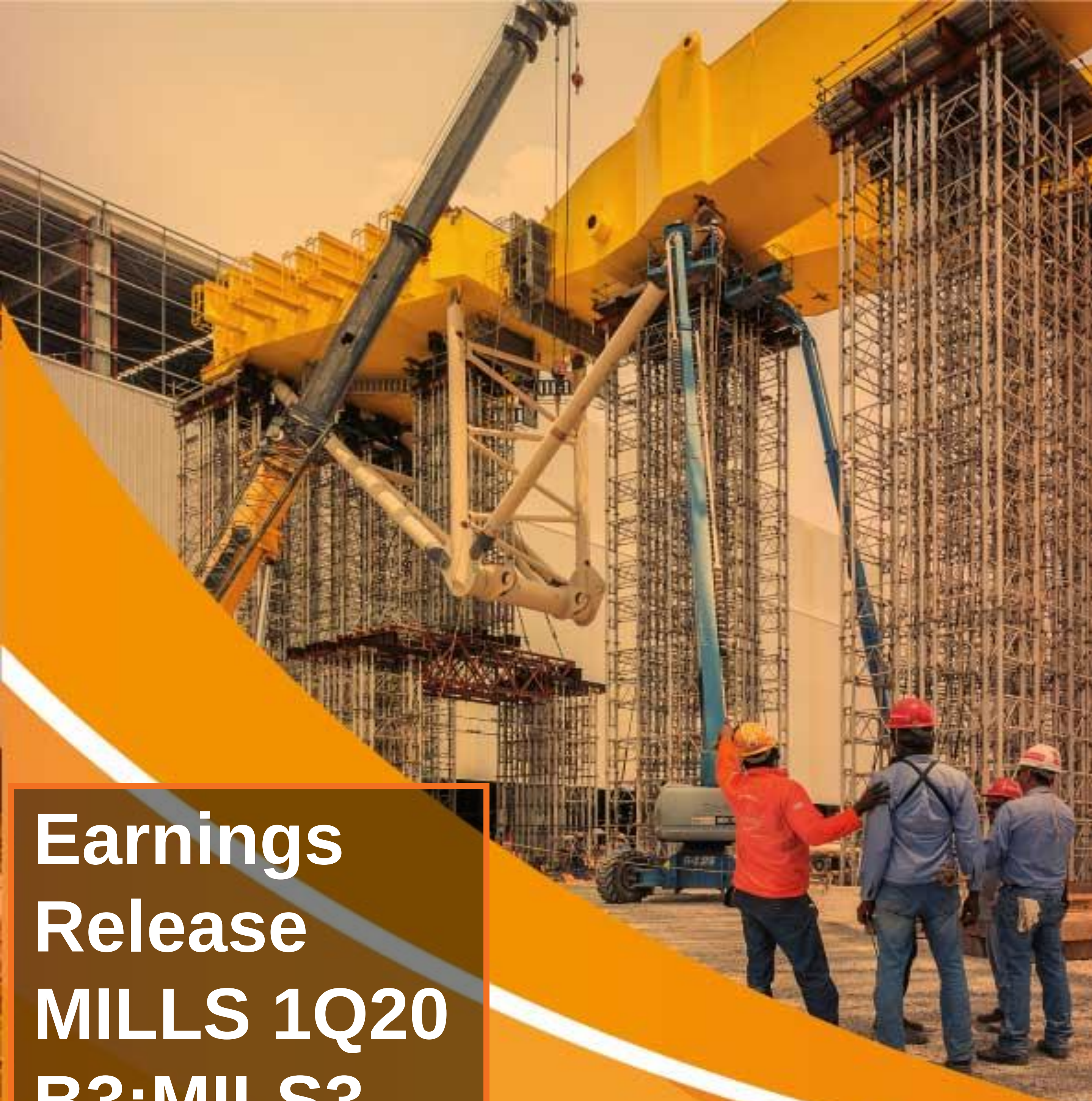


# Earnings Release MILLS 1Q20 B3:MILS3

**Teleconference and Webcast**

**Date: May** 15, 2020, Friday

**Time:** 1pm New York time | 2pm Rio de Janeiro time | 6pm London time

**Teleconferência:** +1 (844) 204-8942 (US/Toll free) or +1 (412) 717-9627 (Other countries) | Code: Mills

**Webcast:** [click here]

The financial and operational information contained in this press release, except as otherwise indicated, is in accordance with the accounting policies adopted in Brazil, which are in compliance with the International Financial Reporting Standards - IFRS.

# 1. Management Comments

**Rio de Janeiro, May 14, 2020 - Mills Estruturas e Serviços de Engenharia S.A. (Mills) announces its results for the first quarter of 2020 (1Q20)**.

Before discussing Mills' performance in 1Q20, we would like to address the theme of COVID-19, given its relevance, and the measures adopted by the Company to combat this crisis.

As widely disclosed, on March 20, 2020, the Federal Senate recognized a state of public calamity in Brazil due to the pandemic caused by COVID-19. The virus, which unfortunately had already victimized and still victimizes thousands of people in the world, also had an impact on the international and Brazilian economies, disrupting their growth trend and probably leading to recessions in 2020, according to the opinion of economists and market analysts.

As a differential to face this new moment, the Company: (i) has net cash and an extended debt profile, and it has a privileged situation for the most diverse scenarios; (ii) it is more robust with the business combination with Solaris; (iii) its revenues arise from various segments of the economy and regions of Brazil, and this has the potential to mitigate the impacts on the top line; (iv) it has an experienced team, shaped by the last years of economic crisis in Brazil; (v) immediately created an Internal Committee with a multidisciplinary profile exclusively to address the various aspects of the theme; (vi) increased the frequency of Board of Directors meetings; and (vii) implemented actions on several fronts, such as:

✓ Health and safety of employees, their families and society in general

With the definition of measures, policies and protocols throughout the Company, there was an increase in the home office modality, the adoption of alternate shift systems for the operational team, the availability of reusable cotton masks for employees, the reinforcement of internal communication, suspension of travelling, events with gatherings and enhancement of cleaning procedures, among other actions.

✓ Continuity of commercial and operational activities

Thus, commercial and operational activities were maintained in more than 95% of the Company's branches throughout Brazil, ensuring service to its customers, notably those included in the so-called essential services, operating in 7 field hospitals, for example. Even looking for new business opportunities, it is important to note that the impacts of the slowdown in economic activity began to be noted in the Company as from the end of March, and in April there was a reduction in rental revenue of approximately 30% in the Rental Business Unit, with no concentration of any specific sector of the economy, and approximately 10% in the Construction Business Unit, both in relation to their monthly averages in 1Q20, not being possible yet to properly estimate the behavior of activities in the coming months.

✓ Capital discipline, expense reduction and balance sheet performance

Although the receipts for April were equivalent to 1Q20 monthly average, aiming to tackle the mentioned economic and financial impacts and improve the Company's positioning when growth is resumed, alternatives for preserving cash are under analysis, and some actions have already been implemented, highlighting: (i) interruption of investments, including those intended for integration of branches, in which case there is an additional limitation due to movement restrictions; (ii) matrix management of expenses; (iii) renegotiation of accounts payable to suppliers in order to offset the impacts of renegotiation with customers; (iv) reinforcement of collection actions; (v) reassessment of the indebtedness profile, which has already resulted in the one-year extension of the payment term for Solaris debentures; and (vi) monitoring and adopting, whenever possible, Federal Government measures.

# 1. Management Comments (Cont.)

Considering the above and the various risks and uncertainties to which the Company is subject, Management repeatedly performs numerous stress tests based on different economic scenarios for 2020 and their potential impacts on the Company. For each scenario, it designs actions aimed at maximizing its economic and financial result, without neglecting its responsibility to the society and its employees. Thus, the Company has been working on successive contingency plans, putting them into practice as needed, confident in overcoming this crisis and in a better future for Brazil and the World.

Now addressing 1Q20 results, since the closing of the Business Combination with Solaris on May, 2019, we have unified 11 of the 17 branches planned to be unified by the end of 2020; we have integrated 100% of the commercial teams and processes, our People and Management area, HSE and others; the adjustment of processes, infrastructure, systems and the development of a new organizational culture are in progress, but their schedule was impacted by the pandemic as well.

The consolidated adjusted EBITDA of the Rental business unit closed the 1Q20 in approximately R$ 40 million, being 105.8% higher than the 1Q19 (17.8% if compared to the combined* data) mainly due to the higher volume of business with Solaris, capturing synergies, better equipment utilization rate and a larger price base. The reduction of 7.5% in relation to 4Q19, is basically due to the seasonality of use verified also in previous years, with such reduction in volume being compensated in large part by higher prices, according to the commercial strategy adopted for Rental in the quarter.

In the Construction business unit, we reached a negative adjusted EBITDA of R$ 0.8 million in 1Q20, in line with the search for a cash proxy EBITDA breakeven in the recurring activities of this business unit.

More information on the 1Q20 results can be found on the following pages.

Good reading!

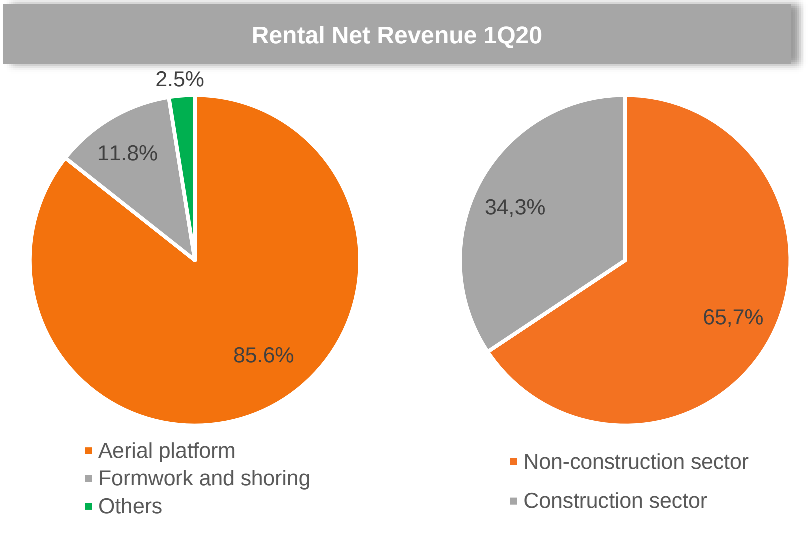
*for a better understanding of this report, the mention of “combined” information, refers to the sum of Mills and Solaris results for the specified period. When not mentioned or when the term “consolidated” is used, it refers to the effects of Solaris on Mills only as from May 2019, when the business combination was carried out.

## 2. Highlights

The main consolidated highlights for 1Q20 were:

- Adjusted EBITDA* in the amount of R$ 39.1 million in 1Q20, being 4.5% higher than 4Q19;
- Adjusted Operating Cash Flow[1] in the amount of R$ 33.2 million in 1Q20 being 10.3% higher than 4Q19;
- 4th issue of simple debentures, not convertible into shares, of security interest type, in a single series in the amount of R$ 100 million in March;
- Cash balance in the amount of R$ 248.0 million as of March 31, 2020, gross debt at R$ 187.6 million and, thus, a net cash of R$ 60.3 million;
- Beginning, at the end of March, of the impacts caused by COVID-19 on the Company.

| Consolidated Data in R$ million | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| Net revenue | 71.0 | 138.5 | 126.1 | 77.5% | -9.0% |
| CVM EBITDA | 21.8 | 39.1 | 42.6 | 95.5% | 9.0% |
| CVM EBITDA margin (%) | 30.7% | 28.2% | 33.8% | | |
| EBIT | -10.4 | -0.2 | 2.5 | 124.1% | 1227.3% |
| EBIT margin (%) | -14.6% | -0.2% | 2.0% | | |
| Adjusted EBITDA* | 15.7 | 37.4 | 39.1 | 149.0% | 4.5% |
| Adjusted EBITDA margin* (%) | 23.0% | 28.2% | 31.0% | | |
| Adjusted operating cash flow[3] | 18.3 | 30.1 | 33.2 | 81.4% | 10.3% |
| Adjusted free cash flow to the firm[3] | 17.3 | 25.3 | 30.4 | 76.1% | 20.4% |



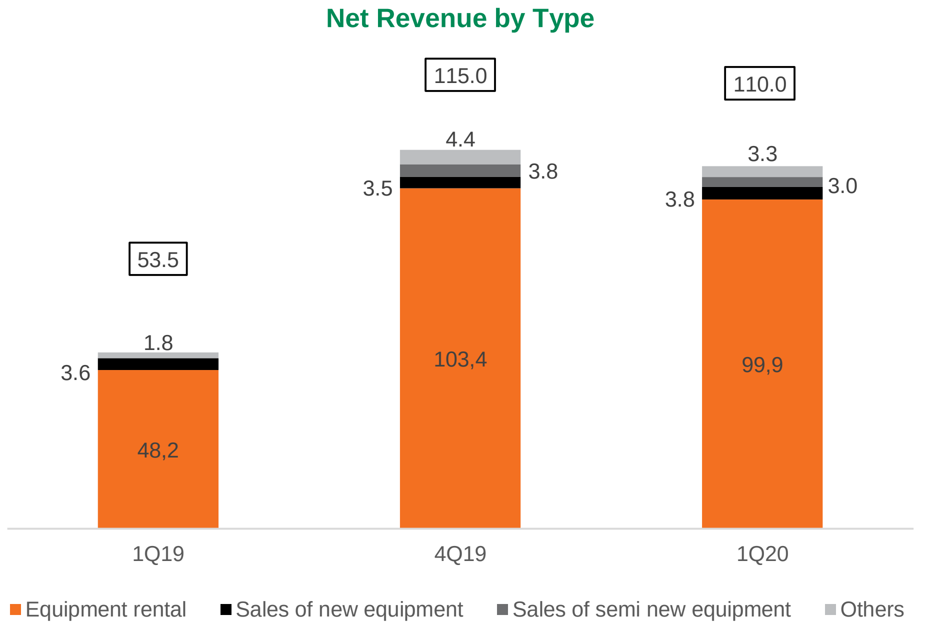

* Excluding IFRS 16 effect and non-recurring items (Construction unit restructuring expenses, liabilities from Industrial Services business unit and expenses related to Solaris business combination project)

[1]For adjusted operating cash flow, interest on debentures and Finame, investment in lease and interest, and active and passive inflation adjustments (cash) are not included. For adjusted free cash flow to the firm, interest on debentures and Finame, interest, and active and passive inflation adjustments (cash) are not included.

# 3. Rental

In R$ million

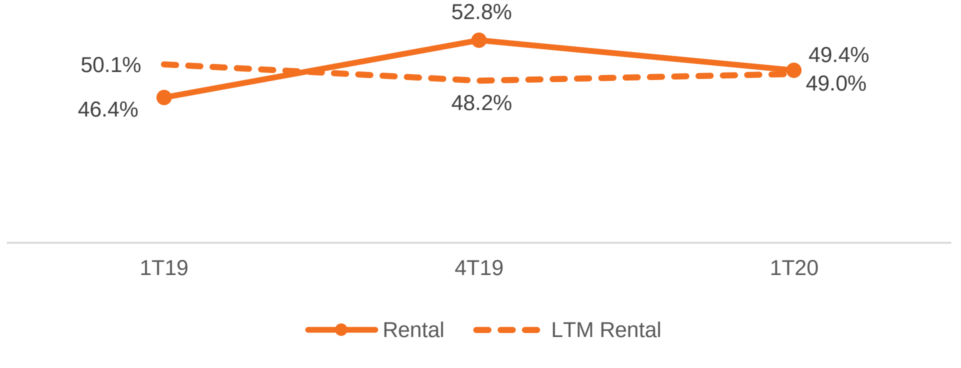
## 3.1 Consolidated Net Revenue




Rental's net revenue in 1Q20 amounted to R$ 110.0 million, 4.4% lower than the previous quarter due to: (i) the period seasonality, which has historically led to a drop in usage in the first quarter of the year as compared with the fourth quarter of the previous year; and (ii) the reduction in service revenue. Rental revenue accounted for 90.8% of total net revenue and the revenue from sales of new and used equipment accounted for 6.2%.

The average utilization rate in the quarter showed a 3.4 p.p. decrease as compared to 4Q19, reaching a level of 49.4%, as shown in the graph below. This reduction is mainly due to the increased demand for equipment for end-of-year services, such as industrial inventories and trade ornaments for Christmas, which are returned at the beginning of the following year. On the other hand, the average rental price for the quarter was 2.5% higher than the previous quarter, evidencing the continuity of the price recovery strategy.

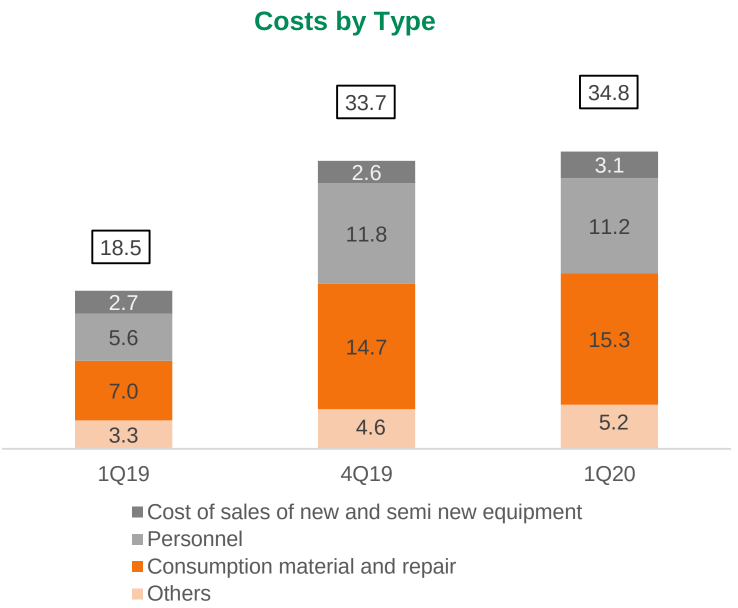
## 3.2 Utilization Rate (Volume)

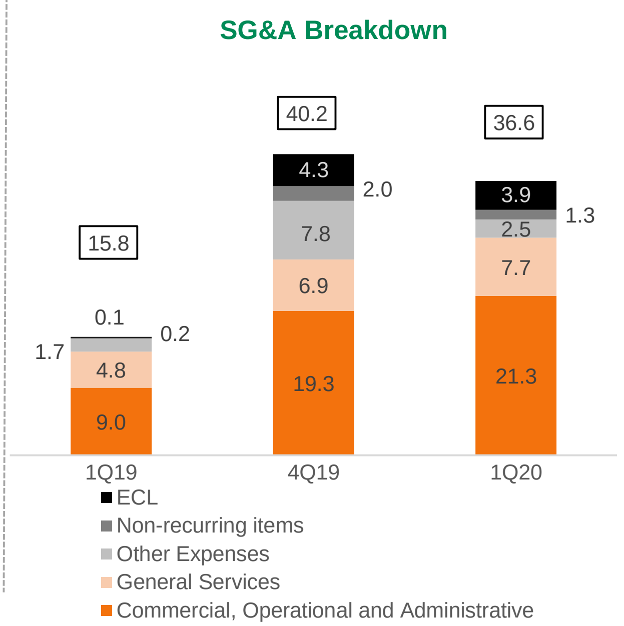


# 3. Rental

In R$ million

## 3.3 Consolidated Costs and Expenses




Consolidated costs in 1Q20 (excluding depreciation and IFRS16) amounted to R$ 34.8 million, of which: 44.1% with consumables (such as batteries, inks, electrical, hydraulic equipment, etc.) which are directly linked to the volume rent, 32.1% were personnel costs and 9.0% related to sales cost of new and used equipment. The 3.2% increase as compared to the previous quarter, is mainly due to: (i) extemporaneous PIS and COFINS credits in 4Q19 of R$ 1.4 million and non-existence of credits in 1Q20; and (ii) an increase in the cost of selling used equipment as compared to 4Q19, but still maintaining a good margin. Compared to 1Q19, the increase in costs is mainly due to the business combination with Solaris in May 2019.

Expenses (excluding depreciation and IFRS16) amounted to R$ 36.6 million in the quarter, of which R$ 12.1 million refer to personnel expenses (commercial and administrative staff). The 8.9% decrease versus the previous quarter is mainly due to: (i) the decrease in non-recurring expenses for Solaris integration; and (ii) the reduction in administrative expenses and provisions. The reduced amount of Other Expenses is mainly due to an adjustment in the provision for profit sharing in 4Q19 and the decrease in non-operating expenses in 1Q20. Non-recurring expenses are addressed in item 6 of this Earnings Release. The increase in expenses versus 1Q19 is due to the business combination with Solaris.

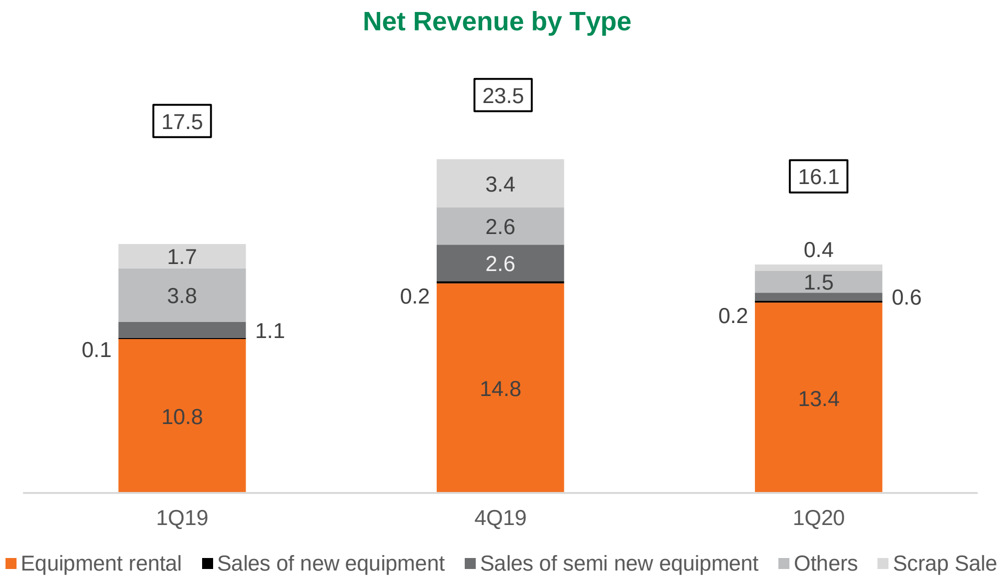
## 3.4 Rental EBITDA

| Consolidated Data in R$ million | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| Net Revenue | 53.5 | 115.0 | 110.0 | 105.6% | -4.4% |
| CVM EBITDA | 21.7 | 43.9 | 42.7 | 96.7% | -2.7% |
| CVM EBITDA margin (%) | 40.5% | 38.2% | 38.8% | | |
| Adjusted EBITDA* | 19.4 | 43.1 | 39.9 | 105.8% | -7.5% |
| Adjusted EBITDA margin* (%) | 36.2% | 37.5% | 36.3% | | |
| EBIT | 3.1 | 17.3 | 14.9 | 372.1% | -14.3% |
| EBIT margin (%) | 5.9% | 15.1% | 13.5% | | |

# 4. Construction

In R$ million

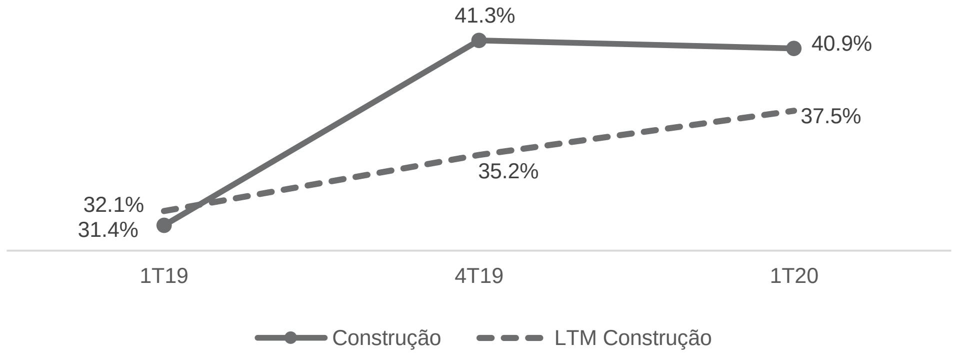
## 4.1 Net Revenue by Type




Construction net revenue amounted to R$ 16.1 million in 1Q20, 31.5% lower than the previous quarter, mainly due to the volume reduction of equipment sold as used or scrap, aligned with the evolution of the Business Unit resizing project. Rental revenue amounted to R$ 13.4 million, and accounted for 83.3% of net revenue for the period with the average volume rented in the quarter 0.4 p.p. lower than the previous quarter. In 1Q20, we had a positive result in the sales of used equipment/scrap in the amount of R$ 0.4 million. We ended the quarter with approximately 54 thousand tons in capacity.

As widely disclosed, the Company has reduced its equipment capacity during the last few years as a result of the postponement of the recovery of the infrastructure sector, the low utilization rate and the need to open physical area at the branches in order to absorb the rental equipment coming from Solaris. Even with this adjustment, completed in 2019, the Company will still be able to meet the construction pipeline expected for the coming years. Sales in 2020 return to a recurring level of business and the Company no longer aims to reduce its capacity.

## 4.2 Utilization Rate (Physical)

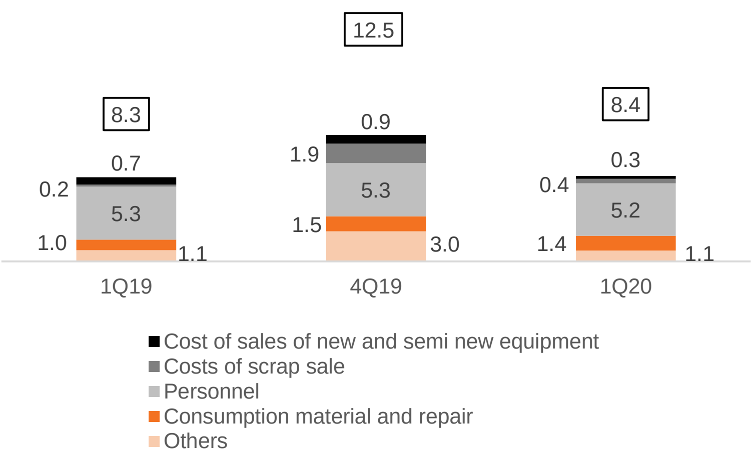


# 4. Construction

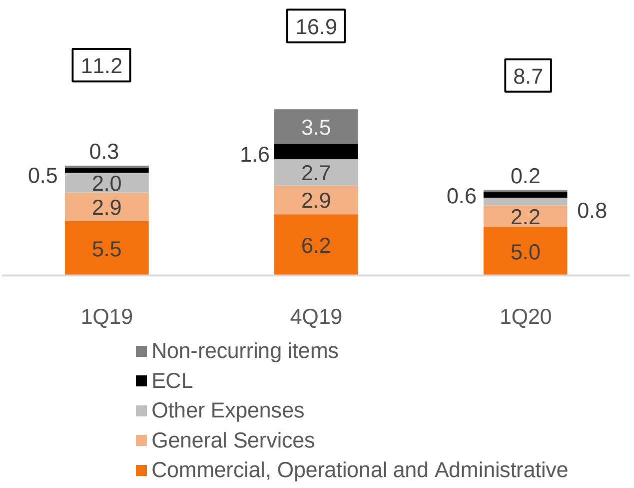
In R$ million

## 4.3 Costs and Expenses

Costs by Type




SG&A Breakdown




In 1Q20, costs (excluding depreciation and IFRS16) reached R$ 8.4 million, 32.5% lower than the previous quarter, mainly due to the reduction in sales costs of used equipment/scrap and indemnity, proportional to the drop in revenue, in amount of R$ 3.5 million.

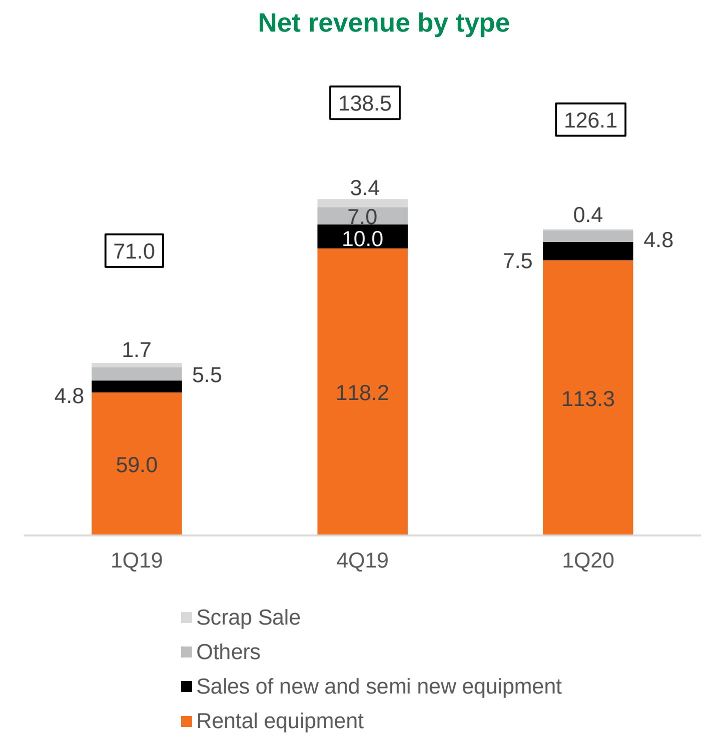
Expenses (excluding depreciation and IFRS16) amounted to R$ 8.7 million in the quarter, of which R$ 3.3 million refer to personnel. As compared to the previous quarter, there was a reduction in the amount of R$ 8.3 million, mainly due to: (i) the decline in the unit's resizing expenses; (ii) the drop in administrative expenses and general services; and (iii) the reduction in ECL.

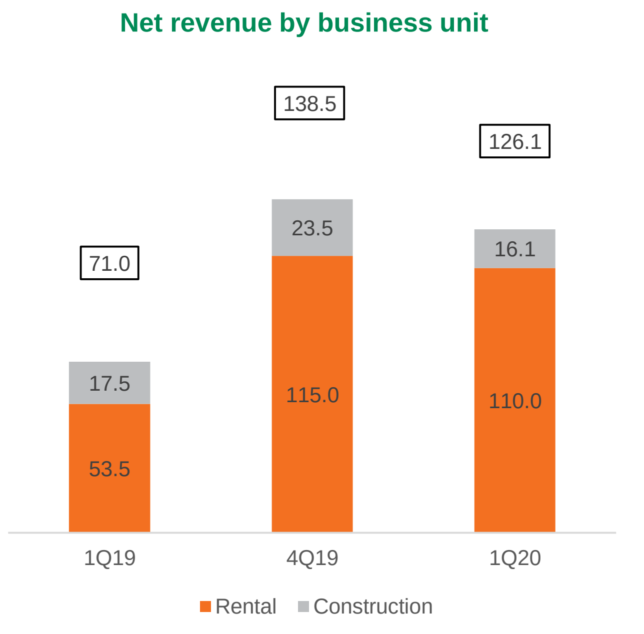
## 4.4 Construction EBITDA

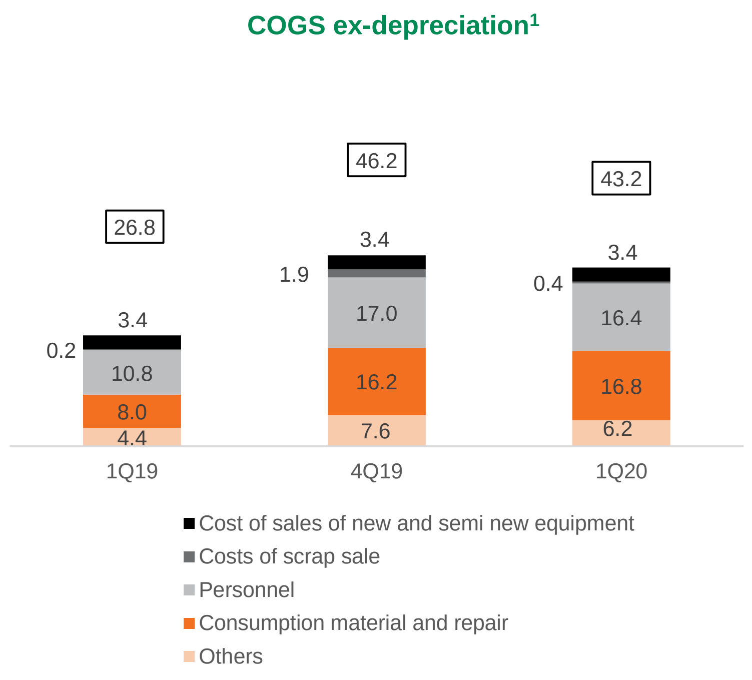
| Consolidated Data in R$ million | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| Net Revenue | 17.5 | 23.5 | 16.1 | -8.3% | -31.5% |
| CVM EBITDA | -0.3 | -4.4 | 0.2 | 176.8% | 105.1% |
| CVM EBITDA margin (%) | -1.7% | -18.7% | 1.4% | 0.0% | 0.0% |
| Adjusted EBITDA* | -3.7 | -5.8 | -0.8 | 77.8% | 85.8% |
| Adjusted EBITDA margin* (%) | -25.1% | -32.9% | -5.1% | 0.0% | 0.0% |
| EBIT | -13.9 | -17.2 | -12.1 | 13.1% | 29.7% |
| EBIT margin (%) | -79.3% | -73.2% | -75.2% | 0.0% | 0.0% |

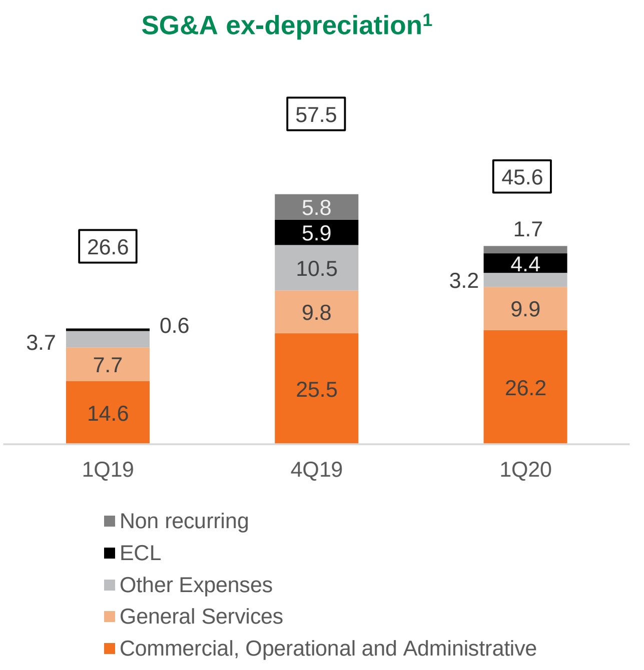
# 5. Financial Highlights

Consolidated Data in R$ million




¹ Excluding IFRS 16 effects.

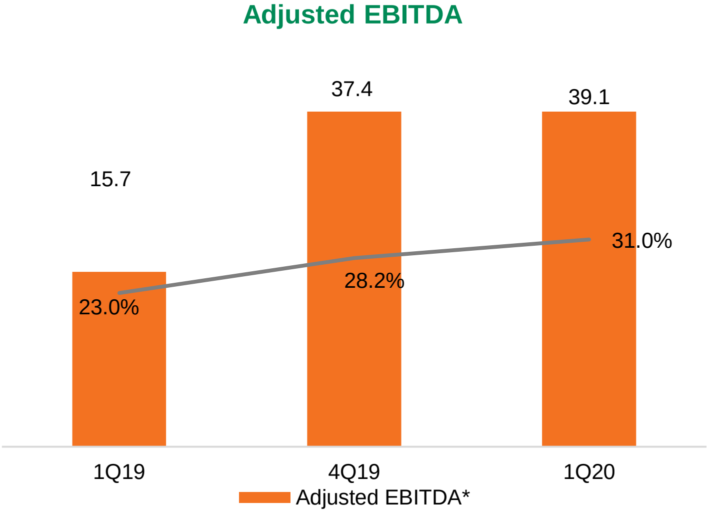
# 6. Non-recurring Items

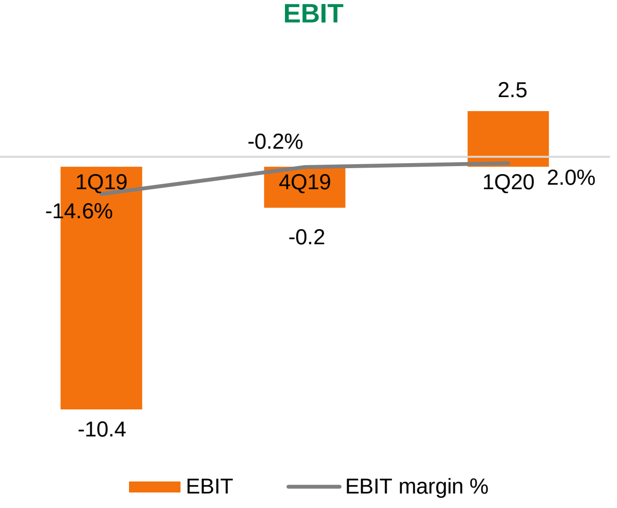
In 1Q20, a negative R$ 1.7 million was recorded for non-recurring items (consolidated), mainly comprising: (i) R$ 1.3 million in expenses related to the Mills + Solaris integration project; and (ii) R$ 0.2 million related to the resizing of Construction unit, as follows:

| Non-recurring items - in R$ million | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total non-recurring expenses** | **2.0** | **-2.5** | **-1.7** | **-187.1%** | **-29.4%** |
| **Resizing expenses** | **1.7** | **-0.1** | **-0.2** | **42.0%** | **42.0%** |
| Branches demobilization | -0.3 | -3.5 | -0.2 | -23.6% | -94.4% |
| Result of sale of semi new equipment | 1.1 | 2.6 | - | 0.0% | 0.0% |
| Cost of sale of semi new equipment | -0.7 | -0.7 | - | 0.0% | 0.0% |
| Revenue of scrap sale | 1.7 | 3.4 | - | 0.0% | 0.0% |
| Cost of scrap sale | -0.2 | -1.9 | - | 0.0% | 0.0% |
| **Business combination between Mills and Solaris** | **-0.2** | **-2.0** | **-1.3** | | **-35.4%** |
| Expenses to capture synergies | -0.1 | -1.8 | -1.2 | 2229.1% | -33.7% |
| Other incorporation expenses | -0.1 | -0.2 | -0.1 | -3.5% | -51.3% |
| **Other non-recurring expenses** | **0.4** | **-0.4** | **-0.3** | **-166.8%** | **-23.7%** |
| Mills SI Expenses | 0.4 | -0.4 | -0.3 | -166.8% | -23.7% |

# 7. Adjusted EBITDA

Consolidated adjusted EBITDA (excluding non-recurring items and IFRS16 effects) amounted to R$ 39.1 million, with a 30.5% margin in 1Q20 versus R$ 37.4 million with 28.2% margin in 4Q19.



# 8. Financial Result (ex-IFRS 16)

Consolidated net financial result (excluding IFRS16 effects) was R$ 2.1 million negative in 1Q20.

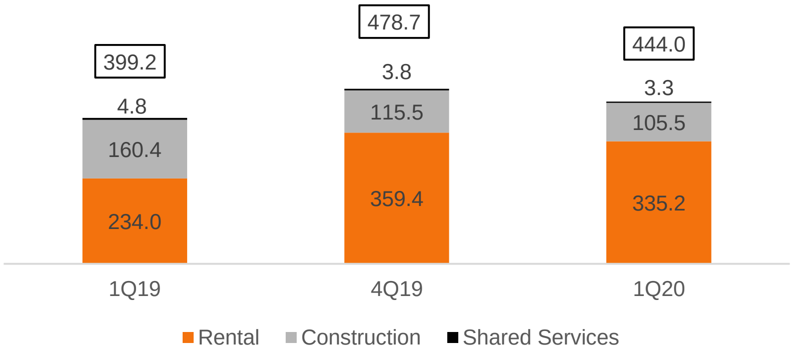
| in R$ million | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Net financial result¹** | **-2,1** | **-1,9** | **-2,1** | **-0,3%** | **-14,3%** |
| Financial Revenues¹ | 3,2 | 3,5 | 4,7 | 48,2% | 33,7% |
| Financial Expenses¹ | -5,3 | -5,4 | -6,9 | 28,8% | 27,0% |

# 9. Investments

In 1Q20, investments amounted to R$ 2.8 million, notably allocated for operating and supporting assets, such as software licenses and maintenance, improvements and adjustments in branches.

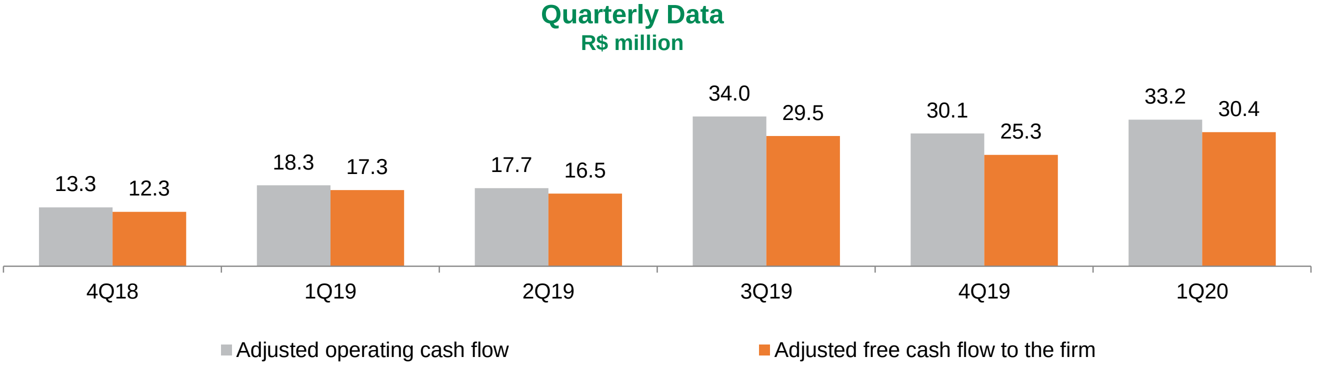
# 10. Fixed Assets

The balance of PP&E net of lease/Company's operating use amounted to R$ 444.0 million in 1Q20.




# 11. Adjusted Cash Flow

Consolidated adjusted operating cash flow¹, i.e., before interest paid, net active and passive inflation adjustments and acquisition of lease assets, amounted to R$ 33.2 million positive in the quarter.




¹For adjusted operating cash flow, interest paid, investment in lease and interest, and net active and passive inflation adjustments are not included. For adjusted free cash flow to the firm, interest paid, interest, and net active and passive inflation adjustments are not included.

## 12. Indebtedness

Mills gross debt closed 1Q20 at R$ 187.6 million.

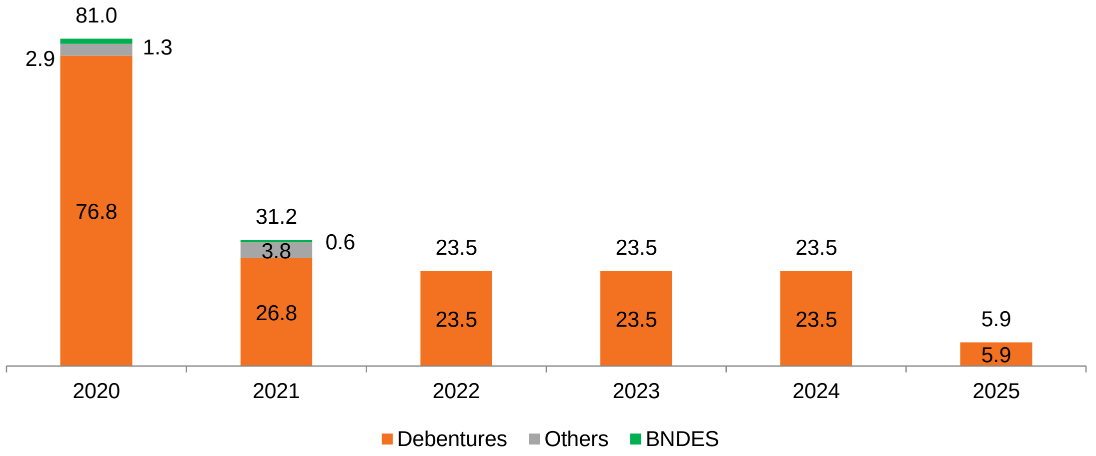
The Company remains as operating cash generator, closing the quarter with R$ 248.0 million in free cash and, therefore, with a net cash in the amount of R$ 60.3 million.

On March 3, 2020, the Company's Board of Directors approved the launching of the fourth (4th) issue of simple debentures, not convertible into shares, with security interest, in a single series, maturing sixty (60) months as from the date of its issuance, in a total amount of R$ 100,000,000.00. The principal will be amortized on a quarterly basis, after a one-year grace period, with interest corresponding to the CDI rate + 2.35% per year.

As of March 31, 2020, Mills has met again the original covenants of debentures, linked to Adjusted Ebitda, with a Net Debt/Adjusted EBITDA ratio at -0.5x and Adjusted EBITDA/Financial Result ratio at 14.4x.

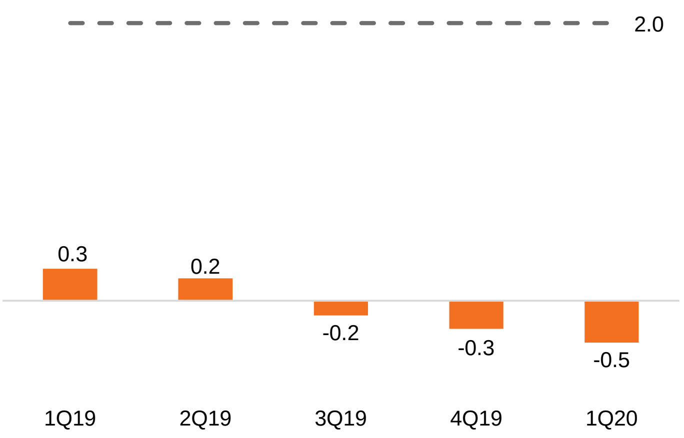
The average maturity for paying total indebtedness is 1.8 year, with average cost of CDI + 3.50% p.a.

**Debt payment schedule**
**R$ million**

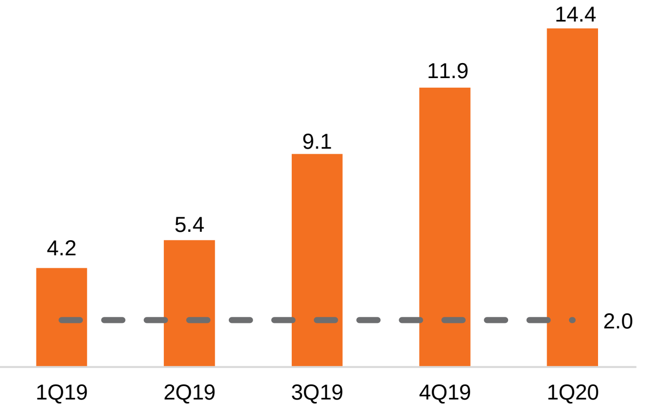



**Debt Indicators**

**Net debt/Adjusted EBITDA**




**Adjusted EBITDA / Financial Result**



# 13. Tables

## Consolidated Data in R$ million

### Table 1 - Net revenue per type

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total net revenue** | **71.0** | **138.5** | **126.1** | **77.5%** | **-9.0%** |
| Rental | 59.0 | 118.2 | 113.3 | 92.2% | -4.1% |
| Sales of new equipment | 3.7 | 3.6 | 3.9 | 5.9% | 7.6% |
| Sales of semi new equipment | 1.1 | 6.4 | 3.6 | 218.1% | -43.7% |
| Scrap sale | 1.7 | 3.4 | 0.4 | -74.3% | -87.0% |
| Technical Assistance | 1.6 | 1.8 | 1.3 | -20.4% | -30.2% |
| Indemnity and Expenses Recovery | 3.9 | 5.2 | 3.5 | -9.6% | -31.4% |

### Table 2 - Rental net revenue per product

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total Rental Net Revenue** | **59.0** | **118.2** | **113.3** | **92.2%** | **-4.1%** |
| Aerial platforms | 48.2 | 101.0 | 97.1 | 101.5% | -3.9% |
| Formwork and Shoring | 10.8 | 14.8 | 13.4 | 23.7% | -9.3% |
| Others | 0.0 | 2.4 | 2.9 | | 19.0% |

### Table 3 - Net revenue per Business Unit

| | 1Q19 | % | 4Q19 | % | 1Q20 | % |
|---|---|---|---|---|---|---|
| **Total Net revenue** | **71.0** | **100.0%** | **138.5** | **100.0%** | **126.1** | **100.0%** |
| Construction | 17.5 | 24.7% | 23.5 | 17.0% | 16.1 | 12.8% |
| Rental | 53.5 | 75.3% | 115.0 | 83.0% | 110.0 | 87.2% |

### Table 4 - Cost of products and services sold (COGS) and Operating, general and administrative expenses (SG&A) ex. depreciation and IFRS16

| | 1Q19 | % | 4Q19 | % | 1Q20 | % |
|---|---|---|---|---|---|---|
| **COGS total, ex-depreciation** | **-26.8** | **50.2%** | **-46.2** | **44.6%** | **-43.2** | **48.7%** |
| Rental costs (maintenance, personnel, warehouses, etc)¹ | -22.6 | 42.3% | -39.4 | 38.0% | -39.4 | 44.4% |
| Costs of sales of new equipment | -2.7 | 5.1% | -2.7 | 2.6% | -2.6 | 3.0% |
| Costs of sales of semi new equipment | -0.7 | 1.3% | -0.8 | 0.7% | -0.8 | 0.9% |
| Cost of scrap sale | -0.2 | 0.3% | -1.9 | 1.9% | -0.4 | 0.5% |
| Costs of assets write-offs | -0.7 | 1.2% | -1.4 | 1.4% | 0.1 | -0.1% |
| **SG&A, ex-depreciation and ECL** | **-26.0** | **48.7%** | **-51.6** | **49.8%** | **-41.1** | **46.3%** |
| Commercial, Operational and Administrative | -14.6 | 27.3% | -25.5 | 24.6% | -26.2 | 29.6% |
| General Services | -7.7 | 14.5% | -9.8 | 9.4% | -9.9 | 11.2% |
| Other expenses | -3.7 | 7.0% | -16.3 | 15.7% | -4.9 | 5.6% |
| **ECL** | **-0.6** | **1.1%** | **-5.9** | **5.6%** | **-4.4** | **5.0%** |
| **COGS + SG&A Total** | **-53.4** | | **-103.6** | | **-88.8** | |

### Table 5 - CVM EBITDA per business unit and CVM EBITDA margin

| | 1Q19 | % | 4Q19 | % | 1Q20 | % |
|---|---|---|---|---|---|---|
| **CVM EBITDA** | **21.8** | **100.0%** | **39.1** | **100.0%** | **42.6** | **100.0%** |
| Construction | -0.3 | -1.3% | -4.4 | -11.2% | 0.2 | 0.5% |
| Rental | 21.7 | 99.5% | 43.9 | 112.2% | 42.7 | 100.1% |
| Others | 0.4 | 1.9% | -0.4 | -0.9% | -0.3 | -0.6% |
| **CVM EBITDA margin (%)** | **30.7%** | | **28.2%** | | **33.8%** | |
| Adjusted EBITDA* | 15.7 | | 37.4 | | 39.1 | |

* Excluding IFRS 16 effect and non-recurring items (Construction unit restructuring expenses, liabilities from Industrial Services business unit and expenses related to Solaris business combination project)

# 13. Tables (Continued)

Mills SOLARIS

## Consolidated Data in R$ million

### Table 6 - Reconciliation of Adjusted EBITDA

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Results of Operations** | **-9.2** | **-2.7** | **-1.0** | **88.9%** | **61.8%** |
| Income tax and social contribution expenses | 4.6 | 0.0 | -0.2 | -104.0% | -1183.5% |
| **Loss Earnings before Income tax and social contribution** | **-13.8** | **-2.6** | **-0.8** | **94.0%** | **68.6%** |
| Financial Result | -3.5 | -2.4 | -3.3 | 4.5% | -37.1% |
| Depreciation | -32.2 | -39.3 | -40.1 | -24.8% | -2.0% |
| **CVM EBITDA** | **21.8** | **39.1** | **42.6** | **95.5%** | **9.0%** |
| IFRS 16 Impact | -4.1 | -4.2 | -5.3 | -28.9% | -26.0% |
| **EBITDA*** | **17.7** | **34.9** | **37.3** | **111.0%** | **6.9%** |
| Non-recurring - Expenses Mills SI | 0.4 | -0.4 | -0.3 | -166.8% | 23.7% |
| Non-recurring - Restructuring Expenses | 1.7 | -0.1 | -0.2 | -111.3% | -49.7% |
| Non-recurring - Business combination with Solaris | -0.2 | -2.0 | -1.3 | -744.2% | 35.7% |
| **Adjusted EBITDA** | **15.7** | **37.4** | **39.1** | **149.0%** | **4.5%** |

* Excluding IFRS 16 effect.

[1] According to CVM Instruction 527

### Table 7 - Reconciliation of EBITDA with Adjusted Operating Cash Flow

| | 1Q20 |
|---|---|
| **EBITDA CVM** | **42.6** |
| **Non cash items** | **12.2** |
| Provision for tax, civil and labor risks | (0.7) |
| Accrued expenses on stock options | 0.8 |
| Post Employment Benefits | 0.3 |
| Residual value of property, plant and equipment and intangible assets sold and written off | 1.1 |
| Provision (reversal) for impairment loss on trade receivables | 4.4 |
| Provision (reversal) for impairment | - |
| Provision (reversal) for slow-moving inventories | 0.2 |
| IFRS 9/CPC 48 Adjustment | - |
| Provision for Profit Sharing | 2.3 |
| Other provisions | 3.9 |
| **EBITDA ex-non cash provisions** | **54.8** |
| **Cash** | **(16.4)** |
| Interest and monetary and exchange gains and losses (cash) | 0.9 |
| Trade receivables | (5.2) |
| Acquisitions of rental equipment | (0.2) |
| Inventories | (2.7) |
| Taxes recoverable | 0.2 |
| IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax) | 1.5 |
| Judicial deposits | 0.1 |
| Other assets | (0.4) |
| Suppliers | (1.5) |
| Payroll and related taxes | (9.2) |
| Taxes payable | 4.4 |
| Other liabilities | (0.2) |
| Profit participation to pay | - |
| Paid income and social contribution taxes | (1.6) |
| Law suits settled | (1.9) |
| Interest paid | (0.8) |
| **Cash flows from operating activities according to the financial statements** | **38.4** |
| | |
| Interest and monetary and exchange gains and losses (cash) | (0.9) |
| Acquisitions of rental equipment | 0.2 |
| Interest paid | 0.8 |
| Leasing IFRS16 | (5.3) |
| **Adjusted Operating Cash Flow** | **33.2** |

# 13. Tables (Continued)

**Consolidated Data in R$ million**

### Table 8 - Investment per business unit (accrual basis)

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total Capex** | **-1.1** | **-3.4** | **-2.8** | **-167.7%** | **16.9%** |
| **Rental equipment** | **0.0** | **-2.7** | **-0.2** | | **91.8%** |
| Construction | 0.0 | 0.0 | -0.1 | | |
| Rental | 0.0 | -2.7 | -0.1 | | 95.3% |
| **Corporate and use goods** | **-1.1** | **-0.7** | **-2.6** | **-146.7%** | **-272.2%** |

### Table 9 - Construction Business Unit *

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total net revenue** | **17.5** | **23.5** | **16.1** | **-8.3%** | **-31.5%** |
| Equipment rental | 10.8 | 14.8 | 13.4 | 23.7% | -9.3% |
| Sales of new equipment | 0.1 | 0.2 | 0.2 | 56.7% | -0.7% |
| Sales of semi new equipment | 1.1 | 2.6 | 0.6 | -50.0% | -78.1% |
| Scrap Sale | 1.7 | 3.4 | 0.4 | -74.4% | -87.0% |
| Technical Assistance | 1.0 | 0.4 | 0.2 | -78.9% | -48.4% |
| Indemnity and Expenses Recovery | 2.8 | 2.2 | 1.3 | -52.3% | -40.5% |
| **Total COGS, ex-depreciation** | **-8.3** | **-12.5** | **-8.4** | 1.5% | **-32.5%** |
| Rental costs (maintenance, personnel, warehouses, etc)¹ | -6.7 | -8.3 | -7.8 | 15.4% | -6.1% |
| Cost of sales of new equipment | -0.1 | -0.2 | -0.1 | 73.9% | -46.9% |
| Cost of sales of semi new equipment | -0.7 | -0.7 | -0.2 | -73.2% | -72.8% |
| Cost of scrap sale | -0.2 | -1.9 | -0.4 | 157.2% | -77.0% |
| Cost of assets write-offs and Provision of recoverable value | -0.7 | -1.4 | 0.1 | -112.5% | -105.7% |
| **SG&A, ex-depreciation and ECL** | **-10.7** | **-15.4** | **-8.1** | **-24.5%** | **-47.2%** |
| **ECL** | **-0.5** | **-1.6** | **-0.6** | **27.3%** | **-63.5%** |
| **CVM EBITDA** | **-2.0** | **-5.9** | **-1.0** | **47.7%** | **82.8%** |
| EBITDA margin (%) | -11.1% | -25.1% | -6.3% | | |
| Adjusted EBITDA | -3.7 | -5.8 | -0.8 | 77.8% | 85.8% |
| Adjusted EBITDA margin (%) | -25.1% | -32.9% | -5.1% | | |
| Depreciation | -12.5 | -12.5 | -11.2 | -10.7% | -10.7% |
| Equipment rental capex | 0.0 | 0.0 | -0.1 | | |
| Rental gross fixed assets | 516.0 | 463.4 | 459.4 | -11.0% | -0.9% |
| Quantity of equipment final of period (thousand tons) | 61.1 | 55.1 | 53.7 | -12.1% | -2.5% |
| Utilization Rate Quarter | 31.4% | 41.3% | 40.9% | | |
| Utilization Rate LTM | 32.1% | 35.2% | 37.5% | | |

* Excluding IFRS 16 effect.

# 13. Tables (Continued)

**Consolidated Data in R$ million**

### Table 10 - Rental Business Unit*

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total Net Revenue** | **53.5** | **115.0** | **110.0** | **105.6%** | **-4.4%** |
| Equipment rental | 48.2 | 103.4 | 99.9 | 107.5% | -3.3% |
| Sales of new equipment | 3.6 | 3.5 | 3.8 | 4.6% | 7.9% |
| Sales of semi new equipment | 0.0 | 3.8 | 3.0 | | -20.3% |
| Scrap Sale | 0.0 | 0.0 | 0.0 | 163.7% | -58.3% |
| Technical Assistance | 0.6 | 1.4 | 1.1 | 76.4% | -25.0% |
| Indemnity and Expenses Recovery | 1.2 | 2.9 | 2.2 | 93.0% | -24.4% |
| **Total COGS, ex-depreciation** | **-18.5** | **-33.7** | **-34.8** | **88.2%** | **3.2%** |
| Rental costs (maintenance, personnel, warehouses, etc)[1] | -15.8 | -31.1 | -31.7 | 100.0% | 1.9% |
| Cost of sales of new equipment | -2.7 | -2.5 | -2.5 | -5.2% | 1.0% |
| Cost of sales of semi new equipment | 0.0 | -0.1 | -0.6 | | 503.8% |
| Cost of scrap sale | 0.0 | 0.0 | 0.0 | | 0.0% |
| Cost of assets write-offs and Provision of recoverable value | 0.0 | 0.0 | 0.0 | | 1500.0% |
| **SG&A, ex-depreciation and ECL** | **-15.7** | **-35.9** | **-32.7** | **108.8%** | **-8.8%** |
| **ECL** | **-0.1** | **-4.3** | **-3.9** | **3167.1%** | **-9.5%** |
| **CVM EBITDA** | **19.2** | **41.2** | **38.6** | **100.8%** | **-6.2%** |
| EBITDA margin (%) | 0.4 | 0.4 | 0.4 | | |
| Adjusted EBITDA | 19.4 | 43.1 | 39.9 | 105.8% | -7.5% |
| Adjusted EBITDA margin (%) | 0.4 | 0.4 | 0.4 | | |
| Depreciation | -16.6 | -23.7 | -24.8 | 48.9% | 4.4% |
| Equipment rental capex | 0.0 | -2.7 | -0.1 | | -95.3% |
| Rental gross fixed assets | 675.2 | 1100.2 | 1096.3 | 62.4% | -0.4% |
| % Construction Revenue | 18.4% | 20.3% | 20.6% | | |
| % Non-Construction Revenue | 63.6% | 57.7% | 60.1% | | |
| % Spot Revenue | 18.0% | 22.0% | 19.3% | | |
| Quantity of equipment final of period (unity) | 5,651 | 8,442 | 8,442 | | |
| Utilization Rate Quarter | 46.4% | 52.8% | 49.4% | | |
| Utilization Rate LTM | 50.1% | 48.2% | 49.0% | | |

* Excluding IFRS 16 effect.

# 14. P&L

### Consolidated Data in R$ million

| | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| Net revenue from sales and services | 71.0 | 138.5 | 126.1 | 77.5% | -9.0% |
| Cost of products sold and services rendered | (52.5) | (79.4) | (75.9) | 44.6% | -4.3% |
| **Gross Profit** | **18.5** | **59.2** | **50.2** | **170.9%** | **-15.2%** |
| Selling, general and administrative expenses | (29.2) | (59.5) | (47.9) | 64.1% | -19.4% |
| Reversal (provision) for impairment and fair value | - | (0.8) | - | | -100.0% |
| Other revenues | 0.3 | 0.8 | 0.3 | -13.7% | -66.0% |
| **Loss before Financial Result** | **(10.4)** | **(0.2)** | **2.5** | **124.1%** | **1227.3%** |
| Financial expenses | (6.7) | (6.0) | (8.1) | 20.7% | 35.1% |
| Financial revenues | 3.2 | 3.5 | 4.7 | 48.2% | 33.7% |
| Adjust to present value (APV) | - | - | - | 0.0% | 0.0% |
| **Financial result** | **(3.5)** | **(2.4)** | **(3.3)** | **-4.5%** | **37.1%** |
| **Loss before taxes** | **(13.8)** | **(2.6)** | **(0.8)** | **94.0%** | **68.6%** |
| Income tax and social contribution | 4.6 | (0.0) | (0.2) | -104.0% | 1183.5% |
| **Loss for the year** | **(9.2)** | **(2.7)** | **(1.0)** | **88.9%** | **61.8%** |

* Adjusted with scrap result

# 15. Balance Sheet

## Consolidated Data in R$ million

| In R$ million | 1Q19 | 4Q19 | 1Q20 |
|---|---|---|---|
| **Assets** | | | |
| | | | |
| Current assets | | | |
| Cash and cash equivalents | 77,4 | 124,9 | 248,0 |
| Restricted bank deposits | 63,9 | - | - |
| Trade receivables | 60,3 | 116,8 | 117,5 |
| Inventories | 17,2 | 36,3 | 38,9 |
| Inventories - other assets held for sale | 0,1 | - | - |
| IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax) | 0,4 | 7,4 | 7,4 |
| Taxes recoverable | 3,8 | 6,6 | 6,4 |
| Advances to suppliers | 0,2 | 3,7 | 4,3 |
| Other receivables - sale of investee | - | - | - |
| Other assets | 5,0 | 4,2 | 4,2 |
| Assets held for sale | 5,1 | 6,1 | 4,6 |
| Total Current Assets | 233,4 | 306,0 | 431,4 |
| | | | |
| Non-current Assets | | | |
| Restricted bank deposits | 27,1 | - | - |
| Trade receivables from clients | - | - | - |
| Deferred taxes - IRPJ and CSLL | 209,9 | 309,4 | 311,9 |
| Judicial deposits | 11,7 | 12,5 | 12,4 |
| Financial derivative instruments | - | - | - |
| Other assets | 0,1 | 0,1 | 1,3 |
| | 248,8 | 322,0 | 325,6 |
| | | | |
| Available-for-sale financial assets | 54,5 | 50,6 | 50,6 |
| Property, plant and equipment | 438,0 | 526,4 | 482,5 |
| Right of Use (IFRS 16) | 54,8 | 50,1 | 55,4 |
| Intangible assets | 33,7 | 120,8 | 120,8 |
| | 580,9 | 747,9 | 709,3 |
| | | | |
| Total Non-current Assets | 829,7 | 1.069,9 | 1.034,9 |
| | | | |
| **Total Assets** | **1.063,1** | **1.375,9** | **1.466,3** |

| In R$ million | 1Q19 | 4Q19 | 1Q20 |
|---|---|---|---|
| **Liabilities** | | | |
| | | | |
| Current liabilities | | | |
| Trade payables | 18,3 | 26,7 | 26,5 |
| Borrowings and financing | 3,1 | 6,5 | 6,9 |
| Right of Use to lease (IFRS 16) | 11,8 | 15,2 | 13,6 |
| Debentures | 126,2 | 77,4 | 85,5 |
| Income tax and social contribution | - | 0,3 | 2,9 |
| Payroll and related taxes | 11,8 | 27,9 | 18,9 |
| Tax debt refinancing program (REFIS) | 1,4 | 1,4 | 1,4 |
| Taxes payable | 2,3 | 9,2 | 4,0 |
| Profit sharing payable | 9,4 | 8,8 | 11,1 |
| Dividends and interest on equity payable | 0,0 | 0,0 | 0,0 |
| Other liabilities | 0,8 | 0,8 | 0,6 |
| Total Current Liabilities | 185,1 | 174,3 | 171,6 |
| | | | |
| Non Current Liabilities | | | |
| Borrowings and financing | 1,9 | 3,7 | 2,4 |
| Right of Use to lease (IFRS 16) | 43,6 | 43,5 | 41,9 |
| Debentures | 53,6 | 3,9 | 92,8 |
| Tax debt refinancing program (REFIS) | 6,1 | 5,1 | 4,8 |
| Provision for tax, civil and labor risks | 20,1 | 23,6 | 23,4 |
| Taxes payable | - | 0,6 | 10,6 |
| Provision for post-employment benefits | 10,7 | 12,6 | 12,9 |
| Derivative financial instruments | - | - | - |
| Other liabilities | 0,6 | 1,2 | 1,0 |
| Total non-current Liabilities | 136,5 | 94,3 | 189,8 |
| | | | |
| Total Liabilities | 321,6 | 268,5 | 361,4 |
| | | | |
| **Equity** | | | |
| Share capital | 688,3 | 1.089,4 | 1.089,4 |
| Capital reserves | 34,0 | 37,9 | 35,9 |
| Earnings reserves | 56,5 | 10,3 | 10,3 |
| Treasury shares | (20,3) | (20,3) | (15,1) |
| Equity adjustments | (6,7) | (9,9) | (9,9) |
| Accumulated losses | (10,4) | - | (5,7) |
| Total Equity | 741,4 | 1.107,4 | 1.104,9 |
| | | | |
| **Total Liabilities and Equity** | **1.063,1** | **1.375,9** | **1.466,3** |

# 16. Indirect Cash Flow

## Consolidated Data in R$ million

| in R$ million | 1Q20 |
|---|---|
| Cash flows from operating activities | |
| | |
| **Loss for the year** | **(1,0)** |
| | |
| **Non cash adjustments:** | **54,1** |
| Depreciation and amortization | 40,1 |
| Deferred income and social contribution taxes | (2,5) |
| Provision (reversal) for tax, civil and labor risks | (0,7) |
| Accrued expenses on stock options | 0,8 |
| Post-employment benefit | 0,3 |
| Residual value of property, plant and equipment and intangible assets sold and written off | 1,1 |
| Interest and monetary exchange gains and losses, net | 4,3 |
| Provision (reversal) for impairment loss on trade receivables | 4,4 |
| Impairment loss on inventories held for sale | - |
| Provision (reversal) for impairment and fair value | - |
| Provision (reversal) for slow-moving inventories | 0,2 |
| Provision for rental equipment inventory adjustment | - |
| IFRS 9/CPC 48 Adjust | - |
| Provision for Profit Sharing | 2,3 |
| Other provisions | 3,9 |
| | |
| **Variations on assets and liabilities:** | **(10,4)** |
| Trade receivables | (5,2) |
| Acquisitions of rental equipment | (0,2) |
| Inventories | (2,7) |
| Taxes recoverable | 0,2 |
| IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax) | 1,5 |
| Judicial deposits | 0,1 |
| Other assets | (0,4) |
| Trade payables | (1,5) |
| Payroll and related taxes | (9,2) |
| Profit Sharing | - |
| Taxes payable | 7,1 |
| Other liabilities | (0,2) |
| **Paid income and social contribution taxes** | **(1,6)** |
| **Lawsuits settled** | **(1,9)** |
| **Interest paid** | **(0,8)** |
| | |
| | |
| **Net cash generated by operating activities** | **38,4** |
| | |
| **Cash flows from investing activities:** | |
| | |
| Acquisition of PP&E for own use and intangible assets | (2,6) |
| Proceeds from sale of the Industrial Services business unit | - |
| Interest on capital received | - |
| **Net cash generated from investing activities** | **(2,6)** |
| | |
| **Cash flows from financing activities** | |
| Lease operations (IFRS16) | (5,3) |
| IFRS 9/CPC 48 Adjustment | - |
| Restricted bank deposits | - |
| Share issue cost | - |
| Amortization of borrowings | (5,9) |
| Capital Increase | 98,3 |
| Lease operations | - |
| | |
| **Net cash used in financing activities** | **87,2** |
| **Net increase (decrease) in cash and cash equivalents** | **123,0** |
| | |
| Cash and cash equivalents at the beginning of the period | 124,9 |
| | |
| Cash and cash equivalents at the end of the period | 248,0 |
| | |
| Net increase (decrease) in cash and cash equivalents | 123,1 |

| | |
|---|---|
| Operating Cash Flow | 38,4 |
| Interest Paid | 0,8 |
| Acquisitions of rental equipment | 0,2 |
| Interest and monetary exchange net gains and losses (non-cash) | (0,9) |
| Financial Result Income Statement | (5,3) |
| | |
| Adjusted Operating Cash Flow | 33,2 |

# 17. Combined Information

**In R$ million**

In order to supplement the information provided so far, and considering the relevance of the business combination with Solaris for Mills, we show below some combined information of the two companies:

| Combined Rental business unit* | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total Net Revenue** | **98,0** | **115,0** | **110,0** | **12,3%** | **-4,4%** |
| Rental | 86,9 | 103,4 | 99,9 | 15,0% | -3,3% |
| Others | 11,1 | 11,6 | 10,1 | -9,2% | -13,5% |
| **COGS (ex. depreciation and IFRS16)** | **-33,0** | **-33,7** | **-34,8** | **5,3%** | **3,2%** |
| Rental costs (personnel, warehouse, etc.) | -28,8 | -31,1 | -31,7 | 9,8% | 1,9% |
| Others | -4,2 | -2,6 | -3,1 | -25,6% | 19,7% |
| **SG&A (ex. depreciation, IFRS16 and ECL)** | **-30,6** | **-35,9** | **-32,7** | **7,1%** | **-8,8%** |
| Commercial, Operational and Administrative | -19,6 | -19,3 | -21,3 | 8,8% | 10,4% |
| General Services | -8,1 | -6,9 | -7,7 | -4,8% | 12,9% |
| Other expenses | -10,2 | -7,8 | -2,5 | -75,9% | -68,5% |
| Non-recurring items | -0,2 | -2,0 | -1,3 | 726,3% | -35,4% |
| **ECL** | **-0,7** | **-4,3** | **-3,9** | **466,4%** | **-9,5%** |
| **Non-recurring** | **-0,2** | **-2,0** | **-1,3** | **726,3%** | **-35,4%** |
| **Depreciation** | **-38,9** | **-35,4** | **-36,0** | **-7,6%** | **1,6%** |
| **EBITDA ex. non-recurring items** | **33,9** | **43,1** | **39,9** | **17,8%** | **-7,5%** |
| Adjusted EBITDA margin (%) | 34,6% | 37,5% | 36,3% | | |
| **Loss for the year** | **3,2** | **10,4** | **8,2** | **157,3%** | **-21,4%** |

| Combined Mills Solaris* in R$ million | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Total Net Revenue** | **115.5** | **138.5** | **126.1** | **9.2%** | **-9.0%** |
| Rental | 97.7 | 118.2 | 113.3 | 16.0% | -4.1% |
| Others | 15.0 | 14.4 | 12.8 | -14.8% | -11.6% |
| Non-recurring | 2.8 | 5.9 | 0.0 | -100.0% | -100.0% |
| **COGS (ex. depreciation and IFRS16)** | **-41.3** | **-46.2** | **-43.2** | **4.6%** | **-6.4%** |
| Rental costs (personnel, warehouse, etc.) | -35.6 | -39.4 | -39.4 | 10.9% | 0.2% |
| Others | -4.9 | -4.2 | -3.8 | -23.3% | -11.2% |
| Non-recurring items | -0.8 | -2.6 | 0.0 | -100.0% | -100.0% |
| **SG&A (ex. depreciation, IFRS16 and ECL)** | **-40.9** | **-51.6** | **-41.1** | **0.6%** | **-20.3%** |
| Commercial, Operational and Administrative | -25.1 | -25.5 | -26.2 | 4.5% | 2.8% |
| General Services | -11.0 | -9.8 | -9.9 | -10.0% | 1.6% |
| Other expenses | -4.7 | -10.5 | -3.2 | -32.1% | -69.3% |
| Non-recurring items | 0.0 | -5.8 | -1.7 | 24932.2% | -70.3% |
| **ECL** | **-1.1** | **-5.9** | **-4.4** | **291.0%** | **-24.1%** |
| **Non-recurring items** | **2.0** | **-2.5** | **-1.7** | **-187.2%** | **-29.4%** |
| **Depreciation** | **-38.9** | **-35.4** | **-36.0** | **-7.6%** | **1.6%** |
| **Adjusted EBITDA** | **30.2** | **37.4** | **39.1** | **29.5%** | **4.5%** |
| Adjusted EBITDA margin (%) | 26.8% | 28.2% | 31.0% | | |
| **Loss for the year** | **-6.8** | **-2.7** | **-1.0** | **85.1%** | **61.8%** |
| Final Balance | 174.0 | 124.9 | 248.0 | 42.5% | 98.5% |

* Excluding IFRS16 effects

# 17. Combined Information (Continued)

In R$ million

## Synergies

| Synergies | 2019 | 1T20 | Accumulated Total | Annualized Run Rate |
|---|---|---|---|---|
| Personnel | 5.1 | 1.8 | 6.9 | 7.2 |
| Parts | 3.0 | 1.1 | 4.1 | 4.4 |
| Branches | 1.1 | 1.1 | 2.2 | 4.4 |
| Financial (Consulting, travels, insurance) | 1.0 | 0.2 | 1.2 | 0.8 |
| **Total** | **10.2** | **4.8** | **15.0** | **19.2** |

As of 3Q19, we started to disclose the synergies captured with the business combination with Solaris. Following are the assumptions used to calculate net synergies:

Personnel: Considers the wage bill and respective charges/benefits, including reduction of structure and open positions, as well as some merits and promotions of professionals who took over new responsibilities and/or expanded their scope of action in the Company.

Parts and Services: Considers the unification of the supplier base and the impact generated by using the best existing conditions in Solaris or Mills for the combined volume.

Branches: Corresponds to the savings generated by the physical unification of Mills and Solaris branches in regions where there is overlap. The costs related to branch rent, Real Estate Tax, security service, cleaning and other expenses of the closed branch are considered.

Finance: Considers the savings generated by the unification of travel policies, cost reduction due to economies of scale with insurance and a reduction in consultancy redundancy between companies.

## Investments to capture synergies

| CAPTURE OF SYNERGIES - COMBINED | 2019 | 1Q20 | Total |
|---|---|---|---|
| CAPEX | 5.1 | 0.9 | 6.0 |
| OPEX | 8.8 | 1.1 | 9.9 |
| **Total** | **13.9** | **2.0** | **15.9** |

# 17. Combined Information (Continued)

In R$ million

| Combined IncomeStatement (without IFRS16)* | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| Net revenue from sales and services | 115.5 | 138.5 | 126.1 | 9.2% | -9.0% |
| Cost of products sold and services rendered | (76.9) | (80.1) | (76.9) | 0.0% | -4.0% |
| **Gross Profit** | **38.6** | **58.5** | **49.2** | **27.5%** | **-15.8%** |
| Selling, general and administrative expenses | (45.7) | (59.0) | (48.1) | 5.3% | -18.5% |
| Reversal (provision) for impairment and fair value | - | (0.8) | - | | -100.0% |
| Other revenues | 0.3 | 0.8 | 0.3 | -13.7% | -66.0% |
| **Loss before Financial Result** | **(6.7)** | **(0.5)** | **1.4** | **-120.4%** | **-389.6%** |
| Financial expenses | 4.1 | (5.4) | (6.9) | -268.9% | 27.0% |
| Financial revenues | (7.1) | 3.5 | 4.7 | -166.3% | 33.7% |
| Adjust to present value (APV) / IFRS16 | (0.3) | (0.3) | (0.1) | 0.0% | 0.0% |
| **Financial result** | **(3.4)** | **(2.2)** | **(2.2)** | **-34.1%** | **1.9%** |
| **Loss before taxes** | **(10.1)** | **(2.6)** | **(0.8)** | **91.8%** | **68.6%** |
| Income tax and social contribution | 3.3 | (0.0) | (0.2) | -105.6% | 1183.5% |
| **Loss for the year** | **(6.8)** | **(2.7)** | **(1.0)** | **85.1%** | **61.8%** |

* Adjusted with scrap result.

# 18. MILS3 History

Mills common shares are traded on B3's Novo Mercado under ticker **MILS3**.

The closing price of Mills' share on B3, as of March 31, 2020, was R$ 3.86, with a 63.1% fall versus 2019 closing price, while IBOVESPA index had a 37.1% negative variation in the same period. By 1Q20 closing, Mills market cap amounted to R$ 972.2 million.

The average daily financial volume of Mills shares traded in B3 in 1Q20 amounted to R$ 12.4 million, 87.0% higher than recorded in the previous year.

| MILS3 Performance | 1Q19 (A) | 4Q19 (B) | 1Q20 (C) | (C)/(A) | (C)/(B) |
|---|---|---|---|---|---|
| **Share final price (R$)** | **4.80** | **10.45** | **3.86** | **-19.6%** | **-63.1%** |
| Maximum¹ | 5.90 | 10.45 | 10.85 | 83.9% | 3.8% |
| Minumum¹ | 4.25 | 6.25 | 3.86 | -9.2% | -38.2% |
| Average¹ | 5.12 | 7.55 | 8.27 | 61.6% | 9.6% |
| **Market value final of period (R$ million)** | **842.8** | **2,632.0** | **972.2** | **15.4%** | **-63.1%** |
| **Daily average negotiated volume (R$ million)** | **6.63** | **9.07** | **12.40** | 87.0% | 36.7% |
| **Number os shares (million)** | **175.59** | **251.87** | **251.87** | **43.4%** | **0.0%** |

# 19. Glossary

(a) Asset Write-off - is linked to Indemnities revenue, this value is the cost of the asset write off.

(b) Capex (Capital Expenditure) - Acquisition of tangible and intangible assets to non-current assets.

(c) Invested capital - For the company, invested capital is defined as the sum of shareholders' equity (net assets) and third-party capital (including all costly, bank and non-bank debt), both being the average values for the period. By business unit, is the average amount of capital invested by the company by weighted average assets of each business unit (assets plus net fixed assets). The asset base in the year is calculated as the average asset base of the last thirteen months.

(d) Net Cash Flow - Net cash provided by operating activities less net cash used in investing activities.

(e) Job execution costs - Job execution cost include: (i) labor costs from construction jobs supervision and technical assistance; (ii) labor costs for erection and dismantling of the equipment rented to our clients, when such tasks are carried out by the Mills workforce; (iii) equipment freight costs, when under Mills' responsibility; (iv) cost of materials used in the maintenance of the equipment, when it is returned to our warehouse; and (v) cost of equipment rented from third-parties.

(f) Warehouse costs - This cost includes the costs directly related to administration of the deposit, storage, handling and maintenance of rental assets and resale, covering costs with hand labor, IPE used in the activities of deposit (drive, storage and maintenance), inputs (forklift gas, gas welding, plywood, paints, wood battens, among others) and maintenance of machinery and equipment (forklifts, welding machines, water-blasting hoists and tools in general).

(g) Cost of sales - Cost of sales of new equipment is linked to sales of new equipment revenue. The sales of semi-new equipment cost is tied to sales of semi new equipment revenue and is equivalent to the cost of the assets write-off (residual cost).

(h) Sales, General and Administrative expenses - (i) The SG&A Commercial, Operational and Administrative includes current expenses such as salaries, benefits, travel, representation of the various departments including Sales, Marketing, Engineering and administrative back office departments, as HR and Finance; (ii) General Services includes the equity costs of head officer and several branches (rents, fees, security and cleaning, mainly); and (iii) Other expenses are items largely non-cash, as provisions for stock option programs, provisions for contingencies, provisions for slow-moving inventories and some non-permanent disbursements.

(i) Net debt - Gross debt less financial resources.

(j) EBITDA - EBITDA is a non-accounting measure prepared by the Company, reconciled with our financial statements in compliance with the provisions of CVM Circular No. 01/2007, where applicable. We calculate EBITDA as our operating income before financial results, the effects of depreciation of use of property and rental equipment and amortization of intangible assets. EBITDA is not a measure recognized by GAAP in Brazil, IFRS or US GAAP, does not have a standard meaning and may not be comparable to measures with similar titles provided by other companies. We reported EBITDA because we use to measure our performance. EBITDA should not be considered in isolation or as a substitute for net income or operating income as measures of operating performance or cash flows or to measure liquidity or debt payment capacity.