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***SITAWI***

**Financial statements on  
December 31, 2020 and  
independent auditor's report**





## ***Independent auditor's report on the financial statements***

To the SITAWI Officers and Directors

### **Opinion**

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We have examined the financial statements of SITAWI (“Entity”), which comprise the balance sheet as of December 31, 2020 and the respective statements of income, changes in shareholders' equity and cash flows for the fiscal year ended on that date, as well as the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the above-mentioned financial statements fairly present, in all material respects, the equity and financial position of SITAWI on December 31, 2020, the performance of its operations and their cash flows for the fiscal year ended on that date, in accordance with the accounting practices adopted in Brazil for small and medium-sized companies – Technical Pronouncement CPC PME (R1) – “Accounting for Small and Medium-sized Companies”, including the provisions of Technical Interpretation ITG 2002 (R1) – “Non-Profit Entities”.

### **Basis for Opinion**

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Our audit was conducted according to the Brazilian audit standards. Our responsibilities, in accordance with such standards, are described in the following section entitled “Auditor's responsibilities for the audit of the financial statements.” We are independent in relation to the Entity, in accordance with the relevant ethical principles set out in the Code of Professional Ethics of Accountants and professional standards issued by the Accounting Federal Council, and we have complied with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to justify our opinion.

### **Other Matters**

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#### **Audit of the amounts corresponding to the previous fiscal year**

The examination of the financial statements for the fiscal year ended December 31, 2019, originally prepared before the reclassifications described in the balance sheet and Note 2, was carried out under the responsibility of other independent auditors, who issued an audit report, dated August 20, 2021, with no reservations.

As part of our examination of the 2020 financial statements, we also examined the reclassifications described in Note 2.1, which were carried out to amend the 2019 financial statements, submitted for comparison purposes. In our opinion, such adjustments are appropriate and were correctly made. We were not hired to audit, review or apply any other procedures on the Entity's financial statements for the fiscal year of 2019 and, therefore, we do not express an opinion or any form of assurance on the 2019 financial statements taken as a whole.

### **Management and governance responsibilities for the financial statements**

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SITAWI

The management of the Entity is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil for small and medium-sized companies – Technical Pronouncement CPC PME (R1) – “Accounting for Small and Medium-sized Companies”, including the provisions of Technical Interpretation ITG 2002 (R1) – “Non-Profit Entities”, and for the internal controls that it determined as necessary to allow the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Throughout the preparation of the financial statements, the management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to its going concern and using this basis of accounting in the preparation of the financial statements unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The people in charge of the Entity’s governance are those responsible for the supervision of the process of preparation of the financial statements.

### **Auditor's responsibility for the audit of the financial statements**

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We aim to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of safety, but not a guarantee that the audit carried out according to Brazilian and international audit standards always detect possible existing material misstatement. Misstatements may arise from fraud or error and are considered relevant if, individually or jointly, they may reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with Brazilian and International auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We have identified and assessed the risks of material misstatement in the financial statements, regardless of whether due to fraud or error; we plan and perform audit procedures in response to these risks; and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-detection of relevant misstatement resulting from fraud is higher than derived from error, as the fraud may involve the act of circumventing internal controls, colluding, falsification, omission or false intentional representations.
- We understand the relevant internal controls for the audit for us to plan audit procedures appropriate to the circumstances, but not with the purpose of expressing opinion on the effectiveness of the internal controls of the Entity.
- We assess the adequacy of accounting policies used and the reasonableness of accounting estimates and respective disclosures made by the management.
- We conclude on the appropriateness of management’s use of the accounting basis and the going concern, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include a change in our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to no longer maintain itself as a going concern.

SITAWI

- We assess the overall presentation, structure and content of financial statements, including disclosures and even if the financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.

We communicate with governance officials regarding, among other things, the planned reach, the audit time and the significant audit observations, including possible significant deficiencies in the internal controls we identified during our works.

São Paulo, December 2, 2021



PricewaterhouseCoopers  
Contadores Públicos Ltda.  
CRC 2SP023173/O-4

Renato Barbosa Postal Contador  
CRC 1SP187382/O-0

## SITAWI

## Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

## Balance Sheets

On December 31, 2020 and 2019

(Amounts expressed in Brazilian Reais)

Asset					Liabilities and Stockholders' Equity				
Current	Note	2020	2019	Resubmitted Note 2 01/01/2019	Current	Note	2020	2019	Resubmitted Note 2 01/01/2019
Cash and Cash Equivalents • Unrestricted resources	5	4,122	4,087	1,757	Labor Obligations	18	295,742	165,800	122,791
Cash and cash equivalents • Restricted Resources	5	4,367	9,357	-	Tax Obligations	19	102,957	30,368	27,755
Financial Investments - Unrestricted Resources	6	6,760,587	664,569	949,364	Other Accounts Payable	20	2,398,593	23,306	-
Financial Investments - Restricted Resources	7	47,636,312	4,503,104	3,822,394	Prepaid Revenue	21	887,121	201,243	653,101
Securities in Stocks	8	208,478	375,978	167,500	Resources from Ongoing Projects	22	46,632,680	5,421,505	7,484,275
Accounts Receivable	9	258,891	173,459	2,395,482					
Social and Environmental Loans	10	610,559	569,473	455,641	<b>Total of Current Liabilities</b>		<b>50,317,092</b>	<b>5,842,222</b>	<b>8,287,922</b>
Resources from Partnership with Social Projects	11	591,150	333,990	467,500					
Taxes and Contributions to be Offset	12	24,267	8,407	-	<b>Non-current</b>				
Inventories	13	251,384	-	-	Resources from Ongoing Projects	22	461,930	546,309	4,695,753
Prepaid Expenditures	14	26,501	7,606	7,552	<b>Total of Non-Current Liabilities</b>		<b>461,930</b>	<b>546,309</b>	<b>4,695,753</b>
Advance Payments to Employees and Suppliers	15	26,556	26,420	2,775					
<b>Total of Current Assets</b>		<b>56,403,175</b>	<b>6,676,451</b>	<b>8,269,965</b>	Stockholders' Equity	23	965,049	806,444	987,144
<b>Non-current</b>					Corporate Assets		<b>965,049</b>	<b>806,444</b>	<b>987,144</b>
Accounts Receivable	9	-	-	4,695,753	Surplus for the Period	23	5,638,999	158,605	(180,700)
Social and Environmental Loans	10	817,994	555,533	708,873			<b>5,638,999</b>	<b>158,605</b>	<b>(180,700)</b>
Deposits and Security	16	29,154	41,454	41,454	<b>Total Stockholders' Equity</b>		<b>6,604,048</b>	<b>965,049</b>	<b>806,444</b>
		<b>847,148</b>	<b>596,987</b>	<b>5,446,080</b>	Total Liabilities and Stockholders' Equity		<b>57,383,071</b>	<b>7,353,580</b>	<b>13,790,119</b>
Fixed Assets - Unrestricted	17	132,747	80,142	74,074					
		132,747	80,142	74,074					
<b>Total of Non-Current Assets</b>		<b>979,895</b>	<b>677,129</b>	<b>5,520,154</b>					
<b>Total of Assets</b>		<b>57,383,071</b>	<b>7,353,580</b>	<b>13,790,119</b>					

The Management Explanatory Notes are an integral part of this financial statement.

Rio de Janeiro, December 31, 2020

**SITAWI**

**Management Explanatory Notes regarding the financial  
statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian  
Reais)**

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**Statements of Surplus for the Fiscal Year  
Fiscal years ended on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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Net Operating Revenue	Note	2020	2019
Revenue from Services - Unrestricted Resources	24	858,373	181,706
Private Grants - Restricted Resources	25	9,404,028	3,683,328
Income from Donations Received	25	251,384	-
Revenue from Volunteer Work	32	27,351	19,024
		<u>10,541,136</u>	<u>3,884,059</u>
 <b>Cost of Services Provided</b>	 26	 (2,391,006)	 (1,446,170)
		<u>(2,391,006)</u>	<u>(1,446,170)</u>
 <b>Gross Income</b>		 <u>8,150,130</u>	 <u>2,437,889</u>
 <b>Operating Revenue (Expenses)</b>			
Staff Expenditures	27	(1,023,637)	(812,360)
General and Administrative Expenses	28	(1,501,224)	(1,492,648)
Expenses from Volunteer Work	32	(27,351)	(19,024)
Other Operating Expenses	29	(43,297)	(4,016)
Other Operating Revenues	30	(23,170)	13,781
		<u>(2,572,339)</u>	<u>(2,314,268)</u>
 <b>Net Financial Income</b>	 31	 61,208	 34,984
		<u>61,208</u>	<u>34,984</u>
 <b>Surplus for the Fiscal Year</b>		 <u>5,638,999</u>	 <u>158,605</u>

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The Management Explanatory Notes are an integral part of this financial statement.

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Rio de Janeiro, December 31, 2020

**SITAWI**

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019**  
**(Amounts expressed in Brazilian Reais)**

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**SITAWI**

**Financial statements of comprehensive income Fiscal years ended on December 31, 2020 and 2019**  
**(Amounts expressed in Brazilian Reais)**

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	<u>2020</u>	<u>2019</u>
Surplus for the Fiscal Year	5,638,999	158,605
Other Comprehensive Income	-	-
<b>Total Comprehensive Income for the Fiscal Year</b>	<b><u>5,638,999</u></b>	<b><u>158,605</u></b>

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The Management Explanatory Notes are an integral part of this financial statement. Rio de Janeiro, December 31, 2020

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**SITAWI**  
**Legal Representative**

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**Teixeira Contadores**  
**CRC-RJ 002483/O**

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)****SITAWI****Statements of Changes in Stakeholders' Equity  
Fiscal years ended on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

	<u>Corporate Equity</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
Balances on December 31, 2018	806,444	-	806,444
Surplus for the Fiscal Year		158,605	158,605
Incorporation of the surplus for the year into the corporate equity	-	-	-
<b>Balance on December 31, 2019</b>	<b>806,444</b>	<b>158,605</b>	<b>965,049</b>
Surplus for the Fiscal Year		5,638,999	5,638,999
Incorporation of the surplus for the year into the corporate equity	158,605	(158,605)	-
<b>Balances on December 31, 2020</b>	<b>965,049</b>	<b>5,638,999</b>	<b>6,604,048</b>

The Management Explanatory Notes are an integral part of this financial statement.

Rio de Janeiro, December 31, 2020

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SITAWI  
Legal Representative

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Teixeira Contadores  
CRC-RJ 002483/O



**SITAWI**

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019**  
**(Amounts expressed in Brazilian Reais)**

**Statements of Cash Flows**  
**Fiscal years ended on December 31, 2020 and 2019**  
**(Amounts expressed in Brazilian Reais)**

	2020	2019
Cash flow from operating activities Surplus for the fiscal year	5,638,999	158,605
Adjustments to reconcile the surplus for the fiscal year with funds from operating activities		
Depreciation/Amortization	28,451	18,430
	<b>5,667,450</b>	<b>177,036</b>
<b>Asset Increase (reduction)</b>		
Accounts Receivable	(85,432)	6,917,776
Social and Environmental Loans	(303,547)	39,508
Resources from Partnership with Social Projects	(257,160)	133,510
Inventories	(251,384)	-
Others	(22,590)	(32,107)
	<b>(920,113)</b>	<b>7,058,687</b>
<b>Liabilities Increase (reduction)</b>		
Resources from Ongoing Projects	41,126,796	(6,212,214)
Tax Obligations	72,589	2,613
Labor Obligations	129,942	43,010
Prepaid Revenue	685,878	(451,859)
Other Obligations	2,375,287	23,306
	<b>44,390,491</b>	<b>(6,595,144)</b>
<b>Net Cash used with Operating Activities</b>	<b>49,137,828</b>	<b>640,579</b>
<b>Cash flow from Investment Activities</b>		
Addition of Financial Investment	(49,229,227)	(395,915)
Reduction / Addition of Securities in Stocks	167,500	(208,478)
Addition of Fixed and Intangible Assets	(81,056)	(24,499)
<b>Net Cash used with Investment Activities</b>	<b>(49,142,783)</b>	<b>(628,892)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(4,955)</b>	<b>11,687</b>
Cash and Cash Equivalence at the Beginning of the Fiscal Year	13,444	1,757
Cash and Cash Equivalents at the End of the Fiscal Year	8,489	13,444
<b>Decrease / Net Increase of Cash and Cash Equivalents</b>	<b>(4,955)</b>	<b>11,687</b>

The Management Explanatory Notes are an integral part of this financial statement.

Rio de Janeiro, December 31, 2020

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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**1. Social Context**

SITAWI ("Entity") is a non-governmental, non-profit organization with no party or religious affiliation, which has been working in Brazil for 13 years to develop financial solutions for positive social and environmental impact. Since 2010, SITAWI has the Certificate of Civil Society Organization (OSCIP) of Public Interest.

The Entity has a certificate of acknowledgement as an Promoter Entity of Human Rights, for the purposes of the provisions of Decree 46,655/02, valid until January 23, 2022.

The organization's work is carried out in partnership with local groups and profit or non-profit organizations, whose mission is to have a greater social and environmental impact.

Experience indicates that more capital, more types of capital, and a greater efficiency in the allocation and use of capital transform more lives. Thus, SITAWI also works with families, companies and financial institutions, supporting them in their strategies for allocating philanthropic resources or social-environmental investment.

The purpose of SITAWI, according to its Bylaws, is to promote human rights, social innovation and the fair and sustainable development, being responsible for:

- I - Supporting civil society organizations (associations, foundations and cooperatives), social impact businesses, enterprises and similar institutions that implement or intend to implement projects with significant social and/or environmental impact;
- II - Promoting, carrying out or sponsoring projects that contribute to its purpose, especially in the areas of human rights, environment, social assistance, culture, sports, education, scientific and technological research and/or health, among others;
- III - Developing, without profit-making purposes, new socio-productive models and alternative systems of production, trade, employment and credit, including mechanisms for social and sustainable finance;
- IV - Mobilizing philanthropic and financial capital for positive social and/or environmental impact; and
- V - Promoting innovation, especially through basic or applied research of a scientific or technological nature or the development of new products, services or processes.

**1.1 Fiscal and Tax Immunity**

The Entity is a non-profit organization and, therefore, enjoys, pursuant to Articles 150 and 195 of the Federal Constitution, the tax immunity and exemption at the federal, state and municipal levels, being acknowledged as a public interest entity at the federal, state and municipal levels. Therefore, the Institution is exempt from

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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paying the income tax and social contribution on any potential surplus calculated. Regarding the other taxes levied on operations specific to its activity.

#### a) Exemption and Immunities

As it is a non-profit Entity, SITAWI enjoys the exemption of Income Tax and Social Contribution in accordance with Article 15 of Law 9,532/97, as well as the exemption from other Federal taxes, such as COFINS (Turnover Tax on Gross Profits) and PIS (Social Integration Program).

SITAWI is exempt from the payment of the "Causa Mortis" State Tax and Donation of Goods and Rights, according to the statement of Exemption from the Finance Department of the State of São Paulo, valid from October 15, 2019 to September 10, 2022.

#### b) Tax Burden

In the fiscal year of 2020, SITAWI enjoyed the total amount of R\$ 821,950, related to IRPJ (Corporate Income Tax) Exemption, R\$ 304,542 related to CSLL (Social Contribution on Net Income) Exemption and R\$ 118,485, related to COFINS Exemption. These resources were fully invested in SITAWI's assistance projects and programs.

## 1.2 Requirements for the Maintenance of Tax Immunity

The only Complementary Law providing for requirements for the enjoyment of tax exemption is the Brazilian Tax Code (CTN).

Article 14 of the Brazilian Tax Code establishes the requirements for the enjoyment of tax exemption, which are provided for in the Entity's Bylaws and the compliance therewith (processing) can be evidenced by its bookkeeping (Financial Statements, Journal and General Ledger), in which we entered the following:

- a) Do not distribute any portion of their assets or income on any account (Art. 31 of the Bylaws);
- b) Their funds are fully invested in Brazil to maintain their institutional purposes;
- c) Bookkeeping of their income and expenses in books containing formalities capable of ensuring their accuracy (Art. 34 of the Bylaws).

## 2. Relevant Events of the Fiscal Year

### 2.1 Reconciliation of differences between the financial statements and the trial balance

As required by Brazilian corporate law, the accounting information contained in the financial statements for the years ended on December 31,

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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should reflect those contained in the trial balance and in the Public Digital Bookkeeping System (SPED). However, so that the financial statements as of December 31, 2019 were properly prepared, certain adjustments and reclassifications were made to them, which resulted in divergences in relation to the trial balance of the corresponding base date, as well as the information contained in the SPED.

We present below the adjustments and reclassifications made:

On December 31, 2019, management identified some adjustments related to the provision and reclassification of equity balances, as follows:

Reversal of provision for accounts receivable (Current Assets and Current Liabilities), Social Cultural funds R\$ 3,359,753.34 and Accounts Receivable (Non-Current Assets and Non-Current Liabilities) Fundo Sócio Culturais R\$ 2,347,876.66 and related to the contract signed on December 20, 2018 with the Banco Nacional de Desenvolvimento Econômico e Social (BNDES - National Bank for Economic and Social Development) for non-refundable financial contribution in the amount of R\$ 7,043,630 (seven million, forty-three thousand, six hundred and thirty Brazilian Reais). This contract is related to the BNDES - Fundo Cultural intended to carry out the Cultural Project "BNDES's Machfunding Program of Culture", consisting in attracting cultural institutions by the financial instrument called Crowdfunding. The project is valid for a period of 36 months from its signature, but the contract value was partially received in the amount of R\$ 3,336,000.00 until December 2020.

Reversal of provision for donation receivable Current Assets and Current Social Environmental Fund of Instituto Humanize of R\$ 300,000.00 on 12/31/2019 related to the Partnership Agreement signed on September 20, 2019, effective for twenty-four months. The budgeted amount for this partnership was R\$ 500,000.00, transferred to SITAWI according to the contract schedule in the fiscal year 2019, R\$ 200,000.00, R\$ 200,000.00 in the fiscal year 2020, remaining R\$ 100,000.00 to be received in 2021.

Reclassification of the Investment Group (non-current assets) to the Securities in Stocks account (Current assets) of resources from the Fundo FIIMP, SITAWI made an investment in the amount of R\$ 167,500 in the company BEMTEVI Investimento Social Ltda. in order to promote the area of donations and investments for the social sector, in line with the Fundo FIIMP guidelines. In the commitment term No. 20/2016, it acquired from the company as interest "Bemtevi SCP 2016". 167,500 participation shares in the amount of R\$ 1.00 each. This interest was settled in 2020 with the closure of the Fund.

Reclassification of the Investment Group (non-current assets) to the Securities in Stocks account (Current assets) of resources from the Fundo Família C, SITAWI made an investment in the amount of R\$ 28,748 in the Empresa 4YOU2 Ensino de Idiomas related to the subscription of 8 Class A Preferred Shares.

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)**

Reclassification of the Group of Loans Receivable (current assets) to the Securities in Stocks account (Current assets) of resources from the amount of the loan granted in 2019 to the Empresa 4YOU2 Ensino de Idiomas, in the amount of R\$ 180,000.00 (one hundred and eighty thousand Brazilian Reais) which was settled in 2020 through the subscription of common shares representing the Capital of the Empresa 4YOU2 Ensino de Idiomas SA. The percentage of SITAWI's interest in the Empresa 4YOU2 on the balance sheet closing date was 0.69%.

The adjustments are intended to improve the information for comparative purposes and is therefore presented as follows:

**Reconciliation of differences between the balance sheet and the trial balance (figures restated).**

**Balance Sheets  
On December 31, 2019 (Amounts expressed in Brazilian Reais)**

Asset				Liabilities and Stockholders' Equity			
Current	01/01/2020	ADJUSTMENT	2019	Current	01/01/2020	ADJUSTMENT	2019
Cash and Cash Equivalents - Unrestricted Resources	4,087	-	4,087	Labor Obligations	165,800	-	165,800
Cash and Cash Equivalents - Restricted Resources	9,357	-	9,357	Tax Obligations	30,368	-	30,368
Financial Investments - Unrestricted Resources	664,569	-	664,569	Other Accounts Payable	23,306	-	23,306
Financial Investments - Restricted Resources	4,503,104	-	4,503,104	Prepaid Revenue	201,243	-	201,243
Securities in Stocks	375,978	375,978	-	Resources from Ongoing Projects	6,474,606	2,347,877	8,822,483
Accounts Receivable	173,459	(3,659,753)	3,833,212				
Social and Environmental Loans	569,473	(180,000)	749,473	<b>Total Current Liabilities</b>	<b>5,842,223</b>	<b>3,659,753</b>	<b>9,336,175</b>
Resources from Partnership with Social Projects	333,990	-	333,990				
Taxes and Contributions to be Offset	8,407	-	8,407	Non-current			
Prepaid Expenditures	7,606	-	7,606	Resources from Ongoing Projects	546,309	2,347,877	2,894,186
Advance Payments to Employees and Suppliers	26,420	-	26,420	<b>Total of Non-Current Liabilities</b>	<b>546,309</b>	<b>2,347,877</b>	<b>2,894,186</b>
<b>Total of Current Assets</b>	<b>6,676,451</b>	<b>(3,463,775)</b>	<b>10,140,226</b>				
				Stockholders' Equity	806,444	-	806,444
Non-current				Corporate Assets	806,444	-	806,444
Accounts Receivable	-	(2,347,877)	2,347,877				
Social and Environmental Loans	555,533	-	555,533				
Deposits and Security	41,454	-	41,454				
Investments	-	(195,978)	195,978				
	<b>596,987</b>	<b>(2,543,855)</b>	<b>3,140,842</b>				
Fixed Assets - Unrestricted	80,142	-	80,142				
	<b>80,142</b>	<b>-</b>	<b>80,142</b>	Surplus for the Period	965,049	-	965,049
<b>Total of Non-Current Assets</b>	<b>677,129</b>	<b>(2,543,855)</b>	<b>3,220,984</b>	<b>Total Stockholder's Equity</b>	<b>7,353,580</b>	<b>6,007,630</b>	<b>13,195,410</b>
<b>Total of Assets</b>	<b>7,353,580</b>	<b>(6,007,630)</b>	<b>13,361,210</b>	<b>Total Liabilities and Stockholders' Equity</b>			

The Management Explanatory Notes are an integral part of this financial statement. Rio de Janeiro, December 31, 2019

## 2.2 Effects of the pandemic caused by COVID-19

In March 2020, the World Health Organization (WHO) declared the pandemic of COVID-19. Government authorities in several countries, including Brazil, have imposed containment restrictions due to the virus. The Company established

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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a Committee and defined a pandemic management plan, with preventive measures and measures to mitigate its effects, in line with the guidelines established by national and international health authorities.

For SITAWI, the pandemic had a positive effect, attracting the interest of Institutions committed to reducing the effects of such pandemic on society. There was a significant number of contracts signed and it was necessary to invest in the increase of the staff to meet the demand. As a result of the entity's performance at this time of global crisis, SITAWI is competing for an award for companies that contributed to the social entrepreneurship in 2021.

In this scenario, the Institution's Management is monitoring the possible impacts and has been working with the implementation of contingency plans to maintain the continuity of operating activities in a regular situation. On the date of issue of these financial statements, even though it is not possible to measure the risks and impacts that may arise.

The Entity carried out a set of analyzes on the impact of COVID-19, which involved:

a) Review of impairment test assumptions

The Management revised the net book value of tangible assets in order to assess events or changes in economic circumstances, and there was no need for impairment adjustments.

b) Analysis of potential credit losses

The Management analyzed the potential risk related to default by its customers in this challenging and unprecedented scenario. Being in a daily contact with each of the clients and based on credit analysis and reinforcement of the criteria for real guarantees, the Management carried out some commercial negotiations to extend terms, as well as an intensification of the collection criteria.

Additionally, given the uncertain scenario in the economy in the second quarter, caused by the COVID-19 pandemic, the Company revised the variables that make up the methodology for measuring loss estimates, as well as the effects on credit recovery, thus reflecting an increase in expenses with provisioning for credit losses. It should be noted that we continue to monitor the credit and financial situation of customers on a daily basis, however, in the last quarter, it was not necessary to establish a significant amount of reinforcement of estimated losses of credit.

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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c) Review of financial instrument measurement assumptions

The Entity's business model was reflected in financial assets, but there is no risk of loss for the institution because the funds are invested in very low-risk investments in top-tier banks. Thus, there was no need to review the measurement assumptions.

d) Analysis of compliance with obligations undertaken with customers and suppliers

The Management evaluated its main supply contracts with customers and suppliers, respectively, and concluded that, despite the impacts caused by COVID-19, contractual obligations are still being fulfilled and there is no evidence or formalization of insolvency or any discontinuity.

e) Company's Liquidity Assessment

The Entity ended the year with a comfortable cash position, and no relevant impacts were identified arising from the analyzes mentioned above, thus reflecting in the financial statements and explanatory notes for the fiscal year ended December 31, 2020.

### **3. Presentation of Financial Statements**

#### **3.1 Statement of Conformity**

The financial statements were prepared by the Entity's Management, under its responsibility and are being presented in accordance with accounting practices used in Brazil, which include the Resolutions of the Federal Accounting Council (CFC) and the pronouncements of the Accounting Pronouncements Committee (CPC PME (R1)).

As this is a non-profit Entity, the financial statements were mainly prepared in accordance with ITG 2002 (R1) - Non-profit entity, approved by Resolution 1,409, of September 21, 2012, by the Technical Notice CTG 2000, approved by Resolution 1,159, of February 13, 2009, of the Federal Accounting Council (CFC) and by NBC TG 1000 - Accounting for Small and Medium Enterprises, for aspects not covered by ITG 2002 - Non-profit entities.

#### **3.2 Basis for measurement**

The financial statements were prepared based on historical cost. Income and expenses are recognized on an accrual basis in income.

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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### **3.3 Functional and Presentation Currency**

The financial statements are presented in Brazilian Reais (R\$), which is the Entity's functional and presentation currency.

### **3.4 Use of Estimates and Judgment**

The preparation of financial statements in accordance with the accounting practices used in Brazil requires that the Entity's management to use estimates for the record of certain transactions that affect assets and liabilities, income and expenses, as well as the disclosure of information on data of its financial statements. The final results of these transactions and information, when actually realized in subsequent periods, may greatly differ from these estimates. The main estimates related to the financial statements refer to the recording of the effects arising from the provision for lawsuits, the fair value of assets and liabilities, useful life of fixed assets, provision for asset losses, among others.

## **4. Main Accounting Practices**

The financial statements were prepared based on accounting practices used in Brazil, namely:

### **4.1 Cash and cash Equivalents**

They are represented by availability in local currency, which have high liquidity and insignificant risk of a change in fair value.

### **4.2 Financial Investments**

Represented by financial investments realizable within ninety (90) days of the investment date, or considered to be of high liquidity, or convertible into a known amount of cash and which are subject to an insignificant risk of change in value, being recorded at cost amounts plus income earned up to the balance sheet dates, which does not exceed its market or realizable value.

### **4.3 Accounts Receivable**

Accounts receivable correspond to amounts receivable from notes issued or funds receivable as stipulated in contracts, maintained at their par value, plus, when applicable, the corresponding charges and monetary variations incurred. If the receipt period is equivalent to one year or less, the accounts receivable are classified in current assets, otherwise, they are presented in non-current assets.



**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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#### **4.4 Social and Environmental Loans**

Refers to loans granted to Entities that operate in businesses with a social or environmental impact, recognized according to a fixed amount specified in the contract. They are included as current assets, except those with maturities exceeding 12 months, which are classified as non-current assets. They are accounted for at amortized cost, using the effective interest rate method and receivables are brought to present value when relevant.

#### **4.5 Other Current and Non-current Assets and Liabilities**

Stated by known or estimated values including, when applicable, the corresponding charges and monetary variations incurred.

#### **4.6 Fixed Assets**

##### **(i) Recognition and Measurement**

Items of fixed assets are valued at historical cost of acquisition or construction, less, where applicable, accrued impairment losses.

The impairment of non-financial assets (impairment) as defined in section 27 of NBC TG 1000 is recognized as a loss when the carrying amount of an asset is greater than its recoverable or realizable value. Impairment losses, when applicable, are recorded in income for the period in which they were identified.

##### **(ii) Depreciation**

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other value that substitutes the cost, deducted from the residual value.

Depreciation is recognized in the income statement based on the straight-line method with respect to the estimated useful lives of the fixed assets, since this method is the one that most closely reflects the consumption pattern of future economic benefits incorporated in the asset.

Expenses incurred with maintenance and repair, when they represent an increase in the installed capacity or in the useful life of the asset, are capitalized, while the others are charged to income, on an accrual basis.

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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**4.7 Recoverable Value of Assets**

Fixed assets and other assets are subject to annual assessment to identify evidence of non-recoverable losses, or whenever significant events or changes in circumstances indicate that the carrying amount may not be recoverable.

**4.8 Calculation of the Surplus (deficit) for the Fiscal Year**

Income and expenses are recognized and recorded on the accrual basis.

The Entity's main revenues are classified as subsidies, as can be seen in explanatory note 23.

The Entity's main expenses are classified into staff, third-party services and leasing groups, as shown in Explanatory Notes 24 and 25.

**4.9 Loans and Receivables and Other Financial Liabilities**

**(i) Financial Assets and Liabilities**

Financial assets and liabilities are recorded at their fair value, plus, when applicable, transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. They are valued according to the classification of financial instruments in the following categories: financial assets, valued at fair value through profit or loss, investments held to maturity and financial assets available for sale, and financial liabilities, valued at fair value through profit or loss and other financial liabilities.

**(ii) Derivative Financial Instruments**

The Entity does not operate with derivative financial instruments.

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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## 5. Cash and Cash Equivalents

Cash and Cash Equivalents - No Restriction	2020	2019
Cash	684	1,748
Banks Account Transactions	3,438	2,339
	<b>4,122</b>	<b>4,087</b>

  

Cash and Cash Equivalents - Restricted	2020	2019
Cash	1,500	1,500
Banks Account Transactions	2,867	7,857
	<b>4,367</b>	<b>9,357</b>

## 6. Financial Investments - Unrestricted Resources

The "Aut Mais" Investment is an automatic investment and redemption service of available resources in an account (deposit or investment checking account), at no cost to you. The profitability is daily and linked to the DI rate. In this service, your money is invested in Itaú Unibanco CDBs, which offer a profitability that increases according to the period of permanence of the invested funds.

The "Aut Mais" Investment has the full guarantee of Banco Itaú Unibanco and the additional guarantee of the FGC - Credit Guarantee Fund".

Empresas Trust DI is a fixed income fund that seeks to follow the trend of the market interest rate (CDI). When interest rates are high, yields tend to rise, and when interest rates fall, the profitability tends to go in the same direction. This fund invests at least 80% of its portfolio in federal government bonds and/or assets with low market credit risk. It is a low-risk investment, with daily profitability and allows for redemption at any time.

	2020	2019
Banco Itaú Auto Mais	1,636,566	49,511
Banco Itaú Premium	13,589	207,331
Banco Itaú Trust	5,110,432	407,726
	<b>6,760,587</b>	<b>664,569</b>

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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#### 7. Financial Investments - Restricted Resources

	<u>2020</u>	<u>2019</u>
Banco Itaú	47,636,312	4,503,104
	<u>47,636,312</u>	<u>4,503,104</u>

Corresponding to the resources to be used in the projects recorded in the Entity's liabilities.

Financial investments correspond to shares of Investment Funds that have acid test ratio without loss of interest incurred when redeemed. All investments are based on the Interbank Deposit Certificate (CDI) variation.

SITAWI's Invested Profile is conservative as per the contracts signed with the funds' settlor. Investments of the Aut Mais and Trust DI type explained in note 6.

#### 8. Securities in Stocks

	<u>2020</u>	<u>2019</u>	<u>01/01/2019</u>
BemTevi	-	167,500	167,500
4You2 Idiomas	208,478	208,478	-
	<u>208,478</u>	<u>375,978</u>	<u>167,500</u>

Bemtevi - SITAWI made an investment in the amount of R\$ 167,500 in Empresa BEMTEVI Investimento Social Ltda. in order to promote the area of donations and investments for the social sector, in line with the Fundo FIIMP guidelines. In the commitment term No. 20/2016, it acquired from the company as interest "Bemtevi SCP 2016". 167,500 participation shares in the amount of R\$ 1.00 each. This interest was settled in 2020 with the closure of the Fund. There is no information in the documents regarding the percentage of interest in this investment.

4YOU2 - In 2019 for the Empresa 4YOU2 Ensino de Idiomas, it had a loan with SITAWI in the amount of BRL 180,000.00 (one hundred and eighty thousand Brazilian Reais) which was paid on 02/26/2019 through the subscription of common shares representing the Capital of the Empresa 4YOU2 Ensino de Idiomas S.A.

SITAWI made an investment in the amount of R\$ 28,478 on 11/27/2019, in the Empresa 4YOU2 Ensino de Idiomas related to the subscription of 8 Class A Preferred Shares. The total percentage of SITAWI's interest in the company 4You2 is 0.69% on the closing date of this balance sheet.

# SITAWI

## Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

### 9. Accounts Receivable

Short Term	2020	2019	01/01/2019
Salvando Vidas BNDES	84,541	-	-
BNDES Cultura	81,049	-	2,347,877
Fundo FNE	53,086	-	-
KOAN	10,000	10,000	-
Geovani Mateus	8,050	-	-
Instituto HUMANIZE	2,608	117,200	-
TMJ	19,557	45,711	47,606
CAPRATE	-	548	-
	<b>258,891</b>	<b>173,459</b>	<b>2,395,482</b>
Long Term	2020	2019	01/01/2019
BNDES Cultura	-	-	4,695,753
	<b>-</b>	<b>-</b>	<b>4,695,753</b>

Domestic Customers refer to invoices issued in 2020 or debit notes that will be received in 2021.

### 10. Social and Environmental Loans

	Rate per year	2020		2019	
		Current	Non-current	Current	Non-current
Cooperativa Agroindustrial_FES (I)	12.75%	58,330	-	58,330	-
Ebenezer (II)	Variable	-	-	35,796	-
Adere (III)	12%	41,610	-	75,216	13,870
Atina (Geodinâmica)_FES_FAMC (IV)	Variable	252,576	-	212,165	48,110
Vela Bike_FES(V)	Variable	3,146	-	19,073	-
HUB_FES (VI)	Variable	3,097	-	14,269	53
Egalite (VII)	Variable	-	407,520	-	407,520
Coopesertão_FAMC_SABIN(VIII)	12.87%	23,315	54,410	5,638	3,150
Fluxo Status4_FAMC_SABIN (IX)	12.87%	108,038	-	43,116	22,400
4you2 Ensino_FAMC (X)	Variable	-	-	-	-
Ecoservice FES (XI)	11%	24,176	-	24,176	-
Morada da Floresta_FES(XII)	Variable	484	-	4,460	-
Manioca_FES (XIII)	Variable	40,942	-	64,787	-
Fluxo UpSaúde_FES_FAMC (XIV)	12.87%	3,500	56,511	4,797	3,030
Fluxo Inteceleri_SABIN (XV)	12.87%	-	-	19,730	10,150
Fluxo Organicos_SABIN (XVI)	12.87%	54,500	-	92,918	47,250
Chocobic_FES(XVII)	6.17%	28,700	68,150	-	-
Tucum Comércio_FNE-FES (XVIII)	6.17%	18,920	23,685	-	-
Pratika_FNE-FES (XIX)	6.17%	40,007	141,128	-	-
COEX_Eca Usaid - CP-FES (XX)	6.17%	18,951	6,573	-	-
OKA Industria_Eca Usaid- FES(XXI)	6.17%	6,150	60,016	-	-
(-) PECLD		(115,884)	-	(104,997)	-
		<b>610,559</b>	<b>817,994</b>	<b>569,473</b>	<b>555,533</b>

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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	<u>2020</u>	<u>2019</u>
(-) PCLD		
OKA Industria_Eca Usaid- FES(XXI)	(33,269)	-
Fluxo Stattu4_FAMC_SABIN (IX)	(75)	-
Vela Bike_FES(V)	(35)	-
Atina (Geodinâmica)_FES (IV)	-	(4,016)
Atina (Geodinâmica)_Familia C (IV)	-	(18,475)
Ecoservice FES (XI)	(24,176)	(24,176)
Cooperativa Agroindustrial_FES (I)	(58,330)	(58,330)
	<u>(115,884)</u>	<u>(104,997)</u>

Amounts referring to loans made to Associations, Foundations, Cooperatives and Societies that operate in businesses with a social or environmental impact (health, housing, education, equality between men and women, races and ethnicities or ecosystem conservation).

- (I) On June 1, 2015, an Agreement was signed between SITAWI and Cooperativa Agroindustrial 8 de junho (Coperjunho). This contract aims to sponsor Coperjunho's activities with resources of SITAWI. The contract established the amount of R\$ 75,000, to be paid in eighteen (18) installments, the last of which should have been settled by January 5, 2017, with interest of 12.75% per year. Not settled in the proposed period.
- (II) On June 1, 2017, an Agreement was signed between SITAWI and Associação Beneficente Ebenezer, and the amount of R\$ 214,777 was disbursed to be paid in 42 installments. The last of such installment was settled in June 2020.
- (III) On January 8, 2019, an Agreement between SITAWI and the Associação para Desenvolvimento, Educação e Recuperação Excepcional (ADERE) was signed, and the amount of R\$ 81,800 was disbursed to be paid in 25 installments, with final maturity of the last installment up to October 21, 2021.
- (M) In June 2018, an Agreement was signed between SITAWI and Geodinâmica Editora Ltda (ATINA), with the purpose of developing the Atina Methodology for Elementary Education I. The agreement was signed in the amount of R\$ 300,688, with the installments varying according to the monthly billing of Geodinâmica Editora.
- (V) In November 2018, an Agreement was signed between SITAWI and Vela Bikes. The contract was signed in the amount of R\$36,000, with the last installment to be settled by March 26, 2021.
- (M) In November 2018, an Agreement was signed between SITAWI and HUB Rede de Inovação. The contract was signed in the amount of R\$ 32,000, with the last installment to be settled by March 21, 2021.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- (M) In December 2016, a Convertible loan agreement was signed with Egalite, which initially shall not pay interest on receipt of this loan and, in return, in December 2022, SITAWI will have the option to transform this loan into interest shares in Egalite. The loan amount is R\$ 400,000.
- (MII) In October 2019, a contract was signed (loan platform - CCB) in the amount of R\$ 9,000, with the last installment to be paid by October 1, 2021.
- (IX) In October 2019, a contract was signed between SITAWI and STATTUS4 Cidades Inteligentes e Sustentabilidade Ltda., in which the Contract (loan platform - CCB) was signed in the amount of R\$ 69,000, with the last installment to be paid by October 1, 2021.
- (X) The remaining principal amount, in the amount of one hundred and eighty thousand Brazilian Reais (R\$ 180,000.00) to be paid in 2020 through the subscription of common shares representing the Capital of the Empresa 4YOU2 Ensino de Idiomas S.A. (Funded) by SITAWI (Financier) and payment with the credit it holds against the Funded Party.
- (XI) On August 1, 2014, an Agreement was signed between SITAWI and A3S-Aquecimento Solar e Soluções Sustentáveis Ltda. (Ecoservice) for the purpose of SITAWI to sponsor the activities of Ecoservice. The contract established the amount of R\$ 64,440, to be paid in eighteen (18) installments, the last of which should have been settled by February 215, 2016, with interest of 11% per year. Not settled in the proposed period.
- (XII) On November 21, 2018, an Agreement was signed between SITAWI and Morada da Floresta. The contract was established in the amount of R\$ 10,000, with the last installment to be settled by March 26, 2021.
- (XIII) December 2018, an Agreement was signed between SITAWI and Manioca Comércio de Alimentos. The contract was established in the amount of R\$ 71,316, with the first payment due on November 21, 2020, and the last installment until July 21, 2021.
- (XIV) In October 2019, a contract was signed (loan platform - CCB) between SITAWI and UPSAUDE Desenvolvimento de Software Ltda. in the amount of R\$ 7,000, with the last installment to be paid by October 1, 2021.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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On November 21, 2019, a contract was signed between SITAWI and UPSAUDE Desenvolvimento de Software Ltda., and the amount shall be deposited to the customer in twenty-four (24) installments, in return, SITAWI shall hold the option to transform this loan into interest shares of UP Saúde.

- (XV) On October 10, 2019, a contract (loan platform - CCB) was signed between SITAWI and Inteleceri Tecnologia para Educação in the amount of R\$ 38,000, with the last installment to be paid by October 1, 2021.
- (XVI) On October 10, 2019, a contract (loan platform - CCB) was signed between SITAWI and Orgânicos in Box Ltda., in the amount of R\$ 109,000, with the last installment to be paid by October 1, 2021.
- (XVII) Three contracts were signed between SITAWI and CHOCOBIC Indústria e Comércio de Produtos Alimentício Eireli - ME, namely:
  - a. Anchor - Contract signed in the amount of R\$ 40,766, with the last installment to be paid in January 2022.
  - b. Covid (contribution 1) - Contract signed in the amount of R\$ 30,351, with the last installment to be paid in April 2022.
  - c. Covid (contribution 2) - Contract signed in the amount of R\$ 30,362, with the last installment to be paid in July 2022.
- (XVIII) Two contracts were signed between SITAWI and TUCUM Comércio e Serviços Socioambientais Ltda., namely:
  - a. Anchor - Contract signed in the amount of R\$ 32,216, with the last installment to be paid in January 2022.
  - b. Covid (contribution 1) - Contract signed in the amount of R\$ 18,781, with the last installment to be paid in April 2022.
- (XX) Prátika Engenharia (Geovani Mateus Cordeiro dos Santos) has 5 open contracts with SITAWI, namely:
  - a. Anchor - Contract signed in the amount of R\$ 74,413, with the last installment to be paid in January 2022.
  - b. Covid (contribution 1) - Contract signed in the amount of R\$ 45,456, with the last installment to be paid in April 2022.
  - c. Covid (contribution 2) - Contract signed in the amount of R\$ 45,456, with the last installment to be paid in July 2022.



## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- d. Covid (contribution 3) - Contract signed in the amount of R\$ 15,808, with the last installment to be paid in August 2022.
  - e. Covid (contribution 4) - Contract signed in the amount of R\$ 49,208, with the last installment to be paid in November 2022.
- (XX) The Cooperativa dos Extrativistas da Flona de Carajás - COEX Carajás has a loan agreement signed with SITAWI, in the amount of R\$ 31,593, with the last installment to be paid in April 2022.
- (XX) OKA Indústria e Comércio de Alimentos has 4 open contracts with SITAWI, namely:
- a. Anchor - Contract signed in the amount of R\$ 11,440, with the last installment to be paid in January 2022.
  - b. Covid (contribution 1) - Contract signed in the amount of R\$ 10,732, with the last installment to be paid in April 2022.
  - c. Covid (contribution 2) - Contract signed in the amount of R\$ 10,732, with the last installment to be paid in August 2022.
  - d. RRD (Revenue Related Debt) - Contract signed in the amount of R\$33,268, with the last installment not having a specified date since the installments depend on the gross revenue of the funded party.

### 11. Resources from partnerships with social projects

	<u>2020</u>	<u>2019</u>
Associação AMARU (i) Associação	40,561	31,073
AMECSARA (ii)	82,024	5,569
Associação ASPROC (iii)	468,565	234,102
Fundação FAS (iv)	-	63,246
	<u>591,150</u>	<u>333,990</u>

- (i) Associação de Moradores Extrativista da Reserva de Desenvolvimento Sustentável- AMARU - SITAWI has a non-refundable financing cooperation sub-agreement signed with this Institution. The amounts above represent balances of advances granted in 2020, which are awaiting the delivery of the accountability by this Association.
- (ii) Associação dos Moradores Extrativista da Comunidade São Raimundo-AMECSARA - SITAWI has a non-refundable financing cooperation sub-agreement signed with this institution. The amounts above represent balances of advances granted in 2020, which are awaiting the delivery of the accountability by this Association.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- (III) Associação de Produtores Rurais de Carauari - ASPROC - SITAWI has a non-refundable financing cooperation sub-agreement signed with this Institution. The amounts above represent balances of advances granted in 2020, which are awaiting the delivery of the accountability by this Association.
- (IV) Fundação Amazonas Sustentável - FAS - SITAWI has a non-refundable financing cooperation sub-agreement signed with this Institution. The balance on 12/31/2020 of the FAS was R\$ 2,886, to be paid by SITAWI for it, it was transferred to the liabilities of SITAWI and regulated in 2021.

#### 12. Taxes and Contributions to be Offset

	<u>2020</u>	<u>2019</u>
IR sheet code 0561	(22,455)	7,148
IRRF code 1708	23	-
PIS sheet code 8301	1,789	1,260
	<u>24,267</u>	<u>8,407</u>

Amounts referring to undue tax payments or paid in excess that shall be used to offset taxes owed to the entity, such as: payroll darfs (Code 0561) and (code 8301), and also withholdings on services taken from third parties IR (code 1708) and Pis, Cofins and CSLL (code 5952), through the Dcomp process during 2021.

#### 13. Inventory

	<u>2020</u>	<u>2019</u>
Inventories	<u>251,384</u>	<u>-</u>
	<u>251,384</u>	<u>-</u>

From October and December 2020, SITAWI received goods such as Bags and Shoes from the company FFBR Importação e Export Ltda. which shall be provided as a gift. The values were released as inventory according to bonus invoices numbers: 152,937, 155,549, 155,575, 155820. These donations were linked to the actions of the companies developed by SITAWI in the Fundo Orgânicos Solidários in 2021.

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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**14. Prepaid Expenditures**

	<u>2020</u>	<u>2019</u>
Signature and Journals to Appropriate	-	206
Transportation Voucher	-	1,194
Meal voucher	11,640	6,206
Contribution - Annuity	14,861	-
	<u><u>26,501</u></u>	<u><u>7,606</u></u>

The amounts are made up of pre-payments of expenses for the fiscal year 2021.

**15. Advance Payments to Employees and Suppliers**

	<u>2020</u>	<u>2019</u>
Advance Payment to Legal Entity	18,074	5,273
Wage Advances	2,716	5,250
Miscellaneous Advance Payments	-	12,516
Vacation Advance Payments	5,766	3,381
	<u><u>26,556</u></u>	<u><u>26,420</u></u>

The amounts are made up of advance payments not settled until the balance sheet closing date and shall be settled in 2021.

**16. Deposits and Security**

	<u>2020</u>	<u>2019</u>
Security Deposit	29,154	41,454
	<u><u>29,154</u></u>	<u><u>41,454</u></u>

Amounts referring to deposits in advance of three (3) months of rent for the properties located in Voluntário da Pátria - RJ. At the end of the contract, this amount shall be returned adjusted by the savings rates.

The deposit amount for the property located at Rua Teodoro Sampaio - SP was paid in October 2020 upon the return of the property.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

#### 17. Fixed Assets - Unrestricted

	Depreciation Rate %	2019	Addition	Depreciation	2020
Computer Equipment	20	40,575	74,106	(21,288)	93,393
Machines and Equipment	10	15,267	-	(2,678)	12,589
Furniture and Fixtures	10	22,435	6,950	(3,926)	25,459
Right of Use of Software	10	1,865	-	(560)	1,306
		<b>80,142</b>	<b>81,056</b>	<b>(28,451)</b>	<b>132,747</b>

	Depreciation Rate %	2018	Addition	Depreciation	2019
Computer Equipment	20	34,015	18,409	(11,850)	40,575
Machines and Equipment	10	18,132	-	(2,865)	15,267
Furniture and Fixtures	10	21,183	4,480	(3,228)	22,435
Right of Use of Software	10	743	1,610	(488)	1,865
		<b>74,074</b>	<b>24,499</b>	<b>(18,430)</b>	<b>80,142</b>

#### 18. Labor Obligations

	2020	2019
Vacation Payment	163,713	80,705
Vacation Charges	57,487	27,843
Salary Payable	-	6,193
INSS (Contribution to Social Security) Payable	55,730	42,971
FGTS (Guarantee Fund for Length of Service) Payable	15,272	7,376
Pis - sheet	3,540	712
	<b>295,742</b>	<b>165,800</b>

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)****19. Tax Obligations**

	<u>2020</u>	<u>2019</u>
IRRF (Withholding Income Tax) - Legal Entity	6,101	721
IRRF sheet	39,442	25,328
IRRF loans	1,178	791
PCC	18,730	2,634
ISS (Service Tax)	29,246	-
ISS Withheld	8,260	894
	<u>102,957</u>	<u>30,368</u>

Amounts withheld from employees, self-employed and companies that provide services to SITAWI and taxes on billing. These amounts shall be transferred to the government in January 2021, given the expiration date.

**20. Other Accounts Payable**

	<u>2020</u>	<u>2019</u>
Viva Produtos Hospitalares EIRELI	2,366,140	-
UP Saúde	23,630	-
Rodrigo Fernando Portela	3,500	-
Associação FAZ - Projeto TMJ	2,887	-
HUTHIL Soluções em TI	1,093	-
Zen Via Mobile Serviços Digitais S A	502	-
Nasajon Sistemas Ltda	451	-
GOOGLE Cloud Brasil	389	-
AOKA Desenvolvimento Humano	-	23,306
	<u>2,398,593</u>	<u>23,306</u>

Amounts payable of service providers, purchase of inputs and donations made by SITAWI in 2020, which shall be paid in January 2021, given the due date.

It was registered the Loan Agreement to granted to UP Saúde the amount of R\$ 56,510.86. Such loan is granted in 24 installments. This balance of R\$ 23,630.00 corresponds to the loan balance that shall be transferred until October 31, 2021.

## SITAWI

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019**  
**(Amounts expressed in Brazilian Reais)**

## 21. Prepaid Revenue

	<u>2020</u>	<u>2019</u>
Mott Foundation	299,188	201,243
Instituto Clima e Sociedade	333,333	-
Google	254,601	-
	<u>887,121</u>	<u>201,243</u>

These are advance receipts of contributions from Associates for the apportionment of the monthly fee for the fiscal year 2021.

## 22. Resources from Ongoing Projects

	<u>2020</u>		<u>2019</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Família C (I)	994,346	407,520	979,378	488,909
Fundação BMW (II)	-	-	139,754	-
Ford - Fórum Justiça (III)	-	-	527	-
FNE-Filantrópicos (IV)	1,213,394	-	875,697	-
Fundo FIIMP (V)	-	-	202,093	-
Projeto TMJ (VI)	1,344,934	-	732,892	-
Nova Democracia (VII)	416,803	-	201,204	-
BNDES Cultura (VIII)	361,625	-	1,796.72	-
Facebook (IX)	-	-	362,410	-
Bumadinho (X)	-	-	35,745	-
Fundo Sustentabilidade (XI)	-	-	809	-
FAO BIG (XII)	-	-	8,860	-
E.C.A Humanize (XIII)	53,248	-	79,763.46	-
Elite Transforma (XIV)	367,600	-	99,702	-
Boticário (XV)	2,730,650	-	1,435,000	-
SABIN Social Ventures (XVI)	307,305	54,410	265,875	57,400
E.C.A USAID (XVII)	439,049	-	-	-
Exemplo Arrasta (XVIII)	672,533	-	-	-
Salvando Vidas (XIX)	13,347,080	-	-	-
Salvando Vidas- BNDES (XX)	3,733,247	-	-	-
Covida20 (XXI)	745,777	-	-	-
Amazonia Viva (XXII)	90,284	-	-	-
Todo Cuidado Conta (XXIII)	9,439	-	-	-
Perifa Connection (XXIV)	585,864	-	-	-
Fórum Justiça 2020 (XXV)	346,929	-	-	-
PPA Solidariedade (XXVI)	2,718,154	-	-	-
Orgânico Solidário (XXVII)	18,007	-	-	-
Comissão ARNS (XXVIII)	573,877	-	-	-
AVON (XXIX)	1,207,325	-	-	-
Google (XXX)	3,267,954	-	-	-
Fundo Geral PPA- Conta Referencial (XXXI)	10,653,742	-	-	-
IPU Venture( Antigo Noroeste Corona) (XXXII)	433,514	-	-	-
	<u>46,632,680</u>	<u>461,930</u>	<u>5,421,505</u>	<u>546,309</u>

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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Amounts referring to the obligations with the transfer of financial resources to the partners pursuant to an Partnership Agreement entered into between the parties. The formation of the transfers is shown below:

- (I) The Family C social fund began its operations on December 6, 2012. In Brazil, the concept of philanthropy is less developed than in other countries like the United States, where philanthropic support to the social sector is 30 times greater than in Brazil. There are some trends and "pioneer" philanthropists that are changing this perspective for Brazilian philanthropy to grow more and more. The Família C wanted to support Brazil's social and environmental development in a sustainable way and found the concept of social enterprise to be a powerful tool to accomplish long-term changes.
- (II) The Fundo BMW started its operations in November 2014. To boost the start of its activities in Brazil, the Fundação BMW decided to open a Social fund with SITAWI. The German institution aims to foster transitional dialogues for the common good, in addition to fostering social innovation. The Fund stopped having an exclusive account in 2020 and became part of the FNE funds.
- (III) Fundo Fórum Justiça, started in October 2016, with support from the Ford Foundation, aims to discuss justice with a public purpose. The Fundo also aims to stimulate the debate around the democratic and republican model of justice, respecting the Latin American context. The initiative was awarded an amount of two hundred (200) thousand dollars to carry out its activities over two years. SITAWI is responsible for the administrative and financial management of this resource.
- (IV) The FNE fund (Non Exclusive Funds) is a SITAWI fund in which projects and funds that do not have a specific checking account are allocated. In 2020, we had 8 active funds in FNE, namely:
  - a. Fundo Converge Capital: was established with SITAWI to support the first edition of the Converge Capital Conference (CCC).
  - b. Fundo Delibera Brasil: Delibera Brasil is a fund whose objective is to contribute to the strengthening and deepening of Brazilian democracy, by promoting and enabling citizen deliberation. This new form of citizen participation helps governments, political leaders, movements, communities and collectivities to carry out difficult and complex decisions, with a focus on the common good.
  - c. The Brumadinho Fund is an initiative led by SITAWI and MECA, which aims to raise funds to promote a positive impact in the medium and long term in Brumadinho, state of Minas Gerais.

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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- d. The Fundo BMW started its operations in November 2014. To boost the start of its activities in Brazil, the Fundação BMW decided to open a Social fund with SITAWI. The German institution aims to foster transitional dialogues for the common good, in addition to fostering social innovation. The Fund stopped having an exclusive account in 2020 and became part of the FNE funds.
- e. The Parentality Award was created with the purpose of identifying and valuing professionals who work in the strengthening of early childhood within the programs and public policies of home visitation in Brazil. The Fundação Maria Cecília Souto Vidigal joined the Fundação Bernard van Leer to reward visitors who adapted their practices during the period of social distancing, to continue supporting parents and caregivers of children from birth to 6 years in order to promote child development. SITAWI handles the financial management of this new Fundo Filantrópico.
- f. The Fundo Freedom was created by the Freedom Fund organization, a leader in the global movement to eradicate modern slavery. They created a Fundo de Resposta Emergencial à covid-19 (Emergency Response Fund to covid-19) to provide immediate funding to approximately 100 frontline partners working with vulnerable communities in 6 countries.
- g. The Fundo Talanoa was created with the aim of achieving two results: launch of a platform that monitors public policies relevant to the climate change agenda and holding an event without a partnership with Folha de São Paulo, to analyze short and long-term scenarios.
- h. Fundo Movimento 342, was created by the movement 342, a movement that emerged in 2017 and has grown over the years. The Movimento received a Programmatic Grant from the Open Society Foundations, and SITAWI executes its financial management.
- (M) The FIIMP Fund started in December 2016, being formed by 22 Foundations and Institutes in order to learn, monitor and know the results of investments in businesses with social and environmental impact. Experimenting the use of different financial mechanisms, the fund ended its operations in 2020.
- (M) Started in 2017, the Programa Território Médio Juruá (TMJ) is a project financed by the United States Agency for International Development (USAID) in partnership with Coca-Cola Brazil and Natura, in support of the Fórum de Desenvolvimento Territorial do Médio Juruá, to conserve the biodiversity of the municipality of Carauari-AM through sustainable value chains and a territorial development plan.



## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- (VI) Pacto pela Democracia is a coalition that manages a platform dedicated to bringing together and promoting collaboration among people, organizations and civil society movements to improve the rules, conditions and practices of political disputes in the country and the daily interface between institutions and society. Its fund has been managed by SITAWI since 2017.
- (VII) BNDES+ is a partnership among SITAWI, BNDES and Benfeitoria, the latter a Crowdfunding platform, to promote initiatives that foster Brazilian cultural heritage. Benfeitoria is responsible for calling and selecting initiatives for fundraising projects via Crowdfunding. If these initiatives are successful in raising funds, the BNDES will contribute by tripling the amount raised for these initiatives (each R\$ 1 raised via Crowdfunding receives R\$ 2 from BNDES). SITAWI has been responsible for managing the resources from the BNDES, since December 2019.
- (X) Started in 2019, the Fundo Surdos que Ouvem promotes the demystification of deafness and information about hearing rehabilitation and was created when the group Crônicas da Surdez, with around 12,000 people with some degree of hearing impairment, won the Facebook Community Leadership Program. It's a global initiative that provides knowledge, skills, tools and funding to leaders who are innovating ways to better support their communities through Facebook. The fund was closed in 2020.
- (X) The Brumadinho Fund is an initiative led by SITAWI and MECA, which aims to raise funds to promote a positive impact in the medium and long term in Brumadinho, state of Minas Gerais. The fund started in 2019 and became part of the FNE fund in 2020.
- (XI) Started in 2019, the Fundo sustentabilidade is a SITAWI reserve fund, in which ten (10%) percent of all donations above five thousand Brazilian Reais (R\$ 5,000.00) that SITAWI receives shall be allocated to the fund (except in the case of donations whose resources must be applied exclusively for a specific purpose).
- (XII) The Iniciativa Big 2050 is a project of integrated management of the Ecosystema da Baía de Ilha Grande, arising from the partnership between the Food and Agriculture Organization of the United Nations (FAO) and the Instituto Estadual do Ambiente do Estado do Rio de Janeiro (State Environmental Institute of the State of Rio de Janeiro - INEA), with financing from the Fundo Global para o Meio Ambiente (Gef) to structure a model for the conservation and sustainable use of continental, insular and maritime ecosystems in Ilha Grande Bay, in the State of Rio de Janeiro. The Fund was closed in the year 2020.
- (XIII) Initiated in 2019, the Fundo Empréstimo Coletivo Amazônia-Humanize aims to increase the scope of PPA impacting investment so that sustainable businesses in the Amazon can receive greater amounts of capital and reduce the distance between the program.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- (XV) Started in 2019, the Fundo Elite Transforma is a scholarship program of the Elite Rede de Ensino (a private network with 22 schools in Brazil) that offers scholarships to low-income students. The fund believes that it is possible to transform realities through education and by 2026 it shall offer 532 scholarships.
- (XV) The Fundo Viva Água started in December 2019, the Fundação Grupo Boticário created the Movimento Viva Água, in the Miringuava River basin, one of the most strategic hydrographic basins, which supplies the Metropolitan Region of Curitiba and is located in São José dos Pinhais (PR). The proposal is to contribute so that there is quality water available to everyone, through actions that promote environmental recovery and the transformation of the socio-economic reality in the region.
- (XVI) Started in January 2019, the Fundo Social Ventures (SABIN) aims to structure the innovative concept of collective lending, while acting as an anchor investor in the loan campaigns to be created, giving legitimacy to deals and businesses and attracting more capital from co-investors.
- (XVI) Initiated in 2019, the Fundo Empréstimo Coletivo Amazônia-USAID aims to increase the scope of PPA impact investment so that sustainable businesses in the Amazon can receive greater amounts of capital and reduce the distance between the program.
- (XVIII) The Fundo Exemplo Arrasta is the result of the action of a group of friends who challenged themselves to take action in the fight against the new coronavirus. The Fund's objective is to donate money to community leaders and projects to make a difference in the face of the pandemic. More than 40 initiatives have already been supported with donations of resources for the purchase of basic items such as food and cleaning kits for families in situations of extreme social vulnerability. The fund has been managed by SITAWI since March 20.
- (XX) The Fundo Filantrópico Salvando Vidas, started in April 2020, aimed at facing COVID-19, was the result of a partnership among BNDES, CMB, Bionexo, SITAWI and Benfeitoria. The Fund was structured based on the 'matchfunding' logic: for each R\$ 1 donated, the BNDES donates R\$1, doubling the amount of the donations. The action continues until, added to these values, the sum of R\$100 million is reached. The resources shall be used in protective material for doctors, nurses and patients. SITAWI is responsible for the procurement process and the financial execution of the project.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- (XX) The Fundo Filantrópico Salvando Vidas - BNDES, started in April 2020, aimed at facing COVID-19, was the result of a partnership among BNDES, CMB, Bionexo, SITAWI and Benfeitoria. The Fund was structured based on the 'matchfunding' logic: for each R\$ 1 donated, the BNDES donates R\$1, doubling the amount of the donations. The action continues until, added to these values, the sum of R\$100 million is reached. The resources shall be used in protective material for doctors, nurses and patients. SITAWI is responsible for the procurement process and the financial execution of the project.
  
- (XXI) COVIDA20 is a financing program for impacting small businesses, committed to maintaining jobs and income, during the COVID-19 crisis. With the objective of contributing to the creation of a new, more inclusive, egalitarian and regenerative economy for all people and for the planet, the Programa CoVida20 aims to support small and medium-sized companies with impact that commit themselves to maintain jobs in the context of COVID-19. SITAWI has been managing the fund's resources since May 2020.
  
- (XXII) Started in May 2020, the Fundo União Amazônia is a voluntary civil society movement that brings together people and non-governmental organizations that are serious and committed to the Amazon. The volunteers carried out a survey of the main demands to reduce the impacts of the current Covid-19 pandemic. The donations will be aimed to professionals who are on the front lines of the fight against Coronavirus and to people in situation of social vulnerability.
  
- (XXIII) The Movimento #todocareconta is part of the Fundo Emergencial para a Saúde - Coronavírus. The Fundo Emergencial para a Saúde - Coronavírus Brasil was created by a group of civil society leaders committed to private social investment and has two main objectives: to mobilize the philanthropic community/Brazilian society to donate to strengthen the public health system in Brazil and create a fast, easy, and reliable channel for financial resources to reach public hospitals and science and technology institutions that are at the forefront of the fight against Coronavirus. SITAWI has been managing the movement's resources since May 2020.
  
- (XXIV) The Fundo Filantrópico PerifaConnection aims to support the work of the collective with the same name, which disputes narratives about youths from the peripheries of Brazil. PerifaConnection does this through communication, having the public debate led by peripheral youth as the main tool to fight racism, inequalities and the construction of new perspectives. The fund has been managed by SITAWI since March 2020.
  
- (XXV) Fórum de Justiça 2020 - With the support of the Ford Foundation, the Fundo Fórum Justiça aims to debate public policies about Justice in Brazil and Latin America. The fund has been managed by SITAWI since July 2020.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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- (XXV) PPA Solidariedade - The COVID-19 pandemic continues to impact Brazil and, in the Amazon, great distances and chronic issues of lack of infrastructure make it difficult to fight the virus. To mitigate some of these impacts, USAID, NPI Expand, the Plataforma Parceiros pela Amazônia (PPA) and SITAWI have teamed up to create the "PPA Solidariedade: Resposta à COVID-19 na Amazônia" initiative, in partnership with the private sector. The projects include actions to distribute food and hygiene kits to more than 16 thousand families, information campaigns on prevention methods for more than 250 thousand people, support for testing, construction of ICU beds and a fund to support impacting businesses, with R\$1.5 million in low-interest loans and training. SITAWI has been the financial manager of the PPA Solidariedade fund since July 2020.
- (XXVI) Orgânico Solidário is a non-profit platform, organized in the form of a philanthropic fund managed by SITAWI Finanças do Bem and implemented by a network of partners whose objective is to bring organic food to socially vulnerable families, involving a network of farmers which have their production and income stimulated. Its fund has been managed by SITAWI since 2020.
- (XXVII) ARNS Commission: The objective of this initiative is to give visibility and institutional support to serious violations of physical integrity, freedom and human dignity, especially those committed by State agents against discriminated people and populations, such as black people, indigenous, quilombolas, LGBTs, women, youth, urban or rural communities in situation of extreme poverty. Its fund has been managed by SITAWI since 2020.
- (XXX) The Fundo de Investimento Social Privado is a multi-sector and multi-company governance initiative aimed at welcoming and protecting women and girls who are in situations of violence. Resulting from the partnership between Accor and the Instituto Avon, the Fund aims to reduce the impacts of violence by offering shelter and protection services and, at the same time, support for the professional relocation of women, helping them to fight violence in the short, medium and long term.
- (XXX) The Fundo Google, with the goal of expanding diversity and inclusion in the innovation sector, Google for Startups Brazil launches the Black Founders Fund. The initiative shall allocate R\$5 million to around 30 high-impact startups led by black entrepreneurs seeking capital at the initial stage. Its fund has been managed by SITAWI since 2020.

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

- (XXX) The Fundo Geral PPA (Plataforma Parceiros pela Amazônia - Platform Partners for the Amazon) initiated in September 2020, is a platform for collective action by the private sector to foster new models of sustainable development in the Amazon. Its objective is to develop and identify tangible and innovative solutions for the conservation of biodiversity and natural resources in the Amazon, as well as guaranteeing the quality of life for communities in the region.
- (XXXI) The Fundo IPU - WATER & SANITATION VENTURE PHILANTHROPY, initiated in December 2019, is a socio-environmental revolving philanthropic fund created through the Cooperation Agreement among INSTITUTO CLIMATE VENTURES, INSTITUTO IGUÁ DE SUSTENTABILIDADE and SITAWI. The Fund is intended to support impact businesses and/or social organizations that propose solutions related to the challenges of water and sanitation, through donations, the provision of low-cost credit, patient capital and customized acceleration in accordance with the main challenges of each organization.

**23. Stockholders' Equity****23.1 Corporate Assets**

It is made up of fully paid-in resources arising from an initial donation added to or deducted from surpluses or deficits inherent to the Entity's activities, calculated at the end of each fiscal year.

**23.2 Accumulated Surplus**

It registers the value of the surplus for the fiscal year to be submitted to the General Meeting for incorporation into the Entity's equity.

The Entity recorded a surplus on December 31, 2020 in the amount of R\$ 5,638,999 and a surplus of R\$ 158,605 in 2019. The 2020 Fiscal Year Surplus shall be incorporated into the corporate assets after approval by the General Meeting as per the Minutes recorded on July 8, 2021.

Unrestricted Resources of Surplus	5,638,999	158,605
Unrestricted Resource Surplus Transfer		-
Final Balances on 12/31	<u>5,638,999</u>	<u>-</u>

**24. Revenue from services rendered - Unrestricted Resources**

	<u>2020</u>	<u>2019</u>
Consulting Service	858,373	181,706
	<u>858,373</u>	<u>181,706</u>

It basically registers revenues from consulting services provided in the fiscal year 2020.

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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**25. Private Grants - With Restriction**

	<u>2020</u>	<u>2019</u>
Donations	2,416,966	1,739,800
Net Income from Loans	7,142	14,808
Recovery of Expenses with Funds	6,979,920	1,928,721
Revenue from Donations of Materials Received	251,384	-
	<u>9,655,413</u>	<u>3,683,328</u>

They record the funds received from donations by SITAWI for the realization of their final expenses (donations) and their supplementary expenses:

Reversals of funds refer to amounts that SITAWI reverts for use in its finances from amounts received from social funds, based on the contract entered into with each fund. These funds are used to maintain SITAWI's operating activities.

In 2020, SITAWI received from the company FFBR Importação e Exportacao Ltda. donations of shoes and bags, totaling R\$ 251,384, to be distributed as gifts to the donors of the Orgânicos Solidários fund as gratitude for the donations that shall be received in 2021. The values were released in inventory according to the values of the bonus invoice numbers: 152,937, 155,549, 155,575, 155820.

**26. Cost of Service Provided**

As of 2020, SITAWI started to show the cost of the activity in the financial statements. The cost of the service provided in 2020 was considered to be 70% of the payroll.

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

	<u>2020</u>	<u>2019</u>
Service Provided PF (Individual)	(2,100)	(1,645)
INSS - Self-employed	(420)	(329)
Owner's Compensation	(364,426)	(355,116)
Salaries	(977,861)	(496,319)
Vacation	(130,126)	(62,956)
13th Salary	(88,273)	(42,270)
Severance Pay	(671)	(3,280)
Selection and Training	(23,650)	(8,291)
Bonuses	(31,360)	(32,841)
Overtime	(2,316)	(3,092)
Award	(3,325)	-
Subsistence Allowance	(18,858)	-
Paid Holidays	(380)	(531)
Meal Allowance	-	(55)
Indemnified 13th Salary	-	(652)
Notice of Termination with Compensation Paid	(8,050)	(8,606)
Allowance Scholarship	(58,008)	(34,626)
Day Care Allowance	(2,520)	(2,304)
Rounding	(150)	(52)
Discounts and Refunds	(642)	(874)
FGTS - Termination Fine	(1,627)	(6,305)
Life Insurance	(236)	(1,546)
Transportation Voucher	(4,811)	(9,380)
Prog. Worker Food	(115,909)	(52,506)
Health Assistance	(44,934)	(30,853)
Expenses with Education	-	(1,397)
Other Benefits	(2,520)	(2,304)
INSS	(260,410)	(127,835)
FGTS	(80,216)	(40,889)
Charges w/o Vacation	(45,444)	(21,481)
Charges w/o 13th Salary	(31,798)	(14,583)
PIS w/o Payroll	(10,084)	(5,025)
INSS w/o Owner's Compensation	(79,883)	(78,227)
	<u>(2,391,006)</u>	<u>(1,446,172)</u>

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)****27. Expenses with Staff**

	<u>2020</u>	<u>2019</u>
Owner's Compensation	(156,174)	(199,752)
Salaries	(419,083)	(294,960)
Vacation	(55,768)	(35,413)
13th Salary	(37,831)	(23,777)
Interns/Allowance Scholarship	(24,861)	(19,477)
Selection and Training	(10,136)	(4,664)
Bonuses	(13,440)	(18,473)
Overtime	(992)	-
Night-shift Bonus	(9)	-
Award	(1,425)	-
Subsistence Allowance	(8,082)	-
Paid Holidays	(163)	-
Indemnified 13th Salary	(288)	-
Notice of Termination with Compensation Paid	(3,450)	-
Day Care Allowance	(1,080)	-
Rounding	(64)	-
FGTS - Termination Fine	(697)	-
Discounts and Refunds	(275)	-
Life Insurance	(101)	(870)
Transportation Voucher	(2,062)	(5,276)
Prog. Worker Food	(49,675)	(29,535)
Health Assistance	(19,258)	(17,355)
Expenses with Education	-	(786)
Other Benefits	(1,080)	-
INSS	(111,604)	(71,905)
FGTS	(34,378)	(23,000)
Charges w/o Vacation	(19,476)	(12,083)
Charges w/o 13th Salary	(13,628)	(8,203)
PIS w/o Payroll	(4,322)	(2,827)
INSS w/o Owner's Compensation	(34,236)	(44,003)
	<u>(1,023,637)</u>	<u>(812,360)</u>



## SITAWI

**Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019**  
**(Amounts expressed in Brazilian Reais)**

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**28. Administrative Expenses**

	<u>2020</u>	<u>2019</u>
Rent - Miscellaneous	-	(1,937)
Rent and Condominium Fee	(172,279)	(176,321)
Subscriptions and Publications	(206)	(147)
Maintenance, Upkeep and Repairs	(5,110)	(12,435)
Expenses with Permanent Assets	(4,219)	(6,395)
Legal Expenses	(1,462)	(4,577)
Transportation Expenses	(3,496)	(2,388)
Taxes, Fees and Contributions	(37,809)	(15,265)
Electricity	(14,848)	(25,735)
Office Supplies/Material	(23,194)	(11,580)
Insurances	(2,726)	-
Services Rendered - PF (Individual)	900	(925)
Services Rendered - PJ (Legal Entity)	(98,407)	(50,467)
Meals and Snacks	(879)	(14,305)
Expenses with Imports	(20,164)	-
Post and Pouches	(2,282)	(4,869)
Use License	(112,954)	(22,270)
Recruitment and Selection	(16,523)	(1,300)
INSS Self-employees	(180)	(185)
IPTU (Municipal Property Tax)	(16,044)	(13,507)
Marketing	(57,498)	(161,757)
Serv. Rendered PJ - Outsourced	(50,858)	(60,704)
Serv. Rendered - Legal Advice	(41,075)	(7,440)
Serv. Rendered - Accounting Services	(43,027)	(43,734)
Serv. Rendered - Audit	(23,557)	(8,906)
Serv. Rendered - Consulting	(250,576)	(87,061)
Administrative Services	(56,457)	(74,975)
Serv. Rendered - IT	(76,524)	(44,332)
Serv. Rendered - Communication	(164,350)	(93,133)
Travel & Accomodation	(1,034)	(23,628)
Accommodation	(30,200)	(59,030)
Flight Ticket	(96,256)	(319,296)
Feeding	(21,244)	(66,134)
Taxi	(26,436)	(59,478)
Depreciation and Amortization	(28,451)	(18,430)
	<u>(1,501,224)</u>	<u>(1,492,648)</u>

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)****29. Other Operating Expenses**

	<u>2020</u>	<u>2019</u>
Losses with Irrecoverable Credits	(33,304)	(4,016)
Project Closing Expenses	(7,361)	-
Donations	(2,632)	-
	<u>(43,297)</u>	<u>(4,016)</u>

Amount referring to the adjustment of irrecoverable losses from SITAWI own fund loans according to the company's policy.

**30. Other Operating Income**

	<u>2020</u>	<u>2019</u>
Reversal of Provisions	22,361	13,781
Donations	809	-
	<u>(23,170)</u>	<u>13,781</u>

**31. Net Financial Result**

<b>Financial Revenues</b>	<u>2020</u>	<u>2019</u>
Discounts Obtained	407	-
Active Monetary Variation	1,534	-
Financial Investment Income	83,628	51,621
	<u>85,569</u>	<u>51,621</u>
 <b>Financial Expenses</b>	 <u>2020</u>	 <u>2019</u>
Interest Liabilities	(709)	(8,791)
Discounts Granted	(730)	-
Bank Charges	(8,402)	(3,163)
IR (Income Tax) w/o financial investment	(8,603)	(379)
Expenses with fines	(4,462)	(3,838)
IOF (Tax on Financial Transactions)	(1,455)	(465)
	<u>(24,361)</u>	<u>(16,636)</u>
	<u>61,208</u>	<u>34,984</u>
 Net Financial Income	 <u>61,208</u>	 <u>34,984</u>

**SITAWI****Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019  
(Amounts expressed in Brazilian Reais)**

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**32. Volunteers Income and Expenses**

	<u>2020</u>	<u>2019</u>
Revenue from Voluntary Service	27,351	19,024
Expenses with Voluntary Service	<u>(27,351)</u>	<u>(19,024)</u>
	<u>-</u>	<u>-</u>

As determined by ITG 2002 for the purpose of complying with the resolution applicable to the Entity, it identified and valued the voluntary work received by it, based on the reimbursement of expenses with transportation and food, during the fiscal year 2020.

None of the amounts above had a corresponding cash disbursement, having been recognized in 2020 as operating income and expense in the income statement in equal amounts, with no effect on the surplus for the fiscal year.

**33. Financial Instruments**

Existing financial transactions involve usual assets and liabilities relevant to the Entity's economic activity, specially financial investments with short-term maturities, accounts receivable and accounts payable. These transactions are presented in the balance sheet at their fair value, plus the respective appropriations of revenues and expenses which, in view of the nature of the transactions and their maturity periods, are close to market values. During fiscal years of 2020 and 2019, the Entity did not carry out transactions involving financial instruments in the form of derivatives.

The Entity expresses the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

**34. Risk management framework**

The Entity assesses the risks in its financial instruments and defines the appropriate and acceptable limits considering its operations and goals.

## SITAWI

### Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)

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#### 35. Credit risk

Credit risk is the risk of the Entity's financial deficit if a counterparty in any of the contractual instruments fails to comply with its contractual obligations, which arise mainly from its receivables. Historically, the Entity has not suffered material losses arising from the failure to comply with financial obligations to its lenders.

##### 35.1. Liquidity risk

Liquidity risk is the risk that the Entity encounters when there are difficulties in complying with the obligations associated with its financial liabilities settled with cash payments or with another financial asset. The Entity's approach in the liquidity management is to ensure, as much as possible, to always have sufficient liquidity to meet its obligations when they become due, under regular conditions and conditions of stress, without causing unacceptable losses or with risk of impairing the Entity's reputation.

##### 35.2. Market risk

Market risk is the risk that changes in market prices, such as interest rates on investments, have on the gains earned as a result of its portfolio or on the value of its holdings in financial instruments. The Entity manages market risks through financial investments in funds with low market risk and low financial leverage, always in top-tier financial institutions.

#### 36. Compensation to Directors

The Executive Board of SITAWI is composed of a Chief Executive Officer, up to three Vice Presidents and up to three Directors with no specific designation. The Executive Board receives a compensation for acting effectively in the management of SITAWI, respecting the maximum limits of values practiced by the market in the region corresponding to its area of operation and as approved by the General Meeting. The total amount paid to managers in 2020 totalized R\$ 520,580.

#### 37. Provision for Contingencies

The Entity, in the regular course of its activities, is subject to judicial proceedings of tax, labor and civil nature. The management, based on the opinion of its legal advisors and, when applicable, based on specific opinions issued by specialists, evaluates the expectation of the outcome of the lawsuits in progress and determines whether or not to establish a provision for contingencies.

## SITAWI

### **Management Explanatory Notes regarding the financial statements on December 31, 2020 and 2019 (Amounts expressed in Brazilian Reais)**

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As of December 31, 2020, based on the opinion of its legal advisors, there are no lawsuits in progress, therefore, there are no amounts of this nature to be accrued.

#### **38. Subsequent Events**

The Loan Agreement to be granted to UP Saúde was classified as R\$ 56,510.86 in other accounts payable. Such loan is granted in 24 installments. This balance of R\$ 23,630.00 corresponds to the loan balance that shall be transferred until October 31, 2021, in return, SITAWI shall have the option to transform this loan into interest shares in UP Saúde.