



Financial Statements

BRQ Soluções em Informática S.A.

December 31, 2020
with Independent Auditor's Report



BRQ Soluções em Informática S.A.

Financial statements

December 31, 2020

Contents

Independent auditor's report on financial statements	1
Financial statements	
Statements of financial position.....	6
Statements of profit or loss	8
Statements of comprehensive income	9
Statements of changes in equity	10
Statements of cash flows - Indirect method.....	11
Statements of value added	12
Notes to financial statements	13

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To the Shareholders of
BRQ Soluções em Informática S.A.
Barueri - SP

Opinion

We have audited the individual and consolidated financial statements of BRQ Soluções em Informática S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2020, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of BRQ Soluções em Informática S.A. as at December 31, 2020, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy ("CFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on this matter. For the matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.



We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the individual and consolidated financial statements” section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the Company’s financial statements.

Revenue recognition - Rendering of services

As mentioned in Note 4, the Company recognizes its revenues to the extent that control over the services is transferred to the customer for an amount that reflects the consideration to which the Company expects to be entitled in exchange for these services. Revenues from rendering of development of applications and integration services are recognized in the statement of profit or loss, on the date services are made available to customers, upon acceptance by customers confirming that the performance obligation has been satisfied over time, since the customer simultaneously receives and consumes the benefits provided by the Group. This measurement may also take into consideration the records of hours incurred by professionals in the related projects, as defined by CPC 47 - Revenue from Contracts with Customers (equivalent to IFRS 15). The complexity involved in estimating the stage of completion of services that is carried out individually by contract, as well as the potential risks involved in relation to the accrual period for revenue recognition, led us to consider this issue a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) assessing the design and operational effectiveness of automated and technology-dependent manual controls implemented by management in the revenue recognition process; (ii) obtaining supporting documentation for a sample of transactions of revenues recognized in the year, including the examination of the related contracts and recalculation of the amounts; and (iii) the monthly analysis of changes in balances using aggregated and disaggregated data to identify relations that do not match our expectations based on our knowledge of the Company and of the industry in which it is inserted, in addition to other changes that could indicate inconsistencies regarding the conformity of revenue recognition on the appropriate accrual period. In addition, we evaluated the disclosures related to revenue recognition included in the Company’s financial statements.

Based on the result of the audit procedures performed on revenue recognition - rendering of services, mentioned above, which is consistent with management’s assessment, we consider that the accounting practices disclosed in Note 4, their application and the amounts recorded under Service revenue and relate disclosures are appropriate in the context of the financial statements taken as a whole.



Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2020, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, either individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Building a better
working world

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 11, 2021.

ERNST & YOUNG
Auditores Independentes S/S
CRC-2SP034519/O-6

Lazaro Angelim Serruya
Accountant CRC-1DF015801/O-7



A free translation from Portuguese into English of Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

BRQ Soluções em Informática S.A.

Statements of financial position
December 31, 2020 and 2019
(In thousands of reais)

	Note	Individual		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets					
Current assets					
Cash and cash equivalents	5	114,474	65,179	134,715	73,376
Trade accounts receivable	6	72,963	68,823	81,225	76,683
Inventories of services in progress	7	689	2,767	689	2,767
Prepaid expenses		6,507	5,388	7,076	5,760
Taxes recoverable	8a	6,822	5,517	7,770	5,517
Accounts receivable from related parties	10a	283	701	71	79
Dividends receivable from related parties		281	-	-	-
Other assets		1,477	1,442	1,818	1,442
		203,496	149,817	233,364	165,624
Noncurrent assets					
Inventory of services in progress	7	43	728	43	728
Judicial deposits and collateral	20b	4,468	4,619	4,495	4,640
Restricted deposits - restricted cash	10b	1,524	4,931	1,524	4,931
Deferred income and social contribution taxes	8b	4,395	2,268	4,395	2,268
Financial assets	9	10,143	7,715	10,143	7,715
Other receivables from related parties	10a	250	-	-	-
Prepaid expenses		-	138	-	138
Investments	11	24,321	15,734	-	-
Property and equipment	12	10,593	11,383	10,734	11,435
Intangible assets	13	3,240	1,944	9,556	6,855
Right of use	18a	1,694	4,493	1,694	4,493
		60,671	53,953	42,584	43,203
Total assets		264,167	203,770	275,948	208,827

BRQ Soluções em Informática S.A.

Statements of financial position
December 31, 2020 and 2019
(In thousands of reais)

	Note	Individual		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
Liabilities and equity					
Current liabilities					
Trade accounts payable		8,428	11,250	9,348	12,193
Loans and financing	14	7,700	7,827	13,207	8,996
Financing through lease	15	2,556	1,881	2,556	1,881
Lease liabilities	18b	785	1,711	785	1,711
Debentures	16	11,095	-	11,095	-
Salaries and social charges		9,807	6,574	11,801	8,368
Taxes and contributions payable	17	9,557	7,854	10,004	7,854
Accrued vacation pay and 13th monthly salary		26,502	21,013	26,562	21,013
Dividends payable		10,042	6,880	10,230	6,880
Deferred revenues	21	16,307	13,670	16,307	13,670
Intercompany loans	10b	-	4,676	-	4,676
Other liabilities		819	1,081	1,611	1,134
		103,598	84,417	113,506	88,376
Noncurrent liabilities					
Intercompany loans	10b	-	3,210	-	3,210
Loans and financing	14	-	1,428	-	1,428
Financing through lease	15	1,783	2,180	1,783	2,180
Lease liabilities	18b	1,038	3,120	1,038	3,120
Debentures	16	47,354	-	47,354	-
Deferred revenues	21	800	1,200	800	1,200
Provision for loss on legal proceedings	20	6,435	2,395	6,435	2,395
Other liabilities		301	-	301	-
		57,711	13,533	57,711	13,533
Total liabilities		161,309	97,950	171,217	101,909
Equity	22				
Capital		56,106	54,849	56,106	54,849
Future capital contribution		-	1,066	-	1,066
Treasury shares		-	(162)	-	(162)
Capital reserve		77	185	77	185
Income reserve		26,748	24,174	26,748	24,174
Proposed additional dividends		10,043	20,642	10,043	20,642
Cumulative translation adjustments		9,884	5,066	9,884	5,066
		102,858	105,820	102,858	105,820
Equity attributed to controlling interests		102,858	105,820	102,858	105,820
Noncontrolling interests		-	-	1,873	1,098
Total equity		102,858	105,820	104,731	106,918
Total liabilities and equity		264,167	203,770	275,948	208,827

See accompanying notes.

BRQ Soluções em Informática S.A.

Statements of profit or loss
December 31, 2020 and 2019
(In thousands of reais)

	Note	Individual		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenue, net	23	470,351	384,382	513,712	418,114
Cost of sales and services	24	(320,848)	(266,579)	(345,251)	(288,119)
Gross profit		149,503	117,803	168,461	129,995
Operating income (expenses)	25				
Administrative expenses		(87,568)	(75,889)	(98,048)	(84,058)
Tax expenses		(540)	(2,151)	(545)	(2,151)
Other operating income (expenses), net		(1,093)	812	(1,100)	812
		(89,201)	(77,228)	(99,693)	(85,397)
Equity pickup	11b	3,795	2,216	-	-
Income before finance income (costs) and taxes		64,097	42,791	68,768	44,598
Finance income (costs)	26				
Finance income		3,051	3,446	3,057	3,446
Finance costs		(5,416)	(3,418)	(5,530)	(3,489)
		(2,365)	28	(2,473)	(43)
Pretax income		61,732	42,819	66,295	44,555
Current income and social contribution taxes	19	(21,573)	(13,949)	(23,853)	(14,812)
Deferred income and social contribution taxes	19	2,127	101	2,127	101
Net income for the year		42,286	28,971	44,569	29,844
Net income attributable to:					
Controlling interests		42,286	28,971	42,286	28,971
Noncontrolling interests		-	-	2,283	873
Earnings per share - Common shares (R\$)					
Basic earnings	28	0.3197	0.2219	0.3197	0.2219
Diluted earnings	28	0.3185	0.2216	0.3185	0.2216

See accompanying notes.

BRQ Soluções em Informática S.A.

Statements of comprehensive income
December 31, 2020 and 2019
(In thousands of reais)

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Other comprehensive income to be reclassified to P&L in subsequent periods				
Net income for the year	42,286	28,971	44,569	29,844
Cumulative translation adjustments	4,818	597	4,818	597
Total comprehensive income	47,104	29,568	49,387	30,441
Total comprehensive income attributable to:				
Controlling interests	47,104	29,568	47,104	29,568
Noncontrolling interests	-	-	2,283	873

See accompanying notes.

BRQ Soluções em Informática S.A.

Statements of changes in equity
December 31, 2020 and 2019
(In thousands of reais)

	Individual											Total equity
	Capital			Income reserves					Noncontrolling interests	Total		
	Subscribed capital	Unpaid capital	Treasury shares	Capital reserve	Legal	Retained profit reserve	Proposed additional dividends	Cumulative translation adjustments			Retained earnings	
Balances at January 1, 2019	54,849	339	(859)	715	3,098	22,627	4,448	4,469	-	89,686	610	90,296
Foreign exchange differences on investments in foreign subsidiary	-	-	-	-	-	-	-	597	-	597	-	597
Stock options granted recognized in the period	-	-	-	64	-	-	-	-	-	64	-	64
Future capital contribution	-	727	-	-	-	-	-	-	-	727	-	727
Sale of treasury shares	-	-	697	-	-	-	-	-	-	697	-	697
Stock options cancelled in the year	-	-	-	(594)	-	-	-	-	-	(594)	-	(594)
Payment of dividends	-	-	-	-	-	(3,000)	(4,448)	-	-	(7,448)	(385)	(7,833)
Net income for the period	-	-	-	-	-	-	-	-	28,971	28,971	873	29,844
Allocation of income:												
Set up of legal reserve	-	-	-	-	1,449	-	-	-	(1,449)	-	-	-
Mandatory minimum dividends for 2018	-	-	-	-	-	-	-	-	(6,880)	(6,880)	-	(6,880)
Additional dividends	-	-	-	-	-	-	20,642	-	(20,642)	-	-	-
Balances at January 1, 2020	54,849	1,066	(162)	185	4,547	19,627	20,642	5,066	-	105,820	1,098	106,918
Foreign exchange differences on investments in foreign subsidiary	-	-	-	-	-	-	-	4,818	-	4,818	-	4,818
Capital subscription	1,257	-	-	-	-	-	-	-	-	1,257	113	1,370
Future capital contribution	-	(1,006)	-	-	-	-	-	-	-	(1,066)	-	(1,066)
Sale of treasury shares	-	-	162	(108)	-	-	-	-	-	54	-	54
Dividends paid out	-	-	-	-	-	(19,627)	(20,642)	-	-	(40,269)	(1,433)	(41,702)
Net income for the year	-	-	-	-	-	-	-	-	42,286	42,286	2,283	44,569
Allocation of income:												
Set up of legal reserve	-	-	-	-	2,113	-	-	-	(2,113)	-	-	-
Mandatory minimum dividends	-	-	-	-	-	-	-	-	(10,042)	(10,042)	(188)	(10,230)
Additional dividends	-	-	-	-	-	-	10,043	-	(10,043)	-	-	-
Allocation to income reserve	-	-	-	-	-	20,088	-	-	(20,088)	-	-	-
Balances at December 31, 2020	56,106	-	-	77	6,660	20,088	10,043	9,884	-	102,858	1,873	104,731

See accompanying notes.

BRQ Soluções em Informática S.A.

Statements of cash flows
December 31, 2020 and 2019
(In thousands of reais)

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash flow from operating activities				
Net income for the year	42,286	28,971	44,569	29,844
Adjustments:				
Depreciation and amortization	6,495	5,979	6,531	5,995
Write-off of residual value of property and equipment	2,967	131	2,967	131
Write-off of right-of-use asset	(403)	-	(403)	-
Interest and monetary variations	3,033	2,353	3,078	2,405
Equity pickup	(3,795)	(2,216)	-	-
Current and deferred income and social contribution taxes	19,446	13,848	21,726	13,848
Loss on disposal of investment	-	249	-	249
Provisions set up	10,655	3,091	10,655	3,091
	80,684	52,406	89,123	55,563
Changes in assets and liabilities:				
(Increase) in accounts receivable	(5,778)	(510)	(6,180)	(2,311)
Decrease in inventories	2,761	436	2,761	436
(Increase) in prepaid expenses	(981)	(1,975)	(1,178)	(2,105)
(Increase) decrease in taxes recoverable	3,292	(13,012)	2,344	(13,012)
(Increase) in related parties	168	169	8	471
(Increase) in other assets	(35)	3,243	(376)	3,243
(Increase) decrease in other noncurrent assets	3,560	(7,831)	3,554	(7,826)
(Decrease) in trade accounts payable	(2,822)	728	(2,845)	824
Increase (decrease) in salaries and social charges	494	(818)	694	(155)
(Decrease) in taxes and contributions payable	(19,870)	2,038	(19,702)	2,038
Increase in accounts payable - personnel	5,489	3,262	5,549	3,262
Increase (decrease) in other obligations	39	50	778	64
(Decrease) in deferred revenues	2,237	1,905	2,237	1,905
Payment of provision for labor claims	(2,238)	(852)	(2,238)	(852)
Income and social contribution taxes paid	(4,499)	(1,831)	(6,500)	(1,831)
Payments of interest on loans	(2,675)	(2,377)	(2,720)	(2,429)
Net cash from operating activities	59,826	35,031	65,309	37,285
Cash flow from investing activities				
Disposal of investments	-	151	-	151
(Decrease) in investments	(255)	-	-	-
Acquisitions of property and equipment	(4,248)	(3,688)	(4,321)	(3,745)
Acquisitions of intangible assets	(1,532)	(1,070)	(1,532)	(1,070)
Investment in financial assets	(2,006)	-	(2,006)	-
Net cash used in investing activities	(8,041)	(4,607)	(7,859)	(4,664)
Cash flows from financing activities				
Loans taken out from third parties	65,250	-	69,520	-
Loans repaid	(19,173)	(13,195)	(19,173)	(13,195)
Capital increase	191	-	304	-
Future capital contribution	-	1,066	-	1,066
Sale (repurchase) of shares to be held in treasury	54	(236)	54	(236)
Rights of use paid	(1,663)	(2,123)	(1,663)	(2,123)
Payment of dividends	(47,149)	(13,007)	(48,582)	(13,392)
Net cash provided by (used in) financing activities	(2,490)	(27,495)	460	(27,880)
Increase in cash and cash equivalents	49,295	2,929	57,910	4,741
At beginning of year	65,179	62,250	73,376	68,183
Effect of fluctuations in exchange rates on cash and cash equivalents of foreign subsidiaries	-	-	3,429	(452)
At end of year	114,474	65,179	134,715	73,376

See accompanying notes.

BRQ Soluções em Informática S.A.

Statements of value added
December 31, 2020 and 2019
(In thousands of reais)

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenues				
Gross sales and service revenue	528,680	432,111	572,450	465,843
Bought-in inputs				
Cost of products, goods and services sold	(11,458)	(10,598)	(13,412)	(15,929)
Materials, energy, third-party services and other	(13,915)	(9,777)	(16,809)	(12,170)
	<u>(25,373)</u>	<u>(20,375)</u>	<u>(30,221)</u>	<u>(28,099)</u>
Gross value added	503,307	411,736	542,229	437,744
Depreciation and amortization	(6,495)	(5,979)	(6,531)	(5,995)
Net value added produced by the Company	496,812	405,757	535,698	431,749
Value added received in transfer				
Equity pickup	3,795	2,216	-	-
Finance income	3,051	3,446	3,057	3,446
	<u>6,846</u>	<u>5,662</u>	<u>3,057</u>	<u>3,446</u>
Total value added to be distributed	503,658	411,419	538,755	435,195
Distribution of value added				
Personnel				
Direct compensation	288,062	233,937	315,235	253,510
Benefits	55,685	51,245	56,172	52,127
Unemployment Compensation Fund (FGTS)	20,170	16,540	20,207	16,540
	<u>363,917</u>	<u>301,722</u>	<u>391,614</u>	<u>322,177</u>
Taxes, charges and contributions				
Federal	77,387	64,810	81,968	67,039
Local	14,093	11,623	14,279	11,623
	<u>91,480</u>	<u>76,433</u>	<u>96,247</u>	<u>78,662</u>
Debt remuneration				
Interest	5,318	3,294	5,421	3,365
Rents	657	999	904	1,147
	<u>5,975</u>	<u>4,293</u>	<u>6,325</u>	<u>4,512</u>
Equity remuneration				
Dividends	10,042	6,880	10,230	6,880
Retained profits	32,244	15,211	32,053	15,211
Noncontrolling interests	-	-	2,283	873
	<u>42,286</u>	<u>28,971</u>	<u>44,569</u>	<u>22,964</u>
	<u>503,658</u>	<u>411,419</u>	<u>538,755</u>	<u>435,195</u>

See accompanying notes.



BRQ Soluções em Informática S.A.

Notes to financial statements
December 31, 2020 and 2019
(In thousands of reais)

1. Operations

BRQ Soluções em Informática S.A. (“BRQ” or “Company”, also referred to as the “Group”) is a publicly-held corporation, with headquarters at Av. Ipanema, 165, set 1505 to 1507, Empresarial 18 do Forte, Barueri, São Paulo, with branches in the following cities: Rio de Janeiro, São Paulo, Curitiba, Recife and New York (USA).

Although the Company is publicly traded, there is no public security issued and traded on an open market.

The Company is primarily engaged in the following activities:

- (i) Development of applications and integrations;
- (ii) Rendering of services in the information technology area;
- (iii) Preparation of computer programs;
- (iv) System analysis and development;
- (v) IT technical support, including installation, settings and data maintenance;
- (vi) IT advisory and consulting services;
- (vii) Sale of software;
- (viii) Activities related to IT security; and
- (ix) Training.

The Company may operate in the country or abroad, directly, through subsidiaries, or by holding interest in the capital of other companies.

The Company, based on its growth strategy and focus on expanding the sale of proprietary software, created two new companies Inspeon and Workfacilit to market its products, see Note 11 for further information.

The Company’s Board of Director authorized the issue of these financial statements on February 11, 2021.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

2. Listing of subsidiaries

The individual and consolidated financial statements include the operations of the Company and of the following subsidiaries, the equity interest percentage of which is summarized as follows:

Company name	% - Equity interest	
	12/31/2020	12/31/2019
BRQ IT Services, Inc.	100%	100%
Thinkinternational LLC (Investimento indireto)	80%	80%
Workfacilit Soluções Digitais Ltda.	51%	-
Inspeon Soluções Digitais Ltda.	60%	-

3. Preparation and presentation of the individual and consolidated financial statements

a) Statement of compliance regarding IFRS and standards issued by Brazil's FASB ("CPC")

The financial statements were prepared and are presented in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and in accordance with the accounting practices adopted in Brazil, which comprise the provisions contained in the Brazilian Corporation Law No. 6404/76, as amended, and the pronouncements, guidance and interpretations issued by Brazil's Financial Accounting Standards Board - FASB ("CPC").

The financial statements are presented assuming that the Company will be able to continue as a going concern. All significant information is being disclosed and corresponds to that used in the management of business. The financial statements were prepared based on the historical cost, as described in the accounting practices below. The historical cost is usually based on the fair value of considerations paid in exchange for assets on the transaction date.

Company management applied technical guidance OCPC 7 in the preparation of the financial statements, in order to disclose only significant information, which would assist the users of the financial statements in decision-making, maintaining the compliance with the existing minimum requirements.

Management assessed the Company's ability to continue operating on a regular basis and is convinced that the Company has the necessary resources to sustain its business in the future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. Accordingly, these financial statements were prepared assuming that the Company will be able to continue as a going concern.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Preparation and presentation of the individual and consolidated financial statements (Continued)

- a) Statement of compliance regarding IFRS and standards issued by Brazil's FASB ("CPC") - Continued

Statement of value added

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by the Brazilian Corporation Law and by the accounting practices adopted in Brazil applicable to publicly-held companies. The statement of value added was prepared in accordance with the criteria defined in Accounting Pronouncement NBT TG 09 - Statement of Value Added. The IFRS do not require SVA presentation. As a result, under IFRS, this statement is presented as supplementary information, without prejudice to the set of financial statements.

- b) Business segment

The Company's revenue is basically comprised of development of applications and integrations. Therefore, the Company concluded that it has only one reportable business segment.

- c) Significant accounting judgments, estimates and assumptions

The individual and consolidated financial statements were prepared in accordance with various assessment bases used in accounting estimates. The accounting estimates involved in preparing the financial statements were based on both objective and subjective factors, and in line with management's judgment to determine the appropriate amount to be recorded in the financial statements and, when necessary, judgments and estimates are supported by expert opinions. The Company reviews its estimates at least on an annual basis in the ordinary course of its business.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimate process. Changes in estimates are treated prospectively.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Preparation and presentation of the individual and consolidated financial statements (Continued)

c) Significant accounting judgments, estimates and assumptions (Continued)

Information about uncertainties related to assumptions and estimates, with significant risk of resulting in material adjustment in the carrying amount of assets and liabilities and in the next fiscal year, is discussed below:

Allowance for expected credit losses

The criterion referring to the analysis of credit risk in determining the allowance for expected credit losses is described in Note 4.g.ii.

Taxes

Uncertainties exist with respect to the interpretation of tax regulations. The Company sets up provisions, based on reliable estimates, for any matters identified in audits carried out by tax authorities of the respective jurisdictions in which it operates, and whose likelihood of loss is assessed as probable. The amount of these provisions is based on various factors, such as past tax audit experience and differing interpretations of tax regulations by the taxable entity and by the competent tax authority. These different interpretations may arise in a wide variety of issues depending on the prevailing conditions in the respective domicile of the Company.

Management's significant judgment is required to determine the deferred tax asset amount to be recognized based on probable realization term and future taxable profit levels, in addition to tax planning strategies.

Useful lives of property and equipment

The assets recorded in property and equipment are depreciated according to the shortest term between their estimated economic and useful lives.

Recoverable amount of tangible and intangible assets, including goodwill

The Company evaluates the impairment of its goodwill recorded using the "value in use" concept, through discounted cash flow models of the cash-generating unit. The cash-generating unit evaluated was subsidiary Think International.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Preparation and presentation of the individual and consolidated financial statements (Continued)

c) Significant accounting judgments, estimates and assumptions (Continued)

Recoverable amount of tangible and intangible assets, including goodwill (Continued)

Assumptions on cash flow and future cash flow growth projections are based on the Company's business plan, annually approved by management, as well as on market comparable and reflect management's best estimate of the economic conditions that will exist over the economic lives of these assets for the cash-generating unit. Future cash flows were discounted at capital cost rate.

Consistently with economic valuation techniques, value in use calculation is made over a period of three years, and considering perpetual assumptions thereafter given the ability to continue as a going concern for an indefinite period.

The Company did not apply the growth rate to extrapolate projections carried out at December 31, 2020. Estimated future cash flows were discounted at a discount rate of 6.4% p.a.

Significant assumptions used in estimating value in use are:

- Revenues: the Company's growth projection for the period from 2021 to 2023 was considered based on the growth in the rendering of services to base customers and on capturing of new customers.
- Cost of service rendered/general and administrative expenses: these were projected based on historical performance.
- Capital investments: they were estimated considering the current infrastructure necessary to make the service offer available, based on the Company history.

Significant assumptions were based on the Company's historical performance and reasonable macroeconomic assumptions grounded on financial market forecasts, documented and approved by Company management.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Preparation and presentation of the individual and consolidated financial statements (Continued)

c) Significant accounting judgments, estimates and assumptions (Continued)

Provisions for losses on legal proceedings

The Company sets up a provision for legal and other proceedings based on the assessment of the likelihood of loss. The estimates and assumptions used in recording provisions for the Company's legal and other proceedings are reviewed, at least, annually.

Share-based payment

The criterion for determining the estimated fair value of share-based payments is described in Note 4.g ii.

d) Fair value measurement of financial instruments

The Company and its subsidiaries measure financial instruments at fair value at each statement of financial position closing date. In measuring fair value of an asset or liability, the Company uses observable market inputs as much as possible. Fair values are classified into different levels in a hierarchy based on information (inputs) used in the valuation techniques as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: inputs, except quoted prices, included in Level 1, which are observable for assets or liabilities, directly (prices) or indirectly (derivate of prices).
- Level 3: inputs for assets or liabilities that are not based on observable market inputs (non-observable inputs).

Additional information is included in Note 27.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies

The accounting policies detailed below have been consistently applied by the Group to all years presented in these financial statements.

a) Basis of consolidation

The individual and consolidated financial statements includes the financial statements of the Company and its subsidiaries at December 31, 2020 and 2019. Control is obtained when the Company is exposed or has the right to variable returns based on its involvement with the investee and has the capacity of affecting these returns through the power exercised in relation to the investee.

Specifically, the Group controls an investee if, and only if, it has: i) power in relation to the investee (i.e., existing rights that ensure to it the current capacity of directing investee's activities); ii) exposure or right to variable returns based on its involvement with the investee; and iii) the capacity to use its power in relation to investee to affects the results.

Usually, it is assumed that the majority of voting rights results in control. The Group evaluates whether it exercises control or not of an investee if facts and circumstances indicate that there are changes in one or more of the three control elements. Consolidation of a subsidiary begins when the Group obtains control in relation to the subsidiary and ends when the Group stops exercising the referred to control. In the Parent Company's individual financial statements, the financial statements of the subsidiaries are accounted for under the equity method.

Profit or loss and each component of other comprehensive income are attributed to controlling interests and noncontrolling interests of the Group. All assets and liabilities, P&L, revenues, expenses and cash flows of a same group, related to transactions between members of the Group, are fully eliminated in the consolidation.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

b) Classification into current and noncurrent

The Group presents assets and liabilities in the statement of financial position classified as current and noncurrent. A asset item is classified as current when: it is expected to be realized, sold or used in the normal operational cycle; it is held for trading; it is expected to be realized within 12 months after the reporting period; or when referring to case of cash and cash equivalents, unless there are restrictions upon exchange thereof, i.e., when it is used to settle a liability within 12 months after the reporting period. All other assets are to be classified as noncurrent, including deferred tax assets.

A liability is classified as current when: it is expected to be settled within the normal operational cycle; it is mainly held for trading; it is expected to be realized within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The Group classifies all other liabilities as noncurrent.

c) Revenue recognition

Revenue is measured based on the fair value of the consideration received, net of sales discounts, rebates, and related taxes or charges. The Group measures revenue transactions in accordance with specific criteria to determine whether it is operating as an agent or a principal and eventually concluded that it has been operating as a principal in all its revenue agreements. The following specific criteria must also be met before revenue recognition:

Rendering of services

The Group recognizes a portion of the revenue from rendering of development of applications and integration services based on the stage of completion of the service. The completion stage is assessed based on a method of percentage ratio between costs incurred to date and estimated total costs of the transaction. Other revenues are recognized to the extent that economic benefits are likely to flow to the Group and when they can be reliably measured, irrespective of when payment is received.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

c) Revenue recognition (Continued)

Interest income

For all financial instruments measured at amortized cost and interest-yielding financial assets, finance income or cost is recorded by using the effective interest rate, discounting exactly the estimated future cash payable or receivable over the estimated life of the financial instrument or in a shorter period of time, where applicable, to the net carrying amount of the financial asset or liability. Interest income is recognized under finance income in the statement of profit or loss.

d) Taxes

Income and social contribution taxes - current

Current tax assets and liabilities for last year and prior years are measured at the amount expected to be recovered from or paid to the tax authorities. Tax rates and laws used to calculate the amounts are those in force, or substantially in force, at the statement of financial position date in the countries in which the Group operates and generates taxable income.

Management periodically assesses the tax position of situations in which tax regulation requires interpretation, and sets up provisions therefor when appropriate.

Deferred taxes

Deferred taxes arise from temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized on all deductible temporary differences, unused tax credits and tax losses to the extent that taxable profit shall be available so that the deductible temporary differences may be realized, and unused tax credits or losses may be used.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

d) Taxes (Continued)

Deferred taxes (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used.

Deferred tax assets and liabilities are measured at the tax rate expected to be applied in the year in which the asset or liability will be realized or settled, based on the tax rates (and tax law) in force as at the statement of financial position date.

Deferred tax assets and liabilities will be stated net if there is a legal or contractual right to offset the tax assets against tax liabilities, and when the deferred taxes refer to the same taxable entity and subject to the same tax authority.

e) Property and equipment

Property and equipment items are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets.

A property and equipment item is written off when sold or when no future economic benefit is expected from its use or sale. Gain or loss, if any, arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss for the year in which the asset is derecognized.

Residual values and useful lives of assets and depreciation methods are reviewed at year end, and adjusted prospectively, where applicable.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

f) Intangible assets

Intangible assets acquired separately are measured at cost upon their initial recognition. After initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful life of an intangible asset is assessed as finite or indefinite.

Intangible assets with finite useful lives are amortized over their economic useful lives and tested for impairment whenever there is any indication thereof. The amortization period and method for a finite-lived intangible asset are reviewed at least at each fiscal year end. Changes in the estimated useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization charges on finite-lived intangible assets are recognized in the statement of profit or loss in the expense category consistent with the use of the intangible asset.

Indefinite-lived intangible assets are not amortized, but are submitted to annual impairment tests, either individually or based on the relevant Cash-Generating Unit (CGU). Indefinite useful life assessment is reviewed annually to determine whether such assessment continues to be justified.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in the statement of profit or loss upon its write-off.

Research and Development (R&D) expenditures

Research & Development expenditures are recorded as expenses as incurred. The development expenditures associated with technological innovation of existing products are capitalized, if they are technologically and economically feasible, and amortized over the expected period of benefits under the Operating expenses group.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

f) Intangible assets (Continued)

Research and Development (R&D) expenditures (Continued)

The development expenses of a specific project are recognized as intangible assets whenever the following can be demonstrated: (i) the technical feasibility of completing the intangible asset so that it shall be available for use or sale, (ii) the intention to complete the asset and the ability to use or sell the asset, (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the asset, and (v) the ability to reliably measure the expenditure incurred during the development phase.

After initial recognition, the asset is stated at cost less accumulated amortization and impairment losses. Amortization begins when the development stage is concluded and the asset is ready for use, over the period of future economic benefits. During the development stage, the asset is tested for impairment annually.

g) Financial instruments

i) *Financial assets*

Initial recognition and measurement

Upon initial recognition, financial assets are classified as subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial asset and of the Group's business model for management of these financial assets. All financial assets are initially recognized at fair value plus, in the case of financial assets not measured at fair value through profit or loss, costs directly attributable to their acquisition.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

g) Financial instruments (Continued)

i) *Financial assets* (Continued)

Subsequent measurement

For subsequent measurement purposes, financial assets are classified into four categories, as follows:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income, with reclassification of accumulated gains and losses (debt instruments);
- Financial assets designated at fair value through other comprehensive income, without reclassification of accumulated gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows; and
- The contractual terms of the financial asset give rise, at specified dates, to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in P&L when the asset is written off, modified or is impaired.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

g) Financial instruments (Continued)

i) *Financial assets* (Continued)

Subsequent measurement (Continued)

Financial assets at amortized cost (Continued)

The Group's financial assets at amortized cost include cash and cash equivalents, trade accounts receivable, receivables from related parties and restricted deposits (restricted cash).

Financial assets at fair value through other comprehensive income (debt instruments)

The Group evaluates debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows; and
- The contractual terms of the financial asset give rise, at specified dates, to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

For debt instruments at fair value through other comprehensive income, interest income, exchange rate revaluation, and impairment losses or reversals are recognized in the statement of profit or loss and calculated in the same way as financial assets measured at amortized cost. Remaining changes in fair value are recognized in other comprehensive income. Upon derecognition, the cumulative change in fair value recognized in other comprehensive income is reclassified to P&L.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

g) Financial instruments (Continued)

i) *Financial assets* (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through other comprehensive income (equity instruments)

At initial recognition, the Group may irrevocably choose to classify its equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under CPC 39 - Financial Instruments: Presentation and are not held for trading. The classification is determined by considering each instrument, specifically.

Gains and losses on these financial assets are never reclassified to profit or loss. Equity instruments at fair value through other comprehensive income are no subject to impairment test.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets to be mandatorily measured at fair value. Financial assets are classified as held for trading when acquired with the objective of sale or repurchase in the short term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss.

The Group has financial assets (debt instruments) at fair value through profit or loss classified as financial assets.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

g) Financial instruments (Continued)

i) *Financial assets* (Continued)

Derecognition (write-off)

A financial asset (or when applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized (i.e. excluded from P&L for the year) when: the rights to receive cash flows from the asset expire; the Group transferred its rights to receive cash flows from the asset or assumed an obligation to pay the cash flows received in full, without any significant delay, to a third party through a “pass-through” agreement; and (a) the Group substantially transferred all the risks and rewards of the asset or (b) the Group neither transferred nor substantially retained all the risks and rewards relating to an asset, but did transfer control over that asset.

ii) *Impairment of financial assets*

Credit exposures for which there has been no significant increase in credit risk since the initial recognition are accrued as result from possible default events in the next 12 months (12-month expected credit loss). For credit exposures for which there has been a significant increase in credit risk since the initial recognition, a provision is required for expected credit losses over the remaining life of that exposure, irrespective of the timing of the default (a lifetime expected credit loss).

This methodology is applicable to financial instruments classified as amortized cost or fair value through other comprehensive income (except for investments in equity instruments).

For accounts receivable, given the short-term nature of the Company’s receivables and its policy for granting and managing risk and credit used, the Company has not identified any material impact that could affect its individual and consolidated financial statements due to the adoption.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

g) Financial instruments (Continued)

ii) *Impairment of financial assets* (Continued)

For the other financial assets subject to impairment analysis, no expected loss was recognized in the year ended December 31, 2020, since according to the Company's assessment, in addition to the associated risk being low, there is no history of losses.

A financial asset is written off when there is no reasonable expectation of recovery of contractual cash flows.

iii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are initially classified as financial liabilities at fair value through profit or loss, loans and receivables or accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially recognized at fair value plus, in the case of loans and financing and accounts payable, transaction cost directly attributable thereto.

The Group's financial liabilities include trade accounts payable, other accounts payable, loans and financing and lease.

Subsequent measurement

After initial recognition, interest-bearing loans and financing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when liabilities are derecognized, and over the amortization process using the effective interest rate method.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

g) Financial instruments (Continued)

iii) *Financial liabilities* (Continued)

Derecognition (write-off)

A financial liability is derecognized when the obligation thereunder is discharged, cancelled or when it expires. When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

h) Inventories of services

Inventories of services are measured at the lower of cost or net realizable value.

i) Impairment of non-financial assets

Management annually tests the net carrying amount of the assets with a view to determining whether there are any events or changes in economic, operational or technological circumstances that may indicate impairment loss. Where such evidence is identified and the net carrying amount exceeds the recoverable amount, a provision for impairment is recognized and the net carrying amount is adjusted to the recoverable amount. The recoverable amount of an asset or cash-generating unit is defined as the higher of value in use and fair value less costs to sell.

In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry where the cash-generating unit operates. Fair value less costs to sell is determined, whenever possible, based on a firm sales agreement in an arm's length transaction, between knowledgeable and willing parties, after deducting the costs of disposal, or, when a firm sales agreement does not exist, based on market price in an active market, or on price of the most recent transaction with similar assets.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

i) Impairment of non-financial assets (Continued)

Goodwill paid for expected future profitability is annually tested for impairment (as of December 31) or when circumstances indicate an impairment loss.

j) Cash and cash equivalents

Cash equivalents are held by the Company for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group considers cash equivalents a short-term investment readily convertible into a known cash amount and subject to insignificant risk of change in value. Therefore, an investment normally qualifies as a cash equivalent when it has short-term maturity, for example, three months or less from the investment date.

k) Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit or loss upon purchase, sale, issue or cancellation of own equity instruments of the Group. Any difference between carrying amount and consideration is recognized in other capital reserves.

l) Provisions

Provisions are recorded when the Group has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits, and a reasonable estimate can be made. The expense relating to any provision is stated in the statement of profit or loss, net of any reimbursement.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

l) Provisions (Continued)

The Group is party to various legal and administrative proceedings. Provisions are recognized for all contingencies in connection with legal proceedings for which it is likely that a cash outflow will be required to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of loss includes analyses of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. The provisions are reviewed and adjusted to take into consideration changes in circumstances, such as the applicable statute of limitations, outcomes of tax audits or additional exposures identified based on new matters or court decisions.

m) Share-based payment transactions

Cost of equity-settled transactions with employees and of awards granted, is measured considering the fair value on the grant date. In order to determine the fair value, the Group contracts an external pricing specialist, who uses a proper valuation method.

The cost of equity-settled transactions is recognized together with a corresponding increase in equity, over the period in which the service conditions are met, ending on the date on which the employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will be acquired. The income or expense in the statement of profit or loss for the year is recognized under Personnel expenses and represents the changes in accumulated expenses recognized at beginning and end of that year.

Service conditions and other non-market-related performance conditions are not considered when determining the fair value at the date the awards were granted, but the likelihood that these conditions are met is assessed as part of the Group's best estimate of the number of equity instruments with awards whose vesting period expires. Market-related performance conditions are reflected in the fair value at the granting date.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

m) Share-based payment transactions (Continued)

No expense is recognized for awards whose vesting period has not expired, since the performance and/or non-market-related service conditions have not been met.

n) Foreign currency translation

The individual and consolidated financial statements are presented in Brazilian reais (R\$), which is the Parent Company's functional currency. Each entity of the Group determines its own functional currency, and for those entities whose functional currency differs from the Brazilian real, the financial statements are translated into Brazilian reais at the closing date.

Transactions and balances

Transactions in foreign currency are initially recorded at the functional currency exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency exchange rate prevailing at the statement of financial position date. All differences are recorded in the statement of profit or loss.

Group companies

Assets and liabilities of foreign subsidiaries are translated into Brazilian reais at the exchange rate prevailing at the statement of financial position date and the corresponding statements of profit or loss are translated at the transaction exchange rate. Any foreign exchange difference arising from such translation are recorded separately in equity. Goodwill on the purchase of a foreign subsidiary after January 1, 2009 is treated as an asset of the foreign subsidiary and translated at the closing date.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

o) Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily restated, and therefore adjusted to their present value. The present value adjustment of current monetary assets and liabilities is calculated and only recorded when the effect is considered significant in relation to the financial statements taken as a whole. Based on analyses performed and on management's best estimate, the Group concluded that the present value adjustment of current assets and liabilities is immaterial when compared to the individual and consolidated financial statements taken as a whole, and therefore, no adjustment was recorded.

p) Leases

At lease inception, the Company assesses whether this arrangement is or contains a lease. A contract is (or contains) a lease if compliance with such contract depends on the use of a specific asset (or assets), and the contract transfers the right to use a particular asset (or assets), even if that asset (or assets) is not explicit in the contract.

The Company applies a single approach to recognize and measure all leases, except for short-term leases and low-value asset leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at lease inception (i.e., on the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new remeasurements of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made until lease inception.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

Lease liabilities

At the commencement date, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid under residual value guarantees.

When calculating the present value of lease payments, the Company uses its incremental borrowing rate at inception, as the interest rate implicit in the lease cannot be readily determined. After lease inception, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

q) Trade accounts payable

Trade accounts payable are obligations payable for goods or services acquired in the ordinary course of business, classified under current liabilities if their payment falls due within one year. Otherwise, trade accounts payable are stated as noncurrent liabilities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

r) New or revised pronouncements first-time adopted in 2020

The Company applied for the first time certain standards and amendments that are effective for annual reporting periods beginning on or after January 1, 2020. The Company has decided not to early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to CPC 15 (R1): Definition of a business

The amendment to CPC 15 (R1) clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments had no impact on the Company's individual and consolidated financial statements, but may impact future periods should the Company enter into any business combinations.

Amendments to CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform

The amendments to CPC 38 and CPC 48 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the Company's individual and consolidated financial statements as it does not have any interest rate hedging relationships.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

Amendments to CPC 26 (R1) and CPC 23: Definition of material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the Company’s individual and consolidated financial statements, nor is there expected to be any future impact to the Company.

Revision of CPC 00 (R2): Conceptual Framework for Financial Reporting

The revised pronouncement includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the Company’s individual and consolidated financial statements.

Amendments to CPC 06 (R2): Covid-19 related rent concessions

The amendments provide relief to lessees from applying CPC 06 (R2) guidance on lease modification upon accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under CPC 06 (R2), if the change were not a lease modification.

This amendment had no impact on the Company’s individual and consolidated financial statements.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. Significant accounting policies (Continued)

Impact of new Coronavirus (Covid-19)

Since the beginning of 2020, the Company has been following the spread of the New Coronavirus (“Covid-19”) around the world. The Company carried out an analysis of the risks and uncertainties related to Covid-19 on its operations and those of its subsidiaries and, to date, identified no material impact that required an adjustment to the individual and/or consolidated financial statements.

The Company adopted remote work (home office) for all employees, respecting the quarantine period decrees of each state and reinforced its Corporate health team.

The Company’s information technology tools have proven to be effective and, along with the management discipline, the Company’s employees continue to work within the usual level of productivity.

Despite maintaining a healthy cash position, and in view of the uncertainty and volatility of the current scenario due to the Covid-19 pandemic, Company management carried out measures aimed at establishing an even more robust position in a preventive manner, in order to ensure that the Company can go through this period supplying the needs that may arise. Significant measures were:

- Postponement of payments of the social security contribution of March, April and May;
- Postponement of payments relating to the Unemployment Compensation Fund (“FGTS”) of March, April and May, which were divided into six (6) monthly installment beginning in July;

The Company assessed the possible financial impacts and concluded that there was no increase in default or in the turnover of accounts receivable, or other financial impacts arising from the Covid-19 crisis, on the Company or its subsidiaries. The Company had no other benefits in addition to those disclosed above.

The Company understands that is taking all appropriate measures to prevent the spread of Covid-19 as well as to ensure business continuity during the pandemic period. Although the Company’s operations have not been significantly impacted to date and it has not identified any event that could indicate impairment and/or non-realization of its assets, management is unable to estimate or predict the occurrence of future events related to the Covid-19 pandemic that may have impacts on the Company; however, it will continue to monitor and evaluate actions to be taken.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

5. Cash and cash equivalents

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash	5	3	6	3
Bank checking account	229	739	19,731	8,936
Short-term investments	114,240	64,437	114,978	64,437
	<u>114,474</u>	<u>65,179</u>	<u>134,715</u>	<u>73,376</u>

These refer to operations carried out with institutions that operate in the local financial market, taken out under normal market conditions and rates, with high liquidity (less than 90 days), low credit risk and remuneration by reference to the variation of the Interbank Deposit Certificate (“CDI”) at percentages ranging from 70.0% to 106.0%. Automatic investments of balances in checking account are also remunerated at a percentage ranging from 5.5% to 50.0% of the CDI variation.

The Company has no financial assets derecognized and is not engaged in transactions involving derivatives.

Information on the Company’s exposure to liquidity and market risks is included in Note 27.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

6. Trade accounts receivable

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Trade notes receivable	36,127	34,218	44,389	42,078
Unbilled amounts (i)	38,865	34,996	38,865	34,996
(-) Allowance for expected credit losses (ii)	(2,029)	(391)	(2,029)	(391)
	72,963	68,823	81,225	76,683

- (i) "Unbilled amounts" correspond to services rendered up to December 31, 2020, but which had not yet been billed at the end of the year.
- (ii) The allowance for expected credit losses was calculated based on the credit risk assessment performed by the Company, which includes the history of losses, the customers' individual position, the position of the economic group to which the customers belong and related security interest received. The Company has no recent history of loss, except for the amounts provisioned.

At December 31, 2020 and 2019, changes in the allowance for expected credit losses are as follows:

	Individual and Consolidated	
	12/31/2020	12/31/2019
Opening balance	(391)	(391)
Allowance	(1,638)	-
Closing balance	(2,029)	(391)

The balances of trade notes receivable at December 31, 2020 and 2019 are segregated according to the following maturity ranges:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Falling due	33,124	30,818	41,386	38,678
Overdue within 30 days	884	2,693	884	2,693
Overdue from 31 to 180 days	-	316	-	316
Overdue for more than 180 days	2,119	391	2,119	391
	36,127	34,218	44,389	42,078

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

6. Trade accounts receivable (Continued)

Unbilled amounts at December 31, 2020 and 2019 are segregated according to the following maturity ranges:

	Individual and Consolidated	
	12/31/2020	12/31/2019
Falling due	13,825	9,671
Overdue within 30 days	9,122	9,908
Overdue from 31 to 60 days	4,570	3,369
Overdue from 61 to 120 days	1,387	3,649
Overdue for more than 120 days	9,961	8,399
	<u>38,865</u>	<u>34,996</u>

7. Inventories of services in progress (individual and consolidated)

The balances at December 31, 2020 and 2019 refer to initial expenses with the acquisition of IBM technical support services, intended for resale. These expenses are incurred as sales contracts for these services are entered into and, therefore, there is no risk of this asset not to be realized. Based on the contracts in force, a portion of this inventory will be realized in the 12 months after the end of the referred years (R\$689 and R\$2,767 at December 31, 2020 and 2019, respectively), and the remaining balance (R\$43 and R\$728 at December 31, 2020 and 2019, respectively) 12 months thereafter, classified as noncurrent assets.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

8. Deferred taxes recoverable

a) Taxes recoverable

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
IRPJ and CSLL tax loss (i)	5,480	4,356	6,428	4,356
PIS and COFINS recoverable	482	657	482	657
INSS to be offset	544	227	544	227
Other taxes to be offset	316	277	316	277
	6,822	5,517	7,770	5,517

(i) This refers to tax withholdings on short-term investments and services provided to third parties, which will be offset against future tax debts of the same nature.

b) Deferred taxes

Deferred income and social contribution taxes are recorded to reflect the future tax effects attributable to the temporary differences between the tax base of assets and liabilities and their respective carrying amounts.

Deferred income and social contribution taxes are broken down as follows:

	Individual and Consolidated Statement of financial position		Individual and Consolidated Profit or loss for the year	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Tax depreciation	460	186	274	(21)
Accrued payments (i)	1,657	986	671	(231)
Provision for labor contingencies	2,190	817	1,373	297
Allowance for expected credit losses	689	133	556	0
Leases	(837)	(88)	(749)	(75)
Other provisions	236	234	2	131
	4,395	2,268	2,127	101

(i) This refers to the provision for payment relating to overtime compensation system and estimated collective bargaining agreement.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

9. Financial assets

The Company invests in startups through intercompany loan agreements with the option of being converted into equity interest on a certain date.

Assets are valued at fair value through profit or loss, and since they are represented by privately held startups and do not have prices quoted in an active market, the fair value for these investments is measured by a valuation technique or techniques practiced by the market, such as discounted cash flow or revenue multiples, considering the reasonableness of the range of values indicated by them. The fair value measurement is the point within this range that best represents fair value in the circumstances.

Investments in startups made by the Company have a medium to long-term strategy, with the purpose of having synergy with the Company's business, or a planned exit for the moment when the financial returns are favorable and, therefore, are recognized as financial instrument. At December 31, 2020, the amount of these investments were R\$10,143 (R\$7,715 at December 31, 2019).

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

10. Transactions with related parties

a) Accounts receivable

The main balances at December 31, 2020 and 2019, as well as transactions that affected P&L for the years, relating to transactions with related parties, arise from the Company's transactions with its subsidiaries and key management personnel.

Transactions with related parties are as follows:

Accounts receivable

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ThinkInternacional (i)	212	622	-	-
BNDES (ii)	71	79	71	79
Inspeon (iii)	250	-	-	-
	533	701	71	79
Current	283	701	71	79
Noncurrent	250	-	-	-

- (i) The balance receivable from subsidiary Think International refers to services rendered by the Company to this subsidiary, with days sales outstanding of 30 days. This balance is denominated in US dollars and is subject to foreign exchange differences.
- (ii) National Bank for Economic and Social Development ("BNDES") is the controlling shareholder of BNDESPAR Participações S.A. which holds 23% equity interest in the Company. The balance receivable from BNDES refers to the rendering of computer services.
- (iii) The balance receivable from Inspeon refers to a private credit instrument entitling the conversion into shares, within 18 months.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

10. Transactions with related parties (Continued)

b) Borrowings

Intercompany loans payable are as follows:

	Effective rate	Individual and Consolidated	
		12/31/2020	12/31/2019
		-	-
BNDES	TJLP +1.7% p.a.	-	8,242
(-) Transaction cost		-	(356)
			<u>7,886</u>
		-	-
Current		-	4,676
Noncurrent		-	3,210

The maturity of the Company's loans were as follows:

	Individual and Consolidated	
	Book value	Nominal value
	12/31/2020	12/31/2019
Within 1 year	-	4,833
Above 1 year and within 2 years	-	3,242
	-	<u>8,075</u>

Changes in the Company's loans are as follows:

	12/31/2020	12/31/2019
Opening balance	7,886	14,032
Transaction costs	(146)	(307)
Charges	746	1,171
Interest amortization and repayments	(8,486)	(7,010)
Closing balance	<u>-</u>	<u>7,886</u>

The loans taken out from BNDES were intended for investments in infrastructure, national equipment, research and development, training and quality, marketing and sale as well as in administrative and managerial systems within the scope of Prosoft Program, and had no covenants.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

10. Transactions with related parties (Continued)

b) Borrowings (Continued)

On July 17, 2015, an agreement was entered into between the Company and BNDES regarding the approval of a loan in the amount of R\$18,790. On December 11, 2015, the Company contracted a Letter of Guarantee from Banco Bradesco, required for the release of referred to loan. This surety has a cost of 2.5% per annum referring to the commission rate, and requires a security interest from the Company of 30% of the loan amount, through short-term investment in repurchase agreement notes backed by debentures. At December 31, 2020, the restricted deposit amounts to R\$1,524 (R\$4,931 at December 31, 2019).

c) Other information

In the years ended December 31, 2020 and 2019, transactions with related parties were as follows:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Service revenue				
BNDES	5,426	4,853	5,426	4,853
Think Internacional	6,217	5,334	-	-
	11,643	10,187	5,426	4,853
	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cost of services				
Inspeon	(1,658)	-	-	-
Workfacilit	(220)	-	-	-
	(1,878)	-	-	-

d) Management fees

The amounts referring to key management personnel compensation for the years ended December 31, 2020 and 2019 were R\$2,943 and R\$3,203, respectively.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

11. Investments

Information on the Company's subsidiary is as follows:

a) General information on subsidiaries

Subsidiary name	Type	Company investment		Investees' activities	Set up and operation
		12/31/2020	12/31/2019		
BRQ IT Services, Inc.	Direct	100%	100%	Holding	The United States
Think International, LLC	Indirect	80%	80%	IT Solutions	The United States
Workfacilit Soluções Digitais Ltda.	Direct	51%	-	IT Solutions	Brazil
Inspeon Soluções Digitais Ltda.	Direct	60%	-	IT Solutions	Brazil

b) Financial information on subsidiaries

Subsidiary	Equity			Profit or loss for the year		Total investment		Equity pickup	
	Controlling interests	Noncontrolling interests	Equity interest (%)	Noncontrolling		12/31/2020	12/31/2019	12/31/2020	12/31/2019
				Controlling interests	interests				
BRQ IT Services, Inc.	23,222	1,197	100%	2,671	955	23,223	15,734	2,671	2,216
Inspeon Soluções Digitais Ltda.	1,124	1,092	60%	1,124	1207	843	-	1,124	-
Workfacilit Soluções Digitais Ltda.	376	166	51%	-	121	255	-	-	-

c) Changes in investments

	BRQ IT Services, Inc.	Other investments (*)	Inspeon Soluções Digitais Ltda.	Workfacilit Soluções Digitais Ltda.	Total
Investments at December 31, 2018	12,921	400	-	-	13,321
Equity pickup	2,216	-	-	-	2,216
Exchange gains (losses) on foreign investment	597	-	-	-	597
Divestiture	-	(400)	-	-	(400)
Investments at December 31, 2019	15,734	-	-	-	15,734
Capital payment	-	-	-	255	255
Dividend payment	-	-	(281)	-	(281)
Equity pickup	2,671	-	1,398	62	4,131
Loss (disproportionate profit sharing)	-	-	(274)	(62)	(336)
Foreign exchange differences on foreign investment	4,818	-	-	-	4,818
Investments at December 31, 2020	23,223	-	843	255	24,321

(*) In February 2014, the Company acquired 8.16% of XACT Tecnologia ("XACT") for R\$400, in order to use XACT's intelligence to strengthen its Service Desk offer. In March 2019, the Company disposed of all shares held in this investment for the amount of R\$151, determining on that date a loss of R\$249, recorded in P&L for the period.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

11. Investments (Continued)

d) New investments

Workfacilit Soluções Digitais Ltda. (“Workfacilit”) was set up on December 3, 2019 aimed at developing and licensing customizable computer programs. Currently, this company is primarily engaged in the rendering of services via the Internet, through its software platform for modular solutions for customer service channels and corporate control tools. The payment of capital, in the amount of R\$255, took place on January 24, 2020 and represents 51% equity interest in the new company.

Inspeon Soluções Digitais Ltda. (“Inspeon”) was set up on December 10, 2019 aimed at developing and licensing customizable computer programs. Currently, this company is primarily engaged in the rendering of services via the Internet, through its software platform developed to control activities relating to inspection, audit, claims regulation, supervision of teams in the field, service order and customer relations activities. The Company holds 60% equity interest in Inspeon, and its capital will be paid in up to 24 months, in the total amount of R\$300.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

12. Property and equipment

	Individual								Total
	Furniture and fixtures	Machinery and equipment	Telephone set	IT equipment	Facilities	Vehicles	Construction in progress	Leasehold improvements	
At January 1, 2019									
Opening balance	2,802	88	373	2,897	749	45	323	500	7,777
Acquisitions	634	9	-	1,106	5	-	5,273	6	7,033
Cost write-offs	(261)	-	(84)	(2,051)	-	-	(15)	(2)	(2,413)
Reversed depreciation	163	-	77	2,042	-	-	-	-	2,282
Transfer	182	-	-	3,834	85	-	(4,902)	801	-
Depreciation	(511)	(9)	(112)	(2,229)	(70)	(40)	-	(325)	(3,296)
Net book balance	3,009	88	254	5,599	769	5	679	980	11,383
At December 31, 2019									
Cost	7,205	147	1,260	22,842	1,196	481	679	7,209	41,019
Accumulated depreciation	(4,196)	(59)	(1,006)	(17,243)	(427)	(476)	-	(6,229)	(29,636)
Net book balance	3,009	88	254	5,599	769	5	679	980	11,383
At January 1, 2020									
Opening balance	3,009	88	254	5,599	769	5	679	980	11,383
Acquisitions	15	-	-	561	-	263	5,852	-	6,691
Cost write-offs	(3,494)	(129)	(643)	(3,365)	(1,015)	(325)	-	(3,736)	(12,707)
Reversed depreciation	2,101	66	547	3,264	421	325	-	3,016	9,740
Transfer	53	-	-	4,948	9	-	(5,225)	215	-
Depreciation	(484)	(9)	(74)	(3,522)	(66)	(13)	-	(346)	(4,514)
Net book balance	1,200	16	84	7,485	118	255	1,306	129	10,593
At December 31, 2020									
Cost	3,779	18	617	24,986	190	419	1,306	3,688	35,003
Accumulated depreciation	(2,579)	(2)	(533)	(17,501)	(72)	(164)	-	(3,559)	(24,410)
Net book balance	1,200	16	84	7,485	118	255	1,306	129	10,593
Estimated useful life (years)	12	20	10	3	20	5	-	5	

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

12. Property and equipment (Continued)

	Consolidated								Total
	Furniture and fixtures	Machinery and equipment	Telephone set	IT equipment	Facilities	Vehicles	Construction in progress	Leasehold improvements	
At January 1, 2019									
Opening balance	2,802	88	373	2,897	749	45	323	500	7,777
Acquisitions	661	9	-	1,136	5	-	5,273	6	7,090
Cost write-offs	(261)	-	(84)	(2,051)	-	-	(15)	(2)	(2,413)
Reversed depreciation	163	-	77	2,042	-	-	-	-	2,282
Transfer	182	-	-	3,834	85	-	(4,902)	801	-
Depreciation	(511)	(9)	(112)	(2,234)	(70)	(40)	-	(325)	(3,301)
Net book balance	<u>3,036</u>	<u>88</u>	<u>254</u>	<u>5,624</u>	<u>769</u>	<u>5</u>	<u>679</u>	<u>980</u>	<u>11,435</u>
At December 31, 2019									
Cost	7,232	147	1,260	22,972	1,196	481	679	7,209	41,176
Accumulated depreciation	(4,196)	(59)	(1,006)	(17,348)	(427)	(476)	-	(6,229)	(29,741)
Net book balance	<u>3,036</u>	<u>88</u>	<u>254</u>	<u>5,624</u>	<u>769</u>	<u>5</u>	<u>679</u>	<u>980</u>	<u>11,435</u>
At January 1, 2020									
Opening balance	3,036	88	254	5,624	769	5	679	980	11,435
Acquisitions	15	-	-	634	-	263	5,852	-	6,764
Cost write-offs	(3,494)	(129)	(643)	(3,365)	(1,015)	(325)	-	(3,736)	(12,707)
Foreign exchange difference	-	-	-	38	-	-	-	-	38
Reversed depreciation	2,101	66	547	3,264	421	325	-	3,016	9,740
Transfer	53	-	-	4,948	9	-	(5,225)	215	-
Depreciation	(484)	(9)	(74)	(3,544)	(66)	(13)	-	(346)	(4,536)
Net book balance	<u>1,227</u>	<u>16</u>	<u>84</u>	<u>7,599</u>	<u>118</u>	<u>255</u>	<u>1,306</u>	<u>129</u>	<u>10,734</u>
At December 31, 2020									
Cost	3,806	18	617	25,189	190	419	1,306	3,688	35,233
Accumulated foreign exchange difference	-	-	-	38	-	-	-	-	38
Accumulated depreciation	(2,579)	(2)	(533)	(17,628)	(72)	(164)	-	(3,559)	(24,537)
Net book balance	<u>1,227</u>	<u>16</u>	<u>84</u>	<u>7,599</u>	<u>118</u>	<u>255</u>	<u>1,306</u>	<u>129</u>	<u>10,734</u>
Estimated useful life (years)	12	20	10	3	20	5	-	5	

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

12. Property and equipment (Continued)

At December 31, 2020 and 2019, the Company had no indications of impairment loss. The Company does not have assets with restricted ownership or offered as collateral for obligations. In the second half of 2020, the Company proceeded with the return of part of its offices, which resulted in the write-off of property and equipment items in the net amount of R\$2,594 (of the total of R\$2,967 of write-offs occurred in the year).

There are assets net of depreciation in the amount of R\$3,157 (R\$3,878 at December 31, 2019) obtained through commercial lease agreements, with purchase option clauses, with an average duration of 3 years (Note 15).

13. Intangible assets

	Individual			Total
	Costs with development	Software	Trademarks and patents	
At January 1, 2019				
Opening balance	364	1,114	2	1,480
Addition	861	209	-	1,070
Transfers	199	(199)	-	-
Amortization	-	(606)	-	(606)
Net book balance	1,424	518	2	1,944
At December 31, 2019				
Cost	1,424	11,115	2	12,541
Accumulated amortization	-	(10,597)	-	(10,597)
Net book balance	1,424	518	2	1,944
At January 1, 2020				
Opening balance	1,424	518	2	1,944
Addition	1,411	121	-	1,532
Amortization	-	(236)	-	(236)
Net book balance	2,835	403	2	3,240
At December 31, 2020				
Cost	2,835	11,236	2	14,073
Accumulated amortization	-	(10,833)	-	(10,833)
Net book balance	2,835	403	2	3,240
Annual amortization rates (%)		33.3		

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

13. Intangible assets (Continued)

	Consolidated					Total
	Costs with development	Software	Trademarks and patents	Goodwill (*)	Other	
At January 1, 2019						
Opening balance	364	1,114	2	4,700	32	6,212
Addition	861	209	-	-	-	1,070
Accumulated foreign exchange difference (i)	-	-	-	190	-	190
Transfers	199	(199)	-	-	-	-
Amortization	-	(606)	-	-	(11)	(617)
Net book balance	1,424	518	2	4,890	21	6,855
At December 31, 2019						
Cost	1,424	11,115	2	2,852	73	15,466
Accumulated foreign exchange difference (i)	-	-	-	2,729	10	2,739
Provision for impairment	-	-	-	(691)	-	(691)
Accumulated amortization	-	(10,597)	-	-	(62)	(10,659)
Net book balance	1,424	518	2	4,890	21	6,855
At January 1, 2020						
Opening balance	1,424	518	2	4,890	21	6,855
Addition	1,411	121	-	-	-	1,532
Foreign exchange difference	-	-	-	1,413	6	1,419
Amortization	-	(236)	-	-	(14)	(250)
Net book balance	2,835	403	2	6,303	13	9,556
At December 31, 2020						
Cost	2,835	11,236	2	2,852	73	16,998
Accumulated foreign exchange difference	-	-	-	4,142	16	4,158
Provision for impairment	-	-	-	(691)	-	(691)
Accumulated amortization	-	(10,833)	-	-	(76)	(10,909)
Net book balance	2,835	403	2	6,303	13	9,556
Annual amortization rates (%)		33.3			13.3	

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

14. Loans and financing

The loan and financing balances are broken down as follows:

	Effective rate	Individual		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
Itaú - working capital (i)	2.43% p.a. + 100% of CDI	716	9,324	716	9,324
(-) Transaction cost		-	(69)	-	(69)
Chase Bank (ii)		-	-	4,000	-
Caixa Econômica Federal (iii)	0.18% p.m. + 100% of CDI	6,984	-	6,984	-
Santander (iv)	Libor + 2.25% p.a.	-	-	1,507	1,169
		7,700	9,255	13,207	10,424
	Current	7,700	7,827	13,207	8,996
	Noncurrent	-	1,428	-	1,428

- (i) The funds obtained from Banco Itaú is intended for working capital. Transaction costs incurred in raising funds from third parties are allocated to P&L over the term of the debt that originates them, using the amortized cost method. The use of the amortized cost method results in the calculation and appropriation of financial charges, based on the effective contractual interest rate of the instrument.
- (ii) In May 2020, ThinkInternational, LLC borrowed US\$779 (R\$4,000) under the CARES (Coronavirus Aid, Relief, and Economic Security) program. The loans are intended to make up for loss on sales and the ability to operate, along with the corresponding inability to pay employees, rent and other costs due to the pandemic. The Company may obtain relief and repay the loan without fines or interest charges if it complies with the program requirements, the main ones are:
- Request a loan waiver within 10 months after the last day of the loan coverage period;
 - Prove that the funds were used to pay the payroll during the program coverage period.
- By December 31, 2020, the Company is in compliance with the program requirements.
- (iii) On August 4, 2020, R\$7,000 were taken out from Caixa Econômica Federal, with a 15-month term, 6 of which are grace period and 9 of principal amortization and financial charges, maturing on November 5, 2021. The fund obtained is intended for working capital. To obtain these loans, the Company maintained a restricted deposit in the amount of R\$1,400 to guarantee the operation.
- (iv) The fund obtained by ThinkInternational, LLC from Banco Santander is intended for working capital and is not guaranteed.

The Company's loans mature are as follows:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Within 1 year	7,700	7,827	13,207	8,996
Above 1 year and within 2 years	-	1,428	-	1,428
	7,700	9,255	13,207	10,424

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

14. Loans and financing (Continued)

Changes in loans are as follows:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	9,255	14,766	10,424	15,890
Additions	6,965	-	11,235	-
Charges	437	1,245	482	1,297
Foreign exchange difference	-	-	68	45
Interest amortization and repayments	(8,957)	(6,756)	(9,002)	(6,808)
Closing balance	7,700	9,255	13,207	10,424

The Company has no loan agreements subject to covenants.

15. Financing through lease

	Effective rate	Individual and Consolidated		Items
		12/31/2020	12/31/2019	
Santander Leasing S.A.	0.94% to 1.22% p.m.	3,282	2,044	IT equipment
Bradesco Leasing S.A.	1.02% to 1.19% p.m.	705	1,466	IT equipment
Safra Leasing S.A.	0.99% p.m.	352	551	IT equipment
		4,339	4,061	
Current		2,556	1,881	
Noncurrent		1,783	2,180	

The Company's financing through lease mature are as follows:

	Individual and Consolidated			
	Book value		Nominal value	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Within 1 year	2,556	1,881	2,587	944
Above 1 year and within 2 years	1,690	1,568	1,778	854
Above 2 years and within 5 years	93	612	95	508
	4,339	4,061	4,460	2,306

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

15. Financing through lease (Continued)

The changes in the Company's financing through lease are as follows:

	Individual and Consolidated	
	12/31/2020	12/31/2019
Opening balance	4,061	2,035
Additions	2,443	3,345
Charges	416	180
Interest amortization and repayments	(2,581)	(1,499)
Closing balance	4,339	4,061

At December 31, 2020, the Company has assets, net of depreciation and amortization, amounting to R\$3,157 (R\$3,880 at December 31, 2019) obtained through lease agreements. The contracts have an average term of three years, with purchase option clauses at the end of the period. The assets described below are included in the Company's property and equipment (residual value at the end of the year).

	Individual and Consolidated	
	12/31/2020	12/31/2019
IT equipment	3,157	3,878
Vehicles	-	2
	3,157	3,880

16. Debentures

On March 27, 2020, the Company carried out the 1st issue of unsecured nonconvertible debentures as part of its financial strategy. The balance is broken down as follows:

	Effective rate	Individual and Consolidated	
		12/31/2020	12/31/2019
Bradesco	6.4% p.a.	60,055	-
(-) Transaction cost		(1,606)	-
		58,449	-
	Current	11,095	-
	Noncurrent	47,354	-

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

16. Debentures (Continued)

The debenture provides for monthly payment of interest and principal after a 12-month grace period, with final maturity on March 18, 2025. The fund taken out is intended for investments and additional source of working capital.

The debt's security interest is the service concession arrangement between Bradesco and BRQ and personal guarantee registered at the Registries of Deeds and Documents of the cities of Barueri, São Paulo and Rio de Janeiro.

The debenture mature as follows:

	Individual and Consolidated	
	Book value	Nominal value
	12/31/2020	12/31/2020
Within 1 year	11,095	13,061
Above 1 year and within 2 years	14,551	15,645
Above 2 years and within 5 years	32,803	33,350
	58,449	62,056

Changes in debentures are as follows:

	Individual and Consolidated
	12/31/2020
Additions	60,000
(-) Funding costs	(1,715)
Interest and charges	1,842
(-) Interest amortization and repayments	(1,678)
Closing balance	58,449

Financial commitments - Covenants

As a way of monitoring the Company's financial position by the creditors involved in the debenture contract, a financial covenant was negotiated.

At March 31, 2020, the Company started to monitor a financial index of its debt capacity, which measures the level of net debt in relation to EBITDA in the last 12 months. As defined in the contract, this index cannot be higher than 2.5 times.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

16. Debentures (Continued)

Financial commitments - Covenants (Continued)

Failure to comply with the index, for two consecutive or alternate quarters, implies the possibility of early maturity of the debt. By the year ended December 31, 2020, the Company was in compliance with the terms of covenants.

The Company also follows other covenants (qualitative covenants), which were complied with at December 31, 2020.

17. Taxes and contributions payable

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Withholding Income Tax (IRRF) payable	4,783	3,919	4,791	3,919
Social security contribution on gross revenue	3,072	2,154	3,072	2,154
Service Tax (ISS) payable	1,670	1,443	1,712	1,443
IRPJ and CSLL payable	-	321	280	321
Other taxes and contributions payable	32	17	149	17
	9,557	7,854	10,004	7,854

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

18 Right-of-use assets / Lease liabilities

The Company has obligations arising from lease agreements characterized as finance lease, in accordance with CPC 06 (R2)/IFRS 16. These lease agreements were measured at present value at January 1, 2019, recognized in the statement of financial position as a right-of-use asset and lease liabilities. In 2020 due to the actions taken on account of the Covid-19 pandemic, the Company adopted remote work for all employees and, as a result, it reduced the size of the offices resulting in write-offs of assets and lease liabilities.

(a) Right-of-use asset

	Individual and Consolidated	
	12/31/2020	12/31/2019
Opening balance	4,493	-
Initial adoption	-	6,570
Contractual restatement	61	-
Additions of new contracts	741	-
Write-offs of contracts terminated	(1,856)	-
Depreciation	(1,745)	(2,077)
Closing balance	<u>1,694</u>	<u>4,493</u>

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

18. Right-of-use assets / Lease liabilities (Continued)

(b) Lease liabilities

The Company's lease agreements with third parties are indexed by the General Market Price Index (IGP-M) and are recognized in the statement of profit or loss, when incurred.

The Company's lease liabilities mature are as follows:

	Individual and Consolidated			
	Book value		Nominal value	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Within 1 year	785	1,711	850	2,000
Above 1 year and within 2 years	771	1,244	802	1,424
Above 2 years and within 5 years	267	1,876	286	1,980
	1,823	4,831	1,938	5,404
Current	785	1,711		
Noncurrent	1,038	3,120		

The changes in the Company's lease liabilities are as follows:

	Individual and Consolidated	
	12/31/2020	12/31/2019
Opening balance	4,831	-
Initial adoption	-	6,570
Contractual restatement	61	-
Additions of new contracts	741	-
Write-offs of contracts terminated	(2,259)	-
Charges	112	384
Payments	(1,663)	(2,123)
Closing balance	1,823	4,831

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

18. Right-of-use assets / Lease liabilities (Continued)

Maturity of contracts

	<u>Individual and Consolidated</u>
2021	849
2022	801
2023	144
2024	74
2025	69
Total undiscounted amounts	1,937
Interest	(114)
Lease liabilities at September 30, 2020	1,823

The Company reached its discount rate (BM&FBovespa of DIxpré referential rate, 252 business days, obtained from B3), based on a weighting of risk-free interest rates observed in the Brazilian market, for the terms of its contracts, adjusted to the reality of the Company (credit spread). The spreads were obtained based on the Company's current loan transactions.

According to the conclusion base 161 and 162 of the IASB, references of IFRS 16/CPC 06 (R2) and CVM SNC/SEP Circular Memorandum No. 02/2019, management used the incremental rate as a criterion for calculating the assets and liabilities under IFRS 16/CPC 06 (R2) and therefore are presented in the Company's statement of financial position.

Management understands that the rate used represents the cash flow closest to the real and are in line with the characteristics of the lease agreements, as determined by item 27b of CVM Circular Memorandum. Had the Company adopted the calculation methodology projecting the inflation embedded in the nominal incremental rate and bringing it to present value by the nominal incremental rate, the average percentage of inflation to be projected per year would have been of approximately 3.20%. The average term of the contracts considered is 2.2 years.

In accordance with CVM Rule No. 859/2020, which addresses changes in Accounting Pronouncement NBC TG 06 (R3) - Covid-19 Related Rent Concessions, the Company assessed that the benefits arising from the rent discounts obtained for certain properties are punctual and have not resulted in a change in the effectiveness of these lease agreements.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

19. Income and social contribution tax expense

	<u>Individual</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
Income before income and social contribution taxes	61,732	42,819
Combined tax rate	<u>34%</u>	<u>34%</u>
Income and social contribution taxes at combined rate	20,989	14,558
Tax benefit - Tax Relief Law (<i>Lei do Bem</i>)	(202)	-
Permanent additions/(exclusions)	(929)	(435)
Workers' Meal Program (PAT)	(388)	(251)
IRPJ surtax (10%)	(24)	(24)
Income and social contribution taxes at statutory rate	<u>19,446</u>	<u>13,848</u>
Current	21,371	13,949
Deferred	(2,127)	(101)
Tax benefit - Tax Relief Law (<i>Lei do Bem</i>)	<u>202</u>	<u>-</u>
Income and social contribution taxes as per P&L for the year	<u>19,446</u>	<u>13,848</u>
Effective rate	<u>32%</u>	<u>32%</u>

Direct subsidiary BRQ IT Services Inc. and indirect subsidiary ThinkInternational LLC, Inc. are headquartered in the United States and subject to local taxation. Think International LLC does not pay income taxes, such liability is passed on to BRQ IT Services Inc., which is subject to New York city taxation.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

20. Provisions for losses on legal proceedings

The Company figures as defendant in legal and administrative proceedings before various courts and government agencies, involving tax and labor matters, arising from the ordinary course of its business.

Based on information provided by its legal advisors, analysis of pending litigation and, concerning labor claims, based on past experience referring to amounts sought, management set up a provision at an amount deemed sufficient to cover estimated probable losses on the outcome of ongoing proceedings, as follows:

	<u>Individual and Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
Labor	6,435	2,395

Changes in the provision are as follows:

	<u>Individual and Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
Balances at beginning of period	2,395	1,530
Set up	6,290	3,095
Payments made	(2,238)	(852)
Reversal of provision	(12)	(1,378)
Balances at end of period	<u>6,435</u>	<u>2,395</u>

In addition, the Company is a party to tax and labor claims, whose likelihood of loss is assessed as possible by the legal advisors, for which no provisions have been recorded to cover losses, if any. The amounts involved in these claims are as follows:

	<u>Individual and Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
Tax	131,092	108,818
Labor	4,286	7,237
	<u>135,378</u>	<u>116,055</u>

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

20. Provisions for losses on legal proceedings (Continued)

a) Tax

a.1) *Social Security Tax (“INSS”) underpayment on Profit Sharing Program*

On December 9, 2014, the Company was served tax assessment notices by the Brazilian Internal Revenue Service (RFB) Office due to alleged INSS underpayment on profit sharing program referring to 2011. Based on the opinion of its legal advisors, management assessed a possible loss by the Company, and the amount involved is R\$60,863 (R\$43,927 at December 31, 2019).

a.2) *Tax assessment notice - Service Tax (ISS) payment*

On August 28, 2015, the Company was served tax assessment notices by the Rio de Janeiro Ministry of Finance due to the alleged non-payment of ISS. Based on the opinion of its legal advisors, management assessed a possible loss by the Company, and the amount involved is R\$68,928 (R\$63,606 at December 31, 2019).

b) Labor

The Company maintains a provision for certain proceedings and, based on the opinion of its legal advisors, estimates that the total amount of R\$4,286 at December 31, 2020 refers to possible loss (R\$7,237 at December 31, 2019).

The judicial deposits and collaterals are broken down as follows:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Judicial deposits	4,298	4,119	4,298	4,119
Collaterals	170	500	197	521
	4,468	4,619	4,495	4,640

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

21. Deferred revenues

	Individual and Consolidated	
	12/31/2020	12/31/2019
Anticipated billing (i)	15,907	13,270
Prepaid commissions (ii)	1,200	1,600
	17,107	14,870
Current	16,307	13,670
Noncurrent	800	1,200

- (i) The amount recorded in "Anticipated billing" refers to amounts already billed, whose services were not rendered until the end of the quarter; as the services are delivered, the Company recognizes these amounts as revenue in P&L, consequently decreasing the amounts recorded in this account.
- (ii) In December 2018, the Company received the amount of R\$2,000 as a commission arising from the loyalty contract for banking transactions with employees belonging to its payroll, for a period of five (5) years; the portion referring to 1/60 of the total amount is monthly recorded in P&L.

22. Equity

Capital

Authorized capital comprises 141,163 common book-entry no-par-value shares.

Subscribed and paid-in capital amounts to R\$56,106 at December 31, 2020 and R\$54,849 at December 31, 2019, represented by the following number of shares, fully paid up in Brazilian currency.

a) *December 31, 2020 and 2019*

Shareholders	12/31/2020		12/31/2019	
	Registered shares	(%) Equity interest	Registered shares	(%) Equity interest
Netstrategy Participações Ltda.	94,999,905	71.44%	94,999,905	72.75%
BNDESPAR Participações S.A.	29,870,100	22.46%	29,870,100	22.87%
Benjamin Ribeiro Quadros	4,999,995	3.76%	4,999,995	3.83%
Aquisição por funcionários	3,105,127	2.34%	645,775	0.55%
Total	132,975,127	100.00%	130,580,992	100.00%

Each common share separately entitles the holder thereof to one vote at the General Meetings.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

22. Equity (Continued)

Legal reserve

The legal reserve is set up at 5% of net income for upon closing of each year, under the terms of Law No. 6404/76, article 193, capped at 20% of the capital.

Retained profit reserve

This reserve is set up according to article 196 of Law No. 11638/07, to meet the needs of additional resources to face the proposed investment plan, at the end of each fiscal year.

Dividends

The Company's Articles of Incorporation provide for the payment of mandatory minimum dividends equivalent to 25% of net income, calculated in accordance with article 202 of Law No. 6404/76, as amended, at the end of each fiscal year.

The proposed additional dividends referring to 2019, amounting to R\$20,642, were approved and paid out in April 2020.

Changes in dividends are as follows:

	Individual	Consolidated
Balance at December 31, 2018	5,559	5,559
Mandatory minimum dividends for 2018	6,880	6,880
Distribution of income reserve	3,000	3,385
Proposed additional dividends - 2018	4,448	4,448
(-) Payment of dividends	<u>(13,007)</u>	<u>(13,392)</u>
Balance at December 31, 2019	6,880	6,880
Mandatory minimum dividends for 2020	10,042	10,801
Proposed additional dividends - 2019	20,642	20,642
Distribution of income reserve	19,627	20,489
(-) Payment of dividends	<u>(47,149)</u>	<u>(48,582)</u> (*)
Balance at December 31, 2020	10,042	10,230

(*) An advance was made referring to the mandatory minimum dividends for 2020, amounting R\$571.

Cumulative translation adjustments

Since January 1, 2009, date of application by the Company of Accounting Pronouncement CPC 02 - Effects of changes in foreign exchange rates and translation of financial statements, the foreign exchange difference on investments in foreign subsidiaries has been recognized in cumulative translation adjustments.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

22. Equity (Continued)

Stock option plan

The stock option plan consists of the right to purchase a certain number of the Company's shares, granted to the employee beneficiary of the program, at a certain strike price per share - or share purchase price - which must be exercised over a period, or term of exercise.

On the date of exercise of the right, the shares disposed of to the beneficiary of the primary plan should be subject to a new subscription or should be held in treasury. In the plan, the other Company shareholders have no subscription right on the shares intended for the stock option plans. The plan beneficiary may exercise the right to purchase the shares made available as of one of the Plan's vesting dates.

On September 2, 2011, the resolution that approved the "Class B Preferred Stock Option Plan" was recorded in the Minutes of the Special General Meeting (SGM). In the minutes of the Special General Meeting held on July 13, 2012, the change in the number of class B Preferred shares was approved for the execution of the stock option plan, which now correspond to 8% of the Company's capital. On April 29, 2015, due to the approval of the conversion of all the Company's preferred shares into common shares, through the minutes of the Special General Meeting, the amendment of the plan's regulations was also approved, which now appear as "Common Stock Option Plan".

Detailed information on grants made by the Company, through the Stock Option Plan, is as follows:

Grant date	Number of options granted	Strike price	Price restatement	Vesting period	Expiration term
09/02/2011	2,391,298	0.36	IPCA	30% after 2 years 30% after 3 years 40% after 4 years	8 years
09/03/2012	2,565,216	0.38	IPCA	30% after 2 years 30% after 3 years 40% after 4 years	8 years
09/02/2013	2,030,000	0.41	IPCA	30% after 2 years 30% after 3 years 40% after 4 years	8 years
09/01/2014	1,840,000	0.42	IPCA	30% after 2 years 30% after 3 years 40% after 4 years	8 years
11/13/2018	554,348	0.43	IPCA	N/A (*)	N/A
Total	9,380,862				

(*) The 2018 grants were issued without a vesting period and have already been fully exercised.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

22. Equity (Continued)

Stock option plan (Continued)

The options exercised can be sold to third parties if they become publicly traded. Before that, the beneficiary will be able to sell his/her shares to the Company at their book value, calculated in the last year and restated by reference to the Extended Consumer Price Index (IPCA). The beneficiary has a right to tag along proportional to the equity interest held and has a duty to tag along (drag along), case in which the Company may require the sale of the position held by the beneficiary.

The Plan's fair value was estimated based on the Merton option valuation model, using the following assumptions:

Plan	Unit Fair Value	Annual volatility	Risk/free rate (*)
2011 Grant	0.24	32.4%	5.2%
2012 Grant	0.24	31.3%	3.8%
2013 Grant	0.29	29.2%	5.7%
2014 Grant	0.27	26.6%	5.4%
2018 Grant	0.21	25.3%	5.2%

(*) (*) Based on the IPCA coupon.

The compensation costs arising from the Plan are matched against a capital reserve, reserve of recognized options granted, in equity. The remuneration cost is equivalent to the "Plan" fair value calculated on the grant date, recorded during the year the services are rendered, which begins on the grant date and ends on the date the beneficiary acquires the right to exercise the option.

Changes in options are as follows:

	12/31/2020	12/31/2019
Opening balance	527,467	1,151,020
Options exercised	(316,511)	(623,553)
Closing balance	210,956	527,467

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

22. Equity (Continued)

Stock option plan (Continued)

On December 17, 2020, the Company approved a new stock option plan that will replace the current plan.

The options included in this plan will be backed by a maximum of 7,325,235 (seven million, three hundred twenty-five thousand, two hundred thirty-five) shares, corresponding to up to 5.5% (five point five percent) of the Company's total shares on the plan's approval date, including the common stock options existing in treasury, with proportional dilution of the current shareholders in case of issue. Once the stock option is exercised by the beneficiaries, the corresponding shares will be issued, according to the conditions established in the plan and in the related stock option contracts, through a Company's capital increase.

The stock options will be granted upon formalization of the stock option contract and award payment by the beneficiary, whose amount will be 5% of equity on the grant date, divided by the total number of the Company's shares. The Company, through its Board of Directors, will indicate those who will be entitled to the option grant through the formalization of a stock option contract.

The strike price of each stock option will be determined based on the enterprise value, proportionally to the number of shares offered. For this purpose, it will be considered the annual EBITDA for the last three fiscal years ended of the Company immediately before the date of exercise of the options.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

23. Sales revenue, net

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Gross revenue from sales and services	526,974	430,648	570,744	464,380
Sales taxes	(56,623)	(46,266)	(57,032)	(46,266)
Net revenue	470,351	384,382	513,712	418,114

24. Cost of sales and services

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Personnel	(306,301)	(253,884)	(328,750)	(270,093)
Licenses and technical support services	(2,998)	(4,317)	(2,998)	(4,317)
Third parties	(6,875)	(2,422)	(8,829)	(7,753)
Import	(1,463)	(2,847)	(1,463)	(2,847)
Depreciation and amortization	(2,836)	(1,544)	(2,836)	(1,544)
Other	(375)	(1,565)	(375)	(1,565)
	(320,848)	(266,579)	(345,251)	(288,119)

25. Operating income and expenses

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Personnel	(72,349)	(61,487)	(79,659)	(67,099)
Third-party services	(5,082)	(3,753)	(6,651)	(4,829)
Rent and condominium fees	(657)	(999)	(904)	(1,147)
Depreciation and amortization	(3,659)	(4,435)	(3,695)	(4,451)
Communications	(588)	(629)	(608)	(629)
Electric energy	(331)	(558)	(332)	(558)
Other administrative expenses	(4,902)	(4,028)	(6,199)	(5,345)
Administrative expenses	(87,568)	(75,889)	(98,048)	(84,058)
Taxes and charges	(152)	(1,696)	(152)	(1,696)
Union dues/Trade association dues	(283)	(320)	(283)	(320)
Real Estate Tax (IPTU)	(105)	(135)	(110)	(135)
Tax expenses	(540)	(2,151)	(545)	(2,151)
Gain (loss) on sale of property and equipment	(2,594)	(79)	(2,594)	(79)
Other operating income (expenses)	1,501	891	1,494	891
Other operating income (expenses)	(1,093)	812	(1,100)	812
Total	(89,201)	(77,228)	(99,693)	(85,397)

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

26. Finance income (costs), net

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Short-term investment yield	2,140	2,662	2,141	2,662
Interest and monetary restatement	736	710	737	710
Other finance income	175	74	179	74
Finance income	3,051	3,446	3,057	3,446
Interest	(3,786)	(3,049)	(3,862)	(3,101)
Tax on Financial Transactions (IOF)	(98)	(124)	(109)	(124)
Banking expenses	(116)	(123)	(139)	(142)
Other finance costs	(1,416)	(122)	(1,420)	(122)
Finance costs	(5,416)	(3,418)	(5,530)	(3,489)
Finance income (costs)	(2,365)	28	(2,473)	(43)

27. Financial instruments

27.1. Financial instruments

27.1.1. Classification and measurement of financial instruments

At December 31, 2020, the carrying amount of financial instruments is a reasonable approximation of fair value. The Company chose to disclose them at amounts equivalent to those accounted for.

The Group maintains operations with financial instruments that are managed through operational strategies and internal control intended for liquidity and profitability. The control policy consists in permanently monitoring the conditions contracted in comparison with prevailing market conditions. The Group does not make speculative investments in derivatives or other risk assets, therefore, the results obtained with these operations are consistent with the policies and strategies defined. The Group's transactions are subject to the following risk factors:

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.1. Financial instruments (Continued)

27.1.2. Fair value hierarchy

Financial instruments recorded at fair value, according to the assessment method, are as follows:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial assets				
Level 2				
Financial assets at fair value through profit or loss				
Short-term investments	114,240	64,437	114,978	64,437
Level 3				
Financial assets at fair value through profit or loss				
Financial assets	10,143	7,715	10,143	7,715
	124,383	72,152	125,121	72,152

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial liabilities				
Level 2				
Amortized cost				
Debentures	58,449	-	58,449	-
Loans and financing	7,700	9,255	13,207	10,424
Intercompany loans	-	7,886	-	7,886
Financing through lease	4,339	4,061	4,339	4,061
	70,788	21,202	75,995	22,371

	Consolidated			
	Up to 1 year	1 to 2 years	2 to 5 years	Total
Balances at December 31, 2020				
Loans and financing	13,207	-	-	13,207
Debentures	11,095	14,551	32,803	58,449
Financing through lease	2,556	1,690	93	4,339
	26,858	16,241	32,896	75,995

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.1. Financial instruments (Continued)

27.1.2. Fair value hierarchy (Continued)

Description of significant unobservable inputs in assessing fair value

The significant unobservable inputs used in measuring fair value classified in Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis at December 31, 2020 and 2019, were:

- Valuation technique: Discounted cash flow
- Unobservable inputs: Income projection for a 3-year period, using a discount rate of 35%, which reflects the risks of the assessed Companies and the industry in which they operate to estimate the net present value of cash flows and perpetuity. Grow rate was not considered.
- Sensitivity of inputs:
 - Increase (decrease) in the discount rate that could result in an increase (decrease) in the fair value of financial assets. The result did not generate significant impacts on the fair value calculation of the assets.
 - Reduction in the likelihood of the estimated result of cash flows could generate a reduction in the fair value of the financial asset. The result did not generate significant impacts on the fair value calculation of the assets.

The gains (losses) recorded in the year were not significant for the individual and consolidated financial statements.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.1. Financial instruments (Continued)

27.1.2. Fair value hierarchy (Continued)

The measurement of financial instruments are grouped in levels from 1 to 3, based on the degree that their fair value is quoted:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - techniques using input that have a significant effect on fair value recorded that are not based on observable market data.

For the year ended December 31, 2020, there were neither transfers arising from fair value measurement between levels 1 and 2, nor transfers to inside or outside level 3.

27.2. Risk management

The Company is exposed mainly to market, credit, liquidity and operational risks, in addition to other risks described in this note. The occurrence of any of the risks below may adversely affect the Company, and may have an effect on its operations, its financial position or its operating results. The main risk factors are described below:

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.2. Risk management (Continued)

a) Credit risk

This is the risk that a counterparty of a business fails to comply with an obligation provided in a financial instrument or contract with a customer, which would lead to financial loss. The Group is exposed to credit risk in its operating activities (particularly with respect to accounts receivable) and financing, including deposits in banks and financial institutions and other financial instruments.

In order to mitigate these risks, the Group makes it a practice to review the financial position of its counterparties and monitor, on an ongoing basis, the outstanding positions and active management of default. Management does not expect any loss resulting from default of these counterparties.

With regard to short-term investments, the Company only carries out transactions with top-tier financial institutions, and/or institutions assessed by rating agencies (assessed with low risk), using exclusively financial instruments and investment funds classified as low risk.

b) Liquidity risk

The Group continuously monitors the cash flow projection in order to guarantee and ensure liquidity requirements, the clauses of loan agreements and sufficient cash to meet the operational needs of the business.

Any cash surplus generated by the Company is invested in interest-earning checking accounts and time deposits, choosing instruments with appropriate maturities to provide sufficient margins as determined by the above-mentioned projections.

c) Market risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to market price changes. The market prices encompass two types of risks: the interest rate and exchange risks. Financial instruments affected by market risk include loans payable, deposits and financial instruments measured at fair value through profit or loss.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.2. Risk management (Continued)

c) Market risk (Continued)

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument may fluctuate due to changes in market interest rates. The Company is exposed to the risk of changes in the Interbank Deposit Certificate (“CDI”) rates and Long Term Interest Rates (“TJLP”) for its short-term investments and loan transactions and, therefore, its finance income (costs) may suffer changes as a result of the fluctuation in the variation of these financial indexes. The Group manages interest rate risk while maintaining a balanced portfolio between short-term investments and loans payable subject to fixed and variable rates.

Currency risk is the risk that fair value of future cash flows of a financial instrument fluctuates due to changes in exchange rates. The Company is exposed to fluctuations in foreign currency exchange rates, basically in relation to the US dollar, for software purchase operations, amounts receivable and investments in foreign subsidiaries. To mitigate these risks, the Company permanently assesses fluctuations in exchange rates. The Company understands that the exposure to this risk is low since the amounts involved are not material.

d) Capital management

The Company’s purposes upon managing its capital are to safeguard its ability to continue as a going concern, in order to support business and maximize shareholder value. In line with the industry’s best practices, the Company monitors the return on invested capital. There were no changes in objectives, policies or processes during the years ended December 31, 2020 and 2019.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.2. Risk management (Continued)

d) Capital management (Continued)

Financial leverage ratios at December 31, 2020 and 2019 are summarized as follows:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Total loans and financing	70,448	21,202	75,995	22,371
(-) Cash and cash equivalents	(114,474)	(68,823)	(134,715)	(73,376)
(-) Restricted deposits	(1,524)	(4,931)	(1,524)	(4,931)
Net debt	(44,691)	(51,471)	(58,633)	(54,802)
Total equity	112,858	105,820	104,731	106,918
Financial leverage ratio - %	-44.2%	-49.7%	-57.5%	-52.3%

e) Sensitivity analysis of financial assets and liabilities

At December 31, 2020, significant risks in connection with the Company's operations are pegged to the variation of the CDI for loans and financing and short-term investments.

In order to check the sensitivity of the index on short-term investments and loans, 3 different scenarios were defined. Based on projections disclosed by Bradesco's economic research and study department ("DEPEC"), the CDI projection for the next 12 months was obtained and this was defined as a probable scenario; from this scenario, variations of 25% and 50% were calculated.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

27. Financial instruments (Continued)

27.2. Risk management (Continued)

e) Sensitivity analysis of financial assets and liabilities (Continued)

For each scenario, “gross finance income and costs” were calculated, not taking into consideration taxes levied on investment yields. The portfolio base date used was December 31, 2020, with a one-year projection to check the CDI’s sensitivity to each scenario.

Risk factor	Amounts exposed at 12/31/2020	Individual					
		-50%	-25%	Probable Scenario	25%	50%	
Short-term investments	CDI	114,240	2,871	3,445	4,306	5,383	6,459
Loans and financing	CDI	7,700	(193)	(232)	(290)	(363)	(435)
Debentures	CDI	58,449	(1,469)	(1,763)	(2,203)	(2,754)	(3,305)
Rates considered	CDI		2.51%	3.02%	3.77%	4.71%	5.65%

These sensitivity analyses aim at illustrating sensitivity to changes in market variables of the Company’s financial instruments. The sensitivity analyses shown above are established using assumptions and hypotheses in relation to future events. Company management regularly reviews estimates and assumptions used in these calculations. Nevertheless, settlement of transactions involving these estimates could result in amounts different from those estimated due the subjectivity inherent in the process used to prepare such analyses.

28. Earnings per share

Basic earnings per share is reached after dividing the net income for the year, attributed to the Company common shareholders, by the weighted average of common shares available during the quarter.

Diluted earnings per share is reached after dividing the net income attributed to Company common shareholders, by the weighted average of common shares available during the year, plus the weighted average number of common shares that would be issued upon conversion of all potential diluted common shares into common shares.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

28. Earnings per share (Continued)

The calculation of the basic and diluted earnings per share as a whole, as there are no potential dilution shares that could impact the calculation of diluted earnings per share, is as follows:

	Basic	
	12/31/2020	12/31/2019
Attributable to controlling interests	42,286	28,971
Basic earnings per share:		
Income available to common shareholders	42,286	28,971
Weighted average of common shares (in thousands of shares)	132,256	130,581
Earnings per share	0.3197	0.2219
	Diluted	
	12/31/2020	12/31/2019
Attributable to controlling interests	42,286	28,971
Diluted earnings per share:		
Income available to common shareholders	42,286	28,971
Weighted average of common shares (in thousands of shares)	132,758	130,725
Diluted earnings per share	0.3185	0.2216

29. Insurance coverage

At December 31, 2020, insurance coverage against operational risks was composed of:

Civil liability insurance with coverage amounting to R\$2,500 - civil liability coverage for the Company and its employees, at amounts that they can be held liable for property damages, personal injury, pain and suffering damages, legal costs and any other charges related to property damages, personal injury or pain and suffering damages arising from services rendered at third-party sites.

Civil liability insurance with coverage amounting to R\$10,000 - civil liability coverage for managing officers, claim for improper labor practices, statutory liability, acquisition and set up of a new subsidiary, policyholder in affiliates and costs in connection with defense. Policyholders are individuals elected as managing officers, directors, members of the Board of Directors or any other competent regulator.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

28. Insurance coverage (Continued)

Civil liability insurance with coverage amounting to R\$20,859 - coverage for civil liability, fire, electrical damage and commercial risks relating to the Company's offices.

The work scope of auditors does not include the review of the sufficiency of the insurance coverage, adequacy of which was determined and assessed by Company management.

30. Non-cash transactions

In the years ended December 31, 2020 and 2019, the following transactions had no cash effects:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Dividends receivable	281	-	-	-
Initial adoption - right of use	-	6,570	-	6,570
Addition of new contracts - Right of use	741	-	741	-
Acquisition of IT equipment - Leasing	2,443	3,345	2,443	3,345
Foreign exchange differences on foreign investment	4,818	597	-	-
	748,261,283	3,942	3,184	3,345

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

31. Changes in liabilities from financing activities

	Individual							At December 31, 2019
	At January 1, 2019	New loans / taken out	Principal paid / payments	Interest paid	Accrued interest	Foreign exchange difference	Transfers (*)	
Current								
Loans and financing	5,549	-	(5,712)	(1,044)	1,245	-	7,789	7,827
Leases	826	3,345	(1,319)	(180)	180	-	(971)	1,881
Intercompany loans	6,008	-	(6,164)	(1,153)	1,171	-	4,814	4,676
Dividends payable	5,559	6,880	(5,559)	-	-	-	-	6,880
Noncurrent								
Loans and financing	9,217	-	-	-	-	-	(7,789)	1,428
Leases	1,209	-	-	-	-	-	971	2,180
Intercompany loans	8,024	-	-	-	-	-	(4,814)	3,210
Total	36,392	10,225	(18,754)	(2,377)	2,596	-	-	28,082
	Consolidated							At December 31, 2019
	At January 1, 2019	New loans	Principal paid	Interest paid	Accrued interest	Foreign exchange difference	Transfers (*)	
Current								
Loans and financing	6,673	-	(5,712)	(1,096)	1,297	45	7,789	8,996
Leases	826	3,345	(1,319)	(180)	180	-	(971)	1,881
Intercompany loans	6,008	-	(6,164)	(1,153)	1,171	-	4,814	4,676
Dividends payable	5,559	6,880	(5,559)	-	-	-	-	6,880
Noncurrent								
Loans and financing	9,217	-	-	-	-	-	(7,789)	1,428
Leases	1,209	-	-	-	-	-	971	2,180
Intercompany loans	8,024	-	-	-	-	-	(4,814)	3,210
Total	37,516	10,225	(18,754)	(2,429)	2,596	45	-	29,251

(*) Segregation between current and noncurrent.

BRQ Soluções em Informática S.A.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

31. Changes in liabilities from financing activities (Continued)

	Individual							At December 31, 2020
	At January 1, 2020	New loans/financing taken out	Principal paid / payments	Interest paid	Accrued interest	Foreign exchange	Transfers (*)	
Current								
Loans and financing	7,827	6,965	(8,568)	(389)	437	-	1,428	7,700
Leases	1,881	2,443	(2,210)	(371)	416	-	397	2,556
Debentures	-	-	-	-	-	-	11,095	11,095
Intercompany loans	4,676	-	(8,395)	(237)	746	-	3,210	-
Dividends payable	6,880	10,042	(6,880)	-	-	-	-	10,042
Noncurrent								
Loans and financing	1,428	-	-	-	-	-	(1,428)	-
Leases	2,180	-	-	-	-	-	(397)	1,783
Debentures	-	58,285	-	(1,678)	1,842	-	(11,095)	47,354
Intercompany loans	3,210	-	-	-	-	-	(3,210)	-
Total	28,082	77,735	(26,053)	(2,675)	3,441	-	-	80,530
	Consolidated							
	At January 1, 2020	New loans / taken out	Principal paid / payments	Interest paid	Accrued interest	Foreign exchange	Transfers (*)	At December 31, 2020
Current								
Loans and financing	8,996	11,235	(8,568)	(434)	482	68	1,428	13,207
Leases	1,881	2,443	(2,210)	(371)	416	-	397	2,556
Debentures	-	-	-	-	-	-	11,095	11,095
Intercompany loans	4,676	-	(8,395)	(237)	746	-	3,210	-
Dividends payable	6,880	10,230	(6,880)	-	-	-	-	10,230
Noncurrent								
Loans and financing	1,428	-	-	-	-	-	(1,428)	-
Leases	2,180	-	-	-	-	-	(397)	1,783
Debentures	-	58,285	-	(1,678)	1,842	-	(11,095)	47,354
Intercompany loans	3,210	-	-	-	-	-	(3,210)	-
Total	29,251	82,193	(26,053)	(2,720)	3,486	68	-	86,225

(*) Segregation between current and noncurrent.