# Plascar Participações Industriais S.A

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

## Report on Review of Interim Financial Information as at March 31, 2024

Ref.: Report No. 244PL-013-EN

# Summary

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 30 to the financial statements.)

# Report on review of interim financial information

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To the Shareholders, Directors and Management of
**Plascar Participações Industriais S.A**
Jundiaí – SP

## Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Plascar Participações Industriais S.A ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2024, which comprises the Statement of financial position as of March 31, 2024 and the related income statement, statement of comprehensive income, the statements of changes in equity and cash flows for the three months then ended, including a summary of significant accounting policies and other explanatory notes.

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

## Scope of Review

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

## Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Interim Financial Information Form (ITR) referred to above is not prepared, in all material respects, in accordance with NBC TG – 21 and IAS 34 applicable to the preparation of interim financial information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

## Material uncertainty related to the operational continuity of the Company and its subsidiary

We draw attention to Note 1 to the individual and consolidated interim financial information, which states that the individual and consolidated financial statements were prepared under the going concern. For the quarter ended March 31, 2024, the Company presents current liabilities exceeding current assets by R$277,509 thousand, equity deficiency of R$439,298 thousand, accumulated losses of R$1,371,063 thousand, and loss for the quarter of R$30,017 thousand (consolidated). Additionally, Note 1 describes situations demonstrating the Management's efforts reestablish the Company's economic-financial balance and its necessary cash generation. These events, together with other issues described in that Note, indicate the existence of significant uncertainty that may raise significant doubt as to the Company's ability to continue as a going concern. The individual and consolidated interim financial information do not include any adjustment that may arise as a result of such uncertainty. Our conclusion is not qualified regarding this matter.

## Other matters

### Statement of value added

The quarterly information referred to above includes individual and consolidated statements of value added for the period of three months ended March 31, 2024, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the same review procedures in conjunction with the review of the Company's interim financial information in the order to conclude they are reconciliated to the interim financial information and to the accounting records, as applicable, and whether the structure and content are in accordance with the criteria established in the NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the interim financial information taken as a whole.

### Review of the corresponding figures

The review of the individual and consolidated interim financial information for the quarter ended March 31, 2023, was conducted under the responsibility of another independent auditor, who issued a conclusion report dated May 15, 2023, without modifications.

Campinas, May 8, 2024

Grant Thornton Auditores Independentes Ltda.
CRC 2SP-028.281/O-4 F SP

João Henrique Schenk
Accountant CRC 1SP-202.127/O-8

 

## Comments on performance

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

*Amounts in thousands of reais, unless otherwise stated.*

## Gross revenue

In the 1st quarter of 2024, gross revenue was 17.7% against 11.0% in the same period of 2023.

The recovery in margin shows trend of improvement, with significant increase in volume and, consequently, in net revenue.

Also, enhanced production stability was seen in the 1st quarter of 2024, since there was no effect of automaker shutdowns as those occurred in the 1st quarter of 2023, which led to an increase in the Company's operational inefficiency, due to difficulties faced in production planning, and ultimately resulted in increased fixed costs.

## Automotive Market

According to ANFAVEA, vehicle production in the 1st quarter of 2024 slightly increased 0.4% compared to the same period of 2023, totaling 0.538 million units in Brazil.

| SOURCE: ANFAVEA – BRAZIL | | | |
|---|---|---|---|
| | 1Q23 | 1Q24 | VAR. % |
| VEHICLE PRODUCTION | 536 | 538 | 0.4% |
| VEHICLE SALES | 472 | 515 | 9.1% |

ANFAVEA revised the market projections for the Brazilian market this year; sales are expected to increase 6.1% and production is expected to grow 6.2% over 2023.

| PROJECTIONS FOR 2024 - ANFAVEA | | | | | |
|---|---|---|---|---|---|
| | | | | PROJECTION | |
| | 2023 | 2022 | % | 2024 | % |
| Vehicle Production | 2,325 | 2,370 | -1.90% | 2,470 | 6.2% |
| Vehicle Sales | 2,308 | 2,105 | 9.64% | 2,450 | 6.1% |

## Tax debt restructuring

Management completed the renegotiation of its entire tax liability with PGFN, which includes debts accumulated through January 2023 under the Individual Tax Transaction program, as shown in Note 26. All effects, fine and interest discounts, and the use of tax losses and negative basis of CSLL were recorded in the 2nd quarter of 2023.
Upon recording of this transaction, the positive impact on the Company's profit and loss was R$ 177,210, with fine discounts of R$ 75,894, interest discounts of R$ 40,612, and use of tax losses of R$ 60,704.

## Net profit (loss)

As of March 31, 2024, the combined result of all the factors mentioned led to an operating profit (EBITDA) of R$ 20,152 (8.1%) in the first quarter, as shown in the table below.

| CONSOLIDATED - PLASCAR BRAZIL | | | | | | |
|---|---|---|---|---|---|---|
| MONTH/YEAR | NET SALES R$ | GROSS PROFIT/(LOSS) | | EBITDA (Accumulated) | | Accumulated (Loss) for the Period (R$) |
| | | R$ | % Sales | R$ | % Sales | |
| **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)** |
| **Jun 21** | 287,831 | 23,227 | 8.1% | 13,779 | 4.8% | (36,513) |
| **Sep 21** | 448,791 | 29,082 | 6.5% | 12,531 | 2.8% | (97,184) |
| **Dec 21** | 612,684 | 46,297 | 7.6% | 17,415 | 2.8% | (122,230) |
| **Mar 22** | **192,762** | **25,717** | **13.3%** | **11,748** | **6.1%** | **(20,111)** |
| **Jun 22** | 389,702 | 56,156 | 14.4% | 28,215 | 7.2% | (36,847) |
| **Sep 22** | 622,961 | 95,617 | 15.3% | 48,104 | 7.7% | (60,363) |
| **Dec 22** | 848,190 | 119,988 | 14.1% | 56,482 | 6.7% | (97,121) |
| **Mar 23** | **224,267** | **24,661** | **11.0%** | **6,273** | **2.8%** | **(41,296)** |
| **Jun 23** | 449,390 | 44,263 | 9.8% | 79,089 | 17.6% | 81,960 |
| **Sep 23** | 691,789 | 79,600 | 11.5% | 96,039 | 13.9% | 51,127 |
| **Dec 23** | 947,129 | 115,774 | 12.2% | 110,905 | 11.7% | (714) |
| **Mar 24** | **249,208** | **44,206** | **17.7%** | **20,152** | **8.1%** | **(30,017)** |

## Human resources

The Company continues to invest in the professional development of its employees, with approximately 53,77 hours of education and training per employee (in the last 12 months), focusing on SENAI courses, internships, as well as technical and operational development training.

As of March 31, 2024, the Company has 2,529 employees (2,248 as of March 31, 2023).

## Relationship with external auditors

In compliance with CVM Instruction 381, we hereby inform that in the three-month period ended March 31, 2024, the Company did not engage its external auditors to provide non-audit services.

In engaging non-audit services from independent auditors, the policy of the Company and its subsidiary relies on principles that safeguard the independent auditor´s independence, namely: an auditor cannot audit their own work; an auditor cannot participate in the role of management for their client, and an auditor is not allowed to advocate for their client.

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# Assets

**Statements of Financial Position**

| (In thousands of reais) | Parent | | Consolidated | |
|---|---|---|---|---|
| **Current assets** | **03/31/2024** | **12/31/2023** | **03/31/2024** | **12/31/2023** |
| Cash and cash equivalents | 6,015 | 13,833 | 29,584 | 16,841 |
| Trade receivables | - | - | 101,271 | 77,082 |
| Inventories | - | - | 99,727 | 99,014 |
| Recoverable taxes | 53 | 40 | 5,684 | 5,366 |
| Other assets | - | - | 13,813 | 15,995 |
| **Total current assets** | **6,068** | **13,873** | **250,079** | **214,298** |
| **Noncurrent assets** | **03/31/2024** | **12/31/2023** | **03/31/2024** | **12/31/2023** |
| Recoverable taxes | - | - | 63,448 | 62,616 |
| Judicial deposits | - | - | 1,517 | 1,436 |
| Other assets | - | - | 321 | 336 |
| Investment property | | | 8,159 | 8,182 |
| Property, plant and equipment | 7 | 7 | 314,086 | 318,949 |
| Right of use of assets | | | 67,565 | 73,272 |
| **Total noncurrent assets** | **7** | **7** | **455,096** | **464,791** |
| **Total assets** | **6,075** | **13,880** | **705,175** | **679,089** |

**The accompanying notes are an integral part of the individual and consolidated interim financial information**

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# Liabilities

**Statements of Financial Position**

| (In thousands of reais) | Parent | | Consolidated | |
|---|---|---|---|---|
| **Current liabilities** | **03/31/2024** | **12/31/2023** | **03/31/2024** | **12/31/2023** |
| Borrowings and financing | - | - | 156,732 | 118,968 |
| Lease liabilities | - | - | 36,222 | 36,167 |
| Trade payables | - | - | 83,098 | 100,185 |
| Taxes payable | 66 | 66 | 16,751 | 10,696 |
| Taxes in installments | - | - | 89,526 | 76,719 |
| Payroll, accrued vacation and related taxes | - | - | 65,482 | 78,511 |
| Advances from customers | - | - | 39,945 | 25,711 |
| Payables to related parties | - | - | - | 1,016 |
| Other liabilities | - | - | 39,832 | 31,827 |
| **Total current liabilities** | **66** | **66** | **527,588** | **479,800** |
| **Noncurrent liabilities** | **03/31/2024** | **12/31/2023** | **03/31/2024** | **12/31/2023** |
| Borrowings and financing | - | - | 73,755 | 85,469 |
| Lease liabilities | - | - | 49,048 | 54,516 |
| Related parties | 24,582 | 31,810 | 7,452 | 7,335 |
| Taxes in installments | - | - | 246,607 | 208,052 |
| Deferred income tax and social contribution | - | - | 23,059 | 22,536 |
| Provision for risks | - | - | 11,038 | 9,343 |
| Allowance for losses on investment in subsidiary | 420,725 | 391,285 | - | - |
| Other liabilities | - | - | 205,926 | 221,319 |
| **Total noncurrent liabilities** | **445,307** | **423,095** | **616,885** | **608,570** |
| | 445,373 | 423,161 | 1,144,473 | 1,088,370 |
| **Equity** | | | | |
| Share capital | 931,455 | 931,455 | 931,455 | 931,455 |
| Valuation adjustments to equity | 310 | 311 | 310 | 311 |
| Accumulated losses | (1,371,063) | (1,341,047) | (1,371,063) | (1,341,047) |
| **Attributable to owners of the Company** | **(439,298)** | **(409,281)** | **(439,298)** | **(409,281)** |
| **Total equity** | **(439,298)** | **(409,281)** | **(439,298)** | **(409,281)** |
| **Total liabilities and equity** | **6,075** | **13,880** | **705,175** | **679,089** |

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# Statements of profit and loss for the years ended March 31, 2024 and 2023

(In thousands of reais)

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2024** | **03/31/2023** | **03/31/2024** | **03/31/2023** |
| Net operating revenue | - | - | 249,208 | 224,267 |
| Cost of sales | - | - | (205,002) | (199,606) |
| **Gross profit** | **-** | **-** | **44,206** | **24,661** |
| **Operating income/(expenses)** | | | | |
| Selling expenses | - | - | (15,852) | (12,675) |
| General and administrative expenses | (671) | (427) | (24,180) | (20,106) |
| Share of profit (loss) of investee | (29,440) | (40,921) | - | - |
| Other operating expenses, net | - | - | 341 | 527 |
| **Profit** | **(30,111)** | **(41,348)** | **(39,691)** | **(32,254)** |
| | **(30,111)** | **(41,348)** | **4,515** | **(7,593)** |
| **Profit (loss) before finance income (costs)** | | | | |
| **Finance income (costs)** | (8) | (51) | (35,427) | (36,504) |
| Finance costs | 102 | 103 | 1,418 | 3,241 |
| | 94 | **52** | **(34,009)** | **(33,263)** |
| **Loss before income tax and social contribution** | **(30,017)** | **(41,296)** | **(29,494)** | **(40,856)** |
| **Deferred income tax and social contribution** | | | | |
| Deferred | - | - | (523) | (440) |
| | **-** | **-** | **(523)** | **(440)** |
| Loss for the year | **(30,017)** | **(41,296)** | **(30,017)** | **(41,296)** |
| **Loss attributable to** | | | | |
| Owners of the Company | - | - | (30,017) | (41,296) |
| | **-** | **-** | **(30,017)** | **(41,296)** |

**The accompanying notes are an integral part of the individual and consolidated interim financial information**

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# Statement of comprehensive income (loss) for the years ended March 31, 2024 and 2023

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **03/31/2023** |
| Consolidated comprehensive income (loss) for the period | (30,017) | (41,296) |
| Comprehensive income attributable to Owners of the company | **(30,017)** | **(41,296)** |

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## Statements of change in equity

| | Paid-in capital | Other comprehensive income | Accumulated losses | Equity |
|---|---|---|---|---|
| **Balances at December 31, 2022** | 931,455 | 316 | (1,340,338) | (408,567) |
| Realization of the deemed cost of property, plant and equipment | - | (8) | 8 | - |
| Deferred tax on realization of the deemed cost of property, plant and equipment | - | 3 | (3) | - |
| Loss for the year | - | - | (714) | (714) |
| **Balances at December 31, 2023** | 931,455 | 311 | (1,341,047) | (409,281) |
| Realization of the deemed cost of property, plant and equipment | - | (2) | 2 | - |
| Deferred tax on realization of the deemed cost of property, plant and equipment | - | 1 | (1) | - |
| Loss for the year | - | - | (30,017) | (30,017) |
| **Balances at March 31, 2024** | **931,455** | **310** | **(1,371,063)** | **(439,298)** |

**The accompanying notes are an integral part of the individual and consolidated interim financial information**

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# Statements of cash flows for the years ended March 31, 2024 and 2023

(In thousands of reais)

| | Parent | | Consolidated | |
|---|---|---|---|---|
| **Cash flows from operating activities** | **03/31/2024** | **03/31/2023** | **03/31/2024** | **03/31/2023** |
| Loss for the year before income tax and social contribution | **(30,017)** | **(41,296)** | **(29,494)** | **(40,856)** |
| **Adjustments to reconcile loss to cash provided by (used in) operating activities:** | | | | |
| Depreciation | - | - | 8,607 | 7,889 |
| Amortization | - | - | 5,678 | 4,845 |
| Loss (gain) on sale of property, plant and equipment | - | - | 502 | 1,084 |
| Interest and inflation adjustment, net | - | - | 34,137 | 33,772 |
| Reduction in interest and fines on individual transaction with PGFN | - | - | - | - |
| Tax loss carryforwards on individual transaction | - | - | - | - |
| Provision for risks | - | - | 2,431 | 1,148 |
| Allowance for adjustment of inventories to market value and obsolescence | - | - | 71 | 89 |
| Recognition (reduction) of allowance for expected credit losses | - | - | 1,561 | (635) |
| Share of profit (loss) of investee | 29,440 | 40,921 | - | - |
| **(Increase)/decrease in assets and liabilities** | | | | |
| Trade receivables | - | - | (25,750) | (22,546) |
| Inventories | - | - 14 | (784) | 14,185 |
| Recoverable taxes | (13) | (154) | (1,150) | 10,430 |
| Judicial deposits | | | (81) | 138 |
| Other assets, net | - | - | 2,220 | 1,174 |
| Trade payables | - | - | (18,237) | 6,978 |
| Payroll, accrued vacation and related taxes | - | - | 21,169 | 13,162 |
| Advances from customers | - | - | 14,234 | (11,630) |
| Taxes payable and taxes in installments | - | - | 8,265 | 1,865 |
| Provision for risks (payments) | - | - | (736) | (1,026) |
| Other liabilities, net | - | - | (9,973) | (9,190) |
| Interest paid | - | - | (15,475) | (16,913) |
| **Net cash provided by (used in) operating activities** | **(590)** | **(543)** | **(2,805)** | **(6,037)** |
| **Cash flows from investing activities** | | | | |
| Acquisition of property, plant and equipment | - | - | (4,246) | (8,618) |
| **Net cash used in investing activities** | **-** | **-** | **(4,246)** | **(8,618)** |
| **Cash flow from financing activities** | | | | |
| Borrowings | - | - | 72,900 | 37,565 |
| Repayment of borrowings and financing (principal) | - | - | (53,223) | (37,197) |
| Increase (decrease) in intragroup loans, net | (7,228) | (12,876) | 117 | (37) |
| **Net cash used in financing activities** | **(7,228)** | **(12,876)** | **19,794** | **331** |
| **(Decrease)/increase in cash and cash equivalents** | **(7,818)** | **(13,419)** | **12,743** | **(14,324)** |
| Cash and cash equivalents at beginning of year | 13,833 | 18,156 | 16,841 | 24,815 |
| Cash and cash equivalents at end of year | 6,015 | 4,737 | 29,584 | 10,491 |
| **(Decrease)/increase in cash and cash equivalents** | **(7,818)** | **(13,419)** | **12,743** | **(14,324)** |

**The accompanying notes are an integral part of the individual and consolidated interim financial information**

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## Statements of value added

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2024 | 03/31/2023 | 03/31/2024 | 03/31/2023 |
| **Revenues** | | | | |
| Sales of goods, products and services | - | - | 308,363 | 272,461 |
| Allowance for (reversal of) expected credit losses | - | - | (1,561) | - |
| | - | - | 306,802 | 272,461 |
| **Inputs acquired from third parties** | | | | |
| Cost of sales | - | - | (108,032) | (98,674) |
| Materials, electric power and outside services | (193) | (175) | (41,675) | (54,702) |
| Other | - | - | (71) | (89) |
| | (193) | (175) | (149,778) | (153,465) |
| **Gross value added** | **(193)** | **(175)** | **157,024** | **118,996** |
| Depreciation, amortization and depletion | - | - | (14,284) | (12,734) |
| **Wealth created by the Company** | (193) | (175) | 142,740 | 106,262 |
| **Wealth received in transfer** | | | | |
| Share of profit (loss) of investees | (29,440) | (40,921) | - | - |
| Finance income | 102 | 103 | 1,418 | 3,241 |
| Other | 0 | 0 | 59 | 57 |
| | (29,338) | (40,818) | 1,477 | 3,298 |
| **Total wealth for distribution** | **(29,531)** | **(40,993)** | **144,217** | **109,560** |
| **Wealth distributed** | **(29,531)** | **(40,993)** | **144,217** | **109,560** |
| Personnel | **421** | **198** | **77,568** | **65,749** |
| Salaries and compensation | 331 | 154 | 61,841 | 52,041 |
| Others | 90 | 44 | 15,727 | 13,708 |
| **Taxes and contributions** | **57** | **54** | **61,239** | **48,603** |
| Federal | - | - | 26,001 | 22,128 |
| State | - | - | 34,406 | 26,056 |
| Municipal | 57 | 54 | 832 | 419 |
| **Lenders and lessors** | **8** | **51** | **35,427** | **36,504** |
| Interest | 8 | 51 | 35,427 | 36,504 |
| **Shareholders** | | | | |
| Retained earning/accumulated losses | **(30,017)** | **(41,296)** | **(30,017)** | (41,296) |
| **Total wealth distributed** | **(29,531)** | **(40,993)** | **144,217** | **109,560** |

**The accompanying notes are an integral part of the individual and consolidated interim financial information**

## 1. General information

Plascar Participações Industriais S.A. ("Plascar S.A." or "Company"), headquartered in the city of Jundiaí, State of São Paulo, is a publicly traded company, with its shares listed on the BM&FBOVESPA (PLAS3). The Company's activity is represented by its ownership in subsidiary Plascar Indústria de Componentes Plásticos Ltda. ("Plascar Ltda." or "Plascar"), which operates in the automotive sector and is engaged in the manufacturing and sale of pieces and parts related to the interior and exterior finishing of motor vehicles.

Plascar Ltda. Ltda. has plants located in the cities of Jundiaí/SP, Varginha/MG, Betim/MG, and Caçapava/SP.

The plants operate primarily in the automotive sector, with a focus on serving vehicle manufacturers by providing bumpers, instrument panels, air diffusers, cup holders, door panels, parcel shelves, among other components. Plascar also engages in the manufacturing of non-automotive products, such as, for example, injection molding and assembly of supermarket carts, multi-purpose boxes, and card machines, an activity that accounts for less than 5% of the total assets, net revenue, and the profit consolidated in the Company.

By completion of the financial restructuring of the Company and its subsidiary on January 31, 2019, the controlling shareholding of Plascar S.A. was transferred to Pádua IV Participações S.A., with a 59.99% equity interest, which also includes Deise Duprat (formerly "Permali do Brasil Indústria e Comércio Ltda."), with an 18.44% stake; Postalis Instituto de Seguridade Social dos Correios e Telégrafos, with a 7.12% stake, and other individual shareholders which, collectively, hold 14.45% (Note 21).

This individual and consolidated quarterly financial information was authorized by the Board of Directors for issue on May 8, 2024.

<u>Financial position</u>

As of March 31, 2024, the Company has current liabilities exceeding current assets by R$ 277,509 (R$ 265,502 as of December 31, 2023), consolidated, and equity deficiency of R$ 439,208 (R$409,281 as of December 31, 2023), Parent and consolidated.

Additionally, the Company reported loss in the first quarter of 2024 and on a comparative basis, thus maintaining accumulated losses of R$ 1,371,063, Parent and consolidated (R$ 1,341,047 as of December 31, 2023).

On July 7, 2023, the Company completed the renegotiation of its tax liabilities with The National Treasury Attorney's Office ("PGFN") by joining the Individual Transaction (Note 26) arrangement whereby the Company was granted a discount on a significant portion of the respective late payment interest and fines.

Plascar still needs to raise funds from financial institutions; however, the Company has been able to raise borrowings under favorable terms and conditions.

In the first quarter of 2024, vehicle production in Brazil increased 0.4% compared to the first quarter of 2023, according to the Brazilian Association of Automotive Vehicle Manufacturers (“ANFAVEA”). The Company’s net revenue, in turn, recorded an 11.1% increase from the same quarter of 2023, which indicates continued gradual and consistent growth in volumes and an increase in market share.

According to ANFAVEA, vehicle production in 2024 is expected to grow 6.2% in 2024. Management believes that, if the cycle of interest rate cuts is maintained, the market should gradually improve its performance and see a rise in vehicle sales and, consequently, increased production for the Company.

The Company continues to take measures to increase its operating margins, by growing volumes, being engaged by automakers for new projects, reducing internal operating costs, improving margins and cash generation, and improving its margin and cash generation, as part of the Company’s restructuring process began in 2019.

Management also believes that the increase in revenue from the new projects initiated over the last quarters, coupled with those still in development, is a decisive factor to reverse of the quarterly losses reported by the Company.

2024 is expected to be a year of major challenges and volatility, given the global and national macroeconomic uncertainties. The Company will continue to seek all possible production efficiency gains to improve profitability and reverse its results, thereby consolidating the Company’s recovery.

<u>Corporate and financial restructuring</u>

The Extraordinary General Meeting held on December 13, 2018 unanimously approved the Company’s final debt restructuring plan which, in symmary, involve the assignment of approximately 90% of Plascar’s existing debt by the Company’s major creditors to the current Parent company,“Pádua IV Participações S.A.

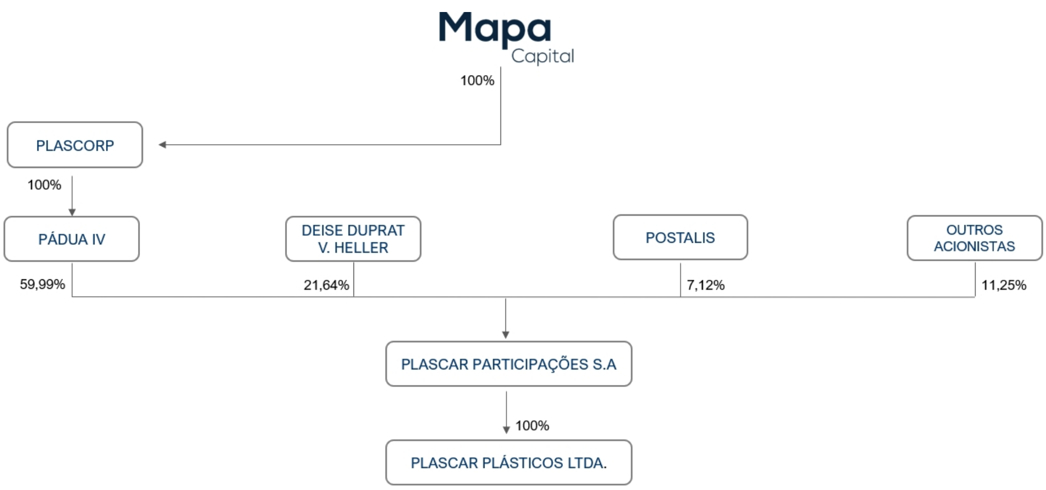
On January 31, 2019, following the Notice to Shareholders and Material Fact Notice disclosed to the market, the Company’s share capital was increased through the use of credits held against Plascar Ltda., by private subscription, in the amount of R$449,483, through the issue of 7,455,251 common shares at the unit issuance price of R$60.29 per common share. After the Capital Increase, the Company’s capital, which was R$481,972, divided into 4,970,167 common shares, increased to 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 equity and current liabilities were positively impacted by R$ 449,483 as a result of the capital increase.

In a material fact notice disclosed on November 18, 2022, Permali Indústria e Comércio Ltda. completed the sale of its entire equity interest in Plascar, representing 18.44% of the Company’s common shares, totaling 2,290,953 common shares, to Ms. Deise Duprat. As a result of the sale of Plascar shares, Permali no longer holds any interest in the Company while Ms. Deise Duprat now holds a significant stake of 21.64% in Plascar shares, represented by 2,689,653 common shares issued by the Company.

Permali was part of the Company's controlling group and a signatory to the Shareholders' Agreement signed on January 31, 2019. As the equity interest was sold, such Shareholders' Agreement ceases to have legal effects and is considered terminated by operation of law.

The ownership structure is as shown below:




## 2. Summary of significant accounting policies and presentation of interim financial information ("ITR")

The Company presents its individual interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by the Accounting Pronouncements Committee (CPC) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to the preparation of quarterly financial information, and presented in accordance with standards of the Brazilian Securities Commission (CVM).

As permitted by Circular Letter CVM/SNC/SEP 03/2011, the Company elected to present the notes to this interim financial information in a summarized manner in those cases of replication of the information presented in the annual financial statements. In these cases, it is recommended to include a reference to the complete note to the annual financial statements to avoid any misunderstanding of the Company's financial position and performance for the interim period. Accordingly, this interim financial information should be read together with the annual financial statements for the year ended December 31, 2023.

The basis of presentation and accounting policies are the same as those applied to the annual financial statements for 2023. 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 those of its subsidiary, as detailed below:

| | Direct equity interest | |
|---|---|---|
| | 03/31/2024 | 12/31/2023 |
| Plascar Indústria de Componentes Plásticos Ltda. (Plascar Ltda.) | 100% | 100% |

## 3. Key estimates and critical accounting judgments

Accounting estimates and judgments are continuously assessed and are based on past experience and other factors, including expected future events, that are deemed reasonable in the circumstances.

Based on assumptions, the Company makes forward-looking estimates. Given their nature, accounting estimates will hardly coincide with actual results. The estimates and assumptions that present a significant risk and probably would cause a material adjustment to the book value of assets and liabilities for the next year are as follows:

### (a) Income tax, social contribution, and other taxes

The Company is subject to income tax, and significant judgment is required to determine the provision for income tax, the final determination of which can be uncertain. The Company also recognizes provisions as a result of circumstances where it is probable that additional taxes are due.

When the final amount arising from these issues differs from the amounts initially estimated and recorded, these differences affect current and deferred tax assets and liabilities for the period in which the final amount is determined.

### *(b) Deferred taxes*

Deferred taxes arise from temporary differences identified at the end of the reporting period date between the tax base of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all temporary differences, except:

- When the deferred tax liability arises on the initial recognition of goodwill or an asset or a liability in a transaction other than a business combination and that, at the transaction date, does not affect the accounting income or the tax income or loss; and

- It is related to temporary differences arising on investments in subsidiaries, where the timing of the temporary difference reversal can be controlled and it is probable that such temporary differences will not be reversed in the near 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 future taxable income will be recorded to realize deductible temporary differences, except when the deferred tax asset related to the deductible temporary difference is generated on the initial recognition of the asset or liability in a transaction that is not a business combination and, on the transaction date, does not impact the accounting profit or profit or tax loss; and

- With respect to deductible temporary differences associated to investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the near future, and that taxable income will be available against which temporary deductible differences can be utilized.

**(c) *Impairment of non-financial assets***

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

## 4. Financial risk management

### 4.1. Financial risk factors

In the normal course of business, the Company is exposed to several financial risks: market risk (including currency risk and risk of fair value associated with interest rate), credit risk, and liquidity risk. The Company's risk management program is focused on the unpredictability of the financial markets and aims at minimizing adverse impacts on its financial performance.
The Company's Treasury function identifies, assesses and hedges the Company against possible financial risks in cooperation with the Company's operational units.

a) Market risk

i) *Currency risk*
The Company operates in foreign countries and is exposed to currency risk due to its exposure to certain currencies, basically US dollar. The currency risk arises from commercial transactions, assets and liabilities.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

As of March 31, 2024 and December 31, 2023, the Company has foreign currency assets and liabilities arising from imports, exports and intragroup loans and borrowings in the amounts shown below:

| | **Consolidated** | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Trade receivables (Note 7) | **7,412** | 7,299 |
| Trade payables (Note 16) | **(1,329)** | (1,474) |
| Net exposure | **6,083** | 5,825 |

ii) *Interest rate-related cash flow or fair value risk*

The Company does not have any significant assets yielding interest.

The Company's interest rate risk arises from borrowings and financing. Borrowings at variable rates expose the Company to interest rate-related cash flow risk. Borrowings bearing fixed interest rate 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, if all other variables remained constant, on the Company's pretax income (profit is affect by borrowings subject to floating rates).

| | **Impact on profit or loss for the year (1)** | | |
|---|---|---|---|
| **Financial liabilities** | **Scenario I Probable** | **Scenario II +25%** | **Scenario III +50%** |
| CDI | 9.75% | 12.19% | 14.63% |
| Borrowings and financing | (21,391) | (24,197) | (26,962) |
| Lease liabilities | (7,880) | (9,096) | (10,192) |

(1) Refers to a scenario of accrued interest for the lower of the next 12 months or expiry date of the contracts.

In the sensitivity analysis, the interest rate is based on the rates prevailing in the market.

The sensitivity analyses were prepared based on the net debt amount and the fixed interest rate in relation to floating interest rates of the debt as of March 31, 2024.

b) Credit risk

The credit risk is managed on a group-wide basis. The credit risk arises from credit exposures to original equipment manufacturer (OEM) and replacement/dealer (DSH) customers, including outstanding trade receivables and transactions under repurchase agreements. For banks and financial institutions, only trade notes issued by prime entities are accepted. The individual risk limits are set based on internal and external classifications in accordance with the limits established by the Board of Directors.
The use of credit limits is monitored on a periodic basis.

The possibility that the Company will incur losses due to financial problems with its OEM customers is reduced, considering the profile of such customers (automakers and other companies operating on a global basis). As of March 31, 2024 and December 31, 2023, the Company and its subsidiary do not have significant balances receivable from customers under the DSH category.

No credit limit was exceeded during the year, and Management does not expect any loss from these counterparties that exceeds the allowance for credit losses.

c) Liquidity risk

Cash flow is projected by the Company's operational entity and compiled by the Finance Department. The Finance area monitors the Company's ongoing forecasts on liquidity requirements to ensure it has sufficient cash to meet operating needs. This forecast takes into consideration the Company's debt financing plans, compliance with contractual clauses, compliance with internal statement of financial position ratio goals, and external regulatory or legal requirements, if applicable (for example, currency restrictions).

The Treasury invests cash surpluses in interest-bearing bank accounts, time deposits, short-term deposits and securities, by selecting instruments with adequate maturity dates or sufficient liquidity to meet the abovementioned provisions. As of March 31, 2024, the Company had short-term investments in the amount of R$ 4,392 (R$ 3,445 as of December 31, 2023), which are expected to immediately provide cash inflows to manage the liquidity risk.

The table below analyzes the Company's financial liabilities, by maturity ranges, corresponding to the remaining period from the statement of financial position date through the contractual maturity date. The amounts shown in the table are the contracted discounted cash flows and represent the expected cash disbursements (undiscounted), disregarding any banks' requirement of payment acceleration.

(In thousands of reais, unless otherwise stated)

| | Account balance | Financial flow | Up to 3 months | 4 to 12 months | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| As of March 31, 2024 | | | | | | |
| Borrowings and financing | **230,487** | **261,502** | **51,884** | **115,225** | **94,393** | - |
| Leases | **85,270** | **88,338** | **3,314** | **9,942** | **75,082** | - |
| Trade payables | **83,098** | **83,098** | **83,098** | - | - | - |
| Payables to related parties | **7,452** | **7,452** | - | - | **7,452** | - |
| Other liabilities | **245,758** | **295,347** | **14,867** | **24,846** | **110,190** | **145,444** |
| | **652,065** | **735,737** | **153,163** | **150,013** | **287,117** | **145,444** |

| | Account balance | Financial flow | Up to 3 months | 4 to 12 months | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| As of December 31, 2023 | | | | | | |
| Borrowings and financing | 204,437 | 247,967 | 57,624 | 79,769 | 106,756 | 3,818 |
| Leases | 90,683 | 94,584 | 7,151 | 21,451 | 64,829 | 1,153 |
| Trade payables | 100,185 | 100,185 | 100,185 | - | - | - |
| Payables to related parties | 8,351 | 8,351 | - | - | 8,351 | - |
| Other liabilities | 253,146 | 313,742 | 11,757 | 27,596 | 120,384 | 154,005 |
| | **656,802** | **764,829** | **176,717** | **128,816** | **300,320** | **158,976** |

## 4.2. Capital management

The objectives of the Company in managing its capital are to ensure that the Company is continuously capable of offering return to its shareholders and benefits to other related stakeholders and maintain an optimal capital structure to reduce this cost.

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Total borrowings (Note 15) | **230,487** | 204,437 |
| (-) Cash and cash equivalents (Note 6) | **(29,584)** | (16,841) |
| Net debt | **200,903** | 187,596 |
| Total equity | **(439,298)** | (409,281) |
| | **(238,395)** | (221,685) |

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

## 5. Financial instruments by category of fair value and carrying amount

The carrying amounts of the main financial instruments approximate their respective fair values and are classified as follows:

| Consolidated | March 31, 2024 Carrying amount | March 31, 2024 Fair value | December 31, 2023 Carrying amount | December 31, 2023 Fair value | Fair value measurement |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Fair value through profit or loss | | | | | |
| Cash and cash equivalents (Note 6) | **29,584** | **29,584** | 16,841 | 16,841 | Level 2 |
| Amortized cost | | | | | |
| Trade receivables (Note 7) | **101,271** | **101,271** | 77,082 | 77,082 | Level 2 |
| Other assets | **87,258** | **87,258** | 88,565 | 88,565 | Level 2 |
| **Financial liabilities** | | | | | |
| Amortized cost | | | | | |
| Trade payables (Note 16) | **83,098** | **83,098** | 100,185 | 100,185 | Level 2 |
| Borrowings and financing (Note 15) | **230,487** | **230,487** | 204,437 | 204,437 | Level 2 |
| Leases (note 14) | **85,270** | **85,270** | 90,683 | 90,683 | Level 2 |
| Related parties (Note 11) | **7,452** | **7,452** | 8,351 | 8,351 | Level 2 |
| Other liabilities (Note 20) | **245,758** | **245,758** | 253,146 | 253,146 | Nível 2 |

Hierarchy

The classification of financial assets and liabilities as amortized cost or at fair value through profit or loss is based on the Company's business model and the expected cash flow characteristics for each instrument.

The fair value of an instrument corresponds to its face value (redemption value) brought to present value by the discount factor (related to the instrument's maturity date) obtained from the market interest rate curve in Brazilian reais. The three fair value hierarchy levels are:

- Level 1: Prices quoted in an active marked for identical instruments;
- Level 2: Observable inputs other than prices quoted in an active market that are directly (as prices) or indirectly (that derives from prices) observable for the asset or liability; and
- Level 3: Instruments whose relevant factors are not observable market inputs.

## 6. Cash and cash equivalents

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2024** | **12/31/2023** | **03/31/2024** | **12/31/2023** |
| Cash and banks | **2,653** | 10,546 | **25,192** | 13,396 |
| Short-term investments | **3,362** | 3,287 | **4,392** | 3,445 |
| | **6,015** | 13,833 | **29,584** | 16,841 |

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

Short-term investments are mainly comprised of Bank Certificates of Deposits contracted with institutions operating in the national financial market, characterized by daily liquidity, low credit risk, and a return of 100% of the Interbank Deposit Certificate (CDI). The funds are used depending on the Company's immediate cash requirements.

## 7. Trade receivables

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Domestic customers | **92,415** | 64,972 |
| Foreign customers - third parties (Note 4.1) | **7,412** | 7,299 |
| Receivables from tools - Brazil | **11,360** | 13,166 |
| | **111,187** | 85,437 |
| Allowance for expected credit losses (impairment) | **(9,916)** | (8,355) |
| | **101,271** | 77,082 |

As of March 31, 2024, the Company has trade receivables in the amount of R$ 11,182 (R$ 15,276 as of December 31, 2023). Based on the characteristics of the underlying agreements, for better presentation, the Company decided to show the related effects in Borrowings (Note 15) as working capital.

As of March 31, 2024 and December 31, 2023 and 2022, the aging list of trade receivables is as follows:

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Current | **86,434** | 57,006 |
| Past due: | | |
| 1 to 30 days | **7,169** | 11,692 |
| 31 to 60 days | **1,627** | 2,977 |
| 61 to 90 days | **2,514** | 744 |
| Over 90 days | **13,443** | 13,018 |
| | **24,753** | 28,431 |
| Total | **111,187** | 85,437 |

As of March 31, 2024, the balance more than 90 days past due and not covered by an allowance primarily refers to sale of tools that are in the final phase of technical approval by customers, in the amount of R$ 3,527 (R$ 4,663 as of December 31, 2023). Management does not expect there is risk of loss.

Changes in the allowance for expected credit losses in the period ended March 31, 2024 and year ended December 31, 2023 are as follows:

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Opening balance | **(8,355)** | (9,138) |
| Changes | **(1,561)** | 783 |
| Closing balance | **(9,916)** | (8,355) |

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

## 8. Inventories

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Tools and molds under development intended for sale | **35,351** | 51,240 |
| Finished products | **8,509** | 5,739 |
| Work in process | **13,348** | 13,275 |
| Raw materials | **36,418** | 24,451 |
| Imports in transit | **3,319** | 1,795 |
| Maintenance and ancillary materials | **4,359** | 4,499 |
| Advances to suppliers | **974** | 495 |
| Allowance for adjustment of inventories to market value and obsolescence | **(2,551)** | (2,480) |
| | **99,727** | 99,014 |

Changes in the allowance for adjustment of inventories to market value and obsolescence in the period ended March 31, 2024 and year ended December 31, 2023 are as follows:

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Opening balances | **(2,480)** | (2,211) |
| Changes (Note 24) | **(71)** | (269) |
| Closing balances | **(2,551)** | (2,480) |

## 9. Recoverable taxes

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Exclusion of ICMS from PIS/Cofins calculation base (1) | **62,206** | 61,295 |
| ICMS on property, plant and equipment - CIAP | **4,890** | 4,966 |
| Others | **2,036** | 1,721 |
| | **69,132** | 67,982 |
| Current | **5,684** | 5,366 |
| Noncurrent | **63,448** | 62,616 |
| | **69,132** | 67,982 |

(1) Credit arising from the exclusion of ICMS from PIS/Cofins calculation base - Accounted for based on a final and unappealable decision on the matter.

(In thousands of reais, unless otherwise stated)

In 2010, the Company filed a court injunction claiming the exclusion of ICMS from PIS and Cofins calculation base. In September 2017, the Company obtained a favorable decision at the lower court and, in October 2019, obtained a new favorable judgment at the appellate level (STF). At the same time, the final judgment of the case occurred. Therefore, the Company started a procedure to identify the amounts paid improperly from 2005 onwards and claim their respective refund. The Company reliably calculated and quantified the respective amounts. On August 19, 2019, the Company obtained a favorable judgment for using the ICMS shown in invoices to calculate the credit. In the fourth quarter of 2019, based on its legal advisors' opinion and report, the Company recorded the amount of R$ 179,069 as recoverable taxes in the statement of financial position to offset against current taxes administered by the Brazilian Federal Revenue Service in future periods. The principal amount of the credits, net of attorneys' success fees, was recognized as other operating income, and the inflation adjustment amount was recognized in finance income, in the statement of profit and loss.

The approval and qualification of R$ 123,396 relating to part of the abovementioned credit with the Brazilian Federal Revenue Service for future tax offsetting occurred on January 3, 2020, while the remaining amount of the credit in the amount of R$ 55,673 will be subject to analysis by the Brazilian Federal Revenue Service for refund or future offsetting of previously installment taxes.

The Company offset a cumulative amount of R$ 133,942 through March 31, 2024.

## 10. Income tax and social contribution - tax provisions

a) Deferred income tax and social contribution

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Liabilities: | | |
| Property, plant and equipment - deemed cost (1) | **(446)** | (447) |
| Depreciation - revision of the economic useful life (2) | **(22,613)** | (22,089) |
| | **(23,059)** | (22,536) |

(1) Refers to deferred taxes calculated on the deemed cost of property, plant and equipment resulting from the recognition of their fair value in the initial adoption of CPC 27 (IAS 16).

(2) Refers to deferred taxes calculated on the difference in depreciation of fixed assets generated after a review of the economic useful life of the assets. Through December 31, 2010, the Company, as allowed by tax law, also considered for tax purposes the depreciation calculated based on the new economic useful lives of the assets. Since September 2011, the Company started using, for tax purposes, the depreciation calculated based on the useful life allowed by tax legislation and consequently recognized the corresponding deferred tax effects.

The Company has tax loss carryforwards and negative social contribution base in the amounts of de R$ 63,179 and R$ 74,181, respectively, as of March 31, 2024 (R$ 62,602 and R$ 73,604 as of December 31, 2023, respectively). Plascar Ltda. has tax loss carryforwards and negative social contribution base in the amounts of R$ 1,042,691 and R$ 1,035,656, respectively, as of March 31, 2024 (R$ 1,020,781 and R$ 1,013,746 as of March 31, 2024, respectively), for which deferred tax assets have not been fully recognized, as required by CVM Instruction 371, since the Company does not expect to generate future taxable income.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

As part of the tax debt restructuring with PGFN signed on July 7, 2023 (Note 26), the Company used R$ 178,542 to offset social security debts.

b) Changes in deferred tax liabilities

| | Consolidated | |
|---|---|---|
| | 03/31/2024 | 12/31/2023 |
| Opening balances | (22,536) | (20,502) |
| Deferred taxes on the realization of the deemed cost of property, plant and equipment arising from depreciation and write-off of these assets | 1 | 3 |
| Deferred taxes on the depreciation difference | (524) | (2,037) |
| Closing balances | (23,059) | (22,536) |

c) Reconciliation of income tax and social contribution expense

| | Consolidated | |
|---|---|---|
| | 01/01/2024 to 03/31/2024 | 01/01/2023 to 03/31/2023 |
| Loss before income tax and social contribution | **(29,494)** | (40,856) |
| Income tax and social contribution at statutory rates (34%) | **10,028** | 13,891 |
| Adjustments to effective rate: | | |
| Tax effect on unrecognized tax loss carryforwards (1) | **(10,551)** | (14,331) |
| Deferred income tax and social contribution expense | **(523)** | (440) |

Effect on tax loss carryforwards of Plascar S.A., which is not recognized as there is not expected future taxable income.

The discounts granted in the Individual Transaction with PGFN are deductible in the calculation of income tax and social contribution according to Law 13.988/20 Article 11, Paragraph 12.

## 11. Related parties

a) Management compensation

The monthly remuneration of the Board of Directors and Supervisory Board is comprised of a fixed compensation approved by the General Shareholders Meeting.

**(In thousands of reais, unless otherwise stated)**

The remuneration of the senior executives and management members of the Company and those of its subsidiary is comprised of a fixed compensation and a variable performance-based pay and supplementary benefits.

In the periods ended March 31, 2024 and December 31, 2023, the total management compensation was as follows:

| | 01/01/2024 to 03/31/2024 | 01/01/2023 to 03/31/2023 |
|---|---|---|
| Annual fixed compensation (1) | **2,147** | 1,690 |
| Annual variable compensation (2) | **2,089** | - |
| Management fees | **4,236** | 1,690 |

(1) Refers to salaries and management fees, vacation, 13th salary, pension fund, and payroll charges (INSS, FGTS, and others).

(2) Refers to profit sharing and bonus.

b) Balances and transactions

The Company and its subsidiary enter into loan agreements with related parties to meet immediate cash requirements, without having to go through the approval processes required by financial institutions. Such agreements are subject to the availability of funds and not compromising the cash flow of the lender. These loan contracts are entered into based on rates agreed upon between the parties.

The main asset and liability balances as of March 31, 2024 and December 31, 2023 , as well as the transactions that impacted profit or loss for the year are as follows:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2024 | 12/31/2023 | 03/31/2024 | 12/31/2023 |
| Current liabilities | | | | |
| Service agreements: | | | | |
| Mapa Capital Participações e Consultoria Ltda. (Mapa) (a) | **-** | - | **-** | 1,016 |
| | **-** | - | **-** | 1,016 |

(a) Recorded in trade payables.

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2024 | 12/31/2023 | 03/31/2024 | 12/31/2023 |
| Noncurrent liabilities | | | | |
| Intragroup borrowings: | | | | |
| Kielce Gestão de Ativos Ltda ME (b) | **-** | - | **7,452** | 7,335 |
| Plascar Ltda. | **24,582** | 31,810 | **-** | - |
| | **24,582** | 31,810 | **7,452** | 7,335 |
| | **24,582** | 31,810 | **7,452** | 8,351 |

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

| | Consolidated | |
|---|---|---|
| | **01/01/2024 to 03/31/2024** | **01/01/2023 to 03/31/2023** |
| Profit (loss) | | |
| Financial advisory services - Mapa Capital Participações e Consultoria Ltda. | 1,116 | 1,066 |
| | 1,116 | 1,066 |

c) Changes

| | Parent | Consolidated |
|---|---|---|
| **As of December 31, 2023** | **31,810** | **8,351** |
| Borrowings (payment) | (7,228) | (1,016) |
| (+) Accrued interest and IOF (tax on financial transactions) | - | 117 |
| **As of March 31, 2024** | **24,582** | **7,452** |

(a) On November 14, 2018, Plascar signed a financial advisory services contract with Mapa Capital, and this contract remains in effect to date.

The effects of the transactions on profit or loss correspond to inflation adjustment and exchange rate changes recorded in finance income (costs).

The loan agreement between the Company (lender) and Plascar Ltda. (borrower) is not subject, exceptionally, to finance charges, since the Company holds a 100%equity interest in Plascar Ltda. This agreement was signed on May 31, 2000 for purpose of adjusting the cash flow of Plascar Ltda., with indeterminate maturity date.

(b) On June 30, 2023, a debt acknowledgment agreement was signed with Kielse Gestão de Ativos-ME (lender), who became the holder of the debt amounting to R$ 7,335 with Plascar Ltda. (borrower).

## 12. Allowance for losses on investment in subsidiary

Changes in investments are as follows:

| | **03/31/2024** | **12/31/2023** |
|---|---|---|
| Opening balance | **(391,285)** | (392,394) |
| Share of profit (loss) of subsidiary | **(29,440)** | 1,109 |
| Closing balance | **(420,725)** | (391,285) |

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

Significant information on Plascar Ltda. is as follows:

| | 03/31/2024 | 12/31/2023 |
|---|---|---|
| Share capital | **838,565** | 838,565 |
| Total shares | **838,565,144** | 838,565,144 |
| Shares held | **838,565,144** | 838,565,144 |
| Ownership interest | **100%** | 100% |
| Subsidiary's equity | **(420,725)** | (391,285) |
| Equity interest in Plascar Ltda. | **(420,725)** | (391,285) |
| Profit (loss) for the period/year | **(29,440)** | 1,109 |
| Share of profit (loss) of investee | **(29,440)** | 1,109 |

In the three-month period ended March 31, 2023, Plascar Ltda., determined loss of R$ 40,920, resulting in the Company recognizing share of profit of subsidiary in the same amount.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

## 13. Property, plant and equipment

| | Buildings | Machinery and equipment | Molds | Furniture and fixtures | Company cars | IT equipment | Spare parts and materials | Advances to suppliers | Impairment allowance for advances and machinery and equipment (1) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 12/31/2022** | **23,461** | **316,696** | **669** | **348** | **108** | **1,169** | **5,720** | **45,253** | **(62,039)** | **330,485** |
| Acquisition | 317 | 21,458 | - | 150 | - | 120 | 1,579 | 973 | - | **24,597** |
| Write-offs, net | - | (409) | (2) | (20) | - | - | (1,619) | (1,479) | - | **(3,529)** |
| Depreciation | (348) | (31,756) | (219) | (80) | (61) | (140) | - | - | - | **(32,604)** |
| **At 12/31/2023** | **23,430** | **305,989** | **448** | **398** | **47** | **1,149** | **5,680** | **44,747** | **(62,939)** | **318,949** |
| Acquisition | 199 | 3,257 | - | 107 | - | - | 576 | 107 | - | **4,246** |
| Write-offs, net | - | (4,112) | - | - | - | - | (268) | (234) | 4,112 | **(502)** |
| Depreciation | (150) | (8,346) | (62) | (25) | (9) | (15) | - | - | - | **(8,607)** |
| **At 03/31/2024** | **23,479** | **296,788** | **386** | **480** | **38** | **1,134** | **5,988** | **44,620** | **(58,827)** | **314,086** |

(1) Refer to advances to suppliers for the acquisition of machinery and equipment to expand the operating and production capacity of the Company's manufacturing units, made between 2010 and 2011 to Sandretto and financed through BNDES program FINAME/PSI in the amount of R$ 44,084. Of the amount recorded as of December 31, 2019 and 2018, R$ 36,548 was advanced by financial institutions and R$7,536 was advanced to the supplier with own funds. After a thorough analysis with its legal advisors, the Company decided to recognize a loss on the total outstanding amount, totaling R$ 44,084 still in 2018. The Company has taken all possible legal actions and will continue to pursue its rights through legal means. However, the Company considers the possibility of receiving these assets in the short term to be unlikely, despite the lawsuit is still pending a decision.

In 2019, the Company recognized impairment of R$ 17,955 relating to machinery and equipment identified as nonoperating during the year. In the first quarter of 2024, the Company reversed R$ 4,112 by writing these assets off.

(In thousands of reais, unless otherwise stated)**

Land is not depreciated. Depreciation of other assets is calculated on a straight-line basis considering their costs and residual values over their estimated useful lives as of December 31, 2023 and March 31, 2024 is as follows:

| | **Useful life (years)** |
|---|---|
| Buildings | 25 to 50 |
| Machinery | 8 to 25 |
| Molds | 11 to 15 |
| Furniture and fixtures | 10 to 15 |
| Vehicles | 5 to 6 |
| IT equipment | 5 to 6 |

The Company's assets were appraised according to the market value of each asset, obtained by the result of the replacement value and the depreciation ratio, taking into account the useful life, age, remaining useful life, residual value, and depreciation, resulting in the net selling value exceeding their residual carrying amount, which indicates that recognizing an impairment allowance is not necessary.

There were no significant changes in the other information disclosed in this Note in relation to that disclosed in Note 2.8 to the annual financial statements for the year ended December 31, 2023.

## 14. Right-of-use assets and lease liabilities

a) Breakdown and summary of right of use of assets and lease liabilities

*Right of use of assets*

| | **03/31/2024** | **12/31/2023** |
|---|---|---|
| Opening balance | **73,272** | 79,271 |
| Additions [1] | **-** | 11,644 |
| Adjustments | **(29)** | 3,729 |
| Amortization | **(5,678)** | (21,372) |
| Closing balance | **67,565** | 73,272 |

*Lease liabilities*

| | **03/31/2024** | **12/31/2023** |
|---|---|---|
| Opening balance | **90,683** | 88,064 |
| Additions [1] | **-** | 11,644 |
| Adjustments | **(29)** | 3,729 |
| Interest | **2,278** | 10,011 |
| Payments | **(7,662)** | (22,765) |
| Closing balance | **85,270** | 90,683 |
| | | |
| Current | **36,222** | 36,167 |
| Noncurrent | **49,048** | 54,516 |
| | **85,270** | 90,683 |

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

1) the 1st quarter of 2022, lease contracts for properties located in Jundiaí-SP, Varginha-MG, and Betim-MG were renewed. The initial impact on assets and liabilities was R$ 79,054. Management considered an incremental rate of 12.25% for discounting the debt to the present value (APV). In the 2nd quarter of 2022, a vehicle lease contract was recorded. The initial impact on assets and liabilities was R$ 808. Management considered an incremental rate of 15.75% for discounting the debt to the present value (APV). In the 2nd quarter of 2023, a forklift lease contract was recorded. The initial impact on assets and liabilities was R$ 2,881. Management considered an incremental rate of 16.75% for discounting the debt to the present value (APV). In the 3rd quarter of 2023, lease contracts for IT equipment were recorded. The initial impact on assets and liabilities was R$ 1,797. The incremental rate used for this contract was CDI + 3% p.a. for discounting the debt to the present value (APV) and an addendum to the lease contract for the Caçapava-SP unit. The initial impact on assets and liabilities was R$ 6,966. Management considered an incremental rate of CDI + 3% p.a.% for discounting the debt to the present value (APV).

In the three-month period ended March 31, 2024, the Company recorded an expense of R$ 629 (R$ 185 as of March 31, 2023) relating to short-term leases (shorter than 12 months) or low-value assets involved in the contracts.

b) Lease payment schedule

| | **Consolidated** | | | | |
|---|---|---|---|---|---|
| | **03/31/2024** | | | | |
| | **Buildings** | **Forklifts** | **Vehicles** | **IT equipment** | **Total** |
| 2024 | 26,463 | 1,228 | 228 | 539 | 28,458 |
| 2025 | 27,836 | 546 | 95 | 721 | 29,198 |
| 2026 onwards | 27,376 | - | - | 238 | 27,614 |
| | **81,675** | **1,774** | **323** | **1,498** | **85,270** |

c) additional information - Official Circular Letter CVM/SNC/SEP 2,2019

As required by Official Circular Letter/CVM/SNC/SEP 02/2019, the Company adopted as accounting policy the requirements in CPC 06 (R2) / IFRS 16 in measuring and remeasuring its right of use and applied the discounted cash flow method without considering inflation.

To ensure fair representation of information in relation to CPC 06 (R2) requirements and to meet the guidelines of CVM technical areas, liability balances are provided without adjustment for inflation, at amounts actually accounted for (actual flow x nominal rate), and an estimate of the balances adjusted for inflation in the comparative periods (nominal flow x nominal rate).

Other assumptions, such as the maturity schedule of liabilities and interest rates used in the calculation, are disclosed in other items of this same explanatory note, as well as the inflation rates are observable in the market, so that nominal flows can be prepared by the users of the financial statements.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

The comparison of lease payment balances, with and without inflation projection, is shown below:

| | 2024 | 2025 | 2026 | 2027 onwards |
|---|---|---|---|---|
| **Lease liability** | | | | |
| Actual projection and nominal rate (accounted for) | **(85,270)** | (62,405) | (38,900) | (10,695) |
| Nominal projection and nominal rate | **(88,338)** | (65,138) | (40,563) | (12,476) |
| **Right of use of assets** | | | | |
| Actual projection and nominal rate (accounted for) | **67,565** | 50,556 | 29,176 | 8,290 |
| Nominal projection and nominal rate | **70,016** | 52,515 | 30,514 | 9,014 |
| **Finance charges** | | | | |
| Actual projection and nominal rate (accounted for) | **5,904** | 5,523 | 2,810 | 1,244 |
| Nominal projection and nominal rate | **5,659** | 5,128 | 2,224 | 1,581 |
| **Amortization expense - right of use** | | | | |
| Actual projection and nominal rate (accounted for) | **17,037** | 21,383 | 20,859 | 8,317 |
| Nominal projection and nominal rate | **17,503** | 21,999 | 21,473 | 9,095 |

## 15. Borrowings and financing

a) Summary of borrowings

| | | Consolidated | |
|---|---|---|---|
| **Type/purpose** | **Finance charges at 03/31/2024** | **03/31/2024** | **12/31/2023** |
| Working capital in local currency | 13.75% to 59.0% p.a. | **230,487** | 204,437 |
| **Total** | | **230,487** | 204,437 |
| Current | | **156,732** | 118,968 |
| Noncurrent | | **73,755** | 85,469 |
| | | **230,487** | 204,437 |

Part of the borrowing balance, R$ 6,612, is due to the debt with BNDES related to previous periods that was renegotiated by the Company at the time.

b) Changes

| | |
|---|---|
| **As of December 31, 2023 total working capital** | **204,437** |
| (+) Borrowings and financing | **72,900** |
| (-) Payment of principal | **(45,561)** |
| (-) Interest payment | **(14,327)** |
| (+) Accrued interest | **13,038** |
| **As of March 31, 2024 total working capital** | **230,487** |

(In thousands of reais, unless otherwise stated)

The noncurrent portion matures as follows:

| | Valor |
|---|---|
| 2025 | **30,646** |
| 2026 | **17,232** |
| 2027 | **15,319** |
| 2028 onwards | **10,558** |
| | **73,755** |

The working capital loans contracted by Plascar Ltda. are collateralized by machinery and equipment (CAPEX), and the remaining balances are collateralized by receivables and guarantees.

The Company monitors compliance with covenants included in loan agreements with financial institutions and, as of March 31, 2024 and December 31, 2023, is compliant with such covenants.

## 16. Trade payables

| | Consolidated | |
|---|---|---|
| | 03/31/2024 | 12/31/2023 |
| Domestic suppliers | **81,769** | 98,711 |
| Foreign suppliers (Note 4.1) | **1,329** | 1,474 |
| | **83,098** | 100,185 |

The terms and conditions for financial liabilities reflect the outstanding balance of trade payables with average payment term of 35 days (35 days as of December 31, 2023).

## 17. Payroll, accrued vacation and related taxes

| | Consolidated | |
|---|---|---|
| | 03/31/2024 | 12/31/2023 |
| Payroll taxes (1) | **26,591** | 31,760 |
| Labor indemnities | **137** | 151 |
| Accrued vacation pay and 13th salary | **27,963** | 30,446 |
| Accrued profit sharing | **9,518** | 15,781 |
| Others | **1,273** | 373 |
| | **65,482** | 78,511 |

(1) The Company completed the renegotiation of its tax liabilities with PGFN, which includes debts accumulated until January 2023. As part of the tax debt renegotiation, the Company obtained discounts on fines and interest totaling R$ 86,197 for social security debts and used tax losses of R$ 60,704 for offsetting. Finally, the Company offset R$ 521 with judicial deposits and R$ 4,859 with court ordered notes (Note 19).

(In thousands of reais, unless otherwise stated)

## 18. Advances from customers

| | Consolidated | |
|---|---|---|
| | 03/31/2024 | 12/31/2023 |
| Man | **1,071** | 2,185 |
| Fiat Automóveis | **1,952** | 2,613 |
| VW | **31,023** | 14,867 |
| Mercedes Benz | **5,000** | 5,001 |
| Volvo | **896** | 896 |
| Others | **3** | 149 |
| | **39,945** | 25,711 |

## 19. Commitments and provision for risks

a) Restructuring of rental debt

In January 2020, the Company completed the renegotiation of its rental debt, whose balance on December 31, 2019 was R$ 137,754, recorded as "Other liabilities" and "Lease liability", in current liabilities.

Upon completion of such restructuring, the inflation adjusted debt was divided into installments, with a grace period of over a year before the start of payments. The balance was transferred to line item "Other Liabilities", in noncurrent liabilities in January 2020.

In the second quarter of 2022, an agreement was entered into for the renegotiation of the outstanding rental debt for the period from January 2020 to December 2021 (Note 14.a).

Lawsuits - amounts involved and criteria for recognizing provisions for lawsuits assessed as probable loss

The Company is a party to several labor and social security, civil, and tax lawsuits. The Company assesses the risk of loss arising from pending litigation as "remote", "possible", and "probable", where "remote" indicates minimal risk of loss, "possible" indicates moderate risk of loss, and "probable" indicates a high risk of loss. The external legal advisors, assisted by the Company's legal counsel, carefully assess each new or ongoing lawsuit and classify them based on their best estimates of the outcome.

The risk classifications are revised on a monthly basis and can be changed whenever the legal advisors deem it necessary. Additionally, all lawsuits are adjusted for inflation based on the rates adopted by the courts to reflect the most accurate current economic situation of each process.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

For all cases assessed by the external and internal legal advisors as “probable loss”, the Company recognizes an individual provision in an amount sufficient to cover the estimated loss; such provision is properly calculated and determined through judicial accounting (in the case of the court) or accounting expert assistant (in the case of the Company), based on condemnatory judgments and/or any other decisions from higher courts (appellate level) issued by the courts that clearly indicate that the Company is obliged to make the payment in the short term due to the advanced stage of the process. Also, the Company adopts a policy whereby monthly provisions are made for labor lawsuits assessed as "possible loss", for which the Company estimates that settlement agreements will be made before the execution stage begins, recognizing only the estimated amount of the cash disbursement.

For lawsuits assessed as probable loss, provisions in the total amount of the risks are recognized, as shown below:

| | **Consolidated** | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Provision for social security and labor risks | **11,038** | 9,343 |
| | **11,038** | 9,343 |

In the six-month period ended March 31, 2024, changes in the provision for risks is as follows:

*Social security and labor*

| | **March 31, 2024** | | | |
|---|---|---|---|---|
| | **Opening balance** | **Additions** | **Payments** | **Closing balance** |
| Labor | 9,343 | **2,431** | **(736)** | **11,038** |
| | 9,343 | **2,431** | **(736)** | **11,038** |

b) Lawsuits assessed as possible loss for which no provision is recognized in the statement of financial position

The Company’s other lawsuits assessed by the external and in-house legal advisors as "possible" or “remote’ loss, no provision for risks is recognized. However, the Company discloses the amounts involved in such lawsuits as a way to provide sufficient knowledge and information to the market about all litigation to which the Company is a party. For new lawsuits, the amount reported by the Company considers the amount claimed (initial amount). As the lawsuit progresses, the legal advisors calculate the amounts involved in each case more accurately and revises the risk of loss arising from each lawsuit.

Lawsuits assessed as “possible” loss for which no provision was recognized are as follows:

| | **Consolidated** | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Tax | **6,352** | 5,247 |
| Labor | **24,126** | 22,177 |
| Civil | **1,591** | 1,409 |
| | **32,069** | 28,833 |

(In thousands of reais, unless otherwise stated)

c) Significant contingent assets

Plascar Ltda. is a plaintiff to two relevant lawsuits against FUNRURAL and ELETROBRÁS, with involved amounts of R$ 8,585 and R$ 19,249, respectively.

(i) The lawsuit against ELETROBRÁS, whose judgment was favorable to the Company, is at an advanced procedural stage, and the Company had already initiated the provisional execution process of the judgment, requesting 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, by which the ownership and economic benefits arising from this lawsuit would be assigned to third parties. Having not internally identified elements confirming such assignment of rights, the Company made a statement in the case, requesting more information on the matter and currently awaits the court's response.

(ii) The lawsuit against FUNRURAL was granted a final unappealable decision on September 4, 2001, granting Plascar the right to receive the amount of R$ 2,237 (Note 9). However, this amount was challenged by the Company regarding its inflation adjustment, which was not considered by the court. The Company offset 100% of the credit at the inflation-adjusted amount of R$ 4,859 (Note 17) in closing the Individual Transaction with PGFN signed on July 7, 2023.

## 20. Other liabilities

| | Consolidated | |
|---|---|---|
| | **03/31/2024** | **12/31/2023** |
| Rentals payable | **177,852** | 181,487 |
| Sundry creditors - agreements (1) | **55,770** | 61,341 |
| Other liabilities | **12,136** | 10,318 |
| | **245,758** | 253,146 |
| Current | **39,832** | 31,827 |
| Noncurrent | **205,926** | 221,319 |
| | **245,758** | 253,146 |

(a) Refers primarily to a debt acknowledgement agreement relating to the commercial transaction and debt restructuring made with the customer.

## 21. Equity

a) Share capital

As of March 31, 2024 and December 31, 2023, capital amounts to R$931,455, represented by 12,425,418 registered common shares, without par value.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

| | 03/31/2024 and 12/31/2023 | |
|---|---|---|
| **Shareholders** | **Number of shares** | **Ownership interest** |
| Pádua IV Participações | **7,454,491** | **60.00%** |
| Deise Duprat (1) | **2,689,646** | **21.64%** |
| Postalis | **884,712** | **7.12%** |
| Other shareholders | **1,396,569** | **11.24%** |
| | **12,425,418** | **100%** |

(1) In a material fact notice disclosed on November 18, 2022, Permali Indústria e Comércio Ltda. completed the sale of its entire equity interest in Plascar, representing 18.44% of the Company's common shares, totaling 2,290,953 common shares, to Ms. Deise Duprat. As a result of the sale of Plascar shares, Permali no longer holds any interest in the Company while Ms. Deise Duprat now holds a significant stake of 21.64% in Plascar shares, represented by 2,689,653 common shares issued by the Company.

Permali was part of the Company's controlling group and a signatory to the Shareholders' Agreement signed on January 31, 2019. As the equity interest was sold, such Shareholders' Agreement ceases to have legal effects and is considered terminated by operation of law.

The share issuance price was set without unjustified dilution for the current shareholders of the Company, considering the methodologies permitted by article 170, Paragraph 1, of Brazilian Corporate Law, taking into account the Company's financial situation at that time, with high indebtedness and equity deficiency.

b) Compensation to shareholders – distribution of dividends

According to the Company's Bylaws, shareholders are entitled to receive a minimum annual dividend of 25% of the adjusted net for the year as provided for in articles 189 and 202 of Law No. 6,404/76. Due to the losses incurred, no dividend distribution was made in the period ended March 31, 2024, December 31, 2023 and prior years.

## 22. Earnings per share

Basic earnings (loss) per share are calculated by dividing profit (loss) for the year attributable to holders of the Parent's common shares by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share are calculated by dividing profit (loss) for the year attributable to the holders of the Parent's common shares by the weighted average number of common shares outstanding in the year plus the weighted average number of common shares that would be issued if all potential diluted common shares were actually converted into common shares.

The table below shows earnings and shares used to calculate basic and diluted earnings (loss) per share for the quarters ended March 31, 2024 and 2022 (in thousands, except value per share):

| | Basic | |
|---|---|---|
| | **01/01/2024 to 03/31/2024** | **01/01/2023 to 03/31/2023** |
| Numerator: | | |
| Loss for the period | (30,017) | (41,296) |
| Denominator: | | |
| Weighted average number of shares | 12,425,418 | 12,425,418 |
| Basic and diluted loss per share - R$ | (2.42) | (3.32) |

## 23. Net operating revenue

| | Consolidated | |
|---|---|---|
| | **01/01/2024 to 03/31/2024** | **01/01/2023 to 03/31/2023** |
| Gross sales revenue | **313,039** | 275,218 |
| Taxes on sales | **(59,155)** | (48,194) |
| Returns and rebates on sales | **(4,676)** | (2,757) |
| | **249,208** | 224,267 |

Taxes on sales are basically the following: State value added tax - ICMS (7%, 12% and 18%), Federal VAT - IPI (5% and 15%), Tax on revenue (PIS) (1.65% and 2.30%), Tax on revenue - Cofins (7.60% and 10.80%).

(In thousands of reais, unless otherwise stated)

## 24. Breakdown of costs and expenses by nature

The Company elected to present the statement of profit and loss by function. Expenses by nature are as follows:

| | Consolidated | |
|---|---|---|
| | **01/01/2024 to 03/31/2024** | **01/01/2023 to 03/31/2023** |
| Raw materials, inputs, consumables and personnel expenses | **(186,162)** | (178,507) |
| Depreciation and amortization | **(14,285)** | (12,734) |
| Outside services | **(14,645)** | (17,182) |
| Freight on sales | **(7,427)** | (6,486) |
| Allowance for adjustment of inventories to market value and obsolescence (Note 8) | **(71)** | (89) |
| Others | **(22,444)** | (17,389) |
| | **(245,034)** | (232,387) |
| Classified as | | |
| Cost of sales | **(205,002)** | (199,606) |
| Selling expenses | **(15,852)** | (12,675) |
| Administrative and general expenses | **(24,180)** | (20,106) |
| | **(245,034)** | (232,387) |

## 25. Finance income (expenses)

| | Consolidated | |
|---|---|---|
| | **01/01/2024 to 03/31/2024** | **01/01/2023 to 03/31/2023** |
| Finance expenses | | |
| Interest and inflation adjustment | **(14,854)** | (17,570) |
| Finance charges on taxes overdue/in installments(1) | **(16,102)** | (14,146) |
| Adjustment to present value - leases (Note 14) | **(2,278)** | (2,479) |
| Exchange loss | **(263)** | (1,141) |
| IOF (tax on financial transactions) | **(1,000)** | (700) |
| Others | **(930)** | (468) |
| | **(35,427)** | (36,504) |
| Finance income | | |
| Interest and inflation adjustment (2) | **1,023** | 1,558 |
| Exchange gain | **391** | 1,677 |
| Others | **4** | 6 |
| | **1,418** | 3,241 |
| Finance income (costs) | **(34,009)** | (33,263) |

(1) Finance charges on taxes (PIS/Cofins and ICMS) overdue and in installments.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

## 26. Taxes payable

| | March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | | | In installments | | |
| | | | | Current | | |
| | Outstanding | Current | Past due | Current | Past due | Noncurrent |
| Individual Transaction PGFN | 103,295 | - | - | 6,562 | - | 96,733 |
| Ordinary installment plan PIS/COF/IPI (1) | 17,495 | - | - | - | 17,495 | - |
| PIS/Cofins (taxes on revenue)/ ISS (service tax) | 2,488 | 2,488 | - | - | - | - |
| ICMS ("Regularize" - MG) | 35,496 | - | - | 8,352 | - | 27,144 |
| State VAT (ICMS) | 54,622 | 1,648 | 10,751 | 20,199 | 3,388 | 18,636 |
| Others | 1,864 | 1,864 | - | - | - | - |
| | 215,260 | 6,000 | 10,751 | 35,113 | 20,883 | 142,513 |
| IRRF (Employees) | 4,141 | 2,800 | 1,341 | - | - | - |
| Severance Pay Fund (FGTS) | 6,962 | 1,072 | - | 1,159 | - | 4,731 |
| Employer's social security contribution (INSS) | 29,012 | 3,264 | 8,173 | 5,510 | - | 12,065 |
| Employer's social security contribution (INSS) | 2,297 | 1,110 | 1,187 | - | - | - |
| INSS Sesi Senai (Company) in installments | 3,258 | - | - | 1,533 | 34 | 1,691 |
| RFB Simplified tax debt refinancing plan | 110,901 | - | - | 23,196 | 2,098 | 85,607 |
| | 156,571 | 8,246 | 10,701 | 31,398 | 2,132 | 104,094 |
| **Sum (Company)** | 365,393 | 10,336 | 18,924 | 66,511 | 23,015 | 246,607 |
| **Sum (Employees)** | 6,438 | 3,910 | 2,528 | - | - | - |
| **Total** | 371,831 | 14,246 | 21,452 | 66,511 | 23,015 | 246,607 |

(1) The balance relating to this installment plan will be migrated to the Individual Transaction with PGFN signed on July 7, 2023, with all discounts and deductions provided under the signed Agreement.

The Company records a fine of 20% and inflation adjustments on overdue amounts at the rates provided by legislation.

<u>Extraordinary Transaction PGFN</u>

On May 30, 2022, the Company entered into an Extraordinary Transaction with PGFN to regularize the overdue balance previously included in PERT installment plan. The total amount involved is R$ 47,749 in 84 installments. The balance of this transaction was entirely transferred to the Individual Transaction with PGFN signed on July 7, 2023, with all discounts provided in the Transaction.

<u>Individual Transaction - PGFN</u>

Management concluded the renegotiation of its entire tax liability with PGFN, which includes debts accumulated until January 2023, under the Individual Tax Transaction program established by Law 14375/2022, whose regulatory ordinance was published on August 1, 2022. The Transaction agreement was signed on July 7, 2023, and all effects, fines and interest discounts, as well as the use of tax loss carryforwards and negative CSLL base, were recognized in the second quarter of 2023.

(In thousands of reais, unless otherwise stated)

All debts with the Social Security Department and Finance Department were negotiated, as shown below:

1) Social security debts: fine and interest discount totaling R$ 86,197, equivalent to 38% of the debt, use of tax loss carryforwards and negative CSLL base amounting to R$ 60,704, equivalent to 27% of the debt. The remaining balance was divided in 60 installments.
2) Debts with the Finance Department: fine and interest discount totaling R$ 30,309, equivalent to 49% of the debt. The remaining balance was divided in 120 installments.

After this transaction was recorded, the Company recorded a substantial decrease in current liabilities, improvement in results, and increase in equity, in addition to the use of part of the Company's accumulated tax losses. The positive impact on the Company's results was R$ 177,210, with fine discounts of R$ 75,894, interest discounts of R$ 40,612, and use of tax loss carryforward of R$ 60,704.

Below is a summary of the accounting effects of this transaction with PGFN:

| | PGFN - Social security debts | Debts with the Finance Department | Total |
|---|---|---|---|
| Original balance | 226,003 | 61,392 | 287,395 |
| Rebate - court-ordered notes ("precatórios") and other | (5,381) | (5,934) | (11,315) |
| Tax loss and negative social contribution base | (60,704) | - | (60,704) |
| Offset - fines and legal charges | (86,197) | (30,309) | (116,506) |
| Debt amortization through March 31, 2024 | (2,579) | (221) | (2,800) |
| Inflation adjustment | 5,950 | 1,275 | 7,225 |
| **Total** | **77,092** | **26,203** | **103,295** |

## 27. Employee benefits

Expenses on salaries, benefits and payroll taxes are as follows:

| | Consolidated | |
|---|---|---|
| | 01/01/2024 to 03/31/2024 | 01/01/2023 to 03/31/2023 |
| Payroll and related taxes | **62,819** | 54,000 |
| Profit sharing program | **2,878** | 2,537 |
| Severance costs | **562** | 254 |
| Benefits under labor legislation | **11,766** | 8,825 |
| Additional benefits | **105** | 133 |
| | **78,130** | 65,749 |

Additional benefits

addition to the usual benefits provided for by labor laws, the Company and its subsidiary grant their employees additional benefits contracted from third parties, such as: health care, collective transportation, meals, and childcare assistance.

**Notes to the Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2024 (In thousands of reais, unless otherwise stated)**

Profit sharing program

The Company and its subsidiaries have supplementary variable compensation plans that are based on the achievement of certain goals:

(i) Profit sharing program: The Company grants its employee profit sharing as determined by the collective bargaining agreement established between the Company, the employee committee, and the trade union, which sets goals that are monthly measured and disclosed. This plan is design to encourage development and productivity, providing opportunities for financial gains and effective share in the Company's results.

(ii) Short-term additional profit-sharing bonus plan: The Company also rewards managers and directors of the Company with a differentiated number of salaries. The profit-sharing due to employees holding these positions is based on the achievement of pre-set performance goals (individual and Company).

## 28. Noncash transactions

| | Consolidated | |
|---|---|---|
| | 03/31/2024 | 12/31/2023 |
| Right-of-use assets (Note 14) | - | 11,644 |
| Lease liabilities (Note 14) | - | (11,644) |

## 29. Insurance (unaudited)

The Company and its subsidiary have policies for different lines of insurance contracted with the main insurance companies in Brazil. These policies were defined according to the Group program and took into account the nature and the degree of risk involved.

As of March 31, 2024, the insurance coverage for operational risks combined with loss of profit was R$ 750,000 (R$ 750,000 as of December 31, 2023) and R$ 10,000 (R$ 10,000 as of December 31, 2023) for civil liability.

The Company does not expect to face any problems to renew its insurance policies and believes that the insurance coverage is reasonable in terms of amount and compatible with the insurance sector standards in Brazil.

## 30. Explanation added to the English version

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

**Board of Directors**

Paulo André Porto Bilyk
Chairman of the Board of Directors

João Luís Gagliardi Parlermo
Counselor

Paulo Alberto Zimath
Counselor

Antonio Farina
Counselor

Daniel Alves Ferreira
Counslor

**Executive Board**

José Donizeti da Silva
Executive Officer

Paulo Silvestri
Chief Executive Officer

Rodrigo Cartagena do Amaral
Chief Financial Officer
Chief Investor Relations Officer

**Non-statutory Executive Board**

Daniel Paulo Fossa
Commercial Director

Marcelo Casagrande
Industrial Operation Director

Ana Lúcia de Aguiar Zacariotto
Human Resources Director

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

**Supervisory Board**

Luiz Carlos Zavata
Counselor

Charles Dimetrius Popoff
Counselor

Maria Gustava Heller Brito
Counselor