



## Results 4Q20

Mar. 11, 2021 (Thursday)

2 pm (Brasília) / 12 noon (New York) / 5 pm (London)

Conference Call and Webcast in Portuguese  
with simultaneous translation into English

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**São Paulo, March 10, 2021.** Sinqia S.A. (B3: SQIA3) ("**Company**"), technology provider for the financial system, announces its consolidated results for the fourth quarter of 2020 ("**4Q20**") and the fiscal year ended December 31, 2020 ("**2020**").

### Financial Highlights

**Portfolio of recurring contracts.** Record of R\$175.2 million in the quarter **(+18.9% vs. 4Q19)** reflecting contractual adjustments, favorable commercial performance and the consolidation of Tree and Fromtis;

**Net revenues.** Record of R\$59.0 million in the quarter **(+22.8% vs. 4Q19)** and R\$210.0 million in the year **(+19.9% vs. 2019)**, with an expressive growth in the two businesses;

**Net revenues from Software.** Record of R\$40.8 million in the quarter **(+21.6% vs. 4Q19, +14.3% organic)** and R\$145.9 million in the year **(+20.6% vs. 2019, +18.5% organic)**, benefited by the implementation deliveries;

**Net revenues from Services.** Record of R\$18.2 million in the quarter **(+25.5% vs. 4Q19)** and R\$64.1 million in the year **(+18.4% vs. 2019)**, driven by the demand for digital transformation;

**Recurring revenues.** Record of R\$53.1 million in the quarter **(+34.0% vs. 4Q19)**, representing **90.0%** of net revenues – the highest level since IPO, and R\$184.7 million in the year **(+27.1% vs. 2019)**, representing **88.0%** of net annual revenues;

**Adjusted EBITDA.** Record of R\$10.6 million in the quarter **(+65.8% vs. 4Q19)**, with EBITDA margin of 18.0% – the highest quarterly profitability since the IPO, and R\$30.2 million in the year **(+43.0% vs. 2019)**, with EBITDA margin of 14.4%.

### Financial Highlights (R\$ thousand)

(R\$ '000)	4Q20	4Q19	4Q20 x 4Q19	3Q20	4Q20 x 3Q20	2020	2019	2020 x 2019
Net Revenues	59,047	48,083	22.8%	52,763	11.9%	209,993	175,153	19.9%
Recurring Revenues	53,121	39,645	34.0%	46,897	13.3%	184,715	145,361	27.1%
% of Recurrence	90.0%	82.5%	7.5 p.p.	88.9%	1.1 p.p.	88.0%	83.0%	5.0 p.p.
Gross profit	21,589	17,556	23.0%	17,453	23.7%	71,563	57,865	23.7%
Gross margin	36.6%	36.5%	0.1 p.p.	33.1%	3.5 p.p.	34.1%	33.0%	1.0 p.p.
EBITDA	10,599	3,776	180.7%	8,790	20.6%	30,038	13,099	129.3%
EBITDA margin	18.0%	7.9%	10.1 p.p.	16.7%	1.3 p.p.	14.3%	7.5%	6.8 p.p.
Adjusted EBITDA	10,621	6,407	65.8%	8,798	20.7%	30,169	21,102	43.0%
Adj. EBITDA Margin	18.0%	13.3%	4.7 p.p.	16.7%	1.3 p.p.	14.4%	12.0%	2.3 p.p.
Adjusted Cash Earnings	5,300	3,634	45.8%	2,679	97.8%	12,155	6,475	87.7%
Adj. CE Margin	9.0%	7.6%	1.4 p.p.	5.1%	3.9 p.p.	5.8%	3.7%	2.1 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 THE MANAGEMENT

We report today the results of a year with significant achievements. In 2020, we disclosed several news, such as the entrance in a new index (SMLL - B3), three acquisitions (ISP, Tree, and Fromtis), and the launch of a corporate venture capital program. We ended with excellent results, in a quarter of records in revenues (R\$59.0 million), recurrence (90.0%) and adjusted EBITDA margin (18.0%). These are our best results since the IPO. On this message from the management, we will review what's new and explain why we are excited about 2021.

After a stock offering 18 months ago, we have noticed a significant increase in the traded volume of our shares (+231%). In May/20, they were included in the portfolio of B3's Small Cap Index. This further helped to increase visibility and enabled the intake of new institutional and individual investors, which accounted for 111.5 thousand shareholders by the end of 2020.

Passed a cautious first semester, we ensured that the economic scenario had not jeopardized our targets and we resumed our consolidation plan. We made 3 acquisitions totaling investments of R\$127.5 million (including earnouts), representing 35.2% of the funds raised in the IPO, according to the estimated schedule.

In August, we acquired ISP, a provider of software and services for private pension funds. This was our 6th acquisition in the segment and consolidated our position as leaders. In October we bought Tree, a provider of exchange software. And in December we acquired Fromtis, a software provider for FIDC.

These 3 acquisitions have been consolidated, respectively, on Feb/21, Oct/20, and Dec/20. Combined, they recorded net revenues of R\$58.5 million from January to December 2020, but only R\$2.5 million, from Tree and Fromtis, contributed to our figures in 2020. The full contribution will be evident in 2021.

In January, we launched Torq Ventures, the outcome of a major evolution in the open innovation strategy throughout the previous year. Our corporate venture capital program will invest in start-ups that develop innovative technologies and business ideas linked to the future of financial services.

We ended 2020 with great results in several indicators: net revenues of R\$210.0 million (+19.9%), gross profit of R\$71.2 million (+23.7%), general and administrative expenses of R\$41.5 million (-4.2%), adjusted EBITDA of R\$30.2 million (+43.0%), and adjusted cash income of R\$12.2 million (+87.7%). We registered advances in both businesses - Software and Services.

In Software, the portfolio of recurring contracts, the main indicator of prospective performance, grew and reached a new record of R\$175.2 million (+18.9%). Net revenues were R\$145.9 million (+20.6%) with a significant increase in Subscription (+24.4%), due to the conclusion of implementations during the year. And the gross margin was 34.1% (+0.6p.p.), even with the higher R&D costs.

In Services, digital transformation became an urgent demand in the market, and we were ready to meet it. Net revenues were R\$64.1 million (+18.4%) with a significant increase in Outsourcing (+33.0%), due to the customer additions and ticket expansion. We continue to experience significant demand in recent months. The gross margin was 22.9% (+1.9p.p.).

We reduced expenses to R\$41.5 million (-4.2%). More important than efficient control is the change in composition: we are gradually substituting general and administrative expenses for commercial and marketing expenses, in order to enable new sales.



We end 2020 with a comfortable financial position, R\$321.1 million in gross cash. ISP's closing, in January, resulted in a reduction of R\$33.6 million in this amount, but we keep enough resources to reinforce the consolidation plan at the beginning of this year. The resources are available and the M&A pipeline includes quantity and quality.

The financial sector is experiencing a process of technological disruption driven by both changes in consumer behavior and regulator positioning. New demands are arising, new paths of growth are opening up. Consolidation strategies and active innovation drive us forward. Therefore, we are looking forward to 2021.



## RECENT EVENTS

**Acquisition of Fromtis.** In November, we acquired Fromtis, a reference in software for the funds segment (FIDCs – multi-segment receivables funds), serving different participants in the Market, such as administrators, custodians and managers. In the last 12 months ended on October, 30, 2020, the company presented a gross revenue of R\$9.4 million. Fromtis acquisition meet two important strategic goals: (i) reinforce the portfolio of products, adding a software for the control of FIDCs, technologically up to date, in the SaaS concept; and (ii) increase our client portfolio, adding new names, including the most relevant of this segment, positioning Sinqia as a leader. That being said, the acquisition creates more opportunities of cross-sell and up-sell in our combined clients' base.

**Acquisition of Itaú Soluções Previdenciárias (“ISP”) - Closing.** In January 2021, we communicated the closing of the acquisition of ISP, considering the compliance with the conditions set forth in the Purchase and Sale Agreement and Other Covenants. ISP is one of the leading software and service providers for the private pension segment and reinforce Sinqia's offering in this sector, also including Software as a Service (“**SaaS**”) solutions.

**Launch of Torq Ventures.** Also, in January 2021, we announced the Torq Ventures launch, corporate venture capital program aimed at promoting the execution of the Company's open innovation strategy. Torq Ventures will invest in start-ups that develop innovative technologies and business ideas linked to the future of financial services. Examples are the theses of Banking as a Service, Open Banking, Artificial Intelligence and Integration Platforms, among others.



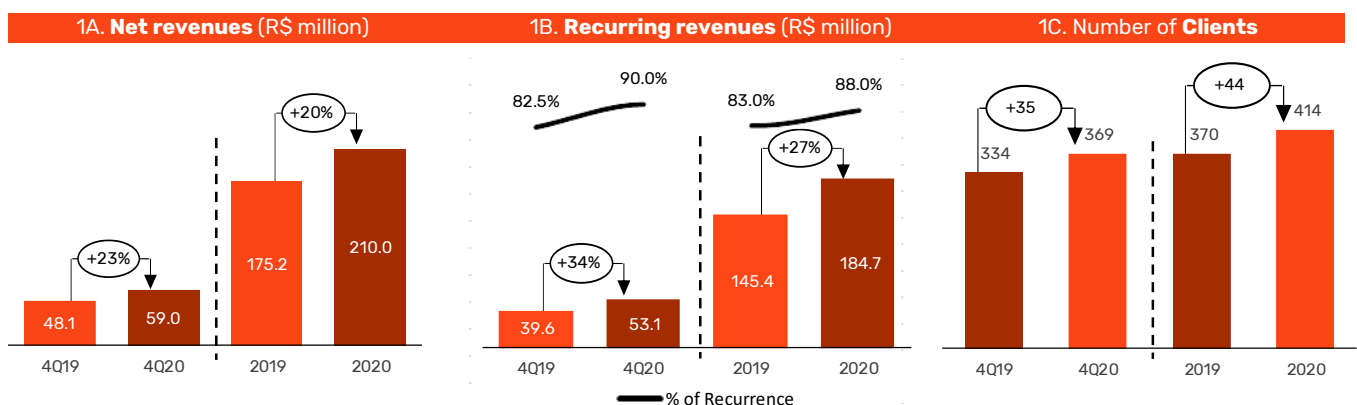
## OPERATING AND FINANCIAL PERFORMANCE

**Net revenues.** In the quarter, it registered a record of R\$59.0 million **(+22.8% vs. 4Q19)**, versus R\$48.1 million in last year's fourth quarter, an increase of R\$10.9 million, of which R\$8.5 million was organic, of which R\$4.7 million from the Software unit and R\$3.7 million from the Services unit, and R\$2.5 million inorganic from Tree and Fromtis (acquired in 4Q20). In the year, reached a record of R\$210.0 million **(+19.9% vs. 2019)**, versus R\$175.2 million in the previous year, and increase of R\$34.8 million, being R\$32.3 million organic, of which R\$22.3 million in Software and R\$10.0 million in Services, and R\$2.5 million inorganic. It is worthy to mention that the recent acquisitions only contributed partially in these periods, as Tree were consolidated in the last three months of the year, and Fromtis only in the last month of 2020.

**Recurring revenues.** In the quarter, it registered a record of R\$53.1 million **(+34.0% vs. 4Q19)** representing 90.0% of total net revenues (vs. 82.5% in 4Q19) - the highest percentage in the Company's history - compared to R\$39.6 million in the same quarter last year, an increase of R\$13.5 million. From this growth, R\$11.0 million was organic, with an increase of R\$5.2 million in Outsourcing and R\$5.8 million in Software Subscription, and R\$2.5 million inorganic coming from Tree and Fromtis. In the year, reached a record of R\$184.7 million in the year **(+27.1% vs. 2019)**, representing 88.0% of the total, versus R\$145.4 million in the previous year, an increase of 39.4 million, being the growth of R\$36.9 million organic (R\$15.1 million in Services and R\$ 21.8 million in Software) and R\$2.5 million inorganic.

**Number of customers.** In the quarter, it increased to 369 **(+35 vs. 4Q19)**, mainly due to the acquisitions and new sales; and the largest customer accounted for 6.1% of the net revenues (vs. 9.9% in 4Q19), a decrease due to portfolio's dilution with new clients and the lower volume of revenues in the largest client. In the year, it increased to 414 **(+44 vs. 2019)** and, the largest customer contributed with 6.3% of net revenues (vs. 9.4% in 2019).

Chart 1 - Revenues and Customers

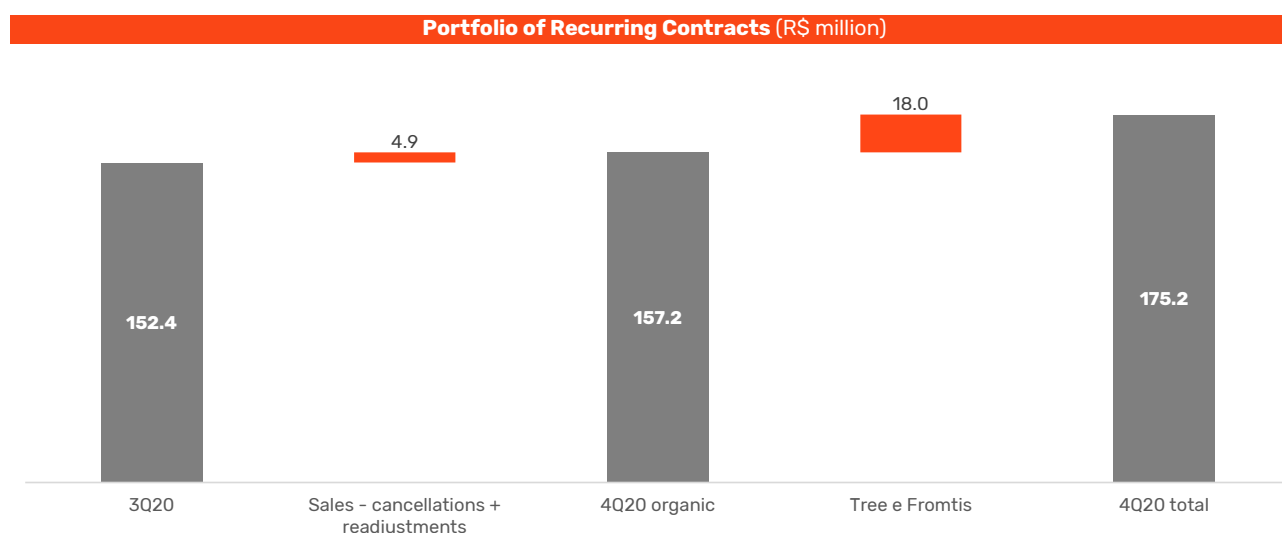


**Software Unit**

**Net revenues from Software.** In the quarter, it registered a record of R\$40.8 million **(+21.6% vs. 4Q19)**, representing 69% of the total net revenues, compared to R\$33.6 million YoY, up by R\$7.2 million, with R\$4.7 million organic and R\$2.5 million inorganic. By vertical, net revenues from Banks totaled R\$22.2 million (vs. R\$19.7 million in 4Q19), Funds R\$5.2 million (vs. R\$4.7 million in 4Q19), Pensions R\$8.9 million (vs. R\$6.4 million in 4Q19) and Consortiums R\$2.1 million (vs. R\$2.5 million in 4Q19). Reached a record of R\$145.9 million in the year **(+20.6% vs. 2019)**, representing 70% of the total net revenues, compared to the R\$121.1 million in the previous year, a growth of R\$24.9 million, of which R\$22.4 million organic and R\$2.5 million inorganic. Below is the breakdown between the recurring “Subscription” and the variable “Implementation and Customization”:

- **Net revenues from Subscription.** Reached a record of R\$35.2 million in the quarter **(+30.9% vs. 4Q19)**, 86% of the total unit, compared to R\$26.9 million YoY, up by R\$8.3 million, with R\$5.8 million of organic with the delivery of part of the implementations, besides new sales made in the pure subscription model; and R\$2.5 million inorganic from Tree and Fromtis. In the year, reached a record of R\$123.9 million **(+24.2% vs. 2019)**, 85% of the total unit, compared to R\$99.6 million YoY, up by R\$21.8 million organic, reflecting the backlog conversion from implementation to revenues and the good performance mainly in the bank segment.

**Portfolio of Recurring Contracts<sup>1</sup>.** Reached a record gross figure of R\$175.2 million **(+18.9% vs. 4Q19)** versus R\$147.3 million in 4Q19, an increase of R\$27.9 million, of which R\$18.0 million were inorganic (non-existent in 4Q19) and R\$9.9 million were organic (+6.7% vs. 4Q19 and 2019).

**Chart 2 – Software Unit**

- **Net Revenues from Implementation and customization.** Reached R\$5.6 million in the quarter **(-15.8% vs. 4Q19)**, 14% of the unit’s total, compared to R\$6.7 million YoY. Reached a record of R\$22.1 million in the year **(+3.0% vs. 2019)**, 15% of the total, compared to R\$21.4 million YoY, an increase of

<sup>1</sup> Annualized signed agreements, deployed or not, which will generate recurring revenues after concluding the deployment. The concept of inorganic portfolio considers only acquisitions made in the period of 12 months prior to disclosure, that is, only Tree Solution and Fromtis (acquired in 4Q20) are considered as inorganic.



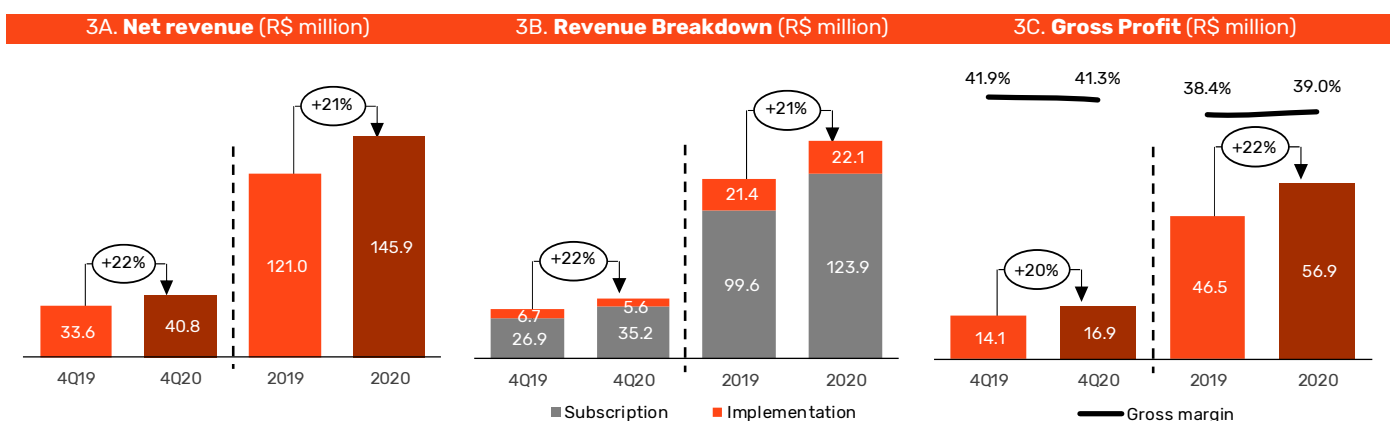
R\$0.6 million, 100% organic. The change in the commercial model in which we reduced the price on implementation to obtain a higher price on subscription, focusing on the premium revenues, with higher recurrence and profitability, has impacted the performance of this account. We remain on a fast pace delivering the backlog of the latest acquisitions and new sales.

**Software Costs.** Amounted to R\$23.9 million in the quarter **(+22.8% vs. 4Q19)**, compared to R\$19.5 million YoY, up by R\$4.5 million, with R\$3.8 million organic and R\$0.7 million inorganic, mainly due to the higher implementation cost, managerially calculated at R\$5.7 million (vs. R\$3.3 million in 4Q19) and higher investments in RD&I at R\$1.5 million (vs. R\$0.9 million in 4Q19). Reached R\$89.1 million in the year **(+19.4% vs. 2019)**, versus R\$74.6 million last year, an increase of R\$14.5 million, of which R\$13.8 million organic and R\$0.7 million inorganic, mainly due to higher implementation costs of R\$22.0 million in the period (vs. R\$12.1 million 2019).

**Gross Profit from Software.** In the quarter, it registered a record of R\$16.9 million **(+19.9% vs. 4Q19)** compared to R\$14.1 million in the same quarter last year, an increase of R\$2.8 million, of which R\$1.7 million was inorganic and R\$1.1 million organic. In the year, record R\$56.9 million **(+22.4% vs. 2019)** versus R\$46.5 million in the previous year, an increase of R\$10.4 million, of which R\$8.7 million was organic and R\$1.7 million inorganic.

**Gross Margin from Software.** Reached 41.3% in the quarter **(-0.6 p.p. vs. 4Q19)** compared to 41.9% YoY. Reached 39.0% margin in the year **(+0.6 p.p. vs. 2019)** versus 38.4% in the previous year, reflecting the impact of the change in the commercial model for subscription billing from the beginning of implementation.

### Chart 3 - Software Unit







### Services Unit

**Net revenues from Services.** Reached a record of R\$18.2 million in the quarter **(+25.5% vs. 4Q19)**, 31% of the total net revenues, compared to R\$14.5 million YoY, up by R\$5.2 million in the recurring portion of Outsourcing and down by R\$1.5 million in Consulting/Torq. Reached a record of R\$64.1 million in the year **(+18.4% vs. 2019)**, 30% of total net revenues, versus R\$54.1 million in the previous year, with an increase of R\$15.1 million in the Outsourcing segment and a reduction of R\$5.1 million in the Consulting/Torq segment, detailed below:

- **Net revenues from Outsourcing.** Reached a record of R\$17.9 million in the quarter **(+40.5% vs. 4Q19)**, 98% of the total unit, compared to R\$12.8 million YoY, up by R\$5.1 million. The highlight in the quarter were the squads sales for the development of customized solutions to the clients. In the year, reached a record of R\$60.9 million **(+33.0% vs. 2019)**, 95% of the total unit, compared to R\$45.8 million YoY, increase of R\$15.1 million. This is due to Sinqia's ability to meet the current market needs through new technologies and agile methodologies, with a complete portfolio of products, fully aligned, focusing mainly on digital product development. During the year new clients were added and we increased the average ticket in more than 30%.
- **Net revenues from Consulting/Torq.** Reached R\$0.3 million in the quarter **(-82.6% vs. 4Q19)**, 2% of the total unit, compared to R\$1.8 million YoY, down by R\$1.5 million. Reached R\$3.2 million in the year **(-61.7% vs. 2019)**, 5% of the total unit, compared to R\$8.4 million YoY, decrease of R\$5.2 million. The decrease in this line is mainly due to the reallocation of employees to other areas.

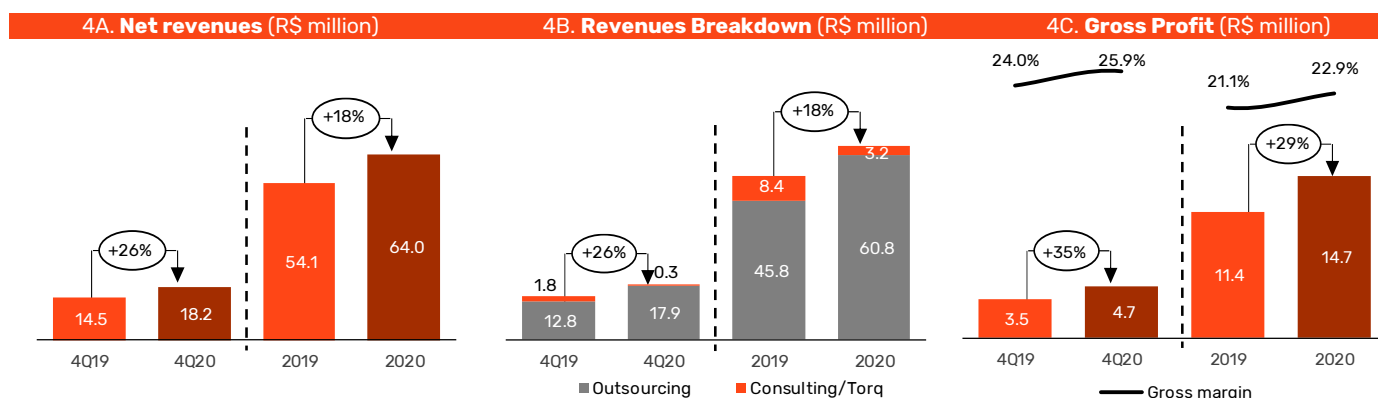
**Costs from Services.** Amounted to R\$13.5 million in the quarter **(+22.5% vs. 4Q19)**, compared to R\$11.0 million YoY, with R\$13.1 million in Outsourcing (vs. R\$9.9 million in 4Q19), and R\$0.4 million in Consulting/Torq (vs. R\$1.1 million in 4Q19). In 2020, totaled R\$49.4 million **(+15.6% vs. 2019)**, versus R\$42.7 million in the previous year, of which R\$46.5 million in Outsourcing (vs. R\$36.6 million in 2019), and R\$2.8 million in Consulting/Torq (vs. R\$6.1 million in 2019). The cost distribution among the segments indicates the readjustment of the offering according to the customers' current needs and focus on business efficiency.

**Gross profit from Services.** In the quarter, it reached R\$4.7 million **(+35.3% vs. 4Q19)** compared to R\$3.5 million YoY, up by R\$1.2 million, being R\$1.9 million related to the good performance in Outsourcing, and down by R\$0.7 million in Consulting/Torq. Reached R\$14.7 million in the year **(+28.8% vs. 2019)** versus R\$11.4 million the previous year, an increase of R\$3.3 million, being R\$5.2 million in Outsourcing and a decrease of R\$1.9 million in Consulting/Torq.

**Gross margin from Services.** Reached 25.9% in the quarter **(+1.9 p.p. vs. 4Q19)** compared to 24.0% YoY. The increased profitability was mainly due to the better performance in Outsourcing (+4.3 p.p. vs. 4Q19). Gross margin in services was 22.9% in the year **(+1.9 p.p. vs. 2019)** compared to 21.1% YoY. The improvement in the year was also mainly due to the result in Outsourcing (+3.5 p.p. vs. 2019). This is a result of our market expertise and customized offering to meet customer needs, especially for new digital solutions, which include third parties activities management.



Chart 4 – Services Unit



### Costs, Gross Profit and Expenses

**Total Costs.** Reached R\$37.5 million in the quarter **(+22.7% vs. 4Q19)** compared to R\$30.5 million YoY, up by R\$7.0 million, mainly due to the increased costs with Software implementation (+R\$2.4 million vs. 4Q19), Services unit (+R\$2.5 million vs. 4Q19), R\$0.7 million inorganic, resulting from the latest acquisitions and higher investments in RD&I (+ R\$0.6 million vs. 4Q19). Registered R\$138.4 million in the year **(+18.0% vs. 2019)** from R\$117.3 million in the previous year, an increase of R\$21.1 million, mainly due to higher costs with Software implementation (+10.0 million vs. 2019), Services unit (+R\$6.7 million vs. 2019), higher investments in RD&I (+R\$0.9 million vs. 2019), and R\$0.7 million inorganic from the latest acquisitions.

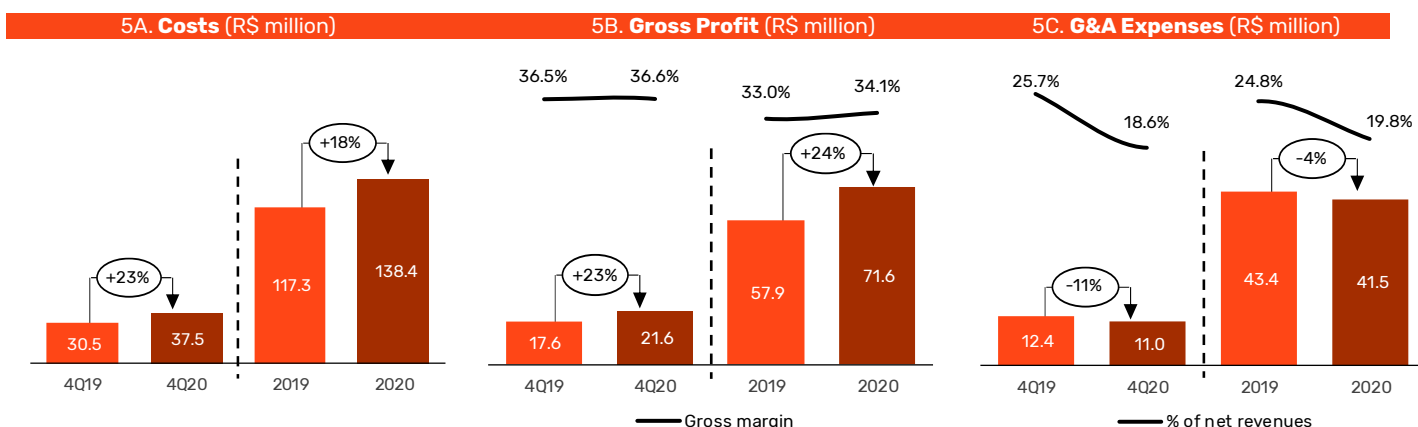
**Total gross profit.** Reached a record of R\$21.6 million in the quarter **(+23.0% vs. 4Q19)** versus R\$17.6 million in the same quarter of previous year, an increase of R\$4.0 million, of which R\$2.3 million was organic and R\$1.7 million inorganic. Reached R\$71.6 million in the year **(+23.7% vs. 2019)** versus R\$57.9 million in the previous year, an increase of R\$13.7 million, of which R\$12.0 million was organic and R\$1.7 million inorganic. There were important contributions from Outsourcing in the Services unit in both the quarter and the year.

**Total gross margin.** Reached 36.6% in the quarter **(+0.1 p.p. vs. 4Q19)** compared to 36.5% YoY. Reached 34.1% gross margin in the year **(+1.0 p.p. vs. 2019)** compared to 33.0% YoY.

**General and administrative expenses.** In the quarter, it reached R\$11.0 million **(-11.2% vs. 4Q19)**, compared to R\$12.4 million YoY, down by R\$1.4 million, representing 18.6% of the net revenues **(-7.1 p.p. vs. 4Q19)**. The decrease in absolute figures for this line is mainly due to a reduction in office expenses, legal advisors, advertising and publicity, and travel expenses. Registered R\$41.5 million in the year **(-4.2% vs. 2019)**, versus R\$43.4 million in the previous year, of this reduction, R\$1.8 million refers to savings on expenses with travel and publicity and advertising.



**Chart 5 - Costs, Gross Profit and Expenses**



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

**Adjusted EBITDA.** Reached a new record of R\$10.6 million in the quarter **(+65.1% vs. 4Q19)** compared to R\$6.4 million YoY, up by R\$4.2 million due to the increase in the gross profit together with a drop in general and administrative expenses. In the year, reached a record of R\$30.2 million **(+43.0% vs. 2019)** versus R\$21.1 million in the previous year, an increase of R\$9.1 million mainly due to the higher gross profit in the period.

**Adjusted EBITDA margin.** Reached a record of 18.0% in the quarter **(+4.7 p.p. vs. 4Q19)** compared to 13.3% YoY. Reached 14.4% in the year **(+2.4 p.p. vs. 2019)** compared to 12.0% YoY.

**Table 1 - Reconciliation of EBITDA and Adjusted EBITDA**

(R\$ '000)	4Q20	4Q19	4Q20 x 4Q19	3Q20	4Q20 x 3Q20	2020	2019	2020 x 2019
<b>Net Income</b>	<b>3,082</b>	<b>193</b>	<b>1496.9%</b>	<b>851</b>	<b>262.2%</b>	<b>4,956</b>	<b>(4,579)</b>	<b>n.a</b>
(+) Income tax/social contribution	655	(1,477)	n.a	1,228	-46.7%	1,844	(3,131)	n.a
(+) Financial result	219	(316)	n.a	455	-51.9%	156	5,435	-97.1%
(+) Depreciation/amortization	6,643	5,376	23.6%	6,256	6.2%	23,082	15,374	50.1%
<b>EBITDA</b>	<b>10,599</b>	<b>3,776</b>	<b>180.7%</b>	<b>8,790</b>	<b>20.6%</b>	<b>30,038</b>	<b>13,099</b>	<b>129.3%</b>
(+) Extraordinary expenses - earnout	-	1,384	n.a	-	n.a	-	1,384	n.a
(+) Extraordinary expenses - integration	-	999	n.a	-	n.a	74	3,906	-98.1%
(+) Extraordinary costs - integration	22	248	-91.1%	8	175.0%	57	2,469	-97.7%
<b>Adjusted EBITDA</b>	<b>10,621</b>	<b>7,791</b>	<b>36.3%</b>	<b>8,798</b>	<b>20.7%</b>	<b>30,169</b>	<b>22,242</b>	<b>35.6%</b>
<b>Adj. EBITDA Margin</b>	<b>18.0%</b>	<b>13.3%</b>	<b>4.7 p.p.</b>	<b>16.7%</b>	<b>1.3 p.p.</b>	<b>14.4%</b>	<b>12.0%</b>	<b>2.3 p.p.</b>

<sup>2</sup>EBITDA is a non-accounting measurement prepared by the Company, according to CVM Instruction 527/12, consisting of the net result for the period, plus taxes on income, financial expenses net of financial revenues, and depreciation and amortization. Adjusted EBITDA corresponds to EBITDA, plus one-off effects with acquisitions and one-off events. "One-Off Expenses - Earnout" represents the complement in the provision for earnout of attps; "One-Off Expenses - Integration" represents one-off severance expenses in the corporate areas; "One-Off Costs - Integration" represents extraordinary termination costs in the Software and Services units; and "One-Off Expenses - New Brand" represents marketing expenses to change the Company's visual identity and solutions for Sinqia.

**EBIT, Net Income and Adjusted Cash Profit**

**EBIT.** In the quarter, registered R\$3.7 million, compared to a negative R\$1.3 million in the same quarter last year, an increase of R\$5.0 million. In the year, it was R\$6.8 million versus R\$7.7 million negative in 2019, an increase of R\$14.5 million, as shown below:

- **Financial result.** In the quarter, it reached R\$0.2 million negative, versus R\$0.3 million positive in the same quarter last year, a decrease of R\$0.5 million, with a decrease in financial revenues (-R\$2.8 million vs. 4Q19) and an increase in financial expenses (+R\$2.3 million vs. 4Q19). In 2020, it was R\$0.2 million negative versus R\$5.4 million negative in the previous year, an increase of R\$5.2 million, resulting from the increase in financial revenues (+R\$3.2 million) due to the higher cash position in the period, along with lower financial expenses (-R\$2.0 million) due to lower interest on loans and debentures.
- **Depreciation and amortization.** Reached R\$6.6 million in the quarter **(+23.6% vs. 4Q19)**, versus R\$5.4 million in same quarter last year, an increase of R\$1.2 million, being R\$0.6 million in depreciation of fixed assets and R\$0.6 million in amortization of acquisitions. Reached R\$23.1 million in the year **(+50.1% vs. 2019)**, versus R\$15.4 million in the previous year, an increase of R\$7.7 million, being R\$4.4 million in depreciation of fixed assets and R\$3.3 million in amortization of acquisitions.
- **Goodwill Balance.** At the end of the quarter, the Company had a balance of book goodwill from past acquisitions of R\$136.4 million.

**Net income.** Reached R\$3.1 million in the quarter **(+16.0x vs. 4Q19)**, versus R\$0.2 million in the same quarter last year, a growth of R\$2.9 million. In the year, it was R\$5.0 million, versus a loss of R\$4.6 million in the previous year.

**Adjusted cash Earnings.** Reached R\$5.3 million in the quarter **(+45.8% vs. 4Q19)**, versus R\$3.6 million YoY, up by R\$1.7 million. Reached R\$12.2 million in the year **(+87.7% vs. 2019)**, versus R\$6.5 million in the previous year, mainly due to the advance in the deferred income tax and social contribution line (accounting effect).

**Table 2 - Reconciliation of Adjusted Cash Earnings**

(R\$ '000)	4Q20	4Q19	4Q20 x 4Q19	3Q20	4Q20 x 3Q20	2020	2019	2020 x 2019
<b>Net income</b>	<b>3,082</b>	<b>193</b>	<b>1496.9%</b>	<b>851</b>	<b>262.2%</b>	<b>4,956</b>	<b>(4,579)</b>	<b>n.a</b>
(+) Extraordinary effects	22	2,631	-99.2%	8	175.0%	131	8,003	-98.4%
<b>Adjusted net income</b>	<b>3,104</b>	<b>2,824</b>	<b>9.9%</b>	<b>859</b>	<b>261.4%</b>	<b>5,087</b>	<b>3,424</b>	<b>48.6%</b>
(+) Acquisitions amortization	2,361	3,670	-35.7%	2,378	-0.7%	9,671	9,356	3.4%
(+) Def. income tax/Social Contr.	(165)	(2,860)	-94.2%	(558)	-70.4%	(2,603)	(6,305)	-58.7%
<b>Adjusted Cash Earnings</b>	<b>5,300</b>	<b>3,634</b>	<b>45.8%</b>	<b>2,679</b>	<b>97.8%</b>	<b>12,155</b>	<b>6,475</b>	<b>87.7%</b>
<i>Adj. CE Margin</i>	<i>9.0%</i>	<i>7.6%</i>	<i>1.4 p.p.</i>	<i>5.1%</i>	<i>3.9 p.p.</i>	<i>5.8%</i>	<i>3.7%</i>	<i>2.1 p.p.</i>

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



### Financial Position

**Gross cash.** Posted a balance of R\$321.1 million **(-R\$18.7 million vs. 3Q20)** versus R\$339.7 million in the previous quarter, a decline mainly related to the acquisitions made in the period.

**Gross debt.** Posted a balance of R\$83.4 million **(+R\$11.8 million vs. 3Q20)** compared to R\$71.6 million in the previous quarter, and **(-R\$17.5 million vs. 4Q19)** compared to R\$100.9 million YoY, as detailed below:

- **Loans and financing (short and long term).** Posted a balance of R\$39.6 million **(-R\$3.1 million vs. 3Q20)** compared to R\$42.7 million QoQ, a decrease due to the amortization of the installments of debentures. In 2019, it was R\$60.7 million, reduced by the payments and debt settlements made throughout the year.
- **Liabilities arising from investment acquisition (short and long term).** Reached a balance of R\$43.8 million **(+R\$15.0 million vs. 3Q20)**, compared to R\$28.8 million in the previous quarter, an increase related mainly to the new acquisitions in the period. In 2019, it was R\$40.2 million **(+R\$3.6 million vs. 4Q19)**, impacted by the acquisitions of the period.

**Net cash.** Ended at R\$237.7 million **(-R\$30.5 million vs. 3Q20)** compared to R\$268.2 million QoQ. In 2019, it was R\$264.0 million **(-R\$26.3 million vs. 4Q19)**. The Company remains capitalized to continue its strategic investment plan.

### Capital Market

**Stock performance.** The Company's shares (Novo Mercado: SQIA3) closed the quarter at R\$23.50 **(+8.4% vs. 3Q20)** compared to R\$21.68 QoQ.

**Market value.** Given that the Company has 70.5 million common shares, the market value at the end of 4Q20 was R\$1.7 billion compared to R\$1.5 billion in the previous quarter.

**Average daily trading volume (ADTV).** Reached R\$13.4 million in the quarter **(-42.2% vs. 3Q20)** compared to R\$23.2 million QoQ.

**Shareholding base.** Closed the quarter with 111.5 thousand shareholders **(+1.4% vs. 3Q20)** compared to 109.9 thousand QoQ.

**Free float.** Closed the quarter at 83.2% **(-0.2 p.p. vs. 3Q20)** compared to 83.4% QoQ.

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**Statement from Management.** The Executive Board of Sinqia S.A., pursuant to items V and VI of Article 25 of CVM Instruction 480/09, hereby declares that it has reviewed, discussed and agreed with (i) the opinions expressed in the independent auditors' report and (ii) the Financial Statements for the year ended December 31, 2020.

**Relationship with Auditors** Pursuant to CVM Instruction 381/03, we hereby inform that the Company and its subsidiaries have hired the independent audit services of Deloitte Touche Tohmatsu Auditores Independentes.

**Acknowledgments.** Finally, the Company expresses its gratitude to all those who contributed to the success obtained in 2020 despite all the challenges, especially its customers, employees, and shareholders.



**EXHIBIT - FINANCIAL STATEMENTS**

**I - Income Statement (Consolidated)**

(RS '000)	4Q20	4Q19	4Q20 x 4Q19	3Q20	4Q20 x 3Q20	2020	2019	2020 x 2019
<b>Gross Revenues</b>	<b>66,355</b>	<b>54,251</b>	<b>22.3%</b>	<b>59,432</b>	<b>11.6%</b>	<b>236,359</b>	<b>196,745</b>	<b>20.1%</b>
Software	45,857	37,923	20.9%	40,194	14.1%	164,311	135,885	20.9%
Subscription	38,523	30,403	26.7%	33,660	14.4%	138,336	111,756	23.8%
Implementation	7,335	7,520	-2.5%	6,534	12.3%	25,976	24,129	7.7%
Services	20,498	16,328	25.5%	19,238	6.5%	72,048	60,860	18.4%
Outsourcing	20,151	14,331	40.6%	18,642	8.1%	67,955	51,433	32.1%
Projects	347	1,997	-82.6%	596	-41.8%	4,093	9,427	-56.6%
<b>Sales taxes</b>	<b>(7,308)</b>	<b>(6,168)</b>	<b>18.5%</b>	<b>(6,669)</b>	<b>9.6%</b>	<b>(26,366)</b>	<b>(21,593)</b>	<b>22.1%</b>
Software	(5,044)	(4,364)	15.6%	(4,545)	11.0%	(18,368)	(14,848)	23.7%
Subscription	(3,328)	(3,516)	-5.4%	(3,762)	-11.5%	(14,471)	(12,159)	19.0%
Implementation	(1,716)	(848)	102.4%	(783)	119.2%	(3,897)	(2,689)	44.9%
Services	(2,264)	(1,804)	25.5%	(2,124)	6.6%	(7,998)	(6,745)	18.6%
Outsourcing	(2,225)	(1,573)	41.5%	(1,643)	35.4%	(7,105)	(5,670)	25.3%
Projects	(39)	(231)	-83.1%	(481)	-91.9%	(893)	(1,075)	-16.9%
<b>Net Revenues</b>	<b>59,047</b>	<b>48,083</b>	<b>22.8%</b>	<b>52,763</b>	<b>11.9%</b>	<b>209,993</b>	<b>175,153</b>	<b>19.9%</b>
Software	40,813	33,559	21.6%	35,649	14.5%	145,943	121,038	20.6%
Subscription	35,195	26,887	30.9%	29,898	17.7%	123,865	99,598	24.4%
Implementation	5,619	6,672	-15.8%	5,751	-2.3%	22,079	21,440	3.0%
Services	18,234	14,524	25.5%	17,114	6.5%	64,050	54,115	18.4%
Outsourcing	17,926	12,758	40.5%	16,999	5.5%	60,850	45,763	33.0%
Projects	308	1,766	-82.6%	115	167.7%	3,200	8,352	-61.7%
<b>Net Revenues</b>	<b>59,047</b>	<b>48,083</b>	<b>22.8%</b>	<b>52,763</b>	<b>11.9%</b>	<b>209,993</b>	<b>175,153</b>	<b>19.9%</b>
Recurring	53,121	39,645	34.0%	46,897	13.3%	184,715	145,361	27.1%
Variable	5,926	8,438	-29.8%	5,866	1.0%	25,278	29,792	-15.2%
% of Recurrence	<b>90.0%</b>	<b>82.5%</b>	<b>7.5 p.p.</b>	<b>88.9%</b>	<b>1.1 p.p.</b>	<b>88.0%</b>	<b>83.0%</b>	<b>5.0 p.p.</b>
<b>Costs</b>	<b>(37,458)</b>	<b>(30,527)</b>	<b>22.7%</b>	<b>(35,310)</b>	<b>6.1%</b>	<b>(138,430)</b>	<b>(117,288)</b>	<b>18.0%</b>
Software	(23,938)	(19,486)	22.8%	(22,110)	8.3%	(89,078)	(74,586)	19.4%
Services	(13,520)	(11,041)	22.5%	(13,200)	2.4%	(49,352)	(42,702)	15.6%
Outsourcing	(13,136)	(9,893)	32.8%	(12,591)	4.3%	(46,542)	(36,598)	27.2%
Projects	(384)	(1,148)	-66.5%	(609)	-36.9%	(2,810)	(6,104)	-54.0%
<b>Gross profit</b>	<b>21,589</b>	<b>17,556</b>	<b>23.0%</b>	<b>17,453</b>	<b>23.7%</b>	<b>71,563</b>	<b>57,865</b>	<b>23.7%</b>
Gross margin	36.6%	36.5%	0.1 p.p.	33.1%	3.5 p.p.	34.1%	33.0%	1.0 p.p.
Software	16,876	14,073	19.9%	13,539	24.6%	56,866	46,452	22.4%
Software gross mg.	41.3%	41.9%	-0.6 p.p.	38.0%	3.4 p.p.	39.0%	38.4%	0.6 p.p.
Services	4,713	3,483	35.3%	3,914	20.4%	14,697	11,413	28.8%
Services gross mg.	83.9%	52.2%	31.7 p.p.	68.1%	15.8 p.p.	66.6%	53.2%	13.3 p.p.
Outsourcing	4,790	2,865	67.2%	4,408	8.7%	14,308	9,165	56.1%
Outsourcing gross mg.	26.7%	22.5%	4.3 p.p.	25.9%	0.8 p.p.	23.5%	20.0%	3.5 p.p.
Projects	(77)	618	n.a.	(494)	-84.5%	389	2,248	-82.7%
Projects gross mg.	-24.9%	35.0%	n.a.	-429.6%	404.7 p.p.	12.2%	26.9%	-0.5 p.p.
<b>Expenses</b>	<b>(17,633)</b>	<b>(19,130)</b>	<b>-7.8%</b>	<b>(14,887)</b>	<b>18.4%</b>	<b>(64,607)</b>	<b>(60,122)</b>	<b>7.5%</b>
% of net revenues	29.9%	39.8%	-9.9 p.p.	28.2%	1.6 p.p.	30.8%	34.3%	-3.6 p.p.
General/administrative	(10,990)	(12,370)	-11.2%	(8,631)	27.3%	(41,525)	(43,364)	-4.2%
% of net revenues	18.6%	25.7%	-7.1 p.p.	16.4%	2.3 p.p.	19.8%	24.8%	-5.0 p.p.
Other expenses	-	(1,384)	n.a.	-	n.a.	-	(1,384)	n.a.
% of net revenues	0.0%	2.9%	n.a.	0.0%	n.a.	0.0%	0.8%	n.a.
Depreciation/amort.	(6,643)	(5,376)	23.6%	(6,256)	6.2%	(23,082)	(15,374)	50.1%
% of net revenues	11.3%	11.2%	0.1 p.p.	11.9%	-0.6 p.p.	11.0%	8.8%	0.3 p.p.
<b>EBIT</b>	<b>3,956</b>	<b>(1,574)</b>	<b>n.a.</b>	<b>2,566</b>	<b>54.2%</b>	<b>6,956</b>	<b>(2,258)</b>	<b>n.a.</b>
<b>Financial result</b>	<b>(219)</b>	<b>316</b>	<b>n.a.</b>	<b>(455)</b>	<b>-51.9%</b>	<b>(156)</b>	<b>(5,435)</b>	<b>-97.1%</b>
Financial income	1,801	4,636	-61.2%	1,803	-0.1%	9,728	6,420	51.5%
Financial expenses	(2,020)	(4,320)	-53.2%	(2,258)	-10.5%	(9,884)	(11,855)	-16.6%
<b>EBT</b>	<b>3,737</b>	<b>(1,258)</b>	<b>n.a.</b>	<b>2,111</b>	<b>77.0%</b>	<b>6,800</b>	<b>(7,693)</b>	<b>n.a.</b>
<b>Income tax/social contribution</b>	<b>(655)</b>	<b>1,477</b>	<b>n.a.</b>	<b>(1,228)</b>	<b>-46.7%</b>	<b>(1,844)</b>	<b>3,131</b>	<b>n.a.</b>
Current	(820)	(1,383)	-40.7%	(1,786)	-54.1%	(4,447)	(3,174)	40.1%
Deferred	165	2,860	-94.2%	558	-70.4%	2,603	6,305	-58.7%
<b>Results after IT and SC</b>	<b>3,082</b>	<b>219</b>	<b>1307.4%</b>	<b>883</b>	<b>249.0%</b>	<b>4,956</b>	<b>(4,561)</b>	<b>n.a.</b>
Minority interest	-	(26)	n.a.	(32)	n.a.	-	(18)	n.a.
<b>Net income</b>	<b>3,082</b>	<b>193</b>	<b>1496.9%</b>	<b>851</b>	<b>262.2%</b>	<b>4,956</b>	<b>(4,579)</b>	<b>n.a.</b>
Net margin	5.2%	0.4%	4.8 p.p.	1.6%	3.6 p.p.	2.4%	-2.6%	n.a.



## 4Q20 | Earnings Release

SINOIA

<b>EBITDA</b>	<b>10,599</b>	<b>3,776</b>	<b>180.7%</b>	<b>8,790</b>	<b>20.6%</b>	<b>30,038</b>	<b>13,099</b>	<b>129.3%</b>
EBITDA margin	18.0%	7.9%	10.1 p.p.	16.7%	1.3 p.p.	14.3%	7.5%	6.8 p.p.
(+) Extraordinary expenses	-	2,383	n.a	-	n.a	74	5,534	-98.7%
(+) Extraordinary costs	22	248	-91.1%	8	175.0%	57	2,469	-97.7%
<b>Adjusted EBITDA</b>	<b>10,621</b>	<b>6,407</b>	<b>65.8%</b>	<b>8,798</b>	<b>20.7%</b>	<b>30,169</b>	<b>21,102</b>	<b>43.0%</b>
Adj. EBITDA Margin	18.0%	13.3%	4.7 p.p.	16.7%	1.3 p.p.	14.4%	12.0%	2.3 p.p.

<b>Net income</b>	<b>3,082</b>	<b>193</b>	<b>1496.9%</b>	<b>851</b>	<b>262.2%</b>	<b>4,956</b>	<b>(4,579)</b>	<b>n.a</b>
(+) Extraordinary effects	22	2,631	-99.2%	8	175.0%	131	8,003	-98.4%
<b>Adjusted net income</b>	<b>3,104</b>	<b>2,824</b>	<b>9.9%</b>	<b>859</b>	<b>261.4%</b>	<b>5,087</b>	<b>3,424</b>	<b>48.6%</b>
(+) Acquisitions amortization	2,361	3,670	-35.7%	2,378	-0.7%	9,671	9,356	3.4%
(+) Deferred income tax/Social cont.	(165)	(2,860)	-94.2%	(558)	-70.4%	(2,603)	(6,305)	-58.7%
<b>Adjusted Cash Earnings</b>	<b>5,300</b>	<b>3,634</b>	<b>45.8%</b>	<b>2,679</b>	<b>97.8%</b>	<b>12,155</b>	<b>6,475</b>	<b>87.7%</b>
Adj. CE Margin	9.0%	7.6%	1.4 p.p.	5.1%	3.9 p.p.	5.8%	3.7%	2.1 p.p.



II – Balance Sheet (Consolidated)

(R\$ '000)	12.31.2020	09.30.2020	Var.	12.31.2019	Var. YoY
<b>ASSETS</b>	<b>637,653</b>	<b>611,378</b>	<b>4.3%</b>	<b>619,992</b>	<b>2.8%</b>
<b>Current</b>	<b>344,158</b>	<b>369,279</b>	<b>-6.8%</b>	<b>393,040</b>	<b>-12.4%</b>
Cash and cash equivalents	321,063	339,728	-5.5%	364,985	-12.0%
Trade receivables	17,427	22,111	-21.2%	21,628	-19.4%
Advanced expenses	673	837	-19.6%	288	133.7%
Taxes and contributions recoverable	4,354	5,943	-26.7%	4,357	-0.1%
Other receivables	641	660	-2.9%	1,782	-64.0%
<b>Non-current</b>	<b>293,495</b>	<b>242,099</b>	<b>21.2%</b>	<b>226,952</b>	<b>29.3%</b>
Securities	5,319	5,319	0.0%	4,692	13.4%
Taxes and contributions recoverable	1,884	2,524	-25.4%	-	-
Deposits in court	239	314	-23.9%	309	-22.7%
Deferred income tax and social contrib.	25,205	25,040	0.7%	22,602	11.5%
Other receivables	-	-	-	159	-
Property and equipment	38,138	38,943	-2.1%	34,743	9.8%
Intangible assets	222,710	169,959	31.0%	164,447	35.4%
<b>LIABILITIES AND EQUITY</b>	<b>637,653</b>	<b>611,378</b>	<b>4.3%</b>	<b>619,992</b>	<b>2.8%</b>
<b>Current</b>	<b>70,972</b>	<b>67,266</b>	<b>5.5%</b>	<b>51,533</b>	<b>37.7%</b>
Loans and financing	12,506	13,541	-7.6%	15,503	-19.3%
Leasing	7,807	7,291	7.1%	2,899	169.3%
Trade payables	2,437	2,307	5.6%	1,884	29.4%
Advances from customers	8,255	2,065	299.8%	4,635	78.1%
Labor liabilities	20,735	20,065	3.3%	14,236	45.7%
Tax liabilities	2,298	5,332	-56.9%	1,972	16.5%
Liabilities arising from invest. acquisition	15,549	16,665	-6.7%	10,404	49.5%
	1,385	-	-	-	-
<b>Non-current</b>	<b>131,153</b>	<b>110,556</b>	<b>18.6%</b>	<b>136,856</b>	<b>-4.2%</b>
Loans and financing	27,139	29,213	-7.1%	45,230	-40.0%
Leasing	30,993	30,557	1.4%	20,569	50.7%
Tax liabilities	2,407	2,579	-6.7%	3,462	-30.5%
Provisions for legal proceedings	42,402	36,076	17.5%	37,798	12.2%
Liabilities arising from invest. acquisition	28,212	12,131	132.6%	29,797	-5.3%
<b>Equity</b>	<b>435,528</b>	<b>433,556</b>	<b>0.5%</b>	<b>431,603</b>	<b>0.9%</b>
Share capital	413,261	413,261	0.0%	413,261	0.0%
Treasury shares	(1,689)	(1,689)	0.0%	-	-
Shares issue expenses	(23,915)	(23,915)	0.0%	(23,789)	0.5%
Capital reserve	15,497	15,222	1.8%	13,186	17.5%
Earnings reserve	32,374	30,677	5.5%	28,803	12.4%
<b>Total Equity of controlling shareholders</b>	<b>435,528</b>	<b>433,556</b>	<b>0.5%</b>	<b>431,461</b>	<b>0.9%</b>
Non-controlling interests	-	-	-	142	-
<b>Gross debt</b>	<b>83,406</b>	<b>71,550</b>	<b>16.6%</b>	<b>100,934</b>	<b>-17.4%</b>
Borrowings	39,645	42,754	-7.3%	60,733	-34.7%
Liabilities arising from invest. acquisition	43,761	28,796	52.0%	40,201	8.9%
<b>Net debt (cash) position</b>	<b>(237,657)</b>	<b>(268,178)</b>	<b>-11.4%</b>	<b>(264,051)</b>	<b>-10.0%</b>
Net debt/Adj. EBITDA LTM	NA	NA		NA	