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

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Report on Review of Interim Financial
Information for the Three-month
Period Ended March 31, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Interim Financial Information

March 31, 2022

Contents

MANAGEMENT REPORT 1Q2022

Intelbras reports consolidated net revenue of R$866,198 thousand and an EBITDA of R$104,974 thousand.

São José (SC), May 2, 2022 – Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira (“Intebras” or “Company”) releases its consolidated results for the quarter ended March 31, 2022. The amounts presented here are compared to the quarter ended March 31, 2021, unless indicated otherwise. The accounting balances presented here were prepared in accordance with Brazilian corporate law and practices adopted in Brazil, in compliance with international accounting standards (IFRS).

Highlights

Net Operating Revenue in the first quarter of 2022 was R$866,198 thousand, representing a growth of 24.4% in relation to the previous year.

Our **Ebitda** reached the amount of R$104,974 thousand, 2.6% higher than the previous year, representing an EBITDA margin of 12.1% of net operating revenue.

The **ROIC (pre-tax)** calculated in the last four quarters was 20.6%, reaching 4.9p.p. lower than in the previous quarter.

Our **Net Income** in this first quarter of the year was R$98,566 thousand, representing a growth of 9.9% in relation to the same period of the previous year and a net margin of 11.4% of net operating revenue

Management Message

An adequate budget planning, prepared with attention to market and macroeconomic directions, has been key in the continuous historical evolution of the company's business. For the year 2022, we have developed a document aligned with the history of our achievements, as well, considering opportunities that arise during the period.

The beginning of the year was characterized by several adverse business factors. Once again, a wave of COVID-19 spread across Brazil in the first weeks of 2022. Afterwards, we experienced excessive rains mainly in the Southeast and Northeast regions, which contributed to a reduction in activities in the months of January and February, measured through our daily follow-ups of the sell-out of our distributors. In March, however, we observed a resumption of the market, and the indication that the year will be full of challenges and promising for the execution of our plans.

On the other hand, we note that our revenue and results are according to the plans and reflect the adequate execution of the strategies for the year.

Also in this first quarter, we signed an agreement for the purchase of 100% of the shares of Renovigi Energia Solar, a process that was concluded on April 29th, and which positions us in an even more relevant way in the business of commercialization of solar energy generators, aimed at to distributed generation, mainly on the roofs of companies and homes.

We are aware of the logistical challenges that have not yet been completely overcome and that are still present in the international supply chain. Although there is a slight improvement compared to the environment of the second half of the previous year, we understand that it will be a point of attention throughout at least the first half of this year.

Our plans are executed on track, and we are sure that, with solid conduction of the operation and all the closeness with our partners, we will build a year 2022 of new achievements.

Main Financial Indicators

R$ thousands	1Q22	4Q21	Δ%	1Q21	Δ%
Net operating revenue	866,198	906,785	-4.5%	696,459	24.4%
Gross profit	253,623	257,283	-1.4%	208,587	21.6%
Gross Margin	29.3%	28.4%	+0.9p.p	29.9%	-0.7p.p
EBITDA	104,974	115,951	-9.5%	102,341	2.6%
EBITDA Margin	12.1%	12.8%	-0.7p.p	14.7%	-2.6p.p
Profit for the period	98,566	100,166	-1.6%	89,707	9.9%
Net Profit Margin	11.4%	11.0%	+0.3p.p	12.9%	-1.5p.p
ROIC (pre-tax)	20.6%	25.5%	-4.9p.p	39.1%	-18.5p.p

Net Operating Revenue

According to our historical sales seasonality, the first quarter is the lowest quarter of the year in terms of revenue. Thus, this year we observed a small drop of 4.5% in relation to the fourth quarter of the previous year, already foreseen in the budget for the year.

On the other hand, our net operating revenue of R$866,198 thousand, represents a growth of 24.4% in relation to the same period of the previous year, very much in line with our growth plans for the year.

Gross profit

The cost challenges observed from the global inflation of raw materials and the costs of international freight continue to be present in the operations. Even so, it can be observed that the growth in gross profit followed the growth in net operating revenue with a slight gain, leading to a slight expansion of the gross margin, in comparison with the previous quarter, as we can see in the table below:

R$ thousands	1Q22	4Q21	Δ R$	Δ%	1Q21	Δ%
Net operating revenue	**866,198**	**906,785**	**(40,587)**	**(4.5%)**	**696,459**	**24.4%**
Cost of sales and services	(612,575)	(649,502)	36,927	(5.7%)	(487,872)	25.6%
Gross profit	**253,623**	**257,283**	**(3,660)**	**(1.4%)**	**208,587**	**21.6%**

We started the year with an adequate level of inventory considering the great logistical challenges and the important growth perspective for our operations. The appreciation of the Real against the US dollar observed in the second half of the quarter did not impact our price lists, which remained stable in our more mature lines.

Operational Expenses

Expenses control is a constant in the company. Although there is an increase in the comparison with the previous quarter, it should be noted that the month of January reflects the wage agreement in SC, where around 61.4% of our employees are located.

R$ thousands	1Q22	4Q21	Δ R$	Δ%	1Q21	Δ%
Selling expenses	(107,596)	(101,195)	(6,401)	6.3%	(79,903)	34.7%
General and administrative expenses	(50,811)	(46,477)	(4,334)	9.3%	(42,662)	19.1%
Other operating expenses, net	(4,903)	(6,467)	1,564	-24.2%	9,983	-149.1%
Operating income (expenses)	**(163,310)**	**(154,139)**	**(9,171)**	**5.9%**	**(112,582)**	**45.1%**

In comparison with the same period of the previous year, we observed a resumption of selling expenses levels according to the company's commercial operation, always close to the market and its reseller and distributors. In the previous period, sanitary restrictions reduced the promotion and maintenance of this relationship.

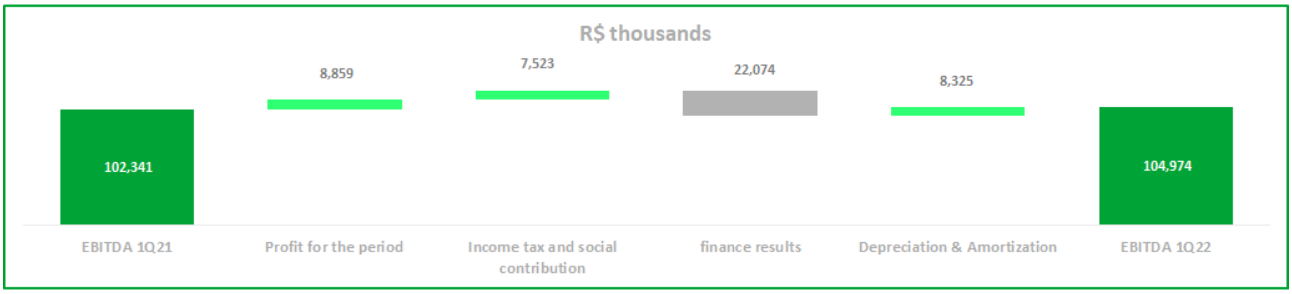
EBITDA

As well as the gross margin, our EBITDA margin remains in line with the last quarter of the previous year, with a slight drop of 0.7 percentage point, but within the forecast for the first quarter. We observed a slight increase in expenses in general, accompanied by an also small increase in gross margin, which contributes to the evolution as shown in the following table.

R$ thousands	1Q22	4Q21	Δ%	1Q21	Δ%
Profit for the period	98,566	100,166	-1.6%	89,707	9.9%
(+/-) income tax and social contribution	5,346	7,367	-27.4%	(2,177)	-345.6%
(+/-) Net finance results	(13,599)	(4,389)	209.8%	8,475	-260.5%
(+) Depreciation	9,408	8,379	12.3%	4,888	92.5%
(+) Amortization	5,253	4,428	18.6%	1,448	262.8%
EBITDA	**104,974**	**115,951**	-9.5%	**102,341**	2.6%
% EBITDA	**12.1%**	**12.8%**		**14.7%**	

We observed a result that was very much in line with that achieved in the previous quarter, which confirms the correct direction of the company's strategies and the proper conduct of the business. It is worth noting that the level of expenses in the first quarter of 2021, as previously mentioned, still reflected a pandemic scenario and made it impossible, mainly, to carry out commercial expenses, which are important for the evolution of our activities in the market.

The chart below represents the evolution of Ebitda during the last 4 quarters:



Financial Results

Once again, our net financial result contributed to the improvement in net income, as we can see in the table below.

R$ thousands	1Q22	4Q21	AH%	1Q21	AH%
Finance income	34,510	24,209	42.6%	12,902	167.5%
Finance costs	(14,388)	(13,301)	8.2%	(13,517)	6.4%
Exchange gains (losses), net	(6,523)	(6,519)	0.1%	(7,860)	(17.0%)

Here, we highlight the negative foreign exchange variation, caused by the mark-to-market of our foreign exchange hedge derivatives. When observing the trend of appreciation of the local currency, the company chose to keep open accounts payable with our suppliers without protection in order to balance its foreign exchange exposure, but still impacting the financial result by R$6,523 thousand.

Net income

This first quarter, our net income was R$98,566 thousand, representing a net margin of 11.4% of net operating revenue and a growth of 9.9% in relation to the same period of the previous year.

During this first quarter, we followed up the evolution of the appreciation of the Real against the US dollar, which required adjustments in our execution of our hedging policy. Although with no effect on the company's cash, as mentioned above, the mark-to-market of our foreign exchange derivatives contributed negatively to our net income. On the other hand, the decision to keep part of our accounts payable floating with the exchange rate, until a level of stability is identified, balanced part of this negative influence.

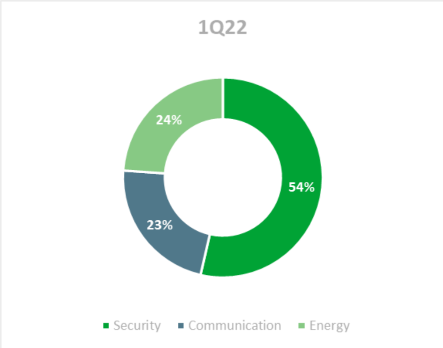
ROIC (pre-tax)

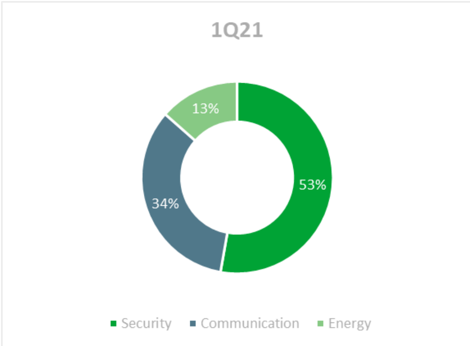
The ROIC (pre-tax) for the period accumulates the results obtained over the last four quarters, and its calculation is described in the table below:

R$ thousands	1Q22	4Q21	Δ%	1Q21	Δ%
Operating profit before finance income (costs)	356,916	362,608		420,252	
Income tax and social contribution	(14,540)	(7,017)		(15,675)	
NOPAT	**342,376**	**355,591**	**-3.7%**	**404,577**	**-15.4%**
Net cash	(262,672)	(497,164)		(656,244)	
Equity	1,993,648	1,919,139		1,730,361	
Capital employed	**1,730,976**	**1,421,975**	**21.7%**	**1,074,117**	**61.2%**
ROIC Pre-tax	**20.6%**	**25.5%**	**-4.9p.p**	**39.1%**	**-18.5p.p**

The effect on ROIC is a combination of two major factors: (i) a drop in operating income for the first quarter when compared to the same period of the previous year and (ii) an increase in capital employed. The higher operating result in the first quarter of 2021 was due to an increased margin due to a pass-through of prices and reduced expenses due to the pandemic. On the capital employed side, we see the impact of cash consumption, which has been occurring as a result of investments being made in inventories and in expanding industrial capacity.

Business evolution per segment





As planned in our 2022 budget, we grew sales in the energy and security segments, but reported a drop in communication when compared to the first quarter of the previous year.

Security grows continuously and remains our main business segment.

On the other hand, in communication, we show a resumption of activity in the pre-pandemic market and still important challenges in the supply chain.

Energy keeps its process of gaining market share in a very heated market, growing well above average, and representing 24% of our net revenue.

Details regarding each of the segments can be found below:

Security

An stable revenue when compared to the fourth quarter of the previous year reflects a very adequate execution of the plans, and confirms the beginning of a year of new achievements in this segment.

Security	1Q22	4Q21	Δ%	1Q21	Δ%
Net operating revenue	464,292	462,969	0.3%	367,663	26.3%
Gross profit	155,391	154,157	0.8%	123,303	26.0%
% Gross profit	33.5%	33.3%	+0.2p.p	33.5%	-0.0p.p
Quantities	5,750,350	5,989,554	-4.0%	5,161,327	11.4%

The 26.3% growth in relation to the first quarter of the previous year occurs broadly, in all product categories of this segment, especially in the access control business unit, which has been gaining space month after month in the market.

There was also stability in gross margins, as a result of the stabilization of supplies and the maintenance of price lists throughout the quarter.

Communication

We continue to be affected by difficulties in the supply chain of chipsets, which limits our revenue growth. On the other hand, the sharp drop compared to the first quarter of 2021 is mainly due to the market levels that are already at the same level as before the heating generated by the pandemic.

Communication	1Q22	4Q21	Δ%	1Q21	Δ%
Net operating revenue	194,980	226,302	-13.8%	234,664	-16.9%
Gross profit	54,201	60,767	-10.8%	61,886	-12.4%
% Gross profit	27.8%	26.9%	+0.9p.p	26.4%	+1.4p.p
Quantities	2,575,629	2,408,659	6.9%	3,203,491	-19.6%

On the other hand, with the limited supply, we were able to better reorganize the price lists and work on more adequate margins in important product lines, such as routers and fiber optic equipment, leading to a slight increase in gross margin of 0.9 point percentage. We clearly see that the supply situation for both business units reported in this segment should remain challenging throughout the first half of this year, and a recovery is expected in the second half.

Energy

Once again, the energy segment stands out in terms of revenue growth, reaching a growth of 119.8% in relation to the first quarter of the previous year. In this quarter, we also observed an increase in gross margin, mainly due to the normalization of the supply of raw materials for solar generators.

ENERGY	1Q22	4Q21	Δ%	1Q21	Δ%
Net operating revenue	206,926	217,514	-4.9%	94,132	119.8%
Gross profit	44,031	42,359	3.9%	23,398	88.2%
% Gross profit	21.3%	19.5%	+1.8p.p	24.9%	-3.6p.p
Quantities	1,043,929	1,235,340	-15.5%	789,151	32.3%

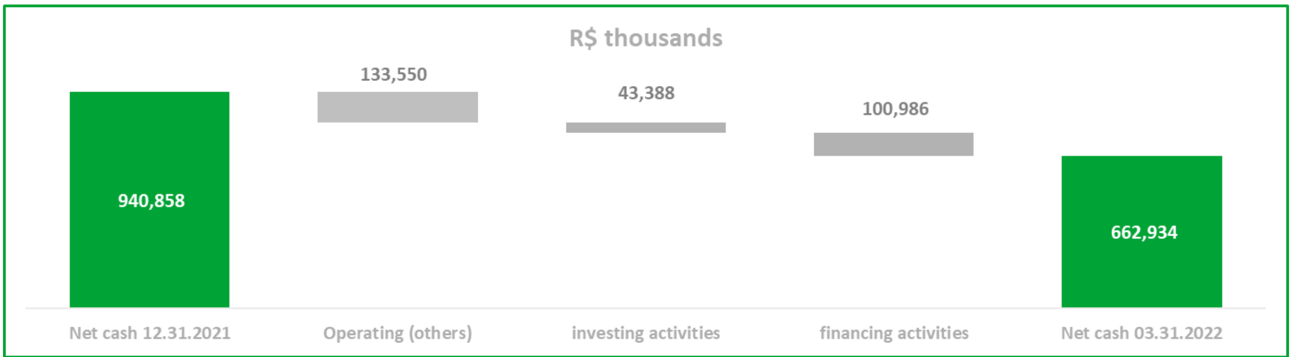
We also highlight that, although the market was more difficult in the first months of the year, due to the restrictions generated by the new wave of COVID-19 and the rains in the Southeast and Northeast regions, we achieved revenue in line with our budgeted plans.

Cash and debt position

Cash position remains within the company's expectations. We highlight the negative generation of operating cash due to the strategic decision to increase the level of inventories, as a result of the logistical adversities presented during the first quarter of 2022.

R$ thousands	1Q22	4Q21	Δ R$	1Q21	Δ R$
Cash and cash equivalents	662,934	940,858	(277,924)	1,129,453	(466,519)
Operating (others)	(133,550)	(42,124)	(91,426)	(166,394)	32,844
Net cash used in investing activities	(43,388)	(236,543)	193,155	(24,742)	(18,646)
Net cash provided by financing activities	(100,986)	466,544	(567,530)	567,608	(668,594)

Although the company plans to reduce inventories in order to reach the level of 120 days, according to the work plan for the year, we reinforce that several measures are being taken to ensure supply and maintenance of the sales plan.



Investments in industrial capacity expansion and our financing activities are proceeding according to plan.

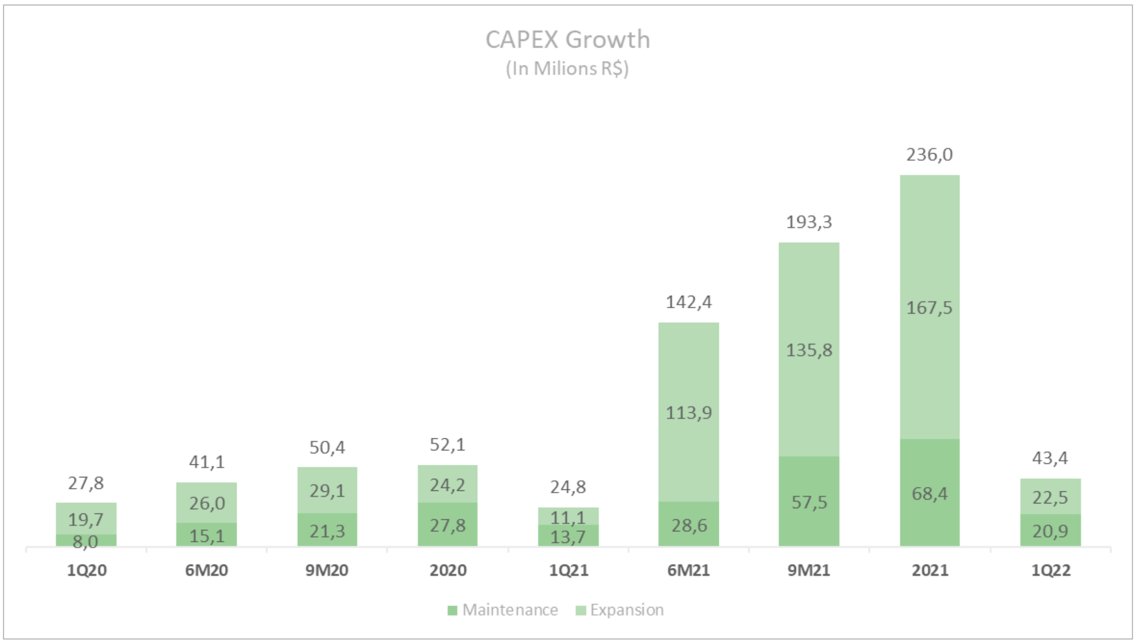
Our debts are presented below:

BANK	03/31/22		12/31/22		03/31/21
	Principal + charges	Interest + payments	Principal + charges	Interest + payments	Principal + charges
BNDS	175,610	(4,861)	180,471	67,344	113,127
FINEP	175,463	(7,720)	183,183	(21,681)	204,864
Private Banks	49,189	(30,851)	80,040	(75,178)	155,218
Total	**400,262**	**(43,432)**	**443,694**	**(29,515)**	**473,209**

* **NOTE**: values in R$ thousands

We remain with our indebtedness in line with the company's business plan and the need for cash for its execution.

CAPEX



The company's investment dynamics is according to its history and plans for the year. Investment plans to expand industrial capacity, such as the completion of works in Tubarão/SC and Santa Rita do Sapucaí/MG, and the construction of a new area to concentrate Solar Energy operations in São José/SC.

Our maintenance capex, which represented 2.4% of net operating revenue in the first quarter of the year, follows our track record and is also on schedule..

Perspectives

During the first quarter of this year, we worked to complete the process of acquiring the company Renovigi Energia Solar, and as of May 1, 2022 we will have the results of our newest subsidiary on our balance sheet. Integration activities have already started and we work together with the company's team to resume the pace of growth and results already presented by the company in previous years.

The territory occupation strategy for our Solar Energy business, with two brands, two commercial teams acting in parallel and aligned in the market, strengthening its relationship with its reseller bases and increasing our regional presence is structured and already in execution.

We observed an increasing level of sell out throughout the quarter from our distributors in the two security business units and in the energy business unit, and we continue with the perspective of having an excellent new year. The necessary investments for the expansion of our business in the different verticals of operation, in the generation of recurring revenue and in the creation of the connected home market are on track and will allow growth to continue robust throughout this year.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholder and Management of
Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2022, which comprises the balance sheet as at March 31, 2022, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

The Executive Board is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2022, prepared under the responsibility of the Company's Executive Board and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with this standard and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Curitiba, April 29, 2022

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

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Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira
Balance sheets
As at March 31, 2022 and December 31, 2021
(Amounts in thousands of Brazilian reais – R$)

	Note	Consolidated		Parent	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets					
Current assets					
Cash and cash equivalents	**5**	662,934	940,858	646,219	916,474
Securities	**6**	1,244	4,411	1,244	4,411
Trade receivables	**7**	635,799	634,869	614,045	611,800
Inventories	**8**	1,315,137	1,295,438	1,288,144	1,267,317
Recoverable taxes	**9**	63,187	60,243	59,703	57,950
Derivative instruments	**22.2**	-	4,835	-	4,835
Other receivables		23,701	14,634	19,109	13,527
Total current assets		**2,702,002**	**2,955,288**	**2,628,464**	**2,876,314**
Noncurrent assets					
Securities	**6**	10,365	10,119	10,365	10,119
Trade receivables	**7**	4,348	3,857	4,348	3,857
Escrow deposits	**17.b**	2,911	2,811	2,900	2,811
Deferred taxes	**21**	32,241	20,157	30,211	19,153
Recoverable taxes	**9**	3,237	3,215	2,564	2,433
Related parties	**28**	-	-	15,874	15,509
Other receivables		2,166	2,699	2,274	2,650
Investments	**11**	2,900	3,810	148,975	159,569
Lease right of use	**10**	15,449	9,862	9,385	3,390
Property, plant and equipment	**12**	394,926	371,066	365,500	340,348
Intangible assets	**13**	181,203	172,912	84,135	72,313
Total noncurrent assets		**649,746**	**600,508**	**676,531**	**632,152**
Total assets		**3,351,748**	**3,555,796**	**3,304,995**	**3,508,466**

The accompanying notes are an integral part of these interim financial information.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira
Balance sheets
As at March 31, 2022 and December 31, 2021
(Amounts in thousands of Brazilian reais – R$)

	Note	Consolidated		Parent	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Liabilities					
Current liabilities					
Trade payables	**14**	658,934	870,441	653,773	866,183
Borrowings and financing	**15**	123,236	137,104	123,236	135,648
Leases	**10**	6,587	4,227	4,570	1,155
Derivative instruments	**22.2**	36,037	3,756	36,037	3,756
Payroll, related taxes and profit sharing	**16**	88,652	102,629	80,367	94,303
Taxes payable		12,083	3,412	10,651	-
Provision for warranties		18,043	17,257	17,978	17,195
Provision for tax, labor and civil risks	**17.a**	820	810	820	810
Interest on capital/dividends	**18.f**	-	33,151	-	33,151
Other payables		70,478	95,231	63,529	91,753
Total current liabilities		**1,014,870**	**1,268,018**	**990,961**	**1,243,954**
Noncurrent liabilities					
Borrowings and financing	**15**	277,026	306,590	277,026	306,450
Leases	**10**	9,316	6,066	5,190	2,428
Taxes payable		183	154	183	154
Provision for tax, labor and civil risks	**17.a**	17,114	15,849	16,338	15,074
Payables for purchase of shares	**11.e**	20,748	23,475	20,748	23,475
Other payables		18,843	16,505	18,843	16,505
Total noncurrent liabilities		**343,230**	**368,639**	**338,328**	**364,086**
Equity					
Capital	**18.a**	1,074,500	1,074,500	1,074,500	1,074,500
Capital reserve	**18.b**	(26,701)	(26,701)	(26,701)	(26,701)
Earnings reserves	**18.c**	829,167	852,924	829,167	852,924
Retained earnings		99,243	-	99,243	-
Valuation adjustments to equity	**18.d**	(626)	(558)	(626)	(558)
Cumulative translation adjustments	**18.e**	123	261	123	261
Equity attributable to owners of the Company		**1,975,706**	**1,900,426**	**1,975,706**	**1,900,426**
Noncontrolling interests		17,942	18,713	-	-
Total equity		1,993,648	1,919,139	1,975,706	1,900,426
Total liabilities and equity		**3,351,748**	**3,555,796**	**3,304,995**	**3,508,466**

 The accompanying notes are an integral part of these interim financial information.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira
Statements of income
For the three-month periods ended March 31, 2022 and 2021
(Amounts in thousands of Brazilian reais – R$, except earnings per share)

	Note	Consolidated		Parent	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Net operating revenue	**23**	**866,198**	**696,459**	**842,062**	**687,127**
Cost of sales and services	**24**	(612,575)	(487,872)	(607,467)	(487,083)
Gross profit		**253,623**	**208,587**	**234,595**	**200,044**
Operating income (expenses)					
Selling expenses	**24**	(107,596)	(79,903)	(102,624)	(77,819)
General and administrative expenses	**24**	(50,811)	(42,662)	(42,967)	(38,039)
Share of profit (loss) of subsidiaries	**11**	-	-	(1,545)	4,285
Other operating income (expenses), net	**24**	(4,903)	9,983	3,857	10,262
		(163,310)	**(112,582)**	**(143,279)**	**(101,311)**
Operating profit before finance income (costs)		**90,313**	**96,005**	**91,316**	**98,733**
Finance income		34,510	12,902	33,890	12,829
Finance costs		(14,388)	(13,517)	(13,773)	(13,101)
Exchange gains (losses), net		(6,523)	(7,860)	(6,495)	(7,657)
Finance income (costs), net	**25**	**13,599**	**(8,475)**	**13,622**	**(7,929)**
Profit before taxes		**103,912**	**87,530**	**104,938**	**90,804**
Current income tax and social contribution	**21.b**	(17,431)	(492)	(16,822)	-
Deferred income tax and social contribution	**21.b**	12,085	2,669	11,059	(1,097)
Profit for the period		**98,566**	**89,707**	**99,175**	**89,707**
Profit for the period attributable to:					
Owners of the Company		99,175	89,707	99,175	89,707
Noncontrolling interests		(609)	-	-	-
Profit for the period		**98,566**	**89,707**	**99,175**	**89,707**
Basic and diluted earnings per share (in R$)					
Common	**19**	0.30	0.27	0.30	0.27

The accompanying notes are an integral part of these interim financial information.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of comprehensive income

For the three-month periods ended March 31, 2022 and 2021

(Amounts in thousands of Brazilian reais – R$)

	Note	Consolidated		Parent	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit for the period		**98,566**	**89,707**	**99,175**	**89,707**
Items that can be subsequently reclassified to the statement of income					
Other comprehensive income					
Exchange differences on foreign investments	**11**	(138)	164	(138)	164
Total comprehensive income		**98,428**	**89,871**	**99,037**	**89,871**
Comprehensive income attributable to:					
Owners of the Company		99,037	89,871	99,037	89,871
Noncontrolling interests		(609)	-	-	-

 The accompanying notes are an integral part of these interim financial information.

(Amounts in thousands of Brazilian reais – R$)

			Capital reserve	Earnings reserve								
	Note	**Capital**	**Share issuance costs**	**Legal**	**Tax incentives**	**Retained earnings**	**Valuation adjustments to equity**	**Cumulative translation adjustments**	**Retained earnings**	**Equity attributable to the owners of the Company**	**Noncontrolling interests**	**Total**
Balances as at December 31, 2020		**350,000**	**-**	**63,183**	**278,592**	**258,761**	**25,612**	**82**	**-**	**976,230**	**-**	**976,230**
Realization of deemed cost, net of taxes		-	-	-	-	-	(68)	-	68	-	-	-
Exchange differences on investments in foreign subsidiaries		-	-	-	-	-	-	164	-	164	-	164
Profit for the period		-	-	-	-	-	-	-	89,707	89,707	-	89,707
Capital increase		724,500	-	-	-	-	-	-	-	724,500	-	724,500
Share issuance costs	18.h	-	(26,701)	-	-	-	-	-	-	(26,701)	-	(26,701)
Allocations:												
Interest on capital		-	-	-	-	-	-	-	(9,838)	(9,838)	-	(9,838)
Dividends		-	-	-	-	(23,701)	-	-	-	(23,701)	-	(23,701)
Balances as at March 31, 2021		**1,074,500**	**(26,701)**	**63,183**	**278,592**	**235,060**	**25,544**	**246**	**79,937**	**1,730,361**	**-**	**1,730,361**
Balances as at December 31, 2021		**1,074,500**	**(26,701)**	**81,405**	**281,307**	**490,212**	**(558)**	**261**	**-**	**1,900,426**	**18,713**	**1,919,139**
Realization of deemed cost, net of taxes		-	-	-	-	-	(68)	-	68	-	-	-
Surplus arising from acquisition		-	-	-	-	-	-	-	-	-	(162)	(162)
Exchange differences on investments in foreign subsidiaries	11	-	-	-	-	-	-	(138)	-	(138)	-	(138)
Profit for the period		-	-	-	-	-	-	-	99,175	99,175	(609)	98,566
Allocations:												
Dividends	18.f	-	-	-	-	(23,757)	-	-	-	(23,757)	-	(23,757)
Balances as at March 31, 2022		**1,074,500**	**(26,701)**	**81,405**	**281,307**	**466,455**	**(626)**	**123**	**99,243**	**1,975,706**	**17,942**	**1,993,648**

The accompanying notes are an integral part of these interim financial information.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira

Statements of cash flows

For the three-month periods endd March 31, 2022 and 2021

(Amounts in thousands of Brazilian reais – R$)

	Note	Consolidated		Parent	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cash flows from operating activities					
Profit before taxes		103,912	87,530	104,938	90,804
Adjustments to:					
Accrued interest and exchange differences		70,204	27,722	70,583	27,494
Depreciation	10;12	9,408	4,888	7,465	4,374
Amortization	13	5,253	1,448	1,336	1,060
Share of profit (loss) of subsidiaries	11	-	-	1,545	(4,285)
Provision for tax, labor and civil risks	17	1,275	1,857	1,274	1,791
Allowance for expected credit loss	7	4,718	(2,723)	4,265	(2,864)
Allowance for inventory losses	8	435	4,633	218	4,633
Tax credits	24	(23,421)	(24,373)	(22,297)	(23,815)
Adjustment to present value		(5,660)	832	(5,660)	832
Accrued trade discounts		(1,765)	(1,632)	(1,765)	(1,632)
Provision for warranties		786	625	783	625
Derivative instruments		32,281	(19,694)	37,116	(19,694)
Residual value of property, plant and equipment and intangible assets written off		1,051	366	709	325
		198,477	**81,479**	**200,510**	**79,648**
Changes in assets and liabilities					
(Increase) decrease in trade receivables		(3,651)	21,998	(4,513)	22,244
(Increase) decrease in inventories		(16,873)	(232,566)	(17,784)	(228,861)
(Increase) decrease in recoverable taxes		20,455	50,120	20,413	49,637
(Increase) decrease in escrow deposits		(100)	(6,580)	(89)	(6,580)
(Increase) decrease in other assets		(778)	(267)	(2,050)	969
Increase (decrease) in trade payables		(283,072)	(47,099)	(285,767)	(47,449)
Increase (decrease) in payroll, related taxes and profit sharing		(13,977)	(27,547)	(13,936)	(27,973)
Increase (decrease) in taxes payable		(448)	5,457	596	6,040
Increase (decrease) in other payables		(25,301)	(10,942)	(27,083)	(11,516)
Income tax and social contribution paid		(8,282)	(447)	(6,737)	(415)
Net cash used in operating activities		**(133,550)**	**(166,394)**	**(136,440)**	**(164,256)**
Cash flows from investing activities					
Acquisition of property, plant and equipment items	12;29	(30,740)	(21,515)	(30,121)	(21,267)
Dividends received	11	-	-	8,000	-
(Acquisitions) write-off of other investments	11	910	100	911	(59)
Acquisition of intangible assets	13	(13,558)	(3,327)	(13,172)	(3,324)
Net cash used in investing activities		**(43,388)**	**(24,742)**	**(34,382)**	**(24,650)**
Cash flows from financing activities					
Loans granted (intragroup)		-	-	-	(3,325)
Borrowings paid (principal)	15	(35,908)	(34,677)	(34,531)	(34,531)
Borrowings paid (interest)	15	(7,026)	(7,001)	(7,008)	(6,986)
Payment of lease (principal)	10	(979)	-	(884)	-
Payment of lease (finance charges)	10	(165)	-	(102)	-
Capital increase		-	724,500	-	724,500
Share issuance costs		-	(35,301)	-	(35,301)
Dividends and interest on capital paid	18.f	(56,908)	(79,913)	(56,908)	(79,913)
Net cash (used in) provided by financing activities		**(100,986)**	**567,608**	**(99,433)**	**564,444**
(Decrease) increase in cash and cash equivalents, net		**(277,924)**	**376,472**	**(270,255)**	**375,538**
Cash and cash equivalents at the beginning of the period	5	940,858	752,981	916,474	743,535
Cash and cash equivalents at the end of the period	5	662,934	1,129,453	646,219	1,119,073

 The accompanying notes are an integral part of these interim financial information.

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira
Statements of value added
For the three-month periods ended March 31, 2022 and 2021
(Amounts in thousands of Brazilian reais – R$)

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Revenues	**1,038,671**	**859,839**	**1,012,664**	**850,555**
Sale of goods and services, net of returns	1,025,672	852,608	1,001,626	843,191
Other revenue	17,717	4,507	15,303	4,500
Allowance for expected credit loss	(4,718)	2,724	(4,265)	2,864
Inputs purchased from third parties	**(789,612)**	**(584,477)**	**(773,407)**	**(582,143)**
Cost of sales and services	(602,003)	(466,304)	(607,523)	(470,490)
Supplies, power, outside services and other	(187,525)	(118,098)	(165,800)	(111,578)
Loss / recovery of assets	(84)	(75)	(84)	(75)
Gross value added	**249,059**	**275,362**	**239,257**	**268,412**
Depreciation and amortization	**(14,661)**	**(6,336)**	**(8,801)**	**(5,434)**
Wealth created by the Company	**234,398**	**269,026**	**230,456**	**262,978**
Wealth received in transfer	**127,515**	**47,145**	**124,945**	**50,067**
Share of profit (loss) of subsidiaries	-	-	(1,545)	4,285
Finance income and exchange gains	127,515	47,145	126,490	45,782
Total wealth for distribution	**361,913**	**316,171**	**355,401**	**313,045**
Wealth distributed	**361,913**	**316,171**	**355,401**	**313,045**
Personnel	**110,483**	**92,024**	**107,391**	**89,180**
Salaries and wages	92,896	78,161	90,168	75,708
Benefits	12,229	9,478	12,031	9,254
Severance Pay Fund (FGTS)	5,358	4,385	5,192	4,218
Taxes, fees and contributions	**36,256**	**75,949**	**33,389**	**77,679**
Federal	(53,218)	(3,968)	(54,837)	(1,111)
State	89,056	79,772	88,080	78,743
Municipal	418	145	146	47
Lenders and lessors	**116,608**	**58,491**	**115,446**	**56,479**
Finance costs and exchange losses	113,857	55,610	112,808	53,700
Rentals	2,751	2,881	2,638	2,779
Shareholders	**98,566**	**89,707**	**99,175**	**89,707**
Interest on capital and dividends paid	-	8,362	-	8,362
Retained earnings in the period	98,566	81,345	99,175	81,345

 The accompanying notes are an integral part of these interim financial information.

1. General information

Intelbras S.A. - Indústria de Telecomunicação Eletrônica Brasileira (Company”), incorporated on March 22, 1976, is a publicly-held company, listed at the “Novo Mercado” segment of B3, under ticker symbol “INTB3”, headquartered in the City of São José, State of Santa Catarina, with branches in the City of São José (SC) and in the Cities of Santa Rita do Sapucaí (MG), Manaus (AM), Jaboatão dos Guararapes (PE) and investments for expansion in the City of Tubarão (SC). It also has subsidiaries in São José (SC), Florianópolis (SC) and in Asia.

It is mainly engaged in the manufacture, development and sale of electronic security equipment and electronic surveillance and monitoring services, consumer voice and/or data communications devices and equipment, professional voice and/or data communications equipment, services and means, network equipment, data communications infrastructure means and solutions and power and solar power products.

Impacts of Covid-19

The Company’s Management has been observing all developments arising from the COVID-19 pandemic and monitors the possible impacts on its business to establish risk prevention and mitigation measures. The prevention measures adopted by the Company are the same as those disclosed in the financial statements for the year ended December 31, 2021.

The Company will continue to monitor the impacts and will adopt the required measures, if necessary.

Significant transaction

On February 15, 2022, the Company announced to the market that it has entered into an agreement, whereby it has agreed to acquire 100% of the shares of Renovigi Energia Solar S.A., a company operating in the solar energy segment, with consolidated position in the Brazilian market, supported by an extensive network of partners for resale of its products. The acquisition will represent to the Company’s several sales channels and partners a major business opportunity, expanding the availability of products in the local market and benefiting the entire chain. The Company will pay to the sellers the total estimated amount of R$334,336 depending on the attainment of certain goals. The transaction set forth in the agreement presents certain usual conditions precedent to the closing for transactions of this nature and, therefore, the accounting impacts of this acquisition will be reflected only after the closing of the acquisition.

2. Basis of preparation of interim financial information

The Company's interim financial information, included in the Interim Financial Information Form (ITR) for the three-month period ended March 31, 2022, comprises the individual and consolidated interim financial information, prepared considering all Company's significant information, which correspond to that used by Management in managing the Company, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standard Board (IASB), as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR).

The interim financial information has been prepared based on historical cost, except for the fair value measurement of certain financial instruments, when required by the standard. The accounting policies, consolidation bases and calculation methods adopted in preparing the interim financial information, as well as the main judgments adopted for the estimates used in the application of the accounting practices, are the same as those used in the preparation of the individual and consolidated financial statements for the year ended December 31, 2021, contemplating the adoption of the new accounting pronouncements, when applicable.

This individual and consolidated interim financial information was approved and authorized for issue at the Board of Directors' meeting held on April 29, 2022.

3. Significant accounting policies

The interim financial information is intended to provide update based on the most recent complete annual financial statements. Therefore, it focus on new activities, events and circumstances and does not duplicate information previously disclosed, except when Management considers important to maintain a specific information.

The individual and consolidated interim financial information disclosed herein has been prepared based on the accounting policies adopted in the preparation of the annual financial statements for the year ended December 31, 2021 (note 3).

There was no change in such policies and estimate calculation methods. As prescribed by CPC 21 (R1) (IAS 34) - Interim Financial Reporting, Management elected not to disclose again in details the accounting policies adopted by the Company. Accordingly, this individual and consolidated interim financial information must be read together with the annual financial statements for the year ended December 31, 2021, so as to allow users to expand their understanding about the Company's financial condition and liquidity and its capacity to generate profit and cash flows.

The standards and interpretations issued by the IASB significant for the Company that are not yet effective are the same as those disclosed in the financial statements for the year ended December 31, 2021.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

4. Critical accounting judgments, estimates and assumptions

The preparation of the Company's individual and consolidated interim financial information requires Management to make judgments and estimates and adopt assumptions that affect the reported amounts of income, expenses, assets and liabilities, including contingent liabilities. The uncertainty inherent in such judgments, assumptions and estimates may give rise to results that require a significant adjustment of the carrying amount of the certain assets or liabilities in future years.

These judgments, estimates and assumptions are revised at each reporting date.

There was no change of any nature in relation to these estimation methods when compared to the previous reporting year and, accordingly, as prescribed by CPC 21 R1 (IAS 34) – Interim Financial Reporting, Management decided not to disclose again in details the significant accounting judgments, estimates and assumptions adopted by the Company. Accordingly, this individual and consolidated interim financial information must be read together with the individual and consolidated annual financial statements for the year ended December 31, 2021.

5. Cash and cash equivalentes

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash and banks	17,592	19,673	15,733	18,580
Cash and banks – foreign currency	28,144	27,947	27,194	26,951
Short-term investments	617,198	893,238	603,292	870,943
	662,934	**940,858**	**646,219**	**916,474**

Investments are comprised of short-term investments, classified as cash equivalents, and refer to papers backed by the Interbank Deposit Certificate ("CDI"), held at institutions considered by Management as prime financial institutions, which yield is pegged to the DI rate with possibility of partial or full unrestricted redemption. The amounts are recorded at acquisition cost, plus respective income up to the balance sheet date, which were on average 101% of the CDI rate as at March 31, 2022 (101% as at December 31, 2021).

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

6. Securities

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Short-term investments (i)	7,878	10,888	7,878	10,888
Short-term investments – Escrow account (ii)	3,731	3,642	3,731	3,642
	11,609	**14,530**	**11,609**	**14,530**
Current	1,244	4,411	1,244	4,411
Noncurrent	10,365	10,119	10,365	10,119

(i) Refers to an escrow account to secure the indemnity obligations of the sellers of Khomp Indústria e Comércio Ltda. (company acquired), and the respective deposit management is shared and requires authorization of both parties to be handled. The agreement provides for the payment to the sellers in two installments, the first of which was paid in March 2022 and the second installment will be paid five years after the acquisition date.

(ii) Refers to an escrow account to secure the indemnity obligations of the sellers of Seventh Ltda (company acquired). The release of this amount on behalf of the sellers will be made in five annual installments, the first one of which was paid in July 2021.

7. Trade receivables

Trade receivables are broken down as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Domestic – third parties	663,330	659,651	641,175	636,666
Foreign – third parties	7,291	7,319	4,954	4,950
	670,621	**666,970**	**646,129**	**641,616**
Allowance for expected credit loss	(18,802)	(14,084)	(16,064)	(11,799)
Present value adjustment (PVA)	(11,672)	(14,160)	(11,672)	(14,160)
	640,147	**638,726**	**618,393**	**615,657**
Current	635,799	634,869	614,045	611,800
Noncurrent	4,348	3,857	4,348	3,857

Installment sales were adjusted to present value on the transaction dates based on the estimated rate over the collection term. The contra entry to the present value adjustment is “Net operating revenue” and its recovery is recorded as finance income in finance income (costs). The discount rate used involves an analysis of the capital structure and the uncertainties of the macroeconomic context and was, on average, 11.75% p.a. as at March 31, 2022 (12.76% p.a. as at December 31, 2021). As at March 31, 20212, the average days sales outstanding was 52 days (56 days as at December 31, 2021).

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

The aging list of trade receivables is as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Up to 360 days	619,206	613,353	600,140	592,460
More than 360 days	9,400	8,039	9,392	8,039
Up to 30 days past due	13,249	21,531	11,791	20,563
Up to 90 days past due	8,210	5,668	7,534	4,515
Up to 180 days past due	3,563	2,297	3,125	2,019
Up to 360 days past due	2,790	2,398	2,141	2,235
More than 360 days past due	14,203	13,684	12,006	11,785
Closing balance	**670,621**	**666,970**	**646,129**	**641,616**

Variations in the allowance for expected credit losses:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Opening balance	**(14,084)**	**(13,892)**	**(11,799)**	**(13,524)**
Recognition	(5,112)	(4,673)	(4,613)	(2,028)
Reversal	394	4,481	348	3,753
Closing balance	**(18,802)**	**(14,084)**	**(16,064)**	**(11,799)**

The Company uses a simplified approach, as prescribed by CPC 48 (IFRS 9) – Financial Instruments, to prospectively recognize an additional allowance for expected losses. This estimate is calculated based on the historical losses on sales, applied on all trade receivables, including current balances. The purpose of this analysis is to ensure a more careful analysis in determining the allowance for expected credit loss on the Company's and its subsidiaries' trade receivables.

8. Inventories

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Finished goods	468,932	376,186	467,585	374,580
Work in process	47,935	48,131	41,162	41,135
Goods for resale	4,978	3,897	-	-
Raw materials and auxiliary materials	616,990	369,072	603,917	355,376
Imports in progress	134,759	395,422	134,739	395,402
Advances to suppliers	40,043	81,830	38,174	78,513
Other	25,644	47,870	22,408	45,195
	1,339,281	**1,322,408**	**1,307,985**	**1,290,201**
Allowance for obsolescence	(15,804)	(15,369)	(11,501)	(11,283)
Present value adjustment (PVA)	(8,340)	(11,601)	(8,340)	(11,601)
	1,315,137	**1,295,438**	**1,288,144**	**1,267,317**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

Variations in the allowance for obsolescence:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Opening balance	**(15,369)**	**(4,580)**	**(11,283)**	**(4,280)**
Recognition	(2,489)	(21,579)	(1,725)	(17,794)
Reversal	2,054	10,790	1,507	10,791
Closing balance	**(15,804)**	**(15,369)**	**(11,501)**	**(11,283)**

9. Recoverable taxes

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
State VAT (ICMS)	7,347	7,430	6,129	6,126
Financial credit – Law No. 13,969/19 (a)	12,669	13,729	11,545	12,454
Social contribution (CSLL)	5,820	2,964	5,689	2,878
Tax on revenue (COFINS)	9,726	4,773	8,703	4,684
Tax on revenue (PIS)	2,214	1,064	1,992	1,044
Corporate Income Tax (IRPJ)	23,570	14,058	23,169	13,758
Federal VAT (IPI)	4,800	12,513	4,799	12,512
Other	278	6,927	241	6,927
	66,424	**63,458**	**62,267**	**60,383**
Current	63,187	60,243	59,703	57,950
Noncurrent	3,237	3,215	2,564	2,433

(a) Law No. 13,969/2019 repealed the decrease of the IPI rate for IT goods produced using the Basic Production Process (PPB) and authorized in Interministerial Ordinances and established the Financial Credit for full offset in replacement of the incentives extinguished by the repeal. Such new incentive will be effective until December 31, 2029. As at March 31, 2022, the Company has a credit in the amount of R$12,669, consolidated balance, which is being periodically offset against federal taxes. This balance is being recorded as a contra entry to “Other operating income, net” in profit or loss for the period and the Company expects to offset the total credits within 12 months. See comment in note 20.1.

10. Leases

Right-of-use lease assets

As at March 31, 2022, the balances of right-of-use lease assets correspond to administrative offices and logistics warehouses.

Variations in right-of-use assets:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Opening balance, net	**9,862**	-	**3,390**	-
Additions	7,040	11,064	7,040	3,866
Depreciation	(1,419)	(1,153)	(1,045)	(476)
Exchange gains (losses)	(34)	(49)	-	-
Closing balance, net	**15,449**	**9,862**	**9,385**	**3,390**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

Balance breakdown:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Total cost	18,104	11,064	10,906	3,866
Accumulated depreciation	(2,572)	(1,153)	(1,521)	(476)
Exchange gains (losses)	(83)	(49)	-	-
Closing accounting balance as at March 31, net	**15,449**	**9,862**	**9,385**	**3,390**

Lease liability

Variations in lease liability:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Opening balance, net	**10,293**	**-**	**3,583**	**-**
Additions	7,040	11,064	7,040	3,866
Principal repayment	(979)	(919)	(884)	(283)
Interest payment	(165)	(275)	(102)	(75)
Exchange gain (loss) and interest	(286)	423	123	75
Closing balance, net	**15,903**	**10,293**	**9,760**	**3,583**
Current	6,587	4,227	4,570	1,155
Noncurrent	9,316	6,066	5,190	2,428

Minimum payments:

03/31/2022 – Consolidated						
Subsidiary	Up to 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total	Potential Pis/Cofins*
Minimum amounts payable	7,175	8,880	1,350	742	18,147	1,466
Interest expenses	(588)	(802)	(481)	(373)	(2,244)	(183)
	6,587	**8,078**	**869**	**369**	**15,903**	**1,283**

03/31/2022 – Parent						
Subsidiary	Up to 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total	Potential Pis/Cofins*
Minimum amounts payable	4,926	5,376	-	-	10,302	953
Interest expenses	(356)	(186)	-	-	(542)	(50)
	4,570	**5,190**	**-**	**-**	**9,760**	**903**

* Refers to the PIS and Cofins credits to be obtained with lease amounts.

Agreements per term and discount rate:

	Annual rate
Lease terms	
3 years	5.33%
4 years	3.92%
5 years	3.92%
20 years	3.93%

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

11. Investments

As at March 31, 2022, the Company's investments are composed of equity interests in other companies, as well as other investments, as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Investments in subsidiaries	-	-	48,805	54,485
Surplus on business acquisitions (*)	-	-	41,772	45,776
Goodwill on expected future earnings (**)	-	-	55,498	55,498
Other investments (***)	2,900	3,810	2,900	3,810
	2,900	**3,810**	**148,975**	**159,569**

(*) Refer to the surplus on acquisitions of subsidiaries Decio, Seventh and Khomp.
(**) The Company recognizes goodwill on the acquisitions of Prediotech, Decio, Seventh and Khomp.
(***) Other investments refer to the investment at unit value in FUNDO SC - Fundo de Investimento em Empresas Emergentes Inovadoras, where the Company holds 10.00% interest and in Fundo de Investimento em Participação Sul Inovação, where it holds 4.80% interest.

Investments in subsidiaries are broken down as follows:

	Equity interest			Parent	
Investee	Control	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Ascent	Subsidiary	100%	100%	890	1,133
Seventh	Subsidiary	100%	100%	5,493	12,144
Decio	Subsidiary	100%	100%	5,340	4,614
Khomp	Subsidiary	75%	75%	37,082	36,594
				48,805	**54,485**

Variations in investments are shown below:

Investee	12/31/2021	Share of profit (loss) of subsidiaries	Exchange losses	Dividends	write-offs and other	03/31/2022
Ascent	1,133	(105)	(138)	-	-	890
Seventh	12,144	1,349	-	(8,000)	-	5,493
Decio	4,614	727	-	-	(1)	5,340
Khomp	36,594	488	-	-	-	37,082
Surplus	45,776	(4,004)	-	-	-	41,772
Goodwill	55,498	-	-	-	-	55,498
Other	3,810	-	-	-	(910)	2,900
	159,569	**(1,545)**	**(138)**	**(8,000)**	**(911)**	**148,975**

The main information on subsidiaries as at March 31, 2022 is broken down as follows:

	03/31/2022						
Subsidiary	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	Revenues	Profit (loss)
Ascent	1,312	2,290	2,712	-	890	4,522	(105)
Seventh	7,764	2,192	4,289	174	5,493	6,535	1,349
Decio	12,949	15,510	7,138	15,981	5,340	8,713	727
Khomp	50,866	12,299	9,681	4,042	49,442	13,514	651

a) Ascent Asia Limited

Located in China (Wanchai, Hong Kong). The company is engaged in performing commercial consulting, corporate and economic information management activities, focused on prospecting new business. Ascent Asia Limited is also the Parent of Ascend Trading & Consultation (Shenzhen) Company Limited, headquartered in Shenzhen at Mainland China, engaged in performing business and logistics consulting services to provide support to the Company in the development of suppliers for its inputs, as well as to support customs activities related to the import transactions carried out by the Company.

b) Prediotech Consultoria e Projetos Tecnológicos LTDA-ME.

As at September 30, 2021, Management approved the instrument of liquidation of the legal entity of Prediotech Consultoria e Projetos Tecnológicos LTDA-ME. The subsidiary's operating activities, as well as its product line, were absorbed by subsidiary Seventh Ltda. Accordingly, the goodwill attributable to expected future earnings in the amount of R$1,391, generated on the acquisition of Prediotech was maintained and will be subject to annual impairment test together with the goodwill of Seventh Ltda.

c) Seventh Ltda.

Located in Santa Catarina (Florianópolis). The company is engaged in developing video monitoring, access control, remote reception and event management solutions. The goodwill of R$21,594 was generated on the acquisition, which is attributable to expected future earnings.

d) Décio Indústria Metalúrgica Ltda.

Located in Santa Catarina (São José). The company is engaged in manufacturing server structures specialized in cabinets. The goodwill of R$1,788 was generated on the acquisition, which is attributable to expected future earnings.

e) Khomp Indústria e Comércio Ltda.

Located in Santa Catarina (Florianópolis), with a branch in São Paulo, the company is engaged in the development of electric and electronic telecommunication and IT products, provision of consulting, training, advisory, installation, hardware and software maintenance, import and export services.

The Company holds control of Khomp Indústria e Comércio Ltda. (Acquiree) through the acquisition of 75% interest. As part of the shareholders' agreement entered into among the Company and the noncontrolling shareholders of the Acquiree, a put option was issued to the noncontrolling shareholders and a call option was issued to the Company, which may give rise to the acquisition by the Company of the acquiree's remaining shares at an amount equivalent to the EBITDA multiple of the transactions, which may vary depending on the attainment of certain goals, exercisable at any time as from May 2025 by both parties. On the acquisition date, the put option held by the noncontrolling shareholders amounts to R$25,896 and liabilities were recorded with a contra entry in equity pursuant to CPC 39 (IAS 32) – Financial Instruments. No amount was attributable to the call option held by the Company. The amount of the obligation arising from such financial liability was calculated using usual valuation techniques (present value of the principal and future interest, discounted by the market rate) and will be adjusted for inflation on a quarterly basis, the variations in the obligation being recognized in profit or loss for the period. As at March 31, 2022, the option amount is estimated at R$20,748. The goodwill of R$30,724 was generated on the acquisition, which is attributable to expected future earnings.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

12. Property, plant and equipment

	Consolidated								
	Land	Buildings	Facilities and improvements	Machinery, equipment and instruments	Furniture and fixtures	Computers	Other	Projects in progress	Total
Average annual depreciation rate		2%	10%	10% to 20%	10%	20% to 33%	20% to 100%		
Variations in cost									
Balances as at December 31, 2020	**52,734**	**101,223**	**37,767**	**98,941**	**8,851**	**18,513**	**23,646**	**15,626**	**357,301**
Additions	19,602	751	2,440	6,410	1,857	4,199	8,799	83,909	127,967
Property, plant and equipment arising from business combination	2,928	1,169	68	340	280	954	1,424	365	7,528
Acquisition of subsidiary – surplus	(353)	1,648	39	118	182	387	5,228	-	7,249
Transfers	-	22	2,388	22,528	889	5,747	10,562	(42,136)	-
Write-offs	-	-	(6)	(3,693)	372	(711)	(2,887)	(1)	(6,926)
Balances as at December 31, 2021	**74,911**	**104,813**	**42,696**	**124,644**	**12,431**	**29,089**	**46,772**	**57,763**	**493,119**
Additions	-	-	611	1,532	489	521	2,888	26,845	32,886
Transfers	446	-	7,763	956	12	1,299	(1)	(10,475)	-
Write-offs	-	-	(3)	(198)	(275)	(233)	(383)	(390)	(1,482)
Balances as at March 31, 2022	**75,357**	**104,813**	**51,067**	**126,934**	**12,657**	**30,676**	**49,276**	**73,743**	**524,523**
Variations in depreciation									
Balances as at December 31, 2020	-	(15,012)	(10,106)	(45,890)	(4,343)	(9,689)	(14,808)	-	(99,848)
Depreciation	-	(2,002)	(2,338)	(9,892)	(923)	(3,350)	(7,304)	-	(25,809)
Write-off	-	-	-	1,378	35	607	1,584	-	3,604
Balances as at December 31, 2021	**-**	**(17,014)**	**(12,444)**	**(54,404)**	**(5,231)**	**(12,432)**	**(20,528)**	**-**	**(122,053)**
Depreciation	-	(509)	(765)	(2,703)	(225)	(1,206)	(2,581)	-	(7,989)
Write-offs	-	-	-	49	3	211	182	-	445
Balances as at March 31, 2022	**-**	**(17,523)**	**(13,209)**	**(57,058)**	**(5,453)**	**(13,427)**	**(22,927)**	**-**	**(129,597)**
Net depreciation balance									
Balances as at December 31, 2020	**52,734**	**86,211**	**27,661**	**53,051**	**4,508**	**8,824**	**8,838**	**15,626**	**257,453**
Balances as at December 31, 2021	**74,911**	**87,799**	**30,252**	**70,240**	**7,200**	**16,657**	**26,244**	**57,763**	**371,066**
Balances as at March 31, 2022	**75,357**	**87,290**	**37,858**	**69,876**	**7,204**	**17,249**	**26,349**	**73,743**	**394,926**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

	Parent								
	Land	Buildings	Facilities and improvements	Machinery, equipment and instruments	Furniture and fixtures	Computers	Other	Projects in progress	Total
Average annual depreciation rate		2%	10%	10% to 20%	10%	20% to 33%	20% to 100%		
Variations in cost									
Balances as at December 31, 2020	50,778	97,640	36,913	89,756	8,411	17,668	23,519	15,629	340,314
Additions	19,602	30	2,320	6,085	1,754	3,293	7,828	80,263	121,175
Transfers	-	22	3,125	22,495	636	5,733	8,891	(40,902)	-
Write-offs	-	-	(7)	(3,658)	(43)	(637)	(2,244)	(1)	(6,590)
Balances as at December 31, 2021	**70,380**	**97,692**	**42,351**	**114,678**	**10,758**	**26,057**	**37,994**	**54,989**	**454,899**
Additions	-	-	611	1,462	473	348	2,739	26,634	32,267
Transfers	446	-	7,763	956	12	1,298	-	(10,475)	-
Write-offs	-	-	(3)	(186)	(4)	(233)	(383)	(325)	(1,134)
Balances as at March 31, 2022	**70,826**	**97,692**	**50,722**	**116,910**	**11,239**	**27,470**	**40,350**	**70,823**	**486,032**
Variations in depreciation									
Balances as at December 31, 2020	-	(14,872)	(10,009)	(44,116)	(4,143)	(9,372)	(14,731)	-	(97,243)
Depreciation	-	(1,800)	(2,322)	(8,341)	(771)	(2,806)	(4,405)	-	(20,445)
Write-offs	-			1,371	32	568	1,166	-	3,137
Balances as at December 31, 2021	-	**(16,672)**	**(12,331)**	**(51,086)**	**(4,882)**	**(11,610)**	**(17,970)**	-	**(114,551)**
Depreciation	-	(444)	(753)	(2,429)	(222)	(966)	(1,606)	-	(6,420)
Write-offs	-	-	-	47	3	211	178	-	439
Balances as at March 31, 2022	**-**	**(17,116)**	**(13,084)**	**(53,468)**	**(5,101)**	**(12,365)**	**(19,398)**	**-**	**(120,532)**
Net depreciation balance									
Balances as at December 31, 2020	**50,778**	**82,768**	**26,904**	**45,640**	**4,268**	**8,296**	**8,788**	**15,629**	**243,071**
Balances as at December 31, 2021	**70,380**	**81,020**	**30,020**	**63,592**	**5,876**	**14,447**	**20,024**	**54,989**	**340,348**
Balances as at March 31, 2022	**70,826**	**80,576**	**37,638**	**63,442**	**6,138**	**15,105**	**20,952**	**70,823**	**365,500**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

As at March 31, 2022, depreciation is allocated to the cost of production and administrative expenses in the consolidated, total R$4,605 and R$3,384, respectively (R$3,267 and R$1,621 as at March 31, 2021).

Certain property, plant and equipment items are pledged as collateral for financing and tax payment transactions (note 15).

Construction in progress refers to improvements at the Company's industrial and information technology areas.

Management tested its property, plant and equipment items for impairment in the year ended December 31, 2021, and did not identify the need to recognize an allowance for impairment losses on these assets. As at March 31, 2022, Management did not identify any risk factor that would indicate that the amount recorded was higher than its recoverable amount.

13. Intangible assets

	Consolidated					
	Goodwill	Trademarks and patents	Other	Projects in progress	Software	Total
Average annual amortization rate			**16%**		**20%**	
<u>**Variations in cost**</u>						
Balances as at December 31, 2020	**58,140**	**6,014**	**1,633**	3,599	**46,884**	**116,270**
Additions	30,724	-	-	21,285	7,017	59,026
Acquisition of subsidiary – surplus	-	20,093	17,857	-	2,318	40,268
Write-offs	-	-	-	(150)	(104)	(254)
Transfers	-	-	-	(1,980)	1,980	-
Balances as at December 31, 2021	**88,864**	**26,107**	**19,490**	**22,754**	**58,095**	**215,310**
Additions	-	-	-	11,477	2,081	13,558
Write-offs		-	-	(14)	-	(14)
Transfers	-	-	-	(341)	341	-
Balances as at March 31, 2022	**88,864**	**26,107**	**19,490**	**33,876**	**60,517**	**228,854**
<u>**Variations in amortization**</u>						
Balances as at December 31, 2020	-	-	(520)	-	(28,227)	(28,747)
Additions	-	-	(7,271)	-	(6,389)	(13,660)
Write-offs	-	-	-	-	9	9
Balances as at December 31, 2021	**-**	**-**	**(7,791)**	**-**	**(34,607)**	**(42,398)**
Additions	-	-	(3,427)		(1,826)	(5,253)
Balances as at March 31, 2022	**-**	**-**	**(11,218)**	**-**	**(36,433)**	**(47,651)**
<u>**Net amortization balance**</u>						
Balances as at December 31, 2020	**58,140**	**6,014**	**1,113**	**3,599**	**18,657**	**87,523**
Balances as at December 31, 2021	**88,864**	**26,107**	**11,699**	**22,754**	**23,488**	**172,912**
Balances as at March 31, 2022	**88,864**	**26,107**	**8,272**	**33,876**	**24,084**	**181,203**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

	Parent			
	Goodwill	Projects in progress	Software	Total
Average annual amortization rate			**20%**	
Variations in cost				
Balances as at December 31, 2020	33,366	3,599	38,579	75,544
Additions	-	21,285	6,913	28,198
Write-offs	-	(150)	(105)	(255)
Transfers	-	(1,980)	1,980	-
Balances as at December 31, 2021	**33,366**	**22,754**	**47,367**	**103,487**
Additions	-	11,170	2,002	13,172
Write-offs	-	(14)	-	(14)
Transfers	-	(341)	341	-
Balances as at March 31, 2022	**33,366**	**33,569**	**49,710**	**116,645**
Variations in amortization				
Balances as at December 31, 2020	-	-	(26,427)	(26,427)
Additions	-	-	(4,770)	(4,770)
Write-offs	-	-	23	23
Balances as at December 31, 2021	**-**	**-**	**(31,174)**	**(31,174)**
Additions	-	-	(1,336)	(1,336)
Balances as at March 31, 2022	**-**	**-**	**(32,510)**	**(32,510)**
Net amortization balance				
Balances as at December 31, 2020	**33,366**	**3,599**	**12,152**	**49,117**
Balances as at December 31, 2021	**33,366**	**22,754**	**16,193**	**72,313**
Balances as at March 31, 2022	**33,366**	**33,569**	**17,200**	**84,135**

Assets with finite useful lives

On an annual basis, the Company assesses whether there is evidence that the recoverable amount of intangible assets with finite useful lives might be impaired in relation to the carrying amounts. When such evidence is identified detailed impairment tests are conducted for this category of assets. The analyses conducted by Management did not identify any indicators or factors indicating that the carrying amounts might not be recoverable at the balance sheet dates.

Assets with indefinite useful lives

Management tested its goodwill for impairment in the year ended December 31, 2021, and did not identify the need to recognize an allowance for impairment losses on this goodwill. As at March 31, 2022, Management did not identify any risk factor that would indicate that the amount recorded was higher than its recoverable amount.

Research costs

Research and development costs incurred by the Company are earmarked for several electronic products. The research and development costs that are not eligible for capitalization, in the amount of R$29,633 in the three-month period ended March 31, 2022 (R$20,708 as at March 31, 2021) were recognized as expenses in the period in “Other operating income (expenses), net”.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

14. Trade payables

Inputs for the Company's production are acquired in higher volume through the import from foreign suppliers, accounting for around 89% of the outstanding balance as at March 31, 2022. The present value adjustment was calculated based on the rate of 3.37% p.a. as at March 31, 2021 (1.96% p.a. as at December 31, 2021), to which the average rate adopted by financial institutions that offer forfait services to the Company's suppliers refer. The amounts related to *intercompany* transactions were excluded from the consolidated balance. The average payment period is 125 days (110 days as at December 31, 2021). These balances are broken down as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Domestic suppliers	47,073	68,492	41,778	64,261
Domestic suppliers – forfait	25,666	24,183	25,666	24,183
Suppliers of imported goods	505,165	492,023	505,299	491,996
Suppliers of imported goods – forfait	83,562	288,186	83,562	288,186
	661,466	**872,884**	**656,305**	**868,626**
Present value adjustment (PVA)	(2,532)	(2,443)	(2,532)	(2,443)
	658,934	**870,441**	**653,773**	**866,183**

Balances with related and third parties are broken down as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Related parties				
Domestic suppliers	-	-	-	536
Suppliers of imported goods	178,502	263,219	178,981	263,627
Total due to related parties (note 28)	**178,502**	**263,219**	**178,981**	**264,163**
Unrelated	482,964	609,665	477,324	604,463
Total trade payables	**661,466**	**872,884**	**656,305**	**868,626**

Forfait

The Company entered into agreements with certain financial institutions for the financing of its supply chain. As agreed with the institutions, the Company's suppliers may elect to receive payment for their invoices in advance through the financial agent. Under the agreement, the financial institution agrees to pay the amounts due to a supplier in advance and receives the payment for the trade note by the Company on a subsequent date. The main purpose of this program is to facilitate payment processing and allow willing suppliers to sell their receivables due by the Company to a bank before the maturity date. In Management's opinion, the agreements do not significantly extend the payment conditions beyond the normal terms agreed with other suppliers that do not anticipate their receivables. The Company does not incur additional interest on the amounts due 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 accepted the agreement. The amounts advanced by the suppliers continue to be recorded by the Company as payables, as the nature and function of the financial liability continue the same as other payables.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

Payments made to the bank at the original maturity of the receivables are included in cash flows from operating activities as they continue to be part of the Company's operating cycle and their main nature continues to be payables for acquisition of inputs.

15. Borrowings and financing

This note provides information on the contractual terms of interest-bearing borrowings, which are measured at amortized cost. Note 22 provides more information on the group's exposure to interest rate, foreign currency, and liquidity risks.

					Consolidated		Parent	
Lenders / creditors	Effective rate	Beginning	Maturity	Collaterals	03/31/2022	12/31/2021	03/31/2022	12/31/2021
FINEP	3% p.a. +TR	Apr/14	Apr/24	Bank guarantee	52,687	58,945	52,687	58,945
FINEP	3% p.a. +TR	Jun/19	Jun/29	Bank guarantee	122,776	122,642	122,776	122,642
PSI - Innovation 2018	1.1% and 2.61% p.a. + TLP and TR	Dec/19	Feb/27	Bank guarantee	82,011	82,347	82,011	82,347
PSI - Innovation 2016	1.86% p.a. + TJLP	Jun/17	Mar/23	Mortgage (properties- head office and SJ branch)	20,698	25,861	20,698	25,861
PSI - Innovation 2021	2.70% p.a. and 1.55% p.a. + TS	Nov/21	Dec/31	Officers' signature	72,901	72,263	72,901	72,263
FINIMP D	3.7% p.a.	Oct/19	Oct/22	Officers' signature	-	1,596	-	
Citibank Swap	CDI + 3.50% p.a.	Mar/20	Mar/23	Officers' signature	34,475	50,750	34,475	50,750
Itaú	CDI + 3.50% p.a.	Apr/20	Apr/22	Officers' signature	14,714	29,290	14,714	29,290
					400,262	**443,694**	**400,262**	**442,098**
Current					123,236	137,104	123,236	135,648
Noncurrent					277,026	306,590	277,026	306,450

<u>Collaterals</u>

The following assets and financial instruments were pledged as collateral for the financing as at March 31, 2022 (consolidated):

Property, plant and equipment	101,318
Letter of guarantee	268,897
	370,215

The total cost of contracting the letters of guarantee effective as at March 31, 2022 was 0.69% p.a. (0.69% p.a. as at December 31, 2021), recorded in other receivables and allocated to profit or loss on accrual basis according to its validity as finance costs. The Company recognized in the three-month period ended March 31, 2022 the total amount of R$1,411 (R$480 during the three-month period ended March 31, 2021), relating to the finance costs for contracting such collateral. Variations in borrowings and financing are as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Opening balance	**443,694**	**501,527**	**442,098**	**497,265**
Borrowings	-	82,000	-	82,000
Interest and exchange rate differences	(498)	27,323	(297)	27,221
Repayment of principal	(35,908)	(138,718)	(34,531)	(138,124)
Interest payment	(7,026)	(28,438)	(7,008)	(26,264)
Closing balance	**400,262**	**443,694**	**400,262**	**442,098**

The terms and conditions of outstanding borrowings are as follows:

a) Finep - Financing Agency for Studies and Projects

The Reimbursable Financing line means providing support to the Innovation Strategic Investment Plans of Brazilian companies offered by the BNDES. The purpose of the financing is to partially bear the expenses incurred with the preparation and implementation of the "Intelbras program of integrated communication and technology update for the company's internationalization" project. The agreement has a 36-month grace period. The debt principal will be repaid in 85 monthly and consecutive installments, the first maturing on April 14, 2017, and the last on April 15, 2024. On December 29, 2020, the Company received a new tranche in the amount of R$56,700. Next expected tranches are: 3rd - R$24,300; 4th - R$24,300; 5th - R$29,700; and 6th - R$32,400.

b) Investment Support Program (PSI)

Funds released by the BNDES for investments in product research, development and innovation. After confirmation of the investment of funds, the BNDES grants to the Company a borrowing equivalent to up to 80% of the funds invested. Payments are made on a monthly basis and, during the grace period, interest is paid on a quarterly basis. Principal is repaid as detailed below:

PSI – Innovation 2021: The debt principal will be repaid in 96 monthly and consecutive installments, the first maturing on January 15, 2024, and the last on December 15, 2031.
PSI – Innovation 2018: The debt principal will be repaid in 87 monthly and consecutive installments, the first maturing on April 15, 2020, and the last on February 15, 2027.
PSI – Innovation 2016: The debt principal will be repaid in 48 monthly and consecutive installments, the first maturing on April 15, 2019, and the last on March 15, 2023.

c) Finimp – Import Financing

Import financing, where payment is made in cash to the exporter through a financial institution, which becomes the creditor, and the commitment to settle the transaction with the financial institution until the agreed due date is assumed.

d) Citibank – Swap

Borrowing of US$20,000 thousand taken in the first quarter of 2020 and payable in 11 installments of equal amount, the first maturing on September 24, 2020 and the last on March 24, 2023. As at March 31, 2022, the outstanding balance in US dollars is US$7,277 thousand (US$9,095 thousand as at December 31, 2021).

e) Itaú

Borrowing of R$100,000 taken in the second quarter of 2020 and payable in 7 installments of equal amount, the first maturing on October 8, 2020 and the last on April 8, 2022.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

f) Covenants

Agreements entered into with the BNDES have covenants related to debt-to-asset (<75%) and net debt-to-EBITDA (=<2.5) ratios ("covenants"), which are being fully met as at March 31, 2022.

The agreement entered into with Citibank determines that the Company must comply with the following financial ratio: Net debt (Total Net Bank Debt/EBITDA), lower than or equal to 2.5, at the end of the reporting period. The requirement is being fully met as at March 31, 2022.

The long-term borrowing and financing payment schedule is as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
2023	43,645	73,209	43,645	73,069
2024	50,457	50,457	50,457	50,457
2025	42,179	42,179	42,179	42,179
2026	42,179	42,179	42,179	42,179
2027	36,837	36,837	36,837	36,837
2028	26,153	26,153	26,153	26,153
2029 to 2031	35,576	35,576	35,576	35,576
	277,026	**306,590**	**277,026**	**306,450**

16. Payroll, related taxes and profit sharing

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Payroll	19,378	11,857	17,817	11,105
Related taxes	12,859	10,712	11,380	9,452
Accrued vacation pay and related taxes	36,138	35,344	31,966	31,256
Profit sharing	19,739	44,213	18,689	42,004
Other	538	503	515	486
	88,652	**102,629**	**80,367**	**94,303**

17. Provision for tax, labor and civil risks

The Company is a party to lawsuits and administrative proceedings, at different levels, related to tax, civil and labor matters, arising in the ordinary course of business. Based on the opinion of its legal counsel, the Company's Management recognizes a provision to cover probable losses that may arise from unfavorable outcomes of these lawsuits (assessed as risk of probable loss). At the end of the reporting periods, the Company recognized the following liabilities and escrow deposits related to these lawsuits:

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

a. Breakdown of the provision for tax, labor and civil risks:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Labor	3,349	3,316	3,252	3,219
Civil	3,247	3,129	3,247	3,129
Tax	11,338	10,214	10,659	9,536
	17,934	**16,659**	**17,158**	**15,884**
Current	820	810	820	810
Noncurrent	17,114	15,849	16,338	15,074

Variations in the provision

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Balance at the beginning of the period/year	16,659	13,691	15,884	13,876
Balance arising from subsidiary acquisition	-	285	-	-
Increase of provision	1,436	4,399	1,435	3,664
Reversal/write-offs of provision	(161)	(1,716)	(161)	(1,656)
Balance at the end of the period/year	**17,934**	**16,659**	**17,158**	**15,884**

Labor
Related to lawsuits filed by the former employees of the Company and service providers. No labor lawsuit to which the Company or one of its subsidiaries is a party was considered individually relevant.

Civil
Related to lawsuits discussing general matters of collection, indemnities and execution nature, as well as lawsuits discussing matters of commercial nature, relating to consumers' complaints about the products provided by the Company. No civil lawsuit was considered individually relevant.

Tax
The main tax discussions are related to lawsuits on the Tax Classification of Goods (NCM) of imported parts and pieces for manufacturing, according to the production process defined. The tax authorities understand that this must be classified as finished good. The lawsuit is pending judgment of the voluntary appeal by the CARF.

Possible losses, not provided for in the balance sheet
The lawsuits whose likelihood of loss is assessed as possible are of labor, civil and tax nature. The main tax lawsuits are as follows:

- Partial tax credit maintained by the CARF which challenged the IRPJ and CSLL levied on the ICMS deemed credit;
- Tax assessment notice related to the tax credit arising from the disallowance of the ICMS deemed credit granted by the State of origin;
- Tax assessment notice challenging the tax classification of the import of LCD displays;
- Tax assessment notice challenging the PIS and COFINS levied on the ICMS deemed credit;
- Installment payment plan under MP 470 upon the utilization of tax losses and discussion of the refund of tax overpayment.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

The main civil lawsuits refers to:

- Litigation involving the provision of services supply of materials.

There is no individually relevant labor lawsuit.

The respective amounts are as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Labor	3,584	3,252	3,522	3,252
Civil	5,841	4,979	5,841	4,979
Tax	49,314	49,665	49,239	49,665
	58,739	**57,896**	**58,602**	**57,896**

Contingent assets

The contingent assets assessed as possible favorable outcome by the Company's legal counsel amount to R$84,140 as at March 31, 2022 (R$71,353 as at December 31, 2021). The main matters include:

- Writ of security filed to ensure the Company's right to the limit of 20 minimum wages of the tax basis of contributions to third parties ("S" system) which adjusted amount is R$42,562 as at March 31, 2022 (R$41,657 as at December 31, 2021), refers to the claim for refund of payments made in the past five years;

- The Company is challenging at the courts the right not to pay the ICMS in the interstate delivery of goods to establishments of the same taxpayer. In a recent court ruling, the Superior Court of Justice understood that the ICMS paid in prior periods, levied on the transfer between establishments of the same company, must be refunded to taxpayers. As at March 31, 2022, the balance is R$9,057 (R$8,866 as at December 31, 2021).

b. Breakdown of escrow deposits:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Labor	947	870	936	870
Tax	1,964	1,941	1,964	1,941
	2,911	**2,811**	**2,900**	**2,811**

18. Equity

a. Capital

As at March 31, 2022, capital is R$1,074,500 (same amount as at December 31, 2021), represented by 327,611,110 common shares.

b. Capital reserve

Share issuance costs refer to transaction costs such as: expense on the preparation of the offering prospectus and reports; third-party professional service compensation; expenses on advertising; fees and commissions; transfer costs; and registration costs. These costs were recorded net of the effects of income tax and social contribution.

c. Earnings reserves

(i) *Legal reserve*

Calculated at 5% of profit for the year, as provided for in Article 193 of Law 6,404/76, up to the limit of 20% of capital.

(ii) *Earnings retention*

Recognized for making investments, increasing and strengthening working capital or for future distribution to shareholders.

(iii) *Tax incentives*

Refer to the tax incentive amounts granted to the Company by the States of Santa Catarina, Minas Gerais and Amazonas.

d. Valuation adjustments to equity

In 2010 the Company elected to adopt the deemed cost for the main property, plant and equipment items.

As part of the shareholders' agreement entered into among the Company and the noncontrolling shareholders of Khomp Indústria e Comércio Ltda (Acquiree), a put option and a call option was issued, which may give rise to the acquisition by the Company of the remaining shares, for which noncurrent liabilities were recognized with an effect on line item "Valuation adjustment to equity" at the amount of R$25,896, as mentioned in note 11 (e).

e. Cumulative translation adjustments

Comprise foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

f. Payments to shareholders

On February 24, 2022, the Board of Directors approved the payment of dividends additional to mandatory minimum dividends related to profit for the year ended December 31, 2021 in the amount of R$23,757. The amounts were fully paid between February and March 2022

The balance of interest on capital and dividends payable was broken down as follows:

	Consolidated 03/31/2022
Balance at the beginning of the period	33,151
Dividends approved in the period	23,757
Dividends paid in the period	(56,908)
Balance at the end of the period	-

g. Noncontrolling interests

Refers to the third-party interest, corresponding to 25%, held in the capital of subsidiary Khomp Indústria e Comércio Ltda, plus surplus arising on the business combination, as detailed in note 11.

h. Public offering

On November 25, 2020, the Company’s Board of Directors approved the conduction of a public offering for primary distribution of common shares, all registered, book-entry, without par value, and free and clear of any liens or encumbrances (“Shares”). On February 2, 2021, the Company’s Board of Directors approved the issuance of 46,000,000 shares, for distribution in Brazil, with placement efforts abroad. The shares were authorized for trading at the Novo Mercado segment, B3’s special trading segment, governed by B3 Novo Mercado Regulation, under ticker symbol "INTB3”. The price per share was set at R$15.75, which price per share was calculated pursuant to article 170, paragraph 1, item III, of the Brazilian Corporate Law, and determined based on the outcome of the Bookbuilding Procedure. The offering was settled on February 5, 2021. Based on the price mentioned in the immediately preceding paragraph, the gross proceeds from the IPO reached the amount of R$724,500 before commissions and expenses.

Up to March 31, 2022, the Company incurred offering costs in the amount of R$40,456. These costs are stated as “Share issuance costs” in equity, net of taxes, in the amount of R$26,701.

19. Earnings (loss) per share

The purpose of the calculation of earnings (loss) per share is to allow performance comparisons between different companies in the same period, as well as for the same company in different periods.

	Parent	
	03/31/2022	03/31/2021
Numerator:		
Profit for the period	**99,175**	**89,707**
Denominator (in thousands of shares):	327,611,110	327,611,110
Weighted average number of common shares		
Denominator (in thousands of shares):	327,611,110	327,611,110
Denominator for basic and diluted earnings (loss) per share		
Basic and diluted earnings per share (in Brazilian reais - R$)	**0.30272**	**0.27382**
Basic and diluted earnings per common share		

There are no equity instruments with capital dilutive effect as at March 31, 2022.

20. Tax incentives

20.1 Federal VAT (IPI)

Law 13,969, of December 26, 2019, changed the tax incentive regime implemented by Law No. 8,248, of October 23, 1991, usually known as “IT Law”. This new law for the information technology and communication sector (ITCs) was called ITCs Law.

The changes defined in this new law were effective beginning April 1 2020, and the Federal VAT (IPI) rates started to be applied in full, that is, the IPI rates for goods classified under the Federal IT Law were no longer eligible to decreases as prescribed by the previous law. Based on such new law, beginning April 1, 2020, the companies classified under the ITCs Law will be eligible to a Financial Credit in replacement of the IPI tax decrease set forth in the previous law. This financial credit converted into federal credits, obtained through a multiplier on the investment in Research, Development and Innovation (RD&I) performed by the IT-related good companies, corresponding to 4% of its gross revenue in the domestic market, arising from the sale of IT goods and services, subject to tax relief as prescribed by this Law. This law will be effective up to December 31, 2029.

Such benefit amount reflected in profit or loss for the three-month period ended March 31, 2022 was R$23,421 (R$24,373 in the three-month period March 31, 2021).

20.2 State VAT (ICMS)

The Company uses the following benefits in the calculation of the State VAT (ICMS):

a) State of Santa Catarina

ICMS/SC Regulation – Decree No. 2,870/2001, allows the reduction of the ICMS tax basis in domestic transactions involving automation, IT and telecommunication equipment, it being authorized to apply directly the percentage rate of 12% on the full tax basis. This regulation allows using the deemed ICMS credit in transactions involving goods under the Federal IT Law No. 8,248/91, which provides for the qualification and competitiveness of the IT and automation sector. This benefits allows a tax burden of approximately 3% for goods manufactured in Santa Catarina. The effective period of the benefits is up to December 31, 2032, pursuant to Supplementary Law 160/17. The Company also uses tax benefits set forth in regulation for goods imported from abroad. The effective period of the benefits is up to December 31, 2025, pursuant to Supplementary Law 160/17. Such benefit amount reflected in profit or loss for the three-month period ended March 31, 2022 was R$19,228 (R$26,505 in the three-month period March 31, 2021).

b) State of Minas Gerais

The ICMS/MG regulation – Decree No. 43,080/02, allows using the deemed ICMS credit authorized in a Memorandum of Understanding signed with the State of Minas Gerais and set forth in Special Regime. The effective period of the benefits is up to December 31, 2032, pursuant to Supplementary Law 160/17. Such benefit amount reflected in profit or loss for the three-month period ended March 31, 2022 was R$6,025 (R$5,557 in the three-month period March 31, 2021).

c) State of Amazonas

Law No. 2,826/2003 allows using the deemed ICMS credit authorized in a Project approved with the State of Amazonas, which lists the goods eligible to tax incentives. The effective period of the benefits is up to December 31, 2073, pursuant to the Brazilian Constitution. Such benefit amount reflected in profit or loss for the three-month period ended March 31, 2022 was R$28,496 (R$18,394 in the three-month period March 31, 2021).

d) State of Pernambuco

Law No. 11.675/1999 allows using the deemed ICMS credit authorized by Decree 47,885/2019 and Decree 50,584/2021, published by the State of Pernambuco. This law will be effective up to December 31, 2022, which term can be extended, according to the State's interests. All conditions imposed to be eligible to the tax incentives are being fulfilled by the Company. The branch started to operate on July 1, 2021 and the benefit amount reflected in profit or loss for the three-month period ended March 31, 2021 was R$1,287.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

20.3 Income tax and social contribution

The Company was eligible to the tax benefit established by Law No. 11,196/05, which allows directly deducting from taxable income calculation and the social contribution tax basis the amount corresponding to 60% of the total expenditures in technological research and innovation, in accordance with the provisions set out in said Law. The effective period of the benefits is indeterminate.

21 Income tax and social contribution

a. Breakdown of deferred taxes (income tax and social contribution)

The Company has tax credits arising from prior-year tax loss carryforwards, that can be carried forward indefinitely, and from temporary additions and deductions. The tax basis of the deferred taxes is as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Temporary differences				
Provision for tax, civil and labor risks	17,440	15,990	17,322	15,884
Provision for warranties	18,014	17,195	17,978	17,195
Allowance for obsolete inventories	12,095	11,583	11,501	11,283
Allowance for expected credit losses (*)	5,792	2,644	5,593	2,644
Accrued profit sharing	18,789	-	18,689	-
Goodwill (**)	(33,366)	(33,366)	(33,366)	(33,366)
Surplus	(50,251)	(53,510)	(41,788)	(44,356)
Provision for IT Law	1,511	712	1,511	712
Difference between tax x accounting depreciation (useful life)	(11,908)	(11,175)	(11,908)	(11,175)
Deemed cost and review of the useful life of property, plant and equipment items	(38,287)	(38,390)	(38,287)	(38,390)
Effects of revenue recognition - CPC 47 (IFRS 15)	34,908	37,440	34,908	37,440
Accrued commercial funds	14,121	11,931	14,121	11,931
PVA - trade receivables and trade payables	17,480	23,317	17,480	23,317
Derivative transactions - hedge	49,174	15,464	49,174	15,464
Other	18,487	24,627	17,808	23,959
Total temporary differences	**73,999**	**24,462**	**80,736**	**32,542**
Combined deferred income tax and social contribution rate	34%	34%	34%	34%
Deferred income tax and social contribution on temporary differences	**25,160**	**8,317**	**27,450**	**11,064**
Income tax and social contribution loss				
Income tax loss	12,236	24,816	-	13,784
Deferred income tax rate	25%	25%	25%	25%
Deferred income tax on income tax loss	**3,059**	**6,204**	**-**	**3,446**
Social contribution loss	42,910	62,617	30,674	51,585
Deferred social contribution rate	9%	9%	9%	9%
Deferred social contribution on social contribution loss	**3,862**	**5,636**	**2,761**	**4,643**
Deferred taxes				
Deferred income tax	21,559	12,320	20,184	11,582
Deferred social contribution	10,522	7,837	10,027	7,571
Income tax and social contribution at statutory rate	**32,081**	**20,157**	**30,211**	**19,153**

(*) Part of the amount of the allowance for doubtful debts is comprised of receivables that already fulfill the requirements for deductibility and were considered as deductible.

(**) Goodwill paid upon the acquisition of companies was amortized as from the date the acquirees were merged. Deferred income tax and social contribution were recognized to the extent the tax amortization occurred. Tax goodwill is fully amortized on this date.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

Deferred taxes are stated at their net amounts between assets and liabilities, pursuant to CPC 32 (IAS 12) – Income Taxes, when these taxes correspond to the same tax entities and there is an enforceable right of the Company's Management to settle them at their net amount.

The estimated realization of the Company's and its subsidiaries' tax credits, arising from income tax and social contribution losses, are supported by the Company's and its subsidiaries' earnings projections, approved by Management, as follows:

	Consolidated	Parent
	03/31/2022	03/31/2022
2023	5,844	2,761
2024 – 2026	1,077	-
	6,921	**2,761**

The assumptions used in the Company's and its subsidiaries' operating and financial result projections and growth potential were based on Management's expectations regarding the Company's and its subsidiaries' future taxable income calculation.

b. Reconciliation of income tax and social contribution expenses

The reconciliation of income tax and social contribution shown in profit or loss with the amounts calculated at the statutory rate is as follows:

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit before income tax and social contribution	**103,912**	**87,530**	**104,940**	**90,804**
Share of profit (loss) of subsidiaries	-	-	1,545	(4,285)
Interest on capital	-	(9,838)	-	(9,838)
Tax incentives	(78,461)	(74,828)	(75,863)	(73,443)
Effect of recognition on tax loss carryforwards	-	(9,889)	-	-
Technological research and innovation – Law No. 11,196/05	(5,263)	-	(5,263)	-
Other	(4,465)	622	(8,409)	(11)
	15,723	**(6,403)**	**16,950**	**3,227**
Combined income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	**(5,346)**	**2,177**	**(5,763)**	**(1,097)**
Statutory rate				
Current	(17,431)	(492)	(16,822)	-
Deferred	12,085	2,669	11,059	(1,097)
Income tax and social contribution at statutory rate	**(5,346)**	**2,177**	**(5,763)**	**(1,097)**
Effective rate	(5.14%)	2.49%	(5.49%)	(1.21%)

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

22 Risk and financial instrument management

1. Risk management

The Company enters into transactions involving financial instruments. These financial instruments are managed through operating strategies and internal controls that aim at ensuring liquidity, profitability and security. Financial instruments are contracted for hedging purposes based on a periodic analysis of the risk exposure that Management has the intention to hedge (exchange rates, interest rates, etc.). The control policy consists of an ongoing monitoring of contracted terms and conditions compared to market terms and conditions.

The amounts of financial assets and liabilities disclosed at the balance sheet date have been determined according to the accounting criteria and policies disclosed in specific notes to the interim financial information.

As a result of their activities, the Company and its subsidiaries could be exposed to the following financial risks:

- Credit risks;
- Liquidity risks;
- Market risks;
- Interest rate risk;
- Exchange rate risk;
- Operational risks.

(i) Credit risk

Arises from the possibility of the Company incurring losses as a result of default by its customers or financial institutions that are depositaries of funds or short-term investments.

To mitigate these risks, the Company analyzes the financial position of its customers and manage the credit risk based on a credit rating and granting program. The Company also recognizes an allowance for expected credit loss amounting to R$18,802 as at March 31, 2022 (R$14,084 as at December 31, 2021) in the consolidated and R$16,064 as at March 31, 2022 (R$11,799 as at December 31, 2021) in the Parent, to cover the credit risk.

For short-term investments and deposits at financial institutions, the Company's Management, through its treasury area, monitors market information on its counterparties to identify potential credit risks.

The carrying amounts of the main financial assets that represent the maximum exposure to credit risk at the end of the reporting period are as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Checking account	45,736	47,620	42,927	45,531
Short-term investments	617,198	893,238	603,292	870,943
Securities	11,609	14,530	11,609	14,530
Trade receivables	670,621	666,970	646,129	641,616
	1,345,164	**1,622,358**	**1,303,957**	**1,572,620**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

(ii) Liquidity risk

Arises from a possible decrease in the funds used to repay the Company's debts.

Management monitors the ongoing forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operating needs. In addition, the Company maintains balances in highly liquid short-term investments to cover possible mismatches between the maturity date of its contractual obligations and its cash generation.

The Company invests its cash surplus in interest-bearing financial assets (note 5) and chooses instruments with appropriate maturities or sufficient liquidity to create an adequate buffer, according to the forecasts referred to above.

At the balance sheet date, cash equivalents held by the Company are highly liquid and considered as sufficient to manage liquidity risk.

The amortization schedule of the non-derivative financial liabilities in the consolidated according to contractual conditions is shown below. The flow presented was not discounted and includes interest and inflation adjustment at the contractual indices based on the respective projected rates at the balance sheet date, published by the Focus Report of the Central Bank of Brazil:

	03/31/2022			
	Up to one year	One to three years	More than 3 years	Total
Trade payables	661,466	-	-	661,466
Payables for acquisition of businesses	2,230	3,168	7,878	13,276
Borrowings and financing	139,326	179,514	145,287	464,127
Payables for purchase of shares	-	-	33,181	33,181
	803,022	**182,682**	**186,346**	**1,172,050**

	12/31/2021			
	Up to one year	One to three years	More than 3 years	Total
Trade payables	872,884	-	-	872,884
Payables for acquisition of businesses	5,878	3,146	13,372	22,396
Borrowings and financing	145,490	196,990	154,833	497,313
Payables for purchase of shares	-	-	37,936	37,936
	1,024,252	**200,136**	**206,141**	**1,430,529**

(iii) Market risk

Arises from the possibility of fluctuations in the market prices of the inputs used in the production process, especially in the electric and electronic segment. These price fluctuations may significantly change the Company's costs. To mitigate these risks, the Company manages inventories by setting up the buffer inventories of this raw material.

Additionally, there is the agreement for the purchase of shares mentioned in note 11 (e), which may vary depending on the attainment of certain goals related to the EBITDA of the Acquiree's operations.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

(iv) Interest rate risk

Arises from the possibility of the Company obtaining gains or incurring losses due to fluctuations in interest rates on its financial assets and liabilities. To mitigate this type of risk, the Company seeks to diversify its funding sources and, in certain circumstances, conducts hedging transactions to reduce the finance cost of its operations. As at March 31, 2022, Currency Forward Contracts and swap transactions were contracted to mitigate cash flow risks due to currency fluctuations.

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Instruments with floating interest rate				
Securities	11,609	14,530	11,609	14,530
Borrowings and financing	(400,262)	(442,098)	(400,262)	(442,098)
Forward contracts	(33,905)	(3,756)	(33,905)	(3,756)
Swap transactions	(2,132)	4,835	(2,132)	4,835
Instruments with fixed interest rate				
Borrowings and financing	-	(1,596)	-	-

(v) Exchange rate risk

Arises from possible fluctuations in the exchange rates of the foreign currencies, mainly the US dollar, used by the Company to acquire inputs, sell goods, and contract financial instruments, in addition to other payables and receivables in foreign currencies. The Company constantly assesses the hedge transactions entered into to mitigate these risks. As at March 31, 2022, the consolidated exposure was as follows (in Brazilian reais – R$):

	03/31/2022						12/31/2021					
	Foreign currency						Foreign currency					
	US dollar – US$	Euro - €	Pound - £	Yen - ¥	Ren ¥	Total	US dollar – US$	Euro - €	Pound - £	Yen - ¥	Ren ¥	Total
Assets												
Cash and cash equivalents	27,131	29	-	-	984	28,144	26,930	21	-	-	996	27,947
Trade receivables	5,426	-	-	722	-	6,148	5,859	-	-	-	-	5,859
Swap contract	-	-	-	-	-	-	4,835	-	-	-	-	4,835
										-	-	
Liabilities										-	-	
Trade payables	(543,584)	(59)	(100)	-	-	(543,743)	(709,620)	(402)	(75)	(1,021)	-	(711,118)
Borrowings and financing	(34,474)	-	-	-	-	(34,474)	(50,749)	(1,596)	-	-	-	(52,345)
Forward contracts (NDF)	(33,906)	-	-	-	-	(33,906)	(3,756)	-	-	-	-	(3,756)
Swap contract	(2,132)	-	-	-	-	(2,132)	-	-	-	-	-	-
Net exposure	**(581,539)**	**(30)**	**(100)**	**722**	**984**	**(579,963)**	**(726,501)**	**(1,977)**	**(75)**	**(1,021)**	**996**	**(728,578)**

Management believes that the exposures to the foreign exchange risk are acceptable for its operations.

In order to verify the sensitivity of the exchange rate differences of trade receivables and trade payables in foreign currency to which the Company and its subsidiaries were exposed as at March 31, 2022, five different scenarios were defined with stresses of 5% and 10%, of decrease or increase in relation to the benchmark rate, the expected rate used for the next 12 months. Also, these stresses correspond to the expectation based on the magnitude of the changes in the US dollar rates for the 12 months prior to the base date.

The respective foreign exchange expense and income was calculated for each scenario. The portfolio base date used was March 31, 2022. The US dollar quotation used in the projection was R$5.20.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

	(Expense)/Income				
	Scenario I -10%	Scenario II -5%	Probable scenario	Scenario III +5%	Scenario IV +10%
Cash and cash equivalents	(373)	1,201	2,746	4,290	5,835
Trade receivables	(75)	262	600	937	1,275
Trade payables	6,634	(23,206)	(53,045)	(82,885)	(112,724)
Borrowings and financing	421	(1,471)	(3,363)	(5,255)	(7,147)
Financial instruments and derivatives	440	(1,538)	(3,516)	(5,493)	(7,471)
Impact on profit or loss	**7,047**	**(24,752)**	**(56,578)**	**(88,406)**	**(120,232)**

(vi) Operational risk

Operational risk is the risk of incurring direct or indirect losses due to a series of reasons associated to the Company's processes, personnel, technology, and infrastructure, as well as external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements, and generally accepted corporate behavior standards. The operational risks arise from all Company's operations.

The Company's objective is to manage the operational risk to avoid any financial losses and damages to the Company's reputation.

Senior Management has the primary responsibility for developing and implementing controls over operational risks.

2. Derivative instruments

The Company does not invest in derivatives or any other risk assets for speculative purposes. The Company's derivative instruments are stated at fair value and summarized as follows:

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets				
Swap	-	4,835	-	4,835
	-	4,835	-	4,835
Liabilities				
Payables for purchase of shares	(20,748)	(23,475)	(20,748)	(23,475)
Swap	(2,132)	-	(2,132)	-
Forward contracts(NDFs)	(33,905)	(3,756)	(33,905)	(3,756)
	(56,785)	(27,231)	(56,785)	(27,231)

Swap transactions

As at March 31, 2022, the Company maintains a loan agreement in the amount of US$10,913 thousand with Citibank, indexed by the Libor rate, plus 2.16% p.a., maturing in April 2023, for which it has contracted a derivative (swap agreement), with notional value at the same amount, and the CDI used as the index, maturing on the same date of the agreement. The derivative counterparty is also the Citibank, and the fair value of the SWAP is (R$2,132) as at March 31, 2022.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

NDF transactions

Also, as at March 31, 2022, the Company has entered into Currency Forward Contracts totaling US$63,548 thousand to hedge its future cash flow against currency fluctuations, and the fair value of these contracts is (R$33,905). The Currency Forward Contracts have average term of 90 days between the contracting date and the maturity date, with the following counterparties:

	US$ - thousands
Bradesco	32,324
BTG	2,033
CCB	220
Citibank	12,246
Itaú	9,458
XP	512
HSBC	102
Fibra	4,497
Santander	2,156
	63,548

Call option contract

The Company is a party to a contract of payables for purchase of shares involving an option contract, as described in note 11 (e). The amount is recorded in “Payables for purchase of shares”.

3. Financial instruments - fair value

Financial assets and liabilities adjusted at current market rates are shown below:

	03/31/2022		12/31/2021		
	Carrying amount	Fair value	Carrying amount	Fair value	Classification
Assets					
Cash and cash equivalents	17,592	17,592	19,673	19,673	Amortized cost
Cash and cash equivalents – foreign currency	28,144	28,144	27,947	27,947	Amortized cost
Short-term investments	617,198	617,198	893,238	893,238	Amortized cost
Securities	11,609	11,609	14,530	14,530	Amortized cost
Trade receivables	640,147	640,147	638,726	638,726	Amortized cost
Forward contract	-	-	-	-	Fair value through profit or loss
Swap contract	-	-	4,835	4,835	Fair value through profit or loss
Liabilities					
Trade payables	658,934	658,934	870,441	870,441	Amortized cost
Borrowings and financing – including charges	400,262	407,361	443,694	441,626	Amortized cost
Other payables - acquisition of subsidiary	13,276	13,276	16,203	16,203	Amortized cost
Payables for purchase of shares	20,748	20,748	23,475	23,475	Fair value through profit or loss
Forward contract	33,905	33,905	3,756	3,756	Fair value through profit or loss
Swap contract	2,132	2,132	-	-	Fair value through profit or loss

Derivatives are measured according to the mark-to-market calculation at the reporting date.

Fair value measurement recognized in the interim financial information

The table below shows an analysis of the financial instruments recognized at fair value, after initial recognition. These financial instruments are classified in levels 1 to 3, based on the level where their fair value is quoted:

- Level 1: fair value measurement derives from quoted prices (unadjusted) in active markets, based on identical assets and liabilities;

- Level 2: fair value measurement derives from other quoted inputs included in Level 1, which are quoted through an asset or liability, either directly (that is, such as prices) or indirectly (that is, derived from prices); and

- Level 3: fair value measurement derives from valuation techniques that include an asset or liability without active market.

At the balance sheet date, Management adopted Level 2 to determine the fair values applicable to the Company's financial instruments, except for the payables for purchase of shares arising from Khomp's acquisition, as mentioned in note 11 (e), for which Level 3 is used.

Criteria, assumptions and limitations used in fair value calculation

The estimated fair values of the Company's and its subsidiaries' financial assets and liabilities were determined as described below. The Company and its subsidiaries maintain a derivative contract (swap) and non-deliverable forward contracts (NDF) as mentioned in note 22 (ii). Also, there is the agreement for purchase of shares, as mentioned in note 11 (e).

Cash and cash equivalents and short-term investments

The carrying amounts of the balances in checking accounts held at banks approximate their fair values, and we believe that they are measured at fair value based on the probable realizable amount.

Trade receivables and trade payables

Arise directly from the Company's and its subsidiaries' operations, measured at amortized cost and recorded at their original amounts, less the allowance for losses and present value adjustment, when applicable.

Borrowings and financing – including charges

The fair values of these financing facilities are equivalent to their carrying amounts because they refer to financial instruments at rates that are equivalent to market rates and have exclusive features, arising from specific financing sources.

Limitations

The fair values were estimated at the balance sheet date, based on relevant market inputs. Changes in assumptions could significantly affect the estimates.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

4. Qualitative and quantitative information on financial instruments

In order to verify the rate sensitivity in debts to which the Company and its subsidiaries were exposed as at March 31, 2022, five different scenarios were defined. Based on the FOCUS report of March 2022, the projected CDI / IGP-DI / IGP-M / DOLLAR rates were extracted and based on the future curve of BM&F of March 2022, the projected LIBOR rate was extracted, within a 12-month period beginning March 2022, thus defining them as the probable scenario; based on this, 25% and 50% stresses were calculated, which correspond to the percentage rates used by Management in its management analyses.

The gross finance costs were calculated for each scenario, without considering taxes on costs and the maturities of each contract scheduled for the 12-month period beginning March 31, 2022 projecting the ratios for an one-year period and verifying their sensitivity in each scenario.

	03/31/2022				
	Scenario I +50%	Scenario II +25%	Probable scenario	Scenario III -25%	Scenario IV -50%
Borrowings and financing	10,022	8,351	6,681	5,011	3,341

5. Capital management

Capital includes common shares and other reserves attributable to controlling shareholders. The main objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and adjusts it taking into account the changes in economic conditions and financial *covenants*. To maintain or adjust its capital structure, the Company can adjust the payment of dividends to shareholders, return capital to them, or issue new shares. The Company monitors capital through the correlation of net debt (or net cash) and equity. The Company's policy is to maintain a net cash position or, in case of net debt, the correlation between 20% and 40%. The Company includes in the net debt interest-bearing borrowings and financing, less cash and cash equivalents.

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Interest-bearing borrowings and financing	400,262	443,694	400,262	442,098
(-) Cash and cash equivalents	(662,934)	(940,858)	(646,219)	(916,474)
Consolidated net debt	**(262,672)**	**(497,164)**	**(245,957)**	**(474,376)**
Equity	1,993,648	1,918,665	1,975,706	1,900,426
Correlation	**(13%)**	**(26%)**	**(12%)**	**(25%)**

To achieve this overall goal, the Company's capital management aims at, but not limited to, ensuring that it meets the financial commitments associated with borrowings and financing that define the capital structure requirements. Any breach of financial covenants would allow the bank to immediately require the settlement of borrowings and financing. There were no breaches of the financial covenants for any interest-bearing borrowings and financing in the period. No changes were made to the capital management objectives, policies or processes in the reporting periods.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

23 Net operating revenue

The table below shows the reconciliation between gross revenue for tax purposes and revenue stated in the statement of income for the six-month period ended:

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Sale of goods	1,113,748	919,904	1,086,415	910,051
Present value adjustment (PVA)	(9,780)	(8,989)	(9,780)	(8,989)
Commercial funds	(25,915)	(23,552)	(25,915)	(23,552)
Sales returns	(42,846)	(33,484)	(41,973)	(33,048)
Sales deductions:				
Federal VAT (IPI)	(49,548)	(55,604)	(48,700)	(56,811)
State VAT (ICMS)	(47,391)	(43,106)	(47,888)	(42,908)
Tax on revenue (PIS)	(12,638)	(10,444)	(12,385)	(10,267)
Tax on revenue (COFINS)	(58,231)	(48,121)	(57,067)	(47,302)
Service Tax (ISS)	(418)	(145)	(146)	(47)
Social Security Contribution on Gross Revenue (CPRB)	(284)	-	-	-
Law 13,969/19	(499)	-	(499)	-
Net operating revenue	**866,198**	**696,459**	**842,062**	**687,127**

24 Expenses by nature

The Company elected to present the statement of income by function. As prescribed by CPC 26 (R1) (IAS 1) – Presentation of Financial Statements, costs and expenses are broken down by nature as follows:

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Expenses by function				
Cost of sales and services	612,575	487,872	607,467	487,083
Selling expenses	107,596	79,903	102,624	77,819
General and administrative expenses	50,811	42,662	42,967	38,039
Other operating income (expenses), net	4,903	(9,983)	(3,857)	(10,262)
	775,885	**600,454**	**749,201**	**592,679**
Cost of sales and services				
Raw material and resale	563,464	450,200	562,435	451,888
Fixed production costs	57,604	43,725	53,525	41,248
Present value adjustment (PVA)	(8,493)	(6,053)	(8,493)	(6,053)
	612,575	**487,872**	**607,467**	**487,083**
Selling expenses				
Personnel and benefits	52,432	37,137	48,710	35,532
Variable selling expenses	12,826	11,990	12,738	11,980
Freight	15,088	12,366	15,058	12,361
Marketing expenses	7,714	6,911	7,610	6,911
Outside services	4,531	3,016	4,341	2,792
Estimated losses on doubt debts	4,528	2,864	4,336	2,864
Travels and representations	3,313	2,044	3,092	1,946
Maintenance and backup material	1,814	1,375	1,779	1,366
Utilities	1,462	1,117	1,350	1,078
Depreciation and amortization	2,214	968	2,172	946
Other	1,674	115	1,438	43
	107,596	**79,903**	**102,624**	**77,819**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
General and administrative expenses				
Personnel and benefits	42,024	35,625	35,566	31,746
Outside services	3,546	3,081	2,964	2,817
Maintenance and backup material	2,155	1,628	2,063	1,575
Depreciation and amortization	1,594	1,219	1,422	1,183
Utilities	894	752	829	-
Other	598	357	123	718
	50,811	**42,662**	**42,967**	**38,039**
Other (income) expenses				
R&D costs	29,633	20,708	22,878	19,468
Financial credit	(23,421)	(24,373)	(22,297)	(23,815)
Allocation of surplus realization	4,286	-	-	-
Gain (loss) on investment in funds	910	-	910	-
Other	(6,505)	(6,318)	(5,348)	(5,915)
	4,903	**(9,983)**	**(3,857)**	**(10,262)**
Total	**775,885**	**600,454**	**749,201**	**592,679**

25 Finance income (costs)

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Income from short-term investments	18,127	4,312	17,755	4,279
Interest	1,308	1,363	1,097	1,323
Present value adjustment	12,268	7,104	12,268	7,104
Revenues on derivatives - stock options	2,727	-	2,727	-
Other	80	123	43	123
Finance income	**34,510**	**12,902**	**33,890**	**12,829**
Exchange gains	85,244	9,930	84,840	8,640
Exchange gains - borrowings	7,163	-	7,163	-
Revenues on derivatives – SWAP	-	6,582	-	6,582
Revenues on derivatives – forward contracts	597	37,525	597	37,525
Income on exchange rate changes	**93,004**	**54,037**	**92,600**	**52,747**
Interest on borrowings and financing	(6,513)	(6,281)	(6,503)	(6,186)
Banking expenses	(2,347)	(1,830)	(1,827)	(1,524)
IOF on financial transactions	(216)	(225)	(195)	(210)
Present value adjustment	(5,144)	(5,115)	(5,144)	(5,115)
Other	(168)	(66)	(104)	(66)
Finance costs	**(14,388)**	**(13,517)**	**(13,773)**	**(13,101)**
Exchange losses	(21,313)	(45,316)	(20,881)	(43,823)
Exchange losses - borrowings	-	(6,913)	-	(6,913)
Expenses on derivatives – SWAP	(6,967)	-	(6,967)	-
Expenses on derivatives – forward contracts	(71,247)	(9,668)	(71,247)	(9,668)
Expenses on exchange gains (losses)	**(99,527)**	**(61,897)**	**(99,095)**	**(60,404)**
Finance income (costs), net	**13,599**	**(8,475)**	**13,622**	**(7,929)**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

26 Insurance coverage

The Company has a risk management program designed to minimize risks, seeking in the market coverage that is compatible with its size and operations. The insurance amounts are considered sufficient by Management to cover possible losses, taking into account the nature of the activities, the risks involved in operations and the advice of its insurance brokers.

The Company has the following main insurance policy taken with a third party effective from April 2021 to April 2022:

Insured risks	Insured amount	Deductible
Fire / disposal / riot / explosion / implosion	R$244,000	15% losses reimbursable at the minimum amount of R$270,000.00
Flood	R$2,000	10% losses reimbursable at the minimum amount of R$250,000.00
Electrical damages	R$1,000	10% losses reimbursable at the minimum amount of R$5,000.00
Loss of profits (P.I. 4 months)	R$145,000	5 days
Machinery breakdown	R$2,000	10% losses reimbursable at the minimum amount of R$25,000.00
Robbery and/or aggravated theft	R$2,000	10% losses reimbursable at the minimum amount of R$50,000.00
Windstorm, hurricane, cyclone, aircraft crash, impact	R$30,000	10% losses reimbursable at the minimum amount of R$250,000.00
Fire / disposal / riot / explosion / implosion	R$5,000	Reimbursable losses must be added to the losses of the original coverage for deduction of the respective deductible
Insured assets held by third parties	R$1,500	10% reimbursable losses at the minimum amount of R$10,000.00

27 Segment reporting

The segment reporting below is used by the Management of Intelbras to assess the performance of the operating segments and make decisions on the allocation of funds, the gross profit being the measurement used in the performance of its operating segments.

Security
Segment comprised of business lines related to electronic security, such as analog video surveillance equipment (CCTV), IP video surveillance (CCTV IP), alarms and sensors against invasion, alarms and sensors against fire and access control (controls and devices for building, residential and corporate use).

Communication
Segment comprised of business lines related to voice, image and data communication, as well as for network infrastructure. Equipment for corporate network, residential and fiber optic infrastructure, residential and corporate communication systems and related accessories is sold.

Energy
Segment comprised of business lines related to the supply of energy for electric and electronic equipment and consumers in general, in addition to power saving and nobreak devices for houses, companies and buildings. Power supplies, batteries, nobreaks, light sensors, in addition to on-grid and off-grid solar power generators are sold.

The Company's operations are carried out in Brazil and abroad, and there are no customers accounting for more than 10% of the revenue of each segment.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

	Consolidated			
	03/31/2022			
	Communication	Security	Energy	Total
Net operating revenue	194,980	464,292	206,926	**866,198**
Gross profit	54,201	155,391	44,031	**253,623**

	Consolidated			
	03/31/2021			
	Communication	Security	Energy	Total
Net operating revenue	234,664	367,663	94,132	**696,459**
Gross profit	61,886	123,303	23,398	**208,587**

The information on assets regularly generated and analyzed by the managers of the respective segments, comprising the following assets: trade receivables, property, plant and equipment and intangible assets, is shown below. Liabilities are comprised of trade payables. This data is regularly analyzed by Management to assess the investments and allocation of funds necessary for each segment. The Company presents the balances comprising the adjustments to the accounting related to accounting standards CPC 47 (IFRS 15) – Revenue from Contracts with Customers and CPC 12 – Present Value Adjustment, and the allocation of the common areas proportionally.

	03/31/2022			
	Communication	Security	Energy	Total
Assets	384,992	500,091	149,990	**1,035,073**
Liabilities	90,168	327,220	241,546	**658,934**

	12/31/2021			
	Communication	Security	Energy	Total
Assets	397,230	464,038	148,524	**1,009,792**
Liabilities	132,974	457,257	280,210	**870,441**

28 Information on related-party transactions and balances

The Company is mainly engaged in the manufacture, development and sale of electronic security equipment and electronic surveillance and monitoring services, consumer voice and/or data communications devices and equipment, professional voice and/or data communications equipment, services and means, network equipment, data communications infrastructure means and solutions.

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Balance sheet transactions				
Assets				
Trade receivables				
Trade receivables – Khomp	-	-	20	16
Trade receivables – Décio	-	-	1,217	15
Trade receivables – Seventh	-	-	6	-
	-	**-**	**1,243**	**31**

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

	Consolidated		Parent	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Loans				
Loans granted - Khomp	-	-	-	-
Loans granted - Décio	-	-	15,874	15,509
	-	**-**	**15,874**	**15,509**
Liabilities				
Trade payables				
Trade payables - Dahua	(178,502)	(263,219)	(178,502)	(263,219)
Trade payables - Décio	-	-	-	(522)
Trade payables - Ascent	-	-	(479)	(408)
Trade payables - Khomp	-	-	-	(14)
	(178,502)	**(263,219)**	**(178,981)**	**(264,163)**
Total transactions with related parties in the balance sheet	**(178,502)**	**(263,219)**	**(161,864)**	**(248,623)**

	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit or loss transactions				
Sales made by Dahua to the Company	(218,453)	(196,963)	(218,453)	(196,963)
Sales made by Décio to the Company	-	-	(8,471)	4,877
Sales made by Ascent to the Company	-	-	(2,816)	1,841
Sales made by Khomp to the Company	-	-	(34)	-
Sales made by Ascent to Dahua	1,530	-	-	-
Sales made by Decio to Khomp	-	-	107	-
Sales made by the Company to Khomp	-	-	51	-
Sales made by the Company to Décio	-	-	13	-
Sales made by the Company to Seventh	-	-	12	-
Total related-party transactions recorded in profit or loss	**(216,923)**	**(196,963)**	**(229,591)**	**(190,245)**

Related-party transactions

Related-party balances refer to transactions under specific conditions agreed upon among the parties; balances in general are adjusted for inflation based on the Selic rate. Finally, the Company understands that related-party transactions have operating characteristics, thus the effects are recorded in operating activities in its statement of cash flows.

As at December 31, 2018, the Company entered into a cooperation agreement ("Cooperation Agreement") with Zhejiang Dahua Technology Co., Ltd., a company comprising the economic group of Dahua Europe B.V. Under the Cooperation Agreement, there is a commitment of acquiring exclusively from supplier Dahua closed circuit television products comprised of electronic surveillance cameras and digital video recorders, subject to the compliance by supplier Dahua with certain conditions, as established in the Cooperation Agreement. Beginning November 2019, supplier Dahua acquired shares representing 10% of the Company's capital.

Collaterals

The Company offers collateral for the borrowings and financing described in note 15, which are granted to the financial institutions and comprise letter of guarantee and property, plant and equipment items. There are no collaterals granted to third parties.

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

Compensation of key management personnel

Key management personnel includes the members of the Board of Directors and statutory and non-statutory officers, which duties involve the decision-making power and the control over the Company's activities. Compensation of key management personnel totaled R$18,610 during the three months ended March 31, 2022 (R$8,583 as at March 31, 2021). This amount comprises short-term benefits consisting of: (i) management fees paid to the executive board and members of the Board of Directors; (ii) bonus paid to the executive board and (iii) other benefits, such as healthcare plan. The Company does not grant any post-employment and/or severance benefits to its officers and directors, other than those prescribed by the applicable law.

Key management personnel are not entitled to long-term benefits, such as pension plan, share-based compensation plan, etc.

29 Non-cash items

Transactions in the period not affecting the Company’s cash flows are as follows:

	Consolidated		Parent	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Items not affecting cash:				
Exchange rate differences on foreign subsidiary	(138)	164	(138)	164
Payment for property, plant and equipment acquired in installments	(3,840)	(3,060)	(3,840)	(3,060)
Share issuance costs in installments	-	(804)	-	(804)
Changes in liabilities arising from financing activities				
Acquisition of property, plant and equipment in installments	5,986	3,954	5,986	3,954

30 Events after the reporting period

On April 29, 2022, continuing with the Material Event Notice of February 15, 2022, the Company completed the conditions precdent set forth in the agreement and closed the transaction for the purchase of all shares of Renovigi Energia Solar S.A., in which date the payment of the first fixed tranche was made to the sellers in the amount of R$83,584. The second installment of the fixed portion set forth in the agreement, in the amount of R$200,602, will be paid after a seven-month grace period, in 17 monthly and consecutive installments, adjusted by the CDI rate. Additionally, a variable tranche, estimated at R$50,150, will be paid in three variable annual and consecutive installments based on the attainment of the growth target of the nominal EBITDA amount of Renovigi.