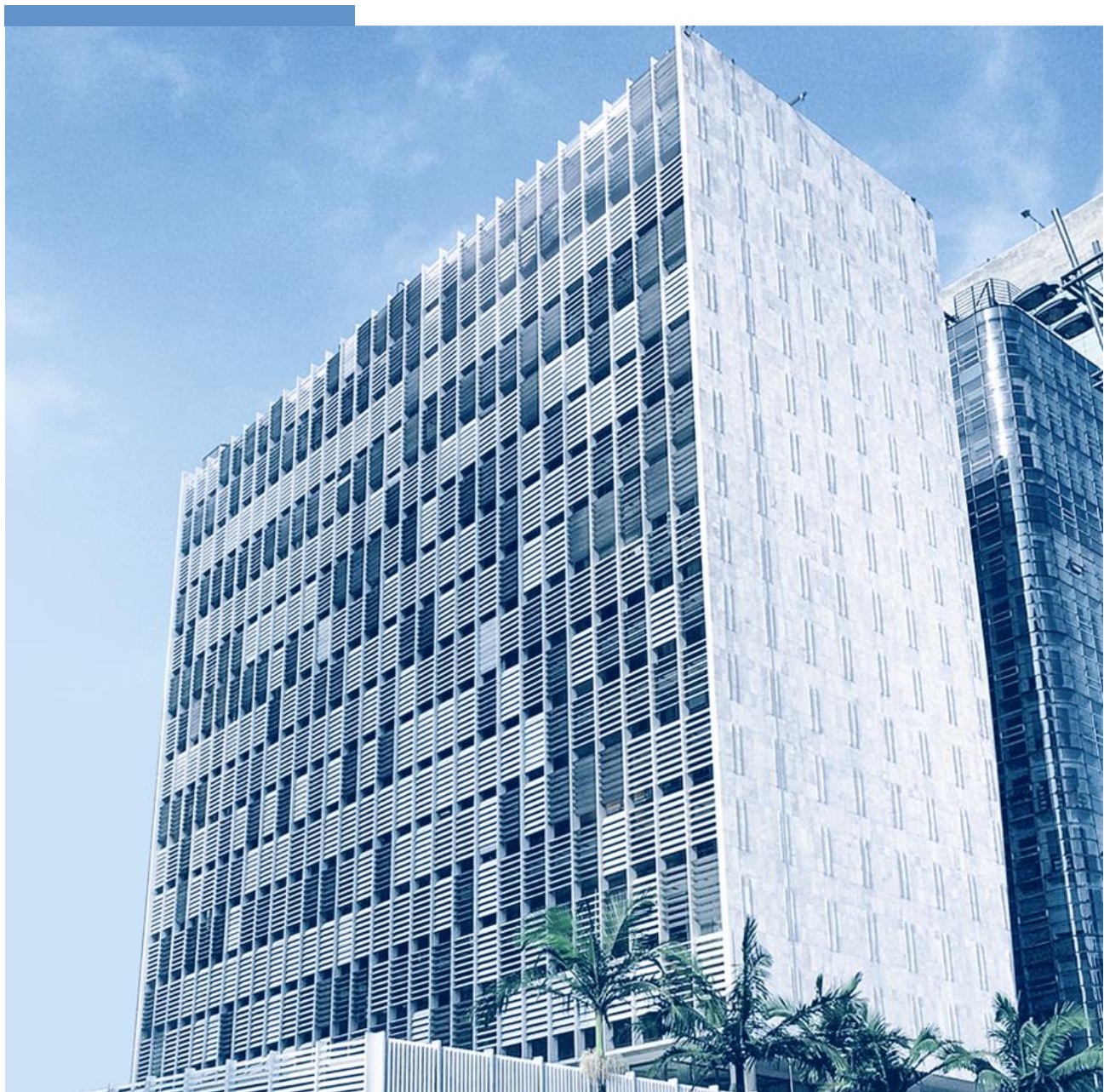


ITAÚSA



Itaúsa Headquarters | Av. Paulista - SP

Management Report

1st quarter of 2021 | 1Q21

Management Report

We present the Management Report and the Individual and Consolidated Financial Statements of Itaúsa S.A. (Itaúsa) for the first quarter of 2021 (1Q21). These Financial Statements have been prepared in accordance with the standards established by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent auditor's report

The Financial Statements were audited by PricewaterhouseCoopers Auditores Independentes (PwC) and received an unqualified opinion from the external auditor. The Financial Statements have been approved by the Fiscal Council. The Financial Statements were made available to the market on the websites of Itaúsa, B3 S.A. – Brasil, Bolsa, Balcão ("B3"), and the CVM.

1. Message from Management

The first months of 2021 were marked by the progress in the rollout of the Covid-19 vaccination program and the fiscal and monetary stimulus packages launched by the world's developed economies, which has led to expectations that these economies will fare better. In Brazil, the vaccine rollout for a greater number of people moving forward into the second quarter, coupled with the reduction in government emergency aid, has reduced market expectation for the Brazilian economy in 2021.

Our portfolio companies have once again proved their resilience through the operating results. In the financial sector, the performance of the financial margin has been improved, and noteworthy were the Financial Margin with the Market and the lower volume of expected loan losses, in addition to the efficient management of general and administrative expenses, which favored a significant rise in profit. In consumer goods and materials for civil construction materials segments, Alpargatas and Duratex recorded increases in the volume of sales, as well as in net revenue and EBITDA, despite the pressure on cost of certain raw materials. It is worth mentioning that this has been the best first quarter ever in Duratex's history. In the gas distribution and transportation segments, NTS and Copagaz also recorded higher revenues. These companies and Itaúsa continue to operate with all security protocols, including remote work in administrative areas, measures in operational units and stores, and strengthening hygiene and security procedures in areas with common access.

The ongoing efforts to improve the Company's governance has seen the latest Stockholders' Meeting electing three new independent members to the Board of Directors, bringing in new expertise and more diversity to the board. Now with 33% of independent members, the new composition of the Board of Directors is aligned with the best Governance practice guidelines recommended by local and foreign ESG institutes and agencies, such as the Brazilian Institute of Corporate Governance (IBGC) in Brazil and the FTSE4Good and Dow Jones Sustainability Index abroad.

Regarding portfolio management, at the end of April 2021 Itaúsa announced the execution of an Investment Agreement for the purchase an 10.20% of voting capital and 8.53% of total capital of Aegea, the leading company of Brazil's private basic sanitation sector, and the increase in its equity interest in NTS to 8.50% from 7.65%.

In addition, regarding the spin-off of Itaú Unibanco involving participation in XP Inc. and the consequent creation of XPart, we highlight that the conclusion of the transaction is still awaiting approval from the Federal Reserve (FED, the American central bank). Once the transaction is completed, XPart and XP Inc. will be able to submit the merger of XPart by XP Inc. for resolution at their respective Shareholders' Meetings.

These transactions are aligned with Itaúsa's efficient capital allocation strategy and our commitment to creating value to stockholders and society.

2. Itaúsa Highlights

Efficient capital allocation

Corporate restructuring involving Itaú Unibanco's equity interest in XP Inc.

XP Inc. Regarding the spin-off of Itaú Unibanco's equity interest held in XP Inc. and consequent creation of XPart, to be controlled by Itaúsa and IUPAR - Itaú Unibanco Participações S.A., we continue to await the transaction approval by the FED. Once the authorization has been obtained, the parties involved in the possible incorporation of XPart by XP Inc. (Itaúsa, IUPAR, XPart, XP Inc. and XP Inc.'s controllers) may proceed with the measures for submitting the incorporation proposal to their corresponding competent corporate bodies.

When the transaction is completed, Itaúsa will directly or indirectly hold approximately 15% of XP Inc.'s total capital. Therefore, this will become the portfolio's second largest investment in market value.

Subsequent events

Acquisition of equity interest in Aegea Saneamento



On April 26, 2021, Itaúsa announced to the general market that it had executed investment agreements with Aegea Saneamento e Participações S.A. Upon completion of operation, Itaúsa's equity interest will total 10.20% of voting capital and 8.53% of total capital. The investment will be worth R\$1.3 billion, subject to price adjustments provided for in the Investment Agreement. The funds for this investment will be raised through local debt bonds.

Itaúsa will be entitled to nominate members to the governance bodies and believes that, in addition to contributing to good management and corporate governance practices, the investment will help Aegea leverage its growth plan implementation by supporting new opportunities to optimize its business value creation.

Additionally, this investment provides Itaúsa with the opportunity to add to its portfolio an asset that combines attractive rate of return, high potential of growth of this sector in Brazil and positive impact on society, in addition to being aligned with its capital allocation strategy by gathering together strategic partners with long-term vision and proven experience in the sector of operation.

Increase of equity interest in NTS



On April 30, 2021, the sale of Petrobras' remaining 10% interest in Nova Transportadora do Sudeste S.A. (NTS) to Nova Infraestrutura Gasodutos Participações S.A., a company incorporated by Nova Infraestrutura Fundo de Investimentos em Participações (FIP), the investment fund managed by Brookfield Brasil Asset

Management Investimentos Ltda. and Itaúsa, was completed. As a result, Itaúsa's interest in this investment raised to 8.50% from 7.65% (directly and indirectly held). This increased equity interest strengthens the trust in the value creation brought by this investment into Itaúsa's portfolio.

For further information on XP Inc., Aegea and NTS transactions, please access the Material Facts and Notices at www.itausa.com.br/material-facts-and-notice.

Environmental, Social and Governance (ESG)

2020 Integrated Report

In March 2021 Itaúsa published its 2020 Integrated Report, based on the International Integrated Reporting Council (IIRC) guidelines. This document, structured to address the Company's main Capitals, summarizes the Itaúsa's major highlights, business model, changes in investment portfolio, vision of the future, and its individual economic-financial results and environmental, social and governance (ESG) aspects and those of its investees as well.



Prepared with the active engagement of Itaúsa's Senior Management, the Integrated Report strengthens the Company's commitments to long-term value creation guided by strategic pillars "Efficient Capital Allocation", "Business Continuity", and "Shared Culture".

Please access the Integrated Report by clicking on www.itausa.com.br/integrated-report-and-annual-report.

Independent members elected to Itaúsa's Board of Directors

As part of the ongoing governance improvement in Itaúsa, at the latest Stockholders' Meeting held on April 30, 2021, three independent members were elected to the Board of Directors, as follows:

- (i) Fernando Marques Oliveira, a business administrator, and partner of H.I.G. Capital;
- (ii) Patrícia de Moraes, an economist, former associate and officer at JP Morgan Brazil for over two decades; and
- (iii) Vicente Furletti de Assis, a civil engineer and senior partner of McKinsey.

These professionals have just strengthened the Senior Management team by bringing in new expertise and more diversity to the Company's highest governance body, which now counts on one-third of independent members, in line with the best market practices.

For further information on the current composition of the Board of Directors, and to see the summarized resúmenes of members, please click on www.itausa.com.br/management-and-committees.

3. Itaúsa's economic performance

As a holding company, Itaúsa's results are basically derived from its Equity in the Earnings of Investees, determined based on the net income of its subsidiaries and revenues from investments in financial assets. The main indicators of individual results are shown in the table below:

	R\$ million			R\$ per share		
	1Q21	1Q20	Change	03.31.2021	03.31.2020	Change
PROFITABILITY⁽¹⁾						
Net income	2,207	1,012	118.1%	0.26	0.12	118.1%
Recurring net income	2,408	1,078	123.4%	0.29	0.13	123.4%
Return on Equity (annualized)	15.2%	7.6%	7.7 p.p.			
Recurring Return on Equity (annualized)	16.6%	8.0%	8.6 p.p.			
BALANCE SHEET⁽¹⁾						
Total assets	63,886	55,598	14.9%			
Net indebtedness	1,303	162	704.3%			
Stockholders' equity	58,696	51,962	13.0%	6.98	6.18	13.0%
CAPITAL MARKET						
Market Value ⁽²⁾	86,800	73,763	17.7%	10.32	8.77	17.7%
Average Daily Traded Volume (ADTV) on B3 ⁽³⁾	346	341	1.6%			

(1) Attributable to controlling stockholders.

(2) Calculated based on the closing price of preferred shares in the last day of the period.

(3) It considers Itaúsa's preferred shares (ITSA4).

Pro Forma Individual Result of Itaúsa⁽¹⁾

The equity in the earnings of investees and the individual result of Itaúsa are presented in the pro-forma table below, including recurring events (non-recurring events are presented in detail in table Reconciliation of Recurring Net Income).

R\$ million	1Q21		1Q20		Δ %
INVESTEES' RESULTS IN ITAÚSA	2,501	100%	1,280	100%	95%
FINANCIAL SECTOR	2,419	97%	1,415	111%	71%
NON-FINANCIAL SECTOR	113	5%	(46)	-4%	346%
ALPARGATAS	40		23		74%
DURATEX	81		26		212%
COPAGAZ	(6)		-		0%
NTS ⁽³⁾	(2)		(95)		98%
OTHER COMPANIES	(2)	0%	(1)	0%	-100%
Other Results ⁽⁴⁾	(29)	-1%	(88)	-7%	67%
RESULTS OF ITAÚSA	(100)		(219)		54%
FINANCIAL INCOME / EXPENSES	(17)		(11)		-55%
ADMINISTRATIVE EXPENSES	(33)		(38)		13%
TAX EXPENSES	(51)		(171)		70%
OTHER OPERATING REVENUES	1		1		0%
INCOME BEFORE INCOME TAX/SOCIAL CONTRIBUTION	2,401		1,061		126%
INCOME TAX / SOCIAL CONTRIBUTION ⁽⁵⁾	7		17		-59%
RECURRING INDIVIDUAL NET INCOME	2,408		1,078		123%
NON-RECURRING RESULTS	(201)		(66)		-209%
ITAÚSA'S RESULTS	3		-		0%
FINANCIAL SECTOR	(180)		8		-2350%
NON FINANCIAL SECTOR	(24)		(74)		68%
NET INCOME	2,207		1,012		118%

(1) Attributable to controlling stockholders. | (2) It includes dividends/interest on capital received, adjustment to fair value of shares, and expenses on time installment of the US dollar-denominated invested amount and corresponding foreign exchange variation. | (3) It refers to PPA (purchase price allocation) of goodwill on the investment in Alpargatas and IUPAR's results | (4) The Company does not recognize deferred tax assets on tax loss carryforwards and temporary difference.

Results of Investees, as recorded by Itaúsa

Recurring equity in the earnings of investees, recorded in Itaúsa in 1Q21, totaled R\$2,501 million, up 95% on a year-on-year basis, and was mainly driven by the better performance of **Itaú Unibanco**, a result of the improved financial margin with the market and lower Expected Loan Losses, in addition to the efficient management of General and Administrative Expenses, which, excluding the effects of exchange variation in consolidated operations in Latin America, fell on a year-on-year basis.

With a trend similar to the one in the second half of 2020, **consumer goods and civil construction material segments** remain strong, which has boosted the performance of investees in these segments, with consistent results, despite the challenging scenario yet in place with restrictions on physical sales due to the pandemic. **Alpargatas** recorded a 32.7% increase in revenue, as a result of the better performance in Havaianas driven by the combination of price/mix of channels and countries, making up for the rise in production costs and certain raw materials. **Duratex** also recorded a significant rise in sales in all Divisions, productivity gains and greater efficiency in plants, which have led to the best first quarter ever of the Company's history.

Regarding the natural gas **transportation and distribution segment**, the results recorded at Itaúsa derived from the investment in **NTS** were positively impacted by the higher amount of dividends received and partially offset by the variation resulting from the periodic review of the fair value of the asset. Now an integral part of Itaúsa's portfolio since the end of December 2020, **Copagaz** featured margins under pressure by successive rises in LPG cost, the main reason why the company posted losses in the period, in addition to the impact of the increased leverage in connection with the purchase of Liquigás.

Further information on the operations of each investee is available in Section 5 (Comments on the Performance of Investees).

Itaúsa's Results

Administrative expenses totaled R\$33 million in 1Q21, down 13% on a year-on-year basis, mainly driven by lower expenses on consulting services to support M&A projects in the 1Q21 compared to 1Q20, in view of the phasing of projects under analysis in these periods.

Tax expenses totaled R\$51 million in 1Q21, down 70% on a year-on-year basis, mainly driven by lower PIS/COFINS expenses due to lower interest on capital received from Itaú Unibanco in the period.

Finance Result totaled R\$17 million 1Q21, up 55% on a year-on-year basis, mainly driven by higher expenses on interest on debentures in view of the 3rd issuance of debentures worth R\$1.3 billion issued in the end of 2020.

Profit totaled R\$2.2 billion in 1Q21, up 118% on a year-on-year basis, mainly driven by higher equity in the earnings of investees, lower tax expenses, as explained above, and the non-recurring effects highlighted below. Recurring net income was R\$2.4 billion, up 123% from 1Q20.




Reconciliation of Recurring Net Income

Equity in the Earnings of Investees was affected by non-recurring events, which totaled a negative result of R\$201 million in 1Q21. At **Itaú Unibanco**, the highlight goes to expenses on provision for structural adjustment. At **Alpargatas**, the main effect is related to the discontinuation of Mizuno operations. The main non-recurring event at **Duratex** was related to expenses on the dissolving wood pulp (DWP) plant construction project. At last, at **Copagaz**, expenses on the synergy capture process (staffing and consulting services) were the main non-recurring items in the period.

	1Q21	1Q20
Recurring net income	2,408	1,078
Inclusion/(Exclusion) of non-recurring effects D = (A + B + C)	(201)	(66)
Arising from equity interest in the financial sector (B)	(180)	8
Treasury shares	115	129
Provision for structural adjustment	(275)	-
Proportional write-off of tax losses Spin-off Itaú vs Holding company	(8)	-
Mark to market of collateralized securities	-	(115)
Other	(12)	(6)
Arising from equity interest in the non-financial sector (C)	(24)	(74)
Alpargatas	(2)	(67)
Duratex	(18)	(7)
Copagaz	(4)	-
Profit	2,207	1,012

Main Indicators of Itaúsa Conglomerate Companies

We present below the main indicators of Itaúsa Conglomerate companies, based on the Consolidated Financial Statements under IFRS:

In R\$ million	January to March			
Operating revenues ⁽¹⁾	2021	43,607	901	1,768
	2020	43,716	679	1,162
Net income ⁽²⁾	2021	5,684	132	173
	2020	3,459	26	52
Recurring Net Income ⁽⁴⁾	2021	6,473	140	222
	2020	3,784	81	69
Stockholders' equity ⁽²⁾	2021	147,254	3,074	5,024
	2020	129,808	2,783	4,777
Annualized return on average equity (%) ^{(2) (3)}	2021	15.7%	17.5%	13.5%
	2020	10.8%	3.8%	4.3%
Annualized recurring return on average equity (%) ^{(3) (4)}	2021	17.8%	18.6%	17.4%
	2020	11.8%	11.9%	5.7%
Interest of Itaúsa in companies ^{(5) (6)}	2021	37.3%	29.2%	36.8%
	2020	37.4%	29.1%	36.6%

(1) Operating revenues by area of operations was composed as follow:

Itaú Unibanco Holding: Income from interest, yield and dividends, adjustments to fair value of financial assets and liabilities, income from foreign exchange operations and foreign exchange variations on transactions abroad, service revenue, income from insurance and pension plan operations. Alpargatas and Duratex: Sales of products and services.

(2) Profit, Stockholders' Equity and ROE correspond to the amounts attributable to controlling stockholders.

(3) It represents the ratio of profit for the period to average equity ((Mar/21+ Dec/20)/2).

(4) It includes the amounts attributable to controlling stockholders (pro forma).

(5) It represents Itaúsa's direct/indirect interest in the capital of Companies.

(6) The interest presented include total shares issued excluding treasury shares.

4. Capital Markets

Share performance

Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed the first quarter of 2021 at R\$10.32, down 11.4% in the period, when adjusted by dividends and interest on capital, whereas Ibovespa, B3's main index, fell 2.0% in the same period. In the last 12 months, Itaúsa's shares adjusted by earnings and the Ibovespa index appreciated by 20.6% and 59.7%, respectively.

The daily average trading volume of Itaúsa's preferred shares in 1Q21 was R\$346 million, with 37,600 daily trades on average, up 1.7% and down 12.6%, respectively, on a year-on-year basis.

A broader stockholder base

On March 31, 2021 Itaúsa had 953,700 stockholders (99.5% individual stockholders), up 59.7% in relation to the 596,900 stockholders on a year-on-year basis, being the national private company with the largest active base of investors on B3.

Return to stockholders

In the last 12 months ended on March 31, 2021, Itaúsa declared gross earnings of R\$2.2 billion. Therefore, investors who remain as stockholders during this period will be entitled to receive R\$0.2570 per share as dividends and interest on capital paid/declared (gross) which, divided by the preferred share quoted on March 31, 2021, resulted in a 2.5% dividend yield.

Base Year	Earnings declared	Stockholding position	Payment date	Gross amount declared	Gross amount per share ²
2020	Quarterly dividends	05.29.2020	07.01.2020	R\$ 168,2 million	R\$ 0.020000
2020	Dividends	08.17.2020	08.26.2020	R\$ 168.2 million	R\$ 0.020000
2020	Quarterly dividends	08.31.2020	10.01.2020	R\$ 168.2 million	R\$ 0.020000
2020	Quarterly dividends	11.30.2020	01.04.2021	R\$ 168.2 million	R\$ 0.020000
2020	Interest on capital ¹	12.10.2020	03.12.2021	R\$ 855.0 million	R\$ 0.101650
2020	Interest on capital ¹	01.22.2021	03.12.2021	R\$ 174.9 million	R\$ 0.020800
2020	Quarterly dividends	02.26.2021	04.01.2021	R\$ 168.2 million	R\$ 0.020000
2021	Interest on capital ¹	03.09.2021	up to 09.30.2021	R\$ 130.0 million	R\$ 0.015456
2021	Interest on capital ¹	03.25.2021	up to 09.30.2021	R\$ 160.5 million	R\$ 0.019080
Total earnings in the last 12 months				R\$ 2,161.5 million	R\$ 0.256986
Preferred share (ITSA4) value on 03.31.2021					R\$ 10.32
Dividend Yield					2.5%

¹ Interest on capital are subject to tax rate of 15% of withholding income tax according to legislation in force.

² Itaúsa's capital is represented by 8,410,814,930 shares (no treasury shares).

In view of the slowdown in investee's activities, market conditions and regulatory measures (such as temporary restriction on dividend distribution imposed by the Central Bank of Brazil on financial institutions in 2020), the cash inflow received by Itaúsa decreased and led to a temporary reduction in dividends paid out by the Company in the period.

For the complete list of earnings already disclosed, please click on www.itausa.com.br/dividends-and-ioc.

Value of Assets and Discount

Market capitalization on March 31, 2021, based on the price of the most liquid share (ITSA4), was R\$86.8 billion, whereas the sum of interests in investees totaled R\$113.3 billion, resulting in a 23.4% discount, up 70 bps in relation to December 31, 2020.

Discount is an indicator resulting from the difference between the market price ascertained for Itaú's shares and the theoretical value obtained through the sum of the market, fair or investment values of the parts that compose the holding company's investments ("sum of the parts").

Part of this discount can be justified in view of the holding company's maintenance expenses, taxes levied on a fraction of the earnings received (tax inefficiency), and risk assessment, among other factors. Itaú's management believes that the current level does not reflect the proper indicator level.

The Investor Relations department discloses information about the discount on a monthly basis, which is available on www.itausa.com.br/net-asset-value.



Share buybacks

On February 22, 2021, the Board of Directors approved the Share Buyback Program proposed by the Board of Officers, up to the limit of 250 million shares (50 million common shares and 200 million preferred shares), which represent 4.5% of outstanding shares.

In the first quarter of 2021, no share buyback was carried out. Responsible for the buyback program management, Itaú's Board of Officers responsible for managing the program, will continue to monitor possible buyback opportunities via capital markets for efficient capital allocation purposes, always having in mind market conditions and the Company's equity and liquidity positions.

5. Comments on the Performance of Investees



Itaú Unibanco Holding S.A.

Highlights of Operations

Customer centricity and digitalization

In the customer centricity and digitalization front, the strong growth of the opening of new relationships through digital means noteworthy, with the opening of more than 3.7 million new relationships in 1Q21 and another 1.5 million in April. In addition, there is a growing engagement through digital channels, since, in March, 54% of the bank's products were acquired digitally, an increase of 70% compared to the same month of 2020. It is important to note that these figures are accompanied by customer feedback, which shows excellent levels of

satisfaction, such as the NPS of the super app, which reached 78 points. It is noteworthy that a large part of this growth is due to iti, a platform that evolved from a digital portfolio to a complete digital bank, and which reached 6 million clients, half of whom were incorporated into the customer base in 2021. In this context, the bank has as a goal to reach 15 million customers by the end of 2021.

Loan portfolio is the business highlight

The bank's new positioning in the agribusiness and real estate sectors, combined with the low interest rate scenario and the subsequent increase in demand, boosted the growth of these portfolios.

With an integrated strategy to meet the different profiles of the segment, agribusiness has a dedicated platform, specific products and socio-environmental credit analysis. The portfolio grew 11.2% in the quarter and 20.5% in the last 12 months, reaching R\$46.5 billion. Agribusiness will be an important growth driver for the bank in 2021, with the goal for the year to quintuple its customer base of 2019.

In addition, real estate credit is one of the main fronts to increase lifetime value. With origination more than tripling, the portfolio reached a record mark of R\$10.3 billion and increased by 12.1% the granting of credit to individuals in 1Q21.

Results

Net income totaled R\$5.7 billion in 1Q21, up 64.3% on a year-on-year basis, mainly driven by the rise of 8% in Operating Revenues and fall of 80% in expected losses on financial assets and claims. Main factors leading to this result are as follows:

R\$ million (except where indicated)	1Q21	1Q20	Δ%
Operating Revenues ¹	30,667	28,400	8.0%
Net Income ²	5,684	3,459	64.3%
Recurring Net Income ²	6,473	3,783	71.1%
ROE	15.7%	10.8%	4.9 p.p.
Recurring ROE	17.8%	11.8%	6.0 p.p.
Loan Portfolio ³	910,587	790,666	15.2%

- I. A 14.8% increase in **Net Finance Income**, driven by lower expenses on deposits received under securities repurchase agreements and interbank markets; and
- II. A 2.8% decrease in **Commissions and Fees and Result of Insurance Operations**, mainly driven by the 5.0% drop in income from credit and debit cards and lower revenue from asset management fees.

Expected Loss on Financial Assets and Claims decreased by R\$8.0 billion on a year-on-year basis, mainly driven by decrease in expected loan losses. Considering the provisions for operations without credit characteristics, the expected losses on financial assets and claims decreased by 53.8%, or R\$5.9 billion, in the annual comparison.

General and Administrative Expenses increased 27.5% in 1Q21. Excluding the effects of extraordinary items or unrelated to the cost of the period, G&A expenses would increase by 8.0% as a result of the collective bargaining agreement, merger of ZUP and tariff adjustment to the employees' health plans.

Capital management and liquidity

Capital management is vital, since it is a key element through which the bank seeks to optimize the application of funds and ensure business soundness. At the end of March 2021, Tier I capital ratio was at 13.0%, above the minimum required by the Central Bank of Brazil (8.25%).

i For further information on Itaú Unibanco's results, please access: www.itaubank.com.br/relacoes-com-investidores

¹ For better comparability, tax effects of hedge on foreign investments were reclassified.

² Attributable to controlling stockholders.

³ Loan portfolio with financial guarantees provided and corporate securities.

Highlights of Operations

Alpargatas posted consistent results in 1Q21, with increase in revenue, gross margin and EBITDA. The company's strategy, focused on the global expansion of brand Havaianas and making headway in digital channels, added to operational leverage and productivity gain, was essential to support its increase in volume of sales and profitability growth.

Results

Net revenue was up 32.7% in 1Q21, mainly driven by the increased net revenue of Havaianas Brazil and the higher volume of sales and net revenue of Havaianas International in all regions, and worth mentioning was the impact of the Revenue Growth Management (RGM) program rollout in the EMEA (Europe, Middle East and Africa) region.

R\$ million (except where indicated)	1Q21	1Q20	Δ%
Net Revenue	901.3	679.2	32.7%
EBITDA	175.3	(1.3)	n.a.
Net Income ⁴	131.7	26.4	398.3%
Recurring Net Income ⁵	140.2	80.8	73.6%
ROE ⁴	17.5%	3.8%	13.7 p.p.
Recurring ROE ⁵	18.6%	7.1%	11.5 p.p.

EBITDA in 1Q21 totaled R\$175.3 million, basically driven by increased net revenue, expansion of the international gross margin and decrease of operating expenses, partially offset by the rise in cost of raw materials in Brazil.

Net income⁴ totaled R\$131.7 million in 1Q21, up 398% on a year-on-year basis. The major non-recurring item in the quarter is related to expenses on the discontinuation of Mizuno's operations.

It closed the quarter with net financial position of R\$698 million (up R\$237 million vs. 4Q20).

i For further information on Alpargatas' results, please access: <https://ri.alpargatas.com.br>

⁴ Attributable to controlling stockholder.

⁵ Attributable to controlling stockholder (pro forma).

Highlights of Operations

Like in the second half of 2020, the sector in which Duratex operates has gathered pace in the first three months of the year. Despite a more adverse macroeconomic scenario, the civil construction segment keeps on its favorable performance, which, coupled with the growth in the self-build and renovation segment, has boosted Duratex's results and leading the company to its best first quarter ever, even when considering the rise in prices of its main production inputs.

Results

	R\$ million (except where indicated)	1Q21	1Q20	Δ%
Consolidated net revenue in 1Q21 increased 52.2% on a year-on-year basis, totaling R\$1,768.1 million, as a result of the ongoing high levels of demand at all Divisions, notably the Wood Division, combined with the strategic management of the product and price mix.	Net Revenue	1,768.1	1,161.6	52.2%
	EBITDA	464.6	266.3	74.4%
	Net Income	172.7	51.9	232.7%
	Recurring Net Income	222.4	68.8	223.1%
	ROE	13.5%	4.3%	9.2 p.p.
	Recurring ROE	17.4%	5.7%	11.7 p.p.

The **Wood Division** recorded the best quarter ever in its history, with net revenue totaling R\$1.092.0 million in 1Q21, up 68.6% on a year-on-year basis, driven by the higher volume of products sold combined with the successful strategic management of price and mix of products sold.

The **Deca Division's** net revenue totaled R\$461.3 million, up 38.5% on a year-on-year basis, also driven by the successful strategic management of price and mix of products sold.

The **Ceramic Tiles Division's** net revenue totaled R\$214.1 million, up 18.6% on a year-on-year basis, as a result of the successful sales policy and improved mix of products sold.

EBITDA in 1Q21 was mainly impacted by expenses on the new dissolving wood pulp unit (LD Celulose), which is scheduled to start operations in 2Q22. Excluding these effects, recurring adjusted EBITDA would be R\$495.9 million (+126.1% vs. 1Q20), the highest level for a first quarter historically, as a result of greater efficiency of plants and the successful implementation of price rises, in spite of the pressure on costs of major inputs caused by the rise in commodities prices. Recurring net income for the quarter totaled R\$222.4 million (+223.1% vs. 1Q20).

The continuity of record operating income has led the company to generate R\$187.2 million in free cash flows, excluding non-recurring events, and close 1Q21 with a leverage ratio of 1.19 times (Net Debt / recurring adjusted EBITDA in the last 12 months).

i For further information on Duratex's results, please access: www.duratex.com.br/ri

Highlights of Operations

The completion of the purchase of Liquigás at the end of December 2020 gave way to the process to integrate and address the issues included in the Concentration Control Agreement (CCA). Over the first months of 2021, Copagaz has worked in the implementation of the plan designed to integrate business and its commercial strategies, to capture synergies and implement the new brand strategy.

Results

Net revenue increased by close to 20% on a year-on-year basis. It is worth mentioning that the first quarter of 2020 was not so badly hit by the pandemic comparing to the subsequent months in the year. The increase in net revenue is a result

R\$ million	1Q21	1Q20	Δ%
Net Revenue	2,173	1,814	19.8%
Net Income (Loss)	(21)	20	n.a.

Unaudited figures. 1Q20 pro forma (sum of the consolidated results of Copagaz and Liquigás for comparability purposes).

of the steady sales volume on a year-on-year basis, but with rise in average price, trying to make up for the higher cost of LPG driven by price adjustments made by Petrobras. In the year, Petrobras carried out four price adjustments, totaling a 22.7% rise in the period, which put pressure on company's 1Q21 margins.

Some factors impacting the result for the period were (i) costs with the implementation of the synergies program, mainly in the personnel area, (ii) extraordinary expenses with consulting firms to support the M&A transaction (focused on capturing synergies, integrating systems, and spin-off units), and, mainly, (iii) the rise in finance costs, driven by the leverage to purchase Liquigás, negatively impacting company's results in the quarter.

i For further information on Copagaz's results, please access: <https://copagaz.com.br>



Highlights of Operations

The "New Gas Law", approved in March and sanctioned in early April, brings about some innovations in the activities carried out by NTS, such as rules of operation, independence and self-governance of natural gas carriers, in addition to ensuring rights in service provision agreements. NTS believes that the changes brought by this new legal framework has the potential to foster investments and competitiveness in the gas natural industry, proving a favorable scenario for the market in which it operates. Additionally, in January Fitch Ratings reaffirmed NTS's highest credit rating in national scale, kept at AAA(bra) with stable outlook.

Results

In 1Q21, net revenue totaled R\$1.408 million, up 22.6% on a year-on-year basis, mainly driven by the annual inflation adjustment of gas ship-or-pay agreements. Net income totaled R\$758 million, up 25.9% on a year-on-year basis, also favored by the fall in finance costs driven by the lower basic interest rate on debentures.

R\$ million	1Q21	1Q20	Δ%
Net Revenue	1,408	1,148	22.6%
Net Income	758	602	25.9%

Dividends and interest on capital

In the first quarter of 2021, Itaúsa received gross dividends/interest on capital in the amount of R\$63.2 million. Dividends refer to the balance available from net income earned in 2020 and interim dividends for January to February 2021.

i For further information on NTS's results, please access: <https://ri.ntsbrasil.com>

6. People management

Itaúsa Conglomerate had the support of approximately 128 thousand employees on March 31, 2021, including 13 thousand employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 94 professionals on that same date.

7. Independent Auditors – CVM Instruction No. 381

Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditors' independence. These principles include the following: (a) an auditor cannot audit their work; (b) an auditor cannot hold managerial positions at their client's; and (c) an auditor cannot promote the interests of their client.

In the January-March 2021 period, the independent auditors PricewaterhouseCoopers Auditores Independentes provided the following non-audit service, equivalent to 4.85% of total external audit fees due to the same auditors, as set forth in CVM Instruction No. 381:

Itaúsa: assurance of the price adjustment in the purchase of Copagaz, contracted out on January 20, 2021.

Independent Auditors' Justification - PwC

The provision of the aforementioned non-audit services does not affect the independence or the objectivity of the external auditor of Itaúsa and its subsidiaries. The policy adopted for providing non-audit services to Itaúsa is based on principles that preserve the independence of the Independent Auditors, all of which were considered in the provision of the referred services.

8. Acknowledgements

We thank our stockholders for their trust, which we always try to repay by obtaining results differentiated from those of the market, and our employees, for their talent and dedication, which have enabled the sustainable growth of business.