

# Earnings Release

# mills

## 2Q23

## B3:MILS3



## Live Broadcast

**Date:** August 11, 2023, Friday

**Time:** 2 pm (Brasília)

**Watch Online:** [Click here](#)

The financial and operational information contained in this press release, except as otherwise indicated, is in accordance with the accounting policies adopted in Brazil, which are in compliance with the International Financial Reporting Standards - IFRS.

# 1. Management Comments

**Rio de Janeiro, August 10, 2023 - Mills Locação, Serviços e Logística S.A. (Mills) announces its results for the second quarter of 2023 (2Q23).**

The first semester was marked by revenue expansion in all business units, demonstrating Mills' resilience amidst a scenario of uncertainties and consistency in its growth strategy. We started the second half of the year with an optimistic view and confident that there are opportunities in all business units and in our vocation to be a One-Stop-Shop machinery and equipment rental company, focused on the proximity of our customers and partners and on the differentiated quality of our services.

In the Heavy Rental unit, in less than a year after the start of operations, we have proof of our thesis for the investment: (i) we more than tripled Triengel's fleet compared to the moment of its acquisition, attesting company's scalability; (ii) our revenue tied to agribusiness in Rental increased from 1% to 10%, demonstrating the increase in our exposure to resilient sectors of the Brazilian economy and diversification of revenue; (iii) origination of proposals and business through long-term relationships with customers from Mills' other verticals, evidencing cross-sell opportunities; (iv) focus on contracts over 12 months, with an average term of 3 years, increasing the predictability of revenue and cash flow for the Company.

This segment is an important avenue for growth and will be increasingly relevant to the Company's results, with a broad, pulverized addressable market with consolidation opportunities. Our value proposition to penetrate this market is to ensure quality of service, safety and productivity (uptime), reinforcing our culture of cultivating long-term relationships with our customers and suppliers. The growth strategy is based on a combination of acquisition of new companies and organic growth, seeking to bring know-how and accelerate the learning curve to better serve our customers. We continue to actively seek M&A opportunities, aligned with our strategy and value proposition.

In the Light Rental unit, the mobile elevating work platforms market continues to show strong growth potential. Through this unit and Mills' representativeness in this market, we have the mission to penetrate the platform concept, bringing more productivity and safety to work at height and an operation with a national presence, through our 56 branches.

In 2022 we opened 15 branches that are in the ramp-up phase, and we expect to open more than 4 branches in 2023. We are seeing stronger demand in the second half of the year compared to the first, because of the improved macro scenario and seasonality. Since June, we have already seen improvements in productivity, after receiving the last large batch of equipment from orders placed between 2021 and 2022, a period in which the supply chain was stressed.

For the Formwork and Shoring unit, the cycle momentum is highly positive, with solid profitability improvement with strong cash conversion as a result of the low investments required by the long-life cycle of our equipment. The backlog and pipeline of infrastructure investments remain robust. We have a solid performance and long-term partnerships with the construction sector, including being an important entry channel for the Rental Heavy business unit.





During the quarter, we recorded strong growth in terms of net revenue, with an increase of 36.5% compared to the second quarter of last year, with a 3.7 p.p. improvement in gross margin. We have increased our expenses with the growth of the company, ensuring efficiency and gain of scale, with Mills recording an increase of R\$ 49.4 million, or 42.4% in its Adjusted EBITDA compared to 2Q22 and recording an Adjusted EBITDA margin of 49.7% in 2Q23, compared to 47.6% in the same quarter last year.

We are working on initiatives to optimize costs and expenses and investing in structural actions to ensure solid foundations for growth. We have intensified the centralization of purchasing processes to reduce prices through gains in scale and we are dedicated to the robotization of processes aiming at simplicity, efficiency, and agility, always with the customer at the center of our actions. We optimized the Company's structure with a focus on increasing efficiency and renegotiating contracts and scope with suppliers, generating an annual saving of approximately R\$ 16 million.

To reinforce working capital and cash to face organic and inorganic growth opportunities, we raised R\$ 100 million in June at an attractive rate, below the Company's current average cost.

Investments totaled R\$81.2 million in the quarter, mainly due to the previously announced acquisitions of machinery and equipment. Our investments are balanced according to the customers' demand for the rental of our equipment. Our debt and cash generation allow us to state that Mills' balance sheet remains solid, with Net Debt/EBITDA of 0.7x. We have room on the balance sheet and appetite to seize growth opportunities. All Mills' projects and investments are focused on generating sustainable growth, better margins and returns for shareholders in the long term, in a structured manner.

Another important milestone this quarter was the publication in May of our second Annual Report, with information on the achievement of our sustainability goals in the year 2022. In this document, we also present the details of Mills' socio-environmental and economic performance during the year 2022. We are proud to say that we own the largest fleet of electric platforms in Latin America and have invested in the first hybrid models in Brazil. In July we signed the Ethos Institute's Business Pact for Integrity and Against Corruption, which aims to unite companies to promote a more honest and ethical market and eradicate bribery and corruption. In addition, we achieved an improvement of four positions in the Teva index compared to the ranking published in January, moving from 9th to 5th place due to our female representation in leadership, we also reached the 15<sup>o</sup> place of the best companies to work for in Rio de Janeiro by Great Place to Work (GPTW). Our goal is to continue evolving and overcoming obstacles, working to make Mills a great example of positive impact for society.

In view of this solid performance, we are confident in our ability to meet the challenges ahead and seize the possibilities that lie ahead. We will remain focused on our sustainable growth strategy, aiming to create long-term value for our customers and shareholders. I thank you, our investors, for your trust and support as we uphold our commitment to transparency and consistent delivery of results.

## Have a good reading!

Sergio Kariya  
Mills CEO



## 2. Highlights

### The main highlights for the period were:

#### Robust financial performance:

- Total consolidated **Gross Revenue** at **R\$ 384.6 million** in 2Q23, 30.7% higher versus 2Q22 and 2.7% higher versus 1Q23;
- Record consolidated **Adjusted EBITDA** of **R\$ 167.9 million** in 2Q23 with 49.7% margin, 2.0 p.p. higher than 2Q22 and 0.5 p.p. lower than 1Q23; Proforma Adjusted EBITDA<sup>1</sup> was R\$169.7 million, with 50.2% margin, 2.6 p.p. higher than 2Q22 and 1.6 p.p. higher than 1Q23.
- **ROIC** at **22.1%** in the Consolidated result (2Q23LTM).

#### Efficient cash management and capital allocation:

- **Strong cash position** and financial investments of **R\$ 523.0 million**, and a Net Debt/Adjusted EBITDA LTM leverage ratio of 0.7x;
- **Fundraising of R\$ 100 million** aiming to reinforce working capital and cash to face opportunities for organic and inorganic growth.
- **Intensification of a culture of austerity and efficiency, maintaining investments to sustain the company's growth in the coming years** on all fronts of the Company, with several initiatives such as: (i) re-design and robotization of processes; (ii) reduction of expenses through the renegotiation of agreements and scope with suppliers, (iii) adjustment in the Company's structure.

#### Increased exposure to agribusiness in Rentals:

- 4 p.p. growth in revenue from Agribusiness over Net Rental Revenue compared to 1Q23, totaling **10%** of total Rental revenue.
- Net addition of 200 assets for rent in 2Q23, ending the quarter with 11.548 items of equipment and machinery in the Rental business, up 20.6% versus 2Q22 and 1.8% versus 1Q23.

#### Shareholders and ESG:

- Approval of R\$ 18.4 million in IoE in June and R\$ 1.2 million in dividends in April;
- Beginning of the 4th cycle of Transformar Program and the opening of over 220 vacancies in 15 cities, totaling 47 locations, what represents 82% of the locations where Mills operates.

Consolidated Data in R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Gross Revenue</b>	<b>294.2</b>	<b>374.5</b>	<b>384.6</b>	<b>565.7</b>	<b>759.2</b>	<b>30.7%</b>	<b>2.7%</b>	<b>34.2%</b>
Net revenue	247.6	324.7	338.0	482.7	662.7	36.5%	4.1%	37.3%
CVM EBITDA	111.5	161.3	164.6	216.5	325.9	47.6%	2.1%	50.6%
CVM EBITDA margin (%)	45.0%	49.7%	48.7%	44.8%	49.2%	3.67 p.p.	-0.96 p.p.	4.34 p.p.
EBIT	68.5	109.0	108.7	134.3	217.7	58.6%	-0.3%	62.1%
EBIT margin (%)	27.7%	33.6%	32.2%	27.8%	32.9%	4.48 p.p.	-1.42 p.p.	5.03 p.p.
<b>Adjusted EBITDA*</b>	<b>117.9</b>	<b>162.9</b>	<b>167.9</b>	<b>230.3</b>	<b>330.7</b>	<b>42.4%</b>	<b>3.1%</b>	<b>43.6%</b>
Adjusted EBITDA margin* (%)	47.6%	50.2%	49.7%	47.7%	49.9%	2.05 p.p.	-0.50 p.p.	2.20 p.p.
<b>Profit for the year</b>	<b>63.2</b>	<b>66.4</b>	<b>64.1</b>	<b>104.0</b>	<b>130.5</b>	<b>1.4%</b>	<b>-3.5%</b>	<b>25.5%</b>
ROIC LTM (%)	21.4%	23.2%	22.1%	21.4%	22.1%	0.68 p.p.	-1.13 p.p.	0.68 p.p.
Adjusted operating cash flow <sup>3</sup>	78.3	89.5	27.9	147.4	117.3	-64.4%	-68.9%	-20.4%
Adjusted free cash flow to the firm <sup>3</sup>	9.3	-245.0	-53.2	43.4	-298.1	-672.3%	-78.3%	-786.3%

<sup>1</sup> Excluding non-recurring items. Unaudited information.

<sup>2</sup> Excluding interest on debentures and Finame, investment in lease and interest, and inflation adjustments in assets and liabilities (cash).

<sup>3</sup> Excluding cash flow from investing activities and acquisition of rental goods. Unaudited information.

<sup>1</sup> Excluding the result of one-off strategic sale of used assets for Formwork and Shoring in 1Q23 (R\$ 9.7 million) and one-off expenses related to structural adequacy (R\$ 1.8 million) in 2Q23.

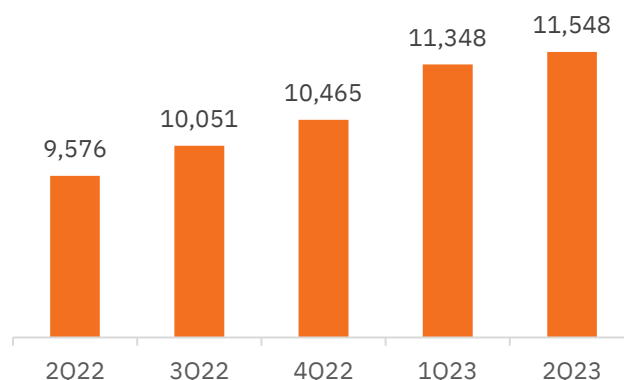


# 3. Rental

## (Light and Heavy)

### Total Fleet (units)

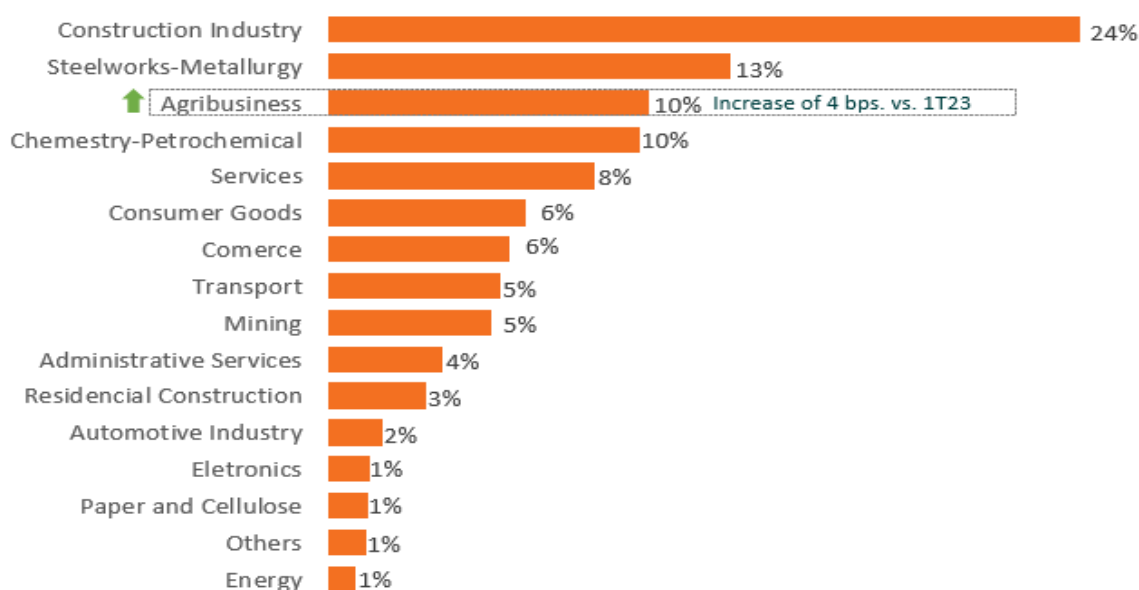
(End of the period)



We closed 2Q23 with a fleet of 11.548 pieces of equipment, representing 1.8% and 20.6% growth as compared to 1Q23 and 2Q22, respectively, because of the company's continuous expansion in Mobile Elevating Work Platforms and the entry into the Yellow Line market. Our equipment has an average age of 1.8 years for heavy equipment and 8.5 years for light equipment.

Year-to-date, we have already received more than 1.500 pieces of equipment to serve the Light and Heavy Rental markets.

### Rental Net Revenue 2Q23 - per activity segment



## Result

R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Gross Revenue</b>	<b>253.3</b>	<b>305.7</b>	<b>321.2</b>	<b>487.7</b>	<b>626.8</b>	<b>26.8%</b>	<b>5.1%</b>	<b>28.5%</b>
<b>Total Net Revenue</b>	<b>215.5</b>	<b>261.0</b>	<b>280.5</b>	<b>417.9</b>	<b>541.5</b>	<b>30.2%</b>	<b>7.5%</b>	<b>29.6%</b>
Rental	197.6	240.8	255.4	386.6	496.2	29.3%	6.0%	28.3%
Sales	13.5	15.7	21.7	23.1	37.4	60.9%	38.5%	62.1%
Other	4.4	4.5	3.4	8.2	7.9	-23.4%	-23.9%	-3.7%
<b>Total COGS, ex-depreciation</b>	<b>-57.2</b>	<b>-67.7</b>	<b>-68.7</b>	<b>-103.5</b>	<b>-136.4</b>	<b>20.2%</b>	<b>1.5%</b>	<b>31.8%</b>
Rental	-51.4	-60.0	-63.1	-95.1	-123.1	22.7%	5.2%	29.4%
Sales	-5.8	-7.7	-5.7	-8.4	-13.4	-2.0%	-26.8%	59.9%
<b>Gross Profit, ex-depreciation</b>	<b>158.3</b>	<b>193.3</b>	<b>211.8</b>	<b>314.4</b>	<b>405.1</b>	<b>33.8%</b>	<b>9.6%</b>	<b>28.8%</b>
<i>Gross Margin</i>	<i>73.5%</i>	<i>74.1%</i>	<i>75.5%</i>	<i>75.2%</i>	<i>74.8%</i>	<i>2.03 p.p.</i>	<i>1.44 p.p.</i>	<i>-0.43 p.p.</i>
<i>Gross Margin - Rental</i>	<i>74.0%</i>	<i>75.1%</i>	<i>75.3%</i>	<i>75.4%</i>	<i>75.2%</i>	<i>1.32 p.p.</i>	<i>0.21 p.p.</i>	<i>-0.20 p.p.</i>
<i>Gross Margin - Sales</i>	<i>57.3%</i>	<i>50.7%</i>	<i>74.0%</i>	<i>63.7%</i>	<i>64.2%</i>	<i>16.70 p.p.</i>	<i>23.24 p.p.</i>	<i>0.50 p.p.</i>
<b>SG&amp;A, ex-depreciation and ECL</b>	<b>-54.5</b>	<b>-69.0</b>	<b>-74.9</b>	<b>-111.1</b>	<b>-143.9</b>	<b>37.6%</b>	<b>8.6%</b>	<b>29.6%</b>
Expenses	-48.6	-67.2	-72.3	-98.2	-139.5	48.8%	7.7%	42.0%
Non-recurring items	-5.9	-1.8	-2.6	-12.8	-4.4	-55.5%	44.9%	-65.5%
<b>ECL</b>	<b>-4.6</b>	<b>-4.6</b>	<b>-5.7</b>	<b>-10.6</b>	<b>-10.4</b>	<b>24.4%</b>	<b>24.2%</b>	<b>-2.3%</b>
<b>EBIT</b>	<b>70.8</b>	<b>77.0</b>	<b>85.4</b>	<b>140.9</b>	<b>162.4</b>	<b>20.5%</b>	<b>10.8%</b>	<b>15.2%</b>
<i>EBIT margin (%)</i>	<i>32.9%</i>	<i>29.5%</i>	<i>30.4%</i>	<i>33.7%</i>	<i>30.0%</i>	<i>-2.44 p.p.</i>	<i>0.91 p.p.</i>	<i>-3.74 p.p.</i>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>105.1</b>	<b>121.5</b>	<b>133.7</b>	<b>205.5</b>	<b>255.2</b>	<b>27.2%</b>	<b>10.1%</b>	<b>24.2%</b>
<i>Adjusted EBITDA margin (%)</i>	<i>48.8%</i>	<i>46.5%</i>	<i>47.7%</i>	<i>49.2%</i>	<i>47.1%</i>	<i>-1.11 p.p.</i>	<i>1.12 p.p.</i>	<i>-2.06 p.p.</i>
Depreciation	-34.3	-44.4	-48.4	-64.6	-92.8	41.0%	8.8%	43.7%

<sup>1</sup>Excluding non-recurring items. Non-GAAP – Information unaudited by the independent auditors.

<sup>2</sup>Average for the period

In 2Q23, net revenue reached R\$ 280.5 million, with 30.2% increase as compared to 2Q22. Rental revenue accounted for 89% of this growth, mainly reflecting: i) entry into the yellow line sector; ii) increase in the leased fleet and iii) price increase.

Sales revenue reached R\$ 21.7 million in 2Q23, representing 60.9% increase compared to 2Q22, due to the higher price and the sales mix of used equipment. We seek to optimize the fleet through the sale of used equipment.

In 2Q23, Rental costs (ex-depreciation) reached R\$ 68.7 million, up 20.2% compared to 2Q22. The growth is mainly explained by: i) the entry into the Heavy segment (R\$ 6.6 million)<sup>2</sup>; ii) higher leased volume and maintained in Light Rental (R\$ 3.0 millions).

Consolidated costs in 2Q23 were distributed as follows: R\$ 27.4 million refers to consumables (such as tires, batteries, paints, electrical and hydraulic materials, etc.), R\$ 16.5 million related to personnel, R\$ 12.8 million related to freight, R\$ 5.7 million with cost of sales and R\$ 6.3 million with miscellaneous costs.

In 2Q23, gross margin ex-depreciation amounted to 75.5%, up 2.0 p.p. from 2Q22, mainly explained by higher gross margin from rental and sales.

<sup>2</sup> The Heavy segment started to be accounted for as of 3Q22.



As mentioned in 1Q23 Earnings Release, a report was contracted this year to assess the estimated useful lives, for accounting purposes, for equipment of Heavy Rental unit, together with specialists. Through this report, the estimated useful lives were changed from 4 years to an average of 11.5 years, depending on the leased equipment, retroactive from January. After Triengel consolidation in April, tax depreciation was changed to a 4-year average (25% p.a.).

It is important to point out that the method of depreciation of Light Rental unit equipment is different from the Heavy Rental unit. For Light Rental, the accounting depreciation of the equipment is on average 13 years, while the tax depreciation is 10 years (10% p.a.).

Expenses (ex-depreciation and ECL), totaled R\$74.9 million in 2Q23 versus R\$54.5 million in 2Q22, a 37.6% growth mainly due to: i) R\$17.6 million increase in staff expenses, profit and stock plan sharing, as a reflection of the increase in the branches numbers, expansion of machine volume, and growth of the Company, ii) increase in expenses with General Services (R\$2.2 million) as a reflection of the increase in the number of branches. These increases were partially offset by the reduction of non-recurring expenses by R\$ 3.3 million. Non-recurring items will be dealt with in item 6 of the Earnings Release.

ECL-related expenses dropped R\$ 1.1 million when compared to 2Q22, now representing 2.0% of Rental business net revenue, 0.1 p.p. lower than 2Q22.

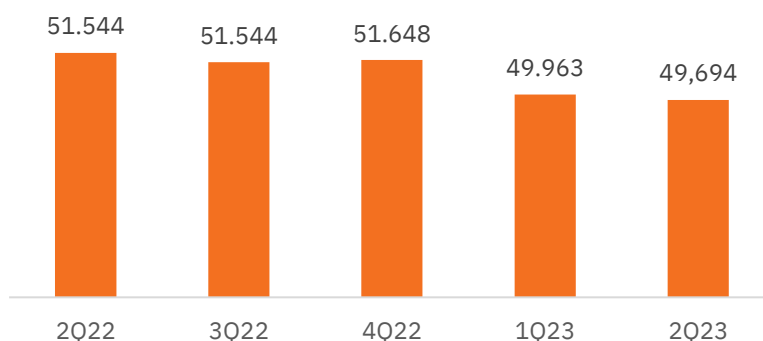
In 2Q23, Adjusted EBITDA amounted to R\$ 133.7 million with 47.7% margin, with 27.2% and 10.1% growth, when compared do 2Q22 and 1Q23, respectively. Rental Proforma Adjusted EBITDA<sup>3</sup> amounted to R\$ 134.9 million, with 48.1% margin in 2Q23.

<sup>3</sup> Excluding one-off expenses related to structure adequacy in 2Q23 (R\$ 1.17 million).



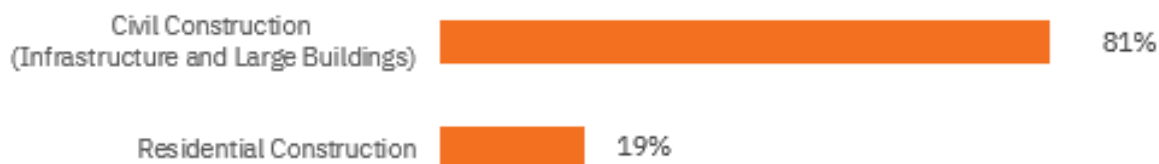
## 4. Formwork and Shoring

Volume (tons)



We ended 2Q23 with a volume of formwork and shoring of 49.7 thousand tons, decreased 0.5% and 4.4% compared to 1Q23 and 2Q22, respectively. The strategy of this business unit is still to raise profitability, with strong cash generation and maintenance of the leadership position.

### Rental Net Revenue 2Q23 - per activity segment



## Results

R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Gross Revenue</b>	<b>39.5</b>	<b>68.9</b>	<b>63.5</b>	<b>76.5</b>	<b>132.4</b>	<b>60.8%</b>	<b>-7.8%</b>	<b>73.1%</b>
<b>Total net revenue</b>	<b>32.1</b>	<b>63.7</b>	<b>57.5</b>	<b>64.8</b>	<b>121.2</b>	<b>79.0%</b>	<b>-9.7%</b>	<b>87.0%</b>
Rental	28.8	44.0	47.1	55.4	91.1	63.6%	7.1%	64.4%
Sales	0.6	10.3	0.4	0.9	10.7	-34.1%	-96.1%	1049.8%
Other	2.7	9.4	10.0	8.5	19.4	267.0%	6.1%	128.1%
Technical Assistance	0.4	0.0	0.2	0.8	0.2	-48.6%	629.2%	-69.8%
Indemnity and Expenses Recovery	2.3	9.4	9.8	7.7	19.2	323.6%	4.2%	148.7%
<b>Total COGS, ex-depreciation</b>	<b>-9.2</b>	<b>-10.8</b>	<b>-11.9</b>	<b>-17.8</b>	<b>-22.7</b>	<b>29.1%</b>	<b>10.3%</b>	<b>27.6%</b>
Rental	-9.8	-10.2	-11.7	-18.0	-21.9	18.6%	14.4%	21.2%
Sales	-0.1	-0.4	-0.3	-0.3	-0.7	394.9%	-19.8%	165.8%
Other	0.7	-0.2	0.1	0.5	-0.1	-89.9%	-133.4%	-126.7%
<b>Gross Profit, ex-depreciation</b>	<b>22.9</b>	<b>52.9</b>	<b>45.6</b>	<b>47.0</b>	<b>98.4</b>	<b>99.1%</b>	<b>-13.8%</b>	<b>109.5%</b>
<i>Gross Margin</i>	<i>71.2%</i>	<i>83.0%</i>	<i>79.2%</i>	<i>72.5%</i>	<i>81.2%</i>	<i>8.01 p.p.</i>	<i>-10.52 p.p.</i>	<i>1.98 p.p.</i>
<i>Gross Margin - Rental</i>	<i>65.8%</i>	<i>76.8%</i>	<i>75.2%</i>	<i>67.4%</i>	<i>76.0%</i>	<i>9.39 p.p.</i>	<i>-9.39 p.p.</i>	<i>0.77 p.p.</i>
<i>Gross Margin - Sales</i>	<i>88.9%</i>	<i>96.0%</i>	<i>17.0%</i>	<i>69.8%</i>	<i>93.0%</i>	<i>-71.92 p.p.</i>	<i>-26.17 p.p.</i>	<i>75.99 p.p.</i>
<b>SG&amp;A, ex-depreciation and ECL</b>	<b>-9.0</b>	<b>-9.5</b>	<b>-9.6</b>	<b>-19.7</b>	<b>-19.1</b>	<b>7.2%</b>	<b>1.6%</b>	<b>-3.1%</b>
<b>ECL</b>	<b>-1.8</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-3.8</b>	<b>-4.5</b>	<b>12.5%</b>	<b>-19.2%</b>	<b>18.2%</b>
<b>Adjusted EBIT</b>	<b>3.7</b>	<b>33.5</b>	<b>26.6</b>	<b>6.7</b>	<b>60.1</b>	<b>613.2%</b>	<b>-20.5%</b>	<b>797.1%</b>
<i>Adjusted EBIT margin (%)</i>	<i>11.6%</i>	<i>52.6%</i>	<i>46.3%</i>	<i>10.3%</i>	<i>49.6%</i>	<i>34.70 p.p.</i>	<i>-42.24 p.p.</i>	<i>3.29 p.p.</i>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>12.4</b>	<b>41.4</b>	<b>34.1</b>	<b>24.3</b>	<b>75.5</b>	<b>174.7%</b>	<b>17.5%</b>	<b>211.3%</b>
<i>Adjusted EBITDA margin (%)</i>	<i>38.7%</i>	<i>65.0%</i>	<i>59.4%</i>	<i>37.4%</i>	<i>62.3%</i>	<i>20.68 p.p.</i>	<i>-27.56 p.p.</i>	<i>2.95 p.p.</i>
Depreciation	-8.7	-7.9	-7.5	-17.6	-15.4	-13.7%	-5.1%	-12.3%

<sup>1</sup>Excluding non-recurring items. Non-GAAP – Information unaudited by the independent auditors.

In 2Q23, net revenue grew 79.0% compared to 2Q22, due to the increase in rental revenue (R\$ 18.3 million) as a result of higher prices.

Costs (ex-depreciation) totaled R\$ 11.9 million in 2Q23, up 29.1% (R\$ 2.7 million) compared to 2Q22, mainly due to higher personnel costs for new projects.

In 2Q23, gross margin ex-depreciation reached 79.2%, with 8.0 p.p. growth when compared to 2Q22, due to the higher rental margins.

Expenses (ex-depreciation and ECL) totaled R\$ 9.6 million in 2Q23, of which R\$ 6.8 million refer to personnel expenses, profit sharing and share-based plan.

ECL amounted to R\$ 2.0 million in 2Q23, representing 3.5% of net revenue, versus 5.6% in 2Q22. The improvement in 2Q23 reflects our efforts to collect from customers who were in debt confession.

In 2Q23, Adjusted EBITDA amounted to R\$ 34.1 million, representing 174,7% increase versus 2Q22, with 59.4% margin, versus 38,7% in 2Q22. The margin improvement is a consequence of better rental margins, with no relevant increase in SG&A. Proforma Adjusted EBITDA<sup>4</sup> on Formwork and Shoring was R\$34.8 million, with 60.5% margin in 2Q23, 1.7 p.p. growth compared to 1Q23.

<sup>4</sup> Excluding the result of one-off strategic sale of used assets for Formwork and Shoring in 1Q23 (R\$ 9.7 million) and one-off expenses related to structural adequacy (R\$ 0.66 million) in 2Q23.

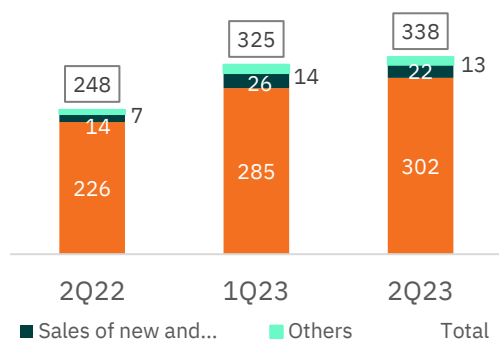


# 5. Financial highlights

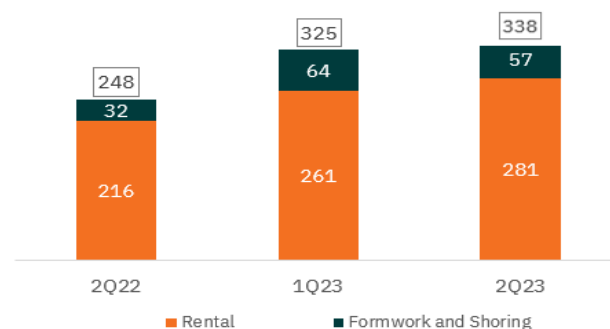
## (Consolidated)

R\$ million

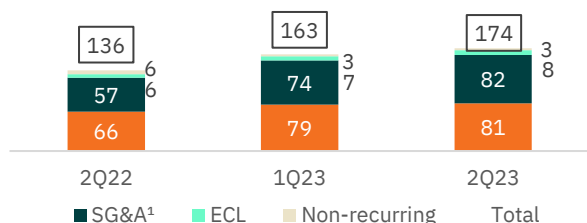
### Net revenue by type



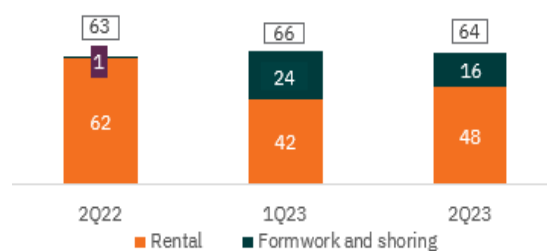
### Net revenue by business unit



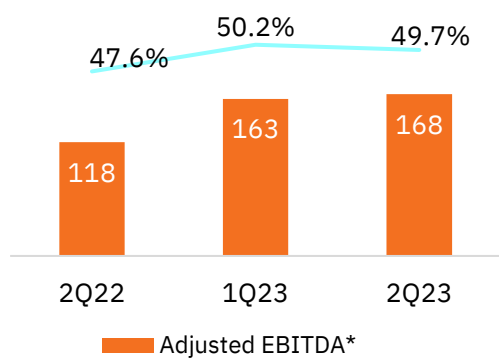
### Costs & Expenses



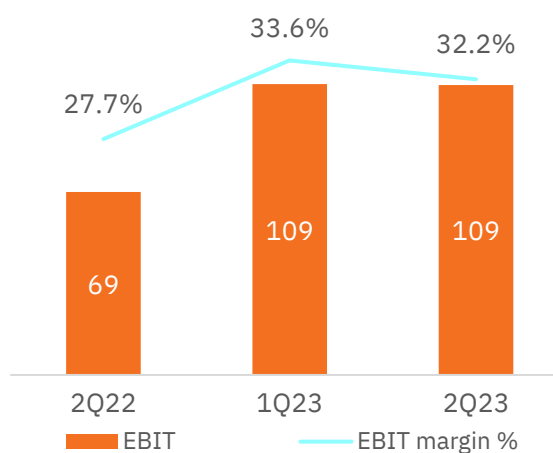
### Net Income



### Adjusted EBITDA



### EBIT



¹Ex-depreciation.

¹Excluding non-recurring items. Non-GAAP – Information unaudited by the independent auditors.



## 6. Non-recurring items

Non-recurring items* - in R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Total non-recurring expenses</b>	<b>-6.0</b>	<b>-1.6</b>	<b>-3.3</b>	<b>-13.3</b>	<b>-4.9</b>	<b>-45.3%</b>	<b>105.8%</b>	<b>-63.2%</b>
Fleet adequacy	-3.7	-0.1	-0.8	-8.5	-0.9	-78.0%	1,130.4%	-89.8%
Branches demobilization	-0.9	-1.7	-1.7	-1.8	-3.3	97.9%	1.7%	91.0%
M&A Projects	-1.7	-0.6	-0.3	-3.3	-0.9	-80.2%	-40.3%	-73.5%
Mills SI Expenses	0.2	0.7	-0.5	0.3	0.1	-427.8%	-179.4%	-48.6%

\*Non-GAAP – Information unaudited by the independent auditors.

In 2Q23, non-recurring items totaled R\$ 3.3 million, down 45,3% versus 2Q22, due to the lower amounts allocated for fleet readjustment (Fenix project), which is currently being finalized, and M&A projects.

Fênix project is 90% complete and recovered 732 machines to date.

Expenses related to branch relocations are explained by the increased demand for equipment and machine leasing in some of the existing branches, requiring us to realize adjustments and changes of addresses to optimize the yard space and accommodate a larger fleet.

## 7. Financial Result

in R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Net financial result</b>	<b>-2.5</b>	<b>-14.3</b>	<b>-20.2</b>	<b>-4.6</b>	<b>-34.4</b>	<b>710.0%</b>	<b>41.3%</b>	<b>655.6%</b>
Financial Revenues	18.1	27.4	18.2	25.0	45.5	0.3%	-33.6%	82.0%
Financial Expenses	-20.6	-41.6	-38.3	-29.6	-80.0	86.1%	-7.9%	170.4%

Financial result in 2Q23 was a negative balance of R\$ 20.2 million, compared to a negative balance of R\$ 2.5 million in 2Q22, because of: i) the higher gross debt following fundraising made in December/22 and June/23 ; ii) change in CDI rate in the period, affecting interest expenses. The average cash position during the quarter had a positive impact on financial revenues and partially offset expenses.

We raised a total of R\$ 100 million in new funding in June. Such funding reinforces the Company's cash to execute the growth strategy and had no significant impact on the result of this quarter. For more information on the debt maturity schedule, see section 12.



## 8. Net income

R\$ million	2Q22	1Q23	2Q23	2021	2022	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Results of Operations</b>	<b>63.2</b>	<b>66.4</b>	<b>64.1</b>	<b>104.0</b>	<b>130.5</b>	<b>1.4%</b>	<b>-3.4%</b>	<b>25.4%</b>
Income tax and social contribution expenses	-2.9	-28.4	-24.4	-25.7	-52.8	754.9%	13.9%	105.5%
<b>Profit (Loss) before Income tax and social contribution</b>	<b>66.0</b>	<b>94.7</b>	<b>88.5</b>	<b>129.7</b>	<b>183.3</b>	<b>34.0%</b>	<b>-6.6%</b>	<b>41.3%</b>
Financial Result	-2.5	-14.3	-20.2	-4.6	-34.4	-710.1%	-41.3%	649.5%
Depreciation	-43.0	-52.3	-55.9	-82.2	108.1	-30.0%	-6.7%	31.6%
<b>CVM EBITDA<sup>1</sup></b>	<b>111.5</b>	<b>161.3</b>	<b>164.6</b>	<b>216.5</b>	<b>325.9</b>	<b>47.6%</b>	<b>2.1%</b>	<b>50.6%</b>
Non-recurring items	-6.4	-1.6	-3.3	-13.8	-4.9	-48.4%	-105.8%	-64.5%
<b>Adjusted EBITDA (ex-non-recurring items and IFRS16 impact)</b>	<b>117.9</b>	<b>162.9</b>	<b>167.9</b>	<b>230.3</b>	<b>330.8</b>	<b>42.4%</b>	<b>3.1%</b>	<b>43.7%</b>

Information not audited by the independent auditors.

In 2Q23, Mills' net income totaled R\$ 64.1 million, virtually in line with 2Q22. The comparison is mainly explained by the following reasons:

(+) R\$ 50.0 million increase in Adjusted EBITDA;

(-) R\$ 12.9 million increase in depreciation as a result of fleet increase;

(-) R\$ 17.7 million impact from financial result as a result of gross debt increase.

(-) R\$ 21.6 million increase in income tax and social contribution, due to the reversal in May 2022 of deferred IR/CS, adding R\$ 14.3 million to the result referring to the merger of SK Rental. The reversal of the chargeback was effected in 4Q22 with null effect for the year.

The Company continues its work of identifying and enjoying tax opportunities, with a responsible and conscious view. The balance of deferred Income Tax and Social Contribution (IR/CS) on accumulated tax losses is R\$ 226.2 million in June 2023. On a monthly basis, we offset the 30% pre-tax limit.



## 9. Investments

In 2Q23, investments totaled R\$ 81.2 million, with 16,9% drop when compared to 2Q22, which was impacted by Tecpar transaction. Compared to 1Q23, the drop was 75.7%, as in this period we accounted for a large part of the investment related to the purchase orders for Light assets of 2021 and 2022, delivered in 2023. It is noteworthy that in this period, due to the stress in the supply chain, the lead time for delivery of a mobile elevating work platforms was above average, concentrating the receipt of equipment at the end of 2022 and 1Q23.

In Light Rental, we received in 2Q23 the last large batch of orders for 2021 and 2022. In the second half of the year, our focus will be on raising productivity given the increase in machines in recent months. As a result, we have postponed most of the purchase orders related to new machines to 2024.

For Heavy assets, we continue investing, together with the execution of new contracts, while assessing strategic opportunities for the acquisition of equipment and M&As for accelerating growth.

These strategies may be reviewed at any time according to: (i) the maturation and mobilization of investments already made; (ii) improvement in the macroeconomic scenario, boosting the sectors to which the company is exposed.

We will keep growing and taking advantage of the opportunities that arise, both organically and inorganically, always assessing the pace of investments required to meet the current demand scenario and seek the best capital allocation.

R\$ millions	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
M&As	45.8	0.0	0.0	76.4	0.0	-100.0%	-	-100.0%
Rental equipment	40.0	317.6	71.4	50.5	389.0	78.5%	-77.5%	670.2%
Corporate and use goods	11.8	16.8	9.8	21.1	26.6	-17.3%	-42.0%	26.1%
<b>Total Capex</b>	<b>97.6</b>	<b>334.4</b>	<b>81.2</b>	<b>148.0</b>	<b>415.6</b>	<b>-16.9%</b>	<b>-75.7%</b>	<b>180.8%</b>

Information not audited by the independent auditors.

## 10. ROIC and ROE

R\$ million	2Q22	1Q23	2Q23
<b>NOPAT</b>	<b>151.2</b>	<b>237.5</b>	<b>265.4</b>
EBIT	229.0	359.8	402.1
Income Tax and Social Contribution	-77.9	-122.3	-136.7
<b>Average equity</b>	<b>707.1</b>	<b>1,024.1</b>	<b>1,202.8</b>
Working capital (LTM Average)	167.5	158.5	162.6
Property, Plant and Equipment (LTM Average)	539.6	865.6	1,040.3
<b>ROIC LTM</b>	<b>21.4%</b>	<b>23.2%</b>	<b>22.1%</b>

<sup>1</sup>Calculated at 34% rate, disregards effective rate

R\$ million	2Q22	1Q23	2Q23
Net Profit (LTM)	179.0	241.9	242.8
Average equity*	1,116.1	1,221.2	1,268.7
<b>ROE LTM</b>	<b>16.0%</b>	<b>19.8%</b>	<b>19.1%</b>

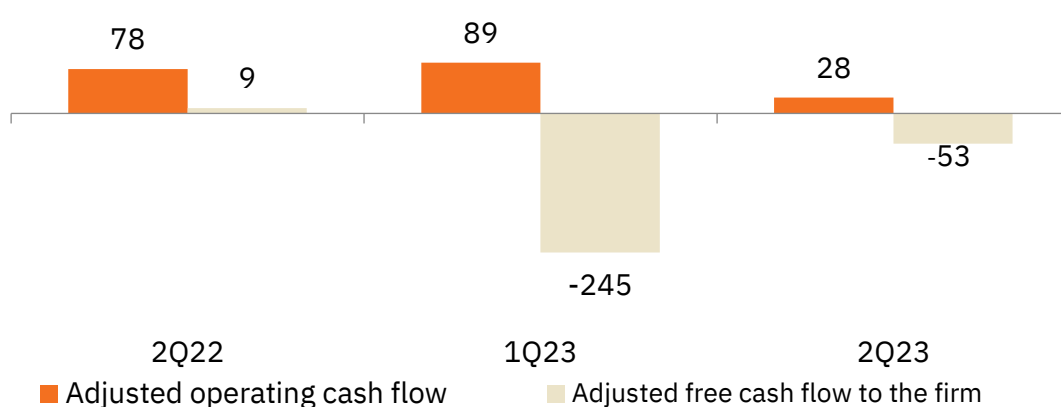


# 11. Adjusted Cash Flow

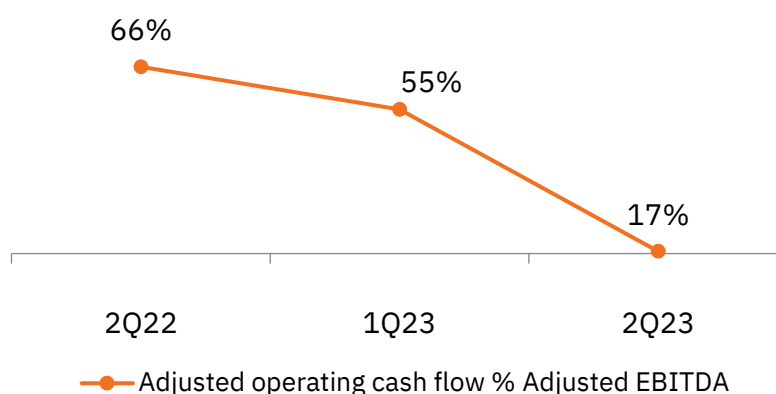
In 2Q23, adjusted consolidated operating cash flow<sup>1</sup> totaled R\$ 28 million, 69% lower as compared to 1Q23, mainly due to payments related to the acquisition of assets for rent made in previous periods and the profit-sharing payment related to 2022.

Free cash flow for the firm<sup>1</sup> represented an outflow of R\$ R\$ 53 million in 2Q23, positively impacted by the lower investment for purchase of new machinery and equipment.

R\$ million



<sup>1</sup>For adjusted operating cash flow, interest paid, investment in lease, interest, and inflation adjustments in assets and liabilities are not included. For the free cash flow to the firm, cash flow from investing activities and purchases of leased goods are also excluded.



## 12. Indebtedness

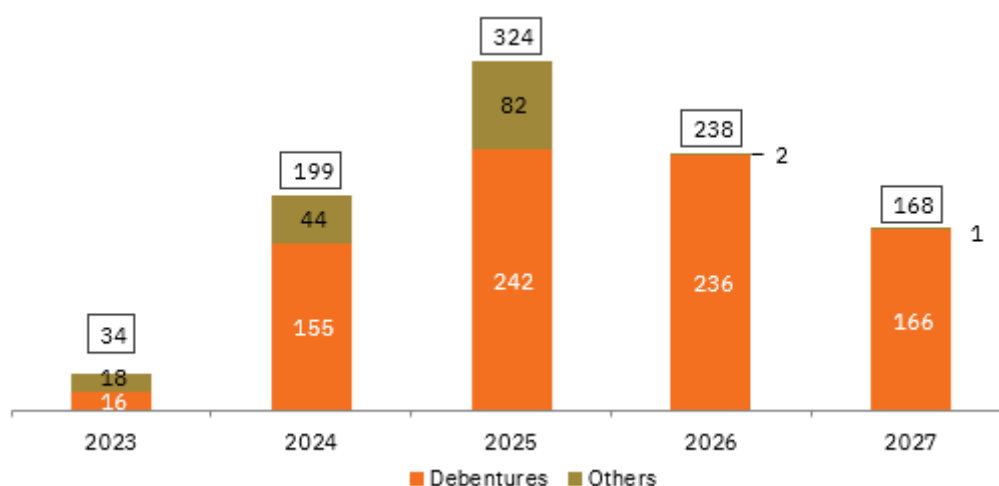
Gross debt was R\$ 953.6 million in 2Q23, excluding the cost of issuing debentures in the period, 89% of which is long-term. The average maturity for paying Mills total indebtedness is 2.6 years, at an average cost of CDI + 2.24% p.a.

In June 2023, the Company's Board of Directors approved the execution of loan or financing agreements, in local or foreign currency, of up to R\$ 100 million. Upon approval, Mills contracted the total amount in foreign currency, under a hedge transaction, to protect the Company against exposure to exchange rate fluctuations and rates, with a final cost of CDI +2.00% p.a. This funding reinforces Mills' cash position considering the opportunity presented by the Brazilian and American yield curves at this moment.

The Company's cash on June 30, 2023, amounted to R\$ 523.0 million and net debt was R\$ 430.7 million, showing a balance sheet in a comfortable position. Mills will continue to pursue both organic and inorganic investment opportunities.

As of June 30, 2023, Mills complied with its financial covenants considering its IFRS 16 and ex-IFRS 16 results.

### Debt payment schedule<sup>5</sup> (R\$ million)



### Net Debt and Indicators

R\$ million	2Q22	1Q23	2Q23
Gross Debt	424.9	881.7	953.6
Cash and Financial investments	469.6	539.7	523.0
<b>Net debt</b>	<b>-44.7</b>	<b>342.0</b>	<b>430.7</b>
Short term Debt	61.8	96.6	102.7
Adjusted EBITDA ex IFRS 16 LTM	392.2	535.1	582.3
Net debt / Adjusted EBITDA ex IFRS 16 LTM (x)	-0.1	0.6	0.7
ST Net Debt / Adjusted EBITDA ex IFRS 16 LTM (x)	-1.0	-0.8	-0.7

<sup>5</sup>Including issue costs

# 13. ESG

Qualitative and quantitative information was not audited by the independent auditors.

We continue to advance on our sustainability journey, with a commitment to further strengthen our ESG actions. In 2Q23, we advanced mainly in social responsibility initiatives, focusing on generating a positive impact for employees, society, and the environment.

In Transformar Program – a social initiative that offers scholarships for technical courses to young people in situations of social vulnerability – we started the 4th cycle and opened 220 more seats in 15 cities and with that, we reached the mark of 47 locations in total, representing 82% coverage over all locations where Mills is present.

Another important milestone for Transformar during this period was the graduation of the first group of scholarship holders, which started in the first half of 2022 in São Luís - MA, all 10 students who joined the electrotechnical class completed the course. This achievement reinforces the program's commitment to providing education and training opportunities for young people, helping them to build a solid and promising career path.

In continuity with diversity actions, during LGBTI+ Pride Week, we also celebrated diversity in the company and invited employees to tell their stories with the #OrgulhodeSerQuemEuSou campaign, highlighting the importance of diversity, inclusion, and empowerment in our personal and professional lives. Mills has a group to contribute to the advancement of the theme internally, focusing on the engagement of leaders, employees and initiatives for the recruitment and selection front with diversity criteria.

In the period, we were also recognized for two initiatives that reinforce our focus on people. Mills advanced 4 positions and won 5th place in the Teva women in leadership index - the first index in Brazil that selects companies with greater representation of women in governance - this evolution reiterates our commitment to promoting diversity and inclusion in the Company. We also reached the 15th place of the best companies to work for in Rio de Janeiro in the award held by Great Place to Work (GPTW). As for climate change issues, we continue to develop actions to reduce the negative impacts arising from our operations. Our GHG inventory was audited for the first time and approved at the end of May, ready to be made public. In addition, we started a working group focused on studies and development of emission reduction targets, aiming to improve our greenhouse gas (GHG) emission inventory and outline a decarbonization plan, seeking to consolidate a business oriented towards sustainable development. Another initiative carried out, with the aim of influencing our customers to take a closer look at this issue, was to make the inventory of emissions from the use of our equipment available on the customer portal, giving the possibility of compensation.



Transformar Program Graduates. - São Luís



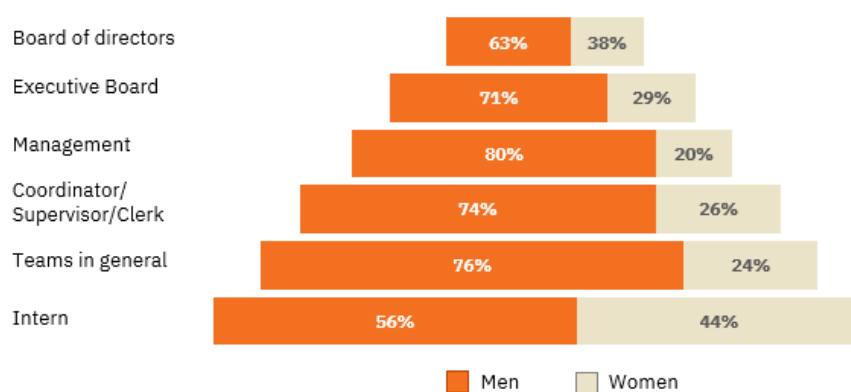
GPTW "Great Place to Work" Award- Rio de Janeiro

## Social indicators (2Q23)

Indicadores de diversidade	Men	Women	Total
Blacks *	168	61	229
Brown*	551	179	730
Caucasian/White*	732	273	1,005
Asian/Yellow*	12	9	21
Indigenous*	3	1	4
Not informed	37	8	45
<b>TOTAL</b>	<b>1,503</b>	<b>531</b>	<b>2,034</b>
People with disabilities	7	2	9
Refugees	16	0	16
Average age (years)	34	31	-
Average time with the company (years)	4	3	-

\* Informed by self-declaration

## Gender distribution by hierarchical level (2Q23)



Qualitative and quantitative information was not audited by the independent auditors

## Environmental indicators (1S23)

**3,329 m<sup>3</sup>**

average monthly water consumption at branches.

**1.5 m<sup>3</sup> per month**

average water consumption per Employee.

**239,961kWh**

average monthly energy consumption,.

**119.5 kW/month**

relative average consumption per employee.

**1,109 tons**

of total waste disposal in 1S23.

**594 tons**

destined for recycling in 1S23.

# 14. Tables

## Consolidated data in R\$ million

**Table 1 - Rental net revenue per product**

R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Total Rental Net Revenue</b>	<b>247.6</b>	<b>324.7</b>	<b>338.0</b>	<b>480.7</b>	<b>662.7</b>	<b>36.5%</b>	<b>4.1%</b>	<b>37.9%</b>
Rental (Combined)	215.5	261.0	280.5	417.9	541.5	30.2%	7.5%	29.6%
Formwork and Shoring	32.1	63.7	57.5	62.8	121.2	79.0%	-9.7%	92.9%

Information not audited by the independent auditors.

**Table 2 - Cost of products and services sold (COGS) and Operating, general and administrative expenses (SG&A), ex. depreciation**

R\$ million	2Q22	%	1Q23	%	2Q23	%	6M22	%	6M23	%
<b>COGS total, ex-depreciation</b>	<b>-66.4</b>	<b>48.8%</b>	<b>-78.5</b>	<b>48.1%</b>	<b>-80.7</b>	<b>46.5%</b>	<b>-144.1</b>	<b>49.9%</b>	<b>-159.2</b>	<b>47.2%</b>
Rental costs (maintenance, personnel, warehouses, etc) <sup>1</sup>	-61.2	45.0%	-70.2	42.9%	-74.7	43.1%	-136.0	47.0%	-144.9	43.0%
Costs of sales of new equipment	-4.9	3.6%	-5.5	3.4%	-3.9	2.3%	-7.1	2.5%	-9.4	2.8%
Costs of sales of semi new equipment	-0.9	0.7%	-2.6	1.6%	-2.0	1.2%	-1.5	0.5%	-4.7	1.4%
Cost of scrap sale	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Costs of indemnity	0.7	-0.5%	-0.2	0.1%	0.1	0.0%	0.5	-0.2%	-0.1	0.0%
<b>SG&amp;A, ex-depreciation and ECL</b>	<b>-63.3</b>	<b>46.5%</b>	<b>-77.8</b>	<b>47.6%</b>	<b>-85.1</b>	<b>49.0%</b>	<b>-130.5</b>	<b>45.2%</b>	<b>-162.9</b>	<b>48.3%</b>
Commercial, Operational and Administrative	-46.0	33.8%	-60.9	37.3%	-67.8	39.1%	-91.9	31.8%	-128.7	38.2%
General Services	-7.0	5.1%	-8.1	5.0%	-8.3	4.8%	-13.5	4.7%	-16.4	4.9%
Other expenses	-10.3	7.6%	-8.8	5.4%	-9.0	5.2%	-25.1	8.7%	-17.8	5.3%
<b>ECL</b>	<b>-6.4</b>	<b>4.7%</b>	<b>-7.1</b>	<b>4.4%</b>	<b>-7.7</b>	<b>4.5%</b>	<b>-14.4</b>	<b>5.0%</b>	<b>-14.9</b>	<b>4.4%</b>
<b>COGS + SG&amp;A Total</b>	<b>-136.1</b>	<b>100.0%</b>	<b>-163.4</b>	<b>100.0%</b>	<b>-173.5</b>	<b>100.0%</b>	<b>-289.1</b>	<b>100.0%</b>	<b>-336.9</b>	<b>100.0%</b>

<sup>1</sup> Information not audited by the independent auditors.

**Table 3 - Reconciliation of Adjusted EBITDA**

R\$ million	2Q22	1Q23	2Q23	2021	2022	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Results of Operations</b>	<b>63.2</b>	<b>66.4</b>	<b>64.1</b>	<b>104.0</b>	<b>130.5</b>	<b>1.4%</b>	<b>-3.4%</b>	<b>25.4%</b>
Income tax and social contribution expenses	-2.9	-28.4	-24.4	-25.7	-52.8	754.9%	13.9%	105.5%
<b>Profit (Loss) before Income tax and social contribution</b>	<b>66.0</b>	<b>94.7</b>	<b>88.5</b>	<b>129.7</b>	<b>183.3</b>	<b>34.0%</b>	<b>-6.6%</b>	<b>41.3%</b>
Financial Result	-2.5	-14.3	-20.2	-4.6	-34.4	-710.1%	-41.3%	649.5%
Depreciation	-43.0	-52.3	-55.9	-82.2	108.1	-30.0%	-6.7%	31.6%
<b>CVM EBITDA<sup>1</sup></b>	<b>111.5</b>	<b>161.3</b>	<b>164.6</b>	<b>216.5</b>	<b>325.9</b>	<b>47.6%</b>	<b>2.1%</b>	<b>50.6%</b>
Non-recurring items	-6.4	-1.6	-3.3	-13.8	-4.9	-48.4%	-105.8%	-64.5%
<b>Adjusted EBITDA (ex-non-recurring items and IFRS16 impact)</b>	<b>117.9</b>	<b>162.9</b>	<b>167.9</b>	<b>230.3</b>	<b>330.8</b>	<b>42.4%</b>	<b>3.1%</b>	<b>43.7%</b>



# 14. Tables

## Consolidated data in R\$ million

**Table 4 - Reconciliation of EBITDA with Adjusted Operating Cash Flow**

Consolidated in R\$ million	2Q23	6M23
<b>EBITDA CVM</b>	<b>164.6</b>	<b>325.9</b>
<b>Non cash items</b>	<b>22.9</b>	<b>36.2</b>
Provision for tax, civil and labor risks	1.4	0.7
Accrued expenses on stock options	5.4	8.4
Post Employment Benefits	0.3	0.6
Residual value of property, plant and equipment and intangible assets sold and written off	2.0	5.1
Provision (reversal) for impairment loss on trade receivables	7.4	14.5
Provision (reversal) for slow-moving inventories	2.7	3.5
Provision for Profit Sharing	5.6	11.6
Other provisions	-1.8	-8.2
<b>EBITDA ex-non cash provisions</b>	<b>187.5</b>	<b>362.2</b>
<b>Cash</b>	<b>-251.9</b>	<b>-638.5</b>
Interest and monetary and exchange gains and losses (cash)	16.6	41.0
Trade receivables	-24.1	-35.5
Acquisitions of rental equipment	-71.9	-380.1
Inventories	-1.4	-0.1
Taxes recoverable	-3.4	-30.6
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	-6.2	-7.6
Other assets	3.1	-3.3
Suppliers	-82.1	-99.9
Payroll and related taxes	-0.8	0.0
Taxes payable	2.5	2.7
Other liabilities	0.1	-0.3
Profit participation to pay	-26.4	-26.4
Paid income and social contribution taxes	-9.3	-30.9
Law suits settled	-0.8	-1.5
Interest paid	-47.7	-65.8
<b>Cash flows from operating activities according to the financial statements</b>	<b>-64.5</b>	<b>-276.3</b>
Interest and monetary and exchange gains and losses (cash)	-16.5	-41.0
Acquisitions of rental equipment (Gross of PIS COFINS)	71.4	389.0
Interest paid	47.7	65.8
Leasing IFRS16	-10.2	-20.2
<b>Adjusted Operating Cash Flow</b>	<b>27.9</b>	<b>117.3</b>



# 15. Income Statement

Consolidated data in R\$ million

R\$ million	2Q22	1Q23	2Q23	6M22	6M23	2Q23/2Q22	2Q23/1Q23	6M23/6M22
<b>Gross Revenue</b>	<b>294.2</b>	<b>374.5</b>	<b>384.6</b>	<b>565.7</b>	<b>759.2</b>	<b>30.7%</b>	<b>2.7%</b>	<b>34.2%</b>
Net revenue from sales and services	247.6	324.7	338.0	482.7	662.7	36.5%	4.1%	37.3%
Cost of products sold and services rendered	-97.7	-114.4	-120.7	-181.3	-235.1	23.5%	5.5%	29.6%
<b>Gross Profit</b>	<b>149.9</b>	<b>210.3</b>	<b>217.3</b>	<b>301.4</b>	<b>427.7</b>	<b>44.9%</b>	<b>3.3%</b>	<b>41.9%</b>
Selling, general and administrative expenses	-75.5	-96.7	-102.4	-153.3	-199.1	35.7%	5.8%	29.9%
ECL	-6.4	-7.1	-7.7	-14.4	-14.9	21.1%	9.0%	3.1%
Other revenues	0.5	2.6	1.5	0.6	4.1	222.4%	-41.2%	533.7%
<b>Profit before Financial Result</b>	<b>68.5</b>	<b>109.0</b>	<b>108.7</b>	<b>134.3</b>	<b>217.7</b>	<b>58.6%</b>	<b>-0.3%</b>	<b>62.1%</b>
Financial expenses	-20.6	-41.6	-38.3	-29.6	-80.0	86.1%	-7.9%	170.1%
Financial revenues	18.1	27.4	18.2	25.0	45.5	0.3%	-33.6%	82.0%
<b>Financial result</b>	<b>-2.5</b>	<b>-14.2</b>	<b>-20.2</b>	<b>-4.6</b>	<b>-34.4</b>	<b>710.1%</b>	<b>41.7%</b>	<b>648.6%</b>
<b>Profit before taxes</b>	<b>66.0</b>	<b>94.8</b>	<b>88.5</b>	<b>129.7</b>	<b>183.3</b>	<b>34.0%</b>	<b>-6.6%</b>	<b>41.3%</b>
Income tax and social contribution	-2.9	-28.4	-24.4	-25.7	-52.8	754.9%	-13.9%	105.5%
<b>Net income (</b>	<b>63.2</b>	<b>66.4</b>	<b>64.1</b>	<b>104.0</b>	<b>130.5</b>	<b>1.4%</b>	<b>-3.5%</b>	<b>25.5%</b>



# 16. Balance Sheet

Consolidated data in R\$ million

In R\$ million	2Q22	1Q23	2Q23
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	450.9	530.9	514.0
Restricted bank deposits	18.7	8.7	9.0
Trade receivables	200.6	251.7	268.5
Inventories	74.6	73.1	71.8
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	23.7	17.6	24.0
Taxes recoverable	12.6	21.3	20.3
Advances to suppliers	8.0	10.4	5.8
Derivative financial instruments	10.7	0.0	0.1
Assets held for sale	6.1	10.5	11.9
<b>Sub total</b>	<b>805.9</b>	<b>924.3</b>	<b>925.4</b>
Assets held for sale	19.5	18.9	18.9
<b>Total Current Assets</b>	<b>825.4</b>	<b>943.2</b>	<b>944.3</b>
<b>Non-current Assets</b>			
Deferred taxes - IRPJ and CSLL	281.5	258.2	244.5
Taxes recoverable	0.0	48.5	52.7
Judicial deposits	12.2	12.4	12.5
Other assets	0.2	0.2	0.2
<b>Sub total</b>	<b>293.9</b>	<b>319.2</b>	<b>309.9</b>
Property, plant and equipment	511.9	1,190.0	1,211.1
Intangible assets	192.4	188.0	192.1
	704.3	1,378.0	1,403.2
<b>Total Non-current Assets</b>	<b>998.2</b>	<b>1,697.2</b>	<b>1,713.1</b>
<b>Total Assets</b>	<b>1,823.6</b>	<b>2,640.4</b>	<b>2,657.4</b>

# 16. Balance Sheet

Consolidated data in R\$ million

In R\$ million	2Q22	1Q23	2Q23
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	80.7	192.3	111.7
Trade payables - acquisition of subsidiary	0.0	0.5	2.7
Borrowings and financing	4.1	32.0	30.5
Right of Use to lease (IFRS 16)	19.0	30.2	30.1
Derivative financial instruments	-	-	0,2
Debentures	57.6	64.6	72.1
Income tax and social contribution	31.4	38.1	37.3
Payroll and related taxes	3.0	2.8	6.6
Tax debt refinancing program (REFIS)	1.5	1.6	1.5
Taxes payable	6.7	10.2	10.7
Profit sharing payable	8.3	33.2	12.4
Dividends and interest on equity payable	0.0	18.1	16.8
Other liabilities	0.8	0.8	1.0
<b>Total Current Liabilities</b>	<b>213.3</b>	<b>424.4</b>	<b>333.5</b>
<b>Non Current Liabilities</b>			
Trade payables	17.6	10.8	8.1
Trade payables - acquisition of subsidiary	-	23.7	21.7
Borrowings and financing	1.6	22.4	116.5
Right of Use to lease (IFRS 16)	39.5	64.3	61.5
Debentures	361.5	762.7	734.4
Tax debt refinancing program (REFIS)	1.6	0.5	0.1
Provision for tax, civil and labor risks	17.3	17.0	17.5
Taxes payable	11.1	11.8	12.0
Provision for post-employment benefits	9.4	11.6	11.9
Other liabilities	1.5	1.0	0.9
<b>Total non-current Liabilities</b>	<b>461.1</b>	<b>925.7</b>	<b>984.7</b>
<b>Total Liabilities</b>	<b>674.4</b>	<b>1,350.1</b>	<b>1,318.2</b>
<b>Equity</b>			
Share capital	1,091.1	1,091.6	1,091.6
Capital reserves	14.7	4.5	9.9
Cost of share emission	-18,4	-	-
Earnings reserves	44.4	203.6	196.2
Treasury shares	-50.8	-41.5	-36.2
Equity adjustments	-10.0	-18.0	-18.0
Accumulated losses	76.0	48.0	93.7
<b>Sub total</b>	<b>1,147.0</b>	<b>1,288.2</b>	<b>1,337.1</b>
Non-controlling shareholders	2.3	2.1	2.2
<b>Total Equity</b>	<b>1149,2</b>	<b>1290,3</b>	<b>1339,2</b>
<b>Total Liabilities and Equity</b>	<b>1,823.6</b>	<b>2,640.4</b>	<b>2,657.4</b>

# 17. Cash flow

## Consolidated data in R\$ million

in R\$ million	2Q22	3Q22	4Q22	1Q23	2Q23
<b>Cash flows from operating activities</b>					
<b>Profit for the year</b>	<b>63.2</b>	<b>64.9</b>	<b>47.5</b>	<b>66.4</b>	<b>64.1</b>
<b>Non cash adjustments:</b>	<b>79.1</b>	<b>70.9</b>	<b>121.8</b>	<b>114.6</b>	<b>129.1</b>
Depreciation and amortization	43.0	48.2	37.2	52.3	55.9
Deferred income and social contribution taxes	8.1	9.4	22.2	10.1	13.7
Provision (reversal) for tax, civil and labor risks	-2.8	-3.0	-0.4	-0.7	1.4
Accrued expenses on stock options	1.1	1.9	8.2	3.0	5.4
Post-employment benefit	0.2	0.2	0.2	0.3	0.3
Residual value of property, plant and equipment and intangible assets sold and written off	0.0	1.6	6.1	3.1	2.0
Interest and monetary exchange gains and losses, net	16.7	13.1	19.7	36.5	34.6
Leasing interest	1.3	1.8	2.1	2.2	2.1
Provision (reversal) for impairment loss on trade receivables	6.4	4.9	7.0	7.1	7.4
Provision (reversal) for impairment and fair value	0.0	0.0	0.3	0.0	0.0
Provision (reversal) for slow-moving inventories	-0.5	0.5	0.2	0.8	2.7
Provision for Profit Sharing	4.0	6.3	12.6	6.1	5.6
Result of advantageous purchase on investment	0.0	-10.4	1.9	0.0	0.0
Other provisions	1.6	-3.6	4.3	-6.4	-1.9
<b>Variations on assets and liabilities:</b>	<b>-66.3</b>	<b>-92.6</b>	<b>-69.6</b>	<b>-352.4</b>	<b>-199.8</b>
Trade receivables	-27.0	-27.1	-33.1	-11.3	-24.1
Acquisitions of rental equipment	-39.9	-91.1	-210.0	-308.2	-71.9
Acquisition of leased assets through capital reduction in subsidiary	0.0	0.0	12.6	0.0	0.0
Inventories	-1.5	-2.8	2.5	1.3	-1.4
Inventory acquisitions through capital reduction subsidiary	0.0	0.0	0.3	0.0	0.0
Taxes recoverable	-5.8	-3.0	-27.1	-27.2	-3.4
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	-14.9	-0.5	8.0	-1.4	-6.2
Judicial deposits	-1.1	0.6	-0.5	0.0	0.0
Other assets	-0.5	2.6	-2.6	-6.4	3.1
Suppliers	29.3	15.1	138.4	-17.8	-82.1
Trade payables	0.0	-10.0	12.0	0.0	0.0
Payroll and related taxes	3.4	7.9	-2.2	0.8	-0.8
Profit Sharing	-13.5	0.0	0.0	-0.1	-26.4
Taxes payable	5.4	15.3	32.5	18.4	13.3
Other liabilities	-0.2	0.3	0.0	-0.4	0.1
<b>Paid income and social contribution taxes</b>	<b>-14.7</b>	<b>-11.6</b>	<b>-30.0</b>	<b>-21.6</b>	<b>-9.3</b>
<b>Lawsuits settled</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.1</b>	<b>-0.7</b>	<b>-0.8</b>
<b>Interest paid</b>	<b>-14.0</b>	<b>-17.7</b>	<b>-17.8</b>	<b>-18.1</b>	<b>-47.7</b>
<b>Net cash from operating activities</b>	<b>46.1</b>	<b>12.7</b>	<b>38.2</b>	<b>-211.8</b>	<b>-64.5</b>

# 17. Cash flow

## Consolidated data in R\$ million

in R\$ million	2Q22	3Q22	4Q22	1Q23	2Q23
<b>Cash flow from investing activities</b>					
Acquisition of subsidiary	-19.1	-26.4	0.6	0.0	0.0
Capital contribution in subsidiary	0.0	-43.6	-18.4	0.0	0.0
Acquisition of PP&E for own use and intangible assets	-11.8	-17.3	-23.2	-16.8	-9.7
<b>Net cash generated by (used in) investing activities</b>	<b>-29,1</b>	<b>-82,3</b>	<b>-41,0</b>	<b>-16,8</b>	<b>-9,7</b>
<b>Cash flow from financing activities</b>					
Leasing (IFRS 16)	-6.1	-8.0	-9.3	-10.0	-10.2
Capital increase	0.8	44.1	18.4	0.0	0.0
Restricted bank deposits	-6.7	-0.5	3.2	7.3	-0.3
Funding (costs) of borrowing and debentures	0.2	5.0	425.0	0.0	100.0
Amortization of borrowing and debentures	-11.6	-15.7	-20.6	-17.9	-14.3
Acquisition of treasury shares	-26.8	4.5	-17.3	0.0	0.0
Interest on equity paid	-19.8	-12.4	-14.0	0.0	-16.8
Dividends paid	-12.8	0.0	0.0	0.0	-1.2
<b>Net cash generated by (used in) financing activities</b>	<b>-82.8</b>	<b>16.9</b>	<b>385.3</b>	<b>-20.5</b>	<b>57.2</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-65.8</b>	<b>-52.7</b>	<b>382.5</b>	<b>-249.2</b>	<b>-17.0</b>
Cash and cash equivalents at the beginning of the period	516.8	450.9	397.6	780.1	530.9
Cash and cash equivalents at the end of the period	450.9	397.6	780.1	530.9	514.0
Net increase/(decrease) in cash and cash equivalents	-67.3	-53.7	382.5	-249.2	-17.0
<b>Operating cash flow</b>					
Interest paid	14.0	17.7	17.8	18.1	47.7
Acquisition of rental equipment (Gross of PIS COFINS)	39.9	91.1	210.0	317.6	71.4
Interest and monetary exchange net gains and losses (cash)	-15.5	-15.6	-13.9	-24.4	-16.5
Leasing (IFRS 16)	-6.1	-8.0	-9.3	-10.0	-10.2
<b>Adjusted Operating Cash Flow</b>	<b>78.3</b>	<b>97.9</b>	<b>242.7</b>	<b>89.5</b>	<b>27.9</b>





## 18. MILS3 History

Mills common shares are traded on B3's Novo Mercado under ticker MILS3.

IBOVESPA and Small Caps index increased 19.8% between June 30, 2022, and June 30, 2023. The closing price of Mills' shares on June 30, 2023, was R\$11.27, up 92.6% as compared to the closing price for the same period in 2022. At the end of 2Q23, Mills market cap amounted to R\$ 2,775.9 million.

As a way of also maximizing the return to its shareholders and in the context of the 3rd Share Buyback Plan announced in March 2022, 5.4 million shares have been repurchased since April 1, 2022, with a remaining balance of 9.6 million shares that can be repurchased up to September 2023.

MILS3 Performance	2Q22	1Q23	2Q23	2Q23/2Q22	2Q23/1Q23
<b>Share final price (R\$)</b>	<b>5.85</b>	<b>9.69</b>	<b>11.27</b>	<b>92.6%</b>	<b>16.3%</b>
Maximum <sup>1</sup>	8.18	11.59	12.08	47.7%	4.2%
Minumum <sup>1</sup>	5.85	9.02	8.42	43.9%	-6.7%
Average <sup>1</sup>	7.15	10.39	10.22	42.9%	-1.6%
<b>Market value final of period (R\$ million)</b>	<b>1,440.2</b>	<b>2,386.7</b>	<b>2,775.9</b>	<b>92.7%</b>	<b>16.3%</b>
<b>Daily average negotiated volume (R\$ million)</b>	<b>8.03</b>	<b>11.41</b>	<b>11.45</b>	42.6%	0.3%
<b>Number os shares (million)</b>	<b>246.18</b>	<b>246.31</b>	<b>246.31</b>	<b>0.1%</b>	<b>0.0%</b>





## 19. Glossary

- (a) Write-off of Assets - linked to the revenue from Indemnities, this amount is the cost of writing off the indemnified asset in our property, plant and equipment.
- (b) Capex (Capital Expenditure) - Acquisition of tangible and intangible assets for non-current assets.
- (c) Invested capital - For the company, invested capital is defined as the sum of equity (net equity) plus third party capital (including all onerous, bank and non-bank debts), both being the average values in the period. By business segment, it is the average amount of the company's invested capital in the period, weighted by average assets of each business segment (net current capital plus fixed assets). The asset base for the year is calculated as the average of the asset base for the last twelve months.
- (d) Adjusted Operational Cash Flow - based on the Company's Consolidated Financial Statements, net cash provided by operating activities, excluding interest and inflation adjustments in net assets and liabilities, acquisitions of property, plant and equipment for rental and interest paid;
- (e) Rental cost (maintenance, personnel, deposits, etc.) - includes: (i) personnel for the supervision of works and technical assistance; (ii) personnel for the assembly and disassembly of material, when performed by Mills own workforce; (iii) equipment transportation freight, when under Mills responsibility; (iv) cost of materials used in maintenance of equipment; and (v) rental of equipment from third parties.
- (f) Cost of sales - cost of selling new products is linked to revenue from new sales. The cost of sales of used equipment is linked to the revenue from sales of used equipment and is equivalent to the write-off of these fixed assets (residual cost).
- (g) General and administrative expenses - (i) Commercial, Operational and Administrative SG&A includes current expenses, such as salaries, benefits, travel, representations, from the various departments, including Commercial, Marketing, Engineering and administrative back office departments, such as HR and Finance; (ii) General Services encompasses equity expenses of the head office and several branches (mainly rents, fees, security and cleaning); and (iii) Other expenses are mostly non-cash items, such as provisions for stock option programs, provisions for contingencies, provisions for slow-moving inventories and some non-permanent disbursements.
- (h) Net debt - Gross debt less cash and cash equivalents.
- (i) EBITDA - EBITDA is a non-accounting measurement prepared by the Company, reconciled with our financial statements, subject to the provisions of CVM/SEP Annual Circular Letter, when applicable. We calculate our EBITDA as our operating earnings before financial result, the effects of depreciation of assets in use and rental equipment and the amortization of intangible assets. EBITDA is a measure not recognized by the Accounting Practices Adopted in Brazil, IFRS or US GAAP, it does not have a standard meaning and may not be comparable to measures with similar securities provided by other companies. We disclose EBITDA as we use it to measure our performance. EBITDA shall not be considered on a standalone basis or as a substitute for net income or operating profit, as indicators of operating performance or cash flow or to measure liquidity or the ability to pay debts.

This press release may include statements that present expectations of the Company's Management about future events or results. All statements, when based on future expectations and not on historical facts, involve various risks and uncertainties. Mills is not able to ensure that such statements will prove to be correct. Such risks and uncertainties include factors related to the Brazilian economy, the capital market, the sectors of infrastructure, real estate, oil and gas, among others, and government rules, which are subject to change without prior notice. For additional information on factors that may give rise to results other than those estimated by the Company, please see reports filed with Brazilian Securities and Exchange Commission - CVM.

