Interim Financial Information

Plascar Participações Industriais S.A.

As of June 30, 2021

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 June 30, 2021, which comprises the balance sheet on June 30, 2021, and the respective statements of income and comprehensive income for the three and six-month periods ended on that date, and changes in shareholders' equity and cash flows for the six-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.

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

We draw attention to Note 1 of the individual and consolidated interim financial information, 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$ 1,157,508 thousand (individual and consolidated) and excess current liabilities over current assets at the end of the six-month period ended June 30, 2021, in the amount of R$158,054 thousand in the consolidated. As presented in Note 1, these events or conditions, together with other matters described in Note 1, indicate the existence of material uncertainty that may raise significant doubt as to the Company's ability to continue as a going concern. Our conclusion does not contain any qualification 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 six-month period ended June 30, 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, August 10, 2021

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

Cristiane Cléria S. Hilario
Accountant Partner
CRC 1SP243766/O

Assets

Balance Sheet

(In thousands of reais)	Individual		Consolidated	
Current Assets	**06/30/2021**	**12/31/2020**	**06/30/2021**	**12/31/2020**
Cash and cash equivalents	16,902	31,444	21,330	33,681
Trade accounts receivable	-	-	69,026	58,774
Inventories	-	-	83,507	43,008
Taxes recoverable	-	-	26,469	30,406
Other assets	17	17	1,717	2,414
Total current assets	**16,919**	**31,461**	**202,049**	**168,283**
Noncurrent assets	**6/30/2021**	**12/31/2020**	**6/30/2021**	**12/31/2020**
Taxes recoverable	-	-	126,361	126,601
Judicial deposits	-	-	2,974	4,103
Other assets	-	-	171	158
Investment property			8,408	8,452
Property, plant and equipment in operation	7	7	266,990	275,848
Right-of-use assets	-	-	25,142	21,672
Total noncurrent assets	**7**	**7**	**430,046**	**436,834**
Total assets	**16,926**	**31,468**	**632,095**	**605,117**

Liabilities and equity

Balance Sheet

(In thousands of reais)	Individual		Consolidated	
Current liabilities	**06/30/2021**	**12/31/2020**	**06/30/2021**	**12/31/2020**
Loans and financing	-	-	35,825	19,864
Lease liabilities	-	-	24,056	23,175
Trade accounts payable	-	-	46,795	36,886
Taxes payable	32	32	56,008	46,848
Payroll, vacation pay and social charges payable	-	-	126,325	101,168
Advances from customers	-	-	32,058	15,184
Other liabilities	-	-	39,036	30,919
Total current liabilities	**32**	**32**	**360,103**	**274,044**
Noncurrent liabilities	**06/30/2021**	**12/31/2020**	**06/30/2021**	**12/31/2020**
Loans and financing	-	-	100,901	118,373
Lease liabilities	-	-	35,766	22,377
Related parties	30,781	44,460	7,386	7,450
Payroll, vacation pay and social charges payable	-	-	9,104	10,366
Taxes payable	-	-	108,031	110,592
Deferred income and social contribution taxes	-	-	19,201	19,205
Contingencies	-	-	9,551	11,550
Provision for capital deficiency	211,842	176,192	-	-
Other accounts payable	-	-	207,781	220,376
Total noncurrent liabilities	**242,623**	**220,652**	**497,721**	**520,289**
	242,655	220,684	857,824	794,333
Equity				
Capital	931,455	931,455	931,455	931,455
Equity adjustments	324	335	324	335
Accumulated losses	(1,157,508)	(1,121,006)	(1,157,508)	(1,121,006)
	(225,729)	**(189,216)**	**(225,729)**	**(189,216)**
Total equity	**(225,729)**	**(189,216)**	**(225,729)**	**(189,216)**
Total liabilities and equity	**16,926**	**31,468**	**632,095**	**605,117**

PLASCAR PARTICIPAÇÕES INDUSTRIAIS S.A.

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

Income Statements for the periods ended of June 30, 2021 and 2020 (In thousands of reais)	**Individual**				**Consolidated**			
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**	**04/01/2021 to 06/30/2021**	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Net operating revenue	-	-	-	-	145,486	287,831	41,725	133,470
Cost of goods sold	-	-	-	-	(137,497)	(264,604)	(60,627)	(146,673)
Gross profit / (loss)	**-**	**-**	**-**	**-**	**7,989**	**23,227**	**(18,902)**	**(13,203)**
Operating (expenses) and income								
Selling expenses	-	-	-	-	(7,367	(13,892)	(3,191)	(9,484)
General and administrative expenses	(470)	(915)	(275)	(724)	(11,973)	(27,925)	(11,139)	(23,378)
Equity pick-up	(21,858)	(35,649)	(37,123)	(63,368)	-	-	-	-
Other operating income/(expenses), net	-	-	-	-	(26)	45	510	642
	(22,328)	**(36,564)**	**(37,398)**	**(64,092)**	**(19,366)**	**(41,772)**	**(13,820)**	**(32,220)**
Operating income before finance income (expenses)	**(22,328)**	**(36,564)**	**(37,398)**	**(64,092)**	**(11,377)**	**(18,545)**	**(32,722)**	**(45,423)**
Finance income (expenses)								
Finance income	(7)	(11)	(8)	(11)	(17,696)	(30,339)	(8,714)	(26,565)
Finance costs	30	62	33	46	6,677	12,367	4,206	8,337
	23	**51**	**25**	**35**	**(11,019)**	**(17,972)**	**(4,508)**	**(18,228)**
Loss before income and social contribution taxes	**(22,305)**	**(36,513)**	**(37,373)**	**(64,057)**	**(22,396)**	**(36,517)**	**(37,230)**	**(63,651)**
Income and social contribution taxes	**-**	**-**	**-**	**-**	**91**	**4**	**(143)**	**(406)**
Deferred	-	-	-	-	91	4	(143)	(406)
Net loss for the period	**(22,305)**	**(36,513)**	**(37,373)**	**(64,057)**	**(22,305)**	**(36,513)**	**(37,373)**	**(64,057)**
Non-controlling shareholders	-	-	-	-	-	-	-	-
Controlling shareholders	(22,305)	(36,513)	(37,373)	(64,057)	(22,305)	(36,513)	(37,373)	(64,057)
	(22,305)	**(36,513)**	**(37,373)**	**(64,057)**	**(22,305)**	**(36,513)**	**(37,373)**	**(64,057)**

Statements of comprehensive income for the period ended June 30, 2021 and 2020

(In thousands of Reais)

	Individual				Consolidated			
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**	**04/01/2021 to 06/30/2021**	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Net loss for the period	(22,305)	(36,513)	(37,373)	(64,057)	(22,305)	(36,513)	(37,373)	(64,057)
	(22,305)	(36,513)	(37,373)	(64,057)	(22,305)	(36,513)	(37,373)	(64,057)
Total comprehensive income	**(22,305)**	**(36,513)**	**(37,373)**	**(64,057)**	**(22,305)**	**(36,513)**	**(37,373)**	**(64,057)**

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	-	-	-	-	-
Net Income for the Period	-	-	(64,057)	-	(64,057)
Internal changes in shareholders' equity	-	-	44	(44)	-
Realization of property, plant and equipament deemed cost	-	-	68	(68)	-
Realization of deferred taxes on property, plant and equipament deemed cost	-	-	(24)	24	-
Balance as of June 30, 2020	**931,455**	**-**	**(1,068,076)**	**361**	**(136,260)**
Balance as of January 1, 2021	**931,455**	**-**	**(1,121,006)**	**335**	**(189,216)**
Capital increase	-	-	-	-	-
Net Income for the Period	-	-	(36,513)	-	(36,513)
Internal changes in shareholders' equity	-	-	11	(11)	-
Realization of property, plant and equipament deemed cost	-	-	17	(17)	-
Realization of deferred taxes on property, plant and equipament deemed cost	-	-	(6)	6	-
Balance as of June 30, 2021	**931,455**	**-**	**(1,157,508)**	**324**	**(225,729)**

Statement of value added for the six-month periods ended June 30, 2021 and 2020

(In thousands of Reais)	Individual		Consolidated	
	06/30/2021	**06/30/2020**	**06/30/2021**	**06/30/2020**
Revenue				
Sales of Goods, Products and Services	-	-	349,167	161,642
	-	-	349,167	161,642
Purchased supplies				
Cost of products and services sold	-	-	(137,618)	(54,018)
Materials, energy, third-party services and others	(377)	(346)	(41,395)	(26,075)
Others	-	-	5	(91)
	(377)	(346)	(179,008)	(80,184)
Gross added value	**(377)**	**(346)**	**170,159**	**81,458**
Depreciations and amortization	-	-	(32,269)	(30,705)
Net Added Value Produced	(377)	(346)	137,890	50,753
Value added received in transfer				
Equity pick up	(35,649)	(63,368)	-	-
Finance income	62	46	12,367	9,032
Other revenues	-	-	157	-
	(35,587)	(63,322)	12,524	9,032
Total value added to distribute	**(35,964)**	**(63,668)**	**150,414**	**59,785**
Distribution of value added	**(35,964)**	**(63,668)**	**150,414**	**59,785**
Personnel	397	298	91,109	68,748
Salaries	309	232	71,762	54,603
Others	88	66	19,347	14,145
Taxes, charges and contributions	**141**	**80**	**65,479**	**28,834**
Federal taxes	-	-	27,982	13,946
State taxes	-	-	36,632	14,525
Local taxes	141	80	865	363
Remuneration of third-party capital	**11**	**11**	**30,339**	**26,260**
Interest	11	11	30,339	26,260
Equity remuneration				
Net losses	(36,513)	(64,057)	(36,513)	(64,057)
Total added value	**(36,513)**	**(64,057)**	**(36,513)**	**(64,057)**

Cash flow statements for the periods ended June 30, 2021 and 2020

(In thousands of reais)	**Individual**		**Consolidated**	
Cash flows from operating activities	**06/30/2021**	**06/30/2020**	**06/30/2021**	**06/30/2020**
Net loss for the year before income and social contribution taxes	**(36,513)**	**(64,057)**	**(36,517)**	**(63,651)**
Adjustments to reconcile net income to cash from (used in) operating activities:				
Depreciation	-	-	18,685	19,330
Amortization	-	-	13,584	11,375
Interest and monetary variation, net	-	-	25,776	22,455
Provision for legal claims	-	-	2,796	2,394
Provision for adjustment of inventories at market value and obsolescence	-	-	462	91
Constitution (reduction) of provision for doubtful claims	-	-	(24)	1,897
Others	-	-	128	102
Equity pick-up	35,649	63,368	-	-
(Increase)/decrease in asset and liability accounts				
Accounts receivable from customers	-	-	(10,227)	8,306
Inventories	-	-	(40,961)	(4,212)
Taxes to recover	-	-	4,177	25,826
Judicial Deposits	-	-	1,129	646
Other asset accounts, net	-	-	728	67
Suppliers	-	-	9,700	5,038
Obligations with staff and social charges	-	-	19,588	20,137
Advance of customers	-	-	14,397	(7,064)
Taxes, contributions and installments to be collected	1	(21)	(2,683)	(19,219)
Provision for legal claims (payments)	-	-	(4,795)	(2,112)
Other accounts payable	-	-	(5,534)	(108)
Interest paid	-	-	(5,373)	(4,116)
Net cash from (applied in) operating activities	**(863)**	**(710)**	**5,036**	**17,182**
Cash flows from investment activities				
Acquisitions of fixed assets and intangible assets	-	-	(9,955)	(2,019)
Net cash used in investment activities	**-**	**-**	**(9,955)**	**(2,019)**
Cash flows from financing activities				
Borrowings	-	-	5,150	2,277
Payment of loans, financing and leasing (principal)	-	-	(12,519)	(15,425)
Net increase in receivables from related parties	(13,679)	17,364	(64)	1,391
Net cash from (used in) financing activities	**(13,679)**	**17,364**	**(7,433)**	**(11,757)**
(Reduction)/Increase in cash and cash equivalents	**(14,542)**	**16,654**	**(12,352)**	**3,406**
Cash and cash equivalents at the beginning of the period	31,444	29	33,682	17,383
Cash and cash equivalents at the end of the period	16,902	16,683	21,330	20,789
(Reduction)/Increase in cash and cash equivalents	**(14,542)**	**16,654**	**(12,352)**	**3,406**

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 second semester of 2021, the gross margin was positive by 5.5% against a negative 45.3% in the same period for 2020.

According to data from ANFAVEA, in the second semester of 2021, vehicle production in Brazil increased by 284.2% compared to the same period in 2020.

Source: ANFÁVEA – BRASIL						
	2Q/20	2Q/21	VAR. %	1º H/20	1º H/21	VAR. %
VEHICLE PRODUCTION	143	551	284.2%	729	1,149	57.5%
VEHICLE SALE	251	546	117.9%	809	1,074	32.8%

Chip crisis caused a 13.4% drop in June 2021 production

A total of 166.9 thousand vehicles manufactured in the month was below the year's average; the result is still positive in the accumulated.

According to the monthly balance sheet released by ANFAVEA (National Association of Automotive Vehicle Manufacturers), automobile production fell by 13.4% in June, when 166.9 thousand units left the production lines in the country. In May, the total had been 192.8 thousand units. The decline was mainly caused by the interruption of the assemblers' activities, due to the lack of components, especially semiconductors.

From January to June, the accumulated result was 1.148 million vehicles produced in the country, with a high of 57.5% over the total recorded in the first half of 2020, which was 729 thousand units. However, the basis of comparison is very low, since the production in the first six months of last year was greatly damaged by the pandemic, with factories remaining idle and dealers closed for a long time.

Inventories remained stable in June, with 93 thousand units, 71.3 thousand of those being at dealers and 21.7 thousand in the factory yards - against 96.5 thousand in May - which corresponds to 15 days of sales, following the pace of commercialization in June (there were 16 days in the previous month).

Job openings registered another drop, now of 1.3%, in relation to May. The sector accounted for 102.7 thousand jobs in the month, against 104.1 thousand jobs in the previous month. In the period there were more than 1.2 thousand hirings, but the monthly result was harmed, once again, by the layoffs (2,556 people) that occurred at Ford, mainly, with the closing of its factories in the country.

Advances and retreats in the new projections

As usual at the end of the first half of the year, ANFAVEA released its revised projections for the sector's performance this year and, mainly due to the semiconductor crisis, the new forecast shows lower growth in total vehicle production, which should reach 2.459 million, while the entity predicted to reach 2.520 million in January. Thus, the initial idea, which was to grow 25% in relation to last year, is now to advance 22% with the new projection.

The lower pace will be caused mainly by the production of light vehicles, which will be 2.3 million units, instead of 2.385 million expected in January. On the other hand, heavy vehicles should reach the mark of 156 thousand units manufactured, while the expectation in January was 135 thousand units.

In this context, Luiz Carlos Moraes, president of ANFAVEA, observes that, even without the semiconductor crisis, the sector could have a higher growth, but it would not be exciting, because of problems already known and commented, such as the lack of competitiveness in the country and the tax obstacles, among others. On the other hand, the executive listed positive signs for the national economy, such as the new GDP forecast (that may stay between 4% and 5%, according to experts) and, especially, the advancement of the vaccination program against Covid-19, which should promote the recovery of business.

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

Truck production grows 115% in the first half of 2021

The period had 74.7 thousand units produced, the best since 2014, and the new annual projection indicates more than 135 thousand vehicles.

The production of trucks in June totaled 14.6 thousand units. It was the best result of the year, with a high of 5.3% over May, and the highest monthly volume since February 2014. In the first half of the period there were manufactured 74.7 thousand units, 115.1% more than in the same period last year. The result is also the best since the first half of 2014.

Net income

The combined result of all the factors mentioned on June 30, 2021 resulted in a positive cash generation (EBITDA) of R$ 4,600 (3.2%) in the 2nd semester, 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	
2º Q/18	**82,891**	**(2,015)**	**-2.4%**	**(6,565)**	**-7,9%**	**(36,245)**
Jun/18	**165,027**	**442**	**0.3%**	**(10,228)**	**-6.2%**	**(75,676)**
Sept/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)
2º Q/19	**103,082**	**2,649**	**2.6%**	**864**	**0.8%**	**(44,943)**
Jun/19	**178,242**	**(2,772)**	**-1.6%**	**(12,291)**	**-6.9%**	**(102,613)**
Sept/19	290,137	11,469	4%	(6,781)	-2.3%	(126,681)
Dec/19	407,550	31,303	7.7%	67,051	16.5%	(6,825)
Mar/20	91,744	5,699	6.2%	2,631	2.9%	(26,684)
2º Q/20	**41,726**	**(18,902)**	**-45,3%**	**(17.268)**	**-41,4%**	**(37,373)**
Jun/20	**133,470**	**(13,203)**	**-9.9%**	**(14,637)**	**-11%**	**(64,057)**
Sept/20	232,065	(12,714)	-5.5%	(25,412)	-11%	(100,080)
Dec/20	369,188	(4,692)	-1.3%	(22,277)	-6%	(117,013)
Mar/21	142,345	15,238	10.7%	9,179	6.4%	(14,208)
2º Q/21	**145,486**	**7,989**	**5,5%**	**4,600**	**3,2%**	**(22,305)**
Jun/21	**287,831**	**23,227**	**8.1%**	**13,779**	**4.8%**	**(36,513)**

Human Resources

Despite the economic adversities in the country, the company continues to invest in the professional development of its employees, with approximately 28.08 hours of training per employee (in the last 12 months), focused on apprenticeships at SENAI, internships, supplementary education, in addition to technical and operational development training.

On June 30, 2021, the Company had 1,725 employees (1,783 on June 30, 2020).

Relationship with External Auditors

In compliance with CVM Instruction 381, we inform that for the six-month period ended June 30, 2021, the Company contracted R$ 22, from its auditors, a service not related to external auditing.

The policy of the Company and its subsidiary regarding the contracting of non-audit related services from the independent auditors is based on the following principles that preserve the independence of the auditor, which are: the auditor must not audit his own work; the auditor must not exercise a managerial role in his client and the auditor must not advocate for his client.

1 Operational context

Plascar Participações Industriais S.A. ("Plascar S.A." or "Company"), headquartered in the city of Jundiaí (since February 11, 2019 - previously headquartered in the city of Campinas), in the State of São Paulo, is a publicly traded company, with its shares traded at BM&FBOVESPA (PLAS3). The Company's activities are represented by its interest in the subsidiary Plascar Indústria de Componentes Plásticos Ltda. ("Plascar Ltda."), which operates in the automotive sector and has as its operational activity the industrialization and commercialization of parts and pieces related to the internal and external finishing of automotive vehicles.
Plascar Ltda. has industrial plants located in the cities of Jundiaí/SP, Varginha/MG, and Betim/MG.

The plants act mainly in the automotive sector, with focus in serving the vehicles' assemblers, supplying bumpers, instrument panels, air diffusers, cup holders, door sides, package holders, among other components. Plascar Ltda. also operates in the industrialization of non-automotive products, such as, for example, injection and assembly of supermarket carts, multipurpose boxes, pallets, and ecological furniture, an activity that represents less than 10% of the Company's total consolidated assets, net revenue, and net income.

After the completion of the financial restructuring of the Company and its subsidiary on January 31, 2019, the controlling interest in Plascar S.A. is now held by Pádua IV Participações S.A., with 59.99% of its capital, which is also composed of Permali do Brasil Indústria e Comércio Ltda. with 18.44%, Postalis Instituto de Seguridade Social dos Correios e Telégrafos with 7.12%, and other individual shareholders that together hold 14.45%.

The issue of these individual and consolidated Quarterly Financial Statements (ITRs) was authorized by the Board of Directors on August 6, 2021.

Financial Condition

As of June 30, 2021, the Company presents an excess of current liabilities over current assets in the amount of R$ 158,054 (R$ 105,761 as of December 31, 2020) in the consolidated and negative shareholders' equity in the consolidated and in the parent company in the amount of R$ 225,729 (R$ 189,216 as of December 31, 2020).

Additionally, the Company presented a loss for the current and comparative periods and maintains an accumulated loss of R$ 1,157,508 in the individual and consolidated (R$ 1,121,006 at December 31, 2020).
Financial expenses amount to R$ 30,339 in the first half of 2021 (R$ 26,565 in the first half of 2020), in the consolidated. Management is taking measures to reduce the impact of these expenses on the Company's results, mainly by managing and rescheduling its tax and bank liabilities.

According to official data from ANFAVEA, vehicle production in 2021 points to an increase of 22%, at the beginning of the year the projections were higher, 25%.

The increase in the production of vehicles by 284.2% in the 2nd quarter of 2021, was quite positive taking into consideration that the 1st Semester of 2021 was still marked by the COVID-19 pandemic and its effects on the industry, but the basis of comparison is too low, since production in Q2 2020 was heavily affected by the pandemic. As in March 2020, the automotive industry experienced production interruptions, which extended into the following month. The Company's net revenue, in turn, in the 2nd quarter of 2021 showed an increase of 248.7% 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 operational costs and improve margins, also promoting constant price negotiations with customers to pass on cost increases (labor, raw materials, etc.), following the Company's restructuring process, as well as facing the crisis that started in March 2020 due to the COVID-19 pandemic.

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

Impact of COVID-19 (Coronavirus) on the Company's Business

On March 11, 2020, the World Health Organization (WHO) decreed the outbreak of the COVID-19 Coronavirus as 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 generated impacts on financial statements.

The world's main economies and major economic blocs implemented significant economic stimulus packages to overcome the potential economic recession that the spread of COVID-19 effectively provoked.

In Brazil, the Executive and Legislative branches of the Union have published several normative acts to prevent and contain the pandemic, as well as mitigate the respective impacts on the economy, with emphasis on Legislative Decree No. 6, published on March 20, 2020, which declared a state of public calamity. The state and municipal governments also published several normative acts seeking to restrict the free movement of people, commercial activities, and services, as well as to enable emergency investments in the health area.
The suspension of automotive production affected almost the entire sector in the country, with 123,000 workers paralyzed in 63 plants located in 40 cities in 10 states.

During the crisis, Management constantly evaluated the impact of the outbreak on the operations and equity and financial position of the Company and its subsidiary, in order to implement appropriate measures to mitigate the impacts on operations. Management immediately activated its Crisis Committee to ensure the safety of its employees, service providers and the customers it serves.

The Company implemented the following measures during the first and second quarter of 2020:

- Implementation of a Crisis Management committee;
- Restrictions regarding the circulation and agglomeration of people on its premises, as a way to avoid the spread of the virus;
- Suspension of trips, on-site training sessions and participation in events for all employees;
- Guidance on the home office regime for employees whose function allows for this type of work and isolation of all employees classified as being at higher risk (over 60 years old and with chronic diseases, according to the guidance of the public entities);
- Intensifying internal communications of preventive measures, making available 24-hour medical care channels to support employees and their families, and making available internal communication channels for employees focused on pandemic-related care; and
- Optimization of the use of technology to ensure virtual attendance to its clients, impacting as little as possible its administrative and operational activities

Aiming to reduce the financial impacts, the Administration also adopted the following measures:

- Anticipation of collective vacation for its employees and on April 1, 2020, aligned with the union responsible for the category, implemented the reduced workday by 50% for all employees, a measure that was gradually reversed in the third quarter;
- Renegotiation of the terms of certain liabilities with banks, suppliers, and other accounts payable
- Increased inventory controls to keep them at the minimum necessary level; and
- Benchmarking with other auto parts and with the assemblers to exchange information and measures to be applied in the Company.

Despite the total stoppage of the assemblers, which occurred in different periods between March and July 2020, the three plants continued to operate. However, the pace of work was much reduced, focusing on specific projects and preventive maintenance activities. The costs related to the idle capacity of the plants during this period and for the whole year were measured by Management and recorded directly in the result of the respective periods, as per CVM guidance opinion 24/92.

Management continues to monitor the effects of the crisis. After a recovery movement in the Brazilian vehicle market, ANFAVEA presented new and improved projections for domestic sales and production, forecasting a 22% increase in vehicle production for 2021. However, the manufacturers' association places a series of caveats to the new estimates, pointing out that there are still uncertainties on the horizon for the coming months that could change the numbers downwards or upwards, starting with the development of Covid-19 itself, which continues to be a major threat to the economy. The decrease in the increase of the production of vehicles in 2021 from 25% to 22% was caused mainly by the interruptions of the assemblers' activities, due to the lack of components, especially semiconductors.

According to data from ANFAVEA, the production of vehicles in the 2nd Quarter of 2021 had an increase of 284.2% over the same period of 2020, considered a very positive result, taking into consideration the fact that the sector had registered several shutdowns in the last week of the month, due to the unfolding of the pandemic.

In view of this potential market recovery, the Company has already adopted some flexibilization measures and has resumed its production capacity, among which we highlight:

- Recommencement of working hours gradually starting in August 2020. As of September 2020, all of the Company's employees were working full time;
- Flexibilization of the home office regime;
- Resumption of third-party visits to the Company's facilities, by prior arrangement and following safety protocols;
- Intensification of hygiene and health protocols to ensure 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 activated immediately, in case of need. It is worth mentioning that in December 2020, with the worsening of the pandemic indices in the general population, the company decided to reinstate the home-office regime for the administrative areas, in addition to limiting trips and visits. Initiatives to orient and alert employees to the risks of the pandemic and prevention measures have been intensified.

The company continues to monitor the situation, always ready to intervene if the pandemic situation worsens.

Corporate and Financial Restructuring

At an Extraordinary General Meeting held on December 13, 2018, the Company's final debt restructuring plan was approved by unanimous vote 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 "Pádua IV Participações S.A.".

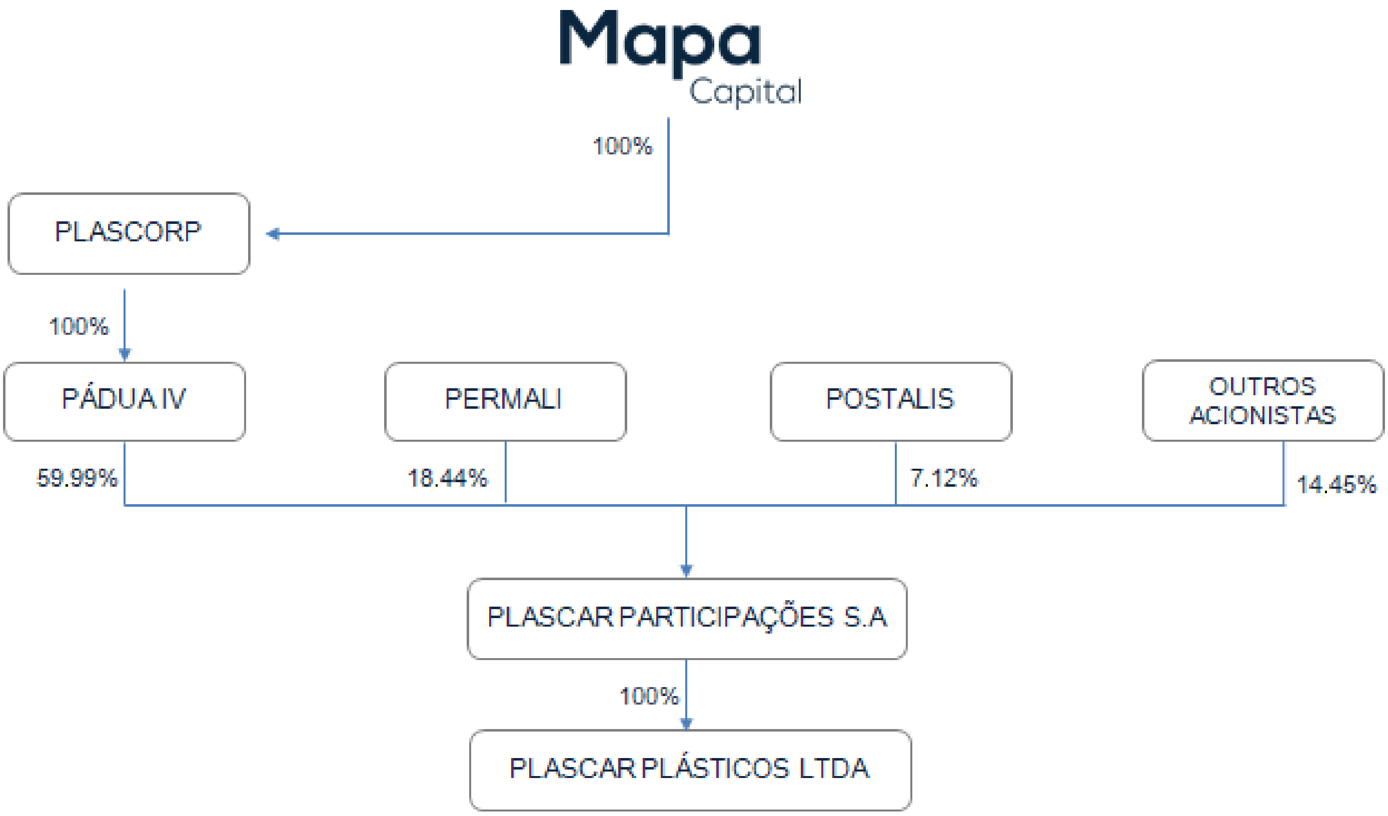
On January 31, 2019, according to the Notice to Shareholders and Material Fact disclosed to the market, the Company's capital increase took place with payment through the use of credits held against Plascar Ltda., by private subscription, in the amount of R$ 449,483, through the issuance of 7,455,251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

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

Management continues to negotiate liabilities with various creditors, in order to adjust them to the Company's cash generation capacity. Throughout 2019 and the beginning of 2020 certain liabilities were renegotiated and are now reported in non-current assets.

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

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)



2 Summary of main accounting policies and presentation of quarterly information – ITR

The Company presents the individual and consolidated Quarterly Information in accordance with CPC 21 (R1) - Interim Financial Statements, issued by the CPC - Accounting Pronouncements Committee and IAS 34 - Interim Financial Reporting, issued by the IASB - International Accounting Standards Board, applicable to the preparation of Quarterly Information (ITR), and presented in accordance with the standards established by the CVM - Brazilian Securities Commission.

According to the Circular Letter CVM/SNC/SEP No. 03/2011, the Company chose to present the explanatory notes in this quarterly information in summarized form in cases of redundancy in relation to what is presented in the annual statements. In these cases, the location of the full explanatory note in the annual statement is indicated, to avoid prejudice to the understanding of the financial position and performance of the Company 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 basis of preparation and accounting policies are the same as those used in the annual financial statements for fiscal year 2020. Therefore, the corresponding information should be read in note 2 of 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	
	06/30/2021	**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 that are believed to be reasonable under the circumstances.

Based on assumptions, the Company makes estimates concerning the future. By definition, the accounting estimates will rarely equal the respective actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the relevant amounts of assets and liabilities within 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 ultimate tax determination is uncertain. The Company also recognizes provisions for situations in which it is probable that additional amounts of tax will be due.

Where the ultimate outcome of these matters is different from the amounts initially estimated and recorded, these differences affect current and deferred tax assets and liabilities in the period in which the ultimate value is determined.

(b) Deferred taxes

Deferred tax is generated by temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. 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 other than a business combination and, at the date of the transaction, does not affect the accounting profit or tax profit or loss; and
- On temporary tax differences related to investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset related to the deductible temporary difference is generated on initial recognition of the asset or liability in a transaction that is not a 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 will reverse in the near future and taxable profit is available against which the temporary differences can be utilized.

(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 greater of an asset's fair value less costs to sell and its value in use. For impairment assessment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGUs) as shown in Note 13.

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4 Financial risk management

4.1 Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk and fair value risk associated with the interest rate), 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) Cambial risk

The Company operates internationally and is exposed to foreign exchange risk arising from exposure to certain currencies, primarily with respect to the US dollar. Foreign exchange risk arises from commercial operations, assets, and liabilities.

As of June 30, 2021, and December 31, 2020, the Company has assets and liabilities in foreign currency arising from import and export operations, in the amounts shown below:

	Consolidated	
	06/30/2021	**12/31/2020**
Accounts receivable from customers (Note 7)	7,368	7,648
Suppliers (Note 16)	(112)	(1,139)
Net exposure	7,256	6,509

As of June 30, 2021, and December 31, 2020, the Company did not have operations with derivative financial instruments to manage the exchange rate risk.

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

The Company does not have significant assets that bear interest.

The Company's interest rate risk arises from loans and financing. Variable rate loans expose the Company to cash flow interest rate risk. Fixed rate loans expose the Company to 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 liability	**Scenario I**	**Scenario I**	**Scenario I**
CDI	5.75%	7.19%	8.63%
Loans na financing	(9,189)	(10,648)	(12,103)

(1) Refers to the hypothetical interest rate scenario to be incurred for the next 12 months or until the contract expiration date, whichever is lower.

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

Sensitivity analyzes were prepared based on the value of net debt and the index of fixed interest rates to variable interest rates on debt as of June 30, 2021.

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

(b) Credit risk

Credit risk is managed on a corporate basis. Credit risk arises from credit exposures to original equipment ("OEM") and replacement/dealership ("DSH") customers, including outstanding accounts receivable and repurchase agreements. For banks and other financial institutions, only bonds from top-tier entities are accepted. The individual risk limits are determined based on internal or external classifications in accordance with the limits determined by the Board of Directors. The use of credit limits is regularly monitored.

The possibility of the Company and its subsidiary incurring losses due to financial problems with its OEM customers is reduced due to the profile of these customers (vehicle manufacturers and other companies operating worldwide). As of June 30, 2021, and December 31, 2020, the Company and its subsidiary did not have significant balances receivable from DSH category customers.

No credit limit was exceeded during the period, and Management does not expect any loss arising from default by these counterparties more than the amount already provisioned.

(c) Liquidity risk

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

The treasury invests any excess cash in interest-bearing bank accounts, time deposits, short-term deposits and bonds and securities, choosing instruments with appropriate maturities or sufficient liquidity to meet the aforementioned forecasts. At the balance sheet date, the Company maintained short-term funds in the amount of R$ 1,834, which are expected to readily generate cash inflows to manage liquidity risk.

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

					Consolidated
	Up to three months	From four to 12 months	Between one and five years	Up to five years	Total
On June 30, 2021					
Loans and financing	11,417	24,408	72,699	28,202	136,726
Lease Liabilities	8,018	16,038	35,766	-	59,822
Suppliers	46,795	-	-	-	46,795
Liabilities with related parties	-	-	7,386	-	7,386
Other liabilities	19,955	19,081	99,442	108,339	246,817
	86,185	59,527	215,293	136,541	497,546

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

	Consolidated				
	Up to six months	From four to 12 months	Between one and five years	Up to five years	Total
On December 31, 2020					
Loans and financing	8,270	11,594	88,820	29,553	138,237
Lease 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 offer returns to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost.

	Consolidated	
	06/30/2021	12/31/2020
Total loans (Note 15)	136,726	138,237
Minus: cash and cash equivalents (Note 6)	(21,330)	(33,681)
Net debt	115,396	104,556
Total equity	(225,729)	(189,216)
Total capital	(110,333)	(84,660)
Financial leverage ratio - %	-	-

4.3 Fair value estimate

It is assumed that the balances of accounts receivable from customers and accounts payable to suppliers at book value, less the loss (impairment) in the case of accounts receivable, are close to their fair values. Currently, the book values recorded by the Company are the same at fair value. However, below are the comparisons of financial assets recorded at amortized cost and their respective fair value:

	06/30/2021		12/31/2020	
	Book value	Fair value	Book value	Fair value
Loans and financing (Note 15)				
Working capital – national currency	136,726	136,726	138,237	138,237
Lease liabilities (Note 14)	59,822	59,822	45,552	45,552
Suppliers (Note 16)	46,795	46,795	36.886	36,886
	243,343	243,343	220,675	220,675

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

5 Financial instruments by category

The table below shows the classification of the Company's Consolidated financial instruments by category on each of the dates presented:

(a) Amortized cost

	Consolidated	
	06/30/2021	**12/31/2020**
Assets, as per the balance sheet		
Cash and cash equivalents	21,330	33,681
Accounts receivable from customers	69,026	58,774
Judicial deposits	2,974	4,103
Other accounts receivable	1,717	2,414
	95,047	98,972

(b) Fair value through profit or loss

	Consolidated	
	06/30/2021	**12/31/2020**
Liabilities, as per the balance sheet		
Suppliers	46,795	36,886
Loans and financing	136,726	138,237
Lease Liabilities	59,822	45,552
Related parts	7,386	7,450
other liabilities	246,817	251,295
	497,546	479,420

6 Cash and cash equivalents

	Individual		Consolidated	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Cash and banks	16,902	31,444	21,330	33,681
	16,902	31,444	21,330	33,681

Banks and available earn interest at floating rates based on daily rates on short-term bank deposits. Funds are used depending on the Company's immediate cash needs.

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

7 Accounts receivable from customers

	Consolidated	
	06/30/2021	12/31/2020
Third parties in the country	65,008	50,468
Third parties abroad (Note 4.1)	7,368	7,648
Tooling accounts receivable in the country	4,402	8,434
	76,778	66,550
Provision for impairment - doubtful credits	(7,752)	(7,776)
	69,026	58,774

During the period ended June 30, 2021 and year ended December 31, 2020, the change in the estimated loss for doubtful accounts was as follows:

	Consolidated	
	06/30/2021	12/31/2020
Opening balance	(7,776)	(6,029)
(Increase)/Reversal of provision	24	(1,747)
Final balance	(7,752)	(7,776)

On June 30, 2021 and December 31, 2020, the opening of accounts receivable by maturity age was as follows:

	Consolidated	
	06/30/2021	12/31/2020
Current	56,575	49,179
Past Due:		
From 1 to 30 days	6,075	7,271
From 31 to 60 days	369	859
From 61 to 90 days	714	119
More than 90 days ago	13,045	9,122
	20,203	17,371
Total	76,778	66,550

The Company's policy for the 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 on June 30, 2021, net of the expected loss for loan losses, 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, which are the present value of the difference between the contractual cash flows due to the Company of agreement signed with customers and the cash flows that the Company expects to receive.

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8 Inventor

	Consolidated	
	06/30/2021	12/31/2020
Finished products	6,205	4,361
Products under preparation	11,508	9,001
Raw materials	22,685	17,786
Import in progress	2,602	743
Maintenance and auxiliary materials	2,224	2,437
̓ools and molds under development intended for sale	20,060	10,072
Advances to suppliers	20,941	864
̓rovision for adjustment to market value and obsolescence	(2,718)	(2,256)
	83,507	43,008

During the period ended June 30, 2021 and year ended December 31, 2020, the change in the provision for adjustment to market value and obsolescence was as follows:

	Consolidated	
	06/30/2021	12/31/2020
Opening balance	(2,256)	(2,209)
Reversal of provision	199	1,719
Increase in provision	(661)	(1,766)
Net reduction (note 24)	(462)	(47)
Final balance	(2,718)	(2,256)

9 Tributes to recover

	Consolidated	
	06/30/2021	12/31/2020
Credit exclusion of ICMS calculation base PIS/COFINS (1)	148,812	153,297
Funrural Process (Note 19)	2,237	2,237
ICMS on fixed assets - CIAP	868	732
Others	913	741
	152,830	157,007
Current	26,469	30,406
Non-current	126,361	126,601
	152,830	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 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.

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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.

By June 30, 2021, the Company had compensated the amount of R$ 57,951 and, based on projections, it believes that the balance will be fully realized in the next 45 months, with no need to set up a provision for 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

	Consolidated	
	06/30/2021	12/31/2020
Liabilities:		
Asset - assigned cost (1)	(453)	(460)
Depreciation - useful life review - economic (2)	(18,748)	(18,745)
	(19,201)	(19,205)

(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 tax loss and social contribution negative base balances of R$ 58,494 and R$ 69,496, respectively on June 30, 2021 (R$ 57,630 and R$ 68,632 on December 31, 2020, respectively), subsidiary Plascar Ltd. has tax loss and social contribution negative base balances of R$ 870,915 and R$ 865,859, respectively on June 30, 2021 (R$ 838,499 and R$ 833,443 on December 31, 2020, respectively), on which no taxes were established deferred assets in their entirety, as determined by CVM Instruction 371, since the Company does not expect to generate future taxable income.

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(b) Movement of deferred tax liabilities

	Consolidated
	Liabilities
Balances as of December 31, 2020	(19,205)
eferred taxes on the realization of the cost attributed to fixed assets arising from depreciation and retirement of these assets	7
Deferred taxes on depreciation difference	(3)
Balances as of June 30, 2021	(19,201)

(c) Reconciliation of income tax and social contribution expenses

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Loss before income tax and social contribution	(22,396)	(36,517)	(37,230)	(63,651)
Income tax and social contribution at current rates (34%)	7,615	12,416	12,658	21,641
Adjustments for effective rate statement:				
Tax effect on tax loss and negative basis for the unrecognized period (1)	(7,524)	(12,412)	(12,801)	(22,047)
Deferred income tax and social contribution expense	**91**	**4**	**(143)**	**(406)**

(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.

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 June 31, 2021 and 2020, the total remuneration of the Directors was as follows:

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Fixed remuneration (1)	1,541	3,155	892	2,486
Variable remuneration (2)	-	486	-	-
Administration fees	1,541	3,641	892	2,486

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(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 June 30, 2021 and December 31, 2020, as well as the transactions that influenced the results of the periods:

	Individual		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current liabilities				
Loan agreement:				
W&L Ross & Co., LLC	-	-	4,644	4,824
Permali do Brasil Ind. e Com. Ltda.	-	-	2,742	2,626
Plascar Ltda.	30,781	44,460	-	-
	30,781	44,460	7,386	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.

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.

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12 Provision for loss on investments in subsidiary

The movement of investments is shown below:

	06/30/2021	12/31/2020
Opening balance	(176,192)	(60,667)
Losses of subsidiaries	(35,650)	(115,525)
Final balance	(211,842)	(176,192)

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

	06/30/2021	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	(211,842)	(176,192)
Net loss for the period/year (1)	(35,650)	(115,525)
Equity equivalent results	(35,650)	(115,525)

(1) In the six-month period ended June 30, 2020, Plascar Ltda. recorded a loss of R$ 63,368 resulting in an equity pickup recognized by the Company in the same amount.

13 Property, Plant and Equipment

(a) Composition

	Consolidated				
	Annual depreciation rate %	06/30/2021			12/31/2020
		Cost	Depreciation	Net	Net
Buildings	2 a 4	10,876	(2,722)	8,154	8,300
Machinery and equipment	4 a 13.79 (1)	843,291	(575,337)	267,954	278,965
Molds	6 a 21	47,840	(46,936)	904	569
Furniture and utensils	6 a 10	12,594	(11,894)	700	864
Vehicles	18.57 a 20	4,302	(4,048)	254	316
Computing equipment	15 a 33	3,745	(3,395)	350	386
Spare parts and materials		3,991	-	3,991	3,906
Advances to suppliers		46,722	-	46,722	44,581
Provision for *impairment* advances and machines and equipment (2)		(62,039)	-	(62,039)	(62,039)
		911,322	(644,332)	266,990	275,848

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(1) Weighted average rate of 7.82%.

The amount of R$ 18,325 (June 30, 2020 - R$ 19,063) referring to the depreciation expense for the six-month period was recognized in income under "Cost of sales", R$ 160 (June 30, 2020 - R $ 45) in "Selling expenses" and R$ 200 (June 30, 2020 - R$ 222) in "Administrative expenses".

(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				
	Six-month period ended June 30, 2021				
	Initial Balance	Additions	Write-offs	Transfers	Final Balance
Buildings	10,882	3		(9)	10,876
Machinery and equipment	843,545	7,107	(1,714)	9	848,947
Molds	47,333	511	(7)	3	47,840
Furniture and utensils	12,611	17	(37)	3	12,594
Vehicles	4,302	-	-	-	4,302
Computing equipment	3,660	85	-	-	3,745
Spare parts and materials	3,906	91	-	(6)	3,991
Advances to suppliers	44,581	2,141	-	-	46,722
Provision for impairment advance and machinery and equipment	(67,695)	-	-	-	(67,695)
	903,125	9,955	(1,758)	-	911,322

(c) Depreciation movement

	Consolidated				
	Six-month period ended June 30, 2021				
	Initial Balance	Additions	Write-offs	Transfers	Final Balance
Buildings	(2,582)	(69)		(71)	(2,722)
Machinery and equipment	(564,580)	(18,351)	1,586	352	(580,993)
Molds	(46,764)	(67)	7	(112)	(46,936)
Furniture and utensils	(11,747)	(94)	37	(90)	(11,894)
Vehicles	(3,986)	(37)	-	(25)	(4,048)
Computing equipment	(3,274)	(67)	-	(54)	(3,395)
Provision for impairment and machinery and equipment	5,656	-	-	-	5,656
	(627,277)	(18,685)	1,630	-	(644,332)

(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 rents 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 an incremental rate of 9.5% for discounting the debt to Present Value (AVP), which is the same rate considered in the renewals of loans with banks. During the six-month period ended June 30, 2021, the Company recorded R$ 13,584 as amortization expense in profit or loss (R$ 11,375 as of June 30, 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 used was 9.5% per year for the operations of administrative properties and industrial warehouses. The rate was obtained by financing operations for assets of these classes.

The Company's lease operations effective on June 30, 2021 and December 31, 2020 do not have restriction clauses that impose the maintenance of indexes
financial, as well as do not have variable payment clauses that should be considered, or residual value guarantee clauses and purchase options at the end of the contracts.

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

Right to use assets	12/31/2020	Addition (1)	Amortization	06/30/2021
Buildings	21,672	17,054	(13,584)	25,142
Total assets	**21,672**	**17,054**	**(13,584)**	**25,142**

Lease liabilities	12/31/2020	Addition (1)	Payments	Interest	Transfer short term /long term	06/30/2021
Current Liabilities	23,175	-	-	-	881	24,056
Non-current Liabilities	22,377	17,054	(5,073)	2,289	(881)	35,766
Total liabilities	**45,552**	**17,054**	**(5,073)**	**2,289**	**-**	**59,822**

(1) In the six-month period ended June 30, 2021, a new contract was added. The initial impact on assets and liabilities was R$ 17,054. Management considered an incremental rate of 6.5% for discounting the debt to the present value (AVP). There was no write-off of contracts in force in the six-month period ended June 30, 2021.

In the six-month period ended June 30, 2021, the Company recorded an expense of R$ 101 referring to short-term leases (less than 12 months of contract) or operations with low-value assets involved in the contracts.

(c) Lease expiration schedule

	Consolidated
	06/30/2021
	Edifícios
2021	12,028
2022	29,911
2023 onwards	17,883
	59,822

15 Loans and financing

(a) Loan summary:

Mode / purpose	Financial charges on 06/30/2021	Consolidated 06/30/2021	Consolidated 12/31/2020
Floating capital – national currency	Market charges	136,726	138,237
Total		136,726	138,237
Current		35,825	19,864
Non-current		100,901	118,373
		136,726	138,237

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

	Value
2022	21,984
2023	26,253
2024	24,157
2025 onwards	28,507
	100,901

(b) Loan details by financial institution

Loans Summary	BRASIL	FIBRA	BDMG	ITAÚ	BRADESCO	CEF	DAYCOVAL	SOFISA	UNION	ALFA	Total
Floating capital – national currency	**22,068**	**15,815**	**24,914**	**15,366**	**18,727**	**12,840**	**7,773**	**10,014**	**300**	**8,909**	**136,726**
% In relation to the total	**16.1%**	**11.6%**	**18.2%**	**11.3%**	**13.7%**	**9.4%**	**5.7%**	**7.3%**	**0.2%**	**6.5%**	**100%**

Part of the composition of the balance of loans, R$ 26,562, is due to the debt with BNDES relating to previous periods, which was renegotiated by the Company at the time. During the first half of 2021, the Company raised an amount of R$ 5,150 in new loans.

The working capital loans taken out 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, as per the Notice to Shareholders and Material Fact disclosed to the market, the Company's capital stock was increased with payment through the use of credits held against Plascar Ltda, by private subscription, in the amount of R$ 449,483, upon the issue of 7,455,251 common shares at the unit issue price of R$ 60.29 per common share. After the completion of the Capital Increase, the Company's capital, previously in the amount of R$ 481,972 and divided into 4,970,167 common shares, increased to R$ 931,455, divided into 12,425,418 common shares.

16 Suppliers

	Consolidated	
	06/30/2021	**12/31/2020**
National suppliers	46,683	35,747
International suppliers (Note 4.1)	112	1,139
	46,795	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.

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17 Salaries, vacations, and social charges payable

	Consolidated	
	06/30/2021	12/31/2020
Social charges	101,382	81,953
Labor indemnities	1,130	1,129
Holiday provision / 13th salary	23,367	17,109
Provision for profit sharing	9,170	11,300
Other	380	43
	135,429	111,534
Current	126,325	101,168
Non-current	9,104	10,366

18 Customer advances

	Consolidated	
	06/30/2021	12/31/2020
Fiat Automóveis	3,229	4,800
Man	7,606	3,025
VW	14,695	2,557
Scania	2,121	2,121
Calsonic Kansei	-	1,429
Mercedes Benz	1,077	597
Volvo	2,499	330
Chery	276	276
Others	555	49
	32,058	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).

(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.

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(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	
	06/30/2021	**31/12/20120**
Social security and labor provisions	9,551	11,550
	9,551	11,550

The change in the provision for lawsuits, in the six-month period ended June 30, 2021, is represented as follows:

	Initial Balance	**Addition**	**Payments**	**Final Balance**
Labor	11,550	2,796	(4,795)	9,551
	11,550	2,796	(4,795)	9,551

(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	
	06/30/2021	**12/31/2020**
Tax	4,399	4,340
Labor	12,175	13,537
Civil	3,803	4,257
	20,377	22,134

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(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 July 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.

20 Other liabilities

	Consolidated	
	06/30/2021	**12/31/2020**
Rentals payable (Notes 14.b and 19.b)	137,754	137,754
Miscellaneous creditors - agreements signed	105,117	97,814
Other liabilities	3,946	15,727
	246,817	251,295
Current	39,036	30,919
Non-current	207,781	220,376
	246,817	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) Reserves

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 six-month period ended June 30, 2021 and 2020 (in thousands, except amounts per share):

Prejuízo básico por ação:

	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Numerator:				
Loss for the period	(22,305)	(36,513)	(37,373)	(64,057)
Denominator:				
Weighted average number of shares	12,425,418	12,425,418	12,425,418	12,425,418
Basic and diluted net loss per share - R$	(1.80)	(2.94)	(3.01)	(5.15)

Diluted loss per share: (*)

	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Numerator:				
Loss for the period	(22,305)	(36,513)	(37,373)	(64,057)
Denominator:				
Weighted average number of shares	19,880,669	19,880,669	19,880,669	19,880,669
Basic and diluted net loss per share - R$	(1.12)	(1.84)	(1.88)	(3.22)

(*) Considers the potential shares to be issued when exercising the Subscription Right (Note 21.a).

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23 Net operating revenue

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Gross sales revenue	179,350	352,732	51,510	163,115
Sales taxes	(31,597)	(61,256)	(9,203)	(28,172)
Returns and sales rebates	(2,267)	(3,645)	(582)	(1,473)
	145,486	287,831	41,725	133,470

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).

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			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
Raw material, inputs, materials for use and consumption and personnel expenses	(111,903)	(223,393)	(49,024)	(123,659)
Depreciation and amortization	(15,945)	(32,269)	(15,413)	(30,705)
Third party services	(8,750)	(16,097)	(3,062)	(6,914)
Provision for adjustment to market value and obsolescence in inventories (Note 8)	(467)	(462)	443	(91)
Others	(19,772)	(34,200)	(7,901)	(18,166)
	(156,837)	(306,421)	(74,957)	(179,535)
Classified as				
Costs of products sold	(137,497)	(264,604)	(60,627)	(146,673)
Selling expenses	(7,367)	(13,892)	(3,191)	(9,484)
Administrative and general expenses	(11,973)	(27,925)	(11,139)	(23,378)
	(156,837)	(306,421)	(74,957)	(179,535)

25 Financial result

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Financial expenses				
Interest and fines	(4,903)	(10,428)	(4,150)	(13,455)
Charges on overdue / installment taxes (1)	(9,784)	(14,005)	(2,623)	(7,445)
Adjustment to present value of leases (Note 14)	(1,223)	(2,287)	(994)	(1,982)
Passive exchange variations	(1,030)	(2,385)	(725)	(3,277)
IOF	(207)	(396)	(180)	(305)
Others	(549)	(838)	(42)	(101)
	(17,696)	(30,339)	(8,714)	(26,565)
Financial income				
Interest and monetary restatement (2)	5,053	9,998	3,570	5,930
Exchange rate variations	1,614	2,357	586	2,337
Others	10	12	50	70
	6,677	12,367	4,206	8,337
Financial result	(11,019)	(17,972)	(4,508)	(18,228)

(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 for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

26 Tax Obligations and Social Charges

The outstanding balance of taxes on June 30, 2021 is R$ 164,039 and R$ 100,244 of payroll charges, of which R$ 5,449 current taxes falling due, R$ 74,785 current taxes overdue and R$ 184,049 in installments.

				Installments		
				Current		
	Open	Current	Past due	Current	Past due	Non-current
REFIS (PERT MP 783/17)	56,124	-	-	4,553	6,829	44,742
Parcel. Ordinário PIS/COF/IPI	26,013	-	-	7,096	10,050	8,867
PIS	119	119	-	-	-	-
COFINS	542	542	-	-	-	-
ICMS (Regularize – MG)	53,665	-	-	5,699	-	47,966
ICMS	19,287	-	-	8,420	5,084	5,783
IPI (Parcelamento – MG)	860	-	-	322	-	538
IPI	26	26	-	-	-	-
Attorney charges – active debt.	6,639	-	-	-	6,639	-
Others (ISS IPTU)	764	604	-	25	-	135
	164,039	**1,291**	**-**	**26,115**	**28,602**	**108,031**
IRRF (Employees)	792	792	-	-	-	-
Parcel. Ordinário INSS	14,000	-	-	3,369	4,663	5,968
FGTS	2,009	-	-	2,009	-	-
INSS (Company)	69,056	2,688	66,368	-	-	-
INSS (Employees)	9,095	678	8,417	-	-	-
INSS Installments Sesi Senai (Company)	5,292	-	-	1,523	633	3,136
	100,244	**4,158**	**74,785**	**6,901**	**5,296**	**9,104**
Total (Company)	**254,396**	**3,979**	**66,368**	**33,016**	**33,898**	**117,135**
Total (Employees)	**9,887**	**1,470**	**8,417**	**-**	**-**	**-**
Total	**264,283**	**5,449**	**74,785**	**33,016**	**33,898**	**117,135**

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.

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

Management's Explanatory Notes for Quarterly Information - ITR, Individual and Consolidated, for the quarter ended on June 30, 2021 (In thousands of Reais, except when otherwise indicated)

	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 June 31, 2021	(8,236)	(20,197)	(7,013)	(35,446)
Installment update	9,753	2,658	218	12,629
Total	56,124	-	-	56,124

(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			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Salaries and social charges	37,043	76,771	22,454	57,917
Profit sharing plan	452	2,456	2,137	4,277
Layoffs	2,425	2,915	1,374	1,428
Benefits provided by law	4,448	8,781	2,653	5,981
Additional benefits	153	186	-	38
	44,521	91,109	28,618	69,641

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 June 30, 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

Paulo Silvestri
Chief Executive Officer

Rodrigo Cartagena do Amaral
Chief Financial Officer
Investor Relations Officer

Board (non-statutory)

Daniel Paulo Fossa
Commercial Director

Marcelo Casagrande
Industrial Operations 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