(Convenience translation into English from the original previously issued in Portuguese)

MULTILASER INDUSTRIAL S.A.

Independent auditor's report

Individual and consolidated financial statements
As at December 31, 2021

MULTILASER INDUSTRIAL S.A.

Individual and consolidated financial statements
As at December 31, 2021

Contents

Management's Report

In accordance with the legal and statutory provisions of Multilaser Industrial S.A., we submit to the shareholders the management's report, the individual and consolidated financial statements, and the independent auditor's report for the year ended December 31, 2021.

About Multilaser

Multilaser Industrial S.A. is a Brazilian, publicly-held corporation engaged in the manufacturing, import, and sale of consumables in the segments of Mobile Device, Office & IT Supplies, Home Electric Products and Kids & Sports.

The company has over 5,000 employees in its administrative headquarters in the city of São Paulo/SP, and at the manufacturing plants located in Manaus/AM and Extrema/MG, where one of the distribution centers is also located, and which, together with the distribution unit located in Itajaí/SC, supplies products for more than 44,000 points of sale all over the Brazilian territory. Additionally, the company has a laboratory in the Chinese city of Shenzhen, where an engineering team is allocated, to attest the quality of the products, the manufacturing units and the production processes of the suppliers located in Asia.

With deep technical knowledge and market know-how, the company occupies the highest positions of market share in several segments of operation, and has the approval of the customers regarding the quality of our products, our customer service and after-sales service.

Management's Comments

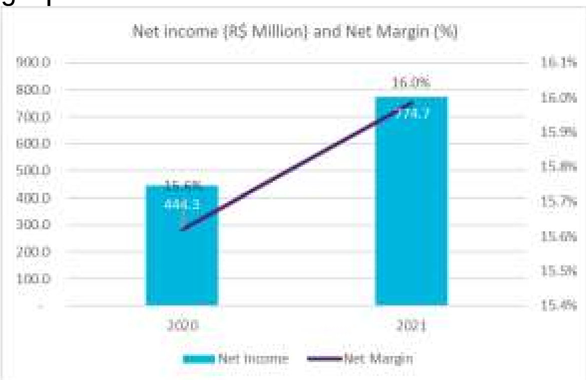
In 2021, the Company reported 70.4% growth in net revenues and 74.4% in net income in comparison with 2020. This growth is mainly due to the Company's strategy of launching new products, acting in new categories and expanding the addressable market, by growing the existing lines with models that reach a broader share of the market. Additionally, in 2021 there was also a higher demand for technology products by government entities and, in smaller scale, the effects of inflation. Changes in work dynamics and consumer habits, which required innovation and adaptability from companies and the population as a whole, also boosted the sales of some categories in which the Company operates.

Faced with this scenario, Multilaser has demonstrated to be well positioned to seize opportunities, especially as a result of its unique business model, which allows for the dilution and management of risks through the high capillarity and heterogeneity of its consumer base, agility in releases, broad portfolio of new and existing products, and excellence in after-sale service.

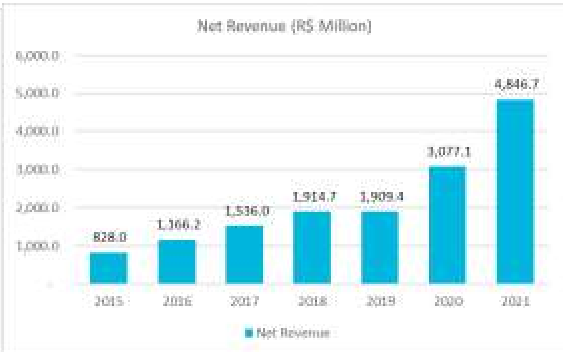
Thus, in 2021 the Company recorded a Consolidated Net Revenue of R$ 4.8 billion and Consolidated Net Income of R$ 774.7 million.

Consolidated Financial Performance

In 2021, the company reports expressive growth in revenue and income, as per the graphs below:



The Company has presented constant growth in recent years, as shown in the graphs below:



The Compound Annual Growth Rate (CAGR) in Net Revenues since 2015 was 34.2% and 30.3% in Net Income.

The table below shows the main performance indicators referring to the periods ended December 31, 2020 and 2021:

(In thousands of Brazilian Reais, except percentages)	For the year ended		
	12/31/2021	12/31/2020	Variation
Net Revenue	4,846,652	2,844,340	70.4%
Gross Profit	1,356,812	981,028	38.3%
Gross Margin (%)	28.0%	34.5%	-650 bps
Net Income	774,715	444,302	74.4%
Net Margin (%)	16.0%	15.6%	40 bps

There was a 70.4% increase in net revenues in 2021, reaching R$ 4,846.6 million, in comparison with the previous year.
This increase was also reflected in the gross profit, which increased by 38.3% in the comparison between periods, with gross margin of 28.0% for 2021, and 34.5% in 2020.

The company reported a substantial increase of 74.4% in net income in 2021, reaching R$ 774.7 million, in comparison with the R$ 444.3 million recorded in 2020.

Expectations

Multilaser will continue with the growth strategy used in recent years by increasing the addressable market of its products, seizing market opportunities and becoming even more present in consumers' lives, seeking to improve the conditions of families through technology, maintaining its policy of investment and development of its team.

Relationship with independent auditors

In compliance with Brazilian Securities and Exchange Commission (CVM) Instruction No. 381/03 and Circular Letter CVM/SEP No. 01/2021, the Company informs that independent auditors (BDO RCS Auditores Independentes S/S) were hired to provide services of external audit of the individual and consolidated financial statements. Through the policies adopted by the Company, it assures the integral preservation of the independence and objectivity necessary for the execution of the independent audit work, as established in the Brazilian auditing standards and resolutions of the Brazilian Federal Council of Accounting (CFC). BDO RCS Auditores Independentes S/S has not provided other additional services that exceed 5% of the fees for the audit of the financial statements of Multilaser Industrial S.A.

Wherever technology goes, that's where Multilaser will be!

Independent auditor's report

The draft report is attached.

Annual Report of the audit committee of Multilaser Industrial S.A.

ABOUT COAUDIT

MULTILASER'S COAUDIT is a statutory and permanent body constituted in May/2021, according to the best corporate governance practices and in compliance with the terms of Law No. 6.404/1976 (Corporate Law), and of regulations issued by CVM, by B3 S.A. – Brasil, Bolsa, Balcão ("B3"), MULTILASER's Bylaws and other applicable legislation.

COAUDIT consists of three (3) members with unified term of two (2) years, and the latest election was held on May 12, 2021, that is, the mandates of all members are valid until May 12, 2023. All members are independent, and one (1) of them is also a part of MULTILASER's Board of Directors. Among COAUDIT members, Mr. Marcos Edson Pinto Rodrigues acts as Coordinator. COAUDIT members are subject to the same duties and responsibilities as MULTILASER's management.

According to its Internal Regulations, it is the duty of COAUDIT to:

(i) Issue an opinion on the hiring or discharge of MULTILASER's independent auditors;
(ii) Evaluate the quarterly information, interim financial information and financial statements, as well as to monitor MULTILASER's annual budget and capital budget;
(iii) Monitor the activities of MULTILASER's internal audit and internal control area.
(iv) Evaluate and monitor MULTILASER's risk exposures;
(v) Evaluate, monitor, and advise management on the correction or improvement of MULTILASER's internal policies, including the policy on related-party transactions;
(vi) Have means for receipt and treatment of information regarding noncompliance with legal and regulatory provisions applicable to MULTILASER, in addition to internal codes and regulations, including with the provision of specific procedures for the protection of the information provider and confidentiality;
(vii) Analyze related-party transactions submitted by the Internal Audit Area, in accordance with the guidelines provided in MULTILASER's Related-Party Transactions Policy;
(viii) Prepare a previous opinion on related-party transactions (i) to be conducted outside of the normal course of MULTILASER's business, as long as not involving material amounts, for approval by the Internal Audit Area; and (ii) to be conducted in the normal course of MULTILASER's business or not, involving material amounts, for approval by the Board of Directors;
(ix) Examine the facts and circumstances related to the lack of submission of related-party transactions for approval in the terms of MULTILASER's Related-Party Transactions Policy, as well as to carry out the acts that it finds appropriate to guarantee the effectiveness of such Policy;
(x) Evaluate and monitor compliance with MULTILASER's Related-Party Transactions Policy and, if necessary, to recommend its correction or improvement to the Board of Directors, in the terms of article 22, IV, c), of the Regulations of "Novo Mercado";

(xi) Oversee compliance risks; and
(xii) Monitor and oversee the activities of the Compliance and Risk Management Areas.

COAUDIT's evaluations are based on the information received from MULTILASER's Management, independent auditors, internal audit, those responsible for risk management and internal controls, managers of denunciation and complaint channels, and its own analyses resulting from direct observation.

BDO RS AUDITORES INDEPENDENTES SS ("BDO") is the company responsible for the audit of MULTILASER's financial statements, in accordance with professional standards issued by CFC and certain specific requirements from CVM. The independent auditors are also responsible for the special review of the quarterly information ("ITRs") filed with CVM. The independent auditor's report reflects the result of its verification and presents its opinion regarding the reliability of the financial statements for the year in relation to the accounting principles issued by CFC in accordance with the standards issued by the International Accounting Standard Board ("IASB"), CVM regulations and precepts of Brazilian corporate legislation. The audit report referring to the year ended December 31, 2021 has been issued by the independent auditors, dated March 15, 2022.

Internal audit work is carried out by an internal team. COAUDIT is responsible for the hiring and approval of the internal audit plan, which is monitored and guided in its execution by the Head of Audit and Compliance of Multilaser (Mrs. Camila Belotti). Additionally, COAUDIT carries out its activities in a broad and independent manner, mainly observing the coverage of the areas, processes and activities that present the most sensitive risks to the operation and the most significant effects in the implementation of MULTILASER's strategy.

Themes discussed by COAUDIT

COAUDIT has held ten (10) meetings in the period from June 2021 to March 2022.

Among the activities carried out during the year, we point out the following aspects:

(i) Monitoring of the process of preparing and reviewing Multilaser's financial statements, notably, in meetings with the managers and the independent auditors to discuss the quarterly information and the financial statements for the year ended December 31, 2021;
(ii) Monitoring of the Action Plan to improve the Company's internal controls, based on the Detailed Report;
(iii) Individual appointments with the Internal Audit for alignment and set up of activities;
(iv) Knowledge of the points of attention and recommendations arising from Internal Audit work;

(v) Analysis, approval and monitoring of the Annual Independent Audit Work Program and its timely execution;
(vi) Monitoring of the results of the General Risk Assessment (AGR), carried out by Grand Thornton, including the discussions with Management, Managers in Charge and the Internal Audit area;
(vii) Monitoring the evolution of the cybersecurity program during 2021;
(viii) Monitoring the evolution of the process of adaptation to the Law on Protection of Data (LGPD);
(ix) Monitoring the evolution of the implementation of ERP SAP in replacement of Protheus/TOTVS;
(x) Monitoring the denunciation channel opened to shareholders, employees, issuers, suppliers and the general public, under the responsibility of the Compliance area for receipt and verification of denunciations or suspected violations of the Code of Ethics.

Conclusion

The members of MULTILASER's COAUDIT, in the exercise of their attributions and legal responsibilities, as well as those provided for in COAUDIT's own Internal Regulations, have proceeded with the examination and analysis of the financial statements, along with the audit report with an unqualified opinion from the independent auditors, the annual Management report and the income allocation proposal, all referring to the year ended December 31, 2021. Considering the information provided by MULTILASER's Management and the audit exam conducted by BDO Auditores Independentes Ltda., they unanimously recommend the approval of the abovementioned documents by MULTILASER's Board of Directors.

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders and Management of
Multilaser Industrial S.A.
São Paulo – SP

Opinion on the individual and consolidated financial statements

We have audited the individual and consolidated financial statements of Multilaser Industrial S.A. (the "Company") identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2021 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Multilaser Industrial S.A. as at December 31, 2021, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis for opinion on the individual and consolidated financial statements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were the most significant in our audit for the year ended December 31, 2021. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for tax contingencies	Audit response
As stated and disclosed in Note 19, the Company and its controlled companies are party to legal and administrative proceedings at civil, labor, social security, regulatory and tax levels, which arise from the normal course of its business. As at December 31, 2020, the Company and its controlled companies have matters of tax nature being discussed at several procedural levels, in the total amount of R$ 1,395,876 thousand, of which R$ 99,795 thousand are provisioned, referring to proceedings with probable outflow of funds, according to the evaluation of Management based on the opinion of its legal counselors. The definition and measurement of the amounts provisioned and disclosed depends on the Management's critical judgment in relation to the probability of loss highlighted in the ongoing discussions, as a result of the interpretations of the current legislation, the judicial decisions and the evolution of the jurisprudence. Additionally, considering the significance of the amounts involved and the complexity of the legal and tax environment, any changes in the assumptions adopted in determining the loss prognosis may have a material impact on the Company's financial statements. For these reasons, we considered the evaluation of recognition, measurement and disclosure of these tax contingencies a key audit matter.	Our audit procedures included: ▪ Updating our understanding of the internal control environment related to the cycle of identification, recognition, measurement and disclosure of contingent liabilities; ▪ Evaluating the assumptions and criteria used by the Company, including adjustments, for the recognition, measurement and disclosure of tax contingencies in the financial statements; ▪ Obtaining external confirmation letters from the legal counselors in charge of the tax proceedings, aiming to confirm: (i) the existence of proceedings and their current status; (ii) the respective assessment of loss involved and the applicable legal grounds; (iii) understanding the changes in the prognosis of loss for certain relevant tax proceedings; ▪ Involving our tax experts to evaluate the defense nature, grounds and/or thesis, which involve complex judgment and subjectivity in evaluations, as well as obtaining legal opinion, through management, from external tax experts on certain new significant tax proceedings evaluated as possible loss for the year ended December 31, 2021; ▪ Reviewing the disclosures made by the Company in Note 19. Based on the result of the audit procedures described above, we considered acceptable the criteria and assumptions adopted by Management for the recognition and measurement of the provisions for contingencies as a whole, as well as the mentioned disclosures in Note 19, for being consistent with the internal controls and supporting documentation kept by the Company, including the position of legal counselors.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company's and its controlled companies' Management for the year ended December 31, 2021, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's financial statements. In order to form an opinion, we have checked whether these statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and contents meet the criteria established in Accounting Pronouncement CPC 09 - Statements of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and auditor's report

The Company's and its controlled companies' Management is responsible for the other information included in the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether it is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and IFRS, issued by IASB, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's and its controlled companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it either intends to liquidate the Company and its controlled companies or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its controlled companies' financial reporting process.

Auditor’s responsibility for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude about the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company’s and its controlled companies’ ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Of the matters informed to those charged with governance, we determine those that were of most significance in the audit of the individual and consolidated financial statements for the years, and that are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 24, 2022.

BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6

MULTILASER INDUSTRIAL S.A.

Statements of financial position
As at December 31, 2021 and 2020
(In thousands of Brazilian Reais, unless otherwise stated)

Assets		Parent company		Consolidated	
	Note	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Current					
Cash and cash equivalents	5	1,101,893	41,237	1,359,722	460,783
Accounts receivable	6	1,342,492	973,180	1,347,874	967,780
Related-party transactions	29	139,401	183,878	-	-
Inventories	7	1,945,782	1,651,923	2,497,727	2,610,622
Derivative financial instruments	26.(b4)	4,890	10,920	4,890	10,920
Recoverable taxes	8	344,840	207,001	389,872	222,315
Prepaid expenses		5,992	6,506	6,174	6,568
Other assets	10	25,957	3,953	98,003	12,325
		4,911,247	3,078,598	5,704,262	4,291,313
NONCURRENT					
Long-term assets					
Deferred taxes	27	151,455	130,139	174,681	133,208
Recoverable taxes	8	250,169	-	268,171	-
Accounts receivable	6	37,648	-	37,648	-
Court deposits	10	56,933	53,797	56,940	53,797
Other assets	10	42,005	16,241	42,160	17,408
Financial instruments and derivatives	26.(b4)	12,764	-	12,764	-
		550,974	200,177	592,364	204,413
Investments	9	944,412	489,998	96,611	13,616
Investment properties	11	5,020	5,020	5,020	5,020
Fixed Assets	12	116,536	87,032	223,679	161,925
Intangible assets	13	22,423	2,107	40,781	5,403
Right-of-use assets	14	9,437	4,779	16,670	5,504
		1,097,828	588,936	382,761	191,468
TOTAL NONCURRENT		1,648,802	789,112	975,125	395,881
Total assets		6,560,050	3,867,710	6,679,387	4,687,194

Liabilities and equity		Parent company		Consolidated	
	Note	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Current					
Loans and financing	16	615,822	232,282	615,822	232,282
Trade accounts payable	15	1,135,052	1,227,723	1,161,857	1,992,782
Payroll and social charges	17	37,763	26,619	45,697	30,250
Tax liabilities	18	24,817	22,602	27,806	37,329
Related-party transactions	29	3,402	170	-	-
Advances from customers		28,210	51,594	31,789	54,921
Derivative financial instruments	26.(b4)	-	20,548	-	20,548
Obligations incurred with warranties		38,831	35,430	38,831	35,432
Dividends and interest on equity capital	20.2.(d)	54,929	23,538	54,929	23,538
Lease liabilities	14	3,299	1,681	5,709	2,138
Other accounts		49,313	46,024	65,229	71,565
		1,991,438	1,688,211	2,047,669	2,500,785
Noncurrent					
Loans and financing	16	381,491	473,464	381,491	473,464
Tax liabilities	18	63,314	36,457	118,579	42,641
Provision for civil and tax contingencies	19	100,654	142,079	102,303	142,079
Lease liabilities	14	6,552	3,445	11,004	4,170
Other accounts		2,997	-	9,663	-
Provision for investment losses	9	4,926	-	-	-
		559,934	655,444	623,040	662,354
Equity	20				
Capital stock	20.1	1,713,377	757,039	1,713,377	757,039
Expenses on issue of shares	20.1	(58,291)	-	(58,291)	
Capital reserves	20.2.(c.1)	975,378	8,357	975,378	8,357
Legal reserve	20.2.(a)	84,237	45,501	84,237	45,501
Tax incentive reserve	20.2.(b)	1,115,694	599,432	1,115,694	599,432
Appropriated retained earnings		-	101,722	-	101,722
Reserve for purchase of treasury shares	20.2.(c.2)	22,711	22,711	22,711	22,711
Reserve for investments	20.2.(c.2)	164,788	-	164,788	-
Treasury shares	20.2.(c.3)	(9,216)	(10,708)	(9,216)	(10,708)
TOTAL EQUITY		4,008,678	1,524,055	4,008,678	1,524,055
Total liabilities and equity		6,560,050	3,867,710	6,679,387	4,687,194

The accompanying notes are an integral part of these individual and consolidated financial statements.

MULTILASER INDUSTRIAL S.A.

Statements of income
As at December 31, 2021 and 2020
(In thousands of Brazilian Reais, unless otherwise stated)

		Parent company		Consolidated	
	Note	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Net sales	21	4,877,254	2,857,852	4,846,652	2,844,340
Cost of goods sold	22	(4,180,885)	(2,177,564)	(3,489,840)	(1,863,312)
Gross profit		696,369	680,288	1,356,812	981,028
Operating (expenses) revenues					
Selling expenses	22	(750,620)	(473,616)	(830,038)	(529,181)
General and administrative expenses	22	(93,043)	(54,679)	(127,583)	(67,211)
Equity in earnings of controlled companies	9	489,252	178,198	-	
Other operating revenues (expenses)	24	398,869	137,832	379,287	140,206
Income before financial income (loss)		740,827	468,023	778,478	524,842
Financial revenues	23	288,533	36,657	298,045	42,040
Financial expenses	23	(290,012)	(61,656)	(300,017)	(64,534)
Exchange rate gains (losses), net	23	9,748	(54,283)	3,664	(71,093)
Financial revenues (expenses)	23	8,269	(79,283)	1,692	(93,587)
Income before Income and Social Contribution taxes		749,096	388,741	780,170	431,255
Current Income and Social Contribution Taxes	27	-	-	(53,642)	(41,231)
Deferred Income and Social Contribution Taxes	27	25,619	55,562	48,187	54,278
		25,619	55,562	(5,455)	13,047
Net income for the period		774,715	444,302	774,715	444,302
Income attributed to					
Controlling shareholders		774,715	444,302	774,715	444,302
Net income for the period		774,715	444,302	774,715	444,302
Earnings per share:					
Earnings per share - basic (in R$)	25	0.944154	2.056237		
Earnings per share - diluted (in R$)	25	0.944154	2.056237		

The accompanying notes are an integral part of these individual and consolidated financial statements.

MULTILASER INDUSTRIAL S.A.

Statements of comprehensive income
As at December 31, 2021 and 2020
(In thousands of Brazilian Reais, unless otherwise stated)

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Income for the year	774,715	444,302	774,715	444,302
Total comprehensive income	774,715	444,302	774,715	444,302
Income attributed to				
Controlling shareholders	774,715	444,302	774,715	444,302
Total comprehensive income	774,715	444,302	774,715	444,302

The accompanying notes are an integral part of these individual and consolidated financial statements.

MULTILASER INDUSTRIAL S.A.

Statements of changes in equity
(In thousands of Brazilian Reais, unless otherwise stated)

					Income reserve							
	Note	Capital stock	Expenses on issue of shares	Capital reserve	Legal reserve	Appropriated retained earnings	Tax incentive reserve	Reserve for purchase of treasury shares	Investment reserve	Treasury shares	Retained earnings	Total
Balances at December 31, 2019		757,039	-	-	23,285	23,593	346,060	-	-	-	-	1,149,978
												-
Income for the year		-	-	-	-	-	-	-	-	-	444,302	444,302
Capital increase		-	-	-	-	-	-	-	-	-	-	-
Acquisition of company's own shares	20.2(c.3)									(22,711)	-	(22,711)
												-
Allocations:												-
Legal reserve	20.2(a)	-	-	-	22,215	-	-	-	-	-	(22,215)	-
Tax incentive reserve	20.2(b)	-	-	-	-	-	253,372	-	-	-	(253,372)	-
Statutory reserve	20.2(c.2)	-	-	-	-	-	-	22,711	-	-	(22,711)	-
Dividends and interest on equity capital		-	-	-	-	(23,593)	-	-	-	-	(17,325)	(40,918)
Interest on equity capital		-	-	-	-	-	-	-	-	-	(25,270)	(25,270)
Proposed dividends		-	-	-	-	-	-	-	-	-	(1,687)	(1,687)
Share-based compensation	20.2(c.1), (c.3)	-	-	8,357	-	-	-	-	-	8,634	-	16,991
Transfer of shares among shareholders	20.2(c.3)	-	-	-	-	-	-	-	-	3,370	-	3,370
Appropriated retained earnings						101,722	-	-	-	-	(101,722)	-
Balances at December 31, 2020		757,039	-	8,357	45,501	101,722	599,432	22,711	-	(10,708)	-	1,524,055
Income for the year		-	-	-	-	-	-	-	-	-	-	-
Balances at December 31, 2020		757,039	-	8,357	45,501	101,722	599,432	22,711	-	(10,708)	-	1,524,055
Income for the year		-	-	-	-	-	-	-	-	-	774,715	774,715
Capital increase	20.1	956,338	-	-	-	-	-	-	-	-	-	956,338
Goodwill on subscription of shares	20.2(c.1)	-	-	956,338	-	-	-	-	-	-	-	956,338
(-) Expenses on issue of shares	20.1	-	(58,291)	-	-	-	-	-	-	-	-	(58,291)
Allocations:		-	-	-	-	-	-	-	-	-	-	-
Legal reserve	20.2(a)	-	-	-	38,736	-	-	-	-	-	(38,736)	-
Tax incentive reserve	20.2(b)	-	-	-	-	-	516,262	-	-	-	(516,262)	-
Statutory reserve		-	-	-	-	-	-	-	-	-	-	-
Dividends and interest on equity capital		-	-	-	-	(101,722)	-	-	-	-	-	(101,722)
Acquisition of company's own shares		-	-	-	-	-	-	-	-	-	-	-
Donations of treasury shares		-	-	-	-	-	-	-	-	-	-	-
Mandatory minimum dividends		-	-	-	-	-	-	-	-	-	(54,929)	(54,929)
Reserve for investments	20.2(c.2)	-	-	-	-	-	-	-	164,788	-	(164,788)	-
Share-based compensation		-	-	3,914	-	-	-	-	-	8,261	-	12,174
Transfer of shares among shareholders	20.2(c.1), (c.3)	-	-	(12,271)	-	-	-	-	-	12,271	-	-
Transfer of treasury shares to capital reserve	20.2(c.3)	-	-	19,040	-	-	-	-	-	(19,040)	-	-
Balances at December 31, 2021		1,713,377	(58,291)	975,378	84,237	-	1,115,694	22,711	164,788	(9,216)	-	4,008,678

The accompanying notes are an integral part of these individual and consolidated financial statements.

MULTILASER INDUSTRIAL S.A.

Statements of cash flows
As at December 31, 2021 and 2020
(In thousands of Brazilian Reais, unless otherwise stated)

		Parent company		Consolidated	
	Note	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Cash flows from operating activities					
Net income attributed to controlling shareholders		774,715	444,302	774,715	444,302
Adjustments from:					
Deferred Income and Social Contribution Taxes	27(a)	(25,619)	(55,562)	(48,187)	(54,278)
Equity income (loss)	9	(489,252)	(178,198)	-	-
Unrealized exchange rate gains (losses)		(6,285)	45,825	5,497	45,825
Expenses on net interest		62,585	12,334	62,808	12,334
Depreciation and amortization	12, 13 and 14	12,827	12,272	38,306	23,641
Write-off of fixed and intangible assets	12 and 13	1,338	2,515	383	6,756
Impairment of fixed assets	12	-	822	-	822
Discount to present value of accounts receivable	6	6,802	849	6,802	849
Allowance for doubtful accounts	6	(719)	25,342	718	25,421
Estimate of expenditures and rebates on customers		38,464	93,563	33,042	92,339
Impairment of inventories	7	45,689	2,435	46,606	1,938
Provision for civil and tax contingencies	19	(41,425)	67,674	(33,108)	67,674
Provisions for warranties		3,401	1,781	3,399	1,782
Financial credit		(332,007)	(125,354)	(355,466)	(129,635)
Financial income (loss) from court-ordered debt securities		28,587	-	28,587	-
Fair value of investment funds		1,991	384	474	384
Other non-cash transactions		(18,145)	10,156	(18,041)	10,157
		62,947	361,140	546,535	550,311
Changes in assets and liabilities					
Accounts receivable		(457,096)	(492,849)	(457,446)	(393,670)
Inventories		(318,282)	(1,017,597)	108,091	(1,811,774)
Tax credits		(56,001)	11,950	7,124	16,219
Other assets		(64,305)	(198,647)	(338,874)	(22,559)
Trade accounts payable		(77,848)	893,917	(685,518)	1,567,543
Tax liabilities		29,072	7,942	62,549	64,746
Accounts payable		(1,573)	48,459	(10,823)	78,187
Paid Income and Social Contribution taxes			-	(87,381)	(41,231)
		(946,033)	(746,825)	(1,402,278)	(542,539)
Net cash from operating activities		(883,086)	(385,685)	(855,744)	7,772
Cash flows from investing activities					
Acquisition of fixed assets	12	(40,466)	(10,154)	(93,008)	(44,869)
Acquisition of intangible assets	13	(333)	-	(333)	(992)
Dividends and interest on equity capital		93,472	911	-	-
Business combination OBABOX	9	(15,000)	-	(15,001)	-
Net investment in ownership interest in other companies		(5,000)	(582)	(4,418)	-
Investment Luby - Inova V		-	-	(14,410)	-
Investment Watch - Inova V		-	-	(18,000)	-
Contributions to other investment funds		(47,000)	(14,000)	(50,452)	(14,000)
Net cash from investing activities		(14,327)	(23,825)	(195,622)	(59,861)
Cash flows from financing activities					
Funds from capital contribution by shareholders		1,854,192	-	1,854,192	-
Acquisitions of treasury shares	20.2(c.2)	-	(22,711)	-	(22,711)
Funds from loans and financing	16.3	622,637	656,720	622,637	656,720
Payment of loans and financing	16.3	(344,376)	(161,527)	(349,866)	(163,458)
Interest paid on loans and financing	16.3	(45,735)	(10,774)	(45,735)	(10,774)
Payments of lease liabilities	14	(3,389)	-	(5,663)	-
Interest on equity capital and dividends paid	20.2(d)	(125,260)	(44,832)	(125,260)	(44,832)
Net cash from financing activities		1,958,069	416,876	1,950,305	414,945
Net increase/(decrease) in cash and cash equivalents		1,060,656	7,366	898,939	362,856
Cash and cash equivalents at beginning of period		41,237	33,871	460,783	97,927
Cash and cash equivalents at end of period		1,101,893	41,237	1,359,722	460,783
Net increase/(decrease) in cash and cash equivalents		1,060,656	7,366	898,939	362,856

The accompanying notes are an integral part of these individual and consolidated financial statements.

MULTILASER INDUSTRIAL S.A.

Statements of value added
As at December 31, 2021 and 2020
(In thousands of Brazilian Reais, unless otherwise stated)

	Parent company		Consolidated	
	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Revenues				
Sales of goods and services	6,054,740	3,529,099	6,039,116	3,512,605
Other Revenues	377,776	215,084	402,675	223,869
Allowance for doubtful accounts	719	(25,342)	(718)	(25,421)
	6,433,235	3,718,841	6,441,073	3,711,054
Inputs acquired from third parties				
Costs of goods, merchandise and services sold	(5,045,588)	(2,546,351)	(4,479,817)	(2,027,345)
Materials, electric power, third-party services and others	(538,943)	(374,271)	(620,038)	(435,031)
Loss/ recovery of assets values	(46,809)	(2,435)	(47,594)	(1,938)
	(5,631,340)	(2,923,057)	(5,147,449)	(2,464,314)
Gross value added	801,895	795,784	1,293,624	1,246,740
Depreciation and amortization	(12,827)	(12,272)	(38,306)	(23,640)
Net value added generated by the Company	789,068	783,512	1,255,318	1,223,100
Value added received in transfer				
Equity in earnings of controlled companies	489,252	178,198	-	-
Financial revenue and exchange rate gains (losses)	480,957	168,555	632,632	245,033
Other	45,441	1,755	46,792	1,930
Total value added to be distributed	1,804,718	1,132,020	1,934,742	1,470,063
Value added distribution				
Personnel				
Direct compensation	189,929	114,884	227,216	133,526
Benefits	38,076	24,469	50,707	29,809
FGTS (Severance Pay Fund)	13,343	9,641	16,188	11,065
	241,348	148,994	294,111	174,400
Taxes, fees and contributions				
Federal	147,043	191,541	59,495	292,463
State	142,375	24,378	145,501	142,192
Municipal	1,072	309	1,236	635
	290,490	216,228	206,232	435,289
Return on debt capital				
Interest and exchange rate gains (losses)	454,418	237,006	603,516	325,991
Other	40,330	82,739	51,661	86,643
Rent	3,417	2,751	4,507	3,438
	498,165	322,496	659,684	416,072
Return on equity capital				
Interest on equity capital	23,538	25,270	-	25,270
Net income attributed to controlling shareholders	-	19,012	-	19,012
Retained earnings	751,177	400,020	774,715	400,020
	774,715	444,302	774,715	444,302
Total value added distributed	1,804,718	1,132,020	1,934,742	1,470,063

The accompanying notes are an integral part of these individual and consolidated financial statements.

1. Operations

Multilaser Industrial S.A. (the "Company") is a publicly-held corporation, listed under ticker MLAS3 in the stock exchange Novo Mercado B3, and headquartered in Brazil in the city of São Paulo. It has an industrial complex in Extrema – State of Minas Gerais with more than 120,000 m^2 and sells a wide range of products.

It is engaged in import, manufacturing, sale, distribution and after-sales activities related to several products, such as tablets, smartphones, laptops, memory sticks, memory chips, computer accessories, household appliances, smart home - IoT (Internet of Things), domestic utensils, tools, sporting accessories and equipment, health appliances, telecommunications networks, automotive accessories and products, audio and video devices, electronic security, toys, stationery, pets and child care, which are offered under own trademarks, as well as other licensed ones to thousands of retail customers and also through e-commerce.

The Company was founded on November 14, 1988, under the name Fax Point Indústria, Importação e Exportação Ltda., and had its name changed to Multilaser Industrial S.A. in June 2015.

As at December 31, 2021, the Company had interest in the following five directly controlled investees and an exclusive indirect fund:

- Multilaser Industria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.: a limited liability company organized in 2013, also located in the municipality of Extrema - MG, whose business purpose is the production of computer equipment and electronic and optical devices;
- Giga Industria e Comércio de Produtos de Segurança Eletrônica S.A.: it is a limited liability company purchased in March 2017, located in Manaus – State of Amazonas, whose business purpose is the development, manufacturing and sale of electronic equipment, computer equipment, electronic security and telecommunications devices;
- Proinox Brasil Ltda.: it is a limited liability company purchased in March 2019, located in Santa Catarina, engaged in the import and sale of various products;
- Lojas Multilaser – Comércio Varejistas Ltda.: in October 2019, the investment in the first physical store was made, which is located in the city of São Paulo – SP and is in full operation;
- Expet Industria e Comércio de Tapetes Ltda.: it is a limited liability company, acquired on June 08, 2021, located in the city of São Paulo – SP, and mainly engaged in the manufacture and sale of disposable hygienic mats for pets, among other safety accessories and equipment, paper for domestic, industrial, commercial, hygienic and sanitary use.

- Inova V Fundo de Investimento em participações – Empresas emergentes:

It is an exclusive closed-end investment fund ruled by the provisions of Brazilian Securities and Exchange Commission (CVM) instructions 578/16, 579/16, 555/14, by Brazilian Association of Private Equity and Venture Capital (ABVCAP)/ Brazilian Financial and Capital Markets Association (ANBIMA) Code, by the regulations of the Ministry of Economy (ME) and Superintendence of Manaus Free-Trade Zone (SUFRAMA) involved, and by other applicable legal and regulatory provisions.

The purpose of the fund is the investments in Start-ups of technological basis set up as corporations of limited liability companies, which develop activities in the sectors and/or technologies aimed at the Fourth Industrial Revolution (4RI), as provided for in article 2 of Ordinance No. 1753-SEI of October 16, 2018, of the Ministry of the Industry, Foreign Trade and Services and SUFRAMA.

2. Basis of preparation and presentation of the individual and consolidated financial statements

2.1. Statement of compliance

The Company's individual and consolidated financial statements have been prepared and are presented according to Brazilian accounting practices, as well as International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), in addition to guidelines and regulations released by the Brazilian Securities and Exchange Commission (CVM).

The accounting practices adopted in Brazil comprise those provided by the Brazilian Corporate Law, in addition to technical pronouncements, guidelines and technical interpretations issued by the Committee of Accounting Pronouncements (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM).

The individual and consolidated financial statements have been prepared under the assumption of normal continuity of the Company's businesses. During preparation, Management evaluates the capacity of the Company and of its controlled companies to continue as going concerns. Management has not identified any significant uncertainty as for their capacity to continue their activities within the next 12 months.

Management authorized the issuance of the individual and consolidated financial statements on March 24, 2022, and declares that all significant information is included in the financial statements and that it corresponds to the one used in running the Company.

The presentation Individual and Consolidated Statements of Value Added is required according to the Brazilian Corporate Law (NBC TG 09 / (CVM Decision 557/08), whereas under IFRS such report is not mandatory and presented as supplementary information, without affecting the financial statements as a whole.

2.2. Basis of presentation

The individual and consolidated financial statements have been prepared based on historical cost, except where otherwise indicated. Certain assets and financial instruments may be presented at fair value.

The instructions of Technical Guidelines OCPC 07 issued by CPC in November 2014 were followed in preparing the individual and consolidated financial statements. All significant information is included in them, which is the same one Management used in running the Company.

2.3. Translation of balances denominated in foreign currency

Functional and reporting currency

The Company's functional and reporting currency is the Brazilian real. Each entity included in the consolidated statements has its own functional currency, which, if different from the one of the Company, has to be translated into the functional currency during consolidation.

2.4. Use of estimates

Financial reporting according to IFRS and Brazilian Accounting Standards requires the use of certain accounting estimates on the part of the Company's Management. Actual results may differ from those estimates.

Estimates and assumptions are reviewed on a continuous basis. Adjusted accounting estimates are recognized in the periods where they are reviewed, as well as in any other affected future periods.

The areas involving critical judgment or the use of significant estimates in relation to the individual and consolidated financial statements are described in Note 4.1.2.

(In thousands of Brazilian reais, unless otherwise stated)

2.5. Consolidated financial statements

Basis of consolidation

Controlled companies and exclusive investment fund

The consolidated financial statements comprise the financial statements of the Company, its controlled companies and of the exclusive investment fund Inova V - Fundo de investimento em participações – Empresas Emergentes (FIP Inova V), as described in Note 8.

The controlled companies included in the consolidation as at December 31, 2021 are the following:

Controlled companies	Main activity	UF	Ownership interest 2021	Ownership interest 2020
Multilaser Ind de Equip. de Infom, Elet e Opticos Ltda	Production of memory devices	MG	100%	100%
Giga Ind. e Com. de Prod. de Seg. Eletrônica S.A.	Production of security equipment	AM	100%	100%
Proinox Brasil Ltda	Imports	SP	100%	100%
Lojas Multilaser - Comercio Varejista Ltda	Retail trade	SP	100%	100%
Expet Industria E Comercio De Tapetes Ltda	Manufacturing of paper products for domestic and hygienic use	SP	100%	

Exclusive investment fund	Main activity	2021	2020
Inova V Fundo de investimento em participações - Empresas emergentes	Investment in technology start-ups	100%	100%

FIP Inova V is fully controlled by Giga Ind. e Com. de Produtos de Segurança Eletrônica S.A., a directly controlled company of the Company.

The controlled companies and FIP Inova V are fully consolidated starting from the date of their foundation, or starting from the date in which the Company obtains control over them.

The same accounting practices have been consistently applied to all statements included in the consolidation. The accounting years of the controlled companies coincide with the one of the Company, while the accounting year of FIP Inova V starts on March 01 ending on the last day of February of each year and, in this context, the Company made the necessary adjustments for consolidation. The main consolidation procedures are described in item 4.1.14.

Other investment

The Company does not have significant control over the following enterprises, whose interest is measured at fair value through profit or loss. The percentages above 50% refer to a temporary situation and do not represent control by the Company according to CPC 36(R3)/ IFRS 10.

2.6. Information per segment

An operating segment is defined as a component of an entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

At the Company, according to gross operating income, the following segments have been established to allow better management of operations:

- Mobile devices;
- Office & IT supplies;
- Home products;
- Kids & sports.

2.7. Reclassification for better comparison

In order to improve the presentation of the statements of financial position, income, cash flows and added value, and of notes 8 (Recoverable taxes), 9 (Investments), 10 (Court deposits and other assets), 21 (Net sales), 22 (Costs and expenses by type), 24 (Other operating revenues and expenses) and 31 (Segment reporting), the Company's Management made some reclassifications of comparative balances in the financial statements for the year ended December 31, 2020, for better comparison in relation to the following matters:

- Investment funds

In the statement of financial position, the amount referring to investment funds was reclassified to the Investment line. This amount had been presented in "Other assets" in Noncurrent assets.

In the Statements of cash flows of 2020, the amount was presented as operating activity and now it is properly recorded under investment activities.

Final cash balance considering the cash balance of the exclusive investment fund Inova V.

- Financial credit

As per Law No. 13.969/2019, financial credit replaces the benefit of reduction in Federal VAT (IPI) tax rate, up to then ruled by Law No. 8.248/91 (IT Law).

The benefit of IPI tax rate reduction was classified in Net revenue, under Taxes on sales. However, based on Management's understanding and also on the position issued by the Brazilian Institute of Independent Auditors (IBRACON), by means of Circular letter 03/21, after the amendment of the law, the benefit now called financial credit, should be classified under Other operating revenues.

- Elimination of deemed credit of ICMS upon consolidation

It refers to a reclassification to reflect the elimination of the deemed credit of State VAT (ICMS) between companies of the group, and the captions of 'Net revenue' and 'Costs of goods sold'. Such reclassification does not affect gross profit for 2020 and is reflected in the statement of income for the year and in the notes 'Net revenue' and 'Cost and expenses by type'.

- Net interest

Breakdown of net interest in the Statement of cash flows, under adjustments to net income.

- Tax credit

In 2020, federal and state tax credits arising from purchases of merchandise and raw materials were disclosed in the statement of value added by reducing the value of line 'Cost of goods, merchandise and services sold' and increasing value added to be distributed. It is adjusted now by presenting the amounts in caption 'Taxes, fees and contributions' and changing the total value added distributed.

The Company's Management highlights that such reclassifications do not generate any impact on income for the year, earnings per share (basic and diluted), cash flow, equity and on the distribution of dividends for the year ended December 31, 2020.

The reclassifications referred to above are presented next:

(In thousands of Brazilian reais, unless otherwise stated)

Statement of financial position

Assets

	Parent company			Consolidated		
	2020 Originally presented	**Reclassification**	**2020 Reclassified**	**2020 Originally presented**	**Reclassification**	**2020 Reclassified**
Current						
Cash and cash equivalents	41,237	-	41,237	452,453	8,330	460,783
Accounts receivable	973,180	-	973,180	967,780	-	967,780
Related-party transactions	183,878	-	183,878	-	-	-
Inventories	1,651,923	-	1,651,923	2,610,622	-	2,610,622
Derivative financial instruments	10,920	-	10,920	10,920	-	10,920
Recoverable taxes	207,001	-	207,001	222,315	-	222,315
Prepaid expenses	6,506	-	6,506	6,568	-	6,568
Other assets	3,953	-	3,953	12,325	-	12,325
	3,078,598		**3,078,598**	**4,282,983**	**8,330**	**4,291,313**
NONCURRENT						
Long-term assets						
Deferred taxes	130,139	-	130,139	133,208	-	133,208
Court deposits	53,797	-	53,797	53,797	-	53,797
Other assets	29,857	(13,616)	16,241	39,525	(22,117)	17,408
	213,793	**(13,616)**	**200,177**	**226,530**	**(22,117)**	**204,413**
Investments	476,382	13,616	489,998	-	13,616	13,616
Investment properties	5,020	-	5,020	5,020	-	5,020
Fixed Assets	87,032	-	87,032	161,925	-	161,925
Intangible assets	2,107	-	2,107	5,403	-	5,403
Right-of-use assets	4,779	-	4,779	5,504	-	5,504
	575,320	**13,616**	**588,936**	**177,852**	**13,616**	**191,468**
TOTAL NONCURRENT ASSETS	**789,112**	**-**	**789,112**	**404,382**	**- 8,501**	**395,881**
Total assets	**3,867,710**	**-**	**3,867,710**	**4,687,365**	**(171)**	**4,687,194**

Liabilities and equity

	Parent company			Consolidated		
	2020 Originally presented	**Reclassification**	**2020 Reclassified**	**2020 Originally presented**	**Reclassification**	**2020 Reclassified**
Current						
Loans and financing	232,282	-	232,282	232,282	-	232,282
Trade accounts payable	1,227,723	-	1,227,723	1,992,782	-	1,992,782
Payroll and social charges	26,619	-	26,619	30,250	-	30,250
Tax liabilities	22,602	-	22,602	37,329	-	37,329
Related-party transactions	170	-	170	-	-	-
Advances from customers	51,594	-	51,594	54,921	-	54,921
Derivative financial instruments	20,548	-	20,548	20,548	-	20,548
Obligations incurred with warranties	35,430	-	35,430	35,432	-	35,432
Dividends and interest on equity capital	23,538	-	23,538	23,538	-	23,538
Lease liabilities	1,681	-	1,681	2,138	-	2,138
Other accounts	46,024	-	46,024	71,736	(171)	71,565
	1,688,211	**-**	**1,688,211**	**2,500,955**	**(171)**	**2,500,784**
Noncurrent						
Loans and financing	473,464	-	473,464	473,464	-	473,464
Tax liabilities	36,457	-	36,457	42,641	-	42,641
Provision for civil and tax contingencies	142,079	-	142,079	142,079	-	142,079
Lease liabilities	3,445	-	3,445	4,170	-	4,170
	655,444	**-**	**655,444**	**662,354**	**-**	**662,354**
Equity						
Capital stock	757,039	-	757,039	757,039	-	757,039
Capital reserves	8,357	-	8,357	8,357	-	8,357
Legal reserve	45,501	-	45,501	45,501	-	45,501
Tax incentive reserve	599,432	-	599,432	599,432	-	599,432
Appropriated retained earnings	101,722	-	101,722	101,722	-	101,722
Statutory reserve	22,711	-	22,711	22,711	-	22,711
Treasury shares	(10,708)	-	(10,708)	(10,708)	-	(10,708)
TOTAL EQUITY	**1,524,055**	**-**	**1,524,055**	**1,524,055**	**-**	**1,524,055**
Total liabilities and equity	**3,867,710**	**-**	**3,867,710**	**4,687,365**	**(171)**	**4,687,194**

The accompanying notes are an integral part of these individual and consolidated financial statements.

(In thousands of Brazilian reais, unless otherwise stated)

Statement of income

	Parent company			Consolidated		
	2020 Originally presented	Reclassification	2020 Reclassified	2020 Originally presented	Reclassification	2020 Reclassified
Net sales	2,983,206	(125,354)	2,857,852	3,077,116	(232,776)	2,844,340
Cost of goods sold	(2,177,564)	-	(2,177,564)	(1,966,453)	103,141	(1,863,312)
Gross profit	**805,642**	**(125,354)**	**680,288**	**1,110,663**	**(129,635)**	**981,028**
Operating (expenses) revenues						
Selling expenses	(473,616)	-	(473,616)	(529,181)	-	(529,181)
General and administrative expenses	(54,679)	-	(54,679)	(67,211)	-	(67,211)
Equity in earnings of controlled companies	178,198	-	178,198	-	-	-
Other operating revenues (expenses)	12,479	125,354	137,832	10,571	129,635	140,206
Income before financial income (loss)	**468,024**	**-**	**468,023**	**524,842**	**-**	**524,842**
Financial revenues	36,657	-	36,657	42,040	-	42,040
Financial expenses	(61,656)	-	(61,656)	(64,534)	-	(64,534)
Exchange rate gains (losses), net	(54,283)	-	(54,283)	(71,093)	-	(71,093)
Financial revenues (expenses)	**(79,283)**	**-**	**(79,283)**	**(93,587)**	**-**	**(93,587)**
Income before Income and Social Contribution taxes	**388,741**	**-**	**388,741**	**431,255**	**-**	**431,255**
Current Income and Social Contribution Taxes	-	-	-	(41,231)	-	(41,231)
Deferred Income and Social Contribution Taxes	55,562	-	55,562	54,278	-	54,278
	55,562	**-**	**55,562**	**13,047**	**-**	**13,047**
Net income for the period	**444,302**	**-**	**444,302**	**444,302**	**-**	**444,302**
Income attributed to						
Controlling shareholders	444,302	-	444,302	444,302	-	444,302
Net income for the period	**444,302**	**-**	**444,302**	**444,302**	**-**	**444,302**

(In thousands of Brazilian reais, unless otherwise stated)

Statement of cash flows

	Parent company			Consolidated		
	2020 Originally presented	Reclassification	2020 Reclassified	2020 Originally presented	Reclassification	2020 Reclassified
Cash flows from operating activities						
Net income attributed to controlling shareholders	**444,302**	**-**	**444,302**	**444,302**	**-**	**444,302**
Adjustments from:						
Deferred Income and Social Contribution Taxes	(55,562)	-	(55,562)	(54,278)	-	(54,278)
Equity income (loss)	(178,198)	-	(178,198)	-	-	-
Unrealized exchange rate gains (losses)	45,825	-	45,825	45,825	-	45,825
Expenses on net interest	-	12,334	12,334	-	12,334	12,334
Depreciation and amortization	12,272	-	12,272	23,641	-	23,641
Write-off of fixed and intangible assets	2,515	-	2,515	6,756	-	6,756
Impairment of fixed assets	822	-	822	822	-	822
Discount to present value of accounts receivable	849	-	849	849	-	849
Allow ance for doubtful accounts	25,342	-	25,342	25,421	-	25,421
Estimate of expenditures and rebates on customers	93,563	-	93,563	92,339	-	92,339
Impairment of inventories	2,435	-	2,435	1,938	-	1,938
Provision for civil and tax contingencies	67,674	-	67,674	67,674	-	67,674
Provisions for w arranties	1,781	-	1,781	1,782	-	1,782
Financial credit	-	(125,354)	(125,354)	-	(129,635)	(129,635)
Fair value of investment funds	-	384	384	-	384	384
Other non-cash transactions	22,491	(12,334)	10,156	22,491	(12,334)	10,157
	486,110	**(124,970)**	**361,140**	**679,559**	**(129,251)**	**550,311**
Changes in assets and liabilities						
Accounts receivable	(492,849)	-	(492,849)	(393,670)	-	(393,670)
Inventories	(1,017,597)	-	(1,017,597)	(1,811,774)	-	(1,811,774)
Tax credits	(113,404)	125,354	11,950	(113,416)	129,635	16,219
Other assets	(212,263)	13,616	(198,647)	(44,725)	22,169	(22,559)
Trade accounts payable	893,917	-	893,917	1,567,543	-	1,567,543
Tax liabilities	7,942	-	7,942	64,746	-	64,746
Accounts payable	48,459	-	48,459	78,357	-	78,187
Paid Income and Social Contribution taxes	-	-	-	(41,231)	-	(41,231)
	(885,795)	138,970	(746,825)	(694,170)	151,804	(542,539)
Net cash from operating activities	**(399,685)**	**14,000**	**(385,685)**	**(14,611)**	**22,553**	**7,772**
Cash flows from investing activities						
Acquisition of fixed assets	(10,154)	-	(10,154)	(44,869)	-	(44,869)
Acquisition of intangible assets	-	-	-	(992)	-	(992)
Dividends and interest on equity capital	911	-	911	-	-	-
Net investment in ow nership interest in other companies	(582)	-	(582)	-	-	-
Contributions to other investment funds	-	(14,000)	(14,000)	-	(14,000)	(14,000)
Net cash from investing activities	**(9,826)**	**(14,000)**	**(23,825)**	**(45,861)**	**(14,000)**	**(59,861)**
Cash flows from financing activities						
Funds from capital contribution by shareholders	-	-	-	-	-	-
Acquisitions of treasury shares	(22,711)	-	(22,711)	(22,711)	-	(22,711)
Funds from loans and financing	656,720	-	656,720	656,720	-	656,720
Payment of loans and financing	(161,527)	-	(161,527)	(163,458)	-	(163,458)
Interest paid on loans and financing	(10,774)	-	(10,774)	(10,774)	-	(10,774)
Payments of lease liabilities	-	-	-	-	-	-
Interest on equity capital and dividends paid	(44,832)	-	(44,832)	(44,832)	-	(44,832)
Net cash from financing activities	**416,877**	**-**	**416,876**	**414,945**	**-**	**414,945**
Net increase/(decrease) in cash and cash equivalents	**7,366**	**-**	**7,366**	**354,473**	**8,553**	**362,856**
Cash and cash equivalents at beginning of period	33,871	-	33,871	97,980	(53)	97,927
Cash and cash equivalents at end of period	41,237	-	41,237	452,453	8,330	460,783
Net increase/(decrease) in cash and cash equivalents	**7,366**	**-**	**7,366**	**354,473**	**8,383**	**362,856**

(In thousands of Brazilian reais, unless otherwise stated)

Statement of value added

	Parent company			Consolidated		
	2020 Originally presented	Reclassification	2020 Reclassified	2020 Originally presented	Reclassification	2020 Reclassified
Revenues						
Sales of goods and services	3,529,099	-	3,529,099	3,512,605	-	3,512,605
Other Revenues	89,730	125,354	215,084	94,234	129,635	223,869
Allowance for doubtful accounts	(25,342)	-	(25,342)	(25,421)	-	(25,421)
	3,593,487	**125,354**	**3,718,841**	**3,581,419**	**129,635**	**3,711,054**
Inputs acquired from third parties						
Costs of goods, merchandise and services sold	(2,098,396)	(447,955)	(2,546,351)	(1,666,562)	(360,783)	(2,027,345)
Materials, electric power, third-party services and others	(374,271)	-	(374,271)	(435,031)	-	(435,031)
Loss/ recovery of values of assets	(2,435)	-	(2,435)	(1,938)	-	(1,938)
	(2,475,102)	**(447,955)**	**(2,923,057)**	**(2,103,531)**	**(360,783)**	**(2,464,314)**
Gross value added	**1,118,385**	**(322,601)**	**795,784**	**1,477,888**	**(231,148)**	**1,246,740**
Depreciation and amortization	(12,272)	-	(12,272)	(23,640)	-	(23,640)
Net value added generated by the Company	**1,106,113**	**(322,601)**	**783,512**	**1,454,248**	**(231,148)**	**1,223,100**
Value added received in transfer						
Equity in earnings of controlled companies	178,198	-	178,198	-	-	-
Financial revenue and exchange rate gains (losses)	168,555	-	168,555	245,033	-	245,033
Other	1,755	-	1,755	1,930	-	1,930
		-				
Total value added to be distributed	**1,454,621**	**(322,601)**	**1,132,020**	**1,701,211**	**(231,148)**	**1,470,063**
Value added distribution						
Personnel						
Direct compensation	114,884	-	114,884	133,526	-	133,526
Benefits	24,469	-	24,469	29,809	-	29,809
FGTS (Severance Pay Fund)	9,641	-	9,641	11,065	-	11,065
	148,994	**-**	**148,994**	**174,400**	**-**	**174,400**
Taxes, fees and contributions						
Federal	477,808	(286,267)	191,541	586,098	(293,635)	292,463
State	60,712	(36,334)	24,378	79,705	62,487	142,192
Municipal	309	-	309	635	-	635
	538,829	**(322,601)**	**216,228**	**666,437**	**(231,148)**	**435,289**
Return on debt capital						
Interest and exchange rate gains (losses)	237,006	-	237,006	325,991	-	325,991
Other	82,739	-	82,739	86,643	-	86,643
Rent	2,751	-	2,751	3,438	-	3,438
	322,496	**-**	**322,496**	**416,072**	**-**	**416,072**
Return on equity capital						
Interest on equity capital	25,270	-	25,270	25,270	-	25,270
Net income attributed to controlling shareholders	19,012	-	19,012	19,012	-	19,012
Retained earnings	400,020	-	400,020	400,020	-	400,020
	444,302	**-**	**444,302**	**444,302**	**-**	**444,302**
Total value added distributed	**1,454,621**	**(322,601)**	**1,132,020**	**1,701,211**	**(231,148)**	**1,470,063**

(In thousands of Brazilian reais, unless otherwise stated)

Note 8 – Recoverable taxes

	Parent company			Consolidated		
	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified
IPI recoverable	13,110	-	13,110	17,661	-	17,661
ICMS recoverable	4,011	-	4,011	5,893	-	5,893
Taxes on sales (PIS and COFINS) recoverable	78,766	-	78,766	80,134	-	80,134
Corporate Income Tax (IRPJ) and Social Contribution Tax (CSLL) recoverable	110,259	(93,269)	16,990	117,500	(97,250)	20,250
Other recoverable taxes	855	-	855	1,127	-	1,127
Financial credit	-	93,269	93,269	-	97,250	97,250
	207,001	**-**	**207,001**	**222,315**	**-**	**222,315**

Note 9 - Investments

	Parent company			Consolidated		
	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified
Inova We Empreendedorismo Feminino Fundo de Investimento em Participações	13,616	-	13,616	13,616	-	13,616
Inova V Fundo de Investimentos em Participações Empresas Emergentes	-	-	-	8,500	(8,500)	-
	13,616	**-**	**13,616**	**22,116**	**(8,500)**	**13,616**

Note 10 - Court deposits and other assets

	Parent company			Consolidated		
	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified
Court deposits	53,797	-	53,797	53,797	-	53,797
			-			-
Advances	4,038	-	4,038	13,577	-	13,577
Court-ordered debt securities	16,156	-	16,156	16,156	-	16,156
Private investment funds	13,616	(13,616)	-	22,116	(22,116)	-
	87,607	**(13,616)**	**73,991**	**105,646**	**(22,116)**	**83,530**

(In thousands of Brazilian reais, unless otherwise stated)

Note 21 - Net sales

Annual 2020

	Parent company			Consolidated		
	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified
Gross sales						
Sales of goods	3,828,076	-	3,828,076	3,807,631	-	3,807,631
	3,828,076	**-**	**3,828,076**	**3,807,631**	**-**	**3,807,631**
Sales deductions	(298,977)	-	(298,977)	(295,026)	-	(295,026)
Returns and rebates	(545,893)	(125,354)	(671,247)	(435,489)	(232,776)	(668,265)
Taxes on sales	**(844,870)**	**(125,354)**	**(970,224)**	**(730,515)**	**(232,776)**	**(963,291)**
Net sales	**2,983,206**	**(125,354)**	**2,857,852**	**3,077,116**	**(232,776)**	**2,844,340**

Quarterly 2021

	Consolidated				
	Quarter ended 03.31.2021	Quarter ended 06.30.2021	Quarter ended 09.30.2021	Quarter ended 12.31.2021	Year ended 12.31.2021
Gross sales	1,746,407	1,565,392	1,636,102	1,736,429	6,684,330
(-) Returns and rebates	(202,187)	(120,274)	(128,129)	(194,624)	(645,214)
(-) Taxes on sales - previously presented	(141,687)	(207,461)	(117,302)	(281,022)	(1,192,464)
Equalization					
Effect of financial credit	96,880	23,917	136,012		-
Elimination of deemed credit from consolidation	77,446	54,860	55,877		-
(-) Taxes on sales - after equalization	(316,013)	(286,238)	(309,191)	(281,022)	(1,192,464)
Sales deductions - after equalization	(518,200)	(406,512)	(437,320)	(475,646)	(1,837,678)
Net sales	**1,228,207**	**1,158,880**	**1,198,782**	**1,260,783**	**4,846,652**

(In thousands of Brazilian reais, unless otherwise stated)

Note 22 - Costs and expenses by type

	Parent company			Consolidated		
	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified
Cost of merchandise and goods sold						
Cost of materials	2,098,250	-	2,098,250	1,885,549	(103,141)	1,782,408
Personnel	49,679	-	49,679	39,920	-	39,920
Depreciation/ amortization	3,593	-	3,593	11,295	-	11,295
Other	26,041	-	26,041	29,689	-	29,689
	2,177,563	-	2,177,563	1,966,453	(103,141)	1,863,312
Selling expenses						
Commercial	220,534	-	220,534	243,428	-	243,428
Distribution	104,294	-	104,294	112,525	-	112,525
Promotions and marketing	43,038	-	43,038	43,048	-	43,048
After sales	49,529	-	49,529	49,755	-	49,755
Research and development	33,433	-	33,433	54,653	-	54,653
Doubtful accounts	22,790	-	22,790	25,771	-	25,771
	473,616	-	473,616	529,181	-	529,181
General and administrative expenses						
Personnel	31,499	-	31,499	32,344	-	32,344
Professional services	2,959	-	2,959	7,718	-	7,718
Communications	3,986	-	3,986	4,208	-	4,208
Technology and communications	5,762	-	5,762	11,829	-	11,829
Rents, insurance, travel, others	10,473	-	10,473	11,112	-	11,112
	54,679	**-**	**54,679**	**67,211**	**-**	**67,211**

Note 24 - Other Operating Revenues and Expenses

	Parent company			Consolidated		
	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified	12.31.2020 Originally presented	Reclassification	12.31.2020 Reclassified
Other revenues						
Untimely credits	85,441	-	85,441	88,712	-	88,712
Indemnities, intermediation, disposal of fixed assets, other revenues	18,946	-	18,946	18,551	-	18,551
Disposal of fixed assets	-	-	-	-	-	-
Financial credit Law 13.969	-	125,354	125,354	-	129,635	129,635
	104,387	**125,354**	**229,741**	**107,263**	**129,635**	**236,898**
Other expenses						
Assessments of tax deficiency	(18,180)	-	(18,180)	(18,185)	-	(18,185)
Provisions for tax, labor and other contingencies	(67,916)	-	(67,916)	(67,916)	-	(67,916)
Indemnities and contractual fines, loss on fixed assets, and other expenses	(5,813)	-	(5,813)	(10,591)	-	(10,591)
	(91,909)	**-**	**(91,909)**	**(96,692)**	**-**	**(96,692)**
Other revenues and expenses, net	**12,478**	**125,354**	**137,832**	**10,571**	**129,635**	**140,206**

(In thousands of Brazilian reais, unless otherwise stated)

Note 31 – Segment reporting

Originally presented

12/31/2020	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Net operating revenue	1,095,588	1,175,837	620,920	184,771	3,077,116
Gross profit	331,596	445,251	225,654	108,162	1,110,663

Reclassification

12/31/2020	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Net operating revenue	(125,354)	(82,488)	(21,262)	(3,672)	(232,776)
Gross profit	(75,952)	(45,184)	(8,499)	-	(129,635)

Reclassified

12/31/2020	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Net operating revenue	970,234	1,093,349	599,658	181,099	2,844,340
Gross profit	255,644	400,067	217,155	108,162	981,028

3. New standards, revisions and interpretations issued not yet in effect as at December 31, 2021

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);

This standard is applicable to years beginning on or after January 01, 2022, for contracts existing on the date the amendments are first applied. It specifically determines which costs should be considered when calculating the cost of fulfilling a contract. The Company expects no significant impacts of adopting this standard.

Other standards

For the following standards or amendments, the Company's Management is still evaluating the possible impacts on its financial statements. However, the Company does not expect such amendments to have relevant effects on its figures:

- Amendment to IAS 16 Property, Plant and Equipment - Classification of Proceeds before Intended Use. It elucidates aspects to be considered for the classification of items produced before fixed assets are in the conditions for intended use. It is effective for years beginning on or after 01/01/2022;

- Annual Improvements to IFRS Standards 2018-2020, effective for periods beginning on or after January 01, 2022. These amendments change IFRS 1, addressing aspects of first adoption in a controlled company; IFRS 9, addressing the 10% criterion for reversing financial liabilities; IFRS 16, addressing illustrative examples of lease; and IAS 41, addressing aspects of measurement at fair value. They are effective for years beginning on or after 01/01/2022;
- Amendment to IFRS 3 – This amendment includes conceptual alignment with the conceptual structure of IFRS standards, and it is effective for periods beginning on or after 01/01/2022;
- Amendment to IAS 8 – this changes the definition of accounting estimate that started to be considered "monetary values in the financial statements subject to measurement uncertainty". It is effective for periods beginning on or after 01/01/2023;
- Amendment to IAS 12 – it brings an additional exception to the exemption from initial recognition of deferred taxes related to assets and liabilities resulting from a single transaction, and it is effective for periods beginning on or after 01/01/2023;
- Amendment to IFRS 17 – This amendment includes elucidation of aspects related to insurance contracts, and it is effective for periods beginning on or after 01/01/2023;
- Amendment to IFRS 4 - Extension of the temporary exemption from applying IFRS 9 to insurance companies. This amendment elucidates aspects related to insurance contracts and the temporary exemption from applying IFRS 9 to insurance companies. It is effective for periods beginning on or after 01/01/2023; and

Amendment to IAS 1 – Classification of Liabilities as Current or Noncurrent. This amendment elucidates aspects to be considered for classification of liabilities as current or noncurrent, and it is effective for periods beginning on or after 01/01/2023.

In January 2020, IASB issued amendments to IAS 1, clarifying the criteria used to determine is a liability is classified as current or noncurrent. These amendments establish that the current classification is based on whether an organization is entitled to defer the settlement of an obligation by the end of the reporting period for at least twelve months after the reporting period. They also explain that "settlement" includes transfer of cash, assets, services or equity instruments, unless the obligation of transferring cash, assets, services or equity instruments arises from a translation resource classified as equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reports started as from January 1, 2022. However, in May 2020, the effective date was postponed to annual periods starting as from January 1, 2023.

4. Summary of significant accounting practices

4.1. Significant accounting practices

The main accounting practices, consistently adopted through all reported years are the following:

4.1.1. Result of operations

Revenue and expenses are determined according to the accrual basis of accounting:

- Revenue.

Revenue is recognized when products are delivered and accepted by customers and the risks and inherent rewards of the product or service also transferred to the customer. The transfer of the risks and rewards takes place at the moment of shipment of the products together with the respective sales invoice. The criterion is considered met when the goods are shipped to the buyer in compliance with the Company’s main types and rules of transportation. The adoption of those procedures meets the requirements established in standard NBC TG 47 / IFRS 15.

Recognition of revenue

Revenue is presented net of taxes, products returned, rebates and discounts. As for consolidated statements, they are net of unrealized sales and income relating inventories and operations between the Company and its controlled companies.

- Financial revenue (expenses).

Financial revenue comprises interest received from short-term financial investment, dividends (except for those received from investees), gains obtained in the sale of financial assets available for trading and change in fair value of financial assets measured at fair value through profit or loss, in addition to derivative financial instruments. Financial revenue is recognized in the statement of income, under the effective interest rate method and according to the accrual basis.

Financial expenses include expenses with interest paid on loans and losses incurred with derivative financial instruments. They are recognized in the statement of income. Loan costs not directly attributable to the purchase, construction or production of a certain asset are recognized in the statement of income under the effective interest method.

Exchange gains and losses are carried at net value.

4.1.2. Accounting estimates and critical accounting judgment

According to Brazilian accounting practices and IFRS, financial reporting requires an entity's Management to make use of judgment in determining and recording accounting estimates affecting the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at reporting date.

Such judgment and estimates are based on assumptions, past experience and other factors, including projections of future events, which are considered reasonable and relevant. However, the uncertainty relating those assumptions and estimates could lead to the need of significant adjustment to the book value of assets or liabilities in the future.

We highlight below the main transactions that involve the use of judgment and assumptions that, given the uncertainty degree of estimates about the future, other important sources of uncertainty at reporting date, and the complexity of certain transactions, may generate risk of significant adjustment in the carrying amounts of assets and liabilities in the following accounting year:

Accounts receivable (Note 6)

- Allowance for doubtful accounts;

At the Company, the simplified approach of IFRS 9/CPC 48 – Financial instruments is used in measuring expected credit losses. An allowance has been recognized based on historical average losses, adjusted to specific prospective factors of the economic environment where the Company works, as well as any financial collateral given as guarantee of receivables.

- Discount to present value of accounts receivable;

Receivables are discounted to present value when there is a financial component included in them whose maturity is longer than 120 days. The discounts rates used are the implicit ones of the respective transactions.

- Estimate of expenditures and rebates granted to customers.

Rebates are granted to customers with the purpose of developing the Company's market share, offered in advertising and marketing pieces prepared according to criteria previously established. Expenses related to advertising and marketing programs are recognized as selling expenses. At the end of each year, a provision is determined and recorded based on the targets already met, but still not realized. The provisions take into account estimated sales and services according to the established criteria, as well as historical data.

Programs are also kept offering discounts to customers upon the reaching of pre-established selling targets. The discounts are presented as deductions from sales when they are associated to the price of the transaction.

Inventories (Note 7)

- Impairment of inventories.

Provisions for the estimated impairment of inventories are set mainly to: (i) cover past losses of inventories of the Company; (ii) items not moving for more than one hundred and eighty (180) days; (iii) reduction in market value, to cover products already purchased and that had a decline in selling prices.

As for market value reductions, they are deducted from the estimated finishing costs and selling expenses.

Property, plant and equipment (Note 12)

Assets are carried at purchase or construction cost, less accumulated depreciation and impairment. Financing charges incurred in the construction phase are capitalized until assets are put into operation. Subsequent expenses are capitalized only when there is an increase in the economic rewards from the assets. Any other type of expense, when incurred, is recognized in the statement of income.

Depreciation is recognized on a straight-line basis in the statement of income according to the estimated useful lives of each group of assets. Plots of lands are not depreciated.

The useful lives of assets in the year 2021 were the following:

Description	Useful lives
Buildings	30 years
Machinery, equipment and instruments	7-12 years
Furniture and fixtures	10 years
Facilities and improvements made	10 years
Vehicles	5 years
Computers	3 to 5 years

Taxes and subsidies

- Recoverable taxes;

Recoverable taxes are periodically analyzed, so that preventive measures are taken to allow the realization of those assets and avoid that balances exceed recoverable amounts.

- Deferred income and social contribution taxes;

As for deferred income and social contribution taxes, their realization is checked at least once a year, based on the estimate of future taxable income to be generated at the Company.

- Tax subsidies.

Governmental grants are recognized when there is reasonable assurance that the entity will comply with the relevant conditions and it will be received, as established in standard NBC TG 07 (R1). Grants related to expenses are recognized as revenue along the benefit period in a systematic basis in relation to the respective expenses the grant is intended to compensate.

Obligations incurred with warranties

According to the after-sale program, certain policies of replacement and refund are allowed to customers. Aiming to cover those expenses, estimates are established to cover warranty costs. They are based on effective costs and seek to cover a period of one year, which is the maximum warranty period granted.

Provision for civil and tax-related lawsuits (Note 19)

Provisions are recognized when an actual obligation, either legally established or construed one exists as a result of past events and funds are likely to be necessary to settle it and a reliable estimate of the amount can be made.

Actual transactions involving those estimates may result in amounts different from estimated ones due to the imprecision aspect involved in the process. Estimates and assumptions are quarterly reviewed.

Repurchase/transfer of shares between shareholders

As mentioned in Note 20.2 (c.3), the Company repurchased the shares from its shareholders and then made the not onerous transfer of part of the shares to two of these shareholders. This transaction basically represented a transfer of shares between shareholders, with the purpose of equalizing the ownership interest held by them. Therefore, according to Management’s judgment, this transaction for equalization of the ownership interest of shareholders (repurchase for transfer of shares) is subject to the provisions of CPC 10/ IFRS 2.

Share-based compensation

In 2020, the Company offered common treasury shares issued by it as part of the compensation paid to one of its directors. As provided for in CPC 10/IFRS 2, shared-based Management compensation must be measured at fair value, which, in this context, was done based on the Company's economic and financial valuation report (discounted cash flow method), prepared by external consultants, who set the amount per share at 17.71.

Business combination

The Company conducted two operations recognized as business combination in 2021 (further details in Note 9):

- In June, the Company acquired 100% of ownership interest in Expet Indústria e Comércio de Tapetes Ltda. at the amount of 8,600. Expet is engaged in the manufacture and sale of disposable hygienic mats for pets, among other accessories and equipment; and
- In October, the Company acquired from OBA Gestão the control over the business OBABOX, substantially represented in the transaction by intangible assets such as the embedded software of the products OBASMART Conecta, and the brands OBABOX and OBABOX.COM, at the fair value amounts of 15,842.

Both transactions are part of the Company's strategy of increasing the offer of products with higher added value to its customers.

The mentioned acquisitions generated assets and liabilities to the Company, all supported by valuation reports issued by independent expert companies, which involved accounting estimates revised and approved by Management. However, in the case of OBABOX business combination, the valuation of the intangible assets appropriated and the amounts reported in these financial statements are temporary.

Realization value of court-ordered debt securities ("*precatórios*")

The Company has outstanding debt securities receivable from the Government of the State of São Paulo and Rio de Janeiro.

Since December 4, 2017, as authorized by Constitutional Amendment No. 94/2016, it is allowed to the creditor of *precatórios* to claim the early payment of its credits by means of proposal for discount agreement of up to 40% of its adjusted credits.
In São Paulo, the State Attorney Office (PGE) published on April 26, 2017, PGE Decision No. 13 ruling the procedures for entering into agreements with creditors of *precatórios.*

The discounts applied by private companies and banks to *precatórios* of the State of São Paulo range from 60% to 70% on average.
In Rio de Janeiro, as the State is compliant with its obligations in the current regime of payment of *precatórios,* through which it shall settle its pending *precatórios* up to December 2029, the discounts applied by private companies and banks range from 35% to 40% on average.
The Company maintain these amounts at fair value in its financial statements, according to the following discounts:

- State of São Paulo: between 40% and 66%;
- State of Rio de Janeiro: 37%.

4.1.3. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognized according to standard NBC TG 48 (IFRS 09) - Financial instruments and CVM decision 763/16.

Some derivative financial instruments have been recognized in the individual and consolidated financial statements at certain dates, but no hedge accounting is adopted at the Company.

Financial assets

A financial instrument is recognized at the trade date where the Company becomes a party to the contractual provisions of the instrument. Initially, the recognition is made at fair value, and subsequently according to its designation and measured at:

- Amortized cost: when a financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows the contractual terms of the financial asset give rise on specific dates that are solely payments of principal and interest on the principal amount outstanding;
- Fair value through other comprehensive income (FVTOCI): when a financial asset is in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Besides, the contractual terms of assets must give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

- Fair value through profit or loss (FVTPL): when financial assets are not measured at amortized cost or at FVTOCI or when the entity designates the instrument as held at FVTPL on initial recognition because its performance is evaluated on a fair value basis according to a documented risk management strategy. After initial recognition, costs attributable to the transaction are recognized in the statement of income when incurred, as well as any fluctuations in fair value.

The classification of a financial asset is based on both the business management model applied to the financial asset and its cash flows characteristics.

A financial asset is derecognized when the entity’s right to the asset’s cash flows has expired, or the entity has transferred its rights to receive cash flows from the asset in a transaction where essentially all risks and rewards from the ownership of the financial asset is transferred. Possible interest created or retained by the entity in the financial assets is recognized as an individual asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and has the intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Financial liabilities

Financial liabilities are recognized at the trading date where the Company becomes a party to the contract of the instrument.

During initial recognition, financial liabilities are classified as (i) measured at fair value through profit or loss, (ii) held at amortized cost. All financial liabilities are initially measured at fair value.

In subsequent measurements, financial liabilities are classified into one of the following categories:

- At amortized cost (mostly loans and financing): after initial recognition, loans and financing subject to interest are measured at amortized cost, under the effective interest rate method. Gains and losses are carried in the statement of income when liabilities are written-off or amortized. Amortized cost is calculated taking into account any goodwill or discount determined in the acquisition in addition to fees and costs. Other financial liabilities of the Company in that category include trade accounts payable and other payables.

A financial liability is derecognized when contract obligations are settled, withdrawn or paid. When an existing financial liability is replaced with another with the same lender under different conditions, or the terms of an existing liability are substantially modified, such change or modification is treated as derecognition of the original liability and recognition of a new one. The difference in the respective book values is recognized in the statement of income.

Derivative financial instruments

At first, derivative instruments are recognized at fair value at the date where the derivative contract is executed and subsequently are re-measured also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive and as financial liabilities when it is negative.

Any gains or losses resulting from changes in the fair value of derivatives along the year are entered directly into the statement of income.

The Company had no derivatives designated as hedge accounting in any of the reported years.

4.1.4. Operations in foreign currency

Management has established the Brazilian real as the Company’s functional currency, in compliance with the provisions of standard NBC TG 02/R3 (CVM Decision 640/10) – Effects of changes in exchange rates and translation of financial statements.

Transactions in foreign currency, that is, all those not executed in the functional currency are translated at the exchange rate prevailing at transaction date.

Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate in effect at closing date.

Non-monetary assets and liabilities acquired or contracted in foreign currency are translated based on the exchange rates of the dates of the transactions or at the dates of measurement of fair value where applicable.

Gains and losses determined with foreign currency exchange rate variation of monetary and non-monetary assets and liabilities are recognized in the statement of income.

4.1.5. Governmental subsidies

As established in standard NBC TG 07 (R1), governmental grants are recognized when there is reasonable assurance that the entity will comply with the relevant conditions and that it will be received.

Grants related to expenses are recognized as revenue along the benefit period in a systematic basis in relation to the respective expenses the grant is intended to compensate. At the Company and its controlled companies, the option was to present subsidies related to expenses as revenue in the statement of income, as allowed by standard NBC TG 07 (R1) 29.

4.1.6. Current and noncurrent assets

We present below the main accounting practices adopted as for current and noncurrent assets.

- Cash and cash equivalents

Comprise amounts in cash, bank deposits and short-term financial investment, usually maturing within up to 90 days. They have high liquidity and can be readily converted into a known amount of cash and subject to an insignificant risk of change in value.

- Accounts receivable

Trade accounts receivable are carried at fair value and, where applicable, discounted to present value, as established in standard NBC TG 12 – Discount to present value. Receivables are presented net of obligations and discounts granted to customers.

Management establishes credit-granting policies to assure appropriate risk management and limit the exposure of the Company’s capital. Among the practices adopted at the Company we highlight: (i) a previous rating before credit is granted; (ii) establishment of exposure limits; (iii) credit insurance contracted with first-line institutions and within previously established limits when necessary; (iv) sale of receivables without return rights to manage the exposure risk of the portfolio; (v) criteria for determination of risk of customers to establish an allowance for doubtful accounts at each reporting date; (v) analysis of sensitivity of economic market conditions.

At the Company, the simplified approach of IFRS 9/CPC 48 – Financial instruments is used in measuring expected credit losses. An allowance was recognized based on historical average losses, adjusted to specific prospective factors of the economic environment where the Company works, as well as any financial collateral given as guarantee of receivables.

An allowance for doubtful accounts is recorded at an amount Management deems sufficient to cover any potential losses to be incurred in the realization of the assets.

- Inventories

They are carried at cost value, less impairment. Inventory costs include all acquisition and transformation costs, as well as others incurred to bring the items to their current conditions and locations.

An estimate of impairment aims to keep inventories measured at the lower between cost and net realizable amount. Among the assumptions and criteria applied in its determination, we highlight the following: (i) inventories not moving for more than 180 days; (ii) adjustment to market value of some products already acquired that had a decline in selling prices. The assumptions/criteria are quarterly reviewed and, when necessary, the estimate of loss is complemented and/or reversed, depending on the existing conditions at each reporting date.

- Investment

In the individual and consolidated financial statements, the investment in controlled companies is determined under the equity method.

- Properties held for investment

Investment properties are initially recognized at purchase cost, including transaction costs and, subsequently, at fair value to reflect their market values at reporting date - Standard NBC TG 28/R3 (CVM Decision 584/09). Any changes in fair value are recognized in the statement of income.

- Property, plant and equipment

They are stated at acquisition or construction cost, less depreciation calculated on a straight-line basis at the depreciation rates mentioned in Note 12 and consider the estimated useful lives of the assets and contractual terms.

Financing charges incurred during the construction of assets are capitalized until the assets are put into operation.

Other expenses are capitalized only when there is an increase in the economic benefits of an asset. Any other type of expense is recognized in the statement of income when incurred.

Management annually checks if any indication exists that an asset might have been impaired. Only if such indication exists, the recoverable amount of the asset is ascertained - Standard NBC TG 01/R4 – Impairment of assets (CVM Decision 639/10).

- Intangible assets

Intangible assets comprise those purchased from third parties, including those acquired through business combinations and those internally generated. Intangible assets are recorded at acquisition or production cost less amortization calculated on a straight-line basis according to the estimated recovery periods. The Company's intangible assets are described in Note 13.

- Right-of-use assets (Leases).

Starting January 1, 2019, according to standard NBC TG 06 / IFRS 16, leases have to be accounted for under a single model. Lessees are required to recognize right-of-use assets and corresponding lease liabilities. A modified retrospective approach was adopted at the Company, considering a right-of-use asset equal to the lease liability at initial adoption date, not generating any effects to equity.

Management opted to use the exemptions allowed by the norm for short-term contracts (or in other words, those maturing within 12 months from commencement date) and lease contracts for which the underlying asset has low value.

At the Company and at its controlled companies right-of-use assets with corresponding lease liabilities were recognized on January 1, 2019, at the amounts of 10,896 at the Company and 13,363 in the consolidated numbers.

4.1.7. Impairment

Non-financial assets, such as property, plant and equipment, intangible assets and right-of-use assets are submitted to impairment test whenever events or changes in circumstances indicate that their book value may not be recoverable. When the book value of an asset exceeds its recoverable amount (that is, the larger between value in use and fair value less selling costs), a loss is recognized to bring the book value of the asset to its recoverable amount.

When it is not possible to estimate the recoverable value of an individual asset, the impairment test is executed for its cash-generating unit: the smallest group of assets that independently generates cash and whose cash flow is largely independent of the cash flows generated by other assets.

4.1.8. Current and noncurrent liabilities

They are stated at known or estimated amounts, plus related charges, exchange and/or monetary variations incurred through the reporting date, where applicable.

4.1.9. Provisions

Provisions are recognized when the Company has a present obligation, legally established or construed one, as a result of past events and it is probable that an outflow of funds will be necessary to settle it and a reliable estimate of the value can be made.

4.1.10. Income and social contribution taxes

Current income and social contribution taxes

Income tax is determined based on 15% rate, plus 10% surtax on annual taxable income exceeding 240, and 9% for social contribution tax.

Current tax expense corresponds to the levying of the taxable income of the year in addition to any adjustments related to previous years. Income and social contribution taxes are recognized in the statement of financial position as tax liabilities according to the best estimate of the expected amounts to be paid, reflecting uncertainties associated with its determination, if any. Current tax assets and liabilities are not offset, except if they belong to a same accounting year and are presented in a way to reflect a tax credit or liability.

Deferred income and social contribution taxes (Note 27)

As established in standard NBC TG 32/R4 (CVM Decision 599/09) – Income taxation, deferred income and social contribution taxes are recognized for tax losses and temporary differences between the book values of assets and liabilities for accounting purposes and the amounts used for taxation purposes, whenever future taxable income will be available to offset them. Deferred income and social contribution taxes are recognized as tax expenses or tax revenue as applicable.

Future taxable income is determined based on the reversal of taxable temporary differences. If the amount of the taxable temporary difference is not enough for full recognition of a deferred tax asset, adjusted future taxable income will be considered in the reversal of existing temporary differences, based on the individual business plans of the Company. Deferred tax assets are reviewed at reporting date. In the event there is evidence that their realization is no longer probable, deferred tax assets are reduced.

Deferred tax assets and liabilities are measured at the rates that are expected to apply to temporary differences when they are reversed, based on rates that have been enacted by the end to the reporting period. The measurement reflects the entity's expectations as to the manner in which the carrying amount of assets and liabilities will be recovered or settled. Deferred tax assets and liabilities are presented net in the statement of financial position.

4.1.11. Dividends and interest on equity capital

For being considered legally enforceable obligations established in the articles of incorporation of the Company, proposed distribution of dividends and interest on equity capital are carried as current liabilities.

4.1.12. Earnings per share

Basic earnings (loss)

Basic earnings/loss per share are calculated by dividing net income for the year attributable to controlling and non-controlling shareholders by the average number of common and preferred shares outstanding during the period, as set forth in standard NBC TG 41/R2 (CVM Decision 636/10) – earnings (loss) per share.

Diluted earnings (loss)

Diluted earnings/loss per share are calculated by dividing net income/loss attributed to shareholders of the Company by the sum of weighted average number of shares outstanding shares and the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into common and preferred shares. The effect of dilution to earnings/loss per share does not generate any material difference between basic and diluted ones. The dilution percentage is demonstrated in Note 25.

4.1.13. Treasury shares

When an entity buys back its own shares, they become treasury shares. The amount of consideration paid, which includes the costs directly attributable to it, is recognized as a deduction from equity. Repurchased shares are presented as deduction from the income reserve. When treasury shares are subsequently sold or re-issued, the amount received is recognized as increase in equity and earnings or losses resulting from the transaction are presented as capital reserve.

4.1.14. Consolidation

The consolidated financial statements are based on the statements of controlled companies and FIP Inova V, under accounting practices consistently applied to all statements consolidated. The accounting years of controlled companies coincide with the one of the Company. Consolidation includes the following procedures:

- Elimination of balances of assets and liabilities between the consolidated companies;
- Elimination of investment, proportionally to the interest held in the equity of investees;
- Elimination of the balances of intercompany revenue and expenses;
- Elimination of unrealized income arising from operations between consolidated companies, if significant.

4.1.15. Statement of value added

The Company presents the individual and consolidated Statements of Value Added as required by Brazilian Corporate Law and standard NBC TG 09 / (CVM Decision 557/08). IFRS do not require its presentation. Therefore, based on IFRS, such statements are presented as supplementary information.

4.1.16. ITG 22 - Uncertainty over income tax treatment

ITG 22 clarifies how to apply recognition and measurement requirements of standard NBC TG 32 (R4) (IAS 12) - Income taxation (CVM Decision 804/18) when there is uncertainty over the income tax treatment to be applied.

Current or deferred taxes of the Company are required to be recognized and measured according to the norm based on taxable income (tax losses), tax base, unused tax loss carryforwards and tax rates as described in it.

The Company's Management deems that there are no impacts from the mentioned standard, seeing all procedures adopted for determination and payment of income taxes are supported by the law and court precedents.

4.1.17. Effects of the coronavirus pandemic (Covid-19)

The global coronavirus pandemic (COVID-19) declared in 2020 by the World Health Organization (WHO) has brought large risk to public health and various impacts to the world's economy. In response to the pandemic, preventive measures have been taken at the Company aiming to mitigate risks, in alignment with the guidelines established by domestic and international health authorities.

A Committee of Crisis was organized, which is dealing with the matter and implementing an internal plan to combat the pandemic, seeking to minimize the possible impacts to the health and safety of employees and their relatives, as well as business partners and the community in general and maintain the continuity of operations and of the business.

In that scenario, the following estimates were introduced in the financial statements of the Company and of its controlled companies:

4.1.17.1. Allowance for doubtful accounts for the expected impacts of the COVID-19 pandemic

Receivables as at December 31, 2021, of the Company and of its controlled companies have been assessed.

Management understands that the recorded receivables and allowance for doubtful accounts reflect the most appropriate numbers and their probability of realization. The analysis was made based on the Company's policies and on an evaluation of the financial standing of customers along the whole year 2021.

4.1.17.2. Estimate of losses to be incurred with inventories

After analysis of inventory turnover and considering projected sales prices, no significant changes in realization values of inventories were detected as a result of the COVID-19 pandemic that could require increase in the provision already recognized.

4.1.17.3. Realization of deferred taxes

Deferred tax assets and temporary differences as at December 31, 2021 have been evaluated. As a result of such analysis, even with the present uncertainty scenario, no need of recognition of losses was determined. Management has used projections of future results in the evaluation process.

4.1.17.4. Impairment of property, plant and equipment and intangible assets

Fixed and intangible assets have been tested for impairment along the pandemic and Management concluded that there is no change in the recoverable amounts that could affect future operations.

4.1.17.5. Fulfillment of obligations undertaken with customers and suppliers

An evaluation was made of main supply contracts executed with customers, suppliers and controlled companies. Management concluded that, despite the effects of the pandemic, contractual obligations have been fulfilled and, so far, there is no evidence of formal insolvency or contracts in default.

4.1.17.6. Fulfillment of debt contract obligations - covenants

The fulfillment of contractual clauses as at December 31, 2021 has been evaluated in order to certify that all covenants have been met as established.

The Company is exposed to operating risks stemming from possible legal restrictions that may be imposed as a consequence of the COVID-19 pandemic, so it is not possible to assure that the Company will not be affected.

However, it is important to draw attention to the fact that even considering the Pandemic, because of the increase in the demand for technological devices, the Company has achieved a strong and solid increase in sales and, consequently, better results.

(In thousands of Brazilian reais, unless otherwise stated)

5. Cash and cash equivalents

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020 Reclassified
Cash	7	2	16	93
Banks	69,899	26,071	75,028	59,799
Financial investments	1,031,987	15,164	1,284,678	400,891
	1,101,893	**41,237**	**1,359,722**	**460,783**

Short-term financial investments have immediate liquidity and are redeemable within 90 days. They comprise: (i) Certificates of Deposit ("CDBs"); (ii) repurchase operations contracted with top-rated institutions, with returns of 101.5% of Certificates of Interbank Deposits (CDI) rate on average.

The revenue generated by such investment is recorded as financial revenue in the statement of income.

6. Accounts receivable

Breakdown of trade accounts receivable:

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Falling due notes	**957,960**	**865,591**	**959,773**	**860,801**
Overdue notes				
From 1 to 30 days	176,205	2,322	180,207	2,309
From 31 to 60 days	78,086	49,547	77,101	49,272
From 61 to 90 days	36,130	37,578	36,199	37,370
From 91 to 180 days	104,931	20,537	106,736	20,423
Over 180 days	86,294	50,988	87,219	51,798
	481,646	**160,972**	**487,462**	**161,172**
Allowance for doubtful accounts	(50,269)	(50,988)	(52,516)	(51,798)
Discount to present value	(9,197)	(2,395)	(9,197)	(2,395)
	1,380,140	**973,180**	**1,385,522**	**967,780**
Segregation				
Current assets	1,342,492	973,180	1,347,874	967,780
Noncurrent assets	37,648	-	37,648	-
	1,380,140	**973,180**	**1,385,522**	**967,780**

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Beginning balance	**(50,988)**	**(25,646)**	**(51,798)**	**(26,377)**
(Additions) / Reversals	(36,114)	(55,268)	(38,305)	(59,977)
Write-offs	36,833	29,926	37,587	34,556
Final balance	**(50,269)**	**(50,988)**	**(52,516)**	**(51,798)**

(In thousands of Brazilian reais, unless otherwise stated)

Sales on credit have been discounted to present value at transactions dates based on the rate estimated for the period until amounts are received, when they include a financial component whose maturity is longer than 120 days.

The discount rates used are the implicit ones of the respective transactions based on risk-free rate (SELIC – Central Bank Overnight Rate), which ranged from 2% to 9.25% p.a. in 2021 (from 2% to 2.25% in 2020).

Adjustments relating to discounted present value are recognized in the statement of income in the account of revenue, with a corresponding item to trade accounts receivable. Adjustments are recorded as financial revenue.

The simplified approach of IFRS 9/CPC 48 – Financial instruments is used at the Company in the measurement of expected credit losses. An allowance was recognized based on historical average of losses, adjusted to specific prospective factors of the economic environment where the Company works and any financial collateral given as guarantee of receivables.

7. Inventories

Composition of inventories:

	Parent company		Consolidated	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020**
Finished goods	861,919	256,614	855,311	273,096
Raw materials	559,768	235,610	747,815	271,604
Imports in progress	602,551	1,195,671	976,314	2,105,043
Packaging materials	11,438	8,233	12,834	8,820
Provision for impairment of inventories	(89,894)	(44,205)	(94,547)	(47,941)
	1,945,782	**1,651,923**	**2,497,727**	**2,610,622**

	Parent company		Consolidated	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020**
Beginning balance	(44,205)	(41,770)	(47,941)	(46,003)
Additions	(50,763)	(54,440)	(54,951)	(69,540)
Write-offs	5,074	52,005	8,345	67,602
Final balance	**(89,894)**	**(44,205)**	**(94,547)**	**(47,941)**

(In thousands of Brazilian reais, unless otherwise stated)

The amounts of 4,180,885 for the Parent Company and 3,489,840 for Consolidated (2,177,564 and 1,863,212 in 2020, respectively) have been recognized in income (loss) in the account of "Cost of merchandise and goods sold".

8. Recoverable taxes

The balances of recoverable taxes are as follows:

	Parent company		Consolidated	
	12.31.2021	**12.31.2020 Reclassified**	**12.31.2021**	**12.31.2020 Reclassified**
IPI recoverable	31,850	13,110	38,655	17,661
ICMS recoverable	7,026	4,011	13,415	5,893
PIS and COFINS recoverable	226,417	78,766	230,673	80,134
IRPJ and CSLL recoverable	21,128	16,990	52,178	20,250
Other recoverable taxes	94	855	666	1,127
Financial credit	308,494	93,269	322,456	97,250
	595,009	**207,001**	**658,043**	**222,315**
	-	-	-	-
Current assets	344,840	207,001	389,872	222,315
Noncurrent assets	250,169		268,171	
	595,009	**207,001**	**658,043**	**222,315**

Financial credit

With the enactment of law 13.969 in December 2019, coming into effect in April 2020, new provisions were added to the Information Technology Law and PADIS[1]. The changes brought by the new regulation include amendment to the IPI reduction subsidy.

The new law removed the incentive and implemented a new tax benefit. It can be used through financial credit that depends upon the amount of investment made in research, development and innovation of companies (RD&I) and the value of revenue from products that meet the rules of the basic productive process (PPB) - Law 8.248/91.

According to the new law, the mentioned financial credit can be used to offset other taxes managed by the Federal Revenue Service.

[1] PADIS = Program of Support for the Technological Development of the Semiconductor and Display Industries

(In thousands of Brazilian reais, unless otherwise stated)

IRPJ

In September 2021, the Company had recognized its right to reduce IRPJ and surtaxes non-refundable levied on exploration profit, referring to the project of diversification of venture in the region under influence of the Superintendence for the Development of Amazon (SUDAM), for its controlled company GIGA Industria e Comercio de Produtos de Segurança Eletronica S/A. The benefit reduces by seventy-five percent (75%) non-refundable IRPJ and surtaxes levied on exploration profit, referring to the diversification of the venture in the region of SUDAM for the production of “assembled printed circuit boards (IT use)” for a period of ten (10) years, from calendar year 2021 to 2030.

PIS and COFINS

In the fourth quarter of 2021, the Company concluded gathering the documentation on PIS and COFINS credits prior to 2015, referring to the matter of ICMS levied on the calculation basis of PIS and COFINS. Based on the evidence found that now supports the mentioned tax credits, given that the Company obtained a final decision on such proceeding and it is working for the approval of such credits, the amount of 68,388 was recognized in its financial statements, under the caption “Recoverable taxes” in noncurrent assets, with the following results in income for the year: (i) 36,818 referring to the principal, recognized in the caption “Other operating revenues”; (ii) 31,570 referring to inflation adjustments, recognized under “Financial income (loss)”.

The Company hired an external consulting company to assist it in gathering the documentation on the respective credits and the work, depending on the success of the process, resulted in estimated fees of 10,258 recognized under: (i) “General and administrative expenses”, in income for the year; and (ii) “Accounts payable” in current liabilities.

9. Investment

	Parent company		Consolidated	
Summary of investments	**12.31.2021**	**12.31.2020**	**12.31.2021**	**12.31.2020**
Investment in controlled companies	885,788	476,382	-	-
Indirect investment in Fundo Inova V(1)			34,595	
Other investment funds	58,624	13,616	62,016	13,616
	944,412	**489,998**	**96,611**	**13,616**
Provision for loss on investments in controlled companies	(4,926)			
	939,486	**489,998**	**96,611**	**13,616**

(1) *Luby Tecnologia S.A. - 16,595 and Watch TV, 18,000*

(In thousands of Brazilian reais, unless otherwise stated)

Controlled companies

Information about the controlled companies of the Group at the end of the reporting period is provided below:

		Parent company	
Controlled companies	**Ownership interest**	**12.31.2021**	**12.31.2020**
(1) Multilaser Indústria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.	100.00%	320,340	304,952
(2) Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	100.00%	561,935	165,370
(3) Proinox Brasil Ltda	100.00%	3,513	6,394
(4) Lojas Multilaser - Comércio Varejista Ltda	100.00%	(1,856)	(334)
(5) Expet Indústria e Comércio de Tapetes Ltda	100.00%	(3,070)	-
		880,862	**476,382**

The change in the interest held in investees in 2021 is as follows:

	Balance at 12.31.2020	Acquisitions and contributions	Equity income (loss)	Distributed dividends	Balance at 12.31.2021
(1) Multilaser Indústria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda	304,952	-	45,234	(29,846)	320,340
(2) Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	165,370	-	460,191	(63,626)	561,935
(3) Proinox Brasil Ltda	6,394	-	(2,881)	-	3,513
(4) Lojas Multilaser - Comércio Varejista Ltda	(334)	100	(1,622)	-	(1,856)
(5) Expet Indústria e Comércio de Tapetes Ltda	-	8,600	(11,670)	-	(3,070)
Subtotal	**476,382**	**8,700**	**489,252**	**(93,472)**	**880,862**
Provision for loss on investments					4,926
Total	**476,382**				**885,788**

Breakdown of the investment in controlled companies and in FIP Inova V as at December 31, 2021:

2021	Multilaser Componentes Ltda	Giga Ind. Com. Prod. Seg. Eletr. S.A.	Proinox Brasil Ltda	Lojas Multilaser Ltda	Expet Ind. Com.Tapetes Ltda	(6) Inova V
Percentage of ownership interest	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total assets	365,673	1,286,563	323,955	11,119	17,392	55,196
Total liabilities	47,968	678,631	323,181	12,975	30,251	182
Capital stock	75,863	26,346	4,788	500	10	54,000
Equity	317,705	607,932	774	(1,856)	(12,859)	55,014
Net revenue	180,788	1,769,189	775,132	4,349	19,918	-
Net income for the year	42,598	506,188	(4,460)	(1,622)	(11,670)	1,212
Equity according to % of ownership interest	317,705	607,932	774	(1,856)	(12,859)	55,014
Group's interest in income/loss	42,598	506,188	(4,460)	(1,622)	(11,670)	1,212

(In thousands of Brazilian reais, unless otherwise stated)

2020	Multilaser Componentes Ltda	Com. Prod. Seg. Eletr. S.A.	Proinox Brasil Ltda	Lojas Multilaser Ltda
Percentage of interest held	100%	100%	100%	100%
Total assets	443,771	719,223	382,744	6,370
Total liabilities	140,117	538,414	379,834	6,704
Capital	75,863	26,346	4,788	500
Equity	303,654	180,809	2,910	(334)
Net revenue	67,914	252,645	(4,572)	849
Net income	56,155	130,994	(7,465)	(657)
Equity according to % of interest	303,654	180,809	2,910	(334)
Portion of the group in income/losses	56,155	130,994	(7,465)	(657)

Business combination - Expet Industria e Comércio de Tapetes Ltda.

On June 08, 2021, the Company entered into an Agreement for the Acquisition of Interest and Other Covenants (CCV) for the acquisition of 100% of Expet Indústria e Comércio de Tapetes Ltda. (Expet), which became a controlled company of Multilaser on the aforementioned acquisition date and whose activity is presented in the item Operations.

As consideration for the acquisition of the company, Multilaser will pay the amount of 8,600, of which the amount of 5,000 was paid upon signing the contract, and the outstanding amount of 3,600 will be paid in three installments every 12 months as from the acquisition date and down payment, adjusted by the CDI, from the acquisition date to the payment date.

As provided for in NBC TG 15 (R3) - Business Combinations, the Company measured the identifiable assets and liabilities assumed at fair value, based on a report prepared by external experts hired by the Company, considering criteria, assumptions and methodology of adequate and consistent projections for businesses of this nature. Subsequently, in this quarter, based on the mentioned updated report, no material variation was identified in the previously recognized temporary amounts. Additionally, no liabilities and provisions for contingencies to be recognized on the acquisition date and in this quarter were identified.

As provided for in items 45 and 49 of CPC 15 (R1)/ NBC TG 15 (R3), the final fair values of these identifiable assets and assumed liabilities are presented and distributed as follows, including the effects of deferred taxes on appreciation:

(In thousands of Brazilian reais, unless otherwise stated)

Expet

		R$ Thousand
=	**Equity balance**	**(5,872)**
(+)	Intangible assets - Trademarks and patents[1]	4,472
(+)	Intangible assets - Portfolio of clients[1]	2,623
	Fair value of identifiable assets	**7,095**
(-)	Liabilities - Deferred taxes	(2,412)
=	**Equity balance at fair value**	**(1,189)**
	Acquisition present value	8,600
=	**Goodwill from future profitability[1]**	**9,789**

These amounts are included in the changes of intangible assets, as per Note 13.

Business combination - OBABOX

In October 2021, the Company concluded the process of assignment of software and certain brands with OBA Gestão de Ativos Intangíveis Ltda., both processes formalized by means of assignment agreements, with the Company now holding final control over the Obabox business. Among other aspects, the operation Obabox is mainly related to software use in the products OBASMART Conecta and brands OBABOX and OBABOX.COM, as well as its know-how. The fair value of the consideration was 15,842, of which 15,000 was paid in a single installment and the remaining balance arranged to be paid in 60 installments. A substantial part of the team of Obabox was hired by the Company.

The Company conducted a concentration test and identified some non-similar assets and of different nature. In this context, according to the Company's understanding, this acquisition corresponds to a business combination, given that, although it does not involve the acquisition of a company, the assets acquired constitute a business that meets the requirements of IFRS 3/ CPC 15, as follows:

- Inputs: Identification of a market need of a certain group of the population in relation to a product and, based on this evaluation, acquiring the product from strategic suppliers in order to improve it and meet this identified need;
- Processes: Development of customized solutions to meet the identified need, such as the software embedded in the products OBASMART CONECTA and the marketing team developing projects of rebranding and campaigns of launching of products, always associated to the brand OBABOX, creating the link with the marketplace where the product will be sold;
- Outputs: By means of that, it is possible to add value to the products sold by OBABOX, resulting in the sale of products with prices higher than those of the original suppliers.

For this business combination, the Company measured the identifiable assets and assumed liabilities at fair value (temporary) as provided for in NBC TG 15 (R3) – Business Combination, based on the preliminary valuation report from the external experts hired by the Company. No liabilities and provisions for contingencies to be recognized on the acquisition date and in this quarter were identified.

The temporary fair values of the identifiable assets and assumed liabilities are presented and recognized as follows:

Obabox

		R$ Thousand
(+)	Intangible assets - Trademarks and patents[1]	1,303
(+)	Intangible assets - Software[1]	1,885
	Temporary fair value of identifiable assets	**3,188**
(-)	Liabilities - Deferred taxes	(4,302)
=	**Equity balance at fair value**	**(1,114)**
	Acquisition present value	15,842
=	**Goodwill from future profitability[1]**	**16,956**

These amounts are included in the changes of intangible assets, as per Note 13.

(In thousands of Brazilian reais, unless otherwise stated)

Additionally, the Company's Management will monitor the effects of this acquisition, including the identification of appropriated intangible assets, respecting the deadline for measurement, which cannot exceed one year from acquisition date, as provided for in NBC TG 15 (R3).

Private investment funds

In 2020, the Company started to invest in private equity funds. In 2021, investments were made in new funds. The purpose of the Company is to invest in technology start-ups, according to the policy of each fund. These funds are measured at fair value at each reporting date. The balances and changes in these funds are shown below:

	Parent company		Consolidated	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020 Reclassified**
Inova We Empreendendorismo Feminino	15,625	13,616	15,625	13,616
Indicador 2 IOT Fundo Investimentos	7,770	-	7,770	-
Inova IV Fundo de Investimento	-	-	3,392	-
Inova VII Fundo de Investimento	21,028	-	21,028	-
Inova X Fundo de Investimento	9,701	-	9,701	-
Inova IX Fundo de Investimento	4,500	-	4,500	-
	58,624	**13,616**	**62,016**	**13,616**

These funds are measured at fair value at each reporting date, and the changes were as follows:

Parent company	**Balance at 12.31.2020**	**Capital contributions**	**Fair value**	**Balance at 12.31.2021**
Inova We Empreendendorismo Feminino	13,616	2,000	9	15,625
Indicador 2 IOT Fundo Investimentos	-	9,000	(1,230)	7,770
Inova VII Fundo de Investiento	-	21,500	(472)	21,028
Inova X Fundo de Investimento	-	10,000	(299)	9,701
Inova IX Fundo de Investimento	-	4,500	-	4,500
	13,616	**47,000**	**(1,992)**	**58,624**

Consolidated	**Balance at 12.31.2020**	**Capital contributions**	**Fair value**	**Balance at 12.31.2021**
Inova We Empreendendorismo Feminino	13,616	2,000	9	15,625
Indicador 2 IOT Fundo Investimentos	-	9,000	(1,230)	7,770
Inova IV Fundo de Investimento	-	3,452	(60)	3,392
Inova VII Fundo de Investiento	-	21,500	(472)	21,028
Inova X Fundo de Investimento	-	10,000	(299)	9,701
Inova IX Fundo de Investimento	-	4,500	-	4,500
	13,616	**50,452**	**(2,052)**	**62,016**

Inova V Fundo de Investimento em participações – Empresas emergentes

As described in Note 2.5, the Company controls this exclusive fund and consolidated its operation. Inova V Fundo de Investimento em Participações – Empresas Emergentes ("Fund") started its activities on December 16, 2020, as an exclusive closed-end investment fund ruled by its present regulations, the provisions of CVM instructions 578/16, 579/16, 555/14, ABVCAP/ANBIMA Code, the regulations of ME and SUFRAMA involved, and by the other applicable legal and regulatory provisions. The Fund will have a ten (10) year-term as from the first payment of Shares, which can be extended for another two (02) years, after proposal by the Fund's Management and approval by the General Meeting. The General Meeting may decide to early terminate or extend its Effective Term.

As at December 31, 2021, FIP Inova V held investments in closely-held companies, not listed in stock exchanges or organized market, as follows:

- Luby Tecnologia S.A. ("Luby"): with head office located in the city of São Paulo, state of São Paulo, and branch in Manaus, state of Amazonas.
  Luby develops customized software solutions for several business segments in the form of outsourcing and projects. As at December 31, 2021, FIP Inova V holds 49% of the capital stock of Luby, corresponding to 100% of its Class A Preferred Shares, whose fair value is 16,595, an estimate based on the best available information.

- Watch TV Entretenimentos S.A. ("Watch"): with head office located in the city of Curitiba, state of Paraná, and branch in Manaus, state of Amazonas.
  Watch is a Brazilian streaming platform, exclusive for Internet Service Providers (ISPs), whose objective is to make possible to regional providers to compete with large operators, by offering content from the largest studios of world, adding value to the services of internet provider.

  In September 2021, an intercompany loan was agreed corresponding to ownership interest of forty-two percent (42%) of total voting capital stock of the Company, which shall be converted into company's shares up to 24/09/2026. The balance of this agreement as at December 31, 2021, is 28,000.

(In thousands of Brazilian reais, unless otherwise stated)

The changes in FIP Inova V is presented below:

Consolidated	Balance at 12.31.2020	Capital contributions	Fair value	Balance at 12.31.2021
Inova V Fundo de Investimento	8,500	45,500	1,014	55,014
	8,500	**45,500**	**1,014**	**55,014**

Investment Inova V	Balance at 12.31.2020	Capital contributions	Fair value	Balance at 12.31.2021
Luby Tecnologia S.A.	-	14,410	2,185	16,595
Watch TV Entretenimentos S.A.	-	18,000	-	18,000
	-	**32,410**	**2,185**	**34,595**

10. Deposits into court and other assets

We detail below the deposits into court made and other assets of the Company:

	Parent company		Consolidated	
	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Court deposits	56,933	53,797	56,940	53,797
Advances	25,457	4,038	97,301	13,577
Court-ordered debt securities	42,005	16,156	42,005	16,156
Other assets	500	-	857	-
	124,895	**73,991**	**197,103**	**83,530**
Current assets	25,957	3,953	98,003	12,325
Noncurrent assets	98,938	70,038	99,100	71,205
	124,895	**73,991**	**197,103**	**83,530**

11. Investment properties

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Commercial properties	5,020	5,020	5,020	5,020
	5,020	**5,020**	**5,020**	**5,020**

(a) Properties held for investment

Include two commercial properties purchased in 2018 and that are rented to third parties. Subsequent contract renewals are negotiated with tenants six months before the end of the terms of the contracts. No contingent charges are established in either of the contracts. Management has no intention of keeping those properties in the mid and long-term period.

(b) Measurement of properties held for investment

Investment properties are initially recognized at purchase cost. As at December 31, 2021, fair value had not been adjusted because the acquisition value was close to fair value (measured after the recognition).

12. Property, plant and equipment

The Company and its controlled companies declare that they do not have: (i) any assets temporarily idle; (ii) assets retired from use and not classified as held for sale.

We highlight below fixed and intangible assets totally depreciated and amortized that are still in operation:

(In thousands of Brazilian reais, unless otherwise stated)

Parent company	Annual average depreciation rates	Acquisition cost	Accumulated depreciation	Impairment	Net 12.31.2021	Net 12.31.20
Plots of land	-	5,489	-	-	5,489	5,489
Buildings	N/A	54,910	(13,491)	-	41,419	15,580
Machinery and facilities	5.38%	60,746	(21,469)	(822)	38,455	27,934
Furniture, IT equipment, others	12.99%	20,368	(10,898)	-	9,470	5,367
Construction in progress	22.35%	21,703	-	-	21,703	32,662
		163,216	**(45,858)**	**(822)**	**116,536**	**87,032**

Consolidated	Annual average depreciation rates	Acquisition cost	Accumulated depreciation	Impairment	Net 12.31.2021	Net 12.31.20
Plots of land	-	5,489	-	-	5,489	5,489
Buildings	N/A	64,540	(16,088)	-	48,452	21,018
Machinery and facilities	5.38%	191,448	(73,426)	(822)	117,200	75,801
Furniture, IT equipment, others	12.99%	24,169	(12,387)	-	11,783	6,968
Construction in progress	22.35%	40,755	-	-	40,755	52,649
		326,401	**(101,901)**	**(822)**	**223,679**	**161,925**

Changes in fixed assets

Parent company	12.31.20	Net additions from transfers	Depreciation	Acquisitions in business combinations	Write-offs	12.31.2021
Plots of land	5,489	-	-	-	-	5,489
Buildings	15,580	28,422	(2,062)	-	(521)	41,419
Machinery and facilities	27,934	18,085	(6,952)	-	(612)	38,455
Furniture, IT equipment, others	5,367	6,377	(2,221)	-	(53)	9,470
Construction in progress	32,662	(12,384)	1,577	-	(152)	21,703
	87,032	**40,500**	**(9,658)**	**-**	**(1,338)**	**116,536**

Consolidated	12.31.20	Net additions from transfers	Depreciation	Acquisitions in business combinations	Write-offs	12.31.2021
Plots of land	5,489	-	-	-	-	5,489
Buildings	21,018	30,309	(2,354)	-	(521)	48,452
Machinery and facilities	75,801	72,399	(30,369)	-	(631)	117,200
Furniture, IT equipment, others	6,968	7,554	(2,681)	-	(58)	11,783
Construction in progress	52,649	(14,298)	1,577	-	827	40,755
	161,925	**95,964**	**(33,827)**	**-**	**(383)**	**223,679**

Impairment

The Company did not find indication that its assets have been impaired or recorded at amounts higher than the expected future economic benefits to be obtained from the use of the asset.

(In thousands of Brazilian reais, unless otherwise stated)

13. Intangible assets

		Parent company		Consolidated	
	Amortization rate (%)	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Software	12.16%	2,259	203	2,574	606
Trademarks and patents	N/A	1,303	-	5,774	-
Portfolio of clients	N/A	-	-	2,623	-
Other intangible assets	N/A	-	1,904	-	3,638
Goodwill from acquisition of controlled company	N/A	18,861	-	29,810	1,159
		22,423	**2,107**	**40,781**	**5,403**

We present next the change in intangible assets:

Parent company	12.31.2020	Net additions from transfers	Amortization	Acquisitions in business combinations	Write-offs	12.31.2021
Software	203	297	(126)	1,885	-	**2,259**
Improvements in third-party assets	-	36	(2)	-	(34)	**-**
Trademarks and patents	-	-	-	1,303	-	**1,303**
Other intangible assets	1,904	-	-	(1,904)	-	**-**
Goodwill from acquisition of controlled company	-	-	-	18,861	-	**18,861**
	2,107	**333**	**(128)**	**20,145**	**(34)**	**22,423**

Consolidated	12.31.2020	Net additions from transfers	Amortization	Acquisitions in business combinations	Write-offs	12.31.2021
Software	606	297	(214)	1,885	-	**2,574**
Improvements in third-party assets	-	36	(2)	-	(34)	**-**
Trademarks and patents	-	-	-	5,774	-	**5,774**
Portfolio of clients	-	-	-	2,623	-	**2,623**
Other intangible assets	3,638	-	-	(1,904)	(1,734)	**-**
Goodwill from acquisition of controlled company	1,159	-	-	28,651	-	**29,810**
	5,403	**333**	**(216)**	**37,029**	**(1,768)**	**40,781**

Amortization, where applicable, is recognized on a straight-line basis based on the estimated useful lives of assets. The estimated lifetimes and the amortization method are reviewed at the end of each year and the effect of any changes in the estimates prospectively accounted for.

(In thousands of Brazilian reais, unless otherwise stated)

14. Leases

The Company and its controlled companies have executed rental contracts of the buildings where they are located, as well as for the headquarters, plants and warehouses of some of the companies of the group. The average rental period is five years.

Management has opted to present right-of-use assets and lease liabilities in specific subgroups in the statement of financial position, although the norm does not establish such requirement.

Right-of-use assets

	Parent company	Consolidated
Balances as at December 31, 2020	**4,779**	**5,504**
Additions from remeasurement of lease agreements	7,699	15,429
(-) Depreciation of right-of-use assets in the period	(3,041)	(4,263)
Balances as at December 31, 2021	**9,437**	**16,670**

Lease liabilities
Changes

	Parent company	Consolidated
Balances as at December 31, 2020	**5,126**	**6,309**
Additions from new contracts in the period	7,699	15,429
Interest in the period	415	638
(-) Consideration paid	(3,389)	(5,663)
Balances as at December 31, 2021	**9,851**	**16,713**
Current	3,299	5,709
Noncurrent	6,552	11,004
Total	**9,851**	**16,713**
Payment schedule		
Up to 1 year	3,299	5,708
From 2 to 3 years	3,032	5,486
From 3 to 4 years	1,762	2,812
From 4 to 5 years	1,758	2,707
	9,851	**16,713**

Effective discount rate	**Parent company**	**Consolidated**
Mininum rate	6%	6%
Maximum rate	6.49%	9.18%

In 2021, the Company entered into a new lease agreement for a property used as warehouse in Extrema, state of Minas Gerais, and renewed the contract of the property in Manaus, state of Amazonas, where the plant of its controlled company Giga is located.

(In thousands of Brazilian reais, unless otherwise stated)

15. Trade accounts payable

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Foreign trade accounts payable - raw materials	511,787	1,143,105	1,077,833	1,958,700
Domestic trade accounts payable - raw materials	616,060	80,354	75,820	27,742
Domestic trade accounts payable - services	7,205	4,264	8,204	6,340
	1,135,052	**1,227,723**	**1,161,857**	**1,992,782**

Foreign suppliers of raw material

As described in Note 26, the commercial transactions executed with foreign suppliers of raw materials are denominated in U.S. dollars. At the Company, no derivative financial instruments are used as hedge accounting for protection against foreign currency exchange exposure, except when contracts with customers are defined at fixed selling prices.

Letters of credit obtained with top-rated financial institutions have been given as collateral to the payment of foreign suppliers.

16. Loans and financing

Type	Charges	Average weighted interest rate (%p.a.)	Parent company 12.31.2021	Parent company 12.31.2020	Consolidated 12.31.2021	Consolidated 12.31.2020
Domestic currency						
Working capital	Average rate	**6.58%**	311,139	498,749	311,139	498,749
FINEP	Fixed rate	**3.26%**	80,950	70,647	80,950	70,647
			392,089	**569,396**	**392,089**	**569,396**
Foreign currency						
Working capital	Average rate + Exchange rate gains/losses	**11.10%**	605,224	136,350	605,224	136,350
			605,224	**136,350**	**605,224**	**136,350**
			997,313	**705,746**	**997,313**	**705,746**
Current liabilities			615,822	232,282	615,822	232,282
Noncurrent liabilities			381,491	473,464	381,491	473,464
			997,313	**705,746**	**997,313**	**705,746**

[1]FINEP – Financing of Studies and Projects

As for loans contracted in foreign currency, derivative financial instruments (swap contracts) have been contracted aiming to mitigate risks of changes in foreign currency exchange rates (Please refer to Note 26)

(In thousands of Brazilian reais, unless otherwise stated)

We present below the consolidated schedule of maturities of long-term loans and financing:

Maturity	**Parent company**		**Consolidated**	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020**
2022	**-**	443,497	**-**	443,497
2023	214,082	13,737	214,082	13,737
2024	119,229	13,737	119,229	13,737
2025	24,149	2,493	24,149	2,493
Maturities after 2025	24,031	-	24,031	-
	381,491	**473,464**	**381,491**	**473,464**

a) FINEP – Financing of Studies and Projects

The Company has innovation programs that aim the development and acquisition of new technologies. Such programs are supported by FINEP.

b) Guarantees and covenants

Bank loans are fifty percent (50%) guaranteed by receivables and by suretyship of the Company's controlling shareholders.

At the closing date of the mentioned financial statements, the Company and its controlled companies had only one financing contract that contained covenants establishing the obligation of keeping financial ratios, whose noncompliance would automatically demand anticipated payment of debt. The Company has been fulfilling all contract covenants.

Loan and financing contracts, in addition to the aforementioned *Covenants* clauses, also have a *cross-default* on financial debt.

c) Change in loans and financing

The change in the balance of loans and financing is demonstrated below:

(In thousands of Brazilian reais, unless otherwise stated)

	Parent company		
	Current	**Noncurrent**	**Total**
Ending balance of 2019	**106,546**	**70,886**	**177,432**
New loans	656,720	-	**656,720**
Finance charges	12,334	-	**12,334**
Exchange rate gains (losses)	33,491	-	**33,491**
Payment of principal	(163,458)	-	**(163,458)**
Payment of interest	(10,774)	-	**(10,774)**
Transfer	(402,577)	402,577	**-**
Ending balance of 2020	**232,282**	**473,463**	**705,745**

	Parent company		
	Current	**Noncurrent**	**Total**
Ending balance of 2020	**232,282**	**473,463**	**705,745**
New loans	587,492	35,145	**622,637**
Finance charges	65,658	-	**65,658**
Exchange rate gains (losses)	(3,128)	-	**(3,128)**
Payment of principal	(344,376)	-	**(344,376)**
Payment of interest	(45,735)	-	**(45,735)**
Transaction cost	(3,488)	-	**(3,488)**
Transfer	116,006	(116,006)	**-**
Ending balance of 2021	**604,711**	**392,602**	**997,313**

-

	Consolidated		
	Current	**Noncurrent**	**Total**
Ending balance of 2019	**106,546**	**70,886**	**177,432**
New loans	656,720	-	**656,720**
Finance charges	12,334	-	**12,334**
Exchange rate gains (losses)	33,491		**33,491**
Payment of principal	(163,458)	-	**(163,458)**
Payment of interest	(10,774)	-	**(10,774)**
Transfer	(402,577)	402,577	**-**
Ending balance of 2020	**232,282**	**473,463**	**705,745**

(In thousands of Brazilian reais, unless otherwise stated)

	Consolidated		
	Current	Noncurrent	Total
Ending balance of 2020	**232,282**	**473,463**	**705,745**
New loans	587,492	35,145	**622,637**
Finance charges	65,658	-	**65,658**
Loans and financing of business combination	4,684	806	**5,490**
Exchange rate gains (losses)	(3,128)	-	**(3,128)**
Payment of principal	(349,866)	-	**(349,866)**
Payment of interest	(45,735)	-	**(45,735)**
Transaction cost	(3,488)	-	**(3,488)**
Transfer	116,812	(116,812)	**-**
Ending balance of 2021	**604,711**	**392,602**	**997,313**

17. Employees' pay and related charges

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Payroll and related charges	21,181	11,666	25,144	13,559
Vacation pay and related charges	16,582	10,560	20,552	12,298
Management fees	-	4,393	-	4,393
	37,763	**26,619**	**45,697**	**30,250**

18. Taxes payable

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
IPI payable	-	-	-	72
ICMS payable	3,225	37,786	2,554	39,994
PIS and COFINS payable	13,414	10,901	65,962	19,269
IRPJ and CSLL	6,149	6,873	7,673	15,665
Other taxes payable	17,734	3,499	21,239	4,970
Special Tax Regularization Program (PERT)	-	-	1,348	-
ICMS tax installment payments	47,609	-	47,609	-
	88,131	**59,059**	**146,385**	**79,970**
Segregation				
Current liabilities	24,817	22,602	27,806	37,329
Noncurrent liabilities	63,314	36,457	118,579	42,641
	88,131	**59,059**	**146,385**	**79,970**

The Company filed a lawsuit referring to the payment of the ICMS rate difference (DIFAL) in operations with final consumer, non-taxpayer, residing in other state. Based on this suit, the payments were made by means of court deposits and with the recognition of a provision in liabilities.

(In thousands of Brazilian reais, unless otherwise stated)

In this context, the decision of the Supreme Court of Brazil (STF) on Special Appeal No. 1.287.019 (RE 1.287.019) and Direct Action of Unconstitutionality No. 549, in February 2021, with general repercussion, demanding a Statute ruling the charge of the respective DIFAL, caused the Company to reverse the provision recorded in liabilities, in case of unfavorable outcome of the proceeding, in the amount of 57,084, being 53,003 of principal and 4,080 of inflation adjustments, whose effects in income for the year were recognized as follows:

- Amounts for 2021: 47,714 in the caption "Taxes on sales";
- Amounts referring to periods prior to 2021: 5,288 in the caption "Other operating revenues";

The amount of 4,080 was recognized in caption "Financial income (losses)".

19. Provision for tax, labor and civil contingencies

The Company is a party to various lawsuits filed in the ordinary course of activities, for which provisions have been recognized according to the rating of legal counselors and/or expectation of probable future outflow of cash.

The actions in the year ended December 31, 2021 are broken down below:

	Consolidated	
	12.31.2021	**12.31.2020**
Tax	99,795	139,464
Labor and social security	1,228	1,364
Civil	914	226
Regulatory	366	1,025
	102,303	**142,079**

The change in consolidated balances of the provisions for contingencies in the year 2021 is broken down below:

Consolidated	**12.31.2020**	**Additions, write-offs and changes in estimates**	**Reversals**	**12.31.2021**
Tax	139,464	13,794	(53,463)	99,795
Labor and social security	1,364	-	(136)	1,228
Civil	226	871	(183)	914
Regulatory	1,025	366	(1,025)	366
	142,079	**15,031**	**(54,807)**	**102,303**

(In thousands of Brazilian reais, unless otherwise stated)

(a) Nature of contingencies

The Company is a party to labor complaints and tax-related actions, which, where applicable, are supported by deposits into court. The respective provisions for contingencies were setup considering the estimate prepared by legal counselors as for the actions rated as probable losses. Management believes that the end of those matters will not produce any significant effects different from what has already been accrued for.

Labor and social security contingencies refer to actions filed by former employees claiming amounts stemming from work relationships and various damages.

In 2020, the Company concluded the process of claiming PIS and COFINS extemporaneous credit with the Brazilian Internal Revenue Service at an amount of 88,801. A provision for that credit has been recognized, even though Management understands that the mentioned credit can be used based on an analysis of risk and consultation to tax authorities, in addition to the opinion of external legal counselors about the probability of loss.

(b) Possible losses not accrued for in the balance sheet

In 2021, the Company and its controlled companies were parties to other tax, labor and civil actions involving risk of loss to the Company rated as "possible" losses, as follows:

Nature of contingencies	12.31.2021	12.31.2020
Tax	1,395,876	423,880
Labor and social security	169	57
Civil	964	902
Regulatory	-	57
Total	**1,397,009**	**424,896**

The Company and its controlled companies have three new tax proceedings with likelihood of loss considered possible, as appointed by its legal counselors, with the following details:

Proinox:

Tax assessment of deficiency claiming omission of information on the actual importer in the imports of products made by Proinox and later sold to Multilaser and customers, in the amount of 708,986, corresponding to the customs value of the imports made by Proinox in the period from April 2019 to October 2021. Multilaser is included in the assessment of tax deficiency as jointly responsible.

(In thousands of Brazilian reais, unless otherwise stated)

Assessment of tax deficiency claiming change of name from Multilaser to Proinox in foreign trade operations in order to conceal the actual importer, in the amount of 70,992. Assessment related to the one described in the previous item. Multilaser is jointly responsible in the assessment of tax deficiency.

The assessments of tax deficiency were evaluated by the attorney in charge and by a second renowned law firm, and both had converging opinions on the prognosis of possible loss, highlighting that there are good and solid arguments for the Company to avoid the tax demand, given that the imports made by Proinox were transparent in form, supported by valid and proper contracts, with no simulation whatsoever or damage to customs controls, neither damages to the public treasury. This is evidenced by the fact that no tax amount is requested in the assessments, only the amounts of customs fees on the imports made, as referred to above.

Multilaser

Assessment of tax deficiency referring to ICMS tax credits from the period from January to April 2017, in the amount of 44,349.

20. Equity

20.1 Capital stock

As at December 31, 2021, authorized capital stock was 2,228,068 and subscribed and paid-in capital stock was 1,713,378.
The number of shares is 820,539,225, all common (757,039, divided into 205,271,563 common, and 10,803,766 preferred registered shares with no par value, as at December 31, 2020), distributed as follows:

Shareholders	12.31.2021	12.31.2020
Controlling shareholders and related parties	325,523,153	107,028,139
Noncontrolling shareholders, related parties and directors	487,124,187	104,013,884
Treasury shares	7,891,885	5,033,306
	820,539,225	**216,075,329**

According to the articles of incorporation of the Company, the authorized capital is 1,067,025,987 common shares.

20.2 Income reserve

a) Legal reserve

A legal reserve is annually set up through the destination of 5% of net income of the year, which cannot exceed 20% of capital.

A legal reserve aims to assure the integrity of capital and can only be used to offset losses and increase capital.

b) Tax incentive reserve

Tax incentive reserves relate to governmental grants and subsidies recognized when there is reasonable certainty that the benefit will be received and that the established conditions will be fulfilled.

They are determined and governed according to the laws applicable to each benefit.

The Company is entitled to a government subsidy granted by the State of Minas Gerais. It authorizes the deferral of State VAT (ICMS) payment in the receiving of goods from direct import and assures partial ICMS credit on the shipment of the goods the Company sells.

The main obligation the Company has to fulfill to be able to use of the grant is making certain types of investment, which have been made and acknowledged by state tax authorities.

The effects of the incentive are accounted for under the accrual basis, in the item of deductions from sales – taxes.

According to income tax regulations, a tax incentive reserve can be used for capital increase and absorption of losses, but not for distribution of dividends, seeing that is a benefit of granted by the state to the Company for a specific activity.

c) Capital and statutory reserves and treasury shares

c.1) Capital reserve – share-based compensation

Until March 30, 2021, the Company had no formal share-based compensation plan. However, according to the Shareholders' Agreement in force at the time, a maximum remuneration was established for the Director President, corresponding to 1.5% of the Company's contribution margin calculated by management, to be settled as follows: (i) 30% in domestic currency (cash); (ii) 70% through subscription of shares. In this context, for the year ended December 31, 2020, and March 31, 2021 the remuneration calculated based on the shareholders' agreement totaled 12,750 (12/31/2021), from which: (i) 4,393 (corresponding to the remuneration in domestic currency) were entered in the liability account (2,544 as at September 30, 2020), and (ii) 8,357 (corresponding to the remuneration to be settled with the transfer of shares) were entered at the capital reserve account in equity (5,935 as at September 30, 2020); and 5,591 (03/21/2021), from which: (i) 1,677 (corresponding to the remuneration in domestic currency) were entered in the liability account, and (ii) 3,914 (corresponding to the remuneration to be settled with the transfer of shares) were entered at the capital reserve account in equity. In 2021 and 2020, there was no subscription of shares for settlement of the obligation of remuneration to the Director President.

We point out that this Shareholders' Agreement was terminated on May 12, 2021, not addressing, however, the form of settlement of the remuneration with the transfer of shares to the Director President, as provided for in the mentioned Shareholders' Agreement in force at the time.

On June 21, 2021, the Shareholders' Agreement previously entered into was amended and approved in the Company's Extraordinary General Meeting to clarify that the remuneration of the Director President, to be settled through shares, valued at market value on the date of actual delivery, up to the amount of 12,271 recognized as at December 31, 2020 and March 31, 2021, according to the maximum limit approved and effective at balance sheet date.

(In thousands of Brazilian reais, unless otherwise stated)

In August 2021, the Company used its treasury shares to settle this obligation with the Director President, with the quantity of shares defined by dividing the amount of 12,271 by the price per share established at the IPO (Initial Public Offering) of 11.10, which represented 1,105,493 shares, as provided for in the agreement referred to above.

Although there was not a formal share-based plan at the time, the Company delivered common shares of the Company, measured at fair value, in the amount of 1,403, as part of the remuneration to one of its directors, during the period ended September 30, 2021.

The changes in the capital reserve in 2021 is as follows, referring to matter of share-based compensation plan:

Parent company	Capital reserve
Balance as at January 1, 2020	**-**
Reserve recognition	5,935
Balance as at September 30, 2020	**5,935**
Reserve recognition	**2,422**
Balance as at December 31, 2020	**8,357**
Reserve recognition	3,914
(-) Delivery of shares	(12,271)
Balance as at December 31, 2021	**-**

c.2) Reserve established according to Company's bylaws

Reserve for purchase of treasury shares

In 2020, the Company assigned part of its income (loss) to the creation of a reserve according to bylaws, intended to the repurchase of treasury shares in the amount of 22,711.

The purpose of the repurchase is to obtain shares for: (i) future share-based incentive plan; (ii) resale of the shares in the future; and (iii) provide the intermediation and transfer of shares between shareholders. There was no change in this reserve in 2021.

Parent company	Statutory reserve
Balance as at January 1, 2021	22,711
Reserve recognition	-
Balance as at December 31, 2021	**22,711**

(In thousands of Brazilian reais, unless otherwise stated)

Reserve for investments

In 2021, the remaining balance of net income after appropriations for the legal reserve, tax incentive reserve and dividends distribution was allocated to the recognition of a reserve for investments, whose purpose is to support investments for growth and expansion of the Company, as well as to finance its working capital.

The total amount of this reserve, added to the other income reserves, cannot exceed the amount of capital stock.

Parent company	Statutory reserve
Balance as at January 1, 2021	-
Reserve recognition	164,788
Balance as at December 31, 2021	**164,788**

c.3) Treasury shares

Repurchase/ transfer of shares between shareholders

In June 2020, the Company repurchased from its shareholders, proportionally, 3% of its common shares totaling 6,482,260 shares at the total cost of 22,711, with value per share of 3.5036.

In March 2021, the Company made the non-onerous transfer of 1,957,642 repurchased common shares, in the amount of 6,857 (961,535 common shares in the amount of 3,369 up to September 2020) to two shareholders acting as Company's directors and who also sold their shares to the Company in the process of repurchase of treasury shares.

These transfers of shares were made at the same value paid by the Company to the very shareholders upon the repurchase of shares made days/months earlier, 3.5036 per share, given that, as understood by Management, there was a transfer of shares between shareholders with the purpose of equalizing the Company's ownership interest among them, not generating any gains/losses between the parties. The Company was used only as a vehicle of intermediation to the process, instead of having the transaction made directly between the shareholders. Therefore, the transaction (repurchase and later transfer of shares) does not have any relation, according to Management, to the conditions for acquisition and/or restriction of right to the transferred shares (vesting period; performance; others), usually observed in share-based compensation plans and/or long-term incentive plans.

The changes in treasury shares subject to the repurchase/transfer referred to above, as well as the breakdown of share-based compensation (Note 30), are shown below:

Changes in treasury shares

Parent company	Shares	Reais
Balance as at January 01, 2020	**-**	**-**
Acquired shares	(6,482)	(22,711)
Non-onerous transfers	961	3,369
Balance as at September 30, 2020	**(5,521)**	**(19,342)**
Share-based compensation	488	8,634
Balance as at December 31, 2020	**(5,033)**	**(10,708)**
Non-onerous transfers	2,034	8,261
Split of shares	(5,998)	-
Share-based compensation	1,105	12,271
Reversal to capital reserve		(19,040)
Balance as at December 31, 2021	**(7,892)**	**(9,216)**

d) Dividends and interest on equity capital

Dividends

The Company's, articles of incorporation establish the distribution of a mandatory minimum dividend of 25% of income of the year, adjusted as established in law, as from June 2021.
In the period, the Company did not make any distribution of dividends referring to the period ended December 31, 2021.

In 2021, dividends totaling 101,722 were distributed referring to the period ended December 31, 2020.

Description	In thousands of Brazilian Reais	
	12/31/2021	12/31/2020
Net income for the year	774,715	444,302
(-) Legal reseve	(38,736)	(22,215)
(-) Tax incentive reserve	(516,262)	(253,372)
Net income adjusted for dividends purpose	**219,717**	**168,715**
Mandatory dividends (25%)	54,929	1,687
Authorized interest on equity capital	-	25,270
Proposed dividends	-	17,325
	54,929	**44,282**

(In thousands of Brazilian reais, unless otherwise stated)

21. Net sales

The Company's net revenue has the following composition:

	Parent company		Consolidated	
	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Gross sales				
Sales of goods	6,685,302	3,828,076	6,684,330	3,807,631
	6,685,302	**3,828,076**	**6,684,330**	**3,807,631**
Sales deductions				
Returns and rebates	(630,562)	(298,977)	(645,214)	(295,026)
Taxes on sales	(1,177,486)	(671,247)	(1,192,464)	(668,265)
	(1,808,048)	**(970,224)**	**(1,837,678)**	**(963,291)**
Net sales	**4,877,254**	**2,857,852**	**4,846,652**	**2,844,340**

22. Costs and expenses per type

	Parent company		Consolidated	
	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Cost of merchandise and products sold				
Cost of materials	3,998,556	2,098,250	3,214,522	1,782,408
Personnel	81,788	49,679	130,273	39,920
Depreciation/ Amortization	5,959	3,593	21,161	11,295
Other	94,582	26,041	123,884	29,689
	4,180,885	**2,177,563**	**3,489,840**	**1,863,312**
Selling expenses				
Commercial	324,284	220,534	362,456	243,428
Distribution	166,931	104,294	183,231	112,525
Promotions and marketing	80,779	43,038	80,854	43,048
After sales	82,965	49,529	83,200	49,755
Research and development	79,017	33,433	105,301	54,653
Doubtful accounts	16,644	22,790	14,996	25,771
	750,620	**473,616**	**830,038**	**529,181**
General and administrative expenses				
Personnel	39,472	31,499	45,724	32,344
Professional services	16,950	2,959	31,696	7,718
Communications	2,409	3,986	2,673	4,208
Technology and communications	14,149	5,762	22,136	11,829
Rent, insurance, travel, others	20,063	10,473	25,354	11,112
	93,043	**54,679**	**127,583**	**67,211**

(In thousands of Brazilian reais, unless otherwise stated)

23. Financial revenue (expenses)

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Financial revenue				
Return on financial investments	38,403	8	47,284	5,487
Interest gains	7,897	1,350	7,915	1,300
Gains from inflation adjustments	59,607	822	59,756	868
Discount to present value	12,540	9,359	12,540	9,359
Gains from derivative instruments	168,581	24,296	168,582	24,296
Other	1,505	821	1,968	729
	288,533	**36,657**	**298,045**	**42,040**
Financial expenses				
Interest loss	(66,584)	(14,183)	(67,580)	(15,264)
Losses from inflation adjustments	(4,897)	(3,187)	(7,553)	(3,527)
Losses from derivative instruments	(141,835)	(33,582)	(141,835)	(33,582)
Bank expenses	(10,713)	(7,314)	(15,670)	(8,584)
Discount on court-ordered debt securities	(53,796)	-	(53,796)	
Other expenses	(12,187)	(3,391)	(13,583)	(3,578)
	(290,012)	**(61,656)**	**(300,017)**	**(64,534)**
Exchange rate fluctuation				
Gains	199,755	113,479	342,265	184,574
Losses	(190,007)	(167,763)	(338,601)	(255,667)
	9,748	**(54,283)**	**3,664**	**(71,093)**
Net financial income (loss)	**8,269**	**(79,283)**	**1,692**	**(93,587)**

24. Other operating revenue / (expenses)

	Parent company		Consolidated	
	12.31.2021	12.31.2020 Reclassified	12.31.2021	12.31.2020 Reclassified
Other revenues				
Untimely credits	50,994	85,441	54,356	88,712
Indemnities, intermediation, sales of fixed assets, other revenues	47,564	18,946	4,642	18,551
Financial credit Law 13.969	332,008	125,354	355,466	129,635
	430,566	**229,741**	**414,464**	**236,898**
Other expenses				
Assessments of tax deficiency	(13,184)	(18,180)	(13,822)	(18,185)
Provisions for tax, labor and other contingencies	(1,797)	(67,916)	(3,446)	(67,916)
Indemnities and contract fines, losses of fixed assets, other expenses	(16,716)	(5,813)	(17,909)	(10,591)
	(31,697)	**(91,909)**	**(35,177)**	**(96,692)**
Other revenues and expenses, net	**398,869**	**137,832**	**379,287**	**140,206**

(In thousands of Brazilian reais, unless otherwise stated)

25. Earnings (loss) per share

The table below reconciles the revenue (loss) determined in 2021 and 2020 with the calculation of basic and diluted earnings per share:

	Accumulated	
	12.31.2021	**12.31.2020**
Income attributable to shareholders of the Company	**774,715**	**444,302**
Number of common shares	820,539,226	216,075,329
Number of preferred shares	-	-
Weighted average of ordinary and preferred shares (units)	**820,539,226**	**216,075,329**
Basic and diluted earnings per ordinary share (in R$)	0.944154	2.056237
Basic and diluted earnings per preferred share (in R$)	0.944154	2.056237

26. Financial risk management

26.1. General considerations and policies

The Treasury area of the Company is responsible for the management of risks. It also has the duty of reporting all investment operations and loans contracted by controlled companies for approval by Management and Board of Directors.

26.2. Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including variation in currency, fair values, and in interest rates applicable to cash flows), price risks, credit risk and liquidity risk. The Company's risk management program is focused on the unpredictability of financial markets and aims to minimize potential adverse effects to financial performance.

Risk management is conducted according to policies approved by shareholders. The Board of Directors identifies and protects the Company against possible financial risks.

(a) Market risk

The Company and its controlled companies are exposed to market risks stemming from their business activities. Such risks involve mainly the possibility of fluctuation in the foreign currency exchange rates, changes in interest rates and in Brazilian laws.

(In thousands of Brazilian reais, unless otherwise stated)

(b) Foreign currency exchange risk

This risk arises from the possibility of the Company incurring losses due to fluctuations in foreign currency exchange rates that could decrease nominal amounts or increase the cost of funds obtained in the market. We demonstrate below the exposure of the Company to financial instruments.

(b.1.) Liabilities exposed to foreign currency exchange variation

Following an evaluation of indebtedness and exposure to exchange rate variation, derivative financial instruments and swap contracts have been contracted to mitigate the risks of financial losses being incurred with loans and financing (please refer to Note 16).

Regarding the balance payable in American dollars to foreign suppliers, as described in Note 15, there are no policies in place at the Company of contracting derivative financial instruments to mitigate the exposure to risk of fluctuation in exchange rates, because any increments in the cost of raw materials related to exchange variation are added to the final selling price of finished products.

However, in relation to certain supply contracts executed with customers at fixed prices, the Company contracts Non-Deliverable forwards (NDF) to mitigate the risk of fluctuation in exchange rates.

(b.2.) Breakdown of balances recorded in loans and financing

Liability operations
Purpose of hedge against market risk (a)

				Fair value at 12.31.2021			Fair value at 12.31.2020		
Swap	**Index**	**Maturity**	**Notional value**	**Short leg**	**Long leg**	**Balance**	**Short leg**	**Long leg**	**Balance**
Bank									
Citibak	Euro-CDI	Nov/2022	17,058	79,411	(76,145)	3,266	98,908	(88,620)	10,288
Bradesco	US Dollar-CDI	Feb/2025	34,893	186,824	(181,002)	5,822	-	-	-
Santander	US Dollar-CDI	Feb/2025	35,848	171,343	(166,750)	4,593	-	-	-
Safra	US Dollar-CDI	Mar/2024	17,782	103,633	(101,747)	1,886	-	-	-
Votorantim	US Dollar-CDI	Mar/2024	12,505	70,419	(69,955)	464	-	-	-
Itaú	Euro-CDI	Mar/2021	2,936	-	-	-	16,022	(18,717)	(2,695)
Total			**121,022**	**611,630**	**(595,599)**	**16,031**	**114,930**	**(107,337)**	**7,593**

(In thousands of Brazilian reais, unless otherwise stated)

(b.3.) Breakdown of balances recorded in the account of financial instruments

			Notional		
Type	**Other party**	**Currency**	**USD**	**REAIS**	**MTM 12.31.2021**
NDF	Fibra	USD	5,684	31,721	1,093
NDF	BTG	USD	10,899	60,822	530
Total			**16,583**	**92,543**	**1,623**

			Notional		
Type	**Other party**	**Currency**	**USD**	**REAIS**	**MTM 12.31.2020**
NDF	Banco do Brasil	USD	629	3,268	(10)
NDF	BTG	USD	22,788	118,424	(2,496)
NDF	Citibank	USD	34,496	179,265	(8,497)
NDF	Votorantim	USD	24,523	127,440	(6,851)
NDF	Fibra	USD	8,912	46,312	632
			91,348	**474,709**	**(17,222)**

(b.4.) Balances of derivative assets and liabilities presented in the statement of financial position

Derivative financial assets and liabilities, presented in the statement of financial position, whose purpose is equity protection, are summarized below:

	Parent company		Consolidated	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020**
Amounts receivable				
NDF	1,623	632	1,623	632
SWAP	16,031	10,288	16,031	10,288
	17,654	**10,920**	**17,654**	**10,920**
Amounts payable				
NDF	-	(17,853)	-	(17,853)
SWAP	-	(2,695)	-	(2,695)
	-	**(20,548)**	**-**	**(20,548)**
Net effect	**17,654**	**(9,628)**	**17,654**	**(9,628)**

(In thousands of Brazilian reais, unless otherwise stated)

c) Sensitivity analysis of foreign currency exchange rate risk

In order to provide information on the behavior of market risks that the Company and its controlled companies were exposed to as at December 31, 2021 and 2020, in relation to the balance of foreign shareholders payable (note 15) and loans in foreign currency of the type FINIMP and Working capital (note 16), three scenarios were considered, one the probable one that is the fair value as at December 31 2021 and 2020 and more two scenarios with deterioration of 25% and 50% in the variable risk considered, called possible and remote scenarios, respectively. A future curve of market was used as at December 31, 2021.

	12/31/2021					
	Parent company			Consolidated		
	Book balance	25%	50%	Book balance	25%	50%
Foreign trade accounts payable	(511,787)	(639,734)	(767,681)	(1,077,833)	(1,347,291)	(1,616,750)
	(511,787)	**(639,734)**	**(767,681)**	**(1,077,833)**	**(1,347,291)**	**(1,616,750)**

	12/31/2020					
	Parent company			Consolidated		
	Book balance	25%	50%	Book balance	25%	50%
Foreign trade accounts payable	(1,143,105)	(1,428,881)	(1,714,658)	(1,958,700)	(2,448,375)	(2,938,050)
	(1,143,105)	**(1,428,881)**	**(1,714,658)**	**(1,958,700)**	**(2,448,375)**	**(2,938,050)**

The balances of working capital of 2021, in foreign currency, were not included in the analysis above, given that the Company hired swap operations from financial institutions, observing the same dates, maturities and domestic values of the mentioned liability exposures hired in foreign currency, replacing them by the CDI percentage variation applied in the amount in Reais.

d) Interest rate risk

The interest rate risk of the Company is associated with long-term loans. Loans with variable rates expose the entity to cash flow interest rate risk. Operations with fixed rates expose the Company to fair value risk.

Considering that a substantial part of the Company’s loans is contracted at fixed rates, Management understands that the risk of significant changes in revenue and in cash flows is low.

(In thousands of Brazilian reais, unless otherwise stated)

e) Credit risk

Credit risk is associated with cash and cash equivalents, bank deposits and financial institutions, as well as exposure to default in relation to trade accounts receivable and replacement market.

As for banks and financial institutions, only investment with top-rated entities is accepted.

The credit rating area evaluates the quality of the credit of customers, taking into consideration their financial position, past experience, as well as other factors, as described in Note 4, accounting practices.

Management limits individual credit risk by means of internal or external ratings. The use of credit limits is monitored on a continuous basis.

No credit limit has been exceeded along the years reported in these financial statements and Management does not expect any losses caused by contract default besides the ones already accrued for (Note 6).

Below we demonstrate the amounts of financial assets subject to credit risk:

	Parent company		**Consolidated**	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020**
Cash and cash equivalents	1,101,893	41,237	1,359,722	460,783
Accounts receivable	1,380,140	973,180	1,385,522	967,780
	2,482,033	**1,014,417**	**2,745,244**	**1,428,563**

f) Liquidity risk

The Company's liquidity is continuously monitored to assure that it has enough cash to meet its operating needs.

Such forecast takes into account the indebtedness financing plans, fulfillment of contractual obligations, achievement of internal ratio targets and, if applicable, external regulatory or legal demands - for instance, currency restrictions.

Excess cash, beyond the working capital needs is kept in interest-bearing bank accounts, as well as in short-term financial investment, which are chosen with appropriate maturities or with enough liquidity to supply enough margin, according to the criteria established.

The table below portraits the Company's non-derivative financial liabilities, per maturity, corresponding to the remaining period from the date of issuance of the statement of financial position until the maturities dates set in the agreements.

(In thousands of Brazilian reais, unless otherwise stated)

	12.31.2021				
Parent company	**Less than one year**	**Between one and two years**	**Between two and five years**	**More than five years**	**Book balance**
Loans and financing	615,822	214,082	119,229	48,180	997,313
Trade accounts payable	1,135,052	-	-	-	1,135,052
	1,750,874	**214,082**	**119,229**	**48,180**	**2,132,365**

	12.31.2021				
Consolidated	**Less than one year**	**Between one and two years**	**Between two and five years**	**More than five years**	**Book balance**
Loans and financing	615,822	214,082	119,229	48,180	997,313
Trade accounts payable	1,161,857	-	-	-	1,161,857
	1,777,679	**214,082**	**119,229**	**48,180**	**2,159,170**

	12.31.2020				
Parent company	**Less than one year**	**Between one and two years**	**Between two and five years**	**More than five years**	**Book balance**
Loans and financing	232,282	443,497	27,474	2,493	705,746
Trade accounts payable	1,227,723	-	-	-	1,227,723
	1,460,005	**443,497**	**27,474**	**2,493**	**1,933,469**

	12.31.2020				
Consolidated	**Less than one year**	**Between one and two years**	**Between two and five years**	**More than five years**	**Book balance**
Loans and financing	232,282	443,497	27,474	2,493	705,746
Trade accounts payable	1,992,782	-	-	-	1,992,782
	2,225,064	**443,497**	**27,474**	**2,493**	**2,698,528**

26.3 Capital management

The objective of managing capital is safeguarding the capacity of the Company continuing as a going concern, offering payback to partners, and benefits to other stakeholders, besides keeping an ideal capital structure to reduce cost. To maintain or adjust the capital structure, dividend payment policies may be reviewed, capital paid back to shareholders or assets sold to reduce the indebtedness level, for example. Capital is monitored based on the financial leverage ratio. Such index corresponds to net debt divided by total capital.

Net debt, in its turn, corresponds to total loans and financing (including short and long-term loans demonstrated in the statement of financial position), less cash, cash equivalents and short-term financial investment. Total capital is determined through the sum of equity as demonstrated in the statement of financial position with net debt.

(In thousands of Brazilian reais, unless otherwise stated)

Below we demonstrate the financial leverage ratios of 2021 and 2020:

	Parent company		Consolidated	
	12.31.2021	**12.31.2020**	**12.31.2021**	**12.31.2020**
Loans and financing	997,313	705,745	997,313	705,745
Cash and cash equivalents	(1,101,893)	(41,237)	(1,359,722)	(460,783)
Net debt (cash)	**(104,580)**	**664,508**	**(362,409)**	**244,962**
Equity	4,008,678	1,524,055	4,008,678	1,524,055
Financial leverage index	**-2.6%**	**43.6%**	**-9.0%**	**16.1%**

26.4 Financial instruments

Financial instruments are used in the operations of the Company. They are managed by applying operational strategies and internal controls, aiming at liquidity, profitability and protection.

Shareholders and Management approve the policies relating the contracting of financial instruments with protection purposes. They are periodically analyzed in relation to the exposure to risk that Management intends to minimize. No transactions with derivative financial instruments are executed or with any other risk assets with speculative purposes. The results obtained with those operations are compatible with the policies and strategies Management has defined and approved.

The estimated realization values of assets and liabilities of the Company have been determined through information available and appropriate evaluation methods. Both the interpretation of market data and the selection of evaluation methods require considerable judgment and reasonable estimates to reach the most appropriate realization value.

Thus, the presented estimates do not necessarily indicate the amounts that can be realized in the market. The use of different methods to prepare the estimates may have a material effect on the estimated realization values.

Shareholders and Management have established the Company's risk management policies in order to identify and analyze the risks the Company faces, establish appropriate risk limits and necessary controls and monitor the compliance with limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the activities of the Company.

Classification of financial instruments

According to standard NBC TG 40/R3 (CVM Decision 684/12), the Company had its financial instruments measured, according to the following general considerations:

In 2021, the main financial instruments were the following:

- Cash and cash equivalents: They are measured at fair value through profit or loss or amortized cost. Market value is reflected in the amounts recorded in the statement of financial position;
- Trade accounts receivable and other receivables: arise directly from the Company operations and are classified as receivables at original values, less estimated losses and discount to present value and discounts granted to customers, where applicable;
- Related-party transactions: stem from operations with controlled companies, being eliminated in the consolidation process. The market value of those financial instruments is equivalent to its book value;
- Trade accounts payable and other payables: stem directly from the operations of the Company and are classified as financial liabilities;
- Loans and financing: The book values of loans and financing are close to their fair values because they are contracted at a variable interest rate, which is the CDI. The book values of financing vary according to the variation of the Long-Term Interest Rate (TJLP) and are close to fair values because the TJLP correlates with the CDI rate and is variable. The fair values of loans and financing contracted with fixed interest rates are close to the amounts described in Note 16;
- Derivative financial instruments: Derivative financial instruments are presented as financial assets when the fair value of the instrument is positive and as financial liabilities when it is negative. Any gains or losses resulting from changes in the fair value of derivatives along the year are entered directly into the statement of income. The Company has no derivative instruments designated as hedge accounting for none of the years reported in these individual and consolidated financial statements.

The classification of financial instruments is presented in the table below. There were no financial instruments classified into other categories besides the ones informed in 2021 and 2020:

- At amortized cost (AC);
- At fair value through profit or loss (FVTPL).

(In thousands of Brazilian reais, unless otherwise stated)

	Parent company				
	12.31.2021		12.31.2020		
	Book value	Fair value	Book value	Fair value	Classification
Assets					
Cash and cash equivalents	1,101,893	1,101,893	41,237	41,237	**AC**
Accounts receivable	1,380,140	1,380,140	973,180	973,180	**AC**
Related-party transactions	139,401	139,401	183,878	183,878	**AC**
Derivative financial instruments	17,654	17,654	10,920	10,920	**FVTPL**
Other receivables	67,962	67,962	3,953	3,953	**AC**
	2,707,050	**2,707,050**	**1,213,168**	**1,213,168**	
Liabilities					
Trade accounts payable	1,135,052	1,135,052	1,227,723	1,227,723	**AC**
Loans and financing	997,313	1,000,206	705,745	707,452	**AC**
Related-party transactions	3,402	3,402	170	170	**AC**
Derivative financial instruments	-	-	20,548	20,548	**FVTPL**
Lease liabilities	9,851	9,851	5,126	5,126	**AC**
Other payables	52,310	52,310	46,024	46,024	**AC**
	2,197,928	**2,200,821**	**2,005,336**	**2,007,043**	

	Consolidated				
	12.31.2021		12.31.2020		
	Book value	Fair value	Book value	Fair value	Classification
Assets					
Cash and cash equivalents	1,359,722	1,359,722	460,783	452,453	**AC**
Accounts receivable	1,385,522	1,385,522	967,780	967,780	**AC**
Derivative financial instruments	17,654	17,654	10,920	10,920	**FVTPL**
Other receivables	140,163	140,163	51,850	51,850	**AC**
	2,903,061	**2,903,061**	**1,491,333**	**1,483,003**	
Liabilities					
Trade accounts payable	1,161,857	1,161,857	1,992,782	1,992,782	**AC**
Loans and financing	997,313	1,000,206	705,745	707,452	**AC**
Derivative financial instruments	-	-	20,548	20,548	**FVTPL**
Lease liabilities	16,713	16,713	6,309	6,309	**AC**
Other payables	74,893	74,893	71,736	71,736	**AC**
	2,250,776	**2,253,669**	**2,797,120**	**2,798,827**	

(In thousands of Brazilian reais, unless otherwise stated)

Derivative financial instruments

In 2021, the Company contracted swaps to minimize the effects of exchange rate variation of "Loans and financing" (Note 26.2 (b.2)).

The effect of the measurement at fair value of those derivative instruments is booked in the statement of income in financial revenue (expenses).

The position of derivative financial instruments mentioned above is demonstrated in Note 26.2 (b.2).

Fair value of financial and non-financial instruments

The method of determination of market value used at the Company is the calculation of future value based on contracted conditions and discount to present value based on market curves, except for futures market derivatives that have their fair values set in commodities and futures exchange markets. According to standard NBC TG 40/R3 (CVM Decision 684/12), the Company classifies the measurement of fair value according to hierarchical levels that reflect the significance of the rates used in such measurement, according to the following levels:

- Level 1: (Unadjusted) observable prices quoted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as evaluation techniques that use active market data;
- Level 3: Inputs used for calculation do not derive from an active market.

Currently, all financial instruments of the Company have their fair values reliably measured and classified as follows:

In 2021

Parent company	Level 1	Level 2	Level 3
Cash and cash equivalents	-	1,101,893	-
Derivative financial instruments	-	17,654	-
Properties held for investment	-	-	5,020
	-	**1,119,547**	**5,020**

Consolidated	Level 1	Level 2	Level 3
Cash and cash equivalents	-	1,359,722	-
Derivative financial instruments	-	17,654	-
Properties held for investment	-	-	5,020
	-	**1,377,376**	**5,020**

(In thousands of Brazilian reais, unless otherwise stated)

In 2020

Parent company	Level 1	Level 2	Level 3
Cash and cash equivalents	-	41,237	-
Derivative financial instruments	-	10,920	-
Properties held for investment	-	-	5,020
	-	52,157	5,020

Consolidated	Level 1	Level 2	Level 3
Cash and cash equivalents	-	460,783	-
Derivative financial instruments	-	10,920	-
Properties held for investment	-	-	5,020
	-	471,703	5,020

Management understands that the results obtained with those operations (including derivative instruments) are in line with the risk management strategy the Company adopts.

27. Income and social contribution taxes

a) Expense on Income and Social Contribution taxes

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Current taxes				
Social Contribution Tax	-	-	(32,551)	(11,916)
Income Tax	-	-	(21,091)	(29,315)
	-	**-**	**(53,642)**	**(41,231)**

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Deferred taxes				
Social Contribution Tax	6,781	14,708	12,755	14,368
Income Tax	18,838	40,854	35,432	39,910
	25,619	**55,562**	**48,187**	**54,278**

Such tax credit refers to deferred income and social contribution taxes calculated on temporary additions/exclusions that were added/excluded in the determination of taxable income and tax base of current and previous taxes, besides the amounts of tax losses, which Management expects to realize within the next eight years.

(In thousands of Brazilian reais, unless otherwise stated)

We present below the reconciliation of deferred taxes for the year ended December 31, 2021:

	Parent company		Consolidated	
Description	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Ending balance as at December 31, 2020	**95,690**	**34,449**	**97,910**	**35,298**
Deferred Income and Social Contribution tax losses	5,001	3,349	5,001	3,349
Deferred taxes on temporary add-backs/ deductions	9,535	3,432	24,392	8,731
Ending balance as at December 31, 2021	**110,226**	**41,230**	**127,303**	**47,378**

The realization of "Deferred tax assets" is based on projections of future taxable income and takes into account the assumptions that base the projection of future income and the past profitability of the business.

The expectation of realization of the "Deferred tax assets," is based on a technical study of feasibility as set forth in standard NBC TG 32, broken down as follows:

Consolidated

Year	2021	2020
2022	16,393	3,069
2023	23,825	36,744
2024	28,186	60,544
2025	32,615	32,881
2026	37,732	-
2027	13,159	-
2028	13,690	
2029	9,081	
	174,681	**133,238**

(In thousands of Brazilian reais, unless otherwise stated)

b) Reconciliation of current income and social contribution with income

	Parent company		Consolidated	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Net income before taxes	749,096	388,740	780,170	431,255
Effective rate	34%	34%	34%	34%
Taxes according to effective rate	**(254,693)**	**(132,172)**	**(265,258)**	**(146,627)**
Tax effect of permanent add-backs and deductions:				
Investment subsidies	288,412	128,767	370,964	164,574
Interest in earnings (loss) of controlled companies	166,347	64,505	-	-
Unrecognized tax losses	(139,798)	240	(143,718)	240
Workers' Meal Program (PAT) / Rouanet Law, other	-	-	691	-
Interest on equity capital	-	8,592	1,493	9,503
Other permanent differences	(2,436)	(14,370)	64,885	(14,643)
Other temporary differences	(32,212)	-	(34,512)	-
Income and Social Contribution taxes	**25,619**	**55,562**	**(5,455)**	**13,047**
Income and Social Contribution Taxes - current	-	-	(53,642)	(41,231)
Income and Social Contribution Taxes - deferred	25,619	55,562	48,187	54,278
Effective rate %	**-3.4%**	**-14.3%**	**0.7%**	**-3.0%**

c) Deferred income and social contribution taxes in income (loss)

The amounts of deferred Corporate Income Tax (IRPJ) and Social Contribution Tax (CSLL) stem from temporary differences and tax losses, mostly incurred at the Company:

Management, based on projections of future taxable income, estimates that recorded tax credit will be realized between 2021 and 2027.

28. Insurance coverage

The Company adopts the policy of contracting insurance coverage for the assets subject to risk, at amounts deemed enough to cover possible losses, considering the nature of its activities, by means of annual effective contracts.

The risk assumptions adopted, in view of their nature, do not take part of the scope of an audit of financial statements. Therefore, our independent auditors have not audited them.

We presented below the declared insurance coverage:

Insured risks	12.31.2021	12.31.2020	Effective period
Material damage	1,146,025	588,564	09/2021 to 07/2022
Loss of profit	506,000	506,000	07/2021 to 07/2022
Civil liability	13,000	3,000	09/2021 to 07/2022
Theft and sundry risks	350,000	260,000	09/2021 to 09/2022

(In thousands of Brazilian reais, unless otherwise stated)

a) Credit risk

As at December 31, 2021, the Company had insurance coverage for losses to be incurred with customers aiming to reduce any losses. Approximately 60% of accounts receivable of the Company are insured and the general conditions of the policy are considered sufficient to cover the risk.

29. Related-party transactions

The table below displays the operations and balances of the Company with related parties:

12.31.2021	Amounts receivable			Amounts payable		
	Trade receivables	Other accounts	Total	Trade payables	Other accounts	Total
Componentes Ltda	980	4,875	5,855	80	-	80
Giga S.A	1,188	51	1,239	558,144	-	558,144
Proinox Ltda	-	122,583	122,583	1,899	187	2,086
Lojas Multilaser Ltda	10,133	-	10,133	-	3,215	3,215
Expet Indústria Ltda	-	11,892	11,892	(1,548)	-	(1,548)
	12,301	**139,401**	**151,702**	**558,575**	**3,402**	**561,977**

12.31.2020	Amounts receivable			Amounts payable		
	Trade receivables	Other accounts	Total	Trade payables	Other accounts	Total
Giga S.A	195	111,178	111,373	43,640	-	43,640
Componentes Ltda	-	71,759	71,759	-	-	-
Proinox Ltda	4,204	16	4,220	13,326	170	13,496
Lojas Multilaser Ltda	-	925	925	-	-	-
Expet Industria Ltda	-	-	-	-	-	-
	4,399	**183,878**	**188,277**	**56,966**	**170**	**57,136**

	Revenue		Costs/ Expenses	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Giga S.A	41,262	40,073	36,916	32,576
Componentes Ltda	22,582	34,495	21,878	34,532
Lojas Multilaser Ltda	4,097	4,690	1,545	2495
Transaction with shareholders (Note 20.2(c.3))	-	-	6,857	3,369
	67,942	**79,258**	**67,196**	**72,972**

Because the statements of those controlled companies are included in the consolidated statements, all those balances were eliminated in the consolidation process.

The balances with related parties refer to transactions with specific conditions agreed upon between the parties. Both amounts payable and receivable are not adjusted for inflation. The balances with related companies in accounts receivable and in accounts payable represent the amounts receivable by the Company for the sale of products.

The Company offers collateral to financial institutions as for loans and financings, which are guarantee letters and fixed assets. As at December 31, 2021, there was no collateral or suretyship given to related parties.

The expense of 6,857 refers to the not onerous transfer of shares to shareholders (Note 20.2 (c.3)).

30. Compensation of directors and executives

The compensation to key management personnel corresponds to short-term benefits totaling 28,709 as at December 31, 2021 (23,179 as at December 31, 2020), amount fully paid in that year ended.

The restricted share-based compensation plan created by the Company is still effective, but had no changes.

The Company compensates shareholders in the form of dividends and/or interest on equity capital based on the limits defined in law and in the articles of incorporation of the Company.

31. Information per segment

The operating performance of the Company’s businesses is managed based on information per segment and gross income. It is used by Management to make decisions on how to allocate resources. Activities and results are followed-up by managers of each segment and reported to the main operations manager who makes decisions on the best way to allocate resources among segments.

The main operational segments of the Company are:

- Mobile devices;

  Includes easily movable electronic devices, composed basically by smartphones, laptops and tablets sold in large retail networks and to corporate customers.

(In thousands of Brazilian reais, unless otherwise stated)

- Office & IT supplies;

  Composed of computer peripherals, office supplies, internet and security equipment, chiefly sold in small retail stores and to suppliers and installers of internet services.

- Home products;

  Comprises portable appliances, audio and video products and health care devices, sold thorough large retail stores and drugstore networks.

- Kids & sports.

  Composed by childcare products, workout equipment, toys and products for pets, usually sold in the specialized retail shops.

The Company operates mostly in Brazil and less than 1% of its sales are exported. There are no customers that individually account for than 10% of the revenue of each segment.

Consolidated					
12.31.2021	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Net operating revenue	2,152,487	1,412,722	976,754	304,689	4,846,652
Gross profit	468,952	523,728	227,760	136,372	1,356,812

Consolidated					
12.31.2020 Reclassified	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Net operating revenue	970,234	1,093,349	599,658	181,099	2,844,340
Gross profit	255,644	400,067	217,155	108,162	981,028

We detail below information about the assets and liabilities that is analyzed by the main managers of each business in making decisions.

Consolidated					
12.31.2021	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Assets	1,252,901	928,185	665,888	181,274	3,028,248
Liabilities	924,347	589,625	318,100	74,323	1,906,395

Consolidated					
12.31.2020 Reclassified	Mobile Devices	Office & IT supplies	Home eletric products	Kids & Sports	Total
Assets	1,062,838	799,976	413,117	103,927	2,379,858
Liabilities	907,135	666,193	264,186	59,819	1,897,334

(In thousands of Brazilian reais, unless otherwise stated)

32. Additional information to the statement of cash flows

The table below demonstrates the changes in liabilities stemming from financing activities and cash and non-cash flows, as determined by standard NBC TG 03/R3 (CVM Decision 641/10) – Statement of cash flows.

	Parent company			
Description	**Balance as at 12/31/2020**	**Changes in cash**	**Net effect on cash flows of financing activities**	**Balance as at 12/31/2021**
Loans and financing	705,745	59,042	232,526	997,313
Dividends and interest on equity capital	23,604	156,200	(124,875)	54,929
Lease liabilities	5,126	8,114	(3,389)	9,851
	734,475	**223,356**	**103,877**	**1,062,093**

	Consolidated			
Description	**Balance as at 12/31/2020**	**Changes in cash**	**Net effect on cash flows of financing activities**	**Balance as at 12/31/2021**
Loans and financing	705,746	64,531	227,036	997,313
Dividends and interest on equity capital	23,538	156,266	(124,875)	54,929
Lease liabilities	6,308	16,068	(5,663)	16,713
	735,592	**236,865**	**96,113**	**1,068,955**

	Parent company			
Description	**Balance as at 12/31/2019**	**Changes in cash**	**Net effect on cash flows of financing activities**	**Balance as at 12/31/2020**
Loans and financing	175,501	45,825	484,419	705,745
Dividends and interest on equity capital	494	67,942	(44,832)	23,604
Lease liabilities	757,039	-	-	757,039
	933,034	**113,767**	**439,587**	**1,486,388**

	Consolidated			
Description	**Balance as at 12/31/2019**	**Changes in cash**	**Net effect on cash flows of financing activities**	**Balance as at 12/31/2020**
Loans and financing	177,432	45,826	482,488	705,746
Dividends and interest on equity capital	494	67,876	(44,832)	23,538
Lease liabilities	757,039	-	-	757,039
	193,499	**104,437**	**437,656**	**735,592**

33. Subsequent events

In March 2022, a partnership for the trade and distribution of products was entered into with DJI, a leader company in the global market of drones, action cameras and stabilizers. Multilaser will operate in Brasil with the exclusive distribution of the retail segment products, which include small-sized drones, actions cameras and smartphone stabilizers for photography and filming. The arrival of the first products is expected for the second quarter of 2022.

In the second week of March 2022, a lockdown in some Chinese cities was announced due to the COVID-19 pandemic. China is the location of several of the main suppliers of products and raw materials of Multilaser. In view of that, the Company contacted its suppliers and considers that there will be no significant impacts in the supply that may cause interruption in shipments to Brazil and resulting destocking of its products. The Company's Management continues to monitor the situation in China, as well as in other countries where its main suppliers are located.

On March 18, 2022, the Company entered into an agreement for the acquisition of 100% of the shares of Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI ("Watts"). Watts is engaged in the manufacturing and trade of electrical scooters, longboards, scooters and other electrical vehicles. The company's head office is located in Londrina, state of Paraná, with branches in São Paulo-SP, Barueri-SP, Porto Feliz-SP, Bragança Paulista-SP, and Manaus-AM. The operation value is 8,600, in addition to a monthly performance earn-out of 15% on managerial contribution margin for a period of 5 year as from July 2022. The transaction is expected to be concluded in the beginning of April.

On March 24, 2022, the Company's Board of Directors decided on a proposal to be voted in the Annual and Extraordinary General Meeting (AGOE) of the Company to be held on April 29, 2022, which among other matters includes the distribution of dividends, in addition to the minimum mandatory dividends, in the amount of 45,071, totaling the amount of 100,000 in dividends distributed referring to income obtained for the year ended December 31, 2021.