



## T4F Entretenimento S.A. 1Q20 Earnings Release

**T4F Entretenimento S.A.**  
B3: SHOW3

Closing on March 31, 2020: R\$2.00  
1Q20 Average Volume: 365 thousand  
(1.04% of the *free float*)  
Market Cap on March 31, 2020: R\$135.0  
million

Earnings Presentation through webcast  
<http://ri.t4f.com.br/>

**Date: May 18, 2020**

**English**

10:00 a.m. (US ET) | 11:00 a.m. (BR)

**Portuguese**

09:00 a.m. (US ET) | 10:00 a.m. (BR)

Sao Paulo, May 15, 2020 – T4F Entretenimento S.A. (“T4F” or “Company”) (B3: SHOW3), leading live entertainment company in South America, announces the revised results for the first quarter of 2020 (1Q20). The financial and operational information herein were prepared according to International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

## 1Q20 Highlights

- 11 events promoted and 37 thousand tickets sold;
- Net revenue of R\$32.5 million;
- Negative EBITDA of R\$5.1 million;
- Recurring expenses of R\$16.5 million;
- Cash position of R\$222.5 million and net cash of R\$58.9 million.

Financial Indicators (R\$ million)	1Q19	1Q20	Chg. %
Net Revenue	120.6	32.5	-73%
Events Promotion	86.3	6.5	-92%
Live Music	74.0	5.8	-92%
Family Events and Theater	12.1	0.1	-99%
Sports Events	0.1	0.6	323%
Ticketing, F&B and Venues Operation	15.4	11.8	-24%
Sponsorship	18.9	14.2	-25%
Events Promotion	15.9	11.8	-26%
Ticketing, F&B and Venues Operation	3.0	2.4	-20%
Cost	(101.1)	(26.4)	-74%
Gross Profit	19.5	6.1	-69%
Gross Margin (%)	16.2%	18.7%	2.5 p.p.
SG&A	(38.9)	(16.5)	-58%
Depreciation	3.9	5.4	38%
EBITDA	(8.1)	(5.1)	-37%
EBITDA Margin (%)	-6.7%	-15.6%	-8.9 p.p.
Adjusted EBITDA (excl. non-recurring effects) <sup>(1)</sup>	8.6	(5.1)	n.a.
Adjusted EBITDA Margin (excl. non-recurring effects) <sup>(1)</sup>	7.1%	-15.6%	-2267.8%
Financial Result	(25.7)	(3.6)	-86%
Net Result	(34.3)	(14.1)	-59%
Net Margin (%)	-28.4%	-43.4%	-14.9 p.p.
Net Financial Result (excl. non-recurring effects) <sup>(1)</sup>	(4.8)	(14.1)	196%
Net Margin (excl. non-recurring effects) <sup>(1)</sup>	-3.9%	-43.4%	-39.4 p.p.
Operational Indicators	1Q19	1Q20	Chg. %
<b>Live Music</b>			
Events Promoted	22	11	-50%
Tickets Sold (000)	232	37	-84%
Average Ticket Price (R\$)	315	169	-46%
<b>Family Events and Theater</b>			
Events Promoted	122	-	-100%
Tickets Sold (000)	97	-	-100%
Average Ticket Price (R\$)	134	-	-100%
<b>Total</b>			
Events Promoted	144	11	-92%
Tickets Sold (000)	329	37	-89%
Average Ticket Price (R\$)	262	169	-35%

<sup>(1)</sup> Excludes the following non-recurring effects: (I) Provision of R\$16.7 million as probable loss referring to the decision of the appellate court on the lawsuit against the Company in Argentina, are registered in “Other Operating Expenses”.

### **Message from the Management**

After a challenging year for the live entertainment market in Latin America, with operational performance below the expectations and yet aggravated by a series of non-recurring events that negatively impacted our business, the T4F started 2020 seeking to perform the Company's new agenda, established in accordance to the general restructuring initiated on the second semester of 2019.

Still at the turn of the year, we had a vast negotiation in progress that involved since the development of new festivals, process improvement for performance gains, enhancement of our pipeline events, besides the progress in our consolidation project, all allied with our strategic planning. We can cite as an example, the promotion of the new GRLS! Festival.

However, the effects from Covid-19 in our activities was immediate. The fast spread of the pandemic caused suspension in several sectors, weakening the global economy. In this context, we were forbidden to operate due to government and/or state decrees.

As a reflection of this scenario, we had a negative result in 1Q20 due to the postponement of Lollapalooza Festival to December, as well as other events and tours already booked, and postponement of opening sales of new concerts and festivals.

As a result of the reduction in our activities in the following months and deterioration of economy, the Company have implemented several measures in order to mitigate the negative impacts of the pandemic on our operations and results, such as:

- 30 % reduction on March in staff headcount;
- Suspension of employment contracts for 60 days to 17% of the remaining staff, as the Company is benefiting from the package of measures established by the Federal Government;
- Suspension of several recurring contracts, such as: generator maintenance, security, cleaning, among others;
- Introduction of new policy in accounts payable lengthening deadlines;
- Reduction/suspension of venues rental contracts;
- Focus on the preservation of our concert agenda by rescheduling it; and
- Renegotiation of debentures.

Reinforcing our commitment with the health and well-being of our employees, artists, agents, partners, and community, in accordance with the competent authorities the Company started the following action plans:

- Immediate adoption of the main recommendations of the Health World Organization and Ministry of Health;
- Adoption of home office policy for the employees.

The exact impact of Covid-19 pandemic in our future results are still uncertain given the unforeseeability of Covid-19's development in the market where we operate. As consequence, the next quarters will present a significantly low in our result as result of the suspension of our activities in our venues by undetermined period and the postponement opening sales of several contents.

In this context, we have developed 2 multidisciplinary committees: The first is focused on crises management and, the second one is focused on the identification and evaluation of new businesses opportunities, seeking the return of our operations.

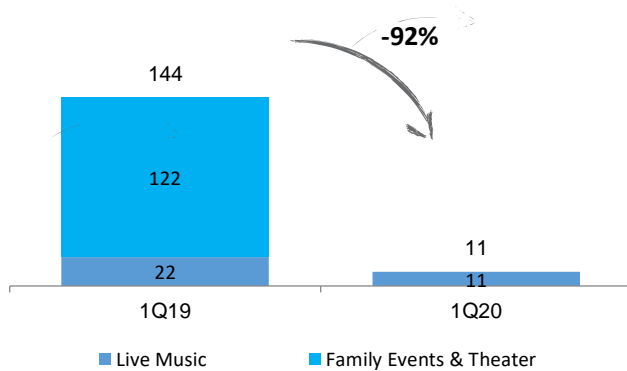
T4F, with its Crisis multidisciplinary Committee, reinforce that it is monitoring the pandemic development with the relevant authorities in order to implement additional measures, if its necessary. The Company is taking all necessary measures to prevent the Covid-19 spread, as well as ensure the business continuity.

**Fernando Alterio**  
**CEO**

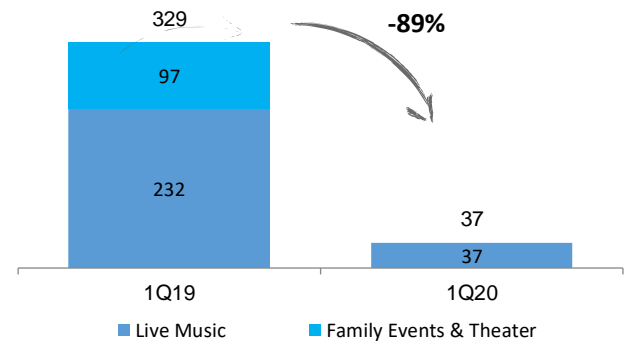
We report below comments on the financial statements related to the quarter ended on March 31, 2020 (1Q20). We recommend reading this material together with the Quarterly Financial Statements (“ITR”).

**Comments on the Consolidated Financial Performance**

**# Events**



**Tickets Sold (000)**



**Operating Indicators**

In 1Q20 we promoted 11 shows with 37 thousand tickets sold, down 92% and 89% from 1Q19, respectively.

In live music, we promoted 11 concerts with 37 thousand tickets sold. The number of events and tickets sold decreased 50% due to the postponement of 12 indoor concerts because of Covid-19 and the reduction of 84% in tickets sold in 1Q20 is a consequence of lower activity in outdoor segment. In 1Q19 we held Paul’s McCartney tour (4 concerts), which almost sold out, while in 1Q20 we promoted only the GRLS! Festival.

In family and theater, we did not present content in 1Q20 while in 1Q19 we promoted the musical The Phantom of the Opera, with 122 presentations and 97 thousand tickets sold.

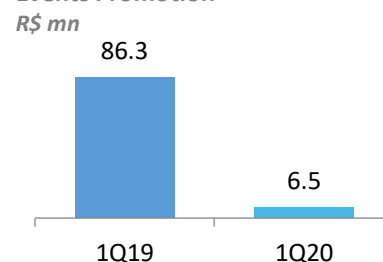
Net Revenue (R\$ million)	1Q19	1Q20	Chg. %
Events Promotion	86.3	6.5	-92%
Live Music	74.0	5.8	-92%
Family Events and Theater	12.1	0.1	-99%
Sports Events	0.1	0.6	323%
Ticketing, F&B and Venues Operation	15.4	11.8	-24%
Sponsorship	18.9	14.2	-25%
Events Promotion	15.9	11.8	-26%
Ticketing, F&B and Venues Operation	3.0	2.4	-20%
<b>TOTAL</b>	<b>120.6</b>	<b>32.5</b>	<b>-73%</b>
Events Promoted	144	11	-92%
Tickets Sold (000)	329	37	-89%
Average Ticket Price (R\$)	262	169	-35%

## Net Revenue

In 1Q20, net revenue totaled R\$32.5 million, down 73% from 1Q19.

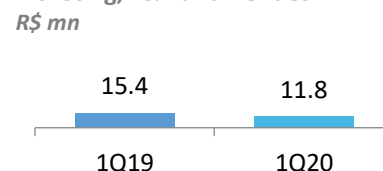
Net revenue in event promotion decreased 92% compared to 1Q19, reaching R\$6.5 million. The reduction in events promotion is due to the reduction in outdoor concerts in 1Q20, postponement of indoor concerts due to Covid-19 and the non-presentation of events in theater segment.

### Events Promotion



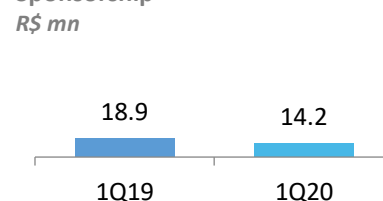
Net revenue of ticketing, F&B and venues operation decreased 24% in 1Q20, reaching R\$11.8 million, as a result of less activity in event promotion and opening sales.

### Ticketing, F&B and Venues



In sponsorship, net revenue decreased 25%, reaching R\$14.2 million. This result was affected by the postponement of Lollapalooza's Festival, and consequently, sponsorship recognition in the period.

### Sponsorship



### Gross Profit

Gross Profit (R\$ million)	1Q19	1Q20	Chg. %
Events Promotion	(1.4)	(6.2)	358%
Ticketing, F&B and Venues Operation	2.0	(1.9)	n.a.
Sponsorship	18.9	14.2	-25%
<b>Gross Result</b>	<b>19.5</b>	<b>6.1</b>	<b>-69%</b>
<i>Gross Margin (%)</i>	<i>16.2%</i>	<i>18.7%</i>	<i>2.5 p.p.</i>

Gross profit reached R\$6.1 million in 1Q20 versus R\$19.5 million in 1Q19, impacted by the facts explained above.

### Operating Expenses (Revenue)

SG&A (R\$ million)	1Q19	1Q20	Chg. %
Sales	(0.4)	(0.5)	38%
General and Administrative	(11.6)	(13.3)	15%
Management Compensation	(1.3)	(2.3)	79%
<b>SG&amp;A</b>	<b>(13.3)</b>	<b>(16.2)</b>	<b>22%</b>
<i>% Total/Net Revenue</i>	<i>11.0%</i>	<i>49.8%</i>	<i>38.7 p.p.</i>
Other Results with Investments	(7.4)	-	-100%
Other Operating Revenues (Expenses)	(18.2)	(0.3)	-98%
<b>Total</b>	<b>(38.9)</b>	<b>(16.5)</b>	<b>-58%</b>
<i>% Total/Net Revenue</i>	<i>32.3%</i>	<i>50.8%</i>	<i>18.5 p.p.</i>

The SG&A expenses increased by 22% in the period due to cost of rescission agreements with employees realized on March, as well as company's administrative restructuring occurred during the second semester of 2019. Total Operating Expenses reduced 58% compared to 1Q19 due to non-recurring effects in 1Q19: (i) write-off liability regarding to the termination of the agreement with Bizarro in Chile presented in "Other Results with Investments", and (ii) provision of R\$16.7 million as probable loss referring to the decision of the appellate court on the lawsuit against the Company in Argentina, are registered in "Other Operating Expenses".

**EBITDA**

EBITDA Reconciliation (R\$ million)	1Q19	1Q20	Chg. %
Net Result	(34.3)	(14.1)	-59%
(+) Income Tax and Social Contribution	(10.8)	0.1	n.a.
(+) Net Financial Result	25.7	3.6	-86%
(+) Other Results with Investments	7.4	-	n.a.
(+) Depreciation	3.9	5.4	38%
=EBITDA	(8.1)	(5.1)	-37%
<i>EBITDA Margin (%)</i>	<i>-6.7%</i>	<i>-15.6%</i>	<i>-8.9 p.p.</i>
Adjusted EBITDA (excl. non-recurring effects) <sup>(1)</sup>	8.6	(5.1)	n.a.
<i>Adjusted EBITDA Margin (%) (excl. non-recurring effects)<sup>(1)</sup></i>	<i>7.1%</i>	<i>-15.6%</i>	<i>-22.7 p.p.</i>

Consequently, EBITDA in 1Q20 was negative in R\$5.1 million versus adjusted EBITDA of R\$8.6 million in 1Q19 (excluding non-recurring effect related to provision as probable loss referring to the decision of the appellate court on the lawsuit against the Company in Argentina).

**Financial Result**

Financial Result (R\$ million)	1Q19	1Q20	Chg. %
Financial Income	3.0	2.2	-27%
Interest Income	0.4	0.6	54%
Income over Financial Investments	2.2	0.5	-75%
Others	0.4	1.0	160%
Financial Expenses	(9.4)	(7.4)	-22%
Interest Cost	(1.0)	(0.1)	-88%
Interests with Borrowings - Debentures	(2.3)	(1.7)	-27%
Tax on Financial Transactions	(0.5)	(0.3)	-42%
Others	(5.6)	(5.3)	-7%
Financial Income - Financial Expenses	(6.4)	(5.2)	(0.2)
Exchange and Monetary Variations	(19.3)	1.6	n.a.
Exchange Variation	(0.2)	2.2	n.a.
Monetary Variation	(19.1)	(0.6)	-97%
Net Financial Result	(25.7)	(3.6)	-86%

In 1Q20, net financial result was negative in R\$3.6 million, versus negative result of R\$25.7 million in 1Q19, due mainly to:

- (i) Accounting adjustment of hyperinflation in Argentina with net negative impact of R\$1.2 million, of which R\$2.2 million were registered in other financial expenses and R\$1.0 million as a positive effect in other financial income; and
- (ii) Non-recurring effect in 1Q19 of the provision of R\$17.3 million related to interest on arrears of the lawsuit in Argentina, which is registered in "Monetary Variation".

### Net Result

Net Result (R\$ million)	1Q19	1Q20	Chg. %
Result Before Taxes	(45.1)	(14.0)	-69%
(-) Income Tax and Social Contribution (Current)	(0.0)	(0.4)	3682%
(-) Income Tax and Social Contribution (Deferred)	10.8	0.3	-97%
<b>Net Result</b>	<b>(34.3)</b>	<b>(14.1)</b>	<b>-59%</b>
<i>Net Margin (%)</i>	<i>-28.4%</i>	<i>-43.4%</i>	<i>-14.9 p.p.</i>
<b>Net Result (excl. non-recurring effects)<sup>(1)</sup></b>	<b>(4.8)</b>	<b>(14.1)</b>	<b>196%</b>
<i>Net Margin (%) (excl. nonrecurring effects)<sup>(1)</sup></i>	<i>-3.9%</i>	<i>-43.4%</i>	<i>-39.4 p.p.</i>

Consequently, the quarter ended on March 31, 2020, posted net loss of R\$14.1 million versus net loss of R\$34.3 million in 1Q19. Excluding the non-recurring effects, we registered net loss of R\$4.8 million in 1Q19.

### Working Capital

Working Capital (R\$ million)	1Q19	4Q19	1Q20	Var. % (1Q20/4Q19)	Var. % (1Q20/1Q19)
Current Assets	166.2	145.9	154.3	6%	-7%
Current Liabilities	194.3	169.9	194.7	15%	0%
<b>Net Working Capital</b>	<b>(28.1)</b>	<b>(24.0)</b>	<b>(40.4)</b>	<b>68%</b>	<b>44%</b>

We ended 1Q20 with negative working capital of R\$40.4 million, versus R\$28.1 million in 1Q19 and R\$24.0 million in 4Q19. Anticipated costs registered a more apparent increase in 1Q20 compared to last quarter of 2019 – costs incurred with concerts, as caches and production costs. Our major expenditures are related to advance in cache, mainly with Lollapalooza and Taylor Swift, and values equals to, respectively, R\$11.4 million and R\$8.6 million.

### Cash and Indebtedness

Cash and Indebtedness (R\$ million)	1Q19	4Q19	1Q20	Var. % (1Q20/4Q19)	Var. % (1Q20/1Q19)
Operating Cash Flow	64.2	(13.1)	13.0	n.a.	-80%
Investment Cash Flow	(3.4)	(0.1)	(0.4)	266%	-87%
Financing Cash Flow	(8.3)	(8.3)	(4.7)	-44%	-44%
Exchange Variance	6.4	(4.8)	4.9	n.a.	-23%
<b>Increase (Reduction) in Cash and Equivalents</b>	<b>58.9</b>	<b>(26.3)</b>	<b>12.9</b>	<b>n.a.</b>	<b>-78%</b>
<b>Balance in Cash and Financial Investments</b>	<b>260.9</b>	<b>209.7</b>	<b>222.5</b>	<b>6%</b>	<b>-15%</b>
Borrowings and Financing - Short Term	12.9	52.6	58.2	11%	351%
Borrowings and Financing - Long Term	145.0	103.4	105.4	2%	-27%
<b>Total Indebtedness</b>	<b>157.8</b>	<b>156.1</b>	<b>163.6</b>	<b>5%</b>	<b>4%</b>
<b>Net Cash (Debt)</b>	<b>103.0</b>	<b>53.6</b>	<b>58.9</b>	<b>10%</b>	<b>-43%</b>

We ended 1Q20 with R\$222.5 million in cash and financial investments versus R\$260.9 million in 1Q19 and R\$209.7 million in 4Q19:



- Operating cash: we generated R\$13.0 million as a result of anticipated receipt of sponsorship and low cash consumption, given that we promote lower number of outdoor events in the period;
- Investments: we spent R\$0.4 million in maintenance capex;
- Financing: we spent R\$4.2 million on the payment of lease liabilities related to long term rental contracts of our venues and R\$0.4 million with related parties.

It should be noted that, as of January 1<sup>st</sup>, 2019, the new standard CPC 06 / IFRS16 removes the distinction between operating and financial leases and requires the recognition of an asset (rights-of-use assets) and a related financial liability as rent payments for virtually all lease agreements. For this reason, borrowings and financing now reflect our lease agreements with a maturity of more than 12 months.

We thus concluded 1Q20 with (i) total indebtedness of R\$163.6 million (+4% vs. 1Q19) and (ii) net cash of R\$58.9 million (-43% vs. 1Q19).

## Events Pipeline

The events Pipeline will be constantly reviewed accordingly to the pandemic facts and the protocols adopted by the relevant authorities:

- **Live Music**

### *Outdoor*

On December we will promote the 9<sup>th</sup> edition of the Lollapalooza Brazil Festival with Guns n' Roses, Travis Scott and The Strokes.

### *Indoor*

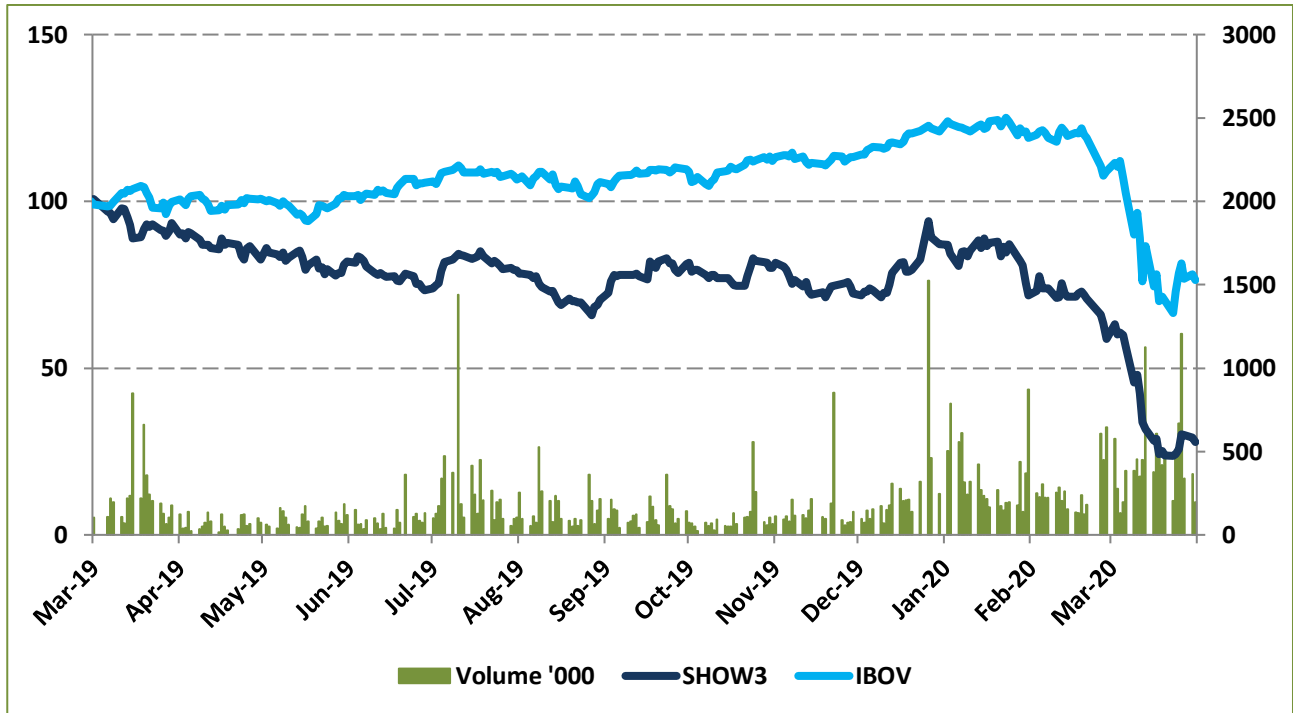
In indoor music, we have already booked around 40 concerts for 2H20 including important international and national artists like: McFly, Maria Bethânia, Jorge & Mateus, Bruno & Marrone, Ney Matogrosso and Fabio Júnior.

- **Sports Events**

From July we should begin Stock Car and Stock Light championship.

### SHOW3 Performance

As is common knowledge, our industry was the first to stop and has to be the one of the last to to continue their services, which represented a decrease in our shares: 68% YTD and of 72.1% in the last 12 months, with reference to SHOW3 closing price on March 31, 2020 of R\$2.0.



## Income Statement

(R\$ 000)

	1Q19	1Q20
<b>NET OPERATING REVENUE</b>	<b>120,604</b>	<b>32,493</b>
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(101,066)	(26,416)
<b>GROSS PROFIT</b>	<b>19,538</b>	<b>6,077</b>
OPERATING INCOME (EXPENSES)		
Sales	(387)	(533)
General and administrative	(11,623)	(13,341)
Management compensation	(1,279)	(2,295)
Other results with investments		
Other operating income (expenses), net	(18,220)	(338)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME</b>	<b>(19,396)</b>	<b>(10,430)</b>
FINANCIAL RESULT		
Financial expenses	(9,401)	(7,355)
Financial income	2,982	2,188
Net exchange rate and monetary variation	(19,273)	1,598
<b>OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(45,088)</b>	<b>(13,999)</b>
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(11)	(416)
Deferred	10,814	325
<b>NET RESULT</b>	<b>(34,285)</b>	<b>(14,090)</b>

	LTM (Apr/18 - Mar/19)	LTM (Apr/19 - Mar/20)
<b>NET OPERATING REVENUE</b>	<b>524,640</b>	<b>305,583</b>
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(443,200)	(262,470)
<b>GROSS PROFIT</b>	<b>81,440</b>	<b>43,113</b>
OPERATING INCOME (EXPENSES)		
Sales	(1,176)	(1,439)
General and administrative	(53,173)	(65,638)
Management compensation	(8,619)	(8,774)
Other Results with Investments	(7,425)	(918)
Other operating income (expenses), net	(12,869)	(4,994)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME</b>	<b>(1,822)</b>	<b>(38,650)</b>
FINANCIAL RESULT		
Financial expenses	(28,393)	(29,658)
Financial income	10,421	11,442
Net exchange rate and monetary variation	(10,844)	2,347
<b>OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>(30,638)</b>	<b>(54,519)</b>
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	62	(1,104)
Deferred	2,059	4,040
<b>NET RESULT</b>	<b>(28,517)</b>	<b>(51,583)</b>

## Balance Sheet

(R\$ 000)

ASSETS	1Q19	4Q19	1Q20
<b>CURRENT</b>			
Cash and Cash Equivalent	255,869	204,649	217,506
Financial Investments	5,000	5,001	5,001
Restricted Cash	2,676	-	-
Accounts Receivables	75,117	76,909	49,580
Inventories	1,301	1,223	1,064
Recoverable Taxes	16,712	19,228	23,712
Advances to Suppliers	11,092	6,599	7,317
Anticipated Costs	57,063	36,614	70,960
Other Receivables	4,918	5,291	1,622
<b>Total Current Assets</b>	<b>429,748</b>	<b>355,514</b>	<b>376,762</b>
<b>NON-CURRENT</b>			
Deferred Income Tax and Social Contribution	61,373	62,529	63,774
Judicial Deposits	10,810	10,179	10,244
Anticipated Costs	15,387	11,572	11,540
Related Parties	15,448	8,509	9,052
<b>Total Long Term Assets</b>	<b>103,018</b>	<b>92,789</b>	<b>94,610</b>
Fixed Assets (Property, Plant and Equipment)	49,968	47,823	14,235
Right of Use Assets	-	-	38,995
Intangible:			
Goodwill on investments acquisition	127,676	123,767	127,645
Other intangibles	2,752	3,381	3,199
<b>Total Non-Current Assets</b>	<b>283,414</b>	<b>267,760</b>	<b>278,684</b>
<b>TOTAL ASSETS</b>	<b>713,162</b>	<b>623,274</b>	<b>655,446</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1Q19</b>	<b>4Q19</b>	<b>1Q20</b>
<b>CURRENT</b>			
Suppliers	59,485	42,330	40,667
Borrowings, financing and debentures	12,891	52,627	42,850
Lease Liabilities	-	-	15,325
Payroll, Provisions and Social Contributions	2,853	6,676	7,182
Taxes Payable	16,095	4,467	4,172
Advances from Clients	105,103	107,551	137,706
Sponsorships - Culture Incentive Law (Rouanet Act)	1,061	-	-
Dividends Payable	2,001	-	-
Other Payables	7,732	8,855	4,945
<b>Total Current Liabilities</b>	<b>207,221</b>	<b>222,506</b>	<b>252,847</b>
<b>NON-CURRENT</b>			
Borrowings, financing and debentures	144,955	103,435	80,000
Lease Liabilities	-	-	25,396
Provision for Tax, Civil and Labor Contingencies	43,420	19,320	21,563
Deferred Income Tax and Social Contribution	159	478	1,109
Taxes Payable	5,247	911	849
Other Payables	829	-	-
<b>Total Non-Current Liabilities</b>	<b>194,610</b>	<b>124,144</b>	<b>128,917</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital Stock	243,022	243,022	243,022
Costs with Shares Issuance	(9,665)	(9,665)	(9,665)
Capital Reserve	6,237	(782)	(782)
Revaluation Reserve	732	584	544
Earnings Retention Reserve	44,179	10,992	(2,765)
Treasury Stocks	(2,131)	(2,131)	(2,131)
Comprehensive Results	28,798	35,447	46,918
<b>Controlling Shareholders' Stake</b>	<b>311,172</b>	<b>277,467</b>	<b>275,141</b>
Non-controlling Interests in Equity of Subsidiaries	159	(843)	(1,459)
<b>Total Consolidated Shareholders' Equity</b>	<b>311,331</b>	<b>276,624</b>	<b>273,682</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>713,162</b>	<b>623,274</b>	<b>655,446</b>

## Cash Flow

(R\$ 000)

	1Q19	4Q19	1Q20
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the period	4,855	(6,039)	(14,090)
Adjustments to reconcile profit for the period to net cash provided by (used in) generated by operating activities:			
Depreciation and amortization	1,502	5,148	5,376
Result on the merger of the subsidiary company Aurolights	-	-	-
Residual value of property, plant and equipment written-off	(308)	554	161
Deferred income tax and social contribution	(17)	2,849	(325)
Financial charges and exchange differences on balances with subsidiaries, financing, borrowings and taxes payable	(731)	3,834	7,313
Share-based payments	452	1,966	-
Recognition (reversal) of tax, civil and labor contingencies	2,939	(29,230)	(329)
Constitution (reversal) of allowance for doubtful accounts	(18)	3,942	(130)
(Increase) Decrease in operating assets and liabilities:			
Trade accounts receivables	40,466	(6,602)	27,947
Inventories	52	11	240
Recoverable taxes	(739)	309	(3,516)
Advances to suppliers	(3,077)	(61)	(616)
Other receivables	(4,702)	(256)	4,389
Escrow deposits	212	(41)	(40)
Prepaid expenses	2,184	(21,570)	(34,314)
Trade payables	47,242	(7,711)	(2,728)
Taxes payable	12,925	111	(614)
Accrued payroll and related taxes	1,612	728	351
Advances from customers	(73,966)	46,004	28,578
Payments of tax, civil and labor lawsuits	(435)	(279)	8
Other payables	21,281	(4,369)	(4,632)
Payments of income tax and social contribution	-	(2,039)	-
Lease payments - interest	-	(2,164)	-
<b>Cash generated by (used in) operating activities</b>	<b>51,729</b>	<b>(13,134)</b>	<b>13,029</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial Investments	-	(1)	-
Goodwill on acquisition of investments	-	2,001	-
Acquisition of property, plant and equipment and intangible assets	(412)	(2,117)	(428)
Acquisition of interests in subsidiary Aurolights	-	-	-
Acquisition of interests in subsidiary Vicar	-	-	-
Capital increase in subsidiaries	-	-	-
<b>Net cash generated y (used in) investing activities</b>	<b>(412)</b>	<b>(117)</b>	<b>(428)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital Increase	-	-	-
Acquisition of own shares	(744)	-	-
Related parties	3,085	(10)	(434)
Payment of dividends	-	-	-
Issuance of Debentures	-	-	-
Borrowings and financing	-	-	-
Payment of borrowings and financing	-	-	-
Payment of debentures - principal	(8,333)	(8,855)	-
Payment of debentures - interests	(1,140)	4,203	-
Lease payments - principal	-	(3,639)	(4,231)
Lease payments - interest	-	-	-
<b>Net cash generated by (used in) financing activities</b>	<b>(7,132)</b>	<b>(8,301)</b>	<b>(4,665)</b>
Exchange Variance on Cash and Cash Equivalents	791	(4,781)	4,921
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>44,976</b>	<b>(26,333)</b>	<b>12,857</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents av beginning of period	198,015	230,982	204,649
Cash and cash equivalents av end of period	242,991	204,649	217,506
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>44,976</b>	<b>(26,333)</b>	<b>12,857</b>