SOLO NETWORK BRASIL S.A.

Independent auditors' report

Financial statements
As of December, 2020

SOLO NETWORK BRASIL S.A.

Financial Statements
As of December, 2020

Contents

Independent auditors´ report on financial statements

Balance sheets

Statements of operations

Statements of comprehensive income

Statements of changes in shareholders' equity

Statements of cash flows

Explanatory notes on the financial statements

Tel.: +55 41 3244 0301
Fax: + 55 41 3244 0302
www.bdo.com.br

Avenida Silva Jardim, 2042, 2º andar
Batel – Curitiba, PR - Brasil
80250-200

INDEPENDENT AUDITOR´S REPORT ON FINANCIAL STATEMENTS

To
Administrators and Shareholders of
Solo Network Brasil S.A.
Curitiba - PR

Opinion

We have audited the financial statements of **Solo Network Brasil S.A. ,("Company")**, which comprise the statement of financial position as at December 31, 2020 and the Statement of operations, Statement of comprehensive income, Statement of changes in shareholders' equity and Statement 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 aspects, the financial position of **Solo Network Brasil S.A.** as at December 31, 2020, and its financial performance and its cash flows for the year then ended accordance to the accounting practices adopted in Brazil.

Basis for opinion

We conduct our audit in accordance with Brazilian and International Auditing Standards. Our responsabilities, under those standards are further described in Auditor's Responsabilities for Auditing of the Financial Statements section of our report. We are independent of the **Solo Network Brasil S.A.**, within the meaning of Code of Ethics of International Federation of Accountants (IFAC) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Responsibilities of and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control that it has determined to be necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the **Solo Network Brasil S.A.** 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 **Solo Network Brasil S.A.** or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Company´s financial reporting process.

Auditor´s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor '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 auditing standards always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is appropriate and sufficient 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;
- Obtain 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 **Solo Network Brasil S.A.;**
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude 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 **Solo Network Brasil S.A.** 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the **Solo Network Brasil S.A.** to cease to continue as going concern;
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtain appropriate and sufficient audit evidence regarding the financial information of the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

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

Curitiba, March 24, de 2021.

BDO RCS Auditores Independentes SS
CRC 2 PR 006853/F-9

Marisa Bernardino de Albuquerque
Contadora CRC 1 SP 143624-O/T - S - PR

SOLO NETWORK DO BRASIL S.A.

Balance sheets
As of December 31, 2020 and 2019
(In thousands of Brazilian Reais)

Assets

	Note	2020	2019
Current			
Cash and banks	5	10,420	3,591
Financial aplications	5	21,145	3,341
Trade accounts receivable	6	30,293	33,867
Inventories	7	4,329	1,950
Recoverable taxes	8	207	370
Others accounts receivable	9	699	1,332
		67,093	**44,451**
No current			
Security capitalization		10	10
Judicial deposits		101	11
Fixed assets	10	763	832
Intangible	11	99	29
		973	**882**
Total assets		**68,066**	**45,333**

Liabilities and shareholders' equity

	Note	2020	2019
Current			
Trade accounts payable	12	50,157	35,892
Loans	13	3,326	-
Labor liabilities	14	1,176	194
Tax liabilities	15	1,190	489
Other obligations	16	2,318	1,210
		58,167	**37,785**
No current			
Loans	13	674	-
		674	**-**
Shareholders' equity			
Capital stock	17	5,200	3,400
Capital reserves		630	457
Profit reserves		3,395	3,691
		9,225	**7,548**
Total liabilities and shareholders' equity		**68,066**	**45,333**

The accompanying notes are an integral part of these financial statements.

SOLO NETWORK DO BRASIL S.A.

Statements of operations
As of December 31, 2020 and 2019
(In thousands of Brazilian Reais)

	Note	2020	2019
(=) Net revenue from sales	18	238,683	150,041
(-) Cost of goods and services rendered	19	(205,808)	(128,640)
(=) Gross profit		**32,875**	**21,401**
(+/-) Operating (expenses)/revenues			
Selling	20	(17,185)	(11,541)
General and administrative	21	(5,748)	(4,032)
Other operating revenues	41	(139)	-
(=) Operating profits before financial income		**9,803**	**5,828**
Financial expenses	22	(6,923)	(1,847)
Financial revenues	22	2,347	2,173
(=) Income/(loss) before tax provisions		**5,227**	**6,154**
(+/-) Income tax current	44	(1,750)	(2,048)
(=) Net profit for the year		**3,477**	**4,106**

The accompanying notes are an integral part of these financial statements.

SOLO NETWORK DO BRASIL S.A.

Statements of comprehensive income
As of December 31, 2020 and 2019
(In thousands of Brazilian Reais)

	2019	2018
Operating net profit for the year	3,477	4,106
Others comprenhensive reuslts	-	-
Total comprehensive income for the year	**3,477**	**4,106**

The accompanying notes are an integral part of these financial statements.

SOLO NETWORK DO BRASIL S.A.

Statements of changes in shareholdres' equity
(In thousands of Brazilian Reais)

		Capital stock	Legal reserves	Profit reserves to perform	Share premium	Accumulated profits	Total
Balance as of January 31, 2019		**2,000**	**252**	**2,530**	**537**	**-**	**5,319**
Capital increase		1,400	-	-	-	-	**1,400**
Net profit		-	-	-	-	4,106	**4,106**
Legal reserves constitution		-	205	-	-	(205)	**-**
Capital transactions with partners		-	-		(537)	225	**(312)**
Profit distribution	0	-	-		-	(2,965)	**(2,965)**
Profit reserves constitution		-	-	1,161	-	(1,161)	**-**
Balance as of December 31, 2019		**3,400**	**457**	**3,691**	**-**	**-**	**7,548**
Capital increase		1,800	-	(1,800)	-		**-**
Net profit		-	-	-	-	3,477	**3,477**
Legal reserves constitution		-	173	-	-	(173)	**-**
Profit distribution	0	-	-		-	(1,800)	**(1,800)**
Profit reserves constitution		-	-	1,504	-	(1,504)	**-**
Balance as of December 31, 2020		**5,200**	**630**	**3,395**	**-**	**-**	**9,225**

The accompanying notes are an integral part of these financial statements.

SOLO NETWORK DO BRASIL S.A.

Statements of operations
As of December 31, 2020 and 2019
(In thousands of Brazilian Reais)

	2020	2019
Cash flows from operating activities		
Net profit for the year	**3,477**	**4,106**
Adjustments by:		
Depreciation and amortization	296	177
	3,773	**4,283**
Net increase/decrease in assets and liabilities		
(-/+) Increase/(decrease) in accounts receivable	3,574	(22,127)
(-/+) Increase/(decrease) in inventories	(2,379)	(1,116)
(-/+) Increase/(decrease) in recoverable taxes	163	(301)
(-/+) Increase/(decrease) in other receivables	633	(549)
(-/+) Increase/(decrease) in security capitalization	-	(10)
(-/+) Increase/(decrease) in judicial deposits	(90)	(10)
(-/+) Increase/(decrease) in trade accounts payable	14,265	24,314
(-/+) Increase/(decrease) in labor liabilities	982	80
(-/+) Increase/(decrease) in tax liabilities	701	(488)
(+/-) Increase/(decrease) in other accounts payable	1,108	780
(=) Net cash from investing activities	**22,730**	**4,856**
Cash flow from investing activities		
Acquisitions of fixed asset and intangible asset items	(315)	(650)
Write-off of fixed assets and intangible assets	18	35
(=) Net cash from investing activities	**(297)**	**(615)**
Cash flow from investing activities		
Loan aquisition (payment)	4,000	-
Cpaital increase	-	1,400
Related parties	-	(356)
Capital transactions with partners	-	(312)
Profit distribution	(1,800)	(2,965)
(=) Net cash from investing activities	**2,200**	**(2,233)**
(=) Increase/(decrease) in cash and cash equivalents	**24,633**	**2,008**
Increase/(decrease) in cash and cash equivalents demonstration		
Cash and cash equivalents at beginning of period	6,932	4,924
Cash and cash equivalents at end of period	31,565	6,932
(=) Increase/(decrease) in cash and cash equivalents	**24,633**	**2,008**

The accompanying notes are an integral part of these financial statements.

1. Operations

SOLO NETWORK BRASIL S.A. is a limited liability company, governed by the legal provisions applicable in particular Law No. 6,404, of December 15, 1976, and its subsequent amendments.

The Company is registered with the CNPJ under number 00.258.246 / 0001-68, it was incorporated on October 21, 1994, and is one of the largest corporate resellers and implementer of solutions in Information Technology in Brazil, operating in the retail and services provision.

The Company has a highly qualified technical staff with experience in consulting, supplying, implementing and managing Microsoft, HP, Lenovo, Huawei, Kaspersky, APC, Adobe and Autodesk products, among other internationally renowned manufacturers.

Solo Network Brasil S.A. is a value-added reseller and therefore brings projects and solutions that interrelate and optimize all tools for the best information technology experience for its customers.

2. Basis of preparation and presentation of financial statements

2.1. Statement of compliance (with International Financial Reporting Standards - IFRS and the standards of CPC)

The financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the provisions of the Brazilian Securities and Exchange Commission (CVM), the standards and procedures established by the Committee of Accounting Pronouncements (CPC).

The financial statements were approved by managements on 23 March, 2021.

After its issue, only shareholders have the power to change the financial statements.

All relevant information specific to the financial statements, and only them, are being disclosed, and correspond to those used by Management in its management.

2.2. Basis of mensuration

The Accounting Statements were prepared in accordance with the accounting practices adopted in Brazil.

2.3. Functional currency and presentation currency

These financial statements are presented in Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, except where otherwise indicated.

2.4. Use of estimates and judgments

In preparing the financial statements, management used judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Uncertainties about assumptions and estimates

Information on uncertainties related to assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ended December 31, 2019 is included in the following notes:

- **Nota Explicativa nº 6** - Accounts receivable;
- **Nota Explicativa nº 23** - Financial Instruments.

3. Significant accounting practices adopted

The financial Statements are structured according to current accounting standards and in conformity with the provisions of Corporate Law, when applicable, and are presented in comparison with those presented in prior years according to Law 11.638/07.

The Accounting Statements were prepared in accordance with the accounting practices adopted in Brazil considering the following:

3.1. Translation of foreign-currency transactions

Foreign currency transactions are translated into the respective functional currencies of the Company's entities at the exchange rates on the dates of the transactions.

Foreign currency monetary assets and liabilities are translated at the exchange rate in effect on the financial statement date. Revenue from sales, costs and expenses in foreign currency are converted by using the average exchange rate of the month they occurred.

Non-monetary items that are measured based on historical cost in foreign currency are translated using the exchange rate on the date of the transaction. Foreign currency differences resulting from the conversion are generally recognized in the income statement.

3.2. Financial Instruments

- **Non – derivative financial assets;**

The Company recognizes loans and receivables and debt instruments on the date they were originated. All other financial assets are recognized on the trade date when the Company becomes part of the contractual provisions of the instrument.

The Company does not recognize a financial asset when the contractual rights to the asset's cash flows expire, or when the Company transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred. Any participation that is created or retained by the Company in the transferred financial assets is recognized as a separate asset or liability.

The Company does not recognize a financial liability when its contractual obligation is withdrawn, canceled or expired.

The financial assets or liabilities will be offset and the net amount presented in the balance sheet when, only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include money in cash, bank deposits and other highly-liquid short-term investments with maturities of up to three months (with immaterial risk of change in values), whose balance is reported net of overdraft protection balances in the statement of cash flow.

- **Non – derivative financial liabilities.**

A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading or designated as such at the time of initial recognition. The transaction costs are recognized in the income statement as incurred. These financial liabilities are measured at fair value and changes in fair value, including gains from interest and dividends, are recognized in income for the year.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company has the following non derivative financial liabilities: suppliers and other accounts payable.

Such financial liabilities are initially recognized at fair value plus any attributable transaction costs when applicable. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

3.3. Fixed assets

- **Recognition and measurement**

Fixed assets are shown at the acquisition cost less accumulated depreciation up to the balance sheet date, through the straight-line method and based on the accounting data recorded in the respective accounts.

When significant parts of an item of property, plant and equipment have different useful lives, they are recorded as separate items (main components) of property, plant and equipment.

- **Subsequent costs**

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the expenses will be earned by the Company.

- **Depreciation**

Depreciation is calculated to amortize the cost of property, plant and equipment items, net of their estimated residual values, using the straight-line method based on the estimated useful life of the items. Depreciation is recognized in the income statement. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Description	Years
Furniture and fixtures	10
Vehicle	20
Computer and equipment	20
Improvments in third-parties properties	20

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropried.

3.4. Intangible Assets

- **Software**

Purchased software that is not an integral part of a device's functionality is capitalized on intangible assets

- **Subsequents spending**

Subsequent spending are capitalized only when they increase the future economic benefits incorporated in the specific asset to which they relate. All other expenses, including expenses with internally generated goodwill and brands, are recognized in the income statement as incurred.

- **Amortization**

Amortization is calculated using the straight-line method based on the estimated useful life of the items, net of their estimated residual values.

Amortization is recognized in the income statement based on the straight-line method in relation to the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use, since this method is the one that most closely reflects the standard consumption of future economic benefits incorporated in the asset.

Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other highly liquid short-term investments, with original maturities of up to three months (with an insignificant risk of change in value), the balance being presented net of balances in guaranteed accounts at cash flow statement.

3.6. Trade accounts receivable

The receivable values are recorded and included in balance sheet at the nominal value of the trade notes representing such credits, plus monetary or exchange rate gains (losses), when applicable, deducting provision to cover eventual realization loss. Allowance for doubtful accounts is made at an amount considered enough by the Management to cover eventual estimated losses in realization. The estimated value of the allowance for doubtful accounts may be changed due to the Management's expectations regarding the possibility of recovering the involved values, as well as due to changes in the financial position of the clients.

3.7. Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are measured at average acquisition costs and include expenses incurred in acquiring inventories, production and transformation costs and other costs incurred in bringing them to their existing locations and conditions. In the case of manufactured inventories and products in preparation, the cost includes a portion of the general manufacturing costs based on normal operating capacity.

The net realizable value is the estimated sale price in the normal course of business, less estimated costs and expenses for the sale.

3.8. Impairment

(i) Financial assets (including receivables)

Financial assets not classified as financial assets at fair value through profit or loss are valued at each balance sheet date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets have lost value includes:

- Debtor's default or arrears;
- Reestructuring na amount due to the Company under conditions that would not be accepted under norma conditions;
- Indications that the debtor or issuer will be crash/judicial recovery;
- Negative changes in the payment situation of debtors or issuers;
- Disappearance of na active Market for the instrument due to financial difficulties; or
- Observable data indicating that there was a decline in the measurement of expected cash flows for a group of financial assets.

Financial assets measured at amortized cost.

The Company considers evidence of impairment of assets measured at amortized cost, both individually and collectively. All individually significant assets are assessed for impairment. Those who have not suffered loss of value individually are then assessed collectively for any loss of value that may have occurred, but has not yet been identified. Assets that are not individually significant are assessed collectively for impairment based on the grouping of assets with similar risk characteristics.

When assessing the impairment loss collectively, the Company uses historical trends in the recovery period and the loss amounts incurred, adjusted to reflect Management's judgment as to whether the current economic and credit conditions are such that the actual losses likely to be larger or smaller than suggested by historical trends.

An impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognized in the income statement and reflected in a provision account. When the Company considers that there are no reasonable expectations of recovery, the amounts are written off. When a subsequent event indicates a loss reduction, the provision is reversed through profit or loss.

(ii) Non financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is an indication of impairment. If such indication occurs, then the asset's recoverable amount is estimated. In the case of goodwill, the recoverable amount is tested annually.

3.9. Provisions

The Company adopted CPC 47/IFRS 15 as of January 1, 2018. This standard establishes a comprehensive structure to determine whether, when, and for how much revenue should be recognized, replacing CPC 30 / IAS 18 Revenue. The main impacts of the adoption of CPC 47 / IFRS 15 are presented below.

3.10. CPC 47 (IFRS 15) Revenue from Customer Contract

The Company adopted CPC 47/IFRS 15 as of January 1, 2018. This standard establishes a comprehensive structure to determine whether, when, and for how much revenue should be recognized, replacing CPC 30 / IAS 18 Revenue. The main impacts of the adoption of CPC 47 / IFRS 15 are presented below:

a) Performance obligations

In the contracts with customers, the Company has not identified distinct execution obligations relevant to sales and concluded that there was no significant impact on the Company's financial statements. Revenue recognition is expected to occur when control of the asset is transferred to the customer, usually upon delivery of the goods.

b) Variable consideration

Some contracts with customers are entitled to commercial discounts or volume rebates. Currently, the Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of commercial discounts, when these exist. According to IFRS 15, due to the fact that the contract allows the customer to return the products, the consideration received from the customer is variable. The Company does not have contracts with the right to return sales, and they occur sporadically, with no relevant amounts. For this reason, the Company chooses not to apply the restriction rule on revenue. The Company has sales incentive programs that pay financially to participants who reach the regulated targets. IFRS 15 requires that the estimated variable consideration be restricted to avoid excessive recognition of revenue. In analyzing the effect of the deferral on revenue, Management concluded that there was no significant impact on the Company's financial statements.

c) Financing components

In accordance with IFRS 15, the Company must determine whether there is a significant financing component in its contracts. In some sales contracts, advances are received from their customers, however, only in the short term. The Company decided to use the practical expedient set forth in IFRS 15 and will not adjust the amount of the consideration due to the effects of significant financing components in the contracts, in which the Company expects, at the beginning of the contract, that the transfer of a promised good or service to a customer, and the moment the customer pays for that good or service, whether it is one year or less. Therefore, for short-term advances, the Company will not have a financing component, even if it is significant.

3.11. Financial income and financial expenses

Financial income includes interest income on financial investments and is recognized in the income statement, using the effective interest method.

Financial expenses mainly comprise expenses with loans and exchange variation.

3.12. Income tax and social contribution

O Imposto de Renda e a Contribuição Social do exercício corrente e diferido são calculados com base nas alíquotas de 15%, acrescidas do adicional de 10% sobre o lucro tributável excedente de R$ 240 para imposto de renda e 9% sobre o lucro tributável para contribuição social sobre o lucro líquido, e consideram a compensação de prejuízos fiscais e base negativa de contribuição social, limitada a 30% do lucro real.

O imposto corrente é o imposto a pagar ou a receber esperado sobre o lucro ou prejuízo tributável do exercício, a taxas de impostos decretadas ou substantivamente decretadas na data de apresentação das demonstrações financeiras e qualquer ajuste aos impostos a pagar com relação aos exercícios anteriores.

O imposto diferido é reconhecido com relação às diferenças temporárias entre os valores contábeis de ativos e passivos para fins contábeis e os correspondentes valores usados para fins de tributação. O imposto diferido é mensurado pelas alíquotas que se espera serem aplicadas às diferenças temporárias quando elas revertem, baseando-se nas leis que foram decretadas ou substantivamente decretadas até a data de apresentação das demonstrações financeiras.

Os ativos e passivos fiscais diferidos são compensados caso haja um direito legal de compensar passivos e ativos fiscais correntes, e eles se relacionam a impostos de renda lançados pela mesma autoridade tributária sobre a mesma entidade sujeita à tributação.

Um ativo de imposto de renda e contribuição social diferido é reconhecido por perdas fiscais, créditos fiscais e diferenças temporárias dedutíveis não utilizadas quando é provável que lucros futuros sujeitos à tributação estejam disponíveis e contra os quais serão utilizados.

Ativos de imposto de renda e contribuição social diferido são revisados a cada data de relatório e serão reduzidos na medida em que sua realização não seja mais provávelIncome tax and social contribution for the current and deferred year are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R $ 240 for income tax and 9% on taxable income for social contribution on net profit, and consider the offsetting of tax losses and negative social contribution base, limited to 30% of the real profit.

Current tax is the tax payable or receivable expected on taxable profit or loss for the year, at tax rates enacted or substantively enacted on the date of presentation of the financial statements and any adjustment to taxes payable in relation to previous years

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. Deferred tax is measured at the rates expected to be applied to temporary differences when they reverse, based on the laws that were enacted or substantially enacted up to the date of presentation of the financial statements.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits and deductible temporary differences when it is probable that future taxable profits will be available and against which they will be used.

Deferred income tax and social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer likely.

3.13. Provision for contingencies

Provision for contingencies is made always when a loss is evaluated as probable, resulting in a probable outflow of resources to settle the obligation, and when the amounts involved are measurable with sufficient assurance taking into consideration the opinion from legal advisors, the nature of the process, similarity with previous processes, complexity and positioning of the Courts of Law.

Contingent liabilities classified as of possible loss are not recognized in accounting and are only disclosed in financial statements. Contingencies classified as remote loss do not require provision or disclosure.

3.14. Others current liabilities and no current liabilities

A liability is recognized in the balance sheet when Heel has a legal obligation as a result of a past event, and it is probable that an economic resource will be required to settle it. Provisions are recorded based on the best estimates of the risk involved.

They are stated at known or estimated amounts, plus corresponding charges and monetary variations, when applicable, up to the balance sheet dates.

3.15. Fair value

Fair value is the price that would be received on the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date, in the main market or, in its absence, in the most advantageous market to which the Company has access on that date. The fair value of a liability reflects its risk of non-performance. The default risk includes, among others, the Company's credit risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities (see note 2 (d))

When available, the Company measures the fair value of an instrument using the price quoted in an active market for that instrument. A market is considered to be an asset if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no price quoted in an active market, the Company uses valuation techniques that maximize the use of relevant observable data and minimize the use of unobservable data. The chosen valuation technique incorporates all the factors that market participants would take into account when pricing a transaction.

If an asset or liability measured at fair value has a purchase price and a sale price, the Company measures assets based on purchase prices and liabilities based on sale prices.

The best evidence of the fair value of a financial instrument at initial recognition is usually the price of the transaction - that is, the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a price quoted in an active market for an identical asset or liability or based on a valuation technique for which any unobservable data are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at the fair value adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss on an appropriate basis over the life of the instrument, or until such time as the valuation is fully supported by observable market data or the transaction is closed, whichever comes first.

4. Financial risk management

Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Interest rate risk.

This note presents information about the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company has and follows the risk management policy that guides in relation to transactions and requires diversification of transactions and counterparts. Under this policy, the nature and general position of financial risks are regularly monitored and managed in order to assess the results and impacts on cash flow.

Credit Risk

Credit risk is the Company's financial loss risk if a customer or counterparty in a financial instrument fails to comply with its contractual obligations, which arise mainly from receivables from customers and in investment securities.

The Company's credit risk management in relation to customers adopts the practice of analyzing the financial and equity situation of its customers, as well as the definition of credit limits, as well as seeking to include guarantees in amounts sufficient to minimize the risk of operations credit, in addition to the permanent monitoring of the outstanding portfolio.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in complying with the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to meet its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with the risk of damaging the Company's reputation.

Market Risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates or, also, in the prices of products sold or produced by the Company and of the other inputs used in the production process, have on the gains of Company. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return.

Currency Risk

The Company is subject to currency risk in sales, purchases denominated in a currency other than the respective functional currency of the Company, the Real (R $). The currency in which these transactions are primarily denominated is the US dollar (US $).

With respect to other monetary assets and liabilities denominated in foreign currency, the Company considers that its net exposure is managed at an acceptable level, buying or selling in foreign currencies at sight rates, when necessary, to address short-term instabilities.

Interest Rate Risk

It arises from the possibility that the Company may suffer gains or losses arising from fluctuations in interest rates on its financial assets and liabilities. The financial investments contracted are valued based on the variation of the CDI, and the charges are calculated according to the usual conditions practiced by the Market.

5. Cash and cash equivalents

	2020	2019
Banks	10.420	3.591
Financial aplications	21.145	3.341
	31.565	6.932

The company maintains funds in checking accounts with automatic application of immediate liquidity and comprises Bank Deposit Certificates - CDB, in its entirety of fixed income

6. Trade accounts receivable

	2020	2019
Trade accounts receivable	30.900	34.459
Discounted trade receivable	-	(282)
Allowance for possible loan losses	(607)	(310)
	30.293	33.867

The allowance for doubtful accounts was set up in an amount considered sufficient by Management to cover possible losses on the realization of its credits, based on the financial analysis of each client, and in the event of judicial collection proceedings, the respective advisory opinions are presented legal basis.

Trade accounts receivable Aging list:

	2020	2019
Trade accounts receivable due	25.921	32.819
Overdue until 30 days	1.985	970
Overdue of 31 to 60 days	2.367	136
Overdue of 61 to 90 days	17	51
Overdue of 91 to 120 days	2	40
Overdue of 121 to 180 days	59	52
Overdue of 181 to 365 days	537	71
Overdue after 366 days	12	320
(-) Allowance for possible loan losses	(607)	(282)
(-) Discounted trade receivable	-	(310)
	30.293	33.867

7. Inventories

	2020	2019
Microsoft Brasil	1.603	1.438
Acorp	42	99
Pars	98	82
Adobe	63	-
Corel Corporation	140	64
Goods in transit	2.060	-
Others	323	267
	4.329	1.950

8. Recovarable taxes

	2020	2019
Services tax recovarable	84	81
ICMS ST recovarable	89	-
INSS recovarable	-	5
ICMS recovarable	19	48
IRRF about rent recovarable	-	1
PIS negative balance	-	38
Cofins negative balance	-	172
CSSL recovarable	15	-
Perd Comp Compensation	-	25
	207	**370**

9. Other receivables

	2020	2019
Advances	74	8
Judicial deposits GVT	57	57
Microsoft Corporation - credit	256	736
Zancanaro Informática	-	90
Pimentel Tecnologia Eireli	-	74
Marketing funds	10	10
Compliance IT Serviços de Informática	-	41
Property insurance reimbursement	-	44
Adobe Systems do Brasil - credit	251	260
Others credits	51	12
	699	**1.332**

10. Fixed assets

		2020			2019
	Rate deprec. % a.a.	Custo	Depreciação acumulada	Líquido	Líquido
Furniture and fixtures	10	112	(46)	66	72
Vehicle	20	52	(52)	-	15
Computer and equipment	20	1.078	(416)	662	639
Fixed Assets in progress		15	-	15	-
Improvments in thrid-parties properties	20	378	(358)	20	106
		1.635	**(872)**	**763**	**832**

Changes in fixed assets

	2019	2020			
	Líquido	Adições	Baixas	Depreciação	Líquido
Furniture and fixtures	72	13	-	(19)	66
Vehicle	15	-	(15)	-	-
Computer and equipment	639	207	(3)	(181)	662
Improvments in thrid-parties properties	-	15			15
	106	-	-	(86)	20
	832	**235**	**(18)**	**(286)**	**763**

11. Intangible

	2019	2020			
	Líquido	Adições	Baixas	Amortização	Líquido
Software	29	80	-	(10)	99
	29	**80**	**-**	**(10)**	**99**

12. Trade accounts payable

As of December 31, 2020 and 2019, the balances of R $ 50,157 and R $ 35,892 respectively, are substantially composed of suppliers of goods for resale.

13. Loans

Institution	31/12/2019	Increase	Interest Incurred	Principal Payment	Interest Payment	31/12/2020
Banco ABC	-	4.000	84	-	(84)	4.000
	-	**4.000**	**84**	**-**	**(84)**	**4.000**

Loans composition in December 2020:

Institution	Modality	Interest	Garantee	Final date	2020	2019
Banco ABC	Cédula de crédito bancário	8,6016% a.a.	Aval	04/03/2022	4.000	-
					4.000	-
Current					3.326	-
No current					674	-
					4.000	-

14. Labor obligations

	2020	2019
Salary payable	177	44
INSS payable	257	35
FGTS payable	44	9
Management fees payable	8	8
Accrued vacation pay	688	98
Freelance payable	2	-
Support payment	**1.176**	**194**

15. Tax obligations

	2020	2019
IRPJ payable	364	234
CSLL payable	-	61
PIS payable	78	12
Cofins payable	360	53
ICMS payable	113	-
ISS payable	209	103
Others tax obligations	66	26
	1.190	**489**

16. Other obligations

	2020	2019
BNDES card	202	270
Advances from customers	118	36
Rent payable	2	2
Itáu card	1	2
Santander card	10	37
Sales commissions to partners	1.985	836
Bradesco card	-	3
Direct partners payable	-	24
	2.318	**1.210**

17. Contingencies

According to the analyzes carried out by the lawyers responsible for Solo Network's lawsuits, there are no contingencies considered as having a probable and possible risk of loss, therefore, they were neither provisioned nor disclosed on December 31, 2020.

18. Shareholders' Equity

a) Capital Stock

As of December 31, 2020, the paid-up capital is represented by 5,200,000 shares (December 31, 2019 3,400,000), with a nominal value of R $ 1.00 (one real) each, totaling R$ 5,200,000.00 (five million two hundred thousand reais) and in December, 2019 R$ 3,400,000.00 (three million four hundred thousand reais) as shown below:

Shareholder	Stocks	Value (R$)	Percentage (%)
Audreyn Justos	2.340.000	2.340.000,00	45
João Paulo Costa Pereira	2.340.000	2.340.000,00	45
Maximiliano Dias Camargo	156.000	156.000,00	3
Ações em tesouraria	364.000	364.000,00	7
	5.200.000	**5.200.000,00**	**100**

19. Net Sales

	2020	2019
Operational revenues		
Goods resale	219.780	152.133
Services revenue	50.659	21.201
	270.439	**173.334**
Deductioins		
Cofins on billing	(17.218)	(10.297)
Pis on billing	(3.737)	(2.235)
ISS services tax	(1.589)	(707)
ICMS on sale	(183)	(257)
DIFAL on sale	(43)	(102)
Clients return	(8.494)	(9.418)
Canceles services	(492)	(277)
	(31.756)	**(23.293)**
	238.683	**150.041**

20. Costs

	2020	2019
Cost of goods sold	(170.697)	(116.237)
Cost of services provided	(35.111)	(12.403)
	(205.808)	**(128.640)**

21. Commercial expenses

	2020	2019
Commercial consulting	(357)	(651)
Publicity	(632)	(821)
Third services - PJ	(10.906)	(8.248)
Travel expenses	(86)	(358)
Events	(520)	(240)
Personnel expenses	(3.894)	(572)
Others commercial expenses	(790)	(651)
	(17.185)	**(11.541)**

22. General expenses

	2020	2019
General expenses	(3.509)	(2.597)
Personnel expenses	(1.993)	(1.249)
Tax expenses	(246)	(186)
	(5.748)	**(4.032)**

22. Financial result

	2020	2019
Financial expenses		
Interest of discounts given	(228)	(40)
Banks fare	(158)	(175)
Cards rate administration	(18)	(14)
Exchanges rate	(336)	(136)
Liabilities exchange variance	(5.954)	(1.454)
banks interest	(229)	(28)
	(6.923)	**(1.847)**
Fiancial revenues		
Interest of discounts obtained	100	167
Earnings from financial aplications	222	243
Assests exchange variance	2.024	1.763
	2.346	**2.173**
Net financial results	**(4.577)**	**326**

23. Financial instruments

The Company has operations with financial instruments. These instruments are managed through operational strategies and internal controls to ensure liquidity, profitability and security. The contracting of financial instruments for the purpose of protection is made through a periodic analysis of the risk exposure that management intends to cover (exchange rate, interest rate, etc.). The control policy consists of permanent monitoring of contracted conditions versus market conditions.

Statement of financial instruments in their respective classifications:

- **Financial investments:** are defined as assets designated at fair value through profit or loss and held for trading. The book values reported in the balance sheet are identical to the fair value due to the fact that their remuneration ratés are based on the CDI variation;
- **Accounts receivable:** arise directly from the Company's operations, being measured at amortized cost and are recorded at their original value, less a provision for losses and adjustment to presente value when applicable. The book value is equivalente to the fair value in view of the very short settlement period for these operations (less than 90 days);
- **Loans and suppliers:** are classified as financial liabilities not measured at fair value and are recorded using the amortized cost method in accordance with the contractual conditions. This definitioin was adopted, as the amounts are not kept for trading which, accounting information. The fair values of these financial liabilities are equivalente to their book values, as they are financial instruments with rates that are equivalente to Market rates.

24. Insurance coverage (not audit)

The insurance policy takes into account, mainly, the concentration of risks, the relevance and the replacement value of the assets. As of December 31, 2020, the company maintained insurances whose coverage was considered adequate by management.

25. Impacts of the COVID 19 pandemic on operational activities

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency due to a new outbreak of Coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to international community, considering the ability of the virus to spread globally, going beyond its point of origin.

In March 2020, the World Health Organization WHO classified the COVID-19 outbreak as a pandemic, based on increased global exposure.

In March 2021, the pandemic continues to be present and even more impactful in the reality of Brazil. Therefore, the magnitude that the pandemic will have on the Company's financial condition, liquidity and future results of operations is uncertain.

Management is actively monitoring the global situation in terms of its financial conditions, liquidity, operations, suppliers, sector and workforce. Due to daily evolution of the COVID-19 outbreak and the global responses to reduce its spread, the Company cannot estimate the effects of the COVID-19 on its operating results, financial condition or liquidity for the year 2021. Although the Company cannot estimate the duration or severity of the impact on COVID-19 at the moment, if a pandemic continues, and even intensifies, as has happened in recent weeks, it could have an adverse / material effect on the results of future operations of the Company , financial position and liquidity in the 2021 financial year.

Company Operation

Solo Network has been implementing, for a long time, a mobile productivity platform, fully integrated with telephony, video conferencing, access to services, servers and data, hosted partly in its own Datacenter, partly in the cloud. This platform allows the execution of all the Company's activities remotely. Since March 16, 2020, the Company has been operating with all employees in the Home Office without material operating loss.

Impact on business

It is a fact that technology companies are less impacted in crisis improvement compared to other sectors of the economy, because in crises, as companies seek even more cost reduction and / or increased productivity, tools such as which a Solo Network sells and deploys. The Company went through fiscal year 2020 and is currently waiting for the crisis to unfold closely and is ready to act, if necessary, to keep the company healthy.

First Quarter 2021 Results

The Company's projected revenue in the first quarter is a substantial increase in revenues and profits compared to the first quarter of 2020, exceeding what was planned in the annual budget for the period, reflecting the excellent performance at the beginning of the year.