

Individual and Consolidated Interim Financial Information

lochpe-Maxion S.A. and Subsidiaries

Three and six-month period ended June 30, 2023
with Independent Auditor's Review Report on Interim Financial
Information

lochpe-Maxion S.A. and Subsidiaries

Individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

Contents

Independent auditor's review report on individual and consolidated financial information..... 1

Individual and consolidated interim financial information

Statements of financial position.....	3
Statements of profit or loss	4
Statements of comprehensive income	6
Statements of changes in equity	8
Statements of cash flows	9
Statements of value added	10
Notes to individual and consolidated interim financial information	11

A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Independent auditor's review report on individual and consolidated interim financial information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, identified as Parent and Consolidated, respectively, contained in the Quarterly Information Form (ITR) of lochpe-Maxion S.A. ("Company") for the quarter ended June 30, 2023, comprising the statement of financial position as of June 30, 2023 and the related statements of profit or loss and comprehensive income (loss) for the three and six-month period then ended and the statements of changes in equity and of cash flows for the six-month period then ended, including explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21- *Demonstrações Intermediárias* and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 – *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR) and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated Statements of Value Added (SVA) for the six-month period ended June 30, 2023, prepared under the Company's Management responsibility, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled with the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, August 09, 2023.

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



Márcio D. Berstecher
Accountant CRC-SP259735/O

A free translation from Portuguese into English of individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)



IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2023
(In thousands of reais - R\$)

ASSETS	Note	Parent		Consolidated		LIABILITIES AND EQUITY	Note	Parent		Consolidated	
		6/30/2023	12/31/2022	6/30/2023	12/31/2022			6/30/2023	12/31/2022	6/30/2023	12/31/2022
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	1,239,139	1,236,846	2,458,590	2,287,054	Borrowings, financing and debentures	15	1,410,977	555,820	1,813,563	1,043,611
Trade receivables	6	209,241	578,102	1,589,570	2,053,692	Trade payables	16	408,409	426,291	2,085,250	2,294,570
Inventories	7	718,112	698,130	2,444,233	2,702,075	Taxes payables		19,212	35,104	164,540	317,483
Recoverable taxes	8	326,941	246,444	669,896	600,748	Payroll and related taxes		140,244	180,773	452,827	502,106
Prepaid expenses		19,590	10,529	77,817	57,725	Advances from customers		40,822	52,986	59,910	66,561
Derivative financial instrument	25	2,379	-	36,999	32,079	Derivative financial instrument	25	18,576	10,894	15,783	16,250
Other receivables		26,315	44,887	171,178	152,952	Dividends and interest on equity payable		331	105,573	42,432	125,623
Total current assets		2,541,717	2,814,938	7,448,283	7,886,325	Other payables		64,648	72,019	499,814	402,259
						Total current liabilities		2,103,219	1,439,460	5,134,119	4,768,463
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Recoverable taxes	8	139,628	215,075	277,106	338,745	Borrowings, financing and debentures	15	1,442,837	2,253,387	4,382,987	5,433,377
Deferred income tax and social contribution	9.a	36,490	25,148	252,275	269,034	Provision for labor, tax and civil risks	17	66,600	62,565	79,259	78,574
Judicial deposits		61,802	57,199	67,355	62,618	Deferred income tax and social contribution	9.a	-	-	52,507	42,904
Derivative financial instrument	25	-	21,468	170,679	258,780	Derivative financial instrument	25	-	1,591	-	1,591
Other receivables		4,401	3,021	104,684	74,127	Actuarial pension plan liabilities		-	-	418,091	462,259
Investments	11	3,406,151	3,363,479	148,090	129,203	Other payables		15,497	15,868	117,794	115,480
Property, plant and equipment	12	1,136,255	1,102,395	3,849,102	4,043,815	Total noncurrent liabilities		1,524,934	2,333,411	5,050,638	6,134,185
Intangible assets	13	83,878	85,358	1,951,142	2,085,571						
Right of use	14	3,981	4,597	61,509	47,237	EQUITY					
Total noncurrent assets		4,872,586	4,877,740	6,881,942	7,309,130	Share capital	18.a	1,576,954	1,576,954	1,576,954	1,576,954
						Recognized stock options granted		3,061	3,061	3,061	3,061
						Earnings reserves		623,446	623,446	623,446	623,446
						Capital reserve		45,214	34,484	45,214	34,484
						Treasury shares	18.e	(55,539)	(41,448)	(55,539)	(41,448)
						Valuation adjustments to equity		1,547,434	1,723,310	1,547,434	1,723,310
						Income for the period		45,580	-	45,580	-
						Equity attributable to controlling interests		3,786,150	3,919,807	3,786,150	3,919,807
						Noncontrolling interests		-	-	359,318	373,000
						Total equity		3,786,150	3,919,807	4,145,468	4,292,807
TOTAL ASSETS		7,414,303	7,692,678	14,330,225	15,195,455	TOTAL LIABILITIES AND EQUITY		7,414,303	7,692,678	14,330,225	15,195,455

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



IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$, except earnings per share)

	Note	Parent		Consolidated	
		04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
NET SALES AND SERVICES REVENUE	22	956,725	1,273,991	3,801,203	4,192,384
COST OF GOODS SOLD AND SERVICES	23	(846,984)	(1,083,434)	(3,376,475)	(3,657,734)
GROSS PROFIT		109,741	190,557	424,728	534,650
OPERATING INCOME (EXPENSES)					
Selling expenses	23	(5,195)	(5,207)	(22,335)	(21,290)
General and administrative expenses	23	(40,227)	(39,285)	(166,485)	(155,940)
Management fees	23	(4,078)	(4,383)	(4,078)	(4,383)
Equity pickup	11	59,694	124,864	3,309	6,024
Other operating income (expenses), net	24	(11,322)	12,652	10,486	54,834
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		108,613	279,198	245,625	413,895
Finance income	20	46,403	20,856	54,793	24,572
Finance costs	20	(99,943)	(99,517)	(156,962)	(141,675)
Foreign exchange gains (losses), net	21	2,957	3,103	(20,239)	4,737
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		58,030	203,640	123,217	301,529
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	9.b	(740)	(5,612)	(14,017)	(46,908)
Deferred	9.b	2,070	(7,543)	(27,095)	(35,430)
PROFIT FOR THE PERIOD		59,360	190,485	82,105	219,191
ATTRIBUTABLE TO					
Controlling interests		59,360	190,485	59,360	190,485
Noncontrolling interests		-	-	22,745	28,706
EARNINGS PER SHARE FOR THE PERIOD:					
BASIC - R\$		0.39250	1.25432	0.39250	1.25432
DILUTED - R\$		0.39250	1.25432	0.39250	1.25432

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

IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$, except earnings per share)

	Note	Parent		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
NET SALES AND SERVICES REVENUE	22	1,935,917	2,488,158	7,799,356	8,469,575
COST OF GOODS SOLD AND SERVICES	23	(1,732,301)	(2,104,107)	(7,033,542)	(7,323,925)
GROSS PROFIT		203,616	384,051	765,814	1,145,650
OPERATING INCOME (EXPENSES)					
Selling expenses	23	(6,585)	(8,689)	(40,127)	(42,607)
General and administrative expenses	23	(83,622)	(69,628)	(327,574)	(298,571)
Management fees	23	(10,056)	(9,290)	(10,056)	(9,290)
Equity pickup	11	66,473	243,625	9,166	10,698
Other operating income (expenses), net	24	(20,375)	6,789	14,162	27,916
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		149,451	546,858	411,385	833,796
Finance income	20	89,326	30,796	104,513	38,974
Finance costs	20	(215,610)	(184,765)	(334,036)	(268,148)
Foreign exchange gains (losses), net	21	4,635	(8,689)	(24,774)	(5,444)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		27,802	384,200	157,088	599,178
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	9.b	(497)	(6,547)	(61,715)	(137,894)
Deferred	9.b	15,714	(26,962)	(12,866)	(53,381)
PROFIT FOR THE PERIOD		<u>43,019</u>	<u>350,691</u>	<u>82,507</u>	<u>407,903</u>
ATTRIBUTABLE TO					
Controlling Interests		43,019	350,691	43,019	350,691
Noncontrolling interests		-	-	39,488	57,212
EARNINGS PER SHARE FOR THE PERIOD:					
BASIC - R\$	27	0.28459	2.30641	0.28459	2.30641
DILUTED - R\$	27	0.28459	2.30641	0.28459	2.30641

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



IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$)

	Parent		Consolidated	
	04/01/2023	04/01/2022	04/01/2023	04/01/2022
	to	to	to	to
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
PROFIT FOR THE PERIOD	59,360	190,485	82,105	219,191
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be subsequently reclassified to profit or loss:				
Gains on measurement of financial instruments, net	(263)	(435)	(263)	(435)
Gains (losses) on translation of financial statements of foreign subsidiaries	(155,022)	286,271	(136,603)	282,867
Hedge Accounting Transactions				
Fair value of cash flow hedge, net of taxes	(257)	-	(33,480)	-
Fair value of net investment hedge, net of taxes	6,758	-	6,758	-
Total other comprehensive income (loss)	(148,784)	285,836	(163,588)	282,432
TOTAL COMPREHENSIVE INCOME (LOSS)	(89,424)	476,321	(81,483)	501,623
Attributable to:				
Controlling interests	(89,424)	476,321	(89,424)	476,321
Noncontrolling interests	-	-	7,941	25,302
	(89,424)	476,321	(81,483)	501,623

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



IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$)

	Note	Parent		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
PROFIT FOR THE PERIOD		43,019	350,691	82,507	407,903
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will be subsequently reclassified to profit or loss:					
Gains on measurement of financial instruments, net		(475)	(435)	(475)	(435)
Gains (losses) on translation of financial statements of foreign subsidiaries		(188,836)	(302,726)	(184,981)	(353,577)
Hedge Accounting Transactions					
Fair value of cash flow hedge, net of taxes	26	(1,385)	(2,632)	(23,430)	(17,598)
Fair value of net investment hedge, net of taxes	26	10,294	-	10,294	-
Total other comprehensive income (loss)		(180,402)	(305,793)	(198,592)	(371,610)
TOTAL COMPREHENSIVE INCOME (LOSS)		(137,383)	44,898	(116,085)	36,293
Attributable to:					
Controlling interests		(137,383)	44,898	(137,383)	44,898
Noncontrolling interests		-	-	21,298	(8,605)
		(137,383)	44,898	(116,085)	36,293

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$)

Note	Earnings reserves					Valuation adjustments to equity					Noncontrolling interests	Total equity
	Share capital	Recognized stock options granted	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 period	Equity		
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 (loss) for the period	-	-	-	-	-	-	-	-	350,691	350,691	57,212	407,903
Other comprehensive income (loss)	-	-	-	-	-	-	-	(305,793)	-	(305,793)	(65,817)	(371,610)
Total comprehensive income (loss)	-	-	-	-	-	-	-	(305,793)	350,691	44,898	(8,605)	36,293
Treasury shares acquired	-	-	-	-	-	(12,554)	-	-	-	(12,554)	-	(12,554)
Interest on equity	-	-	(35,581)	-	-	-	-	-	-	(35,581)	-	(35,581)
Realization of deemed cost, net of tax effects	-	-	-	-	-	-	(2,724)	-	2,724	-	-	-
Write-off of deemed cost, net of tax effects	-	-	-	-	-	-	(186)	-	-	(186)	-	(186)
Dividends allocated to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(36,834)	(36,834)
BALANCES AT JUNE 30, 2022	1,576,954	3,061	88,220	326,408	21,301	(41,448)	53,957	1,656,453	353,415	4,038,321	310,936	4,349,257
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
Profit (loss) for the period	-	-	-	-	-	-	-	-	43,019	43,019	39,488	82,507
Other comprehensive income (loss)	-	-	-	-	-	-	-	(180,402)	-	(180,402)	(18,190)	(198,592)
Total comprehensive income (loss)	-	-	-	-	-	-	-	(180,402)	43,019	(137,383)	21,298	(116,085)
Treasury shares acquired	-	-	-	-	-	(14,091)	-	-	-	(14,091)	-	(14,091)
Hyperinflation effect on investment in jointly-controlled subsidiary	-	-	-	-	10,730	-	-	-	-	10,730	-	10,730
Realization of deemed cost, net of tax effects	-	-	-	-	-	-	(2,561)	-	2,561	-	-	-
Reversal of deemed cost, net of tax effects	-	-	-	-	-	-	3,743	3,344	-	7,087	-	7,087
Dividends allocated to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(34,980)	(34,980)
BALANCES AT JUNE 30, 2023	1,576,954	3,061	138,020	485,426	45,214	(55,539)	52,222	1,495,212	45,580	3,786,150	359,318	4,145,468

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

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$)

		Parent		Consolidated	
	Note	06/30/2023	06/30/2022	06/30/2023	06/30/2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the period		43,019	350,691	82,507	407,903
Adjustments to reconcile profit for the period to net cash from (used in) operating activities:					
Depreciation and amortization	23	35,621	35,807	238,782	248,928
Income tax and social contribution	9.b	(15,217)	33,509	74,581	191,275
Residual value of property, plant and equipment and intangible assets written off	12, 13 and 14	4,074	3,182	18,468	9,335
Equity pickup	11	(66,473)	(243,625)	(9,166)	(10,698)
Provision for tax, civil, and labor risks, net of reversals and inflation adjustments	17	4,651	129	6,230	(301)
Inflation adjustment of judicial deposits		(2,378)	(1,638)	(2,512)	(1,726)
Interest, monetary variations and amortization of borrowing costs		173,996	170,870	281,366	249,084
Interest on lease liability		155	48	1,907	623
Expected credit losses		(2,862)	836	(3,654)	6,216
Allowance for inventory losses		(5,316)	(15,781)	(26,814)	(8,514)
Finance cost (net) of pension plans and post-employment benefits		-	-	13,943	5,494
Loss (gain) on sale of property, plant and equipment		1,669	1,288	1,371	(2,122)
Write-off of deemed cost		-	(186)	-	(186)
Exclusion of ICMS from the PIS and COFINS base	20 and 24	(22,157)	(33,320)	(27,879)	(36,539)
Loss on valuation of stock option	24	-	-	-	30,661
Fair value of financials instruments		5,493	-	5,493	-
Decrease (increase) in assets:					
Trade receivables	6	371,723	(318,842)	341,927	(851,882)
Inventories	7	(14,666)	(76,230)	155,145	(79,984)
Other receivables and other accounts		49,903	(6,739)	(66,169)	(71,064)
Increase (decrease) in liabilities:					
Trade payables	16 and 30	356,178	571,589	305,569	833,655
Pension plan actuarial liabilities		-	-	(19,514)	(22,508)
Payments of tax, civil and labor risks	17	(616)	(9,648)	(5,343)	(12,313)
Payments of agreement arising from tax audit		-	-	(146,999)	-
Tax, labor and social security obligations		(56,421)	4,531	(25,891)	144,024
Other payables and other liabilities		(54,216)	(3,195)	254,350	77,338
		806,160	463,276	1,447,698	1,106,699
Payment of interest on borrowings and financing		(96,280)	(60,098)	(193,957)	(128,400)
Payment of interest on debentures		(126,678)	(56,307)	(126,678)	(56,307)
Payment of interest on lease liability		(155)	(47)	(2,539)	(1,122)
Payment of income tax and social contribution		-	-	(72,762)	(152,928)
		(223,113)	(116,452)	(395,936)	(338,757)
Net cash from operating activities		583,047	346,824	1,051,762	767,942
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital increase in subsidiaries		(150,201)	(51,579)	-	-
Purchase of property, plant and equipment	12 and 30	(26,449)	(50,258)	(175,202)	(189,904)
Purchase of intangible assets	13	(22)	(898)	(752)	(1,646)
Net cash used in investing activities		(176,672)	(102,735)	(175,954)	(191,550)
CASH FLOWS FROM FINANCING ACTIVITIES					
Debentures raised	15	-	750,000	-	750,000
Borrowings and financing raised	15	654,510	814,391	1,456,714	1,619,174
Repayment of borrowings and financing - principal	15	(62,500)	(553,420)	(882,988)	(1,325,589)
Debentures amortization - principal	15	(800,000)	(225,000)	(800,000)	(225,000)
Repayment of lease liabilities - principal		(2,055)	(825)	(14,739)	(15,763)
Repayment of (Forfait)	15	(74,704)	(617,317)	(159,324)	(617,317)
Capitalization of borrowing costs		-	(7,935)	-	(8,782)
Payment of proposed and additional dividends		(105,242)	(200,870)	(105,242)	(200,870)
Dividends paid to noncontrolling interests	11.d	-	-	(10,298)	(25,918)
Acquisition of treasury shares	18.e	(14,091)	(12,554)	(14,091)	(12,554)
Net cash from (used in) financing activities		(404,082)	(53,530)	(529,968)	(62,619)
INCREASE IN CASH AND CASH EQUIVALENTS		2,293	190,559	345,840	513,773
Exchange differences on translating cash and cash equivalents of foreign subsidiaries		-	-	(174,304)	(208,994)
Cash and cash equivalents at beginning of period		1,236,846	252,537	2,287,054	1,088,114
Cash and cash equivalents at end of period		1,239,139	443,096	2,458,590	1,392,893
INCREASE IN CASH AND CASH EQUIVALENTS		2,293	190,559	171,536	304,779

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



IOCHPE-MAXION S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(In thousands of reais - R\$)

		Parent		Consolidated	
	Note	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Sales of goods and assets	22	2,369,859	3,044,555	8,260,063	9,049,249
Expected credit losses	6	2,862	(836)	3,654	(6,216)
Other revenues		29,354	40,793	125,154	57,245
		2,402,075	3,084,512	8,388,871	9,100,278
INPUTS ACQUIRED FROM THIRD PARTIES (INCLUDING STATE VAT - ICMS AND FEDERAL VAT - IPI)					
Raw materials consumed		(1,136,622)	(1,427,553)	(4,705,520)	(5,103,454)
Materials, electric power, third-party services and other items		(245,498)	(280,813)	(1,175,613)	(1,088,428)
		(1,382,120)	(1,708,366)	(5,881,133)	(6,191,882)
GROSS VALUE ADDED		1,019,955	1,376,146	2,507,738	2,908,396
RETENTIONS					
Depreciation and amortization	23	(35,621)	(35,807)	(238,782)	(248,928)
NET VALUE ADDED PRODUCED BY THE COMPANY AND ITS SUBSIDIARIES		984,334	1,340,339	2,268,956	2,659,468
VALUE ADDED RECEIVED IN TRANSFER					
Equity pickup	11.b	66,473	243,625	9,166	10,698
Finance income	20	89,326	30,796	104,513	38,974
Foreign exchange gains (losses), net	21	4,635	(8,689)	(24,774)	(5,444)
		160,434	265,732	88,905	44,228
TOTAL VALUE ADDED TO BE DISTRIBUTED		1,144,768	1,606,071	2,357,861	2,703,696
DISTRIBUTION OF VALUE ADDED					
Personnel:					
Salaries and wages		436,673	451,940	1,336,472	1,194,235
Employees' profit sharing		20,059	21,195	52,287	50,411
Taxes:					
Federal		146,976	250,540	246,933	417,775
State		271,672	339,281	288,278	353,088
Municipal		78	86	78	86
Lenders:					
Finance costs	20	215,610	184,765	334,036	268,148
Rentals		10,681	7,573	17,270	12,050
Retained profits (losses)		43,019	350,691	43,019	350,691
Noncontrolling interests in retained profits		-	-	39,488	57,212
		1,144,768	1,606,071	2,357,861	2,703,696

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

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month periods ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

1. Operations

lochpe-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, joining 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.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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:

	Country	06/30/2023		12/31/2022	
		% - Direct interest	% - Indirect interest	% - Direct interest	% - Indirect interest
Iochepe-Maxion S.A. (Parent Company - Cruzeiro)	Brazil	-	-	-	-
São Paulo Branch	Brazil	-	-	-	-
Limeira Branch - Steel	Brazil	-	-	-	-
Limeira Branch - Aluminum	Brazil	-	-	-	-
Contagem Branch	Brazil	-	-	-	-
Resende Branch	Brazil	-	-	-	-
Maxion (Nantong) Wheels Co., Ltd.	China	100.00	-	100.00	-
Maxion Wheels do Brasil Ltda.	Brazil	100.00	-	100.00	-
Iochepe-Maxion Austria GmbH	Austria	100.00	-	100.00	-
Maxion Wheels Aluminum India Pvt. Ltd.	India	-	100.00	-	100.00
Maxion Wheels Immobilien GmbH & Co. KG	Germany	-	100.00	-	100.00
Maxion Wheels (Thailand) Co., Ltd.	Thailand	-	100.00	-	100.00
Maxion Inci Jant Sanayi, A.S.	Turkey	-	60.00	-	60.00
Iochepe Sistemas Automotivos de México, S.A. de C.V.	Mexico	-	100.00	-	100.00
Ingeniería y Maquinaria de Guadalupe, S.A. de C.V.	Mexico	-	100.00	-	100.00
Maxion Wheels de Mexico, S. de R.L. de C.V.	Mexico	-	100.00	-	100.00
Maxion Wheels U.S.A. LLC	USA	-	100.00	-	100.00
Maxion Wheels Sedalia LLC	USA	-	100.00	-	100.00
Maxion Wheels South Africa (Pty) Ltd.	South Africa	-	100.00	-	100.00
Maxion Wheels Japan K.K.	Japan	-	100.00	-	100.00
Maxion Wheels Czech s.r.o.	Czech Republic	-	100.00	-	100.00
Maxion Wheels Holding GmbH	Germany	-	100.00	-	100.00
Maxion Wheels España S.L.	Spain	-	100.00	-	100.00
Hayes Lemmerz Barcelona, S.L.	Spain	-	100.00	-	100.00
Maxion Wheels Italia S.r.l.	Italy	-	100.00	-	100.00
Maxion Wheels Königswinter GmbH	Germany	-	100.00	-	100.00
Kalyani Maxion Wheels Private Limited	India	-	85.00	-	85.00
Maxion Wheels Werke GmbH	Germany	-	100.00	-	100.00
Maxion Jantas Jant Sanayi ve Ticaret A.S.	Turkey	-	60.00	-	60.00

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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 June 30, 2023 and December 31, 2022, investments in the joint venture Maxion Montich represents 50% interests and are accounted for the equity pickup method.

Interests in associates

Amsted-Maxion Fundação e Equipamentos Ferroviários S.A.

The Company, through its associate Amsted-Maxion Fundação 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 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 June 30, 2023 and December 31, 2022, investments in associates Amsted-Maxion and DongFeng Maxion, representing 19.5% and 50% interests respectively, are accounted for the equity pickup method.

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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, and the contribution made in 2022 amounted to US\$550 thousand. This is a financial investment recorded as "Other receivables" in noncurrent assets. At June 30, 2023, the fair value of such investment is R\$1,698.

Interests in special purpose entities ("SPE")

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) named 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, which 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.

In March 2023, the capital contributions were made in the SPE by the Indian subsidiaries in the total amount of R\$5,697. At June 30, 2023, the updated balance is R\$5,407.

Financial investments in shares

On May 4, 2023, the Company, through its direct subsidiary lochpe-Maxion Austria GmbH, acquired 1,792,114 shares of Forsee Power S.A., a French company engaged in batteries and electromobility business listed on Euronext Paris, French stock exchange, for the total amount of €5,000 thousand, equivalent to R\$27,581. At June 30, 2023, the fair value of this investment is R\$31,076.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

3. Basis of preparation of the interim financial information

The individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR), for the three and six-month period ended June 30, 2023, was prepared and is presented in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee ("CPC") and in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information Form - ITR.

In preparing this interim financial information contained in the Quarterly Information Form (ITR), the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements for the year ended December 31, 2022, unless otherwise stated.

This information does not include all requirements for annual or complete financial statements and, therefore, should be read in conjunction with the individual and consolidated financial statements for the year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM"). Accordingly, this interim financial information at June 30, 2023 was not subject to full reporting, by reason of redundancy in relation to information already presented in the individual and consolidated financial statements for the year ended December 31, 2022, which were approved by the Board of Directors on March 20, 2023, and as provided for in the CVM/SNC/SEP Memorandum Circular No. 003/2011. The notes listed below are not presented in this individual and consolidated interim financial information or do not present the same level of details as the notes included in the annual financial statements:

- (2) Group Companies.
- (6) Trade receivables.
- (7) Inventories.
- (9) Income tax and social contribution.
- (11) Investments.
- (15) Borrowings, financing and debentures.
- (17) Tax obligations.
- (18) Payroll and related taxes.
- (19) Provision for labor, tax and civil risks.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
 Three and six-month period ended June 30, 2023
 (Amounts expressed in thousands of reais - R\$, unless otherwise stated)

- (20) Pension plan actuarial liabilities.
- (21) Equity.
- (22) Stock option plan.
- (23) Long-term incentive plan.
- (29) Risk and financial instrument management.

The disclosure and issue of the interim financial information, included in the Company's Quarterly Information Form (ITR) for the three and six-month period ended June 30, 2023, were approved by the Executive Board at the meeting held on August 9, 2023.

Exchange rates

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

	Closing rate	06/30/2023	12/31/2022
US dollars - US\$		4.8192	5.2177
Euro - €		5.2626	5.5694
	Average rate	06/30/2023	06/30/2022
US dollars - US\$		5.0730	5.0769
Euro - €		5.4829	5.5587

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

4. Significant accounting policies

The judgments and significant accounting estimates and assumptions are the same as those adopted in preparing the financial statements for the year ended December 31, 2022, which should be read in conjunction.

Net investment hedge

Net investment hedges in a foreign transaction, including monetary item hedges accounted as part of the net investment, are recorded in such a way that gains or losses relating to the effective portion of the hedge are recognized in other comprehensive income, in equity, while any gains or losses relating to the ineffective portion are recognized in the statements of profit or loss. In the event of disposal of the foreign operation, the accumulated value of any of these gains or losses recorded in equity is transferred to the statements of profit or loss.

The Company uses two loans in foreign currency to protect its exposure to exchange rate risk on its investments abroad, more specifically its subsidiary Iochepe Sistemas Automotivos de México, S.A. de C.V., whose net assets were designated as a hedged item. See Note 25 for more details.

4.1. RECLASSIFICATION OF CORRESPONDING FIGURES

After the issuance of the financial statements for the year ended December 31, 2022, Management revised its understanding of the classification of its forfeit transactions in the statements of cash flows, with payments made to financial institutions reclassified to financing activities, the reason why the balances for the three and six-month period ended June 30, 2022 are being reclassified for better comparability purposes. This review did not affect the statements of financial position or the statements of profit or loss figures for the period.

	Parent			Consolidated		
	As originally stated	Reclassification 06/30/2022	As restated	As originally stated	Reclassification 06/30/2022	As restated
Net cash from (used in) operating activities	(270,493)	617,317	346,824	150,625	617,317	767,942
Cash from (used in) financing activities	563,787	(617,317)	(53,530)	554,698	(617,317)	(62,619)

iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

5. Cash and cash equivalents

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and banks:				
In Brazil	2,712	10,718	3,241	15,159
Abroad	-	-	1,133,534	977,915
	<u>2,712</u>	<u>10,718</u>	<u>1,136,775</u>	<u>993,074</u>
Highly liquid short-term investments:				
In Brazil	1,236,427	1,226,128	1,290,873	1,266,806
Abroad	-	-	30,942	27,174
	<u>1,236,427</u>	<u>1,226,128</u>	<u>1,321,815</u>	<u>1,293,980</u>
Total	<u>1,239,139</u>	<u>1,236,846</u>	<u>2,458,590</u>	<u>2,287,054</u>

Transactions	Average yield at 06/30/2023	Liquidity	Country	Parent		Consolidated	
				06/30/2023	12/31/2022	06/30/2023	12/31/2022
Bank Deposit Certificate (CDB)	103.3% CDI	Immediate	Brazil	1,216,426	1,214,223	1,269,870	1,252,071
Debentures under repurchase agreements	91.7% CDI	Immediate	Brazil	20,001	11,905	21,003	14,735
Investment in US dollars	1.8% p.a.	Immediate	Turkey	-	-	18,100	-
Investment in Turkish liras	34.5% p.a.	Immediate	Turkey	-	-	12,842	27,174
Total				<u>1,236,427</u>	<u>1,226,128</u>	<u>1,321,815</u>	<u>1,293,980</u>

iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

6. Trade receivables

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
In Brazil	142,547	500,687	161,059	522,172
Abroad	29,313	20,264	1,423,813	1,522,942
Related parties (Note 10.b)	41,036	73,077	26,906	45,683
Allowance for expected credit losses	(3,655)	(15,926)	(22,208)	(37,105)
Total	209,241	578,102	1,589,570	2,053,692

Part of the Company's investees carried out, in their normal course of the business, factoring transactions for the six-month period ended June 30, 2023 in the amount of R\$1,045,474 and R\$128,003, without and with recourse, respectively, incurring finance costs in the amount of R\$8,907. Considering the total factoring transactions throughout the six-month period ended June 30, 2023, R\$19,159 refers to the outstanding balance of the recourse type whose payment was pending by the customer and, consequently, is recorded as liabilities. At June 30, 2023, the amount of R\$552,034 classified as non-recourse had already been derecognized by the Company but was pending payment by the customer to the financial institution.

7. Inventories

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Finished products	81,890	104,782	633,491	756,067
Work-in-process and semi-finished products	206,123	204,525	602,941	606,153
Tooling for resale in process	57,250	45,089	117,604	114,301
Raw materials	244,707	228,287	697,818	886,424
Auxiliary and packaging materials	143,842	132,514	509,375	489,776
Advances to suppliers	4,447	8,824	10,235	10,653
Imports in transit	5,147	4,719	5,146	5,017
Allowance for inventory losses	(25,294)	(30,610)	(132,377)	(166,316)
Total	718,112	698,130	2,444,233	2,702,075

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

8. Recoverable taxes

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)	115,112	96,801	258,982	199,978
State Value Added Tax (ICMS)	52,501	49,982	59,163	56,473
Federal Value Added Tax (IPI)	2,593	241	2,601	258
Export tax credits - Brazilian Special Regime for Reinstatement of Taxes for Exporters (REINTEGRA)	3,699	3,545	4,953	4,783
Contribution on Gross Revenue for Social Security Financing (COFINS) (i)	235,246	252,967	358,162	372,771
Contribution on Gross Revenue for Social Integration Program (PIS) (i)	50,782	54,610	77,348	80,501
Other	6,636	3,373	9,389	5,834
Value Added Tax (VAT) - foreign subsidiaries				
Mexico	-	-	147,288	163,265
Turkey	-	-	10,227	27,748
Germany	-	-	4,546	14,838
Thailand	-	-	6,772	5,868
Other countries	-	-	7,571	7,176
Total	466,569	461,519	947,002	939,493
Current	326,941	246,444	669,896	600,748
Noncurrent	139,628	215,075	277,106	338,745

- (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 the ICMS that is not included in the tax base of these contributions is the ICMS 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. For the six-month period ended June 30, 2023, the Company recognized R\$15,042 of PIS and COFINS credits under "Other operating income (expenses)", of which R\$14,044 refer to the Parent Company and R\$998 to one of its subsidiaries.

iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Tax losses carryforwards	98,325	67,702	206,081	178,019
Social contribution losses carryforwards	40,826	29,669	57,207	46,336
Provision for labor, tax and civil risks	22,644	21,272	34,633	36,929
Provision for profit sharing	7,169	27,286	18,819	41,184
Allowance for inventory losses	8,600	10,407	25,034	23,785
Allowance for expected credit losses	1,243	5,415	18,947	25,261
Actuarial pension plan liability	-	-	52,176	59,672
Intellectual property	-	-	54,787	60,678
Deferred tax on surplus value	20,472	20,036	20,472	20,036
Depreciation and amortization difference	(102,158)	(101,673)	(275,963)	(262,768)
Deemed cost - property, plant and equipment – CPC 27	(20,961)	(22,403)	(22,982)	(22,403)
Goodwill tax amortization	(40,466)	(40,465)	(40,466)	(40,465)
Other	796	7,902	51,023	59,866
Total	36,490	25,148	199,768	226,130
Deferred tax asset, net	36,490	25,148	252,275	269,034
Deferred tax liability, net	-	-	(52,507)	(42,904)

Based on taxable profit projections annually reviewed by Management, the Company estimates to recover tax credits arising from income tax and social contribution losses carryforwards until 2032.

Ioche-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Profit before income tax and social contribution	27,802	384,200	157,088	599,178
Combined rate - %	34	34	34	34
Income tax and social contribution expense at combined rate	(9,453)	(130,628)	(53,410)	(203,721)
Equity pickup	22,601	82,833	3,116	3,637
Nondeductible expenses (i)	629	(639)	(28,715)	(11,301)
Unrecognized tax credit on temporary differences and tax losses carryforwards	-	-	(6,822)	(4,161)
Taxes on foreign dividends	-	-	(9,213)	(11,518)
Tax rate difference of foreign subsidiary	-	-	15,344	19,415
Tax incentives from subsidiaries	-	-	3,508	20,096
Effect of translation (local currency versus functional currency)	-	-	4,085	(12,627)
Benefits from technological innovation projects	1,805	1,193	2,125	1,193
Benefit from interest on equity	-	12,097	-	12,097
Other	(365)	1,635	(4,599)	(4,385)
Income tax and social contribution credit (expenses) in profit or loss	15,217	(33,509)	(74,581)	(191,275)
Current	(497)	(6,547)	(61,715)	(137,894)
Deferred	15,714	(26,962)	(12,866)	(53,381)

- (i) Regarding the impacts of nondeductible expenses in the period, R\$11,321 refers to the agreement entered into with the Mexican tax authorities. According to local rules, the portion of the settlement referring to the monetary correction amounting to R\$37,735, is nondeductible for income tax purposes.

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
 Three and six-month period ended June 30, 2023
 (Amounts expressed in thousands of reais - R\$, unless otherwise stated)

10. Related parties

a) Management compensation

	<u>06/30/2023</u>	<u>06/30/2022</u>
Board of Directors and Statutory Board	10,056	9,290
Key Management personnel (salaries and benefits)	45,736	38,351
Profit sharing agreed in Brazil (bonus)	4,888	3,632
Profit sharing agreed abroad (bonus)	18,751	13,087

In the six-month period ended June 30, 2023, the Company made contributions to the private pension plan totaling R\$729 (R\$674 for the six-month period ended June 30, 2022) 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 19.

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:

Ioche-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

	06/30/2023			
	Assets	Liabilities	Profit or loss	
	Trade receivables	Trade payables	Sales	Purchases
Amsted-Maxion Fundação e Equipamentos Ferroviários S.A.(i)	1,649	-	20,133	-
Ioche-Maxion Austria and subsidiaries	14,130	-	60,994	-
Maxion Wheels do Brasil Ltda.	-	383	1	1,686
Maxion Montich S.A.(i)	25,257	-	78,403	-
Total	41,036	383	159,531	1,686

	12/31/2022		06/30/2022	
	Assets	Liabilities	Profit or loss	
	Trade receivables	Trade payables	Sales	Purchases
Amsted-Maxion Fundação e Equipamentos Ferroviários S.A.(i)	3,995	-	37,457	-
Ioche-Maxion Austria and subsidiaries	27,394	-	158,714	17,096
Maxion Wheels do Brasil Ltda.	-	-	466	-
Maxion (Nantong) Wheels, Co., Ltd.	-	-	-	4,967
Maxion Montich S.A.(i)	41,688	315	68,899	-
Total	73,077	315	265,536	22,063

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

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	06/30/2023	12/31/2022
Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	184,121	121,054
Ioche-Maxion Austria GmbH	2,476,740	2,617,218
Maxion Wheels Aluminum India Pvt. Ltd. (i)	67,795	83,381
Maxion Wheels Czech s.r.o.	-	110,692
Maxion Wheels de Mexico, S. de R.L. de C.V.	432,651	467,574

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

Ioche-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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.

				06/30/2023	
Lender	Borrower	Nature	Rate	Currency	Total
Short term					
Maxion Wheels Czech s.r.o.	Ioche-Maxion Austria GmbH	Working capital	5.314%	EUR	2,350 thousand
Maxion Wheels Czech s.r.o.	Ioche-Maxion Austria GmbH	Working capital	9.200%	CZK	6,468 thousand
Ioche-Maxion Austria GmbH	Maxion Wheels Czech s.r.o.	Working capital	5.314%	EUR	3,645 thousand
Maxion Wheels Czech s.r.o.	Ioche-Maxion Austria GmbH	Working capital	9.200%	CZK	20,812 thousand
Ioche-Maxion Austria GmbH	Maxion Wheels Werke GmbH	Working capital	5.314%	EUR	2,034 thousand
Maxion Wheels Holding GmbH	Ioche-Maxion Austria GmbH	Working capital	5.314%	EUR	2,736 thousand
Maxion Wheels Italia S.r.l.	Ioche-Maxion Austria GmbH	Working capital	5.314%	EUR	17,986 thousand
Ioche-Maxion Austria GmbH	Maxion Wheels Espana S.L.	Working capital	5.314%	EUR	2,531 thousand
Ioche-Maxion Austria GmbH	Maxion Wheels U.S.A. LLC	Working capital	5.314%	EUR	436 thousand
Maxion Wheels Werke GmbH	Ioche-Maxion Austria GmbH	Working capital	5.515%	EUR	9,852 thousand
Maxion Wheels Werke GmbH	Maxion Wheels Holding GmbH	Working capital	5.314%	EUR	11,347 thousand
Maxion Wheels Königswinter GmbH	Maxion Wheels Werke GmbH	Working capital	5.314%	EUR	744 thousand
Maxion Wheels Werke GmbH	Maxion Wheels Immobilien GmbH & Co. KG	Working capital	5.314%	EUR	86 thousand
Maxion Wheels Königswinter GmbH	Maxion Wheels Immobilien GmbH & Co. KG	Working capital	5.314%	EUR	250 thousand
Maxion Wheels Holding GmbH	Maxion Wheels Königswinter GmbH	Working capital	5.314%	EUR	7,722 thousand
Maxion Wheels Immobilien GmbH & Co. KG	Maxion Wheels Holding GmbH	Working capital	5.314%	EUR	714 thousand
Long term					
Hayes Lemmerz Barcelona, S.L.	Maxion Wheels Espana S.L.	Working capital	6.983%	EUR	316 thousand
Maxion Wheels Italia S.r.l.	Ioche-Maxion Austria GmbH	Working capital	6.233%	EUR	15,165 thousand
Ioche-Maxion Austria GmbH	Maxion Wheels Czech s.r.o.	Working capital	2.750%	EUR	4,069 thousand
Ioche-Maxion Austria GmbH	Maxion Wheels Czech s.r.o.	Working capital	2.750%	EUR	16,329 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	12,404 thousand
Maxion Wheels Werke GmbH	Maxion Wheels Holding GmbH	Working capital	4.990%	EUR	27,341 thousand

Ioche-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

11. Investments

a) Breakdown

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Interests in subsidiaries	3,258,061	3,234,276	-	-
Interests in associates	65,361	73,690	65,361	73,690
Interests in joint ventures	82,561	55,344	82,561	55,344
Subtotal investments	3,405,983	3,363,310	147,922	129,034
Other investments	168	169	168	169
Total investments	3,406,151	3,363,479	148,090	129,203

b) Variations

	Balance at 12/31/2022	Capital increase (decrease)	Exchange rate changes on investments abroad	Equity pickup	Other	Balance at 06/30/2023
Ioche Maxion Austria GmbH (ii)	2,735,907	150,201	(168,885)	42,111	-	2,759,334
Maxion (Nantong) Wheels, Co., Ltd.	120,707	-	(14,838)	2,373	-	108,242
Maxion Wheels do Brasil Ltda.	377,662	-	-	12,823	-	390,485
DongFeng Maxion Wheels Limited (i)	23,091	-	(1,913)	(10,015)	-	11,163
Maxion Montich S.A. (i) (iii)	55,344	-	(3,200)	16,062	14,355	82,561
Amsted-Maxion Fundação e Equipamentos Ferroviários S.A. (i)	50,599	-	-	3,119	480	54,198
Total	3,363,310	150,201	(188,836)	66,473	14,835	3,405,983

- (i) Jointly controlled subsidiary and associates considered in the individual and consolidated financial statements under the equity pick-up method.
- (ii) In April and May 2023, capital was increased by R\$150,201 (\$27,050 thousand).
- (iii) In June 2023, dividends were declared in the amount of R\$3,625.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three-month period ended March 31, 2023

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

c) Information on subsidiaries, joint ventures and associates

	06/30/2023								
	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 period
Iochepe Maxion Austria GmbH (i)	-	100	9,593,437	6,474,785	2,021,464	2,759,334	359,318	5,717,438	42,111
Maxion (Nantong) Wheels, Co., Ltd. (i)	-	100	142,158	33,916	398,350	108,242	-	53,782	2,373
Maxion Wheels do Brasil Ltda.	326,187,994	100	480,267	89,782	326,188	390,485	-	177,655	12,823
Maxion Montich S.A.	2,813	50	328,596	163,313	5,887	165,122	161	269,854	32,124
Amsted-Maxion Fundação e Equipamentos Ferroviários S.A.	14,566,122	19,5	593,803	315,866	153,683	141,748	136,189	43,121	15,993
DongFeng Maxion Wheels Limited (i)	-	50	184,408	162,082	78,423	22,326	-	14,314	(20,030)

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

In June 2023, the amounts of R\$11,049 and R\$23,931 were allocated as mandatory dividends for noncontrolling interests in indirect subsidiaries Maxion Inci Jant Sanayi, A.S. and Maxion Jantas Jant Sanayi ve Ticaret A.S., respectively. In April 2023, mandatory dividends in the amount of R\$10,298 were paid in indirect subsidiary Maxion Jantas Jant Sanayi ve Ticaret A.S.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three-month period ended March 31, 2023

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

	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 for the year	Profit (loss)
Iochope Maxion Austria GmbH	-	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.	-	100	147,063	26,356	453,434	120,707	-	104,694	3,121
Remon Resende Montadora Ltda.	-	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.	-	-	-	-	-	-	-	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 Fundação 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	-	50	209,347	163,165	89,267	23,091	23,091	10,273	(27,558)

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three-month period ended March 31, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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, 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
Additions	-	82	-	27,377	-	-	6,054	33,513
Borrowing costs capitalized (vi)	-	-	-	36,878	-	-	-	36,878
Write-offs, net	-	(1,173)	-	(996)	-	-	(1,905)	(4,074)
Depreciation	(7,113)	(19,963)	-	-	(974)	(380)	(4,389)	(32,819)
Transfers	42,348	44,932	-	(90,107)	36	186	2,967	362
Balance at June 30, 2023	267,619	484,632	26,452	264,152	18,102	6,030	69,268	1,136,255
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
At June 30, 2023								
Cost	461,861	1,066,268	26,452	264,152	28,741	19,891	196,128	2,063,493
Accumulated depreciation	(194,242)	(581,636)	-	-	(10,639)	(13,861)	(126,860)	(927,238)
Carrying amount, net	267,619	484,632	26,452	264,152	18,102	6,030	69,268	1,136,255

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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, 2021	946,698	2,164,044	366,716	495,060	79,774	73,225	127,617	4,253,134
Additions	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
Additions (iii)	384	5,063	-	148,930	18,942	3,987	12,425	189,731
Borrowing costs capitalized (vi)	-	-	-	38,100	-	-	-	38,100
Write-offs, net	-	(1,703)	-	(1,057)	(4,839)	(69)	(9,287)	(16,955)
Depreciation	(24,730)	(147,932)	-	-	(13,390)	(11,376)	(12,788)	(210,216)
Transfers (iv)	50,414	105,258	-	(173,990)	3,586	12,293	2,672	233
Exchange rate changes	(42,962)	(101,036)	(16,593)	(20,575)	(4,087)	(3,812)	(6,541)	(195,606)
Balance at June 30, 2023	859,724	1,860,175	279,204	566,215	81,807	55,998	145,979	3,849,102
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
At June 30, 2023								
Cost	1,518,382	5,492,387	279,204	566,215	233,088	280,104	463,641	8,833,021
Accumulated depreciation	(658,658)	(3,632,212)	-	-	(151,281)	(224,106)	(317,662)	(4,983,919)
Carrying amount, net	859,724	1,860,175	279,204	566,215	81,807	55,998	145,979	3,849,102

- (i) At June 30, 2023, this comprises: (1) buildings, amounting to R\$4,450 (R\$23,024 at December 31, 2022); (2) machinery and equipment, amounting to R\$225,946 (R\$233,176 at December 31, 2022); and (3) other assets, amounting to R\$33,756 (R\$34,800 at December 31, 2022), mainly relating to Cruzeiro plant.
- (ii) At June 30, 2023, this comprises: (1) buildings, amounting to R\$8,173 (R\$26,449 at December 31, 2022); (2) machinery and equipment, amounting to R\$516,047 (R\$495,781 at December 31, 2022); and (3) other assets, amounting to R\$41,995 (R\$52,577 at December 31, 2022), mostly relating to Turkey, Mexico and Cruzeiro plants.
- (iii) Out of total additions for the period, most of the capital investments was made by Turkey, Mexico, Cruzeiro and India plants in the amounts of R\$63,571, R\$55,989, R\$22,406 and R\$10,963, respectively.
- (iv) In 2023, these include transfers between "Property, plant and equipment" and "Intangible assets" in the amount of R\$(716), and between "Property, plant and equipment" and "Inventory" in the amount of R\$949. In 2022, these include transfers between "Property, plant and equipment" and "Intangible assets" in the amount of R\$(1,974), and between "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\$9,979.
- (vi) In the six-month period ended June 30, 2023, the Company capitalized borrowing costs in the amount of R\$38,100, including R\$36,878 of finance costs related to long-term projects to increase production and revitalize the Parent Company's manufacturing areas and R\$1,222 for the expansion of the plant and of production lines in a subsidiary in Mexico. The Company and its subsidiaries capitalize borrowing costs for all eligible assets, applying an average interest rate at June 30, 2023 of 14.41% p.a.

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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, 2021	108,967	75,841	29,487	115,779	2,135	332,209
Additions	-	2,573	-	-	300	2,873
Amortization	(9,385)	(8,376)	(400)	(10,255)	(794)	(29,210)
Transfers	-	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
Additions	-	752	-	-	-	752
Amortization	(4,726)	(3,608)	(198)	(5,161)	(257)	(13,950)
Transfers (i)	-	850	-	-	(134)	716
Exchange rate changes	(4,570)	(256)	(2,040)	(4,834)	(79)	(11,779)
Balance at June 30, 2023	77,113	69,249	21,851	81,595	1,298	251,106
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
At June 30, 2023:						
Cost	179,980	121,403	25,399	114,635	47,644	489,061
Accumulated amortization	(102,867)	(52,154)	(3,548)	(33,040)	(46,346)	(237,955)
Carrying amount, net	77,113	69,249	21,851	81,595	1,298	251,106

Assets with indefinite lives	Goodwill on acquisition of subsidiaries				Total
	lochpe-Maxion Austria GmbH (ii)	Ingenieria y Maquinaria de Guadalupe, S.A. de C.V.	Meritor Comércio e Indústria de Sistemas Automotivos Ltda.	lochpe Sistemas Automotivos de México S.A. de C.V.	
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
Exchange rate changes	(68,666)	(41,266)	-	(236)	(110,168)
Balance at June 30, 2023	1,177,834	499,052	20,292	2,858	1,700,036

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

(ii) As per the corporate reorganization described in the financial statements at December 31, 2021, goodwill arising from the acquisition of Hayes Lemmerz was reallocated from lochpe Holdings LLC to lochpe-Maxion Austria GmbH.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

At June 30, 2023, the Company reached a market cap of R\$1,919,958 and Total equity of R\$4,145,468. The Company annually performs impairment tests on the goodwill balances shown in the previous table or anytime when there is any indication for anticipation of the impairment tests. The Company did not identify any indication for anticipation of impairment tests in this six-month period.

14. Right of use - consolidated

Assets with finite useful lives	IT equipment	Properties	Machinery and equipment	Forklifts	Vehicles	Total
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
Additions	233	15,156	7,685	4,299	6,392	33,765
Write-offs, net	(149)	-	(1,296)	-	(68)	(1,513)
Depreciation	(604)	(3,953)	(2,267)	(4,635)	(3,262)	(14,721)
Exchange rate changes	(15)	(1,685)	(542)	(458)	(559)	(3,259)
Balance at June 30, 2023	3,091	23,065	16,119	6,633	12,601	61,509

In the six-month period ended June 30, 2023, accumulated lease expenses classified as short-term leases and leases of low-value assets amount to R\$4,618 (R\$2,595 in the six-month period ended June 30, 2022).

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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	06/30/2023	12/31/2022
<u>Local currency</u>							
Bank Credit Bill – CCB	CDI +	2.10	February 2024	-	-	100,414	100,414
Bank Credit Bill – CCB long-term (i)	Selic +	3.00	December 2027	122	(253)	67,289	74,765
FINAME (i)	Selic +	3.04	May 2028	169	(383)	305,056	286,411
Export credit note – NCE (vi)	CDI +	2.41	April 2025	-	-	839,626	451,839
Export credit note – NCE (iii)	CDI +	2.25	March 2024	-	-	222,421	239,844
Forfait transactions	-	15.62	August 2023	-	-	360,132	64,704
Total borrowings and financing				291	(636)	1,894,938	1,217,977
<u>Foreign currency</u>							
Export loan – US\$ (vii)	-	7.30	March 2024	-	-	191,044	-
Total borrowings and financing				-	-	191,044	-
Total borrowings and financing				291	(636)	2,085,982	1,217,977
Simple debentures of 9 th issuance – 1 st series (ix)	-	-	-	16,553	-	-	352,168
Simple debentures of 9 th issuance – 2 nd series (ix)	-	-	-	6,563	-	-	114,088
Simple debentures of 10 th issuance (ix)	-	-	-	15,073	-	-	357,755
Simple debentures of 11 th issuance – 1 st series	CDI +	2.00	April 2025	1,652	(2,594)	358,029	357,534
Simple debentures of 11 th issuance – 2 nd series	CDI +	2.60	April 2027	859	(2,829)	409,803	409,685
Total debentures				40,700	(5,423)	767,832	1,591,230
Total borrowings, financing and debentures				40,991	(6,059)	2,853,814	2,809,207
Current liabilities						1,413,264	566,660
Unamortized costs						(2,287)	(10,840)
Total						1,410,977	555,820
Noncurrent liabilities						1,446,609	2,263,717
Unamortized costs						(3,772)	(10,330)
Total						1,442,837	2,253,387

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(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	06/30/2023	12/31/2022
<u>Local currency</u>							
Bank Credit Bill – CCB	CDI +	2.10	February 2024	-	-	100,414	100,414
Bank Credit Bill – CCB long-term (i)	Selic +	3.00	December 2027	122	(253)	67,289	74,765
FINAME (i)	Selic +	3.04	May 2028	169	(383)	305,056	286,411
Export credit note – NCE (vi)	CDI +	2.41	April 2025	-	-	839,626	451,839
Export credit note – NCE (iii)	CDI +	2.25	March 2024	-	-	222,421	239,844
Forfait transactions (viii)	-	15.62	August 2023	-	-	360,132	64,704
Total borrowings and financing				291	(636)	1,894,938	1,217,977
<u>Foreign currency</u>							
Long-term loan – US\$ (vii)	-	7.30	March 2024	-	-	191,044	-
Long-term loan – US\$	SOFR 6m +	2.61	November 2024	13,760	(2,573)	84,544	121,056
Long-term loan – Rupee (iv)	1y MCLR +	0.15	January 2026	229	-	33,699	54,525
Long-term loan – Rupee (iv)	1m MCLR +	0.15	May 2025	-	-	9,788	13,158
Long-term loan – Rupee (iv)	3m T Bill +	3.58	February 2025	-	-	1,028	1,421
Long-term loan – Rupee	3m T Bill +	3.22	April 2028	-	-	46,984	50,528
Sustainability-linked Notes Units – US dollar	-	5.00	May 2028	2,730	(5,646)	285,635	308,622
Sustainability-linked Notes Units – Euro (ii)	-	3.50	May 2028	14,897	(31,127)	1,619,245	1,750,060
Syndicated Loan – Euro	Euribor 3m +	3.00	November 2026	915	(5,134)	630,188	664,985
Working capital – US dollar	-	6.65	April 2024	-	-	63,428	68,698
Working capital – US dollar (v)	SOFR 6m +	2.52	September 2024	-	-	183,164	90,254
Forfait transactions – US dollar (viii)	-	8.07	July 2023	-	-	20,108	84,897
Working capital – Euro	-	2.72	January 2027	-	-	37,388	49,011
Working capital – Euro	Euribor 1m +	1.70	July 2023	2,416	-	-	110,692
Working capital – Euro	Euribor 3m +	2.10	June 2025	-	-	121,749	89,210
Working capital – Euro	Euribor 1y +	2.20	June 2025	-	-	105,557	112,962
Working capital – Rupee	-	9.05	December 2023	-	-	19,159	15,601
Working capital – Rupee (iv)	1m MCLR +	0.15	September 2023	-	-	23,280	14,276
Working capital – Baht	-	3.70	August 2023	-	-	57,792	67,825
Subtotal in foreign currency				34,947	(44,480)	3,533,780	3,667,781
Total borrowings and financing				35,238	(45,116)	5,428,718	4,885,758
Simple debentures of 9 th issuance – 1 st series (ix)	-	-	-	16,553	-	-	352,168
Simple debentures of 9 th issuance – 2 nd series (ix)	-	-	-	6,563	-	-	114,088
Simple debentures of 10 th issuance (ix)	-	-	-	15,073	-	-	357,755
Simple debentures of 11 th issuance – 1 st series	CDI +	2.00	April 2025	1,652	(2,594)	358,029	357,534
Simple debentures of 11 th issuance – 2 nd series	CDI +	2.60	April 2027	859	(2,829)	409,803	409,685
Total debentures				40,700	(5,423)	767,832	1,591,230
Total borrowings, financing and debentures				75,938	(50,539)	6,196,550	6,476,988
Current liabilities						1,825,277	1,065,091
Unamortized costs						(11,714)	(21,480)
Total						1,813,563	1,043,611
Noncurrent liabilities						4,421,812	5,487,111
Unamortized costs						(38,825)	(53,734)
Total						4,382,987	5,433,377

(i) At June 30, 2023, the financing raised by the Company with BNDES and BDMG, total balance of R\$372,345, corresponding to Finame for R\$305,056 and Bank credit bill for R\$67,289, is guaranteed by the property, plant and equipment of Limeira and Contagem plants.

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

- (ii) In order to mitigate the risk of foreign exchange rate fluctuations, subsidiary lochpe-Maxion Austria took out a derivative financial instrument. Further details can be found in the "Sustainability-linked Notes Units" section below and in Note 25 - Risk management.
- (iii) In order to mitigate the risk of foreign exchange rate fluctuations, the Company linked cross-currency swap contracts to Export Credit Notes (NCE) contracts in the total amount of US\$45,000 thousand (equivalent to R\$214,391). Both the dollar exposure and the interest set in the respective loan agreements were exchanged for exposure in Brazilian reais at an interest rate of CDI plus 2.25% p.a., applying the same critical terms of the NCEs, thus configuring a hedge accounting transaction. Further details in the section "Cross currency swap - Export Credit Notes" below and in Note 25 - Risk management.
- (iv) At June 30, 2023, the balance of loans guaranteed by the Company to the subsidiary Maxion Wheels Aluminum India Pvt. Ltd is R\$67,795.
- (v) Refers to working capital in the amount of US\$20,000 thousand maturing in January 2024 raised by the indirect subsidiary Ingenieria y Maquinaria de Guadalupe, S.A. de C.V. ("Inmagusa").
- (vi) Refer to export credit notes raised in the amount of R\$450,000, maturing between March 2024 and April 2025, at an average cost of CDI + 2.70% p.a.
- (vii) Refer to loans in the amount of US\$39,200 thousand with maturity in March 2024 and an average cost of 7.30% p.a. Such loans were designated as hedging instrument to protect the net investment in the subsidiary lochpe Sistemas Automotivos de México, S.A. de C.V, whose functional currency is the US dollar, with the purpose of mitigating the risk of exposure of the Company to exchange rate changes on this foreign investment. More details in Note 25 - Risk management.
- (viii) In the Parent Company, Forfait additions in the three-month period ended June 30, 2023 totaled R\$157,049 (R\$102,042 in the second quarter of 2022), and the amortization of R\$10,000 (R\$402,889 in the second quarter of 2022), with net changes of R\$147,049 (R\$(300,847) in the second quarter of 2022). In the Parent Company, Forfait additions in the six-month period ended June 30, 2023 totaled R\$374,060 (R\$504,932 in the first half of 2022), and amortization of R\$74,704 (R\$667,004 in the first half of 2022), with net changes of R\$299,356 (R\$(162,072) in the first half of 2022).
In the consolidated view, Forfait additions in the three-month period ended June 30, 2023 totaled R\$157,049 (R\$102,042 in the second quarter of 2022), and the amortization of R\$10,000 (R\$402,889 in the second quarter of 2022), with net changes of R\$147,049 (R\$(300,847) in the second quarter of 2022). In the consolidated view, Forfait additions in the six-month period ended June 30, 2023 totaled R\$395,895 (R\$504,932 in the first half of 2022), and amortization of R\$159,324 (R\$667,004 in the first half of 2022), with net changes of R\$236,571 (R\$(162,072) in the first half of 2022). These additions have no cash effect, as shown in Note 30.
- (ix) Further information can be found in "Optional Acquisition Offers" and "Redemption of Debentures".

At June 30, 2023, the amounts recorded in noncurrent liabilities mature as follows:

	Parent	Consolidated
2024	127,472	469,489
2025	704,715	1,163,895
2026	274,849	496,207
2027	274,849	287,173
2028 and thereafter	60,952	1,966,223
Total	1,442,837	4,382,987

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\$497,179 (R\$486,093 at December 31, 2022).

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Debentures

The outstanding debentures issued by the Company are: simple debentures, not convertible into shares, of 10th issuance, nominative and book-entry unsecured, in a single series; and (iii) simple debentures, not convertible into shares, of 11th issuance - CVM Instruction No. 476, nominative and book-entry unsecured, in two series. These issuances were approved at Board of Directors' meetings.

The debentures indentures are available on the Company's and CVM's pages on the world wide web.

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 06/30/2023
11 th issuance – 1 st series	Simple	350,000	04/15/2022	04/15/2025	100% CDI + 2.00% p.a.	358,029
11 th issuance - 2 nd series	Simple	400,000	04/15/2022	04/15/2027	100% CDI + 2.60% p.a.	409,803

Covenants

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 relevant licenses or authorizations 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 the 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, said financial ratio is greater than 3.50x.

In the six-month period ended June 30, 2023 and up to the date of approval of these individual and consolidated interim financial information, the Company was in compliance with all aforementioned clauses.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

Optional Purchase Offers

On March 28, 2023, the Company released notices of optional acquisition offers covering the simple debentures of the 9th and 10th issuances of the Company, aiming at their cancellation, as provided for in the respective indentures.

On April 18, 2023, the Company announced that, within the scope of said offerings, 99.17% of the outstanding debentures of the 9th issuance of the 1st series, 83.16% of the outstanding debentures of the 9th issuance of the 2nd series and 96.43% of the outstanding debentures of the 10th issuance, which were cancelled.

The price paid by the Company in relation to each of the 9th issuance debentures of the 1st series, of the 9th issuance debentures of the 2nd series and the 10th issuance debentures, within the scope of the optional purchase offers, was lower than the updated nominal value of the debentures of the respective issuance/series, and was equivalent to the present value of the remaining installments of each issuance/series, calculated for the date of the optional purchase, considering as the discount rate the DI x Prefixed Rate plus a spread of (i) 1.50% per annum for the 9th issuance debentures of the 1st series; (ii) 2.00% per annum., for the 9th issuance debentures of the 2nd series; and (iii) 1.50% per annum for the 10th issuance debentures.

The settlement of the purchase of the debentures held by the debenture holders who adhered to the optional purchase offers was carried out on April 20, 2023 in the amount of R\$603,648.

Redemption of Debentures

On June 14, 2023, the 9th and 10th issuances Debentures were redeemed, for their remaining principal amount plus interest on that date and redemption premium. The total amount paid on that date was R\$21,207 and R\$12,940 respectively.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Sustainability-linked Notes Units

The Company has 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 Iochepe-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 (CO₂) emission was achieved.

In addition, to hedge itself against foreign exchange risk, subsidiary Iochepe-Maxion Austria, whose functional currency is the Euro, took out 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 six-month period ended June 30, 2023 and up to the date of approval of these individual and consolidated interim financial information, the Company was in compliance with all referred clauses.

Credit facilities

The Company has a credit facility in the amount of R\$620,000 with *Agência Especial de Financiamento Industrial S.A. - FINAME*. This new credit facility also has a 7-year payment period and a 2-year grace period, and is available until February 2024. At June 30, 2023, the lines were available but not used.

The Company took out a Revolving Credit Facility in the amount of R\$500,000, maturing in three years. At June 30, 2023, the lines were available but not used.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

16. Trade payables

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
In Brazil	403,062	420,481	421,550	435,017
Abroad	4,964	5,495	1,663,700	1,859,238
Related parties (Note 10.b)	383	315	-	315
Total	408,409	426,291	2,085,250	2,294,570

17. 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 estimated probable losses, which are presented below along with changes for the year/period:

	Parent				Consolidated			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
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
Additions	480	2,412	2	2,894	2,567	2,412	23	5,002
Payments	(612)	-	(4)	(616)	(2,675)	(2,664)	(4)	(5,343)
Reversals	(536)	(383)	(67)	(986)	(1,532)	(383)	(73)	(1,988)
Monetary adjustments	358	2,366	19	2,743	709	2,491	16	3,216
Exchange rate changes	-	-	-	-	(200)	-	(2)	(202)
Balance at 06/30/2023	7,742	58,364	494	66,600	17,673	61,069	517	79,259

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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 likelihood of loss, as determined by Management and its legal advisors.

At June 30, 2023, these lawsuits whose likelihood of loss is classified as possible are presented below, along with the details of the main cases:

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Labor	66,009	57,235	139,914	138,150
Tax	542,347	543,700	570,123	572,744
Civil	799	611	799	611
Total	609,155	601,546	710,836	711,505

- (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\$201,712.
- (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\$159,785.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

- (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), 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\$17,370.
- (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, while higher administrative level decisions are currently awaited due to appeals lodged by the 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\$73,605.
- (e) 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 a possible loss, corresponds to R\$28,475.

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.

Ioche-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

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. 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.

At 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 monetary adjustments under finance costs in the total of R\$23,948). At March 31, 2023, negotiations were finished to put an end at administrative level as well, to the discussions within the scope of the tax audit at subsidiary Maxon Wheels de México, S. de R.L. de C.V. upon payment by the taxpayer of the amount of R\$146,999, of which interest and monetary adjustments were recognized under finance costs in the total amount of R\$1,815. The termination of said tax audit at Maxon Wheels de México, S. de R.L. de C.V. took place on April 28, 2023.

In June 2022, the premises of Maxon 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 noncompliance 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.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

The Company is a party to administrative proceedings of a tax nature related to the collection by the Brazilian Internal Revenue Service of a specific fine imposed in addition to applicable fine and interest for non-approval of offsets, premised on article 74, paragraph 17, of Law No. 9430/1996 and Revenue Procedure (IN) No. 1675 of 2016; administrative defenses were presented and a lower court decision is pending, with the total amount discussed being R\$31,234. On March 20, 2023, Brazil's Federal Supreme Court, in judgment of the Extraordinary Appeal (RE) 796.939, with general resonance recognized through Topic 736, and the Direct Action of Unconstitutionality (ADI) 4905, decided for the unconstitutionality of the application of the specific fine in view of the mere refusal to approve tax offsets. Considering this decision, the legal advisors reclassified the cases in progress, assessing their risk as remote likelihood of loss.

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 June 30, 2023, these amounts total R\$60,657 (R\$56,533 at December 31, 2022).

18. Equity

a) Share capital

At June 30, 2023, 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.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

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 allocation of profit for the year follows the following guidelines: (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.

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 June 30, 2023, there are no plans in effect.

e) Treasury shares

On May 9, 2023, the Company concluded the share buyback program, having been acquired 1,200,000 (one million two hundred thousand) own shares, for an average price of R\$11.74, totaling R\$14,091, which together with the shares already held in treasury would represent 2.65% of the outstanding shares.

At June 30, 2023, the Company had 3,449,827 common shares in the amount of R\$55,539 (2,249,827 common shares in the amount of R\$41,448 at December 31, 2022), as a commitment under the long-term incentive program.

The market value of the common shares held in treasury totaled R\$43,088, reflecting the price of R\$12.49 per share at June 30, 2023.

lochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

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 profit for the year based on Brazilian legislation, up to the limit of 20% of the subscribed share capital.

h) Capital reserve

At June 30, 2023, this reserve is applicable to compute the effects of the monetary correction of balance of the financial position of the investment in Argentina, due to the hyperinflationary economy and to goodwill deriving from acquisition of non-controlling interests.

iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

19. Long-term incentive plan

The rules of the Long-Term Incentive Plan ("Program") granted to the Company's officers were disclosed in the financial statements for the year ended December 31, 2022 (Note 23).

In February 2023, the Board of Directors approved the long-term incentive programs referring to the profit or loss for year 2023 ("Program 2023"). Each unit granted corresponds to the amount of R\$11.18. The terms and conditions are substantially the same stated for the other plans, as disclosed in the financial statements for the year ended December 31, 2022.

The settlement dates for each program are as follows:

Program	Tranche	Maturity	Outstanding RSUs and PSs
RSU - 2020	33.3%	03/20/2024	53,707
PS - 2020	100%	03/20/2024	120,960
RSU - 2021	33.3%	03/20/2024	109,643
RSU - 2021	33.3%	03/20/2025	109,643
PS - 2021	100%	03/20/2025	329,259
RSU - 2022	33.4%	03/20/2024	139,802
RSU - 2022	33.3%	03/20/2025	139,383
RSU - 2022	33.3%	03/20/2026	139,383
PS - 2022	100%	03/20/2026	418,568
RSU - 2023	33.4%	03/20/2025	181,707
RSU - 2023	33.3%	03/20/2026	181,163
RSU - 2023	33.3%	03/20/2027	181,163
PS - 2023	100%	03/20/2027	544,033

At June 30, 2023, the total provision recorded as "Other payables" is R\$3,084 in the individual financial statements (R\$3,364 at December 31, 2022) and R\$8,597 in the consolidated financial statements (R\$8,678 at December 31, 2022). Treasury shares held for purposes of making payments under the 2020, 2021, 2022 and 2023 Programs are described in Note 18.e).

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

20. Finance income (costs)

	Parent		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Finance income:				
Income from short-term investments	28,852	12,828	32,196	13,586
Pension plan interest income	-	-	156	39
Discounts obtained and interest on trade receivables	5,091	-	5,091	-
Financial gain on lawsuits	1,210	2,510	1,299	2,589
Finance income on PIS and COFINS credits	3,795	4,404	6,829	6,574
Monetary adjustment on IRPJ/CSLL credits	2,441	1,114	2,976	1,427
Fair value of financial instruments	2,164	-	2,164	-
Other	2,850	-	4,082	357
Total	<u>46,403</u>	<u>20,856</u>	<u>54,793</u>	<u>24,572</u>
Finance costs:				
Interest expenses and finance charges	(74,080)	(91,843)	(117,915)	(118,939)
Pension plan interest expenses	-	-	(6,012)	(2,604)
Monetary adjustment of provisions for risks	(1,378)	(1,226)	(1,595)	(1,443)
Tax on Financial Transactions (IOF)	(593)	(266)	(593)	(276)
Amortized cost of debenture issues	(12,335)	(4,341)	(12,335)	(4,341)
Amortized cost (Sustainability-linked Notes Units)	-	-	(1,976)	(2,047)
Bank expenses	(3,586)	(791)	(7,575)	(3,837)
Fair value of financial instruments	(5,901)	-	(5,901)	-
Other	(2,070)	(1,050)	(3,060)	(8,188)
Total	<u>(99,943)</u>	<u>(99,517)</u>	<u>(156,962)</u>	<u>(141,675)</u>

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

	Parent		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Finance income:				
Income from short-term investments	61,242	17,394	67,784	19,120
Pension plan interest income	-	-	291	81
Discounts obtained and interest on trade receivables	5,103	10	5,103	10
Financial gain on lawsuits	2,442	3,231	2,620	3,371
Finance income on PIS and COFINS credits (i)	8,113	8,145	12,837	12,123
Monetary adjustment on IRPJ/CSLL credits	4,856	2,016	5,621	2,577
Fair value of financial instruments	4,295	-	4,295	-
Other	3,275	-	5,962	1,692
Total	89,326	30,796	104,513	38,974
Finance costs:				
Interest expenses and finance charges	(177,745)	(166,676)	(265,540)	(224,260)
Pension plan interest expenses	-	-	(14,234)	(5,575)
Monetary adjustment of provisions for risks	(2,743)	(2,204)	(3,216)	(2,584)
Tax on Financial Transactions (IOF)	(631)	(1,808)	(632)	(1,825)
Amortized cost of debenture issues	(15,062)	(8,848)	(15,062)	(8,848)
Amortized cost (Sustainability-linked Notes Units)	-	-	(4,007)	(4,395)
Bank expenses	(5,573)	(3,604)	(13,432)	(10,910)
Charges and monetary adjustment of tax liabilities (ii)	-	-	(1,815)	-
Fair value of financial instruments	(9,788)	-	(9,788)	-
Other	(4,068)	(1,625)	(6,310)	(9,751)
Total	(215,610)	(184,765)	(334,036)	(268,148)

- (i) As described in Note 8, item (i), plus financial adjustments on previously recognized credits.
(ii) As mentioned in Note 17.

iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

21. Foreign exchange gains (losses), net

	Parent		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Trade receivables	(134)	426	(66,804)	(6,415)
Borrowings and financing	2,993	2,740	(2,855)	2,434
Trade payables	178	(128)	39,973	(2,202)
Short-term investments	-	-	(2,913)	(631)
Derivative financial instruments	-	-	12,621	10,241
Other	(80)	65	(261)	1,310
Total	2,957	3,103	(20,239)	4,737

	Parent		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Trade receivables	(222)	(943)	(74,536)	(29,937)
Borrowings and financing	4,068	(7,869)	(1,753)	(7,147)
Trade payables	154	367	46,256	21,905
Short-term investments	-	-	(5,403)	(1,825)
Derivative financial instruments	-	-	9,859	11,070
Other	635	(244)	803	490
Total	4,635	(8,689)	(24,774)	(5,444)

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

22. Net sales and services revenue

	Parent		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Gross sales and service revenue	1,174,103	1,574,805	4,052,691	4,517,819
Deductions:				
Taxes on sales	(210,658)	(289,957)	(223,322)	(302,858)
Rebates, returns and cancelations	(6,720)	(10,857)	(28,166)	(22,577)
Net sales and services revenue	<u>956,725</u>	<u>1,273,991</u>	<u>3,801,203</u>	<u>4,192,384</u>

	Parent		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Gross sales and service revenue	2,386,746	3,058,980	8,308,092	9,081,078
Deductions:				
Taxes on sales	(433,942)	(556,397)	(460,707)	(579,674)
Rebates, returns and cancelations	(16,887)	(14,425)	(48,029)	(31,829)
Net sales and services revenue	<u>1,935,917</u>	<u>2,488,158</u>	<u>7,799,356</u>	<u>8,469,575</u>

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

23. Costs and expenses by nature

	Parent		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Raw material	(512,647)	(701,064)	(2,090,442)	(2,458,703)
Salaries and benefits	(215,379)	(238,953)	(678,905)	(609,795)
Supplies/maintenance	(57,630)	(78,189)	(239,000)	(228,927)
Electric power and gas	(21,584)	(23,409)	(157,034)	(148,182)
Depreciation and amortization	(18,003)	(18,463)	(117,782)	(120,677)
Outsourced services	(27,744)	(27,297)	(82,375)	(75,576)
Freight	(16,192)	(23,344)	(87,033)	(96,378)
Management fees	(4,078)	(4,383)	(4,078)	(4,383)
Transportation/communication	(6,692)	(6,178)	(15,375)	(14,721)
Other costs and expenses	(16,535)	(11,029)	(97,349)	(82,005)
Total	<u>(896,484)</u>	<u>(1,132,309)</u>	<u>(3,569,373)</u>	<u>(3,839,347)</u>
Classified as:				
Cost of sales and services	(846,984)	(1,083,434)	(3,376,475)	(3,657,734)
Selling expenses	(5,195)	(5,207)	(22,335)	(21,290)
General and administrative expenses	(40,227)	(39,285)	(166,485)	(155,940)
Management fees	(4,078)	(4,383)	(4,078)	(4,383)
Total	<u>(896,484)</u>	<u>(1,132,309)</u>	<u>(3,569,373)</u>	<u>(3,839,347)</u>

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information

Three and six-month period ended June 30, 2023

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

	Parent		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Raw material	(1,047,809)	(1,367,742)	(4,375,076)	(4,906,036)
Salaries and benefits	(449,258)	(466,495)	(1,381,855)	(1,238,531)
Supplies/maintenance	(115,599)	(144,987)	(481,441)	(460,574)
Electric power and gas	(42,196)	(41,759)	(362,393)	(296,821)
Depreciation and amortization	(35,621)	(35,807)	(238,782)	(248,928)
Outsourced services	(51,755)	(52,666)	(152,614)	(147,047)
Freight	(35,948)	(41,401)	(179,165)	(183,986)
Management fees	(10,056)	(9,290)	(10,056)	(9,290)
Transportation/communication	(11,904)	(11,040)	(29,317)	(23,603)
Other costs and expenses	(32,418)	(20,527)	(200,600)	(159,577)
Total	<u>(1,832,564)</u>	<u>(2,191,714)</u>	<u>(7,411,299)</u>	<u>(7,674,393)</u>
Classified as:				
Cost of sales and services	(1,732,301)	(2,104,107)	(7,033,542)	(7,323,925)
Selling expenses	(6,585)	(8,689)	(40,127)	(42,607)
General and administrative expenses	(83,622)	(69,628)	(327,574)	(298,571)
Management fees	<u>(10,056)</u>	<u>(9,290)</u>	<u>(10,056)</u>	<u>(9,290)</u>
Total	<u>(1,832,564)</u>	<u>(2,191,714)</u>	<u>(7,411,299)</u>	<u>(7,674,393)</u>

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

24. Other operating income (expenses)

	Parent		Consolidated	
	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Income from exclusion of ICMS from the PIS and COFINS base	3,297	18,947	3,519	19,858
Expenses with restructuring	(3,877)	-	(5,708)	124
Impairment of assets	-	(437)	(5)	2,221
Gain (loss) on sale of assets	(1,031)	(76)	(882)	3,148
Other provisions	-	2,800	-	4,548
Expenses from intercompany transactions	(6,839)	(5,470)	-	-
Gains from reimbursed insurance claims	-	-	5,354	19,615
Gains and adjustment of prices for sale of metals and scrap	-	-	-	6,642
Credits granted by suppliers	-	-	-	2,958
Other operating income (expenses)	(2,872)	(3,112)	8,208	(4,280)
Total	(11,322)	12,652	10,486	54,834

	Parent		Consolidated	
	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022	01/01/2023 to 06/30/2023	01/01/2022 to 06/30/2022
Income from exclusion of ICMS from the PIS and COFINS base (i)	14,044	29,579	15,042	30,990
Loss on valuation of put option (ii)	-	-	-	(30,661)
Expenses with restructuring (iii)	(7,183)	(576)	(12,461)	(948)
Reversal (set-up) of provision for impairment of assets	82	190	(48)	2,315
Gain (loss) on sale of assets	(1,669)	(1,288)	(1,371)	2,122
Other provisions	-	2,800	-	4,548
Expenses from intercompany transactions (iv)	(15,570)	(13,030)	-	-
Gains from reimbursed insurance claims	-	-	6,130	19,615
Gains and adjustment of prices for sale of metals and scrap	-	-	-	6,642
Credits granted by suppliers	-	-	-	2,958
Other operating income (expenses)	(10,079)	(10,886)	6,870	(9,665)
Total	(20,375)	6,789	14,162	27,916

- (i) As described in Note 8, item (i).
- (ii) In accordance with 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 measured according to the formula described in the related put option contract. At June 30, 2023, the Company has, through its subsidiary, noncurrent liabilities related to that put option in the amount of R\$40,423 (€7,681 thousand), the same balance at December 31, 2022. Consequently, "other operating expenses" was not impacted at June 30, 2023 (as compared to a loss of R\$30,662 (€5,601 thousand) in the period ended June 30, 2022).
- (iii) Due to reduction in the volume produced in some locations and the deepening of the automation of manufacturing processes, certain areas underwent structural reorganizations.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

- (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.

25. Risk management and financial instruments

a) General considerations and policies

The general considerations and policies on risk management and financial instruments are described in Note 29 to the financial statements for the year ended December 31, 2022, and should be read together with these notes.

b) Financial risk management

The credit risks are described in Note 29 to the financial statements for the year ended December 31, 2022, and should be read together with these notes.

Concerning receivables from customers, the Company believes 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.

Liquidity risk and interest rate risk

Liquidity and interest rate risks are described in Note 29 to the financial statements for the year ended December 31, 2022, and should be read together with these notes.

Foreign currency risk

This risk arises from the possible fluctuation in the exchange rates of foreign currencies used 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.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

At June 30, 2023, the Company had foreign currency-indexed assets in excess of liabilities by R\$22,356, as the geographical diversification of the business provides a natural hedge and greater stability to the Company's results, serving as a natural hedge to borrowings and other accounts payable in foreign currency.

	Parent		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Assets:				
Trade receivables (i)	29,313	20,264	1,423,813	1,522,942
Derivative financial instruments	-	-	205,299	269,391
Foreign related parties	14,213	27,484	83	90
Total assets	43,526	47,748	1,629,195	1,792,423
Liabilities:				
Borrowings and financing (ii)	191,044	-	3,533,780	3,667,781
Trade payables (iii)	4,964	5,495	1,663,700	1,859,238
Derivative financial instruments	-	-	(2,793)	5,356
Total liabilities	196,008	5,495	5,194,687	5,532,375
Net exposure	(152,482)	42,253	(3,565,492)	(3,739,952)
(-) Foreign subsidiaries using local functional currency	-	-	3,398,935	3,754,816
(-) Net investment hedge in foreign transactions	188,913	-	188,913	-
Total exposure for sensitivity analysis purposes	36,431	42,253	22,356	14,864

- (i) In the consolidated financial statements for June 30, 2023, 89.6% (74.2% at December 31, 2022) refers to trade accounts receivable by foreign subsidiaries, denominated in U.S. dollars, euros and yuans.
- (ii) In the consolidated financial statements at June 30, 2023, 57.0% (56.6% at December 31, 2022) refers to borrowings obtained in local currency by foreign subsidiaries, denominated in U.S. dollars, euros, rupees and bahts (Note 15).
- (iii) In the consolidated financial statements at June 30, 2023, 79.8% (81.0% at December 31, 2022) refers to trade payables by foreign subsidiaries, denominated in U.S. dollars, euros and yuans.

Foreign currency risk arises from fluctuations in foreign exchange rates of foreign currency-denominated borrowings and financing, and trade receivables and payables. At June 30, 2023, part of these exposures is hedged with cross currency swap derivatives, and designated as hedge, as follows:

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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 06/30/23	Fair value (R\$) at 06/30/23	Cash flow hedge balance (R\$) at 06/30/23	Cash flow hedge balance (R\$) at 12/31/22
Cross-Currency Swap - US\$/Euro	Sustainability -linked Notes Units	Currency risk - Principal and Interest	05/07/2021 to 05/07/2028	340,000 thousand	279,835 thousand	37,766	198,746	34,150	56,195

Hedging instruments	Hedged item	Hedged risk	Hedging period	Notional value – Asset position (USD)	Notional value – Liability position (R\$)	Fair value (R\$) at 06/30/23	Cash flow hedge balance (R\$) at 06/30/23	Cash flow hedge balance (R\$) at 12/31/22
Cross-Currency Swap - US\$/BRL	Export credit notes	Currency risk - Principal and Interest	06/30/2022 to 03/28/2024	30,000 thousand	142,290	(3,326)	(2,739)	(423)

Net investment hedge in foreign transactions:

In March 2023, two loans were raised in the total amount of US\$39.2 thousand designated as a hedging instrument to protect the net investment in the subsidiary Iochepe Sistemas Automotivos de México, S.A. de C.V., whose functional currency is the US dollar, with the objective of protecting against the Company's exposure to exchange rate risk on this investment. Exchange gains and losses arising from these financial liabilities are transferred to Other Comprehensive Income to offset any gains and losses on the translation of net investments in the subsidiary. The Company established a coverage ratio of 1:1 for the hedging ratio, since the underlying risk of the hedging instrument is identical to the hedged item component.

Hedging instruments	Hedged item	Hedged risk	Hedging period	Notional value of hedging instrument (USD)	Designated notional value of hedged item (USD)	Hedge balance (R\$) at 06/30/23	Hedge balance (R\$) at 12/31/22
Loans denominated in foreign currency (US\$)	Iochepe Sistemas Automotivos de México, S.A. de C.V.	Foreign currency risk	03/10/2023 to 03/19/2024	39,200 thousand	39,200 thousand	15,597	-

The gain or loss related to the hedging instrument recognized in Other Comprehensive Income is equivalent to the accumulated exchange rate change of the principal of those loans, being the parameter for measuring the effectiveness of the hedging strategy.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
 Three and six-month period ended June 30, 2023
 (Amounts expressed in thousands of reais - R\$, unless otherwise stated)

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 06/30/23	Balance (R\$) at 12/31/22	Effects on profit or loss (R\$) for the period ended 06/30/23
Export Credit Notes	Debt (hedge item)	Currency risk - Principal and Interest	USD + 4.95%	15,000 thousand	75,307	81,206	5,899
Cross-Currency Swap - US\$/BRL	Derivative		CDI + 2.25%		12,871	1,591	(11,280)
					88,178	82,797	(5,381)

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 75% 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.

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Sensitivity analysis - consolidated

Financial instruments, including derivatives, as applicable, are exposed to changes due to fluctuations in exchange rates, interest rates 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% decrease in the risk variables considered at June 30, 2023.

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 June 30, 2023. 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.

Sensitivity analysis of fluctuations in exchange rate changes

For the sensitivity analysis of foreign currency exposure at June 30, 2023, 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.

iochpe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Considering these foreign currency exposures at June 30, 2023, 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	5,589	11,178

The possible scenario considers a 25% appreciation of the Brazilian real against the U.S. dollar based on the exchange rate at June 30, 2023 of R\$4.8192/US\$1.00 (R\$3.6144/US\$1.00), and the remote scenario considers a 50% appreciation (R\$2.4096/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 six-month period ended June 30, 2023.

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:

Borrowings and financing - CDI	Scenarios		
	Probable	Possible	Remote
CDI at June 30, 2023	13.65%	17.06%	20.48%
CDI-indexed borrowing - R\$1,139,391			
Estimated finance costs	155,527	194,380	233,347
Effect - loss		(38,853)	(77,820)
Borrowings and financing - SELIC	Scenarios		
	Probable	Possible	Remote
SELIC at June 30, 2023	13.75%	17.19%	20.63%
SELIC-indexed borrowing - R\$316,250			
Estimated finance costs	43,484	54,363	65,242
Effect - loss		(10,879)	(21,758)
Borrowings and financing - 6-month SOFR	Scenarios		
	Probable	Possible	Remote
6-month SOFR at June 30, 2023	5.39%	6.74%	8.09%
6-month SOFR-indexed borrowing - R\$266,357			
Estimated finance costs	14,358	17,952	21,548
Effect - loss		(3,594)	(7,190)

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Borrowings and financing - 3-month EURIBOR	Scenarios		
	Probable	Possible	Remote
3-month EURIBOR at June 30, 2023	3.58%	4.47%	5.37%
3-month EURIBOR-indexed borrowing - R\$753,261			
Estimated finance costs	26,944	33,671	40,450
Effect - loss		(6,727)	(13,506)

Borrowings and financing - 1-year EURIBOR	Scenarios		
	Probable	Possible	Remote
1-year EURIBOR at June 30, 2023	4.13%	5.17%	6.20%
1-year EURIBOR-indexed borrowing - R\$105,252			
Estimated finance costs	4,351	5,442	6,526
Effect - loss		(1,090)	(2,175)

Debentures - CDI	Scenarios		
	Probable	Possible	Remote
CDI at June 30, 2023	13.65%	17.06%	20.48%
Debentures indexed to 100% of CDI - R\$750,000			
Estimated finance costs	102,375	127,950	153,600
Effect - loss		(25,575)	(51,225)

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

Short-term investments - CDI	Scenarios		
	Probable	Possible	Remote
CDI at June 30, 2023	14.10%	10.57%	7.04%
Short-term investments - 103.1% of CDI - R\$1,290,873			
Estimated finance income	182,013	136,445	90,877
Effect - loss		(45,568)	(91,136)

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 June 30, 2023, outstanding transactions total twenty contracts, with expected maturities between July 10, 2023 and November 30, 2023. In the six-month period ended June 30, 2023, the Company recognized realized and unrealized losses and gains in the amounts of R\$(458) and R\$6,828, respectively. The amount was recorded under "Derivative financial instruments" (Note 21) in the statements of profit or loss for the period.

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

Hedged item	Risk	Counterparty	Notional amount (in thousands)		Market value loss
			€	R\$	
Outstanding balance	Exchange rate changes	Akbank T.A.Ş.	14,336	74,334	(1,155)
Outstanding balance	Exchange rate changes	Turk Ekonomi Bankasi A.S.	9,728	50,682	(536)
Outstanding balance	Exchange rate changes	Türkiye Garanti Bankası A.Ş	4,542	24,135	243
Total			28,606	149,151	(1,448)

Hedged item	Risk	Counterparty	Notional amount (in thousands)		Market value loss
			TRY\$	R\$	
Outstanding balance	Exchange rate changes	Akbank T.A.Ş.	11,950	2,688	414
Outstanding balance	Exchange rate changes	QNB Finansbank	164,718	37,064	6,028
Outstanding balance	Exchange rate changes	Türkiye Garanti Bankası A.Ş	46,890	10,556	1,834
Total			223,558	50,308	8,276

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 enters into forward contracts to prevent further impacts referring to such currency fluctuation.

At June, 2023, outstanding transactions total twenty-one contracts, with expected maturities between July 3, 2023 and December 4, 2023. In the six-month period ended June 30, 2023, the Company recognized realized and unrealized gains in the amounts of R\$529 and R\$2,960, respectively. That amount was recorded under "Derivative financial instruments" (Note 21) in the statements of profit or loss for the period.

Hedged item	Risk	Counterparty	Notional amount (in thousands)		Market value gain
			THB\$	R\$	
Outstanding balance	Exchange rate changes	Bangkok Bank PCL.	117,988	16,105	723
Outstanding balance	Exchange rate changes	Kasikorn Bank PCL.	198,442	27,087	1,285
Outstanding balance	Exchange rate changes	The Hongkong and Shanghai Banking Corporation Limited	139,184	18,999	952
Total			455,614	62,191	2,960

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
 Three and six-month period ended June 30, 2023
 (Amounts expressed in thousands of reais - R\$, unless otherwise stated)

26. 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	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Total borrowings, financing and debentures	2,853,814	2,809,207	6,196,550	6,476,988
Derivative financial instruments (i)	16,197	(8,983)	(191,895)	(273,018)
Cash and cash equivalents	(1,239,139)	(1,236,846)	(2,458,590)	(2,287,054)
Net debt	1,630,872	1,563,378	3,546,065	3,916,916
Total equity	3,786,150	3,919,807	4,145,468	4,292,807
Net debt-to-equity ratio	44%	40%	86%	91%

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

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

27. Earnings per share

	<u>06/30/2023</u>	<u>06/30/2022</u>
Denominator:		
Weighted average number of shares	153,719,601	153,719,601
Weighted number of treasury shares	(2,562,139)	(1,668,660)
Weighted average number of outstanding shares	151,157,462	152,050,941
Numerator - basic:		
Profit for the period - R\$	43,018,519	350,691,120
Basic earnings per share for the period - R\$	0.28459	2.30641
Denominator - diluted:		
Weighted average number of outstanding shares	151,157,462	152,050,941
Weighted average number of shares	151,157,462	152,050,941
Numerator - diluted:		
Profit for the period - R\$	43,018,519	350,691,120
Diluted earnings per share for the period - R\$	0.28459	2.30641

Iochepe-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

28. 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 revenue 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.

Net revenue is as follows:

	06/30/2023		06/30/2022	
	Net revenue	Interest held	Net revenue	Interest held
Aluminum Wheels (Light Vehicles)	168,730	4.4%	142,562	3.4%
Steel Wheels (Light Vehicles)	150,554	4.0%	150,686	3.6%
Steel Wheels (Commercial Vehicles)	263,324	6.9%	399,312	9.5%
Structural components (Light Vehicles)	115,561	3.0%	112,573	2.7%
Structural components (Commercial Vehicles)	308,928	8.1%	467,558	11.2%
Total for South America - Brazil	1,007,097	26.5%	1,272,691	30.4%
Aluminum Wheels (Light Vehicles)	158,064	4.2%	143,273	3.4%
Steel Wheels (Light Vehicles)	361,345	9.5%	472,172	11.3%
Steel Wheels (Commercial Vehicles)	90,850	2.4%	120,117	2.9%
Structural components (Commercial Vehicles)	446,993	11.8%	537,795	12.8%
Total for North America	1,057,252	27.8%	1,273,358	30.4%
Aluminum Wheels (Light Vehicles)	675,395	17.8%	593,710	14.2%
Steel Wheels (Light Vehicles)	321,817	8.5%	334,590	8.0%
Steel Wheels (Commercial Vehicles)	395,115	10.4%	387,718	9.2%
Total for Europe	1,392,327	36.6%	1,316,018	31.4%
Aluminum Wheels (Light Vehicles)	195,793	5.2%	184,677	4.4%
Steel Wheels (Light Vehicles)	44,864	1.2%	51,834	1.2%
Steel Wheels (Commercial Vehicles)	103,870	2.7%	93,806	2.2%
Total for Asia and others	344,527	9.1%	330,317	7.9%
Total	3,801,203	100.0%	4,192,384	100.0%

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

	01/01/2023 to 06/30/2023		01/01/2022 to 06/30/2022	
	Net revenue	Interest held	Net revenue	Interest held
Aluminum Wheels (Light Vehicles)	332,136	4.3%	270,038	3.2%
Steel Wheels (Light Vehicles)	287,426	3.7%	278,140	3.3%
Steel Wheels (Commercial Vehicles)	552,035	7.1%	794,307	9.4%
Structural components (Light Vehicles)	230,035	2.9%	214,440	2.5%
Structural components (Commercial Vehicles)	631,073	8.1%	910,660	10.8%
Total for South America - Brazil	2,032,705	26.1%	2,467,585	29.1%
Aluminum Wheels (Light Vehicles)	319,507	4.1%	291,616	3.4%
Steel Wheels (Light Vehicles)	712,656	9.1%	976,095	11.5%
Steel Wheels (Commercial Vehicles)	186,370	2.4%	237,570	2.8%
Structural components (Commercial Vehicles)	985,160	12.6%	1,099,792	13.0%
Total for North America	2,203,693	28.3%	2,605,073	30.8%
Aluminum Wheels (Light Vehicles)	1,357,475	17.4%	1,155,863	13.6%
Steel Wheels (Light Vehicles)	652,305	8.4%	664,336	7.8%
Steel Wheels (Commercial Vehicles)	834,210	10.7%	812,856	9.6%
Total for Europe	2,843,990	36.5%	2,633,055	31.1%
Aluminum Wheels (Light Vehicles)	422,262	5.4%	439,551	5.2%
Steel Wheels (Light Vehicles)	99,566	1.3%	110,492	1.3%
Steel Wheels (Commercial Vehicles)	197,140	2.5%	213,819	2.5%
Total for Asia and others	718,968	9.2%	763,862	9.0%
Total	7,799,356	100.0%	8,469,575	100.0%

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

29. 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 June 30, 2023, 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	1,332,390
Warranty	Judicial, traditional and customs guarantees	27,692
Land cargo	Highway risk and cargo carrier liability and transportation risk in import and export transactions	131,660
General Civil Liability (RCG), Errors & Omissions (E&O)	Third-party claims, crimes	958,038

30. Additional information to the statements of cash flows

Non-cash transactions

	Parent		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Purchases of property, plant and equipment items payable recorded as "Trade payables"	7,064	6,499	14,529	22,190
Forfait transactions additions	374,060	455,245	395,895	455,245
Additions from right of use	110	-	33,765	7,092
IRPJ and CSLL offsetting	7,068	-	7,833	-
Borrowing costs capitalized	36,878	-	38,100	-

Iochope-Maxion S.A. and Subsidiaries

Notes to individual and consolidated interim financial information
Three and six-month period ended June 30, 2023
(Amounts expressed in thousands of reais - R\$, unless otherwise stated)

31. 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 interim financial information for the six-month period ended June 30, 2023 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 information, and only such information, is disclosed and corresponds to the information used to manage the Company's operations.

32. Authorization for issuance and disclosure of the interim financial information

This interim financial information was approved by the Company's Board of Directors and authorized for disclosure and issuance at the Board Meeting held on August 9, 2023.

Marcos S. de Oliveira
Chief Executive and Investor Relations Officer

Renato J. Salum Junior
Chief Financial Officer

Paulo Marcio Almada dos Santos
Chief Human Resources Officer

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