

**Unaudited Interim  
Financial Information**

**Locaweb Serviços de Internet S.A.**

March 31, 2020

**Locaweb Serviços de Internet S.A.**

Unaudited interim financial information

March 31, 2020

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## **Independent auditor’s review report on individual and consolidated interim financial information**

To the shareholders, Board of Directors and Officers of  
**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 March 31, 2020, comprising the statement of financial position as of March 31, 2020, and the related statements of profit or loss and of comprehensive income and of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – 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 these individual and consolidated interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standard 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 Brazilian and International 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 quarterly information referred to above are not prepared, in all material respects, in accordance with CPC 21 (R1) 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 interim individual and consolidated financial information include interim individual and consolidated statements of value added for the three-month period ended March 31, 2020, prepared under the 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 Form (ITR) 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 interim individual and consolidated financial information.

São Paulo, May 12, 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 March 31, 2020 (unaudited) and December 31, 2019  
(in thousands of *Reais*)

Assets	Note	Company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>Current assets</b>					
Cash and cash equivalents	3.1	506,830	16,076	520,609	25,275
Restricted cash	3.2	5,368	2,659	5,368	2,659
Accounts receivable	4.1	19,761	21,304	175,564	125,285
Taxes recoverable	5	4,474	2,991	8,287	8,080
Derivatives	21	29,125	4,932	29,125	4,932
Other assets		11,269	8,386	12,976	9,989
<b>Total current assets</b>		<b>576,827</b>	<b>56,348</b>	<b>751,929</b>	<b>176,220</b>
<b>Non-current assets</b>					
Restricted cash	3.2	4,732	7,354	4,732	7,354
Judicial deposits	13	444	709	502	765
Other assets		892	908	1,304	1,323
Related parties	6	1,269	1,507	-	-
Deferred income taxes	19	3,941	2,677	5,096	3,654
Investments	7	178,764	128,006	-	-
Property and equipment	8	62,881	64,894	73,705	74,570
Right-of-use assets	9.2	63,310	64,879	66,091	67,808
Intangible assets	9	53,449	54,352	182,737	182,319
<b>Total non-current assets</b>		<b>369,682</b>	<b>325,286</b>	<b>334,167</b>	<b>337,793</b>
<b>Total assets</b>		<b>946,509</b>	<b>381,634</b>	<b>1,086,096</b>	<b>514,013</b>

Liabilities and equity	Note	Company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>Current liabilities</b>					
Suppliers		12,134	7,025	17,319	12,833
Loans and financing	11.1	68,522	48,620	68,565	48,679
Lease liabilities	11.2	4,507	4,421	5,548	5,416
Salaries and related charges	12	23,509	19,780	33,718	28,766
Other taxes payable		2,773	2,614	4,283	4,021
Deferred revenue	4.2	31,606	31,298	38,175	37,116
Payables to clients	4.3	-	-	89,095	82,160
Interest on shareholders' equity and dividends payable		8	8	8	8
Taxes payable in installments	10	-	-	2,824	2,808
Accounts payable to former shareholders	7.1	14,842	14,697	14,842	14,697
Other liabilities		-	-	1,454	1,438
<b>Total current liabilities</b>		<b>157,901</b>	<b>128,463</b>	<b>275,831</b>	<b>237,942</b>
Loans and financing	11.1	57,779	67,732	57,881	67,834
Provision for legal proceedings	13	634	938	723	1,006
Accounts payable to former shareholders	7.1	30,666	30,138	30,666	30,138
Lease liabilities	11.2	61,560	62,720	63,466	64,802
Provision for losses on investments	7	2,196	2,133	-	-
Taxes payable in installments	10	-	-	21,431	21,860
Other liabilities		1,294	1,177	1,619	2,098
<b>Total non-current liabilities</b>		<b>154,129</b>	<b>164,838</b>	<b>175,786</b>	<b>187,738</b>
<b>Equity</b>					
Capital stock		630,559	53,629	630,559	53,629
Capital reserves		(10,243)	18,270	(10,243)	18,270
Earning reserves		16,434	16,434	16,434	16,434
Accumulated losses		(2,271)	-	(2,271)	-
<b>Total equity</b>		<b>634,479</b>	<b>88,333</b>	<b>634,479</b>	<b>88,333</b>
<b>Total liabilities and equity</b>		<b>946,509</b>	<b>381,634</b>	<b>1,086,096</b>	<b>514,013</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of operations  
 Three-month period ended March 31, 2020 and 2019  
 (in thousands of *Reais*, except earnings (loss) per share)

	Notes	Company		Consolidated	
		03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Net revenue</b>	16	<b>66,352</b>	<b>64,968</b>	<b>104,532</b>	<b>84,587</b>
Cost of services	17	(43,984)	(40,334)	(62,475)	(48,710)
<b>Gross profit</b>		<b>22,368</b>	<b>24,634</b>	<b>42,057</b>	<b>35,877</b>
<b>Operating income (expenses)</b>					
Selling expenses	17	(13,304)	(12,684)	(18,964)	(16,895)
General and administrative expenses	17	(16,870)	(5,917)	(22,109)	(8,864)
Equity results	7	4,266	1,272	-	-
Other operating income (expenses)	17	203	222	228	219
		<b>(25,705)</b>	<b>(17,107)</b>	<b>(40,845)</b>	<b>(25,540)</b>
<b>Income (loss) before financial results and income taxes</b>		<b>(3,337)</b>	<b>7,527</b>	<b>1,212</b>	<b>10,337</b>
Financial income	18	28,974	1,924	29,091	2,005
Financial expenses	18	(29,172)	(7,502)	(30,938)	(9,053)
		<b>(198)</b>	<b>(5,578)</b>	<b>(1,847)</b>	<b>(7,048)</b>
<b>Income (loss) before income taxes</b>		<b>(3,535)</b>	<b>1,949</b>	<b>(635)</b>	<b>3,289</b>
Current income taxes	19	-	(438)	(3,078)	(2,293)
Deferred income taxes	19	1,264	(85)	1,442	430
		<b>1,264</b>	<b>(523)</b>	<b>(1,636)</b>	<b>(1,863)</b>
<b>Net income (loss) for the period</b>		<b>(2,271)</b>	<b>1,426</b>	<b>(2,271)</b>	<b>1,426</b>
<b>Earnings (loss) per share</b> (in R\$ per share)					
Basic earnings (loss) per share	15			(0.02)	0.02
Diluted earnings (loss) per share	15			(0.02)	0.01

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of comprehensive income (loss)  
Three-month period ended March 31, 2020 and 2019  
(in thousands of *Reais*)

	<b>Company</b>		<b>Consolidated</b>	
	<b>03/31/2020</b>	<b>03/31/2019</b>	<b>03/31/2020</b>	<b>03/31/2019</b>
Net income (loss) for the period	(2,271)	1,426	(2,271)	1,426
Other comprehensive income	-	-	-	-
<b>Comprehensive income (loss) for the period</b>	<b>(2,271)</b>	<b>1,426</b>	<b>(2,271)</b>	<b>1,426</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of changes in equity  
 Three-month period ended March 31, 2020 and 2019  
 (in thousands of *Reais*)

	Capital stock		Capital reserves			Earning reserves		Retained earnings/ Accumulated losses	Total shareholders' equity	
	Capital stock paid-in	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>(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	-	-	-	-	-	-	-	-	(2,271)	(2,271)
Capital increase	576,930	(32,228)	-	-	-	-	-	-	-	544,702
Share based payments	-	-	1	-	3,698	16	-	-	-	3,715
<b>Balances as at March 31, 2020</b>	<b>630,559</b>	<b>(35,873)</b>	<b>(8)</b>	<b>(22,344)</b>	<b>36,011</b>	<b>11,971</b>	<b>1,390</b>	<b>15,044</b>	<b>(2,271)</b>	<b>634,479</b>

	Capital stock		Capital reserves			Earning reserves		Non-controlling interests	Total equity	
	Capital stock paid-in	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	-	-	-	-	-	-	-	-	1,426	1,426
Share based payments	-	-	-	-	561	-	-	-	-	561
<b>Balances as at March 31, 2019</b>	<b>53,521</b>	<b>(3,645)</b>	<b>(909)</b>	<b>(22,344)</b>	<b>30,762</b>	<b>-</b>	<b>486</b>	<b>3,777</b>	<b>1,426</b>	<b>63,074</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of cash flows  
Three-month period ended March 31, 2020 and 2019  
(in thousands of *Reais*)

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Operating activities</b>				
<b>Income (loss) before income taxes</b>	<b>(3,535)</b>	<b>1,949</b>	<b>(635)</b>	<b>3,289</b>
Adjustments to reconcile income (loss) before income taxes to net cash flow from operating activities:				
Depreciation and amortization	12,205	11,358	13,740	12,479
Equity results	(4,266)	(1,272)	-	-
Interest, derivatives, and foreign exchange and monetary variations	4,183	3,371	4,278	3,787
Mark-to-market of derivatives	(1,689)	879	(1,689)	879
Share based payments	3,698	561	3,698	561
Provisions and other adjustments	1,759	(664)	1,416	217
<b>Changes in assets and liabilities:</b>				
Accounts receivable	(520)	(1,922)	(52,342)	(15,116)
Taxes recoverable	(1,483)	205	(148)	763
Other assets	(2,985)	(219)	(2,899)	409
Judicial deposits	265	-	263	10,751
Related parties	238	709	-	705
Suppliers	3,310	358	2,631	359
Salaries and related charges	3,729	(5)	4,952	-
Other taxes payable	691	12,098	(996)	10,949
Deferred revenue	308	1,731	1,059	2,456
Payables to clients	-	(454)	6,935	(1,336)
Other liabilities	135	(1)	(445)	94
Income tax paid	(532)	(291)	(2,233)	(1,573)
<b>Net cash flows from (used in) financing activities</b>	<b>15,511</b>	<b>28,391</b>	<b>(22,415)</b>	<b>29,673</b>
<b>Investing activities</b>				
Purchase of property and equipment	(4,020)	(24,680)	(6,175)	(24,503)
Capital increase in subsidiary	(46,430)	(1,218)	-	-
Acquisition and development of intangible assets	(1,784)	(1,840)	(3,252)	(3,219)
<b>Net cash flows used in investing activities</b>	<b>(52,234)</b>	<b>(27,738)</b>	<b>(9,427)</b>	<b>(27,722)</b>
<b>Financing activities</b>				
Capital increase	544,702	-	544,702	-
Payment of lease liabilities	(2,348)	(2,168)	(2,535)	(2,313)
Proceeds from loans and financing	-	40,000	-	40,000
Repayment of loans and financing	(12,052)	(10,654)	(12,068)	(10,936)
Interest and foreign exchange variations paid	(4,194)	(2,328)	(4,292)	(2,329)
Derivatives received (paid)	1,425	(194)	1,425	(194)
Bank guarantees paid	(56)	(227)	(56)	(227)
Dividends and interest on shareholders' equity paid	-	(1,756)	-	(1,756)
<b>Net cash flows from operating activities</b>	<b>527,477</b>	<b>22,673</b>	<b>527,176</b>	<b>22,245</b>
<b>Net increase in cash and cash equivalents</b>	<b>490,754</b>	<b>23,326</b>	<b>495,334</b>	<b>24,196</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	506,830	35,707	520,609	41,978
<b>Net increase in cash and cash equivalents</b>	<b>490,754</b>	<b>23,326</b>	<b>495,334</b>	<b>24,196</b>

See accompanying notes.

## Locaweb Serviços de Internet S.A.

Unaudited interim statements of value added  
 Three-month period ended March 31, 2020 and 2019  
 (in thousands of *Reais*)

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Revenues</b>	<b>72,567</b>	<b>73,191</b>	<b>115,277</b>	<b>95,209</b>
Revenue from the provision of services	80,468	76,985	123,310	99,155
Discounts and rebates	(6,050)	(4,071)	(6,211)	(4,123)
Other operating revenue	(1,851)	277	(1,822)	177
<b>Inputs acquired from third parties (includes ICMS, PIS and COFINS)</b>	<b>(23,987)</b>	<b>(19,911)</b>	<b>(38,347)</b>	<b>(27,256)</b>
Costs of services	(16,719)	(13,754)	(25,017)	(17,382)
Materials, energy, third party services and others	(7,268)	(6,157)	(13,330)	(9,874)
<b>Gross value added</b>	<b>48,580</b>	<b>53,280</b>	<b>76,930</b>	<b>67,953</b>
<b>Retentions</b>	<b>(12,204)</b>	<b>(11,358)</b>	<b>(13,741)</b>	<b>(12,479)</b>
Depreciation and amortization	(12,204)	(11,358)	(13,741)	(12,479)
<b>Net value added produced</b>	<b>36,376</b>	<b>41,922</b>	<b>63,189</b>	<b>55,474</b>
<b>Value added received on transfer</b>	<b>33,240</b>	<b>3,196</b>	<b>29,091</b>	<b>2,005</b>
Equity results	4,266	1,272	-	-
Financial income	28,974	1,924	29,091	2,005
<b>Total value added to be distributed</b>	<b>69,616</b>	<b>45,118</b>	<b>92,280</b>	<b>57,479</b>
<b>Distribution of value added</b>	<b>69,616</b>	<b>45,118</b>	<b>92,280</b>	<b>57,479</b>
Salaries and related charges	<b>33,248</b>	<b>22,635</b>	<b>45,365</b>	<b>28,766</b>
Direct compensation	29,062	18,405	38,570	23,214
Benefits	2,721	2,418	4,485	3,244
FGTS	1,465	1,812	2,310	2,308
Taxes, charges and contributions	<b>11,094</b>	<b>11,552</b>	<b>19,694</b>	<b>16,152</b>
Federal	8,570	9,203	16,062	13,145
State	-	-	49	65
Municipal	2,524	2,349	3,583	2,942
Interest and rents	<b>27,545</b>	<b>9,505</b>	<b>29,492</b>	<b>11,135</b>
<b>Remuneration of equity</b>	<b>(2,271)</b>	<b>1,426</b>	<b>(2,271)</b>	<b>1,426</b>
Retained income	(2,271)	1,426	(2,271)	1,426

See accompanying notes.

# Locaweb Serviços de Internet S.A.

Notes to the interim financial information

March 31, 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 March 31, 2020, the Company spent R\$39,885 with the Offering. The expenses are recorded in the financial information as follows: i) R\$32,228, share issue expenses, recorded in Equity; ii) R\$2,963, Other assets, recorded in current assets, since these expense will be reimbursed by the Selling Shareholders; and iii) 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  
March 31, 2020  
(amounts in thousands of *Reais*, unless otherwise stated)

### 2. Summary of main accounting practices

The consolidated financial information includes the operations of the Company and its subsidiaries, as follows:

Subsidiaries	Stake	Interest %	
		03/31/2020	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 information was authorized by the Board of Directors on May 12, 2020.

The interim financial information was 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 information, as well the recognition and measurement principles used in complete or interim financial information.

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 information must be read together with the individual and consolidated financial information for the year ended December 31, 2019.

## Locaweb Serviços de Internet S.A.

Notes to the unaudited interim financial information  
March 31, 2020  
(amounts in thousands of *Reais*, unless otherwise stated)

### 2.1 Declaration of compliance and basis of preparation

The interim individual and consolidated financial information 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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and banks	510	756	3,095	2,273
CDB (a)	506,320	14,226	517,514	21,907
Government Treasury Bills (LF)	-	1,094	-	1,095
	<b>506,830</b>	<b>16,076</b>	<b>520,609</b>	<b>25,275</b>

(a) As at March 31, 2020, financial investments in Bank Certificates of Deposit (CDB) were remunerated at a rate of 96% of the CDI (93.4% of the CDI in 2019), with daily liquidity and redeemable with the issuer, with no significant loss in value.

### 3.2 Restricted cash

	Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
CDB	7,886	7,825	7,886	7,825
Government Treasury Bills (LF) (b)	2,214	2,188	2,214	2,188
	<b>10,100</b>	<b>10,013</b>	<b>10,100</b>	<b>10,013</b>
<b>Current</b>	<b>5,368</b>	<b>2,659</b>	<b>5,368</b>	<b>2,659</b>
<b>Non-current</b>	<b>4,732</b>	<b>7,354</b>	<b>4,732</b>	<b>7,354</b>

(b) As at March 31, 2020, investments in Government Treasury Bills were remunerated at a rate of 99% of the CDI (99% of the CDI in 2019).

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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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Credit card operators	4,490	3,974	153,147	100,660
Other accounts receivable	16,772	17,330	23,918	24,625
<b>Accounts receivable</b>	<b>21,262</b>	<b>21,304</b>	<b>177,065</b>	<b>125,285</b>
Estimated credit loss	(1,501)	-	(1,501)	-
<b>Net accounts receivable</b>	<b>19,761</b>	<b>21,304</b>	<b>175,564</b>	<b>125,285</b>

The aging of accounts receivable is shown below:

	Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Amounts to become due	13,482	17,467	167,148	119,833
Amounts overdue:				
Up to 30 days	1,709	1,712	2,841	2,383
31-180 days	5,156	1,490	5,978	2,184
Over 180 days	915	635	1,098	885
<b>Accounts receivable</b>	<b>21,262</b>	<b>21,304</b>	<b>177,065</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 quarter was R\$1,501 (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 March 31, 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.

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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 customers.

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

	Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Income tax recoverable	2,917	2,089	5,676	5,899
Social contribution recoverable	926	786	1,445	1,534
PIS recoverable	-	-	2	1
COFINS recoverable	-	-	10	7
IRRF recoverable	626	113	626	113
Other taxes recoverable	5	3	528	526
	<b>4,474</b>	<b>2,991</b>	<b>8,287</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)	Balance 03/31/2020
Cyberweb	913	(764)	149
Fbits	1	60	61
Yapay	-	191	191
Locaweb Telecom	591	-	591
Ananke Tecnologia	-	79	79
Ion Tecnologia	1	3	4
Tray Tecnologia	1	184	185
Novaion Tecnologia	-	3	3
Primehost	-	6	6
	<b>1,507</b>	<b>(238)</b>	<b>1,269</b>

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	Company					
	Revenue		Costs		Expenses	
	03/30/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Superpay	1	46	-	-	-	-
Tray Tecnologia	90	69	-	-	-	-
Yapay	-	-	-	-	(117)	(116)
Locaweb Telecom	-	-	(33)	(40)	(17)	(16)
MG4	-	-	(1,806)	(1,682)	(541)	(482)
Ananke Tecnologia	232	232	-	-	-	-
	<b>323</b>	<b>347</b>	<b>(1,839)</b>	<b>(1,722)</b>	<b>(675)</b>	<b>(614)</b>

  

	Consolidated					
	Revenue		Costs		Expenses	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019
MG4	-	-	(1,806)	(1,682)	(541)	(482)
WW Marques*	-	-	-	-	(127)	(240)
Tech and Soul	-	-	-	-	(150)	(119)
	-	-	<b>(1,806)</b>	<b>(1,682)</b>	<b>(818)</b>	<b>(841)</b>

(\*) MG4 and WW Marques are owners of properties leased by the Company and its subsidiaries. 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 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\$783. Lease payments amounted to R\$2,348 in the quarter (R\$2,164 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.

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\$127 in the quarter (R\$240 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 quarter was R\$150 (R\$119 in 2019).

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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 March 31, 2020 and 2019 are shown below:

	<b>03/31/2020</b>	<b>03/31/2019</b>
Compensation	6,093	1,078
Benefits and related expenses	1,424	607
Share based compensation expenses	2,370	242
<b>Total</b>	<b>9,887</b>	<b>1,927</b>

## 7. Investments

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

	<b>Company</b>	
	<b>03/31/2020</b>	<b>12/31/2019</b>
Investments	178,764	128,006
Provision for losses on investments	(2,196)	(2,133)
<b>Net investments</b>	<b>176,568</b>	<b>125,873</b>
Investments in subsidiaries and associated companies	89,543	38,848
Goodwill on investment acquisitions	87,025	87,025

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

	<b>Company</b>		
	<b>Balance on 12/31/2019</b>	<b>Changes</b>	<b>Balance on 03/31/2020</b>
<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:

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Name	Balances as at 12/31/2019					
	% Interest	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	Balances as at 03/31/2020					
	% Interest	Assets	Liabilities	Shareholders' equity	Net revenue	Net income (loss)
<b>Direct</b>						
Locaweb Telecom	100%	302	762	(460)	139	(123)
Yapay	100%	161,473	97,604	63,869	10,581	1,857
E-Commerce	100%	31,602	9,048	22,554	6,935	2,990
Cluster2Go	100%	(1,323)	230	(1,554)	3,645	(718)
KingHost	100%	26,135	20,818	5,317	8,778	667
Delivery Direto	100%	672	854	(182)	1,716	(407)
<b>Indirect</b>						
Fbits	100%	10,919	2,586	8,333	2,721	744

Changes in investments in subsidiaries are shown below:

Investee	Company			
	Balance on 12/31/2018	Advance for Future Increase in Capital	Equity Result	Balance on 03/31/2019
Locaweb Telecom	(540)	110	(77)	(507)
Yapay	9,781	-	1,082	10,863
Superpay	1,247	-	142	1,389
E-Commerce	11,053	-	1,510	12,563
Cluster2Go	(2,129)	1,108	(1,385)	(2,406)
	<b>19,412</b>	<b>1,218</b>	<b>1,272</b>	<b>21,902</b>

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Investee	Company			
	Balance as at 12/31/2019	Advance for Future Increase in Capital	Equity Result	Balance as at 03/31/2020
Locaweb Telecom	(417)	80	(123)	(460)
Yapay	17,611	44,401	1,857	63,869
E-Commerce	19,564	-	2,990	22,554
Cluster2Go	(1,716)	880	(718)	(1,554)
Kinghost	3,699	951	667	5,317
Delivery Direto	107	118	(407)	(182)
	<b>38,848</b>	<b>46,430</b>	<b>4,266</b>	<b>89,544</b>

### 7.1. Accounts payable to former shareholders

Accounts payable to former shareholders are comprised as follows:

	Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cluster2Go	14,842	14,697	14,842	14,697
KingHost	18,416	18,128	18,416	18,128
Delivery Direto	12,250	12,010	12,250	12,010
	<b>45,508</b>	<b>44,835</b>	<b>45,508</b>	<b>44,835</b>
<b>Current</b>	<b>14,842</b>	<b>14,697</b>	<b>14,842</b>	<b>14,697</b>
<b>Non-current</b>	<b>30,666</b>	<b>30,138</b>	<b>30,666</b>	<b>30,138</b>

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### 8. Property and equipment

Changes in the Company are presented below:

	Company						Total property and equipment
	Computers and peripherals	Improvements	Furniture and fixtures	Machinery and equipment	Components for assembly	Other	
<b>Cost</b>							
<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	137	144	55	5,455	-	147	5,938
Disposals	(11)	-	-	-	-	(133)	(144)
Transfer	-	(35)	35	-	-	-	-
<b>Balances on March 31, 2020</b>	<b>5,197</b>	<b>31,058</b>	<b>2,371</b>	<b>266,157</b>	<b>122</b>	<b>970</b>	<b>305,875</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>(511)</b>	<b>(235,187)</b>
Depreciation	(135)	(440)	(56)	(7,275)	-	(43)	(7,949)
Disposals	11	-	-	-	-	131	142
Transfer	-	1	(1)	-	-	-	-
<b>Balances on March 31, 2020</b>	<b>(3,841)</b>	<b>(13,363)</b>	<b>(1,751)</b>	<b>(223,616)</b>	-	<b>(423)</b>	<b>(242,994)</b>
<b>Net book value</b>							
Balances on December 31, 2019	1,354	18,025	587	44,361	122	445	64,894
Balances on March 31, 2020	1,356	17,695	620	42,541	122	547	62,881

	Company						Total property and equipment
	Computers and peripherals	Improvements	Furniture and fixtures	Machinery and equipment	Components for assembly	Other	
<b>Cost</b>							
<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	-	210	-	12,056	7,033	97	19,396
Disposals	(736)	-	-	(7,781)	(1)	-	(8,518)
Transfer	8	-	-	4,630	(4,638)	-	-
<b>Balances on March 31, 2019</b>	<b>5,913</b>	<b>30,516</b>	<b>2,192</b>	<b>269,677</b>	<b>4,832</b>	<b>1,308</b>	<b>314,438</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>(742)</b>	<b>(230,145)</b>
Depreciation	(141)	(422)	(52)	(7,309)	-	(48)	(7,972)
Disposals	736	-	-	7,782	-	-	8,518
Transfer	4	-	-	(4)	-	-	-
<b>Balances on March 31, 2019</b>	<b>(4,397)</b>	<b>(11,609)</b>	<b>(1,572)</b>	<b>(211,231)</b>	-	<b>(790)</b>	<b>(229,599)</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 March 31, 2019	1,516	18,907	620	58,446	4,832	518	84,839

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Changes in the consolidated financial information 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	859	740	268	5,716	231	147	7,961
Disposals	(17)	-	-	(3)	-	(133)	(153)
Transfer	214	(35)	(16)	68	(231)	-	-
<b>Balances on March 31, 2020</b>	<b>14,997</b>	<b>32,535</b>	<b>4,060</b>	<b>271,568</b>	<b>365</b>	<b>1,202</b>	<b>324,727</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>(575)</b>	<b>(242,349)</b>
Depreciation	(593)	(488)	(86)	(7,590)	-	(55)	(8,812)
Disposals	10	-	-	-	-	129	139
Transfer	-	1	-	(1)	-	-	-
<b>Balances on March 31, 2020</b>	<b>(7,258)</b>	<b>(14,037)</b>	<b>(2,092)</b>	<b>(227,134)</b>	-	<b>(501)</b>	<b>(251,022)</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 March 31, 2020	7,739	18,498	1,968	44,434	365	701	73,705

	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 March 31, 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>(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 March 31, 2019</b>	<b>(6,168)</b>	<b>(12,243)</b>	<b>(1,823)</b>	<b>(213,614)</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 March 31, 2019	2,687	19,650	914	59,931	4,872	627	88,681

There were no impairment indicators for the three-month period ended March 31, 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								Total intangible assets
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Trademark	Technology	Customer portfolio	
<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	-	1,271	-	-	-	-	-	1,784
Disposals	-	-	-	-	-	-	-	-	-
<b>Balances on March 31, 2020</b>	<b>1,175</b>	<b>553</b>	<b>33,009</b>	<b>872</b>	<b>33,087</b>	<b>1,578</b>	<b>3,666</b>	<b>2,586</b>	<b>76,526</b>
<b>Amortization</b>									
Balances on December 31, 2019	(295)	-	(11,895)	(370)	-	(1,578)	(3,666)	(2,586)	(20,390)
Amortization	(64)	-	(2,601)	(22)	-	-	-	-	(2,687)
<b>Balances on March 31, 2020</b>	<b>(359)</b>	<b>-</b>	<b>(14,496)</b>	<b>(392)</b>	<b>-</b>	<b>(1,578)</b>	<b>(3,666)</b>	<b>(2,586)</b>	<b>(23,077)</b>
<b>Net book value</b>									
Balances on December 31, 2019	367	553	19,843	502	33,087	-	-	-	54,352
Balances on March 31, 2020	816	553	18,513	480	33,087	-	-	-	53,449
<b>Company</b>									
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Trademark	Technology	Customer portfolio	Total intangible assets
<b>Cost</b>									
Balances on December 31, 2017	1,813	553	24,777	872	33,087	1,578	3,666	2,586	68,932
Additions	-	-	1,840	-	-	-	-	-	1,840
<b>Balances on March 31, 2019</b>	<b>1,813</b>	<b>553</b>	<b>26,617</b>	<b>872</b>	<b>33,087</b>	<b>1,578</b>	<b>3,666</b>	<b>2,586</b>	<b>70,772</b>
<b>Amortization</b>									
Balances on December 31, 2018	(1,183)	-	(5,317)	(283)	-	(202)	(3,666)	(2,271)	(12,922)
Amortization	(139)	-	(1,488)	(21)	-	(9)	-	(159)	(1,816)
<b>Balances on March 31, 2019</b>	<b>(1,322)</b>	<b>-</b>	<b>(6,805)</b>	<b>(304)</b>	<b>-</b>	<b>(211)</b>	<b>(3,666)</b>	<b>(2,430)</b>	<b>(14,738)</b>
<b>Net book value</b>									
Balances on December 31, 2018	630	553	19,460	589	33,087	1,376	-	315	56,010
Balances on March 31, 2019	491	553	19,812	568	33,087	1,367	-	156	56,034

(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.

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Changes in the consolidated financial information are presented below:

	Consolidated							Total intangible assets
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Technology	Customer portfolio	
<b>Cost</b>								
<b>Balances on December 31, 2019</b>	<b>1,718</b>	<b>10,002</b>	<b>44,399</b>	<b>872</b>	<b>117,947</b>	<b>24,702</b>	<b>12,563</b>	<b>212,203</b>
Additions	299	-	2,953	-	-	-	-	3,252
Transfer	1,299	(222)	431	-	-	(405)	(1,103)	-
<b>Balances on September 30, 2020</b>	<b>3,316</b>	<b>9,780</b>	<b>47,783</b>	<b>872</b>	<b>117,947</b>	<b>24,297</b>	<b>11,460</b>	<b>215,455</b>
<b>Amortization</b>								
<b>Balances on December 31, 2019</b>	<b>(891)</b>	<b>(546)</b>	<b>(12,475)</b>	<b>(370)</b>	<b>-</b>	<b>(11,394)</b>	<b>(4,208)</b>	<b>(29,884)</b>
Amortization	(154)	(200)	(1,514)	(22)	-	(791)	(411)	(3,092)
Transfer	(285)	(119)	62	-	-	284	58	-
Disposals	-	-	258	-	-	-	-	258
<b>Balances on March 31, 2020</b>	<b>(1,330)</b>	<b>(865)</b>	<b>(13,669)</b>	<b>(392)</b>	<b>-</b>	<b>(11,901)</b>	<b>(4,561)</b>	<b>(32,718)</b>
<b>Net book value</b>								
Balances on December 31, 2019	827	9,456	31,924	502	117,947	13,308	8,355	182,319
Balances on March 31, 2020	1,986	8,915	34,113	480	117,947	12,396	6,899	182,737

  

	Consolidated							Total intangible assets
	Software	Trademarks and patents	Internal development (a)	Other	Goodwill	Technology	Customer portfolio	
<b>Cost</b>								
<b>Balances on December 31, 2018</b>	<b>2,747</b>	<b>2,419</b>	<b>34,327</b>	<b>872</b>	<b>55,873</b>	<b>10,523</b>	<b>4,386</b>	<b>111,147</b>
Additions	-	-	2,841	-	378	-	-	3,219
<b>Balances on March 31, 2019</b>	<b>2,747</b>	<b>2,419</b>	<b>37,168</b>	<b>872</b>	<b>56,251</b>	<b>10,523</b>	<b>4,386</b>	<b>114,366</b>
<b>Amortization</b>								
<b>Balances on December 31, 2018</b>	<b>(1,413)</b>	<b>(202)</b>	<b>(8,877)</b>	<b>(283)</b>	<b>-</b>	<b>(9,544)</b>	<b>(2,822)</b>	<b>(23,141)</b>
Amortization	(216)	(9)	(1,943)	(21)	-	(123)	(152)	(2,464)
<b>Balances on March 31, 2019</b>	<b>(1,629)</b>	<b>(211)</b>	<b>(10,820)</b>	<b>(304)</b>	<b>-</b>	<b>(9,667)</b>	<b>(2,974)</b>	<b>(25,605)</b>
<b>Net book value</b>								
Balances on December 31, 2018	1,334	2,217	25,450	589	55,873	979	1,564	88,006
Balances on March 31, 2019	1,118	2,208	26,348	568	56,251	856	1,412	88,761

(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 three-month period ended March 31, 2020 and 2019.

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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-to assets as of January 1, 2020</b>	<b>64,879</b>	<b>67,808</b>
Addition	-	118
Depreciation	(1,569)	(1,835)
<b>Right-to-use assets as of March 31, 2020</b>	<b>63,310</b>	<b>66,091</b>
	<b>Company</b>	<b>Consolidated</b>
<b>Right-to use assets as of January 1, 2019</b>	-	-
Addition for initial adoption of CPC 06 (R2) / IFRS 16	71,158	73,366
Depreciation	(1,570)	(1,696)
<b>Right-to use assets as of March 31, 2019</b>	<b>69,588</b>	<b>71,670</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>03/31/2020</b>	<b>12/31/2019</b>
PIS / COFINS	2,592	2,637
CPRB	1,260	1,275
IRPJ / CSLL	17,630	17,897
INSS	1,149	1,197
Other	1,624	1,662
<b>Total taxes payable in installments</b>	<b>24,255</b>	<b>24,668</b>
<b>Current</b>	<b>2,824</b>	<b>2,808</b>
<b>Non-current</b>	<b>21,431</b>	<b>21,860</b>

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### 11. Loans and financing and lease liabilities

#### 11.1 Loans and financing

Type	Charges	Maturity	Company		Consolidated	
			03/31/2020	12/31/2019	03/31/2020	12/31/2019
FINAME	IPCA + 4.93% p.a.	September 2020		286	286	429
Bank Loan (US\$7,694)	US\$ + 4.31% p.a.	February 2021	15,935	18,887	15,935	18,887
Reimbursable Financing	TJLP + 0.5% p.a.	August 2021	16,129	18,979	16,129	18,979
Bank Loan (US\$8,091)	US\$ + 5.44% p.a.	February 2022	30,579	26,859	30,579	26,859
Bank Loan (US\$2,697)	US\$ + 4.77% p.a.	February 2022	10,184	8,947	10,184	8,947
Bank Loan (US\$10,000)	US\$ + (3M Libor + 1.56%)*1.71 p.a.	July 2022	52,109	40,735	52,109	40,735
Other			1,079	1,516	1,224	1,677
			<b>126,301</b>	<b>116,352</b>	<b>126,446</b>	<b>116,513</b>
		<b>Current liabilities</b>	<b>68,522</b>	<b>48,620</b>	<b>68,565</b>	<b>48,679</b>
		<b>Non-current liabilities</b>	<b>57,779</b>	<b>67,732</b>	<b>57,881</b>	<b>67,834</b>

The amounts recorded in non-current liabilities as at March 31, 2020 had the following maturity schedule:

	Company	Consolidated
2021	34,598	34,700
2022	23,181	23,181
	<b>57,779</b>	<b>57,881</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.

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.

As of March 31, 2020, all covenants relating to the Company's loans and financing were complied with.

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### 11.2 Lease liabilities

	<b>Company</b>	<b>Consolidated</b>
<b>Right-to-use liabilities as of January 1, 2020</b>	<b>67,141</b>	<b>70,218</b>
Interest incurred	1,274	1,331
Payment of principal	(2,348)	(2,535)
<b>Right-to-use liabilities as of March 31, 2020</b>	<b>66,067</b>	<b>69,014</b>
<b>Current</b>	<b>4,507</b>	<b>5,548</b>
<b>Non-current</b>	<b>61,560</b>	<b>63,466</b>
	<b>Company</b>	<b>Consolidated</b>
<b>Right-to-use liabilities as of January 1, 2019</b>	-	-
Addition due to initial adoption of CPC 06 (R2) / IFRS 16	71,158	73,366
Interest incurred	1,250	1,290
Payment of principal	(2,168)	(2,313)
<b>Right-to-use liabilities as of March 31, 2019</b>	<b>70,240</b>	<b>72,343</b>
<b>Current</b>	<b>9,067</b>	<b>9,507</b>
<b>Non-current</b>	<b>61,173</b>	<b>62,836</b>

### 12. Salaries and related charges

	<b>Company</b>		<b>Consolidated</b>	
	<b>03/31/2020</b>	<b>12/31/2019</b>	<b>03/31/2020</b>	<b>12/31/2019</b>
Salaries and charges	7,338	6,734	10,178	9,608
Provision for vacation pay and charges	9,922	8,304	14,842	12,475
Profit-Sharing Plan (PPR)	6,249	4,742	8,698	6,683
	<b>23,509</b>	<b>19,780</b>	<b>33,718</b>	<b>28,766</b>

### 13. Provision for legal proceedings

The breakdown and changes in the provision for legal proceedings is presented below:

	<b>Company</b>		
	<b>Civil proceedings</b>	<b>Labor proceedings</b>	<b>Total</b>
<b>Balances as at December 31, 2019</b>	<b>474</b>	<b>464</b>	<b>938</b>
Additions (reversals)	(4)	(300)	(304)
<b>Balances as at March 31, 2020</b>	<b>470</b>	<b>164</b>	<b>634</b>

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	Consolidated		
	Civil proceedings	Labor proceedings	Total
<b>Balances as at December 31, 2019</b>	<b>542</b>	<b>464</b>	<b>1,006</b>
Additions (reversals)	17	(300)	(283)
<b>Balances as at March 31, 2020</b>	<b>559</b>	<b>164</b>	<b>723</b>

	Company		
	Civil proceedings	Labor proceedings	Total
<b>Balances as at December 31, 2018</b>	<b>432</b>	<b>822</b>	<b>1,254</b>
Additions (reversals)	(234)	(355)	(589)
<b>Balances as at March 31, 2019</b>	<b>198</b>	<b>467</b>	<b>665</b>

	Consolidated		
	Civil proceedings	Labor proceedings	Total
<b>Balances as at December 31, 2018</b>	<b>507</b>	<b>822</b>	<b>1,329</b>
Additions (reversals)	(273)	(355)	(628)
<b>Balances as at March 31, 2019</b>	<b>234</b>	<b>467</b>	<b>701</b>

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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Civil	1,105	814	1,286	1,085
Labor	-	-	-	18
Tax	11,941	12,400	11,941	12,400
	<b>13,046</b>	<b>13,214</b>	<b>13,227</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.

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\$9,837, with likelihood of loss classified as possible. Final judgment of the case is currently awaited with the São Paulo Tax Court.

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For the proceedings with a provision, there is a balance of judicial deposits as at March 31, 2020 in the amount of R\$444 for the Company (R\$709 as at December 31, 2019) and R\$502 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. The vesting of the 13<sup>th</sup> and 14<sup>th</sup> Plans is subject to the Company’s IPO.

Starting from the reference date specified in each Stock Option Agreement (“Reference Date”), the following periods are stipulated for exercising 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:

Series	March 31, 2020						Number of shares			
	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	01/01/2022	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>

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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 March 31, 2020</b>	<b>6,106,470</b>	<b>8.13</b>

As at March 31, 2020 and December 31, 2019, the number of exercisable stock options was 1,531,250 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 March 31, 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 March 31, 2020 was R\$3,698 (R\$561 as of March 31, 2019).

## 15. Earnings per share

### a) Basic earnings (loss) per share

Basic earnings (loss) 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:

	03/31/2020	03/31/2019
Net income/(loss) attributable to the Company's shareholders	(2,271)	1,426
Weighted-average number of common shares outstanding – in thousands	112,747	91,574
Basic earnings/(loss) per share - R\$	<b>(0.02)</b>	<b>0.02</b>

### b) Diluted earnings (loss) per share

Diluted earnings (loss) 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 7,416 shares as at March 31, 2020 (4,837 shares in 2019).

	03/31/2020	03/31/2019
Net income/(loss) attributable to the Company's shareholders	(2,271)	1,426
Weighted-average number of common shares including dilution potential – thousands	120,163	96,179
Diluted earnings/(loss) per share - R\$	<b>(0.02)</b>	<b>0.01</b>

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### 16. Net revenue

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/21/2019
<b>Gross revenue</b>	<b>80,468</b>	<b>76,985</b>	<b>123,309</b>	<b>99,154</b>
Be Online & SaaS	80,468	76,985	97,377	79,567
Commerce	-	-	25,932	19,587
<b>Discounts and rebates</b>	<b>(6,050)</b>	<b>(4,071)</b>	<b>(6,211)</b>	<b>(4,123)</b>
Be Online & SaaS	(6,050)	(4,071)	(6,050)	(4,071)
Commerce	-	-	(161)	(52)
<b>Taxes on revenues</b>	<b>(8,066)</b>	<b>(7,946)</b>	<b>(12,566)</b>	<b>(10,444)</b>
Be Online & SaaS	(8,066)	(7,946)	(9,645)	(8,248)
Commerce	-	-	(2,921)	(2,196)
<b>Net revenue</b>	<b>66,352</b>	<b>64,968</b>	<b>104,532</b>	<b>84,587</b>
Be Online & SaaS	66,352	64,968	81,682	67,248
Commerce	-	-	22,850	17,339

### 17. Operating costs and expenses

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Personnel expenses	(31,320)	(25,379)	(47,054)	(33,388)
Advisory and consulting services	(4,735)	(3,094)	(5,938)	(3,482)
Depreciation and amortization expenses	(12,204)	(11,358)	(13,741)	(12,479)
Installation expenses	(2,317)	(1,962)	(2,926)	(2,138)
Operating cost	(12,824)	(12,002)	(20,283)	(15,561)
Marketing expenses	(6,396)	(5,015)	(8,856)	(7,161)
Stock option plan expenses	(3,698)	(561)	(3,698)	(561)
Other	(664)	436	(1,052)	301
<b>Total</b>	<b>(74,158)</b>	<b>(58,935)</b>	<b>(103,548)</b>	<b>(74,469)</b>
Cost of services	(43,984)	(40,334)	(62,475)	(48,710)
Selling expenses	(13,304)	(12,684)	(18,964)	(16,895)
General and administrative expenses	(16,870)	(5,917)	(22,109)	(8,864)
<b>Total</b>	<b>(74,158)</b>	<b>(58,935)</b>	<b>(103,548)</b>	<b>(74,469)</b>

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

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Bonuses received	-	49	-	46
Disposal of property and equipment	115	173	115	173
Other revenues	88	-	113	-
<b>Total</b>	<b>203</b>	<b>222</b>	<b>228</b>	<b>219</b>

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### 18. Net financial result

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Financial income</b>				
Income from financial investments	2,784	421	2,798	441
Foreign exchange rate fluctuation	293	-	263	24
Interest	274	131	346	158
Derivative gains	23,928	1,359	23,928	1,359
Other financial income	6	13	67	23
Mark-to-market of derivatives	1,689	-	1,689	-
	<b>28,974</b>	<b>1,924</b>	<b>29,091</b>	<b>2,005</b>
<b>Financial expenses</b>				
Interest	(26,243)	(3,491)	(26,612)	(3,557)
Mark-to-market of derivatives	-	(879)	-	(879)
Banking service fees (*)	(679)	(699)	(1,208)	(1,023)
Foreign exchange and monetary variations	-	(40)	-	-
Interest on lease liabilities	(1,274)	(1,250)	(1,331)	(1,290)
IOF (Tax on Financial Transactions)	(71)	(748)	(123)	(777)
Accounts receivable advance expense	-	-	(755)	(967)
Present value adjustment	(673)	(160)	(673)	(319)
Other financial expenses	(232)	(235)	(236)	(241)
	<b>(29,172)</b>	<b>(7,502)</b>	<b>(30,938)</b>	<b>(9,053)</b>
<b>Net financial results</b>	<b>(198)</b>	<b>(5,578)</b>	<b>(1,847)</b>	<b>(7,048)</b>

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

### 19. Income taxes

The deferred tax breakdown is shown below:

	Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Provision for profit sharing	2,125	1,612	3,016	2,269
Depreciation of leased property (leases)	(135)	(101)	(135)	(101)
Provision for legal proceedings	216	319	228	342
Other provisions	4,210	3,027	3,169	1,935
Intangible assets identified in business combinations	1,488	1,072	1,813	1,369
Derivatives and foreign exchange rate fluctuation	581	1,253	581	1,253
Goodwill	(9,487)	(8,868)	(9,487)	(8,868)
Tax losses	4,943	4,363	5,911	5,455
<b>Total deferred income taxes – asset</b>	<b>3,941</b>	<b>2,677</b>	<b>5,096</b>	<b>3,654</b>

Changes in deferred taxes are shown below:

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Company Nature	Balance	Result	Balance
	12/31/2019	Gain /(loss)	03/31/2020
Tax benefit from tax losses carryforward	4,362	581	4,943
Tax benefit from goodwill	(8,867)	(619)	(9,486)
Merger	996	-	996
Temporary differences	6,186	1,302	7,488
<b>Total</b>	<b>2,677</b>	<b>1,264</b>	<b>3,941</b>

Consolidated Nature	Balance	Result	Balance
	12/31/2019	Gain /(loss)	03/31/2020
Tax benefit from tax losses carryforward	5,456	455	5,911
Tax benefit from goodwill	(8,867)	(619)	(9,486)
Merger	999	-	999
Temporary differences	6,066	1,606	7,672
<b>Total</b>	<b>3,654</b>	<b>1,442</b>	<b>5,096</b>

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

	Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Income before income taxes	(3,535)	1,949	(635)	3,290
Income taxes at a combined statutory rate of 34%	1,202	(663)	216	(1,119)
<b>Adjustments to the actual rate:</b>				
Effect of presumed profit method	-	-	(111)	(136)
Effect of equity results	1,451	432	-	-
Effect of stock option plan	(1,257)	(191)	(1,257)	(191)
Effect of officer vehicle depreciation and other managers' expenses	(19)	(23)	(25)	(25)
Amortization of intangible assets	(32)	(32)	(33)	(32)
Deferred taxes not recognized (tax loss)	-	-	(395)	(366)
Other	(81)	(46)	(31)	6
<b>Income taxes recorded in the statements of operations</b>	<b>1,264</b>	<b>(523)</b>	<b>(1,636)</b>	<b>(1,863)</b>
<b>Effective rate</b>	<b>35.76%</b>	<b>-5.68%</b>	<b>-257.82%</b>	<b>56.62%</b>

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### 20. Segments

#### a) Statement of operations by Segment

	03/31/2020			03/31/2019		
	Be Online & SaaS	Commerce	Consolidated	Be Online & SaaS	Commerce	Consolidated
<b>Gross revenue, net of discounts</b>	<b>91,327</b>	<b>25,771</b>	<b>117,098</b>	<b>75,496</b>	<b>19,535</b>	<b>95,031</b>
Taxes and contributions on revenues	(9,645)	(2,921)	(12,566)	(8,248)	(2,196)	(10,444)
<b>Net revenue</b>	<b>81,682</b>	<b>22,850</b>	<b>104,532</b>	<b>67,248</b>	<b>17,339</b>	<b>84,587</b>
Cost of services	(55,211)	(7,264)	(62,475)	(42,864)	(5,847)	(48,710)
<b>Gross profit</b>	<b>26,471</b>	<b>15,586</b>	<b>42,057</b>	<b>24,384</b>	<b>11,492</b>	<b>35,877</b>
Selling expenses	(15,272)	(3,692)	(18,964)	(13,385)	(3,510)	(16,895)
General and administrative expenses	(18,807)	(3,302)	(22,109)	(6,451)	(2,413)	(8,864)
Other operating income (expenses)	228	-	228	222	(4)	219
<b>Income before financial results</b>	<b>(7,380)</b>	<b>8,592</b>	<b>1,212</b>	<b>4,770</b>	<b>5,565</b>	<b>10,337</b>
Operating expenses included in costs and expenses:						
Depreciation and amortization expenses	12,900	841	13,741	11,486	993	12,479
Stock option plans expenses	3,698	-	3,698	561	-	561

#### Main segments' assets and liabilities

	03/31/2020		
	Be Online & SaaS	Commerce	Consolidated
Accounts receivable	23,781	151,030	174,811
Property and equipment	68,301	5,404	73,705
Intangible assets	167,779	14,958	182,737
<b>Total main assets</b>	<b>259,861</b>	<b>171,392</b>	<b>431,253</b>
Loans and financing	126,446	-	126,446
Deferred revenue	37,422	-	37,422
Payables to clients	-	89,095	89,095
<b>Total main liabilities</b>	<b>163,868</b>	<b>89,095</b>	<b>252,963</b>
	12/31/2019		
	Be Online & 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>

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### 21. Financial instruments

The tables below present a breakdown of financial assets and liabilities as at March 31, 2020:

	<b>Company 03/31/2020</b>			
	<b>Measured at fair value through profit and loss</b>	<b>Amortized cost</b>	<b>Book value</b>	<b>Fair value</b>
<b>Financial assets</b>				
Cash and cash equivalents	506,830	-	506,830	506,830
Accounts receivable	-	19,761	19,761	19,761
Derivatives	29,125	-	29,125	29,125
Related parties	-	1,269	1,269	1,269
Restricted cash	10,100	-	10,100	10,100
<b>Total</b>	<b>546,055</b>	<b>21,030</b>	<b>567,085</b>	<b>567,085</b>
<b>Financial liabilities</b>				
Suppliers	-	12,134	12,134	12,134
Loans and financing	-	126,301	126,301	126,301
Lease liabilities	-	66,067	66,067	66,067
Accounts payable to former shareholders	-	45,508	45,508	45,508
<b>Total</b>	<b>-</b>	<b>250,010</b>	<b>250,010</b>	<b>250,010</b>

	<b>Consolidated 03/31/2020</b>			
	<b>Measured at fair value through profit and loss</b>	<b>Amortized cost</b>	<b>Book value</b>	<b>Fair value</b>
<b>Financial assets</b>				
Cash and cash equivalents	520,609	-	520,609	520,609
Accounts receivable	-	174,811	174,811	174,811
Derivatives	29,125	-	29,125	29,125
Restricted cash	10,100	-	10,100	10,100
<b>Total</b>	<b>559,834</b>	<b>174,811</b>	<b>734,645</b>	<b>734,645</b>
<b>Financial liabilities</b>				
Suppliers	-	17,319	17,319	17,319
Loans and financing	-	126,446	126,446	126,446
Lease liabilities	-	69,014	69,014	69,014
Accounts payable to former shareholders	-	45,508	45,508	45,508
Payables to clients	-	89,095	89,095	89,095
<b>Total</b>	<b>-</b>	<b>347,382</b>	<b>347,382</b>	<b>347,382</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

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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.

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:

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- Cash and cash equivalents: The Company adopts methods that limit the amounts that may be allocated to a single financial institution and consider the monetary limits and credit ratings of the financial institutions with which it operates, which are updated on a regular basis.
- 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 risk 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 amounts receivable from individual customers through bank slips are limited and represented approximately 14% of total accounts receivable as March 31, 2020 (20% as at December 31, 2019). The maximum exposure to credit risk as at March 31, 2020 is the amount shown in the statement of financial position.

### iii) Liquidity risk

Liquidity risk is 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 management areas, 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>March 31, 2020</b>				
Other liabilities	1,454	-	1,619	3,073
Suppliers	17,319	-	-	17,319
Loans and financing	7,064	61,501	57,881	126,446
Lease liabilities	1,174	3,522	64,318	69,014
Payables to clients	89,095	-	-	89,095
Accounts payable to former shareholders	14,842	-	30,666	45,508
	<b>130,948</b>	<b>65,023</b>	<b>154,484</b>	<b>350,455</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>

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### iv) Foreign currency risk

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.

## E) Sensitivity analysis

As at March 31, 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 March 31, 2020	Loss - Consolidated		
			Probable	Scenario A	Scenario B
Loans in foreign currency (U.S. dollar)*	Increase in US dollar rate	(108,807)	(5,479)	(27,396)	(54,792)
Loans in Reais adjusted by the IPCA index	Increase in IPCA index	(286)	(1)	(3)	(10)
Loans in Reais adjusted by the TJLP rate	Increase in TJLP rate	(16,129)	(41)	(205)	(410)
Financial investments adjusted by the CDI	Reduction in CDI	530,709	(969)	(4,843)	(9,685)
<b>U.S. dollar rate</b>					
		5.20	5.46	6.50	7.80
	<b>TJLP</b>	5.09%	5.34%	6.36%	7.64%
	<b>CDI (downward scenario)</b>	3.65%	3.47%	2.74%	1.83%
	<b>IPCA (upward scenario)</b>	3.94%	4.14%	4.93%	7.39%

(\*) 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)

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### F) Capital management

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:

	<b>03/31/2020</b>	<b>12/31/2019</b>
Loans and financing	126,446	116,513
(+) Lease liabilities	69,014	70,218
(+) Derivatives	(29,125)	(4,932)
(-) Cash and cash equivalents	(520,609)	(25,275)
(-) Restricted cash	(10,100)	(10,013)
(=) Net debt	(364,374)	146,511
(+) Total equity	634,479	88,333
(=) Total equity and net debt	<b>270,105</b>	<b>234,844</b>

### G) 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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Description	March 31, 2020		
	Company and Consolidated		
	Notional value	Fair value	Amount receivable (payable)
<b><u>Captação 3844/2018</u></b>			
Asset position	15,935	16,351	16,351
Liability position	(10,084)	(10,549)	(10,549)
	5,851	5,802	5,802
<b><u>Captação 3844/2019-1</u></b>			
Asset position	30,579	32,033	32,033
Liability position	(22,116)	(23,549)	(23,549)
	8,463	8,484	8,484
<b><u>Captação 3844/2019-2</u></b>			
Asset position	10,184	10,601	10,601
Liability position	(7,333)	(7,495)	(7,495)
	2,851	3,106	3,106
<b><u>Captação 4131</u></b>			
Asset position	52,109	53,297	53,297
Liability position	(39,143)	(41,564)	(41,564)
	12,966	11,733	11,733
<b>Total derivatives</b>	<b>30,131</b>	<b>29,125</b>	<b>29,125</b>
Mark-to-market – MTM (Balance as at March 31, 2020)		(1,006)	(1,006)
Mark-to-market – MTM (Balance as at December 31, 2019)			(2,695)
Mark-to-market – MTM in the period			1,689

### H) 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.

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

	Company					
	03/31/2020			03/31/2019		
	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	-	2,249	<b>2,249</b>	-	1,844	<b>1,844</b>
(-) Principal repayment in the period	(12,052)	-	<b>(12,052)</b>	(10,654)	-	<b>(10,654)</b>
(-) Interest, foreign exchange rate variation and derivatives paid	(2,752)	-	<b>(2,752)</b>	(2,522)	-	<b>(2,522)</b>
(+) Mark-to-market of derivatives	-	(1,689)	<b>(1,689)</b>	-	879	<b>879</b>
(=) Loans and financing, net of derivatives	(14,804)	560	<b>97,176</b>	26,824	2,723	<b>106,415</b>
Loans and financing – end of the period			126,301			112,602
Derivatives– end of the period			(29,125)			(6,187)

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	Consolidated					
	03/31/2020			03/31/2019		
	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	-	-	-	-	-	-
(+) Interest, foreign exchange rate variation and derivatives	-	2,249	<b>2,249</b>	-	2,073	<b>2,073</b>
(-) Principal repayment in the period	(12,067)	-	<b>(12,067)</b>	(10,937)	-	<b>(10,937)</b>
(-) Interest, foreign exchange rate variation and derivatives paid	(2,753)	-	<b>(2,753)</b>	(2,523)	-	<b>(2,523)</b>
(+) Mark-to-market of derivatives	-	(1,689)	<b>(1,689)</b>	-	879	<b>879</b>
(=) Loans and financing, net of derivatives	(14,820)	560	<b>97,321</b>	26,540	2,952	<b>106,480</b>
Loans and financing – end of the period			126,446			112,667
Derivatives – end of the period			(29,125)			(6,187)

## 22. Non-cash transactions

In the three-month period ended March 31, 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	
	03/31/2020	12/31/2019
Vehicles	5,500	5,500
Business (real estate and assets)	359,860	359,860
Electricity	201	201
Civil liability of managers	10,000	10,000
Civil liability	1,100	1,100
	<b>376,661</b>	<b>376,661</b>

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

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.

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

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. So, there was no impact on customer services, or 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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