



T4f
TIME FOR FUN



T4F Entretenimento S.A. 2Q20 Earnings Release

T4F Entretenimento S.A.
B3: SHOW3

Closing on June 30, 2020: R\$2.63

2Q20 Average Volume: 881 thousand (2.50% of the free float)

Market Cap on June 30, 2020: R\$177.5 million

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

Date: August 13, 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, August 12, 2020 – T4F Entretenimento S.A. (“T4F” or “Company”) (B3: SHOW3), leading live entertainment company in South America, announces the revised results for the second quarter of 2020 (2Q20). The financial and operational information herein were prepared according to International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

2Q20 Highlights

- Cash maintenance: gross cash balance of R\$217.9 million and net cash of R\$57.2 million, reduction of only R\$4.6 million in gross cash balance and R\$1.7 million in net cash, compared to 1Q20;
- Reduction of 36% on recurring expenses in comparison with 2Q19;
- 50 events rescheduled with 327 thousand tickets sold;
- Increase of liquidity of our shares, which, in comparison between 2Q20 and 2Q19, increased 10 times reaching 2.5% of the free float; and
- Beginning of Stock Car and Stock Light categories at the end of July.

Financial Indicators (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Net Revenue	253.0	35.1	-86%	132.4	2.6	-98%
Events Promotion	168.3	6.5	-96%	82.0	(0.0)	-100%
Live Music	143.7	5.8	-96%	69.7	(0.0)	-100%
Family Events and Theater	22.1	0.1	-100%	10.0	0.0	-100%
Sports Events	2.5	0.6	-76%	2.3	0.0	-100%
Ticketing, F&B and Venues Operation	36.9	12.9	-65%	21.5	1.1	-95%
Sponsorship	47.8	15.7	-67%	28.9	1.5	-95%
Events Promotion	41.7	13.1	-69%	25.7	1.3	-95%
Ticketing, F&B and Venues Operation	6.2	2.6	-57%	3.2	0.3	-92%
Cost	(237.5)	(35.3)	85%	(136.4)	(8.9)	93%
Gross Profit	15.5	(0.2)	-101%	(4.0)	(6.3)	-56%
Gross Margin (%)	6.1%	-0.6%	-6.7 p.p.	-3.0%	-236.9%	-233.9 p.p.
SG&A	(57.5)	(31.1)	46%	(18.6)	(14.6)	21%
Depreciation	7.8	10.8	38%	3.9	5.4	38%
EBITDA	(27.7)	(20.6)	26%	(19.6)	(15.5)	21%
EBITDA Margin (%)	-10.9%	-58.5%	-47.6 p.p.	-14.8%	-585.5%	-570.7 p.p.
Adjusted EBITDA (excl. non-recurring effects) ⁽¹⁾	(10.1)	(20.6)	-103%	(18.7)	(12.2)	35%
Adjusted EBITDA Margin (excl. non-recurring effects) ⁽¹⁾	-4.0%	-58.5%	-54.5 p.p.	-14.1%	-460.9%	-446.8 p.p.
Financial Result	(26.3)	(8.5)	68%	(0.6)	(4.9)	-725%
Net Result	(52.5)	(39.7)	24%	(18.2)	(25.6)	-41%
Net Margin (%)	-20.8%	-113.1%	-92.3 p.p.	-13.8%	-968.3%	-954.6 p.p.
Net Financial Result (excl. non-recurring effects) ⁽¹⁾	(11.3)	(39.7)	-251%	(18.2)	(22.3)	-23%
Net Margin (excl. non-recurring effects) ⁽¹⁾	-4.5%	-113.1%	-108.6 p.p.	-13.8%	-843.7%	-829.9 p.p.
Operational Indicators	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Total						
Events Promoted	281	11	-96%	137	-	-100%
Tickets Sold (000)	717	37	-95%	388	-	-100%
Average Ticket Price (R\$)	234	169	-28%	210	-	-100%

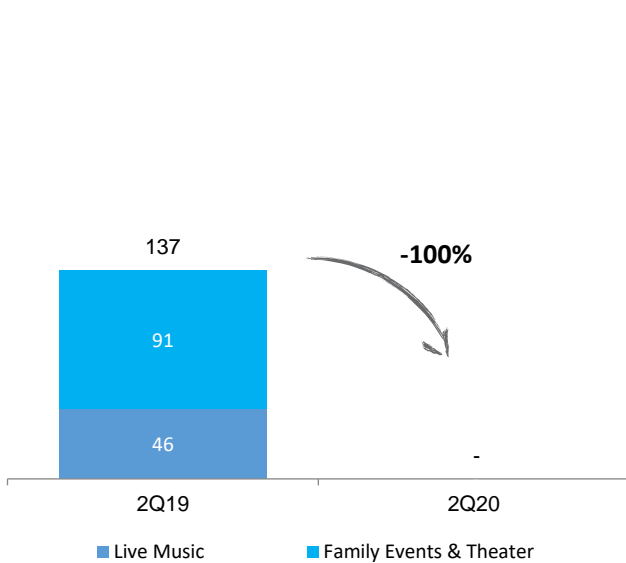
⁽¹⁾ In 1H19, the non-recurring effects were: (i) provision of US\$8.8 million as probable loss referring to the decision of the appellate court on the lawsuit against the Company in Argentina, of which US\$3.5 million plus procedural expenses are registered in “Other Operating Expenses” and the amount of interest on arrears is registered in “Monetary Variation”, and (ii) Write-off related to the termination of the agreement with Bizarro in Chile in the amount of R\$6.5 million, recorded under “Other Results with Investments”. In 2Q19, there were a reversal of R\$0.9 million related to the end of the agreement with Bizarro and inflation adjustment equivalent to R\$0.9 million in the provision for lawsuit in Argentina. The net result excluding non-recurring effects does not include any impacts on income tax and social contribution.

⁽²⁾ In 2Q20, the non-recurring effects were related to provisions for contingencies in R\$3.3 million, being (i) R\$1.7million civil lawsuit assessment from Procon about the follow content: Blue Man Group in 2009 and Metallica in 2010; and (ii) R\$1.3 million associated to labor suits in Metropolitan.

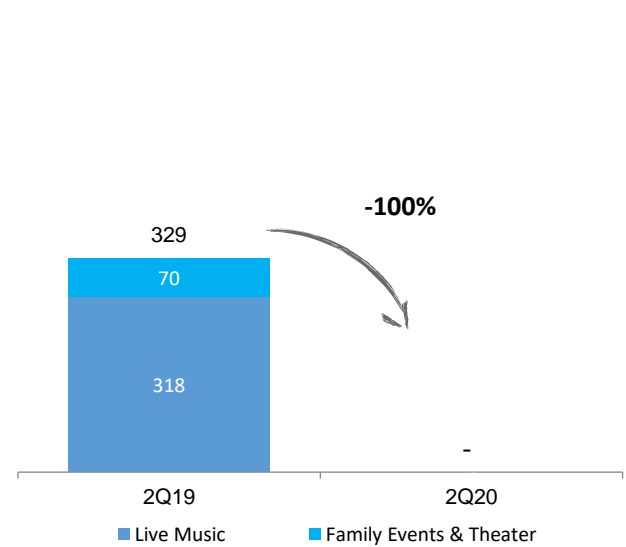
We report below comments on the financial statements related to the quarter ended on June 30, 2020 (2Q20). We recommend reading this material together with the Quarterly Financial Statements (“ITR”).

Comments on the Consolidated Financial Performance

Events



Tickets Sold (000)



Operating Indicators

As a result of the Covid-19 pandemic and legal restrictions imposed to our sector, we did not promote any live music events in this quarter. Therefore, the comparability of numbers becomes distorted, harming some analysis.

In live music, from events pipeline in 2Q20 before the operation break there were schedule 39 concerts with 214 thousand tickets sold, highlighting Lollapalooza 2020 Festival. As informed previously, almost all events initially scheduled for this quarter were rescheduled. In 2Q19 we presented only the Lollapalooza 2019 Festival.

For family and theater, we presented in 2Q19 Broadway original musical The Phantom of the Opera, with 91 presentations and 70 thousand tickets sold, while in 2Q20 we did not promote theaters events due to Covid-19 pandemic.

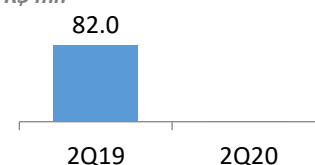
With the impossibility to operate live events, this quarter the Company begin to promote live streaming events. Highlight for the live concert of Jota Quest and Home Hour Popload Festival featuring Emicida, Tulipa Ruiz, Duda Beat among others, that also included interview with artists, content with woman bartender and advices to responsible consumption of alcoholic beverages.

Net Revenue

Net Revenue (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Events Promotion	168.3	6.5	-96%	82.0	(0.0)	-100%
Live Music	143.7	5.8	-96%	69.7	(0.0)	-100%
Family Events and Theater	22.1	0.1	-100%	10.0	0.0	-100%
Sports Events	2.5	0.6	-76%	2.3	0.0	-100%
Ticketing, F&B and Venues Operation	36.9	12.9	-65%	21.5	1.1	-95%
Sponsorship	47.8	15.7	-67%	28.9	1.5	-95%
Events Promotion	41.7	13.1	-69%	25.7	1.3	-95%
Ticketing, F&B and Venues Operation	6.2	2.6	-57%	3.2	0.3	-92%
TOTAL	253.0	35.1	-86%	132.4	2.6	-98%
Events Promoted	281	11	-96%	137	-	-100%
Tickets Sold (000)	717	37	-95%	388	-	-100%
Average Ticket Price (R\$)	234	169	-28%	210	-	-100%

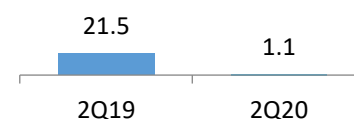
In this context, the revenue of R\$2.6 million is mainly due to ticketing and sponsorship.

Events Promotion
R\$ mn



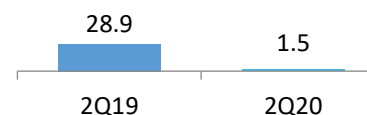
Net revenue from the box office operation, A&B and venues, reached R \$ 1.1 million in 2Q20, 95% lower than that recorded in the same period of the previous year. In view of the lack of content in this quarter, revenue basically includes the recognition of operating revenue from tickets sold in the period.

Ticketing, F&B and Venues
R\$ mn



Net revenue of sponsorship totaled R\$1.5 million in 2Q20, 95% lower the same period in 2019. While in 2Q20 there we recognize the revenues from Lollapalooza Festival, in 2Q20 we had only the sponsorships of live streaming events and part of the naming rights of the venues in April.

Sponsorship
R\$ mn



Gross Profit

Gross Profit (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Events Promotion	(39.7)	(6.0)	85%	(38.3)	0.2	101%
Ticketing, F&B and Venues Operation	7.4	(9.9)	-235%	5.4	(8.0)	-249%
Sponsorship	47.8	15.7	-67%	28.9	1.5	-95%
Gross Result	15.5	(0.2)	-101%	(4.0)	(6.3)	-56%
<i>Gross Margin (%)</i>	<i>6.1%</i>	<i>-0.6%</i>	<i>-6.7 p.p.</i>	<i>-3.0%</i>	<i>-236.9%</i>	<i>-233.9 p.p.</i>

Gross profit was negative in R\$6.3 million in 2Q20 versus negative in R\$4.0 million in 2Q19.

In 2020 we registered venue's maintenance fixed costs and live streaming event's costs performed during this quarter whereas in 2019 the result was negatively affected by Lollapalooza Festival. We remember that, according to the particularities in the process in our result's recognition, part of the event revenue was registered in advance.

Operating Expenses (Revenue)

SG&A (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Sales	(0.7)	(0.6)	8%	(0.3)	(0.1)	75%
General and Administrative	(26.7)	(22.6)	15%	(15.0)	(9.3)	38%
Management Compensation	(3.9)	(4.3)	-12%	(2.6)	(2.0)	21%
SG&A	(31.2)	(27.6)	11%	(17.9)	(11.4)	36%
Other Operating Revenues (Expenses)	(19.9)	(3.5)	82%	(1.6)	(3.2)	-95%
Total	(57.5)	(31.1)	46%	(18.6)	(14.6)	21%
<i>% Total/Net Revenue</i>	<i>22.7%</i>	<i>88.6%</i>	<i>65.9 p.p.</i>	<i>14.0%</i>	<i>552.4%</i>	<i>538.3 p.p.</i>

Our SG&A decreased 36% in the period due to: (i) staff headcount reduction; (ii) suspension in recurring contracts based on the Provisional Measure 937; (iii) renegotiation and/or suspension of some service contracts.

The total of Other Operating Expenses increased 95% compared to 2Q19 mainly due to registers of contingences calculated at R\$3.3 million, whose loss prognosis was amended to probable. Of this value, about R\$1.7 million are related to civil lawsuits from 2009 and 2010, and R\$1.3 million from Metropolitan's labor processes.

Comparing the semesters, there was a reduction in total expenses in order of R\$26.4 million, due to the provision as probable loss referring to decision of the appellate court on the lawsuit against the Company in Argentina stated in "Other operating expenses" of R\$17.6 million, appropriated to the result in the first half of 2019.

EBITDA

EBITDA Reconciliation (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Net Result	(52.5)	(39.7)	24%	(18.2)	(25.6)	-41%
(+) Income Tax and Social Contribution	(15.8)	(0.1)	99%	(5.0)	(0.2)	96%
(+) Net Financial Result	26.3	8.5	-68%	0.6	4.9	725%
(+) Other Results with Investments	6.5	-	-100%	(0.9)	-	100%
(+) Depreciation	7.8	10.8	38%	3.9	5.4	38%
=EBITDA	(27.7)	(20.6)	26%	(19.6)	(15.5)	21%
<i>EBITDA Margin (%)</i>	<i>-10.9%</i>	<i>-58.5%</i>	<i>-47.6 p.p.</i>	<i>-14.8%</i>	<i>-585.5%</i>	<i>-570.7 p.p.</i>
Adjusted EBITDA (excl. non-recurring effects) ⁽¹⁾	(10.1)	(20.6)	-103%	(18.7)	(12.2)	35%
<i>Adjusted EBITDA Margin (%) (excl. non-recurring effects)⁽¹⁾</i>	<i>-4.0%</i>	<i>-58.5%</i>	<i>-54.5 p.p.</i>	<i>-14.1%</i>	<i>-460.9%</i>	<i>-446.8 p.p.</i>

Consequently, EBITDA in 2Q20 was negative in R\$15.5 million versus negative EBITDA of R\$19.6 million in 2Q19 (excluding non-recurring effect related to provisions of contingencies), the adjusted EBITDA was negative R\$12.2 million versus negative of R\$18.7 million, respectively.

Financial Result

Financial Result (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Financial Income	6.3	2.7	-57%	3.7	1.5	-60%
Interest Income	1.8	0.5	-72%	1.4	(0.1)	-109%
Income over Financial Investments	4.4	2.1	-52%	2.2	1.6	-30%
Others	0.1	0.1	-15%	0.0	0.0	-12%
Financial Expenses	(8.7)	(8.0)	8%	(4.9)	(2.8)	43%
Interest Cost	(1.2)	(0.2)	86%	(0.2)	(0.0)	81%
Interests with Borrowings - Debentures	(4.7)	(3.1)	33%	(2.3)	(1.4)	40%
Tax on Financial Transactions	(1.1)	(0.5)	55%	(0.6)	(0.2)	65%
Others	(1.8)	(4.3)	-143%	(1.7)	(1.2)	34%
Financial Income - Financial Expenses	(2.4)	(5.3)	-121%	(1.3)	(1.4)	-8%
Exchange and Monetary Variations	(23.9)	(3.2)	87%	0.7	(3.6)	-642%
Exchange Variation	(0.7)	1.2	274%	(0.5)	(1.1)	-115%
Monetary Variation	(17.6)	(0.8)	96%	1.5	(0.1)	-108%
Hiperinflation Variation	(5.6)	(3.6)	36%	(0.3)	(2.4)	-689%
Net Financial Result	(26.3)	(8.5)	68%	(0.6)	(4.9)	-725%

In 2Q20, net financial result was negative in R\$4.9 million, versus negative result of R\$0.6 million in 2Q19, due mainly to:

- (i) Accounting adjustment of hyperinflation in Argentina with net negative impact of R\$2.4 million, of which R\$3.7 million were registered in other financial expenses and R\$1.3 million as a positive effect in other financial income;
- (ii) Reduction in Income over Financial Investments due to the interest reduction impact; and
- (iii) Exchange variation the dollar amount, with high increase during the quarter, and intercompany exchange variation related to loans held in operations abroad.

It is worthy to note that in 1H19, the financial result was impacted by the non-recurring effect of the provision related to the arrears interest on the lawsuit in Argentina in the amount of R\$17.3 million registered under Monetary Variation.

Net Result

Net Result (R\$ million)	1H19	1H20	Chg. %	2Q19	2Q20	Chg. %
Result Before Taxes	(68.3)	(39.8)	42%	(23.2)	(25.8)	-11%
(-) Income Tax and Social Contribution (Current)	(0.8)	(0.7)	15%	(0.8)	(0.3)	66%
(-) Income Tax and Social Contribution (Deferred)	16.6	0.8	-95%	5.8	0.5	-92%
Net Result	(52.5)	(39.7)	24%	(18.2)	(25.6)	-41%
<i>Net Margin (%)</i>	<i>-20.8%</i>	<i>-113.1%</i>	<i>-92.3 p.p.</i>	<i>-13.8%</i>	<i>-968.3%</i>	<i>-954.6 p.p.</i>
Net Result (excl. non-recurring effects)⁽¹⁾	(11.3)	(39.7)	-251%	(18.2)	(22.3)	-23%
<i>Net Margin (%) (excl. nonrecurring effects)⁽¹⁾</i>	<i>-4.5%</i>	<i>-113.1%</i>	<i>-108.6 p.p.</i>	<i>-13.8%</i>	<i>-843.7%</i>	<i>-829.9 p.p.</i>

Due to the recent results and tax credits volume registered in balance sheet, the Company opted to not registered income tax and social contribution deferred until we have greater clarity about the resumption of operations.

Consequently, the quarter ended on June 30, 2020, posted net loss of R\$25.6 million.

Working Capital

Working Capital (R\$ million)	2Q19	1Q20	2Q20	Var. % (2Q20/1Q20)	Var. % (2Q20/2Q19)
Current Assets	96.7	154.3	136.6	-11%	41%
Current Liabilities	104.2	194.7	180.4	-7%	73%
Dividends Payable	(7.5)	(40.4)	(43.8)	-8%	-482%

In 2Q20 was presented a negative working capital of R\$43.8 million, versus R\$40.4 million in 1Q20 and R\$7.5 million in 2Q19. The working capital variation is due mainly to the non-opening of new sales during pandemic period and reduction on accounts receivables. Compared to 2Q19, there was a significant increase of working capital due to Lollapalooza Festival postponement.

The maintenance of negative working capital is due mainly to our business model, in which we register sale of tickets and sponsorship in advance (in advances from clients), while payments to suppliers are mostly concentrated on dates close to the related events.

Cash and Indebtedness

Cash and Indebtedness (R\$ million)	1H19	1H20	Var. %	2Q19	2Q20	Var. %
Operating Cash Flow	30.8	3.8	-88%	(33.5)	(9.2)	72%
Investment Cash Flow	(4.1)	(0.6)	86%	(0.8)	(0.2)	80%
Financing Cash Flow	(16.8)	(9.6)	43%	(8.5)	(5.0)	41%
Exchange Variance	12.3	14.7	19%	5.9	9.8	65%
Increase (Reduction) in Cash and Equivalents	22.1	8.3	-63%	(36.8)	(4.6)	88%
Balance in Cash and Financial Investments	224.1	217.9	-3%	224.1	217.9	-3%
Borrowings and Financing - Short Term	28.8	48.9	70%	28.8	48.9	70%
Borrowings and Financing - Long Term	125.0	72.0	-42%	125.0	72.0	-42%
Total Indebtedness	153.8	160.7	5%	153.8	160.7	5%
Net Cash (Debt)	70.3	57.2	-19%	70.3	57.2	-19%

We ended 2Q20 with R\$217.9 million in cash and financial investments versus R\$222.5 million in 1Q20:

- Operating cash: consumption of R\$9.2 million as a result of administrative expenses and venue's maintenance and facilities costs;
- Investments: expended R\$0.2 million in maintenance capex;
- Financing: (i) expended R\$1.6 million on payment of lease liabilities related to long term rental contracts of our venues; and (ii) R\$3.4 million on interest related to the third issue of debentures;
- At the end, it was registered a positive exchange rate of R\$ 9.8 million, mainly due to foreign currency appreciation.

The Company's cash variance regarding the 1Q20 was not expressive, reflecting our effectivity on actions implemented by administration for cash maintenance. Important to highlight that the renegotiation of the debenture, concluded in the beginning of May, changed the amortizations of the financing cash flow initially scheduled on May and November from 2020, contributing for cash support and maintenance for the period. This allowed more security to cash position in a pandemic scenario and take advantage of the circumstances to selectively start a market consolidation movement.

It should be noted that, the new standard CPC 06 / IFRS16 removed 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, from January 1st 2019, loans and financing now are registered as our lease agreements with a maturity of more than 12 months.

We thus concluded 2Q20 with (i) total indebtedness of R\$160.7 million (+5% vs. 2Q19) and (ii) net cash of R\$57.2 million (-19% vs. 2Q19).

Events Pipeline

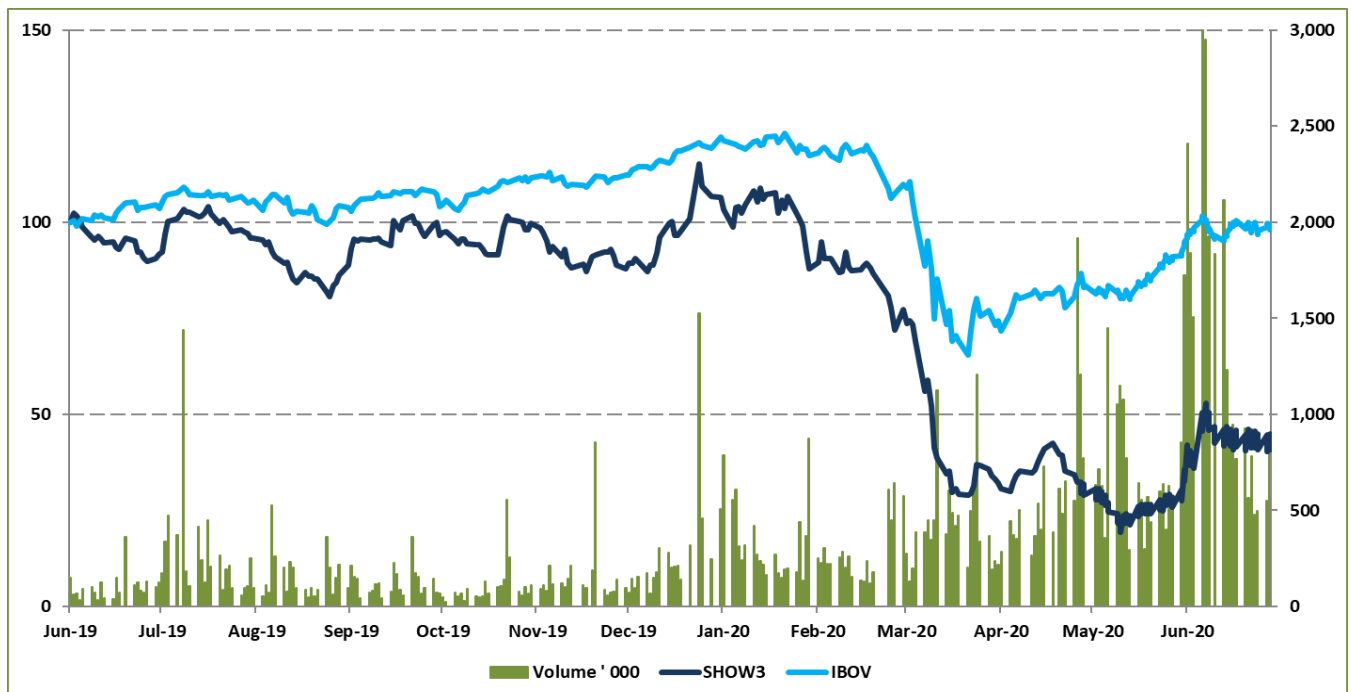
The events Pipeline will be constantly reviewed accordingly to the pandemic facts. Part of the content expected to 2020 was already reschedule to 2021. However, accordingly government and health authorities release, following rigorous health protocols, there a possibility with a operation start over in 4Q20, with minor events and reduced capacity.

However, in July have initiated Stock Car and Stock Light categories. Exceptionally and from the first time in history, this season will not have public attendance. The first race happened on July 26th in Goiania. The next 2 races are schedule to August 22 and 23 in Interlagos, where we will promote the “Corrida do Milhão Solidária”.

Additionally, in May, we have promoted live streaming events with Jota Quest and Home Hour Popload Festival featuring Emicida, Tulipa Ruiz, Duda Beat among others.

SHOW3 Performance

As common knowledge, our industry was the first to stop and should be one of the last to restart their services and activities, which represented a decrease in our shares: 58% YTD and of 50% in the last 12 months, with reference to SHOW3 closing price on June 30, 2020 of R\$2.63.



However, we can notice an increment in the traded volume that increased out 0.25% to 2.50% of free float between 2Q19 and 2Q20. Additionally, this increase in liquidity is associated to the growth of individual persons in our basis, similar with what occurred in Stock Exchange B3.

Income Statement

(R\$ 000)

	2Q19	2Q20
NET OPERATING REVENUE	132,415	2,647
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(136,439)	(8,922)
GROSS PROFIT	(4,024)	(6,275)
OPERATING INCOME (EXPENSES)		
Sales	(267)	(67)
General and administrative	(15,031)	(9,305)
Management compensation	(2,581)	(2,046)
Other results with investments		
Other operating income (expenses), net	(1,644)	(3,209)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME	(22,622)	(20,902)
FINANCIAL RESULT		
Financial expenses	(6,801)	(2,835)
Financial income	5,245	1,485
Net exchange rate and monetary variation	960	(3,568)
OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(23,218)	(25,820)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(802)	(272)
Deferred	5,800	451
NET RESULT	(18,220)	(25,641)

	6M (Jan/19 - Jun/19)	6M (Jan/20 - Jun/20)
NET OPERATING REVENUE	253,019	35,140
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(237,505)	(35,338)
GROSS PROFIT	15,514	(198)
OPERATING INCOME (EXPENSES)		
Sales	(654)	(600)
General and administrative	(26,654)	(22,646)
Management compensation	(3,860)	(4,341)
Other Results with Investments	(6,500)	-
Other operating income (expenses), net	(19,864)	(3,547)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME	(42,018)	(31,332)
FINANCIAL RESULT		
Financial expenses	(16,202)	(8,035)
Financial income	8,227	2,702
Net exchange rate and monetary variation	(18,313)	(3,154)
OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(68,306)	(39,819)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(813)	(688)
Deferred	16,614	776
NET RESULT	(52,505)	(39,731)

Balance Sheet

(R\$ 000)

ASSETS	2Q19	1Q20	2Q20
CURRENT			
Cash and Cash Equivalent	219,084	217,506	212,937
Financial Investments	5,000	5,001	5,001
Restricted Cash	26	-	-
Accounts Receivables	47,481	49,580	33,741
Inventories	1,566	1,064	1,037
Recoverable Taxes	19,144	23,712	24,295
Advances to Suppliers	8,404	7,317	7,465
Anticipated Costs	14,780	70,960	68,388
Other Receivables	5,297	1,622	1,663
Total Current Assets	320,782	376,762	354,527
NON-CURRENT			
Deferred Income Tax and Social Contribution	64,844	63,774	63,865
Judicial Deposits	10,607	10,244	10,499
Anticipated Costs	11,540	11,540	7,689
Related Parties	10,027	9,052	9,107
Total Long Term Assets	97,018	94,610	91,160
Fixed Assets (Property, Plant and Equipment)	46,491	14,235	13,335
Right of Use Assets	-	38,995	35,024
Intangible:			
Goodwill on investments acquisition	127,688	127,645	128,017
Other intangibles	2,503	3,199	2,900
Total Non-Current Assets	273,700	278,684	270,436
TOTAL ASSETS	594,482	655,446	624,963
LIABILITIES AND SHAREHOLDERS' EQUITY	2Q19	1Q20	2Q20
CURRENT			
Suppliers	47,493	40,667	29,628
Borrowings, financing and debentures	28,821	42,850	48,859
Lease Liabilities	-	15,325	17,710
Payroll, Provisions and Social Contributions	5,224	7,182	5,000
Taxes Payable	4,052	4,172	3,415
Advances from Clients	35,033	137,706	138,765
Sponsorships - Culture Incentive Law (Rouanet Act)	-	-	-
Dividends Payable	10	-	-
Other Payables	12,411	4,945	3,599
Total Current Liabilities	133,044	252,847	246,976
NON-CURRENT			
Borrowings, financing and debentures	124,955	80,000	72,000
Lease Liabilities	-	25,396	22,163
Provision for Tax, Civil and Labor Contingencies	42,943	21,563	26,179
Deferred Income Tax and Social Contribution	1,013	1,109	696
Taxes Payable	1,221	849	934
Other Payables	796	-	-
Total Non-Current Liabilities	170,928	128,917	121,972
SHAREHOLDERS' EQUITY			
Capital Stock	243,022	243,022	243,022
Costs with Shares Issuance	(9,665)	(9,665)	(9,665)
Capital Reserve	(2,043)	(782)	(782)
Revaluation Reserve	691	544	504
Earnings Retention Reserve	29,108	(2,765)	(28,201)
Treasury Stocks	(2,131)	(2,131)	(2,131)
Comprehensive Results	31,271	46,918	54,930
Controlling Shareholders' Stake	290,253	275,141	257,677
Non-controlling Interests in Equity of Subsidiaries	257	(1,459)	(1,662)
Total Consolidated Shareholders' Equity	290,510	273,682	256,015
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	594,482	655,446	624,963

Cash Flow

(R\$ 000)

	2Q19	1Q20	2Q20
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period	(18,220)	(14,090)	(25,641)
Adjustments to reconcile profit for the period to net cash provided by (used in) generated by operating activities:			
Depreciation and amortization	3,914	5,376	5,397
Result on the merger of the subsidiary company Aurolights	-	-	-
Residual value of property, plant and equipment written-off	3	161	-
Deferred income tax and social contribution	(5,800)	(325)	(451)
Financial charges and exchange differences on balances with subsidiaries, financing, borrowings and taxes payable	2,253	7,313	217
Share-based payments	(1)	-	-
Recognition (reversal) of tax, civil and labor contingencies	(536)	(329)	4,713
Constitution (reversal) of allowance for doubtful accounts	(1)	(130)	281
(Increase) Decrease in operating assets and liabilities:			
Trade accounts receivables	28,199	27,947	14,845
Inventories	(262)	240	9
Recoverable taxes	(2,412)	(3,516)	(798)
Advances to suppliers	2,691	(616)	(453)
Other receivables	(353)	4,389	(201)
Escrow deposits	203	(40)	(260)
Prepaid expenses	46,130	(34,314)	6,423
Trade payables	(11,364)	(2,728)	(10,814)
Taxes payable	(13,016)	(614)	1,454
Accrued payroll and related taxes	(792)	351	(2,147)
Advances from customers	(70,070)	28,578	1,409
Payments of tax, civil and labor lawsuits	(2)	8	25
Other payables	6,224	(4,632)	(1,186)
Payments of income tax and social contribution	-	-	(2,039)
Lease payments - interest	661	-	-
Cash generated by (used in) operating activities	(33,476)	13,029	(9,217)
CASH FLOW FROM INVESTING ACTIVITIES			
Financial Investments	-	-	-
Goodwill on acquisition of investments	(8)	-	-
Acquisition of property, plant and equipment and intangible assets	(760)	(428)	(151)
Acquisition of interests in subsidiary Aurolights	-	-	-
Acquisition of interests in subsidiary Vicar	-	-	-
Capital increase in subsidiaries	-	-	-
Net cash generated by (used in) investing activities	(768)	(428)	(151)
CASH FLOW FROM FINANCING ACTIVITIES			
Capital Increase	-	-	-
Acquisition of own shares	-	-	-
Related parties	2,574	(434)	36
Payment of dividends	(3,982)	-	-
Issuance of Debentures	-	-	-
Borrowings and financing	-	-	-
Payment of borrowings and financing	-	-	-
Payment of debentures - principal	-	-	-
Payment of debentures - interests	(4,163)	-	(3,408)
Lease payments - principal	(2,909)	(4,231)	(1,606)
Lease payments - interest	-	-	-
Net cash generated by (used in) financing activities	(8,480)	(4,665)	(4,978)
Exchange Variance on Cash and Cash Equivalents	5,939	4,921	9,777
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,785)	12,857	(4,569)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents av beginning of period	255,869	204,649	217,506
Cash and cash equivalents av end of period	219,084	217,506	212,937
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,785)	12,857	(4,569)