



Q2-2020 Results

Webcast Aug. 12 • 1 PM (NYC) • 6 PM (London) • [click here](#)



SQIA3
NOVO
MERCADO

SMLL B3
IGC-NM B3

IBRA B3
IGCT B3

ITAG B3
IGCB3

We are passing through the pandemic with **excellent results...**



Rising sales and controlled churn

- Great quarter in sales, with highlight for May/20, 2nd best month in history
- Software contracts portfolio growing (+9.5% vs. 2Q20)
- Controlled Services portfolio churn



Records of revenues and adjusted EBITDA

- Net revenues
R\$ 49.6 MN (+17.5% vs. 2Q19)
- Recurring revenues
R\$ 43.5 MN (+23.2% vs. 2Q19)
- Adjusted EBITDA
R\$ 7.4 MN (+44.8% vs. 2Q19)
- Adjusted cash earnings
R\$ 2.6 MN (vs. R\$ 8k in 2Q19)



Consistent strategy

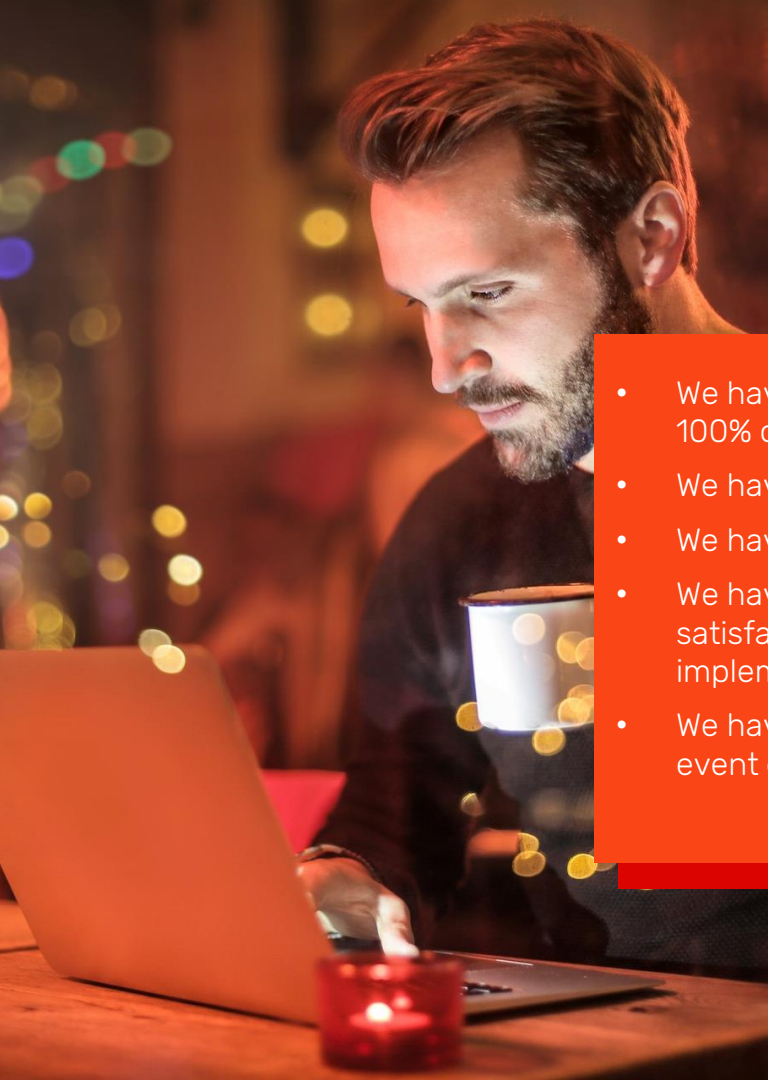
- Mission-critical software
- Record high recurrence rate (87.8% of revenues)
- Continuity of the acquisition strategy (ISP)
- 6 investments in emerging businesses (Darwin Startups)



New offers

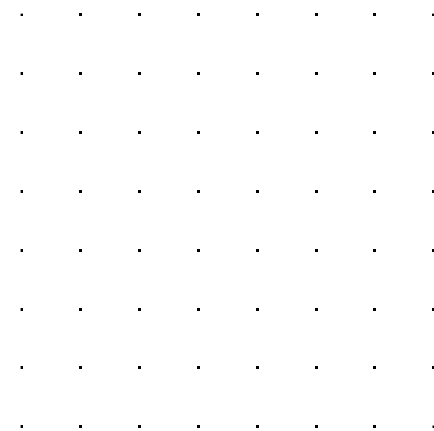
- Instant payment solutions (PIX)
- Launch of Plugi (negotiation of canceled quotas of consortium)
- Expansion of services for digital transformation

...proving the resilience of the business.



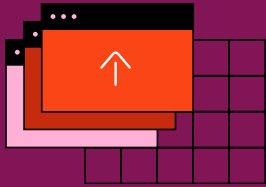
We have quickly adapted to the new remote working scenario...

- We have expanded the “Move to Flex” program to 100% of our employees
- We have implemented new management routines
- We have kept jobs, journey and wages
- We have improved levels of productivity, employee satisfaction (highest eNPS since it was implemented) and lowered turnover rates
- We have reduced travel, accommodation and event expenses



See Notice do the Market from 19 Mar. 2020, “COVID-19 Impacts”

...and we have helped our **clients** to adapt to the **digitalization** of financial services.



We have reduced the implementation backlog



We have adopted new service attending routines and implemented the NPS

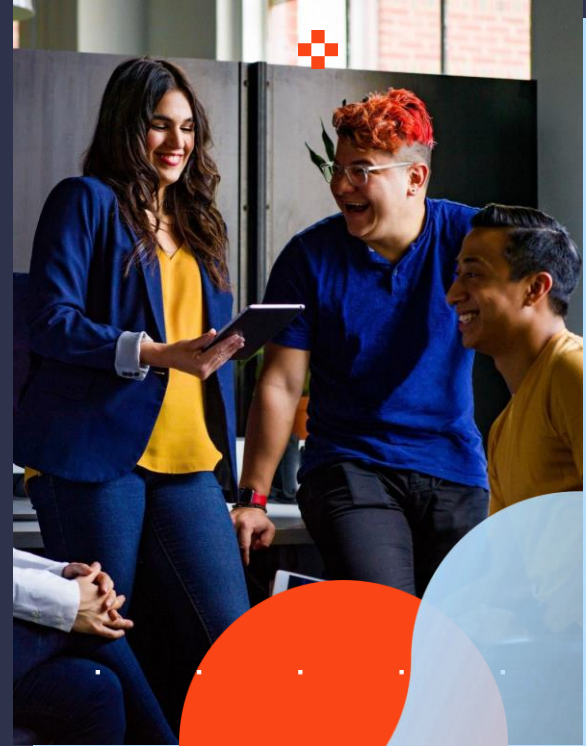


We have created new service offerings in the squad model



We have advanced in RD&I projects and we launched new products and features

During the pandemic
we have accelerated and
expanded investments in
innovation...



sinqia



...we have **launched** and it was **approved** by Bacen our solution for **PIX**...

"Singia will boost instant payments through PIX"

+8,000

NEWS

exame.

CNN
BRASIL

G1

Valor
ECONOMICO



PARTNERS

Microsoft Azure

Google Cloud



980

Institutions enrolled in
the first Central Bank of
Brazil call.

- Credit unions
- Payment institutions
- Banks
- Non-banks financial inst.
- Others

...with acting potential inside
and outside our clients'
portfolio.

- High demand for few competitors
- Performance potential in the current portfolio
- New opportunities / new customers
- New scalable business model (SaaS / APIs)

+50

Potential clientes in
the commercial pipeline



In the Torq Lab, we have launched **Plugi...**



1st negotiation platform for
canceled quotas of consortia
between consortium
administrators and funds.

Benefits

ADMINISTRATORS

Improves the financial health of groups.

FUNDS

Increases speed and safety in operations.

CONSORTIUM QUOTAHOLDERS

Speeds up the recovery of the amount invested.

SINQIA

Expands the product portfolio and revenues
potential via take rate.

Access: [PLUGI.COM.BR](https://plugi.com.br)

...innovative solution with huge market potential.

MARKET SIZE

7 MN

Canceled quotas in Brazil

R\$ 50 BN

Total amount

Source: BCB

- Performance potential in Sinqia's portfolio and competitors
- New business model through SaaS / APIs

6

Administrators already plugged...

...with

4,291

negotiable canceled quotas...

...that comprises

R\$ 147 MN

in financial amount

We have started the **Open Innovation** movement investing in Startups...



6

Invested
Batch #8

- Banking as a Service (BaaS)
- Artificial intelligence
- RPA - Automation
- Robot advisor
- Cybersecurity
- Operational efficiency

PARTNERS

sinqia



...we have opened new M&A trails in...

		NEW		
	1. Mature companies	2. Emerging companies	3. Corporate Venture Capital (CVC)	4. Acceleration
Goals	Increase: <ul style="list-style-type: none"> • Product portfolio • Customer portfolio • Segments served 	Access: <ul style="list-style-type: none"> • Innovative technologies • Disruptive models 		
Thesis	Software for: <ul style="list-style-type: none"> • Banks • Funds • Pension • Consortium • Non-banks FI • Insurance 	Software for: <ul style="list-style-type: none"> • White label banking • BaaS • Open banking • API Integration • Artificial intelligence • DX 		
Model	Acquisition of control	Acquisition of control or minority interest	Co-investment with VC funds	Co-investment with accelerators
Track record	15 acquisitions			6 investments

...and we have continued to deliver our plan!

We announced the acquisition* of "ISP"!

Thesis

Expanding the product portfolio vertically Pension: software + services!

Expanding the customer portfolio vertically with 33 new ones, including several from the Itaú conglomerate!

Impact

Gross revenues of R\$ 50.0 MN (2020-LTM), representing a 23.0% growth for Sinqia!

Estimated EBITDA around 20-25% (post-synergies) in the 12 month period after the closing

Structure

Attractive price of R\$ 82.0 MN representing a multiple EV/Gross revs of 1.6x!

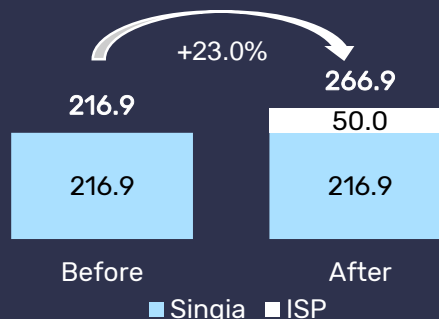
Extended payment with R\$ 33.6 MN (41%) in cash and R\$ 9.7 MN (59%) in installments

Services outsourcing

Software for assets

Software for mgmt.

Software para liabilities



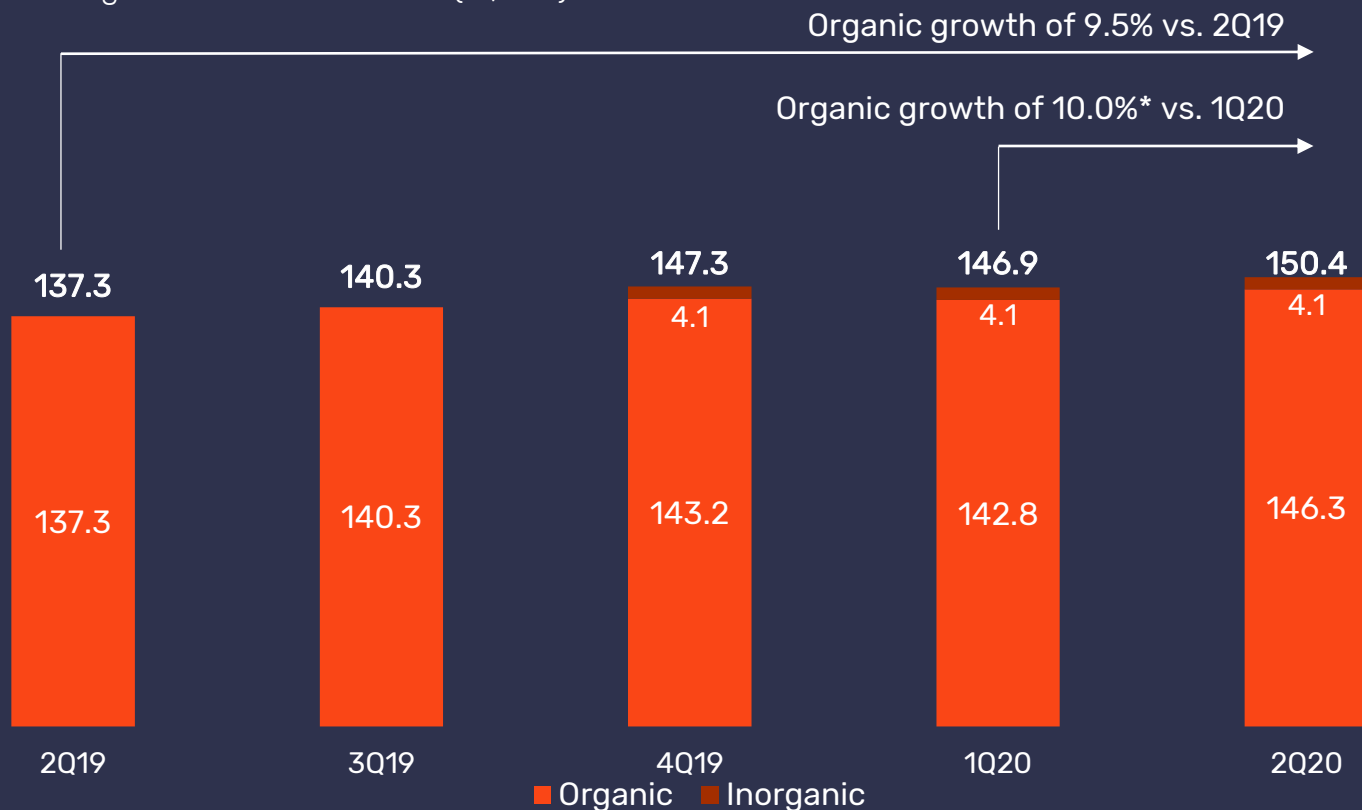
Post IPO EV/Sales multiples



* The closing of the acquisition is subject to the fulfillment of certain precedent conditions.

We have supported organic growth...

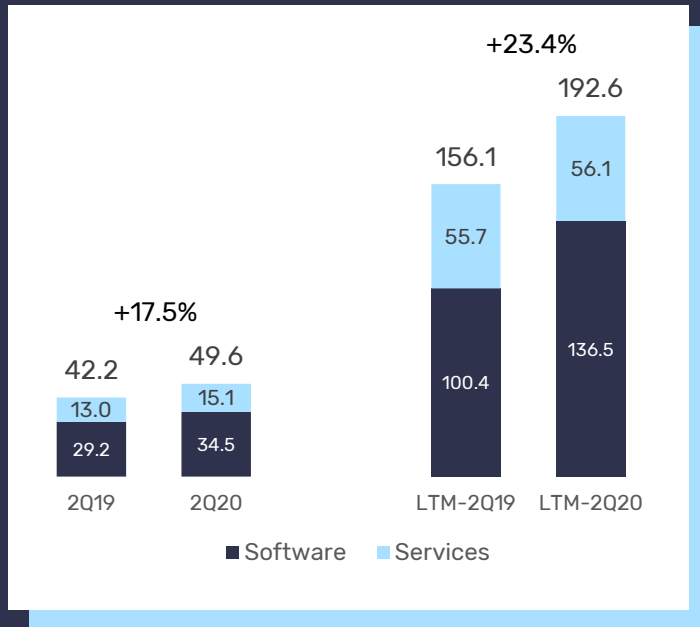
Portfolio of Recurring Contracts of Software (R\$ MN)



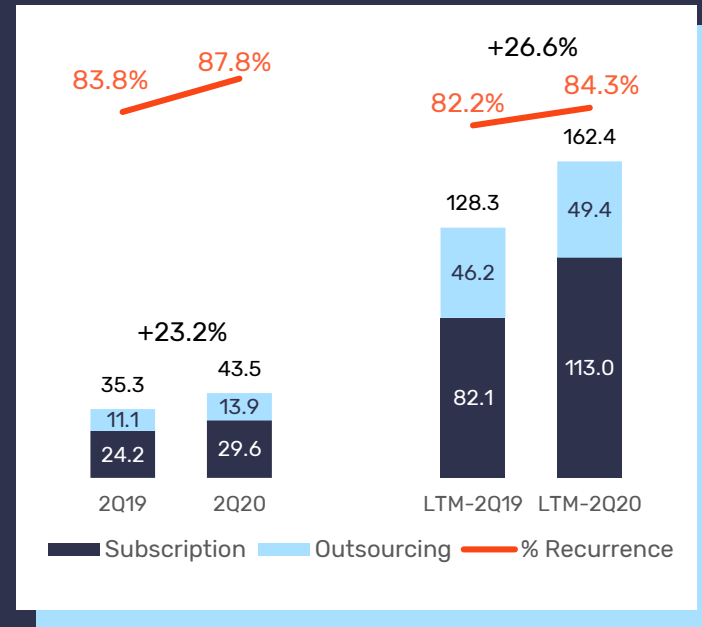
* Equivalent to 2.4% in annual terms | Inorganic = Stock & Info, acquired in 4Q19.

...we continue to grow revenues in the crisis...

Total, net

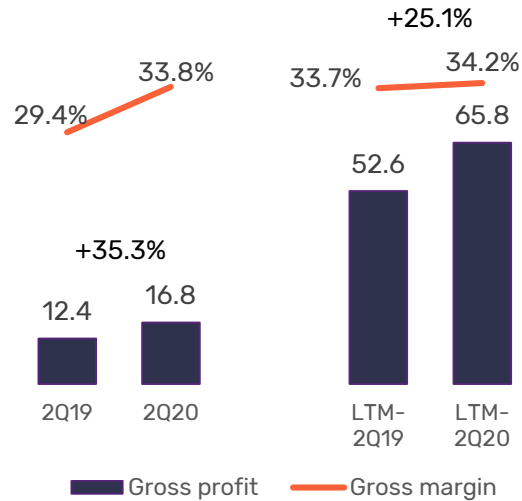


Recurring and % recurrence

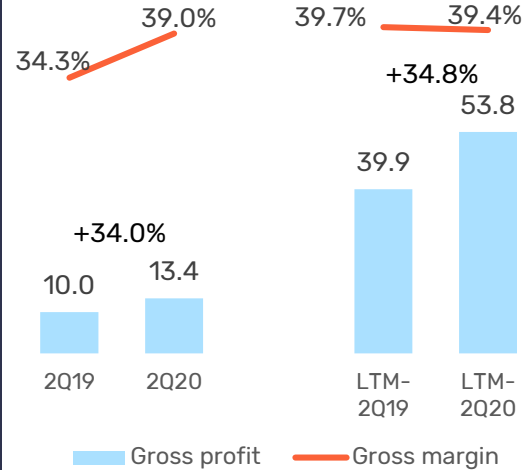


...we have increased the gross profit...

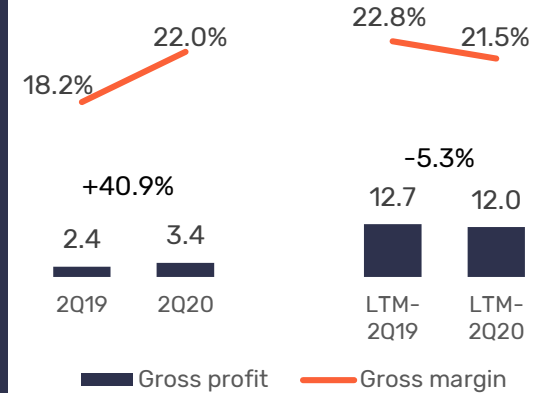
Total



Software Unit

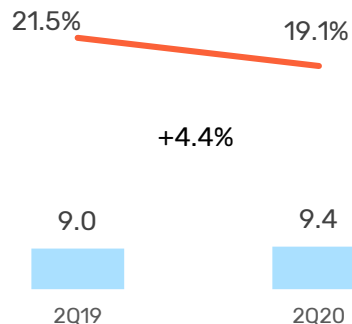


Services Unit



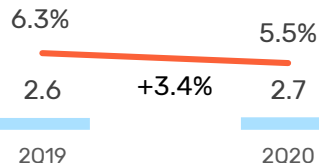
...we have diluted expenses* ...

Total



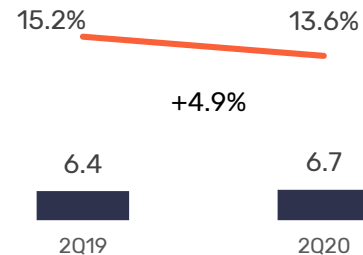
■ Total expenses ■ % of Net Revenues

Commercial and marketing



■ Commercial & MKT ■ % of Net Revenues

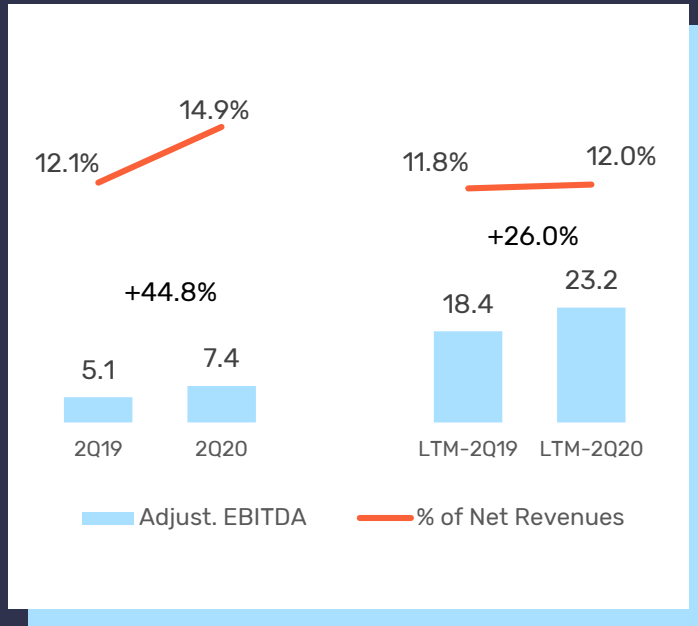
Other general & admin.



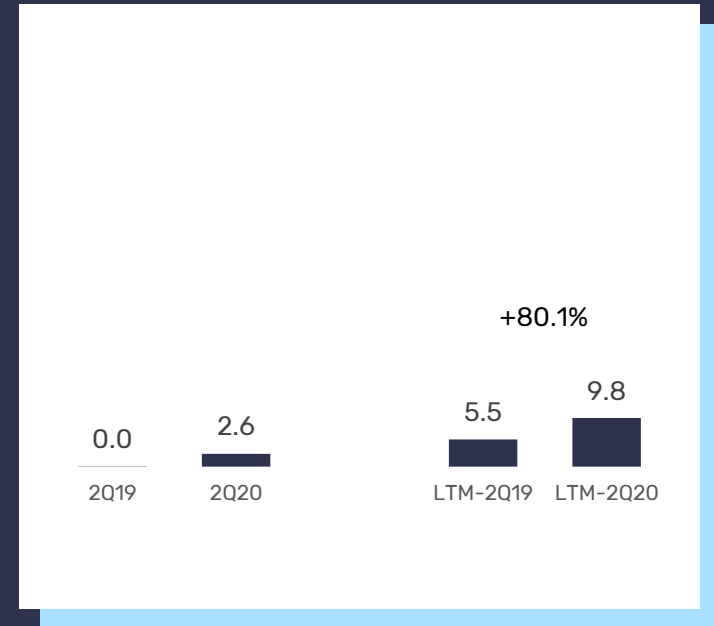
■ Other expenses ■ % of Net Revenues

...and we delivered a new EBITDA record!

Adjust. EBITDA

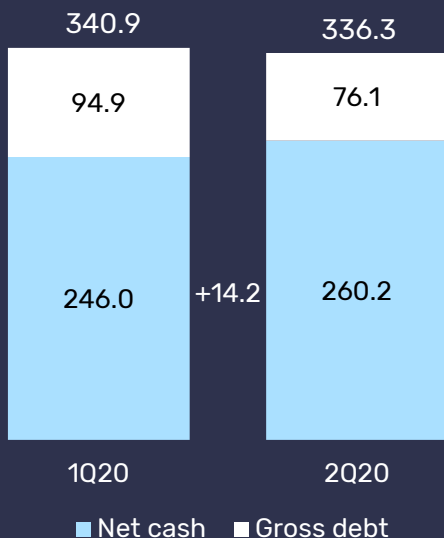


Adjust. Cash Earnings



Our balance sheet remains solid...

Gross cash breakdown



(R\$ Million)



Gross cash

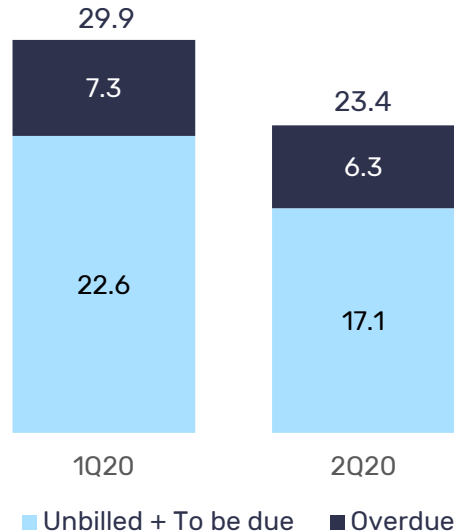
Maintenance at a high level of R\$ 336.3 MN **(-R\$ 4.6 MN)**, sufficient to finance potential acquisitions

Gross debt

Reduction to R\$ 76.1 MN **(-R\$ 18.8 MN)** due to the payment of borrowings and amortization of acquisitions

...with no impact for default.

Account receivables breakdown

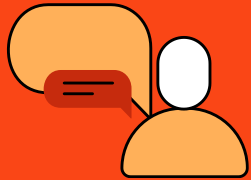


(R\$ Million)

Reduction to R\$ 23.4 MN (-R\$ 6.5 MN) of Accounts Receivable, with no relevant change in the overdue balance (-R\$ 1.0 MN), proving the strength of our client portfolio (financial institutions of large and medium sizes!)



We are a unique company, combining
growth and resilience with a consistent
and well executed strategy!



Triple A
customers
that demands
technology

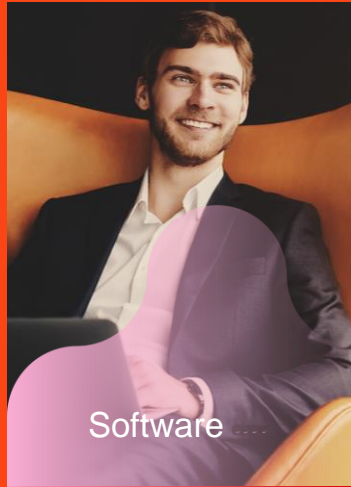


Mission critical
products
with high
recurring rates



Acquisitions and
investments
with rhythm and
discipline

We are prepared to deliver continuous and growing results!



Expansion of the
portfolio, cross
selling & upselling



New offers adhering
to the digital
transformation



New products
and business
opportunities



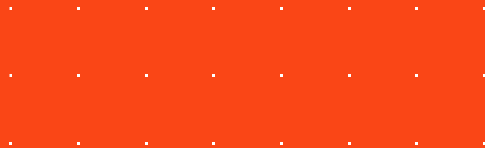
Consolidation
and disruptive
investments



Boost the
Financial market
connecting
companies and people
to the future.

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sinqia

Appendix

Table 1 - Reconciliation of EBITDA and Adjusted EBITDA								
(R\$ '000)	2Q20	2Q19	Var. 2Q20/2Q19	1Q20	Var. 2Q20/1Q20	LTM- 2Q20	LTM- 2Q19	Var. LTM
Net Income	580	(3,578)	-	443	30.9%	2,363	(3,404)	-
(+) 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%
EBITDA	7,333	3,332	120.1%	3,322	120.7%	20,299	12,467	62.8%
(+) Extraordinary expenses – earnout	-	-	-	-	-	1,384	3,247	-57.4%
(+) Extraordinary expenses – integration	42	288	-85.4%	32	31.3%	1,073	-	-
(+) Extraordinary expenses – new brand	-	-	-	-	-	-	-	-
(+) Extraordinary costs – integration	-	1,472	-	27	-	423	2,149	-80.3%
Adjusted EBITDA	7,375	5,092	44.8%	3,381	118.1%	23,179	18,402	26.0%
<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>

Table 2 - Reconciliation of Adjusted Cash Earnings								
(R\$ '000)	2T20	2T19	Var. 2T20/2T19	1T20	Var. 2T20/1T20	LTM-2T20	LTM-2T19	Var. LTM
Net income	580	(3,578)	-	443	30.9%	2,363	(3,404)	-
(+) Extraordinary effects	42	1,760	-97.6%	59	-28.8%	2,880	5,935	-51.5%
Adjusted net income	622	(1,818)	-	502	23.9%	5,243	2,531	107.1%
(+) 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%
Adjusted Cash Earnings	2,646	8	32975.0%	1,474	79.5%	9,841	5,465	80.1%
<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>