(Convenience Translation into English from
the Original Previously Issued in Portuguese)

Positivo Tecnologia S.A.

Individual and Consolidated
Financial Statements for
the Year Ended
December 31, 2020 and
Independent Auditor's Report

Independent auditors' report on the Parent Company and consolidated financial statements

To the shareholders and management of Positivo Tecnologia S.A.

Curitiba - PR

Opinion

We have audited the Parent Company and consolidated financial statements of Positivo Tecnologia S.A. (“Company”), which comprise the Parent Company and consolidated statement of financial position as of December 31, 2020, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Opinion on the Parent Company financial statements

In our opinion, the accompanying Parent Company financial statements present fairly, in all material respects, the financial position of the Positivo Tecnologia S.A, as of December 31, 2020, and of its performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Positivo Tecnologia S.A. as of December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Auditing Standards. Our responsibilities, under those standards are further described in the “Auditor’s responsibilities for the audit of Parent Company and consolidated financial statements” section of our report. We are independent in relation to the Company, in accordance with the ethical requirements that are relevant to our audit of the financial statements provided for the Accountant’s Code of Professional Ethics and professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the interim Parent Company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and measurement of tax credits (PIS and Cofins)

See Notes 8(e) the Parent Company and consolidated financial statements

Key audit matters	How our audit addressed this matter
In October 2020, the Company obtained a favorable, unappealable decision regarding the judicial process that discussed the constitutionality of the inclusion of the Tax on the Circulation of Goods - ICMS in the calculation base of the Social Integration Program - PIS and the Contribution for Financing of Social Security - Cofins. This decision guaranteed the Company the right to exclude ICMS from the Pis and Cofins calculation basis in the period between 2005 and 2019. Consequently, in 2020, the Company recognized its Parent company and consolidated statement of financial position, the amount of R$ 223,486 thousand in recoverable taxes, and in its Parent Company and consolidated statement of profit and loss the amounts of R$ 197,747 as other operating income and R$ 25,739 thousand as financial income referring to the debts of Pis and Cofins. Due to the relevance of the amounts involved, the judgment related to the determination of the assumptions that were the basis for the measurement of said tax credit and the impact that any changes in the assumptions adopted could have on the Parent Company and consolidated financial statements, we consider this matter as significant for our audit.	Our audit procedures included, but were not limited to: • Evaluation, with the assistance of our tax specialists, on the adequacy of the tax basis used to calculate the estimate and monetary adjustment of the tax credits to be recognized, considering the content of the final and unappealable decision; • Evaluation, with the assistance of our tax experts, by documentary tests based on a sample, on the criteria used by the Company to measure the recognized tax asset; • Evaluation, with the assistance of our tax experts, of the mathematical precision, as well as the reasonableness of the rate applied, based on the legal opinion of the Company's legal advisors, for the estimation of monetary corrections considered on the principal amount of the tax credits; • Evaluation of the presentation of the relevant information disclosed in the Parent Company and consolidated financial statements. Based on the evidence obtained through the procedures summarized above, we consider that the tax credits amounts recognized of Pis and Cofins, as well as the respective disclosures related to this matter, are acceptable in the context of the Parent Company and consolidated financial statements taken as a whole.

Other matters

Statements of added value

Parent Company and consolidated statements of added value for the year ended December 31, 2020, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company’s financial statements. In order to form our opinion, we evaluated whether this statement is reconciled with the financial statements and book records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the Parent Company and consolidated financial statements taken as a whole.

Audit of the previous year's financial statements

The Parent Company and consolidated balance sheets as of December 31, 2019 and the Parent Company and consolidated statements of income, comprehensive income, changes in the equity and cash flows and the respective explanatory notes for the year ended on that date, presented as corresponding figures in the Parent Company and consolidated financial statements for the current year were previously audited by other independent auditors, who issued a report dated March 4, 2020, without qualification. The corresponding figures related to the Parent Company and consolidated statements of added value, for the year ended December 31, 2019, were submitted to the same audit procedures by those independent auditors and, based on their examination, those auditors issued a report, without qualification.

Other information accompanying Parent Company and consolidated financial statements and the auditors' report

The Company's management is responsible for such other information that comprises the Management Report.

Our opinion on the Parent Company and consolidated financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

Regarding the audit of Parent Company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the works performed, we conclude that there is a material misstatement in the Management Report, we are required to disclose this fact. We do not have anything to report on this respect.

Responsibility of management and those charged with governance for the Parent Company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the Parent Company financial statements in accordance with Accounting Practices Adopted in Brazil and the consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of Parent Company and consolidated financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of the Company and its subsidiaries are those responsible for supervising the process of preparing the financial statements.

Auditor's responsibilities for the audit of Parent Company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Parent Company and consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Auditing Standards 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 financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement in the 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 material misstatement resulting from fraud is higher than that arising from error, as fraud may involve collusion forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control 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 control its subsidiaries.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Parent Company and 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 things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Curitiba, March 16, 2021.

KPMG Auditores Independentes

CRC SP-014428/O-6 F-PR

Original report in Portuguese signed by
João Alberto Dias Panceri
Contador CRC PR-048555/O-2

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais)

ASSETS	Note	Parent company December 31, 2020	Parent company December 31, 2019	Consolidated December 31, 2020	Consolidated December 31, 2019
CURRENT ASSETS					
Cash and cash equivalents	5	500,734	390,817	544,162	460,714
Derivative financial instruments	32	4,474	-	4,474	-
Accounts receivable	6	540,810	204,769	698,044	258,642
Inventories	7	558,483	438,306	645,750	494,422
Related parties	10	66,633	30,190	20,410	20,378
Recoverable taxes	8	165,106	83,036	183,356	87,826
Income tax and social contribution		48,485	34,866	37,680	36,789
Sundry advances		37,343	48,569	48,753	60,535
Other receivables	9	27,225	52,004	28,608	52,457
		1,949,293	1,282,557	2,211,237	1,471,763
NON-CURRENT ASSETS					
Long-term receivables					
Accounts receivable	6	-	69	-	70
Recoverable taxes	8	275,380	86,068	275,415	86,096
Deferred taxes	21.a	-	61,540	599	60,296
Other receivables	9	60,984	59,573	61,571	59,889
		336,364	207,250	337,585	206,351
Investments in subsidiaries	11	200,629	149,733	-	-
Investment in joint venture	13	-	-	38,538	46,116
Investment in associates and others	12	18,001	5,798	53,154	27,317
Property, plant and equipment	14	73,590	76,538	86,298	88,718
Intangible assets	15	40,336	47,485	97,823	105,138
		332,556	279,554	275,813	267,289
		668,920	486,804	613,398	473,640
TOTAL ASSETS		**2,618,213**	**1,769,361**	**2,824,635**	**1,945,403**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company December 31, 2020	Parent company December 31, 2019	Consolidated December 31, 2020	Consolidated December 31, 2019
CURRENT LIABILITIES					
Suppliers	16	484,963	323,182	562,210	383,964
Loans and financing	17	437,298	553,500	461,373	601,728
Derivative financial instruments	32	8,727	14,584	8,727	14,584
Salaries and social charges payable		30,756	18,832	33,263	20,281
Lease liabilities	14.a	8,452	6,720	9,292	7,420
Provisions	18	124,143	76,107	141,362	86,363
Provision for tax, labor and civil risks	22	5,412	4,592	5,412	4,592
Taxes payable		23,656	20,768	32,037	24,035
Dividends payable	23.d	48,609	4,560	48,609	4,560
Deferred revenue	8 and 19	7,492	8,344	7,492	8,344
Related parties	10	7,477	10,178	1,213	763
Other accounts payable	20	45,569	4,757	59,942	22,309
		1,232,554	1,046,124	1,370,932	1,178,943
NON-CURRENT LIABILITIES					
Loans and financing	17	279,061	110,396	301,561	110,396
Lease liabilities	14.a	28,921	32,343	31,839	35,713
Provisions	18	19,306	19,322	19,306	19,322
Provision for tax, labor and civil risks	22	34,497	30,600	34,497	30,600
Related parties	10	-	-	4,393	5,943
Net capital deficiency in subsidiaries and joint ventures	11 and 13	1,273	2,277	457	459
Other accounts payable	20	687	1,275	28,512	29,135
		363,745	196,213	420,565	231,568
TOTAL LIABILITIES		**1,596,299**	**1,242,337**	**1,791,497**	**1,410,511**
SHAREHOLDERS' EQUITY					
Share capital	23.a	721,670	389,000	721,670	389,000
Capital reserve	23.b	119,411	119,290	119,411	119,290
Equity valuation adjustment	23.g	(17,075)	(37,452)	(17,075)	(37,452)
Profit reserve	23.c	211,233	68,687	211,233	68,687
Treasury shares	23.f	(13,325)	(12,501)	(13,325)	(12,501)
Shareholders' equity attributable to controlling shareholders		1,021,914	527,024	1,021,914	527,024
Non-controlling interest		-	-	11,224	7,868
Total shareholders equiy		1,021,914	527,024	1,033,138	534,892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,618,213**	**1,769,361**	**2,824,635**	**1,945,403**

See the accompanying notes to the financial statements.

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Parent company		Consolidated	
	Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
NET REVENUE	24	**1,991,623**	**1,684,253**	**2,192,173**	**1,915,308**
COST OF SALES AND SERVICES RENDERED	25	(1,609,151)	(1,259,221)	(1,743,427)	(1,435,200)
GROSS INCOME		**382,472**	**425,032**	**448,746**	**480,108**
Sales expenses	25	(286,809)	(249,952)	(310,653)	(273,006)
General and administrative expenses	25	(86,169)	(104,299)	(82,691)	(112,095)
Other operating income (expenses), net	8	220,815	(2,724)	221,150	5,896
Equity in income of subsidiaries and associated companies	11 and 13	23,544	18,629	1,124	(2,048)
		(128,619)	(338,346)	(171,070)	(381,253)
INCOME BEFORE FINANCIAL INCOME AND EXPENSES		**253,853**	**86,686**	**277,676**	**98,855**
Financial revenues	27	56,497	29,654	59,756	32,306
Financial expenses	27	(92,375)	(101,648)	(100,576)	(107,981)
Net exchange-rate change	27	48,895	7,900	35,533	5,100
		13,017	(64,094)	(5,287)	(70,575)
INCOME BEFORE INCOME TAX		**266,870**	**22,592**	**272,389**	**28,280**
Current income tax and social contribution	21.b	(14,359)	(4,263)	(15,139)	(7,266)
Deferred income tax and social contribution	21.b	(61,540)	(1,870)	(61,408)	(166)
		(75,899)	(6,133)	(76,547)	(7,432)
NET INCOME FOR THE YEAR		**190,971**	**16,459**	**195,842**	**20,848**
Attributable to controlling shareholders		**N/A**	**N/A**	**190,971**	**16,459**
Attributable to non-controlling shareholders		**N/A**	**N/A**	**4,871**	**4,389**
NET INCOME PER SHARE - R$					
Basic	29	**N/A**	**N/A**	**1.4024**	**0.1904**
Diluted	29	**N/A**	**N/A**	**1.4005**	**0.1903**

See the accompanying notes to the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Parent company		Consolidated	
	Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net income for the year		**190,971**	**16,459**	**195,842**	**20,848**
Other comprehensive income (loss)					
Items that may be reclassified in the statement of income					
Exchange difference on translation of foreign operations					
Exchange-rate changes on foreign investments					
Crounal S.A./PBG Uruguay S.A.	11	18,329	2,286	18,329	2,286
Informática Fueguina S.A.	13	-	280	-	280
Positivo Inf. da Bahia/PBG Rwanda Limited	11 and 13	1,364	(88)	1,364	(88)
Positivo Argentina S.R.L		(36)	(231)	(36)	(231)
Cash Flow Hedges					
Fair value of cash flow hedge financial instrument	32.b	720	2,042	720	2,042
		20,377	4,289	20,377	4,289
Comprehensive income for the year		**211,348**	**20,748**	**216,219**	**25,137**
Comprehensive income attributed to controlling shareholders				211,348	20,748
Comprehensive income attributed to non-controlling shareholders				4,871	4,389

See the accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY AS OF THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Parent company and Consolidated										
			Capital Reserve			Profit reserve						
	Note	Capital	Tax incentive reserves	Options granted	Equity valuation adjustments	Tax incentive reserves	Legal reserve	Treasury shares	Income for the year	Total shareholders equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
AT DECEMBER 31, 2018		**389,000**	**118,132**	**985**	**(41,741)**	**61,762**	**81**	**(19,229)**	**-**	**508,990**	**918**	**509,908**
Income for the year		-	-	-	-	-	-	-	16,459	16,459	4,389	20,848
Other comprehensive income (loss):												
Cash flow hedges					2,042					2,042	-	2,042
Accumulated translation adjustment	11 and 13	-	-	-	2,247	-	-	-	-	2,247	-	2,247
Total comprehensive income (loss)		-	-	-	4,289	-	-	-	16,459	20,748	4,389	25,137
Exercising Stock Options	33	-	-	(252)	-	(5,058)	-	6,728	-	1,418	-	1,418
Options granted (stock options)			-	425		-		-		425	-	425
Mandatory dividend		-	-	-	-	-	-	-	(4,557)	(4,557)	-	(4,557)
Apropriation of loss for the year	23.c	-	-	-	-	11,902	-	-	(11,902)	-	-	-
Treasury shares	23.f	-	-	-	-	-	-	-	-	-	-	-
Participation of non-controlling		-	-	-	-	-	-	-	-	-	2,561	2,561
AT DECEMBER 31, 2019		**389,000**	**118,132**	**1,158**	**(37,452)**	**68,606**	**81**	**(12,501)**	**-**	**527,024**	**7,868**	**534,892**
Income for the year		-	-	-	-	-	-	-	190,971	190,971	4,871	195,842
Other comprehensive income (loss):												
Cash flow hedges	32.b	-	-	-	720	-	-	-	-	720	-	720
Accumulated translation adjustment	11 and 13	-	-	-	19,657	-	-	-	-	19,657	-	19,657
Total comprehensive income (loss)		-	-	-	20,377	-	-	-	190,971	211,348	4,871	216,219
Increase Capital	23.a	353,700	-	-	-	-	-	-	-	353,700		353,700
(-) Expenses with issuance of shares	23.a	(21,030)	-	-	-	-	-	-	-	(21,030)	-	(21,030)
Exercising Stock Options	33	-	-	(310)	-	(373)	-	1,077	-	394	-	394
Options granted (stock options)	33	-	-	431	-	-	-	-	-	431	-	431
Mandatory dividend	24.d	-	-	-	-	-	-	-	(48,055)	(48,055)	-	(48,055)
Dividend returned to tax incentive reserve		-	-	-	-	3	-	-	-	3	-	3
Apropriation of loss for the year	24.e	-	-	-	-	132,799	10,117	-	(142,916)	-	-	-
Treasury shares	23.f	-	-	-	-	-		(1,901)	-	(1,901)	-	(1,901)
Dividends - non-controlling		-	-	-	-	-	-	-	-	-	(1,515)	(1,515)
AT DECEMBER 31, 2020		**721,670**	**118,132**	**1,279**	**(17,075)**	**201,035**	**10,198**	**(13,325)**	**-**	**1,021,914**	**11,224**	**1,033,138**

See the accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Parent company		Consolidated	
	Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the year		190,971	16,459	195,842	20,848
Reconciliation of income to cash (used in) provided by operating activities:					
Depreciation and amortization	25	40,906	35,950	46,102	44,334
Equity in income of subsidiaries and associated companies	11 and 13	(23,544)	(18,629)	(1,124)	2,048
Fair value (gain) loss		(23,140)	874	(23,551)	(8,549)
Provision (reversal) for tax, labor and civil risks	22	4,717	(1,868)	4,717	(1,868)
Allowance for doubtful accounts	6	10,974	2,582	11,252	2,582
Provision (reversal) for inventory losses	7	19,924	(1,312)	23,802	(1,867)
Provisions and deferred income		64,144	18,813	71,107	22,078
Stock options	33	431	425	431	425
Interest on borrowings and leases		58,855	68,634	61,796	71,813
Foreign exchange variation		(6,260)	(5,730)	(5,967)	(5,384)
Interest on taxes		(31,810)	(3,403)	(31,810)	(3,403)
Gain in lawsuits	8	(217,589)	-	(221,376)	-
Income tax and social contribution (current and deferred)	21.b	75,899	6,133	76,547	7,432
		164,478	**118,928**	**207,768**	**150,489**
(Increase) decrease in assets:					
Accounts receivable		(347,579)	(14,940)	(451,149)	(25,435)
Inventories		(154,952)	17,988	(190,753)	22,777
Recoverable taxes		(33,874)	(8,843)	(37,104)	(8,262)
Sundry advances		14,967	4,878	15,790	4,100
Accounts receivable - Related parties		(39,144)	13,286	15,296	(2,460)
Other receivables		11,068	(22,362)	15,352	(21,639)
Increase (decrease) in liabilities:					
Suppliers		161,324	(48,967)	178,231	(56,863)
Taxes payable		2,888	4,331	8,002	(848)
Payment of income tax and social contribution		-	(119)	-	(3,282)
Other accounts payable		48,360	(1,624)	55,323	(942)
Payment of interest on loans and right-of-use		(38,335)	(63,274)	(40,412)	(63,766)
		(375,277)	**(119,646)**	**(431,424)**	**(156,620)**
Net cash used in operating activities		**(210,799)**	**(718)**	**(223,656)**	**(6,131)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in capital - subsidiaries	11 and 12	(13,990)	(7,700)	(12,000)	(12,600)
Purchases of property, plant and equipment		(7,137)	(3,661)	(9,186)	(5,078)
Increase in intangible assets		(19,813)	(14,278)	(22,121)	(14,290)
Net cash used in investing activities		**(40,940)**	**(25,639)**	**(43,307)**	**(31,968)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital increase		332,670	-	332,670	-
Acquisition of investments	20.c	-	-	(5,331)	-
Payment dividends		(4,003)	-	(5,518)	-
New borrowings		651,535	681,665	698,105	727,649
Amortization of loans		(609,365)	(616,552)	(658,452)	(616,552)
Right of use - payments	14.a	(7,674)	(6,249)	(8,415)	(6,900)
Treasury shares		(1,901)	-	(1,901)	-
Resources from exercício exercising Stock Options	33	394	1,418	394	1,418
Net cash provided by financing activities		**361,656**	**60,282**	**351,552**	**105,615**
Exchange-rate changes over cash and cash equivalents		**-**	**-**	(1,141)	(150)
INCREASE IN CASH AND CASH EQUIVALENTS		**109,917**	**33,925**	**83,448**	**67,366**
Cash and cash equivalents at the beginning of the year.	5	390,817	356,892	460,714	393,348
Cash and cash equivalents at the end of the year.	5	500,734	390,817	544,162	460,714
INCREASE IN CASH AND CASH EQUIVALENTS		**109,917**	**33,925**	**83,448**	**67,366**

See the accompanying notes to the financial statements.

STATEMENTS OF ADDED VALUES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of reais)

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenue				
Sales of goods and services	2,327,440	1,961,474	2,585,439	2,227,688
Returns and commercial discounts	(66,319)	(81,992)	(62,769)	(85,298)
Cooperative advertising expenses and provision for rebates	(64,910)	(49,346)	(64,959)	(49,287)
Allowance for doubtful accounts	(10,974)	(2,582)	(11,252)	(2,582)
Other revenues	220,815	-	221,329	5,896
	2,406,052	**1,827,554**	**2,667,788**	**2,096,417**
Inputs acquired by third parties				
Cost of sales and services rendered	(1,552,880)	(1,207,156)	(1,662,579)	(1,362,655)
Materials, electricity, outsourced services and other	(198,354)	(175,363)	(219,478)	(190,522)
Commissions	(32,702)	(25,750)	(42,179)	(32,662)
Marketing	(27,176)	(21,178)	(29,227)	(22,637)
	(1,811,112)	**(1,429,447)**	**(1,953,463)**	**(1,608,476)**
Gross value added	**594,940**	**398,107**	**714,325**	**487,941**
Depreciation and amortization	**(40,906)**	**(35,950)**	**(46,102)**	**(44,334)**
Net value added generated by the entity	**554,034**	**362,157**	**668,223**	**443,607**
Value added received through transfer				
Equity in income of subsidiaries and associated companies	23,544	18,629	1,124	(2,048)
Financial revenues and foreign exchange gain	216,842	71,969	257,334	78,848
	240,386	**90,598**	**258,458**	**76,800**
Total value added to distribute	**794,420**	**452,755**	**926,681**	**520,407**
Distribution of value added				
Personnel				
Salaries and social charges	95,931	93,368	106,213	101,466
Benefits	23,291	12,721	27,787	16,333
Government Severance Indemnity Fund for Employees	6,357	8,234	7,143	8,824
	125,579	**114,323**	**141,143**	**126,623**
Taxes, fees and contributions				
Federal	243,561	145,035	274,686	175,096
State	26,580	36,260	47,844	43,544
Municipal	1,960	1,320	2,387	1,386
	272,101	**182,615**	**324,917**	**220,026**
Third-party capital remuneration				
Interest and finance costs	92,375	101,648	100,576	107,981
Rentals	1,945	3,295	2,158	3,487
Foreign exchange variation	111,449	34,415	162,045	41,442
	205,769	**139,358**	**264,779**	**152,910**
Remuneration of own capital				
Dividends	48,055	4,557	48,055	4,557
Retained earnings	142,916	11,902	142,916	11,902
Interest of non-controlling shareholders in retained earnings	-	-	4,871	4,389
	190,971	**16,459**	**195,842**	**20,848**
Total value added distributed	**794,420**	**452,755**	**926,681**	**520,407**

See the accompanying notes to the financial statements.

1. OPERATIONS

a) The Company

Positivo Tecnologia SA ("Company") is a technology company based in Brazil. It was founded in 1989 and, since December 2016, its shares (POSI3) have been traded at the São Paulo Stock Exchange - BM&FBOVESPA, in compliance with Corporate Governance practices - New Market (Novo Mercado).

The company is mainly engaged in the industrialization, trading and development of projects in the IT area; industrialization, sale and lease of software and hardware; sale of IT equipment, pedagogic and school management application systems, technical-pedagogical planning and support; representation, sales, implementation, training and support, technical assistance for equipment and technical, technological and scientific teaching systems in several areas, and other related activities.

Among the products manufactured and sold by the Company are: small and medium-sized computers, portable computers, servers, tablets, monitors, electronic boards, computerized educational desks, mobile phones, smartphones and educational software systems and a range of Internet Things (IoT) products.

b) Impacts of COVID-19 pandemic

In 2020, the Company did not suffer any significant impacts resulting from the pandemic in its individual and consolidated financial statements. Furthermore, considering that there is no worsening of the pandemic and that economic activity resumes previous levels, the Company does not estimate significant effects on its income that could adversely affect its operational capacity.

The Company has been monitoring the impacts resulting from the pandemic and has been taking preventive and necessary measures. Among the main measures adopted by the Company, we highlight the following:

(i) In February 2020, the Institution of a crisis committee that meets periodically to define strategies and provide assertiveness in decision-making;

(ii) Institution of remote work (home office) for employees in the administrative area representing approximately 47% of all employees of the Company;

(iii) Adoption of the proportional reduction of working hours and salaries and the temporary suspension of employment contracts, as provided for in Law 14020/2020. At the end of the year, all employees were already in a normal working situation;

(iv) Strict control and set of measures adopted in the manufacturing areas, aiming to provide greater safety and reduce the risk of contagion of workers.

We also emphasize that during the first quarter, the Company raised funds by issuing new shares (Note 23.a), which significantly contributed to strength its cash allowing the Management to manage the activities with peace of mind.

At the same time, the Company lead efforts to assist in the fight against COVID-19, and worked to assist in the production of pulmonary ventilators by acquiring and developing essential components for the manufacture of this equipment, in addition to the donation of oxygen cylinders to public hospitals in the city of Manaus - AM.

2. ISSUANCE OF FINANCIAL STATEMENTS

The issue of the financial statements was authorized by the Board of Directors on March 15, 2021.

3. ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with the International Financial Reporting System (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil (BR GAAP).

The individual financial statements of the parent company were prepared according to the BR GAAP.

3.1. Preparation basis

The individual and consolidated financial statements were prepared based on the historical cost as the value basis, except for certain financial instruments measured at its fair values.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Company's Management to exercise its judgment in the process of applying the Company's accounting policies. The areas requiring the highest level of judgment and having the highest complexity, and the areas where assumptions and estimates are significant for the individual and consolidated financial statements, are disclosed in Note 4.

Going concern

The financial statements were prepared based on the assumption of going concern. Management assessed the Company’s ability to continue as a going concern and believes that the Company has the necessary resources to allow the going concern of its business in the future. The Management is not aware of any material uncertainty that may generate significant doubts about its ability to continue operating.

Statement of added value (“DVA”)

The presentation of the Individual and Consolidated Statement of Added Value is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly held companies. The IFRS do not require the presentation of this statement. Accordingly, in conformity with IFRS, this statement is presented as supplementary information, without prejudice to financial statements as a whole.

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period. The presentation of this statement is required by the Brazilian Corporate Law and presented as supplementary information for IFRS purposes.

The statement of added value was prepared based on information obtained in the accounting records that serve as basis for the preparation of financial statements and in accordance with the provisions of CPC 09 - Statement of Added Value. The first part of the DVA presents the wealth created by the Company, represented by revenues (gross sales, including taxes levied thereon, other revenues and the effects of the allowance for doubtful accounts), inputs purchased from third parties (cost of sales and purchases of materials, power and outsourced services, including taxes levied at the time of acquisition, the effects of impairment, depreciation and amortization) and the value added received from third parties (profit sharing of associated companies, subsidiaries, and joint ventures, financial and other revenues). The second part of the DVA presents the distribution of wealth among employees, taxes and contributions, Third-party capital remuneration and remuneration of own capital.

3.2. Consolidation

The following accounting policies are used in the preparation of the consolidated financial statements.

(a) Direct and indirect subsidiaries

Subsidiaries are all entities (including structured entities) that the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The subsidiaries are fully consolidated as of the date control is transferred to the Company. The consolidation is interrupted beginning on the date on which the Company no longer has control.

Unrealized transactions, balances and gains in transactions among companies are eliminated. Unrealized losses are also eliminated, unless the transaction shall provide impairment evidence of the asset transferred. The accounting policies of the subsidiaries are changed when required in order to assure the consistency with the policies adopted by the Company.

	Ownership interest - %	
	December 31, 2020	December 31, 2019
Direct subsidiaries		
Positivo Smart Tecnologia Ltda.	100.00	100.00
Portal Mundo Positivo Ltda.	100.00	100.00
Crounal S.A.	100.00	100.00
Positivo Argentina S.R.L.	100.00	100.00
Boreo Indústria de Componentes Ltda.	100.00	100.00
Positivo Distrib. de Equip. de Informática Ltda.	100.00	100.00
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes.	100.00	100.00
Indirect subsidiaries		
Investee of Positivo Smart Tecnologia Ltda.		
Boreo Comércio de Equipamentos Ltda.	100.00	100.00
ACC Brasil Ind. e Com. de Comp. Ltda.	80.00	80.00

(b) Joint ventures

Joint venture is the entity over which the Company has shared control with one or more parties. The joint venture is accounted for at the equity method and initially recognized at cost value. The profit sharing is recognized in the statement of income and its share of reserve movements is recognized in the Company's reserves. When the Company’s interest in losses of a joint venture is equal to or higher than investment book value, including any other receivables, the Company does not recognize additional losses unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest. Non-realized losses are also eliminated, unless the transaction shall provide evidence of a loss (impairment) of the transferred asset. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Company.

	Ownership interest - %	
	December 31, 2020	**December 31, 2019**
Joint venture		
Informática Fueguina S.A.	50.00	50.00
BR Code Desenvolvimento de Software S.A.	50.10	50.10
Investee of Positivo Smart Tecnologia Ltda.		
PBG Rwanda Limited.	50.00	50.00
Investee of Crounal S.A.		
PBG Uruguay S.A.	50.00	50.00

(c) Associated companies

An associated company is an entity over which the Company has significant influence and that does not qualify as a subsidiary or joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee without exercising individual or joint control over those policies.

The income (loss) and assets and liabilities of associated companies are included in these financial statements under the equity method, except when the investment is classified as held for sale, in which case it is recognized in accordance with IFRS 5 (CPC 31).

Under the equity method, an investment in an associated company is initially recognized in the consolidated balance sheet at cost and subsequently adjusted to recognize the Company's interest in the profit or loss and the other comprehensive income of the associated company.

	Ownership interest - % Parent company		Ownership interest - % Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Associated company				
Hi Technologies Holding Ltd.	23.00	30.07	28.01	30.07
Investee of Hi Technologies Holding Ltd.				
Hi Technologies S.A.	23.00	30.07	28.01	30.07

(d) Other investments

The Company has no significant influence on these instruments, which were measured at fair value through profit or loss or at acquisition cost:

	Ownership interest - %	
Others investments - Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes.	**December 31, 2020**	**December 31, 2019**
Tech Inovações Tecnológ. para a Agrop. S.A.	20.00	20.00
Agrosmart S.A.	12.40	12.40
Ambar Living S.A.	5.70	-
Business Global Consult. Em Agroneg. Ltda	13.65	-
Pharmalog S.A.	33.00	-

3.3. Presentation of segment reporting

The operating segment information is shown in Note 26, consistently with the internal report supplied to the main operating decision maker. The main operating decision maker, in charge of allocating funds and evaluating performance of operating segments is the Company's Executive Board, also in charge of the Company's strategic decision making. The Company’s main operating segments are: retail, government and servers.

3.4. Foreign currency translation

(a) Functional currency and presentation currency

The items included in the financial statements of each of the companies of the Company are measured using the main currency of the economic environment where the company operates (the "functional currency"). Individual and consolidated financial statements are being presented in Reais, functional currency of the Company and the presentation currency of the consolidated financial statements.

(b) Transactions and balances

Transactions with foreign currencies are converted into functional currency by using foreign exchange rates prevailing on the transaction or valuation dates, when the items are remeasured. Exchange gains and losses resulting from the settlement of those transactions and from the translation at year-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of income.

Foreign exchange gains and losses related to financial instruments are presented in the statement of income as financial revenue or expense.

(c) Investees with a different functional currency

The income (loss) and financial position of all entities, whose functional currency differs from the presentation currency, are converted into the presentation currency as follows:

(i) Assets and liabilities of each balance sheet presented are translated at the closing exchange rate on the balance sheet date.

(ii) Income and expenses of each statement of income are translated at the average exchange rates (unless these averages are not a reasonable approximation of cumulative effect of current taxes on the date of operations and, in such case, income and expenses are translated at the rate on the dates of operations).

(iii) All resulting foreign exchange differences are recognized as separate component in the quotaholders' equity in “Equity valuation adjustments” account.

In the consolidation, exchange differences arising from the translation of the net investments in foreign operations are recognized in shareholders' equity. When a foreign operation is partially divested or sold, exchange differences previously recorded in shareholders' equity are recognized in the statement of income as part of gain or loss on the sale.

3.5. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other high-liquidity investments and with an insignificant risk of change in value and the balance is net of balances in secured accounts. Overdraft accounts are stated in the balance sheet as "Loans" in current liabilities.

3.6. Financial assets

3.6.1. Rating

The Company classifies its financial assets in the initial recognition under the following categories: measured at fair value through profit or loss and amortized cost. Such classifications are based on the business model adopted for asset management and the characteristics of the contractual cash flows.

(a) Financial assets at fair value through profit or loss

The recognition at fair value through profit or loss is carried out for the assets that: (i) do not fit the business models for which it would be possible to classify them at amortized cost or fair value through other comprehensive income; (ii) equity instruments stated at fair value through profit or loss; and (iii) the financial assets that are managed to obtain cash flow from the sale of assets. Examples of assets classified in this category are as follows: "Cash and cash equivalents", "Derivative financial instruments" and "other investments".

(b) Amortized cost

The financial assets maintained in a business model, whose purpose is to maintain financial assets to receive contractual cash flows are recognized at amortized cost. These cash flows are received on specific dates and include payment of principal and interest only. Examples of assets classified in this category are as follows: "Trade accounts receivable", "Other receivables", "Related parties".

3.6.2. Recognition and measurement

Purchases and sales of financial assets are normally recognized on trading date. Investments are initially recognized at fair value plus transaction cost for all financial assets not classified at fair value through profit or loss. Financial assets classified at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income. Financial assets are written off when rights to receive cash flows have been expired or transferred; in the latter case, as long as the Company has transferred virtually all ownership risks and benefits of the property. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value. Financial assets measured at amortized cost are accounted for using the effective interest rate method, net of the amount referring to expected credit loss.

Gains or losses resulting from fluctuations in the fair value of financial assets measured at fair value through profit or loss are presented in statement of income in "financial income (loss)" for the period in which they occur.

3.6.3. Offsetting of financial instruments

Financial assets and liabilities are offset and their net values in the balance sheet only when there is a legal right to offset the amounts recognized and there is an intent to settle them on net basis, or realize the asset and settle the liability simultaneously.

3.6.4. Impairment of financial assets

The Company recognizes a provision for expected credit losses on investments in debt instruments measured at amortized cost or fair value through other comprehensive income, amounts receivable from leases, amounts receivable from clients and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is restated on each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

A financial asset is subject to impairment when one or more events that have a negative impact on estimated future cash flows of that financial asset has incurred. The evidences that a financial asset is subject to impairment include the observable data on following events:

(a) Significant financial difficulty of issuer or debtor;

(b) Breach of contract, such as default or event;

(c) The debtor’s creditors, for economic or contractual reasons related to the debtor's financial difficulty, granted the debtor a discount that the creditor would not otherwise consider;

(d) It is likely that the debtor will declare bankruptcy or other financial reorganization; or

(e) The disappearance of an active market for that financial asset due to the financial difficulties.

Impairment loss is measured as the difference between the assets' book value and the present value of estimated future cash flows (excluding future credit losses not yet incurred) discounted with basis on the existing interest rate originally contracted for the financial assets. The asset's book value is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or investment kept through maturity has a variable interest rate, the discount rate to measure the impairment loss is the current effective interest rate determined in accordance with the contract.

If, in a subsequent period, the value of the impairment loss decreases and the decrease can objectively be related to an event occurring after the impairment is recognized (as an improvement in the debtor's credit classification) the reversal of the previously recognized impairment loss will be recognized in the statement of income.

The Company evaluated its receivables portfolio for the year ended December 31, 2020, and did not identify evidence that could impact the recognition estimates of the provision for expected credit losses, among which: increase in defaults, financial difficulties of its main clients, contract breaches, or granting discount that it would not consider in scenarios prior to the COVID-19 pandemic. Thus, the amount of the provision for loss recognized and disclosed in Note 6 adequately reflects the estimated loss expected by the Company on the disclosure date of financial statements.

3.6.5 Derivative financial instruments

The Company has derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts, and interest rate and currency swaps. Notes 30 to 32 include more detailed information on derivative financial instruments.

Derivatives are initially recognized at fair value on contracting date and subsequently remeasured at fair value. Possible gains or losses are immediately recognized in income (loss), unless the derivative is designated and effective as hedge instrument; in this case, the moment of recognition in income statement depends on the nature of the hedge relationship.

3.7. Trade accounts receivable

Trade accounts receivable correspond to the amounts receivable for the sale of products and goods or provision of services in the normal course of the Company's activities. If the payment term is equivalent to one year or less, accounts receivable are classified as current assets. Otherwise, they are presented in non-current assets.

Trade accounts receivable are initially recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method less allowance for doubtful accounts ("PCLD" or impairment).

3.8. Inventories

Inventories are presented at the lower value between the cost and net realizable value. Inventory costs are determined at the average cost method. Cost of finished products and Work in progress include raw materials, direct labor, other direct costs, as well as respective direct and indirect production expenses (based on regular operating capacity).

The net realizable value is the estimated sales price of inventories, less all estimated costs of completion and costs necessary to make the sale.

The provision for inventory obsolescence is recorded with basis on the evaluation of raw materials, dealers' inventories and finished products that do not have a clear estimate of when they will be used or sold. The principal basis of that evaluation is inventory turnover, with a segregation of items for production and items for technical assistance.

3.9. Property, plant and equipment

When applicable, buildings, machinery and equipment, hardware, furniture and fixtures are stated at cost less depreciation and accumulated impairment loss. When applicable, professional fees are recorded as part of property, plant and equipment in progress and, in case of qualifiable assets, capitalized loan costs are also recorded in accordance with the Company's accounting policy. This property, plant and equipment in progress is classified in proper categories of property, plant and equipment when concluded and ready for intended use. Depreciation of these assets starts when they are ready for the intended use and is calculated on the same basis as for other fixed assets.

Depreciation is recognized so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment	Useful lives
Machinery and equipament	15 years
Leasehold improvements	10 years
Hardware	5 years
Furniture and fixture	10 years
Industrial facilities	13 years
Buildings	25 years
Other PP&E	10 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.10. Intangible assets

(a) Goodwill

Goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the investee's net fair value of assets and liabilities of subsidiary acquired. Goodwill arising from acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. In case of determination of negative goodwill, the amount is recorded as gain in income (loss) for the year, on acquisition date. The goodwill is tested annually to verify impairment losses. Goodwill is calculated at its value cost less impairment losses. Impairment losses recognized on goodwill are not reversed. Gain and losses for the sale of an entity include the book value of the goodwill related to the sold entity.

The goodwill is allocated to the Cash Generating Units for impairment testing. The allocation is made to Cash Generating Units or to groups of Cash Generating Units that should benefit from the business combination from which the goodwill was generated and are identified in accordance with the operating segment.

(b) Intangible asset generated internally - in progress

The expenditures with research activities are recognized as expense in the year in which they are incurred.

The internally generated intangible asset resulting from development expenditures (or of a development phase of an internal project) is recognized if, and only if, all of the following conditions are shown:

- The technical feasibility of completing the intangible asset to be made available for use or sale;
- The intention to complete the intangible asset and use it or sell it;
- The skill to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of proper technical, financial and other resources to complete the development of the intangible asset and to use it or sell it; and
- Ability to measure reliably the expenditure attributable to the intangible asset during its development.

(c) Intangible asset generated internally - completed

The amount initially recognized for intangible assets generated internally corresponds to the sum of expenses incurred since the intangible asset started to meet the aforementioned recognition criteria. When no internally generated intangible asset can be recognized, the development expenses will be recognized in the income (loss) for the period, when incurred.

After the initial recognition, internally generated assets are recorded at cost value, less amortization and accumulated impairment loss, as well as intangible assets separately acquired.

Amortization is initiated after the completion of the projects, at which time the Company obtains or can obtain the economic benefits arising from its use and/or commercialization.

(d) Software

Software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life. Software maintenance costs are recognized as an expense, as incurred. Development costs that are directly attributable to software product design and testing, and are identifiable and exclusive, controlled by the Company, are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software to make it available for use.
- Management intends to complete the software and either use it or sell it.
- The software can be sold or used.
- It can be demonstrated that the software is likely to generate future economic benefits.
- Adequate technical, financial, and other resources are available to complete the development and to use or sell the software.
- The expenditure attributable to the software during its development can be reliably measured.

The directly attributable costs, which are capitalized as part of the software product, include costs on employees allocated to the software development and an adequate portion of indirect relevant expenses.

Other development expenditures not meeting those criteria are expensed as incurred. Development costs previously expensed are not recognized as asset in a subsequent period.

The software developed by the Company is amortized over its estimated useful life, not exceeding five years.

3.11. Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested every year to identify any possible need of impairment. Assets subject to amortization are reviewed to confirm their impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized when the book value exceeds its recoverable value, which represents the higher of the asset's fair value less these sale costs and value in use. For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGUs). Non-financial assets, except goodwill, that suffered impairment are then reviewed for an analysis of a possible reversal of impairment on the balance sheet date.

3.12. Accounts payable to suppliers

Trade accounts payable are obligations due for assets or services acquired in the normal course of businesses, and are classified as current liabilities if payment is due within one year. Otherwise, trade accounts payable are presented as non-current liabilities. They are initially recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method.

3.13. Lease

(a) The Company as a lessee

Lease agreements in which the Company and its subsidiaries act as lessees are recognized in the balance sheet under right-of-use asset, with a contra entry to lease liabilities, except for short-term and low-value leases, which are recognized as an expense in a straight-line basis during the lease term. The right-of-use asset is measured at cost, net of accumulated depreciation and impairment loss, adjusted for any remeasurement of the lease obligation. Depreciation is calculated based on the useful life of the asset or the contractual term. The lease obligation is initially measured at the present value of the lease installments of the agreeement, restated monthly by the discounted interest and settled by the lease payments made.

(b) The Company as a lessor

Accounts receivable from lessees referring to lease agreements are initially recorded based on the fair value of the leased asset. The lease income is recognized in the accounting periods, to reflect the effective rate of return on the Company’s net investment outstanding in relation to the leases.

3.14. Loans

Loans are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the value payable is recognized in the income statement during the period while the loans are outstanding, under the effective interest rate method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.15. Government subsidies

The Company enjoys tax benefits, which are characterized as government grants, as mentioned in Note 8.

The portion corresponding to the use of tax benefits related to the ICMS, resulting from the sale of industrialized products, is recognized as follows:

- As revenue for the current year, the portion in which the investment obligations related to the benefit were fully met;
- Maintained in liabilities, under the deferred revenue, the portion whose investment obligation has not yet been fully met;

- Also maintained in liabilities, under deferred revenue, the investment portion related to an amortizable asset. This portion will be recognized as revenue over the useful life of this asset, proportionally to its amortization;
- As revenue for the current year, the portion for which there is no direct investment obligation;

In compliance with Law 11638/07 and CPC 7 - Accounting for Government Grants and Disclosure of Government Assistance, the Company’s government grants are recognized in income (loss) under sales taxes. After determining the income for the year, if a profit has been determined, tax incentives are allocated to the tax incentives reserve account in shareholders’ equity.

3.16. Provisions

Provisions for lawsuits (labor, civil and tax) and other are recognized when: (i) the Company has a present or constructive or not formalized obligation as a result of occurred events; (ii) it is likely that an outflow of funds will be required to settle the obligation; and (iii) amount may be reliably estimated.

When there is a series of similar obligations, the probability of settling them is determined by taking into account the obligation class as a whole. A provision is recognized even if the likelihood of settlement related to any individual item included in the same class of obligations is small.

When some or all economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognized if, and only if, the reimbursement is certain and the amount can be reliably measured.

3.17. Current and deferred income tax and social contribution

Income tax and social contribution expenses of the year include current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent they are related to items directly recognized in shareholders' equity or comprehensive income. In that case, the tax is also recorded in shareholders' equity or comprehensive income.

The current and deferred income tax and social contribution charge is calculated based on enacted, or substantially enacted, tax acts, at the reporting date. Management periodically evaluates the positions taken by the Company in the calculations of income tax with respect to situations in which applicable tax regulation is subject to interpretations; and provisions are established where appropriate based on amounts expected to be paid to the tax authorities.

Current income tax and social contribution are stated at net amounts, by the taxpayer entity, in liabilities when there are amounts payable, or in assets when the prepaid amounts are in excess of the total payable as of the end of the reporting period.

Deferred income tax and social contribution are recognized on determined tax losses.

Deferred income tax and social contribution assets are recognized only in the proportion of the probability that the future taxable income will be available and temporary differences can be used against it.

Deferred income tax assets and liabilities are presented at net value in balance sheet when there is the legal right and the intention of offsetting them upon calculation of current taxes, in general related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or countries are in general presented separately, and not at net value.

3.18. Employee benefits

(a) Stock-based compensation

Share-based remuneration plans for employees and Company's executives are measured at fair value of equity instruments on grant date. Details on the determination of these plans' fair value are described in Note 33.

Granted options fair values determined on grant date are recorded at the straight-line basis as expenses in income for the year during the period in which the right is acquired, based on the Company's estimates on which granted options will be possibly acquired, with corresponding equity increase. On each reporting period, the Company reviews its estimates on the number of equity instruments that will be acquired. Review impact on original estimates, if any, is recognized in income for the year, so that accumulated expenses reflect reviewed estimates with the corresponding adjustment in shareholders' equity under "Recognized Options Granted" that recorded the benefit to employees.

(b) Retirement obligations

The Company operates with a defined contribution pension plan. A defined contribution plan is a pension plan that, according to the Company, does fixed contributions to a separate Entity and has no legal or constructive obligations to make contributions if the fund does not have sufficient assets to pay to all the employees the benefits related to the employee's service in the current and prior period.

(c) Profit sharing

The Company recognizes a liability and a profit sharing expense in profit or loss based on a methodology that considers the income attributable to Company's shareholders after a few adjustments. The Company recognizes a provision when it is contractually compelled or when there is a past practice that created a constructive obligation.

3.19. Capital

Common shares are classified in net assets.

Incremental costs directly attributable to issuance of new shares or options are shown in shareholders' equity as a deduction of funds obtained, net of taxes.

An equity instrument is a contract that indicates a residual interest in the assets of a company after deducting all its obligations. The equity instruments issued by the Company are recognized when the funds are received, net of any direct issuance costs.

The repurchase of the Company's own equity instruments is recognized and directly deducted from equity. No gain or loss is recognized in the income (loss) from purchase, sale, issuance or cancellation of own equity instruments of the Company.

3.20. Revenue recognition

CPC 47, equivalent to the international standard IFRS 15, replaces CPC 30 - Revenues (equivalent to the international standard IAS 18), and related interpretations and applies, with limited exceptions, to all revenues from contracts with customers. The CPC 47 establishes a five-step model to calculate the revenue from contract with customer. (i) Identify the contract with the client; (ii) Identify the performance obligations in the contract; (iii) Establish the price of the transactions; (iv) Allocate the price of the transaction to the performance obligations; (v) Recognize the revenue when the performance obligations are met.

CPC 47 requires the Company to exercise judgment, taking into account all relevant facts and circumstances when applying each step of the model to contracts with their customers, and that the recognized revenue to reflect the consideration that the entity expects to receive in exchange for the transfer of assets or services to a client.

Sales income

Revenue from the sale of goods is recognized when property and risks are transferred to third parties, only at the amount the Company expects to be entitled to in the transaction (its amounts deducted from unconditional discounts, returns, adjustment to present value calculated on installment sales, sales taxes and trade allowances granted). Exceptionally, some operations are of bill-and-hold type, where contractually the customer has control of the product even if it remains under the physical possession of the entity. In this case, the client can direct the use and obtain substantially all of the remaining benefits of the product, even if he has decided not to exercise his right to take physical possession of that product.

Rendering of services

Service revenues are billed separately and recognized over time as the services are performed according to the performance schedule and when there is a valid expectation of receipt from the client. Billed revenues that do not meet the recognition criteria, do not comprise the balances of the respective revenue accounts and accounts receivable.

Financial income

Financial income is recognized in accordance with the elapsed time at the accrual basis using the effective interest rate method.

3.21. Dividend distribution

Payment of dividends to Company's shareholders is recognized as a liability in the financial statements at the end of each year, with basis on the Company's by-laws. Any amount above the mandatory minimum is provisioned only on the date of its approval by the Shareholders' Meeting.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF UNCERTAINTIES IN ESTIMATES

When applying the Company's accounting policies described in Note 3, Company's Management must make judgments and prepare estimates on book values of assets and liabilities for which are not easily obtained from other sources. Estimates and respective assumptions are based on historic experience and on other factors that are considered relevant. Effective results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed. Effects from reviews made to accounting estimates are recognized in the period in which estimates are reviewed, in case review affects only that period; or also in subsequent periods, in case review affects both current period and future periods.

The main judgments made by Management during the process of adopting the Company's accounting policies and which most affect the amounts recognized in the financial statements are as follows:

(a) Measurement of fair value

Some of the Company’s assets and liabilities are measured at fair value for the purposes of preparing the financial statements, in particular cash and cash equivalents and derivative financial instruments.

To estimate the fair value of an asset or liability, the Company uses observable market data to the extent they are available. When there is no Level 1 information available, the Company involves qualified professionals in the process of evaluating and measuring the fair values of such assets and liabilities.

Information on valuation techniques and information used to determine the fair value of derivative financial instruments is disclosed in Notes 30 and 32.

(b) Estimated losses from allowance for doubtful accounts

The Company measures the provision for losses on accounts receivable from customers in an amount equivalent to the expected credit loss on trade accounts receivable during their useful lives. The expected credit losses on trade accounts receivable are estimated considering the debtor's historical default experience and an analysis of the debtor's current financial position, general economic conditions of the sector in which the debtors operate.

Prospective information (such as the predicted economic performance indicators) is also considered if, based on previous experience, such indicators show a significant correlation with actual credit losses.

(c) Realization of inventories

The Company analyzes the realization of inventories, based on the expected use or sale of inventories, as well as the assessment between the book value and the net realization value. Inventories are reduced to their recoverable value through estimates of loss due to slow movement of goods or realization with a margin below the book value.

(d) Recoverable taxes - ICMS

As described in Note 8, the Management conducts periodical studies to evaluate the realization of credits from recoverable taxes by taking preventive measures so such realization occurs and thus, will prevent the balance from exceeding its realization capacity.

(e) Deferred income tax and social contribution

As described in Note 21, Management conducts periodic studies to assess the realization of deferred taxes, based on profit estimates and the level of future taxable income.

5. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Banks	12,450	15,270	53,446	29,911
Financial investments linked to the Interbank Deposit Certificate (CDI) rate	488,284	375,547	490,716	430,803
	500,734	**390,817**	**544,162**	**460,714**

As of December 31, 2020 and 2019, interest earning bank deposits of the Company correspond substantially to repurchase and resale agreements and Bank Deposit Certificates (CDB) with private securities, in Brazilian currency, with an average yield of 101.43% (94.22% in 2019) of the change in the Interbank Deposit Certificate (CDI), being readily convertible into a known cash value, and are subject to an insignificant risk of change in value.

6. ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Current	389,013	69,606	522,707	119,402
Past-due up to 30 days	51,097	61,676	53,282	62,138
Overdue from 31 to 60 days	39,924	10,790	44,456	10,940
Overdue from 61 to 90 days	11,245	7,357	17,333	7,517
Overdue from 91 to 180 days	21,254	13,042	26,713	14,168
Overdue from 181 to 360 days	19,558	5,322	21,486	6,549
Overdue for more than 361 days	63,408	80,126	67,093	81,207
(-) Allowance for doubtful accounts	(52,364)	(41,390)	(52,642)	(41,390)
(-) Adjustment to present value	(2,325)	(1,691)	(2,384)	(1,819)
	540,810	**204,838**	**698,044**	**258,712**
Current	540,810	204,769	698,044	258,642
Non Current	-	69	-	70

The overdue balances resulting from the sale of goods to government agencies are due to the fact that receipts depend on internal processes for approving payments by such agencies. Historically, that situation of delayed payments is a normal feature of that sales segment, which is foreseen by management in its business strategy, and which has not resulted in material losses for the Company. Therefore, the overdue balances do not yet represent any relevant risk of loss on receipt of these credits. Accordingly, the provision was set up only for cases in which there is a prospect of loss on the part of the Company. The amount of overdue bonds securities from government agencies in the year ended December 31, 2020 is R$ 29,587 (R$ 53,754 on December 31, 2019).

The Company is assessing the need for a provision for expected credit losses, substantially through prospective analyses of its asset portfolio, considering whether there is material financial difficulty for the debtor, adverse changes in economic conditions that correlate to defaults, and past experience with the debtor's default.

Changes in provision for expected credit losses during the year are:

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Balance at the beginning of the year	41,390	38,808	41,390	38,808
Provision for impairment of trade receivables	10,974	2,582	11,252	2,582
	52,364	**41,390**	**52,642**	**41,390**

Also noteworthy is the concentration of receivables in a few customers: the Company's 20 largest customers represent approximately 71% of the amount receivable on December 31, 2020 (approximately 67% on December 31, 2019).

The average period of receipt is 97 days; in sales to government agencies the term can reach up to 180 days.

The adjustment to present value of accounts receivable is calculated to show the present value of a future cash flow. The Company considers the payment term of each credit sale and calculates the discount of this transaction by using the CDI (Interbank Certificate of Deposit) rate as reference.

7. INVENTORIES

		Parent company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Materials		266,921	249,657	307,751	286,449
Finished products		184,620	172,645	200,889	182,143
Imports in transit	(a)	98,595	16,096	113,312	19,810
Advances to suppliers		81,108	52,745	102,360	60,780
Provision for inventory losses	(b)	(72,761)	(52,837)	(78,562)	(54,760)
		558,483	**438,306**	**645,750**	**494,422**

a) Imports in progress are inputs acquired from foreign suppliers that, on the closing date of these financial statements, had already been shipped by the suppliers, are in transit and are under the responsibility of the Company.

b) The provision for inventory losses is carried out based on the assessment of raw materials, inventories for resale and finished products which have no clear use or sale expectation. The principal basis is the perspective of realization related to inventories with a segregation of items for production and items for technical assistance.

Management estimates that inventories will be realized in a period lower than 12 months.

8. RECOVERABLE TAXES

		Parent company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
ICMS	(a)	106,960	113,207	108,347	117,269
Excise Tax (IPI)	(b)	28,908	24,575	28,963	24,795
Social Integration Program (PIS)		3,082	3,601	3,147	3,620
Social Contribution on Revenues (COFINS)		14,025	15,922	14,323	16,014
Financial Credit - Law 13969/2019	(c)	19,472	-	22,531	-
IPI - Manaus Free Trade Zone	(d)	23,629	-	23,629	-
PIS and COFINS - exclusion of ICMS from the calculation basis	(e)	223,486	-	223,486	-
Other taxes recoverable		20,924	11,799	34,345	12,224
		440,486	**169,104**	**458,771**	**173,922**
Current		165,106	83,036	183,356	87,826
Non Current		275,380	86,068	275,415	86,096

a) ICMS

The Company uses the following ICMS tax benefits:

(i) Paraná State Law 13214/2001, endorsed by State Law 15542/2007, which establishes a 7% reduction in the tax burden of IT products for sales within the state;

(ii) Paraná State Decree 1922/2011 (and subsequent amendments), which grants presumed ICMS tax credit equivalent to the amount owed for the outgoing goods, resulting in a 0% tax burden for specific industrialized products under Law 8248/1991 and marketed by the Company;

(iii) Amazonas State Decree 23.994/2003, which grants tax benefits such as the deferral of the recording of ICMS levied on imports of raw materials and inputs destined to production, presumed ICMS credit on the purchase of raw material and inputs of domestic origin, ICMS stimulus credit equivalent to the amount owed on sales of computer goods and automation goods and portable cell phone terminals produced in the territory of the Manaus Free Trade Zone (ZFM);

As a result of the enjoyment of the tax benefits mentioned above, in the year ended

December 31, 2020, the Company recorded, on its individual and consolidated financial statements, the amount of R$ 225,522 (R$ 190,101 in 2019) and R$ 226,757 (R$ 212,036 in 2019), respectively, related to the investment grant, in the account of deductions on sale - Sales taxes, referring to the sale of industrialized products and maintained the amount of R$ 7,492 in liabilities, under the heading of Deferred Revenue (R$ 8,344 on December 31, 2019). This amount will be appropriated to income (loss) as a result of the amortization of the related assets and compliance with the obligations required as a counterpart to the foregoing tax benefit, as provided for in the rules recommended in Technical Pronouncement CPC 7 and disclosed in Note 15.a. The term of said tax benefit is indefinite.

b) IPI

Up to March 31, 2020, the credit for the Tax on Industrialized Products (IPI) is due to the use of the tax benefit provided for in Law 8248/1991, which granted the exemption from IPI subsequently converted into a progressive reduction, on outbound new equipment, machines, devices and instruments, including those for industrial automation and data processing, manufactured domestically, combined with the maintenance and use of the IPI credit, related to raw materials, intermediate products and packaging materials, used in the industrialization of goods. The progressive reduction of the percentages of the aforementioned tax, foreseen in the law, follows the following calendar:

- Reduction of 95% (ninety-five percent) of the tax owed, from January 01, 2004 to December 31, 2024.

- Reduction of 90% (ninety percent) in the tax owed, from January 01, 2025 to December 31, 2026.

- Reduction of 70% (seventy percent) in the tax owed, from January 01, 2027 to December 31, 2029, when the reduction will be extinguished.

To use that benefit, the Company must invest every year about 5% of gross sales of incentive earning goods and services into information technology research and development activities, calculated under Law 8248/1991 as amended. The Company must annually present evidence to the Ministry of Science and Technology that it meets that investment requirement.

c) Financial credit Law 13969/2019

As of April 1, 2020, amendments in Law 13969/2019 that changed the incentive regime implemented by Law 8248, of October 23, 1991, known as the "Information Technology Act", came into effect. With the new legislation, the rates of the IPI are now fully applied, that is, the IPI rates for products covered by the Federal Information Technology Act are no longer benefiting from reductions as permitted by the previous Law and instituted a system of financial credits, converted into federal credits, obtained through a multiplier on the investment in Research, Development and Innovation (RD&I) carried out by the computer goods industries and which will remain in effect until December 31, 2029.

As a result of the aforementioned benefit, in the year ended December 31, 2020, the Company recorded, in the individual and consolidated financial statements, the amount of R$ 39,604 and R$ 54,091, respectively, in the group of general and administrative expenses, where they are accounted for the expenses that entailed the credit.

d) IPI - Manaus Free Trade Zone

As of July 21, 2020, the favorable decision was definitely judged regarding the lawsuit that the Company required IPI tax credits arising from purchases of inputs from suppliers located in the Manaus Free Trade Zone. The total amount of tax credit resulting from this lawsuit ratified before the Brazilian Federal Revenue Service was R$ 74,453.

e) PIS and CONFINS – exclusion of ICMS from calculation basis

The Company had a favorable decision in the lawsuit that questioned the constitutionality related to the inclusion of Value-Added Tax on Sales and Services (ICMS) in the PIS and COFINS calculation basis. The writ of mandamus filed in 2010 was judged in favor of the Company, with a final and unappealable decision being handed down in October 2020.

Said decision, expressly authorizes the exclusion of the highlighted ICMS from the calculation basis of the Contribution to PIS and COFINS and determines the adjustment of the undue amount for SELIC, under the terms of article 39, § 4 of Law 9250/95.

Considering that said proceeding was filed in 2010 and that the decision guarantees the removal of ICMS from PIS and COFINS calculation base for a five-year period, the right to the Company's credit is retroactive to 2005.

The effects of this decision were determined by the Company and in 2020, the amount of R$ 223,486 (R$ 218,501 net of fees and taxes on financial income) was recognized, referring to the overdue PIS and COFINS debts, of which R$ 197,747 was recorded under the heading "Other operating income (expenses)" and R$ 25,739 under the heading "Financial income" as it is adjusted at SELIC rate, which is the best estimate of the Company, determined based on the survey of available information and documents and with the support of a specialized company and legal advisors. However, considering that part of the credits result from commercial operations carried out in periods that precede the mandatory issuance of electronic invoices and digital tax bookkeeping (SPED), judgments were used in the calculation of such credits and, consequently, the actual results may differ these estimates.

The offsetting of the credits will take place after authorization with the Brazilian Federal Revenue Service.

9. OTHER CREDITS

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Prepaid expenses (a)	10,592	20,416	11,481	20,621
Judicial deposits (b)	65,960	64,873	66,051	64,976
Other	11,657	26,288	12,647	26,749
	88,209	**111,577**	**90,179**	**112,346**
Current	27,225	52,004	28,608	52,457
Non Current	60,984	59,573	61,571	59,889

(a) On December 31, 2020, the Company has credits to be offset against expenses on advertising, publicity and research & development in the amount of R$ 6,235 (R$ 17,277 on December 31, 2019), recorded in the Prepaid Expense account. Management believes that the realization will take place in less than twelve months.

(b) The Company made judicial deposits in the amount of R$ 53,323 (corrected for inflation) to maintain the zero-rate tax benefit for PIS and COFINS, as provided for in article 28 of Law 11196/2005, through the end of 2018. According to the evaluation of the Company’s internal and external legal advisors, the likelihood of loss in this lawsuit is remote.

10. RELATED PARTY TRANSACTIONS

Commercial transactions:

	Parent company											
	Accounts receivable			Accounts payable			Sales and services			Purchases and services		
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019	
Centro de Estudos Superiores Positivo Ltda.	57	611		322	1		-	991		500	234	
Positivo Educacional Ltda.	185	-		-	-		211	826		640	112	
Editora Aprende Brasil Ltda.	586	397		253	337		207	292		721	967	
Gráfica e Editora Posigraf S.A.	396	116		-	-		142	280		-	7	
Rosch Administração de Bens Ltda .	-	-		638	425		-	-		6,372	5,100	
Positivo Smart Tecnologia Ltda.	-	-		5,286	4,246	(b)	-	-		-	-	
Boreo Com. de Equipamentos Ltda	3,869	3,869	(b)	-	-		-	-		-	-	
Informática Fueguina S.A.	208	208		-	-		-	-		-	-	
Portal Mundo Positivo Ltda.	-	-		536	536		-	-		-	-	
Crounal S.A.	-	-		315	294	(a)	-	-		-	-	
BR Code Desenvolvimento de Software S.A.	941	941		-	-		-	-		-	-	
Hi Technologies S.A.	-	7,413	(c)	-	-		-	-		-	-	
PBG Uruguay S.A.	89	89		-	-		-	-		-	-	
Boreo Indústria de Componentes Ltda	23,371	16,546	(a)	-	-		9,796	4,096	(a)	381,223	210,568	(a)
Positivo Distrib. de Equip. de Inform. Ltda	22,129	-	(a)	-	4,339	(a)	38,923	18,128	(a)	23,488	5,584	(a)
ACC Brasil Industria e Com. de Computadores Ltda	14,802	-	(a)	127	-		91,703	-	(a)	4,535	-	(a)
	66,633	30,190		7,477	10,178		140,982	24,613		417,479	222,572	

	Consolidated											
	Accounts receivable			Accounts payable			Sales and services			Purchases and services		
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019	
Centro de Estudos Superiores Positivo Ltda.	57	611		322	1		-	991		500	234	
Positivo Educacional Ltda.	185	-		-	-		211	826	-	640	112	
Editora Aprende Brasil Ltda.	586	397		253	337		207	292		721	967	
Gráfica e Editora Posigraf S.A.	396	116		-	-		142	280		-	7	
Rosch Administração de Bens Ltda .	-	-		638	425		-	-		6,372	5,100	
BR CodeDesenvolvimento de Software S.A.	941	941		-	-		-	-		-	-	
Hi Technologies S.A.	-	7,413	(c)	-	-		-	-		-	-	
PBG Uruguay S.A.	7,884	4,123	(d)	-	-		-	-		-	-	
Informática Fueguina S.A.	5,759	4,578	(a)	-	-		-	-		-	-	
Non-controlling shareholders - ACC Brasil Ind E Com.	4,602	2,199	(e)	4,393	5,943	(e)	-	-		-	-	
	20,410	20,378		5,606	6,706		560	2,389		8,233	6,420	
Portion in current liabilities	20,410	20,378		1,213	763							
Non-current installment	-	-		4,393	5,943							

Related party transactions take place according to prices and terms agreed between the parties.

(a) Purchase and sale of inputs and finished products: the Company and its subsidiaries purchase and sell inputs to its jointly-controlled subsidiaries for use in the production process and resells them under normal course of operations.

(b) The Company maintains a current account with Positivo Smart Tecnologia Ltda. and Boreo Comércio de Equipamentos Ltda. Such transactions derive from timely cash needs and the settlement does not have a estimated term and do not bear finance charges.

(c) The Company made loans in the amount of R$ 6,100 to Hi Technologies S.A., operations regulated by loan agreements, with an annual interest rate of 150% of the change in the Interbank Deposit Certificate (CDI). The contracts were fully settled in the first quarter of 2020.

(d) As of December 31, 2020, the subsidiary Crounal S.A. presented the amount of R$ 7,884 related to dividends receivable from the Joint Venture PBG Uruguay S.A.

(e) The liability balance refers to the fundraising undertaken by the Company from its non-controlling shareholders – ACC Brasil Indústria e Comércio de Computadores Ltda. The amounts are recognized in reais (R$) and mature in 2020 and 2024. The amounts are restated at the positive change of general market price index. The asset balance refers to the realized advanced distribution of income to non-controlling shareholders.

Management remuneration

The amount recognized at period ended December 31, 2020 as management’s remuneration was R$ 6,520 (R$ 7,269 at December 31, 2019), relating to short and long term benefits (Stock Options).

Due to the COVID-19 pandemic, there was a reduction in Administrators' remuneration in 2020.

At the Annual General Meeting held on June 2, 2020, the management remuneration up to R$ 11,060 (R$ 10,584 in 2019) was approved for the year 2020.

11. INVESTMENTS IN SUBSIDIARIES

		At 12/31/2019	Increase of Capital	Equity in net income of subsidiaries	Equity valuation adjustment	At 12/31/2020
Investments						
Positivo Smart Tecnologia Ltda.		37,191	-	16,450	1,364	55,005
Crounal S.A.	(a)	63,407	-	(1,797)	18,329	79,939
Portal Mundo Positivo Ltda.		685	-	-	-	685
Positivo Argentina S.R.L.	(b)	155	-	150	(36)	269
Positivo Distrib. de Equip. de Inform. Ltda.	(c)	18,456	-	1,292	-	19,748
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes	(d)	29,839	13,990	1,154	-	44,983
		149,733	**13,990**	**17,249**	**19,657**	**200,629**

		At 12/31/2019	Equity in net income of subsidiaries	At 12/31/2020
Provision for unsecured liability				
Boreo Industria de Componentes Ltda.	(e)	(1,818)	1,002	(816)
		(1,818)	**1,002**	**(816)**

Interest is subsidiaries (both direct and indirect) is shown in Note 3.2 (a).

The Company's investments in assets, liabilities, shareholders' equity and income (loss) in direct and indirect subsidiaries, all of them privately held, are as follows:

		Assets	Liabilities	Shareholders' equity (unsecured liability)	Net revenue	Net income (loss)
December 31, 2020						
Positivo Smart Tecnologia Ltda.		96,151	41,146	55,005	-	16,450
Portal Mundo Positivo Ltda.		687	2	685	-	-
Crounal S.A.		85,714	5,775	79,939	39,015	(1,797)
Boreo Comércio de Equipamentos Ltda. (indirect subsidiary)		10,005	13,832	(3,827)	-	-
Boreo Indústria de Componentes Ltda.		95,304	96,120	(816)	367,103	1,002
Positivo Argentina S.R.L.		1,643	1,374	269	4,419	150
Positivo Distribibuidora de Equip. de Informática Ltda.		52,104	32,356	19,748	76,591	1,292
ACC Brasil Ind. e Com. de Comp. Ltda. (indirect subsidiary)	(f)	89,782	51,529	38,253	191,965	20,744
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes		48,430	32	48,398	-	1,154
December 31, 2019						
Positivo Smart Tecnologia Ltda.		82,192	28,015	54,177	-	17,074
Portal Mundo Positivo Ltda.		687	2	685	-	-
Crounal S.A.		72,976	(1,904)	74,880	31,577	9,187
Boreo Comércio de Equipamentos Ltda. (indirect subsidiary)		114	3,826	(3,712)	-	-
Boreo Indústria de Componentes Ltda.		58,643	61,174	(2,531)	198,099	(713)
Positivo Argentina S.R.L.		6,241	7,461	(1,220)	4,957	(1,144)
Positivo Distribibuidora de Equip. de Informática Ltda.		29,471	15,218	14,253	24,830	(4,203)
ACC Brasil Ind. e Com. de Comp. Ltda. (indirect subsidiary)		79,345	55,776	23,569	152,795	20,201
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes		37,978	-	37,978	-	-

(a) Crounal S.A.

Headquartered in the city of Montevideo – Uruguay, the subsidiary's corporate purpose is to resell electronic components, computer equipment, telephony and communication. The Company's functional currency is the US Dollar.

(b) Positivo Argentina S.R.L.

Headquartered in the city of Buenos Aires, the subsidiary's main activity is the manufacture and sale of medical, laboratory, computer and communication equipment. The subsidiary's functional currency is the Argentine peso.

(c) Positivo Distribuidora de Equipamentos de Informática Ltda.

In July 2018, the direct subsidiary Positivo Distribuidora de Equipamentos Ltda. started operations, with headquarters in the city of Curitiba, state of Paraná. The subsidiary's main activity is the distribution of goods and computer equipment, electronics, telephony and communication equipment.

(d) Positivo Tecnologia Fundo de Investimento em Participações em Empresas Emergentes.

The investment fund is mainly engaged in acquiring equity interests in other companies. In 2020, Positivo Tecnologia S.A. made additional capital contributions in the total amount of R$ 13,990 in this investee.

(e) Boreo Indústria de Componentes Ltda.

The subsidiary is headquartered in the city of Manaus, state of Amazonas, and its main activity is the manufacture of electronic components.

(f) ACC Brasil Indústria e Comércio de Computadores Ltda.

As of December 31, 2018, subsidiary Positivo Smart Tecnologia Ltda. acquired 80% of the share capital of ACC Brasil Indústria e Comércio de Computadores Ltda. whose main activities are the manufacturing and commercialization of storages, servers, and computers.

12. ASSOCIATED COMPANIES AND OTHER INVESTMENTS

ASSOCIATED COMPANIES

	Parent company			
	At 12/31/2019	Interest ownership reduction gain	Equity in net income of subsidiaries	At 12/31/2020
Associated company				
Hi Technologies Holding Ltd (a)	5,798	6,912	5,291	18,001
	5,798	**6,912**	**5,291**	**18,001**

	Consolidated				
	At 12/31/2019	Increase of Capital	Interest ownership reduction gain	Equity in net income of subsidiaries	At 12/31/2020
Associated company					
Hi Technologies Holding Ltd (a)	5,798	9,000	6,912	6,444	28,154
	5,798	**9,000**	**6,912**	**6,444**	**28,154**

Interest in associated companies (both direct and indirect) is shown in Note 3.2 (c).

(a) Hi Technologies Holding Ltd.

On January 27, 2020, the direct subsidiary Positivo Tecnologia Fundo de Investimento em Participação em Empresas Emergentes (F.I.P.) contributed the amount of R$ 9,000 at Hi Technologies Holding Ltd. and now holds 5.01% of interest.

In 2020, investors made capital contributions to this investee in the amount of

R$ 29,743, with the Company now holding a 23.0% stake in the investment (30.07% on December 31, 2019), 28.01% in the consolidated. With the changes that occurred, the Company obtained a gain from holding interest in the investment, in the amount of R$ 6,912.

Interest is associated companies (both direct and indirect) is shown in note 2.2 (a).

OTHER INVESTMENTS

Investments of Positivo Tecnologia Fundo de Participação em Empresas Emergentes (F.I.P):

		Consolidated			
		At 12/31/2019	Increase of Capital	Fair value	At 12/31/2020
Other investments					
Tech Inovações Tecnológ. para a Agrop. S.A.	(a)	10,416	-	(139)	10,277
Agrosmart S.A.	(b)	11,103	-	620	11,723
Ambar Living S.A.	(c)	-	1,000	-	1,000
Business Global Consult. Em Agroneg. Ltda	(d)	-	1,000	-	1,000
Pharmalog S.A.	(e)	-	1,000		1,000
		21,519	**3,000**	**481**	**25,000**

The interest in these investments is shown in Note 3.2 (d).

(a) Tech Inovações Tecnológicas para a Agropecuária. S.A. (@Tech)

A Company that is engaged in the rendering of technological services through a platform that supports beef and cattle farming.

(b) Agrosmart S.A.

The Company is engaged in the provision of technological services through a digital agriculture platform.

(c) Ambar Living S.A.

In 2020, the F.I.P. made investments amounting to R$ 1,000 in this company that develops and provides intelligent technology solutions to optimize all stages of construction work.

(d) Business Global Consultoria em Agronegócio Ltda.

In 2020, the F.I.P. made investments amounting to R$ 1,000 in this company that develops and provides solutions to control soil fertilization, allowing the user to configure the fertilization system, monitor and control the dosage of inputs.

(e) Pharmalog S.A.

On December 30, 2020, the F.I.P. made an investment amounting to R $ 1,000 in this company that develops and provides transportation monitoring solutions for thermolabile medicines (sensitive to temperature).

13. INVESTMENT IN JOINT VENTURES

a) Parent company

Provision for unsecured liability	At 12/31/2019	Equity in net income of subsidiaries	At 12/31/2020
BR Code Desenvolvimento de Software S.A.	(459)	2	(457)
	(459)	**2**	**(457)**

b) Consolidated

Joint Venture		At 12/31/2019	Equity in net income of subsidiaries	Equity valuation adjustment	Dividends	At 12/31/2020
PBG Rwanda Limited		4,674	(2,918)	1,364		3,120
PBG Uruguay S.A.	(a)	41,442	(2,404)	12,808	(16,428)	35,418
		46,116	**(5,322)**	**14,172**	**(16,428)**	**38,538**

Provision for unsecured liability	At 12/31/2019	Equity in net income of subsidiaries	At 12/31/2020
BR Code Desenvolvimento de Software S.A.	(459)	2	(457)
	(459)	**2**	**(457)**

The interest in joint ventures in presented in Note 3.2 (b).

(a) PBG Rwanda Limited

Headquartered in Rwanda, it was established in partnership with BGH Group. Its main activity is the production and sale of educational devices, computer equipment under the Positivo BGH brand. The functional currency of the jointly controlled company is the Rwanda franc.

(b) PBG Uruguay S.A.

Headquartered in Uruguay, it was established in partnership with the BGH Group and its functional currency is the United States dollar. The company promotes the import and export of electronic components, computer equipment, cell phones and smartphones.

The Company’s interest in assets, liabilities, shareholders' equity and profit or loss of joint ventures are as follows:

	Assets	Liabilities	Shareholders' equity (unsecured liability)	Net revenue	Net income (loss)
December 31, 2020					
Informática Fueguina S.A.	19,953	33,583	(13,630)	18,512	(6,767)
BR Code Desenvolvimento de Software S.A.	154	611	(457)	-	2
PBG Rwanda Limited	15,239	12,119	3,120	13,312	(2,918)
PBG Uruguay S.A.	51,002	15,584	35,418	32,322	(2,404)
December 31, 2019					
Informática Fueguina S.A.	13,317	18,310	(4,993)	17,897	(10,618)
BR Code Desenvolvimento de Software S.A.	152	610	(458)	-	1
PBG Rwanda Limited	5,885	1,780	4,105	20,311	(481)
PBG Uruguay S.A.	71,796	16,526	55,270	75,971	8,144

14. PROPERTY, PLANT AND EQUIPMENT

		Parent company						
		12/31/2018	Additions	Write-off	12/31/2019	Additions	Transfer	12/31/2020
Cost								
Machinery and equipment		60,374	1,004	(26,044)	35,334	1,068	-	36,402
Leasehold improvements		23,404	287	(5,676)	18,015	164	-	18,179
Hardware		39,424	1,391	(36,169)	4,646	2,518	802	7,966
Furniture and fittings		8,358	61	(5,071)	3,348	207	-	3,555
Industrial facilities		32,208	784	(4,252)	28,740	3,179	-	31,919
Buildings		2,000	-	-	2,000	-	-	2,000
Right of use	(a)	-	45,312	-	45,312	5,984	-	51,296
Other property, plant and equipment		1,433	134	(81)	1,486	1	(1,165)	322
		167,201	48,973	(77,293)	138,881	13,121	(363)	151,639
Depreciation								
Machinery and equipment		(51,411)	(2,543)	26,044	(27,910)	(1,792)	-	(29,702)
Leasehold improvements		(15,865)	(1,739)	5,676	(11,928)	(1,620)	-	(13,548)
Hardware		(38,090)	(992)	36,169	(2,913)	(1,291)	363	(3,841)
Furniture and fittings		(6,825)	(348)	5,071	(2,102)	(298)	-	(2,400)
Industrial facilities		(11,449)	(2,239)	4,252	(9,436)	(2,387)	-	(11,823)
Buildings		(467)	-	-	(467)	-	-	(467)
Right of use	(a)	-	(7,552)	-	(7,552)	(8,675)	-	(16,227)
Other property, plant and equipment		(111)	(5)	81	(35)	(6)	-	(41)
		(124,218)	(15,418)	77,293	(62,343)	(16,069)	363	(78,049)
Net amount		**42,983**	**33,555**	**-**	**76,538**	**(2,948)**	**-**	**73,590**

		Consolidated						
		12/31/2018	Additions	Write-off	12/31/2019	Additions	Transfer	12/31/2020
Cost								
Machinery and equipment		60,799	1,969	(26,044)	36,724	2,918	-	39,642
Leasehold improvements		24,366	489	(5,676)	19,179	249	-	19,428
Hardware		39,535	1,505	(36,169)	4,871	2,519	802	8,192
Furniture and fittings		8,707	60	(5,071)	3,696	253	-	3,949
Industrial facilities		39,685	921	(4,252)	36,354	3,246	-	39,600
Buildings		2,000	-	-	2,000	-	-	2,000
Right of use	(a)	-	50,033	-	50,033	6,413	-	56,446
Other property, plant and equipment		1,433	134	(81)	1,486	1	(1,165)	322
		176,525	55,111	(77,293)	154,343	15,599	(363)	169,579
Depreciation								
Machinery and equipment		(51,557)	(2,572)	26,044	(28,085)	(1,944)	-	(30,029)
Leasehold improvements		(16,074)	(1,826)	5,676	(12,224)	(1,733)	-	(13,957)
Hardware		(38,100)	(1,022)	36,169	(2,953)	(1,347)	363	(3,937)
Furniture and fittings		(6,943)	(375)	5,071	(2,247)	(329)	-	(2,576)
Industrial facilities		(12,527)	(2,999)	4,252	(11,274)	(3,152)	-	(14,426)
Buildings		(467)	-	-	(467)	-	-	(467)
Right of use	(a)	-	(8,339)	-	(8,339)	(9,509)	-	(17,848)
Other property, plant and equipment		(111)	(6)	81	(36)	(5)	-	(41)
		(125,779)	(17,139)	77,293	(65,625)	(18,019)	363	(83,281)
				-				
Net amount		**50,746**	**37,972**	**-**	**88,718**	**(2,420)**	**-**	**86,298**

During 2019 the Company derecognized fully depreciated assets.

In the year ended December 31, 2020 and 2019, the Company does not pledge property, plant and equipment items as collateral.

a) Right to use

Changes in balances of the right-of-use asset are presented in the table below:

	Opening balance	Additions	Depreciation	Closing balance
Parent company	37,760	5,984	(8,675)	35,069
Consolidated	41,694	6,413	(9,509)	38,598

The changes in the balances of lease liability are in the table below:

	Opening balance	Additions	Payment of principal	Payment of interest	Interest incurred	Closing balance
Parent company	39,063	5,984	(7,674)	(3,033)	3,033	37,373
Consolidated	43,133	6,413	(8,415)	(3,322)	3,322	41,131

According to CVM guidelines, in its CIRCULAR LETTER/CVM/SNC/SEP/ 1/2020, a company that chooses to report the impacts of IFRS 16/CPC06 (R2) in its financial statements in a manner different from that recommended by technical areas of the CVM (nominal flow vs. nominal discount rate) must present the minimum inputs so that users of the financial statements can arrive at this information. Therefore, the Company chose to disclose these minimum inputs so that users can arrive at this information. Inputs are:

- Nominal discount rate applied – 7.54% p.a.
- Inflation component to be used in the projection of flows (IPCA price index) – 4.52% pa

The amortization schedule of lease liability balances is presented in the table below:

	December 31, 2020	
Year	Parent company	Consolidated
2021	8,452	9,292
2022	9,063	9,966
2023	9,549	10,520
2024	10,309	11,353
	37,373	41,131

The table below shows the potential right of recoverable PIS and Cofins embedded in the lease consideration, according to the periods foreseen for payment:

	Payments	Nominal	Present value
Parent company	43,259	4,001	3,457
Consolidated	47,602	4,403	3,805

15. INTANGIBLE ASSETS

	Parent company					
	12/31/2018	Additions	Transfer Write-off	12/31/2019	Additions	12/31/2020
Cost						
Developed projects (a)	251,999	16,859	(145,013)	123,845	9,143	132,988
Projects under development (a)	6,229	4,699	(4,140)	6,788	6,405	13,193
System projects – ERP	46,129	-	(46,129)	-	-	-
Software	23,766	2,582	(18,890)	7,458	4,265	11,723
Use licenses	3,263	-	(3,256)	7	-	7
	331,386	24,140	(217,428)	138,098	19,813	157,911
Amortization						
Developed projects	(218,961)	(16,999)	149,153	(86,807)	(24,099)	(110,906)
System projects – ERP	(46,129)	-	46,129	-	-	-
Software	(20,596)	(2,096)	18,890	(3,802)	(2,861)	(6,663)
Use licenses	(3,259)	(1)	3,256	(4)	(2)	(6)
	(288,945)	(19,096)	217,428	(90,613)	(26,962)	(117,575)
Net amount	**42,441**	**5,044**	**-**	**47,485**	**(7,149)**	**40,336**

	Consolidated					
	12/31/2018	Additions	Transfer Write-off	12/31/2019	Additions	12/31/2020
Cost						
Developed projects (a)	253,698	16,859	(145,013)	125,544	9,138	134,682
Projects under development (a)	6,229	4,699	(4,140)	6,788	8,577	15,365
System projects – ERP	46,129	-	(46,129)	-	-	-
Software	24,129	2,594	(18,890)	7,833	4,406	12,239
Use licenses	3,268	-	(3,256)	12	-	12
Gains from Investments (b)	-	19,403	-	19,403	-	19,403
Goodwill in subsidiary (b)	36,750	6,359	-	43,109	-	43,109
	370,203	49,914	(217,428)	202,689	22,121	224,810
Amortização						
Developed projects	(220,660)	(16,999)	149,153	(88,506)	(24,099)	(112,605)
System projects – ERP	(46,129)	-	46,129	-	-	-
Software	(20,739)	(2,182)	18,890	(4,031)	(2,949)	(6,980)
Use licenses	(3,259)	(1)	3,256	(4)	(2)	(6)
Gains from Investments	-	(5,010)	-	(5,010)	(2,386)	(7,396)
	(290,787)	(24,192)	217,428	(97,551)	(29,436)	(126,987)
Net amount	**79,416**	**25,722**	**-**	**105,138**	**(7,315)**	**97,823**

During 2019, the Company wrote off fully amortized intangible assets.

(a) Project development expenses

Expenditures are used to improve existing products and develop new products, essentially comprising: direct and indirect labor, charges, software, consultancy services, materials, infrastructure, travel, and other related items; such expenditures are segregated between additions to intangible assets and expense in the income (loss) for the period. Such expenses result from the compliance with Law 8248/1991 and Law 13969/2019 mentioned in Note 8.

The amortization of the investment was substantially set at no more than four years based on the recoverability history of the projects, and is recorded in the cost of products sold and operating expenses account.

(b) Goodwill and appreciation

Goodwill – Boreo Comércio de Equipamentos Ltda.

In December 2009, the subsidiary Smart Tecnologia Ltda. (former corporate name Positivo Informática da Bahia Ltda.) completed the acquisition of Boreo Comércio de Equipamentos Ltda., generating goodwill of R$ 14,173, recorded in the books of the acquirer and based on expected future earnings.

The recoverable value of goodwill is determined based on its value in use derived from cash flow projections, based on a financial budget of five years approved by management and discount rate of 12.13% p.a.

Goodwill and appreciation - ACC Brasil Indústria e Comércio de Computadores Ltda.

In December 2018, the subsidiary Positivo Smart Ltda. acquired 80% of the company ACC Brasil Indústria e Comércio de Computadores Ltda. The best estimate of the purchase price, based on the expected future earnings of the acquired company, is R$ 44,193. The transaction generated a goodwill based on expected future earnings arising from the synergies from the acquisition and surplus related to the intangible assets in the amount of R$ 28,936 and R$ 19,403, respectively. The discount rate used to measure the cash flows arising from the acquisition was 12.10% p.a.

The Company reviewed the discount rates used to measure the cash flows resulting from the acquisitions, as well as assessed the recoverability of the goodwill recorded in the acquisitions of the investments and did not find the need to record losses due to impairment of these assets in the financial statements of December 31, 2020.

16. SUPPLIERS

		Parent company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Suppliers – foreign market		264,619	112,675	327,698	154,467
Suppliers – domestic market		153,447	123,937	167,799	143,046
Suppliers – Agreement (national)	(a)	40,164	52,979	40,164	52,979
Copyrights and licenses payable	(b)	30,672	34,554	30,747	34,555
Interest to be appropriated APV Suppliers		(3,939)	(963)	(4,198)	(1,083)
		484,963	**323,182**	**562,210**	**383,964**

The average payment term for trade payables is 108 days. The adjustment to present value of trade payables is calculated based on the future payment of cash flows discounted to present value. The Company considers the payment term of each credit sale and calculates the discount of this transaction by using the CDI (Interbank Certificate of Deposit) rate as reference.

a) As of December 31, 2020, the Company has a balance of R$ 40,164 (R$ 52,979 at December 31, 2019) relating to structured transactions with its suppliers called forfaiting. The Company has agreements with certain financial institutions that allow the financing of its supply chain. Under the terms established with the institutions, their suppliers may choose to receive payment of their invoices in advance through the financial agent. Under the terms of the agreement, a financial institution agrees to pay the amounts due in advance to a participating supplier and receives the settlement of the trade note from the Company at a later date. The main goal of this program is to facilitate the payment processing and allow willing suppliers to sell their receivables owed by the Company to a bank before the maturity date. In the opinion of the Company's Management, the agreements do not significantly extend the payment terms beyond the normal terms agreed with other suppliers that do not anticipate their securities. There is no additional interest for the Company over the amounts owed to suppliers.

   The Company did not derecognize the liabilities to which the agreement applies, as there was no legal write-off and the original liability was not substantially modified when the supplier will enter into the agreement. The amounts prepaid by suppliers continue to be recorded by the Company as accounts payable, because the nature and function of the financial liability remain the same as other accounts payable.

   Payments made to the bank on the original maturity date of securities are included in operating cash flows since they continue to be part of the Company’s operating cycle and their main nature remains as payments for input purchase.

b) Copyrights and use licenses payable represent an obligation for the purchase of software rights from Microsoft Corporation. These licenses are supported by license agreements entered into between the parties and are renewed periodically.

17. LOANS AND FINANCING

At amortized cost Current Liabilities		Average contractual rate (p.y.)	Average swap rate in % CDI	Maturity	Guarantees	Parent company December 31, 2020	Parent company December 31, 2019	Consolidated December 31, 2020	Consolidated December 31, 2019
Working capital		0.16+FX	145.00%	1/13/2020	Promissory Note	-	40,635	-	40,635
Working capital		1.41+FX	136.15%	7/17/2020	Promissory Note	-	49,232	-	49,232
Working capital		1.46+FX	130.00%	8/21/2020	Promissory Note	-	40,526	-	40,526
Working capital		1.85+FX	147.00%	8/31/2020	Promissory Note	-	19,741	-	19,741
Working capital		1.53+FX	140.00%	8/20/2020	Promissory Note	-	12,476	-	12,476
Working capital		4.48+FX	152.45%	11/12/2020	Promissory Note	-	164,535	-	164,535
Working capital		4.48+FX	152.45%	2/18/2020	Promissory Note	-	9,731	-	9,731
Working capital		4.48+FX	152.45%	5/20/2020	Promissory Note	-	9,731	-	9,731
Working capital		4.48+FX	152.45%	8/20/2020	Promissory Note	-	9,732	-	9,732
Working capital		4.26+FX	156.94%	11/27/2020	Promissory Note	-	16,172	-	16,172
Working capital		4.69+FX	155.10%	11/30/2020	Promissory Note	-	14,501	-	14,501
Working capital		4.05+FX	181.82%	12/17/2020	Promissory Note	-	40,312	-	40,312
Working capital		0.40+FX	158.64%	7/13/2020	Promissory Note	-	-	-	-
Working capital		1.80+FX	162.50%	1/27/2021	Promissory Note	28,197	-	28,197	-
Working capital		2.66 + CDI	-	Up to 3/29/2022	Promissory Note	4,943	5,132	4,943	5,132
Working capital		135%CDI	-	Up to 8/20/2021	Promissory Note	6,671	10,023	6,671	10,023
Working capital		3.90%+CDI	-	1/11/2021	Promissory Note	181,093	-	181,093	-
Working capital		270% CDI	-	Up to 1/15/2022	Promissory Note	81,091	-	81,091	-
Working capital		230.8% CDI	-	Up to 7/2/2022	Promissory Note	46,079	-	46,079	-
Working capital		3.25%+CDI	-	8/23/2021	Promissory Note	20,352	-	20,352	-
Working capital		4.91+CDI	-	Up to 10/20/2025	Promissory Note	433	-	433	-
Working capital		4.78%+CDI	-	Up to 10/23/2023	Promissory Note	2,683	-	2,683	-
Working capital		4.65%+CDI	-	Up to 11/16/2023	Promissory Note	4,715	-	4,715	-
Working capital		4.50%+CDI	-	Up to 5/26/2022	Promissory Note	7,279	-	7,279	-
Working capital		2.60%+CDI	-	Up to 2/14/2022	Promissory Note	9	-	9	-
Working capital		4.50%+CDI	-	Up to 11/16/2023	Promissory Note	-	-	2,672	-
Working capital		145.00%CDI	-	1/28/2020	Promissory Note	-	25,782	-	25,782
Working capital		143.80%CDI	-	2/14/2020	Promissory Note	-	35,992	-	35,992
Working capital		0.75+FX	134.50%	5/4/2020	Promissory Note	-	-	-	4,052
Working capital		0.75+FX	155.00%	1/20/2020	Promissory Note	-	-	-	2,085
Working capital		6.67		1/17/2020	Trade receivables	-	-	-	42,091
Working capital		5.96%		Up to 11/26/2023	Promissory Note	-	-	21,403	-
FINEP	(a)	5%+RR	-	Up to 6/15/2025	Letter of guarantee	9,748	9,969	9,748	9,969
FINEP	(a)	3.00+RR	-	Up to 12/15/2028	Letter of guarantee	289	-	289	
FINEP	(a)	10.50+RR	-	Up to 12/15/2028	Letter of guarantee	898	-	898	
BNDES		TJLP + 3%	-	Up to 12/15/2021	Letter of guarantee	7,980	12,189	7,980	12,189
FINIMP		3.00%+FX	143.00%	8/28/2020	Promissory Note	-	18,723	-	18,723
FINIMP		4.30%+FX	145.90%	11/25/2020	Promissory Note	-	8,366	-	8,366
FINIMP		2.72%+FX	145.90%	5/24/2021	Promissory Note	10,780	-	10,780	-
FINIMP		1.89 + FX	331.72%	2/24/2021	Promissory Note	24,058	-	24,058	-
						437,298	553,500	461,373	601,728
Non-current liabilities									
BNDES		TJLP + 3%	-	Up to 12/15/2021	Letter of guarantee	7,563	11,853	7,563	11,853
Working capital		2.66 + CDI	-	Up to 3/29/2022	Promissory Note	1,060	5,231	1,060	5,231
Working capital		135%CDI	135%	8/20/2021	Promissory Note	-	6,667	-	6,667
Working capital		270% CDI	-	Up to 1/15/2022	Promissory Note	39,867	-	39,867	-
Working capital		230.8% CDI	-	Up to 7/2/2022	Promissory Note	29,167	-	29,167	-
Working capital		4.91+CDI	-	Up to 10/20/2025	Promissory Note	9,583	-	9,583	-
Working capital		4.78%+CDI	-	Up to 10/23/2023	Promissory Note	7,333	-	7,333	-
Working capital		4.65%+CDI	-	Up to 11/16/2023	Promissory Note	15,334	-	15,334	-
Working capital		4.50%+CDI	-	Up to 5/26/2022	Promissory Note	2,727	-	2,727	-
Working capital		2.60%+CDI	-	Up to 2/14/2022	Promissory Note	50,000	-	50,000	-
Working capital		4.50%+CDI	-	Up to 11/16/2023	Promissory Note	-	-	7,333	
FINEP	(a)	3.00+RR	-	Up to 12/15/2028	Letter of guarantee	21,851	11,751	21,851	11,751
FINEP	(a)	10.50+RR	-	12/15/2028	Letter of guarantee	62,238	33,317	62,238	33,317
FINEP	(a)	5.00+RR	-	6/15/2025	Letter of guarantee	32,338	41,577	32,338	41,577
Working capital		5.96%	-	Up to 11/26/2023	Promissory Note	-	-	15,167	
						279,061	110,396	301,561	110,396
Total loans and financing						**716,359**	**663,896**	**762,934**	**712,124**

R.R - Referential rate

There are no covenants that linked to compliance with financial and non-financial indicators in the loans and financing of the Company and its subsidiaries.

The financial instruments contracted to cover the exchange-rate changes on loans in foreign currency are presented in Note 32.

(a) FINEP

In 2018, the Company approved a loan agreement with FINEP in the amount of R$ 125,100, whose funds will be invested in innovation plans, with research and development activities in the areas of industrial automation, educational technology and innovation center associated with new products. Amounts will be obtained in installments up to the end of 2021. Up to the year ended December 31, 2020, the amount of R$ 85,090 was raised and it is related to such credit facility.

Changes in financing and loans are as follows:

	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	663,896	610,235	712,124	610,235
New borrowings	651,535	681,665	698,105	727,649
Interest on borrowings	55,822	65,537	58,474	67,950
Exchange rates/exchange hedge	(10,227)	(16,812)	(10,227)	(16,812)
Amortization	(609,365)	(616,552)	(658,452)	(616,552)
Payment of interest	(35,302)	(60,177)	(37,090)	(60,346)
Closing balance	**716,359**	**663,896**	**762,934**	**712,124**

Maturity dates of long-term loans are as follows:

December 31, 2020		
Year	**Parent company**	**Consolidated**
2022	158,310	174,086
2023	40,538	47,262
2024	25,247	25,247
2025	19,350	19,350
2026	12,442	12,442
> 2026	23,174	23,174
Total	**279,061**	**301,561**

18. PROVISIONS

		Parent company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Current					
Provision for guarantee and technical support	(a)	44,942	43,254	49,974	46,568
Provision for cooperative advertising	(b)	14,532	11,702	15,025	11,774
Provision for commissions	(c)	16,756	8,688	20,568	10,152
Provision for rebates	(d)	20,082	2,205	20,082	2,154
Provision for royalties	(e)	2,282	3,047	2,516	3,197
Provision for investiment in research and development	(f)	19,122	5,053	21,277	9,057
Other provision		6,427	2,158	11,920	3,461
		124,143	76,107	141,362	86,363
Non-Current					
Provision for guarantee and technical support	(a)	19,306	19,322	19,306	19,322
		143,449	**95,429**	**160,668**	**105,685**

(a) Provision for guarantee and technical support

With basis on the number of computers in warranty and the term of each granted warranty, and also taking into account the recent history of service frequency per machine, and the average cost of technical assistance service, the amount of the provision that will be required to cover the total assumed obligation in relation to the equipment items in warranty on the respective base dates.

(b) Provision for cooperative advertising

The amounts accrued as cooperative advertising money are calculated with basis on agreed-upon percentages and refer to allowances for promotional insertions and exhibition of Company’s products. The percentages of this fund are individually negotiated with each customer.

(c) Provision for commissions

The provision for commissions is calculated based on the individual percentage of commission recorded in the sales orders.

(d) Provision for rebates

The amounts provided for rebates are calculated based on historical percentages and other factors, negotiated individually with each customer. These are funds intended for price repositioning, fostering retail sales.

e) Provision for royalties

The amounts provisioned as royalties are calculated based on contractual percentages established with the supplier and which generally affect the billing of products that use the technologies or brands.

f) Provision for investments in R&D

In order to be entitled to certain tax benefits, the Company is required to invest part of its revenue from the sale of IT goods and services in research and development projects. The Company recognizes the tax benefits upon sale, as a contraentry to the obligation generated.

19. DEFERRED REVENUE

Refers to the investment grant portion to be allocated to profit or loss over the next years, as mentioned in Note 8. As a result of the enjoyment of ICMS tax benefits in the years ended December 31, 2020 and 2019, the Company recorded the amount in liabilities, under the heading Deferred Revenue. This amount will be appropriated to Income by virtue of the amortization of the related assets and compliance with the obligations required as a counterpart to the referred tax benefit, as provided for in the rules established in Technical Pronouncement CPC 7 and disclosed in Note 15.a.

20. OTHER ACCOUNTS PAYABLE

		Parent company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Advances from clients	(a)	14,140	-	18,441	2,038
Prepaid revenues	(b)	1,275	1,863	1,349	1,971
Accounts payable for aquisition of subsidiary	(c)	-	-	36,808	42,139
Curitiba tax recovery program (REFIC)	(d)	18,227	-	18,227	-
Accounts payable		12,614	4,169	13,629	5,296
		46,256	**6,032**	**88,454**	**51,444**
Current		45,569	4,757	59,942	22,309
Non Current		687	1,275	28,512	29,135

a) Represents the amounts received from clients as advances. The goods subject to these advances will be delivered in the subsequent months, when the respective revenue will be recognized.

b) The Company has entered into an agreement with a financial institution ensuring exclusivity with respect to the payroll processing, banking products and services advertising campaigns, service structure installation and maintenance. The Company has received the amount agreed in cash, and the revenue will be recognized in profit or loss according to the contractual term.

c) Represent the amounts to pay by subsidiary Positivo Smart Tecnologia Ltda. to the non-controlling shareholders of ACC Brasil Indústria e Comércio de Computadores Ltda. for the acquisition of 80% of this investee's shares. The first installment amounting to R$ 5,331 was paid in the year ended December 31, 2020. The accounts payable have the following settlement schedule:

Consolidated	
Year	**Amount R$**
2021	9,022
2022	8,021
2023	6,689
2024	6,535
2025	6,541
	36,808

d) On December 7, 2020, Supplementary Law No. 125/2020 was enacted, which introduced the Tax Recovery Program for the Municipality of Curitiba (REFIC). Given the understanding adopted by STF in ADIs No. 5659 and 1,945 regarding the taxation of ISS, based on the risk assessment of its internal and external legal advisors, the Company included the debts subject to administrative and judicial proceedings related to the period between 1998 and 2015 in REFIC, in the form of cash payment, with a 100% reduction in interest and fine.

21. INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred

Deferred income tax and social contribution were formed at the rates in effect as of December 31, 2020 and are broken down as follows:

	Parent company		**Consolidated**	
Assets	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Deferred income tax and social contribution				
Provision for guarantee	21,844	21,275	23,555	22,402
Provision for obsolete inventories	24,739	17,965	26,711	18,618
Provision for tax, labor and civil risks	13,569	11,965	13,569	11,965
Allowance for doubtful accounts	17,804	14,073	17,898	14,073
Provision for commissions	5,697	2,954	6,993	3,452
Provision for cooperative advertising and rebates	11,769	4,729	11,937	4,735
Provision for investiment in research and development	6,501	1,880	7,234	1,880
Others provisions and adjustment to present value	549	(248)	617	(248)
Product development projects	(11,994)	(14,901)	(12,730)	(14,901)
Surplus value on acquisition of investments	-	-	(4,082)	(4,894)
Tax loss carryforwards and negative basis of social contribution	342,809	391,133	342,809	390,780
Deferred taxes not recognized	(433,287)	(389,285)	(433,912)	(387,566)
	-	**61,540**	**599**	**60,296**

Based on technical analyses related to future taxable profits, the Company set up a provision for write-off of R$ 55,265 corresponding to the deferred tax asset potion of tax losses.

Such adjustment results from the change in the Company's procedure regarding the taxation of subsidies provided for by Law 12973/2014.

With the advent of Consultation Solution 145/2020, which made clear the interpretation of the Brazilian Federal Revenue Service (RFB) regarding the taxation of the subsidy provided for in article 30 of Law 12973/2014, with amendment promoted by Supplementary Law 160/2017, and based on in the legal opinion of its legal advisors, the Company adopted the procedure for exclusion of the investment subsidy resulting from the expected ICMS credits from the IRPJ and CSLL calculation base, which will imply a reduction in the calculation base of the revenues subject to said taxes.

Said procedure determines that the Company should set up a Profit Reserve on the investment subsidy, which can be used for capital increase or absorption of losses.

The current legislation does not establish a statute of limitations for offsetting losses, being limited to 30% of the annual taxable income, which is why the Company will keep monitoring the taxable income, and, at any time through estimates of realization of taxable income, the amounts provisioned for write-off may be reversed in your favor.

(b) Revenue (expenses) in income (loss)

Reconciliation of income tax and social contribution on net income:

		Parent company		Consolidated	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Income before tax and social contribution		266,870	22,592	272,389	28,280
Combined current rate		34%	34%	34%	34%
Expected income tax and social contribution in relation to current rate		(90,736)	(7,681)	(92,612)	(9,615)
Exclusion - equity in net income of subsidiaries		8,005	6,334	382	(696)
Provisions and other (additions) exclusions from the calculation basis		44,671	2,241	44,671	2,241
Leases		(340)	(443)	(372)	(710)
Tax losses and temporary differences for which deferred taxes were not recorded		(49,116)	(8,970)	(40,233)	(1,038)
IRPJ/CSLL calculated		**(87,516)**	**(8,519)**	**(88,164)**	**(9,818)**
Tax incentive - R&D	(i)	11,617	2,386	11,617	2,386
Tax expense calculated		**(75,899)**	**(6,133)**	**(76,547)**	**(7,432)**
Current income tax and social contribution		(14,359)	(4,263)	(15,139)	(7,266)
Deferred income tax and social contribution		(61,540)	(1,870)	(61,408)	(166)
		(75,899)	**(6,133)**	**(76,547)**	**(7,432)**
Effective tax rate		**28.44%**	**27.15%**	**28.10%**	**26.28%**

(i) The Company benefits from the tax benefit imposed by Law 11196/05, which allows the deduction directly on taxable income and the calculation basis of social contribution for the amount corresponding to 60% of total expenses on research and technological innovation, observed rules set forth in said Law.

22. PROVISION FOR TAX, LABOR AND CIVIL RISKS

The Company has contingencies that are being discussed in court, including tax, labor and civil lawsuits. The Company's management believes that the outcome of these lawsuits will not have an effect significantly different from the amount provided for, which corresponds to the amounts of lawsuits considered "probable losses".
Refer basically to:

	Parent company and Consolidated			
Nature	**12/31/2019**	**Provisions**	**Reductions**	**12/31/2020**
Civil	7,164	3,678	(2,928)	7,914
Tax	10,546	8,154	(5,471)	13,229
Labor	17,482	6,060	(4,776)	18,766
Total	**35,192**	17,892	(13,175)	**39,909**
Current	4,592			5,412
Non Current	30,600			34,497

Civil

The Company is a party to lawsuits of a commercial and civil nature relating to consumers' complaints about products and services provided by the Company. There are no individually relevant lawsuits.

Tax

Administrative proceedings and lawsuits challenging the legality or constitutionality of taxes and contributions of a municipal, state and federal nature. There are no individually relevant lawsuits.

Labor

Lawsuits in which the employment relationship is discussed. There are no individually relevant lawsuits.

Possible loss

The amounts of contingencies considered as possible losses by the Company's legal advisors and no provision was formed in accordance with accounting practices adopted in Brazil:

	Parent company Consolidated	
	December 31, 2020	**December 31, 2019**
Tax		
Tax and contributions (a)	300,032	323,078
Labor		
Employees (b)	1,371	1,892
Civil		
Public Organization and Private Companies (c)	81,765	78,927
Consumers (c)	1,852	3,824
	385,020	**407,721**

(a) Taxes and contributions (the main lawsuits amounts to R$ 254,160):

(i) Import tax (II) and IPI – Tax assessment notice claiming Import Duty and Federal VAT differences, arising from the discussion on the difference in the rate levied on the import of signal capture boards and video cards.

(ii) Import tax (II) and IPI - Tax assessment notice claiming differences of Import and Excise taxes, arising from the reclassification of the Mercosur Common Nomenclature (MCN) on imports of microprocessors carried out by the Company. Such reclassification originated from a change in the tax classification criteria by the Brazilian Federal Revenue Service.

(iii) Import tax (II) and IPI - Tax assessment notice relating to differences of Import and Excise taxes, arising from the reclassification of the MCN on imports of LCD screens carried out by the Company's branch located in Ilhéus, State of Bahia, in the last three years. This reclassification arose from the change in tax classification criteria by the Federal Revenue Service.

(iv) PIS and Cofins – Tax lawsuit claiming the disallowance of untimely PIS and Cofins credits recognized by the Company on commission, advertising and technical support expenses.

(v) IRPJ – Annulment Action, with request for advance relief, for acknowledgment of the lack of IRPJ debt and existence of the credit right relating to the negative accumulated IRPJ balance.

(b) Labor

Employees: Lawsuits challenging labor indemnities. There are no individually relevant lawsuits.

(c) Civil

(i) Government agencies (the main lawsuits amounts to R$ 73,680):

State of Pernambuco – Ordinary action to annul the bid process 046/2011 from the Education Department of Pernambuco.

Brazilian Mail and Telegraph Company – Ordinary action filed to avoid the inclusion in SICAF, CADIN and similar lists, suspend the payment of fines and annul penalties (delays of technical support calls).

City Government of São Paulo – Lawsuit filed to suspend the collection of administrative fine due to alleged delay in the delivery of IT equipment to contracting party.

(ii) Consumer: These are administrative procedures and lawsuits related to end consumers' complaints about products sold and services provided by the Company, claiming the replacement of the product or the refund of amounts paid. In the case of administrative procedures, these are filed by consumer protection agencies, with analysis of the existence of infringements of consumer relations and the possibility of receiving fines as determined in Decree 2181/97. There are no individually relevant lawsuits.

23. SHAREHOLDERS' EQUITY

(a) Capital

The Company's capital as of December 31, 2020, net of share issue expenditure amounted to R$ 721,670 (R$ 389,000 as of December 31, 2019).

The capital increase was due to the issue of 54,000,000 new common shares, at the unit price of R$ 6.55, in the amount of R$ 353,700, from which the expenses necessary for the issue of the new shares were deducted. The capital increase and the issue of new shares were approved by the board of directors on January 30, 2020.

The breakdown of capital, as well as the distribution of shares after the transaction is as follows:

	Capital	
	December 31, 2020	December 31, 2019
Capital	742,700	389,000
Expenses with issuance of shares	(21,030)	-
	721,670	**389,000**

	Number of shares (in units)	
Stockholders	December 31, 2020	December 31, 2019
Controlling shareholders	62,093,094	62,093,094
Non-controlling shareholders, related parties and officers	2,500	141,756
Treasury shares	1,402,408	1,193,208
Outstanding shares	78,301,998	24,371,942
	141,800,000	**87,800,000**

Based on the Minutes of the Shareholders' Meeting held on October 04, 2019, the Company is authorized to increase its capital, regardless of amendment to the bylaws and Shareholders' resolution, upon determination of the Board of Directors, up to the limit of the Company's authorized capital of 71,000,000 new common shares, with no par value.

The Company's direct controlling shareholders are as follows:

	Number of common shares (in units)	
Direct controlling stockholders	December 31, 2020	December 31, 2019
Hélio Bruck Rotenberg	13,418,619	13,418,619
Cixares Líbero Vargas	12,418,618	12,418,618
Isabela Cesar Formighieri Mocelin	3,806,207	3,806,207
Daniela Cesar Formighieri Rigolino	3,806,206	3,806,206
Sofia Guimarães Von Ridder	4,139,540	4,139,540
Samuel Ferrari Lago	4,139,540	4,139,540
Paulo Fernando Ferrari Lago	4,139,540	4,139,540
Rodrigo Cesar Formighieri	3,806,206	3,806,206
Lucas Raduy Guimarães	4,139,539	4,139,539
Giem Raduy Guimarães	4,139,540	4,139,540
Thais Susana Ferrari Lago	4,139,539	4,139,539
	62,093,094	**62,093,094**

(b) Capital reserve - Tax incentives and Stock option

	Parent company Consolidated	
	December 31, 2020	December 31, 2019
Investment subvention reserve (i)	118,132	118,305
Stock option benefit reserve (ii)	1,279	985
	119,411	**119,290**

(i) Investment grant reserves

Refers to tax incentives enjoyed by the Company, which were accounted for in this item until December 31, 2007. After the Law 11638/07, these benefits started to be recorded under "Profit reserves" caption.

This capital reserve may be used to take-over capital and/or absorb losses as long as the balance does not exceed the amount of profit reserves.

(ii) Call option granted under the employee stock option plan

Call options granted under the employee stock option plan do not grant voting rights or dividends. Further details on the employee stock option plan is described in Note 33.

(c) Profit reserve

	Parent company Consolidated	
	December 31, 2020	December 31, 2019
Tax Incentive reserve (i)	201,035	68,606
Legal reserve (ii)	10,198	81
	211,233	**68,687**

(i) Tax incentive reserve

As mentioned in Note 8, the amounts recorded in this account relate to the ICMS tax incentive, in conformity with State Decree 5375/2002 (the effective period of Article 3 runs through to July 31, 2011), and State Decree 1922/2011 effective from August 1, 2011. Pursuant to income tax legislation, this tax incentive reserve can only be used to capital increase and loss absorption, and cannot be distributed as dividends since it relates to a benefit granted by the State to the Company for a specific activity.

(ii) Legal reserve

The purpose of the legal reserve is to guarantee that the capital is paid up and it is used solely to offset losses and increase capital.

The legal reserve is formed on an annual basis, provided that the balance of this reserve, plus the amount of capital reserves will not exceed 30% of capital, with allocation of 5% of net income for the year and will not exceed 20% of the capital.

In the year ended December 31, 2020, the amount of R$ 10,117 was incorporated into the legal reserve.

(d) Dividends

According to the minutes of the Annual and Extraordinary Meeting held on March 25, 2008, the Company may draw up half-yearly or interim balance sheets; decide on the distribution of dividends debited from the profit account determined on those balance sheets; declare interim dividends debited from the retained earnings account or profit reserves existing on those balance sheets or the last annual balance sheet; may pay or credit interest on own capital*, ad referendum* of the Annual General Meeting that reviewed the financial statements related to the fiscal year in which such interest was paid or credited; interim dividends and interest on own capital must always be imputed to the mandatory dividend.

During the year ended December 31, 2020, the company recognized the amount of R$ 48,055 of dividends which will be paid up to the end of the year of 2021. The amount corresponds to the statutory minimum mandatory dividend of 25%, calculated on net income for the year after deducting the amount allocated to the legal reserve described in Note 23 (c).

(e) Appropriation of profit

Any accumulated losses will be deducted from the net income for the year, before any interest. Management profit-sharing will be calculated on the remaining profit, up to the maximum legal limit, as set forth in Article 152, paragraph 1 of Law 6404/76, after an appropriation to the legal reserve of 5%, the balance of which cannot exceed 20% of capital.

(f) Treasury shares

To comply with the stock option plan for executives, the Company holds a total of 1,402,408 treasury shares (1,193,208 as of December 31, 2019), purchased under the repurchase program, at an average price of R$ 9.50 in amount of R$ 13,325 as of December 31, 2020 (as of December 31, 2019, the total acquisition amount was R$ 12,501 based on the remaining treasury shares).

(g) Equity valuation adjustment

The Company recognizes in this caption the effect from exchange-rate changes on investments in foreign subsidiaries and gain (loss) on cash flow hedge transactions. For exchange-rate changes, the accrued effect is reversed to profit or loss for the year either as gain or loss only in case of disposal or write-off of the investment. Cash flow hedge transactions will be transferred to income (loss) for the year if an ineffective portion is identified and/or upon the end of the hedge relationship, as Note 32(b).

24. REVENUE

The analysis of Company’s revenue in the years ended December 31, 2020 and 2019 is as follows:

		Parent company		Consolidated	
		December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Revenue from sale of products		2,251,952	1,896,458	2,481,962	2,160,829
Revenue from services		75,488	65,016	103,478	66,858
Gross revenue		**2,327,440**	**1,961,474**	**2,585,440**	**2,227,687**
Less:					
Impostos sobre vendas		(430,110)	(335,984)	(492,296)	(389,830)
Investment subsidy		225,522	190,101	226,757	212,036
Returns and rebates		(66,319)	(81,992)	(62,769)	(85,298)
Allowance for joint advertising and rebate	(a)	(64,910)	(49,346)	(64,959)	(49,287)
Net revenue		**1,991,623**	**1,684,253**	**2,192,173**	**1,915,308**

a) Allowance for joint advertising (VPC) and rebate.

The amounts accrued as cooperative advertising money are calculated with basis on agreed-upon percentages and refer to allowances for promotional insertions and exhibition of Company’s products. The percentages of this fund are individually negotiated with each customer.

The amounts provided for rebates are calculated based on historical percentages and other factors, negotiated individually with each customer. These are funds intended for price repositioning, fostering retail sales.

25. EXPENSES PER TYPE

The Company presented the statement of income using a classification of operating expenses based on their function. Information on the nature of these expenses recognized in the statement of income is as follows:

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Raw materials and consumables used	(1,559,017)	(1,209,604)	(1,669,707)	(1,363,449)
Personnel expenses	(141,344)	(133,798)	(160,301)	(151,291)
General expenses	(39,883)	(35,030)	(45,744)	(43,633)
Expenses with outsourced services	(63,553)	(50,213)	(72,752)	(57,005)
Commission expenses	(32,701)	(25,751)	(42,105)	(33,588)
Depreciation and amortization	(40,906)	(35,950)	(46,102)	(44,334)
Other operating expenses, net	(104,725)	(123,126)	(100,060)	(127,001)
	(1,982,129)	**(1,613,472)**	**(2,136,771)**	**(1,820,301)**
Cost of products sold	(1,609,151)	(1,259,221)	(1,743,427)	(1,435,200)
Sales expenses	(286,809)	(249,952)	(310,653)	(273,006)
General and administrative expenses	(86,169)	(104,299)	(82,691)	(112,095)
	(1,982,129)	**(1,613,472)**	**(2,136,771)**	**(1,820,301)**

26. INFORMATION BY BUSINESS SEGMENT

To manage its business and make decisions, the Company uses information that focuses on product and service sales channels, which are the basis on which it reports primary information by segment. The Company’s main operating segments are: retail sales, sales to government entities and sales of servers. The reportable segment information of these units are as follows:

Revenue and results of main segments:

	Consolidated							
	December 31, 2020				December 31, 2019			
	Retail	Government	Servers	Reportable segments	Retail	Government	Servers	Reportable segments
Net sales	1,176,139	472,770	239,957	1,888,866	904,846	478,780	190,993	1,574,619
Cost of products sold and services rendered	(909,688)	(422,972)	(196,726)	(1,529,386)	(687,098)	(370,837)	(141,502)	(1,199,437)
Gross income	266,451	49,798	43,231	359,480	217,748	107,943	49,491	375,182
Operating expenses	(197,854)	(80,443)	(21,854)	(300,151)	(180,415)	(94,613)	(18,407)	(293,435)
Income (loss) before financial income (loss)	68,597	(30,645)	21,377	59,330	37,333	13,330	31,084	81,747
Net financial income (loss)	(39,746)	20,152	5,188	(14,406)	(26,977)	(31,172)	(2,669)	(60,818)
Income (Loss) before tax effects	28,851	(10,493)	26,565	44,924	10,356	(17,842)	28,415	20,929
Income tax and social contribution (current and deferred)	-	-	(634)	(634)	(1,912)	(540)	(3,164)	(5,616)
Net income (loss) for the year	**28,851**	**(10,493)**	**25,931**	**44,290**	**8,444**	**(18,382)**	**25,251**	**15,313**

The reconciliation between the revenue of reportable segments and the Company and its subsidiaries' total revenue is as follows:

	Consolidated	
	December 31, 2020	December 31, 2019
Net revenue from sales		
Net sales revenue from reportable segments	1,888,866	1,574,619
Net sales revenue from others operating activities	303,307	340,689
	2,192,173	**1,915,308**

The reconciliation between the total net income of reportable segments and the net income of the Company and its subsidiaries is as follows:

	Consolidated	
	December 31, 2020	December 31, 2019
Net income for the year		
Net income for the year from reportable segments	44,290	15,313
Net income for theyear from others operating activities	151,552	5,535
	195,842	**20,848**

The revenue from the segments presented above does not include revenues from subsidiaries. The accounting policies for the reportable segments are the same as those applicable to the Company. The segment profit or loss corresponds to the result earned by each segment after the allocation of all revenues, costs and expenses. The reportable segments do not include the equity gain or loss, as well as other revenues and expenses.

(a) Revenue from main products and services

Breakdown of net revenue by product

	Consolidated	
	December 31, 2020	December 31, 2019
Products		
Notebooks	1,015,669	684,126
Desktops	378,960	476,702
Tablets	77,541	14,885
Mobile telephones	287,830	398,960
Servers and Storage	239,957	190,993
Others	192,216	149,642
	2,192,173	**1,915,308**

(b) Assets and liabilities by segment

Although the Company's assets and liabilities are allocated to certain segments, they are not managed independently as they relate mainly to the production of IT equipment and mobile for the designated sales segments.

(c) Geographical information

In the year ended December 31, 2020, the Company and its subsidiaries recognized R$ 45,977 of sales in the domestic market (R$ 39,611 in the year ended December 31, 2019). The remaining sales occurred in the Brazilian territory.

(d) Information on main clients

Five Company customers accounted for more than 35% of total net revenue in fiscal year 2020 (35% in 2019).

27. FINANCIAL INCOME (LOSS)

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Financial revenues				
Adjustment to present value – trade accounts receivable	17,195	15,320	19,558	16,666
Yield from investments	8,313	10,061	9,093	10,476
Other financial revenues	30,989	4,273	31,105	5,164
	56,497	29,654	59,756	32,306
Financial expenses				
Interest on loans	(55,822)	(65,537)	(58,474)	(68,393)
Adjustment to present value - suppliers	(13,081)	(14,313)	(16,409)	(16,323)
Tax on financial transactions	(1,160)	(1,076)	(1,165)	(1,086)
Contractual fines	(2,651)	(2,875)	(2,651)	(2,875)
Other finance expenses	(19,661)	(17,847)	(21,877)	(19,304)
	(92,375)	(101,648)	(100,576)	(107,981)
Total financial income and expenses	(35,878)	(71,994)	(40,820)	(75,675)
Exchange-rate change				
Gain from foreign exchange hedge	96,775	24,997	96,775	24,997
Loss from foreign exchange hedge	(27,508)	(14,747)	(27,508)	(14,747)
Gain from changes in exchange rates	63,570	17,318	100,803	21,545
Loss from changes in exchange rates	(83,942)	(19,668)	(134,537)	(26,695)
	48,895	7,900	35,533	5,100
Net financial income	**13,017**	**(64,094)**	**(5,287)**	**(70,575)**

Below is the consolidated cash effect of the exchange-rate changes throughout 2020:

	Consolidated	
NDF / Options	**December 31, 2020**	**December 31, 2019**
(+) Opening balance	(4,654)	2,740
(+) Gain recognized in profit or loss	69,267	10,250
(-) Closing balance	(8,727)	(4,654)
(=) Cash effect (Decrease)/Increase	73,340	17,644
Exchange-rate changes on suppliers		
(+) Opening balance	5,840	306
(+) Gain / (Loss) recognized in profit or loss	(33,734)	(5,150)
(-) Closing balance	12,948	5,840
(=) Cash effect (Decrease)/Increase	(40,842)	(10,684)
Net gain recognized	35,533	5,100
(=) Net cash effect	32,498	6,960

28. INSURANCE - CONSOLIDATED

As of December 31, 2020, the insurance contracts established by the Company's management to cover potential claims and civil liability can be summarized as follows:

Line	Coverage per event	Value at risk	Effectiveness
Specified and All Risks	Property damage, Inventories and Lost Profits	451,000	5/1/2020 to 5/1/2021
Specified and All Risks	Credit Insurance - Sale of computer equipment	72,900	10/1/2019 to 9/30/2021
Court bond	Judicial and/or administrative proceedings under discussion	4,516	6/6/2019 to 6/6/2022
Court bond	Judicial and/or administrative proceedings under discussion	10,458	1/4/2016 to 1/3/2021
Court bond	Judicial and/or administrative proceedings under discussion	13,198	1/4/2016 to 1/3/2021
Court bond	Judicial and/or administrative proceedings under discussion	114	1/13/2016 to 1/12/2021
Court bond	Judicial and/or administrative proceedings under discussion	677	7/8/2018 to 7/8/2021
Court bond	Judicial and/or administrative proceedings under discussion	2,193	8/25/2020 to 6/29/2021
Court bond	Judicial and/or administrative proceedings under discussion	9,783	12/11/2019 to 12/11/2023
Court bond	Judicial and/or administrative proceedings under discussion	8,246	6/14/2020 to 6/15/2023
Court bond	Judicial and/or administrative proceedings under discussion	65,332	4/22/2020 to 4/7/2025
Court bond	Judicial and/or administrative proceedings under discussion	27,873	5/7/2020 to 4/16/2023
Court bond	Judicial and/or administrative proceedings under discussion	5,553	4/16/2020 to 4/16/2023
Court bond	Judicial and/or administrative proceedings under discussion	64,568	7/13/2020 to 7/13/2023
Civil liability	Managers' civil liability and environmental damage	300,000	10/30/2020 to 10/30/2021
Specified and All Risks	Public sector - service provision	12,052	11/3/2020 to 2/3/2024
Civil liability	Responsibility for Company´s Management for the new commom shares public offering	77,951	1/20/2020 to 1/20/2021
Specified and All Risks	Property damage	420	4/17/2020 to 4/17/2021
Specified and All Risks	Property damage	70,200	6/19/2020 to 6/19/2021

29. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of common shares in power of the shareholders, excluding common shares purchased by the Company and held as treasury shares.

Diluted earnings per share are calculated based on the adjustment of profit attributable to the Company's shareholders, as well as the weighted average number of total shares held by shareholders (outstanding), so as to reflect the effects of all dilutive common shares.

	Consolidated	
	December 31, 2020	**December 31, 2019**
Basic		
Basic numerator		
Net profit allocated to common shares	190,971	16,459
Basic denominator		
Weighted average number of common shares (in thousands)	136,178	86,423
Earnings per share - Basic	**1.4024**	**0.1904**
Diluted		
Diluted numerator		
Net Profit allocated to common shares	190,971	16,459
Diluted denominator		
Weighted average number of common shares (in thousands)	136,359	86,472
Earnings per share - Diluted	**1.4005**	**0.1903**

The weighted average number of common shares used to calculate basic earnings per share reconciles with the weighted average number of common shares used to calculate diluted earnings per share as follows:

	Consolidated	
	December 31, 2020	December 31, 2019
Basic		
Weighted average number of common shares of the Company	137,445	87,800
Weighted average number of treasury common shares	(1,267)	(1,377)
Weighted average number of common shares used in the calculation of basic earnings per share	136,178	86,423
Diluted		
Weighted average number of common shares of the Company	137,445	87,800
Weighted average number of treasury common shares	(1,267)	(1,377)
Weighted average number of options	181	49
Weighted average number of common shares used in the calculation of diluted earnings per share	136,359	86,472

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company manages the global risks relating to the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company uses derivative financial instruments to hedge certain risk exposure, without the purpose of speculation to leverage its financial income (loss). The quantitative information regarding each type of risk arising from financial instruments is described in the sections below, which represent the concentrations of risk monitored by the Company's management.

Risk management is carried out by the Company's treasury department, following guidelines determined by the Company's Executive Board and Board of Directors.

(a) Market risk

(i) Currency risk

The Company mainly operates in the domestic market, but carries out significant imports of input materials from the foreign market, being therefore exposed to foreign exchange risk basically with regard to the USD. The main transactions are related to accounts payable to foreign suppliers (Note 16) and working capital loan operations (Note 17).

Management has established a policy that requires the Company to manage its exchange risk regarding its functional currency. The Company, whose operations are exposed to foreign exchange risk, is required to hedge their positions through hedge operations, performed under instructions of the finance department. Its main objective is to hedge its USD - denominated commitments against future price fluctuations, so as to provide greater predictability in its operations. The Company carries out non-deliverable forwards (NDFs) operations to hedge against exchange rate fluctuations, covering only the foreign exchange exposure over the payment term granted by suppliers for the purchase of imported components. Additionally, the Company carries out swap operations to hedge its loans in foreign currency against the fluctuations in future quotation. The main analyzes made by the financial department for the contracting of derivative financial instruments are as follows:

- Based on the analysis of payables for imports, either regarding materials already in inventory or materials in transit, the derivative contracts are reviewed and/or changed on a weekly basis.
- The amount and type to be contracted are defined in light of the specifics of each in relation to the volatility of the U.S. Dollar and the future prospects of the economy.
- Based on the sensitivity analysis of U.S. Dollar volatility against the types of hedge contracted over the months, it is possible to measure the possible cash requirements to cover the results of NDF transactions.

	December 31, 2020			
	Parent company		Consolidated	
	Foreign currency	BRL	Foreign currency	BRL
Assets				
Trade and other receivables				
USD	1,759	9,140	2,771	14,402
Liabilities				
Suppliers - Foreign Market				
USD	(55,178)	(286,746)	(67,128)	(348,843)
Loans				
USD	(6,704)	(34,838)	(6,704)	(34,838)
Euros (converted to Dollar)	(5,426)	(28,197)	(5,426)	(28,197)
Derivative financial instruments				
Swap - USD	6,704	34,838	6,704	34,838
Swap - Euros (converted to USD)	5,426	28,197	5,426	28,197
NDFs - USD	128,009	665,224	128,009	665,224
Net exposure 1	**74,590**	**387,618**	**63,652**	**330,783**
Government projects				
USD	(33,517)	(174,178)	(33,517)	(174,178)
Net exposure 2	**41,073**	**213,440**	**30,135**	**156,605**

	December 31, 2019			
	Parent company		Consolidated	
	Foreign currency	BRL	Foreign currency	BRL
Assets				
Trade and other receivables				
USD	890	3,588	1,202	4,843
Liabilities				
Suppliers - Foreign Market				
USD	(36,527)	(147,229)	(46,896)	(189,022)
Loans				
USD	(71,893)	(289,778)	(71,893)	(289,778)
Euros (converted to Dollar)	(40,845)	(164,635)	(42,368)	(170,772)
Derivative financial instruments				
Swap - USD	71,893	289,778	71,893	289,778
Swap - Euros (converted to USD)	40,845	164,635	42,368	170,772
NDFs - USD	80,137	323,008	80,137	323,008
Net exposure 1	**44,500**	**179,367**	**34,443**	**138,829**
Government projects				
USD	(9,797)	(39,489)	(9,797)	(39,489)
Net exposure 2	**34,703**	**139,878**	**24,646**	**99,340**

Net exposure 1 - refers to an exposure in foreign currency, considering the foreign exchange assets and liabilities held by the Company and accounted for in the balance sheet, less derivative financial instruments contracted to hedge these liabilities.

Net exposure 2 - refers to an exposure in foreign currency, considering the foreign exchange assets and liabilities held by the Company and accounted for in the balance sheet and the future commitments arising from the Government Projects, net of derivative financial instruments contracted to hedge these liabilities. Government Projects refer to the Company's winning bids to provide computers in the next months. For this reason, the Company calculates the exposure to which it will be exposed with the acquisition of inputs abroad to meet these commitments.

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

The Company has no significant interest-earning assets, except the balance of interest earning bank deposits. The Company's interest rate risk arises from long-term loans, as detailed in Note 17. Loans issued at floating rates expose the Company to cash flow interest rate risk. Loans at fixed rates expose the Company to fair value risk associated to interest rate. As of December 31, 2020 and 2019, the Company's loans at floating rates were denominated in reais and USD. The sensitivity analysis with the projected scenarios and related impacts on shareholders' equity and results are presented in item "d" of this Note.

(b) Credit risk

The credit risk is managed on a corporation basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposure to customers in the Government and retail segments. For banks and other financial institutions, only independent rated parties usually classified as first-tier entities are accepted. The financial institutions with which the Company operates, are assessed by the rating agencies rating as having a low risk. For the customers, the credit analysis area evaluates the quality of the customer's credit, taking into consideration financial position, past experience and other factors, as detailed in Note 6, which also discloses the customer's credit risk. Individual risk limits are determined with basis on internal or external classifications in accordance with limits determined by the Executive Board. The use of credit limits is regularly monitored. Sales to retail customers are settled in cash.

No credit limit was exceeded during the year, and Management does not expect any loss from default by these counterparties in amounts higher than those already provided for.

(c) Liquidity risk

The final responsibility for the liquidity risk management lies with the Board of Directors, which prepared an appropriate liquidity risk management model to manage funding requirements and short-, medium- and long-term liquidity. The Company manages liquidity risk by maintaining proper reserves, bank credit facilities and credit facilities to raise loans as it considers adequate, through continuous monitoring of foreseen and actual cash flows and through combination of financial assets and liabilities' maturity profiles.

The tables below detail the remaining contractual maturity of the Company's non-derivative financial liabilities. Tables were prepared in accordance with the undiscounted of financial liabilities based on the nearest date on which the Company shall settle the respective obligations. The tables include interest and principal cash flows. To the extent that interest flows are based on floating rates, the undiscounted amount was obtained based on interest curves at the end of the period. Contractual maturity is based on the most recent date when the Company should settle the related obligations:

Financial assets

	Parent company					
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	Up Onde year	Total
	% of CDI	R$	R$	R$	R$	R$
December 31, 2020						
Cash and banks		12,450	-	-	-	12,450
Financial investments at floating interest rates	101.43	488,284	-	-	-	488,284
Derivative financial instruments		4,474	-	-	-	4,474
Trade accounts receivable	101.16	219,016	331,153	45,330	-	595,499
Related parties		14,490	-	52,143	-	66,633
		738,714	331,153	97,473	-	1,167,340
December 31, 2019						
Cash and banks		15,270	-	-	-	15,270
Financial investments at floating interest rates	94.22	375,547	-	-	-	375,547
Trade accounts receivable	101.66	205,308	16,442	26,100	69	247,919
Related parties		-	-	30,190	-	30,190
		596,125	16,442	56,290	69	668,926

	Consolidated					
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	Up Onde year	Total
	% of CDI	R$	R$	R$	R$	R$
December 31, 2020						
Cash and banks		53,446	-	-	-	53,446
Financial investments at floating interest rates	101.43	490,716	-	-	-	490,716
Derivative financial instruments		4,474	-	-	-	4,474
Trade accounts receivable	101.16	245,494	448,154	59,422	-	753,070
Related parties		-	-	20,410	-	20,410
		794,130	448,154	79,832	-	1,322,116
December 31, 2019						
Cash and banks		29,911	-	-	-	29,911
Financial investments at floating interest rates	94.22	430,803	-	-	-	430,803
Trade accounts receivable	101.66	211,718	60,952	29,181	70	301,921
Related parties		-	-	20,378	-	20,378
		672,432	60,952	49,559	70	783,013

Financial liabilities

	Parent company						
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
	% of CDI	R$	R$	R$	R$	R$	R$
December 31, 2020							
Suppliers	101.30	223,229	192,787	72,886	-	-	488,902
Loans adjusted to floating interest rates	314.79	253,362	40,049	159,753	266,787	39,031	758,982
Derivative financial instruments		2,354	3,905	2,468	-	-	8,727
Related parties		-	7,477	-	-	-	7,477
Leases	191.48	911	1,823	8,203	32,321	-	43,258
Other non-current liabilities		-	-	-	687	-	687
		479,856	246,041	243,310	299,795	39,031	1,308,033
December 31, 2019							
Suppliers	101.73	158,716	108,882	56,547	-	-	324,145
Loans adjusted to floating interest rates	159.08	70,045	52,980	437,598	95,591	33,114	689,328
Derivative financial instruments		-	1,545	13,039	-	-	14,584
Related parties		-	10,178	-	-	-	10,178
Leases	118.69	779	1,558	7,010	37,385	-	46,732
Other non-current liabilities		-	-	-	1,275		1,275
		229,540	175,143	514,194	134,251	33,114	1,086,242

	Consolidated						
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
	% of CDI	R$	R$	R$	R$	R$	R$
December 31, 2020							
Suppliers	101.30	282,966	203,003	80,439	-	-	566,408
Loans adjusted to floating interest rates	314.79	254,503	42,337	178,934	293,740	39,031	808,545
Derivative financial instruments		2,354	3,905	2,468	-	-	8,727
Related parties		-	1,213	-	4,393	-	5,606
Leases	191.48	1,002	2,004	9,017	35,579	-	47,602
Other non-current liabilities		-	-	-	28,512	-	28,512
		540,825	252,462	270,858	362,224	39,031	1,465,400
December 31, 2019							
Suppliers	101.73	189,129	133,270	62,648	-	-	385,047
Loans adjusted to floating interest rates	159.08	114,221	52,980	441,650	95,591	33,114	737,556
Derivative financial instruments		-	1,545	13,039	-	-	14,584
Related parties		-	763	-	5,943	-	6,706
Leases	118.69	860	1,720	7,740	41,280	-	51,600
Other non-current liabilities		-	-	-	29,135	-	29,135
		304,210	190,278	525,077	171,949	33,114	1,224,628

(d) Additional sensitivity analysis required by CVM

Impacts that would be generated by changes in relevant risk variables to which the Company is exposed at the end of the year. The variables significant risk to the Company, taking into consideration a year of up to 12 months for this analysis, are its exposure to foreign currency fluctuations, mainly the U.S. Dollar, and its exposure to interest rate fluctuation. Management believes that the probable scenario reflects the Brazilian Central Bank’s expectations of USD exchange rates and the CDI interest rate for the period ended December 31, 2020. Other risk factors were considered as irrelevant for financial instruments’ result.

	Consolidated						
	Equity balances						
	December 31, 2020	December 31, 2020			Scenarios		
	Assets/Liabilities(R$)	Notional (USD)	Probable	25%	50%	-25%	-50%
Derivative financial instruments Interest rate swap							
Foreign currency loans							
US$ to R$ (CDI)	4,474	12,130	(455)	(569)	(683)	(341)	(228)
Loans							
In US$	(63,035)	(12,130)					
Loans							
In CDI	(684,356)	n/a	(63,155)	(78,944)	(94,733)	(47,366)	(31,578)
Net exposure		-	(63,610)	(79,513)	(95,416)	(47,707)	(31,806)
Derivative financial instruments							
FForward exchange contracts - held for trading							
R$ to US$ - NDF's and Options	(8,727)	128,009	(19,147)	144,613	308,363	(182,890)	(346,639)
Other financial liabilities							
Other financial liabilities Foreign currency suppliers							
US$ to R$	(348,843)	(67,128)	15,331	(21,417)	(58,165)	52,079	88,828
Net exposure 1		60,881	(3,816)	123,196	250,198	(130,811)	(257,811)
Foreign currency suppliers - government projects							
US$ to R$		(33,517)	3,576	(39,074)	(81,724)	46,227	88,877
Net exposure 2		27,364	(240)	84,122	168,474	(84,584)	(168,934)
Impact on results - sensitivity analysis - future maturity			(63,850)	4,609	73,058	(132,291)	(200,740)

Net exposure 1 - refers to an exposure in foreign currency, considering the foreign exchange liabilities held by the Company and accounted for in the balance sheet, net of derivative financial instruments contracted to hedge these liabilities.

Net exposure 2 - refers to an exposure in foreign currency, considering the foreign exchange liabilities held by the Company and accounted for in the balance sheet and the future commitments arising from the Government Projects, net of derivative financial instruments contracted to hedge these liabilities. Government Projects refer to the Company's winning bids to provide computers in the next months. For this reason, the Company calculates the exposure to which it will be exposed with the acquisition of inputs abroad to meet these commitments.

30.2 Financial risk factors

The Company's objectives in managing its capital are to safeguard its business continuity capacity to offer return to shareholders and benefits to the other stakeholders besides maintaining an optimal capital structure to reduce this cost.

To maintain or adjust the Company's capital structure, Management may - or propose to, in cases that must be approved by shareholders - review dividend payment policy, return capital to shareholders, issue new shares or sell assets to reduce, for example, indebtedness level.

	Parent company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net debt				
Debt				
Third-party loans	716,359	663,896	762,934	712,124
Swap derivative instruments	(4,474)	9,930	(4,474)	9,930
Cash and cash equivalents	(500,734)	(390,817)	(544,162)	(460,714)
Net debt (a)	211,151	283,009	214,298	261,340
Debt				
Third-party loans	716,359	663,896	762,934	712,124
Swap derivative instruments	(4,474)	9,930	(4,474)	9,930
Derivative - NDF	8,727	4,654	8,727	4,654
Cash and cash equivalents	(500,734)	(390,817)	(544,162)	(460,714)
Net debt (b)	219,878	287,663	223,025	265,994
Shareholders' equity	1,021,914	527,024	1,033,138	534,892
Net debt ratio (a)	0.21	0.54	0.21	0.49
Net debt ratio (b)	0.22	0.55	0.22	0.50

(a) The net debt is defined as short- and long-term loans, less cash and receivable and/or payable from swap derivative transactions (loan agreement hedge).

(b) The debt is defined as short- and long-term loans, less cash and cash equivalents and decreased and/or increased by the gain and/or loss on swap derivative transactions (hedge of loan agreements) and other derivative transactions, represented by option contracts and NDF (hedge of accounts payable).

30.3 Fair value estimate

The Company assumes that the book balances presented under "Trade accounts receivable", "Related parties", "Trade accounts payable" captions are close to their fair values. For disclosure purposes, financial liabilities' fair value is estimated by discounting future contract cash flows at interest rate prevailing in the market, which is available to the Company for similar financial instruments. The amounts of the financial liabilities recognized at amortized cost approximate their fair values and are immaterial for disclosure.

The fair value of derivatives is calculated using observable market input assumptions. When this information is not available, the Company uses a discounted cash flow analysis, using the yield curve, applicable with the duration of the instruments for derivatives without options. The exchange futures contracts are measured based on exchange rates and yield curves based on the quotation and considering the same terms and maturities of contracts. Swaps are measured at the present value of estimated future cash flows and discounted based on the applicable yield curves, based on the quotation of interest rates.

For the Company's derivative financial instruments (forward currency contracts and cross-currency interest rate swaps) fair value measurements of Level 2 are used, through variables other than quoted prices included in Level 1, which are observable for the asset or liability directly (that is, as prices) or indirectly (that is, based on prices).

31. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables do not include information on the fair value of assets and liabilities not measured at fair value since their book values are a reasonable approximation of their fair values.

Financial assets

	Parent company			Consolidated			
	Assets measured at fair value through profit or loss	Assets measured at fair value through other comprehensive income	Assets measured at amortized cost	Assets measured at fair value through profit or loss	Assets measured at fair value through other comprehensive income	Assets measured at amortized cost	Fair value hierarchy level
December 31, 2020							
Assets per balance sheet							
Investments	-	-	-	22,000	-	-	3
Derivative financial instruments	-	4,474	-	-	-	-	2
Trade accounts receivable and other accounts receivable excluding prepayments	-	-	629,019	-	-	788,223	-
Advances to suppliers on account of future supplies of inventories	-	-	81,108	-	-	102,360	-
Related parties	-	-	66,633		-	20,410	-
Cash and cash equivalents	500,734	-	-	544,162	-	-	1
	500,734	**4,474**	**776,760**	**566,162**	**-**	**910,993**	
December 31, 2019							
Assets per balance sheet							
Investments	-	-	-	21,519	-	-	3
Trade accounts receivable and other accounts receivable excluding prepayments	-	-	316,415	-	-	371,058	-
Advances to suppliers on account of future supplies of inventories	-	-	30,190		-	20,378	-
Related parties	390,817	-	-	460,714	-	-	1
Cash and cash equivalents	**390,817**	**-**	**346,605**	**482,233**	**-**	**391,436**	

Financial liabilities

	Parent company			Consolidated			
	Liabilities measured at fair value through profit or loss	Liabilities measured at fair value through other comprehensive income	Liabilities measured at amortized cost	Liabilities measured at fair value through profit or loss	Liabilities measured at fair value through other comprehensive income	Liabilities measured at amortized cost	Fair value hierarchy level
December 31, 2020							
Liabilities as per balance sheet							
Derivative financial instruments	8,727	-	-	-	-	-	2
Loans	-	-	716,359	-	-	762,934	2
Leases	-	-	37,373	-	-	41,131	2
Trade and other payables, excluding legal obligations	-	-	531,219	-	-	650,664	-
Related parties	-	-	7,477	-	-	5,606	-
	8,727	**-**	**1,292,428**	**-**	**-**	**1,460,335**	
December 31, 2019							
Liabilities as per balance sheet							
Derivative financial instruments	4,654	9,930	-	4,654	9,930	-	2
Loans	-	-	663,896	-	-	712,124	2
Leases	-	-	39,063	-	-	43,133	2
Trade and other payables, excluding legal obligations	-	-	329,214	-	-	435,408	-
Related parties	-	-	10,178	-	-	6,706	-
	4,654	**9,930**	**1,042,351**	**4,654**	**9,930**	**1,197,371**	

32. DERIVATIVE FINANCIAL INSTRUMENTS

	Parent company and Consolidated				
	Notional (USD)		12/31/2020		12/31/2019
	December 31, 2020	December 31, 2019	Current assets	Current liabilities	Current liabilities
Forward currency (NDF) (a)	128,009	80,137	-	8,727	4,654
Interest rate swap (b)	12,130	114,261	4,474	-	9,930
	140,139	**194,398**	**4,474**	**8,727**	**14,584**

The Company operates with derivative financial instruments exclusively to hedge against certain exposure to risks, and therefore without any speculative purpose.

(a) Forward exchange contracts

To protect itself against the volatility of the liability exposures in U.S. Dollars, due to the total exposure (cash flows), up to December 31, 2020, the Company entered into NDF contracts, in U.S. Dollars, in the following amounts and conditions:

Contracting period	Maturity date	Leveraged amount USD thousands	Average target price
Feb/20 to Dec/20	Jan-21	32,621	5.2974
Mar/20 to Dec/20	Feb-21	23,588	5.3327
Feb/20 to Dec/20	Mar-21	12,095	5.3254
May/20 to Dec/20	Apr-21	22,209	5.3201
Sep/20 to Dec/20	May-21	10,747	5.3010
May/20 to Dec/20	Jun-21	6,394	5.3048
Sep/20 to Dec/20	Jul-21	5,267	5.4483
Nov/20 to Dec/20	Aug-21	3,714	5.2494
Nov/20 to Dec/20	Sep-21	3,063	5.2944
Nov/20 to Dec/20	Oct-21	7,244	5.2591
Nov/20 to Dec/20	Nov-21	423	5.2931
Dec/20	Dec-21	612	5.2501
Dec/20	Jan-22	32	5.2990
		128,009	5.2664

During 2020, the Company recognized R$ 69,267 as a net gain in the income (loss) for the year, referring to settled and outstanding contracts (gain of R$ 11,112 in 2019).

(b) Interest rate swap - CDI x USD

The swap interest rates are settled according to the maturity of the contract. The interest rate of swaps corresponds to the rate of interbank deposit certificate. As of December 31, 2020, the contracted average rate of CDI was 253.50% (149.96% as of December 31, 2019). The Company will settle the contracts for the net value of the difference between interest rates and exchange-rate change.

Derivatives designated for hedge accounting

Beginning June 1, 2015, the Company formally designated for hedge accounting the derivatives used to hedge foreign currency-denominated loans, comprising all swap contracts, including the following information:

- Hedge relation;
- The Company’s risk management purpose and strategy related to the hedge;
- Identification of financial instrument;
- Coverage object or transaction;

- Nature of risk to be covered;
- Description of coverage relation;
- Correlation between hedging and coverage object, when applicable; and
- Prospective demonstration of hedge effectiveness.

As of December 31, 2020, the outstanding position of the derivatives designated as cash flow hedge is broken down as follows:

Instrument designated as cash flow hedge – parent company / consolidated

	Subject to hedge	Reference currency (Notional)	Reference value (Notional)	Curve value	Fair value (1)	Other income	
						Accumulated loss	Income for the year
Currency Swap - US$/R$	Currency	BRL	63,035	(308)	4,474	(4,782)	720

(1) The market value calculation method adopted by the Company consists of calculating the future value based on the contractual conditions and determining the present value based on the market curves reported by BM&FBOVESPA.

The Company designates as cash flows hedge those derivative financial instruments used to offset fluctuations arising from exchange rate exposure, stated at the market value of the contracted debts, other than the functional currency.

Changes in the fair value of derivatives designated as cash flow hedge are recognized in equity as "Other comprehensive income" and reclassified to profit or loss for the periods in which the hedged transaction is carried out.

When a hedge instrument fails to meet the criteria for hedge accounting, the accumulated gain or loss in shareholders' equity will be fully reversed to the profit or loss if the planned operation is also recognized in the profit or loss.

As of December 31, 2020, instruments designated as cash flow hedge totaled US$ 6,704 and EUR$ 4,421 relating to a notional amount of R$ 63,035. As of December 31, 2020, a net gain of R$ 720 (a net loss of R$ 5,501 in 2019) was recognized in "Other comprehensive income", and a net gain of R$ 157,485 (net gain of R$ 3,136 in 2019) was recognized in the financial income (loss). Agreements will be settled on the respective maturity dates, subject to the following amounts, terms and conditions in the year ended December 31, 2020:

			December 31, 2020	
Contracting period	**Maturity date**	**Coverage**	**Notional amount (USD)**	**USD contracted**
Nov/20	May/21	FINIMP	2,075	5.4037
Aug/20	Feb/21	FINIMP	4,629	5.5956
			6,704	5.4037

			December 31, 2020	
Contracting period	**Maturity date**	**Coverage**	**Notional amount (EUR)**	**EUR contracted**
Jan/20	Jan/21	4131	4,421	4.6115
			4,421	4.6115

33. STOCK OPTION PLAN

On November 3, 2006, the Company's shareholders approved at the Extraordinary General Meeting the general conditions of the Company's Stock Option Plan (the Plan), as detailed below.

The Plan established that the Company's management, employees and service providers ("Beneficiaries") may be beneficiaries of the Plan. It was also determined that the options granted will not exceed 3.5% (three point five percent) of the total capital of the Company existing on the date of their concession, plus the existing shares had all of the options granted under the terms of the Plan been exercised. Once the options have been exercised by the Beneficiary, the corresponding shares are issued by means of a capital increase. Treasury stock options may also be offered.

The plan must be managed by the Board of Directors or, at the board's discretion, by a committee comprised by three members, being at least one of them a member (holder or alternate) of the Board of Directors. The Board of Directors or the Committee, as the case may be, will have broad powers, respecting the terms of the Plan and, in the case of the Committee, the guidelines of the Company's Board of Directors for the organization and management of the Plan and the granting of options, and may also, at any time: (i) alter or terminate the Plan; (ii) establish the regulations applicable to omitted cases; (iii) extend (but never anticipate) the deadline for exercising the options in force; and (iv) anticipate the grace period for exercising the options in effect.

The Board of Directors or the Committee, as the case may be, may periodically create Company Stock Option Programs ("Programs"), whereby the following will be defined: (i) the beneficiaries; (ii) the total number of shares of the Company covered by the approval; (iii) purchase price; (iv) the initial grace period during which the option cannot be exercised; (v) the periods and deadlines for exercising the option, as well as the dates on which the rights arising from the option will expire, subject to the assumptions provided for in the Plan; (vi) any restrictions on the shares received for exercising the option; and (vii) provisions on penalties.

When options are granted under the Plan, each Beneficiary must enter into with the Company a Call Option Agreement, which contains the specific and individual conditions of each grant, such as number of shares the Beneficiary is entitled to acquire upon the option vesting, the strike price, and the term in which options can be vested.

As of December 31, 2020, the Company has seven outstanding plans, totaling 1,293,852 options. The number of shares per plan, the fiscal year start dates, and the option price adjusted by the IGPM price index until December 31, 2020 are described in the tables below:

2017 Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
2	144,463	3.10	2020	4.47	5.10	6/30/2017	1.7721	256	-	256
3	229,613	3.10	2021	4.47	5.10	6/30/2017	1.4895	342	(68)	342
	374,076							598	(68)	598

2018-I Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
2	85,138	3.45	2020	4.86	5.10	3/6/2018	0.6827	135	-	135
3	204,638	3.45	2021	4.86	5.10	3/6/2018	0.7763	183	(57)	183
	289,776							318	(57)	318

2019-II Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	24,000	2.29	2021	2.94	5.10	4/24/2019	0.9462	23	(13)	23
2	42,000	2.29	2022	2.94	5.10	4/24/2019	0.9540	40	(14)	24
3	54,000	2.29	2023	2.94	5.10	4/24/2019	0.9741	52	(15)	25
	120,000							115	(42)	72

2019-III Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	12,000	2.52	2021	3.18	5.10	8/2/2019	2.2950	27	(19)	27
2	21,000	2.52	2022	3.18	5.10	8/2/2019	2.6635	56	(23)	33
3	27,000	2.52	2023	3.18	5.10	8/2/2019	2.8840	78	(23)	32
	60,000							161	(65)	92

2020-I Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	12,000	9.60	2022	11.76	5.10	2/4/2020	1.9248	23	(11)	11
2	21,000	9.60	2023	11.76	5.10	2/4/2020	2.6173	55	(17)	17
3	27,000	9.60	2024	11.76	5.10	2/4/2020	3.1760	86	(20)	20
	60,000							164	(48)	48

2020-II Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	18,000	3.28	2022	3.94	5.10	4/30/2020	3.1216	56	(23)	23
2	31,500	3.28	2023	3.94	5.10	4/30/2020	3.5927	113	(28)	28
3	40,500	3.28	2024	3.94	5.10	4/30/2020	3.8974	158	(29)	29
	90,000							327	(80)	80

2020-III Program

Batch	Number of options open on 12/31/2020	Strike price	Exercise year	Price adjusted by the IGPM index until 12/31/2020	Value share in 12/31/2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	60,000	5.44	2022	6.28	5.10	7/29/2020	0.9585	57	(17)	17
2	105,000	5.44	2023	6.28	5.10	7/29/2020	1.3584	143	(26)	26
3	135,000	5.44	2024	6.28	5.10	7/29/2020	1.6789	227	(28)	28
	300,000							427	(71)	71

- The exercise price is the fair value of the option measured at grant date;
- The price adjusted at IGPM rate is the amount that the beneficiary would pay to exercise the right of each option at balance sheet date;
- The appropriate expense is the amount recognized in the income statement for the year based on share-based compensation plans. In 2020, the Company recognized the amount of R$ 431 in the income for the year;
- The market value of the option on December 31, 2020 is R$ 5.10 (share price in the stock market at that date).

During the year ended December 31, 2020, 102,800 options were exercised, of which 28,775 refer to Lot 2 of the 2017 plan ("2017 Program") and 74,025 refer to Lot 2 of the 2018 plan ("2018-I Program"), for the amount of R$ 394, using the corresponding shares in treasury. Consequently, the treasury shares and the corresponding options reserve were derecognized, in the amounts of R$ 1,077 and R$ 83, respectively, with a net effect on the profit reserve in the amount of R$ 600.

On January 2, 2020, 23,400 options from Lot 1 of the "2017 Program" and 25,400 options from Lot 1 of the "2018-I Program" were canceled, the exercise period of which was through December 31, 2019. Consequently, derecognitions were made in the options reserve in the amount of R$ 227, the balance of which was transferred to the profit reserve.

34. TRANSACTIONS NOT INVOLVING CASH

a) Leases

The Company and its subsidiaries recognized in fixed assets the amount of R$ 51,296 and R$ 5,150, respectively, referring to real estate lease agreements, in compliance with CPC 06 - Leases, which came into force starting January 01, 2019.

In the year ended December 31, 2020, the Company and its subsidiaries have a liability payable, referring to these operations, in the amount of R$ 37,373 and R$ 3,758, respectively.

b) PIS and CONFINS – exclusion of ICMS from calculation basis

As described in Note 8.(e), the Company had a favorable decision in the lawsuit that discussed about the constitutionality related to the inclusion of Value-Added Tax on Sales and Services (ICMS) in the PIS and COFINS calculation basis. With the effects of this decision, the Company recorded for the year ended December 31, 2020 the amount of R$ 223,486 (R$ 228,502 net of fees and taxes on financial income) referring to the overdue PIS and COFINS debts, and these amounts did not impact the Company's cash for that year.

35. Subsequent events

As of February 05, 2021, the Company's Board of Directors approved the 2nd issuance of simple debentures, not convertible into shares with real guarantee in single series, totaling up to R$ 300,000. The debentures will have a maturity of four years, and amortized in sixteen consecutive quarterly installments as from the date of their issue. Remuneration interest will be paid quarterly, with first payment in May 2021.

The proceeds from the issuance will be used to extend the Company's debt profile, within the scope of the ordinary management of its businesses.

The general conditions of the Issuance and Guarantee are indicated in the minutes of the Meeting of the Company's Board of Directors on this date, which is available at the Company's and CVM's website.

The debentures issue process was completed on March 10, 2021, at the amount and under the conditions approved by the Board of Directors.

POSITIVO

POSITIVO TECNOLOGIA S.A.

2020 MANAGEMENT REPORT

2020 was an atypical period for the whole world. In the case of Positivo Tecnologia, the crisis brought opportunities that were leveraged by management. We were able to experience a great acceleration in the transformation of the company, catalyzed by the pandemic and combined with a new vision of a more ambitious future for our business. A more modern management, with expansion of the “Core Business”, allied to a significant growth of our Avenues of Growth, which positions us as the major Brazilian company providing hardware-based technology solutions.

With our Crisis Committee set up, we commanded the actions to meet the strong market demand in practically all segments, taking care of the health of our employees, minimizing the negative impacts of the disruptions caused by the pandemic and without neglecting our values as a Brazilian company that boosts people's lives by using technology. We continue to strengthen our Corporate Governance by expanding our Board of Directors from 7 to 9 seats, adding 2 independent positions with highly experienced professionals from the technology and consumer industries. Our Board now has 4 independent members and 5 controlling shareholders.

Demand for hardware, especially in the **Consumer** - with strong growth in online – and **Corporate** segments, more than offset the lower initial demand in the **Public Institutions** segment. With high demand and our strong execution capacity, sales grew 14.5% in 2020 or 59.4% in 4Q20, marking a new level of sales for the company. The scale of our business allowed us to reach an EBITDA of R$162 million in the year and R$95 million in 4Q20. In the Public Institutions segment, the most impacted during 2020, at the end of the year we have already seen a resumption of initiatives that indicates strong growth in this segment in 2021. In this segment, we won the bidding for a volume of 180 thousand electronic ballot boxes that will start the renovation park of TSE ballot boxes. We are convinced that our model of operations in Consumer, Corporate and Public Institutions has been consolidated since then, opening up great opportunities for growth and expanding the momentum that technology can give in all these spheres.

Our solutions of Means of Payment, Educational Technology, Casa Inteligente (IoT), HaaS and Servers started to be expanded and together they already represent 20% of our total revenue. These areas represent our major initiatives that will accelerate growth, with sustainable margins serving the three segments mentioned above: Consumer, Corporate and Public Institutions.

In addition, as a Brazilian technology company, we could not and did not stand still while millions of people suffered - and suffer – the consequences of this pandemic. Our teams had the privilege of working on projects to mitigate the effects of Covid-19 on Brazilian society, such as the mobilization of the Positivo Tecnologia team with a group of companies to produce 6,500 pulmonary ventilators. We also offer free access to our distance learning platforms and donate notebooks to families in situations of social vulnerability. In our beloved city of Manaus, where we have installed our largest notebook production plant, we donate 60 cylinders of oxygen, helping Amazonian society to face this very difficult moment. All of this, without neglecting a minute of our workforce, in which we quickly reorganized all administrative, operational and strategic processes for a hybrid model of physical and virtual presence for our entire organization.

With a greater presence in the technology sector, we started to dedicate more efforts to guarantee a culture of work that is capable of attracting and retaining the talents necessary for the delivery of our goals. For this, we structured more initiatives related to organizational development and we were very happy with the Great Place to Work® award, a certification with global relevance based on GPTW guidelines that considers companies as a great place to work. We do not want to stop here, and we are in the process of reviewing all of our short, medium and long-term incentives. Thus, we want to strengthen a culture of results that can converge in the creation of value for our shareholders, as well as for the whole of society.

Finally, we strongly accelerated our strategic review process with an external Senior Management consultancy, in which we seek to consolidate our key competencies in the development, production and distribution of technologies related to hardware, as well as to expand these offerings in new “Avenues for Growth” not only can expand the range of adjacent hardware, services and software offered, but also add service solutions for the three segments in which we consolidate our products and services: that of final consumers and small companies (“Consumer”), of medium and large companies (“Corporate”) and municipal, state and federal governments (“Public Institutions”).

This earnings release marks a new pattern of relationship with the Capital Market, with our shareholders, analysts, investors and creditors, because in addition to inaugurating a new format in the information disclosure to facilitate the understanding and monitoring of the main indicators of value creation, we are also aware and committed to map ESG indicators to report the sustainability of results in the aspects of governance, social and environmental.

Alexandre Dias Chairman of the Board of Directors	Hélio Bruck Rotenberg Chief Executive Officer

2020 HIGHLIGHTS

- 4Q20 consolidated revenue reaches R$ 886.5 million, an increase of 59% vs. previous year and establishes a new level of activity for the next quarters.

- **Adjusted EBITDA of R$95 million in 4Q20 (+142% vs. 4Q19), with a margin of 11%.**

- **Annual net income of R$196 million** is the highest in the last 10 years.

- **Avenues for Growth (**Servers, Small Retail, Educational Technology, IoT, Payment Solutions and HaaS) **already represent approximately 20% of consolidated Revenue in 2020** and reach R$ 473 million in the year.

- **Brazilian technology company reinforces liquidity and capital structure, by issuing shares in the amount of R$354 million in the first quarter of 2020 and raising R$300 million in simple debentures in the first quarter of 2021 (subsequent event).**

1 – FINANCIAL PERFORMANCE

The comments presented below refer to the consolidated figures of Positivo Tecnologia S.A. All the financial information presented in this Management Report reflects the accounting changes introduced by Law 11,638/07 and Law 11,941/09, as well as the effects of the adoption of International Financial Reporting Standards (IFRS).

The Consolidated Net Revenue of Positivo Tecnologia in 4Q20 reached R$886.5 million, an increase of 59.4% over 4Q19. The Company's performance is mainly due to the excellent volume of sales of computers, servers, tablets and mobile phones in the period, combined with the increase in prices after the transfer of the appreciation of the dollar to products sold at retail. The distribution of net revenue by business unit in 2021 was as shown in the illustration to the side.

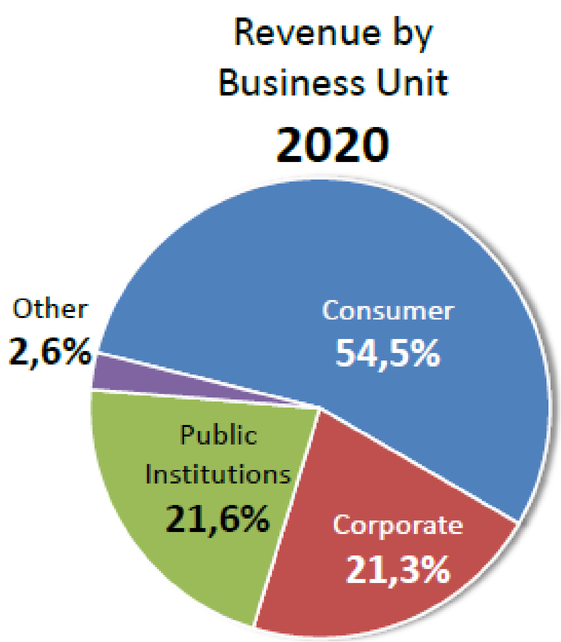
Net Revenue per Business Unit

Management financial information. Values in thousands of reais, except the percentages. Consolidated Results.

	2019	2020	Var.	4Q19	4Q20	Var.
Net Revenue	**1,915,308**	**2,192,173**	14.5%	**556,244**	**886,518**	59.4%
Consumer	939,061	1,194,252	27.2%	192,215	466,853	142.9%
Corporate	434,416	467,462	7.6%	160,778	214,450	33.4%
Public Institutions	476,716	473,421	(0.7%)	183,240	184,914	0.9%
Other	65,114	57,037	(12.4%)	20,011	20,301	1.5%

	2019	2020	Var.	4Q19	4Q20	Var.
% of Net Revenue	**100%**	**100%**	***0.0 p.p.***	**100%**	**100%**	***0.0 p.p.***
Consumer	49%	54%	*5.4 p.p.*	35%	53%	*17.7 p.p.*
Corporate	23%	21%	*(1.4 p.p.)*	29%	24%	*(4.8 p.p.)*
Public Institutions	25%	22%	*(3.3 p.p.)*	33%	21%	*(12.1 p.p.)*
Other	3%	3%	*(0.8 p.p.)*	3%	2%	*(0.7 p.p.)*

** Others: Educational Technology, Technical Assistance Services and other services*



Considering the net hedge adjustment of inputs, Gross Profit totaled R$ 226.1 million in 4Q20, an increase of 84.5% in the period, accompanied by an Adjusted Gross Margin of 25.5%.

Gross Profit						
Values in thousands of reais, except percentages. Consolidated Results						
	2019	**2020**	**Var.**	**4Q19**	**4Q20**	**Var.**
(+) Consolidated Gross Revenue	2,227,687	2,585,440	16.1%	674,791	1,050,430	55.7%
(-) Discounts and Deductionss	(312,379)	(393,267)	25.9%	(118,547)	(163,912)	38.3%
(=) Consolidated Net Revenue (D)	**1,915,308**	**2,192,173**	**14.5%**	**556,244**	**886,518**	**59.4%**
(-) Raw Material and Labor	(1,412,938)	(1,718,600)	21.6%	(418,997)	(673,707)	60.8%
(-) Other Product Products	(12,527)	(14,615)	16.7%	(3,175)	(3,506)	10.4%
(-) Cost of Services Provided	(934)	(1,845)	97.5%	(479)	(463)	(3.3%)
(-) Depreciation and Amortization	(8,801)	(8,367)	(4.9%)	(2,263)	(2,280)	0.8%
(=) Cost of Products and Services (E)	**(1,435,200)**	**(1,743,427)**	**21.5%**	**(424,914)**	**(679,956)**	**60.0%**
(=) Gross Profit (D+E)	**480,108**	**448,746**	**(6.5%)**	**131,330**	**206,562**	**57.3%**
% of Consolidated Net Revenue	*25.1%*	*20.5%*	*(4.6 p.p.)*	*23.6%*	*23.3%*	*(0.3 p.p.)*
(+) Commodity Hedge (1) (F)	(2,400)	14,429	(701.2%)	(8,800)	19,556	(322.2%)
(=) Adjusted Gross Profit (D+E+F)	**477,708**	**463,175**	**(3.0%)**	**122,530**	**226,118**	**84.5%**
% of Consolidated Net Revenue	*24.9%*	*21.1%*	*(3.8 p.p.)*	*22.0%*	*25.5%*	*3.5 p.p.*

General and Administrative Expenses in 4Q20 totaled R$34.6 million, representing 3.9% of net revenue. It is a reduction of 2.5 pp result of the strong control of fixed costs that the Company carries out.

OPERATING EXPENSES						
Values in thousands of reais, except percentages.						
	2019	**2020**	**Var.**	**4Q19**	**4Q20**	**Var.**
Gross Profit	**480,108**	**448,746**	**(6.5%)**	**131,330**	**206,562**	**57.3%**
(-) Sales Commissions	(33,588)	(42,105)	25.4%	(10,518)	(16,824)	60.0%
(-) Advertising and Marketing	(53,480)	(56,738)	6.1%	(13,122)	(17,870)	36.2%
(-) Technical Assistance and Warranty	(87,171)	(81,105)	(7.0%)	(22,169)	(30,597)	38.0%
(-) Freight	(34,604)	(43,727)	26.4%	(9,620)	(15,734)	63.6%
(-) Pesquisa e Desenvolvimento	(27,707)	(36,045)	30.1%	(6,634)	(15,790)	138.0%
(-) Depreciation and Amortization	(6,032)	(9,863)	63.5%	(5,253)	(2,204)	(58.0%)
(-) Other Business Expenses	(30,424)	(41,070)	35.0%	(8,234)	(9,093)	10.4%
Business Expenses	**(273,006)**	**(310,653)**	**13.8%**	**(75,550)**	**(108,112)**	**43.1%**
% of Consolidated Net Revenue	*49.1%*	*35.0%*	*(14.0 p.p.)*	*13.6%*	*12.2%*	*(1.4 p.p.)*
(-) Salaries, Charges and Benefits	(41,770)	(60,883)	45.8%	(12,673)	(18,974)	49.7%
(-) Research and Development	(30,733)	(21,525)	(30.0%)	(6,046)	(7,283)	20.5%
(-) Depreciation and Amortization	(29,395)	(26,860)	(8.6%)	(7,814)	(6,016)	(23.0%)
(-) Other General Expenses and Adm.	(10,197)	26,577	(360.6%)	(7,618)	(2,321)	(69.5%)
General and Administrative Expenses	**(112,095)**	**(82,691)**	**(26.2%)**	**(34,151)**	**(34,594)**	**1.3%**
% of Consolidated Net Revenue	*5.9%*	*3.8%*	*(2.1 p.p.)*	*6.1%*	*3.9%*	*(2.2 p.p.)*
(+) Equity Income	(2,048)	1,124	(154.9%)	3,304	1,889	(42.8%)
(+) Other net operating income (expenses	5,896	221,150	3650.8%	7,691	174,945	2174.7%
(=) EBIT (G+H+I)	**98,855**	**277,675**	**180.9%**	**32,624**	**240,691**	**637.8%**
% of Consolidated Net Revenue	*5.2%*	*12.7%*	*7.5 p.p.*	*5.9%*	*27.2%*	*21.3 p.p.*

Adjusted EBITDA in 4Q20 was R$95 million (+142.5%), with a margin of 10.7% (+3.7 pp). Reflection of higher sales in the period, better product mix and pass-through of the increase in raw material costs due to the appreciation of the dollar, the price of products and services sold and fixed cost management.

Adjusted EBITDA

Values in thousands of reais, except percentages. Consolidated Results

	2019	2020	Var.	4Q19	4Q20	Var.
EBIT	**98,855**	**277,676**	**180.9%**	**32,624**	**240,691**	**637.8%**
% of Consolidated Net Revenue	*5.2%*	*12.7%*	*7.5 p.p.*	*5.9%*	*27.2%*	*21.3 p.p.*
(-) Depreciation and Amortization	44,334	46,102	4.0%	15,359	10,501	(31.6%)
(=) EBITDA	**143,189**	**323,778**	126.1%	**47,983**	**251,192**	423.5%
% of Consolidated Net Revenue	*7.5%*	*14.8%*	*7.3 p.p.*	*8.6%*	*28.3%*	***19.7 p.p.***
(-) Other Income and Expenses	-	(175,733)	100.0%	-	(175,733)	100.0%
(+) Hedge of Raw Materials	(2,400)	14,429	(701.2%)	(8,800)	19,556	(322.2%)
(=) Adjusted EBITDA	**140,789**	**162,475**	**15.4%**	**39,183**	**95,014**	**142.5%**
% of Consolidated Net Revenue	*7.4%*	*7.4%*	*0.1 p.p.*	*7.0%*	*10.7%*	***3.7 p.p.***

Net Income accounted for in the amount of R $ 195.8 million, when adjusted to neutralize such tax and nonrecurring impacts, adds up to R $ 57 million for the year. Even so, this result is 174% higher than the result obtained in the previous year.

	2020	2019	Variation
Accounting Net Income	**195.842**	**20.848**	839 %
Exclusion of ICMS in the PIS and COFINS calculation basis	(218.501)	-	-
REFIC ISS Curitiba	18.227	-	-
Impairment of deferred taxes	61.540	-	-
Adjusted Net Income	**57.108**	**20.848**	174 %

Positivo Tecnologia ended 4Q20 with a cash position of R$535.4 million. During the period, the Company carried out liability management procedures, taking lines that resulted in a reduction in the cost of funding and an extension of the debt profile. Considering the cash position, Positivo Tecnologia net debt decreased by 16.2%, registering a net debt of R $ 223 million and a multiple Net Debt / Adjusted EBITDA of 1.4x.

2 – DIVIDENDS

Positivo Tecnologia's Bylaws mandate that at least 25% of the Company's accounting net income should be distributed as mandatory dividends annually.

3 – INVESTIMENTS

In 2020, the company made investments of R$ 43 million, mainly comprising mandatory investments in research and development, through the payment of capital in investees with the Company's Investment Fund in Investments, in addition to general disbursements for infrastructure maintenance, adaptation and transfer of assembly lines.

4 - EMPLOYEES

On December 31, 2020, Positivo Tecnologia had more than 1,800 employees, most of whom working at the head office in Curitiba (PR) or at the industrial plants in Manaus (AM) and Ilheus (BA).

5 - RELATIONSHIP WITH INDEPENDENT AUDITORS

In compliance with CVM Instruction 381, the Company announced that, in the fiscal year ended December 31, 2020, only the auditing services of the financial statements were provided by KPMG.

When contracting services not related to independent auditing, the company adopts procedures that are based on applicable legislation and internationally accepted principles that preserve the auditor's independence. These principles consist of: (i) the auditor must not audit his own work, and (ii) the auditor must not act managerially towards his client or promote his client's interests.

6 – ARBITRATION CLAUSE

The Company is bound to arbitration at the Market Arbitration Chamber, pursuant to the Arbitration Clause in the Bylaws.

7 – DECLARATION OF THE BOARD OF EXECUTIVE OFFICERS

Pursuant to CVM Instruction 480/09, the Board of Executive Officers hereby declares that it has discussed, reviewed and agreed with the opinions expressed in the independent auditors' report and the financial statements for the fiscal year ended December 31, 2020.