





ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

Individual and Consolidated Interim Financial Information (ITR) for the Three- and Six-month Periods Ended June 30, 2022 and 2021



(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Management and Shareholders of
Armac Locação, Logística e Serviços S.A

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Armac Locação, Logística e Serviços S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form - ITR, for the quarter ended June 30, 2022, which comprises the individual and consolidated balance sheet as at June 30, 2022, and the related statements of income and of comprehensive income for the three- and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Executive Board is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the interim financial information referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

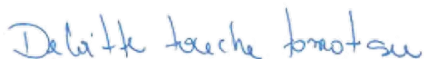
Other matter

Statements of value added

The individual and consolidated interim financial information referred to above includes the statements of value added (“DVA”) for the six-month period ended June 30, 2022, prepared under the responsibility of the Company’s Executive Board and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 9, 2022


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Alessandro Costa Ramos
Engagement Partner

MANAGEMENT REPORT

Dear all,

The Management of Armac Locação, Logística e Serviços S.A. ("ARMAC" or "Company") submits for its appreciation the Management Report and the corresponding Financial Statements, together with the Independent Auditor's report, referring to the semester ended on June 30, 2022.

MESSAGE FROM MANAGEMENT

We present the results for the first half of 2022 from ARMAC, a company that focuses on asset sharing for the agribusiness, mining, forestry and infrastructure sectors. Our business model aims to put our knowledge in maintenance and operation of heavy machinery at the service of our customers, bringing efficiency from the reduction of downtime of machines and generating great gains in the execution of maintenance and operation.

We appreciate the trust placed by customers, suppliers and financial partners. We reinforce our commitment to serving society and all stakeholders responsibly and efficiently.

FINANCIAL AND OPERATING HIGHLIGHTS

R\$ million	2Q22	1Q22	QoQ	2Q21	YoY
Rental Fleet Size (# Equipment)	7,522	6,898	9.0%	1,902	295.5%
CAPEX	241.0	228.3	5.6%	208.1	15.8%
Gross Revenue	250.5	215.8	16.1%	79.3	216.0%
Gross Revenue from rental	238.4	206.3	15.6%	78.6	203.2%
Adjusted EBITDA	102.8	87.7	17.2%	38.4	167.3%
% net revenue from rental	48.1%	47.2%	+0.9 p.p.	54.2%	-6.1 p.p.
Adjusted EBIT	71.7	60.6	18.3%	27.2	163.9%
% net revenue	33.6%	32.6%	+0.9 p.p.	38.3%	-4.8 p.p.
Cash tax earnings	60.2	53.5	12.3%	23.9	151.9%
% net revenue	26.6%	27.4%	-0.8 p.p.	33.4%	-6.7 p.p.
Adjusted Net income	30.8	28.0	10.3%	10.8	185.4%
% net revenue	13.7%	14.3%	-0.7 p.p.	15.1%	-1.4 p.p.
Net Debt	686.0	438.0	56.6%	473.8	44.8%
Net Debt / Adjusted EBITDA LTM	2.10x	1.69x	24.4%	4.71x	(55.5%)
Adjusted ROIC	28.3%	27.5%	+0.9 p.p.	32.6%	-4.3 p.p.
Adjusted ROE	19.9%	17.8%	+2.0 p.p.	56.9%	-37.0 p.p.

CORPORATE GOVERNANCE

As a Company listed on the Novo Mercado, ARMAC is committed to the highest standards of corporate governance in the Brazilian market. The Company's maturation, based on the implementation of best governance practices, is essential for us to be able to serve all our stakeholders better. In the first half of 2022, our governance consisted of a Board of Directors, an Executive Board and an Audit and Risk Committee. Two additional independent members of renown and notable experience were invited to join Armac's Board of Directors, who greatly contribute to the Company's commitment to corporate governance.

HUMAN CAPITAL

The culture and commitment of our teams and leadership are ARMAC's greatest comparative advantages. We continually invest to expand these advantages by training more and more mechanics, drivers, operators, engineers and administrators who identify with our culture. Our leadership is made up of professionals who rely on ARMAC's support to develop and rise to the new challenges of their careers. Our growth and efficiency are differentiated and so are our employees.

SUSTAINABILITY

Our business model is fully aligned with the principles of circular economy and sharing, and generates efficiency in the chains where we are operating through the reduction of idle hours of equipment and careful management of maintenance. In addition, we believe that our business model is the engine of a major social transformation for frontline professionals. We offer comprehensive training programs, in which participating employees dedicate themselves exclusively to training for 15 weeks. We develop career plans for Mechanics with on-site and remote training through an online platform. In the first half of 2022 alone, we trained 150 mechanics in the various programs offered. We believe that our mechanics, trailer drivers and operators are at the heart of generating value for customers and shareholders, and therefore have unique career and personal development opportunities at ARMAC.

RELATIONSHIP WITH INDEPENDENT AUDITORS

During the first half of 2022, the Company used the independent audit services of Deloitte Brasil Auditores Independentes Ltda. ("Deloitte") to audit and issue reports on the Company's financial statements. The Company's management informs that it is a policy not to hire the independent auditor for consulting services that may generate conflicts of interest. Management and its independent auditor understand that the aforementioned services do not generate conflicts of interest and, therefore, do not present independence risks in accordance with the rules in force in Brazil.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

BALANCE SHEETS

As at June 30, 2022 and December 31, 2021

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Note	Parent		Consolidated			Note	Parent		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021			06/30/2022	12/31/2021	06/30/2022	12/31/2021
ASSETS						LIABILITIES AND EQUITY					
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	3,948	2,428	4,363	3,442	Trade payables		91,144	31,699	95,080	49,583
Short-term investments	6	879,058	1,661,213	879,595	1,664,679	Borrowings and financing	13	106,598	135,545	124,856	163,742
Trade receivables	7	192,231	116,211	250,781	170,499	Right of use and lease of right of use	11,2	7,967	5,391	9,611	6,882
Inventories	8	20,495	12,637	25,994	17,299	Payroll and related taxes		21,210	13,523	27,965	20,911
Recoverable taxes	9	29,302	31,389	33,942	32,836	Taxes payable		5,549	3,998	8,181	5,398
Related parties	17	-	4,579	-	-	Taxes in installments	14	143	383	143	383
Other assets		15,353	6,806	16,486	8,393	Interest on capital payable	17	7,709	-	7,709	-
Total current assets		1,140,387	1,835,263	1,211,161	1,897,148	Payables for acquisition of businesses	2	-	63,539	-	63,539
						Other payables		5,122	52	5,169	976
NONCURRENT ASSETS						Total current liabilities		245,442	254,130	278,714	311,414
Related parties	17	7,807	-	-	-	NONCURRENT LIABILITIES					
Recoverable taxes	9	10,531	225	10,531	225	Borrowings and financing	13	1,438,111	1,696,570	1,445,087	1,710,082
Other assets		537	259	1,138	839	Right of use and lease of right of use	11,2	30,769	28,751	32,041	30,301
Investments	10	329,638	288,052	-	-	Payables for acquisition of businesses	2	16,624	42,201	16,624	42,201
Property, plant and equipment	11	1,396,571	1,052,374	1,632,763	1,251,287	Taxes in installments	14	426	1,405	426	1,405
Intangible assets	12	20,451	1,554	125,134	131,988	Provision for civil, tax and labor risks	15	-	-	692	692
Total noncurrent assets		1,765,535	1,342,464	1,769,566	1,384,339	Deferred taxes		55,129	41,974	87,722	72,696
						Total noncurrent liabilities		1,541,059	1,810,901	1,582,592	1,857,377
						EQUITY					
TOTAL ASSETS		2,905,922	3,177,727	2,980,727	3,281,487	Issued capital	16	1,002,351	1,002,351	1,002,351	1,002,351
						Treasury shares	16	(5,753)	-	(5,753)	-
						Share issue costs	16	(45,072)	(45,072)	(45,072)	(45,072)
						Capital reserve	16	128,578	127,015	128,579	127,015
						Earnings reserve	16	39,317	28,402	39,317	28,402
						Total equity		1,119,421	1,112,696	1,119,421	1,112,696
						TOTAL LIABILITIES AND EQUITY		2,905,922	3,177,727	2,980,727	3,281,487

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

INCOME STATEMENTS

For the three- and six-month periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Note	Parent				Consolidated	
		2Q 2022	2Q 2021	1H 2022	1H 2021	2Q 2022	1H 2022
		06/30/2022	06/30/2022	06/30/2022	06/30/2021	06/30/2022	06/30/2022
Net operating revenue	19	181,121	71,591	329,269	123,346	225,863	421,279
(-) Cost of services	20	(92,083)	(37,333)	(168,356)	(65,776)	(126,193)	(234,364)
(=) Gross profit		89,038	34,258	160,913	57,570	99,670	186,915
Operating expenses							
(-) Administrative and selling expenses	20	(23,225)	(6,901)	(44,317)	(11,239)	(24,748)	(49,303)
(+) Share of profits of subsidiaries	10	6,047	-	13,955	-	-	-
(=) Operating income before finance income (costs)		71,860	27,357	130,551	46,331	74,922	137,612
(+) a) Finance Income	21	29,101	567	67,488	1,014	29,335	67,927
(-) Finance Costs	22	(62,614)	(10,673)	(126,083)	(18,116)	(63,711)	(128,176)
(=) Finance income (costs)		(33,513)	(10,106)	(58,595)	(17,102)	(34,376)	(60,249)
(=) Profit before income tax and social contribution		38,347	17,251	71,956	29,229	40,546	77,363
(-) Income tax and social contribution	18	(7,510)	(6,447)	(13,154)	(10,760)	(9,709)	(18,561)
(=) Profit for the period		30,837	10,804	58,802	18,469	30,837	58,802
Basic earnings per share (in R\$)	23	0.09	9.13	0.17	15.61	0.09	0.17
Diluted earnings per share (in R\$)	23	0.09	9.13	0.17	15.61	0.09	0.17

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Note	CAPITAL RESERVES				EARNINGS RESERVES					Equity
		Issued capital	Share issue costs	Goodwill on share issue	Share-based plan	Legal reserve	Additional dividends proposed	(-) Dividends and interest on capital paid before the AGM	Earnings reserve	Treasury shares	
BALANCE AS AT DECEMBER 31, 2020		971	(5,168)	75,234	-	877	-	-	13,146	-	85,060
Capital increase	16	176	-	50,228	-	-	-	-	-	-	50,404
Share issue costs	16	-	(969)	-	-	-	-	-	-	-	(969)
Profit for the period	16	-	-	-	-	-	-	-	18,469	-	18,469
Recognition of legal reserve	16.4	-	-	-	-	923	-	-	(923)	-	-
Dividends	16.2	-	-	-	-	-	-	-	(20,428)	-	(20,428)
BALANCE AS AT JUNE 30, 2021		1,147	(6,137)	125,462	-	1,800	-	-	10,264	-	132,536
BALANCE AS AT DECEMBER 31, 2021		1,002,351	(45,072)	125,462	1,553	3,780	-	-	24,622	-	1,112,696
Profit for the period	16	-	-	-	-	-	-	-	58,802	-	58,802
Recognition of legal reserve	16.4	-	-	-	-	2,931	-	-	(2,931)	-	-
Share buyback program	16.6	-	-	-	-	-	-	-	-	(5,753)	(5,753)
Share-based plan	16.5	-	-	-	1,563	-	-	-	-	-	1,563
Dividends	16.2	-	-	-	-	-	11,010	-	(35,631)	-	(24,621)
Interest on capital	16.2	-	-	-	-	-	15,931	(9,345)	(29,852)	-	(23,266)
BALANCE AS AT JUNE 30, 2022		1,002,351	(45,072)	125,462	3,116	6,711	26,941	(9,345)	15,010	(5,753)	1,119,421

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Parent		Consolidate
	06/30/2022	06/30/2021	d 06/30/2022
Profit before income tax and social contribution	71,956	29,229	77,363
<u>Adjusted by:</u>			
Depreciation and amortization	20	46,174	19,167
Bonuses on goods		(3,710)	-
Cost on the write-off of decommissioned assets	11.1	15,614	3,156
Other variations		673	(133)
Share-based plan	16.5	1,563	-
Allowance for expected credit losses	20	3,524	1,011
Charges on right-of-use leases	11.2	1,490	534
Financial discounts obtained	21	(3,301)	-
Inflation adjustment on payables for acquisition of businesses.	22	2,319	-
Share of profits of subsidiaries	10	(13,955)	-
Interest on borrowings and financing	22	119,367	16,554
<u>Changes in assets and liabilities:</u>			
Trade receivables		(98,140)	(43,106)
Recoverable taxes		(8,219)	(14,291)
Inventories		(7,858)	(2,736)
Other assets		(2,064)	(3,018)
Trade payables		59,318	16,375
Payroll and related taxes		7,687	3,717
Taxes payable		1,199	1,303
Other payables		2,688	349
Related parties		-	(608)
Interest on financing	13.3	(108,306)	(15,377)
Interest on leased right-of-use assets	11.2	(1,473)	(535)
Interest on taxes in installments	14.4	(48)	(12)
Acquisition of property, plant and equipment	11	(369,511)	(243,261)
Proceeds from the sale of property, plant and equipment	19	21,176	2,630
Income tax and social contribution paid in the period	18.1	-	(615)
Net cash generated by operating activities		(261,837)	(229,559)
<u>Cash flow from investing activities</u>			
Acquisition of intangible assets	12.2	(1,035)	(171)
Short-term investments		782,155	-
Advance for future capital increase	10	(34,772)	-
Capital contribution to subsidiaries	10	(54,396)	-
Business acquisition	2	(84,398)	-
Cash assumption	2	1,299	-
Net cash used in investing activities		608,853	(171)
<u>Cash flow from financing activities</u>			
Borrowings and financing	13.3	-	320,750
Capital increase	16	-	50,404
Payment of dividends	16	(40,178)	(5,500)
Payment of borrowings and financing	13.3	(298,467)	(83,759)
Payments of right-of-use leases	11.2	(2,309)	(990)
Payment of taxes in installments	14.4	(1,171)	(48)
Share issue costs	16	-	(969)
Treasury shares		(3,371)	-
Net cash generated by financing activities		(345,496)	279,888
Increase in cash and cash equivalents, net		1,520	50,158
Cash and cash equivalents at the beginning of the period		2,428	84,767
Cash and cash equivalents at the end of the period		3,948	134,925
			4,363

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.**STATEMENTS OF COMPREHENSIVE INCOME****For the three- and six-month periods ended June 30, 2022 and 2021****(In thousands of Brazilian reais - R\$, unless otherwise stated)**

	<u>Parent</u>				<u>Consolidated</u>	
	<u>2Q 2022</u>	<u>2Q 2021</u>	<u>1H 2022</u>	<u>1H 2021</u>	<u>2Q 2022</u>	<u>1H 2022</u>
	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>	<u>06/30/2022</u>
Profit for the period	<u>30,837</u>	<u>10,804</u>	<u>58,804</u>	<u>18,469</u>	<u>30,837</u>	<u>58,804</u>
Comprehensive income for the period	<u>30,837</u>	<u>10,804</u>	<u>58,804</u>	<u>18,469</u>	<u>30,837</u>	<u>58,804</u>

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF VALUE ADDED

For the six-month periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais - R\$, unless otherwise stated)

		<u>Parent</u>		<u>Consolidated</u>
	<u>Notes</u>	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>
<u>Revenue:</u>				
Revenue from rents, services and other	19	329,269	136,391	421.279
Allowance for expected credit losses	7.3	(3,271)	(1,011)	(3.394)
<u>Outside services and materials</u>				
Outside services, materials and other		(76,766)	(25,403)	(92.690)
Gross value added		249,232	109,977	325.195
Depreciation and amortization	20	(46,174)	(18,851)	(58.041)
Wealth created by the company		203,058	91,126	267.154
<u>Wealth received in transfer</u>				
Finance income	21	67,488	1,014	67.927
Other		17,906	707	2.352
Wealth for distribution		288,452	92,847	337.433
<u>Personnel</u>				
Salaries and wages		44,108	15,923	69.304
Benefits		42,495	13,228	53.706
Severance pay fund (FGTS)		2,975	1,285	7.323
Social security contribution (INSS)		8,180	3,161	12.272
<u>Taxes, fees and contributions</u>				
Federal		5,773	21,756	7.811
Municipal		35	909	40
Lenders and lessors				
Interest	22	126,083	18,116	128.176
Shareholders				
Dividends		-	7,282	-
Dividends payable		58.802	11,187	58,802
Wealth distributed		288.452	92,847	337,433

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and six month periods ended June 30, 2022 and 2021
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

1.1. The Company and its subsidiaries

Armac Locação, Logística e Serviços S.A. (“Company” or “Armac”) is a publicly-held company with its registered office in the municipality of Barueri, State of São Paulo, primarily engaged in the rental of machines, vehicles and equipment for loading, unloading and handling of agricultural, mining and construction materials.

The individual and consolidated interim financial information comprises Armac Locação, Logística e Serviços S.A and Bauko Equipamentos de Movimentação e Armazenagem S.A. (“Bauko”), which are managed as one single economic entity.

1.2. Initial Public Offering (“IPO”)

On July 26, 2021, the Company conducted the primary and secondary public offering of 92,169,803 registered, book-entry common shares, without par value, all free and clear of any liens or encumbrances, issued by the Company (“Shares”), at the price of R\$16.63 per share, totaling 1,532,784, consisting of:

- (i) The primary offering of 60,150,376 new Shares (“Primary Offering”); and
- (ii) The secondary offering of 32,019,427 Shares (including Additional Shares) held by the selling shareholders (“Secondary Offering”).

After the public offering, the Company became a publicly-held company with shares traded at B3 S.A. - Brasil, Bolsa, Balcão, in the Novo Mercado corporate governance segment, under ticker symbol ARML3. 1.3.

1.3. COVID-19

The Company has been closely monitoring the evolution of the COVID-19 pandemic, declared by the World Health Organization (WHO), as well as its impacts on the economy.

Since the beginning of the pandemic, the Company has adopted the measures recommended by the proper authorities to protect the health of its employees and to prevent any interruption of its operational activities. The main measures taken are: boosting hygiene protocols; spreading information on the matter in its internal communication channels; cancelling internal events and trips; making working hours more flexible to avoid crowds; implementing telecommuting for groups of professionals; adopting the provisional measures implemented by the Federal Government to postpone the payment of taxes and levies, among others. In light of the current scenario, the Company’s Management did not identify any indication of (i) loss due to impairment of its long-lived assets; (ii) deterioration of the default levels of its customer portfolio; (iii) drop in revenues; or (iv) any other significant factor that would raise doubts regarding the continuity of its operations and/or would require adjustments to its financial statements.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and six month periods ended June 30, 2022 and 2021
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

The Company has not identified significant negative impacts on its operations, considering that its activities are mostly related to the agribusiness sector, considered as essential activity due to the production of first necessity products for the population. It is worth noting that up to June 2022, the Company posted a growth of 241.5% in net revenue compared to the same period in 2021.

2. BUSINESS COMBINATION AND CORPORATE RESTRUCTURINGS

2.1. Acquisition of RCB Locação de Equipamentos e Máquinas Ltda. (“RCB”).

On August 23, 2021, the negotiation and acquisition of 100% of RCB’s shares was completed upon the concurrent signature and closing of the deal. The acquisition price was R\$26,498, consisting of:

- (i) R\$22,590 paid in cash on the transaction date;
- (ii) R\$3,000 retained by the Company, to cover any indemnification of liabilities. The amount will be released within up to 24 months counted from the acquisition date and is adjusted by the DI rate;
- (iii) R\$908 paid in October 2021 and related to the net debt and working capital adjustment.

The Extraordinary General Meeting held on January 14, 2022 approved the merger of RCB Locação de Equipamentos e Máquinas Ltda. with and into Armac. The merger did not result in a capital increase or the issuance of new shares by Armac.

RCB’s net assets merged with and into Armac on January 14, 2022 were as follows:

	RCB
<u>Assets</u>	
Cash and cash equivalents	1,299
Trade receivables	2,579
Other assets	3,060
Property, plant and equipment	21,523
Total (a)	<u>28,461</u>
<u>Liabilities</u>	
Trade payables	127
Taxes payable	353
Total (b)	<u>480</u>
Total merged net assets (a - b)	27,981

As at June 30, 2022, the balance due to the seller was R\$3,242.

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2.2. Acquisition of Bauko Equipamentos de Movimentação e Armazenagem S.A, (“Bauko”)

On November 3, 2021, the acquisition of 100% of the shares of Bauko Equipamentos de Movimentação e Armazenagem S.A. was agreed and completed, upon the concurrent signature and closing of the deal. The acquisition price was R\$213,234, consisting of:

- (iv) R\$106,617 paid in cash on the transaction date;
- (v) R\$94,117 payable in 18 consecutive installments of R\$5,229, adjusted using SELIC (Central Bank’s policy rate).
- (vi) R\$12,500 payable after 60 months as adjusted using SELIC, to cover possible indemnities of liabilities.

During the period ended June 30, 2022, the Company prepaid the balance due, amounting to R\$84,398, leaving the balance payable to the seller, amounting to R\$13,382. As provided for in the Bauko acquisition agreement, in March 2022, the acquisition price was reduced by R\$3,960, as compensation for machinery not located or inoperative, unrecognized labor charges, and prepaid expenses whose economic benefits could not be used by Armac. This price adjustment was recognized by reducing the equity balances against the goodwill balance.

3. BASIS OF PREPARATION OF THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

The individual interim financial information for Armac is identified as “Parent” and the consolidated interim financial information is identified as “Consolidated”.

3.1. Statement of compliance

The Company’s individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) for the three- and six-month period ended June 30, 2022 comprises the individual and consolidated interim financial information prepared in accordance with Brazilian Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting, issued by the Accounting Pronouncements Committee (“CPC”), equivalent to IAS 34 - Interim Financial Reporting.

3.2 Statement of materiality

Management applied in the preparation of the individual and consolidated financial statements Brazilian accounting guidance OCPC 7 and CVM Resolution 727/14, for the purpose of disclosing only material information that assists the users of the individual and consolidated financial statements in making decisions, while meeting all the existing minimum regulatory requirements. In addition, Management asserts that all material information is being disclosed and corresponds to the information used by it the management of the business.

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3.3 Basis of preparation

The individual and consolidated interim financial information has been prepared based on historical cost, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Management takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The individual and consolidated financial statements have been prepared on the assumption that the Company is a going concern, meaning that it will be able to discharge its payment obligations arising from bank loans within the maturities disclosed in note 13.

3.4 Authorization for the issue of the individual and consolidated interim financial information

The Company's Board of Directors, at the meeting held on August 8, 2022, authorized the disclosure of this individual and consolidated interim financial information.

3.5 Use of estimates and judgments

The estimates and assumptions used in preparing the Company's individual and consolidated interim financial information for the period ended June 30, 2022 have not changed significantly.

The issues in which assumptions and estimates are significant to the individual and consolidated interim financial information are disclosed in the Company's financial statements for the year ended December 31, 2021, in note 3.6.

3.6 Consolidated interim financial information

The consolidated interim financial information includes the Company and its subsidiary Bauko, acquired on November 3, 2021, and was prepared in accordance with the following criteria: (a) elimination of balances between consolidated companies; (b) elimination of the parent company's investments against the corresponding equity of the investee, as applicable; (c) elimination of revenues and expenses arising from transactions between consolidated companies; and (d) elimination of profit on inventories arising from sales between consolidated companies, where applicable.

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Considering that the acquisitions of RCB and Bauko occurred on August 21, 2021 and November 3, 2021, respectively, the Company's management started disclosing consolidated financial statements as from the fourth quarter ended December 31, 2021.

The consolidated profit of the Company and its subsidiaries for the period ended June 30, 2022 includes revenues and expenses attributable to the businesses added and generated by the subsidiaries Bauko and RCB. With respect to RCB, profit includes the profit for the period from January 1, 2022 until the date of its merger with and into Armac, which occurred on January 14, 2022.

4. SIGNIFICANT ACCOUNTING POLICIES

There were no significant changes in the accounting policies adopted by the Company for the period ended June 30, 2022. The significant accounting policies applied in this individual and consolidated interim financial information are consistent with the significant accounting policies applied and disclosed in note 4 to the Company's individual and consolidated financial statements for the year ended December 31, 2021, filed with the CVM on March 25, 2022.

This individual and consolidated interim financial information does not include all the requirements for annual or full financial statements and therefore should be read together with the Company's financial statements for the year ended December 31, 2021. Therefore, the following notes are not repeated in this interim financial information, either because of redundancy or materiality with respect to the information already disclosed in the financial statements:

- Significant accounting policies
- New and revised standards and interpretations not yet adopted

The same accounting policies are applicable for the comparative period ended June 30, 2021.

5. CASH AND CASH EQUIVALENTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Cash	177	154	175	153
Banks - checking account	<u>3,771</u>	<u>2,274</u>	<u>4,188</u>	<u>3,289</u>
Total	<u>3,948</u>	<u>2,428</u>	<u>4,363</u>	<u>3,442</u>

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6. SHORT-TERM INVESTMENTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Short-term investments	879,058	1,661,213	879,595	1,664,679
Total	879,058	1,661,213	879,595	1,664,679

Short-term investments consist of funds invested in Certificates of Bank Deposits (CDBs) with yield ranging from 95% to 105% of the Certificate of Interbank Deposits (CDI) rate, subject to an insignificant risk of change in value and which can be redeemed immediately.

7. TRADE RECEIVABLES

7.1. Breakdown of balances

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Domestic customers	137,812	82,889	187,774	133,139
Unbilled revenue (*)	59,033	34,665	67,744	38,703
(-) Allowance for expected credit losses	(4,614)	(1,343)	(4,737)	(1,343)
Total	192,231	116,211	250,781	170,499

(*) The revenue from lease contracts whose service provision is in progress at the end of the month and which will be billed in a subsequent period is calculated according to the respective days incurred and accounted for as unbilled revenue in trade receivables.

7.2. Aging list

The aging list of trade receivables is as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
<u>Past due:</u>				
1-30 days	8,268	6,451	10,055	10,799
31-90 days	8,230	2,187	9,453	2,923
91-180 days	4,774	2,814	5,545	3,590
Over 180 days	4,911	1,944	5,246	2,482
Subtotal – past due	26,183	13,396	30,299	19,794
<u>Current:</u>	170,662	104,158	225,2149	152,048
Total	196,845	117,554	255,518	171,842

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7.3. Variations in expected credit losses:

Variations in the allowance for expected credit losses are as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Opening balance	<u>(1,343)</u>	<u>(677)</u>	<u>(1,343)</u>	<u>(677)</u>
(+ / -) Recognition/Reversal	(3,524)	(666)	(3,647)	(666)
(-) Write-off to loss	253	-	253	-
Closing balance	<u><u>(4,614)</u></u>	<u><u>(1,343)</u></u>	<u><u>(4,737)</u></u>	<u><u>(1,343)</u></u>

8. INVENTORIES

Inventories include parts and maintenance materials and consumables, which are used in the maintenance of machinery, equipment, and vehicles. The cost of inventories is based on the principle of average cost and is measured at the historical cost of acquisition plus transport expenditures and non-recoverable taxes.

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Parts and maintenance materials	20,172	12,148	23,809	15,031
Spare parts for resale	-	-	1,839	1,779
Consumables	<u>323</u>	<u>489</u>	<u>346</u>	<u>489</u>
Total	<u><u>20,495</u></u>	<u><u>12,637</u></u>	<u><u>25,994</u></u>	<u><u>17,299</u></u>

9. RECOVERABLE TAXES

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Taxes on revenue (PIS and COFINS)	22,361	25,779	24,608	25,871
Corporate Income Tax (IRPJ) and Social Contribution (CSLL)	1,245	1,045	2,424	1,763
Social security contribution (INSS)	931	100	1,351	104
Withholding income tax (IRRF)	<u>15,296</u>	<u>4,690</u>	<u>16,090</u>	<u>5,323</u>
Total	<u><u>39,833</u></u>	<u><u>31,614</u></u>	<u><u>44,473</u></u>	<u><u>33,061</u></u>
Current assets	29,302	31,389	33,942	32,836
Noncurrent assets	<u>10,531</u>	<u>225</u>	<u>10,531</u>	<u>225</u>
Total	<u><u>39,833</u></u>	<u><u>31,614</u></u>	<u><u>44,473</u></u>	<u><u>33,061</u></u>

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10. INVESTMENTS

Variations in Armac's investments in its subsidiaries are as follows:

Investments	Balance as at 12/31/2021	Amortization of appreciation	Distribution of interest on capital	Purchase Price Adjustment	Capital increase (b)	Advance for future capital increase (c)	Share of profit (loss) of subsidiaries	Merger (a)	Balance as at 06/30/2022	Interest - %	Equity
RCB(a)	27,792	-	-	-	-	-	189	(27,981)	-	-	-
Bauko	111,951	-	(3,228)	-	54,396	34,774	13,766	-	211,659	100%	211,659
Goodwill - RCB	10,497	-	-	-	-	-	-	(10,497)	-	-	-
Asset appreciation - RCB	11,632	(505)	-	-	-	-	-	(11,127)	-	-	-
Goodwill - Bauko	81,914	-	-	(3,960)	-	-	-	-	77,954	-	-
Asset appreciation - Bauko	44,266	(4,241)	-	-	-	-	-	-	40,025	-	-
Total	288,052	(4,746)	(3,228)	(3,960)	54,396	34,774	13,955	(49,605)	329,638	-	211,659

- (a) RCB Locação de Equipamentos e Máquinas Ltda., acquired in August 2021, is primarily engaged in the lease of elevating work platforms and on January 14, 2022 was merged with and into the Company, as deliberated on this date at the Extraordinary General Meeting.
- (b) The Annual and Extraordinary Shareholders' Meeting of Bauko held on June 24, 2022, deliberated to capitalize the advance for future capital increase, amounting to R\$54,396.
- (c) As at March 31, 2022, Armac and Bauko executed the Advance for Future Capital Increase agreement, which covers the advances already granted and provides for the possibility of granting new advances up to the limit of R\$60,000.

As at June 30, 2022 and December 31, 2021, the investment in Bauko is as follows:

Investment in Bauko	06/30/2022	12/31/2021
Assets	294,619	222,680
Liabilities	82,960	110,729
Equity	211,659	111,951
Net revenue	92,010	64,996
Profit for the period	13,766	11,922

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11. PROPERTY, PLANT AND EQUIPMENT

11.1. Breakdown of property, plant and equipment

	PARENT						Total
	Leasehold improvements	Right of use in lease	Machinery and equipment for lease	Vehicles and support equipment	Furniture and IT equipment	Construction in progress	
Acquisition cost							
Balance as at December 31, 2021	1,185	37,313	953,150	75,484	6,928	52,421	1,126,481
(+) Additions	331	6,886	289,991	34,125	2,697	42,367	376,397
(+) Merger of RCB (*)	-	-	38,274	504	69	-	38,847
(+/-) Transfers	-	-	44,868	-	-	(44,868)	-
(-) Write-off of assets	-	-	(18,424)	(497)	(64)	-	(18,985)
Balance as at June 30, 2022	1,516	44,199	1,307,859	109,616	9,630	49,920	1,522,740
Depreciation							
Balance as at December 31, 2021	(197)	(4,393)	(63,641)	(5,219)	(657)	-	(74,107)
(+) Additions	(100)	(3,933)	(32,935)	(3,792)	(626)	-	(41,386)
(+) Merger of RCB (*)	-	-	(13,806)	(198)	(43)	-	(14,047)
(-) Write-off of depreciation	-	-	3,255	115	1	-	3,371
Balance as at June 30, 2022	(297)	(8,326)	(107,127)	(9,094)	(1,325)	-	(126,169)
Net residual value							
As at December 31, 2021	988	32,920	889,509	70,265	6,271	52,421	1,052,374
As at June 30, 2022	1,219	35,873	1,200,732	100,523	8,305	49,920	1,396,571
Annual depreciation rate							
At December 31, 2021 and June 30, 2022	29%	16.44% to 60%	5% to 6.66%	6.66 to 10%	10% to 20%		

Part of the acquisitions of property and equipment were made through Government Agency for Machinery and Equipment Financing (FINAME) and Direct Consumer Credit (CDC) with direct payment to the supplier, with no cash flow involved in the initial operation. Therefore, these acquisitions are not presented in the statement of cash flows. In the period ended June 30, 2022, there were no acquisitions of assets through financing (R\$82,028 as at June 30, 2021).

(*) Merger of RCB: refers to the net assets of RCB amounting to R\$21,523 (see note 2.1) plus the asset appreciation amounting to R\$3,277.

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	CONSOLIDATED						Total
	Leasehold improvements	Right of use in lease	Machinery and equipment for lease	Vehicles and support equipment	Furniture and IT equipment	Construction in progress	
Acquisition cost							
Balance as at December 31, 2021	1,185	40,824	1,139,095	87,769	6,972	56,134	1,331,979
(+) Additions	331	7,719	348,891	39,434	2,743	52,518	451,636
(-) Write-off of assets	-	-	(19,086)	(497)	(64)	-	(19,647)
(+/-) Transfers	-	-	50,697	-	-	(50,697)	-
Balance as at June 30, 2022	1,516	48,543	1,519,597	126,706	9,651	57,955	1,763,968
Depreciation							
Balance as at December 31, 2021	(197)	(4,993)	(69,323)	(5,522)	(657)	-	(80,692)
(+) Additions	(100)	(4,932)	(43,735)	(4,716)	(629)	-	(54,112)
(-) Write-off of depreciation	-	-	3,482	115	1	-	3,598
Balance as at June 30, 2022	(297)	(9,925)	(109,576)	(10,123)	(1,285)	-	(131,206)
Net residual value							
As at December 31, 2021	988	35,831	1,069,773	82,247	6,315	56,134	1,251,287
As at June 30, 2022	1,219	38,618	1,410,021	116,583	8,366	57,955	1,632,763
Annual depreciation rate							
At December 31, 2021 and June 30, 2022	29%	16.44% to 60%	5% to 6.66%	6.66 to 10%	10% to 20%		

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11.2. Right of use and lease of right of use

The Company's Management analyzed its contracts and concluded that they fall within the classification of lease.

Variable lease payments from short-term or low-value contracts that were not recognized as right of use for the period are recognized in line item 'Other costs' shown in note 20, totaling R\$1,023 as at June 30, 2022 (R\$1,175 as at June 30, 2021). This line item includes costs related to "rights of use" that did not meet the criteria on term and amount established by the standard, in addition to other costs. Amounts due and not paid by June 30, 2022 are considered in the balance sheet within the amount recognized in 'Trade payables'.

The lease amounts are recognized in the right-of-use line account, in line item 'Property, plant and equipment' and are being depreciated over the contractual period.

The contractual period was considered to determine the lease period. If the contract contains a clause specifying automatic renewal for the same or another period, and if the Company wishes to remain in the property, the calculation of the lease term shall be the sum of both periods. If the contract does not specify renewal or specifies that it shall be extended only with the consent of both parties, the lease period shall be the period provided for in the contract. In addition, the Company does not have contracts signed for indefinite periods.

Variations in lease liabilities by right of use are as follows:

	Properties - related parties (Note 17)	Contracts with third parties Amount	Parent	Consolidated
As at December 31, 2020	12,170	2,045	14,215	14,215
(+) Acquisition of subsidiary	-	-	-	3,602
(+) New operations	7,678	15,640	23,318	23,325
(+) Interest incurred	856	633	1,489	1,601
(-) Contract termination	-	(1,335)	(1,335)	(1,335)
(-) Principal repayment	(1,185)	(871)	(2,056)	(2,624)
(-) Interest payments	(856)	(633)	(1,489)	(1,601)
As at December 31, 2021	18,663	15,479	34,142	37,183
(+) New operations	3,578	3,308	6,886	7,719
(+) Interest incurred	849	641	1,490	1,696
(-) Principal repayment	(1,707)	(602)	(2,309)	(3,267)
(-) Interest payments	(849)	(624)	(1,473)	(1,679)
As at June 30, 2022	20,534	18,202	38,736	41,652

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	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Current	7,967	5,391	9,611	6,882
Noncurrent	30,769	28,751	32,041	30,301
Total	38,736	34,142	41,652	37,183

The respective amounts are recognized in the lease liability account and the balance will be amortized by monthly payments. Future payments were adjusted to present values at a weighted average rate of 7% per annum, where the contract ends in 2028.

Future payments to be made to the lessor may generate the right to PIS and COFINS credits when the lessor is a legal entity. Since the vast majority of lease contracts are linked to individuals, Management concluded that there are no impacts from these transactions to be disclosed.

In compliance with CVM Circular Letter 02/2019 and NBC TG 06 (R3) / IFRS 16, justified by the fact that the Company did not apply the nominal flow methodology due to the prohibition imposed by NBC TG 06 (R3) of future inflation projection and with the objective of providing additional information to users, the analysis of contracts and undiscounted installments as at June 30, 2022 is presented below:

<u>Parent</u>	Net present value	Embedded interest (future)	Discounted installments
Year:			
2022	3,925	2,187	6,112
2023	8,068	2,412	10,480
2024	8,101	1,784	9,885
2025	8,450	1,142	9,592
2026	8,624	457	9,081
2027	1,448	28	1,476
2028	120	1	121
Total	38,736	8,011	46,747

<u>Consolidated</u>	Net present value	Embedded interest (future)	Discounted installments
Year:			
2022	4,718	2,478	7,196
2023	9,667	2,602	12,269
2024	8,524	1,819	10,343
2025	8,551	1,146	9,697
2026	8,624	457	9,081
2027	1,448	28	1,476
2028	120	1	121
Total	41,652	8,531	50,183

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11.3. Review of useful lives

In September 2021, pursuant to its accounting policy of annually revaluating the useful life of its assets, the Company has hired a specialized asset valuation company, which has analyzed the useful life of the assets in conformity with CPC 27 – Property, Plant and Equipment and ICPC 10 – Interpretation on application. Such valuation also considered that the Company has expanded its maintenance center with the creation of asset monitoring programs and, as a result of such valuation, the useful life of the assets analyzed increased as follows: yellow line from 10 years to 15 years, truck from 10 years to 15 years, elevating work platforms from 10 years to 20 years.

11.4. Impairment of assets

In accordance with IAS 36/CPC 1 - Impairment of Assets, the Company's property and equipment items are tested for impairment at least annually if there is indication that certain assets are impaired.

Based on the results obtained in the quarter and expected results for the year, the Company's Management concluded that there is no need to record the impairment of its assets.

12. INTANGIBLE ASSETS

12.1. Breakdown of intangible assets

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Systems and applications	503	188	503	188
Trademarks and patents	464	465	464	465
Project development	1,581	901	1,581	901
Goodwill on the merger of RCB Plataformas	12,441	-	12,441	-
Goodwill on acquisition of subsidiaries	-	-	82,896	99,297
Customer contract appreciation	5,462	-	25,406	29,077
Suppliers' contracts appreciation	-	-	1,843	2,060
Total	<u>20,451</u>	<u>1,554</u>	<u>125,134</u>	<u>131,988</u>

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12.2. Variations in intangible assets

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
At the beginning of the period	1,554	453	131,988	453
Additions	1,035	1,138	1,035	1,138
Amortization	(41)	(37)	(41)	(37)
Goodwill on the merger of RCB Plataformas	12,441	-	-	-
Goodwill on acquisition of subsidiaries	-	-	-	99,297
Customer contract appreciation	5,462	-	-	31,208
Suppliers' contracts appreciation	-	-	-	2,168
Price adjustment	-	-	(3,960)	-
Appreciation amortization	-	-	(3,888)	(2,239)
At the end of the period	20,451	1,554	125,134	131,988

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13. BORROWINGS AND FINANCING

13.1. Breakdown of balances

Lender	Type	Rate per year - %	Maturity	Parent		Consolidated	
				06/30/2022	12/31/2021	06/30/2022	12/31/2021
Debentures – 1 st issuance (*)	Debentures	CDI + 3.35%	2026	282,104	300,431	282,104	300,431
Debentures – 2 nd issuance	Debentures	CDI + 2.50%	2028	1,014,567	1,005,807	1,014,567	1,005,807
Banco ABC Brasil	Working capital	CDI + 5.3%	2023	-	9,193	-	9,193
	Finame	SELIC + 3.0%	2026-27	31,936	30,229	31,936	30,229
Banco BOCOM BBM	Working capital	CDI + 4.15%	2024	-	9,447	-	9,447
Banco Bradesco	CDC	Fixed 9.9-10.1%	2025	3,197	3,596	3,197	3,596
	Lease	Fixed 4.9-6.9%	2022-24	-	-	9,199	12,960
Banco BTG Pactual	Working capital	CDI + 4.3%	2025	-	28,161	-	28,161
	CCE / NCE	CDI + 4.15%	2026	-	50,273	-	50,273
Banco do Brasil	CCE / NCE	CDI + 3.1%	2028	200,956	200,814	200,956	200,814
Banco Itaú	Working capital	CDI + 3.65%	2026	-	36,438	-	36,438
	CDC	Fixed 11.9%	2023	-	-	664	920
Banco John Deere	CDC	Fixed 8.7-9.9%	2024-25	15,011	17,010	15,011	17,010
Banco Safra	Working capital	Fixed 9.9%	2024	1,959	2,412	1,959	2,412
	CDC	Fixed 11.2%	2023	783	1,077	783	1,077
	Finame	SELIC + 3.1%	2027	-	15,486	-	15,486
Banco Santander	Working capital (4131)	CDI + 3.8 -4.7%	2026	-	84,891	-	84,891
	CDC	Fixed 6.7-10.2%	2022-25	14,004	16,982	14,076	17,215
	Lease	Fixed 6.6-11.6%	2022-24	781	1,102	5,021	8,615
	Finame	SELIC + 3.6%	2027	-	41,816	-	41,816
Other institutions	Working capital / CDC / Leases	Fixed 7.2-11.5%	2022-25	2,325	4,226	13,383	24,309
Subtotal				1,567,623	1,859,391	1,592,857	1,901,100
(-) Unamortized costs				(22,914)	(27,276)	(22,914)	(27,276)
Total				1,544,709	1,832,115	1,569,943	1,873,824
Current liabilities				106,598	135,545	124,856	163,742
Noncurrent liabilities				1,438,111	1,696,570	1,445,087	1,710,082
Total				1,544,709	1,832,115	1,569,943	1,873,824

(*) On July 19, 2022, the Company carried out the total optional early redemption of these Debentures – 1st issuance, as shown in note on events after the reporting period (note 28.2).

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Finame: financing for investments in machinery and equipment used in operations. Contracts have grace periods for the payment of principal that can last up to one year. In all the Company's Finame agreements, the financed good is pledged as collateral for the financing transaction.

CDC: financing for investments in machinery and equipment used in operations. Agreements provide for principal repayment grace periods of up to one year. Under all the Company's CDC agreements, the financed asset is pledged as collateral of the financing.

Leases: lease contracts for investments in machinery and equipment used in operations. Contracts have grace periods for the payment of principal that can last up to one year.

Working capital: Bank credit notes acquired from financial institutions to finance the Company's working capital and purchase machinery and equipment for operations.

CCE: Export credit notes acquired from financial institutions to finance the purchase of machinery and equipment for operations.

13.2. Debenture characteristics

1st issuance of debentures

On April 28, 2021, the Company carried out its first issuance of simple nonconvertible debentures, in a single series, collateralized, pursuant to CVM Instruction 476, for public offering, in the total amount of R\$200,000, with restricted placement efforts, maturing on April 28, 2026, with a 12-month grace period for principal repayment ("Debentures – 1st Issuance").

On June 25, 2021, the first amendment to the private indenture of the first debenture issuance was signed, through which the Company decided to change the amount of debentures issued to 300,000 debentures and, consequently, the total amount of the issuance to R\$300,000. On July 30, 2021, the public offering with restricted efforts was closed with all debentures subscribed and paid up.

The Debentures – 1st Issuance, after the IPO, bear interest equivalent to 100% of the accumulated variation of daily average DI rates, plus spread of 3.35% per year.

2nd issuance of debentures

On November 1, 2021, the Company carried out its second (2nd) issuance of simple nonconvertible, unsecured debentures, in a single series, pursuant to CVM Instruction 476, for public offering, in the total amount of R\$1,000,000, with restricted placement efforts, repayable in annual installments beginning November 25, 2024 and maturing on November 25, 2028 ("Debentures – 2nd Issuance"). The public offering of debentures under restricted placement efforts was closed on December 14, 2021, and all debentures were subscribed and paid in.

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The Debentures – 2nd Issuance bear interest equivalent to 100% of the accumulated variation of daily average DI rates, plus spread of 2.50% per year.

13.3. Variations in borrowings and financing

	Parent		Consolidated	
	12/31/2021 to 06/30/2022	12/31/2020 to 12/31/2021	12/31/2021 to 06/30/2022	12/31/2020 to 12/31/2021
At the beginning of the period	1,832,115	288,555	1,873,824	288,555
(+) Borrowings	-	1,823,139	-	1,825,364
(+) Acquisition of subsidiary	-	-	-	64,076
(+) Accrued interest	119,367	60,952	120,966	62,107
(-) Repayment of principal	(298,467)	(263,888)	(314,798)	(288,519)
(-) Interest paid	(108,306)	(48,444)	(110,048)	(49,538)
(-) Issue costs	-	(28,199)	-	(28,221)
At the end of the period	1,544,709	1,832,115	1,569,943	1,873,824

13.4. Repayment schedule

As at June 30, 2022, the repayment schedule, by maturity year , is as follows:

Year	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
2022	61,939	132,682	73,902	161,841
2023	92,159	155,243	102,059	164,700
2024	291,239	354,843	294,606	357,936
2025	337,894	398,675	337,894	398,675
2026	280,376	305,424	280,376	305,424
2027	254,015	262,524	254,020	262,524
2028	250,000	250,000	250,000	250,000
	1,567,622	1,859,391	1,592,857	1,901,100

13.5. Covenants and Guarantees

A portion of the borrowing and financing agreements with financial institutions is subject to acceleration clauses, which, among others, include:

- i) the Company's obligation to submit the annual financial statements, duly audited by an independent auditor;
- ii) restriction to capital reductions;
- iii) restriction to change direct or indirect control;

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- iv) covenant establishing that the net debt-to-EBITDA ratio for the previous twelve should be equal to 3.50x or less in 2021, 3.25x in 2022, and 3.0x as from 2023. The borrowing and financing agreements that include the covenant are those signed with Banco do Brasil and the Debentures – 1st and 2nd issues;
- v) restriction to the distribution of dividends above 25% of the profit for the previous year if the net debt-to-EBITDA ratio for the past twelve months of the current year exceeds 3.0x. The borrowing and financing agreements that include the clause restricting the distribution of dividends are those signed with Banco Itaú and the Debentures – 1st and 2nd issues;

Borrowings and financing are collateralized by the financed assets, lease contracts with customers, and sureties from the Company's controlling shareholders. As at June 30, 2022, the Company was compliant with those covenants.

14. TAXES IN INSTALLMENTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Law 11941/09 – REFIS	86	88	86	88
Law 13496/17 – PERT	275	271	275	271
Simplified INSS	208	204	208	204
Standard taxes in installments	-	1,225	-	1,225
Total	<u>569</u>	<u>1,788</u>	<u>569</u>	<u>1,788</u>
Current liabilities	143	383	143	383
Noncurrent liabilities	426	1,405	426	1,405
	<u>569</u>	<u>1,788</u>	<u>569</u>	<u>1,788</u>

14.1. Law 11941/09 - Tax Recovery Program (REFIS)

On October 27, 2009, the Company enrolled in the Government's debt refinancing program for the payment of tax debts in 180 installments. Tax debts refer to PIS, COFINS, IRRF, IRPJ, and CSLL.

On November 29, 2009, the Company obtained the consolidation of the balance of enrollment in said installment program, carried out by the Brazilian Federal Revenue Service and the impacts of this consolidation were duly recorded at that time.

14.2. Law 13496/17 - Special Tax Regularization Program (PERT)

During 2017, the Company opted for the enrollment in PERT related to the "social security and non-social security" debts, which permitted the regularization of debts that were pending payment. Due to the conditions established by the program, the Company decided to guarantee the discounts of 80% for interest and 40% for fine that fell under Article 2, III, b, of Provisional Act (MP) 783.

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In 2019, the Company obtained the consolidation of the balances of enrollment in the aforementioned “social security and non-security” installment payments, which was carried out by the Brazilian Federal Revenue Service.

14.3. Simplified INSS

During 2020, the Company opted for the enrollment in the Simplified INSS, which permitted the regularization of pending social security debts in 60 installments.

14.4. Variations installment payments

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
At the beginning of the period	1,788	687	1,788	687
(+) New installment plans	-	1,246	-	1,246
(-) Repayment of principal	(1,171)	(123)	(1,171)	(123)
(-) Interest paid	(48)	(22)	(48)	(22)
At the end of the period	569	1,788	569	1,788

15. PROVISIONS FOR TAX, CIVIL AND LABOR RISKS

The Company considers all available information regarding the proceedings to which it is a party to define the estimates of the amounts of obligations and the likelihood of cash disbursements. The Company recognizes provisions sufficient to cover losses deemed probable and for which a reliable estimate can be made. For the periods ended June 30, 2022 and December 31, 2021, a provision for labor risks of R\$692 was recognized, arising from a subsidiary, on lawsuits for which loss is assessed as probable.

Lawsuits with a possible likelihood of loss

Management did not consider necessary to recognize a provision for ongoing lawsuits for which the likelihood of loss was assessed as possible by the legal counsel, as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Civil	436	395	436	395
Tax	50	50	50	50
Labor	1,943	811	4,221	4,709
Total	2,429	1,256	4,707	5,154

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16. EQUITY

16.1. Issued capital

As at June 30, 2022 and December 31, 2021, the Company's subscribed capital is R\$1,002,351, represented by 345,759,521 common shares without par value, held as follows:

	06/30/2022		12/31/2021	
	Number of shares	Equity interest - %	Number of shares	Equity interest - %
Owners of the Company	173,625,871	50.22%	173,837,520	50.28%
Other	172,133,650	49.78%	171,922,001	49.72%
	345,759,521	100.00%	345,759,521	100.00%

All shares have the same rights in relation to the Company's residual assets. Holders of common shares are entitled to receive dividends and one vote per share in the Company's deliberations.

16.2. Dividend distribution policy

Distribution of mandatory minimum dividends, in a percentage to be defined in the General Meeting, considering the rules laid down in the prevailing legislation (minimum of 25% of the profit for the year, after the recognition of the legal reserve).

On April 27, 2022, it was decided in a meeting of the Board of Directors, as proposed by the Executive Committee on March 31, 2022, to be ratified by the Annual Shareholders' Meeting to be held by the end of April 2023, the distribution of interest on capital included in dividends, amounting to R\$15,557. Payment was on May 26, 2022.

On May 2, 2022, it was deliberated in an annual and extraordinary shareholders' meeting the payment of R\$24,621 in dividends to the shareholders, which was made on May 19, 2022.

On June 24, 2022, it was decided in a meeting of the Board of Directors, the distribution of interim dividends for the quarter ended March 31, 2022, in the amount of R\$11,010, and the same meeting approved the distribution of interest on capital in the amount of R\$14,295. These dividends and interest on capital were paid on July 22, 2022. Both deliberations will be ratified at the annual general meeting to be held by the end of April 2023.

Pursuant to Technical Interpretation on Accounting for Proposed Dividend Payment (ICPC08), as it is no present obligation on the date of these financial statements, the amount of dividends and/or interest on capital to be deliberated in excess of mandatory minimum dividends at the meeting of the Company's Board of Directors, to be ratified at the annual general meeting, will be recorded in line items of equity and when effectively paid will be recorded in a reduction line item of equity. These balances will be written off upon approval at the annual general meeting to be held by the end of April 2023.

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16.3. Capital reserve - share premium

The capital reserve - share premium as at June 30, 2022 and December 31, 2021 is R\$125,462 corresponding to goodwill generated on the issue of 442,327 new registered shares, without par value, subscribed and paid in by SPEED Fundo de Investimento em Participações Multiestratégia.

16.4. Earnings reserve

a) Legal reserve

This reserve shall be recognized as required by the Brazilian Corporate Law and the bylaws, based on 5% of the profit for the year up to 20% of capital. The objective of the legal reserve is to ensure the integrity of capital and it can only be utilized to offset losses or increase capital.

16.5. Share-based payment

The Extraordinary Shareholders' Meeting held on July 2, 2021 approved the creation of the Company's Stock Option Plan to be managed by the Board of Directors. The plan provides for the grant of up to 4% of the Company's subscribed capital through different stock option programs to be established in the long term under this Plan.

Recognized stock options granted

Matching shares acquired in July 2021 ("Pre-IPO Program"): Program created to grant to participants, for each share invested, a stock option with vesting period for total vesting of the right of three years. Stock options can be exercised at any time from the vesting date to the expiration date.

Grants were made to members of the Company's Management, including officers, managers and coordinators, except for controlling officers.

The plan costs are measured at fair value on the grant date, estimated based on the Black & Scholes model. The Company adopted the procedure of recognizing these costs on a straight-line basis during the vesting period, comprised from the grant date to the date in which the employee is entitled to exercise the option, with a corresponding increase (i) in equity, in line item "recognized stock options granted" included in "capital reserves"; and (ii) in the statement of income, being allocated to line items "costs", "general, administrative and other expenses".

The following assumptions were used for the calculation based on the Black & Scholes model to estimate the fair value of the options granted on the grant date, i.e., July 5, 2021:

Programa	Outorga	# opções	Exercício	Taxa de juros livre de risco	Preço de exercício	Volatilidade anualizada*	Valor justo da opção na data da outorga
Pré-IPO	5/7/21	256.520	jul-22	4,25%	2,52	27%	6,56
Pré-IPO	5/7/21	256.520	jul-23	4,25%	2,52	27%	6,67
Pré-IPO	5/7/21	256.520	jul-24	4,75%	2,52	27%	6,76

(*) Estimated before going public based on the average of comparable companies listed at the stock exchange in Brazil and the United States.

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In the period ended June 30, 2022, the cost from the provisioning of the stock option programs amounted to R\$1,563.

16.6. Treasury shares

Share buyback plan

The Board of Directors' meeting held on May 5, 2022 approved a buyback plan for the acquisition by the Company, in a single transaction or in a series of transactions, of own common shares, according to the following terms and conditions:

- a) Purpose of the transaction: buyback Company shares on the stock exchange, at market price, with the main purpose of meeting the delivery of shares under the Company's share-based compensation plans, and may also be held in treasury, cancelled and/or subsequently sold in the market. The shares held in treasury may be used to exercise options under the Company's stock option plan.
- b) Number of shares: the total number to be bought back is up to 13,830,380 common shares issued by the Company, equivalent to 4% of the total Company shares and 8.13% of the free float on May 5, 2022.
- c) Term: the maximum term for the operation is 18 months beginning May 6, 2022, ending on November 5, 2023.
- d) Acquisition method and price: the shares will be acquired on the trading floor of B3 S.A. - Brasil, Bolsa, Balcão ("B3") at market price, and the Company's management will be responsible for deciding the moment and the number of shares to be bought back, whether in a single transaction or in a series of transactions, within the limits provided for in the applicable regulations.

Additional information about the share buyback plan is available on the Company's Investor Relations page and on the websites of the Brazilian Securities and Exchange Commission - CVM and B3.

As at June 30, 2022, the Company holds own common shares in treasury in the amount of R\$5,753, broken down as follows:

Acquisition month	Quantity acquired	Acquisition cost	Average price per share acquired (R\$0.00)
May/22	80,000	994	12.42
June/22	400,400	4,759	11.87
Total	480,400	5,753	11.98

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17. RELATED-PARTY TRANSACTIONS

The transactions conducted between the Company and its related parties are summarized as follows:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
<u>Income statement transactions</u>				
Remuneration of guarantees provided (i)	-	556	-	608
Lease of right of use (ii)	2,556	2041	2,556	1,553
Management compensation (v)	1,050	6,002	1,050	6,002
<u>Equity transactions</u>				
Interest on capital receivable (iii)	7,807	4,579	-	-
Advances for future capital increase (iv)	34,772	22,989	-	-

- (i) Refers to the remuneration of guarantees provided (surety) by the controlling shareholders of the Company in borrowing and financing agreements. The determined remuneration is 1% per year of the average guaranteed balance for the period, in line with market costs for a bank guarantee or performance bond. This remuneration was extinct on June 30, 2021 and the outstanding balance was settled.
- (ii) The balance refers to the payment of rentals for the buildings that operate as maintenance center for the machinery, which are owned by part of the controlling shareholders of the Company (note 11.2).
- (iii) The balance of interest on capital receivable is broken down as follows:

Description	06/30/2022	12/31/2021
• On June 24, 2022, the Extraordinary and Annual Shareholders' Meeting of the subsidiary Bauko deliberated the payment of interest on capital attributed to dividends, amounting to R\$3,228. Payment will be made by the end of 2022.	3,228	-
• On December 30, 2021, the Extraordinary Shareholders' Meeting of the subsidiary Bauko deliberated the payment of interest on capital attributed to dividends, amounting to R\$4,579. Payment will be made by the end of 2022.	4,579	4,579
Total	7,807	4,579

- (iv) The balance of the advance for future capital increase is broken down as follows:

Description	06/30/2022	12/31/2021
• RCB (merged on January 14, 2022 – note 11)	-	16,594
• Bauko (*)	34,772	6,395
Total	34,772	22,989

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(*) As at March 31, 2022, Armac and Bauko executed the Advance for Future Capital Increase agreement, which covers the advances already granted and provides for the possibility of granting new advances up to the limit of R\$60,000. The Annual and Extraordinary Shareholders' Meeting of In Bauko held on June 24, 2022 deliberated to capitalize the advance for future capital increase, amounting to R\$54,396.

- (v) The compensation of the Company's officers for the six-month period ended June 30, 2022 was R\$1,050 (R\$930 as at June 30, 2021), considered a short-term benefit, recognized in line item 'General and administrative expenses' in income for the period.

18. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of income tax and social contribution calculated at the statutory rate provided for in the tax legislation and the income tax and social contribution expenses recorded in the statement of income for the period are shown below.

18.1. Reconciliation of income tax and social contribution expenses

The income tax and social contribution calculations were made based on taxable income in the Parent and in the subsidiary for the six-month period ended June 30, 2022. The table below shows the reconciliation of income tax and social contribution at the statutory rate:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Profit before income tax and social contribution	71,769	85,752	77,176	89,589
(34%) Combined statutory tax rate	34%	34%	34%	34%
Income tax and social contribution expenses	(24,401)	(29,156)	(26,240)	(30,460)
<u>Effect of permanent additions (deductions) in the calculation of taxes</u>				
(-) Tax depreciation due to the disposal of assets	(2,184)	(520)	(2,184)	(520)
(-) Nondeductible costs and expenses	(627)	(748)	(627)	(748)
(-) Share of profits of subsidiaries	4,681	5,444	-	-
(+) Other permanent differences	2,093	(2,708)	3,193	203
(-) Subsidiaries' interest on capital	(2,866)	-	-	-
(-) Parent's interest on capital	10,150	-	7,284	-
Income tax and social contribution expenses	(13,154)	(27,688)	(18,574)	(31,525)
Current	-	(1,246)	(3,548)	(3,500)
Deferred	(13,154)	(26,442)	(15,026)	(28,025)
Total	(13,154)	(27,688)	(18,574)	(31,525)
Effective tax rate	-18%	-32%	-24%	-35%

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18.2. Deferred income tax and social contribution

a) Breakdown

Deferred income tax and social contribution are recorded to reflect future tax effects attributable to temporary differences. Deferred income tax and social contribution are comprised as follows:

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Assets				
Allowance for expected credit losses	4,614	1,491	4,614	1,491
Income tax and social contribution losses	134,952	89,189	134,952	89,189
Accrued executives' bonuses	5,318	2,789	5,318	2,789
Lease adjustment - CPC 06	4,459	3,298	4,459	9,815
Total	149,343	96,767	149,343	103,284
(34%) Statutory rate	34%	34%	34%	34%
Deferred tax assets	50,777	32,901	50,777	35,117
Liabilities				
Lease adjustment - CPC 06	3,783	4,710	3,825	4,710
Tax and economic depreciation gap	263,300	163,527	359,119	260,403
Asset appreciation	44,406	51,985	44,406	51,985
Total	311,489	220,222	407,350	317,098
(34%) Statutory rate	34%	34%	34%	34%
Deferred tax liabilities	105,906	74,875	138,499	107,813
Deferred income tax and social contribution, net	55,129	41,975	87,722	72,696

The variations in deferred tax assets and liabilities are as follows:

a) Variations:

	Parent	Consolidated
Deferred IRPJ/CSLL as at December 31, 2021, net	41,975	72,696
Allowance for expected credit losses	(1,062)	(1,062)
Income tax and social contribution losses	(15,559)	(15,559)
Accrued executives' bonuses	(860)	(860)
Lease adjustment - CPC06	(710)	1,522
Tax and economic depreciation gap	33,923	33,563
Asset appreciation	(2,578)	(2,578)
Deferred IRPJ/CSLL as at June 30, 2022, net	55,129	87,722

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19. NET REVENUE

	Parent		Consolidated
	06/30/2022	06/30/2021	06/30/2022
Lease of equipment and provision of services	342,412	133,761	441,112
Sale of new machinery and parts	-	-	3,555
Sale of used property and equipment	21,176	2,630	21,622
Gross operating revenue	363,588	136,391	466,289
(-) Taxes on sales	(34,319)	(13,045)	(45,010)
Net operating revenue	329,269	123,346	421,279
Tax on revenue (COFINS)	(25,761)	(9,999)	(33,458)
Tax on revenue (PIS)	(5,593)	(2,171)	(7,264)
State VAT (ICMS)	(24)	-	(271)
Service tax (ISS)	(2,941)	(875)	(4,017)
Total taxes on sales	(34,319)	(13,045)	(45,010)

20. EXPENSES BY NATURE

	Parent		Consolidated
	1H 2022 06/30/2022	1H 2021 06/30/2021	1H 2022 06/30/2022
Depreciation and amortization	41,666	19,028	53,816
Personnel expenses	68,288	25,867	109,530
Inputs, parts and maintenance services	27,169	11,334	35,377
Fuel and transportation costs	13,264	4,698	14,152
Cost of sale or write-off of property and equipment	15,325	2,546	16,376
Bonus	1,647	-	1,994
Other costs	997	2,303	3,119
Costs	168,356	65,776	234,364
Depreciation and amortization	4,508	139	4,225
Personnel expenses	25,694	6,790	28,885
Advisors' expenses	2,820	822	2,861
Administrative and selling expenses	8,407	2,455	9,155
Allowance for expected losses associated with credit risk	3,524	1,011	3,647
Bonus	502	-	568
Other income (expenses), net	(1,138)	(86)	149
Expenses	44,317	11,239	49,490

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21. FINANCE INCOME

	<u>Parent</u>		<u>Consolidated</u>
	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>
Income from short-term investments	67,373	898	67,821
Fine and interest	109	106	114
Financial discounts obtained	3,301	10	3,309
(-) Taxes on finance income	(3,295)	-	(3,318)
Total	67,488	1,014	67,927

22. FINANCE COSTS

	<u>Parent</u>		<u>Consolidated</u>
	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>
Interest on borrowings and financing	119,367	16,554	120,966
Interest and fines	299	23	406
Discounts granted	300	314	395
Inflation adjustment to payables	2,319	-	2,319
Bank fees, IOF (financial transactions tax) and TAC (credit fee)	29	48	51
Commission on guarantees and sureties	-	600	-
Interest on leased right-of-use assets	1,490	536	1,696
Other	2,279	41	2,343
Total	126,083	18,116	128,176

23. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share was based on profit attributable to shareholders and is as follows:

	<u>Parent</u>		<u>Consolidated</u>
	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>
Profit for the period	58,802	18,469	58,802
Basic denominator:			
Weighted average number of shares	345,759,521	1,183	345,759,521
Basic earnings per share (in R\$)	0.17	15.61	0.17
Diluted denominator:			
Weighted average number of shares	345,721,202	1,183	345,721,202
Diluted earnings per share (in R\$)	0.17	15.61	0.17

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24. FINANCIAL INSTRUMENTS

24.1. Categories of financial instruments

	Parent		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Financial assets				
Cash and cash equivalents	3,948	2,428	4,363	3,442
Short-term investments	879,058	1,661,213	879,595	1,664,679
Trade receivables	192,231	116,221	250,781	170,499
Related parties	7,807	4,579	-	-
Total	1,083,044	1,784,441	1,134,739	1,838,620
Financial liabilities				
Trade payables	91,144	31,699	95,080	49,583
Borrowings and financing	1,544,709	1,832,115	1,569,943	1,873,824
Payables for acquisition of businesses	16,624	105,740	16,624	105,740
Interest on capital payable	7,709	-	7,709	-
Total	1,660,186	1,969,554	1,689,356	2,029,147

24.2. Financial and foreign exchange risks

The Company's activities are subject to financial risks. To ensure that the Company has sufficient cash to meet operational needs, Management monitors the continuous estimates of the Company's liquidity requirements.

The Company does not conduct significant transactions with foreign suppliers. There are no amounts exposed to foreign exchange risk as at June 30, 2022.

24.3. Sensitivity analysis

Interest rate risk

The Company obtains borrowings from major financial institutions to meet cash requirements for investments and growth. As a result, the Company is exposed to the interest rate risk relating to the CDI and SELIC. As at June 30, 2022, R\$1,529,563 of the Company's borrowings and financing balance is indexed either to CDI (interbank deposit rate) or SELIC (Central Bank's policy rate).

The sensitivity to the risk of an increase in the CDI and SELIC rates that would affect the Company's finance costs is shown below, considering the scenarios with an increase from 25% to 50% of the CDI rate, based on Selic's projection at the end of March 2023 at the level of 13.75%, according to the Focus report of the Central Bank of Brazil of June 30, 2022.

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	Balance			
	06/30/2022	Scenario I	Scenario II	Scenario III
Average CDI rate for the next 12 months		13.75%	17.19%	20.63%
Finance costs on borrowings not indexed to CDI or SELIC	63,294	3,017	3,017	3,017
Finance costs on borrowings indexed to CDI or SELIC	1,529,563	228,832	286,670	328,900
Finance costs on borrowings indexed and not indexed to CDI or SELIC	1,582,857	231,850	289,688	331,917
Short-term investments	(879,058)	(120,870)	(151,420)	(173,726)
Net exposure	703,799	110,980	138,268	158,191

Credit risk management

The credit policies established by Management are intended to minimize customer default impacts and to diversify its operations. No single customer accounted for more than 10% of net operating revenue.

Liquidity risk management

To monitor cash liquidity, assumptions of future disbursements and receipts are established, and these are monitored on a periodic basis by Management. The table below shows in detail the maturity of the contracted financial liabilities:

	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
<u>Parent</u>					
Trade payables	90,825	117	117	78	91,137
Borrowings and financing	66,748	92,055	341,018	727,198	1,227,019
Lease of right of use	7,329	8,065	8,294	15,048	38,736
Interest on capital payable	7,709	-	-	-	7,709
<u>Consolidated</u>					
Trade payables	94,757	117	117	78	95,069
Borrowings and financing	96,154	99,161	343,233	727,198	1,265,746
Lease of right of use	8,973	9,124	8,507	15,048	41,652
Interest on capital payable	7,709	-	-	-	7,709

25. INSURANCE

The Company has the practice of insuring the assets exposed to risks in amounts considered sufficient by Management to cover potential losses, taking into consideration the nature of its activities. As at June 30, 2022, the Company had insurance contracted for property and equipment items amounting to R\$1,058,687, with policies effective until December 2026.

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26. NONCASH TRANSACTIONS

Noncash transactions are described below:

Classification in the financial statements	Line item	Note	Nature of transaction	Parent		Consolidated
				06/30/2022	06/30/2021	06/30/2022
Assets	Property, plant and equipment	12	Direct financing for acquisition of property and equipment items		82,028	
Liabilities	Borrowings and financing	15			82,028	
Assets	Property and equipment – right of use	12.2	Effects of IFRS 16	6,887	5,397	6,887
Liabilities	Lease of right of use	12.1		6,887	5,397	6,887
Assets	Net assets	2.1		27,981	-	-
Assets	Investment	11	Merger of RCB	27,981	-	-
Equity	Treasury shares	16.6	Acquisition of shares under the share buyback program – pending settlement	2,382	-	2,382
Liabilities	Other payables			2,382	-	2,382

27. SEGMENT REPORTING

The Company has only one operating segment defined as equipment rental. The Company has a single business unit for commercial and managerial purposes. Management evaluates the total performance of the Company, the commercial, managerial and administrative results, considering that the entire cost and expense structure is shared by all product categories.

28. EVENTS AFTER THE REPORTING PERIOD

28.1. Issuance of Certificate of Agribusiness Receivables (CDCA):

On June 15, 2022, the Company and its subsidiary Bauko issued Certificates of Agribusiness Receivables (“CDCA”), as shown in the table below, on behalf of Eco Securitizadora de Direitos Creditórios do Agronegócio S.A. (“Issuer” or “Securitization Company”) to be used as guarantee for certificates of agribusiness receivables issued by the Securitization Company (“CRA”), pursuant to Law 11.076, of December 30, 2004, as amended (“Law 11.076”) by Provisional Act 1.103, of March 15, 2022, and Brazilian Securities and Exchange Commission (“CVM”) Resolution 60, of December 23, 2021, which were subject to public offering as set forth in CVM Instruction 476, of January 16, 2009.

Security	CDCA Bauko	CDCA I Armac	CDCA II Armac
Issuer	Bauko Equipamentos de Movimentação e Armazenagem S.A.	Armac Locação, Logística e Serviços S.A.	Armac Locação, Logística e Serviços S.A.
Par value	96.000	101.730	302.270
Issuance Date	06/15/2022	06/15/2022	06/15/2022
Maturity Date	06/13/2029	06/13/2028	06/13/2029
Inflation adjustment	IPCA	Not applicable.	IPCA

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Security	CDCA Bauko	CDCA I Armac	CDCA II Armac
Return	7.5779% p.a.	CDI + 1.65% p.a.	7.5779% p.a.
Payment method and schedule	Par value: 2 installments - 06/13/2028 and 06/13/2029 Interest: semiannual payment, with first maturity on 12/13/2022, last maturity on 06/13/2029	Par value: single installment on 6/13/2028 Return: semiannual payment, with first maturity on 12/13/2022, last maturity on 06/13/2028	Par value: 2 installments - 06/13/2028 and 06/13/2029 Interest: semiannual payment, with first maturity on 12/13/2022, last maturity on 06/13/2029
Guarantee	Parent's surety (Armac Locação, Logística e Serviços S.A.) Pledge on receivables linked to CDCA Bauko.	Pledge on receivables linked to CDCA I Armac.	Pledge on receivables linked to CDCA II.

On July 21, 2022, the private placement of 500,000 CRA was completed, of which i) 101,730 of the first series and ii) 398,270 CRA of the second series ("CRA First Series", "CRA Second Series", respectively, and when collectively and indistinctively referred to the "CRA"), each with par value of R\$1,000.00, in the total amount of R\$500,000,000.00, ("Total Issuance Amount") of which R\$101,730,000.00 relating to the CRA First Series and R\$398,270,000.00 relating to the CRA Second Series, as defined in the bookbuilding procedure of potential investors.

The par value of the CDCA linked to the CRA First Series will not be subject to inflation adjustment and will be paid in one single installment on the respective maturity date. The par value or balance of the par value of the CDCA linked to the CRA Second Series, as the case may be, will be adjusted as from the first payment date, by the accumulated IPCA variation and will be paid in two installments, the first due on June 13, 2028 and the last on June 13, 2029.

The par value, or balance of the par value of the CDCA linked to the CRA First Series will be subject to compensatory interest corresponding to 100.00% of the accumulated variation of the daily average one-day extra-group DI (Interbank Deposit) rates ("DI rate"), expressed as a percentage per year, on a 252 business days basis, calculated and disclosed on a daily basis by B3, at the daily bulletin available at its website (www.b3.com.br) exponentially increased by spread or surtax equivalent to 1.65% per year, 252 business days basis. Return will be paid semiannually, the first payment on December 13, 2022 and the last on the respective maturity date.

The adjusted par value of the CDCA linked to the CRA Second Series will be subject to compensatory interest equivalent to 7.5779% per year, 252 business days basis. Return will be paid semiannually, the first payment on December 13, 2022 and the last on the respective maturity date.

28.2. Total optional early redemption of Debentures 1st Issuance (Ticker Symbol ARML11)

On July 19, 2022, the total optional early redemption of Debentures, under ticker symbol ARML11, was carried out pursuant to the "Private Instrument of Indenture of Issuance of Simple, Non-convertible Debentures of the First Issuance of Armac Locação, Logística e Serviços S.A." at their par value, plus compensatory interest and premium, in the total amount of R\$286,406.