

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

Armac Locação, Logística e Serviços S.A.

Report on Review of
Interim Financial Information
for the Three-month Period
Ended March 31, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim financial information of Armac Locação, Logística e Serviços S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2023, which comprises the balance sheet as at March 31, 2023, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

The Executive Board is responsible for the preparation of this 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 statements of value added (DVA) for the three-month period ended March 31, 2023, 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 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 this standard and consistently with the accompanying interim financial information taken as a whole.

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

São Paulo, May 9, 2023


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Alessandro Costa Ramos
Engagement Partner

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ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

BALANCE SHEETS

As at March 31, 2023 and December 31, 2022

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

ASSETS	Notes	03/31/2023	12/31/2022	LIABILITIES AND EQUITY	Notes	03/31/2023	12/31/2022
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	5	869,390	938,358	Trade payables	11	83,735	116,768
Trade receivables	6	251,542	237,500	Trade payables - agreement	11	155,376	167,472
Inventories	7	44,637	34,811	Borrowings and financing	12	126,671	56,580
Recoverable taxes	8	59,467	68,330	Lease payables for right of use	9.2	4,979	5,138
Other assets		30,454	11,610	Payroll and related taxes		44,745	35,682
Total current assets		<u>1,255,490</u>	<u>1,290,609</u>	Taxes payable		7,351	5,822
				Taxes in installments		157	154
				Interest on capital		6,228	-
				Payables for acquisition of companies	2	3,569	3,519
				Other payables		8,166	1,915
				Total current liabilities		<u>440,977</u>	<u>393,050</u>
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Escrow deposit		1,635	1,464	Borrowings and financing	12	2,001,548	2,008,093
Other assets		2,637	640	Lease payables for right of use	9.2	72,045	70,012
Property and equipment	9	2,373,128	2,313,223	Payables for acquisition of companies	2	14,732	14,205
Intangible assets	10	<u>127,661</u>	<u>125,039</u>	Taxes in installments		323	344
Total noncurrent assets		<u>2,505,061</u>	<u>2,440,366</u>	Provision for civil, tax and labor risks	13	656	722
				Deferred taxes	16	90,538	86,028
				Total noncurrent liabilities		<u>2,179,842</u>	<u>2,179,404</u>
				EQUITY			
				Capital	14	1,004,034	1,004,034
				Share issuance costs	14	(45,072)	(45,072)
				Capital reserve	14	132,384	130,167
				Earnings reserve	14	56,505	77,511
				Treasury shares	14	(8,119)	(8,119)
				Total equity		<u>1,139,732</u>	<u>1,158,521</u>
TOTAL ASSETS		<u><u>3,760,551</u></u>	<u><u>3,730,975</u></u>	TOTAL LIABILITIES AND EQUITY		<u><u>3,760,551</u></u>	<u><u>3,730,975</u></u>

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

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ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

	Notes	03/31/2023	03/31/2022
Net operating revenue	17	291,491	195,416
(–) Cost of services	18	<u>(157,807)</u>	<u>(108,171)</u>
(=) Gross profit		133,684	87,245
Operating expenses			
(–) Administrative and selling expenses	18	<u>(40,039)</u>	<u>(24,555)</u>
(=) Operating income before finance income (costs)		<u>93,645</u>	<u>62,690</u>
(+) Finance income	19	28,107	38,592
(–) Finance costs	19	<u>(91,020)</u>	<u>(64,465)</u>
(=) Finance income (costs), net		<u>(62,913)</u>	<u>(25,873)</u>
(=) Income before income tax and social contribution		<u>30,732</u>	<u>36,817</u>
Income tax and social contribution		(4,510)	(8,852)
(–) Current	16	-	(1,800)
(–) Deferred	16	(4,510)	(7,052)
(=) Profit for the period		<u>26,222</u>	<u>27,965</u>
Basic earnings per share (in R\$)	20	0.08	0.08
Diluted earnings per share (in R\$)	20	0.08	0.08

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

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ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

	<u>03/31/2023</u>	<u>03/31/2022</u>
Profit for the period	<u>26,222</u>	<u>27,965</u>
Comprehensive income for the period	<u><u>26,222</u></u>	<u><u>27,965</u></u>

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

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ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

			CAPITAL RESERVES		EARNINGS RESERVES						
			Share issuance costs	Share premium	Share- based payment	Legal reserve	Additional proposed dividend	(-) Dividends and interest on capital paid before the AGM/EGM	Earnings reserve	Treasury shares	Equity
Notes	Capital										
BALANCE AS AT DECEMBER 31, 2021		1,002,351	(45,072)	125,462	1,553	3,780	-	24,622	-	-	1,112,696
Profit for the period	20	-	-	-	-	-	-	-	27,965	-	27,965
Recognition of legal reserve	20	-	-	-	-	1,398	-	-	(1,398)	-	-
Interest on capital	20	-	-	-	-	-	-	9,345	(15,557)	-	(6,212)
Share-based payment plan		-	-	-	786	-	-	-	-	-	786
BALANCE AS AT MARCH 31, 2022		<u>1,002,351</u>	<u>(45,072)</u>	<u>125,462</u>	<u>2,339</u>	<u>5,178</u>	<u>-</u>	<u>33,967</u>	<u>11,010</u>	<u>-</u>	<u>1,135,235</u>
BALANCE AS AT DECEMBER 31, 2022		1,004,034	(45,072)	125,462	4,705	11,210	41,000	(80,570)	105,871	(8,119)	1,158,521
Profit for the period	14	-	-	-	-	-	-	-	26,222	-	26,222
Recognition of legal reserve	14	-	-	-	-	1,311	-	-	1,311	-	-
Interest on capital	14	-	-	-	-	-	(35,228)	(5,772)	(6,228)	-	(47,228)
Share-based payment plan		-	-	-	2,217	-	-	-	-	-	2,217
BALANCE AS AT MARCH 31, 2023		<u>1,004,034</u>	<u>(45,072)</u>	<u>125,462</u>	<u>6,922</u>	<u>12,521</u>	<u>5,772</u>	<u>(86,342)</u>	<u>124,555</u>	<u>(8,119)</u>	<u>1,139,732</u>

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ARMAC LOCAÇÃO LOGÍSTICA E SERVIÇOS S/A

DEMONSTRAÇÃO DO VALOR ADICIONADO

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

	Notes	03/31/2023	03/31/2022
<u>Revenue</u>			
Lease, services, and other revenue	17	318,710	215,790
Revenue related to the construction of own assets		1,620	-
Allowance for expected credit losses	18	(1,881)	(1,154)
<u>Third-party services and supplies</u>			
Third-party services, supplies, and other inputs		(73,689)	(42,425)
Costs related to the construction of own assets		(1,620)	-
Gross value added		243,140	172,211
Depreciation and amortization	18	(41,718)	(27,027)
Wealth created by the company		201,422	145,184
<u>Wealth received in transfer</u>			
Finance income	19	28,107	35,449
Other		6,432	7,531
Wealth for distribution		235,962	188,164
<u>Personnel</u>			
Wages		(41,224)	(33,202)
Benefits		(39,716)	(25,484)
Severance Pay Fund (FGTS)		(3,171)	(2,534)
Social Security Contribution (INSS)		(9,658)	(5,602)
<u>Taxes, fees and contributions</u>			
Federal		(22,402)	(27,224)
Municipal		(2,549)	(1,688)
Lenders and lessors			
Interest	19	(91,020)	(64,465)
<u>Shareholders</u>			
Profit for distribution		(26,222)	(27,965)
Wealth distributed		(235,962)	(188,164)

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

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ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

	Notes	03/31/2023	03/31/2022
Profit before income tax and social contribution		30,732	36,817
<u>Adjusted by:</u>			
Depreciation and amortization	9, 10 and 18	41,718	27,027
Bonuses in goods		(4,000)	-
Residual cost in the write-off of decommissioned assets	9.1 and 18	25,956	7,453
Share-based plan		2,217	786
Allowance for expected credit losses	18	1,881	1,154
Charges on leased right-of-use assets	9.2	2,453	839
Financial discount due to prepayment of payables of subsidiary		-	(3,054)
Inflation adjustment to payables from acquisition of companies		578	1,813
Interest on and present value adjustment to trade payables - agreement	11.2	5,138	-
Interest on borrowings and financing	12.3	82,154	60,553
Provision for civil, tax and labor risks	13	(66)	-
Other operating expenses (income)		-	(82)
<u>Changes in assets and liabilities:</u>			
Trade receivables		(15,923)	(63,168)
Inventories		(9,826)	(3,525)
Recoverable taxes		8,863	(5,182)
Escrow deposits		(171)	-
Other assets		(16,841)	860
Trade payables		(33,033)	58,319
Payroll and related taxes		9,063	(981)
Taxes payable		1,529	1,448
Other payables		6,251	1,800
Interest on borrowings and financing paid	12.3	(8,964)	(29,220)
Interest on lease of right of use paid	9.2	(2,453)	(822)
Interest on trade payables - agreement paid	11.2	(4,568)	-
Purchase of property and equipment	9.1	(46,553)	(215,710)
Proceeds from the sale of property and equipment	17	-	9,517
Net cash generated by operating activities		<u>76,135</u>	<u>(113,358)</u>
<u>Cash flows from investing activities</u>			
Short-term investments		-	313,542
Purchase of intangible assets	10.2	(4,615)	(599)
Payables for acquisition of companies	2	-	(84,398)
Net cash used in investing activities		<u>(4,615)</u>	<u>228,545</u>
<u>Cash flows from financing activities</u>			
Borrowings and financing paid	12.3	(9,644)	(114,148)
Payment of lease of right of use	9.2	(1,490)	(1,416)
Installments paid		(18)	(1,223)
Payment of trade payables - agreement	11.2	(88,336)	-
Payment of dividends and interest on capital	14	(41,000)	-
Net cash generated by financing activities		<u>(140,488)</u>	<u>(116,787)</u>
Increase in cash and cash equivalents, net		<u>(68,968)</u>	<u>(1,600)</u>
Cash and cash equivalents at the beginning of the period		938,358	3,442
Cash and cash equivalents at the end of the period		869,390	1,842

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

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ARMAC LOCAÇÃO, LOGÍSTICA E SERVIÇOS S.A.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Armac Locação, Logística e Serviços S.A. ("Company" or "Armac") is a publicly-held company, whose shares are traded at B3 S.A. - Brasil, Bolsa, Balcão, in the corporate governance segment "Novo Mercado", under ticker symbol ARML3, with its registered office in the municipality of Barueri, State of São Paulo, primarily engaged in the rental of machines, vehicles and equipment for loading, unloading and handling of agricultural, mining and construction materials, among others, thus offering a complete portfolio of solutions, with high quality and technology to fulfill the needs of customers from the most varied sizes and segments in all Brazilian regions.

The Company merged subsidiaries RCB Locação de Equipamentos e Máquinas Ltda. ("RCB") on January 14, 2022 and Bauko Equipamentos de Movimentação e Armazenagem S.A. ("Bauko") on November 18, 2022 (see note 2 – Mergers & Acquisitions).

2. MERGERS & ACQUISITIONS

2.1. RCB Locação de Equipamentos e Máquinas Ltda.

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 and equipment	<u>21,523</u>
Total (a)	<u>28,461</u>
 <u>Liabilities</u>	
Trade payables	127
Taxes payable	<u>353</u>
Total (b)	<u>480</u>
 Total merged net assets (a - b)	 <u>27,981</u>

As at March 31, 2023, the balance due to the seller was R\$3,569.

2.2. Bauko Equipamentos de Movimentação e Armazenagem S.A.

The Extraordinary General Meeting held on November 18, 2022 approved the merger of Bauko Equipamentos de Movimentação e Armazenagem S.A. with and into Armac. The merger did not result in a capital increase or the issuance of new shares by Armac. Bauko's net assets merged with and into Armac on November 18, 2022 were as follows:

	BAUKO
<u>Assets</u>	
Cash and cash equivalents	107
Short-term investments	29,370
Trade receivables	28,992
Inventories	5,344
Recoverable taxes	12,245
Other assets	17,647
Property and equipment	306,968
Total (a)	<u>400,673</u>
<u>Liabilities</u>	
Borrowings and financing	109,309
Trade payables	4,883
Taxes payable	329
Payroll and related taxes	3,384
Interest on capital	9,447
Provisions for civil, tax and labor risks	340
Deferred taxes	31,492
Total (b)	<u>159,184</u>
Total merged net assets (a - b)	<u>241,489</u>

As at March 31, 2023, the balance due to the seller was R\$14,732.

3. BASIS OF PREPARATION OF THE INTERIM FINANCIAL INFORMATION

The Company's Management started to present the consolidated financial statements beginning the third quarter ended September 30, 2021, upon the acquisition of RCB and Bauko. However, these subsidiaries were merged during 2022 and, beginning December 1, 2022, there was no subsidiary to be consolidated. As a result and for purposes of comparison, Armac's financial information for the quarter ended March 31, 2023 is being compared with the corresponding consolidated figures for the same period in the previous year, specifically the statements of income and cash flows.

The interim financial information for 2022, presented for purposes of comparison and used in the consolidation of the statements presented, has been prepared in accordance with applicable accounting practices and include the financial statements of Armac and its subsidiaries RCB and Bauko considering the periods described above and the elimination of any income and expenses arising from the business conducted between the consolidated companies.

This interim financial information is presented in Brazilian reais (R\$), the functional currency and the currency of the main economic environment where the Company operates.

3.1. Statement of compliance

The Company's interim financial information contained in the Interim Financial Information Form (ITR) for the three-month period ended March 31, 2023, has been 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 Report.

3.2. Statement of relevance

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

3.3. Basis of preparation

The interim financial information has been prepared based on the historical cost, unless otherwise stated. The historical cost is generally based on the fair value of the consideration given in exchange for an asset.

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 pricing characteristics at the measurement date.

The interim financial information has been prepared on the assumption that the Company will continue as a going concern, which assumes that the Company has appropriate and sufficient resources to discharge its payment obligations.

3.4. Authorization for issue of the interim financial information

The Board of Directors approved the disclosure of this interim financial information at the meeting held on May 9, 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

There were no significant changes in the accounting policies and practices adopted by the Company for the period ended March 31, 2023. The significant accounting policies applied in this 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, 2022, filed with the CVM on March 23, 2023.

This interim financial information does not include all the requirements for annual financial statements and therefore should be read together with the Company's financial statements for the year ended December 31, 2022. 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 annual financial statements:

- Significant accounting policies.
- Use of estimates and judgments.
- Segment reporting.
- New standards, amendments and interpretations not yet adopted.
- Share-based payment plan.

The same accounting policies are applicable for the comparative period ended March 31, 2022.

5. CASH AND CASH EQUIVALENTS

	<u>03/31/2023</u>	<u>12/31/2022</u>
Cash	375	89
Banks - checking account	107	1,476
Short-term investments	868,908	936,793
Total	<u>869,390</u>	<u>938,358</u>

Short-term investments consist of funds invested in Certificates of Bank Deposits (CDBs) with yield ranging from 103% to 106% (103% and 105.5% as at December 31, 2022) of the Certificate of Interbank Deposits (CDI) rate, subject to an insignificant risk of change in value and which can be redeemed immediately.

6. TRADE RECEIVABLES

6.1. Breakdown of balances

	<u>03/31/2023</u>	<u>12/31/2022</u>
Trade receivables	186,312	186,434
Unbilled revenue (*)	73,906	57,861
(-) Allowance for expected credit losses	(8,676)	(6,795)
Total	<u>251,542</u>	<u>237,500</u>

- (*) For customers whose rental contracts or service provision is in progress at the end of the month and which will be billed in a subsequent period, revenue is calculated according to the respective days incurred and accounted for as unbilled revenue in the Company's trade receivables and profit or loss.

6.2. Classification by maturity

The aging list of (billed) trade receivables is as follows:

	<u>03/31/2023</u>	<u>12/31/2022</u>
<u>Current</u>	128,999	139,564
<u>Past due:</u>		
1 to 30 days	16,753	13,112
31 to 90 days	10,135	13,089
91 to 180 days	11,092	10,109
Over 180 days	19,333	10,560
Subtotal – past due	<u>57,313</u>	<u>46,870</u>
Closing balance	<u>186,312</u>	<u>186,434</u>

6.3. Allowance for expected credit losses

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

	<u>03/31/2023</u>	<u>12/31/2022</u>
Opening balance	(6,795)	(1,343)
(+) Recognition	(1,966)	(6,613)
(+) Merger of subsidiary	-	(186)
(-) Reversal due to receipt	62	179
(-) Write-off due to actual loss	23	1,168
Closing balance	<u>(8,676)</u>	<u>(6,795)</u>

7. INVENTORIES

Inventories include parts and maintenance materials and consumables, which are used in the maintenance of machinery, equipment and vehicles.

	<u>03/31/2023</u>	<u>12/31/2022</u>
Parts and maintenance materials	41,939	32,496
Parts for resale	1,962	1,733
Consumables	736	582
Total	<u>44,637</u>	<u>34,811</u>

During 2022, the Company received approximately R\$8,005 in inventories received as bonus from its suppliers.

8. RECOVERABLE TAXES

	<u>03/31/2023</u>	<u>12/31/2022</u>
Taxes on revenue (PIS and COFINS)	50,955	52,034
Corporate Income Tax (IRPJ) and Social Contribution (CSLL)	332	742
Social security contribution (INSS)	1,440	1,102
Withholding Income Tax (IRRF)	<u>6,700</u>	<u>14,452</u>
Total	<u>59,467</u>	<u>68,330</u>

9. PROPERTY AND EQUIPMENT

9.1. Breakdown of property and equipment

	Leasehold improvements	Right of use in lease	Machinery and equipment for lease	Vehicles and equipment for support for support	Furniture and IT equipment	Construction in progress	Total
<u>Acquisition cost</u>							
Balance as at December 31, 2021	1,185	37,313	953,150	75,484	6,928	52,421	1,126,481
(+) Additions	-	45,964	930,789	52,718	3,471	22,262	1,055,204
(+) Merger of RCB	-	-	34,830	504	70	-	35,404
(+) Merger of surplus of RCB	-	-	3,444	-	-	-	3,444
(+) Merger of Bauko	-	-	390,587	19,285	46	-	409,918
(+) Merger of surplus of Bauko	-	-	15,165	-	-	-	15,165
(+/-) Transfers	33,596	-	-	-	-	(33,596)	-
(-) Write-off of assets	-	-	(42,380)	-	-	-	(42,380)
Balance as at December 31, 2022	34,781	83,277	2,285,585	147,991	10,515	41,087	2,603,236
(+) Additions	4,425	3,364	81,209	30,333	1,199	5,056	125,586
(+/-) Transfers	1,620	-	-	-	-	(1,620)	-
(-) Write-off of assets (i)	-	-	(31,813)	(1,275)	-	-	(33,088)
Balance as at March 31, 2023	40,826	86,641	2,334,981	177,049	11,714	44,523	2,695,734
<u>Depreciation</u>							
Balance as at December 31, 2021	(197)	(4,393)	(63,641)	(5,219)	(657)	-	(74,107)
(+) Additions	(815)	(6,184)	(81,450)	(13,737)	(1,117)	-	(103,303)
(+) Merger of RCB	-	-	(13,640)	(198)	(43)	-	(13,881)
(+) Merger of the surplus depreciation of RCB	-	-	(146)	-	-	-	(146)
(+) Merger of Bauko	-	-	(101,234)	(1,671)	(45)	-	(102,950)
(+) Merger of the surplus depreciation of Bauko	-	-	(2,949)	-	-	-	(2,949)
(-) Write-off of depreciation	-	-	7,276	46	1	-	7,323
Balance as at December 31, 2022	(1,012)	(10,577)	(255,784)	(20,779)	(1,861)	-	(290,013)
(+) Additions	(457)	(2,128)	(25,993)	(10,815)	(332)	-	(39,725)
(-) Write-off of depreciation (i)	-	-	6,614	518	-	-	7,132
Balance as at March 31, 2023	(1,469)	(12,705)	(277,107)	(28,854)	(2,471)	-	(322,606)

	<u>Leasehold improvements</u>	<u>Right of use in lease</u>	<u>Machinery and equipment for lease</u>	<u>Vehicles and equipment for support for support</u>	<u>Furniture and IT equipment</u>	<u>Construction in progress</u>	<u>Total</u>
<u>Net residual value</u>							
As at December 31, 2022	33,769	71,200	2,011,275	146,578	9,314	41,087	2,313,223
As at March 31, 2023	39,357	72,435	2,053,969	152,100	9,243	44,524	2,373,128
<u>Average depreciation rate</u>	26.1%	Pursuant to the agreement	6.8%	36.4%	19.9%		

- (i) Of the total of R\$25,956 of write-offs, net, the amount of R\$21,336 refers to cost on the write-off of assets sold, and the remaining amount of R\$4,620 refers to the cost of the assets that were subject to losses, which is recognized in 'Other income (expenses), net' – note 18)

As at March 31, 2023 and December 31, 2022, the Company entered into an agreement with a financial institution to structure payor risk transactions with its main suppliers of machinery (see note 11– Trade payables).

9.2. Lease of right of use

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

Variable lease payments from short-term or low-value contracts that were not recognized as right of use, as they do not meet the criteria regarding term and amount established by the standard, are recognized in line item 'Other costs' shown in note 18, as a contra entry to line item 'Trade payables' (note 11). As at March 31, 2023, of the total amount in 'Other costs', these leases totaled R\$1,254 in the Parent.

The lease amounts are recorded in the right-of-use account, in "Property and equipment" line item and their depreciation occurs within the contractual term.

The contractual period was considered to determine the lease term. 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 with indefinite terms.

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

	Properties - related parties (note 15)	Contracts with third parties Amount	Total
As at December 31, 2021	<u>18,663</u>	<u>15,479</u>	<u>34,142</u>
(+) New operations	3,403	2,584	5,987
(+) Remeasurements (a)	39,501	476	39,977
(+) Interest incurred	3,889	1,681	5,570
(-) Principal repayment	(2,399)	(2,557)	(4,956)
(-) Interest payment	<u>(3,889)</u>	<u>(1,681)</u>	<u>(5,570)</u>
As at December 31, 2022	<u>59,168</u>	<u>15,982</u>	<u>75,150</u>
(+) Remeasurements	3,364	-	3,364
(+) Interest incurred	1,929	523	2,453
(-) Contract terminations	-	(240)	(240)
(-) Principal repayment	(235)	(1,015)	(1,250)
(-) Interest payment	<u>(1,929)</u>	<u>(523)</u>	<u>(2,453)</u>
As at March 31, 2023	<u>59,169</u>	<u>15,982</u>	<u>77,024</u>

(a) For further details on the remeasurements, see note 15 - Related Parties

	<u>03/31/2023</u>	<u>12/31/2022</u>
Current	4,979	5,138
Noncurrent	<u>72,045</u>	<u>70,012</u>
Total	<u>77,024</u>	<u>75,150</u>

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 contract maturity and undiscounted installments as at March 31, 2023 is as follows:

Year	Net present value	Embedded interest (future)	Amount of discounted installments
2023	11,007	7,283	3,725
2024	14,249	9,174	5,075
2025	13,291	8,547	4,844
2026	13,002	7,910	5,092
2027	10,054	7,334	2,720
2028	8,650	7,107	1,543
2029	8,622	6,898	1,724
2030 onwards	103,090	50,788	52,302
Total	182,066	105,041	77,024

9.3. Review of useful lives

During the year ended December 31, 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 the First-Time 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.

As at December 31, 2022, the Company reviewed the useful life of its assets, but it did not identify the need for changes.

9.4. 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 might be 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.

10. INTANGIBLE ASSETS

10.1. Breakdown of intangible assets

	<u>03/31/2023</u>	<u>12/31/2022</u>
Systems and applications	509	558
Trademarks and patents	464	464
Project development	9,934	5,319
Goodwill on the merger of subsidiaries	95,337	95,337
Customer contract surplus (i)	<u>21,417</u>	<u>23,361</u>
Total	<u>127,661</u>	<u>125,039</u>

- (i) Surplus relating to the expected discounted cash flow of the lease and service contracts effective on the date of acquisition of Bauko and RCB. The amortization period of these assets ranges from 48 to 52 months.

10.2. Variations in intangible assets

	<u>03/31/2023</u>	<u>12/31/2022</u>
Opening balance	125,039	1,554
Additions	4,615	4,912
Amortization	(49)	(125)
Goodwill on the merger of subsidiaries	-	95,337
Surplus in mergers	-	31,137
Amortization of surplus	<u>(1,944)</u>	<u>(7,776)</u>
Closing balance	<u>127,661</u>	<u>125,039</u>

11. TRADE PAYABLES AND TRADE PAYABLES - AGREEMENT

11.1. Trade payables

	<u>03/31/2023</u>	<u>12/31/2022</u>
Machinery suppliers	49,844	84,330
Parts suppliers and service providers	<u>33,891</u>	<u>32,438</u>
Total	<u>83,735</u>	<u>116,768</u>

11.2. Trade payables - agreement

	<u>03/31/2023</u>	<u>12/31/2022</u>
Trade payables - agreement	<u>155,376</u>	<u>167,472</u>
Total	<u>155,376</u>	<u>167,472</u>

Trade payables are obligations to pay for goods or services that have been acquired from domestic suppliers at fair value on the acquisition date, plus interest.

The company entered into an agreement with a financial institution in order to structure payor risk transactions with its main machinery suppliers. Under such transaction, suppliers extend maturity periods and transfer the right to collect receivables from installment sales of machinery to the market financial institutions, in exchange for receiving the related funds from the banks, without the need to contract credit facilities and with financial cost reimbursed by suppliers.

As at March 31, 2023, Armac recognized the contracted amount of R\$155,376 (R\$167,472 as at December 31, 2022) as payor risk transactions, subject to discount rates between 1.19% and 1.24% per month and average terms ranging between 60 and 195 days and its variations for the period are shown below.

Also, the transactions carried out are significant and these liabilities called trade payables – agreement are subject to regular market restrictive clauses (financial or not), with which the Company was compliant as at March 31, 2023.

	<u>03/31/2023</u>	<u>12/31/2022</u>
Opening balance	167,472	-
New commitments	76,687	162,067
Principal repayment	(88,335)	-
Interest payment	(4,568)	
Interest incurred	5,138	5,405
Adjustment to present value	(1,018)	-
Total	<u>155,376</u>	<u>167,472</u>

12. BORROWINGS AND FINANCING

12.1. Breakdown of balances

Lender	Type	Rate per year - %	Maturity	03/31/2023	12/31/2022
CDCA – 1 st series	CDCA	CDI + 1.65%	2028	106,135	102,370
CDCA – 2 nd series	CDCA	IPCA + 7.57%	2029	415,664	399,205
Debentures – 2 nd issue	Debentures	CDI + 2.50%	2028	1,054,772	1,015,279
Debentures – 3 rd issue	Debentures	CDI + 2.25%	2029	318,992	307,217
	Finame	SELIC + 3.0%	2026-27	32,207	32,965
Banco Bradesco	CDC	Fixed at 9.9-10.1%	2025	2,564	2,781
	Lease	Fixed at 4.9-6.9%	2022-24	4,434	5,653
Banco do Brasil	CCE / NCE	CDI + 2.35%	2028	200,829	200,957
	CDC	Fixed rate – 11.9%	2023	214	368
Banco John Deere	CDC	Fixed at 8.7-9.9%	2024-25	11,352	12,388
Banco Safra	Working capital	Fixed rate – 9.9%	2024	1,281	1,508
	CDC	Fixed rate – 11.2%	2023	311	473
	CDC	Fixed at 6.7-10.2%	2022-25	11,281	12,301
	Lease	Fixed at 6.6-11.6%	2022-24	1,612	2,246
Other institutions	Working capital / CDC / lease	Fixed at 7.2-11.5%	2022-25	4,791	7,292
Subtotal				2,166,439	2,103,003
(-) Unamortized costs				(38,220)	(38,330)
Total				<u>2,128,219</u>	<u>2,064,673</u>
Current liabilities				126,671	56,580
Noncurrent liabilities				2,001,548	2,008,093

12.2. 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 of potential investors.

The CDCA linked to the First Series CRAs is subject to compensatory interest corresponding to 100.00% of the accumulated variance of the one-day daily average rates of the Interbank Deposit (DI), over extra group ("DI rate"), expressed as a percentage rate per year, 252 business days basis, daily calculated and disclosed by B3, in the daily bulletin available in its website (www.b3.com.br), exponentially increased by spread or surtax equivalent to 1.65% per year, on a 252 business days basis. Compensation is paid semiannually with the first payment on December 13, 2022. Payment will be made in two installments, and the first installment is due on December 15, 2027 and the second installment on June 14, 2028.

The par value or par value balance of the CDCAs linked to the Second Series CRAs, as applicable, is adjusted by the accumulated variance 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 June 13, 2029. The adjusted par value of the CDCAs linked to the Second Series CRAs shall accrue compensatory interest equivalent to 7.5779% per year, on a 252 business day basis. Compensation will be paid semiannually with the first payment on December 13, 2022.

Bauko Equipamentos de Movimentação e Armazenagem S.A., a company controlled by the Company, also issued CDCAs linked to the Second Series CRAs on June 15, 2022, subject to the same compensation and repayment terms for the CDCAs issued by the Company, totaling R\$96,000. Upon the merger, an amendment was signed on December 6, 2022, appointing Armac as the issuer of the CDCA, which starts to assume all rights and obligations before Bauko's liability.

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 Issue").

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 number of debentures issued to 300,000 debentures and, consequently, the total issue amount to R\$300,000. On July 30, 2021, the public offering with restricted efforts was closed with all debentures subscribed and paid up.

The compensation of the Debentures – 1st Issue, after the IPO, is equivalent to 100% of the accumulated variance of the daily average DI rates, plus a surcharge of 3.35% p.a.

On November 1, 2021, the Company carried out its second (2nd) issue 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 Issue”). On December 14, 2021, the public offering with restricted efforts was closed with all debentures subscribed and paid up.

The compensation of the Debentures – 2nd Issue is equivalent to 100% of the accumulated variance of the daily average DI rates, plus a surcharge of 2.50% per year.

On July 19, 2022, the Company conducted the optional early redemption of all the Debentures – 1st Issue, 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 compensatory interest and premium, totaling R\$286,406.

On November 4, 2022, the Company carried out its third (3rd) issue of simple non-convertible, unsecured debentures, in a single series, pursuant to CVM Instruction 476, for public offering, in the total amount of R\$300,000, with restricted placement efforts, with two annual installments payable beginning November 4, 2028. The compensation of the Debentures – 3rd Issue is equivalent to 100% of the accumulated variance of the daily average DI rates, plus a surcharge of 2.25% per year.

Other transactions for investments in machinery and equipment

Finame: contracts have grace periods for the repayment of principal that can last up to one year and the financed good is pledged as collateral for the financing.

CDC: contracts have one-year grace periods for the beginning of repayment of principal and the financed good is pledged as collateral for the financing.

Leases: contracts have grace periods for the repayment of principal that can last up to one year.

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

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

12.3. Variations in borrowings and financing

	<u>03/31/2023</u>	<u>12/31/2022</u>
Opening balance	2,064,673	1,832,115
(+) Borrowings	-	704,000
(+) Merger of subsidiary (a)	-	109,309
(+) Accrued interest	82,154	253,354
(-) Repayment of principal (b)	(8,622)	(590,262)
(-) Interest paid	(8,964)	(227,041)
(-) Issue costs (c)	(1,022)	(16,802)
Closing balance	<u>2,128,219</u>	<u>2,064,673</u>

(a) Upon the merger, Armac assumes all rights and obligations which were previously Bauko's responsibility, as already mentioned above.

(b) Of the principal repayment, R\$213,679 refers to prepayments of debts as at December 31, 2022.

(c) These costs were presented together with the payments disclosed in the statement of cash flows.

12.4. Repayment schedule

As at March 31, 2023, the repayment schedule of the debt balance, before unamortized costs by maturity year, is as follows:

	<u>03/31/2023</u>	<u>12/31/2022</u>
2023	121,182	57,747
2024	220,898	220,898
2025	264,225	264,225
2026	255,874	255,874
2027	254,258	254,258
2028	700,865	700,866
2029	349,135	349,135
	<u>2,166,439</u>	<u>2,103,003</u>

12.5. 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 decreases;
- iii) Restriction to change direct or indirect control;
- iv) covenant establishing that the net debt-to-equity ratio on EBITDA for the last 12 months should be equal to 3.50x or less in 2021 and so on. The borrowing and financing agreements that include the covenant are agreements underlying the CDCAs and the 2nd and 3rd issues 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. As at March 31, 2023, the Company was in compliance with these covenants.

13. PROVISIONS FOR TAX, CIVIL AND LABOR RISKS

The Company considers all available information regarding the proceedings to which it is a party, as well as the opinion of its legal counsel, to prepare a reliable estimate of the amounts of obligations and the likelihood of cash disbursements. Based on this analysis, Management also decides on the need to recognize a provision in a sufficient amount to cover probable losses on the ongoing lawsuits and variations in the period are presented below.

	<u>03/31/2023</u>	<u>12/31/2022</u>
Opening balance	722	-
Additions	92	722
(-) Reversals	(158)	-
Closing balance	<u>656</u>	<u>722</u>

The lawsuits whose loss is assessed as possible in the opinion of the Company's legal counsel are broken down by nature as follows:

	<u>03/31/2023</u>	<u>12/31/2022</u>
Civil	322	546
Tax	305	-
Labor	15,884	12,415
Total	<u>16,511</u>	<u>12,961</u>

14. EQUITY

14.1. Issued capital

As at March 31, 2023 and December 31, 2022, the Company's subscribed capital is R\$1,004,034, represented by common shares without par value, held as follows:

	<u>03/31/2023</u>		<u>12/31/2022</u>	
	Number of shares	Ownership interest %	Number of shares	Ownership interest %
Controlling shareholders	173,927,520	50.27%	173,801,820	50.23%
Others	172,088,521	49.73%	172,214,221	49.77%
	<u>346,016,041</u>	<u>100.00%</u>	<u>346,016,041</u>	<u>100.00%</u>

At the meeting held on October 3, 2022 the Company's Board of Directors approved a capital increase in the amount of R\$1,683, corresponding to the issue of 256,520 new registered, book-entry common shares, without par value.

The issue price corresponds to R\$6.56 per share as established within the scope of the Call Option Grant, approved at the meeting of the Board of Directors held on July 2, 2021, for the vesting period of Plan 1: Matching exercised in July 2022.

In conformity with its bylaws, the Company is authorized to increase its capital by up to R\$2,000,000, based on a Board of Directors' resolution. The purpose of this capital increase is to fulfill the stock option plans, as described below, and is being presented as capital reserve, in line item 'Issue of equity instruments'.

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.

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

14.2. Capital reserve

a) Share premium

The balance referring to the goodwill generated on the issue of shares as at March 31, 2023 and December 31, 2022 is R\$125,462 and corresponds to the issue of 442,327 new registered shares, without par value, subscribed and paid up by SPEED Fundo de Investimento em Participações Multi estratégia before the IPO.

b) Share-based payment

The Extraordinary General Meeting held on July 2, 2021 approved the creation of the Company's Stock Option Plan to be managed by the Company's 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 can be 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.'

For the first quarter of 2023, no new grants of stock options were made and the cost arising from the provisioning of option programs was R\$8,605 (R\$6,388 as at December 31, 2022), of which R\$4,299 related to Plan 1, R\$2,392 related to Plan 2 and R\$1,915 related to Plan 3.

14.3. Earnings reserve

a) Legal reserve

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

b) Distribution of dividends and interest on capital

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 held on April 28, 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 decided in an Annual and Extraordinary General 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 decisions were ratified at the annual general meeting held on April 28, 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 decisions were ratified at the annual general meeting held on April 28, 2023.

On December 22, 2022, it was decided in a meeting of the Board of Directors, the distribution of interim dividends for the quarter ended September 30, 2022, in the amount of R\$18,000, and the same meeting approved the distribution of interest on capital in the amount of R\$23,000. These dividends and interest on capital was paid on February 23, 2023. Both decisions were ratified at the annual general meeting held on April 28, 2023.

On March 29, 2023, it was decided in a meeting of the Board of Directors, the payment of interest on capital to shareholders, in the amount of R\$12,000 for the quarter ended March 31, 2023, which will be made in 2023, on a date to be defined by the Company's Executive Committee. Of this amount, R\$5,772 was considered as additional interest on capital to be ratified at the annual general meeting to be held in 2024.

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 decided 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 held on April 28, 2023.

14.4. Treasury shares

Share buyback plan

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

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

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

As at March 31, 2023 and December 31, 2022, the Company holds own common shares in treasury in the amount of R\$8,119, represented by 686,800 common shares held 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	206,400	2,366	11.27
Total	686,800	8,119	11.75

15. RELATED-PARTY TRANSACTIONS

The transactions carried out between the Company and its related parties affecting profit or loss are as follows:

- Rental of properties – refers to the payment of rental of properties in the amount of R\$2,164 as at March 31, 2023 (R\$6,288 as at December 31, 2022), used as machinery maintenance center, which are owned by part of the Company's controlling shareholders (note 9.2 – Lease of right of use). In 2022, Management reviewed its contracts and made the necessary remeasurements, considering the final contracted term – 2041 and the SELIC rate adjustment applied.
- The compensation of the Company's officers for the period ended March 31, 2023 was R\$1,090 (R\$2,525 as at December 31, 2022), considered a short-term benefit, recognized in line item 'General and administrative expenses' in profit or loss for the period.

16. INCOME TAX AND SOCIAL CONTRIBUTION

16.1. Income tax and social contribution expenses

The income tax and social contribution calculations were made based on taxable income in the Parent for the period ended March 31, 2023 and on deemed income in the subsidiary for the period ended March 31, 2022.

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 profit or loss for the period is shown below:

	03/31/2023	03/31/2022
Profit before income tax and social contribution	30,732	36,817
(x) Statutory rate	34%	34%
Income tax and social contribution expenses	(10,449)	(12,518)

	03/31/2023	03/31/2022
<u>Effect of permanent additions (deductions) in the calculation of taxes</u>		
(-) Tax depreciation due to the disposal of assets	-	(951)
(-) Non-deductible costs and expenses	(489)	(240)
(+/-) Other permanent differences	1,028	(470)
(-) Interest on capital	4,080	5,327
(-) Amortization of goodwill on acquisition of companies	1,320	-
Income tax and social contribution expenses	<u>(4,510)</u>	<u>(8,852)</u>
Current	-	(1,800)
Deferred	<u>(4,510)</u>	<u>(7,052)</u>
Total	<u>(4,510)</u>	<u>(8,852)</u>
Effective tax rate	-15%	-24%

16.2. Deferred income tax and social contribution

a) Breakdown

	Parent	
	03/31/2023	12/31/2022
<u>Assets</u>		
Allowance for expected credit losses	8,676	5,266
Provision for executives' bonuses	24,265	19,513
Provision for risks	655	-
Tax loss carryforwards	296,617	221,391
Tax loss carryforwards of merged company	3,283	3,283
Effects – CPC 06 – IFRS 16	<u>17,600</u>	<u>13,260</u>
Total	<u>351,096</u>	<u>262,713</u>
(x) Statutory rate	<u>34%</u>	<u>34%</u>
Deferred assets	<u>119,373</u>	<u>89,322</u>
<u>Liabilities</u>		
Difference - tax and economic depreciation	603,314	505,404
Effects – CPC 06 – IFRS 16	<u>13,970</u>	<u>10,330</u>
Total	<u>617,384</u>	<u>515,734</u>
(x) Statutory rate	<u>34%</u>	<u>34%</u>
Deferred liabilities	<u>209,911</u>	<u>175,350</u>
Deferred income tax and social contribution, net	<u>90,538</u>	<u>86,028</u>

b) Variations in deferred tax assets and liabilities

	Parent	
	03/31/2023	12/31/2022
Net balance of deferred income tax and social contribution at the beginning of the period	86,028	41,974
Allowance for expected credit losses	(1,159)	(1,344)
Tax loss carryforwards	(25,577)	(44,888)
Tax loss carryforwards of merged company	-	(1,116)
Provision for executives' bonuses	(1,616)	(5,686)
Provision for risks	(223)	-
Effects – CPC 06 – IFRS 16	(238)	(1,476)
Difference - tax and economic depreciation	33,323	83,632
Difference - tax and economic depreciation – subsidiary's merger	-	32,607
Surplus of assets	-	(17,675)
Net balance of deferred income tax and social contribution at the end of the period	90,538	86,028
Amount recognized in profit or loss	4,510	12,562
Amount recognized in balance sheet	-	31,491

17. NET REVENUE

	03/31/2023	03/31/2022
Lease of equipment and provision of services	281,965	204,804
Sale of new machinery and parts	1,230	1,469
Sale of property and equipment used	35,515	9,517
Gross operating revenue	318,710	215,790
(-) Taxes on sales	(27,219)	(20,374)
Net operating revenue	291,491	195,416
Tax on revenue (COFINS)	(20,240)	(15,548)
Tax on revenue (PIS)	(4,394)	(3,375)
State VAT (ICMS)	(74)	(136)
Service tax (ISS)	(2,511)	(1,315)
Total taxes on sales	(27,219)	(20,374)

18. COSTS AND EXPENSES BY NATURE

	03/31/2023	03/31/2022
<u>Costs</u>		
Personnel expenses	64,388	51,224
Depreciation and amortization	39,188	24,101
Inputs, parts and maintenance services	20,403	16,465
Cost of sale or write-off of property and equipment	20,023	7,453
Fuel and transportation costs	9,784	5,987
Extraordinary bonus	1,758	997
Other costs	2,263	1,944
Total	157,807	108,171

	<u>03/31/2023</u>	<u>03/31/2022</u>
<u>Expenses</u>		
Personnel expenses	23,025	13,432
Depreciation and amortization	2,530	2,926
Administrative and selling expenses	4,975	3,564
Advisors' expenses	1,902	1,277
Extraordinary bonus	790	485
Allowance for expected credit losses	1,881	1,154
Other income (expenses), net	4,936	1,037
Total	<u>40,039</u>	<u>21,092</u>

19. FINANCE INCOME (COSTS)

	<u>03/31/2023</u>	<u>03/31/2022</u>
<u>Finance income</u>		
Short-term investment yield	27,461	35,449
Others	646	3,143
Total	<u>28,107</u>	<u>38,592</u>
<u>Finance costs</u>		
Interest on borrowings and financing	82,154	60,553
Inflation adjustment to payables	1,275	1,813
Interest on lease of right of use	2,453	823
Interest on trade payables - agreement	5,138	-
Others	-	1,276
Total	<u>91,020</u>	<u>64,465</u>

20. EARNINGS PER SHARE

The table below shows the profit available to the holders of shares and the weighted average number of outstanding shares used to calculate basic and diluted earnings.

The Company does not enter into any transactions affecting the dilution of earnings.

	<u>03/31/2023</u>	<u>03/31/2022</u>
<u>Numerator</u>		
Profit for the period (a)	26,222	26,156
<u>Denominator (in thousands of shares)</u>		
Weighted average number of shares	345,618	345,760
Weighted average number of treasury shares	(343)	-
Weighted average number of outstanding shares (b)	<u>345,275</u>	<u>345,760</u>
Basic earnings per share (in R\$) (a/b)	<u>0.08</u>	<u>0.08</u>

	<u>03/31/2023</u>	<u>03/31/2022</u>
<u>Denominator (in thousands of shares)</u>		
Weighted average number of shares	345,618	345,760
Weighted average number of treasury shares	(343)	-
Weighted average number of shares granted	(257)	-
Weighted average number of diluted shares (c)	<u>345,018</u>	<u>345,760</u>
 Diluted earnings per share (in R\$) (a/c)	 <u>0.08</u>	 <u>0.08</u>

The dilutive effect on earnings per share is represented by stock option plans disclosed in note 17.2 – Share-based Payment, capital reserve, letter b.

21. FINANCIAL INSTRUMENTS

21.1. Categories of financial instruments

	<u>03/31/2023</u>	<u>12/31/2022</u>
<u>Financial assets</u>		
Cash and cash equivalents	869,390	938,358
Trade receivables	<u>249,338</u>	<u>237,500</u>
Total	<u>1,118,728</u>	<u>1,175,858</u>
 <u>Financial liabilities</u>		
Trade payables and trade payables - agreement	216,111	31,699
Borrowings and financing	<u>2,128,219</u>	<u>1,832,115</u>
	77,024	34,142
	6,404	-
	<u>18,301</u>	<u>105,740</u>
Total	<u>2,446,059</u>	<u>2,003,696</u>

21.2. Financial and foreign exchange risks

The Company's activities are subject to credit and liquidity 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 March 31, 2023.

21.3. Sensitivity analysis

Interest rate risk

The Company obtains borrowings and financing 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 and this exposure is shown in note 12 – Borrowings and financing.

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 rate of 13.75% at the end of March 2023, according to the Focus report of the Central Bank of Brazil of March 24, 2023.

	Balance as at 03/31/2023	Scenario I 13,75%	Scenario II 17,19%	Scenario III 20,63%
Average CDI rate for the next 12 months				
Borrowings and financing not indexed to CDI and SELIC	453,504	515,861	531,450	547,039
Borrowings and financing indexed to CDI and SELIC	1,712,935	1,948,463	2,007,345	2,066,227
Subtotal	2,166,439	2,464,324	2,538,795	2,613,266
Short-term investments	868,908	988,383	1,018,252	1,048,120
Net exposure	1,297,531	1,475,941	1,520,544	1,565,146

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 (par value with future interest):

	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Over 3 years	Total
Trade payables and trade payables - agreement	216,111	-	-	-	216,111
Borrowings and financing	17,489	484,091	510,133	1,284,496	2,296,209
Payables for acquisition of companies	3,569	-	14,732	-	18,301
Lease of right of use	11,007	27,640	23,056	120,362	182,066

22. 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.

	Parent	
	Coverage	Maturity
Property and equipment items	10,461	Jan-2024
Transportation	300,000	Jan-2024
Civil claims	30,000	Feb-24
D&O	70,000	Jun-23
Civil liability	8,074	Nov-2023
Total	418,535	

23. NON-CASH TRANSACTIONS

Non-cash transactions are described below:

Classification in the financial statements	Line item	Note	Nature of transaction	03/31/2023	03/31/2022
Assets	Property and equipment - Lease of right of use	9.2	Effects of IFRS 16	3,364	2,992
Liabilities	Lease of right of use	9.2		3,364	2,992
Assets	Net assets	2	Merger of RCB	-	27,981
Assets	Investments	-		-	27,981
Liabilities	Trade payables	11	Payor risk	75,669	-
Assets	Property and equipment	9	transactions	75,669	-

MESSAGE FROM MANAGEMENT

We present the results for the first quarter of 2023 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	1Q23	4Q22	QoQ	1Q22	YoY
Rental Fleet Size (# Equipment)	9,498	9,483	0.2%	6,898	37.7%
CAPEX	126.8	250.5	(49.4%)	228.3	(44.4%)
Gross Revenue	318.7	308.5	3.3%	215.8	47.7%
Gross Revenue from rental	283.2	289.9	(2.3%)	206.3	37.3%
Adjusted EBITDA	119.9	126.1	(5.0%)	87.7	36.8%
% net revenue from rental	46.8%	48.3%	-1.4 p.p.	47.2%	-0.3 p.p.
Adjusted EBIT	78.2	83.1	(5.9%)	60.6	28.9%
% net revenue	30.5%	31.8%	-1.3 p.p.	32.6%	-2.1 p.p.
Cash tax earnings	55.4	64.9	(14.7%)	53.5	3.4%
% net revenue	19.0%	23.2%	-4.2 p.p.	27.4%	-8.4 p.p.
Adjusted net income	26.2	33.3	(21.2%)	28.0	(6.2%)
% net revenue	9.0%	11.9%	-2.9 p.p.	14.3%	-5.3 p.p.
Net Debt	1,258.8	1,126.3	11.8%	438.0	187.4%
Net Debt / Adjusted EBITDA LTM	2.50x	2.46x	1.6%	1.69x	48.3%
Adjusted ROIC	23.0%	27.2%	-4.2 p.p.	27.5%	-4.4 p.p.
Adjusted ROE	17.9%	20.9%	-3.0 p.p.	17.8%	+0.1 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. At the start of 2023, our governance consisted of a Board of Directors, an Executive Board and an Audit and Risk Committee. Were 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 after joining ARMAC. We develop career plans for Mechanics with on-site and remote training through an online platform.

RELATIONSHIP WITH INDEPENDENT AUDITORS

During the first quarter of 2023, 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.