

# Ideiasnet S.A. (actually denominated Padtec Holding S.A.)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Interim financial statements accompanied by the report on the review of quarterly information

June 30, 2020



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(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 36 to the accompanying financial statements.)

# Report on the review quarterly information

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**Grant Thornton Auditores  
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To the Management, Board of Directors and Shareholders of  
**Ideiasnet S.A. (currently denominated Padtec Holding S.A.)**  
Campinas – SP

## Introduction

We have audited the individual and consolidated interim financial statements of Ideiasnet S.A. – actually denominated Padtec Holding S.A (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, which comprise the balance sheet as at June 30, 2020, and the statement of profit and loss and statement of comprehensive loss for the three and six month ended on that date and statement of changes in equity, and statement of cash flows for ended on the date, including the corresponding explanatory notes.

Management is responsible for preparing the individual and consolidated interim financial information in accordance with NBC TG 21 - Interim Statement and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of these information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, 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.

## Review Scope

We conducted our review in accordance with Brazilian and international standards for the review of interim financial information (NBC TR 2410 - Interim Financial Information Review Performed by the Entity Auditor and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, mainly of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with audit standards and, consequently, has not allowed us to obtain assurance that we are aware of all significant matters that could be identified in an audit. Therefore, we do not express an audit opinion.

## Conclusion on the individual and consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the interim, individual and consolidated financial information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented in a manner consistent with the rules issued by the Securities and Exchange Commission.

## Emphasis

### Restructuring

We draw attention to Explanatory Note No. 1 regarding interim financial information, individual and consolidated, which informs that the Company performed the process of simplifying their structure, where management incorporated the shares of Padtec S.A., starting to hold and consolidate 100% of the investee's balances as of June 01, 2020. When reading this interim accounting information, this matter must be considered. Besides, with this restructuring, the Company maintains other perspectives, such as a better capacity to generate cash, honor its commitments and pursue its growth and operational purpose, and there is no relevant uncertainty related to operational continuity, which is the subject of our report. audit on the financial statements for the year ended December 31, 2019, whose audit report was issued without modification on March 20, 2020, with the relevant paragraph of relevant uncertainty about the continuity of the Company's operations. Our opinion is not qualified in respect of this matter.

## Change of legal name

We draw attention to Explanatory Note No. 35, regarding the change of the legal Company name approved at the Board of Directors on July 10, 2020, to reflect its new role as a holding company dedicated to investing in Padtec S.A. Our opinion is not qualified in respect of this matter.

## Other Matters

### Statement of added value

The aforementioned quarterly information includes the individual and consolidated statements of added value (DVA) for the six-month ended June 30, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, to determine whether they are reconciled with the interim accounting information and accounting records, as applicable, and whether their form and content are in accordance with with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, we are not aware of any facts that would lead us to believe that these statements of added value were not prepared, in all material respects, according to the criteria defined in this Standard and a consistent manner concerning the individual interim financial information. and consolidated figures are taken together.

Campinas, August 14, 2020



Élica Daniela da Silva Martins  
Assurance Partner

Grant Thornton Auditores Independentes

# Ideiasnet S.A.

## Balance Sheet as of June 30, 2020 and December 31, 2019

(In thousands of Brazilian Reais)

Assets	Note	Parent Company		Consolidated	
		06/30/20	12/31/19	06/30/20	12/31/19
<b>Current</b>					
Cash and cash equivalents	4	-	1	65,116	3,328
Accounts receivable	5	-	-	76,330	-
Inventories	6	-	-	48,302	-
Recoverable Taxes	7	1,708	1,630	15,999	1,657
Sales financing operation	18	-	-	38,834	-
Other credits	9	456	-	2,155	-
<b>Total current assets</b>		<b>2,164</b>	<b>1,631</b>	<b>246,736</b>	<b>4,985</b>
<b>Non-current assets held for sale</b>					
Non-current assets held for sale	11	-	255	-	255
<b>Total non-current assets held for sale</b>		<b>-</b>	<b>255</b>	<b>-</b>	<b>255</b>
<b>Non-current</b>					
Accounts receivable	5	-	-	2,377	-
Recoverable Taxes	7	240	240	9,855	10,097
Related Parties	10	204	2,585	-	-
Restricted Financial investments	8	-	-	14,031	-
Sales financing operation	18	-	-	10,617	-
Judicial Deposits	22.1	11,166	11,099	12,902	11,771
Other credits	9	949	1,008	2,929	1,008
Investments	12.1	104,904	35,811	-	35,515
Fixed Assets	13	14	16	16,531	16
Intangible Assets	14	24	24	25,884	24
<b>Total non-current assets</b>		<b>117,501</b>	<b>50,783</b>	<b>95,126</b>	<b>58,431</b>
<b>Total assets</b>		<b>119,665</b>	<b>52,669</b>	<b>341,862</b>	<b>63,671</b>

The explanatory notes are an integral part of the financial statements.

# Ideiasnet S.A.

## Balance Sheet as of June 30, 2020 and December 31, 2019

(In thousands of Brazilian Reais)

Liability	Note	Parent Company		Consolidated	
		06/30/20	12/31/19	06/30/20	12/31/19
<b>Current</b>					
Loans and financing	17	-	-	44,372	-
Commercial Leasing Operations	19	-	-	2,709	-
Suppliers	15	-	-	28,619	151
Forfeiting	16	-	-	4,671	-
Related Parties	10	-	-	1,962	-
Payable taxes and contributions	20	2	12	5,093	769
Payable taxes and contributions in installment	21	-	-	8,059	2,956
Social Contributions	23	926	126	18,733	127
General Provisions	22.2	-	-	2,497	188
Sales financing operation	18	-	-	38,834	-
Other Accounts Payable		32	260	1,832	285
<b>Total current liabilities</b>		<b>960</b>	<b>398</b>	<b>157,381</b>	<b>4,476</b>
<b>Non-current</b>					
Provisions for Labor and tax risks	22.1	21,239	22,780	41,893	30,948
Loans and financing	17	-	-	29,493	-
Commercial Leasing Operations	19	-	-	1,967	-
Payable taxes and contributions in installments	21	240	240	12,808	9,899
Sales financing operation	18	-	-	10,617	-
Provision for loss on investment	12.2	9,523	10,903	-	-
<b>Total non-current liabilities</b>		<b>31,002</b>	<b>33,923</b>	<b>96,778</b>	<b>40,847</b>
<b>Total liabilities</b>		<b>31,962</b>	<b>34,321</b>	<b>254,159</b>	<b>45,323</b>
<b>Equity</b>					
Capital stock	25.1	199,211	131,846	199,211	131,846
Capital reserve		(2,674)	(2,674)	(2,674)	(2,674)
Accumulated losses		(98,992)	(100,542)	(98,992)	(100,542)
Currency Translation Adjustments	25.2	599	-	599	-
Other comprehensive income	25.3	(10,441)	(10,282)	(10,441)	(10,282)
<b>Total of shareholders' equity</b>		<b>87,703</b>	<b>18,348</b>	<b>87,703</b>	<b>18,348</b>
<b>Total of liabilities and shareholders' equity</b>		<b>119,665</b>	<b>52,669</b>	<b>341,862</b>	<b>63,671</b>

The explanatory notes are an integral part of the financial statements.

# Ideiasnet S.A.

## Statements of profit and loss for the period ended June 30, 2020

(In thousands of Brazilian Reais, except earnings (loss) per share, expressed in Brazilian Reais)

	Note	Period April 1st to June 30th		Period April 1st to June 30th		Period January 1st to June 30th		Period January 1st to June 30th	
		Parent Company		Consolidated		Parent Company		Consolidated	
		06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Net operating revenue	27	-	-	23,808	-	-	-	23,808	-
Cost of goods sold and services rendered	28	-	-	(14,116)	-	-	-	(14,116)	-
Gross Profit		-	-	9,692	-	-	-	9,692	-
Operational income (expenses)									
Administrative Expenses	29.1	(967)	(1,078)	(2,516)	(1,311)	(1,851)	(2,581)	(3,472)	(3,001)
Commercial Expenses	29.1	-	-	(1,527)	-	-	-	(1,527)	-
Research and development Expenses	29.1	-	-	(1,588)	-	-	-	(1,588)	-
Provisions		1,708	(1,131)	729	(1,367)	1,742	226	61	193
Equity income	12.4	2,754	3,551	(844)	1,788	2,340	4,471	(476)	2,597
Other operating expenses (income), net	29.2	(501)	8	(620)	353	(751)	21	(870)	472
Profit / (losses) before financial income (expenses)		2,994	1,350	3,326	(537)	1,480	2,137	1,820	261
Financial result									
Financial income	30.1	100	19	543	46	105	24	572	98
Financial expenses	30.2	(13)	-	(536)	(2)	(35)	(1)	(590)	(55)
Profit (loss) before Income tax and social contribution		3,081	1,369	3,333	(493)	1,550	2,160	1,802	304
Income tax and social contribution									
Current	31.1	-	-	(252)	(19)	-	-	(252)	(25)
Deferred	31.2	-	-	-	1,881	-	-	-	1,881
Net profit in the period		3,081	1,369	3,081	1,369	1,550	2,160	1,550	2,160
Profit per share									
Basic earnings per share	26					0,0198	0,1322	0,0198	0,1322
Diluted earnings per share	26					0,0198	0,1322	0,0198	0,1322

The explanatory notes are an integral part of the financial statements.

## Ideiasnet S.A.

### Statements of comprehensive income (loss) for the period ended June 30, 2020

(In thousands of Brazilian Reais)

	<u>Period April 1st to June 30th</u>		<u>Period January 1st to June 30th</u>	
	<u>Parent Company and Consolidated</u>		<u>Parent Company and Consolidated</u>	
	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/20</u>	<u>06/30/19</u>
Net profit in the period	3,081	1,369	1,550	2,160
Items that may be reclassified after the income statement:				
Other comprehensive income				
Translation adjustments of the balance of subsidiaries abroad	(314)	(301)	(159)	(375)
Comprehensive income in the period	<u>2,767</u>	<u>1,068</u>	<u>1,391</u>	<u>1,785</u>
Comprehensive income attributable to:				
Controlling shareholders	2,767	1,068	1,391	1,785
Comprehensive income in the period	<u><u>2,767</u></u>	<u><u>1,068</u></u>	<u><u>1,391</u></u>	<u><u>1,785</u></u>

The explanatory notes are an integral part of the financial statements.



# Ideiasnet S.A.

## Statement of changes in equity for the period ended June 30, 2020

(In thousands of Brazilian Reais)

Parent Company and Consolidated							
Note	Capital stock	Capital reserve	Equity valuation adjustment	Cumulative conversion adjustment	Accrued Losses/ Profits	Total	Total of shareholder's equity
Balances at December 1, 2018	131,846	(2,674)	(8,472)	(1,424)	(105,981)	13,295	13,295
Profit in the period	-	-	-	-	2,160	2,160	2,160
Adjustment exchange variation of subsidiaries	-	-	-	(375)	-	(375)	(375)
Balances at June 30, 2019	<u>131,846</u>	<u>(2,674)</u>	<u>(8,472)</u>	<u>(1,799)</u>	<u>(103,821)</u>	<u>15,080</u>	<u>15,080</u>

Parent Company and Consolidated							
	Capital stock	Capital reserve	Currency Translation Adjustments	Equity valuation adjustment	Cumulative conversion adjustment	Accrued Losses/ Profits	Total of shareholders' equity
Balances at December 31, 2019	131,846	(2,674)	-	(8,663)	(1,619)	(100,542)	18,348
Profit in the period	-	-	-	-	-	1,550	1,550
Exchange variation adjustment of subsidiaries	-	-	-	-	(159)	-	(159)
Capital stock	67,365	-	-	-	-	-	67,365
Currency Translation Adjustments	25.2	-	599	-	-	-	599
Balances at June 30, 2020	<u>199,211</u>	<u>(2,674)</u>	<u>599</u>	<u>(8,663)</u>	<u>(1,778)</u>	<u>(98,992)</u>	<u>87,703</u>

The explanatory notes are an integral part of the financial statements.

# Ideiasnet S.A.

## Statements of cash flows for the period ended June 30, 2020

(In thousands of Brazilian Reais)

Note	Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19
<b>Cash flow from operating activities</b>				
Profit / (losses) in the period before taxes	1,550	2,160	1,802	304
Adjustment to reconcile the net income with the cash generated by (applied on) operational activities:				
Depreciation and amortization	1	2	958	2
Interest and monetary variance on loans	-	-	389	-
Provision for doubtful accounts	(3)	-	(146)	-
Creational (reversal) of general provisions	-	-	(36)	-
Provisions for Labor and tax risks	(1,541)	(226)	137	(193)
Provisions for obsolescence of inventory	-	-	280	-
Equity accounting in the earnings	(2,340)	(2,629)	476	(2,597)
Creational (reversal) liabilities overdraft	-	(1,841)	-	-
Deferred income tax and social contribution	-	-	-	(1,881)
Reduction (increase) in operational assets:				
Accounts receivable	-	-	(6,578)	-
Inventories	-	-	1,728	-
Non-current assets held for sale	255	-	255	-
Recoverable Taxes	(78)	-	(430)	-
Income tax and social contribution	-	20	-	3
Transactions with related parties	2,381	-	-	-
Sales financing operation	-	-	(4,012)	-
Judicial deposits	(67)	(231)	(1,131)	(230)
Other account receivable	(398)	645	(571)	1,133
Increase (reduction) in operating liabilities:				
Suppliers	-	-	(2,682)	(7)
Forfeiting	-	-	763	-
Social Contributions	799	22	2,019	21
Payable taxes and contributions	(9)	(1)	(758)	(376)
Transactions with related parties	-	-	(326)	-
Sales financing operations	-	-	4,012	-
Income tax and social contribution - paid	-	(9)	(252)	(656)
Debt charges - paid	-	-	(331)	-
Other Accounts Payable	(223)	(64)	(370)	(156)
Net cash used in operational activities	327	(2,152)	(4,803)	(4,633)
<b>Cash Flow of Investment Activities</b>				
Increase in Capital in controlled companies (Cash)	(336)	(680)	-	-
Acquisition of fixed and intangible assets	-	-	(1,013)	-
Financial Application	-	-	(420)	-
Mutual agreement of related parties	-	2,832	-	-
Net cash used in investing activities	(336)	2,152	(1,433)	-
<b>Net cash used in investing activities</b>				
Paid-in capital	8	-	8	-
Additions of loans and financing	17.2	-	15,000	-
Payment the loans and financing - Principal amount	17.1	-	(1,560)	-
Net cash provided by financing activities	8	-	13,448	-
Reduction in Cash and Cash Equivalents	(1)	-	7,212	(4,633)
Cash and Cash Equivalents of Combining Companies	-	-	54,576	(2,777)
Cash and Cash Equivalents at the start of the period	1	-	3,328	3,594
Cash and Cash Equivalents at the end of the period	-	-	65,116	817

The explanatory notes are an integral part of the financial statements.

# Ideiasnet S.A.

## Statements of value added for the period ended June 30, 2020

(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19
1 - Revenue	3	-	30,735	-
1.1. Sales of merchandise, goods and services	-	-	30,589	-
1.2. Allowance for doubtful accounts	3	-	146	-
2 - Inputs acquired from third parties	146	(1,123)	(12,917)	(1,488)
2.1. Costs of products, goods and services sold	-	-	(9,317)	-
2.2. Energy, third party services and other operating expenses	(1,249)	(77)	(3,057)	(210)
2.3. Loss / recovery of assets values	1,395	(1,046)	(543)	(1,278)
3 - Withholdings	(1)	(2)	(958)	(2)
3.1. Depreciation and amortization	(1)	(2)	(958)	(2)
4 - Net added value	148	(1,125)	16,860	(1,490)
5 - Added value received in tranfers	2,445	4,763	96	3,381
5.1. Equity in the earnings	2,340	4,471	(476)	2,597
5.2. Financial income	105	24	572	98
5.3. Others	-	268	-	686
6 - Total added value to distribute	2,593	3,638	16,956	1,891
7 - Distribution of added value	2,593	3,638	16,956	1,891
7.1. Personnel and charges	834	1,122	6,274	1,198
Direct Compensation	627	868	4,905	946
Benefits	188	191	1,061	189
Government Severance Indemnity Fund (FGTS)	19	63	308	63
7.2. Taxes, charges and contributions	127	210	8,131	(1,667)
Federais	127	210	5,907	(1,667)
State	-	-	2,082	-
City	-	-	142	-
7.3. Compensation from third-party equity capital	82	146	1,001	200
Financial expenses	35	1	590	55
Leases	47	145	411	145
7.4. Remuneration of shareholders' equity	1,550	2,160	1,550	2,160
Withheld profit	1,550	2,160	1,550	2,160

The explanatory notes are an integral part of the financial statements.

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# Management's notes to the individual and consolidated interim financial information for the period ended June 30, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

## 1. General information

### 1.1. Operational context

Ideiasnet S.A. (“Ideiasnet” or “Company”, B3: PDTC3), started its operations as an investment company in Internet projects in 2000, the year it went public in B3. Its focus was to invest in technology companies with rapid growth in several areas of activity, such as SaaS (from English Software as a Service) in the security and construction industry, technology in the financial and payments sector, digital commerce, digital media, mobility, broadband and optical.

For many years, the Company has positioned itself as a technology venture capital in Brazil, actively participating in all stages of development of its investees, consolidating itself as a reference in the sector and was synonymous with entrepreneurship with a high level of Corporate Governance.

### 1.2. The merger of Padtec S.A. Shares by the Company

The Company's Management had been studying Padtec's Merger of Shares operation, according to Article 252 of the “Lei das S.A”, for about two years.

On April 6, Ideiasnet convened an Extraordinary General Meeting to resolve on the Merger of Shares. On June 1, 2020, the Company merged shares issued by Padtec S.A., as approved in the EGM of April 27, 2020, then its only asset, with the consequent conversion of Padtec S.A. into its wholly owned subsidiary. Today, the Company is the sole shareholder of Padtec S.A., a privately held company.

For this consolidated financial information, full consolidation of Padtec S.A. was considered as of June 1, 2020, the date on which the shares were merged.

Below is the Balance Sheet of Padtec S.A. base date June 01, 2020:

Assets	Consolidated		Liability	Consolidated	
	06/30/20			06/30/20	
<b>Current</b>			<b>Current</b>		
Cash and cash equivalents	54,576		Loans and financing		39,623
Accounts receivable	69,606		Commercial Leasing Operations		2,716
Inventories	50,310		Suppliers		31,150
Recoverable Taxes	13,657		Forfeiting		3,908
Sales financing operation	36,548		Related Parties		2,288
Other credits	1,525		Payable taxes and contributions		9,099
			Payable taxes and contributions in installment		234
<b>Total current assets</b>	<b>226,222</b>		Social Contributions		17,156
			General Provisions		2,273
			Sales financing operation		36,548
			Other Accounts Payable		1,996
			<b>Total current liabilities</b>		<b>146,991</b>
<b>Non-current</b>			<b>Non-current</b>		
Accounts receivable	2,377		Provisions for Labor and tax risks		11,082
Recoverable Taxes	14		Loans and financing		20,744
Restricted Financial investments	14,006		Commercial Leasing Operations		2,191
Sales financing operation	8,891		Payable taxes and contributions in installments		3,192
Judicial Deposits	513		Sales financing operation		8,891
Other credits	1,980		<b>Total non-current liabilities</b>		<b>46,100</b>
Investments	-		<b>Equity</b>		
Fixed Assets	17,033		Capital stock		230,003
Intangible Assets	25,270		Capital reserve		21
			Accumulated losses		(124,829)
<b>Total non-current assets</b>	<b>70,084</b>		Currency Translation Adjustments		(1,980)
			<b>Total of shareholders' equity</b>		<b>103,215</b>
<b>Total assets</b>	<b>296,306</b>		<b>Total of liabilities and shareholders' equity</b>		<b>296,306</b>

The Company has direct and indirect interests in the following subsidiaries:

	Participation %			
	06/30/20		12/31/19	
	Direct	Indirect	Direct	Indirect
Chenonceau Participações S.A (a)	100.00%		100.00%	
Automatos Participações Ltda. (b)	100.00%		100.00%	
Padtec S.A (c)	100.00%			34.16%
Sucursal Argentina (d)		100.00%		100.00%
Padtec EUA (e)		100.00%		100.00%
Padtec Colômbia (f)		100.00%		100.00%
Padtec Chile (g)		100.00%		100.00%

- a)** Chenonceau is a non-operating company whose objective is to hold interests in other companies and holds a minority interest in Batanga Media Inc. This minority interest was subject to impairment (loss recognition) in December 2019, as Management understands that the Company has a low probability of recovering the value / of that investment;
- b)** Automatos Participações is a non-operating company whose purpose is to hold interests in other companies. It currently has no investment;

- c) Padtec S / A, is a privately held company, is operational focused on the development, manufacture, and commercialization of turnkey solutions for optical systems. Its portfolio includes equipment for corporate access, Data Center Interconnect, Storage Area Network Extension, metropolitan networks, and terrestrial multi-terabit long-distance networks.
- d) Padtec Sucursal Argentina is an operating company set up as a branch in 2007 whose primary objective is to perform sales activities, resell Group's products and provide implementation, operation and maintenance services. The Company holds a 100% equity interest;
- e) Padtec Estados Unidos da América is an operating company established in the USA, in the state of Georgia. An operating company set up in February 2014 primarily to resell Group's products and provide implementation, operation and maintenance services. The Company holds a 100% equity interest;
- f) Padtec Colômbia is an operating company established in Colombia in the state / province of Bogotá. An operating company set up as a branch in October 2014 whose primary objective is to resell Group's products and provide implementation, operation and maintenance services. The Company holds a 100% equity interest;
- g) Padtec Chile is an operating company established in Chile. An operating company, set up in June 2019, with 100% of its shares subscribed by Padtec Sucursal Argentina. The main objective is to perform sales activities, to resell Group's products and provide implementation, operation and maintenance services.

### 1.3. Covid-19 Impacts

Management has been constantly evaluating the impact of Covid-19 on the operations and the equity and financial position of the Company and its subsidiaries, to implement appropriate measures to mitigate impacts on operations. Up to the date of authorization for the issuance of this interim accounting information, the following measures have been taken and the main matters that are under constant monitoring are listed below:

- Implementation of home office for the administrative, commercial and technology areas since March 2020;
- Negotiation in the amount of approximately R \$ 5,500 with international raw material suppliers, to assess delivery and payment terms due to the new scenario, and therefore there are no indications of material delay risks that may impact operations;
- Evaluation of contractual terms the installments of principal were extended for 3 months with financial institutions related to loans and financing, to mitigate any liquidity risks;
- Monitoring of customers' default risk, and therefore there is no significant impact to be disclosed;
- Extension of the term for payment of federal taxes in the amount of approximately

R \$ 1,800, referring to the competence of the second quarter, according to the published decree.

Considering all the analyzes performed on aspects related to the possible impacts of Covid-19 on its businesses and those of its subsidiaries, up to the second quarter, of the period ended in

June 30, 2020, the Company concluded that there were no material effects on its interim financial information.

The financial and economic effect for the Company and its subsidiaries during the year 2020 will depend on the outcome of the crisis and its macroeconomic impacts, especially about the retraction in economic activity. The Company and its subsidiaries will continue to constantly monitor the effects of the crisis and the impacts on their operations and financial statements.

## 2. Presentation of Interim Financial Statements

### 2.1. Statement of Compliance

The parent company and consolidated interim financial information were prepared according to International Financial Reporting Standards (IFRS), issued according to the International Accounting Standards Board (IASB), and the accounting practices adopted in Brazil.

The accounting practices adopted in Brazil include those included in the Brazilian corporate law and the technical pronouncements, guidelines, and technical interpretations issued according to the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission (CVM) (especially CPC 21 (R1) - Interim Financial Statements) and by the Federal Accounting Council. The accounting practices used in the preparation of the Quarterly Information for June 30, 2020, are consistent with those used in the preparation of the Quarterly Information for June 30, 2019, and Financial Statements for December 31, 2019, jointly disclosed for the purpose of Comparison

The Company's management declares and confirms that all relevant information, contained in the individual and consolidated interim financial information (Parent Company) and consolidated, are being evidenced and correspond to the information used by the Company's management in its management.

#### **Approval of interim accounting information**

The individual and consolidated interim financial information as of June 30, 2020, prepared by the executive board, was presented by the Company's Board of Directors on August 14, 2020.

### 2.2. Basis of measurement

The financial statements were prepared based on historical cost, except for the following items recorded in the balance sheets: **i)** derivative financial instruments measured at a fair value, **ii)** financial instruments measured at a fair value through P&L; and **iii)** debt instruments at fair value through other comprehensive income.

### 2.3. Use of estimates and judgments

In applying the accounting policies of the Company and its subsidiaries, the management should exercise judgment, estimates and assumptions about the carrying amounts of assets, liabilities, revenues and expenses.

Accounting estimates may differ from their actual results. Thus, the Company Administration reviews the continuous estimates and assumptions adopted, based on historical experience and other factors considered relevant. Adjustments arising from these revisions are recognized in the period in which estimates are reviewed and applied.

The main accounting accounts that require the adoption of premises and estimates, which are subject to a greater degree of uncertainty and which have a risk of resulting in a material adjustment if these assumptions and estimates suffer significant changes in periods subsequent are:

- Explanatory Note No. 5 - Accounts receivable from customers (allowance for loan losses: main assumptions regarding the expected credit loss expectation);
- Explanatory Note No. 6 - Inventory (provision for inventory realization and obsolescence: main assumptions regarding the expected loss of the inventory);
- Note No. 13 - Property, plant and equipment (application of defined useful lives and main assumptions in relation to recoverable values);
- Explanatory Note No. 14 - Intangible (main assumptions regarding recoverable values);
- Explanatory Note No. 19 – Commercial Leasing Operations (determining whether a contract contains a lease);
- Note No. 22.1 - Provisions for labor, tax and civil risks (recognition and measurement: main assumptions about the probability of outflows);
- Note No. 22.2 – Other Provisions (recognition and measurement: main assumptions about the probability of outflows).

## 2.4. Functional and reporting currency

The financial statements are presented in Brazilian Reais, which is the functional and presentation currency of the Company (Parent Company). The functional currency of the subsidiaries in the United States and Argentina is in the US dollar and in the Colombia is in the Colombian peso. The conversion effects of functional currency of foreign subsidiaries for the real are recorded in equity as other comprehensive income - investment conversion effects abroad. All balances were rounded to the nearest thousands, except when otherwise indicated.

## 2.5. Statement of Value Added

The Company prepared the individual and consolidated Statements of Added Value ("DVA") under the terms of Technical Pronouncement CPC 09 - Statement of added value, which are presented as an integral part of the financial statements according to accounting practices adopted in Brazil and as supplementary information to the financial statements in IFRSs, as it is not a predicted or mandatory statement according to IFRSs.

## 3. Accounting Practices

Except for the changes disclosed below, the interim accounting information was prepared based on the same accounting policies described in notes Nos. 3.1 to 3.11 disclosed in the financial statements for the year ended December 31, 2019. The reflection of changes in accounting policies also is expected in the consolidated financial statements for the year ended December 31, 2020.

### **a) New and revised standards and interpretations already issued, effective for periods beginning on or after January 1, 2020:**

- CPC 00 (R2) - Conceptual Framework for Financial Reporting (applicable from January 1, 2020). The revision of the standard establishes changes in CPC 00 (R1) with emphasis on: the purpose of the financial report; definitions of assets, liabilities, equity, income, and expenses; criteria for the inclusion of assets and liabilities in the financial statements (recognition) and guidance on when to remove them (derecognition); bases of measurement and guidance on when to use them and concepts and guidance on presentation and dissemination;
- IAS 1 / CPC 26 and IAS 8 / CPC 23 - Modifies the definition of "material", clarifying aspects of the application of materiality in the information disclosed;
- IFRS 3 / CPC 15 - Definition of business - This amendment constitutes a revision of the definition of "business" for the purpose of accounting for business combinations;
- Review of technical pronouncements No. 14 - Establishes changes in several pronouncements, interpretations, and technical guidelines;
- Review of technical pronouncements 15 - Changes to technical pronouncements due to the definition of the term "Reference Interest Rate Reform", regarding hedge accounting;
- IFRS 17 / CPC 50 - Insurance contracts.

IFRS 17 replaces IFRS 4 / CPC11 - Insurance contracts. The purpose of the amendment is to ensure that an entity provides relevant information that reliably represents the essence of these contracts, through a consistent accounting model.



#### 4. Cash and Cash Equivalent

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Cash	-	-	113	-
Cash Bank deposits	-	-	9,498	595
Security	-	-	340	-
Financial investments of liquid ratio	-	1	55,165	2,733
	<u>-</u>	<u>1</u>	<u>65,116</u>	<u>3,328</u>

Accounting investments with highly liquidity short-term refer to investments in CDB (Certificate of Deposit), held in top tier financial institutions, remunerated between the rates of 94% to 100% of the CDI, in a referenced fund DI and RF Long Term Fund, not exclusive, and are subject to an insignificant risk of change in value. The funds' objectives are to seek profitability around 97% to 100% of the CDI (Interbank Deposit Certificate). (77.7% to 100% of the Interbank Deposit Certificate (CDI) and 94% to 100% of the DI Fund December 31, 2019).

#### 5. Trade Receivable

	Parent Company		Consolidated	
	06/30/20	12/31/219	06/30/20	12/31/219
Accounts Receivable:				
Referred in domestic currency	880	883	69,818	883
Referred in foreign currency (a)	-	-	18,584	-
	<u>880</u>	<u>883</u>	<u>88,402</u>	<u>883</u>
(+) Provision of revenue - Oi (b)	-	-	7,624	-
(+) Judicial Recovery Oi (e)	-	-	3,347	-
(-) Allowance for doubtful accounts (c)	(880)	(883)	(18,029)	(883)
(-) Provision for recognition of revenue outside the accrual period (d)	-	-	(2,637)	-
	<u>-</u>	<u>-</u>	<u>78,707</u>	<u>-</u>
Current Assets	-	-	76,330	-
Non Current Assets	-	-	2,377	-
	<u>-</u>	<u>-</u>	<u>78,707</u>	<u>-</u>

- a) Consolidated represented by US \$ 3,394;
- b) In 2019, the subsidiary Padtec S.A signed an amendment to the contract with the telecommunications operator Oi, to supply equipment, materials and provide services for the implementation of new DWDM systems, as well as for the expansion of the network. The object of the contract is divided into two parts: (a) "common parts" associated with the installation of the equipment; and (b) portion associated with the use of the 10G, 100G, or 200G equivalent transponder. Common parts comprise common hardware, software, materials, and associated services. These items will be billed 100% after delivery of the product and/or after the issuance of the Term of Acceptance Experimental (TAF). Licenses used will be billed quarterly after auditing how many are properly in use. The balance receivable in the second quarter of 2020 is R \$ 7,624 referring to 478 licenses. The subsidiary recognizes the license revenue when it satisfies a performance obligation when transferring the good or service (that is, an asset) promised to the client, as required by accounting practices adopted in Brazil and IFRSs. These amounts are written off quarterly, effectively with the realization for the use of the installed capacity;

- c) Allowance for loan losses are recorded based on individual analyzes of amounts receivable, based on incurred losses and expected credit losses that may occur in the collection of credits;
- d) Provision for reversal of revenue recognition outside the accrual period (“cut-off”);
- e) Oi Group applied for judicial reorganization on June 20, 2016, based on the Bankruptcy and Judicial Reorganization Law (Law No. 11,101 / 2005). On March 14, 2018, the Company adhered to Clause 4.3.5.2 of Oi’s Judicial Reorganization Plan, which states that: “the securities that are part of the judicial reorganization will be paid with a 10% discount in 4 annual installments, equal and successive, plus TR + 0.5% per year, with the first installment due on the last business day of the first year after the expiry of the term for choosing the credit payment option. In February 2019 and 2020, Padtec S.A. received two installments related to the Plan.

In the reporting periods, the Company and its subsidiaries have past-due receivables for which no allowance was recognized. These amounts refer to independent customers with no recent history of default and that are not expected to be in default. The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	06/30/20	12/31/219	06/30/20	12/31/219
On maturity date	-	-	61,622	-
Overdue from 01 to 30 days	-	-	4,988	-
Overdue from 31 to 60 days	-	-	475	-
Overdue from 61 to 90 days	-	-	523	-
Overdue from 91 to 120 days	-	-	109	-
Overdue from 121 to 150 days	-	-	143	-
Overdue from 151 to 180 days	-	-	399	-
Overdue from 181 to 360 days	-	-	1,668	-
Overdue from 361 to 730 days	-	-	446	-
Overdue over 730 days	880	883	18,029	883
	<u>880</u>	<u>883</u>	<u>88,402</u>	<u>883</u>

The balances of accounts receivable from customers for exposure to the risk of losses on balances receivable are shown below:

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Overdue from 731 to 1095 days	880	883	1,803	883
Overdue from 1096 to 1460 days	-	-	794	-
Overdue from 1461 to 1825 days	-	-	2,732	-
Overdue from 1826 to 2190 days	-	-	2,459	-
Overdue from 2191 to 2555 days	-	-	4,968	-
Overdue over 2556 days	-	-	5,273	-
	<u>880</u>	<u>883</u>	<u>18,029</u>	<u>883</u>

## 6. Inventories

	Consolidated	
	06/30/20	12/31/19
Finished goods	13,730	-
Work in process	1,564	-
Raw materials	29,862	-
Resale materials	2,228	-
Import in progress	2,074	-
Inventory in possession of third parties (a)	8,593	-
Provision for obsolesce and slow turnover (b)	(9,749)	-
	<u>48,302</u>	<u>-</u>

- (a) Refers substantially to raw materials under manufacturing process and pieces of equipment held as guarantee by customers;
- (b) Refers to an allowance for inventory obsolescence and slow-moving inventory items. For this estimate, discontinued inventories are considered materials out of the quality standard and items with no movements whose realization is considered unlikely by Management, since newer technologies and/or solutions are available in the market. The provision for the realization of inventories is constituted based on the analysis of the sales prices charged, net effects of taxes and fixed expenses incurred in sales efforts.

The movement of provisions for obsolescence and slow turnover is as follows:

	Consolidated			
	06/01/20	06/30/20		
	Initial Balance	Addition to the provision	Reversal	Final balance
Stock	(8,825)	(306)	259	(8,872)
Inventory in possession of third parties	(644)	(233)	-	(877)
	<u>(9,469)</u>	<u>(539)</u>	<u>259</u>	<u>(9,749)</u>

## 7. Recoverable Taxes

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Tax on Circulation of Goods and Services - ICMS	-	-	1,013	-
Industrialized product tax forwarding in transit - IPI	-	-	54	-
Financial credit (a)	-	-	2,181	-
Social Integration Program - PIS	4	4	120	6
Contribution to Social Security Financing - COFINS	15	16	672	23
Social contribution over net profit - CSLL (c)	-	-	1,353	198
Advance of Corporate Income Tax - IRPJ (c)	1,689	1,607	5,870	3,364
Special Tax Regularization Program - PERT (b)	240	240	8,143	8,143
National Institute of Social Security - INSS	-	-	678	13
Withholding income tax - IRRF	-	-	1,070	-
Withholding of public agencies	-	-	3,103	-
Others	-	3	1,597	7
	<u>1,948</u>	<u>1,870</u>	<u>25,854</u>	<u>11,754</u>
Current Assets	1,708	1,630	15,999	1,657
Non-current assets	<u>240</u>	<u>240</u>	<u>9,855</u>	<u>10,097</u>
	<u>1,948</u>	<u>1,870</u>	<u>25,854</u>	<u>11,754</u>

- a) Financial Credit: In December 2019, the amendment to Law No. 8,248 / 1991 (Law of Informatics) by Law No. 13,969 / 2019 was published, from 12/26/2019 effective from April 1, 2020, until December 2029. With the new law, the tax incentive becomes the receipt of financial credit proportional to the R&D investments made in advance. The financial credit is calculated quarterly and will be used to pay federal taxes controlled by the Brazilian Federal Revenue Secretary;
- b) Tax Loss Credits and CSLL Negative Base used to pay the PERT debit balance;
- c) Negative balances arising from overpayments due to mandatory monthly advances.

## 8. Restrict Financial Investments

As of June 30, 2020, the Company had a total of R\$ 14,031, regarding to:

- a) Financial investment in Safra Bank committed investments of R\$8,919 (R\$ 9,749 in 2019), CDB mode (Bank Deposit Certificate), given the letter of bail, which in turn guarantees the debt to Banco BNDES. The average remuneration rate for this application is 100% of the CDI.
- b) FIDC operation with the Sifra Group of R\$ 5,112 (R\$ 5,038 in 2019) in senior quotas of FIC FIDC OSHER, in order to finance customers and anticipate (receivables) resources. The rate of 125% of the CDI.

## 9. Other Receivables

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Avais Officer (a)	913	913	913	913
Receivable credits value (b)	-	-	1,980	-
Payroll Advance	-	-	560	-
Advance for suppliers	-	-	598	-
Advance for travel	-	-	232	-
Rental guarantee deposit	-	35	175	35
Insurance to be appropriated	103	-	143	-
Others credits receivable	389	60	483	60
	<u>1,405</u>	<u>1,008</u>	<u>5,084</u>	<u>1,008</u>
Current Assets	456	-	2,155	-
Non-current assets	949	1,008	2,929	1,008
	<u>1,405</u>	<u>1,008</u>	<u>5,084</u>	<u>1,008</u>

- (a) The Company was a guarantor in Bank Credit Note No. 1,250, issued by Officer SA Distribuidora de Produtos de Tecnologia, then under judicial recovery ("Officer"), in favor of BCV - Banco de Crédito e Varejo SA, a member of the BMG Financial Group. On November 6, 2015, the Company, as guarantor, signed a Private Instrument of Assumption and Debt Confession, whereby (i) fully assumed the debt for which it was already obliged and (ii) renegotiated the payment terms. Due to the assumption of the debt, the Company was subrogated to the bankruptcy credit previously owed by Officer;
- (b) Amounts receivable from the Mecominas Group, remunerated at 100% of the CDI maturing in October 2022.

## 10. Related Parties

The Company has the following companies as controlling shareholders:

- a) Fundação CPqD – Centro de Pesquisa e Desenvolvimento em Telecomunicações;
- b) BNDES Participações S.A (BNDESPAR).

Direct equity interests in operating subsidiaries are described in Note No. 1.

Controlling shareholders, subsidiaries and affiliates, entities with joint control and entities under common control that somehow have significant influences over the Company and its subsidiaries were considered as related parties.

The main transactions and respective nature are listed below:

- a) **Mutual:** Financial transactions performed between the Company and its subsidiaries. The balance of R \$ 204 as of June 30, 2020 (R \$ 2,285 as of December 31, 2019) does not provide for interest charges, as these are transactions entered into with wholly owned subsidiaries, with a maturity of less than one year;
- b) **Technology development services:** An agreement was made with CPqD Foundation to perform research & development activities. The amounts relating to technological services with CPqD Foundation result from the Company's and its subsidiaries investments in a center of excellence in optical communication for the development of innovative technologies for use in all the solutions Padtec S.A offers to the market;
- c) **Sale of products:** Refers to the sale of finished products between Padtec SA and its subsidiaries, performed under conditions considered by the Company to be similar to those of the market at the time of the negotiation, in line with the internal policies pre-established by the Management;

- e) **Leasing:** Expense paid monthly, referring to the building lease of the headquarters of Padtec S.A. with CPqD Foundation, performed at prices and under market conditions;
- f) **Other assets and liabilities:** Transactions between CPqD and Padtec S.A., referring to expenses with infrastructure and administrative expenses, as apportioned between the companies.
- g) **Loans and financing:** Loan and financing agreement with BNDES, described in Note No. 18.

The summary of related party transactions is as follows:

	Parent Company				Consolidated			
	06/30/20			12/31/19	06/30/20			
	Automatos	Chenonceau	Total	Total	Fundação CPqD	Padtec Argentina	Padtec Colômbia	Total
<b>Assets</b>								
Mutual (a)	168	36	204	2,585	-	-	-	-
	<u>168</u>	<u>36</u>	<u>204</u>	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current assets	168	36	204	2,585	-	-	-	-
	<u>168</u>	<u>36</u>	<u>204</u>	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liability</b>								
Services of technology development (b)	-	-	-	-	1,962	-	-	1,962
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,962</u>	<u>-</u>	<u>-</u>	<u>1,962</u>
Current Liabilities	-	-	-	-	1,962	-	-	1,962
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,962</u>	<u>-</u>	<u>-</u>	<u>1,962</u>
<b>Revenue</b>								
Sales of goods (c)	-	-	-	-	-	94	481	575
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>481</u>	<u>575</u>
<b>Expenses / Costs</b>								
Services of technology development (b)	-	-	-	-	182	-	-	182
Lease (d)	-	-	-	-	358	-	-	358
Other Services (e)	-	-	-	-	3	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543</u>	<u>-</u>	<u>-</u>	<u>543</u>

### Key management personnel compensation

The compensation paid to Executive Officers, Board of Directors and Supervisory Board members is set by the General Shareholders Meeting and is consistent with market standards. The amount approved for 2020 is R\$8,000. Management compensation relating to June 30, 2020 was R\$405 Parent and R\$ 588 consolidated (R\$749 Parent and R\$ 846 consolidated, at June 30, 2019). This amount included fixed and variable compensation. Short-term benefits include a fixed compensation and social security charges (contributions to the social security – National Institute for Social Security (INSS)).

The Company does not have any other postemployment obligations and does not grant any other long-term benefits, such as length-of-service leave or other seniority benefits. The Company does not grant either any severance benefits to members of its senior management other than those prescribed by the labor law prevailing in Brazil.

## 11. Assets classified as held for sale

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Property (a)	-	255	-	255
	-	255	-	255

### (a) Property

The Company had 15 properties as collateral for sureties granted in a fiduciary sale agreement on the sale of the investee Latin and Ventures. On June 30, 2015, the Company classified these properties as “assets held for sale” as a result of the court decision issued in May of that same year, guaranteeing the right to sell the properties.

In December 2019, the Company entered into a purchase and sale agreement for 11 units and a purchase and sale promise for the other 4 units, for the total amount of R \$ 1,000, having received R\$ 744 in that month. In January 2020, R \$ 203 was received for three other properties and in June 2020, R \$ 52 was received for the last property.

## 12. Investments and provision for uncovered liabilities

The summary accounting information of the Company's direct subsidiaries and jointly controlled company, including the total values of assets, liabilities, uncovered liabilities, income and loss for the year, are presented below:

### 12.1. Breakdown of investments

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Chenonceau Participações S.A.	296	296	-	-
Padtec S.A.	104,608	35,515	-	35,515
	104,904	35,811	-	35,515



## 12.2. Provision for loss on investment

	Parent Company	
	06/30/20	12/31/19
Participation in subsidiaries:		
Automatos Participações Ltda.	<u>(9,523)</u>	<u>(10,903)</u>
	<u><u>(9,523)</u></u>	<u><u>(10,903)</u></u>

## 12.3. Summarized subsidiaries' financial information

	Automatos Participações Ltda.		Chenonceau Participações S.A.		Padtec S.A.	
	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	12/31/19
Capital	15,966	15,631	18,696	18,696	230,003	230,003
Total assets	10,933	11,001	333	2,882	315,650	296,983
Total liability	20,456	21,904	37	2,586	211,042	193,017
Equity	(9,523)	(10,903)	296	296	104,608	103,966
Outcome of the fiscal year	1,044	2,689	-	(2,232)	1,772	9,500
Amount of shares (in thousands)	15,966	15,631	18,696	18,696	230,003	230,003
Amount of owned shares (in thousands)	15,966	15,631	18,696	18,696	230,003	230,003
Percentage of Participation	100.00%	100.00%	100.00%	100.00%	100.00%	34.16%

## 12.4. Summary of financial information of jointly owned subsidiaries

	Padtec S.A Sucursal Argentina		Padtec EUA		Padtec Colômbia	
	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	12/31/19
Capital	2,160	2,160	16,491	15,384	3,210	3,210
Total assets	2,777	1,631	505	429	4,479	4,753
Total liability	1,092	616	4	13	4,887	3,301
Equity	1,685	1,015	189	416	(408)	1,452
Outcome of the fiscal year	473	(6)	(1,372)	(4,073)	(1,888)	(632)
Amount of shares (in thousands)	2,160	2,160	16,491	15,384	1,456	1,456
Amount of owned shares (in thousands)	2,160	2,160	16,491	15,384	1,456	1,456
Percentage of Participation	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

## 12.5. Change in investments (Parent)

	Automatos Participações Ltda		Chenonceau Participações S.A		Ideiasventures Participações S.A		Padtec S.A		Total	
	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	12/31/19	06/30/20	12/31/19
Initial Balance of investments	-	-	296	2,528	-	-	35,515	32,663	35,811	35,191
Initial balance loss of investment	10,903	10,903	-	-	-	-	-	-	10,903	10,903
Capital reduction	-	-	-	-	-	-	-	(191)	-	(191)
Payment of capital	-	-	-	-	-	-	67,357	-	67,357	-
Financial application (redemption)	336	160	-	-	-	679	-	-	336	839
Currency Translation Adjustments	-	-	-	-	-	-	599	-	599	-
Turnover of equity share	1,044	745	-	(2,232)	-	1,841	1,296	3,238	2,340	3,592
Exchange rate variation on investments (accrued)	-	-	-	-	-	1	(159)	(195)	(159)	(194)
Others	(2,760)	(905)	-	-	-	(2,521)	-	-	(2,760)	(3,426)
Balance of provision for losses in subsidiaries	(9,523)	(10,903)	-	-	-	-	-	-	(9,523)	(10,903)
Final balance of investments	-	-	296	296	-	-	104,608	35,515	104,904	35,811

(\*) Share control resulting from the company reorganization.

### 13. Property, plant and equipment

	Parent Company			
	Computer equipment	Furniture and appliances	Telephony Devices	Total
Balances on December 31, 2019				
Cost	18	19	1	38
Accumulated depreciation	(10)	(11)	(1)	(22)
Balances on December 31, 2019	8	8	-	16
Depreciation	(1)	(1)	-	(2)
Balances at June 30, 2020	7	7	-	14
Cost	18	19	1	38
Accumulated depreciation	(11)	(12)	(1)	(24)
Balances at June 30, 2020	7	7	-	14

	Consolidated						Total
	Machinery and equipments	Computer equipment	Furniture and appliances	Telephony Devices	Others	Right of use lease (a)	
Balances on December 31,2019							
Cost	-	18	19	1	-	-	38
Accumulated depreciation	-	(10)	(11)	(1)	-	-	(22)
Balances on December 31,2019	-	8	8	-	-	-	16
Cost - Initial balance by consolidation	21,555	7,441	2,481	21	226	6,043	37,767
Accumulated depreciation - Initial balance by consolidation	(14,627)	(3,728)	(1,241)	(19)	-	(1,135)	(20,750)
Acquisitions	5	26	-	1	-	-	32
Depreciation	(148)	(124)	(22)	-	(32)	(208)	(534)
Balances at June 30, 2020	6,785	3,623	1,226	3	194	4,700	16,531
Cost	21,560	7,485	2,500	23	226	6,043	37,837
Accumulated depreciation	(14,775)	(3,862)	(1,274)	(20)	(32)	(1,343)	(21,306)
Balances at June 30, 2020	6,785	3,623	1,226	3	194	4,700	16,531

a) The right-to-use asset refers to the lease agreement of the Company's administrative headquarters (see explanatory Note No. 19)

The following table presents the average rates of depreciation of fixed assets in the period described below:

	In Year	% per year
Machinery and equipments	02 to 10 years	10% per year to 50% per year
Computer equipment	01 a 05 years	20% per year to 100% per year
Furniture and appliances	06 to 15 years	6,67% per year to 16,67% per year
Telephony Devices	04 to 10 years	10% per year to 25% per year
Others	05 years	20% per year

## 14. Intangible

	Parent Company	
	Brands and patents	Total
Balances on December 31, 2019		
Cost	24	24
Balances on December 31, 2019	24	24
Acquisitions	24	24
Accumulated amortization	-	-
Balances at June 30, 2020	24	24

  

	Consolidated				
	Software	Brands and patents	Technical information license	Projects under development	Total
Balances on December 31, 2019					
Cost	-	24	-	-	24
Balances on December 31, 2019	-	24	-	-	24
Cost - Initial balance by consolidation	9,804	3	3,889	28,475	42,171
Accumulated amortization - Initial balance by consolidation	(5,432)	-	(3,845)	(7,625)	(16,902)
Acquisitions	3	-	-	1,013	1,016
Disposals (depreciation)	(1)	-	-	-	1
Amortization	(93)	-	(5)	(326)	(424)
Balances at June 30, 2020	4,281	27	39	21,537	25,884
Cost	9,807	27	3,889	29,488	43,211
Accumulated amortization	(5,526)	-	(3,850)	(7,951)	(17,327)
Balances at June 30, 2020	4,281	27	39	21,537	25,884

(\*) Development projects: refer to new technologies that are being developed and meet the recognition criteria related to the completion and use of assets and generation of future economic benefits.

The following table shows the average amortization rates for intangible assets in the period:

	In Year	% per year
Software	05 years	20% per year
Projects under development	05 to 10 years	10% per year to 20% per year

## 15. Suppliers

	Consolidated	
	06/30/2020	12/31/19
Domestic suppliers	4,291	151
International suppliers	24,328	-
	<u>28,619</u>	<u>151</u>

## 16. Forfaiting

The Company has an agreement with a Banco do Brasil's financial institution to allow domestic suppliers to early collect their receivables. Under this operation, suppliers assign receivables from sales of goods to financial institutions. The balance as at June 30, 2020 is R\$ 4,671, with a maximum term of 180 days, for controlling purposes, there are no balances to be presented.

## 17. Loans and Financing

Modality	Agreed rate	Due date	Guarantee	Consolidated	
				06/30/20	12/31/19
<i>Domestic currency</i>					
Working Capital - Banco do Brasil	CDI + 3,50% a 5,00% ao ano	05/10/19 until 04/10/22	-	27,738	-
Working Capital - Itau	CDI + 2,50% ao ano	02/29/16 until 07/30/21	-	18,860	-
Working Capital - Daycoval	10,08% a 14,02% ao ano	06/29/20 until 06/29/22	Receivables	15,009	-
FINEM - BNDES	TJLP + 1,70 ao ano	04/15/17 until 01/15/23	Bank guarantee	8,357	-
Finep	TR + 2,80% ao ano	04/15/20 until 02/15/32	Bank guarantee	3,901	-
				<u>73,865</u>	<u>-</u>
Current liabilities				44,372	-
Non-current liabilities				<u>29,493</u>	<u>-</u>
				<u>73,865</u>	<u>-</u>

Repayment schedule by year of maturity:

Consolidated													
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
25,689	30,702	13,843	642	366	366	366	366	366	366	366	366	61	73,865

### 17.1. Payments

During the period, R \$ 1,931 was paid in the consolidated, referring to interest and principal on loans.

### 17.2. Reconciliation of liabilities resulting from operating and financing activities

In the second quarter of 2020, the subsidiary Padtec S.A, raised funds to strengthen its working capital.

Banco do Brasil: In June 2020, it raised R \$ 5,000 indexed to CDI + 4.8% per year. The principal will be paid in 2 installments, the first on December 25, 2020, and the second on June 25, 2021, with monthly interest payments.

#### **Banco Daycoval**

In June 2020, it raised R \$ 10,000 indexed at a rate of 10.08% per year. Interest will be paid in 24 consecutive monthly installments as of July 29, 2020, and the principal in 18 consecutive monthly installments, also from the same date.

### 17.3. Reconciliation of liabilities from operating and financing activities

	<u>Consolidated</u>
Balances on December 31, 2019	<u><u>-</u></u>
Inicial balance by consolidation	60,367
Interest expense	389
Interest payment	(331)
Acquired loans	15,000
Amortization	(1,560)
Cash flow from operating and financing activities	<u>73,865</u>
Balances on June 30, 2020	<u><u>73,865</u></u>

### 18. Financing operations

The Company has recorded until June 30, 2020, financial operations of Vendor and FIDC in the amount of R\$ 38,834 in current liabilities and R\$ 10,617 in non-current liabilities. The entry for this entry is recorded in current and non-current assets. The operations are described as follows:

#### 18.1. Vendor operations

The Company executed vendor operations (factoring) contracts with Banco do Brasil, Banco Safra, Banco Industrial, Banco Guanabara, Banco Paulista, Banco Alfa and Banco Daycoval. To date, Banco do Brasil, Banco Safra, Banco Industrial, and Banco Guanabara, Banco Paulista, Banco Alfa and Banco Daycoval granted to 25 customers of the Company credits upon Financing Promise Agreements in the overall limit amount of R\$101,685, maturing up to June 2022, which were used for them to acquire products and implementation services provided by the Company. In June 30, 2020, there was no default. As at June 30, 2020, the amount recorded is R\$36,155, current, and R\$9,157, noncurrent.

#### 18.2. Credit rights investment fund operation (FIDC)

The Credit Rights Investment Fund was created in October 2019 together with the subsidiary Padtec. The Fund is managed by the Sifra Group, with the objective of financing clients and anticipating resources (receivables). The credit limit will be R \$ 20 million. The assignment fee for Padtec receivables is 1.50% per week, with a figure limit to the investment amount described below. Padtec should invest R \$ 5 million in senior shares of FIC FIDC OSHER, with remuneration of 125% of the CDI. This investment will be recorded with a chattel mortgage in favour of the Sifra Group, to exclusively guarantee Padtec operations. Until June 30, 2020, 3 customers of the Company was granted credit under the FIDC operation contract in the total amount of R \$ 5,196 million, with maturity up to June 2022, used for the acquisition of products and services for the implementation of the Company. Until June 30, 2020, there was no default. As of June 30, 2020, the amount recorded is R \$ 2,679 in the short term and R \$ 1,460 recorded in the long term.

## 19. Commercial Leasing Operations

The Group maintains a commitment arising from an operating lease agreement for the property where its administrative headquarters are located. The lease normally lasts three years, with the option to renew the lease after this period and do not have purchase option clauses at the end of the lease. The lease payment is adjusted annually by the IGPM, to reflect market values the real rate of 7,74% was applied. The effect of this accounting is the recording of R \$ 4,676 in property, plant and equipment, with a corresponding entry to the obligation to rent in current liabilities of R \$ 2,709 and non-current liabilities of R \$ 1,967.

## 20. Taxes and contributions payables

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Tax on Circulation of Goods and Services - ICMS	-	-	86	-
Corporate Income Tax - IRPJ	-	-	603	548
Excise Tax - IPI	-	-	1,381	-
Social Contribution on Net Income - CSLL	-	-	219	196
Social Integration Program - PIS	2	4	463	4
Contribution to Social Security Financing - COFINS	-	-	2,161	2
Service tax - ISS	-	-	125	12
Others	-	8	55	7
	<u>2</u>	<u>12</u>	<u>5,093</u>	<u>769</u>
Current liabilities	2	12	5,093	769
Non-current liabilities	-	-	-	-
	<u>2</u>	<u>12</u>	<u>5,093</u>	<u>769</u>

The Company and its subsidiaries adhered to the extension of the payment period for PIS and Cofins, referring to the competence of the second quarter, which will be paid until October, 2020.

## 21. Taxes and contributions payable in installments

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
ICMS - Tax on Circulation of Goods and Services - Installment (a)	-	-	7,783	-
PERT - Special Tax Regularization Program (b)	240	240	9,539	9,539
ISS - Service tax - Installment (c)	-	-	3,311	3,316
Others	-	-	234	-
	<u>240</u>	<u>240</u>	<u>20,867</u>	<u>12,855</u>
Current liabilities	-	-	8,059	2,956
Non-current liabilities	240	240	12,808	9,899
	<u>240</u>	<u>240</u>	<u>20,867</u>	<u>12,855</u>

- a) Company and its subsidiaries joined the tax refinancing program to pay its ICMS debts in installments, according to Joint Resolution SP/PGE 02/12 and SF 72/12, in the amount of R\$15,466, the outstanding balance of which at June 30, 2020 was R\$7,784, with final maturity by the end of December, 2022.



- b) The consolidated amount is represented mainly by the federal tax debts of the subsidiary Automatos Participações included in the Special Tax Regularization Program (“PERT”), instituted by the Federal Government through Law 13,496 of October 24, 2017. After payment of the amounts corresponding to the entry of 5% of the consolidated debt for adherence to PERT, the Company and the subsidiary Automatos Participações completed the consolidation stages of the installments made and waited for the Federal Revenue Service to include debts and credits for tax loss and tax base. negative calculation of CSLL already informed for full settlement of the outstanding balance, with the last consolidation taking place in December 2019;
- c) The consolidated amount is represented by the municipal tax debts of the subsidiary Automatos Participações.

## 22. Provision

### 22.1. Provisions for labor, tax and civil risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before various courts and government agencies, arising from the normal course of their operations, involving tax, civil, labor, and other matters.

The Company is a party to the labor lawsuits of the former subsidiaries OfficerPini, Softcorp / Latin eVentures and ETML - Empresa de Telefonia Multi S.A.

<i>Parent Company</i>					
	12/31/19		06/30/20		Final balance
	Initial Balance	Addition to the provision	Reversals	Final balance	
Labor (a)	19,006	(997)	355		18,364
Cível (b)	3,774	(899)	-		2,875
Tax	-	-	-		-
Administrative	-	-	-		-
<b>Total</b>	<b>22,780</b>	<b>(1,896)</b>	<b>355</b>		<b>21,239</b>
Judicial Deposits (d)	(11,099)	146	(213)		(11,166)
<b>Total</b>	<b>11,681</b>	<b>(1,750)</b>	<b>142</b>		<b>10,073</b>

  

	12/31/19		06/30/20		Final balance
	Initial Balance	Initial Balance by consolidated	Addition to the provision	Reversals	
Labor (a)	19,709	2,856	(1,544)	355	21,376
Cível (b)	11,239	1,810	(1,920)	1,256	12,385
Tax	-	6,131	1,716	-	7,847
Administrative	-	285	-	-	285
<b>Total</b>	<b>30,948</b>	<b>11,082</b>	<b>(1,748)</b>	<b>1,611</b>	<b>41,893</b>
Judicial Deposits (d)	(11,771)	(513)	157	(775)	(12,902)
<b>Total</b>	<b>19,177</b>	<b>10,569</b>	<b>(1,591)</b>	<b>836</b>	<b>28,991</b>

#### (a) Labor

Labor claims – Lawsuits started by ex-employees claiming the acknowledgment of labor rights; As a rule, provision is made for amounts classified as probable risk of loss.

Labor lawsuit No. 1000529-39.2020.5.02.0060, related to former investee Editora Pini - Because of the object of the labor claims involving the former investee Pini and the performance of Ideiasnet SA as its controlling shareholder for some years, it would be justifiable to access the risk of loss in such actions as probable from the knowledge stage. On the other hand, this lawsuit was filed two years after the sale of Editora Pini by the Company, which, legally, increases its chance of success.

**(b) Civil**

Civil Actions Fontes Participações e Administração Ltda. - Ideiasnet is a defendant in three civil lawsuits filed by the company Fontes Participações e Administração Ltda., Namely: 0014757-87.2014.8.16.0001 (precautionary action); 0021446-50.2014.8.16.0001 (main proceedings); and 0009306-47.2015.8.16.0001 (accountability action). Such processes deal with the validity of the guarantees given by Fontes (fiduciary sale of real estate instruments) in favor of Ideiasnet in connection with the sale of the former investee Softcorp and the amounts due to Ideiasnet versus the amount executed by it through the guarantees. The processes are proceeding together, apart from the main process, which is still in the knowledge phase, where we await the hearing of a last witness from the plaintiff expected for March 2021.

**(c) Tax**

IPI - for the sale of accessories for incentive products from IPI unaccompanied by final products, supposedly not complying with the requirement to enjoy the tax benefit provided for in the Information Law then in force. The subsidiary Padtec S.A. was assessed for the years 2011 and 2012, totaling a risk of R \$ 2,302 and made a provision for the years 2015 to 2018 of R \$ 2,476.

ISSQN - Notice of Infraction issued by the Municipality of Belo Horizonte, referring to the collection of ISSQN at the rate of 5% for alleged services rendered and a fine for issuing a document other than that established in the municipal tax legislation, by the company PSG - Padtec Serviços Globais de Telecomunicações Ltda (incorporated by the subsidiary Padtec SA), by its subsidiary established in the city of Belo Horizonte / MG, from April 2015 to July 2016; and the other referring to a fine for issuing a document other than that established in the municipal tax legislation in the same period, with a tax loss, totaling R \$ 4,575.

**(d) Judicial Deposits**

The amounts refer essentially to judicial deposits held in the name of the Parent Company as follows:

- On February 1, 2017, Ideiasnet FIP I and the other shareholders of the investee Montpellier Participações SA ("Montpellier") concluded the sale of Montpellier, a holding company that holds 69.1% of the share capital of Tectotal Tecnologia sem Complicações SA, for CDF - Central de Funcionamento Tecnologia e Participações SA ("CDF"). According to the terms and conditions established in the purchase and sale agreement, Ideiasnet FIP I was entitled to the amount of R \$ 5,163 for the sale of its 78.6% stake in Montpellier, which was deposited in court by CDF in the records of a civil enforcement action. extrajudicial title, no 0195266-33.2011.8.26.0100, filed by ABX Gestão e Administração Ltda. ("ABX") against Automatos Participações. As of June 30, 2020, this lawsuit had a remote risk of loss for the Company;
- On June 14, 2017, the Company and its then subsidiary Ideiasventures Participações SA suffered judicial blockages in the amount of R \$ 4,275 within the scope of another civil enforcement action filed also by ABX against Automatos (no 1008328-05.2014.8.26.0100). As of June 30, 2020, this lawsuit presented a probable loss risk for the Company.

There are other lawsuits in the amount of R \$ 55,695 tax, R \$ 8,268 labor, R \$ 4,610 civil and R \$ 135 administrative assessed by the legal advisors as being at possible risk of loss on June 30, 2020 in the consolidated, for which no provision was recorded, having considering that the accounting practices adopted in Brazil do not require their accounting, as follows:

- ICMS - The subsidiary Padtec S.A has a tax enforcement proceeding related to the ICMS tax, which is at the appeal stage, in the amount of R \$ 6,198;
- The subsidiary Padtec SA holds an assessment notice issued by the Brazilian Federal Revenue Service regarding differences in the payment of Import Tax (II), Industrialized Products Tax (IPI), and PIS and Cofins calculated as a result of the divergence in the tax classification imported products. The defense is at the administrative level, in the amount of R \$ 1,604. The object is only a regulatory fine of 1% on the customs value, which is why we exclude from the contingency the part that was not the object of the appeal;

- The subsidiary Padtec SA holds an assessment notice issued by the Federal Revenue Service of Brazil regarding the collection of PIS and Cofins calculated on a non-cumulative basis, covering the period from January 2009 to December 2010. The process is in the Service Tax Control and Monitoring of the Sorocaba Federal Revenue Service and awaits the judgment of the challenge, in the amount of R \$ 5,740;
- The subsidiary Padtec SA has notices of infraction and impugnation of a fine due to alleged non-compliance with the Basic Productive Process (PPB), selling products with undue use of the tax benefit of reduction of the Tax on Industrialized Products (IPI) in 2011 and 2012. According to the inspection, Padtec SA would have unduly taken advantage of the reduction in the Tax on Industrialized Products (IPI) considering the improper use of the tax benefit established by Law No. 8,248 / 1991, in the total amount of R \$ 37,938. On 01/03/2018 Padtec S.A. received a subpoena from judgment 09-65,347, which dismissed the objection presented and maintained the launch. Voluntary appeals to Carf filed on 01/31/2018. On 09/26/2019, in the judgment of the Voluntary Appeal, the process was converted into diligence.
- PerDComp Federal Taxes - These are Reimbursement Requests linked to the Compensation Statements, of the subsidiary Padtec SA, with credits arising from overpayment of taxes (IPI, Cofins, Cide, several), non-cumulative, referring to various periods in full rejected and not approved. The case files are at the National Center for Process Management of the Federal Revenue Service in Ribeirão Preto - SP.

## 22.2. Other Provisions

	<i>Consolidated</i>				
	12/31/19		06/30/20		
	Initial Balance	Initial Balance by incorporation	Addition to the provision	Reversals	Final balance
Provision for commission (a)	-	886	-	(112)	774
Warranty repair (b)	-	1,387	169	-	1,556
Others	188	-	3	(24)	167
<b>Total</b>	<b>188</b>	<b>2,273</b>	<b>172</b>	<b>(136)</b>	<b>2,497</b>

- (a) Refers to the accrual for commissions on sales made to customers at the percentage of 0.4% to 4% or fixed amounts of monthly salaries, pursuant to the clauses of the contract;
- (b) Recognized to meet expenditures relating to products, including warranty and contractual obligations;

## 23. Social Contributions

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Salaries	-	-	2,213	-
Profit sharing and results	-	-	1,190	-
Social contributions	829	67	7,677	68
Accrual for vacation / 13th salary	97	59	7,455	59
Private pension	-	-	154	-
Others	-	-	44	-
	<b>926</b>	<b>126</b>	<b>18,733</b>	<b>127</b>

## 24. Private Pension Plan

The Padtec S.A sponsors 02 pension plan for employees, managed by Fundação Sistel de Seguridade Social. Pension plans are established as a defined contribution plan (“InovaPrev”) or defined benefit (“CPqDPrev”).

Under the defined benefit, the contribution and benefit amount is defined when the plan is contracted, and costing is determined by actuarial calculations, to ensure that the plan can be granted and maintained.

Under the defined contribution plan, the benefit amount is consistently adjusted, according to the applicable account balance maintained on behalf of the participant, which, in turn, results from the contribution amounts, contribution time, income arising from investments made, among other variables.

Under the regulations of these plans, costing varies according to a contribution table based on salary ranges, from 1% to 8% of the participants' compensation.

As of June 30, 2020, the Company has no actuarial liabilities arising from this pension plan, since the plan has reported financial balance.

Contributions made in the consolidated amounted to R \$ 659 as of June 30, 2020, which were recorded as an expense in the income statement for the period. The sponsor's contributions in the second quarter were deducted from the excess funds of the Risk Coverage Fund, as agreed between the parties. The Risk Coverage Fund has the purpose of accumulating the resources provided by the Self-sponsored and Sponsoring Participants through the Risk Contributions.

## 25. Shareholder's equity

### 25.1. Capital

The merger of shares issued by Padtec by the Company, with the consequent conversion of Padtec into its wholly-owned subsidiary, under the terms of article 252 of Law 6,404 / 1976 (“Lei das S.A”), was approved at an extraordinary general meeting held on April 27, 2020. This transaction was also approved, on the same date, by the General Meeting of Padtec shareholders. Company shareholders who held their shares on an uninterrupted basis from March 27, 2020, to April 27, 2020, were entitled to exercise the right of withdrawal, according to article 252, paragraph 1 of the Corporation Law, and should manifest expressly intends to exercise such right within 30 (thirty) days, ending on May 29, 2020. However, none of the Company's shareholders exercised such withdrawal right. Accordingly, on June 1, 2020, the Company concluded the merger of Padtec SA shares, when new common shares were issued and delivered to the then shareholders of that investee, who received 7.113682675 new shares issued by Ideiasnet to replace each share issued by Padtec owned by him. The determination of such replacement ratio was agreed by the signatories of the Merger Agreement entered into as part of the transaction, including the management of the Company, and started from the net equity value of the shares issued by each Company at market prices on September 30, 2019 (“Base Date”). This transaction generated a capital increase of R \$ 67,365, resulting from the merger of Padtec S.A.'s shares.

As of June 30, 2020, the Company's subscribed and paid-in capital is R \$ 199,211, divided into 78,450 book-entry common shares, with no par value.

	06/30/20		12/31/19	
	Number of shares	% of Participation	Number of shares	% of Participation
Fundação CPqD - Centro de Pesquisa e Desenvolvimento em Telecomunicações	43,075,127	54.91%	-	0.00%
BNDES Participações S.A. - BNDESPAR	18,084,240	23.05%	-	0.00%
LMC Brazil LLC	3,927,649	5.01%	3,927,649	24.03%
Total Returns Investments LLC	-	0.00%	2,407,579	14.73%
Itaú Unibanco S.A	-	0.00%	1,943,360	11.89%
Truetech Participações Ltda	-	0.00%	1,069,238	6.54%
Others	13,362,763	17.03%	6,995,740	42.80%
	<b>78,449,779</b>	<b>100.00%</b>	<b>16,343,566</b>	<b>100.00%</b>

## 25.2. Capital Reserve

Corresponding to gains or losses in the change in the participation of subsidiaries without loss of control.

## 25.3. Currency translation adjustments

Corresponding to the difference between the acquisition value and the book value, in the change in the interest of subsidiaries without loss of control, resulting in the goodwill on the capital transaction in the amount of R \$ 599.

## 25.4. Other comprehensive income

### Equity valuation adjustment

Refers to the accumulated translation adjustments for all foreign currency differences resulting from the conversion of the financial statements of operations abroad.

## 25.5. Dividends

The Company's bylaws establish that 25% of the profit for the year, adjusted pursuant to Article 202 of Law 6404/76, is paid as mandatory minimum dividends, when profit for that year is recorded.

## 26. Earnings (loss) per share

The basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the year.

The diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to assume the conversion of all potential diluted common shares by the stock options, and number of shares that could have been bought is determined at fair value, based on the monetary value of all subscription rights linked to outstanding stock options.

The number of shares calculated as described above is compared to the number of shares issued, assuming the vesting period for the stock options. The following shows basic and diluted earnings per share as of June 30, 2020 and 2019:

	<u>Parent Company and Consolidated</u>	
	<u>06/30/20</u>	<u>06/30/19</u>
Basic numerator		
Profit in the period	1,550	2,160
Weighed average of common stocks	78,450	16,344
Diluted profit per share - in Brazilian reais	<u>0.0198</u>	<u>0.1322</u>

## 27. Net Operating Revenue

	<u>Period April 01st to June 30th</u>		<u>Period January 01st to June 30th</u>	
	Consolidated		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19
Gross operating revenue	32,638	-	32,638	-
Product	27,150	-	27,150	-
Service	5,488	-	5,488	-
Taxes levied on sales	(6,781)	-	(6,781)	-
Returns and cancellations	(2,049)	-	(2,049)	-
Net operating revenue	<u>23,808</u>	<u>-</u>	<u>23,808</u>	<u>-</u>

## 28. Cost of sales and services

	<u>Period April 01st to June 30th</u>		<u>Period January 01st to June 30th</u>	
	Consolidated		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19
Material	(9,131)	-	(9,131)	-
Labor	(2,496)	-	(2,496)	-
Overhead expenses	(2,489)	-	(2,489)	-
	<u>(14,116)</u>	<u>-</u>	<u>(14,116)</u>	<u>-</u>

## 29. Operating income (expenses)

### 29.1. Administrative, selling and research and development

	Period April 01st to June 30th		Period April 01st to June 30th		Period January 01st to June 30th		Period January 01st to June 30th	
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Personal expenses and payroll taxes	(508)	(638)	(3,377)	(770)	(961)	(1,368)	(3,830)	(1,546)
Outside services	(220)	(233)	(682)	(329)	(481)	(715)	(1,012)	(939)
Selling and marketing expenses	(117)	(21)	(125)	(22)	(118)	(99)	(126)	(100)
General and administrative expenses	(109)	(103)	(1,206)	(106)	(244)	(232)	(1,344)	(239)
Consumables	-	-	-	-	-	-	-	-
Other taxes	-	14	-	23	-	-	-	-
Freight	-	-	-	-	-	-	-	-
Lease of properties and equipment	(13)	(75)	(59)	(75)	(47)	(145)	(93)	(145)
Others	-	(22)	(182)	(32)	-	(22)	(182)	(32)
	<u>(967)</u>	<u>(1,078)</u>	<u>(5,631)</u>	<u>(1,311)</u>	<u>(1,851)</u>	<u>(2,581)</u>	<u>(6,587)</u>	<u>(3,001)</u>

Reported as follow:

	Period April 01st to June 30th		Period April 01st to June 30th		Period January 01st to June 30th		Period January 01st to June 30th	
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Administrative Expenses	(967)	(1,078)	(2,516)	(1,311)	(1,851)	(2,581)	(3,472)	(3,001)
Selling Expenses	-	-	(1,527)	-	-	-	(1,527)	-
Research and development Expenses	-	-	(1,588)	-	-	-	(1,588)	-
	<u>(967)</u>	<u>(1,078)</u>	<u>(5,631)</u>	<u>(1,311)</u>	<u>(1,851)</u>	<u>(2,581)</u>	<u>(6,587)</u>	<u>(3,001)</u>

## 29.2. Other operating income (expenses), net

	<u>Period April 01st to June 30th</u>		<u>Period April 01st to June 30th</u>		<u>Period January 01st to June 30th</u>		<u>Period January 01st to June 30th</u>	
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
PERT discount	-	-	-	278	-	-	-	278
Loss/gain for asset held for sale	(95)	3	(95)	3	(345)	10	(345)	10
Loss of account receivables from customers	-	-	(115)	-	-	-	(115)	-
SOP expense	(406)	-	(406)	-	(406)	-	(406)	-
Others	-	5	(4)	72	-	11	(4)	184
	<u>(501)</u>	<u>8</u>	<u>(620)</u>	<u>353</u>	<u>(751)</u>	<u>21</u>	<u>(870)</u>	<u>472</u>

## 30. Financial income (costs)

### 30.1. Financial income

	<u>Period April 01st to June 30th</u>		<u>Period April 01st to June 30th</u>		<u>Period January 01st to June 30th</u>		<u>Period January 01st to June 30th</u>	
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Financial investment income	100	3	253	29	105	8	282	81
Interest on financial transactions	-	-	233	-	-	-	233	-
Other revenues	-	16	57	17	-	16	57	17
	<u>100</u>	<u>19</u>	<u>543</u>	<u>46</u>	<u>105</u>	<u>24</u>	<u>572</u>	<u>98</u>



## 30.2. Financial costs

	<u>Period April 01st to June 30th</u>		<u>Period April 01st to June 30th</u>		<u>Period January 01st to June 30th</u>		<u>Period January 01st to June 30th</u>	
	<u>Parent Company</u>		<u>Consolidated</u>		<u>Parent Company</u>		<u>Consolidated</u>	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Interest on loans and financial operations	-	-	(434)	-	-	-	(434)	-
Financial operation expense	-	-	(60)	-	-	-	(60)	-
Other expenses	(13)	-	(42)	(2)	(35)	(1)	(96)	(55)
	<u>(13)</u>	<u>-</u>	<u>(536)</u>	<u>(2)</u>	<u>(35)</u>	<u>(1)</u>	<u>(590)</u>	<u>(55)</u>

## 31. Current Income tax and social contribution

### 31.1. Current

The reconciliation of tax expenses calculated by applying the combined tax rate and the income tax and social contribution expense charged to profit or loss is as follows:

	Period April 01st to June 30th		Period April 01st to June 30th		Period January 01st to June 30th		Period January 01st to June 30th	
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19	06/30/20	06/30/19
Profit before Taxes	3,081	1,369	3,333	(493)	1,550	2,160	1,802	304
Equity income	2,754	3,551	(844)	1,788	2,340	4,471	(476)	2,597
11.196/05 Law							(503)	-
(+/-) other additions and exclusions	(4,787)	(4,455)	(1,356)	(1,463)	(3,363)	(5,897)	995	(942)
Provision / Reversal for obsolescence of inventory	-	-	-	-	-	-	280	-
Provision / Reversal of labor contingencies	1,759	(1,131)	1,380	(1,368)	1,541	229	137	196
Provision / Reversal of bad debt	-	-	-	-	-	-	(143)	-
Provision / Reversal revenue Oi	-	-	-	-	-	-	(2,525)	-
Provision / Reversal cut-off	-	-	-	-	-	-	(1,055)	-
Losses on amounts receivable	-	-	-	-	-	-	115	-
Financial credits	-	-	-	-	-	-	(1,140)	-
Other additions and exclusions	(6,546)	(3,324)	(2,736)	(95)	(4,904)	(6,126)	5,326	(1,138)
Profit /fiscal loss (IR base)	<u>1,048</u>	<u>465</u>	<u>1,133</u>	<u>(168)</u>	<u>527</u>	<u>734</u>	<u>1,818</u>	<u>1,959</u>
Income Tax	-	-	(174)	1,371	-	-	(174)	1,367
Social contribution	-	-	(78)	491	-	-	(78)	489
Income tax and current CSLL	<u>-</u>	<u>-</u>	<u>(252)</u>	<u>1,862</u>	<u>-</u>	<u>-</u>	<u>(252)</u>	<u>1,856</u>

## 31.2. Deferred

According to Note No. 22, the subsidiary Automatos Participações adhered to PERT, whose rules include the granting of interest reduction benefits, fines, and charges, in addition to the possibility of using tax loss credits and a negative CSLL calculation base for payment debts within the scope of the Brazilian Federal Revenue Service (“SRFB”) and the Attorney General’s Office of the National Treasury (“PGFN”). The Company saw significant reductions in its consolidated debt with SRFB and PGFN, mainly due to the effects of PERT on its subsidiary Automatos Participações. In December 2019, the last provision of tax credit information was completed after the PGFN managed to correct the errors then existing in one of the installment modalities.

## 32. Financial instruments and risk management

### 32.1. Financial Instruments by category

The Company and its subsidiaries manage their financial instruments through operating strategies and internal controls to ensure liquidity, profitability and security. The Company does not make speculative investments. The results obtained from these operations are in line with the policies and strategies defined by Management.

Risk management and management of financial instruments are performed through policies, strategy definitions and implementation of control systems, defined by Management and approved by the Board of Directors. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and on the characteristics of contract cash flows.

All financial instrument transactions are recognized in the financial statements of the Company and its subsidiaries, as shown in the table below:

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Assets				
<i>Assets at amortized cost</i>				
Accounts receivables	-	-	78,707	-
<i>Fair value through profit</i>				
Cash and Cash Equivalents	-	1	65,116	3,328
Restricted financial investments	-	-	14,031	-
<b>Total</b>	<b>-</b>	<b>1</b>	<b>157,854</b>	<b>3,328</b>
Liabilities				
<i>Liabilities at amortized cost</i>				
Loans and financing (current)	-	-	(44,684)	-
Loans and financing (non-current)	-	-	(29,493)	-
Commercial Leasing Operations (current)	-	-	(2,709)	-
Commercial Leasing Operationa (non-current)	-	-	(1,967)	-
Suppliers	-	-	(28,619)	(151)
Forfeiting	-	-	(4,671)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(112,143)</b>	<b>(151)</b>

## 32.2. Financial Risk Management

The economic and financial risks reflect, mainly, the behavior of macroeconomic variables and the foreign exchange and interest rates, as well as the features of the financial instruments used by the Company and its subsidiaries. The Company and its subsidiaries have the policy of managing the existing risks conservatively; the main purposes of this policy are to preserve the value and liquidity of financial assets and ensure the inflow of funds for the good development of business.

The exposure of the Company and its subsidiaries to each of these risks, objectives, practices and processes for risk measurement and management and capital management are described below:

### 32.2.1. Capital risk

The Company and its subsidiaries manage their capital to ensure the continuity of their normal activities while seeking to maximize the return on their operations for all stakeholders or involved in their operations, by optimizing the use of debt instruments and equity.

The capital structure of the Company and its subsidiaries is formed by net indebtedness (loans, financing and debentures), deducted by cash and cash equivalents, linked cash and financial investments and by the Company's equity.

The Company and its subsidiaries have no financial debt and their net cash ratio is:

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Debt	-	-	73,865	-
Cash and Cash Equivalents, Financial Application	-	1	79,147	3,328
Net debt (net cash)	-	(1)	(5,282)	(3,328)
Equity	87,703	18,348	87,703	18,348
Net debt (cash) ratio	-	(0.0001)	(0.0602)	(0.1814)

### 32.2.2. Credit risk

Credit risk is the risk of the Company incurring a financial loss if a customer or a counterparty to a financial instrument fails to discharge its contractual obligations and arises mainly from trade receivables mostly from recurring customers and short-term investments. To mitigate this risk, the Company and its subsidiaries adopt the procedure of making a detailed analysis of their customers' financial position and constantly monitoring their outstanding debt balances.

For short-term investments, the Company and its subsidiaries only perform transactions with low credit risk and maximum limit of investment balances, as determined by the Company's Management. Management understands that there is no significant risk to which the Company and its subsidiaries are exposed, considering the concentration levels and materiality of the amounts in relation to revenue.

### 32.2.3. Liquidity Risk

It is the risk of the Company and its subsidiaries having difficulties of discharging their obligations related to financial liabilities settled in cash.

The Management's approach to the liquidity risk is to ensure the payment of obligations, thus, the purpose of maintaining available cash to discharge short-term obligations, allowing for sufficient liquidity to comply falling due obligations, under normal and stress conditions, without generating unacceptable losses or the risk of jeopardizing the Company's and its subsidiaries' reputation.

The Company and its subsidiaries work to align fund availability and fund generation to discharge their obligations on the agreed deadline. Contractual maturity is based on the most recent date when the Company and its subsidiaries should settle the related obligations:

	Consolidated			
	Book value	Until 01 year	01 to 02 years	02 to 06 years
Cash and Cash Equivalents	65,116	65,116	-	-
Restricted financial investments	14,031	14,031	-	-
Accounts Receivable	78,707	76,330	2,377	-
Commercial Leasing Operations	(4,676)	(2,709)	(1,967)	-
Loans and financing	(74,177)	(38,534)	(22,429)	(13,215)
Suppliers	(28,619)	(28,619)	-	-
Forfaiting	(4,671)	(4,671)	-	-
<b>Total</b>	<b>45,711</b>	<b>80,945</b>	<b>(22,019)</b>	<b>(13,215)</b>

### 32.2.4. Currency risk

Arises from possible fluctuations in the exchange rates of the foreign currencies used by the Company and its subsidiaries. Management analyzes and monitors its exposures for decision-making on contracting instruments to hedge the related exposures to foreign currency. Currently, the Company does not have any financial protection instrument.

The net exposure to foreign currency is shown in the table below:

	Consolidated	
	06/30/20	
	R\$	US\$
<b>Assets</b>		
Accounts Receivable	18,584	3,394
<b>Liabilities</b>		
Loans and financing	312	57
Suppliers	(24,328)	(4,443)
<b>Total</b>	<b>(5,432)</b>	<b>(992)</b>

### 32.2.5. Interest rate risk

The Company's and its subsidiaries' transactions are indexed to fixed rates whereas transactions at floating rates are subject to the Long-term Interest Rate (TJLP) and the CDI. Accordingly, Management understands que any fluctuations in interest rates would not have a significant impact on the results of the company and its subsidiaries.

The carrying amounts of the financial instruments that represent the maximum exposure to the interest rate risk at the end of the reporting periods are as follows:

	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
<b>Assets</b>				
Cash and Cash Equivalents	-	1	65,116	3,328
<b>Liabilities</b>				
Loans and financing	-	-	(74,489)	-
<b>Net exposure</b>	<u>-</u>	<u>1</u>	<u>(9,373)</u>	<u>3,328</u>

### 32.2.6. Criteria, assumptions and limitations used in calculating fair values

#### Fair value versus carrying amount

Os valores justos dos ativos e passivos financeiros, com os valores contábeis apresentados no balanço patrimonial, são os seguintes:

	Parent Company		Consolidated	
	2020 Fair value and book value	2019 Fair value and book value	2020 Fair value and book value	2019 Fair value and book value
<b>Assets</b>				
Cash and Cash Equivalents	-	1	65,116	3,328
Restricted financial investments	-	-	14,031	-
Accounts Receivable	-	-	78,707	-
<b>Total</b>	<u>-</u>	<u>1</u>	<u>157,854</u>	<u>3,328</u>
<b>Liabilities</b>				
Loans and financing	-	-	(74,177)	-
Commercial Leasing Operations	-	-	(4,676)	-
Suppliers	-	-	(28,619)	(151)
Forfeiting	-	-	(4,671)	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>(112,143)</u>	<u>(151)</u>

- Cash and cash equivalents - The rates used to calculate yield on the Company's cash and cash equivalents, at the end of the year, approximate their fair value for transactions of similar nature, term and risk, so that the carrying amounts of cash and cash equivalents approximate their market values.
- Trade receivables – Accounts receivable from customers are initially recognized at fair value and, subsequently, over the term, adjusted by the effective interest rate, considering the effects and recognition of the measurement of present value;
- Borrowings and financing – Borrowings and financing are contracted under market conditions and, therefore, the carrying amounts approximate their fair value for transactions of similar terms, source and risks;
- Commercial leasing operations - Operations are recognized at book value that reflects fair value;

- Trade Payables – Trade payables are recognized at a carrying amount that reflects the fair value, since they refer to short-term balances.
- Forfeiting – Operations are recognized at book value that reflects fair value.

### Fair Value Hierarchy

The fair value of a security corresponds to its maturity value (redemption value) brought to present value by the discount factor (referring to the security's maturity date) obtained from the market interest curve in Brazilian Reais.

CPC 40 (R1) and IFRS 7 require the classification based on a three-level hierarchy to measure the financial instruments at fair value, based on observable and unobservable information related to the financial instrument valuation on the measurement date.

The CPC 40 (R1) and the IFRS 7 also define observable information as market data obtained from independent sources and non-observable information as information that reflects market assumptions.

The three fair value hierarchy levels are:

- Level 1: Prices quoted (not adjusted) in an active market for identical instruments;
- Level 2: Observable information other than prices quoted in an active market that are observable for the asset or liability, directly (as prices) or indirectly (price derivatives);
- Level 3: Valuation techniques under which inputs to measure the fair value are not available.

Financial instruments measured at fair value are classified in the **Level 1** fair value hierarchy.

### 32.3. Impairment losses

We explain in Note No. 5 (accounts receivable from customers) the composition of the provision for expected losses on doubtful debts, according to Management's recoverability assessment.

### 32.4. Sensibility analysis

In accordance with CVM Instruction No. 475/2008, The Company and its subsidiaries conducted a sensitivity analysis of the main risks to which their financial instruments are exposed, basically represented by fluctuations in exchange and interest rates.

When exposure to risk is considered to be active, the risk to be considered is a reduction in the indexes linked due to a consequent negative impact on the Company's results. In the same measure, when exposure to risk is considered passive, the risk is an increase in the indexes linked to it also having a negative impact on the result. In this way, the Company and its subsidiaries are qualifying the risks through the net exposure of the variables (Dollar, CDI, IGP-M, IPCA, TJLP and Selic), as shown.

		Consolidated		
		Probable amount	Addition 25%	Addition 50%
Exchange rate				
	Accounts Receivable	18,584	4,646	9,292
	Suppliers	(24,328)	(6,082)	(12,164)
	Loans and financing	(312)	(78)	(156)
Impact on income			<u>(1,514)</u>	<u>(3,028)</u>
		Consolidated		
		Probable amount	Addition 25%	Addition 50%
Interest rate				
	Cash and Cash Equivalents	65,116	16,279	32,558
	Loans and financing	(74,489)	(18,622)	(37,245)
Impact on income			<u>(2,343)</u>	<u>(4,687)</u>

### 33. Insurance

The Company and its subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks for amounts considered sufficient to cover possible claims, considering the nature of its activity. The risk assumptions adopted by the Company, given their nature, are not part of the audit scope of the interim accounting information and, consequently, were not examined by the independent auditors.

### 34. Cash flow statement

Equity movements that do not affect the Company's cash flows are as follows:

	<u>Parent Company</u> <u>06/30/20</u>	<u>Consolidated</u> <u>06/30/20</u>
Increased investment with incorporation	(67,956)	(66,758)
Capital increase with equity interest	67,357	67,357
Currency Translation Adjustments	599	(599)

### 35. Events after the reporting period

On July 10, 2020, were approved by the Board of director Company'sn the new legal name of Company changing to Padtec Holding S.A. named before per Ideiasnet S.A. The trading code for shares in B3 was also changed and became PDTC3.

### 36. Explanation added to the translation for the English version

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

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