

(A free translation of the original in Portuguese)

PPLA Participations LP.

**Condensed interim
financial statements at
March 31, 2021
and report on review**

PPLA Participations Ltd.

Interim condensed financial statements

March 31, 2021

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Report on review of condensed interim financial statements

To the Board of Directors and Shareholders
PPLA Participations LP.

Introduction

We have reviewed the accompanying condensed interim balance sheet of PPLA Participations LP. ("Company") as at March 31, 2021 and the related condensed statements of income, comprehensive income, the statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with the International Accounting Standard (IAS) 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial statement based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the condensed interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with IAS 34 - "Interim Financial Reporting", issued by International Accounting Standards Board (IASB).

Emphasis of matter

Material uncertainty related to going concern

We draw attention to Note 1 to these financial statements, which states that the Company has incurred recurring decreases in shareholders' equity over the past few years for the reasons set out in that Note. Management's plans for reversing this situation, are also described in Note 1, and depends on the



PPLA Participations LP.


success of the initiatives taken by Management, through obtaining loans and capitalization, if necessary. This situation, among others described in that Note, indicates the existence of significant uncertainty that may cast significant doubts about the ability of the Company to continue as a going on concern. Our conclusion is not qualified in respect of this matter.

Other matters

Audit and review of corresponding figures of the previous years

The condensed interim financial statements mentioned in the first paragraph includes accounting information corresponding to the result, comprehensive income, changes in shareholders' equity and cash flows for the quarter ended March 31, 2020, obtained from the condensed interim financial statements for that quarter, and the balance sheet on December 31, 2020, obtained from the financial statements on December 31, 2020, presented for comparison purposes. The review of the condensed interim financial statements for the quarter ended March 31, 2020 and examination of the financial statements for the year ended December 31, 2020 were conducted under the responsibility of other independent auditors, who issued review and audit reports with dates of June 3, 2020 and March 19, 2021, respectively, without modifications.

São Paulo, May 17, 2021


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5


Edison Arisa Pereira
Contador CRC 1SP127241/O-0

PPLA Participations Ltd.

Interim condensed balance sheets

Quarters ended March 31, 2021 and 2020

(In thousands of reais)

| Assets | Note | 3/31/2021 | 12/31/2020 |
|---|-------------|------------------|-------------------|
| Investment entity portfolio | 5 | 6 | 5 |
| Amounts receivable | 6 | 1,161 | 540 |
| Total assets | | 1,167 | 545 |
| Liabilities | | | |
| Other liabilities | 7 | 1,161 | 540 |
| Total liabilities | | 1,161 | 540 |
| Shareholders' equity | | | |
| Capital stock and share premium | 8a | 1,504,802 | 1,504,802 |
| Other comprehensive income | | 424,143 | 424,142 |
| Accumulated losses | | (1,928,939) | (1,928,939) |
| Total shareholders' equity | | 6 | 5 |
| Total liabilities and shareholders' equity | | 1,167 | 545 |

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

PPLA Participations Ltd.

Interim condensed statements of income

Quarters ended March 31, 2021 and 2020

(In thousands of reais, except for profit / (loss) per share)

| | <u>Note</u> | <u>31/03/2021</u> | <u>3/31/2020</u> <u>(Restated)</u> |
|---|-------------|-------------------|---------------------------------------|
| Gain / (Loss) on investment entity portfolio measured at fair value | 10 | 2 | (30) |
| Administrative expenses | 11 | (698) | (540) |
| Other operating income | 12 | 698 | 540 |
| Operating loss | | <u>2</u> | <u>(30)</u> |
| Profit / (Loss) for the quarter | | <u>2</u> | <u>(30)</u> |
| Profit / (Loss) per share - basic and diluted (in reais) | 9 | 0.001 | (0.0004) |

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

PPLA Participations Ltd.

Interim condensed statements of comprehensive income

Quarters ended March 31, 2021 and 2020

(In thousands of reais)

| | <u>3/31/2021</u> | <u>3/31/2020</u> |
|---|------------------|--------------------|
| Profit / (Loss) for the quarter | 2 | (30) |
| Other comprehensive income / (loss) not to be reclassified to profit or loss: | <u>(1)</u> | <u>4</u> |
| Currency translation adjustments | (1) | 4 |
| Total comprehensive income / (loss) | <u>1</u> | <u>(26)</u> |

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

PPLA Participations Ltd.

Interim condensed statement of changes in shareholders' equity

Quarters ended March 31, 2021 and 2020

(In thousands of reais)

| | <u>Capital stock and share premium</u> | <u>Other comprehensive income</u> | <u>Treasury shares</u> | <u>Accumulated losses</u> | <u>Total shareholders' equity</u> |
|--|--|-----------------------------------|------------------------|-------------------------------|---|
| Balance as of December 31, 2019 | 1,504,802 | 424,138 | (2,954) | (1,925,960) | 26 |
| Cancellation of treasury shares | - | - | 2,954 | (2,954) | - |
| Loss of the quarter | - | - | - | (30) | (30) |
| Currency translation adjustments | - | 4 | - | - | 4 |
| Balance as of March 31, 2020 | 1,504,802 | 424,142 | - | (1,928,944) | - |
| Balance as of December 31, 2020 | 1,504,802 | 424,142 | - | (1,928,939) | 5 |
| Profit for the quarter | - | - | - | 2 | 2 |
| Currency translation adjustments | - | (1) | - | - | (1) |
| Balance as of March 31, 2021 | 1,504,802 | 424,141 | - | (1,928,937) | 6 |

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

PPLA Participations Ltd.

Interim condensed statements of cash flows

Quarters ended March 31, 2021 and 2020

(In thousands of reais)

| | <u>Note</u> | <u>3/31/2021</u> | <u>3/31/2020</u> <u>(Restated)</u> |
|--|-------------|------------------|---------------------------------------|
| Operating activities | | | |
| Profit / (Loss) for the quarter | | 2 | (30) |
| Adjustments to the loss for the year | | | |
| Loss from investment entity portfolio measured at fair value | 10 | (2) | 30 |
| Adjusted loss for the quarter | | - | - |
| Increase / (decrease) in cash and cash equivalents | | - | - |
| Balance of cash and cash equivalents | | | |
| At the beginning of the quarter | | - | - |
| At the end of the quarter | | - | - |
| Increase / (decrease) in cash and cash equivalents | | - | - |
| Non-cash transactions | | | |
| Amounts receivable | | (621) | (566) |
| Other liabilities | | 621 | 566 |

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

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Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

1. Operations

PPLA Participations Ltd. ("PPLA Participations" or "Company") was constituted as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the constitution of the Company. PPLA Participations headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

PPLA Participations (together with BTG Pactual, the "Group") have units listed on NYSE Euronext in Amsterdam and B3 in São Paulo. Each unit issued, corresponds to 1 class A shares and 2 class B shares of PPLA Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil.

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd. and thus became general partner of PPLA Investments LP. ("PPLA Investments"), previously denominated BTG Investments LP. As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of PPLA Investments.

PPLA Investments was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including Merchant Banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages PPLA Investments' assets and receives fees at arm's length.

The Management of PPLA Investments is monitoring the recurring reduction in the Company's Shareholders' Equity over the last few years, mainly due to losses arising from negative mark-to-market in its investment entity portfolio. Reverting the deficitary situation requires a successful implementation of Management's initiatives through loans - made between the Company and BTG MB Investments LP ("BTG MB") - which can be capitalized, if necessary.

Although the deficit picture portrays the existence of a relevant uncertainty that can raise questions about the Company's operational continuity, management evaluation came to conclude, based on the aforementioned initiatives, that PPLA Investments has the capacity to continue operating in the next 12 months.

COVID-19

The Company's management is tracking the effects COVID-19 may have on its business. Any outcome prediction is hampered due to the situation's rapid and fluid development, which can lead to a fallout in economic and market conditions, triggering a decline in global economic activity. The Company is

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As of December 31, 2020

(In thousands of reais)

monitoring all developments related to COVID-19 and coordinating its operating response, taking into account the continuity plans from preexisting business ventures and on the guidelines exposed by global health organizations, governments and general best practices in response to this pandemic. The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world, including ours, and the economic and political environments in which businesses operate. There are a number of factors associated with the ongoing COVID-19 pandemic and its impact on global economies that could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and the market price of our securities. In particular, the COVID-19 pandemic has affected business and economic expectations, causing significant volatility in global markets and affecting the outlook of the Brazilian economy and that of other countries in which we maintain investments, may in the future make investments and conduct business through our subsidiaries.

Discontinuation of the BDR Program

During the year ended December 31, 2018, PPLA Participations Ltd. submitted to B3 S.A. - Brasil, Bolsa, Balcão ("B3") a procedure for the voluntary discontinuation of the BDRs Program of the Company, along with the resulting termination of its listing and negotiation of the Units with B3, as well as the termination of its registration as a category "A" foreign issuer, held with the Brazilian Securities and Exchange Commission – Comissão de Valores Mobiliários ("CVM"), pursuant to the Issuer Manual, issued by B3 and the CVM Instruction 332, of April 4, 2009.

Additionally, on May 2, 2019, as part of the tender offer for the purchase of Units and BDRs ("OPA" or "Offer"), the Securities Commission ("CVM") made the following requests: (i) amendment of the tender offer to include information on related party transactions, loan and capitalization as disclosed in Material Fact of April 9, 2019, (ii) updating by the appraiser of the Company's value in valuation, based on the latest financial statements made available by the Company, as of June 3, 2019. In addition, the CVM announced that the holding of the Extraordinary Shareholders' Meeting requested by the minority shareholders should be made fifteen days after the valuation report was previously released mentioned.

On September 30, 2019, the Company received the Company's appraisal report, dated December 31, 2018, to determine the value of Units and BDRs under the voluntary discontinuation of the share deposit certificate program.

On October 4, 2019, BTG Pactual Holding SA, as the offerer for the Acquisition of Units and BDRs for Voluntary Discontinuation of the PPLA Participations Ltd. Issuance Certificate Program ("Offer"), expressed its withdrawal from the execution of the Offer and, therefore, from the discontinuation procedure of the BDR program, the cancellation of its listing and the trading of units with B3 SA - Brasil, Bolsa, Balcão and the registration as a foreign "A" issuing company, held with the Brazilian Securities Commission. The withdrawal results from the realization of a new valuation requested by an investor in the scope of the Offering has found a value higher than the initial value of the Offering, due to material errors that distorts the result of the valuation.

Loan Agreement

On February 28, 2020, March 17, 2020 and May 5, 200, PPLA Investments ("PPLAI") received loans from BTG MB, through a Loan Agreement, in the amounts of US\$72 million, U\$29 million and

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(In thousands of reais)

U\$43 million, respectively, with maturities of 1 (one) year, of the respective loans dates, paying interest indexed to the 3 (three) month LIBOR added of 2.85% spread per year. This loan agreement includes the possibility of being totally or partially converted into capital, once certain conditions are met.

Merchant Banking loans

On March 4, 2020, the Lojas Leader S.A ("Leader") released its Management's decision by requesting judicial reorganization. As of March 31, 2020, the Company's Management assessed the possible impacts and does not have expectations for receivables related to this operation. Due to Leader's financial situation and the entity's request for judicial reorganization, an additional impairment was recorded corresponding to the amount of credits, corresponding to R\$603 million, resulting in zero exposure.

Acquisitions and sales

On October 5, 2020, FIP Principal, PPLAI's subsidiary, sold its participation in Auto Adesivos Paraná S.A. ("CCRR") in the amount of R\$170,283. However, the indirect participation held by PPLA in CCRR has not changed, since FIP Turquesa - held 100% by the Company - acquired the 30,1% previously owned through FIP Principal. No gains or losses were recognized in the transaction.

2. Presentation of financial statements

The Company's financial statements were prepared and are being presented in accordance with International Financial Reporting Standards, issued by International Accounting Standards Board (IASB).

The items included in the financial statements of each of the businesses of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

The condensed financial statements were approved by the Management on May 17, 2021, and they contain a true and fair view of the financial position and results of the Company.

I. Restatement

During the quarter ended in March 31, 2020, the Company made adjustments on its comparative financial, due to the adjustments related to the reckoning of administrative expenses and non-operating income accounted for in disagreement with the accrual accounting principle. It is worth mentioning that these administrative expenses are fully reimbursed by PPLA Investments, so the aforementioned effects had no impact whatsoever on the Company's result or its shareholder's equity lines. Such adjustments were retrospectively applied, with effects on the Income statement and Cash flows, as shown below:

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Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

| | 3/31/2020 (Original) | Adjustments | 3/31/2020 (Restated) |
|--|---------------------------------|--------------------|---------------------------------|
| Loss on investment entity portfolio measured at fair value | (30) | | (30) |
| Administrative expenses | - | (540) | (540) |
| Other operating income | - | 540 | 540 |
| Operating loss | (30) | - | (30) |
| Loss for the quarter | (30) | - | (30) |
| Loss per share (basic and diluted - R\$) | (0.0004) | - | (0.0004) |
| | 3/31/2020 (Original) | Adjustments | 3/31/2020 (Restated) |
| Operating activities | | | |
| Profit / (Loss) for the quarter | (30) | | (30) |
| Adjustments to the loss for the quarter | | | |
| Loss from investment entity portfolio measured at fair value | 30 | - | 30 |
| Adjusted loss for the quarter | - | | - |
| Increase / (decrease) in cash and cash equivalents | - | | - |
| Balance of cash and cash equivalents | | | |
| At the beginning of the quarter | - | - | - |
| At the end of the quarter | - | - | - |
| Increase / (decrease) in cash and cash equivalents | - | | - |
| Non-cash transactions | | | |
| Amounts receivable | - | (566) | (566) |
| Other liabilities | - | 566 | 566 |

3. Main accounting practices

The Company's interim condensed financial statements do not include all the information required for the annual financial statements, and should be read alongside the financial statements for the year ended December 31, 2020, issued on March 19, 2021.

The practices, policies and the main accounting judgments on estimates adopted in the preparation of the condensed interim financial statements are consistent with those adopted and disclosed in the financial statements for the year ended December 31, 2020.

a. Invested companies

The table below presents the direct and indirect interest of the Company in its investees:

| | Country | Equity interest - % | |
|------------------------------|---------|---------------------|------------|
| | | 3/31/2021 | 12/31/2020 |
| Direct subsidiaries | | | |
| BTG Bermuda LP Holdco Ltd. | Bermuda | 100 | 100 |
| Indirect subsidiaries | | | |
| PPLA Investments LP. | Bermuda | 0.003 | 0.003 |

On June 30, 2020, the capitalization of PPLA Investments by BTG MB Investments LP ("BTG MB") was concluded, a company that has an indirect controlling shareholder common to the Company, by issuing 91,805,085,836 Class D shares by PPLA Investments, in the amount of R\$801.1 million, corresponding to R\$0.0087 per share. As a result of the capitalization, PPLA Investments' investors were diluted in their participation, in such a way that: (i) the Company started to indirectly hold, through PPLA Bermuda LP Holdco Ltd, 0.003% of PPLA Investments; (ii) BTG MB now directly holds approximately 99.99% of PPLA Investments.

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Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

Below is the ownership interest held by PPLA Investments in its investees and investment funds:

| | Country | Equity interest - % | |
|---|---------|---------------------|------------|
| | | 3/31/2021 | 12/31/2020 |
| Direct subsidiaries | | | |
| BTG Loanco LLC | USA | 100 | 100 |
| Indirect subsidiaries | | | |
| Timber XI SPE S.A. (i) | Brazil | 8.73 | 8.73 |
| Timber IX Participações S.A. (i) | Brazil | 8.73 | 8.73 |
| Timber XII SPE S.A. | Brazil | 8.73 | 8.73 |
| São Lourenço Empreendimentos Florestais Ltda. (i) | Brazil | 8.73 | 8.73 |
| Fazenda Corisco Participações S.A. (i) | Brazil | 8.73 | 8.73 |
| BTG Pactual Santa Terezinha Holding S.A. (i) | Brazil | 8.73 | 8.73 |
| SCFlor Empreendimentos Agrícolas Ltda. | Brazil | 8.73 | 8.73 |
| Fazenda Santa Terezinha Participações S.A. (i) | Brazil | 8.73 | 8.73 |
| Timber VII SPE S.A. (i) | Brazil | 8.73 | 8.73 |
| BTGI Quartz Participações S.A | Brazil | 100 | 100 |
| BTGI Safira Participações S.A | Brazil | 100 | 100 |
| BTGI VII Participações S.A. | Brazil | 100 | 100 |
| BTGI VIII Participações S.A. | Brazil | 100 | 100 |
| BTG Pactual Stigma LLC | USA | 100 | 100 |
| BTG Equity Investments LLC | USA | 100 | 100 |
| Hárpia Omega Participações S.A. | Brazil | 100 | 100 |
| BTG Pactual Serviços S.A. de C.V. | México | 100 | 100 |
| BTG Pactual Investimentos Florestais S.A. | Brazil | 32.75 | 32.75 |
| BRPEC Agro Pecuária S.A. | Brazil | 100 | 100 |
| BTG Pactual Proprietary Feeder (1) Limited | Cayman | 100 | 100 |
| Invested funds | | | |
| BTG Pactual Brazil Investment Fund I LP | Cayman | 100 | 100 |
| BTG Pactual Brazil Investment Fund IA LP | Cayman | 1.02 | 1.02 |
| BTG Pactual Brazil Investment Fund IB LP | Cayman | 23.62 | 23.62 |

(i) The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

4. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees allows engaging the whole organization and ensuring decisions are readily implemented.

The main committees/meetings involved in risk management activities are: (i) Management meeting, which approves policies, defines overall limits and, alongside with the other committees, monitors the management of our risks; (ii) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering; and (iii) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

a. Credit risk

The following table shows the maximum exposure of the investment entity portfolio by geographic region:

| | 3/31/2021 | | | |
|--|-----------|---------------|----------|-----------|
| | Brazil | United States | Others | Total |
| Assets | | | | |
| Investment entity portfolio | | | | |
| Assets | | | | |
| Investment entity portfolio | 6 | - | - | 6 |
| Investments at fair value through other comprehensive income | 16 | - | - | 16 |
| Financial assets at amortized cost (i) | - | 3 | - | 3 |
| Other assets | - | - | 2 | 2 |
| Total | 22 | 3 | 2 | 27 |

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Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

| | 12/31/2020 | | | |
|--|------------|---------------|----------|-----------|
| | Brazil | United States | Others | Total |
| Assets | | | | |
| Investment entity portfolio | | | | |
| Assets | | | | |
| Cash and cash equivalents | - | - | 3 | 3 |
| Investment entity portfolio | 5 | - | - | 5 |
| Investments at fair value through other comprehensive income | 16 | - | - | 16 |
| Financial assets at amortized cost (i) | - | 3 | - | 3 |
| Other assets | - | - | 2 | 2 |
| Total | 21 | 3 | 5 | 29 |

(i) The amount basically corresponds to loans to partners.

The table below states the maximum exposures to credit risk of the investment entity portfolio, classified by the counterparties' economic activities:

| | 3/31/2021 | | | | |
|--|----------------------|-----------|-------------|-------------|-----------|
| | Private institutions | Companies | Individuals | Others | Total |
| Assets | | | | | |
| Investment entity portfolio | 14 | 8 | - | (16) | 6 |
| Investments at fair value through other comprehensive income | - | 16 | - | - | 16 |
| Financial assets at amortized cost | - | - | 3 | - | 3 |
| Other assets | - | - | - | 2 | 2 |
| Total | 14 | 24 | 3 | (14) | 27 |

| | 12/31/2020 | | | | |
|--|----------------------|-----------|-------------|-------------|-----------|
| | Private institutions | Companies | Individuals | Others | Total |
| Assets | | | | | |
| Cash and cash equivalents | 3 | - | - | - | 3 |
| Investment entity portfolio | 16 | 7 | - | (18) | 5 |
| Investments at fair value through other comprehensive income | - | 16 | - | - | 16 |
| Financial assets at amortized cost | - | - | 3 | - | 3 |
| Other assets | - | - | - | 2 | 2 |
| Total | 19 | 23 | 3 | (16) | 29 |

(i) Includes financial liabilities entered into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

b. Liquidity analysis and risk

As at December 31, 2020 and 2019, the Company does not have any cash or cash equivalents.

As at December 31, 2019, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's liquidity position as at December 31, 2020 and 2019:

| | 3/31/2021 | | | | |
|--|-----------------------------|----------------|--------------|--------------|----------|
| | Up to 90 days / No maturity | 90 to 365 days | 1 to 3 years | Over 3 years | Total |
| Assets | | | | | |
| Investment entity portfolio | | | | | |
| Assets | | | | | |
| Investment entity portfolio | 5 | - | - | 1 | 6 |
| Investments at fair value through other comprehensive income | 16 | - | - | - | 16 |
| Financial assets at amortized cost | - | - | - | 3 | 3 |
| Other assets | 2 | - | - | - | 2 |
| Liabilities (i) | (9) | (8) | (7) | - | (24) |
| Total | 14 | (8) | (7) | 4 | 3 |

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As of December 31, 2020

(In thousands of reais)

| | 12/31/2020 | | | | Total |
|--|-----------------------------|----------------|--------------|--------------|----------|
| | Up to 90 days / No maturity | 90 to 365 days | 1 to 3 years | Over 3 years | |
| Assets | | | | | |
| Investment entity portfolio | | | | | |
| Cash and cash equivalents | 3 | - | - | - | 3 |
| Investment entity portfolio | 3 | - | - | 2 | 5 |
| Investments at fair value through other comprehensive income | - | - | - | 16 | 16 |
| Financial assets at amortized cost | - | - | - | 3 | 3 |
| Other assets | 2 | - | - | - | 2 |
| Liabilities (i) | (25) | - | - | - | (25) |
| Total | (17) | - | - | 21 | 4 |

(i) Includes financial liabilities entered into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

5. Investment entity portfolio

The interim condensed financial statements of PPLA Investments ("PPLAI") for quarter ended March 31, 2021 were reviewed by independent auditors who issued a review report on May 17, 2021, without modification, presenting a section of relevant uncertainty related to operational continuity.

As at March 31, 2021, PPLA Investments' equity is R\$218,631 due to results with the investment entity portfolio. PPLA Participations marked its investment in PPLA Investments at R\$6 in quarter ended March 31, 2021. PPLA P does not have contractual commitments with the liabilities of its investees.

PPLA Participations values its investments at fair value, in accordance with the accountings standards of PPLA Investments.

The relevant figures of the PPLA Investments investment portfolio, as at March 31, 2021, and December 31, 2020, are presented below:

| | Note | 3/31/2021 (1) | 12/31/2020 (1) |
|--|------|------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | (a) | 16,477 | 104,152 |
| Investment entity portfolio | (b) | 289,105 | 201,150 |
| Derivative financial instruments | | - | 2,271 |
| Investments at fair value through other comprehensive income | (c) | 581,272 | 584,162 |
| Financial assets at amortized cost | (d) | 117,949 | 116,369 |
| Other assets | | 78,975 | 72,035 |
| Total | | 1,083,778 | 1,080,139 |
| Liabilities | | | |
| Derivatives | | 41,715 | 71,016 |
| Financial liabilities at amortized cost | (e) | 548,288 | 588,579 |
| Other liabilities | | 275,144 | 252,133 |
| Total | | 865,147 | 911,728 |
| Shareholders' equity | | 218,631 | 168,411 |
| Total liabilities and shareholders' equity | | 1,083,778 | 1,080,139 |
| Investment entity portfolio reconciliation | | | |
| PPLAI shareholder's equity | | 218,631 | 168,411 |
| PPLAP ownership (via BTG Holdco) | | 0.003% | 0.003% |
| Total | | 6 | 5 |

(1) Balances as reported by PPLA Investments as at March 31, 2021, and December 31, 2020.

(a) Cash and cash equivalents

Cash and cash equivalents are comprised exclusively of highly liquid bank deposits.

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As of December 31, 2020

(In thousands of reais)

(b) Investment entity portfolio

| | As of March 31, 2021 | | As of December 31, 2020 | |
|--|----------------------|----------------|-------------------------|----------------|
| | Cost | Fair value | Cost | Fair value |
| Merchant Banking investments (i) | | | | |
| Private equity funds ("FIP") | 3,324,944 | 305,115 | 3,233,111 | 250,607 |
| Subsidiaries, associates and jointly controlled entities | 437,913 | 156,452 | 407,523 | 116,760 |
| Global markets investments (ii) | 2,887,031 | 148,663 | 2,825,588 | 133,847 |
| Loans (1) | 6,494 | 6,494 | 5,927 | 5,927 |
| Others (2) | 548,285 | 548,285 | 588,576 | 588,576 |
| | (570,789) | (570,789) | (643,960) | (643,960) |
| Total | 3,308,934 | 289,105 | 3,183,654 | 201,150 |

(1) Refers to loans granted by BTG Pactual Proprietary Feeder (1) Limited to PPLA Investments. The amount is reflected as financial liabilities at amortized cost in Note 5e.

(2) Includes financial assets and liabilities entered into by Company subsidiaries.

(i) Merchant Banking investments

Merchant Banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant Banking investments are structured generally through privately negotiated transactions with a view to divest in four to ten years.

As at March 31, 2021, and December 31, 2020, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP or other investment vehicles, as disclosed below:

| Merchant Banking investments | Description/Segment activity | 3/31/2021 | | 12/31/2020 | |
|---|---|-----------|----------------|------------|----------------|
| | | (%) (1) | Fair value | (%) (1) | Fair value |
| Through FIPs: | | | | | |
| BrPec Agropecuária S.A. | Ranching | 100% | 48,079 | 100% | 55,310 |
| Auto Adesivos Paraná S.A. (2) | Adhesives, labels and special paper company | 30.4% | 108,373 | 30.1% | 61,450 |
| Through subsidiaries, associates and jointly controlled entities: | | | | | |
| ADS - Advanced Disposal Service | Disposal services | - | - | - | - |
| Timber XI SPE S.A. | Biological assets | 8.73% | 5,734 | 8.73% | 5,651 |
| Timber IX Participações S.A. | Biological assets | 8.73% | 36,535 | 8.73% | 41,441 |
| Timber XII SPE S.A. | Biological assets | 8.73% | 31,015 | 8.73% | 25,126 |
| BTG Pactual Santa Terezinha Holding S.A. | Biological assets | 8.73% | 9,008 | 8.73% | 8,557 |
| Fazenda Corisco Participações S.A. | Biological assets | 8.73% | 10,192 | 8.73% | 10,636 |
| Timber VII SPE S.A. | Biological assets | 8.73% | 43,545 | 8.73% | 42,436 |
| Loans - Merchant Banking investments (3) | Others | - | 12,634 | - | - |
| Total | | | 305,115 | | 250,607 |

(1) The equity interest disclosed in the table above refers to the Company indirect interest.

(2) As described in Note 1.

(3) During the quarter ended March 31, 2021, new debentures were issued to B&A.

(ii) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators (these funds have hybrid portfolios composed of a mixture of fixed income, stocks, currencies, foreign exchange, derivatives, commodities, mortgages and interest rates, they also generally employ a wide variety of investment strategies, and make use of techniques such as short selling and leverage).

As at March 31, 2021, the Company's investment in BTG Pactual Absolute Return II Master Fund LP ("ARF II") corresponds to the amount of R\$6,494 (December 31, 2020: R\$5,927).

PPLA Participations Ltd.

Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

As at March 31, 2021, and December 31, 2020, the Net Asset Value ("NAV") of global markets investments approximates to its fair value, which is equivalent to its cost value on the referred date.

(c) Investments at fair value through other comprehensive income

Subsequently to the IFRS 9 early adoption, PPLA Investments now presents part of its investment entity portfolio as investments at fair value through other comprehensive income, as shown below:

| | As of March 31, 2021 | | As of December 31, 2020 | |
|------------------------------------|----------------------|----------------|-------------------------|----------------|
| | Cost | Fair value | Cost | Fair value |
| Merchant Banking investments - FIP | 1,761,355 | 568,951 | 1,934,555 | 574,058 |
| Others | 12,321 | 12,321 | 10,104 | 10,104 |
| Total | 1,773,676 | 581,272 | 1,944,659 | 584,162 |

(i) Merchant banking investments - FIP

As at March 31, 2021 and December 31, 2020, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP, as disclosed below:

| Merchant Banking investments | Description/Segment activity | 3/31/2021 | | 12/31/2020 | |
|--------------------------------|--|-----------|----------------|------------|----------------|
| | | (%) (1) | Fair value | (%) (1) | Fair value |
| A!Bodytech Participações S.A. | Fitness segment | 10.5% | 6,311 | 10.4% | 5,937 |
| Latte S.A. | Waste collection, treatment and disposal | 15.7% | 5,516 | 32.0% | 10,997 |
| Estre Participações S.A. | Waste collection, treatment and disposal | - | 1,606 | - | 1,606 |
| Sete Brasil Participações S.A. | Oil and gas | - | 199 | - | 199 |
| UOL Universo on Line S.A. | Internet and server provider | 3.1% | 555,319 | 3.1% | 555,319 |
| Total | | | 568,951 | | 574,058 |

(1) The equity interest disclosed in the table above refers to the Company indirect interest.

(d) Financial assets at amortized cost

| | 3/31/2021 | 12/31/2020 |
|--------------|----------------|----------------|
| Partners (i) | 117,949 | 116,369 |
| Total | 117,949 | 116,369 |

(i) Loans granted by PPLA Investments are indexed to CDI or libor, and the maturity are in general higher than one year. Loans to partners are provided in connection to the acquisition of shares in BTG Pactual Group.

As at March 31, 2021 and December 31, 2020, the fair value attributed to the Loans and receivables is similar to its amortized cost.

(e) Financial liabilities at amortized cost

| | Maturity | Index | 3/31/2021 | |
|-----------------------------------|------------|-----------------------------|----------------|----------------|
| | | | Cost | Amortized Cost |
| Loans with financial institutions | March-23 | Libor 3m + 1,5% p.a. | 252,022 | 254,847 |
| Medium term notes | Dec-21 | Libor 3m + 1,5% p.a. | 290,189 | 293,441 |
| Total | | | 542,211 | 548,288 |
| | Maturity | Index | 12/31/2020 | |
| | | | Cost | Amortized Cost |
| Loans with financial institutions | October-20 | Libor and 1.5% to 5.3% p.a. | 634,597 | 588,579 |
| Total | | | 634,597 | 588,579 |

PPLA Participations Ltd.

Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

(f) Fair value Hierarchy

PPLA Investments classifies its investment entity portfolio as level 3. However, the underlying assets and liabilities of this portfolio have different classification which is presented as follows:

(i) Investment entity portfolio

| | 3/31/2021 | | |
|--|----------------|----------------|----------------|
| | Level 2 | Level 3 | Total |
| Investment entity portfolio | | | |
| Merchant Banking investments | | | |
| Private equity funds | - | 156,452 | 156,452 |
| Subsidiaries, associates and jointly controlled entities | 12,634 | 136,029 | 148,663 |
| Global markets investments | 6,494 | - | 6,494 |
| Loans | 548,285 | - | 548,285 |
| Others | (570,789) | - | (570,789) |
| Total | (3,376) | 292,481 | 289,105 |

| | 12/31/2020 | | |
|--|-----------------|----------------|----------------|
| | Level 2 | Level 3 | Total |
| Investment entity portfolio | | | |
| Merchant Banking investments | | | |
| Private equity funds | - | 116,760 | 116,760 |
| Subsidiaries, associates and jointly controlled entities | - | 133,847 | 133,847 |
| Global markets investments | 5,927 | - | 5,927 |
| Loans | 588,576 | - | 588,576 |
| Others | (643,960) | - | (643,960) |
| Total | (49,457) | 250,607 | 201,150 |

(ii) Investments at fair value through other comprehensive income

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

| | 3/31/2021 | |
|---|----------------|----------------|
| | Level 3 | Total |
| Investments at fair value through other comprehensive income | | |
| Merchant Banking investments - FIP | 568,951 | 568,951 |
| Total | 568,951 | 568,951 |

| | 12/31/2020 | |
|---|----------------|----------------|
| | Level 3 | Total |
| Investments at fair value through other comprehensive income | | |
| Merchant Banking investments - FIP | 574,058 | 574,058 |
| Total | 574,058 | 574,058 |

(iii) Financial assets at amortized cost

Loans and receivables are presented at fair value at PPLA Investments level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost are presented at fair value at PPLA Investments level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

PPLA Participations Ltd.

Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

(v) Summary of valuation techniques

There were no changes from the valuation techniques disclosed in the financial statements for the year ended December 31, 2020.

(vi) Reclassification between levels

During the year ended December 31, 2020, there were no reclassification between levels and fair value hierarchy.

6. Amounts receivable

As at March 31, 2021 and December 31, 2020, the item refers entirely to amounts receivable from investees/subsidiaries, to pay for the Company's administrative expenses.

7. Other liabilities

As at March 31, 2021 and December 31, 2020, the item refers entirely to amounts payable regarding administrative expenses from the Company's BDRs program.

8. Shareholders' equity

a. Capital

At the general meeting held on March 18, 2020, the reverse stock split between shares class A and B issued by the Company was approved in the proportion of 30 shares for 1 share.

As at March 31, 2021 and December 31, 2020, the Company's capital was comprised by the following class of shares:

| | 3/31/2021 | | | | |
|--------------|-----------------------|------------------|-----------------|---------------|----------------|
| | Authorized | Issued | Par value (R\$) | Voting rights | Vote per share |
| Class A (i) | 5,000,000,000 | 938,222 | | Yes | 1 |
| Class B (i) | 10,000,000,000 | 1,876,444 | | No | - |
| Class C | 1 | 1 | 1 | Yes | (*) |
| Class D | 1,000,000,000 | - | 0,0000000001 | Yes | 1 |
| Total | 16,000,000,001 | 2,814,667 | | | |

| | 31/12/2019 (Restated) | | | | |
|--------------|-----------------------|------------------|-----------------|---------------|----------------|
| | Authorized | Issued | Par value (R\$) | Voting rights | Vote per share |
| Class A (i) | 5,000,000,000 | 938,222 | | Yes | 1 |
| Class B (i) | 10,000,000,000 | 1,876,444 | | No | - |
| Class C | 1 | 1 | 1 | Yes | (*) |
| Class D | 1,000,000,000 | - | 0,0000000001 | Yes | 1 |
| Total | 16,000,000,001 | 2,814,667 | | | |

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

(i) Only class A and class B shareholders are entitled to economic benefits.

PPLA Participations Ltd.

Notes to the financial statements

As of December 31, 2020

(In thousands of reais)

b. Treasury shares

In the year ended December 31, 2020, the shares that were held in treasury were canceled.

During the quarter ended March 31, 2021 December 31, 2020, the Company did not repurchased units.

c. Dividends

The Company did not distribute dividends during the years ended on December 31, 2020 and 2019.

9. Profit/(Loss) per share

| | <u>3/31/2021</u> | <u>3/31/2020</u> |
|---|------------------|------------------|
| Profit / (Loss) for the quarter | 2 | (30) |
| Weighted average per thousand shares outstanding during the quarter | 2,815 | 71,882 |
| Profit / (Loss) per share - basic and diluted (in reais) | <u>0.001</u> | <u>(0.0004)</u> |

10. Loss from investment entity portfolio measured at fair value

| | <u>3/31/2021</u> | <u>3/31/2020</u> |
|-------------------------------------|------------------|------------------|
| Loss on investment entity portfolio | 2 | (30) |
| Total | <u>2</u> | <u>(30)</u> |

11. Administrative expenses

In the quarters ended March 31, 2021 and 2020, the item is composed exclusively of custodial expenses, due to the Company's BDR program.

12. Other income

In the quarters ended March 31, 2021 and 2020, the item is composed exclusively by amounts regarding reimbursed from subsidiaries.

13. Related Parties

| | <u>Relationship</u> | <u>Assets (Liabilities)</u> | | <u>Revenues (Expenses)</u> | |
|-----------------------|---------------------|-----------------------------|-------------------|----------------------------|------------------|
| | | <u>3/31/2021</u> | <u>12/31/2020</u> | <u>3/31/2021</u> | <u>3/31/2020</u> |
| Assets | | | | | |
| Amounts receivable | | | | | |
| - PPLA Investments LP | Related | 1,161 | 540 | 698 | 540 |

No management compensation was recorded during the quarters ended March 31, 2021 and 2020.