



T4F Entretenimento S.A.
2Q21 Earnings Release

T4F Entretenimento S.A.
B3: SHOW3

Closing on June 30th, 2021: R\$6.15

2Q21 Average Volume: 1.4 million (4.04% of the free float)

Market Cap on June 30th, 2021: R\$414.6 million

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

Date: August 13th, 2021

English
02:00 p.m. (US ET) | 03:00 p.m. (BR)

Portuguese
01:00 p.m. (US ET) | 02:00 p.m. (BR)

SHOW
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Sao Paulo, August 12th, 2021 – 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 2021 (2Q21). The financial and operational information herein were prepared according to International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

2Q21 Highlights

- Gross cash balance of R\$194.4 million and net cash balance of R\$61.1 million in 2Q21, a decrease of R\$10.6 million and R\$13.0 million compared to 1Q21, respectively.
- 30% reduction in recurring expenses between 2Q21 and 2Q20.
- Events after 2Q21:
 - Opening of sales of the third-party musical “Charlie and the Chocolate Factory” which will be presented at Teatro Renault from September to December 2021.
 - Approval and subsequent adhesion to PERSE – Emergency Program for the Events Sector Return.

Financial Indicators (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Net Revenue	35,1	4,3	-88%	2,6	1,6	-41%
Events Promotion	6,5	0,5	-92%	(0,0)	0,2	8114%
Live Music	5,8	0,5	-91%	(0,0)	0,2	4707%
Family Events and Theater	0,1	-	-100%	-	-	n.a.
Sports Events	0,6	-	-100%	0,0	-	-100%
Ticketing, F&B and Venues Operation	12,9	3,7	-71%	1,1	1,4	26%
Sponsorship	15,7	0,1	-100%	1,5	-	-100%
Events Promotion	13,1	0,1	-99%	1,3	-	-100%
Ticketing, F&B and Venues Operation	2,6	-	-100%	0,3	-	-100%
Cost	(35,3)	(7,0)	80%	(8,9)	(4,1)	54%
Gross Profit	(0,2)	(2,8)	-1309%	(6,3)	(2,5)	60%
Gross Margin (%)	-0,6%	-65,2%	-64,6 p.p.	-236,9%	-159,2%	77,7 p.p.
SG&A	(31,1)	(20,6)	34%	(14,6)	(10,8)	26%
(-) Other results with investments	-	-	n.a.	-	-	n.a.
(-) Depreciation	10,8	(1,0)	-109%	5,4	1,2	-77%
EBITDA	(20,6)	(24,3)	-18%	(15,5)	(12,0)	22%
EBITDA Margin (%)	-58,5%	-570,1%	-511,6 p.p.	-585,5%	-766,4%	-180,9 p.p.
Adjusted EBITDA (excl. non-recurring effects) ⁽¹⁾	(17,3)	(21,8)	-26%	(12,2)	(9,7)	21%
Adjusted EBITDA Margin (excl. non-recurring effects) ⁽¹⁾	-49,1%	-511,1%	-462,0 p.p.	-460,9%	-616,5%	-155,6 p.p.
Financial Result	(8,5)	(4,0)	52%	(4,9)	(2,0)	59%
Income Tax And Social Contribution	0,1	1,3	1345%	0,2	0,7	298%
Net Result	(39,7)	(26,1)	34%	(25,6)	(14,6)	43%
Net Margin (%)	-113,1%	-612,7%	-499,7 p.p.	-968,3%	-927,6%	40,7 p.p.
Net Financial Result (excl. non-recurring effects) ⁽¹⁾	(36,4)	(26,5)	27%	(22,3)	(12,0)	46%
Net Margin (excl. non-recurring effects) ⁽¹⁾	-103,7%	-620,9%	-517,2 p.p.	-843,7%	-766,6%	77,1 p.p.
Operational Indicators	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Events Promoted	11	-	-100%	-	-	n.a.
Tickets Sold (000)	37	-	-100%	-	-	n.a.
Average Ticket Price (R\$)	169	-	-100%	-	-	n.a.

⁽¹⁾ Non-recurring effects recorded in 2Q21: negative result of R\$2.5 million related to agreements and decisions on lawsuits and contingency provisions, of which R\$2.4 million was recognized in “General and Administrative Expenses” and R\$0.1 million in “Financial Expenses”.

Non-recurring effects recorded in 6M21: (i) negative result of R\$2.1 million referring to agreements and decisions on lawsuits and contingency provisions, of which R\$0.1 million was recognized in “General and Administrative Expenses” and R\$2.0 million in “Financial Expenses”; (ii) negative result of R\$2.5 million due to the write-off of assets related to the closing of our venue in São Paulo, of which R\$1.5 million was recorded in “Other Operating Expenses” referring to the fixed assets, and R\$1.0 million in “General and Administrative Expenses” from the accounts receivable, and; (iii) positive result of R\$5.1 million recorded in “Depreciation” referring to the write-off of the lease liability related to the property’s rental agreement, partially offset by R\$0.2 million related to financial expenses linked to the termination of the agreement.

Non-recurring effects recorded in 2Q20 and 6M20: provision for contingencies in the amount of R\$3.3 million, R\$1.7 million of which referring to civil lawsuits after Procon assessments on the contents of Blue Man Group in 2009 and Metallica in 2010 and, R\$1.3 million referring to Metropolitan labor lawsuits.

Message from the Management

In recent months, vaccination around the world has been showing increasingly strong signs that it is the most efficient and safe way for COVID-19 to be overcome, and for us to breathe again without fear, to get together with those we love and to celebrate life with lots of music.

Following these positive results, the first major live music events were held again and new events are being announced, especially in countries in the northern hemisphere, where population immunization is more advanced. Concerts have been filling out Madison Square Garden, a big event was announced in Central Park, the We Love NYC – Homecoming Concert, with more than 25 artists already confirmed, towards the end of August, Coachella and several other festivals opened sales with their tickets sold-out in a few moments. Some have even been performed, with Lollapalooza Chicago being the most notable.

During the period of almost one and a half year without events, we held a tight rein on the Company, cutting expenses at a time of revenue lack, making strategic moves, such as the end of operations that presented results below our expectations, and expansion into new markets, with the acquisition of INTI, for example. The fruits of these efforts are evident every quarter, culminating in 2Q21 with the best Adjusted EBITDA and Net Income since the beginning of the pandemic, and a comfortable cash position to carry out all the projects necessary to resume our activities.

At our theater in São Paulo, two years after the season of the “Phantom of the Opera”, the last show held at the house, we are resuming theater operations, opening sales for the show “Charlie and the Chocolate Factory”, and soon we hope to announce also new contents on our other businesses, such as live music. This evolution was possible due to the advancement of the vaccination calendar across the country, with a growing supply of vaccines for the population.

Right now, the world is looking at the threat of the Delta variant, which emerged in India, and which has become dominant wherever it goes. The example of the United Kingdom, however, is illustrative of this theme. The country has one of the most immunized populations in the world, the advent of the Delta variant, together with the release of restrictive measures, has temporarily boosted the number of cases in the country, but without proportionally increasing the number of hospitalizations and deaths.

In this way, a Datafolha survey released in July shows that 94% of the Brazilian population intends to be vaccinated, or has already been, which places us in a better position than the United States, for example, where a large portion of the population does not intend to be vaccinated. This, combined with the forecast that the entire adult population of São Paulo will be vaccinated by mid-August, and teenagers by mid-September, gives us more security regarding the return of our activities.

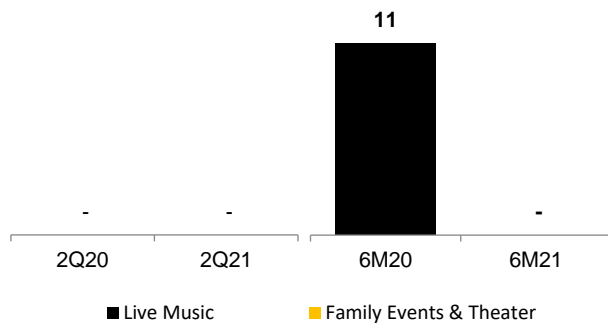
We are prepared and looking forward to returning soon and bring our audience the best content, in the best geographies.

Fernando Alterio
CEO

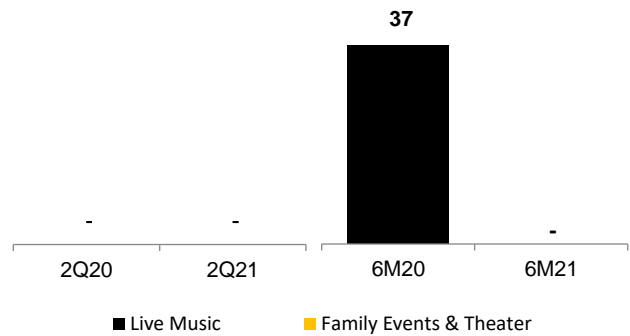
Comments on the Consolidated Financial Performance

Operating Indicators

Events



Tickets Sold (000)



Due to restrictions imposed on our industry to contain the impacts of the COVID-19 pandemic, we did not promote any Live Music events in the second quarters, either in 2021 or 2020.

The first quarter of 2020 was the last quarter we were allowed to promote our events, until the restrictions were imposed in March of that year. As a result, we had 11 performances in Live Music, with 37 thousand tickets sold in the six-month period of 2020. There was no promotion of Family and Theater events in the period.

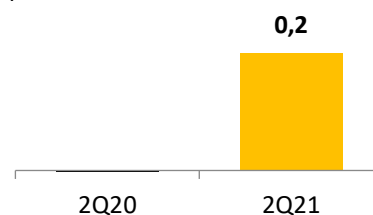
Net Revenue

Net Revenue (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Events Promotion	6,5	0,5	-92%	(0,0)	0,2	8114%
Live Music	5,8	0,5	-91%	(0,0)	0,2	4707%
Family Events and Theater	0,1	-	-100%	-	-	n.a.
Sports Events	0,6	-	-100%	0,0	-	-100%
Ticketing, F&B and Venues Operation	12,9	3,7	-71%	1,1	1,4	26%
Sponsorship	15,7	0,1	-100%	1,5	-	-100%
Events Promotion	13,1	0,1	-99%	1,3	-	-100%
Ticketing, F&B and Venues Operation	2,6	-	-100%	0,3	-	-100%
TOTAL	35,1	4,3	-88%	2,6	1,6	-41%
Events Promoted	11	-	-100%	-	-	n.a.
Tickets Sold (000)	37	-	-100%	-	-	n.a.
Average Ticket Price (R\$)	169	-	-100%	-	-	n.a.

Due to the impossibility of promoting our content, we suspended the recognition of sponsorship contracts. Consequently, there was a 41% reduction in net revenue in 2Q21 when compared to 2Q20.

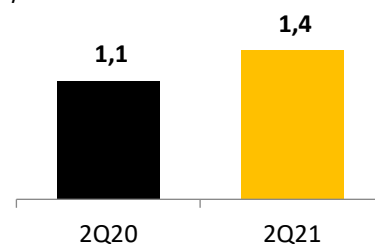
We recorded R\$0.2 million in net revenue in 2Q21 related to participation in events held at our venue in Buenos Aires, which operated until April 15th, before restrictions were imposed on its operation due to the new wave of COVID-19 cases that affected Argentina. We did not record revenues in this line in 2Q20 as we did not have any venue operating in this period.

Events Promotion
R\$ mn



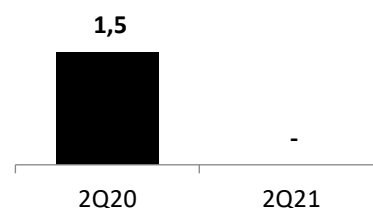
Net revenue from Ticketing, F&B and Venues Operations increased 26% in 2Q21 when compared to 2Q20, reaching R\$1.4 million, against R\$1.1 million in the previous year. This increase is mainly due to the sale of 215 thousand tickets from third-party promoters through INTI, which generated net revenue of approximately R\$600 thousand. Additionally, we recorded approximately R\$300 thousand in revenue from the sale of approximately 37 thousand tickets to third-party events and the holding of 10 events at our theater in Argentina in April, and R\$500 thousand from the rental of production structures in Chile.

Ticketing, F&B and Venues
R\$ mn



We did not record sponsorship revenue in 2Q21, due to the suspension of all contracts due to the impossibility of promoting events in the period. In 2Q20 we had R\$1.5 million in revenue from sponsorships for events promoted via live streaming, as well as part of the naming rights values of our venues in April.

Sponsorship
R\$ mn



Gross Profit

Gross Profit (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Net Revenue	35,1	4,3	-88%	2,6	1,6	-41%
Cost	(35,3)	(7,0)	80%	(8,9)	(4,1)	54%
Events Promotion	(6,0)	(0,6)	90%	0,2	(1,2)	-716%
Ticketing, F&B and Venues Operation	(9,9)	(2,2)	77%	(8,0)	(1,3)	84%
Sponsorship	15,7	0,1	-100%	1,5	(0,0)	-100%
Gross Result	(0,2)	(2,8)	-1309%	(6,3)	(2,5)	60%
Gross Margin (%)	-0,6%	-65,2%	-64,6 p.p.	-236,9%	-159,2%	77,7 p.p.

Gross profit in 2Q21 was negative by R\$2.5 million *versus* R\$6.3 million, also negative, in 2Q20. The 60% improvement in the second quarter of 2021 is mainly due to the lower fixed cost related to the concert halls in Rio de Janeiro and Belo Horizonte, which operation was ceased during 2020, and in São Paulo, that was closed in 1Q21. This positive result is highlighted in the Ticket Office, F&B and Venues line.

The result was partially offset by the worsening in the Events Promotion and Sponsorship lines, due to the impossibility to promote our events in the period, and, consequently, the suspension of sponsorship contracts.

Operating Expenses

SG&A (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Sales	(0,6)	(0,5)	20%	(0,1)	(0,2)	-199%
General and Administrative	(22,6)	(14,9)	34%	(9,3)	(6,1)	35%
Management Compensation	(4,3)	(3,2)	27%	(2,0)	(1,7)	19%
SG&A	(27,6)	(18,6)	33%	(11,4)	(7,9)	30%
Other Operating Revenues (Expenses)	(3,5)	(2,0)	44%	(3,2)	(2,8)	11%
Total	(31,1)	(20,6)	34%	(14,6)	(10,8)	26%
% Total/Net Revenue	88,6%	482,3%	393,7 p.p.	552,4%	686,5%	134,1 p.p.

SG&A decreased 30% in 2Q21 *versus* 2Q20 due to the Company's focus on cost control, with the timely adoption of actions, such as: (i) 36% reduction in the workforce structure in Brazil during 1Q21 (additional to 45% reduction in 1Q20), with the advent of the new wave of infections by COVID-19; (ii) implementation of a voluntary dismissal plan in Argentina in February 2021, given the prohibition of dismissals in the country, reducing the local structure by 25%; and (iii) renegotiation of all service provision contracts, resulting in their reduction, cancellation or suspension.

The total of Other Operating Revenues (Expenses) was negative by R\$2.8 million in 2Q21, mainly due to provisions for contingency and results of lawsuits, mostly composed of the provision for probable loss of a civil case in Argentina. This result represented an improvement of 11% compared to 2Q20, when R\$3.2 million negative was registered, which the main reason was the provisions for contingency and civil lawsuits in the negative amount of R\$1.7 million and labor ones in the negative amount of R\$1.3 million.

EBITDA and Adjusted EBITDA

EBITDA Reconciliation (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Net Result	(39,7)	(26,1)	34%	(25,6)	(14,6)	43%
(+) Income Tax and Social Contribution	(0,1)	(1,3)	-1345%	(0,2)	(0,7)	-298%
(+) Net Financial Result	8,5	4,0	-52%	4,9	2,0	-59%
(+) Depreciation	10,8	(1,0)	-109%	5,4	1,2	-77%
=EBITDA	(20,6)	(24,3)	-18%	(15,5)	(12,0)	22%
EBITDA Margin (%)	-58,5%	-570,1%	-511,6 p.p.	-585,5%	-766,4%	-180,9 p.p.
(+) Provision of contingencies	3,3	0,1	-98%	3,3	2,4	-29%
(+) Write-offs related to the venue in São Paulo	-	2,5	n.a.	-	-	n.a.
Adjusted EBITDA (excl. non-recurring effects)	(17,3)	(21,8)	-26%	(12,2)	(9,7)	21%
Adjusted EBITDA Margin (%) (excl. non-recurring effects)	-49,1%	-511,1%	-462,0 p.p.	-460,9%	-616,5%	-155,6 p.p.

2Q21 EBITDA was negative by R\$12.0 million in the official view and R\$9.7 million in the adjusted view, representing an improvement of 22% and 21% compared to the 2Q20 results, negative by R\$15.5 million and R\$12.2 million respectively. This improvement is due to (i) better gross profit than the previous year, mainly because of the lower level of fixed costs after ceasing the operation of the venues, and (ii) a 26% reduction in the Company's Expenses, as a result of the management's discipline in reducing expenditures during the pandemic.

The adjusted view excludes (i) the results on lawsuits and contingency provisions, as well as (ii) the effect of the write-off of assets related to the venue in São Paulo, accounted in the 1Q21. As in the last quarter, EBITDA recorded this quarter is the best since 1Q20, the last period in which the Company was allowed to promote events, reflecting the various actions implemented in the period to mitigate the effects of the pandemic on our business. The result recorded in 2Q21 is still R\$0.2 million better than 1Q21 in the official view, and R\$2.4 million better in the adjusted view.

Financial Result

Financial Result (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Financial Income	2,7	2,5	-6%	1,5	1,6	6%
Interest Income	0,5	0,0	-95%	(0,1)	0,0	112%
Income over Financial Investments	2,1	2,5	18%	1,6	1,5	-2%
Others	0,1	0,0	-88%	0,0	0,0	-80%
Financial Expenses	(8,0)	(7,5)	6%	(2,8)	(3,8)	-35%
Interest Cost	(0,2)	(0,2)	-33%	(0,0)	(0,1)	-218%
Interests with Borrowings - Debentures	(3,1)	(3,5)	-12%	(1,4)	(1,9)	-36%
Tax on Financial Transactions	(0,5)	(0,2)	58%	(0,2)	(0,1)	66%
Others	(4,3)	(3,6)	15%	(1,2)	(1,7)	-47%
Financial Income - Financial Expenses	(5,3)	(5,0)	6%	(1,4)	(2,3)	-68%
Exchange and Monetary Variations	(3,2)	1,0	130%	(3,6)	0,3	108%
Exchange Variation	1,2	4,9	321%	(1,1)	1,5	238%
Monetary Variation	(0,8)	(1,8)	-138%	(0,1)	(0,3)	-149%
Hiperinflation Variation	(3,6)	(2,2)	39%	(2,4)	(0,9)	62%
Net Financial Result	(8,5)	(4,0)	52%	(4,9)	(2,0)	59%

In 2Q21, the net financial result was negative by R\$2.0 million, 59% better than in 2Q20, negative by R\$4.9 million. This variation is mainly composed of:

- (i) Interest on debentures higher by R\$0.5 million, due to the increase in the Brazilian basic interest rate by 2.0 p.p., going from 2.25% p.a. at the end of 2Q20 to 4.25% p.a. at the end of 2Q21, added to the higher cost of debentures with their reprofiling in November 2020.
- (ii) Foreign Exchange, Monetary and Hyperinflationary Variation better in 2Q21 by R\$3.9 million compared to 2Q20, mainly because of the return of prepaid talent fees to international artists in dollars, with a positive impact of R\$3.6 million due to the higher exchange rate in the return related to the time the fees were paid in 2020.

Net Result

Net Result (R\$ million)	6M20	6M21	Chg. %	2Q20	2Q21	Chg. %
Result Before Taxes	(39,8)	(27,4)	31%	(25,8)	(15,3)	41%
(-) Income Tax and Social Contribution (Current)	(0,7)	(0,3)	53%	(0,3)	(0,1)	56%
(-) Income Tax and Social Contribution (Deferred)	0,8	1,6	105%	0,5	0,8	85%
Net Result	(39,7)	(26,1)	34%	(25,6)	(14,6)	43%
<i>Net Margin (%)</i>	<i>-113,1%</i>	<i>-612,7%</i>	<i>-499,7 p.p.</i>	<i>-968,3%</i>	<i>-927,6%</i>	<i>40,7 p.p.</i>
(+) Provision of contingencies	3,3	2,1	-37%	3,3	2,5	-23%
(+) Write-offs related to the venue in São Paulo	-	2,5	n.a.	-	-	n.a.
(+) Write-off of lease liabilities	-	(4,9)	n.a.	-	-	n.a.
Net Result (excl. non-recurring effects)	(36,4)	(26,5)	27%	(22,3)	(12,0)	46%
<i>Net Margin (%) (excl. nonrecurring effects)</i>	<i>-103,7%</i>	<i>-620,9%</i>	<i>-517,2 p.p.</i>	<i>-843,7%</i>	<i>-766,6%</i>	<i>77,1 p.p.</i>

As a result of the effects mentioned above, Net Loss in 2Q21 was R\$14.6 million, 43% better than the R\$25.6 million recorded in 2Q20. The Adjusted Net Loss was R\$12.0 million in 2Q21, 46% better than the loss of R\$22.3 million registered in 2Q20.

The adjustments made in 2Q21 were R\$2.5 million, referring to the result of decisions on lawsuits and contingency provisions, of which R\$2.4 million was recorded in Other Operating Expenses, as described in the "EBITDA and Adjusted EBITDA" section, and R\$0.1 million recognized in the Financial Expenses line, referring to the portion of materialized provision for contingency corresponding to monetary restatement and fine. In the first six months of 2021, adjustments are added referring to (i) the result of decisions on lawsuits and contingency provisions in the positive amount of R\$0.5 million, (ii) R\$2.5 million referring to write-offs of assets linked to the closing of the operation of our venue in São Paulo, as well as (iii) R\$4.9 million positive referring to the write-off of the lease liability related to the lease agreement of the venue in São Paulo, as described in the "Gross Profit" section, in the amount of R\$5.1 million, partially offset by R\$0.2 million in financial expenses. Compared to the same period in 2020, only R\$3.3 million were adjusted, R\$1.7 million of which referring to civil lawsuits after Procon assessments on the contents of Blue Man Group in 2009 and Metallica in 2010, and R\$1.3 million regarding Metropolitan labor lawsuits.

Working Capital

Working Capital (R\$ million)	2Q20	1Q21	2Q21	Chg. % (2Q21/2Q20)	Chg. % (2Q21/1Q21)
Current Assets	144,3	122,1	105,6	-13%	-27%
Accounts Receivable	33,7	27,6	28,1	2%	-17%
Inventories	1,0	0,9	0,8	-7%	-19%
Advances to Suppliers and Anticipated Costs	83,5	52,7	32,9	-38%	-61%
Recoverable Taxes	24,3	27,0	30,9	15%	27%
Other Receivables	1,7	13,9	12,8	-8%	672%
Current Liabilities	180,4	168,4	161,9	-4%	-10%
Accounts Payable (Suppliers)	29,6	28,0	22,2	-21%	-25%
Advances from Clients	138,8	131,8	131,9	0%	-5%
Payroll, Provisions and Social Contributions	5,0	1,5	1,3	-15%	-74%
Recoverable Taxes	3,4	2,0	1,8	-11%	-48%
Other Payables	3,6	5,0	4,8	-5%	33%
Dividends Payable	(36,1)	(46,3)	(56,3)	-22%	-56%

Working capital in 2Q21 was negative by R\$56.3 million, *versus* negative R\$46.3 million in 2Q21 and negative R\$36.1 million in 2Q20.

The variation of R\$10.0 million in the second quarter of this year, *versus* the immediately previous quarter, is mainly due to (i) receiving the return of talent fees paid in advance to artists whose concerts were cancelled, in the total amount of R\$16.6 million, partially offset by (ii) a decrease of R\$5.8 million in the Suppliers account, due to the write-off of contracts related to canceled events. Mostly, the same effects cause a variation of R\$20.2 million compared to the same period in 2020.

Negative working capital is inherent to our business model, where we sell tickets, as well as receive some sponsorships in advance (recorded in Advances from Clients), while most payments to suppliers related to the content we promote are accounted in “Anticipated Costs”.

Cash and Indebtedness

Cash and Indebtedness (R\$ million)	6M20	6M21	Chg. %	2Q20	1Q21	2Q21	Chg. % (2Q21/2Q20)	Chg. % (2Q21/1Q21)
Balance in Cash and Financial Investments (BoP) ⁽²⁾	209,7	201,9	-4%	222,5	201,9	205,0	-8%	2%
Operating Cash Flow	3,8	(8,7)	-327%	(9,2)	(4,3)	(4,3)	53%	1%
Investment Cash Flow	(0,6)	(1,8)	-204%	(0,2)	(0,6)	(1,2)	-692%	-113%
Financing Cash Flow	(9,6)	(5,0)	48%	(5,0)	(2,0)	(3,0)	39%	-49%
Exchange Variance	14,7	8,0	-46%	9,8	10,0	(2,0)	-121%	-120%
Increase (Reduction) in Cash and Equivalents	8,3	(7,5)	-191%	(4,6)	3,1	(10,6)	-131%	-446%
Balance in Cash and Financial Investments (EoP)	217,9	194,4	-11%	217,9	205,0	194,4	-11%	-5%
Borrowings and Financing - Short Term	48,9	21,7	-56%	48,9	2,5	21,7	-56%	758%
Lease Liabilities (Current)	17,7	4,4	-75%	17,7	3,7	4,4	-75%	19%
Borrowings and Financing - Long Term	72,0	100,0	39%	72,0	120,0	100,0	39%	-17%
Lease Liabilities (Non-Current)	22,2	7,2	-68%	22,2	4,7	7,2	-68%	55%
Total Indebtedness	160,7	133,3	-17%	160,7	130,8	133,3	-17%	2%
Net Cash (Debt)	57,2	61,1	7%	57,2	74,1	61,1	7%	-18%
Net Cash (Debt) net of financial debt	97,1	72,7	-25%	97,1	82,4	72,7	-25%	-12%

(2) Until 3Q20, the company had a balance of investments in the amount of R\$5.0 million, whose redemption in 4Q20 had an impact on the Cash Flow of Investments presented in the Financial Statements, but managerially without effect for this cash flow.

We ended the 2Q21 with R\$194.4 million in cash, *versus* R\$205.0 million in 1Q21 and R\$217.9 million in 2Q20. The main effects on Cash Flow were:

- **Operating Cash Flow:** result in line with the immediately previous quarter, and 53% better than the same period last year, evidencing the Company's discipline in reducing cash expenditure during the pandemic period.
- **Cash Flow from Investments:** the negative variation of R\$0.6 million in 2Q21 against 1Q20 is due to investments in management software and the evolution of INTI.
- **Cash Flow from Financing Activities:** the 49% increase in cash consumption in this line compared to 1Q21 is mainly due to the payment of interest on debentures, made in May, in the amount of R\$3.2 million, partially offset by the lower level of amortization of lease liabilities, it was R\$1.4 million less than that registered in the immediately previous quarter.
- Finally, there was a negative **exchange variation** of R\$2.0 million, due to the devaluation of investments and cash and cash equivalents in foreign currency in the quarter. This effect was partially offset by the positive result of R\$3.6 million in the gain from the difference in the exchange rate on receipt of the return of canceled concert talent fees from international artists, paid in advance in 2020 at a lower rate than the current one.

As explained in the 1Q21 report, on March 17th, 2021, the Law 14,046, originally approved on August 24th, 2020, was reissued. This law establishes, among other effects, the non-refund of the values of tickets for postponed or canceled events, considering that they will be converted into credits for later use in other events of the Company. With its reissue, the law applies to events postponed or canceled until December 31st, 2021, and their credits can be used until December 31st, 2022.

Additionally, in May 2021, Law 14,148 was published, which established the Emergency Program for the Events Sector Return - PERSE, which brought together a set of measures to support the recovery of the sector, including the exemption from federal taxes for a determined period and the possibility of fiscal regularization related to debts registered as active debt of the Union against taxpayers that are part of the Events Sector, thus allowing the resumption of productive activity impacted by the COVID-19 pandemic.

Added to the other actions taken by the Company, these laws contribute to the preservation of our cash position, making it safer to go through this turbulent moment and allowing the implementation of the actions of our strategic planning.

As a result, we ended 2Q21 with: (i) total indebtedness of R\$133.3 million, R\$2.5 million higher than in 1Q21, mainly due to the renewal of long-term lease contracts for the Company's properties, recorded in the line of lease liabilities; (ii) net cash of financial debt of R\$72.7 million, R\$9.7 less than the position observed in 1Q21, a reduction mainly related to the impossibility of operating our events in the period due to the restrictions imposed to face the COVID-19 pandemic, as well as the negative effect of exchange variation on cash and cash equivalents in foreign currency in the period, and; (iii) net cash of R\$61.1 million, R\$13.0 million lower when compared to the position observed in 2Q20, due to the sum of those factors.

Events Pipeline

After a long period without announcements of new content, or operation of our venues in Brazil, the slowdown in the numbers of the pandemic, directly linked to the advance of vaccination, allowed us to put on sale the musical "Charlie and the Chocolate Factory". This spectacle will be performed by a third producer,

at Teatro Renault, and will mark the return of musicals to our theater, whose last play was “The Phantom of the Opera”, presented in 2018 and 2019.

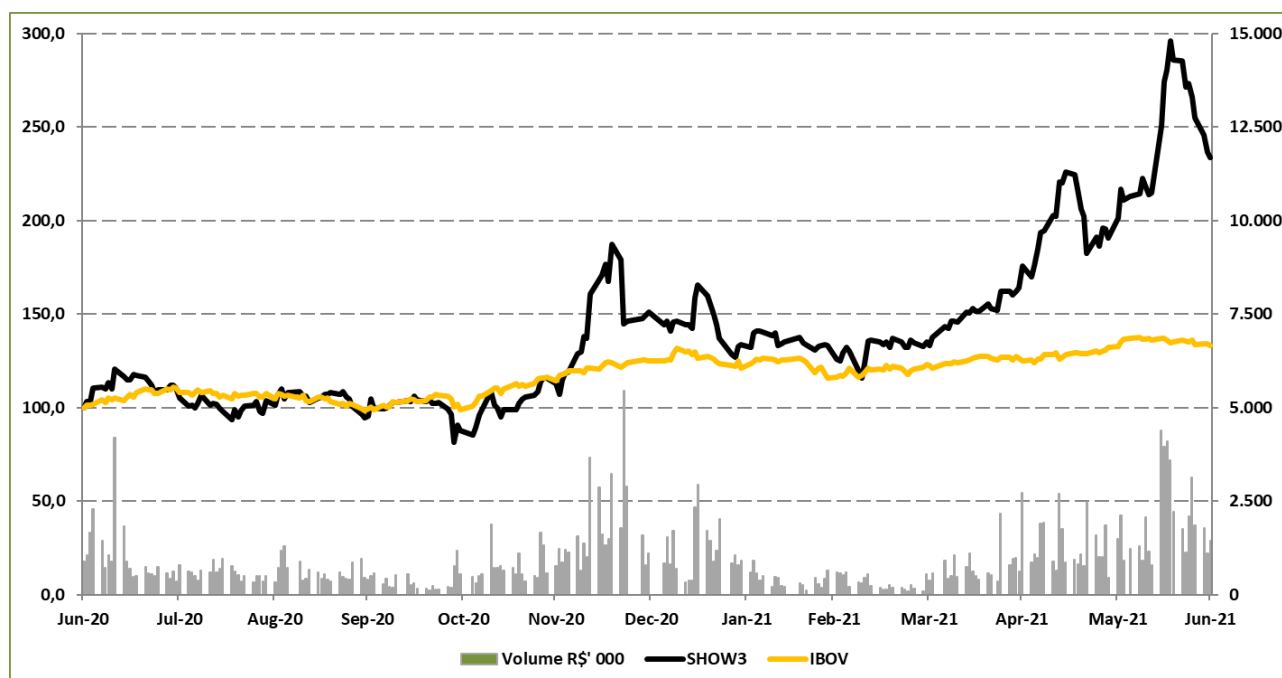
We keep in constant contact with local governments and artists, and we hope to be able to announce new attractions soon, not only theatrical, but also live music, to rebuild our event pipeline. The last few months have marked the return of major events to the northern hemisphere, where vaccination is more advanced, highlighting the success of Lollapalooza Chicago, on the last weekend of July.

These events, added to the slowdown of the pandemic in the country and the increasing pace of immunization of the population, reinforce our expectations on the return of our live music activities.

SHOW3 Performance

The movement of our stock reflects the news about the pandemic and its constant impact on our industry. The closing price of SHOW3 on June 30th, 2021, was R\$6.15, an increase of 75.7% when compared to the one on March 31st, 2021, at R\$3.50.

Although we continue with the restrictions imposed because of the COVID-19 pandemic, the stronger pace of vaccination in the country, especially in São Paulo, associated with the perspective of the industry's resumption, caused the share price to return at pre-pandemic levels, when, on December 30th, 2019, it was traded at R\$6.24.



Income Statement

(R\$ 000)

	2Q20	2Q21
NET OPERATING REVENUE	2.647	1.568
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(8.922)	(4.073)
GROSS PROFIT	(6.275)	(2.505)
OPERATING INCOME (EXPENSES)		
Sales	(67)	(200)
General and administrative	(9.305)	(6.082)
Management compensation	(2.046)	(1.662)
Other operating income (expenses), net	(3.209)	(2.843)
RESULT BEFORE FINANCIAL (EXPENSES) INCOME	(20.902)	(13.292)
FINANCIAL RESULT		
Financial expenses	(2.835)	(3.835)
Financial income	1.485	1.569
Net exchange rate and monetary variation	(3.568)	269
RESULT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(25.820)	(15.289)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(272)	(121)
Deferred	451	833
NET RESULT	(25.641)	(14.577)

	6M20	6M21
NET OPERATING REVENUE	35.140	4.257
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(35.338)	(7.039)
GROSS PROFIT	(198)	(2.782)
OPERATING INCOME (EXPENSES)		
Sales	(600)	(480)
General and administrative	(22.646)	(14.927)
Management compensation	(4.341)	(3.151)
Other operating income (expenses), net	(3.547)	(1.994)
RESULT BEFORE FINANCIAL (EXPENSES) INCOME	(31.332)	(23.334)
FINANCIAL RESULT		
Financial expenses	(8.035)	(7.546)
Financial income	2.702	2.548
Net exchange rate and monetary variation	(3.154)	951
RESULT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(39.819)	(27.381)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(688)	(322)
Deferred	776	1.594
NET RESULT	(39.731)	(26.109)

Balance Sheet

(R\$ 000)

ASSETS	2Q20	1Q21	2Q21
CURRENT			
Cash and Cash Equivalent	212.937	204.966	194.406
Financial Investments	5.001	-	-
Accounts Receivables	33.741	-	28.145
Inventories	1.037	910	843
Recoverable Taxes	24.295	26.969	30.910
Advances to Suppliers	7.465	4.228	3.955
Anticipated Costs	68.388	3.526	21.962
Other Receivables	1.663	13.907	12.840
Total Current Assets	354.527	254.506	293.061
NON-CURRENT			
Accounts Receivables	-	27.585	-
Deferred Income Tax and Social Contribution	63.865	49.797	50.009
Judicial Deposits	10.499	8.334	8.228
Anticipated Costs	7.689	44.974	6.967
Related Parties	9.107	7.781	7.642
Total Long Term Assets	91.160	138.471	72.846
Fixed Assets (Property, Plant and Equipment)	13.335	7.894	7.785
Right of Use	35.024	6.321	9.012
Intangible:			
Goodwill on investments acquisition	128.017	101.578	100.570
Other intangibles	2.900	4.155	4.466
Total Non-Current Assets	270.436	258.419	194.679
TOTAL ASSETS	624.963	512.925	487.740
LIABILITIES AND SHAREHOLDERS' EQUITY	2Q20	1Q21	2Q21
CURRENT			
Suppliers	29.628	27.963	22.162
Borrowings, financing and debentures	48.859	2.531	21.720
Lease Liabilities	17.710	3.666	4.362
Payroll, Provisions and Social Contributions	5.000	1.526	1.298
Taxes Payable	3.415	1.985	1.764
Advances from Clients	138.765	131.845	131.922
Other Payables	3.599	5.045	4.776
Total Current Liabilities	246.976	174.561	188.004
NON-CURRENT			
Borrowings, financing and debentures	72.000	120.000	100.000
Lease Liabilities	22.163	4.652	7.188
Provision for Tax, Civil and Labor Contingencies	26.179	24.814	24.953
Deferred Income Tax and Social Contribution	696	202	185
Taxes Payable	934	1.506	1.166
Other Payables	-	366	366
Total Non-Current Liabilities	121.972	151.540	133.858
SHAREHOLDERS' EQUITY			
Capital Stock	243.022	243.022	243.022
Costs with Shares Issuance	(9.665)	(9.665)	(9.665)
Capital Reserve	(782)	748	748
Revaluation Reserve	504	231	222
Revenue reserves / accumulated loss	(28.201)	(108.268)	(122.497)
Treasury Stocks	(2.131)	-	-
Comprehensive Results	54.930	63.770	57.092
Controlling Shareholders' Stake	257.677	189.838	168.922
Non-controlling Interests in Equity of Subsidiaries	(1.662)	(3.014)	(3.044)
Total Consolidated Shareholders' Equity	256.015	186.824	165.878
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	624.963	512.925	487.740

Cash Flow Statement

(R\$ 000)

	2Q20	1Q21	2Q21
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period	(25.641)	(11.532)	(14.577)
Adjustments to reconcile profit for the period to net cash provided by (used in) generated by operating activities:			
Depreciation and amortization	5.397	2.764	1.516
Investments losses	-	(79)	79
Residual value of property, plant and equipment written-off	-	(3.739)	(11)
Deferred income tax and social contribution	(451)	(761)	(833)
Financial charges and exchange differences on balances with subsidiaries, financing, borrowings and taxes payable	217	487	(6.377)
Recognition (reversal) of tax, civil and labor contingencies	4.713	(66)	3.164
Constitution (reversal) of allowance for doubtful accounts	281	(26)	1
Hyperinflationary economies	-	(785)	2.960
(Increase) Decrease in operating assets and liabilities:			
Trade accounts receivables	14.845	6.054	520
Inventories	9	(44)	22
Recoverable taxes	(798)	(1.448)	(4.441)
Advances to suppliers	(453)	544	239
Other receivables	(201)	(1.164)	1.002
Escrow deposits	(260)	(202)	77
Prepaid expenses	6.423	5.972	19.571
Trade payables	(10.814)	5.865	(5.470)
Taxes payable	1.454	306	(308)
Accrued payroll and related taxes	(2.147)	(515)	(124)
Advances from customers	1.409	(2.453)	89
Payments of tax, civil and labor lawsuits	25	(3.815)	(1.317)
Other payables	(1.186)	289	(99)
Payments of income tax and social contribution	(2.039)	-	-
Cash generated by (used in) operating activities	(9.217)	(4.348)	(4.317)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	(151)	(562)	(1.196)
Net cash generated by (used in) investing activities	(151)	(562)	(1.196)
CASH FLOW FROM FINANCING ACTIVITIES			
Related parties	36	(420)	(105)
Borrowings and financing	-	-	451
Payment of debentures - interests	(3.408)	-	(3.192)
Lease payments - principal	(1.606)	(1.604)	(168)
Net cash generated by (used in) financing activities	(4.978)	(2.024)	(3.014)
Exchange Variance on Cash and Cash Equivalents	9.777	9.986	(2.033)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4.569)	3.052	(10.560)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents av beginning of period	217.506	201.914	204.966
Cash and cash equivalents av end of period	212.937	204.966	194.406