Mills Estruturas e Serviços de Engenharia S.A.

Individual and Consolidated
Interim Financial Information
for the Three-month Period Ended
March 31, 2021 and Report on Review
of Interim Financial Information

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of

Mills Estruturas e Serviços de Engenharia S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Mills Estruturas e Serviços de Engenharia S.A. (the "Company"), included in the Interim Financial Information Form (ITR), for the three-month period ended March 31, 2021, which comprises the balance sheet as of March 31, 2021 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.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting 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 the 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 to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

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

Deloitte.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the tree-month period ended March 31, 2021, prepared under the responsibility of the Company's Management and presented as supplemental information for the international standard IAS 34 purposes. These statements were subject to review procedures performed together with the review of ITR to reach a conclusion on whether they were 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 by technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the individual and consolidated interim financial information taken as a whole.

Audit and review of corresponding amounts

The individual and consolidated balance sheets as at December 31, 2020, presented for comparison purposes, were audited by other independent auditors, who issued an unqualified opinion thereon, dated March 17, 2021. The Company's individual and consolidated interim financial information for the three-month period ended March 31, 2020, presented for comparison purposes, were reviewed by other independent auditors, who issued a review report dated May 14, 2020, with an unmodified conclusion. The corresponding figures related to the individual and consolidated statements of value added ("DVA") for the three-month period ended March 31, 2020 were subject to the same review procedures by those independent auditors and, based on their review, those auditors issued a report stating that nothing has come to their attention that causes them to believe that the DVA has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Convenience translation

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

Rio de Janeiro, May 13, 2021

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

John Alexander Harold Auton
Engagement Partner

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

BALANCE SHEETS AS AT MARCH 31, 2021 AND DECEMBER 31, 2020
(In thousands of Brazilian Reais - R$)

	Note	Parent		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	3	300,721	285,993	392,543	378,905
Restricted bank deposits	3	6,840	-	6,840	-
Trade receivables	4	100,096	82,478	113,392	100,376
Receivables from related parties	16.c	2,126	4,914	-	-
Inventories	5	51,028	36,225	54,665	40,714
Income tax and social contribution recoverable	6	602	415	6,254	5,815
Taxes recoverable	6	2,657	2,956	4,568	5,406
Advances to suppliers		1,475	1,892	4,397	4,787
Other receivables from related parties		11	1,496	-	-
Other assets		3,927	4,191	4,981	4,947
		469,483	420,560	587,640	540,950
Assets held for sale	7	10,272	10,272	10,272	10,272
Noncurrent assets					
Deferred income tax and social contribution	18	235,811	236,128	312,162	314,618
Taxes recoverable	6	1	1	292	349
Judicial deposits	19	7,996	7,438	8,688	7,672
Derivative financial instruments	29	-	-	569	808
Other assets		-	2	-	2
		243,808	243,569	321,711	323,449
Financial assets at fair value through other comprehensive income	8	39,341	39,341	39,341	39,341
Investments	9	286,469	301,061	-	-
Property, plant and equipment	10	371,253	384,580	413,289	439,883
Intangible assets	11	33,791	33,314	121,822	121,497
		730,854	758,296	574,452	600,721
Total assets		1,454,417	1,432,697	1,494,075	1,475,392

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

BALANCE SHEETS AS AT MARCH 31, 2021 AND DECEMBER 31, 2020
(In thousands of Brazilian Reais - R$)

		Parent		Consolidated	
	Note	03/31/2021	12/31/2020	03/31/2021	12/31/2020
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade payables	12	35,289	23,644	40,965	30,286
Payables to related parties	16.c	440	390	-	-
Borrowings and financing	13	-	-	3,332	4,547
Debentures	14	46,615	40,124	68,250	57,829
Leases payable	15	15,704	14,359	16,365	15,074
Payroll and related taxes		21,289	18,383	22,103	19,318
Tax debt refinancing program (REFIS)	22	1,459	1,456	1,459	1,456
Income tax and social contribution payable	20	2,155	1,920	2,245	2,917
Taxes payable	20	3,814	4,285	3,983	4,339
Provision for profit sharing	17.d	8,172	5,865	9,570	7,226
Other liabilities		251	230	687	677
		135,188	110,656	168,959	143,669
NONCURRENT LIABILITIES					
Debentures	14	130,055	141,360	130,055	145,285
Leases payable	15	41,239	41,256	41,239	41,256
Provision for tax, civil and labor risks	19	15,200	15,137	20,647	20,414
Tax debt refinancing program (REFIS)	22	3,386	3,743	3,386	3,743
Taxes payable	20	10,383	10,348	10,383	10,348
Provision for post-employment benefits	17.a	12,116	11,868	12,116	11,868
Other liabilities		430	430	870	910
		212,809	224,142	218,696	233,824
TOTAL LIABILITIES		347,997	334,798	387,655	377,493
EQUITY					
Share capital	21	1,089,650	1,089,642	1,089,650	1,089,642
Capital reserves	21	58,184	57,036	58,184	57,036
Cost with issuance of shares	21	(18,448)	(18,448)	(18,448)	(18,448)
Earnings reserves	21	860	860	860	860
Treasury shares	21	(15,056)	(15,056)	(15,056)	(15,056)
Equity adjustments	21	(16,135)	(16,135)	(16,135)	(16,135)
Retained earnings		7,365	-	7,365	-
TOTAL EQUITY		1,106,420	1,097,899	1,106,420	1,097,899
TOTAL LIABILITIES AND EQUITY		1,454,417	1,432,697	1,494,075	1,475,392

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF PROFIT OR LOSS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais – R$)

		Parent		Consolidated	
	Note	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net revenue from sales and services	24	143,727	84,314	154,330	126,097
Cost of sales and services	25	(72,433)	(58,456)	(77,957)	(75,942)
Gross profit		71,294	25,858	76,373	50,155
Selling, general and administrative expenses	25	(50,891)	(28,101)	(54,960)	(43,510)
Allowance for expected credit losses	4	(1,248)	(3,664)	(2,462)	(4,439)
Share of profit (loss) of subsidiaries	9	(2,573)	5,060	-	-
Other operating income (expenses), net		214	122	922	287
Profit (loss) before finance income (costs) and taxes		16,796	(725)	19,873	2,493
Finance income	26	2,294	2,012	4,417	4,741
Finance costs	26	(5,482)	(4,567)	(8,457)	(8,069)
Finance income (costs), net		(3,188)	(2,555)	(4,040)	(3,329)
Profit (loss) before taxes		13,608	(3,280)	15,833	(836)
Current income tax and social contribution	18	(5,926)	-	(6,012)	(2,681)
Deferred income tax and social contribution	18	(317)	2,260	(2,456)	2,496
Profit (loss) for the period		7,365	(1,020)	7,365	(1,020)
Basic and diluted earnings (loss) per share - R$	23	0.04	(0.01)	0.04	(0.01)

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais - R$)

		Parent		Consolidated	
	Note	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Profit (loss) for the period		7,365	(1,020)	7,365	(1,020)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		7,365	(1,020)	7,365	(1,020)

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais - R$)

		Capital reserves		Earnings reserves					
	Subscribed capital	Stock options Premium	Share issue costs	Legal	Retained earnings	Treasury shares	Other comprehensive income	Retained earnings (accumulated losses)	Consolidated/ Parent Total
Balance at December 31, 2019	1,089,379	56,357	(18,448)	10,295	-	(20,287)	(9,923)	-	1,107,373
Stock options premium	-	(1,996)	-	-	-	5,231	-	(4,691)	(1,456)
Loss for the period	-	-	-	-	-	-	-	(1,020)	(1,020)
Balance at March 31, 2020	1,089,379	54,361	(18,448)	10,295	-	(15,056)	(9,923)	(5,711)	1,104,897
Balance at December 31, 2020	1,089,642	57,036	(18,448)	860	-	(15,056)	(16,135)	-	1,097,899
Stock options premium	8	1,148	-	-	-	-	-	-	1,156
Profit for the period	-	-	-	-	-	-	-	7,365	7,365
Balance at March 31, 2021	1,089,650	58,184	(18,448)	860	-	(15,056)	(16,135)	7,365	1,106,420

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais - R$)

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cash flows from operating activities				
Profis (Loss) for the period	7,365	(1,020)	7,365	(1,020)
Adjustments for:				
Depreciation and amortization	33,739	31,433	36,266	40,143
Deferred income tax and social contribution	317	(2,260)	2,456	(2,496)
Provision for tax, civil and labor risks	(438)	(1,459)	(268)	(739)
Accrued expenses on stock options	1,148	763	1,148	763
Post-employment benefits	248	262	248	262
Residual value of PP&E and intangible assets sold and written off	848	1,083	1,098	1,105
Interest and monetary exchange gains and losses, net	2,653	2,294	3,750	3,018
Interest on leases	1,243	1,135	1,277	1,234
Allowance for expected credit losses	1,248	3,664	2,462	4,439
Provision for slow-moving inventories	441	18	380	160
Provision for profit sharing	2,307	1,634	2,344	2,291
Share of profit (loss) of subsidiaries	2,573	(5,060)	-	-
Other provisions (reversals)	253	1,220	(1,044)	3,921
(Increase)/decrease in assets and increase/(decrease) in liabilities:				
Trade receivables	(14,593)	(5,034)	(7,031)	(5,169)
Acquisitions of rental equipment	(3,750)	(104)	(3,750)	(221)
Inventories	(14,146)	(2,757)	(14,331)	(2,708)
Taxes recoverable	299	234	894	247
Income tax and social contribution recoverable	(187)	1,875	(438)	1,544
Judicial deposits	(406)	89	(865)	89
Other assets	683	(393)	600	(396)
Trade payables	12,097	(129)	4,244	(1,519)
Payroll and related taxes	2,906	(8,271)	2,775	(9,178)
Taxes payable	5,125	5,245	5,283	7,118
Other liabilities	20	(122)	(20)	(187)
Lawsuits settled	(519)	(1,853)	(505)	(1,859)
Income tax and social contribution paid	(5,680)	-	(6,629)	(1,626)
Interest paid	(1,390)	(43)	(1,881)	(766)
Net cash from operating activities	34,404	22,444	35,828	38,450
Cash flows from investing activities:				
Acquisition of PP&E for own use and intangible assets	(2,853)	(2,483)	(2,853)	(2,599)
Net cash used in investing activities	(2,853)	(2,483)	(2,853)	(2,599)
Cash flows from financing activities	(2,853)	(2,483)	(2,853)	(2,599)
Capital increase	8	-	8	-
Restricted bank deposits	(6.840)	-	(6.840)	-
Borrowings and debentures raised	(22)	98,374	(22)	98,374
Amortization of borrowings and debentures	(5,882)	(686)	(8,076)	(5,858)
Leases paid	(4,087)	(3,867)	(4,407)	(5,315)
Net cash from/(used in) financing activities	(16,823)	93,821	(19,337)	87,201
Net increase in cash and cash equivalents	14,728	113,782	13,638	123,052
Cash and cash equivalents at the beginning of the period	285,993	73,656	378,905	124,910
Cash and cash equivalents at the end of the period	300,721	187,438	392,543	247,962
Net increase in cash and cash equivalents	14,728	113,782	13,638	123,052

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF VALUE ADDED
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais - R$)

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues:				
Sales of products and services	164,268	97,832	178,380	150,049
Cancelations and discounts	(6,328)	(4,787)	(7,663)	(9,653)
Other revenues	229	146	1,010	300
Provision for expected credit losses	(1,248)	(3,664)	(2,462)	(4,439)
	156,921	89,527	169,265	136,257
Inputs purchased from third parties:				
Cost of sales and services	(1,308)	(1,104)	173	(612)
Materials, energy, outside services and others	(45,193)	(22,593)	(47,874)	(34,363)
Disposal of assets	(848)	(1,083)	(1,098)	(1,159)
Gross value added	109,572	64,747	120,466	100,123
Depreciation, amortization and depletion	(33,739)	(31,433)	(36,266)	(40,143)
Wealth created by the Company	75,833	33,314	84,200	59,980
Wealth received in transfer				
Finance income	2,294	2,012	4,417	4,741
Share of profit (loss) of subsidiaries	(2,573)	5,059	-	-
Total wealth for distribution	75,554	40,385	88,617	64,721
Distribution of wealth:				
Personnel and charges	31,515	22,608	32,435	31,366
Salaries and wages	25,325	17,001	25,887	23,167
Benefits	4,749	3,899	5,072	6,064
Severance pay fund (FGTS)	1,441	1,708	1,476	2,135
Taxes and contributions	29,066	9,056	34,124	18,808
Federal	28,470	8,532	32,673	17,583
State	360	328	1,201	943
Municipal	236	196	250	282
Lenders and lessors	7,608	9,741	14,693	15,567
Interest and foreign exchange gains (losses)	5,374	4,469	8,322	7,881
Rentals	2,234	5,272	6,371	7,686
Shareholders	7,365	(1,020)	7,365	(1,020)
Profis (Loss) for the period	7,365	(1,020)	7,365	(1,020)
Wealth distributed	75,554	40,385	88,617	64,722

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

1. GENERAL INFORMATION

Mills Estruturas e Serviços de Engenharia S.A. ("Mills" or "Company") is a publicly-traded corporation with registered offices in the City of Rio de Janeiro - Brazil. The Company operates basically in the infrastructure, construction and manufacturing industries, engaging in the following main activities:

a. Rental and sale, including import and export, of steel and aluminum tubular structures, shoring and access equipment for construction works, as well as reusable concrete formworks, along with the development of related engineering projects, and the provision of supervisory and optional assembly services.

b. Sale, rental and distribution of aerial work platforms and telescopic handlers, as well as parts and components, and technical assistance and maintenance services for such equipment.

c. Holding of ownership interests in other companies, as partner or shareholder.

The Company's bylaws also establish the following activities:

d. Rental, assembly, and disassembling of access tubular scaffolding in industrial areas.

e. Performance of industrial painting, sandblasting, heat insulation, boilermaker and refractory services, as well as other services inherent in such activities.

The Company's operations are segmented according to the organization and management model approved by Management and monitored by key management personnel, comprising the following business units: Construction and Rental (note 27).

1.1. Covid-19 impacts

On March 20, 2020, the Federal Senate recognized a state of public emergency in Brazil due to the pandemic caused by COVID-19. The virus, which unfortunately had already affected and still affects thousands of people across the world, had also an impact on the global and Brazilian economies, interrupting their growth trend and leading to recession in 2020.

The economic and financial impacts caused by the COVID-19 pandemic began to be noted by the Company as from the end of March 2020, causing, in the second quarter of 2020, a reduction in the consolidated net rental revenue of its Rental Business Unit compared to that in the first quarter (with no concentration in any specific economic sector), the major decrease in the rental activity occurring in May 2020. Since June, there has been recovery, which has continued throughout the third quarter as a result of the actions taken by the Company to face the crisis (detailed below), the easing of the social distancing measures and reopening of industries, stores and other commercial establishments, taking the Rental's activity back to pre-crisis levels in the fourth quarter of 2020 and maintaining a positive performance in the first quarter of 2021, despite the worsening of the pandemic in Brazil.

The Construction Business Unit, due to the characteristic of its equipment and contracts (which involve lower turnover), showed greater resilience and growth in its net rental revenue through throughout 2020, as well as for the first 2021 quarter.

Such performances, as already mentioned, are also the result of the several actions taken by Mills to mitigate the economic and financial impacts caused by COVID-19. As already disclosed, in response to the crisis, the Company has implemented a multidisciplinary Internal Committee exclusively to address the various aspects of the issue, it has also increased the periodicity of Management meetings and has implemented several actions, such as increasing work on a home office basis, suspending trips, events involving attendance by many people and adventitious agglomerations and intensifying cleaning procedures, among others, ensuring the health and safety of its employees, as well as the continuity of its operations and its financial health, highlighting in this respect:

- Maintenance of commercial and operating activities of the branches spread throughout Brazil, guaranteeing services to customers.

- Intensification of the management of trade receivables and payables, with a focus on balancing the Company's cash flow;

- Implementation of expenses matrix management, aiming to identify opportunities to reduce expenses, such as on leases, consultancies, travel, parts, freight and personnel, without compromising the Company's operations;

- Monitoring and adoption, when possible, of Federal Government measures, highlighting the postponement of payment of taxes in 2020;

- Suspension of investments to preserve cash level in 2020, highlighting the adequacy and/or renewal of Rental equipment items in inventories and the integration of branches, and both have already resumed in 2021;

- Reassessment of the Company’s debt profile in 2020, thereby resulting in extension of the payment term of Solaris debentures for one year, in the total amount of R$ 22 million, and in the issue of a new debt in the total amount of R$ 84 million; and

- Mapping of new opportunities to seek to offset, even if partially, the decrease in revenue and improve the Company's positioning when growth resumes.

Considering the above and the various risks and uncertainties to which the Company is subject, Management carried out cash and covenant stress tests for the quarter ended March 31, 2021 and for the year ended December 31, 2020, and their possible impacts on the Company, also analyzing the accounting estimates and the measurement of its assets and liabilities presented in the individual and consolidated interim financial information as at March 31, 2021, not observing, until now, significant effects that could modify them, as well as any uncertainty regarding its going concern assumption.

1.2. Search and seizure procedure at the Company's headquarters

According to the material fact dated September 23, 2020, the Company’s headquarters were subject to a search and seizure warrant, in compliance with the court order rendered by the Criminal Court of Police Investigations of Belo Horizonte, as a result of an in camera proceeding pending judgment that investigates possible irregularities in the construction of the Administrative City of Minas Gerais, specifically in the period from 2007 to 2010. The Company, which provided equipment items to such construction woks and was unaware of the proceeding until then, was no longer required to provide any further information. In December 2020, the Public Prosecutor’s Office of the State of Minas Gerais brought charges against sixteen people in connection to this matter, none of them had any past or present relationship with Mills.

In parallel to this context, an Investigation Committee was created by the Company, subordinated to the Board of Directors, in order to help with the investigation of the facts. For technical advisory purposes, the Company also contracted a law firm specialized in compliance and a forensic audit firm. After an extensive investigation, no evidence was found that could suggest or demonstrate the involvement of the Company’s employees or former employees.

To date, all remedies that could be taken by the Company have been implemented. The Company remains at the disposal of the authorities to collaborate with any investigation, whenever necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of presentation

The Company’s individual and consolidated interim financial information is presented in accordance with the standards of the Securities and Exchange Commission of Brazil (CVM), the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting issued by the Brazilian Accounting Pronouncements Committee (CPC) and the accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

This interim financial information does not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the financial statements of Mills for the year ended December 31, 2020, which have been prepared in accordance with accounting policies adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

In compliance with CVM Circular Letter 003/2011, of April 28, 2011, we present below the notes to the most recent annual financial statements (for the year ended December 31, 2020), which, in view of the lack of significant changes this quarter, are not being reproduced in full in this interim financial information.

The notes not included in the period ended March 31, 2021 are the following: “Significant accounting judgments, estimates and assumptions” and “Financial risk management”, reflected in the presentation of the financial statements for 2020, in notes 3 and 4, respectively.

2.2. Basis of preparation

The accounting policies, calculation methods, significant accounting judgments and estimates used in this interim financial information are the same used in the financial statements for the year ended December 31, 2020, disclosed in notes 2 and 3.

These annual financial statements were filed with CVM on March 17, 2021 and published on the newspaper Valor Econômico and the Official Gazette of the State of Rio de Janeiro on March 26, 2021.

2.3. Basis of consolidation

The consolidated interim financial information comprises the interim financial information of the parent and its subsidiaries, using the same reporting date and the same accounting practices for the parent and its subsidiaries.

Control is achieved when the Company obtains, direct or indirectly, most of the voting rights or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect is returns.

a. Investments in entities accounted for under the equity method of accounting

The Company's investments in entities accounted for under the equity method of accounting comprise its interests in subsidiaries.

The details of the Company's subsidiary at the end of the reporting period are as follows:

		Ownership interest %	
Subsidiary	Core business	03/31/2021	12/31/2020
Solaris Equipamentos e Serviços S.A.	Equipment sale and rental and provision of maintenance and technical assistance services.	100%	100%

In the process of consolidation of the interim financial information, the following eliminations are included:

(i) Parent's interests in capital, reserves and retained earnings (accumulated losses) of entities included in consolidation;

(ii) Asset and liability accounts between entities included in consolidation; and

(iii) Intragroup revenues and expenses arising from transactions between entities included in consolidation.

3. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and banks	2,450	1,170	2,574	1,199
Restricted bank deposits (*)	6,840	-	6,840	-
Short-term investments	298,271	284,823	389,969	377,706
	307,561	285,993	399,383	378,905

(*) The amount of R$ 6,840 is restricted for debt payment purposes at March 31, 2021, referring to the first installment of the 5th issue of debentures settled in April 2021.

Cash and cash equivalents consist basically of deposits and highly liquid short-term investments, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

At March 31, 2021, short-term investments consist of bank deposit certificates – CDB, bearing average interest of 100% of the interbank deposit certificate – CDI (99.94% at December 31, 2020).

4. TRADE RECEIVABLES

	Parent					
	31/03/2021			31/12/2020		
Business unit	Gross receivables	ECL	Net receivables	Gross receivables	ECL	Net receivables
Construction	64,509	(43,527)	20,982	62,891	(46,152)	16,739
Rental	115,842	(36,728)	79,114	104,260	(38,521)	65,739
	180,351	(80,255)	100,096	167,151	(84,673)	82,478
Current	127,895	(27,799)	100,096	109,338	(26,860)	82,478
Noncurrent	52,456	(52,456)	-	57,813	(57,813)	-

	Consolidated					
	31/03/2021			31/12/2020		
Business unit	Gross receivables	ECL	Net receivables	Gross receivables	ECL	Net receivables
Construction	64,509	(43,527)	20,982	62,891	(46,152)	16,739
Rental	151,859	(59,449)	92,410	145,069	(61,432)	83,637
	216,368	(102,976)	113,392	207,960	(107,584)	100,376
Current	145,808	(32,416)	113,392	132,546	(32,170)	100,376
Noncurrent	70,560	(70,560)	-	75,414	(75,414)	-

Variations in the quarter in the allowance for expected credit losses of the Company and its subsidiaries are as follows:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Balance at the beginning of the year	(84,673)	(109,387)	(107,584)	(135,323)
Net impact of ECL on P&L	(1,248)	(407)	(2,462)	(3,147)
Provision	(1,850)	(29,711)	(3,119)	(34,756)
Reversal	602	29,304	657	31,609
Write-offs (*)	5,666	25,121	7,070	30,886
	(80,255)	(84,673)	(102,976)	(107,584)

(*) In the quarter ended March 31, 2021, the Company wrote off bills that were past due up to five years, totaling R$ 7,070 in consolidated (R$ 5,666 in parent), which are not recognized in the statement of cash flows because they do not reflect changes in cash.

Aging list of gross trade receivables:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Not yet due	101,077	87,504	109,820	100,159
Not yet due (bills with original due dates extended)	3,114	1,619	3,114	1,619
1-60 days past due (*)	13,578	13,330	16,718	16,889
61-120 days past due (*)	4,767	1,961	6,488	3,039
121-180 days past due (*)	2,285	877	3,209	2,064
180-360 days past due (*)	3,076	4,046	6,459	8,778
Over 360 days past due (*)	52,456	57,814	70,560	75,412
	180,351	167,151	216,368	207,960

(*) The analysis above was performed considering the extended due dates of the bills.

5. INVENTORIES

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Goods for resale	1,808	1,350	1,808	86
Spare parts and supplies	54,528	39,742	61,216	48,607
Provision for slow-moving inventories	(5,308)	(4,867)	(8,359)	(7,979)
	51,028	36,225	54,665	40,714

(*) Inventory items without movement for more than one year.

Provision for slow-moving inventories	Parent	Consolidated
Balance at December 31, 2020	(4,867)	(7,979)
Provision	(552)	(554)
Reversal	111	174
Balance at March 31, 2021	(5,308)	(8,359)

Inventories of spare parts consist mainly of access equipment. All inventories are stated at average cost.

6. TAXES RECOVERABLE

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) (*)	602	415	6,254	5,815
PIS and COFINS (taxes on revenue) (**)	2,015	2,105	3,469	3,880
ICMS (State VAT) (***)	303	505	882	1,257
Others	340	347	509	618
	3,260	3,372	11,114	11,570
Current	3,259	3,371	10,822	11,221
Noncurrent	1	1	292	349

(*) Refers to negative balance of income tax, arising from the withholding income tax on redemption of investments, which will be monetarily adjusted monthly according to the SELIC rate and offset against federal taxes during 2021.

(**) PIS and COFINS credits refer basically to amounts recoverable on acquisition of property, plant and equipment offset at the rate of 1/48 per month against non-cumulative PIS and COFINS federal tax obligations.

(***) Refers to ICMS (State VAT) levied on the Company's operations, arising from the purchase of goods for resale.

7. ASSETS HELD FOR SALE

In April 2017, the Company signed contracts consisting of the exchange of receivables for properties which will not be used in its operations, but sold to third parties.

In accordance with Technical Pronouncement CPC 31 (IFRS 5), a noncurrent asset shall be classified as asset held for sale if its carrying amount will be recovered through a sales transaction instead of continuous use. Consequently, the Company classified these assets received through exchange in the assets held for sale account.

In June 2020, under a delivery in accord and satisfaction private agreement following the in-court reorganization plan, the Company approved the receipt of chattels for the purpose of credit settlement in the amount of R$ 18,906, based on the assumption that sale of said assets will take place within up to 90 days, as from the date of transfer of their ownership

Until the period ended March 31, 2021, there is a net residual value of R$ 4,357 under negotiation for sale.

	Parent and Consolidated(*)	
	03/31/2021	12/31/2020
Assets held for sale	13,227	13,227
Asset impairment loss (i)	(2,955)	(2,955)
	10,272	10,272

(*) The balances presented at March 31, 2021 and December 31, 2020 fully refer to the parent.

The provision for impairment of assets held for sale, which is assessed annually, is the result of the difference between the book value and the market value of the assets at December 31, 2020 and March 31, 2021, according to appraisal reports by specialists.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

a) Non-controlling interest

On February 8, 2011, the Company acquired 25% of the capital of Rohr S.A. Estruturas Tubulares (“Rohr”) for R$ 90,000. Rohr is a privately-held company specialized in access engineering and civil construction solutions, which operates mainly in the heavy construction and industrial maintenance sectors.

In the fourth quarter of 2011, the stake in Rohr was increased from 25% to 27.47%, resulting from a buyback by Rohr of 9% of its shares, which are currently in its treasury and will be canceled or proportionally distributed to its shareholders.

The Company assessed that, as at March 31, 2021, it does not have significant influence in conformity with CPC 18 (R2) and there is no change in relation to the assessment as at December 31, 2020 and prior years.

b) Fair value and impairment loss

In 2020, the Company reviewed the fair value of the financial instrument related to the investment in Rohr S.A. based on an internal study. The fair value of this asset was determined according to economic estimates made under the income approach by forecasting discounted cash flows over a ten-year term plus perpetuity (discount rate of 15.6% between 2021 and 2023 and of 14.9% onwards, including perpetuity at December 31, 2020), for evidencing the amount stated in the accounting records considering the long-term maturation of infrastructure and civil construction investments.

The fair value measurement is performed at year-end and since there were no material changes in the conditions previously analyzed, Management understands that there is no change in the estimated fair value of the investment in Rohr at March 31, 2021 in relation to December 31, 2020, when it amounted to R$ 39,341.

9. INVESTMENTS

a) Assets accounted for under the equity method

Solaris Equipamentos is a non-listed company, controlled by the Company, engaged in the sale, rental and distribution of aerial work platforms, telescopic handlers, generators, soil handling equipment, lightning tower, air compressors and other equipment, spare parts and components and provision of technical assistance and maintenance services.

Information on subsidiary	Solaris Equipamentos	
	03/31/2021	12/31/2020
Ownership interest %	100%	100%
Current assets	120,735	127,191
Noncurrent assets	88,558	103,034
Current liabilities	36,375	39,840
Noncurrent liabilities	5,887	9,683
Equity	167,031	180,702
Revenues	15,139	142,531
Expenses	(14,567)	(138,456)
Profit before taxes	572	4,075
Current and deferred income tax and social contribution	(2,224)	(4,157)
Profit or loss for the quarter	(1,652)	(82)

Variations in investments in subsidiaries	Parent
Balance at December 31, 2020	301,061
Decrease in investment (b)	(12,019)
Realization of assets measured at fair value (i)	(921)
Profit (loss) for the year	(1,652)
Balance at March 31, 2021	286,469

(i) Balances referring to the realization of the surplus value of assets determined in the business combination process.

b) Capital decrease in subsidiary

After the acquisition of Solaris, as part of the strategy to capture synergies, Management started to make capital decreases (see note 10) through the assignment of rental equipment, inventories, furniture and fixtures and leasehold improvements in the branches where the Company and its subsidiary had the same geographical activity.

Branch	Date	Rental equipment	Inventories	Furniture/fixtures and leasehold improvements	Branch
São Luis	10/15/19	3,061	236	12	3,309
Serra	01/30/20	2,137	129	81	2,347
Maracanaú	03/11/20	5,125	308	10	5,443
Uberlândia	03/24/20	8,178	304	34	8,516
Cabo de Santo Agostinho	06/05/20	4,569	210	3	4,782
Cachoeirinha	07/09/20	3,855	253	2	4,110
Camaçari	08/03/20	6,646	578	27	7,251
Brasília	08/20/20	2,680	249	-	2,929
Curicica	08/26/20	4,478	605	327	5,410
Parauapebas	09/08/20	6,695	378	37	7,110
Contagem	09/14/20	12,871	814	23	13,708
Campinas	09/21/20	6,083	360	4	6,447
Cravinhos	10/06/20	6,079	475	52	6,606
São José dos Pinhais	10/13/20	9,669	466	10	10,145
Osasco	11/13/20	11,757	6,375	2,561	20,693
Total until 12/31/2020		93,883	11,740	3,183	108,806
Barcarena	Jan-21-21	1,485	88	26	1,599
Vila Olímpia	Jan-25-21	-	-	424	424
Macaé	Feb-25-21	4,831	576	9	5,416
Goiânia	Mar-22-21	4,062	433	85	4,580
Subtotal quarter		10,378	1,097	544	12,019
Total		104,261	12,837	3,727	120,825

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment for rental and operational use	Rental equipment in progress	Total equipment for rental and operational use	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right-of-use Properties	Right-of-use Vehicles	Construction in progress	Total assets in use	Total Parent
Cost of PP&E, gross														
Balance at December 31, 2019	1,033,015	283	1,033,298	19,630	22,959	14,756	1,397	9,946	11,164	60,107	4,074	68	144,101	1,177,399
Acquisition	2,154	-	2,154	807	-	1,273	368	203	331	-	-	2,081	5,063	7,217
Right of use	-	-	-	-	-	-	-	-	-	6,110	7,461	-	13,571	13,571
Addition due to capital decrease in subsidiary	306,144	-	306,144	5,021	-	1,891	350	38	2,843	-	-	-	10,142	316,286
Write-offs/disposals	(43,822)	-	(43,822)	(342)	(1,842)	(448)	(349)	-	(8)	(199)	-	-	(3,188)	(47,011)
Adjustment for PIS and COFINS credits	(45)	-	(45)	-	-	-	-		-	-	-	-	-	(45)
Transfer	283	(283)	-	120	-	-	-	91	-	-	-	(211)	-	-
Balance at December 31, 2020	1,297,729	-	1,297,729	25,235	21,117	17,472	1,766	10,277	14,330	66,018	11,535	1,938	169,688	1,467,417
Acquisition	198	3,670	3,868	24	-	477	-	-	190	-	-	1,146	1,837	5,705
Right of use	-	-	-	-		-	-	-	-	2,454	2,294	-	4,748	4,748
Addition due to capital decrease in subsidiary	48,255	-	48,255	436		495	-	-	51	-	-	-	982	49,237
Write-offs/disposals	(17,774)	-	(17,774)	-		(30)	(227)	-	(6)	-	-	-	(263)	(18,037)
Adjustment for PIS and COFINS credits	(12)	-	(12)	-		-	-	-	-	-	-	-	-	(12)
Transfer	-	-	-	-		-	-	-	-	-	-	(740)	(740)	(740)
Balance at March 31, 2021	1,328,396	3,670	1,332,066	25,695	21,117	18,414	1,539	10,277	14,565	68,472	13,829	2,344	176,252	1,508,318

	Equipment for rental and operational use	Rental equipment in progress	Total equipment for rental and operational use	Leasehold improvements Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right of use Properties	Right of use Vehicles	Construction in progress	Total assets in use	Total Parent
Balance at December 31, 2019	(723,489)	-	(723,489)	(9,290)	(4,619)	(14,529)	(1,034)	(5,429)	(8,118)	(10,857)	(2,243)	-	(56,119)	(779,608)
Depreciation	(101,749)	-	(101,749)	(2,023)	(617)	(214)	(153)	(880)	(793)	(10,904)	(2,174)	-	(17,758)	(119,507)
Addition due to capital decrease in subsidiary	(214,620)	-	(214,620)	(3,890)	-	(1,500)	(350)	(2)	(2,198)	-	-	-	(7,940)	(222,560)
Write-offs	38,047	-	38,047	178	-	448	256	-	6	199	-	-	1,087	39,134
Adjustment for PIS and COFINS credits	-	-	-	(206)	-	-	-	(90)	-	-	-	-	(296)	(296)
Balance at December 31, 2020	(1,001,811)	-	(1,001,811)	(15,231)	(5,236)	(15,795)	(1,281)	(6,401)	(11,103)	(21,562)	(4,417)	-	(81,026)	(1,082,837)
Depreciation	(27,811)	-	(27,811)	(539)	(154)	(142)	(35)	(219)	(213)	(2,945)	(813)	-	(5,060)	(32,871)
Addition due to capital decrease in subsidiary	(37,878)	-	(37,878)	(325)	-	(252)	-	-	(11)	-	-	-	(588)	(38,466)
Write-offs/disposals	16,924	-	16,924	-	-	30	227	-	5	-	-	-	262	17,186
Adjustment for PIS and COFINS credits	-	-	-	(55)	-	-	-	(22)	-	-	-	-	(77)	(77)
Balance at March 31, 2021	(1,050,576)		(1,050,576)	(16,150)	(5,390)	(16,159)	(1,089)	(6,642)	(11,322)	(24,507)	(5,230)	-	(86,489)	(1,137,065)
Annual depreciation rates - %	10 - 12 - 15	-	-	According to the lease agreement	4	20	20	10	10	-	-	-	-	-
<u>Property, plant and equipment, net</u>														
Balance at December 31, 2020	295,918	-	295,918	10,004	15,881	1,677	485	3,876	3,227	44,456	7,118	1,938	88,662	384,580
Balance at March 31, 2021	277,820	3,670	281,490	9,545	15,727	2,255	450	3,635	3,243	43,965	8,599	2,344	89,763	371,253

	Equipment for rental and operational use	Rental equipment in progress	Total equipment for rental and operational use	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right of use Properties	Right of use Vehicles	Construction in progress	Total assets in use	Total Consolidated
Cost of PP&E, gross														
Balance at December 31, 2019	1,480,141	6,604	1,486,745	26,546	22,959	17,247	2,459	10,548	14,163	67,946	7,549	68	169,485	1,656,232
Acquisition	3,651	202	3,853	889	-	1,273	368	203	414	-	-	2,081	5,228	9,081
Right of use	-	-	-	-	-	-	-	-	-	5,825	6,204	-	12,029	12,029
Write-offs/disposals	(59,157)	(117)	(59,274)	(1,040)	(1,842)	(468)	(457)	(560)	(79)	(199)	-	-	(4,645)	(63,919)
Adjustment for PIS and COFINS credits	1,260	(517)	743	-	-	-	-	-	-	-	-	-	-	743
Transfer	6,061	(6,061)	-	120	-	-	-	91	-	-	-	(211)	-	-
Balance at December 31, 2020	1,431,956	111	1,432,067	26,515	21,117	18,054	2,370	10,282	14,498	73,572	13,753	1,938	182,099	1,614,166
Acquisition	198	-	3,868	24	-	477	-	-	190	-	-	1,146	1,837	5,705
Right of use	-	-	-	-	-	-	-	-	-	2,740	2,294	-	5,034	5,034
								-						
Write-offs/disposals	(19,922)	-	(19,922)	(460)	-	(30)	(227)	(4)	(6)	-	-	-	(727)	(20,649)
Adjustment for PIS and COFINS credits	(11)	-	(11)	-	-	-	-	-	-	-	-	-	-	(11)
Transfer	-	-	(112)	-	-	-	-	-	112	-	-	(740)	(628)	(740)
Balance at March 31, 2021	1,412,221	3,669	1,415,890	26,079	21,117	18,501	2,143	10,278	14,794	76,312	16,047	2,344	187,615	1,603,505

Accumulated depreciation	Equipment for rental and operational use	Rental equipment in progress	Total equipment for rental and operational use	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right of use Properties	Right of use vehicles	Construction in progress	Total assets in use	Total Consolidated
Balance at December 31, 2019	(1,008,036)	-	(1,008,036)	(14,206)	(4,619)	(16,100)	(1,917)	(5,794)	(10,319)	(15,077)	(3,591)	-	(71,623)	(1,079,659)
Surplus value of property, plant and equipment	110	-	110	-	-	-	-	-	-	-	-	-	-	110
Depreciation	(125,646)	-	(125,646)	(2,621)	(617)	(490)	(160)	(909)	(944)	(13,409)	(3,043)	-	(22,193)	(147,839)
Write-offs/disposals	51,162	-	51,162	768	-	459	364	391	58	199	-	-	2,239	53,401
Adjustment for PIS and COFINS credits	-	-	-	(206)	-	-	-	(90)	-	-	-	-	(296)	(296)
Balance at December 31, 2020	(1,082,410)	-	(1,082,410)	(16,265)	(5,236)	(16,131)	(1,713)	(6,402)	(11,205)	(28,287)	(6,634)	-	(91,873)	(1,174,283)
Surplus value of property, plant and equipment	(921)	-	(921)	-	-	-	-	-	-	-	-	-	-	(921)
Depreciation	(29,102)	-	(29,102)	(558)	(154)	(142)	(37)	(219)	(219)	(3,240)	(813)	-	(5,382)	(34,484)
Write-offs/disposals	18,863	-	18,863	423	-	30	227	1	5	-	-	-	686	19,549
Adjustment for PIS and COFINS credits	-	-	-	(55)	-	-	-	(22)	-	-	-	-	(77)	(77)
Balance at March 31, 2021	(1,093,570)	-	(1,093,570)	(16,455)	(5,390)	(16,243)	(1,523)	(6,642)	(11,419)	(31,527)	(7,447)	-	(96,646)	(1,190,216)
Annual depreciation rates - %	10 - 12 - 15	-	-	10	4	20	20	10	10	20	-	-	-	-
Property, plant and equipment, net														
Balance at December 31, 2020	349,546	111	349,657	10,250	15,881	1,923	657	3,880	3,293	45,285	7,119	1,938	90,226	439,883
Balance at March 31, 2021	318,651	3,669	322,320	9,624	15,727	2,258	620	3,636	3,375	44,785	8,600	2,344	90,969	413,289

Rental equipment can be summarized as follows: access scaffolding, formworks, shoring, aerial work platforms and telescopic handlers.

We present below the main acquisitions and reclassifications accumulated through March 31, 2021, by group of assets:

	Parent	Consolidated
Shoring	82	82
Aerial work platforms and telescopic handlers	3,670	3,670
Machinery and equipment	117	117
Construction in progress	1,146	1,146
Furniture and fixtures	190	190
Leasehold improvements	24	24
Computers and peripherals	476	476
	5,705	5,705

The depreciation for the year, allocated to cost of services and general and administrative expenses, amounts to R$ 28,583 and R$ 7,684 at March 31, 2021 (R$ 122,237 and R$ 28,101 at December 31, 2020), respectively.

Certain items of the Company's property, plant and equipment are pledged as collateral of borrowings (note 13).

The purchase and sale of rental equipment are being presented in the statement of cash flows as operating activity.

a) Provision for impairment of assets

Management identified indications of impairment for the Rental and Construction Business Units (CGUs) in 2020, based on CPC 01 (IAS 36). As a result, Management performed tests that did not identify the need for recording any adjustments to the provision for impairment of assets of these Business Units.

The recoverable amount of the Business Units' assets was determined based on economic market projections, made under the income approach, by forecasting discounted cash flow for a period of ten years plus perpetuity, for the purpose of substantiating the amount recorded in the accounts, given the long-term maturity of investments in infrastructure and civil construction. Revenue was projected based on multipliers of the Gross Domestic Product (GDP) plus the variation of the IGPM (General Market Price Index), with real price gains. Costs and expenses were, in general, segregated into fixed and variable, with the variables projected considering volume growth plus the variation of the IPCA and the fixed costs and expenses projected only based on the variation of the IPCA. Some other items were projected based on the historical percentage of rental revenue. The need for working capital and investments to maintain the asset tested was also considered.

The respective flows were discounted at a discount rate of 10.9% for 2021, 11.1% for 2022 and 10.6% for the other years, plus perpetuity for Construction and 10.3% for all years for the Rental Unit. A growth rate of 1% in actual terms in perpetuity was considered for the Construction Unit.

After the completion of the referred studies in each of the Business Units, the value in use of the assets identified through the discounted flows was higher than the carrying amount, therefore, it was not necessary to recognize a provision for impairment for the year ended December 31, 2020.

Management did not identify indications of impairment for the Construction and Rental Business Units during the three-month period ended March 31, 2021.

11. INTANGIBLE ASSETS

	Software	Trademarks and patents	Intangible assets in progress (i)	Goodwill on investments	Total Parent
Balance at December 31, 2019	54,143	3,156	2,145	13,376	72,820
Acquisition	1,002	-	4,609	-	5,611
Addition due to capital decrease in subsidiary	1,566	-	-	-	1,566
Transfers	1,661	-	(1,661)	-	-
Balance at December 31, 2020	58,372	3,156	5,093	13,376	79,997
Acquisition	312	-	587	-	899
Addition due to capital decrease in subsidiary	246	-	-	-	246
Transfers	3,077		(2,337)		740
Balance at March 31, 2021	62,007	3,156	3,343	13,376	81,882
Accumulated amortization					
Balance at December 31, 2020	(41,573)	(878)	-	(4,232)	(46,683)
Amortization	(1,192)	-	-	-	(1,192)
Addition due to capital decrease in subsidiary	(95)	-	-	-	(95)
Adjustment for PIS and COFINS credits (*)	(121)	-	-	-	(121)
Balance at March 31, 2021	(42,981)	(878)	-	(4,232)	(48,091)
Annual amortization rates - %	20	-	-	-	-
Intangible assets, net					
Balance at December 31, 2020	16,799	2,278	5,093	9,144	33,314
Balance at March 31, 2021	19,026	2,278	3,343	9,144	33,791

(*) Right to PIS and Cofins credits on software acquisition according to Management's judgment, as assessed by our tax consultants.

(i) Amount referring to projects in the IT area, not yet completed, which will be transferred to intangible assets, with the respective beginning of amortization, when completed.

	Software	Trademarks and patents	Intangible assets in progress	Goodwill on investments	Total Consolidated
Balance at December 31, 2019	55,977	3,164	2,145	101,387	162,673
Acquisition	1,048	-	4,609	-	5,657
Disposals	(5)	-	-	-	(5)
Transfer	1,661	-	(1,661)	-	-
Balance at December 31, 2020	58,681	3,164	5,093	101,387	168,325
Acquisition	312	-	587	-	899
Disposals	-	-	-	-	-
Transfer	3,077	-	(2,337)	-	740
Balances at March 31, 2021	62,070	3,164	3,343	101,387	169,964
Accumulated amortization					
Balance at December 31, 2019	(36,800)	(878)	-	(4,232)	(41,910)
Amortization	(4,484)	-	-	-	(4,484)
Disposals	5	-	-	-	5
Adjustment for PIS and COFINS credits	(439)	-	-	-	(439)
Balance at December 31, 2020	(41,718)	(878)	-	(4,232)	(46,828)
Amortization	(1,193)	-	-	-	(1,193)
Disposals	-	-	-	-	-
Adjustment for PIS and COFINS credits	(121)	-	-	-	(121)
Balance at March 31, 2021	(43,032)	(878)	-	(4,232)	(48,142)
Annual amortization rates - %	20	-	-	-	-
Intangible assets, net					
Balance at December 31, 2020	16,962	2,286	5,093	97,155	121,497
Balance at March 31, 2021	19,038	2,286	3,343	97,155	121,822

a) Provision for impairment of goodwill on investments

Goodwill recognized in Parent in the amount of R$ 13,376 arose on the acquisition of Jahu in 2008 and the acquisition of GP Sul in 2011, and is being considered as contribution of the Construction business unit, which represents a Cash-Generating Unit (CGU) to which the goodwill is allocated.

The recoverable amount of this asset was determined according to the same assumptions described in note 10 and Management concluded that no provision for impairment of this asset is required.

b) Goodwill

The goodwill arising from the merger of Solaris Participações presented in the consolidated interim financial information is initially measured as the excess of the consideration transferred over the net assets acquired (net identifiable assets acquired and liabilities assumed). Subsequent to initial recognition, in the amount of R$ 88,011, goodwill, which has indefinite useful life, is measured at cost, less any accumulated impairment losses. This goodwill was generated on the exchange of shares upon the acquisition of Solaris and Management, together with its legal counsel, decided not to consider it deductible for income tax and social contribution.

In the consolidated interim financial information, the goodwill is classified in intangible assets, while in the Parent's balance sheet, it is included in investments. Management has not identified any fact or event that would justify a provision for impairment of goodwill recorded in parent and consolidated at December 31, 2020 and March 31, 2021.

12. TRADE PAYABLES

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Domestic suppliers - Third parties	34,556	22,979	38,679	27,492
Foreign suppliers - Third parties	733	665	2,286	2,794
	35,289	23,644	40,965	30,286

As at March 31, 2021 and December 31, 2020, trade payables balances refer basically to installment purchase of spare parts and supplies, services and PP&E.

13. BORROWINGS AND FINANCING

Borrowings were used to finance the expansion of the Company's investments and for its general use and expenses. They are indexed to the US Dollar (USD) and Interbank Deposit Certificate (CDI).

The Company entered into rental equipment financing agreements that bear interest of 3.10% to 3.63% p.a. plus CDI, with monthly amortization up to September 2021.

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Current	-	-	3,332	4,547
Noncurrent	-	-	-	-
	-	-	3,332	4,547

The financial institutions with which the Company has borrowings agreements as at March 31, 2021 are as follows:

Company	Financial institutions
Solaris Equipamentos	Banco do Brasil
Solaris Equipamentos	Banco ABC

The table below shows the pledged guarantees outstanding at the financial reporting dates:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Guarantees provided:				
Collateral assignment (*)	-	-	14,049	14,049

(*) Refers to equipment purchased and working capital.

The installments to fall due at the end of the period ended March 31, 2021 are shown below:

	Parent	Consolidated
2021	-	3,332
	-	3,332

14. DEBENTURES

						Parent		Consolidated	
Description	Series	Issued amount	Beginning	Maturity	Finance charges	03/31/2021	12/31/2020	03/31/2021	12/31/2020
1st issue – Solaris (i)	Single	80,000	Mar/14	Feb/22	100% of CDI + 5%	-	-	21,635	21,630
4th issue - Mills (ii)	Single	100,000	Mar/20	Mar/25	CDI + 2.35%	94,457	100,318	94,457	100,318
Issue cost						(1,624)	(1,727)	(1,624)	(1,727)
						92,833	98,591	92,833	98,591
5th issue - Mills (iii)	Single	84,000	Dec/20	Oct/24	CDI + 4.25%	85,117	84,242	85,117	84,242
Issue cost						(1,280)	(1,349	(1,280)	(1,349)
						83,837	82,893	83,837	82,893
Total						176,670	181,484	198,305	203,114
Current						46,615	40,124	68,250	57,829
Noncurrent						130,055	141,360	130,055	145,285

(i) 1st issue of debentures (subsidiary – Solaris Equipamentos)

On March 20, 2014, the subsidiary Solaris Equipamentos approved its first issue of simple, non-convertible, registered, unsecured debentures, in a single series, totaling R$ 80,000 and unit face value of R$10 totaling 8,000 units issued. These debentures have final maturity on March 20, 2019 and bear interest equivalent to DI plus spread of 2.4% p.a., with monthly payments of interest and amortized in 49 monthly consecutive installments, commencing on March 20, 2015.

At the Debenture Holders Meeting held on April 17, 2020, the debenture holders decided to enter into an amendment to the "Private Indenture of First Issue of Simple Debentures, Non-convertible, Unsecured, in a Single Series, with Additional Guarantee, for Public Distribution, with Restricted Placement Efforts, of Solaris Equipamentos e Serviços S.A.", of March 19, 2014, as amended between the Company, as issuer of the Debentures, and the Trustee, representing the communion of Debenture Holders, in order, mainly, to include a twelve-month grace period for the repayment of principal as from April 2020, maturing on February 20, 2022, also establishing a new remuneration surcharge of 5%.

In the year ended December 31, 2020 and period ended March 31, 2021, the Subsidiary has outstanding guarantees contracted in the amount of R$ 32,786.

Covenants

The subsidiary’s debenture indentures require compliance with debt and interest coverage ratios under preset parameters, as follows:

(1) Maintenance of the financial ratio within the limit below established on the dates of its respective annual calculation.

(2) The ratio obtained by the division of Net Debt by EBITDA should not be greater than or equal to 2.5x in the years ended December 31, 2019 and 2020 (including), up to the maturity date.

Therefore, for the year ended December 31, 2020 the Parent Company achieved all covenants to which it was subject. The covenants are measured at the end of every fiscal year.

(ii) 4th issue of debentures (Parent - Mills)

The Company’s Board of Directors approved on March 3, 2020 the 4th issue of simple, non-convertible, secured, single-series debentures (“Issue” and “Debentures”, respectively), maturing 60 months as from the issue date.

The Issue will be comprised of 100,000 Debentures with the unit value of R$ 1,000.00, totaling R$ 100,000, with the respective guarantees provided in the Issue documents, which will be offered with restricted placement efforts, under the terms of CVM Instruction 476 of January 16, 2009, as effective (“Restricted Offer”). The principal will be amortized quarterly, with interest corresponding to the CDI rate plus + 2.35% per year.

The net proceeds raised by the Company through the Restricted Offer and the Issue will be used in the payment of debts, adjustment and/or renovation of the equipment fleet and improvement of the Company’s cash, in the normal course of its business.

Covenants

The debenture indentures require compliance with debt and interest coverage ratios under preset parameters, as follows:

(1) Financial ratio resulting from the quotient of dividing Net Debt (i) by EBITDA (ii), should be equal to or less than 2.

(2) For purposes of calculating the Fourth Issue covenants, calculations will be made disregarding the effects of IFRS 16 (CPC 06 (R2)).

(i) “Net Debt” means, based on the Company’s immediately preceding consolidated financial statements, (a) the sum of the Company's onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or related parties and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, as well as guarantees provided by the Company, excluding debts arising from tax installment payments; (b) less the sum of the Company’s cash and cash equivalents (cash and short-term investments), on a consolidated basis;

(ii) “EBITDA” means, based on the Company’s four immediately preceding consolidated financial statements, profit or loss before income tax and social contribution, less income and plus expenses generated by financial and non-operating results, depreciation and amortization, and nonrecurring income and expenses.

Considering nonrecurring expenses for the purpose of determining adjusted EBITDA, at the end of the period ended March 31, 2021, all original covenants have been met.

(iii) 5th issue of debentures (Parent - Mills)

The Company's Board of Directors approved, on September 15, 2020, the issue of debentures, which were part of a public offering, with restricted placement efforts, under the terms of CVM Instruction 476 of January 16, 2009, as effective ("CVM Instruction 476" and "Offering", respectively), through the "Private Indenture of Fifth Issue of Simple Debentures, Non-convertible, Secured, in a Single Series, for Public Distribution, with Restricted Placement Efforts, of Mills Estruturas e Serviços de Engenharia S.A." ("Issuance Indenture") as well as: (a) collateral assignment of machinery, equipment and chattels ("Machinery and Equipment" and "Collateral Assignment"), under the terms of the "Agreement for Collateral Assignment of Machinery and Equipment and other Covenants", entered into by the Company and the Trustee ("Collateral Assignment Agreement"); and (b) secured assignment of any and all credit rights arising from the restricted account, held by the Company before the Depositary Bank (as defined below), as well as any and all amounts related to the allowed investments, which were defined in the Secured Assignment Agreement (also defined below) ("Conditional Assignment" and, together with the Secured Assignment, "Collaterals"), pursuant to the "Agreement for Secured Assignment of Credit Rights and Restricted Account and Other Covenants", entered into by the Company and the Trustee ("Secured Assignment Agreement" and, together with the Collateral Assignment Agreement, "Guarantee Agreements", which, together with the minutes of the Board of Directors Meeting, the Issuance Indenture and the Deposit Agreement, were referred to as "Transaction Documents".

On December 4, 2020, the Board of Directors met to rectify and ratify the approval of the 5th issue of simple debentures, non-convertible, secured, in a single series, in the total amount of R$ 84,000,000.00.

The Issue was comprised of 84,000,000 Debentures with the unit value of R$ 1.00, totaling R$ 84,000,000.00, with the respective guarantees provided in the Issue documents, which were offered with restricted placement efforts, under the terms of CVM Instruction 476 of January 16, 2009, as effective ("Restricted Offer"). The principal will be amortized quarterly, with interest corresponding to the CDI rate + 4.25% per year.

The net proceeds raised through the Restricted Offer will be used in the payment of debts, adjustment and/or renovation of the equipment fleet and improvement of the Company's cash and/or working capital, in the normal course of its business.

Covenants

The debenture indentures require compliance with debt and interest coverage ratios under preset parameters, as follows:

(1) Financial ratio resulting from the quotient of dividing Net Debt (i) by EBITDA (iii) should be equal to or less than 3 and Short-Term Net Debt by EBITDA should be equal to or less than 0.75.

(2) For purposes of calculating the Fourth Issue covenants, calculations will be made disregarding the effects of IFRS 16 (CPC 06 (R2)).

i. "Net Debt" means, based on the Company's immediately preceding consolidated financial statements, (a) the sum of the Company's onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or related parties and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, as well as guarantees provided by the Company, excluding debts arising from tax installment payments; (b) less the sum of the Company's cash and cash equivalents (cash and short-term investments), on a consolidated basis;

ii. "Net Financial Expenses" mean, based on the Company's four immediately preceding consolidated financial statements, the balance of the difference between the consolidated gross financial income and the consolidated gross financial expenses.

iii. "EBITDA" means, based on the Company's four immediately preceding consolidated financial statements, profit or loss before income tax and social contribution, less income and plus expenses generated by financial and non-operating results, depreciation and amortization, and nonrecurring income and expenses.

Considering nonrecurring expenses for the purpose of determining adjusted EBITDA, at the end of the period ended March 31, 2021, all original covenants have been met.

In the period ended March 31, 2021 the Company has outstanding guarantees contracted in the amount of R$ 201,688.

As at March 31, 2021, the balances of debentures including transaction costs are R$ 69,022 in current liabilities and R$ 132,187 in noncurrent liabilities. The net amounts of transaction costs are, respectively, R$ 68,250 and R$ 130,055 (as at December 31, 2020, the gross balance of debentures is R$ 58,596 in current liabilities and R$ 147,595 in noncurrent liabilities, and R$ 57,829 and R$ 145,285 net of transaction costs).

15. LEASES

On initial adoption of CPC 06 (R2)/IFRS 16, the Company used the modified retrospective approach, since such approach does not require comparative information and the right-of-use asset is measured at the same amount of the lease liability. The standard defines that an arrangement is or contain a lease when it transfers the right to control the use of an identified asset for a certain period, in exchange for a consideration.

The Company also elected to adopt the recognition exemptions provided in the standard for short-term or low-value leases. The impact of the adoption of CPC 06 (R2)/IFRS 16 on the statement of profit or loss is the replacement of the straight-line cost of leases (operating lease) by the straight-line cost of depreciation of the right-of-use asset included in these arrangements and by the interest expense on the lease liabilities calculated using the effective borrowing rates at the inception of these transactions.

Variations in the right-of-use asset and lease liability during the period ended March 31, 2021 were as follows:

a) Variations in right-of-use assets

	Parent		Consolidated	
Right of use	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Vehicles				
Balance at January 1	7,118	1,831	7,118	3,959
Additions/updating of agreements	2,531	8,975	2,531	8,975
Write-offs	(237)	(1,515)	(237)	(1,553)
Accumulated depreciation	(813)	(2,173)	(813)	(4,263)
Net PP&E	8,599	7,118	8,599	7,118
Properties				
Balance at January 1	44,455	49,250	45,284	52,867
Remeasurement (*)	-	-		(484)
Additions/updating of agreements	2,454	6,881	2,740	7,321
Write-offs	-	(773)	-	(1,107)
Accumulated depreciation	(2,945)	(10,903)	(3,240)	(13,313)
Net PP&E	43,964	44,455	44,784	45,284

b) Variations in lease liabilities

Lease liabilities	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Vehicles				
Balance at January 1	7,143	1,890	7,143	3,746
Remeasurement (*)		-		69
Updating of agreements	2,531	8,975	2,531	8,975
Write-offs	(237)	(1,516)	(237)	(1,554)
Payments	(919)	(2,340)	(919)	(3,737)
Finance charges	186	134	186	(356)
Leases payable – Vehicles	8,704	7,143	8,704	7,143
Properties				
Balance at January 1	48,472	51,286	49,187	54,908
Remeasurement (*)	-	-	-	(483)
Updating of agreements	2,454	6,881	2,454	7,321
Write-offs	-	(773)	229	(1,105)
Payments	(3,831)	(13,452)	(4,151)	(16,144)
Finance charges	1,144	4,530	1,181	4,690
Leases payable – Properties	48,239	48,472	48,900	49,187
Total leases payable	56,943	55,615	57,604	56,330
Current	15,704	14,359	16,365	15,074
Noncurrent	41,239	41,256	41,239	41,256

(*) Remeasurement calculated in the 4th quarter of 2019 based on CVM guidance through Circular Letter CVM/SNC/SEP 02/2019, where the Parent and the Subsidiary adjusted the amount of initial recognition, which was net of PIS and COFINS, to be presented gross of such taxes.

c) Contractual flows by terms and discount rates

The discount rates were calculated based on the nominal basic interest rate readily observable, adjusted by the Company's credit risk, to the lease terms. The table below shows the rates used and the agreement terms.

	Rate p.a.	
Agreement terms	Properties	Vehicles
2021	0.06%	0.07%
2022	1.62%	0.83%
2023	18.83%	98.43%
2024	1.61%	0.67%
2025	13.08%	-
2026	39.18%	-
2030	25.62%	-

The Company presents in the table below the analysis of the maturity of lease liabilities based on nominal and actual flows at March 31, 2021:

		Parent		Consolidated	
Payment terms	Projected inflation (*)	Properties	Vehicles	Properties	Vehicles
2021	3.04%	11,938	2,785	12,568	2,785
2022	3.44%	14,007	3,635	14,061	3,635
2023	4.08%	9,858	3,330	9,858	3,330
2024	4.23%	8,666	2	8,666	2
2025	4.43%	7,509	-	7,509	-
2026 to 2028	4.56%	9,026	-	9,026	-
2029 to 2030	4.69%	906	-	906	-
Nominal rate flow		61,910	9,752	62,594	9,752
Implicit finance charges		13,671	1,048	13,694	1,048
Actual rate flow of future payments		48,239	8,704	48,900	8,704
Current		12,496	3,207	13,157	3,207
Noncurrent		35,742	5,498	35,742	5,498

(*) Rate obtained according to IPCA projection for NTN-Bs.

The Company has the potential right to PIS/COFINS recoverable embedded in the consideration for properties and vehicles, with the potential effects of PIS/COFINS shown in the following table:

		Parent		Consolidated	
	Tax rate	Nominal	Present value	Nominal	Present value
Consideration		71,662	56,943	72,346	57,603
Potential PIS/COFINS	9.25%	6,629	5,267	6,692	5,328

d) Short-term lease payments and low-value underlying assets

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Short term lease expense and low-value underlying assets	522	509	537	649

16. RELATED PARTIES

a) Transactions and balances

There were no loans between the Company and its officers during the periods ended March 31, 2021 and December 31, 2020

As at March 31, 2021 and December 31, 2020, the Company had no consulting service agreements with members of the Board of Directors.

b) Management compensation

The amounts relating to compensation paid to key management personnel are as follows:

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Salaries and payroll charges - officers	2,094	3,873	2,094	4,234
Fees paid to Board of Directors members	1,026	1,044	1,026	1,044
Profit sharing		-		-
Bonus	965	-	965	-
Share-based payments	-	6,068	-	6,068
	4,085	10,985	4,085	11,346

These amounts reflect direct and indirect benefits, bonuses and profit sharing, as well as payroll and social security charges, when applicable, paid to the Company's key management personnel. As at March 31, 2021, the Company does not have medium or long-term benefits offered to these executives.

c) Related party transactions

The amounts related to intercompany transactions refer to the sublease of equipment among companies, as shown below:

		03/31/2021			
Company	Nature	Trade receivables	Trade payables	Revenue	Cost
Solaris Equipamentos	Sublease of equipment/Sale of parts	2,137	440	3,859	679

17. EMPLOYEE BENEFITS

a) Post-employment benefits - healthcare plan

The post-employment benefits granted and to be granted to former employees related to healthcare are provisioned based on an actuarial calculation prepared by an independent actuary, using future projections related to various parameters of the benefits evaluated, such as inflation and interest, among other aspects. The actuarial assumptions adopted for the calculation were determined considering the long term of the projections to which they refer. Actuarial gains and losses are recognized in other comprehensive income and presented in the “Equity adjustments” account and presented in equity.

The amounts related to these benefits were calculated based on a valuation prepared by an independent actuary as at December 31, 2020, and are recognized in the financial statements in accordance with IAS 19 (CPC 33 (R1)).

	Parent and Consolidated (*)	
	03/31/2021	12/31/2020
Post-employment benefits	12,116	11,868

(*) The balances presented at March 31, 2021 and December 31, 2020, fully refer to the parent.

b) Stock option plan

The Company has stock options plans approved by shareholders at their general meeting aimed at integrating its executives in the Company development process in the medium and long terms. These plans are managed by the Company and the grants are approved by the Board of Directors.

			Stock options in thousands			
Plans	Grant date	Final exercise date	Share options granted	Share options exercised	Share options canceled	Outstanding stock options
2010 Program	05/31/2010	05/31/2016	1,475	(1,369)	(106)	-
2011 Program	04/16/2011	04/16/2017	1,184	(597)	(587)	-
2012 Program	06/30/2012	05/31/2018	1,258	(402)	(856)	-
2013 Program	04/30/2013	04/30/2019	768	(91)	(677)	-
2014 Program	04/30/2014	04/30/2020	260	-	(260)	-
2016 Program	04/28/2016	04/28/2024	1,700	(314)	(831)	556

In order to price the cost of the Top Mills Special Plan relating to its equity component, the applicable volatilities were determined at the risk-free rates and stock prices based on valuations of 6.6 times the EBITDA, less net debt, and the Company used the Black-Sholes model to calculate the fair value.

The plans granted were classified as equity instruments and the weighted average fair value of the options granted was determined according to the Black-Scholes valuation model, considering the following assumptions:

Program	Grant	Weighted average fair value by option - R$	Weighted average price of the share at the grant date - R$	Strike price at the grant date - R$	Volatility at the grant date	Dividend yield at the grant date	Annual risk free interest rate at the grant date	Maximum strike period at the grant date
2010	First	3.86	11.95	11.50	31.00%	1.52%	6.60%	6 years
2010	Second	5.49	14.10	11.50	31.00%	1.28%	6.37%	6 years
2011	Single	6.57	19.15	19.28	35.79%	1.08%	6.53%	6 years
2012	Basic	21.75	27.60	5.86	37.41%	0.81%	3.92%	6 years
2012	Discretionary	12.57	27.60	19.22	37.41%	0.81%	3.92%	6 years
2013	Basic	24.78	31.72	6.81	35.34%	0.82%	3.37%	6 years
2013	Discretionary	11.92	31.72	26.16	35.34%	0.82%	3.37%	6 years
2014	Basic	22.46	28.12	7.98	33.45%	0.75%	12.47%	6 years
2014	Discretionary	11.16	28.12	30.94	33.45%	0.75%	12.47%	6 years
2016	Discretionary	2.63	4.31	2.63	71.45%	1.51%	14.25%	8 years

The strike price of the options granted under the Plan is set by the Company's Board of Directors.

The table below presents the accumulated balances of the plans in the balance sheet and the effects on the statement of profit or loss.

	03/31/2021	12/31/2020
2002 Plan:		
Capital reserve	1,446	1,446
Number of shares exercised (thousands)	3,920	3,920
Top Mills, Special CEO and ex-CEO Plans:		
Capital reserve	1,148	1,148
Number of shares exercised (thousands)	1,055	1,055
Mills Rental Executive Plan:		
Capital reserve	4,007	4,007
Number of shares exercised (thousands)	391	391
2010 Plan:		
Capital reserve	5,693	5,693
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	1,369	1,369
Number of shares canceled (thousands)	106	106
2011 Program (2010 Plan):		
Capital reserve	7,329	7,329
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	597	597
Number of shares canceled (thousands)	587	587
2012 Program (2010 Plan):		
Capital reserve	14,162	14,162

	03/31/2021	12/31/2020
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	402	402
Number of shares canceled (thousands)	856	856
2013 Program (2010 Plan):		
Capital reserve	11,900	11,900
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	91	91
Number of shares canceled (thousands)	677	677
2014 Program (2010 Plan):		
Capital reserve	4,701	4,701
Number of exercisable options (thousands)		-
Number of shares exercised (thousands)	-	-
Number of shares canceled (thousands)	260	260
2016 Program:		
Capital reserve	2,622	2,520
Number of exercisable options (thousands)	556	558
Number of shares exercised (thousands)	314	311
Number of shares canceled (thousands)	831	831
Total recognized as equity (accumulated)	53,008	52,906
Profit (loss) effect	102	409

c) Restricted shares incentive program

The Company has a restricted shares incentive program approved by shareholders at their general meeting aimed at integrating its executives in the Company's development process in the medium and long terms. These plans are managed by the Company and the grants are approved by the Board of Directors.

			Shares in thousands			
Plans	Grant date	Final exercise date	Share options granted	Shares options exercised	Shares options canceled	Share options
2019 Program	08/14/2019	12/31/2021	858	-	-	858
2020 Program	10/14/2020	12/31/2022	566	-	-	566

In order to price the cost of the restricted stock plan relating to its equity component, the applicable volatilities were determined at the risk-free rates, the dividend yield and the stock prices, with the Black-Sholes model being used to calculate the fair value.

At the Board of Directors meeting held on October 14, 2020, the Company approved the restricted stock granting to the beneficiaries of the Company's 2020 Restricted Stock Incentive Program ("2020 Restricted Stock Program"), within the scope of the Company's Restricted Stock Incentive Plan ("Restricted Stock Plan"), approved by the Company's Extraordinary General Meeting held on July 18, 2018.

The plans granted were classified as equity instruments and the weighted average fair value of the options granted was determined according to the Black-Scholes valuation model, considering the following assumptions:

Program	Weighted average fair value by share - R$	Weighted average price of the share at the grant date - R$	Strike price at the grant date - R$	Volatility at the grant date	Dividend yield at the grant date	Annual risk free interest rate at the grant date	Maximum strike period at the grant date
2019	7.43	7.44	0.00	55.71%	0.00%	2.36%	29 months

Program	Weighted average fair value by share - R$	Weighted average price of the share at the grant date - R$	Strike price at the grant date - R$	Volatility at the grant date	Dividend yield at the grant date	Annual risk free interest rate at the grant date	Maximum strike period at the grant date
2020	6.11	6.12	0.00	75.89%	0.00%	0.58%	27 months

	03/31/2021	12/31/2020
2019 Plan:		
Capital reserve	4.405	3.744
Number of exercisable options (thousands)	858	858
Number of shares canceled (thousands)		-
2020 Plan:		
Capital reserve	771	386
Number of exercisable options (thousands)	566	566
Number of shares canceled (thousands)		-
Total recognized as equity (accumulated)	5.176	4.130
Effect on profit or loss	1.046	3.028

d) Profit sharing program

The provision for profit sharing is recorded on an accrual basis, as an expense. The determination of the amount, which is paid in the year following the recording of the provision, is made according to the Profit Sharing Agreement negotiated annually with the category union, in accordance with Law 10101/00, as amended by Law 12832/13.

The Company's Profit Sharing Program is based on the achievement of Adjusted EBITDA. All Mills and subsidiary employees with at least 90 days worked are eligible.

As at March 31, 2021, the liability amount is R$ 8,172 in parent and R$ 9,570 in consolidated (R$ 5,865 and R$ 7,226, respectively, as at December 31, 2020).

The payment related to the 2020 profit sharing program will be made in April 2021.

18. INCOME TAX AND SOCIAL CONTRIBUTION

a) Reconciliation of the income tax and social contribution benefit (expense)

The reconciliation of income tax and social contribution expense between statutory and effective rates is as follows:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Profit (loss) for the period before income tax and social contribution	13,608	(1,563)	15,833	2,594
Statutory income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(4,627)	531	(5,383)	(882)
Nondeductible provisions (*) and permanent differences	(1,054)	(3,826)	(3,085)	(6,459)
Share of profit (loss) of subsidiaries	(562)	111	-	-
Others	-	-		-
Total current and deferred income tax and social contribution	(6,243)	(3,184)	(8,468)	(7,341)
Effective rate	46%	-204%	53%	283%

(*) Non-deductible expenses comprise expenses on the accrual of cancellations, gifts, debt waivers and non-compensatory fines.

b) Variations in deferred income tax and social contribution during the year, not considering the offset of balances:

	Parent				Consolidated	
Description	12/31/2020	Additions	Write-offs	03/31/2021	12/31/2020	03/31/2021
GP Andaimes Sul Locadora goodwill	(672)	-	-	(672)	(672)	(672)
Jahu goodwill	(2,437)	-	-	(2,437)	(2,437)	(2,437)
Adjustment IFRS 9 – Cash and cash equivalents	(30)	-	-	(30)	(30)	(30)
Finance leases	1,430	-	-	1,430	(4,438)	(3,740)
Monetary adjustment of judicial deposits	(1,897)	957	-	(940)	(1,897)	(940)
Debentures	(1,045)	-	58	(987)	(1,045)	(987)
Accelerated depreciation	(1,505)	-	189	(1,316)	(1,873)	(1,792)
Property, plant and equipment hedge	(158)	-	16	(142)	(158)	(142)
Exchange gain - accrual basis	(770)	-	771	1	(770)	1
SCG III goodwill	-	-	-	-	2,424	1,834
Fair value adjustment (Rohr)	3,612	-	-	3,612	3,612	3,612
Adjustment IFRS 9 – Cash and cash equivalents (initial adoption)	36	-	-	36	36	36
Adjustment ECL on initial adoption of CPC 48/IFRS 9	588	-	-	588	1,219	1,219
Lease IFRS 16	1,136	115	-	1,251	1,162	1,293
Post-employment benefit	507	84	-	591	507	591
Post-employment benefit (initial adjustment)	3,529	-	-	3,529	3,529	3,529
Bonus payable	1,450	(83)	-	1,367	1,450	1,367
Other provisions	-	-	-	-	940	385
Asset impairment losses	1,002	(2)	-	1,000	1,003	1000
Impairment allowance (Rohr)	12,727	-	-	12,727	12,727	12,727
Tax losses	187,629	-	(2,586)	185,043	263,019	260,394
Provision for profit sharing	1,994	-	786	2,780	2,287	3,066
Provision for slow-moving inventories	1,655	150	-	1,805	2,715	2,843
Provision for discounts and cancellations	384	549	(144)	789	384	790
Allowance for expected credit losses	7,790	610	-	8,400	9,959	10,982
Provision for realization of ICMS tax credit	25	-	(2)	23	25	23
Provision for costs and expenses	174	2	-	176	173	176
Provision for tax, civil and labor risks	6,729	23	(1,586)	5,166	8,523	7,018
Stock options	11,450	571	-	12,021	11,450	12,021
Merger Sullair	-	-	-	-		(2,005)
Foreign exchange losses	795	-	(795)	0	795	-
	236,128	2,976	(3,293)	235,811	314,618	312,162

c) Deferred taxes that are recognized directly in equity

The balance of deferred taxes recognized in equity for the period ended March 31, 2021 is R$ 4,442 (R$ 4,442 as at December 31, 2020). These refer to transactions recognized directly in equity, such as Fair value adjustment in the investment in Rohr and actuarial liability.

d) The bases and expectations for realization of the deferred income tax and social contribution are presented below:

Nature	Bases for realization
Stock options	Exercise of options
Discount to present value	Tax realization of the loss/gain
Property, plant and equipment hedge	Depreciation of the asset
Provision for slow-moving inventories	Write-off or sale of the asset
Provision for impairment	Realization of the provision
Fair value adjustment - Rohr	Sale of stake in the investment
Provision for costs and expenses	Payment
Allowance for expected credit losses	Filing of lawsuits and past-due receivables
Leases	Realization of assets over the straight-line depreciation period
Provision for tax, civil and labor risks	Tax realization of the loss or settlement of the lawsuit
Provision for realization of tax credit	Realization of tax credit
Provision for discounts and cancellations	Reversal/realization of the provision
Taxes with required payment suspended	Payment or reversal of the provision
Accelerated depreciation	Tax depreciation over five years
GP Andaimes Sul Locadora goodwill	Disposal/impairment of the asset
Jahu goodwill	Disposal/impairment of the asset
Monetary adjustment of judicial deposits	Withdrawal of the deposit
Exchange differences	Payment of the borrowing
Tax losses	Expectation of future taxable profits (i)
Bonus payable	Payment
Debentures	Amortization of the borrowing cost
Impairment	Reversal/realization of the provision
Hedge provision (sale)	Derivative contracting/settlement
Provision for post-employment benefits	Reversal/realization of the provision

The Company prepared the impairment analysis of the deferred tax asset recognized as at December 31, 2020 and concluded that there is sufficient evidence that taxable profits will be generated against which the recognized tax losses and other temporary additions can be utilized, within a period lower than 10 years. The determination of the amount of future taxable profits is based on projections of revenues, costs and finance income and costs, which reflect the Company’s economic and operational environments. As at March 31, 2021, there were no significant changes regarding expectations of future profitability for offset of tax losses and other temporary additions in less than ten years.

The actions aiming at generating taxable profit are those already in course through the implementation of the commercial strategy focused on the recovery of price, extended market coverage with the diversification of the customer base and increase in profitability, in the Rental business unit, and focus on the adjustment of products and efforts to markets where the Company always had a higher differential: larger and higher complexity works, in the Construction business unit.

19. PROVISIONS FOR TAX, CIVIL AND LABOR RISKS AND JUDICIAL DEPOSITS

The Company is a party to tax, civil and labor proceedings that have arisen in the normal course of business and is discussing the related matters both at the administrative and judicial levels. These proceedings are backed by judicial deposits, when applicable.

Based on the opinion of the Company’s outside legal counsel, management understands that the appropriate legal measures already taken in each situation are sufficient to cover potential losses and preserve the Company’s equity, being reassessed periodically.

The Company does not have any contingent assets recognized.

Breakdown of the provision for tax, civil and labor risks:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Tax (1)	129	127	459	457
Civil (2)	1,168	1,231	1,991	2,021
Labor (3)	11,582	11,412	15,876	15,569
Success fees (4)	2,321	2,367	2,321	2,367
	15,200	15,137	20,647	20,414

(1) Refers to ICMS and ISS (service tax) tax assessment notices.

(2) The Company has lawsuits filed against it relating to civil liability and indemnities claims.

(3) The Company is a defendant in various labor lawsuits. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty and equal pay.

(4) Contingent fees are generally set at up to 10% of the amount of the claim, payable to outside legal counsel according to the success achieved in each claim. Payment is contingent upon an outcome of the lawsuits favorable to the Company.

Variations in the provision for tax, civil and labor risks:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Balance at January 1	15,137	19,569	20,414	23,648
Provision	629	3,861	1,419	5,921
Monetary adjustment	503	1,816	504	1,816
Reversals/write-offs	(1,070)	(10,109)	(1,690)	(10,971)
	15,200	15,137	20,647	20,414

Breakdown of judicial deposits:

	Parent		Consolidated	
	03/31/2020	12/31/2020	03/31/2021	12/31/2020
Tax (i)	4,195	4,089	4,235	4,129
Labor (ii)	3,801	3,349	4,345	3,477
Civil (iii)	-	-	108	66
	7,996	7,438	8,688	7,672

(i) As at March 31, 2021, the composition of judicial deposits of a tax nature totaled R$ 4,195. The reconciliation of this amount basically refers to the judicial deposits of MS 2004.001.104294-8 and MS 2004.002.018619-4, which total R$ 3,517.

(ii) Judicial deposits are linked to lawsuits in which the Company is defendant in several labor claims. Most of the lawsuits involve claims for compensation resulting from occupational diseases, overtime, hazardous duty and equal pay.

(iii) Judicial deposits related to a lawsuit for property damages and pain and suffering for which the Company is the defendant.

The Company is a party to tax, civil and labor lawsuits involving risks of loss classified by management as possible according to the assessment of its legal counsel, for which no provision was recognized as estimated below:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Tax (i)	61,773	61,715	80,326	80,198
Civil (ii)	4,326	4,928	4,738	5,367
Labor (iii)	9,714	9,502	10,547	10,368
	75,813	76,145	95,611	95,933

(i) Tax (main items):

(a) Tax Assessment Notice of ICMS (State VAT) received by Sullair (company merged into Solaris in 2020): Tax Assessment Notice of ICMS received of approximately R$ 59,000 of principal which amounts to R$ 200,000 including fine and interest. In summary, this tax assessment notice challenges the payment of ICMS levied on the transportation of rental assets in 2012 and 2013. After administrative defense, the possible likelihood of loss amount was reduced to R$ 4,391, as it was recognized that most of the assets included in the Tax Assessment Notice were for lease and not inventories for resale, and that no ICMS tax is levied on the transaction. The other lawsuits refer basically to collection proceedings of tax credits overdue, INSS offsets on termination amounts paid and motions against the tax collection proceeding filed by the Federal Government, for the collection of differences of COFINS and tax credits arising from the increase in tax rate from 1% to 3%.

(b) Disallowance of allegedly nondeductible expenses included in PIS and COFINS, by the Federal Revenue of Brazil, involving former Mills Formas, due to agreements entered into with various customers, under which Mills Formas was responsible for carrying out the services that were previously carried out by the employees of the former Mills do Brasil;

(c) Assessment of deficiency by the Finance Department of the State of Rio de Janeiro consisting of ICMS and fine allegedly due on transfers of goods without the payment of the related tax;

(d) Non-recognition by the INSS (National Institute of Social Security) of the possibility of offsetting payments improperly made as social security contribution, based on the method established by Law 9,711/98;

(e) Imposition by the Federal Revenue of Brazil of fine allegedly due on installment payment of credits derived from voluntary reporting;

(f) Assessment by the Federal Revenue of Brazil of alleged deficiency in Tax on Profit (ILL), judged unconstitutional by the STF (Federal Supreme Court).

(g) Non-approval of the credits of the negative balance compensation statements originated from the rectification of the DIPJ for the calendar year 2012. The Federal Revenue of Brazil considered these compensation statements not declared, according to article 74, paragraph 3, item VI of Law 9,430/96. The Company filed for a writ of mandamus seeking to guarantee its net and certain right to have the compensation statements analyzed, since these do not fit into any of the legal assumptions alleged by the Federal Revenue of Brazil.

(ii) Civil

Lawsuits filed against the Company relating to compensation for pain and suffering and property damages.

(a) The variation in the first quarter of 2021 was mainly caused by the change in the likelihood of loss from possible to remote, related to a lawsuit for pain and suffering and property damages.

(iii) Labor

The Company is a defendant in various labor lawsuits. Most of the lawsuits involve collection of termination amounts, compensation for pain and suffering, inclusion of premium in the compensation, reinstatement and salary adjustments, and related effects.

20. TAXES PAYABLE

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
IRPJ/CSLL (income tax and social contribution)	2,155	1,920	2,245	2,917
IRRF (withholding income tax) *	6,085	6,037	6,091	6,045
PIS and COFINS (taxes on revenue)*	6,850	7,307	6,850	7,307
INSS (Social Security Contribution)	236	50	241	52
ICMS (State VAT)	454	723	550	724
ISS (Service Tax)	122	101	136	115
Others	450	415	498	444
	16,352	16,553	16,611	17,604
Current	5,969	6,205	6,228	7,256
Noncurrent	10,383	10,348	10,383	10,348

(*) Non-approval, by the Federal Revenue of Brazil, of the credits of the negative balance compensation statements originated from the rectification of the DIPJ for the calendar years 2012 and 2013 and ECF for 2014. At the time of the offset, the credit was recorded as a credit to current income tax and social contribution expenses. The disallowance was then recorded as a debit to profit or loss in the same line item and the corresponding entry was a tax liability whose offset was considered improper by the Federal Revenue of Brazil, mainly PIS and COFINS and withholding taxes.

21. EQUITY

a) Share capital

The Company’s fully paid-up capital as at March 31, 2021 is R$ 1,089,650 (R$ 1,089,642 as at December 31, 2020), comprising 251,956 thousand (251,954 thousand as at December 31, 2020) registered common shares without par value. Each common share entitles to one vote in the shareholders’ meetings.

The table below shows the shareholding structure at the reporting dates:

	03/31/2021		12/31/2020	
Shareholders	Number of shares (in thousands)	Percentage	Number of shares (in thousands)	Percentage
Andres Cristian Nacht (1)	13,657	5.42%	13,657	5.42%
Snow Petrel LLC	23,677	9.40%	23,677	9.40%
Other signatories of the Company Shareholders’ Agreement (2)	22,957	9.11%	22,957	9.11%
Nacht Family (total)	60,290	23.93%	60,290	23.93%
SCG III Fundo de Investimento em Participações (4)	51,556	20.46%	51,556	20.46%
Sullair Argentina S.A. (3)	22,096	8.77%	22,096	8.77%
Others	118,014	46.84%	118,011	46.84%
	251,956	100.00%	251,954	100.00%

(1) Signatories to the Shareholders' Agreement of the Nacht Family, excluding Andres Cristian Nacht and Snow Petrel S.L. Considers the position on 12/28/2016, already reported to the CVM, in accordance with CVM Instruction 358/02.

(2) On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Solaris Equipamentos, and Sullair Argentina became the holder of 22,096,641 shares of the Company.

(3) On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Solaris Equipamentos, and SCG III Fundo de Investimentos em Participações became the holder of 51,556,496 shares of the Company. On November 23, 2020, these shares were fully transferred to the investment fund Sun Multistrategy Private Equity Fund.

b) Earnings reserves

b.1) Legal reserve

The legal reserve is recognized by allocating 5% of the profit for the year until it reaches a ceiling of 20% of share capital. The purpose of the legal reserve is to ensure the integrity of the capital and it can be used only to offset losses and increase capital.

At December 31, 2020, loss for the year in the amount of R$ 9,435 was absorbed by the legal reserve, and the balance of R$ 860 did not change in the period ended March 31, 2021.

b.2) Retained earnings

Consists of the retention of the remaining balance of retained earnings in order to fund the business growth project set out in the Company's investment plan, according to the capital budget proposed by the Company's management, to be submitted for approval at the General Meeting, pursuant to Article 196 of the Brazilian Corporate Law.

c) Capital reserves (stock option premium)

The capital reserve is set up, among others, by a stock option premium reserve amounting to R$ 58,184 as at March 31, 2021, relating to stock option plans for employees and long-term incentive programs for restricted shares (R$ 57,036 as at December 31, 2020).

d) Cost with issuance of shares

The costs with issuance of shares represent the transaction costs incurred in capital funding.

e) Treasury shares

The balance of treasury shares at March 31, 2021 and December 31, 2020 is 1,688,687 shares totaling R$ 15,056 and includes the cost of the canceled shares amounting to R$ 557, the amount of the share buyback in 2015 of R$ 19,777, the amount of the sale of shares of R$ 47, and the payment of the long-term incentive program 2018 in the amount of R$ 5,231.

f) Share Buyback

On March 18, 2021, the Company informs that the Board of Directors approved, at this date, the 2nd Share Buyback Plan, authorizing the acquisition of Company shares to be held in treasury for subsequent sale and/or cancelation, without capital reduction, in order to use them (i) in the

Company's Long-Term Incentive Programs; (ii) as an instrument for negotiation with potential targets (M&A); and/or (iii) for cancellation of part of the repurchased shares to maximize the generation of value for the shareholders and improve the Company's capital structure, under the following terms and according to the Board Meeting held at this date:

a) The number of shares that may be acquired is up to 7,558,687 shares, equivalent to 6.51% of the shares outstanding at this date;

b) The maximum term for carrying out the operation currently authorized is 18 months, from March 18, 2021 to September 16, 2022, inclusive;

c) The shares will be acquired on B3 at the market price.

There were no repurchases in March 2021. The repurchases of shares made until the date of issue of this report were 1,223,400 shares at the average price of 7.96, totaling 9,740.

22. TAX DEBT REFINANCING PROGRAM (REFIS)

In November 2009 the Company enrolled in the Special Installment Payment Plan established by Law 11,941/2009 and Provisional Act 470/2009, with the purpose of equalizing and regularizing the tax liabilities under this special plan for installment payment of tax and social security obligations.

The general conditions of this installment payment can be summarized as follow:

(a) The installment payment period was 180 months.

(b) 60% reduction of voluntary and late payment fines, and 25% reduction of late payment interest.

(c) Debts included in the installment payment plan were:

- (i) PIS and COFINS (for the period from April 2002 to May 2004).
- (ii) IRPJ (for December 2003, January 2004 and April 2004).
- (iii) CSLL (for November 2003, January 2004 and April 2004).
- (iv) INSS - Additional Occupational Accident Insurance (SAT) contribution.

The amounts relating to PIS/COFINS, IRPJ and CSLL had been offset against PIS and COFINS credits on rental (from September 1993 to January 1999), referring to rental and assembly of Company-owned leased assets. The origin of these credits was based on a decision by the Federal Supreme Court that does not consider the rental of chattel as provision of services.

In light of the new case law set by the Superior Court of Justice (STJ) (1st Panel of the STJ - trial in September 2009 of Special Appeal 929.521), which set the understanding of the levy of COFINS on asset rental income, the Company decided to pay in installments the amount relating to the aforementioned debts.

The debts were consolidated on June 29, 2011, in accordance with Joint Administrative Rule PGFN/RFB 2/2011.

As a result of the enrollment in this special installment payment plan, the Company undertook to pay the installments without late payment exceeding three months, and has paid the REFIS installments of the debt consolidated in June 2011.

(d) At the preliminary stage of consolidation of debts for installment payment, on June 30, 2010, the Company decided to include an INSS debt considering the change of the likelihood of a favorable outcome from probable to remote, according to the opinion of its outside legal counsel.

Also at the preliminary stage of consolidation of debts for installment payment, PIS and COFINS debts considered expired by the outside legal counsel were excluded.

(e) Still in the stage of consolidation of debts in June 2011, the Company identified that five debts, two relating to COFINS and three to CSLL, had not been made available at the RFB website for consolidation purposes.

	Balance at December 31, 2020	Write-offs	Additions	Monetary adjustment SELIC	Balance at March 2021
PIS	881	(99)	-	31	813
COFINS	2,743	(307)	-	95	2,531
IRPJ	1,126	(126)	-	39	1,039
CSLL	106	(12)	-	4	98
INSS (Social Security Contribution)	343	-	8	13	364
	5,199	(544)	8	182	4,845
Current	1,456	-	-	-	1,459
Noncurrent	3,743	-	-	-	3,386

23. EARNINGS PER SHARE

a) Basic

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of common shares outstanding during the year.

	Parent and Consolidated(*)	
	03/31/2021	12/31/2020
Profit (loss) attributable to owners of the Company	7,365	(4,747)
Weighted average number of common shares issued (thousands)	207,493	207,493
Basic earnings (loss) per share from continuing operations	0.04	(0.02)

b) Diluted

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has one category of dilutive potential common shares: stock options. For stock options, a calculation is made to determine the number of shares that would be acquired at fair value (determined as the average annual market price of the Company's share), based on the monetary value of the subscription rights linked to the outstanding stock options. The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of the stock options.

	Parent and Consolidated(*)	
	03/31/2021	12/31/2020
Profit (loss) attributable to owners of the Company	7,365	(4,747)
Weighted average number of common shares issued (thousands)	207,493	207,493
Diluted earnings (loss) per share from continuing operations	0.04	(0.02)

(*) The stock options did not affect the calculation above as at March 31, 2021 and December 31, 2020 because the potential common shares are antidilutive.

24. NET REVENUE FROM RENTAL, SALES AND SERVICES

The information on net revenue from sales and services below refers only to the nature of the revenue per type of service:

	Parent		Consolidated (*)	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Rentals	149,255	89,602	157,456	129,006
Sales of new equipment	2,321	2,117	4,698	5,353
Sales of semi new equipment	6,095	1,940	8,449	3,723
Sales of semi new equipment (others)	166	425	232	426
Technical assistance	1,328	1,004	1,601	8,784
Indemnities	3,067	956	3,067	968
Others (i)	2,036	1,788	2,168	1,789
Total gross revenue	164,268	97,832	177,671	150,049
Taxes on sales and services	(14,213)	(8,731)	(15,678)	(14,299)
Cancelations and discounts	(6,328)	(4,787)	(7,663)	(9,653)
	143,727	84,314	154,330	126,097

(i) Refers to revenue from recovery of expenses of equipment or machinery damaged by the lessee (customer).

25. COST OF SALES AND SERVICES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (BY NATURE)

Cost of sales and services consist mainly of expenses on:

(i) Personnel for supervising the works, technical assistance, assembly, handling, maintenance of equipment and designers;

(ii) Freight for equipment transportation, when the responsibility lies with the Company, and for equipment transfer;

(iii) Rental of third parties’ equipment;

(iv) Expenses directly related to warehouse management, storage, handling and maintenance of rental and resale assets, comprising expenses on personal protective equipment (PPE) used in operating activities (handling, storage and maintenance), inputs (gas of pilers, gases for welding, wood, paints, among others) and maintenance of machinery and equipment (pilers, welding machines, hydroblasting equipment, carving equipment and tools in general);

(v) Provisions for slow-moving inventories and for impairment, according to notes 8 and 13, respectively;

Selling, general and administrative expenses refer to current expenses, such as, salaries, benefits, travels, representations of various departments, including Sales, Marketing, Engineering and Administrative Backoffice (HR, Finance and Investor Relations); and corporate expenses of the head office and the various branches (rents, fees, security, upkeep and cleaning, mainly); provision for stock options programs, provision for contingencies, and some non-permanent disbursements.

PARENT

Nature	03/31/2021 Direct project and rental costs	03/31/2021 General and administrative and other expenses	03/31/2021 Total	03/31/2020 Direct project and rental costs	03/31/2020 General and administrative and other expenses	03/31/2020 Total
Personnel	(14,333)	(23,157)	(37,490)	(11,167)	(12,074)	(23,241)
Third parties	(490)	(8,504)	(8,994)	(465)	(6,882)	(7,347)
Freight	(4,659)	(759)	(5,418)	(2,725)	(207)	(2,932)
Construction/maintenance and repairs	(20,092)	(3,525)	(23,617)	(11,133)	(1,108)	(12,241)
Equipment rental and others	(1,392)	(842)	(2,234)	(3,906)	(1,366)	(5,272)
Travel	(1,477)	(1,073)	(2,550)	(794)	(868)	(1,662)
Cost of sales	(1,308)	-	(1,308)	(1,104)	-	(1,104)
Depreciation/amortization	(27,278)	(6,460)	(33,738)	(25,709)	(5,724)	(31,433)
Write-off of assets	(757)	-	(757)	(679)	165	(514)
Cost of sales of used assets - others	(71)	-	(71)	(438)	-	(438)
Stock option	-	(1,148)	(1,148)	-	(763)	(763)
Provisions	-	(81)	(81)	-	582	582
Provision for profit sharing	-	(2,313)	(2,313)	-	(1,634)	(1,634)
Others	(576)	(3,029)	(3,605)	(336)	1,778	1,442
	(72,433)	(50,891)	(123,324)	(58,456)	(28,101)	(86,557)

CONSOLIDATED

Nature	03/31/2021 Direct project and rental costs	03/31/2021 General and administrative and other expenses	03/31/2021 Total	03/31/2020 Direct project and rental costs	03/31/2020 General and administrative and other expenses	03/31/2020 Total
Personnel	(14,836)	(23,689)	(38,525)	(16,368)	(16,609)	(32,977)
Third parties	(722)	(9,353)	(10,075)	(547)	(8,982)	(9,529)
Freight	(5,014)	(835)	(5,849)	(3,383)	(1,318)	(4,701)
Construction/maintenance and repairs	(21,330)	(3,776)	(25,106)	(16,775)	(1,600)	(18,375)
Equipment rental and others	(1,622)	(1,073)	(2,695)	136	(964)	(828)
Travel	(1,599)	(1,117)	(2,716)	(1,065)	(1,287)	(2,352)
Cost of sales	(2,604)	-	(2,604)	(2,619)	-	(2,619)
Depreciation/amortization	(28,583)	(7,684)	(36,267)	(33,674)	(6,469)	(40,143)
Write-off of assets	(966)	-	(966)	(700)	165	(535)
Cost of sales of used assets - others	(71)	-	(71)	(438)	-	(438)
Stock options	-	(1,148)	(1,148)	-	(763)	(763)
Provisions	-	(237)	(237)	-	(132)	(132)
Provision for profit sharing	-	(2,350)	(2,350)	-	(2,291)	(2,291)
Others	(610)	(3,698)	(4,308)	(509)	(3,260)	(3,769)
Total	(77,957)	(54,960)	(132,917)	(75,942)	(43,510)	(119,452)

26. FINANCE INCOME AND COSTS

a) Finance income

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Interest income	608	553	764	859
Investment income	1,369	966	1,771	1,479
Discounts obtained	14	54	15	65
Foreign exchange and monetary adjustment gains	303	439	1,581	844
Others	-	-	286	1,494
	2,294	2,012	4,417	4,741

b) Finance costs

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Interest on borrowings	(942)	(535)	(1,002)	(665)
Foreign exchange and monetary adjustment losses	(476)	(711)	(2,831)	(2,861)
Interest on debentures	(2,287)	(1,929)	(2,647)	(2,402)
Commissions and bank fees	(102)	(64)	(363)	(249)
IOF (tax on financial transactions)	(2)	(5)	(6)	(57)
Lease charges	(1,243)	(1,135)	(1,277)	(1,234)
Others	(430)	(188)	(331)	(601)
	(5,482)	(4,567)	(8,457)	(8,069)

27. SEGMENT INFORMATION

Information by operating segment is being presented in accordance with CPC 22 Operating Segments (IFRS 8).

The Company's reportable segments are business units that offer different products and services and are managed separately since each business requires different technologies and market strategies. The main information used by management to assess the performance of each segment is as follows: total property, plant and equipment since these are the assets that generate the Company's revenue and the profit before finance income and costs reported by each segment to evaluate the return on these investments. The information on liabilities by segment is not being reported since it is not used by the Company's chief decision makers to manage the segments. Management does not use analyses by geographic area to manage its businesses.

The Company's segments have completely different activities, as described below, and therefore their assets are specific to each segment. The assets were allocated to each reportable segment according to the nature of each item.

On September 28, 2015, aimed at obtaining synergy gains and greater productivity, the Company consolidated the commercial management of the Heavy Construction and Construction business units. The result of such consolidation was the creation of the new business unit Construction. From that date, segment information is presented according to this new structure.

a) Construction business unit

The Construction business unit operates in the heavy construction market and provides formworks, shoring, non-mechanized access equipment, mast climbing platforms and scaffolds to the residential and office building construction sector, using cutting edge technology in formworks, shoring and special equipment systems to do construction works, and it has the largest product and service portfolio with customized solutions that meet the specific needs of each project and generate efficiency and cut costs. With presence in several states, this business unit draws on a team of engineers and specialized technicians who play an advisory and support role to meet deadlines and optimize costs and safety, providing technical assistance and helping planning works, detailing projects, and overseeing the assembly.

b) Rental business unit

The Rental business unit operates in the aerial work platforms and telescopic handler's rental and sales market, for height works in all sectors of the construction, trade, and manufacturing industries. The BU ensures productivity, profitability and safety, has the most advanced product line for lifting people and cargo, and offers its customers operation training certified by the IPAF (world areal access authority). Its presence in several Brazilian cities not only reinforces the agility of its commercial service but it also broadens the technical assistance through certified professionals.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Company assesses the performance by segment based on pretax profit or loss as well as on other operating and financial indicators.

Statement of profit or loss by business segment

	Construction		Rental		Others (*)		Parent	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	12/31/2020	03/31/2021	03/31/2020
Net revenue	21,754	16,093	121,973	68,221	-	-	143,727	84,314
(-) Costs	(7,339)	(8,339)	(37,815)	(24,408)	-	-	(45,154)	(32,747)
(-) Expenses	(10,082)	(7,051)	(34,142)	(15,055)	(207)	(271)	(44,431)	(22,377)
(-) Allowance for expected credit losses	(309)	(577)	(939)	(3,087)	-	-	(1,248)	(3,664)
(-) Depreciation and amortization	(11,402)	(12,322)	(22,337)	(19,111)	-	-	(33,739)	(31,433)
(+) Other revenues	1	100	213	21	-	-	214	121
(+) Share of profit (loss) of subsidiaries	-	-	(2,573)	5,060	-	-	(2,573)	5,060
Profit (loss) before finance income (costs) and taxes	(7,377)	(12,097)	24,380	11,641	(207)	(271)	16,796	(726)
Finance income	1,206	1,246	1,033	789	55	(23)	2,294	2,012
Finance costs	(2,590)	(2,189)	(2,669)	(2,321)	(223)	(57)	(5,482)	(4,567)
Profit (loss) before IRPJ/CSLL	(8,761)	(13,039)	22,744	10,109	(375)	(351)	13,608	(3,281)
(-) IRPJ/CSLL	2,979	4,054	(9,350)	(1,903)	128	109	(6,243)	2,260
Profit (loss) for the period	(5,782)	(8,984)	13,394	8,206	(247)	(242)	7,365	(1,020)

	Construction		Rental		Others (*)		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net revenue	21,754	16,093	132,576	110,004	-	-	154,330	126,097
(-) Costs	(7,339)	(8,339)	(42,036)	(33,927)	-	-	(49,375)	(42,266)
(-) Expenses	(10,082)	(7,051)	(36,987)	(29,731)	(207)	(271)	(47,276)	(37,053)
(-) Allowance for expected credit losses	(309)	(577)	(2,153)	(3,862)	-	-	(2,462)	(4,439)
(-) Depreciation and amortization	(11,402)	(12,322)	(24,864)	(27,821)	-	-	(36,266)	(40,143)
(+) Other revenues	1	100	922	197	-	-	922	297
Profit (loss) before finance income (costs) and taxes	(7,377)	(12,097)	27,458	14,860	(207)	(271)	19,873	(2,493)
Finance income	1,206	1,246	3,156	3,518	55	(23)	4,417	4,741
Finance costs	(2,590)	(2,189)	(5,644)	(5,823)	(223)	(57)	(8,457)	(8,069)
Profit (loss) before IRPJ/CSLL	(8,761)	(13,039)	24,969	12,555	(375)	(351)	15,833	(836)
(-) IRPJ/CSLL	2,979	4,054	(11,575)	(4,348)	128	109	(8,468)	(185)
Profit (loss) for the period	(5,782)	(8,984)	13,394	8,207	(247)	(242)	7,365	(1,020)

Assets by business segment

	Construction		Rental		Others (*)		Parent	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Property, plant and equipment								
Acquisition cost	424,280	435,022	1,084,039	1,032,395	-	-	1,508,318	1,467,417
(-) Accumulated depreciation	(332,485)	(332,826)	(804,580)	(750,011)	-	-	(1,137,065)	(1,082,837)
	91,795	102,196	279,458	282,384	-	-	371,253	384,580
Other assets	308,794	309,925	747,317	710,489	27,053	27,703	1,083,164	1,048,117
Total assets	400,589	412,121	1,026,775	992,873	27,053	27,703	1,454,417	1,432,697

	Construction		Rental		Others (*)		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Property, plant and equipment								
Acquisition cost	424,280	435,022	1,179,225	1,179,144	-	-	1,603,505	1,614,166
(-) Accumulated depreciation	(332,485)	(332,826)	(857,731)	(841,457)	-	-	(1,190,216)	(1,174,283)
	91,795	102,196	321,494	337,687	-	-	413,289	439,883
Other assets	308,794	309,925	744,939	697,881	27,053	27,703	1,080,786	1,035,509
Total assets	400,589	412,121	1,066,433	1,035,568	27,053	27,703	1,494,075	1,475,392

(*) Refer to the remaining operations of the former business units Manufacturing Services and Events.

28. FINANCIAL INSTRUMENTS

28.1. Category of financial instruments

The classification of financial instruments, by category, can be summarized as follows:

			Parent carrying amount		Consolidated carrying amount	
	Classification	Level	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Financial assets						
Cash and cash equivalents	Fair value through profit or loss	1	300,721	285,993	392,543	378,905
Swap	Fair value through profit or loss	1	-	-	569	808
Rohr Investment	Fair value through other comprehensive income	3	39,341	39,341	39,341	39,341
Trade receivables	Amortized cost	-	100,096	82,478	113,392	100,374
Receivables from related parties	Amortized cost	-	2,137	6,410	-	-
Financial liabilities						
Borrowings	Amortized cost	-	-	-	3,332	4,547
Debentures	Amortized cost	-	176,670	181,484	198,305	203,115
Leases	Amortized cost		56,943	55,615	57,604	56,330
Trade payables	Amortized cost	-	35,289	23,629	40,965	30,271
Payables to related parties	Amortized cost	-	440	390	-	-

28.2. Fair value of financial instruments

A number of the Company’s accounting policies and disclosures require a fair value measurement, for both financial and non-financial assets and liabilities. Fair value for measurement and/or disclosure purposes is determined according to the methods below. When applicable, additional information on the assumptions used to calculate the fair values is disclosed in specific notes applicable to such asset or liability.

The Company applies CPC 40/IFRS 7 for financial instruments measured in the balance sheets at fair value, which requires disclosure of fair value measurements at the level of the following fair value measurement hierarchy:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (e.g., as prices) or indirectly (e.g., derived from prices).
- Level 3 - inputs, for the asset or liability, but which are not based on observable market inputs (non-observable inputs).

a) *Fair value of cash and cash equivalents*

Cash and cash equivalents consist of short-term investments with first-tier financial institutions and are indexed to the variation of the Interbank Deposit Certificates (CDI). Considering that the CDI rate already reflects the interbank market position, it is assumed that the carrying amounts of the investments approximate their fair values.

b) *Fair value of Rohr investment*

As at March 31, 2021, the Company has an investment measured at fair value through other comprehensive income - Investment Rohr in the amount of R$ 39,341 (R$ 39,341 as at December 31, 2020), as presented in note 11.b. This financial instrument is classified in level 3.

28.3. Financial instrument at amortized cost

a) *Borrowings and financing*

Amortized cost of a financial asset or financial liability is the amount by which the financial asset or financial liability is measured at the initial recognition less capital repayments, any changes in amortization or interest and impairment.

The fair values of financial liabilities, considering the discounted cash flow methodology as the calculation criterion, are substantially similar to the respective carrying amounts.

b) *Debentures*

		Consolidated carrying amount	
Debt	Indicator	03/30/2021	12/31/2020
1st issue of debentures - Solaris Equipamentos	CDI	21,635	21,631
4th issue of debentures	CDI	94,457	100,318
5th issue of debentures		85,117	84,242
Total		201,210	206,191

28.4. Sensitivity analysis

The following table shows a sensitivity analysis of the financial instruments, describing the interest rate risks that could generate material losses to the Company, with the most probable scenario (scenario I) according to management's assessment, considering a one year time horizon (at December 31, 2021).

		Parent		Consolidated	
Short-term investments	Indicator	Accounting	Probable	Accounting	Probable
Short-term investments	CDI	298,289	8.203	389.988	10.724

Debt	Indicator	Parent Accounting	Parent Probable	Consolidated Accounting	Consolidated Probable
Working capital	CDI	-	-	3,332	376
1st issue of debentures	CDI	-	-	21,635	2,218
4th issue of debentures	CDI	94,457	7,054	94,457	7,054
5th issue of debentures	CDI	85,117	8,054	85,117	8,054
Total		179,574	15,108	204,541	17,701

Scenarios	03/31/2021 Probable I
Rates	
Active CDI (%)	2.00%
Passive CDI (%)	2.00%

Source: BACEN's Focus report of April 16, 2021.

The sensitivity analysis presented above takes into account changes in a certain risk, keeping steady the other variables, associated with other risks.

28.5. Liquidity risk

The table below analyzes the main financial liabilities by maturity bracket, corresponding to the remaining period in the balance sheet through the contractual maturity date, when the Company expects to make the payment. The interest rates (CDI and TLP) estimated for future commitments reflect the market rates in each period.

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five years	Total Parent
At March 31, 2021							
Debentures	-	6,878	14,076	21,038	57,655	121,212	220,859
Leases payable - Properties	-	1,283	2,498	11,028	13,169	33,269	61,247
Leases payable – Vehicles	-	310	620	2,770	3,625	2,427	9,752
Trade payables	1,215	22,379	10,723	966	-	6	35,289
Payables to related parties	66	37	317	20	-	-	440
At December 31, 2020							
Debentures	-	384	6,889	41,172	56,534	119,521	224,500
Leases payable - Properties	-	1,240	2,428	10,404	12,923	35,023	62,018
Leases payable - Vehicles	-	248	482	2,119	2,756	2,472	8,077
Trade payables	1,059	18,217	4,254	114	-	-	23,644
Payables to related parties	-	-	-	390	-	-	390

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five years	Total Consolidated
At March 31, 2021							
Borrowings and financing	-	99	198	3,040	-	-	3,337
Debentures	-	8,969	18,235	37,201	57,655	121,212	243,272
Leases payable - Properties	-	1,385	2,679	11,429	13,169	33,269	61,931
Leases payable - Vehicles	-	310	620	2,770	3,625	2,427	9,752
Trade payables	2,463	25,602	11,629	1,265	-	6	40,965
At December 31, 2020							
Borrowings and financing	-	98	2,239	2,561	-	-	4,898
Debentures	-	500	7,127	59,595	60,495	119,523	247,240
Leases payable - Properties	-	1,240	2,428	11,119	12,923	35,023	62,733
Leases payable - Vehicles	-	248	482	2,119	2,576	2,472	8,077
Trade payables	1,059	18,217	4,254	6,756	-	-	30,286

28.6. Credit quality of financial assets

Cash and cash equivalents

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Banks account (i)	2,450	1,170	2,574	1,199
Short-term investments in Banks (i)	298,271	284,823	389,969	377,706
Total cash and cash equivalents	300,721	285,993	392,543	378,905

(i) Major financial institutions widely operating in Brazil, among the ten banks with the largest total assets in Brazil.

28.7. Capital management

The purpose of managing the Company’s desirable capital structure is to protect its equity, allow for business continuity, offer good conditions for its employees and stakeholders and a satisfactory return for shareholders. The Company's general strategy has remained unchanged since 2010.

In order to maintain or adjust the capital structure, the Company may, for example, in accordance with its bylaws, increase its capital, issue new shares, and approve the issue of debentures and the buyback of its shares.

The Company uses as the main performance indicator to assess its gearing ratio between the total net debt ratio (total bank debt less total cash and cash equivalents) and the Operating Cash Flow accumulated in the last 12 months.

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Borrowings and financing	-	-	3,332	4,547
Debentures (see note 14)	179,574	184,560	201,210	206,191
Total bank debt	179,574	184,560	204,542	210,738
Cash and cash equivalents	307,561	285,993	399,383	378,905
Net cash	127,987	101,433	194,841	168,167
Equity	1,106,420	1,097,899	1,106,420	1,097,899
Net debt to equity ratio	0.12	0.09	0.18	0.15

The Company is not subject to any external capital requirement.

Credit facilities available

	Parent	
	03/31/2021	12/31/2020
Unsecured bank credit lines, reviewed annually and with payment upon request:		
Used	-	-
Not used	3,200	3,200
Secured bank credit lines with varying maturity dates that can be extended by common agreement:		
Used	-	3,200
Not used	-	-

29. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Subsidiary contracts, in certain situations, derivative financial instruments to manage its exposure to exchange rate risk.

							Consolidated
							03/31/2021
	Reference in 2018	Receivable (long position)	Payable (short position)	Maturity	Long position	Short position	Balance swap
Banco do Brasil	8,678	Exchange variation + 7.75% p.a.	100% CDI + 3.63%	08/13/2021	2,044	(1,475)	569

30. INSURANCE

The Company and its subsidiaries have insurance contracts taking into account the nature and degree of risks, in amounts considered sufficient to cover any losses on their assets and/or liabilities.

	Parent		Consolidated	
Nature	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Operational risks	1,893,977	1,628,285	3,137,461	2,299,610
Property damages	480,142	429,946	613,678	488,598
Civil liability	110,000	110,000	110,500	110,500

31. EVENTS AFTER THE REPORTING PERIOD

29.1. Acquisition of companies

SKC S.A. and SK Rental Internacional Ltda.

On April 8, 2021, Mills Estrutura e Serviços de Engenharia S.A. entered into an agreement to purchase and sell units of interest and other covenants to acquire from sellers SKC S.A. and SK Rental Internacional Ltda. the full amount of the units of interest representing the share capital of SK Rental Locação de Equipamentos Ltda.

Established in 2010, SK Rental do Brasil is a company of the Sigdo Koppers Group, with a strong presence in the southern region of the country, a customer base with outstanding presence in its areas of operation, a fleet of more than 300 pieces of equipment and certified in management systems, quality and occupational safety and health, being among the major and most respected aerial platform rental companies in the country.

The value of the Transaction is R$ 80 million, to be adjusted based on the variation of the IPCA and to be paid at the Closing date.

The acquisition of SK Rental do Brasil is in line with Mills' strategic objectives related to improvement of customer experience, growth, consolidation and increase in market share, and is also subject to compliance with certain conditions precedent usual in this type of operation, including approval of the Administrative Council for Economic Defense (CADE).

Nest Locação e Revenda de Máquinas Ltda.

On April 28, 2021, Mills Estrutura e Serviços de Engenharia S.A., through its subsidiary Solaris Equipamentos e Serviços S.A., entered into an investment agreement for purchase and sale of units of interest and other covenants to acquire 51% of the share capital of Nest Locação e Revenda de Máquinas Ltda..

Nest Rental was established in 2018 and operates in the Low Level Access Platform Rental segment (up to 6 meters in height), offering compact, light, easy to transport, simple maintenance equipment that replaces stairs with greater safety and productivity, presenting thus, great capacity to become more and more present in the daily lives of people and companies. Nest Rental has exclusivity from JLG in the supply of this equipment in Brazil and has a business model that can be accelerated through the web, in addition to online sales and sharing stations for equipment rental, which demonstrates Nest Rental's vocation for innovation in the sector.

Thus, in addition to increasing the focus on this equipment family, Mills also seeks to strengthen initiatives related to digital transformation, with Nest Rental as a lever of innovation, through which it will foster the evolution of processes, of automated solutions and the implementation of new facilities for customers, aiming to increasingly improve their rental experience.

Nest Rental currently has 115 pieces of equipment, of which, under Nest Rental's control, Solaris will disburse R$ 5.1 million, of which R$ 3 million will be invested in the company itself for its growth. In 2025, if it is Mills' interest, Solaris may acquire the other 49% interest at a predetermined valuation of Nest Rental of 6.25 times Adjusted EBITDA (excluding non-recurring items and the effects of IFRS 16) of 2024.

The acquisition by Solaris is in line with Mills' strategy of seeking to concentrate the non-core business in this subsidiary, and this operation does not constitute a hypothesis provided for in Art. 256, of the Brazilian Corporate Law.