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

Positivo Tecnologia S.A.

Report on Review of Interim Financial Information for the six-month period ended June 30, 2020

KPMG Auditores Independentes

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Report on review of Quarterly Financial Information - ITR
To the Board of Directors and Stockholders of
Positivo Tecnologia S.A.
Curitiba, PR

Introduction

We have reviewed the accompanying June 30, 2020, parent company and consolidated, interim financial information of Positivo Tecnologia S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended June 30, 2020, comprising the balance sheet at June 30, 2020 and the statements of income and comprehensive income for the three and six-month periods ended that date and the statements of changes in equity and cash flows for the six-month period ended that date and notes to the interim financial information.

Management is responsible for the preparation of the parent company and consolidated interim financial information in accordance with the Technical Pronouncement CPC 21 – Interim Financial Reporting of Brazilian Accounting Pronouncements Committee (CPC) and the International Accounting Standard IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial information included in the Quarterly Information referred above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters
Statements of value added
The interim individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2020, prepared under the responsibility of Positivo Tecnologia S.A., and presented herein as supplementary information for purposes of the IAS 34, have been subject to review procedures jointly performed with the review of Positivo Tecnologia S.A. interim financial information. In order to form our conclusion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and content are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Value Added issued by the Brazilian Accounting Pronouncements Committee (CPC). Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Review of previous year's figures
The examination of the individual and consolidated balance sheets as of December 31, 2019 and the review of the interim financial information related to the statements of income and comprehensive income and changes in equity and cash flows for the three and six-month periods ended June 30, 2019, originally prepared before the adjustments described in explanatory note 5, were conducted under the responsibility of other independent auditors, who issued an audit report and review report without modifications, with dates of March 4, 2020 and August 14, 2019, respectively. We were not contracted to audit, review or apply any other procedures on these adjustments and on the Company's financial statements for the year ended December 31, 2019 and on the interim financial information for the three and six-month periods ended June 30, 2019 and, therefore, we do not express an opinion, conclusion or any form of assurance about them taken together. The corresponding amounts related to the Statements of value added (DVA), for the six-month period ended June 30, 2019, were submitted to the same review procedures by those independent auditors and, based on their review, those auditors issued a report reporting that they were not aware of any fact that led them to believe that the DVA was not prepared, in all its relevant aspects, in a manner consistent with the interim financial information taken as a whole.

Curitiba, August 11, 2020

KPMG Auditores Independentes
CRC SP-014428/O-6 F-PR

Original report in Portuguese signed by
João Alberto Dias Panceri
Contador CRC PR-048555/O-2

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF JUNE 30, 2020
(Amounts expressed in thousands of reais)

ASSETS	Note	Parent company June 30, 2020	Parent company December 31, 2019	Consolidated June 30, 2020	Consolidated December 31, 2019
CURRENT ASSETS					
Cash and cash equivalents	6	512,737	390,817	532,215	460,714
Derivative financial instruments	34	148,271	-	148,271	-
Accounts receivable	7	314,205	204,769	366,290	258,642
Inventories	8	449,080	438,306	538,965	494,422
Related parties	11	29,773	30,190	29,358	20,378
Recoverable taxes	9	118,144	83,036	123,521	87,826
Income tax and social contribution		44,076	34,866	46,423	36,789
Sundry advances		53,906	48,569	64,021	60,535
Other receivables	10	40,317	52,004	40,940	52,457
		1,710,509	1,282,557	1,890,004	1,471,763
NON-CURRENT ASSETS					
Long-term receivables					
Accounts receivable	7	-	69	-	70
Recoverable taxes	9	86,091	86,068	86,126	86,096
Deferred taxes	23.a	61,263	61,540	58,717	60,296
Other receivables	10	60,476	59,573	61,091	59,889
		207,830	207,250	205,934	206,351
Investments in subsidiaries	12	176,760	149,733	-	-
Investment in joint venture	13	-	-	46,437	46,116
Investment in associates and others	12	16,453	5,798	46,972	27,317
Property, plant and equipment	14	77,662	76,538	89,880	88,718
Intangible assets	15	43,375	47,485	99,847	105,138
		314,250	279,554	283,136	267,289
		522,080	486,804	489,070	473,640
TOTAL ASSETS		**2,232,589**	**1,769,361**	**2,379,074**	**1,945,403**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company June 30, 2020	Parent company December 31, 2019	Consolidated June 30, 2020	Consolidated December 31, 2019
CURRENT LIABILITIES					
Suppliers	16	196,384	270,203	291,237	330,985
Suppliers – Agreement	17	59,443	52,979	59,443	52,979
Loans and financing	18	685,857	553,500	690,895	601,728
Derivative financial instruments	34	-	14,584	-	14,584
Salaries and social charges payable		24,717	18,832	26,695	20,281
Lease liabilities	14.a	7,946	6,720	8,672	7,420
Provisions	19	75,715	76,107	82,050	86,363
Provision for tax, labor and civil risks	24	5,565	4,592	5,565	4,592
Taxes payable	20	36,560	20,768	46,215	24,035
Dividends payable	25.d	4,560	4,560	4,560	4,560
Deferred revenue	9 and 21	8,090	8,344	8,090	8,344
Related parties	11	12,500	10,178	1,431	763
Other accounts payable	22	24,119	4,757	37,140	22,309
		1,141,456	1,046,124	1,261,993	1,178,943
NON-CURRENT LIABILITIES					
Loans and financing	18	114,613	110,396	114,613	110,396
Lease liabilities	14.a	32,927	32,343	35,928	35,713
Provisions	19	18,560	19,322	18,560	19,322
Provision for tax, labor and civil risks	24	27,610	30,600	27,610	30,600
Related parties	11	-	-	4,965	5,943
Net capital deficiency in subsidiaries and joint ventures	12 and 13	18,021	2,277	457	459
Other accounts payable	22	981	1,275	28,823	29,135
		212,712	196,213	230,956	231,568
TOTAL LIABILITIES		**1,354,168**	**1,242,337**	**1,492,949**	**1,410,511**
SHAREHOLDERS' EQUITY					
Share capital	25.a	723,255	389,000	723,255	389,000
Capital reserve	25.b	119,342	119,290	119,342	119,290
Equity valuation adjustment	25.g	(13,402)	(37,452)	(13,402)	(37,452)
Profit reserve	25.c	68,129	68,687	68,129	68,687
Loss for the period		(5,578)	-	(5,578)	-
Treasury shares	25.f	(13,325)	(12,501)	(13,325)	(12,501)
Shareholders' equity attributable to controlling shareholders		878,421	527,024	878,421	527,024
Non-controlling interest		-	-	7,704	7,868
Total shareholders equiy		878,421	527,024	886,125	534,892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,232,589**	**1,769,361**	**2,379,074**	**1,945,403**

See the accompanying notes to the interim financial information.

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE SIX AND THREE-MONTH PERIODS AS OF JUNE 30, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Semester ended in				Quarter ended in			
		Parent company		Consolidated		Parent company		Consolidated	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
			(Restated)		(Restated)		(Restated)		(Restated)
NET REVENUE	26	**725,849**	**825,397**	**819,085**	**897,933**	**392,118**	**499,919**	**440,519**	**550,280**
COST OF SALES AND SERVICES RENDERED	27	(587,215)	(613,599)	(661,512)	(670,442)	(316,643)	(371,199)	(357,212)	(410,920)
GROSS INCOME		**138,634**	**211,798**	**157,573**	**227,491**	**75,475**	**128,720**	**83,307**	**139,360**
Sales expenses	27	(110,192)	(128,836)	(118,764)	(134,777)	(56,985)	(74,808)	(61,030)	(78,207)
General and administrative expenses	27	(49,360)	(44,666)	(54,482)	(48,221)	(23,695)	(23,012)	(26,638)	(24,674)
Other operating income (expenses), net		(1,582)	100	(1,509)	(180)	(1,098)	(150)	(1,545)	(425)
Equity in income of subsidiaries and associated companies	12 and 13	(9,914)	2,702	3,071	571	574	4,884	4,752	1,948
		(171,048)	(170,700)	(171,684)	(182,607)	(81,204)	(93,086)	(84,461)	(101,358)
(LOSS) INCOME BEFORE FINANCIAL INCOME AND EXPENSES		**(32,414)**	**41,098**	**(14,111)**	**44,884**	**(5,729)**	**35,634**	**(1,154)**	**38,002**
Financial revenues	29	17,515	15,401	18,693	16,563	6,726	8,107	7,357	8,767
Financial expenses	29	(44,556)	(51,799)	(47,791)	(54,791)	(20,709)	(26,302)	(21,818)	(28,436)
Net exchange-rate change	29	54,154	3,203	40,515	2,796	10,726	(4,642)	5,939	(4,286)
		27,113	(33,195)	11,417	(35,432)	(3,257)	(22,837)	(8,522)	(23,955)
(LOSS) INCOME BEFORE INCOME TAX		**(5,301)**	**7,903**	**(2,694)**	**9,452**	**(8,986)**	**12,797**	**(9,676)**	**14,047**
Current income tax and social contribution	23.b	-	(2,036)	-	(2,051)	-	(2,036)	24	(2,051)
Deferred income tax and social contribution	23.b	(277)	(928)	(1,533)	(928)	-	(928)	1,052	(928)
		(277)	(2,964)	(1,533)	(2,979)	-	(2,964)	1,076	(2,979)
NET (LOSS) INCOME FOR THE PERIOD		**(5,578)**	**4,939**	**(4,227)**	**6,473**	**(8,986)**	**9,833**	**(8,600)**	**11,068**
Attributable to controlling shareholders		**N/A**	**N/A**	**(5,578)**	**4,939**	**N/A**	**N/A**	**(8,986)**	**9,833**
Attributable to non-controlling shareholders		**N/A**	**N/A**	**1,351**	**1,534**	**N/A**	**N/A**	**386**	**1,235**
NET (LOSS) INCOME PER SHARE - R$									
Basic	31	**N/A**	**N/A**	**(0.0423)**	**0.0572**	**N/A**	**N/A**	**(0.0639)**	**0.1138**
Diluted	31	**N/A**	**N/A**	**(0.0421)**	**0.0571**	**N/A**	**N/A**	**(0.0638)**	**0.1138**

See the accompanying notes to the interim financial information.

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX AND THREE-MONTH PERIODS AS OF JUNE 30, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Semester ended in				Quarter ended in			
		Parent company		Consolidated		Parent company		Consolidated	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net (loss) income for the period		**(5,578)**	**4,939**	**(4,227)**	**6,473**	**(8,986)**	**9,833**	**(8,600)**	**11,068**
Other comprehensive income (loss)									
Items that may be reclassified in the statement of income									
Exchange difference on translation of foreign operations									
Exchange-rate changes on foreign investments									
Crounal S.A./PBG Uruguay S.A.	12	21,657	(592)	21,657	(592)	3,523	(592)	3,523	(592)
Informática Fueguina S.A.	13	-	(290)	-	(290)	-	184	-	184
Positivo Inf. da Bahia/PBG Rwanda Limited	12 and 13	1,887	8	1,887	8	292	35	292	35
Positivo Argentina S.R.L		23	(145)	23	(145)	(52)	(145)	(52)	(145)
Cash Flow Hedges									
Fair value of cash flow hedge financial instrument	34.c	483	2,715	483	2,715	10,481	(914)	10,481	(914)
		24,050	1,696	24,050	1,696	14,244	(1,432)	14,244	(1,432)
Comprehensive income (loss) for the period		**18,472**	**6,635**	**19,823**	**8,169**	**5,258**	**8,401**	**5,644**	**9,636**
Comprehensive income attributed to controlling shareholders				18,472	6,635			5,258	8,401
Comprehensive income attributed to non-controlling shareholders				1,351	1,534			386	1,235

See the accompanying notes to the interim financial information.

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN NET ASSESTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(Amounts expressed in thousands of reais)

		Parent company and Consolidated										
			Capital Reserve			Profit reserve						
	Note	Capital	Tax incentive reserves	Options granted	Equity valuation adjustments	Tax incentive reserves	Legal reserve	Treasury shares	Income (Loss) for the period	Total shareholders equity	Participicipação dos não controladores	Interest of non-controlling shareholders
AT DECEMBER 31, 2018		**389,000**	**118,305**	**812**	**(41,741)**	**61,762**	**81**	**(19,229)**	**-**	**508,990**	**918**	**509,908**
Income for the period		-	-	-	-	-	-	-	4,939	4,939	1,534	6,473
Other comprehensive income (loss):												
Cash flow hedges					2,715					2,715	-	2,715
Accumulated translation adjustment	12 and 13	-	-	-	(1,019)	-	-	-	-	(1,019)	-	(1,019)
Total comprehensive income (loss)		-	-	-	1,696	-	-	-	4,939	6,635	1,534	8,169
Exercising Stock Options	35	-	-	(81)	-	(3,930)	-	4,715	-	704	-	704
Options granted (stock options)			-	194		-		-		194	-	194
AT JUNE 30, 2019		**389,000**	**118,305**	**925**	**(40,045)**	**57,832**	**81**	**(14,514)**	**4,939**	**516,523**	**2,452**	**518,975**
AT DECEMBER 31, 2019		**389,000**	**118,305**	**985**	**(37,452)**	**68,606**	**81**	**(12,501)**	**-**	**527,024**	**7,868**	**534,892**
Loss for the period		-	-	-	-	-	-	-	(5,578)	(5,578)	1,351	(4,227)
Other comprehensive income (loss):												
Cash flow hedges	34.c	-	-	-	483	-	-	-	-	483	-	483
Accumulated translation adjustment	12 and 13	-	-	-	23,567	-	-	-	-	23,567	-	23,567
Total comprehensive income (loss)		-	-	-	24,050	-	-	-	(5,578)	18,472	1,351	19,823
Increase Capital	25.a	353,700	-	-	-	-	-	-	-	353,700		353,700
(-) Expenses with issuance of shares	25.a	(19,445)	-	-	-	-	-	-	-	(19,445)	-	(19,445)
Exercising Stock Options	35	-	-	(125)	-	(558)	-	1,077	-	394	-	394
Options granted (stock options)	35	-	-	177	-	-	-	-	-	177	-	177
Treasury shares	25.f	-	-	-	-	-		(1,901)	-	(1,901)	-	(1,901)
Dividends		-	-	-	-	-	-	-	-	-	(1,515)	(1,515)
AT JUNE 30, 2020		**723,255**	**118,305**	**1,037**	**(13,402)**	**68,048**	**81**	**(13,325)**	**(5,578)**	**878,421**	**7,704**	**886,125**

See the accompanying notes to the interim financial information.

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(Amounts expressed in thousands of reais)

	Note	Parent company June 30, 2020	Parent company June 30, 2019	Consolidated June 30, 2020	Consolidated June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss) for the period		(5,578)	4,939	(4,227)	6,473
Reconciliation of profit (loss) to cash (used in) provided by operating activities:					
Depreciation and amortization	27	16,828	13,732	19,011	15,008
Amortized right-of-use	27	4,308	3,776	4,701	4,169
Equity in income of subsidiaries and associated companies	12 and 13	9,914	(2,702)	(3,071)	(571)
Fair value (gain) loss		(14,411)	(4,260)	(14,354)	(4,741)
Provision (reversal) for tax, labor and civil risks	24	(2,017)	565	(2,017)	565
Allowance for doubtful accounts	7	2,932	49	2,956	49
Provision (reversal) for inventory losses	8	(120)	(4,666)	1,117	(4,594)
Provisions and deferred income		10,676	17,891	6,755	15,342
Stock options	35	177	194	177	196
Interest on borrowings and leases		31,326	35,115	31,897	35,393
Foreign exchange variation		(6,479)	(4,581)	55	(4,837)
Interest on taxes		(5,613)	(1,629)	(5,613)	(1,629)
Income tax and social contribution (current and deferred)	23.b	277	2,964	1,533	2,979
		42,220	**61,387**	**38,920**	**63,802**
(Increase) decrease in assets:					
Accounts receivable		(112,945)	12,797	(111,111)	6,577
Inventories		(21,989)	8,012	(57,380)	5,965
Recoverable taxes		(16,435)	2,075	(16,983)	3,124
Income tax and social contribution		(9,210)	-	(9,634)	-
Sundry advances		(1,766)	(5,072)	1,576	(4,946)
Other receivables		(2,299)	(15,561)	4,049	(14,476)
Increase (decrease) in liabilities:					
Suppliers		(64,205)	(68,747)	(36,871)	(67,716)
Taxes payable		15,792	1,681	22,180	(1,215)
Payment of income tax and social contribution		-	(2,036)	-	(2,051)
Other accounts payable		24,953	1,265	23,585	7,129
Payment of interest on loans and right-of-use		(16,104)	(14,308)	(16,825)	(14,731)
		(204,208)	**(79,894)**	**(197,414)**	**(82,340)**
Net cash used in operating activities		**(161,988)**	**(18,507)**	**(158,494)**	**(18,538)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in capital - subsidiaries		(700)	-	(9,000)	-
Acquisition of investments	22.c	-	-	(2,652)	-
Purchases of property, plant and equipment		(3,625)	(2,043)	(4,613)	(3,250)
Increase in intangible assets		(9,723)	(4,471)	(9,783)	(4,508)
Net cash used in investing activities		**(14,048)**	**(6,514)**	**(26,048)**	**(7,758)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital increase		334,255	-	334,255	-
Payment dividends		-	-	(1,515)	-
New borrowings		100,011	139,568	105,011	143,523
Amortization of loans		(133,801)	(153,826)	(181,841)	(153,826)
Right of use	14.a	(3,741)	(3,068)	(4,084)	(3,388)
Related parties		2,739	(1,642)	7,138	(2,151)
Treasury shares		(1,901)	-	(1,901)	-
Stock Options	35	394	702	394	702
Net cash provided by (used in) financing activities		**297,956**	**(18,266)**	**257,457**	**(15,140)**
Exchange-rate changes over cash and cash equivalents		**-**	**-**	(1,414)	41
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**121,920**	**(43,287)**	**71,501**	**(41,395)**
Cash and cash equivalents at the beginning of the period.	6	390,817	356,892	460,714	393,348
Cash and cash equivalents at the end of the period.	6	512,737	313,605	532,215	351,953
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**121,920**	**(43,287)**	**71,501**	**(41,395)**

See the accompanying notes to the interim financial information.

POSITIVO TECNOLOGIA S.A. AND SUBSIDIARIES

STATEMENTS OF ADDED VALUE
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(Amounts expressed in thousands of reais)

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue				
Sales of goods and services	830,332	938,172	934,274	1,022,218
Returns and commercial discounts	(28,056)	(22,327)	(28,490)	(22,415)
Cooperative advertising expenses and provision for rebates	(18,795)	(27,331)	(19,166)	(27,331)
Allowance for doubtful accounts	(2,932)	(49)	(2,956)	(49)
Other revenues	274	100	290	180
	780,823	**888,565**	**883,952**	**972,603**
Inputs acquired by third parties				
Cost of sales and services rendered	(560,910)	(588,659)	(623,730)	(637,399)
Materials, electricity, outsourced services and other	(74,752)	(87,444)	(84,433)	(98,002)
Commissions	(12,333)	(11,396)	(14,836)	(10,809)
Marketing	(9,303)	(11,061)	(10,333)	(11,205)
	(657,298)	**(698,560)**	**(733,332)**	**(757,415)**
Gross value added	**123,525**	**190,005**	**150,620**	**215,188**
Depreciation and amortization	**(16,828)**	**(13,732)**	**(19,011)**	**(15,008)**
Net value added generated by the entity	**106,697**	**176,273**	**131,609**	**200,180**
Value added received through transfer				
Equity in income of subsidiaries and associated companies	(9,914)	2,702	3,071	571
Financial revenues and foreign exchange gain	126,332	33,921	138,696	36,589
	116,418	**36,623**	**141,767**	**37,160**
Total value added to distribute	**223,115**	**212,896**	**273,376**	**237,340**
Distribution of value added				
Personnel				
Salaries and social charges	44,069	46,310	48,666	49,391
Benefits	6,768	6,135	9,009	7,615
Government Severance Indemnity Fund for Employees	2,942	3,567	3,293	3,804
	53,779	**56,012**	**60,968**	**60,810**
Taxes, fees and contributions				
Federal	59,018	61,912	68,660	70,885
State	12,113	19,125	15,491	23,015
Municipal	823	724	1,121	749
	71,954	**81,761**	**85,272**	**94,649**
Third-party capital remuneration				
Interest and finance costs	44,556	51,799	47,791	54,791
Rentals	3,741	3,068	4,084	3,387
Foreign exchange variation	54,663	15,317	79,488	17,230
	102,960	**70,184**	**131,363**	**75,408**
Remuneration of own capital				
Retained (loss) earnings	(5,578)	4,939	(5,578)	4,939
Interest of non-controlling shareholders in retained (losses) earnings	-	-	1,351	1,534
	(5,578)	**4,939**	**(4,227)**	**6,473**
Total value added distributed	**223,115**	**212,896**	**273,376**	**237,340**

See the accompanying notes to the interim financial information.

1. GENERAL INFORMATION

Positivo Tecnologia S.A. ("Company"), established in 1989, has a technological complex with one unit in the City of Curitiba, State of Paraná, one unit in the City of Manaus, State of Amazonas, and one unit in the city of Ilhéus, State of Bahia. The Company also has three direct subsidiaries in Curitiba, State of Paraná, one direct subsidiary in Manaus, State of Amazonas, and one indirect subsidiary in Ilhéus, State of Bahia. In December 2010, the Company acquired the shared control of Informática Fueguina S.A., in Argentina. In February 2011, the Company acquired the shareholding control of Crounal S.A, in Uruguay; this subsidiary in 2015 acquired 50% of PBG Uruguay S.A., which is also headquartered in Uruguay. In May 2014, the Company acquired the jointly-controlled subsidiary BR Code Desenvolvimento de Software S.A. In October 2014, the Company established the jointly-controlled subsidiary PBG Rwanda Limited. On June 25, 2018, the Company established the associated company Hi Technologies Holding Ltd., headquartered in the Cayman Islands, transferring the total interest in the associated company Hi Technologies S.A. to the investee. In September 2017, the Company established direct subsidiary Positivo Argentina S.R.L, headquartered in the city of Buenos Aires, Argentina. In December 2018, the Company created a Mutual Investment Fund (“Fundo de Investimento em Participações - F.I.P.”) in the City of São Paulo, State of São Paulo, where it holds all units. In December 2018, the direct subsidiary Positivo Smart Tecnologia Ltda. acquired 80% of quotas in ACC Brasil Indústria e Comércio de Computadores Ltda.

The Company is mainly engaged in the industrialization, trading and development of projects in the IT area; industrialization, sale and lease of software and hardware; sale of IT equipment, pedagogic and school management application systems, technical-pedagogical planning and support; representation, sales, implementation, training and support, technical assistance for equipment and technical, technological and scientific teaching systems in several areas, and other related activities.

Among the products manufactured and sold by the Company are: small and medium-sized computers, portable computers, tablets, monitors, electronic boards, computerized educational desks, servers, mobile phones, smartphones and educational software systems.

The shares of Positivo Tecnologia S.A. (POSI3) are listed on the São Paulo Stock Exchange (BM&FBovespa) in the New Market Corporate Governance segment.

Issue of interim financial information

The issue of interim financial information was authorized by the Board of Directors on August 10, 2020.

2. PRESENTATION OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

2.1. Preparation basis

The consolidated and individual interim financial information as of June 30, 2020 was prepared in accordance with Technical Pronouncement CPC 21 (IAS 34) – Interim Statement, issued by the International Accounting Standards Board (IASB), and present selected explanatory notes, aiming to avoid the redundancy of information already disclosed in the individual and consolidated financial statements for the year ended December 31, 2019, made available to the public as of March 4, 2020.

Therefore, the individual and consolidated interim financial information as of June 30, 2020 does not incorporate all notes and disclosures required by the accounting standards for annual financial statements and, consequently, must be read in conjunction with the individual and consolidated annual financial statements for the year ended December 31, 2019.

This individual and consolidated interim financial information was prepared in a consistent manner with the accounting policies disclosed in Note 2 to the financial statements as of December 31, 2019.

Statement of Added Value ("DVA")

The presentation of the Individual and Consolidated Statement of Added Value is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies. The IFRS do not require the presentation of this statement. Consequently, according to IFRS, this statement is presented as supplementary information, without prejudice to the set of interim financial information.

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period. The presentation of this statement is required by the Brazilian Corporate Law and presented as supplementary information for IFRS purposes.

The statement of added value has been prepared using information obtained in the same accounting records used to prepare the interim financial information and pursuant to the provisions of CPC 09 - Statement of Added Value. The first part of the DVA presents the wealth created by the Company, represented by revenues (gross sales, including taxes levied thereon, other revenues and the effects of the allowance for doubtful accounts), inputs purchased from third parties (cost of sales and purchases of materials, power and outsourced services, including taxes levied at the time of acquisition, the effects of impairment, depreciation and amortization) and the value added received from third parties (profit sharing of associated companies, subsidiaries, and joint ventures, financial and other revenues). The second part of the DVA presents the distribution of wealth among employees, taxes and contributions, Third-party capital remuneration and remuneration of own capital.

2.2. Consolidation

The following accounting policies are applied in the preparation of the consolidated financial information:

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) that the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries are fully consolidated as of the date control is transferred to the Company. The consolidation is interrupted beginning on the date on which the Company no longer has control.

Unrealized transactions, balances and gains in transactions among companies are eliminated. Unrealized losses are also eliminated, unless the transaction shall provide impairment evidence of the asset transferred. The accounting policies of the subsidiaries are changed when required in order to assure the consistency with the policies adopted by the Company.

	Ownership interest - %	
	June 30, 2020	December 31, 2019
Direct subsidiaries		
Positivo Smart Tecnologia Ltda.	100.00	100.00
Portal Mundo Positivo Ltda.	100.00	100.00
Crounal S.A.	100.00	100.00
Positivo Argentina S.R.L.	100.00	100.00
Boreo Indústria de Componentes Ltda.	100.00	100.00
Positivo Distrib. de Equip. de Informática Ltda.	100.00	100.00
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes.	100.00	100.00
Indirect subsidiaries		
Investee of Positivo Smart Tecnologia Ltda.		
Boreo Comércio de Equipamentos Ltda.	100.00	100.00
ACC Brasil Ind. e Com. de Comp. Ltda.	80.00	80.00

(b) Joint venture

A joint venture is an entity over which the Company shares control with one or more parties. Investments in joint ventures are accounted for using the equity method and are initially recognized at cost. The profit sharing is recognized in the statement of income and its share of reserve movements is recognized in the Company's reserves. When the Company's interest in losses of a joint venture is equal to or higher than investment book value, including any other receivables, the Company does not recognize additional losses unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest. Non-realized losses are also eliminated, unless the transaction shall provide evidence of a loss (impairment) of the transferred asset. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Company.

	Ownership interest - %	
	June 30, 2020	December 31, 2019
Joint venture		
Informática Fueguina S.A.	50.00	50.00
BR Code Desenvolvimento de Software S.A.	50.10	50.10
Investee of Positivo Smart Tecnologia Ltda.		
PBG Rwanda Limited.	50.00	50.00
Investee of Crounal S.A.		
PBG Uruguay S.A.	50.00	50.00

(c) Associated companies

An associated company is an entity over which the Company has significant influence and that does not qualify as a subsidiary or joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee without exercising individual or joint control over those policies.

The income (loss), assets and liabilities of associated companies are included in this interim financial information under the equity method, except when the investment is classified as held for sale, in which case it is recognized in accordance with IFRS 5 (CPC 31).

Under the equity method, an investment in an associated company is initially recognized in the consolidated balance sheet at cost and subsequently adjusted to recognize the Company's interest in the profit or loss and the other comprehensive income of the associated company.

	Ownership interest - %	
	June 30, 2020	December 31, 2019
Associated companies		
Hi Technologies Holding Ltd.	23.00	30.07
Investee of Hi Technologies Holding Ltd.		
Hi Technologies S.A.	23.00	30.07

(d) Other investments measured at fair value

Other investments over which the Company has no significant influence, which are measured at fair value through profit or loss.

	Ownership interest - %	
	June 30, 2020	December 31, 2019
Others investments - Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes.		
Tech Inovações Tecnológ. para a Agrop. S.A.	20.00	20.00
Agrosmart S.A.	12.40	12.40
Hi Technologies Holding Ltd.	5.13	-

2.3. Impacts of COVID-19

The increase in the number of cases of Coronavirus (COVID-19) and the global spread of the disease resulted in the decision of the World Health Organization (WHO) to declare the outbreak as a pandemic on a global scale. This announcement serves as an alert for all countries to take action to curb the spread of the disease. This pandemic has already been shown to have material impacts on the economy. The Central Bank of Brazil stressed that the world economy, including the Brazilian economy, is experiencing a high degree of uncertainty, with a significant slowdown in economic activity, closing of commercial establishments and disruption of the global supply chain.

In this environment, the Company adopted measures to mitigate the impacts generated by the pandemic on its operations, of which those are emphasized: (i) in February 2020, institution of a crisis committee that meets periodically to define strategies and provide assertiveness in decision-making; (ii) adoption of fund management and raising policies; (iii) ongoing contact with clients and suppliers to ensure an adequate cash flow for operations; (iv) stricter inventory management, thoroughly evaluating the purchases made, aiming to avoid shortages, guarantee production, meet client demands and protect the Company's cash; (v) institution of remote work (home office) for employees in the administrative area representing approximately 47% of employees; (vi) adoption of the proportional reduction of working hours and salaries and the temporary suspension of employment contracts, as provided for in Law 14020/2020 (former Provisional Measure 936/2020); (vii) strict control and set of measures adopted in the manufacturing areas, aiming to provide greater safety and reduce the risk of contagion of workers.

During the first quarter, the Company raised funds by issuing new shares (note 25.a), which significantly contributed to strength its cash.

At the same time, the Company is leading efforts to assist in the fight against COVID-19, working to assist in the production of pulmonary ventilators, seeking to acquire or develop essential components for the manufacture of this equipment.

Among the several risks to which the Company may be exposed, we highlight the risk of going concern, risk of losses in the realizable value of inventories, risk related to the recoverability of financial assets, fixed and intangible assets.

a) Going concern

The financial statements have been prepared based on the going concern assumption. Management assessed the Company's ability to continue as a going concern and believes that the Company has the necessary resources to allow the going concern of its business in the future. Management is not aware of any material uncertainty that may cast significant doubts as to its ability to continue as a going concern.

The epidemic contributed significantly to the deceleration of economic activity, with a trend to decrease consumption and increase unemployment. Moreover, the spread of the disease has consequences such as: (i) the risk of shortages; (ii) risk of finding difficulties in obtaining funds to finance operations, with the possibility of increased interest rates; (iii) possible financial difficulties for clients and suppliers; (iv) possible reduction of expenses in research and development projects for new products.

The Company is aware of adversities, taking actions to reduce risks and mitigate the effects of the pandemic. Management reviewed and updated its business plan for the next periods, and considering the assumptions that have been observed so far, it has not identified elements that could cause going concern risks.

b) Impairment of inventories.

The Company assessed its inventories considering the current economic scenario and found no evidence of devaluation, such as a drop in sales prices or the existence of non-recoverable costs. It is worth highlighting that, in compliance with CPC 26 technical pronouncement, inventories are measured and presented at their cost and their net realizable value, whichever is lower. The balance of the provision for impairment recorded is disclosed in Note 8 of this individual and consolidated financial information.

c) Impairment of financial assets

The Company evaluated its receivables portfolio for the period ended June 30, 2020, and did not identify evidence that could impact the recognition estimates of the provision for expected credit losses, among which: increase in defaults, financial difficulties of its main clients, contract breaches, or granting discount that it would not consider in scenarios prior to the COVID-19 pandemic. Thus, the amount of the provision for loss recognized and disclosed in Note 7 adequately reflects the estimated loss expected by the Company on the date of disclosure of this interim financial information.

d) Impairment losses of fixed and intangible assets and realization of deferred income tax and social contribution

The Company reviewed and updated its business plans for the next periods considering the current scenario impacted by COVID-19. It also carried out new analyzes regarding the need to form a provision for impairment of its assets considering the assumptions used when preparing the annual financial statements for the year ended December 31, 2019, as well as events that occurred between March 30, 2020 and June 30, 2020, including the new impacts related to COVID-19, and have not identified the need to record a provision for asset impairment. Furthermore, there were no material changes in the realization of deferred tax assets, since the Company have not recorded a relevant decrease in their market value or significant changes with adverse effect during the period analyzed.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF UNCERTAINTIES REGARDING ESTIMATES

Estimates and assumptions are reviewed in a continuous manner and such reviews are recognized in the periods they are reviewed and in any future years affected. Significant assets and liabilities subject to these estimates and assumptions include: measurement of the fair value of assets and liabilities, estimated losses on doubtful accounts, realization of inventories, tax benefits and deferred income tax and social contribution.

The critical accounting estimates and judgments used in the preparation of this interim financial information are the same as described in Note 3 to the Company's annual financial statements for the year ended December 31, 2019. There were no significant changes in the nature of the accounting balances and in the Company's policies.

4. NEW AND REVIEWED STANDARDS AND INTERPRETATIONS ALREADY ISSUED

The amended rules and effective interpretations for the year started on January 1, 2020 did not impact this Company's interim financial information. Several other reviews of standards and interpretations are underway by the IASB, and the Company will assess them in due course.

5. RESTATEMENT OF BOOK BALANCES

Based on the international standard IAS 8 (CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors), the interim financial information for the previous period ended on June 30, 2019 is being restated for comparison purposes.

The Company's management identified, during the preparation of the individual and consolidated interim financial information for the nine and three-month period ended September 30, 2019, that according to Accounting Pronouncement CPC 47 - Revenue from Contracts with Customers, the amounts of joint advertising and the amounts provisioned as rebates, presented in the statement of income for the period as "sales expenses", should be recognized as "deductions from gross revenue".

Thus, the amounts corresponding to the previous period, presented for comparison purposes with the current period, have been changed and are being restated to reflect the following: i) accounting adjustment in net revenue; and, ii) accounting adjustment in sales expenses.

Statement of income for the three and six-month period ended June 30, 2019:

	Semester ended in					
	Parent company			Consolidated		
	June 30, 2019	Accountin Reclassification	June 30, 2019	June 30, 2019	Accountin Reclassification	June 30, 2019
		(Not reviewed)	(Restated)		(Not reviewed)	(Restated)
NET REVENUE	**852,728**	(27,331)	**825,397**	**925,264**	(27,331)	**897,933**
COST OF SALES AND SERVICES RENDERED	(613,599)		(613,599)	(670,442)		(670,442)
GROSS INCOME	**239,129**	(27,331)	**211,798**	**254,822**	(27,331)	**227,491**
Sales expenses	(156,167)	27,331	(128,836)	(162,108)	27,331	(134,777)
General and administrative expenses	(44,666)		(44,666)	(48,221)		(48,221)
Other operating income (expenses), net	100		100	(180)		(180)
Equity in income of subsidiaries and associated companies	2,702		2,702	571		571
	(198,031)		(170,700)	(209,938)		(182,607)
INCOME BEFORE FINANCIAL INCOME AND EXPENSES	**41,098**		**41,098**	**44,884**		**44,884**
Financial revenues	15,401		15,401	16,563		16,563
Financial expenses	(51,799)		(51,799)	(54,791)		(54,791)
Net exchange-rate change	3,203		3,203	2,796		2,796
	(33,195)		(33,195)	(35,432)		(35,432)
INCOME BEFORE INCOME TAX	**7,903**		**7,903**	**9,452**		**9,452**
Current income tax and social contribution	(2,036)		(2,036)	(2,051)		(2,051)
Deferred income tax and social contribution	(928)		(928)	(928)		(928)
	(2,964)		(2,964)	(2,979)		(2,979)
NET INCOME FOR THE PERIOD	**4,939**		**4,939**	**6,473**		**6,473**
Attributable to controlling shareholders	N/A		N/A	**4,939**		**4,939**
Attributable to non-controlling shareholders	N/A		N/A	**1,534**		**1,534**
NET INCOME PER SHARE - R$						
Basic	N/A		N/A	**0.0572**		**0.0572**
Diluted	N/A		N/A	**0.0571**		**0.0571**

	Quarter ended in					
	Parent company			Consolidated		
	June 30, 2019	Accountin Reclassification	June 30, 2019	June 30, 2019	Accountin Reclassification	June 30, 2019
		(Not reviewed)	(Restated)		(Not reviewed)	(Restated)
NET REVENUE	**514,824**	(14,905)	**499,919**	**565,185**	(14,905)	**550,280**
COST OF SALES AND SERVICES RENDERED	(371,199)		(371,199)	(410,920)		(410,920)
GROSS INCOME	**143,625**	(14,905)	**128,720**	**154,265**	(14,905)	**139,360**
Sales expenses	(89,713)	14,905	(74,808)	(93,112)	14,905	(78,207)
General and administrative expenses	(23,012)		(23,012)	(24,674)		(24,674)
Other operating income (expenses), net	(150)		(150)	(425)		(425)
Equity in income of subsidiaries and associated companies	4,884		4,884	1,948		1,948
	(107,991)		(93,086)	(116,263)		(101,358)
INCOME BEFORE FINANCIAL INCOME AND EXPENSES	**35,634**		**35,634**	**38,002**		**38,002**
Financial revenues	8,107		8,107	8,767		8,767
Financial expenses	(26,302)		(26,302)	(28,436)		(28,436)
Net exchange-rate change	(4,642)		(4,642)	(4,286)		(4,286)
	(22,837)		(22,837)	(23,955)		(23,955)
INCOME BEFORE INCOME TAX	**12,797**		**12,797**	**14,047**		**14,047**
Current income tax and social contribution	(2,036)		(2,036)	(2,051)		(2,051)
Deferred income tax and social contribution	(928)		(928)	(928)		(928)
	(2,964)		(2,964)	(2,979)		(2,979)
NET INCOME FOR THE PERIOD	**9,833**		**9,833**	**11,068**		**11,068**
Attributable to controlling shareholders	N/A		N/A	**9,833**		**9,833**
Attributable to non-controlling shareholders	N/A		N/A	**1,235**		**1,235**
NET INCOME PER SHARE - R$						
Basic	N/A		N/A	**0.1138**		**0.1138**
Diluted	N/A		N/A	**0.1138**		**0.1138**

This reclassification did not impact the individual and consolidated net income in the restated periods.

6. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Banks	43,497	15,270	50,893	29,911
Financial investments linked to the Interbank Deposit Certificate (CDI) rate	469,240	375,547	481,322	430,803
	512,737	**390,817**	**532,215**	**460,714**

On June 30, 2020 and December 31, 2019, interest earning bank deposits correspond to repurchase and resale agreements and Bank Deposit Certificates (CDB) with private securities, in Brazilian currency, with an average yield of 101.66% (94.22% on December 31, 2019) of the change in the Interbank Deposit Certificate (CDI), being readily convertible into a known cash value, and are subject to an insignificant risk of change in value.

7. ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current	177,627	69,606	220,387	119,402
Past-due up to 30 days	46,532	61,676	49,077	62,138
Overdue from 31 to 60 days	14,807	10,790	16,122	10,940
Overdue from 61 to 90 days	15,449	7,357	16,041	7,517
Overdue from 91 to 180 days	28,478	13,042	29,284	14,168
Overdue from 181 to 360 days	13,780	5,322	16,039	6,549
Overdue for more than 361 days	64,159	80,126	66,026	81,207
(-) Allowance for doubtful accounts	(44,290)	(41,390)	(44,290)	(41,390)
(-) Adjustment to present value	(2,337)	(1,691)	(2,396)	(1,819)
	314,205	**204,838**	**366,290**	**258,712**
Current	314,205	204,769	366,290	258,642
Non Current	-	69	-	70

The fair values of trade receivables are close to the balances reported above. No significant impairment losses were identified for accounts receivable due to COVID-19, as highlighted in Note 2.3(c).

The overdue balances resulting from the sale of goods to government agencies are due to the fact that receipts depend on internal processes for approving payments by such agencies. Historically, that situation of delayed payments is a normal feature of that sales segment, which is foreseen by management in its business strategy, and which has not resulted in material losses for the Company. Therefore, the overdue balances do not yet represent any relevant risk of loss on receipt of these credits. Accordingly, the provision was set up only for cases in which there is a expected loss by the Company. The amount of overdue debts from government agencies in the period ended June 30, 2020 is R$ 60,243 (R$ 53,754 on December 31, 2019), and R$ 21,342 have a term that is lower than 30 days.

The Company is assessing the need for a provision for expected credit losses, substantially through prospective analyses of its asset portfolio, considering whether there is material financial difficulty for the debtor, adverse changes in economic conditions that correlate to defaults, and past experience with the debtor’s default.

Also noteworthy is the concentration of receivables in a few customers: the Company's 20 largest customers represent approximately 71% of the amount receivable on June 30, 2020 and approximately 67% on December 31, 2019.

As disclosed in Note 2.3(c), the Company has been monitoring adverse changes in economic conditions that may be correlated with possible customer default.

The average period of receipt is 118 days; however, in sales to government agencies the term can reach up to 180 days.

The adjustment to present value of accounts receivable is calculated to show the present value of a future cash flow. The Company considers the payment term of each credit sale and calculates the discount of this transaction by using the CDI (Interbank Certificate of Deposit) rate as reference.

8. INVENTORIES

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Materials	231,516	249,657	282,680	286,449
Finished products	182,846	172,645	207,424	182,143
Imports in transit	61,563	16,096	74,228	19,810
Advances to suppliers	25,872	52,745	30,510	60,780
Provision for inventory losses	(52,717)	(52,837)	(55,877)	(54,760)
	449,080	**438,306**	**538,965**	**494,422**

The provision for inventory losses is carried out based on the assessment of raw materials, inventories for resale and finished products which have no clear use or sale expectation. The principal basis of that evaluation is the perspective of inventory realization, with a segregation of items for production and items for technical assistance.

Management expects that inventories will be realized in a period lower than 12 months

The Company maintained the volume of purchases during the pandemic period, and maintains constant contact with suppliers to ensure the sufficiency of production inputs. The interruption in the global supply chain resulting from the pandemic was regularized in March, generating momentary unavailability of inputs. In the current scenario, the Company is not at risk of supply shortages.

9. RECOVERABLE TAXES

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
ICMS	113,595	113,207	114,311	117,269
Excise Tax (IPI)	31,757	24,575	31,856	24,795
Social Integration Program (PIS)	3,376	3,601	3,449	3,620
Social Contribution on Revenues (COFINS)	14,724	15,922	15,013	16,014
Financial Credit - Law 13969/2019	16,959	-	20,799	-
Other taxes recoverable	23,824	11,799	24,219	12,224
	204,235	**169,104**	**209,647**	**173,922**
Current	118,144	83,036	123,521	87,826
Non Current	86,091	86,068	86,126	86,096

Tax credits are realized based on the corporate restructuring that took place in 2015, with the take-over of the subsidiary Positivo da Amazônia Ltda. and changes in Federal and State legislation. These changes had two consequences on the operations: the first one is that it reduced the generation of tax credits, and the second one is that it generated tax debts that will allow the use of accumulated tax credits. For realization of ICMS (Tax on the Circulation of Goods and Services), in addition to the aforementioned changes, new projects will assist in the realization of these credits, which will generate ICMS debts in the current year and in the coming years.

<u>ICMS</u>

The Company uses the following ICMS tax benefits:

(i) Paraná State Law 13214/2001, endorsed by State Law 15542/2007, which establishes a 7% reduction in the tax burden of IT products for sales within the state;
(ii) Paraná State Decree 1922/2011 (and subsequent amendments), which grants presumed ICMS tax credit equivalent to the amount owed for the outgoing goods, resulting in a 0% tax burden for specific industrialized products under Law 8248/1991 and marketed by the Company;

(iii) Amazonas State Decree 23994/2003, which grants tax benefits such as the deferral of the recording of ICMS levied on imports of raw materials and inputs destined to production, presumed ICMS credit on the purchase of raw material and inputs of domestic origin, ICMS stimulus credit equivalent to the amount owed on sales of computer goods and automation goods and portable cell phone terminals produced in the territory of the Manaus Free Trade Zone (ZFM).

According to note 26, as a result of the enjoyment of the aforementioned tax benefits, in the six-month period ended June 30, 2020, the Company recorded the amounts of R$ 77,668 (R$ 94,268 as of June 30, 2019) and R$ 84,608 (R$ 99,275 as of June 30, 2019) in the individual and consolidated interim financial information, respectively, related to the investment grant, in the group of revenue deductions, related to the sale of industrialized products. The Company maintained the amount of R$ 8,090 in liabilities, under deferred revenue (R$ 8,344 as of December 31, 2019) in the individual and consolidated interim financial information. This amount will be appropriated to income (loss) as a result of the amortization of the related assets and compliance with the obligations required as a counterpart to the foregoing tax benefit, as provided for in the rules recommended in Technical Pronouncement CPC 7 and disclosed in Note 15.a. The term of said tax benefit is indefinite.

<u>IPI</u>

Up to March 31, 2020, the credit for the Tax on Industrialized Products (IPI) is due to the use of the tax benefit provided for in Law 8248/1991, which granted the exemption from IPI subsequently converted into a progressive reduction, on outbound new equipment, machines, devices and instruments, including those for industrial automation and data processing, manufactured domestically, combined with the maintenance and use of the IPI credit, related to raw materials, intermediate products and packaging materials, used in the industrialization of goods. The progressive reduction of the percentages of the aforementioned tax, foreseen in the law, follows the following calendar:

- Reduction of 95% (ninety-five percent) of the tax owed, from January 01, 2004 to December 31, 2024.

- Reduction of 90% (ninety percent) in the tax owed, from January 01, 2025 to December 31, 2026.

- Reduction of 70% (seventy percent) in the tax owed, from January 01, 2027 to December 31, 2029, when the reduction will be extinguished.

To use that benefit, the Company must invest every year about 5% of gross sales of incentive earning goods and services into information technology research and development activities, calculated under Law 8248/1991 as amended. The Company must annually present evidence to the Ministry of Science and Technology that it meets that investment requirement.

Beginning April 1, 2020, the amendments introduced by Law 13969/2019, which revoked the decrease of the IPI rate for IT goods produced using the Basic Production Process (PPB) and established a financial credit system, converted into federal tax credits, obtained through a multiplier on the investments in Research, Development and Innovation (RD&I) made by the IT industries, became effective and will be effective through December 31, 2029.

10. OTHER RECEIVABLES

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Prepaid expenses (a)	20,489	20,416	20,741	20,621
Judicial deposits (b)	65,828	64,873	65,925	64,976
Unearned interest	10,758	8,948	11,127	9,062
Other	3,718	17,340	4,238	17,687
	100,793	**111,577**	**102,031**	**112,346**
Current portion	40,317	52,004	40,940	52,457
Non-current portion	60,476	59,573	61,091	59,889

(a) As of June 30, 2020, the Company has prepaid advertising, publicity, and research and development expenses in the amount of R$ 12,200 (R$ 17,277 as of December 31, 2019), which will be recognized in the income (loss) when the services are actually rendered suppliers and the respective economic benefits flow to the Company.

(b) The Company made judicial deposits in the restated amount of R$ 52,857 in order to maintain the zero-rate tax benefit for PIS and COFINS up to the end of 2018, as provided for in article 28 of Law 11196/2005. According to the evaluation of the Company’s internal and external legal advisors, the likelihood of loss in this lawsuit is remote.

11. RELATED PARTIES

Commercial transactions:

Parent company

	Assets			Liabilities			Sales and services			Purchases and services		
	June 30, 2020	December 31, 2019		June 30, 2020	December 31, 2019		June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019	
Centro de Estudos Superiores Positivo Ltda.	523	611		-	1		-	47		163	191	
Positivo Educacional Ltda.	131	-		-	-		92	355		191	110	
Editora Aprende Brasil Ltda.	448	397		450	337		43	123		425	422	
Gráfica e Editora Posigraf S.A.	557	116		-	-		138	71		-	-	
Rosch Administração de Bens Ltda .	-	-		981	425		-	-		2,943	2,550	
Positivo Smart Tecnologia Ltda.	-	-		7,966	4,246	(b)	-	-		-	-	
Boreo Com. de Equipamentos Ltda	3,869	3,869	(b)	-	-		-	-		-	-	
Informática Fueguina S.A.	208	208	(a)	-	-		-	-		-	-	
Portal Mundo Positivo Ltda.	-	-		536	536		-	-		-	-	
Crounal S.A.	-	-		332	294	(a)	-	-		-	-	
BR Code Desenvolvimento de Software S.A.	941	941		-	-		-	-		-	-	
Hi Technologies S.A.	-	7,413	(c)	-	-		-	-		-	-	
PBG Uruguay S.A.	89	89		-	-		-	-		-	-	
Boreo Indústria de Componentes Ltda	22,969	16,546	(a)	-	-		5,039	993	(a)	130,395	68,422	(a)
Positivo Distrib. de Equip. de Inform. Ltda	-	-	(a)	1,863	4,339	(a)	7,860	6,136	(a)	20,632	-	(a)
ACC Brasil Industria e Com. de Computadores Ltda	38	-		372	-		946	-		1,387	-	
	29,773	**30,190**		**12,500**	**10,178**		**14,118**	**7,725**		**156,136**	**71,695**	

Consolidated

	Assets			Liabilities			Sales and services			Purchases and services	
	June 30, 2020	December 31, 2019		June 30, 2020	December 31, 2019		June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019
Centro de Estudos Superiores Positivo Ltda.	523	611		-	1		-	47		163	191
Positivo Educacional Ltda.	131	-		-	-	-	92	355	-	191	110
Editora Aprende Brasil Ltda.	448	397		450	337		43	123		425	422
Gráfica e Editora Posigraf S.A.	557	116		-	-		138	71		-	-
Rosch Administração de Bens Ltda .	-	-		981	425		-	-		2,943	2,550
BR CodeDesenvolvimento de Software S.A.	941	941		-	-		-	-		-	-
Hi Technologies S.A.	-	7,413	(c)	-	-	-	-	-		-	-
PBG Uruguay S.A.	16,428	4,123	(d)	-	-		-	-		-	-
Informática Fueguina S.A.	6,148	4,578	(a)	-	-		-	-		-	-
Non-controlling shareholders - ACC Brasil Ind E Com.	4,182	2,199	(e)	4,965	5,943	(e)	-	-		-	-
	29,358	**20,378**		**6,396**	**6,706**		**273**	**596**		**3,722**	**3,273**
Portion in current liabilities	29,358	20,378		1,431	763						
Non-current installment	-	-		4,965	5,943						

Transactions between related parties take place under conditions of prices and terms agreed between the parties and under normal market conditions.

(a) Purchase and sale of inputs and finished products: the Company purchases and sells inputs to its subsidiaries for use in the production process and resells them under normal market conditions in the normal course of operations.

(b) The Company maintains a current account with Positivo Smart Tecnologia Ltda. and Boreo Comércio de Equipamentos Ltda. Such transactions derive from timely cash needs and the settlement does not have a estimated term and do not bear finance charges.

(c) The Company made loans in the amount of R$ 6,100 to Hi Technologies S.A., operations regulated by loan agreements, with an annual interest rate of 150% of the change in the Interbank Deposit Certificate (CDI). The contracts were fully settled in the first quarter of 2020.

(d) As of June 30, 2020, the subsidiary Crounal S.A. presents the amount of R$ 16,428 related to dividends receivable from the Joint Venture PBG Uruguay S.A..

(e) The liability balance refers to the fundraising undertaken by the Company from its non-controlling shareholders – ACC Brasil Indústria e Comércio de Computadores Ltda. The amounts are recognized in reais (R$) and mature in 2020 and 2024. The amounts are restated at the positive change of general market price index. The asset balance refers to the advanced distribution of income to shareholders.

<u>Management remuneration</u>

The amount recognized at six-month period ended June 30, 2020 as management remuneration was R$ 2,774 (R$ 3,945 at June 30, 2020), relating to short and long term benefits (Stock Options).

In the six-month period ended June 30, 2020, there was a reduction in Management remuneration due to the COVID-19 pandemic.

At the Annual General Meeting held on June 2, 2020, the management remuneration up to R$ 11,060 (R$ 10,584 in 2019) was approved for the year 2020.

12. INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND OTHER INVESTMENTS

SUBSIDIARIES

		At 12/31/2019	Increase of Capital	Equity in net income of subsidiaries	Equity valuation adjustment	At 6/30/2020
Investments						
Positivo Smart Tecnologia Ltda.		37,191	-	5,365	1,887	44,443
Crounal S.A.		63,407	-	135	21,657	85,199
Portal Mundo Positivo Ltda.		685	-	-	-	685
Positivo Argentina S.R.L.		155	-	(58)	23	120
Positivo Distrib. de Equip. de Inform. Ltda.		18,456	-	(2,682)	-	15,774
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes	(a)	29,839	700	-	-	30,539
		149,733	**700**	**2,760**	**23,567**	**176,760**

	At 12/31/2019	Equity in net income of subsidiaries	At 6/30/2020
Provision for unsecured liability			
Boreo Industria de Componentes Ltda.	(1,818)	(15,746)	(17,564)
	(1,818)	**(15,746)**	**(17,564)**

The Company's investments in subsidiaries (direct and indirect) are in the note 2.2(a).

The Company's investments in assets, liabilities, shareholders' equity and income (loss) in direct and indirect subsidiaries, all of them privately-held, are as follows:

	Assets	Liabilities	Shareholders' equity (unsecured liability)	Net revenue	Net income (loss)
June 30, 2020					
Positivo Smart Tecnologia Ltda.	84,146	39,703	44,443	-	5,365
Portal Mundo Positivo Ltda.	687	2	685	-	-
Crounal S.A.	91,616	6,417	85,199	11,608	135
Boreo Comércio de Equipamentos Ltda. (indirect subsidiary)	114	3,826	(3,712)	-	-
Boreo Indústria de Componentes Ltda.	81,885	99,449	(17,564)	2,559	(15,746)
Positivo Argentina S.R.L.	4,555	4,435	120	2,406	(58)
Positivo Distribibuidora de Equip. de Informática Ltda.	38,361	22,587	15,774	35,381	(2,682)
ACC Brasil Ind. e Com. de Comp. Ltda. (indirect subsidiary)	39,856	16,316	23,540	55,244	6,031
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes	32,569	22	32,547	-	-
December 31, 2019					
Positivo Smart Tecnologia Ltda.	82,192	28,015	54,177	-	17,074
Portal Mundo Positivo Ltda.	687	2	685	-	-
Crounal S.A.	72,976	(1,904)	74,880	31,577	9,187
Boreo Comércio de Equipamentos Ltda. (indirect subsidiary)	114	3,826	(3,712)	-	-
Boreo Indústria de Componentes Ltda.	58,643	61,174	(2,531)	5,170	(713)
Positivo Argentina S.R.L.	6,241	7,461	(1,220)	4,957	(1,144)
Positivo Distribibuidora de Equip. de Informática Ltda.	29,471	15,218	14,253	24,830	(4,203)
ACC Brasil Ind. e Com. de Comp. Ltda. (indirect subsidiary)	79,345	55,776	23,569	152,795	20,201
Positivo Tecn. Fundo de Invest. em Partic. em Emp. Emergentes	37,978	-	37,978	-	-

(a) Positivo Tecnologia Fundo de Investimento em Participações em Empresas Emergentes.

The subsidiary is mainly engaged in holding interests in other companies. The initial capital contributed amounted to R$ 14,000. In December 2019, a new capital contribution was made in the amount of R$9,160, of which R$ 7,700 were contributed by the Company and R$ 1,460 by its direct subsidiary Boreo Indústria de Componentes Ltda. On April 1, 2020, Positivo Tecnologia S.A. made a additional capital contribution in the amount of R$ 700.

ASSOCIATED COMPANIES AND OTHER INVESTMENTS

	Parent company			
	At 12/31/2019	Gains on dissolution of shares	Equity in net income of subsidiaries	At 6/30/2020
Associated company				
Hi Technologies Holding Ltd (a)	5,798	7,585	3,070	16,453
	5,798	**7,585**	**3,070**	**16,453**

		Consolidated				
		At 12/31/2019	Increase of Capital	Gains on dissolution of shares	Equity in net income of subsidiaries	At 6/30/2020
Associated companies and other investments						
Hi Technologies Holding Ltd	(a)	5,798	9,000	7,585	3,070	25,453
Tech Inovações Tecnológ. para a Agrop. S.A.	(b)	10,416	-	-	-	10,416
Agrosmart S.A.	(c)	11,103	-	-	-	11,103
		27,317	**9,000**	**7,585**	**3,070**	**46,972**

(a) Hi Technologies Holding Ltd.

On January 27, 2020, Positivo Tecnologia Fundo de Investimento em Participação em Empresas Emergentes (F.I.P.) contributed the amount of R$ 9,000 at Hi Technologies Holding Ltd.

In 2020, investors made capital contributions to this investee in the amount of R$ 29,743, with the Company now holding a 23.0% stake in the investment (30.07% on December 31, 2019). With the changes that occurred, the Company obtained a gain from holding interest in the investment, in the amount of R$ 7,585.

(b) Tech Inovações Tecnológicas para a Agropecuária. S.A. (@Tech)

On February 20, 2019, direct subsidiary Positivo Tecnologia Fundo de Investimento em Participações em Empresas Emergentes has paid in capital in the amount of R$ 3,000 in such investee. @Tech is a company established in August 2013, engaged in the provision of IT services using cattle raising support platform.

(c) Agrosmart S.A.

On February 21, 2019, direct subsidiary Positivo Tecnologia Fundo de Investimento em Participações em Empresas Emergentes has paid in capital in the amount of R$ 9,600 in such investee. Agrosmart S.A. is engaged in the provision of IT services using a digital farming platform.

Interest is associated companies (both direct and indirect) is shown in note 2.2 (a).

13. INVESTMENT IN JOINT VENTURE

a) Parent company

Provision for unsecured liability	At 12/31/2019	Equity in net income of subsidiaries	At 6/30/2020
BR Code Desenvolvimento de Software S.A.	(459)	2	(457)
	(459)	**2**	**(457)**

b) Consolidated

Joint Venture	At 12/31/2019	Equity in net income of subsidiaries	Equity valuation adjustment	Dividends	At 6/30/2020
PBG Rwanda Limited	4,674	(36)	1,887		6,525
PBG Uruguay S.A.	41,442	35	14,863	(16,428)	39,912
	46,116	**(1)**	**16,750**	**(16,428)**	**46,437**

Provision for unsecured liability	At 12/31/2019	Equity in net income of subsidiaries	At 6/30/2020
BR Code Desenvolvimento de Software S.A.	(459)	2	(457)
	(459)	**2**	**(457)**

The investments in joint ventures are demonstrated in the note 2.2(b).

The Company's interest in the assets, liabilities, equity and results of the joint ventures is as follows:

	Assets	Liabilities	Shareholders' equity (unsecured liability)	Net revenue	Net income (loss)
June 30, 2020					
Informática Fueguina S.A.	18,615	31,188	(12,573)	-	-
BR Code Desenvolvimento de Software S.A.	154	611	(457)	-	2
PBG Rwanda Limited	17,644	11,119	6,525	5,691	(36)
PBG Uruguay S.A.	71,238	31,326	39,912	2,572	35
December 31, 2019					
Informática Fueguina S.A.	13,317	18,310	(4,993)	17,897	(10,618)
BR Code Desenvolvimento de Software S.A.	152	610	(458)	-	1
PBG Rwanda Limited	5,885	1,780	4,105	20,311	(481)
PBG Uruguay S.A.	71,796	16,526	55,270	75,971	8,144

14. PROPERTY, PLANT AND EQUIPMENT

	Parent company					
	12/31/2018	Additions	Write-off	12/31/2019	Additions	6/30/2020
Cost						
Machinery and equipment	60,374	1,004	(26,044)	35,334	494	35,828
Leasehold improvements	23,404	287	(5,676)	18,015	-	18,015
Hardware	39,424	1,391	(36,169)	4,646	1,005	5,651
Furniture and fittings	8,358	61	(5,071)	3,348	45	3,393
Industrial facilities	32,208	784	(4,252)	28,740	2,081	30,821
Buildings	2,000	-	-	2,000	-	2,000
Right of use (a)	-	45,312	-	45,312	5,551	50,863
Other property, plant and equipment	1,433	134	(81)	1,486	-	1,486
	167,201	48,973	(77,293)	138,881	9,176	148,057
Depreciation						
Machinery and equipment	(51,411)	(2,543)	26,044	(27,910)	(931)	(28,841)
Leasehold improvements	(15,865)	(1,739)	5,676	(11,928)	(837)	(12,765)
Hardware	(38,090)	(992)	36,169	(2,913)	(649)	(3,562)
Furniture and fittings	(6,825)	(348)	5,071	(2,102)	(159)	(2,261)
Industrial facilities	(11,449)	(2,239)	4,252	(9,436)	(1,165)	(10,601)
Buildings	(467)	-	-	(467)	-	(467)
Right of use (a)	-	(7,552)	-	(7,552)	(4,308)	(11,860)
Other property, plant and equipment	(111)	(5)	81	(35)	(3)	(38)
	(124,218)	(15,418)	77,293	(62,343)	(8,052)	(70,395)
Net amount	**42,983**	**33,555**	**-**	**76,538**	**1,124**	**77,662**

	Consolidated					
	12/31/2018	Additions	Write-off	12/31/2019	Additions	6/30/2020
Cost						
Machinery and equipment	60,799	1,969	(26,044)	36,724	1,276	38,000
Leasehold improvements	24,366	489	(5,676)	19,179	84	19,263
Hardware	39,535	1,505	(36,169)	4,871	1,049	5,920
Furniture and fittings	8,707	60	(5,071)	3,696	92	3,788
Industrial facilities	39,685	921	(4,252)	36,354	2,112	38,466
Buildings	2,000	-	-	2,000	-	2,000
Right of use (a)	-	50,033	-	50,033	5,551	55,584
Other property, plant and equipment	1,433	134	(81)	1,486	-	1,486
	176,525	55,111	(77,293)	154,343	10,164	164,507
Depreciation						
Machinery and equipment	(51,557)	(2,572)	26,044	(28,085)	(1,001)	(29,086)
Leasehold improvements	(16,074)	(1,826)	5,676	(12,224)	(892)	(13,116)
Hardware	(38,100)	(1,022)	36,169	(2,953)	(682)	(3,635)
Furniture and fittings	(6,943)	(375)	5,071	(2,247)	(174)	(2,421)
Industrial facilities	(12,527)	(2,999)	4,252	(11,274)	(1,549)	(12,823)
Buildings	(467)	-	-	(467)	-	(467)
Right of use (a)	-	(8,339)	-	(8,339)	(4,701)	(13,040)
Other property, plant and equipment	(111)	(6)	81	(36)	(3)	(39)
	(125,779)	(17,139)	77,293	(65,625)	(9,002)	(74,627)
			-			
Net amount	**50,746**	**37,972**	**-**	**88,718**	**1,162**	**89,880**

During 2019 the Company derecognized fully depreciated assets.

As of June 30, 2020 and December 31, 2019, the Company does not pledge property, plant and equipment items as collateral.

a) Right to use

<u>Accounting Policy</u>

CPC 06 (R2) – Leases, which establishes that all lease contracts and related obligations must be recognized in the balance sheet, with recognition exemption for leases with contractual term below 12 months, indeterminate term or low-value contracts, became effective on January 1, 2019. The amount of the right-of-use asset must be depreciated over the estimated useful life (contractual term) and ceased upon impairment, or when the contract is canceled. After the change in the accounting standard, the Company ceased to record lease expenses and started to incur depreciation and implicit interest expenses under the contracts.

Changes in balances of right-of-use are as follows:

Parent company

Contract	Opening balance	Additions	Depreciation	Closing balance
1	20,604	3,287	(2,389)	21,502
2	17,156	855	(1,801)	16,210
3	-	1,409	(118)	1,291
	37,760	5,551	(4,308)	39,003

Consolidated

Contract	Opening balance	Additions	Depreciation	Closing balance
1	20,604	3,287	(2,389)	21,502
2	17,156	855	(1,801)	16,210
3	3,934	-	(393)	3,541
4	-	1,409	(118)	1,291
	41,694	5,551	(4,701)	42,544

Changes of in the balances of lease liabilities are as follows:

Parent company

Contract	Opening balance	Additions	Payment of principal	Payment of interest	Interest incurred	Closing balance
1	21,315	3,287	(2,078)	(865)	865	22,524
2	17,748	855	(1,571)	(654)	654	17,032
3	-	1,409	(92)	(58)	58	1,317
	39,063	5,551	(3,741)	(1,577)	1,577	40,873
	Current					7,946
	Non-Current					32,927

Consolidated

Contract	Opening balance	Additions	Payment of principal	Payment of interest	Interest incurred	Closing balance
1	21,315	3,287	(2,078)	(865)	865	22,524
2	17,748	855	(1,571)	(654)	654	17,032
3	4,070	-	(343)	(143)	143	3,727
4	-	1,409	(92)	(58)	58	1,317
	43,133	5,551	(4,084)	(1,720)	1,720	44,600
	Current					8,672
	Non-Current					35,928

According to CVM guidelines, in its CIRCULAR LETTER/CVM/SNC/SEP/No. 1/2020, a company that chooses to report the impacts of IFRS 16/CPC06 (R2) in its financial statements in a manner different from that recommended by technical areas of the CVM (nominal flow vs. nominal discount rate) must present the minimum inputs so that users of the financial statements can arrive at this information. Therefore, the Company chose to disclose these minimum inputs so that users can arrive at this information. Inputs are as follows:

- Nominal discount rate applied – 7.54% p.a.
- Inflation component to be used in the projection of flows (IPCA price index) – 3.52% pa
- Non-inflated payment schedule (table below):

	June 30, 2020	
Year	Parent company	Consolidated
2020	3,900	4,256
2021	8,243	8,997
2022	8,872	9,682
2023	9,549	10,420
2024	10,309	11,245
	40,873	44,600

b) Impairment on property, plant and equipment

As disclosed in Note 2.3 (d), the Company assessed whether there is evidence of devaluation of its fixed assets. Management concluded that there are no significant differences between the balances calculated and the balance recorded in this interim financial information, despite of COVID-19 scenario.

15. INTANGIBLE ASSETS

	Parent company					
	12/31/2018	Additions	Transfer Write-off	12/31/2019	Additions	6/30/2020
Cost						
Development projects (a)	258,228	21,558	(149,153)	130,633	6,906	137,539
System projects – ERP	46,129	-	(46,129)	-	-	-
Software	23,766	2,582	(18,890)	7,458	2,817	10,275
Use licenses	3,263	-	(3,256)	7	-	7
	331,386	24,140	(217,428)	138,098	9,723	147,821
Amortization						
Development projects	(218,961)	(16,999)	149,153	(86,807)	(12,429)	(99,236)
System projects – ERP	(46,129)	-	46,129	-	-	-
Software	(20,596)	(2,096)	18,890	(3,802)	(1,403)	(5,205)
Use licenses	(3,259)	(1)	3,256	(4)	(1)	(5)
	(288,945)	(19,096)	217,428	(90,613)	(13,833)	(104,446)
Net amount	**42,441**	**5,044**	**-**	**47,485**	**(4,110)**	**43,375**

	Consolidated					
	12/31/2018	Additions	Transfer Write-off	12/31/2019	Additions	6/30/2020
Cost						
Development projects (a)	259,927	21,558	(149,153)	132,332	6,906	139,238
System projects – ERP	46,129	-	(46,129)	-	-	-
Software	24,129	2,594	(18,890)	7,833	2,877	10,710
Use licenses	3,268	-	(3,256)	12	-	12
Gains from Investments (b)	-	19,403	-	19,403	-	19,403
Goodwill in subsidiary (b)	36,750	6,359	-	43,109	-	43,109
	370,203	49,914	(217,428)	202,689	9,783	212,472
Amortization						
Development projects	(220,660)	(16,999)	149,153	(88,506)	(12,429)	(100,935)
System projects – ERP	(46,129)	-	46,129	-	-	-
Software	(20,739)	(2,182)	18,890	(4,031)	(1,451)	(5,482)
Use licenses	(3,259)	(1)	3,256	(4)	(1)	(5)
Gains from Investments	-	(5,010)	-	(5,010)	(1,193)	(6,203)
	(290,787)	(24,192)	217,428	(97,551)	(15,074)	(112,625)
Net amount	**79,416**	**25,722**	**-**	**105,138**	**(5,291)**	**99,847**

In the period ended June 30, 2020, the Company did not identify intangible assets that are unable to generate future economic benefits.

(a) Project development expenses

Expenditures are used to improve existing products and develop new products, essentially comprising: direct and indirect labor, charges, software, consultancy services, materials, infrastructure, travel, and other related items; such expenditures are segregated between additions to intangible assets and expense in the income (loss) for the period. Such expenses result from the compliance with Law 8248/1991 and Law 13969/2019 mentioned in Note 9.

The amortization of the investment was substantially set at no more than four years based on the recoverability history of the projects, and is recorded in the cost of products sold and operating expenses account.

(b) Goodwill and appreciation

Goodwill – Boreo Comércio de Equipamentos Ltda.

In December 2009, the subsidiary Smart Tecnologia Ltda. (former corporate name Positivo Informática da Bahia Ltda.) completed the acquisition of Boreo Comércio de Equipamentos Ltda. generating goodwill of R$ 14,173, recorded in the books of the acquirer and based on expected future earnings.

The recoverable value of goodwill is determined based on its value in use derived from cash flow projections, based on a financial budget of five years approved by management and discount rate of 14.55% p.a.

Goodwill and appreciation - ACC Brasil Indústria e Comércio de Computadores Ltda.

In December 2018, the subsidiary Positivo Smart Ltda. acquired 80% of the company ACC Brasil Indústria e Comércio de Computadores Ltda. The best estimate of the purchase price, based on the expected future earnings of the acquired company, is R$ 44,193. The transaction generated a goodwill based on expected future earnings arising from the synergies from the acquisition and appreciation related to the intangible assets in the amount of R$ 28,937 and R$ 19,403, respectively. The discount rate used to measure the cash flows arising from the acquisition was 8.77%.

In the period ended June 30, 2020, the Company conducted new analyses regarding the need for asset impairment. These analyses were conducted considering the same assumptions used when preparing the annual Financial Statements. However, the projections used were reviewed considering the current scenario impacted by COVID-19, reviewing the discount rates and the book value of assets, and the Company did not identify the need to record impairment losses on goodwill recorded in its investments.

16. SUPPLIERS

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Suppliers – foreign market	104,683	117,792	179,827	160,060
Suppliers – domestic market	76,252	123,937	90,072	143,046
Copyrights and licenses payable	25,104	35,463	25,104	35,464
Exchange-rate changes on supplier	(8,934)	(6,026)	(2,799)	(6,502)
Interest to be appropriated APV Suppliers	(721)	(963)	(967)	(1,083)
	196,384	**270,203**	**291,237**	**330,985**

Copyrights and licenses payable represent obligations for the acquisition of Microsoft Corporation software licenses. These licenses are supported by license agreements entered into between the parties and are renewed periodically.

The average payment term for trade payables is 108 days. The adjustment to present value of trade payables is calculated based on the future payment of cash flows discounted to present value. The Company considers the payment term of each credit sale and calculates the discount of this transaction by using the CDI (Interbank Certificate of Deposit) rate as reference.

17. SUPPLIERS – AGREEMENT

As of June 30, 2020, the Company has a balance of R$ 59,443 (R$ 52,979 at December 31, 2019) relating to structured transactions with its suppliers called forfaiting. For these transactions, there was no change in the original creditor, so the debt is still owed to the supplier; there was also no change in the term and amounts originally negotiated between the Company and the suppliers. Considering these and other aspects, the Company understands that there was no extinction of the original financial liability and, therefore, the classification remains an obligation with "suppliers," which should not compose the financial debt.

18. LOANS AND FINANCING

At amortized cost		Average contractual rate (p.y.)	Average swap rate in % CDI	Maturity	Guarantees	Parent company		Consolidated	
Current Liabilities						June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Working capital		0.16+FX	145.00%	1/13/2020	Promissory Note	-	40,635	-	40,635
Working capital		1.41+FX	136.15%	7/17/2020	Promissory Note	66,884	49,232	66,884	49,232
Working capital		1.46+FX	130.00%	8/21/2020	Promissory Note	55,058	40,526	55,058	40,526
Working capital		1.85+FX	147.00%	8/31/2020	Promissory Note	26,815	19,741	26,815	19,741
Working capital		1.53+FX	140.00%	8/20/2020	Promissory Note	17,081	12,476	17,081	12,476
Working capital		4.48+FX	152.45%	11/12/2020	Promissory Note	229,818	164,535	229,818	164,535
Working capital		4.48+FX	152.45%	2/18/2020	Promissory Note	-	9,731	-	9,731
Working capital		4.48+FX	152.45%	5/20/2020	Promissory Note	-	9,731	-	9,731
Working capital		4.48+FX	152.45%	8/20/2020	Promissory Note	13,452	9,732	13,452	9,732
Working capital		4.26+FX	156.94%	11/27/2020	Promissory Note	22,530	16,172	22,530	16,172
Working capital		4.69+FX	155.10%	11/30/2020	Promissory Note	19,893	14,501	19,893	14,501
Working capital		4.05+FX	181.82%	12/17/2020	Promissory Note	54,803	40,312	54,803	40,312
Working capital		0.40+FX	158.64%	7/13/2020	Promissory Note	68,472	-	68,472	-
Working capital		1.80+FX	162.50%	1/27/2021	Promissory Note	26,895	-	26,895	-
Working capital		2.66 + CDI	-	up to 3/29/2022	Promissory Note	5,105	5,132	5,105	5,132
Working capital		135%CDI	-	up to 8/20/2021	Promissory Note	9,515	10,023	9,515	10,023
Working capital		4.50%+CDI	-	12/11/2020	Promissory Note	10,029	-	10,029	-
Working capital		145.00%CDI	-	1/28/2020	Promissory Note	-	25,782	-	25,782
Working capital		143.80%CDI	-	2/14/2020	Promissory Note	-	35,992	-	35,992
Working capital		0.75+FX	134.50%	5/4/2020	Promissory Note	-	-	-	4,052
Working capital		0.75+FX	155.00%	1/20/2020	Promissory Note	-	-	-	2,085
Working capital		6.67		1/17/2020	Trade receivables	-	-	-	42,091
Working capital		5.00+CDI		11/3/2020	Promissory Note	-	-	5,038	-
FINEP	(a)	5%+TR	-	up to 6/15/2025	Letter of guarantee	9,935	9,969	9,935	9,969
BNDES		TJLP + 3%	-	up to 12/15/2021	Letter of guarantee	12,142	12,189	12,142	12,189
FINIMP		3.00+FX	143.00%	8/28/2020	Promissory Note	25,818	18,723	25,818	18,723
FINIMP		4.30+FX		11/25/2020	Promissory Note	11,612	8,366	11,612	8,366
						685,857	553,500	690,895	601,728
Non-current liabilities									
BNDES		TJLP + 3%	-	up to 12/15/2021	Letter of guarantee	7,750	11,853	7,750	11,853
Working capital		2.66 + CDI	-	up to 3/29/2022	Promissory Note	3,159	5,231	3,159	5,231
Working capital		135%CDI	135%	8/20/2021	Promissory Note	1,667	6,667	1,667	6,667
FINEP	(a)	3.00+TR	-	12/15/2028	Letter of guarantee	16,999	11,751	16,999	11,751
FINEP	(a)	10.50+TR	-	12/15/2028	Letter of guarantee	48,217	33,317	48,217	33,317
FINEP	(a)	5.00+TR	-	6/15/2025	Letter of guarantee	36,821	41,577	36,821	41,577
						114,613	110,396	114,613	110,396
Total loans and financing						**800,470**	**663,896**	**805,508**	**712,124**

The loan and financing agreements entered into by the Company do not contain any covenants requiring the achievement of financial ratios.

The financial instruments contracted to cover the exchange-rate changes on loans in foreign currency are presented in note 34.

(a) FINEP

In 2018, the Company approved with FINEP (Brazilian project finance agency) a loan agreement amounting to R$125,100, whose funds will be invested in the same plans and projects described above. The amounts will be disbursed in tranches up to the end of 2021. Up to the period ended June 30, 2020, R$ 65,079 relating to such credit facility has been raised.

Maturity dates of long-term loans are as follows:

June 30, 2020		December 31, 2019	
Year	Parent company and Consolidated	Year	Parent company and Consolidated
2021	16,334	2021	32,495
2022	20,555	2022	16,869
2023	18,733	2023	15,748
2024	18,107	2024	15,675
2025	13,389	2025	10,979
> 2025	27,495	> 2025	18,630
Total	**114,613**	**Total**	**110,396**

19. PROVISIONS

		Parent company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current					
Provision for guarantee and technical support	(a)	40,536	43,254	43,468	46,568
Provision for cooperative advertising	(b)	10,195	11,702	10,507	11,774
Provision for commissions	(c)	9,613	8,688	10,066	10,152
Provision for rebates	(d)	2,341	2,205	2,421	2,154
Provision for royalties	(e)	3,123	3,047	3,476	3,197
Provision for investiment in research and development	(f)	6,784	5,053	6,895	9,057
Other provision		3,123	2,158	5,217	3,461
		75,715	76,107	82,050	86,363
Non-Current					
Provision for guarantee and technical support	(a)	18,560	19,322	18,560	19,322
		94,275	**95,429**	**100,610**	**105,685**

(a) Provision for guarantee and technical support

With basis on the number of computers in warranty and the term of each granted warranty, and also taking into account the recent history of service frequency per machine, and the average cost of technical assistance service, the amount of the provision that will be required to cover the total assumed obligation in relation to the equipment items in warranty on the respective base dates.

(b) Provision for cooperative advertising

The amounts provided for cooperative advertising are calculated based on the percentages agreed between the parties and refer to promotion and advertising of the Company's products. The percentages are negotiated individually with each client.

(c) Provision for commissions

The provision for commissions is calculated based on the individual percentage of commission recorded in the sales orders.

(d) Provision for rebates

The amounts provided for rebates are calculated based on historical percentages and other factors, negotiated individually with each customer. These amounts represent adjustments to the price, stimulating the retail sales.

e) Provision for royalties

The amounts accrued as royalties are calculated based on contractual percentages agreed with the supplier and which, in general, are added to the billed price of the products that use the technologies or trademarks.

f) Provision for investments in R&D

In order to be entitled to certain tax benefits, the Company is required to invest part of its revenue from the sale of IT goods and services in research and development projects. The Company recognizes the tax benefits upon sale, as a contraentry to the obligation generated.

20. TAXES PAYABLE

	Parent company		**Consolidated**	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	23,944	9,171	28,063	10,411
Income tax and social contribution	-	332	-	350
National Institute of Social Security (INSS)	5,285	2,581	5,746	2,780
Income Tax Withheld at Source (IRRF) and Social Contribution Withheld at Source (CSRF)	2,447	2,385	2,584	2,513
Excise Tax (IPI)	388	324	1,665	659
ICMS	3,009	4,316	5,581	5,031
Other taxes and contributions	1,487	1,659	2,576	2,291
	36,560	**20,768**	**46,215**	**24,035**

The Company has PIS, COFINS, and Employer Social Security Contribution (INSS) outstanding balances referring to the accrual months of March, April and May 2020, whose original maturities would be up to June 30, 2020, but were extended by the Brazilian Government due to of the Coronavirus pandemic.

21. DEFERRED REVENUE

Refers to the investment grant portion to be allocated to profit or loss over the next years, as mentioned in Note 9. As a result of the enjoyment of ICMS tax benefits on June 30, 2020 and December 31, 2019, the Company recorded the amount in liabilities, under the heading Deferred Revenue. This amount will be appropriated to Income by virtue of the amortization of the related assets and compliance with the obligations required as a counterpart to the referred tax benefit, as provided for in the rules established in Technical Pronouncement CPC 7 and disclosed in Note 15.a.

22. OTHER ACCOUNTS PAYABLE

		Parent company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Advances from clients	(a)	18,509	-	18,509	2,038
Prepaid revenues	(b)	1,569	1,863	1,660	1,971
Accounts payable for aquisition of subsidiary	(c)	-	-	39,486	42,139
Accounts payable		5,022	4,169	6,308	5,296
		25,100	**6,032**	**65,963**	**51,444**
Current		24,119	4,757	37,140	22,309
Non Current		981	1,275	28,823	29,135

a) The Company received advances from clients. The goods subject to these advances will be delivered in the subsequent months, when the respective revenue will be recognized.

b) The Company has entered into an agreement with a financial institution ensuring exclusivity with respect to the payroll processing, banking products and services advertising campaigns, service structure installation and maintenance. The Company has received the amount agreed in cash, and the revenue will be recognized in profit or loss according to the contractual term.

c) Represent the remaining amounts to pay by subsidiary Positivo Smart Tecnologia Ltda. to the non-controlling shareholders of ACC Brasil Indústria e Comércio de Computadores Ltda. for the acquisition of 80% of this investee’s shares. In the period ended June 30, 2020, the amount of R$ 2,652 was paid regarding the first installment. This debt will be adjusted using the General Market Price Index (IGP-M) and in accordance with the contractual clauses the settlement calendar is as follows:

Consolidated	
Year	**Amount in R$**
2020	11,700
2021	8,021
2022	6,689
2023	6,535
2024	6,541
	39,486

23. INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred assets

Deferred income tax and social contribution were calculated at the rates in effect as of June 30, 2020 and December 31, 2019 and are broken down as follows:

Assets	Parent company June 30, 2020	Parent company December 31, 2019	Consolidated June 30, 2020	Consolidated December 31, 2019
Deferred income tax and social contribution				
Provision for guarantee	20,092	21,275	21,089	22,402
Provision for obsolete inventories	17,924	17,965	18,998	18,618
Provision for tax, labor and civil risks	11,280	11,965	11,280	11,965
Adjustment to present value	(549)	(248)	(549)	(248)
Allowance for doubtful accounts	15,059	14,073	15,059	14,073
Provision for commissions	3,268	2,954	3,422	3,452
Provision for rebates	796	750	823	732
Provision for cooperative advertising	3,466	3,979	3,572	4,003
Provision for investiment in research and development	2,517	1,880	2,517	1,880
Product development projects	(13,023)	(14,901)	(13,023)	(14,901)
Surplus value on acquisition of investments	-	-	(4,488)	(4,894)
Tax loss carryforwards and negative basis of social contribution	390,603	391,133	391,871	390,780
Deferred taxes not recognized	(390,170)	(389,285)	(391,854)	(387,566)
	61,263	**61,540**	**58,717**	**60,296**

The recognition of tax credit is supported by the Company's business plans, which take into account the expansion of the commercial activities, taxable income in jointly-controlled companies abroad, Management's decision to distribute dividends in Brazil by using part of grant revenue for investments, as well as on the assumptions of the reduction in the grant effect for investment in the Company's results due to changes in legislation and corporate restructuring transactions occurred in 2015, which will generate sufficient taxable profits to offset these deferred tax credits.

Technical feasibility studies, analyzed and approved by the Board of Directors, indicate the full recovery of the amounts of deferred taxes recognized, as defined in CVM Instruction 371, of June 27, 2002, and refer to management's best estimates of the future evolution of the Company and the market in which it operates. The expected realization of tax credits is as follows:

	Parent company						
Realization estimate	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
Income tax	2,001	6,226	7,662	9,029	9,778	10,318	45,014
Social contribution	723	2,246	2,764	3,257	3,527	3,732	16,249
Total	**2,724**	**8,472**	**10,426**	**12,286**	**13,305**	**14,050**	**61,263**

Management reviews the actual results of these business plans for the generation of taxable profits each year and, accordingly, reassesses the expected realization of these tax credits.

As the income tax and social contribution taxable basis arises not only from the income that may be generated, but also from the existence of non-taxable revenues, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between the net income and/or loss of the Company and its subsidiaries, subject to income tax and social contribution. Therefore, the estimate of the use of tax credits should not be considered the only indication of future earnings of the Company and its subsidiaries.

Deferred tax liabilities refer to: (i) the deferral of receivables from Government agencies, and (ii) the tax incentives introduced by Law 10637/2002 and subsequently amended by Law 11196/2006, which allows the deductibility of expenses on development projects on a cash basis for income tax and social contribution purposes. This incentive is applicable to the Company's business activity and relates to expenses for product development projects that are recorded in intangible assets. The amount of deferred taxes will be reversed as the projects are amortized.

(b) Revenue (expenses) in income (loss)

Reconciliation of the income tax and social contribution expense is as follows:

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
(Loss) Income before income tax and social contribution	(5,301)	7,903	(2,694)	9,452
Combined current rate	34%	34%	34%	34%
Expected income tax and social contribution in relation to current rate	1,802	(2,687)	916	(3,214)
Exclusion - equity in net income of subsidiaries	(3,371)	919	1,044	194
Provisions and other (additions) exclusions from the calculation basis	2,513	(2,047)	2,513	(2,047)
Leases	(193)	-	(210)	-
Tax losses and temporary differences for which deferred taxes were not recorded	1,558	128	(3,210)	1,365
IRPJ/CSLL calculated	**2,309**	**(3,687)**	**1,053**	**(3,702)**
Tax incentive - R&D	(2,586)	723	(2,586)	723
Tax expense calculated	**(277)**	**(2,964)**	**(1,533)**	**(2,979)**
Current income tax and social contribution	-	(2,036)	-	(2,051)
Deferred income tax and social contribution	(277)	(928)	(1,533)	(928)
	(277)	**(2,964)**	**(1,533)**	**(2,979)**

24. PROVISION FOR TAX, LABOR, CIVIL RISKS

The Company has contingencies that are being discussed in court, including tax, labor and civil lawsuits. The Company's management believes that the outcome of these lawsuits will not have an effect significantly different from the amount provided for, which corresponds to the amounts of lawsuits considered "probable losses".
Refer basically to:

	Parent company and Consolidated			
	Civil	Tax	Labor	Total
At December 31, 2018	**5,709**	**14,968**	**16,383**	**37,060**
Recognized provisions	2,778	1,483	2,816	7,077
Payment reversals/reductions	(1,323)	(5,905)	(1,717)	(8,945)
At December 31, 2019	**7,164**	**10,546**	**17,482**	**35,192**
Recognized provisions	2,411	935	1,363	4,709
Payment reversals/reductions	(1,595)	(3,228)	(1,903)	(6,726)
At June 30, 2020	**7,980**	**8,253**	**16,942**	**33,175**
Current				5,565
Non Current				27,610

Civil

The Company is a party to lawsuits of a commercial and civil nature relating to consumers' complaints about products and services provided by the Company. There is not any individual relevant lawsuit.

Tax

Administrative proceedings and lawsuits challenging the legality or constitutionality of taxes and contributions of a municipal, state and federal nature. There is not any individual relevant lawsuit.

Labor

Lawsuits discussing employer-employee relationship issues. There is not any individual relevant lawsuit.

Possible loss

The amounts of contingencies assessed as possible losses by the Company's legal advisors, for which no provision was recorded in accordance with the accounting practices adopted, are as follows:

	Parent company Consolidated	
	June 30, 2020	**December 31, 2019**
Tax		
Tax and contributions (a)	332,313	323,078
Labor		
Employees (b)	2,176	1,892
Civil		
Public Organization and Private Companies (c)	76,830	78,927
Consumers (c)	2,540	3,824
	413,859	**407,721**

(a) Taxes and contributions (the main lawsuits amounts R$ 291,321):

(i) Import tax (II) and IPI – Tax assessment notice claiming Import Duty and Federal VAT differences, arising from the discussion on the difference in the rate levied on the import of signal capture boards and video cards.

(ii) Import tax (II) and IPI - Tax assessment notice claiming differences of Import and Excise taxes, arising from the reclassification of the Mercosur Common Nomenclature (MCN) on imports of microprocessors carried out by the Company. This reclassification arose from the change in tax classification criteria by the Federal Revenue Service.

(iii) Import tax (II) and IPI - Tax assessment notice relating to differences of Import and Excise taxes, arising from the reclassification of the MCN on imports of LCD screens carried out by the Company's branch located in Ilhéus, State of Bahia, in the last three years. This reclassification arose from the change in tax classification criteria by the Federal Revenue Service.

(iv) ISS – Tax Assessment Notice issued by the Municipal Government of Curitiba, discussing the service tax levied on the assignment of the right to use *Portal Educacional*, lease of movable property, licenses of use of shelf software and immunity on electronic books.

(iv) PIS and Cofins – Tax lawsuit claiming the disallowance of untimely PIS and Cofins credits recognized by the Company on commission, advertising and technical support expenses.

(vi) IRPJ – Annulment Action, with request for advance relief, for acknowledgement of the lack of IRPJ debt and existence of the credit right relating to the negative accumulated IRPJ balance.

(b) Labor

Employees: Lawsuits discussing labor amounts and indemnities. There is not any individual relevant lawsuit.

(c) Civil

(i) Government agencies (the main lawsuits amounts R$ 70,631):

State of Pernambuco – Ordinary action to annul the bid process 046/2011 from the Education Department of Pernambuco.

Brazilian Mail and Telegraph Company – Ordinary action filed to avoid the inclusion in SICAF, CADIN and similar lists, suspend the payment of fines and annul penalties (delays of technical support calls).

City Government of São Paulo – Lawsuit filed to suspend the collection of administrative fine due to alleged delay in the delivery of IT equipment to contracting party.

(ii) Consumers: These are administrative procedures and lawsuits related to end consumers' complaints about products sold and services provided by the Company, claiming the replacement of the product or the refund of amounts paid. In the case of administrative procedures, these are filed by consumer protection agencies, with analysis of the existence of infringements of consumer relations and the possibility of receiving fines as determined in Decree 2181/97. There is not any individual relevant lawsuit.

Contingent assets

The Company is the plaintiff in tax lawsuits of several natures, which is, filed with tax authorities to recover taxes paid and/or unduly collected by such entities, among others, emphasizing the lawsuits related to:

(i) Exclusion of ICMS from the PIS/COFINS calculation basis, for which the Company believes that the inflow of future economic benefits is likely; and

(ii) IPI tax credits arising from purchases of inputs from suppliers located in the Manaus Free Trade Zone. The lawsuit received a final and unappealable decision on July 21, 2020. This is a subsequent event to the base date of this interim, individual and consolidated financial information. Up to June 30, 2020, the realization of the economic benefits linked to this lawsuit is considered likely, situation that makes the asset contingent on said base date. The Company is still assessing all the elements related to the judicial discussion, so that all the necessary information is not yet available to conclude whether the final and unappealable decision makes the realization of the economic benefits related to this matter practically certain, according to the Technical Pronouncement CPC 25.

Up to the date of the issuance of the individual and consolidated interim financial information, it was not possible to estimate the amounts related to these lawsuits, since the Company still does not have the minimum information to carry out the measurement and best estimate reliably, in accordance with the accounting practices adopted in Brazil and the International

Financial Reporting Standards.

25. SHAREHOLDERS' EQUITY

(a) Capital

The Company's capital as of June 30, 2020 amounted to R$ 723,255 (R$ 389,000 as of December 31, 2019).

The increase was due to the issue of 54,000,000 new common shares, at the unit price of R$ 6.55, in the amount of R$ 353,700, from which the expenses necessary for the issue of the new shares were deducted. The capital increase and the issue of new shares were approved by the board of directors on January 30, 2020.

The breakdown of capital, as well as the distribution of shares after the transaction is as follows:

	Capital	
	June 30, 2020	**December 31, 2019**
Capital	742,700	389,000
Expenses with issuance of shares	(19,445)	-
	723,255	**389,000**

	Number of shares (in units)	
Stockholders	**June 30, 2020**	**December 31, 2019**
Controlling shareholders	62,093,094	62,093,094
Non-controlling shareholders, related parties and officers	2,500	141,756
Treasury shares	1,402,408	1,193,208
Outstanding shares	78,613,998	24,371,942
	142,112,000	**87,800,000**

Based on the Minutes of the Shareholders' Meeting held on October 04, 2019, the Company is authorized to increase its capital, regardless of amendment to the bylaws and Shareholders' resolution, upon determination of the Board of Directors, up to the limit of the Company's authorized capital of 71,000,000 new common shares, with no par value.

The Company's ultimate controlling shareholders are:

	Number of common shares (in units)	
Direct controlling stockholders	**June 30, 2020**	**December 31, 2019**
Hélio Bruck Rotenberg	13,418,619	13,418,619
Cixares Líbero Vargas	12,418,618	12,418,618
Isabela Cesar Formighieri Mocelin	3,806,207	3,806,207
Daniela Cesar Formighieri Rigolino	3,806,206	3,806,206
Sofia Guimarães Von Ridder	4,139,540	4,139,540
Samuel Ferrari Lago	4,139,540	4,139,540
Paulo Fernando Ferrari Lago	4,139,540	4,139,540
Rodrigo Cesar Formighieri	3,806,206	3,806,206
Lucas Raduy Guimarães	4,139,539	4,139,539
Giem Raduy Guimarães	4,139,540	4,139,540
Thais Susana Ferrari Lago	4,139,539	4,139,539
	62,093,094	**62,093,094**

(b) Capital reserve - Tax incentives and Stock option

	Parent company Consolidated	
	June 30, 2020	December 31, 2019
Investment subvention reserve (i)	118,305	118,305
Stock option benefit reserve (ii)	1,037	985
	119,342	**119,290**

(i) Reserves for investment grant

Refers to tax incentives of the Company, which were recorded in this account up to December 31, 2007. After the Law 11638/07, these benefits started to be recorded under "Profit reserves" caption.

This capital reserve may be used to take-over capital and/or absorb losses as long as the balance does not exceed the amount of profit reserves.

(ii) Call option granted under the employee stock option plan

Call options granted under the employee stock option plan do not grant voting rights or dividends. Further details on the employee stock option plan is described in Note 35.

(c) Profit reserve

	Parent company Consolidated	
	June 30, 2020	December 31, 2019
Tax Incentive reserve (i)	68,048	68,606
Legal reserve (ii)	81	81
	68,129	**68,687**

(i) Tax incentive reserve

As mentioned in Note 9, the amounts recorded in this account relate to the ICMS tax incentive, in conformity with State Decree 5375/2002 (the effective period of Article 3 runs through to July 31, 2011), and State Decree 1922/2011 effective from August 1, 2011. Pursuant to income tax legislation, this tax incentive reserve can only be used to capital increase and loss absorption, and cannot be distributed as dividends since it relates to a benefit granted by the State to the Company for a specific activity.

(ii) Legal reserve

The purpose of the legal reserve is to guarantee that the capital is paid up and it is used solely to offset losses and increase capital.

The legal reserve is formed on an annual basis, provided that the balance of this reserve, plus the amount of capital reserves will not exceed 30% of capital, with allocation of 5% of net income for the year and will not exceed 20% of the capital.

(d) Dividends

According to the minutes of the Annual and Extraordinary Meeting held on March 25, 2008, the Company may draw up half-yearly or interim balance sheets; decide on the distribution of dividends debited from the profit account determined on those balance sheets; declare interim dividends debited from the retained earnings account or profit reserves existing on those balance sheets or the last annual balance sheet; may pay or credit interest on own capital*, ad referendum* of the Annual General Meeting that reviewed the financial statements related to the fiscal year in which such interest was paid or credited; interim dividends and interest on own capital must always be imputed to the mandatory dividend.

In the year ended December 31, 2019, the Company recognized the amount of R$ 4,557 as dividends to be paid up to the end of 2020.

(e) Allocation of income/loss

Any accumulated losses will be deducted from the net income for the year, before any interest. Management profit-sharing will be calculated on the remaining profit, up to the maximum legal limit, as set forth in Article 152, paragraph 1 of Law 6404/76, after an appropriation to the legal reserve of 5%, the balance of which cannot exceed 20% of capital.

(f) Treasury shares

To comply with the stock option plan for executives, the Company holds a total of 1,402,408 treasury shares (1,093,208 at December 31, 2019), purchased under the repurchase program, at an average price of R$ 9.50 in amount of R$ 13,325 as at June 30, 2020 (as at December 31, 2019, the total acquisition amount was R$ 12,501 based on the remaining treasury shares).

(g) Equity valuation adjustment

The Company recognized in this caption the effect from exchange rate changes on investments in foreign subsidiaries, actuarial gains and losses arising from the employee benefit plan and gain (loss) on cash flow hedge transactions. For exchange-rate changes, the accrued effect is reversed to profit or loss for the year either as gain or loss only in case of disposal or write-off of the investment. For actuarial gains and losses, amounts are recognized when the actuarial liability is remeasured. Cash flow hedge transactions will be transferred to income (loss) for the year if an ineffective portion is identified and/or upon the end of the hedge relationship, as Note 34(c).

26. REVENUE

An analysis of Company's revenue in the six and three-month periods ended June 30, 2020 and 2019 is as follows:

		Semester ended in			
		Parent company		Consolidated	
		June 30, 2020	June 30, 2019 (Restated)	June 30, 2020	June 30, 2019 (Restated)
Revenue from sale of products		794,007	911,092	893,945	994,690
Revenue from services		36,324	27,080	40,330	27,528
Gross revenue		**830,331**	**938,172**	**934,275**	**1,022,218**
Less:					
Sales tax		(152,258)	(157,385)	(175,703)	(173,814)
Investment subsidy		77,668	94,268	84,608	99,275
Grant for operating costing	(a)	16,959	-	23,561	-
Returns and rebates		(28,056)	(22,327)	(28,490)	(22,415)
Allowance for joint advertising and rebate		(18,795)	(27,331)	(19,166)	(27,331)
Net revenue		**725,849**	**825,397**	**819,085**	**897,933**

		Quarter ended in			
		Parent company		Consolidated	
		June 30, 2020	June 30, 2019 (Restated)	June 30, 2020	June 30, 2019 (Restated)
Revenue from sale of products		428,677	545,533	477,101	602,402
Revenue from services		15,710	12,952	19,716	13,125
Gross revenue		**444,387**	**558,485**	**496,817**	**615,527**
Less:					
Sales tax		(83,837)	(93,782)	(98,115)	(103,164)
Investment subsidy		43,871	58,302	47,127	61,368
Grant for operating costing	(a)	16,959	-	23,561	
Returns and rebates		(18,974)	(8,181)	(18,367)	(8,546)
Allowance for joint advertising and rebate		(10,288)	(14,905)	(10,504)	(14,905)
Net revenue		**392,118**	**499,919**	**440,519**	**550,280**

a) Recorded in accordance with Law 13969/2019 (see further details in note 9 to the interim financial information).

Decree 10356/2020 provides for said Financial Credit as a grant for operating costing, which must be recognized as a revenue for the period in which it becomes receivable.

27. EXPENSES PER TYPE

The Company presented the statement of income using a classification of operating expenses based on their function. The information on the nature of these expenses recorded in the statement of income is as follows:

	Semester ended in			
	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Raw materials and consumables used	(562,374)	(589,489)	(624,939)	(636,629)
Personnel expenses	(62,791)	(65,323)	(72,001)	(72,218)
General expenses	(14,039)	(15,806)	(18,668)	(19,174)
Expenses with outsourced services	(23,289)	(24,598)	(25,646)	(26,552)
Commission expenses	(12,332)	(11,397)	(14,808)	(12,745)
Depreciation and amortization	(21,136)	(17,508)	(23,712)	(19,177)
Other operating expenses, net	(50,806)	(62,980)	(54,984)	(66,945)
	(746,767)	**(787,101)**	**(834,758)**	**(853,440)**
Cost of products sold	(587,215)	(613,599)	(661,512)	(670,442)
Sales expenses	(110,192)	(128,836)	(118,764)	(134,777)
General and administrative expenses	49,360	44,666	54,482	48,221
	(648,047)	**(697,769)**	**(725,794)**	**(756,998)**

	Quarter ended in			
	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Raw materials and consumables used	(820,139)	(357,999)	909,576	(392,159)
Personnel expenses	(96,914)	(34,322)	111,143	(38,638)
General expenses	(21,014)	(7,886)	28,245	(7,632)
Expenses with outsourced services	(34,187)	(13,230)	37,649	(14,823)
Commission expenses	(18,049)	(6,396)	22,076	(7,486)
Depreciation and amortization	(31,579)	(8,698)	35,637	(9,526)
Other operating expenses, net	(74,329)	(40,488)	80,310	(43,537)
	(1,096,211)	**(469,019)**	**1,224,636**	**(513,801)**
Cost of products sold	(316,643)	(371,199)	(357,212)	(410,920)
Sales expenses	(56,985)	(74,808)	(61,030)	(78,207)
General and administrative expenses	(23,695)	(23,012)	(26,638)	(24,674)
	(397,323)	**(469,019)**	**(444,880)**	**(513,801)**

28. BUSINESS SEGMENT REPORTING

To manage its business and make decisions, the Company uses information that focuses on product and service sales channels, which are the basis on which it reports primary information by segment. The Company's main operating segments are: retail sales and sales to government entities. The information by reportable segment of these units is presented below:

Revenue and results of segments

	Semester ended in					
	Consolidated					
	June 30, 2020			June 30, 2019		
	Retail	Government	Reportable segments	Retail	Government	Reportable segments
Net sales	376,478	246,231	622,709	490,378	201,159	691,537
Cost of products sold and services rendered	(313,907)	(197,527)	(511,434)	(361,086)	(157,561)	(518,647)
Gross income	62,571	48,704	111,275	129,292	43,598	172,890
Operating expenses	(85,463)	(48,081)	(133,544)	(96,335)	(42,096)	(138,431)
Income (loss) before financial income (loss)	(22,892)	623	(22,269)	32,957	1,502	34,459
Net financial income (loss)	(6,831)	18,806	11,975	(13,296)	(16,718)	(30,014)
Income (Loss) before tax effects	(29,723)	19,429	(10,294)	19,661	(15,216)	4,445
Income tax and social contribution (current and deferred)	-	-	-	(1,912)	(540)	(2,452)
Net income (loss) for the period	**(29,723)**	**19,429**	**(10,294)**	**17,749**	**(15,756)**	**1,993**

	Quarter ended in Consolidated					
	June 30, 2020			June 30, 2019		
	Retail	Government	Reportable segments	Retail	Government	Reportable segments
Net sales	216,483	131,405	347,888	282,417	146,294	428,711
Cost of products sold and services rendered	(178,543)	(101,721)	(280,264)	(206,471)	(113,325)	(319,796)
Gross income	37,940	29,684	67,624	75,946	32,969	108,915
Operating expenses	(44,479)	(22,998)	(67,477)	(52,005)	(26,397)	(78,402)
Income (loss) before financial income (loss)	(6,539)	6,686	147	23,941	6,572	30,513
Net financial income (loss)	(5,914)	(4,513)	(10,427)	(11,835)	(10,029)	(21,864)
Income (Loss) before tax effects	(12,453)	2,173	(10,280)	12,106	(3,457)	8,649
Income tax and social contribution (current and deferred)	-	-	-	(1,912)	(540)	(2,452)
Net income (loss) for the period	**(12,453)**	**2,173**	**(10,280)**	**10,194**	**(3,997)**	**6,197**

The reconciliation between the revenue of reportable segments and the Company and its subsidiaries' total revenue is as follows:

	Semester ended in Consolidated		Quarter ended in Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net revenue from sales				
Net sales revenue from reportable segments	622,709	691,537	347,888	428,711
Net sales revenue from non-reportable segments	196,376	206,396	92,631	121,569
	819,085	**897,933**	**440,519**	**550,280**

The reconciliation between profit of the reportable segments and the Company and its subsidiaries' total results is as follows:

	Semester ended in Consolidated		Quarter ended in Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income (loss) for the period				
Net loss for the period from reportable segments	(10,294)	1,993	(10,280)	6,197
Net profit (loss) for the period from non-reportable segments	6,067	4,480	1,680	4,871
	(4,227)	**6,473**	**(8,600)**	**11,068**

The revenue of the segments presented above does not include the revenue generated by subsidiaries. The relevant accounting policies for reportable segments are the same as those of the Company. The profit or loss of the segments corresponds to that of each segment, after allocation of all revenues, costs and expenses.

(a) Revenue from main products and services

Breakdown of net revenue by product

	Semester ended in Consolidated		Quarter ended in Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Products				
Notebooks	356,104	296,826	207,555	172,353
Desktops	192,032	236,590	108,197	159,321
Tablets	23,650	3,079	13,262	1,091
Mobile telephones	118,493	246,905	49,205	145,787
Servers and Storage	69,056	50,764	38,893	33,612
Others	59,750	63,769	23,407	38,116
	819,085	**897,933**	**440,519**	**550,280**

(b) Assets and liabilities by segment

Although the Company's assets and liabilities are allocated to certain segments, they are not managed independently as they relate mainly to the production of IT equipment and mobile for the designated sales segments.

(c) Geographical information

In the period ended June 30, 2020, the Company and its subsidiaries recognized R$ 14,454 of sales to the foreign market of R$ 14,454 (R$ 16,390 in the period ended June 30, 2019). The remaining sales were made to the domestic market.

(d) Information on main clients

Five of the Company's clients represented approximately 42% of total net revenue in the period ended June 30, 2020.

29. FINANCIAL INCOME (LOSS)

	Semester ended in			
	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Financial revenues				
Adjustment to present value – trade accounts receivable	6,737	7,707	7,516	8,346
Yield from investments	4,830	5,659	5,162	5,784
Other financial revenues	5,948	2,035	6,015	2,433
	17,515	15,401	18,693	16,563
Financial expenses				
Interest on loans	(29,749)	(33,510)	(30,177)	(33,620)
Adjustment to present value - suppliers	(5,284)	(7,288)	(6,914)	(8,155)
Tax on financial transactions	(680)	(529)	(680)	(531)
Contractual fines	(1,089)	(1,442)	(1,089)	(1,442)
Other finance expenses	(7,754)	(9,030)	(8,931)	(11,043)
	(44,556)	(51,799)	(47,791)	(54,791)
Total financial income and expenses	(27,041)	(36,398)	(29,098)	(38,228)
Exchange-rate change				
Gain from foreign exchange hedge	80,682	11,137	80,682	11,137
Loss from foreign exchange hedge	(2,516)	(9,659)	(2,516)	(9,659)
Gain from changes in exchange rates	28,135	7,383	39,321	8,889
Loss from changes in exchange rates	(52,147)	(5,658)	(76,972)	(7,571)
	54,154	3,203	40,515	2,796
Net financial income	**27,113**	**(33,195)**	**11,417**	**(35,432)**

	Quarter ended in			
	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Financial revenues				
Adjustment to present value – trade accounts receivable	3,886	4,208	4,381	4,446
Yield from investments	2,234	2,771	2,325	2,810
Other financial revenues	606	1,128	651	1,511
	6,726	8,107	7,357	8,767
Financial expenses				
Interest on loans	(14,310)	(16,559)	(13,791)	(16,669)
Adjustment to present value - suppliers	(2,659)	(3,747)	(3,513)	(4,157)
Tax on financial transactions	(349)	(263)	(349)	(263)
Contractual fines	106	(798)	106	(798)
Other finance expenses	(3,497)	(4,935)	(4,271)	(6,549)
	(20,709)	(26,302)	(21,818)	(28,436)
Total financial income and expenses	(13,983)	(18,195)	(14,461)	(19,669)
Exchange-rate change				
Gain from foreign exchange hedge	18,163	496	18,163	496
Loss from foreign exchange hedge	(2,516)	(6,440)	(2,516)	(6,440)
Gain from changes in exchange rates	8,644	3,375	14,109	4,422
Loss from changes in exchange rates	(13,565)	(2,073)	(23,817)	(2,764)
	10,726	(4,642)	5,939	(4,286)
Net financial income	**(3,257)**	**(22,837)**	**(8,522)**	**(23,955)**

Below is the cash effect of the exchange-rate changes for the first semester of 2020 and 2019, in the consolidated:

	Consolidated	
NDF / Options	**June 30, 2020**	**June 30, 2019**
(+) Opening balance	(4,654)	2,740
(+) Gain recognized in profit or loss	78,166	1,478
(-) Closing balance	80,137	(1,703)
(=) Cash effect (Decrease)/Increase	(6,625)	5,921
Exchange-rate changes on suppliers		
(+) Opening balance	5,840	306
(+) Gain / (Loss) recognized in profit or loss	(37,651)	1,318
(-) Closing balance	7,199	5,102
(=) Cash effect (Decrease)/Increase	(39,010)	(3,478)
Net gain recognized	40,515	2,796
(=) Net cash effect	(45,635)	2,443

30. INSURANCE - CONSOLIDATED

As of June 30, 2020, the insurance contracts established by the Company's management to cover potential claims and civil liability can be summarized as follows:

Line	Coverage per event	Value at risk	Effectiveness
Specified and All Risks	Property damage, Inventories and Lost Profits	451,000	5/1/2020 to 5/1/2021
Specified and All Risks	Credit Insurance - Sale of computer equipment	72,900	10/1/2019 to 9/30/2020
Court bond	Judicial and/or administrative proceedings under discussion	4,516	6/6/2019 to 6/6/2022
Court bond	Judicial and/or administrative proceedings under discussion	10,458	1/4/2016 to 1/3/2021
Court bond	Judicial and/or administrative proceedings under discussion	13,198	1/4/2016 to 1/3/2021
Court bond	Judicial and/or administrative proceedings under discussion	114	1/13/2016 to 1/12/2021
Court bond	Judicial and/or administrative proceedings under discussion	677	7/8/2018 to 7/8/2021
Court bond	Judicial and/or administrative proceedings under discussion	9,783	12/11/2019 to 12/11/2023
Court bond	Judicial and/or administrative proceedings under discussion	8,246	6/14/2020 to 6/15/2023
Court bond	Judicial and/or administrative proceedings under discussion	65,332	4/22/2020 to 4/7/2025
Court bond	Judicial and/or administrative proceedings under discussion	27,873	5/7/2020 to 4/16/2023
Court bond	Judicial and/or administrative proceedings under discussion	5,553	4/16/2020 to 4/16/2023
Civil liability	Managers' civil liability and environmental damage	150,000	10/30/2019 to 10/30/2020
Civil liability	Responsibility for Company´s Management for the new commom shares public offering	82,140	1/20/2020 to 1/20/2021
Specified and All Risks	Property damage	420	4/17/2020 to 4/17/2021
Specified and All Risks	Property damage	70,200	6/19/2020 to 6/19/2021

The independent auditors did not analyze the sufficiency of the amounts to cover probable claims.

31. EARNINGS (LOSSES) PER SHARE

Basic earnings per share are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of common shares in power of the shareholders, excluding common shares purchased by the Company and held as treasury shares.

Diluted earnings (losses) per share is calculated based on the adjustment of profit attributable to the Company's shareholders, as well as the weighted average number of total shares held by shareholders (outstanding), so as to reflect the effects of all dilutive common shares.

	Semester ended in		Quarter ended in	
	Consolidated		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Basic				
Basic numerator				
Net profit (loss) allocated to common shares	(5,578)	4,939	(8,986)	9,833
Basic denominator				
Weighted average number of common shares (in thousands)	131,892	86,399	140,638	86,415
(Loss) Earnings per share - Basic	**(0.0423)**	**0.0572**	**(0.0639)**	**0.1138**
Diluted				
Diluted numerator				
Net Profit (loss) allocated to common shares	(5,578)	4,939	(8,986)	9,833
Diluted denominator				
Weighted average number of common shares (in thousands)	132,346	86,443	140,863	86,415
(Loss) Earnings per share - Diluted	**(0.0421)**	**0.0571**	**(0.0638)**	**0.1138**

The weighted average number of common shares used in the calculation of basic earnings per share is reconciled to the weighted average number of common shares used in the calculation of diluted earnings (losses) per share as follows:

	Semester ended in		Quarter ended in	
	Consolidated		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Basic				
Weighted average number of common shares of the Company	133,020	87,800	141,800	87,800
Weighted average number of treasury common shares	(1,128)	(1,401)	(1,162)	(1,385)
Weighted average number of common shares used in the calculation of basic earnings (loss) per share	131,892	86,399	140,638	86,415
Diluted				
Weighted average number of common shares of the Company	133,020	87,800	141,800	87,800
Weighted average number of treasury common shares	(1,128)	(1,401)	(1,162)	(1,385)
Weighted average number of options	454	44	225	-
Weighted average number of common shares used in the calculation of diluted earnings (loss) per share	132,346	86,443	140,863	86,415

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company manages the global risks relating to the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company uses derivative financial instruments to hedge certain risk exposure, without the purpose of speculation to leverage its financial income (loss). The quantitative information regarding each type of risk arising from financial instruments is described in the sections below, which represent the concentrations of risk monitored by the Company's management.

Risk management is carried out by the Company's treasury department, following guidelines determined by the Company's Executive Board and Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company mainly operates in the domestic market, but carries out significant imports of input materials from the foreign market, being therefore exposed to foreign exchange risk basically with regard to the USD. The main transactions are related to accounts payable to foreign suppliers (Note 16) and working capital loan operations (Note 18).

Management has established a policy that requires the Company to manage its exchange risk regarding its functional currency. The Company, whose operations are exposed to foreign exchange risk, is required to hedge its positions through hedge operations, performed under instructions of the financial department. Its main objective is to hedge its USD - denominated commitments against future price fluctuations, so as to provide greater predictability in its operations. The Company enters into USD options and also non-deliverable forwards (NDFs) to hedge against exchange rate fluctuations, covering only the foreign exchange exposure over the payment term granted by suppliers for the purchase of imported components. Additionally, the Company carries out swap operations to hedge its loans in foreign currency against the fluctuations in future quotation. The main analyses made by the finance department to contract derivative financial instruments are:

- Based on the analysis of payables for imports, either in regard to materials already in inventory or materials in transit, the derivative contracts are reviewed and/or changed on a weekly basis.
- The amount and type to be contracted are defined in light of the specifics of each in relation to the volatility of the U.S. Dollar and the future prospects of the economy.
- Based on the sensitivity analysis of U.S. Dollar volatility against the types of hedge contracted over the months, it is possible to measure the possible cash requirements to cover the results of NDF transactions.

	June 30, 2020			
	Parent company		Consolidated	
	Foreign currency	BRL	Foreign currency	BRL
Assets				
Trade and other receivables				
USD	1,388	7,602	2,306	12,626
Liabilities				
Suppliers - Foreign Market				
USD	(22,070)	(120,853)	(36,912)	(202,132)
Loans				
USD	(68,501)	(375,114)	(68,501)	(375,114)
Euros (converted to Dollar)	(48,213)	(264,017)	(48,213)	(264,017)
Derivative financial instruments				
Swap - USD	68,501	375,114	68,501	375,114
Swap - Euros (converted to USD)	48,213	264,017	48,213	264,017
NDFs - USD	71,153	389,634	71,153	389,634
Net exposure 1	**50,471**	**276,383**	**36,547**	**200,128**
Government projects				
USD	(28,904)	(158,278)	(28,904)	(158,278)
Net exposure 2	**21,567**	**118,105**	**7,643**	**41,850**

	December 31, 2019			
	Parent company		Consolidated	
	Foreign currency	BRL	Foreign currency	BRL
Assets				
Trade and other receivables				
USD	890	3,588	1,202	4,843
Liabilities				
Suppliers - Foreign Market				
USD	(36,527)	(147,229)	(46,896)	(189,022)
Loans				
USD	(71,893)	(289,778)	(71,893)	(289,778)
Euros (converted to Dollar)	(40,845)	(164,635)	(42,368)	(170,772)
Derivative financial instruments				
Swap - USD	71,893	289,778	71,893	289,778
Swap - Euros (converted to USD)	40,845	164,635	42,368	170,772
NDFs - USD	80,137	323,008	80,137	323,008
Net exposure 1	**44,500**	**179,367**	**34,443**	**138,829**
Government projects				
USD	(9,797)	(39,489)	(9,797)	(39,489)
Net exposure 2	**34,703**	**139,878**	**24,646**	**99,340**

US dollar to Brazilian real exchange rates: 1 USD/5.4760 BRL as of June 30, 2020 (1 USD/4.0307 BRL as of December 31, 2019).

Net exposure 1 - refers to an exposure in foreign currency, considering the foreign exchange assets and liabilities held by the Company and accounted for in the balance sheet, less derivative financial instruments contracted to hedge these liabilities.

Net exposure 2 - refers to an exposure in foreign currency, considering the foreign exchange assets and liabilities held by the Company and accounted for in the balance sheet and the future commitments arising from the Government Projects, net of derivative financial instruments contracted to hedge these liabilities. Government Projects refer to the Company's winning bids to provide computers in the next months. For this reason, the Company calculates the exposure to which it will be exposed with the acquisition of inputs abroad in order to meet these commitments.

(ii) Cash flow or fair value risk associated to the interest rate

The Company has no significant interest-earning assets, except the balance of interest earning bank deposits. The Company's interest rate risk arises from long-term loans, as detailed in Note 18. Loans issued at floating rates expose the Company to cash flow interest rate risk. Loans at fixed rates expose the Company to fair value risk associated to interest rate. As of June 30, 2020 and December 31, 2019, the Company's loans at floating rates were denominated in reais, Dollars and Euros. The sensitivity analysis with the projected scenarios and related impacts on shareholders' equity and results are presented in item "d" of this Note.

(b) Credit risk

The credit risk is managed on a corporation basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposure to customers in the Government and retail segments. For banks and other financial institutions, only independent rated parties usually classified as first-tier entities are accepted. The financial institutions with which the Company operates are evaluated by the rating agencies as a low risk. For the customers, the credit analysis area evaluates the quality of the customer's credit, taking into consideration financial position, past experience and other factors, as detailed in Note 7, which also discloses the customer's credit risk. Individual risk limits are determined with basis on internal or external classifications in accordance with limits determined by the Executive Board. The use of credit limits is regularly monitored. Sales to retail customers are settled in cash.

No credit limit was exceeded during the period, and Management does not expect any loss from default by these counterparties in amounts higher than those already provided for.

(c) Liquidity risk

The final responsibility for the liquidity risk management lies with the Board of Directors, which prepared an appropriate liquidity risk management model to manage funding requirements and short-, medium- and long-term liquidity. The Company manages liquidity risk by maintaining proper reserves, bank credit facilities and credit facilities to raise loans as it considers adequate, through continuous monitoring of foreseen and actual cash flows and through combination of financial assets and liabilities' maturity profiles.

The following tables show details of the contractual maturity terms remaining for the Company's non-derivative financial liabilities. Tables were prepared in accordance with the undiscounted of financial liabilities based on the nearest date on which the Company shall settle the respective obligations. The tables include interest and principal cash flows. To the extent that the interest flows are at floating rates, the undiscounted amount was obtained based on the interest curves at the end of the reporting period. Contractual maturity is based on the most recent date when the Company should settle the related obligations:

Financial liabilities

	Parent company						
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
	% of CDI	R$	R$	R$	R$	R$	R$
June 30, 2020							
Suppliers	101.87	125,647	68,822	62,079	-	-	256,548
Loans adjusted to floating interest rates	163.58	138,574	144,286	402,997	82,543	32,070	800,470
Related parties		-	12,500	-	-	-	12,500
Leases	121.37	640	1,292	6,014	32,927	-	40,873
Other non-current liabilities		-	-	-	981	-	981
		264,861	226,900	471,090	116,451	32,070	1,111,372
December 31, 2019							
Suppliers	101.73	158,716	108,882	56,547	-	-	324,145
Loans adjusted to floating interest rates	159.08	69,593	52,038	431,869	80,788	29,608	663,896
Derivative financial instruments		-	1,545	13,039	-	-	14,584
Related parties		-	10,178	-	-	-	10,178
Leases	118.69	542	1,093	5,085	32,343	-	39,063
Other non-current liabilities		-	-	-	1,275		1,275
		228,851	173,736	506,540	114,406	29,608	1,053,141

	Consolidated						
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
	% of CDI	R$	R$	R$	R$	R$	R$
June 30, 2020							
Suppliers	101.87	184,899	97,120	69,628	-	-	351,647
Loans adjusted to floating interest rates	163.58	138,574	144,286	408,035	82,543	32,070	805,508
Related parties		-	1,431	-	4,965	-	6,396
Leases	121.37	699	1,410	6,563	35,928	-	44,600
Other non-current liabilities		-	-	-	28,823	-	28,823
		324,172	244,247	484,226	152,259	32,070	1,236,974
December 31, 2019							
Suppliers	101.73	189,129	133,270	62,648	-	-	385,047
Loans adjusted to floating interest rates	159.08	113,769	56,090	431,869	80,788	29,608	712,124
Derivative financial instruments		-	1,545	13,039	-	-	14,584
Related parties		-	763	-	5,943	-	6,706
Leases	118.69	598	1,207	5,615	35,713	-	43,133
Other non-current liabilities		-	-	-	29,135	-	29,135
		303,496	192,875	513,171	151,579	29,608	1,190,729

Financial assets

	Parent company					
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	Up Onde year	Total
	% of CDI	R$	R$	R$	R$	R$
June 30, 2020						
Cash and banks		43,497	-	-	-	43,497
Financial investments at floating interest rates	101.66	469,240	-	-	-	469,240
Derivative financial instruments		33,815	24,800	89,656	-	148,271
Trade accounts receivable	101.76	240,561	80,716	39,555	-	360,832
Related parties		-	-	29,773	-	29,773
		787,113	105,516	158,984	-	1,051,613
December 31, 2019						
Cash and banks		15,270	-	-	-	15,270
Financial investments at floating interest rates	94.22	375,547	-	-	-	375,547
Trade accounts receivable	101.66	205,308	16,442	26,100	69	247,919
Related parties		-	-	30,190	-	30,190
		596,125	16,442	56,290	69	668,926

	Consolidated					
	Effective interest rate - weighted average	Less than one month	One to three months	Three months to one year	Up Onde year	Total
	% of CDI	R$	R$	R$	R$	R$
June 30, 2020						
Cash and banks		50,893	-	-	-	50,893
Financial investments at floating interest rates	101.66	481,322	-	-	-	481,322
Derivative financial instruments		33,815	24,800	89,656	-	148,271
Trade accounts receivable	101.76	252,527	118,065	42,384	-	412,976
Related parties		-	-	29,358	-	29,358
		818,557	142,865	161,398	-	1,122,820
December 31, 2019						
Cash and banks		29,911	-	-	-	29,911
Financial investments at floating interest rates	94.22	430,803	-	-	-	430,803
Trade accounts receivable	101.66	211,718	60,952	29,181	70	301,921
Related parties		-	-	20,378	-	20,378
		672,432	60,952	49,559	70	783,013

(d) Additional sensitivity analysis required by CVM

Impacts that would be generated by changes in relevant risk variables to which the Company is exposed at the end of the period. The variables significant risk to the Company, taking into consideration a period of up to 12 months for this analysis, are its exposure to foreign currency fluctuations, mainly the U.S. Dollar, and its exposure to interest rate fluctuation. Management believes that the probable scenario reflects the Brazilian Central Bank's expectations of USD exchange rates and the CDI interest rate for the period ended June 30, 2020. Other risk factors were considered as irrelevant for financial instruments' result.

	Consolidated								
	Equity balances				Scenarios				
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019					
	Assets/Liabilities (R$)	Assets/Liabilities (R$)	Notional (USD)	Notional (USD)	Probable	25%	50%	-25%	-50%
Derivative financial instruments Interest rate swap									
Foreign currency loans									
US$ to R$ (CDI)	122,627	(9,930)	116,714	114,261	(4,194)	(5,243)	(6,291)	(3,146)	(2,097)
Loans									
In US$	(639,131)	(460,550)	(116,714)	(114,261)					
Loans									
In CDI	(146,485)	(185,442)	n/a	n/a	(25,208)	(31,510)	(37,812)	(18,906)	(12,604)
Net exposure			**-**	**-**	**(29,402)**	**(36,753)**	**(44,103)**	**(22,052)**	**(14,701)**
Derivative financial instruments									
FForward exchange contracts - held for trading									
R$ to US$ - NDF's and Options	25,644	(4,654)	71,153	80,137	4,376	96,740	189,105	(87,994)	(180,356)
Other financial liabilities									
Other financial liabilities Foreign currency suppliers									
US$ to R$	(202,132)	(189,022)	(36,912)	(46,896)	12,351	(13,393)	(39,137)	38,095	63,840
Net exposure 1			**34,241**	**33,241**	**16,727**	**83,347**	**149,968**	**(49,899)**	**(116,516)**
Foreign currency suppliers - government projects									
US$ to R$			(28,904)	(9,797)	8,555	(28,875)	(66,306)	45,986	83,416
Net exposure 2			**5,337**	**23,444**	**25,282**	**54,472**	**83,662**	**(3,913)**	**(33,100)**
Impact on results - sensitivity analysis - future maturity					**(4,120)**	**17,719**	**39,559**	**(25,965)**	**(47,801)**

Net exposure 1 - refers to an exposure in foreign currency, considering the foreign exchange liabilities held by the Company and accounted for in the balance sheet, net of derivative financial instruments contracted to hedge these liabilities.

Net exposure 2 - refers to an exposure in foreign currency, considering the foreign exchange liabilities held by the Company and accounted for in the balance sheet and the future commitments arising from the Government Projects, net of derivative financial instruments contracted to hedge these liabilities. Government Projects refer to the Company's winning bids to provide computers in the next months. For this reason, the Company calculates the exposure to which it will be exposed with the acquisition of inputs abroad in order to meet these commitments.

32.2 Financial risk factors

The Company's objectives in managing its capital are to safeguard its business continuity capacity to offer return to shareholders and benefits to the other shareholders besides maintaining an optimal capital structure to reduce this cost.

To maintain or adjust the Company’s capital structure, Management may - or propose to, in cases that must be approved by shareholders - review dividend payment policy, return capital to shareholders, issue new shares or sell assets to reduce, for example, indebtedness level.

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Net debt				
Debt				
Third-party loans	800,470	663,896	805,508	712,124
Swap derivative instruments	(122,627)	9,930	(122,627)	9,930
Cash and cash equivalents	(512,737)	(390,817)	(532,215)	(460,714)
Net debt (a)	165,106	283,009	150,666	261,340
Debt				
Third-party loans	800,470	663,896	805,508	712,124
Swap derivative instruments	(122,627)	9,930	(122,627)	9,930
Derivative - Options and NDF	(25,644)	4,654	(25,644)	4,654
Cash and cash equivalents	(512,737)	(390,817)	(532,215)	(460,714)
Net debt (b)	139,462	287,663	125,022	265,994
Shareholders' equity (c)	878,421	527,024	886,125	534,892
Net debt ratio (a)	0.19	0.54	0.17	0.49
Net debt ratio (b)	0.16	0.55	0.14	0.50

(a) The net debt is defined as short- and long-term loans, less cash and receivable and/or payable from swap derivative transactions (loan agreement hedge).

(b) The debt is defined as short- and long-term loans, less cash and cash equivalents and decreased and/or increased by the gain and/or loss on swap derivative transactions (hedge of loan agreements) and other derivative transactions, represented by option contracts and NDF (hedge of accounts payable).

(c) Shareholders' equity includes the entire Company's capital and reserves, managed as capital.

32.3 Fair value estimate

The Company assumes that the carrying amounts of trade receivables and trade payables approximate with related parties and third parties at their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The amounts of the financial liabilities recognized at amortized cost approximate their fair values and are immaterial for disclosure.

The fair value of derivatives is calculated using observable market input assumptions. When such inputs are not available, a discounted cash flow analysis based on the yield curve is used, applicable over the term of instruments for derivatives without options. The exchange futures contracts are measured based on exchange rates and yield curves based on the quotation and considering the same terms and maturities of contracts. Swaps are measured at the present value of estimated future cash flows and discounted based on applicable yield curves, on the basis of interest rate quotations

For the Company's derivative financial instruments (forward currency contracts and and cross-currency interest rate swaps) fair value measurements of Level 2 are used, through variables other than quoted prices included in Level 1, which are observable for the asset or liability directly (that is, as prices) or indirectly (that is, based on prices).

33. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	Parent company			Consolidated		
	Assets measured at fair value through profit or loss	Assets measured at fair value through other comprehensive income	Assets measured at amortized cost	Assets measured at fair value through profit or loss	Assets measured at fair value through other comprehensive income	Assets measured at amortized cost
June 30, 2020						
Assets per balance sheet						
Investments	-	-	-	30,518	-	-
Derivative financial instruments	25,644	122,627	-	25,644	122,627	-
Trade accounts receivable and other accounts receivable excluding prepayments	-	-	414,998	-	-	468,321
Advances to suppliers on account of future supplies of inventories	-	-	25,872	-	-	30,510
Related parties	-	-	29,773		-	29,358
Cash and cash equivalents	512,737	-	-	532,215	-	-
	538,381	**122,627**	**470,643**	**588,377**	**122,627**	**528,189**
December 31, 2019						
Assets per balance sheet						
Investments	-	-	-	21,519	-	-
Trade accounts receivable and other accounts receivable excluding prepayments	-	-	316,415	-	-	371,058
Related parties	-	-	30,190		-	20,378
Cash and cash equivalents	390,817	-	-	460,714	-	-
	390,817	**-**	**346,605**	**482,233**	**-**	**391,436**

Financial liabilities

	Parent company			Consolidated		
	Liabilities measured at fair value through profit or loss	Liabilities measured at fair value through other comprehensive income	Liabilities measured at amortized cost	Liabilities measured at fair value through profit or loss	Liabilities measured at fair value through other comprehensive income	Liabilities measured at amortized cost
June 30, 2020						
Liabilities as per balance sheet						
Loans	-	-	800,470	-	-	805,508
Leases	-	-	40,873	-	-	44,600
Trade and other payables, excluding legal obligations	-	-	280,927	-	-	416,643
Related parties	-	-	12,500	-	-	6,396
	-	**-**	**1,134,770**	**-**	**-**	**1,273,147**
December 31, 2019						
Liabilities as per balance sheet						
Derivative financial instruments	4,654	9,930	-	4,654	9,930	-
Loans	-	-	663,896	-	-	712,124
Leases	-	-	39,063	-	-	43,133
Trade and other payables, excluding legal obligations	-	-	329,214	-	-	435,408
Related parties	-	-	10,178	-	-	6,706
	4,654	**9,930**	**1,042,351**	**4,654**	**9,930**	**1,197,371**

34. DERIVATIVE FINANCIAL INSTRUMENTS

	Parent company			
	Nocional (USD)		6/30/2020	12/31/2019
	June 30, 2020	December 31, 2019	Current assets	Current liabilities
Forward currency (NDF) (a)	71,153	80,137	25,644	4,654
Interest rate swap (c)	116,714	114,261	122,627	9,930
	187,867	**194,398**	**148,271**	**14,584**

The Company operates with derivative financial instruments exclusively to hedge against certain exposure to risks, and therefore without any speculative purpose.

(a) Forward exchange contracts

To protect itself against the volatility of the liability exposures in U.S. Dollars, due to the total exposure (cash flows), up to June 30, 2020, the Company entered into NDF contracts, in U.S. Dollars, in the following amounts and conditions:

Contracting period	Maturity date	Leveraged amount USD thousands	Average target price
Apr/20 a Jun/20	Aug/20	1,149	5.4095
Nov/19 a Dec/19	Jul/20	5,568	4.1689
Oct/19 a Jun/20	Jul/20 a Jan/21	25,586	5.4187
Oct/19 a Jun/20	Jul/20 a Jun/21	20,274	5.2564
Dec/19 a Jun/20	Jul/20 a Mar/21	16,806	5.2353
Sept/19 a Dec/19	Jul/20 a Aug/20	547	4.1677
Dec/19 a Apr/20	Jul/20 a Aug/20	1,223	4.8020
		71,153	5.1310

During the six-month period ended June 30, 2020 the Company recognized R$ 78,166 as a net gain in the income (loss) for the period, referring to settled and outstanding contracts (net gain of R$ 2,341 as of June 30, 2019).

(b) Dollar call option contracts

Also to hedge foreign currency-denominated transactions carried out with foreign suppliers against the USD volatility, in the six-month period ended June 30, 2019, the Company contracted USD call options and recognized R$ 863 of net loss in the result for the period referring to settled contracts. Up to the end of the period ended June 30, 2020, the Company did not contract derivatives of this nature.

(c) Interest rate swap - CDI x USD

Interest rate swaps are settled according to their maturities stipulated in the contracts. The swapped interest rate is in line with the CDI rate. As of June 30, 2019, the contracted average rate of CDI was 155.89% (149.96% as of December 31, 2019). The Company will settle the contracts for the net value of the difference between interest rates and exchange-rate change.

Derivatives designated for hedge accounting

Beginning June 1, 2015, the Company formally designated for hedge accounting the derivatives used to hedge foreign currency-denominated loans, comprising all swap contracts, including the following information:

- Hedge relationship;
- The Company’s risk management purpose and strategy related to the hedge;
- Identification of financial instrument;
- Coverage object or transaction;
- Nature of risk to be covered;
- Description of coverage relation;
- Correlation between hedging and coverage object, when applicable; and
- Prospective demonstration of hedge effectiveness.

As of June 30, 2020, the outstanding position of the derivatives designated as cash flow hedge is broken down as follows:

Instrument designated as cash flow hedge – parent company / consolidated

	Subject to hedge	Reference currency (Notional)	Reference value (Notional)	Curve value	Fair value (1)	Accumulated loss	Income for the period
				Consolidated			
						Other income	
Currency Swap - US$/R$	Moeda	BRL	639,131	117,609	122,627	(5,018)	483

The market value calculation method adopted by the Company consists of calculating the future value based on the contractual conditions and determining the present value based on the market curves reported by BM&FBOVESPA.

The Company designates as cash flows hedge those derivative financial instruments used to offset fluctuations arising from exchange rate exposure, stated at the market value of the contracted debts, other than the functional currency.

Changes in the fair value of derivatives designated as cash flow hedge are recognized in equity as "Other comprehensive income" and reclassified to profit or loss for the periods in which the hedged transaction is carried out.

When a hedge instrument ceases to satisfy the hedge accounting criteria, the gain or loss accumulated in shareholders' equity will be fully reversed to profit or loss if the expected transaction is also recognized in profit or loss.

As of June 30, 2020, instruments designated as cash flow hedge totaled US$ 68,501 and EUR$ 42,902 relating to a notional amount of R$ 639,131. As of June 30, 2020, a net gain of R$ 483 (net gain of R$ 2,715 as of June 30, 2019) was recognized in "Other comprehensive income", and a net gain of R$ 165,941 (net loss of R$ 7,990 as of June 30, 2019) was recognized in "Financial income (loss)". Agreements will be settled on the respective maturity dates, subject to the following amounts, terms and conditions in the year ended June 30, 2020:

			June 30, 2020	
Contracting period	**Maturity date**	**Coverage**	**Notional amount (USD)**	**Amount in BRL**
Sep/19 to Dec/19	Aug/20 a Nov/20	FINIMP	6,835	37,430
Aug/19 to Dec/19	May/20 a Dec/20	4131	61,666	337,684
			68,501	375,114

			June 30, 2020	
Contracting period	**Maturity date**	**Coverage**	**Notional amount (EUR)**	**Amount in BRL**
Jul/19 to Jan/20	Jul/20 a Jan/21	4131	42,902	264,017
			42,902	264,017

35. STOCK OPTION PLAN

On November 3, 2006, the Company's shareholders approved at the Extraordinary General Meeting the general conditions of the Company's Stock Option Plan (the Plan), as detailed below.

The Plan established that the beneficiaries of the Plan may be the managers, employees and service providers of the Company (the Beneficiaries). It was also determined that the options granted will not exceed 3,5% (three point five percent) of the total capital of the Company existing on the date of their concession, plus the existing shares had all of the options granted under the terms of the Plan been exercised. Once the options have been exercised by the Beneficiary, the corresponding shares are issued by means of a capital increase. Treasury share options may also be offered.

The plan is administered by the Board of Directors or, at its option, by a Committee consisting of three members, of which at least one would be on the Board of Directors (a member or an alternate). The Board of Directors or the Committee, as the case may be, will have broad powers, respecting the terms of the Plan and, in the case of the Committee, the guidelines of the Company's Board of Directors for the organization and management of the Plan and the granting of options, and may also, at any time: (i) alter or terminate the Plan; (ii) establish the regulations applicable to omitted cases; (iii) extend (but never anticipate) the deadline for exercising the options in force; and (iv) anticipate the grace period for exercising the options in effect.

The Board of Directors or the Committee, as the case may be, may periodically create Company Stock Option Programs ("Programs"), whereby the following will be defined: (i) the beneficiaries; (ii) the total number of shares of the Company covered by the approval; (iii) purchase price; (iv) the initial grace period during which the option cannot be exercised; (v) the periods and deadlines for exercising the option, as well as the dates on which the rights arising from the option will expire, subject to the assumptions provided for in the Plan; (vi) any restrictions on the shares received for exercising the option; and (vii) provisions on penalties.

When options are granted under the Plan, each Beneficiary must enter into with the Company a Call Option Agreement, which contains the specific and individual conditions of each grant, such as number of shares the Beneficiary is entitled to acquire upon the option vesting, the strike price, and the term in which options can be vested.

On June 30, 2020, the Company has five outstanding plans, totaling 1,154,877 options. The number of shares per plan, the fiscal year start dates, and the option price adjusted by the IGPM price index until June 30, 2020 are described in the tables below:

2017 Program

Batch	Number of options open on June 30, 2020	Strike price	Exercise year	Price adjusted by the IGPM index until June 30, 2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
2	144,463	3.10	2020	3.71	6/30/2017	1.5367	222	-	222
3	229,613	3.10	2021	3.71	6/30/2017	1.4895	342	(34)	308
	374,076						564	(34)	530

2018-I Program

Batch	Number of options open on June 30, 2020	Strike price	Exercise year	Price adjusted by the IGPM index until June 30, 2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
2	96,163	3.45	2020	4.18	3/6/2018	0.8943	86	-	86
3	204,638	3.45	2021	4.18	3/6/2018	0.8943	183	(28)	155
	300,801						269	(28)	241

2019-I Program

Batch	Number of options open on June 30, 2020	Strike price	Exercise year	Price adjusted by the IGPM index until June 30, 2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	60,000	2.33	2021	2.52	3/20/2019	1.1667	70	(19)	50
2	105,000	2.33	2022	2.52	3/20/2019	1.1524	121	(22)	55
3	135,000	2.33	2023	2.52	3/20/2019	1.1778	159	(21)	54
	300,000						350	(62)	159

2019-II Program

Batch	Number of options open on June 30, 2020	Strike price	Exercise year	Price adjusted by the IGPM index until June 30, 2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	24,000	2.29	2021	2.48	4/24/2019	0.9583	23	(7)	16
2	42,000	2.29	2022	2.48	4/24/2019	0.9524	40	(7)	16
3	54,000	2.29	2023	2.48	4/24/2019	0.9815	53	(7)	17
	120,000						116	(21)	49

2019-III Program

Batch	Number of options open on June 30, 2020	Strike price	Exercise year	Price adjusted by the IGPM index until June 30, 2020	Grant date	Option price (R$)	Total option amount	Apropriated expenses 2020	Total reserve
1	12,000	2.52	2021	2.74	8/2/2019	2.2500	27	(10)	18
2	21,000	2.52	2022	2.74	8/2/2019	2.6667	56	(11)	20
3	27,000	2.52	2023	2.74	8/2/2019	2.8889	78	(11)	20
	60,000						161	(32)	58

During the period ended June 30, 2020, 102,800 options were exercised, of which 28,775 refer to Lot 2 of the 2017 plan ("2017 Program") and 74,025 refer to Lot 2 of the 2018 plan ("2018-I Program"), for the amount of R$ 394, using the corresponding shares in treasury. Consequently, the treasury shares and the corresponding options reserve were derecognized, in the amounts of R$ 1,077 and R$ 83, respectively, with a net effect on the profit reserve in the amount of R$ 600.

On January 2, 2020, 23,400 options from Lot 1 of the "2017 Program" and 25,400 options from Lot 1 of the "2018-I Program" were canceled, the exercise period of which was through December 31, 2019. Consequently, derecognitions were made in the options reserve in the amount of R$ 42, the balance of which was transferred to the profit reserve.

36. NON-CASH TRANSACTIONS

The Company and its subsidiaries recognized in fixed assets the amount of R$ 50,863 and R$ 4,721, respectively, referring to real estate lease agreements, in compliance with CPC 06 – Leases, which came into force starting January 01, 2019.

In the period ended June 30, 2020, the Company and its subsidiaries have a liability payable, referring to these operations, in the amount of R$ 40,873 and R$ 3,727, respectively.

Notebook market grows in 2Q20 driven by Home Office and Homeschooling

Even with physical stores closed, the online market surprises; there is a tendency for consumption to change from one PC per household to one PC per person.

Curitiba, August 13, 2020 – Positivo Tecnologia S.A. ("Company") (B3: POSI3) announces today its financial and operating results for the second quarter of 2020. The information is presented in IFRS and in Brazilian Reais (R$). Except where otherwise indicated, all comparisons herein refer to 2Q19.

2Q20 HIGHLIGHTS

- **Domestic market recovers and accelerates demand for PCs, with Home Office and Homeschooling:** the new need of families has increased the number of PCs per household, with a tendency to migrate from 1 PC per family to one per person
- **Strong exchange rate volatility affects part of profitability,** despite this, there was a reduction of **R$ 107.7 million** in the Company's net debt, reaching R$ 150.7 million in 2Q20
- **June's performance was better than that of May, which was higher than that of April:** the market showed a strong recovery with the reopening of stores and the return of activities in various sectors of the economy, in parallel with the growth of the domestic market
- **Electronic voting machines:** Positivo won the TSE bid and will provide electronic voting machines for the 2022 elections
- **Net revenue R$ 440.5 million in 2Q20 (-20%) and R$ 819.1 million in 1H20 (-8.8%)**
- **Net income R$ -8.6 million in 2Q20 (-177.7%) and R$ -4.2 million in 1H20 (-165.3%),** losses partly reflect an initial strategy for preserving and strengthening cash, at the expense of growth, given market uncertainties
- **Core Business: acceleration of retail PC sales in May and June,** other channels show a slower recovery pace. Volumes in 2Q20**:**

  Retail: +2.7% | **Public Institutions:** -42.1% | **Corporate:** -31.6%

- **Hi Technologies grows significantly with the development and sale of rapid tests for COVID-19, recording revenue of R$ 55 million in 2Q20**
- **Servers: business unit grows 28.3% in 2Q20, recording net revenue of R$ 38.9 million**
- **IoT: Positivo Casa Inteligente** is one of the best-selling items in the category in Brazilian e-commerce in 2Q20, recording sales of R$ 4.6 million

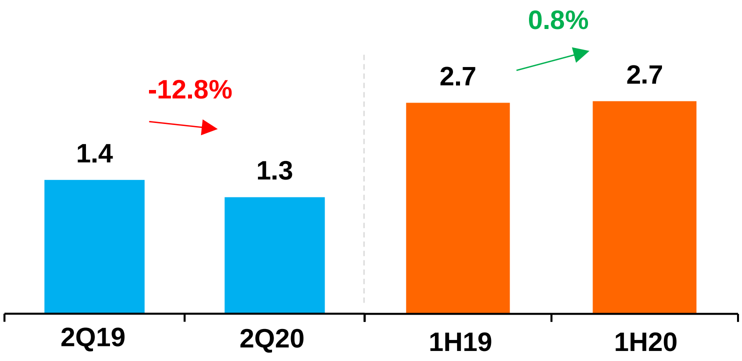
1) CURRENT INDUSTRY AND COMPANY SCENARIO

PC Market

The total PC market in Brazil, decreased by 12.8% in 2Q20 compared to the same period of the previous year, mainly due to lower sales in the corporate channels and public institutions, which suffered more from the crisis and have a slower recovery after the negative peak in April.

In the six-month period, there was an increase of 0.8%. It should be noted that the comparative base in 2Q19 has one-off effects from an increase in sales to public agencies, as it was the period following the change of administrative teams due to the 2018 elections, thus contributing to the concentration of demand not realized in 1Q19.

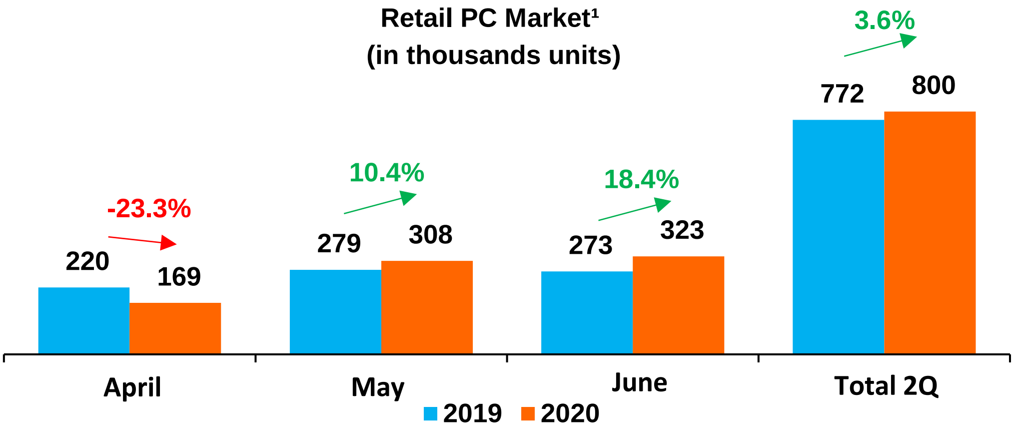
Total PC Market – Brasil[1]
(in million units)



[1] Source: IDC

The retail market showed an accelerated recovery at the end of 2Q20, despite modest numbers in April. After applying measures to close stores and social distance, the movements of home office and homeschooling contributed to an acceleration of sales in the period, several families that previously had a computer per home realized the need to increase the quantity to one device per person, in addition to renewing their devices for current technologies, since the average age of computers in Brazil was between 5 and 6 years. The movement generated growth of 10.4% in May and 18.4% in June compared to the same months in 2019. In the consolidated quarter there was an increase of 3.6%.

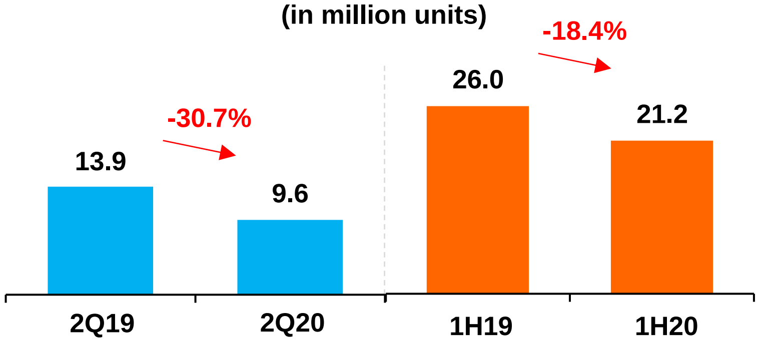
Retail PC Market[1]
(in thousands units)



Cellphone Market

The cellphone market was impacted by the effects of the COVID-19 crisis in 2Q20, with a reduction of 30.7% when registering 9.6 million units sold, and a reduction of 18.4% in 1H20, with a total volume of 21.2 million devices sold. The behavior of cell phone sales confirms the preference for PC purchases in the period, in addition to supply limitations due to the closing of factories in China and adequacy of supply schedules in the period.

Total Cellphone Market – Brazil[1]
(in million units)



[1] Source: IDC

Outlook – Core Business

- Computers in retail: the market was surprised by a resumption in demand for PCs during 2Q20. The new projections of the Company and the retail chains point to a continuation of this movement of very strong recovery in demand, with home office and homeschooling dictating a new growth trend in the market. Positivo remains alert to the potential new impacts resulting from the pandemic for this segment, in addition to the macroeconomic indicators that will be registered from the activity of the next months, such as employment rate, wages and credit avilability, which have a high correlation with the sales performance in the segment. Retail is supplying below normal, and manufacturers are in a race to restore stocks. It is important to point out that the demand in the domestic market is strong worldwide, with no problem in supplying components so far, but that leads us to anticipate some purchases and be aware of possible shortages.

- Cellphones: the Company believes that the cell phone market may return to its previous average levels, after overcoming the economic effects of the COVID-19 pandemic, the current quarter showed a return of consumer focus to PCs for work and study tasks, however the generation and availability of content for mobile platforms should boost this segment in the future.

- Public Institutions: the Company continues to monitor the postponement impacts of the delivery schedules of the portfolio contracts. There are already signs of the return of activities by the administrations of public agencies towards the end of 2020, which may result in concentrations in the last quarter in case of relaxation of the social distancing measures of the institutions. Positivo monitors the resumption of online auctions and prioritizes participation in public notices with secure budget allocations, which consequently are less exposed to the economic downturn caused by the crisis, which should affect the budgets of states and municipalities more severely. Additionally, the absence of technological renewal verified in agencies that have not made purchases of IT equipment for several years makes this segment a priority in a post-crisis recovery scenario.

- Corporate: the Company invests in a broad and versatile portfolio to offer solutions that meet the needs of diverse company profiles. After the race to adapt and expand the IT parks that support the practice of home office, the demand of corporate clients should gradually recover. Future sales will depend on the economic recovery of post-pandemic companies.

Outlook – Growth Avenues

- Positivo As a Service**:** the IT devices rental business unit should remain on a growth trajectory, despite being highly correlated to the economic recovery of the segments in which corporate clients operate. Solutions for IT structure that offer an alternative to capex should continue to be in high demand, especially in times of more restrictive budgets.

- Servers**:** The Company's investments in this market have proven to be quite assertive. The server unit continues to show revenue growth and expects to maintain good performance in 2020. Movements such as social distancing and home office contribute to the increase of data traffic on the network, which also requires expansion of the IT structures it maintains this information available for consumption by users. It is worth mentioning that most of the server sales contracts are traded in dollars, which protects the sales margin.

- IoT: Positivo Casa Inteligente's line of solutions should continue to benefit from the increased sales volume via e-commerce in Brazil, a channel in which these products are in high demand. Additionally, IoT devices have gained more space among Brazilian consumers, who now spend more time inside their homes.

- Educational Technology: The Company intensified the promotion of educational software during social distancing due to the pandemic, by making licenses available for school experiences and adding support tools for homeschooling.

  In the short term, the volume of demand from the educational market will depend on the economic situation of states and municipalities, as well as on private schools in the post-crisis scenario. In the medium and long term, the Company has good prospects due to the successful experiences with homeschooling and distance learning.

- Corporate Venture: the Company plans to make new investments in technology-based companies, with the application of part of the required R&D investment obligations, through the equity investment fund set up at the end of 2018. With the new investees the Company aims to open new fronts for diversifying and complementing its businesses.

  The advance in Hi Technologies operations stands out with the conduct of diagnostic tests of COVID-19 through the HiLab platform. The investee posted a sales jump in 2Q20 to R$ 55 million, and has a high volume of contracts to be delivered in subsequent months.

Company's performance

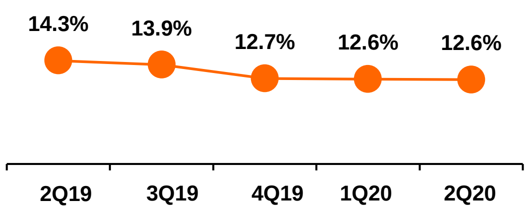
PCs

PC sales totaled 177.2 thousand units in 2Q20, a reduction of 12.8% in relation to the same period of the previous year, resulting in a 12.6% market share in the total market. The volume of sales in the period has effects of postponement in the schedule of deliveries to public institutions, in addition to budget reviews of clients in the corporate segment given the uncertainty about the direction of the economy. It should be noted that, as reported in item 1, the 2Q19 period represents a strong basis for comparison.

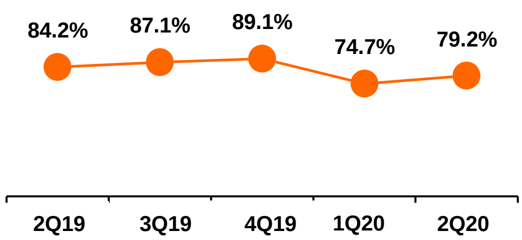
In the six-month period, sales volume reached 334.8 thousand units, a small reduction of 1.2% in relation to the same period of the previous year.

Positivo maintained a dominant position in the input devices marketed at retail, registering a 79.2% share

Positivo's Annual Market Share
PCs Market – Brazil – Total[1]



Positivo's Annual Market Share
Notebooks Market – Brazil – < R$1,200.00[1]



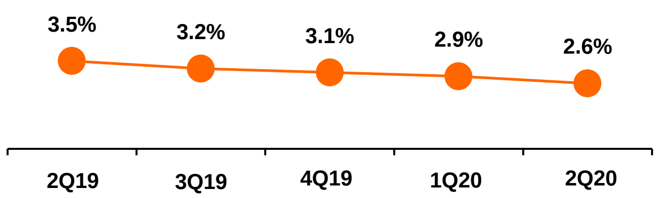
[1] Source: IDC

Cellphones

The Company's cell phone sales posted a volume of 220.9 thousand units in 2Q20, a 54.5% reduction compared to 2Q19. The reduction is in line with the market behavior for the period, with a reduction in the demand for these devices mainly in the retail channel. In 1H20, the volume was 544 thousand units and represented a 39.9% reduction compared to the same period in 2019.

Positivo Tecnologia's annualized market share in the cell phone market reached 2.6% in 2Q20, a reduction of 1.1 pp compared to 2Q19.

Positivo's Annual Market Share
Mobile Phones Market – Brazil – Total[1]

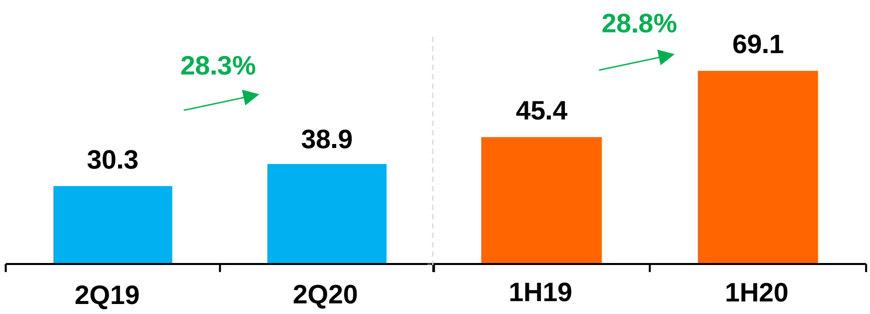


[1] Source: IDC

Servers

Sales of servers totaled R$ 38.9 million, an increase of 28.3% in 2Q20. In the six-month period, revenues were R$ 69.1 million (+ 28.8% vs. 1H19). The performance of the server business unit remained consistent with the Company's expectations, showing gains in scale with the synergy of the Positivo + Accept relationship in cost optimization with the integration of the supply chain and the union of Accept's sales forces with the sales channels of Positivo Tecnologia (Positivo Tecnologia acquired an 80% stake in Accept's capital at the end of 2018).

Servers Revenue
(R$ millions)



2) FINANCIAL AND OPERATIONAL HIGHLIGHTS

(R$ million)	2Q19	2Q20	% Chg. 2Q20x2Q19	1S19	1S20	% Chg. 1S20x1S19
NET REVENUE *	550,280	440,519	-19.9	897,933	819,085	-8.8
COGS	(410,920)	(357,212)	-13.1	(670,442)	(661,512)	-1.3
GROSS PROFIT	**139,360**	**83,307**	**-40.2**	**227,491**	**157,573**	**-30.7**
	25.3%	*18.9%*	**0.0**	*25.3%*	*19.2%*	**0.0**
OPERATING EXPENSES	(103,306)	(89,213)	-13.6	(183,178)	(174,755)	-4.6
EQUITY INCOME	1,948	4,752	143.9	571	3,071	437.8
OPERATING INCOME	**38,002**	**(1,154)**	**103.0**	**44,884**	**(14,111)**	**-131.4**
	6.9%	*-0.3%*	**0.0**	*5.0%*	*-1.7%*	**0.0**
FINANCIAL RESULT	(23,955)	(8,522)	64.4	(35,432)	11,417	-132.2
TAX	(2,979)	1,076	136.1	(2,979)	(1,533)	-48.5
NET INCOME (LOSS)	**11,068**	**(8,600)**	**177.7**	**6,473**	**(4,227)**	**-165.3**
	2.0%	*-2.0%*		*0.7%*	*-0.5%*	
EBITDA	**45,548**	**10,175**	**77.7**	**64,043**	**9,075**	**-85.8**
	8.3%	*2.3%*		*7.1%*	*1.1%*	
ADJUSTED EBITDA **	**49,545**	**7,871**	**84.1**	**67,940**	**(1,978)**	**-102.9**
	9.0%	*1.8%*		*7.6%*	*-0.2%*	

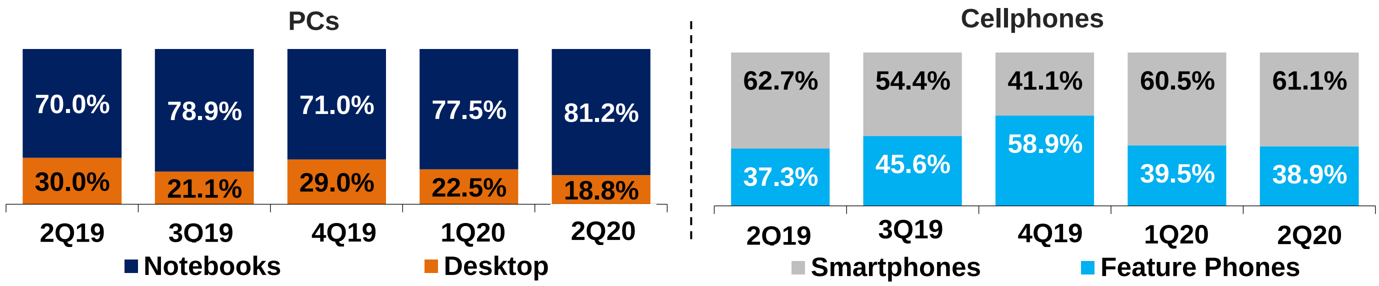
* Total Net Revenue excludes the effects from Customer Perceived Value (CPV) and Discounts and for analysis purposes were maintained in the Sales – Marketing Expenses account. This adjustment applies to all analyzes based on net revenue presented in this document and details are provided in note no. 6 of the Financial Statements.
** Adjusted for the cash effect of the foreign exchange hedge for inputs and includes 50% of the EBITDA of the IFSA joint venture. More details provided in section 2.5 – EBITDA.

2.1) VOLUME AND NET REVENUE BREAKDOWN

VOLUME

Sales Volume (units)	2Q19	2Q20	%Chg. 2Q20 x 2Q19	1H19	1H20	%Chg. 1H20 X 1H19
PCs	**203,147**	**177,161**	**-12.8**	**338,766**	**334,837**	**-1.2**
Desktops	60,916	33,358	-45.2	93,589	68,912	-26.4
Notebooks	142,231	143,803	1.1	245,177	265,925	8.5
PCs - Channel	**203,147**	**177,161**	**-12.8**	**338,766**	**334,837**	**-1.2**
Retail	126,822	130,309	2.7	222,980	239,936	7.6
Government	50,910	29,470	-42.1	66,898	52,063	-22.2
Corporate	25,415	17,382	-31.6	48,888	42,838	-12.4
Mobile Phones	**485,922**	**220,902**	**-54.5**	**905,189**	**544,006**	**-39.9**
Smartphones	304,588	134,981	-55.7	537,158	330,618	-38.5
Feature Phones	181,334	85,921	-52.6	368,031	213,388	-42.0
Tablets	**1,421**	**43,330**	**2,949.3**	**3,984**	**90,813**	**2,179.4**

Share of Devices in Sales (units)

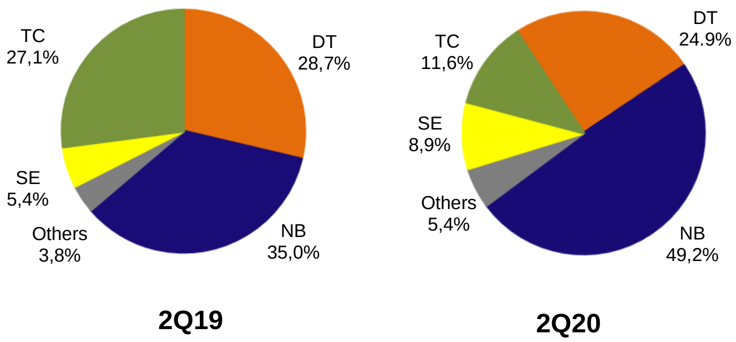


NET REVENUE

Net Revenue (R$ million)	2Q19	2Q20	%Chg. 2Q20 x 2Q19	1H19	1H20	%Chg. 1H20 X 1H19
Total Net Revenue	**550.3**	**440.5**	**-20.0**	**925.3**	**819.1**	**-11.5**
Devices by product	**543.8**	**437.5**	**-19.5**	**913.2**	**807.0**	**-11.6**
Desktops	160.3	108.8	-32.1	238.5	193.9	-18.7
Notebooks	191.1	215.4	12.7	326.3	369.9	13.4
Mobile Phones	147.6	50.7	-65.7	257.6	121.2	-53.0
	30.3					
Others	14.4	23.7	64.8	45.4	52.9	16.5
Devices by channel	**543.8**	**437.5**	**-19.5**	**913.2**	**807.0**	**-11.6**
Retail	287.8	225.4	-21.7	513.7	392.3	-23.6
Government	146.3	131.4	-10.2	201.2	246.4	22.5
Corporate	109.7	80.7	-26.4	198.3	168.2	-15.2
Educational Technology	**6.5**	**3.0**	**-54.5**	**12.1**	**12.1**	**0.4**

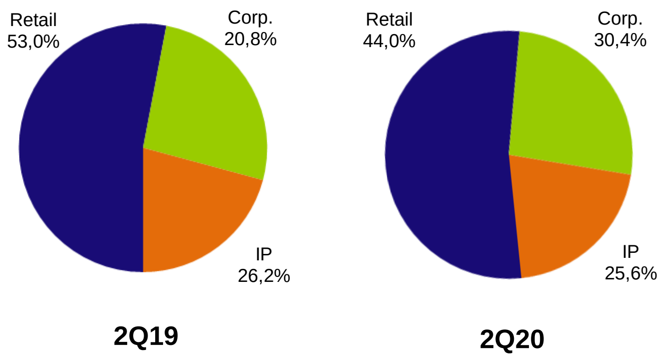
Breakdown of Net Revenue – Devices

Product



NB: Notebooks
DT: PCs
TC: Mobile Phones
SE: Servers

Channel



Corp : Corporate
PI.: Public Institutions

2.2) COGS

Cost of Goods Sold (R$ million)	2Q19	2Q20	%Chg. 2Q20 x 2Q19	1H19	1H20	%Chg. 1H20 X 1H19
Raw materials and consumables used	(391.4)	(340.3)	(13.1)	(637.2)	(626.1)	-1.7
Depreciation and Amortization	(2.0)	(2.2)	8.5	(4.3)	(4.2)	-3.0
Others	(17.4)	(14.7)	(15.3)	(28.9)	(31.2)	8.1
Total	**(410.9)**	**(357.2)**	**(13.1)**	**(670.4)**	**(661.5)**	**-1.3**
Conciliation - adjusted COGS						
(+) Cash Effect of raw material hedging*	3.7	(2.4)	-165.0	2.8	(11.2)	-500.1
Total adjusted	**(407.2)**	**(359.6)**	**-11.7**	**(667.6)**	**(672.7)**	**0.8**
in % of Net Revenue	*74.0%*	*81.6%*	**0.0**	*74.3%*	*82.1%*	**0.0**

* Represents the amounts received (or paid) by the company in instruments of exchange hedge contracted to cover dollarized inputs. These figures are net of exchange rate change on invoices in US dollars.

Raw Material and Inputs

The account of raw materials and inputs with hedge adjustment corresponded to 77.8% of net revenue in 1Q20, an increase of 7.3 pp in relation to 2Q19, mainly due to the abrupt increase in the dollar between the periods, whose transfer in prices in retail, it occurs gradually, presenting a normalization in the medium term as the price reshuffles.

The Company understands that the analysis of this account with adjustment for the result of the hedge and the exchange variation is the most adequate way to understand the dynamics of the margins. The pricing is established considering the hedge positions contracted, which are required by internal policy.

Other Costs

Other costs totaled 3.8% of net revenue in 2Q20, an increase of 0.3 pp compared to 2Q19. The variation is due, among others, to the addition of labor costs in the period, due to the start of operations at the Ilhéus plant, where the initial phase of the production process is on a productivity ramp.

2.3) GROSS PROFIT

The Company recorded gross profit of R$ 83.3 million in 2Q20, accompanied by a gross margin of 18.9% (- 6.4 p.p.).

Adjusting for the result of the hedge and exchange variation, the gross margin registered 18.4% in 2Q20 (- 7.6 p.p.).

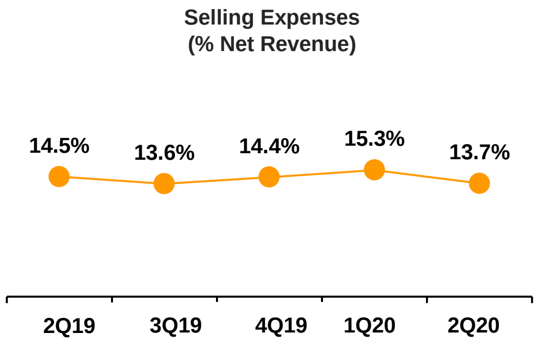
2.4) OPERATING EXPENSES

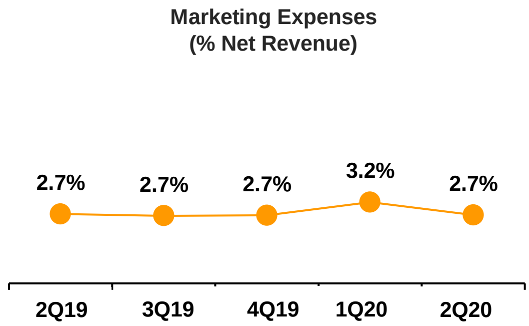
Operating Expenses (R$ million)	2Q19	2Q20	%Chg. 2Q20 x 2Q19	1H19	1H20	%Chg. 1H20 X 1H19
Selling Expenses	(78.2)	(61.0)	-22.0	(134.8)	(118.7)	-11.9
General and Administrative Expenses	(24.7)	(26.6)	7.8	(48.2)	(54.4)	12.9
Other Revenue (Expenses)	(0.4)	(1.5)	285.8	(0.2)	(1.5)	671.7
Total	**(103.3)**	**(89.2)**	**-13.6**	**(183.2)**	**(174.7)**	**(4.6)**

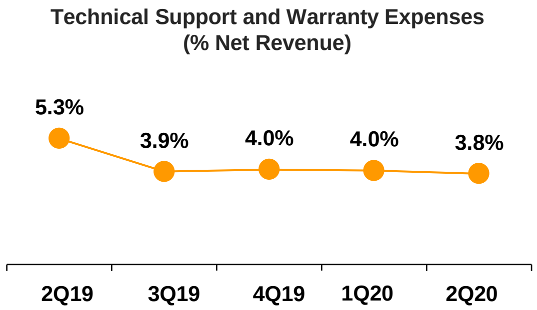
Sales Expenses

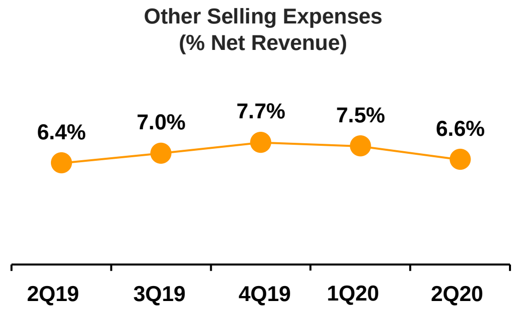
Selling Expenses (R$ million)	2Q19	2Q20	%Chg. 2Q20 x 2Q19	1H19	1H20	%Chg. 1H20 X 1H19
Marketing	(15.1)	(11.9)	-21.0	(28.0)	(24.1)	-13.8
Tech. Assistance and Warranties	(29.2)	(16.8)	-42.3	(47.0)	(31.8)	-32.3
Deprec. and Amortization	(0.3)	(2.2)	641.0	(0.5)	(4.5)	804.6
Others	(33.7)	(30.0)	-10.9	(59.3)	(58.3)	-1.6
Total	**(78.2)**	**(61.0)**	**-22.0**	**(134.8)**	**(118.7)**	**-11.9**
% of Net Revenue	**14.2**	**13.9**	**-0.3 p.p.**	**15.0**	**14.5**	**+0.5 p.p.**

* For the purposes of analysis, Marketing expenses were reclassified, excluding the effects of co-op advertising expenses and discount expenses, which are now included in the reduction of gross revenue accounts.









Marketing

Marketing expenses totaled R$ 11.9 million in 2Q20 and represented 2.7% of net revenue, in line with what was presented in 2Q19.

Technical support and warranty

Technical assistance and warranty expenses totaled R$ 15.0 million in 1Q20, and represented 4.0% of net revenue, down 1.1 pp from 1Q19, the variation is due to a reduction in the average warranty period contractual sales to the corporate markets and public tenders in the period.

G&A

In 2Q20, general and administrative expenses totaled R$ 26.6 million, an increase of 8% over 2Q19. Excluding depreciation and amortization expenses, mandatory Research and Development (R&D) expenses and extraordinary expenses for preparing the plants for COVID-19 restrictive measures, general and administrative expenses totaled R $ 10.0 million in the period, a reduction of 7.1%.

G&A Expenses (R$ million)	2Q19	2Q20	%Chg. 2Q20 x 2Q19	1H19	1H20	%Chg. 1H20 X 1H19
Personnel and Management Compensation	(9.9)	(9.0)	-8.8	(19.3)	(20.0)	3.8
Others	(0.9)	(1.0)	11.1	(1.8)	(2.4)	33.3
Subtotal - before non-recurring items, R&D expenses, depreciation and aoortization	**(10.8)**	**(10.0)**	**-7.1**	**(21.1)**	**(22.4)**	**6.3**
(+) Deprec. and amortization	(6.7)	(7.0)	4.6	(12.9)	(14.5)	12.5
(+) Research and Development - R&D	(7.1)	(7.8)	9.9	(13.9)	(15.1)	8.6
(+) Non-recurring items	(0.2)	(1.8)	800.0	(0.3)	(2.4)	700.0
Total	**(24.7)**	**(26.6)**	**8.0**	**(48.3)**	**(54.4)**	**12.7**

As a percentage of consolidated net revenue, general and administrative expenses corresponded to 6.0% in 2Q20 (+1.5 pp), the variation is mainly due to a lower dilution of fixed costs in the period, with lower sales volume for public and corporate institutions.

2.5) EBITDA

In 2Q20, Adjusted EBITDA was positive by R$ 7.9 million, the reduction was mainly due to the impact on margins in the period, as discussed in previous items.

EBITDA (R$ million)	2Q19	2Q20	% Chg. 2Q20 x 2Q19	1H19	1H20	% Chg. 1H19 X 1H20
Net Income (Loss)	11.1	(8.6)	177.8	6.5	(4.2)	165.2
Deprec. and Amortization	(9.5)	(11.4)	20.0	(19.1)	(23.3)	22.0
Financial Result	(24.0)	(8.5)	64.6	(35.4)	11.4	-132.2
IR e Social Contribution	(3.0)	1.1	-135.9	(3.0)	(1.5)	-49.2
EBITDA	**47.4**	**10.2**	**-78.5**	**63.5**	**9.1**	**-85.7**
Conciliation of Ajusted EBITDA						
EBITDA	47.4	10.2	-78.5	63.5	9.1	-85.7
(1) Cash Effect of raw material hedging	3.7	(2.4)	-165.0	2.8	(11.3)	-501.9
(2) EBITDA Joint Ventures (50%)	0.3	0.1	-66.7	1.1	0.2	-81.8
Adjusted EBITDA	**51.4**	**7.9**	**-84.7**	**71.0**	**(2.0)**	**-102.8**
Adjusted EBITDA margin (%)	**9.1%**	**1.8%**	**-0.1 p.p.**	**7.9%**	**0.0**	**-0.1 p.p.**

Multiple		
Net Debt - end of the period	258.4	150.7
Adjusted EBITDA - LTM	149.7	86.7
Net Debt Multiple / Adjusted EBITDA	**1.7x**	**1.7x**

Below is a breakdown of the Adjusted EBITDA account:

1) Cash effect of input hedge: Represents the amounts received (or paid) by the company in instruments of exchange hedge contracted to cover dollarized inputs. These figures are net of exchange rate change on invoices in US dollars. The company understands that their result is operational, as they are fully linked to inputs.

2) EBITDA Joint Venture Positivo BGH: Refers to half of the EBITDA obtained by Positivo's joint venture BGH's operations in Argentina, Rwanda and Kenya, with a 50% stake in these companies. We have announced this adjustment since 1Q13, due to the introduction of accounting regulations that now deal on joint ventures using the equity pickup method, which is excluded from the calculation of the traditional EBITDA.

2.6) FINANCIAL RESULT AND NET DEBT

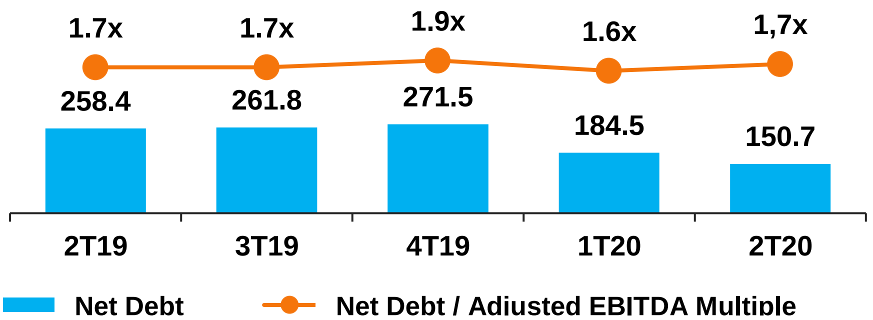
The financial result for 2Q20 was negative by R$ 8.5 million, 62.7% better compared to 2Q19, a combination of gains in the mark-to-market of derivative instruments with the rise in the dollar and a reduction in financial expenses accompanying the fall in basic interest rate.

Financial Result (R$ million)	2Q19	2Q20	% Chg. 2Q20 x 2Q19	1H19	1H20	% Chg. 1H20 X 1H19
Cash effect of raw material hedging	3.7	(2.4)	-165.0	2.8	(11.3)	-501.9
Mark to market and other non-cash items	(8.0)	8.3	-204.3	0.0	51.7	N/A
Subtotal - Exchange rate (a)	(4.3)	**5.9**	**-238.1**	**2.8**	**40.5**	**1,347.8**
Leasing (b)	(0.9)	**(0.8)**	**-2.8**	**(1.8)**	**(1.7)**	-3.0
Financial Revenue	8.8	7.4	-16.4	16.6	18.7	12.4
Financial Expenses	(26.4)	(21.0)	-20.6	(53.0)	(45.9)	-13.4
Subtotal - Cost of debt and others (c)	**(17.7)**	**(13.6)**	**-23.1**	**(38.2)**	**(29.2)**	**-23.7**
Total (a + b + c)	**(22.9)**	**(8.5)**	**62.7**	**(35.4)**	**11.4**	**-132.2**

Indebtness

The Company ended 2Q20 with a net debt of R$ 150.7 million. The multiple Net Debt / EBITDA was 1.7x, the deleveraging and the increase in the liquidity position are the result of the net funding of R$ 334 million with the Follow On operation carried out in January, and a normalization of part of the receivables flow readjustment placed in March with the start of restrictive social distancing measures.

Evolution of Net Debt and Quarterly Debt Ratio (R$ million)*



*Includes financial balance of derivative instruments.

2.7) NET INCOME

A loss of R $ 8.6 million was recorded in 2Q20, a result lower than 2Q19 when a profit of R $ 11.1 million was recorded.

3) EQUITY

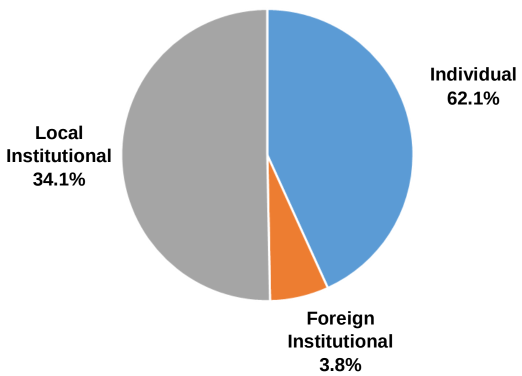
Stock performance

Positivo Tecnologia's shares ended 2Q20 quoted at R $ 5.20, indicating a market value of R $ 737.4 million (+ 223% vs. 2Q19).

Free Float Allocation

As of June 30, 2020, the Company had 48,800 individuals in its shareholder base, holding 62.1% of the outstanding shares. Institutional investors held 37.1% of the free-float, as follows:

Free-Float allocation



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2Q20 Webcast
Friday, August 14, 2020

> Portuguese
10h30 (Brasilia time)
08h30 (NY time)

> English
11h30 (Brasília time)
09h30 (NY time)
Link:
https://webcastlite.mziq.com/cover.html?webcastId=dc965bfb-e631-420d-abfc-77bfc2bc10a0

Founded in 1989, Positivo Tecnologia (B3: POSI3) is present both in Brazil and abroad, and offers the most advanced technology solutions, from the production of computers to the development of educational tools. The Company operates through two business divisions: Hardware and Educational Technology. The Hardware division portfolio offers a complete line of personal computers (PCs and laptops), tablets and mobile phones. The company owns or represents the following brands in Brazil: Positivo, Vaio, Anker, Quantum, 2 A.M., Positivo Casa Inteligente and Accept. Positivo has manufacturing facilities in Curitiba and Manaus, as well as in Buenos Aires, Santiago, Nairobi (Kenya), Kigali (Rwanda), Taipei (Taiwan) and Shenzhen (China). To support clients, the company has Positivo Relationship Center (CRP), as well as a technical support network that covers the entire national territory. In the Educational Technology segment, Positivo Tecnologia is renowned for being at the forefront of development and for the high quality of its technological solutions in the three segments in which it operates: Private Education, Public Education, and Retail. The educational solutions of Positivo Tecnologia are present in over 14,000 schools and are exported to over 40 countries. For further information on Positivo Tecnologia go to www.positivotecnologia.com.br/ri