

(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, 2024

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

MESSAGE FROM MANAGEMENT

We present Armac's consolidated results for the first quarter of 2024. Our business model aims to put our expertise in heavy machinery maintenance and operation at the service of our clients, bringing efficiency through reducing machine downtime and generating significant gains in maintenance and operation execution. We thank clients, suppliers, and financial partners, for trusting in us. We reaffirm our commitment to serving society and all stakeholders with responsibility and efficiency.

FINANCIAL AND OPERATING HIGHLIGHTS

R\$ million	1Q24	4Q23	QoQ	1Q23	YoY
Rental Fleet Size (# Equipment)	10,226	10,206	0.2%	9,498	7.7%
CAPEX	98.1	121.3	(19.1%)	126.8	(22.6%)
Gross Revenue	430.1	437.7	(1.7%)	318.7	34.9%
Gross Revenue from rental	404.8	403.0	0.5%	283.2	42.9%
Rental EBITDA	173.3	166.5	4.1%	119.9	44.6%
% net revenue from rental	47.8%	45.7%	+2.1 p.p.	46.8%	+1.0 p.p.
EBITDA	178.2	175.2	1.7%	135.4	31.6%
% net revenue	46.0%	43.9%	+2.1 p.p.	46.4%	-0.5 p.p.
Net Income	53.1	45.8	16.1%	26.2	102.6%
% net revenue	13.7%	11.5%	+2.2 p.p.	9.0%	+4.7 p.p.
Net Debt	1,455.1	1,320.5	10.2%	1,258.8	15.6%
Net Debt / EBITDA LTM	2.13x	2.06x	0.07x	2.50x	-0.37x
Adjusted ROIC	31.7%	29.9%	+1.8 p.p.	23.0%	+8.7 p.p.
Accounting ROIC	20.3%	19.3%	+1.0 p.p.	16.0%	+4.3 p.p.
Accounting ROE	17.0%	15.0%	+2.0 p.p.	9.1%	+7.9 p.p.

CORPORATE GOVERNANCE

As a company listed on Novo Mercado, ARMAC is committed to the highest standard of corporate governance in the Brazilian market. The maturity of the Company, through the implementation of best governance practices, is essential for us to serve all our stakeholders better. At the beginning of 2024, our governance structure consisted of a Board of Directors, an Executive Board, and an Audit and Risk Committee.

HUMAN CAPITAL

The culture and commitment of our teams and leadership are ARMAC's greatest comparative advantages. We continuously invest to expand these advantages by training more mechanics, drivers, operators, engineers, and administrators who identify with our culture. Our leadership

consists of professionals supported by ARMAC to develop themselves and rise to the new challenges in their careers.

SUSTAINABILITY

Our business model is fully aligned with the principles of circular economy and sharing, generating efficiency in the supply chains where we operate by reducing equipment idle hours and carefully managing maintenance. Additionally, we believe that our business model is the engine of a significant social transformation for frontline professionals. We offer comprehensive training programs, where participating employees dedicate themselves exclusively to training after joining Armac. We develop career plans for Mechanics with both in-person and remote training.

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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, 2024, which comprises the balance sheet as at March 31, 2024, 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 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.

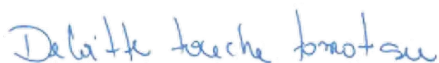
Other matters

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, 2024, 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 they were not prepared, in all material respects, in accordance with this standard and consistently with the 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, 2024



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, 2024 AND DECEMBER 31, 2023

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

ASSETS	Note	03/31/2024	12/31/2023	LIABILITIES AND EQUITY	Note	03/31/2024	12/31/2023
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	3	264,629	254,405	Trade payables	11.1	34,891	36,175
Short-term investments	4	1,080,342	475,190	Trade payables - agreement	11.2	256,415	360,128
Trade receivables	5	403,695	325,596	Borrowings and financing	12	366,950	261,370
Inventories	6	55,505	56,525	Lease payables for right of use	9.2	6,993	8,505
Recoverable taxes	7	28,805	33,322	Payroll and related taxes		65,838	54,578
Other assets	8	59,483	42,898	Taxes payable		28,387	9,313
Total current assets		<u>1,892,459</u>	<u>1,187,936</u>	Taxes in installments		147	171
				Interest on capital	14	12,615	-
				Payables for acquisition of companies		2,010	1,959
				Other payables		<u>13,635</u>	<u>15,654</u>
				Total current liabilities		<u>787,881</u>	<u>747,853</u>
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Escrow deposits		1,960	1,855	Borrowings and financing	12	2,433,112	1,788,717
Other assets	8	30,153	28,040	Lease payables for right of use	9.2	75,036	78,128
Property and equipment	9.1	2,673,707	2,639,478	Payables for acquisition of companies		16,551	16,128
Intangible assets	10	<u>122,072</u>	<u>125,418</u>	Taxes in installments		196	213
Total noncurrent assets		<u>2,827,892</u>	<u>2,794,791</u>	Provision for civil, tax and labor risks	13	119	166
				Deferred taxes	16.2	<u>136,614</u>	<u>121,580</u>
				Total noncurrent liabilities		<u>2,661,628</u>	<u>2,004,932</u>
				EQUITY			
				Capital	14	1,004,034	1,004,034
				Share issuance costs	14	(45,072)	(45,072)
				Capital reserve	14	131,754	135,008
				Earnings reserve	14	181,294	140,794
				Treasury shares	14	<u>(1,168)</u>	<u>(4,822)</u>
				Total equity		1,270,842	1,229,942
TOTAL ASSETS		<u><u>4,720,351</u></u>	<u><u>3,982,727</u></u>	TOTAL LIABILITIES AND EQUITY		<u><u>4,720,351</u></u>	<u><u>3,982,727</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, 2024 AND 2023

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

	Note	03/31/2024	03/31/2023
NET OPERATING REVENUE	17	387,787	291,491
(–) Cost of services	18	<u>(214,230)</u>	<u>(157,807)</u>
(=) Gross profit		173,557	133,684
Operating expenses			
(–) Administrative and selling expenses	18	<u>(39,606)</u>	<u>(40,039)</u>
(=) Operating income before finance income (costs)		133,951	93,645
(+) Finance income	19	21,400	28,107
(–) Finance costs	19	<u>(87,202)</u>	<u>(91,020)</u>
(=) Finance income (costs), net		(65,802)	(62,913)
(=) PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		68,149	30,732
INCOME TAX AND SOCIAL CONTRIBUTION		(15,035)	(4,510)
(–) Current	16	-	-
(–) Deferred	16	(15,035)	(4,510)
(=) PROFIT FOR THE PERIOD		<u>53,114</u>	<u>26,222</u>
Basic earnings per share (in R\$)	20	0.15	0.08
Diluted earnings per share (in R\$)	20	0.15	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, 2024 AND 2023
(In thousands of Brazilian reais - R\$, except when otherwise indicated)

	<u>03/31/2024</u>	<u>03/31/2023</u>
PROFIT FOR THE PERIOD	<u>53,114</u>	<u>26,222</u>
COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>53,114</u></u>	<u><u>26,222</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, 2024 AND 2023

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

	Note	CAPITAL RESERVES			EARNINGS RESERVES					Equity
		Capital	Share issuance costs	Share-based payment plan	Legal reserve	Additional proposed dividend	(-) Dividends and interest on capital paid before AGM/EGM	Earnings reserve	Treasury shares	
BALANCE AS AT DECEMBER 31, 2022		1,004,034	(45,072)	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		1,004,034	(45,072)	6,922	12,521	5,772	(86,342)	124,554	(8,119)	1,139,732
BALANCE AS AT DECEMBER 31, 2023		1,004,034	(45,072)	9,545	19,374	43,020	(20,220)	98,620	(4,822)	1,229,942
Profit for the period	14	-	-	-	-	-	-	53,114	-	53,114
Recognition of legal reserve	14	-	-	-	2,656	-	-	(2,656)	-	-
Interest on capital - proposed mandatory minimum	14	-	-	-	-	-	-	(12,615)	-	(12,615)
Share-based payment plan	14	-	-	(3,253)	-	-	-	-	3,653	400
BALANCE AS AT MARCH 31, 2024		1,004,034	(45,072)	6,292	22,029	43,020	(20,220)	136,464	(1,168)	1,270,842

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, 2024 AND 2023

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

	Note	03/31/2024	03/31/2023
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		<u>68,149</u>	<u>30,732</u>
Adjusted by:			
Depreciation and amortization	9.1, 10 and 18	44,250	41,718
Bonuses in goods		-	(4,000)
Residual cost in the write-off of decommissioned assets	9.1 and 18	20,325	25,956
Share-based payment plan		826	2,217
Allowance for expected credit losses	18	3,180	1,881
Charges on leased right-of-use assets	9.2	2,685	2,453
Inflation adjustment to payables for acquisition of companies		474	577
Interest on trade payables - agreement	11.2	9,721	5,138
Interest on borrowings and financing	12.3	72,312	82,154
Short-term investment yield		(14,896)	-
Provision for civil, tax and labor risks	13	39	(66)
Changes in assets and liabilities:			
Trade receivables		(81,279)	(15,923)
Inventories		1,020	(9,826)
Recoverable taxes		4,091	8,863
Escrow deposits		(105)	(171)
Other assets		(18,698)	(16,841)
Trade payables		(1,284)	(33,033)
Payroll and related taxes		11,260	9,063
Taxes payable		19,074	1,529
Other payables		10,470	6,233
Interest on borrowings and financing paid	12.3	(7,380)	(8,964)
Interest on lease of right of use paid	9.2	(2,686)	(2,453)
Interest on trade payables - agreement paid	14.2	(21,332)	(4,568)
Purchase of property and equipment	9.1	<u>(51,816)</u>	<u>(46,553)</u>
Net cash generated by operating activities		<u>68,400</u>	<u>76,116</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Short-term investments	4	(590,256)	-
Purchase of intangible assets	10.2	<u>-</u>	<u>(4,615)</u>
Net cash used in investing activities		(590,256)	(4,615)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings and financing	12.3	694,350	-
Repayments of borrowings and financing	12.3	(9,307)	(9,644)
Payment of lease of right of use	9.2	(1,917)	(1,490)
Payment of trade payables - agreement	11.2	(138,431)	(88,336)
Payment of dividends and interest on capital	14	<u>(12,615)</u>	<u>(41,000)</u>
Net cash generated by financing activities		532,080	(140,469)
INCREASE IN CASH AND CASH EQUIVALENTS, NET		<u>10,224</u>	<u>(68,968)</u>
Cash and cash equivalents at the beginning of the period		254,405	938,358
Cash and cash equivalents at the end of the period		264,629	869,390

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 VALUE ADDED

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023

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

	Note	03/31/2024	03/31/2023
REVENUE			
Lease, services, and other revenue	17	430,062	318,710
Revenue related to the construction of own assets		1,620	1,620
Allowance for expected credit losses	18	(2,788)	(1,881)
THIRD-PARTY SERVICES AND SUPPLIES:			
Third-party services, supplies, and other inputs		(67,749)	(73,689)
Costs related to the construction of own assets		(1,620)	(1,620)
GROSS VALUE ADDED		<u>359,525</u>	<u>243,140</u>
Depreciation and amortization	18	(44,250)	(41,718)
WEALTH CREATED BY THE COMPANY		315,275	201,422
WEALTH RECEIVED IN TRANSFER:			
Finance income	19	21,400	28,107
Other		(3,783)	6,432
WEALTH FOR DISTRIBUTION		<u>332,892</u>	<u>235,961</u>
PERSONNEL			
Wages		(85,888)	(41,224)
Benefits		(33,038)	(39,716)
Severance Pay Fund (FGTS)		(6,637)	(3,171)
Social Security Contribution (INSS)		(17,064)	(9,658)
TAXES, FEES AND CONTRIBUTIONS			
Federal		(44,348)	(22,402)
Municipal		(5,601)	(2,549)
Lenders and lessors			
Interest	18	(87,202)	(91,020)
SHAREHOLDERS			
Interest on capital		(12,615)	(47,228)
Profit for distribution		(40,499)	21,006
WEALTH DISTRIBUTED		<u>(332,892)</u>	<u>(235,961)</u>

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, 2024 AND 2023

(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.

Armac’s machinery lease agreements also provide for their maintenance when necessary, which is conducted by a specialized center located in Vargem Grande Paulista and at own workshops located in different regions of Brazil by a qualified team, often trained in internal development programs, which guarantee relevant efficiency gains on its operations.

2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL INFORMATION

The interim financial information has been prepared in accordance with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”), and technical pronouncement CPC 21 (R1) - Interim Financial Reporting, and is presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (“CVM”), applicable to the preparation of Interim Financial Information (ITR).

The interim financial information is presented in thousands of Brazilian reais (R\$), which is the Company’s functional currency, and has been prepared based on the historical cost of each transaction, except for certain financial instruments measured at their fair values.

All relevant information for the interim financial information, and only this information, is being disclosed and corresponds to the information used in managing the Company.

This interim financial information should be read together with the financial statements for the year ended December 31, 2023, approved on March 27, 2024.

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:

- Summary of material accounting policies.
- Revised standards and interpretations effective and not yet effective.
- Stock option plan.

The interim financial information for the quarter ended March 31, 2024 was approved for disclosure by the Board of Directors on May 9, 2024.

3. CASH AND CASH EQUIVALENTS

	<u>03/31/2024</u>	<u>12/31/2023</u>
Cash	793	546
Banks - checking account	1,893	116
Short-term investments	<u>261,943</u>	<u>253,743</u>
Total	<u>264,629</u>	<u>254,405</u>

As at March 31, 2024 and December 31, 2023, short-term investments consist of funds invested in Certificates of Bank Deposits (CDBs) with average yield ranging from 101% to 105% of the Certificate of Interbank Deposits (CDI) rate, subject to an insignificant risk of change in value and which can be redeemed immediately.

4. SHORT-TERM INVESTMENTS

	<u>03/31/2024</u>	<u>12/31/2023</u>
Short-term investments	1,080,342	475,190

As at March 31, 2024 and December 31, 2023, short-term investments consist of funds invested in Certificates of Bank Deposits (CDBs) with average yield ranging from 101% to 104% of the Certificate of Interbank Deposits (CDI) rate, subject to an insignificant risk of change in value and which can be redeemed immediately.

These investments are daily liquid; however, as this cash is not committed to short-term operations, the Company presents these financial assets in a specific line item in the financial statements.

5. TRADE RECEIVABLES

5.1. Breakdown of balances

	<u>03/31/2024</u>	<u>12/31/2023</u>
Trade receivables	290,416	245,623
Unbilled revenue (*)	132,132	96,038
(-) Allowance for expected credit losses	<u>(18,853)</u>	<u>(16,065)</u>
Total	<u>403,695</u>	<u>325,596</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.

5.2. Classification by maturity

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

	<u>03/31/2024</u>	<u>12/31/2023</u>
<u>Current</u>	224,667	185,208
<u>Past due:</u>		
1 to 30 days	12,127	9,164
31 to 90 days	6,232	16,675
91 to 180 days	15,295	4,451
Over 180 days (a)	<u>32,095</u>	<u>30,125</u>
Subtotal – past-due	65,749	60,415
Closing balance	<u>290,416</u>	<u>245,623</u>

(a) For trade receivables more than 180 days past due, which are not provided for, the Company has collaterals.

5.3. Allowance for expected credit losses

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

	<u>03/31/2024</u>	<u>12/31/2023</u>
Opening balance	(16,065)	(6,795)
(+) Recognition	(3,180)	(13,844)
(-) Reversal due to renegotiations	-	2,238
(-) Reversal due to receipt	-	734
(-) Write-off due to actual loss	<u>392</u>	<u>1,602</u>
Closing balance	<u>(18,853)</u>	<u>(16,065)</u>

6. INVENTORIES

As at the reporting date, inventories include parts and maintenance materials and consumables, which are used in the maintenance of machinery, equipment and vehicles.

	<u>03/31/2024</u>	<u>12/31/2023</u>
Parts and maintenance materials	52,806	53,816
Parts for resale	1,617	1,190
Consumables	<u>1,082</u>	<u>1,519</u>
Total	<u>55,505</u>	<u>56,525</u>

There were no new bonuses in goods from our suppliers in 2023 and 2024.

7. RECOVERABLE TAXES

	<u>03/31/2024</u>	<u>12/31/2023</u>
Taxes on revenue (PIS and COFINS)	33	778
Corporate Income Tax (IRPJ) and Social Contribution (CSLL) (i)	21,018	6,170
Social security contribution (INSS)	-	487
Withholding Income Tax (IRRF) (ii)	7,627	25,790
Other	127	97
Total	<u>28,805</u>	<u>33,322</u>

(i) Amounts relating to the negative balance for the prior year, which is recognized based on the calculation of withholding income tax on short-term investments and service provision.

(ii) Amounts relating to the calculation of withholding income tax on short-term investments.

8. OTHER ASSETS

	<u>03/31/2024</u>	<u>12/31/2023</u>
Prepaid project costs (a)	48,645	43,994
Prepaid expenses	27,501	13,039
Advances to suppliers	8,874	3,059
Bonuses	2,583	2,583
Advances to employees	1,464	1,080
Other	569	7,183
Total	<u>89,636</u>	<u>70,938</u>
Current assets	59,483	42,898
Noncurrent assets	<u>30,153</u>	<u>28,040</u>
Total	<u>89,636</u>	<u>70,938</u>

The Company intensified its activity in larger projects, with average term between two and three years, which require initial preparation costs and involve preparation of the site and machines to be used, and engagement of labor, before services begin to be provided to customers.

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	Furniture and IT equipment	Construction in progress (ii)	Total
<u>Acquisition cost</u>							
Balance as at December 31, 2022	34,781	83,277	2,285,585	147,991	10,515	41,087	2,603,236
(+) Additions	8,124	18,282	440,011	87,328	6,583	24,913	585,241
(+/-) Transfers	1,620	-	9,327	11,396	-	(22,343)	-
(-) Write-off of assets	-	(239)	(104,410)	(1,922)	-	-	(106,571)
Balance as at December 31, 2023	44,525	101,320	2,630,513	244,793	17,098	43,657	3,081,906
(+) Additions	3,574	1,090	57,477	35,438	-	1,656	99,235
(+/-) Transfers	-	-	-	-	-	-	-
(-) Write-off of assets (i)	-	(3,777)	(24,294)	(1,290)	(62)	-	(29,423)
Balance as at March 31, 2024	48,099	98,633	2,663,696	278,941	17,036	45,313	3,151,718
<u>Depreciation</u>							
Balance as at December 31, 2022	(1,012)	(10,577)	(255,784)	(20,779)	(1,861)	-	(290,013)
(+) Additions	(2,371)	(9,491)	(116,539)	(45,679)	(3,006)	-	(177,086)
(-) Write-off of depreciation	-	-	22,435	2,236	-	-	24,671
Balance as at December 31, 2023	(3,383)	(20,068)	(349,888)	(64,222)	(4,867)	-	(442,428)
(+) Additions	(1,194)	(2,643)	(16,181)	(20,056)	(830)	-	(40,904)
(-) Write-off of depreciation (i)	-	-	4,973	312	36	-	5,321
Balance as at March 31, 2024	(4,577)	(22,711)	(361,096)	(83,966)	(5,661)	-	(478,011)

	Leasehold improvements	Right of use in lease	Machinery and equipment for lease	Vehicles and equipment for support	Furniture and IT equipment	Construction in progress (ii)	Total
<u>Net residual value</u>							
As at December 31, 2023	41,142	81,252	2,280,625	180,571	12,231	43,657	2,639,478
As at March 31, 2024	43,522	75,922	2,302,600	194,268	11,375	45,313	2,673,707
<u>Average depreciation rate</u>							
As at December 31, 2023	Pursuant to the agreement	Pursuant to the agreement	3.6% to 9%	7.2% to 50%	10% to 20%		
As at March 31, 2024							

- (i) Of the total of R\$81,900 of write-offs, net (disregarding any write-offs of rights of use in leases) recorded as at December 31, 2023, the amount of R\$76,258 refers to cost on the write-off of assets sold, and the remaining amount of R\$5,642 refers to the cost of the assets that were subject to losses, which comprise the cost on the sale or write-off of property and equipment and other income (expenses), net, presented in note 18 - Costs and Expenses by Nature.
- (ii) Refers to advances to suppliers to purchase machinery and equipment and expenditures on works in progress at Vargem Grande Paulista – VGPIII branch.

As at March 31, 2024, the Company entered into an agreement with financial institutions to structure payor risk transactions with its main suppliers of machinery in the amount of R\$256,415 (R\$360,128 as at December 31, 2023) - see note 11.2 - Trade payables – agreement.

9.2. Leases of right of use

The Company's Management analyzed its effective contracts and concluded that they fall within the classification of lease and accounted for them in accordance with the relevant standard.

As at March 31, 2024, out of the Company's total effective contracts, 34 contracts (32 as at December 31, 2023) met the criteria for classification as lease.

The other contracts, such as 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" and "Other expenses" shown in note 18, as a contra entry to line item "Trade payables" (note 11). As at March 31, 2024, these leases totaled R\$2,684 (R\$7,071 as at December 31, 2023).

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 term of the lease shall be the period contained 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, 2022	59,168	15,982	75,150
(+) New operations	-	13,216	13,216
(+) Remeasurements (a)	4,543	523	5,066
(+) Interest incurred	6,571	3,768	10,339
(-) Contract terminations	-	(239)	(239)
(-) Principal repayment	(2,525)	(4,035)	(6,560)
(-) Interest payment	(6,571)	(3,768)	(10,339)
As at December 31, 2023	<u>61,186</u>	<u>25,447</u>	<u>86,633</u>
(+) New operations	-	-	-
(+) Remeasurements	1,090	-	1,090
(+) Interest incurred	2,014	671	2,685
(-) Contract terminations	-	(3,777)	(3,777)
(-) Principal repayment	(483)	(1,433)	(1,916)
(-) Interest payment	(2,014)	(672)	(2,686)
As at March 31, 2024	<u><u>61,793</u></u>	<u><u>20,236</u></u>	<u><u>82,029</u></u>

For further details on the remeasurements, see note 15 - Related Parties.

	<u>03/31/2024</u>	<u>12/31/2023</u>
Current	6,993	8,505
Noncurrent	<u>75,036</u>	<u>78,128</u>
Total	<u><u>82,029</u></u>	<u><u>86,633</u></u>

The respective amounts are recognized in the lease liability account and the balance will be amortized by monthly payments, discounted to present value at an average rate of 15.27% per annum for contracts recorded up to December 31, 2023.

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 Brazilian standard 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, 2024 is as follows:

<u>Year</u>	<u>Net present value</u>	<u>Embedded interest (future)</u>	<u>Amount of discounted installments</u>
2024	5,321	7,873	13,194
2025	6,201	9,729	15,930
2026	6,064	8,870	14,934
2027	3,907	8,119	12,026
2028	2,322	7,723	10,045
2029	2,084	7,442	9,526
2030	2,375	7,151	9,526
2031 onwards	53,755	46,467	100,222
Total	<u><u>82,029</u></u>	<u><u>103,374</u></u>	<u><u>185,403</u></u>

9.3. Review of useful lives

During the year ended December 31, 2021, pursuant to its accounting policy of annually reevaluating 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 March 31, 2024, the Company reviewed the useful life of its assets, but it did not identify the need for changes.

Also as part of its accounting policy of reviewing the residual value of its machinery on an annual basis, the Company carried out such revaluation in the first quarter of 2024 (same procedure applied in the first quarter of 2023), based on the sales market of preowned machinery and cars and, accordingly, adjusted the depreciation rates used, which are disclosed in the map of variations in property and equipment items.

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>03/31/2024</u>	<u>12/31/2023</u>
Systems and applications	13,285	4,284
Trademarks and patents	464	464
Project development	44	9,748
Goodwill on the merger of subsidiaries	95,337	95,337
Customer contract surplus (i)	12,942	15,585
Total	<u>122,072</u>	<u>125,418</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>03/31/2024</u>	<u>12/31/2023</u>
Opening balance	125,418	125,039
Additions	-	8,945
Amortization	(703)	(790)
Amortization of surplus	(2,643)	(7,776)
Closing balance	<u>122,072</u>	<u>125,418</u>

11. TRADE PAYABLES AND TRADE PAYABLES - AGREEMENT

	<u>03/31/2024</u>	<u>12/31/2023</u>
Parts suppliers and service providers	34,891	36,175
Trade payables - agreement	256,415	360,128
Total	<u>291,306</u>	<u>396,303</u>

11.1. Parts suppliers and service providers

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, when applicable.

11.2. Trade payables - agreement

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 financial institutions, in exchange for receiving the related funds from the financial institutions, without the need to contract credit facilities and with financial cost reimbursed by the suppliers.

Payor risk transactions are subject to discount rates of 1.06% per month and average terms ranging between 263 and 360 days (1.16% and 1.23% per month, with average terms ranging between 207 and 283 days as at December 31, 2023) and its variations are shown below.

Also, these liabilities called trade payables - agreement are subject to regular market restrictive clauses (financial or not), with which the Company was compliant as at December 31, 2023 and March 31, 2024.

	<u>03/31/2024</u>	<u>12/31/2023</u>
Opening balance	360,128	167,472
New commitments	52,828	405,639
Principal repayment	(138,431)	(216,185)
Interest payment	(21,332)	(14,044)
Interest incurred	9,721	33,165
Adjustment to present value	<u>(6,499)</u>	<u>(15,919)</u>
Total	<u><u>256,415</u></u>	<u><u>360,128</u></u>

12. BORROWINGS AND FINANCING

12.1. Breakdown of balances

Type	Rate per year - %	Maturity	03/31/2024	12/31/2023
CDCA - 1 st series	CDI + 1.65%	2028	105,309	102,196
CDCA – 2 nd series	IPCA + 7.57%	2029	433,136	418,285
Debentures – 2 nd issue	CDI + 2.50%	2028	1,046,146	1,013,282
Debentures – 3 rd issue	CDI + 2.25%	2029	315,842	306,040
Debentures – 4 th issue	CDI + 1.90%	2032	697,388	-
Finame	SELIC + 3.0%	2026-27	19,800	20,850
CDC	Fixed rate at 9.9 – 10.1%	2025	1,646	1,884
Lease	Fixed rate at 4.9 – 6.9%	2022-24	1,590	2,309
CCE/NCE	CDI + 2.35%	2028	200,588	200,668
CDC	Fixed rate at 8.7 – 9.9%	2024-25	6,996	8,121
CDC	Fixed rate at 6.7 – 10.2%	2022-25	7,008	8,116
Working capital/CDC/Lease	Fixed rate at 6.6- 11.6%	2022-25	1,415	2,380
Subtotal			2,836,864	2,084,131
(-) Unamortized costs			(36,802)	(34,044)
Total			2,800,062	2,050,087
Current liabilities			366,950	261,370
Noncurrent liabilities			2,433,112	1,788,717

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”).

Up to July 21, 2022, the private placement of 500,000 CRAs, issued by Armac and Bauko, 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 indistinctly 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 First Series CRAs and R\$398,270 refers to the Second Series CRAs, as defined in the bookbuilding procedure.

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.

Debentures

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 nonconvertible, 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.

On March 20, 2024, the Company carried out its fourth (4th) issue of simple nonconvertible, unsecured debentures, in a single series, pursuant to CVM Instruction 160, for public offering, in the total amount of R\$694,350, subject to automatic registration for distribution solely to professional investors.

The debentures shall bear compensatory interest equivalent to 100% of the accumulated variance of the DI rate, plus a maximum surcharge of 1.90% per year. The unit par value of debentures will be amortized in three annual installments beginning the sixth year from the Issue Date, according to the schedule set forth in the Issue Indenture.

The issue proceeds will be allocated in the Issuer’s ordinary course of business, including, but not limited to, to reinforce the Company’s cash and working capital.

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 grace periods of up to one year 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>03/31/2024</u>	<u>12/31/2023</u>
Opening balance	2,050,087	2,064,673
(+) Borrowings	694,350	-
(+) Accrued interest	72,312	303,979
(-) Repayment of principal	(5,274)	(34,994)
(-) Interest paid	(7,380)	(282,115)
(-) Issue costs (a)	(4,033)	(1,456)
Closing balance	<u>2,800,062</u>	<u>2,050,087</u>

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

12.4. Repayment schedule

As at March 31, 2024, the repayment schedule of the debt balance, before unamortized costs by maturity year, is as follows:

	<u>03/31/2024</u>	<u>12/31/2023</u>
2024	220,415	244,749
2025	262,562	262,562
2026	266,711	254,211
2027	252,595	252,595
2028	740,638	720,880
2029	399,593	349,134
2030	231,450	-
2031	231,450	-
2032	231,450	-
	<u>2,836,864</u>	<u>2,084,131</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. 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, 2024, the Company was in compliance with these covenants.

13. PROVISION FOR CIVIL, TAX 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>03/31/2024</u>	<u>12/31/2023</u>
Opening balance	166	722
Additions	39	569
(-) Reversal due to change of outcome or adjustment to provision	-	(569)
(-) Reversals	<u>(86)</u>	<u>(556)</u>
Closing balance	<u>119</u>	<u>166</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>03/31/2024</u>	<u>12/31/2023</u>
Civil	1,818	1,745
Tax	72	156
Labor	<u>17,372</u>	<u>12,666</u>
Total	<u>19,262</u>	<u>14,567</u>

14. EQUITY

14.1. Issued capital

As at March 31, 2024 and December 31, 2023, the Company's subscribed capital is R\$1,004,034, represented by common shares without par value, held as follows:

	<u>Number of shares</u>	<u>Ownership interest %</u>
Controlling shareholders	174,020,920	50.29%
Other	<u>171,995,121</u>	<u>49.71%</u>
	<u>346,016,041</u>	<u>100.00%</u>

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

Share premium

The balance referring to the goodwill generated on the issue of shares as at March 31, 2024 and December 31, 2023 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.

14.3. Earnings reserve

a) Legal reserve

The 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 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 Board. Of this amount, R\$5,772 was considered as additional interest on capital ratified at the annual general meeting held in 2024.

On June 30, 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\$30,000 for the quarter ended June 30, 2023, which was made on October 20, 2023. Of this amount, R\$19,684 was considered as additional interest on capital ratified at the annual general meeting held in 2024.

On September 30, 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\$17,000 for the quarter ended September 30, 2023, which was made on October 20, 2023. Of this amount, R\$5,630 was considered as additional interest on capital ratified at the annual general meeting held in 2024.

On December 22, 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\$22,800 for the quarter ended December 31, 2023, which was made on April 19, 2024. Of this amount, R\$11,462 was considered as additional interest on capital ratified at the annual general meeting held in 2024.

On March 26, 2024, it was decided in a meeting of the Board of Directors the payment of interest on capital to shareholders, in the amount of R\$24,000 for the quarter ended March 31, 2024, which was made on April 19, 2024. Of this amount, R\$11,385 was considered as additional interest on capital to be ratified at the annual general meeting to be held in 2025.

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 26, 2024.

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: Buy back 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, 2024, the Company holds own common shares in treasury in the amount of R\$1,168 (R\$4,822 as at December 31, 2023) represented by 98,376 common shares (406,229 as at December 31, 2023). The variations in the transactions in the reported years are as follows:

Year	Transaction	Number	Cost value	Average share value (R\$0.00)
2024	Option exercises (a)	(307,853)	(3,653)	11.87

(a) See information on this exercise of stock options in note 14.2 - Capital reserve, item b - Share-based payment plan.

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\$2,497 as at March 31, 2024 (R\$9,096 as at December 31, 2023), 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 2023 and first quarter of 2024, remeasurements only correspond to inflation adjustments to contracts.
- The compensation of the Company's officers for the period ended March 31, 2024 was R\$2,071 (R\$7,307 as at December 31, 2023), considered a short-term benefit, recognized in line item 'General and administrative expenses' in profit or loss for the period. The Annual and Extraordinary General Meeting held on April 26, 2024 approved the Company's overall maximum management compensation for 2024, in the amount of R\$17,991.

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 Company for the period ended March 31, 2024 and based on deemed income in the subsidiary for the period ended March 31, 2023.

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:

	<u>03/31/2024</u>	<u>03/31/2023</u>
Profit before income tax and social contribution	68,149	30,732
(x) Statutory rate	34%	34%
Income tax and social contribution expenses	<u>(23,171)</u>	<u>(10,449)</u>
<u>Effects of permanent additions (deductions) in the calculation of taxes</u>		
(-) Non-deductible costs and expenses	-	(489)
(+/-) Other permanent differences	(24)	1,028
(-) Interest on capital	8,160	4,080
(-) Amortization of goodwill on acquisition of companies	-	1,320
Income tax and social contribution expenses	<u><u>(15,035)</u></u>	<u><u>(4,510)</u></u>

	<u>03/31/2024</u>	<u>03/31/2023</u>
Deferred	(15,035)	(4,510)
Total	<u>(15,035)</u>	<u>(4,510)</u>
Effective rate	-22%	-15%
16.2. Deferred income tax and social contribution		
a) Breakdown		
	<u>03/31/2024</u>	<u>12/31/2023</u>
Assets		
Adjustment of trade receivables to present value	1,787	-
Allowance for expected credit losses	18,853	16,065
Provision for executives' bonuses	13,947	26,626
Provision for suppliers' invoices	-	6,170
Provision for risks	119	166
Tax loss carryforwards	535,625	435,642
Effects - CPC 06 - IFRS 16	<u>5,264</u>	<u>4,869</u>
Total	<u>575,595</u>	<u>489,538</u>
(x) Statutory rate	<u>34%</u>	<u>34%</u>
Deferred assets	<u>195,702</u>	<u>166,443</u>
Liabilities		
Difference - tax and economic depreciation	955,282	828,822
Effects - CPC 06 - IFRS 16	<u>22,186</u>	<u>18,303</u>
Total	<u>977,468</u>	<u>847,125</u>
(x) Statutory rate	<u>34%</u>	<u>34%</u>
Deferred liabilities	<u>332,339</u>	<u>288,022</u>
Deferred income tax and social contribution, net	<u>136,637</u>	<u>121,579</u>

b) Variations in deferred tax assets and liabilities

	<u>03/31/2024</u>	<u>12/31/2023</u>
Net balance of deferred income tax and social contribution at the beginning of the period	121,579	86,028
Adjustment of trade receivables to present value	(608)	-
Allowance for expected credit losses	(948)	(3,672)
Provision for suppliers' invoices	2,098	(2,098)
Tax loss carryforwards	(34,252)	(72,845)
Tax loss carryforwards of merged company	-	1,116
Provision for executives' bonuses	4,311	(2,419)
Provision for risks	(16)	(56)
Effects - CPC 06 - IFRS 16	134	(660)
Difference - tax and economic depreciation	42,996	109,962
Amortization of goodwill on investment	1,320	6,223
Net balance of deferred income tax and social contribution at the end of the period	<u>136,614</u>	<u>121,579</u>
Amount recognized in profit or loss	15,035	4,510
Amount recognized in balance sheet	-	-

17. NET REVENUE

	<u>03/31/2024</u>	<u>03/31/2023</u>
Lease of equipment and provision of services	404,626	281,965
Sale of new machinery and parts	201	1,230
Sale of property and equipment used	25,235	35,515
Gross operating revenue	<u>430,062</u>	<u>318,710</u>
(-) Taxes on sales	(42,275)	(27,219)
Net operating revenue	<u>387,787</u>	<u>291,491</u>
Tax on revenue (COFINS)	(30,165)	(20,240)
Tax on revenue (PIS)	(6,549)	(4,394)
State VAT (ICMS)	(8)	(74)
Service tax (ISS)	(5,553)	(2,511)
Total taxes on sales	<u>(42,275)</u>	<u>(27,219)</u>

18. COSTS AND EXPENSES BY NATURE

	<u>03/31/2024</u>	<u>03/31/2023</u>
<u>Costs</u>		
Personnel expenses	117,030	64,388
Depreciation and amortization	38,377	39,188
Inputs, parts and maintenance services	20,561	20,403
Cost of sale or write-off of property and equipment	20,325	20,023
Fuel and transportation costs	8,684	9,784
Other costs	9,253	4,021
Total	<u>214,230</u>	<u>157,807</u>

	<u>03/31/2024</u>	<u>03/31/2023</u>
<u>Expenses</u>		
Personnel expenses	18,660	23,025
Depreciation and amortization	5,873	2,530
Administrative and selling expenses	6,425	4,975
Software and hardware lease	4,196	3,787
Advisors' expenses	1,567	1,902
Allowance for expected credit losses	2,788	1,881
Other income (expenses), net	97	1,939
Total	<u>39,606</u>	<u>40,039</u>

19. FINANCE INCOME (COSTS)

	<u>03/31/2024</u>	<u>03/31/2023</u>
<u>Finance income</u>		
Short-term investment yield	18,508	27,461
Others	2,892	646
Total	<u>21,400</u>	<u>28,107</u>
<u>Finance costs</u>		
Interest on borrowings and financing	72,319	82,154
Inflation adjustment to payables	1,254	1,275
Interest on lease of right of use	2,685	2,453
Interest on trade payables - agreement	9,721	5,138
Others	1,223	-
Total	<u>87,202</u>	<u>91,020</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>03/31/2024</u>	<u>03/31/2023</u>
<u>Numerator</u>		
Profit for the period (a)	53,114	26,222
<u>Denominator (in thousands of shares)</u>		
Weighted average number of shares	346,016	346,016
Weighted average number of treasury shares	(377)	(343)
Weighted average number of outstanding shares (b)	<u>345,639</u>	<u>345,673</u>
Basic earnings per share (in R\$) (a/b)	<u>0.15</u>	<u>0.08</u>

	<u>03/31/2024</u>	<u>03/31/2023</u>
<u>Denominator (in thousands of shares)</u>		
Weighted average number of shares	346,016	346,016
Weighted average number of treasury shares	(377)	(343)
Weighted average number of shares granted	-	(257)
Weighted average number of diluted shares (c)	<u>345,639</u>	<u>345,416</u>
Diluted earnings per share (in R\$) (a/c)	<u>0.15</u>	<u>0.08</u>

The dilutive effect on earnings per share is represented by stock option plans disclosed in note 14.2– Equity, Capital Reserve, letter b.

21. FINANCIAL INSTRUMENTS

21.1. Categories of financial instruments

	<u>03/31/2024</u>	<u>12/31/2023</u>
Financial assets		
Cash and cash equivalents	264,629	254,405
Short-term investments	1,080,342	475,190
Trade receivables	403,695	325,596
Total	<u>1,748,666</u>	<u>1,055,191</u>
Financial liabilities		
Trade payables and trade payables - agreement	291,306	396,304
Borrowings and financing	2,800,062	2,050,087
Leases of right of use	82,029	86,633
Interest on capital payable	12,615	-
Payables for acquisition of companies	18,561	18,087
Total	<u>3,204,573</u>	<u>2,551,111</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, 2024.

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% in the CDI rate, based on SELIC rate of 10.75% at the end of March 2024, according to the Focus report of the Central Bank of Brazil of March 19, 2024.

	Balance as at 03/31/2024	Scenario I 10.75%	Scenario II 13.44%	Scenario III 16.13%
Average CDI rate for the next 12 months				
Borrowings and financing not indexed to CDI and SELIC	451,792	500,360	512,502	524,644
Borrowings and financing indexed to CDI and SELIC	2,385,071	2,641,467	2,705,565	2,769,664
Subtotal	2,836,863	3,141,827	3,218,067	3,294,308
(-) Short-term investments	1,080,342	1,196,479	1,225,513	1,254,547
Net exposure	1,756,521	1,945,348	1,992,554	2,039,761

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	291,306	-	-	-	291,306
Borrowings and financing	267,221	259,808	253,845	2,036,398	2,817,272
Payables for acquisition of companies	2,010	-	16,551	-	18,561
Lease of right of use	13,194	15,930	14,934	141,345	185,403

22. INSURANCE

Management has the practice of insuring the assets exposed to risks in amounts considered sufficient to cover potential losses, taking into consideration the nature of its activities, as shown below.

	Coverage	Maturity
Property and equipment items	20,350	Feb-25
Transportation	400,000	April-25
Civil claims	30,000	Feb-25
D&O	70,000	Jun-24
Civil liability	8,074	Nov-26

23. NON-CASH TRANSACTIONS

Non-cash transactions are described below:

<u>Classification in the financial statements</u>	<u>Line item</u>	<u>Note</u>	<u>Nature of transaction</u>	<u>03/31/2024</u>	<u>03/31/2023</u>
Assets	Property and equipment - Lease of right of use	9.2	Effects of IFRS 16	2,687	3,364
Liabilities	Lease of right of use	9.2		2,687	3,364
Liabilities	Trade payables	11	Payor risk transactions	46,329	75,669
Assets	Property and equipment	9		46,329	75,669
Equity	Share-based payment plan	17.2 b	Exercise of stock options	3,653	-
Equity	Treasury shares	17.4		3,653	-
Assets	Trade receivables – allowance for expected losses	8.3	Allowance for expected losses – effective loss	392	-
Equity	Profit for the year	-		392	-