

## **Financial Statements**

### **Amsted Maxion Fundição e Equipamentos Ferroviários S.A.**

December 31, 2022 and 2021  
with Independent Auditor's Report

# **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

## Financial statements

December 31, 2022

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São Paulo Corporate Towers  
Av. Presidente Juscelino Kubitschek, 1.909  
6º ao 10º andar - Vila Nova Conceição  
04543-011 - São Paulo - SP - Brasil

Tel: +55 11 2573-3000  
ey.com.br

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

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## **Independent auditor's report on financial statements**

To the  
Shareholders, Board of Directors and Officers of  
**Amsted Maxon Fundação e Equipamentos Ferroviários S.A.**  
Cruzeiro - SP

### **Opinion**

We have audited the financial statements of Amsted Maxon Fundação e Equipamentos Ferroviários S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amsted Maxon Fundação e Equipamentos Ferroviários S.A. as at December 31, 2022, and its financial performance and cash flows for the year then ended 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 financial statements section of our report. We are independent of the Company in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis**

As mentioned in explanatory notes 1 and 9 to the financial statements, the Company has received financial support from related parties in recent years and maintains purchase and selling balances transactions with related parties based on terms and conditions negotiated between them. Our opinion is not qualified in respect to this matter.



## **Responsibilities of board of directors and those charged with governance for the financial statements**

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

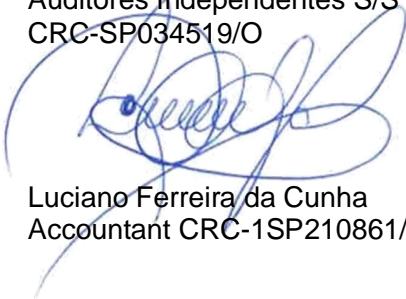
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.

- Concluded on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 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.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

São Paulo, March 21, 2023.

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



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

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Statement of financial position  
December 31, 2022 and 2021  
(In thousands of Brazilian reais - R\$)

	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4	<b>32,460</b>	27,415
Trade receivables	5	<b>68,482</b>	42,411
Inventories	6	<b>52,920</b>	62,628
Taxes recoverable	7	<b>45,647</b>	42,744
Prepaid expenses		<b>816</b>	730
Other receivables		<b>2,294</b>	1,040
		<b>202,619</b>	176,968
Noncurrent assets			
Trade receivables	5	<b>6,062</b>	6,441
Taxes recoverable	7	<b>47,402</b>	65,726
Escrow deposits	15	<b>62,436</b>	57,252
Deferred income tax and social contribution	8.a	<b>39,462</b>	41,261
Investments in associates	10	<b>117,854</b>	105,143
Right of use	23	<b>588</b>	339
Property, plant and equipment	11	<b>90,564</b>	78,078
		<b>364,368</b>	354,240
Total assets		<b>566,987</b>	531,208

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Liabilities and equity			
Current liabilities			
Borrowings and financing	12	<b>115,552</b>	84,340
Trade payables	13	<b>64,573</b>	62,550
Taxes payable		<b>1,196</b>	4,167
Payroll and related taxes	14	<b>20,124</b>	17,034
Lease liabilities	23	<b>352</b>	185
Advances from customers		<b>3,724</b>	2,498
Dividends payable	16.c	<b>2,464</b>	15,026
Royalties payable	9	<b>546</b>	969
Other payables		<b>15,831</b>	20,121
		<b>224,362</b>	206,890
Noncurrent liabilities			
Borrowings and financing	12	<b>11,670</b>	29,430
Trade payables	13	<b>3,576</b>	5,734
Lease liabilities	23	<b>270</b>	108
Provision for tax, civil and labor risks	15	<b>64,842</b>	60,193
Other payables		<b>2,788</b>	3,179
		<b>83,146</b>	98,644
Equity			
Capital	16.a	<b>153,683</b>	153,683
Legal reserve		<b>6,838</b>	4,422
Equity adjustments	16.b	<b>6,031</b>	6,769
Income reserve		<b>92,927</b>	60,800
		<b>259,479</b>	225,674
Total liabilities and equity		<b>566,987</b>	531,208

See accompanying notes.

## Amsted Maxion Fundição e Equipamentos Ferroviários S.A.

### Statement of profit or loss

Years ended December 31, 2022 and 2021

(In thousands of Brazilian reais - R\$, except for earnings per share)

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Net revenue	17	<b>626,946</b>	486,010
Cost of sales and services	20	<b>(513,461)</b>	(410,275)
Gross profit		<b>113,485</b>	75,735
Operating income (expenses)			
Selling expenses	20	<b>(29,043)</b>	(17,446)
General and administrative expenses	20	<b>(16,444)</b>	(14,542)
Management fees	20	<b>(4,997)</b>	(3,881)
Equity pickup	10	<b>14,781</b>	7,799
Other operating expenses, net	21	<b>(4,411)</b>	11,778
Operating income before Finance income (costs)		<b>73,371</b>	59,443
Finance income	18	<b>6,098</b>	45,317
Finance costs	18	<b>(21,204)</b>	(9,987)
Foreign exchange differences, net	19	<b>(267)</b>	2,331
Operating income before income tax and social contribution		<b>57,998</b>	97,104
Income tax and social contribution			
Current	8.b	<b>(8,304)</b>	(13,641)
Deferred	8.b	<b>(2,172)</b>	3,629
Profit for the year		<b>47,522</b>	87,092
Earnings per share - basic and diluted - R\$	16.d	<b>0.00286</b>	0.00524

See accompanying notes.



## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Statement of comprehensive income  
Years ended December 31, 2022 and 2021  
(In thousands of Brazilian reais - R\$)

	<u>2022</u>	<u>2021</u>
Profit for the year	<b>47,522</b>	87,092
Other comprehensive income	-	-
Total comprehensive income for the year	<b><u>47,522</u></b>	<u>87,092</u>

See accompanying notes.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Statement of changes in equity  
 Years ended December 31, 2022 and 2021  
 (In thousands of Brazilian reais - R\$)

	Note	Capital	Legal reserve	Income reserve	Equity adjustments	Retained earnings (accumulated losses)	Total
Balances at December 31, 2020		153,683	24	-	7,644	333	161,684
Retained earnings		-	-	333	-	(333)	-
Realization of deemed cost, net of tax effects		-	-	-	(988)	988	-
Write-off of deemed cost, net of tax effects		-	-	-	113	(113)	-
Dividends allocated to reserve		-	-	119	-	-	119
Profit for the year		-	-	-	-	87,092	87,092
Allocation of profits	16,c	-	-	-	-	-	-
Setup of legal reserve		-	4,398	-	-	(4,398)	-
Income reserve		-	-	61,577	-	(61,577)	-
Interest on equity (withholding taxes)		-	-	(1,229)	-	-	(1,229)
Interest on equity (imputed as dividends)		-	-	-	-	(6,966)	(6,966)
Mandatory minimum dividends		-	-	-	-	(15,026)	(15,026)
Balances at December 31, 2021		153,683	4,422	60,800	6,769	-	225,674
Realization of deemed cost, net of tax effects		-	-	-	(799)	799	-
Write-off of deemed cost, net of tax effects		-	-	-	61	-	61
Dividends allocated to reserve		-	-	-	-	-	-
Profit for the year		-	-	-	-	47,522	47,522
Allocation of profits	16,c	-	-	-	-	-	-
Setup of legal reserve		-	2,416	-	-	(2,416)	-
Income reserve		-	-	33,824	-	(33,824)	-
Interest on equity (withholding taxes)		-	-	(1,697)	-	-	(1,697)
Interest on equity (imputed as dividends)		-	-	-	-	(9,617)	(9,617)
Mandatory minimum dividends		-	-	-	-	(2,464)	(2,464)
Balances at December 31, 2022		<b>153,683</b>	<b>6,838</b>	<b>92,927</b>	<b>6,031</b>	-	<b>259,479</b>

See accompanying notes.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

### Statement of cash flows

Years ended December 31, 2022 and 2021

(In thousands of Brazilian reais - R\$)

	Note	2022	2021
Cash flows from operating activities			
Profit for the year		47,522	87,092
Adjustments to reconcile net income (loss) for the year to cash from (used in) operating activities:			
Depreciation	11, 20	10,493	10,274
Amortization of right of use	23	246	186
Deferred income tax and social contribution	8	2,172	(3,629)
Income tax and social contribution		8,304	13,641
Interest on borrowings and financing	12	17,535	7,834
Interest on lease liabilities	23	49	41
Residual value of property, plant and equipment items written off	11	2,306	(1,631)
Residual cost of right of use derecognized	23	(67)	(173)
Equity pickup	10	(19,266)	(12,453)
Equity pickup - Amortization	10, 21	4,485	4,654
Allowance for inventory losses	6	1	(1,472)
Allowance for doubtful debts	5	(2)	-
Exchange differences on borrowings and financing	12	143	41
Provision for tax, civil, and labor risks, net of reversals	15	1,959	4,584
Income from exclusion of ICMS from the PIS and Cofins tax base	7	-	(79,865)
Other impacts		(1,184)	701
Decrease (increase) in assets:			
Trade receivables		(25,690)	(8,881)
Inventories		9,707	(20,163)
Taxes recoverable		15,421	7,644
Appeal escrow deposits		(306)	1,405
Other receivables and other assets		(1,589)	2,159
(Decrease) increase in liabilities:			
Trade payables		(135)	14,483
Advances from customers		1,226	2,444
Payroll and related taxes		3,090	2,991
Other payables and other liabilities		(17,666)	9,634
Cash from operating activities		58,754	41,541
Payments of labor and tax lawsuits	15	(2,189)	(1,653)
Payment of interest on leases	23	(42)	(40)
Payment of interest on borrowings and financing	12	(11,393)	(6,668)
Cash from operating activities		45,130	33,180
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,673)	(6,408)
Cash used in investing activities		(20,673)	(6,408)
Cash flows from financing activities			
Payment of Interest on equity	16	(11,313)	(8,195)
Payment minimal dividends	16	(15,026)	-
Borrowings and financing taken out	12	190,707	34,284
Repayment of lease liabilities	23	(240)	(232)
Repayment of borrowings and financing	12	(183,540)	(33,904)
Cash used in financing activities		(19,412)	(8,047)
Increase in cash and cash equivalents		5,045	18,725
Cash and cash equivalents at beginning of year		27,415	8,690
Cash and cash equivalents at end of year		32,460	27,415
Increase in cash and cash equivalents		5,045	18,725

See accompanying notes.

# **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements

December 31, 2022 and 2021

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

## **1. Operations**

### **1.1. General information**

Amsted Maxion Fundação e Equipamentos Ferroviários S.A. (“Company”) is a privately-held corporation with head offices at Rua Dr. Othon Barcellos, 77, in the city of Cruzeiro, State of São Paulo.

The Company is engaged in the manufacturing and sale of railroad wheels, steel casting components for railcars and the spare part market, remanufacturing, repair and refurbishment of railroad components and railcars and steel casting components for the industrial market through its plant located in the city of Cruzeiro, in the State of São Paulo.

The Company is jointly managed by three shareholders: Amsted Rail Brasil Equipamentos Ferroviários Ltda. holding 51.00% stake (Parent), Greenbrier do Brasil Participações Ltda. holding 29.50% stake (shareholder) and Lochpe Maxion S.A. holding 19.50% stake (shareholder).

### **1.2. Operational plan and actions implemented by the Company’s management**

The Company achieved a result above the operational plan in 2022, even facing several challenges during the year, The increased cost of several raw materials used in the process, such as steel scrap which increased by over 30%, as well as the container crisis, which increased the cost of export freight and caused a shortage of components at some customers, reducing volumes, especially in the domestic market of the industrial line were the main challenges faced.

In wheels, railroad castings and industrial lines export volumes remained above plan, despite the challenges mentioned, which partially offset the volume decline in the domestic market. Another important success factor for the achievement of the result was the efficient application of transfer price through a parametric formula with customers, mitigating the impacts of raw material cost increases.

During the year the production performance was quite consistent, closing the year with a cost 14% higher than expected in the wheels line due to the increase of raw materials and the mix of the produced models and the sand line (railway and industrial) closed the year with a cost 5% lower than expected in the plan, also due to the change in the mix produced with an increase in railway volume and a reduction in industrial volume; however, both lines had good results in terms of cost reduction and increased productivity and efficiency. The investments were concentrated on machinery maintenance items, increased productivity and adaptation to legislation (“NR” RN - Regulatory Norms and “AVCB” NFPA - National Fire Protection Association).

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **1. Operations (Continued)**

#### **1.2. Operational plan and actions implemented by the Company's management (Continued)**

The Company financial performance was higher than the operational plan, with net cash 132% above the operating plan and debt remaining at the same level as at the close of the previous year and a leverage ratio of 1.2. The impact caused by the change in the mix sales with a longer receivables term has an increase around of 2.6 days in the conversion days, but the decreased of longer payment terms negotiation to scrap/offscourings suppliers and also the strong inventory control, closing with 9.4 days against 6.8 days of the previous year.

Amid the actions taken by the Management to improve the results and the liquidity level, the following are accentuated:

- (a) The 4DX methodology actions were disseminated among all hierarchical levels of the company to continue working with cost reduction initiatives, increased efficiency, increased productivity, and quality improvements.
- (b) The increased of data received from equipment's was due to the implemented of the MES (Manufacturing Execution System), that helped in a preventive maintenance culture, as long as the prevention of mechanical failures and also the monitoring of quality indicators.
- (c) Cutting back the cost of raw materials, inputs and labor was possible due to the cost transfer to customers through parametric formulas.
- (d) With the change in the product mix, increased in tools, labor and investments, it was necessary to adjust the operations so that the demands could be met.
- (e) AM is focusing of innovation trainings to prepare the company for the future though an innovation culture. There were several training courses involving all hierarchical levels, generating several projects, three of which were chosen by the management to be accelerated and are in the implementation phase.
- (f) Focus on the renegotiation of terms with the main suppliers for the company to balance the cash flow with the longer receivables due to the increase in sales in the foreign market with longer terms.
- (g) Investments in maintenance of current machinery, compliance with standards such as NR10 and NR12, as well as new machinery and equipment focusing at reducing costs and improving working conditions.

# Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

## 1. Operations (Continued)

### 1.2. Operational plan and actions implemented by the Company's management (Continued)

Railroad transport has represented, since its beginning, an important strategic element for the economy. It is the best alternative for transporting grain and containerized cargo, with the lowest cost and least environmental impact, high load capacity, more safety in the transportation of goods and lower risk of accidents.

Railway production from January to December 2022 was stable compared to the same period in 2021 (-0.05%), There was a 9.5% expansion in November (compared to the same month in 2021) in General Cargo production. In the accumulated period (Jan-Nov) there was an evolution of 12.7% compared to the same period in 2021, The expansion in the transportation of Bulk Agricultural Cargo (13.8%) and fuels (7.3%), is a highlight that demonstrated that the modal is the most adequate for the transportation of large volume cargoes and is extremely competitive and adaptable to all regions in Brazil.

Through the Ministry of Infrastructure, The Federal Government, started an absolute transformation in rail transportation in Brazil. Provided for in Provisional Measure 1,065/2021, the Pro-Trail program was created by the Brazilian Government to modernize legislation and allow the private sector which today only invests in concession projects auctioned by the Government to become more engaged in the construction and operation of railways and railroad terminals, By December 31, 2022, MInfra (Ministry of Infrastructure) received 89 applications, Jointly, they represent R\$258 billion in investments and 22 thousand kilometers of new tracks, 27 railroads went through all the stages and were authorized by the Federal Government, representing 10 thousand km and an investment of R\$133 billion, MInfra expects to increase from the current 20% to 40% the railroad participation by 2035, with the expansion from 30,000 km to 35,000 km, Investments in port concessions will also optimize the connection between railroads and terminals.

2023 has beginning with the main Brazilian railway concessions already renewed for another 30 years, such as VALE, MRS and RUMO, with only the VLI concession still to come. There are also new railroad concessions already signed, such as the North-South railroad won by RUMO, with operations expected to start in 1Q23, and the FIOL-1 railroad won by BAMIN, with operations expected to start in 2025.

The Ministry of Infrastructure has been planning for the first semester of 2023 the "PPI" IPP (Investment Partnership Program), created to anticipated renewal of the VLI, in addition to the auction of Ferrogrão (Brazilian project to stretch railroad to one state to another), The construction of the Midwest Integration Railroad (FICO), scheduled for to be delivery in 2025, was included as a counterpart for the concession value in the early extension of the EFVM (Vale).

# **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

## **1. Operations (Continued)**

### **1.2. Operational plan and actions implemented by the Company's management (Continued)**

R\$101 billion in investments altogether, is expected by Brazilian government in railroads, which R\$50 billion will go to the renewal of concessions, R\$43 billion in new concessions and R\$8 billion in privatizations.

2022 remained challenging for the rail export market, due to the coronavirus pandemic, as well as the scenario of war between Russia and Ukraine, impacting mainly the demand for commodities, Argentina is our main market in South America and the turnover in 2022 presented an increase in the order of 57% compared to 2021, mainly driven by the dollar exchange rate and price increase passed on to the customer, As an additional strategy, we developed a partnership with the company Baco to increase our market penetration, especially with BCyL (Belgrano Cargo and Logistics Rail Transport), which is the largest consumer of components and potential wagon projects.

The highlight was the positive performance in the Argentinean market, even with the renewal of concessions that were not granted, which generated uncertainty and made investments in the country unfeasible, For the other South American markets, volumes were maintained, helping to achieve the operational plan, but with indications of strong competition from the Chinese market.

Regarding the Mauritania market, the sales in 2022 presented an increase of about 140% compared to 2021, due to our excellent relationship developed over the years, besides the pandemic scenario and the current war affecting Ukraine, where our main competitor in the market (KLW) is located.

Contemplating the industrial casting segment, the yellow (line) goods and construction machinery market foresees a record of 39.9 thousand machines sold, which represents a growth compared to 2021, when 33.1 thousand machines were sold. This quantity exceeds by 19.6% the best year obtained by the segment, in 2013, when more than 33.4 thousand pieces of equipment were commercialized. This amount was achieved due to several factors, such as the expansion of the agricultural sector, the mining segment, greater mechanization of economic activities, and infrastructure concessions. The higher levels of interest rates and prices brought new challenges, which were the maintenance of profitability, since there were difficulties in passing on the cost to the end customer, and the qualification and scarcity of labor.

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **1. Operations (Continued)**

#### **1.2. Operational plan and actions implemented by the Company's management (Continued)**

The machinery market for 2023 remains optimistic and estimates that sales will increase by 4% for both the yellow line machinery segment and the entire construction equipment sector, The scenario for 2023 may be challenging, due to the uncertain economic environment, the slowdown in the world economy (estimated global GDP "Gross Domestic Product" of 2,7%), high interest rates, and a smaller investment space for infrastructure in the public budget, But the good news is that between 2024 and 2027, the FCST (forecast) is that the GDP will return to an average growth rate of 3,2%, The expectation for Brazil is for a 1% increase in the GDP in 2023, lower than the expectation for 2022, around 2,8%, with an average growth from 2024 to 2027 of around 2%, It expected an expansion of foreign trade, due to the elected government's better relationship with several countries, such as the United States, Besides this, it expects the new government to boost consumption, work towards the resurgence of the new middle class, resume student financing, rescue public investment, advance in major infrastructure projects, and resume social housing programs.

The Company is optimistic about the possible demand arising from the renewal of current concessions, new concessions and railway authorizations, in addition to the increase in the yellow line market, construction equipment, and the promising scenario for exports, forecasting revenues in 2023 of R\$558 million (in the railway wheels; railway and industrial castings segments), 25% of which are already signed contracts.

Source: Ministry of Infrastructure, ANTF (National Association of Railway Carriers), Brazilian Association of Technology for Construction and Mining (Sobratema).

#### **1.3. COVID-19**

The Company achieved a vaccination rate of approximately 100% of employees in 2022, which almost 70% already had the third dosage, At the beginning of the year, more specifically in January-22, the company experienced a critical phase, where we had a peak of cases that resulted in a high rate of absenteeism. The Company continued the efforts to contain the contamination through sanitation of the common areas, informative actions and weekly virtual meetings to discuss actions within the company and also the possible impacts of COVID-19 on suppliers and customers. All the efforts were important for the company to continue its operations without major impacts since February 22.



## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **2. Basis of preparation of the financial statements**

#### a) 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 ("BR GAAP") 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).

Management states that all significant information in the financial statements, and only this information, is disclosed and corresponds to that used by management in its operations.

#### b) Basis of measurement

The financial statements were prepared based on the historical cost, except for certain property, plant and equipment items, which were valued at deemed cost and, when 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 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 calculated 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).

#### c) 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.

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **2. Basis of preparation of the financial statements (Continued)**

#### **d) Use of estimates and judgments**

In applying the accounting policies described in Note 3, management must make judgments and prepare estimates regarding the book value of assets and liabilities 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:

- Note 5 - Expected credit loss.
- Note 6 - Allowance for inventory losses.
- Note 8 - Deferred income tax and social contribution.
- Note 15 - Provision for tax, civil and labor risks.
- Note 22 - Risk and financial instrument management.

### **3. Significant accounting policies**

#### **3.1. Impact of first-time adoption of other new and amended IFRSs in effect in the current year**

In the current year, the Company adopted the following amendments to the IFRS Standards and Interpretations issued by the IASB effective for annual periods beginning on or after January 1, 2022. The adoption of these Standards and Interpretations had no material impact on the disclosures or amounts disclosed in these financial statements.

# Amsted Maxon Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

## 3. Significant accounting policies (Continued)

### 3.1. Impact of first-time adoption of other new and amended IFRSs in effect in the current year (Continued)

Standard	Requirement	Impact on the financial statements
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.	Those changes had no impact on the financial statements, since the Company does not have any onerous contracts.
Reference to the Conceptual Framework - Amendments to IFRS 3	The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).	These amendments had no impact on the consolidated financial statements of the Company as there were no contingent assets, liabilities, or contingent liabilities within the scope of these amendments that arose during the period.
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).	These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

## Amsted Maxon Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.1. Impact of first-time adoption of other new and amended IFRSs in effect in the current year (Continued)

Standard	Requirement	Impact on the financial statements
IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).	These changes had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

#### 3.2. Adoption of new and revised IFRS not yet applicable

The International Accounting Standards Board - IASB published or amended the following accounting pronouncements, guidance or interpretations, the mandatory adoption of which is not yet applicable.

Standard	Requirement	Impact on the financial statements
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.	The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
Definition of Accounting Estimates - Amendments to IAS 8	In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.	The amendments are not expected to have a material impact on the Company's financial statements.

## Amsted Maxon Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.2. Adoption of new and revised IFRS not yet applicable (Continued)

Standard	Requirement	Impact on the financial statements
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.	The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.	The Group is currently assessing the impact of the amendments.

#### 3.3. Other accounting policies

##### a) General principles and revenue recognition criteria

###### *Revenue from sales of products*

Revenue is recognized to the extent that economic benefits are likely to flow to the Company and when it can be reliably measured, irrespective of when payment is received, and when control is transferred to the buyer.

Revenue is measured at the fair value of the consideration received, less any discounts, rebates and taxes or charges on sales. The Company measures revenue transactions in accordance with specific criteria to determine whether it is operating as an agent or a principal and eventually concluded that it has been operating as a principal in all its revenue agreements. The Company provides no guarantee other than the guarantee set forth by law, in line with the industry practice.

## **Amsted Maxion Fundição e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **3. Significant accounting policies (Continued)**

#### **3.3. Other accounting policies (Continued)**

b) Foreign currency transactions

These are translated into the Company's functional currency at the exchange rates prevailing at 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 at 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 at 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 manufacture inventories and products in process, cost includes a portion of manufacturing overhead base 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.

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **3. Significant accounting policies (Continued)**

#### **3.3. Other accounting policies (Continued)**

e) Inventories (Continued)

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) Investments in associates

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

The income, expenses, assets and liabilities of associates are included in these financial statements under the equity method, except when the investment, or part of the investment, is classified as held for sale, in which case it is recognized in accordance with CPC 31 - Noncurrent Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and subsequently adjusted to recognize the Company's interest in profit or loss and other comprehensive income of the associate.

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **3. Significant accounting policies (Continued)**

#### **3.3. Other accounting policies (Continued)**

##### **g) Property, plant and equipment**

###### *g.1) 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.

Gains from and losses on disposal of a PPE item are computed by comparing the disposal amount with the book value of PPE, and are recognized net under Other operating income/(expenses) in P&L.

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.

###### *g.2) 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.

###### *g.3) 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.



## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **3. Significant accounting policies (Continued)**

#### **3.3. Other accounting policies (Continued)**

##### g) Property, plant and equipment (Continued)

###### g.3) *Depreciation* (Continued)

Depreciation is recognized in P&L on a straight-line basis with respect to 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 estimated useful lives are disclosed in Note 11.

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.

##### h) Impairment testing

###### h.1) *Fixed assets*

The Company analyzes on an annual basis whether there is evidence that the carrying amount of an asset might be impaired. If there is any evidence of impairment, the recoverable amount of the asset is estimated, which is the higher of its fair value less costs to sell and its value in use. Value in use equals the discounted cash flows (before taxes) derived from the asset's continuing use. When the residual value of the asset exceeds its recoverable amount, an impairment loss is recognized.

For impairment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGUs).

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### h) Impairment testing (Continued)

###### h.2) *Financial assets (including receivables)*

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

##### i) Provisions

###### i.1) *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 related risks.

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 15.

##### j) Taxation

###### j.1) *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 and 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.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### j) Taxation (Continued)

##### j.2) *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.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### k) Earnings (loss) per share

Basic earnings (loss) per share are calculated by means of profit (loss) for the year attributable to controlling and non-controlling interests of the Company and the weighted average of common shares outstanding in the respective year. Diluted earnings (loss) per share are calculated by means of the average number of shares outstanding, adjusted by instruments potentially convertible into shares, with diluting effect, in the reported years.

##### l) Leases

###### l.1) *Lessee*

The Company assesses whether a contract is or contains a lease at the commencement of the agreement. The Company recognizes a right-of-use asset and corresponding lease liability for all lease agreements where the Company is the lessee, except for short-term leases (with lease terms of no more than 12 months) and low-value asset leases (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Company recognizes operating lease payments as operating expenses on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of lease payments that are not paid at the inception date, discounted by applying the implicit lease rate. If such rate is not readily determinable, the Company uses its incremental borrowing rate.

The lease liability is presented in a separate line of the statement of financial position, and is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payment made. The Company remeasures the lease liability (and makes a corresponding adjustment to the respective right-of-use asset) whenever:

- The lease term is changed or there is any significant event or change in circumstances that results in a change in the assessment of the exercise of the call option.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### I) Leases (Continued)

##### I.1) *Lessee* (Continued)

- Lease payments are changed due to changes in the index or rate or there is a change in the expected payment of the residual guaranteed value. The lease contract is modified and the change in the lease is not accounted for as a separate lease.

The Company did not make these adjustments in the reporting periods. The right-of-use assets include the initial measurement of the corresponding lease liability and lease payments made on or before the inception date, less potential lease incentives received and initial direct costs.

These assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

Whenever the Company assumes an obligation with respect to the costs necessary to disassemble and remove a leased asset, restore the place where the asset is located or return the corresponding asset to the condition required in accordance with the lease terms and conditions, the allowance is recognized and measured pursuant to IAS 37 (CPC 25).

Right-of-use assets are disclosed in a separate line in the statement of financial position. The Company applies IAS 36 (CPC 01 (R1)) to determine whether the right-of-use asset is impaired and account for potential impairment losses identified as described in the impairment policy.

Variable rents that do not depend on an index or rate are not part of the measurement of the lease liability and right-of-use asset. The corresponding payments are recognized as expense in the period in which the event or condition that gave rise to these payments occurs and are recorded in line item "Other expenses" in profit or loss.

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **3. Significant accounting policies (Continued)**

#### **3.3. Other accounting policies (Continued)**

##### m) Financial instruments

###### *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*

##### i) Amortized cost

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

##### ii) Fair value through profit or loss

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

###### *Initial measurement*

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

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### m) Financial instruments (Continued)

###### *Financial assets* (Continued)

##### ii) Fair value through profit or loss (Continued)

###### Subsequent measurement

Assets are subsequently measured as follows:

##### i) Amortized cost

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

##### ii) Fair value through profit or loss

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

##### iii) 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 (IFRS9) specifically requires the Company to recognize an allowance for expected credit losses on trade receivables. In particular, CPC 38 (IFRS9) 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.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### m) Financial instruments (Continued)

###### *Financial assets* (Continued)

##### ii) Fair value through profit or loss (Continued)

###### Subsequent measurement (Continued)

##### (iii) Impairment of financial assets (Continued)

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 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 operations are focused on the railroad segment, and the large majority of its receivables derive from a few customers with appropriate financial soundness; for this reason, the loss on collection of receivables in the year ended 2022 did not show any changes. Therefore, the Company's profit or loss did not have significant impacts on the adoption of the recognition of credit losses.

###### *Financial liabilities*

###### Classification

Company financial liabilities are classified into:

##### i) Amortized cost, comprised of trade payables, and borrowings and financing

###### Initial recognition

Financial liabilities are initially recognized at fair value plus transaction costs (in the case of borrowings and financing, and accounts payable). Company financial liabilities are accounts payable, borrowings and financing. The Company engaged in no transactions involving derivative financial instruments.



## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 3. Significant accounting policies (Continued)

#### 3.3. Other accounting policies (Continued)

##### m) Financial instruments (Continued)

*Financial liabilities* (Continued)

Classification (Continued)

- i) Amortized cost, comprised of trade payables, and borrowings and financing (Continued)

Subsequent measurement

Liabilities are subsequently measured as follows:

- i) Amortized cost

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

- ii) Fair value through profit or loss

Liabilities classified as fair value through profit or loss are accounted for by recognizing gains and losses in P&L for the period.

### 4. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Cash and banks	8,404	11,671
Highly liquid short-term investments	24,056	15,744
Total	<u>32,460</u>	<u>27,415</u>

At December 31, 2022, the short-term investments held by the Company are represented by Bank Deposit Certificates - CDBs, distributed in several financial institutions with remuneration of 101.21% (rate calculated by the weighted average) of the variation of the Interbank Deposit Certificate - CDI (98.3% at December 31, 2021), 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,

## Amsted Maxon Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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### 5. Trade receivables

#### a) Breakdown

	<u>2022</u>	<u>2021</u>
In Brazil	12,529	11,088
Abroad	27,579	22,559
Related parties (Note 9)	34,988	15,759
Expected credit loss	(552)	(554)
Total	<u>74,544</u>	<u>48,852</u>
Current assets	68,482	42,411
Noncurrent assets	6,062	6,441

#### b) Breakdown by maturity

	<u>2022</u>	<u>2021</u>
Falling due	58,694	39,794
Overdue:		
1 to 30 days	5,323	4,973
31 to 60 days	8,194	2,973
61 to 90 days	1,485	341
91 to 180 days	848	771
Above 181 days	552	554
Total	<u>75,096</u>	<u>49,406</u>

Changes in expected credit loss is as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of period/year	(554)	(554)
Reversals	2	-
Additions	-	-
Balance at end of year	<u>(552)</u>	<u>(554)</u>

The company negotiated the amount of R\$4,861 through transfer of receivables, such transactions, were derecognized once our contracts do not establish right of resource for the year ended December 31, 2021. The Company does not negotiate any such transfer of trade receivables for the year ended December 31, 2022.

### 6. Inventories

	<u>2022</u>	<u>2021</u>
Finished products	4,399	6,061
Work in progress	13,177	15,010
Raw materials	5,992	6,977
Ancillary materials	17,028	18,074
Advances to suppliers	8,591	11,876
Imports in transit	3,771	4,667
Provision for losses	(38)	(37)
Total	<u>52,920</u>	<u>62,628</u>

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 6. Inventories (Continued)

Changes in provision for inventory losses is as under:

	<b>2022</b>	<b>2021</b>
Balance at beginning of period/year	(37)	(1,509)
Reversals	150	1,581
Additions	(151)	(109)
Balance at end of year	<b>(38)</b>	<b>(37)</b>

### 7. Taxes recoverable

	<b>2022</b>	<b>2021</b>
State Value Added Tax (State VAT (ICMS)) (*)	<b>36,884</b>	30,441
Contribution on Gross Revenue for Social Security Financing (COFINS) (**)	<b>27,930</b>	56,074
Contribution on Gross Revenue for Social Integration Program (PIS) (**)	<b>26,091</b>	18,694
Corporate Income Tax ( IRPJ)	<b>577</b>	600
Tax Reintegration Regime for Exporting Companies (REINTEGRA)	<b>571</b>	653
Federal Value Added Tax (Federal VAT (IPI))	<b>992</b>	1,828
Other	<b>4</b>	180
Total	<b>93,049</b>	108,470
Current assets	<b>45,647</b>	42,744
Noncurrent assets	<b>47,402</b>	65,726

(\*) The Company obtained the release of part of the ICMS credit with the São Paulo State Finance Department. R\$24,571 was released in June and November 2022 and R\$1,520 in August 2021. These credits are being used to pay suppliers.

(\*\*) On May 13, 2021, the full bench of the Federal Supreme Court of Brazil ("STF") judged the request for amendment of judgment filed by the Federal Government and concluded that the exclusion of ICMS from the PIS and COFINS tax base is valid from March 15, 2017, date on which the thesis of general resonance was set in the judgment of Extraordinary Appeal No. 574706. The STF judges also clarified that the ICMS that is not included in the tax base of these contributions is that recorded in the invoice. This decision was the basis for the recognition of the PIS and COFINS credits for the period from 2004 to 2017 related to the lawsuit on behalf of the Company, which was corroborated by the final and unappealable decision on the lawsuit. The effects of the decision were determined with the support of external tax advisors and resulted in the recognition of R\$36,040 in November 2021 under "Other operating income (expenses)" and R\$43,825 under "Finance income". In the year ended December 31, 2022 the Company, has already recovered through tax offsetting an amount of R\$25,183 (R\$26,747 for the year December 31, 2021), with related federal taxes, for more details regarding to the non-cash transactions refer to note 26. In addition, the Company also recognized the amount of R\$4,182 in 2022 as financial income.

Based on projections the Company expects to recover tax credits arising from PIS and COFINS credits in the following years:

<b>Year</b>	<b>R\$</b>
2023	22,886
2024	18,904
2025	12,231
Total	<b>54,021</b>

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 8. Income tax and social contribution

#### a) Deferred taxes

	<u>2022</u>	<u>2021</u>
Provision for tax, civil and labor risks	22,587	20,466
Allowance for inventory losses	13	12
Expected credit loss	188	188
Provision for warranties	1,266	2,153
Profit sharing	2,815	2,200
Other	2,468	5,395
Income and social contribution tax losses	80,280	78,117
Allowance for expected credit losses	(36,146)	(30,643)
Deemed cost of property, plant and equipment	(3,107)	(3,487)
Appreciation of investment measured at fair value	(23,993)	(25,518)
Difference in depreciation criterion	(6,909)	(7,622)
Total deferred income tax and social contribution assets, net	<u>39,462</u>	<u>41,261</u>

Based on taxable profit projections approved by management bodies, the Company expects to recover tax credits arising from income and social contribution tax losses in the following years:

<u>Year</u>	<u>R\$</u>
2023	2,933
2024	4,320
2025	5,453
2026	6,876
2027	7,200
2028 and thereafter	12,680
Total	<u>39,462</u>

The estimated recoverability of tax credits was based on the taxable profit projections, considering several financial and business assumptions, which are being implemented according to the plans deployed by management, as described in Note 1. Accordingly, the Company's management understands that the recovery of tax credits is probable.

#### b) Reconciliation of statutory income tax rates to the effective tax rates

The reconciliation of credits (expenses), calculated by applying the combined tax rates, and the income tax and social contribution amounts recorded in the statement of profit and loss is as follows:

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 8. Income tax and social contribution (Continued)

#### b) Reconciliation of statutory income tax rates to the effective tax rates (Continued)

	<u>2022</u>	<u>2021</u>
Profit (loss) before income tax and social contribution	57,998	97,104
Combined rate - %	34%	34%
Income tax and social contribution (expense) credit		
Combined rate - %	<u>(19,719)</u>	<u>(33,015)</u>
Finance income on interest on tax credits (*)	1,422	14,971
Equity pickup	6,550	4,234
Interest on equity	3,846	2,786
Other permanent impacts	2,928	1,012
Realization of (allowance for) expected credit losses	<u>(5,503)</u>	<u>-</u>
Income tax and social contribution in profit or loss	<u>(10,476)</u>	<u>(10,012)</u>
Current	<b>(8,304)</b>	(13,641)
Deferred	<b>(2,172)</b>	3,629
	<b>18%</b>	11%

(\*) On September 24, 2021, the Federal Supreme Court (STF), upon judging the Appeal to SF (RE) No. 1.063.187, with recognized general resonance, ruled that the IRPJ and CSLL tax levy on amounts received as adjusted by reference to the Selic benchmark interest rate, as a result of tax amounts unduly paid is unconstitutional. In August 4, 2021, the Company filed a petition for a writ of mandamus for recognition of non-levy of IRPJ and CSLL on the amounts deriving from monetary adjustment of tax refund by reason of its indemnification nature. In view of the likelihood of a decision in favor of the Company due to referred to STF decision, and based on ICPC 22 (Uncertainties over Income Tax Treatments), did not subject to taxation by the IRPJ and CSLL the amounts related to the SELIC rate, applied on amounts received by way of repetition of undue payment or tax compensation, in judicial and administrative proceedings and subsequent to the distribution of the action. The amounts in this regard collected prior to the distribution of the action will only be object of refund/compensation requests after the final decision has been made (definitive end of the discussion).

### 9. Related parties

- (a) The amounts referring to the compensation of key management personnel, pursuant to the bylaws, are as follows:

	<u>2022</u>	<u>2021</u>
Key management personnel (salaries and benefits)	<u>4,997</u>	<u>3,881</u>

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 9. Related parties (Continued)

- (b) 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 as at December 31, 2022 and 2021, as well as the transactions that impacted profit or loss for the years then ended, regarding the transactions with related parties are as follows:

	2022					
	Assets		Liabilities		Profit or loss	
	Trade receivables	Trade payables	Patent royalties	Sales	Purchases	
lochpe-Maxion S.A.(Shraholder) R\$ - (i-ii)	2,932	3,812	-	-	75,816	
Amsted Rail Company, Inc.(Related party) - US\$	15,134	5	546	92,793	373	
Amsted Rail Brasil Equip.Ferrov.Ltda.(Controlling entity) - R\$	-	130		133	623	
Greenbrier Maxion Equip.e Serv.Ferroviários S.A. (Related party)- R\$(iii)	16,922	559		136,865	1,462	
Total	34,988	4,506	546	229,791	78,274	

	2021					
	Assets		Liabilities		Profit or loss	
	Trade receivables	Trade payables	Patent royalties	Sales	Purchases	
lochpe-Maxion S.A.(Shraholder) R\$- (i-ii)	797	8,108	-	-	62,255	
Amsted Rail Company, Inc.(Related party)- US\$	-	49	969	5,581	83	
Amsted Rail Brasil Equip.Ferrov.Ltda.(Controlling entity) - R\$	-	130	-	257	410	
Greenbrier Maxion Equip.e Serv.Ferroviários S.A. (Related party)- R\$(iii)	14,962	154	-	164,767	188	
Total	15,759	8,441	969	170,605	62,936	

(i) The Company purchases scrap from its shareholder lochpe-Maxion S.A.

(ii) On February 29, 2000, the Company and shareholder lochpe-Maxion S.A., in order to reduce costs and expenses, executed an agreement to regulate the sharing of infrastructure and facilities located at the Cruzeiro plant, in the State of São Paulo, considering that the plants are nearby and located in the same industrial complex. Each party is responsible for the cost of maintenance and management of their own facilities and both bear together the costs of any investments intended for increasing or developing the production capacity of the facilities when the project is of mutual interest. The agreement is effective for 25 years. Infrastructure and facility expenses related to this agreement, recorded in line item "General and administrative income (expenses)", amounted to a credit R\$3,817 for the year ended December 31, 2022 (credit R\$2,549 for the year ended December 31, 2021)

(iii) On May 6, 2015, the Company and its associate Greenbrier Maxion Equipamentos e Serviços 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) aimed at reducing costs and expenses. This agreement covers sharing the expenses of the following corporate functions: Executive Board, IT, Legal, Sales and Marketing. The expenses on infrastructure and facilities covered by this agreement, recognized as other operating income, totaled R\$2,052 for the year ended December 31, 2022 (R\$2,861 the year ended December 31, 2021).

- (c) The Company purchases raw materials and rail components from the jointly-owned parent Amsted Rail Brasil Equipamentos Ferroviários Ltda. and its associate Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A. Shared services agreement

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 10. Investments in associates

#### a) Variations

Investee Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A. is a privately-held company engaged in the manufacturing, tooling, assembly, distribution, and sale of any type of railroad equipment, as well as import and export transactions.

	Balance as at 12/31/2021	Amortization/ write-offs	Equity Pickup Book value	Equity Pickup	Interest on equity	Balance as at 12/31/2022
Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A.	29,887	-	19,266	19,266	(2,070)	47,083
Appreciation	110,250	-	-	-	-	110,250
(-) Amortization of appreciation	(34,994)	(4,485)	-	(4,485)	-	(39,479)
Total, net	105,143	(4,485)	19,266	14,781	(2,070)	117,854

	Balance as at 12/31/2020	Amortization/ write-offs	Equity Pickup Book value	Equity Pickup	Balance as at 12/31/2021
Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A.	17,434	-	12,453	12,453	29,887
Appreciation	110,250	-	-	-	110,250
(-) Amortization of appreciation	(30,340)	(4,654)	-	(4,654)	(34,994)
Total, net	97,344	(4,654)	12,453	7,799	105,143

	2021	Amortization of appreciation	2022
Future earnings	64,977	-	64,977
Customer portfolio	5,852	(4,425)	1,427
Trademark	4,367	-	4,367
Property, plant and equipment	60	(60)	-
Total	75,256	(4,485)	70,771

In the year ended December 31, 2022, the Company did not find any indicators that the carrying amounts of some of its assets could be higher than their recoverable amounts; thus, no allowance for impairment was recognized in the financial statements.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 10. Investments in associates (Continued)

#### b) Information on the associate

	2022							
	Number of shares (in thousands)	Equity interest (%)	Assets	Liabilities	Capital	Equity	Net revenue	Profit for the year
Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A.	48,326	40.0	512,760	397,168	87,707	115,592	789,804	50,730
	2021							
	Number of shares (in thousands)	Equity interest (%)	Assets	Liabilities	Capital	Equity	Net revenue	Profit for the year
Greenbrier Maxion Equipamentos e Serviços Ferroviários S.A.	48,326	40.0	425,951	351,272	87,707	74,679	811,684	30,487

### 11. Property, plant and equipment

	Average annual depreciation rate - %	2022			2021
		Cost	Accumulated depreciation	Net	Net
Buildings and improvements	5.55	53,985	(29,009)	24,976	25,771
Machinery and equipment	11	175,469	(128,980)	46,489	39,277
Molds	18	30,767	(27,879)	2,888	2,333
Furniture and fixtures	7	4,637	(2,733)	1,904	2,122
IT equipment	31.5	6,023	(4,848)	1,175	1,531
Other property, plant and equipment	2.25	33	(23)	10	14
Land	-	875	-	875	875
Construction in progress	-	11,007	-	11,007	4,557
Machinery spare parts	-	2,704	(1,464)	1,240	1,598
Total		285,500	(194,936)	90,564	78,078



## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 11. Property, plant and equipment (Continued)

#### Variations in cost - 2022

	2021		2022		Cost
	Cost	Additions	Write-offs	Transfers	
Buildings and improvements	53,513	-	-	472	53,985
Machinery and equipment	165,759	-	(2,347)	12,057	175,469
Molds	34,146	-	(4,554)	1,175	30,767
Furniture and fixtures	4,600	-	(41)	78	4,637
IT equipment	6,088	-	(182)	117	6,023
Other property, plant and equipment	34	-	(1)	-	33
Land	875	-	-	-	875
Construction in progress	4,557	20,641	-	(14,191)	11,007
Machinery spare parts	2,425	32	(45)	292	2,704
<b>Total</b>	<b>271,997</b>	<b>20,673</b>	<b>(7,170)</b>	<b>-</b>	<b>285,500</b>

#### Variations in depreciation - 2022

	2021		2022		Accumulated depreciation
	Accumulated depreciation	Additions	Write-offs	Transfers	
Buildings and improvements	(27,742)	(1,267)	-	-	(29,009)
Machinery and equipment	(126,482)	(7,199)	4,701	-	(128,980)
Molds	(31,813)	(638)	4,572	-	(27,879)
Furniture and fixtures	(2,478)	(285)	30	-	(2,733)
IT equipment	(4,557)	(463)	172	-	(4,848)
Other property, plant and equipment	(20)	(4)	1	-	(23)
Machinery spare parts	(827)	(637)	-	-	(1,464)
<b>Total</b>	<b>(193,919)</b>	<b>(10,493)</b>	<b>9,476</b>	<b>-</b>	<b>(194,936)</b>

#### Variations in cost - 2021

	2020		2021		Cost
	Cost	Additions	Write-offs	Transfers	
Buildings and improvements	53,146	-	-	367	53,513
Machinery and equipment	169,974	-	(7,995)	3,780	165,759
Molds	33,808	-	(306)	644	34,146
Furniture and fixtures	4,539	-	(3)	64	4,600
IT equipment	5,537	-	(2)	553	6,088
Other property, plant and equipment	34	-	-	-	34
Land	875	-	-	-	875
Construction in progress	3,557	6,408	-	(5,408)	4,557
Machinery spare parts	2,425	-	-	-	2,425
<b>Total</b>	<b>273,895</b>	<b>6,408</b>	<b>(8,306)</b>	<b>-</b>	<b>271,997</b>

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 11. Property, plant and equipment (Continued)

#### Variations in depreciation - 2021

	2020		2021		Accumulated depreciation
	Accumulated depreciation	Additions	Write-offs	Transfers	
Buildings and improvements	(26,716)	(1,026)	-	-	(27,742)
Machinery and equipment	(125,254)	(7,596)	6,368	-	(126,482)
Molds	(31,316)	(799)	302	-	(31,813)
Furniture and fixtures	(2,166)	(315)	3	-	(2,478)
IT equipment	(4,025)	(534)	2	-	(4,557)
Other property, plant and equipment	(16)	(4)	-	-	(20)
Machinery spare parts	(827)	-	-	-	(827)
Total	(190,320)	(10,274)	6,675	-	(193,919)

As of December 31, 2022, the Company did not find any indicators that the carrying amounts of some of its assets could be higher than their recoverable amounts; thus, no allowance for impairment was recognized in the financial statements.

### 12. Borrowings and financing

	Index	Annual effective interest rate (%)	2022	2021
Local currency:				
NCE	130,0% CDI	5.75	-	15,051
NCE	CDI+2.60%	16.60	<b>10,024</b>	-
NCE	CDI+4.18%	8.60	-	8,025
NCE	CDI+3.88%	8.30	-	6,059
NCE	CDI+3.70%	17.86	<b>7,608</b>	15,158
NCE	CDI+2.78%	16.81	<b>25,108</b>	10,032
NCE	CDI+3.65%	17.80	<b>5,858</b>	-
NCE	CDI+2.25%	16.21	<b>49,969</b>	29,229
ACC	-	6.45	<b>8,639</b>	-
CONFIRMING	-	16.05	<b>13,573</b>	16,852
FINAME	TLP+4.02%	9.25	<b>105</b>	201
FINAME	TLP+3.82%	9.05	<b>96</b>	184
FINAME	SELIC+6.56%	18.39	<b>6,242</b>	-
WORKING CAPITAL	CDI+3.98%	8.40	-	3,006
WORKING CAPITA	CDI+3.70%	8.12	-	9,973
Total			<b>127,222</b>	113,770
Current liabilities			<b>115,552</b>	84,340
Noncurrent liabilities			<b>11,670</b>	29,430

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 12. Borrowings and financing (Continued)

Represents supply chain financing arrangements ("forfait"), contracted with banks Fibra, Santander and Sofisa with interest rates of 16.05% per annum in Brazil. Total Forfait funding for the year ended December 31, 2022 is R\$128,802, amortization is R\$115,229, with net movement of R\$13,573.

#### Variations in borrowings and financing

	<u>2022</u>	<u>2021</u>
Balances at December 31	<b>113,770</b>	112,183
Borrowings	<b>190,707</b>	34,284
Accrued interest	<b>17,535</b>	7,834
Principal repayment	<b>(183,540)</b>	(33,904)
Interest payment	<b>(11,393)</b>	(6,668)
Exchange fluctuation	<b>143</b>	41
Balances at December 31	<b>127,222</b>	113,770

The amounts recorded in noncurrent liabilities mature as follows:

2024	8,620
2025	1,368
2026	1,552
2027	130
Total	<u>11,670</u>

### 13. Trade payables

	<u>2022</u>	<u>2021</u>
Domestic	<b>62,942</b>	59,843
External	<b>701</b>	-
Related parties (Note 9)	<b>4,506</b>	8,441
Total	<b>68,149</b>	68,284
Current	<b>64,573</b>	62,550
Noncurrent(i)	<b>3,576</b>	5,734

(i) The noncurrent portion is related to the wagon warranty in 2015, which was recognized last year. The outstanding balance of the warranty is R\$2,878 and R\$3,576 as of December 31, 2022 related to current and noncurrent trade payables respectively (R\$12,142 and R\$5,734, as of related to current and noncurrent trade payables respectively December 31, 2021)

As of December 31, 2022 the outstanding forfait balance included in domestic trade payables amounts to R\$8,645. Represents supply chain financing arrangements ("forfait"), contracted with banks Fibra, Santander, Rendimento and Sofisa taken by the Company suppliers.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 14. Payroll and related taxes

	<u>2022</u>	<u>2021</u>
Related taxes	<b>3,353</b>	3,082
Accrued vacation pay	<b>8,493</b>	7,480
Profit sharing	<b>8,278</b>	6,472
Total	<b><u>20,124</u></b>	<u>17,034</u>

### 15. Provision for labor, tax and civil 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:

	<u>2022</u>	<u>2021</u>
Tax lawsuits:		
Federal	<b>58,658</b>	54,227
Labor lawsuits	<b>4,796</b>	4,589
Severance pay fund (FGTS) - 10% additional	<b>1,366</b>	1,354
Civil lawsuits	<b>22</b>	23
	<b><u>64,842</u></b>	<u>60,193</u>
Escrow deposits	<b>(55,770)</b>	(50,891)
Total	<b><u>9,072</u></b>	<u>9,302</u>

## Amsted Maxion Fundição e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 15. Provision for labor, tax and civil risks (Continued)

The variations in the years are as follows:

	<b>Balance at 2021</b>	<b>Additions</b>	<b>Payments</b>	<b>Reversals</b>	<b>Adjustments</b>	<b>Balance at 2022</b>
Tax lawsuits:						
Federal	54,227	1,119	(939)	-	4,251	58,658
Labor lawsuits	4,589	1,680	(1,250)	(223)	-	4,796
Severance Pay Fund (FGTS) - 10% Additional	1,354	-	-	-	12	1,366
Civil lawsuits	23	2	-	(3)	-	22
Total	60,193	2,801	(2,189)	(226)	4,263	64,842
Escrow deposits	(50,891)	(1,041)	-	-	(3,838)	(55,770)

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 15. Provision for labor, tax and civil risks (Continued)

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

#### Proceedings of a tax nature

	2022			2021		
	Provision	Related escrow deposits	Liabilities, net	Provision	Related escrow deposits	Liabilities, net
PIS/COFINS (a)	28,923	28,951	(28)	26,754	26,743	11
Severance pay fund (FGTS) - 10% additional (b)	1,366	1,366	-	1,354	1,354	-
National Institute of Social Security (INSS) (c)	25,461	25,453	8	22,783	22,794	(11)
Total	55,750	55,770	(20)	50,891	50,891	-

(a) Legal disputes challenging the payment of contributions on: (i) agents' commissions and royalties paid abroad

(b) Legal disputes challenging the collection of the severance pay fund (FGTS) 10% additional on employment contract terminations.

(c) Legal disputes challenging the collection of social security tax (INSS) on 1/3 vacation premium, leaves and Occupational Accident Insurance (SAT), as well as charges on paid prior notice.

#### Labor lawsuits

As at December 31, 2022, the Company was a party to 61 labor lawsuits (76 at December 31, 2021). 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\$16,201 (R\$17,097 at December 31, 2021) for which a provision in the amount of R\$4,796 (R\$4,589 at December 31, 2021) was recognized based on the Company's internal policy, representing the best estimate of probable losses.

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.

#### Tax and civil lawsuits

The Company is a party to ongoing tax and civil lawsuits that are not provided for because they involve a likelihood of loss classified by management and its legal counsel as possible. As at December 31, 2022, these lawsuits totaled approximately R\$163,248 (R\$130,537 as at December 31, 2021).

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 15. Provision for labor, tax and civil risks (Continued)

#### Tax and civil lawsuits (Continued)

The main lawsuit whose likelihood of loss is assessed as possible is described below:

- Tax assessment notice due to the alleged nonpayment of ICMS in Cruzeiro unit, in the amount of R\$117,718 as at December 31, 2022 (R\$113,037 in 2021).

#### Appeal 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. 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, 2022 and 2021, the balances basically refer to escrow deposits related to labor and tax lawsuits. 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.

	<u>2022</u>	<u>2021</u>
Appeal escrow deposits:		
Federal	5,792	5,713
Labor	874	648
Total appeal escrow deposits	<u>6,666</u>	<u>6,361</u>
Related escrow deposits to provision	55,770	50,891
Total escrow deposits	<u><u>62,436</u></u>	<u><u>57,252</u></u>

### 16. Equity

#### a) Capital

The subscribed and paid-in capital of R\$153,683 as at December 31, 2022 and 2021 is represented by 16,635,855 thousand registered common shares, without par value.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 16. Equity (Continued)

#### b) Equity adjustments

Recognized as a result of the revaluations of items of property, plant and equipment (deemed cost) based on a valuation report prepared by independent valuers. The balance at December 31, 2022 amounts to R\$6,031 (R\$6,769 in December 31, 2021). The corresponding income tax and social contribution are classified in noncurrent liabilities and are realized through depreciation or disposal of the revalued assets against tax loss carryforwards, net of taxes.

#### c) Allocation of profit

The net income for the year, determined in accordance with article 191 of Law No. 6404/76, will be allocated as follows: (i) 5% to the legal reserve, which cannot exceed 20% of capital; (ii) 25% for distribution as mandatory dividends; and (iii) the remaining 70%, which is not allocated to the investment and working capital reserve or retained as defined in the capital budget approved by the Annual Shareholders' Meeting (ASM), will be allocated as supplementary dividends to the shareholders.

On November 9, 2022, the Board of Directors approved payment of interest on equity ("IOE") in the gross amount of R\$11,313 equivalent to R\$0.000680037 per common share, corresponding to the net amount of R\$9,617, or R\$0.000578089 per common share, already deducted from the withholding tax (IRRF), respectively. The IOE was paid in full on November 30, 2022.

As decided by the Board of Directors on that date, the IOE will be imputed to the mandatory dividend for the fiscal year 2022 pursuant to Article 36 of the Company's bylaws. The payment of remaining mandatory dividends in the amount of R\$2,464 to its shareholders, proportionately to their interest, shall be subject to discussion at the next shareholders' meeting.

As decided by the Board of Directors November 30, 2021, the IOE was imputed to the mandatory dividend for the fiscal year 2021 pursuant to Article 36 of the Company's bylaws. The payment of remaining mandatory dividends for the fiscal year 2021 in the amount of R\$15,026 to its shareholders, proportionately to their interest, was approved at the shareholders' meeting held on March 22, 2022 and the mandatory dividends were paid in full on November 30, 2022.



## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 16. Equity (Continued)

#### c) Allocation of profit (Continued)

	<u>31/12/2022</u>
Profit for the year	47,522
Realization of deemed cost, net of tax effect	799
Total to distribute	<u>48,321</u>
Allocation of profit:	
(-) Legal Reserve (5%)	2,416
(-) Statutory reserve for investment and working capital reserve (70%)	33,824
(-) Mandatory minimum dividends (25%)	12,081
( ) Interest on equity imputed to the minimum mandatory dividends, net of taxes	<u>9,617</u>
(-) Mandatory minimum dividends (remaining balance)	2,464
Proposed dividends	2,464
Interest on equity	11,313
Total distributed	<u>13,777</u>
Total distribution	28.5%

#### d) Earnings (Loss) per share

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

	<u>2022</u>	<u>2021</u>
Earnings attributable to owners of the Company	47,522	87,092
Weighted average number of shares (thousands)	16,635,855	16,635,855
Earnings per share - basic and diluted - R\$	0.00286	0.00524

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

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 17. Net revenue

	<u>2022</u>	<u>2021</u>
Gross sales revenue:		
Product sales	<b>690,874</b>	537,158
Services rendered	<b>252</b>	251
Deductions:		
Taxes on sales and services	<b>(55,575)</b>	(48,303)
Returns and cancelations in the year	<b>(8,605)</b>	(3,096)
Net sales and services revenue	<b><u>626,946</u></b>	<u>486,010</u>

### 18. Finance income (costs)

	<u>2022</u>	<u>2021</u>
Finance income:		
Finance income on PIS and COFINS credits (i)	<b>4,182</b>	43,825
Discounts obtained and interest receivable	<b>1,060</b>	505
Other	<b>856</b>	987
Total	<b><u>6,098</u></b>	<u>45,317</u>
Finance costs:		
Interest and finance charges on borrowings and financing	<b>(20,076)</b>	(9,570)
Tax on Financial Transactions (IOF)	<b>(127)</b>	(16)
Other	<b>(1,001)</b>	(401)
Total	<b><u>(21,204)</u></b>	<u>(9,987)</u>

(i) As described in Note 7, item (\*\*).

### 19. Foreign exchange differences, net

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	<b>9,436</b>	7,262
Foreign exchange losses	<b>(9,703)</b>	(4,931)
Total	<b><u>(267)</u></b>	<u>2,331</u>

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 20. Cost and expenses by nature

	<u>2022</u>	<u>2021</u>
Raw materials	(228,860)	(181,419)
Salaries, charges and benefits	(125,509)	(103,847)
Supplies and maintenance	(124,256)	(88,073)
Electric energy	(20,686)	(22,441)
Depreciation	(10,493)	(10,274)
Amortization of right of use	(246)	(186)
Outsourced services	(11,632)	(10,163)
Freight	(16,738)	(7,630)
Transportation and communication	(1,700)	(826)
Management fees	(4,997)	(3,881)
Commissions and royalties	(4,173)	(4,101)
Product warranties	(1,012)	(1,610)
Other	(13,643)	(11,693)
Total	<u>(563,945)</u>	<u>(446,144)</u>
Classified as:		
Cost of sales and services	(513,461)	(410,275)
Selling expenses	(29,043)	(17,446)
General and administrative expenses	(16,444)	(14,542)
Management fees	(4,997)	(3,881)
Total	<u>(563,945)</u>	<u>(446,144)</u>

### 21. Other operating income (expenses), net

	<u>2022</u>	<u>2021</u>
Other income:		
Income from exclusion of ICMS from the PIS and COFINS tax base (i)	-	36,040
Other income	226	443
	<u>226</u>	<u>36,483</u>
Other expenses:		
Federal and state taxes	(1,321)	(7,797)
Plate corrosion (ii)	-	(7,257)
Success fees(iii)	-	(4,966)
Tax and labor contingencies	(1,737)	(1,479)
Trade association dues	(480)	(423)
Covid-19	(127)	(297)
Municipal Property Tax (IPTU)	(233)	(232)
Fines	(46)	(103)
Project Formare	(67)	(41)
Other expenses	(626)	(2,110)
	<u>(4,637)</u>	<u>(24,705)</u>
Total other operating income (expenses), net	<u>(4,411)</u>	<u>11,778</u>

(i) As described in Note 7, item (\*\*).

(ii) It is related to the wagon warranty in 2015, which was recognized last year. Please see Note 13.

(iii) Legal advisor fees in connection to the exclusion of ICMS from the PIS and COFINS tax base legal claim. As described in Note 7, item (\*\*), which was recognized last year.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 22. Risk and financial instrument management

#### a) General considerations and policies

The Company enters into transactions involving financial instruments, when applicable, all of which recorded in equity accounts, which are intended to meet its operating and financial needs. These instruments are represented by short-term investments and borrowings and financing.

These financial instruments are managed based on policies, strategies, and internal control systems seeking to ensure liquidity, profitability and security.

The policy on taking out financial instruments for hedging purposes is also approved by the Board of Directors of the Company's parent company and joint parent companies, and subsequently analyzed periodically in relation to the exposure to the risk that management intends to hedge (foreign exchange exposure). The Company does not make any speculative investments in derivatives or in any other risk assets. Gains and losses on these transactions are consistent with the policies and strategies defined by the Company's management.

The estimated realizable value of the Company's financial assets and financial liabilities has been determined based on available market information and appropriate valuation methodologies. Judgments have been required to interpret market inputs in order to develop the most appropriate realizable value estimates. Therefore, the estimates provided below are not necessarily indicative of the amounts that could be realized in a current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.

Derivative financial instruments: in the years ended December 31, 2022 and 2021, the Company did not enter into derivative transactions.

#### *Classification of financial instruments by category*

	Note	2022	2021
Financial assets			
Amortized cost:			
Cash and cash equivalents	4	32,460	27,415
Trade receivables	5	74,544	48,852
Appeal escrow deposits	15	62,436	57,252
Other receivables		2,294	1,040
Total		<u>171,734</u>	<u>134,559</u>
Financial liabilities			
Amortized cost:			
Borrowings and financing and lease liabilities	12 and 23	127,844	114,063
Trade payables (include due to related parties)	13	68,149	68,284
Royalties payable	9	546	969
Advances from customers		3,724	2,498
Other payables		18,619	23,300
Total		<u>218,882</u>	<u>209,114</u>

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **22. Risk and financial instrument management (Continued)**

#### b) Fair values

The Company adopts hierarchy rules to measure the fair value of its financial instruments, according to accounting pronouncement CPC 40/IFRS 7 - 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 (that is, 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.
- 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 case of the Company, the financial instruments disclosed in the statements of financial position, such as bank checking accounts, 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.

## **Amsted Maxion Fundação e Equipamentos Ferroviários S.A.**

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### **22. Risk and financial instrument management (Continued)**

#### c) Financial risk management

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

##### *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 and off-road carmakers. 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 sales is made with related parties, as described in Note 9.

##### *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.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 22. Risk and financial instrument management (Continued)

#### c) Financial risk management (Continued)

##### *Liquidity risk* (Continued)

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:

	2022		2021	
	Up to 1 year	1-2 years	Up to 1 year	1-2 years
Borrowings and financing (Include lease liabilities)	124,061	15,840	84,525	29,538
Trade payables (include due to related parties)	64,573	3,576	62,550	5,734
Royalties payable	546	-	969	-
Other payables	15,831	2,788	20,121	3,179
Total	205,011	22,204	168,165	38,451

##### *Risk of fluctuation in steel and aluminum prices*

A significant part of the Company's operations depends on their ability to purchase steel and aluminum at competitive prices. If the price of steel and aluminum increases significantly, and the Company is unable to pass on the price increase on to products or to reduce operating costs to offset such increase, the operating margin will be lower. However, a significant portion of the Company's agreements entered into with Brazilian and foreign customers provide for adjustments methods to offset part of this risk.

##### *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.

	2022		2021	
	Index	R\$	Index	R\$
Short-term investments	CDI	24,056	CDI	15,744
Borrowings and financing	CDI	98,567	CDI	96,533
Borrowings and financing	TLP	200	TLP	385

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 22. Risk and financial instrument management (Continued)

#### c) Financial risk management (Continued)

##### *Foreign currency risk*

This risk arises from the possible fluctuation in the exchange rates of foreign currencies used by the Company for the acquisition of raw materials, sale of products, and financial instruments the entities enter into, in addition to foreign-currency-denominated payables and receivables. The Company has a specific policy on hedge transactions in order to mitigate these risks. The main assets and liabilities exposed to foreign exchange risks are:

	2022		2021	
	US\$	R\$	US\$	R\$
Trade receivables	8,186	42,713	4,042	22,559
Trade payables	(135)	(706)	(9)	(48)
Royalties payable	(105)	(546)	(174)	(969)
Net exposure	<b>7,946</b>	<b>41,461</b>	3,859	21,542

##### *Sensitivity analysis to foreign exchange and interest rate fluctuations*

Financial instruments are exposed to fair value changes due to fluctuations in exchange rates and CDI and TLP rates. The sensitivity analyses of the financial instruments to these variables are shown below:

#### i) Selection of risks

The Company selected as the market risk that could have a higher impact on the value of financial instruments held by it as the interest rate risk CDI rates and U.S. dollar/Brazilian real exchange rate.

#### ii) Selection of scenarios

The following table considers three risk scenarios for the currency indexes of these financial liabilities, and the Company adopted the probable scenario. In addition to the probable scenario, two additional scenarios are shown, with stresses of 25% and 50% in the risk variables as at December 31, 2022.



## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 22. Risk and financial instrument management (Continued)

#### c) Financial risk management (Continued)

*Sensitivity analysis to foreign exchange and interest rate fluctuation* (Continued)

#### ii) Selection of scenarios (Continued)

Management did not consider the sensitivity analysis for the probable scenario, with reference to the depreciation of the Brazilian real against the US dollar, because it understands that this scenario substantially reflects the exchange rate changes already recognized in the financial statements for the year ended December 31, 2022.

The possible and remote scenarios consider fluctuations of 25% and 50%, respectively, in CDI and TLP interest rates against the closing quotations as at December 31, 2021:

Short-term investments - CDI	Scenarios		
	Probable	Possible -25%	Remote -50%
At December 31, 2022	13.82%	10.36%	6.91%
Short-term investments 101.21% of CDI - R\$24,056	3,323	2,493	1,662
Effect – loss	-	(831)	(1,662)

Borrowings and financing - CDI	Scenarios		
	Probable	Possible +25%	Remote +50%
At December 31, 2022	16.65%	20.81%	24.97%
CDI-indexed borrowings (average spread)- R\$98,567	16,408	20,509	24,611
Effect – loss	-	(4,102)	(8,204)

Borrowings and financing - TLP	Scenarios		
	Probable	Possible +25%	Remote +50%
At December 31, 2022	9.15%	11.44%	13.73%
TLP-indexed borrowings - R\$200	18	23	27
Effect – loss	-	(5)	(9)

For the sensitivity analysis to foreign exchange exposure as at December 31, 2022, the Company used the foreign exchange exposure balances reported in item “Foreign exchange risk”.

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 22. Risk and financial instrument management (Continued)

#### c) Financial risk management (Continued)

*Sensitivity analysis to foreign exchange and interest rate fluctuation* (Continued)

#### ii) Selection of scenarios (Continued)

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

Company risk	Gains	
	Possible scenario	Remote scenario
Increase in U.S. dollar rate	10,365	20,730

The possible scenario considers a 25% appreciation of the U.S. dollar against the Brazilian real over the exchange rate as at December 31, 2022, R\$5.2177/US\$1.00, i.e., R\$6.5221/US\$1.00 and the remote scenario considers a 50% appreciation (R\$7.8266/US\$1.00).

Management did not consider the sensitivity analysis for the probable scenario because it understands that this scenario substantially reflects the exchange rate changes already recognized in the financial statements for the year ended December 31, 2022.

### 23. Right of use and lease liabilities

Variations are summarized below:

Right-of-use assets	2022	2021
Opening balance	339	348
Additions	562	350
Write-offs	(67)	(173)
Depreciation balance in the period	(246)	(186)
Closing balance	588	339
Lease liability		
Opening balance	293	174
Additions	562	350
Principal repayment	(240)	(232)
Interest payment	(42)	(40)
Accrued interest	49	41
Closing balance	622	293

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 23. Right of use and lease liabilities (Continued)

Payment schedule is as follows:

	<u>R\$</u>
2023	352
2024	56
2025	<u>214</u>
Total	<u><u>622</u></u>

### 24. 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. This aims at reaching a rate of return commensurate with its cost of capital, which is reviewed annually using the Weighted Average Cost of Capital (WACC) approach.

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

	<u>2022</u>	<u>2021</u>
Total borrowings and financing (Include lease liabilities)	<b>127,844</b>	114,063
(-) Cash and cash equivalents	<b>(32,460)</b>	(27,415)
Net debt	<u><b>95,384</b></u>	<u>86,648</u>
Total equity	<u><b>259,479</b></u>	<u>225,674</u>
Net debt-to-equity ratio	<b>36.76%</b>	38.4%

## Amsted Maxion Fundação e Equipamentos Ferroviários S.A.

Notes to financial statements (Continued)

December 31, 2022 and 2021

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

### 25. Insurance coverage

The Company has an insurance policy that considers mainly the risk concentration and its materiality, providing it with a level of insurance coverage considered sufficient by management according to the type of its activities and advice of the insurance brokers. Insurance coverage as at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Loss of profits	<b>169,298</b>	133,601
Property damage	<b>168,439</b>	154,620
D&O insurance	<b>23,333</b>	23,636
Civil liability	<b>10,000</b>	7,100

### 26. Non-cash Transactions

In the year ended December 31, 2022, the Company had the following transaction with does not involved cash:

- Income tax and social contribution offset with Pis and Cofins credits in the amount of R\$10,221
- Other tax payable (IRRF, CIDE, Pis, Cofins and Social Contribution) offset with Pis and Cofins credits in the amount of R\$14,973
- New leasing contracts in the amount of R\$562

### 27. Authorization for issuance of the financial statements

These financial statements were approved by the Company's Executive Board and authorized for disclosure and issue at the meeting held on March 20, 2023.