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.

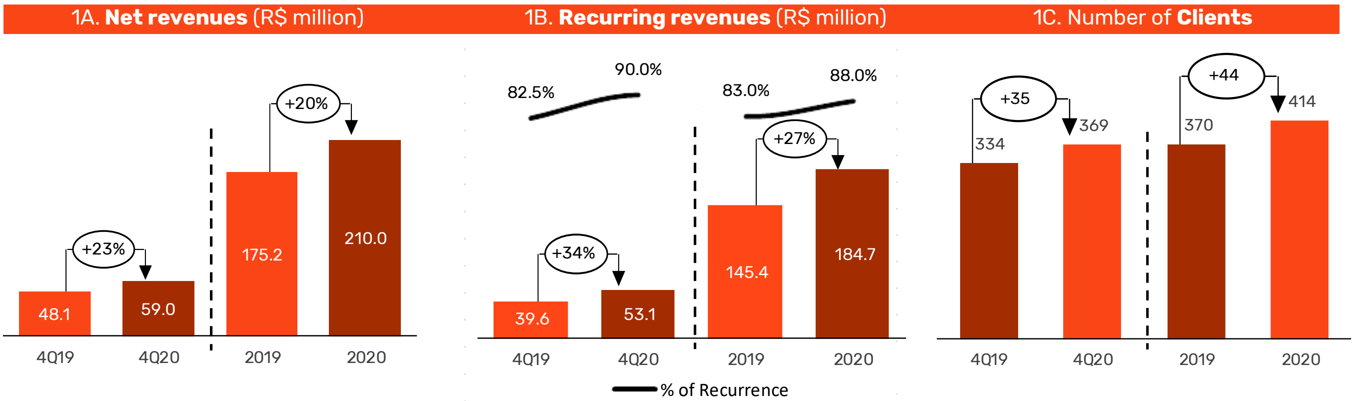
OPERATING AND FINANCIAL PERFORMANCE

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$145.3 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



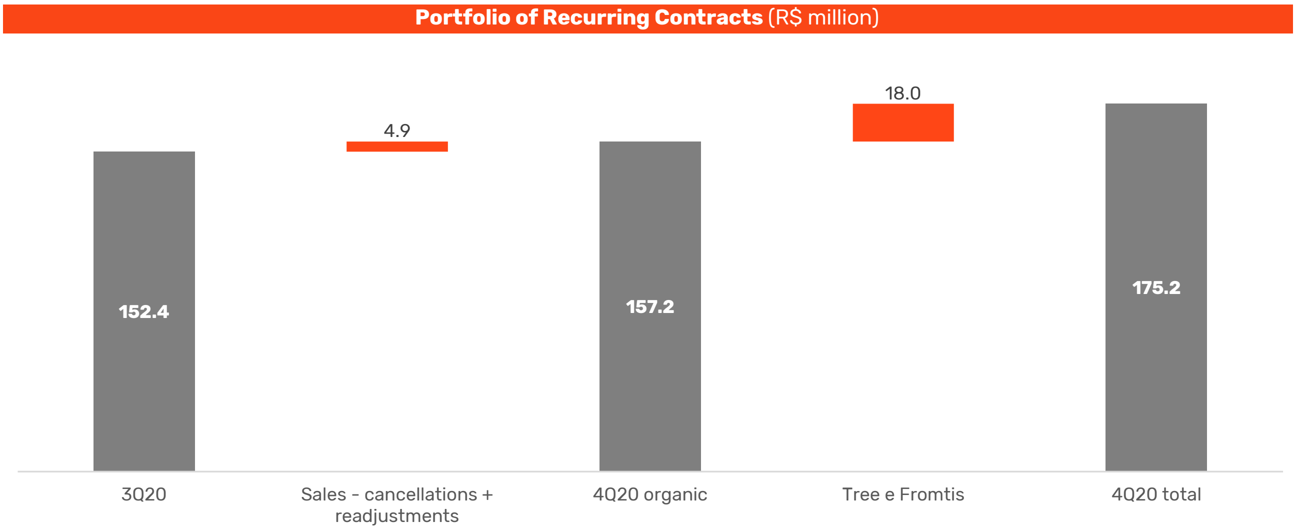
Software Unit

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[1]**.** 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

[1] 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.

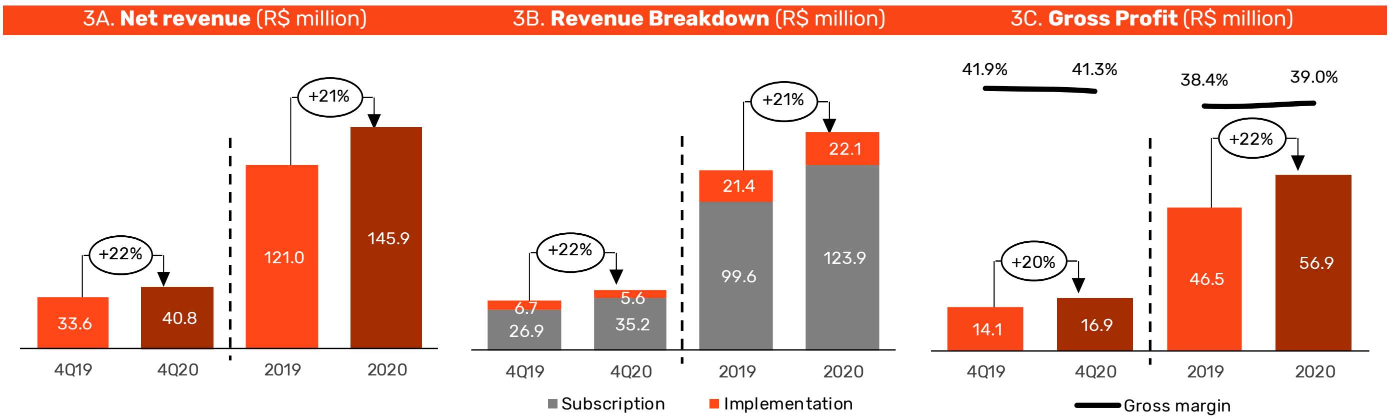
R$0.6 million, 100% organic. The change in the commercial model in which we reduced the price on implementation to obtain a higher price on subscription, focusing on the premium revenues, with higher recurrence and profitability, has impacted the performance of this account. We remain on a fast pace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

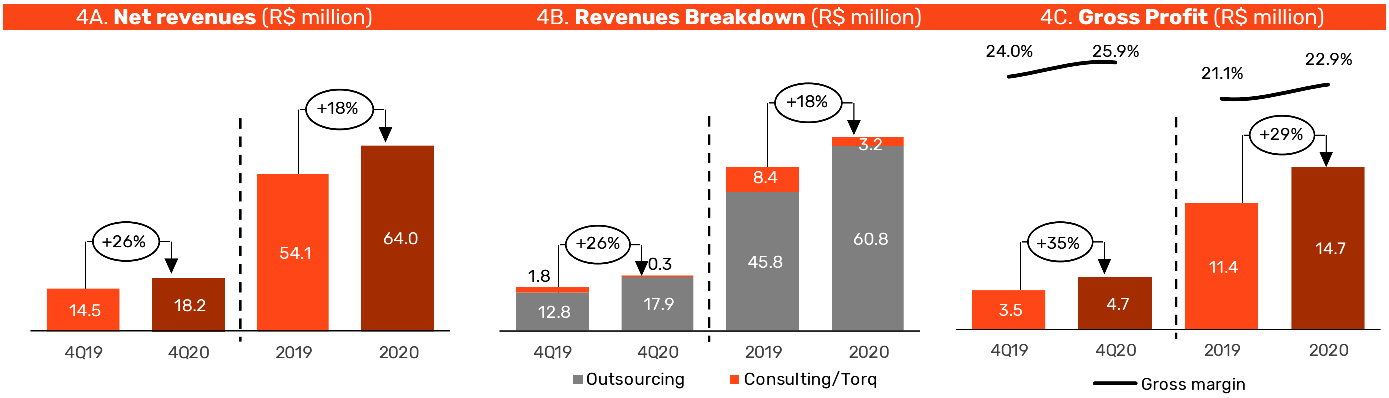
- Net revenues from Consulting/Torq. Reached R$0.3 million in the quarter **(-82.6% vs. 4Q19)**, 2% of the total unit, compared to R$1.8 million YoY, down by R$1.5 million. Reached R$3.2 million in the year **(-61.7% vs. 2019)**, 5% of the total unit, compared to R$8.4 million YoY, decrease of R$5.2 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

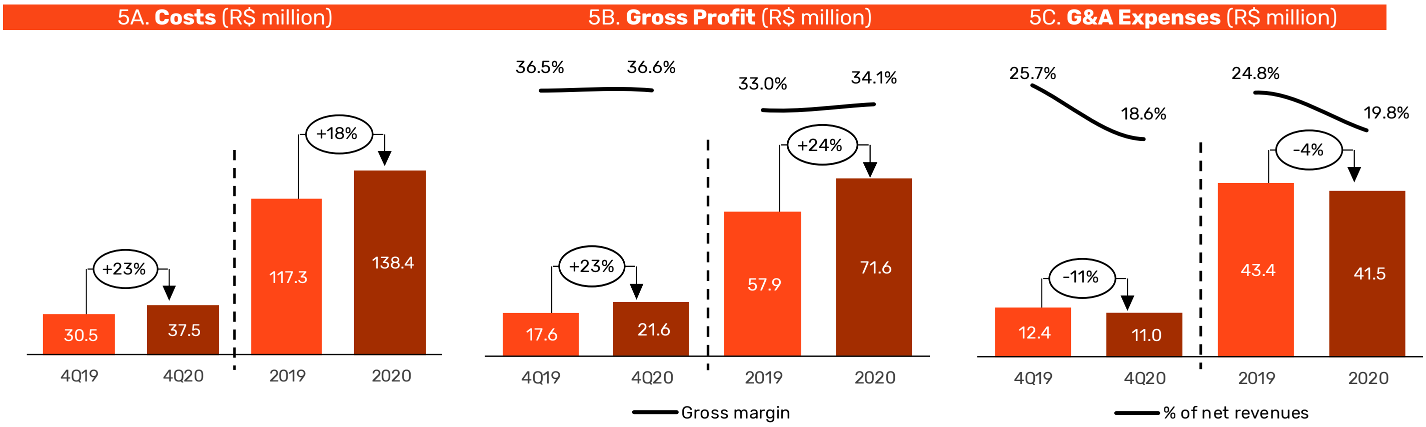
Total Costs. Reached R$37.5 million in the quarter **(+22.7% vs. 4Q19)** compared to R$30.5 million YoY, up by R$7.0 million, mainly due to the increased costs with Software implementation (+R$2.4 million vs. 4Q19), Services unit (+R$2.5 million vs. 4Q19), R$0.7 million inorganic, resulting from the 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[2]

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
Net Income	**3,082**	**193**	**1496.9%**	**851**	**262.2%**	**4,956**	**(4,579)**	**n.a**
(+) 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%
EBITDA	**10,599**	**3,776**	**180.7%**	**8,790**	**20.6%**	**30,038**	**13,099**	**129.3%**
(+) 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%
Adjusted EBITDA	**10,621**	**7,791**	**36.3%**	**8,798**	**20.7%**	**30,169**	**22,242**	**35.6%**
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.***

[2]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
Net income	**3,082**	**193**	**1496.9%**	**851**	**262.2%**	**4,956**	**(4,579)**	**n.a**
(+) Extraordinary effects	22	2,631	-99.2%	8	175.0%	131	8,003	-98.4%
Adjusted net income	**3,104**	**2,824**	**9.9%**	**859**	**261.4%**	**5,087**	**3,424**	**48.6%**
(+) 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%
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.***

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$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.

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)

(R$ '000)	4Q20	4Q19	4Q20 x 4Q19	3Q20	4Q20 x 3Q20	2020	2019	2020 x 2019
Gross Revenues	**66,355**	**54,251**	**22.3%**	**59,432**	**11.6%**	**236,359**	**196,745**	**20.1%**
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%
Sales taxes	**(7,308)**	**(6,168)**	**18.5%**	**(6,669)**	**9.6%**	**(26,366)**	**(21,593)**	**22.1%**
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%
Net Revenues	**59,047**	**48,083**	**22.8%**	**52,763**	**11.9%**	**209,993**	**175,153**	**19.9%**
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%
Net Revenues	**59,047**	**48,083**	**22.8%**	**52,763**	**11.9%**	**209,993**	**175,153**	**19.9%**
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	***90.0%***	***82.5%***	***7.5 p.p.***	***88.9%***	***1.1 p.p.***	***88.0%***	***83.0%***	***5.0 p.p.***
Costs	**(37,458)**	**(30,527)**	**22.7%**	**(35,310)**	**6.1%**	**(138,430)**	**(117,288)**	**18.0%**
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%
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.*
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.*
Expenses	**(17,633)**	**(19,130)**	**-7.8%**	**(14,887)**	**18.4%**	**(64,607)**	**(60,122)**	**7.5%**
% 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.*
EBIT	**3,956**	**(1,574)**	**n.a**	**2,566**	**54.2%**	**6,956**	**(2,258)**	**n.a**
Financial result	**(219)**	**316**	**n.a**	**(455)**	**-51.9%**	**(156)**	**(5,435)**	**-97.1%**
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%
EBT	**3,737**	**(1,258)**	**n.a**	**2,111**	**77.0%**	**6,800**	**(7,693)**	**n.a**
Income tax/social contribution	**(655)**	**1,477**	**n.a**	**(1,228)**	**-46.7%**	**(1,844)**	**3,131**	**n.a**
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%
Results after IT and SC	**3,082**	**219**	**1307.4%**	**883**	**249.0%**	**4,956**	**(4,561)**	**n.a**
Minority interest	-	(26)	n.a	(32)	n.a	-	(18)	n.a
Net income	**3,082**	**193**	**1496.9%**	**851**	**262.2%**	**4,956**	**(4,579)**	**n.a**
Net margin	*5.2%*	*0.4%*	*4.8 p.p.*	*1.6%*	*3.6 p.p.*	*2.4%*	*-2.6%*	*n.a*

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.*
(+) 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%
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.*

Net income	**3,082**	**193**	**1496.9%**	**851**	**262.2%**	**4,956**	**(4,579)**	**n.a**
(+) Extraordinary effects	22	2,631	-99.2%	8	175.0%	131	8,003	-98.4%
Adjusted net income	**3,104**	**2,824**	**9.9%**	**859**	**261.4%**	**5,087**	**3,424**	**48.6%**
(+) 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%
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.*

II – Balance Sheet (Consolidated)

(R$ '000)	12.31.2020	09.30.2020	Var.	12.31.2019	Var. YoY
ASSETS	**637,653**	**611,378**	**4.3%**	**619,992**	**2.8%**
Current	**344,158**	**369,279**	**-6.8%**	**393,040**	**-12.4%**
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%
Non-current	**293,495**	**242,099**	**21.2%**	**226,952**	**29.3%**
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%
LIABILITIES AND EQUITY	**637,653**	**611,378**	**4.3%**	**619,992**	**2.8%**
Current	**70,972**	**67,266**	**5.5%**	**51,533**	**37.7%**
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	-	-	-	-
Non-current	**131,153**	**110,556**	**18.6%**	**136,856**	**-4.2%**
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%
Equity	**435,528**	**433,556**	**0.5%**	**431,603**	**0.9%**
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%
Total Equity of controlling shareholders	**435,528**	**433,556**	**0.5%**	**431,461**	**0.9%**
Non-controlling interests	-	-	-	142	-

Gross debt	**83,406**	**71,550**	**16.6%**	**100,934**	**-17.4%**
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%
Net debt (cash) position	**(237,657)**	**(268,178)**	**-11.4%**	**(264,051)**	**-10.0%**
Net debt/Adj. EBITDA LTM	NA	NA		NA	

Sinqia S.A.
Financial Statements
as of December 31, 2020
and independent Auditor's Report

CONTENTS

MESSAGE FROM THE MANAGEMENT

Dear Shareholders and other Stakeholders,

In compliance with the legal provisions, Sinqia S.A., a technology provider for the financial sector, hereby submits for the appreciation of its shareholders and other interested parties the Management Report and corresponding Financial Statements, accompanied by the independent auditor's report, for the year ended December 31, 2020, prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

RELATIONSHIP WITH THE INDEPENDENT AUDITOR

The Company's policy when contracting services not related to the external audit from independent auditors is based on principles that safeguard the their independence. These principles consist of internationally accepted standards, according to which: (a) the auditors shall not audit their own work; (b) the auditors shall not perform management functions for their clients; and (c) the auditors shall not generate conflicts of interest with their clients.

The procedures adopted by the Company, pursuant to article 2, item III of Instruction 381/03 of the Brazilian Securities Commission (CVM) are as follows: the Company and its subsidiaries, as a formal procedure, before hiring professional services other than those related to external accounting audit, consult the independent auditors and the Board of Directors to ensure that the provision of these other services does not affect their independence and objectivity, necessary for the audit services, also obtaining approval from its Board of Directors.

Deloitte.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Board of Directors and Management of
Sinqia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Sinqia S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matter

Key audit matter ("KAM") are the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Business combinations

Why is it a KAM

As disclosed in explanatory notes no. 26 and 28.9 to the individual and consolidated financial statements, in 2019, the Company acquired two companies, namely: Tree Solution S.A. and Fromtis Serviços de Tecnologia Ltda. in the amounts of R$15,376 thousand and R$27,499 thousand, respectively, accounting these transactions according to technical pronouncement CPC 15 - Business Combination. Consequently, the transferred considerations were allocated, preliminary, to the acquired assets and liabilities assumed, based on their fair value, which included identified intangible assets, as well as resulted in the identification of goodwill for future profitability, which involved significant judgments of the Administration.

These business combinations were considered as a major subject in our audit, because: (i) the value involved is significant; and (ii) involved significant judgment of the Administration in determining the premises to estimate the fair value of identified intangible assets and goodwill for future profitability to make the respective accounting records. This subject requested a high level of judgment of the independent auditor and an increase in the extension of our procedures for assessing the reasonableness of the premises used by the Administration, which included the need for involvement of our fair value experts.

How the subject was conducted in our audit

Our audit procedures included, among others: (i) evaluation whether the methodology used was appropriate to estimate the fair value of the intangible assets acquired, according to the criteria set out in technical pronouncement CPC 15 - Business combination; (ii) assessment of the reasonableness of the discount rate used in estimating the fair value of acquired intangible assets and liabilities identified; (iii) assessment of the reasonableness of the main operational and accounting assumptions used in the estimate of fair value and (iv) test of mathematical accuracy of the calculation model used to estimate the fair value of identified intangible assets and liabilities identified.

We also examine the adequacy of disclosures on this subject, included in explanatory notes no. 26 and 28.9 to the individual and consolidated financial statements.

Based on the evidence obtained through our previously described procedures, we consider that the evaluation carried out by the Administration and its disclosures in explanatory notes are appropriate in the context of the financial statements taken together.

Other matter

Statements of value added

The individual and consolidated statements of value added (“DVA”) for the year ended December 31, 2020, prepared under the responsibility of the Company’s Management and disclosed as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company’s financial statements. In forming our opinion, we evaluated whether these individual and consolidated statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Deloitte.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

Management is responsible for the other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Management's responsibilities and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRS, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the individual and consolidated financial statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 10, 2021

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Fernando A. L. Silva

Fernando Augusto Lopes Silva
Engagement Partner

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SINQIA S.A.
BALANCE SHEETS ON DECEMBER 31, 2020 AND DECEMBER 31, 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
ASSETS				
Current				
Cash and Cash Equivalents (Note 6)	296.828	352.703	321.063	364.985
Receivables (Note 7)	7.673	10.671	17.427	21.628
Prepaid expenses	504	260	673	288
Recoverable taxes and contributions (Note 8)	2.622	2.308	4.354	4.357
Other Receivables	273	279	641	1.782
Total current assets	**307.900**	**366.221**	**344.158**	**393.040**
Non-current				
Accounts receivable from related parties (Note 9)	4.853	4.459	-	-
Recoverable taxes and contributions (Note 8)	1.847	-	1.884	-
Securities	5.319	4.244	5.319	4.692
Court Deposits (Note 16)	162	270	239	309
Deferred Income Tax and Social Contribution (Note 22)	21.049	12.989	25.205	22.602
Other Receivables	-	159	-	159
Investments (Note 5)	152.694	115.928	-	-
Property and Equipment (Note 10)	16.559	29.345	38.138	34.743
Intangible Assets (Note 11)	34.288	24.084	222.710	164.447
Total Non-Current Assets	**236.771**	**191.478**	**293.495**	**226.952**
Total assets	**544.671**	**557.699**	**637.653**	**619.992**

The Company's accompanying notes are an integral part of the financial statements.

SINQIA S.A.
BALANCE SHEETS ON DECEMBER 31, 2020 AND DECEMBER 31, 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
LIABILITIES				
Current				
Loans and Financing (Note 12)	12.506	15.503	12.506	15.503
Financial Lease (Note 24)	5.176	2.070	7.807	2.899
Trade payables	1.066	960	2.437	1.884
Advances from customers	4.031	1.912	8.255	4.635
Labor Liabilities (Note 13)	12.729	8.787	20.735	14.236
Tax Liabilities (Note 14)	771	753	2.298	1.972
Dividends Payable	1.385	-	1.385	-
Accounts payable with related parties (Note 9)	3.117	173	-	-
Liabilities from Investment Acquisition (Note 15)	6.094	7.182	15.549	10.404
Total current liabilities	**46.875**	**37.340**	**70.972**	**51.533**
Non-current				
Loans and Financing (Note 12)	27.139	45.230	27.139	45.230
Financial Lease (Note 24)	13.040	18.744	30.993	20.569
Accounts payable with related parties (Note 9)	3.206	1.985	-	-
Tax Liabilities (Note 14)	1.988	103	2.407	3.462
Provisions for legal proceedings (Note 16)	16.895	15.532	42.402	37.798
Liabilities from Investment Acquisition (Note 15)	-	7.304	28.212	29.797
Total non-current liabilities	**62.268**	**88.898**	**131.153**	**136.856**
Shareholders' Equity (Note 17)				
Share Capital	413.261	413.261	413.261	413.261
Treasury Shares	(1.689)	-	(1.689)	-
Share issue costs	(23.915)	(23.789)	(23.915)	(23.789)
Capital Reserves	15.497	13.186	15.497	13.186
Profit reserves	32.374	28.803	32.374	28.803
Total equity of controlling shareholders	**435.528**	**431.461**	**435.528**	**431.461**
Non-Controlling Interest	-	-	-	142
Total shareholders' equity	**435.528**	**431.461**	**435.528**	**431.603**
Total Liabilities	**544.671**	**557.699**	**637.653**	**619.992**

The Company's accompanying notes are an integral part of the financial statements.

SINQIA S.A.
STATEMENT OF INCOME FOR THE PERIODS ENDED ON DECEMBER 31, 2020 AND 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net Operating Revenue (Note 18)	**95.783**	**89.103**	**209.993**	**175.153**
Cost of services rendered (Note 19)	(77.666)	(61.638)	(138.430)	(117.288)
Gross Profit	**18.117**	**27.465**	**71.563**	**57.865**
Operating revenue (expenses)				
General, administrative and selling (Note 20)	(46.797)	(34.726)	(64.607)	(58.738)
Equity in the results of subsidiaries (Note 5)	21.714	2.435	-	-
Other operating expenses, net (Note 20)	-	(1.384)	-	(1.384)
Operating result before financial result	**(6.966)**	**(6.210)**	**6.956**	**(2.257)**
Finance result, net (Note 21)	3.993	(3.427)	(156)	(5.435)
Income (loss) before income tax and social contribution	**(2.973)**	**(9.637)**	**6.800**	**(7.692)**
Current income tax and social contribution (Note 22)	1.052	-	(4.447)	(3.174)
Deferred income tax and social contribution (Note 22)	6.877	5.058	2.603	6.305
Income (Loss) after Income Tax and Social Contribution	**4.956**	**(4.579)**	**4.956**	**(4.561)**
Non-Controlling Interest	-	-	-	(18)
Net Income (Loss) for the Period	**4.956**	**(4.579)**	**4.956**	**(4.579)**
Basic net income (losses) per share – in Reais (Note 23)			**0,070**	**(0,086)**
Diluted net income (losses) per share – in Reais (Note 23)			**0,069**	**(0,085)**

The Company's accompanying notes are an integral part of the financial statements.

SINQIA S.A.
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED ON DECEMBER 31, 2020 AND 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Lucro (prejuízo) do exercício	**4.956**	**(4.579)**	**4.956**	**(4.579)**
Itens que serão reclassificados subsequentemente para o resultado	-	-	-	-
Itens que não serão reclassificados subsequentemente para o resultado	-	-	-	-
Total do resultado abrangente do período	**4.956**	**(4.579)**	**4.956**	**(4.579)**

The Company's accompanying notes are an integral part of the financial statements.

SINQIA S.A.
STATEMENTS OF CHANGES IN THE SHAREHOLDERS' EQUITY
(In thousands of Reais, unless otherwise stated)

	Share Capital	Capital Reserve	Treasury Shares	Costs to Issue Shares	Profit Reserves: Reserve Legal	Profit Reserves: Profit Retained	Shareholders' equity	Non-Controlling Interest	Consolidated Shareholders' Equity
Balance on December 31, 2018	**50.561**	**5.579**	**(2.220)**	**(1.952)**	**2.285**	**31.097**	85.350	**66**	**85.416**
Loss for the period	-	-	-	-	-	(4.579)	**(4.579)**	18	**(4.561)**
Capital increase (Note 18)	362.700	-	-	-	-	-	**362.700**	58	**362.758**
Cost to Issue Shares (Note 18)	-	-	-	(21.837)	-	-	**(21.837)**	-	**(21.837)**
Share-Based Compensation (Note 10)	-	731	-	-	-	-	**731**	-	**731**
Sale of Treasury Shares (Note 18)	-	6.876	2.220	-	-	-	**9.096**	-	**9.096**
Balances on December 31, 2019	**413.261**	**13.186**	**-**	**(23.789)**	**2.285**	**26.518**	**431.461**	**142**	**431.603**

	Share Capital	Capital Reserve	Treasury Shares	Costs to Issue Shares	Profit Reserves: Reserve Legal	Profit Reserves: Profit Retained	Shareholders' equity	Non-Controlling Interest	Consolidated Shareholders' Equity
Balances on December 31, 2019	**413.261**	**13.186**	**-**	**(23.789)**	**2.285**	**26.518**	431.461	**142**	**431.603**
Net income for the period	-	-	-	-	-	4.956	**4.956**	-	**4.956**
Reduction of minority shareholding	-	-	-	-	-	-	**-**	(142)	**(142)**
Share-Based Compensation (Note 17)	-	289	-	-	-	-	**289**	-	**289**
Legal reserve establishment (Note 17)	-	-	-	-	248	(248)	**-**	-	**-**
Dividend Payment (Note 17)	-	-	-	-	-	(1.385)	**(1.385)**	-	**(1.385)**
Expenses to Issue Shares	-	-	-	(126)	-	-	**(126)**	-	**(126)**
Purchase of treasury shares (Note 17)	-	-	(8.355)	-	-	-	**(8.355)**	-	**(8.355)**
Sale of treasury shares (Note 17)	-	2.022	6.666	-	-	-	**8.688**	-	**8.688**
Balances on December 31, 2020	**413.261**	**15.497**	**(1.689)**	**(23.915)**	**2.533**	**29.841**	**435.528**	**-**	**435.528**

The Company's accompanying notes are an integral part of the financial statements.

SINQIA S.A.
STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED ON DECEMBER 31, 2020 AND 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
CASH FLOW FROM OPERATIONAL ACTIVITIES				
Net Income (Loss) for the Period	**4.956**	**(4.579)**	**4.956**	**(4.579)**
Non-cash items				
Equity Income	(21.714)	(2.435)	-	-
Share-based compensation program	289	731	289	731
Depreciation and amortization	13.208	9.860	23.082	15.374
Writeoff of fixed assets	20	50	37	82
Allowance for doubtful accounts	309	1	527	8
Provision for bonuses and profit sharing	(2.167)	(1.107)	(4.714)	(1.950)
Provision for lawsits	2.933	-	3.076	-
Interest and adjustment to present value incurred	4.902	7.417	8.974	8.879
Provision for income tax and social contribution	(6.880)	(5.058)	(2.603)	(3.131)
Changes in assets and liabilities				
Trade receivables	2.689	3.245	4.799	3.140
Judicial deposits	108	(212)	70	(12)
Recoverable taxes and contributions	(3.341)	(1.271)	(1.512)	(3.713)
Other Receivables	4.464	(381)	1.420	(1.865)
Trade payables	106	(475)	476	(1.348)
Labor Liabilities	1.009	3.281	2.140	(2.514)
Tax Liabilities	1.903	556	1.201	(762)
Legal claims paid	(530)	(597)	(581)	(640)
Advances from customers	(39)	593	3.475	297
Receipts (payment) from related parties	3.771	4.199	(142)	132
CASH FROM (USED IN) OPERATIONS	**5.996**	**13.818**	**44.970**	**8.129**
Income and social contribution taxes paid	-	-	(4.447)	(3.174)
Interest Paid	(9.035)	(4.303)	(10.798)	(4.424)
NET CASH FROM (USED IN) OPERATIONS	**(3.039)**	**9.515**	**29.725**	**531**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of Property, Plant and Equipment and Intangible Assets	(6.993)	(9.079)	(8.048)	(9.212)
Acquisition of companies, net of cash acquired	-	-	(24.500)	(35.688)
Payment of liabilities arising from investment acquisition	(7.846)	(2.962)	(15.939)	(3.837)
Capital increase in controlled companies	(14.000)	(39.715)	-	-
Investment in securities	(1.075)	(4.244)	(627)	(4.692)
NET CASH USED IN INVESTMENT ACTIVITIES	**(29.914)**	**(56.000)**	**(49.114)**	**(53.429)**
CASH FLOW FROM FINANCING ACTIVITIES				
Amortization of loans	(17.473)	(3.610)	(17.473)	(5.381)

(In thousands of Reais, unless otherwise stated)

Payment of leases	(5.656)	(1.552)	(7.267)	(2.084)
Funding of loans and financing	-	50.000	-	50.000
Acquisition of Treasury Shares	(8.355)	9.096	(8.355)	9.096
Sale of Treasury Shares	8.688	-	8.688	-
Payment of dividends	-	(648)	-	(648)
Capital Increase	-	362.700	-	362.700
Expenses to Issue Shares	(126)	(21.837)	(126)	(21.837)
CASH FROM (USED IN) FINANCING ACTIVITIES	**(22.922)**	**394.149**	**(24.533)**	**391.846**
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**(55.875)**	**347.664**	**(43.922)**	**338.948**
Cash and cash equivalents at the beginning of the period	352.703	5.039	364.985	26.037
Cash and cash equivalents at the end of period	296.828	352.703	321.063	364.985
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**(55.875)**	**347.664**	**(43.922)**	**338.948**

The Company's accompanying notes are an integral part of the financial statements.

SINQIA S.A.
STATEMENT OF VALUE ADDED FOR THE PERIODS ENDED ON DECEMBER 31, 2020 AND 2019
(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
1 - REVENUES	**107.293**	**100.088**	**235.832**	**196.736**
1.1 - Sales of products and services	107.602	100.089	236.359	196.744
1.2 - Estimated loss from doubtful accounts - Reversal (Constitution)	(309)	(1)	(527)	(8)
2 - INPUTS ACQUIRED FROM THIRD PARTIES (ICMS, IPI, PIS and COFINS)	**(19.095)**	**(16.785)**	**(25.409)**	**(27.421)**
2.1 - Costs of products and services sold	(8.516)	(7.839)	(12.309)	(14.263)
2.2 - Materials, energy, third-party services, and others	(10.579)	(8.946)	(13.100)	(13.158)
3 - GROSS VALUE ADDED (1-2)	**88.198**	**83.303**	**210.423**	**169.315**
4 - DEPRECIATION AND AMORTIZATION	**(13.208)**	**(9.860)**	**(23.082)**	**(15.374)**
5 - NET VALUE ADDED PRODUCED BY THE COMPANY (3-4)	**74.990**	**73.443**	**187.341**	**153.941**
6 - VALUE ADDED RECEIVED IN TRANSFER	**31.028**	**8.014**	**9.728**	**6.059**
6.1 - Equity Results	21.714	2.435	-	-
6.2 - Financial income	9.314	5.579	9.728	6.059
7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	**106.018**	**81.457**	**197.069**	**160.000**
8 - DISTRIBUTION OF VALUE ADDED	**106.018**	**81.457**	**197.069**	**160.000**
8.1 - Personnel	**92.662**	**70.735**	**153.658**	**132.812**
8.1.1 - Direct Compensation	73.936	55.559	124.046	106.601
8.1.2 - Benefits	13.777	11.650	21.462	19.803
8.1.3 – F.G.T.S	4.949	3.526	8.150	6.408
8.2 - Taxes, fees and contributions	**3.886**	**5.927**	**28.210**	**18.460**
8.2.1 - Federal	907	3.158	21.157	12.224
8.2.2 - Municipal	2.979	2.769	7.053	6.236
8.3 - Third-party capital compensation	**4.511**	**9.374**	**10.242**	**13.307**
8.3.1 - Interest	3.849	7.453	6.494	9.035
8.3.2 - Rents	662	1.921	3.748	4.272
8.4 - Shareholders' Equity Compensation	**4.959**	**(4.579)**	**4.959**	**(4.579)**
8.4.1 - Net income (loss) for the period	4.959	(4.579)	4.959	(4.561)
8.4.2 - Non-controlling interest in retained earnings		-	-	(18)

The Company's accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS ON DECEMBER 31, 2020

Section A - General Information

1.1 Operational Context

Sinqia S.A. ("Company") is a publicly-held company headquartered at Rua Bela Cintra, 755 - 7º andar, in the city of São Paulo, state of São Paulo, and its shares are traded on the Novo Mercado of B3 – Brasil, Bolsa, Balcão.

The Company was incorporated in 1996, with the main purpose of supplying IT technology products and services, aiming at the financial market.

On July 11, 2017, the Company was approved by B3 to migrate from Bovespa Mais to Novo Mercado, a special listing segment with the highest standards of corporate governance.

The Company is the parent company of Senior Solution Serviços em Informática Ltda., Senior Solution Consultoria em Informática Ltda., Torq Inovação Digital Ltda., Tree Soltuion S.A. and Fromtis Serviços de Tecnologia Ltda., companies with purpose to work in a complementary manner to the Company's activities.

The issuance of this financial statements was approved and authorized for disclosure by the Board of Directors on March 10, 2021.

1.2 Basis of preparation and conformity declaration

The Company's individual and consolidated financial statements were prepared pursuant to the accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). This individual information is disclosed together with the consolidated financial information.

The parent company and consolidated Statements of Value Added (DVA) are mandatory under the Brazilian Corporation Law and Brazilian accounting practices for publicly held companies. The DVA was prepared within the criteria defined in the Accounting Pronouncement CPC 09 - "Statement of Value Added". IFRS does not require the presentation of this statement. Therefore, under IFRS, this statement is presented as an additional information, without prejudice to the financial statements.

There is no difference between the consolidated shareholders' equity and the consolidated income attributable to the shareholders of the parent company, contained in the consolidated financial statements prepared in accordance with IFRS and accounting practices adopted in Brazil, and the equity and income of the parent company, included in the statements individual financial statements prepared in accordance with IFRS and accounting practices adopted in Brazil, the Company opted to present these individual and consolidated financial statements in a single set, side by side.

Management declares that all relevant information specific to the individual and consolidated financial statements, and only them, are being evidenced and correspond to those used by Management in its management.

The individual and consolidated financial statements are expressed in thousands of reais, rounded to the nearest thousand, unless otherwise stated.

1.3 Consolidation

The Company consolidates all entities under its control, i.e., when the Company is exposed or has rights to variable returns from its involvement with the investee and has the power to direct relevant activities of the investee.

The subsidiaries included in the consolidation are described in Note 5.

Section B - Risks

2 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

2.1 Critical accounting estimates and judgments

Based on assumptions, the Company and its subsidiaries make estimates regarding the future. By definition, the resulting accounting estimates will rarely equal their actual results. The estimates and assumptions that present a significant risk, likely to cause a material adjustment to the carrying amounts of assets and liabilities for the next fiscal year, are covered below.

(a) Reduction by impairment test

The Company and its subsidiaries test goodwill for *impairment* annually, in accordance with the accounting policy presented in note 28. The recoverable amount of Cash Generating Units (CGU) has been determined based on value-in-use calculations.

The amount of the *impairment* loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The book value of the asset is reduced and the amount of the loss is recognized in the income statement.

The main assumptions used to estimate the value in use are:

- Revenues – Projected revenue between 2021 and 2030 considering the growth of the customer base (only organic growth).

- Operating costs and expenses – Projected costs and expenses were created to be aligned with the Company’s historical data, as well as the revenue growth and efficiency gain.

- Capital investments - the investments in capital goods were estimated considering the current technological infrastructure necessary to make the services offered viable, based on the company's history and projected growth.

- The estimated future cash flows were discounted at a discount rate of 8.05% p.a. in 2020 (7.37% p.a. in 2019).

- Perpetuity - the growth in perpetuity was estimated based on the long-term GDP obtained in the Focus report of the Central Bank of Brazil.

Key assumptions were based on the Company’s historical data and reasonable macroeconomic assumptions based on the financial market outlook, documented and approved by the Company’s Management.

(b) Defered income tax, social contribution and other taxes

The Company and its subsidiaries recognize deferred assets based on the differences between the book value presented in the financial statements and the tax basis of assets and liabilities using the tax rates in effect. The Company and its subsidiaries also recognize provisions because of situations in which it is probable that additional amounts of taxes will be due. When the final outcome of these issues is different from the amounts initially estimated and recorded, these differences affect current and deferred tax assets and liabilities in the year in which the final value is determined.

The Company regularly reviews the deferred tax assets as to their recoverability, considering the historical profit generated and the projected future taxable income, according to a technical feasibility study.

(c) Revenue recognition

The Company mainly earns revenues from software licensing, comprising license fees, revenues from maintenance and product support services, customization services, and ongoing consulting and advisory services.

Revenues related to access licenses are recognized when: i) the contract is signed and the software is made available to the customer; ii) its value can be reliably measured (according to the terms of the contract); iii) all the performance obligations inherent to the license are executed; iv) the Company no longer has effective control over the license; and v) it is probable that future economic benefits will be generated in favor of the Company.

Revenues from customization and consulting services are recognized as the services are provided, according to service agreements. The cases in which the service has been rendered, but not yet billed, are registered as services to be billed under "accounts receivable" in current assets.

Revenues from services rendered are recognized in the result as they are realized. Revenue is not recognized if there is a significant uncertainty in its realization.

2.2 New standards, changes and interpretations of accounting pronouncements of mandatory application as of January 1, 2020

When preparing this accounting information, the Company's management considered, when applicable, new revisions and interpretations to IFRS and the following technical pronouncements, issued by IASB and CPC, respectively, which are mandatory to come into effect for accounting periods as of January 1, 2020.

Pronouncement	Description
IFRS 3	The amendments to IFRS 3, Business Combinations, clarify the definition of a business by providing a new structure to establish if the transactions should be accounted as acquisitions (or sales) of assets or businesses.
IFRS 9, IAS 39, and IFRS 7	The amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures, Addresses the changes in interest rates used as benchmarks, which will be concluded in future periods.
IFRS 16 - COVID-19	The amendments to IFRS 16 makes eligible lessors not need to assess if the lease concessions related to COVID-19 are lease amendments.

Pronouncement	Description
Changes to IAS 1 and IAS 8	The amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, clarify the definition of 'materiality' and how it should be applied. The amendments also improve the explanations of the definition and ensure consistency to all IFRS standards.

The Company does not identify material impacts due to the standards and interpretations issued.

Additionally, the Company assessed the new standards, changes and interpretations of the mandatory application as of January 1, 2021 and did not identify any relevant impacts.

2.3 Impacts of COVID-19

As for the dissemination of the new coronavirus ("COVID-19"), the Company has adopted the measures disclosed in the Notice to the Market of 03/19/2020, as well as maintained all the commitments made to its customers and remains prepared to support them in facing this scenario.

Regarding the effects on Sinqia in this year, we noticed: (i) irrelevant effects on revenue, costs, gross profit and expenses, (ii) irrelevant effects on receivables, and (iii) increased investment to acquire laptops for the full remote work of all employees.

Finally, the Company remained in a comfortable financial position, with consolidated gross cash of R$321,063 at the end of the period.

3 Financial risk management

3.1 Financial risk factors

The Company has a financial directorate responsible for risk management, under the supervision of the Board of Directors, and is responsible for defining the policy, managing the risks, and managing the financial instruments through control systems, which establish limits for currency and interest exposure, and define the allocation of funds with financial institutions. The positions of all financial instruments as well as the results obtained in relation to the proposed targets are presented and evaluated monthly by the financial management and submitted to the Company's Board of Directors.

(a) Liquidity risk

Liquidity risk consists in the possibility of the Company and its subsidiaries not having sufficient funds to meet their commitments due to the different currencies and settlement terms of their rights and obligations.

Liquidity and cash flow controls of the Company and its subsidiaries are monitored daily by the Company's management areas in order to ensure that operating cash generation and funding, when necessary, are sufficient to timely honor its financial commitments without generating liquidity risks for the Company and its subsidiaries.

(b) Credit risk

This arises from the eventual difficulty of collecting the values of the maintenance and services provided to its clients and from the sales of licenses.

(In thousands of Reais, unless otherwise stated)

The Company and its subsidiaries are also subject to credit risk arising from their financial investments.

Credit risk related to the provision of services and sale of licenses is minimized by strict control of the customer base and active management of default through clear policies regarding the provision of services and sale of licenses. There is no concentration of transactions with customers and historically the level of default is very low.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries act to diversify this exposure among top-tier financial institutions.

(c) Market risk

Interest Rate and Inflation Risk: Interest rate risk arises from the installment of debt referenced to the CDI and financial investments referenced to the CDI, which may negatively affect financial income or expenses if there is an unfavorable movement in interest rates and inflation.

(d) Sensitivity analysis

The main risk related to the company's operations is linked to the variation of the Interbank Deposit Certificate (CDI) for loans.

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, accounts payable, loans and financing, and are recorded at cost plus accrued income or charges, which at December 31, 2020 and 2019 approximate market values.

The main risks linked to financial investments arise from variations in the profitability rates of assets, such as investments in CDB (Bank Deposit Certificates) and repurchase operations, with equivalent average interest rates ranging from 91% to 104.18% of the CDI (Interbank Deposit Certificate).

The financing relates to debentures issued in 2019. Under these conditions, the amount recorded is the closest to the market value of these financial instruments and, it is worth noting, a low amount in relation to the indebtedness.

In order to check the sensitivity of the index in the financial investments to which the Company was exposed on the base date of December 31, 2020, three different scenarios were defined. Based on the average CDI rate for the year 2020, which averaged 2.77% for the year and this was defined as a probable scenario (scenario 1); from this, variations of 25% and 50% were calculated. An average yield of 99.94% was attributed to financial investments, since our investments are linked to the CDI yield.

For each scenario, the "gross financial income" was calculated, without taking into account the incidence of taxes on investment income. The base date used for the portfolio was December 31, 2020, projecting one year and verifying the sensitivity of the CDI with each scenario.

Operation	December 31, 2020 Consolidated	Risk	Scenario 1	Scenario 2	Scenario 3
Financial investments	320.065	CDI	2,77%	2,08%	1,39%
Average CDI equivalent interest (100% and 105%)		99,94% CDI	2,77%	2,08%	1,39%
Financial income			9.334	7.001	4.664

The Company has loan and financing contracts, with restrictive clauses applicable to these types of operations, related to the compliance with economic and financial ratios, cash generation and others. These restrictive clauses were met and do not limit the ability to conduct the normal course of operations.

(In thousands of Reais, unless otherwise stated)

The majority of our debt comes from debentures that the Company with a rate of CDI plus 1.5% per year. We projected scenarios on 12/31/2020 based on the average CDI rate in the year, calculating our financial expense in a scenario of a 25% increase in the CDI rate (scenario 2) and 50% (scenario 3) .

Operation	December 31, 2020 Consolidated	Risk	Scenario 1	Scenario 2	Scenario 3
Debentures	39.645	CDI	2,77%	3,46%	4,16%
Average CDI equivalent interest (100% and 105%)		CDI+1,5%	4,27%	5,34%	6,41%
Financial expense			2.467	3.084	3.701

3.2 Capital management

The purpose of the Company's capital management is to ensure that a strong credit rating is held with the institutions and an optimal capital ratio to support the Company's business and maximize shareholder value.

The Company considers the following within the net debt structure: loans and obligation for investment acquisition less cash and cash equivalents.

In 2019, Sinqia made its first debenture issue and second equity offering. In 2020, net cash was maintained, higher than the balance of its debt.

	Consolidated	
	2020	2019
Total Loans (Note 12)	39.645	60.733
Liabilities from investment acquisition (Note 15)	43.761	40.201
Cash and cash equivalents (Note 6)	(321.063)	(364.985)
Debt (Cash) Net (o)	(237.657)	(264.051)
Total shareholders' equity	435.528	431.461

3.3 Fair value estimated

As determined by CPC48/IFRS 9 - Financial Instruments, the Company must classify its financial instruments measured at fair value, following the following hierarchy of valuation techniques:

Level 1 – prices quoted (no adjustments) in active markets for identical assets or liabilities;

Level 2 - information other than market-traded prices for assets included in level 1 that is observable directly or indirectly for the asset or liability. This item is not applicable to the Company as of December 31, 2020.

Level 3 – techniques that use inputs that have a significant effect on the recorded fair value that is not based on observable market data. This item is not applicable to the Company as of December 31, 2020.

(In thousands of Reais, unless otherwise stated)

The table below sets forth the Company's assets and liabilities measured at fair value on December 31, 2020:

	Level 1	Level 2	Level 3	Consolidated Total balance
Assets				
Cash and cash equivalents	320.065	-	-	320.065
Total assets	**320.065**	**-**	**-**	**320.065**

3.4 Financial instruments offset

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis or realize the asset and settle the liability simultaneously.

(a) Financial instrument by category

	Consolidated			
	Fair value through comprehensive profit or loss	Fair Value through profit or loss	Amortized Cost	Total
December 31, 2020				
Assets, as per balance sheet				
Accounts receivable from customers	-	-	17.427	17.427
Cash e Banks	-	-	998	998
Fixed income securities in national currency	-	320.065	-	320.065
	-	**320.065**	**18.425**	**338.490**

	Consolidated			
	Fair value through comprehensive profit or loss	Fair Value through profit or loss	Amortized Cost	Total
December 31, 2020				
Liabilities, as per balance sheet				
Loans and Financing	-	-	39.645	39.645
Liabilities from investment acquisition	-	-	43.761	43.761
Suppliers	-	-	2.437	2.437
	-	**-**	**85.843**	**85.843**

Section C - Information by Segment

4 Segment reporting

The Company's businesses aim to supply services of the information technology, in addition to related consulting services, intended to assist the financial market. Although the products are destined for several segments of financial institutions, they are not controlled and managed by the Management as independent segments, since the Company's results are monitored and assessed in an integrated manner.

(In thousands of Reais, unless otherwise stated)

Section D - Group Structure

5 Investments

(a) Changes in investments

	Senior Solution Serviços em Informática Ltda.	Senior Solution Consultoria em Informática Ltda.	Controlpart Consultoria e Participações Ltda.	Consult Brasil Ltda.	Intellectual Capital Ltda.	att/PS Informática Ltda.	Torq Inovação Digital Ltda.	Total
Balance as of December 31, 2018	**3.507**	**21.960**	**4.346**	**-**	**3.454**	**44.220**	**594**	**78.081**
Capital Increase	-	39.175	-	-	-	-	540	39.715
Equity Income	(480)	2.794	1.709	(1.737)	-	-	149	2.435
Corporate reorganization (i)	-	-	-	(87)	-	(4.217)	1	(4.303)
Balance as of December 31, 2020	**3.027**	**63.929**	**6.055**	**(1.824)**	**3.454**	**40.003**	**1.284**	**115.928**
Balance as of December 31, 2019	**3.027**	**63.929**	**6.055**	**(1.824)**	**3.454**	**40.003**	**1.284**	**115.928**
Capital Increase	-	14.000	-	-	-	-	-	14.000
Equity Income	10.990	11.151	-	-	-	-	(427)	21.714
Corporate reorganization (i)	-	-	(3.331)	4.383	-	-	-	1.052
Balance as of December 30, 2020	**14.017**	**89.080**	**2.724**	**2.559**	**3.454**	**40.003**	**857**	**152.694**

(i) In January 1, 2020 Consult Brasil. Ltda. and Controlpart Consultoria e Participações Ltda. were incorporated by Sinqia S.A (parent company).In 2019, att/PS Informática Ltda. was incorporated by Sinqia S.A (parent company).

(b) Information on subsidiaries

					Total investment		Equity result	
Direct investment	**Shareholders' equity**	**Interest (%)**	**Goodwill on acquisitions - Goodwill**	**Result for the fiscal year**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Senior Solution Serviços em Informática Ltda.	14.017	100%	-	10.990	14.017	3.027	10.990	(480)
Senior Solution Consultoria em Informática Ltda.	89.080	100%	-	11.151	89.080	63.929	11.151	2.794
Controlpart Consultoria e Participações Ltda.	N/A	N/A	2.724	-	2.724	6.055	-	1.709
Consult Brasil. Ltda.	N/A	N/A	2.559	-	2.559	(1.824)	-	(1.737)
Intellectual Capital Ltda.	N/A	N/A	3.454	-	3.454	3.454	-	N/A
att/PS Informática Ltda.	N/A	N/A	40.003	-	40.003	40.003	-	N/A

(In thousands of Reais, unless otherwise stated)

Torq Inovação Digital Ltda.	857	100%	-	(427)	857	1.284	(427)	149
					152.694	**115.928**	**21.714**	**2.435**

(c) Indirect Investments (Direct subsidiary of Senior Solution Consultoria em Informática Ltda.)

					Total investment		Equity result	
Direct investment	**Shareholders' equity**	**Interest (%)**	**Goodwill on acquisitions - Goodwill**	**Result for the fiscal year**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Tree Solution S.A.	(8.511)	100%	16.085	(237)	7.574	-	(237)	-
Fromtis Serviços de Tecnologia Ltda.	334	100%	21.345	127	21.679	-	127	-

Section E – Selected significant notes

6 CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Cash	-	-	-	1
Banks	71	512	998	1.474
Financial investments (i)	296.757	352.191	320.065	363.510
	296.828	**352.703**	**321.063**	**364.985**

(i) The Company has financial investment policies that require investments to be concentrated in low-risk securities and are substantially compensated based on percentages of the variation in Interbank Deposit Certificates (CDI). Therefore, the Company's financial investments consist of investments in fixed-income funds, Bank Deposit Certificates (CDBs) and repurchase agreements, earning average interest from 91% to 104.18% of the CDI (from 94% to 102.15% as of December 31, 2019), with immediate liquidity, i.e., without a grace period for redemption.

7 RECEIVABLES

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Billed amounts	6.124	5.888	15.377	14.068
Unbilled services (i)	1.959	4.884	2.735	7.718
(-) Estimated losses doubtful accounts (ii)	(410)	(101)	(685)	(158)
	7.673	**10.671**	**17.427**	**21.628**

(i) Unbilled services refer to revenue from services actually provided to customers, but which had not been billed up to the base date of the accounting information.

(ii) Changes in the provision for impairment of trade receivables were as follows:

(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
Balances on December 31, 2019 and 2018	**(101)**	**(131)**	**(158)**	**(944)**
Additions due to corporate reorganization (i)	-	(409)	-	-
Additions	(309)	(1)	(527)	(8)
Write-offs (with no impact on the result)	-	440	-	794
Balances on December 30, 2020 and 2019	**(410)**	**(101)**	**(685)**	**(158)**

(i) The increase in the balance of estimated losses from doubtful accounts at the Parent Company occurred due to the incorporation of att/PS in 2019. Therefore, there was no impact on the consolidated.

The following are the receivables by maturity (aging list):

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Unbilled services	1.959	4.884	2.735	7.718
To be Due	3.646	3.667	10.005	9.217
Overdue from 1 to 90 days	1.442	1.402	2.919	3.158
Overdue from 91 to 180 days	123	464	779	820
Overdue from 181 to 270 days	138	155	315	456
Overdue from 271 to 360 days	134	119	213	320
Overdue more than 360 days	641	81	1.146	97
	8.083	**10.772**	**18.112**	**21.786**

8 TAXES AND CONTRIBUTIONS RECOVERABLE

	Parent Company		Consolidated	
	December	**December 31,**	**December 31,**	**December**
IRRF and IRPJ/CSLL to be offset (i)	4.468	2.228	6.119	4.015
Withholding PIS, COFINS and SC (ii)	-	11	101	261
Others	1	69	18	81
Total	**4.469**	**2.308**	**6.238**	**4.357**
Current	**2.622**	**2.308**	**4.354**	**4.357**
Non-current	**1.847**	**-**	**1.884**	**-**

(i) Refers to withholding income tax and prepayment of income tax and social contribution.

(ii) Refers to withholding PIS, COFINS and social contribution when bills issued for services or software licenses are paid.

(In thousands of Reais, unless otherwise stated)

9 RELATED PARTIES

a) INFORMATION ON RELATED PARTIES

The following table presents information on outstanding balances on December 31, 2019 and December 31, 2020 between the Parent Company, its subsidiaries and the Company's management:

	Parent Company					
	Receivables from related parties (Assets)	Payables to related parties (Liabilities)	Payables to related parties (Result)	Receivables from related parties (Assets)	Payables to related parties (Liabilities)	Payables to related parties (Result)
Related parties	**December 31, 2020**			**December 31, 2019**		
Senior Solution Serviços em Informática Ltda.	4.733	5.745	-	-	169	2.517
ConsultBrasil Ltda.	-	-	-	-	631	-
Senior Solution Consultoria em Informática Ltda.	-	578	-	4.459	-	3.637
Controlpart Consultoria e Participações Ltda.	-	-	-	-	1.358	-
Torq Inovação Digital Ltda.	120	-	-			
Non-current assets	**4.853**	**-**	**-**	**4.459**	**-**	**-**
Current liabilities	**-**	**3.117**	**-**	**-**	**173**	**-**
Non-current liabilities	**-**	**3.206**	**-**	**-**	**1.985**	**-**
Result	**-**	**-**	**-**	**-**	**-**	**6.154**

Usually, transactions between Group companies refer to expenses shared, mainly administrative, and are carried out based on signed agreements. There are no purchases and sales of products or services between the Group companies. Transactions are financially settled with an average maturity of over 360 days.

In 2020, specifically, there was no expenses shared between companies and the transactions refer mainly to cash management, with no impact on the result.

b) MANAGEMENT COMPENSATION

The Company has no additional post-employment obligations, or other long-term benefits, such as leave and other benefits for time of service. The Company also does not offer other severance benefits to the members of the senior management, besides those set in the current Brazilian labor laws.

Short-term benefits

Short-term benefits include salaries, fees, social charges, variable benefits and bonuses. Expenses related to the compensation paid to the main senior executives and management of the Company and its subsidiaries are as follows:

(In thousands of Reais, unless otherwise stated)

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Salaries, Fees and Social Charges	3.390	3.182	3.390	3.182
Benefits	308	347	308	347
Variable Bonuses	484	548	484	548
	4.182	**4.077**	**4.182**	**4.077**

c) SHARE-BASED COMPENSATION PLAN

The purpose of the Share-Based Compensation Plan (“Plan”) is to offer top executives of the Company the opportunity to multiply the value of their annual financial bonus (“Annual Bonus”), by assigning additional resources (“Additional Bonus”), by the Company, which must be used by eligible executive officers (“Beneficiary”) to acquire shares of the Company (“Shares”). The Plan establishes that the Additional Bonus will be calculated by applying a multiplier to the Annual Bonus, which is granted by the Company under the Profit-Sharing Program (“PPLR”).

The Additional Bonus under this Plan will be calculated by applying a multiplier on the Annual Bonus. The multiplier ranges from 50% to 80% depending on the role performed in the Company.

The number of shares to be acquired by each beneficiary will be calculated based on the average market value of the shares in a certain period.

The shares acquired will vest as follows: 40% of the total shares acquired, after twelve (12) months from acquisition; 30% of the total, after twenty-four (24) months from acquisition; and the remaining 30%, after thirty-six (36) months from acquisition. The acquisition date will be considered as that on which the Company receives from the beneficiary the amounts related to the sale, and the share purchase agreement is signed.

The number of shares available for the year in this plan is 56,773 shares.

d) STOCK-OPTION PLAN TO PURCHASE OR SUBSCRIBE SHARES

The Stock Option Plan (“Plan”) includes granting options to purchase or subscribe common shares (“Options”) of the Company. The Plan has as purpose (a) attracting, retaining and engaging key professionals in the management of the Company (“Beneficiaries”), (b) aligning the interests of the Beneficiaries with the interests of the Company and its shareholders in a long-term perspective and c) encouraging the Beneficiaries to contribute to the achievement of good results for the Company.

Number of Shares Included in the Plan: The options granted under the Plan, including those already exercised or not, and discounted those canceled due to situations of termination, death, permanent disability or retirement, may grant rights on common shares representing up to 3% (three percent) of the Company’s capital stock on the date of approval of the Plan.

Options Exercise: The options granted may be exercised provided that the terms and conditions stipulated in this Plan and by the Board of Directors are observed, in addition to the terms and conditions set forth in the respective Option Agreements. The Beneficiary may exercise all or part of the Exercisable Options, established that the Beneficiary shall exercise at least 25% of the Options that it holds and that are exercisable in each partial exercise of the Options. The exercise of part of the Options by the Beneficiary shall not affect the exercise of the other Options held.

The fair value of the options granted is estimated on the grant date based on the Black-Scholes option pricing model.

(In thousands of Reais, unless otherwise stated)

The main events related to the current plans, the variables used in the calculations and the results are:

Grants				Fair value assumptions			
				Prospect for:		Interest Rate risk-free	Maturity
Date	**Number of options**	**Exercise price in Reais**	**Fair value of shares in Reais**	**Dividends**	**Volatility**		
August 1, 2018	319,124	7.12	5.94	0.70%	35.18%	6.50%	5 years

In 2020 no new options were granted.

10 PROPERTY, PLANT AND EQUIPMENT

a) Property, plantand equipment breakdown

					Parent Company
				December 31, 2020	December 31, 2019
	Lifespan (years)	**Cost**	**Depreciation Accumulated**	**Net**	**Net**
Facilities and improvements	9 – 10	7.262	(1.858)	5.404	5.276
Electric devices and materials	9 – 12	730	(385)	345	391
Furniture and fixtures	9 – 12	3.075	(1.379)	1.696	1.479
Right of Use - Lease	2 – 10	4.797	(1.384)	3.413	18.656
Computers and peripherals	4 – 5	10.286	(4.585)	5.701	3.543
		26.150	**(9.591)**	**16.559**	**29.345**

					Consolidated
				December 31, 2020	December 31, 2019
	Lifespan (years)	**Cost**	**Depreciation Accumulated**	**Net**	**Net**
Facilities and improvements	9 – 10	9.320	(2.619)	6.701	6.523
Electric devices and materials	9 – 12	892	(441)	451	463
Furniture and fixtures	9 – 12	3.985	(1.928)	2.057	1.778
Right of Use - Lease	2 – 10	28.901	(6.666)	22.235	21.336
Computers and peripherals	4 – 5	13.795	(7.125)	6.670	4.643
Velhices	10	35	(11)	24	-
		56.928	**(18.790)**	**38.138**	**34.743**

(In thousands of Reais, unless otherwise stated)

b) Changes in property, plant and equipment – Parent Company

	Facilities and improvements	Electric devices and materials	Furniture and fixtures	Right of Use - Lease	Computers and peripherals	Total
Balance on December 31, 2018	**2.758**	**129**	**441**	**-**	**1.956**	**5.284**
Additions	3.036	297	1.099	-	1.769	6.201
Additions by corporate reorganization	28	28	115	-	269	440
Additions – right of use	-	-	-	20.859	-	20.859
Write-offs	(89)	-	-	-	-	(89)
Right of use amortization and depreciation	(457)	(62)	(176)	(2.204)	(451)	(3.350)
Balances on December 31, 2019	**5.276**	**392**	**1.479**	**18.655**	**3.543**	**29.345**

	Facilities and improvements	Electric devices and materials	Furniture and fixtures	Right of Use - Lease	Computers and peripherals	Total
Balances on December 31, 2019	**5.276**	**391**	**1.479**	**18.656**	**3.543**	**29.345**
Additions	964	25	504	-	3.409	4.902
Additions – right of use	-	-	-	4.427	-	4.427
Transfer between subsidiaries (i)	-	-	-	(18.575)	-	(18.575)
Write-offs	(11)	-	-	-	(9)	(20)
Right of use amortization and depreciation	(825)	(71)	(287)	(1.095)	(1.242)	(3.520)
Balances on December 31, 2020	**5.404**	**345**	**1.696**	**3.413**	**5.701**	**16.559**

(i) The amount refers to the transfer of the parent company's lease agreements to the subsidiary Senior Solution Consultoria em Informática Ltda.

(In thousands of Reais, unless otherwise stated)

c) Changes in property, plant and equipment – Consolidated

	Facilities and improvements	Electric devices and materials	Furniture and fixtures	Right of Use - Lease	Computers and peripherals	Total
Balance on December 31, 2018	**3.567**	**200**	**695**	**-**	**2.374**	**6.836**
Additions	3.999	266	1.115	-	1.754	7.134
Additions due to company acquisition	65	77	214	1.390	1.116	2.862
Additions – right of use	-	-	-	22.473	-	22.473
Write-offs	(41)	-	-	-	(2)	(43)
Right of use amortization and depreciation	(1.068)	(80)	(246)	(2.527)	(598)	(4.519)
Balances on December 31, 2019	**6.522**	**463**	**1.778**	**21.336**	**4.644**	**34.743**

	Facilities and improvements	Electric devices and materials	Furniture and fixtures	Right of Use - Lease	Computers and peripherals	Vehicles	Total
Balances on December 31, 2019	**6.523**	**463**	**1.778**	**21.336**	**4.643**	**-**	**34.743**
Additions	992	25	508	-	3.500	-	5.025
Additions – right of use	-	-	-	4.430	-	-	4.430
Additions due to company acquisition	99	53	122	-	148	30	452
Write-offs	(28)	-	-	-	(9)	-	(37)
Depreciation and amortization	(885)	(90)	(351)	(3.531)	(1.612)	(6)	(6.475)
Balances on December 31, 2020	**6.701**	**451**	**2.057**	**22.235**	**6.670**	**24**	**38.138**

(In thousands of Reais, unless otherwise stated)

11 INTANGIBLE ASSETS

a) Intangible assets breakdown

					Parent Company
				December 31, 2020	**December 31, 2019**
	Lifespan (years)	**Cost**	**Amortization Accumulated and impairment**	**Net**	**Net**
Right of Use - Software	5	7.068	(5.398)	1.670	1.487
Trademarks and patents	5-10	2.276	(1.364)	912	1.279
Acquired softwares	5	6.968	(5.367)	1.601	2.814
Customer' portfolio	10	20.412	(5.319)	15.093	16.151
Non-competition agreement	5	4.575	(4.575)	-	1.143
Development of new products (i)	-	6.301	(5.091)	1.210	1.210
Right of use - servers	1-3	17.730	(3.928)	13.802	-
		65.330	**(31.042)**	**34.288**	**24.084**

					Consolidated
				December 31, 2020	**December 31, 2019**
	Lifespan (years)	**Cost**	**Amortization accumulated and/or impairment**	**Net**	**Net**
Goodwill on acquisitions of subsidiaries (i)	-	137.762	(2.860)	134.902	97.060
Right of Use - Software	5	12.502	(8.264)	4.238	2.080
Trademarks and patents	5-10	7.126	(1.916)	5.210	5.576
Acquired softwares	5	26.704	(13.990)	12.714	11.405
Customer' portfolio	10	62.423	(14.666)	47.757	42.448
Non-competition agreement	5	9.068	(6.191)	2.877	4.668
Development of new products	-	6.301	(5.091)	1.210	1.210
Right of use – servers	1-3	17.730	(3.928)	13.802	-
		279.616	**(56.906)**	**222.710**	**164.447**

(i) The main assumptions used in the impairment test of Goodwill on the acquisition of subsidiaries were disclosed in note 2.a.

(In thousands of Reais, unless otherwise stated)

b) Changes in intangible assets – Parent Company

	Right of use - Software	Trademarks and patents	Acquired softwares	Customer' portfolio	Non-competition agreement	Developement of new products	Right of use - servers	Total
Balance on December 31, 2018	**434**	**1.612**	**3.696**	**14.730**	**2.288**	**1.189**	**-**	**23.949**
Additions	1.945	-	-	-	-	-	-	1.945
Additions by corporate reorganization	564	-	700	3.465	-	21	-	4.750
Write-offs	-	-	-	(50)	-	-	-	(50)
Amortization	(1.456)	(333)	(1.582)	(1.995)	(1.144)	-	-	(6.510)
Balances on December 31, 2019	**1.487**	**1.279**	**2.814**	**16.150**	**1.144**	**1.210**	**-**	**24.084**

	Right of use - Software	Trademarks and patents	Acquired softwares	Customer' portfolio	Non-competition agreement	Developement of new products	Right of Use - Leases	Total
Balances on December 31, 2019	**1.487**	**1.279**	**2.814**	**16.151**	**1.143**	**1.210**	**-**	**24.084**
Additions	2.091	-	-	-	-	-	-	2.091
Additions due to corporate reorganization (i)	84	-	-	-	-	-	-	84
Additions – right of use (ii)	-	-	-	-	-	-	17.717	17.717
Amortization	(1.992)	(367)	(1.213)	(1.058)	(1.143)	-	(3.915)	(9.688)
Balances on December 31, 2020	**1.670**	**912**	**1.601**	**15.093**	**-**	**1.210**	**13.802**	**34.288**

(i) The increase in the balance due to corporate reorganization was driven by the incorporation of Controlpart and Consult Brasil.

(ii) The amount refers to the recognition of the right to use servers.

(In thousands of Reais, unless otherwise stated)

c) Changes in intangible assets – Consolidated

	Goodwill on acquisitions of subsidiaries	Right of use - Software	Trademarks and patents	Acquired softwares	Customer' portfolio	Non-competition agreement	Developement of new products	Right of use - servers	Total
Balance on December 31, 2018	**54.209**	**1.002**	**5.909**	**4.980**	**22.521**	**2.288**	**1.210**	**-**	**92.119**
Additions	-	2.078	-	-	-	-	-	-	2.078
Additions due to company acquisition	42.851	538	-	9.481	24.230	4.044	-	-	81.144
Write-offs	-	(39)	-	-	-	-	-	-	(39)
Amortization	-	(1.499)	(333)	(3.056)	(4.303)	(1.664)	-	-	(10.855)
Balances on December 31, 2019	**97.060**	**2.080**	**5.576**	**11.405**	**42.448**	**4.668**	**1.210**	**-**	**164.447**

	Goodwill on acquisitions of subsidiaries	Right of use - Software	Trademarks and patents	Acquired softwares	Customer' portfolio	Non-competition agreement	Developement of new products	Right of Use - Leases	Total
Balances on December 31, 2019	**97.060**	**2.080**	**5.576**	**11.405**	**42.448**	**4.668**	**1.210**	**-**	**164.447**
Additions	-	3.023	-	-	-	-	-	-	3.023
Additions due to company acquisition (i)	37.842	1.797	-	4.962	9.311	218	-	-	54.130
Additions – right of use (ii)	-	-	-	-	-	-	-	17.717	17.717
Amortization	-	(2.662)	(366)	(3.653)	(4.002)	(2.009)	-	(3.915)	(16.607)
Balances on December 31, 2020	**134.902**	**4.238**	**5.210**	**12.714**	**47.757**	**2.877**	**1.210**	**13.802**	**222.710**

(i) In the first quarter of 2020, there was an increase in Stock & Info's assets due to the PPA update, being R$412 in goodwill on acquisition, R$10 in acquired software and R$36 referring to the customer portfolio.

(ii) The amount refers to the recognition of the right to use servers.

(In thousands of Reais, unless otherwise stated)

12 LOANS AND FINANCING

	Charges	Maturity	Parent Company December 31, 2020	Parent Company December 31, 2019	Consolidated December 31, 2020	Consolidated December 31, 2019
BNDES - No. 14209211 (i)	TJLP + 1.1% p.a.	December 15, 2020	-	3.768	-	3.768
BNDES - No. 17203411018 (i)	TJLP + 2.0% p.a.	March 15, 2024	-	7.256	-	7.256
Debentures (ii)	CDI+1.50%	February 22, 2024	39.645	49.709	39.645	49.709
Total			**39.645**	**60.733**	**39.645**	**60.733**
Current			**12.506**	**15.503**	**12.506**	**15.503**
Non-current			**27.139**	**45.230**	**27.139**	**45.230**

(i) These contracts were backed by a letter of guarantee issued in the same amount by a financial institution, meeting the criteria and requirements of the BNDES.

(ii) The first issue of simple debentures, not convertible into shares, is backed by credit rights arising from receivables. In addition, the Company is required to hold a deposit of R$3,000, which was recorded in securities, under non-current assets.

Below we show the changes in loans and financing:

	Parent Company	Consolidated
Balance on December 31, 2019	**60.733**	**60.733**
Interest incurred	2.467	2.467
Interest Paid	(6.082)	(6.082)
Amortization (i)	(17.473)	(17.473)
Balance on December 31, 2020	**39.645**	**39.645**

(i) In the second quarter of 2020, due to current market conditions, there was an early amortization of loans under contracts Nr. 14209211 and Nr. 17203411018 with BNDES.

Below we show the expectation of payment of loans and financing:

	Parent Company	Consolidated
2021	12.506	12.506
2022	12.617	12.617
2023	12.217	12.217
2024	2.305	2.305
Total	**39.645**	**39.645**

(In thousands of Reais, unless otherwise stated)

(a) COVENANTS

BNDES financing agreements No. 14209211 and Nro. 17203411018 were not subject to covenants related to the compliance with economic and financial ratios.

The debentures have financial covenants that must be evaluated in December 31 based on the Net Debt indicator divided by EBITDA (resulting in an index lower than 2.5 in 2020, lower than 2 in 2021, lower than 1.9 in 2022 and lower than 1.8 in 2023) and based on the EBITDA indicator divided by the Financial Result (resulting in an index higher than 3). On this date, the Company expects to comply with all covenants. In 2019 and 2020, the Company met all restrictive clauses.

13 LABOR LIABILITIES

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
INSS/FGTS payable	2.571	1.574	3.921	2.917
IRRF on wages	1.551	1.185	2.634	1.847
Vacation	5.515	5.519	10.523	8.857
Bonuses, commissions and profit sharing (i)	2.933	-	3.076	29
Others	159	509	581	586
	12.729	**8.787**	**20.735**	**14.236**

(i) The provision for bonuses and profit sharing is recorded monthly, and depends on the achievement, by the employees, of corporate and individual goals. These amounts are paid in April of the year subsequent.

14 TAX LIABILITIES

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Income tax and social contribution payable	11	3	951	155
ISS payable	284	453	690	912
PIS/COFINS payable	147	274	208	419
Tax installments (ii)	2.287	103	2.768	3.904
Other taxes payable	30	23	88	44
Total	**2.759**	**856**	**4.705**	**5.434**
Current	**771**	**753**	**2.298**	**1.972**
Non-current	**1.988**	**103**	**2.407**	**3.462**

(i) The increase in the Parent Company's balance occurred due to the incorporation of the balances of Consult Brasil Ltda.

(In thousands of Reais, unless otherwise stated)

15 LIABILITIES FROM INVESTMENT ACQUISITION

These refer to installments payable for investment acquisitions made by the Company and its subsidiaries, negotiated with payment in installments, and for agreements that do not have market interest rates, the present value adjustment is made (using the average rate of 7%). Recorded in current and noncurrent liabilities, as follows:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Controlpart Acquisition	-	144	-	144
ConsultBrasil Acquisition	-	588	-	588
att/PS Informática Acquisition	6.094	13.754	6.094	13.754
Atena Acquisition	-	-	5.262	5.667
ADSPrev Acquisition	-	-	1.806	2.319
SoftPar Acquisition	-	-	11.791	17.233
Stock&Info Acquisition	-	-	362	496
Fromtis Acquisition	-	-	4.900	-
Tree Solution Acquisition	-	-	13.546	-
Total	**6.094**	**14.486**	**43.761**	**40.201**
Current	**6.094**	**7.182**	**15.549**	**10.404**
Non-current	**-**	**7.304**	**28.212**	**29.797**

Below we show the changes in liabilities due to the investment acquisition:

	Parent Company	Consolidated
Balance on December 31, 2019	**14.486**	**40.201**
Interest incurred	901	3.433
Aquisitions	-	18.375
Interest Paid	(1.447)	(2.388)
Amortization	(7.846)	(15.860)
Balance on December 31, 2020	**6.094**	**43.761**

Below we show the expected payment of liabilities with investment acquisition:

	Parent Company	Consolidated
2021	6.094	15.549
2022	-	8.174
2023	-	10.985
2024	-	7.516
2025	-	1.537
Total	**6.094**	**43.761**

(In thousands of Reais, unless otherwise stated)

16 PROVISION FOR LAWSUITS

In the normal course of its activities, the Company is subject to tax, civil and labor lawsuits. The Management, supported by the opinion of its legal counsel, assesses the expected outcome of the undergoing lawsuits, and establishes the need for provisions at amounts deemed sufficient to cover the expected losses.

The table below shows the provisions for probable losses on December 31, 2020 and December 31, 2019:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Civil	10.268	12.079	19.187	13.650
Labor	1.680	1.690	12.890	12.017
Tax	4.947	1.763	10.325	12.131
	16.895	**15.532**	**42.402**	**37.798**

Below we show the changes in provisions for lawsuits:

	Parent Company	Consolidated
Balance on December 31, 2019	**15.532**	**37.798**
Additions (i)	2.197	2.417
Additions due to corporate reorganization (ii)	3.517	-
Payments	(530)	(581)
Additions due to company acquisition	-	9.348
Interest and monetary restatement	543	551
Reversals	(4.364)	(7.131)
Balance on December 31, 2020	**16.895**	**42.402**

(i) The additions include new lawsuits and changes in the lawsuits already provisioned.

(ii) The increased balance of provision for lawsuits at the Parent Company occurred due to the merger of Controlpart and Consult Brasil.

The Company and its subsidiaries are also parties to labor and tax lawsuits with possible risk of loss, according to the legal counsel and the Company's management, for which no provision has been recognized. The total related to the amount of the updated cause related to these shares corresponds to R$29,366 in the Parent Company on December 31, 2020 (on December 31, 2019 – R$16,965) and R$31,280 in the Consolidated on December 31, 2020 (on December 31, 2019 – R$23,354). Additionally, the Company has court deposits corresponding to R$162 in the Parent Company on December 31, 2020 (on December 31, 2019 - R$270) and R$239 in the Consolidated on December 31, 2020 (on December 31, 2019 - R$309).

a) Labor

Labor lawsuits generally refer to overtime, health hazard allowances, salary equalization, vacation pay, moral damages resulting from occupational accident, occupational disease, and secondary liability involving service providers, among other situations.

b) Tax

Tax lawsuits refer to legal disputes involving municipal and federal taxes, especially unapproved claims for compensation and/or restitution, in addition to tax risks identified in the acquisition processes.

(In thousands of Reais, unless otherwise stated)

c) Civil

The civil lawsuits refer mainly to suits filed under the allegation of certain problems in the provision of services and restitution of securities.

17. EQUITY

17.1 Share Capital

The Company's share capital is R$413,261, represented by 70,548,812 registered common shares with no par value. The holders of common shares are entitled to one vote per share at the Shareholders' Meetings of the Company.

The table below shows the number of shares held by shareholders with 5% or more common shares issued by the Company, besides treasury shares.

	December 31, 2020		December 31, 2019	
Shareholders	**Shares**	**%**	**Shares**	**%**
SFA Investimentos Ltda.	5.733.600	8,13%	5.728.296	8,12%
HIX Investimentos Ltda.	5.640.796	8,00%	5.438.800	7,71%
Antonio Luciano de Camargo Filho	5.443.006	7,72%	5.327.212	7,55%
Bernardo Francisco Pereira Gomes	5.332.502	7,56%	5.316.344	7,54%
Itaú Unibanco S.A.	3.539.454	5,02%	-	-
BB DTVM S.A.	-	-	3.552.540	5,03%
Treasury Shares	133.468	0,19%	-	0,00%
Other shareholders	44.725.986	63,40%	45.185.620	64,05%
Total	**70.548.812**	**100,00%**	**70.548.812**	**100,00%**

17.2 Profit Reserve

The profit retained reserve includes the accumulated balance of profits and losses allocation approved at the Annual Shareholder’s Meetings.

a) Legal reserve

On December 31, 2020, the legal reserve in the amount of R$ 248 was determined. As of December 31, 2019, the legal reserve was not recognized.

a) Dividends and Interest on Shareholders' Equity

On December 31, 2020 a dividend distribution in the amount of R$1,385 was calculated. As of December 31, 2019, there was no dividend distribution.

Net income	4.956
Legal reserve	248
Base do minimum dividend	4.708
Interest on own capital (25%)	1.177
Additional dividend	208
Dividend payable	1.385

(In thousands of Reais, unless otherwise stated)

17.3 Capital Reserve

The capital reserve balance at December 31, 2020 and December 31, 2019 is comprised of the effects of the share compensation plan and gains on the purchase and sale of treasury shares.

a) Share-Based Compensation Plan

As provided for in the Share-Based Compensation Plan in April 2018, the beneficiaries exercised the second part of the shares (2nd vesting). During 2019, the expenses with the plan totaled R$731. In 2020, the expenses with the plan totaled R$289.

b) Sale and acquisition of treasury shares

At a meeting held on May 20, 2019, the Board of Directors authorized the Company to sell up to 240,701 shares, representing all shares held in treasury, as per CVM Instruction 567/15. On June 26, 2019, the Company announced that it sold the total authorized on B3 trading sessions, for a gross amount of R$9,096, with the purpose of strengthening the cash balance to fund new acquisitions and expand the free float to favor liquidity in the secondary market.

At a meeting held on March 12, 2020, the Board of Directors authorized the acquisition of up to 5,896,343 shares, representing 10.0% of the 58,963,436 outstanding shares, by opening the Fifth Share Buyback Program. In March, 660,400 shares were acquired for R$8,355 and in April there was the partial sale of shares for R$8,688, and the gain was registered in the capital reserve.

17.4 Cost of issuing shares

The cost of issuing shares reflects changes in Shareholders' Equity due to the issuance of new shares. In 2020 and 2019, expenses related to the increase in the Company's capital stock were registered, within the limit of authorized capital, pursuant to Art. 5 of the Bylaws.

18 NET OPERATING REVENUE

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Consulting services and projects	3.574	6.005	4.093	9.427
Outsourcing	31.334	21.019	67.955	51.433
Software	72.692	73.065	164.311	135.885
Gross service revenue	**107.600**	**100.089**	**236.359**	**196.745**
Tax on services (ISS)	(2.979)	(2.769)	(7.053)	(6.236)
PIS and COFINS	(3.958)	(3.680)	(8.759)	(7.553)
Employer's Social Security	(4.880)	(4.537)	(10.554)	(7.803)
Taxes on sales	**(11.817)**	**(10.986)**	**(26.366)**	**(21.592)**
Consulting services and projects	1.669	5.346	3.636	8.352
Outsourcing	27.892	18.712	60.375	45.763
Software	66.222	65.045	145.982	121.038
Net operating revenue	**95.783**	**89.103**	**209.993**	**175.153**

(In thousands of Reais, unless otherwise stated)

The average tax rate levied on sales in the period was 11.16% % in the Consolidated (10.97% on December 30, 2019), including Social Integration Program (PIS/PASEP), Financial Contribution for Social Security (COFINS), Tax on Services of Any Nature (ISSQN) and Employer's INSS (National Institute of Social Security).

19 COST OF SERVICES PROVIDED

		Parent Company		Consolidated
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Third-party services	5.805	3.782	8.372	8.173
Personnel, social charges and benefits	69.150	53.799	126.121	103.025
Other costs	2.711	4.057	3.937	6.090
	77.666	**61.638**	**138.430**	**117.288**

20 GENERAL, ADMINISTRATIVE AND SELLING EXPENSES

a) General, administrative and selling

		Parent Company		Consolidated
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Third-party services	3.947	2.475	4.205	3.934
Personnel, charges and benefits	18.585	13.860	24.376	25.172
Commissions	2.893	1.542	3.133	2.580
Rentals, insurance, condominium and other	646	1.921	3.221	4.272
Additional provision for bonuses and profit sharing	3.289	715	3.414	803
Additional (reversal) provision for lawsuits	(2.167)	(1.107)	(4.714)	(1.950)
Supplement to estimated provision for doubtful accounts	309	1	527	8
Energy, communications and other	1.195	934	1.433	1.359
Consultants, lawyers and auditors	2.893	1.964	3.333	3.406
Advertising and Marketing	575	1.171	585	1.308
Transportation and lodging	188	673	247	1.357
Other expenses	1.236	717	1.765	1.115
Depreciation and amortization	13.208	9.860	23.082	15.374
	46.797	**34.726**	**64.607**	**58.738**

b) Other operating revenues (expenses), net

		Parent Company		Consolidated
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Installment variable Att/PS	-	1.384	-	1.384
	-	**1.384**	**-**	**1.384**

(In thousands of Reais, unless otherwise stated)

21 FINANCIAL RESULT

	Parent Company		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Financial expenses:				
Interest on investment acquisition	(901)	(1.654)	(3.433)	(1.647)
Interest on loans	(2.467)	(5.184)	(2.467)	(5.305)
Bank expenses	(274)	(238)	(317)	(338)
Present value adjustment	(991)	(1.486)	(2.523)	(2.835)
IOF expenses	(29)	(59)	(51)	(103)
Earn-out complementary interest (i)	-	(449)	-	(449)
Interest and monetary restatement of lawsuits	(543)	-	(551)	-
Other financial expenses	(78)	(96)	(397)	(1.018)
Installments	(41)	-	(145)	(160)
Financial revenues:				
Income from financial investments	9.015	5.579	9.334	6.059
Interest assets	195	52	229	117
Other financial revenues	107	108	165	244
	3.993	**(3.427)**	**(156)**	**(5.435)**

22 PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

Current income tax and social contribution were computed under prevailing tax rates and deferred income tax and social contribution are calculated on temporary differences and accumulated tax losses and negative basis.

a) Current and deferred income tax

The reconciliation of the expense calculated by adopting income tax and social contribution tax rates is shown as follows:

	Parent Company	
	December 31, 2020	**December 31, 2019**
Loss before taxes	**(2.973)**	**(9.637)**
Income (expense) due to the combined official tax rate (34%)	1.011	3.277
Adjustments to calculate the actual rate:		
Equity Income	7.383	828
Amortization of non-deductible capital gains	-	(412)
Share issue expenses	43	1.282
Other permanent differences (i)	(512)	83
Receivable due to the effective tax rate	**7.925**	**5.058**
Current income tax and social contribution	**1.052**	**-**
Deferred income tax and social contribution	**6.873**	**5.058**

(In thousands of Reais, unless otherwise stated)

	Consolidated	
	December 31, 2020	December 31, 2019
Income (Loss) before Taxes	**6.800**	**(7.692)**
Income (expense) due to the combined official tax rate (34%)	(2.312)	2.615
Adjustments to calculate the actual rate:		
Amortization of non-deductible capital gains	(12)	(838)
Estimated profit in subsidiaries(i)	-	168
Share issue expenses	43	1.282
Other permanent differences (ii)	437	(96)
Income (expense) due to the effective tax rate	**(1.844)**	**3.131**
Current income tax and social contribution	**(4.447)**	**(3.174)**
Deferred income tax and social contribution	**2.603**	**6.305**

(i) The subsidiary Controlpart Consultoria e Participações Ltda. computed the income tax and social contribution based on the presumed profit method.

(ii) “Other Permanent Differences” mainly include non-deductible provisions and expenses, special tax rates and Worker's Food Program (PAT).

(iii) In 2020, the current tax balance of the parent company was positive due to the recognition of credits from Law No. 11,196 / 05 of Incentive to research and development.

b) Deferred income tax and social contribution - assets

Breakdown of deferred income tax and social contribution:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Non-current assets				
Tax loss and negative basis	19.499	9.941	21.355	13.989
Provision for doubtful accounts	139	46	233	75
Provision for lawsuits and other obligations	5.744	5.281	11.237	12.684
Amortization of tax goodwill in business combination	(5.309)	(2.572)	(9.395)	(3.546)
Other provisions	266	(439)	531	(1281)
Lease	710	732	1.244	681
	21.049	**12.989**	**25.205**	**22.602**

The deferred income tax and social contribution were constituted under studies prepared by the Management regarding the generation of taxable income that will allow the total realization of these amounts in the next years, in addition to the expectation of realization of deductible or taxable temporary differences, as indicated below:

	Parent Company	Consolidated
2021	2.034	3.582
2022	3.288	4.386
2023	4.971	6.069

(In thousands of Reais, unless otherwise stated)

2024	6.241	7.340
2025	5.727	5.727
2026 em diante	4.097	7.496
Total of deferred tax assets	**26.358**	**34.600**
Amortization of tax goodwill in business combination	**(5.309)**	**(9.395)**
Net deferred tax assets	**21.049**	**25.205**

23 EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is made by dividing the profit for the year, attributed to the holders of common shares of the Parent Company, by the weighted average number of outstanding common shares during the period.

Diluted earnings per share is calculated by dividing the net income for the period, attributed to the holders of common shares of the Parent Company, by the weighted average number of outstanding common shares during the period, plus the weighted average number of common shares that would be issued in the conversion of all potential common shares diluted into common shares

The following charts data on the result and shares used to calculate the basic and diluted earnings per share:

	Parent Company and Consolidated	
	December 31, 2020	**December 31, 2019**
Basic earnings per share		
Numerator		
Net income (Loss) for the period attributed to the Company's shareholders	4.956	(4.579)
Denominator		
Weighted average number of outstanding common shares	70.586.950	53.466.625
Basic earnings per share (in Reais)	**0,070**	**(0,086)**

	Parent Company and Consolidated	
	December 31, 2020	**December 31, 2019**
Diluted earnings per share		
Numerator		
Income (loss) for the period attributed to the Company's shareholders	4.956	(4.579)
Denominator		
Weighted average number of outstanding common shares	70.586.950	53.466.625
Potential increase in common shares due to share-based option plan and restricted shares	569.356	313.776
Diluted earnings per share (in Reais)	**0,069**	**(0,085)**

(In thousands of Reais, unless otherwise stated)

24 LEASE

Lease liabilities were recognized as required by accounting standard IFRS 16/ CPC 06 (R2), which requires the liability for future payments and the right to use the leased assets to be recorded for all agreements in the standard's scope. For current leases, the average discount rate of 7.38% was used.

		Parent Company		Consolidated	
	Maturity Final	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Belo Horizonte Office	December 31, 2028	4.204	4.581	4.204	4.581
São Paulo Office 1	July 1, 2028	-	12.668	11.554	12.668
São Paulo Office 2	October 11, 2028	-	3.275	2.902	3.276
São Paulo Office 3	August 1, 2028	-	-	4.081	-
TORQ Office	October 11, 2028	-	-	1.504	1.423
Curitiba Office	September 2, 2021	-	-	543	1.230
Morumbi Office	October 28, 2020	-	290	-	290
Servers	December 31, 2022 and 2023	14.012	-	14.012	-
Total		**18.216**	**20.814**	**38.800**	**23.468**
Current		**5.176**	**2.070**	**7.807**	**2.899**
Non-current		**13.040**	**18.744**	**30.993**	**20.569**

According to OFFICIAL LETTER /CVM/SNC/SEP/No. 02/2019, the Company adopted the requirements of CPC06 (R2) as accounting policy to measure and remeasure its right of use, using the discounted cash flow technique without considering inflation (actual flow discounted at nominal rate). The Management assessed the use of nominal flows and concluded that they do not present relevant distortions in the information presented.

In order to preserve the reliable representation of the information in relation to the requirements of CPC06 (R2) and to meet the guidelines of the technical areas of CVM, the liability balances without inflation, effectively accounted for (real flow x nominal rate), and the estimate of the inflated balances in the comparison periods (nominal flow x nominal rate) are provided.

(In thousands of Reais, unless otherwise stated)

Other assumptions, such as the maturity schedule of liabilities and interest rates used in the calculation are disclosed in other items of this same note. The inflation rates are those observable in the market, so that nominal flows can be prepared by users of financial statements.

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Actual flow discounted at the nominal rate				
Leasing liabilities	21.343	27.899	48.946	31.151
Present value adjustment	(3.127)	(7.085)	(10.146)	(7.683)
	18.216	**20.814**	**38.800**	**23.468**
Nominal flow discounted at nominal rate				
Leasing liabilities	21.128	31.917	48.229	35.784
Present value adjustment	(2.450)	(8.457)	(8.157)	(9.200)
	18.678	**23.460**	**40.072**	**26.584**

Below we show the changes in leases:

	Parent Company	Consolidated
Balance on December 31, 2019	**20.814**	**23.468**
Additions	21.338	22.404
Interest incurred	991	2.523
Transfer between subsidiaries (i)	(17.765)	-
Interest Paid	(1.506)	(2.328)
Amortization	(5.656)	(7.267)
Balance on December 31, 2020	**18.216**	**38.800**

(i) The amount refers to the transfer of the lease contracts from the Parent Company to the subsidiary Senior Solution Consultoria em Informática Ltda.

(In thousands of Reais, unless otherwise stated)

25 NON-CASH TRANSACTIONS

Investment and financing transactions that do not involve the use of cash or cash equivalents are not included in the statement of cash flows. The Company carried out the following non-cash investment and financing activities:

	Parent Company		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Recognition of lease assets	22.144	20.859	22.147	24.774
Recognition of lease liabilities	(22.144)	(20.859)	(22.147)	(24.774)
Installment retained in payment for the acquisition of investments	-	-	(18.375)	(24.567)
Assets acquired from business combinations	-	-	42.875	8.655
Liabilities acquired from business combinations	-	-	(42.875)	(8.655)

26 BUSINESS COMBINATION

The business combinations and new investment acquisitions are in line with the Company's strategy of specialization and consolidation of its positioning in different segments, in addition to bringing new solutions to Sinqia S.A.'s customers through portfolio diversification with specific niche solutions.

In the fiscal year ended December 31, 2019, four investment acquisitions were made, namely Atena Tecnologia Ltda, ADSPrev – Administração e Desenvolvimento de Sistemas Ltda., Partec Ltda. and its subsidiary NVA Ltda. e a Stock & Info Ltda.

The subsidiary Senior Solution Consultoria merged Atena, ADSPrev and Partec in 2019 and Stock & Info was merged in the first quarter of 2020.

The capital gain balances and goodwill generated on acquisitions were detailed in Note 6 of the financial statements of December 2019 issued by the Company.

In the fiscal year ended in 2020, the following changes were observed regarding these balances:

- Amortization of the capital gain of intangible assets, as shown in Note 11;

- Increase in Stock & Info's assets due to the PPA update, with R$412 in acquisition's goodwill, R$10 in software acquired and R$36 referring to the customer portfolio, as shown in Note 11; and

- Update and payment of part of the obligations for investment acquisitions, as shown in Note 15.

In the fiscal year ended in December 31, 2020, two investment acquisitions were made, namely Tree Solution S.A. and Fromtis Serviços de Tecnologia Ltda.

a) Tree Solution S.A. Acquisition

On October 5, 2020 the Company through its subsidiary Senior Solution Consultoria em Informática Ltda, entered into the Contract for the Purchase and Sale of Shares and Other Covenants ("Contract") through which it acquired the totality of Tree Solution S.A. ("Tree"). The transaction involved the initial amount of R$10,500 in cash, disbursed on the acquisition date, and installments over time totaling R$914 to be paid in five annual installments.

The Tree Solution acquisition 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.

(In thousands of Reais, unless otherwise stated)

The final acquisition price, as per the contract, is composed of an additional installment of up to R$4,200 linked to the achievement of a net revenue target for 2021 and 2022. Thus, based on the calculation made by the Administration, of the sales involving Tree, the complement of R$3,962 was estimated as an additional installment, resulting in a total amount of R$15,376.

a.1) Counterpart transferred:

Payment in full	10.500
Term payment	914
Variable installment payment	3.962
Total	**15.376**

a.2) Assets acquired and liabilities recognized at fair value on the acquisition date:

BALANCE SHEET OF THE ACQUIRED COMPANY

	October 5, 2020		October 5, 2020
Current assets		Current liabilities	
Cash and cash equivalents	382	Trade payables	48
Trade receivables	155	Tax Liabilities	2.273
Taxes recoverable	369	Salaries, social charges and labor provisions	534
Prepaid expenses	78	Other liabilities	15
Total current assets	984	Total current liabilities	2.870
Non-current assets		Non-current liabilities	
Property, plant & equipment	234	Provisions for lawsuits	8.322
Intangible assets	25.350		
Total Non-Current Assets	25.584	Total non-current liabilities	8.322
		Total shareholders’ equity	15.376
Total assets	26.568	Total liabilities	26.568

(In thousands of Reais, unless otherwise stated)

a.3) Preliminary goodwill arising on acquisition

Estimated price	15.376
(-) Fair value of acquired assets:	
Non-competition clause	(218)
Software	(1.662)
Customer' portfolio	(5.598)
(-) Negative book equity at acquisition date	8.187
Goodwill from acquisitions	16.085

The following table shows the acquired intangible assets that were not initially recorded in the Company's accounting books, as well as the estimated useful life and amortization method:

Intangible Assets	Value	Lifespan	Amortization method
Non-competition clause	218	1 year	Linear
Software	1.662	5 years	Linear
Customer' portfolio	5.598	9 years	Linear

b) **Fromtis Services de Technology Ltda Acquisition**

On November 25, 2020, the Company, through its subsidiary Senior Solution Consultoria em Informática Ltda., entered into an Contract for the Purchase and Sale of Shares and Other Covenants ("Contract") through which it acquired the entirety of Fromtis Serviços de Tecnologia Ltda. ("Fromtis"). The transaction involved the initial amount of R$14,000 in cash, disbursed on the acquisition date, and term installments totaling R$5,050 to be paid in five annual installments.

The acquisition of Fromtis fulfills two important strategic objectives: (i) to reinforce the product portfolio, adding a technologically updated FIDC control software, in the SaaS concept; and (ii) to expand the customer portfolio, adding new names among the most relevant in this segment, positioning Sinqia as a leader. Therefore, the acquisition creates new cross sell and up sell opportunities in the combined customer base.

The final acquisition price, as per the contract, is composed of an additional installment of up to R$9,000 linked to the achievement of a net revenue target for 2021 and 2022. Thus, based on the calculation made by the Administration, of the sales involving Tree, the complement of R$8,449 was estimated as an additional portion, resulting in a total amount of R$27,499.

b.1) Counterpart transferred:

Payment in full	14.000
Term payment	5.050
Variable installment payment	8.449
Total	**27.499**

(In thousands of Reais, unless otherwise stated)

b.2) Assets acquired and liabilities recognized at fair value on the acquisition date:

BALANCE SHEET OF THE ACQUIRED COMPANY

	November 11, 2020		November 11,2020
Current assets		Current liabilities	
Cash and cash equivalents	1	Trade payables	14
Trade receivables	970	Salaries, social charges and labor provisions	749
Prepaid expenses	162	Tax Liabilities	244
		Loans	136
Total current assets	1.133	Total current liabilities	1.143
Non-current assets		Non-current liabilities	
Property, plant & equipment	218	Loans and financing	1.031
Intangible assets	28.322	Provision for lawsuits	
Total Non-Current Assets	28.540	Total non-current liabilities	1.031
		Total shareholders' equity	27.499
Total assets	29.673	Total liabilities	29.673

b.3) Preliminary goodwill arising on acquisition

Estimated price	27.499
(-) Fair value of acquired assets:	
Software	(3.290)
Customer' portfolio	(3.677)
(+) Fair value of liabilities assumed:	
Provision for lawsuits	1.031
(-) Negative book equity at acquisition date	(218)
Goodwill from acquisitions	21.345

The following table shows the acquired intangible assets that were not initially recorded in the Company's accounting books, as well as the estimated useful life and amortization method:

Intangible Assets	Value	Lifespan	Amortization method
Software	3.290	5 years	Linear
Customer' portfolio	3.677	9 years	Linear

27 SUBSEQUENT EVENT

There were no subsequente events in the period.

Section F – Accounting policies

28 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The main accounting policies applied in the preparation of these financial statements are defined below. These policies have been applied consistently in the years presented, unless stated otherwise.

28.1 CONSOLIDATION

Subsidiaries are all entities in which the Company has control. Sinqia S.A. controls an entity when it is exposed or entitled to variable returns arising from its involvement with the entity and has the ability to interfere in those returns due to the power it exercises over the entity. The subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation is interrupted from the date on which the Company ceases to have control.

Identifiable assets acquired and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are initially measured at fair values at the acquisition date.

The Company recognizes the interest in the acquiree, both at fair value and at the proportionate share of the interest in the acquiree's net assets. The measurement of the shareholding is determined at each acquisition made. Acquisition-related costs are accounted for as they are incurred.

Transactions, balances and unrealized gains on inter-company transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries are changed, when necessary, to ensure consistency with the policies adopted by Sinqia S.A.

28.2 FOREIGN CURRENCY CONVERSION

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The individual and consolidated financial statements are presented in R$ (Brazilian Reais), which is the Company's functional and presentation currency.

28.3 ADJUSTMENT TO PRESENT VALUE

Long-term and short-term monetary assets and liabilities, when the effect is considered material in relation to the financial statements taken as a whole, are adjusted to their present value. The present value adjustment is calculated taking into account the contractual cash flows and the explicit, and in certain cases implicit, interest rate of the respective assets and liabilities. Thus, the interest embedded in the revenues, expenses, and costs associated with these assets and liabilities are discounted in order to recognize them on an accrual basis. Subsequently, these interests are relocated to financial revenues and expenses in profit or loss by using the effective interest rate method in relation to the contractual cash flows. The implicit interest rates applied were determined on the basis of assumptions and are considered accounting estimates.

The main accounts subject to present value adjustments are: leasing and obligations for the acquisition of investments (both in the short and long term).

28.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits, other short-term highly liquid investments with original maturities of three months or less with insignificant risk of change in value and that are readily convertible to a known amount of cash.

28.5 FINANCIAL INSTRUMENTS

28.5.1 CLASSIFICATION

Financial instruments are initially recorded at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, the
transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Their subsequent measurement occurs at each balance sheet date according to the classification of financial instruments in the following categories: (i) amortized cost: (ii) fair value through profit or loss and (iii) fair value through comprehensive income.

Financial assets are presented as current assets, except for those with maturities greater than 12 months after the balance sheet date.

28.5.2 RECOGNITION AND MEASUREMENT

Purchases and sales of financial assets are normally recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to the income statement. Financial assets are written off when the rights to receive cash flows have expired or have been transferred; in the latter case, provided that the Company has significantly transferred all risks and rewards of ownership. Financial assets measured at fair value through profit or loss are subsequently carried at fair value and loans and receivables are carried at amortized cost using the effective interest rate method.

Dividends on financial assets measured at fair value through profit or loss, such as shares, are recognized in the income statement as part of other revenues when the Company's right to receive dividends is established.

28.5.3 FINANCIAL INSTRUMENTS COMPENSATION

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis or realize the asset and settle the liability simultaneously. The legal right should not be contingent on future events and should apply in the normal course of business and in the event of default, insolvency or bankruptcy of the company or counterpart.

28.5.4 IMPAIRMENT OF FINANCIAL ASSETS

Assets measured at the amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and *impairment* losses are incurred only if there is objective evidence of *impairment* as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the *impairment* loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The book value of the asset is reduced and the amount of the loss is recognized in the income statement. If a held-to-maturity asset has a variable interest rate, the discount rate for measuring an impairment loss is the current effective interest rate determined according to the contract. As a practical expedient, the Company can measure the *impairment* based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the *impairment* loss decreases and the decrease can be related objectively to an event that occurred after the *impairment* was recognized (such as an improvement in the debtor's credit rating), the reversal of this previously recognized loss will be recognized in the income statement.

28.6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OPERATIONS

Initially, and if applicable, derivatives are recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value with changes in fair value charged against income.

The company did not contract derivative financial instruments in the fiscal year.

28.7 ACCOUNTS RECEIVABLE FROM CUSTOMERS

Trade accounts receivable correspond to amounts receivable from customers for software licensing, IT services and consulting in the normal course of the Company's activities. If the term of receipt is equivalent to one year or less, the receivables are classified as current assets. Otherwise, they are presented in non-current assets.

Trade accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less the allowance for doubtful accounts.

The provision amount is the difference between the book value and the recoverable amount. To calculate the recoverable amount, the Company carries out an individual analysis of the outstanding invoices on a monthly basis. Some characteristics are analyzed and signal the need for provisioning.

The Company records the expected loss for doubtful accounts for invoices that, in the individual analysis, identified factors that indicate impairment.

28.8 INVESTMENTS

The Company's investments in its subsidiaries are valued based on the equity method, pursuant to CPC 18-R1 (IAS 28), for the purposes of the parent company’s financial statements.

Based on the equity accounting method, investments in subsidiaries are accounted for in the Parent Company’s balance sheet, plus changes after shareholding acquisition in the affiliate. Goodwill related to the subsidiary is included in the investments’ book value, which is not amortized. Given that goodwill based on future profitability is part of the carrying amount of the investment in the subsidiary, it is not recognized separately and its recoverable amount is tested considering the cash-generating unit to which it belongs.

The equity interest in the subsidiary is presented in the parent company's income statement as equity accounting, representing the result attributable to the shareholders.

When necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

After applying the equity method for parent company financial statement purposes, the Company determines whether it is necessary to recognize additional impairment loss on the Company's investment in its associate. At each reporting date, the Company determines whether there is clear evidence that its investments in subsidiaries have been impaired. If so, the Company calculates the impairment amount as the difference between the subsidiary’s recoverable value and its book value and recognizes the amount in the Parent Company’s income statement.

28.9 INTANGIBLE ASSETS

This refers to trademarks and patents, acquired *software*, new product development costs and expenses, goodwill, customer portfolio value and other intangibles arising from business acquisitions. Separately acquired intangible assets are measured on initial recognition at cost and subsequently reduced by accumulated amortization and impairment losses, where applicable. The goodwill generated on the acquisition of investments is not amortized, but tested annually for impairment.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with definite lifespan are amortized throughout their economic lifespan and tested for impairment whenever there is evidence of loss of its economic value. The fiscal year and amortization method for a finite-lived intangible asset are reviewed at a minimum at the close of each fiscal year. Changes in the useful life or consumption pattern of expected future benefits are accounted for through the change in the fiscal year or amortization method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful life are not amortized; however, they are annually tested for impairment. The indefinite life valuation is reviewed at the close of each fiscal year to determine if this valuation continues to be justified. In the contrary, changes in the useful life, from undefined to finite, are conducted prospectively.

Gains or losses resulting from the write-off of an intangible asset are measured as the difference between the net sales proceeds and the carrying amount of the asset and are recognized in the income statement in the year in which the asset is written off.

a) Goodwill

Goodwill is calculated on the acquisition or subscription of capital in another company, represented by the amount of the acquisition cost of the investment that exceeds the equity value, calculated from the percentage of acquisition or subscription on the company's equity valued at fair value (market value) of all its assets and liabilities. In this process of determining the equity value, the eventual existence of unaccounted assets that have fair value, are individualized and can still be traded individually.

According to CVM Resolution 553 of November 12, 2008, which approves Technical Pronouncement CPC 04 from the Accounting Pronouncements Committee, which deals with Intangible Assets, as of January 1, 2009, the Company stopped amortizing goodwill arising from acquired investments. Since some of this goodwill continues to be amortized for tax purposes, the corresponding deferred tax effects have been recognized on the portion of amortization that is excluded for tax purposes. Goodwill is tested annually for *impairment*.

b) Softwares

Expenditure associated with the development or maintenance of *software* are recognized as expenses as they are incurred. Expenditure directly associated with identifiable and unique *software*, controlled by the Company and which will probably generate economic benefits greater than costs for more than one year, are recognized as intangible assets. Direct expenditures include the compensation of the employees of the *software* development team and the appropriate portion of related overhead expenses.

Expenditure for the development of *software* recognized as assets are amortized using the straight-line method over their useful lives, at the rates shown in note 12.

c) Customer portfolio

Customer portfolios, acquired in a business combination, are recognized at fair value on the acquisition date. Contractual relationships with customer have finite useful lives and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

d) Trademarks and licenses

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value on the acquisition date. Trademarks and licenses, valued with a defined useful life, are subsequently carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful life.

28.10 PROPERTY, PLANT AND EQUIPMENT

Recorded at historical cost of acquisition, formation or development, less accumulated depreciation. Depreciation is calculated on a straight-line basis at the rates mentioned in note 11. Property, plant and equipment are recorded at their gross value of credits from the Tax on the Circulation of Goods and Services ("ICMS"), the Social Integration Program ("PIS") and the Contribution for Social Security Financing ("COFINS"), since the Company does not use these taxes as tax credits.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost of the item can be measured reliably. The book value of the replaced items or parts is written off. All other repairs and maintenance are charged against the income statement as incurred.

Depreciation of other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The Useful lives are disclosed in Note 11.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses from disposals are determined by comparing the proceeds with the carrying amount and are recognized under "Other net operating income (expenses)" in the income statement.

28.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Management annually reviews the net book value of non-financial assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate deterioration or loss of their recoverable value. If such evidence is identified, and the net book value exceeds the recoverable value, a provision for devaluation is made, adjusting the net book value to the recoverable value.

The recoverable amount of an asset or a particular cash-generating unit is defined as the higher of value in use and net sales value.

In the estimate of the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates.

28.12 SUPPLIERS

Accounts payable to suppliers are obligations payable for goods or services that have been purchased from suppliers in the normal course of business, and are classified as current liabilities if payment is due within one year (or the normal business operating cycle, even if longer). Otherwise, the accounts payable are presented as non-current liabilities.

The amounts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the value of the corresponding invoice.

28.13 LOANS AND FINANCING

Loans are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the funds raised (net of transaction costs) and the total amount payable is recognized in the income statement over the period of the loans using the effective interest rate method.

The liability component of a compound financial instrument is initially recognized at fair value. The fair value of the liability portion of a convertible debt security is determined using discounted cash flow, considering the market interest rate for a debt security with similar characteristics (period, amount, and credit risk), but not convertible. The equity component is initially recognized by the difference between the total amount received by the Company from issuing the security and the fair value of the recognized financial liability component. Transaction costs directly attributable to the security are allocated to the liability and equity components in proportion to the amounts initially recognized.

After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured after its initial recognition, except upon conversion or when expired.

financings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

28.14 PROVISIONS

Provisions for legal claims (labor, civil and tax) are recognized when: (i) the Company has a present or unformed obligation as a result of events that have already occurred; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Restructuring provisions comprise fines for termination of rental contracts and payments for termination of employment.

When there are a number of similar obligations, the probability of settling them is determined by taking into account the class of obligations as a whole. A provision is recognized even if the likelihood of settlement related to any individual item included in the same class of liabilities is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the obligation as a result of the passage of time is recognized as a financial expense.

28.15 CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

The income tax and social contribution expense represents the sum of current and deferred taxes. Income taxes are recognized in current income, except to the extent that they relate to items recognized directly in equity or comprehensive income. In this case, the tax is also recognized in equity or comprehensive income.

Current and deferred income and social contribution tax charges are calculated based on tax laws that have been enacted, or substantially enacted, by the balance sheet date. Management periodically evaluates the positions taken by the Company in income tax returns with respect to situations where the applicable tax regulations are open to interpretation.

Deferred income tax and social contribution are recognized using the liability method on temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income and social contribution taxes are not accounted for if they result from the initial recognition of an asset or liability in a transaction other than a business combination which, at the time of the transaction, affects neither the accounting profit nor the taxable profit (tax loss).

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are shown net in the balance sheet when there is a legal right and intention to offset them against current taxes, generally when related to the same legal entity and the same tax authority.

28.16 BENEFITS TO EMPLOYEES

a) Share-based compensation

According to CPC10 - Share Based Payments, the premium for these shares, calculated on the authorization date, is recognized as an expense against shareholders' equity, during the waiting period as the services are provided.

b) Profit sharing

The Company recognizes a liability and an expense for profit sharing on an accrual basis, in accordance with the Company's compensation policy.

28.17 SHARE CAPITAL

The shares are classified in shareholders’ equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount raised, net of tax.

28.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

A service contract with customers is defined as an agreement between two or more parties that creates enforceable rights and obligations, and may be written, verbal, or implied.

Revenue is recognized as the Company satisfies the performance obligations, in transferring the service agreed upon with the customer. A service is considered transferred when the customer obtains control of it. For long contracts, the Company obtains formal evidence of the customer's acceptance of the service.

Revenue from customer services is measured at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those products or services.

28.19 DISTRIBUTION OF DIVIDENDS AND INTEREST ON EQUITY

The distribution of dividends and interest on equity to the Company's shareholders is recognized as a liability in the Company's financial statements at the time they are approved by the General Assembly, based on the Company's bylaws or authorized by the Board of Directors.

28.20 LEASES

On the start date of a lease, the Company recognizes lease liabilities measured at the present value of payments to be made during the lease term and right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new remeasurements of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shortest period between the lease term and the estimated useful lives of the assets and are also subject to impairment.

The Company recognizes lease liabilities measured at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including, substantially, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid under residual value guarantees.

When calculating the present value of lease payments, the Company uses its interest rate incremental loan on the start date because the interest rate implied by the lease is not easily determinable. After the start date, the value of the lease liability is increased to reflect the increase in interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the valuation of a call option on the underlying asset.

28.21 LUCRO POR AÇÃO

The basic calculation of earnings per share is made by dividing the net income for the year, attributed to holders of common shares of the parent company, by the weighted average number of common shares available during the year.

Diluted earnings per share are calculated by dividing net income, attributed to holders of shares parent company common shares, by the weighted average number of common shares available during the year, plus the weighted average number of common shares that would be issued on the conversion of all potential common shares diluted into common shares.