



ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

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

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 nine months ended on September 30th, 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	3Q22	2Q22	QoQ	3Q21	YoY
Rental Fleet Size (# Equipment)	8,823	7,522	17.3%	2,776	217.8%
CAPEX	538.5	241.0	123.4%	323.8	66.3%
Gross Revenue	275.6	250.5	10.0%	109.7	151.1%
Gross Revenue from rental	255.2	238.4	7.0%	109.3	133.5%
Adjusted EBITDA	117.9	102.8	14.8%	53.0	122.6%
% net revenue from rental	51.2%	48.1%	+3.2 p.p.	53.6%	-2.3 p.p.
Adjusted EBIT	81.9	71.7	14.1%	41.2	98.6%
% net revenue	35.6%	33.6%	+2.0 p.p.	41.7%	-6.1 p.p.
Cash tax earnings	69.9	60.2	16.2%	43.7	60.0%
% net revenue	27.9%	26.6%	+1.3 p.p.	44.0%	-16.1 p.p.
Net income¹	38.8	30.8	25.9%	22.2	74.7%
% net revenue	15.5%	13.7%	+1.8 p.p.	22.4%	-6.9 p.p.
Net Debt	952.4	686.0	38.8%	(169.7)	(661.3%)
Net Debt / Adjusted EBITDA LTM	2.38x	2.10x	13.6%	(1.22x)	(295.3%)
Adjusted ROIC	28.7%	28.3%	+0.4 p.p.	35.6%	-6.9 p.p.
Adjusted ROE	22.9%	19.9%	+3.0 p.p.	27.2%	-4.3 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 nine months of 2022, our governance consisted of a Board of Directors, an Executive Board and an Audit and Risk Committee. We invited to join the board of Directors of Armac two additional independent members of repute and notable experience, which 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.

RELATIONSHIP WITH INDEPENDENT AUDITORS

During the first nine months 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.

(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 September 30, 2022, which comprises the individual and consolidated balance sheet as at September 30, 2022 and the related statements of income and of comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Executive Board is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) 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 ITR referred to above was 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.

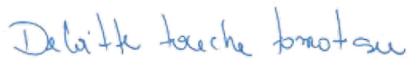
Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2022, prepared under the responsibility of the Company's Executive Board and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth 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 these statements of value added were not prepared, in all material respects, in accordance with such technical pronouncement and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

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

São Paulo, November 9, 2022



DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.



Alessandro Costa Ramos
Engagement Partner

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

BALANCE SHEETS

As at September 30, 2022 and December 31, 2021

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

<u>ASSETS</u>	Notes	<u>Parent</u>		<u>Consolidated</u>		<u>LIABILITIES AND EQUITY</u>	Notes	<u>Parent</u>		<u>Consolidated</u>	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021			09/30/2022	12/31/2021		
<u>CURRENT ASSETS</u>						<u>CURRENT LIABILITIES</u>					
Cash and cash equivalents	5	281	2,428	320	3,442	Trade payables	13	257,784	31,699	284,313	49,583
Short-term investments	6	799,943	1,661,213	859,034	1,664,679	Borrowings and financing	14	80,800	135,545	95,102	163,742
Trade receivables	7	200,525	116,211	245,392	170,499	Leases payable for right of use	11.2	4,625	5,391	4,625	6,882
Inventories	8	25,002	12,637	30,874	17,299	Payroll, benefits and related taxes		29,845	13,523	33,950	20,911
Recoverable taxes	9	37,987	31,389	45,278	32,836	Taxes payable		4,346	3,998	8,228	5,398
Related parties	17	-	4,579	-	-	Taxes in installments		153	383	153	383
Other assets		10,443	6,806	11,140	8,393	Payables for acquisition of businesses	2	-	63,539	-	63,539
Total current assets		1,074,181	1,835,263	1,192,038	1,897,148	Other payables		829	52	978	976
						Total current liabilities		378,382	254,130	427,349	311,414
<u>NONCURRENT ASSETS</u>						<u>NONCURRENT LIABILITIES</u>					
Related parties	17	9,447	-	-	-	Borrowings and financing	14	1,618,814	1,696,570	1,716,675	1,710,082
Recoverable taxes	9	16,795	225	18,593	225	Leases payable for right of use	11.2	70,381	28,751	70,381	30,301
Other assets		640	259	2,059	839	Payables for acquisition of businesses	2	17,175	42,201	17,175	42,201
Investments	10	360,484	288,052	-	-	Taxes in installments		378	1,405	378	1,405
Property, plant and equipment	11	1,806,722	1,052,374	2,132,161	1,251,287	Provision for civil, tax, and labor risks	15	195	-	535	692
Intangible assets	12	20,745	1,554	123,927	131,988	Deferred taxes	18	64,422	41,974	97,018	72,696
Total noncurrent assets		2,214,833	1,342,464	2,276,740	1,384,339	Total noncurrent liabilities		1,771,365	1,810,901	1,902,162	1,857,377
<u>EQUITY</u>											
						Capital	16	1,002,351	1,002,351	1,002,351	1,002,351
						Share issue costs	16	(45,072)	(45,072)	(45,072)	(45,072)
						Capital reserve	16	129,365	127,015	129,365	127,015
						Earnings reserve	16	60,742	28,402	60,742	28,402
						Treasury shares	16	(8,119)	-	(8,119)	-
						Total equity		1,139,267	1,112,696	1,139,267	1,112,696
TOTAL ASSETS		3,289,014	3,177,727	3,468,778	3,281,487	TOTAL LIABILITIES AND EQUITY		3,289,014	3,177,727	3,468,778	3,281,487

The accompanying notes are an integral part of this interim financial information

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF INCOME
FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian reais – R\$, unless otherwise stated)

	Notes	Parent				Consolidated			
		3Q2022 09/30/2022	3Q2021 09/30/2021	9M2022 09/30/2022	9M2021 09/30/2021	3Q2022 09/30/2022	3Q2021 09/30/2021	9M2022 09/30/2022	9M2021 09/30/2021
Net operating revenue	19	219,776	95,858	549,045	219,205	250,597	99,346	671,876	222,693
(-) Cost of services	20	(110,956)	(46,697)	(281,394)	(111,381)	(130,307)	(47,541)	(364,671)	(112,225)
(=) Gross profit		108,820	49,161	267,651	107,824	120,290	51,805	307,205	110,468
Operating expenses									
(-) Administrative and selling expenses	20	(29,517)	(23,035)	(73,834)	(35,366)	(30,648)	(23,424)	(79,764)	(35,755)
(+) Share of profits of subsidiaries	10	10,685	1,778	24,640	1,778	-	-	-	-
(=) Operating profit before finance income (costs)		89,988	27,904	218,457	74,236	89,642	28,381	227,441	74,713
(+) Finance income	21	29,121	9,373	96,609	10,386	31,475	9,378	99,402	10,390
(-) Finance costs	21	(68,711)	(16,724)	(194,794)	(34,839)	(70,442)	(16,830)	(198,618)	(34,944)
(=) Finance income (costs), net		(39,590)	(7,351)	(98,185)	(24,453)	(38,967)	(7,452)	(99,216)	(24,554)
(=) Income before income tax and social contribution		50,398	20,553	120,272	49,783	50,675	20,929	128,225	50,159
Income tax and social contribution	18	(9,294)	(6,877)	(22,448)	(17,637)	(11,840)	(7,253)	(30,401)	(18,013)
(-) Current	18	-	615	-	-	(2,532)	239	(6,080)	(376)
(-) Deferred	18	(9,294)	(7,492)	(22,448)	(17,637)	(9,308)	(7,492)	(24,321)	(17,637)
(=) Profit for the period		41,104	13,676	97,824	32,146	38,835	13,676	97,824	32,146
Basic earnings per share (in R\$)	22	0.12	0.04	0.28	0.09	0.11	0.04	0.28	0.09
Diluted earnings per share (in R\$)	22	0.12	0.04	0.28	0.09	0.11	0.04	0.28	0.09

The accompanying notes are an integral part of this interim financial information

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

DEMONSTRAÇÕES DAS MUTAÇÕES DO PATRIMÔNIO LÍQUIDO
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian reais – R\$, unless otherwise stated)

	Notes	CAPITAL RESERVES				EARNINGS RESERVES			Earnings reserve	Treasury shares	Equity
		Share issue costs	Emissão de Ações	Share premium	Share-based payment plan	Legal reserve	Proposed additional dividends	(-) Dividends and interest on capital paid before the ASM/ESM			
BALANCE AS AT DECEMBER 31, 2020		971	(5,168)	75,234	-	877	-	-	13,146	-	13,146
Capital increase	16	1,001,380	(39,906)	50,228					32,146		1,043,848
Profit for the period	16								(1,607)		1,607.28
Recognition of legal reserve	16					1,607			(20,428)		(18,820)
Distributed dividends	16								(23,257)		23,256.70
Proposed dividends to be distributed after approval at an ESM	16						23,257				
BALANCE AS AT SEPTEMBER 30, 2021		1,002,351	(45,074)	125,462	-	2,484	23,257	-	-	-	1,085,223
BALANCE AS AT DECEMBER 31, 2021		1,002,351	(45,072)	125,462	1,553	3,780	-	24,622	-	-	0
Profit for the period	16								97,824		1,210,520
Recognition of legal reserve	16					4,891			(4,891)		4,891
Interest on capital	16						19,000	(25,536)			(6,536)
Dividends	16						15,000	(50,650)		(8,119)	(43,769)
Share buyback program	16										-
Share-based payment plan	16				2,350						
BALANCE AS AT SEPTEMBER 30, 2022		1,002,351	(45,072)	125,462	3,903	8,671	34,000	(51,564)	69,636	(8,119)	1,136,918

The accompanying notes are an integral part of this interim financial information

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

DEMONSTRAÇÕES DOS RESULTADOS ABRANGENTES
FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian reais – R\$, unless otherwise stated)

	Parent				Consolidated			
	3Q2022 09/30/2022	3Q2021 09/30/2021	9M2022 09/30/2022	9M2021 09/30/2021	3Q2022 09/30/2022	3Q2021 09/30/2021	9M2022 09/30/2022	9M2021 09/30/2021
Profit for the period	41,104	13,676	97,824	32,146	38,835	13,676	97,824	32,146
Comprehensive income for the period	<u>41,104</u>	<u>13,676</u>	<u>97,824</u>	<u>32,146</u>	<u>38,835</u>	<u>13,676</u>	<u>97,824</u>	<u>32,146</u>

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ARMAC LOCAÇÃO LOGÍSTICA E SERVIÇOS S/A

STATEMENTS OF VALUE ADDED
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian reais – R\$, unless otherwise stated)

	Notes	Parent		Consolidated	
		09/30/2022	09/30/2021	09/30/2022	09/30/2021
<u>Revenues:</u>					
Revenue from leases, services and other sources	19	549,045	242,501	671,876	246,122
Allowance for expected credit losses	7.3	(4,217)	(554)	(4,364)	(554)
<u>Third-party services and materials</u>					
Third-party services, materials, and other supplies		(129,832)	(46,093)	(151,436)	(46,183)
Gross value added		414,996	195,854	516,076	199,385
Depreciation and amortization	20	(74,100)	(30,308)	(94,108)	(30,918)
Wealth created by the company		340,896	165,546	421,968	168,467
<u>Wealth received in transfer</u>					
Finance income	21	96,609	10,386	99,402	10,391
Other		29,469	3,743	3,596	1,959
Total wealth for distribution		466,974	179,675	524,966	180,817
<u>Personnel</u>					
Wages		72,880	28,313	100,678	28,437
Benefits		70,421	37,076	83,627	37,107
Severance Pay Fund (FGTS)		5,163	2,245	9,963	2,249
Social security contribution (INSS)		16,019	5,744	21,070	5,756
<u>Taxes, fees and contributions</u>					
Federal		9,811	37,839	13,307	38,703
Municipal		63	1,473	67	1,473
Lenders and lessors					
Interest	21	194,794	34,839	198,618	34,946
<u>Shareholders</u>					
Undistributed profits		97,823	32,146	97,636	32,146
Wealth distributed		466,974	179,675	524,966	180,817

The accompanying notes are an integral part of this interim financial information

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

DEMONSTRAÇÕES DOS FLUXOS DE CAIXA
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian reais – R\$, unless otherwise stated)

		Parent		Consolidated	
		09/30/2022	09/30/2021	09/30/2022	09/30/2021
Profit before income tax and social contribution		120,272	49,783	128,225	50,159
Adjusted for:					
Depreciation and amortization	20	74,100	30,308	94,108	30,918
Rebates granted on sales of goods		(6,078)	-	(6,078)	-
Decommissioned assets' write-off costs	11.1	27,442	7,403	30,778	7,403
Share-based payment plan	16.2	2,350	-	2,350	-
Allowance for expected credit losses	20	4,217	554	4,364	554
Charges on leased right-of-use assets	11.2	3,108	951	3,314	951
Financial discount for prepayment of subsidiary's payables		(3,076)	-	(3,076)	-
Inflation adjustment to payables for acquisition of businesses		(2,446)	-	(2,446)	-
Share of profits of subsidiaries	10	(24,640)	(1,778)	-	-
Interest on borrowings and financing	14.3	181,826	32,067	184,477	32,169
Provision for civil, tax, and labor risks	15	195	-	(157)	-
Other operating expenses (income)		-	(1,765)	(2,915)	(1,765)
Changes in assets and liabilities:					
Trade receivables		(85,952)	(73,027)	(79,257)	(76,082)
Inventories		(6,287)	(5,799)	(7,497)	(5,799)
Recoverable taxes		(22,308)	(26,657)	(30,810)	(26,657)
Other assets		(956)	(3,819)	(3,967)	(3,823)
Related parties		-	(608)	-	(608)
Trade payables		137,622	48,216	146,394	48,754
Payroll, benefits and related taxes		16,322	9,540	13,039	9,540
Taxes payable		(5)	2,737	(24,331)	3,353
Other payables		773	808	24,324	(863)
Interest paid on borrowings and financing	14.3	(121,052)	(28,775)	(123,195)	(28,775)
Interest on leased right-of-use assets	11.2	(3,108)	(951)	(3,314)	(951)
Purchase of property, plant and equipment	11.1	(690,070)	(483,042)	(865,841)	(483,122)
Proceeds from the sale of property, plant and equipment	19	-	3,069	-	3,069
Income and social contribution taxes paid in the period	18.1	-	-	(3,241)	(376)
Net cash generated by operating activities		(397,751)	(440,786)	(524,752)	(441,951)
Cash flows from investing activities					
Short-term investments		861,270	-	805,645	-
Purchase of intangible assets	12.2	(1,819)	(503)	(1,819)	(503)
Advance for future capital increase	10	(59,566)	(16,594)	-	-
Capital payment in subsidiaries	10	(54,396)	-	-	-
Payables for acquisition of businesses	2	(79,083)	(22,590)	(79,083)	(21,667)
Cash from merger of subsidiaries	2	1,299	-	-	-
Net cash used in investing activities		667,705	(39,687)	724,743	(22,170)
Cash flows from financing activities					
Borrowings and financing	14.3	390,320	439,485	483,088	439,485
Repayment of borrowings and financing	14.3	(583,595)	(116,996)	(606,417)	(131,803)
Payment of rights of use under leases	11.2	(3,967)	(1,553)	(4,925)	(1,553)
Taxes in installments		(1,257)	(79)	(1,257)	(79)
Capital increase	16	-	1,000,523	-	1,000,523
Treasury shares	16	(8,119)	-	(8,119)	-
Payment of dividends and interest on capital	16	(65,483)	(25,928)	(65,483)	(25,928)
Share issue costs	16	-	(8,880)	-	(8,880)
Net cash generated by financing activities		(272,101)	1,286,572	(203,113)	1,271,765
Increase in cash and cash equivalents, net		(2,147)	806,100	(3,122)	807,644
Cash and cash equivalents at the beginning of the year		2,428	84,767	3,442	84,767
Cash and cash equivalents at the end of the year		281	890,867	320	892,411

The accompanying notes are an integral part of this interim financial information

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and nine-month periods ended September 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, construction, and other 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 R\$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. Despite the reduction of the number of cases in Brazil, the Company maintained some previously adopted measures such as, but not limited to, boosting hygiene protocols and implementing telecommuting for several groups of professionals. 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. 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 in the nine-month period ended September 30, 2022, the Company reported a net

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

revenue growth of 302% compared to the same period in 2021, when including the growth reported by the acquired companies.

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:

	<u>RCB</u>
<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 September 30, 2022, the balance due to the seller was R\$3,349.

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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:

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

Up to September 30, 2022, the Company had already paid the amounts referred to in (i) above, in cash; and prepaid the amount referred to in (ii), resulting in an adjusted balance payable to the seller of R\$13,825. 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 nine-month period ended September 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.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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 14.

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 November 9, 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 September 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.

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 third quarter ended December 31, 2021.

The consolidated profit of the Company and its subsidiaries for the nine-month period ended September 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.

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

4. SIGNIFICANT ACCOUNTING POLICIES

There were no significant changes in the accounting policies adopted by the Company for the period ended September 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 September 30, 2021.

5. CASH AND CASH EQUIVALENTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
Cash	198	154	198	153
Banks - checking account	83	2,274	122	3,289
Total	281	2,428	320	3,442

6. SHORT-TERM INVESTMENTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
Short-term investments	799,943	1,661,213	859,034	1,664,679
Total	799,943	1,661,213	859,034	1,664,679

Short-term investments consist of funds invested in Certificates of Bank Deposits (CDBs) with yield ranging from 103% to 105.5% of the Certificate of Interbank Deposits (CDI) rate, subject to an insignificant risk of change in value and which can be redeemed immediately.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

7. TRADE RECEIVABLES

7.1. Breakdown of balances

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic customers	161,506	82,889	202,193	133,139
Unbilled revenue (*)	44,579	34,665	48,906	38,703
(-) Allowance for expected credit losses	<u>(5,560)</u>	<u>(1,343)</u>	<u>(5,707)</u>	<u>(1,343)</u>
Total	<u>200,525</u>	<u>116,211</u>	<u>245,392</u>	<u>170,499</u>

(*) 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 (billed) trade receivables is as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Current	129,806	69,493	161,056	113,345
<u>Past due:</u>				
1-30 days	11,227	6,451	15,897	10,799
31-90 days	6,901	2,187	8,776	2,923
91-180 days	6,537	2,814	8,500	3,590
Over 180 days	<u>7,035</u>	<u>1,944</u>	<u>7,964</u>	<u>2,482</u>
Subtotal – past due	<u>31,700</u>	<u>13,396</u>	<u>41,137</u>	<u>19,794</u>
Total	<u>161,506</u>	<u>82,889</u>	<u>202,193</u>	<u>133,139</u>

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

7.3. Variations in expected credit losses:

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

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	(1,343)	(677)	(1,343)	(677)
(+) Recognition	(5,285)	(1,178)	(5,617)	(1,178)
(+) Write-off to losses	1,013	-	1,117	-
(-) Recoveries	55	512	136	512
Closing balance	(5,560)	(1,343)	(5,707)	(1,343)

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>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Parts and maintenance materials	24,568	12,148	28,638	15,031
Spare parts for resale	-	-	1,802	1,779
Consumables	434	489	434	489
Total	25,002	12,637	30,874	17,299

9. RECOVERABLE TAXES

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/202	12/31/202	09/30/202	12/31/202
	2	1	2	1
Taxes on revenue (PIS and COFINS)	43,952	25,779	52,721	25,871
Corporate Income Tax (IRPJ) and Social Contribution (CSLL)	448	1,045	485	1,763
Social security contribution (INSS)	1,100	100	1,071	104
Withholding income tax (IRRF)	9,282	4,690	9,594	5,323
Total	54,782	31,614	63,871	33,061
Current assets	37,987	31,389	45,278	32,836
Noncurrent assets	16,795	225	18,593	225
Total	54,782	31,614	63,871	33,061

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and nine-month periods ended September 30, 2022 and 2021

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

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	Advance for future capital increase	Share of profit (loss) of subsidiaries	Merger	Balance as at 09/30/2022	Equity interest %	Equity
RCB (a)	27,792	-	-	-	-	-	189	(27,981)	-	-	-
Bauko (b)	111,951	-	(5,728)	-	54,396	59,566	24,451	-	244,638	100%	244,638
Goodwill and asset appreciation	148,309	(6,877)	-	(3,960)	-	-	-	(21,624)	115,846	-	-
Total	288,052	(6,877)	(5,728)	(3,960)	54,396	59,566	24,640	(49,605)	360,484		

- (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) On June 30, 2022, Armac and Bauko executed the Advance for Future Capital Increase agreement (see note 17 - Related Parties for further details) and on September 30, 2022, Bauko reported a capital increase of R\$54,396.

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

<u>Investment in Bauko</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
Assets	418,066	222,680
Liabilities	173,401	110,729
Equity	244,665	111,951
Net revenue	122,831	64,996
Profit for the period	24,478	11,922

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and nine-month periods ended September 30, 2022 and 2021

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

11. PROPERTY, PLANT AND EQUIPMENT

11.1. Breakdown of property, plant and equipment

	PARENT						Total PARENT
	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 (i)	662	45,664	695,442	29,108	2,764	50,245	823,885
(+) Merger of RCB	-	-	38,274	504	70	-	38,848
(+/-) Transfers	33,224	-	44,868	-	732	(78,824)	-
(-) Write-off of assets	-	-	(33,988)	(575)	(187)	-	(34,750)
Balance as at September 30, 2022	35,071	82,977	1,697,746	104,521	10,307	23,842	1,954,464
Depreciation:							
Balance as at December 31, 2020	(133)	(837)	(26,844)	(1,422)	(114)	-	(29,350)
(+) Additions (i)	(218)	(3,556)	(37,505)	(3,933)	(543)	-	(45,755)
(-) Write-off of assets	154	-	708	136	-	-	998
Balance as at December 31, 2021	(197)	(4,393)	(63,641)	(5,219)	(657)	-	(74,107)
(+) Additions (i)	(473)	(5,782)	(52,999)	(6,959)	(684)	-	(66,897)
(+) Merger of RCB	-	-	(13,806)	(198)	(43)	-	(14,047)
(-) Write-off of assets	-	-	7,132	169	8	-	7,309
Balance as at September 30, 2022	(670)	(10,175)	(123,961)	(11,559)	(1,377)	-	(147,742)
Net residual amount - Parent							

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and nine-month periods ended September 30, 2022 and 2021

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

	PARENT						
	Leasehold improvements	Right of use in lease	Machinery and equipment for lease	Vehicles and support equipment	Furniture and IT equipment	Construction in progress	Total PARENT
As at December 31, 2021	988	32,920	889,509	70,265	6,271	52,421	1,052,374
As at September 30, 2022	34,401	72,802	1,574,433	92,314	8,930	23,842	1,806,722
Depreciation rates	5% to 20%	5% to 60%	5% to 6.66%	6.66% to 10%	10% to 20%	-	

(*) 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.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three- and nine-month periods ended September 30, 2022 and 2021

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

	CONSOLIDATED						
	Leasehold improvements	Right of use in lease	Machinery and equipment for lease	Vehicles and support equipment	Furniture and IT equipment	Construction in progress	Total Parent
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 (i)	662	46,497	816,355	37,272	2,810	96,333	999,929
(+/-) Transfers	33,224	-	58,732	-	732	(92,688)	-
(-) Write-off of assets	-	(4,344)	(35,393)	(575)	(187)	-	(40,499)
Balance as at September 30, 2022	35,071	82,977	1,978,789	124,466	10,327	59,779	2,291,409
Depreciation							
Balance as at December 31, 2021	(197)	(4,993)	(69,323)	(5,522)	(657)	-	(80,692)
(+) Additions (i)	(473)	(6,781)	(71,699)	(8,598)	(726)	-	(88,277)
(-) Write-off of assets	-	1,599	7,946	169	7	-	9,721
Balance as at September 30, 2022	(670)	(10,175)	(133,076)	(13,951)	(1,376)	-	(159,248)
Net residual value							
As at December 31, 2021	988	35,831	1,069,772	82,247	6,315	56,134	1,251,287
As at September 30, 2022	34,401	67,067	1,845,713	116,250	8,951	59,779	2,132,161
Depreciation rate	5% to 20%	5% to 60%	5% to 6.66%	6.66% to 10%	10% to 20%		

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

11.2. Leases payable for 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, as a contra entry to line item 'Trade payables' (note 13). As at September 30, 2022, these leases totaled R\$775, from the total amount of consolidated 'Other costs'.

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 <u>(Note 17)</u>	Contracts with third parties <u>Amount</u>	<u>Parent</u>	<u>Consolidated</u>
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 terminations	-	(1,335)	(1,335)	(1,335)
(-) Principal repayment	(1,185)	(871)	(2,056)	(2,624)
(-) Interest payments	<u>(856)</u>	<u>(633)</u>	<u>(1,489)</u>	<u>(1,601)</u>
As at December 31, 2021	18,663	15,479	34,142	37,183
(+) New operations	2,991	1,912	4,903	5,735
(+) Remeasurements (a)	39,501	428	39,929	39,929
(+) Interest incurred	2,002	1,106	3,108	3,314
(-) Contract terminations	-	-	-	(2,916)
(-) Principal repayment	(2,135)	(1,832)	(3,967)	(4,925)
(-) Interest payments	<u>(2,002)</u>	<u>(1,106)</u>	<u>(3,108)</u>	<u>(3,314)</u>
As at September 30, 2022	59,020	15,987	75,006	75,006

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Current	4,625	5,391	4,625	6,882
Noncurrent	70,381	28,751	70,381	30,301
Total	75,006	34,142	75,006	37,183

(a) For further details on the remeasurements, see note 17 - Related Parties

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 13.75% per annum, maturing up to 2041.

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 NBC TG 06 (R3) / IFRS 16, which restricts the use of future inflation projection, and CVM Circular Letter 02/2019, and also with the objective of providing additional information to users, the analysis of contracts and undiscounted installments as at September 30, 2022 is as follows:

Parent and consolidated

Year:	Net present value	Embedded interest (future)	Discounted installments
2022	1,126	2,422	3,547
2023	4,638	9,315	13,953
2024	4,606	8,729	13,335
2025	4,739	8,125	12,864
2026	5,014	7,499	12,512
2027	2,647	6,932	9,579
2028	1,460	6,715	8,174
2029 onwards	50,776	54,503	105,550
Total	75,006	104,240	179,514

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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 Initial Application to Property, Plant And Equipment. 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. The Company reviewed the useful lives of its assets but did not identify the need to change such useful lives for the quarter and nine-month period ended September 30, 2022.

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>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Systems and applications	596	188	596	188
Trademarks and patents	465	465	465	465
Project development	2,224	901	2,224	901
Goodwill on the merger of RCB Plataformas	12,441	-	12,441	-
Goodwill on acquisition of subsidiaries	-	-	82,896	99,297
Customer contract appreciation	5,019	-	23,571	29,077
Suppliers' contracts appreciation	-	-	1,734	2,060
Total	20,745	1,554	123,927	131,988

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

12.2. Variations in intangible assets

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	1,554	453	131,988	453
Additions	1,819	1,138	1,819	1,138
Amortization	(88)	(37)	(88)	(37)
Goodwill on the merger of RCB Plataformas	12,441	-	-	-
Goodwill on acquisition of subsidiaries	-	-	-	99,297
Customer contract appreciation	5,346	-	-	31,208
Suppliers' contracts appreciation	-	-	-	2,168
Price adjustment	-	-	(3,960)	-
Goodwill amortization	(327)	-	(5,832)	(2,239)
Closing balance	20,745	1,554	123,927	131,988

13. TRADE PAYABLES

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Machinery suppliers	237,311	20,595	261,423	34,535
Parts and services suppliers	20,473	11,104	22,890	15,048
Total	257,784	31,699	284,313	49,583

The Company entered into an agreement with a financial institution in order to structure purchaser's risk transactions with its main machinery suppliers. Under this transaction, the Company transfers the obligation to pay certain securities to the bank that settles such securities on the maturity dates.

This transaction does not change the terms, prices, and conditions previously agreed with its suppliers and, therefore, the Company continued to classify this transaction in line item 'Trade payables'.

As at September 30, 2022, Armac was a party to agreements entered into with financial institutions to structure directly with its main suppliers, transactions called purchaser's risk transaction, totaling R\$92,907. The discount rates in these transactions conducted by the Company's suppliers with these financial institutions range from 1.20% to 1.25% per month, and are effective for average terms of 60 to 120 days.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTAS EXPLICATIVAS ÀS INFORMAÇÕES CONTÁBEIS INTERMEDIÁRIAS INDIVIDUAIS E CONSOLIDADAS

Para o período de nove meses findo em 30 de setembro de 2022 e 2021

(Em milhares de reais - R\$, exceto quando indicado de outra forma)

14. BORROWINGS AND FINANCING

14.1. Breakdown of balances

Lender	Type	Rate per year - %	Maturity	Parent		Consolidated	
				09/30/2022	12/31/2021	09/30/2022	12/31/2021
CDCA – 1 st Series	CDCA	CDI + 1.65%	2028	104,933	-	104,933	-
CDCA – 2 nd series	CDCA	IPCA + 7.57%	2029	303,732	-	400,196	-
Debentures – 1 st issuance	Debentures	CDI + 3.35%	2026	-	300,431	-	300,431
Debentures – 2 nd issuance	Debentures	CDI + 2.50%	2028	1,054,805	1,005,807	1,054,805	1,005,807
Banco ABC Brasil	Working capital	CDI + 5.3%	2023	-	9,193	-	9,193
	Finame	SELIC + 3.0%	2026-27	33,001	30,229	33,001	30,229
Banco BOCOM BBM	Working capital	CDI + 4.15%	2024	-	9,447	-	9,447
Banco Bradesco	CDC	Fixed 9.9 - 10.1%	2025	2,992	3,596	2,992	3,596
	Lease	Fixed 4.9 - 6.9%	2022-24	-	-	7,181	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	200,984	200,814	200,984	200,814
Banco Itaú	Working capital	CDI + 3.65%	2026	-	36,438	-	36,438
	CDC	Fixed 11.9%	2023	-	-	518	920
Banco John Deere	CDC	Fixed 8.7 - 9.9%	2024-25	13,389	17,010	13,389	17,010
Banco Safra	Working capital	Fixed 9.9%	2024	1,734	2,412	1,734	2,412
	CDC	Fixed 11.2%	2023	630	1,077	630	1,077
	Finame	SELIC + 3.1%	2027	-	15,486	-	15,486
Banco Santander	Capital de Giro (4131)	CDI + 3.8 - 4.7%	2026	-	84,891	-	84,891
	CDC	Fixed 6.7 - 10.2%	2022-25	13,292	16,982	13,292	17,215
	Lease	Fixed 6.6 - 11.6%	2022-24	614	1,102	3,420	8,615
	Finame	SELIC + 3.6%	2027	-	41,816	-	41,816
Other institutions	Working capital / CDC / Lease	Fixed 7.2 - 11.5%	2022-25	2,063	4,226	10,377	24,309
Subtotal				1,732,169	1,859,391	1,847,452	1,901,100
(-) Unamortized costs				(32,555)	(27,276)	(35,675)	(27,276)
Total				1,699,614	1,832,115	1,811,777	1,873,824
Current liabilities				80,800	135,545	95,102	163,742
Noncurrent liabilities				1,618,814	1,696,570	1,716,675	1,710,082

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

14.2. Transaction characteristics

Certificates of Agribusiness Receivables (CDCAs)

On June 15, 2022, the Company issued Certificates of Agribusiness Receivables (“CDCAs”) in favor of Eco Securitizadora de Direitos Creditórios do Agronegócio S.A. (“Issuer” or “Securitizer”) as guarantee of certificates of agribusiness receivables issued by the Securitizer (“CRAs”).

On July 21, 2022, the private placement of 500,000 CRAs was completed, divided into (i) 101,730 First Series CRAs and (ii) 398,270 Second Series CRAs (“First Series CRAs”, “Second Series CRAs”, respectively, or jointly and indistinctively referred to as “CRAs”), each with a par value of R\$1,000.00, totaling R\$500,000 (“Total Issue Amount”), of which R\$101,730 refers to the of the First Series CRAs and R\$398,270 refers to the Second Series CRAs, as defined in the bookbuilding procedure.

CDCAs linked to the First Series CRAs bear interest corresponding to 100.00% of the accumulated variation of the average daily Interbank Deposit extra-group overnight rates (“DI”), expressed as a percentage per annum, for 252-business-day period, calculated and disclosed daily by B3, in the daily information available on its website (www.b3.com.br) plus an exponential spread or surcharge equivalent to 1.65% per annum, for a 252-business-day period. Interest shall be paid semiannually, starting December 13, 2022 and ending on the respective maturity date.

The par value or par value balance of the CDCAs backed by the Second Series CRAs, as applicable, shall be adjusted, as from the first payment date, by the accumulated variation of the IPCA (Broad Consumer Price Index), payable in two installments, with the first installment due on June 13, 2028 and the last installment due on the respective maturity date. Further, the adjusted par value of the CDCAs backed by the Second Series CRAs shall accrue interest equivalent to 7.5779% per year, for a 252-business-day period. Interest shall be paid semiannually, starting December 13, 2022 and ending on the respective maturity date.

BAUKO EQUIPAMENTOS DE MOVIMENTAÇÃO E ARMAZENAGEM S.A., a company controlled by the Company, also issued CDCAs backed by the Second Series CRAs, subject to the same interest and repayment terms for the CDCAs issued by the Company, totaling R\$96,000.

Debentures

On April 28, 2021, the Company carried out its first (1st) 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”).

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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.

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.

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.

On July 19, 2022, the Company conducted the optional early redemption of all the Debentures - 1st Issuance, which had the ticker symbol ARML11, under the terms of the “Private Indenture of First Issuance Nonconvertible Simple Debentures of Armac Locação, Logística e Serviços S.A.” at their par value plus interest and premium, totaling R\$286,406.

Other transactions

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.

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

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

14.3. Variations in borrowings and financing

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	1,832,115	288,555	1,873,824	288,555
(+) Borrowings*	404,000	1,823,139	500,000	1,825,364
(+) Acquisition of subsidiary	-	-	-	64,076
(+) Accrued interest	181,826	60,952	184,477	62,107
(-) Repayment of principal	(583,595)	(263,888)	(606,417)	(288,519)
(-) Interest paid	(121,052)	(48,444)	(123,195)	(49,538)
(-) Issue costs*	(13,680)	(28,199)	(16,912)	(28,221)
Closing balance	1,699,614	1,832,115	1,811,777	1,873,824

(*) These costs are presented together with the borrowings disclosed in the statement of cash flows and total R\$390,320.

14.4. Repayment schedule

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

Year	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
2022	67,812	132,682	73,829	161,841
2023	18,467	155,243	28,367	164,700
2024	217,532	354,843	220,898	357,936
2025	264,225	398,675	264,225	398,675
2026	255,874	305,424	255,874	305,424
2027	254,258	262,524	254,258	262,524
2028	470,080	250,000	507,667	250,000
2029	<u>183,921</u>	-	<u>242,334</u>	-
	1,732,169	1,859,391	1,847,452	1,901,100

14.5. 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;

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

- iv) covenant establishing that the net debt-to-EBITDA ratio for the previous twelve should be equal to 3.50x or less in 2021 onwards. The borrowing and financing agreements that include the covenant are agreements underlying the CDCAs and the 2nd issuance of Company debentures.

Most of the Company's borrowings and financing are not collateralized, except for the CDCAs, which are collateralized by the lease contracts with customers within the agribusiness chain and the leases and FINAME agreements that are collateralized by the leased and financed items, respectively. As at September 30, 2022, the Company was compliant with those covenants

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. Management recognizes provisions sufficient to cover losses deemed probable and for which a reliable estimate can be made. For the period ended September 30, 2022, a provision for labor risks of R\$195 in the Parent and R\$535 in Consolidated (R\$692 as at and December 31, 2021) was recognized, arising from lawsuits assessed with a probable likelihood of loss.

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>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
Civil	436	395	436	395
Tax	50	50	50	50
Labor	1,943	811	4,206	4,709
Total	2,429	1,256	4,692	5,154

16. EQUITY

16.1. Issued capital

As at September 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:

	<u>09/30/2022</u>		<u>12/31/2021</u>	
	<u>Number of shares</u>	<u>Equity interest %</u>	<u>Number of shares</u>	<u>Equity interest %</u>
Owners of the Company	173,801,820	50.27%	173,837,520	50.28%
Other	171,957,701	49.73%	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.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

The variations in the periods presented arise from custody transactions paid by the brokerage firm that holds the controlling group's shares in custody.

16.2. Capital reserve

a) Share premium

The capital reserve – share premium as at September 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 before the IPO.

b) 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.

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 plans' 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."

Recognized stock options granted

Plan 1: Matching

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.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

The following assumptions were used for the calculation based on the Black & Scholes model to estimate the fair value of the stock options granted on the grant date:

Data do programa	Outorga	# Opções	Exercício	Taxa de juros livre de risco	Preço de exercício	Valor justo da opção na data de outorga
nov/20	05/07/2021	256.520	juV22	4,25%	2,52	6,56
nov/20	05/07/2021	256.520	juV23	4,25%	2,52	6,67
nov/20	05/07/2021	256.520	juV24	4,25%	2,52	6,76
juV22	26/07/2022	87.694	juV23	13,20%	10,13	1,48
juV22	26/07/2022	87.694	juV24	13,20%	10,13	2,52
juV22	26/07/2022	87.694	juV25	13,20%	10,13	3,43

1: Estimated before going public based on the average of comparable companies listed at the stock exchange in Brazil and the United States. After the IPO, estimated using the volatility of the B3 Agribusiness Index of which ARMAC is part.

Plan 2: share-based compensation in July 2022

Program created to grant stock options at a token strike price of R\$0.01 per share.

The options have a vesting period to become fully vested that varies per series from one to three years.

The following assumptions were used for the calculation based on the Black & Scholes model to estimate the fair value of the stock options granted on the grant date, i.e., July 26, 2022:

Data do programa	Outorga	# Opções	Exercício	Taxa de juros livre de risco	Preço de exercício	Volatilidade anualizada ¹	Valor justo da opção na data de outorga
juV22	26/07/2022	250.000	juV23	13,20%	0,01	18%	10,12
juV22	26/07/2022	250.000	juV24	13,20%	0,01	18%	10,12
juV22	26/07/2022	250.000	juV25	13,20%	0,01	18%	10,12

1: Estimated using the volatility of the B3 Agribusiness Index of which ARMAC is part.

Plan 3: Matching program contingent to the achievement of organizational goals.

Program created to grant to participants one or more stock options for each invested share, with a required vesting period to become fully vested linked to the achievement of operating result and profit targets.

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.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

The following assumptions were used for the calculation based on the Black & Scholes model to estimate the fair value of the stock options granted on the grant date:

Data do programa	Outorga	# Opções	Exercício	Taxa de juros livre de risco	Preço de exercício	Valor justo da opção na data de outorga
jul/22	26/07/2022	2.000.000	R\$1 bi EBITDA UDM	13,20%	10,13	2,99
jul/22	26/07/2022	2.000.000	R\$500M Lucro UDM	13,20%	10,13	3,85

In the period ended September 30, 2022, the cost arising from the provisions for the stock option programs was R\$3,883, of which R\$3,475 refers to Plan 1 and R\$408 refers to Plan 2 and Plan 3.

16.3. Earnings reserve

a) Legal reserve

This reserve shall be recognized as required by the Brazilian Corporate Law and the Company's 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.

b) 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, with payment on May 18, 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.

On September 22, 2022, it was decided in a meeting of the Board of Directors, the distribution of interim dividends for the quarter ended June 30, 2022, in the amount of R\$15,010, and the same meeting approved the distribution of interest on capital in the amount of R\$19,000. These dividends and interest on capital were paid on October 20, 2022. Both deliberations will be ratified at the annual general meeting to be held by the end of April 2023.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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.

16.4. Treasury shares

Share buyback plan

At 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) 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.
- 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.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

As at September 30, 2022, the Company holds own common shares in treasury in the amount of R\$8,119, represented by 686,800 common shares in treasury, broken down as follows:

Acquisition month	Quantity acquired	Acquisition cost	Average price per share acquired (R\$0.00)
May 2022	80,000	994	12.42
June 2022	400,400	4,759	11.87
July 2022	<u>206,400</u>	<u>2,366</u>	<u>11.27</u>
Total	686,800	8,119	11.75

17. RELATED-PARTY TRANSACTIONS

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

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<u>Income statement transactions</u>				
Remuneration of guarantees provided (i)	-	600	-	608
Lease of right of use (ii)	4,137	911	4,137	1,553
Management compensation (v)	2,800	6,002	2,800	6,002

	<u>Parent</u>		<u>Consolidated</u>	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<u>Equity transactions</u>				
Interest on capital (iii)	9,447	4,579	9,822	-
Advance for future capital increase (iv)	59,566	22,989	59,566	-

- (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). During the quarter, the Management reviewed its contracts and made the necessary remeasurements, considering the final contracted term – 2041 and the SELIC rate update applied.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(iii) The balance of interest on capital receivable from subsidiary Bauko is broken down as follows:

<u>Description</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
• On September 30, 2022, the Extraordinary and Annual Shareholders' Meeting deliberated the payment of interest on capital attributed to dividends, amounting to R\$2,500, before withholding income tax (IRRF). Payment will be made by the end of 2022.	2,125	
• On June 24, 2022, the Extraordinary and Annual Shareholders' Meeting deliberated the payment of interest on capital attributed to dividends, amounting to R\$3,228, before withholding income tax (IRRF). Payment will be made by the end of 2022.	2,743	-
• On December 30, 2021, the Extraordinary and Annual Shareholders' Meeting deliberated the payment of interest on capital attributed to dividends, amounting to R\$5,387, before withholding income tax (IRRF). Payment will be made by the end of 2022.	4,579	4,579
Total	<u>9,447</u>	<u>4,579</u>

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

<u>Description</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
• RCB (merged on January 14, 2022 – note 11)	-	16,594
• Bauko (*)	59,566	6,395
Total	<u>59,566</u>	<u>22,989</u>

(*) On June 30, 2022, Armac and Bauko executed the Advance for Future Capital Increase agreement, which covers the R\$59,566 balance of 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 nine-month period ended September 30, 2022 was R\$1,475 (R\$4,562 as at September 30, 2021), considered a short-term benefit, recognized in line item 'General and administrative expenses' in profit for the period.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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 nine-month period ended September 30, 2022. The table below shows the reconciliation of income tax and social contribution at the statutory rate:

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Profit before income tax and social contribution	120,272	85,752	128,225	89,589
(x) Statutory rate	34%	34%	34%	34%
Income tax and social contribution expenses	(40,892)	(29,156)	(43,597)	(30,460)
<u>Effect of add-backs (deductions) on tax bases:</u>				
(-) Tax depreciation due to the disposal of assets	(3,925)	(520)	(3,925)	(520)
(-) Nondeductible costs and expenses	(1,071)	(748)	(1,071)	(748)
(-) Share of profits of subsidiaries	8,378	5,444	-	-
(+) Other permanent differences	400	(2,707)	3,530	203
(-) Subsidiaries' interest on capital	(1,948)	-	-	-
(-) Parent's interest on capital	16,610	-	14,662	-
Income tax and social contribution expenses	(22,448)	(27,687)	(30,401)	(31,525)
Current	-	(1,246)	(6,080)	(3,500)
Deferred	(22,448)	(26,441)	(24,321)	(28,025)
Total	(22,448)	(27,687)	(30,401)	(31,525)
Effective tax rate	19%	32%	24%	35%

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets				
Allowance for expected credit losses	4,339	1,491	4,339	1,491
Income tax and social contribution losses	165,795	89,189	165,795	89,189
Accrued executives' bonuses	8,563	2,789	8,563	2,789
Adjustment to leases payable for right of use	6,769	3,298	6,769	9,815
Total	185,466	96,767	185,466	103,284
(x) Statutory rate	34%	34%	34%	34%
Deferred tax assets	63,059	32,901	61,059	35,117
Liabilities				
Adjustment to leases payable for right of use	6,782	4,710	6,782	4,710
Tax and economic depreciation gap	325,287	163,527	421,155	260,403
Asset appreciation	42,876	51,985	42,876	51,985
Total	374,945	220,222	470,813	317,098
(x) Statutory rate	34%	34%	34%	34%
Deferred tax liabilities	127,481	74,876	160,077	107,813
Deferred income tax and social contribution, net	64,422	41,975	97,018	72,696

b) Variations in deferred tax assets and liabilities

	Parent	Consolidated
Deferred IRPJ/CSLL as at December 31, 2021, net	41,974	72,696
Allowance for expected credit losses	(968)	(968)
Income tax and social contribution losses	(26,046)	(26,046)
Accrued executives' bonuses	(1,963)	(1,963)
Lease adjustment - CPC 06	(476)	1,740
Tax and economic depreciation gap	54,998	54,655
Asset appreciation	(3,097)	(3,097)
Deferred IRPJ/CSLL as at September 30, 2022, net	64,422	97,018
Amount recognized in profit or loss	22,448	24,321

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

19. NET REVENUE

	Parent		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Lease of equipment and provision of services	565,510	239,432	695,455	243,052
Sale of new machinery and parts	50	-	4,378	-
Sale of property and equipment	39,752	3,069	42,034	3,069
Gross operating revenue	605,312	242,501	741,867	246,121
(-) Taxes on sales	(56,267)	(23,296)	(69,991)	(23,428)
Net operating revenue	549,045	219,205	671,876	222,693
Tax on revenue (COFINS)	(41,876)	(17,972)	(51,947)	(18,080)
Tax on revenue (PIS)	(9,092)	(3,904)	(11,278)	(3,928)
State VAT (ICMS)	(29)	-	(308)	-
Service tax (ISS)	(5,270)	(1,420)	(6,458)	(1,420)
Total taxes on sales	(56,267)	(23,296)	(69,991)	(23,428)

20. COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Costs				
Personnel expenses	118,947	46,237	163,906	46,408
Depreciation and amortization	67,245	29,997	87,248	30,606
Inputs, parts and maintenance services	43,199	20,941	54,886	21,149
Cost of sale or write-off of property and equipment	26,690	2,868	29,001	2,868
Fuel and transportation costs	22,450	9,000	23,601	9,054
Other costs	2,863	2,338	6,029	2,140
Total	281,394	111,381	364,671	112,225

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Parent		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Expenses				
Personnel expenses	41,543	25,650	45,196	25,650
Depreciation and amortization	6,855	311	6,861	312
Administrative and selling expenses	15,716	4,740	16,549	4,771
Advisors' expenses	4,121	3,031	4,204	3,062
Allowance for expected credit losses	4,217	1,326	4,364	1,326
Other income (expenses) - net	1,382	308	2,590	634
Total	73,834	35,366	79,764	35,755

21. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Finance income				
Income from short-term investment	96,548	9,890	99,001	9,890
Other	61	496	401	500
Total	96,609	10,386	99,402	10,390
Finance costs				
Interest on borrowings and financing	181,826	32,068	184,521	32,168
Inflation adjustment to payables	3,675	-	3,950	-
Interest on leased right-of-use assets	3,108	952	3,314	952
Other	5025	1,819	6,833	1,824
Total	194,794	34,839	198,618	34,944

22. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share was based on profit attributable to shareholders and weighted average number of outstanding common shares.

The calculation of basic earnings per share is as follows:

	Parent		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Profit for the period	97,823	32,146	97,636	32,146
Basic denominator:				
Weighted average number of shares in the period, in thousands	345,618	345,760	345,618	345,760
Basic earnings per share (in R\$)	0.28	0.09	0.28	0.09
Diluted denominator:				
Weighted average number of shares in the period, in thousands	344,931	345,760	344,931	345,760
Diluted earnings per share (in R\$)	0.28	0.09	0.28	0.09

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

23. FINANCIAL INSTRUMENTS

23.1. Categories of financial instruments

	Parent		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Financial assets				
Cash and cash equivalents	281	2,428	320	3,442
Short-term investments	799,943	1,661,213	859,034	1,664,679
Trade receivables	200,525	116,211	245,392	170,499
Related parties	9,447	4,579	-	-
Total	1,000,479	1,784,431	1,104,746	1,838,620
Financial liabilities				
Trade payables	257,784	31,699	284,313	49,583
Borrowings and financing	1,699,614	1,832,115	1,811,777	1,873,824
Lease of right of use	75,006	34,142	75,006	37,183
Payables for acquisition of businesses	17,175	105,740	17,175	105,740
Total	2,032,404	2,003,696	2,188,271	2,066,330

23.2. 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 September 30, 2022.

23.3. 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.

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 April 29, 2022.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Balance 09/30/2022	Scenario I	Scenario II	Scenario III
Average CDI rate for the next 12 months		13.75%	17.00%	20.63%
Finance costs on borrowings not indexed to CDI or SELIC	449,996	62,419	62,419	62,419
Finance costs on borrowings indexed to CDI or SELIC	1,397,455	244,025	290,925	343,308
Subtotal	1,847,451	306,444	353,344	405,727
Short-term investments	(859,034)	(118,117)	(146,035)	(177,218)
Net exposure	988,417	188,327	207,309	228,509

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	257,588	59	117	20	257,784
Borrowings and financing*	81,948	17,613	266,583	1,366,025	1,732,169
Lease of right of use	4,626	4,564	4,720	61,096	75,006
<u>Consolidated</u>					
Trade payables	284,117	59	117	20	284,313
Borrowings and financing*	96,265	22,469	266,693	1,462,025	1,847,452
Lease of right of use	4,626	4,564	4,720	61,096	75,006

(*) The value of the costs to be amortized are not being considered in this statement because they do not represent a cash outflow, only an appropriation.

24. 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 September 30, 2022, the Company had insurance contracted for property and equipment items amounting to R\$1,513,773, with the last effective date of the insurance policy in November 2026.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

25. NONCASH TRANSACTIONS

Noncash transactions are described below:

Classificação na Demonstração Financeira	Rubrica	Nota Explicativa	Natureza da Transação	Controladora		Consolidado	
				30/09/2022	30/09/2021	30/09/2022	30/09/2021
Ativo	Imobilizado		Captação de financiamentos	-	108.403	-	108.403
Passivo	Empréstimos e Financiamentos		diretos para aquisição de imobilizado	-	108.403	-	108.403
Ativo	Imobilizado - Direito de uso	11	Efeitos do IFRS 16	45.664	14.908	45.664	14908
Passivo	Arrendamento - Direito de uso	11.2		45.664	14.908	45.664	14908
Patrimônio Líquido	Capital Social		Custos de transação do IPO	-	51.551	-	51.551
Patrimônio Líquido	Gastos com emissão de ações			-	51.551	-	51.551
Ativo	Total dos ativos		Saldos iniciais de ativos e passivos na aquisição da RCB	27.981	-	-	36.136
Ativo	Total dos passivos			27.981	-	-	36.136
Ativo	Imobilizado		Operações de risco	88.336	-	88.336	-
Passivo	Fornecedores		sacado	88.336	-	88.336	-
Ativo	Partes relacionadas		Juros sobre capital da controlada Bauko	9.447	4.579	-	-
Ativo	Investimentos			9.447	4.579	-	-

26. SEGMENT REPORTING

The Company only has the equipment leasing service as its operating segment and only business unit for business and management purposes. Management assess the total performance of the entity, the business, managerial, and administrative results, taking into consideration that the entire cost and expense structure is shared by all product categories.

ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

27. EVENTS AFTER THE REPORTING PERIOD

On October 27, 2022, the Company approved the 3rd issuance of simple, nonconvertible, unsecured debentures, in single series, totaling R\$300 million. The issue will mature on October 27, 2029 with repayments in the 6th and 7th years. The par value will accrue interest indexed to the CDI rate plus a maximum spread of 2.35% per year, to be defined in the bookbuilding procedure. The funds raised with the Issue will be targeted to reinforce the Company's cash reinforcement and working capital.

* * * * *