

PPLA Participations – PPLA11

Earnings Release

Second Quarter 2021

Aug 16th, 2021

Performance PPLA Participations

Rio de Janeiro, Brazil, Aug 16th, 2021 - PPLA Participations Ltd. (PPLA Participations), reported total comprehensive Income close to zero for the quarter ended June 30th, 2021 (2Q 2021).

Financial position and results from PPLA Participations consist mostly of its proportional share in PPLA Investments' equity, equivalent to 0.003% as of June 30th, 2021.

In the 2Q the result of PPLAI was positive mainly due to positive PnL in global market strategies.

Relevant Events

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 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 sentiment, 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.

Acquisitions and Sales

On February 6th, 2021 a capital increase in CCRR/Tagme was approved, through the issuance of 39,671,906 ordinary nominative shares with no par value. FIP Turquesa, PPLAI's subsidiary, acquired 12,215,916 shares for the amount of R\$22,786 and the participation has not significantly changed.

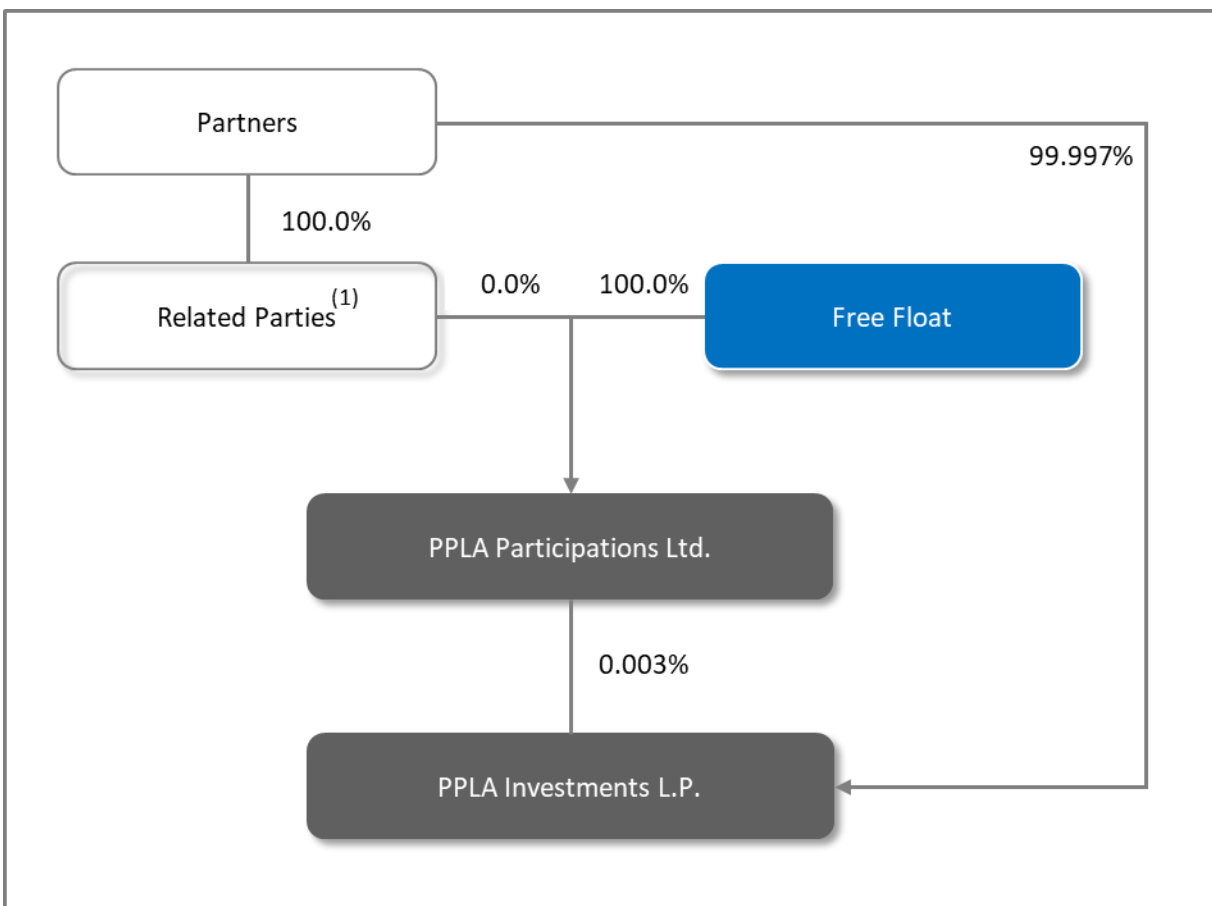
Loan Agreement

On June 21st, 2021 PPLAI entered into a loan agreement with BTG MB Investments LP ("BTG MB") of up to R\$750 million, to be disbursed according to PPLAI request, on dates and amounts of the company's loan installments. Loans installments are as follows (i) June 21st,2021, (ii) July 9th,2021, (iii) December 16th, 2021, (iv) June 14th, 2022, (v) December 12th, 2022 and (vi) June 9th, 2023. Loans will mature in 30 months after loan agreement signing and will incur interest of 117,3% of CDI rate.

On June 21st, 2021 PPLAI requested to draw approximately R\$ 90 million on BTG MB and on July 9th, 2021 PPLAI requested the second draw of approximately R\$ 160 million.

Shareholding Structure

PPLA Participations owns through its wholly-owned subsidiary BTG Bermuda LP Holdco Ltd. a stake corresponding to 0.003% of PPLA Investments’ capital. PPLA Participations indirectly holds equity interest in PPLAI and accounts for its as investment entity in accordance with IFRS 10 - Consolidated Financial Statements where assets and liabilities are measured at fair value.



(1) if applicable, it may include units acquired by investment vehicles owned by certain partners individually or collectively and vehicles under common control of the *Partnership*. The shareholding of the Partners in PPLAI takes place mainly through BTG MB Investments L.P.

Financial Information

The financial information presented in the tables below consists of the financial position and results of operations from PPLA Investments as we believe they are more meaningful than those from PPLA Participations in order to understand the results of PPLA Participations.

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	PPLA Investments	
	1Q 2021	2Q 2021
Financial income	55	32
Financial expenses	(3)	(3)
Gross financial income	53	29
Other operating income (expenses)	(1)	(1)
Operating income	52	28
Non-operating income/(expenses)	-	-
Income before taxes and profit sharing	52	28
Income and social contribution taxes	-	-
Statutory profit sharing	-	-
Non-controlling interest	-	-
Net income	52	28

Note: As PPLA Investments is accounted in USD, the adjusted financial statements do not consider the effect of exchange variation of the assets, reporting the net income in BRL. The income statement disclosed above is pro forma, excluding foreign exchange translation effects impacts between lines. Includes adjustments to normalize hedge effects.

In 2Q 2021 PPLAI had operating Income of R\$28 million, mostly related to positive PnL in global market strategies.

As PPLAI is an investment entity, it does not have significant operating expenses and administrative costs. As a result of the foregoing, net income was positive in R\$28 million in line with operating income.

Main Assets

The table presents a summary of PPLAI' assets and liabilities. The balance sheet below is pro-forma because it considers certain adjustments, such as intercompany eliminations.

Unaudited pro-forma balance sheet (in R\$ million)					
	1Q21	2Q21		1Q21	2Q21
Assets	1,421.4	1,189.6	Liabilities + Equity	1,421.4	1,189.6
Cash & Equivalents	16.5	34.7	Financial Liabilities	927.2	657.5
Investment Entity Portfolio	398.8	327.8	- Financial Institutions ⁽¹⁾	927.2	657.5
Merchant Banking	332.7	327.8			
- Fazendas Timber	152.1	151.4	Other Liabilities	275.6	231.5
- BR Pec	48.0	41.7			
- CCRR	108.4	108.4			
- Other Assets	24.2	26.4			
BTG Pactual Bonds	66.0	-			
Invest at Fair Value - OCI	581.3	634.7			
Loans and Receivables	117.9	111.960			
- Partners	117.9	112.0			
Other Assets ⁽¹⁾	306.9	80.5	Shareholders Equity	218.6	300.5

(1) Excludes Intercompany Transactions

- (i) **Cash & Equivalents** were R\$34.7 million in the end of the 2Q 2021, compared to R\$16.5 million in the 1Q 2021.
- (ii) **Investment Entity Portfolio.**
 - a. **Fazendas Timber** consists of land properties, dedicated to management and commercial activities inherent to eucalyptus and pine plantation. The total assets decreased from R\$152.1 million in 1Q to R\$ 151.4 million in 2Q despite the positive fair value adjustment due to dividends payment.
 - b. Equity investment of R\$ 41.7 million in **BR Pec**, an agricultural / ranching company that is focused on production of soy, corn and cattle. The operations are focused on improving productivity levels. PPLA Investments owns 100% of the asset. The decrease in asset value was mostly due to interest accrual in the company's debt.
 - c. **CCRR/Tagme** consist of a participation in Auto Adesivos Paraná S.A. Total assets remained stable on R\$ 108.4 million in the end of 2Q 2021.
 - d. **Other Assets** under Merchant Banking portfolio consist of over ten smaller investments across different sectors.
- (iii) **BTG Pactual Bonds** consists of bonds issued by Banco BTG Pactual S.A. Total assets decreased from R\$ 66.0 million at the end of 1Q to zero in the end of 2Q 2021 due to complete sale of the position.
- (iv) PPLA Investments also carries other private equity assets, under **Invest at Fair Value – OCI**, which are mainly held via investment funds, such as UOL, among other investments. The total balance increased from R\$581.3 in the 1Q 2021, to R\$634.7 in the 2Q 2021 mostly due to positive fair value adjustment of UOL.
- (v) **Loans and Receivables** consists of R\$112.0 million of partnership loans.

(vi) **Financial Liabilities**

- a. Liabilities to Financial Institutions consist of some long-term loans with Brazilian financial institutions. The total amount decreased during the quarter mainly due to Bradesco's loan amortization, that was partially offset by a new loan of approximately R\$ 90 million granted by BTG MB, mentioned above.

Basis for Presentation

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Balance Sheet and Income Statement, which is prepared in accordance with IFRS.

Forward-looking statements

This document may contain estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may appear throughout this document. These estimates and forward-looking statements are mainly based on the current expectations and estimates of future events and trends that affect or may affect the business, financial condition, and results of operations, cash flow, liquidity, prospects and the trading price of the units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this document as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this document might not occur and future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result, you should not make any investment decision on the basis of the forward-looking statements contained herein.

Rounding

Certain percentages and other amounts included in this document have been rounded to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them and may differ from the financial statements.