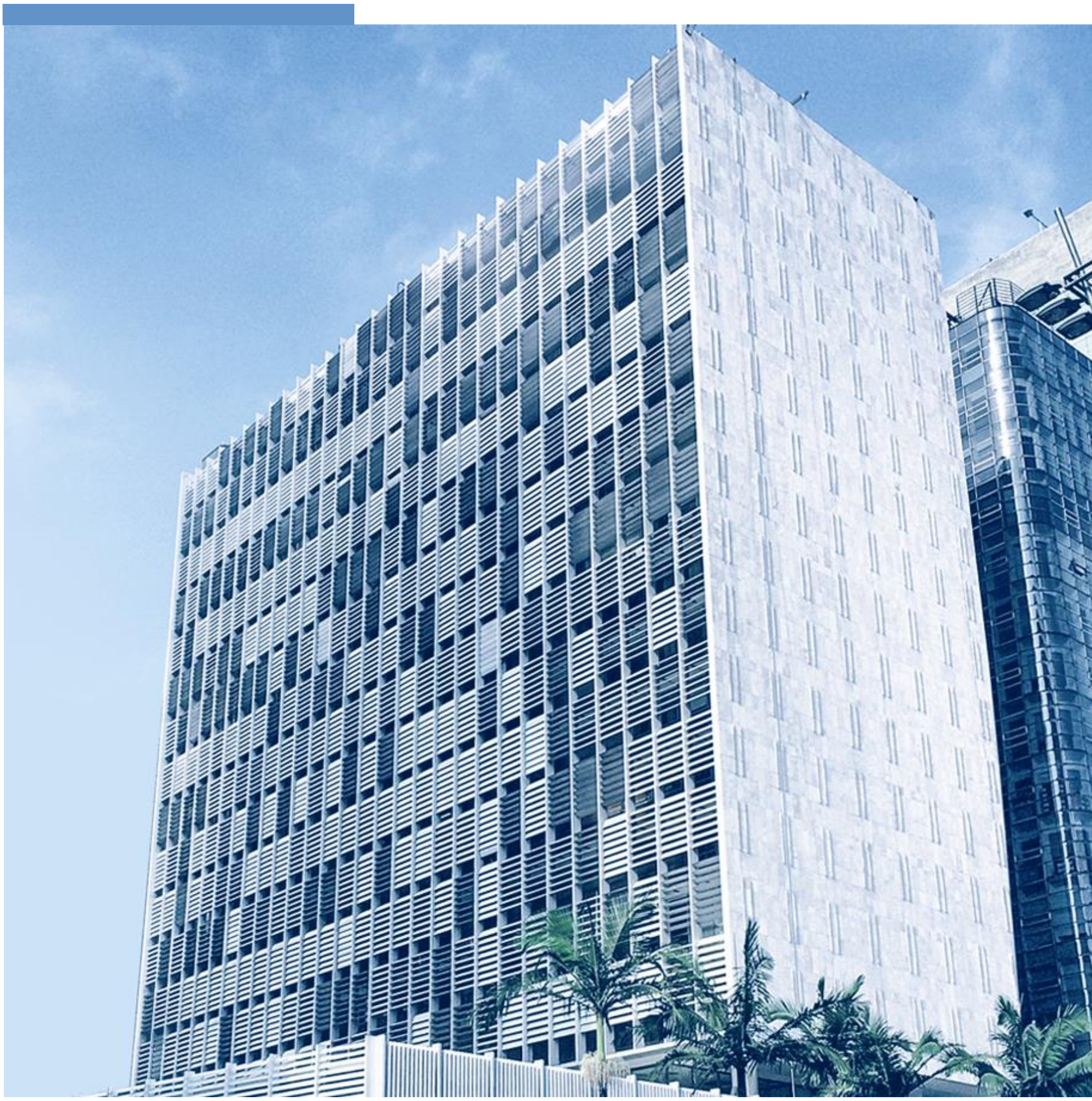
ITAÚSA



Itaúsa Headquarters | Paulista Avenue - São Paulo/Brazil

# Financial Statements

December 31, 2020

## Contents

# Management Report

We present the Management Report and the Individual and Consolidated Financial Statements of Itaúsa S.A. (Itaúsa) for the fourth quarter of 2020 (4Q20) and for the fiscal year 2020. These Financial Statements were 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 have received an unqualified opinion from the external auditor. The Financial Statements were 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 (Brazilian Securities and Exchange Commission).

## 1. Message from Management

As a result of the Covid-19 pandemic, the socioeconomic dynamics in the world have been through quite a change in 2020, prompting responses from government and central banks, including Brazil's, with the provision of relief aids and stimulus packages aimed at mitigating the economic impacts from such pandemic, even though giving rise to volatility in the markets and the economic prospects for 2021.

Itaúsa's 2020 results depict this scenario accordingly. Our investees have shown both ability to adjust to new consumer habits and resilience to the restrictions imposed on the markets they operate. Cost and expense pressures driven by the economic slowdown and idle industrial plants, such is the case for Alpargatas and Duratex, as well as the impact on sales and higher provision for losses, such is the case for Itaú Unibanco, were counteracted by measures to ensure liquidity and financial strength. Operational adjustments suitable to the scenario and greater use of digital means have mitigated these impacts, giving rise to better business conditions over the second half of 2020.

As a result of the effects from the pandemic, the operating results of the companies we invested registered strong impacts in the first half and a significant improvement from the middle of the year. Alpargatas and Duratex have recorded significant recovery in sales, margins and results, with industrial plants resuming full capacity operation and in online sales, which have remained consistent, even with the reopening of physical channels, thus evidencing that the trend to use online channels should be consolidated. The financial sector witnessed lower interest rates and increased volume of loan renegotiations, resulting in lower financial margins. On the other hand, the bank's efficiency significantly improved and considerable technology investments, focusing on digital, were made, thus leading to lower general and administrative expenses in Brazil in 2020, down on a year-on-year basis, when non-recurring effects are excluded.

On the ESG front, it is worth mentioning the initiatives taken by Itaúsa, investees and their controlling stockholders to minimize the effects of the pandemic on society, through donations made totaling approximately R$1.5 billion and the thoughtfulness with the employees' health and safety. Still regarding the ESG front, we have set up the Corporate Governance Committee, a momentous step towards the advancement of this topic in Itaúsa. We also joined the Business Integrity and Anti-Corruption Pact and confirmed our presence in the ESG indices, now for over a decade, and were included for the first time ever in the FTSE4Good index.

When it comes to strengthening management and governance of investees, in December 2020 Itaú Unibanco announced, in connection with its CEO succession process, the new members of its Executive Committee, whose composition is mainly aimed at becoming even closer to the business by streamlining the bank's operations and management model, therefore allowing greater autonomy and quicker decision making.

With respect to the portfolio, in December 2020 we completed the acquisition of a 48.5% stake in Copagaz, which became the leading company in its sector after combining operations with Liquigás, therefore increasing our exposure to the energy sector. Also in early 2021, after the announcement and approval of the corporate restructuring involving Itaú Unibanco's investment in XP, we entered into an agreement with XP and it's controlling stockholders setting out Itaúsa's rights in this investment, which should then be held by Itaúsa and IUPAR after completion of Itaú Unibanco spin-off, with this transaction still pending approval from the Federal Reserve (FED, the American central bank). Itaúsa believes that both investments will contribute to the creation of long-term sustainable value to stockholders, prioritizing the exercise of discipline and caution in decision-making in an efficient capital allocation process.

We feel positive about the prospects of our investment portfolio in 2021, and we remain alert to the pandemic related developments and the economic recovery scenario, which may still pose possible risks and yet come up with new business opportunities.

# 2. Itaúsa Highlights

## Efficient capital allocation

**Investment in Copagaz completed with acquisition of Liquigás**

On November 18, 2020, CADE, the Brazilian antitrust agency, approved the acquisition of Liquigás by the Acquiring Group composed of Itaúsa, Copagaz, and Nacional Gás Butano. On December 23, 2020, Itaúsa announced the completion of such transaction and its contribution (R$1.23 billion) to acquire equity interest of approximately 48.5% in Copagaz. This transaction reinforces the movement to expand the portfolio to non-financial sectors, with an asset of consolidated position in the liquid petroleum gas (LPG) distribution segment for over 35 million residential consumers and stable cash flow generation. This investment will enable Itaúsa to increase its share in the energy market and join a partner with over 60 years of experience in the LPG market.

It is worth mentioning that this R$1.23 billion contribution was financed by third-party funds, raised through non-convertible debentures worth R$1.3 billion, as announced to the market on December 10, 2020.

This investment was recorded by Itaúsa under the equity method, and the Stockholders' Agreement entered into by and between Itaúsa and Copagaz's founders provides for Itaúsa's involvement in governance bodies, being entitled to nominate two (2) out of a total of five (5) members to the Board of Directors and their Audit and Personnel and Compensation committees.

**Subsequent event: Corporate restructuring involving the investment in XP**

In early 2021, Itaúsa announced to the market that Itaú Unibanco had approved at EGM the corporate restructuring involving the equity interest held by Itaú Unibanco in XP Inc. through the spin-off of the conglomerate's companies to set up XPart, whose incorporation is still pending approval from the FED. It was also informed that Itaúsa has executed an agreement, together with IUPAR - Itaú Unibanco Participações S.A., XP Inc. and its controlling stockholders, setting the main terms and conditions to be in force after the merger of XPart into XP

Inc., including the nomination of members to XP Inc.'s Board of Directors and Audit Committee. With the conclusion of the transaction, Itaúsa will hold approximately 15% of XP Inc.'s total share capital, directly and indirectly and, as a result, this will become the second largest investment in Itaúsa's portfolio in market value.

For further information on the aforementioned transactions, please access the Material Facts and Notices at: [www.itausa.com.br/material-facts-and-notices](www.itausa.com.br/material-facts-and-notices)

## Environmental, Social and Governance (ESG)

Itaúsa has been committed to different Corporate Sustainability related issues for decades. This commitment reflects the values shared by its stockholders and employees and can be illustrated by initiatives such as the set-up of Instituto Itaú Cultural in 1987 and Fundação Itaú Social in 1993. Today FIEC - Fundação Itaú de Educação e Cultura contributes significantly to Brazil in the Education, Culture, Health and Mobility fields. The set of actions carried out by the holding company itself and the leading role of its investees, in consistent social and environmental responsibility programs, account for the outstanding position in their corresponding sectors and the market recognition conveyed by important awards, engagement with benchmark practices, attested by its making up of top indices worldwide.

Endeavoring to create positive impact on society and promote sustainable development, Itaúsa adopts Corporate Sustainability initiatives and unrelentingly seeks to encourage investees to make headway in ESG practices likewise, validating its engagement with and support to management with the set-up in 2019 of a Social Impact Committee aimed at advising and supporting the drive and identification of ESG-related opportunities. In addition, by actively participating in boards of directors and committees, it seeks to support the programs of these companies and influence their progress, discussing and proposing paths for achieving effective sustainable business and products, relationship with communities, diversity and partnerships for sustainability, among others.

These consistent activities have resulted in Itaúsa making up top corporate sustainability indices in Brazil and in the world in 2020. Itaúsa has also been recognized by Forbes as one of the best companies to work for, in view of the stance taken up in the Covid-19 crisis and of the set of ESG related initiatives. Itaúsa is the only Brazilian holding company to make up the Dow Jones Sustainability Index (DJSI) portfolio. For over one decade, it has been one in a handful of global companies, which includes seven Brazilian companies only.

Moreover, it is worth mentioning that it makes up other global indices and initiatives, such as the London stock exchange (LSE) FTSE4Good, the Carbon Disclosure Project (CDP), and Sustainalitycs. In Brazil, it also makes up other top ESG indices of the Brazilian stock exchange (B3), such as the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2).

| Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA | FTSE4Good | CDP | SUSTAINALYTICS | ISE B3 | ICO2 B3 | Forbes |
|---|---|---|---|---|---|---|
| Top global ESG index | London Stock Exchange's Sustainability Index | Top global initiative on greenhouse gas emissions | One of the top global ESG ratings | B3's top ESG index | Top index measuring emission levels of B3's listed companies | The world's most renowned business magazine |

All these achievements and recognition have been brought about by Itaúsa's long-term commitments to ethical business conduct, transparency and focus on sustainable performance.

## 3. Itaúsa's economic performance

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

| | 2020 | 2019 | Change | 12.31.2020 | 12.31.2019 | Change |
|---|---|---|---|---|---|---|
| **PROFITABILITY AND RETURN** [1] | | | | | | |
| Net income | **7,056** | 10,312 | -31.6% | **0.84** | 1.23 | -31.6% |
| Recurring net income | **7,220** | 9,768 | -26.1% | **0.86** | 1.16 | -26.1% |
| Return on equity (annualized) | **13.0%** | 19.4% | - 6.5 p.p. | | | |
| Recurring Return on equity (annualized) | **13.3%** | 18.4% | - 5.1 p.p. | | | |
| **BALANCE SHEET** [1] [2] | | | | | | |
| Total assets | **62,985** | 58,571 | 7.5% | | | |
| Stockholders' equity | **57,343** | 55,232 | 3.8% | **6.82** | 6.57 | 3.8% |
| **CAPITAL MARKETS** | | | | | | |
| Market Value [3] | **98,659** | 118,508 | -16.7% | | | |
| Average Daily Traded Volume (ADTV) on B3 [4] | **313** | 284 | 10.2% | | | |

(1) Attributable to controlling stockholders.

(2) For better comparability, all periods include the merger of Itaúsa Empreendimentos.

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

(4) It includes Itaúsa's preferred shares (ITSA4).

## Pro Forma Individual Result of Itaúsa[1,2]

As a result of the merger of wholly-owned subsidiary Itaúsa Empreendimentos into Itaúsa, carried out on August 30, 2019, the Individual Statement of Income of Itaúsa, presented in the pro-forma table below, had the 2019 figures adjusted in the lines for better comparability of the data submitted, without, however, resulting in any change in profit.

| In millions of R$ | 4Q20 | | 4Q19 | | Δ% | 2020 | | 2019 | | Δ% |
|---|---|---|---|---|---|---|---|---|---|---|
| **INVESTEES' RECURRING RESULTS** | **2,918** | 100% | **2,677** | 100% | ***9.0%*** | **7,707** | 100% | **10,292** | 100% | ***-25.1%*** |
| **FINANCIAL SECTOR** | 2,390 | 82% | 2,408 | 90% | *-0.7%* | 7,133 | 93% | 9,854 | 96% | *-27.6%* |
| **NON-FINANCIAL SECTOR** | 549 | 19% | 286 | 11% | *92.0%* | 710 | 9% | 603 | 6% | *17.7%* |
| Alpargatas | 60 | 2% | 58 | 2% | *3.8%* | 131 | 2% | 129 | 1% | *1.6%* |
| Duratex | 103 | 4% | 58 | 2% | *77.6%* | 193 | 3% | 101 | 1% | *91.1%* |
| NTS [3] | 386 | 13% | 170 | 6% | *127.1%* | 386 | 5% | 373 | 4% | *3.5%* |
| Other Companies | 4 | 0% | 3 | 0% | *33.3%* | 1 | 0% | (8) | 0% | - |
| Income Not Arising from Profit [4] | (25) | -1% | (20) | -1% | *25.0%* | (137) | -2% | (158) | -2% | *-13.3%* |
| **RESULTS OF ITAÚSA** | **(81)** | | **(60)** | | ***35.7%*** | **(383)** | | **(438)** | | ***-12.6%*** |
| Financial Income/Expenses | (4) | | (13) | | *-69.2%* | (26) | | (49) | | *-46.9%* |
| Administrative Expenses | (33) | | (31) | | *6.5%* | (128) | | (125) | | *2.4%* |
| Tax Expenses | (46) | | (22) | | *110.0%* | (236) | | (274) | | *-13.9%* |
| Other Operating Revenues | 2 | | 6 | | *-70.0%* | 7 | | 10 | | *-30.0%* |
| **INCOME BEFORE INCOME TAX/SOCIAL CONTR** | **2,837** | | **2,617** | | ***8.4%*** | **7,324** | | **9,854** | | ***-25.7%*** |
| INCOME TAX/SOCIAL CONTRIBUTION [5] | (105) | | (42) | | *148.3%* | (104) | | (86) | | *21.2%* |
| **RECURRING NET INCOME** | **2,732** | | **2,575** | | ***6.1%*** | **7,220** | | **9,768** | | ***-26.1%*** |
| **NON-RECURRING RESULT** | **931** | | **875** | | **-** | **(163)** | | **545** | | ***-130.0%*** |
| ITAÚSA'S RESULTS | (2) | | - | | *n.a.* | (56) | | 28 | | *-301.8%* |
| FINANCIAL SECTOR | 970 | | 845 | | *14.8%* | 63 | | 521 | | *-87.9%* |
| NON-FINANCIAL SECTOR [6] | (37) | | 30 | | *-223.3%* | (170) | | (4) | | *4150.0%* |
| **NET INCOME** | **3,662** | | **3,450** | | ***6.2%*** | **7,056** | | **10,312** | | ***-31.6%*** |

(1) Attributable to controlling stockholders.

(2) For better comparability, all periods include the merger of Itaúsa Empreendimentos in the Statement of Income.

(3) It includes dividends/interest on capital received, adjustment to fair value of shares, and expenses on time installment of the invested amount denominated in U.S. dollars and corresponding foreign exchange variation.

(4) |t refers to PPA (purchase price allocation) of goodwill from the investment in Alpargatas and the IUPAR's results.

(5) In 2019, the Company no longer recognized deferred tax assets on income tax and social contribution loss carryforwards and temporary differences.

(6) Reclassification to non-recurring for Alpargatas: 2019 – profit or loss, net, from Argentina and Mizuno operations; 1Q20 and 2Q20 – profit or loss, net, from Mizuno operations.

## Results of Investees, as recorded by Itaúsa

Recurring equity in the earnings of investees in 2020 totaled R$7,707 million, down 25% on a year-on-year basis, and was mainly driven by the performance below par of **Itaú Unibanco**'s results, which was adversely impacted by higher Expected Loan Losses in connection with the change in the macroeconomic scenario (Covid-19) and lower Interest Margin, due to lower basic interest rate and change in the mix of retail products (also impacted by loan renegotiations), in spite of being partially offset by more controlled General and Administrative Expenses.

The remarkable responsiveness in the demand resumption process, together with the improvement in cost and expense management, have boosted the investees' results of the consumer goods and materials for civil construction segments, which have performed well in the year, in spite of the more challenging scenario driven by the pandemic and the restrictions imposed on physical sales across all regions worldwide. **Alpargatas** recorded a 3% increase in revenue, as a result of better performance in Havaianas and the favorable exchange variation effect, in addition to better performance in its many channels, making up for increased costs of production and of certain inputs. **Duratex** also recorded a significant increase in sales in all Divisions, productivity gains and greater efficiency in costs and expenses, in addition to the full consolidation of Cecrisa's results, which have led to greater cash flow generation and lower leverage level. At last, the results recorded in Itaúsa arising from the investment in **NTS** improved mainly driven by the appreciation of the fair value of the asset, as a result of the revisited valuation model and the discount rate used, whose revaluation is carried out from time to time, and of the higher amount of dividends received.

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 and R$128 million in 4Q20 and 2020, respectively, up 2% over a year-on-year basis. This change in the year, below the inflation for the period, was mainly driven by the increase in personnel expenses, mostly arising from the resolution taken at the latest ESM, higher share bookkeeping expenses due to the increase of over 140% in the stockholder base over the prior 12 months, and IT expenses, partially offset by lower condominium expenses.

**Tax expenses** totaled R$46 million and R$236 million in 4Q20 and 2020, respectively, a reduction from the previous year, mainly driven by lower PIS/COFINS expenses due to lower interest on capital received from Itaú Unibanco.

**Finance Result** totaled R$4 million and R$26 million in expenses in 4Q20 and 2020, respectively, down 47% on a year-on-year basis, mainly driven by the effect of lower interest rate on net debt and update of contingent liabilities.

Itaúsa's Results in 2020 were also impacted by the non-recurring event in connection with the R$50 million donation made by the Company to the "Todos pela Saúde" Program.

**Profit** totaled R$7.1 billion in 2020, down 32% on a year-on-year basis, mainly driven by lower equity in the earnings of Itaú Unibanco, the reasons for which were mentioned above, and non-recurring effects highlighted below. Recurring net income was R$7.7 billion, down 25% from 2019.

## Reconciliation of Recurring Net Income

Equity in the Earnings of Investees was affected by non-recurring events, which totaled a positive result of R$931 million in 4Q20 and a negative result of R$163 million in 2020. At Itaú Unibanco, the highlight goes to the positive effect of the disposal of 4.5% of the investment in XP Inc., partially offset by the mark-to-market of collaterized securities in Itaú Unibanco and the donation made to the "Todos pela Saúde" (All for Health) program. At Alpargatas, the highlights were the expenses on the closure of shops, provisions for restructuring and write-off of assets arising from the disposal of Mizuno operations and Covid-19 related expenses, such as the finance costs on the non-recurring funding carried out early in the pandemic to increase liquidity and idle plant costs. At last, the main non-recurring events at Duratex were related to the dissolving wood pulp (DWP) plant construction project, provisions for contingencies, and donations made in the scope of the Covid-19 relief efforts.

| | 4T20 | 4T19 | 2020 | 2019 |
|---|---|---|---|---|
| **Recurring Net Income** | **2,732** | **2,575** | **7,220** | **9,768** |
| **Inclusion/(Exclusion) of Non-Recurring Effects D = (A + B + C)** | **931** | **875** | **(163)** | **545** |
| **Own (A)** | **(2)** | **-** | **(56)** | **28** |
| Donation to the "Todos pela Saúde" Program | - | - | (50) | - |
| Other | (2) | - | (6) | 28 |
| **Arising from Ownership Interest in the Financial Sector (B)** | **970** | **845** | **63** | **521** |
| Gain from the partial sale of equity interest in XP Inc. | 1,220 | - | 1,220 | - |
| Treasury Shares | 2 | 3 | 132 | 221 |
| Liability Adequacy Test - LAT | 56 | 25 | 56 | 22 |
| Impairment of Goodwill in Itaú Corpbanca | - | - | (543) | - |
| Donation to the "Todos pela Saúde" Program | - | - | (317) | - |
| Mark to Market of Collateralized Securities | (142) | - | (243) | - |
| Provision Structural Adjustment | (82) | - | (82) | - |
| Impairment of assets, mainly IT assets | (34) | (14) | (34) | (14) |
| Gain due to the primary issue of shares of XP Inc. | - | 739 | - | 739 |
| Voluntary Severance Program | - | - | - | (536) |
| Other | (50) | 92 | (125) | 88 |
| **Arising from Ownership Interest in the Non-Financial Sector (C)** | **(37)** | **30** | **(170)** | **(4)** |
| Alpargatas | (44) | (38) | (143) | (73) |
| Duratex | 7 | 46 | (27) | 47 |
| Other Investees | - | 22 | - | 22 |
| **Net Income** | **3,662** | **3,450** | **7,056** | **10,312** |

## 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 millions of R$ | January to December | Itaú | ALPARGATAS | Duratex |
|---|---|---|---|---|
| Operating Income (1) | **2020** | **166,656** | **3,364** | **5,880** |
| | 2019 | 188,893 | 3,280 | 5,012 |
| Net Income (2) | **2020** | **18,896** | **140** | **454** |
| | 2019 | 27,113 | 274 | 406 |
| Recurring Net Income (4) | **2020** | **19,077** | **449** | **528** |
| | 2019 | 26,311 | 450 | 275 |
| Stockholders' Equity (2) | **2020** | **142,993** | **2,949** | **5,187** |
| | 2019 | 136,925 | 2,643 | 4,931 |
| Annualized return on average equity (%) (2) (3) | **2020** | **14.2%** | **5.0%** | **9.3%** |
| | 2019 | 21.8% | 11.0% | 8.5% |
| Annualized recurring return on average equity (%) (3) (4) | **2020** | **14.3%** | **15.9%** | **10.8%** |
| | 2019 | 21.1% | 17.4% | 5.8% |
| Internal fund generation (5) | **2020** | **59,491** | **313** | **1,508** |
| | 2019 | 35,160 | 531 | 1,108 |
| Interest of Itaúsa in companies (6) (7) | **2020** | **37.4%** | **29.2%** | **36.6%** |
| | 2019 | 37.5% | 28.7% | 36.7% |

(1) Operating revenue by area of operations was obtained as follows:

Itaú Unibanco Holding: Income from interest, yield and dividend, 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: Sale of products and services.

(2) Net Income, Stockholders' Equity and ROE correspond to the amounts attributable to controlling stockholders.
(3) It represents the ratio of net income for the period and the average equity (+Dec/20+Sep/20+Jun/20+Mar/20+Dec/19)/5).
(4) It corresponds to the amounts attributable to controlling stockholders (proforma).
(5) It refers to funds arising from operations as reported by Statements of Cash Flows.
(6) It corresponds to direct and indirect interest in the capital of companies.
(7) The interest presented includes total shares issued excluding treasury shares.

# 4. Capital Markets

## Share performance

Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed December 2020 at R$11.73, up 34.7% in 4Q20, when adjusted by dividends and interest on capital, whereas Ibovespa, B3's main index, increased by 25.8% in the same period. In 2020, Itaúsa's preferred share quotes adjusted by dividends and interest on capital dropped by 12.2%, whereas Ibovespa increased by 2.9%.

The daily average financial volume of Itaúsa's preferred shares traded in 2020 was R$313 million, with average of 38,600 daily trades, up 11.1% and 39.6%, respectively, on a year-on-year basis.

## A broader stockholder base

On December 31, 2020, Itaúsa had 886,000 stockholders (of which 99.5% individual stockholders), a 142% increase from the 367,000 stockholders on a year-on-year basis, being the national private company with the largest active base of investors on B3.

## Return to stockholders

Earnings declared in the fourth quarter of 2020, the financial settlement of which will be carried out in 2021, were as follows:

- Quarterly dividends of R$0.02 per share paid on January 4, 2021 to stockholders holding stockholding position on November 30, 2020.
- Interest on Capital: to stockholders holding final stockholding position on December 10, 2020, in the amount of R$0.10165 per share (net of income tax: R$0.0864025) to be paid out on March 12, 2021.

Investors who remained as stockholders for the last 12-month period ended on December 31, 2020 were entitled to receive R$0.6450 per share as dividends and interest on capital paid/declared (gross) which, divided by the preferred share quoted on December 31, 2020, resulted in a 5.5% dividend yield.

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

Additionally, at the meeting of the Board of Directors held on January 18, 2021, the Company announced interest on capital in the amount of R$0.0208 per share (net of income tax: R$0.01768) based on the final stockholding position recorded on January 22, 2020, which will be paid out on March 12, 2021.

The complete history of earnings paid and payable can be accessed at: www.itausa.com.br/dividends-and-ioc

## Value of Assets and Discount

Market capitalization on December 31, 2020, based on the price of the most liquid share (ITSA4), was R$98.7 billion, whereas the sum of interests in investees at market value totaled R$127.6 billion, resulting in a 22.7% discount, up 400 bps on a year-on-year basis.


Discount is an indicator resulting from the difference between the market price ascertained for Itaúsa'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. In spite of the discount reduction in the last years, driven by the improvement in some of these factors and a better market perception of the foundations that justify it, Itaúsa's management believes that the current level still 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 a Share Buyback Program, proposed by the Board of Officers, including up to the limit of 250 million shares (50 million common shares and 200 million preferred shares), which represent 4.5% outstanding shares. For the acquisition of shares issued by the Company, Itaúsa may use (i) its own resources, (ii) third parties, (iii) from earnings to be received from the investees and (iv) from the eventual sale of assets. Additionally, the Share Buyback Program will remain open until August 23, 2022.

This authorization is supported by the recent increase in the net asset value detached from the market value of Itaúsa shares, thus increasing the holding discount, and by the potential value creation in the coming years from of all the companies that make up your portfolio.

The possibility of buying back own shares will provide the Board of Officers with more opportunities for efficient capital allocation – one of Itaúsa's strategic pillars – aimed at the best interests of its stockholders. The Board of Officers will be incumbent upon the buyback program, to be carried out in accordance with both market conditions and equity and liquidity positions of the Company.

# 5. Comments on the Performance of Investees

Itaú Unibanco Holding S.A.

## Highlights of Operations

### Activities during the Covid-19 pandemic

Itaú Unibanco continues focused on supporting clients and mitigating the effects of the Covid-19 crisis on its respective business. Accordingly, driven by the reprofiling of repayment conditions for individuals, very small and small companies, loan portfolio totaled R$50.8 billion on December 31, 2020, of which R$38.4 billion are intended for individuals and R$12.4 billion, for very small and small companies.

Additionally, Itaú Unibanco has allocated R$22.3 billion to government programs for very small, small and middle-market companies. These funds were allocated through the National Support Program for Very Small and Small Companies (Pronampe), financing of companies' payrolls and other government credit lines, such as the Investment Guarantee Fund (FGI) and the Working Capital for Business Continuity Program (CGPE).

### Digital Transformation and Efficiency

As a result of the Covid-19 pandemic crisis, many clients of the bank migrated to digital interactions. However, even after the most critical period of social distancing measures, digital channels post an ongoing growth, thus evidencing that digitalization is more than a single trend in the market of these times.

At the end of 2020, the bank reached 24.2 million digital clients, up 16.4% on a year-on-year basis. There was a 92.0% increase in the opening of online accounts for individuals and companies on a year-on-year basis. Driven by digital transformation, in the fourth quarter of 2020, 95 physical branches and CSBs were closed.

The bank has constantly increased its technology investments and in 2021 it will double the investment made in 2018. In the same period, Itaú Unibanco expects a 28% reduction in maintenance of infrastructure expenses. Over 2020 the bank added over 3,700 employees to the technology team through both direct hiring and acquisition of ZUP.

### ESG: progress in the role of changing society

In 2020, Itaú Unibanco significantly increased its ESG activities. Of a R$100 billion target for positive impact sectors by 2025, it has already allocated R$47.7 billion by December 2020, of which R$12.5 billion were allocated to renewable energy generation and services. In the entrepreneurship agenda, of the R$11 billion target for credit origination for women-led small companies by 2024, R$9.1 billion had already been allocated by December 2020.

## Results

| R$ million (except where indicated) | 4Q20 | 4Q19 | Δ% | 2020 | 2019 | Δ% |
|---|---|---|---|---|---|---|
| Operating Revenues[2] | 35,077 | 32,760 | 7.1% | 117,900 | 119,578 | -1.4% |
| Net Income[1] | 8,932 | 8,674 | 3.0% | 18,896 | 27,113 | -30.3% |
| Recurring Net Income[1] | 6,390 | 6,434 | -0.7% | 19,077 | 26,311 | -27.5% |
| ROE | 25.8% | 27.3% | - 1.5 p.p. | 14.0% | 21.6% | - 7.6 p.p. |
| Recurring ROE | 18.3% | 20.2% | - 0.1 p.p. | 14.1% | 20.9% | - 6.8 p.p. |
| Loan Portfolio[3] | 873,083 | 725,341 | 20.4% | 873,083 | 725,341 | 20.4% |

Net Income totaled R$9.0 billion in 4Q20, up 3.6% on a year-on-year basis. This result was impacted by the effects of non-recurring items in the amount of R$2.6 billion, mainly associated with gains from the partial sale of equity interest in XP Inc. In 2020, Net Income totaled R$18.9 billion, down 30.3% on a year-on-year basis, with managerial recurring return on equity of 14.1%, mainly driven by the 1.4% decrease in Operating Revenues and increase in expected losses on financial assets and claims on a year-on-year basis. Main factors leading to this result are as follows:

1. A 5.7% decrease in **Interest Income**, driven by lower interest rate and spread due to the change in the mix of retail products; and

2. A 1.2% decrease in **Commissions and Fees and Result of Insurance Operations**, mainly driven by a 11.6% decrease in revenues from credit and debit cards, partially offset by a 15.2% growth in revenues from advisory and brokerage services.

**Expected Loss on Financial Assets and Claims** increased by R$7.4 billion on a year-on-year basis, mainly driven by higher expected loan losses due to the worsening of the macroeconomic scenario.

**General and Administrative Expenses** were up 5.2% in 2020. Excluding the effects of the non-recurring items arising from (i) the Voluntary Severance Program carried out in the second half of 2019, (ii) the impairment of goodwill and intangible assets in Itaú Corpbanca in 2Q20, and (iii) the donation to fight Covid-19 to the "Todos pela Saúde" (All for Health) alliance, expenses were down 2.3% in the year, mainly driven by cost strategic management and continuous technology investment, which allowed for lower personnel, propaganda and advertising expenses.

### 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 strength. At the end of December 2020, Tier I capital ratio was at 13.2%, above the minimum required by the Central Bank of Brazil (8.25%).

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

ALPARGATAS

## Highlights of Operations

In 2020, Alpargatas made headway in Havaianas' global growth strategy and in digital channels, with increase in online sales through DTC and B2B channels, expansion of new segments through scale innovation and development of sustainable solutions, thus reaching an all-time high in net revenue. The continuous focus on international expansion, mainly in priority markets in Europe, the United States and China, contributed to sales

[1]Attributable to controlling stockholders.
[2]Adjusted to tax effects on hedge instruments for foreign investments.
[3]Loan portfolio with financial guarantees provided and corporate securities.

growth. Havaianas international represented approximately 28% of the brand's sales. In Brazil, there was a historic sales record, gains in market share and increased penetration in important channels such as online.

Additionally, the company entered into an agreement for the sale of total Mizuno brand operations in Brazil, a deal appraised at approximately R$200 million. This transaction will be completed in two steps, the first step in January 2021, with the second one subject to compliance with certain conditions precedent.

## Results

Net revenue was up 10.5% and 2.6% in 4Q20 and 2020, respectively, as a result of the better performance in Brazil (Havaianas and Osklen), in addition to the growth of the international revenue, driven by the mix of countries and foreign exchange variation, partly offsetting the effects from the Covid-19 pandemic.

| **R$ million (except where indicated)** | **4Q20** | **4Q19** | **Δ%** | **2020** | **2019** | **Δ%** |
|---|---|---|---|---|---|---|
| Net Revenue | 1,102.5 | 997.7 | 10.5% | 3,364.3 | 3,279.8 | 2.6% |
| EBITDA | 153.9 | 201.9 | -23.8% | 435.9 | 577.8 | -24.6% |
| Net Income[4] | 54.1 | 121.0 | -55.3% | 140.2 | 274.1 | -48.9% |
| Recurring Net Income[5] | 202.6 | 201.4 | 0.6% | 448.9 | 450.5 | -0.4% |
| ROE[4] | 7.4% | 18.7% | - 11.3 p.p. | 5.0% | 11.0% | - 6.0 p.p. |
| Recurring ROE[5] | 27.9% | 31.1% | - 3.2 p.p. | 15.9% | 17.4% | - 1.5 p.p. |

Recurring EBITDA in 4Q20 was up 19.7% and reached R$282.7 million, basically driven by better performance of operations in Brazil and international market. In 2020, recurring EBITDA was R$595.6 million, down 2.2% on a year-on-year basis.

In 4Q20, recurring net income attributed to shareholders was R$202.6 million, up 0.6% on a year-on-year basis. Recurring net income in 2020 was R$448.9 million, down 0.3% on a year-on-year basis.

Major non-recurring items impacting 2020 results are related to expenses on closing stores, provisions for restructuring and write-off of assets arising from the disposal of Mizuno operations and expenses related to Covid-19.

Operating cash generation in the last 12 months was R$369 million.

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

Duratex

## Highlights of Operations

Since the first signs of the Covid-19 pandemic, Duratex has assumed a position focused on continuing its operations and ensuring the safety and health of its employees. The faster-than-expected economic recovery (particularly in refurbishment and civil construction sectors), fostered by governmental measures and interest rate reduction, enable Duratex to speed up its commercial pace becoming more expeditious and assertive than its competitors, thus ensuring market share gains. The operational improvement with increase in sales volume in all divisions and in the national and international markets, better strategic management of its assets with relevant gains in working capital, resulting from factory optimizations, portfolio reduction and diversification strategy, led to company to present record results in the year, in addition to making important investments.

[4] Attributable to controlling stockholders.
[5] Attributable to controlling stockholders (proforma).

## Results

Consolidated net revenue in 4Q20 totaled R$1,894 million, up 27.4% on a year-on-year basis, driven by the successful implementation of price increases and accelerated demand recovery, which led to strong sales volume growth in all divisions. In 2020, in spite of the impacts of the pandemic, consolidated net revenue totaled R$5,880 million, up 17.3% on a year-on-year basis, as a result of the rapid recovery combined with price adjustments.

| R$ million (except where indicated) | 4Q20 | 4Q19 | Δ% | 2020 | 2019 | Δ% |
|---|---|---|---|---|---|---|
| Net Revenue | 1,893.6 | 1,486.2 | 27.4% | 5,879.6 | 5,011.7 | 17.3% |
| EBITDA | 488.0 | 596.8 | -18.2% | 1,292.4 | 1,359.2 | -4.9% |
| Net Income | 301.6 | 284.7 | 5.9% | 454.0 | 405.7 | 11.9% |
| Recurring Net Income | 281.4 | 157.8 | 78.4% | 528.2 | 275.1 | 92.0% |
| ROE | 24.0% | 23.5% | 0.5 p.p. | 9.3% | 8.5% | 0.8 p.p. |
| Recurring ROE | 22.4% | 13.0% | 9.4 p.p. | 10.8% | 5.8% | 5.0 p.p. |

The **Wood Division**'s net revenue totaled R$1.056.0 million in 4Q20, up 46.2% on a year-on-year basis, driven by the price increase implementation and higher volume shipped.

The **Deca Division**'s net revenue totaled R$549.0 million, up 25.4% on a year-on-year basis, driven by the increase in sales volume, due to demand increase and the division's better performance, particularly with channel diversification and the launch of its marketplace.

The **Ceramic Tiles Division**'s net revenue totaled R$288.6 million, up 32.1% on a year-on-year basis, mainly driven by the significant increase in sales volume, as well as by the capture of synergies between brands Ceusa and Portinari.

EBITDA in 4Q20 was impacted by a reversal of goodwill and impairment of assets. Excluding these effects, recurring EBITDA would be R$516.2 million (up 85.4% from 4Q19). Profit recorded in the quarter totaled R$301.6 million (up 5.9% from 4Q19). In 2020, Recurring EBITDA and Recurring Net Income totaled R$1,288.3 million (up 41.7% from 2019) and R$528.2 million (up 92.0% from 2019), respectively, driven by higher sales volume in all Divisions, combined with productivity gains from improved asset management, in addition to higher cost and expense efficiency.

The operational improvement coupled with the relevant gains in working capital favored the company's cash generation, which ended the year with an amount of R$1,128.8 million, disregarding non-recurring events, such as an investment of R$523.1 million in the construction project of the new dissolving wood pulp unit (LD Celulose). With this result, the leverage ratio at the end of 2020 was 1.15x (Net Debt/Adjusted and Recurring EBITDA for the last twelve months).

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

## Highlights of Operations

In 4Q20, the construction of the new Guapimirim Receiving Site was completed, set to receive the gas processed at Comperj's Natural Gas Processing Unit (NGPU), under construction by Petrobras, and where the pre-salt production will be managed. The capacity of the Guapimirim Receiving Site is higher than 18 million cubic meters/day and this project will contribute to increase the transportation network flexibility, with the inclusion of an additional gas receiving site close to the metropolitan region of Rio de Janeiro.

### Results

| R$ million | 4Q20 | 4Q19 | Δ% | 2020 | 2019 | Δ% |
|---|---|---|---|---|---|---|
| Net Revenue | 1,214 | 1,113 | 9.1% | 4,671 | 4,406 | 6.0% |
| Net Income | 682 | 576 | 18.4% | 2,528 | 2,218 | 14.0% |

In 4Q20, net revenue totaled R$1.214 million, up 9.1% on a year-on-year basis, mainly driven by the annual inflation adjustment of gas ship-or-pay agreements. Net income in 4Q20 totaled R$682 million, an increase of 18.4% over 4Q19, impacted by the recognition of retroactive tax credits in the amount of R$48 million, in addition to lower financial expenses, caused by the lower basic interest rate on debt. In 2020, NTS's net revenue was R$ 4,671 million and profit was R$2,528 million, up 6% and 14%, respectively, on a year-on-year basis, driven by the same reasons above mentioned.

### Dividends and interest on capital

In the period from October to December 2020, Itaúsa received gross dividends/interest on capital in the amount of R$43.3 million, and R$181.8 million in 2020, in addition to R$50.0 million in capital reimbursement from the capital reduction carried out in the year.

*For further information on NTS's results, please access: https://ri.ntsbrasil.com/en/*

## 6. People management

Itaúsa Conglomerate had the support of approximately 126 thousand employees on December 31, 2020, including 13 thousand employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 95 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 2020, the independent auditors PricewaterhouseCoopers Auditores Independentes provided the following non-audit services, equivalent to 25.7% of total external audit fees due to the same auditors, as set forth in CVM Instruction No. 381:

**Itaúsa:** (i) Reference Form Assurance, contracted on April 29, 2020, in the amount of R$65,000; (ii) Integrated Report Assurance, contracted on April 29, 2020 in the amount of R$56,000.

**Investee Duratex:** (i) review of accounting and tax bookkeeping files, service engaged on April 30, 2020, in the amount of R$169,000; (ii) appraisal report on the contribution to LD Celulose, service engaged on January 23, 2020, in the amount of R$223,000; (iii) appraisal reports of this investee, service engaged on September 1, 2020, in the amount of R$165,000; and (iv) consulting services for the appraisal of this investee's functional currency, service engaged on October 8, 2020, in the amount of R$105,000.

**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 ensured the sustainable business growth.

Candido Bracher step down this month as Itaú Unibanco's CEO, a position held since May 2017, as he reached the limit age of 62 for this position. Mr. Bracher, accumulates decades of experience in the financial sector, having joined Itaú at the time in 2002, through a business combination with Banco BBA, a bank founded by his family. He was president of Itaú BBA and responsible for Wholesale and Latin American operations until he was President of Itaú Unibanco.

Mr. Bracher left his mark on several fronts, such as the acceleration of digital transformation and the focus on customer service and satisfaction. After a three-month transition period, Milton Maluhy Filho takes over the presidency of the bank and Candido should be appointed in the coming months, by the controlling shareholder, as a member of the Board of Directors of Itaú Unibanco and Fundação Itaú. Itaúsa expresses its deep thanks to the executive for the crucial role he played in the development of the bank and for the country.

# ITAÚSA S.A.

## BOARD OF DIRECTORS

### Chairman
Henri Penchas

### Vice-Chairman
Alfredo Egydio Setubal
Ana Lúcia de Mattos Barretto Villela

### Members
Paulo Setubal Neto
Rodolfo Villela Marino
Victório Carlos De Marchi

### Alternative members
Edson Carlos De Marchi
Ricardo Egydio Setubal
Ricardo Villela Marino

## EXECUTIVE BOARD

### Chief Executive Officer
Alfredo Egydio Setubal (*)

### Executive Vice-Presidents
Alfredo Egydio Arruda Villela Filho
Roberto Egydio Setubal
Rodolfo Villela Marino

### Managing Officers
Frederico de Souza Queiroz Pascowitch
Maria Fernanda Ribas Caramuru
Priscila Grecco Toledo

(*) *Investor Relations Officer*

## FISCAL COUNCIL

### President
Tereza Cristina Grossi Togni

### Members
Eduardo Rogatto Luque
Guilherme Tadeu Pereira Júnior
Isaac Berensztejn
Marco Tulio Leite Rodrigues

### Alternative members
Carlos Eduardo de Mori Luporini
Felício Cintra do Prado Júnior
João Costa
Vicente José Rauber

## Accountant
Sandra Oliveira Ramos Medeiros
CRC 1SP 220.957/O-9

**ITAÚSA S.A.**
**Balance Sheet**

*(In millions of Reais)*

| | Note | Parent company 12/31/2020 | Parent company 12/31/2019 | Consolidated 12/31/2020 | Consolidated 12/31/2019 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 5 | 1,092 | 1,091 | 2,887 | 2,369 |
| Marketable securities | 6 | 1,473 | 1,213 | 1,473 | 1,213 |
| Trade accounts receivable | 7 | - | - | 1,239 | 1,135 |
| Inventories | 8 | - | - | 925 | 853 |
| Dividends and interest on capital | 9 | 985 | 171 | 951 | 141 |
| Income tax and social contribution for offset | | 169 | 336 | 274 | 434 |
| Other taxes for offset | 10 | 2 | 2 | 78 | 91 |
| Other assets | 11 | 38 | 23 | 196 | 145 |
| **Total current assets** | | **3,759** | **2,836** | **8,023** | **6,381** |
| **Non-current assets** | | | | | |
| Long-term receivables | | 773 | 862 | 2,860 | 3,663 |
| Marketable securities | 6 | 20 | - | 20 | - |
| Biological assets | 12 | - | - | 1,143 | 1,544 |
| Judicial deposits | | 30 | 38 | 100 | 104 |
| Employee benefits | 30.1 | 10 | 11 | 106 | 121 |
| Deferred income tax and social contribution | 13 | 673 | 777 | 958 | 1,108 |
| Income tax and social contribution for offset | | 8 | - | 8 | - |
| Other taxes for offset | 10 | - | - | 18 | 17 |
| Right-of-use assets | 14 | 10 | 12 | 348 | 567 |
| Other assets | 11 | 22 | 24 | 159 | 202 |
| Investments | 15 | 58,342 | 54,766 | 57,362 | 53,040 |
| Property, plant and equipment | 16 | 103 | 103 | 3,616 | 3,669 |
| Intangible assets | 17 | 8 | 4 | 739 | 723 |
| **Total non-current assets** | | **59,226** | **55,735** | **64,577** | **61,095** |
| **TOTAL ASSETS** | | **62,985** | **58,571** | **72,600** | **67,476** |

**ITAÚSA S.A.**
**Balance Sheet**

*(In millions of Reais)*

| | Note | Parent company 12/31/2020 | Parent company 12/31/2019 | Consolidated 12/31/2020 | Consolidated 12/31/2019 |
|---|---|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Trade accounts payable | 18 | 8 | 6 | 1,097 | 631 |
| Personnel expenses | | 47 | 26 | 234 | 174 |
| Debts | 19 | - | - | 571 | 806 |
| Debentures | 20 | 2 | 6 | 5 | 72 |
| Income tax and social contribution payable | | - | - | 19 | 58 |
| Other taxes payable | 10 | 29 | 8 | 108 | 89 |
| Dividends and interest on capital | 22.5.2 | 1,232 | 397 | 1,325 | 485 |
| Leases | 14 | 3 | 2 | 25 | 23 |
| Other liabilities | 11 | 21 | 7 | 344 | 238 |
| **Total current liabilities** | | **1,342** | **452** | **3,728** | **2,576** |
| **Non-current liabilities** | | | | | |
| Trade accounts payable | 18 | 7 | - | 7 | - |
| Debts | 19 | - | - | 1,434 | 879 |
| Debentures | 20 | 2,492 | 1,200 | 3,691 | 2,398 |
| Leases | 14 | 8 | 10 | 345 | 561 |
| Provisions | 21 | 1,349 | 1,338 | 1,813 | 1,673 |
| Deferred income tax and social contribution | 13 | - | - | 144 | 213 |
| Deferred other taxes | | 19 | - | 19 | - |
| Other taxes payable | 10 | - | - | 87 | 127 |
| Employee benefits | 30.2 | - | - | 50 | 72 |
| Other liabilities | 11 | 425 | 339 | 649 | 620 |
| **Total non-current liabilities** | | **4,300** | **2,887** | **8,239** | **6,543** |
| **TOTAL LIABILITIES** | | **5,642** | **3,339** | **11,967** | **9,119** |
| **EQUITY** | | | | | |
| Capital | 22.1 | 43,515 | 43,515 | 43,515 | 43,515 |
| Capital reserves | 22.2.1 | 586 | 529 | 586 | 529 |
| Revenue reserves | 22.2.2 | 14,545 | 12,950 | 14,545 | 12,950 |
| Carrying value adjustments | 22.4 | (1,303) | (1,762) | (1,303) | (1,762) |
| **Total equity attributable to controlling stockholders** | | **57,343** | **55,232** | **57,343** | **55,232** |
| Non-controlling interests | | - | - | 3,290 | 3,125 |
| **Total equity** | | **57,343** | **55,232** | **60,633** | **58,357** |
| **TOTAL LIABILITIES AND EQUITY** | | **62,985** | **58,571** | **72,600** | **67,476** |

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

## ITAÚSA S.A.

### Statements of Income

*(In millions of Reais, unless otherwise indicated)*

| | Note | Parent company 2020 | Parent company 2019 | Consolidated 2020 | Consolidated 2019 |
|---|---|---|---|---|---|
| Net revenue | 23 | - | - | 5,880 | 5,008 |
| Cost of products and services | 24 | - | - | (4,028) | (3,718) |
| **Gross profit** | | - | - | **1,852** | **1,290** |
| **Operating income and expenses** | | | | | |
| Selling expenses | 24 | - | - | (781) | (716) |
| General and administrative expenses | 24 | (129) | (123) | (415) | (387) |
| Equity in the earnings of investees | 15 | 7,214 | 10,436 | 6,980 | 10,272 |
| Other income and expenses | 25 | 132 | 201 | 88 | 535 |
| **Total Operating income and expenses** | | **7,217** | **10,514** | **5,872** | **9,704** |
| **Profit before finance result and income tax and social contribution** | | **7,217** | **10,514** | **7,724** | **10,994** |
| **Finance result** | | | | | |
| Finance income | 26 | 474 | 374 | 616 | 496 |
| Finance costs | 26 | (531) | (495) | (805) | (760) |
| **Total Financial Result** | | **(57)** | **(121)** | **(189)** | **(264)** |
| **Profit before income tax and social contribution** | | **7,160** | **10,393** | **7,535** | **10,730** |
| **Income tax and social contribution** | | | | | |
| Current income tax and social contribution | 27 | - | - | (111) | (165) |
| Deferred income tax and social contribution | 27 | (104) | (81) | (80) | 4 |
| **Total Income tax and social contribution** | | **(104)** | **(81)** | **(191)** | **(161)** |
| **Profit for the year** | | **7,056** | **10,312** | **7,344** | **10,569** |
| Profit attributable to controlling stockholders | | 7,056 | 10,312 | 7,056 | 10,312 |
| Profit attributable to non-controlling interests | | - | - | 288 | 257 |
| **Basic and diluted earnings per share (in Brazilian reais)** | | | | | |
| Common | 28 | 0.83892 | 1.22605 | 0.83892 | 1.22605 |
| Preferred | 28 | 0.83892 | 1.22605 | 0.83892 | 1.22605 |

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

**ITAÚSA S.A.**

**Statements of Comprehensive Income**

*(In millions of Reais)*

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Profit for the year** | **7,056** | **10,312** | **7,344** | **10,569** |
| **Other comprehensive income** | | | | |
| **Items that will be reclassified to profit or loss (net of taxes)** | | | | |
| Equity in other comprehensive income | 528 | 84 | - | - |
| Adjustment to the fair value of financial assets | - | - | 55 | 678 |
| Hedge | - | - | (1,452) | (5) |
| Foreign exchange variation on foreign investments | - | - | 1,957 | (589) |
| **Items that will not be reclassified to profit or loss (net of taxes)** | | | | |
| Equity in other comprehensive income | (69) | (135) | - | - |
| Remeasurement of post-employment benefits | - | - | (69) | (135) |
| **Total Other comprehensive income** | **459** | **(51)** | **491** | **(51)** |
| **Total comprehensive income** | **7,515** | **10,261** | **7,835** | **10,518** |
| Attributable to controlling stockholders | 7,515 | 10,261 | 7,515 | 10,261 |
| Attributable to non-controlling interests | - | - | 320 | 257 |

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

**ITAÚSA S.A.**
**Statements of Changes in Equity**

*(In millions of Reais)*

| | Attributable to controlling stockholders | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capital | Capital reserves | Revenue reserves | Carrying value adjustments | Retained earnings | Total Parent Company | Non-controlling interests | Total Consolidated |
| **Balance on December 31, 2018** | **43,515** | **633** | **12,706** | **(1,711)** | **-** | **55,143** | **2,936** | **58,079** |
| Transactions with stockholders | | | | | | | | |
| Change in non-controlling interests | - | - | - | - | - | - | 5 | 5 |
| Reversal of expired dividends | - | - | 1 | - | - | 1 | - | 1 |
| Dividends and interest on capital from previous year | - | - | (6,429) | - | - | (6,429) | - | (6,429) |
| Transactions with subsidiaries and jointly-controlled companies | - | (104) | (54) | - | - | (158) | - | (158) |
| Total comprehensive income | | | | | | | | |
| Other comprehensive income | - | - | - | (51) | - | (51) | - | (51) |
| Profit for the year | - | - | - | - | 10,312 | 10,312 | 257 | 10,569 |
| Appropriation | | | | | | | | |
| Legal reserve | - | - | 516 | - | (516) | - | - | - |
| Dividends and interest on capital for the year | - | - | - | - | (3,586) | (3,586) | (73) | (3,659) |
| Dividends and interest on capital proposed | - | - | 3,729 | - | (3,729) | - | - | - |
| Statutory reserves | - | - | 2,481 | - | (2,481) | - | - | - |
| **Balance on December 31, 2019** | **43,515** | **529** | **12,950** | **(1,762)** | **-** | **55,232** | **3,125** | **58,357** |
| | | | | | | | | |
| **Balance on December 31, 2019** | **43,515** | **529** | **12,950** | **(1,762)** | **-** | **55,232** | **3,125** | **58,357** |
| Transactions with stockholders | | | | | | | | |
| Change in non-controlling interests | - | - | - | - | - | - | 2 | 2 |
| Reversal of expired dividends | - | - | 3 | - | - | 3 | - | 3 |
| Dividends and interest on capital from previous year | - | - | (3,729) | - | - | (3,729) | - | (3,729) |
| Transactions with subsidiaries and jointly-controlled companies | - | 57 | 88 | - | - | 145 | 13 | 158 |
| Total comprehensive income | | | | | | | | |
| Other comprehensive income | - | - | - | 459 | - | 459 | 32 | 491 |
| Profit for the year | - | - | - | - | 7,056 | 7,056 | 288 | 7,344 |
| Appropriation | | | | | | | | |
| Legal reserve | - | - | 353 | - | (353) | - | - | - |
| Dividends and interest on capital for the year | - | - | - | - | (1,823) | (1,823) | (170) | (1,993) |
| Dividends and interest on capital proposed | - | - | 48 | - | (48) | - | - | - |
| Statutory reserves | - | - | 4,832 | - | (4,832) | - | - | - |
| **Balance on December 31, 2020** | **43,515** | **586** | **14,545** | **(1,303)** | **-** | **57,343** | **3,290** | **60,633** |

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

## ITAÚSA S.A.

### Statements of Cash Flows

*(In millions of Reais)*

| | Note | Parent company 2020 | Parent company 2019 | Consolidated 2020 | Consolidated 2019 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| **Adjustments for reconciliation of profit** | | | | | |
| Profit before income tax and social contribution | | 7,160 | 10,393 | 7,535 | 10,730 |
| Equity in the earnings of investees | | (7,214) | (10,436) | (6,980) | (10,272) |
| Provisions | | 1 | 163 | 96 | 221 |
| Interest and foreign exchange and monetary variations, net | | (148) | (99) | 30 | 110 |
| Depreciation, amortization and depletion | | 7 | 5 | 627 | 726 |
| Changes in the fair value of biological assets | | - | - | (117) | (126) |
| Allowance for estimated losses on doubtful accounts | | - | - | 25 | 11 |
| Proceeds from the sale of investments, property, plant and equipment and intangible assets | | - | (27) | 69 | (317) |
| Other | | - | - | (63) | 184 |
| | | **(194)** | **(1)** | **1,222** | **1,267** |
| **Changes in assets and liabilities** | | | | | |
| (Increase) decrease in trade accounts receivable | | - | - | (116) | 210 |
| (Increase) decrease in inventories | | - | - | (23) | 43 |
| (Increase) decrease in other taxes for offset | | 168 | (22) | 172 | 28 |
| (Increase) decrease in other assets | | 171 | 247 | 83 | 193 |
| Increase (decrease) in other taxes payable | | 40 | (1) | 129 | 79 |
| Increase (decrease) in trade accounts payable | | 9 | - | 518 | 144 |
| Increase (decrease) in personnel expenses | | 20 | 6 | 60 | (6) |
| Increase (decrease) in other liabilities | | (354) | (451) | (355) | (627) |
| | | **54** | **(221)** | **468** | **64** |
| **Cash from operations** | | **(140)** | **(222)** | **1,690** | **1,331** |
| Payment of income tax and social contribution | | - | - | (194) | (175) |
| Interest paid on debts and debentures | | (40) | (77) | (150) | (354) |
| **Net cash (used in) provided by operating activities** | | **(180)** | **(299)** | **1,346** | **802** |
| **Cash flows from investing activities** | | | | | |
| Acquisition of investments | | (1,260) | (154) | (1,260) | (154) |
| Disposal of investments | | 1 | - | 1 | - |
| (Increase) Decrease of capital in investee companies | | 50 | 48 | (472) | (25) |
| Acquisition of property, plant and equipment and intangible and biological assets | | (8) | (20) | (496) | (476) |
| Disposal of property, plant and equipment and intangible and biological assets | | - | 37 | 64 | 598 |
| Interest on capital and dividends received | | 4,520 | 9,951 | 4,436 | 9,768 |
| Cash and cash equivalents of subsidiaries incorporated/acquired | | - | 304 | - | (274) |
| (Acquisition) Redemption of debentures | | (20) | - | (20) | - |
| **Net cash provided by investing activities** | | **3,283** | **10,166** | **2,253** | **9,437** |
| **Cash flows from financing activities** | | | | | |
| (Acquisition) disposal of treasury shares | | - | - | 9 | 3 |
| Interest on capital and dividends paid | 22.5.2 | (4,391) | (9,711) | (4,569) | (10,071) |
| Proceeds from debts and debentures | 19.2 and 20.2 | 1,291 | - | 2,932 | 1,207 |
| Amortization of debts and debentures | 19.2 and 20.2 | - | - | (1,405) | (1,358) |
| Amortization of lease liabilities | 14.2 | (2) | (1) | (60) | (74) |
| **Net cash used in financing activities** | | **(3,102)** | **(9,712)** | **(3,093)** | **(10,293)** |
| Foreign exchange variation on cash and cash equivalents | | - | - | 12 | 2 |
| **Net increase (decrease) in cash and cash equivalents** | | **1** | **155** | **518** | **(52)** |
| Cash and cash equivalents at the beginning of the year | | 1,091 | 936 | 2,369 | 2,421 |
| Cash and cash equivalents at the end of the year | | 1,092 | 1,091 | 2,887 | 2,369 |
| | | **1** | **155** | **518** | **(52)** |

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

## ITAÚSA S.A.

### Statements of Value Added

*(In millions of Reais)*

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **Revenue** | - | - | **7,305** | **6,598** |
| Sales of products and services | - | - | 7,310 | 6,211 |
| Allowance for estimated losses on doubtful accounts | - | - | (25) | (11) |
| Other revenue | - | - | 20 | 398 |
| **Inputs acquired from third parties** | **(147)** | **(79)** | **(4,685)** | **(4,021)** |
| Cost of products and services | - | - | (3,809) | (3,267) |
| Materials, electric energy, outsourced services and other | (147) | (79) | (863) | (745) |
| Impairment of assets | - | - | (13) | (9) |
| **Gross value added** | **(147)** | **(79)** | **2,620** | **2,577** |
| Depreciation, amortization and depletion | (7) | (5) | (627) | (726) |
| **Value added generated, net** | **(154)** | **(84)** | **1,993** | **1,851** |
| **Value added received through transfer** | **7,920** | **11,016** | **7,825** | **10,977** |
| Equity in the earnings of investees | 7,214 | 10,436 | 6,980 | 10,272 |
| Finance income | 474 | 374 | 616 | 496 |
| Other revenue | 232 | 206 | 229 | 209 |
| **Total undistributed value added** | **7,766** | **10,932** | **9,818** | **12,828** |
| | | | | |
| **Distribution of value added** | **7,766** | **10,932** | **9,818** | **12,828** |
| **Personnel** | **64** | **38** | **924** | **853** |
| Direct compensation | 58 | 35 | 747 | 686 |
| Benefits | 5 | 2 | 127 | 122 |
| Government Severance Pay Fund (FGTS) | 1 | 1 | 45 | 41 |
| Other | - | - | 5 | 4 |
| **Taxes, fees and contributions** | **351** | **356** | **982** | **916** |
| Federal | 350 | 355 | 887 | 852 |
| State | - | - | 81 | 52 |
| Municipal | 1 | 1 | 14 | 12 |
| **Return on third parties' capital** | **295** | **226** | **568** | **490** |
| Interest | 295 | 226 | 568 | 490 |
| **Return on capital** | **7,056** | **10,312** | **7,344** | **10,569** |
| Dividends and interest on capital | 1,871 | 7,315 | 1,871 | 7,315 |
| Retained earnings | 5,185 | 2,997 | 5,185 | 2,997 |
| Non-controlling interests in retained earnings | - | - | 288 | 257 |

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

**ITAÚSA S.A. (current company's name of Itaúsa – Investimentos Itaú S.A.)**
**NOTES TO THE FINANCIAL STATEMENTS**
**at December 31, 2020**
*(In millions of reais, unless otherwise stated)*

## 1. OPERATIONS

Itaúsa S.A. ("ITAÚSA") is a publicly-held company, organized and existing under the laws of Brazil, and it is located at Av. Paulista, 1.938, 5th floor, Bela Vista, in the city of São Paulo, State of São Paulo (SP), Brazil.

The Annual and Extraordinary Stockholders' Meeting held on June 17, 2020 approved the change of the company's name to Itaúsa S.A. from Itaúsa – Investimentos Itaú S.A.

The shares of ITAÚSA are recorded at Level 1 of Corporate Governance of B3 S.A. – Brasil, Bolsa, Balcão, under the ticker symbols "ITSA3" for the common shares and "ITSA4" for the preferred shares.In addition to the Bovespa Index, Ibovespa, ITAÚSA shares are part of some segment portfolios at B3, including the Corporate Governance Index (IGC), the Brazil Special Tag-Along Index (ITAG), the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2). Furthermore, in view of our recognized corporate sustainability, ITAÚSA also makes up other global indices, such as the FTSE4Good (London Stock Exchange) and the Dow Jones Sustainability World Index (DJSI), in addition to joining initiatives such as the Carbon Disclosure Project (CDP) and the Sustainalitycs.

The corporate purpose of ITAÚSA is to hold equity interests in other companies, in Brazil or abroad, for investment in any sectors of the economy, including through investment funds, disseminating among its investees its principles of appreciation of human capital, governance, and ethics in business, and creation of value for its stockholders on a sustainable basis. ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family, which holds 63.27% of the common shares and 18.13% of the preferred shares, making up 33.64% of total capital.

Through its controlled and jointly-controlled companies and other investments, ITAÚSA participates in the markets of financial services ("Itaú Unibanco Holding"), wood panels, bathroom fixtures and fittings, ceramic tiles and electric showers ("Duratex"), footwear, apparel and sports products ("Alpargatas") and transportation of natural gas through pipelines ("NTS")). On December 23, 2020 ITAÚSA acquired 48.5% of equity interest in Copagaz – Distribuidora de Gás S.A. ("Copagaz"), and thus has become a new player in the liquid petroleum gas (LPG) distribution market (see Note 15.1.7). For further information, please see note 31 "Segment Information".

The investment portfolio of ITAÚSA is composed of the following entities:

| | Country of incorporation | Activity | Holding % (Direct and Indirect) 12/31/2020 | 12/31/2019 |
|---|---|---|---|---|
| **Joint ventures** | | | | |
| Itaú Unibanco Holding S.A. ("Itaú Unibanco") | Brazil | Holding company/Financial institution | 37.39% | 37.45% |
| IUPAR - Itaú Unibanco Participações S.A. ("IUPAR") | Brazil | Holding company | 66.53% | 66.53% |
| Alpargatas S.A. ("Alpargatas") | Brazil | Footwear, apparel and sports products | 29.19% | 28.88% |
| **Controlled companies** | | | | |
| Duratex S.A. ("Duratex") | Brazil | Wood panels and bathroom fixtures and fittings | 36.61% | 36.65% |
| Itautec S.A. ("Itautec") | Brazil | Holding company | 100.00% | 100.00% |
| ITH Zux Cayman Ltd. ("ITH Zux Cayman") | Cayman Islands | Holding company | 100.00% | 100.00% |
| **Associates** | | | | |
| Copagaz – Distribuidora de Gás S.A. ("Copagaz") | Brazil | LPG distribution | 48.50% | - |
| **Financial assets** | | | | |
| Nova Transportadora do Sudeste S.A. – NTS ("NTS") | Brazil | Transportation of natural gas | 7.65% | 7.65% |

These parent company and consolidated financial statements were approved by the Board of Directors on February 22, 2021.

## 2. BASIS OF PREPARATION AND PRESENTATION

### 2.1. Statement of compliance

The parent company and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil. The accounting practices adopted in Brazil comprise the Pronouncements, Interpretations and Guidance issued by the Accounting Pronouncements Committee (CPC), which were approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council.

The presentation of the parent company and consolidated statements of value added is required by Brazilian Corporate Law and by the accounting practices adopted in Brazil that are applicable to publicly-held companies. The Statement of Value Added was prepared in accordance with the criteria defined in the Accounting Pronouncement CPC 09 – Statement of Value Added, however, the IFRS do not require the presentation of this statement. As a consequence, according to the IFRS, this statement is presented as additional information, without prejudice to the Financial Statements as a whole.

Management has assessed ITAÚSA's and its investees' capacity to keep on operating as a going concern and is convinced that, despite the impacts and uncertainties of the length of time and scope of the COVID-19 pandemic, these companies are able to remain in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainty that might give rise to significant questions on its capacity to continue operating. Accordingly, these Financial Statements have been prepared based on the business continuity assumption.

All the relevant information to these Financial Statements, and only this information, is evidenced and is consistent with the information used by ITAÚSA in its activities.

### 2.2. Measurement basis

The parent company and consolidated financial statements have been prepared under the historical cost convention, except for: (i) certain financial assets and liabilities that were measured at fair value, as stated in note 4.1.1; (ii) liabilities of the defined benefit that are recognized at fair value limited to the recognized assets, as stated in note 30; and (iii) biological assets measured at fair value through profit or loss, as stated in note 12.

### 2.3. Functional currency and translation of balances and transactions in foreign currency

The parent company and consolidated financial statements have been prepared and are being presented in Brazilian reais (R$), which is functional and presentation currency, and all balances are rounded to millions of reais, unless otherwise stated.

The definition of the functional currency reflects the main economic environment where ITAÚSA and its controlled companies operate.

The assets and liabilities of subsidiaries with a functional currency that is different from the Brazilian real, when applicable, are translated as follows:

- Assets and liabilities are translated at the foreign exchange rate of the balance sheet date;
- Income and expenses are translated at the monthly average foreign exchange rate;
- Foreign currency translation gains and losses are recorded in the "Other comprehensive income" account.

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end foreign exchange rates are recognized in Finance result.

### 2.4. Use of estimates and judgments

In the preparation of the financial statements, the management of ITAÚSA and its controlled companies are required to use judgments, estimates and assumptions that affect the balances of assets, liabilities, income and expenses in the year-end presented and in subsequent year-end.

The judgments, estimates and assumptions are based on information available on the date of the preparation of the financial statements, in addition to the experience from past and/or current events, and also taking into consideration assumptions related to future events. Additionally, when necessary, the judgments and estimates are supported by opinions prepared by experts. These estimates are periodically reviewed and their results may differ from the originally estimated amounts.

The estimates and assumptions that have a significant risk that is likely to cause a material adjustment to the amounts in the financial statements within the coming years are as follows:

- Recognition of deferred taxes (Notes 3.10, 13 and 27);
- Determination of the fair value of financial instruments, including derivatives (Notes 3.1.4 and 4.1.2);
- Provisions, Contingent assets and liabilities (Notes 3.15 and 21);
- Determination of the fair value of biological assets (Notes 3.5 and 12);
- Recognition of assets and liabilities related to pension plans (Notes 3.12 and 30); and
- Analysis of impairment of assets (Notes 3.9, 15.4, 16.4 and 17.4).

### 2.5. Consolidation of the financial statements

The consolidated financial statements have been prepared in accordance with the standards established by CPC 36 (R3)/ IFRS 10 – Consolidated Financial Statements.

ITAÚSA consolidates its controlled companies from the moment it obtains the control over them. The financial statements of the controlled companies are prepared on the same base date as those of ITAÚSA using consistent accounting policies and practices. When necessary, adjustments are made to the financial statements of the controlled companies to adapt their accounting practices and policies to ITAÚSA's accounting policies.

Minority interests amounts, arising from subsidiaries whose ownership interest held by ITAÚSA does not correspond to total capital stock, are stated separately in the Balance Sheet under "Minority Interests", in the Statement of Income under "Net income attributable to non-controlling stockholders" and in the Statements of Comprehensive Income under "Total comprehensive income Attributable to non-controlling interests".

Intercompany transactions, balances and unrealized gains and losses on transactions between consolidated companies were eliminated.

### 2.6. Adoption of the new and revised accounting standards

Continuing the permanent process of revision of the accounting Standards, IASB and, consequently, the Accounting Pronouncements Committee (CPC) issued new standards and revisions of the existing standards.

### 2.6.1. Revised standards and interpretations that have already been issued by CPC and that have been adopted by ITAÚSA and its controlled companies since January 1, 2020

**CPC 00 (R2) / Conceptual Framework – Conceptual Framework for Financial Reporting**

CPC 00 (R2) was approved in November 1, 2019 to amend CPC 00 (R1) – Conceptual Framework, issued in 2011. Main amendments were as follows: (i) it sets out the objective of general purpose financial reporting; (ii) the qualitative characteristics of useful financial information; (iii) improving definitions of an asset, a liability, income and expenses; (iv) criteria for including financial assets and liabilities in the financial statements and guidance on when to remove them; (v) measurement bases and guidance on when to use them; and (vi) concepts and guidance on presentation and disclosure.

Upon adoption of the standard, ITAÚSA and investees did not record material impacts on its financial statements accordingly.

**Revision of Technical Pronouncements of CPC 14**

This revision sets out amendments in a number of pronouncements, interpretations and guidance as a result of: (i) amendments in a number of CPCs driven by the issue of CPC 00 (R2) / Conceptual Framework; (ii) the amended definition of business combinations in CPC 15 / IFRS 3; and (iii) the amended denomination of CPC 06 (R2) / IFRS 16 to Leases.

Upon adoption of the standard, ITAÚSA and investees did not record material impacts on its financial statements accordingly.

**CPC 06 (R2) / IFRS 16 – Leases**

In May 2020, the International Accounting Standards Board (IASB) issued the "Covid 19-related rent concessions" standard which sets out practical measures for lessees when accounting for rent concessions occurring as a direct consequence of Covid-19 and introduced a practical expedient for CPC 06 (R2) / IFRS 16. This practical expedient permits lessee not to assess whether a particular rent concession related to the Covid-19 pandemic is a lease modification. Lessees deciding for this option account for any change in lease payments as a consequence of rent concession related to Covid-19 as if this has not been a lease modification.

To adopt the practical expedient, the following conditions must be met: (i) a change in lease payments would be basically the same or lower than the one stated in the lease agreement; (ii)reductions should cover only payments originally due on or before June 30, 2021; and (iii)there would be no significant change in the other terms and conditions of the lease.

Upon adopting this standard, ITAÚSA and subsidiaries have reviewed their leases and, when applicable, have applied the practical expedient. No material impact occurred from the adoption of this standard on the Financial Statements.

### 2.6.2. Revised standards and interpretations not yet issued by CPC and not adopted by ITAÚSA and its subsidiaries

**Amendments to IFRS 10 / CPC 36 (R3) – Consolidated Financial Statements, and IAS 28 / CPC 18 (R2) – Investments in Associates and Joint Ventures**

Amendments to IFRS 10 / CPC 36 (R3) and to IAS 28 / CPC 18 (R2) address certain situations involving the sale or contribution of assets between an investor and its associate or joint venture. Specifically, gains and losses arising from the loss of control of a subsidiary that does not contain a business as a result of a transaction with an associate or joint venture accounted for using the equity method are recognized in the parent company's profit or loss only proportionally to the interest held by the unrelated investor in this associate or joint venture. Likewise, gains and losses arising from investments remeasured and retained in a former subsidiary (which has become an associate or joint venture accounted for using the equity method) at fair value are recognized in the former parent company's profit or loss proportionally to the interest held by the unrelated investor in the new associate or joint venture.

The effective date of these amendments has not yet been defined by IASB, however, its early adoption is permitted. ITAÚSA and subsidiaries do not expect material impacts on their Financial Statements upon adoption of these amendments.

**Amendments to IAS 1 / CPC 26 (R1) – Presentation of Financial Statements – Applicable for annual periods beginning on or after January 1, 2023**

Amendments to IAS 1 / CPC 26 (R1) affect the presentation of liabilities as current or non-current in the balance sheet only, not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items.

These amendments clarify that the classification of liabilities as current or non-current: (i)is based on rights that exist at the balance sheet date; (ii) the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; (iii) explain that rights exist if restrictive clauses are met at the balance sheet date; and (iv) introduce the definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

ITAÚSA and subsidiaries do not expect material impacts on their Financial Statements upon adoption of these amendments.

**Amendments to IFRS 3 / CPC 15 (R1) – Business Combinations – Applicable for annual periods beginning on or after January 1, 2022**

These amendments have updated IFRS 3 / CPC 15 (R1) with the new Conceptual Framework. They also include the requirement that, for obligations in the scope of IAS 37 / CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, it should be assessed whether there is a present obligation at the date of acquisition resulting from past events. For a levy in the scope of IFRIC 21 / ICPC 19 – Levies the buyer applies said standard to determine whether the event triggering the obligation to pay the levy has occurred up to the acquisition date. Finally, these amendments add an explicit statement that the buyer does not recognize contingent assets acquired in a business combination.

ITAÚSA and subsidiaries do not expect material impacts on their Financial Statements upon adoption of these amendments.

**Amendments to IAS 16 / CPC 27 – Property, Plant and Equipment – Applicable for annual periods beginning on or after January 1, 2022**

These amendments prohibit deducting from the cost of an item of PPE any proceeds from selling items produced before the asset is available for use and, consequently, the entity recognizes these proceeds from sale and corresponding costs in profit or loss. These amendments also clarify that, if not disclosed separately in the statement of comprehensive income, the financial statements should disclose the proceeds and their related costs included in profit or loss that correspond to the items produced that do not arise from an entity's ordinary activities, and whose line(s) in the statement of comprehensive income include(s) such proceeds and costs.

ITAÚSA and subsidiaries do not expect material impacts on their Financial Statements upon adoption of these amendments.

**Amendments to IAS 37 / CPC 25 – Provisions, Contingent Liabilities and Contingent Assets – Applicable for annual periods beginning on or after January 1, 2022**

These amendments clarify that the cost of fulfilling a contract comprises the costs directly related to the contract ant these, in turn, comprise the incremental costs of fulfilling that contract (examples would be direct labor or materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

ITAÚSA and subsidiaries do not expect material impacts on their Financial Statements upon adoption of these amendments.

**Annual Improvements to the IFRS's 2018–2020 Cycle**

Annual improvements include the amendments to the following standards: (i)IFRS 1 / CPC 37 (R1) - First-time Adoption of International Financial Reporting Standards (Applicable for annual periods beginning on or after January 1, 2022); (ii) IFRS 9 / CPC 48 – Financial Instruments (Applicable for annual periods beginning on or after January 1, 2022); IFRS 16 / CPC 06 (R2) – Leases (effective date not applicable); and IAS 41 / CPC 29 – Biological Assets and Agricultural Produce (Applicable for annual periods beginning on or after January 1, 2022).

ITAÚSA and subsidiaries do not expect material impacts on their Financial Statements upon adoption of these amendments.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Financial instruments

Financial instruments are recognized on the trading date, that is, when the obligation or the right becomes effective and they are initially recorded at fair value plus or minus any transaction costs that are directly attributed to them.

They are written off when the contractual rights to the cash flows expire, that is, when there is certainty of the termination of the right or the obligation of receipt, of the delivery of cash or security. In situations like this, management, based on consistent information, proceeds with the accounting entry for settlement.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legal enforceable right to offset the recognized amounts and an intention to settle them or to realize the asset and settle the liability at the same time.

#### 3.1.1. Financial assets

After the initial recognition at fair value, financial assets are classified and measured by means of: (i) the assessment of the business model for the managduraement of financial assets; and (ii) the characteristics of their contractual cash flows. Financial assets are measured as follows:

- **Amortized cost:** Financial assets whose cash flows' characteristic corresponds, exclusively, to the payment of the principal amount and interest and that are managed under a business model for the obtainment of the contractual cash flows of the instrument. They are recognized using the effective interest method.

- **Fair value through other comprehensive income:** Financial assets whose cash flows' characteristic also corresponds to the payment of the principal amount and interest but that are managed under a business model that involves the obtainment of cash flows by both the maintenance of the contract and the sale of the asset. They are recognized as a contra-entry to "Other comprehensive income" in Equity.

- **Fair value through profit or loss:** Financial assets whose cash flows' characteristic does not correspond only to the payment of the principal amount and interest or that are managed under a business model for sale in the short term. They are recognized as a contra-entry to profit or loss.

ITAÚSA and its controlled companies regularly assess the need to recognize impairment losses for all financial assets measured at amortized cost. For the purpose of determining impairment losses, many elements are considered, such as the credit status of every financial asset, the analysis of the economic or sector environment, and the history of losses recognized in previous periods.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, recognized as a contra-entry to profit or loss. If a financial asset is subject to a variable interest rate, the discount rate to measure an impairment loss is the current effective interest rate determined in accordance with the contract.

A previously recognized impairment loss may be reversed if there is a change in the assumptions used to determine the asset's recoverable amount and it is also recognized in profit or loss.

### 3.1.2. Financial liabilities

After the initial recognition at fair value, as a general rule, the financial liabilities are classified and measured at amortized cost.

The financial liabilities will only be classified as fair value through profit or loss if they are: (i) derivatives; (ii) financial liabilities arising from transferred financial assets that did not qualify for derecognition; (iii) financial guarantee contracts; (iv) commitments to grant loans with interest rates that are lower than those adopted in the market; and (v) contingent consideration recognized by an acquirer in a business combination.

ITAÚSA and its controlled companies may also classify a financial liability as fair value through profit or loss when: (i) they wish to eliminate or significantly reduce a measurement or recognition inconsistency that, otherwise, may result from the measurement of assets or liabilities or from the recognition of gains and losses on these assets and liabilities on different bases; or (ii) the performance of a financial liability is assessed based on its fair value in accordance with a documented risk management or investment strategy internally provided by management.

### 3.1.3. Derivatives

A derivative financial instrument may be identified provided that: (i) its value is influenced by the fluctuation of the rate or price of a financial instrument; (ii) it does not need an initial investment or it is far lower than what it would be in similar contracts; and (iii) it will always be settled on a future date. Only if all these characteristics are met we can classify a financial instrument as a derivative.

They are recognized at fair value and the gains and losses resulting from this revaluation are recorded in profit or loss, except when the derivative is classified as a cash flow hedge and the gains and losses from the effective portion are recorded in "Other comprehensive income" in Equity.

The derivative financial instruments are held to protect the exposures to risks of variation in foreign currency and interest rates. ITAÚSA and its controlled companies do not contract derivatives of a speculative nature. The results obtained from these operations are consistent with the policies and strategies defined by management.

### 3.1.4. Fair value

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm’s length transaction between market players on the measurement date.

The fair value of financial instruments, including derivatives, is determined through the use of evaluation techniques, based on assumptions, that take into consideration management’s judgment and the conditions existing in the market on the date of the financial statements. These evaluation techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and options pricing models that preferentially use information from market sources rather than information from the management of ITAÚSA and its controlled companies.

ITAÚSA and its controlled companies classify the measurements of fair value using the fair value hierarchy, which reflects the importance of the data used in the measurement process, as shown below:

- Level 1: prices (unadjusted) quoted for identical assets and liabilities in active markets;
- Level 2: different prices from those traded in active markets included in Level 1 but that are directly or indirectly observable for assets and liabilities; and
- Level 3: prices based on variables that are non-observable in the market, usually obtained internally or from other sources that are not considered market sources.

ITAÚSA and its controlled companies understand that the methodologies adopted are appropriate and consistent with those of other market players, however, the adoption of other methodologies or the use of different assumptions to determine the fair value may result in different estimates of fair values.

### 3.2. Cash and cash equivalents

They correspond to resources used in the management of short-term commitments and include cash in hand, bank accounts and highly-liquid financial investments with maturities of three months or less and with immaterial risk of change in market value. Cash in hand and bank accounts are stated at amortized costs. Highly-liquid financial investments are recorded at the amount invested plus earnings earned and have no significant difference from its market value, as it corresponds to its fair value.

### 3.3. Trade accounts receivable

They correspond to the amounts receivable in the ordinary course of the activities of the controlled companies. They are initially recorded at the fair value of the consideration to be received plus, when applicable, the foreign exchange variation. Subsequently, they are measured at amortized cost less the allowance for estimated losses on doubtful accounts. They refer, in their totality, to short-term transactions and, therefore, they are not adjusted to present value because they do not represent significant adjustments to the financial statements.  The fair value of these accounts receivable is estimated to be substantially similar to their carrying amount.

The allowance for estimated losses on doubtful accounts is recognized based on an individual analysis of amounts receivable, taking into consideration mainly: (i) significant financial difficulty of the issuer or debtor; and (ii) a breach of a contract, such as default or arrears in the payment of interest or the principal amount.

Since receivables have no significant financing components, based on a simplified approach, the allowance for estimated losses on doubtful accounts is recorded over the entire life of the receivable by applying a percentage calculated based on a study of the history of default segregated in parameters, as follows: (i) segment; (ii) billing date; and (iii) maturity date.

Although the risk matrix is to be reviewed on a yearly basis, this study may be reassessed if the behavior of the allowance for estimated losses on doubtful accounts is different from expected results.

Allowance for estimated losses on doubtful accounts is recognized based on the analysis of realization risks of credit in an amount deemed sufficient by Management to cover possible losses upon realization of these assets.The subsequent recoveries of amounts that had previously been written off are credited to the "Other income and expenses" account in the statement of income.

### 3.4. Inventories

These are measured at the lowest of cost and net realizable value. Cost corresponds to the average cost of acquisition or production, calculated based on the moving weighted average, which does not exceed the replacement or realization amounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated conclusion costs and selling expenses.

The controlled company Duratex has a policy to recognize a provision for losses on slow-moving or obsolete inventories. Management believes that the provisions for losses on inventories were recognized at sufficient amounts.

### 3.5. Biological assets

Forest reserves are recognized at fair value, less the estimated selling costs at the time of harvest. For immature plantations (up to one year of life for eucalyptus forests and four years for pine forests), their cost is considered to approximate their fair value. Biological assets are measured every three months or as cycle counts are completed, and the gains or losses arising from the recognition of the fair value are recorded in the statement of income in the "Cost of products and services" account. Depletion, which is also allocated to the "Cost of products and services" account, arises from the assets harvested in the year and it is composed of the formation cost and the portion related to the fair value difference.

Many estimates were adopted to measure the forest reserves in accordance with the methodology established by CPC 29 / IAS 41 – "Biological asset and agricultural produce". These estimates were based on market benchmarks, which are subject to changes in the scenario that may impact the financial statements. The methodologies used to measure the fair value of biological assets and a sensitivity analysis of them are described in Note 12.

### 3.6. Investments

These are represented by investments in controlled companies, associates and jointly-controlled companies arising from ITAÚSA's equity interest in these companies. They are initially recognized at cost of acquisition and subsequently stated using the equity method of accounting. Additionally, these investments include the amount of goodwill identified upon acquisition, net of any accumulated impairment loss.

Every year, ITAÚSA assesses if there is objective evidence that the investments in controlled companies, associates and jointly controlled companies are impaired. If so, ITAÚSA calculates the amount of the impairment loss and recognizes the amount in the statement of income.

ITAÚSA does not recognize additional losses on its investments at amounts that exceed its equity interest unless it has incurred obligations or made payments on behalf of investees.

#### 3.6.1. Investments in directly and indirectly-controlled companies

Investments in controlled companies are those in which ITAÚSA is exposed or entitled to variable returns based on its involvement with the investee in addition to having the ability to affect these returns by means of the power exercised.

These investments are fully consolidated for the purpose of the presentation of the consolidated financial statements.

### 3.6.2. Investments in associates and jointly-controlled companies

Associates are the investees on which the investor has a significant influence but over which it does not have control.

Jointly-controlled companies are the investees over which ITAÚSA and one or more investors have the shared control of the operational and financial activities of the entity. They can be classified as joint operations or joint ventures, depending on the contractual rights and obligations of investors.

ITAÚSA's interest in the profit or loss of its jointly-controlled companies and associates is recognized in the "Equity in the earnings of subsidiaries" account in the statement of income. Meanwhile, the share of the changes in Equity of the jointly-controlled companies and associates are also recognized in equivalent accounts in ITAÚSA's Equity.

ITAÚSA recognizes the effects of the hyperinflation in Argentina arising from its jointly-controlled company Itaú Unibanco in accordance with CPC 42 / IAS 29 – Accounting in Hyperinflationary Economies.

### 3.6.3. Business combination

Business combination is the method used to recognize acquisitions of control of investments, whose characteristic is defined as an integrated set of activities and assets conducted and managed with the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

This method requires identifiable acquired assets and liabilities assumed to be measured at their fair value. In the acquiring company, the difference between the amount paid and the carrying amount of the company's equity is recognized in the Investment account separated by: (i) surplus value, when the economic fundamentals are substantially related to the fair value of the net assets of the acquiree; and (ii) goodwill, when the amount paid exceeds the fair value of the net assets and represents the expectation of value creation in the future.

In the business combination of controlled companies, goodwill is classified in the "Investments" account in the parent company financial statements and in the "Intangible assets" account in the consolidated financial statements.

If the cost of acquisition is lower than the fair value of the identifiable acquired net assets, the difference is directly recognized in profit or loss.

The costs directly attributable to the acquisition must be directly allocated to profit or loss as they are not incurred.

### 3.7. Property, plant and equipment

These are stated at their cost of acquisition, formation or construction plus any costs that are directly attributable to placing the asset in the location and condition necessary for its operation, less accumulated depreciation and, when applicable, accumulated impairment losses. Interest related to loans and financing obtained from third parties and capitalized during the phase of formation/construction of the property, plant and equipment is also part of their cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits will flow to the company and the costs can be reliably measured.

The carrying amount of the replaced assets is written off and the expenditures with repairs and maintenance are fully recorded as a contra-entry to profit or loss.

Gains and losses on the sale of property, plant and equipment items are recognized in profit or loss in the "Other income and expenses" account.

The calculation basis of depreciation is the depreciable amount (cost of acquisition less the residual value) of the asset. Land is not depreciated.

Depreciation is recognized in profit or loss using the straight-line method in accordance with the useful life of each item. The useful life estimates of the respective items are revised at the end of every year.

### 3.8. Intangible assets

They comprise all intangible assets and are recognized when: (i) they arise from legal or contractual rights; (ii) their cost can be reliably measured; and (iii) it is probable that future economic benefits arise from their use.

They refer to acquired or internally produced assets and their useful lives can be definite or indefinite. Intangible assets with a definite useful life are amortized using the straight-line method over their estimated useful lives. Intangible assets with an indefinite useful life are not amortized, but they are tested at least once a year to identify any impairment losses or when there is evidence of losses.

#### 3.8.1. Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the software and make it ready for use. Software is amortized over its estimated useful life using the straight-line method.

#### 3.8.2. Trademarks and patentes

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value on the date of acquisition. They are not amortized as their useful life is indefinite.

#### 3.8.3. Customer portfolio

It is recognized only in a business combination at fair value on the date of acquisition. The useful life of the relationships with customers is definite and, therefore, they are amortized. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

#### 3.8.4. Goodwill

As described in Note 3.6.3, goodwill represents the excess of the cost of an acquisition over the fair value of the investment of the buyer in the identifiable assets and liabilities of the entity acquired on the date of acquisition. Goodwill is not amortized but its recoverable amount is assessed every year or when there is an evidence of an impairment loss with the use of an approach that involves the identification of the cash generating units and the estimate of its fair value less selling costs and/or value in use.

### 3.9. Assessment of impairment of non-financial assets – Investments, Property, plant and equipment and Intangible assets

The recoverable amount of an asset is the highest of its value in use and its fair value net of the costs necessary for sale. The value in use is calculated by means of assessment methodologies, supported by discounted cash flows techniques, market conditions and business risks.

For the purpose of assessing any impairment, assets are grouped at the minimum level for which independent cash flows can be identified (cash generating units).

Assets with a definite useful life, which are subject to depreciation or amortization, are assessed only if there is objective evidence (events or changes in circumstances) that the carrying amount may not be recoverable. Accordingly, the effects of obsolescence, demand, competition and other economic factors are taken into consideration.

For the assets with indefinite useful lives, ITAÚSA and its controlled companies assess their assets for impairment at least once a year or when significant events or changes indicate that their carrying amounts may not be recoverable.

If it is identified that the carrying amount of the asset exceeds its recoverable amount, a provision for impairment is recognized in profit or loss.

A previously recognized impairment loss may be reversed if there is a change in the assumptions used to determine the asset's recoverable amount and it is also recognized in profit or loss. An impairment loss on goodwill may not be reversed.

### 3.10. Income tax and social contribution

Corporate Income Tax and Social Contribution on Profit are determined in accordance with tax legislation in force related to each tax. Taxable profit is subject to the rates of 15%, plus an additional 10% on the surplus that exceeds R$240 thousands for income tax, and 9% for social contribution. Any changes in tax legislation related to tax rates are recognized in the year they come into effect.

Income taxes are recognized in the statement of income in the "Income tax and social contribution" account, except to the extent that they relate to items recognized directly in Equity or in Comprehensive income.

Current income tax and social contribution are presented net in the balance sheet, per taxpaying entity, and they approximate the amounts to be paid or recovered, and they may be separated into current and non-current in accordance with the expectation of offset/settlement. Deferred income tax and social contribution are recognized on income tax and social contribution loss carryforwards and temporary differences on the tax bases of assets and liabilities only to the extent of the probability of determining taxable profit and possibility of using the realized temporary differences, and they are presented in non-current at their net amount when there is the legal right and the intention to offset them, in general, with the same legal entity and the same tax authority.

When determining deferred taxes, ITAÚSA and its controlled companies assess the impact of the uncertainties on the tax positions assumed. This assessment is based on estimates and assumptions and involve a number of judgments on future events, such as economic and financial projections, macroeconomic scenarios and tax legislation in force. New information may be made available, which could cause ITAÚSA and its controlled companies to change their judgment with respect to the taxes that have already been recognized, recording these impacts in the year they were realized.

### 3.11. Right-of-use and Leases

Lease liabilities are measured at the present value of the remaining payments, discounted at the nominal incremental rate on their debts. Right-of-use assets are measured at the same amount as the lease liability upon initial recognition, net of accumulated depreciation to be realized using the straight-line method over the lease term.

### 3.12. Employee benefits (Private pension and Health care plans)

ITAÚSA and its controlled companies sponsor private pension and health care plans for their employees with the characteristics of defined benefit and defined contribution.

#### 3.12.1. Defined benefit plans

ITAÚSA and its controlled companies recognize the obligations of the defined benefit plans if the present value of the obligation on the date of the financial statements is higher than the fair value of the plan's assets. The present value of the commitments is determined based on an actuarial assessment prepared on an annual basis by independent actuaries based on the Projected Unit Credit Method. Net assets are composed mainly of investments that compose the benefit plan portfolio, which are measured at their fair value.

Actuarial gains and losses generated by adjustments and changes in the actuarial assumptions of the defined benefit plans are directly recognized in Equity in the "Carrying value adjustment" account. Past service costs and interest on actuarial deficit/surplus are recognized in profit or loss for the year in which they are incurred.

In the cases in which the plan presents a surplus and there is the need to recognize an asset as a contra-entry to profit or loss, this recognition is limited to the present value of the economic benefits available in the form of reimbursements or future reductions in the plan's contributions, in accordance with legislation in force and the plan's regulation.

The sponsors and participants are equally responsible for the coverage of the actuarial deficiencies of this plan.

### 3.12.2. Defined contribution plan

Contributions are recognized as employee benefit expenses when they become due. Contributions made in advance are recognized as an asset to the extent they generate an effective reduction in future payments.

### 3.13. Share-based compensation plan

The controlled company Duratex offers to some executives a share-based compensation plan (stock options) according to it receives the services provided by the executives as a consideration for the stock options granted. The fair value of the options granted is recognized as an expense as a contra-entry to Equity over the year in which the services are provided by the executives and the right is obtained. The plan will be settled exclusively upon the delivery of the shares.

The fair value of the options granted is calculated on the date the options are granted using option pricing models that take into consideration the option exercise price, the current price, the interest rate free of risk and the volatility expected from the share price over the option's life.

At the end of every year, the estimates of the number of shares are reviewed that are expected to be issued based on the conditions for the obtainment of rights.

### 3.14. Debts and debentures

These are initially recognized at fair value upon the receipt of resources, net of transaction costs. Subsequently, they are measured at amortized cost, that is, added by charges and interest in proportion to the period incurred using the effective interest method. Debts that have hedging derivative instruments are measured at fair value.

The costs of debts and debentures that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits for the entity and that these costs can be reliably measured. When they are not related to a qualifying asset, the costs are recognized as an expense for the year in which they are incurred.

### 3.15. Provisions and Contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. They are measured at the best estimate of the present value of the expenditures that should be necessary to settle the obligation and that reflect their specific risks. Provisions are not recognized for future operating losses.

The analysis of the probability of loss by the legal advisors of ITAÚSA and its controlled companies includes the analysis of the evidence available, the hierarchy of laws, case law, the most recent court decisions and their relevance in the legal system. The estimates and assumptions used in the recognition of provisions are periodically reviewed.

Contingent liabilities for which the risk of loss is considered possible or remote are not recognized in a provision and only the amounts classified as possible are disclosed in a note to the financial statements.

In the case of an administrative proceeding that involves a legal obligation, the amount involved is recorded in a provision regardless of the probability of loss since the success in the proceeding depends on the recognition of the unconstitutionality of the Law in force. In other cases, the provision is recognized whenever loss is considered probable.

Contingent assets are not recognized in the financial statements, except when there are secured guarantees or favorable judicial decisions for which appeals are no longer available, characterizing the victory as practically certain and as a result of the confirmation of their possible recovery due to receipt or offset with another liability. Contingent assets for which the expectation of success is probable are disclosed in the notes to the financial statements.

Adjustments to provisions, as well as of adjustments to judicial deposits made to secure lawsuits under progress are taken to Financial result in accordance with contractual provisions or based on indices set forth in applicable legislation.

### 3.16. Capital and Treasury shares

#### 3.16.1. Capital

Common and preferred shares are classified in equity and any costs attributable to their issue are deducted.

#### 3.16.2. Treasury shares

The repurchase of own shares are recognized at the average cost of acquisition and classified as a deduction in Equity in the "Treasury shares" account. When these shares are available for sale, they are written off at the average cost on the date of the sale and the gain or loss is recognized in the "Revenue reserves" account. The cancellation of treasury shares is recognized also as a reduction in the "Revenue reserves" at the average price of the treasury shares on the date of cancellation.

### 3.17. Dividends and Interest on capital

According to the Bylaws, stockholders are assured minimum mandatory dividends of 25% of profit for each year, adjusted as provided for in Article 202 of Law No. 6,404/76, by means of quarterly payments, or in shorter intervals, in the same year and until the Annual General Stockholders' Meeting that approves the respective financial statements. The minimum dividend amounts established in the Bylaws are recognized as a liability, net of the payments already made, as a contra-entry to Equity. Any amount that exceeds the minimum mandatory dividend is only recognized as a liability when it is approved by stockholders at a General Meeting.

Regarding quarterly payments in advance of minimum mandatory dividends the stockholding position on the last day of the previous month is used as a calculation basis, and the actual payment is made in the first day of the subsequent month.

The dividends receivable from the controlled companies, associates and jointly-controlled companies are recognized as an asset in the financial statements upon the resolution of their Board of Directors or General Meeting as a contra-entry to the "Investments" account.

The Board of Directors may resolve upon the payment of interest on capital. For the purpose of meeting tax regulations, interest on capital is recognized as a contra-entry to the "Finance costs" account. For the purpose of preparing the above mentioned financial statements, it is reversed from profit or loss as a contra-entry to Equity and included in the balance of dividends for the year.

For interest on capital receivable, when resolved upon by the Board of Directors of the controlled companies, associates and jointly-controlled companies, it is recorded initially in the "Finance income" account for tax purposes and, at the same time, reversed from this account as a contra-entry to the "Investments" account.

### 3.18. Earnings per share

Basic earnings per share are calculated by the division of profit attributable to the controlling stockholders by the weighted average number of outstanding common and preferred shares every year. Diluted earnings per share are calculated using the same indicators, adjusted by instruments that are potentially convertible into shares and have a diluting effect.

### 3.19. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of ITAÚSA and its controlled companies. Revenue is shown net of taxes, returns, discounts, bonuses and rebates and after eliminating sales between the group companies.

It is recognized when the amount is reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria, described for each type of revenue, have been met.

#### 3.19.1. Service and sales revenue

These are recorded in income when all performance obligations are met, that is, upon delivery of products or provision of services, as well as upon transfer of risks and benefits to the buyer /taker, thus basically charactering the recognition of income over a specific period of time. Subsidiaries operate as a main party to the agreements with clients, and income do not have a significant financing component.

As of 2019, consolidated net revenue is fully made up of by controlled company Duratex. For further information on its business segments and products sold and services provided, please see note 31 "Segment information".

#### 3.19.2. Interest income

It is recognized on the accrual basis using the effective interest method and it is represented mainly by earnings from financial investments, monetary adjustments and discounts obtained.

## 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 4.1. Financial instruments

ITAÚSA and its controlled companies maintain operations with financial instruments. These instruments are managed by means of operational and internal control strategies aimed at ensuring credit, liquidity, security and profitability.

### 4.1.1. Classification of financial instruments

We present below the classification and measurement of financial assets and liabilities:

| | | | Parent company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 12/31/2020 | | 12/31/2019 | | 12/31/2020 | | 12/31/2019 | |
| | Note | Levels | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount |
| **Financial assets** | | | | | | | | | | |
| **Fair value through profit or loss** | | | | | | | | | | |
| **Upon initial or subsequent recognition** | | | | | | | | | | |
| Cash and cash equivalents | 5 | | | | | | | | | |
| Financial investments | | 2 | 1,092 | 1,092 | 1,091 | 1,091 | 2,620 | 2,620 | 2,156 | 2,156 |
| Marketable securities | 6 | 3 | 1,473 | 1,473 | 1,213 | 1,213 | 1,473 | 1,473 | 1,213 | 1,213 |
| | | | **2,565** | **2,565** | **2,304** | **2,304** | **4,093** | **4,093** | **3,369** | **3,369** |
| **Amortized cost** | | | | | | | | | | |
| Cash and cash equivalents | 5 | | | | | | | | | |
| Cash in kind and bank deposits | | 2 | - | - | - | - | 267 | 267 | 213 | 213 |
| Marketable securities | 6 | 2 | 28 | 20 | - | - | 28 | 20 | - | - |
| Customers | 7 | 2 | - | - | - | - | 1,239 | 1,239 | 1,135 | 1,135 |
| Dividends and interest on capital | 9 | 2 | 985 | 985 | 171 | 171 | 951 | 951 | 141 | 141 |
| Judicial deposits | | 2 | 30 | 30 | 38 | 38 | 100 | 100 | 104 | 104 |
| Other assets | 11 | 2 | 60 | 60 | 47 | 47 | 355 | 355 | 347 | 347 |
| | | | **1,103** | **1,095** | **256** | **256** | **2,940** | **2,932** | **1,940** | **1,940** |
| **Total of Financial assets** | | | **3,668** | **3,660** | **2,560** | **2,560** | **7,033** | **7,025** | **5,309** | **5,309** |

| | | | Parent company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 12/31/2020 | | 12/31/2019 | | 12/31/2020 | | 12/31/2019 | |
| | Note | Levels | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount |
| **Financial liabilities** | | | | | | | | | | |
| **Fair value through profit or loss** | | | | | | | | | | |
| **Upon initial or subsequent recognition** | | | | | | | | | | |
| Debts | 19 | 2 | - | - | - | - | 83 | 83 | 486 | 486 |
| | | | - | - | - | - | **83** | **83** | **486** | **486** |
| **Amortized cost** | | | | | | | | | | |
| Trade accounts payable | 18 | 2 | 15 | 15 | 6 | 6 | 1,104 | 1,104 | 631 | 631 |
| Personnel expenses | | 2 | 47 | 47 | 26 | 26 | 234 | 234 | 174 | 174 |
| Debts | 19 | 2 | - | - | - | - | 1,922 | 1,922 | 1,199 | 1,199 |
| Debentures | 20 | 2 | 2,731 | 2,494 | 1,221 | 1,206 | 3,933 | 3,696 | 2,485 | 2,470 |
| Leases | 14.2 | 2 | 11 | 11 | 12 | 12 | 370 | 370 | 584 | 584 |
| Dividends and interest on capital | 22.5.2 | 2 | 1,232 | 1,232 | 397 | 397 | 1,325 | 1,325 | 485 | 485 |
| Other debts | 11 | 2 | 460 | 446 | 326 | 346 | 1,007 | 993 | 838 | 858 |
| | | | **4,496** | **4,245** | **1,988** | **1,993** | **9,895** | **9,644** | **6,396** | **6,401** |
| **Total of Financial liabilities** | | | **4,496** | **4,245** | **1,988** | **1,993** | **9,978** | **9,727** | **6,882** | **6,887** |

### 4.1.2. Fair value of financial instruments

For determining fair value, ITAÚSA and its controlled companies project the discounted cash flows of the financial instruments until the termination of the operations according to contractual rules, also taking into consideration their own credit risk in accordance with CPC 46 / IFRS 13 – Fair Value Measurement. This procedure may result in a carrying amount that is different from its fair value mainly because the period for the settlement of the instruments is long and their costs are different with respect to the interest rates that are currently adopted for similar contracts, as well as the daily change in interest rates of futures traded in on B3.

The operations with financial instruments that present a carrying amount that is equivalent to the fair value arise from the fact that these financial instruments have characteristics that are substantially similar to those that would be obtained if they were traded in the market.

Management decided to record certain loans and financing as liabilities at fair value through profit or loss. The adoption of fair value is justified by the need for preventing the accounting mismatch between the debt instrument and the hedging instrument contracted, which is also measured at fair value through profit or loss.

The additional information on the assumptions used in the determination of the fair value of relevant financial instruments, which differ from the carrying amount or that are subsequently measured at fair value, are disclosed below taking into consideration the terms and the relevance of each financial instrument:

- Securities (hierarchical level 2): are measured taking into account future flows of receipts, based on contract terms and conditions, discounted to present value at interest rates based on market interest rate curves.

- Derivatives: (i) the fair value of the interest rate swap is calculated at the present value of the estimated future cash flows based on the yield curves adopted by the market; and (ii) the fair value of the swap and Non-Deliverable Forward (NDF) related to future foreign exchange contracts are determined based on the foreign exchange rates discounted at present value.

- Debts and debentures: they are measured by means of a pricing model that is individually applied to each transaction, taking into consideration the future flows of payment, based on contractual conditions, discounted to present value at rates obtained by means of market interest rate curves. Accordingly, the market value of a security corresponds to its payment amount (redemption amount) carried to present value by the discount fator.

- Other debts (NTS acquisition): they are measured by means of a pricing model, taking into consideration the future flows of payment, based on contractual conditions, discounted to present value at rates obtained by means of future market interest rate curves.

Additionally, the 7.65% interest in NTS (Note 6) is recorded in the "Marketable securities" account, measured at fair value through profit or loss and whose hierarchy level is three. The fair value of the investment is calculated based on the cash flows related to ITAÚSA discounted to present value at a rate that corresponds to the cost of equity that, on December 31, 2020, is 12.1% (13.6% on December 31, 2019). The assumptions considered for the calculation of the cost of equity take into consideration: (i) country risk; (ii) US treasury bill risk-free rate (maturing in 10 years); (iii) market risk premium; (iv) leverage beta including companies with similar business models; and (v) inflation differences between foreign (US) and domestic markets.

### 4.1.3. Derivatives

In operations with derivatives, there are no checks, monthly settlements or margin calls, and all contracts are settled upon their maturities and measured at fair value through profit or loss, taking into consideration market conditions regarding terms and interest rates. On December 31, 2020 and December 31, 2019 only Duratex recorded derivative operations.

We present below the types of the contracts in effect:

- Broad Consumer Price Index (IPCA) swap + Fixed rate x CDI rate: contracts whose purpose is to turn debts indexed to the IPCA + fixed interest rates into debts indexed to the CDI rate; and

- NDF (Non Deliverable Forward): contract whose purpose is to Mitigate the foreign exchange exposure. In this operation, the contract is settled upon its respective maturity date, taking into consideration the difference between the forward foreign exchange rate (NDF) and the foreign exchange rate at the year-end (Ptax).

We present below a table containing the main information regarding the derivatives:

| | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | Notional (R$) | | Fair value | | Profit or loss | |
| Derivatives | Position | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 | 2020 | 2019 |
| ***Swaps*** | | | | | | | |
| US$ | Asset | - | 3 | - | 3 | - | - |
| Fixed rate | Asset | - | 385 | - | 395 | - | 6 |
| IPCA + Fixed rate | Asset | 84 | 94 | 94 | 103 | 10 | 9 |
| CDI | Liability | (84) | (482) | (84) | (486) | - | - |
| **NDF** | | | | | | | |
| R$ x US$ | - | 174 | 107 | 173 | 106 | 5 | 1 |

## 4.2. Risk Management

Because the results of ITAÚSA are directly related to the operations, the activities and the results of its investees, ITAÚSA is exposed mainly to the risks of the companies in its portfolio.

Through its senior management, ITAÚSA participate on board of directors and supporting committees of the investees, in addition to the presence of independent members with experience in the respective markets in which they work, good risk management and compliance practices are stimulated, including integrity. Examples of this work are the participation of ITAÚSA's management members: (i) on the Risk and Capital Management Committee of Itaú Unibanco; (ii) on the Audit and Risk Management Committee of Duratex; and (iii) on the Statutory Audit Committee of Alpargatas.

ITAÚSA follows the guidelines contained in the Risk Management Policy approved by the Board of Directors where the following is defined: (i) the main management and risk control guidelines, in line with the risk appetite established by the Board of Directors; (ii) the methodology of the risk management process; (iii) the guidelines and guidance to the Compliance and Corporate Risks Department in the implementation of the integrity program; and (iv) the reviews of ITAÚSA's rules, forwarding them, when necessary, for the analysis and approval of the Board of Directors.

ITAÚSA has a Sustainability and Risks Committee aimed at assessing instruments to hedge/mitigate identified risks, such as possible insurance policies taken out.

### 4.2.1. Market risks

Market risks involve mainly the possibility of variations in interest and foreign exchange rates. These risks may result in the reduction of the value of assets and in the increase of their liabilities due to the rates negotiated in the market.

With respect to foreign exchange rate risks, the controlled company Duratex has an Indebtedness Policy that establishes the maximum foreign currency-denominated amount that may be exposed to variations in the foreign exchange rate. Due to the risk management procedures, management carries out periodical assessments of foreign exchange exposures for the purpose of mitigating them, in addition to maintaining economic hedge mechanisms aimed at protecting most of its foreign exchange exposure.

With respect to interest rate risks, they are those that can cause ITAÚSA and controlled companies to undergo economic losses due to adverse changes in these rates. This risk is continuously monitored by management for the purpose of assessing any need to contract derivative operations to protect ITAÚSA against the volatility in interest rates. With respect to financial investments, the earnings are indexed to the variation in the CDI rate and redemption assured by issuing banks, based on contractually agreed rates agreed for investments in CDBs, or on the value of the quota on the redemption date for investment funds.

### 4.2.1.1. Sensitivity analysis

The purpose of the sensitivity analysis is to measure the impact of the changes in market variables on each representative financial instrument. However, the settlement of the transactions involving these estimates may result in amounts that differ from those estimated due to the subjectivity inherent to the process used in the preparation of these analyzes.

The information presented in the table contextually measures the impact on the results of ITAÚSA and its controlled companies due to the changes in each risk described until maturity date these operations. The probable scenario (base scenario) and two other scenarios are presented representing the deterioration of the risk variable by 25% (possible) and 50% (remote). The probable scenario was defined by means of assumptions available in the market (B3 and Bloomberg).

| | Parent company | | | | | |
|---|---|---|---|---|---|---|
| | Index/ Currency | Risk | Projected rates | Probable scenario | Possible scenario (+25%) | Remote scenario (+50%) |
| **Liabilities** | | | | | | |
| Other debts (Acquisition of NTS) | US$ | Increase of the U.S. dollar | R$5.00 | (16) | 86 | 188 |
| **Total** | | | | **(16)** | **86** | **188** |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | Index/ Currency | Risk | Projected rates | Probable scenario | Possible scenario (+25%) | Remote scenario (+50%) |
| **Liabilities** | | | | | | |
| Other debts (Acquisition of NTS) | US$ | Increase of the U.S. dollar | R$5.00 | (16) | 86 | 188 |
| Loans IPCA + Fixed | CDI | Increase of CDI | 7.17% p.y. | (10) | 9 | 32 |
| Swap - IPCA + Fixed x CDI | | | | 10 | (9) | (32) |
| Loans US$ | US$ | Increase of the U.S. dollar | R$5.19 | - | (8) | (15) |
| NDF - US$ x BRL | US$ | Reduction of the U.S. dollar | R$5.19 | - | 8 | 15 |
| **Total** | | | | **(16)** | **86** | **188** |

### 4.2.2. Credit risk

Credit risk is the possibility of ITAÚSA and its controlled companies not exercising their rights. This description is related mainly to the accounts below and the maximum exposure to credit risk is reflected by their accounting balances:

**(a) Customers**

The controlled company Duratex has a formalized credit granting policy for the purpose of establishing the procedures to be followed upon the granting of credit in commercial operations of sale of products and service in both domestic and foreign markets. For the granting of credit, customers are classified taking into consideration the length of time of registration and their payment histories and, among other matters, their Financial Statements are assessed for the purpose of identifying their payment ability associated with a default probability.

The credit limit may be defined based on a percentage of net revenue, equity or a combination of both, also taking into consideration the average volume of the monthly purchases, but always supported by the assessment of the economic and financial, documental, restrictive and behavioral situation of the customer. In accordance with the credit limit, financial guarantees are established and the credit limits are periodically assessed in order to maintain the diversification of its portfolio and reduce its risk exposure.  There is no significant risk of concentration of customer credit.

### (b) Cash and cash equivalents

ITAÚSA and its controlled companies have formalized policies for the management of funds with financial institutions that are aimed at ensuring liquidity, security and profitability for the funds. Internal policies determine that the financial investments must be made with fist-class financial institutions and with no concentration of funds in specific investments, in order to maintain a balanced proportion that is less subject to losses. Management understands that the financial investment operations contracted do not expose ITAÚSA and its controlled companies to significant credit risks that may generate material losses in the future.

### 4.2.3. Liquidity risk

This is the risk that ITAÚSA and its controlled companies will not have sufficient liquid funds to honor their financial commitments due to the mismatch of terms or volumes of expected receipts and payments.

The controlled company Duratex has an indebtedness policy whose purpose is to define the limits and parameters of indebtedness and the minimum available funds, which is the highest of the following two amounts: (i) sum equivalent to 60 days of consolidated net revenue for the past quarter; or (ii) debt service plus dividends and/or interest on capital expected for the following six months.

Additionally, management monitors the continuous expectations of liquidity requirements to ensure that it has sufficient cash to meet the operational needs, particularly the payment of dividends, interest on capital and other obligations assumed.

ITAÚSA and its controlled companies invest the cash surplus by choosing instruments with appropriate maturities or adequate liquidity to provide sufficient margin with respect to the expectations of the outflow of funds.

For the purpose of maintaining the investments at acceptable risk levels, new investments or increases in interests are discussed in joint meetings of the Executive Board and the Board of Directors of ITAÚSA.

The table below shows the maturities of financial liabilities in accordance with the undiscounted cash flows:

| | Parent company | | | | |
|---|---|---|---|---|---|
| | Less than one year | Between one and two years | Between three and five years | Over five years | Total |
| Debentures | 2 | 798 | 398 | 1,296 | 2,494 |
| Trade accounts payable | 8 | 7 | - | - | 15 |
| Personnel expenses | 47 | - | - | - | 47 |
| Leases | 3 | 6 | 2 | - | 11 |
| Dividends and interest on capital | 1,232 | - | - | - | 1,232 |
| Other debts | 21 | 425 | - | - | 446 |
| | **1,313** | **1,236** | **400** | **1,296** | **4,245** |

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | Less than one year | Between one and two years | Between three and five years | Over five years | Total |
| Debts | 571 | 1,373 | 23 | 38 | 2,005 |
| Debentures | 5 | 798 | 997 | 1,896 | 3,696 |
| Trade accounts payable | 1,097 | 7 | - | - | 1,104 |
| Personnel expenses | 234 | - | - | - | 234 |
| Leases | 25 | 41 | 27 | 277 | 370 |
| Dividends and interest on capital | 1,325 | - | - | - | 1,325 |
| Other debts | 344 | 649 | - | - | 993 |
| | **3,601** | **2,868** | **1,047** | **2,211** | **9,727** |

The forecast budget, which was approved by management, shows the ability and cash generation for meeting obligations.

### 4.2.3.1. Covenants

The controlled company Duratex has some Debt and debenture contracts that are subject to some covenants in accordance with the usual market practices and which, when they are not complied with, may result in an immediate disbursement or early maturity of an obligation with defined flow and frequency. We present below a description of the financial covenants of the controlled company:

**(a) Debts**

**Contracts with BNDES**

- EBITDA (*) / Net finance cost: equal to or higher than 3.00;
- EBITDA (*) / Net operating income: equal to or higher than 0.20;
- Equity / Total assets: equal to or higher than 0.45.

**Agreement with Caixa Econômica Federal (Export Credit Note)**

- Net debt / EBITDA (*): below or equal to 6.5 up to June 30, 2021 and lower or equal to 4.0 after such period

**(b) Debentures**

- Net debt / EBITDA (*) lower than or equal to 4.0

*(*) EBITDA (Earning Before Interest, Taxes, Depreciation and Amortization).*

The maintenance of the covenants is based on the financial statements of the controlled company Duratex and, should the above mentioned contractual obligations be not complied with, Duratex must offers additional guarantees.

On December 31, 2020 and December 31, 2019 all aforementioned contractual obligations were fully met.

## 4.3. Capital management

ITAÚSA and its controlled companies manage their capital so as to ensure the continuity of their operations, as well as to offer a return to their stockholders, including by optimizing the cost of capital and controlling the indebtedness level, and by monitoring the financial gearing ratio, which corresponds to the net debt-equity ratio.

| | | Parent company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Debts | 19 | - | - | 2,005 | 1,685 |
| Debentures | 20 | 2,494 | 1,206 | 3,696 | 2,470 |
| (-) Cash and cash equivalents | 5 | (1,092) | (1,091) | (2,887) | (2,369) |
| **Net debt** | | **1,402** | **115** | **2,814** | **1,786** |
| Equity | 22 | 57,343 | 55,232 | 60,633 | 58,357 |
| **Gearing ratio** | | **2.4%** | **0.2%** | **4.6%** | **3.1%** |

## 5. CASH AND CASH EQUIVALENTS

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Cash and banks** | - | - | **267** | **213** |
| **Financial investments** | **1,092** | **1,091** | **2,620** | **2,156** |
| Fixed income | - | - | 80 | 75 |
| Bank Deposit Certificate - CDB | - | - | 1,384 | 958 |
| Investment funds | 1,092 | 1,091 | 1,156 | 1,123 |
| **Total** | **1,092** | **1,091** | **2,887** | **2,369** |

## 6. MARKETABLE SECURITIES

| | | Parent Company and Consolidated | | |
|---|---|---|---|---|
| | | Current | | Non-Current |
| | Notes | 12/31/2020 | 12/31/2019 | 12/31/2020 |
| Investments in shares – NTS | 6.1 | 1,473 | 1,213 | - |
| Investments in debentures | 6.2 | - | - | 20 |
| **Total** | | **1,473** | **1,213** | **20** |

### 6.1. Investments in Shares – NTS

| | Note | Parent company and Consolidated |
|---|---|---|
| **Balance on 12/31/2018** | | **1,030** |
| Fair value | 26 | 231 |
| Reduction of share capital | | (48) |
| **Balance on 12/31/2019** | | **1,213** |
| Fair value | 26 | 310 |
| Reduction of share capital | | (50) |
| **Balance on 12/31/2020** | | **1,473** |

This refers to the 7.65% interest of ITAÚSA in the capital of NTS acquired on April 4, 2017. Since ITAÚSA does not have a significant influence over the decisions on the financial and operational policies of NTS, the investment is classified as a financial asset, in accordance with CPC 48 / IFRS 9 – Financial instruments, and measured at fair value through profit or loss in Finance result. For further information on the assumptions used in fair value calculation, please see Note 4.1.2.

In 2020, ITAÚSA recorded dividends and interest on capital from NTS, in contra-entry to income under “Other income and expenses” in the amount of R$181 (R$165 in 2019) (Note 25).

Management periodically monitors any risks of impairment of Marketable securities. Taking into consideration the nature of these assets and the history of loss, ITAÚSA did not recognize any impairment losses on the above mentioned assets.

### 6.2. Investments in Debentures

| | Parent company |
|---|---|
| **Balance on 12/31/2019** | - |
| Acquisition | 20 |
| **Balance on 12/31/2020** | **20** |

These refer to simple, non-convertible debentures issued by associate Copagaz, acquired by ITAÚSA on December 23, 2020 and maturing on December 23, 2030. Interest paid is CDI + 5%, payable at the maturity date and it is measured by using amortized cost.

## 7. TRADE ACCOUNTS RECEIVABLE

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2020 | | | | | | | |
| | | Overdue | | | | | | |
| | To fall due | Within 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | Over 180 days | (-) Allowance for estimated losses on doubtful accounts | Net balance |
| Local customers | 1,011 | 30 | 5 | 5 | 7 | 69 | (78) | 1,049 |
| Foreign customers | 109 | 54 | 9 | 3 | 5 | 7 | (6) | 181 |
| Related parties | 8 | 1 | - | - | - | - | - | 9 |
| **Total** | **1,128** | **85** | **14** | **8** | **12** | **76** | **(84)** | **1,239** |

| | 12/31/2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Overdue | | | | | | |
| | To fall due | Within 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | Over 180 days | (-) Allowance for estimated losses on doubtful accounts | Net balance |
| Local customers | 904 | 27 | 4 | 3 | 11 | 67 | (81) | 935 |
| Foreign customers | 115 | 25 | 9 | 7 | 6 | 8 | (2) | 168 |
| Related parties | 32 | - | - | - | - | - | - | 32 |
| **Total** | **1,051** | **52** | **13** | **10** | **17** | **75** | **(83)** | **1,135** |

There are no real encumbrances, guarantees offered and/or restrictions to the trade accounts receivable amounts. No customer individually represents more than 10% of trade accounts receivable or revenue.

The balance of trade accounts receivable and the allowance for estimated losses on doubtful accounts include the impacts of the COVID-19 pandemic, as mentioned in Note 34 to these financial statements under "Duratex".

The exposure of ITAÚSA and its controlled companies to credit risks related to trade accounts receivable are disclosed in Note 4.2.2.

### 7.1. Allowance for estimated losses on doubtful accounts

As required by CPC 48 / IFRS 9 – Financial instruments, a detailed analysis of the balance of trade accounts receivable must be made and, in accordance with the simplified approach, an allowance for estimated losses on doubtful accounts is recognized to cover any losses on the realization of these assets.

We present below the changes in the allowance for estimated losses on doubtful accounts:

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| **Opening balance** | **(83)** | **(86)** |
| Acquisition of companies | - | (11) |
| Recognitions | (25) | (12) |
| Write-offs | 24 | 26 |
| **Closing balance** | **(84)** | **(83)** |

## 8. INVENTORIES

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Finished products | 324 | 427 |
| Raw materials | 366 | 267 |
| Work in progress | 165 | 139 |
| General storeroom | 118 | 125 |
| Advance to suppliers | 10 | 2 |
| (-) Estimated loss on the realization of inventories | (58) | (107) |
| **Total** | **925** | **853** |

On December 31, 2020 and 2019, the controlled companies had no inventories offered in guarantee.

The changes in the allowance for estimated losses on doubtful accounts on the realization of inventories are presented below:

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| **Opening balance** | **(107)** | **(27)** |
| Acquisition of companies | - | (37) |
| Recognitions | (53) | (99) |
| Reversals | 44 | 23 |
| Write-offs | 60 | 33 |
| Foreign exchange | (2) | - |
| **Closing balance** | **(58)** | **(107)** |

## 9. DIVIDENDS AND INTEREST ON CAPITAL RECEIVABLE

| | Parent company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Investments | | | | | Marketable securities | |
| | Subsidiaries | | Jointly-controlled entities | | | | |
| | Duratex | Itautec | Itaú Unibanco | IUPAR | Alpargatas | NTS | Total |
| **Balance on 12/31/2018** | **185** | **-** | **47** | **38** | **-** | **-** | **270** |
| Dividends | - | - | 3,922 | 3,403 | - | 152 | 7,477 |
| Interest on capital | 28 | 1 | 1,300 | 1,035 | - | 11 | 2,375 |
| Receipts | (184) | - | (5,178) | (4,426) | - | (163) | (9,951) |
| **Balance on 12/31/2019** | **29** | **1** | **91** | **50** | **-** | **-** | **171** |
| Dividends | - | 2 | 1,608 | 1,373 | 9 | 173 | 3,165 |
| Interest on capital | 86 | - | 1,156 | 920 | - | 7 | 2,169 |
| Receipts | (81) | (3) | (2,304) | (1,943) | (9) | (180) | (4,520) |
| **Balance on 12/31/2020** | **34** | **-** | **551** | **400** | **-** | **-** | **985** |

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | Investments | | | Marketable securities | |
| | Jointly-controlled entities | | | | |
| | Itaú Unibanco | IUPAR | Alpargatas | NTS | Total |
| **Balance on 12/31/2018** | **47** | **38** | **-** | **-** | **85** |
| Dividends | 3,922 | 3,403 | - | 152 | 7,477 |
| Interest on capital | 1,300 | 1,035 | - | 11 | 2,346 |
| Receipts | (5,178) | (4,426) | - | (163) | (9,767) |
| **Balance on 12/31/2019** | **91** | **50** | **-** | **-** | **141** |
| Dividends | 1,608 | 1,373 | 9 | 173 | 3,163 |
| Interest on capital | 1,156 | 920 | - | 7 | 2,083 |
| Receipts | (2,304) | (1,943) | (9) | (180) | (4,436) |
| **Balance on 12/31/2020** | **551** | **400** | **-** | **-** | **951** |

## 10. OTHER TAXES FOR OFFSET AND PAYABLE

| | Parent company | | Consolidated | | | |
|---|---|---|---|---|---|---|
| | Current | | Current | | Non-current | |
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Other taxes for offset** | | | | | | |
| ICMS/PIS/COFINS on acquisition of property, plant and equipment [(1)] | - | - | 12 | 11 | 18 | 17 |
| PIS and COFINS | 2 | 2 | 10 | 37 | 10 | 10 |
| ICMS and IPI | - | - | 54 | 44 | - | - |
| Other | - | - | 16 | 11 | 20 | 20 |
| **Subtotal** | **2** | **2** | **92** | **103** | **48** | **47** |
| (-) Allowance for estimated losses on doubtful accounts [(2)] | - | - | (14) | (12) | (30) | (30) |
| **Total** | **2** | **2** | **78** | **91** | **18** | **17** |
| | | | | | | |
| **Other taxes payable** | | | | | | |
| PIS and COFINS | 29 | 8 | 33 | 19 | - | - |
| ICMS and IPI | - | - | 49 | 40 | - | - |
| Tax installment payment [(3)] | - | - | 22 | 27 | 87 | 127 |
| INSS | - | - | 3 | 2 | - | - |
| Other | - | - | 1 | 1 | - | - |
| **Total** | **29** | **8** | **108** | **89** | **87** | **127** |

*[(1)] This refers to investee Duratex: ICMS and Pis/Cofins for offset were mainly generated by the acquisition of fixed assets for industrial plants.In accordance with legislation in force, PIS and COFINS deferred tax assets will be offset within 12 to 24 months and ICMS deferred tax assets will be offset within 48 months.*

*[(2)] At investee Itautec, as federal, state and local taxes are not expected to be realized, management has decided to recognize losses.*

*[(3)] At investee Duratex, this refers to tax installment payments of its subsidiary Cecrisa.*

## 11. OTHER ASSETS AND LIABILITIES

| | | Parent company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current | | Non-current | | Current | | Non-current | |
| | Note | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Other assets** | | | | | | | | | |
| Prepaid expenses | | 10 | 9 | 12 | 18 | 26 | 15 | 12 | 18 |
| Pension plan assets (DB Plan) | 30.1.2 | 1 | 1 | 1 | 1 | 11 | 6 | 15 | 12 |
| Disposal of PPE | 11.1 | - | - | - | - | 49 | 13 | 29 | 73 |
| Disposal of investments | | - | - | - | - | - | - | 18 | 18 |
| Disposal of investment property | | - | - | - | - | 2 | 22 | - | - |
| Development of forest operations | | - | - | - | - | - | - | 10 | 10 |
| Advance to employees | | 7 | 1 | - | - | 15 | 11 | - | - |
| Indemnifiable assets | | - | - | - | - | - | - | 17 | 17 |
| Amounts withheld in acquisitions of companies | | - | - | - | - | 2 | 2 | 34 | 31 |
| Sale of electricity | | - | - | - | - | 4 | 8 | - | - |
| Held-for-sale assets | | - | - | - | - | 48 | 48 | - | - |
| Other assets | | 20 | 12 | 9 | 5 | 39 | 20 | 24 | 23 |
| **Total** | | **38** | **23** | **22** | **24** | **196** | **145** | **159** | **202** |
| | | | | | | | | | |
| **Other liabilities** | | | | | | | | | |
| Advances from customers | | - | - | - | - | 83 | 28 | 8 | 6 |
| Profits to be distributed to stockholders in special partnerships | | - | - | - | - | 7 | 12 | - | - |
| Acquisition of reforestation areas | | - | - | - | - | 21 | 3 | - | - |
| Trade accounts payable to stockholders in special partnerships | | - | - | - | - | - | 31 | 89 | 89 |
| Acquisitions of companies | | - | - | - | - | 28 | 28 | 32 | 125 |
| Freight and insurance payable | | - | - | - | - | 42 | 28 | - | - |
| Commissions payable | | - | - | - | - | 17 | 20 | - | - |
| Warranties, technical assistance and maintenance | | - | - | - | - | 45 | 25 | 6 | 5 |
| Joint operation liabilities | | - | - | - | - | - | - | 50 | 43 |
| Provision for restructuring costs | | - | - | - | - | 3 | 4 | - | - |
| Payroll loans | | - | - | - | - | 2 | 2 | - | - |
| Sales for future delivery | | - | - | - | - | 17 | 16 | - | - |
| Statutory profit sharing | | - | - | - | - | 19 | 17 | - | - |
| Acquisition - NTS | 11.2 | - | - | 425 | 319 | - | - | 425 | 319 |
| Acquisitions of farms | | - | - | - | - | - | - | 33 | - |
| Other liabilities | | 21 | 7 | - | 20 | 60 | 24 | 6 | 33 |
| **Total** | | **21** | **7** | **425** | **339** | **344** | **238** | **649** | **620** |

### 11.1. Sale of property, plant and equipment

This refers mainly to the amounts receivable arising from the sale of rural land of the indirectly-controlled company Duratex Florestal.

### 11.2. Acquisition of NTS

Refers to payment obligation due to "Nova Infraestrutura Fundo de Investimento em Participações e Multiestratégia", arising from the acquisition of a 7.65% interest in the capital of NTS, originally amounting to US$72 million, adjusted based on a fixed interest rate of 3.35% a year, capitalized on an annual basis in the principal amount, to be paid in a single installment in April 2022. The change in the December 31, 2020 balance compared to December 31, 2019 was mainly driven by the foreign exchange variation in the exercise, due to the effects of the COVID-19 pandemic, among other aspects, as mentioned in Note 34 to these financial statements under "ITAÚSA".

## 12. BIOLOGICAL ASSETS

The indirectly-controlled companies Duratex S.A. (Colombia), Duratex Florestal Ltda. and Caetex Florestal S.A. have eucalyptus and pine tree forest reserves that are used, primarily, as raw material in the production of wood panels, floorings and, secondarily, for sale to third parties.

The forest reserves serve as a guarantee of supply to the factories, as well as a protection against risks regarding future increases in the price of wood. This is a sustainable operation that is integrated with its industrial complexes, which, together with a supply network, provides a high level of self-sufficiency in the supply of wood.

On December 31, 2020 the companies had, approximately, 101.9 thousands hectares in effectively planted areas (139.2 thousands hectares on December 31, 2019) that are cultivated in the states of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and in Colombia. The reduction in the effective planting areas was mainly driven by the capital contribution in indirect investee LD Celulose S.A..

The forests are free of any encumbrances or guarantees to third parties, including financial institutions. Additionally, there are no forests for which the ownership is restricted.

The balance of the biological assets is composed of the cost of formation of the forests and the fair value difference over the cost of formation, as presented below:

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Cost of formation of biological assets | 1,117 | 1,045 |
| Difference between cost of formation and fair value | 512 | 499 |
| Capital increase - indirect investee LD Celulose | (486) | - |
| **Total** | **1,143** | **1,544** |

The changes in the year are as follows:

| | | Consolidated | |
|---|---|---|---|
| | Note | 12/31/2020 | 12/31/2019 |
| **Opening balance** | | **1,544** | **1,565** |
| **Changes in fair value** | | | |
| Price/Volume | 24 | 117 | 126 |
| Depletion | | (104) | (171) |
| **Changes in the cost of formation** | | | |
| Planting costs | | 199 | 194 |
| Depletion | | (127) | (170) |
| **Capital increase - indirect investee LD Celulose** | 15.1.6 | (486) | - |
| **Closing balance** | | **1,143** | **1,544** |

## 12.1. Fair value and sensitivity analysis

Fair value is determined based on the estimate of volume of wood that is ready to be harvested, at the current prices of standing wood, except for the eucalyptus forests that are up to one year old and the pine forests that are up to four year old, which are maintained at cost, due to the belief that these amounts approximate their fair value.

Fair value was determined by the valuation of the expected volumes that are ready to be harvested at current market prices based on estimates of volumes. The main assumptions used were:

- Discounted cash flows expected wood volume that is ready to be harvested, taking into consideration current market prices, net of the unrealized planting costs and the costs of capital of the land used in the plantation, measured at present value at the discount rate of December 31, 2020 of 7.05% a year (5.3% a year at December 31, 2019), which corresponds to the average weighted cost of capital of the controlled company Duratex, which is reviewed on an annual basis by its management.

- Wood prices: they are obtained in R$/cubic meter by means of surveys on market prices disclosed by specialized companies for regions and products that are similar to those of the controlled company Duratex, in addition to the prices adopted in transactions with third parties, also in active markets.

- Difference: the volumes of harvests that were separated and valued according to the species: pine and eucalyptus; (ii) region; and (iii) destination (sawmill and process).

- Volumes: estimate of the volumes to be harvested (6th year for eucalyptus and 12th year for pine) based on the projected average productivity for each region and species. The average productivity may vary according to age, rotation, climate conditions, quality of seedlings, fire and other natural risks. For the forests that have already been formed, the current volumes of wood are used. The volume estimates are supported by cycle counts made by specialized technicians as from the second year of the forests and their effects are incorporated into the financial statements.

Among the variables that affect the calculation of the fair value of biological assets are the changes in the price of wood and the discount rate used in cash flows.

The average price on December 31, 2020 was R$47.81/cubic meter (R$45.03/cubic meter on December 31, 2019). Increases in prices result in the increase of the fair value of forests. Every change of 5% in price would have an impact of R$47 (R$72 on December 31, 2019) on the fair value of forests.

On December 31, 2020, a discount rate of 7.05% a year (5.3% a year on December 31, 2019) was used. Increases in the rate result in a reduction in the fair value of the forest. Every change of 0.5% a year in the rate would have an impact of around R$8 (R$8 on December 31, 2019) on the fair value of forests.

## 13. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

The balance of and changes in deferred income tax and social contribution are presented below:

| | Parent company | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/2018 | Recognition | Realization/ Reversal | 12/31/2019 | Realization/ Reversal | 12/31/2020 |
| **Assets** | | | | | | |
| **Recognized in profit or loss** | | | | | | |
| **Income tax and social contribution loss carryforwards** | **382** | - | - | **382** | - | **382** |
| **Temporary differences** | **538** | - | **(4)** | **534** | - | **534** |
| Contingencies | 508 | - | (3) | 505 | - | 505 |
| Other | 30 | - | (1) | 29 | - | 29 |
| **Total (*)** | **920** | - | **(4)** | **916** | - | **916** |
| **Liabilities** | | | | | | |
| **Recognized in profit or loss** | | | | | | |
| **Temporary differences** | **(60)** | **(80)** | **1** | **(139)** | **(104)** | **(243)** |
| Fair value of financial instruments | (52) | (78) | - | (130) | (106) | (236) |
| Other | (8) | (2) | 1 | (9) | 2 | (7) |
| **Total (*)** | **(60)** | **(80)** | **1** | **(139)** | **(104)** | **(243)** |

(*) *Deferred income tax and social contribution assets and liabilities are recorded in the Balance Sheet, as offset by the taxable entity, totaling in the deferred assets on December 31,2020 the amount of R$673 (R$777 on December 31, 2019)*.

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | 12/31/2018 | Recognition | Realization/ Reversal | 12/31/2019 | Recognition | Realization/ Reversal | 12/31/2020 |
| **Assets** | | | | | | | |
| **Recognized in profit or loss** | | | | | | | |
| **Income tax and social contribution loss carryforwards** | **559** | **10** | - | **569** | - | **(14)** | **555** |
| **Temporary differences** | **731** | **133** | **(7)** | **857** | **65** | **(46)** | **876** |
| Provision for impairment of trade accounts receivable | **10** | - | - | **10** | - | (3) | **7** |
| Contingencies | **569** | 44 | - | **613** | 37 | - | **650** |
| Inventory losses | **6** | 26 | - | **32** | - | (16) | **16** |
| Profit abroad | **38** | - | (3) | **35** | 9 | - | **44** |
| Impairment of property, plant and equipment | **29** | 42 | - | **71** | - | (21) | **50** |
| Post-employment benefit | **6** | 5 | - | **11** | - | (4) | **7** |
| Other | **73** | 16 | (4) | **85** | 19 | (2) | **102** |
| **Reconhecidos no Patrimônio líquido** | | | | | | | |
| Post-employment benefit | **4** | 9 | - | **13** | - | (4) | **9** |
| **Total** (*) | **1,294** | **152** | **(7)** | **1,439** | **65** | **(64)** | **1,440** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| **Recognized in profit or loss** | | | | | | | |
| **Temporary differences** | **(458)** | **(122)** | **41** | **(539)** | **(108)** | **32** | **(615)** |
| Revaluation reserve | **(41)** | (25) | - | **(66)** | - | 3 | **(63)** |
| Fair value of financial instruments and derivatives | **(51)** | (79) | - | **(130)** | (106) | - | **(236)** |
| Depreciation | **(17)** | (11) | - | **(28)** | - | 2 | **(26)** |
| Sale of property, plant and equipment | **(6)** | - | 5 | **(1)** | - | - | **(1)** |
| Biological assets | **(186)** | - | 14 | **(172)** | - | 4 | **(168)** |
| Client Portfolio | **(48)** | - | 9 | **(39)** | - | 7 | **(32)** |
| Pension plans | **(38)** | (4) | 1 | **(41)** | - | 5 | **(36)** |
| Pension Plans | **(24)** | - | - | **(24)** | (1) | - | **(25)** |
| Other | **(47)** | (3) | 12 | **(38)** | (1) | 11 | **(28)** |
| **Recognized in equity** | | | | | | | |
| Exchange variation on translation of balance sheet from foreign compani | **(4)** | (1) | - | **(5)** | (5) | - | **(10)** |
| Revaluation reserve | - | - | - | - | (1) | - | **(1)** |
| **Total** (*) | **(462)** | **(123)** | **41** | **(544)** | **(114)** | **32** | **(626)** |

*(*) Deferred income tax and social contribution assets and liabilities are recorded in the Balance Sheet, as offset by the taxable entities, totaling in the deferred assets the amount of R$958 on December 31, 2020 (R$1,108 on December 31, 2019) and in the deferred liabilities the amount of R$144 on December 31, 2020 (R$213 on December 31, 2019).*

## 13.1. Deferred assets

### 13.1.1. Expectation of realization

Deferred tax assets are recognized taking into consideration the probable realization of these credits, based on projections of future results, prepared based on internal assumptions and economic scenarios approved by management that may change. We present below the expectation of realization of deferred assets:

| | Parent company | Consolidated |
|---|---|---|
| 2021 | - | 132 |
| 2022 | 14 | 69 |
| 2023 | 252 | 324 |
| 2024 | 130 | 200 |
| 2025 | 504 | 570 |
| 2026 - 2028 | 16 | 145 |
| **Total** | **916** | **1,440** |

### 13.1.2. Unrecognized tax credits

ITAÚSA and its controlled companies have tax credits related to income tax and social contribution loss carryforwards and temporary differences that are not recognized in the financial statements due to uncertainties of their realization.

On December 31, 2020, the unrecognized credits of ITAÚSA correspond to R$376 (R$79 on December 31, 2019) and in the consolidated financial statements, they correspond to R$519 (R$243 on December 31, 2019). The above mentioned credits may be recognized in the future in accordance with the annual review of the projection of taxable profit generation and the term for their use is indefinite.

## 14. RIGHT-OF-USE AND LEASES

For the lease contract of ITAÚSA, Management did not consider the possibility of a contract renewal (total 48 months), as it believes that renewal conditions at the maturity date may be significantly different from the current ones, which may be construed as a new contract. Meanwhile, due to the long-term nature of contracts, controlled company Duratex has opted not to renew the land lease contracts. For the other contracts, when applicable, a renewal was considered.

With respect to payments, these basically refer to fixed amounts agreed in agreements annually adjusted based on an inflation-linked index.

### 14.1. Right-of-use assets

| | Parent company | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | IT equipment | Land | Buildings | Vehicles | IT equipment | Other | Total |
| **Balance on 12/31/2018** | - | - | - | - | - | - | - |
| Initial adoption – 01/01/2019 | - | 488 | 10 | 3 | - | - | 501 |
| New contracts / adjustments | 13 | 34 | 1 | - | 13 | 5 | 53 |
| Depreciation for the year (profit or loss) | (1) | (2) | (5) | (2) | (1) | (2) | (12) |
| Depreciation for the year (*) | - | (24) | - | - | - | - | (24) |
| Acquisition of companies | - | - | 3 | - | - | 5 | 8 |
| Remeasurement adjustment | - | 40 | 1 | - | - | - | 41 |
| **Balance on 12/31/2019** | **12** | **536** | **10** | **1** | **12** | **8** | **567** |
| New contracts / adjustments | - | 24 | 11 | 3 | - | 17 | 55 |
| Depreciation for the year (profit or loss) | (2) | (1) | (6) | (2) | (2) | (4) | (15) |
| Depreciation for the year (*) | - | (21) | - | - | - | - | (21) |
| Foreign exchange variation | - | 2 | - | - | - | 1 | 3 |
| Write-off of contracts | - | (240) | (1) | - | - | - | (241) |
| **Balance on 12/31/2020** | **10** | **300** | **14** | **2** | **10** | **22** | **348** |

*(*) Stated at cost of formation of forest reserves in "Biological Asset" line.*

### 14.2. Lease liabilities

| | Parent company | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|---|
| | IT equipment | Total | Land | Buildings | Vehicles | IT equipment | Other | Total |
| **Balance on 12/31/2018** | - | - | - | - | - | - | - | - |
| Initial adoption - 01/01/2019 | - | - | 488 | 10 | 3 | - | - | 501 |
| New contracts / adjustments | 13 | 13 | 34 | 1 | - | 13 | 5 | 53 |
| Interest allocated in the year (profit or loss) | - | - | 1 | 1 | - | - | - | 2 |
| Interest allocated in the year (*) | - | - | 51 | - | - | - | - | 51 |
| Payments | (1) | (1) | (63) | (5) | (2) | (1) | (3) | (74) |
| Acquisition of companies | - | - | - | 4 | - | - | 6 | 10 |
| Remeasurement adjustment | - | - | 40 | 1 | - | - | - | 41 |
| **Balance on 12/31/2019** | **12** | **12** | **551** | **12** | **1** | **12** | **8** | **584** |
| New contracts / adjustments | - | - | 24 | 11 | 3 | - | 17 | 55 |
| Interest allocated in the year (profit or loss) | 1 | 1 | 2 | 1 | - | 1 | 1 | 5 |
| Interest allocated in the year (*) | - | - | 30 | - | - | - | - | 30 |
| Payments | (2) | (2) | (43) | (7) | (2) | (3) | (5) | (60) |
| Write-off of contracts | - | - | (246) | (1) | - | - | - | (247) |
| Foreign exchange variation | - | - | 2 | - | - | - | 1 | 3 |
| **Balance on 12/31/2020** | **11** | **11** | **320** | **16** | **2** | **10** | **22** | **370** |
| | | | | | | | | |
| **Current** | | **3** | | | | | | **25** |
| **Non-current** | | **8** | | | | | | **345** |

*(*) Stated at cost of formation of forest reserves in "Biological Asset" line.*

Discount rates are as follows:

| Contractual terms | Parent company | Consolidated |
|---|---|---|
| Up to 5 years | 5.85% p.a. | From 5.85% to 7.37% p.a. |
| From 6 to 10 years | - | 10.72% p.a. |
| Longer than 10 years | - | 11.94% p.a. |

The maturities of the lease liabilities take into consideration the following future flow of payments:

| | Parent company 12/31/2020 | Consolidated 12/31/2020 |
|---|---|---|
| **Current** | | |
| 2021 | 3 | 25 |
| **Total** | **3** | **25** |
| | | |
| **Non-current** | | |
| 2022 | 3 | 23 |
| 2023 | 3 | 18 |
| 2024 | 2 | 15 |
| 2025 | - | 12 |
| 2026 | | 12 |
| 2027 - 2031 | - | 42 |
| 2032 - 2036 | - | 26 |
| 2037 - 2046 | - | 79 |
| 2047 onwards | - | 118 |
| **Total** | **8** | **345** |

### 14.3. Inflation effects

Please find below the inflation effects on balances, compared to the balances in the financial statements:

| | Parent company | | | |
|---|---|---|---|---|
| | 12/31/2020 | | 12/31/2019 | |
| | Accounting scenario | Inflation scenario | Accounting scenario | Inflation scenario |
| Right-of-use assets | 11 | 12 | 13 | 14 |
| Depreciation | (1) | (1) | (1) | (1) |
| **Total** | **10** | **11** | **12** | **13** |
| | | | | |
| Leases | 12 | 11 | 15 | 15 |
| Interest to be appropriated | (1) | (1) | (3) | (1) |
| **Total** | **11** | **10** | **12** | **14** |

| | Consolidated | | | |
|---|---|---|---|---|
| | 12/31/2020 | | 12/31/2019 | |
| | Accounting scenario | Inflation scenario | Accounting scenario | Inflation scenario |
| Right-of-use assets | 413 | 1,005 | 603 | 824 |
| Depreciation | (65) | (108) | (36) | (46) |
| **Total** | **348** | **897** | **567** | **778** |
| | | | | |
| Leases | 1,011 | 2,323 | 1,845 | 3,451 |
| Interest to be appropriated | (641) | (1,364) | (1,261) | (2,626) |
| **Total** | **370** | **959** | **584** | **825** |

## 15. INVESTMENTS

### 15.1. Changes in investments

| | Parent company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Jointly-controlled companies | | | Controlled companies | | | | Associates | |
| | Itaú Unibanco | IUPAR | Alpargatas (Note 15.1.2) | Duratex (Note 15.1.4) | Itautec (Note 15.1.3) | Itaúsa Empreendi-mentos (Note 15.1.1) | ITH Zux Cayman | Copagaz (Note 15.1.7) | Total |
| **Balance on 12/31/2018** | **27,861** | **23,182** | **1,740** | **1,694** | **25** | **306** | **2** | **-** | **54,810** |
| Equity in the earnings of investees | 5,519 | 4,725 | 29 | 148 | 14 | 1 | - | - | 10,436 |
| Dividends and interest on capital | (5,452) | (4,620) | - | (42) | (2) | - | - | - | (10,116) |
| Acquisition of shares | - | - | 154 | - | - | - | - | - | 154 |
| Other comprehensive income | (28) | (24) | (3) | 4 | - | - | - | - | (51) |
| Other | (88) | (78) | 1 | 3 | 2 | (307) | - | - | (467) |
| **Balance on 12/31/2019** | **27,812** | **23,185** | **1,921** | **1,807** | **39** | **-** | **2** | **-** | **54,766** |
| Equity in the earnings of investees | 3,830 | 3,253 | (36) | 166 | - | - | 1 | - | 7,214 |
| Dividends and interest on capital | (2,951) | (2,442) | (9) | (97) | (1) | - | - | - | (5,500) |
| Acquisition of shares | - | - | 41 | - | - | - | - | 1,219 | 1,260 |
| Other comprehensive income | 205 | 180 | 52 | 22 | - | - | - | - | 459 |
| Other | 75 | 65 | 2 | 1 | - | - | - | - | 143 |
| **Balance on 12/31/2020** | **28,971** | **24,241** | **1,971** | **1,899** | **38** | **-** | **3** | **1,219** | **58,342** |
| | | | | | | | | | |
| **Market value on 12/31/2019 (*)** | **135,427** | - | **5,550** | **4,228** | - | - | - | - | |
| **Market value on 12/31/2020 (*)** | **115,450** | - | **7,097** | **4,839** | - | - | - | - | |

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Jointly-controlled companies | | | Indirect controlled company | Indirect associates | Indirect Jointly-controlled company | Associates | |
| | Itaú Unibanco | IUPAR | Alpargatas (Note 15.1.2) | Viva Decora (Note 15.1.5) | LD Celulose (Note 15.1.6) | LD Florestal | Copagaz (Note 15.1.7) | Total |
| **Balance on 12/31/2018** | **27,861** | **23,182** | **1,740** | **9** | **-** | **39** | **-** | **52,831** |
| Equity in the earnings of investees | 5,519 | 4,725 | 29 | (2) | - | 1 | - | 10,272 |
| Dividends and interest on capital | (5,452) | (4,620) | - | - | - | - | - | (10,072) |
| Acquisition of shares | - | - | 154 | 5 | - | - | - | 159 |
| Capital increase (decrease) | - | - | - | - | - | 68 | - | 68 |
| Other comprehensive income | (28) | (24) | (3) | - | - | - | - | (55) |
| Other | (88) | (78) | 1 | 2 | - | - | - | (163) |
| **Balance on 12/31/2019** | **27,812** | **23,185** | **1,921** | **14** | **-** | **108** | **-** | **53,040** |
| Equity in the earnings of investees | 3,830 | 3,253 | (36) | (2) | (65) | - | - | 6,980 |
| Dividends and interest on capital | (2,951) | (2,442) | (9) | - | - | - | - | (5,402) |
| Acquisition of shares | - | - | 41 | - | - | - | 1,219 | 1,260 |
| Capital increase (decrease) | - | - | - | - | 1,018 | - | - | 1,018 |
| Other comprehensive income | 205 | 180 | 52 | - | (102) | - | - | 335 |
| Other | 75 | 65 | 2 | (11) | 1 | (1) | - | 131 |
| **Balance on 12/31/2020** | **28,971** | **24,241** | **1,971** | **1** | **852** | **107** | **1,219** | **57,362** |
| | | | | | | | | |
| **Market value on 12/31/2019 (*)** | **135,427** | - | **5,550** | - | - | - | - | |
| **Market value on 12/31/2020 (*)** | **115,450** | - | **7,097** | - | - | - | - | |

*(*) Market value is presented for investees with shares traded in on B3 stock exchange only.*

#### 15.1.1. Merger of the wholly-owned subsidiary Itaúsa Empreendimentos

On August 30, 2019, the Extraordinary General Stockholder's Meeting resolved upon the merger of the wholly-owned subsidiary Itaúsa Empreendimentos into ITAÚSA. Itaúsa Empreendimentos had an administrative structure composed of approximately 80 professionals.

The purpose of this corporate restructuring was to seek greater operational synergy and efficiency, with the consequent optimization and rationalization of administrative costs and accessory obligations arising from the maintenance of Itaúsa Empreendimentos.

Taking into consideration the corporate structure of Itaúsa Empreendimentos, the merger was implemented without diluting ITAÚSA's capital, since there was no capital increase, issue of new shares, share exchange ratio or right to withdraw for any stockholders.

### 15.1.2. Acquisition of additional equity interest in Alpargatas

In May and August 2019, ITAÚSA acquired at B3 (over-the-counter market) 7,693,152 preferred shares of Alpargatas for the amount of R$154. The shares acquired represent 1.33% of Alpargatas total shares and ITAÚSA became the holder of a 28.88% interest (excluding treasury shares).

Between the months of March and April 2020, ITAÚSA once again purchased on B3 over 1,789,900 preferred shares from Alpargatas for a total amount of R$41. These purchased shares account for 0.31% of the total shares of Alpargatas, with ITAÚSA now holding a total 29.19% stake (excluding treasury shares).

In June and September 2020, ITAÚSA completed the purchase price allocation process of the acquisitions carried out in May and August 2019, respectively, consideration the interest in the net assets and liabilities measured at fair value, the consideration paid by ITAÚSA and the goodwill from the expectation of future profitability. For other acquisitions, the purchase price allocation process is still in progress.

### 15.1.3. Completion of the merger of Itautec shares

On June 14, 2019, the merger of Itautec shares into ITAÚSA was completed. The transaction was approved by the stockholders of both companies at their respective general meetings held on April 30, 2019. Itautec's stockholders became the holders of the same number of preferred shares issued by ITAÚSA (ITSA4). To this end, 118,815 preferred shares (ITSA4) were issued by ITAÚSA, culminating in the dilution of 0.001% for ITAÚSA's stockholders. These shares entitled their holders to all earnings declared as of that date. The exercise of the right to dissent by ITAÚSA's stockholders culminated in the acquisition of 1,873 common shares for treasury, which were then cancelled by means of a resolution of the Board of Directors on August 12, 2019.

Furthermore, on August 15, 2019, Itautec had its request for cancellation of registration as a category "A" publicly-held company granted by CVM.

### 15.1.4. Acquisition of Cecrisa Revestimentos Cerâmicos S.A. ("Cecrisa") by the controlled company Duratex

On July 31, 2019, the controlled company Duratex, by means of its controlled company Cerâmica Urussanga S.A. ("Ceusa"), acquired the totality of the shares of the capital of Cecrisa and its controlled companies, which are specialized in the manufacturing of ceramic tiles, for the amount of R$378.

### 15.1.5. Full acquisition of Viva Decora by subsidiary Duratex

At the Notice to the Market published on August 5, 2020, subsidiary Duratex announced that on July 31, 2020 it entered into an agreement for the full acquisition of the then affiliate Viva Decora Internet Ltda. ("Viva Decora"), in which it already held a 44.16% ownership interest.

No financial disbursement was required by Duratex for such acquisition, as the payment to other stockholders was made by using the cash available at Viva Decora.

### 15.1.6. Corporate operations in investee Duratex

In January 2020, investee Duratex completed the partial spin-off of its wholly-owned subsidiary Duratex Florestal Ltda., thus incorporating the following amounts:

| Description | Amount |
|---|---|
| Inventories | 2 |
| PPE | 6 |
| Biological asset | 486 |
| Personnel liabilities | (1) |
| Deferred taxes | (65) |
| **Total** | **428** |

After the takeover, between January and February 2020, investee Duratex contributed capital in its affiliate LD Celulose S.A., in the following amounts:

| Description | Note | Amount |
|---|---|---|
| Inventories | | 2 |
| PPE | 16.2 | 9 |
| Biological asset | 12 | 486 |
| Personnel liabilities | | (1) |
| **Total** | | **496** |

In addition to the contributions above, investee Duratex has also made capital contributions, in the amount of R$522, totaling R$1,018 in contributions to its affiliate LD Celulose S.A.

### 15.1.7. Investment in Copagaz completed with acquisition of Liquigás

On December 23, 2020, ITAÚSA informed the market through a Material Fact that, as of that date, the acquisition of total shares of Liquigás Distribuidora S.A. ("Liquigás") was completed by the group composed of ITAÚSA, Copagaz, and Nacional Gás Butano Distribuidora Ltda. ("Nacional Gás"). Also at that date ITAÚSA's contribution to Copagaz was completed, thus making ITAÚSA a material minority stockholder (associate).

ITAÚSA'S investment in this transaction was carried out by subscribing 48.5% of voting and total capital, in the amount of R$1,212, and also by acquiring the debentures issued by Copagaz in the amount of R$20 (Note 6.2). The remaining capital will be held by current stockholder of Copagaz, the holding company of the Ueze Zahran family, which, in turn, will retain the control of the company.

To finance this transaction, on December 15, 2020 ITAÚSA issued non-convertible debentures in the amount of R$1,300, maturing in 10 years and interest paid based on Interbank Deposit Certificate (CDI) rate plus 2.4% per year (Note 20).

ITAÚSA has entered into a Stockholders' Agreement with the Ueze Zahran family and is now entitled to nominated two (2) (of a total of five) members to the board of directors of Copagaz and to its Audit and People and Compensation Committees, to be set out in due course. Moreover, ITAÚSA will be entitled to other rights assigned to material minority stockholders.

Nacional Gás will acquire a minority stake in Liquigás and, after the corporate restructuring to be carried out in the coming months, it will become the holder of assets in certain locations equivalent to 18% of the LPG volume sold by Liquigás. The consolidation of Liquigás operations will enable Copagaz to capture significant synergies over the coming years and create the leading player in the LPG distribution segment in Brazil.

This new investment is in line with ITAÚSA's capital allocation strategy, which enables the Company to gain a greater exposure to the Brazilian energy sector, in addition to join a strategic, traditional partner with over 60 years of experience in the sector and sharing consistent values and proven operational excellence.

As the acquisition of Copagaz was completed late December 2020, the purchase price allocation (segregating the fair value of assets and liabilities and goodwill) is presented earlier and represents the Management's best estimate by the end of these Financial Statements. Therefore, it will be completed over the fiscal year 2021 after the independent auditor's appraisal report is issued.

## 15.2. Reconciliation of investments

| | Parent company | | | | | | |
|---|---|---|---|---|---|---|---|
| | 12/31/2020 | | | | | | |
| | Jointly-controlled companies | | | Controlled companies | | | Associates |
| | Itaú Unibanco | IUPAR | Alpargatas | Duratex | Itautec | ITH Zux Cayman | Copagaz |
| Equity of the investee | 142,993 | 36,910 | 2,949 | 5,187 | 38 | 3 | 1,537 |
| Holding % | 19.91% | 66.53% | 29.19% | 36.61% | 100.00% | 100.00% | 48.50% |
| **Interest in the investment** | **28,474** | **24,557** | **860** | **1,899** | **38** | **3** | **745** |
| Unrealized profit or loss | (10) | - | - | - | - | - | - |
| Others | - | (316) | - | - | - | - | - |
| Adjustments arising from business combinations | | | | | | | |
| Surplus value | 47 | - | 418 | - | - | - | - |
| Goodwill | 460 | - | 693 | - | - | - | 474 |
| **Accounting balance of the investment in the parent company** | **28,971** | **24,241** | **1,971** | **1,899** | **38** | **3** | **1,219** |

| | Parent company | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/2019 | | | | | |
| | Jointly-controlled companies | | | Controlled companies | | |
| | Itaú Unibanco | IUPAR | Alpargatas | Duratex | Itautec | ITH Zux Cayman |
| Equity of the investee | 136,925 | 34,847 | 2,643 | 4,931 | 39 | 2 |
| Holding % | 19.95% | 66.53% | 28.88% | 36.65% | 100.00% | 100.00% |
| **Interest in the investment** | **27,314** | **23,185** | **765** | **1,807** | **39** | **2** |
| Unrealized profit or loss | (12) | - | - | - | - | - |
| Adjustments arising from business combinations | | | | | | |
| Surplus value | 50 | - | 443 | - | - | - |
| Goodwill | 460 | - | 713 | - | - | - |
| **Accounting balance of the investment in the parent company** | **27,812** | **23,185** | **1,921** | **1,807** | **39** | **2** |

## 15.3. Summarized consolidated information of the relevant investees

| | Jointly-controlled companies | | | |
|---|---|---|---|---|
| | Itaú Unibanco | | IUPAR | |
| **Non-financial segment** | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| **Number of outstanding shares of investees** | **9,762,456,896** | **9,745,601,763** | **1,061,396,457** | **1,061,396,457** |
| Common | 4,958,290,359 | 4,958,290,359 | 710,454,184 | 710,454,184 |
| Preferred | 4,804,166,537 | 4,787,311,404 | 350,942,273 | 350,942,273 |
| **Number of shares owned by ITAÚSA** | **1,944,075,803** | **1,944,075,803** | **706,169,365** | **706,169,365** |
| Common | 1,943,906,480 | 1,943,906,480 | 355,227,092 | 355,227,092 |
| Preferred | 169,323 | 169,323 | 350,942,273 | 350,942,273 |
| **Holding % (1)** | **19.91%** | **19.95%** | **66.53%** | **66.53%** |
| **Holding % in voting capital (2)** | **39.21%** | **39.21%** | **50.00%** | **50.00%** |
| **Information on the balance sheet** | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Cash and cash equivalents | 46,224 | 30,367 | - | - |
| Financial assets | 1,851,322 | 1,501,481 | 727 | 120 |
| Non-financial assets | 121,705 | 105,633 | 37,565 | 36,039 |
| Financial liabilities | 1,579,686 | 1,211,999 | 126 | 73 |
| Non-financial liabilities | 285,040 | 276,017 | 1,256 | 1,239 |
| Equity attributable to controlling stockholders | 142,993 | 136,925 | 36,910 | 34,847 |
| **Information on the statement of income** | 2020 | 2019 | 2020 | 2019 |
| Profit from banking products | 100,199 | 117,079 | - | - |
| Income tax and social contribution | 9,834 | (3,430) | - | - |
| Profit attributable to controlling stockholders | 18,896 | 27,113 | 4,889 | 7,101 |
| Other comprehensive income | 1,029 | (138) | 271 | (36) |
| **Information on the statement of cash flows** | 2020 | 2019 | 2020 | 2019 |
| Increase (decrease) in cash and cash equivalents | 46,689 | (24,801) | - | (179) |

*(1) ITAÚSA has a direct interest in Itaú Unibanco of 19.91% and an indirect interest of 17.47%, by means of the investment in IUPAR, which holds a 26.26% direct interest in Itaú Unibanco, totaling a 37.39% interest in total capital.*

*(2) The direct interest in the common shares of Itaú Unibanco is 39.21% and the indirect interest is 25.86%, by means of the investment in IUPAR, which holds a 51.71% direct interest in the common shares of Itaú Unibanco, totaling a 65.06% interest in total capital.*

| Non-financial segment | Controlled company Duratex 12/31/2020 | Controlled company Duratex 12/31/2019 | Jointly-controlled company Alpargatas 12/31/2020 | Jointly-controlled company Alpargatas 12/31/2019 |
|---|---|---|---|---|
| **Number of outstanding shares of investees** | **690,560,803** | **689,732,785** | **578,937,992** | **578,816,719** |
| Common | 690,560,803 | 689,732,785 | 302,010,657 | 302,010,657 |
| Preferred | - | - | 276,927,335 | 276,806,062 |
| **Number of shares owned by ITAÚSA** | **252,807,715** | **252,807,715** | **168,972,496** | **167,182,596** |
| Common | 252,807,715 | 252,807,715 | 129,528,793 | 129,528,793 |
| Preferred | - | - | 39,443,703 | 37,653,803 |
| **Holding %** | **36.61%** | **36.65%** | **29.19%** | **28.88%** |
| **Holding % in voting capital** | **36.61%** | **36.65%** | **42.89%** | **42.89%** |
| **Information on the balance sheet** | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Current assets | 4,220 | 3,514 | 2,680 | 2,610 |
| Non-current assets | 7,278 | 7,201 | 2,135 | 1,912 |
| Current liabilities | 2,412 | 2,150 | 1,277 | 1,256 |
| Non-current liabilities | 3,898 | 3,633 | 519 | 531 |
| Equity attributable to controlling stockholders | 5,187 | 4,931 | 2,949 | 2,643 |
| Cash and cash equivalents | 1,728 | 1,243 | 693 | 566 |
| Debts and debentures | 3,206 | 2,949 | 244 | 279 |
| **Information on the statement of income** | 2020 | 2019 | 2020 | 2019 |
| Net revenue | 5,880 | 5,012 | 3,364 | 3,280 |
| Finance income | 132 | 103 | 161 | 92 |
| Finance costs | (269) | (264) | (234) | (93) |
| Income tax and social contribution | (81) | (73) | 8 | (111) |
| Profit attributable to controlling stockholders | 454 | 406 | 140 | 274 |
| Other comprehensive income | 58 | 1 | 171 | 8 |
| **Information on the statement of cash flows** | 2020 | 2019 | 2020 | 2019 |
| Increase (decrease) in cash and cash equivalents | 485 | 81 | 127 | 47 |

## 15.4. Impairment test

### Parent company

ITAÚSA tested its investments for impairment and did not identify the need to recognize a provision for impairment losses on these investments.

For the investees Itaú Unibanco, Alpargatas and Duratex, whose shares are traded in an active market (B3), the assessment of the recoverable amount took into consideration the value of the shares of the above mentioned companies, multiplied by the number of shares held by ITAÚSA on the date of the financial statements. For the investee IUPAR whose only investment is the equity interest in Itaú Unibanco, the assessment of the recoverable amount took into consideration the same procedure mentioned above, however, the value of Itaú Unibanco shares was used instead.

For the investees Itautec and ITH Zux Cayman, the recoverable amount was determined based on the value in use of the assets, calculated in accordance with assessment methodologies.

## 16. PROPERTY, PLANT AND EQUIPMENT (PPE)

### 16.1. Breakdown

| | Parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2020 | | | | 12/31/2019 | | | |
| | Depreciation rates (% p.a.) | Cost | Accumulated depreciation | Net balance | Depreciation rates (% p.a.) | Cost | Accumulated depreciation | Net balance |
| **Property, plant and equipment in use** | | | | | | | | |
| Land | - | 18 | - | 18 | - | 18 | - | 18 |
| Buildings and improvements | 2.5% | 89 | (21) | 68 | 2.5% | 88 | (19) | 69 |
| Machinery, installations and equipment | 10.0% at 20.0% | 20 | (6) | 14 | 10.0% at 20.0% | 18 | (5) | 13 |
| Furniture and fixtures | 10.0% | 4 | (2) | 2 | 10.0% | 4 | (1) | 3 |
| **Subtotal** | | **131** | **- 29** | **102** | | **128** | **- 25** | **103** |
| **Construction in progress** | | **1** | - | **1** | | - | - | - |
| **Total** | | **132** | **(29)** | **103** | | **128** | **(25)** | **103** |

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2020 | | | | 12/31/2019 | | | |
| | Depreciation rates (% p.a.) | Cost | Accumulated depreciation | Net balance | Depreciation rates (% p.a.) | Cost | Accumulated depreciation | Net balance |
| **Property, plant and equipment in use** | | | | | | | | |
| Land | - | 738 | - | 738 | - | 704 | - | 704 |
| Buildings and improvements | 2.5% at 4.0% | 1,386 | (583) | 803 | 2.5% at 4.0% | 1,379 | (547) | 832 |
| Machinery, installations and equipment | 6.4% at 20.0% | 5,208 | (3,383) | 1,825 | 6.5% at 20.0% | 4,940 | (3,112) | 1,828 |
| Furniture and fixtures | 10.0% | 77 | (54) | 23 | 10.0% | 71 | (50) | 21 |
| Vehicles | 20.0% at 25.0% | 73 | (61) | 12 | 20.0% at 25.0% | 72 | (59) | 13 |
| Other | 10.0% at 20.0% | 304 | (225) | 79 | 10.0% at 20.0% | 285 | (206) | 79 |
| **Subtotal** | | **7,786** | **(4,306)** | **3,480** | | **7,451** | **(3,974)** | **3,477** |
| **Construction in progress** | | **136** | - | **136** | | **192** | - | **192** |
| **Total** | | **7,922** | **(4,306)** | **3,616** | | **7,643** | **(3,974)** | **3,669** |

### 16.2. Changes

| | Parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Land | Buildings and improvements | Machinery, installations and equipment | Furniture and fixtures | Vehicles | Others | Construction in progress | Total |
| **Balance on 12/31/2018** | **19** | **70** | **7** | **3** | - | - | - | **99** |
| Acquisitions | - | 10 | 7 | - | - | - | - | 17 |
| Write-offs | (1) | (8) | (1) | - | - | - | - | (10) |
| Depreciation | - | (2) | (1) | - | - | - | - | (3) |
| Transfers | - | (1) | 1 | - | - | - | - | - |
| **Balance on 12/31/2019** | **18** | **69** | **13** | **3** | - | - | - | **103** |
| Acquisitions | - | 3 | 1 | - | - | - | 1 | 5 |
| Depreciation | - | (2) | (1) | - | - | - | - | (3) |
| Transfers | - | (2) | 1 | (1) | - | - | - | (2) |
| **Balance on 12/31/2020** | **18** | **68** | **14** | **2** | - | - | **1** | **103** |

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Land | Buildings and improvements | Machinery, installations and equipment | Furniture and fixtures | Vehicles | Others | Construction in progress | Total |
| **Balance on 12/31/2018** | **656** | **672** | **1,794** | **18** | **13** | **78** | **107** | **3,338** |
| Acquisitions | 43 | 11 | 47 | 2 | 2 | 9 | 195 | 309 |
| Write-offs | (46) | (24) | (75) | (1) | - | (2) | (7) | (155) |
| Depreciation | - | (35) | (270) | (3) | (4) | (19) | - | (331) |
| Transfers | (6) | 13 | 92 | 4 | 2 | 9 | (114) | - |
| Acquisition of companies | 59 | 231 | 240 | 1 | - | 4 | 11 | 546 |
| Transfer to held-for-sale assets | (4) | (37) | - | - | - | - | - | (41) |
| Others | 2 | 1 | - | - | - | - | - | 3 |
| **Balance on 12/31/2019** | **704** | **832** | **1,828** | **21** | **13** | **79** | **192** | **3,669** |
| Acquisitions | 53 | 4 | 38 | 3 | - | 12 | 176 | 286 |
| Write-offs | (24) | (11) | (5) | - | - | (1) | (10) | (51) |
| Depreciation | - | (36) | (270) | (4) | (3) | (20) | - | (333) |
| Transfers | - | 10 | 199 | 3 | 3 | 10 | (224) | 1 |
| Capital increase - indirect investee LD Celulose | (3) | (2) | (2) | - | (1) | (1) | - | (9) |
| Others | 8 | 6 | 37 | - | - | - | 2 | 53 |
| **Balance on 12/31/2020** | **738** | **803** | **1,825** | **23** | **12** | **79** | **136** | **3,616** |

### 16.3. Property, plant and equipment in guarantee

On December 31, 2020, the property, plant and equipment of the controlled company Duratex included land, machines and vehicles offered in guarantee in lawsuits totaling R$2 (R$2 on December 31, 2019).

### 16.4. Assessment of the recoverable amount

For the year ended December 31, 2020, there was no indication, whether by means of external sources or internal sources of information that any asset had been impaired. Accordingly, management believes that the carrying amount of assets recorded is recoverable and, therefore, the recognition of a provision for impairment losses was not necessary.

### 16.5. Revision of the useful life of assets

Controlled company Duratex and its controlled companies revisited the estimated useful life of the property, plant and equipment items. Among the assumptions used to revise depreciation rates, we may highlight: (i) internal and external antecedents; (ii) benchmarking and recommendations from manufacturer's manuals; (iii) condition of preservation and operation of the assets; (iv) history of maintenance and use of assets until allocation for scrap purposes; and (v) alignment to overall business planning.

After revision, depreciation rates basically remained unchanged, and the only change was to the Machinery, Installations and Equipment item, which rate decreased to 6.5% p.y. on December 31, 2020 from 6.4% p.y. on December 31, 2019.

## 17. INTANGIBLE ASSETS

### 17.1. Breakdown

| | Parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2020 | | | | 12/31/2019 | | | |
| | Amortization rates (% p.a.) | Cost | Accumulated amortization | Net balance | Amortization rates (% p.a.) | Cost | Accumulated amortization | Net balance |
| *Software* | 20.0% | 6 | (2) | 4 | 20.0% | 5 | (1) | 4 |
| **Subtotal** | | **6** | **(2)** | **4** | | **5** | **(1)** | **4** |
| **Intangible assets in progress** | | 4 | - | 4 | | - | - | - |
| **Total** | | **10** | **(2)** | **8** | | **5** | **(1)** | **4** |

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2020 | | | | 12/31/2019 | | | |
| | Amortization rates (% p.a.) | Cost | Accumulated amortization | Net balance | Amortization rates (% p.a.) | Cost | Accumulated amortization | Net balance |
| *Software* | 20.0% | 199 | (106) | 93 | 20.0% | 157 | (93) | 64 |
| Trademarks and patents | - | 209 | - | 209 | - | 209 | - | 209 |
| Goodwill from the expectation of future profitability | - | 324 | - | 324 | - | 319 | - | 319 |
| Customer portfolio | 6.7% | 404 | (295) | 109 | 6.7% | 400 | (269) | 131 |
| **Subtotal** | | **1,136** | **(401)** | **735** | | **1,085** | **(362)** | **723** |
| **Intangible assets in progress** | | 4 | - | 4 | | - | - | - |
| **Total** | | **1,140** | **(401)** | **739** | | **1,085** | **(362)** | **723** |

### 17.2. Changes

| | Note | Parent company | | | | | |
|---|---|---|---|---|---|---|---|
| | | Software | Trademarks and patents | Goodwill from the expectation of future profitability | Customer portfolio | Intangible assets in progress | Total |
| **Balance on 12/31/2018** | | 1 | - | - | - | | 1 |
| Acquisitions | | 3 | - | - | - | - | 3 |
| **Balance on 12/31/2019** | | 4 | - | - | - | - | 4 |
| Acquisitions | | 1 | - | - | - | 4 | 5 |
| Amortization | | (1) | - | - | - | - | (1) |
| **Balance on 12/31/2020** | | 4 | - | - | - | 4 | 8 |

| | Note | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | Software | Trademarks and patents | Goodwill from the expectation of future profitability | Customer portfolio | Intangible assets in progress | Total |
| **Balance on 12/31/2018** | | 53 | 56 | 156 | 158 | - | 423 |
| Acquisitions | | 29 | - | - | - | - | 29 |
| Write-offs | | (12) | - | - | - | - | (12) |
| Amortization | | (8) | - | - | (27) | - | (35) |
| Impairment | 25 | - | (9) | - | - | - | (9) |
| Acquisition of companies | 15.1.4 | 2 | 162 | 163 | - | - | 327 |
| **Balance on 12/31/2019** | | 64 | 209 | 319 | 131 | - | 723 |
| Acquisitions | | 55 | - | - | - | 4 | 59 |
| Write-offs | | (13) | - | - | - | - | (13) |
| Amortization | | (13) | - | - | (26) | - | (39) |
| Impairment | 25 | - | - | (13) | - | - | (13) |
| Acquisition of companies | 15.1.4 and 15.1.5 | - | - | 18 | - | - | 18 |
| Other | | - | - | - | 4 | - | 4 |
| **Balance on 12/31/2020** | | 93 | 209 | 324 | 109 | 4 | 739 |

### 17.3. Goodwill from the expectation of future profitability

The controlled company Duratex recognized goodwill from the expectation of future profitability in the process of acquisition of the following investments:

| | Note | Consolidated | |
|---|---|---|---|
| | | 12/31/2020 | 12/31/2019 |
| Satipel | | 46 | 46 |
| Metalúrgica Jacareí | | 2 | 2 |
| Caetex Florestal | | 9 | 9 |
| Ceusa e Massima | | 99 | 99 |
| Cecrisa | 15.1.4 | 168 | 163 |
| **Total** | | 324 | 319 |

### 17.4. Impairment test

The controlled company Duratex tested for impairment its intangible assets with indefinite useful lives that are allocated to the cash generating units that produce wood panels, bathroom fixtures and fittings, showers and ceramic tiles. On December 31, 2020, and 2019, cash flow amounts of cash generation units were higher than the accounting amounts, and therefore there was no need to record impairment.

Projections adopted by controlled company Duratex for impairment valuation, approved by the Board of Directors, were based on macroeconomic growth and inflation projections, as well as its operational conditions. Additionally, the assumptions fairly represent the reality of its business also taking into consideration important restructuring processes.

The main assumptions used were:

| Description | 12/31/2020 | 12/31/2019 |
|---|---|---|
| Cash flow term | 5 years | 5 years |
| Discount rate (Weighted Average Cost of Capital (WACC) measured using the Capital Asset Pricing Model (CAPM) | 10.01% p.y. (*) | 8.85% p.y. (*) |
| Growth rate (gross margin) | Panels: 1.4% p.y.<br>Bathroom fixtures: 2.2% p.y.<br>Bathroom fittings: 1.2% p.y.<br>Showers: 1.0% p.y.<br>Ceramic tiles: 1.3% p.y. | Panels: 2.5% p.y.<br>Bathroom fixtures: 1.5% p.y.<br>Bathroom fittings: 0.9% p.y.<br>Showers: 1.5% p.y.<br>Ceramic tiles: 2.5% p.y. |
| Growth rate (perpetuity) | 3.00% p.y. | 3.50% p.y. |

*(*) Discount rate before income tax of 13.71% in 2020 and 13.42% in 2019.*

## 18. TRADE ACCOUNTS PAYABLE

| | Parent company | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Current | | Non-current | Current | | Non-current |
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2020 | 12/31/2019 | 12/31/2020 |
| Local | 8 | 6 | 7 | 1,019 | 563 | 7 |
| Foreign | - | - | - | 78 | 68 | - |
| **Total** | **8** | **6** | **7** | **1,097** | **631** | **7** |

## 19. DEBTS

### 19.1. Breakdown

| Type | Charges | Form of amortization | Guarantees | Consolidated 12/31/2020 Current | Consolidated 12/31/2020 Non-current | Consolidated 12/31/2019 Current | Consolidated 12/31/2019 Non-current |
|---|---|---|---|---|---|---|---|
| **Local currency** | | | | | | | |
| BNDES (with swap) | 103.89% of CDI | Monthly | Endorsement (70% Itaúsa / 30% Individuals) | 10 | 70 | 10 | 80 |
| BNDES (with swap) | 117.51% of CDI | Monthly | Endorsement (70% Itaúsa / 30% Individuals) | - | 3 | - | 4 |
| Agribusiness receivables certificates (CRA) | 98.0% of CDI | Semi-annually | Surety Duratex S.A | - | 695 | - | 696 |
| Export credit | 104.8% of CDI | Until January 2021 | -- | 28 | - | 280 | 28 |
| Producer price guarantee financing (FGPP) – Banco do Brasil (with swap) | Fixed 6.6% to 7.9% p.y. | Until June 2020 | -- | - | - | 389 | - |
| FINAME | 6% p.y. | Monthly | Secured fiduciary sale | - | - | 1 | 3 |
| FINAME | Fixed 5.60% p.y. | Monthly | Secured fiduciary sale and endorsement Duratex S.A | - | - | - | 1 |
| FINAME | Fixed 5.88% p.y. | Monthly | Secured fiduciary sale - Machinery and equipment | - | - | 2 | 6 |
| FINAME | Fixed 9.0% p.y. | Semi-annually | Secured fiduciary sale and endorsement Duratex S.A. | - | - | 1 | - |
| FINAME | Long-term interest rate +2.3% p.y./ fixed 6.0%p.y. | Monthly | Secured fiduciary sale | 3 | 4 | 12 | 17 |
| FINAME | Long-term interest rate + 3.7% p.y. to +4% p.y. | Monthly | Secured fiduciary sale and endorsement Duratex S.A. | - | - | 2 | 2 |
| FINEP | Long-term interest rate + 0.5% p.y. | Monthly | 20% Trade notes + Surety Banco Safra | - | - | 12 | - |
| Constitutional Fund for the Northeastern Region Financing (FNE) | 7.53% p.y. | Annually | Surety Duratex Florestal Ltda + land mortgage | 1 | 11 | - | 7 |
| Strategic Industries Development Fund (FUNDIEST) | 30% IGP-M p.m. | Monthly | Endorsement - Cia. Ligna de Investimentos | - | - | 29 | - |
| Export credit note | 104.9% of CDI | Until January 2021 | Endorsement - Duratex S.A. | 36 | - | 37 | 35 |
| Export credit (a) | CDI + 1.45% p.y. | March 2023 | -- | - | 515 | - | - |
| Export financing - FINEX - Law n. 4.131 (a) | CDI + 0.39% p.y. | March 2021 | -- | 138 | - | - | - |
| Export Credit Note (a) | CDI + 1.81% p.y. | May 2023 | 30% assignment of credit rights on financial investments | 96 | 135 | - | - |
| Bank Credit Note (a) | CDI + 2.80% p.y. | April 2021 | -- | 258 | - | - | - |
| **Total in local currency** | | | | **570** | **1,433** | **775** | **879** |
| **Foreign currency** | | | | | | | |
| Leasing | DTF + 2% p.y. | Mensal | Promissory Note | 1 | 1 | - | - |
| Advance on foreign exchange contract - Banco do Brasil | US$ + 5.00% p.y. | Until February 2020 | 40% Trade notes | - | - | 2 | - |
| Advance on foreign exchange contract - Bocom BBM (with swap) | US$ + 10.19% p.y. | Until April 2020 | Promissory Note | - | - | 3 | - |
| Advance on foreign exchange contract - Banco Santander | US$ + 6.38% p.y. | Until July 2020 | Promissory note - Endorsement Portinari | - | - | 9 | - |
| Advance on foreign exchange contract - Banco Safra | US$ + 5.46% p.y. | Until May 2020 | 15.70% Trade notes | - | - | 8 | - |
| Advance on foreign exchange contract - Banco Bradesco | US$ + 5.80% p.y. | Until November 2020 | Clean | - | - | 6 | - |
| Advance on foreign exchange delivered contract - Banco do Brasil | US$ + 4.27% p.y. | Until March 2020 | 40% Trade notes | - | - | 3 | - |
| **Total in foreign currency** | | | | **1** | **1** | **31** | **-** |
| **Total debts** | | | | **571** | **1,434** | **806** | **879** |

*(a) Funding raised to reschedule debts and increase working capital in the face of the impacts of the COVID-19 pandemic, as mentioned in note 34 to these financial statements under "Duratex".*

*Between September and December of 2020, investee Duratex repaid in advance R$527 million of the principal and interest of part of a Bank Credit Note raised.*

Debts identified in the table above as “with swap” are measured at fair value through profit or loss so as to avoid the accounting mismatch between the debt instrument and the contracted hedging instrument.

The covenants related to Debt contracts are presented in Note 4.2.3.1.

## 19.2. Changes

| | Consolidated |
|---|---|
| **Balance on 12/31/2018** | **2,863** |
| Inflows | 10 |
| Interest and monetary adjustment | 235 |
| Repayment - Principal amount | 160 |
| Amortization - Interest and monetary adjustment | (1,348) |
| Transfers | (235) |
| **Balance on 12/31/2019** | **1,685** |
| Inflows | 1,641 |
| Interest and monetary adjustment | 96 |
| Repayment - Principal amount | (1,345) |
| Amortization - Interest and monetary adjustment | (72) |
| **Balance on 12/31/2020** | **2,005** |
| | |
| **Current** | **571** |
| **Non-current** | **1,434** |

## 19.3. Maturity

| | Consolidated 12/31/2020 | | |
|---|---|---|---|
| | Local currency | Foreign currency | Total |
| **Current** | | | |
| 2021 | 570 | 1 | 571 |
| **Total** | **570** | **1** | **571** |
| | | | |
| **Non-current** | | | |
| 2022 | 805 | 1 | 806 |
| 2023 | 567 | - | 567 |
| 2024 | 12 | - | 12 |
| 2025 | 11 | - | 11 |
| 2026 - 2029 | 36 | - | 36 |
| 2030 onwards | 2 | - | 2 |
| **Total** | **1,433** | **1** | **1,434** |

## 20. DEBENTURES

### 20.1. Breakdown

| | | | | | | | | | Parent company | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | 12/31/2020 | | 12/31/2019 | |
| Issuance | Issuer | Type of issuance | Effectiveness | Number of debentures | Unit value (R$) | Issuance amount (R$ milhões) | Charges | Form of amortization | Current | Non-current | Current | Non-current |
| 2nd | ITAÚSA | Single series ICVM No. 476/09 | 05/2017 to 05/2024 | 12,000 | 100,000 | 1,200 | 106.9% of CDI | Semiannual interest and principal amount in three annual and successive installments (05/2022, 05/2023 and 05/2024) | 2 | 1,200 | 6 | 1,200 |
| 3rd | ITAÚSA | Single series - CVM Instruction No. 476/09 | 12/2020 to 12/2030 | 1,300,000 | 1,000 | 1,300 | CDI + 2.40% | Semiannual interest and principal amounts in three annual consecutive installments (12/2028, 12/2029 and 12/2030) | 1 | 1,300 | - | - |
| 3rd | ITAÚSA | Transaction cost | 12/2020 to 12/2030 | - | - | (9) | - | Monthly amortization | (1) | (8) | - | - |
| Total | | | | | | | | | 2 | 2,492 | 6 | 1,200 |

| | | | | | | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | 12/31/2020 | | 12/31/2019 | |
| Issuance | Issuer | Type of issuance | Effectiveness | Number of debentures | Unit value (R$) | Issuance amount (R$ milhões) | Charges | Form of amortization | Current | Non-current | Current | Non-current |
| 2nd | ITAÚSA | Single series ICVM No. 476/09 | 05/2017 to 05/2024 | 12,000 | 100,000 | 1,200 | 106.9% of CDI | Semiannual interest and principal amount in three annual and successive installments (05/2022, 05/2023 and 05/2024) | 2 | 1,200 | 6 | 1,200 |
| 3rd | ITAÚSA | Single series - CVM Instruction No. 476/09 | 12/2020 to 12/2030 | 1,300,000 | 1,000 | 1,300 | CDI + 2.40% | Semiannual interest and principal amounts in three annual consecutive installments (12/2028, 12/2029 and 12/2030) | 1 | 1,300 | - | - |
| 3rd | ITAÚSA | Transaction cost | 12/2020 to 12/2030 | - | - | (9) | - | Monthly amortization | (1) | (8) | - | - |
| 6th | Cecrisa | Single series ICVM No. 476/09 | 12/2016 to 12/2021 | 100,000,000 | 1 | 100 | CDI + 4.50% p.y. | Quarterly interest with no grace period and quarterly principal amounts as of the 12th month | - | - | 59 | - |
| 2nd | Duratex | Single series ICVM No. 476/09 | 05/2019 to 05/2026 | 120,000 | 10,000 | 1,200 | 108.0% of CDI | Semiannual interest and principal amount in two annual installments (05/2024 and 05/2026) | 3 | 1,199 | 7 | 1,198 |
| Total | | | | | | | | | 5 | 3,691 | 72 | 2,398 |

Debentures do not have guarantees and are not convertible into shares.

The covenants related to the Debentures are presented in Note 4.2.3.1.

### 20.2. Changes

| | Parent company | Consolidated |
|---|---|---|
| **Balance on 12/31/2018** | **1,208** | **1,208** |
| Inflows | - | 1,197 |
| Acquisition of companies | - | 70 |
| Interest and monetary adjustment | 75 | 124 |
| Repayment - Principal amount | - | (10) |
| Amortization - Interest and monetary adjustment | (77) | (119) |
| **Balance on 12/31/2019** | **1,206** | **2,470** |
| Amounts received - Principal amount | 1,300 | 1,300 |
| Amounts incurred - Transaction cost | (9) | (9) |
| Interest and monetary adjustment | 37 | 73 |
| Repayment - Principal amount | - | (60) |
| Amortization - Interest and monetary adjustment | (40) | (78) |
| **Balance on 12/31/2020** | **2,494** | **3,696** |
| **Current** | **2** | **5** |
| **Non-current** | **2,492** | **3,691** |

### 20.3. Maturity

| | Parent company | Consolidated |
|---|---|---|
| **Current** | | |
| 2021 | 2 | 5 |
| **Total** | **2** | **5** |
| **Non-current** | | |
| 2022 | 399 | 399 |
| 2023 | 399 | 399 |
| 2024 | 399 | 998 |
| 2025 | (1) | (1) |
| 2026 | (1) | 599 |
| 2027 - 2030 | 1,297 | 1,297 |
| **Total** | **2,492** | **3,691** |

## 21. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

ITAÚSA and its controlled companies are parties to lawsuits and administrative proceedings involving labor, civil, tax and social security claims arising from the ordinary course of their business.

Based on the opinion of its legal advisors, management believes that the provisions are sufficient to cover any losses arising from the lawsuits and administrative proceedings.

## 21.1. Provisions

We present below the changes in provisions for the years:

| | Parent company | Consolidated | | | |
|---|---|---|---|---|---|
| | Tax | Tax | Labor | Civil | Total |
| **Balance on 12/31/2018** | **1,515** | **1,608** | **88** | **14** | **1,710** |
| **Contingencies** | | | | | |
| Recognition | 163 | 313 | 48 | 15 | 376 |
| Monetary adjustment | 68 | 73 | 22 | 2 | 97 |
| Reversal | - | (121) | (17) | (17) | (155) |
| Payments | - | (12) | (25) | (10) | (47) |
| Acquisition of companies | - | 4 | 12 | 73 | 89 |
| Disposal of companies | - | 61 | 5 | 33 | 99 |
| **Subtotal** | **1,746** | **1,926** | **133** | **110** | **2,169** |
| **(-) Judicial deposits (*)** | **(408)** | **(418)** | **(27)** | **(51)** | **(496)** |
| **Balance on 12/31/2019 after the offset of judicial deposits** | **1,338** | **1,508** | **106** | **59** | **1,673** |

| | Parent company | Consolidated | | | |
|---|---|---|---|---|---|
| | Tax | Tax | Labor | Civil | Total |
| **Balance on 12/31/2019** | **1,746** | **1,926** | **133** | **110** | **2,169** |
| **Contingencies** | | | | | |
| Recognition | 1 | 120 | 24 | 6 | 150 |
| Monetary adjustment | 36 | 48 | 23 | 4 | 75 |
| Reversal | - | (52) | (18) | (4) | (74) |
| Payments | - | - | (20) | (32) | (52) |
| Business combinations | - | 2 | (2) | 66 | 66 |
| **Subtotal** | **1,783** | **2,044** | **141** | **150** | **2,335** |
| **(-) Judicial deposits (*)** | **(435)** | **(444)** | **(30)** | **(48)** | **(522)** |
| **Balance on 12/31/2020 after the offset of judicial deposits** | **1,349** | **1,600** | **111** | **102** | **1,813** |

*(*) These correspond to the deposits linked to the above mentioned provisions. The deposits related to the proceedings that are not recognized in a provision, assessed as possible or remote, are presented in the balance sheet in the "Judicial deposits" amount.*

### 21.1.1. Tax

The provisions are equivalent to the principal amount of the taxes involved in administrative or judicial disputes that are the subject matter of self-assessment or official assessment, plus interest and, when applicable, fines and charges.

**Parent Company and Consolidated**

Noteworthy is the lawsuit filed by ITAÚSA claiming the right to adopt the PIS and COFINS cumulative tax system at 3.65%, in view of the illegality and unconstitutionality of including holding companies in the non-cumulative tax system (9.25%). The challenged and unpaid 5.60% difference, for the April 2011 to October 2017 period, is being demanded through a Tax Enclosure pledged by a performance bond. The difference for the November 2017 to February 2020 period was deposited with the court and, as from March 2020 ITAÚSA has been paying the full PIS and COFINS amounts while it waits for the appeals it has filed to be tried by higher courts. The Company recognized a contingency as it is an issue involving a legal obligation, even though the chance of loss is possible.

On December 31, 2020, the amount provided for totals R$1,758 (R$1,723 on December 31, 2019), of which R$412 (R$388 on December 31, 2019) corresponds to judicial deposits.

### 21.1.2. Labor

These refer to lawsuits that claim, substantially, alleged labor rights related to overtime, occupational disease, equal pay and joint liability.

### 21.1.3. Civil

These refer mainly to lawsuits for property damage and pain and suffering.

### 21.2. Contingent liabilities

ITAÚSA and its controlled companies are parties to labor, civil and tax claims that are in dispute and the losses arising from which were considered possible, not requiring the recognition of a provision, and they are presented below:

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Tax | 486 | 490 | 1,255 | 1,171 |
| Labor | - | - | 47 | 64 |
| Civil | 19 | 18 | 79 | 94 |
| **Total** | **505** | **508** | **1,381** | **1,329** |

#### 21.2.1. Tax

Among the main disputes in tax proceedings for which the probability of loss is considered possible are the following proceedings:

- Income Tax Withheld at Source, Corporate Income Tax, Social Contribution on Profit, PIS and COFINS (rejection of the request to offset): Cases in which liquidity and the certainty of offsetting credit are considered whose adjusted balance on December 31, 2020 amounts to R$343 (R$314 on December 31, 2019) in ITAÚSA and its controlled companies.

- Taxation on the revaluation reserve of the controlled company Duratex: Dispute related to the taxation of the Revaluation reserve in corporate spin-off operations carried out in 2006 and 2009 whose adjusted balance on December 31, 2020 amounts to R$302 (R$298 on December 31, 2019) in the controlled company Duratex.

- Loss of lawsuit fees (PIS and COFINS tax foreclosure): This refers to the portion of the legal fees related to the tax foreclosure described in note 21.1.1 whose adjusted balance on December 31, 2020 amounts to R$269 (R$264 on December 31, 2019) in ITAÚSA.

- PIS and COFINS (Disallowance of credits): Dispute over the restriction of the right to credit from certain inputs related to these taxes whose adjusted balance on December 31, 2020 amounts to R$70 (R$62 on December 31, 2019) in the controlled company Itautec.

### 21.3. Contingent assets

ITAÚSA and its controlled companies are parties to a legal dispute for the reimbursement of taxes and contributions, as well as to civil lawsuits in which they have rights to receive or expectations of rights to receive.

The table below presents the main proceedings for which, in accordance with the assessment of the legal advisors, the chances of success are considered probable. As these are contingent assets, the amounts corresponding to these lawsuits and the recording will be carried out in the manner and to the extent of the favorable judgment when this becomes final and unappealable. Accordingly, these lawsuits are not recognized in the Financial Statements.

| | Note | Consolidated 12/31/2020 | 12/31/2019 |
|---|---|---|---|
| **Tax and Civil** | | | |
| IPI credit premium (1980 to 1985) | | 129 | 126 |
| INSS – Social security contributions | | 44 | 61 |
| PIS and COFINS | 21.3.1 | 41 | 17 |
| Collection/payment of extra judicially enforceable instruments | | 7 | 8 |
| Monetary adjustment of credits with Eletrobras | | 17 | 11 |
| Profits abroad (withdrawal of the deposit) | | 11 | 11 |
| Others | | 19 | 19 |
| **Total** | | **268** | **253** |

ITAÚSA has no contingent assets assessed as probable.

### 21.3.1. PIS/COFINS – ICMS excluded from calculation basis

In the year, the investee Itautec calculated PIS and COFINS credits judicially recognized by way of a Writ of Mandamus, in which it claimed the right to exclude ICMS from the calculation basis of these contributions. This decision became final and unappealable after the Brazilian Federal Supreme Court (STF), on a general repercussion basis, awarded a favorable judgment of the thesis to taxpayers, in the records of Extraordinary Appeal No. 574.706. Part of the credit was calculated based on COSIT Internal Consultation Solution No. 13/2018, which determined the exclusion of the ICMS portion effectively paid only, totaling R$30. The total credit amount is still pending review of proper documentation to ascertain the credit right eligibility so as to commence the execution of judgment and the issue of the certificate of judgment debt of the government.

### 21.3.2. Brazilian Treasury Bonds – (“BTN”)

In the year, the ITAÚSA and investee Itautec were awarded a final and unappealable decision for the lawsuit claiming the recognition of credit due to the incorrect monetary adjustment applied by the Government for the redemption of the BTN, purchased under the scope of Law No. 7,777/89, which had set forth the adjustment based on either the Consumer Price Index (IPC) or foreign exchange variation, at the plaintiff’s discretion. However, with the introduction of the Collor Plan and Law No. 8,088/1990, the BTN adjustment index was changed to the Tax Adjustment Index (IRVF) and the exchange variation of the U.S. dollar, thus leading to an understated amount being redeemed. The credit amount is to be discussed upon execution of the judgment, which, after a final and unappealable decision is issued, will be paid through the issue of the certificate of judgment debt of the government.

## 22. EQUITY

### 22.1. Capital

On December 31, 2020 and 2019, fully subscribed and paid-up capital amounts to R$43,515 and it comprises book-entry shares with no par value, as presented below:

| | 12/31/2020 | | | | | |
|---|---|---|---|---|---|---|
| | Common | % | Preferred | % | Total | % |
| Controlling group (Egydio de Souza Aranha family) | 1,828,486,350 | 63.27 | 1,001,079,469 | 18.13 | 2,829,565,819 | 33.64 |
| Other shareholders | 1,061,351,420 | 36.73 | 4,519,897,691 | 81.87 | 5,581,249,111 | 66.36 |
| **Total** | **2,889,837,770** | **100.00** | **5,520,977,160** | **100.00** | **8,410,814,930** | **100.00** |
| Residents in Brazil | 2,886,568,858 | 99.89 | 3,779,660,755 | 68.46 | 6,666,229,613 | 79.26 |
| Residents abroad | 3,268,912 | 0.11 | 1,741,316,405 | 31.54 | 1,744,585,317 | 20.74 |

| | 12/31/2019 | | | | | |
|---|---|---|---|---|---|---|
| | Common | % | Preferred | % | Total | % |
| Controlling group (Egydio de Souza Aranha family) | 1,828,486,350 | 63.27 | 1,024,860,576 | 18.56 | 2,853,346,926 | 33.92 |
| Other shareholders | 1,061,351,420 | 36.73 | 4,496,116,584 | 81.44 | 5,557,468,004 | 66.08 |
| **Total** | **2,889,837,770** | **100.00** | **5,520,977,160** | **100.00** | **8,410,814,930** | **100.00** |
| Residents in Brazil | 2,886,629,869 | 99.89 | 3,363,778,766 | 60.93 | 6,250,408,635 | 74.31 |
| Residents abroad | 3,207,901 | 0.11 | 2,157,198,394 | 39.07 | 2,160,406,295 | 25.69 |

Preferred shares do not entitle their holders to vote, however, they provide the following advantages to their holders:

- Priority in the receipt of a non-cumulative annual minimum dividend of R$0.01 per share;
- The right, in a possible disposal of control, to be included in a public offering of shares so as to entitle them to a price equal to 80% of the amount paid for a share with voting rights, which is part of the controlling group, and dividends equal to those of the common shares.

By resolution of the Board of Directors the Capital may be increased by up to 12,000,000,000 shares, of which up to 4,000,000,000 are common shares and up to 8,000,000,000 are preferred shares.

## 22.2. Reserves

### 22.2.1. Capital reserves

| | Parent company | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Stock options granted | 572 | 515 |
| Goodwill on the issue of shares | 4 | 4 |
| Tax incentives | 2 | 2 |
| Revaluation reserve | 6 | 6 |
| Other | 2 | 2 |
| **Total** | **586** | **529** |

### 22.2.2. Revenue reserves

| | Parent company | | | | | |
|---|---|---|---|---|---|---|
| | | Statutory reserves | | | | |
| | Legal reserve | Dividend equalization | Increase in working capital | Increase in the capital of investees | Additional proposed dividends | Amount |
| Balance on 12/31/2018 | 1,746 | 1,961 | 1,194 | 1,376 | 6,429 | 12,706 |
| Recognition | 516 | 1,241 | 496 | 744 | - | 2,997 |
| Dividends and interest on capital | - | - | - | - | (6,429) | (6,429) |
| Proposed dividends and interest on capital | - | - | - | - | 3,729 | 3,729 |
| Expired dividends | - | 1 | - | - | - | 1 |
| Equity in the earnings of investees | - | (54) | - | - | - | (54) |
| Balance on 12/31/2019 | 2,262 | 3,149 | 1,690 | 2,120 | 3,729 | 12,950 |
| Recognition | 353 | 2,416 | 966 | 1,450 | - | 5,185 |
| Dividends and interest on capital | - | - | - | - | (3,729) | (3,729) |
| Proposed dividends and interest on capital | - | - | - | - | 48 | 48 |
| Expired dividends | - | 3 | - | - | - | 3 |
| Equity in the earnings of investees | - | 88 | - | - | - | 88 |
| Balance on 12/31/2020 | 2,615 | 5,656 | 2,656 | 3,570 | 48 | 14,545 |

#### (a) Legal reserve

The legal reserve is recognized at 5% of profit for the year, under the terms of Article 193 of Law No. 6,404/76, up to the limit of 20% of capital.

#### (b) Statutory reserves

- **Dividend equalization reserve**: it is aimed at ensuring funds for the payment of dividends, including in the form of interest on capital or their advance payment, to maintain the flow of stockholders' remuneration, limited to 40% of capital;

- **Reserve for working capital increase**: it is aimed at ensuring financial means for ITAÚSA's operations, limited to 30% of the capital; and

- **Reserve for the increase of capital of investees**: it is aimed at ensuring the preemptive right of subscription in capital increases of investees.

The amount of the above mentioned statutory reserves will not exceed the limit of 95% of capital. Additionally, the balance of these reserves, together with that of the Legal reserve, may not exceed the total capital.

#### (c) Additional proposed dividends

These refer to Dividends and Interest on Capital exceeding the minimum mandatory dividend, as approved by the Board of Directors, to be ratified by the Annual General Stockholders' Meeting, in the year following the Financial Statements.

### 22.3. Treasury shares

The changes in treasury shares are presented below:

| | Parent company | | | |
|---|---|---|---|---|
| | Number of shares | | | |
| | Common | Preferred | Total | Valor |
| Balance on 12/31/2018 | - | - | - | - |
| Acquisition of shares | (1,873) | - | (1,873) | (32) |
| Cancellation of shares | 1,873 | - | 1,873 | 32 |
| Balance on 12/31/2019 | - | - | - | - |
| Balance on 12/31/2020 | - | - | - | - |

### 22.4. Carrying value adjustment

| | Parent company | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Post-employment benefit | (574) | (505) |
| Fair value of financial assets | 380 | 325 |
| Translation/hyperinflation adjustment | 2,392 | 544 |
| Hedge accounting | (3,501) | (2,126) |
| **Total** | **(1,303)** | **(1,762)** |

The balances refer, in its totality, to the equity method on the carrying value adjustments of associates and jointly-controlled companies.

### 22.5. Distribution of profit, Dividends and Interest on capital

### 22.5.1. Distribution of profit

| | Parent company | |
|---|---|---|
| | 2020 | 2019 |
| Profit | 7,056 | 10,312 |
| (-) Legal reserve | (353) | (516) |
| **Calculation basis of dividends/interest on capital** | 6,703 | 9,796 |
| **Mandatory minimum dividend (25%)** | **1,676** | **2,449** |
| **Appropriation:** | | |
| **Distribution to stockholders** | | |
| Dividends | 968 | 3,536 |
| Interest on capital (gross) | 855 | 50 |
| Additional proposed dividends - Revenue reserves | - | 1,901 |
| Additional proposed interest on capital (gross) - Revenue reserves | 48 | 1,828 |
| | **1,871** | **7,315** |
| **Revenue reserves** | **4,832** | **2,481** |
| | 6,703 | 9,796 |
| **Gross % belonging to stockholders** | **28%** | **75%** |

Shares of both types are included in profits distributed in equal conditions, after common shares are assured dividends equal to the annual minimum mandatory of R$0.01 per share to be paid to preferred shares.

The amount per share of dividends and interest on income in 2020 is as follows:

| | Date of payment (made and expected) | Amount per share | | Amount distributed | |
|---|---|---|---|---|---|
| | | Gross | Net | Gross | Net |
| **Paid/Recognized in a provision** | | | | | |
| Quarterly dividend payments | 07/01/2020 | 0.02000 | 0.02000 | 168 | 168 |
| Additional dividend payments | 08/26/2020 | 0.02000 | 0.02000 | 168 | 168 |
| Quarterly dividend payments | 10/01/2020 | 0.02000 | 0.02000 | 168 | 168 |
| Quarterly dividend payments | 01/04/2021 | 0.02000 | 0.02000 | 168 | 168 |
| Quarterly dividend payments | 04/02/2021 | 0.02000 | 0.02000 | 168 | 168 |
| Interest on capital | 03/12/2021 | 0.10165 | 0.08640 | 855 | 727 |
| Interest on capital | 03/12/2021 | 0.01512 | 0.01286 | 128 | 109 |
| | | **0.21677** | **0.19926** | **1,823** | **1,676** |
| **Proposed** | | | | | |
| Interest on capital | 03/12/2021 | 0.00568 | 0.00482 | 48 | 40 |
| | | **0.00568** | **0.00482** | **48** | **40** |
| **Total** | | **0.22245** | **0.20408** | **1,871** | **1,716** |

### 22.5.2. Dividends and interest on income payable

Changes in dividends and interest on income is as follows:

| | Parent company | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Dividends | Interest on capital | Total | Dividends | Interest on capital | Total |
| **Balance on 12/31/2018** | **342** | **66** | **408** | **507** | **263** | **770** |
| Dividends and Interest on capital from previous years | 3,812 | 2,310 | 6,122 | 3,812 | 2,310 | 6,122 |
| Dividends for the year | 3,536 | - | 3,536 | 3,536 | - | 3,536 |
| Interest on capital | - | 43 | 43 | - | 129 | 129 |
| Expired dividends | - | (1) | (1) | - | (1) | (1) |
| Payments | (7,343) | (2,368) | (9,711) | (7,507) | (2,564) | (10,071) |
| **Balance on 12/31/2019** | **347** | **50** | **397** | **348** | **137** | **485** |
| Dividends and Interest on capital from previous years | 1,901 | 1,608 | 3,509 | 1,901 | 1,698 | 3,599 |
| Dividends for the year | 841 | - | 841 | 841 | - | 841 |
| Interest on capital | - | 879 | 879 | - | 972 | 972 |
| Expired dividends | - | (3) | (3) | - | (3) | (3) |
| Payments | (2,740) | (1,651) | (4,391) | (2,740) | (1,829) | (4,569) |
| **Balance on 12/31/2020** | **349** | **883** | **1,232** | **350** | **975** | **1,325** |

## 23. NET REVENUE

| | Consolidated | |
|---|---|---|
| | 2020 | 2019 |
| **Service and sales revenue** | | |
| Domestic market | 6,161 | 5,298 |
| Foreign market | 1,149 | 913 |
| | **7,310** | **6,211** |
| **Deductions from revenue** | | |
| Taxes and contributions on sales | (1,430) | (1,203) |
| | **(1,430)** | **(1,203)** |
| **Total** | **5,880** | **5,008** |

## 24. RESULT BY NATURE

| | | Parent company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 2020 | 2019 | 2020 | 2019 |
| Personnel compensation and charges | | (74) | (43) | (1,109) | (1,040) |
| Raw and consumption materials | | - | - | (2,712) | (2,225) |
| Changes in inventories of finished products and work in process | | - | - | 217 | 114 |
| Change in the fair value of biological assets | 12 | - | - | 117 | 126 |
| Depreciation and amortization | | (7) | (5) | (589) | (691) |
| Estimated losses on allowance for doubtful accounts | | - | - | (25) | (11) |
| Transportation expenses | | - | - | (368) | (340) |
| Advertising expenses | | - | - | (91) | (97) |
| Insurance | | (8) | (7) | (13) | (12) |
| Other expenses | 24.1 | (40) | (68) | (651) | (645) |
| **Total** | | **(129)** | **(123)** | **(5,224)** | **(4,821)** |
| | | | | | |
| **Reconciliation with Statement of Income** | | | | | |
| Cost of products and services | | - | - | (4,028) | (3,718) |
| Selling expenses | | - | - | (781) | (716) |
| General and administrative expenses | | (129) | (123) | (415) | (387) |
| **Total** | | **(129)** | **(123)** | **(5,224)** | **(4,821)** |

### 24.1. Other expenses (Parent Company)

Of the accumulated amount of R$40 in 2020 (R$68 in 2019), R$23 (R$51 in 2019) refers to third-party services, such as consulting services and legal fees.

## 25. OTHER INCOME AND EXPENSES

| | | Parent company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 2020 | 2019 | 2020 | 2019 |
| Dividends and Interest on capital | 0 | 181 | 165 | 181 | 165 |
| Amortization of customer portfolio | | - | - | (26) | (26) |
| Income from sale of farms | | - | - | 6 | 267 |
| Income from sale of PPE | 25.1 | - | 27 | - | 49 |
| Employee benefits | | - | - | (15) | 14 |
| Rental revenue | | 6 | 6 | 2 | 5 |
| Donations - COVID-19 | 34 | (50) | - | (57) | - |
| ICMS as calculation base of PIS and COFINS | | - | - | - | 13 |
| Impairment – Property, plant and equipment and Intangible assets | 17.4 | - | - | (13) | (9) |
| Others | | (5) | 3 | 10 | 57 |
| | | **132** | **201** | **88** | **535** |

### 25.1. Result from sale of property, plant and equipment

This refers to the result from the sale of 3.34% ownership, held by ITAÚSA, in Itaú Unibanco Centro Empresarial (IUCE) to Itaú Unibanco Holding, carried out in June 2019.

## 26. FINANCE RESULT

| | | Parent company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 2020 | 2019 | 2020 | 2019 |
| **Finance income** | | | | | |
| Interest income from financial investments | | 24 | 47 | 57 | 105 |
| Fair value of marketable securities | 6 | 357 | 231 | 357 | 231 |
| Foreign exchange variation – assets | 26.2 | 69 | 59 | 145 | 77 |
| Interest and discounts obtained | | - | - | 14 | 19 |
| Adjustment to judicial deposits | | 12 | 21 | 15 | 25 |
| Other monetary adjustments | | 12 | 16 | 27 | 36 |
| Other finance income | | - | - | 1 | 3 |
| | | **474** | **374** | **616** | **496** |
| **Finance costs** | | | | | |
| Debt charges | | (51) | (86) | (194) | (296) |
| Fair value of marketable securities | 6 | (47) | - | (47) | - |
| PIS/COFINS on financial income | 26.1 | (235) | (269) | (237) | (273) |
| Interest on lease liability | | - | - | (5) | (3) |
| Foreign exchange variation – liabilities | 26.2 | (161) | (71) | (198) | (80) |
| Other monetary adjustments | | (1) | - | (17) | (9) |
| Transactions with derivatives | | - | - | (47) | (4) |
| Other finance costs | | (36) | (69) | (60) | (95) |
| | | **(531)** | **(495)** | **(805)** | **(760)** |
| **Finance result** | | **(57)** | **(121)** | **(189)** | **(264)** |

### 26.1. PIS/COFINS on financial income

This refers mainly to PIS/COFINS levied on the interest on capital received.

### 26.2. Foreign exchange variation – assets and liabilities (Parent company)

All lines relate to the amount payable to "Nova Infraestrutura Fundo de Investimento em Participações e Multiestratégia", a multi-strategy equity investment fund, driven by the acquisition of 7.65% of NTS (Note 11.2).

## 27. INCOME TAX AND SOCIAL CONTRIBUTION

The amounts recorded as income tax and social contribution expenses in the financial statements are reconciled with the nominal rates provided for in legislation, as stated below:

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **Income before income taxes** | **7,160** | **10,393** | **7,535** | **10,730** |
| **Income tax and social contribution calculated at nominal rates (34%)** | **(2,434)** | **(3,534)** | **(2,562)** | **(3,648)** |
| **(Addition)/Reduction for calculation of effective income tax and social contribution** | | | | |
| Equity in the earnings of subsidiaries | 2,453 | 3,548 | 2,373 | 3,493 |
| Dividends on investments classified as financial assets | 59 | 52 | 59 | 52 |
| Interest on Capital | 125 | (60) | 199 | 28 |
| Deferred tax assets not recognized | (297) | (79) | (297) | (80) |
| From temporary differences | (53) | (78) | (61) | (80) |
| From income tax and social contribution loss carryforwards | (244) | (1) | (236) | - |
| Difference in taxation of controlled company | - | - | 14 | (3) |
| Non-deductible expenses | (10) | (8) | 23 | (3) |
| **Income tax and social contribution calculated** | **(104)** | **(81)** | **(191)** | **(161)** |
| Current | - | - | (111) | (165) |
| Deferred | (104) | (81) | (80) | 4 |
| **Effective rate** | **1.5%** | **0.8%** | **2.5%** | **1.5%** |

## 28. EARNINGS PER SHARE

| | Parent company and Consolidated | |
|---|---|---|
| | 2020 | 2019 |
| **Numerator** | | |
| **Profit attributable to controlling stockholders** | | |
| Preferred | 4,632 | 6,769 |
| Common | 2,424 | 3,543 |
| | **7,056** | **10,312** |
| **Denominator** | | |
| **Weighted average number of outstanding shares** | | |
| Preferred | 5,520,977,160 | 5,520,927,654 |
| Common | 2,889,837,770 | 2,889,838,550 |
| | **8,410,814,930** | **8,410,766,204** |
| **Basic and diluted earnings per share (in Brazilian Reais)** | | |
| Preferred | 0.83892 | 1.22605 |
| Common | 0.83892 | 1.22605 |

## 29. SHARE-BASED PAYMENT

### Stock option plan – controlled company Duratex

As provided in the Bylaws, the controlled company Duratex has a stock option plan whose purpose is to integrate its executives into the company's development process in the medium and long terms, providing them with the option of benefiting from the value that their work and dedication has added to Duratex shares.

The options will entitle their holders to subscribe to the common shares of the controlled company Duratex's authorized capital, subject to the conditions established in the plan.

The rules and operating procedures related to the plan are proposed by the Personnel, Governance and Nomination Committee ("Committee"), appointed by Duratex's Board of Directors. This committee will periodically submit proposals regarding the application of the plan for the approval of the Board of Directors.

Options may only be granted in the years when there is sufficient profit to allow for the distribution of mandatory dividends to stockholders. The total number of options to be granted each year will not exceed the limit of 0.5% of the totality of the outstanding shares of Duratex on the date of the financial statements for that year.

The exercise price to be paid to Duratex is established by the Committee upon the granting of the option. The exercise price of the options takes into consideration the average prices of Duratex common shares on the B3 trading sessions over a period of at least five and at most ninety trading sessions prior to the date of the issue of the options, at the discretion of the Committee, and an upward or downward adjustment of up to 30% may be applied. The prices established are adjusted up to the month prior to the exercise of the option at the General Market Price Index (IGP-M) or, in its absence, using an index indicated by the Committee.

Duratex uses the binomial option pricing model for the options that assumes the existence of two possible trajectories in the behavior of asset prices, an ascending one and a descending one. Accordingly, a tree is developed with the price trajectories so that the value of the share on a future date can be determined based on the volatility defined and in the time interval between the steps of the tree from the time of pricing to the expiry. The pricing process under this model is carried out based on the Backward Induction method, going from the knots on expiry to the starting point.

Volatility is calculated from a standard deviation on the history for the past 365 daily returns of the closing prices of Duratex share on B3, adjusted by the IGP-M.

We present below the characteristics of the shares granted and the main assumptions for the calculation of fair value:

| | 2013 | 2014 | 2016 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Main characteristics** | | | | | |
| Total stock options granted | 1,561,061 | 1,966,869 | 1,002,550 | 1,046,595 | 1,976,673 |
| Exercise price on the granting date | 14.45 | 11.44 | 5.74 | 9.02 | 9.80 |
| Fair value on the granting date | 6.54 | 4.48 | 4.00 | 5.19 | 5.17 |
| Granting date | 04/17/2013 | 02/11/2014 | 03/09/2016 | 04/26/2018 | 05/13/2019 |
| Date of the grace period | 12/31/2016 | 12/31/2017 | 12/31/2019 | 12/31/2021 | 12/31/2022 |
| Maturity date | 12/31/2021 | 12/31/2022 | 12/31/2024 | 12/31/2026 | 12/31/2027 |
| **Main assumptions for the calculation of fair value** | | | | | |
| Volatility of the share price | 34.13% | 28.41% | 39.82% | 38.09% | 38.49% |
| *Dividend yield* | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Return rate free of risk (IGP-M coupon) | 3.58% | 6.39% | 6.95% | 4.67% | 4.05% |
| Effective exercise rate | 96.63% | 96.63% | 94.90% | 94.90% | 94.90% |

The controlled company Duratex carries out the settlement of this benefit plan by delivering its own shares held in treasury until the effective exercise of the options by the executives. In 2015, 2017 and 2020, no stock options were granted.

We present below the appropriation of the stock options granted:

| Granting year | To be exercised 12/31/2020 | To be exercised 12/31/2019 | Total amount | Periods: Due | Periods: 2013 to 2016 | Periods: 2017 | Periods: 2018 | Periods: 2019 | Periods: 2020 | Other periods |
|---|---|---|---|---|---|---|---|---|---|---|
| Overdue in previous years | | | | 72 | - | - | - | - | - | - |
| 2012 | - | 581,774 | - | 6 | - | - | - | - | - | - |
| 2013 | 566,965 | 897,255 | 8 | - | 8 | - | - | - | - | - |
| 2014 | 1,091,511 | 1,648,223 | 9 | - | 7 | 2 | - | - | - | - |
| 2016 | 148,700 | 637,100 | 5 | - | 1 | 2 | 1 | 1 | - | - |
| 2018 | 780,671 | 792,653 | 5 | - | - | - | 1 | 2 | 1 | 1 |
| 2019 | 1,976,673 | 1,976,673 | 11 | - | - | - | - | 2 | 3 | 6 |
| | **4,564,520** | **6,533,678** | **38** | **78** | **16** | **4** | **2** | **5** | **4** | **7** |
| **Exercise effectiveness** | | | **94.90%** | **96.63%** | **96.63%** | **96.63%** | **94.90%** | **94.90%** | **94.90%** | **94.90%** |
| **Computed value** | | | **36** | **76** | **16** (1) | **3** (2) | **2** (3) | **4** (4) | **4** (5) | **7** (6) |

*(1) Amount charged to income from 2013 to 2016.*
*(2) Amount charged to income in 2017.*
*(3) Amount charged to income in 2018.*
*(4) Amount charged to income in 2019.*
*(5) Amount charged to income in 2020.*
*(6) Value charged to income in other periods.*

On December 31, 2020, controlled company Duratex had 1,223,698 treasury shares (2,051,716 on December 31, 2019), which may be used to cover a possible option exercise.

## 30. EMPLOYEE BENEFITS

### 30.1. Private pension plans

ITAÚSA and its controlled companies in Brazil are part of a group of companies that sponsor Fundação Itaúsa Industrial ("Foundation"), a nonprofit entity whose purpose is to manage private plans for the concession of annuities or supplementary income or benefits similar to those conferred by social security. The Foundation is regulated in compliance with the rules established by the Ministry of Economy by means of the National Supplementary Pension Council (CNPC), the Department of Supplementary Pension Policies (SPPC) and the National Supplementary Pension Superintendency (Previc).

The Fundação manages the Defined Contribution Plan – PAI – CD ("CD Plan") and the Defined Benefit Plan – BD ("BD Plan") and the employees have the option to voluntarily participate in CD Plan.

#### 30.1.1. Defined Contribution Plan – CD Plan

The regulation of the plan provides for the contribution of the sponsoring companies between 50% and 100% of the amount contributed by the employees.

This plan is offered to all employees of the sponsoring companies and had 7,232 participants on December 31, 2020 (7,524 on December 31, 2019).

There is no actuarial risk for the sponsoring companies in the CD Plan, that is, there is no additional payment obligation after the contributions are made.

Due to the surplus position of the plan, presented in item (a) below, ITAÚSA and its controlled companies did not make any contributions in 2020 and 2019.

### (a) Employer's Pension Fund

Contributions made by the sponsoring companies that remained in the plan because the participants had opted for redemption or early retirement, formed the Employer's Pension Fund, which, according to the plan's regulation, has been used to offset future contributions made by the sponsoring companies.

The present value of future regular contributions, using the average percentage of the regular contribution of the sponsoring companies, was calculated by actuaries and is presented below:

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Present value of obligations | (55) | (52) | (1,762) | (1,771) |
| Fair value of assets | 86 | 81 | 2,776 | 2,777 |
| Restriction in the recognition of assets | (21) | (18) | (908) | (885) |
| **Assets recognized (non-current)** | **10** | **11** | **106** | **121** |

The negative change in the balance receivable in ITAÚSA's financial statements, in the amount of R$1 and in the consolidated financial statements, in the amount of, R$15, was recorded in profit or loss as a contra-entry to the "Other income and expenses" account.

### 30.1.2. Defined Benefit Plan – BD Plan

The main purpose of this plan is the concession of benefits that, as a lifetime monthly income, are intended to supplement, under the terms of its regulation, the income paid by social security. This plan is considered extinguished because no new participants can be admitted to it.

The resources of the plan are converted into benefits in the event of retirement based on the time of contribution, special circumstances, age and disability, in addition to a retirement premium, lifetime monthly income and death annuity.

In December 2019, PREVIC approved the appropriation of the BD Plan special reserve for the year 2016 to be refunded to all sponsors in 36 monthly installments from January 2020, in the amounts of R$2 in ITAÚSA and R$18 in Consolidated.

In October 2020, PREVIC approved the appropriation of the BD Plan special reserve for the year 2017 to be refunded to all sponsors in 36 monthly installments from November 2020, in the amounts of R$1 in ITAÚSA and R$14 in Consolidated.

Both refunds were recorded in the Balance Sheet under "Other assets" (Note 11) as a contra-entry to income for the year under "Other income and expenses".

Due to the surplus position of the plan, presented in item (a) below, ITAÚSA and its controlled companies do not expect to make any contributions in 2021.

## (a) Changes in actuarial assets and liabilities

| | | Parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 12/31/2020 | | | | 12/31/2019 | | | |
| | Note | Present value of the plan's obligations | Fair value of the plan's assets | Restriction in the recognition of the asset | Recognized net assets (liabilities) | Present value of the plan's obligations | Fair value of the plan's assets | Restriction in the recognition of the asset | Recognized net assets (liabilities) |
| Opening balance | | (18) | 26 | (7) | 1 | - | - | - | - |
| Merger – Itaúsa Emprendimentos | | - | - | - | - | (15) | 23 | (9) | (1) |
| Cost of interest | | (1) | 2 | - | 1 | (1) | 2 | - | 1 |
| Return on the plan's assets | | - | 1 | - | 1 | - | 3 | - | 3 |
| Actuarial gains (losses) arising from economic assumptions | | 1 | - | - | 1 | (2) | - | - | (2) |
| Change in unrecoverable surplus | | - | - | (1) | (1) | - | - | 1 | 1 |
| Contributions paid by the sponsoring companies | | - | (1) | - | (1) | - | - | - | - |
| Benefits paid | | 2 | (2) | - | - | 1 | (1) | - | - |
| Closing balance | | (16) | 26 | (8) | 2 | (17) | 27 | (8) | 2 |
| | | | | | | | | | |
| Current | 11 | | | | 1 | | | | 1 |
| Non-current | 11 | | | | 1 | | | | 1 |

| | | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 12/31/2020 | | | | 12/31/2019 | | | |
| | | Present value of the plan's obligations | Fair value of the plan's assets | Restriction in the recognition of the asset | Recognized net assets (liabilities) | Present value of the plan's obligations | Fair value of the plan's assets | Restriction in the recognition of the asset | Recognized net assets (liabilities) |
| Opening balance | | (180) | 267 | (69) | 18 | (159) | 245 | (82) | 4 |
| Cost of past service | | 6 | - | - | 6 | - | - | - | - |
| Cost of interest | | (12) | 18 | (4) | 2 | (14) | 21 | (5) | 2 |
| Return on the plan's assets | | - | (7) | - | (7) | - | 20 | - | 20 |
| Actuarial gains (losses) arising from demographic assumptions | | 1 | - | - | 1 | - | - | - | - |
| Actuarial gains (losses) arising from economic assumptions | | 12 | - | - | 12 | (22) | - | - | (22) |
| Change in unrecoverable surplus | | - | - | 1 | 1 | - | - | 18 | 18 |
| Contributions paid by sponsors | | - | (7) | - | (7) | - | (4) | - | (4) |
| Benefits paid | | 17 | (17) | - | - | 16 | (16) | - | - |
| Closing balance | | (156) | 254 | (72) | 26 | (179) | 266 | (69) | 18 |
| | | | | | | | | | |
| Current | 11 | | | | 11 | | | | 6 |
| Non-current | 11 | | | | 15 | | | | 12 |

## (b) Classes of assets

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Classes of assets | % | % | % | % |
| Fixed income | 100 | 100 | 100 | 100 |
| Total | 100 | 100 | 100 | 100 |

## (c) Main actuarial assumptions

| | Parent company and Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Economic assumptions | | |
| Discount rate | 7.62% | 6.99% |
| Inflation rate | 3.50% | 3.80% |
| Salary growth rate | 3.50% | 3.80% |
| Increase of benefits | 3.50% | 3.80% |
| Demographic assumptions | | |
| Mortality table | AT-2000 (rated down by 10%) | AT-2000 (rated down by 10%) |
| Mortality table of disabled people | RRB - 1983 | RRB - 1983 |
| Disability table | RRB - 1944 (rated down by 70%) | RRB - 1944 (rated down by 70%) |
| Turnover table | Actuary experience | Actuary experience |
| Retirement age | First age entitled to one of the benefits | First age entitled to one of the benefits |

### (d) Sensitivity analysis

We present below a sensitivity analysis that takes into consideration the effects arising from the changes in the main actuarial assumptions used to determine the result of the BD Plan:

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2020 | 12/31/2019 | 12/31/2020 | 12/31/2019 |
| Discount rate | | | | |
| +1.0% | 15 | 16 | 145 | 166 |
| -1.0% | 17 | 19 | 168 | 196 |

### (e) Analysis of the maturity of benefits

| | Parent company | Consolidated |
|---|---|---|
| | 12/31/2020 | 12/31/2020 |
| 2021 | 1 | 15 |
| 2022 | 1 | 15 |
| 2023 | 1 | 15 |
| 2024 | 1 | 15 |
| 2025 | 1 | 15 |
| 2026 - 2030 | 7 | 70 |
| **Total** | **12** | **145** |

## 30.2. Health care plans

The controlled company Duratex offers two health care plans:

- **Post-employment health care plan:** Duratex offers plans that were contributory, which are currently co-participated with its employees and their respective dependents the distribution center in Tubarão, State of Santa Catarina. On December 31, 2020 and 2019, 10 and 9 health care operators 24,889 and 21,973 participants, respectively (active, dismissed, retired and dependents), characterizing the obligation to extend the coverage to dismissed and retired employees, in accordance with Law No. 9,656/98.

- **Health care assistance to dismissed employees:** Controlled company Duratex offers a healthy care assistance plan to dismissed employees.

Controlled company Duratex has engaged a number of independent actuaries to carry out an actuarial assessment of the plan liabilities on December 31, 2020 and 2019. The hypotheses and actuarial method used for the assessment adopted were in compliance with actuarial principles and CPC 33 (R1)/ IAS 19 - Employee Benefits.

### (a) Changes in actuarial liabilities

| | Consolidated | |
|---|---|---|
| | 12/31/2020 | 12/31/2019 |
| Present value of the plan's obligations | | |
| Opening balance | 72 | 30 |
| Acquisition of companies | - | 9 |
| Cost of current service | 1 | - |
| Cost of past service | (10) | - |
| Cost of interest | 5 | 3 |
| Return/Losses on the plan's assets | (7) | - |
| Actuarial gains (losses) arising from economic assumptions | (10) | 30 |
| Benefits paid | (1) | - |
| Closing balance | 50 | 72 |
| | | |
| Recognized in profit or loss | (5) | 3 |
| Recognized in other comprehensive income | (17) | 30 |

## 30.3. Long Term Incentive Plan (LTIP)

Investee Duratex and its controlled companies approved the Long Term Incentive Plan (LTIP) on April 30, 2020.This plan aims at (i) fostering executive's long-term commitment by encouraging them to succeed in all their activities and achieve the Company's goals; (ii) attracting and retaining the best professionals by offering incentives in line with the Company's ongoing growth; and (iii) providing a competitive edge variable compensation wise compared to the market. The LTIP is broken down as follows:

- ***Performance shares***: Shares issued by investee Duratex will be transferred to participants if performance target is met, based on Duratex's strategic planning, for a five-year period. Only non-employee officers (statutory officers) are eligible to these shares.

- ***Matching:*** Investee Duratex will invite beneficiaries to invest a percentage of their Short-Term Incentive (STI) to buy Company's shares and beneficiaries must hold these shares for the period covered by the program. After four years, Duratex will transfer an additional amount corresponding to 50% of the shares acquired by the beneficiary, and after five years elapse, Duratex will complete the contribution with the remaining 50%, thus totaling the 100% matching. Only non-employee officers (statutory officers) are eligible to these shares.

- **Restricted shares:** Investee Duratex will transfer shares to its employees, free of charge, provided that these have outperformed and ensured high impact on the Company's business in a one-year period.Employees hired under the Consolidation of Labor Laws (CLT) are eligible to this program. Shares will be transferred after a three-year vesting period.

In 2020, Duratex's Long Term Incentive Plan (LTIP) had no material impact on the Consolidated Financial Statements of ITAÚSA.

## 31. SEGMENT INFORMATION

The disclosed operating segments reflect, in a consistent manner, the management of decision-making processes and the monitoring of results by the Executive Committee, the main operational decision-maker at ITAÚSA.

Companies in which ITAÚSA invests are independent to define different and specific standards in management and segmentation of their respective business.

The accounting policies for each segment are in compliance with used by ITAÚSA. Segments have a diversified customer portfolio, with no concentration on revenue.

ITAÚSA's operating segments were defined in accordance with the reports presented to the Executive Committee. Segments included in the consolidated financial statements of ITAÚSA are as follows:

- **Duratex:** It has 4 business segments: (i) Deca – manufactures and sells bathroom porcelains and metals, showers and electric taps, sold under Deca and Hydra brands, distinguished for a wide line of products, bold design and high quality; (ii) Ceramic tiles – manufactures and sells floor and wall coatings under Ceusa, Cecrisa, and Portinari brands, distinguished in the domestic market for its innovation, quality and cutting-edge technology; (iii) Wood – manufactures and sells wood panels from pine and eucalyptus from certified reforestation forests, largely used in the manufacture of furniture, mainly fiberboard, chipboard and medium, high and super-density fiberboards, better known as MDF, HDF and SDF, from which laminate and vinyl flooring, under Durafloor brand, and ceiling and wall coatings are manufactured; and (iv) Dissolving Wood Pulp (DSW) - the project involves the construction of a new DSW plant with annual production capacity of 500,000 tons, located at the Triângulo Mineiro region, state of Minas Gerais. At the end of 2020, 48% of the construction work was already completed.

- **Other:** These refer to the information on Itautec and ITH Zux Cayman. In 2019, Itaúsa Empreendimentos (merged into ITAÚSA on August 2019) is also included.

| | Duratex | ITAÚSA | Other | (-) Elimination | Consolidated | Duratex | ITAÚSA | Other | (-) Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance sheet** | | | 12/31/2020 | | | | | 12/31/2019 | | |
| Total assets | 11,498 | 62,985 | 91 | (1,974) | 72,600 | 10,715 | 58,571 | 69 | (1,879) | 67,476 |
| Total liabilities | 6,310 | 5,642 | 50 | (35) | 11,967 | 5,783 | 3,339 | 28 | (31) | 9,119 |
| Total stockholders' equity | 5,187 | 43,515 | 39 | (5,226) | 43,515 | 4,931 | 43,515 | 40 | (4,971) | 43,515 |
| **Statement of income** | | | 2020 | | | | | 2019 | | |
| Net revenue | 5,880 | - | - | - | 5,880 | 5,012 | - | 23 | (27) | 5,008 |
| Domestic market | 4,822 | - | - | - | 4,822 | 4,178 | - | 23 | (27) | 4,174 |
| Foreign market | 1,058 | - | - | - | 1,058 | 834 | - | - | - | 834 |
| Equity in the earnings of subsidiaries | (67) | 7,214 | - | (167) | 6,980 | (1) | 10,436 | - | (163) | 10,272 |
| Finance result | (137) | (57) | 5 | - | (189) | (160) | (121) | 17 | - | (264) |
| Depreciation and amortization | (582) | (7) | - | - | (589) | (684) | (5) | (2) | - | (691) |
| Income tax and social contribution | (81) | (104) | (6) | - | (191) | (73) | (81) | (7) | - | (161) |
| Profit | 454 | 7,056 | - | (166) | 7,344 | 406 | 10,312 | 15 | (164) | 10,569 |
| **Performance analysis** | | | | | | | | | | |
| ROE [1] | 9.3% | 13.0% | - | - | - | 8.5% | 19.4% | - | - | - |
| Internal generation of resources [2] | 1,508 | (180) | - | - | - | 1,108 | (299) | - | - | - |

*[1] Represents the ratio of net income to average stockholders' equity, both attributable to controlling stockholders.*
*[2] Refers to line "Net cash from operating activities" in Statement of cash flows.*

Even though Itaú Unibanco, Alpargatas and NTS are not controlled companies and, therefore, are not included in the consolidated financial statements, Management reviews their information and consider them as a segment, as they are part of ITAÚSA's investment portfolio. Their activities are detailed as follows:

- **Itaú Unibanco:** it is a banking institution that offers, directly or by means of its subsidiaries, a broad range of credit products and other financial services to a diversified individual and corporate client base in Brazil and abroad.

- **Alpargatas:** its activities include the manufacturing and sale of footwear and its respective components, apparel, textile items and respective components, leather, resin and natural or artificial articles, and sports articles.

- **NTS:** a natural gas transporter, by means of gas pipelines, that operates in the states of Rio de Janeiro, Minas Gerais and São Paulo, which correspond to approximately 50% of the consumption of gas in Brazil. This system has connections with the Brazil-Bolivia gas pipeline, with liquefied natural gas (LNG) terminals and with gas processing units.

| | Itaú [1] | ALPARGATAS | nts | Itaú [1] | ALPARGATAS | nts |
|---|---|---|---|---|---|---|
| **Balance Sheet** | | 12/31/2020 | | | 12/31/2019 | |
| Total assets | 2,019,251 | 4,815 | 10,200 | 1,637,481 | 4,522 | 10,051 |
| Total liabilities | 1,864,726 | 1,796 | 8,056 | 1,488,016 | 1,787 | 7,410 |
| Total stockholders' equity | 142,993 | 2,949 | 2,144 | 136,925 | 2,643 | 2,641 |
| **Statement of Income** | | 2020 | | | 2019 | |
| Net revenue [2] | 166,656 | 3,364 | 4,671 | 188,893 | 3,280 | 4,406 |
| Domestic market | 141,037 | 2,484 | 4,671 | 157,247 | 2,493 | 4,406 |
| Foreign market | 25,619 | 880 | - | 31,646 | 787 | - |
| Equity in the earnings of subsidiarie | 1,399 | - | - | 1,315 | - | - |
| Finance result [3] | - | (73) | (107) | - | (1) | (282) |
| Depreciation and amortization | (5,064) | (162) | (384) | (4,630) | (151) | 340 |
| Income tax and social contribution | 9,834 | 8 | (1,242) | (3,430) | (111) | (1,085) |
| Net income | 18,896 | 140 | 2,527 | 27,113 | 274 | 2,218 |
| | | | | | | |
| **Performance analysis** | | | | | | |
| ROE | 14.2% | 5.0% | - | 21.8% | 11.0% | - |
| Internal generation of resources | 59,491 | 313 | - | 35,160 | 531 | - |

*(1) This corresponds to the direct and indirect interest by means of IUPAR (please see Note 15.3)*

*(2) For Itaú Unibanco, this corresponds to: (i) Income from interest, yield and dividends; (ii) Adjustment to fair value of financial assets and liabilities; (iii) Income from foreign exchange operations and foreign exchange variations on transactions abroad; (iv) Service revenue; and (v) Income from insurance and pension plan operations.*

*(3) Since Itaú Unibanco is part of the "Financial segment", finance income and costs are included in "Net revenue".*

## 32. RELATED PARTIES

Transactions between related parties arise from the ordinary course of business and are carried out based at amounts and usual market rates prevailing on the respective dates, as well as under reciprocal conditions.

ITAÚSA has a "Policy for Transactions with Related Parties" approved by the Board of Directors that is aimed at establishing rules and procedures to assure that the decisions involving transactions with related parties and other situations with potential conflicts of interest are made so as to ensure reciprocity and transparency, thus guaranteeing to stockholders, investors and other stakeholders that the transactions were based on the best corporate governance practices.

In addition to the amounts of dividends receivable (Note 9), the other balances and transactions between related parties are presented below:

| | Nature | Relationship | Parent company 12/31/2020 | Parent company 12/31/2019 | Consolidated 12/31/2020 | Consolidated 12/31/2019 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Cash and cash equivalents** | | | - | - | **49** | **43** |
| Itaú Unibanco | Financial investments | Jointly-controlled company | - | - | 49 | 43 |
| **Marketable Securities** | | | **20** | - | **20** | - |
| Copagaz | Debentures | Associated | 20 | - | 20 | - |
| **Customers** | | | **1** | - | **9** | **32** |
| Duratex | Rent | Controlled company | 1 | - | - | - |
| Leo Madeiras Máquinas & Ferramentas Ltda. | Sales of goods | Non-controlling stockholder of controlled company Duratex | - | - | 9 | 32 |
| **Ativo Biológico** | | | - | - | **31** | - |
| LD Celulose | | Indirect associated | - | - | 31 | - |
| **Total** | | | **21** | **-** | **109** | **75** |
| **Liabilities** | | | | | | |
| **Debts** | | | - | - | **(515)** | - |
| Itaú Unibanco | Debts | Jointly-controlled company | - | - | (515) | - |
| **Leases** | | | - | - | **(30)** | **(289)** |
| Ligna Florestal Ltda. | Lease liabilities | Non-controlling stockholder of controlled company Duratex | - | - | (30) | (29) |
| LD Florestal | Lease liabilities | Indirect jointly-controlled company | - | - | - | (260) |
| **Debentures** | | | **(751)** | - | **(751)** | - |
| Itaú Unibanco | Debentures | Jointly-controlled company | (751) | - | (751) | - |
| **Other liabilities** | | | **8** | **(1)** | **5** | **(4)** |
| Itaú Unibanco | Provision of services | Jointly-controlled company | - | - | (3) | (5) |
| Itaú BBA | Debenture issue costs | Jointly-controlled company | 9 | - | 9 | 2 |
| Itaú Corretora | Provision of services | Jointly-controlled company | (1) | (1) | (1) | (1) |
| **Total** | | | **(743)** | **(1)** | **(1,291)** | **(293)** |

| Profit or loss | Nature | Relationship | Parent company 2020 | Parent company 2019 | Consolidated 2020 | Consolidated 2019 |
|---|---|---|---|---|---|---|
| **Net revenue** | | | - | - | **124** | **125** |
| Leo Madeiras Máquinas & Ferramentas Ltda. | Sales of goods | Non-controlling stockholder of controlled company Duratex | - | - | 124 | 125 |
| **Cost of products and services** | | | - | - | **(6)** | **(27)** |
| Ligna Florestal Ltda. | Agricultural lease contracts | Non-controlling stockholder of controlled company Duratex | - | - | (3) | (3) |
| LD Florestal | Agricultural lease contracts | Indirect jointly-controlled company | - | - | (2) | (24) |
| LD Celulose | Product supply | Indirect associated | - | - | (1) | - |
| **General and administrative expenses** | | | **(11)** | **18** | **(12)** | **(8)** |
| Itaú Corretora | Provision of services | Jointly-controlled company | (11) | (8) | (12) | (8) |
| Itaúsa Empreendimentos | Provision of services | Controlled company | - | 26 | - | - |
| **Other income and expenses** | | | **(43)** | **42** | **(52)** | **38** |
| Itaú Unibanco | Revenue from rental | Jointly-controlled company | - | 1 | - | 1 |
| Itaú Unibanco | Sale of PPE | Jointly-controlled company | - | 37 | - | 37 |
| Itaú Unibanco | Other | Jointly-controlled company | 1 | - | 1 | - |
| Fundação Itaú para a Educação e Cultura | Donations - All for Health (Todos pela Saúde) | Others related parties | (50) | - | (55) | - |
| Duratex | Revenue from rental | Controlled company | 4 | 4 | - | - |
| Fundação Itaú para Educação e Cultura | Revenue from rental | Others related parties | 2 | - | 2 | - |
| **Finance result** | | | - | - | **(17)** | **2** |
| Itaú Unibanco | Financial investments | Jointly-controlled company | - | - | 2 | 2 |
| Itaú Unibanco | Finance costs | Jointly-controlled company | - | - | (19) | - |
| **Total** | | | **(54)** | **60** | **37** | **130** |

## 32.1. Guarantees offered

ITAÚSA is a guarantor of the following transactions:

| Related party | Relationship | Type | Subject matter | Parent company 12/31/2020 | Parent company 12/31/2019 |
|---|---|---|---|---|---|
| Duratex | Controlled company | Surety | Loan | 24 | 28 |
| Duratex Florestal Ltda. | Indirectly-controlled company | Surety | Loan | 34 | 38 |
| Itautec | Controlled company | Surety | Surety - Collateral in lawsuits | 36 | 26 |
| **Total** | | | | **94** | **92** |

### 32.2. Management compensation

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Compensation | 39 | 23 | 73 | 62 |
| Payroll charges | 5 | 2 | 9 | 3 |
| Short-term benefits [1] | 2 | 1 | 2 | 1 |
| Share-based compensation plan | - | - | 6 | 4 |
| Other long-term incentives | 1 | - | 1 | - |
| **Total** | **47** | **26** | **91** | **70** |

[1] *Include: Medical and dental assistance, meal subsidy, and life insurance.*

## 33. NON-CASH TRANSACTIONS

In conformity with CPC 03 (R2) / IAS 7 – Statement of Cash Flows, any investment and financing transactions not involving the use of cash or cash equivalents should not be included in the statement of cash flows.

All investment and financing activities not involving changes in cash and therefore are not recorded in any account in the Statement of Cash Flows, are shown as follows:

| | Parent company | | Consolidated | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Dividends/Interest on capital resolved upon and not received | 985 | 205 | 951 | 160 |
| Dividends/Interest on capital resolved upon and not paid | 1,215 | 386 | 1,307 | 460 |
| **Total** | **2,200** | **591** | **2,258** | **620** |

## 34. ADDITIONAL INFORMATION

### COVID-19 impacts

Together with its investees, ITAÚSA has undertaken efforts to minimize the impacts of the current Covid-19 pandemic on its operations and society, in addition to adopting a number of measures to protect the employees' health, wellbeing and safety.

ITAÚSA's Management has been constantly monitoring the economic and financial impacts of this pandemic that adversely impact its results and those of its investees.

We highlight below some effects in the Financial Statements of December 31, 2020 on ITAÚSA and main investees:

- **ITAÚSA:** foreign exchange variation on the time installment denominated in U.S. dollars in connection with the acquisition of interest in NTS' capital in the negative amount of R$92. Moreover, aimed at supporting public health activities and contributing to the pandemic relief efforts, ITAÚSA has donated R$50 to the "Todos pela Saúde" (All for Health) aliance.

- **Itaú Unibanco:** (i) increase in loans and financing, particularly for very small, small and middle-market companies in the amount of R$24,169; (ii) extension of grace periods, terms and lower interest rates for individuals and very small and small companies; (iii) 28.05% increase in the number of requests for renegotiating and extending loan repayment terms; (iv) increase of R$4,194 in allowance for estimated losses on doubtful accounts and impairment of financial assets driven by risk level and installments in default due to changes in financial prospects of clients and significant worsening of macroeconomic variables; (v) mark-to-market component of the securities portfolio decreased to -1.3% in the first quarter of 2020, partially driven by rate fluctuations and high volatility of market prices; (vi) instability in variable income market leading to migration of liquid fixed income instruments, which increased the portfolio of Bank Deposit Certificates (CDB); (vii) increase in funding operations through loan origination in the total amount of R$30,547; (viii) increase in recognition of deferred taxes driven by higher volume of deductible temporary differences recorded in the period; (ix) decrease in projected taxable income, but with no generation of income tax and social contribution loss carryforwards; and (x) R$104 increase in expenses onCOVID-19 related claims, mainly in life and credit life insurance. Furthermore, in April 2020, Itaú Unibanco set up the "Todos pela Saúde" (All for Health) initiative with the donation of R$1 billion to fight the novel Coronavirus-19 and its effects on Brazilian society. The "Todos pela Saúde" initiative operates by way of four action axes: Informing, Protecting, Caring, and Resuming.

- **Alpargatas:** (i) strengthening the cash position through funding of bank credit lines to protect liquidity, in the amount of R$2,185, which was substantially repaid in advance over the second half of 2020, and fully repaid in January 2021; (ii) increase in expected loan losses from clients due to higher credit risk and extensions of securities terms in the amount of R$22; (iii) higher cost of labor force and manufacturing expenses in the amount of R$16; and (iv) renegotiating agreements for discounts from rents of shops and offices in the amount of R$11. Alpargatas has donated funds and products, in the amount of R$28 (cost value), through Instituto Alpargatas and the "Todos pela Saúde" (All for Health) aliance.

- **Duratex:** (i) debt increase driven by loans raised for proper liquidity management, partially repaid in advance, with R$1,142 as balance in December 2020; (ii) temporarily extending terms for trade accounts receivable, within fiscal year 2020, partially mitigated by extended terms with suppliers and extending tax payment terms, which were repaid by December 2020, with positive effect on cash balance at R$1.2 million, driven by reduction in taxes associated to the "S System" (Senai, Sesi, Sest, Senat and Senar) as a result of the measures adopted by the Federal Government; (iii) supplementing the provision for expected loan losses in the amount of R$4; and (iv) negative impact of foreign exchange variation. Duratex contributed with funds and products to 20 initiatives across Brazil, benefitting field hospitals and social actions in the total amount of R$7 (cost value).

The main impacts of Covid-19 on the Financial Statements are mentioned in Notes: 7 – Trade accounts receivable, 11 – Other assets and liabilities, 19 – Loans and financing, 25 – Other income and expenses and 26 – Finance Result.

It is noteworthy mentioning that ITAÚSA and investees keep on monitoring and assessing the impacts of the pandemic on their results, as well as the effects on estimates and critical judgments involving their Financial Statements.

## 35. SUBSEQUENT EVENTS

### 35.1. Merger of Cecrisa Revestimentos Cerâmicos S.A. into subsidiary Cerâmica Urussanga S.A.– Investee Duratex

On January 1, 2021, the Extraordinary General Stockholders' Meeting of Cerâmica Urussanga S.A. approved the merger of Cecrisa Revestimentos Cerâmicos S.A., aimed at restructuring its administrative, operational, financial and legal structure for better assigning its assets, liabilities and projects in order to streamline capital and management structure whereas permitting a more effective reallocation of these assets and liabilities.

### 35.2. Issue of Tier 2 Subordinated Notes – Jointly-controlled subsidiary Itaú Unibanco

On January 12, 2021, jointly-controlled subsidiary Itaú Unibanco priced the issue of Tier 2 subordinated notes, issued on January 15, maturing in ten years and three months, in the amount of US$500, at the fixed rate of 3.875%, effective for five years and three months from the issue date. On and as of this date, the interest rate will be recalculated for another five years based on the interest rate of securities issued by the U.S. Treasury for the same period.

The jointly-controlled subsidiary may repurchase these Notes as from the fifth year up to the fifth year and three months from the issue date, subject to approval from the Central Bank of Brazil. Additionally, the approval from the Central Bank of Brazil will be requested for these Notes to make up the Supplementary Capital of Referential Equity of Itaú Unibanco, thus increasing by 0.25 p.p. its Basel Ratio, based on the exchange rate of January 8, quoted at R$ 5.37.

This issue is neither subject to registration rules with the U.S. Securities Exchange Commission (SEC) nor to the rules under the Brazilian Securities and Exchange Commission (CVM), in accordance with applicable laws and regulations.

### 35.3. Resolution on interest on capital – Jointly-controlled company Itaú Unibanco

Through the Material Fact of January 14, 2021, jointly-controlled company Itaú Unibanco announced the payment of interest on capital, based on the final stockholding position recorded on January 22, 2021, in the amount of R$0.050160 per share, with a 15% withholding income tax, resulting in net interest of R$0.042636 per share.The financial settlement will be carried out by April 30, 2021.

### 35.4. Resolution on interest on capital – ITAÚSA

Through the Material Fact of January 18, 2021, ITAÚSA announced the payment of interest on capital, based on the final stockholding position recorded on January 22, 2021, in the amount of R$0.0208 per share, with a 15% withholding income tax, resulting in net interest of R$0.01768 per share.The financial settlement will be carried out by April 30, 2021.

### 35.5. Corporate restructuring involving Itaú Unibanco's investment in XP Inc.

Through the Material Fact of February 1, 2021, ITAÚSA announced that, at the General Stockholders' Meeting of January 31, 2021, Itaú Unibanco's stockholders approved the proposal for corporate restructuring aimed at segregating the equity interest in XP Inc.'s capital, resulting in the incorporation of a new company ("XPart") whose assets will be the investment representing 40.52% of XP Inc's capital stock and R$10 million in cash.This segregation is dependent on the favorable approval from the Federal Reserve Board ("FED") and, upon its implementation, XPart will be held by Itaú Unibanco's stockholders and have the same ownership structure of Itaú Unibanco.

Should the merger be carried out as of February 1, 2021, ITAÚSA would hold, directly and indirectly, 15.1% of XP Inc.'s total capital stock and 4.8% of its voting capital.

Additionally, on January 31, 2021, ITAÚSA, IUPAR, XP Inc.'s controlling stockholders and XP Inc. entered into an agreement including the main terms and conditions of the proposal for the merger of XPart into XP Inc. and other rights and obligations of the parties.Some of these main terms and conditions of the agreement are as follows:

- **Proposal for Merger:** XP Inc. will submit to XPart's Management a proposal for the merger of XPart into XP Inc., so that XPart's stockholders receive Class A shares issued by XP Inc. (or equivalent in security deposit certificates (BDRs) for stockholders with restrictions on receiving shares issued by XP Inc., in accordance with any regulatory restrictions) proportionally to their equity interest in XPart's capital stock.The approval of this Merger is subject to regulatory and corporate approvals, and it is certain that ITAÚSA and IUPAR will vote for the merger at the general stockholders' meeting to be called for this purpose, provided that the proposal is in accordance with the conditions set forth in the Agreement.The parties will undertake efforts to carry out the merger in up to 120 days from the segregation.

- **Stockholders' Agreement:** Until the merger is implemented, XPart will be a party to XP Inc.'s Stockholders' Agreement of October 29, 2019, being entitled to the same rights and obligations currently attributed to Itaú Unibanco.When the merger is implemented, the conditions of the Stockholders' Agreement described below will become effective with respect to ITAÚSA and IUPAR:

a) Right to nominate two (2) members to XP Inc.'s Board of Directors, one of whom will also be a member of the Audit Committee, as long as ITAÚSA and IUPAR jointly hold at least 5% of XP Inc.'s capital stock;
b) Termination of veto rights, and of interference in the nomination of officers and nomination of members of other committees;
c) Prohibition from selling shares issued by XP Inc. until October 30, 2021;
d) Right to perform up to 6 block trades every 12 months, from the end of the prohibition described in item c above, subject to certain rules and conditions
e) Tag-along right in the event of disposal of control of XP Inc.;
f) Change in share transfer rules to include the possibility of partial private sales of shares; and
g) The Stockholders' Agreement term will be updated to October 30, 2026.

The incorporation of XPart and developments related thereto will not give rise to significant effects for ITAÚSA in this fiscal year.

### 35.6. Resolution on dividends and interest on capital – Jointly-controlled company Itaú Unibanco

On February 1, 2021, through a Material Fact, the jointly-controlled company Itaú Unibanco announced the payment of dividends and interest on capital, to be defined at the next meeting of the Board of Directors, based on the final stockholding position recorded on February 25, 2021, in the amount of R$0.1394 per share. The financial settlement will be carried out on March 12, 2021.

Additionally, interest on capital already declared on November 26, 2020, in the net amount of R$0.054366 per share (already included as "Dividends receivable" in Note 9), and on January 14, 2021, in the net amount of R$0.042636 per share (Note 35.3), will also be paid out on March 12, de 2021.

### 35.7. Additional dividends – Investee Duratex

On February 8, 2021, the payment of additional dividends in the amount of R$300 was approved at the meeting of Duratex's Board of Directors.

### 35.8. Interest on capital payment date – ITAÚSA

On February 22, 2021, the Board of Directors authorized the payment of interest on capital declared on December 7, 2020 and January 18, 2021 for March 12, 2021 in the net amounts per share of R$0.0864025 and R$0.01768, respectively.

### 35.9. Share Buyback Program – ITAÚSA

On February 22, 2021, the Board of Directors approved the buyback program for shares to be held in treasury and for later sale or cancellation, with no reduction in capital stock, as provided for in item 3.5 of the Bylaws and in compliance with the provisions of Article 30 of Brazilian Corporate Law (Law No. 6404/76) and CVM Instruction No. 567/15.

Accordingly, aiming at the allocation of a portion of current funds to the revenue reserves, available for investments, the Board of Directors authorized the buyback, from February 23, 2021 to August 23, 2022, of up to 250,000,000 book-entry shares with no par value, of which up to 50,000,000 common and up to 200,000,000 preferred shares. ITAÚSA's Board of Officers will be responsible for defining the timing and number of shares to be effectively purchased, within authorized limits and purchase period.

* * *

# *Independent Auditor's Report on the parent company and consolidated financial statements*

To the Board of Directors and Stockholders
Itaúsa S.A.

## Opinion

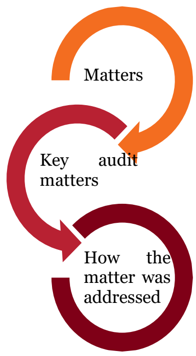
We have audited the accompanying parent company financial statements of Itaúsa S.A. (the "Company"), which comprise the balance sheet as at December 31, 2020 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Itaúsa S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Itaúsa S.A. and of Itaúsa S.A. and its subsidiaries as at December 31, 2020, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the " Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements " section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and the Professional Standards issued by the Brazilian Federal Accounting Council (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Key audit matters




Key audit matters (KAM) are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current fiscal year.
Considering the holding activity carried out by the Company, its KAM are themes arising from investments in subsidiaries and jointly controlled entities, as set out below.
These matters were addressed in the context of the audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our audit in 2020 was planned and executed considering that the operations of the Company and its subsidiaries did not present significant modifications in relation to the previous year, except for the impacts arising from the COVID-19 pandemic on operations. In this context, the key audit matters, as well as our audit approach, have remained substantially in line with those of the previous year, but incorporating procedures in response to the current scenario of operations in our audit approach.

| Why it is a Key Audit Matter | How the matter was addressed in the audit |
| --- | --- |

**Jointly-controlled subsidiaries – Itaú Unibanco Holding S.A. ("IUH") and Itaú Unibanco Participações S.A. ("IUPAR") – (Note 15)**

Investments in IUH and IUPAR represent a substantial part of the Company's individual and consolidated assets, being recorded on the "Investments" accounting balance and accounted for under the equity method.

IUPAR is a holding company created to control IUH, which is its main asset. The IUH, in turn, is a financial institution that operates in various banking business, as well as in insurance, pension plan and capitalization activities.

IUH carries out an expressive amount of activities related to these areas and due to the history of acquisitions and size of operations, its technology environment is composed of several different processes and segregated controls. As a result, IUH is highly dependent on its information technology environment to process these operations.

In addition, IUH's financial statements present critical accounting estimates related to operations that require a high level of judgment, especially during the current moment of uncertainties arising from the COVID-19 pandemic, to record and measure transactions and to calculate accounting balances. These accounting estimates involve the following main areas:

- provision for expected credit loss;
- fair value of financial instruments, including derivatives;
- deferred tax assets;
- realization of goodwill and intangible assets;
- provision for contingent liabilities.

As a result of the foregoing, we continue to consider these accounting estimates as well as the information technology environment itself as areas of audit focus.

As part of our audit procedures, we performed tests on the calculation of the equity balances carried out by the Company's Management in relation to investments in IUH and IUPAR, comparing the results obtained with the accounting records. We also evaluated the disclosures in the Company's financial statements in accordance with the requirements of accounting standards.

The results of our audit procedures are consistent with the disclosures in the notes.

We also audited the financial statements of IUH, and this audit included, among other audit procedures, the following:

- Regarding the information technology environment:

With the support of our specialists, we updated our assessment around the information technology environment, including the automated controls of the application systems that are significant for the preparation of the financial statements.

The procedures we performed were comprised of a combination of relevant control tests and, when necessary, tests of compensating controls and performance of tests on certain aspects related to the information security, including access management and segregation of duties.

The combination of the tests of controls with other additional tests produced sufficient audit evidence to allow us to conclude that the IUH's systems are operating appropriately.

- In relation to the critical accounting estimates:

Understanding and tests of the main controls used to measure, record, write-off and disclosure the operations, including management controls in accordance with IFRS 9 - Financial Instruments.

With the support of our specialists, we analyzed, when applicable, the reasonableness of selected assumptions and judgements applied by IUH's management, also considering the current context of operations during the COVID-19 pandemic. We also tested the completeness of the databases and the models involved in the calculation of the balances.

We performed tests of details to assess existence, correct and recoverable amount, integrity, and timely recording of the operations; also, we performed external confirmation procedures with

| Why it is a Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| | lawyers of IUH to confirm the probability of loss on the judicial proceedings.<br><br>We consider that the criteria and assumptions adopted by management to determine these critical estimates lead to consistent amounts that remain within the acceptable intervals in relation to the accounting practices, considering the individual and consolidated financial statements taken as a whole. |
| **Investment in Subsidiary - Duratex S.A. and in Jointly Controlled Subsidiary Alpargatas S.A. (Note 15)**<br><br>Investments in subsidiary Duratex S.A. and jointly controlled subsidiary Alpargatas S.A., together represent approximately 6% of total assets in the Company's individual financial statements.<br><br>The financial statements of Duratex S.A. and Alpargatas S.A. present critical accounting estimates related to operations that require a high level of judgment to record and measure transactions and to calculate accounting balances.<br><br>The main critical accounting estimates are:<br><br>Duratex<br>• Risk of variation in the fair value of biological assets;<br>• Estimated impairment of goodwill;<br>• Benefits from pension and health plans;<br>• Provision for contingencies;<br>• Fair value of financial instruments;<br>• Deferred income tax and social contribution.<br><br>Alpargatas<br>• Recognition of the provision for expected losses (impairment) of receivables from customers;<br>• Regognition of the expected losses (impairment) of inventories;<br>• Deferred income and social contribution taxes;<br>• Goodwill impairment test;<br>• Provision for tax, civil and labor risks;<br>• Long-term incentive plan;<br>• Derivative financial instruments and hedge accounting.<br><br>Due to the uncertainties inherent in these types of estimates, they were considered an area of focus in the audit. | The audit procedures in relation to the critical accounting estimates included communication with the auditors of Duratex and Alpargatas in order to discuss the audit risks identified, the focus, scope and timing of the work. We also reviewed their working papers and discussed the results of the work performed.<br><br>Specifically, in relation to critical accounting estimates, we consider:<br><br>• The work performed and the conclusions of the auditors, including their specialists, when applicable, regarding the assessment of the assumptions and methodologies used by the management of these companies; and<br><br>• The corresponding disclosures in Itaúsa's individual and consolidated financial statements.<br><br>After applying these procedures, we consider that the assumptions and methodologies used for accounting estimates are adequate to mitigate the associated risks of material misstatements on the individual and consolidated financial statements taken as whole. |

## Other matters

### Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company’s financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

## Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Management of Itaúsa S.A. is responsible for the other information that comprises the Management Report. Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the parent company and the consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor’s responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 22, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Emerson Laerte da Silva
Contador CRC 1SP171089/O-3

ITAÚSA
CNPJ 61.532.644/0001-15
A Publicly Listed Company

## OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of ITAÚSA S.A. ("Company") examined the management report and the individual and consolidated financial statements of Itaúsa as of December 31, 2020, which were reviewed by the independent auditor, PricewaterhouseCoopers Auditors Independents ("PwC").

The Fiscal Councilors verified the exactness of the elements examined and considering the unqualified report issued by PwC, understand that these documents adequately reflect the equity situation, the financial position and the activities of Itaúsa in the period and meet the required conditions to be submitted to the appreciation of the Stockholders at the 2021 Annual General Meeting. São Paulo (SP), February 22, 2021. (signed) Tereza Cristina Grossi Togni – President; Eduardo Rogatto Luque, Guilherme Tadeu Pereira Júnior, Isaac Berensztejn and Marco Túlio Leite Rodrigues – Councilors; and Mirna Justino Mazzali - Secretary.

*ALFREDO EGYDIO SETUBAL*
Investor Relations Officer

ITAÚSA
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## SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF OFFICERS HELD ON FEBRUARY 22, 2021

**DATE, TIME, FORM AND PLACE:** on February 22, 2021 at 1:00 p.m., pursuant to sub-item 7.7.1 of the Bylaws, reason why the meeting will be considered as held at the registered office the **ITAÚSA S.A.**, located at Paulista Avenue, 1938, 5th floor, in the city and state of São Paulo.

**CHAIR:** Alfredo Egydio Setubal, CEO.

**QUORUM:** all members of the Executive Committee, with the participation of Managing Officers invited to participate in the meeting.

**RESOLUTIONS ADOPTED**: following due examination of the account statements for fiscal year ending December 31, 2020, receiving a favorable recommendation from the Finance Commission, pursuant to item 7.7 of the Corporate Bylaws, the Executive Committee decided unanimously, further to statutory requirements and according to the rules of the Brazilian Securities and Exchange Commission - CVM (subsection V and VI, Article 25 of CVM Instruction 480/09), to declare that:

(i) it has reviewed, discussed and agrees with the opinion expressed in the report issued by PricewaterhouseCoopers Auditores Independentes as independent auditors, referring to the financial statements as of December 31, 2020; and

(ii) it has reviewed, discussed and agrees with the financial statements for the fiscal year ending December 31, 2020.

**CONCLUSION:** there being no further matters to discuss, these minutes were read and approved by the Executive Committee, by e-mail. São Paulo (SP), February 22, 2021. (signed) Alfredo Egydio Setubal - CEO; Alfredo Egydio Arruda Villela Filho, Roberto Egydio Setubal and Rodolfo Villela Marino - Vice Presidents.

*ALFREDO EGYDIO SETUBAL*
Investor Relations Officer