, for business combinations that occur after January 1, 2022. These amendments had no impact on the Company’s individual and consolidated financial statements, since there were no business combinations during the period covered by its adoption.

4.1.3 Amendment to IAS 37 (CPC 25) - Onerous Contracts – Cost of Fulfilling a Contract

The update to IAS 37 (CPC 25) - Onerous Contracts, in force in the current year, specifies that the so-called “performance cost” of the contract includes the “costs directly related to the contract”, which in turn comprise the incremental costs of performance of this contract, such as those related to labor or materials, and also the allocation of other costs directly associated with the performance of the contract, such as the allocation of depreciation expenses to an item of property, plant and equipment used in the performance of such contract. General and administrative costs not directly related to a contract are excluded unless they are explicitly charged to the counterparty under the terms of the contract.

These amendments had no impact on the Company’s individual and consolidated financial statements, because before and after their implementation, no contracts that would be classified as onerous were identified.

4.1.4. Annual Improvements to the 2018-2020 IFRS Cycle - IFRS 9 (CPC 48) - Financial Instruments - Fees in the '10% Test' for Derecognition of Financial Liabilities

The amendment clarifies that when applying the so-called '10% test' to assess whether a financial liability should be written off, only fees and charges paid or received between the borrower and the lender are considered, including those paid or received by the borrower or the lender on behalf of another party. Pursuant to the transitional provisions, the Company applies the amendment to financial liabilities that are modified, exchanged or renegotiated as of January 1, 2022. The amendment had no impact on the Company’s individual and consolidated financial statements, since the application of this amendment did not produce effects that could change our conclusions in the modifications of financial liabilities occurred in the period.

4.2. NEW AND REVISED IFRS ISSUED AND NOT YET APPLICABLE

At the date when these financial statements were authorized for issuance, Management has not adopted the following new or revised IFRSs, already issued and not yet applicable, to take effect on or after January 1, 2023:

• IFRS 17 (CPC 50) – Insurance contracts;

• Amendments to IAS 1 (CPC 26) - Classification of Liabilities as Current or Noncurrent;

• Amendments to IAS 1 (CPC 26) and IFRS Practice Statement 2: Disclosure of accounting policies;

• Amendments to IAS 8 (CPC 23) – Definition of accounting estimates, Accounting Policies, Changes in Accounting Estimates and Errors;

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

• Amendments to IAS 12 (CPC 32) – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Management expects that the adoption of the standards above do not have a significant impact on the Company's financial statements in future periods.

4.3. RESTATEMENT OF CORRESPONDING FIGURES

After the issuance of the financial statements for the year ended December 31, 2021, Management revised its understanding of the classification of its forfait transactions in the statements of cash flows, with payments made to financial institutions reclassified to financing activities, the reason why the balances for the year ended December 31, 2021 are being restated. This review did not affect the statement of financial position or the statement of profit or loss for the year.

	Parent			Consolidated		
	As originally stated	Adjustment	As restated	As originally stated	Adjustment	As restated
		12/31/2021			12/31/2021	
Cash from (used in) operating activities	(40,314)	1,093,253	1,052,939	(73,694)	1,093,253	1,019,559
Cash from (used in) financing activities	(93,740)	(1,093,253)	(1,186,993)	(86,240)	(1,093,253)	(1,179,493)

4.4. SIGNIFICANT ACCOUNTING POLICIES

a) General principles and revenue recognition criteria

IFRS 15 (CPC 47) establishes a five-step model for recognizing revenue from a contract with a customer and requires that revenue be recorded in an amount that reflects the consideration that the entity expects to receive in exchange for the transfer of assets or services to a customer.

IFRS 15 (CPC 47) requires that the Company exercise judgment, taking into consideration all significant facts and circumstances in applying each step of the model to contracts with its customers.

Revenue from product sales

Revenue is recognized to the extent that economic benefits are likely to flow to the Company and when it can be reliably measured, irrespective of when payment is received. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and taxes or charges on sales. The Company measures revenue transactions in accordance with specific criteria to determine whether it is acting as an agent or a principal and eventually concluded that it has been acting as a principal in all its revenue agreements.

The Company provides no guarantee other than the guarantee set forth by law, in line with industry practice.

Sales revenue is recognized when the Company transfers control over the asset to the customer, which usually occurs upon delivery. Receivables are usually collected within 30 to 90 days after the delivery date.

Rebates per volume

The Company offers rebates per volume retrospectively to certain customers when the quantity of products acquired in the period exceeds a limit specified by contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration of expected future discounts, the Company applies the most likely amount method for contracts with a single volume limit and the expected amount method for contracts with more than one volume limit. The method selected that the best forecasts the variable consideration amount is leveraged mainly by the number of volume limits established in the contract. Subsequently, the Company applies the requirements on restrictive estimates of variable consideration and recognizes a replacement liability for expected future rebates.

Services provided

Revenue from tooling manufacture is recognized based on percentage of completion. Construction progress is measured based on raw materials and working hours incurred up to a cut-off date, as a percentage of the total working hours estimated for each contract. When the contract outcome cannot be reliably measured, revenue is recognized only to the extent that the costs incurred may be recovered. This is generally observed in the initial manufacturing phases, when tooling is subject to customer quality testing.

b) Cash and cash equivalents

Comprise cash, bank deposits and highly liquid short-term investments maturing within up to 90 days from investment date, immediately convertible into a known cash amount, subject to an insignificant risk of change in value, which are recorded at cost plus yield earned until each reporting period, which does not exceed their fair or realizable values.

c) Trade receivables

Recognized and held in the balance sheet at the transaction price of the receivables, less any expected credit losses, adopting the simplified approach to recognize lifetime expected credit losses in trade receivables.

The Company measures provision for expected credit losses at an amount equivalent to the expected credit loss on outstanding trade receivables. Expected credit losses on trade receivables are estimated considering the debtor's default history and analyzing the debtor's current financial position, adjusted on specific debtor-related factors, economic conditions of the sector in which the debtor operates and an assessment of the current course of business and of projected conditions at reporting date. The Company records provision for losses for 100% of accounts receivable overdue for more than 180 days, since historical experience indicates that these receivables are not usually recovered.

d) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost deducted from equity. No gain or loss is recognized in the statement of profit or loss upon purchase, sale, issuance or cancellation of Company´s own equity instruments. Any difference between the carrying amount and the consideration is recognized in "Other capital reserves".

e) Inventories

These are recorded at average acquisition or production cost, adjusted to net realizable value and probable losses, when applicable. The average cost includes expenses incurred upon acquisition, costs of production and transformation and other costs incurred to bring the inventories to the location and selling conditions. In the case of manufacturing inventories and products in process, cost also includes a portion of overhead expenditures based on normal operating capacity.

The net realizable value corresponds to the estimated selling price in the normal course of business, less estimated costs of completion and selling expenses.

The Company and its subsidiaries make estimates to determine the allowance for losses on inventories, in an amount deemed sufficient to cover probable losses on inventories, using the criteria presented below.

The allowance for losses on slow-moving inventories is recognized based on a policy defined by Management, which takes into consideration the history of consumption on an item-by-item basis in the past 12 months as compared with the existing balance of inventories at the financial statements' closing date. For quantities on hand that exceeded the historical consumption for the past 12 months and are not expected to be sold or used in the upcoming future, allowance for inventory losses is recognized as the difference between their carrying amount and their recoverable amount.

f) Property, plant and equipment (“PPE”)

Recognition and measurement

Property, plant and equipment items are recognized at acquisition or construction cost and, when applicable, interest capitalized over the construction period, for the cases of qualifying assets, net of accumulated depreciation and allowance for impairment losses on discontinued assets without expectation of reuse or realization.

Property, plant and equipment includes, when applicable, all expenses that may be allocated to the items during their construction phase and/or pre-operating test phase.

Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in net amounts as “Other operating income (expenses)” in the statement of profit or loss.

Machinery spare parts, necessary for the regular operation of property, plant and equipment items and whose usage contributes to an increase to the useful life of these items in a period over 12 months, are classified as property, plant and equipment.

Subsequent costs

The cost of replacement of an item of property, plant and equipment is recognized at the carrying amount of the item when it is probable that the economic benefits arising from the item will flow to the Company and its subsidiaries and its cost can be reliably measured. Maintenance costs are recognized in the statement of profit or loss when incurred.

Depreciation

Depreciation is calculated on the depreciable amount of an asset, which is the cost or another replacement cost value, less residual value.

Depreciation is recognized in the statement of profit or loss on a straight-line basis, based on the estimated useful life of each component of each part of a property, plant and equipment item, as this is the method that more closely reflects the pattern of consumption of the future economic benefits embodied in the asset. Land and construction in progress are not subject to depreciation.

Depreciation methods, useful lives and residual values are reviewed at each financial year closing date and any adjustment thereto is recognized as changes in accounting estimates.

Depreciation is recognized to write off in the accounting records the assets’ cost or valuation, except land and construction in progress, less residual value based on annual useful life, on a straight-line basis, as follows:

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

	Parent	Consolidated
Buildings and improvements	**4%**	**5%**
Machinery and equipment	**5%**	**14%**
Machinery spare parts	**9%**	**33%**
Tooling	**7%**	**40%**
Other	**4% to 24%**	**6% to 43%**

g) Intangible assets

Finite-lived intangible assets acquired separately are recorded at cost, less amortization and, when applicable, accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life of the assets, as follows:

	Consolidated
Customer relationship	**11%**
Software	**12%**
Land use rights	**2%**
Trademark	**11%**
Other	**2%**

The estimated useful life and the amortization method are reviewed at each year end, and the effect of any change in estimates is accounted for prospectively.

The customer portfolio acquired from third parties was identified in the acquisition process of subsidiary Maxion Wheels and has a remaining useful life to be fully amortized until January 31, 2033.

Software use licenses, including corresponding expenses with implementation and corporate management systems acquired are capitalized and amortized also over the estimated life of the assets, and expenses associated with maintenance of these licenses are recorded as expenses when incurred.

The land use rights where subsidiary Maxion (Nantong) Wheels Co., Ltd. is located is amortized on a straight-line basis over a period of 50 years, as provided for in the concession agreement with the local authorities. The land use rights where subsidiary Maxion Wheels Aluminum India

Pvt. Ltd. is located is amortized on a straight-line basis over a period of 86 years, as stated in the contract.

Trademark Hayes Lemmerz was an asset identified in process of acquiring subsidiary Maxion Wheels and is amortized on a straight-line basis until January 31, 2035.

Expenditures with research and development of products are recognized as expenses when incurred.

Intangible assets with indefinite useful lives, acquired separately, are recorded at cost less impairment losses, when applicable. Intangible assets with indefinite useful lives, consisting substantially of the amounts of goodwill paid on the acquisition of subsidiaries, are tested for impairment annually or when indications of non-recovery are identified.

h) Impairment of assets

Assets

The Company and its subsidiaries annually assess whether there is evidence that the carrying amount of an asset with an indefinite useful life may not be recovered whereas for the other assets, this assessment is conducted when there are indications of impairment. In case such evidence is identified, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of:

(i) Its fair value less costs incurred to sell this asset;

(ii) Its value in use. Value in use is equivalent to pretax discounted cash flows arising from the asset's continuous use.

When the residual value of the asset exceeds the recoverable amount, an impairment loss is recognized.

For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e., cash generating units - CGUs).

Goodwill

Goodwill is not amortized but is subject to impairment testing at least annually. For impairment purposes, goodwill is allocated to each of the Company's cash-generating unit that will benefit from the combination synergies. The cash-generating units to which goodwill was allocated are annually subject to impairment testing or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is lower than book value, impairment losses are firstly allocated to reduce the book value of goodwill allocated to the unit and subsequently to the other assets of the unit, in proportion to the book value of each asset. Upon disposal of the cash-generating unit, the amount attributable to goodwill is included as part of the computation of the profit or loss of the disposal.

Financial assets (including receivables)

Financial assets not measured at fair value through profit or loss are assessed at year end to identify whether there is objective evidence of impairment.

i) Borrowing costs

Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which take a substantial period of time to be ready for their intended use or sale, are included in the cost of these assets until the date when ready for their intended use or sale.

Gains on temporary investment of the funds obtained from specific borrowings not yet spent with the qualifying asset are deducted from borrowing costs eligible for capitalization. All other borrowing costs are recorded in the statement of profit or loss for the year when incurred.

j) Provisions

General considerations

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of funds will be required to settle the obligation, and the obligation amount can be reliably measured. When the Company expects that a provision will be reimbursed, fully or partially, under an insurance agreement for instance, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is stated in the statement of profit or loss, net of any reimbursement.

Provision for tax, civil and labor risks

The Company is party to several lawsuits and administrative proceedings. Provisions are recognized for all contingent liabilities relating to lawsuits for which it is probable that an outflow of funds will be required to settle the contingency/obligation and its amount can be reliably measured.

Assessment about the likelihood of loss includes an evaluation of available evidence, the hierarchy of laws, available case rulings, most recent Court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted to consider changes in circumstances, such as the applicable statute of limitations, outcome of tax inspections, or additional exposures that may be identified based on new matters or Court rulings.

Restructuring

A provision is recorded when the Company designs a formal detailed restructuring plan in line with its business guidelines and there is a valid expectation that the restructuring will begin upon implementation of the plan or announcement of its main aspects. Measurement of the provision for restructuring includes only direct attributable restructuring costs and not those costs associated with the entity's regular activities.

k) Retirement benefits and post-employment healthcare benefits

Defined-benefit plan and post-employment healthcare benefits

The Company sponsors a closed defined benefit pension plan under which contributions must be made to funds managed separately from the Company's own funds. In addition, the Company grants certain post-employment healthcare benefits to executive level employees. These benefits are funded on a cash basis. The cost of the benefit granted under the defined benefit plan is established separately for each plan, using the projected unit credit method.

Measurements comprising actuarial gains and losses, the effect of the assets' limit, less interest, and the return on plan assets (less net interest) are promptly recorded in the statement of financial position, and corresponding debit or credit charged to "Retained earnings" through other comprehensive income in the period in which they occur. Measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated applying the discount rate to the asset or liability relating to the net defined benefit. The Company recognizes the following variations in the net defined benefit obligation in the consolidated statement of profit or loss:

- Services costs, comprising current costs of services, costs of past services, gains and losses deriving from a significant decrease in the expected working period and unusual settlements.

- Interest income/expenses, net.

Defined-contribution plan

Obligations relating to contributions to defined contribution retirement plans are recognized as expenses in the statement of profit or loss when the services that grant the right to these payments are provided. In the Company's case, the defined contribution plan is represented by an open plan characterized by fixed contributions subject to no actuarial risk or legal or constructive obligation that the Company may pay additional amounts.

l) Employee benefits

Profit sharing

The Company and its subsidiaries recognize a liability and an expense relating to employee profit sharing, which is linked to achievement of operating targets and specific objectives, established and approved at the beginning of each year. The Company and its subsidiaries recognize a provision when they are contractually obligated or there is a past practice that gave rise to a constructive obligation.

The liability is recognized at the value expected to be paid under the short-term cash bonus or profit-sharing plans if the Company and its subsidiaries have a legal or constructive obligation to pay this amount because of past services provided by the employee, and the obligation may be reliably measured.

Share-based payment

The Company and its subsidiaries also have a long-term incentive plan, whose beneficiaries are entitled to premiums in cash by reference to appreciation of Company shares in stock exchanges; and to return on capital invested in the Company.

m) Taxes

Current income tax and social contribution

Current tax assets and liabilities for the last and prior years are measured at the recoverable amount expected or payable to tax authorities. The amounts are calculated at the tax rates and pursuant to the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company operates and generates taxable income.

Current income and social contribution taxes related to items posted directly to equity are recognized in equity. Management periodically assesses the positions assumed in income tax returns concerning situations in which applicable tax regulations are subject to different interpretations and records provisions, when applicable, based on the amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred taxes arise from temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized on all temporary taxable differences, when applicable.

Deferred tax assets are recognized on all temporarily deductible differences, unused tax losses or credits to the extent that taxable profit is likely to be available so that temporarily deductible differences may be realized, and unused tax credits and losses may be used.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and written off to the extent that taxable profit is no longer likely to be available to allow deferred tax assets to be fully or partially used. Deferred tax assets written off are reviewed at each statement of financial position date and are recognized to the extent future taxable profit is likely to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured using the tax rate applicable for the year in which the asset is expected to be realized or the liability is expected to be settled, based on the tax rates (and tax legislation) in force at the statement of financial position date.

Deferred taxes relating to items recognized directly in equity are also recorded in equity rather than in the statement of profit or loss. Deferred tax items are recognized in accordance with the transaction that originated these taxes, in comprehensive income/(loss) or directly in equity.

Deferred tax assets and liabilities are presented net when there is a legal or constructive right to offset tax assets against tax liabilities, and deferred taxes related to the same taxpaying entity and subject to the same tax authority.

n) Earnings (losses) per share

Basic earnings (loss) per share are calculated by means of net income (loss) attributable to controlling and non-controlling interests of the Company and the weighted average of common shares outstanding in the respective year.

Diluted earnings (loss) per share are calculated by means of referred to weighted average of outstanding common shares, adjusted for the stock option plan, with a dilutive effect on the years presented.

o) Financial instruments

<u>Financial assets</u>

<u>Classification</u>

The Company classified its financial assets into (i) amortized cost; (ii) fair value through profit or loss and (iii) fair value through other comprehensive income. These classifications are based on the business model adopted for asset management and on the characteristics of contractual cash flows.

i) Amortized cost

Financial assets held within a business model whose purpose is to hold financial assets in order to receive contractual cash flows are recorded at amortized cost. These flows are received on specific dates and constitute solely payment of principal and interest. The following are examples of assets classified into this category: Trade receivables and Other receivables.

ii) Fair value through profit or loss

The following assets are recorded at fair value through profit or loss: (i) assets that do not fall into the business models through which they could be classified at amortized cost or fair value through other comprehensive income (loss); (ii) equity instruments designated at fair value through profit or loss; and (iii) financial asset that are managed in order to obtain cash flow from the sale of assets. The following is an example of assets classified into this category: Derivative financial instruments that have not been accounted for as cash flow hedge.

iii) Fair value through other comprehensive income (loss)

Derivative financial instruments designated as hedge accounting are recognized at fair value through other comprehensive income for the purpose of protecting cash flows and reducing foreign exchange exposure. Example of an asset classified in this category: “Swap of Notes Units issued by subsidiary Iochpe-Maxion Austria GmbH”.

Initial measurement

Upon initial recognition, the Company measures its financial assets and liabilities at fair value, considering transaction costs attributable to the acquisition or issuance of the financial asset or financial liability. Trade receivables are initially measured at transaction price.

Subsequent measurement

Assets are subsequently measured as follows:

(i) Amortized cost

These assets are accounted for using the effective interest rate method less expected credit losses. In addition, the principal amount paid is considered for amortized cost calculation purposes.

(ii) Fair value through profit or loss

Assets classified within this model are measured at fair value at the end of each period, and any fair value gains or losses are recognized in the statement of profit or loss to the extent that they are not part of a designated cash flow hedging relationship.

(iii) Fair value through other comprehensive income (loss)

Assets classified under this model are measured at fair value at the end of each period and any fair value gains or losses are recognized under Other comprehensive income (loss) in Equity.

(iv) Impairment of financial assets

The Company recognizes a provision for expected credit losses on accounts receivable. The Company measures provision for losses for a financial instrument in an amount equivalent to expected credit loss over the useful life if credit risk relating to this financial instrument increased significantly as from initial recognition, or if the financial instrument corresponds to a financial asset subject to impairment acquired or originated. The Company uses the simplified approach for measuring provision for losses in an amount corresponding to lifetime expected losses for accounts receivable, contract assets and lease amounts receivable in certain circumstances.

Derecognition

A financial asset (or when applicable, a portion of the financial asset) is derecognized when the rights to receive cash flows from that asset expire or upon transfer of its control to third parties and assignment of its rights to receive cash flows, in which the Company has substantially transferred all the risks and rewards inherent in the asset and has not substantially retained such risks and rewards.

When the Company transfers its rights to receive cash flows from an asset or enters into a transfer agreement, it assesses the extent to which it has retained the risks and benefits inherent to its ownership. When there is no guarantee that it has transferred or retained substantially all the risks and rewards of the financial asset, or transferred its control, the Company continues to recognize the asset to the extent of its continuing involvement. In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations due or consideration to be repaid.

Financial liabilities

Classification

Company financial liabilities are classified into: (i) Amortized cost; (ii) Fair value through profit or loss; and (iii) Fair value through other comprehensive income (loss).

Initial recognition

Financial liabilities are initially recognized at fair value plus transaction costs (in the case of borrowings, financing and debentures, and accounts payable). Company financial liabilities are accounts payable, loans, financing and debentures, and financial guarantee agreements.

Subsequent measurement

Liabilities are subsequently measured as follows:

(i) Amortized cost

Liabilities classified as amortized cost are accounted for using the effective interest rate method, whereby gains and losses are recorded in the statement of profit or loss upon write-off of the liabilities and recognition of amortization.

(ii) Fair value through profit or loss

Liabilities classified within this model are measured at fair value at the end of each period, and any fair value gains or losses are recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship.

(iii) Fair value through other comprehensive income

Liabilities classified under this model are measured at fair value at the end of each period, and any fair value gains or losses are recognized under Other comprehensive income (loss) in Equity.

Derecognition

A financial liability is derecognized when the obligation is definitively extinguished through settlement, offsetting, cancellation or expiration of the liability.

Classification is summarized as follows:

Financial assets/liabilities	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Trade receivables	Amortized cost
Other receivables	Amortized cost
Derivative financial instruments	Fair value through profit or loss
Derivative financial instruments (hedge accounting)	Fair value through other comprehensive income (loss)

Escrow deposits	Amortized cost
Trade payables	Amortized cost
Other financial liabilities	Amortized cost

Derivative instruments designated for cash flow hedge accounting

The Company, through its subsidiary Iochpe-Maxion Austria GmbH, has derivative financial instruments to manage its exposure to exchange rate risks and designated as hedging instruments in relation to the cash flow hedge.

At the beginning of the hedging transactions, the Company documents the relationship between the hedging instrument and the hedged item in connection with its objectives and risk management strategy to undertake derivative instruments. In addition, at the hedge inception, and on an ongoing basis, the Company documents whether:

- There is an economic relationship between the hedged item and the hedging instrument, i.e., whether there is offset for variations in cash flows, attributable to the hedged risk, of the object and of the hedging instrument; and

- The credit risk effect does not prevail over changes in value resulting from that economic relationship.

The effective portion of changes in fair value of derivatives that are designated and qualified as cash flow hedge is recognized in “Other comprehensive income” and accumulated under “Cash flow hedge reserve”, limited to the accumulated variation of the fair value of the hedged item from the beginning of the relationship. Any gains or losses related to the ineffective portion are immediately recognized in the statement of profit or loss.

The amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the statement of profit or loss in the periods in which the hedged item affects profit or loss, in the same account of the statement of profit or loss in which such item is recognized.

Hedge accounting discontinues only when the hedging relationship (or part of it) no longer meets the qualifying criteria. This includes circumstances in which the hedging instrument expires or is sold, terminated or exercised. Discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income (loss) and accumulated in the cash flow hedge reserve at that date remains in Equity and is reclassified to the statement of profit or loss only when the projected transaction occurs. When the projected transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is immediately reclassified to the statement of profit or loss.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

5. Cash and cash equivalents

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash and banks:				
In Brazil	**10,718**	12,877	**15,159**	14,786
Abroad	-	-	**977,915**	803,659
	10,718	12,877	**993,074**	818,445
Highly liquid short-term investments:				
In Brazil	**1,226,128**	239,660	**1,266,806**	253,641
Abroad	**-**	-	**27,174**	16,028
	1,226,128	239,660	**1,293,980**	269,669
Total	**1,236,846**	252,537	**2,287,054**	1,088,114

Transactions	Average yields at 12/31/2022	Liquidity	Country	Parent 12/31/2022	Parent 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Bank Deposit Certificate (CDB)	103 2% CDI	Immediate	Brazil	**1,214,223**	117,006	**1,252,071**	125,471
Debentures under repurchase agreements	78.1% CDI	Immediate	Brazil	**11,905**	122,654	**14,735**	128,170
Investment in Mexican pesos	3 1% p.a.	Immediate	Mexico	**-**	-	**-**	10,991
Investment in Turkish liras	17.9% p.a.	Immediate	Turkey	**-**	-	**27,174**	5,037
Total				**1,226,128**	239,660	**1,293,980**	269,669

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

6. Trade receivables

a) Breakdown

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
In Brazil	**500,687**	397,228	**522,172**	413,142
Abroad	**20,264**	26,264	**1,522,942**	1,309,038
Related parties (Note 10.b)	**73,077**	78,435	**45,683**	28,815
Allowance for expected credit losses	**(15,926)**	(6,824)	**(37,105)**	(19,081)
Total	**578,102**	495,103	**2,053,692**	1,731,914

Part of the Company's investees carried out, in their normal course of the business, factoring transactions for the year ended December 31, 2022 in the total amount of R$1,016,582 and R$262,331, without and with right of recourse, respectively, incurring finance costs in the total amount of R$2,321. Considering the total factoring transactions throughout 2022, at December 31, 2022, R$21,967 refers to the outstanding balance of the recourse type whose payment was pending by the customer and, consequently, is recorded as liabilities. At December 31, 2022, the amount of R$33,638 classified as non-recourse had already been derecognized by the Company but was pending of payment by the customer to the financial institution.

Changes in allowance for expected credit losses

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance at beginning of year	**(6,824)**	(6,415)	**(19,081)**	(18,880)
Amounts recovered	**11,692**	8,372	**19,372**	16,036
Amounts written off as bad debt	**1,831**	2,884	**3,451**	4,264
Additional amounts	**(22,625)**	(11,665)	**(42,530)**	(18,346)
Exchange rate changes	**-**	-	**1,683**	(2,155)
Total	**(15,926)**	(6,824)	**(37,105)**	(19,081)

b) Breakdown by maturity

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Due	**486,518**	419,980	**1,879,349**	1,560,513
Overdue:				
1 to 30 days	**49,413**	60,687	**109,853**	123,578
31 to 60 days	**13,454**	5,220	**25,388**	21,513
61 to 90 days	**13,528**	8,340	**16,061**	15,630
91 to 180 days	**17,624**	2,545	**33,358**	20,870
Above 180 days	**13,491**	5,155	**26,788**	8,891
Total	**594,028**	501,927	**2,090,797**	1,750,995

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

7. Inventories

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finished products	**104,782**	103,101	**756,067**	749,083
Work-in-process and semi-finished products	**204,525**	236,444	**606,153**	631,753
Tooling for resale in process	**45,089**	55,146	**114,301**	147,321
Raw materials	**228,287**	338,717	**886,424**	1,305,743
Auxiliary and packaging materials	**132,514**	104,903	**489,776**	470,090
Advances to suppliers	**8,824**	15,507	**10,653**	25,673
Imports in transit	**4,719**	19,061	**5,017**	19,789
Allowance for inventory losses	**(30,610)**	(37,763)	**(166,316)**	(152,758)
Total	**698,130**	835,116	**2,702,075**	3,196,694

Changes in the allowance for inventory losses

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance at beginning of year	**(37,763)**	(19,844)	**(152,758)**	(111,407)
Changes	**7,153**	(17,919)	**(23,066)**	(38,798)
Exchange rate changes	**-**	-	**9,508**	(2,553)
Total	**(30,610)**	(37,763)	**(166,316)**	(152,758)

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

8. Recoverable taxes

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)	**96,801**	78,548	**199,978**	133,468
State Value Added Tax (ICMS)	**49,982**	39,467	**56,473**	45,631
Federal Value Added Tax (IPI)	**241**	325	**258**	319
Export tax credits - Brazilian Special Regime for Reinstatement of Taxes for Exporters (REINTEGRA)	**3,545**	3,142	**4,783**	4,355
Contribution on Gross Revenue for Social Security Financing (COFINS) (i)	**252,967**	252,529	**372,771**	363,617
Contribution on Gross Revenue for Social Integration Program (PIS) (i)	**54,610**	54,667	**80,501**	78,673
Other	**3,373**	697	**5,834**	2,991
Value Added Tax (VAT) - foreign subsidiaries				
Mexico	**-**	-	**163,265**	165,625
Turkey	**-**	-	**27,748**	29,614
India - Aluminum	**-**	-	**-**	14,322
Germany	**-**	-	**14,838**	12,240
Thailand	**-**	-	**5,868**	12,028
Other countries	**-**	-	**7,176**	7,875
Total	**461,519**	429,375	**939,493**	870,758
Current	**246,444**	190,414	**600,748**	500,695
Noncurrent	**215,075**	238,961	**338,745**	370,063

(i) On May 13, 2021, the Federal Supreme Court of Brazil ("STF") judged the request for amendment of judgment filed by the Federal Government and concluded that the exclusion of ICMS from the PIS and COFINS tax base is valid from March 15, 2017, date on which the thesis of general resonance was set in the judgment of Extraordinary Appeal No. 574706. The STF judges also clarified that the ICMS that is not included in the tax base of these contributions is that recorded in the invoice. This decision was the basis for the recognition, in June, of the PIS and COFINS credits for the period from 2012 to 2021 related to the lawsuit on behalf of the Parent Company, which was corroborated by the final and unappealable decision on the lawsuit that took place in July 2021. The Company also recognized on this occasion PIS and COFINS credits related to the period after the final and unappealable decision on the lawsuit of one of its subsidiaries. The effects of the decision were determined with the support of external tax advisors and resulted in the recognition of R$286,961 in 2021, of which R$226,890 under "Other operating income (expenses)" and R$60,071 under "Finance income". For the year ended December 31, 2022, the Company recognized R$61,760 of PIS and COFINS credits under "Other operating income (expenses)", of which R$58,852 refer to the Parent Company and R$2,908 to one of its subsidiaries.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

9. Income tax and social contribution

a) Deferred taxes

Deferred income tax and social contribution recognized in noncurrent assets and liabilities are presented below:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax losses carryforwards	**67,702**	71,408	**178,019**	200,178
Social contribution losses carryforwards	**29,669**	30,768	**46,336**	46,450
Provision for labor, tax and civil risks	**21,272**	23,396	**36,929**	53,023
Provision for profit sharing	**27,286**	25,490	**41,184**	25,490
Allowance for inventory losses	**10,407**	12,839	**23,785**	26,082
Allowance for expected credit losses	**5,415**	2,410	**25,261**	23,447
Actuarial pension plan liability	**-**	-	**59,672**	98,197
Intellectual property	**-**	-	**60,678**	75,046
Deferred tax on surplus value	**20,036**	18,899	**20,036**	18,899
Depreciation and amortization difference	**(101,673)**	(99,448)	**(262,768)**	(354,065)
Deemed cost - property, plant and equipment – CPC 27	**(22,403)**	(25,314)	**(22,403)**	(25,314)
Goodwill tax amortization	**(40,465)**	(40,465)	**(40,465)**	(40,465)
Other	**7,902**	21,124	**59,866**	55,424
Total	**25,148**	41,107	**226,130**	202,392
Deferred tax asset, net	**25,148**	41,107	**269,034**	323,117
Deferred tax liability, net	**-**	-	**(42,904)**	(120,725)

Breakdown of credits tax losses carryforwards and social contribution losses – consolidated

	12/31/2022	12/31/2021
Iochpe-Maxion S.A. (parent)	**97,371**	102,176
Maxion Wheels do Brasil Ltda.	**62,113**	58,393
Iochpe-Maxion Austria and subsidiaries	**64,871**	86,059
Total	**224,355**	246,628

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

The Company also has unrecognized tax credits on tax losses carryforwards in the financial statements, arising from some of its subsidiaries, as follows:

	12/31/2022			12/31/2021
Country	Amount (iii)	Statute of Limitation	Limit per year	Amount (iii)
United States of America - Federal (i)	**662,252**	**2026 to 2034**	**(iv)**	870,886
United States of America - State (i)	**159,153**	**2023 to 2033**	**(ii)**	292,875
China (i)	**19,174**	**2023 to 2025**	**-**	31,985
Spain (i)	**197,227**	**No limitation**	**25% to 50%**	244,315
South Africa (i)	**111,592**	**No limitation**	**(v)**	149,088
Thailand (i)	**92,208**	**2025 to 2027**	**No limitation**	60,225
Austria (i)	**52,775**	**No limitation**	**75%**	101,187
India (i)	**119,186**	**2026 to 2030**	**No limitation**	162,792
Total	**1,413,567**			1,913,353

(i) Since there are no sufficient taxable profit projections, deferred income tax credits were not recorded in referred subsidiaries.

(ii) This depends on the State where the deferred tax credits were computed.

(iii) Tax credits on unrecognized tax losses carryforwards translated at the closing exchange rate at reporting date.

(iv) Federal tax losses are subject to various use rules in accordance with local tax law relating to the year in which each loss was generated and to taxable profit.

(v) Due to recent changes in local tax rules, from 2023 the use of tax losses carryforwards will be limited to the highest amount between ZAR 1 million and 80% of the entity's taxable profit.

Based on taxable profit projections annually approved by Management, the Company expects to recover tax credits arising from income tax and social contribution losses recorded in the consolidated financial statements at December 31, 2022 as follows:

	R$
2023	17,809
2024	61,648
2025	81,182
2026	12,088
2027	10,149
2028 to 2032	41,479
Total	224,355

The estimated recovery of tax credits was based on taxable profit forecasts, taking into consideration financial and business assumptions.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

b) Reconciliation of income tax and social contribution credit (expense)

	Parent		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Profit before income tax and social contribution	**305,767**	669,886	**628,020**	956,868
Combined rate - %	**34**	34	**34**	34
Income tax and social contribution expense at combined rate	**(103,961)**	(227,761)	**(213,527)**	(325,335)
Equity pickup	**62,810**	29,599	**10,351**	11,519
Nondeductible expenses	**(9,284)**	(20,094)	**(39,611)**	(30,194)
Unrecognized tax credit on temporary differences and tax losses carryforwards	**-**	-	**16,184**	63,517
Taxes on foreign dividends	**-**	-	**(20,977)**	(22,160)
Tax rate difference of foreign subsidiary	**-**	-	**85,382**	47,592
Tax incentives from subsidiaries	**-**	-	**42,580**	19,568
Effect of translation (local currency versus functional currency)	**-**	-	**(22,649)**	(47,483)
Benefits from technological innovation projects	**2,706**	3,351	**2,706**	3,351
Credits on SELIC interest rate (i)	**-**	21,613	**-**	32,686
Interest on equity	**22,313**	52,093	**22,313**	52,093
Loss on investment realization (ii)	**-**	-	**-**	(75,704)
Recognition of tax payable in Mexico deriving from tax audit (iii)	**-**	-	**(84,058)**	-
Other	**(1,418)**	8,534	**(22,542)**	(59,380)
Income tax and social contribution expenses in profit or loss	**(26,834)**	(132,665)	**(223,848)**	(329,930)
Current	**(10,874)**	(126,528)	**(284,028)**	(355,355)
Deferred	**(15,960)**	(6,137)	**60,180**	25,425

(i) On September 24, 2021, the Brazilian Supreme Court (STF) issued a decision on Appeal to the Supreme Court (RE) No. 1063187, with recognized general resonance, to declare unconstitutional the levy of Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) on amounts relating to Central Bank Benchmark Interest Rate (SELIC) received due to refund of amounts unduly paid. In December 2019, the Company and one of its subsidiaries filed a petition for a writ of mandamus for recognition of non-levy of IRPJ and CSLL on the amounts deriving from monetary adjustment of tax refund by reason of its indemnification nature. In view of the likelihood of a decision in favor of the Company due to referred to STF decision and based on ICPC 22 (Uncertainties over Income Tax Treatments), the Company recorded R$31,963 in the statement of profit or loss for the year, of which R$31,379 under "Income tax and social contribution" and R$584 under "Finance income", which represented the best estimate for the period. Out of the amount recognized, R$6,190 was recorded by adjusting deferred tax assets on income tax and losses carryforward and negative basis of social contribution referring to the Parent Company. The remaining amount refers to credits on taxes paid on SELIC-based interest of the Parent Company and subsidiary Maxion Wheels do Brasil Ltda. amounting to R$14,644 and R$11,129, respectively. The deferred tax assets were adjusted based on analysis of their recoverability. Based on the Federal Supreme Court (STF)'s decision on Appeal to the STF (RE) No. 1063187, with recognized general resonance, a final favorable decision was handed down to the Company and its subsidiary Maxion Wheels do Brasil Ltda., on July 12 and 21, 2022, respectively, regarding writs of mandamus No. 5003052-97.2019.4.03.6121 filed by Iochpe Maxion S.A., and No. 5006236-46.2019.4.03.6126 filed by Maxion Wheels do Brasil, which allows the offset of the tax credits with other federal taxes.

(ii) In 2021, there was a reversal of the valuation allowance in the total amount of R$383,283 because of the merger of Maxion Luxembourg Holdings S.á.r.l. Conversely, an effect was also recognized for the loss on investment realization in the total amount of R$(458,986).

(iii) As mentioned in Note 19.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

10. Related parties

a) Management compensation

	12/31/2022	12/31/2021
Board of Directors and Statutory Board	**18,971**	18,397
Key Management personnel (salaries and benefits)	**82,745**	79,715
Profit sharing agreed in Brazil (bonus)	**10,356**	10,612
Profit sharing agreed abroad (bonus)	**37,040**	38,493

For the year ended December 31, 2022, the Company made contributions to the private pension plan totaling R$1,357 (R$1,249 in 2021) on behalf of the statutory officers and key management personnel.

The balances of the provision for long-term incentive plan granted to the statutory officers and key management personnel are described in Note 23.

b) Related party transactions

Wheels and structural components sale transactions were performed in the normal course of business of the Company, its subsidiaries, associates and joint ventures. These transactions were carried out under prices, terms and payment conditions established among the parties, as if such transactions had been performed with non-related entities under arm’s length principle. The settlement terms of these transactions range from 30 to 45 days, according to the conditions established between the parties and in compliance with other Company transactions. These transactions include, but are not limited to, intercompany loan agreements and provision of guarantees under the terms detailed below:

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

	12/31/2022			
	Assets	Liabilities	Profit or loss	
	Trade receivables	Trade payables	Sales	Purchases
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (i)	**3,995**	**-**	**75,918**	**-**
Iochpe-Maxion Austria and subsidiaries (ii)	**27,394**	**-**	**226,311**	**17,347**
Maxion Wheels do Brasil Ltda.	**-**	**-**	**468**	**-**
Maxion (Nantong) Wheels, Co. Ltd.	**-**	**-**	**-**	**4,967**
Maxion Montich S.A.(i)	**41,688**	**315**	**144,814**	**-**
Total	**73,077**	**315**	**447,511**	**22,314**

	12/31/2021			
	Assets	Liabilities	Profit or loss	
	Trade receivables	Trade payables	Sales	Purchases
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (i)	8,216	-	62,364	-
Iochpe-Maxion Austria and subsidiaries (ii)	48,161	12,814	226,151	28,165
Maxion (Nantong) Wheels, Co. Ltd.	-	-	-	4,502
Maxion Wheels de Mexico, S. de R.L. de C.V.	1,459	5	25,445	2
Maxion Montich S.A.(i)	20,599	-	124,731	-
Total	78,435	12,819	438,691	32,669

(i) In the consolidated financial statements, transactions among Company's entities are eliminated, except for those involving jointly-controlled subsidiaries and associates.

(ii) In the corporate restructuring process carried out as of the 3rd quarter of 2021, the assets and liabilities held by indirect subsidiary Iochpe Holdings LLC were transferred to its parent company, Iochpe-Maxion Austria GmbH. On November 2, 2021, as there were no more assets and liabilities attributed to Iochpe Holdings LLC, the entity was officially liquidated before the competent US authorities.

c) Sureties granted

Through its Parent Company, the Company keeps the following amounts as sureties on transactions carried out by its subsidiaries and joint ventures, basically related to the borrowings and financing disclosed in Note 15:

Subsidiaries	12/31/2022	12/31/2021
Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	**121,054**	274,127
Iochpe-Maxion Austria GmbH	**2,617,218**	2,015,916
Maxion Wheels Aluminum India Pvt. Ltd. (i)	**83,381**	137,348
Maxion Wheels Czech s.r.o.	**110,692**	124,596
Maxion Wheels de Mexico, S. de R.L. de C.V.	**467,574**	424,161

(i) See more details in Note 15, item (v).

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

d) Intercompany loans

The subsidiaries perform intercompany loan transactions, as presented below. The payment rates, conditions and terms are entered into as if the entities operated as separate companies. The amounts are used by the borrower to supply working capital requirements.

			12/31/2022		
Lender	**Borrower**	**Nature**	**Rate**	**Currency**	**Total**
	Short term				
Maxion Wheels Czech s.r.o.	Iochpe-Maxion Austria GmbH	Working capital	3.597%	EUR	4,617 thousand
Maxion Wheels Czech s.r.o.	Iochpe-Maxion Austria GmbH	Working capital	9.200%	CZK	58,470 thousand
Iochpe-Maxion Austria GmbH	Maxion Wheels Czech s.r.o.	Working capital	3.597%	EUR	4,210 thousand
Iochpe-Maxion Austria GmbH	Maxion Wheels Werke GmbH	Working capital	3.597%	EUR	8,329 thousand
Maxion Wheels Holding GmbH	Iochpe-Maxion Austria GmbH	Working capital	3.597%	EUR	7,645 thousand
Maxion Wheels Italia S.r.l.	Iochpe-Maxion Austria GmbH	Working capital	3.597%	EUR	3,810 thousand
Iochpe-Maxion Austria GmbH	Maxion Wheels Espana S.L.	Working capital	3.597%	EUR	16 thousand
Iochpe-Maxion Austria GmbH	Maxion Wheels U.S.A. LLC	Working capital	3.597%	EUR	3,142 thousand
Maxion Wheels Werke GmbH	Maxion Wheels Holding GmbH	Working capital	3.597%	EUR	41,715 thousand
Maxion Wheels Königswinter GmbH	Maxion Wheels Werke GmbH	Working capital	3.597%	EUR	756 thousand
Maxion Wheels Immobilien GmbH & Co KG	Maxion Wheels Werke GmbH	Working capital	3.597%	EUR	410 thousand
Maxion Wheels Königswinter GmbH	Maxion Wheels Immobilien GmbH & Co KG	Working capital	3.597%	EUR	103 thousand
Maxion Wheels Königswinter GmbH	Maxion Wheels Holding GmbH	Working capital	3.597%	EUR	17 thousand
Maxion Wheels Immobilien GmbH & Co KG	Maxion Wheels Holding GmbH	Working capital	3.597%	EUR	326 thousand
	Long term				
Hayes Lemmerz Barcelona, S.L.	Maxion Wheels Espana S.L.	Working capital	2.957%	EUR	301 thousand
Maxion Wheels Italia S.r.l.	Iochpe-Maxion Austria GmbH	Working capital	2.750%	EUR	14,523 thousand
Iochpe-Maxion Austria GmbH	Maxion Wheels Czech s.r.o.	Working capital	2.750%	EUR	19,981 thousand
Maxion Wheels de Mexico, S. de R.L. de C.V.	Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Working capital	5.560%	USD	12,393 thousand
Maxion Wheels Werke GmbH	Iochpe-Maxion Austria GmbH	Working capital	2.500%	EUR	9,453 thousand

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

11. Investments

a) Breakdown

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Interests in subsidiaries	**3,234,276**	3,915,822	**-**	-
Interests in associates	**73,690**	85,738	**73,690**	85,738
Interests in joint ventures	**55,344**	52,928	**55,344**	52,928
Subtotal investments	**3,363,310**	4,054,488	**129,034**	138,666
Other investments	**169**	168	**169**	168
Total investments	**3,363,479**	4,054,656	**129,203**	138,834

b) Variations

	Balance at 12/31/2021	Capital increase (decrease)	Exchange rate changes on investments abroad	Effects of changes in actuarial assumptions	Equity pickup	Other	Balance at 12/31/2022
Iochpe Maxion Austria GmbH (i) (vii) (viii)	3,455,721	**(628,566)**	**(317,397)**	**79,469**	**134,560**	**12,120**	**2,735,907**
Maxion (Nantong) Wheels, Co. Ltd. (ii)	108,560	**27,604**	**(18,578)**	**-**	**3,121**	**-**	**120,707**
Remon Resende Montadora Ltda. (ix)	2,191	**-**	**-**	**-**	**469**	**(2,660)**	**-**
Maxion Wheels do Brasil Ltda. (iii)	350,438	**14,198**	**-**	**(5,409)**	**17,633**	**802**	**377,662**
DongFeng Maxion Wheels Limited (v)	42,648	**-**	**(5,778)**	**-**	**(13,779)**	**-**	**23,091**
Maxion Montich S.A. (v)(vi)	52,928	**-**	**(27,434)**	**-**	**34,957**	**(5,107)**	**55,344**
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A. (v)(x)	43,090	**-**	**-**	**-**	**9,267**	**(1,758)**	**50,599**
Maxion Wheels (Thailand) Co. Ltd.(iv) (vii)	(1,088)	**1,352**	**165**	**-**	**(1,492)**	**1,063**	**-**
Total	4,054,488	**(585,412)**	**(369,022)**	**74,060**	**184,736**	**4,460**	**3,363,310**

(i) In May 2022, capital was increased by R$9,777 (€ 1,900 thousand). In December 2022, capital was reduced by R$638,343 (€113,800 thousand).

(ii) In January 2022, capital was increased by R$27,604 ($5,000 thousand).

(iii) In February 2022, a capital increase in the amount of R$15,000 was made. In May 2022, a capital reduction was made in the amount of R$802.

(iv) In July 2022, capital was increased by R$1,352 ($244.5 thousand).

(v) Jointly controlled subsidiaries and associates considered in the individual and consolidated financial statements under the equity pick-up method.

(vi) On May 27, 2022, dividends payable were declared in the amount of R$5,107 ($1,080 thousand).

(vii) As mentioned in Note 2 in "Corporate reorganizations" section, item (v), the Company contributed at book value (R$ 1,063) all its units of interests held in Maxion Wheels (Thailand) Co. Ltd, equivalent to 8.16%, to direct subsidiary Iochpe-Maxion Austria GmbH, which in turn now holds 100% of the share capital of the Thai subsidiary.

(viii) On December 13, 2017, the Company acquired noncontrolling interests held in its indirect subsidiary Maxion Wheels (Thailand) Co. Ltd.; on that occasion, the amount of R$13,183 was recognized, referring to goodwill on acquisition of noncontrolling interests. With the event that took place on September 30, 2022, as mentioned in Note 2 in "Corporate reorganizations", item (v), such goodwill was transferred to direct subsidiary Iochpe-Maxion Austria GmbH.

(ix) As mentioned in Note 2 in "Corporate reorganizations", item (i), subsidiary Remon - Resende Montadora Ltda. was merged into the Company, ceasing to exist legally.

(x) In 2022, interest on equity amounting to R$2,206 and dividends payable amounting to R$481 were declared.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

	Balance at 12/31/2020	Capital increase (decrease)	Exchange rate changes on investments abroad	Effects of changes in actuarial assumptions	Equity pickup	Other	Balance at 12/31/2021
Iochpe Maxion Austria GmbH	3,370,120	132,744	199,386	33,411	52,875	(332,815)	3,455,721
Maxion (Nantong) Wheels, Co. Ltd.	93,153	-	10,099	-	5,308	-	108,560
Remon Resende Montadora Ltda.	1,156	-	-	-	1,035	-	2,191
Maxion Wheels do Brasil Ltda.	-	20,000	-		(2,377)	332,815	350,438
DongFeng Maxion Wheels Limited	47,118	-	4,554	-	(9,024)	-	42,648
Maxion Montich S.A.	16,463	-	137	-	27,494	8,834	52,928
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	31,529	-	-	-	15,409	(3,848)	43,090
Maxion Wheels (Thailand) Co. Ltd.	2,584	-	(8)	-	(3,664)	-	(1,088)
Total	3,562,123	152,744	214,168	33,411	87,056	4,986	4,054,488

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

c) Information on subsidiaries, joint ventures and associates

	12/31/2022								
	Number of shares or units of interest (in lot of thousands)	**Equity interest (%)**	**Assets**	**Liabilities**	**Capital**	**Equity attributable to controlling interests**	**Non-controlling interests**	**Net revenue**	**Profit (loss) for the year**
Iochpe Maxion Austria GmbH (i)	**-**	**100**	**10,179,553**	**7,070,646**	**1,988,659**	**2,735,907**	**373,000**	**11,708,471**	**134,560**
Maxion (Nantong) Wheels, Co. Ltd. (i)	**-**	**100**	**147,063**	**26,356**	**453,434**	**120,707**	**-**	**104,694**	**3,121**
Remon Resende Montadora Ltda. (ii)	**-**	**100**	**-**	**-**	**-**	**-**	**-**	**2,202**	**469**
Maxion Wheels do Brasil Ltda.	**326,187,994**	**100**	**452,017**	**74,355**	**326,188**	**377,662**	**-**	**333,412**	**17,633**
Maxion Wheels (Thailand) Co. Ltd. (iii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**207,752**	**(18,291)**
Maxion Montich S.A.	**2,813**	**50**	**294,742**	**183,939**	**4,755**	**110,689**	**114**	**785,185**	**69,914**
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	**14,566,122**	**19 ,5**	**600,997**	**341,518**	**153,683**	**132,334**	**127,145**	**626,946**	**47,522**
DongFeng Maxion Wheels Limited (i)	**-**	**50**	**209,347**	**163,165**	**89,267**	**23,091**	**23,091**	**10,273**	**(27,558)**

(i) Pursuant to respective local legislation, there is no concept of number of shares or units of interest.

(ii) As mentioned in Note 2 in “Corporate reorganizations”, item (i), subsidiary Remon - Resende Montadora Ltda. was merged into the Company, ceasing to exist legally.

(iii) As mentioned in Note 2 in “Corporate reorganizations”, item (v), the Company contributed all its units of interests held in Maxion Wheels (Thailand) Co. Ltd, equivalent to 8.16%, to direct subsidiary Iochpe-Maxion Austria GmbH, which in turn now holds 100% of the share capital of the Thai subsidiary.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

	12/31/2021								
	Number of shares or units of interest (in lot of thousands)	Equity interest (%)	Assets	Liabilities	Capital	Equity attributable to controlling interests	Non-controlling interests	Net revenue	Profit (loss) for the year
Iochpe Maxion Austria GmbH	-	100	10,631,340	6,820,332	2,245,022	3,455,721	355,287	9,835,961	52,875
Maxion (Nantong) Wheels, Co. Ltd.	-	100	156,522	47,963	498,667	108,559	-	122,102	5,308
Remon Resende Montadora Ltda.	90	100	2,694	503	90	2,191	-	3,524	1,035
Maxion Wheels do Brasil Ltda.	311,989,723	100	425,947	75,509	311,990	350,438	-	66,995	(2,377)
Maxion Wheels (Thailand) Co. Ltd.	-	8.15	245,727	259,064	192,273	(13,337)	-	298,189	(44,900)
Maxion Montich S.A.	2,813	50	271,383	165,393	5,786	105,855	135	575,464	54,987
Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.	28,274,461	19.50	567,834	346,858	153,683	112,698	108,278	486,010	79,021
DongFeng Maxion Wheels Limited	-	50	235,044	149,748	103,687	42,648	42,648	7,439	(18,048)

Iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated financial statements
Year ended December 31, 2022
(Amounts expressed in thousands of reais - R$, unless otherwise stated)

d) Detailed information on non-controlling interests in subsidiaries:

Subsidiary	Main activity	Country	Non-controlling interests 12/31/2022	Non-controlling interests 12/31/2021
Maxion Inci Jant Sanayi, A.S.	Manufacture and sale of wheels	Turkey	40%	40%
Maxion Jantas Jant Sanayi ve Ticaret A.S.	Manufacture and sale of wheels	Turkey	40%	40%
Kalyani Maxion Wheels Limited	Manufacture and sale of wheels	India	15%	15%

The summarized financial statements of each subsidiary that records non-controlling interests are presented below before elimination of intercompany transactions with other Company subsidiaries.

	Maxion Inci Jant Sanayi, A.S.		**Maxion Jantas Jant Sanayi ve Ticaret A.S.**		**Kalyani Maxion Wheels Limited**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Summarized Statements of financial position						
Current assets	**683,029**	646,296	**351,530**	289,528	**244,446**	265,553
Noncurrent assets	**478,956**	465,171	**101,442**	126,610	**107,583**	134,006
Total assets	**1,161,985**	1,111,467	**452,972**	416,138	**352,029**	399,559
Current liabilities	**430,727**	417,875	**239,754**	188,057	**198,421**	227,688
Noncurrent liabilities	**46,021**	68,665	**21,011**	21,011	**9,791**	14,696
Equity	**685,237**	624,927	**192,207**	207,070	**146,817**	157,175
Total liabilities and equity	**1,161,985**	1,111,467	**452,972**	416,138	**355,029**	399,559

	Maxion Inci Jant Sanayi, A,S,		**Maxion Jantas Jant Sanayi ve Ticaret A,S,**		**Kalyani Maxion Wheels Limited**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Summarized Statements of profit or loss						
Net sales and services revenue	**1,947,706**	1,554,630	**863,285**	684,327	**581,117**	504,658
Cost of sales and services	**(1,650,995)**	(1,244,508)	**(717,910)**	(542,351)	**(525,794)**	(465,451)
Gross profit	**296,711**	310,122	**145,375**	141,976	**55,323**	39,207
Operating expenses, net	**(87,948)**	(92,739)	**(46,517)**	(50,222)	**(34,210)**	(30,815)
Income taxes	**15,860**	(58,574)	**(16,309)**	(28,617)	**(5,309)**	(2,128)
Profit for the year	**224,623**	158,809	**82,549**	63,137	**15,804**	6,264

	Maxion Inci Jant Sanayi, A,S,		**Maxion Jantas Jant Sanayi ve Ticaret A,S,**		**Kalyani Maxion Wheels Limited**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Summarized cash flow						
Operating	**90,171**	239,913	**24,404**	69,384	**41,397**	(14,209)
Investments	**(114,845)**	(63,681)	**(11,556)**	(15,995)	**(9,798)**	(10,085)
Financing	**(48,842)**	(274,543)	**(43,650)**	(115,894)	**(22,388)**	42,928
Exchange rate differences on cash and cash equivalents	**(11,716)**	(793)	**(2,211)**	2,942	**(10,394)**	2,311
Increase (decrease) in cash and cash equivalents	**(85,232)**	(99,104)	**(33,013)**	(59,563)	**(1,183)**	20,945

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

In 2021, the amounts of R$46,720 and R$27,678 were paid as mandatory dividends to non-controlling interests in indirect subsidiaries Maxion Inci Jant Sanayi, A.S. and Maxion Jantas Jant Sanayi ve Ticaret A.S., respectively.

In March 2022, the amounts of R$28,424 and R$8,410 were allocated as mandatory dividends to noncontrolling interests in indirect subsidiaries Maxion Inci Jant Sanayi, A.S. and Maxion Jantas Jant Sanayi ve Ticaret A.S., respectively. In June 2022, the amount of R$17,549 was allocated as dividends to noncontrolling interests in indirect subsidiary Maxion Jantas Jant Sanayi ve Ticaret A.S. In the year ended December 31, 2022, the total amounts of R$17,534 and R$17,129 were paid in indirect subsidiaries Maxion Inci Jant Sanayi, A.S. and Maxion Jantas Jant Sanayi ve Ticaret A.S. respectively.

12. Property, plant and equipment

a) Parent

	Buildings and improvements	Machinery and equipment	Land	Construction in progress (i)	Machinery spare parts	Tooling	Other	Total
Balances at December 31, 2020	183,798	491,986	26,452	147,191	21,360	7,839	57,806	936,432
Additions	-	483	-	116,480	-	3	14,932	131,898
Write-offs, net	(1,195)	(7,538)	-	-	-	(47)	(1,263)	(10,043)
Depreciation	(12,346)	(34,821)	-	-	(1,659)	(900)	(8,045)	(57,771)
Transfers	56,429	(16,954)	-	(43,476)	120	160	3,613	(108)
Balances at December 31, 2021	226,686	433,156	26,452	220,195	19,821	7,055	67,043	1,000,408
Additions	**-**	**2,395**	**-**	**148,666**	**-**	**-**	**17,387**	**168,448**
Write-offs, net	**(95)**	**(3,086)**	**-**	**-**	**(128)**	**-**	**(1,107)**	**(4,416)**
Depreciation	**(13,362)**	**(37,298)**	**-**	**-**	**(1,714)**	**(838)**	**(8,333)**	**(61,545)**
Transfers	**19,155**	**65,587**	**-**	**(77,861)**	**1,061**	**7**	**(8,449)**	**(500)**
Balances at December 31, 2022	**232,384**	**460,754**	**26,452**	**291,000**	**19,040**	**6,224**	**66,541**	**1,102,395**
At December 31, 2021								
Cost	400,468	962,482	26,452	220,195	27,827	20,056	199,398	1,856,878
Accumulated depreciation	(173,782)	(529,326)			(8,006)	(13,001)	(132,355)	(856,470)
Carrying amount, net	226,686	433,156	26,452	220,195	19,821	7,055	67,043	1,000,408
At December 31, 2022								
Cost	**419,513**	**1,025,878**	**26,452**	**291,000**	**28,706**	**20,064**	**206,482**	**2,018,095**
Accumulated depreciation	**(187,129)**	**(565,124)**	**-**	**-**	**(9,666)**	**(13,840)**	**(139,941)**	**(915,700)**
Carrying amount, net	**232,384**	**460,754**	**26,452**	**291,000**	**19,040**	**6,224**	**66,541**	**1,102,395**

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

b) Consolidated

	Buildings and improvements (v)	Machinery and equipment	Land	Construction in progress (ii)	Machinery spare parts	Tooling	Other	Total
Balances at December 31, 2020	906,769	2,352,573	387,283	311,963	88,138	80,812	110,226	4,237,764
Additions	1,884	10,711	-	401,612	21,960	10,211	39,103	485,481
Write-offs, net	(3,655)	(21,545)	(1,760)	(1,353)	(5,559)	(1,593)	(1,927)	(37,392)
Depreciation	(52,308)	(352,788)	-	-	(30,039)	(32,025)	(24,122)	(491,282)
Transfers	75,912	134,103	(21,012)	(229,398)	4,053	14,522	2,353	(19,467)
Exchange rate changes	18,096	40,990	2,205	12,236	1,221	1,298	1,984	78,030
Balances at December 31, 2021	946,698	2,164,044	366,716	495,060	79,774	73,225	127,617	4,253,134
Additions (iii)	**2,198**	**16,347**	**-**	**454,654**	**27,978**	**7,937**	**80,305**	**589,419**
Write-offs, net	**(622)**	**(4,008)**	**(28)**	**(801)**	**(5,554)**	**(3,489)**	**(2,622)**	**(17,124)**
Depreciation	**(48,893)**	**(307,939)**	**-**	**-**	**(26,551)**	**(23,583)**	**(22,761)**	**(429,727)**
Transfers (iv)	**38,666**	**307,243**	**-**	**(348,978)**	**11,276**	**8,109**	**(12,409)**	**3,907**
Exchange rate changes	**(61,429)**	**(175,162)**	**(70,891)**	**(25,128)**	**(5,328)**	**(7,224)**	**(10,632)**	**(355,794)**
Balances at December 31, 2022	**876,618**	**2,000,525**	**295,797**	**574,807**	**81,595**	**54,975**	**159,498**	**4,043,815**
At December 31, 2021								
Cost	1,616,286	5,947,688	366,716	495,060	226,472	340,388	435,271	9,427,881
Accumulated depreciation	(669,588)	(3,783,644)	-	-	(146,698)	(267,163)	(307,654)	(5,174,747)
Carrying amount, net	946,698	2,164,044	366,716	495,060	79,774	73,225	127,617	4,253,134
At December 31, 2022								
Cost	**1,543,258**	**5,715,505**	**295,797**	**574,807**	**230,449**	**309,467**	**470,389**	**9,139,672**
Accumulated depreciation	**(666,640)**	**(3,714,980)**	**-**	**-**	**(148,854)**	**(254,492)**	**(310,891)**	**(5,095,857)**
Carrying amount, net	**876,618**	**2,000,525**	**295,797**	**574,807**	**81,595**	**54,975**	**159,498**	**4,043,815**

(i) At December 31, 2022, this comprises: (1) buildings, amounting to R$23,024 (R$19,855 at December 31, 2021); (2) machinery and equipment, amounting to R$233,176 (R$178,411 at December 31, 2021); and (3) other assets, amounting to R$34,800 (R$21,929 at December 31, 2021), largely relating to Cruzeiro plant.

(ii) At December 31, 2022, this comprises: (1) buildings, amounting to R$26,449 (R$20,416 at December 31, 2021); (2) machinery and equipment, amounting to R$495,781 (R$449,750 at December 31, 2021); and (3) other assets, amounting to R$52,577 (R$24,894 at December 31, 2021), relating to Cruzeiro, Turkey, Mexico and India plants.

(iii) Of total additions for the year, most of the investments was made by Turkey, Cruzeiro, Mexico and India plants, in the amounts of R$132,642, R$126,643, R$107,750 e R$67,226, respectively.

(iv) In 2022, these include transfers made between the headings “Property, plant and equipment” and “Intangible assets” in the amount of R$(1,974), and between the headings “Property, plant and equipment” and “Inventories” in the amount of R$5,881.

(v) The entity Maxion Wheels do Brasil Ltda. has pledges established on the property under registration number 41.299 in guarantee of tax enforcement proceedings Nos. 0007615-80.2009.403.6119, 0004936-83.2004.403.6119 and 0000923-02.2008.403.6119, in progress before the 3rd Federal Court in Guarulhos, state of São Paulo. The total amount involved in these proceedings corresponds to R$9,808.

At December 31, 2022, management identified no indications of impairment of these assets (Note 4).

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

13. Intangible assets - consolidated

Assets with finite useful lives	Customer relationship	Software	Land use rights	Trademark	Other	Total
Balances at December 31, 2020	114,042	67,669	7,877	119,617	2,419	311,624
Additions	-	14,547	-	-	175	14,722
Write-offs, net	-	(8)	-	-	(10)	(18)
Amortization	(10,670)	(6,992)	(225)	(9,689)	(310)	(27,886)
Transfers	-	688	21,012	(21)	(2,212)	19,467
Exchange rate changes	5,595	(63)	823	5,872	2,073	14,300
Balances at December 31, 2021	108,967	75,841	29,487	115,779	2,135	332,209
Additions	**-**	**2,573**	**-**	**-**	**300**	**2,873**
Write-offs, net	**-**	**-**	**-**	**-**	**-**	**-**
Amortization	**(9,385)**	**(8,376)**	**(400)**	**(10,255)**	**(794)**	**(29,210)**
Transfers (i)	**-**	**2,198**	**(597)**	**-**	**373**	**1,974**
Exchange rate changes	**(13,173)**	**(725)**	**(4,401)**	**(13,934)**	**(246)**	**(32,479)**
Balances at December 31, 2022	**86,409**	**71,511**	**24,089**	**91,590**	**1,768**	**275,367**
At December 31, 2021:						
Cost	216,177	121,467	32,810	137,030	54,688	562,172
Accumulated amortization	(107,210)	(45,626)	(3,323)	(21,251)	(52,553)	(229,963)
Carrying amount, net	108,967	75,841	29,487	115,779	2,135	332,209
At December 31, 2022:						
Cost	**190,472**	**121,649**	**27,876**	**121,127**	**50,394**	**511,518**
Accumulated amortization	**(104,063)**	**(50,138)**	**(3,787)**	**(29,537)**	**(48,626)**	**(236,151)**
Carrying amount, net	**86,409**	**71,511**	**24,089**	**91,590**	**1,768**	**275,367**

	Goodwill on acquisition of subsidiaries				
Assets with indefinite useful lives	Iochpe-Maxion Austria GmbH (ii)	Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Meritor Comércio e Indústria de Sistemas Automotivos Ltda.	Iochpe Sistemas Automotivos de México S.A. de C.V.	Total
Balances at December 31, 2020	1,346,740	538,143	20,292	3,081	1,908,256
Exchange rate changes	67,977	39,745	-	228	107,950
Balances at December 31, 2021	1,414,717	577,888	20,292	3,309	2,016,206
Exchange rate changes	**(168,217)**	**(37,570)**	**-**	**(215)**	**(206,002)**
Balances at December 31, 2022	**1,246,500**	**540,318**	**20,292**	**3,094**	**1,810,204**

(i) Transfers between "Property, plant and equipment" and "Intangible assets" (Note 12. b) item (iv)).

(ii) As per the corporate reorganization described in Note 2, goodwill arising from the acquisition of Hayes Lemmerz was reallocated from Iochpe Holdings LLC to Iochpe-Maxion Austria GmbH.

At December 31, 2022, the Company reached a market cap of R$ 1,809,280 and Total equity of R$ 4,292,807. The Company performed impairment tests on the goodwill balances shown in the previous table. The process for calculating value in use involves use of assumptions, judgments and estimates on cash flows, such as revenue increase rates, costs and expenses, estimated investments and future working capital, and discount rates. The assumptions on projected increase of future cash flows are based on the Company's business plan and comparable market data, and represent Management's best estimate of the economic conditions that will exist over the economic life of the various CGUs to which goodwill is related.

Value in use is assessed over a five-year period and, as from this period, perpetuity of the assumptions is considered, in view of the ability to continue as a going concern for an indefinite period. Growth and discount rates used for extrapolating the projections at December 31, 2022 ranged between 8.68% and 10.45% p.a., depending on the GCU analyzed, and the growth rate used was 2%.

The impairment test on the balances of goodwill and net assets of the Company and its subsidiaries did not result in the need to recognize losses in the year ended December 31, 2022. The Company conducted a sensitivity analysis of the discount rates and perpetuity increase rates, given their relevant impacts on cash flows and value in use. An increase or decrease of 0.5 percentage point in the discount rate or in the perpetuity growth rate of each CGU's cash flow would not result in the need for recognition of loss.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

14. Right of use - consolidated

Assets with finite useful lives	IT equipment	Properties	Machinery and equipment	Forklifts	Vehicles	Total
Balances at December 31, 2020	6,997	17,756	10,369	20,910	11,288	67,320
Additions	4,144	4,415	5,085	7,747	7,197	28,588
Write offs, net	-	-	(2,662)	(700)	-	(3,362)
Depreciation	(7,224)	(7,491)	(7,236)	(10,877)	(7,874)	(40,702)
Transfers	-	131	-	(1,055)	924	-
Exchange rate changes	50	234	459	110	321	1,174
Balances at December 31, 2021	3,967	15,045	6,015	16,135	11,856	53,018
Additions	**4,379**	**10,034**	**10,029**	**3,696**	**7,206**	**35,344**
Write offs, net	**(353)**	**(617)**	**-**	**(596)**	**(3,209)**	**(4,775)**
Depreciation	**(4,281)**	**(8,764)**	**(3,874)**	**(10,105)**	**(5,294)**	**(32,318)**
Transfers	**-**	**(821)**	**-**	**-**	**821**	**-**
Exchange rate changes	**(86)**	**(1,330)**	**369**	**(1,703)**	**(1,282)**	**(4,032)**
Balances at December 31, 2022	**3,626**	**13,547**	**12,539**	**7,427**	**10,098**	**47,237**

At December 31, 2022, total accumulated lease expenses classified as short-term leases and leases of low-value assets amount to R$6,333 (R$6,887 at December 31, 2021).

At December 31, 2022, Management identified no impairment indicators over these assets (Note 4).

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

15. Borrowings, financing and debentures

a) Parent

	Index	Average annual interest rate (%)	Last maturity date	Amortized transaction cost	Balance of unamortized transaction cost	12/31/2022	12/31/2021
Local currency							
Bank Credit Bill – CCB (viii)	CDI +	2.10	February 2024	**-**	**-**	**100,414**	218,436
Bank Credit Bill – CCB long-term (x)	Selic +	3.00	December 2027	**94**	**(282)**	**74,765**	74,732
FINAME (x)	Selic +	3.04	May 2028	**130**	**(422)**	**286,411**	254,792
FINEP	-	-	-	**-**	**-**	**-**	1,421
Export credit note – NCE (vii)	CDI +	2.08	July 2024	**-**	**-**	**451,839**	271,619
Export credit note – NCE (swap) (iii)	CDI +	2.25	March 2024	**-**	**-**	**239,844**	-
Forfait transactions (ix)	-	14.37	January 2023	**-**	**-**	**64,704**	264,114
Total borrowings and financing				**224**	**(704)**	**1,217,977**	1,085,114
Simple debentures of 8th issuance (xix)	-	-	-	**18,675**	**-**	**-**	453,058
Simple debentures of 9th issuance - 1st series	CDI +	0.75	February 2024	**11,791**	**(4,761)**	**352,168**	339,112
Simple debentures of 9th issuance - 2nd series	CDI +	0.95	February 2026	**3,411**	**(3,152)**	**114,088**	110,020
Simple debentures of 10th issuance	CDI +	0.75	September 2024	**9,020**	**(6,053)**	**357,755**	348,050
Simple debentures of 11th issuance - 1st series	CDI +	2.00	April 2025	**944**	**(3,302)**	**357,534**	-
Simple debentures of 11th issuance - 2nd series	CDI +	2.60	April 2027	**491**	**(3,198)**	**409,685**	-
Total debentures				**44,332**	**(20,466)**	**1,591,230**	1,250,240
Total borrowings, financing and debentures				**44,556**	**(21,170)**	**2,809,207**	2,335,354
Current liabilities						**566,660**	878,220
Unamortized costs						**(10,840)**	(15,290)
Total						**555,820**	862,930
Noncurrent liabilities						**2,263,717**	1,489,030
Unamortized costs						**(10,330)**	(16,606)
Total						**2,253,387**	1,472,424

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

b) Consolidated

	Index	Average annual interest rate (%)	Last maturity date	Amortized transaction cost	Balance of unamortized transaction cost	12/31/2022	12/31/2021
Local currency							
Bank Credit Bill – CCB (viii)	CDI +	2.10	February 2024	**-**	**-**	**100,414**	218,436
Bank Credit Bill – CCB long-term (x)	Selic +	3.00	December 2027	**94**	**(282)**	**74,765**	74,732
FINAME (x)	Selic +	3.04	May 2028	**130**	**(422)**	**286,411**	254,792
FINEP	-	-	-	**-**	**-**	**-**	1,421
Export credit note – NCE (vii)	CDI +	2.08	July 2024	**-**	**-**	**451,839**	271,619
Export credit note – NCE (swap) (iii)	CDI +	2.25	March 2024	**-**	**-**	**239,844**	-
Forfait transactions (ix)	-	14.37	January 2023	**-**	**-**	**64,704**	264,114
Subtotal in local currency				**224**	**(704)**	**1,217,977**	1,085,114
Foreign currency							
Long-term loan - US$ (vi)	SOFR 6m +	2.61	November 2024	**12,805**	**(3,768)**	**121,056**	190,337
Long-term loan – Rupee (v)	1y MCLR +	0.15	January 2026	**229**	**-**	**54,525**	104,848
Long-term loan – Rupee (v)	1m MCLR +	0.15	May 2025	**-**	**-**	**13,158**	18,765
Long-term loan – Rupee (iv)	3m T Bill +	3.23	April 2028	**-**	**-**	**51,949**	2,252
Sustainability-linked Notes Units – US dollar	-	5.00	May 2028	**2,115**	**(6,745)**	**308,622**	328,728
Sustainability-linked Notes Units - Euro (ii)	-	3.50	May 2028	**11,524**	**(36,793)**	**1,750,060**	1,863,522
Syndicated Loan – Euro (xviii)	Euribor 3m +	3.00	November 2026	**129**	**(6,232)**	**664,985**	-
Working capital - US dollar	-	-	-	**-**	**-**	**-**	83,790
Working capital - US dollar (xvii)	-	6.40	April 2023	**-**	**-**	**68,698**	-
Working capital - US dollar (xi)	SOFR 6m +	2.60	September 2024	**-**	**-**	**90,254**	95,433
Forfait transactions – US dollar (ix)	-	6.87	January 2023	**-**	**-**	**84,897**	-
Working capital - Euro (xii) (xiii)	-	2.73	January 2027	**-**	**-**	**49,011**	70,540
Working capital – Euro (xiv)	Euribor 1m +	1.70	July 2023	**1,917**	**(506)**	**110,692**	124,596
Working capital – Euro (xv)	Euribor3m +	2.10	June 2025	**-**	**-**	**89,210**	152,394
Working capital – Euro (xvi)	Euribor 1y +	2.70	September 2024	**-**	**-**	**112,962**	-
Working capital – Rupee (i)	-	6.70	March 2023	**-**	**-**	**15,601**	22,969
Working capital - Rupee	-	-	-	**-**	**-**	**-**	19,906
Working capital – Rupee (v)	1m MCLR +	0.15	January 2023	**-**	**-**	**14,276**	11,482
Working capital - Baht	-	3.20	February 2023	**-**	**-**	**67,825**	107,294
Subtotal in foreign currency				**28,719**	**(54,044)**	**3,667,781**	3,196,856
Total borrowings and financing				**28,943**	**(54,748)**	**4,885,758**	4,281,970
Simple debentures of 8th issuance (xix)	-	-	-	**18,675**	**-**	**-**	453,058
Simple debentures of 9th issuance – 1st series	CDI +	0.75	February 2024	**11,791**	**(4,761)**	**352,168**	339,112
Simple debentures of 9th issuance – 2nd series	CDI +	0.95	February 2026	**3,411**	**(3,152)**	**114,088**	110,020
Simple debentures of 10th issuance	CDI +	0.75	September 2024	**9,020**	**(6,053)**	**357,755**	348,050
Simple debentures of 11th issuance – 1st series	CDI +	2.00	April 2025	**944**	**(3,302)**	**357,534**	-
Simple debentures of 11th issuance – 2nd series	CDI +	2.60	April 2027	**491**	**(3,198)**	**409,685**	-
Total debentures				**44,332**	**(20,466)**	**1,591,230**	1,250,240
Total borrowings, financing and debentures				**73,275**	**(75,214)**	**6,476,988**	5,532,210
Current liabilities						**1,065,091**	1,510,193
Unamortized costs						**(21,480)**	(28,412)
Total						**1,043,611**	1,481,781
Noncurrent liabilities						**5,487,111**	4,119,033
Unamortized costs						**(53,734)**	(68,604)
Total						**5,433,377**	4,050,429

(i) At December 31, 2022, the financing raised by subsidiary Kalyani Maxion Wheels Private Limited, with a current balance of R$6,316 is guaranteed by this subsidiary's receivables.

(ii) To mitigate the risk of foreign exchange rate fluctuations, the subsidiary Iochpe-Maxion Austria took on a derivative financial instrument. Further details can be found in the "Sustainability-linked Notes Units" section below and in Note 29 - Risk management.

(iii) To mitigate the risk of foreign exchange rate fluctuations, the Company linked cross-currency swap contracts to the two Export Credit Notes (NCE) contracts raised on March 28 and 31, 2022 in the total amount of US$45,000 (equivalent to R$214,391), one with a fixed interest rate of 4.95% and the other indexed to SOFR + 1.76%, both maturing in March 2024. At December 31, 2022, the balance of these loans in the consolidated is R$239,844. More details in Note 29 - Risk management.

(iv) In the second quarter of 2022, the subsidiary Maxion Wheels Aluminum India Pvt. Ltd. raised INR$800,000, equivalent to R$50,528 at December 31, 2022.

(v) At December 31, 2022, the balance of guaranteed loans granted by the Company to the subsidiary Maxion Wheels Aluminum India Pvt. Ltd amounts to R$83,381.

(vi) At December 31, 2022, this represents the nominal amount of US$ 24,360 thousand arising from the long-term financing agreement entered into by indirect subsidiary Ingenieria y Maquinaria de Guadalupe, S.A. de C.V. ("Inmagusa") with Itaú BBA International PLC, with final maturity on November 27, 2024. Originally, this agreement required the Company to maintain a financial ratio (resulting from the division of net debt by adjusted EBITDA) equal to or less than 3.5 times every six months until its final maturity ("Financial Covenant"). On August 17, 2022, due to the expected extinction of LIBOR 6M, scheduled to occur on June 30, 2023, Inmagusa amended the aforementioned agreement, whereby, as of November 29, 2022, Libor 6M + 2.20% will be replaced by SOFR 6M + 2.61%, rates that were equivalent on the date of the referred amendment. Moreover, by means of the amendment, the guarantee of the shares representing the capital of the debtor Inmagusa was extinguished, as well as the Company's obligation to maintain the Financial Covenant, whose last measurement occurred on June 30, 2022. The renegotiations of this debt had no material impact on the quarterly financial information.

(vii) This represents the nominal amount of R$435,000 arising from a loan raised by the Company in years 2021 and 2022, with the following banks: ABC Brasil, Banco do Brasil, Bocom, Bradesco and Intesa Sanpaolo. At December 31, 2022, the consolidated balance of these loans is R$451,839.

(viii) Represents the nominal amount of R$100,000 arising from a loan raised by the Company in 2020 with a single bank. At December 31, 2022, the consolidated balance of this loan is R$100,414. In the first quarter of 2022, the Company raised R$200,000 in Bank Credit Bill (CCB), with an average rate of CDI + 2.27% p.a. maturing between May and June 2022. These funding arrangements were settled on their respective maturities.

(ix) These represent the credit assignment transactions ("forfait"). At December 31, 2022, in the parent company, the balance is represented by the amount of R$64,704, with interest rate of 14.37% p.a. Abroad, the transaction is represented by the nominal amount of US$16,271 thousand, with interest rate of 6.87% p.a.. In the consolidated, the balance is represented by the amount of R$149,601.

(x) On December 29, 2020, the Company signed a contract referring to a bank credit bill – CCB in the amount of R$75,000, in favor of Banco de Desenvolvimento de Minas Gerais – BDMG. This line has a 7-year payment period and a 2-year grace period. This credit line was fully withdrawn in April 2021. On February 10, 2021, the Company issued a Bank Credit Bill (CCB) subject to security interest amounting to R$245,000, with Agência Especial de Financiamento Industrial S.A. - FINAME. This line of credit matures in 7 years and has a 2-year grace period. This credit facility was fully withdrawn between April and May 2021. At December 31, 2022, the balance of these loans is R$361,176, of which Finame R$286,411 and bank credit bill R$74,765. Such financing is guaranteed by the fixed assets of Limeira and Contagem plants.

(xi) In May 2018, the indirect subsidiary Maxion Wheels de Mexico S. de R.L. De C.V. took out a Working Capital loan in the nominal amount of US$17,000 thousand. At December 31, 2022, the consolidated balance of this loan is R$90,254.

(xii) In May 2020, indirect subsidiary Maxion Wheels España S.L. took out a working capital loan amounting to €6,500 thousand, with monthly maturity, beginning in June 2022 and ending in May 2025. At December 31, 2021, this loan balance is R$29,464. The remaining amount of R$3,152 refers to a loan raised in July 2011, with final maturity in January 2027.

(xiii) In August 2020, indirect subsidiary Maxion Wheels Italia S.r.l. took out a working capital loan amounting to €5,000 thousand, with quarterly maturity, beginning in February 2021 and ending in August 2025. At December 31, 2020, this loan balance is R$16,395.

(xiv) In September and October 2020, the indirect subsidiary Maxion Wheels Czech s.r.o. took out working capital loans amounting to €10,000 thousand and €10,000 thousand respectively, maturing in January 2022, and in December 2021, this loan was renewed with maturity scheduled for July 2023. At December 31, 2022, the balance of these loans is R$110,692.

(xv) Represents the nominal amount of €16,018 thousand. In February 2022, the subsidiary Iochpe-Maxion Austria GmbH took out a committed credit line in the amount of €25,000 thousand with maturity in April 2023. On September 30, 2022, the maturity of said credit line was extended to June 2025. At December 31, 2022, the consolidated balance of this loan is R$89,210.

(xvi) In December 2021, the subsidiary Iochpe-Maxion Austria GmbH took out a credit line in the amount of €20,000 thousand, which was fully withdrawn in February 2022 with maturity in February 2023. On August 9, 2022, the maturity of said credit line was extended to August 2024. And, on September 22, 2022, it was extended to September 2024. At n December 31, 2022, the consolidated balance of this loan is R$112,962.

(xvii) In October 2022, the indirect subsidiary Maxion Wheels de Mexico S. de R.L. De C.V. took out a Working Capital loan in the nominal amount of US$13,000 thousand maturing in April 2023. At December 31, 2022, the consolidated balance of this loan is R$68,698.

(xviii) In November 2022, the parent company Iochpe-Maxion Austria GmbH took out syndicated loans in the nominal amount of €120,000 thousand, with a two-year grace period, maturing in three annual installments, with the last installment due to be paid in November 2026. Part of the proceeds was used to settle the remaining balance of the Debenture of 8th issuance. At December 31, 2022, the consolidated balance of this loan is R$664,985.

(xix) The amount of the 8th issuance was redeemed on December 22, 2022, the total amount paid on that date was R$232,849, with principal of R$225,000, interest of R$7,729 and redemption premium of R$120.

On February 10, 2021, the Company entered into a financing agreement by means of a loan credit line amounting to R$620,000 with Agência Especial de Financiamento Industrial S.A. - FINAME. This credit line also matures in 7 years and has a 2-year grace period, but until the publication date of these financial statements this credit line has not been withdrawn.

Between May and June 2022, in order to improve its financial liquidity management, the Company took out a Revolving Credit Facility in the amount of R$500,000, maturing in three years. At December 31, 2022, the lines were available but not used.

To hedge itself against foreign exchange risk arising from the contracting of two Export Credit Notes (NCEs) in foreign currency in the total amount of US$45,000 on March 28 and 31, 2022, the Company entered into a cross currency swap derivative transaction (swap), in which both the US dollar and the interest established in the loan agreements were exchanged for exposure in Brazilian reais at an interest rate of CDI plus 2.25% p.a., using the same critical terms of the NCEs, therefore configuring a hedge accounting transaction.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Changes in borrowings, financing and debentures

	Parent	Consolidated
Balances at December 31, 2020	2,314,889	5,120,389
Funds raised	925,000	3,741,463
Accrued interest and exchange rate changes	172,795	359,260
Repayment of principal	(997,924)	(3,549,810)
Payment of interest	(140,475)	(276,624)
Unamortized costs	(18,904)	(82,686)
Exchange rate changes	-	140,245
Forfaiting transactions, net (i)	79,973	79,973
Balances at December 31, 2021	2,335,354	5,532,210
Funds raised	**1,564,391**	**3,790,617**
Accrued interest and exchange rate changes	**394,629**	**561,952**
Repayment of principal	**(1,003,420)**	**(2,621,319)**
Payment of interest	**(294,894)**	**(440,814)**
Unamortized costs	**(7,935)**	**(14,990)**
Exchange rate changes	**20,544**	**(216,634)**
Fair value adjustment	**(51)**	**(51)**
Forfaiting transactions, net (i)	**(199,411)**	**(113,983)**
Balances at December 31, 2022	**2,809,207**	**6,476,988**

(i) In the parent company, the Forfait additions in the year ended December 31, 2022, totaled R$712,121 (R$1,173,226 in 2021), and the amortization R$911,532 (R$1,093,253 in 2021), with the net movement of R$(199,411) (R$79,973 in 2021). In the consolidated, Forfait additions in the year ended December 31, 2022, totaled R$797,549 (R$1,173,226 in 2021), and the amortization R$911,532 (R$1,093,253 in 2021), with the net movement of R$(113,983) (R$79,973 in 2021). Such additions have no cash effect, as shown in Note 34.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

At December 31, 2022, the amounts recorded in noncurrent liabilities mature as follows:

	Parent	Consolidated
2024	**1,124,794**	**1,658,211**
2025	**475,103**	**814,233**
2026	**325,760**	**560,027**
2027	**270,722**	**283,985**
2028 and thereafter	**57,008**	**2,116,921**
Total	**2,253,387**	**5,433,377**

The foreign currency-denominated working capital borrowings held by foreign subsidiaries are guaranteed by the Company's sureties, in the total net amount of R$486,093 (R$467,695 at December 31, 2021).

Debentures

The debentures issued by the Company are: (i) simple debentures of 9th issuance - CVM Instruction No. 476, nominative and book-entry unsecured, in two series; (ii) simple debentures of 10th issuance - CVM Instruction No. 476, o nominative and book-entry unsecured, in a single series; and (iii) single debentures of 11th issuance - CVM Instruction No. 476, of nominative and book-entry unsecured, in two -series. These issuances were approved at Board of Directors' meetings.

On May 3, 2022, the Company informed its shareholders and the market in general about the settlement of the 11th issuance, by the Company, of 750,000 non-privileged simple nonconvertible debentures, with a unit par value of R$1,000.00, totaling R$750,000.

The Debentures were issued in two series, as follows:

- R$350,000 in the first series with payment of interest at 100% of the DI rate plus a 2.00% per annum surcharge, maturing on April 15, 2025; and

- R$400,000 in the second series with payment of interest at 100% of the DI rate plus a 2.60% per annum surcharge, maturing on April 15, 2027.

The funds obtained by the Company from the Issuance were fully used for the reprofiling of the Company's consolidated financial liabilities.

The debentures Indenture is available on the Company's and CVM's pages on the world wide web.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

The debentures were subscribed at the unit par value paid in one lump sum in local currency upon subscription, with interest being amortized on a semiannual basis, as follows:

Debentures	Category	Principal amount upon issuance	Issuance date	Final maturity	Finance charges	Amount at 12/31/2022
9th issuance - 1st series	Simple	338,800	02/11/2019	02/14/2024	100% CDI + 0.75% p.a.	**352,168**
9th issuance - 1st series	Simple	111,200	02/11/2019	02/11/2026	100% CDI + 0.95% p.a.	**114,088**
10th issuance	Simple	350,000	09/16/2019	09/16/2024	100% CDI + 0.75% p.a.	**357,755**
11th issuance - 1st series	Simple	350,000	04/15/2022	04/15/2025	100% CDI + 2.00% p.a.	**357,534**
11th issuance - 2nd series	Simple	400,000	04/15/2022	04/15/2027	100% CDI + 2.60% p.a.	**409,685**

Covenants

The 9th and 10th issuance of Debentures have early maturity clauses in the event of occurrence of certain events (with certain exceptions), such as: (a) default of the Company's obligations; (b) loss of licenses or authorizations relevant to the Company's activities, (c) failure to maintain a financial ratio (resulting from dividing the net debt by the Company's adjusted EBITDA), calculated semiannually, equal to or less than 3.50x, at June 30 and December 31 of each year during the term of the debentures, (d) filing for bankruptcy or judicial recovery of the Company; (e) asset sale limit; (f) distribution of dividends in excess of the mandatory dividend pursuant to applicable corporate law, in the event of default by the Company; (g) restriction on the acquisition of control of the Company by third parties; and (h) spin-off, merger, incorporation (in which the Company is incorporated) or incorporation of shares.

At December 31, 2022, the Company was in full compliance with all referred clauses.

The 11th issuance of Debentures has early maturity clauses in the event of occurrence of certain events (with certain exceptions), such as: (a) default of the Company's obligations; (b) loss of licenses or authorizations relevant to the Company's activities; (c) filing for bankruptcy or judicial recovery of the Company; (d) asset sale limit; (e) distribution of dividends in excess of the mandatory dividend pursuant to applicable corporate law, in the event of default by the Company or in case, on the date of deliberation, after consideration of the pro forma effect of such distribution and/or payment in excess of the mandatory dividend, the financial ratio (resulting from the division of net debt by the adjusted EBITDA of the Company) is greater than 3.50x; (f) restriction on the acquisition of control of the Company by third parties; (g) spin-off, merger, incorporation (in which the Company is incorporated) or incorporation of shares of the Company and/or of its significant subsidiaries; and (h) new debts incurred (except for certain permitted debts, as defined in the Indenture) in case, on the date of the event at issue, after consideration of the pro forma effect, the financial ratio is greater than 3.50x.

In the year ended December 31, 2022 and up until the date of approval of these individual and consolidated financial statements, the Company was in compliance with all aforementioned clauses.

Sustainability-linked Notes Units

On May 7, 2021, the Company completed the issuance of Notes Units linked to ESG (Environmental, Social and Governance) clauses in the foreign market in the aggregate principal amount of US$400,000, of which US$340,000 in Senior Notes of Iochpe-Maxion Austria and US$60,000 in Senior Notes of Maxion Wheels de Mexico. These Units were issued at a discount of 1.45% on their face value and mature on May 7, 2028, at a fixed interest rate of 5% p.a., remunerated on a semiannual basis and denominated in US dollar.

Regarding ESG clauses, from November 7, 2026, the interest rate payable will be increased by 25 basis points to 5.25% p.a., unless the Company previously notifies the trustee, at least 30 days before the referred date, that, in relation to the year ending December 31, 2025, the goal of 30% reduction in carbon dioxide (CO^2) emission was achieved.

In addition, to hedge itself against foreign exchange risk, subsidiary Iochpe-Maxion Austria, whose functional currency is the Euro, hired a derivative transaction named cross currency swap (swap), using the same critical terms as the Senior Notes, through which the proceeds from exposure in US dollar were exchanged for exposure in Euro.

The Notes Units issued by the Company are subject to covenants as to carrying out certain operations until their effective settlement, with emphasis on the occurrence of the ratio between adjusted net debt and adjusted EBITDA for the last twelve months equal to or less than: (i) 4.50 until May 7, 2023; and (ii) 3.50 after this date.

In the year ended December 31, 2022 and up until the date of approval of these individual and consolidated financial statements, the Company was in compliance with all referred clauses.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

16. Trade payables

	Parent		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
In Brazil	**420,481**	314,941	**435,017**	325,748
Abroad	**5,495**	6,284	**1,859,238**	1,943,710
Related parties (Note 10.b)	**315**	12,819	**315**	-
Total	**426,291**	334,044	**2,294,570**	2,269,458

17. Tax obligations

	Parent		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Income tax of foreign subsidiaries (i)	**5,162**	-	**213,921**	138,495
State Value Added Tax (ICMS)	**14,492**	2,660	**15,097**	3,569
Federal Value Added Tax (IPI)	**782**	1,286	**782**	1,302
Contribution on Gross Revenue for Social Security Financing (COFINS)	**22**	22	**22**	30
Withholding Income Tax (IRRF)	**9,949**	21,045	**12,095**	22,608
Social Security Tax (INSS) on gross revenue	**-**	958	**-**	957
Other	**4,697**	1,082	**13,186**	7,699
VAT - foreign subsidiaries:				
Mexico	**-**	-	**45,195**	42,979
India	**-**	-	**7,126**	-
Turkey	**-**	-	**6,277**	-
Italy	**-**	-	**2,329**	4,982
Other countries	**-**	-	**1,453**	475
Total	**35,104**	27,053	**317,483**	223,096

(i) In December 2022, the amount of R$133,614 was recognized in Mexico, deriving from a tax audit event, as mentioned in Note 19.

18. Payroll and related taxes

	Parent		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Salaries	**-**	-	**94,003**	109,696
Social charges	**23,703**	15,739	**75,522**	71,414
Vacation pay	**78,401**	70,538	**119,724**	111,950
Profit sharing	**78,669**	73,865	**212,857**	214,888
Total	**180,773**	160,142	**502,106**	507,948

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

19. Provision for labor, tax and civil risks

The Company and its subsidiaries are parties to legal and administrative proceedings before various courts and government agencies arising in the ordinary course of business, involving tax, labor, civil and other matters.

Based on information from its legal counsel, Management analyzed existing proceedings and recognized provisions in an amount considered sufficient to cover related estimated probable losses, which are presented below along with changes for the year:

	Parent				Consolidated			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
Balance at 12/31/2020	9,812	48,108	4,754	62,674	21,217	53,452	4,754	79,423
Additions	7,601	2,775	78	10,454	17,958	4,917	18,591	41,466
Payments	(2,571)	(199)	-	(2,770)	(7,103)	(2,262)	(11,049)	(20,414)
Reversals	(3,038)	(498)	(6)	(3,542)	(9,227)	(1,821)	(2,812)	(13,860)
Monetary adjustments	389	1,043	565	1,997	774	1,862	564	3,200
Exchange rate changes	-	-	-	-	108	47	923	1,078
Balance at 12/31/2021	12,193	51,229	5,391	68,813	23,727	56,195	10,971	90,893
Additions	**2,384**	**3,927**	**-**	**6,311**	**11,910**	**4,171**	**-**	**16,081**
Payments	**(2,965)**	**(4,455)**	**(2,614)**	**(10,034)**	**(9,065)**	**(4,710)**	**(4,305)**	**(18,080)**
Reversals	**(4,014)**	**(461)**	**(2,728)**	**(7,203)**	**(8,664)**	**(461)**	**(6,091)**	**(15,216)**
Monetary adjustments	**598**	**3,729**	**351**	**4,678**	**1,223**	**4,018**	**351**	**5,592**
Transfers	**(144)**	**-**	**144**	**-**	**(144)**	**-**	**144**	**-**
Exchange rate changes	**-**	**-**	**-**	**-**	**(183)**	**-**	**(513)**	**(696)**
Balance at 12/31/2022	**8,052**	**53,969**	**544**	**62,565**	**18,804**	**59,213**	**557**	**78,574**

The proceedings classified as probable or possible loss, in which the Company and its subsidiaries figure as parties, are summarized below, according to their nature.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Proceeding of labor nature

At December 31, 2022, the Company and its subsidiaries figured as parties in labor claims. The main claims involve, but are not limited to, the payment of risk and health exposure premiums, recognition of employment status guarantees, lawsuits filed against third parties/service providers claiming joint/subsidiary liability of the Company and/or its subsidiaries, as well as indemnity claims deriving from work-related accidents or professional and occupational illnesses; however, no individual lawsuit involves significant loss amounts.

In the individual financial statements, a provision was recorded amounting to R$8,052 (R$12,193 at December 31, 2021), which represents the best estimate for probable loss.

In the consolidated financial statements, a provision was recorded amounting to R$18,804 (R$23,727 at December 31, 2021), which represents the best estimate for probable loss.

Proceedings of tax nature

The tax proceedings rated as probable loss by legal advisors and in which the Company and its subsidiaries figure as parties are as follows:

	Parent		**Consolidated**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
PIS/COFINS (a)	**10,221**	9,512	**12,007**	10,986
INSS (b)	**37,573**	31,826	**37,573**	31,826
IPI (c)	**-**	4,373	**-**	4,373
FGTS (d)	**4,024**	3,964	**4,626**	4,557
Other	**2,151**	1,554	**5,007**	4,453
Total	**53,969**	51,229	**59,213**	56,195

In the individual and consolidated financial statements, accrued amounts refer mostly to:

(a) Legal discussion related to non-requirement of PIS/COFINS on finance income and on commission paid to agent and commercial representatives abroad.

(b) Legal discussion related to non-requirement of Accident Prevention Factor (FAP) in the calculation of Occupational Accident Insurance (SAT) and that social contribution on 1/3 vacation bonus is declared unconstitutional or not.

(c) Legal discussion requesting nullification of IPI debt related to an administrative proceeding under Company responsibility. The proceeding was dismissed with a decision unfavorable to the Company's interests.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

(d) Legal discussion related to non-requirement of additional 10% on deposits made by the Company concerning the FGTS.

Proceedings of civil nature

At December 31, 2022, the Company and its subsidiaries, in the individual and in the consolidated financial statements, figured as party to proceedings of civil nature, which involve a contingent liability and whose total amount of R$557 (R$10,971 at December 31, 2021) was assessed by the legal advisors as probable loss.

The reduction in the probable risk is due to the termination of two lawsuits in 2022, in which the total amount of R$4,123 was paid, with the consequent partial reversal of provisions in the total amount of R$5,923.

Risks classified as possible loss

The Company and its subsidiaries are parties to labor, tax and civil proceedings involving contingent liabilities for which a provision was not recorded since they involve a possible or remote loss, as determined by Management and its legal advisors. At December 31, 2022, in the consolidated, these proceedings, classified as possible loss are presented below, including details of the main cases:

	Parent		**Consolidated**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Labor	**57,235**	50,375	**138,150**	153,364
Tax	**543,700**	493,432	**572,744**	572,437
Civil	**611**	720	**611**	720
Total	**601,546**	544,527	**711,505**	726,521

(a) Administrative tax proceeding No. 3.127.787-1 filed against the Company, regarding: (i) the supposed failure to issue tax documents (invoices) arising from alleged inventory differences identified in a tax audit of activities involving the shipment for and return from manufacturing operations; (ii) the supposed receipt of goods without tax documents (invoices) arising from alleged inventory differences identified in a tax audit of activities involving the shipment for and return from manufacturing operations; (iii) the recording of ICMS tax credits (VAT) on acquisitions from entities subject to the so-called Simples (simplified taxation regime); and (iv) the filing of a digital file (SINTEGRA file) in violation of the template or format required by the Brazilian legislation. The item (i) of the aforementioned tax notice was definitively canceled at the administrative level, and a petition to reverse the decision was filed for the other items, which is pending a decision while the record is taken under advisement. The amount under dispute classified as a possible loss corresponds to R$196,536.

(b) Tax assessment notice issued by the State Department of Finance (SEFAZ) of Rio de Janeiro state against the Company in November 2021, for the period from January 2016 to September 2021, alleging noncompliance with the regulatory requirements set forth in SEFAZ Resolution No. 905/2015 for the application of the special ICMS deferral taxation regime established in State Law No. 6953/2015 in sales of the Resende branch, with the collection of ICMS tax for the period and application of a fine of 75%; administrative defense submitted; an administrative lower court decision is currently awaited, and the total amount discussed is classified as a possible loss corresponding to R$151,425.

(c) Administrative proceedings No. 16045.720012/2015-62 and No. 16045.720013/2015-15, requesting respectively: (i) the payment of IRPJ (corporate income tax) tax amounts under allegations of incorrect deduction of income tax paid abroad for calendar year 2011; and (ii) the payment of CSLL (social contribution) amounts as a result of the IRPJ tax amounts claimed in item (i) previous, plus interest and a 75% automatic fine on both IRPJ and CSLL, as well as administrative proceedings No. 10860.901849/2015-11 and No. 10860.901848/2015-76 requesting the disallowance of income tax and social contribution losses balances for calendar year 2012, due to the supposedly incorrect deduction of income tax paid abroad mentioned in item (i) above. Administrative defenses were filed, on which decisions were handed down at the lower court. The case is pending decision at the administrative higher court, given the appeals filed by the National Treasury Department and by the Company against the partially favorable decisions. The amount under dispute, assessed as a possible loss, is R$16,792.

(d) Administrative proceedings No. 16048.720140/2017-48 and No. 16048.720.402/2017-74, requesting respectively: (i) the payment of IRPJ (income tax) tax amounts under allegations of incorrect deduction of income tax paid abroad for calendar year 2012; and (ii) the payment of CSLL (social contribution) amounts as a result of the IRPJ tax amounts claimed in item (i) above, plus interest, a 75% automatic fine, and a one-time fine on both IRPJ and CSLL. Administrative defenses were filed and decisions partially favorable to the Company were rendered at lower administrative level, and higher administrative level decisions are currently awaited due to appeals lodged National Treasury Department and by the Company. These cases are in connection with proceedings No. 10860.901849/2015-11 and No. 10860.901848/2015-76 (item c above). The amount under dispute, assessed as a possible loss, is R$70,678.

(e) Administrative tax proceedings relating to the Federal Revenue Service's request for the payment of one-time fines due to unapproved offsets, pursuant to article 74, paragraph 17 of Law No. 9430/1996 and Revenue Procedure (IN) No. 1675 of 2016. Administrative defenses were filed, and a decision by the lower court is pending. The amount under dispute totals R$29,737.

(f) Administrative proceedings No. 13881.720061/2015-55, No. 10865-720.674/2020-60, No. 13603-720.924/2020-31 and No. 10860-720.538/2020-10, which request the payment of taxes relating to unapproved offsets, due to the supposed lack of proof of payment of tax credit amounts relating to the CACEX rate, plus interest and a 20% automatic fine. The protest letter was deemed unfounded and an appeal was filed by the Company for consideration at the administrative higher court. The amount under dispute, assessed as possible loss, totals R$27,346.

The Company was party to a class action brought by the trade union that represents the workers of the Company’s two plants located in Limeira, Sao Paulo State (SP), requesting the Company to (i) pay risk and health exposure premiums, to be reflected in labor, tax, social security and severance pay fund charges, for employees in certain functions, for the last five years; (ii) enrollment in the payroll of such exposure premiums for such employees in the future; and (iii) attorney's fees on the amount of the decision. The class action was assessed as a possible loss and was in the initial stage by gathering documentation. However, in order to avoid difficulties and costs deriving therefrom, the Company deemed it opportune and in its best interest to reach an agreement with the trade union to end the proceeding in a consensual manner, with the total amount paid being R$3,086, including attorneys’ fees and procedural costs. The agreement, approved at the workers' assembly on July 16, 2022, was signed by the trade union and the Company, and ratified in court on August 9, 2022, definitively closing the case.

Regarding tax assessment notices issued by Spanish tax authorities for the periods between 2004 and 2009, proceedings No. 08/8972/2012 and No. 08/01138/2013 derived from tax audits involving the subsidiaries Iochpe-Maxion Austria GmbH (successor by merger of Maxion Luxembourg Holdings S.á.r.l., which in turn succeeded Maxion Wheels Europe S.à.r.l., formerly known as HLI European Holdings ETVE, S.L.), Maxion Wheels España S.L. (formerly known as Hayes Lemmerz Manresa, S.L.) and Hayes Lemmerz Barcelona, S.L., in which the tax deductibility of interest related to intragroup loans made as part of their corporate and financial restructuring was questioned, a decision was rendered at lower court, partially favorable to the subsidiaries of the Company, so that the total amount discussed of R$49,005, previously classified as a possible loss, is now classified as a remote loss. In January 2023, a court decision was handed down rejecting the appeal filed by the Spanish tax authorities, ending the case definitively in favor of the Company's subsidiaries.

Pursuant to a tax audit conducted by the Mexican tax authorities for the year ended December 31, 2012, the Company’s subsidiary in Mexico, Maxion Wheels de México, S. de R.L. de C.V. received a tax assessment notice, which mainly alleged: (i) supposed non-deductibility for tax purposes of interest expenses relating to loan taken out in January 2012 from a financial institution to finance the acquisition of the Mexican company Ingeniería y Maquinaria de Guadalupe, S.A. de C.V.; and (ii) supposed omission of revenue based on the capital gain concept upon the intragroup disposal of said company, which took place in December 2012, with the relevant appeal having been filed at administrative level.

In order to avoid lawsuits on this matter, as well as the difficulties and costs deriving therefrom, and considering the significant amount involved, the Company sought an extrajudicial settlement to an end, still in the administrative level, to the discussions within the scope of the tax audit referring to the year 2012 aforementioned, as well as the tax audits for the years 2013 to 2015, carried out by the Mexican tax authorities on the subsidiary Ingeniería y Maquinaria de Guadalupe, S.A. de C.V. upon the payment by the taxpayers of the total amount of approximately R$181,000, and the total amount involved in these discussions, updated on September 30, 2022, corresponded to approximately R$1,146,428, according to the material fact disclosed on December 7, 2022.

On December 31, 2022, the agreement with the Mexican tax authorities had already been concluded to end audits at the subsidiary Ingeniería y Maquinaria de Guadalupe, S.A. de C.V. with the consequent payment of the amount of R$48,176 (recorded in the statement of profit or loss for the year ended December 31, 2022 under income tax and social contribution in the total of R$24,228 and interest and financial restatement under finance costs in the total of R$23,948), and was in the final stage of formalizing the negotiations to put an end, also at administrative level, to the discussions within the scope of the tax audit at subsidiary Maxion Wheels de México, S. de R.L. de C.V. upon the payment by the taxpayer of the amount, as updated at December 31, 2022, of R$133,614, which is recognized in the Company's consolidated financial statements under Tax obligations, and in the statement of profit or loss for the year ended December 31, 2022 in income tax and social contribution in the total amount of R$59,830 and interest and financial restatement in finance costs in the total amount of R$73,784. It is estimated that the payment of said amount and consequent termination of said tax audits at Maxion Wheels de México, S. de R.L. de C.V. will be made by the end of the second quarter of 2023.

In June 2022, the premises of Maxion Wheels Holding GmbH (a subsidiary of the Company), in Königswinter, Germany, were inspected by the German antitrust body (Bundeskartellamt), in the context of an investigation concerning suspected non-compliance with competition laws related to light aluminum wheel manufacturers. The Company is fully cooperating with the authorities. In the event a violation of the applicable statutes is deemed to have occurred, such subsidiary could be subject to a fine or civil proceedings. This is an ongoing investigation and the Company is unable to anticipate the duration, scope or outcome of the investigation.

Judicial deposits linked to provision - consolidated

These represent restricted assets of the Company and its subsidiaries referring to amounts deposited in court in connection with legal proceedings assessed as probable losses, which will be held by courts until a final decision is reached. At December 31, 2022, these amounts total R$56,533 (R$50,289 at December 31, 2021).

20. Actuarial pension plan liabilities

a) Defined contribution – Retirement Supplementary Pension Plan

Parent

The Company sponsors since August 1, 2004 a retirement plan managed by BrasilPrev Seguros e Previdência S.A., which offers retirement supplementary pension plans, lump-sum payment and health benefits.At December 31, 2022, 5,170 Company employees participate in this plan (4,983 at December 31, 2021). The contribution made by the Company totaled R$2,696 at December 31, 2022 (R$2,543 at December 31, 2021).

Maxion Wheels

Indirect subsidiary Maxion Wheels sponsors a pension plan, substantially covering all employees of the units located in the United States of America. This subsidiary’s contribution totaled R$2,974 (R$3,462 at December 31, 2021).

b) Defined benefit – Post-employment healthcare and pension plan – Consolidated

The Company, by means of an indirect subsidiary Maxion Wheels, sponsors certain defined benefit pension plans and post-employment healthcare plans (“Other plans”), as well as life insurance. The subsidiary supports pension benefits based on the funding requirements set forth by international laws and regulations of referred plans, prior to payment of the benefits. Moreover, the subsidiary supports other benefits to the extent that these benefits are available to the employees.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Changes in present value of the defined benefit

	12/31/2022					12/31/2021				
	Defined benefit plan					Defined benefit plan				
Defined benefit obligations	Germany	Spain	Mexico	Other plans	Total	Germany	Spain	Mexico	Other plans	Total
Obligations assumed at beginning of year	**(556,569)**	**(32,006)**	**(11,092)**	**(97,581)**	**(697,248)**	(623,736)	(38,709)	(10,908)	(109,752)	(783,105)
Benefits paid by the plan	**27,115**	**2,225**	**-**	**5,398**	**34,738**	32,897	2,392	-	7,098	42,387
Current service costs and interest	**(13,183)**	**(479)**	**847**	**(12,980)**	**(25,795)**	(12,314)	(466)	(1,398)	(17,063)	(31,241)
Effect of changes in financial assumptions	**107,731**	**3,784**	**2,289**	**(15,916)**	**97,888**	33,847	(126)	2,423	6,769	42,913
Effect of experience adjustment	**6,454**	**394**	**882**	**(31,558)**	**(23,828)**	7,785	4,621	(715)	(3,982)	7,709
Exchange rate changes from translation of financial statements	**69,109**	**3,942**	**343**	**21,912**	**95,306**	4,952	282	(494)	19,349	24,089
Defined benefit obligations at end of year	**(359,343)**	**(22,140)**	**(6,731)**	**(130,725)**	**(518,939)**	(556,569)	(32,006)	(11,092)	(97,581)	(697,248)

	12/31/2022					12/31/2021				
	Defined benefit plan					Defined benefit plan				
Fair value of plan assets	Germany	Spain	Mexico	Other plans	Total	Germany	Spain	Mexico	Other plans	Total
Plan assets at beginning of year	**48,332**	**21,904**	**1,676**	**8,541**	**80,453**	45,038	27,551	1,559	7,028	81,176
Finance income	**374**	**163**	**132**	**411**	**1,080**	180	106	96	346	728
Contributions paid to the plan	**33,765**	**740**	**-**	**5,488**	**39,993**	39,769	237	-	7,831	47,837
Benefits paid by the plans	**(27,115)**	**(2,225)**	**-**	**(5,398)**	**(34,738)**	(32,897)	(2,392)	-	(7,098)	(42,387)
Expected returns from plan assets	**(16,843)**	**(3,328)**	**(50)**	**194**	**(20,027)**	(2,361)	(3,406)	(52)	19	(5,800)
Exchange rate changes from translation of financial statements	**(5,970)**	**(2,711)**	**(18)**	**(1,382)**	**(10,081)**	(1,397)	(192)	73	415	(1,101)
Fair value of plan assets at end of year	**32,543**	**14,543**	**1,740**	**7,854**	**56,680**	48,332	21,904	1,676	8,541	80,453
Total noncurrent liabilities	**(326,800)**	**(7,597)**	**(4,991)**	**(122,871)**	**(462,259)**	(508,237)	(10,102)	(9,416)	(89,040)	(616,795)

	12/31/2022					12/31/2021				
Net cost of benefit	Defined benefit plan					Defined benefit plan				
	Germany	Spain	Mexico	Other plans	Total	Germany	Spain	Mexico	Other plans	Total
Service cost	**(8,995)**	**(240)**	**1,578**	**(4,136)**	**(11,793)**	(9,886)	(317)	(720)	(8,599)	(19,522)
Finance cost	**(4,188)**	**(239)**	**(731)**	**(8,844)**	**(14,002)**	(2,428)	(149)	(678)	(8,464)	(11,719)
Net cost of benefit	**(13,183)**	**(479)**	**847**	**(12,980)**	**(25,795)**	(12,314)	(466)	(1,398)	(17,063)	(31,241)

Actuarial assumptions used for calculating cost and obligations were as follows:

Weighted average of assumptions used	Pension plan	Other plans
Discount rate – foreign	5.26%	9.10%
Salary increase rate – foreign	4.47%	5.50%
Inflation growth rate – foreign	2.93%	4.00%

The discount rate was calculated using timely interest rates that increases half percentage point to each of the next 30 years and based on information of price and profit to first-tier companies, due between 12 months and 30 years.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

The Company does not have funding agreements and/or funding policy that could affect future contributions. The estimated expectations for the next year are as follows:

	Pension plan	Other plans
Expected contributions	6,805	731
Benefit payouts	28,780	2,912

Sensitivity analysis of the obligations

At December 31, 2022, changes in the discount rates used for valuation of the benefit obligations would have the following impacts on the obligations related to the defined benefit plan and on the weighted average duration of the defined benefit obligation (in years), as follows:

	Pension plan	Other plans
Scenario considering rate decrease of 50 base points to:	3.49%	17.65%
Increase in defined benefit obligation	17,210	5,663
Weighted average duration of defined benefit obligation (in years)	9	10
Scenario considering rate increase of 50 base points to:	4.49%	18.65%
Decrease in defined benefit obligation	16,402	5,406
Weighted average duration of defined benefit obligation (in years)	9	10

By developing the assumption on expected long-term return rate of the assets, the historical return and expected future return for each class of assets were taken into consideration, as well as the allocation purposes of the pension plan asset portfolio.

Contributions made to plans

In 2022, indirect subsidiary Maxion Wheels contributed R$34,505 to the defined benefit plans (R$40,006 at December 31, 2021).

21. Equity

a) Share capital

At December 31, 2022, the Company's fully subscribed and paid-in capital is R$1,576,954,290.05 (one billion five hundred seventy-six million nine hundred fifty-four thousand two hundred ninety reais and five cents), comprising 153,719,601 (one hundred fifty-three million seven hundred nineteen thousand six hundred one) registered common shares with no par value.

Under the bylaws, as decided by the Board of Directors, regardless of amendment to the bylaws, the Company may increase its share capital, limited, however, to 82,000,000 registered common shares, nominative and without par value, through the issuance of new common shares. Out of the total limit, 58,856,229 shares have already been issued, and 23,143,771 new shares are subject to issuance.

Within the limit of authorized capital and in accordance with the plan approved by the Shareholders' General Meeting, the Company may grant stock options to its officers, employees or individuals who provide services to the Company, pursuant to paragraph 3, article 168 of Law No. 6404/76.

b) Reserve for investment and working capital

This reserve aims to ensure investments in production assets and increase in working capital, even by amortizing the Company's debts, as well as by capitalizing and financing subsidiaries and joint ventures. This reserve will comprise a minimum 10% and a maximum of 58% of net profit for the year, limited to the total amount of share capital plus the legal reserve.

c) Allocation of profit

The profit for the year, computed in accordance with the terms of article 191 of Law No. 6404/76, will be allocated as follows: (i) 5% to the legal reserve, which cannot exceed 20% of capital; (ii) 37% for distribution as mandatory dividends; and (iii) the remaining amount, which is not allocated to the investment and working capital reserve or retained as defined in the capital budget approved by the Annual Shareholders' Meeting, will be allocated as supplementary dividends to the shareholders.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

On June 29 and September 28, 2022, the Board of Directors decided to allocate interest on equity (“IOE”), in the amount of R$35,581 and R$30,045, respectively, corresponding to the gross amount of R$0.2349017 and R$0.1983575 per share, which will be subject to withholding income tax, as applicable, pursuant to current legislation.

As decided by the Board of Directors on that date, IOE will be attributed to the mandatory dividend for fiscal year 2022, pursuant to article 42 of the Company's bylaws. The payment of IOE will be made until March 31, 2023, and the amount of said IOE will not be subject to any monetary restatement. On April 5, 2023, the mandatory dividends will be paid.

	12/31/2022	12/31/2021
Profit for the year	**278,933**	537,221
Realization of deemed cost depreciation, net of taxes	**5,454**	5,843
Total to be distributed	**284,387**	543,064
Allocation of profits:		
(-) Legal reserve (5%)	**(14,219)**	(27,153)
(-) / + Bylaws reserve for investment and working capital (58%)	**(164,945)**	(314,977)
(-) Mandatory minimum dividends (37%)	**(105,223)**	(200,934)
+ Interest on equity attributed to mandatory minimum dividends, net of IRRF tax	**59,699**	140,374
(-) Mandatory minimum dividends (Balance)	**(45,524)**	(60,560)
Proposed dividends	**45,524**	60,560
Interest on equity, gross	**65,626**	153,216
Total distributed	**111,150**	213,776
Total distribution (%)	**39.1%**	39.4%

d) Recognized stock options granted

Share-based payments refer to the results recorded for the 2015 stock option plan, less the eligible stock options already exercised. At December 31, 2022, there are no plans in effect (14,643 options at December 31, 2021).

e) Treasury shares

On March 29, 2022, the Company concluded its share buyback program, having been acquired 900,000 (nine hundred thousand) shares of its own issue, for an average price of R$13.94, totaling R$12,554, which together with the shares already held in treasury would represent 1.63% of the outstanding shares.

At December 31, 2022, the Company had 2,249,827 common shares in the amount of R$41,448 (1,349,827 common shares in the amount of R$28,894 at December 31, 2021), as a commitment under the long-term incentive program.

The market value of the common shares held in treasury totaled R$26,480, reflecting the price of R$11.77 per share at December 31, 2022.

f) Valuation adjustments to equity

These are recorded as a result of revaluation of property, plant and equipment items (deemed cost) based on appraisal reports prepared by independent valuation experts upon first-time adoption of CPCs and IFRSs. The corresponding income tax and social contribution are classified in noncurrent liabilities and are realized upon depreciation or write-off of the revalued assets against accumulated losses, net of taxes. Foreign exchange differences on foreign investments are allocated to Other comprehensive income (loss), whose functional currency is other than the Company’s functional currency.

g) Legal reserve

This legal reserve is a requirement for all Brazilian companies and represents appropriation of 5% of the profit for the year based on Brazilian legislation, up to the limit of 20% of the subscribed share capital.

h) Capital reserve

At December 31, 2022, this reserve is applicable to compute the effects of the restatement of the financial position of the investment in Argentina due to the hyperinflationary economy and to goodwill deriving from acquisition of non-controlling interests.

22. Stock option plan

At December 31, 2022, there are no exercisable options (6,993 at December 31, 2021); the last plan in force expired on March 31, 2022.

23. Long-term incentive plan

In April 2019, 2020, 2021 and 2022, the Board of Directors approved the long-term incentive programs referring to the profit or loss for the years 2019 to 2022 ("Program 2019"), the profit or loss for the years 2020 to 2023 ("Program 2020"), the profit or loss for the years 2021 to 2024 ("Program 2021") and the profit or loss for the years 2022 to 2025 ("Program 2022"), respectively, in line with the Long-Term Incentive Plan, which is intended to: (i) promote the Company's good performance and meet the interests of its shareholders through a long-term commitment on the part of the Company's managers and employees; (ii) enable the Company to retain its main professionals, as well as attract new talent; and (iii) align the compensation and benefits granted to certain managers and employees of the Company with the performance of the shares issued by the Company on the stock exchange and with the economic and financial performance of the Company.

Under the terms and conditions of the Company's long-term incentive plan and respective programs, the beneficiaries of said programs will be entitled to cash premiums referenced (i) in the appreciation of the shares issued by the Company on the stock exchange; and (ii) the return on capital invested in the Company ("Return On Invested Capital" or "ROIC"). For the purposes of this plan, the receipt of premiums is called "Restricted Stock Unit" or "RSU", in the first case, and "Performance Share" or "PS", in the second case. Each unit granted, in the amount of R$22.84, R$23.32, R$15.02 and R$15.19, for the 2019, 2020, 2021 and 2022 Programs, respectively, is equivalent to the weighted average price of the shares (MYPK3) traded on B3 S.A. Brasil, Bolsa, Balcão, in the 20 (twenty) trading sessions prior to the period of 8 (eight) days prior to the respective grant dates in January of each of those years.

The RSUs will be settled in 3 annual tranches, starting on the second anniversary of the grant date, and each RSU will be equivalent to the weighted average price of shares (MYPK3) traded on B3 in the 20 (twenty) trading sessions prior to the settlement date. The PSs granted based on the programs for the years 2019, 2020, 2021 and 2022 will only be settled if the Company's average ROIC calculated (i) from January 1, 2019 to December 31, 2022, (ii) from January 1, 2020 to December 31, 2023, (iii) from January 1, 2021 to December 31, 2024, and (iv) from January 1, 2022 to December 31, 2025, respectively, is met in accordance with the targets set by the Board of Directors for each long-term incentive program.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

The settlement dates for each program are as follows:

Program	Tranche	Maturity	Outstanding RSUs and PSs
RSU - 2019	33.3%	03/20/2023	47,363
PS - 2019	100%	03/20/2023	106,676
RSU - 2020	33.3%	03/20/2023	59,297
RSU - 2020	33.3%	03/20/2024	59,297
PS - 2020	100%	03/20/2024	133,551
RSU - 2021	33.4%	03/20/2023	119,956
RSU - 2021	33.3%	03/20/2024	119,597
RSU - 2021	33.3%	03/20/2025	119,597
PS - 2021	100%	03/20/2025	359,149
RSU - 2022	33.4%	03/20/2024	152,121
RSU - 2022	33.3%	03/20/2025	151,665
RSU - 2022	33.3%	03/20/2026	151,665
PS - 2022	100%	03/20/2026	455,451

At December 31, 2022, the total provision recorded as “Other payables” is R$3,364 in the individual financial statements (R$2,722 at December 31, 2021) and R$8,678 in the consolidated financial statements (R$7,495 at December 31, 2021). Treasury shares held for purposes of making payments under the 2019, 2020, 2021 and 2022 Programs are described in Note 21.e).

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

24. Finance income (costs)

	Parent		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Finance income:				
Income from short-term investments	**54,973**	13,031	**60,364**	16,989
Pension plan interest income	**-**	-	**1,080**	728
Discounts obtained and interest on trade receivables	**4**	11	**4**	11
Financial gain on lawsuits	**5,372**	1,417	**5,693**	1,907
Finance income on PIS and COFINS credits (i)	**17,001**	63,148	**21,758**	64,663
Monetary adjustment on IRPJ/CSLL credits	**8,974**	-	**10,184**	-
Fair value on financial instrument	**3,963**	-	**3,963**	-
Other	**4,574**	4,230	**11,409**	13,555
Total	**94,861**	81,837	**114,455**	97,853
Finance costs:				
Interest expenses and finance charges	**(392,458)**	(154,799)	**(514,383)**	(281,226)
Pension plan interest expenses	**-**	-	**(14,002)**	(11,719)
Monetary adjustment of provisions for risks	**(4,678)**	(1,997)	**(5,592)**	(3,200)
Tax on Financial Transactions (IOF)	**(4,369)**	(4,023)	**(4,395)**	(4,122)
Amortized cost of debenture issues	**(18,552)**	(18,444)	**(18,552)**	(18,444)
Amortized cost (Sustainability-linked Notes Units)	**-**	-	**(8,221)**	(5,820)
Bank expenses	**(6,937)**	(5,043)	**(21,563)**	(53,815)
Charges and monetary adjustment on tax liabilities (ii)	**-**	-	**(97,732)**	-
Other	**(9,370)**	(5,139)	**(28,913)**	(11,070)
Total	**(436,364)**	(189,445)	**(713,353)**	(389,416)

(i) As described in Note 8, item (i), plus financial adjustments on previously recognized credits.

(ii) In November and December 2022, the amounts of R$23,948 and R$73,784, respectively, represent the interest and financial restatement derived from the tax audit in Mexico, as mentioned in Note 19.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

25. Foreign exchange gains (losses), net

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade receivables	**(847)**	24	**(62,270)**	(64,034)
Borrowings and financing	**(14,142)**	1,368	**(21,156)**	715
Trade payables	**351**	468	**42,146**	30,692
Short-term investments	**-**	-	**2,852**	(5,435)
Derivative financial instruments	**-**	-	**17,465**	7,386
Other	**(233)**	(43)	**2,197**	(2,378)
Total	**(14,871)**	1,817	**(18,766)**	(33,054)

26. Net sales and services revenue

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Gross sales and service revenue	**6,281,559**	4,833,867	**18,229,091**	14,602,405
Deductions:				
Taxes on sales	**(1,172,179)**	(842,314)	**(1,222,653)**	(890,375)
Rebates, returns and cancelations	**(26,193)**	(21,083)	**(58,569)**	(23,663)
Net sales and services revenue	**5,083,187**	3,970,470	**16,947,869**	13,688,367

27. Costs and expenses by nature

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Raw material	**(2,860,465)**	(1,908,776)	**(10,090,883)**	(7,250,759)
Salaries and benefits	**(972,234)**	(862,345)	**(2,534,804)**	(2,478,549)
Supplies/maintenance	**(288,674)**	(256,459)	**(950,008)**	(961,619)
Electric power	**(88,492)**	(57,534)	**(664,587)**	(415,807)
Depreciation and amortization	**(70,430)**	(67,482)	**(491,231)**	(559,848)
Outsourced services	**(112,320)**	(113,827)	**(332,957)**	(337,569)
Freight	**(91,708)**	(68,023)	**(361,865)**	(326,413)
Management fees	**(18,971)**	(18,397)	**(18,971)**	(18,397)
Transportation/communication	**(26,488)**	(18,643)	**(58,502)**	(38,339)
Other costs and expenses	**(68,656)**	(62,385)	**(378,008)**	(337,773)
Total	**(4,598,438)**	(3,433,871)	**(15,881,816)**	(12,725,073)
Classified as:				
Cost of sales and services	**(4,405,179)**	(3,249,746)	**(15,139,227)**	(11,984,244)
Selling expenses	**(27,223)**	(17,697)	**(96,095)**	(78,486)
General and administrative expenses	**(147,065)**	(148,031)	**(627,523)**	(643,946)
Management fees (Note 10)	**(18,971)**	(18,397)	**(18,971)**	(18,397)
Total	**(4,598,438)**	(3,433,871)	**(15,881,816)**	(12,725,073)

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

28. Other operating income (expenses)

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income from exclusion of ICMS from the PIS and COFINS tax base (i)	**58,582**	220,394	**61,760**	228,109
Gain (loss) on devaluation of put option (ii)	**-**	-	**(30,662)**	6,876
Reversal of (provision for) restructuring	**(1,343)**	(4,799)	**(40)**	6,399
Impairment of assets (iii)	**617**	(1,095)	**3,465**	125
Gain (loss) on sale of assets	**(3,919)**	(4,457)	**(1,233)**	15,037
Provision for labor, tax and civil risks	**(5,780)**	-	**(9,253)**	-
Ancillary systems expenses	**(28,173)**	(19,815)	**(28,173)**	(19,815)
Gain on contingent asset	**-**	-	**-**	37,163
Income (expenses) from related-party transactions (iv)	**(35,502)**	-	**-**	-
Gains from reimbursed insurance claims (v)	**-**	-	**100,858**	-
Government benefits and grants (vi)	**5,761**	-	**34,166**	-
Other provisions	**3,571**	-	**8,078**	-
Other operating income (expenses)	**(1,158)**	(38,206)	**10,220**	10,418
Total	**(7,344)**	152,022	**149,186**	284,312

(i) As described in Note 8, item (i).

(ii) In accordance with a put option contract, a subsidiary of the Company is required to acquire certain shares issued by another subsidiary at a fixed price, with the beneficiaries, which are minority shareholders of the subsidiary in question, exercising the option. The acquisition price of these shares is defined according to the formula described in the related put option contract. According to the formula, at December 31, 2022, the Company has, through its subsidiary, noncurrent liabilities related to that put option in the amount of R$42,779 (€7,681 thousand). Consequently, the impact on “other operating expenses” was a loss of R$30,662 (€5,601 thousand) in the period ended December 31, 2022 (as compared to a gain of R$6,876 in the period ended December 31, 2021).

(iii) In April 2022, the subsidiary Ingenieria y Maquinaria de Guadalupe, S.A. de C.V. reversed part of the provision for impairment recorded in previous years as it successfully restored two equipment, which, at that time, had been rendered unusable. The reversal totaled R$3,281.

(iv) These refer to transactions between companies of the same Group, mainly referring to charges for corporate services and allocation of expenses. In the consolidated, such transactions are eliminated.

(v) In the period ended December 31, 2022, the subsidiaries Maxion Wheels España S.L. and Maxion Wheels South Africa (Pty) Ltd received compensation from their insurance companies arising from loss of profits in the amounts of R$27,402 and R$11,928, respectively. In the same period, the Chihuahua branch of the subsidiary Maxion Wheels de Mexico, S. de R.L. de C.V. also received payment of compensations in the amount of R$4,856 as a result of the fire that affected the plants’ painting sector. In September 2022, the subsidiary Iochpe Maxion Austria GmbH recorded R$56,672 referring to reimbursement of compensation related to the master insurance contract as a result of the fire that hit the plant of Maxion Wheels España S.L.

(vi) These refer to grants and benefits extended by government authorities of Brazil, Czech Republic, Italy and India in the amounts of R$6,682, R$5,030, R$9,019 and R$13,435, respectively.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

29. Risk management and financial instruments

a) General considerations and policies

The Company and its subsidiaries engage in transactions involving financial instruments, including derivatives, when applicable, all of which recorded in asset and liability accounts, which are intended to meet their operating and financial needs. These instruments are represented by short-term investments, borrowings, financing, debentures and intragroup loans, as well as derivative financial instruments.

These financial instruments are managed by means of policies, definition of strategies and establishment of control systems, monitored by the Board of Directors through the Financial Committee.

The corporate policy that rules financial instruments for hedging purposes is also approved by the Board of Directors and it is subsequently and periodically analyzed in terms of the risk exposure that it intends to hedge. Gain and losses from these transactions are in compliance with the policies and strategies defined by Management. The Company and its subsidiaries do not have investments for speculation purposes in derivatives or any other risky assets.

The Board of Directors monitors Management's compliance with the policies and procedures for managing risks and it reviews the adequacy of the risk management model in relation to the risks accepted by the Company and its subsidiaries.

Classification of financial instruments by category

		Parent		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
	Note	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Assets:					
Cash and cash equivalents	5	1,236,846	252,537	2,287,054	1,088,114
Trade receivables	6	578,102	495,103	2,053,692	1,731,914
Total		1,814,948	747,640	4,340,746	2,820,028
Liabilities:					
Borrowings and financing	15	1,217,977	1,085,114	4,885,758	4,281,970
Debentures	15	1,591,230	1,250,240	1,591,230	1,250,240
Trade payables	16	426,291	334,044	2,294,570	2,269,458
Total		3,235,498	2,669,398	8,771,558	7,801,668

b) Fair values

Concerning the Company and its subsidiaries, financial instruments included in the statement of financial position such as bank accounts, short-term investments, trade receivables and trade payables are disclosed very close to market amounts. On the other hand, the financial instruments are already measured at their fair values (level 1).

At December 31, 2022, the comparison between the fair value and the amortized cost of borrowings, financing and debentures is as follows:

Book value	Fair value
6,476,988	6,447,844

c) Financial risk management

The operations of the Company and its subsidiaries are subject to the following risk factors:

Credit risk

This derives from the possibility that the Company and its subsidiaries will incur in losses due to default of their counterparties or financial institutions in which their funds or short-term investments are held. In order to mitigate such risks, the Company and its subsidiaries analyze the equity and financial status of their counterparties, establish credit limits and continuously monitor outstanding positions. The Company and its subsidiaries only perform operations with top-tier financial institutions that have a solid credit position, opting for safety and stability.

Concerning trade receivables from customers, the Company understands that due to (i) its strict credit rating analysis; (ii) continuous monitoring of outstanding balances; and (iii) the fact that its customers are large-sized car manufacturers that have good risk ratings in the market, the credit risk is under control.

Company’s Management understands that provisions recorded in the financial statements are sufficient to cover the risk of non-collectability, as stated in Note 6.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Liquidity risk

Reasonable liquidity risk management entails the maintenance of sufficient marketable securities, cash and available fund-raising options by means of committed credit lines and ability to settle market positions. Due to the dynamic nature of the Company’s and its subsidiaries’ business, the Treasury area keeps fund-raising flexible by maintaining committed credit lines.
Management monitors the Company’s consolidated liquidity level taking into account the expected cash flow versus unused credit lines and available cash and cash equivalent amounts. This forecast considers debt financing plans, compliance with internal goals related to financial position ratios and, when applicable, external or legal regulatory requirements (such as currency restrictions). By means of its risk management, the Company determines minimum consolidated cash limits and debt ratios.

Any surplus of cash held by the operating entities, i.e., in addition to the amount required for working capital, is maintained in these entities and managed by the Corporate Financial Management. The Company invests its liquidity in accordance with its financial risk management in short-term investments due within 90 days, usually deposits in financial institutions.

The table below comprehends non-derivative financial liabilities of the Company and its subsidiaries per maturity date, corresponding to the remaining period from the statement of financial position date until the termination date:

	12/31/2022							
	Parent				Consolidated			
	Less than 1 year	1-2 years	Above 2 years	Total	Less than 1 year	1-2 years	Above 2 years	Total
Trade payables	426,291	-	-	426,291	2,294,570	-	-	2,294,570
Borrowings, financing and debentures	889,940	1,389,122	1,380,468	3,659,530	1,520,496	2,072,081	1,109,991	4,702,568
Total	1,316,231	1,389,122	1,380,468	4,085,821	3,815,066	2,072,081	1,109,991	6,997,138

Interest rate risk

This risk arises from the possibility that the Company and its subsidiaries will record gains or losses due to fluctuations in the interest rates on their financial assets and liabilities. In order to mitigate this type of risk, the Company and its subsidiaries seek to diversify fund-raising between fixed and floating rates.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Foreign exchange risk

This risk arises from the possible fluctuation in the exchange rates of foreign currencies adopted by the Company and its subsidiaries in obtaining financial instruments in foreign currency other than the functional currency of each entity, as well for the acquisition of raw materials, sale of products and financial instruments the entities enter into. In addition to payables and receivables in foreign currencies, the Company and its subsidiaries invest in foreign direct and indirect subsidiaries and have operating cash flows involving purchase and sale in other currencies. The Company and its subsidiaries have a specific policy on hedge transactions aimed at mitigating such risks.

At December 31, 2022, the Company's balances denominated in foreign currency that expose the Company and its subsidiaries to foreign exchange risks are as follows:

	Parent		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Assets:				
Trade receivables (i)	**20,264**	26,264	**1,522,942**	1,309,038
Financial instruments	**-**	-	**269,391**	144,679
Foreign related parties	**27,484**	49,716	**90**	96
Total assets	**47,748**	75,980	**1,792,423**	1,453,813
Liabilities:				
Borrowings and financing (ii)		-	**3,667,781**	3,196,856
Trade payables (iii)	**5,495**	6,284	**1,859,238**	1,943,710
Financial instruments	**-**	-	**5,356**	-
Foreign related parties	**-**	12,819	**-**	-
Total liabilities	**5,495**	19,103	**5,532,375**	5,140,566
Net exposure	**42,253**	56,877	**(3,739,952)**	(3,686,753)
(-) Foreign subsidiaries using local functional currency	**-**	-	**3,754,816**	3,706,838
Total exposure for sensitivity analysis purposes	**42,253**	56,877	**14,864**	20,085

(i) In the consolidated financial statements at December 31, 2022, 74.2% (75.6% at December 31, 2021) refers to trade receivables by foreign subsidiaries, denominated in U.S. dollars, euros and yuans.

(ii) In the consolidated financial statements at December 31, 2022, of the total balance of borrowings, financing and debentures, 56.6% (57.8% at December 31, 2021) refers to borrowings obtained in local currency by foreign subsidiaries, denominated in U.S. dollars (Note 15).

(iii) In the consolidated financial statements at December 31, 2022, 81.0% (85.6% at December 31, 2021) refers to trade payables by foreign subsidiaries, denominated in U.S. dollars, euros and yuans.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Foreign currency risk arises from fluctuations in foreign exchange rates of foreign currency-denominated borrowings and financing, and trade receivables and payables. At December 31, 2022, part of these exposures is hedged with cross currency swap derivatives, and designated as hedge, as follows:

Cash flow hedge

Hedging instruments	Hedged item	Hedged risk	Hedging period	Notional value - Asset position (USD)	Notional value - Liability position (Euro)	Fair value (Euro) at 12/31/22	Fair value (R$) at 12/31/22	Cash flow hedge balance (R$) at 12/31/22	Cash flow hedge balance (R$) at 12/31/21
Cross-Currency Swap - US$/Euro	Sustainability-linked Notes Units	Currency risk - Principal and Interest	05/07/2021 to 05/07/2028	340,000	279,835	48,370	269,391	56,195	11,242

Hedging instruments	Hedged item	Hedged risk	Hedging period	Notional value - Asset position (USD)	Notional value - Liability position (R$)	Fair value (R$) at 12/31/22	Cash flow hedge balance (R$) at 12/31/22 (i)
Cross-Currency Swap - US$/BRL	Export credit notes	Currency risk - Principal and Interest	03/31/2022 to 03/28/2024	30,000	142,290	10,574	(423)

(i) As per Note 15, this transaction was carried out in March 2022, and there is no comparative balance for December 31, 2021.

Fair value option

The Company chose to designate a protected liability (hedge item) to be recorded at fair value through profit or loss. The accounting effects are identical to what would be achieved through hedging documentation.

Financial instruments	Financial instrument type	Hedged risk	Interest rate	Notional value (USD)	Balance (R$) at 12/31/22 (i)	Effects on profit or loss for the year (R$) at 12/31/22 (i)
Export Credit Notes	Debt (hedge item)	Currency risk - Principal and Interest	USD + 4.95%	15,000	81,206	(9,105)
Cross-Currency Swap - US$/BRL	Derivative		CDI + 2.25%		1,591	(1,591)
					82.797	**(10.696)**

(i) As per Note 15, this transaction was carried out in March 2022, and there is no comparative balance for December 31, 2021.

Concentration risk

The Company’s and its subsidiaries’ products are usually sold under purchase orders of material amounts regularly placed by a limited number of customers that represent a significant volume of sales. Currently, approximately 71% of their operating income comes from ten customers. The loss of a major customer or the decrease in the volume purchased by such customer could have an adverse impact on the Company and its subsidiaries.

Risk of fluctuation in steel and aluminum prices

A significant part of the Company’s and its subsidiaries’ operations depends on their ability to purchase steel and aluminum at competitive prices. If steel and aluminum prices increase significantly, and the Company and its subsidiaries are unable to pass the price increase on to products or to reduce operating costs to offset such increase, the operating margin will be lower.

Sensitivity analysis - consolidated

Financial instruments, including derivatives, as applicable, are exposed to changes due to fluctuations in exchange rates, interest rates (Long-term Interest Rate, or TJLP) and CDI rate. The sensitivity analysis of financial instruments to these variables were considered by the Company’s Management and are shown below:

i) Selection of risks

The Company and its subsidiaries selected three market risks that could impact the value of their financial instruments: (1) U.S. dollar/Brazilian real exchange rate; (2) interest rates on borrowings and financing (CDI), (SELIC), (TERM SOFR) and (EURIBOR); and (3) short-term investment yield rate (CDI).

ii) Selection of scenarios

Three scenarios were considered in the risk sensitivity analysis for the indexes on these financial assets and financial liabilities, and the Company adopted the probable scenario. The Company also estimated two additional scenarios with a 25% and a 50% deterioration in the risk variables considered at December 31, 2022.

The probable scenario considered by the Company is the actual perspective of the Brazilian real versus U.S. dollar exchange rate, CDI, SELIC TERM SOFR and EURIBOR indexes at December 31, 2022. Accordingly, the Company visited the website of Brazil’s Central Bank (BACEN) as a source to obtain the U.S. dollar/Brazilian real exchange rate, the B3 website for CDI and Bloomberg portal for TERM SOFR and EURIBOR.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Sensitivity analysis of fluctuations in exchange rate changes

For the sensitivity analysis of foreign currency exposure at December 31, 2022, as shown in the table with the foreign exchange currency exposure under “Foreign currency risk,” the balances of trade receivables, trade payables and borrowings and financing held by foreign subsidiaries were disregarded because they are denominated in the local functional currencies of each foreign subsidiary, and, therefore, the Company’s Management believes that there is no foreign currency risk that could affect the subsidiaries’ cash flows.

Considering these foreign currency exposures at December 31, 2022, the sensitivity analysis of outstanding position in the consolidated financial information is as follows:

Company risk	**Possible scenario**	**Remote scenario**
Decrease in U.S. dollar rate	3,716	7,432

The possible scenario considers a 25% appreciation of the Brazilian real against the U.S. dollar based on the exchange rate at December 31, 2022 of R$5.2177/US$1.00 (R$3.9133/US$1.00), and the remote scenario considers a 50% appreciation (R$2.6089/US$1.00).

Management did not use the probable scenario in the sensitivity analysis because it believes that it substantially reflects the currency rate fluctuations recognized in the financial statements for the year ended December 31, 2022.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Sensitivity analysis of interest rate changes - Company's exposure to interest rate increase – Consolidated

The sensitivity analysis below takes into consideration the principal amount of borrowings and financing:

	Scenarios		
Borrowings and financing - CDI	**Probable**	**Possible**	**Remote**
CDI at December 31, 2022	13.65%	17.06%	20.48%
CDI-indexed borrowing - R$749,391			
Estimated finance costs	102,292	127,846	153,475
Effect - loss		(25,554)	(51,183)

	Scenarios		
Borrowings and financing - SELIC	**Probable**	**Possible**	**Remote**
SELIC at December 31, 2022	13.75%	17.19%	20.63%
SELIC-indexed borrowing - R$320,000			
Estimated finance costs	44,000	55,008	66,016
Effect - loss		(11,008)	(22,016)

	Scenarios		
Borrowings and financing - 6-month SOFR	**Probable**	**Possible**	**Remote**
6-month SOFR at December 31, 2022	4.78%	5.98%	7.17%
6-month SOFR-indexed borrowing - R$215,804			
Estimated finance costs	10,318	12,905	15,473
Effect - loss		(2,587)	(5,155)

	Scenarios		
Borrowings and financing - 1-month EURIBOR	**Probable**	**Possible**	**Remote**
1-month EURIBOR at December 31, 2022	1.88%	2.36%	2.83%
1-month EURIBOR-indexed borrowing – R$111,036			
Estimated finance costs	2,092	2,620	3,142
Effect - loss		(529)	(1,050)

	Scenarios		
Borrowings and financing - 3-month EURIBOR	**Probable**	**Possible**	**Remote**
3-month EURIBOR at December 31, 2022	2.13%	2.67%	3.20%
3-month EURIBOR-indexed borrowing – R$89,210			
Estimated finance costs	1,902	2,382	2,855
Effect - loss		(480)	(953)

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

	Scenarios		
Borrowings and financing - 1-month EURIBOR	**Probable**	**Possible**	**Remote**
1-month EURIBOR at December 31, 2022	3.29%	4.11%	4.94%
1-month EURIBOR-indexed borrowing – R$111,388			
Estimated finance costs	3,666	4,578	5,503
Effect - loss		(912)	(1,837)

	Scenarios		
Debentures - CDI	**Probable**	**Possible**	**Remote**
CDI at December 31, 2022	13.65%	17.06%	20.48%
Debentures indexed to 100% of CDI - R$1,550,000			
Estimated finance costs	211,575	264,430	317,440
Effect - loss		(52,855)	(105,865)

Sensitivity analysis of changes in short-term investments - Company's exposure to a potential decrease in interest rates

	Scenarios		
Short-term investments - CDI	**Probable**	**Possible**	**Remote**
CDI at December 31, 2022	14.07%	10.55%	7.03%
Short-term investments - 102.9% of CDI - R$1,266,806			
Estimated finance income	178,240	133,648	89,056
Effect - loss		(44,592)	(89,183)

Subsidiaries Maxion Jantas Jant Sanayi ve Ticaret A.S. and Maxion Inci Jant Sanayi A.S. have a natural hedge due to their transactions in other currencies. In case there is an outstanding balance not subject to natural hedge, these entities enter into forward contracts to prevent further impacts referring to such currency fluctuation.

At December 31, 2022, outstanding transactions total twenty contracts, with expected maturities between January 31, 2023 and September 29, 2023. In the year ended December 31, 2022, the Company recognized realized and unrealized gains and losses in the amounts of R$13,454 and R$(1,436), respectively. That amount was recorded under “Derivative financial instruments” (Note 25) in the statements of profit or loss for the year.

Hedged item	Risk	Counterparty	Notional amount (in thousands) €	Notional amount (in thousands) R$	Market value loss
Outstanding balance	Exchange rate changes	Akbank T.A.Ş.	15,785	87,909	(3)
Outstanding balance	Exchange rate changes	QNB Finansbank	5,724	31,204	(664)
Outstanding balance	Exchange rate changes	Turk Ekonomi Bankasi A.S.	892	5,206	227
Outstanding balance	Exchange rate changes	Türkiye Garanti Bankası A.Ş	25,317	139,284	(1,712)
Outstanding balance	Exchange rate changes	Türkiye İş Bankası A.Ş.	11,065	62,400	716
		Total	**58,783**	**326,003**	**(1,436)**

The subsidiary Maxion Wheels (Thailand) Co. Ltd. has a natural hedge due to its transactions in other currencies. In case there is an outstanding balance not subject to natural hedge, this company enter into forward contracts to prevent further impacts referring to such currency fluctuation.

At December 31, 2022, outstanding transactions total twenty-three contracts, with expected maturities between January 6, 2023 and May 25, 2023. In the year ended December 31, 2022, the Company recognized realized and unrealized gains and losses in the amounts of R$9,410 and R$(3,963), respectively. That amount was recorded under “Derivative financial instruments” (Note 25) in the statements of profit or loss for the year.

Hedged item	Risk	Counterparty	Notional amount (in thousands) THB$	Notional amount (in thousands) R$	Market value loss
Outstanding balance	Exchange rate changes	Bangkok Bank PCL.	122,319	18,495	(1,036)
Outstanding balance	Exchange rate changes	Kasikorn Bank PCL.	119,413	18,054	(1,205)
Outstanding balance	Exchange rate changes	The Hongkong and Shanghai Banking Corporation Limited	208,245	31,486	(1,722)
		Total	**449,977**	**68,035**	**(3,963)**

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

30. Capital management

Company's Management seeks to keep a balance between the highest possible returns with the most appropriate levels of borrowing and the advantages and security afforded by a solid capital position. The main goal is about reaching a rate of return in proportion with its cost of capital, which is annually reviewed using the Weighted Average Cost of Capital (WACC) approach.

The debt-to-equity ratio is as follows:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Total borrowings, financing and debentures	**2,809,207**	2,335,354	**6,476,988**	5,532,210
Derivative financial instruments (i)	**(8,983)**	-	**(273,018)**	(144,679)
Cash and cash equivalents	**(1,236,846)**	(252,537)	**(2,287,054)**	(1,088,114)
Net debt	**1,563,378**	2,082,817	**3,916,916**	4,299,417
Total equity	**3,919,807**	4,041,744	**4,292,807**	4,398,119
Net debt-to-equity ratio	**40%**	51%	**91%**	98%

(i) This refers to the total of Derivative financial instruments, current and noncurrent assets less Derivative financial instruments, current and noncurrent liabilities.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

31. Earnings per share

	12/31/2022	12/31/2021
Denominator:		
Weighted average number of shares	**153,719,601**	153,719,601
Weighted number of treasury shares	**(2,122,359)**	(1,349,827)
Weighted average number of outstanding shares	**151,597,242**	152,369,774
Numerator - basic:		
Profit for the year – R$	**278,932,959**	537,221,196
Basic earnings per share for the year – R$	**1.83996**	3.52577
Denominator - diluted:		
Weighted average number of outstanding shares	**151,597,242**	152,369,774
Number of shares for the stock option plan (i)	**-**	6,993
Weighted average number of shares	**151,597,242**	152,376,767
Numerator - diluted:		
Profit for the year – R$	**278,932,959**	537,221,196
Diluted earnings per share for the year - R$	**1.83996**	3.52561

(i) As per Note 22, these options were not exercised until March 31, 2022 and the program was closed.

32. Segment information

Accounting standard CPC 22/IFRS 8 - Operating Segments requires consistent segment reporting in line with Management reports provided and revised by the operating decision-maker for assessing the financial performance of each operating segment and for allocating resources. The Company’s main operating decision-maker is the Chief Executive Officer - CEO.

The Company and its subsidiaries operate in a single business segment (automotive), having adopted a matrix management structure that only sales revenues are reviewed in detailed levels by the main decision-maker, once the products manufactured and sold by the Company and its subsidiaries are solely segregated into the Maxion Wheels and Maxion Structural Components divisions.

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Net revenue is as follows:

	12/31/2022		12/31/2021	
	Net revenue	**Interest held**	**Net revenue**	**Interest held**
Aluminum Wheels (Light Vehicles)	**600,365**	**3.5%**	514,306	3.8%
Steel Wheels (Light Vehicles)	**590,795**	**3.5%**	426,959	3.1%
Steel Wheels (Commercial Vehicles)	**1,570,061**	**9.3%**	1,250,676	9.1%
Structural components (Light Vehicles)	**460,524**	**2.7%**	342,307	2.5%
Structural components (Commercial Vehicles)	**1,944,960**	**11.5%**	1,448,463	10.6%
Total for South America - Brazil	**5,166,705**	**30.5%**	3,982,711	29.1%
Aluminum Wheels (Light Vehicles)	**552,078**	**3.3%**	518,374	3.8%
Steel Wheels (Light Vehicles)	**1,759,132**	**10.4%**	1,543,593	11.3%
Steel Wheels (Commercial Vehicles)	**453,894**	**2.7%**	395,868	2.9%
Structural components (Commercial Vehicles)	**2,233,332**	**13.2%**	1,464,065	10.7%
Total for North America	**4,998,436**	**29.5%**	3,921,900	28.7%
Aluminum Wheels (Light Vehicles)	**2,436,834**	**14.4%**	1,980,639	14.5%
Steel Wheels (Light Vehicles)	**1,272,499**	**7.5%**	1,149,647	8.4%
Steel Wheels (Commercial Vehicles)	**1,547,569**	**9.1%**	1,255,549	9.2%
Total for Europe	**5,256,902**	**31.0%**	4,385,835	32.0%
Aluminum Wheels (Light Vehicles)	**904,799**	**5.3%**	834,913	6.1%
Steel Wheels (Light Vehicles)	**218,096**	**1.3%**	174,415	1.3%
Steel Wheels (Commercial Vehicles)	**402,931**	**2.4%**	388,593	2.8%
Total for Asia and others	**1,525,826**	**9.0%**	1,397,921	10.2%
Total	**16,947,869**	**100.0%**	13,688,367	100.0%

33. Insurance coverage

The Company and its subsidiaries have insurance coverage for some inventory items, property, plant and equipment assets, civil liability, and other assets. At December 31, 2022, the insurance policies and coverage are as follows:

Insured assets	**Coverage**	**Insured amount**
Inventories and property, plant and equipment	Fire, lightning, explosion, windstorm, machinery breakdown and other risks	1,378,410
Warranty	Judicial, traditional and customs guarantees	27,692
Land cargo	Highway risk and cargo carrier liability and transportation risk in import and export transactions	141,470
General Civil Liability (RCG), Errors &	Third-party claims, crimes	1,015,795

(Amounts expressed in thousands of reais - R$, unless otherwise stated)

Omissions (E&O)

34. Additional information to the statements of cash flows

Non-cash transactions

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Purchases of property, plant and equipment items payable recorded as “Trade payables”	**19,956**	18,642	**103,646**	53,213
Forfait transactions additions	**712,121**	1,173,226	**797,549**	1,173,226
Additions from right of use	**5,024**	4,950	**35,344**	28,588
IRPJ and CSLL offsetting	**9,120**	-	**12,132**	-

35. Events after the reporting period

On January 20, 2023, the Company’s Indian subsidiaries entered into share subscription and solar energy purchase agreements, among others, intended to establish a partnership with Vibrant Energy Holdings Private Limited, through a Special Purpose Entity (SPE) styled Akamu Solar Energy Private Limited, which will operate exclusively in the generation and supply of clean and renewable energy for the aforementioned Company’s subsidiaries in India. The Company will hold approximately 37.9% of the SPE’s capital, but without exercising significant influence. Accordingly, such investment will be measured at fair value within the scope of IFRS 9.

On February 8, 2023, Brazil’s Federal Supreme Court (“STF”), upon judgment of Appeals to the STF (RE) 949.297 and 955.227, under general resonance recognized by way of Topics 881 and 885 respectively, decided for the prevalence of the STF decision effectively on individual final and unappealable decisions that address taxes collected on an ongoing basis. The Company did not identify any impact on its financial statements for the year ended December 31, 2022 arising from the aforementioned STF decision on res judicata in tax matters.

On February 16, 2023, the Company approved a share buyback program issued by the Company in order to mitigate possible impact arising from its obligations under the Long-Term Incentive Plan, which provides for the possibility of granting, by the Company , a pecuniary premium to certain directors and other executives, referenced in the appreciation of the shares issued by the Company on the stock exchange and in the return on capital invested in the Company. The program provides for the acquisition of up to 1,200,000 (one million, two hundred thousand) own shares, which, together with the shares already held in treasury, would represent 2.62% of total outstanding shares. The settlement of the transactions ends on August 16, 2023, in compliance with the limits established in the program and applicable regulations. Up until the date of publication of these financial statements, 367,700 shares had already been repurchased.

On February 10, 2021, the Company entered into a financing agreement by means of a loan credit line amounting to R$620,000 with Agência Especial de Financiamento Industrial S.A. - FINAME. This credit line also matures in 7 years and has a 2-year grace period and was available until February 2023. In January 2023, this credit line had its availability period postponed to February 2024. Until the date of publication of these financial statements, this credit line had not been withdrawn.

From January 1, 2023 through the date of approval of these financial statements, the Company raised loans and financing, without guarantees and without covenants, in the total amount of R$603,844, which will be fully used for the reprofiling of its financial liabilities and/or as a source of cash. In the parent company, these funding arrangements amount to R$500,000 and have terms between 12 months and 24 months. Furthermore, its indirect subsidiary Inmagusa raised a loan in the amount of $20,000 thousand with a 12-month term.

36. Officers’ statement of compliance

Under the terms of CVM Resolution No. 80/22, the Company’s Board of Directors hereby declares that it has reviewed, discussed and agreed with the individual and consolidated financial statements for the fiscal year ended December 31, 2022 and with the related independent auditor’s report. Moreover, for purposes of compliance with CVM Resolution No. 152/22, the Company’s Board of Directors states that all the relevant information specific to the financial statements, and only such information, is disclosed and corresponds to the information used to manage the Company’s operations.

37. Authorization for issuance and disclosure of the financial statements

These financial statements were approved by the Company’s Board of Directors and authorized for disclosure and issue at the Board Meeting held on March 20, 2023.

Marcos S. de Oliveira
Chief Executive Officer

Elcio Mitsuhiro Ito
Chief Financial and Investor Relations Officer

Paulo Marcio Almada dos Santos
Chief Human Resources Officer

Patrícia Cunha
Accountant
CRC SP-267985/O-0 SP