Interim Financial Information

Plascar Participações Industriais S.A.

As at March 31, 2021

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Independent auditor's review report on quarterly information

To the Board of Directors, Shareholders and Officers

Plascar Participações Industriais S.A.

Jundiaí – SP

Introduction

We have reviewed the individual and consolidated interim financial information of Plascar Participações Industriais SA ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2021, which comprises the balance sheet on March 31, 2021, and the respective statements of income and comprehensive income for the three-month periods ended on that date, and changes in shareholders' equity and cash flows for the three-month period ended on that date, including the explanatory notes.

The Company's management is responsible for preparing the individual and consolidated interim financial information in accordance with NBC TG 21 - Interim Statement and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation this information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission ("CVM"), applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Review scope

We conducted our review in accordance with Brazilian and international standards for the review of interim financial information (NBC TR 2410 Review of Interim Information Performed by the Entity Auditor and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, mainly of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards and, consequently, has not allowed us to obtain assurance that we are aware of all significant matters that could be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual and consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the interim financial information, individual and consolidated, included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission.

Emphasis of matter

Uncertainty about the Company's ability to continue as a going concern

We call attention to Note 1 of the interim financial information, individual and consolidated, which describes that the Company through its subsidiary has recorded recurring losses in its operations and has presented accumulated losses in shareholders' equity in the amount of R$ 1,135,206 thousand (R$ 1,121,006 thousand on December 31, 2020), in individual and consolidated and excess current liabilities over current assets at the end of the three-month period ended March 31, 2021, in the amount of R$ 129,671 thousand (R$ 105,761 thousand on December 31, 2020) in the consolidated. As presented in Note 1, these events or conditions, together with other matters described in Note 1, indicate the existence of significant uncertainty that may raise significant doubts as to the Company's ability to continue operating. Our conclusion does not contain a reservation related to the matter.

Other matters

Statements of value added

The quarterly information includes the individual and consolidated statements of added value (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim accounting information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 Statement of Added Value. Based on our review, we are not aware of any fact that leads us to believe that these statements of added value were not prepared, in all material respects, in accordance with the criteria defined in this Standard and in a consistent manner in relation to the individual interim financial information. and consolidated figures taken together.

Campinas, May 11, 2021

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Cristiane Cléria S. Hilario
Sócia-Contadora
CRC 1SP243766/O

Assets

Balance Sheet

(In thousands of Reais)

	Individual		Consolidated	
Current Assets	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents	32,899	31,444	34,415	33,681
Trade accounts receivable	-	-	75,483	58,774
Inventories	-	-	56,753	43,008
Taxes recoverable	-	-	26,074	30,406
Other assets	17	17	2,634	2,414
Total current assets	32,916	31,461	195,359	168,283
Non-current assets	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Taxes recoverable	-	-	127,993	126,601
Judicial deposits	-	-	3,297	4,103
Investment property	-	-	8,430	8,452
Property, plant and equipment in operation	7	7	271,526	275,848
Right-of-use assets	-	-	15,061	21,672
Other assets			157	158
Total non-current assets	7	7	426,464	436,834
Total Assets	32,923	31,468	621,823	605,117

Liabilities

Balance Sheet

(In thousands of Reais)

	Individual		Consolidated	
Current liabilities	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Loans and financing	-	-	28,006	19,864
Lease liabilities	-	-	22,992	23,175
Trade accounts payable	-	-	42,273	36,886
Taxes payable	32	32	47,060	46,848
Payroll, vacation pay and social charges payable	-	-	112,834	101,168
Advances from customers	-	-	30,293	15,184
Other liabilities	-	-	41,572	30,919
Total current liabilities	32	32	325,030	274,044
Noncurrent liabilities	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Loans and financing	-	-	108,783	118,373
Lease liabilities	-	-	21,337	22,377
Related parties	46,332	44,460	8,031	7,450
Payroll, vacation pay and related charges payable	-	-	10,295	10,366
Taxes payable	-	-	112,217	110,592
Deferred income and social contribution taxes	-	-	19,292	19,205
Provision for contingencies	-	-	10,476	11,550
Provision for losses on investment in subsidiary	189,983	176,192	-	-
Other liabilities	-	-	209,786	220,376
Total liabilities	236,315	220,652	500,217	520,289
	236,347	220,684	825,247	794,333
Equity				
Capital	931,455	931,455	931,455	931,455
Equity adjustments	327	335	327	335
Accumulated losses	(1,135,206)	(1,121,006)	(1,135,206)	(1,121,006)
	(203,424)	(189,216)	(203,424)	(189,216)
Total equity	(203,424)	(189,216)	(203,424)	(189,216)
Total liabilities and equity	32,923	31,468	621,823	605,117

Income statements for the periods ended March 31, 2021 and 2020

(In thousands of Reais)

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net operating revenue	-	-	142,345	91,745
Cost of products sold	-	-	(127,107)	(86,046)
Gross profit / (loss)	-	-	15,238	5,699
Operating income (expenses)				
Selling expenses	-	-	(6,525)	(6,293)
General and administrative expenses	(445)	(449)	(15,952)	(12,239)
Equity pick-up	(13,791)	(26,245)	-	-
Other operating income/(expenses), net	-	-	71	132
	(14,236)	(26,694)	(22,406)	(18,400)
Income (loss) before finance income (costs)	(14,236)	(26,694)	(7,168)	(12,701)
Finance income (costs)				
Finance income	32	13	5,690	4,131
Finance costs	(4)	(3)	(12,643)	(17,851)
	28	10	(6,953)	(13,720)
Loss before income and social contribution taxes	(14,208)	(26,684)	(14,121)	(26,421)
Income and social contribution taxes				
Deferred income and social contribution taxes	-	-	(87)	(263)
	-	-	(87)	(263)
Net loss for the period	(14,208)	(26,684)	(14,208)	(26,684)

Statements of comprehensive income for the period ended March 31, 2021 and 2020
(In thousands of Reais)

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net loss for the period	(14,208)	(26,684)	(14,208)	(26,684)
	(14,208)	(26,684)	(14,208)	(26,684)
Total comprehensive income	(14,208)	(26,684)	(14,208)	(26,684)

Statement of changes in shareholders' equity - Consolidated
(In thousands of Reais)

	Paid capital	Capital reserve, options granted and treasury shares	Accumulated Profits or Losses	Other Comprehensive Results	Total
Balance as of January 1, 2020	931.455	-	(1.004.063)	405	(72.203)
Capital increase	-	-	-	-	-
Realization of property, plant and equipament deemed cost	-	-	-	-	-
Realization of deferred taxes on property, plant and equipament deemed cost	-	-	38	(38)	-
Deferred taxes on realization of deemed cost	-	-	(13)	13	-
Net Income for the Period	-	-	(26.684)	-	(26.684)
Balance as of March 31, 2020	931.455	-	(1.030.722)	380	(98.887)
Balance as of January 1, 2021	931.455	-	(1.121.006)	335	(189.216)
Capital increase	-	-	-	-	-
Realization of property, plant and equipament deemed cost	-	-	-	-	-
Realization of deferred taxes on property, plant and equipament deemed cost	-	-	12	(12)	-
Deferred taxes on realization of deemed cost	-	-	(4)	4	-
Net Income for the Period	-		(14.208)	-	(14.208)
Balance as of March 31, 2021	931.455	-	(1.135.206)	327	(203.424)

Statement of value added for the three-month periods ended March 31, 2021 and 2020

(In thousands of Reais)

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenue				
Sales of Goods, Products and Services	-	-	172.004	110.714
	-	-	172.004	110.714
Purchased supplies				
Consumed raw materials	-	-	(64.903)	(33.613)
Materials, energy, third-party services and others	(182)	(201)	(21.334)	(14.161)
Others	-	-	5	(534)
	(182)	(201)	(86.232)	(48.308)
Gross added value	(182)	(201)	85.772	62.406
Depreciations and amortization	-	-	(16.324)	(15.292)
Net Added Value Produced	(182)	(201)	69.448	47.114
Value added received in transfer				
Equity pick up	(13.791)	(26.245)	-	-
Finance income	32	13	5.690	4.131
Other revenues	-	-	83	154
	(13.759)	(26.232)	5.773	4.285
Total value added to distribute	(13.941)	(26.433)	75.221	51.399
Distribution of value added	(13.941)	(26.433)	75.221	51.399
Personnel	198	198	46.588	41.021
Salaries	154	154	37.168	31.991
Others	44	44	9.420	9.030
Taxes, charges and contributions	64	49	30.198	19.211
Federal taxes	-	-	13.823	9.367
State taxes	-	-	15.996	9.607
Local taxes	64	49	379	237
Remuneration of third-party capital				
Financial expenses	5	4	12.643	17.851
Equity remuneration				
Net losses	(14.208)	(26.684)	(14.208)	(26.684)
Total added value	(14.208)	(26.684)	(14.208)	(26.684)

Statements of cash flows for the years ended March 31, 2021 and 2020
(In thousands of Reais)

	Individual		Consolidated	
Cash flows from operating activities	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net loss for the year before income and social contribution taxes	(14.208)	(26.684)	(14.121)	(26.421)
Adjustments to reconcile net income to cash from (used in) operating activities:				
Depreciation	-	-	9.713	9.604
Amortization	-	-	6.611	5.688
Loss on disposal of assets	-	-	0	24
Interest and monetary variation, net	-	-	9.708	14.914
Provision for legal claims	-	-	1.350	684
Allowance for doubtful accounts	-	-	796	1.606
Provision for adjustment of inventories at market value and obsolescence	-	-	(5)	533
Equity pick-up	13.791	26.245	-	-
(Increase)/decrease in asset and liability accounts				
Accounts receivable from customers	-	-	(17.505)	3.925
Inventories	-	-	(13.740)	(6.996)
Other asset accounts	-	-	(197)	(537)
Suppliers	-	-	5.239	10.007
Provision for legal claims (payments)	-	-	(2.424)	(1.456)
Judicial Deposits	-	-	806	(39)
Obligations with staff and social charges	-	-	9.257	7.929
Taxes, contributions and installments to be collected	-	-	137	(19.178)
Other accounts payable	-	-	(437)	1.264
Advance of customers	-	-	13.960	(3.557)
Taxes to recover	0	(5)	2.940	25.602
Interest paid	-	-	(1.971)	(2.833)
Net cash from (applied in) operating activities	(417)	(439)	(3.935)	14.131
Cash flows from investment activities				
Acquisitions of fixed assets and intangible assets	-	-	(5.391)	(1.533)
Net cash used in investment activities	-	-	(5.391)	(1.533)
Cash flows from financing activities				
Borrowings	-	-	750	2.027
Payment of loans and financing (principal and interest)	-	-	(5.324)	(11.137)
Net increase in receivables from related parties	1.872	26.813	581	1.132
Net cash used in financing activities	1.872	26.813	(3.993)	(7.978)
Increase in cash and cash equivalents	1.455	26.369	733	11.252
Cash and cash equivalents at the beginning of the year	31.444	29	33.682	17.383
Cash and cash equivalents at the beginning of the year	32.899	26.398	34.415	28.635
Increase in cash and cash equivalents	32.899	26.398	34.415	28.635

Performance Overview

The non-financial information included in the report, as well as the derived percentages and information on EBITDA, were not reviewed by our independent auditors.

Amounts expressed in thousands of Reais, unless otherwise stated.

Gross Income

In the first quarter of 2021, the gross margin was positive by 10.7% against 6.2% in 2020.

According to data from ANFAVEA, in the first quarter of 2021, vehicle production in Brazil increased by 2.0% compared to the same period in 2020.

Source: ANFÁVEA – BRASIL			
	1Q/20	**1Q/21**	**VAR. %**
VEHICLE PRODUCTION	586	598	2.0%
VEHICLE SALE	558	528	-5.4%

Vehicle production is up slightly even with closed factories

Growth of 1.7% in March was achieved despite the closure of a large part of the manufacturing units in the month, thanks to the greater number of working days.

According to the figures in the monthly balance sheet of ANFAVEA (National Association of Motor Vehicle Manufacturers), the national automotive industry produced 200.3 thousand units in March, which corresponds to a slight increase of 1.7% in relation to the result of February, when 197 thousand vehicles left the production lines. In comparison with March 2020 (which accounted for 190 thousand cars), the increase was greater, of 5.5%. A positive result, but also a modest one, was obtained in the first quarter of 2021, with an increase of 2% over the same period last year. 597,800 automobiles were manufactured this year, compared to 585,900 in 2020.

"We can say that this is a very positive result, taking into account the fact that the sector recorded several stoppages in the last week of the month," said Luiz Carlos Moraes, president of ANFAVEA.

"So, despite these stops, we managed to close the month with very interesting numbers in production," he added, also recalling that March had three business days more than February.

On March 31, the country had 30 factories from 14 automakers totally stopped or partially operating in six states (Minas Gerais, Paraná, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo), due to the measures adopted by state governments to curb the spread of the pandemic, such as anticipating holidays.

Many companies took advantage of the interruption to adjust their lines with the supply of components, which was - and still is - hindering the pace of the factories. On April 7 - when the balance sheet was presented - the sector still had ten factories from five automakers stopped in four states (Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo).

Risk of new outages, inventory and employment

Asked about the difference in the factories' response to the advance of Covid-19 in the so-called “first wave”, when all 60 factories of the companies associated with Anfavea suspended their activities in the country and now, Luiz Carlos Moraes explained: "A year ago we were in the dark, we didn’t know how to deal with Covid-19; since then, we’ve invested millions in adopting distance and hygiene protocols that have made factories safe, so we’ve been able to continue working safely, ”he replied.

The executive, however, recalled that the moment continues to demand attention and great care. "The risk still exists, and the pandemic can undoubtedly cause new outages," he said. “We have already noticed higher absenteeism today, including absences motivated by the company, which does not let the employee work if there is any suspicion of contagion. It is necessary to raise the awareness of employees to continue with the care also outside the factory”, declared Luiz Carlos Moraes.

With regard to inventories, the level remained stable in March, with 101.1 thousand units, 83.3 thousand in dealerships and 17.8 thousand in factory yards. These numbers correspond to 16 days of sales, based on the current pace. In February, 97.8 thousand vehicles were stocked (80.7 thousand in stores and 17.1 thousand in factories), which corresponded to 15 days of sales. The sector has been presenting this average (around 100 thousand units) since December and, according to Moraes, it is the level that is proving to be balanced for the current scenario.

The number of employees in the automotive sector in March was exactly the same registered in February, of 104.7 thousand employees. The president of Anfavea said that there were layoffs in the month, but the hiring ended up paying off. In relation to the same month of 2020 (the last, before the announcement of the pandemic), there was a decrease of 2.1%, since the sector had 107 thousand registered employees.

Truck production grows 33.9% in the first quarter, despite the pandemic

Manufacturers installed in the country assembled 33.1 thousand units and the sector was the only one with significant increase in the period.

Truck production in March totaled 12,500 units, recording a 5.7% increase over February. In comparison with March of last year, there was an increase of 48.4%. And throughout the first quarter, 33.1 thousand units were produced, resulting in an increase of 33.9% over the same months last year.

The data are from the National Association of Motor Vehicle Manufacturers (ANFAVEA). The increase in trucks was the only significant one in the quarter. Production was driven by domestic sales and grew in all segments, from semi-light (with 3.5 to 6 tons of Total Gross Weight, PBT) to heavy (from 15 tons onwards).

In this first quarter, the industry assembled 15.9 thousand heavy trucks, registering an increase of 22.8% over the same months of last year. Semi-heavy were 9.7 thousand in the period and grew 50.1%. Light vehicles totaled 5,500 units, an increase of 34.6%.

"More than agribusiness, civil construction, mining and electronic commerce moved the sector and almost half of the demand is for heavy trucks", says the vice president of Anfavea, Gustavo Bonini.

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

Net income

The combined result of all the factors mentioned on March 31, 2021 resulted in a positive cash generation (EBITDA) of R $ 9,179 (6.4%) in the 1st quarter, as shown in the table below:

CONSOLIDATED PLASCAR BRASIL						
Month/Year	Net Sale R$	Gross Margin		EBITDA (Acumulated)		(Loss) Acumulated of the Period (R$)
		R$	% Sales	R$	% Sales	
mar/18	**82,136**	**2,457**	**3.0%**	**(3,663)**		**(39,431)**
jun/18	165,027	442	0.3%	(10,228)	-6.2%	(75,676)
sep/18	252,939	1,937	0.8%	(16,763)	-6.6%	(141,457)
dec/18	346,821	10,883	3.1%	(85,090)	-24.5%	(257,254)
mar/19	**75,160**	**(5,421)**	**-7.2%**	**(13,155)**	**-17.5%**	**(57,670)**
jun/19	178,242	(2,772)	-1.6%	(12,291)	-6.9%	(102,613)
sep/19	290,137	11,469	4.0%	(6,781)	-2.3%	(126,681)
dec/19	407,550	31,303	7.7%	67,051	16.5%	(6,825)
mar/20	**91,745**	**5,699**	**6.2%**	**2,631**	**2.9%**	**(26,684)**
jun/20	133,470	(13,203)	-9.9%	(14,637)	-11.0%	(64,057)
sep/20	232,065	(12,714)	-5.5%	(25,412)	-11.0%	(100,080)
dec/20	369,188	(4,692)	-1.3%	(22,277)	-6.0%	(117,013)
mar/21	**142,345**	**15,238**	**10.7%**	**9,179**	**6.4%**	**(14,208)**

Human Resources

Despite the economic adversities in the country, the Company continues to invest in the professional development of its employees, with approximately 20.28 hours of education and training per employee (in the last 12 months), focused on learning from SENAI, internships, supplementary, in addition to technical and operational development training.

As of March 31, 2021, the Company had 1,718 employees (1,797 as of March 31, 2020).

Relationship with External Auditors

In compliance with CVM Instruction 381, we inform that the three-month period ended March 31, 2021, the Company did not contract, with its auditors, a service not related to external audit.

The policy of the Company and its subsidiary in contracting services not related to external auditing with independent auditors is based on the principles that preserve the independence of the independent auditor, which are: the auditor must not audit his own work; the auditor should not exercise a management role on his client and the auditor should not advocate for his client.

1. Operational Context

Plascar Participações Industriais S.A. (“Plascar S.A.” or the “Company”), with headquarters in the city of Jundiaí (since February 11, 2019 - previously headquartered in the city of Campinas), state of São Paulo, is a publicly-held corporation with shares traded on the São Paulo Commodities, Futures and Stock Exchange (BM&FBOVESPA) under the ticker symbol PLAS3. The Company’s activities consist of controlling its subsidiary Plascar Indústria de Componentes Plásticos Ltda. (“Plascar Ltda.”), which operates in the automotive industry and whose business activity is the manufacturing and selling of interior and exterior finishing auto parts.

Plascar Ltda. has manufacturing plants in the cities of Jundiaí, state of São Paulo, and Varginha and Betim, state of Minas Gerais.

The plants operate mainly in the automotive industry, focused on meeting the needs of automakers, supplying bumpers, dashboards, air diffusers, cup holders, door trim panels, parcel racks and other components. The manufacture of non-automotive products, focused on injection and assembly of supermarket trolleys, multi-use boxes, pallets and ecological furniture, represents less than 10% of the Company's total consolidated assets, net revenue and net income.

Following the completion of the Company's financial restructuring on January 31, 2019, the controlling entity of Plascar S.A. became Padua IV S.A., with a 59.99% stake in its capital, which is also composed of Permali do Brasil Indústria e Comércio Ltda., with 18.44%, by Postalis Instituto de Seguridade dos Correios e Telégrafos, with 7.12%, and by other individual shareholders who hold, together, 14.45%.

The issuance of these individual and consolidated Quarterly Information – ITRs was authorized by the Board of Directors on May 07, 2021.

Financial Situation

As of March 31, 2021, the Company has an excess of current liabilities over current assets in the amount of R$ 129,671 (R$ 105,761 as of December 31, 2020) in the consolidated and negative equity in the consolidated and in the parent company the amount of R$ 203,424 (R$ 189,216 on December 31, 2020).

Additionally, the Company presented a loss in the current and comparative period, as well as maintaining an accumulated loss of R$ 1,135,206, in the individual and consolidated (R$ 1,121,006 as of December 31, 2020).

Financial expenses amount to R$ 12,643 in the first quarter of 2021 (R$ 17,851 in the first quarter of 2020), in the consolidated. Management is taking measures to reduce the impact of these expenses on the Company's results, mainly through the management and renegotiation of its tax and bank liabilities.

According to official data from ANFAVEA, vehicle production in 2021 points to an increase of 25%.

The 2% increase in vehicle production in the first quarter of 2021, although timid, was quite positive considering that the first quarter of 2021 was still marked by the pandemic of COVID-19 and its effects on the industry. As in March 2020, the auto industry suffered production disruptions in March 2021, which continued for the following month. The Company's net revenue, in turn, in the 1st quarter of 2021 increased by 55.2% when compared to the same period of the previous year, thus showing the maintenance of a gradual and consistent recovery in volumes.

The Company continues to adopt measures to increase the revenue obtained from new projects, reduce its internal operating costs and improve the margin, also promoting constant price negotiations with customers to pass on cost increases (labor, raw materials) etc.), following the process of restructuring the Company, as well as facing the crisis that started in March 2020 due to the pandemic COVID-19.

The Company's management is in the process of reviewing the projections, considering new projects and fluctuations in volumes in view of the current scenario (COVID-19).

Impacts of COVID-19 (Coronavirus) on the Company's business

On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus COVID-19 outbreak a pandemic on a global scale. The outbreak triggered significant decisions by governments and private sector entities, which added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and could generate impacts on financial statements. The world's main economies and major economic blocs have been studying packages of significant economic stimulus to overcome the potential economic recession that these measures to mitigate the spread of COVID -19 can provoke.

In Brazil, the Executive and Legislative Branches of the Union published several normative acts to prevent and contain the pandemic, as well as mitigate the respective impacts on the economy, especially Legislative Decree No. 6, published on March 20, 2020, which declares the state of public calamity. State and municipal governments have also published several normative acts seeking to restrict the free movement of people and commercial and service activities, in addition to enabling emergency investments in the health area.

Production suspensions have reached almost the entire sector in the country, with 123,000 workers stopped at 63 factories located in 40 cities in 10 states.

Management has consistently evaluated the impact of the outbreak on the operations and equity and financial position of the Company and its subsidiary, with the objective of implementing appropriate measures to mitigate the impacts on operations. The Administration immediately activated its Crisis Committee to ensure the safety of its employees, service providers and serviced customers. Until the date of authorization for issuing this interim accounting information, the following measures have been taken and the main issues that are under constant monitoring are listed below:

- Implementation of a Crisis Management committee;
- Restrictions regarding the circulation and crowding of people on its premises, as a way to prevent the spread of the virus;
- Suspension of travel, on-site training and participation in events for all employees;
- Orientation of the home office regime for employees whose function allows this type of work and isolation of all employees classified as at greatest risk (over 60 years of age and with chronic illnesses, as advised by public entities);
- Intensification in internal communications of preventive measures, provision of 24-hour medical assistance channels to support employees and family members and provision of internal communication channels to employees, focused on the care related to the pandemic; and
- Optimization of the use of technology to ensure virtual service to its customers, impacting as little as possible their administrative and operational activities.

In order to reduce financial impacts, Management has also adopted the following measures

- Anticipation of collective vacations for its employees and on April 1, 2020, in line with the union responsible for the category, implemented the workload reduced by 50% for all employees;
- Renegotiation of terms of certain liabilities with banks, suppliers and other accounts payable;
- From the end of February to the beginning of March 2020, the Company implemented even greater control of its inventory management to keep them at the minimum necessary level;
- Management carried out benchmarking with other auto parts manufacturers and also with automakers to exchange information and measures for application in the Company.

Despite the total shutdown of the automakers, which occurred at different times between the months of March and July 2020, the three plants continued to function. However, the pace of work was very slow, focusing on specific projects and preventive maintenance activities. The costs related to the idle capacity of the plants during this period and for the entire year were measured by

Management and recorded directly in the income for the respective periods, in accordance with CVM guideline opinion 24/92.

The Company's operations in 2020 were significantly impacted by the pandemic, contemplating a total drop in revenues of 9.4% when compared to 2019.

Management continues to monitor the effects of the crisis. After a recovery movement in the Brazilian vehicle market, which in September, October, November and December 2020 registered higher volumes than those registered before the Coronavirus pandemic reached the country. ANFAVEA presented new and improved domestic sales projections and production, predicting a 25% increase in vehicle production for 2021. However, the manufacturers' association places a number of reservations on the new estimates, pointing out that there are still uncertainties on the horizon of the coming months that may change the numbers down or above, starting with the development of Covid-19 itself, which continues to be an important threat to the economy.

According to data from ANFAVEA, the production of vehicles in the 1st Quarter of 2021 had an increase of 2.0% over the same period in 2020, considered a very positive result, taking into account the fact that the sector recorded several stoppages in the last week of the month, due to the consequences of the pandemic.

In view of this potential market recovery, the Company has already adopted some flexibility measures and a gradual resumption of its production capacity, including:

- Resumption of working hours gradually from August 2020. From September 2020, all employees of the Company had full working hours;
- Flexibility of the home office regime;
- Resumption of visits by third parties to the Company's facilities, by prior appointment and following security protocols;
- Intensification of hygiene and health protocols to guarantee the health of all employees, customers and partners of the Company.
- Despite the demobilization of the Crisis Committee implemented at the beginning of the pandemic, the committee can be called immediately, if necessary. It should be noted that in December 2020, with the worsening of the pandemic rates in the general population, the Company decided to reinstate the home-office regime for the administrative areas, in addition to limiting travel and visits. Guidance and alert initiatives for employees regarding the risks of the pandemic and preventive measures were intensified.
- The enactment of new restrictions on circulation and trade in the first quarter of 2021 led to new closings by automakers. The Company continues to monitor the situation, always ready to intervene in the event of a worsening pandemic situation.

Corporate and Financial Restructuring

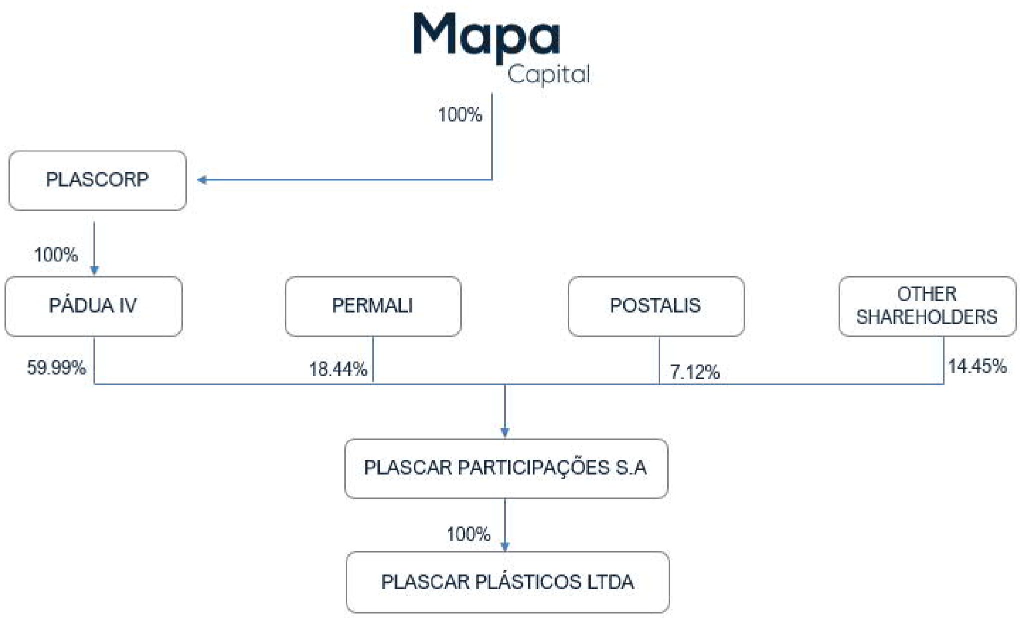
At the Extraordinary General Meeting, held on December 13, 2018, the final plan for the restructuring of the Company's debt was approved by unanimously of the votes of the shareholders present, which, in general terms, involves the assignment of approximately 90% of Plascar's existing debt by the Company's main creditors to the current parent company "Padua IV Participações S.A.".

On January 31, 2019, in accordance with the Notice to Shareholders and Material Fact disclosed to the market, the Company's capital was increased with payment made using credits held against Plascar Ltda., by private subscription, in the amount of R$ 449,483, through the issue of 7,455,251 common shares at the unit issue price of R$ 60.29 per common share. After the Capital Increase was carried out, the Company's capital, previously in the amount of R$ 481,972, divided into 4,970,167 common shares, became R$ 931,455, divided into 12,425,418 common shares.

With the conclusion of the Company's financial restructuring on January 31, 2019, the Company's equity and current liabilities were positively impacted by R$ 449,483, due to the capital increase.

Management continues to negotiate liabilities with several creditors, with the objective of adjusting them to the Company's cash generation capacity. Throughout 2019 and early 2020, certain liabilities were renegotiated, which are now reported in non-current liabilities.

The Corporate Structure is shown below, including the Company's new controlling shareholder - Pádua IV Participações S.A., after completing the Company's restructuring plan and subscribing for capital.



2. Summary of the main accounting policies and presentation of the trimestral information - ITR

The Company presents the individual and consolidated Quarterly Information in accordance with CPC 21 (R1) - Interim Statement, issued by CPC - Comitê de Pronunciamentos Contábeis and IAS 34 - Intermediate Financial Report, issued by IASB - International Accounting Standards Board, applicable to preparation of the Quarterly Information - ITR, and presented in a manner consistent with the rules established by CVM - Comissão de Valores Mobiliários.

In accordance with CVM/SNC/SEP Circular Letter No. 03/2011, the Company opted to present the explanatory notes in this quarterly information in a summary form in cases of redundancy in relation to that presented in the annual statements. In these cases, the location of the full explanatory note is indicated in the annual statement, to avoid prejudice to the understanding of the Company's financial position and performance during the interim period. Accordingly, this quarterly information should be read in conjunction with the annual financial statements for the year ended December 31, 2020.

The preparation basis and accounting policies are the same as those used in the annual financial statements for the year 2020. Therefore, the corresponding information should be read in note 2 to those financial statements.

The consolidated interim financial information includes the financial statements of Plascar Participações Industriais S.A and its subsidiary detailed below:

	Direct participation	
	03/31/2021	12/31/2020
Plascar Indústria de Componentes Plásticos Ltda. (Plascar Ltda.)	100%	100%

3. Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will rarely be equal to the respective actual results. The estimates and assumptions that present a significant risk, with the probability of causing a relevant adjustment in the book values of assets and liabilities for the next fiscal year, are contemplated below:

(a) Income tax, social contribution and other taxes

The Company is subject to income tax in all countries in which it operates. Significant judgment is required to determine the provision for income taxes in these countries.

In many operations, the final determination of the tax is uncertain. The Company also recognizes provisions due to situations in which it is probable that additional amounts of taxes will be due.

When the final result of these matters differs from the amounts initially estimated and recorded, these differences affect current and deferred tax assets and liabilities in the period in which the definitive amount is determined.

(b) *Deferred taxes*

Deferred tax is generated by temporary differences on the balance sheet date between the tax bases of assets and liabilities and their book values. Deferred tax liabilities are recognized for all temporary tax differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, on the date of transaction, does not affect accounting profit or tax profit or loss; and
- On temporary tax differences related to investments in controlled companies, in which the period of reversal of temporary differences can be controlled and it is likely that the temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, credits unused tax losses and losses, to the extent that it is probable that the taxable profit will be available so that deductible temporary differences can be realized, and credits and losses unused taxes can be used, except:

- When the deferred tax asset related to the deductible temporary difference is generated initial recognition of the asset or liability in a transaction that is not an business combination and, at the date of the transaction, affects neither accounting profit nor taxable profit (or tax loss); and
- On deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences are

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

reversed in the near future and taxable profit is available so that temporary differences can be used.

(c) *Impairment of non-financial assets*

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount, which represents the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units (CGUs) as shown in Note 13.

4. Financial risk management

4.1 Financial risk factors

The Company's activities expose it to several financial risks: market risk (including currency risk and fair value risk associated with interest rates), credit risk and liquidity risk. The Company's global risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's treasury identifies, assesses and protects the Company against possible financial risks in cooperation with the Company's operating units.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from exposures of some currencies, basically in relation to the United States dollar. Foreign exchange risk arises from commercial operations, assets and liabilities.

On March 31, 2021 and December 31, 2020, the Company presents assets and liabilities in foreign currency resulting from import and export operations, in the amounts shown below:

	Consolidated	
	03/31/2021	12/31/2020
Accounts receivable from customers (Note 7)	8,384	7,648
Suppliers	(158)	(1,139)
Net exposure	8,226	6,509

As of March 31, 2021 and December 31, 2020, the Company did not have operations with derivative financial instruments to manage exchange rate risk.

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(ii) Cash flow risk or fair value associated with interest rate

The Company has no significant assets in which interest accrues.

The Company's interest rate risk arises from loans and financing. Loans at variable rates expose the Company to cash flow interest rate risk. Fixed rate loans expose the Company to the fair value risk associated with the interest rate.

The table below shows the sensitivity to a possible change in interest rates, keeping all other variables constant, in the Company's profit before taxation (it is affected by the impact of loans payable subject to variable rates).

	Impact on income for the period (1)		
Financial liabilities	Scenario I Likely	Scenario II +25%	Scenario III +50%
CDI	4.00%	5.00%	6.00%
Loans and financing	(8,786)	(9,812)	(10,838)

(1) Refers to the hypothetical scenario of interest to be incurred for the next 12 months or until the maturity date of the contracts, whichever is lower.

In the sensitivity analysis, the interest rate is based on the rates currently practiced in the market environment.

Sensitivity analyses were prepared based on the value of net debt and the fixed interest rate index against variable interest rates on the debt as of March 31, 2021.

(b) Credit risk

Credit risk is managed corporately. Credit risk arises from credit exposures to customers of original equipment ("OEM") and replacement / concessionaires ("DSH"), including open accounts receivable and repo operations. For banks and other financial institutions, only securities from top tier entities are accepted. The individual risk limits are determined based on internal or external ratings according to the limits determined by the Board of Directors. The use of credit limits is monitored regularly.

The possibility that the Company and its subsidiary may incur losses due to financial problems with their OEM customers is reduced due to the profile of these customers (vehicle manufacturers and other companies operating worldwide). As of March 31, 2021, and December 31, 2020, the Company and its subsidiary do not have significant balances receivable from customers in the DSH category.

No credit limit was exceeded during the year, and Management does not expect any loss due to default by these counterparties in excess of the amount already provisioned.

(c) Liquidity risk

The cash flow forecast is made at the Company's operating entity and aggregated by the Finance department. This department monitors the continuous forecasts of the Company's liquidity requirements to ensure that it has enough cash to meet operational needs. This forecast considers the Company's debt financing plans, compliance with clauses, compliance with the internal goals of the balance sheet quotient and, if applicable, external or legal regulatory requirements - for example, currency restrictions.

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The Treasury invests any excess cash in bank accounts with interest, time deposits, short-term deposits and bonds and securities, choosing instruments with appropriate maturities or enough liquidity to meet the above-mentioned forecasts. On the balance sheet date, the Company maintained short-term funds in the amount of R$ 877, which are expected to promptly generate cash inflows to manage liquidity risk.

The following table analyzes the Company's financial liabilities, by maturity, corresponding to the period remaining between the balance sheet date and the contractual maturity date. The amounts disclosed in the table are the discounted cash flows contracted and represent the expected actual disbursement flows, disregarding any bank requirements for early maturities.

	Consolidated				
	Up to three months	From four to 12 months	Between one and five years	Over five years	Total
As of March 31, 2021					
Loans and financing	13,083	14,923	82,385	26,398	136,789
Rental liabilities	7,216	15,776	21,337	-	44,329
Suppliers	42,273	-	-	-	42,273
Liabilities with related parties	-	-	8,031	-	8,031
Other liabilities	20,788	20,784	100,888	108,898	251,358
	83,360	51,483	212,641	135,296	482,780

	Consolidated				
	Up to three months	From four to 12 months	Between one and five years	Over five years	Total
As of December 31, 2020					
Loans and financing	8,270	11,594	88,820	29,553	138,237
Rental liabilities	7,216	15,959	22,377	-	45,552
Suppliers	36,886	-	-	-	36,886
Liabilities with related parties	-	-	7,450	-	7,450
Other liabilities	9,909	21,010	100,991	119,385	251,295
	62,281	48,563	219,638	148,938	479,420

4.2 Capital management

The Company's objectives in managing its capital are to safeguard the Company's ability to continue to provide shareholder returns and benefits to other stakeholders, in addition to maintaining an optimal capital structure to reduce this cost.

	Consolidated	
	03/31/2021	12/31/2020
Total loans (Note 15)	136,789	138,237
Less: cash and cash equivalents	(34,415)	(33,681)
Net debt	102,374	104,556
Total equity	(203,424)	(189,216)
Total capital	(101,050)	(84,660)
Financial leverage ratio - %	-	-

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

4.3 Fair value estimate

It is assumed that the balances of accounts receivable from customers and accounts payable to suppliers at book value, minus impairment in the case of accounts receivable, are close to their fair values. At present, the Company does not have liabilities recorded at fair value. However, below are the comparisons of financial assets recorded at amortized cost and their respective fair value:

	03/31/2021		12/31/2020	
	Book value	Fair value	Book value	Fair value
Loans and financing (Note 15)				
Floating capital – national currency	136,789	136,789	138,237	138,237
Lease liabilities	44,329	44,329	45,552	45,552
Suplliers	42,273	42,273	36,886	36,886
	223,391	223,391	220,675	220,675

5 Financial instruments by category

In the following table we perform the classification of the Company's consolidated financial instruments by category on each of the dates presented:

(a) Amortized cost

		Consolidated
	03/31/2021	12/31/2020
Assets, according to the balance sheet		
Cash and cash equivalents	34,415	33,681
Accounts receivable from customers	75,483	58,774
Judicial deposits	3,297	4,103
Other assets	2,634	2,414
	115,829	98,972

(b) Fair value through profit or loss

		Consolidated
	03/31/2021	12/31/2020
Liabilities, according to the balance sheet		
Suppliers	42,273	36,886
Loans and financing	136,789	138,237
Rental liabilities	44,329	45,552
Related parties	8,031	7,450
Other liabilities	251,358	251,295
	482,780	479,420

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6. Cash and cash equivalents

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents	32,899	31,444	34,415	33,681
	32,899	31,444	34,415	33,681

Banks and cash bear interest at floating rates based on daily rates of short-term bank deposits. The funds are used depending on the Company's immediate cash needs.

7 Accounts receivable from customers

	Consolidated	
	31/03/2021	31/12/2020
Third parties in the country	67,160	50,468
Third parties abroad (Note 4.1)	8,384	7,648
Accounts receivable from tooling in the country	8,511	8,434
	84,055	66,550
Allowance for impairment - doubtful credits	(8,572)	(7,776)
	75,483	58,774

During the period ended March 31, 2021 and year ended December 31, 2020, the movement of the estimated loss to doubtful accounts was as follows:

	Consolidated	
	03/31/2021	12/31/2020
Initial Balance	(7,776)	(6,029)
(Increase) Reduction of provision	(796)	(1,747)
Final balance	(8,572)	(7,776)

As of March 31, 2021, and December 31, 2020, the opening of accounts receivable by maturity age was as follows:

	Consolidated	
	03/31/2021	12/31/2020
Current	60,799	49,179
Past Due:		
From 1 to 30 days	6,980	7,271
From 31 to 60 days	1,923	859
From 61 to 90 days	3,994	119
More than 90 days ago	10,359	9,122
	23,256	17,371

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Total	84,055	66,550

The Company's policy for provision for expected loss with doubtful accounts includes the balance overdue for more than 90 days. The balance overdue for more than 90 days not provisioned as of March 31, 2021, net of the expected loss for doubtful accounts, refers to the sale of tooling, for which management does not expect to record losses.

In addition, in line with CPC 48 (IFRS 9) Financial Instruments, the Company's policy also considers the expected credit losses for its receivables, these being the present value of the difference between the contractual cash flows due to the Company in accordance with the contract signed with the clients and the cash flows that the Company expects to receive.

8 Inventory

	Consolidated	
	03/31/2021	12/31/2020
Finished products	5,662	4,361
Products under preparation	9,974	9,001
Raw materials	19,344	17,786
Import in progress	956	743
Maintenance and auxiliary materials	2,037	2,437
Tools and molds under development intended for sale	10,582	10,072
Advances to suppliers	10,449	864
Provision for adjustment to market value and obsolescence	(2,251)	(2,256)
	56,753	43,008

During the period ended March 31, 2021, the movement of the provision for adjustment to market value and obsolescence was as follows

	Consolidated	
	03/31/2021	12/31/2020
Opening balance	(2,256)	(2,209)
Reversal of provision	179	1,719
Increase in provision	(174)	(1,766)
Net reduction (note 24)	5	(47)
Final balance	(2,251)	(2,256)

9 Tributes to recover

	Consolidated	
	03/31/2021	12/31/2020
Credit exclusion of ICMS calculation base PIS/COFINS (1)	150,073	153,297
Funrural Process (Note 19)	2,237	2,237
ICMS on fixed assets - CIAP	849	732
Others	908	741
	154,067	157,007

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Current	26,074	30,406
Non-current	127,993	126,601
	154,067	157,007

(1) Credit Exclusion of ICMS from PIS/COFINS calculation base - Final transit accounting record

The Company informs that, in 2010, it issued a Writ of Mandamus in order to exclude ICMS from the PIS and COFINS calculation bases. In September 2017, the Company obtained a favorable decision at first instance and, in October 2019, it obtained a new favorable sentence in appeal (STF). In the same act, the process became final. In view of this, the Company initiated a procedure to collect amounts unduly paid as from 2005 and claim their respective reimbursement. The Company has reliably calculated and measured the respective amounts.

On August 19, 2019, the Company obtained a favorable sentence for using the ICMS highlighted in the invoices for calculating the credit.

In the fourth quarter of 2019, based on the opinion and report prepared by its advisors, the Company recorded the amount of R$ 179,069 in the caption of taxes to be recovered in the balance sheet to offset against current taxes administered by Receita Federal do Brasil in future periods. The principal amount of the credits, net of lawyers' success fees, was recognized as other operating income and the monetary restatement was recognized in the financial income item in the income statement for the year.

The approval and qualification of R$ 123,396 related to part of the referred credit with Receita Federal do Brasil for future tax compensation, occurred on January 3, 2020, and the remaining amount of the credit in the amount of R$ 55,673, will be subject to analysis by Receita Federal do Brasil for refund or future compensation of taxes previously paid in installments.

The Company offset the amount of R$ 51,671 up to March 31, 2021 and, based on projections, believes that the balance will be fully realized in the next 45 months, with no need to set up a provision for loss (impairment).

10 Income tax and social contribution

Deferred income tax and social contribution are calculated on income tax loss carryforwards, the negative social contribution base and the corresponding temporary differences between the calculation bases for tax on assets and liabilities and the carrying amounts of the financial statements. The rates of these taxes, currently defined for determining deferred taxes, are 25% for income tax and 9% for social contribution.

Deferred tax assets, when applicable, are recognized to the extent that it is probable that future taxable profit will be available to be used to offset temporary differences / tax losses, based on projections of future results prepared and based on internal assumptions and scenarios. future economic conditions that may therefore change.

a) Composition of deferred income tax and social contribution

	03/31/2021	12/31/2020
Liabilities:		
Asset - assigned cost (1)	(455)	(460)
Depreciation - useful life review - economic (2)	(18,837)	(18,745)
	(19,292)	(19,205)

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(1) Refers to deferred taxes calculated on the cost attributed to fixed assets resulting from the accounting of its fair value in the initial adoption of CPC 27 (IAS 16).

(2) It refers to deferred taxes calculated on the depreciation difference of fixed assets generated after a review of the useful life – economic of the goods. Until December 31, 2010, the Company, as permitted by tax law, also considered for tax purposes the depreciation calculated based on the new useful and economic lives of the goods. As of September 2011, the Company began to use for tax purposes the depreciation calculated based on the useful life allowed by the tax legislation and, consequently, recognized the corresponding deferred tax effects.

The Company has balances of tax loss and negative social contribution base of R $ 58,047 and R $ 69,049, respectively on March 31, 2021 (R $ 57,630 and R $ 68,632 on December 31, 2020, respectively), the subsidiary Plascar Ltda. has balances of tax loss and negative social contribution base of R $ 849,076 and R $ 844,020, respectively on March 31, 2021 (R $ 838,499 and 833,443 on December 31, 2020, respectively), on which taxes were not recorded deferred assets in their entirety, as determined by CVM Instruction 371, since the Company does not expect to generate future taxable profits.

b) Movement of deferred tax liabilities

	Consolidated
	Liabilities
Balances as of December 31, 2020	(19,205)
Deferred taxes on the realization of the cost attributed to fixed assets arising from depreciation and retirement of these assets	5
Deferred taxes on depreciation difference	(92)
Balances as of March 31, 2021	(19,292)

c) Reconciliation of income tax and social contribution expenses

	Consolidated	
	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Loss before income tax and social contribution	(14,121)	(26,421)
Income tax and social contribution at current rates (34%)	4,801	8,983
Adjustments for effective rate statement:		
Tax effect on tax loss and negative basis for the unrecognized period (1)	(4,888)	(9,246)
Deferred income tax and social contribution expense	(87)	(263)

(1) Tax effect on tax loss and negative social contribution base of Plascar S.A., which is not recorded due to the fact that there is no expectation of future taxable profits.

11 Related parties

a) Remuneration to Directors

The remuneration of the Board of Directors and the Supervisory Board is composed of fixed remuneration approved by the General Meeting, paid monthly.

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The remuneration of the main executives and administrators of the Company and its subsidiary is composed of fixed, variable remuneration based on established goals and complementary benefits.

In the periods ended March 31, 2021 and 2020, the total remuneration of the Directors was as follows:

	Consolidated	
	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
Fixed remuneration (1)	1,614	1,594
Variable remuneration (2)	486	-
Administration fees	2,100	1,594

(1) Refers to administration salaries and fees, vacations, 13th salary, private pension and social charges (contributions to social security - INSS, FGTS and others).

(2) Refers to profit sharing and bonuses.

b) Balances and transactions

The Company conducts commercial transactions and loan transactions with its subsidiary and other related parties, in accordance with the criteria defined below:

The Company and its subsidiary enter into loan agreements with related parties, so that cash needs are met immediately, without the need for approval processes required by financial institutions. Such contracts are subject to the availability of funds and the non-commitment of the lender's cash flow. These loan agreements are entered at rates agreed between the parties.

Below are the main balances of assets and liabilities at March 31, 2021 and December 31, 2020, as well as the transactions that influenced the results of the periods:

	Parent company		Consolidated	
	31/03/2021	12/31/2020	31/03/2021	12/31/2020
Current liabilities				
Loan agreement:				
W&L Ross & Co., LLC	-	-	5,351	4,824
Permali do Brasil Ind. e Com. Ltda.	-	-	2,680	2,626
Plascar Ltda.	46,332	44,460	-	-
	46,332	44,460	8,031	7,450

The effects of the transactions on the result correspond to the monetary restatement and exchange variation recorded in the financial result.

The loan agreement between the Company (borrower) and Plascar Ltda. (lender) is not subject, exceptionally, to financial charges, as the Company is the direct holder of 100% of the share capital of Plascar Ltda. It is the only loan agreement in which the lender is a non-operating company and holds a direct interest in approximately 100% of the capital of the borrower, a circumstance that justified the non-incidence of interest. This agreement was signed on May 31, 2000, to adjust the cash flow of Plascar Ltda, with an indefinite maturity.

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The loan agreement between Permali do Brasil Indústria e Comércio Ltda. (lender) and Plascar Ltda. (borrower) is subject to 0.8% monthly interest and matures indeterminate. This agreement was signed on March 31, 2009 to adjust the cash flow of Plascar Ltda.

12 Provision for loss on investments in subsidiary

The movement of investments is shown below:

	03/31/2021	12/31/2020
Opening balance	(176,192)	(60,667)
Losses of subsidiaries	(13,791)	(115,525)
Final balance	(189,983)	(176,192)

The relevant information relating to Plascar Ltda., is presented below:

	03/31/2021	12/31/2020
Equity	838,565	838,565
Total quotas	838,565,144	838,565,144
Shares owned	838,565,144	838,565,144
Participation	100%	100%
Subsidiary's equity	(189,983)	(176,192)
Net loss for the period/year (1)	(13,791)	(115,525)
Equity equivalent results	(13,791)	(115,525)

(1) In the three-month period ended March 31, 2020, Plascar Ltda., Recorded a loss of R$ 26,245 resulting in an equity accounting recognized by the Company of R$ 26,245.

13 Property, Plant, and Equipment

a) Composition

	Consolidated				
	Annual depreciation rate %	03/31/2021 Cost	03/31/2021 Depreciation	03/31/2021 Net	12/31/2020 Net
Buildings	2 a 4	10,872	(2,651)	8,221	8,300
Machinery and equipment	4 a 13.79 (1)	841,105	(568,302)	272,803	278,965
Molds	6 a 21	47,847	(46,821)	1,026	569
Furniture and utensils	6 a 10	12,614	(11,859)	755	864
Vehicles	18.57 a 20	4,302	(4,014)	288	316
Computing equipment	15 a 33	3,710	(3,339)	371	386
Spare parts and materials		3,945	-	3,945	3,906
Advances to suppliers		46,156	-	46,156	44,581
Provision for *impairment* advances and machines and equipment (2)		(62,039)	-	(62,039)	(62,039)
		908,512	(636,986)	271,526	275,848

(1) Weighted average rate of 7.82%.

The amount of R$ 9,542 (March 31, 2020 - R$ 9,469) related to the depreciation expense for the three-month period, was recognized in the result under "Cost of sales", R$ 70 (March 31, 2020 - R $ 23) in "Selling expenses" and R$ 101 (March 31, 2020 - R$ 112) in "Administrative expenses".

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

(2) Refer to advances to suppliers for the purchase of machinery and equipment to expand the operational and productive capacity of the Company's industrial units, carried out between 2010 and 2011 for the company Sandretto and financed with BNDES through the FINAME / PSI program in the amount of R$ 44,084. Of the amount recorded in fiscal year 2018, R$ 36,548 were advanced by financial institutions and R$ 7,536 in advance to the supplier with own resources. The Company, after careful analysis with its legal advisors, decided to record a loss on the total amount outstanding, in the amount of R$ 44,084, in fiscal year 2018. The Company adopted all possible legal measures and will continue to seek its rights through the legal system. However, the Company considers it unlikely that these assets will be received in the short term, even though the lawsuit remains in progress.

In 2019, the Company recorded a provision for loss of R$ 17,955 related to machinery and equipment identified as non-operating in the year. The Company is raising with its technical staff the necessary investments and feasibility to adapt part of this equipment to production.

b) Cost movement

	Consolidated				
	Three-month period ended March 31, 2021				
	Initial Balance	Additions	Write-offs	Transfers	Final Balance
Buildings	10,882	22	-	(32)	10,872
Machinery and equipment	843,545	3,189	-	27	846,761
Molds	47,333	511	-	3	47,847
Furniture and utensils	12,611	6	(4)	1	12,614
Vehicles	4,302	-	-	-	4,302
Computing equipment	3,660	50	-	-	3,710
Spare parts and materials	3,906	38	-	1	3,945
Advances to suppliers	44,581	1,575	-	-	46,156
Provision for impairment advance and machinery and equipment	(67,695)	-	-	-	(67,695)
	903,125	5,391	(4)	-	908,512

c) Depreciation movement

	Consolidated				
	Three-month period ended March 31, 2021				
	Initial Balance	Additions	Write-offs	Transfers	Final Balance
Buildings	(2,582)	(69)	-	-	(2,651)
Machinery and equipment	(564,580)	(9,379)	-	1	(573,958)
Molds	(46,764)	(67)	-	10	(46,821)
Furniture and utensils	(11,747)	(94)	-	(18)	(11,859)
Vehicles	(3,986)	(37)	4	5	(4,014)
Computing equipment	(3,274)	(67)	-	2	(3,339)
Provision for impairment and machinery and equipment	5,656		-	-	5,656
	(627,277)	(9,713)	4	-	(636,986)

d) Test for non-financial asset impairment verification

The assets owned by the Company were evaluated according to the market value of each asset, obtained by the product between the replacement value and the depreciation coefficient, taking into consideration the useful life, age, remaining useful life, residual value and depreciation, resulting in a net sale value higher than their residual book value, thus not indicating the need for impairment.

The other information referring to this explanatory note has not undergone any significant changes in relation to that disclosed in Note 13 of the annual financial statements for the year ended December 31, 2020

14) Right to Use Assets and Lease Liabilities

As of January 1, 2019, with the adoption of CPC 06 (R2) / IFRS16 - Leases, the Company started to record future rentals discounted to present value as Lease Liabilities. The initial impact on Assets and Liabilities was R$ 53,065. The amount was calculated considering the total term of the contract. Management considered 9.5% as an incremental rate for discounting debt to Present Value (AVP), which is the same rate considered when renewing loans with banks. During the three-month period ended March 31, 2021, the Company recorded R$ 6,611 as an amortization expense in the result (R$ 5,688 as of March 31, 2020).

a) Assumptions for recognition

The Company recognizes the Right to Use Assets and Liabilities for leases considering the following premises:

(i) Inclusion of contracts in the base at the beginning of their term, with their value of the right-of-use asset defined at this time.

(ii) Transactions with contracts signed for more than 12 months fall within the scope of the standard. The Company does not consider aspects of renewal in its methodology, given that the assets involved in its operation are not indispensable for the conduct of its business, and may be replaced at the end of the contract by new assets acquired or by other operations other than those agreed upon.

(iii) Contracts that involve the use of immaterial and low value assets are not considered.

(iv) Only transactions involving specific assets defined in the contract or for exclusive use over the period of the contract are considered.

(v) The methodology used to calculate the net present value of the contracts corresponds to the cash flow of the assumed installments discounted at the discount rate defined for the asset class.

(vi) The discount rate for the three-month period ended March 31, 2021 used was 9.5% per year for the operations of administrative properties and industrial warehouses. The rates were obtained by financing operations for assets of these classes.

The Company's leasing operations in effect on March 31, 2021 and December 31, 2020 do not have any restriction clauses that impose the maintenance of financial ratios, nor do they have variable payment clauses that should be considered or guarantee clauses. residual value and call options at the end of the contracts.

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

b) Summary composition and movement of right-of-use assets and lease liabilities

Right to use assets	12/31/2020	Amortization	03/31/2021
Buildings	21,672	(6,611)	15,061
Total assets	21,672	(6,611)	15,061

Lease liabilities	12/31/2020	Payments	Interest	Transfer short term /long term	03/31/2021
Current liabilities	23,175	-	-	(183)	22,992
Non-current liabilities	22,377	(2,287)	1,064	183	21,337
Total liabilities	45,552	(2,287)	1,064	-	44,329

In the three-month period ended March 31, 2021, there was no addition of new contracts or write-off of existing contracts.

In the three-month period ended March 31, 2021, the Company recorded an expense of R$ 52 related to short-term leases (less than 12 months of the contract) or operations with low-value assets involved in the contracts.

c) Lease maturity schedule

	Consolidated
	03/31/2021
	Buildings
2021	18,848
2022	25,481
	44,329

15 Loans and financing

a) Loan summary:

Mode / purpose	Financial charges on 31/03/2021	Consolidated 03/31/2021	Consolidated 12/31/2020
Floating capital – national currency	Market charges	136,789	138,237
Total		136,789	138,237
Current		28,006	19,864
Non-current		108,783	118,373
		136,789	138,237

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The maturity schedule for the non-current balance is shown below:

	Value
2022	22,119
2023	26,359
2024	19,605
2025 onwards	40,700
	108,783

b) Loan details by financial institution

Loans Summary	BRASIL	FIBRA	BDMG	ITAÚ	BRADESCO	CEF	DAYCOVAL	SOFISA	UNION	ALFA	Total
Floating capital – national currency	22,971	16,020	24,817	15,740	18,813	13,658	8,057	6,087	600	10,026	136,789
% In relation to the total	16.8%	11.7%	18.1%	11.5%	13.8%	10.0%	5.9%	4.5%	0.4%	7.3%	%

Part of the composition of the loan balance, R$ 30,226, is due to the new debt with BNDES for previous periods that was renegotiated by the Company. During the first quarter of 2021, the Company raised R$ 750 in new loans.

Loans for working capital contracted by the subsidiary Plascar Ltda., Are guaranteed by machinery and equipment (CAPEX) and the remaining balances are guaranteed by receivables and sureties.

On January 31, 2019, in accordance with the Notice to Shareholders and Material Fact disclosed to the market, the Company's capital stock was increased with payment using credits held against Plascar Ltda, by private subscription, in the amount of R$ 449,483, through the issue of 7,455,251 common shares at the unit issue price of R$ 60.29 per common share. After effecting the Capital Increase, the Company's capital stock, previously in the amount of R$ 481,972 and divided into 4,970,167 common shares, became R$ 931,455, divided into 12,425,418 common shares.

16 Suppliers

	Consolidated	
	03/31/2021	12/31/2020
Suppliers	42,273	36,886
	42,273	36,886

The terms and conditions of the financial liabilities referred to above reflect the outstanding balance of accounts payable with suppliers, with an average payment term of 35 days.

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

17 Salaries, vacations and social charges payable

	Consolidated	
	03/31/2021	12/31/2020
Social charges	90,417	81,953
Labor indemnities	3,231	1,129
Holiday provision / 13th salary	19,562	17,109
Provision for profit sharing	9,670	11,300
Other	249	43
	123,129	111,534

Current	112,834	101,168
Non-current	10,295	10,366

18 Customer advances

	Consolidated	
	03/31/2021	12/31/2020
Fiat Automóveis	4,987	4,800
Man	5,125	3,025
VW	14,695	2,557
Scania	2,121	2,121
Calsonic Kansei	176	1,429
Mercedes Benz	913	597
Volvo	1,452	330
Chery	276	276
Others	548	49
	30,293	15,184

19 Commitments and provision for contingencies

a) Operating lease (Sale & Leaseback transaction)

During the year ended December 31, 2011, Plascar Ltda. carried out Sale & Leaseback transactions of the buildings and land of the industrial units of Varginha, Jundiaí and Betim. The rental contracts of the properties are valid for a period of 10 years and may be renewed for an additional period of 10 years after express manifestation of Plascar Ltda., with no option to purchase the properties at the end of the contracts.

As of January 1, 2019, according to CPC 06 (R2) / IFRS 16, the Company began to record future rents discounted at present value as Rental Liabilities. The impact on fixed assets and liabilities was R$ 53,065 (Note 14).

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

b) Renegotiation of rent debt

The Company concluded in January 2020 the renegotiation of its arrear's debt, the balance of which at December 31, 2019 was R$ 137 million, recorded under the heading "other liabilities" and "Leases liabilities" in the current year.

With the conclusion of this negotiation, the updated debt was split, with a grace period of more than one year to start payments. The balance was transferred to the item Other Liabilities in the non-current in January 2020.

c) Legal proceedings - Amounts involved and accounting provision criteria for probable loss cases

The Company is a party to several labor (and social security), civil and tax claims that are currently in progress. The criterion adopted by the Company for classification of the loss risk is estimated as "remote", "possible" and "probable". "Remote" indicates minimum loss risk, "possible" indicates moderate loss risk, and "probable" indicates high loss risk, and the outside legal advisors, with the assistance of the Company's legal Department, examine in detail each lawsuit, either new or pending judgment, and classify them according to their best outcome estimates.

These risk classifications are assessed monthly and can be changed whenever the legal advisor's understanding indicates this need. In addition, all proceedings also receive monthly monetary restatement, according to the legal rates adopted by the courts, in order to reflect the most accurate and current economic situation of each lawsuit.

For all cases where external and internal legal advisors indicate the loss risk as "probable", the Company sets up an individual provision in an amount sufficient to face the estimated amount of this loss, which is duly calculated and determined through court bookkeeping (in the case of the court) or accounting expert (in the case of the Company), based on convictions and/or any other decisions arising from higher levels (appeals) handed down by courts and that indicate, without a doubt, that the Company must make the payment in the short term, due to the advanced stage of the proceedings. In addition, the Company adopts a conservative practice and also sets up monthly provisions for labor claims classified as "possible" loss risk, for which the Company estimates that legal agreements will be signed for the settlement and closure of claims before the enforceable process begin. After an analysis carried out by the legal advisors, the Company reviewed the percentages of historical agreements made and decided to complement these provisions by R$ 3,142, which were recorded in full in the 3rd Quarter of 2020.

Considering the cases with "probable" risk of loss, the Company has a total provision set up as indicated below:

	Consolidated	
	03/31/2021	12/31/2020
Social security and labor provisions	10,476	11,550
	10,476	11,550

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The change in the provision for lawsuits, in the three-month period ended March 31, 2021, is represented as follows:

	March 31, 2021			
	Initial Balance	Addition	Payments	Final Balance
Labor	11,550	1,350	(2,424)	10,476
	11,550	1,350	(2,424)	10,476

d) Estimate of "possible" losses, not provisioned in the balance sheet

For the other legal actions of the Company, whose risk of loss is classified by the external and internal legal advisors as "possible" or "remote", there is no accounting provision. Despite this, the Company recognizes the importance of informing the amounts involved in these processes, as a way of giving enough knowledge and information to the market about all the actions to which the Company is a party. For new shares, the amount informed by the Company considers the amount given to the cause (initial amount). As the lawsuit progresses, legal advisors determine the amounts involved in each proceeding with greater discretion, valuing each one more precisely as to the amounts involved, as well as their effective risk of loss.

Considering the processes with "possible" risk of loss, the Company informs that the amounts involved are as follows:

	Consolidated	
	03/31/2021	12/31/2020
Tax	4,360	4,340
Labor	13,421	13,537
Civil	4,352	4,257
	22,133	22,134

e) Relevant contingent assets

Currently, Plascar Ltda. appears as an active party in two lawsuits considered relevant against FUNRURAL and ELETROBRÁS, whose amounts involved are R$ 8,585 and R$ 19,249, respectively.

(i) The lawsuit against ELETROBRÁS, whose sentence was favorable to the Company, is at an advanced stage of the proceedings, and the Company had already started the process of provisional execution of the sentence, requiring payment of the amount due. However, in June 2020, through its external advisors, the Company became aware of an alleged assignment of rights, which would have been carried out in May 2003, whereby ownership and the economic benefits arising from this process would be assigned to third parties, having not identified elements internally that confirmed such assignment of rights, the Company manifested itself in the case file, requesting more information on the matter and, at this moment, awaits judgment.

(ii) The lawsuit against FUNRURAL was processed and judged on September 4, 2001, with Plascar being granted the net and certain right to receive the amount of R$ 2,237. This amount, however, was questioned by the Company regarding its monetary restatement, which was not considered by the court. A definition of said update is still pending and, consequently, the correct amount to be paid in favor of the Company, whose estimate by the legal advisors indicates the amount of R$ 8,585.

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

20 Other liabilities

	Consolidated	
	03/31/2021	12/31/2020
Rentals payable (Notes 14.b and 19.b)	137,754	137,754
Miscellaneous creditors - agreements signed	95,983	97,814
Other liabilities	17,621	15,727
	251,358	251,295
Current	41,572	30,919
Non-current	209,786	220,376
	251,358	251,295

21 Equity

(a) Capital

Capital increase and issue of shares

On January 31, 2019, according to the Notice to Shareholders and Material Fact disclosed to the market, the Company's capital was increased with the payment of credits held against Plascar Ltda., By private subscription, in the amount of R$ 449,483, through the issue of 7,455,251 common shares at the unit issue price of R$ 60.29 per common share. After effecting the Capital Increase, the Company's capital stock, previously in the amount of R$ 481,972 and divided into 4,970,167 common shares, became R$ 931,455, divided into 12,425,418 common shares.

The issue price of the shares was fixed, without unjustified dilution for the current shareholders of the Company, considering the methodologies allowed by article 170, paragraph 1, of the Brazilian Corporation Law, in view of the current financial situation of the Company, which has high indebtedness and negative equity.

Since the Brazilian Corporation Law does not establish a rigid formula for setting the issue price, this price was fixed in view of the criteria of article 170, paragraph 1, of the Brazilian Corporation Law, in respect of the Company's social interest. that the Company could carry out the restructuring as planned.

Subscription Bonus

The Company issued in favor and as an additional advantage to the subscribers of the Capital Increase shares, upon reaching Plascar Plásticos EBITDA targets in the years 2020, 2021 or 2022, 7,455,251 subscription bonus, in a single series and under the book-entry and nominative form, with 1 subscription bonus attributed to each share of the subscribed Capital Increase.

The granting to its holders, jointly, grants the right to subscribe shares of the Company representing 5% of the Company's capital after the issue of such shares. The subscription price for 1 share issued as a result of the exercise of the Subscription Bonus will be R$ 0.01 “Exercise Price”. The subscription of the shares resulting from the exercise of the Subscription Bonus is to be made in a particular way, in the act of exercising the Subscription Right, and the payment of the shares then subscribed must be made through the payment in cash of the Exercise Price, in currency national chain, upon the subscription of such shares.

b) Other comprehensive income

Equity valuation adjustments

Constituted by the accounting record of realization of the cost attributed to property, plant and equipment and respective taxes. This heading also includes the impacts on the change in the parent company's stake in the subsidiary from 99.89% to 100% after the financial restructuring that took place on January 31, 2019

c) Compensation to shareholders

According to the Company's Bylaws, shareholders are entitled to receive a minimum annual dividend of 25% of net income for the year, adjusted pursuant to articles 189 and 202 of Law No. 6,404/76.

22 Earnings per share

The basic calculation of profit or loss per share is made by dividing the net profit or loss for the year, attributed to holders of common shares of the parent company, by the weighted average number of common shares available during the year.

Diluted earnings or loss per share is calculated by dividing the net profit or loss attributable to holders of common shares of the parent company by the weighted average number of common shares available during the year, plus the weighted average number of common shares that would be issued on conversion of all potential common shares diluted in common shares.

The table below shows the result and share data used in the calculation of basic and diluted losses per share for the quarter and the three-month period ended March 31, 2021 and 2020 (in thousands, except per share amounts):

	Basic		Diluted (*)	
	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Numerator:				
Loss for the period	(14,208)	(26,684)	(14,208)	(26,684)
Denominator:				
Weighted average number of shares	12,425,418	12,425,418	19,880,669	19,880,669
Basic and diluted net loss per share - R$	(1.14)	(2.15)	(0.71)	(1.34)

(*) Considera as potenciais ações a serem emitidas quando do exercício do Direito de Subscrição (Nota 21.a).

23 Net operating revenue

	Consolidated	
	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Gross sales revenue	173,382	111,605
Sales taxes	(29,659)	(18,969)
Returns and sales rebates	(1,378)	(891)
	142,345	91,745

Taxes on sales consist mainly of Tax on the circulation of goods and services - ICMS (rates of 4%, 7%, 12% and 18%), Tax on industrialized products - IPI (rates of 5% and 15%), social integration - PIS (1.65% and 2.30% rates), Social security financing contribution - COFINS (7.60% and 10.80% rates).

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24 Costs and expenses by nature

The Company opted to present the statement of income by function and presents the details by nature below:

	Consolidated	
	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Raw material, inputs, materials for use and consumption and personnel expenses	(111,490)	(74,635)
Depreciation and amortization	(16,324)	(15,292)
Third party services	(7,347)	(3,852)
Provision for adjustment to market value and obsolescence in inventories (Note 8)	5	(534)
Others	(14,428)	(10,265)
	(149,584)	(104,578)
Classified as		
Costs of products sold	(127,107)	(86,046)
Selling expenses	(6,525)	(6,293)
Administrative and general expenses	(15,952)	(12,239)
	(149,584)	(104,578)

25 Financial result

	Consolidated	
	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Financial expenses		
Interest and fines	(5,525)	(9,305)
Charges on overdue / installment taxes (1)	(4,221)	(4,822)
Adjustment to present value of leases (Note 14)	(1,064)	(988)
Passive exchange variations	(1,355)	(2,552)
IOF	(189)	(125)
Others	(289)	(59)
	(12,643)	(17,851)
Financial income		
Interest and monetary restatement (2)	4,945	2,360
Exchange rate variations	743	1,751
Others	2	20
	5,690	4,131
Financial result	(6,953)	(13,720)

(1) Charges for overdue taxes and installments of PIS / COFINS and ICMS.
(2) The positive impact is mainly due to the accounting record of monetary restatement related to the ICMS exclusion credit in the PIS-COFINS calculation base.

Management's Explanatory Notes to Quarterly Information - ITR, Individual and Consolidated, for the quarter ended March 31, 2021 (In thousands of Reais, except when otherwise indicated)

26 Tax Obligations and Social Charges

The outstanding balance of taxes at March 31, 2021 is R$ 159,277 and R$ 90,417 in payroll charges, of which, R$ 8,760 current taxes due, R$ 65,575 current taxes overdue and R$ 175,359 in installments.

				Installments		
				Current		
	Open	Current	Past due	Current	Past due	Non-current
REFIS (PERT MP 783/17)	55,811	-	-	4,553	5,691	45,567
Parcel. Ordinário PIS/COF/IPI	25,853	-	-	7,051	8,226	10,576
PIS	223	223	-	-	-	-
COFINS	1,023	1,023	-	-	-	-
ICMS (Regularize – MG)	54,722	-	-	5,661	-	49,061
ICMS	19,379	1,125	-	8,571	3,426	6,257
IPI (Parcelamento – MG)	935	-	-	320	-	615
IPI	109	109	-	-	-	-
Others (ISS IPTU)	1,222	1,056	-	25	-	141
	159,277	3,536	-	26,181	17,343	112,217
IRRF (Employees)	1,298	1,298	-	-	-	-
Parcel. Ordinário INSS	13,932	-	-	3,359	3,721	6,852
FGTS	655	655	-	-	-	-
INSS (Company)	59,820	2,610	57,210	-	-	-
INSS (Employees)	9,026	661	8,365	-	-	-
INSS Installments Sesi Senai (Company)	5,686	-	-	1,541	701	3,444
	90,417	5,224	65,575	4,900	4,422	10,296
Total (Company)	239,370	6,801	57,210	31,081	21,765	122,513
Total (Employees)	10,324	1,959	8,365	-	-	-
Total	249,694	8,760	65,575	31,081	21,765	122,513

Regarding the amounts due, the Company registers a fine of 20% in addition to correction by the indexes provided for by the legislation.

Programa Especial de Regularização Tributária (PERT)

Plascar Ltda. joined PERT on August 29, 2017. The balance of taxes past due up to April 2017, under the Attorney General's Office, was divided into 120 installments, with the value of the installments in the first 12 months corresponding to 0.4% of the debt, 0.5% in the second year, 0.6% in the third year and the remaining balance in 84 installments. The installment correction index is the Selic.

Additionally, MP 783/17 was converted into Law No. 13.496 / 17 on October 25, 2017, including a new installment plan, where there is the possibility of using tax losses and a negative CSLL base to write off the consolidated debt in scope of the Receita Federal do Brasil

The installments in the areas of the Attorney General's Office and the RFB were fully consolidated during 2018.

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Below, we briefly present the accounting effects of this transaction:

	Attorney General of the Ministry of the Economy	Receita Federal do Brasil (RFB) Tax	Receita Federal do Brasil (RFB) Non-Tax	Total
Original balance (a)	54,607	76,649	27,555	158,811
Use of tax loss and negative basis CSLL Law 13.496/17 (b)	-	(59,110)	(20,760)	(79,870)
Amortization of debt until March 31, 2021	(8,236)	(20,197)	(7,013)	(35,446)
Installment update	9,440	2,658	218	12,316
Total	55,811	-	-	55,811

(a) Total tax and non-tax debt updated on the date of PERT membership, including Social Integration Program - PIS, Social Security Financing Contribution - COFINS, Tax on Industrialized Products - IPI, and National Institute of Social Security - INSS (Exemption of Payroll).

(b) The Company migrated to this new modality. The amount involved to deduct the balance with tax losses and negative basis is R$ 79,870.

27 Employee benefits

The expenses with salaries, benefits and social charges are shown below:

	Consolidated	
	01/01/2021 to 03/31/2021	01/01/2020 to 03/31/2020
Salaries and social charges	39,728	35,463
Profit sharing plan	2,004	2,140
Layoffs	490	54
Benefits provided by law	4,333	3,328
Additional benefits	33	38
	46,588	41,023

Additional benefits

In addition to the usual benefits provided for in labor legislation, the Company and its subsidiary have the practice of granting their employees additional benefits contracted from third parties, such as: collective transportation, food, basic food basket, medical assistance and daycare assistance.

Profit Sharing Plan

The Company and its subsidiary have complementary variable compensation plans that consider meeting the established goals:

(i) Profit sharing plan (PPR): The Company remunerates its employees through profit sharing in accordance with the collective agreement established between the Company, the employees' commission and the union of the category, which establishes goals that are monthly measured and disclosed. This plan aims to stimulate development and productivity, providing opportunities for financial gains and conditions for effective participation in the Company's results.

(ii) Additional profit-sharing bonus plan (short-term PPR): The Company also grants a bonus to the Company's managers and directors with a different salary. Profit sharing due to employees occupying these functions is based on performance (individual and the Company), according to pre-established goals.

28 Insurance

In the semester ended March 31, 2021, there were no changes in insurance coverage, value of policies and risks involved. Accordingly, there were no changes in relation to the disclosures in note no. 28 of the annual financial statements of December 31, 2020.

The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements, consequently they were not examined by our independent auditors.

* * *

Board of Directors

Paulo Silvestri
Chairman of the Board of Directors

Rui Chammas
Counselor

Andrew Catunda de Araújo
Counselor

Antonio Farina
Counselor

Paulo Alberto Zimath
Counselor

Executive Board

José Donizeti da Silva
Director

Fabio Ernesto Isaia
Chief Executive Officer

Paulo Silvestri
Chief Financial Officer
Investor Relations Officer

Diretoria (não estatutária)

Daniel Paulo Fossa
Commercial Director

Ana Lúcia de Aguiar Zacariotto
Human Resources Director

Claudio Batista
Accounting Manager
Accountant CRC 1SP170282/O-9

Supervisory Board

Marcelo Ferreira do Nascimento
Counselor

Cleidir Donizete de Freitas
Counselor

Charles Dimetrius Popoff
Counselor