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Conference Call and Webcast in Portuguese  
with simultaneous translation into English

Code: Sinqia

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Sinqia  
2020  
Results

**São Paulo, 11 August 2020.** Sinqia S.A. (B3: SQIA3) (“Company”), provider of technology for the financial system, announces today its consolidated results for the second quarter 2020 (“2Q20”).

### Financial highlights:

**Net revenues.** Record of R\$ 49.6 million (+17.5% vs. 2Q19), an increase due to the organic (+15.1% vs. 2Q19) and inorganic growth (+2.4% vs. 2Q19);

**Net revenues from Software.** Record of R\$ 34.5 million (+18.0% vs. 2Q19), an increase due to the organic (+14.5% vs. 2Q19) and inorganic growth (+3.5% vs. 2Q19);

**Recurring revenues.** Record of R\$ 43.5 million (+23.2% vs. 2Q19), representing 87.8% of the total net revenues - the highest percentage in Sinqia's history;

**Gross profit.** Registered R\$ 16.8 million (+35.3% vs. 2Q19), an increase due to the growth in revenues and improvement in profitability (+4.4 p.p. vs. 2Q19);

**Adjusted EBITDA.** Record of R\$ 7.4 million (+44.8% vs. 2Q19), a combination of higher revenues, increase in gross margin and a decrease in general and administrative expenses as a proportion of revenues;

**Adjusted cash earnings.** Reached R\$ 2.7 million compared to R\$ 8 thousand in the same quarter last year.

### Financial Highlights (R\$ '000)

(R\$ '000)	2Q20	2Q19	Var. 2Q20/2Q19	1Q20	Var. 2Q20/1Q20	LTM- 2Q20	LTM- 2Q19	Var. LTM
Net Revenues	49,561	42,166	17.5%	48,622	1.9%	192,630	156,058	23.4%
Recurring Revenues	43,535	35,330	23.2%	41,162	5.8%	162,437	128,268	26.6%
<i>% of Recurrence</i>	87.8%	83.8%	4.1 p.p.	84.7%	3.2 p.p.	84.3%	82.2%	2.1 p.p.
Gross profit	16,761	12,384	35.3%	15,760	6.4%	65,801	52,594	25.1%
<i>Gross margin</i>	33.8%	29.4%	4.4 p.p.	32.4%	1.4 p.p.	34.2%	33.7%	0.5 p.p.
EBITDA	7,333	3,332	120.1%	3,322	120.7%	20,299	12,467	62.8%
<i>EBITDA margin</i>	14.8%	7.9%	6.9 p.p.	6.8%	8.0 p.p.	10.5%	8.0%	2.5 p.p.
Adjusted EBITDA	7,375	5,092	44.8%	3,381	118.1%	23,179	18,402	26.0%
<i>Adj. EBITDA Margin</i>	14.9%	12.1%	2.8 p.p.	7.0%	7.9 p.p.	12.0%	11.8%	0.2 p.p.
Adjusted Cash Earnings	2,646	8	32975.0%	1,474	79.5%	9,841	5,465	80.1%
<i>Adj. CE Margin</i>	5.3%	0.0%	5.3 p.p.	3.0%	2.3 p.p.	5.1%	3.5%	1.6 p.p.

**About Sinqia.** Sinqia is a technology provider for the financial system. The Company offers four software platforms (Sinqia Banks, Sinqia Funds, Sinqia Pension and Sinqia Consortium) and two service platforms (Sinqia Outsourcing and Sinqia Consulting/Torq).

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### MESSAGE FROM MANAGEMENT

We have always been confident in Sinqia's resilience and adaptability. At the end of the first quarter, we received with caution the announcement that the new coronavirus (COVID-19) had entered Brazil: it was the beginning of an unprecedented crisis. We had adapted, and today we share with pleasure an excellent news: Sinqia is overcoming this challenge!

We initiated by helping our employees to take care of their health and adapt to remote work: we expanded our "Move to Flex" program and almost everyone began to work from home. We provided technology infrastructure and implement management procedures consistent with the new reality. The result could not have been better: we maintained high productivity levels, recorded higher satisfaction levels and lower turnover. We have maintained our commitment to face the crisis without reducing salaries and job positions.

We continued helping our customers to adapt to the new reality. In the Software business, we used that moment to substantially increase the deliveries, reducing the backlog of service, implementation and development. In the Services business, we have launched new offers to support the digital transformation of our customers, with strong commercial appeal. This digital transformation process will soon segment winners and losers in the financial sector, and Sinqia will be at the side of its customers to make them the winners.

We have maintained high investments in R&D, facing the crisis as a period to differentiate from competitors with financial restrictions. And we have made progress in product development for instant payments, PIX: the launch of SQ PSI and SQ PSTI is scheduled. We foresee two opportunities: in short term, the sale of these suites in our client portfolio; and, mainly, in medium term, the sale of other existing suites, such as SQ Checking Account, SQ Credit and SQ Investments, for institutions that are entering the financial sector through the payments' vertical, and will probably expand their product offer, requiring our software.

We have expanded our investments in innovation, facing the crisis as a moment to foresee new possibilities. At Torq, we launched Plugi, the first trading platform for cancelled consortium quotas in Brazil. The consortium structure has historically faced a challenge: the cancelled quotas represent about R\$ 50 billion per year, more than 50% of the total quotas. Plugi connects consortium administrators interested in adequate their groups with resource managers interested in acquiring these quotas with discount. An winner model: our customers win, and so their customers. The cloud platform will be connected by APIs and monetized through a take rate over the traded value. Investments in RD&I were R\$ 1.5 million in the quarter, a 25.9% increase over the same quarter last year.

We initiated our investments in the open innovation model: in March, we announced our entry into Darwin Startups, an accelerator focused on discovering and assisting domestic startups, with a focus on opportunities that comprise Sinqia's business such as fintechs and insurtechs. And in 2Q19, we joined Batch #8, a round in which several interesting opportunities were selected, some with huge synergy potential with Sinqia.

And we have increased the scope of our investments in M&A. We have developed the opportunities in the line of "mature companies", aiming to expand the range of products and the client portfolio, focusing on the banks, financial institutions, funds, pension funds, consortiums and insurance. We have designed an "emerging companies" pipeline, aiming to access new technologies, focusing on bank-as-a-service, open-banking, white-label-banking, artificial intelligence, integration platforms, and digital transformation. And we have created a CVC (Corporate Venture Capital) initiative, which will enable us to pursue co-investment opportunities in businesses that connect with the future of financial services.

Also regarding M&A investments, we have another highlight. In August, we signed the acquisition of ISP (Itaú Soluções Previdenciárias), our first transaction with capital raised in the follow on: an acquisition aligned perfectly with the strategic objectives and financial guidelines of our consolidation plan. The operation adds up to R\$ 82.0 million, in which 41% paid in cash at the closing date and 59% paid on



installments, that is, it contributes significantly to Sinqia's growth, while preserving our cash for other opportunities.

In 2Q20, our contract portfolio continued to expand. It reached R\$ 150.4 million, up 2.4% over 1Q20 and up 9.5% over 2Q19. The continued growth during the crisis was made possible by a combination of (i) solid business performance, due to the March–April freezing period; and (ii) low churn, due to a perfect alignment between quality of the client portfolio (financial institutions), product portfolio stickiness (software and mission-critical services), and solid business model (subscription).

We ended the quarter as the greatest in 24 years of existence. In 2Q20, we continued adding new products and new clients to the portfolio; we maintained churn under control; we delivered new records, with net revenues of R\$ 49.6 million, a 17.5% growth over 2Q19; recurring revenues reached R\$ 43.5 million, a 23.2% growth in the same period and with a percentage of recurrence rising to 87.8%, the highest ever recorded.

We maintained our discipline in expenses management. Costs reached R\$ 32.8 million, up 10.1% over 2Q19, and gross profit reached R\$ 16.8 million, up 35.3% over 2Q19. General and administrative expenses were R\$ 9.4 million, up 4.4% over 2Q19, and represented only 19.1% of net revenues, the lowest percentage in the company's history. This reduction was due to a decrease in turnover, renegotiation of contracts with suppliers, and temporary suspensions of expenses with events and travel, among others. Some of these temporary suspensions will be converted into permanent gains from now on.

All this made possible a new adjusted EBITDA record of R\$ 7.4 million, up 44.8% over 2Q19, with adjusted EBITDA margin of 14.9% up 2.8 p.p. As we anticipated last quarter, the beginning of 2020 was the turning point, and we expect that from 2Q20 onwards the entry of new subscription revenues and the restraint/reduction in implementation costs will be reflected in progressive profitability gains.

It is also important to highlight that our balance sheet remains solid: we ended with gross cash of R\$ 336.3 million (vs. R\$ 340.9 million in 1Q20), maintaining the same level after a reduction in indebtedness of R\$ 18.7 million in the quarter. This is because, in addition to the good results, we did not face any impact due to delinquency: accounts receivables decreased by R\$ 6.5 million in the quarter.

Without underestimating the continuous challenges that the pandemic represents for companies and families, we ended this quarter pleased with the results achieved. In this difficult scenario, our business remained practically unaltered and we were able to confirm that Sinqia is a unique company that combines growth and resilience. We have overcome the challenge, and we are prepared to deliver increasing results.



## RECENT EVENTS

**Acquisition of ISP (Itaú Soluções Previdenciárias).** A week ago we announced the ISP purchase, one of the leading providers of software and services for the closed-end pension segment, with gross revenues of R\$ 50.0 million in LTM-2Q20. ISP's main advantage is the BPO offer for pension management. Sinqia's wide portfolio for this segment will now also include SaaS solutions. The acquisition price will be R\$ 82.0 million, composed of a cash portion of R\$ 33.6 million, to be paid at closing, and a term portion of R\$ 48.4 million, to be paid in 5 annual installments from the 1<sup>st</sup> year. The conclusion of the transaction will be subject to the fulfilment of conditions established in the contract.

**Settlement of the 5<sup>th</sup> financial collaboration with BNDES** In May, the Company settled the residual balance of R\$ 2.3 million of the fifth financial collaboration obtained with the National Bank for Economic and Social Development - BNDES, which had been contracted at a cost corresponding to TJLP + 1.1% per year plus bank guarantee, and its settlement was aimed at reducing the cost of Company's capital. Sinqia has settled all financing granted to BNDES.



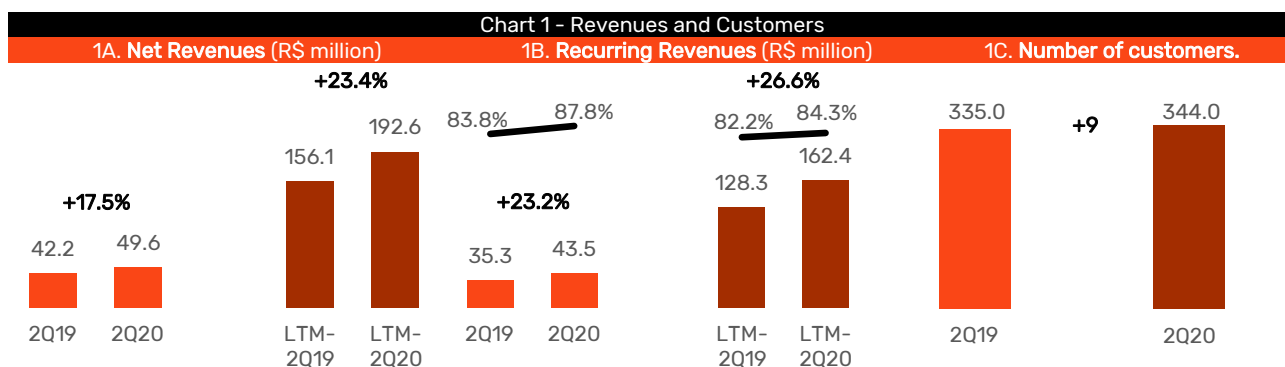


## OPERATING AND FINANCIAL PERFORMANCE

**Net revenues.** Record high of R\$ 49.6 million **(+17.5% vs.2Q19)**, compared to R\$ 42.2 million in the same quarter last year, an increase of R\$ 7.4 million, of which R\$ 6.4 million organic (including Softpar, acquired in May/19), being R\$ 4.3 million in the Software unit and R\$ 2.1 million in the Services unit, and R\$ 1.0 million inorganic from Stock & Info (acquired in Dec/19).

**Recurring revenues.** Record high of R\$ 43.5 million **(+23.2% vs.2Q19)** representing 87.8% of total net revenues (vs. 83.8% in 2Q19) - the highest percentage in the Company's history - over R\$ 35.3 million in the same quarter last year, an increase of R\$ 8.2 million. Of this growth, R\$ 7.3 million was organic, with an increase of R\$ 4.4 million in Software Subscription and R\$ 2.9 million in Outsourcing Services, and R\$ 0.9 million inorganic from Stock & Info.

**Number of customers.** Increased to 344 **(+9 vs. 2Q19)**, mainly related to the addition of customers from the last acquisition. The largest customer contributed to 6.0% of net revenues (vs. 9.6% no 2Q19), a reduction resulting from the portfolio dilution with the consolidation of the results of the acquisitions.



### Software Unit

**Net revenues from Software.** Registered R\$ 34.5 million **(+18.0% vs. 2Q19)**, representing 70% of total net revenues, compared to R\$ 29.2 million in the same quarter last year, an increase of R\$ 5.3 million, of which R\$ 4.3 million organic and R\$ 1.0 million inorganic. By vertical, net revenues from Banks were R\$ 18.8 million (vs. R\$ 15.4 million in 2Q19), Funds R\$ 4.1 million (vs. R\$ 3.8 million in 2Q19), Pensions R\$ 8.7 million (vs. R\$ 7.6 million in 2Q19) and Consortium R\$ 2.9 million (vs. R\$ 2.4 million in 2Q19). We present below the breakdown between the recurring portion of "Subscription" and the variable of "Implementation and Customization":

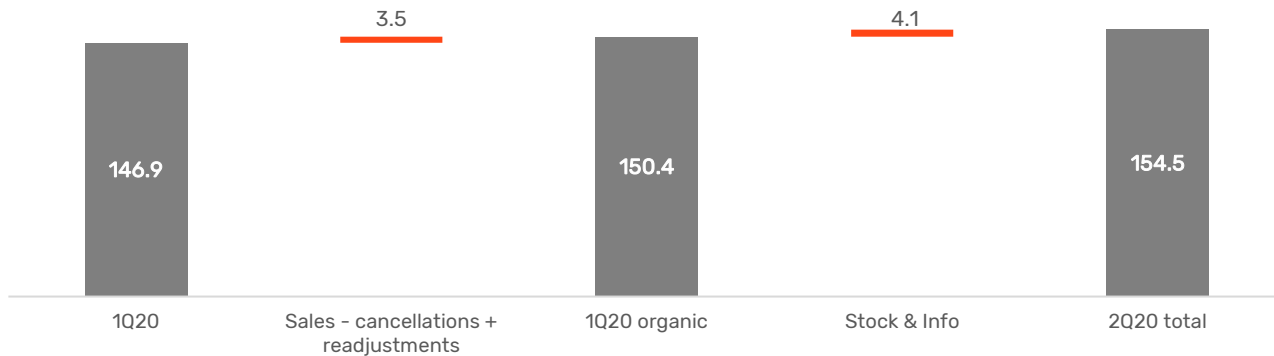
- Net revenues from Subscription.** Record high of R\$ 29.6 million **(+22.1% vs.2Q19)**, 86% of this unit total, compared to R\$ 24.2 million in the same quarter last year, an increase of R\$ 5.4 million, of which R\$ 4.5 million was organic with the delivery of part of the implantations, mainly in the Banks and Funds verticals, and R\$ 0.9 million inorganic, with addition coming from the Stock & Info.

**Portfolio of recurring contracts<sup>1</sup>.** Record high gross value of R\$ 150.4 million **(+9.5% vs. 2Q19)** over R\$ 137.3 million in 2Q19, an increase of R\$ 13.1 million, being R\$ 9.0 million organic **(+6.5% vs. 2Q19)** and R\$ 4.1 million inorganic (inexistent in 2Q19), growth explained mainly by the good sales performance in May. For this reason, the contract portfolio shows growth in comparison to R\$ 146.9 million in 1Q20 **(+2.4% vs. 1Q20, equivalent to 10.0% annualized)**, even with a strong economic downturn, evidencing the Company's resilience in an adverse environment.

<sup>1</sup> Annualized signed contracts, implemented or not, which will generate recurring revenues after the completion of the implementation. The concept of inorganic portfolio considers only acquisitions made in the period of 12 months prior to disclosure, that is, Softpar (acquired in May/19) started to compose the organic portfolio as of 2Q20.



Chart 2 - Software Unit  
Portfolio of Recurring contracts (R\$ million)



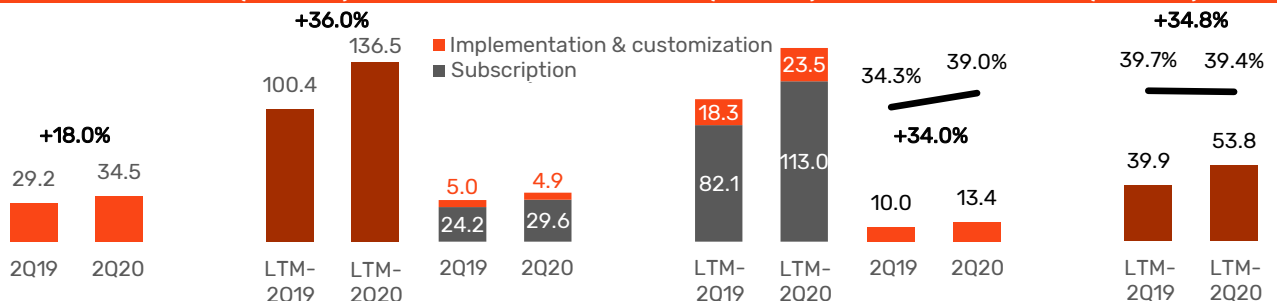
- **Net revenues from Implementation and Customization.** Reached R\$ 4.9 million (-1.6% vs. 2Q19), 14% of this unit total, compared to R\$ 5.0 million in the same quarter last year, almost stable compared to 2Q19.

**Software costs.** Totaled R\$ 21.1 million (+9.7% vs. 2Q19) compared to R\$ 19.2 million in the same quarter last year, an increase of R\$ 1.9 million, of which R\$ 1.2 million organic and R\$ 0.7 million inorganic, mainly due to (I) the higher volume of ongoing implementations given the commercial performance of previous periods, costs estimated at R\$ 5.2 million (vs. R\$ 3.3 million in 2Q19) and which should remain strong until the end of the year, (II) higher investments in RD&I of R\$ 1.5 million (vs. R\$ 1.2 million in 2Q19) and (III) reduction in travel expenditures of R\$ 0.6 million.

**Gross profit from Software.** Reached R\$ 13.4 million (+34.0% vs. 2Q19) over R\$ 10.0 million in the same quarter last year, an increase of R\$ 3.4 million, of which R\$ 3.1 million organic and R\$ 0.3 million inorganic. The gross profit was impacted by the increase in the costs with implementation and RD&I mentioned above, of R\$ 2.2 million, whether not occurred would have represented a gross profit of R\$ 15.6 million, therefore 16.4% higher than the amount reported.

**Gross margin from Software.** Reached 39.0% (+4.7 p.p. vs. 2Q19) compared to 34.3% in the same quarter of the previous year, but still pressured by high implementations and investment costs in RD&I. Without this cost increase of R\$ 2.2 million, the gross margin would be 6.3 p.p. higher than the reported figure, reaching 45.3%.

Chart 3 - Software Unit  
3A. Net Revenues (R\$ million)      3B. Revenues Breakdown (R\$ Million)      3C. Gross Profit (R\$ million)





## Unidade de Serviços

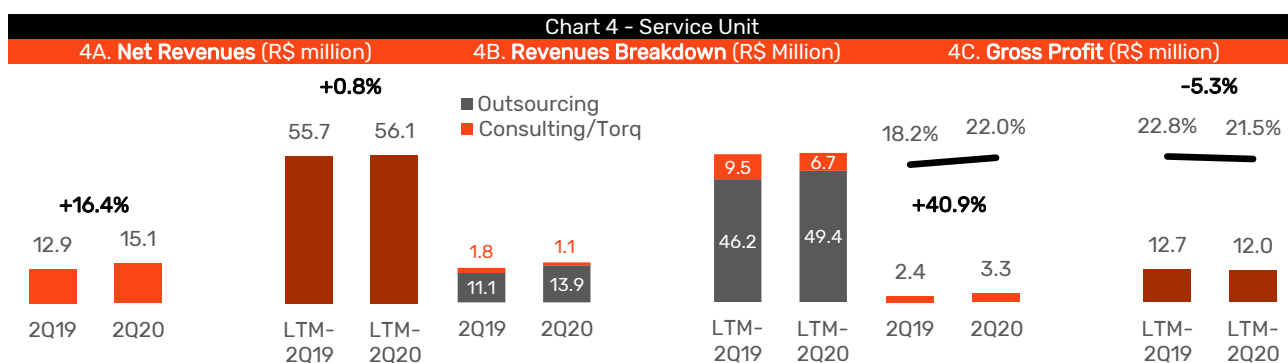
**Net revenues from Services.** Registered R\$ 15.1 million **(+16.4% vs. 2Q19)**, 30% of total net revenues, compared to R\$ 12.9 million in the same quarter of the previous year, with an increase in the recurring portion of Outsourcing and a reduction in the variable portion from Consulting/Torq (previously called "Projects"), focused on consulting and development of innovative products, detailed below:

- **Net revenues from Outsourcing.** Record high of R\$ 13.9 million **(+25.7% vs. 2Q19)**, 93% of this unit total, compared to R\$ 11.1 million in the same quarter last year, an increase of R\$ 2.8 million. This is notably due to the higher demand for digital transformation in medium-sized banks. It is worth mentioning that we made important sales in the quarter, whose hiring has grown gradually, with favorable prospects related to the search for agile teams (squads).
- **Net Revenues of Consulting/Torq.** It reached R\$ 1.1 million **(-39.5% vs. 2Q19)**, 7% of this unit total, compared to R\$ 1.8 million in the same quarter of the previous year, down R\$ 0.7 million due to the termination of consulting projects which were in progress, with no new entries due to the challenging scenario.

**Service costs.** Totalled R\$ 11.7 million **(+11.0% vs. 2Q19)** over R\$ 10.6 million in the same quarter last year, being R\$ 10.9 million in Outsourcing (vs. R\$ 8.8 million in 2Q19), with higher demand for squads that increase the headcount, and R\$ 0.8 million in Consulting/Torq (vs. R\$ 1.8 million in 2Q19) with projects conclusion.

**Gross profit from Services.** Reached R\$ 3.3 million **(+40.9% vs. 2Q19)** compared to R\$ 2.4 million in the same quarter last year, an increase of R\$ 0.9 million, of which R\$ 0.7 million related to the good performance in Outsourcing and R\$ 0.2 million from the Consulting/Torq, with strong cost reduction.

**Gross margin from Services.** Recorded 22.0% **(+3.8 p.p. vs. 2Q19)** versus 18.2% in the same quarter last year. The higher profitability is mainly explained by the better performance in both Outsourcing (+0.9 p.p. vs. 2Q19) and Consulting/Torq (+25.8 p.p. vs. 2Q19).



## Costs, gross profit and expenses

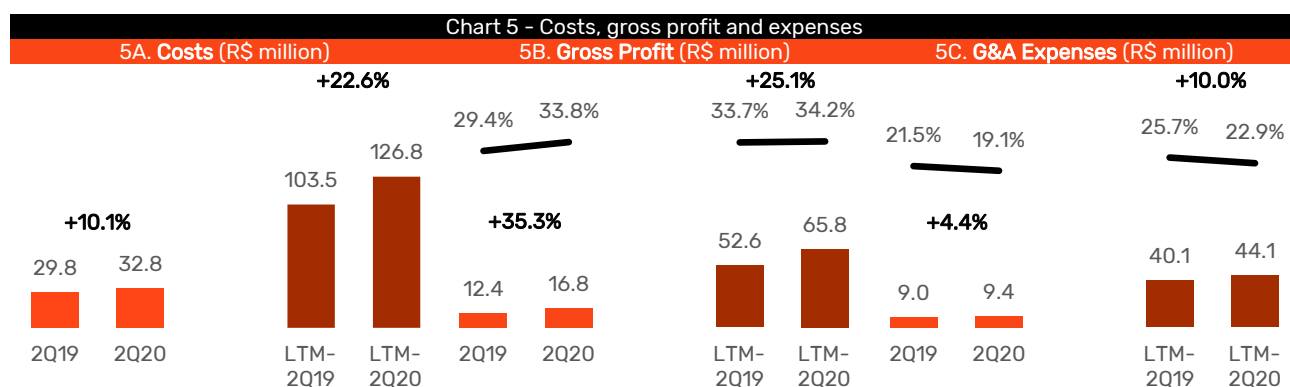
**Total Costs.** Reached R\$ 32.8 million **(+10.1% vs. 2Q19)** over R\$ 29.8 million in the same quarter last year, an increase of R\$ 3.0 million, explained by costs with Software Implementations (+R\$ 1.9 million vs. 2Q19), Services unit (+R\$ 1.1 million vs. 2Q19), RD&I (+R\$ 0.3 million vs. 2Q19), Stock & Info consolidation (+R\$ 0.7 million vs. 2Q19), travel (-R\$ 0.6 million vs. 2Q19) and overtime (-R\$ 0.4 million vs. 2Q19) reduction.

**Total gross margin.** Achieved R\$ 16.8 million **(+35.3% vs. 2Q19)** the second best figure in the Company's history, over R\$ 12.4 million in the same quarter last year, an increase of R\$ 4.4 million, of which R\$ 4.1 million was organic and R\$ 0.3 million inorganic. It is worth mention that, if we did not have implementation and RD&I costs of R\$ 2.2 million, the gross profit would be R\$ 19.0 million, 13.1% higher than the amount reported.



**Total gross margin.** Registered 33.8% (+4.4% vs. 2019), compared to 29.4% in the same quarter last year, notably the higher costs explained above still constrained the margin. If we did not have the increase in Software and RD&I implementation costs of R\$ 2.2 million, the gross margin would be 4.5 p.p. higher than reported, reaching 38.3%.

**General and administrative expenses.** Reached R\$ 9.4 million (+4.4% vs. 2019), compared to R\$ 9.0 million in the same quarter last year, an increase of R\$ 0.4 million, representing 19.1% of net revenues, the lowest percentage recorded (-2.4 p.p. vs. 2019). The overall increase in this line is due to higher expenses with external advisors in M&A projects; however, it is worth mentioning that the reduction as a proportion of revenues is mainly due to lower turnover, renegotiation of contracts with suppliers, and temporary suspension of expenses with events and travel, among others. Over the previous quarter, expenses decreased by R\$ 3.0 million (-6.5 p.p. vs. 1Q20), R\$ 1.2 million in smaller personnel expenses, lower provisioning volume of R\$ 0.7 million, drop in commissions of R\$ 0.2 million and in travel of R\$ 0.2 million. Some of these temporary suspensions will be converted into permanent gains.



### Adjusted EBITDA and EBITDA<sup>2</sup>

**Adjusted EBITDA.** Record high of R\$ 7.4 million (+44.8% vs. 2019) compared to R\$ 5.1 million in the same quarter last year, an increase of R\$ 2.3 million related to the combination of record net revenues, gross margin increase in Software and Services and a drop in general and administrative expenses as a proportion of revenues. It is worth to highlight that profitability continues to be pressured by the increase in costs of R\$ 1.9 million with the implementation of software that, whether not occurred, would have brought the adjusted EBITDA to R\$ 9.3 million.

**Adjusted EBITDA margin.** Achieved 14.9% (+2.8 p.p. vs. 2019) versus 12.1% in the same quarter last year, due to record adjusted EBITDA. It is worth to highlight that profitability continues to be pressured by the increase in costs with software implementation above mentioned that, whether not occurred, would bring the adjusted EBITDA margin to 18.7%.

<sup>2</sup> EBITDA is a non-accounting measurement calculated by the Company in accordance with CVM Instruction 527/12, which consists of net profit for the period, plus income taxes, finance costs, net of finance income, and depreciation and amortization. Adjusted EBITDA corresponds to EBITDA, plus the extraordinary effects from acquisitions and non-recurring events. The line item "Extraordinary expenses - earnout" represents the complement in the earn-out provision for attps; the line item "Extraordinary expenses - integration" represents the extraordinary layoff expenses in the corporate areas; the line item "Extraordinary costs - integration" represents the extraordinary layoff expenses in the Software and Service units; and the line item "Extraordinary expenses - new brand" represents marketing expenses related to the change in the Company's visual identity and solutions for Sinqia.





Table 1 - Reconciliation of EBITDA and Adjusted EBITDA

(R\$ '000)	2Q20	2Q19	Var. 2020/2Q19	1Q20	Var. 2020/1Q20	LTM- 2020	LTM- 2Q19	Var. LTM
<b>Net Income</b>	<b>580</b>	<b>(3,578)</b>	-	<b>443</b>	<b>30.9%</b>	<b>2,363</b>	<b>(3,404)</b>	-
(+) Income tax/social contribution	745	412	80.8%	(784)	-	(1,924)	789	-
(+) Financial result	415	3,014	-86.2%	(933)	-	618	5,044	-87.7%
(+) Depreciation/amortization	5,593	3,484	60.5%	4,596	21.7%	19,242	10,038	91.7%
<b>EBITDA</b>	<b>7,333</b>	<b>3,332</b>	<b>120.1%</b>	<b>3,322</b>	<b>120.7%</b>	<b>20,299</b>	<b>12,467</b>	<b>62.8%</b>
(+) Extraordinary expenses - earnout	-	-	-	-	-	1,384	3,247	-57.4%
(+) Extraordinary expenses - integration	42	288	-85.4%	32	<b>31.3%</b>	1,073	-	-
(+) Extraordinary expenses - new brand	-	-	-	-	-	-	-	-
(+) Extraordinary costs - integration	-	1,472	-	27	-	423	2,149	-80.3%
<b>Adjusted EBITDA</b>	<b>7,375</b>	<b>5,092</b>	<b>44.8%</b>	<b>3,381</b>	<b>118.1%</b>	<b>23,179</b>	<b>18,402</b>	<b>26.0%</b>
<i>Adj. EBITDA Margin</i>	<i>14.9%</i>	<i>12.1%</i>	<i>2.8 p.p.</i>	<i>7.0%</i>	<i>7.9 p.p.</i>	<i>12.0%</i>	<i>11.8%</i>	<i>0.2 p.p.</i>

**EBT, net profit and adjusted cash earnings**

**EBT.** Registered R\$ 1.3 million, compared to a negative R\$ 3.2 million in the same quarter last year, an increase of R\$ 4.5 million, as shown below:

- **Financial income, net.** Achieved negative R\$ 0.4 million compared to negative R\$ 3.0 million in the same quarter last year, an increase of R\$ 2.6 million, with growth in financial revenues (+R\$ 2.0 million vs. 2Q19) due to the improved cash position in the period, not offset by the reduction in financial expenses (-R\$ 0.6 million vs. 2Q19) mainly impacted by the present value adjustment of the last acquisitions' installments.
- **Depreciation and amortization.** Reached R\$ 5.6 million (**+60.5% vs. 2Q19**), over R\$ 3.5 million in the same quarter last year, an increase of R\$ 2.1 million, of which R\$ 3.9 million in amortization of intangibles (vs. R\$ 2.4 million in 2Q19) and R\$ 1.7 million in depreciation of fixed assets (vs. R\$ 1.1 million in 2Q19), an increase mainly related to buildings rights of use (IFRS 16).
- **Goodwill balance.** At the end of the quarter, the Company had a balance of accounting goodwill from past acquisitions of R\$ 97.5 million.

**Net income.** Totaled R\$ 0.6 million compared to a negative R\$ 3.6 million in the same quarter last year, increase of R\$ 4.2 million, with a high volume of extraordinary expenses of R\$ 1.8 million resulting from the acquisitions of Atena and ADSPrev.

**Adjusted cash earnings.** Reached R\$ 2.7 million compared to R\$ 8 thousand in the same quarter last year.

Table 2 - Reconciliation of Adjusted Cash Earnings

(R\$ '000)	2T20	2T19	Var. 2T20/2T19	1T20	Var. 2T20/1T20	LTM- 2T20	LTM- 2T19	Var. LTM
<b>Net income</b>	<b>580</b>	<b>(3,578)</b>	-	<b>443</b>	<b>30.9%</b>	<b>2,363</b>	<b>(3,404)</b>	-
(+) Extraordinary effects	42	1,760	-97.6%	59	-28.8%	2,880	5,935	-51.5%
<b>Adjusted net income</b>	<b>622</b>	<b>(1,818)</b>	-	<b>502</b>	<b>23.9%</b>	<b>5,243</b>	<b>2,531</b>	<b>107.1%</b>
(+) Acquisitions amortization	2,066	1,972	4.8%	2,866	-27.9%	10,819	6,381	69.6%
(+) Def. income tax/Social Contr.	(42)	(146)	-71.2%	(1,894)	-97.8%	(6,221)	(3,447)	80.5%
<b>Adjusted Cash Earnings</b>	<b>2,646</b>	<b>8</b>	<b>32975.0%</b>	<b>1,474</b>	<b>79.5%</b>	<b>9,841</b>	<b>5,465</b>	<b>80.1%</b>
<i>Adj. CE Margin</i>	<i>5.3%</i>	<i>0.0%</i>	<i>5.3 p.p.</i>	<i>3.0%</i>	<i>2.3 p.p.</i>	<i>5.1%</i>	<i>3.5%</i>	<i>1.6 p.p.</i>

The quarterly historical series of the financial data is available in Excel at [ir.sinqia.com.br](http://ir.sinqia.com.br), menu Results > Spreadsheets.



### Financial position

**Gross cash.** Presented a balance of R\$ 336.3 million **(-R\$ 4.6 million vs. 1Q20)** compared to R\$ 340.9 million in the previous quarter, a reduction mainly related to the settlement of financial contributions obtained from BNDES (-R\$ 9.8 million vs. 1Q20), despite reduction in accounts receivable of R\$ 6.5 million, with no impact from delinquency even in a challenging economic scenario.

**Gross debt.** Presented a balance of R\$ 76.1 million **(-R\$ 18.8 million vs. 1Q20)** compared to R\$ 94.9 million in the previous quarter, as detailed below.

- **Borrowings and financing (short and long terms).** Presented a balance of R\$ 45.9 million **(-R\$ 12.9 million vs. 1Q20)** compared to R\$ 58.8 million in the previous quarter, a reduction of R\$ 9.8 million due to the settlement of financial contributions obtained from BNDES and R\$ 3.1 million in the settlement of the debentures installments.
- **Liabilities arising from investment acquisitions (short and long terms).** Presented a balance of R\$ 30.3 million **(-R\$ 5.8 million vs. 1Q20)**, compared to R\$ 36.1 million in the previous quarter, a reduction mainly related to the payment of installments acquisitions of Softpar (May/19), Atena (Jan/19) and attps (Nov/16).

**Net cash.** Ended at R\$ 260.2 million **(+R\$ 14.2 million vs. 1Q20)** compared to R\$ 246.0 million in the previous quarter. The Company is capitalized on the new economic reality to follow its strategic investment plan.

### Capital Markets

**Stock performance.** The Company's shares (Novo Mercado: SQIA3) ended the quarter quoted at R\$ 19.24 **(+22.4% vs. 1Q20)** against R\$ 15.72 in the previous quarter.

**Market capitalization.** Once the Company has 70.5 million common shares, the market capitalization by the end of 2Q20 was R\$ 1.4 billion compared to R\$ 1.1 billion in the previous quarter.

**ADTV.** Totaled R\$ 17.0 million in the quarter **(-33.1% vs. 1Q20)** compared to R\$ 25.4 million in the previous quarter.

**Shareholder base.** Reached 108.9 thousand shareholders **(+7.3% vs. 1Q20)** compared to 101.5 thousand in the previous quarter.

**Free float.** Ended the quarter in 83.2% **(+0.6 p.p. vs. 1Q20)** compared to 82.6% in the previous quarter due to the decrease in the number of treasury shares and acquisitions of 0.1 million shares by the Management.

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**Declaration from Management.** The Executive Officers of Sinqia SA, in compliance with the provisions of items V and VI of Article 25 of CVM Instruction 480/09, hereby declares that it has reviewed, discussed and agreed on (i) the opinions expressed in the independent auditors' report and (ii) the Financial Statements for the period ended on 30 June 2020.



ATTACHMENT – FINANCIAL STATEMENTS

I – Statement of Profit or Loss (Consolidated)

(R\$ '000)	2Q20	2Q19	Var. 2Q20/2Q19	1Q20	Var. 2Q20/1Q20	LTM- 2020	LTM- 2Q19	Var. LTM
<b>Gross Revenues</b>	<b>55,824</b>	<b>47,239</b>	<b>18.2%</b>	<b>54,748</b>	<b>2.0%</b>	<b>216,852</b>	<b>174,955</b>	<b>23.9%</b>
Software	38,852	32,680	18.9%	39,408	-1.4%	153,699	112,525	36.6%
Subscription	33,314	27,080	23.0%	32,839	1.4%	127,231	91,916	38.4%
Implementation	5,538	5,600	-1.1%	6,569	-15.7%	26,468	20,609	28.4%
Services	16,972	14,559	16.6%	15,340	10.6%	63,153	62,430	1.2%
Outsourcing	15,694	12,461	25.9%	13,468	16.5%	55,541	51,934	6.9%
Consulting/Torq	1,278	2,098	-39.1%	1,872	-31.7%	7,612	10,496	-27.5%
<b>Sales taxes</b>	<b>(6,263)</b>	<b>(5,073)</b>	<b>23.5%</b>	<b>(6,126)</b>	<b>2.2%</b>	<b>(24,223)</b>	<b>(18,897)</b>	<b>28.2%</b>
Software	(4,350)	(3,449)	26.1%	(4,429)	-1.8%	(17,195)	(12,136)	41.7%
Subscription	(3,719)	(2,836)	31.1%	(3,662)	1.6%	(14,188)	(9,865)	43.8%
Implementation	(631)	(613)	2.9%	(767)	-17.7%	(3,007)	(2,271)	32.4%
Services	(1,913)	(1,624)	17.8%	(1,697)	12.7%	(7,028)	(6,761)	3.9%
Outsourcing	(1,754)	(1,375)	27.6%	(1,483)	18.3%	(6,148)	(5,717)	7.5%
Consulting/Torq	(159)	(249)	-36.1%	(214)	-25.7%	(880)	(1,044)	-15.7%
<b>Net Revenues</b>	<b>49,561</b>	<b>42,166</b>	<b>17.5%</b>	<b>48,622</b>	<b>1.9%</b>	<b>192,630</b>	<b>156,058</b>	<b>23.4%</b>
Software	34,502	29,231	18.0%	34,979	-1.4%	136,505	100,389	36.0%
Subscription	29,595	24,244	22.1%	29,177	1.4%	113,044	82,051	37.8%
Implementation	4,907	4,987	-1.6%	5,802	-15.4%	23,461	18,338	27.9%
Services	15,059	12,935	16.4%	13,643	10.4%	56,125	55,669	0.8%
Outsourcing	13,940	11,086	25.7%	11,985	16.3%	49,393	46,217	6.9%
Consulting/Torq	1,119	1,849	-39.5%	1,658	-32.5%	6,732	9,452	-28.8%
<b>Net Revenues</b>	<b>49,561</b>	<b>42,166</b>	<b>17.5%</b>	<b>48,622</b>	<b>1.9%</b>	<b>192,630</b>	<b>156,058</b>	<b>23.4%</b>
Recurring	43,535	35,330	23.2%	41,162	5.8%	162,437	128,268	26.6%
Variable	6,026	6,836	-11.8%	7,460	-19.2%	30,193	27,790	8.6%
% of Recurrence	<b>87.8%</b>	<b>83.8%</b>	<b>4.1 p.p.</b>	<b>84.7%</b>	<b>3.2 p.p.</b>	<b>84.3%</b>	<b>82.2%</b>	<b>2.1 p.p.</b>
<b>Costs</b>	<b>(32,800)</b>	<b>(29,782)</b>	<b>10.1%</b>	<b>(32,862)</b>	<b>-0.2%</b>	<b>(126,829)</b>	<b>(103,464)</b>	<b>22.6%</b>
Software	(21,060)	(19,202)	9.7%	(21,970)	-4.1%	(82,743)	(60,511)	36.7%
Services	(11,740)	(10,580)	11.0%	(10,892)	7.8%	(44,086)	(42,953)	2.6%
Outsourcing	(10,957)	(8,809)	24.4%	(9,858)	11.1%	(39,554)	(36,240)	9.1%
Consulting/Torq	(783)	(1,771)	-55.8%	(1,034)	-24.3%	(4,532)	(6,713)	-32.5%
<b>Gross profit</b>	<b>16,761</b>	<b>12,384</b>	<b>35.3%</b>	<b>15,760</b>	<b>6.4%</b>	<b>65,801</b>	<b>52,594</b>	<b>25.1%</b>
Gross margin	33.8%	29.4%	4.4 p.p.	32.4%	1.4 p.p.	34.2%	33.7%	0.5 p.p.
Software	13,442	10,029	34.0%	13,009	3.3%	53,762	39,878	34.8%
Software gross mg.	39.0%	34.3%	4.7 p.p.	37.2%	1.8 p.p.	39.4%	39.7%	-0.3 p.p.
Services	3,319	2,355	40.9%	2,751	20.6%	12,039	12,716	-5.3%
Services gross mg.	22.0%	18.2%	3.8 p.p.	20.2%	1.9 p.p.	21.5%	22.8%	-1.4 p.p.
Outsourcing	2,983	2,277	31.0%	2,127	40.2%	9,839	9,977	-1.4%
Outsourcing gross mg.	21.4%	20.5%	0.9 p.p.	17.7%	3.7 p.p.	19.9%	21.6%	-1.7 p.p.
Consulting/Torq	336	78	330.8%	624	-46.2%	2,200	2,739	-19.7%
Consulting/Torq gross mg.	30.0%	4.2%	25.8 p.p.	37.6%	-7.6 p.p.	32.7%	29.0%	3.7 p.p.
<b>Expenses</b>	<b>(15,040)</b>	<b>(12,530)</b>	<b>20.0%</b>	<b>(17,047)</b>	<b>-11.8%</b>	<b>(64,759)</b>	<b>(50,154)</b>	<b>29.1%</b>
% of net revenues	30.3%	29.7%	0.6 p.p.	35.1%	-4.7 p.p.	33.6%	32.1%	1.5 p.p.
General/administrative	(9,447)	(9,046)	4.4%	(12,451)	-24.1%	(44,133)	(40,116)	10.0%
% of net revenues	19.1%	21.5%	-2.4 p.p.	25.6%	-6.5 p.p.	22.9%	25.7%	-2.8 p.p.
Other expenses	-	-	-	-	-	(1,384)	-	-
% of net revenues	0.0%	0.0%	0.0 p.p.	0.0%	0.0 p.p.	0.7%	0.0%	0.7 p.p.
Depreciation/amort.	(5,593)	(3,484)	60.5%	(4,596)	21.7%	(19,242)	(10,038)	91.7%
% of net revenues	11.3%	8.3%	3.0 p.p.	9.5%	1.8 p.p.	10.0%	6.4%	3.6 p.p.
<b>EBIT</b>	<b>1,721</b>	<b>(146)</b>	<b>-</b>	<b>(1,287)</b>	<b>-</b>	<b>1,042</b>	<b>2,440</b>	<b>-57.3%</b>
<b>Financial result</b>	<b>(415)</b>	<b>(3,014)</b>	<b>-86.2%</b>	<b>933</b>	<b>-</b>	<b>(618)</b>	<b>(5,044)</b>	<b>-87.7%</b>
Financial income	2,471	496	398.2%	3,653	-32.4%	11,676	1,952	498.2%
Financial expenses	(2,886)	(3,510)	-17.8%	(2,720)	6.1%	(12,294)	(6,996)	75.7%
<b>EBT</b>	<b>1,306</b>	<b>(3,160)</b>	<b>-</b>	<b>(354)</b>	<b>-</b>	<b>424</b>	<b>(2,604)</b>	<b>-</b>
<b>Income tax/social contribution</b>	<b>(745)</b>	<b>(412)</b>	<b>80.8%</b>	<b>784</b>	<b>-</b>	<b>1,924</b>	<b>(789)</b>	<b>-</b>
Current	(731)	(558)	31.0%	(1,110)	-34.1%	(4,241)	(4,236)	0.1%
Deferred	(14)	146	-	1,894	-	6,165	3,447	78.9%
<b>Results after IT and SC</b>	<b>561</b>	<b>(3,572)</b>	<b>-</b>	<b>430</b>	<b>30.5%</b>	<b>2,348</b>	<b>(3,393)</b>	<b>-</b>
Minority interest	19	(6)	-	13	46.2%	15	(11)	-
<b>Net income</b>	<b>580</b>	<b>(3,578)</b>	<b>-</b>	<b>443</b>	<b>30.9%</b>	<b>2,363</b>	<b>(3,404)</b>	<b>-</b>
Net margin	1.2%	-8.5%	9.7 p.p.	0.9%	0.3 p.p.	1.2%	-2.2%	3.4 p.p.



<b>EBITDA</b>	<b>7,333</b>	<b>3,332</b>	<b>120.1%</b>	<b>3,322</b>	<b>120.7%</b>	<b>20,299</b>	<b>12,467</b>	<b>62.8%</b>
EBITDA margin	14.8%	7.9%	6.9 p.p.	6.8%	8.0 p.p.	10.5%	8.0%	2.5 p.p.
(+) Extraordinary expenses	42	288	-85.4%	32	31.3%	2,457	3,786	-35.1%
(+) Extraordinary costs	-	1,472	-	27	-	423	2,149	-80.3%
<b>Adjusted EBITDA</b>	<b>7,375</b>	<b>5,092</b>	<b>44.8%</b>	<b>3,381</b>	<b>118.1%</b>	<b>23,179</b>	<b>18,402</b>	<b>26.0%</b>
Adj. EBITDA Margin	14.9%	12.1%	2.8 p.p.	7.0%	7.9 p.p.	12.0%	11.8%	0.2 p.p.

<b>Net income</b>	<b>580</b>	<b>(3,578)</b>	<b>-</b>	<b>443</b>	<b>30.9%</b>	<b>2,363</b>	<b>(3,404)</b>	<b>-</b>
(+) Extraordinary effects	42	1,760	-97.6%	59	-28.8%	2,880	5,935	-51.5%
<b>Adjusted net income</b>	<b>622</b>	<b>(1,818)</b>	<b>-</b>	<b>502</b>	<b>23.9%</b>	<b>5,243</b>	<b>2,531</b>	<b>107.1%</b>
(+) Acquisitions amortization	2,066	1,972	4.8%	2,866	-27.9%	10,819	6,381	69.6%
(+) Deferred income tax/Social cont.	(42)	(146)	-71.2%	(1,894)	-97.8%	(6,221)	(3,447)	80.5%
<b>Adjusted Cash Earnings</b>	<b>2,646</b>	<b>8</b>	<b>32975.0%</b>	<b>1,474</b>	<b>79.5%</b>	<b>9,841</b>	<b>5,465</b>	<b>80.1%</b>
Adj. CE Margin	5.3%	0.0%	5.3 p.p.	3.0%	2.3 p.p.	5.1%	3.5%	1.6 p.p.

## II – Balance Sheet (Consolidated)

(R\$ '000)	06.30.2020	03.31.2020	Var.	06.30.2019	Var. YoY
<b>ASSETS</b>	<b>605,953</b>	<b>608,760</b>	<b>-0.5%</b>	<b>280,165</b>	<b>116.3%</b>
<b>Current</b>	<b>366,837</b>	<b>379,092</b>	<b>-3.2%</b>	<b>59,839</b>	<b>513.0%</b>
Cash and cash equivalents	336,293	340,917	-1.4%	25,289	1229.8%
Trade receivables	23,259	29,748	-21.8%	27,980	-16.9%
Advanced expenses	794	850	-6.6%	607	30.8%
Taxes and contributions recoverable	5,603	5,594	0.2%	4,859	15.3%
Other receivables	888	1,983	-55.2%	1,104	-19.6%
<b>Non-current</b>	<b>239,116</b>	<b>229,668</b>	<b>4.1%</b>	<b>220,326</b>	<b>8.5%</b>
Securities	4,244	4,244	0.0%	3,000	41.5%
Taxes and contributions recoverable	3,330	1,692	96.8%	-	-
Deposits in court	321	376	-14.6%	451	-28.8%
Deferred income tax and social contrib.	24,483	24,496	-0.1%	18,319	33.6%
Other receivables	159	159	0.0%	159	0.0%
Property and equipment	40,703	36,860	10.4%	37,781	7.7%
Intangible assets	165,876	161,841	2.5%	160,616	3.3%
<b>LIABILITIES AND EQUITY</b>	<b>605,953</b>	<b>608,760</b>	<b>-0.5%</b>	<b>280,165</b>	<b>116.3%</b>
<b>Current</b>	<b>61,539</b>	<b>55,639</b>	<b>10.6%</b>	<b>40,797</b>	<b>50.8%</b>
Loans and financing	13,542	18,286	-25.9%	6,820	98.6%
Leasing	5,387	2,815	91.4%	2,195	145.4%
Trade payables	3,055	4,509	-32.2%	2,687	13.7%
Advances from customers	2,140	3,083	-30.6%	2,814	-24.0%
Labor liabilities	16,718	16,069	4.0%	14,847	12.6%
Tax liabilities	3,374	3,115	8.3%	2,820	19.6%
Liabilities arising from invest. acquisition	17,323	7,762	123.2%	8,614	101.1%
<b>Non-current</b>	<b>111,748</b>	<b>129,753</b>	<b>-13.9%</b>	<b>150,710</b>	<b>-25.9%</b>
Loans and financing	32,344	40,480	-20.1%	57,481	-43.7%
Leasing	26,416	20,048	31.8%	24,642	7.2%
Tax liabilities	2,717	2,891	-6.0%	3,889	-30.1%
Provisions for legal proceedings	37,336	37,990	-1.7%	33,680	10.9%
Liabilities arising from invest. acquisition	12,935	28,344	-54.4%	31,018	-58.3%
<b>Equity</b>	<b>432,666</b>	<b>423,368</b>	<b>2.2%</b>	<b>88,658</b>	<b>388.0%</b>
Share capital	413,261	413,261	0.0%	50,561	717.4%
Treasury shares	(1,689)	(8,355)	-79.8%	-	-
Shares issue expenses	(23,931)	(23,789)	0.6%	-	-
Capital reserve	15,105	12,892	17.2%	12,578	20.1%
Earnings reserve	29,826	29,246	2.0%	25,512	16.9%
Total Equity of controlling shareholders	<b>432,572</b>	<b>423,255</b>	<b>2.2%</b>	<b>88,651</b>	<b>387.9%</b>
Non-controlling interests	94	113	-16.8%	7	1242.9%

<b>Gross debt</b>	<b>76,144</b>	<b>94,872</b>	<b>-19.7%</b>	<b>103,933</b>	<b>-26.7%</b>
Borrowings	45,886	58,766	-21.9%	64,301	-28.6%
Liabilities arising from invest. acquisition	30,258	36,106	-16.2%	39,632	-23.7%
<b>Net debt (cash) position</b>	<b>(260,149)</b>	<b>(246,045)</b>	<b>5.7%</b>	<b>78,644</b>	<b>-</b>
Net debt/Adj. EBITDA LTM	NA	NA		4.3x	