

MANAGEMENT REPORT 2023



1. Management Comments

Rio de Janeiro, March 19th, 2024 - Mills Locação, Serviços e Logística S.A. (Mills) announces its results for the fourth quarter and fiscal year 2023.

2023 was another year of growth for Mills, which posted strong operating results in all its business units. Mills achieved record net revenue of R\$1.4 billion, annual growth of 25%, with margin expansion. We proved our investment thesis in the Heavy Rental market, bringing greater diversification, cash flow predictability and a new avenue of growth for the company. We will quadruple our Heavy fleet by 2023 and today we are already positioned as one of the largest yellow line lessors in Brazil.

Our strategy is focused on seeking the best experience for our customers through innovative solutions and differentiated service. Efficiency in service, seeking quality service, safety, reliability, and the availability of a *premium* fleet bring results to customers and to Mills, which generated R\$444 million in adjusted operating cash flow in the year. In 2023, we recorded Adjusted EBITDA of R\$701 million, with a margin of 51%.

The investment of approximately R\$600 million made over the course of 2023 was directed towards the company's growth. We invested mainly in the purchase of assets in Heavy Rental to support the significant growth we have seen in this segment over the last year. We renewed all the pre-existing contracts of Triengel, a company acquired in our entry movement, with an increase in scope, and closed important contracts mainly through cross-selling with customers from the other business units.

Our constant search for excellence and long-term relationships, together with our base of more than 10,000 customers, are differentiating factors in offering our portfolio of products and services and increasing our share of wallet.

The combination of businesses in various segments and greater exposure to long-term contracts mitigate possible fluctuations in economic cycles, whether due to the region of the country or the sector in which we operate, as well as providing greater predictability in our cash flow.

On March 14, 2024, we were awarded the IAPA Awards 2024 as Platform Lift Rental Company of the Year. We are honored to receive this award, which is the result of the hard work and dedication of our entire team. This achievement not only reaffirms our commitment to being the best rental partner, but also our commitment to the future, safety, ethics and transparency.

Focusing on the long term is what sets us apart. Our DNA and culture sustain us as a solid company that inspires confidence through the resilience and transformation we have proven throughout our proud history since 1952.

Our consistency is also demonstrated through our ESG values and principles. We became the first company in the machinery and equipment rental sector in Brazil to commit to the SBTi (Science Based Targets initiative), an initiative that mobilizes companies to lead climate action

aimed at reducing greenhouse gas emissions. In October 2023, we won the gold seal in the Brazilian GHG Protocol program for presenting the complete and audited inventory for 2022, including the mapping of Scope 3 emissions.

Our engines are running hot for 2024 and we believe that this year will be another year of profitable growth, reinforcing our strategic positioning and competitive advantages. Our business units are structured to support Mills' progress and maximize value for all our stakeholders, bringing significant returns and solid foundations for the expansion of our business.

2023 really was an excellent year and we present our results proud of what has already been achieved, but I know that our team will not rest to make 2024 even better, because I see in every employee the desire to excel. You can count on our efforts to continue growing, delighting, and transforming **together**.

Have a good reading!

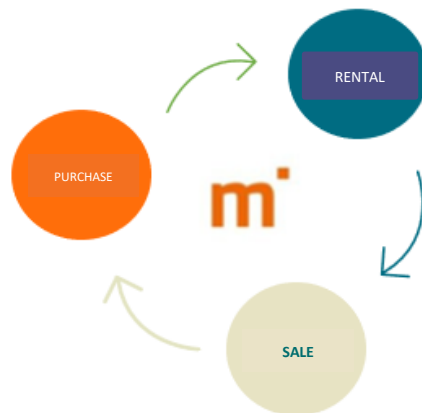
Sergio Kariya
CEO

1. General Description of the Business

Pioneer and market leader in the rental market of mobile elevating work platforms, engineering solutions for the formwork and shoring for infrastructure projects in Brazil and an important player in the Yellow Line segment, Mills invests continuously to be the best rental and sales service partner for both light and heavy equipment. The company has a transformative business model which, for 71 years, has been recognized for the quality and excellence of its products, services, and operations. Mills continually seeks long-term partnerships with customers and suppliers.

We are present throughout the country, providing a closer relationship with the customer and faster service to provide the most appropriate solution for each type of challenge. The differentiated quality of the training of our team, combined with the diversified experience and domestic and international partnerships with leading companies in the market, allows us to deliver customized solutions with the most cutting-edge technology.

Our business cycle consists of optimal capital allocation and fleet management, which includes the following steps:



Purchase: Scale in equipment acquisition is a major competitive advantage and enables us to negotiate better commercial conditions with suppliers;

Rent: optimization of the utilization rate and return on invested capital, through increased operational efficiency and a diversified customer base, serving different market segments, reducing our cyclicity and seeking higher profitability;

Sell: equipment is sold on the secondary market, at the right time and at the optimal price for replacement, closing the profitability cycle.

In Rental business unit, we have a wide range of equipment such as mobile elevating work platforms, generators, air compressors and lighting towers. In the Heavy Rental business unit, our portfolio also includes several lines of equipment, such as: excavators, wheel loaders, motor graders, off-road trucks, among others. We operate in the rental and sale of equipment, as well as its parts and components, and in technical assistance for various market segments, such as industry, agrobusiness, commerce, infrastructure, services and entertainment. Always maximizing benefits and productivity.

Our Formwork and Shoring business unit basically operates in the rental and sales of formwork and shoring for high complexity jobs, with the supply of related engineering projects, supervision, and assembly option.

We have a strong reputation of providing services in a consistent, reliable and quality manner, and compliance with all technical safety standards.

We deliver the best experience for our customers, always concerned with the impact on the environment and the responsibility of bringing safety to employees and operators. With all this legacy and history, we remain committed to being an ethical, transparent and trustworthy company.

2. Dividends and Buyback Program

Pursuant to the Company's Bylaws, the shares representing the share capital will receive as a minimum mandatory dividend, in each fiscal year, 25% of the adjusted net income, discounting: i) 5% of the legal reserve; ii) Amount that may be allocated to build up a reserve for contingencies and reversal of the same reserves set in previous years. A portion of net income may also be retained based on a capital budget from other statutory profit reserves.

The amount to be effectively distributed is approved at the Annual Shareholders' Meeting (AGO) which approves the management accounts for the previous year, based on the proposal submitted by the Executive Board and approved by the Board of Directors. Dividends are distributed as decided by the AGO, held in the first four months of each year. The Company's Bylaws also allow distribution of interim and intermediate dividends, which may be included in the mandatory dividend.

Four interim distributions were made in the year, totaling R\$ 70.7 million in IoE approved and paid for the year 2023:

- At the Company's Board of Directors' Meeting held on March 28, 2023, the members of the Board of Directors approved the payment of interest on equity in the total amount of R\$ 18.4 million, related to the results for the first quarter of 2023. The announced amount was paid on April 27, 2023 *ad referendum* of the Annual Shareholders' Meeting.
- At the Company's Board of Directors' Meeting held on June 21, 2023, the members of the Board of Directors approved the payment of interest on equity in the total amount of R\$ 18.3 million, related to the results for the second quarter of 2023. The announced amount was paid on July 14, 2023, *ad referendum* of the Annual Shareholders' Meeting.
- At the Company's Board of Directors' Meeting held on September 21, 2023 the members of the Board of Directors approved the payment of interest on equity in the total amount of R\$ 16.7 million, related to the results for the third quarter of 2023. The announced amount was paid on October 27, 2023 *ad referendum* of the Annual Shareholders' Meeting.
- At the Company's Board of Directors' Meeting held on December 21, 2023 the members of the Board of Directors approved the payment of interest on equity in the total amount of R\$ 17.1 million, related to fiscal year 2023. The announced amount was paid on January 19, 2024 *ad referendum* of the Annual Shareholders' Meeting.

On March 18, 2022, the Company's Board of Directors approved the third Share Buyback Program, with a term for carrying out the transaction up to September 23, 2023. During this period, the acquisition of up to 14,917,035 common shares was authorized, representing approximately 6.06% of the total number of outstanding shares on the date of the

announcement.

From the creation of the program until September 22, 2023, the Company repurchased 5,355,420 common shares issued by it, equivalent to 2.2% of the Company's current share capital, acquired on the Stock Exchange at market price.

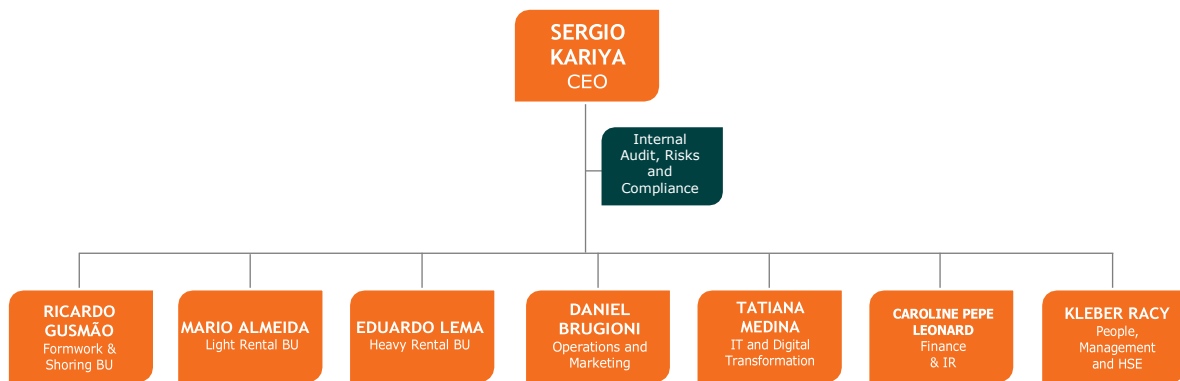
On March 19, 2024, the Company announced the 4th share buyback program in which up to 7,874,016 shares may be purchased, which corresponds to 3.20% of the total number of shares on this date. The maximum period for carrying out the operation is 18 months.

The shares acquired based on the Buyback Program will be held in treasury, with the purpose of using: (i) for the Company's Long-Term Incentive Programs, (ii) as a trading instrument with potential targets (M&A) and/or (iii) for cancellation of part of the repurchased shares to maximize the value creation for shareholders and improve the Company's capital structure.

3. Organizational structure

The Executive Board is represented by experienced professionals who strongly contribute to the Company's success, as shown in the organization chart below. Our CEO, Sérgio Kariya, has more than 24 years of experience, 15 years of which within Mills.

The organizational structure as of December 31, 2023 is as follows:



4. Consolidated Operating and Financial Performance

- Record total consolidated Gross Revenue of R\$ 1,510.0 million in 2023, 25.2% higher than 2022;
- Record consolidated EBITDA of R\$ 700.8 million in 2023, with 50.9% margin;
- Net profit of R\$ 278.2 million in 2023, 70.4% higher than 2022 with a net margin of 20.2%;

R\$ million	2022 (A)	2023 (B)	(B)/(A)	(B)-(A)
Gross Revenue	1,206.1	1,510.0	25.2%	303.9
Net revenue from sales and services	1,092.1	1,377.8	26.2%	285.7
Cost of sales and services	(397.0)	(489.9)	23.4%	(92.9)
Gross profit	695.1	887.8	27.7%	192.7
Selling, general and administrative expenses	(355.4)	(397.8)	11.9%	(42.4)
Allowance for expected credit losses - ECL	(26.3)	(27.0)	2.7%	(0.7)
Reversal (provision) for impairment and fair value	(0.3)	-	-100.0%	0.3
Other revenues	9.2	6.2	-31.8%	(2.9)
Profit before financial result	322.2	469.2	45.6%	147.0
Financial result	(11.9)	(77.2)	548.6%	(65.3)
Profit before income tax and social contribution	310.3	392.1	26.3%	81.7
Current income tax and social contribution	(50.8)	(69.5)	36.7%	(18.6)
Deferred income tax and social contribution	(43.1)	(44.4)	3.1%	(1.3)
Net profit	216.5	278.2	28.5%	61.8
EBITDA CVM	489.8	689.7	40.8%	199.8
EBITDA CVM Margin (%)	44.9%	50.1%	11.6%	
Adjusted¹ EBITDA	512.6	700.8	36.7%	188.2
Adjusted ⁴ EBITDA Margin(%)	46.9%	50.9%	8.4%	
Adjusted Operating Cash Flow²	487.5	444.1	-8.9%	(43.4)
Adjusted Free Cash Flow to the Firm²	(40.8)	(154.2)	-	-

¹ Excluding non-recurring items. Unaudited information.

³ Excluding cash flow from investing activities and acquisition of rental goods. Unaudited information.

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

6. Rental

R\$ million	2022	2023	2023/2022
Gross Revenue	1,027.7	1,260.9	22,7%
Total Net Revenues	941.4	1,147.1	21.8%
Rental	860.0	1,047.2	21.8%
Sales	64.7	81,9	26,5%
Other	16,7	18,0	8,2%
Total COGS. ex-depreciation	-240,8	-289,1	20,1%
Rental	-217,2	-266,6	22,8%
Sales	-23,5	-22,5	-4,5%
Other	-0,1	0,0	-77,1%
Gross Profit. ex-depreciation	700,6	858,0	22,5%
<i>Gross Margin</i>	<i>74,4%</i>	<i>74,8%</i>	<i>0,4 p.p.</i>
<i>Gross Margin - Rental</i>	<i>74,7%</i>	<i>74,5%</i>	<i>-0.2 p.p.</i>
<i>Gross Margin - Sales</i>	<i>63.6%</i>	<i>72.5%</i>	<i>8.9 p.p.</i>
SG&A. ex. depreciation and ECL	-252.0	-287.5	14.1%
Expenses	-232.8	-278.7	19.7%
Non-recurring items	-19.1	-8.8	-54.1%
ECL	-16.8	-19.8	18.4%
EBIT	299.3	357.8	19.5%
<i>EBIT Margin (%)</i>	<i>31.8%</i>	<i>31.2%</i>	<i>-0.6 p.p.</i>
EBITDA CVM¹	431.9	550.6	27.5%
<i>EBITDA CVM Margin (%)</i>	<i>45.9%</i>	<i>48.0%</i>	<i>4.6%</i>
Adjusted EBITDA¹	451.0	559.4	24.0%
<i>EBITDA Margin (%)</i>	<i>47.9%</i>	<i>48.8%</i>	<i>0.9 p.p.</i>
Depreciation	-132.6	-192.8	45.4%

¹ Excluding non-recurring items. Unaudited information.

Net revenue for Rental business unit showed 21.8% growth versus the previous year, or R\$ 205.7 million and rental revenue accounted for 91.0% of this increase. The main factors that led to this growth were: (i) the entry into the yellow line sector in September 2022 and the growth in Heavy segment during the period; and (ii) the increase in Light segment rental revenue as a result of the better equipment mix.

Sales revenue reached R\$ 81.9 million in 2023, representing 26.5% increase versus the previous year. The increase is a result of the higher sales volume of used equipment in the period and reflects the strategy of fleet adjustment in Light segment.

In 2023, costs (excluding depreciation) in Rental Unit reached R\$ 289.1 million, 20.1% higher versus 2022 and below the growth in net revenue in the period. Gross margin ex-depreciation increased from 74.4% in 2022 to 74.8% in 2023, reflecting the maintenance of the Company's operational efficiency.

The increase in costs was mainly due to the entry into the Yellow Line in September 2022 and the growth in Heavy segment over the period.

In 2023 expenses (ex-depreciation, non-recurring and ECL) amounted to R\$ 278.5 million, a 19.7% growth in the same period, mainly explained by the entry and structuring of the Heavy segment.

In the year, ECL increased R\$ 3.1 million, representing 1.7% of Rental net revenue at the end of 2023, versus 1.8% of net revenue in 2022.

In 2023, Adjusted EBITDA reached R\$ 559.4 million with 48.8% margin, 24.0% growth compared to 2022.

7. Formwork and Shoring

R\$ million	2022	2023	2023/2022
Gross Revenue	166,7	249,0	49,4%
Total Net Revenues	150,7	230,7	53,1%
Rental	135,9	192,2	41,4%
Sales	1,7	11,0	526,9%
Other	13,0	27,5	111,7%
Total COGS. ex-depreciation	-40,1	-44,9	11,8%
Rental	-40,1	-44,1	10,0%
Sales	-0,5	-0,8	59,4%
Other	0,5	0,0	-89,6%
Gross Profit. ex-depreciation	110,6	185,8	68,1%
<i>Gross Margin</i>	<i>73,4%</i>	<i>80,6%</i>	<i>7,2 p.p.</i>
<i>Gross Margin - Rental</i>	<i>70,5%</i>	<i>77,1%</i>	<i>6,5 p.p.</i>
<i>Gross Margin - Sales</i>	<i>71,5%</i>	<i>92,8%</i>	<i>21,2 p.p.</i>
SG&A. ex. depreciation and ECL	-41,9	-38,6	-7,9%
Expenses	-39,4	-37,7	-4,3%
Non-recurring items	-2,5	-0,9	-64,0%
ECL	-9,7	-7,2	-25,9%
EBIT	23,9	112,3	370,7%
<i>EBIT Margin (%)</i>	<i>15,8%</i>	<i>48,7%</i>	<i>32,9 p.p.</i>
EBITDA CVM¹	58,9	140,0	137,6%
<i>EBITDA CVM Margin (%)</i>	<i>39,1%</i>	<i>60,7%</i>	<i>21,6 p.p.</i>
Adjusted EBITDA¹	61,5	140,9	129,3%
<i>EBITDA Margin (%)</i>	<i>40,8%</i>	<i>61,1%</i>	<i>20,3 p.p.</i>
Depreciation	-35,1	-27,7	-21,0%

¹ Excluding non-recurring items. Unaudited information.

Net revenue from the Forms and Shoring business unit reached R\$230.7 million in 2023, an increase of 53.1% on the previous year, because of better prices, reflecting greater demand from the infrastructure and civil construction segments.

The costs of the Forms and Shoring business unit, excluding depreciation, increased by 11.8% in 2023 compared to the previous year, mainly due to higher personnel costs for new projects and below the growth in net revenue in the period.

The gross margin in 2023 was 80.6% compared to 73.4% in 2022, an increase of 7.2 p.p.

Expenses (ex-depreciation, non-recurring and PCE) totaled R\$37.7 million, a decrease of 4.3% compared to 2022.

In the year there was a 25.9% drop in PCE, which at the end of 2023 represented 3.1% of net revenue compared to 6.4% of net revenue in 2022.

In 2023, Adjusted EBITDA totaled R\$140.9 million, an increase of 129.3% compared to 2022, with a margin of 61.1%, compared to 40.8% in 2022.

8. Non-recurring items

In 2023, we recorded R\$11.1 million in expenses related to non-recurring items, composed mainly of fleet readjustment and expenses with branch changes, as can be seen in the table below.

The fleet readjustment project (Fénix) is 92% complete and has recovered 743 machines to date. The project is expected to be completed by the end of 2024.

The costs of moving branches are explained by the increased demand for machinery and equipment rental in some of the existing branches, which requires adjustments and eventual changes of address in order to optimize yard space and accommodate a larger fleet.

R\$ million	2022	2023	2022/2023
Total non-recurring items	-22.6	-11.1	-50.9%
Fleet readjustment	-12.3	-2.9	-76.4%
Branch moves	-7.0	-7.4	-6.6%
M&A projects	-2.4	-0.8	-67.2%
Mills SI expenses	-1.0	0.0	0.6%

Informação não auditada.

9. EBITDA and EBITDA Margin

Consolidated data in R\$ million	2022	2023	2023/2022
Net Profit	216.4	278.2	28.5%
Income tax and social contribution	-93.9	-113.8	21.3%
Profit before income tax	310.3	392.1	26.3%
Financial Results	-11.9	-77.1	548.2%
Depreciation and Amortization	-167.6	-220.5	31.5%
EBITDA CVM	489.8	689.7	40.8%
Non-recurring	22.6	11.1	-50.9%
Adjusted EBITDA¹	512.6	700.8	36.7%

¹ Excluding non-recurring items. Unaudited information.

10. Adjusted Operating Cash Flow

R\$ million	2023
Cash flow from operating activities	
Period profit	278.2
Non-cash adjustments:	492.7
Depreciation and amortization	220.5
Deferred income tax and social contribution	44.4
Provision (reversal) for tax, civil and labor risks	-1.2
Provision for stock option expenses	16.2
Post-employment benefit	1.2
Residual value of fixed and intangible assets sold and derecognized	14.4
Net interest and monetary variation assets and liabilities	145.8
Interest on leases	8.5
Provision for expected credit losses - PCE	26.6
Provision for estimated impairment losses	-1.0
Provision (reversal) for slow-moving inventories	2.5
Provision for profit sharing	25.4
Result of advantageous purchase in investments	0.0
Others	-10.7
Changes in assets and liabilities:	-694.8
Accounts receivable	-99.0
Acquisitions of leased fixed assets	-505.8
Acquisitions of rental assets through a capital reduction in a subsidiary	0.0
Inventories	0.6
Acquisition of inventories through a capital reduction in a subsidiary	0.0
Recoverable taxes	-31.2
IRPJ and CSLL to be offset	2.3
Judicial deposits	-0.8
Other assets	-4.3
Suppliers	-104.1
Suppliers controlled acquisitions	0.0
Wages and social charges	1.4
Profit sharing	-26.4
Taxes payable	62.9
Other liabilities	9.7
Income tax and social contribution paid	-66.6
Settled lawsuits	-1.9
Interest paid	-132.1
Net cash generated from operating activities	-124.4
Cash flows from investing activities	
Acquisition of subsidiary	0.0
Capital contribution to subsidiary	0.0
Acquisition of cash resulting from the merger of a subsidiary	0.2
Acquisitions of fixed assets, assets for own use and Intangible assets	-44.6
Sale of a stake in an investment	0.0
Interest on equity received	0.0
Net cash generated by investing activities	-44.6
Cash flows from financing activities	
Leasing (IFRS16)	-40.2
Capital increase/decrease	0.0
Linked bank deposits	6.5
Raising loans and debentures	100.0
Cost of issuing shares	0.0
Repayment of loans and debentures	-75.8
Loan income	0.0
Acquisition of treasury shares	0.0
IoE paid	-53.6
Dividends paid	-1.2
Leasing	0.0
Net cash generated by financing activities	-64.3
Increase (decrease) in cash and cash equivalents, net	-233.2
Cash and cash equivalents at the beginning of the period	780.1
Cash and cash equivalents at the end of the period	546.9
Increase (decrease) in cash and cash equivalents, net	-233.2

R\$ million	2023
Operating Cash Flow¹	-124.4
Interest paid	132.1
Acquisitions of leased fixed assets	553.8
Net interest and monetary variations (cash)	-77.1
Leasing (IFRS16)	-40.2
Adjusted Operating Cash Flow¹	444.1

11. Financial Results

The financial result was negative R\$11.9 million in 2022 and negative R\$77.2 million in 2023. An increase stemming from higher gross debt after funding in December/22 and June/23, partially offset by the higher average cash position throughout 2023.

in R\$ million	2022	2023	2023/2022
Net financial result	-11.9	-77.2	548.4%
Financial income	66.5	100.5	51.2%
Financial expenses	-78.4	-177.7	126.7%

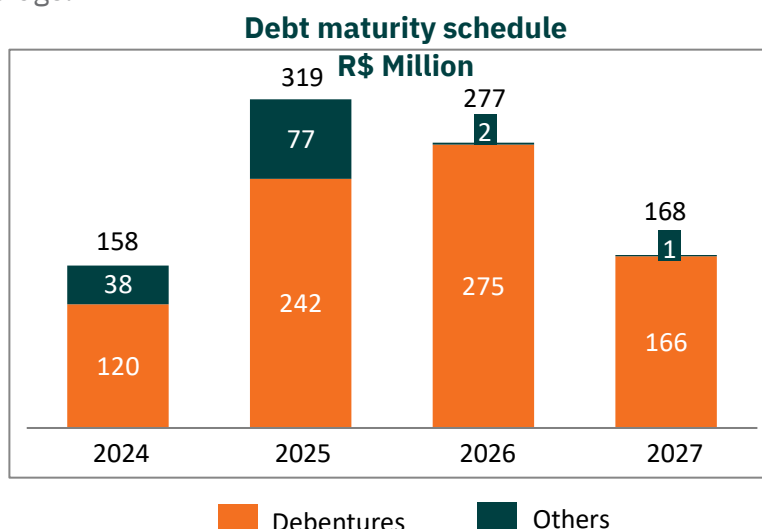
12. Indebtedness

Gross debt was R\$911.1 million in 4Q23, excluding the cost of issuing debentures in the period, 86% of which is long-term. The average repayment period for Mills' total debt is 2.3 years, at an average cost of CDI + 2.31% p.a.

The company's cash on December 31, 2023 was R\$556.4 million and its net debt was R\$354.7 million.

On December 31, 2023, Mills complied with its financial covenants considering its IFRS 16 and ex-IFRS 16 results.

Throughout 2024, the company will continue with its strategy of constantly seeking to improve its capital structure and liability management, as well as focusing on organic and inorganic growth, based on: i) strategic funding; ii) strong cash generation and iii) conscious and responsible leverage.



On December 31, 2023, Mills had a Net Debt/Adjusted EBITDA ratio of 0.5x and Net Short-Term Debt/Adjusted EBITDA of -0.7x.

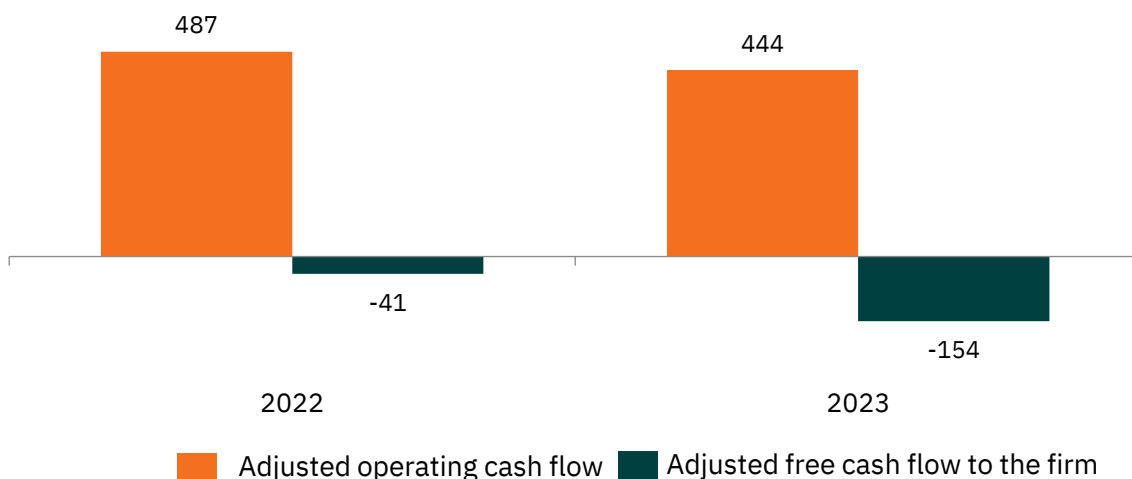
13. Results for the year

In 2023, the company recorded a net profit of R\$278.2 million, compared to a net profit of R\$216.4 million in 2022, reflecting the company's strong growth and its commitment to allocating capital efficiently, generating and distributing value.

The company continues its work to identify and take advantage of tax opportunities. The balance of accumulated tax losses totaled R\$221.5 million in December 2023. On a quarterly basis, we offset the limit of 30% of profit before income tax, adjusted by the additions and exclusions provided for or authorized by law.

14. Adjusted Cash Flow¹

Adjusted consolidated operating cash flow¹ was positive at R\$444.1 million for the year, reflecting the company's actions for growth and expansion balanced by the revenue growth and gross margin improvement seen in the period. Free cash flow for the firm was significantly impacted by the high investments in machinery and equipment made this year for its growth.



¹ For the adjusted operating cash flow, interest paid, investment in leases, interest and net asset and liability monetary variations are disregarded. For the firm's free cash flow, cash flow from investing activities and acquisitions of lease assets are also disregarded.

15. Investments

In 2023, the total value of investments amounted to R\$598.5 million, 92.5% of which was for rental assets.

For 2024, we will continue to invest in leasing assets for the growth of our Light and Heavy units. In addition, we are constantly analyzing M&A opportunities to accelerate growth.

R\$ million	2022	2023	2023/2022
M&As	210.1	0.0	-
Assets for lease	328.5	553.8	68.6%
Corporates and goods in use	61.6	44.7	-27.5%
Total capex	600.2	598.5	-0.3%

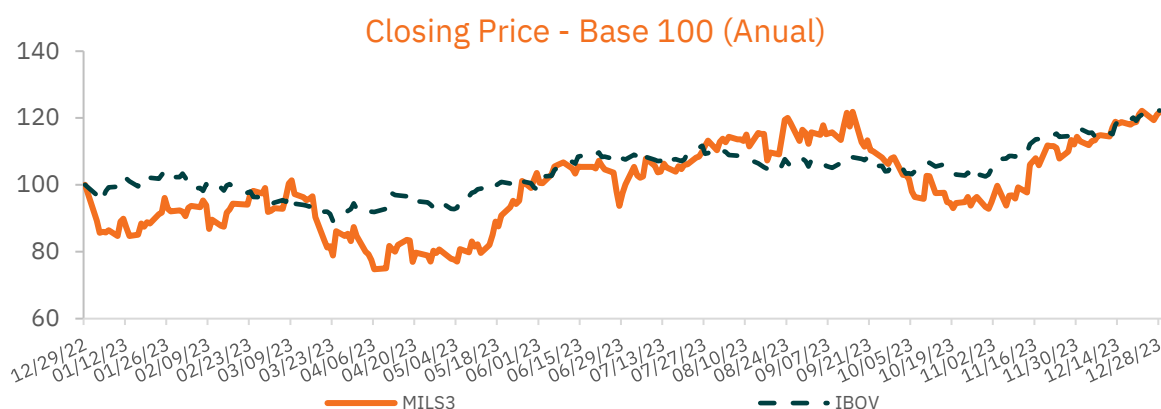
16. Stock Performance (B3: MILS3)

On December 31, 2023, Mills' total voting share capital consisted of 246,308,856 common shares, with the controlling shareholders together holding 55.0% of the total voting share capital. In the same period, the company held 4,808,817 treasury shares. The free float was 42.6%.

The closing price of Mills shares on B3 on December 28, 2023 was R\$13.58, an increase of 18.8% compared to the closing price in 2022, while the IBOVESPA index had a positive variation of 22.3% in the same period and the small-cap index showed an increase of 17.1%. At the end of 2023, Mills' market cap was R\$3.2 billion.

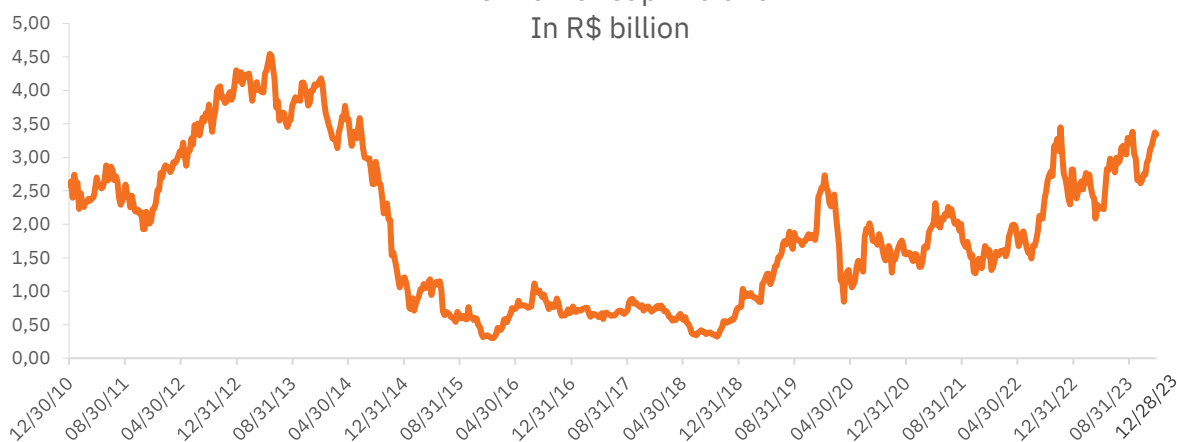
The dividend distributions made in 2023 are detailed in the section on this subject at the beginning of the document.

Stock Performance: Mills versus Ibovespa
Base 100 on December 29, 2022



Source: Refinitiv

Mills' Market Cap Evolution
In R\$ billion



Source: Refinitiv

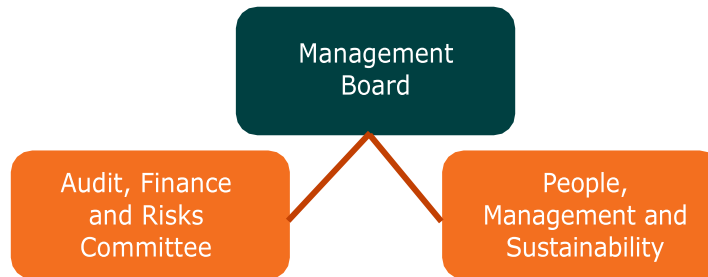
17. Corporate Governance

Corporate governance is an important value for Mills, which therefore seeks its constant improvement in a continuous, long-term process aimed at the company's sustainable performance. To this end, the Company adopts the best corporate governance practices, in addition to those required for companies listed in the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), adding value to shareholders and the market in general.

Creating long-term value means, for example: (i) the practice of ethical and sustainable conduct; (ii) the maintenance of a Corporate Governance Area, the purpose of which is to assist the management bodies and advisory committees/forums of Mills and its subsidiaries, as well as to ensure compliance with the best corporate governance practices; (iii) the formal performance evaluation of the Board of Directors, its Advisory Committees and the Board of Executive Officers, on a collegiate and individual basis; (iv) the presence of different people occupying the positions of Chairman of the Board of Directors and Chief Executive Officer; (v) the exchange of information through the Electronic Corporate Governance Portal; (vi) the existence of a Policy on Transactions with Related Parties; (vii) the existence of a Code of Conduct that all employees and managers must adhere to, which defines the basic principles that should guide relations and activities at Mills, as well as reinforcing the need to comply with current legislation, widely disseminated in the Company and publicly disclosed on its Investor Relations website; and (viii) the existence of the Integrity Program, which aims to consolidate the Company's initiatives to promote integrity, ethics and risk mitigation, covering a set of actions that reinforce the commitment to transparent and upright conduct, and applicable to all Mills employees and people with whom we have relationships, whether customers, suppliers or other business partners.

With regard to governance bodies, the Board of Directors, which acts as a collegiate body, is made up of 8 members, 2 of whom are independent. The members of the Board do not hold executive positions at Mills and are responsible, among other things, for setting the general direction of Mills' business, electing the members of the Board of Executive Officers and supervising their management. In order to make its work more efficient, the Board has Advisory Committees, which are not permanent in nature and whose powers are set out in their own Regulations.

Currently in place are (i) the Audit, Finance and Risks Committee, made up of 5 members, including an Independent Director and a Director with knowledge of corporate accounting; and (ii) the People, Management and Sustainability Committee, made up of 4 members, including an Independent Director.



The company also has a non-permanent Audit Board, which is installed annually and is made up of three permanent members and their respective alternates, one of whom is appointed by the minority shareholders.

On December 31, 2023, the Board of Directors and the Fiscal Council were made up of the members identified below:

BOARD OF DIRECTORS

Nome	Position
Francisca Kjellerup Nacht	Co-President
Roberto Pedote	Co-President
Ana Lúcia Caltabiano	Independent Advisor
Pedro Henrique Chermont de Miranda	Independent Advisor
Eduardo Luiz Wurzmann	Advisor
Marise Barroso	Advisor
Sebastian Agustin Villa	Advisor
Jack Oxenford	Advisor

FISCAL COUNCIL

Name	Position
Rubens Branco da Silva	President
Rodrigo Fagundes Rangel	Effective member
Luciana Doria Wilson	Effective member
Daniel Oliveira Branco Silva	Alternate member
Henry Stanley de Oliveira Carpenter	Alternate member
Melissa Munari Magnus	Alternate member

In the constant search to improve initiatives aimed at ensuring the alignment and uniformity of ethical and moral standards, the Company has an Audit, Risks and Compliance area, independent and reporting to the Audit, Finance and Risks Committee, whose mission is to (i) implement and monitor the Integrity Program through the principles: Prevent, Detect and Respond; (ii) identify and minimize Business Risks; (iii) improve business processes, internal controls, internal policies and procedures; and (iv) consolidate the ethical values adopted by Mills, through the organization's culture, management style and control.

The company also has an active whistleblowing channel, managed by a specialized company, which can be used by all employees and other stakeholders to report unethical and/or illegal situations, confidentially and anonymously. All reports are investigated and dealt with in accordance with internal policies and current legislation.

Since 2022, we have been part of the TEVA Women in Leadership Index portfolio, which selects companies with the highest representation of women in governance. In 2023, we moved up

from 9th place to 5th in the ranking. This reinforces the importance of diversity in Mills' culture and DNA. The Board of Directors currently has three female directors, including its co-chair Francisca Kjellerup Nacht, granddaughter of Mr. José Nacht, one of the company's founders. Mills works to increasingly promote diversity and equity inside and outside the company.

Mills' statutory board is made up of seven members, as shown above, including the CEO.

18. Sustentabilidade

Throughout 2023 we will concentrate our efforts on the evolution of our sustainability journey, focusing on developing actions that reinforce our commitment as a market leader, with the aim not only of evolving internally on ESG issues, but also of expanding our positive impact on communities and influencing our value chain towards more sustainable practices.

The 4Q23 was marked by progress in our climate strategy, with the submission of our emission reduction targets to **Science Based Targets (SBTi)**, after signing a commitment to the global initiative in the previous quarter. The submission of the targets came after extensive work throughout the year, which included reviewing the greenhouse gas emissions inventory, mapping all Scope 3 emissions and studying decarbonization projects. For Mills, the commitment to SBTi brings protagonism and reinforces our sustainability objectives, being an incentive for other companies and continuously seeking to engage our chain.

In order to continue making progress on the environmental front, a number of projects that directly contribute to achieving the emissions reduction target have begun to be implemented, such as replacing the energy matrix at our branches, with the purchase of clean, renewable energy to supply our plants and the start of a pilot project to use biofuels in our fleet of light technical support vehicles.

On our social front, an important highlight was the new edition of the **“Partilhar”** (share) program, in which the company shares its financial results with the local communities where it operates, to help reduce inequalities and generate a positive impact through donations to institutions indicated by our employees. In the fourth edition of the program, we reached 81 institutions in 54 Brazilian cities and donated more than 120,000 items which benefited around 21,280 people.

Another important action was Mills' voluntary adhesion to the **“Empresa Cidadã”** (Citizen Company) program, extending maternity and paternity leave to 180 and 20 days respectively. This initiative is in line with our commitment to positively impact the lives of our employees and their families.

We have also made progress in promoting **diversity, equity and inclusion**, starting a new development path with the technical leadership that will be completed in 2024 for literacy and greater engagement on the subject. All of the company's leadership will undergo this training, with the aim of bringing about a change in behavior in practice, once it has been identified that this group has the greatest influence on the people development process and needs to be prepared to deal with the challenges in their increasingly diverse teams. In addition, the entire board of directors took part in a round table discussion to further encourage the engagement of this group and reinforce the role of senior management as sponsors of the issue.

On the **governance, ethics and transparency** front, we have intensified our internal work to deploy the issue at all levels of the company, including top management and the Board of Directors. We have made progress with the Integrity Program in terms of including the Specific Integrity Risk in the Risk Matrix, we launched anti-harassment training, which reached over

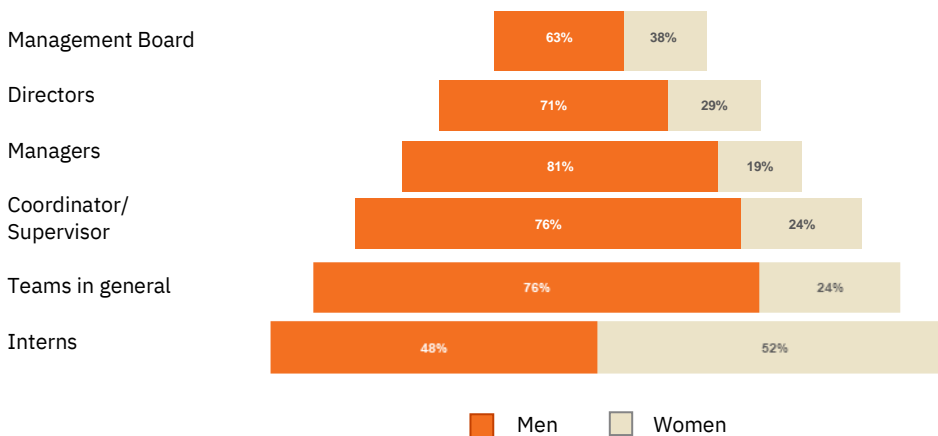
90% of employees, and we continued with Compliance training. These initiatives strengthen our commitment to ethics and integrity and bring us closer to our goal of obtaining the Pro Ethics Seal..

We ended the first half of the 2025 strategic cycle with significant progress in our sustainability journey, but we know that we still have major challenges to face. In 2024, we will deepen our strategy with the Rental Heavy Business Unit, which will expand our efforts, especially in promoting gender diversity and seeking more eco-efficient solutions for our operations.

Social indicators

Diversity indicators	Men	Women
Black	173	61
Brown	585	199
Caucasian/White	760	283
Asian/Yellow	17	11
Indigenous	3	0
Not informed	5	4
TOTAL	1583	558
People with disabilities	7	1
Refugees	14	0
Average age (years)	35	32
Average time in company (years)	4	2

Gender distribution by hierarchical level



Environmental indicators (2023)

3,599 m³
average monthly water consumption
at branches
1.72 m³ monthly
average water consumption per
employee

248 thousand kwh
Average monthly electricity
consumption
118 kW/month
relative average consumption per
employee

2,008 tons
total waste disposal in
2023
1,018 tons
destined for recycling in 2023

19. People management

The company's people management practices aim to promote a diverse, inclusive and healthy work environment to stimulate human development, generate results for Mills and positively impact the lives of employees and their families, contributing to the reduction of inequalities by creating jobs in decent conditions.

The company has a number of programs for attracting, training, developing and retaining interns, most notably the Internship Program with 240 interns, 107 of whom were hired in 2023, representing an excellent level of success and the company's good training capacity.

In 2021 and 2022 Mills was certified by Great Place To Work and was among the best companies to work for in Brazil, with excellent favorability ratings. The next assessment will take place in 2024 to continue the structured process of listening to employees and supporting management in Human Capital strategies.

We believe that Education and Diversity & Inclusion are essential factors for our long-term differentiation, which is why we continually promote the professional development of our employees. In 2023, R\$3.9 million was invested in training, totaling 66,571 hours in the year. Our corporate education initiatives use various formats to meet and respect the needs of each employee on their learning path, such as: the Mills School, the Multiplica Program, technical and legal training, Individual and Corporate Development Programs and Evoluir - which grants subsidies for education in technical and undergraduate/postgraduate university courses.

Every year, those in key positions at Mills go through a 360-degree performance evaluation process with the results discussed in Career Committees that support the company's leadership in developing this group and strengthening the company's human capital, as well as drawing up succession plans to support business expansion strategies. We are also committed to spreading the culture of safety, health and well-being to all our stakeholders, through actions that influence the market to increase safety through the use of our equipment and appropriate training to minimize the risk of accidents. To this end, in 2023 we qualified more than 20,000 people to operate the lifting platforms and kept around 50 professionals on staff (including safety technicians and training instructors) for these training activities. Internally, we ended the year with an accident frequency rate of 7.1, with a 15% drop in the severity coefficient of these accidents compared to 2022. In terms of promoting employee health and well-being, the Viva Bem Program (which offers support and guidance in the psychological, legal, social and financial areas) received 188 visits, 42% of which were psychological, 24% legal, 18% informational and 12% financial and social support.

The Profit Sharing Program, guaranteed to all the company's employees, was based on the usual market model, in which salary multiples for individual awards are defined at the beginning of the cycle based on the remuneration strategy, which is reviewed annually by market research. In order to benefit the base of the pyramid and recognize the contribution of this group to Mills' results in a differentiated way, last year we defined a minimum award value, so those with the lowest remuneration received awards equivalent to higher multiples. In this program, awards are linked to economic performance indicators and targets, customer

satisfaction and integrated socio-environmental indicators. In addition, triggers and locks are used to ensure that payments only occur if the necessary financial resources are generated. In 2024, there will be a distribution relating to the results for 2023.

Since 2018, the company has had a Long-Term Incentive Program based on restricted shares, aimed at all executives and some key positions. The main objective of this program is to make the remuneration package competitive with the market, align interests and expectations, motivate employees and leverage the operational and strategic performance of the business. Each program has three-year cycles, with targets for generating long-term value for the company. The grants made under the terms of the plan may confer, throughout the term of the plan, a number of shares not exceeding 8,779,322, corresponding to 5% of the Company's share capital on the date of its approval. In order to satisfy the granting of restricted shares under the Restricted Share Plan, the Company will use shares held in treasury, since no new shares will be issued.

Average monthly turnover was 2.85% in 2023, slightly lower than the previous year, reflecting the various improvements implemented in our work environment, including new fixed and variable remuneration strategies and the implementation of new benefits, maintenance of work formats, including the hybrid model, where administrative employees can work up to three times a week from their homes, optimizing travel and increasing the productivity and well-being of our teams.

20. Culture and Purpose

Our purpose:

Mills exists to offer you the security to dream bigger.

The company has established itself as a transparent, reliable and leading company in the sector, taking responsibility for the environment and society. Our priority is safety: the safety of the best choice, the best equipment and the most specialized team. As a result, our customers get the best possible performance from the services we provide.

Our culture:

We want everyone to be engaged with a vision and perspective of the future. To this end, we seek to **delight, grow and transform**.

Delight: We want to delight our customers, suppliers and employees with the experience we provide.

Grow: We want to grow and we want our employees to grow with us.

Transform: Through transformation, we generate positive impacts for all employees, society and the environment.

Values:

We have defined five principles that reinforce our DNA, as well as elements that we aspire to achieve every day:

We work together: We can go further when we work together, which is why Mills accompanies you in all your needs.

We are always present: We get involved and know our clients' businesses well, ensuring better decision-making.

We've kept our promises: Trust and commitment are the basis of any relationship. Therefore, we are committed to the customer experience, to our deliveries and to excellent results.

We are leading change: We are entrepreneurs and we have pioneering spirit as our main characteristic: with enthusiasm and courage, we reinvent ourselves to lead the changes in our sector.

We are committed to the future: We know that our prosperity comes from our commitment to generating value in a sustainable way.

21. Relationship with Independent Auditors

In 2023, we contracted with Deloitte Touche Tohmatsu, our independent auditors, consultancy services related to tax planning and acquisition operations, with a term of less than one year, in the amount of R\$0.1 million, apart from the audit fees for the financial statements usually provided by them (representing 10% of the total value of the contracted services).

It should be noted that the hiring of external auditors requires the prior approval of our Board of Directors and follows the rules established by law. According to Deloitte itself, the provision of services described above does not affect the independence or objectivity of the external audits carried out on Mills.

At a meeting held on March 5, 2024, the Company's Board of Directors approved the hiring of PricewaterhouseCoopers Auditores Independentes, CNPJ No. 61.562.112/0002-01, to provide independent auditing services to the Company as of the first quarter of 2024, replacing Deloitte Touche Tohmatsu Auditores Independentes, whose services ended with the audit of the Financial Statements for the 2023 fiscal year.

22. Subsequent Events

8th issue of debentures

On January 3, 2024, the Board of Directors approved the 8th issue of simple debentures, not convertible into shares, of the unsecured type, in the amount of R\$ 200,000,000.00, with a term of 72 months and annual amortization of the principal as from the 48th month.

In January 2024, 200,000 (two hundred thousand) Debentures were issued, with remuneration corresponding to the DI Rate + 2.00% (two integers per cent) per year.

Payment of interest on the 5th issue of debentures

On January 12, 2024, the Company paid the holders of the 5th Issue of simple debentures interest in the unit value of R\$ 0.01727285 attributed to each of the 84,000,000 debentures, totaling R\$ 1,450,919.40.

Early redemption of the 4th issue of debentures

On March 4, 2024, the Company carried out the optional early redemption of the 4th issue of simple debentures, not convertible into shares, of the type with real guarantee, in a single series, dated March 3, 2020, in accordance with clause 6.2 of the deed of issue.

Under the terms of the deed, on the occasion of the total optional early redemption, the debenture holders were entitled to payment of the nominal unit value or the balance of the nominal unit value, as the case may be, plus the remuneration, calculated pro rata temporis from the first payment date or the immediately preceding remuneration payment date, as the case may be, until the date of the effective payment of the total optional early redemption, plus an apartment premium levied on the nominal unit value or the balance of the Nominal Unit Value of the Debentures, as the case may be.

4th Share buyback program

On March 19, 2024, the Company announced the 4th share buyback program in which up to 7,874,016 shares may be purchased, corresponding to 3.20% of the total number of shares on that date. The maximum period for the operation is 18 months.

mills



Mills Locação, Serviços e Logística S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2023 and Independent Auditor's Report

2023



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

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Management and Shareholders of
Mills Locação, Serviços e Logística S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Mills Locação, Serviços e Logística S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2023, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Mills Locação, Serviços e Logística S.A. as at December 31, 2023, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recognition of revenue from the provision of equipment leasing services

Why it is a KAM (Key Audit Matter)

As described in note 23 to the individual and consolidated financial statements, the Company's revenue derives substantially from revenue from the provision of equipment leasing services ("lease revenue").

The Company accounts for its lease revenue (R\$1,214,981 thousand in the Parent Company and R\$1,363,260 thousand in the Consolidated as of December 31, 2023) according to the lease period, considering the contractual conditions and the compliance with the performance obligations pursuant to the contractual terms established with its customers and prescribed by the technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

As the recognition of equipment lease revenue involves judgment in determining the timing of revenue recognition, considering assumptions such as lease period, contractual conditions between the parties, compliance with performance obligations pursuant to the contractual terms established with its customers and prescribed by technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers, and because of their relevance in the context of the individual and consolidated financial statements, we considered this matter to be significant for our audit.

How the matter was addressed in our audit

Our audit procedures included, among others: (i) understanding and evaluating the design and implementation of relevant internal control activities related to the recognition of equipment lease revenue; (ii) performing tests, on a sample basis, through analysis of supporting documentation of revenue from services rendered in the year, considering their contractual specificities; (iii) performing substantive tests, on a sample basis, through analysis of supporting documentation of accounting records of returns and/or cancellations of sales occurred in a period subsequent to the financial statements for the year ended December 31, 2023; (iv) inspecting, on a sample basis, the financial settlement by customers of the receivables recognized from the lease of assets in the year ended; (v) analyzing the supporting documentation regarding the measurement of consumption of the benefit of use of lease assets for the respective revenue recorded close to the closing date of the year ended December 31, 2023 (cut-off of revenue); and (vi) assessing the adequacy of the disclosures made in the individual and consolidated financial statements in light of technical pronouncement CPC 47/IFRS 15.

As a result of the audit procedures performed, we identified deficiencies in internal controls in the lease revenue recognition process that led us to change our audit approach and expand the extent and nature of our initially planned procedures to obtain sufficient and adequate audit evidence, and identified audit adjustments that affected the recognition and disclosure of equipment lease service revenue for the year, which were not recorded by the company as they were considered immaterial.

We consider as a result of these audit procedures that the amounts recorded for revenue from the provision of equipment lease services and related disclosures are acceptable in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2023.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's Executive Board and presented as supplemental information for IFRS purposes, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

The Executive Board is responsible for the other information. Such other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and IFRS, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, March 19, 2024

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Fernando de S. Leite
Fernando de Souza Leite
Engagement Partner

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

BALANCE SHEETS

AS AT DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian Reais - R\$)

ASSETS	Note	Parent		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
CURRENT ASSETS					
Cash and cash equivalents	4	538,862	746,359	546,889	780,131
Restricted bank deposits	4	9,531	16,041	9,531	16,041
Receivables from third parties	5	276,953	219,123	319,815	247,109
Receivables from related parties	16.3	6,779	1,154	-	-
Inventories	6	64,631	64,989	72,065	75,188
Taxes recoverable	7	14,975	14,926	36,350	30,243
Advances to suppliers		3,080	5,498	4,699	5,812
Other assets		15,994	8,124	16,437	8,394
Assets held for sale	8	9,518	19,105	9,518	19,105
		940,323	1,095,319	1,015,304	1,182,023
NONCURRENT ASSETS					
Deferred income tax and social contribution	18	159,618	191,898	223,509	268,289
Taxes recoverable	7	24,600	17,572	48,665	28,574
Judicial deposits	19	11,886	11,074	12,999	12,208
Other assets		158	171	158	171
		196,262	220,715	285,331	309,242
Investments	10	708,172	381,324	1	1
Property, plant and equipment	11	722,881	668,009	1,238,802	912,602
Intangible assets	12	110,186	94,260	200,967	184,572
		1,541,239	1,143,593	1,439,770	1,097,175
TOTAL ASSETS		2,677,824	2,459,627	2,740,405	2,588,440

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

BALANCE SHEETS

AS AT DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian Reals - R\$)

LIABILITIES	Note	Parent		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
CURRENT LIABILITIES					
Trade payables	13.1	76,964	175,106	103,198	224,801
Payables from acquisition of subsidiaries	13.2	1,102	452	1,102	452
Payables to related parties	16.3	1,235	1,041	-	-
Payroll and related taxes		39,146	36,432	40,878	37,262
Provision for profit sharing	17.4	25,632	27,193	26,202	27,193
Borrowings, financing and debentures	14	143,905	49,165	152,922	79,194
Leases payable	15	27,930	27,890	28,722	28,307
Derivatives	27.6	2,079	-	2,079	-
Tax debt refinancing programs		756	1,567	756	1,567
Taxes payable	20	14,371	13,550	14,786	16,114
Dividends and interest on equity payable	21	15,591	1,211	15,591	1,211
Other liabilities		573	471	972	828
		349,284	334,078	387,208	416,929
NONCURRENT LIABILITIES					
Trade payables	13.1	9,320	3,676	9,320	3,676
Payables from acquisition of subsidiaries	13.2	13,083	12,524	24,815	22,524
Borrowings, financing and debentures	14	753,576	776,121	758,203	805,451
Leases payable	15	54,966	59,182	57,930	59,286
Provision for risks	19	13,809	11,958	16,689	16,153
Tax debt refinancing programs		-	894	-	894
Taxes payable	20	12,418	11,520	12,418	11,520
Provision for post-employment benefits	17.1	11,318	11,249	11,318	11,249
Other liabilities		884	1,220	884	1,381
		869,374	888,344	891,577	932,134
TOTAL LIABILITIES		1,218,658	1,222,422	1,278,785	1,349,063
EQUITY					
Share capital	21	1,091,560	1,091,560	1,091,560	1,091,560
Treasury shares	21	(36,241)	(41,467)	(36,241)	(41,467)
Capital reserves	21	17,693	1,485	17,693	1,485
Earnings reserves	21	403,382	203,632	403,382	203,632
Equity adjustments		(17,228)	(18,005)	(17,228)	(18,005)
EQUITY ATTRIBUTABLE TO:					
Owners of the Company		1,459,166	1,237,205	1,459,166	1,237,205
Non-controlling interests		-	-	2,454	2,172
TOTAL EQUITY		1,459,166	1,237,205	1,461,620	1,239,377
TOTAL LIABILITIES AND EQUITY		2,677,824	2,459,627	2,740,405	2,588,440

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian Reals – R\$, except for earnings per share)

	Note	Parent		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net revenue	23	1,233,872	1,007,773	1,377,756	1,092,097
Cost of sales and services	24	(415,986)	(349,278)	(489,929)	(397,019)
GROSS PROFIT		817,886	658,495	887,827	695,078
Selling, general and administrative expenses	24	(358,332)	(336,220)	(397,825)	(355,404)
Allowance for expected credit losses	5	(24,856)	(27,145)	(27,029)	(26,315)
Reversal (provision) for impairment and fair value		-	(286)	-	(286)
Share of profit (loss) of subsidiaries	10	9,793	15,140	-	-
Other operating income (expenses), net		5,541	2,076	6,250	9,160
PROFIT BEFORE FINANCE INCOME (COSTS) AND TAXES		450,032	312,060	469,223	322,233
Finance income	25	97,513	58,737	100,520	66,503
Finance costs	25	(169,524)	(72,678)	(177,687)	(78,404)
Finance income (costs), net		(72,011)	(13,941)	(77,167)	(11,901)
PROFIT BEFORE TAXES		378,021	298,119	392,056	310,332
Current income tax and social contribution	18	(68,211)	(43,055)	(69,464)	(50,826)
Deferred income tax and social contribution	18	(31,880)	(38,552)	(44,380)	(43,053)
PROFIT FOR THE YEAR		277,930	216,512	278,212	216,453
PROFIT (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		277,930	216,512	277,930	216,512
Non-controlling interests		-	-	282	(59)
BASIC AND DILUTED EARNINGS PER SHARE - R\$	27	1.34	1.04	1.34	1.04

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In thousands of Brazilian Reals - R\$)

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
PROFIT FOR THE YEAR	277,930	216,512	278,212	216,453
Items that will not be subsequently reclassified to profit or loss:				
Provision for post-employment benefits, net of taxes	(777)	(956)	(777)	(956)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	277,153	215,556	277,435	215,497
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	277,153	215,556	277,153	215,556
Non-controlling interests	-	-	282	(59)

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In thousands of Brazilian Reals - R\$)

	Share capital	Treasury shares	Capital reserves		Earnings reserves			Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
			Share issue costs	Stock options granted	Legal reserve	Retained earnings	Equity adjustments				
AT DECEMBER 31, 2021	1,090,336	(70,155)	(18,448)	61,625	5,985	38,437	(17,050)	-	1,090,730	2,231	1,092,961
Capital increase	1,224	-	-	-	-	-	-	-	1,224	-	1,224
Stock options granted	-	4,859	-	7,227	-	-	-	-	12,086	-	12,086
Result on the delivery of restricted shares	-	-	-	-	-	(6,575)	-	-	(6,575)	-	(6,575)
Sale of shares	-	17,299	-	-	-	696	-	-	17,995	-	17,995
Repurchase of shares	-	(42,389)	-	-	-	-	-	-	(42,389)	-	(42,389)
Cancellation of shares	-	48,919	-	(48,919)	-	-	-	-	-	-	-
Post-employment benefits	-	-	-	-	-	-	(956)	-	(956)	-	(956)
Profit for the year	-	-	-	-	-	-	-	216,512	216,512	(59)	216,453
Interest on equity	-	-	-	-	-	-	-	(50,214)	(50,214)	-	(50,214)
Dividends	-	-	-	-	-	-	-	(1,208)	(1,208)	-	(1,208)
Recognition of reserves	-	-	-	-	10,826	154,264	-	(165,090)	-	-	-
AT DECEMBER 31, 2022	1,091,560	(41,467)	(18,448)	19,933	16,810	186,822	(18,005)	-	1,237,205	2,172	1,239,377
Stock options granted	-	5,226	-	16,208	-	(7,455)	-	-	13,979	-	13,979
Post-employment benefits	-	-	-	-	-	-	777	-	777	-	777
Profit for the year	-	-	-	-	-	-	-	277,930	277,930	282	278,212
Interest on equity	-	-	-	-	-	-	-	(70,725)	(70,725)	-	(70,725)
Recognition of reserves	-	-	-	-	13,896	193,309	-	(207,205)	-	-	-
AT DECEMBER 31, 2023	1,091,560	(36,241)	(18,448)	36,141	30,706	372,676	(17,228)	-	1,459,166	2,454	1,461,620

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian Reals - R\$)

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	277,930	216,512	278,212	216,453
ADJUSTMENTS FOR:				
Depreciation and amortization	174,253	141,519	220,478	167,613
Deferred income tax and social contribution	31,880	38,552	44,380	43,053
Provision for tax, civil and labor risks	580	(4,952)	(1,183)	(6,186)
Accrued expenses on stock options	16,208	12,086	16,208	12,086
Post-employment benefits	1,246	881	1,246	881
Residual value of PP&E and intangible assets sold and written off	14,057	8,403	14,438	8,891
Interest and monetary exchange gains and losses, net	138,473	52,584	145,801	55,727
Interest on leases	8,390	6,376	8,509	6,453
Allowance for expected credit losses	38,801	27,145	26,638	26,315
Provision for impairment and fair value	(1,036)	286	(1,036)	286
Provision for slow-moving inventories	5,687	920	2,499	1,115
Provision for profit sharing	24,874	26,564	25,448	26,555
Share of profit (loss) of subsidiaries	(9,793)	(15,140)	-	-
Bargain purchase gain on investments	-	-	14	(8,484)
Other provisions (reversals)	(7,447)	3,215	(10,731)	4,525
CHANGES IN OPERATING ASSETS AND LIABILITIES:				
Trade receivables	(93,742)	(100,941)	(98,953)	(116,579)
Acquisitions of rental equipment	(191,556)	(265,452)	(505,850)	(368,191)
Inventories	1,094	3,515	625	(1,644)
Taxes recoverable	(7,078)	(27,155)	(28,937)	(44,117)
Judicial deposits	(812)	(1,628)	(791)	(1,640)
Other assets	(2,773)	(3,185)	(4,252)	(316)
Trade payables	(83,853)	144,732	(104,140)	183,870
Payroll and related taxes	484	12,122	1,387	11,545
Profit sharing	(26,434)	(13,339)	(26,434)	(13,478)
Taxes payable	61,569	65,543	62,857	72,677
Other liabilities	9,804	974	9,710	349
Lawsuits settled	(1,899)	(5,178)	(1,899)	(5,567)
CASH GENERATED BY OPERATING ACTIVITIES	378,907	324,959	74,244	272,192
Interest paid	(126,290)	(51,341)	(132,078)	(53,713)
Income tax and social contribution paid	(63,107)	(67,093)	(66,568)	(73,630)
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	189,510	206,525	(124,402)	144,849
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of subsidiary	-	(18,476)	-	(44,853)
Addition of cash due to merger of subsidiary	-	18,929	-	1,837
Capital contribution in subsidiary	(334,300)	(62,000)	-	(62,000)
Acquisition of PP&E for own use and intangible assets	(43,695)	(60,375)	(44,564)	(61,614)
Sale of interest in investment	-	4,936	-	4,936
Interest on equity received	-	1,582	-	1,582
NET CASH USED IN INVESTING ACTIVITIES	(377,995)	(115,404)	(44,564)	(160,112)

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In thousands of Brazilian Reais - R\$)

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
CASH FLOWS FROM FINANCING ACTIVITIES:				
Capital increase	-	1,224	-	63,224
Funding (costs) of borrowings and debentures	100,000	721,384	100,000	727,384
Restricted bank deposits	6,510	(4,130)	6,510	(4,130)
Acquisition of treasury shares	-	(42,389)	-	(42,389)
Interest on equity paid	(53,587)	(46,288)	(53,587)	(46,288)
Dividends paid	(1,208)	(12,812)	(1,208)	(12,812)
Amortization of borrowings and debentures	(31,119)	(46,661)	(75,780)	(63,399)
Leases paid	(39,608)	(28,087)	(40,211)	(28,915)
NET CASH GENERATED BY (USED IN) FINANCING ACTIVITIES	(19,012)	542,241	(64,276)	592,675
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(207,497)	633,362	(233,242)	577,412
Cash and cash equivalents at the beginning of the year	746,359	112,997	780,131	202,719
Cash and cash equivalents at the end of the year	538,862	746,359	546,889	780,131
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(207,497)	633,362	(233,242)	577,412

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

STATEMENTS OF VALUE ADDED

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian Reals - R\$)

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
REVENUES:				
Sales of goods and services	1,351,747	1,109,296	1,510,263	1,206,480
Discounts	(261)	(2,383)	(257)	(2,701)
Other revenues	5,935	2,318	6,645	9,930
Allowance for expected credit losses	(24,856)	(27,145)	(27,029)	(26,315)
	<u>1,332,565</u>	<u>1,082,086</u>	<u>1,489,622</u>	<u>1,187,394</u>
INPUTS PURCHASED FROM THIRD PARTIES:				
Cost of sales and services	(9,887)	(1,917)	(14,196)	(17,960)
Materials, energy, outsourced services and others	(298,079)	(294,826)	(345,681)	(310,143)
Provision for impairment	-	(286)	-	(286)
Disposal of assets	(9,672)	(8,403)	(10,053)	(9,941)
Gross value added	<u>1,014,927</u>	<u>776,654</u>	<u>1,119,692</u>	<u>849,064</u>
Depreciation, amortization and depletion	(174,253)	(141,519)	(220,478)	(167,613)
Wealth created by the Company	<u>840,674</u>	<u>635,135</u>	<u>899,214</u>	<u>681,451</u>
WEALTH RECEIVED IN TRANSFER:				
Finance income	97,513	58,737	100,520	66,503
Equity in the results of subsidiary	9,793	15,140	-	-
Total wealth for distribution	<u>947,980</u>	<u>709,012</u>	<u>999,734</u>	<u>747,954</u>
DISTRIBUTION OF WEALTH				
Personnel and charges	<u>226,595</u>	<u>196,372</u>	<u>239,340</u>	<u>202,208</u>
Salaries and wages	174,511	155,740	183,389	160,243
Benefits	40,514	31,061	42,577	31,979
Severance pay fund (FGTS)	11,570	9,571	13,374	9,986
Taxes and contributions	<u>270,113</u>	<u>216,364</u>	<u>299,839</u>	<u>242,280</u>
Federal	264,722	213,085	293,355	235,230
State	3,283	1,015	4,218	4,693
Municipal	2,108	2,264	2,266	2,357
Lenders and lessors	<u>173,342</u>	<u>79,764</u>	<u>182,343</u>	<u>87,013</u>
Interest and foreign exchange gains (losses)	164,959	69,909	172,892	75,143
Rentals	8,383	9,855	9,451	11,870
Shareholders	<u>277,930</u>	<u>216,512</u>	<u>278,212</u>	<u>216,453</u>
Interest on equity	70,725	50,214	70,725	50,214
Dividends	-	1,208	-	1,208
Retained earnings	207,205	165,090	207,205	165,090
Non-controlling interests	-	-	282	(59)
Wealth distributed	<u>947,980</u>	<u>709,012</u>	<u>999,734</u>	<u>747,954</u>

The accompanying notes are an integral part of these individual and consolidated financial statements.

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED December 31, 2023 AND 2022

(In thousands of Brazilian Reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Mills Locação, Serviços e Logística S.A. ("Mills" or "Company") is a publicly-traded corporation since April 2010, listed on the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), with registered offices in the City of Rio de Janeiro, Brazil. The Company operates in the infrastructure, construction and manufacturing industries, engaging in the following main activities:

- a) Rental and sale, including imports and exports, 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 a partner or shareholder.

Currently, the Company has 57 branches located in 21 states and 57 cities.

These individual and consolidated financial statements were approved and authorized to be disclosed by the Executive Board and the Board of Directors on March 19, 2024.

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: Rental and Formworks and Shoring (note 26).

1.1. Tax reform

In December 2023, the National Congress enacted Constitutional Amendment 132/2023, which introduces the tax reform. The proposal was presented in 2019 and approved by the Chamber of Deputies on December 15, 2023. The tax reform will simplify and unify the taxes on consumption and the main change introduced will be the extinction of five taxes (PIS, COFINS, IPI, ICMS and ISS), which will be replaced by two taxes: (i) Contribution on Goods and Services (CBS), which will be managed by the Federal Government; and (ii) Tax on Goods and Services (IBS), which will be managed by the states and cities.

The Company has been monitoring this matter closely and, considering the information disclosed up to date, is waiting for the next developments to assess potential scenarios and impacts of the reform on its operations.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of presentation

The Company's individual and consolidated financial statements have been prepared and are being presented in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporate Law, the standards of the Brazilian Securities Commission (CVM), and the pronouncements, guidance and interpretations of the Accounting Pronouncements Committee (CPC).

Management states that all information material to the financial statements is being evidenced and corresponds to the information used by it in its management.

The Company's individual and consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value.

2.2. Basis of preparation

The accounting policies, calculation methods, significant accounting judgments, estimates and assumptions used in these financial statements for the year ended December 31, 2023 are the same used in the financial statements for the year ended December 31, 2022, disclosed in notes 2 and 3.

These financial statements were filed with CVM on March 19, 2024 and will be published on the newspaper Valor Econômico and the Official Gazette of the State of Rio de Janeiro on March 25, 2024.

2.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries, using the same reporting date and the same accounting practices for the parent and its subsidiary.

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 its returns.

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

MILLS LOCAÇÃO, SERVIÇOS E LOGÍSTICA S.A.

The Company's subsidiaries at December 31, 2023 are as follows:

Subsidiary	Core business	Control	Ownership interest (%)	
			12/31/2023	12/31/2022
Mills Pesados - Locação, Serviços e Logística S.A.	Equipment sale and rental and provision of maintenance and technical assistance services.	Direct	100%	100%
Nest Locação e Revenda de Máquinas Ltda.	Low-Level Access Platform Rental (up to 6 meters high)	Indirect (*)	51%	51%
Triengel Locação e Serviços Ltda.	Rental of yellow-line equipment	Indirect (*) (**)	-	100%

(*) Directly controlled by the subsidiary Mills Pesados - Locação, Serviços e Logística S.A.

(**) On April 1, 2023, Triengel Locação e Serviços Ltda. was merged into Mills Pesados - Locação, Serviços e Logística S.A.

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

- (i) The Parent's interests in capital, reserves and retained earnings (accumulated losses) of consolidated entities;
- (ii) Asset and liability balances between consolidated entities;
- (iii) Intragroup revenues and expenses arising from transactions between entities included in consolidation.

2.4. Significant accounting policies

2.4.1. Cash and cash equivalents

Cash and cash equivalents are held to meet short-term cash commitments and other purposes. Cash and cash equivalents include bank deposits and highly liquid short-term investments with original maturity of three months or less, readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

2.4.2. Restricted bank deposits

Restricted bank deposits are held to meet the commitments of settlement or replacement of guarantees of debentures. These deposits are blocked or have restricted movement due to a contractual clause.

2.4.3. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the dispositions instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are generally classified as subsequently measured at amortized cost, at fair value through other comprehensive income or fair value through profit or loss, based on: the Company's business model for managing financial assets, and the contractual cash flows characteristics of the financial asset.

The classification depends on the purpose of the financial assets and is determined at the time of initial recognition. All regular way acquisition or sales of financial assets are recognized and derecognized on a trade date basis. Income is recognized on an effective interest basis for instruments other than those financial assets classified as at fair value through profit or loss.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to set off the recognized amounts or the intention either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

a. Financial assets at fair value through profit or loss

This category includes financial assets held for trading. These financial assets are carried at fair value, with any gains or losses recognized in profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling it in the near term; or (ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that has not been designated as an effective hedging instrument.

b. Amortized cost

Financial asset (debt security) whose contractual cash flow results solely from payments of principal and interest on the principal amount outstanding on specific dates and that are held within a business model whose objective is achieved by collecting contractual cash flows.

c. Fair value through other comprehensive income

Financial asset (debt security) whose contractual cash flow results solely from the collection of principal and interest on the principal amount outstanding on specific dates and that are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities, as well as investments in equity instruments not held for trading nor considered as contingent consideration, for which upon initial recognition the Company irrevocably elected to present subsequent changes in fair value in other comprehensive income.

Financial liabilities

A financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument and is initially measured at fair value. If it is not classified as measured as at fair value through profit or loss, the transaction costs that are directly attributable to its acquisition or issuance decrease or increase this amount.

a. Other financial liabilities

Other financial liabilities (including borrowings and debentures) are measured at amortized cost.

When financial liabilities measured at amortized cost have their contractual terms modified and such modification is not material, their carrying amounts will reflect the present value of their cash flows under the new terms, using the original effective interest rate. The difference between the carrying amount of the instrument remeasured on the immaterial modification of its terms and the carrying amount immediately prior to such modification is recorded as a gain or loss in profit or loss for the year.

2.4.4. Trade receivables

Trade receivables are recognized on an accrual basis when services are rendered or goods are sold to customers. All trade receivables arise from services rendered or goods sold by the Company's business units.

Trade receivables are carried at fair value at the time of sale, adjusted by a provision for impairment (allowance for expected credit losses). The allowance for expected credit losses is recognized when there is objective evidence that the Company will not receive the total amount according to the original terms of the receivables.

The allowance for expected credit losses (ECL) on trade receivables is calculated based on a matrix provision, using historical default rates on the expected cash flows of trade receivables.

2.4.5. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined under the average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The provision for slow-moving inventories is calculated and recognized monthly. A provision should be recognized for all inventory items without movement for more than one year.

2.4.6. Current and deferred income tax and social contribution

Income tax and social contribution expense for the year represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, current and deferred taxes are also recognized in other comprehensive income or directly in equity.

The current income tax and social contribution expense is calculated based on tax rates prevailing in Brazil at the end of the reporting period, which are 15% for income tax, plus a 10% surtax on taxable profit exceeding R\$ 240, and 9% on taxable profit for social contribution.

Management periodically reviews positions taken in respect of tax matters that are subject to interpretation and recognizes a provision when the payment of income tax and social contribution according to the tax bases is expected.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The tax rates currently defined are 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized, based on projections of future results prepared on the basis of internal assumptions and future economic scenarios that are, therefore, subject to changes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period (December 31) and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Company did not identify the need to record provisions for amounts not recovered or to reverse the balances of deferred tax assets.

2.4.7. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and gains and losses on subsequent remeasurement are recognized in profit or loss prospectively.

2.4.8. Judicial deposits

Judicial deposits are presented in noncurrent assets, at amounts adjusted for inflation (note 19).

2.4.9. Property, plant and equipment: own use and rental and operational use

Most of the Company's revenues derive from property, plant and equipment for rental and operational use, either through rental only, or rental combined with assembly and disassembly.

Property, plant and equipment for own use comprise mainly facilities to store equipment, office, improvements, furniture and equipment necessary for the operation of these facilities.

Property, plant and equipment are measured at historical cost, less accumulated depreciation. Historical cost includes costs directly attributable to the acquisition of items.

Subsequent costs are added to the residual value of property, plant and equipment or recognized as a specific item, as appropriate, only if the future economic benefits associated to these items are probable and the amounts can be reliably measured. The residual value of the replaced item is derecognized. Other repairs and maintenance are recognized immediately in profit or loss as incurred.

Depreciation is calculated using the straight-line method, at the rates shown in note 11, which take into consideration the estimated economic useful lives of assets. Land is not depreciated.

Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. The residual values and estimated useful lives of assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.4.10. Intangible assets

Software

Carried at cost less accumulated amortization and accumulated impairment losses, where applicable.

Costs associated to the development and maintenance of such software licenses are expensed as incurred.

Software licenses have finite useful lives and are amortized over ten years (note 12). The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.4.11. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination and is identified according to the operating segment.

2.4.12. Impairment of non-current assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use, and goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use, and the latter is the method used by the Company in testing the impairment of the goodwill recognized in the cash-generating units Rental, and Formworks and Shoring.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When the impairment loss is subsequently reversed (except for impairment losses on goodwill which, when recorded, are not reversed), the carrying amount of the asset (or cash-generating unit) increases to the revised estimate of its recoverable amount provided that it does not exceed the carrying amount that would have been obtained had no impairment losses been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.4.13. Trade payables

Trade payables are obligations to pay for goods or services acquired in the normal course of business and are classified as current liabilities if the payment is due within one year. Otherwise, they are classified as noncurrent liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the corresponding invoice.

2.4.14. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Certain provisions are measured at the estimated value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as expense.

The provisions for tax, civil and labor claims are recognized at the amount of probable losses, according to the nature of each provision (note 19). Based on the opinion of its legal counsel, management believes that the recognized provisions are sufficient to cover any losses on ongoing lawsuits at December 31.

2.4.15. Employee benefits

Provision for profit sharing

The profit sharing agreement was structured aimed at rewarding employees with at least 90 days worked in the base year of 2023, according to Mills' overall performance, within their respective field of work and position.

The Profit Sharing Program for 2023 is based on the achievement of Adjusted EBITDA, and corporate targets.

The recognition of profit sharing, when applicable, is made during the year and the payment, when due, up to April of the subsequent year (note 17.4).

Stock option plans

The Company offers stock option plans to certain employees and executives.

The fair value of the options granted is recognized as an expense during the year over which the right is vested, that is, year during which specific vesting conditions should be met. At the end of the reporting period, the Company reviews its estimates of the number of options whose rights must be vested based on the conditions (note 17.3).

The Company recognizes the impact of the initial estimates, if any, in the statement of profit or loss, as a balancing item to the capital reserve in equity. The amounts received, net of any directly attributable transaction costs, are credited to capital when options are exercised.

Restricted shares incentive program

The Company offers a restricted shares incentive program to certain employees and executives. The grants performed under the plan may assign, over the effective period of the plan, a number of shares not exceeding 8,779,322, corresponding to 5% of the Company's share capital on the approval date.

In order to satisfy the delivery of restricted shares granted under the Restricted Shares Plan, the Company will mandatorily use treasury shares, since there will not be a new issuance of shares to be subscribed.

The fair value of shares is recorded as expense. At the end of the reporting period, the Company reviews its estimates of the number of shares whose rights must be vested based on the terms of the plan (note 17.4).

The Company recognizes the impact of the initial estimates, if any, in the statement of profit or loss, as a balancing item to the capital reserve in equity.

Post-employment benefits

The post-employment benefits granted and to be granted to former employees are provisioned based on an actuarial calculation prepared by an independent actuary using future projections related to several parameters of the benefits

assessed, 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 (see note 17.2). Actuarial gains and losses are recognized in other comprehensive income in the “Equity adjustments” account and presented in equity.

2.4.16. Borrowings and financing

Borrowings are initially recognized at fair value and subsequently carried at amortized cost. The calculation methodology for each borrowing follows the specific conditions of each contract, using the effective interest method.

Fees and taxes paid for contracting borrowings are recognized as transaction costs of the borrowings and are also recognized as finance costs at the effective interest rate.

Management controls monthly the balances of each debt through managerial controls in which it updates the financial indicators (interest rates) as agreed in each agreement.

Borrowings are classified as current liabilities, except for installments that can be unconditionally settled 12 months after the end of the reporting period.

2.4.17. Translation into foreign currency

Transactions in foreign currency are translated into Brazilian reais using the exchange rates prevailing at the dates of the transactions. The balances of assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period. Exchange gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the statement of profit or loss.

Exchange gains and losses arising from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of profit or loss.

2.4.18. Share capital

The Company's capital comprises common shares without par value.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.4.19. Share buyback (treasury shares)

Repurchased shares are classified as treasury shares and are presented as a deduction from equity until the shares are canceled or reissued. When treasury shares are subsequently sold or reissued, the value received is recognized as an increase in equity, and the resulting surplus or deficit is recognized as capital reserve.

2.4.20. Payment of dividends and interest on equity

The payment of dividends and interest on equity to shareholders is recognized as a liability in the financial statements at the end of the reporting period based on the Company's bylaws. Any amount above the minimum mandatory dividend is provided for at the date it is approved by the shareholders at the General Meeting.

The tax benefit of interest on equity is recognized in the statement of profit or loss, in line item "Income tax and social contribution".

2.4.21. Revenue recognition

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract at the end of the reporting period.

Revenue is measured based on the consideration described in the contract with the customer. The Company recognizes the revenue when it transfers the control over the goods or services to the customer and when it is probable that it will receive the consideration to which it is entitled in exchange for the goods or services, that are transferred to the customer.

Performance obligations are the promises to transfer to the customer a good or service (or group of goods and services) that are different, or a series of different goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company identified that its revenues have a single performance obligation, according to the contracts with customers.

The rental income is recognized in profit or loss monthly on a straight-line basis according to the equipment rental agreements, classified as operating lease, and there are no contingent or noncancelable receipts recognized as revenue during the effective period.

The Company, when applicable, separates the identifiable components of a single contract or a group of contracts to reflect the substance of the contract or group of contracts, recognizing the revenue of each of the elements proportionally to its fair value. Therefore, the Company's revenue is divided into rental, technical assistance, sales, indemnities, sales of used goods and expense recoveries.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate through maturity, when it is determined whether such income will accrue to the Company.

Dividends (including interest on equity) from investments are recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Income, when applicable, is recognized net of taxes on sales and services rendered, rebates and discounts.

2.4.22. Earnings per share

Basic earnings per share are calculated based on the Company's profit for the year and the weighted average of common shares outstanding in the respective year. Diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments potentially convertible into shares, with a diluting effect, in the years ended December 31, in accordance with CPC 41 and IAS 33.

2.4.23. Business combinations

Business acquisitions are accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Group on the acquisition date, liabilities incurred by the Group to the former owners of the acquiree and the ownership interest issued by the Group in exchange for the control of the acquiree. Acquisition-related costs are expensed as incurred.

On the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value, except for:

- Deferred tax assets or liabilities or assets and liabilities related to employee benefit arrangements, which are recognized and measured in accordance with IAS 12 and IAS 19, respectively (equivalent to CPC 32 - Income Taxes and CPC 33 (R1) - Employee Benefits);
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, which are measured in accordance with IFRS 2 (CPC 10 (R1)) - Share-based Payment, on the acquisition date (see below); and
- Assets (or disposal groups) classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations (equivalent to CPC 31), which are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interest in the acquiree (if any) over the net values on the acquisition date of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net values of the identifiable assets acquired and liabilities assumed on the acquisition date exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration agreement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed on the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group previously held interests (including joint operations) in the acquiree are remeasured to their acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed on the acquisition date that, if known, would have affected the amounts recognized on that date.

2.5. Standards effective in 2023

In the preparation of these financial statements, the Company's management considered, when applicable, new revisions and interpretations of the International Financial Reporting Standards (“IFRS”) and the technical pronouncements issued by IASB and CPC, respectively, which became mandatory as of January 1, 2022. Its adoption did not have any material impact on the disclosures or on the amounts presented in these financial statements.

Amendments to IFRS 3/CPC 15 (R1) - Reference to the Conceptual Framework

The Company adopted the amendments to IFRS 3 (CPC 15 (R1)) - Business Combinations. The amendments update IFRS 3 (CPC 15 (R1)) so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also include in IFRS 3 the requirement that, for obligations within the scope of IAS 37 (CPC 25) - Provisions, Contingent Liabilities and Assets, the buyer adopts IAS 37 (CPC 25) to determine whether there is a present obligation on the acquisition date due to past events.

For a tax within the scope of IFRIC 21 (CPC 21) - Taxes, the buyer adopts the IFRIC 21 (ICPC 21) to determine whether the event that resulted in the obligation to pay the tax occurred up to the acquisition date.

AMENDMENTS TO IAS 16/CPC 27 – PROPERTY, PLANT AND EQUIPMENT, PROCEEDS BEFORE INTENDED USE

The Company adopted the amendments to IAS 16 (CPC 27) - Property, Plant and Equipment. The amendments prohibit the deduction from the cost of an item of property, plant and equipment any proceeds from selling items produced before the asset is available for use, that is, proceeds to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss.

The entity measures the cost of those items in accordance with IAS 2 (CPC 16) - Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is working properly’. Currently, IAS 16 (CPC 27) determines this as assessing whether the technical and physical performance of the asset is such that it can be used in the production or supply of goods or services, for rent to third parties, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements should disclose the amounts of the proceeds and costs included in profit or loss corresponding to the items produced that are not a product of the entity’s ordinary activities, and whose line items in the statement of comprehensive income include these proceeds and costs.



Amendments to IAS 37/CPC 25 - Onerous Contracts - Cost of Fulfilling a Contract

The Company adopted the amendments to IAS 37/CPC 25 for the first time in the current year. The amendments specify that the 'cost of fulfilling' of the contract comprises the 'costs directly related to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS 2018-2020 Cycle

The Company adopted for the first time in the current year the amendments included in the Annual Improvements to the IFRS 2018–2020 Cycle. Annual Improvements include amendments to four standards.

IFRS 1/CPC 37 - First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9/CPC 48 - Financial Instruments

The amendment clarifies that when applying the test of '10%' to assess whether the financial liability should be written-off, the entity includes only the fees paid or received between the entity (debtor) and the creditor, on behalf of the other party.

IFRS 16/CPC 06 (R2) - Leases

The amendment excludes the concept of the reimbursement of leasehold improvements.

Although the International Financial Reporting Standards (IFRS) allow the early adoption of certain accounting standards, in Brazil the early adoption of accounting pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC) prior to the respective mandatory dates of the IFRS are usually not approved by the regulatory agencies that endorse the adoption of CPC accounting pronouncements.

We did not identify impacts on the Company due to the standards effective in 2023.



2.6. New and revised standards issued and not yet applicable for the year ended December 31, 2023

On the date of authorization of these financial statements, the Company did not adopt the following new and revised IFRS, already issued and not yet applicable and in some cases, the standards have not yet been adopted by the Brazilian Accounting Pronouncements Committee (CPC):

<i>The impact of applying the new and revised IFRS shown below is for illustrative purposes only. Entities should analyze the impact of these new or revised IFRS on their financial statements based on specific facts and circumstances and make appropriate disclosures.</i> IFRS 17/CPC 50 (includes June 2020 and December 2021 amendments)	Insurance Contracts
Amendments to IFRS 10/CPC 36 (R3) and IAS 28/CPC 18 (R2)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1/CPC 26 (R1)	Classification of Liabilities as Current or Non-current
Amendments to IAS 1/ CPC 26 (R1) and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8/CPC 23	Definition of Accounting Estimates
Amendments to IAS 12/CPC 32	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

We have not identified impacts on the Company for the year 2023 and in the future.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATES AND ASSUMPTIONS

In the preparation of the Company's individual and consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the carrying amount of the respective asset or liability in future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next fiscal year:

3.1. Impairment of nonfinancial assets (including goodwill and available-for-sale-assets)

An asset is impaired when its carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use calculation is based on the discounted cash flow model. Cash flows derive from the budget and the Company's expectations for the next years and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit or investment subject to testing. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as to the expected future cash receipts and to the growth rate used for extrapolation purposes. See notes 8, 9, 11 and 12.

3.2. Share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value of share-based payments requires the determination of the most appropriate valuation model for the granting of equity instruments, which depends on the terms and conditions of the grant. This also requires the determination of the most appropriate valuation model, including the expected life of the option, volatility and dividend yield and related assumptions. The assumptions and models used to estimate the fair value of share-based payments are disclosed in note 17.

3.3. Deferred tax assets/taxable liabilities

There are uncertainties regarding the interpretation of complex tax regulations, as well as the amount and timing of future taxable profits. Differences between actual results and the assumptions adopted, or future changes in these assumptions, may require future adjustments in tax income and expenses already recorded. The Company recognizes provisions based on applicable estimates, for potential consequences of audits by tax authorities. The amount of these provisions is based on several factors, such as experience of prior tax audits and interpretations diverging from the tax regulations by the taxable entity and by the responsible Tax Authority. These diverging interpretations may arise in a wide variety of matters, depending on the conditions prevailing at the Company's domicile.

Deferred tax assets are recognized at the amount of tax that will be charged based on future recoverable profit. This corresponds to deductible temporary differences and also addresses the future offset of tax losses and tax credits that have not been used.

Significant judgment by management is required to determine the amount of deferred tax assets that can be recognized at December 31, based on the probable term and level of future taxable profits, considering strategies for future tax planning, involving corporate restructuring, and based on future negotiation plans approved by the Company's governance bodies, which considers operating and macroeconomic assumptions in their preparation.

3.4. Fair value of financial instruments assets and liabilities

When the fair value of financial assets and liabilities, such as marketable securities and hedging instruments (these when applicable), presented in the balance sheet cannot be obtained from active markets, it is determined by using valuation techniques, including the discounted cash flow method. Data for these methods are based on market data, when possible; however, when this is not feasible, a certain level of judgment is required to measure the fair value.

Judgment includes considerations on data used, such as liquidity risk, credit risk and volatility. Changes in assumptions on these factors could affect the reported fair value of the financial instruments. Note 2.4.3 provides detailed information on the main assumptions used in the determination of the fair value of financial instruments, as well as a sensitivity analysis of these assumptions.

3.5. Allowance for expected credit losses

The Company recognized an allowance for expected losses for all its receivables that meet the detailed criteria in note 2.4.4. The assessment of the need to recognize this allowance includes the analysis of available evidence regarding the payment capacity of its customers, including in order to allow the classification of some as preferred and support the referral of others for legal collection. Significant judgment by Management is required in classifying its customers, in defining the criteria applied, and in assessing its accuracy.

3.6. Provisions for tax, civil and labor claims (contingencies)

The Company recognizes a provision for tax, civil and labor risks. The assessment of the likelihood of loss includes examining available evidence, the hierarchy of laws, former court decisions, the most recent court decisions and their relevance in the legal system, and the assessment of the outside legal counsel. The provision is reviewed and adjusted to take into account any changes in circumstances, such as the applicable prescriptive periods, conclusions of tax audits or additional exposures identified based on new matters or court decisions.

3.7. Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of its property, plant and equipment annually and, as described in note 11.2, it identified changes to the useful lives of equipment of its subsidiary Mills Pesados for the year ended December 31, 2023.

3.8. Recognition of revenue from services

Service revenue is recognized in profit or loss based on the stage of completion of the services at the end of the reporting period. It is recorded considering this estimate when it is not billed.

The significant accounting assumptions referring to business combinations, provision for slow-moving inventories and provision for profit sharing of the Companies are described in these financial statements, in Notes 1.1, 2.4.5 and 2.4.15, respectively.

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4. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash and banks	4,362	2,158	4,426	16,676
Short-term investments	534,500	744,201	542,463	763,455
	538,862	746,359	546,889	780,131
Restricted bank deposits (*)	9,531	16,041	9,531	16,041

(*) The amount of R\$9,531 is restricted for debt payment purposes at December 31, 2023, referring to a percentage of the outstanding balance of the 6th issue of debentures.

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.

As at December 31, 2023, short-term investments consist of bank deposit certificates - CDBs and shares in fixed-income funds referenced to the DI (Interbank Deposit) rate with daily liquidity, bearing average interest of 101.45% of the interbank deposit certificate – CDI (101.08% as at December 31, 2022).

5. RECEIVABLES FROM THIRD PARTIES

Business unit	Parent					
	12/31/2023			12/31/2022		
	Gross receivables	ECL	Net receivables	Gross receivables	ECL	Net receivables
Formworks and Shoring	91,421	(37,074)	54,347	73,439	(39,201)	34,238
Rental	298,508	(75,902)	222,606	237,355	(52,470)	184,885
	389,929	(112,976)	276,953	310,794	(91,671)	219,123

Business unit	Consolidated					
	12/31/2023			12/31/2022		
	Gross receivables	ECL	Net receivables	Gross receivables	ECL	Net receivables
Formworks and Shoring	91,421	(37,074)	54,347	73,439	(39,201)	34,238
Rental (*)	342,998	(77,530)	265,468	279,215	(66,344)	212,871
	434,419	(114,604)	319,815	352,654	(105,545)	247,109

Changes in allowance for expected credit losses of the Company and its subsidiaries in the years ended December 31, 2023 and December 31, 2022 are as follows:

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	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Balance at the beginning of the year	(91,671)	(77,627)	(105,545)	(97,601)
Merger of SK Rental	-	(889)	-	-
Balance after the merger	(91,671)	(78,516)	(105,545)	(97,601)
Net impact of ECL on P&L:	(24,856)	(27,145)	(27,029)	(26,315)
Provision	(28,529)	(28,192)	(34,368)	(29,085)
Reversal	3,673	1,047	7,339	2,770
Capital decrease - Mills Pesados (*)	(13,945)	-	-	-
Write-offs (**)	17,496	13,990	17,970	18,371
	(112,976)	(91,671)	(114,604)	(105,545)

(*) With the capital decrease made on March 17, 2023, as described in note 10.1, the amounts of trade receivables and allowance for expected credit losses of the investee Mills Pesados were fully transferred to its parent.

(**) In the year ended December 31, 2023, the Company wrote off bills past due for over five years, totaling R\$17,970 in consolidated (R\$17,496 In Parent), which are not reflected in the statement of cash flows because they do not represent cash movements, as well as the amounts written off in 2022.

Aging list of gross trade receivables:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Not yet due	263,236	209,914	302,196	234,837
1 to 60 days past due	30,781	27,720	36,007	30,000
61 to 120 days past due	9,947	6,788	10,017	6,813
121 to 180 days past due	9,658	5,420	9,658	5,635
180 to 360 days past due	18,333	15,233	18,455	15,699
Over 360 days past due	57,974	45,719	58,086	59,670
	389,929	310,794	434,419	352,654

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6. INVENTORIES

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Goods for resale	834	714	1,073	1,214
Spare parts and supplies	74,427	69,218	81,622	82,106
Provision for slow-moving inventories (*)	(10,630)	(4,943)	(10,630)	(8,132)
	64,631	64,989	72,065	75,188

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

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

Provision for slow-moving inventories	Parent	Consolidated
As at December 31, 2022	(4,943)	(8,132)
Provision	(5,544)	(5,594)
Capital decrease - Mills Pesados (**)	(3,101)	-
Reversal	2,958	3,096
As at December 31, 2023	(10,630)	(10,630)

(**) With the capital decrease made on March 17, 2023, as described in note 10.1, the amounts of inventories and provision for slow-moving inventories of the investee Mills Pesados were fully transferred to its parent.

7. TAXES RECOVERABLE

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) (*)	4,865	8,546	14,094	16,206
PIS and COFINS (taxes on revenue) (**)	32,799	23,428	67,611	39,557
ICMS (State VAT) (***)	1,468	177	1,579	1,287
Other	443	347	1,731	1,767
	39,575	32,498	85,015	58,817
Current	14,975	14,926	36,350	30,243
Non-current	24,600	17,572	48,665	28,574

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

(**) 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. The segregation between current and noncurrent considers the amount expected to be offset in the year.

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

8. ASSETS HELD FOR SALE

In accordance with Technical Pronouncement CPC 31 (IFRS 5), a noncurrent asset shall be classified as an asset held for sale if its carrying amount will be recovered through a sale rather than continuing use. Consequently, the Company classified these assets received through payment in kind in the assets held for sale account.

On September 26, 2023, the Company completed the sale of one of its assets for R\$ 9,838 with a cost value of R\$ 10,407, already net of sales commission.

	Parent and Consolidated (*)	
	12/31/2023	12/31/2022
Assets held for sale	11,622	22,244
Asset impairment loss (**)	(2,104)	(3,139)
	<u>9,518</u>	<u>19,105</u>

(*) The balances presented at December 31, 2023 and December 31, 2022 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, 2023 (net of expenses inherent to the sale), according to appraisal reports prepared by real estate experts.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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, with operations mainly in the heavy construction and industrial maintenance sectors.

On March 11, 2022, an agreement for purchase and sale of shares and other covenants was signed with Rohr, under which the Company sold all its 52,500,000 common shares in this investee, representing 27.47% of the total existing shares of Rohr. For the sale, the Company received the total amount of R\$34,013.

The transaction will be settled through a payment in kind, as follows:

- Three unencumbered properties amounting to R\$14,202, which were recorded in assets held for sale (note 8);
- Assignment and transfer of property and indirect ownership of the leased property, plant and equipment items, appraised at R\$4,623, which were recorded in property, plant and equipment (note 11);
- Assignment and transfer of property and indirect ownership of the property, plant and equipment items that are not leased, appraised at R\$7,948, which were recorded in property, plant and equipment up to the year ended December 31, 2022 (note 11);
- Assignment and transfer of property and indirect ownership of maintenance inventories, appraised at R\$394, which were recorded in inventories;

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- The current customer base related to assets, appraised at R\$1,911, was recorded in customer portfolio within intangible assets (note 12).

In addition to the payment in kind, the Company received the net amount of R\$4,935, through a transfer, with all taxes on this amount borne by the debtor.

10. INVESTMENTS

10.1. Assets accounted for under the equity method

Mills Pesados - Locação, Serviços e Logística S.A.

Mills Pesados 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.

On September 13, 2022, Triengel Locações e Serviços Ltda. was acquired and this transaction was reflected in the financial statements for 2022, in note 1.1.

Variations in investments in subsidiaries	Parent
As at December 31, 2022	381,324
Amortization and depreciation of surplus value of property, plant and equipment and intangible assets	(3,759)
Profit (loss) for the year	13,552
Dividends receivable	(15)
Capital decrease	(17,230)
Investment in subsidiary	334,300
As at December 31, 2023	708,172

According to its business strategy, the Company transferred the “light” equipment segment to the parent Mills Locações. The capital decrease of the subsidiary Mills Pesados, in the amount of R\$34,276, was approved at the Extraordinary General Meeting held on March 17, 2023. The Extraordinary General Meeting held on September 30 approved the rectification of the capital decrease in the amounts of trade receivables and inventories, considering the net amount of the allowance for expected credit losses and provision for slow-moving inventories, totaling R\$17,230, as follows:

Capital decrease	Parent
Trade receivables	8,515
Inventories for resale	3,763
Consumables inventories	2,659
Rental equipment	2,183
Assets in use	108
Software	2
Total	17,230

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Information on the subsidiary	Mills Pesados	
	12/31/2023	12/31/2022
Ownership interest (%)	100%	100%
Current assets	79,872	34,133
Noncurrent assets	578,508	260,022
Current liabilities	41,673	11,185
Noncurrent liabilities	17,576	14,459
Equity	599,131	268,511

Information on the subsidiary	12/31/2023	12/31/2022
Net revenue	123,228	46,695
Costs and expenses	(98,103)	(16,785)
Profit before taxes	25,125	29,910
Current and deferred income tax and social contribution	(11,573)	(9,983)
Profit (loss) for the year	13,552	19,927

Reach Locações S.A.

On March 4, 2022, the Companies, Mills and Mills Pesados, deliberated on the establishment of the corporation under the name of Reach Locações S.A.

The share capital of Reach Locações S.A. is R\$1,000.00, divided into 1,000 registered, book-entry common shares, with no par value. The issue price of the shares was set at R\$1.00, pursuant to Article 14 of the Brazilian Corporate Law. The share capital was fully subscribed by the shareholders as follows:

- a) Mills subscribed 999 registered common shares, with no par value; and
- b) Mills Pesados subscribed 1 registered common share, with no par value.

Reach Locações S.A. is a privately-held company engaged in the lease, commercial intermediation and sale, with or without assembly, of movable assets of its own manufacture or acquired from third parties, including formworks, shoring, scaffolding, floors, structures and similar equipment, in steel, aluminum, metal, plastic and wood, as well as their parts, components, accessories and raw materials.

Reach is also engaged in the import and export of the aforementioned goods, including their parts, components and raw materials; consulting and sale of engineering projects; construction of structured tent roofing, with plastic or similar covering; low voltage electrical installations; as well as holding investments, as a stockholder or unit holder, in other companies or partnerships.

The Company's headquarters and jurisdiction are located in the City of Cotia, State of São Paulo, and currently there were no changes in the aforementioned operations.

Acquisition of Tecpar Comércio e Locação de Equipamentos Ltda.

On April 18, 2022, Tecpar Comércio e Locação de Equipamentos Ltda. (“Tecpar Equipamentos”) was acquired and subsequently merged into Mills Locações on July 26, 2022, as disclosed in the financial statements for 2022 in note 12.2.

SK Rental Locação de Equipamentos LTDA.

On May 17, 2022, SK Rental Locação de Equipamentos Ltda. was merged into Mills Locações, as reflected in the financial statements for 2022 (note 12.2.).

10.2. Assets merged in 2023:

The Extraordinary General Meeting held on April 1, 2023 approved the merger of Triengel Locação e Serviços Ltda. into Mills Pesados - Locação, Serviços e Logística S.A., with no capital increase nor issue of new shares, pursuant to articles 224, 225 and 227 of Law 6,404 of December 15, 1976, as amended (Law 6,404/76), and to the agreement entered into between the Company and Triengel on April 1, 2023 (“Protocol and Justification”), which establishes the terms and conditions of the merger of Triengel into Mills Pesados (“Merger”), under the terms of the Management Proposal.

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11. PROPERTY, PLANT AND EQUIPMENT

Cost of PP&E, gross	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 assets - Properties	Right-of-use assets - Vehicles	Right-of-use assets - equipment	Construction in progress	Total assets in use	Total Parent
As at December 31, 2021	1,373,638	-	1,373,638	30,808	21,117	22,872	1,094	10,277	15,706	76,180	14,174	-	8,715	200,943	1,574,581
Acquisitions	262,712	-	262,712	5,230	-	5,756	737	127	2,123	-	-	-	26,235	40,208	302,920
Acquisition of Altoplat	16,734	-	16,734	-	-	-	-	-	-	-	-	-	-	-	16,734
Acquisition due to divestiture of Rohr	12,571	-	12,571	-	-	-	-	-	-	-	-	-	-	-	12,571
Addition due to merger of SK Rental	63,871	-	63,871	-	-	251	-	801	198	-	-	-	-	1,250	65,121
Addition due to merger of Tecpar	44,053	-	44,053	-	-	90	-	9	34	-	-	-	-	133	44,186
Right-of-use assets	-	-	-	-	-	-	-	-	-	40,687	6,165	9,349	-	56,201	56,201
Write-offs/disposals	(58,317)	-	(58,317)	-	-	(21)	(346)	-	(14)	-	-	-	-	(381)	(58,698)
PIS and COFINS credits	(22,225)	-	(22,225)	-	-	-	-	-	-	-	-	-	-	-	(22,225)
Transfer	-	-	-	17,828	-	269	-	78	(229)	-	-	-	(18,421)	(475)	(475)
As at December 31, 2022	1,693,037	-	1,693,037	53,866	21,117	29,217	1,485	11,292	17,818	116,867	20,339	9,349	16,529	297,879	1,990,916
Acquisitions	213,495	-	213,495	1,289	-	3,065	1,187	-	1,819	-	-	-	7,897	15,257	228,752
Addition due to capital decrease in subsidiary - Mills Pesados (note 10.1)	22,911	-	22,911	1	-	87	411	-	240	-	-	-	-	739	23,650
Right-of-use assets	-	-	-	-	-	-	-	-	-	25,742	690	-	-	26,432	26,432
Write-offs/disposals	(84,845)	-	(84,845)	(1,340)	-	(979)	(348)	-	-	-	(55)	-	-	(2,722)	(87,567)
PIS and COFINS credits	(11,591)	-	(11,591)	-	-	-	-	-	-	-	-	-	-	-	(11,591)
Transfer	-	-	-	18,715	-	-	-	624	-	-	-	-	(17,073)	2,266	2,266
As at December 31, 2023	1,833,007	-	1,833,007	72,531	21,117	31,390	2,735	11,916	19,877	142,609	20,974	9,349	7,353	339,851	2,172,858

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	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 assets - Properties (*)	Right-of-use assets - Vehicles (*)	Right-of-use assets - equipment (*)	Construction in progress	Total assets in use	Total Parent
Accumulated depreciation															
As at December 31, 2021	(1,099,707)	-	(1,099,707)	(18,252)	(5,853)	(16,919)	(686)	(7,364)	(11,961)	(34,771)	(7,714)	-	-	(103,520)	(1,203,227)
Depreciation	(102,776)	-	(102,776)	(5,988)	(616)	(2,023)	(161)	(886)	(850)	(17,468)	(3,937)	(1,020)	-	(32,949)	(135,725)
Depreciation of SK Rental	(22,011)	-	(22,011)	-	-	(226)	-	(698)	(181)	-	-	-	-	(1,105)	(23,116)
Depreciation of Tecpar	(10,605)	-	(10,605)	-	-	(36)	-	(1)	(14)	-	-	-	-	(51)	(10,656)
Disposals	50,403	-	50,403	-	-	9	90	-	14	-	-	-	-	113	50,516
PIS and COFINS credits	-	-	-	(608)	-	-	-	(91)	-	-	-	-	-	(699)	(699)
Transfer	-	-	-	-	-	(71)	-	-	71	-	-	-	-	-	-
As at December 31, 2022	(1,184,696)	-	(1,184,696)	(24,848)	(6,469)	(19,266)	(757)	(9,040)	(12,921)	(52,239)	(11,651)	(1,020)	-	(138,211)	(1,322,907)
Depreciation	(123,825)	-	(123,825)	(13,713)	(616)	(3,083)	(248)	(944)	(957)	(24,210)	(5,409)	(2,448)	-	(51,628)	(175,453)
Depreciation due to capital decrease in subsidiary - Mills Pesados (note 10.1)	(20,729)	-	(20,729)	(1)	-	(86)	(411)	-	(132)	-	-	-	-	(630)	(21,359)
Disposals	67,710	-	67,710	1,090	-	713	229	-	-	-	-	-	-	2,032	69,742
As at December 31, 2023	(1,261,540)	-	(1,261,540)	(37,472)	(7,085)	(21,722)	(1,187)	(9,984)	(14,010)	(76,449)	(17,060)	(3,468)	-	(188,437)	(1,449,977)
Useful life of depreciation	10-12-15	-	-	-	25	5	5	10	10	-	-	-	-	-	-
Property, plant and equipment, net															
As at December 31, 2022	508,341	-	508,341	29,018	14,648	9,951	728	2,252	4,897	64,628	8,688	8,329	16,529	159,668	668,009
As at December 31, 2023	571,467	-	571,467	35,059	14,032	9,668	1,548	1,932	5,867	66,160	3,914	5,881	7,353	151,414	722,881

(*) amortization as per the term of the rental agreement.

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Cost of PP&E, gross	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 assets - Properties	Right-of-use assets - Vehicles	Right-of-use assets - equipment	Construction in progress	Total assets in use	Total Consolidated
As at December 31, 2021	1,500,152	(1)	1,500,151	31,000	21,117	23,386	1,671	11,092	16,147	86,873	16,482	-	8,744	216,512	1,716,663
Opening balance - acquisition of Tecpar	35,531	-	35,531	-	-	84	457	7	30	-	-	-	-	578	36,109
Opening balance - acquisition of Triengel	97,247	-	97,247	-	-	65	1,541	-	2,075	-	-	-	-	3,681	100,928
Acquisitions	369,685	1	369,686	5,230	-	5,984	1,887	142	2,224	-	-	-	26,235	41,702	411,388
Acquisition of Altoplat	16,734	-	16,734	-	-	-	-	-	-	-	-	-	-	-	16,734
Acquisition due to divestiture of Rohr	12,571	-	12,571	-	-	-	-	-	-	-	-	-	-	-	12,571
Right-of-use assets	-	-	-	-	-	-	-	-	-	40,813	6,185	9,349	-	56,347	56,347
Write-offs/disposals	(63,954)	-	(63,954)	-	-	(183)	(803)	-	(15)	(2,060)	-	-	(29)	(3,090)	(67,044)
PIS and COFINS credits	(22,231)	-	(22,231)	-	-	-	(166)	-	(115)	-	-	-	-	(281)	(22,512)
Surplus value - subsidiary Tecpar	11,866	-	11,866	-	-	-	-	-	-	-	-	-	-	-	11,866
Surplus value - subsidiary Triengel	61,126	-	61,126	-	-	-	-	-	-	-	-	-	-	-	61,126
Merger of SK	13,790	-	13,790	-	-	-	-	-	-	-	-	-	-	-	13,790
Transfer	-	-	-	17,828	-	269	-	78	(229)	-	-	-	(18,421)	(475)	(475)
As at December 31, 2022	2,032,517	-	2,032,517	54,058	21,117	29,605	4,587	11,319	20,117	125,626	22,667	9,349	16,529	314,974	2,347,491
Acquisitions	528,330	-	528,330	1,289	-	3,361	3,126	16	1,849	-	-	-	7,917	17,558	545,888
Addition due to capital decrease in subsidiary - Mills Pesados (note 10.1)	22,911	-	22,911	1	-	87	411	-	240	-	-	-	-	739	23,650
Right-of-use assets	-	-	-	-	-	-	-	-	-	28,336	2,121	-	-	30,457	30,457
Write-offs/disposals	(109,167)	-	(109,167)	(1,340)	-	(1,067)	(964)	(1)	(243)	(362)	(55)	-	-	(4,032)	(113,199)
PIS and COFINS credits	(11,591)	-	(11,591)	-	-	-	-	-	-	-	-	-	-	-	(11,591)
Transfer	2,985	-	2,985	18,715	-	-	(956)	624	(2,029)	-	-	-	(17,073)	(719)	2,266
As at December 31, 2023	2,465,985	-	2,465,985	72,723	21,117	31,986	6,204	11,958	19,934	153,600	24,733	9,349	7,373	358,977	2,824,962

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	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 assets - Properties (*)	Right-of-use assets - Vehicles (*)	Right-of-use assets - equipment (*)	Construction in progress	Total assets in use	Total Consolidated
Accumulated depreciation															
As at December 31, 2021	(1,156,848)	-	(1,156,848)	(18,419)	(5,853)	(17,386)	(1,097)	(8,046)	(12,247)	(44,387)	(9,940)	-	-	(117,375)	(1,274,223)
Opening balance - acquisition of Tecpar	(11,643)	-	(11,643)	-	-	(32)	(171)	(1)	(13)	-	-	-	-	(217)	(11,860)
Opening balance - acquisition of Triengel	(40,300)	-	(40,300)	-	-	(10)	(687)	-	(767)	-	-	-	-	(1,464)	(41,764)
Depreciation	(119,627)	-	(119,627)	(5,990)	(616)	(2,055)	(367)	(907)	(1,015)	(18,198)	(3,959)	(1,020)	-	(34,127)	(153,754)
Write-offs/disposals	54,966	-	54,966	-	-	161	272	-	14	2,059	-	-	-	2,506	57,472
PIS and COFINS credits	-	-	-	(608)	-	-	-	(91)	-	-	-	-	-	(699)	(699)
Surplus value - subsidiary Mills Pesados	(3,761)	-	(3,761)	-	-	-	-	-	-	-	-	-	-	-	(3,761)
Surplus value - subsidiary SK	(2,862)	-	(2,862)	-	-	-	-	-	-	-	-	-	-	-	(2,862)
Surplus value - subsidiary Nest	(108)	-	(108)	-	-	-	-	-	-	-	-	-	-	-	(108)
Surplus value - subsidiary Tecpar	(1,338)	-	(1,338)	-	-	-	-	-	-	-	-	-	-	-	(1,338)
Surplus value - subsidiary Triengel	(1,992)	-	(1,992)	-	-	-	-	-	-	-	-	-	-	-	(1,992)
Transfer	-	-	-	-	-	(71)	-	-	71	-	-	-	-	-	-
As at December 31, 2022	(1,283,513)	-	(1,283,513)	(25,017)	(6,469)	(19,393)	(2,050)	(9,045)	(13,957)	(60,526)	(13,899)	(1,020)	-	(151,376)	(1,434,889)
Depreciation	(162,488)	-	(162,488)	(13,713)	(616)	(3,177)	(1,385)	(947)	(966)	(24,504)	(5,605)	(2,448)	-	(53,361)	(215,849)
Depreciation due to capital decrease in subsidiary - Mills Pesados (note 10.1)	(20,729)	-	(20,729)	(1)	-	(86)	(411)	-	(132)	-	-	-	-	(630)	(21,359)
Write-offs/disposals	87,131	-	87,131	1,090	-	802	1,201	-	1,037	-	-	-	-	4,130	91,261
Surplus value - subsidiary Mills Pesados	(3,759)	-	(3,759)	-	-	-	-	-	-	-	-	-	-	-	(3,759)
Surplus value - subsidiary Nest	(71)	-	(71)	-	-	-	-	-	-	-	-	-	-	-	(71)
Surplus value - subsidiary Triengel	(1,494)	-	(1,494)	-	-	-	-	-	-	-	-	-	-	-	(1,494)
As at December 31, 2023	(1,384,923)	-	(1,384,923)	(37,641)	(7,085)	(21,854)	(2,645)	(9,992)	(14,018)	(85,030)	(19,504)	(3,468)	-	(201,237)	(1,586,160)
Useful life of depreciation	10-12-15	-	-	-	25	5	5	10	10	-	-	-	-	-	-
Property, plant and equipment, net															
As at December 31, 2022	749,004	-	749,004	29,041	14,648	10,212	2,537	2,274	6,160	65,100	8,768	8,329	16,529	163,598	912,602
As at December 31, 2023	1,081,062	-	1,081,062	35,082	14,032	10,132	3,559	1,966	5,916	68,570	5,229	5,881	7,373	157,740	1,238,802

(*) Useful life as per the term of the rental agreement.

Rental equipment can be summarized as: lifting platforms, formworks, shoring, scaffolding, wheel loaders, backhoe loaders, trailers, among others.

We present below the main acquisitions accumulated through the year ended December 31, 2023, by group of assets:

	Parent 12/31/2023	Consolidated 12/31/2023
Equipment for rental and operational use	213,495	528,330
Assets in use	15,257	17,558
	228,752	545,888

The consolidated depreciation for the year, allocated to cost of services and general and administrative expenses, amounts to R\$115,486 and R\$58,767 as at December 31, 2023 (R\$116,135 and R\$51,477 as at December 31, 2022), respectively.

Certain items of the Company's property, plant and equipment have been pledged as collateral for borrowings (note 14).

Purchases and sales of rental equipment are being presented in the statement of cash flows as operating activities.

11.1. Provision for impairment of assets

As the Company had a positive performance in the years ended December 31, 2023 and 2022, and there was no indication of technological obsolescence factors of its property, plant and equipment, Management did not identify indicators of impairment for the Rental and Formworks and Shoring Business Units under the terms of technical pronouncement CPC 01 (IAS 36).

Accordingly, the Company did not need to extend its internal analyses in order to assess the recoverability of its property, plant and equipment using market references or value-in-use financial models for the years ended December 31, 2023 and 2022.

11.2. Review of estimated useful life

The Company hired specialized consultants to determine the useful lives of machinery and equipment, tractors and other tangible assets of its subsidiary Mills Pesados, under the terms and for the purposes of complying with CVM Resolution 583/09, which approved Technical Pronouncement CPC 27 - Property, plant and equipment and ICPC Instruction 10.

The results found in the useful lives appraisal report were used to adjust the calculation of the PP&E depreciation of its subsidiary Mills Pesados, due to the operational and technological reality of the company, whose registration took place in March 2023.

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The useful life study procedures were based on reference publications, such as IBAPE (Brazilian Institute of Engineering Valuations and Expert Assessments) and ASA (American Society of Appraisers), as well as on discussions with manufacturers.

The new useful lives determined by the specialized consultants, based on their technical analyses, are as follows:

Description	Estimated useful life/ years	
	Current	Prior
Wheel loader	10	4 and 5
Grader	14	4 and 5
Backhoe loader	15	4 and 5
Forklift	10	4
Road roller	15	4
Compressor	15	10
Tractor	10 and 15	4
Welding machine	5 and 10	10
Pallet truck	9	10
Hydraulic hammer	5	4
Scale	14	5
Sweeper	7	4

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12. INTANGIBLE ASSETS

	Software	Trademarks and patents	Customer portfolio	Intangible assets in progress (**)	Goodwill	Total Parent
As at December 31, 2021	65,967	3,206	7,773	7,762	13,376	98,084
Acquisitions	652	-	26	16,354	-	17,032
Acquisition of Altoplat	-	-	3,622	-	-	3,622
Acquisition due to divestiture of Rohr	-	-	1,911	-	-	1,911
Merger of SK Rental	58	-	4,307	-	21,149	25,514
Merger of Tecpar	-	-	7,989	-	469	8,458
Transfer	6,498	1,466	-	(7,489)	-	475
As at December 31, 2022	73,175	4,672	25,628	16,627	34,994	155,096
Acquisitions	30	-	-	28,440	-	28,470
Addition due to capital decrease in subsidiary - Mills Pesados	63	-	-	-	-	63
Transfer	5,163	-	-	(7,429)	-	(2,266)
As at December 31, 2023	78,431	4,672	25,628	37,638	34,994	181,363
<u>Accumulated amortization</u>						
As at December 31, 2021	(47,372)	(878)	-	-	(4,232)	(52,482)
Amortization	(5,982)	-	(1,704)	-	-	(7,686)
Amortization - merger of SK Rental	(58)	-	-	-	-	(58)
PIS and COFINS credits (*)	(610)	-	-	-	-	(610)
As at December 31, 2022	(54,022)	(878)	(1,704)	-	(4,232)	(60,836)
Amortization	(7,702)	-	(2,578)	-	-	(10,280)
Amortization due to capital decrease in subsidiary - Mills Pesados	(61)	-	-	-	-	(61)
As at December 31, 2023	(61,785)	(878)	(4,282)	-	(4,232)	(71,177)
Annual amortization rates - %	20	-	10	-	-	-
<u>Intangible assets, net</u>						
As at December 31, 2022	19,153	3,794	23,924	16,627	30,762	94,260
As at December 31, 2023	16,646	3,794	21,346	37,638	30,762	110,186

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

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

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	Software	Trademarks and patents	Customer portfolio	Intangible assets in progress (**)	Goodwill	Total Consolidated
As at December 31, 2021	66,141	3,214	10,798	7,762	139,000	226,915
Opening balance - acquisition of Tecpar	6	-	-	-	-	6
Acquisitions	652	-	26	16,354	-	17,032
Acquisition of Altoplat	-	-	3,622	-	-	3,622
Acquisition due to divestiture of Rohr	-	-	1,911	-	-	1,911
Surplus value - subsidiary Tecpar	-	-	7,989	-	469	8,458
Surplus value - subsidiary Nest	-	-	-	-	3	3
Merger of SK	-	-	1,506	-	(14,267)	(12,761)
Transfer	6,498	1,466	-	(7,489)	-	475
As at December 31, 2022	73,297	4,680	25,852	16,627	125,205	245,661
Acquisitions	507	-	-	28,440	-	28,947
Addition due to capital decrease in subsidiary - Mills Pesados	63	-	-	-	-	63
Write-offs/disposals	(62)	-	-	-	-	(62)
Transfer	5,161	-	-	(7,429)	-	(2,268)
As at December 31, 2023	78,966	4,680	25,852	37,638	125,205	272,341
<u>Accumulated amortization</u>						
As at December 31, 2021	(47,495)	(878)	(32)	-	(4,232)	(52,637)
Amortization	(5,990)	-	(1,710)	-	-	(7,700)
Disposals	14	-	-	-	14	28
Surplus value - subsidiary SK	-	-	(161)	-	-	(161)
Surplus value - subsidiary Nest	-	-	(9)	-	-	(9)
PIS and COFINS credits (*)	(610)	-	-	-	-	(610)
As at December 31, 2022	(54,081)	(878)	(1,912)	-	(4,218)	(61,089)
Amortization	(7,704)	-	(2,578)	-	-	(10,282)
Amortization due to capital decrease in subsidiary - Mills Pesados	(61)	-	-	-	-	(61)
Disposals	58	-	-	-	-	58
As at December 31, 2023	(61,788)	(878)	(4,490)	-	(4,218)	(71,374)
Annual amortization rates - %	20	-	10	-	-	-
<u>Intangible assets, net</u>						
As at December 31, 2022	19,216	3,802	23,940	16,627	120,987	184,572
As at December 31, 2023	17,178	3,802	21,362	37,638	120,987	200,967

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

(**) 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.

In the consolidated financial statements, goodwill is classified in intangible assets, while it is included in the investments line item in the Parent.

12.1. Goodwill in the Parent

Goodwill recognized as investments in the Parent, totaling R\$13,376 (as at December 31, 2022, R\$9,144, net) arises from the acquisition of Jahu in 2008 and, subsequently, from the acquisition of GP Sul in 2011, and is being considered as a contribution of the Formworks and Shoring business unit, which represents a Cash-Generating Unit (CGU) to which the goodwill is allocated.

During 2022, goodwill arising from the acquisition of investments in SK Rental and Tecpar was recognized, in the amounts of R\$21,149 and R\$469, respectively, both allocated to the Rental business unit.

12.2. Goodwill in the Consolidated

The goodwill arising from the acquisition of Mills Pesados presented in the consolidated as intangible assets is initially measured as the surplus of the consideration transferred over the net assets acquired (net identifiable assets acquired and liabilities assumed). Subsequent to initial recognition, goodwill, in the amount of R\$88,011, which has an indefinite useful life, is measured at cost, less any accumulated impairment losses. This goodwill arose from the exchange of shares upon the acquisition of Mills Pesados, and Management, together with its legal counsel, decided not to consider it deductible for income tax and social contribution purposes and the goodwill was allocated to the Rental business unit.

12.3. Goodwill impairment testing

The recoverable amount of this set of assets allocated to the Business Units was determined by Management based on economic market projections, reflected in discounted cash flow forecasts 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 inflation indicators (IGP-M - 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 inflation indicators (IPCA), and the fixed costs and expenses projected only based on the variation of the same IPCA. Some other items were projected based on the historical percentage of their representativeness over rental revenue. The need for working capital and investments to maintain the PP&E tested for impairment was also considered.

The respective flows in goodwill impairment testing were discounted at a nominal discount rate of 13.6% p.a., both for the Rental, and the Formworks and Shoring business units. A growth rate of 1.1% in actual terms in perpetuity was considered for both Business Units.

Management has not identified any fact or event that would justify the need to record a provision for impairment of the goodwill recorded in Parent and Consolidated at December 31, 2023 and 2022.

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13. TRADE PAYABLES

13.1. Trade payables

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Domestic suppliers - Third parties	66,852	169,865	91,323	215,394
Foreign suppliers - Third parties	19,432	8,917	21,195	13,083
	86,284	178,782	112,518	228,477
Current	76,964	175,106	103,198	224,801
Non-current	9,320	3,676	9,320	3,676

As at December 31, 2023 and 2022, trade payables balances refer mainly to installment purchases of spare parts and supplies recorded in inventories, services and PP&E.

The balances of foreign suppliers are updated by the exchange rate variation as of December 31, 2023 and 2022.

13.2. Payables from acquisition of subsidiaries

Amount referring to installments due from Tecpar and Triengel investments, as shown in the table below:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Payables from acquisition of subsidiaries	14,185	12,976	25,917	22,976
	14,185	12,976	25,917	22,976
Current	1,102	452	1,102	452
Non-current	13,083	12,524	24,815	22,524

14. BORROWINGS AND DEBENTURES

14.1. BORROWINGS AND FINANCING

As at December 31, 2023, borrowings and financing were used to fund the expansion of the Company's investments and for working capital purposes. They are indexed to the Interbank Deposit Certificate (CDI).

On June 14, 2023, the Company's Board of Directors approved the contracting of a borrowing in foreign currency (US Dollar) of R\$100,00 from the financial institutions Itaú and Citibank, as well as a hedge transaction, since the borrowing was denominated in foreign currency, to protect the Company against the exposure to exchange rate fluctuation, with or without guarantee established by means of the collateral assignment of the hedging instrument, as mentioned in note 27.6.

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The borrowings and financing existing as at December 31, 2023 were contracted at an average cost of CDI + 1.72% p.a.

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Current	27,152	1,680	36,169	31,709
Noncurrent	75,276	1,451	79,903	30,781
	<u>102,428</u>	<u>3,131</u>	<u>116,072</u>	<u>62,490</u>

The financial institutions with which the Company has borrowings agreements as at December 31, 2023 are as follows:

Financial institutions	Subsidiaries
Banco de Lage Landen Brasil	Mills and Nest
Banco Itaú	Mills, Mills Pesados and Nest
Banco do Brasil	Nest
Banco Bradesco	Mills, Mills Pesados and Nest
Caterpillar	Mills Pesados
Citibank	Mills
Volvo	Mills Pesados
Volkswagen	Mills Pesados

The table below shows the outstanding guarantees provided as at December 31, 2023 and 2022:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Guarantees provided:				
Conditional sale	977	2,897	10,730	58,111

The installments falling due at the end of the year ended December 31, 2023 are shown below:

	Parent	Consolidated
2024	27,152	36,169
2025	75,276	76,934
2026	-	2,969
	<u>102,428</u>	<u>116,072</u>

In the year ended December 31, 2023, the Company was in compliance with all non-financial covenants of its borrowing agreements. The borrowings do not have financial covenants.

14.2. Debentures

Description	Series	Issued amount	Beginning	Maturity	Finance charges	Parent and Consolidated	
						12/31/2023	12/31/2022
4 th issue - Mills (i)	Single	100,000	Mar/20	Mar/25	CDI + 2.35%	29,698	53,548
Issue cost						(635)	(1,179)
						29,063	52,369
5 th issue - Mills (ii)	Single	84,000	Dec/20	Oct/24	CDI + 3.65%	40,439	46,458
Issue cost						(298)	(656)
						40,141	45,802
6 th issue - Mills (iii)	1 st series	100,000	Mar/22	Mar/27	CDI + 2.30%	100,423	100,540
Issue cost						(819)	(1,078)
						99,604	99,462
6 th issue - Mills (iii)	2 nd series	200,000	Mar/22	Mar/27	CDI + 2.95%	200,886	201,125
Issue cost						(1,463)	(1,925)
						199,423	199,200
7 th issue - Mills (iv)	Single	430,000	Dec/22	Dec/27	CDI + 2.05%	430,669	430,252
Issue cost						(3,847)	(4,930)
						426,822	425,322
Total						795,053	822,155
Current						116,753	47,485
Noncurrent						678,300	774,670

14.2.1. 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 was comprised of 100,000 Debentures with the par value of R\$ 1,000.00, totaling R\$ 100,000, 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 CDI rate + 2.35% p.a.

The net proceeds raised by the Company through the Restricted Offering and the Issue were originally used for 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.

According to the Debenture Holders Meeting held on September 9, 2021, which approved the release of all properties under the “Agreement for Conditional Sale of Properties and other Covenants”, entered into by and between the Company and the Trustee on March 3, 2020, the agreement (“Agreement for Conditional Sale of Property”) was amended upon: (i) the increase in the Collateral Minimum Value, as defined in the “Agreement for Collateral Assignment of Credit Rights and Other Covenants”, entered into by and between the Company and the Trustee on March 3, 2020 (“Agreement for Collateral Assignment”), of 10% of the adjusted debt balance of the Debentures to 15% of the adjusted debt balance of the Debentures, disregarding the amounts to be retained in the Restricted Account, as established in item (ii) below, and (ii) retention, in the Restricted Account (as defined in the Agreement for Collateral Assignment) of the amount equivalent to 5% of the adjusted debt balance of the Debentures; (iii) due to the approval of item (i), a commission equivalent to 0.5% on the debt balance of the Debentures was paid for the advisory services provided by the Bank.

Covenants

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

- 1) Financial ratio resulting from the division of Net Debt (i) by EBITDA (ii) should be equal to or less than 2.
- 2) For purposes of assessing the Fourth Issue covenants, calculations will be made disregarding the effects of IFRS 16 (CPC 06).
 - (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.

The Company evaluates covenants on a quarterly basis and, for the year ended December 31, 2023, it complied with all the covenants to which it was subject in relation to this debenture issue.

In the year ended December 31, 2023, the Company has guarantees contracted in the amount of R\$130,064.

14.2.2. 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 the Fifth Issue of Simple, Non-convertible, Secured Debentures, in a Single Series, for Public Distribution, with Restricted Placement Efforts, of Mills Locação, Serviços e Logística S.A." ("Issuance Indenture") as well as: (a) conditional sale of machinery, equipment and chattels ("Machinery and Equipment" and "Conditional Sale"), under the terms of the "Agreement for Conditional Sale of Machinery and Equipment and other Covenants", entered into by the Company and the Trustee ("Agreement for Conditional Sale"); and (b) collateral 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 Agreement for Collateral Assignment (also defined below) ("Collateral Assignment" and, together with the Conditional Sale, "Collaterals"), pursuant to the "Agreement for Collateral Assignment of Credit Rights and Restricted Account and Other Covenants", entered into by the Company and the Trustee ("Agreement for Collateral Assignment" and, together with the Agreement for Conditional Sale, "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 non-convertible, secured debentures, 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 par 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 CDI rate + 4.25% p.a.

The net proceeds raised through the Restricted Offering were originally used for 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.

In January 2023, the indenture for the 5th issue of debentures was amended for the first time, changing the payment method and remuneration. After the amortization in January 2023, in the amount of R\$5.6 million, the remaining balance will be paid on the maturity date, in October 2024. Debt interest changed from CDI+4.25% to CDI+3.75% p.a.

In October 2023, the indenture for the 5th issue of debentures was amended for the second time, changing the payment method and remuneration. The remaining balance will be paid on the maturity date, in December 2026 Premium on early redemption changed from 1.50% to 0.50%. Debt interest changed from CDI+3.75% to CDI+3.65% p.a. We constantly seek to improve capital structure and liability management in order to optimize debt costs.

Covenants

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

- 1) Financial ratio resulting from the division of Net Debt (i) by EBITDA (ii) should be equal to or less than 3x and Short-Term Net Debt by EBITDA, should be equal to or less than 0.75x.
- 2) For purposes of calculating the Fifth 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.

The Company evaluates covenants on a quarterly basis and, for the year ended December 31, 2023, it complied with all the covenants to which it was subject in relation to this debenture issue.

In the year ended December 31, 2023, the Company has guarantees contracted in the amount of R\$102,767.

14.2.3. 6th issue of debentures (Parent - Mills)

On March 18, 2022, the Company’s Board of Directors approved the 6th issue of simple, non-convertible, secured debentures, in the amount of R\$300,000,000.00, with maturity in 60 months and quarterly amortization of the principal as from the 24th month (including), for public distribution with restricted placement efforts, pursuant to CVM Instruction 476, of January 16, 2009.

300,000 debentures were issued, of which 100,000 in the First Series and 200,000 in the Second Series, and:

- i. The first series debentures will have a yield corresponding to the DI rate + 2.30% p.a.;

- ii. The second series debentures will have a yield corresponding to the DI rate + 2.95% p.a.

The net proceeds raised will be used for the payment of debts, investments and improvement of the Company's working capital, in the normal course of its business.

As a guarantee of the proper, timely and full payment of the obligations arising from:

- (a) First Series Debentures, as provided for in the Issuance Indenture ("Guaranteed Obligations of the First Series Debentures"), will be subject to Conditional Sale, whose total amount shall correspond, during the effective period of the Issuance Indenture and the Agreement for Conditional Sale or up to the full settlement of the First Series Debentures, at least, to 100% of the First Series Debentures debt balance (including the Remuneration of the First Series Debentures), to be calculated pursuant to the Agreement for Conditional Sale, which will be duly established and formalized by the Company;
- (b) Second Series Debentures, as provided for in the Issuance Indenture ("Guaranteed Obligations of the Second Series Debentures" and, together with the Guaranteed Obligations of the First Series Debentures, "Guaranteed Obligations"). Second Series Debentures will be subject to Collateral Assignment, which shall correspond, during the effective period of the Issuance Indenture and the Agreement for Collateral Assignment or up to the full settlement of the Second Series Debentures, at least, to the next installment of the Remuneration of the Second Series Debentures and the Amortization of the Second Series Debentures, to be calculated pursuant to the Agreement for Collateral Assignment. The other terms and conditions of the Conditional Sale and Collateral Assignment will be expressly provided for in the respective Guarantee Agreements.

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

Financial ratio resulting from the division of Net Debt (i) by EBITDA (ii) should be equal to or less than 2.5x, and Short-Term Net Debt by EBITDA should be equal to or less than 0.75x.

For purposes of this Clause, the following definitions should be considered, and the calculations shall be made disregarding the effects of IFRS 16:

- "Net Financial Debt" means, based on the Issuer's immediately preceding Consolidated Financial Statements, (a) the sum of the Issuer's onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or Related Parties (as defined below) and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, suppliers credit assignment and equivalent, where applicable, as well as guarantees provided by the Issuer, excluding debts arising from tax installment payments; (b) less the sum of the Issuer's cash and cash equivalents (cash and short-term investments), on a consolidated basis; and

- “Short-term Net Financial Debt” means, based on the Issuer’s immediately preceding Consolidated Financial Statements: (a) the sum of the Issuer's onerous debts, on a consolidated basis, with maturity of up to 12 (twelve months), to companies, including borrowings and financing 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 Issuer, excluding debts arising from tax installment payments; (b) less the sum of the Issuer’s cash and cash equivalents (cash and short-term investments), on a consolidated basis; and;
- "EBITDA" means, based on the Issuer’s four immediately preceding Consolidated Financial Statements, profit or loss before income tax and social contribution, finance income and costs and non-operating results, depreciation and amortization, and nonrecurring income and expenses, as detailed by the Issuer in its quarterly earnings release.

The Company evaluates covenants on a quarterly basis and for the year ended December 31, 2023, it complied with all the covenants to which it was subject in relation to this debenture issue.

In the year ended December 31, 2023, the Company has guarantees contracted in the amount of R\$120,739.

14.2.4. 7th issue of debentures (Parent - Mills)

On December 22, 2022, the Company's Board of Directors approved the 7th issue of simple, non-convertible, unsecured debentures, in a single series, in the total amount of R\$430,000,000.00, with a term of 60 months and annual amortization as from the 36th month from the issue date (including), for public distribution with restricted placement efforts, pursuant to CVM Instruction 476, of January 16, 2009, with interest corresponding to the CDI+2.05% p.a.

The net proceeds raised will be used for the payment of debts, investments, renewal of part of the fleet and improvement of the Company’s 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 division of Net Debt (i) by PRO FORMA EBITDA (ii) should be equal to or less than 2.5x, and Short-Term Net Debt by PRO FORMA EBITDA should be equal to or less than 0.75x.

For purposes of this Clause, the following definitions should be considered, and the calculations shall be made disregarding the effects of IFRS 16:

- “Net Financial Debt” means, based on the Issuer’s immediately preceding Consolidated Financial Statements, (a) the sum of the Issuer’s onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or Related Parties (as defined below) and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, suppliers credit assignment and equivalent, where applicable, as well as guarantees provided by the Issuer, excluding debts arising from tax installment payments; (b) less the sum of the Issuer’s cash and cash equivalents (cash and short-term investments), on a consolidated basis; and
- “Short-term Net Financial Debt” means, based on the Issuer’s immediately preceding Consolidated Financial Statements: (a) the sum of the Issuer’s onerous debts, on a consolidated basis, with maturity of up to 12 (twelve months), to companies, including borrowings and financing 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 Issuer, excluding debts arising from tax installment payments; (b) less the sum of the Issuer’s cash and cash equivalents (cash and short-term investments), on a consolidated basis; and;
- "PRO FORMA EBITDA" means, based on the Issuer’s four immediately preceding Consolidated Financial Statements, profit or loss before income tax and social contribution, finance income and costs and non-operating results, depreciation and amortization, and nonrecurring income and expenses, as detailed by the Issuer in its quarterly earnings release, plus EBITDA OF THE ACQUIRED OR MERGED COMPANIES; and
- "EBITDA OF THE ACQUIRED OR MERGED COMPANIES" means profit or loss before income tax and social contribution, finance income and costs and non-operating results, depreciation and amortization, and nonrecurring income and expenses of the last 12 months of the companies acquired or merged by the Issuer.

The Company evaluates covenants on a quarterly basis and, for the year ended December 31, 2023, it complied with all the covenants to which it was subject in relation to this debenture issue.

As at December 31, 2023, the debenture balances, gross of transaction costs, are R\$119,340 in current liabilities and R\$682,774 in noncurrent liabilities (as at December 31, 2022, the gross balance of debentures is R\$50,111 in current liabilities and R\$781,812 in noncurrent liabilities).

As at December 31, 2023, net amounts of transaction costs are R\$116,753 in current liabilities and R\$678,300 in noncurrent liabilities (as at December 31, 2022, the net balance of debentures is R\$47,485 in current liabilities, and R\$774,670 in noncurrent liabilities).

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15. LEASES

Changes in right-of-use assets and lease liabilities during the year ended December 31, 2023 and 2022 were as follows:

15.1. CHANGES IN RIGHT-OF-USE ASSETS

Right-of-use assets	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Vehicles</u>				
Balance at January 1	8,688	6,460	8,688	6,460
New contracts	818	2,287	2,248	2,287
Contract adjustments	49	3,905	49	3,905
Write-offs	(232)	(26)	(232)	(26)
Depreciation for the year	(5,409)	(3,938)	(5,581)	(3,938)
Property, plant and equipment, net	3,914	8,688	5,172	8,688
<u>Properties</u>				
Balance at January 1	64,628	41,409	65,100	42,487
New contracts	23,249	6,267	25,841	6,267
Contract adjustments	3,855	35,100	3,855	35,225
Write-offs	(1,362)	(680)	(1,722)	(680)
Depreciation for the year	(24,210)	(17,468)	(24,504)	(18,199)
Property, plant and equipment, net	66,160	64,628	68,570	65,100
<u>Equipment</u>				
Balance at January 1	8,329	-	8,329	-
Additions/updating of contracts	-	9,349	-	9,349
Depreciation for the year	(2,448)	(1,020)	(2,448)	(1,020)
Property, plant and equipment, net	5,881	8,329	5,881	8,329

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15.2. Changes in lease liabilities

Lease liabilities	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Vehicles</u>				
Balance at January 1	9,019	6,735	9,019	6,735
New contracts	818	2,287	2,248	2,287
Updating of contracts	49	3,905	49	3,905
Write-offs	(232)	(26)	(232)	(26)
Payments	(6,113)	(4,468)	(6,312)	(4,468)
Finance charges	589	586	639	586
Leases payable - Vehicles	4,130	9,019	5,411	9,019
<u>Properties</u>				
Balance at January 1	69,571	45,350	70,092	46,506
New contracts	23,249	6,267	25,842	6,267
Updating of contracts	3,855	35,100	3,855	35,222
Write-offs	(1,442)	(679)	(1,857)	(781)
Payments	(30,578)	(22,405)	(30,982)	(23,144)
Finance charges	7,852	5,938	8,032	6,022
Leases payable - Properties	72,507	69,571	74,982	70,092
<u>Equipment</u>				
Balance at January 1	8,482	-	8,482	-
Updating of contracts	-	9,349	-	9,349
Payments	(2,912)	(1,214)	(2,912)	(1,214)
Finance charges	689	347	689	347
Leases payable - Equipment	6,259	8,482	6,259	8,482
Total leases payable	82,896	87,072	86,652	87,593
Current	27,930	27,890	28,722	28,307
Noncurrent	54,966	59,182	57,930	59,286

15.3. 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 remaining balance payable in proportion to the term of the contract.

Agreement terms	Properties	Vehicles	Machinery
2024	31.69%	61.48%	41.61%
2025	28.02%	37.62%	41.61%
2026	21.42%	0.90%	16.78%
2027	12.61%	-	-
2028	4.72%	-	-
2029	1.54%	-	-

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The Company presents in the table below the analysis of the maturity of lease liabilities based on nominal and actual flows as at December 31, 2023:

Payment terms	Projected inflation (*)	Parent			Consolidated		
		Properties	Vehicles	Equipment	Properties	Vehicles	Equipment
2024	4.29%	28,973	2,860	3,040	29,408	3,485	3,040
2025	3.99%	25,532	1,745	3,030	25,969	2,366	3,030
2026	3.50%	19,426	42	1,215	19,861	308	1,215
2027	3.50%	11,437	-	-	11,872	-	-
2028	3.50%	4,283	-	-	4,718	-	-
2029	3.50%	1,394	-	-	1,829	-	-
2030	3.50%	-	-	-	435	-	-
2031	3.50%	-	-	-	435	-	-
2032	3.50%	-	-	-	326	-	-
Total actual flow of future payments		91,045	4,647	7,285	94,853	6,159	7,285
Embedded finance charges		15,131	331	744	16,330	504	744
Projected inflation		3,407	186	282	3,541	244	282
Total nominal flow of future payments		72,507	4,130	6,259	74,982	5,411	6,259
Current		22,987	2,427	2,516	23,271	2,935	2,516
Non-current		49,520	1,703	3,743	51,711	2,476	3,743

(*) Rate obtained according to IPCA projection.

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:

	Tax rate	Parent		Consolidated	
		Nominal	Present value	Nominal	Present value
Consideration		102,977	82,896	108,297	86,652
Potential PIS/COFINS	9.25%	9,525	7,668	10,017	8,015

15.4. Short-term lease payments and low-value underlying assets

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Short-term lease expense and low-value underlying assets	4,158	6,248	5,676	7,065

16. RELATED PARTIES

16.1. Transactions with officers and key personnel

There were no loans between the Company and its officers during the years ended December 31, 2023 and 2022.

As at December 31, 2023 and 2022, the Company had no consulting service agreements with members of the Board of Directors.

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16.2. Management compensation

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

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Salaries and payroll charges - officers	11,737	9,996	11,737	9,996
Fees paid to Board of Directors members	5,218	4,711	5,218	4,711
Fees paid to Supervisory Board members	396	355	396	355
Bonuses	109	2,068	109	2,068
Profit sharing	4,749	4,701	4,749	4,701
Share-based payments	17,521	8,726	17,521	8,726
	<u>39,730</u>	<u>30,557</u>	<u>39,730</u>	<u>30,557</u>

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 December 31, 2023, the Company offers medium or long-term benefits to these executives, according to notes 17.2 and 17.3.

16.3. Related-party transactions

Company	12/31/2023		12/31/2022	
	Trade receivables	Trade payables	Trade receivables	Trade payables
Mills Pesados	6,218	1,211	280	921
Nest	561	24	874	120
	<u>6,779</u>	<u>1,235</u>	<u>1,154</u>	<u>1,041</u>

Company	12/31/2023		12/31/2022	
	Revenue	Cost	Revenue	Cost
Mills Pesados	777	341	456	437
Nest	329	447	727	295
Triengel	2	-	-	-
SK Rental	-	-	126	449
Tecpar	-	-	123	-
	<u>1,108</u>	<u>788</u>	<u>1,432</u>	<u>1,181</u>

The balances with related parties mainly refer to sublease of equipment and sale of parts. These transactions are not subject to interest, monetary adjustment or maturity dates.

17. EMPLOYEE BENEFITS

17.1. Post-employment benefits - healthcare plan

The post-employment benefits granted and to be granted to former employees with respect 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 nature of the projections to which they refer. Actuarial gains and losses are recognized in other comprehensive income 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, 2023, and are recognized in the financial statements in accordance with IAS 19 (CPC 33 (R1)).

	Parent and Consolidated (*)	
	12/31/2023	12/31/2022
Opening balance	11,249	8,920
Cost of current service	91	76
Interest on net liabilities (assets), net	1,155	805
Equity adjustments to liabilities (assets)	(1,177)	1,448
Final balance of post-employment benefits	11,318	11,249

(*) The balances presented at December 31, 2023 and 2022 fully refer to the parent.

The key actuarial assumptions are as follows:

Economic and financial assumptions	2023
Discount rate	10.25% p.a. (actual 5.50% p.a.)
Health Care Cost Trend Rate (HCCTR)	7.63% p.a. (actual 3.00% p.a.)
Aging Factor	3.00% p.a.
Long-term inflation rate	4.00% p.a.

Biometric and demographic assumptions	2023
Turnover rate (*)	85% / (ST+1)
General mortality table	AT-2000
Disabled mortality table	IAPB-57
Disability table	Álvaro Vindas
Retirement age	100% at age 60
Likelihood of adherence	10%
Family members before retirement / Likelihood of married individuals	90% of participants
Family members before retirement / Different age for active participants	Men 4 years older than women
Family members after retirement	Actual family members

(*) ST = service time

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Sensitivity analysis

The significant actuarial assumptions for determining the provision for post-employment benefits are healthcare costs and discount rate. The sensitivity analyses as at December 31, 2023 shown below were determined based on reasonably possible changes in the respective assumptions, occurred at the end of the reporting period, with all other assumptions held constant:

Assumption	Change in assumption	Decrease in		Increase in
		liabilities	Change in assumption	
Change in pension benefit obligation (PBO) - HCCTR	increase of 1.0 p.p.	1,945	decrease of 1.0 p.p.	1,578
Change in expense - HCCTR	increase of 1.0 p.p.	219	decrease of 1.0 p.p.	176
Change in pension benefit obligation (PBO) - Discount rate	increase of 0.5 p.p.	807	decrease of 0.5 p.p.	902
Change in expense - Discount rate	increase of 0.5 p.p.	38	decrease of 0.5 p.p.	40

Inherent risks in post-employment benefits

The inherent risks in post-employment benefits are:

- Interest rate risk: to calculate the present value of the post-employment plan liability, a long-term interest rate is used. A decrease in this interest rate will increase the corresponding liability; and
- Healthcare costs risk: the present value of the liability is calculated using as reference the healthcare cost by age based on the actual healthcare costs, projected based on the growth rate of healthcare services. An actual increase in the healthcare cost will increase the related liability.

17.2. Stock option plan

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

Plans	Grant date	Final exercise date	Stock options in thousands		
			Share options granted	Share options exercised	Share options canceled
2014 Program	04/30/2014	04/30/2020	260	-	(260)
2016 Program	04/28/2016	04/28/2024	1,700	(864)	(836)

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, less net debt, and the Company used the Black-Scholes model to calculate the fair value.

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The plans granted were classified as equity instruments, and the weighted average fair value of the options granted was determined under 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 exercise period at the grant date
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 at December 31, 2023 and 2022.

	12/31/2023	12/31/2022
2014 Program (2010 Plan):		
Capital reserve	1,467	1,467
Number of options canceled (in thousands)	260	260
2016 Program		
Capital reserve	3,468	3,468
Number of exercisable options (in thousands)	-	-
Number of options exercised (in thousands)	864	864
Number of options canceled (in thousands)	836	836
Total recognized as equity (year-to-date)	4,935	4,935
Effect on profit or loss for the year	-	541

17.3. 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 term. These plans are managed by the Company and the grants are approved by the Board of Directors.

Plans	Grant date	Final exercise date	Share options granted	Shares in thousands		
				Share options exercised	Share options canceled	Shares outstanding
2019 Program	08/14/2019	12/31/2021	859	(840)	(19)	-
2020 Program	10/14/2020	12/31/2022	730	(661)	(69)	-
2021 Program	03/25/2022	07/25/2024	680	-	-	680
2021 Program	02/02/2022	05/31/2023	29	(29)	-	-
2021 Program	02/02/2022	05/31/2024	26	-	-	26
2021 Program	10/03/2022	07/25/2024	124	-	-	124
2022 Program	05/09/2022	05/31/2023	41	(41)	-	-
2022 Program	05/09/2022	05/31/2024	42	-	-	42
2022 Program	06/22/2022	04/30/2025	1,088	-	-	1,088
2022 Program	10/03/2022	12/31/2025	1,339	-	-	1,339
2022 Program	11/22/2022	04/30/2025	136	-	-	136
2023 Program	08/30/2023	04/30/2026	744	-	-	744

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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-Scholes model being used to calculate the fair value.

In the year ended December 31, 2022, at the Board of Directors' Meetings, the Company approved the granting of restricted shares to beneficiaries under the 2021 and 2022 Restricted Stock Incentive Programs ("2021 Restricted Stock Program" and "2022 Restricted Stock Program").

The 2021 restricted stock program granted on March 25, 2022 had effects retroactive to January 2, 2022, under the Company's Restricted Stock Incentive Program ("Restricted Stock Program") approved by the Extraordinary General Meeting held on July 18, 2018.

The 2021 Restricted Stock Program granted on October 3, 2022, which amended the original program and contains the same conditions, became effective in August 2023 and was recorded retroactively to the grant date.

The effects of the 2022 Restricted Stock Program granted on September 22, 2022 started in July 2022.

The 2023 Restricted Stock Program was granted on August 30, 2023 and became effective on that date.

The plans granted were classified as equity instruments, and the weighted average fair value of the options granted was determined under the Black-Scholes and Monte Carlo valuation models, considering the following assumptions:

Program	Grant date	Weighted average fair value per 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 exercise period at the grant date
2019	08/14/2019	7.43	7.44	0.00	55.71%	0.00%	2.36%	29 months
2020	10/14/2020	6.11	6.12	0.00	75.89%	0.00%	0.58%	27 months
2021	03/25/2022	7.22	7.42	0.00	57.94%	0.00%	1.04%	31 months
2021	02/02/2022	6.15	6.26	0.00	57.39%	0.00%	1.23%	16 months
2021	02/02/2022	6.08	6.26	0.00	57.39%	0.00%	1.23%	28 months
2021	10/03/2022	7.22	7.42	0.00	57.94%	0.00%	1.04%	22 months
2022	05/09/2022	6.47	6.56	0.00	53.83%	0.00%	1.18%	13 months
2022	05/09/2022	6.38	6.56	0.00	53.83%	0.00%	1.18%	28 months
2022	06/22/2022	6.05	6.27	0.00	53.81%	0.00%	1.23%	34 months
2022(*)	10/03/2022	16.40	11.30	0.00	36.52%	0.00%	0.00%	39 months
2022	11/22/2022	11.00	11.22	0.00	49.82%	0.00%	0.78%	30 months
2023	08/30/2023	12.65	13.01	0.00	50.64%	0.00%	1.03%	33 months

(*) To price the cost of the installments of the 2022 restricted stock program, the Company hired specialists who, due to the characteristics of the program, evaluated the need to use the Monte Carlo method, which is a statistical method used as a way to obtain numerical statistical approximations of complex functions where it is not feasible to obtain an analytical solution.

In this model, the price trajectory of the underlying asset was calculated based on the analysis of the growth projection of the Company's shares, volatility, dividend yield, and projection of the IPCA.

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	12/31/2023	12/31/2022
2019 Plan:		
Capital reserve	6,387	6,387
Number of exercisable options (in thousands)	-	-
Number of options exercised (in thousands)	(840)	(840)
Number of options canceled (in thousands)	(19)	(19)
2020 Plan:		
Capital reserve	5,709	3,335
Number of exercisable options (in thousands)	-	502
Number of options exercised (in thousands)	(661)	-
Number of options canceled (in thousands)	(69)	(64)
2021 Plan:		
Capital reserve	4,670	2,084
Number of exercisable options (in thousands)	830	735
Number of options exercised (in thousands)	(29)	-
2022 Plan:		
Capital reserve	13,015	3,193
Number of exercisable options (in thousands)	2,605	2,646
Number of options exercised (in thousands)	(41)	-
2023 Plan:		
Capital reserve	1,425	-
Number of exercisable options (in thousands)	744	-
Total recognized as equity (year-to-date)		
	31,206	14,998
Effect on profit or loss		
	16,208	6,686

Payment for this program is made by delivering shares free of charge, at no cost to the beneficiary.

17.4. Profit sharing program

The provision for profit sharing is recorded on an accrual basis, as an expense for the year. 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, pursuant to Law 10,101/00, as amended by Law 12,832/13.

The Company's Profit Sharing Program is based on achieving adjusted EBITDA¹, annual NPS and the excellence program. All Mills and subsidiary employees who completed at least 90 days of service are eligible.

In April 2023, the amount of R\$26,367 was paid with respect to the year ended December 31, 2022.

As at December 31, 2023, the liability amount recorded is R\$25,632 in the parent and R\$26,202 in the consolidated (R\$27,193 as at December 31, 2022 in the parent and consolidated).

(1) EBITDA minus non-recurring items and effects of IFRS 16.

18. INCOME TAX AND SOCIAL CONTRIBUTION

18.1. 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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Profit before taxes on income	378,021	298,119	392,056	310,332
Statutory rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(128,527)	(101,360)	(133,299)	(105,513)
Interest on equity	24,047	17,073	24,047	17,073
Non-deductible provisions (*) and permanent differences	(219)	(4,945)	(4,592)	(5,439)
Equity in the results of subsidiary	4,608	7,625	-	-
Current income tax and social contribution	(68,211)	(43,055)	(69,464)	(50,826)
Deferred income tax and social contribution	(31,880)	(38,552)	(44,380)	(43,053)
Effective rate	26%	27%	29%	30%

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

18.2. Deferred income tax and social contribution assets and liabilities

The breakdown of deferred income tax and social contribution is as follows:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets				
Temporary differences:				
Income tax	137,712	154,681	210,521	213,833
Social Contribution on Net Income	49,576	55,685	75,854	77,046
Total	187,288	210,366	286,375	290,879
Liabilities				
Temporary differences:				
Income tax	20,345	13,579	46,225	16,610
Social Contribution on Net Income	7,325	4,889	16,641	5,980
Total	27,670	18,468	62,866	22,590
Total net - Non-current assets	159,618	191,898	223,509	268,289

Description	Parent			
	12/31/2023		12/31/2022	
	Calculation basis	IRPJ + CSLL	Calculation basis	IRPJ + CSLL
Tax losses	366,203	124,509	456,656	155,263
Share-based payments	54,362	18,483	42,932	14,597
Allowance for expected credit losses	49,226	16,737	35,624	12,112
Provision for profit sharing	25,635	8,716	27,197	9,247
Provisions for risks	13,809	4,695	11,956	4,065
Other temporary additions	27,388	9,312	27,365	9,304
Other provisions	14,226	4,837	16,994	5,778
Tax depreciation	(66,047)	(22,456)	(39,865)	(13,554)
Other temporary exclusions	(15,338)	(5,215)	(14,453)	(4,914)
Total net - Non-current assets	469,464	159,618	564,406	191,898

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Description	Consolidated			
	12/31/2023		12/31/2022	
	Calculation basis	IRPJ + CSLL	Calculation basis	IRPJ + CSLL
Tax losses	651,462	221,497	669,895	227,764
Share-based payments	54,362	18,483	42,932	14,597
Allowance for expected credit losses	49,541	16,844	42,452	14,434
Provision for profit sharing	26,206	8,910	26,959	9,166
Provision for tax, civil and labor risks	16,688	5,674	20,497	6,969
Other temporary additions	29,288	9,958	30,612	10,408
Other provisions	14,735	5,010	22,177	7,540
Tax depreciation	(158,303)	(53,823)	(39,865)	(13,554)
Other temporary exclusions	(26,600)	(9,044)	(26,575)	(9,036)
Total net - Non-current assets	657,379	223,509	789,084	268,289

18.3. Bases and expectations for realization of the deferred income tax and social contribution

Nature	Basis for realization
Share-based payments	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
Estimated impairment losses	Realization of the provision
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 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 suspended payment	Payment or reversal of the provision
Accelerated depreciation	Difference between tax and accounting depreciation after the end of the asset's useful life
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
Bonuses 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, 2023 and concluded that there was sufficient evidence that taxable profits would be generated against which the recognized tax losses and other temporary additions may be offset, within a period not greater than ten 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, supported by the Company's business plan duly approved by its governance bodies.

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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 diversification of the customer base, increase in profitability in the Rental business unit, and a focus on the adjustment of products and efforts to markets where the Company always had a greater distinguishing advantage: larger and more complex works in the Formworks and Shoring business unit.

Additionally, the Company is constantly evaluating its operational and corporate structure, evaluating alternatives for synergy, cost reduction and opportunities for better utilization of its tax credits within the different companies that make up the Group.

The actions pursued in the Company's business plan are already reflected in the profitability of the operations for the years ended December 31, 2023 and 2022, indicating positive results and basis for realization of the deferred tax assets recorded at those reporting dates.

The expected realization of the deferred income and social contribution taxes as at December 31, 2023 is as follows:

Deferred IR and CSLL assets	Parent	Consolidated
2024	48,711	23,376
2025	59,010	52,673
2026	51,897	46,026
2027	-	1
2028	-	260
2029	-	11,824
2030	-	22,214
2031	-	21,532
2032	-	25,584
2033	-	20,019
Total	159,618	223,509

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19. PROVISIONS FOR RISKS AND JUDICIAL DEPOSITS

19.1. Tax, civil and labor risks

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 classified as probable losses as at December 31, 2023:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Tax (1)	-	169	222	528
Civil (2)	1,395	835	1,395	1,175
Labor (3)	9,489	8,786	11,741	11,911
Success fees (4)	2,925	2,168	3,291	2,499
Burden of defeat (5)	-	-	40	40
	13,809	11,958	16,689	16,153

- (1) Refers to ICMS and ISS tax assessment notices that are not material.
- (2) The Company has various lawsuits (not concentrated) filed against it relating to civil liability and damage claims related to its commercial and operating activities.
- (3) The Company is a defendant in various labor lawsuits (not concentrated in any specific labor regulations). Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and equal pay.
- (4) Attorney's fees are generally set at up to 10% of the amount of the claim, ensuring that the external legal counsel's fees are proportional to the success achieved in the claim. Payment is contingent upon an outcome that is favorable to the Company in the lawsuits.
- (5) Burden of defeat refers to the principle by which the losing party in a lawsuit is required to pay the winning party's legal fees.

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

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	11,958	13,036	16,153	17,623
Addition due to acquisition of Subsidiary	-	152	-	152
Additions	5,821	3,912	6,009	7,077
Monetary adjustment	3,170	3,722	3,607	4,682
Reversal	(7,140)	(8,864)	(9,080)	(13,381)
Closing balance	13,809	11,958	16,689	16,153

19.2. Risks assessed as possible losses

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 has been recognized, as estimated below:

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Tax (i)	129,982	116,871	150,653	135,490
Civil (ii)	7,413	8,310	10,315	11,097
Labor (iii)	11,471	8,461	11,916	9,383
	<u>148,866</u>	<u>133,642</u>	<u>172,884</u>	<u>155,970</u>

i. Tax (main items):

- a) ICMS tax assessment notice received by Sullair do Brasil Ltda. (company merged into Mills Pesados in 2020): State VAT (ICMS) with a principal of approximately R\$59,000, which amounts to approximately R\$229,422, including fine and interest as at 3December 1, 2023 (R\$215,725 at December 31, 2022). In summary, this tax assessment notice challenges the payment of ICMS levied on the transportation of rental assets in 2012 and 2013. After an administrative defense, the amount of the possible loss was reduced to R\$5,160, 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 is levied on this transaction. The other lawsuits refer basically to proceedings for collection of tax credits past due, offset of INSS against termination amounts, and appeals against a tax proceeding filed by the Federal Government to collect COFINS differences and tax credits arising from the increase in the tax rate from 1% to 3%.
- b) Non-recognition by the INSS (National Institute of Social Security) of the possibility of offsetting payments improperly made as social security contributions, based on the method established by Law 9,711/98. The updated amounts under discussion as at December 31, 2023 total R\$2,850 (R\$4,165 as at December 31, 2022).
- c) On June 22, 2021, the Company received a tax assessment notice issued by the Federal Revenue Service of Brazil for the collection of withholding income tax, related to a taxable event that allegedly took place on May 10, 2019, with a late payment fine (75%) and late payment interest, in the total amount of R\$21,683, which monetarily adjusted as at December 31, 2023 makes up the total amount of R\$27,315 (R\$24,707 as at December 31, 2022). According to the allegations contained in the Tax Audit Report accompanying the tax assessment notice, Sullair Argentina S.A., a legal entity based abroad, allegedly earned capital gain, subject to withholding income tax, when Mills Pesados - Locação, Serviços e Logística S.A. was merged into the Company.

Therefore, as the tax authorities considered that the Company would be the acquirer of the investment allegedly sold by Sullair Argentina, the Company was deemed liable for the payment of withholding income tax, pursuant to Article 26 of Law 10,833/2003.

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In view of the charges filed by the Federal Revenue Service of Brazil, the Company has presented its defense arguments in an administrative appeal dated July 21, 2021, and the Company's legal counsel classified the probability of loss as possible.

However, in the event of loss, Sullair Argentina S.A. will reimburse the Company for the amounts involved, including legal costs and fees.

- d) The Tax Authorities notified Mills Pesados - Locação, Serviços e Logística S.A. ("Subsidiary"), through a decision on the appeal against the tax assessment notice referring to administrative proceeding No. 11274.720224/2020-90, of the obligation to pay IRPJ and CSLL, plus late payment fine (75%), isolated fine (50%), due to non-payment of estimates, and arrears interest, totaling R\$5,886 thousand.

According to the Tax Authorities, the Subsidiary could not have excluded, in the computation of the IRPJ and CSLL tax base, from 2015 to 2018, the installments related to the goodwill originated from the acquisition of its shares by SCG IIIA Holding Ltda.

The Subsidiary filed, on a timely basis, on October 1, 2021, through its legal counsel, a voluntary appeal to the Administrative Board of Tax Appeals (CARF), challenging the tax assessment notice and all the alleged taxes payable. The updated amounts under discussion as at December 31, 2023 total R\$7,512 (R\$6,798 as at December 31, 2022).

- e) In November 2022, the Company was informed of the drawing up of the tax assessment notice carried out by the Federal Revenue Service of Brazil in Vitória/ES ("DRF - Vitória"), whose matter were the failure to offer certain Company revenues to taxation, and the disallowance of several PIS and COFINS credits used by the Company, mainly in relation to the year 2018. In 2019, MILLS S.A. carried out a study in order to review the PIS and COFINS credits calculated by the Company in the non-cumulative regime for the last five years, and to verify any credit opportunities not taken advantage of so far. On that occasion, the Company's accounting was analyzed and, in view of the interpretation of the concept of input established by the Superior Court of Justice ("STJ") when judging the Repetitive Special Appeal ("REsp") 1.221.170, it was concluded that it was possible to take advantage of credits arising from various activities not used by the Company, such as lease, and other goods and services understood as inputs. The updated amounts under discussion as at December 31, 2023 total R\$23,221 (R\$21,136 as at December 31, 2022).
- f) In September 2018, the Company was informed of the drawing up of the tax assessment notice carried out by the Federal Revenue Service of Brazil in Rio de Janeiro/RJ ("DRF - Rio de Janeiro"), which had as its matters: (i) collection of social security contributions payable by the Company, including SAT, and social contributions destined to other entities and funds ("S System"), charged on the amounts paid as the intrinsic value of the stock options exercised and 13th salary linked to indemnified prior notice, from 01/2014 to 12/2014, plus interest and ex-officio fine of 75%. The updated amounts under discussion as at December 31, 2023 total R\$5,983 (R\$5,531 as at December 31, 2022).

- g) In July 2019, the Company was notified of a Tax Foreclosure filed by the State of Rio de Janeiro involving the collection of debts related to the social security contribution included in the records of Tax Administrative Proceeding No. 12259.000998/2008-65 and enrolled in active debt under No. 35.739.840-8. The updated amounts under discussion as at December 31, 2023 total R\$5,487 (R\$5,286 as at December 31, 2022).
- h) In February 2022, the Company was notified of a Tax Foreclosure filed by the State of Espírito Santo demanding: (i) the payment of ICMS debts and fine related to Tax Assessment Notices No. 00050756666, 000050756677, 000050756855 and 000050756688. It is important to point out that these debts were fully guaranteed by Mills through the Legal Guarantee Insurance Policies presented in the records of the Declaratory Action for Anticipation of Guarantee No. 5011534-47.2021.8.08.0024. The updated amounts under discussion as at December 31, 2023 total R\$10,836 (R\$9,166 as at December 31, 2022).
- i) Administrative proceeding involving the partial disallowance of the offset of credits from social security contributions informed in GFIP for the period between December 2012 and December 2015. In this context, the tax credits used to settle the social security debts, still falling due at that time, refer to payments related to the social security contributions on amounts considered as indemnification or lacking a salary nature. This includes the constitutional one-third vacation bonus, indemnified prior notice and their effects on the 13th month salary, the first 15 days of sickness or accident paid leave, in addition to undue payments of social security contribution to the Work Environment Risks (RAT) due to the incorrect classification of the Company. This error resulted in an increased taxation of 3% (the correct would be 2%). The updated amounts under discussion as at December 31, 2023 total R\$3,705 (R\$3,465 as at December 31, 2022).
- j) On December 26, 2022, the Company was notified of the Tax Assessment Notice and Imposition of Fine (“AIIM”) No. 4151969-3, issued by SEFAZ/SP demanding the payment of the ICMS allegedly due on lease operations without proof of return of the goods to the establishment of origin, contrary to the provisions of the final part of the aforementioned item IX of article 7 of RICMS/SP.

On January 21, 2023, Mills filed a Full Objection. On February 27, 2023, the Finance Department of the State of São Paulo expressed its position, defending the maintenance of the aforementioned Tax Assessment Notice. Since then, the Company awaits the judgment of the Full Objection. The amounts under discussion as at December 31, 2023 total R\$18,723.

ii. Civil

Lawsuits filed against the Company relating to compensation for pain and suffering and property damages. The variation between the years ended December 31, 2022 and December 31, 2023 was especially due to the update of these proceedings throughout the current year.

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iii. Labor

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

19.3. Judicial deposits

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Tax (i)	6,449	5,682	6,493	5,727
Labor (ii)	4,956	4,911	5,950	5,889
Civil (iii)	481	481	556	592
	<u>11,886</u>	<u>11,074</u>	<u>12,999</u>	<u>12,208</u>

- (i) As at December 31, 2023, the judicial deposits of a tax nature totaled R\$6,449 in the consolidated and R\$6,493 in the parent. This amount basically refers to the judicial deposits for the proceedings MS 2004.001.104294-8 and 8001111-47.2020.8.00.0000, totaling R\$5,032.
- (ii) Judicial deposits are linked to various labor lawsuits filed against the Company. Most of these lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty and equal pay.
- (iii) Judicial deposits related to a lawsuit for property damages and pain and suffering in which the Company is the defendant.

20. TAXES PAYABLE

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
IRPJ/CSLL	3,818	4,838	3,890	6,537
IRRF (withholding income tax) (*)	8,652	6,600	8,662	6,626
PIS and COFINS (taxes on revenue)*	11,860	11,530	11,860	12,180
INSS	600	371	611	375
ICMS (State VAT)	909	751	1,197	913
ISS (Service Tax)	296	319	325	327
Other	654	661	659	676
	<u>26,789</u>	<u>25,070</u>	<u>27,204</u>	<u>27,634</u>
Current	14,371	13,550	14,786	16,114
Noncurrent	12,418	11,520	12,418	11,520

- (*) Non-approval, by the Federal Revenue Service of Brazil, of the credits arising from statements for offset of additional tax losses upon an amendment to the Corporate Income Tax Return (DIPJ) for calendar years 2012 and 2013 and the Digital Tax Accounting Bookkeeping (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 the tax liability whose offset was considered improper by the Federal Revenue Service, mainly PIS and COFINS and withholding taxes. The updated amounts under discussion as at December 31, 2023 total R\$12,418 (R\$11,520 as at December 31, 2022).

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21. EQUITY

21.1. Subscribed share capital

The Company's fully subscribed and paid-up share capital as at December 31, 2023 is R\$1,091,560 (R\$1,091,560 as at December 31, 2022), divided into 246,309 thousand (246,309 thousand as at December 31, 2022) registered common shares, with no par value. Each common share entitles to one vote in the shareholders' meetings.

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

Shareholders	12/31/2023		12/31/2022	
	Number of shares (in thousands)	%	Number of shares (in thousands)	%
Andres Cristian Nacht	13,599	5.52%	13,599	5.52%
Snow Petrel LLC	23,677	9.61%	23,677	9.61%
Other signatories to the Company's Shareholders' Agreement (1)	22,957	9.32%	22,957	9.32%
Nacht Family (total)	60,233	24.45%	60,233	24.45%
Sun Fundo de Investimentos em Participações Multiestratégia (3)	51,556	20.93%	51,556	20.93%
Sullair Argentina S.A. (2)	25,218	10.24%	25,218	10.24%
Other	109,302	44.38%	109,302	44.38%
	246,309	100.00%	246,309	100.00%

- (1) Signatories to the Shareholders' Agreement of the Nacht Family, excluding Andres Cristian Nacht and Snow Petrel LLC.
- (2) On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Mills Pesados, and Sullair Argentina became the holder of 22,096,641 shares of the Company. On August 22, 2022, its shareholding increased on an aggregate basis, totaling 25,217,641 Company shares.
- (3) On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Mills Pesados, 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 Fundo de Investimento em Participações Multiestratégia.

21.2. Earnings reserves

21.2.1. Legal reserve

If a profit is made at December 31 of each fiscal year, the legal reserve is recognized at the rate of 5% of this profit until it reaches a maximum of 20% of the share capital. The purpose of the legal reserve is to ensure the integrity of the Company's share capital and it may only be used to offset losses and increase capital.

In the year ended December 31, 2023, the Company had a legal reserve of R\$30,706.

21.2.2. 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 Corporation Law.

In the year ended December 31, 2023, the Company has retained earnings of R\$372,676.

21.3. Capital reserves (Share-based payments)

On March 18, 2022, the Company's Board of Directors approved the cancellation of 6,197,374 treasury shares, in the amount of R\$48,919, equivalent to 67.0% of the share balance at that date, without capital reduction. Due to the cancellation of shares approved, the Company's share capital of R\$1,090,336 started to be divided into 245,971,356 book-entry, registered common shares with no par value. The amendment to Article 5 of the bylaws to reflect the share capital and the new number of shares representing it after the cancellation of shares was approved at an Extraordinary General Meeting held on April 29, 2022.

The cancellation of treasury shares was backed up by stock option programs until 2014, when it included the balance of capital reserves, without granting shares.

The capital reserve is made up of a stock option premium reserve amounting to R\$36,141 as at December 31, 2023, relating to Stock Options and Restricted Stock Program for employees and long-term restricted stock incentive programs (R\$19,933 as at December 31, 2022).

21.4. Capital reserves (Share issue costs)

Share issue costs comprise costs incurred in funding transactions, totaling R\$18,448.

21.5. Treasury shares

The breakdown of treasury shares between the year ended December 31, 2022 and December 31, 2023 is presented in the table below:

Shareholders	Number of	Total	Number of	Total
	shares	amount	shares	amount
	12/31/2023		12/31/2022	
Opening balance	5,502	41,467	8,730	70,155
Repurchase of shares	-	-	5,873	42,389
Cancellation of shares	-	-	(6,197)	(48,919)
Payment - 2019 Share Program	-	-	(609)	(4,859)
Payment - 2020 Share Program	(693)	(5,226)	-	-
Investment in subsidiary - Mills Pesados	-	-	(2,295)	(17,299)
Closing balance	4,809	36,241	5,502	41,467

21.6. Interest on equity and dividends

On March 28, 2023, the Board of Directors approved the interest on equity proposed for the first quarter of 2023, charged against the minimum mandatory dividend for 2023, in the total amount of R\$18,476. Interest on equity of R\$16,882 was credited to the shareholders on April 27, 2023, net of withholding income tax, based on the shareholding position as at March 31, 2023 ("record date"), including the negotiations held on that date.

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On June 21, 2023, the Board of Directors approved the interest on equity proposed for the second quarter of 2023, charged against the minimum mandatory dividend for 2023, in the total amount of R\$18,356. Interest on equity of R\$16,710 was credited to the shareholders on July 14, 2023, net of withholding income tax, based on the shareholding position as of June 26, 2023.

On September 21, 2023, the Board of Directors approved the interest on equity proposed for the third quarter of 2023, charged against the minimum mandatory dividend for 2023, in the total amount of R\$16,795. Interest on equity of R\$15,272 was credited to the shareholders on October 27, 2023, net of withholding income tax, based on the shareholding position as of September 26, 2023.

On December 21, 2023, the Board of Directors approved the interest on equity proposed for the fourth quarter of 2023, charged against the minimum mandatory dividend for 2023, in the total amount of R\$17,098. Interest on equity of R\$15,548 was credited to the shareholders on January 19, 2024, net of withholding income tax, based on the shareholding position as of December 27, 2023.

The Company did not record minimum mandatory dividends since the interest on equity reached the minimum amount required, as follows:

	12/31/2023
Profit attributable to owners of the Company	277,930
Legal reserve	(13,896)
Calculation basis for minimum mandatory dividends	264,033
Minimum mandatory dividends – 25%	66,008
Interest on equity attributed to the minimum dividends	70,725
Dividends payable	-

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22. EARNINGS PER SHARE

22.1. Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the year.

	Parent	
	12/31/2023	12/31/2022
Profit attributable to owners of the Company	277,930	216,512
Weighted average number of common shares issued (thousands)	207,626	207,626
Basic earnings per share from continuing operations	1.34	1.04

	Consolidated	
	12/31/2023	12/31/2022
Profit attributable to owners of the Company	278,212	216,453
Weighted average number of common shares issued (thousands)	207,626	207,626
Basic earnings per share from continuing operations	1.34	1.04

22.2. Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of potentially dilutive 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	
	12/31/2023	12/31/2022
Profit attributable to owners of the Company	277,930	216,512
Weighted average number of common shares issued (thousands)	207,795	207,795
Basic earnings per share from continuing operations	1.34	1.04

	Consolidated	
	12/31/2023	12/31/2022
Profit attributable to owners of the Company	278,212	216,453
Weighted average number of common shares issued (thousands)	207,795	207,795
Basic earnings per share from continuing operations	1.34	1.04

23. NET REVENUE FROM RENTAL, SALES AND SERVICES

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

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Rentals	1,214,981	1,032,018	1,363,260	1,100,897
Sales of new equipment	19,849	4,605	25,307	28,412
Sales of used equipment	71,222	41,804	73,057	43,913
Sales of used equipment (others)	684	710	688	717
Technical assistance	6,079	5,859	8,341	7,520
Indemnities	23,729	10,227	23,729	10,227
Others (i)	15,203	14,072	15,587	14,406
Total gross revenue	1,351,747	1,109,295	1,509,969	1,206,092
Taxes on sales and services	(117,614)	(99,139)	(131,956)	(111,294)
Discounts	(261)	(2,383)	(257)	(2,701)
	1,233,872	1,007,773	1,377,756	1,092,097

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

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

Expenses and cost of sales and services consist mainly of expenses incurred with:

- Personnel for supervising the works, technical assistance, assembly, handling, maintenance of equipment and designers.
- Freight for equipment transportation, when the responsibility lies with the Company, and for equipment transfer.
- Rental of third parties' equipment.
- 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, wooden battens, among others) and maintenance of machinery and equipment (pilers, welding machines, hydroblasting equipment, carving equipment and tools in general).
- Provisions for slow-moving inventories and for impairment, according to notes 6 and 9, 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.

Nature	12/31/2023			12/31/2022		
	Direct project and rental costs	General, administrative and other expenses	Total Parent	Direct project and rental costs	General, administrative and other expenses	Total Parent
Personnel	(89,515)	(157,181)	(246,696)	(74,399)	(126,091)	(200,490)
Third parties	(7,194)	(60,487)	(67,681)	(5,760)	(48,679)	(54,439)
Freight	(55,765)	(1,447)	(57,212)	(46,876)	(2,651)	(49,527)
Construction/maintenance and repairs	(111,826)	(12,512)	(124,338)	(99,073)	(33,233)	(132,306)
Equipment rental and others	(2,405)	(5,979)	(8,384)	(2,888)	(6,967)	(9,855)
Travel	(9,489)	(8,738)	(18,227)	(10,295)	(9,402)	(19,697)
Cost of sales	(9,888)	-	(9,888)	(1,917)	-	(1,917)
Depreciation/amortization	(115,486)	(58,767)	(174,253)	(100,872)	(40,647)	(141,519)
Disposal of assets	(9,345)	(326)	(9,671)	(8,117)	-	(8,117)
Cost of sales of used assets - others	-	-	-	(18)	-	(18)
Stock options	-	(16,208)	(16,208)	-	(6,101)	(6,101)
Provisions	-	(580)	(580)	-	(2,203)	(2,203)
Profit sharing	-	(24,874)	(24,874)	-	(26,564)	(26,564)
Other	(5,073)	(11,233)	(16,306)	937	(33,682)	(32,745)
	(415,986)	(358,332)	(774,318)	(349,278)	(336,220)	(685,498)

Nature	12/31/2023			12/31/2022		
	Direct project and rental costs	General, administrative and other expenses	Total Consolidated	Direct project and rental costs	General, administrative and other expenses	Total Consolidated
Personnel	(97,203)	(162,539)	(259,742)	(79,622)	(126,781)	(206,403)
Third parties	(7,991)	(64,128)	(72,119)	(6,668)	(52,118)	(58,786)
Freight	(57,655)	(1,546)	(59,201)	(48,473)	(2,727)	(51,200)
Construction/maintenance and repairs	(125,192)	(13,411)	(138,603)	(107,581)	(33,645)	(141,226)
Equipment rental and others	(2,281)	(7,173)	(9,454)	(4,495)	(7,355)	(11,850)
Travel	(12,368)	(9,141)	(21,509)	(11,203)	(9,675)	(20,878)
Cost of sales	(13,839)	-	(13,839)	(14,542)	(1)	(14,543)
Depreciation/amortization	(155,825)	(64,654)	(220,479)	(116,135)	(51,477)	(167,612)
Disposal of assets	(9,687)	(326)	(10,013)	(9,129)	-	(9,129)
Cost of sales of used assets - others	-	-	-	(18)	-	(18)
Stock options	-	(16,208)	(16,208)	-	(6,101)	(6,101)
Provisions	-	1,173	1,173	-	(1,353)	(1,353)
Profit sharing	(108)	(25,339)	(25,447)	-	(26,555)	(26,555)
Other	(7,780)	(34,533)	(42,313)	847	(37,616)	(36,769)
	(489,929)	(397,825)	(887,754)	(397,019)	(355,404)	(752,423)

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25. FINANCE INCOME AND COSTS

25.1. Finance income

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Interest income	9,228	7,524	9,552	8,256
Investment income	70,731	41,611	71,949	48,008
Discounts obtained	1,397	1,328	2,734	1,360
Foreign exchange and monetary adjustment gains	6,330	3,170	6,454	3,708
Others	9,827	5,104	9,831	5,171
	<u>97,513</u>	<u>58,737</u>	<u>100,520</u>	<u>66,503</u>

25.2. Finance costs

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finance costs	(837)	(2,431)	(981)	(3,206)
Foreign exchange and monetary adjustment losses	(12,895)	(5,917)	(15,138)	(7,375)
Interest on debentures	(121,942)	(52,623)	(121,942)	(52,678)
Commissions and bank fees	(956)	(412)	(1,009)	(688)
IOF (tax on financial transactions)	(31)	(40)	(125)	(164)
Lease charges	(8,390)	(6,376)	(8,509)	(6,453)
Interest on borrowings	(11,506)	-	(16,686)	(2,169)
Others	(12,967)	(4,879)	(13,297)	(5,671)
	<u>(169,524)</u>	<u>(72,678)</u>	<u>(177,687)</u>	<u>(78,404)</u>

26. SEGMENT INFORMATION

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

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.

26.1. Formworks and Shoring Business Unit

The Formworks and Shoring 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 perform 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 gains and cost reductions. With a footprint 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 in the planning of works and detailing of projects, as well as overseeing the assembly.

26.2. Rental business unit

The Rental business unit comprises several types of equipment, such as: lifting platforms, generators, air compressors, lighting towers, backhoe loaders, wheel loaders, graders, among others. The Company is engaged in the rental and sale of equipment, parts and components, as well as in the provision of technical assistance services for several market segments, such as industry, agribusiness, retail, infrastructure, services and entertainment. This BU ensures productivity, profitability and safety, has the most advanced product line for lifting people and cargo, and provides operational training certified by the IPAF (a not-for-profit organization that promotes the safe and effective use of aerial access equipment worldwide) to its customers. Its presence in several Brazilian cities not only reinforces the agility of its commercial service but also broadens the technical assistance through certified professionals.



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Statement of profit or loss by business segment - Year-to-date

	Formworks and Shoring		Rental		Other		Parent	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net revenue	230,683	150,679	1,003,189	857,095	-	(1)	1,233,872	1,007,773
(-) Costs	(44,855)	(40,126)	(255,646)	(208,300)	-	-	(300,501)	(248,426)
(-) Expenses	(41,232)	(43,962)	(258,521)	(251,419)	189	(172)	(299,564)	(295,553)
(-) Allowance for expected credit losses	(7,183)	(9,692)	(17,673)	(17,453)	-	-	(24,856)	(27,145)
(-) Depreciation and amortization	(27,684)	(35,061)	(146,569)	(106,458)	-	-	(174,253)	(141,519)
(+) Other operating income (expenses), net	2,543	1,490	2,998	586	-	-	5,541	2,076
(-) Provision for impairment	-	542	-	-	-	(828)	-	(286)
(+) Share of profit (loss) of subsidiaries	-	-	9,793	15,140	-	-	9,793	15,140
Profit before finance income (costs) and taxes	112,272	23,870	337,571	289,191	189	(1,001)	450,032	312,060

	Formworks and Shoring		Rental		Other		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net revenue	230,683	150,679	1,147,073	941,419	-	(1)	1,377,756	1,092,097
(-) Costs	(44,855)	(40,126)	(289,249)	(240,818)	-	-	(334,104)	(280,944)
(-) Expenses	(41,232)	(43,962)	(292,129)	(259,732)	189	(172)	(333,172)	(303,866)
(-) Allowance for expected credit losses	(7,183)	(9,692)	(19,846)	(16,623)	-	-	(27,029)	(26,315)
(-) Depreciation and amortization	(27,684)	(35,061)	(192,794)	(132,552)	-	-	(220,478)	(167,613)
(-) Provision for impairment	-	1,490	-	7,670	-	-	-	9,160
(+) Other operating income (expenses), net	2,543	542	3,707	-	-	(828)	6,250	(286)
Profit before finance income (costs) and taxes	112,272	23,870	356,762	299,364	189	(1,001)	469,223	322,233

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Assets by business segment

	Formworks and Shoring		Rental		Other		Parent	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Property, plant and equipment</u>								
Acquisition cost	398,475	410,120	1,766,215	1,569,816	9,887	10,980	2,174,577	1,990,916
(-) Accumulated depreciation	(378,373)	(373,220)	(1,069,734)	(947,679)	(3,589)	(2,008)	(1,451,696)	(1,322,907)
Property, plant and equipment, net	20,102	36,900	696,481	622,137	6,298	8,972	722,881	668,009
Other assets	540,473	536,845	1,422,605	1,256,818	(178)	(2,045)	1,962,900	1,791,618
Total assets	560,575	573,745	2,119,086	1,878,955	6,120	6,927	2,685,781	2,459,627

	Formworks and Shoring		Rental		Other		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
<u>Property, plant and equipment</u>								
Acquisition cost	398,475	410,120	2,418,319	1,926,391	9,887	10,980	2,826,681	2,347,491
(-) Accumulated depreciation	(378,373)	(373,220)	(1,205,917)	(1,059,661)	(3,589)	(2,008)	(1,587,879)	(1,434,889)
Property, plant and equipment, net	20,102	36,900	1,212,402	866,730	6,298	8,972	1,238,802	912,602
Other assets	540,473	536,845	969,265	1,141,038	(178)	(2,045)	1,509,560	1,675,838
Total assets	560,575	573,745	2,181,667	2,007,768	6,120	6,927	2,748,362	2,588,440

No customer accounts for more than 10% of the Company's total revenues or trade receivables.

27. FINANCIAL INSTRUMENTS

27.1. Category of financial instruments

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

	Classification	Note	Parent carrying amount		Consolidated carrying amount	
			12/31/2023	12/31/2022	12/31/2023	12/31/2022
Financial assets						
Cash and cash equivalents	Amortized cost	4	538,862	746,359	546,889	780,131
Bank deposits	Amortized cost	4	9,531	16,041	9,531	16,041
Receivables from third parties	Amortized cost	5	276,953	219,123	319,815	247,109
Receivables from related parties	Amortized cost	18.c	6,779	1,154	-	-
Derivatives	Fair value	28.6	7,957	-	7,957	-
Financial liabilities						
Borrowings and financing	Fair value	14.1	102,428	3,131	116,072	62,490
Debentures	Fair value	14.2	795,053	822,155	795,053	822,155
Trade payables	Amortized cost	13	100,469	191,758	138,435	251,453
Payables to related parties	Amortized cost	18.c	1,235	1,041	-	-
Derivatives	Fair value	28.6	10,036	-	10,036	-

27.2. Financial instrument at amortized cost

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.

27.3. Financial instruments at fair value

Financial instruments recognized in these financial statements at amortized cost are substantially similar to their fair value, except for borrowings and debentures, as shown below:

	Parent		Consolidated	
	12/31/2023		12/31/2023	
	Accounting	Probable	Accounting	Probable
4 th issue of debentures	29,698	29,570	29,698	29,570
5 th issue of debentures	40,439	38,445	40,439	38,445
6 th issue of debentures	301,309	293,217	301,309	293,217
7 th issue of debentures	430,669	430,669	430,669	430,669
Borrowings	102,428	102,786	116,072	116,557
Total	904,543	894,687	918,187	908,458

The fair values of debentures and borrowings were calculated considering the discounted cash flow criterion.

27.4. Sensitivity analysis

The following table presents a sensitivity analysis of the financial instruments, describing the risks that could generate material losses to the Company. The probable scenario was determined based on Management's assessment, considering a one-year time horizon (ending December 31, 2024).

Short-term investments	Indicator	Parent	
		Accounting	Probable
Short-term investments	CDI	544,031	65,125
Debt	Indicator	Accounting	Probable
4 th issue of debentures	CDI	29,698	(3,403)
5 th issue of debentures	CDI	40,439	(5,251)
6 th issue of debentures	CDI	301,309	(35,785)
7 th issue of debentures	CDI	430,669	(47,944)
Borrowings	CDI	101,451	(11,239)
Total		903,566	(103,622)
Foreign exchange risk	USD	Accounting	Probable
Foreign suppliers - Third parties PTAX	US\$4,013	19,432	19,788
Short-term investments	Indicator	Consolidated	
		Accounting	Probable
Short-term investments	CDI	551,994	65,775
Debt	Indicator	Accounting	Probable
4 th issue of debentures	CDI	29,698	(3,403)
5 th issue of debentures	CDI	40,439	(5,251)
6 th issue of debentures	CDI	301,309	(35,785)
7 th issue of debentures	CDI	430,669	(47,944)
Borrowings	CDI	106,633	(11,847)
Total		908,748	(104,230)
Foreign exchange risk	USD	Accounting	Probable
Foreign suppliers - Third parties PTAX	US\$4,193	20,302	20,673

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The sensitivity analysis presented above takes into account changes in relation to a certain risk, with all other variables associated with other risks held constant.

Scenarios	12/31/2023
	Probable
Active CDI (%) (i)	9.00%
Passive CDI (%)	9.00%

- (i) Regarding the interest rate risk, the Company's Management considered as a probable assumption for its financial instruments a rate of 9.00% p.a.; information extracted from the FOCUS report released by the Central Bank of Brazil on March 11, 2024, for the year ending December 31, 2024, considering an increase in the CDI rate in line with the expected decrease in the SELIC rate.

27.5. Liquidity risk

Liquidity risk is the risk of the Company facing difficulties in fulfilling its obligations associated with its financial liabilities that are settled with cash payments or with another financial asset.

The Company's approach to manage liquidity is to ensure, to the maximum extent possible, that it always has sufficient liquidity to fulfill its obligations as they fall due, under normal and stress conditions, without causing unacceptable losses or risk of damaging the Company's reputation.

The financial department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs. Monthly forecasts take into account the Company's debt financing plans, the fulfillment of contractual clauses, and the achievement of internal targets according to the Company's strategic plan.

In addition, the Company maintains credit facilities with the major financial institutions operating in Brazil.

The table below analyzes the main financial liabilities by maturity range, corresponding to the remaining year in the balance sheet through the contractual maturity date, when the Company expects to make the payment.

	Overdue	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	Over five years	Total Parent
As at December 31, 2023								
Borrowings and financing	-	3,683	113	38,081	81,271	-	-	123,148
Debtentures	-	1,451	39,880	172,608	321,006	509,642	-	1,044,587
Leases payable - Properties	-	2,651	5,284	21,038	25,532	35,146	1,394	91,0475
Leases payable - Vehicles	-	248	483	2,129	1,745	42	-	4,647
Leases payable - Equipment	-	253	506	2,281	3,030	1,215	-	7,285
Trade payables	-	46,911	9,477	20,579	6,618	2,699	-	86,284
Payables to related parties	-	1,235	-	-	-	-	-	1,235
Payables from acquisition of subsidiaries	-	-	-	1,102	1,764	11,319	-	14,185

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	Overdue	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	Over five years	Total Consolidated
As at December 31, 2023								
Borrowings and financing	-	5,728	4,197	41,623	83,464	3,273	-	138,285
Debentures	-	1,451	39,880	172,608	321,006	509,642	-	1,044,587
Leases payable – Properties	-	2,687	5,357	21,366	25,969	36,450	3,024	94,853
Leases payable - Vehicles	-	300	587	2,598	2,366	308	-	6,159
Leases payable - Equipment	-	253	506	2,281	3,030	1,215	-	7,285
Trade payables	1,714	59,545	19,541	21,646	7,373	2,699	-	112,518
Payables from acquisition of subsidiaries	-	-	-	1,102	1,764	23,051	-	25,917

The interest rates (CDI and TLP) estimated for future commitments reflect the market rates at the end of each year.

27.6. 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 employees and stakeholders and a satisfactory return for shareholders. The Company's general strategy related to capital management has remained unchanged since 2022.

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 financial leverage the ratio between total net debt (total bank debt less total cash and cash equivalents) and the operating cash flow.

	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Total bank debt	906,622	835,054	920,266	894,413
Borrowings and financing	104,507	3,131	118,151	62,490
Gross debentures (note 14.2)	802,115	831,923	802,115	831,923
Cash and cash equivalents	538,862	746,359	546,889	780,131
Restricted bank deposits	9,531	16,041	9,531	16,041
Net debt	358,229	72,654	363,846	98,241
Equity	1,459,166	1,237,205	1,461,620	1,239,377
Net debt to equity ratio	0.25	0.06	0.25	0.08

The Company is not subject to any external capital requirement.

Credit facilities available

	Parent	
	2023	2022
Unsecured bank credit lines, reviewed annually and with payment upon request:		
Drawn	-	-
Undrawn	280,000	280,000
	Consolidated	
	2023	2022
Unsecured bank credit lines, reviewed annually and with payment upon request:		
Drawn	-	-
Undrawn	300,000	300,000

There are no secured bank credit facilities with varying maturity dates that can be extended by common agreement:

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27.7. Derivatives

The Company contracted derivative financial instruments in order to manage its exposure to exchange rate risk when taking out borrowings from financial institutions, as described in note 14.

Financial institution	Amount borrowed	Receivable (long position)	Payable (short position)	Maturity	Long position	Short position	Swap balance
Itaú	50,000	Exchange variation + 7.13% p.a.	CDI + 2% p.a.	06/16/2025	153	222	(69)
Citibank	50,000	Exchange variation + 7.12% p.a.	CDI + 2% p.a.	06/30/2025	1,588	3,598	(2,010)
					<u>1,741</u>	<u>3,819</u>	<u>(2,079)</u>

28. 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.

Nature	Parent		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Operational risks	2,797,557	2,524,472	3,300,690	2,618,034
Property damages	557,691	551,292	559,051	554,783
Civil liability	97,000	112,000	99,000	112,000

Our insurance policies have different maturities and is renewed annually, as described below:

- Operational risk - Policies expiring on 09/01/25.
- Property damage - Policies expiring on 03/01/24.
- Civil liability - D&O and Civil liability policies expiring on 09/01/24.

29. EVENTS AFTER THE REPORTING PERIOD

29.1. 8th issue of debentures (Parent - Mills)

On January 3, 2024, the Board of Directors approved the 8th issue of simple, non-convertible, unsecured debentures in the amount of R\$ 200,000,000.00, with maturity in 72 months and annual amortization of the principal as from the 48th month (including) (“Debentures”).

In January 2024, 200,000 Debentures were issued, which will be remunerated at the DI rate + 2.00% p.a.

29.2. Payment of interest of the 5th issue of debentures (Parent - Mills)

On January 12, 2024, the Company paid, to the holders of the 5th Issue of simple debentures, interest at the unit value of R\$ 0.01727285 attributed to each of the 84,000,000 debentures, totaling R\$ 1,450,919.40.

29.3. Early redemption of the 4th issue of debentures (Parent - Mills)

On March 4, 2024, the Company carried out the voluntary early redemption of the 4th issue of simple, non-convertible, secured debentures, in a single series, dated March 3, 2020, according to clause 6.2 of the issuance indenture.

Pursuant to the indenture, upon the voluntary total early redemption, the debenture holders were entitled to the payment of the par value or the par value balance, as applicable, plus remuneration calculated on a pro rata basis from the first date of payment or the date of the immediately preceding remuneration payment, as applicable, up to the actual payment date of the voluntary total early redemption, plus a flat premium on the par value or the balance of the par value of Debentures, as applicable.

29.4. 4th Share buyback program

On March 19, 2024, the Company disclosed the 4th share buyback program through which up to 7,874,016 shares can be purchased, representing 3.20% of the total shares at that date. The maximum period for completion of the operation is 18 months.