

**Unaudited Interim  
Financial Information**

**Locaweb Serviços de Internet S.A.**

June 30, 2020

# **Locaweb Serviços de Internet S.A.**

## Unaudited interim financial information

June 30, 2020

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**A free translation from Portuguese into English of Individual and Consolidated Quarterly Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB and consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).**

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## **Independent auditor's review report on quarterly information**

To the Shareholders, Board of Directors and Officers

**Locaweb Serviços de Internet S.A.**

São Paulo - SP

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Locaweb Serviços de Internet S.A. (the "Company") for the quarter ended June 30, 2020, comprising the statement of financial position as of June 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and six month periods then ended, and of changes in equity and of cash flows for the six-month periods then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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 engagements (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 auditing standards 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 quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

## **Other matters**

### *Statements of value added*

The abovementioned quarterly information include the individual and consolidated statement of value added (SVA) for the six month period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, August 11, 2020.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC- 2SP034519/O-6



Klaas Johnsen  
Accountant CRC-1SP267150/O-0

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of financial position  
As at June 30, 2020 (unaudited) and December 31, 2019  
(in thousands of *Reais*)

Assets	Note	Company		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
<b>Current assets</b>					
Cash and cash equivalents	3.1	499,798	16,076	528,196	25,275
Restricted cash	3.2	2,702	2,659	2,702	2,659
Accounts receivable	4.1	21,099	21,304	265,870	125,285
Taxes recoverable	5	5,968	2,991	9,621	8,080
Derivatives	21	32,129	4,932	32,129	4,932
Other assets		7,676	8,386	9,927	9,989
<b>Total current assets</b>		<b>569,372</b>	<b>56,348</b>	<b>848,445</b>	<b>176,220</b>
<b>Non-current assets</b>					
Restricted cash	3.2	4,765	7,354	4,765	7,354
Judicial deposits	13	435	709	492	765
Other assets		844	908	1,198	1,323
Related parties	6	3,843	1,507	-	-
Deferred income taxes	19	3,133	2,677	4,085	3,654
Investments	7	185,449	124,853	-	-
Property and equipment	8	58,908	64,894	72,643	74,570
Right-of-use assets	9.2	66,133	64,879	69,094	67,808
Intangible assets	9	58,398	57,505	184,086	182,319
<b>Total non-current assets</b>		<b>381,908</b>	<b>325,286</b>	<b>336,363</b>	<b>337,793</b>
<b>Total assets</b>		<b>951,280</b>	<b>381,634</b>	<b>1,184,808</b>	<b>514,013</b>

Liabilities and equity	Company			Consolidated	
	Nota	06/30/2020	12/31/2019	06/30/2020	12/31/2019
<b>Current liabilities</b>					
Suppliers		8,743	7,025	18,123	12,833
Loans and financing	11.1	71,227	48,620	71,254	48,679
Lease liabilities	11.2	9,685	4,421	10,396	5,416
Salaries and related charges	12	26,877	19,780	39,201	28,766
Other taxes payable		6,000	2,614	11,362	4,021
Deferred revenue	4.2	32,304	31,298	39,392	37,116
Payables to clients	4.3	-	-	174,136	82,160
Interest on shareholders' equity and dividends payable		8	8	8	8
Taxes payable in installments	10	-	-	2,903	2,808
Accounts payable to former shareholders	7.1	2,898	14,697	2,898	14,697
Other liabilities			-	902	1,438
<b>Total current liabilities</b>		<b>157,742</b>	<b>128,463</b>	<b>370,575</b>	<b>237,942</b>
Loans and financing	11.1	52,345	67,732	52,447	67,834
Provision for legal proceedings	13	463	938	547	1,006
Accounts payable to former shareholders	7.1	31,656	30,138	31,656	30,138
Lease liabilities	11.2	59,718	62,720	62,171	64,802
Provision for losses on investments	7	3,700	2,133	-	-
Taxes payable in installments	10	-	-	21,005	21,860
Other liabilities		1,013	1,177	1,764	2,098
<b>Total non-current liabilities</b>		<b>148,895</b>	<b>164,838</b>	<b>169,590</b>	<b>187,738</b>
<b>Equity</b>					
Capital stock		630,559	53,629	630,559	53,629
Capital reserves		(5,321)	18,270	(5,321)	18,270
Earning reserves		16,434	16,434	16,434	16,434
Accumulated profits		2,971	-	2,971	-
<b>Total equity</b>		<b>644,643</b>	<b>88,333</b>	<b>644,643</b>	<b>88,333</b>
<b>Total liabilities and equity</b>		<b>951,280</b>	<b>381,634</b>	<b>1,184,808</b>	<b>514,013</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of operations  
Three-month and six-month periods ended June 30, 2020 and 2019  
(in thousands of *Reais*)

	Notes	Company				Consolidated		
		01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019
<b>Net revenue</b>	16	<b>135,324</b>	<b>130,027</b>	<b>68,972</b>	<b>65,059</b>	<b>221,834</b>	<b>178,613</b>	<b>94,026</b>
Cost of Services	17	(92,006)	(82,988)	(48,022)	(42,654)	(131,938)	(105,596)	(56,886)
<b>Gross profit</b>		<b>43,318</b>	<b>47,039</b>	<b>20,950</b>	<b>22,405</b>	<b>89,896</b>	<b>73,017</b>	<b>37,140</b>
<b>Operating income (expenses)</b>								
Selling expenses	17	(25,382)	(24,805)	(12,078)	(12,121)	(37,598)	(35,213)	(18,318)
General and administrative expenses	17	(21,616)	(11,850)	(4,746)	(5,933)	(36,998)	(18,207)	(9,343)
Equity results	7	8,778	4,196	4,512	2,924	-	-	-
Other operating income (expenses)	17	319	474	116	252	386	2,014	1,795
		<b>(37,901)</b>	<b>(31,985)</b>	<b>(12,196)</b>	<b>(14,878)</b>	<b>(74,210)</b>	<b>(51,406)</b>	<b>(25,866)</b>
<b>Income before financial results and income taxes</b>		<b>5,417</b>	<b>15,054</b>	<b>8,754</b>	<b>7,527</b>	<b>15,686</b>	<b>21,611</b>	<b>11,274</b>
Financial income	18	37,353	1,098	8,379	(826)	37,532	1,232	(773)
Financial expenses	18	(40,156)	(10,134)	(10,984)	(2,632)	(43,272)	(13,886)	(4,833)
		<b>(2,803)</b>	<b>(9,036)</b>	<b>(2,605)</b>	<b>(3,458)</b>	<b>(5,740)</b>	<b>(12,654)</b>	<b>(5,606)</b>
<b>Income before income taxes</b>		<b>2,614</b>	<b>6,018</b>	<b>6,149</b>	<b>4,069</b>	<b>9,946</b>	<b>8,957</b>	<b>5,668</b>
Current income taxes	19	(99)	-	(99)	437	(7,406)	(3,615)	(1,322)
Deferred income taxes	19	456	(865)	(808)	(779)	431	(189)	(619)
		<b>357</b>	<b>(865)</b>	<b>(907)</b>	<b>(342)</b>	<b>(6,975)</b>	<b>(3,804)</b>	<b>(1,941)</b>
<b>Net income for the year</b>		<b>2,971</b>	<b>5,153</b>	<b>5,242</b>	<b>3,727</b>	<b>2,971</b>	<b>5,153</b>	<b>5,242</b>
<b>Earnings per share</b>								
(in R\$ per share)								
Basic earnings per share	15					0.02	0.06	0.04
Diluted earnings per share	15					0.02	0.05	0.04

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of comprehensive income  
Three-month and six-month periods ended June 30, 2020 and 2019  
(in thousands of *Reais*)

	Company				Consolidated			
	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019
Net income for the year	2,971	5,153	5,242	3,727	2,971	5,153	5,242	3,727
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>2,971</b>	<b>5,153</b>	<b>5,242</b>	<b>3,727</b>	<b>2,971</b>	<b>5,153</b>	<b>5,242</b>	<b>3,727</b>

See accompanying notes.



## Locaweb Serviços de Internet S.A.

Unaudited interim statements of changes in shareholders' equity  
Six-months periods ended June 30, 2020 and 2019  
(in thousands of *Reais*)

	Capital stock		Capital reserves					Earning reserves		Retained earnings	Total shareholder's equity
	Paid-in capital	Unpaid capital	Share issuance costs	Treasury shares	Goodwill on capital transaction	Share based payments reserve	Goodwill on share issuance	Legal reserve	Retained earnings reserve		
<b>Balances as at December 31, 2019</b>	<b>53,629</b>	<b>-</b>	<b>(3,645)</b>	<b>(9)</b>	<b>(22,344)</b>	<b>32,313</b>	<b>11,955</b>	<b>1,390</b>	<b>15,044</b>	<b>-</b>	<b>88,333</b>
Loss for the period	-	-	-	-	-	-	-	-	-	2,971	2,971
Capital increase	576,930	4,993	(35,504)	-	-	-	-	-	-	-	546,419
Share based payments	-	-	-	1	-	6,902	17	-	-	-	6,920
Allocation of income:											
Legal reserve	-	-	-	-	-	-	-	149	-	(149)	-
Retained earnings reserve	-	-	-	-	-	-	-	-	2,822	(2,822)	-
<b>Balances as at June 30, 2020</b>	<b>630,559</b>	<b>4,993</b>	<b>(39,149)</b>	<b>(8)</b>	<b>(22,344)</b>	<b>39,215</b>	<b>11,972</b>	<b>1,539</b>	<b>17,866</b>	<b>-</b>	<b>644,643</b>

	Capital social	Capital reserves					Earning reserves		Retained earnings	Total equity
	Paid-in Capital	Share issuance costs	Treasury shares	Goodwill on capital transaction	Share based payments reserve	Goodwill on share issuance	Legal reserve	Retained earnings reserve		
<b>Balances as at December 31, 2018</b>	<b>53,521</b>	<b>(3,645)</b>	<b>(909)</b>	<b>(22,344)</b>	<b>30,201</b>	<b>-</b>	<b>486</b>	<b>3,777</b>	<b>-</b>	<b>61,087</b>
Net income for the period	-	-	-	-	-	-	-	-	5,153	5,153
Capital increase	108	-	-	-	-	-	-	-	-	108
Share based payments	-	-	-	-	1,121	-	-	-	-	1,121
Acquisition of subsidiaries	-	-	602	-	-	7,997	-	-	-	8,599
Interest on shareholders' equity paid	-	-	-	-	-	-	-	-	(800)	(800)
<b>Balances as at June 30, 2019</b>	<b>53,629</b>	<b>(3,645)</b>	<b>(307)</b>	<b>(22,344)</b>	<b>31,322</b>	<b>7,997</b>	<b>486</b>	<b>3,777</b>	<b>4,353</b>	<b>75,268</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of cash flows  
Six-month periods ended June 30, 2020 and 2019  
(in thousands of *Reais*)

	Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
<b>Flow from operating activities:</b>				
<b>Income before income taxes</b>	<b>2,614</b>	<b>6,018</b>	<b>9,946</b>	<b>8,957</b>
Adjustments to reconcile income before income taxes to net cash				
Depreciation and amortization	22,437	23,558	28,005	26,140
Equity results	(8,778)	(4,196)	-	-
Interest, derivatives, and foreign exchange and monetary variations	8,150	7,009	8,170	7,422
Mark-to-market of derivatives	(580)	(61)	(580)	(61)
Share based payments	6,920	1,121	6,920	1,121
Provisions and other adjustments	1,732	(463)	1,855	(520)
<b>Changes in assets and liabilities:</b>				
Accounts receivable	(1,984)	(4,017)	(142,993)	(33,691)
Taxes recoverable	(2,956)	(321)	(1,460)	797
Other assets	(244)	(2,128)	(236)	(988)
Judicial deposits	274	358	273	791
Related parties	(2,336)	(89)	-	-
Suppliers	2,429	(595)	3,432	157
Salaries and related charges	7,097	(359)	10,435	1,086
Other taxes payable	3,819	(162)	4,990	(786)
Deferred revenue	1,006	2,763	2,276	3,286
Payables to clients	-	-	91,976	27,211
Other liabilities	(164)	(2)	(870)	(584)
Income tax paid	(532)	(291)	(5,815)	(3,388)
<b>Net cash flows from operating activities</b>	<b>38,904</b>	<b>28,143</b>	<b>16,324</b>	<b>36,950</b>
<b>Investing activities</b>				
Purchase of property and equipment	(9,686)	(26,660)	(13,537)	(28,063)
Accounts payable on acquisition of equity interest	(11,628)	-	(11,628)	(4,114)
Capital increase in subsidiary	(50,250)	(1,658)	-	-
Acquisition of subsidiary, net of cash acquired	-	(13,985)	-	(12,366)
Acquisition and development of intangible assets	(4,120)	(3,842)	(8,242)	(6,787)
<b>Net cash flows used in investing activities</b>	<b>(75,684)</b>	<b>(46,145)</b>	<b>(33,407)</b>	<b>(51,330)</b>
<b>Financing activities</b>				
Capital increase	546,419	108	546,419	108
Payment of lease liabilities	(4,855)	(4,515)	(5,315)	(4,902)
Proceeds from loans and financing	-	40,000	-	40,000
Restricted cash	2,702	5,300	2,702	5,300
Repayment of loans and financing	(19,097)	(16,948)	(19,119)	(17,260)
Interest and foreign exchange variations paid	(7,556)	(3,484)	(7,572)	(3,552)
Derivatives received (paid)	2,991	(607)	2,991	(607)
Bank guarantees paid	(102)	(493)	(102)	(493)
Dividends and interest on shareholders' equity paid	-	(3,434)	-	(3,434)
<b>Net cash flows from financing activities</b>	<b>520,502</b>	<b>15,927</b>	<b>520,004</b>	<b>15,160</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>483,722</b>	<b>(2,075)</b>	<b>502,921</b>	<b>780</b>
Cash and cash equivalents at beginning of the period	16,076	12,381	25,275	17,782
Cash and cash equivalents at end of the period	499,798	10,306	528,196	18,562
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>483,722</b>	<b>(2,075)</b>	<b>502,921</b>	<b>780</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of value added  
Six-month periods ended June 30, 2020 and 2019  
(in thousands of *Reais*)

	Company		Consolid	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
<b>Revenues</b>	<b>146,196</b>	<b>146,328</b>	<b>242,970</b>	<b>202,454</b>
Revenue from the provision of services	160,366	155,150	258,176	209,959
Discounts and rebates	(14,502)	(9,194)	(15,609)	(9,334)
Other operating revenue	332	372	403	1,829
<b>Input acquired from third parties (includes ICMS, PIS and Cofins)</b>	<b>(48,878)</b>	<b>(40,471)</b>	<b>(82,364)</b>	<b>(59,333)</b>
Costs of services	(36,400)	(27,877)	(55,409)	(37,603)
Materials, energy, third party services and others	(12,478)	(12,594)	(26,955)	(21,730)
<b>Gross value added</b>	<b>97,318</b>	<b>105,857</b>	<b>160,606</b>	<b>143,121</b>
<b>Retentions</b>	<b>(22,437)</b>	<b>(23,558)</b>	<b>(28,006)</b>	<b>(26,140)</b>
Depreciation and amortization	(22,437)	(23,558)	(28,006)	(26,140)
<b>Net value added produced</b>	<b>74,881</b>	<b>82,299</b>	<b>132,600</b>	<b>116,981</b>
<b>Value added received on transfer</b>	<b>46,132</b>	<b>5,294</b>	<b>37,532</b>	<b>1,232</b>
Equity results	8,779	4,196	-	-
Financial income	37,353	1,098	37,532	1,232
<b>Total value added to be distributed</b>	<b>121,013</b>	<b>87,593</b>	<b>170,132</b>	<b>118,213</b>
<b>Distribution of value added</b>	<b>121,013</b>	<b>87,593</b>	<b>170,132</b>	<b>118,213</b>
Salaries and related charges	<b>56,369</b>	<b>44,965</b>	<b>82,160</b>	<b>60,604</b>
Direct compensation	49,103	36,510	69,982	48,826
Benefits	4,455	4,993	7,636	7,137
FGTS	2,811	3,462	4,542	4,641
Taxes and contributions	<b>21,466</b>	<b>23,363</b>	<b>41,469</b>	<b>34,434</b>
Federal	16,420	18,548	33,847	28,052
State	-	-	100	127
Municipal	5,046	4,815	7,522	6,255
Interest and rents	<b>40,207</b>	<b>14,112</b>	<b>43,532</b>	<b>18,022</b>
<b>Remuneration of equity</b>	<b>2,971</b>	<b>5,153</b>	<b>2,971</b>	<b>5,153</b>
Interest on shareholders' equity paid	-	800	-	800
Retained income	2,971	4,353	2,971	4,353

See accompanying notes.

# Locaweb Serviços de Internet S.A.

Notes to the interim financial information

June 30, 2020

(amounts in thousands of *Reais*, unless otherwise stated)

## 1. Operational context

Locaweb Serviços de Internet S.A. (the “Company” or “Locaweb”) has its head office at Rua Itapaiúna, 2,434 - São Paulo/SP, and began its operations in 1998, and is one of the pioneers in Business to Business (B2B) solutions for the digital transformation of business in Brazil. The Company’s wide portfolio offers integrated solutions for the purpose of helping its customers’ businesses to grow through the use of technology.

The Company has two operating segments: (i) Be Online and Software as a Service (SaaS) & Solutions (“Be Online/SaaS”), which offer services to its customers through Locaweb, Locaweb Corp, Allin, and Cluster2Go brands; and KingHost and Delivery Direto brands; and (ii) Commerce, which offers services to its customers through the Tray, Tray Corp and Yapay brands. These business segments are complementary of each other and generate operational synergies for the Company and its customers, and together, they create an environment that enables cross-selling and up-selling activities within the extensive and diverse customer base, which consists of approximately 350.5 thousand active customers from various industry sectors, with a particular focus on small and medium-size enterprises.

### **Public offering of shares**

On February 5, 2020, the Company held the primary and secondary public offering of seventy-six million, eight hundred nineteen thousand, nine hundred ninety-nine (76,819,999) common, registered, book-entry shares, without par value, free of any liens and encumbrances (“Shares”), as follows:

- (i) Thirty-three million, three hundred thirty-three thousand, three hundred thirty-three (33,333,333) new Shares issued by the Company (“Primary Offering”).
- (ii) Forty-three million, four hundred eighty-six thousand, six hundred sixty-six (43,486,666) Shares issued by the Company and owned by the Selling Shareholders; considering the placement of additional shares and full placement of Overallotment Shares (“Secondary Offering” and, together with the Primary Offering, the “Offering”), at the price of R\$17.25 per Share (“Price per Share”), in the total amount of R\$1,325,145.

As of June 30, 2020, the Company spent R\$45,269 with the Offering. The expenses are recorded in the financial statement as follows: a) R\$35,504, share issue expenses, recorded in Equity; b) R\$5,071, received in cash, since these expenses were reimbursed by the Selling Shareholders; and c) R\$4,694 in general and administrative expenses, recorded in income for the period.

## Locaweb Serviços de Internet S.A.

Notes to the unaudited interim financial information  
June 30, 2020  
(amounts in thousands of *Reais*, unless otherwise stated)

### 2. Summary of main accounting practices

The consolidated financial statements include the operations of the Company and its subsidiaries, as follows:

Subsidiaries	Stake	Interest %	
		06/30/2020	12/31/2019
Locaweb Telecom	Direct	100%	100%
Yapay	Direct	100%	100%
Tray Tecnologia	Direct	100%	100%
FBits	Indirect	100%	100%
Ananke Participações	Direct	100%	100%
Ananke Tecnologia	Indirect	100%	100%
Primehost	Indirect	100%	100%
Ion	Indirect	100%	100%
Novaion	Indirect	100%	100%
KingHost	Direct	100%	100%
Delivery Direto	Direct	100%	100%

The issuance of the interim individual and consolidated financial statements was authorized by the Board of Directors on August 10, 2020.

The interim financial statements were prepared in accordance with the Brazilian Securities Commission (Comissão de Valores Mobiliários, or “CVM”) Deliberation No. 673/11, which establishes the minimum content of the interim financial statements, as well the recognition and measurement principles used in complete or condensed interim financial statements.

The interim financial information, in this case, is intended to provide the quarterly information based on the latest complete annual financial statements.

Accordingly, they focus on new activities, events and circumstances, not duplicating the information that was disclosed previously, except where Management considers important to maintain a specific information.

The interim financial information presented herein was prepared based on the accounting policies and assumptions and estimates adopted in preparing the annual financial statements for the year ended December 31, 2019.

There were no changes in relation to accounting policies and assumptions and estimates used. As provided for in the CVM Deliberation No. 673/11, Management decided not to repeat the detailed disclosure the accounting policies adopted by the Company. Accordingly, these interim individual and consolidated financial statements must be read together with the individual and consolidated financial statements for the year ended December 31, 2019.

## Locaweb Serviços de Internet S.A.

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### 2.1 Declaration of compliance and basis of preparation

The interim individual and consolidated financial statements were prepared and are presented in accordance with technical pronouncement CPC 21 – Interim Financial Reporting and the International Financial Reporting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, and in compliance with the standards issued by CVM that are applicable to the quarterly financial information.

### 3. Cash and cash equivalents and restricted cash

#### 3.1 Cash and cash equivalents

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and banks	1,414	756	5,243	2,273
CDB (a)	195,631	14,226	220,200	21,907
LF (b)	1,114	1,094	1,114	1,095
Funds (c)	301,639	-	301,639	-
	<b>499,798</b>	<b>16,076</b>	<b>528,196</b>	<b>25,275</b>

#### 3.2 Restricted cash

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
CDB (a)	6,353	7,825	6,353	7,825
Government				
Treasury Bills (LF) (b)	1,114	2,188	1,114	2,188
	<b>7,467</b>	<b>10,013</b>	<b>7,467</b>	<b>10,013</b>
<b>Current</b>	<b>2,702</b>	<b>2,659</b>	<b>2,702</b>	<b>2,659</b>
<b>Non-current</b>	<b>4,765</b>	<b>7,354</b>	<b>4,765</b>	<b>7,354</b>

(a) As at June 30, 2020, financial investments in Bank Certificates of Deposit (CDB) were remunerated at an average rate of 98% of the CDI (93.4% of the CDI in 2019), with daily liquidity and redeemable with the issuer, with no significant loss in value.

(b) As at June 30, 2020, financial investments in Government Treasury Bills were remunerated at an average rate of 98% of the CDI (99% of the CDI in 2019).

(c) As at June 30, 2020, financial investments in Funds were remunerated at an average rate of 96.7% of the CDI.

## Locaweb Serviços de Internet S.A.

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### 4. Accounts receivable, deferred revenue and payables to clients

#### 4.1. Accounts receivable

The balance of accounts receivable is comprised by:

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Credit card operators	4,919	3,974	243,441	100,660
Other accounts receivable	16,970	17,330	24,016	24,625
<b>Accounts receivable</b>	<b>21,889</b>	<b>21,304</b>	<b>267,457</b>	<b>125,285</b>
Estimated credit loss	(790)	-	(1,587)	-
<b>Net accounts receivable</b>	<b>21,099</b>	<b>21,304</b>	<b>265,870</b>	<b>125,285</b>

The aging of accounts receivable is shown below:

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Amounts to become due	16,594	17,467	259,157	119,833
Amounts overdue:				
Up to 30 days	1,614	1,712	2,377	2,383
31-180 days	3,338	1,490	4,975	2,184
Over 180 days	343	635	948	885
<b>Accounts receivable</b>	<b>21,889</b>	<b>21,304</b>	<b>267,457</b>	<b>125,285</b>

Estimated credit losses were recorded based on the analysis of overdue amounts, and on amounts that Management considers sufficient to cover any losses upon realization of accounts receivable. The balance of estimated losses in the six-month period was R\$1,587 (R\$0 as at December 31, 2019).

Management believes the risk related to accounts receivable is minimized by the fact that the breakdown of the Company's end customers is highly pulverized, and their payments are made in advance. The Company has more than 300,000 active-end customers in its portfolio, and no customer accounts for 5% or more of its revenues as at June 30, 2020.

#### 4.2. Deferred revenue

Deferred revenue is recorded in current liabilities because the services are provided within 12 months, being similar to an advance from customers. Therefore, it refers to amounts received in advance, on the signing of the agreements with customers for services to be provided by the Company.

The amounts recorded in this account are recognized in the statement of operations as services are provided and performance obligations under the agreements are met, according to the Company's accounting policy for revenues.

## Locaweb Serviços de Internet S.A.

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### 4.3. Payables to clients

Payables to clients are classified in current liabilities because the obligation is to be settled within the next 12 months, and records amounts received which will be passed to the Company's partners.

The amounts entered in this account are not recognized in the statement of operations because the Company acts as an agent in this type of transaction.

## 5. Taxes recoverable

These are amounts that generate the right to offset taxes in future periods. The Company is currently analyzing the recoverability of these amounts.

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Income tax recoverable	3,805	2,089	6,456	5,899
Social contribution recoverable	847	786	1,309	1,534
PIS recoverable	112	-	114	1
COFINS recoverable	366	-	375	7
IRRF recoverable	821	113	821	113
Other taxes recoverable	17	3	546	526
	<b>5,968</b>	<b>2,991</b>	<b>9,621</b>	<b>8,080</b>

## 6. Related-party transactions

Related-party transactions basically refer to transactions with subsidiaries and with MG4, a company with which the Company has a lease for its headquarter, and whose shareholders are the members of the Company's controlling shareholders.

### A) Transactions and balances

Main related-party transactions and balances are as follows:

	Company	
	Balance 12/31/2019	Non-current assets Additions/(Disposals) 06/30/2020
Cyberweb	913	(300)
Fbits	1	161
Yapay	-	1,328
Locaweb Telecom	591	(4)
Ananke Tecnologia	-	289
Ion Tecnologia	1	3
Tray Tecnologia	1	834
Novaion Tecnologia	-	4
Primehost	-	21
	<b>1,507</b>	<b>2,336</b>



## Locaweb Serviços de Internet S.A.

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	Company					
	Revenue		Costs		Expenses	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Tray Tecnologia	181	145	-	-	-	-
Yapay	2	77	-	-	(277)	(242)
Locaweb Telecom	-	-	(78)	(156)	(36)	(34)
Delivery Direto	-	-	(20)	-	-	-
MG4	-	-	(3,732)	(3,522)	(1,223)	(993)
Ananke Tecnologia	464	464	-	-	-	-
Tech and Soul	-	-	-	-	(300)	(480)
	<b>647</b>	<b>686</b>	<b>(3,830)</b>	<b>(3,678)</b>	<b>(1,836)</b>	<b>(1,749)</b>

	Consolidated					
	Revenue		Costs		Expenses	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019	06/30/2020	06/30/2019
MG4 (*)	-	-	(3,732)	(3,522)	(1,223)	(993)
WW Marques(*)	-	-	-	-	(255)	(237)
Tech and Soul	-	-	-	-	(300)	(480)
	<b>-</b>	<b>-</b>	<b>(3,732)</b>	<b>(3,522)</b>	<b>(1,778)</b>	<b>(1,710)</b>

(\*) MG4 and WW Marques are owners of properties leased by the Company and its subsidiaries, and Tech and Soul provides communication and advertising services. The shareholders of these companies are related parties of Locaweb.

The Company and its subsidiaries are operated in an integrated manner and, accordingly, they have common expenses that are shared based on technical criteria that are reviewed annually by Management. Transactions are carried out on terms agreed upon by the parties, subject to market conditions.

On January 2, 2017, the Company entered into a private agreement to share expenses, refunds, transfers and amounts withheld and prorated within the same business group. The purpose of this agreement is to objectively set forth, and considering the responsibility of each party, the terms and characteristics of the expense-sharing arrangements.

The Company has a lease of its headquarter with MG4, a company whose shareholders are the Company's controlling shareholders, for a monthly amount of approximately R\$836. Lease payments amounted to R\$4,855 in the six-month period (R\$4,515 in 2019), in line with market conditions. The lease agreement is for a term of 120 months, and the rent is adjusted by the IGP-M (General Market Price Index) every 12 months. By virtue of the expense-sharing agreement, the expenses are prorated among the Company and its subsidiaries that use the same property as headquarters.

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Tray Tecnologia and Yapay have a lease of their headquarters with WW Marques, a company that has a Company manager among its shareholders, for a monthly amount of approximately R\$42. Lease payments amounted to R\$255 in the six-month period (R\$237 in 2019), in line with market conditions. The lease agreement is for a term of 60 months, and the rent is adjusted by the IGP-M every 12 months.

Tech and Soul that has a Company shareholder among its shareholders, is a provider of institutional communication and advertising services under an agreement signed on September 6, 2017. The amount in the six-month period was R\$300 (R\$556 in 2019).

Management believes there are no present or future effects on the equity or financial conditions of such companies due to the discontinuation of business with the related party given the preemptive rights agreed upon on both the property and MG4.

### **B) Management compensation**

Management compensation expenses for the periods ended June 30, 2020 and 2019 are shown below:

	<b>06/30/2020</b>	<b>06/30/2019</b>
Compensation	8,151	2,526
Benefits and related expenses	2,019	827
Share based compensation expenses	4,665	484
<b>Total</b>	<b>14,835</b>	<b>3,837</b>

## **7. Investments**

Investments as at June 30, 2020 and December 31, 2019 are comprised as follows:

	<b>Company</b>	
	<b>06/30/2020</b>	<b>12/31/2019</b>
Investments	185,449	124,853
Provision for losses on investments	(3,700)	(2,133)
<b>Net investments</b>	<b>181,749</b>	<b>122,720</b>
Investments in subsidiaries and associated companies	94,724	35,695
Goodwill on investment acquisitions	87,025	87,025

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The breakdown and changes in goodwill on investments made by the Company are presented below:

	Company		
	Balance as at 12/31/2019	Changes	Balance as at 06/30/2020
<b>Acquired investee</b>			
Cluster2Go	21,435	-	21,435
Kinghost	38,905	-	38,905
Delivery Direto	26,685	-	26,685
<b>Total goodwill on investment acquisition</b>	<b>87,025</b>	<b>-</b>	<b>87,025</b>

The subsidiaries' key financial information is presented below:

Name	% Interest	Balances as at 12/31/2019				
		Assets	Liabilities	Shareholders' equity	Net revenue	Net income (loss)
<b>Direct</b>						
Locaweb Telecom	100%	322	739	(417)	669	(402)
Yapay	100%	104,999	87,388	17,611	36,370	6,583
E-Commerce	100%	27,512	7,948	19,564	22,427	8,512
Cluster2Go	100%	8	1,724	(1,716)	10,061	(3,010)
KingHost	100%	26,135	22,436	3,699	25,130	2,659
Delivery Direto	100%	736	629	107	2,101	(84)
<b>Indirect</b>						
FBits	100%	9,938	2,348	7,590	10,905	2,471

Name	% Interest	Balances as at 06/30/2020				
		Assets	Liabilities	Shareholders' equity	Net revenue	Net income (loss)
<b>Direct</b>						
Locaweb Telecom	100%	355	799	(444)	282	(187)
Yapay	100%	264,690	192,090	72,600	28,998	7,088
E-Commerce	100%	39,973	14,302	25,671	21,627	6,107
Cluster2Go	100%	423	3,482	(3,059)	9,435	(2,313)
KingHost	100%	26,139	20,385	5,754	18,004	1,105
Delivery Direto	100%	1,004	1,202	(197)	4,014	(573)
<b>Indirect</b>						
FBits	100%	11,422	2,588	8,834	5,209	1,244

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Changes in investments in subsidiaries are shown below:

	Company				
	Balance as at 12/31/2019	Advance for Future Increase in Capital	Equity Result	Others (PPA <a href="#">amortization</a> )	Balance as at 06/30/2020
<b>Investida</b>					
Locaweb Telecom	(417)	160	(187)	-	(444)
Yapay	17,611	47,901	7,088	-	72,600
E-Commerce	19,564	-	6,107	-	25,671
Cluster2Go	(2,250)	970	(2,313)	(146)	(3,739)
Kinghost	1,532	950	1,105	(1,625)	1,962
Delivery Direto	(345)	269	(573)	(677)	(1,326)
	<b>35,695</b>	<b>50,250</b>	<b>11,227</b>	<b>(2,448)</b>	<b>94,724</b>

	Company					
	Balance on 12/31/2018	Acquisition of Equity Interest	Advance for Future Increase in Capital	Others	Equity Result	Balance on 06/30/2019
<b>Investee</b>						
Locaweb Telecom	(540)	-	145	-	(193)	(588)
Yapay	9,781	-	1,389	-	2,378	13,548
Superpay	1,247	-	(1,389)	1	141	-
E-Commerce	11,053	-	-	-	4,109	15,162
Cluster2Go	(2,129)	-	1,513	-	(2,844)	(3,460)
Kinghost	-	1,040	-	-	605	1,645
	<b>19,412</b>	<b>1,040</b>	<b>1,658</b>	<b>1</b>	<b>4,196</b>	<b>26,307</b>

### 7.1. Accounts payable to former shareholders

Accounts payable to former shareholders are comprised as follows:

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cluster2Go	3,359	14,697	3,359	14,697
KingHost	18,704	18,128	18,704	18,128
Delivery Direto	12,491	12,010	12,491	12,010
<b>Total accounts payable to former shareholders</b>	<b>34,554</b>	<b>44,835</b>	<b>34,554</b>	<b>44,835</b>
<b>Current</b>	<b>2,898</b>	<b>14,697</b>	<b>2,898</b>	<b>14,697</b>
<b>Non-current</b>	<b>31,656</b>	<b>30,138</b>	<b>31,656</b>	<b>30,138</b>

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### 8. Property and equipment

Changes in the Company are presented below:

	Company						
Cost	Computers and peripherals	Improvements	Furniture and fixtures	Machinery and equipment	Components for assembly	Other	Total property and equipment
<b>Balances on December 31, 2019</b>	<b>5,071</b>	<b>30,949</b>	<b>2,281</b>	<b>260,702</b>	<b>122</b>	<b>956</b>	<b>300,081</b>
Additions	243	162	85	9,343	13	147	9,993
Disposals	(31)	-	(17)	(4)	-	(133)	(185)
Transfer	-	(35)	35	-	-	-	-
<b>Balances on June 30, 2020</b>	<b>5,283</b>	<b>31,076</b>	<b>2,384</b>	<b>270,041</b>	<b>135</b>	<b>970</b>	<b>309,889</b>
<b>Depreciation</b>							
<b>Balances on December 31, 2019</b>	<b>(3,717)</b>	<b>(12,924)</b>	<b>(1,694)</b>	<b>(216,341)</b>	<b>-</b>	<b>(511)</b>	<b>(235,187)</b>
Depreciation	(264)	(881)	(111)	(14,616)	-	(88)	(15,960)
Disposals	28	-	7	2	-	129	166
Transfer	-	1	(1)	-	-	-	-
<b>Balances on June 30, 2020</b>	<b>(3,954)</b>	<b>(13,804)</b>	<b>(1,800)</b>	<b>(230,955)</b>	<b>-</b>	<b>(470)</b>	<b>(250,981)</b>
<b>Net book value</b>							
Balances as at December 31, 2019	1,354	18,025	587	44,361	122	445	64,894
Balances as at June 30, 2020	1,329	17,272	585	39,086	122	500	58,908

	Company						
Cost	Computers and peripherals	Improvements	Furniture and fixtures	Machinery and equipment	Components for assembly	Other	Total property and equipment
<b>Balances on December 31, 2018</b>	<b>6,641</b>	<b>30,306</b>	<b>2,192</b>	<b>260,772</b>	<b>2,438</b>	<b>1,211</b>	<b>303,560</b>
Additions	49	398	17	12,848	7,917	147	21,376
Disposals	(943)	-	-	(12,836)	(0)	(116)	(13,895)
Transfer	9	-	-	10,025	(10,034)	-	-
<b>Balances on June 30, 2019</b>	<b>5,756</b>	<b>30,704</b>	<b>2,209</b>	<b>270,809</b>	<b>321</b>	<b>1,242</b>	<b>311,041</b>
<b>Depreciation</b>							
<b>Balances on December 31, 2018</b>	<b>(4,996)</b>	<b>(11,187)</b>	<b>(1,520)</b>	<b>(211,700)</b>	<b>-</b>	<b>(742)</b>	<b>(230,145)</b>
Depreciation	(274)	(855)	(52)	(15,430)	-	(97)	(16,760)
Disposals	942	-	-	12,838	-	110	13,890
Transfer	4	-	-	(4)	-	-	-
<b>Balances on June 30, 2019</b>	<b>(4,324)</b>	<b>(12,042)</b>	<b>(1,572)</b>	<b>(214,296)</b>	<b>-</b>	<b>(729)</b>	<b>(233,015)</b>
<b>Net book value</b>							
Balances on December 31, 2018	1,645	19,119	672	49,072	2,438	469	73,415
Balances on June 30, 2019	1,432	18,622	620	56,513	321	513	78,026

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Changes in the consolidated financial statements are presented below:

	Consolidated						
	Computers and peripherals	Improvements	Furniture and fixtures	Machinery and equipment	Components for assembly	Other	Total property and equipment
<b>Cost</b>							
<b>Balances on December 31, 2019</b>	<b>13,941</b>	<b>31,830</b>	<b>3,808</b>	<b>265,787</b>	<b>365</b>	<b>1,188</b>	<b>316,919</b>
Additions	2,306	791	297	10,528	1,751	147	15,820
Disposals	(37)	-	(16)	(7)	-	(133)	(193)
Transfer	406	(35)	(16)	1,121	(1,476)	-	-
<b>Balances on June 30, 2020</b>	<b>16,615</b>	<b>32,586</b>	<b>4,073</b>	<b>277,429</b>	<b>640</b>	<b>1,202</b>	<b>332,546</b>
<b>Depreciation</b>							
<b>Balances on December 31, 2019</b>	<b>(6,675)</b>	<b>(13,550)</b>	<b>(2,006)</b>	<b>(219,543)</b>	<b>-</b>	<b>(575)</b>	<b>(242,349)</b>
Depreciation	(1,246)	(1,003)	(173)	(15,189)	-	(111)	(17,722)
Disposals	28	-	7	4	-	129	168
Transfer	-	1	-	(1)	-	-	-
<b>Balances on June 30, 2020</b>	<b>(7,893)</b>	<b>(14,552)</b>	<b>(2,172)</b>	<b>(234,729)</b>	<b>-</b>	<b>(557)</b>	<b>(259,903)</b>
<b>Net book value</b>							
Balances on December 31, 2019	7,266	18,280	1,802	46,244	365	613	74,570
Balances on June 30, 2020	8,722	18,034	1,901	42,700	640	645	72,643

	Consolidated						
	Computers and peripherals	Improvements	Furniture and fixtures	Machinery and equipment	Components for assembly	Other	Total property and equipment
<b>Cost</b>							
<b>Balances on December 31, 2018</b>	<b>9,379</b>	<b>31,049</b>	<b>3,358</b>	<b>264,596</b>	<b>2,445</b>	<b>1,353</b>	<b>312,180</b>
Additions	84	210	13	12,100	7,186	97	19,690
Disposals	(736)	-	-	(7,781)	(1)	-	(8,518)
Transfer	128	634	(634)	4,630	(4,758)	-	-
<b>Balances on June 30, 2019</b>	<b>8,855</b>	<b>31,893</b>	<b>2,737</b>	<b>273,545</b>	<b>4,872</b>	<b>1,450</b>	<b>323,352</b>
<b>Depreciation</b>							
<b>Balances on December 31, 2018</b>	<b>(6,650)</b>	<b>(11,808)</b>	<b>(1,747)</b>	<b>(213,888)</b>	<b>-</b>	<b>(769)</b>	<b>(234,862)</b>
Additions	(258)	(435)	(76)	(7,496)	-	(54)	(8,319)
Disposals	736	-	-	7,774	-	-	8,510
Transfer	4	-	-	(4)	-	-	-
<b>Balances on June 30, 2019</b>	<b>(6,168)</b>	<b>(12,243)</b>	<b>(1,823)</b>	<b>(213,614)</b>	<b>-</b>	<b>(823)</b>	<b>(234,671)</b>
<b>Net book value</b>							
Balances on December 31, 2018	2,729	19,241	1,611	50,708	2,445	584	77,318
Balances on June 30, 2019	2,687	19,650	914	59,931	4,872	627	88,681

There were no impairment indicators for the periods ended June 30, 2020 and 2019.

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### 9. Intangible and right-of-use assets

#### 9.1 Intangible assets

Changes in intangible assets of the Company are presented below:

	Company								
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Trademark	Technology	Customer portfolio	Total intangible assets
<b>Cost</b>									
Balances on December 31, 2019	662	553	31,738	872	33,087	1,578	3,666	2,586	74,742
Additions	513	-	3,607	-	-	-	-	-	4,120
Balances on June 30, 2020	1,175	553	35,345	872	33,087	1,478	3,666	2,586	78,862
<b>Amortization</b>									
Balances on December 31, 2019	(295)	-	(8,742)	(370)	-	(1,578)	(3,666)	(2,586)	(20,390)
Amortization	(151)	-	(3,002)	(43)	-	(18)	-	(13)	(3,227)
Transfer	-	-	(1,525)	-	-	1,340	-	185	-
Balances on June 30, 2020	(446)	-	(13,269)	(413)	-	(256)	(2,414)	(2,414)	(23,617)
<b>Net book value</b>									
Balances on December 31, 2019	367	553	22,996	502	33,087	-	-	-	57,505
Balances on June 30, 2020	729	553	22,076	459	33,087	1,322	-	172	58,398

  

	Company								
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Trademark	Technology	Customer portfolio	Total intangible assets
<b>Cost</b>									
Balances on December 31, 2018	1,813	553	24,777	872	33,087	1,578	3,666	2,586	68,932
Additions	-	-	3,942	-	-	-	-	-	3,842
Balances on June 30, 2019	1,813	553	28,619	872	33,087	1,578	3,666	2,586	72,774
<b>Amortization</b>									
Balances on December 31, 2018	(1,183)	-	(5,317)	(283)	-	(202)	(3,666)	(2,271)	(12,922)
Amortization	(248)	-	(3,031)	(43)	-	(22)	-	(315)	(3,659)
Balances on June 30, 2019	(1,431)	-	(8,348)	(326)	-	(224)	(3,666)	(2,586)	(16,581)
<b>Net book value</b>									
Balances on December 31, 2018	630	553	19,460	589	33,087	1,376	-	315	56,010
Balances on June 30, 2019	382	553	20,271	546	33,087	1,354	-	-	56,193

(a) Refers to internal development costs of technological innovations for existing products, which were recorded as intangible assets in accordance with the criteria set forth in CPC 04 (R1)/IAS 38.

## Locaweb Serviços de Internet S.A.

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Changes in the consolidated financial statements are presented below:

Consolidated									
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Trademark	Technology	Customer portfolio	Total intangible assets
<b>Cost</b>									
<b>Balances on December 31, 2019</b>	<b>1,718</b>	<b>596</b>	<b>44,399</b>	<b>872</b>	<b>117,947</b>	<b>9,406</b>	<b>24,702</b>	<b>12,563</b>	<b>212,203</b>
Additions	511	-	7,731	-	-	-	-	-	8,242
Transfer	1,086	-	-	-	-	1,035	(708)	(1,413)	-
<b>Balances on June 30, 2020</b>	<b>3,315</b>	<b>596</b>	<b>52,130</b>	<b>872</b>	<b>117,947</b>	<b>10,441</b>	<b>23,994</b>	<b>11,150</b>	<b>220,445</b>
<b>Amortization</b>									
<b>Balances on December 31, 2019</b>	<b>(891)</b>	<b>-</b>	<b>(12,475)</b>	<b>(370)</b>	<b>-</b>	<b>(546)</b>	<b>(11,394)</b>	<b>(4,208)</b>	<b>(29,884)</b>
Amortization	(303)	-	(3,484)	(43)	-	(402)	(1,420)	(823)	(6,475)
Transfer	(303)	-	-	-	-	(117)	48	372	-
<b>Balances on June 30, 2020</b>	<b>(1,497)</b>	<b>-</b>	<b>(15,959)</b>	<b>(413)</b>	<b>-</b>	<b>(1,065)</b>	<b>(12,766)</b>	<b>(4,659)</b>	<b>(36,359)</b>
<b>Net book value</b>									
Balances on December 31, 2019	827	596	31,924	502	117,947	8,860	13,308	8,355	182,319
Balances on June 30, 2020	1,818	596	36,171	459	117,947	9,376	11,228	6,491	184,086

  

Consolidated									
	Software	Trademarks and patents	Internal development (a)	Other assets	Goodwill	Trademark	Technology	Customer portfolio	Total intangible assets
<b>Cost</b>									
<b>Balances on December 31, 2018</b>	<b>2,747</b>	<b>566</b>	<b>34,327</b>	<b>872</b>	<b>55,873</b>	<b>1,853</b>	<b>10,523</b>	<b>4,386</b>	<b>111,147</b>
Additions due to acquisition of companies	380	-	-	-	42,998	3,714	4,521	10,767	62,380
Additions for the Year	94	-	6,315	-	378	-	-	-	6787
<b>Balances on June 30, 2019</b>	<b>3,221</b>	<b>0</b>	<b>40,642</b>	<b>872</b>	<b>99,249</b>	<b>5,567</b>	<b>15,044</b>	<b>15,153</b>	<b>180,314</b>
<b>Amortization</b>									
<b>Balances on December 31, 2018</b>	<b>(1,413)</b>	<b>-</b>	<b>(8,877)</b>	<b>(283)</b>	<b>-</b>	<b>(202)</b>	<b>(9,544)</b>	<b>(2,822)</b>	<b>(23,141)</b>
Amortization for the Year	(409)	-	(3,927)	(43)	-	(18)	(166)	(384)	(4,947)
<b>Balances on June 30, 2019</b>	<b>(1,822)</b>	<b>-</b>	<b>(12,804)</b>	<b>(326)</b>	<b>-</b>	<b>(220)</b>	<b>(9,710)</b>	<b>(3,206)</b>	<b>(28,088)</b>
<b>Net book value</b>									
Balances on December 31, 2019	1,334	566	25,450	589	55,873	1,651	979	1,564	88,006
Balances on June 30, 2020	1,399	566	27,838	546	99,249	5,347	5,334	11,947	152,226

(a) Refers to internal development costs of technological innovations for existing products, which were recorded as intangible assets in accordance with the criteria set forth in CPC 04 (R1)/IAS 38.

There was no indication of impairment for the periods ended June 30, 2020 and 2019.



## Locaweb Serviços de Internet S.A.

Notes to the unaudited interim financial information  
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### 9.2 Right-of-use assets

Changes in right-of-use assets are presented below:

	<b>Company</b>	<b>Consolidated</b>
<b>Right-of-use assets as of January 1, 2020</b>	<b>64,879</b>	<b>67,808</b>
Additions	4,505	5,094
Amortization	(3,251)	(3,808)
<b>Right-of-use assets as of June 30, 2020</b>	<b>66,133</b>	<b>69,094</b>

  

	<b>Company</b>	<b>Consolidated</b>
<b>Right-of-use assets as of January 1, 2019</b>	<b>-</b>	<b>-</b>
First-time adoption of CPC 06 (R2) / IFRS 16	71,158	73,366
Addition	-	1,579
Amortization	(3,139)	(3,481)
<b>Right-of-use assets as of June 30, 2019</b>	<b>68,019</b>	<b>71,464</b>

## 10. Taxes payable in installments

Refer to taxes payable in installments in connection with the special tax regularization program (PERT):

	<b>Consolidated</b>	
	<b>06/30/2020</b>	<b>12/31/2019</b>
PIS / COFINS	2,559	2,637
CPRB	1,242	1,275
IRPJ / CSLL	17,381	17,897
INSS	1,137	1,197
Outros	1,589	1,662
<b>Total taxes payable in installments</b>	<b>23,908</b>	<b>24,668</b>
<b>Current</b>	<b>2,903</b>	<b>2,808</b>
<b>Non-current</b>	<b>21,005</b>	<b>21,860</b>

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### 11. Loans, financing and lease liabilities

#### 11.1 Loans and financing

Type	Charges	Maturity	Company		Consolidated	
			06/30/2020	12/31/2019	06/30/2020	12/31/2019
FINAME	IPCA + 4.93% p.a.	September 2020	142	429	142	429
Bank Loan (US\$7,694)	US\$ + 4.31% p.a.	February 2021	16,989	18,887	16,989	18,887
Reimbursable Financing (a)	TJLP + 0.5% p.a.	August 2021	13,280	18,979	13,280	18,979
Bank Loan (US\$8,091)	US\$ + 5.44% p.a.	February 2022	28,224	26,859	28,224	26,859
Bank Loan (US\$2,697)	US\$ + 4.77% p.a.	February 2022	9,399	8,947	9,399	8,947
Bank Loan (US\$10,000)	US\$ + (3M Libor + 1.56%)*1.71 p.a.	July 2022	54,886	40,735	54,886	40,735
Other			652	1,516	781	1,677
			<b>123,572</b>	<b>116,352</b>	<b>123,701</b>	<b>116,513</b>
		Current	<b>71,227</b>	<b>48,620</b>	<b>71,254</b>	<b>48,679</b>
		Non-current	<b>52,345</b>	<b>67,732</b>	<b>52,447</b>	<b>67,834</b>

The amounts recorded in non-current liabilities as at June 30, 2020 had the following maturity schedule:

	Company	Consolidated
2021	28,112	28,214
2022	24,233	24,233
	<b>52,345</b>	<b>52,447</b>

The FINEP credit line has bank guarantees that represent 100% of the outstanding amount of such debt and is annually updated at the best market rates.

(a) On August 8, 2014, the Company had a line of credit approved in the amount of R\$44,895 by the FINEP for investment in technology projects. The interest rate applicable to this line of credit is equivalent to the TJLP +0.5% p.a., and maturity dates from August 15, 2017 (first installment) to August 15, 2021 (last installment). The first tranche in the amount of R\$17,958 was released to the Company on September 3, 2014, the second tranche in the amount of R\$13,469 was released on November 27, 2015, and the third tranche in the amount of R\$13,469 was released on December 23, 2016. This line includes bank guarantees that represent 100% of the updated amount of this debt, and that is renewed on a yearly basis according to the best market conditions.

As of June 30, 2020, all covenants relating to the Company's loans and financing were complied with.

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### 11.2 Lease liabilities

	Company	Consolidated
<b>Right-of-use liabilities as of January 1, 2020</b>	<b>67,141</b>	<b>70,218</b>
Addition	4,505	5,094
Interest incurred	2,613	2,688
Payment of principal	(4,856)	(5,433)
<b>Right-of-use liabilities as of June 30, 2020</b>	<b>69,403</b>	<b>72,567</b>
<b>Current</b>	<b>9,685</b>	<b>10,396</b>
<b>Non-current</b>	<b>59,718</b>	<b>62,171</b>

  

	Company	Consolidated
<b>Right-of-use liabilities as of January 1, 2019</b>	<b>-</b>	<b>-</b>
Addition due to initial adoption of CPC 06 (R2) / IFRS 16	71,158	73,366
Additions	-	1,579
Interest incurred	2,584	2,682
Payment of principal	(4,515)	(4,902)
<b>Right-of-use liabilities as of June 30, 2019</b>	<b>69,227</b>	<b>72,725</b>
<b>Current</b>	<b>9,067</b>	<b>9,992</b>
<b>Non-current</b>	<b>60,160</b>	<b>62,733</b>

### 12. Salaries and related charges

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Salaries and charges	10,753	6,734	15,170	9,608
Provision for vacation pay and charges	13,088	8,304	19,682	12,475
Profit-Sharing Plan (PPR)	3,036	4,742	4,349	6,683
	<b>26,877</b>	<b>19,780</b>	<b>39,201</b>	<b>28,766</b>

### 13. Provision for legal proceedings

The breakdown and changes in the provision for legal proceedings, which is set up for lawsuits considered a "Probable" risk, are presented below:

	Company		Total
	Civil proceedings	Labor proceedings	
<b>Balances as at December 31, 2019</b>	<b>474</b>	<b>464</b>	<b>938</b>
Reversals/Additions	(90)	(385)	(475)
<b>Balances as at June 30, 2020</b>	<b>384</b>	<b>79</b>	<b>463</b>

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	Consolidated		
	Civil proceedings	Labor proceedings	Total
Balances as at December 31, 2019	542	464	1,006
Reversals/Additions	(120)	(339)	(459)
Balances as at June 30, 2020	422	125	547

	Company		
	Civil proceedings	Labor proceedings	Total
Balances as at December 31, 2018	432	822	1,254
Reversals/Additions	(157)	(367)	(524)
Balances as at June 30, 2019	275	455	730

	Consolidated		
	Civil proceedings	Labor proceedings	Total
Balances as at December 31, 2018	507	822	1,329
Reversals/Additions	(190)	(367)	(557)
Balances as at June 30, 2019	317	455	772

The civil proceedings are mostly represented by claims for damages due to possible problems caused by the services rendered, while labor claims refer to claims with different characteristics and at different stages of the procedural system. There are no significant proceedings worthy of note.

### Possible losses

The Company and its subsidiaries have ongoing civil and tax proceedings involving risks of loss classified by Management as possible, based on the assessment of its legal counsel, and for which no provisions have been, as shown in the breakdown and estimates below:

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Civil	1,157	814	1,317	1,085
Labor	-	-	-	18
Tax	11,820	12,400	11,820	12,400
	<b>12,977</b>	<b>13,214</b>	<b>13,137</b>	<b>13,503</b>

The civil proceedings are mostly represented by claims for damages due to possible problems caused by the services rendered. There are no significant proceedings worthy of notice.

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The tax proceedings refer mainly to litigation over information on ancillary obligations and the tax basis for payroll charges for specific activities.

Main tax proceeding: On December 31, 2015, a Tax Assessment Notice was issued by the São Paulo State Treasury Department against Locaweb seeking to demand payment of an alleged debt for unpaid ICMS on its software and electronic files operations and to charge Locaweb with failing to register as ICMS taxpayer in its capacity as communication service provider. The updated amount assigned to this case is R\$9,891, with likelihood of loss classified as possible. Final judgment of the case is currently awaited with the São Paulo Tax Court.

For the proceedings with a provision, there is a balance of judicial deposits as at June 30, 2020 in the amount of R\$435 for the Company (R\$709 as at December 31, 2019) and R\$492 for the Consolidated (R\$765 as at December 31, 2019).

The tax statements filed by the Company and its subsidiaries at the federal, state and municipal levels are subject to review and final acceptance by the tax authorities, with a statute of limitations of five years.

### **14. Share based payment**

The Board of Directors approved in 2019 the 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> Stock Option Plan. Option granted under these plans can be exercised on January 1 and July 1 of each year ("Exercise Dates"), in full or in part.

Starting from the reference date specified in each Stock Option Agreement ("Reference Date"), the following periods are stipulated for a decision on the options granted under the 9th Plan: (i) up to 25% of all shares available by exercising the option can be acquired on the Exercise Dates upon lapse of one year of the Reference Date; (ii) up to 25% of the shares available by exercising the option, plus any surplus from options not exercised on the previous Exercise Dates, can be acquired on the Exercise Dates upon lapse of two years of the Reference Date; (iii) up to 25% of the shares available by exercising an option, plus any surplus from options not exercised on the previous Exercise Dates, upon lapse of three years of the Reference Date; and (iv) up to 25% of the shares available by exercising an option, plus any surplus from options not exercised on the previous Exercise Dates, may be exercised on the Exercise Dates upon lapse of four years of the Reference Date ("Vesting Periods").

In any event, the number of shares available to be acquired after each Vesting Period will remain in force until the Exercise Deadline (i.e. until July 1, 2024), and the portion of options not exercised by such date and according to the stipulated conditions will be deemed automatically terminated, without any right to compensation.

The information on the Company's stock option plans is summarized below:

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June 30, 2020							Number of shares			
Series	Date of grant	Reference date	First exercise date	Expiry date	Strike price	Fair value	Granted	Exercised	Expired	Total outstanding
Series A	07/15/2009	01/01/2008	01/01/2010	01/01/2017	4.31	7.79	2,420,291	(1,835,865)	(584,426)	-
Series B	07/15/2009	07/01/2009	07/01/2010	07/01/2018	4.31	7.29	166,932	(166,932)	-	-
Series C	09/03/2010	01/01/2010	01/01/2011	01/01/2019	4.31	8.13	995,000	(83,140)	(911,860)	-
Series D	07/01/2011	07/01/2011	01/01/2012	07/01/2019	5.25	6.56	430,000	(175,000)	(255,000)	-
Series E	01/01/2012	01/01/2012	01/01/2013	01/01/2020	5.25	8.29	930,000	(300,000)	(432,500)	197,500
Series F	07/01/2012	07/01/2012	01/01/2013	07/01/2020	10.96	16.25	128,000	-	(128,000)	-
Series G	01/01/2013	01/01/2013	01/01/2014	01/01/2021	9.28	17.77	1,392,000	-	(1,392,000)	-
Series H	04/01/2013	04/01/2013	01/01/2014	04/01/2021	10.96	18.45	330,000	-	(303,750)	26,250
Series I	01/01/2014	01/01/2014	01/01/2015	01/01/2022	10.96	16.96	685,000	-	(636,250)	48,750
Series J	07/01/2015	07/01/2015	07/01/2016	07/01/2022	9.05	16.27	385,000	-	(290,000)	95,000
Series K	03/01/2016	03/01/2016	03/01/2017	04/01/2022	10.00	14.05	700,000	-	(350,000)	350,000
Series L	04/01/2016	04/01/2016	04/01/2017	04/01/2022	10.00	14.05	780,000	-	(225,000)	555,000
Series M	04/01/2017	04/01/2017	04/01/2018	07/01/2023	10.00	12.74	470,000	-	(150,000)	320,000
Series N	07/01/2018	07/01/2018	07/01/2019	07/01/2024	7.00	9.04	1,090,000	-	(140,000)	950,000
Series O	05/14/2019	05/14/2019	05/13/2020	05/14/2025	7.00	15.55	450,000	-	-	450,000
Series P	05/14/2019	05/14/2019	05/13/2020	05/14/2025	7.00	15.55	280,000	-	(10,000)	270,000
Series Q	12/04/2019	12/04/2019	08/01/2020	01/01/2026	7.00	8.49	2,543,970	-	-	2,543,970
Series R	12/04/2019	12/04/2019	08/01/2020	01/01/2026	17.25	4.36	300,000	-	-	300,000
							<b>14,476,193</b>	<b>(2,560,937)</b>	<b>(5,808,786)</b>	<b>6,106,470</b>

The table below shows the changes in the Company's stock options:

	Number of options	Average strike price
<b>Balance outstanding on December 31, 2019</b>	<b>4,836,804</b>	<b>8.46</b>
Granted	2,843,970	8.08
Expired	(1,486,804)	9.29
Exercised	(87,500)	5.25
<b>Balance outstanding as at June 30, 2020</b>	<b>6,106,470</b>	<b>8.13</b>

As at June 30, 2020 and December 31, 2019, the number of exercisable stock options was 1,817,500 and 2,838,054, respectively. The following table presents the assumptions used for determining the fair value of a stock option on the grant date for options granted in the periods ended June 30, 2020:

	Plan 13 Series Q	Plan 14 Series R
Dividend yield	1.00%	1.00%
Expected volatility	43.2%	43.2%
Risk-free return rate (per annum)	4.50%	4.50%
Expected stock option lifetime	4 years	4 years
Weighted-average price of shares (R\$)	7.00	17.25
Model used	Black-Scholes	Black-Scholes

Technical pronouncement CPC 10/IFRS 2 - Share-based Payment requires the effects of share-based payment transactions to be reflected in the Company's statement of operations. The expense recorded in the Company's and the Consolidated statement of operations as of June 30, 2020 was R\$6,902 (R\$1,121 as of June 30, 2019).

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### 15. Earnings per share

#### a) Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the Company's shareholders by the weighted-average number of common shares outstanding during the period:

	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019
Net income attributable to the Company's shareholders	2,971	5,153	5,242	3,727
Weighted-average number of common shares outstanding – in thousands	124,511	91,574	124,511	91,574
Basic earnings per share - R\$	<b>0.02</b>	<b>0.06</b>	<b>0.04</b>	<b>0.04</b>

#### b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted-average number of common shares outstanding, assuming the conversion of all potential diluted common shares relative to stock options, and the dilution potential of such options is represented by 6,106,470 shares as at June 30, 2020 (5,275,304 shares in 2019).

	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019
Net income attributable to the Company's shareholders	2,971	5,153	5,242	3,727
Weighted-average number of common shares including dilution potential – thousands	130,618	96,849	130,618	96,849
Diluted earnings per share - R\$	<b>0.02</b>	<b>0.05</b>	<b>0.04</b>	<b>0.04</b>

### 16. Net revenue

	Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
<b>Gross revenue</b>	<b>160,366</b>	<b>155,150</b>	<b>258,176</b>	<b>209,959</b>
BeOnline & SaaS	160,366	155,150	194,591	168,466
Commerce	-	-	63,585	41,493
<b>Discounts and rebates</b>	<b>(12,313)</b>	<b>(9,194)</b>	<b>(13,201)</b>	<b>(9,334)</b>
BeOnline & SaaS	(12,313)	(9,194)	(12,314)	(9,195)
Commerce	-	-	(887)	(139)
<b>Taxes on revenues</b>	<b>(12,729)</b>	<b>(15,929)</b>	<b>(23,141)</b>	<b>(22,012)</b>
BeOnline & SaaS	(12,729)	(15,929)	(16,000)	(17,291)
Commerce	-	-	(7,141)	(4,721)
<b>Net revenue</b>	<b>135,324</b>	<b>135,324</b>	<b>221,834</b>	<b>221,834</b>
BeOnline & SaaS	135,324	130,027	166,277	141,980
Commerce	-	-	55,557	36,633

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## 17. Operating costs and expenses

	Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Personnel expenses	(52,871)	(50,762)	(88,008)	(70,641)
Advisory and consulting services	(9,002)	(9,002)	(6,317)	(11,591)
Depreciation and amortization expenses	(22,437)	(22,437)	(23,558)	(28,006)
Installation expenses	(4,826)	(4,315)	(5,711)	(4,836)
Operating cost	(29,456)	(23,366)	(46,481)	(32,685)
Marketing expenses	(12,290)	(10,453)	(17,805)	(16,095)
Stock option plan expenses	(6,902)	(1,121)	(6,902)	(1,121)
Other	(1,220)	(1,220)	249	(2,030)
<b>Total</b>	<b>(139,004)</b>	<b>(119,643)</b>	<b>(206,534)</b>	<b>(159,016)</b>
Cost of services	(92,006)	(82,988)	(131,938)	(105,596)
Selling expenses	(25,382)	(24,805)	(37,598)	(35,213)
General and administrative expenses	(21,616)	(11,850)	(36,998)	(18,207)
<b>Total</b>	<b>(139,004)</b>	<b>(119,643)</b>	<b>(206,534)</b>	<b>(159,016)</b>

The balances of other operating revenues (expenses) for the year are presented below:

	Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Bonuses received	-	49	-	49
Disposal of property and equipment	198	416	198	416
Gains from investment acquisition	-	-	-	1,680
Other revenues (expenses)	121	9	188	(131)
<b>Total</b>	<b>319</b>	<b>474</b>	<b>386</b>	<b>2,012</b>

## 18. Net financial result

	Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
<b>Financial income</b>				
Income from financial investments	6,245	743	6,305	801
Foreign exchange rate fluctuation	336	32	247	37
Interest	473	247	618	295
Derivative gains	29,607	-	29,607	-
Other financial income	581	15	581	38
Mark-to-market of derivatives	111	61	174	61
	<b>37,353</b>	<b>1,098</b>	<b>37,532</b>	<b>1,232</b>
<b>Financial expenses</b>				
Interest	(34,155)	(3,784)	(34,714)	(4,156)
Banking service fees (*)	(1,363)	(1,418)	(2,891)	(2,173)
Interest on lease liabilities	(2,613)	(2,584)	(2,688)	(2,682)
IOF (Tax on Financial Transactions)	(149)	(782)	(253)	(857)
Accounts receivable advance expense	-	-	(814)	(2,167)
Losses from derivatives	-	(751)	-	(751)
Present value adjustment	(1,347)	(305)	(1,347)	(571)
Other financial expenses	(529)	(510)	(565)	(529)
	<b>(40,156)</b>	<b>(10,134)</b>	<b>(43,272)</b>	<b>(13,886)</b>
<b>Net financial result</b>	<b>(2,803)</b>	<b>(9,036)</b>	<b>(5,740)</b>	<b>(12,654)</b>

(\*) Banking service fees include charges, services and issue of invoices.



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### 19. Income taxes

The deferred tax breakdown is shown below:

	Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Provision for profit sharing	1,032	1,612	1,471	2,269
Depreciation of leased property (leases)	(172)	(101)	(172)	(101)
Provision for legal proceedings	157	319	184	342
Other provisions	5,003	3,027	4,231	1,935
Intangible assets identified in business combinations	1,904	1,072	2,258	1,369
Derivatives and foreign exchange rate fluctuation	1,001	1,253	1,001	1,253
Goodwill	(10,107)	(8,868)	(10,107)	(8,868)
Tax losses	4,315	4,363	5,219	5,455
<b>Total deferred income taxes – asset</b>	<b>3,133</b>	<b>2,677</b>	<b>4,085</b>	<b>3,654</b>

Changes in deferred taxes are shown below:

Company Nature	Balance 12/31/2019	Result Gain /(loss)	Balance 06/30/2020
Tax benefit from tax losses carryforward	4,362	(48)	4,314
Tax benefit from goodwill	(8,867)	(1,239)	(10,106)
Merger	996	-	996
Temporary differences	6,186	1,743	7,929
<b>Total</b>	<b>2,677</b>	<b>456</b>	<b>3,133</b>

Consolidated Nature	Balance 12/31/2019	Result Gain /(loss)	Balance 06/30/2020
Tax benefit from tax losses carryforward	5,456	(236)	5,220
Tax benefit from goodwill	(8,867)	(1,239)	(10,106)
Merger	999	-	999
Temporary differences	6,066	1,906	7,972
<b>Total</b>	<b>3,654</b>	<b>431</b>	<b>4,085</b>

The reconciliation of expense calculated by applying the combined nominal tax rates and income tax expense charged to net income is as follows:

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	Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income before income taxes	2,614	6,018	9,946	8,957
Income taxes at a combined statutory rate of 34%	(889)	(2,046)	(3,382)	(3,045)
<b>Adjustments to the actual rate:</b>				
Interest on shareholders' equity	-	272	-	272
Effect of presumed profit method			(231)	(141)
Effect of equity results	3,817	1,427	-	-
Effect of stock option plan	(2,347)	(381)	(2,347)	(381)
Effect of officer vehicle depreciation and other managers' expenses	(35)	(44)	(47)	(51)
Amortization of intangible assets	(65)	(65)	(65)	(65)
Deferred taxes not recognized (tax loss)	-	106	(943)	(847)
Other	(124)	(134)	40	454
<b>Income taxes recorded in the statements of operations</b>	<b>357</b>	<b>(865)</b>	<b>(6,975)</b>	<b>(3,804)</b>
	-13.65%	14.37%	70.12%	42.47%

## 20. Segments

### a) Statement of operations by Segment

	06/30/2020			06/30/2019		
	BeOnline & SaaS	Commerce	Consolidated	BeOnline & SaaS	Commerce	Consolidated
<b>Gross revenue, net of discounts</b>	<b>182,277</b>	<b>62,698</b>	<b>244,975</b>	<b>159,271</b>	<b>41,354</b>	<b>200,625</b>
Taxes and contributions on revenues	(16,000)	(7,141)	(23,141)	(17,291)	(4,721)	(22,012)
<b>Net revenue</b>	<b>166,277</b>	<b>55,557</b>	<b>221,834</b>	<b>141,980</b>	<b>36,633</b>	<b>178,613</b>
Cost of services	(115,083)	(16,855)	(131,938)	(93,220)	(12,376)	(105,596)
<b>Gross profit</b>	<b>51,194</b>	<b>38,702</b>	<b>89,896</b>	<b>48,760</b>	<b>24,257</b>	<b>73,017</b>
Selling expenses	(29,675)	(7,923)	(37,598)	(26,861)	(8,352)	(35,213)
General and administrative expenses	(28,326)	(8,672)	(36,998)	(13,149)	(5,058)	(18,207)
Other operating income	386	-	386	494	1,520	2,014
<b>Income before financial results</b>	<b>(6,421)</b>	<b>22,107</b>	<b>15,686</b>	<b>9,244</b>	<b>12,367</b>	<b>21,611</b>
Operating expenses included in costs and expenses:						
Depreciation and amortization expenses	26,215	1,790	28,005	24,139	2,002	26,141
Stock option plans expenses	6,902	-	6,902	1,122	-	1,122
	04/01/2020 a 06/30/2020			04/01/2019 a 06/30/2019		
	BeOnline & SaaS	Commerce	Consolidated	BeOnline & SaaS	Commerce	Consolidated
<b>Gross revenue, net of discounts</b>	<b>90,950</b>	<b>36,927</b>	<b>127,877</b>	<b>83,775</b>	<b>21,819</b>	<b>105,594</b>
Taxes and contributions on revenues	(6,355)	(4,220)	(10,575)	(9,043)	(2,525)	(11,568)
<b>Net revenue</b>	<b>84,595</b>	<b>32,707</b>	<b>117,302</b>	<b>74,732</b>	<b>19,294</b>	<b>94,026</b>
Cost of services	(59,872)	(9,591)	(69,463)	(50,357)	(6,529)	(56,886)
<b>Gross profit</b>	<b>24,723</b>	<b>23,116</b>	<b>47,839</b>	<b>24,375</b>	<b>12,765</b>	<b>37,140</b>
Selling expenses	(14,403)	(4,231)	(18,634)	(13,476)	(4,842)	(18,318)
General and administrative expenses	(9,518)	(5,370)	(14,888)	(6,698)	(2,645)	(9,343)
Other operating income (expenses)	158	-	158	270	1,525	1,795
<b>Income before financial results</b>	<b>960</b>	<b>13,515</b>	<b>14,475</b>	<b>4,471</b>	<b>6,803</b>	<b>11,274</b>
Operating expenses included in costs and expenses:						
Depreciation and amortization expenses	13,316	949	14,265	12,653	1,009	13,662
Stock option plans expenses	3,204	-	3,204	561	-	561

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### Main segments' assets and liabilities

	06/30/2020		
	BeOnline & SaaS	Commerce	Consolidated
Accounts receivable	25,518	240,352	265,870
Property and equipment	65,191	7,452	72,643
Intangible assets	167,054	17,032	184,086
<b>Total main assets</b>	<b>257,763</b>	<b>264,836</b>	<b>522,599</b>
Loans and financing	71,254	-	71,254
Deferred revenue	39,392	-	39,392
Payables to clients	617	173,519	174,136
<b>Total main liabilities</b>	<b>111,263</b>	<b>173,519</b>	<b>284,782</b>

  

	12/31/2019		
	BeOnline & SaaS	Commerce	Consolidated
Accounts receivable	26,383	98,902	125,285
Property and equipment	70,162	4,408	74,570
Intangible assets	155,024	27,295	182,319
<b>Total main assets</b>	<b>251,569</b>	<b>130,605</b>	<b>382,174</b>
Loans and financing	116,513	-	116,513
Deferred revenue	37,116	-	37,116
Payable to clients	-	82,160	82,160
<b>Total main liabilities</b>	<b>153,629</b>	<b>82,160</b>	<b>235,789</b>

## 21. Financial instruments

The tables below present a breakdown of financial assets and liabilities as at June 30, 2020:

	Company 06/30/2020			
	Measured at fair value through profit and loss	Amortized cost	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	499,798	-	499,798	499,798
Accounts receivable	-	21,099	21,099	21,099
Derivatives	32,129	-	32,129	32,129
Related parties	-	3,843	3,843	3,843
Restricted cash	7,467	-	7,467	7,467
<b>Total</b>	<b>539,394</b>	<b>24,942</b>	<b>564,336</b>	<b>564,336</b>
<b>Financial liabilities</b>				
Loans and financing	-	123,572	123,572	123,572
Suppliers	-	8,743	8,743	8,743
Lease liabilities	-	69,403	69,403	69,403
Accounts payable to former shareholders	-	34,554	34,554	34,554
<b>Total</b>	<b>-</b>	<b>236,272</b>	<b>236,272</b>	<b>236,272</b>

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Consolidado 30/06/2020				
	Mensurados ao valor justo por meio do resultado	Amortized cost	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	528,196	-	528,196	528,196
Accounts receivable	-	265,870	265,870	265,870
Derivatives	32,129	-	32,129	32,129
Restricted cash	7,467	-	7,467	7,467
<b>Total</b>	<b>567,792</b>	<b>265,870</b>	<b>833,662</b>	<b>833,662</b>
<b>Financial liabilities</b>				
Loans and financing	-	123,701	123,701	123,701
Suppliers	-	18,123	18,123	18,123
Lease liabilities	-	72,567	72,567	72,567
Accounts payable to former shareholders	-	34,554	34,554	34,554
Payables to clients	-	174,136	174,136	174,136
<b>Total</b>	<b>-</b>	<b>423,081</b>	<b>423,081</b>	<b>423,081</b>

Considering the terms and characteristics of these instruments, which are systematically renegotiated, their book values approximate to their fair value.

### Purpose of derivative financial instruments

Derivative financial instruments contracted by the Company are intended to hedge against foreign currency risk related to loans denominated in foreign currency. The Company has no derivative financial instruments for speculative purposes.

On March 6, 2018, the Company entered into a cross-currency interest rate swap agreement with notional value of R\$25,000, equivalent to US\$7,694 on the inception date, when the exchange rate was R\$3.2494 per U.S. dollar. This transaction, which resulted from an external financing backed in foreign currency, under circular letter 3844/2017 of the Brazilian Central Bank (BACEN) ("Captação 3844/2018"), enabled the Company to replace its exposure to U.S. dollar fluctuations, plus 4.31% p.a., for a fixed rate on the notional value.

On February 18, 2019, the Company entered into two cross-currency interest rate swap agreements with a total notional value of R\$40,000, equivalent to US\$10,787 on the inception date, when the exchange rate was R\$3.7080 per U.S. dollar. These transactions, which resulted from a financing backed in foreign currency and supported by circular letter 3844/2017 of the Brazilian Central Bank (BACEN) ("Captação 3844/2019-1" and "Captação 3844/2019-2"), enabled the Company to replace its exposure to U.S. dollar fluctuations, plus 4.77% p.a., for a fixed rate for an amount equivalent to three quarters of the funding value (R\$30,000), and, for one quarter of the amount, a floating rate indexed to the CDI, plus a fixed spread.

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On July 2, 2019, the Company entered into a cross-currency interest rate swap agreement with notional value of R\$38,300, equivalent to US\$10,000 on the inception date, when the exchange rate was R\$3.8300 per U.S. dollar. This transaction, which resulted from a financing backed in foreign currency and based in federal law No. 4131/62 ("Captação 4131"), enabled the Company to replace its exposure to U.S. dollar fluctuations, plus 4.57% p.a., for a fixed rate.

The Company has internal controls over its derivative financial instruments which, according to Management, are appropriate to control the risks associated to each market action strategy. The results achieved by the Company from derivative financial instruments indicate that risks are being appropriately controlled by Management.

### A) Risk management policy

The Company's operations expose it to a number of financial risks: market risk (including interest rate, foreign currency, and price risks), credit risk, and liquidity risk.

The Company's Treasury area manages risks according to the policies approved by the Board of Directors. The Treasury area identifies, assesses and protects the Company against certain financial risks in cooperation with the Company's operating units.

The Board of Directors establishes the principles for risk management, as well as the principles applicable to specific areas for interest rate risk, foreign currency risk, credit risk, use of derivative and non-derivative financial instruments, and investment of cash surpluses.

#### i) Interest rate risk

This risk arises from the possibility of losses incurred by the Company as a result of fluctuations in interest rates that may increase the financial expenses on loans and financing raised on the market.

#### ii) Credit risk

Credit risk refers to the risk of failure by a counterparty to meet their obligations on a financial instrument or agreement with a customer, which would result in loss. The Company is particularly exposed to credit risk regarding cash and cash equivalents and accounts receivable. The Company reduces its credit risk by using the following policies:

- Cash and cash equivalents: The Company adopts methods that limit the amounts that may be allocated to a single financial institution and take into account the monetary limits and credit ratings of the financial institutions with which it operates, which are updated on a regular basis.

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- **Accounts receivable:** Credit risk is reduced to the extent that the assets represented by receivables and services are intermediated by credit card administration companies. In this case, the credit risk with customers will be fully transferred to these companies, and the only risk assumed by the Company is the non-recognition of purchases by customers, for which an impairment provision is calculated and recorded. The Company now holds the credit risk before credit card administration companies.
- The amounts receivable from individual customers through bank slips are limited and represented approximately 14% of total accounts receivable as June 30, 2020 (20% as at December 31, 2019). The maximum exposure to credit risk as at June 30, 2020 is the amount shown in the statement of financial position.

### iii) Liquidity risk

Liquidity risk in the possibility that the Company or its subsidiaries may not have sufficient funds to meet their commitments upon the realization/liquidation of its rights and obligations.

The Company and its subsidiaries manage the maturities of non-derivative financial contracts as described in Note 12, so as to avoid impact on liquidity.

The liquidity and cash flows of the Company and its subsidiaries are managed on a daily basis by the Company, so as to ensure that operating cash generation and the advance raising of funds, when required, are sufficient to maintain their schedule of payments and avoid liquidity risk.

The table below shows the maturities of the consolidated financial liabilities of the Company:

	Less than 3 months	From 3 to 12 months	More than 1 year	Total
<b>June 30, 2020</b>				
Other liabilities	900	-	1,764	2,664
Suppliers	18,123	-	-	18,123
Loans and financing	19,739	51,515	52,447	123,701
Lease liabilities	1,389	4,167	67,011	72,567
Payables to clients	174,136	-	-	174,136
Accounts payable to former shareholders	3,359	-	31,195	34,554
	<b>217,646</b>	<b>55,682</b>	<b>152,417</b>	<b>425,745</b>

	Less than 3 months	From 3 to 12 months	More than 1 year	Total
<b>December 31, 2019</b>				
Other liabilities	1,438	-	2,098	3,536
Suppliers	12,833	-	-	12,833
Loans and financing	12,052	36,627	67,834	116,513
Lease liabilities	1,354	4,062	64,802	70,218
Payables to clients	82,160	-	-	82,160
Accounts payable to former shareholders	-	14,697	30,138	44,835
	<b>109,837</b>	<b>55,386</b>	<b>164,872</b>	<b>330,095</b>

### iv) Foreign currency risk

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Foreign currency risk derives from the risk of variation in future cash flows of loans denominated in foreign currency and financial instruments, due to variation in exchange rates. The foreign currency risk could significantly impact the Company's results of operations. In order to manage this risk, the Company uses derivative financial instruments (swaps) that are contracted with first-class financial institutions. Accordingly, the Company is fully hedged against fluctuations in foreign exchange rates on its loans.

The Company's policy is to use derivative financial instruments only to reduce the risks arising from foreign currency exposure, which is represented by loans denominated in foreign currency, and not for speculative purposes.

### B) Sensitivity analysis

As at June 30, 2020, the Company was exposed to fluctuation in U.S. dollar rates due to loans denominated in foreign currency, loans linked to the Benchmark Rate (TR) and the Long-Term Interest Rate (TJLP), which are indices used in loans denominated in local currency, as well as to variation on Interbank Deposit Certificates (CDI), which, in turn, adjusts financial investments earnings (CBD). Three different scenarios were defined to analyze the sensitivity of these indices.

According to Management's analysis, an increase of 5% was assumed for the probable scenario. Another two scenarios (A and B) are also shown. The Company assumed increases of 25% (scenario A) and 50% (scenario B – extreme situation) in its forecasts. The table below sets forth the sensitivity analysis for each type of risk considered relevant by Management:

Transaction	Risk	Balance as at June 30, 2020	Loss - Consolidated		
			Probable	Scenario A	Scenario B
Loans in foreign currency (U.S. dollar)*	Increase in US dollar rate	(109,498)	(5,510)	(27,552)	(55,103)
Loans in Reais adjusted by the IPCA index	Increase in IPCA index	(142)	(0)	(1)	(3)
Loans in Reais adjusted by the TJLP rate	Increase in TJLP rate	(13,280)	(33)	(164)	(328)
Financial investments adjusted by the CDI	Reduction in CDI	535,663	(576)	(2,879)	(5,758)
<b>Dollar rate</b>		5.48	5.75	6.85	8.21
<b>TJLP</b>		4.98%	5.19%	6.18%	7.41%
<b>CDI (downward scenario)</b>		2.15%	2.07%	1.61%	1.08%
<b>IPCA (upward scenario)</b>		2.13%	2.24%	2.66%	3.99%

(\*) Financing contracts adjusted by the foreign currency are hedged by cross-currency interest rate swap agreements against foreign exchange fluctuations.

**Sources:** US dollar: PTAX rate of the Central Bank of Brazil  
TJLP: Ministry of Economy  
CDI: B3 Brasil, Bolsa, Balcão  
IPCA: IBGE (Brazilian Institute of Geography and Statistics)

### C) Capital management

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The Company's objective in managing its capital is to safeguard its ability to continue offering a return to shareholders, and benefits to other stakeholders, as well as to maintain an ideal capital structure to reduce these costs, or costs relating to the generation of these results and benefits.

In order to maintain or adjust its capital structure, the Company may review its receivables advance policy, and the payment of non-mandatory dividends, return capital to shareholders, or issue new shares to reduce its indebtedness level.

Capital management is at the consolidated level, as described below:

	06/30/2020	12/31/2019
Loans and financing	123,701	116,513
(+) Lease liabilities	72,567	70,218
(+) Derivatives	(32,129)	(4,932)
(-) Cash and cash equivalents	(528,196)	(25,275)
(-) Restricted cash	(7,467)	(10,013)
(=) Net debt	(371,524)	146,511
(+) Total equity	644,643	88,333
(=) Total equity and net debt	<b>273,119</b>	<b>234,844</b>

### D) Fair value of financial instruments

The valuation method used for calculating the market value of financial liabilities (if applicable) and derivative financial instruments (swaps) was the discounted cash flow, taking into account the expectations of liquidation or realization of liabilities and assets at the market rates in force as at the date of the statements of financial position.

Fair values are calculated by estimating future operating flows; using the curves of BM&FBovespa; and discounting them to present value using the market exchange rates for swaps, as published by BM&FBovespa.

Market values of derivatives shown below were obtained using the market rates in effect as at the date of the statements of financial position, and the rates estimated by the market. In order to calculate the coupon of positions indexed to foreign currency, the Company adopted a linear convention of 360 calendar days. The table below shows the variation in fair values of derivative instruments and their respective amounts receivable (payable) at the close of the period.

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Descrição	Company and Consolidated		Amount receivable (payable)
	Notional value	Fair value	
<b>3844/2018 raising</b>			
Asset position	16,987	17,181	17,181
Liability position	(10,345)	(10,679)	(10,679)
	6,642	6,502	6,502
<b>3844/2019-1 raising</b>			
Asset position	28,220	29,227	29,227
Liability position	(19,353)	(20,630)	(20,630)
	8,867	8,597	8,597
<b>3844/2019-2 raising</b>			
Asset position	9,398	9,680	9,680
Liability position	(6,406)	(6,533)	(6,533)
	2,992	3,147	3,147
<b>4131 raising</b>			
Asset position	54,886	55,384	55,384
Liability position	(39,142)	(41,500)	(41,500)
	15,744	13,884	13,884
<b>Total de instrumentos financeiros derivativos</b>	<b>34,245</b>	<b>32,130</b>	<b>32,130</b>
Marcação a Mercado - MTM (Saldo 30/06/20)		(2.115)	(2.115)
Marcação a Mercado - MTM (Saldo 31/12/19)			(2.695)
Marcação a Mercado - MTM do período			580

### E) Fair value hierarchy

The fair values of financial investments and swaps are classified in Level 2 of the fair value hierarchy. The Company has no financial instruments classified in Levels 1 and 3.

### F) Change in liabilities arising from financing activities

	Company					
	06/30/2020			06/30/2019		
	Changes with cash effects	Changes without cash effects	Total	Changes with cash effects	Changes without cash effects	Total
Loans and financing – beginning of the period			116,352			82,381
Derivatives – beginning of the period			(4,932)			(5,513)
(=) Loans and financing, net of derivatives			<b>111,420</b>			<b>76,868</b>
(+) New loans and financing	-	-	-	40,000	-	<b>40,000</b>
(+) Loans and financing from acquired companies	-	-	-	-	-	-
(+) Interest, foreign exchange rate variation and derivatives	-	4,265	<b>4,265</b>	-	4,434	<b>4,434</b>
(-) Principal repayment in the period	(19,097)	-	<b>(19,097)</b>	(16,948)	-	<b>(16,948)</b>
(-) Interest, foreign exchange rate variation and derivatives paid	(4,565)	-	<b>(4,565)</b>	(4,091)	-	<b>(4,091)</b>
(+) Mark-to-market of derivatives	-	(580)	<b>(580)</b>	-	(61)	<b>(61)</b>
(=) Loans and financing, net of derivatives	(23,662)	3,685	<b>91,443</b>	18,961	4,373	<b>100,202</b>
Loans and financing – end of the period			123,572			105,632
Derivatives – end of the period			(32,129)			(5,430)
	<b>Consolidated</b>					

## Locaweb Serviços de Internet S.A.

Notes to the unaudited interim financial information  
June 30, 2020  
(amounts in thousands of *Reais*, unless otherwise stated)

	06/30/2020			06/30/2019		
	Changes with cash effects	Changes without cash effects	Total	Changes with cash effects	Changes without cash effects	Total
Loans and financing – beginning of the period	-	-	116,513	-	-	82,501
Derivatives – beginning of the period	-	-	(4,932)	-	-	(5,513)
(=) Loans and financing, net of derivatives	-	-	<b>111,581</b>	-	-	<b>76,988</b>
(+) New loans and financing	-	-	-	40,000	-	<b>40,000</b>
(+) Loans and financing from acquired companies	-	-	-	-	2,856	<b>2,856</b>
(+) Interest, foreign exchange rate variation and derivatives	-	4,270	<b>4,270</b>	-	4,503	<b>4,503</b>
(-) Principal repayment in the period	(19,118)	-	<b>(19,118)</b>	(17,260)	-	<b>(17,260)</b>
(-) Interest, foreign exchange rate variation and derivatives paid	(4,581)	-	<b>(4,581)</b>	(4,159)	-	<b>(4,159)</b>
(+) Mark-to-market of derivatives	-	(580)	<b>(580)</b>	-	(61)	<b>(61)</b>
(=) Loans and financing, net of derivatives	(23,699)	3,690	<b>91,572</b>	18,581	7,298	<b>102,867</b>
Loans and financing – end of the period			123,701			105,632
Derivatives – end of the period			(32,129)			(2,765)

## 22. Non-cash transactions

In the six-month period ended June 30, 2020, there were transactions that did not affect cash, related to the acquisition of machines and equipment.

## 23. Insurance coverage

The Company and its subsidiaries contract insurance coverage to protect against any damages to its equity and assets, also including their establishments and vehicles fleet, the premiums of which were as follows in the respective years:

	Consolidated	
	06/30/2020	12/31/2019
Vehicles	7,700	5,500
Business (real estate and assets)	362,575	359,860
Electricity	201	201
Civil liability of managers	50,000	10,000
Civil liability	1,100	1,100
	<b>421,576</b>	<b>376,661</b>

## 24. Actions and impacts caused by COVID-19

## **Locaweb Serviços de Internet S.A.**

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The Company created a crisis committee made up of Locaweb officers who analyzed, and continues to analyze the scenario of the new Coronavirus pandemic on a daily basis. The focus of the Company has always been, and it will continue to be, the safety of its employees and the continuity of its operations, both regarding support to customers and development of new products and functionalities.

An extensive employees' guidance and information plan was implemented, as well as a Home Office plan that reached more than 97% of Company employees, while essential employees continued to work onsite under safe conditions at our office. Since the Company already had a remote work system, this has not affected the productivity and development of platforms, which continued in an accelerated pace in this period.

Our service and support teams are also working from home, which did not have a negative impact on customer services, or generated additional cost for the Company. As an example, we can mention the TME (Average Waiting Time) and TMA (Average Service Time) indices, which did not change as a result of remote work.

So far, the Company does not expect important negative impacts on its 2020 results due to the scenario of the new Coronavirus pandemic.

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