

Renata Oliva:

Good morning, everyone, and welcome to the videoconference regarding earnings release 4Q21 of Positivo Tecnologia. My name is Renata Oliva, I am the IR Director. It is a privilege to be here with you all this morning. Together, joining us this morning, are Helio Rotenberg, CEO of the Company, and Caio Gonçalves de Moraes, CFO and DRI.

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Now, I would like to turn it over to Helio. He will start the presentation.

Helio Rotenberg:

Good morning, everyone. We are very happy with the 2021 the results. We had spectacular growth, a record EBITDA, more than 50% growth in gross revenue. We are very happy.

I would like to highlight some facts that happened in 2021 and 2022 in these first two pages. We would like to share our strategy based on diversification, in really consolidating the growth levels. We are also sharing the forecast of growth for 2022. We expect to have revenues growing by 25% to 50%.

We are very confident in the strategy we have adopted over the last years in diversifying the Company. Right now, retail and consumer sectors are not very strong, but we also operate on government and also corporate sectors, which offset this reduction in retail. That allows us to really consolidate good results by increasing our revenue and reaching new growth levels.

So what happened in 2021? We started by issuing debentures. We also extended our debt. We are a company that depends on working capital, and any investment increases working capital. And by extending debt, we feel reassured of our business, and we know we can control our debt.

We have also launched Compaq brand, and with that we also really presented the comprehensive presence. So with Vaio in mid-high, we are present in the different price segments in the retail now that we have added Compaq.

We have hired a new Corporate VP, we have strengthened our team. We really count on distinguished professionals in the market. We can see already the fruits coming from that. We have Renata in our IR and many other professionals so that we can adjust the Company.

I think we were just silent in the past. The pandemic proves that education technology is very important, and we have also changed our brand in education.

We have also launched the suites, a set of products so that Positivo what is a one-stop shop so schools can just talk to us to get everything they need. We are very happy also to be part of IBRx 100, then joining Ibovespa by the end of 2021. That reflects our strong position and all the activities that we have carried out and increased the volume of transactions. That is related to the increased the volume, but also based on the history of our Company. And we know that we have been studied by many, many people.

We have also started our operations with smart homes, and in the consumer segment, we also started working with new construction companies, and we see new buildings already being delivered with automation.

We have also launched Infinix in order to also enhance the smartphones. Infinix is one of the largest producers worldwide, and it was really a huge success in September, October. New products, new volumes will start to be delivered now, at the end of March, beginning of April. That will also allow us to increase the presence in our market share.

Electronic ballot box says we will deliver, the first 225,000 in January, we are already delivering large amounts. Last year, we delivered a smaller amount. But last year, we also launched another bid for 2024 elections, 176,000 electronic ballot boxes.

We have also signed an agreement with Stone. We still have a partnership with Cielo, but not on an exclusivity basis. So now we can sell to other acquirers and sub-acquirers. So we closed this deal with Stone, and with that we also expanded our portfolio. Today, we can say we have a full portfolio for acquirers and sub-acquirers. And the partnership with NEXGO brings also the low cost machines, or the non-smart payment machines.

But we want to be smart, as we also carried out our First Investor Day in 2021. It was welcomed by the market, and we also had our third issuance of debentures. So we are extending our debt, and we are very happy to work with one of the largest providers. We won a bid at Petrobras together with Atos in order to provide a very large server for the oil industry.

So these are just some of the few highlights of what happened in 2021. Next slide, please. I just forgot to mention, Positivo Tech Services. We just launched Positivo Tech Services based on our footprint on providing technical services. We cover the entire nation. We have carried out tests in different cities. We also provide great services. That is why we decided to focus on specialized support, multibrand support.

In the past, it was just a cost center, but now it will become a revenue cost. We already had good results last year, but now, considering servers, computers and payment machines, we are now adding Positivo Tech Services, thus enhancing what we offer.

This is the pizza chart. We can see there was a decrease in consumer, but a growth in corporate and also public institutions, with a decrease in consumer segment. We believe that this is what we are going to see in 2022 as well, with this increase in corporate and public institutions, with this substantial decrease in growth coming from the consumer segment.

And that comes from payment solutions, a new mix, HaaS, hardware as a service, which is a segment that is increasing substantially. So we are ready for this new challenge.

As for consumer, we saw an increase last year, although the 4Q21 really had this decrease, and that happened to the entire market. We also had an increase in the inflation, and we can see that retail stores also present these numbers going down. But overall, we had good results, and also an increase in the main ticket.

We launched the Infinix, as I mentioned, and in 2022, Infinix should help us offset that decrease in retail. Analysts foresee a decrease by 10% in computers and smartphones compared to last year, and we will now have Infinix to support us. It will be delivered at the end of this month.

We also enhanced our presence in small retailers, T3. We see that this operation is increasing, so we are working with sales reps, talking to small retailers vis-à-vis T2, where we work with 90 to 100 large retailers.

As for corporate, we see a strong growth in volume of computers, up 25%, a slight decrease in servers. We had a project signed with Petrobras, and that was to be delivered to last year, as we will see a decrease, but we will see an increase in 2022.

As for has, we actually had an increase, up 104%. Most of sales to midsize and large companies encompass HaaS. And as for payment solutions, we also saw this substantial growth. And for services, up more than 200% year over year. And we also see healthier margins, and this year we will also have tech services supporting us.

As for public institutions, we see an increase in the purchase of laptops and notebooks because of work from home setting, and also municipalities and state governments buying notebooks to place them at schools. With that, we also see an increase in the number of tablets sold, also to be use at schools, mostly.

And last year and at the beginning of this year, we expected to deliver more than R\$2 billion for public institutions, excluding the electronic ballot boxes. We are also participating in many bids, and we know the two public institutions do need now to renew their technology parks, and the Secretariats are aware of the importance of having notebooks and tablets.

Now I would like to turn it over to Caio, our CFO, and also our Director, to address our results.

Caio Morais:

Thank you, Helio. Let me now go over the financial highlights. With regard to revenue, be it gross or not, we see the same level of growth, constant growth. In 2020, which was marked by the pandemic, the Company grew, but mostly in the 2H of the year, and that certainly took us to another level.

You can see in the slide here the growth both on gross and net revenue, and in all business units, be it in consumer, corporate or public institutions. I would like to highlight computers, an increase of 56%, tablets and cell phones, 75%, payment solutions, 423%, and services, including HaaS, we see we also saw 50% growth, with R\$640 million. So when we add this, we will see how important they are. And in the 4Q, also a 20% growth.

Next slide, please. This is a breakdown of our revenues. So you can see the three business units, consumers increasing by 35%, corporate 24.9%, and public institutions, 133.7%. And as shown before, consumer accounted for 46%, corporate 21%, and public institutions, 33%.

As for EBITDA, obviously this represents a very sound growth. When we go over the history from 2017 to 2021, what we find, what we identify very quickly is that the Company has

certainly adopted the right strategies. That started to be embraced in 2017. So this improved EBIDTA compared to the previous years stemmed from the better product mix, particularly payment solutions and HaaS, and also the selling of tablets and laptops. And also, you can see that we had the cost dilution.

On the next slide, net income. Obviously, net income is a consequence of all the actions that we have taken. We then see this improvement from a negative base in 2017, basically zero in 2018, and we can see profit starting in 2019.

I would like to point out that this is recurring net income. In 2020, the accounting income was higher, but when we exclude some fiscal adjustments, including some taxes, you can see that we are at the level of up 255%, and the same when we compared 4Q20 to 4Q21, a very strong performance.

As for the balance sheet, as for ROIC, and net indebtedness, as for return on investment, very similar. As for the numerator, the EBIT is better in 2021. As for denominator, a little bit worse, particularly because of the working capital, but that reflects the strong growth of the Company, and continuous investments.

So this slight retraction on ROIC relates to inventory levels at the end of 2021, which is necessary for ROIC in 2022, particularly for public institutions, namely electronic ballot boxes. We see an increase in net indebtedness, but this is something we need in order to support the growth that we foresee in the coming months.

Helio has already mentioned, we issued new debentures. That happened in February of 2022. With that, we extended our debt, and half of our debt is also kept from the capital market.

Next slide, our final considerations and outlook. Helio?

Helio Rotenberg:

We project a growth in our revenue for 2022, and we know that there are uncertainties, but we expect a growth ranging from the minimum of R\$5 billion to R\$6 billion considered last year.

As for public institutions, we have already R\$2 billion in revenue forecast for 2021, also R\$900 million coming from electronic ballot boxes. Just to give you an idea of where this is coming from.

As for payment solutions, we also expect to grow, particularly with Cielo, Stone and future agreements, but adjusted to ready supporters. Also, a strong presence in HaaS, and also in corporate and public markets.

As for services, although this revenue is not significant then the overall growth, we believe that this will also present a vigorous growth in 2022. As for consumers, we expect to see that down both for notebooks and smartphones.

So what we see is that research companies expect to see a decrease by 10% to 20%. We know that the numbers in January were really low, then we had the recovery in February, but we know that we will see this decrease in consumer.

But we expect to really offset that decrease by launching Infinix. And Infinix will also allow us to gain our share in a category that we were not present. So Positivo up to R\$900, and now we will offer products whose price goes up to R\$3,000. So we have this guidance, we are very optimistic for 2022. We are very excited. The Company is very sound, very healthy.

We have a very good group of executives and senior management. We have a VP for public organizations, Mari, we have Guercio, who is leading Corporate, Norberto for Consumer. We really have a dream team. We have Caio in Finance, Mauricio in Operations, Dani in Procurement and Eduardo Navarro for New Businesses, in order to follow new projects, new businesses, and also to study potential new businesses, potential new M&A. Eduardo Navarro joined us at the beginning of this year.

So we have a comprehensive team. We are very excited. An excellent Board of Directors, with four independent board members. I would say that this is the best moment of our 33 years of history. Thank you very much for joining us.

Caio, would you like to talk about repurchase?

Caio Morais:

Yes, this is very important. This is a consequence of what Helio already mentioned. When we consider the strong position of our Company and expectations to carry on with a strong growth, we believe that the current share price does not reflect the position of our company.

As for cash generation, it will also fund our working capital so that the Company can keep on growing. So we have established the total return equity swap in order to have the repurchase program. This is a new tool by using a financial institution so that we do not compete with cash for investments. So this is something new.

This is what we would like to also share. We released a Material Fact yesterday after the market closed. This is an indication that the Company will pursue repurchase, but now working with a specialized financial institution that is very renowned.

With that, we close this first part of the presentation, and now we are going to open for the Q&A session.

Carlos Herrera, Condor Insider (via webcast):

Hello, everyone. I have two questions. Following the guidance of the Company, what to expect for retail in 2022. And what to expect that to account for? Considering bid processes, what we saw is that the price of products have really increased. What about the margin regarding electronic ballot boxes?

Helio Rotenberg:

I think I have we have already answered his first question, talking about what to expect for the consumer market. We already shared what to expect regarding that pizza chart.

With regard to the second question, costs, it is true, we are trying to manage that, and we expect to see margins that are close from that that we had at the pricing period. Obviously, we had also some adjustments in our contracts, but we expect to see the margins close to those represented at the pricing. I think I have answered the second question.

Bernardo Guttman, XP:

Good morning, everyone. I have two questions. I think you have already addressed my first question regarding performance in retail. We see this macroeconomic deterioration, this downturn, that seems to be stronger than expected, but I believe that your diversification and your presence in different price layers, in notebooks, cellphones, that certainly supports you. What can we think regarding segments, considering also the new lines, like Infinix and Tech?

And the second question is about public institutions. Was there any delay regarding payment for electronic ballot boxes? These are my questions.

Helio Rotenberg:

Bernardo, good morning. Let me add some color regarding retail. We are very well positioned with the different computers, laptops and smartphones. That certainly protects us. As for Computer share, we believe that our share is already representative. We do not see how to grow. The growth regarding computer will depend on the market. We do not see any gains or losses, or any significant loss or gain regarding computers.

As for smartphones, we expect to see an increase with Infinix because we were not present. So any share is a gain. This is how we see retail. But we also need to see how the economy will be this year.

I would say that the market is now at a new level in consumer. That level was achieved in 2021, and we expect to see the same level. Maybe we may have a decrease in computers. So what we saw was an increase in sales of PCs. PCs are personal again.

As for public institutions, no, we do not see any delay. Everything is moving as it should, and the government is actually eager to receive the ballots. We cannot deliver faster because we need components. But what we see is that the government is very excited to receive that, both regarding computers and the ballot boxes.

So I would say that this is a very stable condition, and what we see is also this strong, substantial purchase, both in education, as well as corporate sector.

But regarding education, a very substantial growth that. We see, for example, São Paulo buying many notebooks, the state of Ceará, the state of Paraná and many municipalities by computers. That demonstrates the importance of having our students with devices.

Bernardo Guttman:

Thank you, Helio.

Vitor, Portal Small Caps (via webcast):

Good morning. Congrats on the presentation. Two questions: regarding your growth margin in 2021, was that regarding FX hedging or the mix of products sold? And what to expect regarding working capital for 2022, considering the growth that you expect to have?

Caio Moraes:

The mix of products is certainly important. Just as shared by Helio, we saw this slowdown in the consumer segment that certainly had an impact on our margins. The margins were slightly less than what we had year over year, or even quarter over quarter.

But that had nothing to do with hedge. We have implemented hedge accounting, and those impacts are now only marginal. So it is more related to the mix and to the retail environment.

Yuhzo Breyer, Trigono Capital (via webcast):

With the decrease on IPI, how does that affect the competitiveness of Positivo vis-à-vis your competitors?

Helio Rotenberg:

Great question. We were really taken aback with the changes in the tax environment. It is good that we have a very diverse footprint with manufacturing plants in Manaus, in the state of Paraná and in one more site. And we really do the math in order to see where we can be more competitive. So Manaus will have a decrease, whereas in Ilhéus and Curitiba, we will see an increase.

But there are also some pending issues. The Zona Franca de Manaus is now trying to come up with changes in order to offset this loss in competitiveness. We expect something new in the next 30 days. But in general, that does not have much impact on us.

Max, TradersClub (via webcast):

What affected the gross margin in the 1Q21? What about the price of raw material? What can we expect of EBITDA for 2022? Do you expect to see 10% margin again?

Helio Rotenberg:

I would like to point out to the fact regarding the 4Q. It is true that we had a decrease in retail not because of the price of components, but we saw this economic downturn, and everybody had prepared for a better scenario. So competitiveness increased in the 4Q. So we had this downturn in the market and it enhanced a very fierce competitiveness. That is what affected the margin, without a complicated explanation.

With regards to this year's EBITDA, I would like to turn it over to Caio. I do not know what we can disclose.

Caio Moraes:

Given this new mix, and also considering the business units and the very strong presence in corporate and public institutions, with improved margins, the outlook is to achieve a similar number.

We believe that we will see a decrease in retail, but we have Infinix that is being launched, and we also see this increase in corporate. We see a very strong margin in corporate. As for public institutions, we expect to see equivalent margin.

Max:

What about operations in Shenzhen after the lockdown in the city?

Helio Rotenberg:

I can tell you that my heartbeat really increased in the last year. We expect to see the opening again, but we had really different issues regarding last year, we had issues regarding the shortage of components. This year, this is not the main problem. And certainly, that lockdown for a week delays our operations, but expect now to really be very agile and reach the level we had expected.

Flavio José Bicca, Clube de Investimento Valor Futuro (via webcast):

Congrats for your growth in 2021. Can you please elaborate on the increase on working capital, and what was the rate paid for the debentures issued?

Caio Morais:

Regarding working capital, obviously that is related to inventory and the growth of our operations. We increased inventories, but we also increased suppliers. So that is certainly related to working capital. And that relates to future growth, particularly regarding public institutions, the electronic ballot boxes, purchase of components. So that is certainly related to the Company's growth.

With regard to the rate of debentures, it is a very competitive rate, considering a company with our rating, compared with a spread between 3% and 4%.

John, investor (via webcast):

Good morning. Congratulations for your results. Can you please elaborate on that repurchase program that you shared in a very simplified way so that all of us can understand it?

Caio Morais:

This is a program in which we work with a bank, in which the bank acquirers buy the shares and the Company pays an interest rate. So it is a swap. It is a derivative available on the market, and at the end of the contract of the swap, the Company recovers the shares, and then we will have it in our liability account.

Basically, that sets a swap. It is a very good mechanism for a company such as ours, with a repurchase program. But we also have our working capital mostly earmarked for our Company's growth.

Joel Gomes, investor (via webcast)

Besides the products that Positivo already markets, would you consider any new product?

Helio Rotenberg:

We think about new products every single day. We are not saying all of them will become feasible, but we have now a new Precedent for New Businesses exactly for doing that. Right now, we are going over our HaaS. We have HaaS, which is the rent of new products, and our HaaS is a refurbished HaaS. This is the continuation of HaaS.

So when we have these products being returned, we need also to consider how we are going to use that, considering a circular economy, which is good, you have a three year-old machine that can be used in the same company or in a different company. So you may replace a memory or part of that machine, and then it can be once again rented for another three years.

So we do research all the time. This is the first decision we made, for the first six months. But we are always studying.

As for the Internet of Things and smart homes, every single day we launch a new product. We have locks, we have the vacuum cleaners, the same for smartphones. We really study new products all the time. Obviously, based on our strategy that is very well established.

Yuhzo Breyer, Trigono Capital (via webcast):

How does the Company see the chips market for 2022?

Helio Rotenberg:

I would say that the worst is already over. That happened in July, August of last year, and then we started to see an improve. I am not saying that that it is perfect, and there are ups and downs. You see that some chips are in their normal levels, but not all of them.

But I would say that we feel more reassured this year, and we are also being able to deliver on the timeline we had expected.

José Otero (via webcast):

Can you please comment on investment on the venture Hilab, and expectation for its growth? Any possibility to integrate products with this company?

Helio Rotenberg:

Hilab is an independent operation, and we are the minority shareholder. What we offer is a support for certain operations, just as we did last year in supporting the manufacturing of covid tests that were sold to Butantan Institute, more than 1 million test kits. So we supported them for that operation.

Hilab is there. It seems that they are doing well. We are talking about a new round, and we do not know whether or not that is going to happen, but that is it for that.

Alex, Sarainvest (via webcast):

Good morning. The import tariffs were zero a while ago. How can that impact Positivo?

Helio Rotenberg:

Actually, they were not zero. There was a 10% decrease, and the impact of this 10% is really negligible, considering our business. Certain things that we have manufactured, perhaps it will make more sense for us to import, for lower cost products, but that does not have any impact on competitiveness of higher prices, laptops, computers and smartphones. Components also benefited from that reduction. Although, these are just hearsay. Nothing has been officially published yet.

Fernando, Itaú (via webcast):

Regarding corporate results in 2021, we saw an increase and a decrease in the 1Q21. What can we expect for this segment?

Helio Rotenberg:

Actually, the decrease was just in servers. What we saw was an increase in payment solutions and computers, and servers decreased because of the project with Petrobras. So we expect a very substantial growth.

HaaS is also very strong, presence in larger corporations. So we expect growth also in payment solutions. We expect really a substantial growth for this segment.

Ricardo Vieira, investor (via webcast):

What motivates you to have that investment in Venture Capital?

Helio Rotenberg:

Our investment on Corporate Venture relates to what is mandatory for us to invest in R&D, and we are investing in startups. So whenever we see a growth in our revenue, we also have to increase what we invest in startups, and we really enjoy this kind of investment, and we expect also to see an increase in this kind of investment. We have many companies that are in our pipeline.

Renata Oliva:

If there are no further questions, we will close this presentation.

Helio Rotenberg:

Thank you very much. We are very optimistic. We are really going through very good times, and I invite you all to get to know us more.

Caio Morais:

Thank you very much, everyone.

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