

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

Mills Estruturas e Serviços de Engenharia S.A.

Individual and Consolidated Interim
Financial Information for the Quarter
Ended September 30, 2021 and Report on
Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Mills Estruturas e Serviços de Engenharia S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Mills Estruturas e Serviços de Engenharia S.A. (the "Company"), included in the Interim Financial Information Form - ITR, for the quarter ended September 30, 2021, which comprises the balance sheet as at September 30, 2021 and the related statements of income and of comprehensive income for the three and nine-month periods then ended and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added - DVA for the nine-month period ended September 30, 2021, prepared under the responsibility of the Company's Management and presented as supplemental information for the international standard IAS 34 purposes. These statements were subject to review procedures performed together with the review of ITR to reach a conclusion on whether they were reconciled with the interim financial information and accounting records, as applicable, and if their form and content are consistent with the criteria set forth by technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the individual and consolidated interim financial information taken as a whole.


Audit and review of corresponding amounts

The individual and consolidated balance sheets as at December 31, 2020, presented for comparison purposes, were audited by other independent auditors, who issued an unqualified opinion thereon, dated March 17, 2021. The Company's individual and consolidated interim financial information for the three and nine-month periods ended September 30, 2020, presented for comparison purposes, were reviewed by other independent auditors, who issued a review report dated November 12, 2020, with an unmodified conclusion. The corresponding figures related to the individual and consolidated statements of value added - DVA for the nine-month period ended September 30, 2020 were subject to the same review procedures by those independent auditors and, based on their review, those auditors issued a report stating that nothing has come to their attention that causes them to believe that the DVA has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Convenience translation

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

Rio de Janeiro, November 11, 2021


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


John Alexander Harold Auton
Engagement Partner

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

BALANCE SHEETS AS AT SEPTEMBER 30, 2021 AND AS AT DECEMBER 31, 2020

(In thousands of Brazilian Reals - R\$)

	Note	Parent		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3	243,606	285,993	320,350	378,905
Restricted bank deposits	3	7,400	-	7,400	-
Receivables from third parties	4	121,636	82,478	130,715	100,376
Receivables from related parties	16.c	871	4,914	-	-
Inventories	5	74,486	36,225	79,144	40,714
Income tax and social contribution recoverable	6	1,214	415	7,184	5,815
Taxes recoverable	6	6,870	2,956	8,938	5,406
Advances to suppliers		2,034	1,892	4,970	4,787
Other receivables from related parties	16.c	-	1,496	-	-
Other assets		6,247	4,191	6,923	4,947
		<u>464,364</u>	<u>420,560</u>	<u>565,624</u>	<u>540,950</u>
Assets held for sale	7	8,957	10,272	8,957	10,272
NONCURRENT ASSETS					
Deferred income tax and social contribution	18	230,327	236,128	308,977	314,618
Taxes recoverable	6	1	1	74	349
Judicial deposits	19	8,488	7,438	9,428	7,672
Derivative financial instruments	29	-	-	-	808
Other assets		-	2	-	2
		<u>238,816</u>	<u>243,569</u>	<u>318,479</u>	<u>323,449</u>
Financial assets at fair value					
through other comprehensive income	8	39,341	39,341	39,341	39,341
Investments	9	283,717	301,061	-	-
Property, plant and equipment	10	353,546	384,580	395,029	439,883
Intangible assets	11	35,022	33,314	125,328	121,497
		<u>711,626</u>	<u>758,296</u>	<u>559,698</u>	<u>600,721</u>
TOTAL ASSETS		<u>1,423,763</u>	<u>1,432,697</u>	<u>1,452,758</u>	<u>1,475,392</u>

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

BALANCE SHEETS AS AT SEPTEMBER 30, 2021 AND AS AT DECEMBER 31, 2020

(In thousands of Brazilian Reais - R\$)

	Note	Parent		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade payables	12	36,257	23,644	44,327	30,286
Payables to related parties	16.c	844	390	-	-
Borrowings and financing	13	-	-	733	4,547
Debentures	14	46,967	40,124	56,814	57,829
Leases payable	15	15,792	14,359	17,141	15,074
Payroll and related taxes		28,093	18,383	28,930	19,318
Tax debt refinancing program (REFIS)	22	1,472	1,456	1,472	1,456
Income tax and social contribution payable	20	6,219	1,920	6,906	2,917
Taxes payable	20	4,474	4,285	4,669	4,339
Provision for profit sharing	17.d	7,962	5,865	8,070	7,226
Dividends and interest on equity payable	21	405	-	405	-
Other liabilities		251	230	679	677
		<u>148,736</u>	<u>110,656</u>	<u>170,146</u>	<u>143,669</u>
NONCURRENT LIABILITIES					
Borrowings and financing	13	-	-	243	-
Debentures	14	107,162	141,360	107,162	145,285
Leases payable	15	39,186	41,256	39,186	41,256
Provision for tax, civil and labor risks	19	14,396	15,137	19,043	20,414
Tax debt refinancing program (REFIS)	22	2,681	3,743	2,681	3,743
Taxes payable	20	10,530	10,348	10,530	10,348
Provision for post-employment benefits	17.a	12,613	11,868	12,613	11,868
Other liabilities		430	430	790	910
		<u>186,998</u>	<u>224,142</u>	<u>192,248</u>	<u>233,824</u>
TOTAL LIABILITIES		<u>335,734</u>	<u>334,798</u>	<u>362,394</u>	<u>377,493</u>
EQUITY					
Share capital	21	1,090,336	1,089,642	1,090,336	1,089,642
Capital reserves	21	60,478	57,036	60,478	57,036
Cost with issuance of shares	21	(18,448)	(18,448)	(18,448)	(18,448)
Earnings reserves	21	860	860	860	860
Treasury shares	21	(61,919)	(15,056)	(61,919)	(15,056)
Equity adjustments		(16,135)	(16,135)	(16,135)	(16,135)
Retained earnings		32,857	-	32,857	-
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		-	-	1,088,029	1,097,899
Non-controlling interest		-	-	2,335	-
TOTAL EQUITY		<u>1,088,029</u>	<u>1,097,899</u>	<u>1,090,364</u>	<u>1,097,899</u>
TOTAL LIABILITIES AND EQUITY		<u>1,423,763</u>	<u>1,432,697</u>	<u>1,452,758</u>	<u>1,475,392</u>

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF PROFIT OR LOSS
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(In thousands of Brazilian Reais - R\$)

	Note	Parent				Consolidated			
		07/01/2021	07/01/2020	01/01/2021	01/01/2020	07/01/2021	07/01/2020	01/01/2021	01/01/2020
		to	to	to	to	to	to	to	to
		09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue from sales and services	24	182,871	109,633	492,559	267,903	192,949	133,792	518,946	358,197
Cost of sales and services	26	(77,877)	(75,540)	(232,210)	(190,027)	(85,266)	(84,952)	(249,700)	(228,157)
Gross profit		104,994	34,093	260,349	77,876	107,683	48,840	269,246	130,040
Selling, general and administrative expenses	25	(58,767)	(30,992)	(166,102)	(89,347)	(62,020)	(44,950)	(174,948)	(132,642)
Allowance for expected credit losses	4	(1,896)	1,909	(4,175)	(2,524)	(2,008)	1,430	(5,961)	(5,595)
Share of profit (loss) of subsidiaries	9	(879)	113	(1,649)	2,648	-	-	-	-
Other operating income (expenses), net		285	594	969	928	324	1,336	1,934	1,947
Profit (loss) before finance income (costs) and taxes		43,737	5,717	89,392	(10,419)	43,979	6,656	90,271	(6,250)
Finance income	26	6,205	1,626	12,089	5,751	7,825	3,562	18,159	11,497
Finance costs	26	(5,583)	(4,125)	(18,244)	(12,943)	(7,277)	(6,298)	(24,181)	(21,053)
Finance income (costs), net		622	(2,499)	(6,155)	(7,192)	548	(2,736)	(6,022)	(9,556)
Profit (loss) before taxes		44,359	3,218	83,237	(17,611)	44,527	3,920	84,249	(15,806)
Current income tax and social contribution	18	(8,298)	-	(18,632)	-	(8,954)	(2,759)	(20,053)	(5,061)
Deferred income tax and social contribution	18	(4,568)	(2,035)	(5,801)	5,235	(4,134)	22	(5,467)	8,491
Profit (loss) for the period		31,493	1,183	58,804	(12,376)	31,439	1,183	58,729	(12,376)
Profit (loss) attributable to:									
owners of the Company						31,493	1,183	58,804	(12,376)
Non-controlling interests						(54)	-	(75)	-
Basic and diluted earnings (loss) per share - R\$	23	0.15	0.01	0.28	(0.06)	0.15	0.01	0.28	(0.06)

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(In thousands of Brazilian Reais - R\$)

	Parent				Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Profit (loss) for the period	31,493	1,183	58,804	(12,376)	31,439	1,183	58,729	(12,376)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	<u>31,493</u>	<u>1,183</u>	<u>58,804</u>	<u>(12,376)</u>	<u>31,439</u>	<u>1,183</u>	<u>58,729</u>	<u>(12,376)</u>
Total comprehensive income attributable to:								
Owners of the Company	-	-	-	-	31,493	1,183	58,804	(12,376)
Non-controlling interests	-	-	-	-	(54)	-	(75)	-

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(In thousands of Brazilian Reais - R\$)

	Note	Capital reserves		Earnings reserves	Treasury shares	Equity adjustments	Retained earnings (accumulated losses)	Total attributable to owners of the Company	Non-controlling interests	Total	
		Subscribed share capital	Stock option premium	Share issue cost							Legal reserves
Balance at December 31, 2019		1,089,379	56,357	(18,448)	10,295	(20,287)	(9,923)	-	1,107,373	-	-
Dividends/interest on capital		-	-	-	-	-	3	3	-	-	-
Stock option premium		263	(470)	-	-	5,231	-	(4,691)	333	-	-
Loss for the period		-	-	-	-	-	-	(12,376)	(12,376)	-	-
Balance at September 30, 2020		<u>1,089,642</u>	<u>55,887</u>	<u>(18,448)</u>	<u>10,295</u>	<u>(15,056)</u>	<u>(9,923)</u>	<u>(17,064)</u>	<u>1,095,333</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020		1,089,642	57,036	(18,448)	860	(15,056)	(16,135)	-	1,097,899	-	1,097,899
Capital increase	21.a	694	-	-	-	-	-	-	694	-	694
Stock option premium		-	3,442	-	-	-	-	-	3,442	-	3,442
Purchase of shares		-	-	-	-	(46,863)	-	-	(46,863)	-	(46,863)
Addition of non-controlling stockholders due to business combination		-	-	-	-	-	-	-	-	2,335	2,335
Profit (loss) for the period		-	-	-	-	-	-	58,804	58,804	-	58,804
Interest on capital		-	-	-	-	-	-	(25,947)	(25,947)	-	(25,947)
Balance at September 30, 2021		<u>1,090,336</u>	<u>60,478</u>	<u>(18,448)</u>	<u>860</u>	<u>(61,919)</u>	<u>(16,135)</u>	<u>32,857</u>	<u>1,088,029</u>	<u>2,335</u>	<u>1,090,364</u>

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 AND 2020

(In thousands of Brazilian Reais - R\$)

	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cash flows from operating activities				
Profit (Loss) for the period	58,804	(12,376)	58,804	(12,376)
Adjustments for:				
Depreciation and amortization	101,971	90,016	108,684	113,856
Deferred income tax and social contribution	5,801	(5,235)	5,467	(8,491)
Provision for tax, civil and labor risks	(2,110)	(1,780)	(2,740)	(672)
Accrued expenses on stock options	3,442	2,288	3,442	2,288
Post-employment benefits	745	786	745	786
Residual value of PP&E and intangible assets sold and written off	4,107	16,764	4,499	17,990
Interest and monetary exchange gains and losses, net	10,848	7,448	11,197	8,996
Interest on leases	3,132	3,287	3,252	3,477
Allowance for expected credit losses	4,175	2,524	5,961	5,595
Provision for impairment and fair value	-	151	-	151
Provision for slow-moving inventories	(1,133)	1,943	(1,201)	1,593
Provision for profit sharing	8,066	3,615	6,992	4,318
Share of profit (loss) of subsidiaries	1,649	(2,648)	-	-
Other provisions (reversals)	1,060	(168)	1,324	(710)
(Increase)/decrease in assets and increase/(decrease) in liabilities:				
Trade receivables	(37,944)	(20,540)	(36,241)	3,500
Acquisitions of rental equipment	(31,545)	(400)	(31,635)	(490)
Inventories	(35,773)	(7,796)	(36,826)	(8,916)
Taxes recoverable	(3,915)	366	(3,256)	1,163
IRPJ (Corporate Income tax) and CSLL (social contribution)	(799)	1,413	(1,368)	1,167
Judicial deposits	(532)	179	(1,239)	179
Other assets	(905)	(318)	(167)	(962)
Suppliers	13,261	2,475	15,353	6,572
Payroll and related taxes	9,710	693	9,557	(819)
Provision for profit sharing	(5,969)	(5,856)	(6,149)	(8,581)
Taxes payable	17,947	7,439	19,427	12,349
Other liabilities	146	(140)	26	(258)
Lawsuits settled	(3,198)	(1,915)	(3,762)	(2,054)
Income tax and social contribution paid	(14,324)	-	(16,010)	(4,298)
Interest paid	(6,879)	(25,700)	(8,204)	(27,461)
Net cash from operating activities	<u>99,838</u>	<u>56,515</u>	<u>105,932</u>	<u>107,892</u>
Cash flows from investing activities:				
Acquisition of cash due to merger of subsidiary	-	-	(5,100)	-
Acquisition of PP&E for own use and intangible assets	(19,540)	(6,920)	(19,540)	(7,078)
Net cash used in investing activities	<u>(19,540)</u>	<u>(6,920)</u>	<u>(24,640)</u>	<u>(7,078)</u>
Cash flows from financing activities				
Capital increase	694	263	694	263
Restricted bank deposits	(7,400)	-	(7,400)	-
Funding (costs) of borrowings and debentures	(478)	97,947	(328)	97,947
Acquisition of treasury shares	(46,862)	-	(46,862)	-
Interest on capital and dividends paid	(24,123)	-	(24,123)	-
Amortization of borrowings and debentures	(28,847)	(38,897)	(45,399)	(46,710)
Leases paid	(15,669)	(11,690)	(16,429)	(15,006)
Net cash generated by (used in) financing activities	<u>(122,685)</u>	<u>47,623</u>	<u>(139,847)</u>	<u>36,494</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(42,387)</u>	<u>97,218</u>	<u>(58,555)</u>	<u>137,308</u>
Cash and cash equivalents at the beginning of the period	285,993	73,656	378,905	124,910
Cash and cash equivalents at the end of the period	243,606	170,874	320,350	262,218
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(42,387)</u>	<u>97,218</u>	<u>(58,555)</u>	<u>137,308</u>

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENTS OF VALUE ADDED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 AND 2020

(In thousands of Brazilian Reais - R\$)

	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Revenues:				
Sales of products and services	558,983	307,450	593,206	421,982
Cancelations and discounts	(19,072)	(13,698)	(22,068)	(24,879)
Other revenues	1,047	993	2,110	2,018
Provision for expected credit losses	(4,175)	(2,524)	(5,961)	(5,595)
	<u>536,783</u>	<u>292,221</u>	<u>567,287</u>	<u>393,526</u>
Inputs purchased from third parties:				
Cost of sales and services	(4,666)	(2,585)	(15,254)	6,747
Materials, energy, outside services and others	(159,075)	(73,805)	(154,855)	(103,759)
Disposal of assets	(4,107)	(16,764)	(4,499)	(18,040)
Gross value added	<u>368,935</u>	<u>199,067</u>	<u>392,679</u>	<u>278,474</u>
Depreciation, amortization and depletion	(101,971)	(90,016)	(108,684)	(113,856)
Wealth created by the Company	<u>266,964</u>	<u>109,051</u>	<u>283,995</u>	<u>164,618</u>
Wealth received in transfer				
Finance income	12,089	5,751	18,159	11,497
Share of profit (loss) of subsidiaries	(1,649)	2,648	-	-
Total wealth for distribution	<u>277,404</u>	<u>117,450</u>	<u>302,154</u>	<u>176,115</u>
Distribution of wealth				
Personnel and charges	101,721	68,021	103,283	88,627
Salaries and wages	81,679	52,987	82,269	67,702
Benefits	15,337	11,197	16,178	15,987
Severance pay fund (FGTS)	4,705	3,837	4,836	4,938
Taxes and contributions	93,549	31,887	101,868	52,172
Federal	91,821	30,379	97,763	48,063
State	961	705	3,292	3,064
Municipal	767	803	813	1,045
Lenders and lessors	23,330	29,918	38,274	47,692
Interest and foreign exchange gains (losses)	17,763	12,660	23,575	20,572
Rentals	5,567	17,258	14,699	27,120
Shareholders	58,804	(12,376)	58,729	(12,376)
Interest on capital	17,883	-	17,883	-
Minimum mandatory dividends	8,064	-	8,064	-
Profit (loss) for the period	32,857	(12,376)	32,857	(12,376)
Non-controlling interest	-	-	(75)	-
Wealth distributed	<u>277,404</u>	<u>117,450</u>	<u>302,154</u>	<u>176,115</u>

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

NOTES TO THE QUARTERLY INFORMATION AS AT SEPTEMBER 30, 2021 AND 2020

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

1. GENERAL INFORMATION

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

- a. Rental and sale, including import and export, of steel and aluminum tubular structures, shoring and access equipment for construction works, as well as reusable concrete formworks, along with the development of related engineering projects, and the provision of supervisory and optional assembly services.
- b. Sale, rental and distribution of aerial work platforms and telescopic handlers, as well as parts and components, and technical assistance and maintenance services for such equipment.
- c. Holding of ownership interests in other companies, as partner or shareholder.

The Company’s bylaws also establish the following activities:

- a. Rental, assembly, and disassembling of access tubular scaffolding in industrial areas.
- b. Performance of industrial painting, sandblasting, heat insulation, boilermaker and refractory services, as well as other services inherent in such activities.

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

1.1. COVID-19 impacts

With the news and the evolution of COVID-19 in the world at the beginning of 2020, we made a planning considering the main inputs that we would need in the following months and acquired some of them in greater quantities, such as spare parts, PPEs, masks, etc. To date, our rental activities have not suffered significantly from lack of inputs, but we are working to increase our inventories in order to mitigate the risk of such an event occurring, as well as to have spare parts available to comply with the rhythm of equipment release.

Evidently, this crisis can still result in an increase in the prices of inputs, mainly those based on the US Dollar, and also in a possible default of some suppliers due to the seriousness of the situation. However, the main suppliers of parts of the Rental, the main business unit of the Company, are world-class large-sized entities, which brings more resilience. Additionally, despite being in R\$, the determination of the rental prices practiced by the Rental takes into consideration the replacement value of the equipment in USD, which means that, in the medium term, an increase in the rental prices should be made to keep the profitability of the business, which, consequently, is used as a hedge for any increase in the prices of inputs.

1.2. Corporate restructure

ACQUISITION OF SK RENTAL LOCAÇÃO EQUIPAMENTOS LTDA.

On April 8, 2021, the Company entered into an agreement to purchase and sell units of interest and other covenants to acquire the full amount of the units of interest representing the share capital of SK Rental Locação Equipamentos Ltda.

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

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

The acquisition of SK Rental do Brasil is in line with Mills' strategic objectives related to improvement of customer experience, growth, consolidation and increase in market share.

Up to the period ended September 30, 2021, this acquisition is still subject to compliance with certain precedent conditions usual in this type of operation, including approval of the Administrative Council for Economic Defense (CADE), as mentioned in note 31.2. Consequently, there are no accounting impacts on this quarter ended September 30, 2021 as a result of this acquisition.

ACQUISITION OF NEST LOCAÇÃO E REVENDA DE MÁQUINAS LTDA.

On April 28, 2021, the Company, through its wholly owned subsidiary Solaris Equipamentos e Serviços S.A. ("Solaris"), entered into an investment agreement for purchase and sale of units of interest and other covenants to acquire 51% of the share capital of Nest Locação e Revenda de Máquinas Ltda. ("Nest Rental"). The consideration was carried out on April 30, 2021, as provided for in the contract.

Nest Rental was established in 2018 and operates in the Low Level Access Platform Rental segment (up to 6 meters in height), offering compact, light, easy to transport, simple maintenance equipment that replaces stairs with greater safety and productivity, presenting thus, great capacity to become more and more present in the daily lives of people and companies. Nest Rental has exclusivity from JLG in the supply of this equipment in Brazil and has a business model that can be accelerated through the web, in addition to online sales and sharing stations for equipment rental, which demonstrates Nest Rental's vocation for innovation in the sector. Thus, in addition to increasing the focus on this equipment family, Mills also seeks to strengthen initiatives related to digital transformation, with Nest Rental as a lever of innovation, through which it will foster the evolution of processes, of automated solutions and the implementation of new facilities for customers, aiming to increasingly improve their rental experience.

The acquisition by Solaris is in line with Mills' strategy of seeking to concentrate the non-core business in this subsidiary.

a. Consideration transferred

Solaris has purchased 616,350 units of interest representing the share capital of Nest Rental, with all that these units of interest represent, free and unencumbered, for the amount of R\$2,100, pursuant to the investment agreement entered into between the parties.

Concurrently, the shareholders decided to make a capital contribution of R\$3,000, of which:

- (i) R\$880.5 will be used to increase the share capital from R\$2,054 to R\$2,935, upon issue of 880,500 units of interest, free and unencumbered, with par value of R\$1.00 each, fully subscribed and paid up by Solaris.
- (ii) R\$2,119 as premium on the issue of units of interest, with a subsequent capital increase for the capitalization of the reserve and consequent issue of 2,119,500 new units of interest with par value of R\$1.00 each, resulting in an increase from the current amount of R\$2,935, divided into 2,935,000 units of interest with par value of R\$1.00 each, to R\$5,054, divided into 5,054,500 units of interest with par value of R\$1.00 each.

These new units of interest were fully subscribed and paid up, and are distributed as follows:

Shareholder	Units of interest	Amount (R\$)	%
Solaris Equipamentos e Serviços S.A.	2,577,796	2,578	51.0%
Paulo Eduardo Martins Esteves	1,238,352	1,238	24.5%
MAC Empresarial Ltda.	1,238,352	1,238	24.5%
Total	5,054,500	5,054	100%

b. Identifiable assets acquired and liabilities assumed

The effects of this acquisition affected the Company's consolidated results of operations as from that date, with Nest Rental equity being appraised at its fair value in the acquisition, based on an economic and financial report issued by an independent appraisal company.

The table below summarizes the amounts of assets acquired and liabilities assumed from Nest Rental:

Assets	On acquisition date	Adjustments	Fair value
<u>Current assets</u>			
Cash and cash equivalents	139	-	139
Trade receivables	282	-	282
Inventories	229	-	229
Taxes recoverable	2	-	2
Other assets	12	-	12
<u>Noncurrent assets</u>			
Property, plant and equipment	2,535	950	3,485
Intangible assets	-	148	148
Assets acquired	3,199	1,098	4,297

Liabilities	On acquisition date	Adjustments	Fair value
<u>Current liabilities</u>			
Trade payables	343	-	343
Borrowings and financing	410	-	410
Taxes payable	17	-	17
Payroll and related taxes	2	-	2
Other liabilities	29	-	29
<u>Noncurrent liabilities</u>			
Borrowings and financing	439	-	439
Liabilities assumed	1,240	-	1,240
Net assets acquired	1,959	1,098	3,057
Distribution of fair value of assets acquired:			
Total			51%
Carrying amount of net assets	1,959	-	999
Capital increase	880	-	449
Premium on the issue of units of interest	2,120	-	1,081
Carrying amount of net assets after capital increase	4,959	-	2,529
Surplus value of property, plant and equipment (i)	950	-	485
Surplus value of intangible assets (ii)	148	-	75
Goodwill	-	-	2,011
Consideration transferred	-	-	(5,100)

- (i) The appraisal report on Nest Rental's net assets issued by an independent appraisal company stated a fair value adjustment of R\$950, of which R\$484 is proportional to Solaris' equity interest of 51%, related to the surplus value of machinery and equipment. Such surplus value of the net assets acquired is due to the operational life and residual value of the assets. In the individual financial statements, this amount is presented in the line item of investments. In the consolidated financial statements, this amount is presented as property, plant and equipment (see note 10).
- (ii) The appraisal report on Nest Rental' net assets issued by an independent appraisal company also stated a fair value adjustment of R\$148, of which R\$75 is proportional to Solaris' equity interest of 51%, related to the surplus value of the client portfolio. The surplus value of net assets acquired derives from the customer portfolio of approximately 145 companies. This relationship was considered an intangible asset at the date of the appraisal report, as it is stable and recurrent, fitting into the definition of customer portfolio. In the individual financial statements, this amount is presented in the line item of investments. In the consolidated financial statements, this amount is presented as intangible assets (see note 11).

c. Fair value measurement

The initial recognition of the acquisition was preliminary determined in the quarter ended June 30, 2021 based on the Company's best estimate, considering appropriate assumptions and methodology for the purchase price allocation. This accounting considered the fair value measurement of the assets and liabilities, carried out by independent specialists hired by the Company, and is subject to any changes arising from facts existing on the acquisition date and which may come to Management's knowledge during the adjustment period of up to one year as from the acquisition date, as provided for in accounting pronouncement CPC 15 (R1).

The valuation technique used to measure the fair value of identifiable assets acquired was as follows:

Assets acquired	Valuation method
Client portfolio	The Multi-period Excess Earnings Method (MPEEM) was used to estimate the value of the client portfolio intangible asset, upon identification of the contributory assets and appropriate rates of return of these assets. The MPEEM isolates the cash flow attributable to a specific intangible asset from the overall cash flows. Under this method, the portions attributable to the contributory assets are charged against the total earnings, and the identified excess earnings are allocated to the intangible asset under assessment. The earnings attributable to each client portfolio (total earnings less various returns) were stated at present value a rate of 17,5% and the resulting amounts were added up.
Machinery and equipment	The spreadsheets provided by the buyer were used for the assessment, from which the following information was collected: brand, model, serial number, year of manufacture and capacity. The replacement value and the fair value of these assets were determined based on market researches and price quotations with suppliers of the industry. For calculation of depreciation, in addition to the observed characteristics, the following were also taken into account: useful life, elapsed life, residual values, state of repair and obsolescence of the asset.

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

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

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

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

1.4. Amortization of Goodwill in the calculation of IRPJ and CSLL

On September 1, 2021, the Tax Authorities notified Solaris Equipamentos e Serviços S.A. ("Subsidiary") through the decision of the objection related to the tax assessment notice referring to administrative proceeding nº 11274.720224/2020-90, the obligation of paying 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 calculation bases, from 2015 to 2018, the installments related to the goodwill originated from the acquisition of its shared 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), to challenge the aforementioned objection to the tax assessment notice, challenging all allegations about the alleged taxes payable. The risk was classified by the legal counsel as possible. The 2019 period was not included in the computation of the alleged taxes payable, and considering that there may be an interpretation similar to the current one, with the issuance of a new tax assessment notice by the Tax Authorities, there would still be a potential risk of approximately R\$760 thousand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of presentation

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

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

In compliance with CVM Circular Letter 003/2011, of April 28, 2011, we present below the notes to the most recent annual financial statements (for the year ended December 31, 2020), which, in view of the lack of significant changes in the quarter ended September 30, 2021, are not being reproduced in full in this interim financial information.

The notes not included in the period ended September 30, 2021 are the following: "Significant accounting judgments, estimates and assumptions" and "Financial risk management", reflected in the presentation of the financial statements for the year ended December 31, 2020 (notes 3 and 4, respectively).

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

2.2. Basis of preparation

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

2.3. Basis of consolidation

The consolidated quarterly information comprises the quarterly information 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.

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

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

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

Subsidiary	Core business	Control	Ownership interest %	
			09/30/2021	12/31/2020
Solaris Equipamentos e Serviços 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%	-

(*) Direct control of subsidiary Solaris Equipamentos e Serviços S.A. as disclosed in note 1.2

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

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

3. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and banks	2,334	1,170	2,803	1,199
Restricted bank deposits (*)	7,400	-	7,400	-
Short-term investments	241,272	284,823	317,547	377,706
	<u>251,006</u>	<u>285,993</u>	<u>327,750</u>	<u>378,905</u>

(*) The amount of R\$7,400 is restricted for debt payment purposes at September 30, 2021, referring to the third installment of the 5th issue of debentures settled in October 2021.

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

At September 30, 2021, short-term investments consist of bank deposit certificates – CDB, bearing average interest of 100% of the interbank deposit certificate – CDI (99.94% at December 31, 2020).

4. RECEIVABLES FROM THIRD PARTIES

Business unit	Parent					
	09/30/2021			12/31/2020		
	Gross receivables	ECL	Net receivables	Gross receivables	ECL	Net receivables
Construction	61,331	(40,138)	21,193	62,891	(46,152)	16,739
Rental	134,875	(34,432)	100,443	104,260	(38,521)	65,739
	<u>196,206</u>	<u>(74,570)</u>	<u>121,636</u>	<u>167,151</u>	<u>(84,673)</u>	<u>82,478</u>
Current	151,074	(29,438)	121,636	109,338	(26,860)	82,478
Noncurrent	45,132	(45,132)	-	57,813	(57,813)	-
Business unit	Consolidated					
	09/30/2021			12/31/2020		
	Gross receivables	ECL	Net receivables	Gross receivables	ECL	Net receivables
Construction	61,331	(40,138)	21,193	62,891	(46,152)	16,739
Rental	164,546	(55,024)	109,522	145,069	(61,432)	83,637
	<u>225,877</u>	<u>(95,162)</u>	<u>130,715</u>	<u>207,960</u>	<u>(107,584)</u>	<u>100,376</u>
Current	163,119	(32,404)	130,715	132,546	(32,170)	100,376
Noncurrent	62,758	(62,758)	-	75,414	(75,414)	-

Variations in the period ended September 30, 2021 and year ended December 31, 2020 in the allowance for expected credit losses of the Company and its subsidiaries are as follows:

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Balance at the beginning of the period	(84,673)	(109,387)	(107,584)	(135,323)
Net impact of ECL on P&L	(4,175)	(407)	(5,961)	(3,147)
Provision	(5,282)	(29,711)	(7,167)	(34,756)
Reversal	1,107	29,304	1,206	31,609
Write-offs (*)	14,278	25,121	18,383	30,886
	<u>(74,570)</u>	<u>(84,673)</u>	<u>(95,162)</u>	<u>(107,584)</u>

(*) In the period ended September 30, 2021, the Company wrote off bills that were past due up to five years, totaling R\$18,383 in consolidated (R\$14,278 in parent), which are not recognized in the statement of cash flows because they do not reflect changes in cash.

Aging list of gross trade receivables:

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Not yet due	116,606	87,504	122,683	100,159
Not yet due (bills with original due dates extended)	2,317	1,619	2,317	1,619
1-60 days past due (*)	15,128	13,330	16,478	16,889
61-120 days past due (*)	5,064	1,961	5,943	3,039
121-180 days past due (*)	3,738	877	4,965	2,064
180-360 days past due (*)	8,224	4,046	10,627	8,778
Over 360 days past due (*)	45,129	57,814	62,864	75,412
	<u>196,206</u>	<u>167,151</u>	<u>225,877</u>	<u>207,960</u>

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

5. INVENTORIES

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Goods for resale	1,337	1,350	1,627	86
Spare parts and supplies	76,883	39,742	84,295	48,607
Provision for slow-moving inventories (*)	(3,734)	(4,867)	(6,778)	(7,979)
	<u>74,486</u>	<u>36,225</u>	<u>79,144</u>	<u>40,714</u>

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

Provision for slow-moving inventories	Parent	Consolidated
Balance at 12/31/2020	(4,867)	(7,979)
Provision	(2,492)	(2,505)
Reversal	3,625	3,706
Balance at 09/30/2021	(3,734)	(6,778)

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

6. TAXES RECOVERABLE

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) (*)	1,214	415	7,184	5,815
PIS and COFINS (taxes on revenue) (**)	6,373	2,105	7,598	3,880
ICMS (State VAT) (***)	152	505	896	1,257
Others	346	347	518	618
	8,085	3,372	16,196	11,570
Current	8,084	3,371	16,122	11,221
Noncurrent	1	1	74	349

(*) Refers to negative balance of income tax, arising from the withholding income tax on redemption of investments, which will be monetarily adjusted monthly according to the SELIC rate and offset against federal taxes up to December 31, 2021.

(**) PIS and COFINS credits refer basically to amounts recoverable on acquisition of property, plant and equipment offset at the rate of 1/48 per month against non-cumulative PIS and COFINS federal tax obligations. The segregation between current and noncurrent considers the amount offset expected in the period.

The company filed a lawsuit on December 2, 2016 aiming to guarantee the exclusion of ICMS from the PIS and COFINS calculation basis. On March 15, 2017, the Federal Supreme Court (STF) judged the subject-matter, ensuring the taxpayers that right. However, through motions for clarification, the adjustment of the effects of the decision was requested. The Company's proceeding was considered unappealable on November 25, 2020. Conservatively, it understood that it should not record the credit while the adjustment of the effects of the decision was not defined by the STF. With the definition of the adjustment of the effects of the decision, which considered that the calculation basis should be the ICMS debt instead of any debt balance, the proceeding was brought to action. It was also defined that it would cover the past. The computation of the credit was made and the adjusted amount of R\$4,429 thousand was obtained, which was properly registered with the Federal Revenue of Brazil. Therefore, the accounting was made in September 2021, of which R\$2,908 is recorded as other operating income and R\$1,521 is recorded as a financial effect of the monetary adjustment of these credits since their origin. These credits will be offset against the PIS and COFINS debts in October and November 2021 and, for this reason, were fully recorded as current assets.

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

7. ASSETS HELD FOR SALE

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

In accordance with Technical Pronouncement CPC 31 (IFRS 5), a noncurrent asset shall be classified as asset held for sale if its carrying amount will be recovered through a sales transaction instead of continuous use. Consequently, the Company classified these assets received through exchange in the assets held for sale account. In June 2020, under a delivery in accord and satisfaction private agreement following the in-court reorganization plan, the Company approved the receipt of chattels for the purpose of credit settlement in the amount of R\$18,906, based on the assumption that sale of said assets will take place within up to 90 days, as from the date of transfer of their ownership. With regard to this agreement, there is a net residual value of R\$3,042 under negotiation for sale.

	Parent and Consolidated(*)	
	<u>09/30/2021</u>	<u>12/31/2020</u>
Assets held for sale	11,912	13,227
Asset impairment loss	<u>(2,955)</u>	<u>(2,955)</u>
	<u>8,957</u>	<u>10,272</u>

(*) The balances presented at September 30, 2021 and December 31, 2020 fully refer to the parent.

The provision for impairment of assets held for sale, which is assessed annually, is the result of the difference between the book value and the market value of the assets at December 31, 2020 and September 30, 2021, according to appraisal reports by specialists.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

a) Non-controlling interest

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

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

The Company assessed that, as at September 30, 2021, it does not have significant influence in conformity with CPC 18 (R2) and there is no change in relation to the assessment performed as at December 31, 2020 and prior years.

b) Fair value and impairment loss

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

The fair value measurement is performed at year-end and since there were no material changes in the conditions previously analyzed, Management understands that there is no change in the estimated fair value of the investment in Rohr at September 30, 2021 in relation to December 31, 2020, when it amounted to R\$39,341.

9. INVESTMENTS

a) Assets accounted for under the equity method

SOLARIS EQUIPAMENTOS E SERVIÇOS S.A

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

Information on subsidiary	Solaris Equipamentos	
	09/30/2021	12/31/2020
Ownership interest %	100%	100%
Current assets	101,616	127,191
Noncurrent assets	91,176	103,034
Current liabilities	21,565	39,840
Noncurrent liabilities	5,007	9,683
Equity	<u>166,220</u>	<u>180,702</u>
Revenues	34,782	142,531
Expenses	(32,575)	(138,456)
Profit before taxes	2,207	4,075
Current and deferred income tax and social contribution	<u>(993)</u>	<u>(4,157)</u>
Profit or loss for the period	<u>1,214</u>	<u>(82)</u>
Variations in investments in subsidiaries		Parent
Balance at December 31, 2020		301,061
Decrease in investment (b)		(15,695)
Amortization and depreciation of surplus value of property, plant and equipment and intangible assets		(2,836)
Other income		(27)
Profit for the period		<u>1,214</u>
Balance at September 30, 2021		<u><u>283,717</u></u>

NEST LOCAÇÃO E REVENDA DE MÁQUINAS LTDA

Nest is a limited liability company, under control of the Company's wholly-owned subsidiary Solaris Equipamentos e Serviços S.A., engaged in the sale of machinery and equipment for domestic and professional use; rental of machinery and equipment for domestic and professional use; maintenance of machinery and equipment; and professional training and development in maintenance of its own machinery and equipment.

The Company opted to measure the participation of non-controlling interest in the acquiree at the carrying amount.

Information on subsidiary	Nest 09/30/2021
Solaris' interest - %	51%
Current assets	1,356
Noncurrent assets	5,211
Current liabilities	1,558
Noncurrent liabilities	243
Equity	4,766
Revenues	1,096
Expenses	(1,155)
Profit (loss) before taxes	(59)
Current and deferred income tax and social contribution	(94)
Profit (loss) between the acquisition date and September 30, 2021	(153)
Variations in investments in subsidiaries	Parent
Balance at December 31, 2020	-
Acquisition of interest in subsidiary	2,528
Goodwill	2,011
Surplus value of property, plant and equipment and intangible assets	560
Amortization and depreciation of surplus value of property, plant and equipment and intangible assets	(48)
Net deferred income tax and social contribution on surplus value	175
Profit for the period	(78)
Balance at September 30, 2021	5,148

Since the acquisition date, Nest Rental has contributed to the Company with income of R\$559 and net loss of R\$78 for the consolidated financial statements of the Company. If the business combination had taken place at the beginning of the period, income would have totaled R\$1.620 and losses from operations would be R\$46.

b) Capital decrease in subsidiary

After the acquisition of Solaris, as part of the strategy to capture synergies, Management started to make capital decreases (see note 10) through the assignment of rental equipment, inventories, furniture and fixtures and leasehold improvements in the branches where the Company and its subsidiary had the same geographical activity. These deductions were made considering the carrying amount of assets on the date in which they occurred.

Branch	Date	Rental equipment	Inventories	Furniture / fixtures and leasehold improvements	Total
São Luis	10/15/19	3,061	236	12	3,309
Serra	01/30/20	2,137	129	81	2,347
Maracanaú	03/11/20	5,125	308	10	5,443
Uberlândia	03/24/20	8,178	304	34	8,516
Cabo de Santo Agostinho	06/05/20	4,568	210	3	4,781
Cachoeirinha	07/09/20	3,855	253	2	4,110
Camaçari	08/03/20	6,647	578	27	7,252
Brasília	08/20/20	2,680	249	-	2,929
Curicica	08/26/20	4,478	605	327	5,410
Parauapebas	09/08/20	6,695	378	37	7,110
Contagem	09/14/20	12,871	814	23	13,708
Campinas	09/21/20	6,082	360	4	6,446
Cravinhos	10/06/20	6,080	475	52	6,607
São José dos Pinhais	10/13/20	9,669	466	10	10,145
Osasco	11/13/20	11,756	6,375	2,561	20,692
Total until 12/31/2020		<u>93,882</u>	<u>11,740</u>	<u>3,183</u>	<u>108,805</u>
Barcarena	01/21/21	1,485	88	26	1,599
Vila Olímpia	01/25/21	-	-	424	424
Macaé	02/25/21	4,831	576	9	5,416
Goiânia	03/22/21	4,062	433	85	4,580
Taubaté	09/23/21	3,382	256	38	3,676
Total for the quarter		<u>13,760</u>	<u>1,353</u>	<u>582</u>	<u>15,695</u>
Total		<u>107,642</u>	<u>13,093</u>	<u>3,765</u>	<u>124,500</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment for rental and operational use	Rental equipment in progress	Total equipment for rental and operational use	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right of use Propertie s	Right of use Vehicle s	Constructio n in progress	Total assets in use	Total Parent
Cost of PP&E, gross														
Balance at December 31, 2019	1,033,015	283	1,033,298	19,630	22,959	14,756	1,397	9,946	11,164	60,107	4,074	68	144,101	1,177,399
Acquisition	2,154	-	2,154	807	-	1,273	368	203	331	-	-	2,081	5,063	7,217
Right of use	-	-	-	-	-	-	-	-	-	6,110	7,461	-	13,571	13,571
Addition due to capital decrease in subsidiary	306,144	-	306,144	5,021	-	1,891	350	38	2,843	-	-	-	10,142	316,286
Write-offs/disposals	(43,822)	-	(43,822)	(342)	(1,842)	(448)	(349)	-	(8)	(199)	-	-	(3,188)	(47,011)
Adjustment for PIS and COFINS credits	(45)	-	(45)	-	-	-	-	-	-	-	-	-	-	(45)
Transfer	283	(283)	-	120	-	-	-	91	-	-	-	(211)	-	-
Balance at December 31, 2020	1,297,729	-	1,297,729	25,235	21,117	17,472	1,766	10,277	14,330	66,018	11,535	1,938	169,688	1,467,417
Acquisition	8,724	22,822	31,546	1,345	-	3,901	305	-	892	-	-	7,107	13,550	45,096
Right of use	-	-	-	-	-	-	-	-	-	9,209	2,406	-	11,615	11,615
Addition due to capital decrease in subsidiary	63,422	-	63,422	628	-	495	-	-	50	-	-	-	1,173	64,595
Write-offs/disposals	(49,788)	-	(49,788)	-	-	(30)	(761)	-	(5)	-	-	-	(796)	(50,584)
Adjustment for PIS and COFINS credits	(133)	-	(113)	-	-	-	-	-	-	-	-	-	-	(113)
Transfer	22,822	(22,822)	-	1,682	-	-	-	-	-	-	-	(1,424)	258	258
Balance at September 30, 2021	1,342,796	-	1,342,796	28,890	21,117	21,838	1,310	10,277	15,267	75,227	13,941	7,621	195,488	1,538,284
	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 Properti es	Right of use Vehicles	Constructio n in progress	Total assets in use	Total Parent
Accumulated depreciation														
Balance at December 31, 2019	(723,489)	-	(723,489)	(9,290)	(4,619)	(14,529)	(1,034)	(5,429)	(8,118)	(10,857)	(2,243)	-	(56,119)	(779,608)
Depreciation	(101,749)	-	(101,749)	(2,023)	(617)	(214)	(153)	(880)	(793)	(10,904)	(2,174)	-	(17,758)	(119,507)
Addition due to capital decrease in subsidiary	(214,620)	-	(214,620)	(3,890)	-	(1,500)	(350)	(2)	(2,198)	-	-	-	(7,940)	(222,560)
Write-offs	38,047	-	38,047	178	-	448	256	-	6	199	-	-	1,087	39,134
Adjustment for PIS and COFINS credits	-	-	-	(206)	-	-	-	(90)	-	-	-	-	(296)	(296)
Balance at December 31, 2020	(1,001,811)	-	(1,001,811)	(15,231)	(5,236)	(15,795)	(1,281)	(6,401)	(11,103)	(21,562)	(4,417)	-	(81,026)	(1,082,837)
Depreciation	(82,690)	-	(82,690)	(1,761)	(463)	(572)	(117)	(656)	(638)	(9,314)	(2,463)	-	(15,984)	(98,674)
Addition due to capital decrease in subsidiary	(49,662)	-	(49,662)	(480)	-	(252)	-	-	(10)	-	-	-	(742)	(50,404)
Write-offs/disposals	47,335	-	47,335	-	-	30	565	-	5	(511)	-	-	89	47,424
Adjustment for PIS and COFINS credits	-	-	-	(180)	-	-	-	(67)	-	-	-	-	(247)	(247)
Balance at September 30, 2021	(1,086,828)	-	(1,086,828)	(17,652)	(5,699)	(16,589)	(833)	(7,124)	(11,746)	(31,387)	(6,880)	-	(97,910)	(1,184,738)
Annual depreciation rates - %	10 - 12 - 15	-	-	According to the lease agreement	4	20	20	10	10	-	-	-	-	-
Property, plant and equipment, net														
Balance at December 31, 2020	295,918	-	295,918	10,004	15,881	1,677	485	3,876	3,227	44,456	7,118	1,938	88,662	384,580
Balance at September 30, 2021	255,968	-	255,968	11,238	15,418	5,249	477	3,153	3,521	43,840	7,061	7,621	97,578	353,546

Mills Estruturas e Serviços de Engenharia S.A.

	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 Propert ies	Right of use Vehicles	Constructio n in progress	Total assets in use	Total Consolidate d
Cost of PP&E, gross														
Balance at December 31, 2019	1,480,141	6,604	1,486,745	26,546	22,959	17,247	2,459	10,548	14,163	67,946	7,549	68	169,485	1,656,232
Acquisition	3,651	202	3,853	889	-	1,273	368	203	414	-	-	2,081	5,228	9,081
Right of use	-	-	-	-	-	-	-	-	-	5,825	6,204	-	12,029	12,029
Write-offs/disposals	(59,157)	(117)	(59,274)	(1,040)	(1,842)	(468)	(457)	(560)	(79)	(199)	-	-	(4,645)	(63,919)
Adjustment for PIS and COFINS credits	1,260	(517)	743	-	-	-	-	-	-	-	-	-	-	743
Transfer	6,061	(6,061)	-	120	-	-	-	91	-	-	-	(211)	-	-
Balance at December 31, 2020	1,431,956	111	1,432,067	26,515	21,117	18,054	2,370	10,282	14,498	73,572	13,753	1,938	182,099	1,614,166
Addition due to acquisition of subsidiary	2,897	-	2,897	-	-	9	-	31	2	-	-	-	42	2,939
Surplus value of property, plant and equipment due to acquisition of subsidiary	485	-	485	-	-	-	-	-	-	-	-	-	-	485
Acquisition	11,647	22,822	34,469	1,345	-	3,906	305	-	897	-	-	7,136	13,589	48,058
Right of use	-	-	-	-	-	-	-	-	-	10,523	2,496	-	13,019	13,019
Write-offs/disposals	(52,332)	-	(52,332)	(460)	-	(30)	(788)	(4)	(6)	-	-	-	(1,288)	(53,620)
Adjustment for PIS and COFINS credits	(113)	-	(113)	-	-	-	-	-	-	-	-	-	-	(113)
Transfer	22,821	(22,822)	(112)	1,682	-	-	-	-	112	-	-	(740)	370	258
Balance at September 30, 2021	1,417,361	-	1,417,361	29,082	21,117	21,939	1,887	10,309	15,503	84,095	16,249	8,334	207,831	1,625,192
	Equipment for rental and operational use	Rental equipment in progress	Total equipment for rental and operational use	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right of use Properties	Right of use Vehicles	Constructio n in progress	Total assets in use	Total Consolidated
Accumulated depreciation														
Balance at December 31, 2019	(1,008,036)	-	(1,008,036)	(14,206)	(4,619)	(16,100)	(1,917)	(5,794)	(10,319)	(15,077)	(3,591)	-	(71,623)	(1,079,659)
Surplus value of property, plant and equipment due to acquisition of subsidiary	110	-	110	-	-	-	-	-	-	-	-	-	-	110
Depreciation	(125,646)	-	(125,646)	(2,621)	(617)	(490)	(160)	(909)	(944)	(13,409)	(3,043)	-	(22,193)	(147,839)
Write-offs/disposals	51,162	-	51,162	768	-	459	364	391	58	199	-	-	2,239	53,401
Adjustment for PIS and COFINS credits	-	-	-	(206)	-	-	-	(90)	-	-	-	-	(296)	(296)
Balance at December 31, 2020	(1,082,410)	-	(1,082,410)	(16,265)	(5,236)	(16,131)	(1,713)	(6,402)	(11,205)	(28,287)	(6,634)	-	(91,873)	(1,174,283)
Addition due to acquisition of subsidiary	(417)	-	(417)	-	-	(4)	-	(7)	-	-	-	-	(11)	(428)
Surplus value of property, plant and equipment due to acquisition of subsidiary	(2,881)	-	(2,881)	-	-	-	-	-	-	-	-	-	-	(2,881)
Depreciation	(85,680)	-	(85,680)	(1,795)	(463)	(575)	(122)	(657)	(651)	(9,983)	(2,467)	-	(16,713)	(102,393)
Write-offs/disposals	49,529	-	49,529	422	-	30	592	1	6	(511)	-	-	540	50,069
Adjustment for PIS and COFINS credits	-	-	-	(180)	-	-	-	(67)	-	-	-	-	(247)	(247)
Balance at September 30, 2021	(1,121,859)	-	(1,121,859)	(17,818)	(5,699)	(16,680)	(1,243)	(7,132)	(11,850)	(38,781)	(9,101)	-	(108,304)	(1,230,163)
Annual depreciation rates - %	10 - 12 - 15	-	-	According to the lease agreement	4	20	20	10	10	-	-	-	-	-
Property, plant and equipment, net														
Balance at December 31, 2020	349,546	111	349,657	10,250	15,881	1,923	657	3,880	3,293	45,285	7,119	1,938	90,226	439,883
Balance at September 30, 2021	295,502	-	295,502	11,264	15,418	5,259	644	3,177	3,653	45,314	7,148	7,650	99,527	395,029

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

We present below the main acquisitions and reclassifications accumulated through September 30, 2021, by group of assets:

	<u>Parent</u>	<u>Consolidated</u>
Shoring	206	206
Aerial work platforms and telescopic handlers	30,896	33,664
Generators	-	66
Compressors	-	89
Suspended scaffolding and access equipment	237	237
Machinery and equipment	207	207
Vehicles	305	305
Construction in progress (*)	6,422	6,451
Furniture and fixtures	892	897
Leasehold improvements	2,029	2,029
Computers and peripherals	3,902	3,907
	<u>45,096</u>	<u>48,058</u>

(*) Work services, renovations and adjustments that have not yet been fully completed in the branches.

The depreciation for the period, allocated to cost of services and general and administrative expenses, amounts to R\$84,228 and R\$24,456 at September 30, 2021 (R\$122,237 and R\$28,101 at December 31, 2020), respectively.

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

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

a) Provision for impairment of assets

Considering the positive operating performance, Management identified indications of impairment for the Rental and Construction Business Units (CGUs) in 2020, based on CPC 01 (IAS 36). As a result, Management performed tests that did not identify the need for recording any adjustments to the provision for impairment of assets of these Business Units at December 31, 2020.

The recoverable amount of the Business Units' assets, at December 31, 2020, was determined based on economic market projections, made under the income approach, by forecasting discounted cash flow for a period of ten years plus perpetuity, for the purpose of substantiating the amount recorded in the accounts, given the long-term maturity of investments in infrastructure and civil construction. Revenue was projected based on multipliers of the Gross Domestic Product (GDP) plus the variation of the IGPM (General Market Price Index), with real price gains. Costs and expenses were, in general, segregated into fixed and variable, with the variables projected considering volume growth plus the variation of the IPCA and the fixed costs and expenses projected only based on the variation of the IPCA. Some other items were projected based on the historical percentage of rental revenue. The need for working capital and investments to maintain the asset tested was also considered.

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

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

Management did not identify indications of impairment for the Construction and Rental Business Units during the period ended September 30, 2021.

11. INTANGIBLE ASSETS

	Software	Trademarks and patents	Intangible assets in progress (i)	Goodwill on investments	Total Parent
Balance at December 31, 2019	54,143	3,156	2,145	13,376	72,820
Acquisition	1,002	-	4,609	-	5,611
Addition due to capital decrease in subsidiary	1,566	-	-	-	1,566
Transfers	1,661	-	(1,661)	-	-
Balance at December 30, 2020	<u>58,372</u>	<u>3,156</u>	<u>5,093</u>	<u>13,376</u>	<u>79,997</u>
Acquisition	1,858	-	4,132	-	5,990
Addition due to capital decrease in subsidiary	246	-	-	-	246
Transfers	5,360	-	(5,618)	-	(258)
Balance at September 30, 2021	<u>65,836</u>	<u>3,156</u>	<u>3,607</u>	<u>13,376</u>	<u>85,975</u>
<u>Accumulated amortization</u>					
Balance at December 31, 2020	(41,573)	(878)	-	(4,232)	(46,683)
Amortization	(3,789)	-	-	-	(3,789)
Addition due to capital decrease in subsidiary	(95)	-	-	-	(95)
Adjustment for PIS and COFINS credits (*)	(386)	-	-	-	(386)
Balance at September 30, 2021	<u>(45,843)</u>	<u>(878)</u>	<u>-</u>	<u>(4,232)</u>	<u>(50,953)</u>
Annual amortization rates - %	20	-	-	-	-
<u>Intangible assets, net</u>					
Balance at December 31, 2020	16,799	2,278	5,093	9,144	33,314
Balance at September 30, 2021	19,993	2,278	3,607	9,144	35,022

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

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

	Software	Trademarks and patents	Intangible assets in progress	Goodwill on investments	Total Consolidated
Balance at December 31, 2019	55,977	3,164	2,145	101,387	162,673
Acquisition	1,048	-	4,609	-	5,657
Disposals	(5)	-	-	-	(5)
Transfer	1,661	-	(1,661)	-	-
Balance at December 31, 2020	<u>58,681</u>	<u>3,164</u>	<u>5,093</u>	<u>101,387</u>	<u>168,325</u>
Surplus value of intangible assets due to acquisition of subsidiary	-	-	-	75	75
Goodwill due to acquisition of subsidiary	-	-	-	2,206	2,206
Acquisition	1,858	-	4,132	-	5,990
Disposals	-	-	-	-	-
Transfer	5,360	-	(5,618)	-	(258)
Balance at September 30, 2021	<u>65,899</u>	<u>3,164</u>	<u>3,607</u>	<u>103,668</u>	<u>176,338</u>

	Software	Trademarks and patents	Intangible assets in progress	Goodwill on investments	Total Consolidated
Accumulated amortization					
Balance at December 31, 2019	(36,800)	(878)	-	(4,232)	(41,910)
Amortization	(4,484)	-	-	-	(4,484)
Disposals	5	-	-	-	5
Adjustment for PIS and COFINS credits	(439)	-	-	-	(439)
Balance at December 31, 2020	<u>(41,718)</u>	<u>(878)</u>	<u>-</u>	<u>(4,232)</u>	<u>(46,828)</u>
Amortization of surplus value of intangible assets					
Amortization	(3,792)	-	-	(3)	(3,792)
Disposals	-	-	-	-	-
Adjustment for PIS and COFINS credits	(387)	-	-	-	(387)
Balance at September 30, 2021	<u>(45,897)</u>	<u>(878)</u>	<u>-</u>	<u>(4,235)</u>	<u>(51,010)</u>
Annual amortization rates - %	20	-	-	-	-
Intangible assets, net					
Balance at December 31, 2020	16,963	2,286	5,093	97,155	121,497
Balance at September 30, 2021	20,002	2,286	3,607	99,433	125,328

a) Provision for impairment of goodwill on investments

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

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

b) Goodwill

The goodwill arising from the merger of Solaris Participações presented in the consolidated interim financial information is initially measured as the excess of the consideration transferred over the net assets acquired (net identifiable assets acquired and liabilities assumed). Subsequent to initial recognition, in the amount of R\$88,011, goodwill, which has indefinite useful life, is measured at cost, less any accumulated impairment losses. This goodwill was generated on the exchange of shares upon the acquisition of Solaris and Management, together with its legal counsel, decided not to consider it deductible for income tax and social contribution (Explanatory note 1 for the quarter event).

In the consolidated interim financial information, the goodwill is classified in intangible assets, while in the Parent's balance sheet, it is included in investments. Management has not identified any fact or event that would justify the need to record a provision for impairment of goodwill recorded in parent and consolidated at December 31, 2020 and September 30, 2021.

12. TRADE PAYABLES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Domestic suppliers - Third parties	35,563	22,979	41,856	27,492
Foreign suppliers - Third parties	694	665	2,471	2,794
	<u>36,257</u>	<u>23,644</u>	<u>44,327</u>	<u>30,286</u>

As at September 30, 2021 and December 31, 2020, trade payables balances refer basically to installment purchase of spare parts and supplies, services and PP&E.

13. BORROWINGS AND FINANCING

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

The Company entered into rental equipment financing agreements that bear interest with pre-fixed rates of 13.62% to 15.80% p.a. and post-fixed rates of 6% p.a. plus CDI, with monthly amortization up to September 2021.

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Current	-	-	733	4,547
Noncurrent	-	-	243	-
	<u>-</u>	<u>-</u>	<u>976</u>	<u>4,547</u>

The financial institutions with which the Company has borrowings agreements as at September 30, 2021 are as follows:

<u>Company</u>	<u>Financial institutions</u>
Nest	Banco de Lage Landen Brasil
Nest	Banco Itaú
Nest	Banco do Brasil

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

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Guarantees provided:				
Collateral assignment (*)	-	-	1,144	14,049

(*) Refers to equipment purchased and working capital.

The installments to fall due at the end of the period ended September 30, 2021 are shown below:

	<u>Parent</u>	<u>Consolidated</u>
2021	-	733
2022	-	243
	<u>-</u>	<u>976</u>

14. DEBENTURES

Description	Series	Issued amount	Beginning	Maturity	Finance charges	Parent		Consolidated	
						09/30/2021	12/31/2020	09/30/2021	12/31/2020
1 st issue – Solaris (i)	Single	80,000	Mar/14	Feb/22	100% of CDI + 5%		-	9,847	21,630
4 th issue - Mills (ii)	Single	100,000	Mar/20	Mar/25	CDI + 2.35%	82,802	100,318	82,802	100,318
Issue cost						(1,860)	(1,727)	(1,860)	(1,727)
						80,942	98,591	80,942	98,591
5 th issue - Mills (iii)	Single	84,000	Dec/20	Oct/24	CDI + 4.25%	74,291	84,242	74,291	84,242
Issue cost						(1,104)	(1,349)	(1,104)	(1,349)
						73,187	82,893	73,187	82,893
Total						154,129	181,484	163,979	203,114
Current						46,967	40,124	56,814	57,829
Noncurrent						107,162	141,360	107,165	145,285

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

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

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

In the year ended December 31, 2020 and period ended September 30, 2021, the Subsidiary has outstanding guarantees contracted in the amount of R\$18,716.

Covenants

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

- (1) Maintenance of the financial ratio within the limit below established on the dates of its respective annual calculation.
- (2) The ratio obtained by the division of Net Debt by EBITDA should not be greater than or equal to 2.5 up to the maturity date.

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

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

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

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

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

According to the Debenture Holders Meeting held on September 9, 2021, which approved the release of all properties under the "Agreement for Collateral Assignment of Properties and other Covenants", entered into by and between the Company and the Trustee on March 3, 2020, as amendment ("Agreement for Collateral Assignment of Property") through, cumulatively, (i) the increase in the Collateral Minimum Value, as defined in the "Private Instrument of Secured Assignment of Credit Rights and Other Covenants", entered into by and between the Company and the Trustee on March 3, 2020 ("Collateral Assignment Agreement"), of 10% (ten per cent) 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) of the retention, in the Restricted Account (as defined in the Secured Assignment Agreement) of the amount equivalent to 5% of the adjusted debt balance of the Debentures; (iii) due to the approval of item (i) the payment of commission equivalent to 0.5% on the debt balance of the Debentures as an advisory service 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 quotient of dividing Net Debt (i) by EBITDA (ii) should be equal to or less than 2.
- (2) For purposes of calculating the Fourth Issue covenants, calculations will be made disregarding the effects of IFRS 16 (CPC 06 (R2)).
 - (i) "Net Debt" means, based on the Company's immediately preceding consolidated financial statements, (a) the sum of the Company's onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or related parties and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, as well as guarantees provided by the Company, excluding debts arising from tax installment payments; (b) less the sum of the Company's cash and cash equivalents (cash and short-term investments), on a consolidated basis.

- (ii) “EBITDA” means, based on the Company’s four immediately preceding consolidated financial statements, profit or loss before income tax and social contribution, less income and plus expenses generated by financial and non-operating results, depreciation and amortization, and nonrecurring income and expenses. Considering nonrecurring expenses for the purpose of determining adjusted EBITDA, at the end of the period ended September 30, 2021, all original covenants have been met.

These covenants are measured at the end of every quarter.

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

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

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

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

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

Covenants

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

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

- (2) For purposes of calculating the Fourth Issue covenants, calculations will be made disregarding the effects of IFRS 16 (CPC 06 (R2)).
- i. "Net Debt" means, based on the Company's immediately preceding consolidated financial statements, (a) the sum of the Company's onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or related parties and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, as well as guarantees provided by the Company, excluding debts arising from tax installment payments; (b) less the sum of the Company's cash and cash equivalents (cash and short-term investments), on a consolidated basis;
 - ii. "Net Financial Expenses" mean, based on the Company's four immediately preceding consolidated financial statements, the balance of the difference between the consolidated gross financial income and the consolidated gross financial expenses.
 - iii. "EBITDA" means, based on the Company's four immediately preceding consolidated financial statements, profit or loss before income tax and social contribution, less income and plus expenses generated by financial and non-operating results, depreciation and amortization, and nonrecurring income and expenses.

Considering nonrecurring expenses for the purpose of determining adjusted EBITDA, at the end of the period ended September 30, 2021, all original covenants have been met.

These covenants are measured at the end of every quarter.

In the period ended September 30, 2021 the Company has outstanding guarantees contracted in the amount of R\$284,127.

As at September 30, 2021, the balances of debentures including transaction costs are R\$57,716 in current liabilities and R\$109,223 in noncurrent liabilities. The net amounts of transaction costs are, respectively, R\$56,814 and R\$107,162 (as at December 31, 2020, the gross balance of debentures is R\$58,596 in current liabilities and R\$147,595 in noncurrent liabilities, and R\$57,829 and R\$145,285 net of transaction costs).

15. LEASES

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

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

Variations in the right-of-use asset and lease liability during the period ended September 30, 2021 and December 31, 2020 were as follows:

a) Variations in right-of-use assets

<u>Right of use</u>	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Vehicles</u>				
Balance at January 1	7,118	1,831	7,118	3,959
Additions/updating of agreements	2,685	8,975	2,775	8,975
Write-offs	(279)	(1,515)	(279)	(1,553)
Accumulated depreciation	(2,462)	(2,173)	(2,466)	(4,263)
Net PP&E	<u>7,062</u>	<u>7,118</u>	<u>7,748</u>	<u>7,118</u>
<u>Properties</u>				
Balance at January 1	44,455	49,250	45,284	52,867
Remeasurement (*)	-	-	-	(484)
Additions/updating of agreements	12,041	6,881	13,070	7,321
Write-offs	(2,831)	(773)	(2,545)	(1,107)
Accumulated depreciation	(9,824)	(10,903)	(10,493)	(13,313)
Net PP&E	<u>43,841</u>	<u>44,455</u>	<u>45,316</u>	<u>45,284</u>

b) Variations in lease liabilities

<u>Lease liabilities</u>	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Vehicles</u>				
Balance at January 1	7,143	1,890	7,143	3,746
Remeasurement (*)	-	-	-	69
Updating of agreements	2,685	8,975	2,685	8,975
Write-offs	(279)	(1,516)	(279)	(1,554)
Payments	(2,787)	(2,340)	(2,787)	(3,737)
Finance charges	533	134	533	(356)
Leases payable - Vehicles	<u>7,295</u>	<u>7,143</u>	<u>7,295</u>	<u>7,143</u>

Lease liabilities	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
<u>Properties</u>				
Balance at January 1	48,472	51,286	49,187	54,908
Remeasurement (*)	-	-	-	(484)
Updating of agreements	12,041	6,881	13,070	7,321
Write-offs	(2,831)	(773)	(2,602)	(1,105)
Payments	(12,882)	(13,452)	(13,644)	(16,144)
Finance charges	2,883	4,530	3,021	4,690
Leases payable – Properties	<u>47,683</u>	<u>48,472</u>	<u>49,032</u>	<u>49,187</u>
Total leases payable	<u>54,978</u>	<u>55,615</u>	<u>56,327</u>	<u>56,330</u>
Current	15,792	14,359	17,141	15,074
Noncurrent	39,186	41,256	39,186	41,256

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

c) Contractual flows by terms and discount rates

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

Agreement terms	Rate p.a.	
	Properties	Vehicles
2021	9.00%	11.00%
2022	34.00%	44.00%
2023	25.00%	44.00%
2024	16.00%	1.00%
2025	10.00%	-
2026	3.00%	-
2027	1.00%	-
2028	1.00%	-
2029	1.00%	-

The Company presents in the table below the analysis of the maturity of lease liabilities based on nominal and actual flows at September 30, 2021:

Payment terms	Projected inflation (*)	Parent		Consolidated	
		Properties	Vehicles	Properties	Vehicles
2021	3.04%	4,482	936	4,856	936
2022	3.44%	15,778	3,674	16,357	3,674
2023	4.08%	11,435	3,371	11,906	3,371
2024	4.23%	9,603	35	9,675	35
2025	4.43%	8,868	-	8,868	-
2026 to 2028	4.56%	9,891	-	9,891	-
2029 to 2030	4.69%	1,175	-	1,175	-
Nominal rate flow		<u>61,232</u>	<u>8,016</u>	<u>62,728</u>	<u>8,016</u>
Implicit finance charges		13,549	721	13,696	721
Actual rate flow of future payments		47,683	7,295	49,032	7,295
Current		12,550	3,243	13,899	3,243
Noncurrent		35,133	4,052	35,133	4,052

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

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

	Tax rate	Parent		Consolidated	
		Nominal	Present value	Nominal	Present value
Consideration		69,248	54,977	70,744	56,326
Potential PIS/COFINS	9.25%	6,405	5,085	6,544	5,210

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

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Short-term lease expense and low-value underlying assets	2,720	1,035	2,775	1,183

16. RELATED PARTIES

a) Transactions and balances

There were no loans between the Company and its officers during the periods ended September 30, 2021 and December 31, 2020.

As at September 30, 2021 and December 31, 2020, the Company had no consulting service agreements with members of the Board of Directors.

b) Management compensation

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

	Parent				Consolidated			
	09/30/2021		09/30/2020		09/30/2021		09/30/2020	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Salaries and payroll charges - officers	2,481	6,796	1,855	7,263	2,481	6,796	1,952	8,046
Fees paid to Board of Directors members	1,026	3,078	960	3,048	1,026	3,078	960	3,048
Profit sharing	565	1,413	126	1,881	-	1,451	840	2,977
Bonus	-	965	-	-	-	965	-	-
Stock option programs	833	2,498	-	6,068	-	-	-	6,068
	<u>4,905</u>	<u>14,750</u>	<u>2,941</u>	<u>18,260</u>	<u>3,507</u>	<u>12,290</u>	<u>3,752</u>	<u>20,139</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 September 30, 2021, the Company has medium or long-term benefits offered to these executives, according to the explanatory notes 17.b and 17.c.

c) Related-party transactions

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

Company	30/09/2021			31/12/2020		
	Trade receivables	Other trade receivables (*)	Trade payables	Trade receivables	Other trade receivables (*)	Trade payables
Solaris Equipamentos	871	-	844	4.914	1.496	390

Company	30/09/2021		30/09/2020	
	Revenue	Cost	Revenue	Cost
Solaris Equipamentos	1.114	8.376	16.516	9.114

(*) amount referring to intercompany transactions related to the apportionment of expenses with back office and sublease of properties that have no longer occurred in 2021.

The balances with the related party 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

a) Post-employment benefits - healthcare plan

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

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

	Parent and Consolidated (*)	
	09/30/2021	12/31/2020
Post-employment benefits	12,613	11,868

(*) The balances presented at September 30, 2021 and December 31, 2020 fully refer to the parent.

b) Stock options plan

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

Plans	Grant date	Final exercise date	Stock options in thousands			
			Share options granted	Share options exercised	Share options canceled	Outstanding stock options
2010 Program	05/31/2010	05/31/2016	1,475	(1,369)	(106)	-
2011 Program	04/16/2011	04/16/2017	1,184	(597)	(587)	-
2012 Program	06/30/2012	05/31/2018	1,258	(402)	(856)	-
2013 Program	04/30/2013	04/30/2019	768	(91)	(677)	-
2014 Program	04/30/2014	04/30/2020	260	-	(260)	-
2016 Program	04/28/2016	04/28/2024	1,700	(526)	(836)	338

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

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

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

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

The table below presents the accumulated balances of the plans in the balance sheet and the effects on the statement of profit or loss at December 31, 2020 and September 30, 2021.

	<u>09/30/2021</u>	<u>12/31/2020</u>
2002 Plan:		
Capital reserve	1,446	1,446
Number of shares exercised (thousands)	3,920	3,920
Top Mills, Special CEO and ex-CEO Plans:		
Capital reserve	1,148	1,148
Number of shares exercised (thousands)	1,055	1,055
Mills Rental Executive Plan:		
Capital reserve	4,007	4,007
Number of shares exercised (thousands)	391	391
2010 Plan:		
Capital reserve	5,693	5,693
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	1,369	1,369
Number of shares canceled (thousands)	106	106
2011 Program (2010 Plan):		
Capital reserve	7,329	7,329
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	597	597
Number of shares canceled (thousands)	587	587
2012 Program (2010 Plan):		
Capital reserve	14,162	14,162
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	402	402
Number of shares canceled (thousands)	856	856
2013 Program (2010 Plan):		
Capital reserve	11,900	11,900
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	91	91
Number of shares canceled (thousands)	677	677
2014 Program (2010 Plan):		
Capital reserve	4,701	4,701
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	-	-
Number of shares canceled (thousands)	260	260

	<u>09/30/2021</u>	<u>12/31/2020</u>
2016 Program:		
Capital reserve	2,825	2,520
Number of exercisable options (thousands)	338	558
Number of shares exercised (thousands)	526	311
Number of shares canceled (thousands)	836	831
Total recognized as equity (accumulated)	<u>53,211</u>	<u>52,906</u>
Profit (loss) effect	<u>305</u>	<u>409</u>

c) Restricted shares incentive program

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

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

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

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

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

Program	Weighted average fair value by share - R\$	Weighted average price of the share at the grant date - R\$	Strike price at the grant date - R\$	Volatility at the grant date	Dividend yield at the grant date	Annual risk free interest rate at the grant date	Maximum strike period at the grant date
2019	7.43	7.44	0.00	55.71%	0.00%	2.36%	29 months
Program	Weighted average fair value by share - R\$	Weighted average price of the share at the grant date - R\$	Strike price at the grant date - R\$	Volatility at the grant date	Dividend yield at the grant date	Annual risk free interest rate at the grant date	Maximum strike period at the grant date
2020	6.11	6.12	0.00	75.89%	0.00%	0.58%	27 months

	<u>09/30/2021</u>	<u>12/31/2020</u>
2019 Plan:		
Capital reserve	5,726	3,744
Number of exercisable options (thousands)	858	858
Number of shares canceled (thousands)	-	-
2020 Plan:		
Capital reserve	1,541	386
Number of exercisable options (thousands)	566	566
Number of shares canceled (thousands)	-	-
Total recognized as equity (accumulated)	<u>7,267</u>	<u>4,130</u>
Profit (loss) effect	<u>3,137</u>	<u>3,028</u>

d) Profit sharing program

The provision for profit sharing is recorded on an accrual basis, as an expense. The determination of the amount, which is paid in the year following the recording of the provision, is made according to the Profit Sharing Agreement negotiated annually with the category union, in accordance with Law 10,101/00, as amended by Law 12,832/13.

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

The payment related to the profit sharing program for the year ended December 31, 2020 was made on April 30, 2021, in the amount of R\$5,936 in parent and R\$6,116 in consolidated.

A complementary payment related to the profit sharing program for the year ended December 31, 2020 was made on May 31, 2021, in the amount of R\$33 in parent.

As at September 30, 2021, the liability amount is R\$7,962 in parent and R\$8,070 in consolidated (R\$5,865 and R\$7,226, respectively, as at December 31, 2020).

18. INCOME TAX AND SOCIAL CONTRIBUTION

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

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

	Parent				Consolidated (**)			
	07/01/2021	07/01/2020	01/01/2021	01/01/2020	07/01/2021	07/01/2020	01/01/2021	01/01/2020
	to	to	to	to	to	to	to	to
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Profit (loss) for the period before income tax and social contribution	44,359	3,218	83,237	(17,611)	44,510	3,920	84,229	(15,806)
Statutory income tax and social contribution tax rate	34%	34%	34%	34%	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(15,082)	(1,094)	(28,300)	5,988	(15,133)	(1,333)	(28,638)	5,374
Nondeductible provisions (*) and permanent differences	2,189	(1,089)	3,463	(1,389)	2,114	(1,404)	3,212	(1,944)
Share of profit (loss) of subsidiaries	27	148	404	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total current and deferred income tax and social contribution	<u>(12,866)</u>	<u>(2,035)</u>	<u>(24,433)</u>	<u>5,235</u>	<u>(13,019)</u>	<u>2,737</u>	<u>(25,426)</u>	<u>3,430</u>
Effective rate	29%	63%	29%	30%	29%	70%	30%	22%

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

(**) Does not include the amount of income tax and social contribution related to the subsidiary Nest, whose calculation is quarterly based on presumed profit.

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

Description	Parent				Consolidated			
	12/31/2020	Additions	Write-offs	09/30/2021	12/31/2020	Additions	Write-offs	09/30/2021
GP Andaimes Sul Locadora goodwill	(672)	-	-	(672)	(672)	-	-	(672)
Jahu goodwill	(2,437)	-	-	(2,437)	(2,437)	-	-	(2,437)
Adjustment IFRS 9 – Cash and cash equivalents	(30)	-	-	(30)	(30)	-	-	(30)
Finance leases	1,430	-	2	1,432	(4,438)	3,230	2	(1,206)
Monetary adjustment of judicial deposits	(1,897)	832	-	(1,065)	(1,897)	832	-	(1,065)
Debentures	(1,045)	-	38	(1,007)	(1,045)	-	38	(1,007)
Accelerated depreciation	(1,505)	-	564	(941)	(1,873)	-	443	(1,430)
Property, plant and equipment hedge	(158)	-	(10)	(168)	(158)	-	(10)	(168)
Exchange gain - accrual basis	(770)	-	770	0	(771)	-	(771)	-
SCG III goodwill	-	-	-	-	2,424	-	(1,545)	879
Fair value adjustment (Rohr)	3,612	-	-	3,612	3,612	-	-	3,612
Adjustment IFRS 9 – Cash and cash equivalents (initial adoption)	36	-	-	36	36	-	-	36
Adjustment ECL on initial adoption of CPC 48/IFRS 9	588	-	-	588	1,219	-	-	1,219
Lease IFRS 16	1,136	236	-	1,372	1,162	483	(235)	1,410
Post-employment benefit	507	252	-	759	507	253	-	760
Post-employment benefit (initial adjustment)	3,529	-	-	3,529	3,529	-	-	3,529
Bonus payable	1,450	(166)	-	1,284	1,450	(164)	-	1,286
Other provisions	-	-	-	-	940	224	(864)	300
Asset impairment losses	1,002	-	-	1,002	1,003	-	-	1,003
Impairment allowance (Rohr)	12,727	-	-	12,727	12,727	-	-	12,727
Tax losses	187,629	-	(8,135)	179,494	263,019	-	(8,722)	254,297
Provision for profit sharing	1,994	-	716	2,710	2,287	-	331	2,618
Provision for slow-moving inventories	1,655	-	(384)	1,271	2,715	-	(408)	2,307
Provision for discounts and cancellations	384	946	(1,001)	332	384	948	(1,000)	332
Allowance for expected credit losses	7,790	648	-	8,438	9,959	1,255	-	11,214
Provision for realization of ICMS tax credit	25	-	(3)	22	25	-	(3)	22
Provision for costs and expenses	174	(30)	-	144	173	(29)	-	144
Provision for tax, civil and labor risks	6,729	(248)	(1,589)	4,892	8,523	(246)	(1,809)	6,468
Stock options	11,450	1,553	-	13,003	11,450	1,553	-	13,003
Merger Sullair	-	-	-	-	-	-	-	-
Foreign exchange losses	795	-	(795)	-	795	-	(795)	-
Deferred income tax and social contribution on surplus value on the acquisition of subsidiary	-	-	-	-	-	-	(174)	(174)
	<u>236,128</u>	<u>4,026</u>	<u>(9,827)</u>	<u>230,327</u>	<u>314,618</u>	<u>8,339</u>	<u>(13,980)</u>	<u>308,977</u>

c) Deferred taxes that are recognized directly in equity

The balance of deferred taxes recognized in equity for the period ended September 30, 2021 is R\$4,442 (R\$4,442 as at December 31, 2020). These refer to transactions recognized directly in equity, such as Fair value adjustment in the investment in Rohr and actuarial liability.

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

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

The Company prepared the impairment analysis of the deferred tax asset recognized as at December 31, 2020 and concluded that there was sufficient evidence that taxable profits would be generated against which the recognized tax losses and other temporary additions can be utilized, within a period lower than 10 years. The determination of the amount of future taxable profits is based on projections of revenues, costs and finance income and costs, which reflect the Company's economic and operational environments. As at September 30, 2021, there were no significant changes regarding expectations of future profitability for offset of tax losses and other temporary additions in less than ten years.

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

These pursued actions are already reflected in operations for the period ended September 30, 2021, indicating positive results and basis for the realization of the deferred tax assets recorded.

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

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

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

The Company does not have any contingent assets recognized.

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

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Tax (i)	143	127	477	457
Civil (2)	785	1,231	937	2,021
Labor (3)	9,933	11,412	14,093	15,569
Success fees (4)	2,359	2,367	2,359	2,367
Legal fees and costs (5)	1,176	-	1,176	-
	<u>14,396</u>	<u>15,137</u>	<u>19,043</u>	<u>20,414</u>

- (1) Refers to ICMS and ISS (service tax) tax assessment notices.
- (2) The Company has lawsuits filed against it relating to civil liability and indemnities claims linked to its trading and operational transactions.
- (3) The Company is a defendant in various labor lawsuits. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty and equal pay.
- (4) Contingent fees are generally set at up to 10% of the amount of the claim, payable to outside legal counsel according to the success achieved in each claim. Payment is contingent upon an outcome of the lawsuits favorable to the Company.
- (5) Legal fees and costs refer to the principle by which the losing party in a lawsuit is required to bear the winning party's attorney's fees.

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

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Balance at January 1	15,137	19,569	20,414	23,648
Provision	2,888	3,861	5,283	5,921
Monetary adjustment	1,369	1,816	1,369	1,816
Reversals/write-offs	(4,998)	(10,109)	(8,023)	(10,971)
Balance at the end of the period	<u>14,396</u>	<u>15,137</u>	<u>19,043</u>	<u>20,414</u>

Breakdown of judicial deposits:

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Tax (i)	4,431	4,089	4,475	4,129
Labor (ii)	4,057	3,349	4,845	3,477
Civil (iii)	-	-	108	66
	<u>8,488</u>	<u>7,438</u>	<u>9,428</u>	<u>7,672</u>

- (i) As at September 30, 2021, the composition of judicial deposits of a tax nature totaled R\$4,295. The reconciliation of this amount basically refers to the judicial deposits of MS 2004.001.1042948 and MS 2004.002.0186194, which total R\$3,683.
- (ii) Judicial deposits are linked to lawsuits in which the Company is defendant in several labor claims. Most of the lawsuits involve claims for compensation resulting from occupational diseases, overtime, hazardous duty and equal pay.
- (iii) Judicial deposits related to a lawsuit for property damages and pain and suffering for which the Company is the defendant.

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

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Tax (i)	85,223	61,715	104,398	80,198
Civil (ii)	5,914	4,928	6,466	5,367
Labor (iii)	9,433	9,502	10,110	10,368
	<u>100,571</u>	<u>76,145</u>	<u>120,973</u>	<u>95,933</u>

- (i) Tax (main items):
- (a) Tax Assessment Notice of ICMS (State VAT) received by Sullair (company merged into Solaris in 2020): Tax Assessment Notice of ICMS received of approximately R\$59,000 of principal which amounts to R\$200,000 including fine and interest. In summary, this tax assessment notice challenges the payment of ICMS levied on the transportation of rental assets in 2012 and 2013. After administrative defense, the possible likelihood of loss amount was reduced to R\$4,319, as it was recognized that most of the assets included in the Tax Assessment Notice were for lease and not inventories for resale, and that no ICMS tax is levied on the transaction. The other lawsuits refer basically to collection proceedings of tax credits overdue, INSS offsets on termination amounts paid and motions against the tax collection proceeding filed by the Federal Government, for the collection of differences of COFINS and tax credits arising from the increase in tax rate from 1% to 3%.

- (b) Disallowance of allegedly nondeductible expenses included in PIS and COFINS, by the Federal Revenue of Brazil, involving former Mills Formas, due to agreements entered into with various customers, under which Mills Formas was responsible for carrying out the services that were previously carried out by the employees of the former Mills do Brasil.
- (c) Assessment of deficiency by the Finance Department of the State of Rio de Janeiro consisting of ICMS and fine allegedly due on transfers of goods without the payment of the related tax.
- (d) Non-recognition by the INSS (National Institute of Social Security) of the possibility of offsetting payments improperly made as social security contribution, based on the method established by Law 9,711/98.
- (e) Imposition by the Federal Revenue of Brazil of fine allegedly due on installment payment of credits derived from voluntary reporting.
- (f) Assessment by the Federal Revenue of Brazil of alleged deficiency in Tax on Profit (ILL), judged unconstitutional by the STF (Federal Supreme Court).
- (g) Non-approval of the credits of the negative balance compensation statements originated from the rectification of the DIPJ for the calendar year 2012. The Federal Revenue of Brazil considered these compensation statements not declared, according to article 74, paragraph 3, item VI of Law 9,430/96. The Company filed for a writ of mandamus seeking to guarantee its net and certain right to have the compensation statements analyzed, since these do not fit into any of the legal assumptions alleged by the Federal Revenue of Brazil.
- (h) On June 22, 2021, the Company received a tax assessment notice issued by the Federal Revenue 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 in September 2021 makes up the total amount of R\$22,023. 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 Solaris Participações Equipamentos e Serviços 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.

In view of the charges filed by the Federal Revenue of Brazil, the Company has presented its defense arguments in an administrative challenge 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.

(i) On September 1, 2021, the Tax Authorities notified Solaris Equipamentos e Serviços S.A. (“Subsidiary”) through the decision of the objection related to the tax assessment notice referring to administrative proceeding nº 11274.720224/2020-90, the obligation of paying 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 calculation bases, from 2015 to 2018, the installments related to the goodwill originated from the acquisition of its shared 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), to challenge the aforementioned objection to the tax assessment notice, challenging all allegations about the alleged taxes payable. The risk was classified by the legal counsel as possible. The 2019 period was not included in the computation of the alleged taxes payable, and considering that there may be an interpretation similar to the current one, with the issuance of a new tax assessment notice by the Tax Authorities, there would still be a potential risk of approximately R\$760 thousand.

(ii) Civil

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

(a) The variation between the period ended December 31, 2020 and September 30, 2021 was especially due to the update of active processes.

(iii) Labor

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

20. TAXES PAYABLE

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
IRPJ/CSLL (income tax and social contribution)	6,219	1,920	6,906	2,917
IRRF (withholding income tax) (*)	5,806	6,037	5,813	6,045
PIS and COFINS (taxes on revenue)*	7,963	7,307	8,063	7,307
INSS (Social Security Contribution)	254	50	262	52
ICMS (State VAT)	303	723	366	724
ISS (Service Tax)	185	101	190	115
Others	493	415	505	444
	<u>21,223</u>	<u>16,553</u>	<u>22,105</u>	<u>17,604</u>
Current	10,693	6,205	11,575	7,256
Noncurrent	10,530	10,348	10,530	10,348

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

21. EQUITY

a) Share capital

At the Board of Directors meeting held on February 26, 2021, the Company's capital increase was approved, due to the exercise, by the beneficiary, of stock options under the 1/16 program, in the amount of R\$8 thousand, from R\$1,089,642 to R\$1,089,650.

At the Board of Directors meeting held on May 21, 2021, the Company's capital increase was approved, due to the exercise, by the beneficiary, of stock options under the 1/16 program, in the amount of R\$686 thousand, from R\$1,089,650 to R\$1,090,336.

The Company's fully subscribed and paid up capital as at September 30, 2021 is R\$1,090,336 (R\$1,089,642 as at December 31, 2020), comprising 252,169 thousand (251,954 thousand as at December 31, 2020) registered common shares without par value. Each common share entitles to one vote in the shareholders' meetings.

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

Shareholders	09/30/2021		12/31/2020	
	Number of shares (in thousands)	%	Number of shares (in thousands)	%
Andres Cristian Nacht	13,599	5.39%	13,656	5.42%
Snow Petrel LLC	23,677	9.39%	23,677	9.40%
Other signatories of the Company				
Shareholders' Agreement (1)	22,957	9.10%	22,957	9.11%
Nacht Family (total)	60,233	23.88%	60,290	23.93%
Sun Fundo de Investimentos				
em Participações Multiestratégia (3)	51,556	20.45%	51,556	20.46%
Sullair Argentina S.A. (2)	22,096	8.76%	22,096	8.77%
Leblon Equities Gestão de Recursos Ltda (4)	13,991	5.55%	-	0.00%
Others	104,293	41.36%	118,012	46.84%
	<u>252,169</u>	<u>100.00%</u>	<u>251,954</u>	<u>100.00%</u>

- (1) Signatories to the Shareholders' Agreement of the Nacht Family, excluding Andres Cristian Nacht and Snow Petrel S.L. Considers the position on 12/28/2016, already reported to the CVM, in accordance with CVM Instruction 358/02.
- (2) On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Solaris Equipamentos, and Sullair Argentina became the holder of 22,096,641 shares of the Company.
- (3) On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Solaris Equipamentos, and SCG III Fundo de Investimentos em Participações became the holder of 51,556,496 shares of the Company. On November 23, 2020, these shares were fully transferred to the investment fund Sun Fundo de Investimento em Participações Multiestratégia.
- (4) On April 8, 2021, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.

b) Earnings reserves

b.1) Legal reserve

When profit is assessed by the end of the year ending December 31, the legal reserve is recognized by allocating 5% of the profit for the year until it reaches a ceiling of 20% of share capital. The purpose of the legal reserve is to ensure the integrity of the capital and it can be used only to offset losses and increase capital.

At December 31, 2020, loss for the year in the amount of R\$9,435 was absorbed by the legal reserve, and the balance of R\$860 did not change in the period ended September 30, 2021.

b.2) Retained earnings

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

c) Capital reserves (stock option premium)

The capital reserve is set up, among others, by a stock option premium reserve amounting to R\$60,478 as at September 30, 2021, relating to stock option plans for employees and long-term incentive programs for restricted shares (R\$57,036 as at December 31, 2020).

d) Cost with issuance of shares

The costs with issuance of shares represent the transaction costs incurred in capital funding, which add up to R\$18,448.

e) Treasury shares

The composition of treasury shares between the period ended December 31, 2020 and September 30, 2021 is presented in the table below:

Shareholders	Number of shares (in thousands)	Total amount (R\$ thousand)
Opening balance at 12/31/2020	1,689	15,056
Share buyback	5,839	46,863
Closing balance at 09/30/2021	7,528	61,919

On March 18, 2021, the Board of Directors approved the 2nd Share Buyback Plan, authorizing the acquisition of Company shares to be held in treasury for subsequent sale and/or cancellation, without capital reduction, in order to use them (i) in the Company's Long-Term Incentive Programs; (ii) as an instrument for negotiation with potential targets (M&A); and/or (iii) for cancellation of part of the repurchased shares to maximize the generation of value for the shareholders and improve the Company's capital structure, under the following:

- i) The number of shares that may be purchase is up to 7,558,687 shares, equivalent to 6.51% of the shares outstanding at this date.
- ii) The maximum term for carrying out the operation currently authorized is 18 months, from March 18, 2021 to September 16, 2022, inclusive.
- iii) The shares will be acquired on B3 at the market price.

In the second quarter of 2001, the Company repurchased 2,348,300 shares at an average price of R\$8.20 per share, totaling R\$19,266.

In the third quarter, the Company repurchased 3,490,700 shares at an average price of R\$7.91 per share, totaling R\$27,597.

The total treasury shares repurchase recorded on September 30, 2021 valued at the B3 quotation on that date would amount to R\$35,404.

f) Interest on capital and Dividends

At the Board of Directors meeting held on May 21, 2021, the payment of interest on capital in the total amount of R\$5,837 (R\$5,367, net of taxes) was approved to be charged against the minimum mandatory dividends due to the Company's shareholders equivalent to R\$0.02 per share, with fifteen percent (15%) of withholding income tax, in accordance with the legislation in force, and shareholders who are proven to be immune or exempt or shareholders domiciled in countries for which the legislation establishes different rates will be excluded from this withholding.

At the Board of Directors meeting held on August 21, 2021 the payment of interest on capital and interim dividends ("Dividends") was approved, as follows:

- (i) the payment of interest on capital to its shareholders in the total amount of R\$12,046 (R\$11,098 net of taxes), to be charged against the minimum mandatory dividends due to the Company's shareholders in the year ending December 31, 2021, equivalent to R\$0.04, gross, per share, with fifteen percent (15%) of withholding income tax, in accordance with the legislation in force, and shareholders who are proven to be immune or exempt or shareholders domiciled in countries for which the legislation establishes different rates will be excluded from this withholding.
- (ii) the payment of Dividends in the total amount of R\$8,064, to be charged against the minimum mandatory dividends due to the Company's shareholders for the fiscal year ending December 31, 2021, equivalent to R\$0.03, per share. The payment of Interest on Capital and Dividends ("Proceeds") herein declared will be credited to the shareholders on August 30, 2021, in proportion to their interest in the Company's capital, using the Company's shareholding position on August 17, 2021 (record date) as the calculation base date. As from August 18, 2021 (inclusive), the shares issued by the Company will be traded "ex" Proceeds (ex-rights).

Until the period ended September 30, 2021, R\$24,123 of such amount was credited to shareholders, with a remaining outstanding balance of R\$405.

22. TAX DEBT REFINANCING PROGRAM (REFIS)

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

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

- a) The installment payment period was 180 months.
- b) 60% reduction of voluntary and late payment fines, and 25% reduction of late payment interest.

c) Debts included in the installment payment plan were:

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

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

In light of the new case law set by the Superior Court of Justice (STJ) (1st Panel of the STJ - trial in September 2009 of Special Appeal No. 929.521), which set the understanding of the levy of COFINS on asset rental income, the Company decided to pay in installments the amount relating to the aforementioned debts.

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

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

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

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

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

	Balance at December 31, 2020	Write- offs	Additions	SELIC adjustments	Balance at September 30, 2021
PIS	881	(286)	-	92	688
COFINS	2,743	(890)	-	287	2,140
IRPJ	1,126	(365)	-	118	878
CSLL	106	(34)	-	11	83
INSS (Social Security Contribution)	343	(18)	-	39	364
	<u>5,199</u>	<u>(1,593)</u>	<u>-</u>	<u>547</u>	<u>4,153</u>
Current	1,456	-	-	-	1,472
Noncurrent	3,743	-	-	-	2,681

23. EARNINGS PER SHARE

a) Basic

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

	Parent and Consolidated (*)			
	09/30/2021		09/30/2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Profit (loss) attributable to owners of the Company	31,493	58,804	1,183	(12,376)
Weighted average number of common shares issued (thousands)	207,601	207,601	207,493	207,493
Basic earnings (loss) per share from continuing operations	0.15	0.28	0.01	(0.06)

b) Diluted

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

	Parent and Consolidated (*)			
	09/30/2021		09/30/2020	
	Three-month period	Six-month period	Three-month period	Six-month period
Profit (loss) attributable to owners of the Company	31,493	58,804	1,183	(12,376)
Weighted average number of common shares issued (thousands)	207,601	207,601	207,493	207,493
Diluted earnings (loss) per share from continuing operations	0.15	0.28	0.01	(0.06)

24. NET REVENUE FROM RENTAL, SALES AND SERVICES

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

	Parent				Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Rentals	184,876	97,471	500,358	265,247	190,270	114,610	517,307	342,614
Sales of new equipment	1,276	2,295	5,736	5,146	4,141	5,251	12,606	13,381
Sales of semi new equipment	12,901	7,824	32,297	13,324	17,304	12,400	41,546	21,074
Sales of semi new equipment (others)	1,704	1,136	2,472	1,635	1,705	1,138	2,543	1,641
Technical assistance	1,292	1,728	3,418	3,067	1,462	5,393	4,179	20,341
Indemnities	1,286	10,231	6,013	12,279	1,286	10,231	6,013	12,279
Others (i)	3,444	3,059	8,689	6,752	3,556	3,879	9,012	8,011
Total gross revenue	206,779	123,744	558,983	307,450	219,724	152,902	593,206	419,341
Taxes on sales and services	(17,424)	(9,782)	(47,352)	(25,849)	(19,537)	(12,426)	(52,192)	(36,265)
Cancelations and discounts	(6,484)	(4,329)	(19,072)	(13,698)	(7,238)	(6,684)	(22,068)	(24,879)
	182,871	109,633	492,559	267,903	192,949	133,792	518,946	358,197

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

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

Cost of sales and services consist mainly of expenses on:

- (i) Personnel for supervising the works, technical assistance, assembly, handling, maintenance of equipment and designers.
- (ii) Freight for equipment transportation, when the responsibility lies with the Company, and for equipment transfer.
- (iii) Rental of third parties' equipment.

- (iv) Expenses directly related to warehouse management, storage, handling and maintenance of rental and resale assets, comprising expenses on personal protective equipment (PPE) used in operating activities (handling, storage and maintenance), inputs (gas of pilers, gases for welding, wood, paints, among others) and maintenance of machinery and equipment (pilers, welding machines, hydroblasting equipment, carving equipment and tools in general).
- (v) Provisions for slow-moving inventories and for impairment, according to notes 8 and 13, respectively.

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

Parent

Nature	07/01/2021 to 09/30/2021			07/01/2020 to 09/30/2020			01/01/2021 to 09/30/2021			01/01/2020 to 09/30/2020		
	Direct project and rental costs	General and administrative and other expenses	Total	Direct project and rental costs	General and administrative and other expenses	Total	Direct project and rental costs	General and administrative and other expenses	Total	Direct project and rental costs	General and administrative and other expenses	Total
Personnel	(14,916)	(22,953)	(37,869)	(10,926)	(16,642)	(27,568)	(43,289)	(70,985)	(114,274)	(30,366)	(44,271)	(74,637)
Third parties	(508)	(8,389)	(8,897)	(424)	(4,916)	(5,340)	(1,612)	(26,213)	(27,825)	(1,423)	(18,502)	(19,925)
Freight	(7,272)	(354)	(7,626)	(2,973)	(270)	(3,243)	(17,792)	(1,609)	(19,401)	(7,990)	(561)	(8,551)
Construction/maintenance and repairs	(25,504)	(7,042)	(32,546)	(17,042)	(1,101)	(18,143)	(73,434)	(14,535)	(87,969)	(39,264)	(2,990)	(42,254)
Equipment rental and others	(286)	(1,251)	(1,537)	(6,051)	(388)	(6,439)	(1,136)	(3,231)	(4,367)	(16,423)	(835)	(17,258)
Travel	(2,051)	(1,953)	(4,004)	(838)	(459)	(1,297)	(5,293)	(4,514)	(9,807)	(2,105)	(1,608)	(3,713)
Cost of sales	(1,166)	-	(1,166)	(1,189)	-	(1,189)	(4,666)	-	(4,666)	(2,585)	-	(2,585)
Depreciation/amortization	(26,600)	(7,767)	(34,367)	(21,067)	(5,763)	(26,830)	(81,149)	(20,822)	(101,971)	(72,618)	(17,397)	(90,015)
Disposal of assets	(1,807)	-	(1,807)	(14,726)	245	(14,481)	(3,761)	-	(3,761)	(16,300)	432	(15,868)
Cost of sales of used assets - others	(40)	-	(40)	(112)	-	(112)	(130)	-	(130)	(574)	-	(574)
Stock options	-	(1,147)	(1,147)	-	(763)	(763)	-	(3,442)	(3,442)	-	(2,288)	(2,288)
Provisions	-	151	151	-	(754)	(754)	-	(1,151)	(1,151)	-	(135)	(135)
Provision for profit sharing	-	(3,221)	(3,221)	-	(1,254)	(1,254)	-	(8,065)	(8,065)	-	(3,615)	(3,615)
Others	2,273	(4,841)	(2,568)	(193)	1,074	883	52	(11,535)	(11,483)	(379)	2,423	2,044
	<u>(77,877)</u>	<u>(58,767)</u>	<u>(136,644)</u>	<u>(75,540)</u>	<u>(30,991)</u>	<u>(106,530)</u>	<u>(232,210)</u>	<u>(166,102)</u>	<u>(398,312)</u>	<u>(190,027)</u>	<u>(89,347)</u>	<u>(279,374)</u>

Consolidated

Nature	07/01/2021 to 09/30/2021			07/01/2020 to 09/30/2020			01/01/2021 to 09/30/2021			01/01/2020 to 09/30/2020		
	Direct project and rental costs	General and administrative and other expenses	Total	Direct project and rental costs	General and administrative and other expenses	Total	Direct project and rental costs	General and administrative and other expenses	Total	Direct project and rental costs	General and administrative and other expenses	Total
Personnel	(15,690)	(23,161)	(38,851)	(13,596)	(20,800)	(34,396)	(45,139)	(72,280)	(117,419)	(39,984)	(58,489)	(98,473)
Third parties	(647)	(9,106)	(9,753)	(622)	(6,386)	(7,008)	(2,094)	(28,488)	(30,582)	(1,753)	(24,060)	(25,813)
Freight	(7,618)	(377)	(7,995)	(3,882)	(376)	(4,258)	(18,713)	(1,739)	(20,452)	(11,451)	(981)	(12,432)
Construction/maintenance and repairs	(26,974)	(7,411)	(34,385)	(21,431)	(1,716)	(23,147)	(76,968)	(15,371)	(92,339)	(53,474)	(4,532)	(58,006)
Equipment rental and others	(369)	(1,347)	(1,716)	438	(440)	(2)	(450)	(3,413)	(3,863)	(418)	(1,233)	(1,651)
Travel	(2,091)	(1,961)	(4,052)	(1,187)	(632)	(1,819)	(5,570)	(4,587)	(10,157)	(3,232)	(2,419)	(5,651)
Cost of sales	(4,788)	-	(4,788)	(2,128)	-	(2,128)	(12,321)	-	(12,321)	(5,993)	-	(5,993)
Depreciation/amortization	(27,507)	(8,917)	(36,424)	(26,563)	(7,291)	(33,854)	(84,228)	(24,456)	(108,684)	(93,151)	(20,705)	(113,856)
Disposal of assets	(1,807)	-	(1,807)	(15,567)	245	(15,322)	(4,086)	-	(4,086)	(17,276)	432	(16,844)
Cost of sales of used assets - others	(40)	-	(40)	(162)	-	(162)	(129)	-	(129)	(625)	-	(625)
Stock options	-	(1,147)	(1,147)	-	(763)	(763)	-	(3,442)	(3,442)	-	(2,288)	(2,288)
Provisions	-	(161)	(161)	-	(931)	(931)	-	(1,085)	(1,085)	-	(1,381)	(1,381)
Provision for profit sharing	-	(3,267)	(3,267)	-	(1,535)	(1,535)	-	(6,992)	(6,992)	-	(4,318)	(4,318)
Others	2,265	(5,165)	(2,900)	(252)	(4,325)	(4,577)	(2)	(13,095)	(13,097)	(800)	(12,668)	(13,468)
Total	<u>(85,266)</u>	<u>(62,020)</u>	<u>(147,286)</u>	<u>(84,952)</u>	<u>(44,950)</u>	<u>(129,902)</u>	<u>(249,700)</u>	<u>(174,948)</u>	<u>(424,648)</u>	<u>(228,157)</u>	<u>(132,642)</u>	<u>(360,799)</u>

26. FINANCE INCOME AND COSTS

a) Finance income

	Parent				Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Interest income	2,435	478	3,891	1,462	2,581	696	4,318	2,164
Investment income	3,072	960	6,540	3,356	3,958	1,360	8,367	4,732
Discounts obtained	53	118	120	338	60	299	149	559
Foreign exchange and monetary adjustment gains	303	70	878	595	388	724	3,880	1,728
Others	342	-	660	-	838	483	1,445	2,314
	<u>6,205</u>	<u>1,626</u>	<u>12,089</u>	<u>5,751</u>	<u>7,825</u>	<u>3,562</u>	<u>18,159</u>	<u>11,497</u>

b) Finance costs

	Parent				Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Interest on borrowings	(288)	(219)	(1,460)	(900)	(377)	(326)	(1,646)	(1,252)
Foreign exchange and monetary adjustment losses	(640)	(394)	(1,831)	(1,768)	(1,272)	(1,420)	(4,967)	(6,097)
Interest on debentures	(3,282)	(1,945)	(8,260)	(5,830)	(3,604)	(2,329)	(9,316)	(7,092)
Commissions and bank fees	(89)	(61)	(319)	(237)	(197)	(279)	(929)	(1,091)
IOF (tax on financial transactions)	(2)	(1)	(6)	(15)	(10)	(50)	(21)	(120)
Lease charges	(619)	(1,044)	(3,132)	(3,287)	(631)	(1,077)	(3,252)	(3,477)
Others	(663)	(461)	(3,236)	(906)	(1,186)	(817)	(4,050)	(1,924)
	<u>(5,583)</u>	<u>(4,125)</u>	<u>(18,244)</u>	<u>(12,943)</u>	<u>(7,277)</u>	<u>(6,298)</u>	<u>(24,181)</u>	<u>(21,053)</u>

27. SEGMENT INFORMATION

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

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

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

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

a) Construction business unit

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

b) Rental business unit

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

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

Statement of profit or loss by business segment - Nine-month period

	Construction		Rental		Others (*)		Parent	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue	65,955	65,938	426,604	201,965	-	-	492,559	267,903
(-) Costs	(22,538)	(35,867)	(128,524)	(81,541)	-	-	(151,062)	(117,408)
(-) Expenses	(28,453)	(22,934)	(116,828)	(48,754)	2	(263)	(145,279)	(71,951)
(-) Allowance for expected credit losses	(1,000)	4,933	(3,175)	(7,457)	-	-	(4,175)	(2,524)
(-) Depreciation and amortization	(34,491)	(36,158)	(67,480)	(53,857)	-	-	(101,971)	(90,015)
(+) Other revenues	423	521	546	407	-	-	969	928
(+) Share of profit (loss) of subsidiaries	-	-	(1,649)	2,648	-	-	(1,649)	2,648
Profit (Loss) before finance income (costs) and taxes	(20,104)	(23,567)	109,494	13,411	2	(263)	89,392	(10,419)
Finance income	6,239	3,204	5,654	2,592	196	(45)	12,089	5,751
Finance costs	(8,639)	(6,140)	(9,168)	(6,513)	(437)	(290)	(18,244)	(12,943)
Profit (loss) before IRPJ/CSLL	(22,504)	(26,503)	105,980	9,490	(239)	(598)	83,237	(17,611)
(-) IRPJ/CSLL	7,652	7,201	(32,166)	(2,142)	81	176	(24,433)	5,235
Profit (loss) for the period	(14,852)	(19,302)	73,814	7,348	(158)	(422)	58,804	(12,376)

	Construction		Rental		Others (*)		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue	65,955	65,938	452,991	292,259	-	-	518,946	358,197
(-) Costs	(22,538)	(35,867)	(142,934)	(99,139)	-	-	(165,472)	(135,006)
(-) Expenses	(28,453)	(22,934)	(122,040)	(88,740)	2	(263)	(150,491)	(111,937)
(-) Allowance for expected credit losses	(1,000)	4,933	(4,961)	(10,528)	-	-	(5,961)	(5,595)
(-) Depreciation and amortization	(34,491)	(36,158)	(74,194)	(77,698)	-	-	(108,685)	(113,856)
(+) Other revenues	423	521	1,511	1,426	-	-	1,934	1,947
Profit (Loss) before finance income (costs) and taxes	(20,104)	(23,567)	110,373	17,580	2	(263)	90,271	(6,250)
Finance income	6,239	3,204	11,724	8,338	196	(45)	18,159	11,497
Finance costs	(8,639)	(6,140)	(15,105)	(14,623)	(437)	(290)	(24,181)	(21,053)
Profit (loss) before IRPJ/CSLL	(22,504)	(26,503)	106,992	11,295	(239)	(598)	84,249	(15,806)
(-) IRPJ/CSLL	7,652	7,201	(33,253)	(3,947)	81	176	(25,520)	3,430
Profit (loss) for the period	(14,852)	(19,302)	73,739	7,348	(158)	(422)	58,729	(12,376)

Statement of profit or loss by business segment - Quarter

	Construction		Rental		Others (*)		Parent	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue	23,981	32,606	158,890	77,027	-	-	182,871	109,633
(-) Costs	(7,437)	(20,967)	(43,842)	(33,505)	-	-	(51,279)	(54,472)
(-) Expenses	(8,801)	(7,835)	(42,403)	(17,113)	206	(284)	(50,998)	(25,232)
(-) Allowance for expected credit losses	(348)	3,957	(1,548)	(2,048)	-	-	(1,896)	1,909
(-) Depreciation and amortization	(11,769)	(11,736)	(22,598)	(15,093)	-	-	(34,367)	(26,829)
(+) Other revenues	126	271	159	323	-	-	285	594
(+) Share of profit (loss) of subsidiaries	-	-	(879)	113	-	-	(879)	113
Profit (Loss) before finance income (costs) and taxes	(4,248)	(3,704)	47,779	9,704	206	(284)	43,737	5,716
Finance income	3,208	820	2,917	790	79	17	6,205	1,627
Finance costs	(2,551)	(1,934)	(2,900)	(2,041)	(132)	(150)	(5,583)	(4,125)
Profit (loss) before IRPJ/CSLL	(3,591)	(4,818)	47,796	8,453	153	(417)	44,359	3,218
(-) IRPJ/CSLL	1,222	51	(14,035)	(2,202)	(52)	116	(12,866)	(2,035)
Profit (loss) for the period	(2,369)	(4,767)	33,761	6,251	101	(301)	31,493	1,183

	Construction		Rental		Others (*)		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue	23,981	32,606	168,963	101,186	-	-	192,949	133,792
(-) Costs	(7,437)	(20,967)	(50,327)	(37,422)	-	-	(57,764)	(58,389)
(-) Expenses	(8,801)	(7,835)	(44,503)	(29,540)	206	(284)	(53,098)	(37,659)
(-) Allowance for expected credit losses	(348)	3,957	(1,660)	(2,527)	-	-	(2,008)	1,430
(-) Depreciation and amortization	(11,769)	(11,736)	(24,655)	(22,117)	-	-	(36,424)	(33,853)
(+) Other revenues	126	271	198	1,065	-	-	324	1,336
Profit (Loss) before finance income (costs) and taxes	(4,248)	(3,704)	48,021	10,645	206	(284)	43,979	6,656
Finance income	3,208	820	4,538	2,724	79	17	7,825	3,562
Finance costs	(2,551)	(1,934)	(4,594)	(4,214)	(132)	(150)	(7,277)	(6,298)
Profit (loss) before IRPJ/CSLL	(3,591)	(4,818)	47,965	9,155	153	(417)	44,527	3,920
(-) IRPJ/CSLL	1,222	51	(14,258)	(2,904)	52	116	(13,088)	(2,737)
Profit (loss) for the period	(2,369)	(4,767)	33,707	6,251	(101)	(301)	31,439	1,183

Assets by business segment

	Construction		Rental		Others (*)		Parent	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Property, plant and equipment								
Acquisition cost	427,137	435,022	1,111,147	1,032,395	-	-	1,538,284	1,467,417
(-) Accumulated depreciation	(350,683)	(332,826)	(834,055)	(750,011)	-	-	(1,184,738)	(1,082,837)
Net PP&E	76,454	102,196	277,092	282,384	-	-	353,546	384,580
Other assets	276,012	309,925	767,005	710,489	27,201	27,703	1,070,217	1,048,117
Total assets	352,466	412,121	1,044,097	992,873	27,201	27,703	1,423,763	1,432,697

	Construction		Rental		Others (*)		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Property, plant and equipment								
Acquisition cost	427,137	435,022	1,198,055	1,179,144	-	-	1,625,192	1,614,166
(-) Accumulated depreciation	(350,683)	(332,826)	(879,479)	(841,457)	-	-	(1,230,163)	(1,174,283)
Net PP&E	76,454	102,196	318,575	337,687	-	-	395,029	439,883
Other assets	276,012	309,925	754,516	697,881	27,201	27,703	1,057,727	1,035,509
Total assets	352,466	412,121	1,073,091	1,035,568	27,201	27,703	1,452,758	1,475,392

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

28. FINANCIAL INSTRUMENTS

28.1. Category of financial instruments

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

Classification	Level	Parent carrying amount		Consolidated carrying amount	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
		I			
Financial assets					
Cash and cash equivalents	1	243,606	285,993	320,350	378,905
Swap	1	-	-	-	808
Rohr Investment	3	39,341	39,341	39,341	39,341
Trade receivables	-	121,636	82,478	130,715	100,374
Receivables from related parties	-	871	6,410	-	-
Financial liabilities					
Borrowings and financing	-	-	-	976	4,547
Debentures	-	154,129	181,484	163,976	203,115
Leases	-	54,978	55,615	56,326	56,330
Trade payables	-	36,257	23,629	44,327	30,271
Payables to related parties	-	844	390	-	-

28.2. Fair value of financial instruments

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

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

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

a) Fair value of cash and cash equivalents

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

b) Fair value of Rohr investment

As at September 30, 2021, the Company has an investment measured at fair value through other comprehensive income - Investment Rohr in the amount of R\$39,341 (R\$39,341 as at December 31, 2020), as presented in note 11.b. This financial instrument is classified in level 3.

28.3. Financial instrument at amortized cost

a) Borrowings and financing

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

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

b) Debentures

Debt	Indicator	Consolidated carrying amount	
		09/30/2021	12/31/2020
1 st issue of debentures - Solaris Equipamentos	CDI	9,847	21,631
4 th issue of debentures	CDI	82,802	100,318
5 th issue of debentures		74,291	84,242
Total		166,940	206,191

28.4. Sensitivity analysis

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

Group	Indicator	Parent		Consolidated	
		Accounting	Probable	Accounting	Probable
Short-term investments	CDI	241,290	6,350	317,565	10,978
Debt					
Working capital	CDI	-	-	976	-
1 st issue of debentures	CDI	-	-	9,847	1,345
4 th issue of debentures	CDI	82,802	8,938	82,802	8,938
5 th issue of debentures	CDI	74,291	9,547	74,291	9,547
Total debt		<u>157,093</u>	<u>18,485</u>	<u>167,916</u>	<u>19,830</u>
					<u>09/30/2021</u>
Scenarios					<u>Probable I</u>
Rates					
Active CDI (%)					6.15%
Passive CDI (%)					8.25%

Source: Focus Report of November 5, 2021.

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

At September 30, 2021, the Company has no significant balances related to trade receivables and trade payables for the assessment of the foreign exchange risk.

28.5. Liquidity risk

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

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five years	Total Parent
At September 30, 2021							
Debentures	-	7,331	7,511	57,951	53,548	55,167	181,508
Leases payable - Properties	-	1,543	2,939	11,839	12,834	32,077	61,232
Leases payable - Vehicles	-	311	624	2,759	3,661	661	8,016
Trade payables	653	23,584	10,481	1,537	2	-	36,257
Payables to related parties	-	844	-	-	-	-	844
At December 31, 2020							
Debentures	-	384	6,889	41,172	56,534	119,521	224,500
Leases payable - Properties	-	1,240	2,428	10,404	12,923	35,023	62,018
Leases payable - Vehicles	-	248	482	2,119	2,756	2,472	8,077
Trade payables	1,059	18,217	4,254	114	-	-	23,644
Payables to related parties	-	-	-	390	-	-	390

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five years	Total Consolidated
At September 30, 2021							
Borrowings and financing	-	28	31	708	239	140	1,146
Debtentures	-	9,381	11,559	61,935	53,548	55,167	191,590
Leases payable - Properties	-	1,591	3,264	12,274	13,341	32,258	62,728
Leases payable - Vehicles	-	311	624	2,759	3,661	661	8,016
Trade payables	2,191	28,730	11,653	1,749	4	-	44,327
At December 31, 2020							
Borrowings and financing	-	98	2,239	2,561	-	-	4,898
Debtentures	-	500	7,127	59,595	60,495	119,523	247,240
Leases payable - Properties	-	1,240	2,428	11,119	12,923	35,023	62,733
Leases payable - Vehicles	-	248	482	2,119	2,756	2,472	8,077
Trade payables	1,059	18,217	4,254	6,756	-	-	30,286

28.6. Credit quality of financial assets

Cash and cash equivalents

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Banks account (i)	2,334	1,195	2,803	1,346
Short-term investments in banks (i)	241,272	284,823	317,547	377,706
Total cash and cash equivalents	<u>243,606</u>	<u>286,018</u>	<u>320,350</u>	<u>379,052</u>

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

28.7. Capital management

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

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

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

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Borrowings and financing	-	-	976	4,547
Debtentures (see note 14)	157,093	184,560	166,939	206,191
Total bank debt	157,093	184,560	167,916	210,738
Cash and cash equivalents and restricted bank deposits	251,006	285,993	327,750	378,905
Positive net cash	93,913	101,434	159,835	168,167

The Company is not subject to any external capital requirement.

Credit facilities available

	Parent	
	<u>09/30/2021</u>	<u>12/31/2020</u>
Unsecured bank credit lines, reviewed annually and with payment upon request:		
Used	-	-
Not used	303,200	3,200
Secured bank credit lines with varying maturity dates that can be extended by common agreement:		
Used	-	-
Not used		-

29. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

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

	<u>Reference in 2018</u>	<u>Receivable (long position)</u>	<u>Payable (short position)</u>	<u>Maturity</u>	<u>Long position</u>	<u>Long position</u>	<u>Consolidated 09/30/2021 Balance swap</u>
Banco do Brasil	8,678	Exchange variation + 7.75% p.a.	100% CDI + 3.63%	08/13/2021	-	-	-

As described above, the maturity of this operation was in August 2021 and the Company did not contract new derivative financial instruments.

30. INSURANCE

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

<u>Nature</u>	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Operational risks	2,247,274	1,628,285	2,322,730	2,299,610
Property damages	487,794	429,946	487,794	488,598
Civil liability	112,000	110,000	112,000	110,500

31. EVENTS AFTER THE REPORTING PERIOD

31.1 Approval of the acquisition of SK Rental Locação Equipamentos Ltda.

The Administrative Council for Economic Defense (CADE) approved on November 3, 2021, with publication on the Federal Official Gazette on November 4, 2021, the acquisition of SK Rental by the Company.

From this date, during the period of fifteen consecutive days, the process can still be filed by some member of the CADE Court. Therefore, we inform that the operation may be concluded only after the expiration of this term and the consequent final and unappealable decision.

31.2 Payment of interest on capital

The Company informs that on November 11, 2021 the payment of interest on capital was approved at a meeting of the Company's Board of Directors, as follows: (i) payment of interest on capital to its shareholders in the total amount of R\$20,165, to be charged against the minimum mandatory dividends due to the Company's shareholders in the year ending December 31, 2021, equivalent to R\$0.08, gross, per share, with fifteen percent (15%) of withholding income tax, in accordance with the legislation in force; shareholders who are proven to be immune or exempt or shareholders domiciled in countries for which the legislation establishes different rates will be excluded from this withholding.

The payment of interest on capital ("Proceeds") herein declared will be credited to the shareholders on November 30, 2021, in proportion to their interest on the Company's capital, using the Company's shareholding position on November 17, 2021 (record date) as the calculation base date. As from November 18, 2021 (inclusive), the shares issued by the Company will be traded ex-rights.
