

BR Advisory
Partners
Participações S.A.

**Parent and Consolidated financial
Statements as of
December 31, 2020,
2019 and 2018**

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Independent auditors' report on the Parent and Consolidated financial statements

To
The Board of Directors and Shareholders
BR Advisory Partners Participações S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of BR Advisory Partners Participações S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the Parent and Consolidated statements of financial position as at December 31, 2020, the Parent and Consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for opinion

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

Key audit matters

The key audit matters are those that, in our professional judgment, were the most significant in our audit of the current year. These matters were addressed in the context of our audit of the Parent and Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of financial instruments

See Notes 2.15 and 5 of Parent and Consolidated financial statements.

The Company has significant balances of financial instruments in private equity fund quotas classified as Level 3 in the fair value hierarchy. This fund has investments in the shares of privately-held companies, which are not quoted on a stock exchange or active market, measured at fair value, determined based on an economic and financial appraisal report prepared by an independent appraiser, who used the discounted cash flow which considers assumptions and expectations of projected future results of invested companies, such as: growth rates, discount rates and inflation rates.

Due to the relevance and uncertainties related to the assumptions for determining the fair value of the fund that may result in a material adjustment to the accounting balances of the financial statements in the next fiscal year, we considered this a significant issue in our audit.

How our audit addressed this matter:

Our audit procedures have included, but are not limited to:

- Evaluation, with the help of our specialists in corporate finance, of the valuation technique (discounted cash flow) and the reasonability and consistency of data and assumptions used for preparation of the report, such as growth rates, discount rates and inflation rates;
- Analysis, with the help of our specialists in corporate finance, of the adequacy of mathematical calculations included in such appraisal reports; and
- Evaluation of disclosures made in the financial statements.

Based on evidence obtained through the above-summarized procedures, we considered the measurement of financial instruments classified as Level 3, as well as related disclosures, as acceptable in the context of the financial statements taken as a whole.

Other matters – Statements of value added

Parent and Consolidated statements of value added for the year ended December 31, 2020, prepared under responsibility of Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements. To form our opinion, we evaluate if these statements are reconciled with financial statements and accounting records, as applicable, and if their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statements of Value Added. In our opinion, these statements of value added were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the Parent and Consolidated financial statements taken as a whole.

Responsibilities of Management for the Parent and Consolidated Financial Statements

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

In the preparation of Parent and Consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Parent and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent and Consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve the collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report, to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided to those charged with governance a statements that we fulfilled the material ethical requirements, including the applicable independence requirements, and report all the possible relationships or issues that could considerably affect our independence, including, when applicable, the respective disclaimers.

Of the matters that were reported to those charged with governance, we determined those that were considered the most significant in the audit of the individual and consolidated financial statements in the current year, and that, accordingly, comprise the key audit matters. We describe these matters in our audit report, unless a law or regulation has prohibited the public disclosure of the matter, or when, under extremely rare circumstances, we determine that the matter shall not be reported in our report, because the adverse consequences from such reporting may, from a reasonable perspective, exceed the benefits from the reporting for public interest.

São Paulo, February 9, 2021

KPMG Auditores Independentes
CRC 2SP014428/O-6



André Dala Pola
Accountant CRC 1SP214007/O-2

BR Advisory Partners Participações S.A.

Parent and consolidated statements of financial position at December 31

(In thousands of reais)

ASSETS	Notes	Parent			Consolidated		
		2020	2019	2018	2020	2019	2018
Cash and cash equivalents	4	5	-	248	47,102	58,308	35,762
Financial assets at fair value through profit or loss	5	70,121	59,292	55,022	540,349	344,744	326,913
- Government bonds		-	-	-	151,462	172,214	228,086
- Private securities		-	-	-	255,960	113,238	43,805
- Investment fund quotas		70,121	59,292	55,022	132,927	59,292	55,022
Derivative financial instruments	6(a)	-	-	-	38,090	24,876	8,934
Financial assets at amortized cost	7	120	43,258	36,260	85,609	99,547	130,872
- Private securities		-	-	-	-	3,853	3,669
- Loans operations		-	-	-	28,802	36,278	60,454
- Other financial assets at amortized cost		120	43,258	36,260	56,807	59,416	66,749
Dividends receivable		13,987	40,372	37,557	-	-	-
Recoverable taxes		11	41	257	27,422	1,599	2,779
Prepaid expenses		137	-	-	1,192	766	555
Deferred tax assets	19(b)	-	-	-	12,470	4,589	5,022
Investments in subsidiaries	9	265,780	185,743	172,867	-	-	-
Property, plant and equipment	10	151	672	1,296	3,609	6,932	2,523
Intangible assets	11	-	-	-	5,568	5,539	5,966
Total assets		350,312	329,378	303,507	761,411	546,900	519,326

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Parent and consolidated statements of financial position at December 31

(In thousands of reais)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Parent			Consolidated		
		2020	2019	2018	2020	2019	2018
Financial liabilities at amortized cost		-	-	-	289,506	141,706	179,949
- Funds from financial institutions	13(c)	-	-	-	-	39,006	23,007
- Clients' funds	13(a)	-	-	-	252,869	80,443	146,960
- Funds from bond issuances	13(b)	-	-	-	7,021	8,404	9,866
- Other financial liabilities	13(d)	-	-	-	29,616	13,853	116
Derivative financial instruments	6(a)	-	-	-	15,457	29,930	5,270
Amounts payable - suppliers	12	1,288	368	509	3,682	13,231	9,132
Amounts payable - associated companies		93	83	133	4	-	-
Taxes payable	19	3,850	10	18	31,597	6,549	4,409
Current tax liabilities	19	-	236	-	32,870	7,065	4,023
Deferred tax liabilities	19	10,214	11,059	11,171	23,218	24,046	23,788
Other amounts payable		41,122	10,314	10,314	69,869	12,398	11,393
Lease liabilities	21(g)	-	-	-	1,463	4,667	-
Total liabilities		56,567	22,070	22,145	467,666	239,592	237,964
Shareholders' equity							
Capital		268,843	238,396	225,630	268,843	238,396	225,630
Capital reserves		3,653	32,578	32,578	3,653	32,578	32,578
Profit reserves		21,249	46,648	33,468	21,249	46,648	33,468
Treasury shares		-	(10,314)	(10,314)	-	(10,314)	(10,314)
Total shareholders' equity	14	293,745	307,308	281,362	293,745	307,308	281,362
Total liabilities and shareholders' equity		350,312	329,378	303,507	761,411	546,900	519,326

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Parent and consolidated statements of profit or loss for the years ended December 31

(In thousands of reais)

	Notes	Parent			Consolidated		
		2020	2019	2018	2020	2019	2018
Interest income and gains on financial instruments		8,394	18	3,168	1,223,703	477,889	590,843
Interest expenses and losses on financial instruments		-	(331)	-	(1,176,956)	(451,377)	(559,467)
Net income (loss) from interest and gains / losses on financial instruments	16	8,394	(313)	3,168	46,747	26,512	31,376
Service revenues	15	-	-	-	189,279	201,638	104,302
Specialized technical service expenses	17(a)	(3,597)	-	-	(17,432)	(65,021)	(16,685)
Other revenues		6	209	51	3,672	796	1,073
Total revenues from rendering of services		(3,591)	209	51	175,519	137,413	88,690
Total revenues		4,803	(104)	3,219	222,266	163,925	120,066
Personnel expenses	17(b)	(2,346)	(44)	(126)	(48,410)	(25,104)	(25,483)
Administrative expenses	17(c)	(2,002)	(968)	(962)	(33,411)	(31,261)	(29,598)
Impairment losses		-	-	-	(359)	(90)	(105)
Other expenses	18	(428)	(215)	(250)	(6,911)	(4,183)	(1,263)
Operating expenses		(4,776)	(1,227)	(1,338)	(89,091)	(60,638)	(56,449)
Non-operating income (loss)		(728)	-	(11)	369	(126)	(55)
Net Income (loss) before taxes on profit and equity income		(701)	(1,331)	1,870	133,544	103,161	63,562
Share of profit of equity-accounted investees, net of tax	9	92,268	77,969	49,328	-	-	-
Income (loss) before income tax		91,567	76,638	51,198	133,544	103,161	63,562
Income taxes	19(a)	(2,832)	(123)	(1,071)	(44,809)	(26,646)	(13,435)
Net income for the period		88,735	76,515	50,127	88,735	76,515	50,127
Income (loss) attributable to Company's shareholders	14(c)				88,735	76,515	50,127
Basic earnings per common share - R\$					0.30	0.40	0.28
Basic earnings per preferred share - R\$					0.41	0.19	0.13
Diluted earnings per common share - R\$					0.30	0.40	0.28
Diluted earnings per preferred share - R\$					0.41	0.18	0.12

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Parent and consolidated statements of comprehensive income year ended December 31

(In thousands of reais)

	Parent			Consolidated		
	2020	2019	2018	2020	2019	2018
Net income for the period	88,735	76,515	50,127	88,735	76,515	50,127
Other comprehensive income (OCI)						
Items that are or may be subsequently reclassified to income or loss						
Changes in equity valuation adjustment of financial assets at fair value through other comprehensive income	-	-	-	-	-	(26)
Total comprehensive income for the period	88,735	76,515	50,127	88,735	76,515	50,101
Comprehensive income attributable to:						
Company shareholders (Note 14(c))				88,735	76,515	50,101

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Statements of changes in shareholders' equity year ended December 31

(In thousands of reais)

	Capital reserve			Profit reserve			Retained earnings	Total shareholders' equity
	Capital	Premium on the issuance of shares	Other	Legal	Other profit reserves	Treasury shares		
Balances at December 31, 2017	213,484	30,614	1,964	12,191	16,179	(10,314)	-	264,118
Net income for the year	-	-	-	-	-	-	50,127	50,127
Other comprehensive income in the year	-	-	-	-	-	-	(26)	(26)
Total comprehensive income, net of taxes	-	-	-	-	-	-	50,101	50,101
Transactions with shareholders and formation of reserves								
Capital increases	12,146	-	-	-	-	-	-	12,146
Formation of reserves	-	-	-	2,507	14,417	-	(16,924)	-
Dividends	-	-	-	-	(11,826)	-	(33,177)	(45,003)
Total transactions with shareholders and formation of reserves	12,146	-	-	2,507	2,591	-	(50,101)	(32,857)
Balances at December 31, 2018	225,630	30,614	1,964	14,698	18,770	(10,314)	-	281,362
Net income for the year	-	-	-	-	-	-	76,515	76,515
Total comprehensive income, net of taxes	-	-	-	-	-	-	76,515	76,515
Transactions with shareholders and formation of reserves								
Capital increases	12,766	-	-	-	-	-	-	12,766
Formation of reserves	-	-	-	3,826	22,037	-	(25,863)	-
Dividends	-	-	-	-	(12,683)	-	(50,652)	(63,335)
Total transactions with shareholders and formation of reserves	12,766	-	-	3,826	9,354	-	(76,515)	(50,569)
Balances at December 31, 2019	238,396	30,614	1,964	18,524	28,124	(10,314)	-	307,308
Net income for the year	-	-	-	-	-	-	88,735	88,735
Total comprehensive income, net of taxes	-	-	-	-	-	-	88,735	88,735
Transactions with shareholders and formation of reserves								
Capital increases	30,447	-	-	-	(453)	-	-	29,994
Formation of reserves	-	-	9,409	4,437	-	-	(4,437)	9,409
Transfer to treasury shares	-	(30,614)	30,614	-	-	-	-	-
Treasury shares	-	-	(38,334)	-	-	202	-	(38,132)
Sale of preferred treasury shares	-	-	-	-	(10,112)	10,112	-	-
Dividends	-	-	-	-	(19,271)	-	(84,298)	(103,569)
Total transactions with shareholders and formation of reserves	30,447	(30,614)	1,689	4,437	(29,836)	10,314	(88,735)	(102,298)
Balances at December 31, 2020	268,843	-	3,653	22,961	(1,712)	-	-	293,745

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Statements of cash flows: year ended December 31

(In thousands of reais)

	Notes	Parent			Consolidated		
		2020	2019	2018	2020	2019	2018
Cash flows from operating activities							
Net income		88,735	76,515	50,127	88,735	76,515	50,127
Adjustments for:							
Effect of changes in exchange rates on cash and cash equivalents		-	-	-	(5,736)	2,772	4,026
Impairment loss		-	-	-	359	90	105
Depreciation and amortization	17(c)	521	624	587	2,805	2,692	1,520
Write-off of property, plant and equipment	10	-	-	50	1,905	29	51
Deferred taxes		(845)	-	-	(8,709)	691	2,915
Income taxes		2,832	123	1,071	44,809	26,646	13,435
Tax provisions		(236)	(235)	-	25,805	3,042	(2,991)
Income (loss) from interest in subsidiaries		(92,268)	(77,969)	(49,328)	-	-	-
Income (loss) in the write-off of fixed assets		-	-	(12)	-	-	110
Other adjustments		134	-	(62)	(165)	973	94
		(1,127)	(942)	2,383	149,808	113,450	69,392
Change in:							
Financial assets measured at fair value through profit or loss		(10,829)	(4,270)	(3,130)	(195,605)	(17,831)	(74,886)
Derivative financial instruments		-	-	-	(27,687)	8,718	8,871
<i>Financial assets at amortized cost</i>							
- Money market repurchase commitments		-	-	-	3,853	(184)	(221)
- Loan operations		-	-	-	7,476	21,326	(33,332)
- Other financial assets at amortized cost		43,138	(10,094)	(726)	2,609	7,333	(7,443)
Financial assets at fair value through other comprehensive income		-	-	-	-	-	6,508
Recoverable taxes		30	216	260	(25,823)	1,180	5,236
Prepayments		(137)	-	-	(426)	(211)	282
Amounts payable - Suppliers		920	(141)	150	(1,467)	4,099	3,214
<i>Financial liabilities at amortized cost</i>							
- Funds from financial institutions		-	-	-	(39,006)	15,999	23,007
- Client's funds		-	-	-	172,426	(66,517)	44,030
- Endorsements		-	-	-	(1,383)	(1,462)	(165)
- Other financial liabilities		-	-	-	15,763	13,737	(3,226)
Lease liabilities		-	-	-	(3,204)	(4,667)	-
Amounts payable - associated companies		10	(50)	56	4	-	(15)
Dividends receivable		26,385	(2,815)	9,301	-	-	-
Taxes payable		1,242	(8)	(29)	3,143	(6,664)	(12,973)
Other sums payable		30,808	-	-	49,389	5,672	73
		90,440	(18,104)	8,265	109,870	93,978	28,352
Interest paid		-	-	-	-	(2)	(404)
Interest received		65	-	-	-	2,850	2,340
Income tax and social contribution paid		(234)	-	-	(22,904)	(17,842)	(10,739)
Net cash generated (used in) operating activities		90,271	(18,104)	8,265	86,966	78,984	19,549
Cash flows from investment activities							
Increase in investment in Investee	9	(72,250)	-	-	-	-	-
Dividends received		84,481	59,463	34,190	-	-	-
Funds from sale of fixed assets for use		4	-	-	11	-	-
Acquisition of fixed assets for use	10	-	-	-	(941)	(6,703)	(335)
Acquisition of intangible assets	11	-	-	-	(477)	-	(510)
Capital decrease in investee		-	-	(4,752)	-	-	(2,606)
Cash generated (used in) investment activities		12,235	59,463	29,438	(1,407)	(6,703)	(3,451)
Cash flows from financing activities							
Funds from issuance of shares		30,447	12,766	5,913	30,447	12,766	12,146
Sale of preferred treasury shares		10,112	-	-	10,112	-	-
Funds from disposal of shares		202	-	-	202	-	-
Repurchase of shares		(38,334)	-	-	(38,334)	-	-
Funds from loan agreement		(42,482)	2,678	(560)	(42,482)	(2,678)	(560)
Dividends paid		(62,446)	(57,051)	(43,490)	(62,446)	(57,051)	(41,858)
Cash generated by (used in) in financing activities		(102,501)	(41,607)	(38,137)	(102,501)	(46,963)	(30,272)
Increase/(decrease) in cash and cash equivalents		5	(248)	(434)	(16,942)	25,318	(14,174)
Cash and cash equivalents at the beginning of the year	4	-	248	682	58,308	35,762	53,962
Effect of changes in exchange rates on cash and cash equivalents		-	-	-	5,736	(2,772)	(4,026)
Increase/(decrease) in cash and cash equivalents	4	5	-	248	47,102	58,308	35,762
Cash and cash equivalents at the end of the year		5	(248)	(434)	(16,942)	25,318	(14,174)

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Statements of value added: year ended December 31

(In thousands of reais)

	Notes	Parent			Consolidated		
		2020	2019	2018	2020	2019	2018
Revenues		8,400	227	3,219	1,416,295	680,233	696,113
Financial Intermediation		8,394	18	3,168	1,223,703	477,889	590,843
Rendering of services	15	-	-	-	189,279	201,638	104,302
Allowance for doubtful accounts - Reversal/(Formation)		-	-	-	(359)	(90)	(105)
Other		6	209	51	3,672	796	1,073
Financial expenses		429	331	-	1,176,956	451,377	559,362
Inputs acquired from third parties		4,318	336	333	47,647	94,917	43,969
Materials, energy and others		291	121	83	23,304	25,713	25,676
Specialized technical services		3,597	-	-	17,432	65,021	16,685
Other operating expenses		430	215	250	6,911	4,183	1,263
Gross value added		3,653	(440)	2,886	191,692	133,939	93,127
Depreciation and amortization		521	624	625	2,805	2,692	1,520
Net value added produced by the Company		3,132	(1,064)	2,261	188,887	131,247	91,607
Value added received as transfer		91,540	77,969	49,317	369	(126)	(55)
Equity in net income of subsidiaries		92,268	77,969	49,328	-	-	-
Other		(728)	-	(11)	369	(126)	(55)
Total value added payable		94,672	76,905	51,578	189,256	131,121	91,552
Distribution of value added		94,672	76,905	51,578	189,256	131,121	91,552
Personnel	17(b)	2,346	44	126	48,410	25,104	25,483
Direct remuneration		494	-	-	29,918	15,334	14,399
Benefits		94	26	54	4,419	3,729	3,751
FGTS		40	-	-	2,453	1,026	1,199
Other		1,718	18	72	11,620	5,015	6,314
Taxes, duties and contributions		3,591	346	1,325	50,455	27,508	13,917
Federal		3,591	346	1,325	49,278	27,173	13,630
Municipal		-	-	-	1,177	335	287
Third-party capital remuneration		-	-	-	1,656	1,994	2,025
Rents	21(g)	-	-	-	1,656	1,994	2,025
Remuneration of own capital		88,735	76,515	50,127	88,735	76,515	50,127
Retained earnings for the year		88,735	76,515	50,127	88,735	76,515	50,127

See the accompanying notes to financial statements.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

1. Operations

BR Advisory Partners Participações S.A. (“Company” or “Parent” and jointly with subsidiaries “BR Partners Group” or “Group”), is a privately-held corporation, established in the second half of 2009, headquartered at Avenida Brigadeiro Faria Lima nº 3.355 - 26º floor, in the city of São Paulo, State of São Paulo, Brazil. It is engaged in investing in other companies, domestic or foreign, as a partner, quota holder or shareholder and management of own assets. Control of the Company is exercised by BR Partners Holdco Participações S.A., through a shareholders’ agreement, which holds 100% of the common shares representing 50% (50% in 2019 and 50% in 2018) of the total capital. The Company was formerly controlled by BR Partners Holdco Participações Ltda. and on September 1, 2020, was merged by BR Partners Holdco Participações S.A.

The Company holds an interest as a direct parent company in the following companies:

Subsidiaries	Main activities	Country	% interest		
			2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾
BR Partners Assessoria Financeira Ltda.	Rendering of advisory and consulting services	Brazil	99.99	99.99	99.99
BR Partners Gestão de Recursos Ltda.	Securities portfolio administration and third-party asset management	Brazil	99.99	99.99	99.99
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	Provision of advisory and consulting services in structuring IPO operations	Brazil	99.99	99.99	99.99
BR Partners Europe B.V.	Corporate management consulting	Holland	100	100	100
BR Partners Participações Financeiras Ltda.	Ownership interest in other domestic or foreign companies	Brazil	99.99	99.99	99.99

⁽¹⁾ Refers to the 0.01% interest of BR Partners Holdco Participações S.A. as of September 1, 2020 (refers to 0.01% of BR Partners Holdco Participações Ltda. in 2019 and 2018)

The Company holds an interest as an indirect parent company in the following companies:

Subsidiaries	Main activities developed	Country	% interest		
			2020 ⁽³⁾	2019 ⁽³⁾	2018 ⁽³⁾
BR Partners Banco de Investimento S.A. ⁽¹⁾	Asset, liability and accessory operations inherent to the investment portfolio and foreign exchange	Brazil	99.99	99.99	99.99
BR Partners Corretora de Títulos e Valores Mobiliários S.A.	Provision of brokerage services to local customers and foreign institutional customers	Brazil	⁽²⁾	99.99	99.99

⁽¹⁾ The structure of BR Partners Banco de Investimento S.A. has two exclusive funds, which are: Total Multimarket Foreign Investment Fund - Private Credit and BR Partners Capital, (Note 9(ii))

⁽²⁾ On November 19, 2020, the disposal of BR Partners Corretora de Títulos e Valores Mobiliários S.A. was approved by the Central Bank of Brazil, so that it is no longer part of the Group (Note 9 (ii)).

⁽³⁾ Refers to the 0.01% interest of BR Partners Holdco Participações S.A. as of September 1, 2020 (refers to 0.01% of BR Partners Holdco Participações Ltda. in 2019 and 2018)

The Company is primarily engaged in the rendering of advisory and consulting services, and the Group companies are distinguished by the operations carried out thereby, according to Note 9.

The Company’s financial statements were approved for issuance by Management on February 9, 2021.

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Notes to the financial statements

(In thousands of reais)

2. Summary of significant accounting practices

The significant accounting practices adopted in the preparation of financial statements are as follows below. Those practices were consistently applied throughout the years presented.

2.1 Basis of preparation and presentation

Statements of conformity regarding IFRS and BR GAAP

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

BR GAAP is based on the technical pronouncements (CPCs) approved by the *Conselho Federal de Contabilidade*.

2.2 Individual financial statements

In the Parent Company financial statements, subsidiaries are accounted for under the equity method, adjusted in proportion to the interest held in the Group's contractual rights and obligations.

2.3 Consolidated financial statements

In the consolidated financial statements, the Company consolidated the financial statements of all subsidiaries. Control is considered as existent, when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

In the consolidation, intercompany balances and transactions were eliminated through the following procedures: a) elimination of asset and liability account balances between consolidated companies; b) elimination of the Company's investment balances with the balances of capital, reserve and retained earnings (losses) of the subsidiaries.

The subsidiaries are fully consolidated as of the date control is transferred to the Company, and stop being consolidated as of the date when control no longer exists. Operations among Group's companies, as well as the balances, unrealized gains and losses in operations among the Company and its subsidiaries were eliminated. Losses between Group's companies are also eliminated, except in the case of impairment, when they must be recognized in the consolidated financial statements.

When the entity loses control over a subsidiary, the Group derecognizes assets and liabilities and any non-controlling interest and other components recorded in shareholders' equity referring to that subsidiary. Any gain or loss resulting from loss of control is recognized in income (loss). If the Group holds any in interest in the former subsidiary, this interest is measured at fair value on the date control is lost.

2.4 Foreign currency translation

a. Functional and presentation currency

Financial statements are presented in thousands of Reais, which is the functional currency of the Company.

b. Foreign currency transactions

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

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Notes to the financial statements

(In thousands of reais)

currencies, are recognized in the statements of profit or loss.

Exchange gains and losses resulting from the settlement of those transactions and from the conversion at each period-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in financial statements as interest revenues or expenses and gains on financial instruments.

2.5 Use of estimates and judgments

In the preparation of these financial statements, Management used judgments and estimates that affect the Group's application of accounting policies and amounts reported of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis. The information on judgments is continuously reviewed by an annual basis by the Management areas.

- **Fair value of financial instruments**

Financial instruments recorded at fair value in our consolidated financial statements are mainly comprised by financial assets measured at fair value through profit or loss, including derivatives and financial assets measured at fair value through other comprehensive income. The fair value of a financial instrument corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date.

Financial instruments are categorized within a hierarchy based on the lowest level of information, which is significant for measuring fair value. For instruments classified as Level 3, we use our own judgment to arrive at the fair value measurement.

We base our judgment decisions on our knowledge and observations of the markets relevant to the individual assets and liabilities, and those judgments may vary based on market conditions. In applying our judgment, we look at a range of third-party prices and transaction volumes to understand and assess the extent of market benchmarks available and the judgments or modeling required in third-party processes. Based on these factors, we determine whether the fair values are observable in active markets or whether the markets are inactive. Imprecision in estimating unobservable market inputs can impact the amount of revenue or loss recorded for a particular position. Furthermore, while we believe our valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value on the reporting date. For a detailed discussion of the determination of fair value of financial instruments please, see Note (Note 2.15(b)).

- **Impairment loss**

Determining the level of provision for expected credit loss requires estimates and the use of judgments.

For estimates of measurement of impairment for financial assets measured at amortized cost, requires complex quantitative assessments and assumptions about future economic conditions and customer behaviors.

The judgments necessary to apply the accounting requirements to measure impairment loss are:

- Establishment of criteria to determine the significant increase in credit risk, carrying out an initial rating assessment and periodic monitoring of the updated rating;

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- Assessment of the risk profile of each client, taking into account, among other aspects: i) company profile; ii) sector of activity; iii) macroeconomic performance; and iv) the structure of the operation and its guarantees (if any); and
- Analysis of prospective scenarios, applying model inputs according to GDP, market rates and main economic indicators (“Focus”).

- **Deferred tax assets**

Tax credits on tax loss carryforwards will be realized according to the generation of taxable profits. Such tax credits are recognized in the accounts based on the current expectations of their realization, considering technical studies and analysis performed by Management in the projections of future profits and determination of the expected time of realization.

- **Impairment of goodwill**

At least annually, the Group assesses whether the current book value of goodwill has been impaired. The first step in the process requires the identification of independent cash-generating units (CGUs) and the allocation of goodwill to such units.

The economic-financial modeling was conducted in order to demonstrate its estimated cash generation capacity in the period considered under full operating and administrative conditions, with the following premises:

- Free cash flow was analytically projected for a period of 8 years and considered perpetual after 2027, with a nominal growth of 6.5%;
- For the annual period, the fiscal year from January 1 to December 31 was considered;
- For the calculation of the present value, the half-year agreement (half-year agreement) was considered, that is, it is considered that cash flows are generated linearly throughout the year and, therefore, half of the year (mid-year point) is the one that best represents the Company's average cash generation point;
- The flow was projected in local currency and the present value updated with a nominal discount rate.

The discount rate was obtained using the Capital Asset Pricing Model (CAPM) methodology, in which the cost of capital is estimated based on the estimated return required by the Company's shareholders.

The calculation of the operating value is based on the cash flow of dividends for the next 8 years and the Bank's residual value thereafter (considering a growth rate in perpetuity "g" of 6.5%), discounting these values at present value, using the nominal discount rate.

The recoverable amount of a cash-generating unit is determined based on calculations of the value in use. These calculations use cash flow projections, before income tax and social contribution, based on financial budgets for an 8-year period and perpetuity.

In the year ended December 31, 2020, the company carried out the annual impairment test of its CGU and did not record losses on the amounts recorded.

- **Revenue recognition**

- **Interest revenues and gains on financial instruments**

These revenues are recognized in accordance with the elapsed time at the accrual basis using the effective interest rate method.

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(In thousands of reais)

- Revenues from rendering of services

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognizes revenue when it transfers control over services rendered to the customer, utilizing judgment to determine whether the recognition of revenue is done over time or at a specific date (Note 2.12(b)).

- **Contingent liabilities**

Provisions are reviewed on a regular basis and are formed considering the opinion of legal advisors, nature of lawsuits, similarity with previous proceedings, complexity and positioning of Courts. If the classification is assessed as probable, the best estimate of the considerations required to settle the obligation at the end of each year is recorded having taken into consideration the risks and uncertainties related to the obligation.

2.6 Significant accounting policies

2.6.1 Revenue from contract with customer

For revenues from contracts with customers, IFRS 15 / CPC 47 - Revenue from contracts with customers, effective as of January 1, 2018, was adopted, using the cumulative effect method (without the practical expedient). This standard established a comprehensive framework for determining whether and when revenue must be recognized, replacing the IAS 18 / CPC 30 - Revenues.

The Company evaluated its contracts with customers. The Company did not identify significant execution obligations in sales of services and concluded that there was no significant impact on the Company's individual and consolidated financial statements. Revenue recognition occurs at the time the service is completed and delivered to the customer, usually upon conclusion of the work.

2.6.2 Financial instruments

(i). Recognition and measurement

For IFRS 9 / CPC 48 - Financial Instruments, the Group performs the following: (i) uses models for the classification and measurement of financial instruments; (ii) measures expected credit losses for financial assets; and (iii) complies with hedge accounting requirements, maintaining the main guidelines related to the recognition and derecognition of financial instruments (IAS 39).

(ii). Classification and measurement of financial assets

The Company classifies its financial assets under the following measurement categories: Fair value through profit or loss ("FVTPL"); Fair value through other comprehensive income (FVTOCI); or amortized cost. The classification depends on the analysis performed on the business model and the SPPI (Solely Payments of Principal and Interest) test. For risk management and regulatory purposes, portfolios are also segregated as: i) Trading portfolio comprised by all operations carried out with financial instruments, including derivatives, held not for trading or to allocated to hedge of other own portfolio instruments and which are not subject to tradability restrictions; and ii) Banking Portfolio, comprising operations not classified in the Trading Portfolio, arising from the Group's other businesses and their respective hedges.

a. Financial instruments at amortized cost

A financial asset, if not designated at fair value through profit or loss on initial recognition, is measured at amortized cost if both of the following conditions are met:

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(In thousands of reais)

- It is held within a business model whose purpose is to maintain assets to obtain contractual cash flows; and
- The contractual terms of financial asset represent contractual cash flows that represent solely payments of principal and interest (SPPI).

The book value of these assets is adjusted for any recognized impairment provision; interest revenue on these financial assets is included in 'Interest income and gains on financial instruments', using the effective interest rate method.

b. Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are comprised by financial instruments held for trading and items designated at fair value through profit or loss on initial recognition. Moreover, financial assets with contractual terms that do not only represent principal and interest payments are also measured at fair value through profit or loss.

Financial instruments measured at fair value through profit or loss are initially recognized at fair value, with costs related to the transaction being recognized in the profit or loss when incurred. Subsequently, such instruments are measured at fair value, and any gains or losses are recognized in profit or loss as they are determined.

When a financial asset is measured at fair value, a credit assessment adjustment is included to reflect the credit quality of the counterparty, representing changes in the fair value attributable to the credit risk.

At initial recognition, the financial asset or liability may be irrevocably designated, as measured at fair value through profit or loss if eliminating or reducing a measurement or recognition inconsistency ("accounting mismatch") which may otherwise result from the measurement of assets or liabilities or the recognition of gains and losses on these assets and liabilities on a different basis.

c. Financial instruments at fair value through other comprehensive income - equity and debt instruments

Equity instruments are instruments that meet the definition of shareholders' equity from the perspective of the issuer; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the shareholders' equity of the issuer.

Debt instruments are instruments that meet the definition of a financial liability from the perspective of the issuer, such as loans, government and private bonds. The subsequent classification and measurement of debt instruments depends on the business model to manage the asset of the asset's cash flow characteristics.

Investments in debt instruments are measured at fair value through other comprehensive income (FVTOCI) when they:

- Have contractual terms that give rise to cash flows on specific dates, which represent only payments of principal and interest on the outstanding principal balance; and
- They are maintained in a business model whose purpose is achieved both by the receipt of contractual cash flows and sale.

These debt instruments are initially recognized at fair value plus transaction costs directly attributed and subsequently measured at fair value. Gains and losses arising from changes in fair value are recorded in other comprehensive income. Impairment gains and

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losses, interest revenues and foreign exchange gains and losses are recorded in the income (loss). In the settlement of the debt instrument, the gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

The Group did not have equity instruments at fair value through other comprehensive income for the years ended December 31, 2020 and 2019.

d. Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured as amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss).

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

(iii). Evaluation of business model and evaluation of SPPI

- The subsequent classification and measurement of debt instruments depends on the business model to manage the asset of the asset's cash flow characteristics based on analysis of Solely Payments of Principal and Interest (SPPI) test:
- Business model: The business model reflects how the Group manages its financial assets. That is, it prospectively assesses expected losses, always using the amounts / procedures / methodologies / provisions defined in our internal manuals as a criterion for allowances.
- Financial assets at amortized cost: classification of assets at amortized cost refers to assets that are held for collection of contractual, where those contractual flows represent only principal and interest payments and are not designated at fair value through profit or loss. They are measured at amortized cost. This category includes loans, financing (loan operations) and other receivables. This category also includes Securities that meet the criteria of this category. These investments are measured at amortized cost less provision for expected credit losses, with revenue recognized by using the effective interest rate.
- Financial assets at fair value through other comprehensive income (FVTOCI): this category includes debt instruments which, depending on the business model, are aimed at collecting contractual cash flows or sales cash flows, and have contractual cash flows that correspond exclusively to payments of principal and interest .
- Financial assets at fair value through other comprehensive income are stated at fair value with changes in fair value recognized in a separate line of "Equity valuation adjustments" in shareholders' equity, net of tax effects, except for expected credit losses and interest from these assets that are recognized in income (loss). When the investment is disposed, income previously accumulated in the adjustment at fair value account in shareholders' equity is reclassified to income (loss).
- Financial assets at fair value through profit and loss (FVTPL): this category includes financial assets not classified as "Financial assets at amortized cost" and "Financial assets at fair value in other comprehensive income".

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(In thousands of reais)

(iv). Identification and evaluation of impairment

Expected credit loss model: IFRS 9 / CPC 48 requires the Company to record the expected credit losses on all of its financial assets not classified as FVTPL, on a 12-month basis or over the lifetime of the instrument. In the evaluation of the expected credit losses model, the Company adopted the default criteria and significant increase of credit risk and took into consideration its current procedure for provision for losses on bad debtors, the credit risk characteristics of the operations, its business segments and customers, its historical default rate, future estimates of losses and growth indicators applicable to the Company's area of activity.

For the default criterion, the Company adopts 90 days in arrears, and regarding the criterion of significant increase in the level of risk, the Company considers the difference of two points up between the initial classification of operation's risk level and the current risk level assessment. This differential can be given by the assessment of the customer's rating by the Credit Department with subsequent approval by the Credit Committee. The Company assesses the risk profile of each customer, always taking into account the following topics, among other aspects: i) company's profile; ii) area of activity; iii) macroeconomic performance; and iv) structure of the operation and its guarantees.

2.6.3 Lease

- The Group adopted the IFRS 16 / CPC 06(R2) - Lease using the modified approach on a retrospective basis, in which the cumulative effect of first-time adoption in the opening balance of retained earnings on January 1, 2019. Thus, the comparative information presented for 2018 has not been restated - that is, it is presented as previously reported according to IAS 17 / CPC 06 (R1) and related interpretations. Moreover, the disclosure requirements of IFRS 16 / CPC 06 (R2) in general were not applied to comparative information.

In accordance with IFRS 16 / CPC 06(R2), an agreement is or contains a lease if transfers the right to control the use of an identified asset for a period in exchange for consideration. Thus, the Company starts to recognize the right-of-use assets and lease liabilities that represent its rights to use the real estate and lease liabilities that represent its obligation to pay the lease of such real estate.

As a result of applying IFRS 16 / CPC 06, we present the amounts in Note 21(g).

2.6.4 Uncertainty over income tax treatment

IFRIC 23 / ICPC 22 - Uncertainty over income tax treatment was adopted for the first time as of January 1, 2019. The standard explains how to apply the requirements of recognition and measurement of IAS 12 / CPC 32 - Income Taxes, (IAS 32 - Income taxes) ("IAS 12 / CPC 32") when there is uncertainty over the treatments of income tax.

There adoption of this standard had no significant impact on the financial statements.

2.6.5 Issued standards and interpretations not yet effective

Several new standards will become effective for the years started after January 1, 2020. The Group did not adopt these standards for preparation of these financial statements.

The following changes in standards and interpretations are not expected to have a significant impact on Group's Parent and Consolidated financial statements:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

2.7 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other highly liquid short-term interest earning bank deposits with original maturities of up to 3 months as of investment date, are convertible into a known sum of cash and subject to an insignificant risk of change of value.

2.8 Property, plant and equipment

Property, plant and equipment items are stated at historical cost of acquisition less depreciation and any unrecoverable accumulated loss. The historical cost directly includes attributable expenditures necessary for preparing the asset for the use intended by Management. Depreciation of assets is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, as follows:

Machinery and equipment	10 years
Facilities	10 years
Furniture and fixtures	10 years
IT and telephonic equipment	5 years
Right-of-use of real estate ⁽¹⁾	5 years

⁽¹⁾ Refers to lease agreements (Note 2.6.3 and Note 21(g)).

Depreciation methods, useful lives and residual values are reviewed at each statements of financial position date and adjusted if appropriate. Any gains and losses on disposal of property, plant and equipment item are recognized in income (loss).

2.9 Intangible assets

Intangible assets are represented by the license acquired to operate and exercise the private activities of Financial Institutions previously carried out by Banco Porto Seguro S.A. in the Partial Spin-Off process registered in the Minutes of the Shareholders' Meeting held on April 30, 2012, and registered with BR Partners Participações Financeiras Ltda., the parent company of BR Partners Banco de Investimento S.A. and BR Partners Corretora de Títulos e Valores Mobiliários S.A. These assets are measured at cost, less accumulated impairment losses.

Acquired software licenses are also included in intangible assets and are stated at historical cost less amortization and accumulated impairment losses. Amortization is in accordance with the acquisition contract and may vary or may even be undefined; when determinate, it is calculated using the straight-line method to allocate the cost of software licenses acquired during the estimated useful life of the contract.

Estimated useful lives are as follows:

Software	1–5 years
Other	Undetermined

2.10 Other current and non-current assets and liabilities

Current assets are stated at acquisition cost plus income and monetary correction and exchange-rate changes incurred, less (where applicable) the provision for losses.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

Current liabilities are stated at known or estimated amounts, less corresponding expenses to be appropriated, plus charges and monetary correction (on a prorated basis) and foreign exchange changes incurred up to the statements of financial position closing date.

2.11 Capital

Preferred shares have no voting rights, but they have priority on common shares in the reimbursement of capital, in the event of liquidation, up to the amount of capital represented by such preferred shares and the right to receive a minimum dividend per share of 10% (ten percent) higher than the dividend distributed per share to holders of common shares. The shareholders will be entitled to a minimum mandatory non-cumulative dividend corresponding to 0.1% (zero-point one percent) of the total adjusted net income.

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the Group's normal course of activities. Revenue is stated net of taxes, rebates and discounts.

The Group recognizes revenues as described below:

a. Net income (loss) from interest and gains / losses in financial instruments

Revenues from financial instruments are recognized in accordance with the elapsed time on the accrual basis using the effective interest rate method. These revenues substantially comprise the following operations:

- Loan operations;
- Foreign Currency operations;
- Interbank investments;
- Securities; and
- Operations with derivative financial instruments.

b. Revenues from rendering of services

• Recognition of revenues from rendering of services

Revenue from contracts with customer sets forth a comprehensive framework for determining whether and when income is recognized, and how revenue is measured. Thus, revenue is recognized when the client obtains control of the goods or services as well as the achievement of performance obligations set forth in contract. Determining the moment of the transfer of control - at a specific point in time or over time, as demonstrated in the recognition policies shown below.

• Obligations on performance and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with customer. The Group recognizes the revenue when the control over the product or service is transferred to the client.

The table below provides information about the nature and time of the compliance with performance obligations under agreements with clients:

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

Type of service	Nature and timing of fulfillment of performance obligations	Revenue recognition policy
Commission, structuring and placement of securities - Sales & Trading	Commission on the placement and intermediation of securities on the market and by various types of financial services. It acts in the structuring and distribution of financial products developed specifically according to the needs of each customer.	Revenue is recognized at a specific point in time, being the placement of the security, through contractual fees and commission percentages, and the payment date which is stipulated in the contract
Asset administration and management	BR Partners advises its customers in the process of asset management and Fund portfolio administration	Revenue recognition takes place over time, by receiving monthly management fees charged for service provided.
Financial advisory and consulting - Investment Banking	BR Partners offers financial and strategic consulting services related to mergers and acquisitions, fundraising, strategic partnerships, joint ventures, and corporate restructuring	Revenue recognition takes place at a specific point in time, when performance obligations established in the contract are met. Revenue recognition takes place over time, due to the obligations entered into within the contract, in relation to financial advisory and business restructuring support.

2.13 Income taxes

Income tax expenses comprise current and deferred corporate income tax (IRPJ) and social contribution (CSLL). Current and deferred taxes are recognized in income (loss) unless they are related to the business combination, or items directly recognized in shareholders' equity or other comprehensive income.

For the Parent Company and other company, except for o BR Partners Banco de Investimento S.A. ("Bank") and BR Partners Gestão de Recursos Ltda. ("Fund Management"), current and deferred income tax and social contribution are calculated based on rates of 15%, plus additional 10% on taxable income exceeding R\$ 240 for income tax, and 9% on taxable income for social contribution on net income, considering offset of tax losses and social contribution negative basis, limited to 30% of taxable income for the year.

For the Bank, the provision for income tax is formed at the rate of 15% on taxable income, plus a surtax of 10%. For taxable income in excess of R\$ 240 in the year; the provision for social contribution tax is formed at the rate of 20% on taxable income.

For the Fund Management, the deemed income is used to calculate the income tax and social contribution, applying the nominal rates on deemed income calculated based on its operating revenues and over its financial revenues, with 32% of assumed profit, 25% for income tax and 9% for social contribution, respectively.

The current income tax and social contribution charges are calculated based on tax laws effective on statements of financial position date.

Deferred tax assets and liabilities include temporary differences identified as values expected to be paid or recovered upon differences between accounting values of assets and liabilities, and their respective calculation basis, and accumulated tax credits and losses. These values are measured at the rates expected to be applied in the period in which the asset will be realized or liability will be liquidated.

Tax credits on temporary differences will be realized when respective provisions are used and/or reversed.

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2.14 Distribution of dividends

The distribution of dividends to Company's shareholders is recognized as a liability in financial statements. Any amount above the mandatory minimum is provisioned only on the date of its approval by the General Meeting.

2.15 Fair value estimate

Fair value is classified for by the Company in accordance with the evaluation method. The different levels were defined as follow:

- Level 1 - Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2 - The evaluation uses information, in addition to quoted prices included in Level 1, information included in level 1 that are observable in the market for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3 - The evaluation uses significant information which is not based on observable market data (i.e., non-observable inputs).

The following table presents assets and liabilities measured at fair value at December 31, 2020, 2019 and 2018.

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(In thousands of reais)

a. Accounting classification and fair values

i. Parent company

	FVTPL	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total 2020
Assets							
Cash and cash equivalents	-	5	5	-	-	-	-
Equity investment fund quotas	70,121	-	70,121	-	-	70,121	70,121
Other amounts receivable from related parties	-	120	120	-	-	-	-
Total	70,121	125	70,246	-	-	70,121	70,121
Assets							
Equity investment fund quotas	59,292	-	59,292	-	-	59,292	59,292
Other amounts receivable from related parties	-	43,258	43,258	-	-	-	-
Total	59,292	43,258	102,550	-	-	59,292	59,292
Assets							
Cash and cash equivalents	-	5	5	-	-	-	-
Bank Deposit Certificates	243	-	243	-	243	-	243
Equity investment fund quotas	55,022	-	55,022	-	-	55,022	55,022
Other amounts receivable from related parties	-	36,260	36,260	-	-	-	-
Total	55,265	36,265	91,530	-	243	55,022	55,265

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(In thousands of reais)

ii. Consolidated

	FVTPL	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total 2020
Financial assets							
Government bonds							
- Financial treasury bills (LFTs)	53,788	-	53,788	53,788	-	-	53,788
- National treasury bills (LTNs)	97,674	-	97,674	97,674	-	-	97,674
Private securities							
- Certificates of real estate receivables	211,095	-	211,095	-	211,095	-	211,095
- Real Estate Credit Bill	44,865	-	44,865	-	44,865	-	44,865
Investment fund quotas							
- Equity investment fund quotas ⁽¹⁾	70,121	-	70,121	-	-	70,121	70,121
- Quotas of real estate investment fund	62,806	-	62,806	-	62,806	-	62,806
Loan operations	-	28,802	28,802	-	-	-	-
Other financial assets at amortized cost							
- Other amounts receivable from related parties	-	5	5	-	-	-	-
- Foreign exchange	-	28,095	28,095	-	-	-	-
- Services receivable	-	22,342	22,342	-	-	-	-
- Clients' reimbursements	-	4,236	4,236	-	-	-	-
- Other	-	2,129	2,129	-	-	-	-
Cash and cash equivalents	-	47,102	47,102	-	-	-	-
Total	540,349	132,711	673,060	151,462	318,766	70,121	540,349
Financial liabilities							
- Client's funds	-	252,869	252,869	-	-	-	-
- Endorsements	-	7,021	7,021	-	-	-	-
- Other financial liabilities	-	29,616	29,616	-	-	-	-
Derivatives							
- Swap	9,121	-	9,121	-	9,121	-	9,121
- NDF (non-deliverable forward)	5,181	-	5,181	-	5,181	-	5,181
- Futures	1,155	-	1,155	1,155	-	-	1,155
Total	15,457	289,506	304,963	1,155	14,302	-	15,457

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(In thousands of reais)

	FVTPL	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total 2019
Financial assets							
Government bonds							
- Financial treasury bills (LFTs)	123,249	-	123,249	123,249	-	-	123,249
- National treasury bills (LTNs)	48,965	-	48,965	48,965	-	-	48,965
Private securities							
- Debentures	-	3,853	3,853	-	-	-	-
- Certificates of real estate receivables	113,238	-	113,238	-	113,238	-	113,238
Investment fund quotas							
- Equity investment fund quotas ⁽¹⁾	59,292	-	59,292	-	-	59,292	59,292
Loan operations	-	36,278	36,278	-	-	-	-
Other financial assets at amortized cost							
- Other amounts receivable from related parties	-	43,331	43,331	-	-	-	-
- Services receivable	-	12,541	12,541	-	-	-	-
- Clients' reimbursements	-	1,017	1,017	-	-	-	-
- Other	-	2,527	2,527	-	-	-	-
Cash and cash equivalents	-	58,308	58,308	-	-	-	-
Total	344,744	157,855	502,599	172,214	113,238	59,292	344,744
Financial liabilities							
- Funds from financial institutions	-	39,006	39,006	-	-	-	-
- Client's funds	-	80,443	80,443	-	-	-	-
- Endorsements	-	8,404	8,404	-	-	-	-
- Other financial liabilities	-	13,853	13,853	-	-	-	-
Derivatives							
- Swap	325	-	325	-	325	-	325
- NDF (non-deliverable forward)	28,831	-	28,831	-	28,831	-	28,831
- Futures	774	-	774	774	-	-	774
Total	29,930	141,706	171,636	774	29,156	-	29,930

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(In thousands of reais)

	FVTPL	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total 2018
Financial assets							
Fixed Income							
Financial Treasury Bills (LFTs)	116,303	-	116,303	116,303	-	-	116,303
National Treasury Bills (LTNs)	96,883	-	96,883	96,883	-	-	96,883
National Treasury Notes (NTNs)	14,900	-	14,900	14,900	-	-	14,900
Debentures	-	3,669	3,669	-	-	-	-
Certificates of real estate receivables	27,530	-	27,530	-	27,530	-	27,530
Real estate credit bill	16,275	-	16,275	-	16,275	-	16,275
Investment fund quotas							
Equity investment fund quotas ⁽¹⁾	55,022	-	55,022	-	-	55,022	55,022
Other amounts receivable from related parties	-	36,386	36,386	-	-	-	-
Loan operations	-	60,455	60,455	-	-	-	-
Services receivable	-	11,459	11,459	-	-	-	-
Clients' reimbursements	-	17,616	17,616	-	-	-	-
Other	-	1,287	1,287	-	-	-	-
Cash and cash equivalents	-	35,762	35,762	-	-	-	-
Total	326,913	166,634	493,547	228,086	43,805	55,022	326,913
Financial liabilities							
- Funds from financial institutions	-	23,007	23,007	-	-	-	-
- Client's funds	-	146,960	146,960	-	-	-	-
- Endorsements	-	9,866	9,866	-	-	-	-
- Other financial liabilities	-	116	116	-	-	-	-
Derivatives							
- NDF (non-deliverable forward)	4,032	-	4,032	-	4,032	-	4,032
- Options	188	-	188	-	188	-	188
- Futures	1,050	-	1,050	1,050	-	-	1,050
Total	5,270	179,949	185,219	1,050	4,220	-	5,270

- (1) During the years ended December 31, 2020, 2019 and 2018, a Valuation Report was issued by a specialized firm with the objective of supporting management's assessment with respect to assessing the fair value of the project including assessing the possible impacts of the COVID-19. A discounted cash flow was used as the methodology for determining the Company's fair value. The company holds 29% of shares in the Fund, the aim of which is to obtain yields through long-term investments, by means of investment of funds that carry out activities related to the Shopping Center sector, in the Outlet category.

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b. Financial instruments measured at fair value

Type	Valuation technique	Significant non-observable inputs	Relationship between significant non-observable inputs and measurement of fair value
Financial assets at fair value through profit or loss (government and private bonds)	<p>Government bonds: The methodology used to calculate the fair value of Government Bonds consists of capturing the rates and curves disclosed by the market on each maturity of Government Bond, thereby obtaining the MtM (Mark to Market) when multiplying by the quantity existing in the portfolio.</p> <p>Private securities: The methodology used to calculate the fair value of Private Securities consists of capturing the rates of the respective indexes (Pre, CDI, IPCA, IGPM, etc.), then the interest and the future value of the operations are calculated by multiplying by the principal, and after capturing their respective curves, MtM is then obtained, bringing the present value to the respective curve at maturity.</p>	Not applicable	Not applicable
Financial assets at fair value through profit or loss - Equity investment fund quotas	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted by a rate adjusted to its risk.	Equity investment funds that have investments in real estate development companies in which they depend on non-observable factors in the market, which use, among other assumptions, expectations and projections of future results, growth rates, discount rates and inflation rates and assessing the impacts of the COVID-19, among others.	Estimated fair value could increase (decrease) if: - the expected cash flow were greater (smaller); or - the risk-adjusted discount rate is lower (higher).
Derivative financial instruments (swap, NDF)	<p>Swap models: The fair value is calculated based on the present value of the estimated future cash flows. Estimates of post-fixed rate future cash flows are based on quoted rates of swap, future prices and interest rates on interbank loans. Estimated cash flows are discounted using a curve prepared based on similar sources and reflecting the relevant interbank reference rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty, calculated based on credit spreads derived from credit default swaps or current prices of traded securities.</p> <p>Cash flow swap: the (MtM) fair value will correspond to the sum of the MtMs of each flow (according to the methodology described above), whereby the start date and expiration date of flows will be applied in substitution of the start date and expiration date of the operation, as well as the remaining balance to replace the principal.</p> <p>NDF: The NDF (Non-Deliverable Forward) product, or even a forward contract, is an over-the-counter contract for the future purchase and sale of an asset, at a parity negotiated between the parties. Since this is an over-the-counter contract, the size of the contract, as well as the expiration date, are freely agreed upon between the participants. Moreover, settlement takes place exclusively by difference (financial settlement) between the market price on the contract's expiration date (or other dates, in the case of Asian)</p>	Not applicable	Not applicable

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and the agreed price (in the case of a long position for a short position, it is the opposite); thus, there is no physical delivery of the asset.

The fair value of an NDF is obtained by estimating a future value based on the current price of the underlying asset, brought to maturity by the respective curves constructed from similar sources, and which reflect the relevant interbank reference rates used by market participants and brought to present value by the respective market curve.

The fair value (price) of an option, i.e., its premium, is given by the possibility of exercising it. More specifically, it is given by the immediate possibility of exercise or by the possibility of being exercised later. Thus, the pricing of the premium consists of two types of values, respectively:

- Intrinsic value: that which only exists when the value of the asset in the cash market is higher than the exercise price (strike price) in the case of a call option and the reverse for a put option. Therefore, an in-the-money option has intrinsic value.
- Time Value: this is the difference between the premium and the intrinsic value of the option. So, this value depends on the price of the underlying asset, the option's expiration time, the expected volatility of the underlying asset's quotes, the interest rate, and in the case of the share as an underlying asset, the expected dividends, as shown below:
 - i. Object Asset price: according to the relationship between the price of the underlying asset on the spot market and the strike price of the option, options can be classified as:
 - ii. In-The-Money Option: price of the underlying asset is higher than the strike price of the option in the case of the call option and lower in the case of the put option;
 - iii. At-The-Money option: price of the underlying asset is equal to the strike price of the call and put option;
 - iv. Out-of-The-Money option: price of the underlying asset is lower than the strike price of the call option and higher for the put option.
- Time: the longer the time for the option to expire, the greater the premium value, as the greater the probability of exercising the option;
- Volatility: the greater and more frequent the price fluctuations, the greater the unpredictability of the exercise and, therefore, the greater the risk for the writer, which results in a higher premium as well;
- Interest rate: represents the opportunity cost of acquiring the underlying asset, so that the higher this cost of money, the more advantageous it becomes to buy the option than to buy the underlying asset directly. In the case of the call option, this relationship is reversed.
- Dividend: the higher the expected dividend payment, the greater the benefit of acquiring the share and, therefore, the higher the option premium.

Not applicable

Not applicable

Derivative
financial
instruments
(Options)

The time value is gradually reduced until it reaches zero on the option's expiration date.

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c. Financial asset basis for measured at fair value - Level 3

Type	Valuation technique	Significant non-observable inputs	Relationship between significant non-observable inputs and measurement of fair value
Financial assets at fair value through profit or loss - Equity investment fund quotas	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted by a rate adjusted at risk.	Equity investment funds that have investments in real estate development companies in which they depend on non-observable factors in the market, which use, among other assumptions, expectations and projections of future results, growth rates, discount rates and inflation rates, among others.	Estimated fair value could increase (decrease) if: - expected cash flow would be higher (lower); or - the risk-adjusted discount rate is lower (higher).

d. Reconciliation of Level 3 fair values

The following table presents a reconciliation of all assets and liabilities measured at fair value, on a recurring basis, using relevant unobservable data (Level 3) during the years 2020, 2019 and 2018:

	FVTPL - Equity investment fund quotas	Total
Balance at December 31, 2017	51,871	51,871
Fair value increase	3,151	3,151
Balance at December 31, 2018	55,022	55,022
Fair value increase	4,270	4,270
Balance at December 31, 2019	59,292	59,292
Fair value increase	10,829	10,829
Balance at December 31, 2020	70,121	70,121

e. Sensitivity analysis of financial assets classified as Level 3

Sensitivity analysis is intended to measure the impact of changes in market variables on each financial instrument. However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses.

Given the subjectivity described above, and the small number of these instruments in the Company's portfolio, the sensitivity analysis is performed individually for each financial instrument.

f. Other financial instruments

The Company determined that other financial assets and liabilities are equivalent to their respective book values, mainly due to the short-term maturities of these instruments and, in most cases, floating rates.

2.16 Provisions

The recognition, measuring and disclosure of contingent assets and liabilities and legal obligations are executed as follows:

- Contingent assets: they are not recognized for accounting purposes, except when realization is virtually certain. Contingent assets, with expectation of success considered likely, are disclosed in the notes to the financial statements (when applicable).

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- Contingent liabilities: they are formed considering the opinion of legal advisors, nature of lawsuits, similarity with previous proceedings, complexity and positioning of Courts. Whenever the loss is assessed as probable, the Group sets up a provision for the entire process; for losses assessed as possible, the Company presents probable losses in an explanatory note and for losses assessed as remote, there is no disclosure in financial statements.
- Legal obligations - tax and social security: arise from lawsuits, related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the assessment of the likelihood of success, have their amounts recognized in full in the financial statements.

The records of civil, tax and labor lawsuits are presented in note 21 (d).

3. Financial risk management

3.1 Financial risk factors

The Group's operations expose it to various financial risks such as market, credit and liquidity risks. The Group's global risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

These risks are concentrated in the activities of the Investment Bank, where risk governance has a framework of policies and committees such as: Risk and Compliance Committee, Credit Committee, and Underwriting Committee, observing their responsibilities and duties. For the effectiveness of risk management, the framework provides for the identification, assessment, monitoring, control, mitigation and correlation between risks.

Several risk metrics are calculated and presented on a daily basis, such as VaR (Value at Risk), Stress Test, exposures by type of assets, and control of results. Limits are monitored by the Risk Management area.

The Risk Management area reports directly to the CEO, therefore acting independently from the business areas.

3.1.1 Market Risk

Market risk is defined as the possibility of losses due to adverse fluctuations in prices and market rates on the positions of the Group's own portfolio.

The Market Risk Policy, reviewed annually, defines the market risk management structure. This policy indicates the general principles of market risk management and is aimed at establishing the tolerance of exposures, to effectively manage, mitigate and prevent excessive exposure to market risk.

The main sources of market risk are substantially from the following: fixed interest, foreign currency interest, actual interest, foreign exchange, inflation, stocks, commodities, and their volatilities. Monitoring mainly uses the following metrics: exposure by risk factor, DV01, Greeks, Value at Risk (VaR), Stress Tests and Back Tests.

a. Sensitivity analysis

Sensitivity analysis for operations subject to market risk begins by classifying these operations according to their characteristics, in the Non-Trading (Banking) portfolio or in the Trading portfolio.

The Non-Trading portfolio is predominantly characterized by operations from the banking business and related to the management of the Bank's assets (credit portfolio) and liabilities (funding portfolio). The Banking portfolio uses the delta *Economic Value of Equity* ("EVE") as a methodology for sensitivity analysis, as defined by the Central Bank

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for IRRBB management that provides methodologies and procedures for assessing the sufficiency of the value of Reference Equity.

The sensitivity analysis for Banking portfolio is intended to measure the impact of changes in market variables on each financial instrument. However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses. Given the subjectivity described above and the small number of these instruments in the Company's portfolio, the sensitivity analysis of the Banking portfolio is not performed in a systematic way; these instruments are treated individually.

To analyze the sensitivity, scenarios were defined that will be applied to the operations contained in the trading and banking portfolio, considering the changes that would negatively affect our positions, the operations, and the market data of the respective dates. It is also worth noting that given the projections observed on the market ("Focus"), the most likely scenario considered by the Company is Scenario 1.

Presentation of Values at risk

	<u>2020</u>	<u>2019</u>	<u>2018</u>
VaR at December 31	66,517	112,970	258,191
-Average	47,105	86,546	131,654
-Maximum	205,850	463,848	258,191
-Minimum	8,655	7,946	41,356

The shocks used in each scenario are described below:

- Scenario 1: Changes in 1% in the volatilities of the series and market curves, that is, based on market information, change in 1 basis point for interest rates and 1.0% of changes in prices were applied. For example: for a Real/US Dollar quote of R\$ 5.20, a scenario of R\$ 5.252 was used, whilst for a one-year fixed interest rate of 1.90%, a scenario of 1.91% was applied;
- Scenario 2: Changes in 25% in the series and market curves, that is, based on market information, change in 25 basis point for interest rates and 25.0% of changes in prices were applied. For example: for a Real/US Dollar quote of R\$ 5.20, a scenario of R\$ 6.50 was used, whilst for a 1-year fixed interest rate of 1.90%, a scenario of 2.15% was applied; and
- Scenario 3: Changes in 50% in the series and market curves, that is, based on market information, change in 50 basis point for interest rates and 50.0% of changes in prices were applied. For example: for a Real/US Dollar quote of R\$ 5.20, a scenario of R\$ 7.80 was used, whilst for a 1-year fixed interest rate of 1.90%, a scenario of 2.40% was applied;

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i. Trading portfolio:

Amounts in thousands of reais	Exposure	Risk factor	2020			2019			2018		
			Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Interest rate in Reais (R\$)	Exposures subject to changes in fixed interest rates and interest rate coupons		214	5,327	10,316	130	3,258	6,516	193	4,822	9,643
Price index	Exposure subject to foreign exchange coupon rates of price indices		1	17	34	-	4	8	6	150	301
Foreign currency coupon	Exposure subject to foreign exchange coupon rates		3	68	136	1	14	28	-	11	23
Foreign currency	Exposures subject to changes in exchange rates		3	68	137	-	11	21	2	39	78
Total (with no correlation)			221	5,480	10,623	131	3,287	6,573	201	5,022	10,045
Total with correlation			214	5,340	10,681	130	3,253	6,506	152	3,806	7,613

ii. Banking Portfolio:

Exposure	Risk factor	2020			2019			2018		
		Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Interest rate in Reais (R\$)	Exposures subject to changes in fixed interest rates and interest rate coupons	(35)	(863)	(1,726)	(66)	(1,653)	(3,306)	(58)	(1,441)	(2,883)
Price index	Exposure subject to foreign exchange coupon rates of price indices	-	-	-	-	-	-	(1,008)	(25,203)	(50,407)
Foreign currency coupon	Exposure subject to foreign exchange coupon rates	(1)	(34)	(68)	-	(5)	(11)	(1)	(15)	(31)
Total		(36)	(897)	(1,794)	(66)	(1,658)	(3,317)	(1,067)	(26,659)	(53,321)

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b. Foreign exchange risk

The Group is exposed to foreign exchange risk resulting from exposures to some currencies, mainly US dollar and Euro. Foreign exchange risk arises specially when future transactions or recognized assets or liabilities and net investments in transactions abroad.

A summary of the Group's exposure to foreign exchange risk, as reported to Management, is presented below. It is worth noting that the amounts below are in Reais and may be different from the figures presented by the accounting books and records due to differences between accounting standards and the basis on which management monitors its risk exposures (amounts in Reais):

	2020			2019			2018		
	R\$ (Real)	US\$ (Dollar)	€ (Euro)	R\$ (Real)	US\$ (Dollar)	€ (Euro)	R\$ (Real)	US\$ (Dollar)	€ (Euro)
Foreign exchange exposure	(29,433)	21,949	7,484	(966)	(4,290)	5,256	(12,277)	10,719	1,559
Swap	43,617	(43,617)	-	-	-	-	-	-	-
NDF	175,123	(174,436)	(687)	(248,284)	247,779	-	176,401	(176,837)	-
Options	-	-	-	-	-	-	(16,794)	16,794	-
Futures	(193,895)	196,273	(2,378)	242,430	(242,430)	-	(154,027)	154,027	-
Total	(4,588)	169	4,419	(6,820)	1,059	5,256	(6,697)	4,703	1,559

As of December 31, 2020, 2019 and 2018, if Reais (R\$) had changed at 10% in relation to dollar, maintained all other variables constant, net income for the year would not have shown any significant changes in Reais, as a result of non-significant net exposure.

There would also be no significant changes in Reais in net income for the year, if the Real had varied around 10% against the Euro, due to non-significant net exposure.

3.1.2 Credit risk

Credit risk is defined as the possibility of losses associated with the failure, on the part of the borrower or counterparty, to meet their respective financial obligations under the agreed-upon terms, devaluation of the credit agreement resulting from the deterioration in the classification of the borrower's risk, reduction of gains or remuneration, advantages granted in the renegotiation, and costs of recovery. Credit risk can be segregated, mainly at risk of: Settlement, Replacement, Concentration, Guarantee Failure, Potential Future Exposure for derivatives.

The credit risk management framework is a set of principles, procedures and instruments that provide Management with ongoing adaptation to the nature and complexity of products, services, activities, processes and systems.

Credit risk is monitored mainly using the following metrics:

- Potential Future Exposure for Derivatives;
- Current credit exposure (present value of operations);
- Wrong Way Risk (this risk is mainly monitored by the client's position in terms of assets and liabilities in currencies, rates and indexes versus macroeconomic scenarios);
- Compliance with credit risk limits, both Parent and Consolidated; and

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- Concentration of the portfolio, segregating operations by product type, term, business group, size, sector of operations, and geographic region.

The Group's credit risk arises from structured operations such as debentures, bank credit notes, and ("CDB"), Real Estate Receivables Certificate ("CRIs), as well as from bank guarantees. In addition, to provide cash protection for customer flows, the Company also conducts operations with derivative financial instruments. No credit limit was exceeded in the year, and Management does not expect any losses arising from defaults by those parties.

The criterion adopted for default is based on the initial analysis of the counterparty's credit quality, by estimating a rating for the customer, the limit to be granted to the customer, and the guarantees that will be required according to the risk that the customer represents; the losses arising from the default of that counterparty are estimated based on these data.

The book values of financial assets and contract assets represent the maximum credit exposure.

Impairment losses from financial assets and contract assets recognized in income (loss) are as follows:

	Consolidated		
	2020	2019	2018
Impairment loss on accounts receivable and contract assets from contracts with clients	150	90	105
Total	150	90	105

The Company assessed that the credit risk of financial assets did not significantly increase the credit risk on the date of the report, with respect to customer contracts. For public and private securities, the Company assessed and applied the credit risk for impairment loss for the next 12 months, when applicable. At the parent-company level, there is no balance to be disclosed in the financial statements.

a. Credit quality of financial assets

i. Exposure to credit risk

	Notes	Parent		
		2020	2019	2018
Financial assets at amortized cost				
Counterparties without external credit rating ⁽²⁾		120	43,258	36,260
Total	7	120	43,258	36,260
Cash and cash equivalents - checking account and short-term bank deposits ⁽¹⁾				
AAA		5	-	5
AA		-	-	243
Total	4	5	-	248

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	Notes	Consolidated		
		2020	2019	2018
Financial assets at fair value through profit and loss	5			
AAA		151,462	172,214	228,086
AA		44,865	-	-
B		211,095	113,238	43,805
Counterparties without external credit rating ⁽²⁾		62,806	-	-
Financial asset at amortized cost	4			
Counterparties without external credit rating ⁽²⁾		33,111	7,909	13,480
Cash and cash equivalents ⁽¹⁾	4			
AAA		106	6,174	22,282
BBB-		13,885	44,225	-
Debentures	7			
AA		-	3,853	3,669
Other amounts receivable from related parties	7			
Counterparties without external credit rating ⁽²⁾		-	43,331	36,386
Accounts receivable and other financial assets	7			
AA		6,397	7,384	50,464
A		14,956	19,956	-
B		7,449	8,938	9,991
Counterparties without external credit rating ⁽²⁾		56,807	16,085	30,362
Total		602,939	443,307	438,525

(1) The ratings were based on a market assessment by S&P - Standard & Poor's Financial Services LLC.

(2) Regardless of the company's external credit rating, the Credit Department evaluates the customer's internal rating with subsequent approval by the Credit Committee. The Group assesses the risk profile of each customer, always considering the following topics: i) the company's business and financial profile; ii) area of activity; iii) macroeconomic performance; iv) structure of the operation and its guarantees; and v) other aspects.

ii. Breakdown by stage of financial assets

Loss rates are calculated based on the 'rollover' method based on the likelihood of an amount receivable, segregated by successive delinquency phases up to full write-off of operation.

The BR Partners Conglomerate records the expected credit losses on its financial assets not classified as fair value through profit or loss, based on classifications by 3 stages, the first referring to the expected losses for the period of 12 months and the others for the entire life of the operation.

In the evaluation of the expected losses model, criteria were adopted to characterize default and a significant increase in credit risk. The current provision procedure for losses with doubtful accounts was taken into account; the credit risk characteristics of the operations; its historical default rate; future loss estimates and indicators applicable to the area of operation.

BR Partners adopts a 90-day delay for the default criterion. Regarding the criterion of significant increase in the level of risk, the difference of two points up between the initial classification of operation's risk level and the current risk level assessment is considered. This change in risk level is provided by the assessment of the customer's rating by the Credit Department with subsequent approval by the Credit Committee.

The credit quality of each client is assessed, based on qualitative and quantitative factors, including the company's business and financial risk profile, industry and economical and financial performance. In addition, it takes into account prospective information, the structure of the operation and its collaterals, among other aspects.

The classification of financial assets is carried out in stages, as follows:

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Stage 1 - The expected credit losses for a maximum of 12 months are established, as soon as a financial asset is originated or acquired. This stage applies to financial assets without a significant increase in credit risk and without credit recovery issues.

Stage 2 - Expected credit losses throughout the entire life of financial instrument. This stage applies to financial assets with a significant increase in credit risk in relation to the moment they were originated, but which are not yet considered to have recovery issues.

Stage 3 - Permanent expected credit losses for assets with impairment issues: Applicable to financial assets considered to have credit recovery issues due to the occurrence of one or more events that impact their estimated future cash flows. In the event of acquisition of financial assets with recovery issues, these assets fall into this stage.

A financial asset may migrate from the stage if it presents a significant deterioration in the level of credit risk. In the hypothesis of credit risk improvement in a subsequent stage, with a reversal of the significant risk previously found, the asset may return to the previous stage, characterizing the healing process, unless it is an asset acquired with credit recovery issue at source.

b. Analysis of stages:

	2020				
	Stage 1	Impairment	Stage 2	Stage 3	Total
Real estate credit bill	44,865	-	-	-	44,865
Certificates of real estate receivables	211,835	(740)	-	-	211,095
Loan operations	28,952	(150)	-	-	28,802
Total	285,652	(890)	-	-	284,762

	2019				
	Stage 1	Impairment	Stage 2	Stage 3	Total
Debentures	3,853	-	-	-	3,853
Certificates of real estate receivables	113,238	-	-	-	113,238
Loan operations	36,368	(90)	-	-	36,278
Total	153,459	(90)	-	-	153,369

	2018				
	Stage 1	Impairment	Stage 2	Stage 3	Total
Debentures	3,669	-	-	-	3,669
Certificates of real estate receivables	27,530	-	-	-	27,530
Real estate credit bill	16,275	-	-	-	16,275
Loan operations	60,560	(105)	-	-	60,455
Total	108,034	(105)	-	-	107,929

3.1.3 Liquidity risk

Liquidity risk is the possibility that the Group may not be able to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses. Additionally, liquidity risk is the possibility that the Group may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

The Group's main sources of liquidity risk are:

- Increase in the deposit margins requirement or guarantees in a clearing house;
- Possible restriction on the sale of assets that are considered liquid, under normal market conditions, but that lose this status (for example) due to acute stress in the markets or a possible problem with the financial capacity of the issuer;
- Possible substantial devaluation in the market value of assets considered to be liquid;

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- Possible losses due to market risk; and
- Possible losses or delays due to non-receipt of the expected financial amount, on the contracted date, from operations that have credit risk and/or counterparty risk.

Liquidity risk governance is exercised by the Management of BR Partners, with the oversight of the Risk Committee and the Assets & Liabilities Committee (ALCO), observing their roles and responsibilities. For management effectiveness, the framework provides for the identification, assessment, monitoring, control, mitigation and communication of liquidity risk.

Exposure to liquidity risk

We present below the contractual maturities of financial liabilities on the date of the financial statements.

	Total account amount	Consolidated contractual cash flows				Total 2020
		3 < months	3–12 months	1–3 years	< 3 years	
Financial liabilities						
Suppliers	3,682	3,682	-	-	-	3,682
Client's funds	252,869	62,531	106,694	93,417	47	262,689
Endorsements	7,021	2,693	30	-	5,001	7,724
Other financial liabilities	29,616	29,616	-	-	-	29,616
Lease liability	1,463	147	442	887	-	1,476
Derivatives						
Swap	9,121	-	-	-	10,610	10,610
NDF	5,181	3,423	1,433	390	-	5,246
Futures	1,155	663	314	25	170	1,172
Total	310,108	102,755	108,913	94,719	15,828	322,215

	Total account amount	Consolidated contractual cash flows				Total 2019
		3 < months	3–12 months	1–3 years	< 3 years	
Financial liabilities						
Suppliers	13,231	8,779	4,452	-	-	13,231
Client's funds	80,443	11,763	17,437	61,109	-	90,309
Endorsements	8,404	251	3,710	-	5,286	9,247
Funds from financial institutions	39,006	39,006	-	-	-	39,006
Other financial liabilities	13,853	13,853	-	-	-	13,853
Lease liability	4,667	393	1,179	3,111	-	4,683
Derivatives						
Swap	325	-	-	-	325	325
NDF	28,831	26,325	2,472	313	-	29,110
Futures	774	454	-	8	316	778
Total	189,534	100,824	29,250	64,541	5,927	200,542

	Total account amount	Consolidated contractual cash flows				Total 2018
		3 < months	3–12 months	1–3 years	< 3 years	
Financial liabilities						
Suppliers	9,132	9,132	-	-	-	9,132
Client's funds	146,960	55,843	14,378	90,527	-	160,748
Endorsements	9,866	956	4,249	-	5,557	10,762
Funds from financial institutions	23,007	23,007	-	-	-	23,007
Other financial liabilities	116	116	-	-	-	116
Derivatives						

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NDF	4,032	1,486	2,074	534	-	4,094
Options	188	21	167	-	-	188
Futures	1,050	916	-	13	129	1,058
Total	194,351	91,477	20,868	91,074	5,686	209,105

3.2 Capital management

Capital planning within the Group is of fundamental importance for the execution of strategic planning, where the best distribution for the business lines is sought, with subsequent optimization of the capital used.

The process is based on the nature of the operations, the complexity of the products, and the Group's disposition for the risks incurred and capital requirements.

Capital is managed by BR Partners Group Management and aims to ensure that the analysis of capital sufficiency is performed in an independent and technical manner, taking into account existing risks and those included in strategic planning. The Central Bank of Brazil, through Resolutions 4192/13 and 4278/13, instituted the calculation of the "Prudential Conglomerate" Reference Equity and, through Resolution 4193/13, instituted the determination of the required minimum reference equity of 9.25% (10.5% in 2019 and 2018).

BR Partners Group's Prudential Conglomerate, as determined in Article 1 of Resolution 4280/13, is comprised by the following companies: BR Partners Banco de Investimento S.A. ("Banco") and by the investment funds Total Fundo de Investimento Multimercado Investimento no Exterior - Crédito Privado ("Total FIM") and BR Partners Capital ("BR Capital"). The Basel index, in 2020, 2019 and 2018, calculated based on the Prudential Conglomerate is:

	2020	2019	2018
Reference Equity	247,748	166,415	156,930
Tier I Reference Equity	247,748	166,415	156,930
Principal capital	247,748	166,415	156,930
Risk-weighted assets (RWA)	626,331	334,697	292,449
Credit risk	311,285	177,678	138,148
Market risk	223,042	62,346	60,570
Operating risk	92,004	94,673	93,731
Basel Ratio	39.56%	49.72%	53.70%
Level I (IN1)	39.56%	49.72%	53.70%
Principal Capital [Interest on Own Capital (ICP)]	39.56%	49.72%	53.70%

The limits are classified according to the minimum required by the Central Bank of Brazil.

4. Cash and cash equivalents

	Parent		
	2020	2019	2018
Banks - Checking account and cash	5	-	5
Bank Deposit Certificates ⁽¹⁾	-	-	243
Total	5	-	248

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(In thousands of reais)

	Consolidated		
	2020	2019	2018
Banks - Checking account and cash	13	5,385	36
Free reserves	93	789	67
Cash and cash equivalents in foreign currencies ⁽²⁾	33,111	7,909	13,480
Money market repurchase agreements ⁽³⁾	13,885	44,225	22,179
Total	47,102	58,308	35,762

(1) On December 31, 2018, the balance of short-term investments refers to a Bank Deposit Certificate maintained at BR Partners Banco de Investimento S.A., with remuneration of 100% of the CDI rate with immediate liquidity (Note 8(a)).

(2) The balances of funds in banks are recorded at the amounts deposited at Banco Itaú S.A., Standard Chartered Bank New York, Standard Chartered Bank Germany Branch, Bradesco Cayman, and United International Bank N.V.

(3) On December 31, 2020, 2019 and 2018, the repurchase and resale agreements had a resale date for January 02, 2021, January 02, 2020 and January 02, 2019, respectively.

5. Financial instruments

Financial assets at fair value through profit or loss

	Parent		
	2020	2019	2018
Investment fund quotas			
BR Partners Outlet Premium Fundo de Investimento em Participações ⁽⁴⁾	70,121	59,292	55,022
Total	70,121	59,292	55,022

	Consolidated		
	2020	2019	2018
Government bonds ⁽¹⁾	151,462	172,214	228,086
Financial Treasury Bills (LFTs)	53,788	123,249	116,303
National Treasury Bills (LTN)	97,674	48,965	96,883
National Treasury Notes (NTN)	-	-	14,900
Private securities	255,960	113,238	43,805
Certificates of real estate receivables ⁽²⁾	211,095	113,238	27,530
Real estate credit bill ⁽³⁾	44,865	-	16,275
Investment fund quotas	132,927	59,292	55,022
Quotas of real estate investment funds	62,806	-	-
BR Partners Outlet Premium Fundo de Investimento em Participações ⁽⁴⁾	70,121	59,292	55,022
Total	540,349	344,744	326,913

(1) Government bonds are under the custody of the Special Settlement and Custody System (SELIC) of the Central Bank of Brazil whose market value was calculated by means of prices disclosed by Anbima - Brazilian Association of Financial Market and Capital Entities.

(2) The Certificates of Real Estate Receivables are registered with the Clearing House of Custody and Financial Settlement of Securities (B3 - Brasil Bolsa Balcão), the valuation of which is made according to the IPC-A or CDI rate + fixed interest rate.

(3) The Real Estate Credit Note is registered at B3 - Brasil Bolsa Balcão, the valuation of which is made according to the IPC-A rate + fixed interest rate.

(4) The portfolio of BR Partners Outlet Premium Fundo de Investimento em Participações is substantially composed of shares of BR Partners Bahia Empreendimentos Imobiliários S.A., BR Partners Rio de Janeiro

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Empreendimentos Imobiliários S.A., BR Partners Investimentos Imobiliários S.A., BR Partners Outlet Brasília S.A., and BR Partners Outlet Premium Fortaleza S.A. The investment amount was calculated at the amount determined in the appraisal report conducted by third party measured at fair value.

6. Derivative financial instruments – Consolidated

a. Breakdown per index

	2020		
	Amounts receivable	Amounts payable	Nominal value
Swap	18,883	(9,121)	453,487
IPC-A x CDI	18,644	-	150,000
CDI X Dollar	-	(9,121)	208,487
CDI x IPC-A	239	-	95,000
NDF	18,580	(5,181)	566,291
Dollar x Fixed rate	10,512	(1,842)	164,342
Pre x Dollar	5,732	(2,646)	356,213
Fixed x Euro - sale	-	(23)	1,555
Forward commodities	2,336	(670)	44,181
Futures	627	(1,155)	18,369
Long position	299	(955)	647,019
DAP	81	-	82,072
DDI	19	(409)	164,444
DI1	164	(2)	210,142
WDO	35	(32)	51,804
DOL	-	(512)	138,557
Short position	328	(200)	(628,650)
DAP	67	(108)	(272,156)
DDI	261	-	(85,188)
DI1	-	(42)	(202,450)
DOL	-	(50)	(68,856)
Total	38,090	(15,457)	1,038,148

	2019		
	Amounts receivable	Amounts payable	Nominal value
Swap	13,134	(325)	610,000
IPC-A x CDI	8,872	(325)	150,000
IPC-A x Fixed	4,139	-	410,000
Pre x CDI	123	-	50,000
NDF	9,696	(28,831)	1,442,326
Dollar x Fixed rate	735	(27,440)	738,218
Pre x Dollar	2,647	(386)	149,984
Forward commodities	6,314	(1,005)	554,124
Futures	2,046	(774)	(287,609)
Long position	74	(325)	613,223
DAP	-	(285)	160,617
DI1	74	(40)	452,606
Short position	1,972	(449)	(900,832)
DAP	192	-	(432,043)
DDI	723	(137)	(133,154)
DI1	-	-	(75,561)
DOL	1,057	(227)	(235,447)
WDO	-	(85)	(24,627)
Total	24,876	(29,930)	1,764,717

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(In thousands of reais)

	2018		
	Amounts receivable	Amounts payable	Nominal value
Swap	2,011	-	196,307
CDI x IPC-A	2,011	-	196,307
NDF	5,434	(4,033)	520,545
Dollar x Fixed rate	1,243	(2,604)	169,136
Pre x Dollar	4,061	(681)	337,864
Forward commodities	130	(748)	13,545
Options	1,012	(187)	(2)
Call option	1,012	-	672
Purchases of call options	1,012	-	672
Sale of option	-	(187)	(674)
Sales of call options	-	-	(79)
Sales of put options	-	(187)	(595)
Futures	477	(1,050)	577,175
Long position	210	(1,045)	674,902
DAP	146	(137)	200,674
DDI	-	(868)	214,709
DI1	24	-	256,134
DOL	-	(36)	972
IND	40	-	1,328
WDO	-	(4)	1,085
Short position	267	(5)	(97,727)
DDI	196	-	(60,596)
DI1	-	(5)	(18,648)
DOL	71	-	(18,405)
WDO	-	-	(78)
Total	8,934	(5,270)	1,294,025

b. Comparison between the cost and fair value

	2020			
	Cost value	Unrealized gains / (losses)	Credit risk adjustment	Fair value
Assets				
Swap	9,167	9,716	-	18,883
NDF	19,890	(1,134)	(176)	18,580
Futures	627	-	-	627
Total	29,684	8,582	(176)	38,090
Liabilities				
Swap	(2,514)	(6,607)	-	(9,121)
NDF	(6,124)	943	-	(5,181)
Futures	(972)	(183)	-	(1,155)
Total	(9,610)	(5,847)	-	(15,457)

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	2019			
	Cost value	Unrealized gains / (losses)	Credit risk adjustment	Fair value
Assets				
Swap	5,076	8,190	(132)	13,134
NDF	19,797	(669)	(9,432)	9,696
Options	-	-	-	-
Futures	-	2,046	-	2,046
Total	24,873	9,567	(9,564)	24,876
Liabilities				
Swap	-	(325)	-	(325)
NDF	(26,686)	(4,905)	2,760	(28,831)
Options	-	-	-	-
Futures	-	(774)	-	(774)
Total	(26,686)	(6,004)	2,760	(29,930)

	2018			
	Cost value	Unrealized gains / (losses)	Credit risk adjustment	Fair value
Assets				
Swap	(5,789)	7,811	(11)	2,011
NDF	3,108	2,362	(36)	5,434
Options	672	340	-	1,012
Futures	477	-	-	477
Total	(1,532)	10,513	(47)	8,934
Liabilities				
Swap	-	-	-	-
NDF	(3,929)	(104)	-	(4,033)
Options	(674)	487	-	(187)
Futures	(1,077)	27	-	(1,050)
Total	(5,680)	410	-	(5,270)

c. Breakdown per maturity

	2020				
	Up to 3 months	03–12 months	01–03 years	>3 years	Total
Assets					
Swap	-	-	237	18,646	18,883
NDF	6,396	11,287	897	-	18,580
Futures	202	164	99	162	627
Total	6,598	11,451	1,233	18,808	38,090
Liabilities					
Swap	-	-	-	(9,121)	(9,121)
NDF	(3,394)	(1,406)	(381)	-	(5,181)
Futures	(657)	(308)	(24)	(166)	(1,155)
Total	(4,051)	(1,714)	(405)	(9,287)	(15,457)

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(In thousands of reais)

	2019				Total
	Up to 3 months	03–12 months	01–03 years	>3 years	
Assets					
Swap	123	4,139	-	8,872	13,134
NDF	8,414	1,116	166	-	9,696
Futures	1,222	582	242	-	2,046
Total	9,759	5,837	408	8,872	24,876
Liabilities					
Swap	-	-	-	(325)	(325)
NDF	(26,103)	(2,415)	(313)	-	(28,831)
Futures	(450)	-	(8)	(316)	(774)
Total	(26,553)	(2,415)	(321)	(641)	(29,930)
	2018				Total
	Up to 3 months	03–12 months	01–03 years	>3 years	
Assets					
Swap	-	-	-	2,011	2,011
NDF	3,899	1,273	262	-	5,434
Options	190	822	-	-	1,012
Futures	111	185	35	146	477
Total	4,200	2,280	297	2,157	8,934
Liabilities					
NDF	(1,472)	(2,026)	(534)	-	(4,032)
Options	(21)	(167)	-	-	(188)
Futures	(908)	-	(13)	(129)	(1,050)
Total	(2,401)	(2,193)	(547)	(129)	(5,270)

d. Financial guarantees

Financial guarantees given for derivative financial instrument transactions with B3 (Brasil Bolsa Balcão) are represented by Government bonds and totaled R\$ 4,694 in 2020 (R\$ 6,491 in 2019 and R\$ 34,382 in 2018).

e. Derivatives offset amount

The Group contracts derivative operations based on standard contracts from the International Swaps and Derivatives Association (ISDA) that provide for net payments. These are transactions carried out with the counterparty on the same day and with a single net amount paid between the parties. The group uses the offset method for all derivatives contracted, which does not represent a risk to the Group, since we do not have unsettled financial instruments.

Represented the gross amounts of financial instruments in the financial statements made by BR Partners Banco de Investimento S.A. in: Swap on December 31, 2020 in the amount of R\$ 18,883 (R\$ 13,134 in 2019 and R\$ 2,011 in 2018); NDF on 31 December 2020 in the amount of R \$ 18,580 (R\$ 9,696 in 2019 and R\$ 5,434 in 2018); Futures on December 31, 2020 in the amount of R \$ 627 (R\$ 2,046 in 2019 and R\$ 477 in 2018); and there are no operations with Options on December 31, 2020 and 2019 (R\$ 1,012 in 2018).

As of December 31, 2020, 2019 and 2018, the BR Partners Group does not have financial instruments on a net basis on its balance sheet, since they do not meet the offsetting criteria of IAS 32, or because it does not intend to settle them on a net basis, or realize the assets and

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settle the liabilities simultaneously. Additionally it has no contracts under which it, or the counterparty, has the right to offset amounts receivable and payable under separate contracts in case of default.

7. Financial asset at amortized cost

	Parent		
	2020	2019	2018
Other amounts receivable from related parties ⁽¹⁾	4	40,121	30,027
Amounts receivable from related company ⁽²⁾	-	3,137	6,233
Other	116	-	-
Total	120	43,258	36,260

	Consolidated		
	2020	2019	2018
Other amounts receivable from related parties ⁽¹⁾	5	43,331	36,386
Loan operations ⁽²⁾	28,802	36,278	60,455
Foreign exchange ⁽³⁾	28,095	-	-
Services receivable ⁽⁴⁾	22,342	12,541	11,459
Clients' reimbursements ⁽⁵⁾	4,236	1,017	17,616
Debentures ⁽⁶⁾	-	3,853	3,669
Other	2,129	2,527	1,287
Total	85,609	99,548	130,872

⁽¹⁾ Refer mostly to financial loan operations between related companies and repurchase of shares from former partners by the company BR Partners Holdco Participações S.A., company's parent company; the average term of realization is up to 10 years (Note 8 (a)).

⁽²⁾ It was set up for loan operations, provision for expected credit loss totaling R\$ 150 in 2020 (R\$ 90 in 2019 and R\$ 105 in 2018), the balance is related to operations with BR Partners Banco de Investimento S.A. clients, whose loan portfolio is comprised by Bank Credit Bills with Individual and Legal Entities' counterparties. There are three contracts in 2020, three contracts in 2019, and four contracts in 2018. (Note 3.1.2)

⁽³⁾ This refers to foreign exchange purchased for settlement R\$ 10,982, Foreign exchange sale rights R\$ 18,707 and advance in local currency received ref. Cash settlement transaction (R\$ 1,594).

⁽⁴⁾ Refers to amounts receivable from a related company, on the pay-in of subscribed capital according to the subscription contract.

⁽⁵⁾ Refers to reimbursements receivable from customers on expenses defined, in the contract for service provisions.

⁽⁶⁾ Refers to Debentures yielding at 100% of the DI (Interbank Deposits) rate with an original maturity date of November 26, 2021 that were early settled in November 2020.

8. Related party transactions

The transactions between related parties below were carried out in terms equivalent to those prevailing in transactions between independent parties.

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*(In thousands of reais)***a. Parent**

	Indirect controlling shareholder			Direct controlling shareholder			Associated companies and subsidiaries ⁽³⁾			Total		
	2020	2019 ⁽¹⁾	2018 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽²⁾	2018 ⁽²⁾	2020	2019	2018	2020	2019	2018
Assets / Liabilities												
Amounts receivable ⁽⁶⁾	-	35,265	24,984	-	7,993	11,276	13,992	-	-	13,992	43,258	36,260
Equity investment fund quotas ⁽⁴⁾	-	-	-	-	-	-	70,121	59,292	55,022	70,121	59,292	55,022
Time deposit certificate	-	-	-	-	-	-	-	-	243	-	-	243
Amounts payable ⁽²⁾	-	-	-	-	(10,314)	(10,314)	(92)	-	-	(92)	(10,314)	(10,314)
Income (loss)												
Interest revenue	-	-	-	-	-	-	65	-	18	65	-	18
Other revenues	-	-	-	-	-	-	(194)	-	-	(194)	-	-
Income (loss) from investment in investment fund	-	-	-	-	-	-	8,330	(330)	3,150	8,330	(330)	3,150

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b. Consolidated

	Indirect controlling shareholder			Direct controlling shareholder			Associated companies ⁽³⁾ / ⁽⁴⁾			Key management personnel ⁽⁵⁾			Total		
	2020	2019 ⁽¹⁾	2018 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽²⁾	2018 ⁽²⁾	2020	2019	2018	2020	2019	2018	2020	2019	2018
Assets															
Amounts receivable ⁽⁶⁾	-	35,265	24,984	-	7,993	11,276	4	73	126	-	-	-	4	43,331	36,386
Equity investment fund quotas ⁽⁴⁾	-	-	-	-	-	-	70,121	59,292	55,022	-	-	-	70,121	59,292	55,022
Time deposit certificate ⁽⁷⁾	-	-	-	-	-	-	-	-	-	899	2,924	2,765	899	2,924	2,765
Letters of credit for real estate ⁽⁸⁾	-	-	-	-	-	-	-	-	-	7,021	8,404	8,532	7,021	8,404	8,532
Income (loss)															
Revenue/expenses from Investment in Investment Fund ⁽⁷⁾	-	-	-	-	-	-	8,330	(330)	3,150	-	-	-	8,330	(330)	3,150

(1) BR Partners Holdco Participações S.A.

(2) BR Partners Holdco Participações Ltda. (Note 21 (c)) and Brapinvest IV - Fundo de Investimento em Participações.

(3) Related companies listed in Note 8(d) and 9.

(4) Related companies in Note 8(d) and BR Partners Outlet Premium Fundo de investimento em Participações.

(5) Members of Board of Directors and Executive Board.

(6) Refer to amounts granted and receivable from loan operations, the average term of realization is up to 10 years.

(7) Refer to transactions between BR Partners Banco de Investimento S.A. and the group's exclusive funds, are operating and administrative costs, and their valuations.

(8) Represented by funding from BR Partners Banco de Investimento S.A., maturing by May 9, 2028 at a rate ranging from 93% to 100% of DI + 1% p.a. (from 93% to 100% of DI in 2019 and 2018).

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c. Remuneration of key personnel

	Parent		
	2020	2019	2018
Directors' fee	1,320	-	-
Social charges	122	-	-
Total	1,442	-	-

	Consolidated		
	2020	2019	2018
Directors' fee	2,742	997	1,449
Social charges	157	212	304
Total	2,899	1,209	1,753

Key management personnel is represented by the Company's statutory board of executive officers who, in addition to dividends arising from their interests in BR Partners Holdco Participações S.A., receive remuneration for services rendered at the Company which is recorded under Administrative Expenses. The Company's directors have 100% of the Company's voting shares. In addition, there are other Company professionals who are also shareholders of the Company.

d. Other related parties

In the Consolidated, in addition to the companies presented in Note 9, we add the following: BR Partners Bahia Empreendimentos Imobiliários S.A., BR Partners Rio de Janeiro Empreendimentos Imobiliários S.A., BR Partners Investimentos Imobiliários S.A., BR Partners Outlet Brasília S.A. and BR Partners Outlet Premium Fortaleza S.A. are investments that comprise the portfolio of BR Partners Outlet Premium Fundo de Investimento em Participações, which is managed by BR Partners Gestão de Recursos Ltda.

e. Other information

Related parties are considered, as:

- Company's Directors and administrative Board members, as well as their respective spouses and relatives up to the 2nd degree;
- Individuals or legal entities that hold more than 10% of the Company's share capital; and
- Legal entities in which the aforementioned persons hold more than 10% of the share capital.

9. Investments in subsidiaries

On December 31, the Company had the following investments:

	2020	2019	2018
BR Partners Assessoria Financeira Ltda.	670	670	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	194	200	200
BR Partners Participações Financeiras Ltda.	253,547	174,584	167,424
BR Partners Gestão de Recursos Ltda.	2,000	4,001	2,000
BR Partners Europe B.V.	9,369	6,288	2,573
Total	265,780	185,743	172,867

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

The table below shows the Company's interest in subsidiaries:

	Balance at 2017	Share of profit of equity-accounted investees, net of tax	Dividends received/receivable	Capital increase/decrease	Comprehensive income	Balance at 2018
BR Partners Assessoria Financeira Ltda.	600	39,004	(39,004)	70	-	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	4,952	2,762	(2,762)	(4,752)	-	200
BR Partners Participações Financeiras Ltda.	162,903	4,547	-	-	(26)	167,424
BR Partners Gestão de Recursos Ltda.	2,000	1,724	(1,724)	-	-	2,000
BR Partners Europe B.V.	1,282	1,291	-	-	-	2,573
BR Partners Soluções Financeiras Ltda.	70	-	-	(70)	-	-
Total	171,807	49,328	(43,490)	(4,752)	(26)	172,867

	Balance at 2018	Share of profit of equity-accounted investees, net of tax	Dividends received/receivable	Balance at 2019
BR Partners Assessoria Financeira Ltda.	670	61,775	(61,775)	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	200	1	(1)	200
BR Partners Participações Financeiras Ltda.	167,424	7,477	(317)	174,584
BR Partners Gestão de Recursos Ltda.	2,000	5,001	(3,000)	4,001
BR Partners Europe B.V.	2,573	3,715	-	6,288
Total	172,867	77,969	(65,093)	185,743

	Balance at 2019	Share of profit of equity-accounted investees, net of tax	Dividends received/receivable	Capital increase	Balance at 2020
BR Partners Assessoria Financeira Ltda.	670	71,185	(71,185)	-	670
BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.	200	(6)	-	-	194
BR Partners Participações Financeiras Ltda.	174,584	6,713	-	72,250	253,547
BR Partners Gestão de Recursos Ltda.	4,001	11,295	(13,296)	-	2,000
BR Partners Europe B.V.	6,288	3,081	-	-	9,369
Total	185,743	92,268	(84,481)	72,250	265,780

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Notes to the financial statements

(In thousands of reais)

i. Direct subsidiaries

- **BR Assessoria de Mercados de Capitais e Dívidas Ltda.**

A company that renders advisory and consulting services in the structuring of IPO operations, fundraising on the financial and capital markets, debt restructuring, receivables securitization, and other related operations, in Brazil and abroad.

- **BR Partners Assessoria Financeira Ltda.**

A company that provides financial advisory and consulting services, particularly in corporate finance, including mergers, acquisitions, sales, take-overs, spin-offs, corporate restructuring and other operations of intermediation of corporate interests, in Brazil and abroad, and ownership interest in other companies of any type, Brazilian or foreign, as partner or shareholder.

- **BR Partners Gestão de Recursos Ltda.**

A provider of securities portfolio management services and third-party asset management, acting in the financial and capital markets as a manager or administrator of investment funds in general, under the terms of the applicable regulations, and ownership interest in other companies as partner, quota holder or shareholder, in Brazil and abroad, whatever their corporate purpose may be.

- **BR Partners Participações Financeiras Ltda.**

A company that holds ownership interest in BR Partners Banco de Investimento S.A. ("Banco BR Partners"), as partner, shareholder or quota holder.

- **BR Partners Europe B.V.**

Company based in Amsterdam, Netherlands, whose corporate purpose is business management consulting activities.

On December 4, 2017, according to the "Annual General Meeting of BR Partners Europe B.V.", the capital reserve in the amount of EUR 248 thousand equivalent to R\$ 1,015, was deliberated, by the partner BR Advisory Partners Participações S.A.

- **BR Partners Soluções Financeiras Ltda.**

A company that provides consulting services in business management, particularly in corporate restructuring, debt restructuring and other debt restructuring intermediation operations, in Brazil and abroad, and ownership interest in other companies of any type, Brazilian or foreign, as a partner, shareholder or quota holder.

On October 25, 2018, take-over of the Company by BR Partners Assessoria Financeira Ltda. was approved, according to the Protocol and Justification of the take-over dated October 15, 2018. There was no distribution of dividends during 2018.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

ii. Indirect subsidiaries

- **BR Partners Banco de Investimento S.A.**

Banco BR Partners is primarily engaged in the practice of asset, liability and accessory operations inherent to the investment and foreign exchange portfolio.

Banco BR Partners is formed as a limited liability company (*sociedade por ações*) and domiciled in Brazil, being directly controlled by BR Partners Participações Financeiras Ltda. and indirectly by the Company, the Group's holding company.

- **Total Fundo de Investimento Multimercado Investimento no Exterior - Crédito Privado**

Total FIM was created on December 29, 2010 in the form of an 'open condominium', and started its activities on January 10, 2011, with an indefinite term. It is intended exclusively for receiving investments from its only shareholder, Banco BR Partners, a qualified investor, and aims to provide its quota holder with return through the opportunities offered by the fixed and floating interest rate markets, price indexes, foreign currency, variable income and derivatives, in such a way that Total FIM is exposed to various risk factors, without the commitment of concentration in any special factor. It is an exclusive Fund of the Company.

- **BR Partners Capital ("BR Capital")**

BR Capital is a Fund domiciled in the Cayman Islands, managed by Banco Bradesco S.A., with undefined term, whose investment strategy is to obtain return on securities, including stocks and bonds, currencies, options, futures and others derivatives, focusing on the Brazilian market. It is an exclusive Fund of the Company.

- **BR Partners Corretora de Títulos e Valores Mobiliários S.A.**

BR Partners Corretora de Títulos e Valores Mobiliários S.A. is a Group member and aims to round out the activities of investment banking, fixed income, foreign exchange, financial consulting and advisory, as well as instituting the provision of brokerage services to local customers and foreign institutional customers, under Resolution 2689.

The Group formed 'Corretora', a privately held company, on February 10, 2012 and received authorization to operate from the Central Bank of Brazil ("BACEN") on June 8, 2012.

BR Partners Corretora de Títulos e Valores Mobiliários S.A. is formed as a limited liability company (*sociedade por ações*) and domiciled in Brazil, being directly controlled by BR Partners Banco de Investimento S.A.

In June 2015, the loss of accreditation was carried out at BM&Fbovespa (B3) within the Bovespa segment, remaining active in the fixed-income segment up to October 30, 2019 when the process of disposal of the Brokerage Firm's corporate control was approved by the Central Bank of Brazil, pursuant to Official Letter 24202/2019-BCB/Deorf/GTSP1.

As of November 19, 2020, the CTVM disposal process by the Central Bank of Brazil was approved through 25.051/2020-BC/Deorf/GTSP1 Official Letter, so that it is no longer part of the conglomerate. Income on the sale was R\$ 1,163.

BR Advisory Partners Participações S.A.

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*(In thousands of reais)***10. Property, plant and equipment****a. Parent company**

	Useful life (years)	Cost value	Book value on 12/31/2017	Acquisition / (write-off)	Depreciation	Book value on 12/31/2018
Facilities	10	4,562	1,416	-	(456)	960
Furniture and equipment in use	10	1,651	493	(50)	(123)	320
Other	10	74	24	-	(8)	16
Total		6,287	1,933	(50)	(587)	1,296

	Useful life (years)	Cost value	Book value on 12/31/2018	Acquisition / (write-off)	Depreciation	Book value on 12/31/2019
Facilities	10	4,562	960	-	(456)	504
Furniture and equipment in use	10	1,651	320	-	(160)	160
Other	10	74	16	-	(8)	8
Total		6,287	1,296	-	(624)	672

	Useful life (years)	Cost value	Book value on 12/31/2019	Acquisition / (write-off)	Depreciation	Book value on 12/31/2020
Facilities	10	4,562	504	-	(377)	127
Furniture and equipment in use	10	1,651	160	-	(138)	22
Other	10	74	8	-	(6)	2
Total		6,287	672	-	(521)	151

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(In thousands of reais)

b. Consolidated

	Useful life (years)	Cost value	Book value on 12/31/2017	Acquisition / (write-off)	Depreciation	Book value on 12/31/2018
Facilities	10	4,844	1,569	8	(485)	1,092
IT and telephony equipment	5	3,952	1,003	327	(289)	1,041
Furniture and equipment in use	10	1,716	534	(51)	(131)	352
Other	10	113	49	-	(11)	38
Total		10,625	3,155	284	(916)	2,523

	Useful life (years)	Cost value	Book value on 12/31/2018	Acquisitio n / (write- off)	Depreciation	Book value on 12/31/2019
Facilities	10	4,852	1,092	309	(521)	880
IT and telephony equipment	5	4,279	1,041	508	(385)	1,164
Furniture and equipment in use	10	1,665	352	(29)	(129)	194
Right-of-use of Real Estate - adoption of IFRS 16 / (CPC 06 (R2))	5	5,886	-	5,886	(1,219)	4,667
Other	10	113	38	-	(11)	27
Total		16,795	2,523	6,674	(2,265)	6,932

	Useful life (years)	Cost value	Book value on 12/31/2019	Acquisition / (write-off)	Transfers	Depreciation	Book value on 12/31/2020
Facilities	10	4,565	880	-	(287)	(467)	126
Leasehold improvements	10	634	-	354	280	-	634
IT and telephony equipment	5	4,865	1,164	586	-	(433)	1,317
Furniture and equipment in use	10	1,672	194	-	7	(148)	53
Right-of-use of Real Estate - adoption of IFRS 16 / (CPC 06 (R2))	5	5,886	4,667	(1,905)	-	(1,298)	1,463
Other	10	113	27	-	-	(11)	16
Total		17,735	6,932	(965)	-	(2,357)	3,609

BR Advisory Partners Participações S.A.

Notes to the financial statements

*(In thousands of reais)***11. Intangible assets**

	<u>Cost value</u>	<u>Book value on 12/31/2017</u>	<u>Acquisition / (write-off)</u>	<u>Amortization</u>	<u>Book value on 12/31/2018</u>
Software use license ⁽¹⁾	4,190	1,470	510	(514)	1,466
Intangible asset having undefined useful life	4,500	4,500	-	-	4,500
Total	8,690	5,970	510	(514)	5,966

	<u>Cost value</u>	<u>Book value on 12/31/2018</u>	<u>Acquisition / (write-off)</u>	<u>Amortization</u>	<u>Book value on 12/31/2019</u>
Software use license ⁽¹⁾	4,190	1,466	-	(427)	1,039
Intangible asset having undefined useful life	4,500	4,500	-	-	4,500
Total	8,690	5,966	-	(427)	5,539

	<u>Cost value</u>	<u>Book value on 12/31/2019</u>	<u>Acquisition / (write-off)</u>	<u>Amortization</u>	<u>Book value on 12/31/2020</u>
Software use license ⁽¹⁾	4,190	1,039	477	(448)	1,068
Intangible asset having undefined useful life	4,500	4,500	-	-	4,500
Total	8,690	5,539	477	(448)	5,568

⁽¹⁾ For intangible assets with a license for use, the amortization period established in the contract is used.

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

12. Amounts payable - Suppliers

These refer to provisions related to payments to be made to suppliers for services provided.

	Parent			Consolidated		
	2020	2019	2018	2020	2019	2018
Suppliers payable	1,288	368	509	3,682	13,231	9,132
Total	1,288	368	509	3,682	13,231	9,132

13. Financial liabilities

a. Clients' funds

Represented, in the Consolidated, by funding in Bank Deposit Certificates ("CDB") and Interbank Deposit Certificates ("CDI") with customers of BR Partners Banco de Investimentos S.A. maturing up to December 18, 2023. The table below provides the balance and its corresponding rates.

Securities	2020	Corresponding rates
Fixed CDB	4,635	3.281671-8.275547% p.a.
Floating-rate CDB	26,447	100% DI + 0.913890-1.482011% p.a.
	170,544	100-150% DI
Fixed-rate CDI	50,099	100% DI + 1.047346-1.064894% p.a.
	1,144	100% DI
Total	252,869	

Securities	2019	Corresponding rates
Floating-rate CDB	80,443	93-121% DI
Total	80,443	

Securities	2018	Corresponding rates
Floating-rate CDB	138,008	98.5-111.4% DI
Fixed-rate CDI	8,952	100% DI + 6.35% p.a.
Total	146,960	

b. Endorsements

Represented by funding from BR Partners Banco de Investimento S.A. in Real Estate Credit Bills as of December 31, 2020, in the amount of R\$ 7,021 (R\$ 8,404 in 2019 and R\$ 9,866 in 2018), maturing by May 9, 2028 at a rate ranging from 93% to 100% of DI + 1% p.a. (from 93% to 100% of DI in 2019 and 2018).

c. Funds from financial institutions

Represented by repurchase and resale agreements made by BR Partners Banco de Investimento S.A. and there was no balance on December 31, 2020 (R\$ 39,006 maturing on January 02, 2020 at the rate of 100% of the DI rate in 2019 and R\$ 23,007 in 2018, maturing on January 02, 2019 at the rate of 100% of DI).

d. Other financial liabilities

Represented by foreign exchange operations made by BR Partners Banco de Investimento S.A. in the amount of R\$ 29,616 in 2020, maturing on January 4, 2021 (R\$ 13,853 in 2019 maturing on January 02, 2020 and R\$ 116 in 2018, maturing on January 2, 2019).

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Notes to the financial statements

(In thousands of reais)

14. Shareholders' equity

a. Capital

	Quantity of shares (thousands)				Total
	Common shares	Preferred shares	Preferred shares in treasury	Common shares in treasury	
January 1, 2018	60,544	55,388	5,144	-	121,076
Issued preferred shares - capital increase upon capitalization of dividends	-	2,617	-	-	2,617
Issued common shares	2,758	-	-	-	2,758
December 31, 2018	63,302	58,005	5,144	-	126,451
Issued preferred shares - capital increase upon capitalization of dividends	-	2,775	-	-	2,775
Issued common shares	2,775	-	-	-	2,775
December 31, 2019	66,077	60,780	5,144	-	132,001
Issued preferred shares - capital increase upon capitalization of dividends	-	4,154	-	-	4,154
Sale of preferred shares in treasury	-	5,144	(5,144)	-	-
Issued common shares	4,002	-	-	-	4,002
February 28, 2020	70,079	70,078	-	-	140,157
Issued preferred shares	-	4,499	-	-	4,499
Issued common shares	4,499	-	-	-	4,499
June 8, 2020	74,578	74,577	-	-	149,155
Repurchase of common shares to be held in treasury	(14,858)	-	-	14,858	-
Conversion of preferred shares into common shares of Share split of 0.6677348 common shares for each converted preferred share	29,859	(44,717)	-	-	(14,857)
Cancellation of common shares in treasury	-	-	-	(14,858)	(14,858)
Share split of 0.6677348 common shares for each converted preferred share	89,578	29,859	-	-	119,437
September 1, 2020	179,157	59,719	-	-	238,876
Conversion of common shares into preferred shares	(59,719)	59,719	-	-	-
November 30, 2020	119,438	119,438	-	-	238,876

The common and preferred shares are all nominative and without par value. Each common share will correspond to one vote in the deliberations at general meetings and the preferred shares will not give their holders voting rights. Preferred shares give their holders priority in the reimbursement of capital in the event of the Company's liquidation. The Company's capital increases may be made by deliberation of the general meeting, in whole or in part, through the issuance of preferred shares up to the legal limit.

At the Ordinary and Extraordinary Meeting held on March 01, 2018, the Company's R\$ 12,146 capital increase was approved, through the capitalization of dividends by issuing 2,617 thousand preferred shares, nominative, with no par value, at the total issue price of R\$ 5,913 and issuing 2,758 thousand common shares, not paid-in, at the total issue price of R\$ 6,233, set in accordance with the criteria of article 170, paragraph 1, item I of Brazil's Corporation Law. The Company's capital increased from R\$ 213,484 to R\$ 225,630, divided into 126,451 common shares: 63,302 common shares and 63,149 preferred shares, all nominative and with no par value.

At the Ordinary and Extraordinary Meeting held on February 28, 2019, the Company's R\$ 12,766 capital increase was approved, through the capitalization of dividends by issuing 2,775 thousand nominative preferred shares, with no par value, at the total issue price of R\$ 6,383 and issuing 2,775 thousand common shares at the total issue price of R\$ 6,383, set in accordance with the criteria of article 170, paragraph 1, item I of Brazil's Corporation Law. The Company's capital increased from R\$ 225,630 to R\$ 238,396, divided into 132,001 common shares: 66,077 common shares and 65,924 preferred shares, all nominative and with no par value.

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On January 29, 2020, the Central Bank of Brazil authorized the entry of foreign interest in capital of BR Partners Banco de Investimento S/A., resulting from an indirect ownership interest up to 6.46% in the Company's total capital to be acquired by Negocio Magni S/A de CV, based in Mexico. The Mexican group is the sole shareholder of Brapinvest Fundo de Investimento em Participações Multiestratégia 'Brapinvest IV'.

At the Ordinary and Extraordinary Meeting held on February 28, 2020, the Company's i.) allocation of net income for 2019 in the amount of R\$ 76,515 was approved with the following allocations: for the legal reserve accounts R\$ 3,826, other profit reserves R\$ 2,767 and dividends payable of R\$ 69,921, of which R\$ 50,652 was paid in advance during 2019, with a balance of dividends payable R\$ 19,271, ii) R\$ 19,179 capital increase was approved, through the capitalization of dividends by issuing 4,154 thousand nominative preferred shares, with no par value, at the total issue price of R\$ 9,770 and issuing 4,002 thousand common shares at the total issue price of R\$ 9,409 destined for Capital Reserve, set in accordance with the criteria of article 170, paragraph 1, item I of Brazilian Corporate Law. The Company's capital increased from R\$ 238,396 to R\$ 257,575, divided into 140,157 common shares: 70,079 common shares and 70,078 preferred shares, all nominative and with no par value.

At the General and Extraordinary Meeting of June 8, 2020, confirmed on June 12, 2020, amongst other items of business it approved (i) the cancellation of the share warrants held by Brapinvest IV; (ii) increase in the Company's capital in the total amount of R\$ 20,224, through the issue of 4,499 thousand new common shares for R\$ 10,112 and 4,499 thousand new preferred shares for R\$ 10,111; (iii) sale of 5,144 preferred shares held in treasury to Brapinvest IV, for the total amount of R\$ 202, causing an impact in the amount of R\$ 10,112, deducted from the Other profit reserves; (iv) increase of the Company's capital in the amount of R\$ 453, by capitalizing the balance of the "Other profit reserves" account, without the issuance of new shares of any kind, pursuant to article 169, paragraph 1 of the Corporate Law. As a result, the Company's capital increased from R\$ 248,166 to R\$ 268,843, divided into 149,155 common shares: 74,578 common shares and 74,577 preferred shares, all nominative and with no par value.

In the Minutes of the Board of Directors' Meeting of June 30, 2020, it was decided to distribute interim dividends of R\$ 43,175, of which, to shareholder BR Partners Holdco Participações Ltda., R\$ 30,223, to shareholder Brapinvest, R\$ 11,278, and to shareholder Brapinvest IV, R\$ 1,674.

In the Minutes of the Board of Directors' Meeting of June 30, 2020, it was decided to repurchase 14,858 common shares for a value of R\$ 38,334 from shareholder BR Partners Holdco Participações Ltda., to be held in treasury by the Company (later canceled by the Company).

At the Extraordinary General Meeting of July 29, 2020, re-ratified on August 20, 2020, the following was approved (i) the conversion of 44,717 preferred shares at the ratio of 0.66773480 common share for each 1 preferred share converted, resulting in corresponding 29,859 common shares common shares, subject to the first disclosure of the Notice to the Market of the Company's public offering; (ii) the cancellation of 14,858 common shares held in treasury, subject to the first disclosure of the Notice to the Market of the Company's public offering.

At the Extraordinary General Meeting of September 1, 2020, it approved (i) the cancellation of all shares held in treasury and at the Special General Meeting of Preferred Shareholders of August 20, 2020, without any change in the Company's capital stock. The Company's share capital is now divided into 119,438 shares, of which 89,578 are common shares and 29,859 are preferred shares, all nominative and without par value; (ii) as a result of the cancellation of the shares held in treasury, the Other Profit Reserves account was increased using the balance of the goodwill reserve account in the issue of shares in the amount of R \$ 30,614, (iii) the split of the shares of issued by the Company in the proportion of each 1 (one) share issued by the Company to 2 (two) shares issued by the Company of the same class and type, causing movement between the goodwill reserve accounts and other capital reserves and, therefore, without any change in the value of the Company's capital stock. Accordingly, the Company's share capital will be divided into 238,876 shares, of which 179,157 are common shares and 59,719 are preferred shares, all nominative and without par value.

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At the Special General Meeting and the Special General Meeting of Holders of Preferred Shares of November 30, 2020, it approved (i) the conversion of 51,998 of the Company's common shares held by Brapinvest into 51,998 of the Company's preferred shares, thus becoming Brapinvest, together with the preferred shares that were already owned before this resolution, holder of 103,996 preferred shares of the Company, equivalent to 87.07% of the total preferred shares of the Company and 43.5354% of the total shares of the Company; (ii) the conversion of 7,721 common shares of the Company owned by Brapinvest IV into 7,721 preferred shares of the Company, thus becoming Brapinvest IV, together with the preferred shares that were already owned before this resolution, holder of 15,442 preferred shares of the Company, equivalent to 12.92% of the total preferred shares of the Company and 6.4646% of the total shares of the Company.

b. Profit reserve

The legal reserve is set up annually by the allocation of 5% of net income for the year and may not exceed 20% of the Company's capital. The legal reserve can be used solely to offset losses and increase capital.

Other profit reserves refer to the retention of the remaining balance of retained earnings, pursuant to article 196 of Brazil's Corporation Act.

c. Basic and diluted earnings per share

i. a) Calculation of weighted average of shares without Stock Split

	Total shares issued		Weighted average of shares		Weighted average of total shares
	Common shares	Preferred shares	Common shares	Preferred shares	
Total at January 1, 2018	60,544	55,388	60,109	54,953	115,061
March 2018	2,758	2,617	2,298	2,181	
December 31, 2018	63,302	58,005	62,407	57,133	119,540
February 2019	2,775	2,775	2,544	2,544	
December 31, 2019	66,077	60,780	64,951	59,677	124,628
February 2020	4,002	4,154	3,334	3,462	
June 2020	4,499	4,498	2,624	2,625	
June 2020	-	5,144	-	3,001	
June 2020	(14,858)	-	(7,429)	-	
September 2020	29,859	(29,859)	12,442	(12,442)	
September 2020	-	(14,857)	-	(6,191)	
September 2020	89,578	29,859	29,859	9,953	
November 2020	(59,719)	59,719	(4,977)	4,977	
December 31, 2020	119,438	119,438	100,804	65,062	165,866

b) Calculation of weighted average of shares with Stock Split

	Total shares issued ⁽¹⁾		Weighted average of shares ⁽¹⁾		Weighted average of total shares
	Common shares	Preferred shares	Common shares	Preferred shares	
Total at January 1, 2018	121,088	110,776	120,218	109,906	230,124
March 2018	5,516	5,234	4,596	4,362	
December 31, 2018	126,604	116,010	125,684	115,138	240,822
February 2019	5,550	5,550	5,088	5,088	
December 31, 2019	132,154	121,560	131,692	121,098	252,790
February 2020	8,004	8,308	6,668	6,924	
June 2020	8,997	8,996	5,248	5,250	
June 2020	-	10,288	-	6,002	
June 2020	(29,716)	-	(14,858)	-	
September 2020	59,718	(59,718)	24,884	(24,884)	
September 2020	-	(29,715)	-	(12,382)	
November 2020	(59,719)	59,719	(4,977)	4,977	
December 31, 2020	119,438	119,438	149,119	107,447	256,566

⁽¹⁾ All quantities of shares prior to the stock split on September 2020 were adjusted retrospectively for the 2 for 1 stock split.

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(In thousands of reais)

i. Calculation of attributable profit by type of shares

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net income to be distributed to shareholders	88,735	76,515	50,127
Income attributable to holders of Common Shares	44,368	53,002	34,793
Income attributable to holders of Preferred Shares	44,368	23,513	15,334

ii. Calculation of basic earnings per share

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per common share	44,368	53,002	34,793
Weighted average number of common shares for basic earnings per share calculation purpose	149,119	131,692	125,684
Basic net earnings per common share - R\$	0.30	0.40	0.28

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per preferred share	44,368	23,513	15,334
Weighted average number of preferred shares for basic earnings per share calculation purpose	107,447	121,098	115,138
Basic net earnings per preferred share - R\$	0.41	0.19	0.13

iii. Calculation of diluted earnings per share

The calculation of diluted earnings per share was based on net income attributed to shareholders and the weighted average of outstanding shares after adjustments for all potential dilutive shares.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per common share	44,368	53,002	34,793
Weighted average number of common shares for diluted profit per share calculation purpose	149,119	131,692	125,684
Diluted net earnings per common share - R\$	0.30	0.40	0.28

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income for the year attributable to the Company's owners and used for the determination of earnings per preferred share	44,368	23,513	15,334
Weighted average number of preferred issued shares	107,447	121,098	115,138
Potential shares from share warrant issued ⁽¹⁾	-	8,594	7,840
Weighted average number of preferred shares for diluted profit per share calculation purposes	107,447	129,691	122,978
Net diluted earnings per preferred share - R\$	0.41	0.18	0.12

⁽¹⁾ As approved by the Ordinary and Extraordinary Meeting held on December 6, 2016, share warrants were outstanding as at December 31, 2019 and 2018, which were cancelled in 2020.

BR Advisory Partners Participações S.A.

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(In thousands of reais)

d. Dividends

Preferred shares will be entitled to receive a fixed dividend corresponding, each year, to the portion of the Adjusted Net Income calculated as follows:

$$\text{Fixed dividend} = \frac{\text{Adjusted Net Income} \times 0.6 \times \text{Number of preferred shares (AP)}}{\text{Number of total shares issued (AT)}}$$

Where:

Adjusted Net Income = As defined in the bylaws.

Number of preferred shares (AP) = total number of preferred shares issued by the Company.

Number of total shares (AT) = total number of common shares and preferred shares issued by the Company.

The shareholders will be entitled to a minimum mandatory non-cumulative dividend corresponding to 0.1% of the total adjusted net income.

“Adjusted Net Income” is considered to be the net income for the year referred to in Article 191 of the Brazilian Corporate Law, reduced or increased by the amounts provided for in item I of Article 202 of the Brazilian Corporate Law and subject to the provisions of item II and III of the same article, as applicable.

After the legal provisions are met, and the fixed dividend of the preferred shares is paid, the remaining balance will be distributed to the common shares.

The distribution of dividends will not be mandatory in the fiscal year in which the Board of Directors informs shareholders, with justified and unanimously approved exposure, that it is incompatible with the Company's financial situation, in which case only a portion may be distributed as dividends. Adjusted Net Income or approved its retention as a reserve, as the case may be. Profits that are no longer declared pursuant to this paragraph shall be distributed and paid to shareholders as soon as the Company's financial situation permits, applying the provisions of article 202, paragraph 5 of the Brazilian Corporate Law.

Interim dividends and interest on own capital will always be considered as an anticipation of the fixed dividend and the minimum mandatory.

BR Advisory Partners Participações S.A. (Parent)

On February 28, 2020, pursuant to the Minutes of the Ordinary and Extraordinary Meeting, dividends in the amount of R\$ 69,922 were approved for distribution to Shareholders - the amount of R\$ 50,652 had been advanced during 2019 and the amount of R\$ 19,270 was paid in 2020.

On June 30, 2020, interim dividends were distributed in the amount of R\$ 43,175.

As of December 31, 2020, dividends of the year totaling R\$ 84,298 were allocated of which a total of R\$43,175 had already been distributed as interim dividends in 2020.

e. Dividends of subsidiaries paid to parent

The dividends received from its subsidiaries were composed as follows:

BR Assessoria de Mercados de Capitais e Dívidas Ltda.: As of December 31, 2020, no dividends were allocated due to a net loss in the year. As of December 31, 2019, dividends were allocated in the amount of R\$ 0 (R\$ 2,762 in 2018);

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(In thousands of reais)

BR Partners Assessoria Financeira Ltda.: On December 31, 2020, dividends for that year were allocated in the amount of R\$ 71,185 (R\$ 61,775 in 2019 and R\$ 39,004 in 2018). During 2020, dividends were prepaid in the amount of R\$ 60,425 (R\$ 24,403 in 2019 and R\$ 6,984 in 2018).;

BR Partners Gestão de Recursos Ltda.: On December 31, 2020, dividends for that year were allocated in the amount of R\$ 11,295 (R\$ 3,000 in 2019 and R\$ 1,724 in 2018). During 2020, dividends were prepaid at the amount of R\$ 8,068 (R\$ 0 in 2019 and R\$ 0 in 2018).

BR Partners Participações Financeiras Ltda.: There was no distribution of dividends during 2020. As of December 31, 2019, the dividends of 2019 totaling R\$ 317 (R\$ 0 in 2018) were allocated.;

BR Partners Corretora de Títulos e Valores Mobiliários S.A.; There was no distribution of dividends during 2020. As of December 31, 2019, dividends were allocated in the amount of R\$ 315 (R\$ 3,642 in 2018).;

BR Partners Europe B.V.; There was no distribution of dividends during 2020, 2019 and 2018.

For the companies, BR Partners Soluções Financeiras Ltda. e BR Partners Banco de Investimento S.A., there was no distribution of dividends during the years 2020, 2019 and 2018.

f. Restricted share granting plan

On September 1, 2020, in accordance with the Minutes of the Extraordinary Shareholders' Meeting, the Company's Restricted Shares Granting Plan was approved, where the right to receive Restricted Shares representing, at most, 1.5% of the total number of shares into which the Company's share capital is divided on that date. The plan will come into effect after the public offering of the company, therefore, there were no grants during the year until December 31, 2020.

15. Revenues

Service revenues is substantially represented by economic and financial advisory services and commissions for the intermediation of marketable securities by the Group companies listed below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Indirect subsidiary			
<i>BR Partners Banco de Investimento S.A.</i>			
Commissions and intermediation/structuring of securities	15,744	26,179	9,802
Financial advisory and consulting	-	13	2,282
Direct subsidiaries			
<i>BR Partners Assessoria Financeira Ltda.</i>			
Financial advisory and consulting in Brazil	136,072	129,437	47,353
Financial advisory and consulting abroad	1,314	12,689	11,972
<i>BR Partners Gestão de Recursos Ltda.</i>			
Third party fund management	2,466	2,470	2,399
Business intermediation	10,723	3,214	-
<i>BR Partners Assessoria de Mercados de Capitais e Dívidas Ltda.</i>			
Financial advisory and consulting	-	-	3,860
<i>BR Partners Europe B.V.</i>			
Financial advisory and consulting	22,960	27,636	26,634
Service revenues - net of taxes	189,279	201,638	104,302
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service revenues - gross of taxes	214,806	219,124	112,638
Total taxes - PIS/COFINS	(16,013)	(7,301)	(3,511)
Total taxes - ISS	(9,514)	(10,185)	(4,825)
Service revenues - net of taxes	189,279	201,638	104,302

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(In thousands of reais)

The following summary discloses the service revenues (revenue from contracts with customers) and the other accounting items that composes the Total revenue disaggregated by line of business:

Line of Business	2020				
	Service revenues	Specialized technical service expenses	Net income (loss) from interest and gains / losses on financial instruments	Other revenues	Total
<i>Investment Banking</i>	144,651	(17,432)	-	3,672	130,891
Structured credit and capital market	42,030	-	15,271	-	57,301
<i>Sales & Trading</i>	54	-	15,315	-	15,369
Investments	2,544	-	7,584	-	10,128
Capital and other	-	-	8,577	-	8,577
Total revenues	189,279	(17,432)	46,747	3,672	222,266

Line of Business	2019				
	Service revenues	Specialized technical service expenses	Net income (loss) from interest and gains / losses on financial instruments	Other revenues	Total
<i>Investment Banking</i>	154,850	(65,021)	-	796	90,625
Structured credit and capital market	44,243	-	1,593	-	45,836
<i>Sales & Trading</i>	465	-	11,198	-	11,663
Investments	2,080	-	1,217	-	3,297
Capital and other	-	-	12,504	-	12,504
Total revenues	201,638	(65,021)	26,512	796	163,925

Line of Business	2018				
	Service revenues	Specialized technical service expenses	Net income (loss) from interest and gains / losses on financial instruments	Other revenues	Total
<i>Investment Banking</i>	89,462	(16,685)	-	1,073	73,850
Structured credit and capital market	13,555	-	2,182	-	15,737
<i>Sales & Trading</i>	107	-	12,009	-	12,116
Investments	1,178	-	5,282	-	6,460
Capital and other	-	-	11,903	-	11,903
Total revenues	104,302	(16,685)	31,376	1,073	120,066

16. Net income (loss) from interest and gains / losses on financial instruments

	Parent		
	2020	2019	2018
Interest revenue - Investments in fixed income securities	64	18	17
Income (loss) from investments in investment funds	8,330	(331)	3,151
Net finance income	8,394	(313)	3,168

	Consolidated		
	2020	2019	2018
Interest revenues			
Income from loan operations	1,602	2,850	2,340
Income from guarantees granted	621	362	118
<i>Financial assets</i>			
- At fair value through profit or loss	111,845	42,367	32,092
Total interest revenues	114,068	45,579	34,550
Interest expenses			
Money market funding expenses	(4,439)	(6,886)	(8,205)

BR Advisory Partners Participações S.A.

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Financial assets

- At fair value through profit or loss

	<u>(7,741)</u>	<u>(162)</u>	<u>(265)</u>
Total interest expenses	(12,180)	(7,048)	(8,470)

Net gains/losses from operations in foreign currency

	2020	2019	2018
Foreign exchange income	54,784	22,473	28,390
Foreign exchange expenses	<u>(57,657)</u>	<u>(20,359)</u>	<u>(25,610)</u>
Total	<u>(2,873)</u>	<u>2,114</u>	<u>2,780</u>

Gains/losses, net of financial assets and liabilities at fair value through profit or loss

	2020	2019	2018
Income from derivative operations	1,054,545	409,831	526,777
Securities - Positive mark-to-market	306	6	1,126
Expenses on derivative operations	(1,037,757)	(400,277)	(516,363)
Securities - Negative mark-to-market	<u>(69,362)</u>	<u>(23,693)</u>	<u>(9,024)</u>
Total	<u>(52,268)</u>	<u>(14,133)</u>	<u>2,516</u>

Net income (loss) from interest and gains / losses on financial instruments

46,747	26,512	31,376
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17. Operating expenses

a. Specialized technical service expenses

Refer to expenses on consulting and advisory services, auditing and other services of the same nature that support the provision of financial advisory and consulting services by the Company.

	Consolidated		
	2020	2019	2018
Specialized technical service expenses	<u>17,432</u>	<u>65,021</u>	<u>16,685</u>
Total	<u>17,432</u>	<u>65,021</u>	<u>16,685</u>

b. Personnel expenses

Refer to expenses of employees, benefits, proceeds and taxes.

	Parent			Consolidated		
	2020	2019	2018	2020	2019	2018
Personnel expenses	<u>2,346</u>	<u>44</u>	<u>126</u>	<u>48,410</u>	<u>25,104</u>	<u>25,483</u>
Total	<u>2,346</u>	<u>44</u>	<u>126</u>	<u>48,410</u>	<u>25,104</u>	<u>25,483</u>

c. Administrative expenses

	Parent		
	2020	2019	2018
Amortization and depreciation expenses	521	624	625
Publishing expenses	648	538	337
Other expenses	<u>833</u>	<u>(194)</u>	<u>-</u>
Total	<u>2,002</u>	<u>968</u>	<u>962</u>

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(In thousands of reais)

	Consolidated		
	2020	2019	2018
Commercial expenses abroad ⁽¹⁾	10,858	12,572	12,573
Data processing expenses	3,917	2,917	2,568
Financial system service expenses	3,466	1,152	3,128
Promotion and public relations expenses	3,190	2,557	343
Amortization and depreciation expenses	2,805	2,692	1,520
Tax expenses	2,115	610	570
Communication expenses	1,930	2,246	2,318
Rent expenses	1,656	1,994	2,025
Publishing expenses	797	930	505
Expenses with outsourced services	685	-	-
Travel expenses	323	2,297	1,220
Condominium expenses	228	488	463
Expenses for maintenance of assets	283	349	215
Expenses with water, energy and gas	271	302	300
Security and surveillance expenses	170	151	149
Transportation expenses	101	123	115
Material expenses	97	118	78
Other expenses	519	(237)	1,508
Total	33,411	31,261	29,598

Among the administrative expenses accounted for in 2020, the amount of R\$ 5,049 refers to expenses such as consulting, audit, fees and other expenses related to the Initial Public Offering ("IPO") that was canceled in September 2020 due to market instability.

⁽¹⁾ In the year ended December 31, 2020, the amount of R\$ 10,858 (R\$ 12,572 in 2019 and R\$ 12,573 in 2018) refer to commercial expenses of the Group company BR Partners Europe B.V., related to the rendering of commission and business intermediation services.

18. Other expenses

Within the consolidated balances, the total for other expenses is comprised for the financial years as follows:

	Parent			Consolidated		
	2020	2019	2018	2020	2019	2018
Taxes and contributions	427	214	250	4,925	2,028	1,025
Expenses with unreimbursed projects	-	-	-	488	9	12
Labor contingencies	-	-	-	226	1,276	-
Foreign exchange rate expenses	-	-	-	69	870	221
Other expenses	1	1	-	1,203	-	5
Total	428	215	250	6,911	4,183	1,263

19. Income taxes

a. Income taxes

	Parent		
	2020	2019	2018
Income (loss) before income tax	91,567	76,638	51,198
Rate (25% Income Tax (IR) and 9% Social Contribution (CSLL))	(31,133)	(26,056)	(17,411)
Additions/Permanent exclusions	(1,297)	(775)	-
Temporary additions/deductions	2,524	(48)	1,001
Additions/exclusions – Undistributed earnings in equity method investees	31,372	26,532	16,774
Deferred Constitution/Reversal of the Period	(2,832)	113	(1,072)
Tax loss	(1,466)	111	(363)
Expenses with IRPJ/CSLL	(2,832)	(123)	(1,071)

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(In thousands of reais)

	Consolidated		
	2020	2019	2018
Income (loss) before income tax and social contribution	133,544	103,161	63,562
Total income tax and social contribution charge at current rates	(45,405)	(35,075)	(21,611)
Effect of additions and deductions on the calculation of taxes:			
Fair value of financial assets	(2,032)	1,095	7,004
Other assets ⁽¹⁾	2,628	7,333	1,172
Income tax and social contribution in the years	(44,809)	(26,646)	(13,435)
Effective rate	33.6%	25.8%	21.1%
Income tax and social contribution on temporary differences	11,905	887	(6,762)
Income tax and social contribution on tax loss	(2,383)	(1,578)	3,847
Current income tax and social contribution	(53,518)	(25,034)	(10,520)
Changes in rate of Social Contribution on Net Income	-	(921)	-
Income tax and social contribution during the period	(44,809)	(26,646)	(13,435)

- (1) The fiscal year 2020 basically includes (i) profits abroad and (ii) equalization of the rate of non-financial company taxed under the regime of profit computed as a percentage of gross sales. For 2019 and 2018, foreign income; (ii) the effect of R\$ 921,000, referring to the increase in the Social Contribution rate on banks' net income, from 15% to 20% on temporary differences and negative basis, as established in Constitutional Amendment 103 enacted in November 2019; and (iii) equalization of the rate of non-financial companies taxed based on the "presumed profit" method.

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(In thousands of reais)

b. Deferred income tax and social contribution

- **Parent**

There is no accounting for of deferred tax assets in the parent company

- **Consolidated**

	December 31, 2018	Constitution	Realization/ Write-off	December 31, 2019	Constitution	Realization/ Write-off	December 31, 2020
Temporary differences	1,061	2,030	(885)	2,206	10,264	-	12,470
Tax loss and negative basis of social contribution	3,961	1,822	(3,400)	2,383	-	(2,383)	-
Total deferred tax assets	5,022	3,852	(4,285)	4,589	10,264	(2,383)	12,470
Deferred tax obligations on fair value of financial assets	22,035	4,244	(2,420)	23,859	2,832	(3,473)	23,218
Other	1,753	73	(1,639)	187	-	(187)	-
Total deferred tax liabilities	23,788	4,317	(4,059)	24,046	2,832	(3,660)	23,218
Total net deferred tax assets (liabilities)	(18,766)	(465)	(226)	(19,457)	7,432	1,277	(10,748)

Management, based on its income projections, believes that it will earn taxable income to absorb the deferred tax assets as follows:

	Consolidated					
	Realization estimate			Present value		
	2020	2019	2018	2020	2019	2018
2019	-	-	3,412	-	-	3,027
2020	-	4,429	1,533	-	3,930	1,205
2021	12,389	13	36	10,991	10	25
2022	13	15	-	10	10	-
2023	34	59	-	24	37	-
2024	-	14	-	-	8	-
2025	-	13	-	-	6	-
2026	-	5	-	-	3	-
2027	-	-	-	-	-	-
2028	34	41	41	13	14	12
Total	12,470	4,589	5,022	11,038	4,018	4,269

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The present value of tax credits was calculated considering the average DI rate of 0.23% per month in 2020 (0.37% in 2019 and 0.49% in 2018).

This estimate is reviewed regularly, so that any changes in the recovery outlook for these credits will be considered in a timely manner in future financial statements.

20. Operating segments

The Group has a single reportable segment as of December 31, 2020, 2019 and 2018. This segment offers investment banking services, which are administered and managed according to the products offered.

The following summary of the Company's business lines describes the main services rendered by the reporting segment of the Company:

- **Investment Banking - Mergers & Acquisitions and financial restructuring**

Offers financial and strategic advisory services in mergers & acquisitions transactions, sales of shareholdings, fundraising, strategic partnerships, corporate restructuring and financial restructuring. Accordingly, it works with the customer in preparing materials, gathering information, financial modeling, business structuring, contract negotiation and advisory to shareholders and management in all stages of the aforementioned processes.

- **Structured credit and capital markets**

Advises its customers on raising funds from investors through debt instruments. Operates in the structuring and distribution of financial products developed according to each customer's needs. The area actively participates throughout the process of structuring debt instruments, to guide its customers in the best possible way.

- **Sales & Trading**

Advises and executes foreign exchange, derivatives and sureties with its corporate and institutional customers. Operates in raising funds from customers and third parties using its treasury products such as Bank Deposit Certificates (CDBs), Real Estate Credit Bills/Agribusiness Credit Bills (LCIs/LCAs) and Financial Bills (LFs). The area is also responsible for treasury management and ALM (Asset and Liability Management) and all accesses to the different primary markets for local and international trading.

- **Investments**

The company it develops new theses for illiquid investments, negotiates minority transactions, structures investment vehicles, raises funds from third parties, allocates proprietary capital, provides resource management services for Funds, and contributes to the development strategy of the respective theses. The company it has relationships with a large part of Brazilian family offices and investor bases that commit capital on a recurring basis and allow access to proprietary businesses through the extensive relationship network with local entrepreneurs.

- **Capital & others**

The company it concentrates the revenues obtained from the construction of the loan portfolio in securities and loans in transition. Additionally, The Company, it remunerates capital for the areas that use it (e.g., Investments, Sales & Trading).

a. Reportable segment information

The Company has only one reportable segment, the financial information managed by Management is that presented in the balance sheet and income statements.

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b. Geographic segments

The Company's operations are substantially carried out in Brazil, and it has a company based in Amsterdam, Netherlands, the corporate purpose of which is business management consulting activities. In addition, it also has an investment fund domiciled in the Cayman Islands, the investment strategy of which is to obtain return on marketable securities, including stocks and bonds, currencies, options, futures and other derivatives, focusing on the Brazilian market.

c. Major clients

The table below shows the number of clients which, individually, represented over 10% of service revenues and net income (loss) from interest and gains/losses on the financial instruments in the years ended December 31, 2020, 2019 and, 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Number of clients representing over 10% of the service revenues and net income (loss) from interest and gains/losses on the financial instruments.	1	4	2

In the years ended December 31, 2020, 2019 and 2018, those individual clients that generated greater than 10% of revenue, in aggregate, generated the % of service revenues and the net income (loss) from interest and gains/losses on the financial instruments shown in the table below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
% of service revenues and net income (loss) from interest and gains/losses on the financial instruments.	27%	68%	37%

The clients have no direct or indirect shareholding relationship with the Company.

21. Other information

a. Guarantees, sureties and guarantees

Sureties and guarantees provided by Banco BR Partners are recorded in the name of those endorsed or guaranteed in memorandum accounts, observing the developments planned for control, recording and monitoring of administrative acts that may become obligations due to future events. Operations related to sureties and guarantees provided and settled and outstanding have the provisioning assigned to each customer as defined by Management based on the expectation of loss.

Credits are granted through sureties and guarantees as shown in the table below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Bank guarantees provided	36,894	33,218	31,471
Provision for financial guarantees provided	(369)	-	-
Total	<u>36,525</u>	<u>33,218</u>	<u>31,471</u>

b. BR Partners Corretora de Títulos e Valores Mobiliários S.A.

BR Partners Corretora de Títulos e Valores Mobiliários S.A. was an integral part of the Group up to November 19, 2020, when the sale was approved by the Central Bank of Brazil through 25.051/2020-BC/Deorf/GTSP1 Official Letter.

The Group formed 'Corretora', a privately held company, on February 10, 2012 and received authorization to operate from the Central Bank of Brazil ("BACEN") on June 8, 2012.

In June 2015, BM&Fbovespa (B3) discredited it in the Bovespa segment, remaining active in the fixed income segment.

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On October 30, 2019, the process of disposal of the Brokerage Firm's corporate control was approved by the Central Bank of Brazil, pursuant to Official Letter 24202/2019-BCB/Deorf/GTSP1.

c. BR Partners Holdco Participações LTDA.

As of September 1, 2020, the company was merged by its direct parent company, BR Partners Holdco Participações S.A., and since then it became the current parent company of the Company.

d. Contingencies

Within BR Partners Group, there is no record of it being a defendant in any tax-related lawsuit at the base date of December 31, 2020, 2019 and 2018. Regarding civil lawsuits, there is one that is classified a possible loss; the amount involved is not significant and, given the classification as possible whose amount involved on December 31, 2020, 2019 and 2018 was R\$ 226, R\$ 220 and R\$ 211, respectively, given the classification as possible, is not recognized in the accounts. Regarding labor-related lawsuits, in progress classified by our legal advisors as probable loss were R\$ 970 (R\$ 970 in 2019 and R\$ 0 in 2018). There are no labor lawsuits with possible classification.

e. Insurance

The Group has a management program intended to limit risk, and contracts within the market coverage compatible with its size and operations. Coverage related to facilities in headquarters, were contracted at amounts considered by Management sufficient eventual possible claims, considering its nature of activity and the risks involved in its operations. In the year ended December 31, 2020, the amount of premium contracted by the Group totaled R\$ 7 (R\$ 7 in 2019 and R\$ 7 in 2018) and the Company had the following insurance policy:

<u>Insured property</u>	<u>Insured risks</u>	<u>Amount of coverage</u>
Shareholders' equity	Fire, explosion and smoke	10,000
	Loss of rental income	600
	Civil liability	600
	Electrical damages	1,000
	Electronic equipment	2,000
	Glasses	30
	Sprinkler system leakage	2,000
	Recovery of records and documents	600
	Stationary equipment	600

f. Transactions not involving cash

The Company carried out the following investment and financing activities not involving cash. Therefore, they are not included in the statements of cash flows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income (loss) from interest in subsidiaries	92,268	77,969	49,328
Constitution of the legal reserve	4,437	3,826	2,507

g. Lease liabilities

The Group leases floors in an office building through a five-year lease; the last such agreement was signed in 2018 and it can be renegotiated at any time. On December 31, 2020, 2019 and 2018, the minimum non-cancellable lease amounts are presented between 1 and 5 years in the amount of R\$ 1,463 for 2020 (R\$ 4,667 in 2019 and R\$ 0 in 2018).

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Due to the Covid-19 Pandemic, there was an average discount of 20% on the amounts paid from April to December 2020. For 2021, the amounts were changed due to contract renewal, with 10% less than the value contractually agreed in the previous contract.

Change in the lease liability balance is shown below:

	Consolidated		
	2020	2019	2018
Right-of-use of real estate - initial recognition as of January 01	4,667	5,886	-
Depreciation	(1,298)	(1,219)	-
Interest appropriation on lease	(262)	-	-
Consideration paid	(1,656)	-	-
Other	(12)	-	-
Total lease liability	1,463	4,667	-

h. Third party fund management

The Company administers and manages equity investment funds and multimarket investment funds. On December 31, 2020, 2019 and 2018, it had R\$ 469,969, R\$ 414,766 and R\$ 451,280, respectively, in assets under management, divided into R\$ 68,290, R\$ 66,086 and R\$ 130,420 (respectively) in multimarket investment funds, and R\$ 401,679, R\$ 348,680 and R\$ 320,869, respectively, in equity investment funds in Brazil.

i. COVID-19

The extent of the pandemic declared by the World Health Organization (WHO) due to the spread of the coronavirus (COVID-19), the perception of its effects, or the way in which this pandemic will impact the Company's businesses depends on future developments, which are highly uncertain and unpredictable, which may result in a material adverse effect on the Company's businesses, financial condition, results of operations and cash flows and, finally, its ability to continue as a going concern. To date, management has not identified any significant impact of COVID-19 on the Company's business, financial condition, results of operations or cash flows.

The Company achieved a profit of R\$ 88 million, aligned with the estimated amount in its business plan, highlighting the performance of the business lines of the Investment Banking and Structured Credit and Capital Markets. In relation to the fiscal year ended on December 31, 2019, the profit earned by the Company in the fiscal year ended December 31, 2020 was 16% higher.

From a regulatory point of view, the Central Bank of Brazil intensified its inspection at BR Partners due to the effects of the COVID-19 pandemic, requiring more continuous monitoring and reporting by the Bank on its liquidity situation, with emphasis on funding and redemption resources, as well as for the concession and credit risk of its operations.

In compliance with the social isolation guidelines due to the COVID-19 pandemic, the Company and its subsidiaries have offered the possibility of home-office to all their managers and employees since March of 2020. Currently, approximately 80% of all managers and employees of the Company and its subsidiaries remain in the remote work regime. There was no reduction in the working hours of any employee. The Company only formalized an amendment to the employment contracts of employees of all its subsidiaries to formalize the remote work arrangement.

The Company, through BR Partners Banco, is following the guidelines of the Brazilian Federation of Banks (Febraban) as well as other discussion forums to structure the return of its managers and employees to their normal activities at the Company's headquarters, in line with best market practices. However, there is still no set date for this, due to the increase in cases of contamination by COVID-19 in the city of São Paulo. The Company believes that the resumption of its employees

BR Advisory Partners Participações S.A.

Notes to the financial statements

(In thousands of reais)

must occur gradually, initially on a rotating basis, aiming to preserve its employees and avoid possible contamination in the workplace.

The Company renegotiated the lease for the two properties it occupies, totaling R\$ 155 and obtained a discount of around 20% on such rentals for the months of April (inclusive) through November 2020.

Finally, the BR Partners Group joined an initiative called “Não Demita” (Do Not Dismiss) promoted by renowned Brazilian entrepreneurs who pledged not to dismiss their employees during this COVID-19 pandemic period. Currently, this initiative is supported by more than 4,000 companies and the BR Partners Group, to date, has not dismissed any employee of any subsidiary, business segment, support or administrative area.

22. Subsequent events

As of the management authorization date on the Financial Statements there were no subsequent events subject to additional disclosure.

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