

## Y 2020 Earnings Call

### Company Participants

- Caio Goncalves Moraes, Vice President of Finance and IR
- Helio Bruck Rotenberg, Chief Executive Officer
- Unidentified Speaker

### Presentation

#### Helio Bruck Rotenberg {BIO 15342060 <GO>}

Good morning, everyone. Another virtual conference call. And I would like to say that 2020 was a year not to forget, no one will. The pandemic, the whole atmosphere, difficulties, major changes. No one is to forget that. Back in January last year, we were in New York road show for our follow one. And it was then that we started to have the first news of the pandemic.

Individual investors and friends would asked us how the pandemic would impact us and at the time, we didn't know. We are hearing the first news from China. We tried to talk to our offices in Tai Ping, Xinjin [ph] to know what was going on. And now, we start -- even started to go down at the time because of the uncertainty of what the pandemic was going to be like. Anyway, we succeeded to have our follow-on at a very reasonable price, adding BRL360 million to the company, which was very good at the time and that was a lesson learned. And from then on, we started to try and understand the dimension of everything.

The first impact was on supply. China shut down in February and then we started moving, because most of our components come from China. Also Korea, Taiwan and United States, but most from China. And we had no parts because plans were shutdown. At the end of February, beginning of March, China starts to open up and offer parts. But then what happens in Brazil, the pandemic hits. And by mid-March, the stores start to close. First Magazine Luiza, Casas Bahia, Lojas Cem. Store-by-store, everyone shutting down. At the time, 70% of our retail sales were in these stores that were shutting down. Panic, we stopped to buy. We decided to reduce everything, had negative forecast to know what was going to happen, what we would do.

So back in February, we wanted parts to come on faster any much, we said stop, no more parts. To our surprise, in the end of March beginning of April, there was a resolution in the demand of computers. First, at companies that had to send their employees to home office, banks just buy out all inventories. They go to the retail to buy notebooks to their employees. There is a strong exchange devaluation at the time that hurts prices, the market takes a bit longer to react. So we have the perfect storm not knowing what was going on. But the market starts to react and those sales in physical stores migrated to online. We all go home by mid-March, learned how to work online from our home offices.

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All the administrative area of the company goes home and we start to live this huge digital transformation, which is the highlight on Page 2.

This digital transformation has to do with selling online, having more robust websites going from physical to online stores, having weaker clients being stronger in a faster reaction. So, we started to learn how to work from the distance, which is a great learning for the company as a whole. And then, in April, May, searches for notebook on Google grows by 150% compared to the same period last year, quite impressive.

Incredible sales, we sell out our inventories, sold to retailers. There is no inventory left and no one can replace products because we had slowed down in our purchases and everyone did the same and, at the same time, everybody reacted at the same time. So everybody fighting for parts, parts going up in prices, prices because of excessive demands. The third quarter was good. We could deliver lots to retailers, still not going with inventories back to normal. But retailers with their stores open, selling a lot online, selling a lot -- supermarkets selling a lot. Well, supermarket remained open. So it is a segment that grew a lot we had, at the end of the third quarter that was very good.

And fourth quarter that since the beginning of the year, we haven't had deliveries as we had in the fourth quarter. And remember, the government stopped before -- the companies after the first movement of buying to have products for their employees to go home. It starts to recover in the fourth quarter. So it is a convergence of factors. The government recovering the corporate segment recovery and appears strong consumer segment, which enables us to hit all records in our history with revenues of BRL887 million.

Added to our VAT, the demand for computers, and I'm talking a lot about computers, whatever we prepared for three years ago when Positivo became Positivo Technology and having different business areas, the leasing of computers, Positivo Home intelligence homes, people at home wanted automation. The sales of lamps just exploded. In the prime day, we sold 35,000 lamps. Everything just selling out in intelligence home products. We go to small retailers that are eager to sell when we start supply to them.

Servers, everyone needs servers. We have a spectacular range in servers and also a very good 4Q. Everything going on. No area doing poorly, except for educational technology because schools were still closed and physical products like legal and microbit longer demanded. But in the whole of the avenues of growth, everything doing very well, accounting for 19%, which make us very happy. That is we are also changing the company profile, adding a bit more profitable businesses to our portfolio. So we already have BRL473 million revenues in the avenues of growth.

So in 4Q, a movement that consolidates BRL887 million revenues. A very positive EBITDA of BRL400 million. And the net income, and Caio is going to talk a bit about our debt recovery, but we had BRL196 million in our income. In capital structure, we also bring excellent news. We had two very important events. The first was the follow-on in the beginning of the year. BRL354 million being brought to the company. And into this year, we issued debenture to extend our debt profile. So excellent news.

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Going to the next page. A bit of a market overview. As I mentioned before, again an explosion in the consumption of computers. And whilst that because offices migrate to home, people are trying to find computers in their drawers, but they no longer performance much. Everyone in the family needs computers. Children at school, parents at work, everyone needs a computer. Because the single computer for a family is no longer enough for all the family members. So, other computers have to be bought, so that everyone have them. Children to have classes online, parents to continue work. Everyone needs a computer. Computers go back to being personal computers. One computer per person, home office, home schooling, telemedicine. All this movements work together and more than that.

It seems to be a movement that is here to stay. It does not look like something that is still just during the pandemic. This is a movement that is going to stay. And therefore, people will need more computers and this migration to notebooks will also increase sales, because the notebook lifecycle is lower than a desktop. A desktop will last in a company five to seven years and notebook three to five years at the most, more towards three than five. So, a longer lifecycle. Hybrid work is to stay. Education at distance is to stay. Digitalization of education is huge and digitalization of society as a whole. So computers go back to being personal. And if you take a look at the next page, Page 4, and if you take a look at the growth chart, it's really amazing.

And all analysts start to say that growth is here to stay. That is we are going to have a new level in computer consumption. And it's not that we are going to increase the curve as is. But we are at a new level, which is very similar to what happened to the computer market in 2011. 340 million computers now being reviewed. IDC is to launch a new report, mentioning 360 million as an estimate for 2021.

Brazil does not react as fast and why not, because of a lack of parts. There is really shortage of parts in the market. The market is buying everything that we and other multinational players bring to the country, but also there is the Brazilian economic crisis. Brazil in the past accounted for 4.4% back in 2011, '12, '13. Now, it accounts for 2% of the world markets, now with the forecast of 6.9 million, although it's still growing from 5.28 million to 6.9 million. So it's growing a lot, but not as fast as the world market. So you have repressed demand in Brazil that is huge.

I don't think it's difficult to picture that Brazil should account for 3% of the world market. Well, 3% is a market of 10 million computers in Brazil. And this is what we believe is going to happen in the coming years. We believe the Brazilian market is going to outgrow the world market in the coming years.

Well, now I'm going to the next page. I already talked about the Brazilian market. But here, you'll see, quarter-on-quarter, what happened last year. Quite interesting, we started the year very well. 1.475 million, I guess 1.272 million. Then we go down in the beginning of the crisis and everybody panics, then the recovery growth and we outstand growth in 4Q with 2 million computers in the quarter. So you have the forecast of 6.9 million is still preliminary. It depends a lot more supply than demand. Retailer inventories are really affected. We really sold very well. January and February again explosive. Lots of

lockdowns. And when there is a lockdown, we sell more. Not that we wanted whatsoever, but this is the reality.

And so, we have a lowering and emptying of inventory. And again, inventory days in retail is below 30 days. Normal numbers are above 90 days. Quite impressive and a lack of components in the world, specially LCD. It's very hard to buy. With that, we have delays and also quite substantial price increases.

Well, now going to Page 6. Well, we tried to shift the company structure. Well, not a little, in fact a lot. And the company now is organized on three major pillars. Consumer, that is consumer products; then corporates that is everything that is sold to companies; and then public institution, everything that is bought by means of public bids.

Well, in consumer, what we sell in consumer? Well, computers and mobiles and tablets, other peripherals, mouse mass and keyboards and cell phone covers, memory, extra batteries. And in the avenues of growth, we have projects in the consumer market to go to tier 3 retail. We were very good up to retail 100 week from 101 to 3,000. And now, we are focusing on this segment and extension is doing very well. Intelligent home, cameras, lamps, plugs, electronic lockers, a huge portfolio very nice that was really well accepted, and positive as a service. Still going from an eventual leasing of computers to consumers for a greater usage.

In corporate, again, computers, mobiles, tablets, peripherals, hardware as a service, intelligent home, that is intelligent office for smaller companies, educational technology for private schools, positive as a service is growing and for the leasing of computers. Everything is as a service today. This is a world trend that is changing from CapEx to OpEx, buying as a service. With that, you have a series of advantages. Payment solutions that we are also doing very well. We had just one client, the largest acquire, which is Cielo. And now, we are selling to other players. So we have a very robust project there.

And in public institutions, what do we mean by that? It's Banco do Brasil, Caixa Economica, Petrobras. It's state secretariats, it's ministries, direct and indirect administrations, public-owned companies, courts, everyone that buys by means of public bids. And they are all in this division. And similarly to corporates, they have the same product and the electronic ballot box, which is the start of this year and next year because of a bid of the Electoral Court. And the breakdown of our revenues; 55% consumer; 21% corporate; 21% public institutions. So quite well balanced, 54%, 55% consumer, 46%, 44% to corporate and public institutions.

Computers is still accounting for 59% of revenues than servers with 15.8% mobiles, tablets, but growing in a category that we're not really growing, and services and others completing our revenues. And a highlight is that we have huge investments in startups that are doing very well. And later on, I'm going to share some of the nice investments that we meet. We already have invested in 11 startups and we have a center capital fund in place.

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On the next page, we start to talk about each one of these divisions. In consumers, it's number of computers per home. Well again, computers are personal. The number increases by home. Home office, home schooling starting April 2020, we believe they're here to stay. Not as they are today, but no longer as they were in the past. Hybrid work is probably going to be mandatory in most companies. And for that, you have to have a good computer at home, one at work or a notebook that can come and go.

Then you'll have distance education. Higher education increasing. People realize that we can have classes at distance. Even those face-to-face courses have practical classes in person, but then theory classes online. And schools realized that there is no turning back. Technology can be very advantageous in education and then telemedicine and so many other initiatives. The increased demand and limited supply make us increase prices, not only because of demand and supply, but because of the exchange rate. With that, the average ticket grew by 25% year-on-year. And later on, we are going to say that this is going to grow further 15% '21 against '20. So even if we sell the same volume, revenue is going to be higher. But we don't think we are going to sell the same volume. We think we are going to growing volume as well.

And then there is a movement of computers at the price the middle class can afford, because prices are going up. Our ticket goes up to BRL2,000. The entry level was BRL1,400 now is BRL2000. And we have 70% share in this segment, which is growing the most. That is computers up to BRL2,000. 65% of people are exchanging brands in stores for cheaper options. The gross revenues of the segment was BRL1.4 billion in 2020.

In corporate, there was a delay of corporate investments, although there was that initial boom. But the equipment has to be replaced. So companies started to react in the fourth quarter and it's also showing to be quite appealing this year. IDC projects a growth of 11% this year and I think the consumer -- the ticket went up. Last year, there was 20% increase year-on-year. We're buying cheaper brands, but still there is 20% increase in the ticket and we believe another impact of 15% to 20% this year-on-year in the corporate segment.

In public institutions, there is an initial uncertainty. We have no budget forecast. Orders are canceled. Contracts are not signed with bids already won, because the government is afraid to buy. But towards the end of the year, things started to change. Those that had to buy, started to buy. And lots state secretariats buying notebooks for public school students. Huge bids, some of which we won at the city secretariat of Sao Paulo, State of Ceara,[ph] a large province.

Just as comparison, at the same time in '19, we had a backlog of 654 million and now we have 1.2 billion. So we have a lot more orders than what we had last year. And in addition, we have the electronic ballot boxes that are not included in this 1.2 million -- billion, sorry.

Avenues of growth. We have said, in avenues of growth, servers, positive as a service, intelligent home, the electronic ballot box, payment solutions, small retail and educational technology. Services are doing well, 283 million, 29% growth year-over-year. Migration to hybrid clouds or private public clouds, but basically hybrids, is huge. Hyper convergence is the name of the game. People are talking about edge computing that needs services --

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servers everywhere. And with that, the server market is growing a lot. Hardware as a service is doing very well and growing intelligent home. The IoT is really showing a substantial growth. We see the number of users in our apps go from 12,000 to 24,000, less remote controls, plugs, intelligent cameras and so on. It really expressive growth.

The electronic ballot box, lots of people are curious about that. Ballot boxes are safe. Rest assured with the Brazilian electoral process. It is very, very safe. The electronic boxes can print votes if that's necessary, although we don't think so. We already have 145,000 ballot boxes in contract. We are probably going to go to the 180,000, the full of them. But probably, there's going to be an even another amendment that is we are already in our portfolio with 650 million and should reach 800 million. And this contract should already take place in this year. We are in the process of validating each of the phase of the electronic ballot box with the electoral court. Again, there is a shortage of components that provides the GLA. We don't know if we're going to be able to deliver everything in '21, but we believe that at least 40% we will.

And I told you of some avenues I talked about, the small retail, educational technology that was more affected last year, but should recover the this year. Now, talking is still about the avenues of growth. We hired the work of a huge strategic consulting company to consolidate our businesses. We have been working with them for five months now and the work is going very well. We have a very, very good work to be developed there.

In CVC, the idea is to accelerate startups that have to do with us that it's not only our money that is important. And I'm not talking about funds that support the management. We support operations and we are investing with big players. Some of the startups we have Qualco, MonashU Peninsula, Endeavor [ph]. So we are very we are very much followed. Our size highlight that it is really doing very well, because it sells decentralized COVID tests. The labs are adapted for COVID tests and (inaudible) 2 million tests from highlight [ph]. And they can know in real time where the most cases are coming from, because these equipment pieces are all 4G, so results are immediate and are transmitted to a center.

So high [ph] is doing very well. And we have 38 people of ours that are helping in the production of 2 million plus. High produces much less in terms of terms of volume and we are experiencing projecting value and we are helping that. That's why I'm saying that's not a management only. It is basically operations. And others are the smart robot tech, (inaudible), these are maintenance technicians, 6,000 technicians. So very interesting things in our portfolio.

Well, now I'm going to turn the call to our next speaker. I'll come back later on. But now, I'm going to turn to Caio Moraes. Caio is a nice story [ph]. He was hired as our CFO in the middle of the pandemic. It was a distance hire and he is doing very well as our CFO and he's going to give you a bit more color about the numbers that I mentioned in the beginning.

**Caio Goncalves Moraes** {BIO 18682110 <GO>}

Bloomberg Transcript

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Okay. Good morning, everyone. Thanks, Alex. So let's talk a bit about our financial. So I'm on Slide 17 of our presentation. So I'm going to start with net revenue. Helio already mentioned a bit about the quarter. It was a very strong quarter. 40% of the year revenue was from this quarter, which really a new level that we think is going to be kept for the year of 2021. So, a growth of 59% quarter-on-quarter.

Consumer, corporate, public institutions. Consumer, you see that's really the highlight. Because of the retail business, fourth quarter was really good. But also cooperate and public institutions showing a recovery in 4Q, although it is still slightly lower than '19 because of everything that Helio mentioned. The schools closed and it's still the segment with a bit of a repression in terms of budget. But anyway, in terms of net revenue by product, you see computers, notebooks with 45%, but you see we have a very important mix for our revenue.

If you go to the next slide, we are talking about our operating expenses and G&A, general and administrative expenses. You'll see that although there is growth in volume in terms of commercial expenses, BRL310 million against BRL273 million, this is this is very much connected to the consumer segment performance. We spend more to support growth.

And percentage-wise net revenue, there is a reduction. We are at 12.2% compared to 13.6% in '19. So percentage-wise, there was a reduction, although nominally there was an increase. And in general and administrative expenses, we'll see an important reduction of 26%, very much connected obviously to the stronger reduction of fixed costs that the company went through along the year and also with warranties technical assistance due to the better mix that we talked about.

If you go to the next slide, we'll talk about our financial results, which is a very important slide. You see in the full year of '19 compared '20, especially because of the exchange variation of '20, we had gains of BRL36 million compared to BRL5 million in '19. So we go from BRL70 million to BRL5 million. If you take a look at the fourth quarters, the fourth quarters are very similar. But obviously in 4Q '20, because of the sudden devaluation of real, real was very much depressed and then it went back to the level of 5.19, along the beginning of '21 when it went up again. But anyway, but that fairly in the year did jeopardize a bit our mark-to-market in terms of dollars. But this is a financial effect and that's why we had this minus 24.3% in the 4Q '20. But remember, the company has a very strict policy in terms of exchange hedging that protects our current and future purchase flow for all business units, consumer, corporate and public institutions. And it's a very effective instrument for hedging. This is mark-to-market. So, this is not operations, okay?

Let's go to the next slide and let's talk about our net income. Helio mentioned in the beginning, that's perhaps the major highlight of the release. We had a net income of BRL196 million. And here I try to show what's the difference between the accounting net income and the adjusted accounting net income. That would be the operating income of the year, which is still 174% above 2019, BRL57 million against '20. But accounting is even more than that.

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And we have three effects that together are important tax effects. The first which is the most important is the exclusion of the value-added tax on the calculation basis for excise tax and others. So, this is something that was just hedging the land of last year. This is our best judgment. This goes back to 2005. We had a very, very strong consulting work to support this and this is our best estimate that we are accounting for in this result.

In addition to this gain, we have an option that the company had to be part of a quality, but tax recovery process which reduced our penalties in six lawsuits. And basically, this is taxes licenses, taxes on educational licenses. So we could reduce this impact and we have a cash effect of BRL18 million. And the third line, which is the impairment of deferred taxes. This is also a company-choice of enjoy the basis of investments that we make. This is (inaudible) law based on the legal opinion of left fronts [ph] and basically referring to ICMS forecasted credits. And we made this choice. You have the right-off of these assets. And altogether, if we exclude tax, we get to adjusted accounting net income of BRL57 million, which is 174% above that of 90%. It's very important to highlight this.

If we go back to the EBITDA slide, adjusted EBITDA growth for Q. A significant growth of 142% and EBITDA margin of 11%, again 7% year-on-year. So, very important. Here, obviously, growth of EBITDA is connected to three main factors. More activity in the period, better product mix as we already mentioned, passing on costs of inputs and materials because of the increasing dollar and also our cost controls in the company. And that makes the differences that you see both quarter-on-quarter and year-on-year.

The next slide, we talk about our cash positioning, indebtedness and liability management actions with the better profitability and capitalization of the BRL350 million that Helio mentioned in the first quarter. We get to a cash position of BRL535 million in 4Q '20 against BRL156 million in 4Q '19. With that, we decreased our leverage. We decreased our net debt from BRL266 million to BRL223 million quarter-on-quarter and leveraged 1.9 times net debt to EBITDA ratio and -- to 1.4.

Another important mention is the liability management initiative that we started, really changing our indebtedness profile and reducing our debt costs nominally. We are below 100% compared to more than 200% in '19 and also we had 85% of our debt in the short-term in '19 and we go to a breakdown of 45% in short-term and 55% in long-term. And that is a subsequent event. We are talking about the simple debentures issuance that we had in March 10th. And these resources were used to amortize to payout higher cost debts with shorter terms. And of course, that shows the company going back to the capital market. We were able to book this transaction with 15 investment funds, so that companies back to the capital markets with a sophistication of funding and debts that are cheaper and with longer tenure.

Now I'm going to turn back to Helio to talk about a summary of the impacts of 2020 and our outlook for '21. Sorry, Helio, you are on mute.

**Helio Bruck Rotenberg** {BIO 15342060 <GO>}



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Sorry. I'm going to start again. Well, just to add to what Caio was saying, it's very important to highlight that the BRL218 million of taxes minus the BRL18 million that we paid in fixed, that's BRL200 million reflect in our cash in the coming years, a pure cash generation for the next four years.

On Page 24, I just would like to reinforce the outlooks that we have due to the impacts of 2020, and what can happen in '21 and the following years. Well, consumer, we had BRL1.5 million revenues, 900 million in computers. The pandemic brought the need for more computers per home. The computers are back to being personal. That's 2020. Average tickets grew by 25%, because of the exchange rate and increase of input costs. Computers up to BRL2,000 gained momentum and we have 70% share in this level.

Tablets are very much searched because of homeschooling. The intelligence home, people were at home. They want to the comfort to turn out their lamps from their bed, to have a plug to connect their coffee maker, their air conditioning, to have a security camera at home. So home -- Intelligent home products are really raising the interest of computers. The pilot of computers for those small tier retailers from 101 onwards is yielding very good results.

Prospects for '21, the pandemic is going to be extended and people realize that home office and education digitalization are here to stay. More aggressive in the pandemic, but they are here to stay after the pandemic. Demand continues to high. And due to higher average exchange rate and new increases in input prices, we are probably going to have another increase of average tickets between 15% to 20%. Home automation will probably continue to grow at double-digit levels and the expansion of small retail is going to happen throughout the whole of Brazil. So no longer in the south, but everywhere.

In corporate, revenue of BRL550 million 2020. Companies had first at peak to adapt to home office and then they slow down. In Q4, we started to see them recovering -- resuming sales. Computers and servers, average ticket grew 20% year-on-year 2019. And software as a service, hardware as a service continues to grow. We see it still low, because of the educational segment. But in corporate, it is growing on and it should grow further this year. In '21, changing from desktops to notebooks, because people wants more mobility, will bring optimistic projections. IDC says about 12.5% on average large companies and 11% in the whole corporate segment. And increase of average ticket to between 15% to 20% has continued to grow and service with a very heated market. And remember, the migration to public, private clouds, but specially hybrid clouds.

Public institutions. The state-owned companies need to adapt to keep their productivity. They have -- some have very, very old infrastructure. The uncertainty made them slow down. But in the fourth quarter, we saw a huge increase. The ministry of economics had a large bid, Caixa, Banco do Brasil, Petrobras, and the number of bids for notebooks and tablets, for public school students is unbelievable everywhere at state, city levels. Everyone is trying to buy tablets, notebooks to their students.

So in February '20, we had 600 million in our backlog and remember the bids for the electronic box -- ballot boxes 800 million. And for '21, we still to see several bids. We are

winning several (inaudible) the state secretariat of Sao Paulo, (inaudible) the city administration of Fortaleza. It's a coincidence, because they are the city and state administration of important regions in Brazil.

Our budget for Brazil increases in terms of investments of technology. And in February '21, we have 973 in order backlog. So if you compare to '20 very high. And again, it's a pre-electoral year, so we are going to have loads of bids this year. And the electronic ballot box, we already received 147,000 or 650 million confirmed and we are going probably to deliver 40% of these still this year.

Well, this is what I had and we are very optimistic about the company, very optimistic. Both because of our core business especially and the computer and tablet markets that is really increasing, we believe this is here to stay. The world is really increased in terms of computer usage. Brazil is not reacting as much, but it will. Brazil is not going to keep as low as the world market. So, we believe we have a market for 10 million computers. And the whole of the transformation by means of our revenues of growth starts to be significant. And that's why we are very optimistic about 2021 and the future of the company.

Thank you very much for attending, and we are ready for your questions.

## Questions And Answers

**A - Helio Bruck Rotenberg** {BIO 15342060 <GO>}

(Question And Answer)

**A - Unidentified Speaker**

Thank you. We do have some. I'm going to ask one by one and we will answer them, okay? So the first question comes from Sydney. Good morning. I have questions. The shortage of chips and other inputs. Will that influence your production?

Yes, it will. It will influence in terms of costs AMCT, because the AMCT chips that really disputed by several industries automotive, TVs. We are disputes the same chips from the same factory and then it really change slab in terms of price, for you to have an idea. We would pay \$55 for screening [ph] and sometimes now we are paying \$52 in some occasions, \$48 on average.

And in addition to cost, there is always the possibility of delays. It's not very easy. We always had our orders closed, but now things are more complicated and sometimes we have delays in our delivery. So this is what's going on. There is a shortage and there is very strong demand. I think the Brazilian market could grow further, but it won't because of this limitation of supply, but still we are going to be able to get to our forecast at numbers. We see that we are being able to buy with higher costs and with a bit more delays.

The same person Sydney is asking you a second question. In addition to (inaudible), are there other acquires by your payment machines?

This is one of the avenues of growth that we have had. It's particularly this project to expand the sales of payments machines, so we are just starting this movement. We are structuring it for the sale of other types of machines, for other acquires.

Okay. This is (inaudible). High level is doing very well.

Sorry? Well, to answer your question. I had another round of investments, huge investments and we have the extension of drugstores. And this is being very much value to -- in our portfolio. I don't know if you would like to add to that?

No, I think that's it. I think this is one of the stars of our portfolio. He also asked about another project super (inaudible).

The super drone is one of the project that is not going well. This is one of the companies that was not able to make drone fly on time. The time was up and we are going to have another round of investments, but we are not really very encouraged.

A question from Danniela from XP. How do you see the impact of the strong devaluation of AI on your business? And here I'm talking about the impact of demand once family's budget is pressured, but also volatility as you have prices in dollars?

We pass on our price in dollars. We cannot bear, the exchange rate fluctuation. This is a common practice in the market. Everyone has a dollar component in their prices. If it were just one or another that would be a problem, but it is not. So because it is the same for everyone. Basically prices are passed on with the new dollar level to retailers and we protect ourselves, when we get public bid, we hedge the contract and that's why we have a very high amount of hedges that even affected us in the end of the year. So I see no problems in terms of profitability. Profitability is much more a better of demand the supply than the dollar exchange. And those projects that are marked in reals are hedge it. And just to add today as if you have a hedge for the year, we have a very strict hedge policy for all business units as Helio you mentioned.

I have another question, Ricardo (inaudible). Are you suffering with the lack of inputs and chips? It's basically the same question we have already answered.

Yes, we have already. Yes, we are we are being affected. It is sometimes you have to have a new leg out of our computer place to migrate to chips that are not so much in shortage. So we try to use replacements and we are quite fast to do that to minimize the lack of components.

Okay. Another question from Eleven Financial, also connected to supply chains. He talks about the capacity of delivery, and he believes that this is going to go back to normal. Okay, this is a question. When are we going to go back to normal?

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Bloomberg Transcript

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That's the 1 million question, when we take a look at reports of American retailers. They say multinationals are going to normal in terms of American retail inventories. In November, it was just 20% of the regular amount in February, now it's 50%. So we think by May, June things are going to go back to normal in the U.S., which is an indicator that in the second half of the year we might have better supply with more balance chains. Although again, the demand is growing hugely. But this growth of demand was also affected by a lack in inventory. So you have no inventory, it takes long for you to go back to normal and when you go to normal, you have a repressed demand. So let's see what's going to go on.

Okay. One more question from (inaudible) from Latin Capital [ph]. Congratulations on the results. I would like to understand the margins for the electronic ballot box a bit. Could you -- give you as a bit more color on EBITDA?

Well generally, we do not release integrity of profitability of each business. But basically, it's slightly higher than the regular computer business, because it isn't a specific line of service.

Question from Victor (inaudible) Positivo Intelligent Home [ph] two questions. If you're going to have an IPO in the short, mid-term. The new releases and if you're going to go into electronic locks?

Yes, we are almost ready to go. We have to have a new reversal lock, because Brazil has some kinds of locks, squared and round, we are trying to have an electronic standardized product. I feel this is a deviation inside Positivo Technology. So we don't have anything in mind to spin off the division and there is doing very well.

A question from Eduardo (inaudible). First congratulation on results. Could you talk about retail sales in '21? Talk about home office, homeschooling and also bids in states and municipalities in education.

Hi, Eduardo. Yes, January and February with very high sales much more than we expected which also made inventories to go down better products are being replaced and demand continues. There is a strong relation between the sale of computers and people at home. So that should continue. And the same applies to bids, we won several bids. More or less at that level that we showed you, we had BRL690 million in our backlog and we had sales of BRL550 million. We have BRL1 billion in our backlog, which should translate and higher revenues and we still continue to take part in bids.

A question from (inaudible). Congratulations for your results. I would like to know positive, wants to extend its share in gain computing.

We have a brand to (inaudible) NAND [ph] that is doing very well. Small volumes, so this is not an area that we gave too much emphasis. We have the gray market on the one hand and big brands on the other, so we were (inaudible). But we are doing well with the brands and we do have a plan to expand it. Yes.

Okay. These were the questions. We have no further questions, and I think we can close the call.

Well, thank you very much. Thanks for your attention, and we are here for you even after the end of this conference call to answer any questions that you might have. Thank you very much.

We thank you, and goodbye.

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