

Results 3Q20

Nov 11th, 2020 (Wednesday)

2 pm (Brasília) / 12 noon (Nova York) / 5 pm (Londres)

Conference call in Portuguese with simultaneous translation into English via webcast

[click here to access webcast](#)

code: Sinqia

São Paulo, 10 November 2020. Sinqia S.A. (B3: SQIA3) ("**Company**"), provider of technology for the financial system, announces its consolidated results for the third quarter 2020 ("**3Q20**").

Financial highlights:

Net revenues. New record of R\$ 52.8 million **(+13.8% vs. 3Q19)**, increase due to the organic **(+11.7% vs. 3Q19)** and inorganic growth **(+2.1% vs. 3Q19)**;

Net revenues from Software. Reached R\$ 35.6 million **(+6.5% vs. 3Q19)**, increase due to the organic **(+3.7% vs. 3Q19)** and inorganic growth **(+2.8% vs. 3Q19)**;

Net revenues from Services. Registered R\$ 17.1 million **(+32.7% vs. 3Q19)**, an increase due to the launch of new offers for digital transformation;

Recurring revenues. New record of R\$ 46.9 million **(+23.1% vs. 3Q19)**, representing **88.9%** of the total net revenues, the highest company's percentage;

Gross profit. Reached R\$ 17.5 million **(+11.0% vs. 3Q19)**, with growth in Software and Services;

General and administrative expenses. Registered R\$ 8.6 million **(-12.5% vs. 3Q19)**, representing **16.1%** of the total net revenues, the lowest company's percentage;

Adjusted EBITDA. Record of R\$ 8.8 million **(+46.3% vs. 3Q19)**, a mix of higher gross profit and lower general and administrative expenses.

Financial Highlights (R\$ '000)

(R\$ '000)	3Q20	3Q19	Var. 3Q20/3Q19	2Q20	Var. 3Q20/2Q20	LTM- 3Q20	LTM- 3Q19	Var. LTM
Net Revenues	52,763	46,364	13.8%	49,561	6.5%	199,029	166,750	19.4%
Recurring Revenues	46,897	38,095	23.1%	43,535	7.7%	171,239	137,931	24.1%
% Recurrence	88.9%	82.2%	6.7 p.p.	87.8%	1.0 p.p.	86.0%	82.7%	3.3 p.p.
Gross Profit	17,453	15,724	11.0%	16,761	4.1%	67,530	55,047	22.7%
Gross margin	33.1%	33.9%	-0.8 p.p.	33.8%	-0.7 p.p.	33.9%	33.0%	0.9 p.p.
EBITDA	8,790	5,868	49.8%	7,327	20.0%	23,215	13,495	72.0%
EBITDA margin	16.7%	12.7%	4.0 p.p.	14.8%	1.9 p.p.	11.7%	8.1%	3.6 p.p.
Adjusted EBITDA	8,798	6,016	46.3%	7,369	19.4%	25,955	19,578	32.6%
Adjusted EBITDA margin	16.7%	13.0%	3.7 p.p.	14.9%	1.8 p.p.	13.0%	11.7%	1.3 p.p.
Adjusted Cash Earnings	2,679	2,087	28.4%	2,702	-0.9%	10,489	4,674	124.4%
Adjusted CE Margin	5.1%	4.5%	0.6 p.p.	5.5%	-0.4 p.p.	5.3%	2.8%	2.5 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 e Sinqia Consulting/Torq).

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MESSAGE FROM THE MANAGEMENT

At the end of 2Q20, we had already overcome the most severe phase of challenges related to the new coronavirus (COVID-19) with the prospect to deliver increasing results. We are pleased to report today the 3Q20 results with new financial records and several new features.

Once again, we received our Great Place to Work certification. This certification, already important for Sinqia, has a special meaning nowadays: in 2020 we reached a score 15% higher than in 2019, at a time when remote work made managing people even more challenging. The climate and turnover rates remained at favorable levels, proving that Sinqia remains an excellent company to work.

We are again at IDC Fintech Rankings. This study, which includes a ranking of the top global technology providers for financial institutions, is one of the industry's top global benchmarks. We remained in 93rd position, having shown a substantial growth in revenues denominated in BRL in the period under analysis (2019 vs. 2018). And we are the only Brazilian software provider, being recognized Sinqia's leadership in the country.

And we entered the ISG Provider Lens for the first time. This report, which compares service providers based on ISG's independent assessment, is an important reference for technology buyers in Brazil and worldwide. In 2020, we were included in three of the research quadrants: Digital Product Lifecycle Services (in the leading quadrant), Digital Customer Experience Services (in the product challenger quadrant) and Digital Business Consulting Services (in the product challenger quadrant), with the growing importance of company for the financial technology market.

Our Pix solution continues to gain traction. According to Bacen, there are already 762 participants able to go into production. Initially we focused on developing software for direct participants, and in 3Q20 we extended the scope to indirect ones, which are the majority. The sales opportunities for the new solution are growing, but we continue to believe that the greatest potential for Sinqia will arise in a second wave, when Pix participants seek an extension of their offer of financial products, demanding new software such as, for example, current account, credit, investments, among others. And it's not just potential, we already have the first case of this thesis.

We continued to invest in the open innovation model: in 2Q20, we participated in Batch #8, bringing extremely interesting and adherent companies such as Cashway (BaaS), Data Rudder (IA), iBotz (RPA) and Openbox.ai (IA). Understanding that this is a winning strategy in the long term, we participated in Batch # 9 in 3Q20, a new round of opportunity selection. We are increasingly connected to the innovation ecosystem in the financial segment, and we believe that many of the opportunities selected may become Sinqia's acquisition-targets when reaching maturity.

We made further progress in M&A investments with another new feature: In October we announced Tree Solution's acquisition. This acquisition inserts Sinqia in the foreign exchange segment at a very opportune moment. The foreign exchange market today comprises institutions in need of a robust supplier that offers an updated solution: Sinqia's acquisition of Tree eliminates this need. And the foreign exchange market in the future is expected to expand significantly, following the example of the payments market, due to Bacen's regulatory agenda (according to PL 5.387/19) aiming at its modernization.

It is worth mentioning that the last two acquisitions, ISP and Tree Solution, total investments of R\$ 99.5 million (including earnouts), representing 27.4% of the funds raised in the follow on, in line with the expectation of speed in the use of resources. After a start to the year hampered by the uncertainties caused by the pandemic, we accelerated again in 3Q20, and since then we have already announced these two acquisitions. There are several opportunities at an advanced stage of negotiation, with the possibility of maturing in 4Q20 and 1Q21.

Regarding the quarter's results, in 3Q20 our portfolio of recurring contracts of software continued to expand and totaled R\$ 152.4 million, up by 1.3% over 2Q20 and 8.6% over 3Q19. This expansion is anchored in the verticals of Banks (72.2% of the total) and Funds (22.0% of the total). It is great to know that Pix has



already been contributing to the expansion, as one of the biggest sales of the period was made to a customer (one of the largest acquirers in Brazil) who also gathered the complete banking suite.

We posted a record net revenues of R\$ 52.8 million, up by 13.8% over 3Q19, with a slight 6.5% growth in Software and a sharp 32.4% growth in Services, due to the excellent performance of new offers to support the digital transformation of our customers, who continue to show consistent demand. And we posted a record recurring revenues of R\$ 46.9 million, up by 23.1%, representing 88.9% of the net revenues, the highest company's percentage.

We posted costs of R\$ 35.3 million, up by 15.2% over 3Q19, slightly above revenues growth. This is because, in Software, we continue to support high costs with Implementation to allow sales to flow from previous quarters and significantly expanded the R&D team to unify the pension software from past acquisitions (attps, Atena, ADSPrev and Stock & Info), with the goal to achieve significant operational synergies for this business in the medium- and long-term.

And we reached G&A expenses of R\$ 8.6 million, down by 12.5% over 3Q19. These expenses represented 16.4% of the net revenues, the lowest company's percentage. This reduction reflects the many efforts to contain expenses during the uncertainty in the first two quarters of the year, in addition to reversal of provision for legal contingencies. Now, this reverts to an important contribution to the company's profitability gain.

This made it possible to reach a new record in adjusted EBITDA, at R\$ 8.8 million, up by 46.3% over 3Q19, with an adjusted EBITDA margin of 16.7%, up by 3.7 percentage points. We are pursuing consistent increases in profitability, optimizing the organic business and selecting acquisitions with higher margins, in order to build a higher EBITDA margin baseline in the short term.

It should be noted that we closed 3Q20 with a gross cash of R\$ 339.7 million (vs. R\$ 336.3 million in 2Q20), a slight increase of R\$ 3.4 million even after a decrease in debt of R\$ 4.6 million. And we are still not impacted by default: the balance of receivables decreased further in the quarter.

After three of the four quarters, we have an increasingly clear and positive view on our company's prospects for 2020. There is still a lot to accomplish this year, a lot of new features to come. We remain focused on implementing our consolidation and innovation plan, and delivering increasing results.



RECENT EVENTS

Acquisition of Tree Solution (“Tree”). In October, we acquired Tree, one of the most traditional software providers for the financial system in Brazil, focusing on the FX segment. In the last 12 months ended September 30, 2020, the company had a gross revenues of R\$ 8.1 million. This was our 16th acquisition and fulfills two important strategic goals: (i) expanding the product portfolio, adding a complementary FX solution to control onshore and offshore transactions; and (ii) expanding the customer portfolio, adding important names, such as several global banks with local operations. Therefore, the acquisition creates new cross sell opportunities in the combined customer base. The initial acquisition price was R\$ 13.3 million, with (i) a cash installment of R\$ 10.5 million paid on October 5, 2020, and (ii) a installment of R\$ 2.8 million, to be paid in five annual installments of R\$ 560,000. Therefore, the initial acquisition price represents an EV/Revenues ratio of 1.6x. The final acquisition price may be increased by up to R\$ 4.2 million, with two additional installments of up to R\$ 2.1 million to be paid in 2022 and 2023, subject to certain targets to be met.

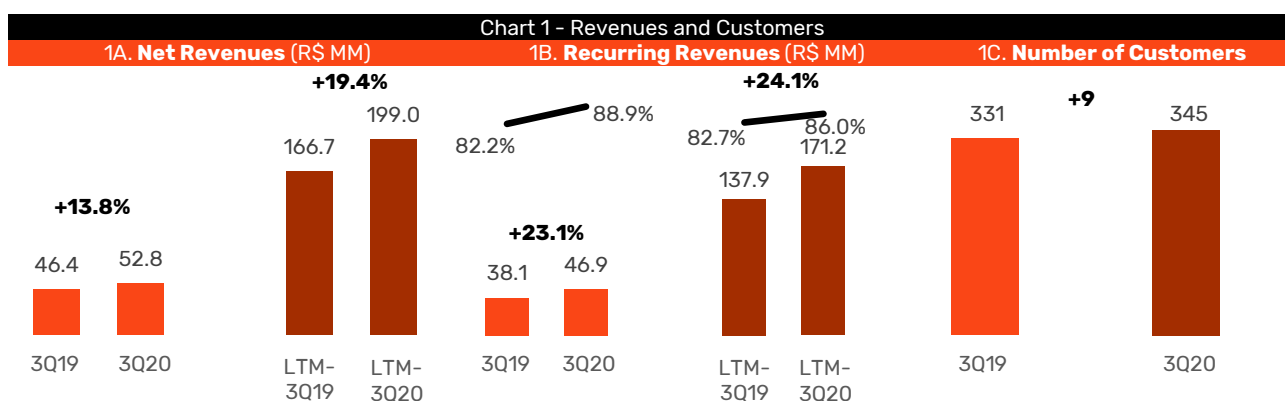
Acquisition of Itaú Soluções Previdenciárias (“ISP”). In August, we signed the acquisition of ISP, one of the main providers of software and services for the private pension segment. As informed in the Material Fact of 04 Aug. 2020, the closing of the transaction will be subject to the fulfillment of conditions usual to this type of operation. From the set of conditions, the following conditions have already been met: (i) approval by Sinqia’s shareholders at the AGE of 24 Sep. 2020 and (ii) approval by CADE; and has not yet been met: (iii) the spin-off of the ISP by the Itaú Unibanco economic group and (iv) approval by Bacen. We are awaiting the fulfillment of these last two conditions, and we are working to make the closing of the transaction feasible in December. It is worth mentioning that the results of the ISP will only be consolidated in Sinqia’s financial statements after the closing.

**OPERATING AND FINANCIAL PERFORMANCE**

Net revenues. Reached a record of R\$ 52.8 million **(+13.8% vs. 3Q19)**, compared to R\$ 46.4 million YoY, up by R\$ 6.4 million, with R\$ 5.4 million organic, including R\$ 4.2 million in Services and R\$ 1.2 million in Software, and R\$ 1.0 million inorganic from Stock & Info (acquired in Dec/19).

Recurring revenues. Reached a record of R\$ 46.9 million **(+23.1% vs. 3Q19)** representing 88.9% of the total net revenues (vs. 82.2% in 3Q19) - the highest percentage in the Company's history - compared to R\$ 38.1 million YoY, up by R\$ 8.8 million. Of this growth, R\$ 7.9 million was organic, with an increase of R\$ 6.3 million in Outsourcing Services and R\$ 1.6 million in Software Subscription, and R\$ 0.9 million inorganic from Stock & Info.

Number of customers. Increased to 345 **(+14 vs. 3Q19)**, mainly due to new sales. The largest customer was responsible for 5.2% of the net revenues (vs. 9.0% in 3Q19), a decrease due to portfolio's dilution with new clients.

**Software Unit**

Net revenues from Software. Reached a record of R\$ 35.6 million **(+6.5% vs. 3Q19)**, representing 68% of the total net revenues, compared to R\$ 33.4 million YoY, up by R\$ 2.2 million, with R\$ 1.2 million organic and R\$ 1.0 million inorganic. By vertical, net revenues from Banks totaled R\$ 19.2 million (vs. R\$ 19.3 million in 3Q19), Funds R\$ 4.9 million (vs. R\$ 4.0 million in 3Q19), Pensions R\$ 8.0 million (vs. R\$ 7.6 million in 3Q19) and Consortium R\$ 2.6 million (vs. R\$ 2.5 million in 3Q19). Below is the breakdown between the recurring "Subscription" and the variable "Implementation and Customization":

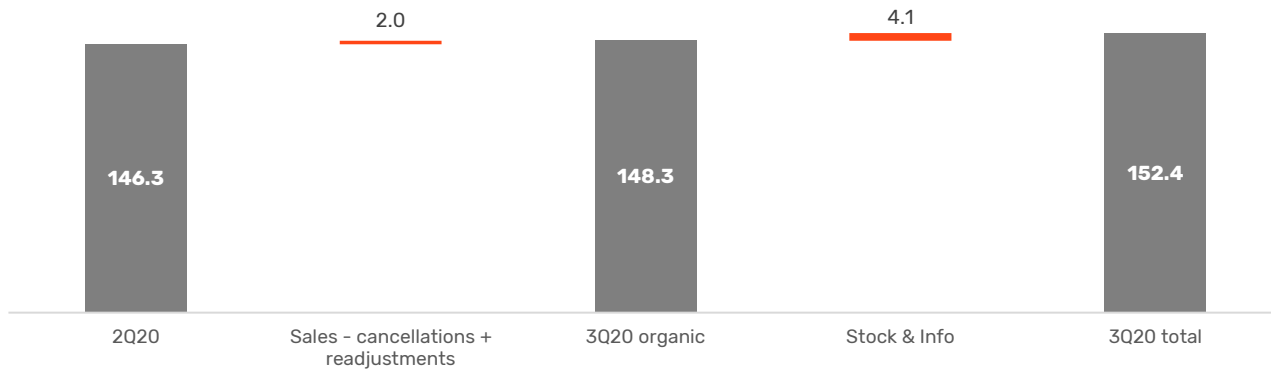
- **Net revenues from Subscription.** Reached a record of R\$ 29.9 million **(+9.2% vs. 3Q19)**, 84% of the total unit, compared to R\$ 27.4 million YoY, up by R\$ 2.5 million, with R\$ 1.6 million of organic with the delivery of part of the implementations, besides new sales made in the pure subscription model, and R\$ 0.9 million inorganic from Stock & Info.

Portfolio of recurring contracts¹. Reached a record gross figure of R\$ 152.4 million **(+8.6% vs. 3Q19)**, compared to R\$ 140.3 million in 3Q19, up by R\$ 12.1 million, with R\$ 8.0 million organic (+5.7% vs. 3Q19) and R\$ 4.1 million inorganic (non-existent in 3Q19). For this reason, the contract portfolio shows growth over the R\$ 150.4 in the previous quarter (+1.3% vs. 2Q20), despite the strong economic downturn, showing the Company's resilience in an adverse environment.

¹ Annualized signed agreements, deployed or not, which will generate recurring revenues after concluding the implementation. The concept of inorganic portfolio considers only acquisitions made in the period of 12 months prior to disclosure, that is, only Stock & Info (acquired in Dec/19) is considered as inorganic.



Chart 2 – Software Unit
Portfolio of Recurring Contracts (R\$ MM)



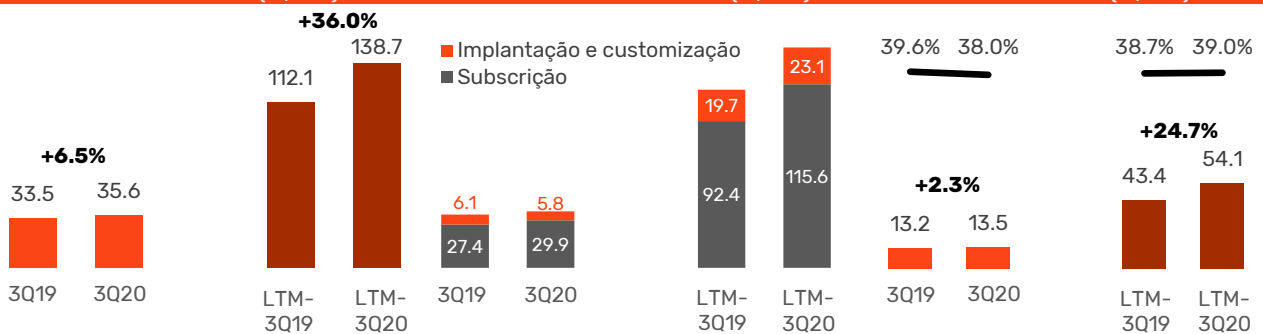
- **Net revenues from implementation and customization.** Reached R\$ 5.8 million **(-5.4% vs. 3Q19)**, 16% of the unit's total, over R\$ 6.1 million YoY due to our change in the commercial model, by which we reduced the price in the Implementation to obtain a higher price in the Subscription, prioritizing the most noble revenues, with high recurrence and profitability.

Costs with Software. Totaled R\$ 22.1 million **(+9.3% vs. 3Q19)**, compared to R\$ 20.2 million YoY, up by R\$ 1.9 million, with R\$ 1.3 million organic and R\$ 0.6 million inorganic, mainly due to the higher implementation cost, managerially calculated at R\$ 5.6 million (vs. R\$ 2.3 million in 3Q19) and higher investments in RD&I at R\$ 1.3 million (vs. R\$ 1.0 million in 3Q19).

Gross profit from Software. Reached R\$ 13.5 million **(+2.3% vs. 3Q19)**, compared to R\$ 13.2 million YoY, up by R\$ 0.3 million, with the change totally inorganic.

Gross margin from Software. Reached 38.0% **(-1.6 p.p. vs. 3Q19)** compared to 39.6% YoY, but still pressured by high implementation costs and RD&I investments.

Chart 3 – Software Unit
3A. Net Revenues (R\$ MM) 3B. Revenues Breakdown (R\$ MM) 3C. Gross Profit (R\$ MM)





Services Unit

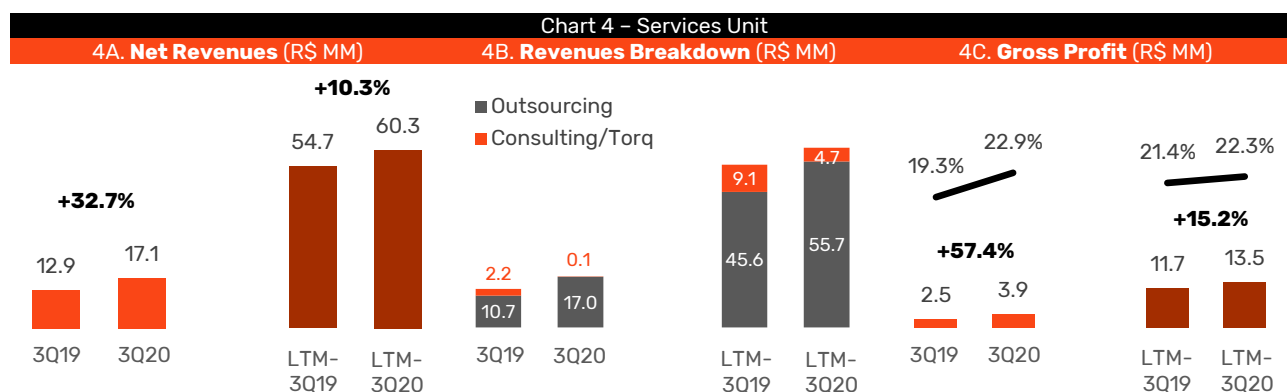
Net revenues from Services. Reached a record of R\$ 17.1 million **(+32.7% vs. 3Q19)**, 32% of the total net revenues, compared to R\$ 12.9 million YoY, up by R\$ 6.3 million in the recurring installment of “Outsourcing” and down by R\$ 2.1 million in “Consulting/Torq” (formerly called “Projects”), focused on consulting and developing innovative products, detailed below:

- **Net revenues from Outsourcing.** Reached a record of R\$ 17.0 million **(+58.7% vs. 3Q19)**, 99% of the total unit, compared to R\$ 10.7 million YoY, up by R\$ 6.3 million, due to a product basket fully in line with the current market needs, focusing on creating digital products, through new technologies and agile methodologies.
- **Net revenues from Consulting/Torq.** Reached R\$ 0.1 million **(-94.7% vs. 3Q19)**, 1% of the total unit, compared to R\$ 2.2 million YoY, down by R\$ 2.1 million. We have redirected the team's efforts from executing consultancy projects to building businesses in the pre-operational stage such as Pix and Plugi, giving more emphasis to initiatives with transformative potential

Costs from Services. Totaled R\$ 13.2 million **(+26.8% vs. 3Q19)**, compared to R\$ 10.4 million YoY, with R\$ 12.6 million in Outsourcing (vs. R\$ 8.8 million in 3Q19), due to the higher demand for squads that increase headcount, and R\$ 0.6 million in Consulting/Torq (vs. R\$ 1.6 million in 3Q19), due to the readjustment of the headcount to a lower volume of revenue.

Gross profit from Services. Reached R\$ 3.9 million **(+57.4% vs. 3Q19)**, compared to R\$ 2.5 million YoY, up by R\$ 1.4 million, with R\$ 2.5 million related to the good performance in Outsourcing, and down by R\$ 1.1 million in Consulting/Torq.

Gross margin from Services. Reached 22.9% **(+3.6 p.p. vs. 3Q19)** compared to 19.3% YoY. The increased profitability is mainly due to the better performance in Outsourcing (+8.5 p.p. vs. 3Q19).



Costs, Gross Profit and Expenses

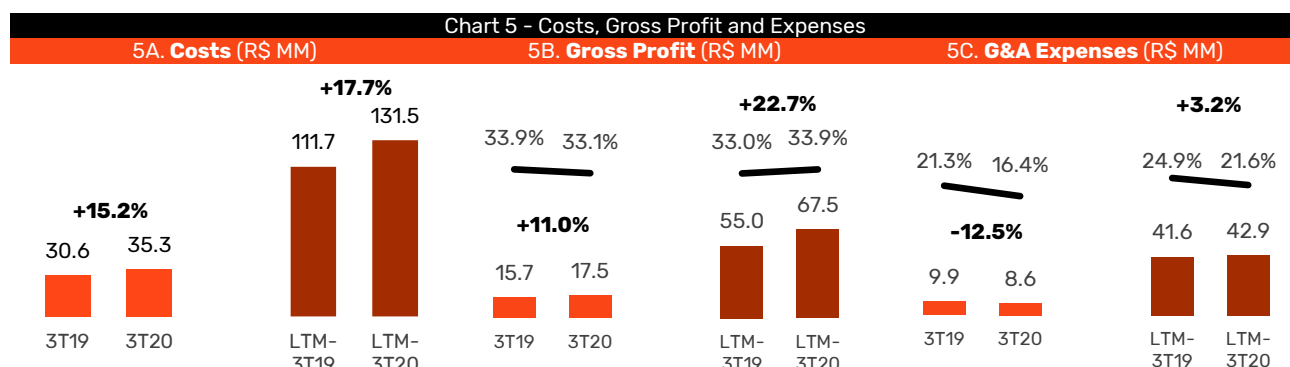
Total Costs. Reached R\$ 35.3 million **(+15.2% vs. 3Q19)** compared to R\$ 30.6 million YoY, up by R\$ 4.7 million, explained by costs with Software Implementation (+R\$ 2.3 million vs. 3Q19), Services (+R\$ 2.8 million vs. 3Q19) and the reductions in Software Development and Support (-R\$ 0.4 million vs. 3Q19).

Total gross profit. Reached R\$ 17.5 million **(+11.0% vs. 3Q19)**, the second best in the Company's history, compared to R\$ 15.7 million YoY, up by R\$ 1.7 million, with R\$ 1.4 million organic and R\$ 0.3 million inorganic.



Total gross margin. Reached 33.1% **(-0.8 p.p. vs. 3Q19)** compared to 33.9% YoY.

General and administrative expenses. Reached R\$ 8.6 million **(-12.5% vs. 3Q19)**, compared to R\$ 9.9 million YoY, down by R\$ 1.3 million, representing 16.4% of the net revenues **(-4.9 p.p. vs. 3Q19)**. The decrease in absolute numbers of this item is mainly due to the reversal of provisions for legal claims (-R\$ 1.2 million vs. 3Q19) and a reduction in publicity and advertising and transportation and lodging (-R\$ 0.6 million vs. 3Q19).



Adjusted EBITDA and EBITDA²

Adjusted EBITDA. Posted another excellent quarter with R\$ 8.8 million **(+46.3% vs. 3Q19)** compared to R\$ 6.0 million YoY, up by R\$ 2.8 million due to the record net revenues together with a drop in general and administrative expenses.

Adjusted EBITDA margin. Reached 16.7% **(+3.7 p.p. vs. 3Q19)** compared to 13.0% YoY due to the record Adjusted EBITDA.

Table 1 - Reconciliation of the EBITDA and Adjusted EBITDA

(R\$ '000)	3Q20	3Q19	Var. 3Q20/3Q19	2Q20	Var. 3Q20/2Q20	LTM-3Q20	LTM-3Q19	Var. LTM
Net Income	851	1,147	-25.8%	580	46.7%	2,067	(3,675)	-
(+) Income tax/social contribution	1,228	(408)	-401.0%	745	64.8%	(288)	(837)	-65.6%
(+) Financial result	455	1,452	-68.7%	415	9.6%	(379)	6,110	-
(+) Depreciation and amortization	6,256	3,677	70.1%	5,587	12.0%	21,815	11,897	83.4%
EBITDA	8,790	5,868	49.8%	7,327	20.0%	23,215	13,495	72.0%
(+) Extraordinary expenses - earnout	-	-	-	-	-	1,384	3,247	-57.4%
(+) Extraordinary expenses - integration	-	-	-	42	-	1,073	8	-
(+) Extraordinary costs - integration	8	148	-94.6%	-	-	283	2,297	-87.7%
Adjusted EBITDA	8,798	6,016	46.3%	7,369	19.4%	25,955	19,578	32.6%
Adjusted EBITDA Margin	16.7%	13.0%	3.7 p.p.	14.9%	1.8 p.p.	13.0%	11.7%	1.3 p.p.

EBT, net income and adjusted cash earnings

EBT. Posted R\$ 2.1 million compared to R\$ 0.7 million YoY, up by R\$ 1.4 million, as follows:

- **Financial income, net.** Reached a negative R\$ 0.5 million compared to a negative R\$ 1.5 million YoY, up by R\$ 1.0 million, with growth in financial revenues (+R\$ 0.9 million vs. 3Q19) due to the higher cash position in the period, due to the follow on carried out on 17 Sep. 2019 and reduction of financial expenses (-R\$ 0.1 million vs. 3Q19) mainly due to the impact of interest from acquisitions made.

²EBITDA 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 Sinquia.



- **Depreciation and amortization.** Reached R\$ 6.3 million **(+70.1% vs. 3Q19)**, compared to R\$ 3.7 million YoY, up by R\$ 2.6 million, with R\$ 2.3 million in amortization of depreciation of Property, Plant and Equipment (vs. R\$ 0,2 million in 3Q19), an increase mainly related to the right to use buildings of R\$ 0,7 million and rental of servers of R\$ 1.6 million (IFRS 16), and R\$ 0,3 million in amortization of intangible assets (vs. R\$ 1.0 million in 3Q19).
- **Goodwill balance.** At the end of the quarter, the Company had a balance of book goodwill from past acquisitions of R\$ 97.5 million.

Net income. Posted R\$ 0.9 million compared to R\$ 1.1 million YoY, down by R\$ 0.2 million.

Adjusted cash earnings. Reached R\$ 2.7 million compared to R\$ 2.1 million YoY, mainly due to the increase in the Deferred Income Tax and Social Contribution (accounting effect).

(R\$ '000)	3Q20	3Q19	Var. 3Q20/3Q19	2Q20	Var. 3Q20/2Q20	LTM- 3Q20	LTM- 3Q19	Var. LTM
Net Income	851	1,147	-25.8%	580	46.7%	2,067	(3,675)	-
(+) Extraordinary effects	8	148	-94.6%	42	-81.0%	2,740	6,083	-55.0%
Adjusted Net Income	859	1,295	-33.6%	622	38.1%	4,807	2,408	99.6%
(+) Acquisitions amortization	2,378	2,217	7.3%	2,066	15.1%	10,980	7,110	54.4%
(+) Def. income tax/Social Contr.	(558)	(1,425)	-60.8%	14	-	(5,298)	(4,844)	9.4%
Adjusted Cash Earnings	2,679	2,087	28.4%	2,702	-0.9%	10,489	4,674	124.4%
Adjusted ACP Margin	5.1%	4.5%	0.6 p.p.	5.5%	-0.4 p.p.	5.3%	2.8%	2.5 p.p.

The quarterly historical series of financial data is available, in Excel, at ri.sinqia.com.br, in the menu Results > Spreadsheets.



Financial Position

Gross cash. Posted a balance of R\$ 339.7 million **(+R\$ 3.4 million vs. 2Q20)** compared to R\$ 336.3 million QoQ, an increase mainly due to the cash generation in 3Q20.

Gross debt. Posted a balance of R\$ 71.6 million **(-R\$ 4.6 million vs. 2Q20)** compared to R\$ 76.1 million QoQ, as detailed below.

- **Borrowings and financing (short- and long-term).** Posted a balance of R\$ 42.8 million **(-R\$ 3.1 million vs. 2Q20)** compared to R\$ 45.9 million QoQ, a decrease due to the amortization of the debentures installments.
- **Liabilities arising from investment acquisition (short and long-term).** Posted a balance of R\$ 28.8 million **(-R\$ 1.5 million vs. 2Q20)**, compared to R\$ 30.3 million QoQ, a decrease mainly due to the payment of installments for acquisitions.

Net cash. Closed at R\$ 268.2 million **(+R\$ 8.0 million vs. 2Q20)** compared to R\$ 260.2 million QoQ. 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\$ 21.68 **(+12.7% vs. 2Q20)** compared to R\$ 19.24 QoQ.

Market capitalization. Given that the Company has 70.5 million common shares, the market capitalization by the end of 3Q20 was R\$ 1.5 billion compared to R\$ 1.4 billion in the previous quarter.

Average daily traded volume (ADTV). Reached R\$ 23.2 million in the quarter **(+36.5% vs. 2Q20)** compared to R\$ 17.0 million QoQ.

Shareholder base. Closed the quarter with 109,900 shareholders **(+0.9% vs. 2Q20)** compared to 108,900 QoQ.

Free float. Closed the quarter at 83.4% **(+0.2 p.p. vs. 2Q20)** compared to 83.2% QoQ.

Declaration from Management. The Executive Officers of Sinqia S.A., according to 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 30 September 2020.



ATTACHMENT - FINANCIAL STATEMENTS

I - Statement of Profit or Loss (Consolidated)

(R\$ '000)	3Q20	3Q19	Var. 3Q20/3 Q19	2Q20	Var. 3Q20/2 Q20	LTM-3Q20	LTM-3Q19	Var. LTM
Gross Revenues	59,432	52,029	14.2%	55,824	6.5%	224,255	186,970	19.9%
Software	40,194	37,516	7.1%	38,852	3.5%	156,377	125,559	24.5%
Subscription	33,660	30,675	9.7%	33,314	1.0%	130,216	103,436	25.9%
Implementation	6,534	6,841	-4.5%	5,538	18.0%	26,161	22,123	18.3%
Services	19,238	14,513	32.6%	16,972	13.4%	67,878	61,411	10.5%
Outsourcing	18,642	12,048	54.7%	15,694	18.8%	62,135	51,200	21.4%
Consulting/Torq	596	2,465	-75.8%	1,278	-53.4%	5,743	10,211	-43.8%
Sales taxes	(6,669)	(5,666)	17.7%	(6,263)	6.5%	(25,226)	(20,221)	24.8%
Software	(4,545)	(4,052)	12.2%	(4,350)	4.5%	(17,688)	(13,497)	31.1%
Subscription	(3,762)	(3,291)	14.3%	(3,719)	1.2%	(14,659)	(11,057)	32.6%
Implementation	(783)	(761)	2.9%	(631)	24.1%	(3,029)	(2,440)	24.1%
Services	(2,124)	(1,614)	31.6%	(1,913)	11.0%	(7,538)	(6,724)	12.1%
Outsourcing	(1,643)	(1,338)	22.8%	(1,754)	-6.3%	(6,453)	(5,649)	14.2%
Consulting/Torq	(481)	(276)	74.3%	(159)	202.5%	(1,085)	(1,075)	0.9%
Net Revenues	52,763	46,364	13.8%	49,561	6.5%	199,029	166,750	19.4%
Software	35,649	33,465	6.5%	34,502	3.3%	138,689	112,063	23.8%
Subscription	29,898	27,385	9.2%	29,595	1.0%	115,557	92,380	25.1%
Implementation	5,751	6,080	-5.4%	4,907	17.2%	23,132	19,683	17.5%
Services	17,114	12,899	32.7%	15,059	13.6%	60,340	54,687	10.3%
Outsourcing	16,999	10,710	58.7%	13,940	21.9%	55,682	45,551	22.2%
Consulting/Torq	115	2,189	-94.7%	1,119	-89.7%	4,658	9,136	-49.0%
Net Revenues	52,763	46,364	13.8%	49,561	6.5%	199,029	166,750	19.4%
Recurring	46,897	38,095	23.1%	43,535	7.7%	171,239	137,931	24.1%
Variable	5,866	8,269	-29.1%	6,026	-2.7%	27,790	28,819	-3.6%
% of Recurrence	88.9%	82.2%	6.7 p.p.	87.8%	1.0 p.p.	86.0%	82.7%	3.3 p.p.
Costs	(35,310)	(30,640)	15.2%	(32,800)	7.7%	(131,499)	(111,703)	17.7%
Software	(22,110)	(20,227)	9.3%	(21,060)	5.0%	(84,626)	(68,707)	23.2%
Services	(13,200)	(10,413)	26.8%	(11,740)	12.4%	(46,873)	(42,996)	9.0%
Outsourcing	(12,591)	(8,846)	42.3%	(10,957)	14.9%	(43,299)	(36,228)	19.5%
Consulting/Torq	(609)	(1,567)	-61.1%	(783)	-22.2%	(3,574)	(6,768)	-47.2%
Gross profit	17,453	15,724	11.0%	16,761	4.1%	67,530	55,047	22.7%
Gross margin	33.1%	33.9%	-0.8 p.p.	33.8%	-0.7 p.p.	33.9%	33.0%	0.9 p.p.
Software	13,539	13,238	2.3%	13,442	0.7%	54,063	43,356	24.7%
Software gross mg.	38.0%	39.6%	-1.6 p.p.	39.0%	-1.0 p.p.	39.0%	38.7%	0.3 p.p.
Services	3,914	2,486	57.4%	3,319	17.9%	13,467	11,691	15.2%
Services gross mg.	22.9%	19.3%	3.6 p.p.	22.0%	0.8 p.p.	22.3%	21.4%	0.9 p.p.
Outsourcing	4,408	1,864	136.5%	2,983	47.8%	12,383	9,323	32.8%
Outsourcing gross mg.	25.9%	17.4%	8.5 p.p.	21.4%	4.5 p.p.	22.2%	20.5%	1.8 p.p.
Consulting/Torq	(494)	622	-	336	-	1,084	2,368	-54.2%
Consulting/Torq gross mg.	-429.6%	28.4%	-	30.0%	-	23.3%	25.9%	-2.6 p.p.
Expenses	(14,887)	(13,542)	9.9%	(15,040)	-1.0%	(66,104)	(53,456)	23.7%
% of net revenues	28.2%	29.2%	-1.0 p.p.	30.3%	-2.1 p.p.	33.2%	32.1%	1.2 p.p.
General/administrative	(8,631)	(9,865)	-12.5%	(9,453)	-8.7%	(42,905)	(41,559)	3.2%
% of net revenues	16.4%	21.3%	-4.9 p.p.	19.1%	-2.7 p.p.	21.6%	24.9%	-3.4 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.	(6,256)	(3,677)	70.1%	(5,587)	12.0%	(21,815)	(11,897)	83.4%
% of net revenues	11.9%	7.9%	3.9 p.p.	11.3%	0.6 p.p.	11.0%	7.1%	3.8 p.p.
EBIT	2,566	2,182	17.6%	1,721	49.1%	1,426	1,591	-10.3%
Financial result	(455)	(1,452)	-68.7%	(415)	9.6%	379	(6,110)	-
Financial income	1,803	916	96.8%	2,471	-27.0%	12,563	2,370	430.1%
Financial expenses	(2,258)	(2,368)	-4.6%	(2,886)	-21.8%	(12,184)	(8,480)	43.7%
EBT	2,111	730	189.4%	1,306	61.6%	1,805	(4,520)	-
Income tax/social contribution	(1,228)	408	-	(745)	64.8%	288	837	-65.6%
Current	(1,786)	(1,017)	75.6%	(731)	144.3%	(5,010)	(4,007)	25.0%
Deferred	558	1,425	-60.8%	(14)	-	5,298	4,844	9.4%
Results after IT and SC	883	1,138	-22.4%	561	57.4%	2,093	(3,682)	-
Minority interest	(32)	9	-	19	-	(26)	7	-
Net income	851	1,147	-25.8%	580	46.7%	2,067	(3,675)	-
Net margin	1.6%	2.5%	-0.9 p.p.	1.2%	0.4 p.p.	1.0%	-2.2%	3.2 p.p.



EBITDA	8,790	5,868	49.8%	7,327	20.0%	23,215	13,495	72.0%
EBITDA margin	16.7%	12.7%	4.0 p.p.	14.8%	1.9 p.p.	11.7%	8.1%	3.6 p.p.
(+) Extraordinary expenses	-	-	-	42	-	2,457	3,786	-35.1%
(+) Extraordinary costs	8	148	-94.6%	-	-	283	2,297	-87.7%
Adjusted EBITDA	8,798	6,016	46.3%	7,369	19.4%	25,955	19,578	32.6%
Adj. EBITDA Margin	16.7%	13.0%	3.7 p.p.	14.9%	1.8 p.p.	13.0%	11.7%	1.3 p.p.

Net income	851	1,147	-25.8%	580	46.7%	2,067	(3,675)	-
(+) Extraordinary effects	8	148	-94.6%	42	-81.0%	2,740	6,083	-55.0%
Adjusted net income	859	1,295	-33.6%	622	38.1%	4,807	2,408	99.6%
(+) Acquisitions amortization	2,378	2,217	7.3%	2,066	15.1%	10,980	7,110	54.4%
(+) Deferred income tax/Social cont.	(558)	(1,425)	-60.8%	14	-	(5,298)	(4,844)	9.4%
Adjusted Cash Earnings	2,679	2,087	28.4%	2,702	-0.9%	10,489	4,674	124.4%
Adj. CE Margin	5.1%	4.5%	0.6 p.p.	5.5%	-0.4 p.p.	5.3%	2.8%	2.5 p.p.

II – Balance Sheet (Consolidated)

(R\$ '000)	09.30.2020	06.30.2020	Var.	09.30.2019	Var. YoY
ASSETS	611,378	605,953	0.9%	618,252	-1.1%
Current	369,279	366,837	0.7%	397,499	-7.1%
Cash and cash equivalents	339,728	336,293	1.0%	368,290	-7.8%
Trade receivables	22,111	23,259	-4.9%	23,355	-5.3%
Advanced expenses	837	794	5.4%	440	90.2%
Taxes and contributions recoverable	5,943	5,603	6.1%	4,036	47.2%
Other receivables	660	888	-25.7%	1,378	-52.1%
Non-current	242,099	239,116	1.2%	220,753	9.7%
Securities	5,319	4,244	25.3%	3,000	77.3%
Taxes and contributions recoverable	2,524	3,330	-24.2%	971	159.9%
Deposits in court	314	321	-2.2%	267	17.6%
Deferred income tax and social contrib.	25,040	24,483	2.3%	19,744	26.8%
Other receivables	-	159	-	159	-
Property and equipment	38,943	40,703	-4.3%	38,182	2.0%
Intangible assets	169,959	165,876	2.5%	158,430	7.3%
LIABILITIES AND EQUITY	611,378	605,953	0.9%	618,252	-1.1%
Current	67,266	61,539	9.3%	47,460	41.7%
Loans and financing	13,541	13,542	0.0%	12,300	10.1%
Leasing	7,291	5,387	35.3%	2,601	180.3%
Trade payables	2,307	3,055	-24.5%	4,198	-45.0%
Advances from customers	2,065	2,140	-3.5%	1,568	31.7%
Labor liabilities	20,065	16,718	20.0%	15,155	32.4%
Tax liabilities	5,332	3,374	58.0%	3,162	68.6%
Liabilities arising from invest. acquisition	16,665	17,323	-3.8%	8,476	96.6%
Non-current	110,556	111,748	-1.1%	139,855	-20.9%
Loans and financing	29,213	32,344	-9.7%	49,500	-41.0%
Leasing	30,557	26,416	15.7%	23,773	28.5%
Tax liabilities	2,579	2,717	-5.1%	3,674	-29.8%
Provisions for legal proceedings	36,076	37,336	-3.4%	33,325	8.3%
Liabilities arising from invest. acquisition	12,131	12,935	-6.2%	29,583	-59.0%
Equity	433,556	432,666	0.2%	430,937	0.6%
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)	(23,931)	-0.1%	(24,110)	-0.8%
Capital reserve	15,222	15,105	0.8%	13,065	16.5%
Earnings reserve	30,677	29,826	2.9%	28,602	7.3%
Total Equity of controlling shareholders	433,556	432,572	0.2%	430,818	0.6%
Non-controlling interests	-	94	-	119	-

Gross debt	71,550	76,144	-6.0%	99,859	-28.3%
Borrowings	42,754	45,886	-6.8%	61,800	-30.8%
Liabilities arising from invest. acquisition	28,796	30,258	-4.8%	38,059	-24.3%
Net debt (cash) position	(268,178)	(260,149)	3.1%	(268,431)	-0.1%