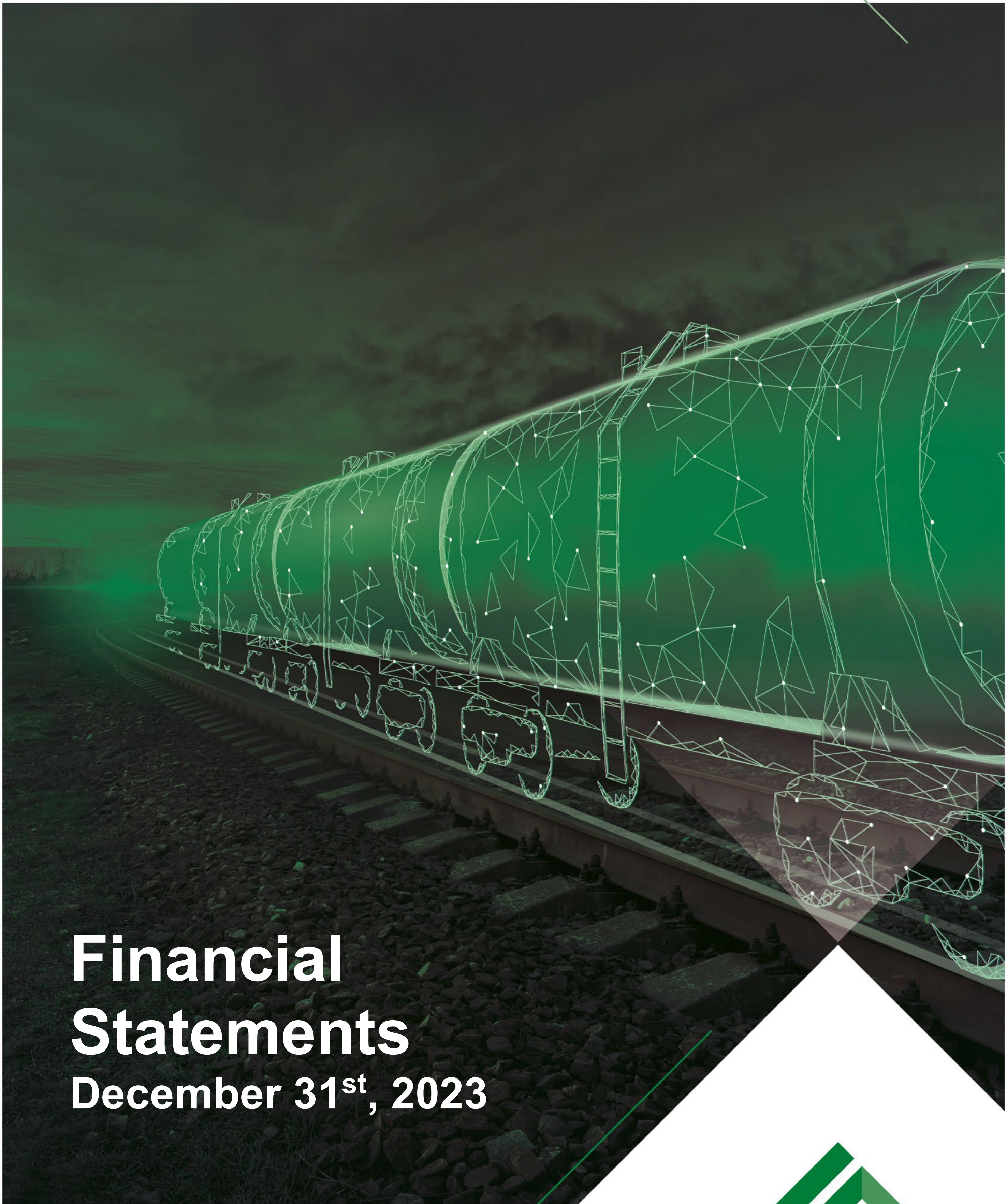


Financial Statements

December 31st, 2023

With Independent Auditor's Review Report

GREENBRIER MAXION

AN AMSTED RAIL GLOBAL PARTNER

ADMINISTRATION REPORT

1.1 | MESSAGE FROM THE CFO

The delivery volumes of railway vehicles (freight cars, locomotives and passenger cars) remained low in 2023, sustaining a high idleness rate in the industry, affecting the sector's entire production chain, which accumulates loss of qualified labor.

According to SIMEFRE (Interstate Union of the Railway and Roadway Materials and Equipment), the freight car industry 2023 delivered a similar volume of cars in 2023 (1,271 units) compared to 2022 (1,250 units), also below the forecast of 1,500 to 1,700 cars.

The outlook for the coming years is positive as to the demand for new cars, with emphasis on agribusiness, fuels and general cargo transportation.

That outlook is based on several actions of the sector such as the implementation of the New Regulatory Benchmark for Brazilian Railways; the participation of the private sector via the new concession authorization regime (Pró-Trilhos) and the Federal Government incentive in renewals for new concessions and privatization of railways.

A relevant data is the age of the Brazilian freight car fleet, where 44% is currently 30 years old, 23 thousand cars are over 50 years, and nearly 10 thousand cars are over 65 years, a perspective that brings opportunities in services for cars and components for coming years, enabling better distribution and productive labor absorption.

In the fiscal year of 2023, the company reached gross revenues of R$941 million. Net revenue reached R$854 million in 2023, registering an 8.1% rise against the previous year.

Sales to the Brazilian market represented 96% of net revenues, while exportation sales represented 4% of the net revenues, with receipt completed concluded in the same period and not presenting a currency exchange exposure for the operations by the end of the year.

Net profits in an absolute amount were R$33 million, lower in comparison with the previous year, despite the revenues having been higher. That reduction in net profits is due to the change in the sales mix, reduction of the production volume and rise in raw material and inputs costs.

The volume of freight cars invoiced in 2023 was 1,230 cars, a 4.8% growth against the year of 2022. Such growth is associated to a change in the mix of freight car models, presenting a reduction in the sale of the gondola and platform cars and an increase in the sales of hopper and tank cars.

Although the freight car production in 2023 was smaller compared to 2022 by 6.4%, totaling 1,120 units, there was no need to adjust the labor force to the lower demand. The strategy of lower car production was conducted with the aim of reducing the cars in inventory.

The company continues investing in automation, car standardization and reduction in the quantity of items per car, resulting gains in efficiency, handling, quality and productivity.

Cash management was an important factor to improve the Company's operational results. The net cash generation reached R$141 million in 2023.

With improved cash generation, an early liquidation of debentures was possible, thus reducing financial costs.

The Company also paid the dividends regarding the year of 2022. The company ended 2023 presenting a net profit, which enabled paying Interest on Equity to partners, and provide for the distribution of dividends in 2024 regarding the year of 2023.

The company remains optimistic with the renewal of current concessions and with the projection of new ones, forecasting an increase in sales for the coming years according to market studies.

We consider that 2024 shall become a bridge year where the Company is committed to continue generating value to their shareholders and customers.

Tax period

GBMX’s Board of Directors approved the modification of the Company’s tax period from 2024 onwards. The tax period shall move to September 20X0 to August 20X1, following Greenbrier Companies’ American tax period.

In that setting and with the objective of adjusting to the American calendar, the tax year of 2024 will encompass the period of 8 months, from January 2024 to August 2024.

1.2 | IDEOLOGY

VISION:

Be the first choice for railway, foundry and service markets.

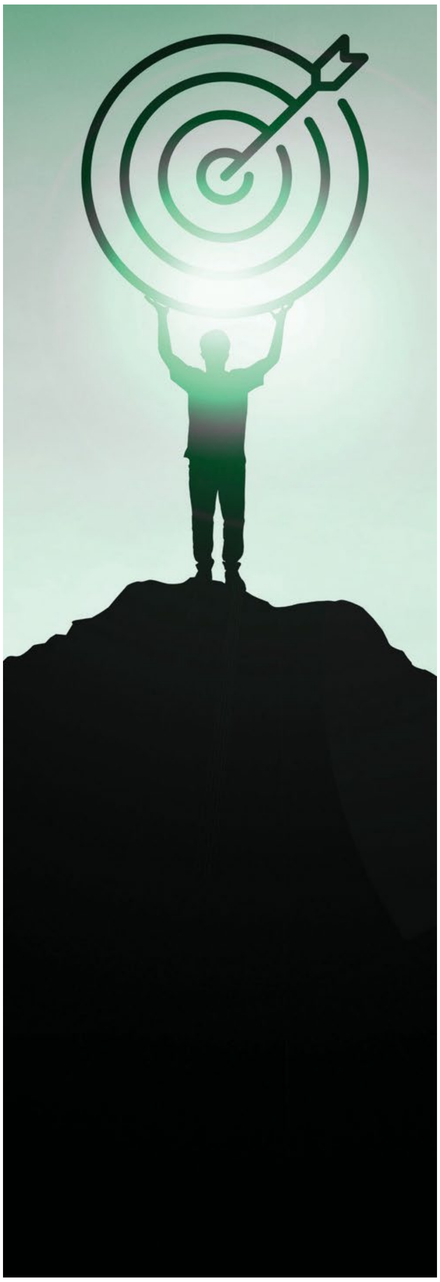
MISSION:

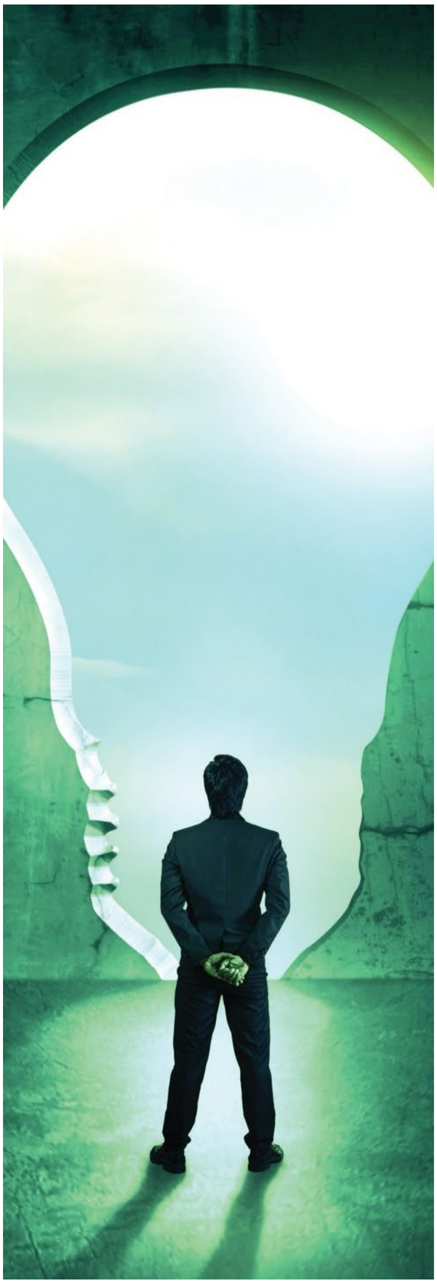
Develop and employ our knowledge to propose innovative, complete and integrated solutions that throughout their entire cycle are capable of:

- Stimulating our staffs;
- Generating success to our customers;
- Respecting the environment and community;
- Ensuring the sustainability of the business as a whole.

VALUES:

- Excellence;
- Commitment with ethics;
- Creative development;
- Respect for people;
- Commitment with safety;
- Social Sustainability.





1.3 | ESG - SUSTAINABILITY, SOCIAL AND ENVIRONMENTAL PROJECTS

The company is committed to environmental, social and governance actions with focus on sustainability (ESG). We are adept to the Corporate Pact for Integrity and Against Corruption. As a policy, we have prioritized raw material and component suppliers that meet the environmental impact reduction criteria.

Steel is an important raw material in our production process and, with aim to reduce the consumption of natural and energy resources, we have more than 50% of the Company's steel provided through recycled materials. Also, with the reduction of environmental impacts in mind, our technical manual offers guidance on the proper disposal of freight car components, with the possibility of recycling 99% of the whole car, maintaining the circular economy of our product.

We have a committee to direct ESG actions, where the following points are highlighted:

ENVIRONMENT:

- Recycling PET bottle plastic caps. Plastic caps are collected and recycled preventing them from being discarded incorrectly into the environment. In addition, all the revenues generated by this initiative is transferred to Hospital do Amor, dedicated to the treatment of cancer patients;
- Selective collection of 100% of the company's waste, drastically reducing environmental impact;
- Change in the internal policy of the vehicle fleet, replacing the use of gasoline by ethanol, resulting in a reduction of emissions in approximately 8 tons of CO_2 per year into the environment;
- More sustainable products and processes that follow the concept of circular economy;
- Study of new technologies to nullify the trash sent to landfills until December 2024.

SOCIAL:

- Formare Program;
- SENAI Apprentice Program;
- Thinking of the Future Program;
- Health on the Right Track Program.

GOVERNANCE:

- Code of Ethics;
- Code of Conduct for Suppliers;
- Policies of Corruption Prevention Practices;
- Ethics Committee;
- Reporting Channels;
- Due Diligence;
- Legal Requirements Control System.

1.4 | COMMITMENT WITH ETHICS

The company reaffirms its ceaseless commitment with the highest ethical standards and the strict fulfillment of anti-corruption laws. Our commitment with integrity not only reflects in our internal practices, but also in our relations with third parties.

We recognize the importance that our partners, suppliers and other interested parties share the same values.

Ethics is a key pillar for the Company's sustainable growth and credibility, we encourage all those involved in our operations to adopt ethical practices and fulfill all anti-corruption laws in force.

We reiterate our commitment with transparency, responsibility and ethics in business, believing that such values not only strengthen our Company, but also contribute to a more wholesome and fairer corporate environment.

The company undertakes to maintain continuous efforts to enhance their ethical and anti-corruption practices, ensuring that all collaborators and partners are aligned with our principles and values, aiming to build a solid foundation for sustainable success and the trust of all stakeholders.

empresa limpa
PELA INTEGRIDADE
E CONTRA A CORRUPÇÃO

The Company, as part of its values, is committed with ethics in all its chain and, with the goal of reinforcing that commitment, in addition to providing their Code of Ethics and Conduct in the electronic page available for queries in the world wide web (https://gbmx.com.br/governanca-corporativa/codigo-de-etica/), they also inform to have adhered voluntarily to the Pact for Integrity and Against Corruption, reiterating their purpose in disseminating good practices of corporate ethics.

Such adherence reinforces ethical conduct as a basis of the relationship among the Company, clients, suppliers, regulatory and government agencies, and reiterates the Company's strict commitment in prohibiting that any person or organization that acts on behalf of the Company or to their benefit, whether as a representative, agent, trustee or under any other bond:

- Gives, commits to giving or offers a bribe, thus understood as any sort of gift, advantage or emolument, either direct or indirect, to any public agent, not even in order to obtain a decision favorable to their business;

- Contributes to electoral campaigns with aim to obtain an advantage of any kind or with the goal of preventing illegal prosecutions or preterminations;

- Uses any immoral or unethical means in the relationships with public agents.

The Company will support and collaborate with the Public Authorities in any investigation of a suspected irregularity or violation of the law or the ethical principles reflected in the referred Pact.

Throughout 2023, **the Company remained classified in the A+ category of the program of the São Paulo State Finance Department (Sefaz/SP) called "Nos conformes"**. This program was created through Complementary Law No. 1320/2018 with the aim of strengthening the relationship between taxpayers and the tax authorities, encouraging tax compliance. This classification reinforces the Company's commitment to maintaining a tax compliance environment.

1.5 | PEOPLE MANAGEMENT

Our employees are essential for the results achieved, acting directly in the Company's constant innovations. With the goal of stimulating collaborators' engagement, the company relies on several programs towards well-being and personal development.

a) Formare Program:

FORMARE

Reinforcing our values, in particular Respect for People and Social Sustainability, and our ESG positioning in the market, we have the Formare program as one of our pillars.

This project has the goal of generating transformation in society through the professional training of youth, between 16 and 18 years of age, in a situation of economic and social vulnerability.

They are taken in by our Company, receive a scholarship, health plan, psychological support, meals and are provided with more than 900 hours of courses taught by our employees.

Currently 10% of our employees are voluntary educators, reinforcing the sense of volunteering, engagement with the company, with themselves and the community.

This investment strongly impacts the life of those young people, increasing in approximately 90% their employability and generating more income to their families.

Additionally, 64% of them become stimulated to go to college.

The program is a legacy of GBMX for society.

b) Labor safety:

Employees' safety is one of the Company's pillars.

Our philosophy is Safety Comes First! Demonstrating our commitment in ensuring a safe and healthy work environment.

As a result of the management and engagement of employees, the Company was recognized as:

Época 360: 2nd place in ESG / Governance

Época 360: 3rd place in People / ESG / Sustainability

ISO 14001 – Environmental management system

ISO 45001 – Occupational health and safety management system

c) Health programs:

The Company is dedicated to a series of initiatives that encompass health and well-being, social responsibility, respect, care with employees, promotion of positive changes, sustainability, commitment with disease prevention and empathy. Our commitment is with the integral care for our employees, encouraging self-care, promoting education and awareness, constantly seeking improvements and adopting open and transparent communication.

In addition, we invest in innovations in the health area, reinforce our corporate social responsibility, provide accurate information, promote a comfortable and inclusive work environment, ensure accessibility to all, and prioritize safety in the work environment. We recognize the importance of family relations and of the community surrounding our factory, maintaining a constant commitment with everyone's well-being. Among all the programs and campaigns the Company offers, we can mention the following:

I. ***Anti-smoking program:*** In-Company multidisciplinary treatment (physician, therapist and nutritionist). The program offers smoking employees the opportunity to quit the addiction, with aim to improve quality of life and reduce the incidence of chronic diseases caused by tobacco. The Company became a No Smoking plant.

II. ***Total Health Program:*** In-Company multidisciplinary treatment (physician, therapist and nutritionist). The program offers employees that use licit and illicit drugs (alcohol and other drugs) an opportunity to quit their addiction in order to improve the quality of life, bringing benefits both to their personal and professional life.

III. ***Mental Health Program:*** In-company in-person/on-line specialized therapeutic care with psychoanalysts on a weekly basis. The program offers employees access to a resource and support that may help in promoting and maintaining mental health, in addition to a safe environment to discuss concerns and receive professional support.

IV. ***Nutritional Program:*** In-company in-person specialized nutritional care with psychoanalysts on a weekly basis. The program offers employees access to a resource and support that may help in promoting and maintaining nutritional health, in addition to a comfortable environment to understand their needs and receive guidance.

V. ***Program for Pregnant Woman:*** In-person in-company half-yearly courses to couples expecting babies, carried out by experts. The Company also has a breast-feeding room and encourages the donation of breast milk. The program offers employees access to a special and professional resource on the necessary and essential guidance for the baby's arrival, with a unique learning opportunity. The breast-feeding room is a comfortable space for milking, meeting all of the mother's needs during their work shift.

VI. ***Physical therapy Program:*** Daily specialized physical therapy care in accordance with medical referral. The program offers employees access to a resource and support that help to promote and maintain body and posture awareness, containing a personalized space with all the equipment necessary to prevent, treat and rehabilitate several physical conditions.

VII. ***Hearing Conservation Program:*** Daily speech therapy care according to demands and mapping. The program offers employees access to a resource and support that helps promoting and maintaining hearing health. Internal, external exams and referral with an otolaryngologist specialist physician, with aim to map, prevent, treat and identify improvements to the PPE (Personal Protective Equipment).

VIII. ***Ergonomics Program:*** The ergonomics Committee encompasses a set of activities for the identification of ergonomic situations that require improvements or that should be carried out before starting the process. Acting in the prevention of workers' health risks, and in the suitability of the work post as well, respecting individual characteristics, skills and needs.

IX. ***GBMX Vacation with Health:*** Campaign that occurs during the school vacation period, acting towards awareness of child obesity and incentive to sports. Initiatives such as the practice of physical activities and sports, group activities, inclusion of healthy foods in the eating routine are all part of this campaign. A week full of special activities is prepared by the Company for all dependents of enrolled employees, from age 0 to 18, at the Company.

X. ***Flu Vaccination Campaign:*** Promoting and aiming to protect the health of employees and prevent health-related outbreaks corresponding to respiratory diseases, the Company holds the campaign every year providing vaccination to employees and their dependents.

XI. ***Pink October Campaign:*** Mapping of 100% of GBMX women, providing lectures, interaction activities aiming health promotion and prevention. The goal of this campaign is creating awareness against breast and cervix cancer. Interaction activities are carried out, including lectures on women's physical and mental health, massages, conversation groups and others.

XII. ***Blue November Campaign:*** Mapping of 100% of GBMX men, holding lectures, interaction activities aiming health promotion and prevention. The goal of the campaign is promoting awareness on the prevention of prostate cancer, mapping the men and holding lectures with updated health information on the subject, conducted by professionals that address men's physical and mental health. In-company PSA quick tests.

XIII. ***ABQV Award - ABQV Sponsor:*** Mapping of health programs and campaigns. The award aims to publicly recognize companies that have practices of excellence and obtain success in the improvement of health, well-being, productivity and talent retention, seeking to meet three essential pillars: physical, mental and social health. In 2023, the Company became a sponsor of the association, after having been recognized as a Gold Standard in the previous year for all their health programs, reinforcing their commitment and organizational culture focused on the care with employees and in promoting healthy work environments, receiving a homage in the Brazilian Quality of Life Congress.

1.6 | RAILWAY MARKET

Railway transport represented, since its emergence, an important strategic element for the economy. It is the best alternative for grains and container packed cargo, with a lower cost and lower environmental impacts, high load capacity, more safety in goods transport and lower risk of accidents.

In the accumulated 2023 data (January to September), according to ANTF data (Brazilian Association of railway carriers), the advancement of national railway transportation was 2.85% in relation to the same period of 2022, with a 3.5% growth in general freight and iron ore transportation, a positive evolution of 2.5%. The highlight goes to sugar and pig iron, which registered a 15% and 10% growth, respectively, (in the January to September 2022 and 2023 comparison).

As to railway transportation of iron ore, a productive evolution of 2.5% was observed in the accumulated figures (from January to September, 2023) in comparison to the same period of the previous year. From January to September 2023, 51% of sugar and 47% of cellulose were exported arriving to Brazilian ports via railway, demonstrating that the transport mode is suitable to large volume freight transport and being extremely competitive and efficient.

The Federal Government initiated a radical transformation in the country's railway transport. Included in Provisional Measure 1,065/2021, the Pró-Trilhos program enables new railways to be built by the authorization method, by the free initiative of the private sector, which today only invests in concession projects auctioned by the government. As of December 31, 2023, the program received 96 requests, of which 46 have already been authorized, representing R$225 billion in investments and 12.3 thousand kilometers of new tracks.

With the railway authorizations, the Transportation Department expects to raise the mode's share in the transports matrix from the current 20% to 40% until 2035, with an expansion from 30,000 kilometers to 35,000 kilometers of railways. The investments in port grants shall also optimize the connection between railways and terminals.

Renewals for another 30 years have been approved for the major Brazilian railway concessions, such as VALE, MRS and RUMO, with only VLI's concession still pending. There are also new railway concessions that have already been signed, such as the North-South railway attained by RUMO, who began their operations in 1Q23, the FIOL-1 railway obtained by BAMIN, with operations expected to start in 2025 and the Midwest Integration Railway (FICO), which is being built by VALE as a counterpart for the grant amount in the early extension of EFVM (Vale), with start of operations expected for 2025.

There are also future projects under construction such as Ferrogrão, and the FIOL 2 and 3 sections, which are expected to start operating between 2028 and 2035.

Altogether, the government's investments in the railway within the planning of the Transport Department, through the New PAC (Growth Acceleration Program) shall be R$100 billion, of which R$50 billion for concession renewals, R$43 billion in new concessions and R$8 billion in privatizations.

Today, Brazil has 30 thousand kilometers of railways and a fleet of 153,527 freight cars, including 10 thousand leases, transporting 500 million tons per year, with ore, grain, construction, steelworks and fuel as the major cargoes.

Source: Transport Department, ANTF (National Association of Railway Transports) and SIMEFRE (Interstate Union of the Railway and Roadway Materials and Equipment Industry).

1.7 | ABOUT GBMX

a) Quality:

As a railway market expert committed to the best domestic and foreign market practices, the Company is certified by ABS Quality Evaluation, having the certification:

ISO 9001 – Quality management system;

b) Engineering:

I. ***Our Industry breaking new grounds***

The Company has been strengthening the quality of their products and well-being of their collaborators by investing in technology, innovation and acceleration programs.

We underscore the application of robotic cells for welding their products, ensuring dimensional repeatability and favorable conditions for their collaborator’s development.

In our line of sustainable initiatives and actions, we invest in equipment for recycling and recovering solvents used in the freight car painting process, reinforcing everyone‘s commitment and awareness with the Environment.

Our partnership with Universities aims to enhance our human capital, besides accelerating the Research and Development of Processes and Products.

Technology such as Virtual Reality enables an immersion of operational collaborators in an immersive experience with benefits of reducing the emission of Volatile Organic Compounds and a detailed knowledge of the product.

II. ***Innovation in freight cars***

Working towards greater efficiency and productivity for railways with a lower emission of polluting gases.

The continuous innovation in their products is the basis of the Company. In recent years, investments have been made in new tools and technologies for the development of new products that offer clients greater capacity and efficiency and contributes significantly with the climate agenda, providing railway transport with an increasingly cleaner operation.

The freight cars in question represent a major highlight in railways for carrying Brazil’s top export products, reducing fuel consumption, increasing safety, improvement in operator ergonomics, greater durability and reduction in the emission of polluting gases.

A quite relevant example is the evolution of the GBMX grain car, one of the company’s main products, which is dedicated to transporting grains (corn, soybean, soybean bran), sugar and fertilizers and directly impacts the distribution of Brazilian agriculture products.

1.8 | PRODUCTS:

a) WAGONS

Innovations for all kinds of cargo

Greenbrier Maxion has an expertise in the design and manufacturing of all types of cars:

- Design that is bold and facilitates maintenance
- Reduced weight and larger cargo capacity, increasing the capacity per train
- Automated loading and offloading
- Technological partnership with Greenbrier, world leader in designs and car manufacturing
- Global penetration and activities, standing as the largest railway operation in South America.

I. GONDOLA

It includes 8 car models to carry: Iron ore, bauxite and coal.

A wide variety of projects to better meet their clients in ore transport. Standing out is the GDU car, with the largest carrying capacity produced by the Company and the first focused on the Brazilian market with a 7”x12” bogie. With a 37.5 tons/load axle capacity and 150 tons of max gross weight, it uses brakes with rates suitable to the service of 150 tons, adjusted for the use condition with or without load, in a way to reduce the temperature and extend the lifetime of the wheel.

II. TANK

It includes 4 car models to carry: Fuel and vegetable oil.

Wide variety of projects supplied, both for the domestic and foreign markets. Produces tank cars to carry oil derivatives, cement and sulphuric acid, among others. Volumetric capacity and lower weight, in addition to systems that expedite offloading are the technological innovations.

III. CLOSED

It includes 3 car models to carry: Cellulose

The Company developed a line of special and differentiated cars to meet the transport of cellulose in Brazilian railways.

IV. HOPPER

It includes 10 car models to carry: Grains, bran, sugar, fertilizers and sulfur.

The designs of Hopper cars are distinguished and innovative, with world renowned high technology and quality for transporting grain, sugar, corn, soy, bran, among others. One of the main technologies used is the automated loading and offloading, which enables actuating the cargo covers via a pneumatic system. The technology renders the process faster and safer both for the operator, during the car's loading/offloading, since it does not use human work to activate the gates, but rather the automated system.

V. PLATFORM

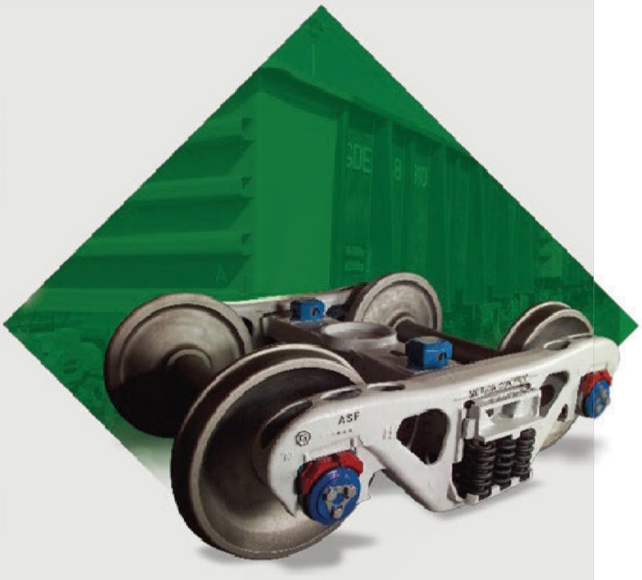
It includes 8 car models to carry: containers, either stacked or aligned.

The Company developed a line of special platform cars to serve the transport of containers in Brazilian railways. The cars carry aligned and stacked containers meeting the requirements of their clients according to the railway infrastructure.

b) BOGIES

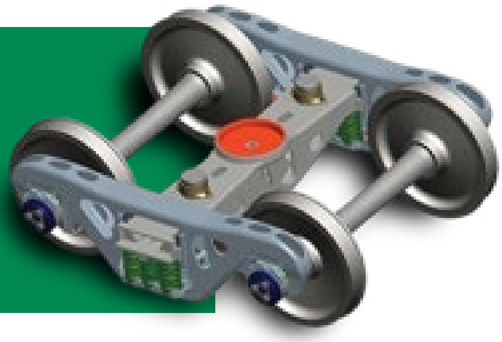
Through a technological partnership with Amsted Rail, they also use their expertise in manufacturing bodies and railway components, certified by the American Association of Railways (AAR):

- Innovative engineering that develops cast steel bogies for all existing gauges and capacities
- Robust components, with high operational performance and easy maintenance
- Wheel in microalloyed steel, with higher resistance and performance
- Better dynamic performance and lower derailing risk, with lower wheel and fuel consumption.



I. MOTION CONTROL®

- Premium bogies provided with special adapters
- Reduction of fuel consumption
- Simplified maintenance process
- Better dynamic performance and lower risk of derailment

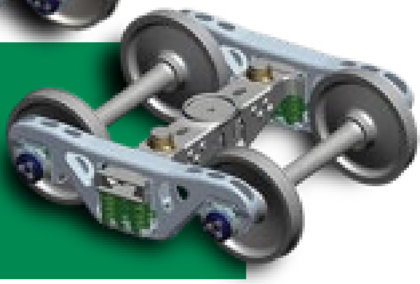


II. SWING MOTION®

- 6.1/2” x 9” for 32.5 tons/axle
- 7” x 12” for 37.5 tons/axle

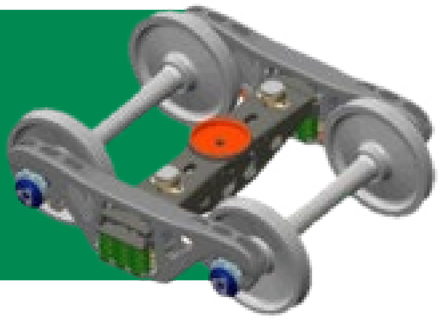
III. RIDE CONTROL

- Practical and easy maintenance
- Constant damping
- Adaptation to the existing operational conditions



IV. SUPER SERVICE RIDE CONTROL

- Constant damping technology
- Rubber seats on the pedals
- Improvement in the car dynamics
- Reduction of component consumption



c) SERVICES

Greenbrier Maxion innovates while proposing complete and differentiated solutions in service provision.

Greenbrier Maxion, with all of its technology and expertise, has implemented a new line specialized in railway services in their Hortolândia site.

The industrial shed with 4 thousand square meters receives freight cars that need revision, maintenance, renovation and transformation, coming out "brand new" for the customer.

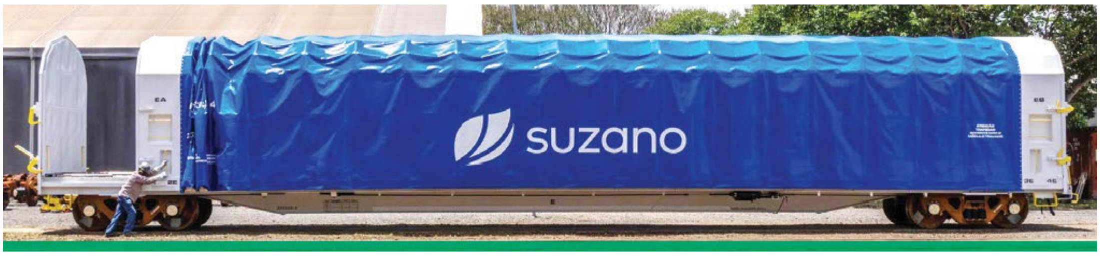
The main objective of the new service line is to provide the market with complete solutions in respect to the operationalization of freight cars, via a superior proposal in benefit of our clients. That enables operators to eliminate concerns and high costs regarding the maintenance of their cars, focusing their efforts on the core of their business.

Among the top advantages, the highlights are: greater reliability and availability; better productivity; maintenance backlog reduction; reduction of indirect costs, material management and reduction of train downtime, in addition to recycling and reuse of materials and parts.

The projects, as well as services, are treated as independent, personalized demands conceived for the specific needs of each client. As for the services of systems and of components, they may be carried out either completely or isolated. However, the best option that ensures a wider scope and lower costs is Integrated Maintenance.

Before

After



Greenbrier Maxion's expertise in operationalizing maintenance services with availability and higher quality.

- Replacement parts
- Preventive monitoring
- Periodic reviews
- Components remanufacturing
- Components kits
- Freight car renovation, modernization and transformation
- Inventory optimization
- Complete maintenance cell

SUMMARY

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil.

Independent auditor's report on financial statements

To the
Shareholders, Board of Directors and Officers of
Greenbrier Maxion Equipamentos e Serviços FerroviáriosS.A.
Hortolândia - SP

Opinion

We have audited the financial statements of Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2023 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows forthe year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A. as at December 31, 2023, and its financial performance and cash flows for the year then, in accordance with the accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independentof the Company in accordance with the relevant ethical principles set forth in the Code of ProfessionalEthics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of board of directors and those charged with governance for the financialstatements

Board of directors is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, andfor such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reportingprocess.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 25, 2024.

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

Márcio D. Berstecher
Accountant CRC-SP259735/O

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

Balance Sheet

Assets	Note	2023	2022
Current assets			
Cash and cash equivalents	4	263,828	122,509
Trade receivables and related parties	5.1	71,455	9,983
Inventories	6	98,075	197,307
Recoverable taxes	7	12,830	17,516
Prepaid expenses		8,958	1,168
Other receivables		4,860	4,916
Total current assets		**460,006**	**353,399**
Noncurrent assets			
Trade receivables	5.1	51,634	8,673
Recoverable taxes	7	351	491
Deferred income tax and social contribution	8	28,381	30,103
Escrow deposits	14.1	3,217	6,574
Other receivables		1,000	1,000
Right of use of leased assets	21	43,994	44,926
Property, plant and equipment	10	69,656	67,594
Total noncurrent assets		**198,233**	**159,361**
Total assets		**658,239**	**512,760**

The accompanying notes are an integral part of the financial statements.

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

Balance Sheet

Liabilities and equity	Note	2023	2022
Current liabilities			
Borrowings, financing, debentures and related parties	11	92,848	105,385
Confirming	12	27,186	-
Trade payables	12	59,740	60,426
Taxes payable		7,566	2,406
Payroll and related taxes	13	36,488	29,748
Advances from customers	5.2	185,213	65,244
Dividends payable	15.3	2,962	4,642
Lease liability - right of use	21	10,095	6,223
Other payables		42,828	27,302
Total current liabilities		**464,926**	**301,376**
Noncurrent liabilities			
Borrowings, financing, debentures and related parties	11	-	28,343
Provision for tax, civil and labor risks	14	12,150	21,934
Lease liability - right of use	21	41,602	44,550
Other payables		693	965
Total noncurrent liabilities		**54,445**	**95,792**
Equity			
Capital	15.1	87,707	87,707
Statutory reserve	15.3	46,273	24,537
Legal reserve	15.3	3,451	1,808
Equity adjustments		1,437	1,540
Total equity		**138,868**	**115,592**
Total liabilities and equity		**658,239**	**512,760**

The accompanying notes are an integral part of the financial statements.

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

Statement of profit or loss

Income statement	Note	2023	2022
Net sales revenue	16	854,095	789,804
Cost of sales and services	19	(748,109)	(685,040)
Gross profit		**105,986**	**104,764**
Operating expenses			
Selling expenses	19	(19,009)	(7,529)
General and administrative expenses	19	(23,910)	(18,718)
Management fees	19	(5,431)	(6,623)
Other operating expenses, net	20	(7,134)	(8,518)
Income before finance income		**50,502**	**63,376**
Finance income	17	17,287	15,611
Finance costs	17	(24,146)	(23,322)
Foreign exchange differences, net	18	(63)	(310)
Profit before income tax and social contribution		**43,580**	**55,355**
Income tax and social contribution			
Current	8.1	(9,100)	(7,715)
Deferred	8.1	(1,722)	3,090
Profit for the year		**32,758**	**50,730**
Earnings per share - basic and diluted - BRL	**15.4**	**0.67786**	**1.04975**

The explanatory notes are an integral part of the financial statements.

Statement of comprehensive income

SCI	2023	2022
Profit for the year	32,758	50,730
Other comprehensive income	-	-
Total comprehensive income for the year	**32,758**	**50,730**

The explanatory notes are an integral part of the financial statements.

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

Statement of changes in equity

SCE	Note	Capital	Equity adjustments	Legal reserve	Statutory Reserve	Accumulated losses	Total
Balances at December 31, 2021	**-**	**87,707**	**666**	**-**	**-**	**(13,694)**	**74,679**
Realization of deemed cost, net of tax effects	-	-	874	-	-	(874)	-
Profit for the year	-	-	-	-	-	50,730	50,730
Destination of net profit for the year:							
Legal reserve	15.3	-	-	1,808	-	(1,808)	-
Statutory Reserve	15.3	-	-	-	24,537	(24,537)	-
Interest on equity	15.3	-	-	-	-	(5,175)	(5,175)
Mandatory minimum dividends	15.3	-	-	-	-	(4,642)	(4,642)
Balances at December 31, 2022		**87,707**	**1,540**	**1,808**	**24,537**	**-**	**115,592**
Realization of deemed cost, net of tax effects	-	-	(103)	-	-	103	-
Profit for the year	-	-	-	-	-	32,758	32,758
Destination of net profit for the year:							
Legal reserve	15.3	-	-	1,643	-	(1,643)	-
Statutory Reserve	15.3	-	-	-	21,736	(21,736)	-
Interest on equity	15.3	-	-	-	-	(6,520)	(6,520)
Mandatory minimum dividends	15.3	-	-	-	-	(2,962)	(2,962)
Balances at December 31, 2023		**87,707**	**1,437**	**3,451**	**46,273**	**-**	**138,868**

The explanatory notes are an integral part of the financial statements.

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

Statement of cash flows

Indirect cash flow	Note	2023	2022
Profit for the year		32,758	50,730
Adjustments to reconcile net earnings for the year to cash from operating activities:			
Depreciation	10.2	9,748	9,529
Amortization of right of use	21	9,808	14,283
Deferred income tax and social contribution	8.1	10,822	4,625
Interest on borrowings and financing	11.1	17,142	17,687
Interest accrued on lease liabilities	21	7,849	3,524
Residual value of property, plant and equipment items written off	10.1 e 10.2	128	2,853
Addition (reversal) of the allowance for inventory losses	6	(2,343)	2,933
Provision for tax, civil, and labor risks, net of reversals		(9,784)	(917)
Decrease (increase) in assets:			
Trade receivables		(104,433)	4,461
Inventories		101,575	(34,866)
Recoverable taxes		4,826	4,631
Escrow deposits		3,357	1,040
Other receivables and other assets		(7,734)	(2,210)
(Decrease) increase in liabilities:			
Trade payables and confirming		26,500	(7,217)
Advances from customers		119,969	46,314
Payroll and related taxes		6,740	4,798
Other payables and other liabilities		20,414	(9,604)
Cash from operating activities		**247,342**	**112,594**
Payment of income tax and social contribution	8.1	(9,100)	(7,715)
Payment of interest on lease liabilities	21	(6,434)	(7,513)
Payment of interest on borrowings, financing and debentures	11.1	(10,895)	(11,756)
Cash from operating activities after taxes and interest		**220,913**	**85,610**
Cash flows from investing activities			
Purchase of property, plant and equipment	10.1	(11,938)	(15,984)
Cash used in investing activities		**(11,938)**	**(15,984)**
Cash flows from financing activities			
Borrowing, financing and debentures taken out	11.1	11,482	1,000
Repayment of lease liabilities - principal	21	(9,367)	(6,848)
Repayment of borrowing and financing - principal	11.1	(58,609)	(26,278)
Interest on equity	15.3	(6,520)	(5,175)
Dividends paid	15.3	(4,642)	-
Cash used in financing activities		**(67,656)**	**(37,301)**
Increase in cash and cash equivalents		**141,319**	**32,325**
Cash and cash equivalents at beginning of year		122,509	90,184
Cash and cash equivalents at end of year		**263,828**	**122,509**

The accompanying notes are an integral part of the financial statements.

1. OPERATIONAL BACKGROUND

1.1 | GENERAL INFORMATION

Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A. is a privately-held corporation, incorporated on September 16, 2014, with registered head office at Avenida Carlos Roberto Prataviera, s/n Lote 71 - Sítio São João, Jardim Nova Europa, Hortolândia/SP – Zip Code 13184- 889, registered with CNPJ: 21.042.930/0001-88 and I.E.: 748.169.456.110.

Their production activities started on May 1, 2015, consisting of the manufacturing, assembly, milling, remodelling, repair, distribution, and sale of any type of railroad equipment, as well as importation and exportation, storage, engineering, professional and management services, in addition to the rental of commercial and industrial machinery and equipment.

The Company is jointly managed by two shareholders:

- Greenbrier do Brasil Participações Ltda. holding 60% stake.
- Amsted Maxion Fundição e Equipamentos Ferroviários S.A. holding 40% stake.

1.2 | EQUITY POSITION AND FINANCIAL SUPPORT

As of December 31, 2023, the Company presents a negative working capital of R$5 million. The reduction of that indicator compared to the period of 2022 (R$52 million) is due to the strategic sales operation with long-term accounts receivable. While assessing the general liquidity ratio, the capital is at R$139 million, a R$24 million improvement over 2022 (R$115 million). The shareholders are kept up to date as to the Company's results and they grant financial support to its operations via lines of credit, thus maintaining the commitment of financing the operations and providing the required financial support to pay its obligations, if they be required. With the measures and scenarios presented, the Administration has not identified situations that may affect the Company's operational continuity.

As of December 31, 2023, the loans, financing and debentures (not including intercompany financing) presented growth in the period, rising from R$48 million in 2022 to R$183 million in 2023. Such increase refers to the operation of freight car sales to customers with long-term receivables. The counterpart of that operation in the balance demonstrates long-term accounts receivable at the amount of R$235 million, which shall support the liquidity of the financing operation, in accordance with explanatory notes 5 and 11.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 | STATEMENT OF COMPLIANCE

The Company's financial statements have been prepared in accordance with the accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise those included in Brazilian corporate law and the accounting pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by Federal Accounting Council (CFC).

The Administration states that all significant information in the financial statements, and only those, are being disclosed and correspond to those used by the Administration in their management.

2.2 | BASIS OF MEASUREMENT

The financial statements have been prepared based on the historical cost, except for certain property, plant and equipment items, which were valued at deemed cost and, where applicable, financial instruments measured at fair values. Historical cost is generally based on the fair value of consideration paid in exchange for assets.

Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in a transaction between market participants at the measurement date, whether or not this price may be directly observed or estimated using a different valuation technique. In estimating fair value of an asset or liability, the Company takes into consideration the characteristics of the asset or liability in case the market participants take these characteristics into account in pricing the asset or liability at measurement date.

For purposes of measurement and/or disclosure in these financial statements, fair value is determined on this base, except for lease transactions within the scope of CPC 06 (R2) – Leases (equivalent to IFRS 16) and measurements that have certain similarity with fair value but are not fair value, such as unrealized net amounts mentioned in CPC 16 (R1) - Inventories (equivalent to IAS 2) or value in use in CPC (R1) – Impairment of Assets (equivalent to IAS 36).

2.3 | FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the Company's financial statements are measured in Brazilian reais (R$), the functional and presentation currency of the financial statements, which represents the currency of the main economic environment in which it operates.

2.4 | USE OF ESTIMATES AND JUDGMENTS

In applying the Company's accounting policies described in Note 3, management must make judgments and prepare estimates regarding the assets' and liabilities' carrying amounts, which are not easily obtained from other sources. These estimates and associated assumptions are based on experience and other factors considered to be relevant. Actual results may occasionally differ from these estimates.

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

Areas that involved estimates and judgments are disclosed as follows:

- **Explanatory note 5**
  Allowance for doubtful debts.
- **Explanatory note 6**
  Allowance for inventory losses.
- **Explanatory note 8**
  Income tax and social contribution.
- **Explanatory note 14**
  Allowance for tax, civil and labor risks.
- **Explanatory note 22**
  Risk and financial instrument management.

3. MAIN ACCOUNTING POLICIES

3.1 IMPACT OF THE ADOPTION OF IFRS AND CHANGE IN STANDARDS FOR THE FIRST TIME

For the first time, the Company applied specific standards and changes, which are valid for annual periods initiated on or after January 1st, 2023, (except when otherwise indicated). The Company decided not to adopt in advance any other standard, interpretation or modification that has been issued, but which are not yet in effect.

"CPC" Changes.

The term in effect of those changes should be set by the regulatory bodies that approve them, whereas, for the full compliance to international accounting standards, the body shall apply those changes in the annual period starting on or after January 1st, 2023.

I. ***IFRS 17 - Insurance Contracts***

IFRS 17 (equivalent to CPC 50 Insurance Contracts) is a new accounting standard applicable to insurance contracts, encompassing the recognition and measurement, presentation and disclosure. IFRS 17 (CPC 50) replaces IFRS 4 - Insurance Contracts (equivalent to CPC 11).

IFRS 17 (CPC 50) applies to all kinds of insurance contracts (such as life insurance, casualty lines, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation aspects; some exceptions to the scope shall be applicable. The overall objective of IFRS 17 (CPC 50) is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurance companies, covering all relevant accounting aspects.

Those changes had no impact on the Company's financial statements.

II. ***Definition of Accounting Estimates - Changes to IAS 8***

The changes to IAS 8 (equivalent to CPC 23 - accounting policies, change in estimates and error rectification), clarify the distinction between changes in accounting estimates, changes to accounting policies and error corrections. They also clarify how entities use the measurement techniques and inputs to develop the accounting estimates.

Those changes had no impact on the Company's financial statements.

III. ***Accounting Policies Disclosure - Changes to IAS 1 and IFRS Practice Statement 2***

The changes to IAS 1 (equivalent to CPC 26 (R1) – Presentation of accounting statements) and IFRS Practice Statement 2 provide guidance and examples to help entities in applying materiality judgments to the accounting policy disclosures. The changes aim to help entities in providing disclosures of more useful accounting practices, replacing the requirement for entities to disclose their "significant" accounting policies by a requirement to disclose their "material" accounting policies and including guidance on how entities apply the materiality concept upon making decisions on the disclosure of accounting practices.

The changes had an impact on the disclosures of the Company's accounting practices, but not in the measurement, recognition or presentation of items in the company's financial statements.

IV. ***Deferred Tax related to Assets and Liabilities originated from a Simple Transaction - Changes to IAS 12***

The changes to IAS 12 Income Tax (equivalent to CPC 32 - Taxes over profit) narrow down the scope of the initial recognition exception, in a way that it no longer applies to transactions that generate equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

The changes had no impact on the company's financial statements.

V. ***International Tax Reform - Rules of the Pillar Two Model - Changes to IAS 12***

The changes to IAS 12 (equivalent to CPC 32 - Taxes over profit) have been introduced in response to the Pillar Two rules of OECD on BEPS and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes resulting from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for the affected entities, in order to help financial statement users to better understand the exposure of an entity to taxes over the Pillar Two income deriving from that legislation, particularly before the effective date.

The mandatory temporary exception – whose use should be disclosed – is effective immediately. Other issuance requirements apply to the annual report period starting on or after January 1, 2023, but not for an intermediate period ending on or before December 31, 2023.

The changes had no impact on the company's financial statements, since the Company is not subject to the Pillar Two model rules, given their income is lower than 750 million euros per year.

3.2| STANDARDS ISSUED, BUT NOT YET IN FORCE

The new and changed standards and interpretations issued, but not yet in force until the date of the Company's financial statements issuance are describe as follows. The Company intends to adopt those new and changed standards and interpretations, if applicable, when they enter into effect.

I. ***IFRS 16 Changes: Lease Liability in a Sale and Leaseback***.

In September, 2022, IASB issued changes to IFRS 16 (equivalent to CPC 06 – Leasing) to specify the requirements a seller-lessee uses in measuring the lease liability used in the measurement of the lease liability deriving from a sale and leaseback transaction, in order to ensure the seller-lessee does not recognize any amount of gain or loss associated to the amount of the gain or loss related to the right of use they hold.

The changes enter into effect for annual financial statement periods starting on or after January 1, 2024, and should be applied retrospectively to sale and leaseback transactions signed after the initial date of IFRS 16 (CPC 06) application. The early application is allowed and that fact should be disclosed.

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

II. ***IAS Changes: Rating of Liabilities as Current or Non-Current.***

In January 2020 and October 2022, IASB issued changes in paragraphs 69 to 76 of IAS 1 (equivalent to CPC 26 (R1) – Presentation of accounting statements) in order to specify the requirements to rate the liabilities as current or non-current. The changes clarify:

- What is understood as the right to postpone liquidation.
- That the right to postpone should exist in the end of the financial information period.
- That the rating is not affected by the likelihood of an entity exercising their right to postpone.
- That only if a derivative embedded into a convertible liability is itself.
- an equity instrument, the terms of a liability shall not affect its rating.

Also, a disclosure requirement was introduced when a liability resulting from a borrowing contract is rated as non-current and the right of the entity to postpone the liquidation depends on the fulfillment of future covenants within twelve months.

The changes are effective for annual financial statement periods that start on or after January 1, 2024 and should be applied retrospectively.

The Company is currently assessing the impact the changes shall have on their current practice and if the borrowing contracts in place may require renegotiation.

III. ***Supplier financing agreements - Changes to IAS 7 and IFRS 7***

In May, 2023, IASB issued changes to IAS 7 (equivalent to CPC 03 (R2) – Cash flow statements) and IFRS 7 (equivalent to CPC 40 (R1)

Financial instruments: proof to clarify the characteristics of supplier financing agreements and require additional disclosures of those agreements. The disclosure requirements in the changes aim to assist financial statement users in understanding the effects of financing agreements with suppliers in the obligations, cash flows and exposure to the liquidity risks of an entity.

The changes are effective for annual financial statement periods that start on or after January 1, 2024. Early adoption is allowed, but it should be disclosed.

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

3.3 | OTHER ACCOUNTING POLICIES

a) General principles and criteria for recognizing revenue.

The product sales income is recognized to the extent it is provable that economic benefits shall be generated for the Company, when it may be measured in a reliable manner, regardless of when the payment was received and when there is a transfer of the control to the buyer.

The income is measured based on the fair value of the consideration received, excluding discounts, rebates and sales taxes or charges. The Company evaluates the revenue transactions according to the specific criteria to determine if it is acting as the principal in all its income agreements.

The Company does not provide a guarantee in addition to that provided by law, in line with the practice in the sector.

b) Foreign currency transactions

These are translated into the Company's functional currency at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies at the end of each year are retranslated into the functional currency at the exchange rate prevailing on that date. Foreign exchange gains or losses on monetary items correspond to the difference between the amortized cost of the functional currency at the beginning of the year, and the amortized cost in foreign currency at the exchange rate prevailing at the end of each year. Foreign-currency-denominated nonmonetary assets and liabilities that are measured at fair value are retranslated into the functional currency at the exchange rate prevailing on the date their fair values were determined.

c) Cash and cash equivalents

These comprise cash, bank deposits and temporary investments redeemable within 90 days as from investment date, considered of immediate liquidity and convertible into a known cash amount, subject to a low risk of change in value, which are recorded at cost plus yield earned until year closing date, and do not exceed market or realizable value.

d) Trade receivables and expected credit losses

Recognized and held in the statement of financial position at the original amount of the receivables, less the expected credit losses, which is recognized taking into account the expected credit loss criteria. The breakdown of trade receivables is analyzed as a whole, and an allowance is recognized for all receivables that are not expected to generate future economic benefits for the Company.

e) Inventories

These are recorded at average acquisition or build-up cost, adjusted to net realizable value and any losses, when applicable. Average cost includes expenses incurred upon acquisition, costs of production and transformation and other costs incurred to bring the inventories to the locations and selling conditions. In the case of manufactured inventories and products in progress, cost includes a portion of manufacturing overhead based on normal operating capacity.

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

The Company makes estimates to determine the allowance for losses on inventories, which it considers to be in an amount considered sufficient to cover probable losses on inventories, based on the policy set by management. The allowance for losses on inventories is recognized based on the history of consumption on an item-by-item basis for the past 12 months compared to the existing balance of inventories for the current year. For the quantities that exceeded the historical consumption for the past 12 months and are not expected to be sold in the future, an allowance for inventory losses is recorded.

f) Property, plant and equipment

I. ***Recognition and measurement***

PPE items are recorded at acquisition or build-up cost and, when applicable, interest capitalized over the construction period, for the cases of qualifying assets, net of accumulated depreciation and provision for impairment of assets for paralyzed assets not expected to be reused or realized.

Machinery replacement parts, necessary for the normal operation of PPE items and which result in an increase to the useful life of these items in a period over 12 months, are classified as property, plant and equipment.

II. ***Subsequent costs***

Replacement costs of a PPE item are recognized at book value of the item in case economic benefits embodied in the item are likely to flow to the Company, and their cost can be reliably measured. Maintenance costs of property, plant and equipment are recognized in P&L as incurred.

III. ***Depreciation***

Depreciation is calculated on the amount subject to such depreciation, which is the cost of an asset item, or an amount that replaces cost, less residual value.

Depreciation is recognized in P&L on a straight-line basis with respect to the estimated useful life of each component of each part of a PPE item, as this is the method that more closely reflects the pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The depreciation rates estimated based on the useful lives are disclosed in Note 10.

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

g) Recoverable amount assessment - impairment

I. ***Property, plant and equipment***

On an annual basis, the Company analyzes whether there is evidence that the carrying amount of an asset might be impaired (reduction to their recoverable amount). If there is any evidence of impairment, the recoverable amount of the asset is estimated, which is the highest of its fair value less the costs to sell and its value in use. The value in use is equivalent to pretax discounted cash flows arising from the continuing use of the asset. When the residual value of the asset exceeds its recoverable amount, the reduction (allowance) of the impairment asset's accounting balance is recognized.

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

II. ***Financial assets (including receivables)***

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

h) Provisions

I. ***Provision for tax, civil and labor risks***

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of funds will be required to settle the obligation, and the obligation amount can be reliably estimated. The provision is quantified at the present value of the expected disbursement to settle the obligation using the appropriate discount rate, according to risks related to the liability.

This is adjusted up to the end of each fiscal year for the probable loss amount, according to the nature of each contingency and based on the opinion of the Company's legal counsel. The bases for and nature of the provision for tax, civil, and labor risks are described in Note 14.

i) Taxation

i. ***Current taxes***

The provision for income tax and social contribution is based on taxable profit for the year. Taxable profit differs from the income in the statement of profit or loss as it excludes income or expenses taxable or deductible in other years, and also nontaxable or nondeductible items on a permanent basis. The provision for income tax and social contribution is calculated at the rates prevailing at the end of each year, of 15%, plus a surtax of 10% on the taxable profit above R$240 (annual basis) for income tax and 9% on the taxable profit for social contribution, considering the offset of income and social contribution taxes loss carryforwards, limited to 30% of the taxable profit.

II. **Deferred taxes**

Deferred income tax and social contribution ("deferred taxes") arise from temporary differences at the end of each fiscal year between the balances of assets and liabilities recognized in the financial statements and their tax bases used in the determination of taxable profit, including tax losses where applicable.

Deferred tax liabilities are usually recognized on all temporary taxable differences and deferred tax assets are recognized on all temporary deductible differences, only when it is probable that the Company will present future taxable profit in a sufficient amount so that these temporary deductible differences can be utilized.

The recovery of deferred tax assets is reviewed at the end of each fiscal year, and when it is no longer probable that future taxable profits will be available to allow the recovery of all or part of the assets, the asset balance is adjusted based on the expected recoverable amount.

Deferred tax assets and liabilities are measured using the tax rates applicable for the period in which the liability is expected to be settled or the asset is expected to be realized, based on the tax rates set forth in the tax law prevailing at the end of each reporting period, or when new legislation has been substantially enacted. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of each year, to recover or settle the carrying amount of these assets and liabilities.

Deferred tax assets and liabilities are offset when, and only when, there is the legal right to offset the tax asset against the tax liability and when they are related to the taxes managed by the same tax authority, and the Company intends to settle the net value of its tax assets and liabilities.

j) Leases

The Company assesses whether a contract is or contains a lease at the commencement of the agreement. That is, it assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. ***Lessee***

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and low-value asset leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). The right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made through the commencement date, less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis, for the shortest period between the lease term and the estimated useful life of the assets.

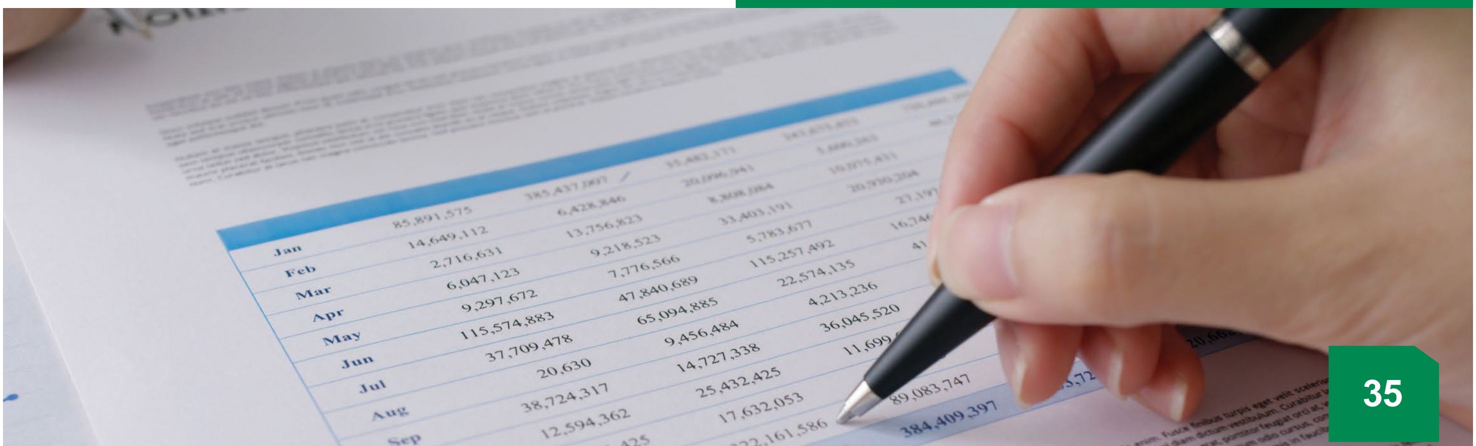
In certain cases, if ownership of the leased asset is transferred to the Company at the end of the lease term or if the cost represents the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including, substantially, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments further include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition giving rise to those payments occurs.

When calculating the present value of lease payments, the Company uses its incremental borrowing rate at the commencement date because the interest rate implicit in the lease is not easily determinable. After the commencement date, the amount of the lease liability is increased to reflect accrued interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the valuation of an option to purchase the underlying asset.



Short-term leases and low-value asset leases: The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., leases whose lease term is equal to or less than 12 months from the commencement date and which do not contain a purchase option).

The Company also applies the low-value asset recognition exemption grant to leases of office equipment deemed to be low-value. Short-term lease payments and lease payments for low-value assets are recognized as an expense on a straight-line basis over the lease term.

ii. ***Lessor***

Leases to which the company does not transfer substantially all the risks and rewards inherent in the ownership of the asset are classified as operating leases. Rent income is recorded on a straight-line basis over the lease period and is included in income in the statement of profit or loss, due to its operational nature. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on a similar basis to rent income. Contingent rents are recognized as income over the time they are earned.

k) Financial instruments

i. ***Classification and measurement of financial assets***

All financial assets recognized must be subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and their contractual cash flow characteristics.

Financial assets

Amortized cost

Financial assets held within a business model whose purpose is to hold financial assets in order to receive contractual cash flows are recorded at amortized cost. These flows are received on specific dates and solely constitute payment of principal and interest.

The following are examples of assets classified into this category: "Cash and cash equivalents", "Trade receivables" and "Other receivables".

Fair value through profit or loss

The following assets are recorded at fair value through profit or loss:

(i) assets that do not fall into the business models through which they could be classified at amortized cost or fair value through other comprehensive income (loss);

(ii) equity instruments designated at fair value through profit or loss; and

(iii) financial assets that are managed in order to obtain cash flow from the sale of assets.

ii. ***Initial measurement***

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

iii. ***Subsequent measurement***

Observing the assets classification, the subsequent measurement shall be:

Amortized cost

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

Fair value through profit or loss

Assets classified within this business model are accounted for through recognition of gains and losses in P&L for the period.

Impairment of financial assets

Regarding the impairment of financial assets, CPC 38 requires an “expected credit loss” model compared to the “incurred credit loss” model set out in CPC 38 (IFRS 9). Under the “expected credit loss” model, the Company is required to recognize expected credit losses and related variations at each reporting date to reflect any changes in the credit risk occurred since the initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

CPC 38 (IFRS 9) specifically requires the Company to recognize an allowance for expected credit losses on trade receivables. In particular, CPC 38 (IFRS 9) requires the Company to measure the loss allowance for a financial instrument in an amount equivalent to lifetime expected credit losses (ECL) if the credit risk underlying such financial instrument has increased significantly since the initial recognition, or if the financial instrument corresponds to an acquired or originated financial asset that might be impaired. Nevertheless, if the credit risk underlying a financial instrument has not increased significantly since the initial recognition (except for acquired or originated financial assets that might be impaired), the Company is required to measure the loss allowance for that financial instrument in an amount equivalent to the 12-month ECL. CPC 38 (IFRS9) also sets a simplified approach to measure a loss allowance in an amount equivalent to lifetime ECL for trade receivables, contract assets and lease receivables under certain circumstances.

Trade receivables, among the financial assets held by the Company, are subject to recognition of the allowance for impairment (Note 5).

The Company's activities are organized in the railway sector, whereas most of its trade receivables are from few clients with proper financial status. The variation of the provision balance for the expected loss in doubtful liquidation credits is due to accounts receivable from the lessee of the property's sub-lease, who entered into receivership and presented difficulties in fulfilling their obligations.

l) Financial liabilities

Company financial liabilities are classified into:

i. Amortized cost, comprised of trade payables and borrowings, financing and debentures.

Initial recognition and measurement

Financial liabilities are classified, in their initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are measured initially at their fair value, plus or minus, in the case of a financial liability other than at fair value through profit or loss, the transaction costs that are directly attributable to the issuance of the financial liability.

The company's financial liabilities include trade payables and other accounts payable, borrowings, financing and debentures.

ii. Subsequent measurement

For subsequent measurement purposes, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities for trading and financial liabilities designated on initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if incurred for short-term repurchase purposes.

Gains or losses on liabilities for trading are recognized in the statement of profit or loss.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated on the initial recognition date and only if the CPC 48 criteria are met.

Financial Assets/Liabilities	Classification IFRS 9
Cash and cash equivalents	Amortized cost
Trade receivables	Amortized cost
Escrow deposits	Amortized cost
Other receivables	Amortized cost
Borrowings, financing and debentures	Amortized cost
Trade payables	Amortized cost
Lease liabilities	Amortized cost
Other payables	Amortized cost

Financial liabilities at amortized cost (borrowings, financing and debentures)

This is the most relevant category for the Company. After initial recognition, interest-bearing borrowings, financing and debentures taken out and granted are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in profit or loss when liabilities are written off, as well as through the amortization process under the effective interest rate method.

Amortized cost is calculated considering any discount or premium on the acquisition and fees or costs that are an integral part of the effective interest rate method.

Amortization using the effective interest rate method is included as finance costs in the statement of profit or loss. This category generally applies to borrowings, financing and debentures.

Derecognition

A financial liability is derecognized when the obligation under the liability is extinguished, that is, when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offset of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the individual and consolidated statement of financial position if there is a currently applicable legal right to offset the recognized amounts and if there is an intention to settle on a net basis, realize the assets and settle the liabilities, simultaneously.

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2023	2022
Cash and banks	14,153	232
Highly liquid short-term investments	249,675	122,277
Total	**263,828**	**122,509**

As of December 31, 2023, the financial applications held by the Company are represented by fixed interest, distributed among several financial institutions with remuneration of 95.88% (rate calculated by the weighted average) of the variation of the Interbank Deposit Certificate - CDI (96.39% at December 31, 2022), and are classified as cash and cash equivalents, as they have a maximum period of 90 days for redemption from the date of application and are considered financial assets with an immediate redemption guarantee, subject to an insignificant risk of change in value.

The growth in cash and cash equivalents is due to the reduction of stocks and receiving advanced payments from customers.

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

5. ACCOUNTS RECEIVABLE FROM CUSTOMERS AND ADVANCED PAYMENTS FROM CUSTOMERS

5.1 Trade receivables

Trade receivables	2023	2022
In Brazil	123,785	19,685
Abroad	-	245
Related parties	422	676
Expected credit loss	(1,118)	(1,950)
Total	**123,089**	**18,656**
Current assets	71,455	9,983
Noncurrent assets	51,634	8,673

Breakdown by maturity	2023	2022
Falling due	122,727	18,466
Overdue:		
1 to 30 days	218	47
31 to 60 days	-	-
61 to 90 days	-	-
91 to 180 days	143	143
Above 181 days	1,118	1,950
Total	**124,207**	**20,606**

Changes in expected credit losses	2023	2022
Balance at the beginning of the fiscal year	**(1,950)**	**(478)**
Reversals	975	1,525
Additions	(143)	(2,997)
Balance at the end of the fiscal year	**(1,118)**	**(1,950)**

The Company negotiated the amount of R$182,994 through accounts receivable assignment operations during the year ended on December 31, 2023 (R$220,827 in the year ended on December 31, 2022), and such operations were derecognized since our contracts did not establish a right of regress, which resulted in fees in the amount of R$1,055 registered in financial expenses and R$4,505 of fees to appropriate.

The pending balance of the guarantee from trade receivables is R$10,083 at December 31, 2023 (R$11,502 at December 31, 2022).

That balance opening between current and non-current is respectively R$2,424 and R$7,659 at December 31, 2023 (at December 31, 2022, the opening between current and non-current is respectively R$3,325 and R$8,177).

The accounts receivable variation is due to the long-term operation performed with the customer, who is rated “AAA”, the best rating by risk assessment agencies.

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

5.2 Advances from customers

As of December 31, 2023, the outstanding of Advances from Customers is R$185,213 (R$65,244 at December 31, 2022) and refer to signed agreements, which register the amounts chargeable in up to 12 months, resulting from installments received in advance prior to the production of goods or execution of services, from customers that have contracted such goods or services.

6. INVENTORIES

Inventories	2023	2022
Finished products	23,461	75,472
Work in progress	22,032	25,427
Raw material	59,126	104,179
Ancillary materials	2,922	3,904
Imports in transit	21	155
Provision for losses	(9,487)	(11,830)
Total	**98,075**	**197,307**

Changes in the provision for losses	2023	2022
Balance at the beginning of the fiscal year	(11,830)	(8,897)
Reversals	3,960	295
Additions	(1,617)	(3,228)
Balance at the end of the fiscal year	**(9,487)**	**(11,830)**

The company reduced their stocks in 50% comparing the balance at December 31, 2023 with the balance at December 31, 2022, an impact that results from finished products produced in the end of 2022 and invoiced in the beginning of 2023 according to the production plan and demand from clients, in addition to the reduction of strategic purchases of raw materials, strengthening the Company's cash.

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

7. RECOVERABLE TAXES

Recoverable taxes	2023	2022
State Valued Added Tax (State VAT) – ICMS	3,671	9,135
Contribution for Social Security Financing- COFINS	554	773
Social Integration Program – PIS	1,188	131
Corporate Income Tax – IRPJ	5,075	6,280
Federal on Value Added Tax on Industrialized Products – IPI	2,693	1,688
Total	**13,181**	**18,007**
Current assets	12,830	17,516
Noncurrent assets	351	491
Total	**13,181**	**18,007**

In order to stimulate the growth and recovery of Brazilian ports, the Federal Government grants under Law No. 11,033 of December 1, 2004, the suspension of IPI, PIS/PASEP, COFINS and Importation Taxes for those under an Incentive Program known as REPORTO – Tax Regime for Incentive to the Modernization and Expansion of Port Facilities.

Beneficiaries of referred regime are the Port operator; the organized port concessionaire; the lessee of a public-use port facility; and the company authorized to operate a private mixed-use port facility.

This benefit can be used in sales carried out in the domestic market, with suspension of IPI (5% average rate), PIS/PASEP (1.65% rate), COFINS (7.6% rate) and on IPI imports (5% average rate), PIS/PASEP (2.10% rate), COFINS (9.65% rate) and Import Tax (14% rate).

In addition to those, the regime also grants a benefit related to ICMS, which authorizes the States mentioned in the Official Gazette of the Union of 4/5/2005 to grant ICMS exemption for goods intended for the modernization of the State's port areas.

In 2023, Ordinance 67,382 of 12/20/2022 revoked the partial exemption of ICMS, which applied the tax rate of 2.93%, rendering a total exemption for freight car sales made within the State of São Paulo to REPORTO beneficiaries.

Even with the resumption of the REPORTO benefit, the sales made to those non-qualified to the referred regime contributed to the total amortization of the PIS COFINS credits and a partial amortization of the ICMS credits over the year of 2023.

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

GREENBRIER MAXION
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8. INCOME TAX AND SOCIAL CONTRIBUTION

Deferred	2023	2022
Tax loss carryforwards	4,390	7,317
Social contribution losses carryforwards	1,580	2,634
Provision for tax, civil and labor risks	3,961	7,239
Allowance for inventory losses	3,226	4,022
Allowance for expected credit loss	380	663
Accrued profit sharing	3,826	3,280
Provision for warranties and reviews	6,541	4,255
Provision for accrual basis	6,585	4,984
Other	5,032	3,394
Total deferred income tax and social contribution assets	**35,521**	**37,788**
Deemed cost of property, plant and equipment	(749)	(819)
Difference in depreciation criteria	(6,306)	(6,034)
Leases	(85)	(832)
Total deferred income tax and social contribution liabilities	**(7,140)**	**(7,685)**
Deferred tax asset, net	**28,381**	**30,103**

Based on taxable profit projections approved by the administration, the Company expects to recover tax credits arising from income and social contribution tax losses recorded, as well as from temporary differences in the following years:

Year	2023
2024	1,854
2025	4,244
2026	6,096
2027	7,001
2028	9,186
Total	**28,381**

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

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

8.1 RECONCILIATION OF STATUTORY INCOME TAX RATES WITH THE EFFECTIVE TAX RATES

Reconciliation	2023	2022
Profit before income tax and social contribution	43,580	55,355
Combined rate	**34%**	**34%**
Income tax and social contribution credit at combined rate	(14,817)	(18,821)
Permanent differences	(169)	(89)
Interest on equity	2,047	-
Provision for unrealizable credits	2,117	14,285
Income tax and social contribution in profit or loss	**(10,822)**	**(4,625)**
Current	(9,100)	(7,715)
Deferred	(1,722)	3,090
Effective rates	**25%**	**8%**
Deferred tax losses from previous years	-	(12,306)
Effective rates without the effect of accounting losses from previous years	**25%**	**31%**

9. RELATED PARTIES

9.1 Key management personnel remuneration

Compensation	2023	2022
Key management personnel (salaries and benefits)	**5,761**	**6,623**

The amounts regarding the remuneration of key personnel from the Administration, pursuant to the bylaws.

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

9.2 Group companies

In the ordinary course of business, the Company conducted intragroup transactions under prices, terms and finance charges according to the conditions established among the parties. The main asset and liability balances at December 31, 2023, as well as the transactions that impacted profit or loss for the year then ended, regarding the transactions with related parties are as follows:

2023	Assets	Liabilities	Results	
	Trade receivables	Trade payables	Sales	Purchases
Amsted Rail Brasil Equip. Ferroviários S.A.	129	13,905	-	81,610
Amsted Rail International	-	-	-	1,095
Amsted Maxion Fundição e Equip. Ferr. S.A.	293	18,254	311	115,306
Total	**422**	**32,159**	**311**	**198,011**

2022	Assets	Liabilities	Results	
	Trade receivables	Trade payables	Sales	Purchases
Amsted Rail Brasil Equip. Ferroviários S.A.	117	14,155	-	82,664
Amsted Maxion Fundição e Equip. Ferr. S.A.	559	16,922	1,462	136,865
Total	**676**	**31,077**	**1,462**	**219,529**

Intercompany loans					
Lender	Nature	Rate	Currency	2023	2022
Greenbrier Companies	**Bridge Loan**	**CDI**	**BRL**	**92,848**	**85,395**

The Company acquires raw materials and railroad components (mainly railroad axles, bearings, wheels, and casts) from Amsted Maxion Fundição e Equipamentos Ferroviários S.A. and Amsted Rail Brasil Equipamentos Ferroviários S.A., a subsidiary of Amsted Industries, Inc.

The operation of the industrial area sublease is also carried out in the year ended on December 31, 2023 of R$998 annual (R$1,000 annual in 2022), used as storage and administrative areas for Amsted Rail Brasil Equipamentos Ferroviários S.A.

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

9.3 Shared services agreement

On May 6, 2015, the Company and Amsted Maxion Fundição e Equipamentos Ferroviários S.A., entered into an agreement that regulates the sharing of the management infrastructure comprising, but not limited to, employees, technicians, contractors, equipment, and materials (back office). On December 3, 2019, an amendment was made to the agreement changing the departments covered, and the said amendment covers the sharing of expenses in the following corporate sectors: Information Technology (IT), Sales and Marketing. The expenses related to this agreement are recorded under "General and administrative expenses".

Shared services	2023	2022
Net Shared Service	**1,608**	**1,966**

10. PROPERTY, PLANT AND EQUIPMENT

Accounting group	Average annual depreciation rate	2023			2022
		Acquisition cost	Accumulated depreciation	Net	Net
Buildings and improvements	10.9%	7,864	(5,526)	2,338	3,161
Machinery and equipment	8.7%	69,128	(35,164)	33,964	33,104
Tooling	8.1%	150	(80)	70	83
Molds	10.0%	36,356	(19,991)	16,365	12,231
Furniture and fixtures	10.5%	5,434	(3,541)	1,893	2,215
Vehicles	30.5%	508	(361)	147	89
IT equipment	21.2%	7,813	(4,163)	3,650	919
Other property, plant and equipment	10.0%	971	(16)	955	-
Construction in progress	0.0%	10,274	-	10,274	15,792
Total		**138,498**	**(68,842)**	**69,656**	**67,594**

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

10.1 VARIATIONS IN COST – 2023

Accounting group	2022	2023			
	Cost	Additions	Write offs	Transfers	Acquisiton Cost
Buildings and improvements	7,863	-	-	-	7,863
Machinery and equipment	63,814	-	(576)	5,891	69,129
Tooling	156	-	(5)	-	151
Molds	29,374	-	(73)	7,055	36,356
Furniture and fixtures	5,310	-	(85)	209	5,434
Vehicles	445	-	-	63	508
IT equipment	4,559	-	(14)	3,267	7,812
Other property, plant and equipment	-	-	-	971	971
Construction in progress (*)	15,792	11,938	-	(17,456)	10,274
Total	**127,313**	**11,938**	**(753)**	**-**	**138,498**

(*) The amounts of the property, plant and equipment in progress refer to the construction of the freight car production lines, equipment renovations in compliance with standard NR12 and Data Centers in the process of installation.

10.2 VARIATIONS IN DEPRECIATION – 2023

Accounting group	2022	2023			
	Accumulated depreciation	Additions	Write offs	Transfers	Accumulated depreciation
Buildings and improvements	(4,703)	(823)	-	-	(5,526)
Machinery and equipment	(30,710)	(4,987)	534	-	(35,163)
Tooling	(72)	(12)	3	-	(81)
Molds	(17,143)	(2,848)	-	-	(19,991)
Furniture and fixtures	(3,095)	(521)	75	-	(3,541)
Vehicles	(356)	(5)	-	-	(361)
IT equipment	(3,639)	(536)	13	-	(4,162)
Other property, plant and equipment	(1)	(16)	-	-	(17)
Construction in progress	-	-	-	-	-
Total	**(59,719)**	**(9,748)**	**625**	**-**	**(68,842)**

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

10.3 VARIATIONS IN COST – 2022

Accounting group	2021	2022			
	Cost	Additions	Write offs	Transfers	Cost
Buildings and improvements	8,779	-	(916)	-	7,863
Machinery and equipment	63,901	368	(9,048)	8,593	63,814
Tooling	438	-	(282)	-	156
Molds	30,800	-	(2,091)	665	29,374
Furniture and fixtures	5,139	-	(857)	1,028	5,310
Vehicles	445	-	-	-	445
IT equipment	5,477	-	(1,158)	240	4,559
Other property, plant and equipment	131	-	(131)	-	-
Construction in progress (*)	10,702	15,616	-	(10,526)	15,792
Total	**125,812**	**15,984**	**(14,483)**	**-**	**127,313**

(*) The amounts of the property, plant and equipment in progress refer to the construction of the freight car production lines, equipment renovations in compliance with standard NR12 and Data Centers in the process of installation.

10.4 VARIATIONS IN DEPRECIATION – 2022

Accounting group	2021	2022			
	Accumulated depreciation	Additions	Write offs	Transfers	Accumulated depreciation
Buildings and improvements	(4,535)	(887)	719	-	(4,703)
Machinery and equipment	(32,855)	(5,134)	7,279	-	(30,710)
Tooling	(274)	(26)	228	-	(72)
Molds	(16,529)	(2,158)	1,544	-	(17,143)
Furniture and fixtures	(2,706)	(1,063)	674	-	(3,095)
Vehicles	(356)	-	-	-	(356)
IT equipment	(4,467)	(253)	1,081	-	(3,639)
Other property, plant and equipment	(98)	(8)	105	-	(1)
Construction in progress	-	-	-	-	-
Total	**(61,820)**	**(9,529)**	**11,630**	**-**	**(59,719)**

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

11. BORROWINGS, FINANCING, DEBENTURES AND RELATED PARTIES

Borrowings and Financing	Index	Effective annual interest rate	Last maturity date	2023	2022
NCE	CDI + 1,66%aa	17.40%	06/07/2023	-	5,061
Debentures	CDI+2,96%	17.56%	16/07/2024	-	42,314
Finame	6.05%	6.05%	15/10/2023	-	215
Finame	6.65%	6.65%	15/12/2023	-	149
Finame	5.10%	5.10%	15/12/2024	-	97
Finame	4.95%	4.95%	17/11/2025	-	497
Financing "related parties"	CDI	13.05%	16/01/2024	92,848	85,395
Total				**92,848**	**133,728**
Current liabilities				92,848	105,385
Noncurrent liabilities				-	28,343
Total				**92,848**	**133,728**

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

11.1 VARIATION IN BORROWINGS, FINANCING AND DEBENTURES

	2023	2022
Balances at December 31	**133,728**	**153,075**
Borrowings	11,482	1,000
Accrued interest	17,142	17,687
Principal repayment	(58,609)	(26,278)
Payment of interest	(10,895)	(11,756)
Balances at December 31	**92,848**	**133,728**

All of the Company's credit operations are done without the guarantee of goods or other instruments.

11.2 DEBENTURES

The debentures issued by the Company are (i) 1st issuance (CVM Instruction No. 476) of simple, registered, book-entry, unsecured debentures, in a single series.
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 quarterly basis.

Debentures	Category	Principal amount upon issuance	Issuance date	Final maturity	Finance charges	balance at 12/31/2023	balance at 12/31/2022
1st issuance	Simple	60,000	7/16/2021	7/16/2024	CDI+2.96%	-	42,314

The main objective of this issuance was to lengthen the Company's debt profile. The Debentures do not have to comply with financial ratios covenants, however, the Company has to comply with certain restrictions, such as default on any financial debt equal to or greater than R$4,000, among other restrictions.
In the year of 2023, the Company liquidated the debentures in advance.

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

12. TRADE PAYABLES AND RELATED PARTIES

Trade payables	2023	2022
Domestic	27,511	29,349
Abroad	70	-
Related parties (Note 9.2)	32,159	31,077
Total	**59,740**	**60,426**

As at December 31, 2023, the open balance of confirming/drawee risk included in trade payables is R$27,186 (R$4,140 at December 31, 2022). That operation does not change the commercial conditions with the supplier.

The company negotiated the amount of R$10,431 via confirming/forfait risk operations during the year of 2023 (R$36,954 during 2022), which resulted in the amount of R$131 registered under finance expenses.

13. PAYROLL AND RELATED TAXES

Category	2023	2022
Social charges	5,034	4,957
Accrued vacation pay	11,654	9,789
Profit sharing	11,253	9,646
Provision due to INSS preliminary injunction (third parties)	8,547	5,356
Total	**36,488**	**29,748**

14. PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Company is a party to lawsuits and administrative proceedings before various courts and governmental bodies, arising in the normal course of business and involving tax, civil, labor and other matters.

Management, based on information from its legal counsel, analyzed ongoing proceedings, and as regards labor lawsuits, based on past experience regarding the amounts claimed, has recognized a provision in an amount considered sufficient to cover probable losses on ongoing proceedings, as follows:

Category of lawsuits	2023	2022
Labor lawsuits	10,939	18,302
Federal tax lawsuits	898	3,344
Civil lawsuits	313	288
Total	**12,150**	**21,934**

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

14.1 VARIATIONS DURING THE YEAR

Variations 2022	Balance at 2022	Additions	Monetary restatements	Reversals	Write offs	Balance at 2023
Labor lawsuits	18,302	11,212	1,629	(11,675)	(8,529)	10,939
Federal tax lawsuits	3,344	221	28	(142)	(2,553)	898
Civil lawsuits	288	25	-	-	-	313
Total	**21,934**	**11,458**	**1,657**	**(11,817)**	**(11,082)**	**12,150**

Variations 2021	Balance at 2021	Additions	Monetary restatements	Reversals	Write offs	Balance at 2022
Labor lawsuits	19,454	11,480	1,669	(6,477)	(7,824)	18,302
Federal tax lawsuits	3,172	204	40	(72)	-	3,344
Civil lawsuits	225	63	-	-	-	288
Total	**22,851**	**11,747**	**1,709**	**(6,549)**	**(7,824)**	**21,934**

The following is a summary of the lawsuits to which the Company is a party, broken down by type:

a) Labor lawsuits

As at December 31, 2023, the Company was a party to 352 labor lawsuits, a 14.4% reduction against the year before (411 at December 31, 2022). The main claims in these lawsuits refer to occupational illnesses, accidents, health hazard and hazardous duty premiums, overtime, salary parity and severance pay, among others, and there are no lawsuits whose amounts are individually relevant.

The total amount under litigation is R$66,967 at December 31, 2023 (R$71,377 at December 31, 2022) for which an allowance in the amount of R$10,939 (R$18,302 at December 31, 2022) was constituted based on historical information representing the best estimate of probable risk losses.

The reduction in the provision from 2022 to 2023 was due to the reduction in the number of lawsuits and a revision of the percentage of loss in the lawsuits.

There are other lawsuits whose likelihood of loss was assessed by the Company's legal counsel as remote, for which no provision was recognized since accounting practices adopted in Brazil do not require their recognition or disclosure.

b) Possible risks

The Company is a party to several ongoing tax and civil lawsuits, whose likelihood of loss, based on the Company's estimates and its legal counsel's opinion, is assessed as possible; therefore, no provisions were recorded.

As at December 31, 2023, tax lawsuits amounted to R$898 (R$3,344 at December 31, 2022), whereas civil lawsuits amounted to R$313 (R$288 at December 31, 2022).

The amount of probable risks is R$5,161 (R$7,416 at December 31, 2022).

c) Escrow deposits

These represent restricted assets of the Company and are related to amounts deposited and held by the courts until a final decision of the related litigation is reached.
As at December 31, 2023, the balance of R$3,217 (R$6,574 at December 31, 2022) is represented by escrow deposits related to labor, tax and civil claims. These deposits, which do not involve current obligations, were necessary to proceed with the lawsuits. Based on management's and its legal counsel's opinion, the likelihood of loss is not considered probable and, therefore, no provision for tax, civil and labor risks was recognized.

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

15.EQUITY

15.1 SHARE CAPITAL

Subscribed and paid-in capital amounts to R$87,707 at December 31, 2023 and December 31, 2022.

Share capital	Country	Number of shares	% of participation	Total R$
Amsted Maxion Fundição e Equipamentos Ferroviários S.A.	Brazil	19,330,272	40.0%	35,083
Greenbrier do Brasil Participações Ltda	Brazil	28,995,406	60.0%	52,624
Total		**48,325,678**	**100.0%**	**87,707**

15.2 EQUITY ADJUSTMENTS

These are recorded as a result of revaluation of PPE items (deemed cost) based on appraisal reports prepared by independent valuation experts. The corresponding income tax and social contribution are classified in non-current liabilities and are being realized upon depreciation or write-off of the revalued assets matched against accumulated losses, net of taxes, in the negative amount of R$103 thousand on December 31, 2023 (R$874 thousand positive at December 31, 2022).

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

15.3 EARNINGS DISTRIBUTION

Profit or loss distribution	2023	2022
Retained accumulated at December 31, 2022		**(13,694)**
Profit for the year	32,758	50,730
Net earnings accumulated at December 2023	**32,758**	**37,036**
Realization of the depreciation of the deemed cost, net of taxes	(103)	874
Total to distribute	**32,861**	**36,162**
Allocation of profits:		
Mandatory minimum dividends (25%)	**8,216**	**9,041**
Interest on equity paid	6,520	5,175
Withheld taxes over interest on equity	(1,266)	(776)
Interest on equity imputed to the minimum mandatory dividends, net of taxes	2,962	4,642
Legal reserve (5%)	**1,643**	**1,808**
Bylaw reserve of investments and working capital (70%)	**21,736**	**24,537**
Total distributed	**9,482**	**9,817**
Total distribution	**28.9%**	**27.1%**

The profit of the year, when positive, shall be ascertained in compliance with the terms of article 191 of Law No. 6,404/76 and will have the following destination: (I) 5% for the constitution of the legal reserve, which shall not exceed 20% of the share capital: (ii) 25% for the distribution of mandatory dividends: and (iii) 70% of the remainder that is not appropriated to the statutory investment and working capital reserve or withheld in the form foreseen in the capital budgeting approved by the Ordinary General Assembly that shall be destined as a supplementary dividend to shareholders.

On November 7, 2023, the Administrative Council approved the payment of interest on equity (IoE) and the balance of dividends regarding the year of 2022. IoE and the dividends were fully paid on December 27, 2023.

a) Interest on Equity - IoE
The gross value of R$6,520 was paid, equivalent to 0.13492 per common share, corresponding to the net amount of R$5,254 or R$0.10872 per common share, already deducted from the IRRF, respectively.

b) Dividends of the year 2022
For the first time in the Company's history, the payment of dividends was made to shareholders in the net amount of R$4,642 or R$0.09606 per common share.

According to a deliberation of the Administrative Council on that date, the IoE will be imputed to the minimum mandatory dividends of the year ended on December 31, 2023, in the terms of article 36 – single paragraph of the Company's Bylaws. The payment of the remaining mandatory minimum dividends in the amount of R$2,962 to their shareholders, in the ratio of their participation, shall be the subject matter of discussion in the next shareholders' meeting.

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

15.4 EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by means of the profit or loss for the year attributable to the Company's shareholders and the weighted average number of common shares outstanding, as follows:

Earnings per share	2023	2022
Earnings attributable to owners of the Company	32,758	50,730
Weighted average number of shares (Thousand)	48,326	48,326
Earnings per share - basic and diluted - R$	**0.67785**	**1.04975**

The Company does not have dilutive instruments; therefore, the basic earnings per share is equal to the diluted earnings per share.

16. NET SALES REVENUE

Sales revenue:	2023	2022
Gross sales revenue:		
Product sales	1,005,644	954,856
Services rendered	3,515	1,207
Deductions:		
Taxes on sales and services	(90,365)	(105,534)
Returns and cancellations in the year	(64,699)	(60,725)
Net sales revenue	**854,095**	**789,804**

A substantial portion of the Company's sales is carried out in accordance with the incoterms categories known as Freight On Board (FOB), under which the Company is responsible for making goods available for pickup at their site and the customer assumes full responsibility for the collection (both financially and in terms of safeguarding the goods). At this time, control over goods is transferred to the customer and consequently revenue is recognized.

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

17. FINANCE RESULT

Finance income	2023	2022
Discounts obtained	272	62
Interest receivable	1,175	810
Interest on highly liquid short-term investments	14,900	13,354
Other	940	1,385
Total	**17,287**	**15,611**
Finance costs	**2023**	**2022**
Interest on borrowings, financing and debentures	(17,142)	(17,687)
Other financial income (charges) net	951	(1,710)
Interest on lease liabilities	(7,849)	(3,524)
Tax on Financial Transactions (IOF)	(81)	(395)
Other	(25)	(6)
Total	**(24,146)**	**(23,322)**
Total finance income (cost), net	**(6,859)**	**(7,711)**

18. EXCHANGE VARIATION, NET

Exchange variation	2023	2022
Foreign exchange gains on foreign currency-denominated assets and liabilities	947	12
Foreign exchange losses on foreign currency-denominated assets and liabilities	(1,010)	(322)
Total	**(63)**	**(310)**

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

19. COSTS AND EXPENSES

Costs and expenses by nature	2023	2022
Raw material	(503,817)	(472,958)
Salaries, charges and benefits	(179,072)	(157,176)
Supplies and maintenance	(39,701)	(27,537)
Depreciation	(9,729)	(8,652)
Outsourced services	(15,076)	(12,681)
Freight	(5,654)	(1,122)
Amortization of right of use	(9,808)	(14,283)
Warranties	(3,427)	(3,152)
Electric energy	(3,608)	(2,917)
Transportation and communication	(3,814)	(2,434)
Commissions	(5,931)	(6)
Other costs	(16,823)	(14,992)
Total	**(796,459)**	**(717,910)**

Costs and expenses by nature	2023	2022
Cost of sales and services	(748,109)	(685,040)
Selling expenses	(19,009)	(7,529)
General and administrative expenses	(23,910)	(18,718)
Management Fees	(5,431)	(6,623)
Total	**(796,459)**	**(717,910)**

20. OTHER OPERATING INCOME (EXPENSES), NET

Other income	2023	2022
Technical cooperation agreement	257	284
Total other income	**257**	**284**

Other expenses	2023	2022
Contingencies and legal costs	(4,971)	(6,562)
Project Formare (Fundação Iochpe)	(361)	(224)
Municipal Property Tax (IPTU)	(582)	(507)
Federal and state taxes	(312)	(297)
Trade association dues	(179)	(167)
Audit	(312)	(270)
Other	(674)	(775)
Total other expenses	**(7,391)**	**(8,802)**
Other operating expenses, net	**(7,134)**	**(8,518)**

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

21. RIGHT OF USE AND LEASE LIABILITIES

Assets with finite useful lives	Property	Vehicles	2023	2022
Balance at January 1st	**44,014**	**912**	**44,926**	**21,145**
Additions	-	1,060	1,060	874
Additions (remeasurement)	7,816	-	7,816	37,190
Amortization of right of use	(8,801)	(1,007)	(9,808)	(14,283)
Balance at December 31st	**43,029**	**965**	**43,994**	**44,926**

Lease liability	Property	Vehicles	2023	2022
Balance at January 1st	**49,684**	**1,089**	**50,773**	**23,546**
Additions	-	1,060	1,060	874
Additions (remeasurement)	7,816	-	7,816	37,190
Write offs	-	-	-	-
Principal repayment	(8,369)	(998)	(9,367)	(6,848)
Interest payment	(6,311)	(123)	(6,434)	(7,513)
Accrued interest	7,539	310	7,849	3,524
Balance at December 31st	**50,359**	**1,338**	**51,697**	**50,773**
Current			**10,095**	**6,223**
Noncurrent			**41,602**	**44,550**

On October 23, 2023, the Company signed the 9th addendum with landlord Savoy Imobiliária Construtora (main lease agreement for its industrial plant with 120,263 meters² of constructed area) which set the monthly rent at R$1,229 after January 1, 2023, maturing on July 13, 2028.

Settlement schedule	Total
2025	10,156
2026	11,403
2027	12,936
2028	7,107
Total	**41,602**

The company has a sublease of their industrial area for the related party company (refer to Note 9.2) and for 6 third parties equivalent to 35,075 meters² of built area, which were considered operational subleases and are recognized in the profit or loss in a linear manner. The sublease income in the year ended on December 31, 2023 totaled R$9,298 (R$7,053 at 2022).

The sublease income is registered in the item Cost of products sold and services provided and the amount receivable at December 31, 2023 is R$1,042 (R$1,318 at December 31, 2022) and is registered in the item Accounts Receivable.

In the year ended on December 31, 2023, the total accumulated amount of expenses with leases rated as short-term and low value assets is R$4,974 (R$4,566 at December 31, 2022).

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

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

22.1 GENERAL CONSIDERATIONS AND POLICIES

The Company's main financial liabilities other than derivatives refer to borrowings, trade payables and other accounts payable. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's main financial assets include accounts receivable, cash and cash equivalents that result directly from its operations. The Company also holds investments in debt and equity instruments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's top management supervises risk management. The Company's Administration relies on the support of a financial risks committee.

The Board of Directors reviews and sets policies for the management of each of these risks, which are summarized below, based on the consolidated financial statements (considering the low exposure existing in the individual financial statements).

22.2 CLASSIFICATION OF FINANCIAL INSTRUMENTS BY CATEGORY

Ativos Financeiros	Nota explicativa	2023	2022
Ativos financeiros (custo amortizado) caixa e equivalentes de caixa	4	263.828	122.509
Contas a receber de clientes (incluem partes relacionadas)	5.1	123.089	18.656
Depósitos judiciais	14.1 c	3.217	6.574
Outros créditos		5.860	5.916
Total		**395.994**	**153.655**

Passivos Financeiros	Nota explicativa	2023	2022
Passivos financeiros (custo amortizado) empréstimos, financiamentos e debêntures	11	92.848	133.728
Fornecedores (incluem partes relacionadas)	12	59.740	60.426
Passivos de arrendamento	21	51.697	50.773
Outras obrigações		43.521	28.267
Total		**247.806**	**273.194**

22.3 FAIR VALUES

The Company adopts hierarchy rules to assess the fair value of its financial instruments, according to the accounting practices in technical statement CPC 40/IFRS7 - Financial Instruments: Disclosure, for financial instruments measured in the statement of financial position, which requires the disclosure of fair value measurements based on the following hierarchy level:

- Level 1 - Prices quoted (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - Other inputs, except for those included in Level 1, where prices are quoted (unadjusted) for similar assets or liabilities (either directly as prices or indirectly, i.e., derived from prices) in inactive markets, or other available inputs or that may be confirmed by market information for substantially all terms of the assets and liabilities as to their integrity.

- Level 3 - available inputs, due to little or no market activity, that are not significant for the definition of fair value of assets and liabilities (unobservable inputs).

A market is considered active if quoted prices are readily and regularly available from a stock exchange or regulatory agency, among others, and those prices represent actual market transactions that occur regularly on a purely arm's-length basis. Therefore, the fair value of the financial instruments traded in active markets is based on market values, quoted at the reporting dates, being included in Level 1.

The fair value of financial instruments not traded in active markets (e.g., over-the-counter derivatives) is determined using valuation techniques.

In the Company's case, the financial instruments included in the balance sheets, such as bank checking accounts, financial investments, short-term investments, short-term trade receivables and trade payables are presented at values close to market.

These valuation techniques make maximum use of market inputs and rely as little as possible on Company-specific estimates.

If all material inputs required for measuring the fair value of an instrument are obtained in the market, the instrument is included in Level 2. If the information is provided by the Company's internal data, the instrument will be included in Level 3.

As of December 31, 2023, the Company had no financial instruments stated at fair value.

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

22.4 FINANCIAL RISK MANAGEMENT

a) Credit risk

Arises from the possibility of the Company incurring losses as a result of default by its counterparties or financial institutions that are depositaries of funds or financial investments.

To mitigate this risk, the Company adopts the procedure of analyzing the financial position of its counterparties, as well as establishing credit limits, and constantly monitoring its balances. Concerning the financial institutions, the Company only conducts transactions with financial institutions highly rated by credit rating agencies.

Almost all revenues are allocated between the railway and mining logistics operators. The Company's Management believes that the allowances recognized are sufficient to cover potential default, and there are no differences between the fair value and the carrying amounts of these allowances (see the allowance for doubtful debts amount in Note 5).

In addition, a significant portion of its purchases is made with related parties, as described in Note 9.2.

b) Liquidity risk

Effectively managing liquidity risk implies maintaining sufficient cash and securities, funds available through committed credit facilities and the ability to settle market positions. Due to the active nature of the Company's business, the Treasury area is flexible in raising funds through the maintenance of committed credit facilities.

Management monitors the Company's liquidity level considering the expected cash flow against unused credit facilities and cash and cash equivalents. This forecast considers the Company's debt financing plans, fulfillment with internal asset/liability ratio goals and, when applicable, external regulatory or legal requirements (e.g., currency restrictions). Through its Risk Management Policy, the Company establishes a minimum cash limit and debt management financial indicators.

The table below illustrates the Company's nonderivative financial liabilities, by maturity ranges, corresponding to the remaining period in the statement of financial position through the contractual maturity date:

Liquidity risk	2023			2022		
	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years
Borrowings, financing, and debentures	92,848	182,994	-	105,385	28,016	327
Trade payables (includes due to related parties)	59,740	-	-	60,426	-	-
Lease liabilities	14,748	29,496	44,244	13,980	27,960	41,940
Other payables	42,828	693	-	27,302	965	-
Total	**210,164**	**213,183**	**44,244**	**207,093**	**56,941**	**42,267**

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

c) Steel product price fluctuation risk

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

Currently, the Company is striving to enter into long-term agreements with suppliers and customers so that exposure to fluctuations has the lesser impact possible.

d) Interest rate risk

Arises from the possibility of the Company incurring gains or losses due to fluctuations in the interest rates applied to its financial assets and financial liabilities. To mitigate this risk, the Company tries to diversify its borrowings into fixed and floating rates.

Interest rate risk	2023		2022	
	Index	R$	Index	R$
Highly liquid short-term investments	CDI	249,675	CDI	122,277
Borrowings, financing and debentures - (includes intercompany)	CDI	303,028	CDI	133,728

e) Exchange rate risk

For the sensitivity analysis to foreign exchange exposure as at Sunday, December 31, 2023, the Company considered the balances as demonstrated below.

Exchange rate risk	2023		2022	
	US$	R$	US$	R$
Trade receivables	-	-	47	245
Trade payables	14	70	-	-
Net exposure	**14**	**70**	**47**	**245**

The Administration did not consider the sensitivity analysis for the probable scenario for considering that it substantially reflects the exchange variations already registered in the financial demonstrations regarding the year ended on Sunday, December 31, 2023.

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

f) Sensitivity analysis of interest rate variations

The financial instruments, including derivatives, are exposed to fair value variations resulting from interest rate fluctuation (CDI).

The sensitivity assessments of financial instruments are presented as follows:

i) Risk selection

The Company has selected the interest rate as the market risk that can most affect the value of the financial instruments held by them.

ii) Selection of scenarios

The potential and remote scenarios consider variations of 25% and 50%, respectively, in the CDI interest rates in relation to the closing quotations at December 31, 2022:

Highly liquid short-term investments - CDI	Scenarios		
	Probable	Possible -25%	Remote -50%
CDI at December 31, 2023	10.4%	7.8%	5.2%
Carrying amount considering the estimated finance income	25,886	19,414	12,943
Effect – loss		(6,472)	(12,943)

Borrowings and financing - CDI	Scenarios		
	Probable	Possible -25%	Remote -50%
CDI at December 31, 2023	2.3%	2.9%	3.5%
Carrying amount considering the estimated finance income	6,411	8,027	9,627
Effect – loss		(1,616)	(3,216)

g) Concentration risk

The Company's products are usually sold upon purchase orders of relevant amounts, periodically placed by a concentrated number of customers, who represent a significant volume of their sales. Currently, about 95% of their operational income is concentrated in 6 major customers.

The loss of a relevant customer or the reduction of the volume acquired by them may negatively affect the Company. With the sales to end-users, there is a better distribution of sales between customers. We emphasize that customer concentration is variable between fiscal years, meeting market demands.

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

23. CAPITAL MANAGEMENT

It is the Management's policy to sustain a solid capital basis to ensure the confidence of investors, creditors and the market and to maintain the business' future development.

The Executive Board monitors the returns on capital, defined by the Company as the operating activities' results divided by total equity.

The Executive Board also monitors the level of dividends distributed to common shareholders.

The Company's management seeks to strike a balance between the highest possible returns with more appropriate financing levels and the advantages and security afforded by a sound capital position.

The debt-to-equity ratio at the end of each year is as follows:

Capital management	2023	2022
Total borrowings, financing and debentures (includes lease liabilities)	327,539	184,501
(-) Cash and cash equivalents	(263,828)	(122,509)
Net debt	**63,711**	**61,992**
Total equity	138,868	115,592
Net debt-to-equity ratio	**218.0%**	**186.5%**

24. INSURANCE COVERAGE

The Company has an insurance policy that considers mainly the risk concentration and its materiality, according to the type of its activities and advice from their insurance brokers. Insurance coverage as at Sunday, December 31, 2023, is as follows:

Insurance coverage	2023	2022
Loss of profits	194,599	188,925
Buildings	167,781	167,781
Property damage	190,291	184,197
D&O insurance	100,000	60,000
Leases	7,372	6,737

25. ADDITIONAL INFORMATION TO THE CASH FLOW STATEMENTS

Transactions occurring without cash disbursement	2023	2022
Supply chain financing arrangement (reverse factoring) additions	10,431	36,954
Right of use additions	1,060	874
Right of use remeasurement	7,816	37,190

26. AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Company's Executive Board for issuance and disclosure at the meeting held on March 22, 2024.

Daniel Guliard da Silva
Controllership and Accounting Manager
CRC: SP-305157/O-3