



## GRUPO TECHNOS ANNOUNCES 1Q21 RESULTS

Rio de Janeiro, May 13, 2021- Grupo Technos (B3: TECN3) announces its 1Q21 results. The following financial and operational information is presented on a consolidated basis, in compliance with current legislation, unless otherwise indicated.

### DATE

05/13/2021

### CLOSING PRICE

R\$ 1.60/share

### MARKET CAP

R\$ 125.6 million

### CONFERENCE CALL

05/14/2021 10:00 a.m. Brasília

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### 1Q21 HIGHLIGHTS

- Net revenue increased by 3.6% in 1Q21, increasing price
- Gross profit increased by 23.6% in 1Q21, increasing gross margin by 7.9 p.p.
- SG&A decreased by 28.7% in 1Q21 due to actions to restructure and protect cash
- Adjusted EBITDA of R\$1.3 million in 1Q21, the best quarterly performance since 2016
- Net debt totaled R\$31.8 million and cash position totaled R\$105.9 million in 1Q21, a historic record

R\$ million	1Q20	1Q21	%
Gross revenue	51.0	48.8	-4.4%
Net revenue	41.9	43.4	3.6%
Gross profit	17.2	21.2	23.6%
Gross margin	41.0%	48.9%	7.9p.p.
SG&A	-31.8	-22.7	-28.7%
Net income	-17.4	-4.0	-77.0%
Net margin	-41.6%	-9.2%	32.4p.p.
Adjusted EBITDA	-12.2	1.3	-110.3%
Adjusted EBITDA margin	-29.1%	2.9%	32.0p.p.
Number of watches (000s)	347	278	-19.9%
Average price (R\$/product)	144	174	20.9%

*Adjusted EBITDA – Represents CVM EBITDA (net income plus depreciation and amortization, financial expenses, financial income, current and deferred taxes), adjusted for the present value adjustment on sales and sales taxes, non-operational contingency provisions, nonrecurring results, extraordinary, and stock option plan.*

As indicated in previous financial statements, during 2020, Grupo Technos implemented an aggressive operating restructuring plan with the purpose of mitigating the negative impacts resulting from the “COVID 19” health crisis. In the first quarter of 2021, once again the Company implemented actions to protect its cash and accelerate its turnaround to face the new social isolation measures and the limitation on retail activities as a result of the second wave of the pandemic.

The disclosure of results from the fourth quarter of 2020 presented an important progress regarding a number of financial indicators of Grupo Technos, with improvement in net revenue, gross margin, sales and administrative expenses, income and indebtedness. The result from the first quarter of 2021 shows once again an important evolution of all indicators of the Company, illustrating the impact and consistency of its turnaround plan, notwithstanding the adverse conditions resulting from the pandemic.

Net Revenue in the first quarter increased by 3.6%, while Gross Profit in the same period increased by 23.6%, with a 7.9p.p. increase in Gross Margin. Sales and administrative expenses decreased by 28.7%, notwithstanding the increase in net revenue and gross profit. It is noteworthy that the Company's adjusted EBITDA totaled R\$1.3 million, compared to an expense of R\$12.2 million in the previous year – the best adjusted EBITDA in the period since 2016. Finally, net debt was reduced by 42.9% versus the previous year and the Company finished its first quarter with a cash position of R\$ 105.9 million - a historic record that evidences the financial strength of the Technos Group.

Gross Revenue in the first quarter of 2021 decreased by 4.4% compared to the same quarter in the previous year, as a result of decreased volume, offset by a 20.9% average price increase. It is noteworthy that the sector's recovery in demand in the fourth quarter of 2020 was above our expectations, creating challenges in supply in the first quarter of 2021 due to the long lead time of the watch supply chain. In the product category view, the digitalization of the watchmaking sector continues to stand out with sales of digital products growing 24.0% and sales of analogical products falling 11.3%. As to sales channels, sales in e-commerce and department stores continued to stand out, while sales in specialized stores suffered a greater impact, especially in regions that adopted more aggressive measures to restrict commercial activities and circulation of people.

In the first quarter, the Company's Gross Profit and Gross Margin totaled R\$21.2 million and 48.9%, respectively, compared to R\$17.2 million and 41.0%, respectively, in the same period in 2020. The 23.6% increase in Gross Profit and the 7.9 p.p. increase in Gross Margin are due to price increases in view of the increase in the exchange rate, the decrease in discounts and promotional sales, and the positive impact of the outsourcing of Technical Assistance services, in addition to the effect of the increased enjoyment of ICMS tax benefits related to watches manufactured in the city of Manaus.

SG&A expenses decreased by 28.7% compared to the same period in 2020. This reduction in expenses is primarily due to the acceleration of the Company's restructuring plan, including the significant decrease in headcount, decreased selling expenses and the outsourcing of the Technical Assistance network. In the quarter, no temporary positive impact on the Company's result occurred due to reduced working hours or termination of employment contracts, as recorded in SG&A in the second and third quarters of 2020.

The Company's adjusted EBITDA totaled R\$1.3 million, compared to an expense of R\$12.2 million in the same period in 2020. This adjusted EBITDA represents the Company's best quarterly performance since 2016. This is the second consecutive quarter in which the Company had the best adjusted EBITDA in the quarter in six years, illustrating the impact and consistency of its turnaround plan, notwithstanding the adverse conditions resulting from the pandemic.

The Company's working capital totaled R\$162.4 million in the first quarter of 2021, representing a decrease of R\$24.7 million compared to the same period in the previous year. This is the result of a combination of decreased accounts receivable and inventories, decreasing the balance of accounts payable. The above-mentioned changes in balances reflect sales volatility in the last 12 months and the temporary interruption of new purchases of raw material, which,

although reestablished, have not yet been sufficient to establish our inventory coverage at a healthy level and with an appropriate mix.

In the first quarter of 2021, net debt totaled R\$31.8 million, representing a R\$25.3 million decrease compared to the first quarter of 2020. This result was only achieved due to the measures implemented since mid-March to protect cash and decrease cash outflow, when we began to feel the impacts of the pandemic, as well as due to the Company's improved performance as of the second semester of 2020. Net debt included R\$105.9 million in cash and R\$137.7 million in gross debt. It is noteworthy that the Company's current gross debt has an average term of 3,7 years, according to the renegotiation and payment extension completed in October 2020.

The positive result of the first quarter is the direct result of internal actions to recover net revenue and gross margin, in addition to the successful implementation of an aggressive action plan to protect cash and accelerate the operational restructuring that has been occurring since the beginning of 2020. The sequence of positive results since last year shows the consistency and greater visibility of the fruits resulting from the restructuring detailed in previous releases.

This year, as already disclosed, the Company's mission is to consolidate the gains linked to its operational restructuring and accelerate its digitalization process. It is noteworthy that the Company continues to monitor the COVID-19 pandemic in Brazil and worldwide. Additional measures may be implemented as the scenario and impacts of the pandemic on our activities become clearer.

## GROSS REVENUE

Gross revenue reached R\$48.8 million in the first quarter of 2021, representing a decrease of 4.4% compared to the first quarter of 2020. The decrease in sales revenue is due to the impact of the second wave of the pandemic and the resulting restriction on physical sales and circulation of people during the first quarter of 2021. Another item that had a limitation impact on our revenue in the period was our inventory. As a measure to protect cash, we interrupted the flow of supply at the end of March 2020 and only resumed taking orders as of October 2021, which, associated with the long cycle of the supply chain and the speed of sales recovery, above what was expected in the second semester of 2020, resulted in less-than-optimal inventory levels and significant disruptions in important lines.

The decrease in gross revenue from technical assistance was due to the outsourcing of most of the post-sales network of the Company.

The table below sets forth the breakdown of our gross revenue:

R\$ Million	1Q20	1Q21	Var %	Var R\$
Product Sales	49.8	48.2	-3.2%	-1.6
Technical Assistance	1.2	0.5	-55.8%	-0.7
<b>Gross Revenue</b>	<b>51.0</b>	<b>48.8</b>	<b>-4.4%</b>	<b>-2.3</b>

## PRODUCT SALES

### Overview

Gross revenue from product sales decreased from R\$49.8 million in the first quarter of 2020 to R\$48.2 in the first quarter of 2021, representing a 3.2% decrease. In the quarter, the number of watches sold totaled 278 thousand watches, representing a 19.9% decrease compared to the first quarter of 2020.

Average price reached R\$174 in the first quarter of 2021, representing a 20.9% increase compared to the same period in 2020. This increase in the average price reflects the Company's strategy to seek greater profitability through selective price increases, decreased discounts and promotional sales and better management of mix per sales channel.

### Analysis by Product Category

From this report, the Company will publish an analysis of sales by product category in order to highlight the trend of expressive growth in sales due to the digitization of products in the watch sector. As already mentioned, the Company has as one of its objectives for this year to accelerate its digitalization process, not only of distribution channels but also of technological products.

In analyzing the sale of watches by product category, we split the revenue between analogical watches with traditional movements and watches with digital movement that include both smartwatches and simple watches with technological appeal. There is an increase of 27.0% in digital products and a decrease compared to the previous year of 11.3% in analogical products. This accelerated growth of digital products is a secular trend that will greatly impact the Technos Group's growth potential, highlighting the importance of the ongoing investment for the Company's digitalization.

R\$ Milhões	1T20	1T21	Var %	Var R\$
Produtos Analógicos	39,2	34,8	-11,3%	-4,4
Produtos Digitais	10,6	13,4	27,0%	2,8
<b>Total</b>	<b>49,8</b>	<b>48,2</b>	<b>-3,2%</b>	<b>-1,6</b>

## GROSS REVENUE

### Analysis per Distribution Channel

The analysis of sales of watches per distribution channel shows a 6.5% decrease compared to the previous year in specialized stores and a 4.0% increase in department stores and others, which also include online sales customers. Specifically, the Company continues to identify significant growth related to the sale of products to its resellers focused on ecommerce.

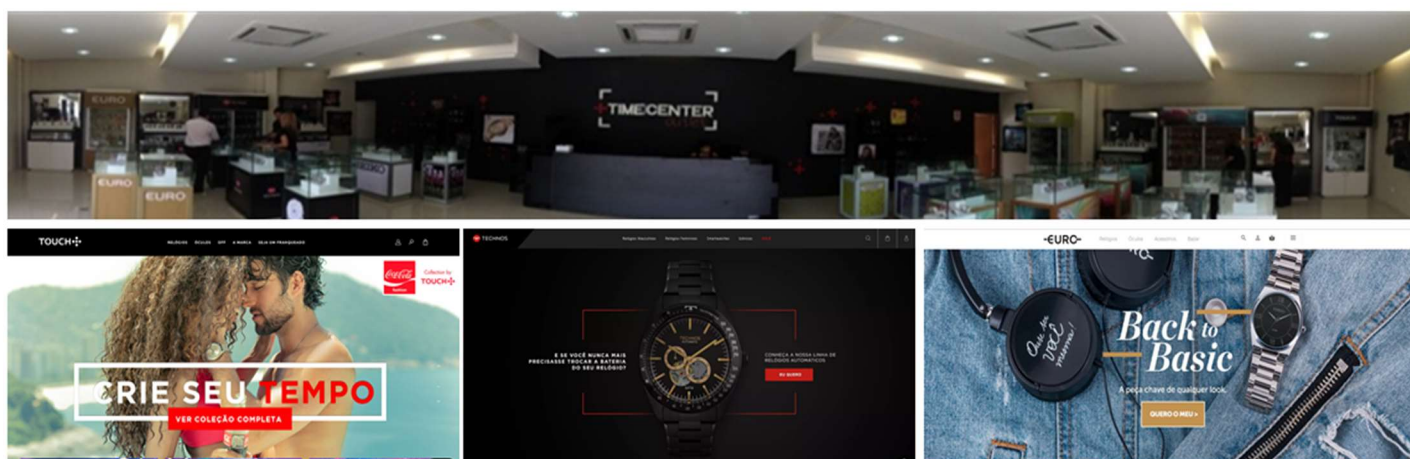
R\$ Million	1Q20	1Q21	Var %	Var R\$
Specialized Stores	34.0	31.8	-6.5%	-2.2
Department Stores and Others	15.9	16.5	4.0%	0.6
<b>Total</b>	<b>49.8</b>	<b>48.2</b>	<b>-3.2%</b>	<b>-1.6</b>

### RETAIL AND FRANCHISES

In retail, the Company runs its own operations through websites and outlets. The company operates in e-commerce with five e-commerce websites, four of which are dedicated to the brands Technos, Fossil, Euro, Condor, and one, Timecenter, is dedicated to online sales of all brands. The main goal of this online activity is brand building and brand communication in the virtual environment, as a large number of customers performs online searches before completing their purchases in physical stores, as well as the engagement and allurements of consumers in relation to the category and our brands.

The Company maintains 10 outlets in the main malls of this segment across Brazil. These points of sale are part of the inventory management strategy and represent a sales channel for low turnover products outside the traditional sales channels, and have had good sales results. Moreover, they reinforce the category in the places where consumers are largely present.

Franchises are present through Touch and Euro brands. At the end of March 2021, we had 20 exclusive points of sale, with Touch representing 14 and Euro 6.



## NET REVENUE



In the first quarter of 2021, net revenue totaled R\$43.4 million, representing a 3.6% increase compared to the same period in the previous year.

Present value adjustment on gross revenue totaled R\$0.8 million in the first quarter of 2021, representing an 8.6% decrease. This is a non-cash adjustment, as the portion deducted from gross revenue at the time of sale returns to the Company and is credited to financial income at the time of receipt.

Notwithstanding the slight increase in Gross Revenue, sales taxes decreased by 44.6% compared to the same period in the previous year. This effect is due to the increased enjoyment of the ICMS tax benefit, pursuant to Decree 43,274. It is noteworthy that this benefit will exceptionally be applied during 2021. Excluding this effect, tax would be R\$2.9 million higher.

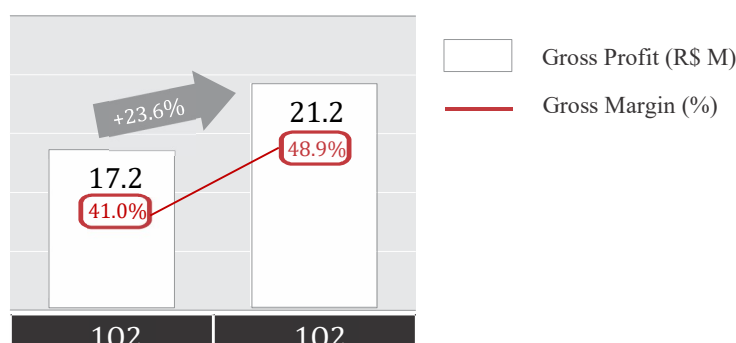
R\$ Million	1Q20	1Q21	Var %	Var R\$
Gross Revenue	51.0	48.8	-4.4%	(2.3)
Present Value Adjustment on Sales	(0.8)	(0.8)	-8.6%	0.1
Sales Taxes	(8.4)	(4.7)	-44.6%	3.8
Present Value Adjustment on Taxes	0.1	0.1	-48.5%	(0.1)
<b>Net Revenue</b>	<b>41.9</b>	<b>43.4</b>	<b>3.6%</b>	<b>1.5</b>

## GROSS PROFIT



In the first quarter of 2021, the Company's Gross Profit totaled R\$21.2 million, compared to R\$17.2 million in the same period in the previous year. The Gross Profit recorded in the first quarter reflects the Company's strategy to recover profitability and efficiency, and is due to increased product price and gross margin, decreased post-sale cost in view of the outsourcing of network, and the impact of the increased enjoyment of the ICMS tax benefit approved for 2021, pursuant to Decree 43,274.

The Company's gross margin increased by 7.9p.p., from 41.0% in the first quarter of 2020 to 48.9% in the first quarter of 2021.



## SALES AND ADMINISTRATIVE EXPENSES



The Company's sales and administrative expenses decreased by 28.7%, or R\$9.1 million, from R\$31.7 million in the first quarter of 2020 to R\$22.7 million in the first quarter of 2021. This decrease is primarily due to the deep restructuring of costs and expenses that the Company implemented during 2020, anticipating steps of its turnaround plan.

Sales expenses decreased by 38.0%, or R\$8.8 million, compared to the same quarter in 2020. This decrease was primarily due to decreased headcount, review of investments made in marketing actions and trade, decreased expenses related to outsourced services and decreased travel.

General and administrative expenses decreased by R\$0.3 million, or 3.2%, compared to the same quarter in 2020, due to savings resulting from decreased headcount and outsourced services.

In the quarter, no temporary positive impact on the Company's result occurred due to reduced working hours or termination of employment contracts. Accordingly, decreased sales and administrative expenses in the quarter shows the positive impact of structural actions implemented during the year to accelerate turnaround and protect the Company's cash.

## OTHER OPERATING RESULTS, NET



Other operating results, net totaled an expense of R\$0.7 million, compared to an expense of R\$ 0.4 million in the same period in the previous year.

In the quarter, this line item was primarily affected by expenses with the profit-sharing plan, stock option plan, and the net reversal of provisions and contingencies, in the amount of approximately R\$0.8 million.

## EBITDA AND ADJUSTED EBITDA



The Company's EBITDA increased by R\$13.5 million, from an expense of R\$ 12.2 million in the first quarter of 2020 to an income of R\$1.3 million in the first quarter of 2021. This is due to the gradual sales recovery, combined with the pursuit of higher profitability, through the recovery of gross margin and higher efficiency in expenses, due to the anticipation of structural measures mapped in the turnaround plan and anticipated during 2020.

The adjustments made in Adjusted EBITDA in 1Q21 refer to taxes on the provision for obsolete inventory, in the amount of R\$0.4 million, and the impact of present value adjustment on Operational Result, in the amount of R\$0.7 million.

<b>R\$ Million</b>	<b>1Q20</b>	<b>1Q21</b>
<b>(=) Net income</b>	<b>(17.4)</b>	<b>(4.0)</b>
(+) Depreciation and amortization	(3.0)	(2.2)
(+/-) Financial result	(10.4)	(2.6)
(+) Current taxes	0.0	(1.4)
(+/-) Deferred taxes	7.7	2.0
<b>(=) EBITDA (CVM 527/12)</b>	<b>(11.8)</b>	<b>0.1</b>
(+/-) Provision for contingencies <sup>1</sup>	1.1	(0.4)
(+) Other non-cash expenses <sup>2</sup>	0.0	0.0
(+) Other non-recurring expenses <sup>3</sup>	0.0	0.0
(+) Impact of present value adjustment on operational result <sup>4</sup>	(0.7)	(0.7)
(+) Extraordinary impacts <sup>5</sup>	0.0	0.0
<b>(=) Adjusted EBITDA</b>	<b>(12.2)</b>	<b>1.3</b>

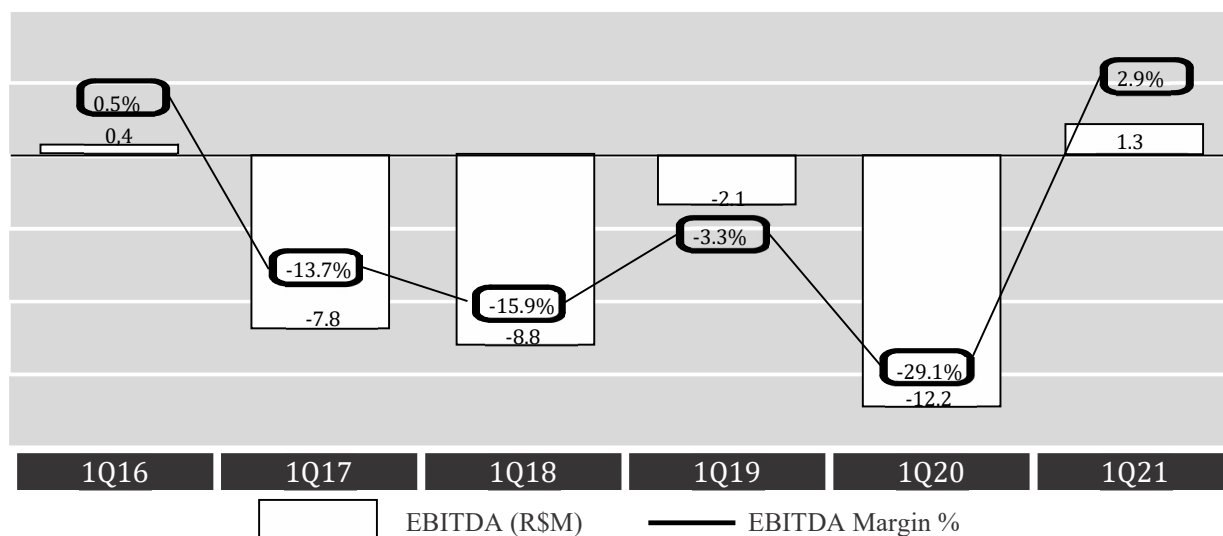
<sup>1</sup> Adjustment of tax on provision for obsolete inventory

<sup>2</sup> Adjustment of the value recorded in the result of the stock option plan with no cash effect

<sup>3</sup> Present value adjustment that results in a decrease in the Company's gross revenue (affecting CVM EBITDA) and an increase in the Company's financial income (not affecting CVM EBITDA), leading to a mismatch in connection with the CVM EBITDA view

<sup>4</sup> Extraordinary impacts such as assignment of credit rights, impairment and inventory provision

In a historical comparison, adjusted EBITDA in the first quarter of 2021 totaled R\$1.3 million, representing the best quarterly result since 2016, as illustrated below. This performance results from the recovery of sales and gross margin, together with the deep rationalization of expenses accelerated by the pandemic. This sequence of positive results of the Company in the last quarters highlights the impact and consistency of its turnaround plan, notwithstanding the adverse conditions resulting from the pandemic.





## NET FINANCIAL RESULT



In the first quarter of 2021, net financial result totaled an expense of R\$2.6 million, representing an increase of R\$7.7 million, compared to an expense of R\$10.2 million in the first quarter of 2020. The main impacts of this line item in the first quarter of 2020 were due to the direct and indirect effects of the exchange rate variation in the period, including appreciations and depreciations, as well as derivative transactions. In the first quarter of 2021, the main impact was due to the payment of interest on loans, in the amount of 2.7 million.

## NET INCOME



In the quarter, the Company's net income totaled an expense of R\$4.2 million, representing an improvement of R\$13.4 million compared to the first quarter of 2020. In the first quarter of 2021, the Company was impacted by decreased sales, increased gross margin, decreased expenses and decreased exchange rate compared to the first quarter of 2020.

## CASH FLOW



R\$ Million	1Q20	1Q21
<b>Net income before income tax and social contribution</b>	<b>(25.2)</b>	<b>(4.7)</b>
(+/-) Non-cash adjustments	9.7	9.1
(+/-) Operational activities	(5.0)	25.7
(+/-) Investment activities	(1.5)	0.5
(+/-) Financial activities	14.0	(1.4)
<b>(=) Increase (decrease) in cash</b>	<b>(8.0)</b>	<b>29.2</b>
(+) Cash and cash equivalents at the beginning of the period	54.1	65.3
<b>(=) Cash and cash equivalents at the end of the period</b>	<b>46.1</b>	<b>94.5</b>

## NON-CASH ADJUSTMENTS

In the first quarter of 2021, non-cash adjustments totaled R\$9.1 million, compared to R\$9.7 million in the first quarter of 2020. In this line, the most important changes were: R\$2.2 million in amortization and depreciation, R\$ 0.8 million in derivatives, R\$ 2.3 million in interest on loans, R\$ 1.0 million in provision for accounts receivable and R\$ 1.4 million in fair market adjustment of assets for sale.

## OPERATIONAL ACTIVITIES

In the first quarter of 2021, the Company generated R\$25.7 million from operational activities. In the first quarter of 2021, the main changes were: the use of R\$14.8 million due to increased inventories, the generation of R\$31.7 million due to decreased accounts receivable and the generation of R\$9.7 million in suppliers and other accounts payable.

## INVESTMENT ACTIVITIES

In the first quarter of 2021, net cash from investment activities totaled R\$0.5 million, due to the sale of property and equipment.

## FINANCIAL ACTIVITIES

Net cash from financial activities totaled an expense of R\$1.4 million, primarily due to the payment of interest on contracted loans and amortizations in the period.

## CASH RESULT

The activities resulted in a cash increase of R\$29.2 million at the end of the first quarter of 2021 that, added to the initial amount of R\$65.2 million, led to a final cash balance of R\$94.5 million at March 31, 2021. At the end of the first quarter of 2020, the Company's final cash balance totaled R\$46.1 million.

## WORKING CAPITAL

R\$ million	1Q20	Days	1Q21	Days
(+) Accounts receivable	112.3	137	97.8	143
(+) Inventories	150.2	277	91.1	253
(-) Accounts payable	75.4	139	26.5	74
<b>(=) Working Capital</b>	<b>187.1</b>	<b>275</b>	<b>162.4</b>	<b>322</b>

In the first quarter of 2021, the Company's working capital totaled R\$162.4 million, accounting for 322 days. In the first quarter of 2020, working capital totaled R\$187.1 million, representing a decrease of R\$24.7 million, or 13.1%. It is noteworthy that the method used to calculate days of working capital in the table above considers the sales basis and changes in the last 12 months. This method usually intends to clearly show improvements and deteriorations in the Company's management of working capital. However, in view of a scenario in which sales in the last 12 months show significant volatility as a result of the pandemic (failing to reflect the natural business seasonality) and the need to make decisions to suspend the flow of purchases from suppliers and inventory supply for a long time, these indicators must be carefully assessed, and the understanding of the scenario and the analysis of balances are required, as explained below.

In the first quarter of 2021, the Company's balance of Accounts Receivable totaled R\$98.7 million, compared to R\$112.3 million in the same period in the previous year. This decrease is due to the sales decrease in the last 12 months (particularly in the second quarter of 2020, which was significantly affected by restrictive measures on the circulation of people). It is noteworthy that the average term of accounts receivable decreased by 9 days in 1Q21.

In the first quarter of 2021, inventories totaled R\$91.1 million, representing a R\$59.0 million decrease compared to the first quarter of 2020. Decreased inventory is due to the actions to protect cash during the pandemic in 2020, including restrictions on purchases, as well as to the recovery of revenue at a pace that was above the Company's expectations in the fourth quarter of 2020. The Company recovered its supply flow as of the third quarter of 2020. However, considering the long cycle of the chain, recomposition and rebalance of inventory must occur gradually by the end of the second quarter of 2021.

The Company's balance of Accounts Payable totaled R\$26.5 million, compared to R\$75.4 million in the same period in 2020, due to the freezing of new shipments and purchases as of March 2020. It is noteworthy that, since 2016, a factor that contributed to the extension of suppliers' payment terms was the use of agreements or letters of credit, which represent a payment guarantee to suppliers and allow the extension of payment terms in negotiations with the Company. With the renegotiation of agreements with its main creditors, completed in October 2020, the Company obtained new financings

directly with their creditors and settled the outstanding letters of credit. Accordingly, as of October 2020, the Company is no longer impacted by letters of credit in accounts payable. In 1Q20 the outstanding balance of accounts payable guaranteed by letters of credit totaled USD8.6 million (equivalent to approximately R\$44.4 million based on the exchange rate of 2020).

## CASH BALANCE

In the first quarter of 2021, Grupo Technos had net debt of R\$ 31.8 million, representing a decrease of R\$24.5 million compared to the first quarter of 2020 and a decrease of R\$33.9 million compared to the fourth quarter of 2020.

The Company's gross debt totaled R\$137.7 million, representing a 19.5% increase compared to the previous year due to the incorporation of letters of credit – a form of payment to suppliers that, in the financial renegotiation completed in October 2020, was extended and included in the balance of financial debt.

On the other hand, the Company's cash totaled R\$105.9 million, representing a 99.8% increase compared to the previous year due to the actions to protect cash and decrease cash outflow.

R\$ million	1Q20	4Q20	1Q21
Gross debt	(115.2)	(101.3)	(137.7)
(-) Cash	53.0	60.9	105.9
<b>(=) (Debt)/Net Cash</b>	<b>(57.1)</b>	<b>(65.7)</b>	<b>(31.8)</b>

<sup>1</sup> In the calculation of net debt, we considered cash plus restricted cash of R\$11.5 million in 1Q21

## INCOME STATEMENT

R\$ thousand

QUARTER

	Consolidated	
	1Q20	1Q21
Net revenue	41,915	43,424

Cost of goods sold	(24,735)	(22,184)
<b>Gross profit</b>	<b>17,180</b>	<b>21,240</b>
Sales expenses	(17,953)	(13,487)
Provision for impairment of trade receivable	(5,341)	(960)
Administrative expenses	(8,480)	(8,205)
Others, net	(367)	(696)
<b>Operational profit</b>	<b>(14,961)</b>	<b>(2,108)</b>
Financial result, net	(10,222)	(2,562)
Financial income	32,570	1,790
Financial expenses	(42,792)	(4,352)
<b>Income before income tax and social contribution</b>	<b>(25,183)</b>	<b>(4,670)</b>
Income tax and social contribution	7,748	658
Deferred	0	(1,358)
Current	7,748	2,016
<b>Net income</b>	<b>(17,435)</b>	<b>(4,012)</b>

## BALANCE SHEET

R\$ thousand

Consolidated

March 31, 2020

March 31, 2021

**Assets****Current assets**

Cash and cash equivalents	46,100	94,460
Restricted cash	6,895	11,480
Marketable securities	0	0
Accounts receivable	112,306	97,766
Inventories	150,189	91,147
Income tax and social contribution recoverable	6,396	10,913
Recoverable taxes	23,411	31,559
Derivative financial instruments	6,673	66
Other assets	13,721	13,148
Assets held for sale	4,800	2,725

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**370,491**      **353,264****Non-current assets**

Related deposits	0	0
Derivative financial instruments	4,293	3,731
Advances to suppliers	4,062	3,326
Recoverable taxes	47,129	24,063
Judicial deposits	3,644	1,560
Other assets	16,968	0

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**76,096**      **32,680****Investments**

Intangible	192,561	190,631
Property and equipment	38,677	27,091

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**231,238**      **217,722****Total assets**

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**677,825**      **603,666**

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**BALANCE SHEET**

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**Consolidated****March 31, 2020****March 31, 2021**

## Liabilities

### Current liabilities

Borrowings	48,780	6,865
Accounts payable	75,401	26,549
Income tax and social contributions payable	4,832	5,920
Deferred income tax and social contributions	441	298
Amount payable for the acquisition of non-controlling interest	1,103	1,103
Salaries and social charges payable	8,121	6,186
Dividends payable	1,375	1,371
Derivative financial instruments	115	420
Lease payment	2,765	1,970
Other payables	6,954	11,720
Provision for success fees	969	1,812
Payables - assignment of credit right	7,988	16,765
	<b>158,844</b>	<b>80,979</b>

### Non-current liabilities

Borrowings	89,061	130,852
Income tax and social contributions payable (Note 14)	1,818	1,653
Deferred income tax and social contributions	15,465	13,543
Provision for contingencies	53,440	54,494
Amount payable for the acquisition of equity interest	4,689	3,230
Derivative financial instruments	0	0
Payables - assignment of credit right	16,194	0
Lease payment	4,893	1,480
Other payables	0	0
Provision for success fees	6,470	4,633
	<b>192,030</b>	<b>209,885</b>
<b>Total liabilities</b>	<b>350,874</b>	<b>290,864</b>

### Equity

Capital stock	130,583	130,583
Treasury shares	(11,208)	(11,208)
Share issuance expenses	(10,870)	(10,870)
Capital reserves	204,432	204,917
Profit reserves	42,450	14,287
Carrying value adjustment	(14,206)	(14,100)
Additional proposed dividend	3,205	3,205
<b>Total equity</b>	<b>(17,435)</b>	<b>(4,012)</b>

### Total liabilities and equity

**677,825**                      **603,666**

## CASH FLOWS

R\$ thousand

**QUARTER**

**Consolidated**

**Income before income tax and social contribution**

**1Q20**  
**(25,183)**

**1Q21**  
**(4,670)**

**Adjustments for items that do not affect cash flow**

Amortization and depreciation	2,980	2,194
Allowance for recoverable value of inventory	0	0
Allowance for recoverable value of accounts receivable	149	596
Write-off of accounts receivable for foreclosure of guarantees without generation of cash	5,355	960
Adjustment to market value in noncurrent assets available for sale	0	1,420
Allowance for contingencies (reversal)	(1,198)	556
Results from disposal of permanent assets	72	(19)
Impairment of permanent assets	(1)	(1)
Provision for impairment of goodwill	0	0
Interest on loans	1,074	2,284
Other interest expenses and foreign exchange variation	22,778	(149)
Derivative financial instruments	(21,669)	761
Stock option premium	0	485
Others	198	(15)

**Changes in assets and liabilities**

Decrease (increase) in accounts receivable	34,096	31,693
Decrease (increase) in inventories	(27,723)	(14,764)
Decrease (increase) in tax recoverable	(1,343)	1,271
Decrease (increase) in other assets	1,293	(280)
Increase (decrease) in suppliers and accounts payable	(10,582)	9,962
Increase (decrease) in salaries and social charges payable	1,625	1,727
Increase (decrease) in taxes, rates and social contributions payable	734	(1,394)
Interest paid	(3,106)	(2,497)
Income tax and social contribution paid	0	0
Others	0	0
<b>Net cash (applied in) generated by operational activities</b>	<b>(20,451)</b>	<b>30,120</b>

**Cash flow from investment activities**

Redemption of escrow accounts	12	(13)
Acquisition of equity interest	(12)	13
Restricted cash	0	0
Purchases of fixed assets	(820)	(1,126)
Amount received from the sale of fixed assets	274	1,651
Purchases of intangible assets	(993)	0
<b>Net cash (applied in) generated by investment activities</b>	<b>(1,539)</b>	<b>525</b>

**Cash flow from financial activities**

Deposits as collaterals -- restricted cash	0	(97)
Borrowings	40,000	0
Payment of borrowings	(24,920)	(559)
Lease contracted	0	0
Lease paid	(1,099)	(787)
Dividends paid to non-controlling shareholders	0	0
<b>Net cash applied in financial activities</b>	<b>13,981</b>	<b>(1,443)</b>

Increase (decrease) in cash and cash equivalents	(8,009)	29,202
Cash and cash equivalents at beginning of period	54,109	65,258
<b>Cash and cash equivalents at end of period</b>	<b>46,100</b>	<b>94,460</b>

