

1Q22 Results Presentation (B3: VLID3)

May 11, 2022
10:00 a.m. (BRT) / 9:00 a.m.
(US ET) / 2:00 p.m. (London)

**Access to the
videoconference:**
[click here](#)

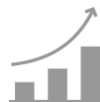
Valid



Disclaimer



This presentation includes forward-looking statements that reflect current beliefs and expectations regarding future financial results and other aspects of the business.



These beliefs and outlooks are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected due to several factors.



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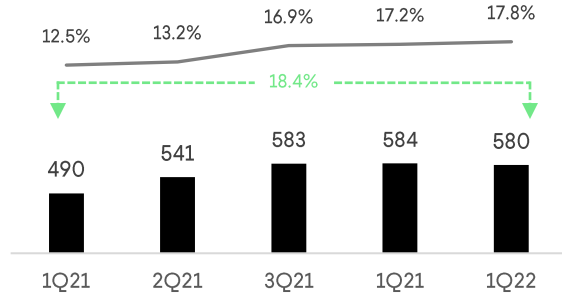
Financial results are reported considering the impacts of the adoption of IFRS 16.

1Q22 Key Messages

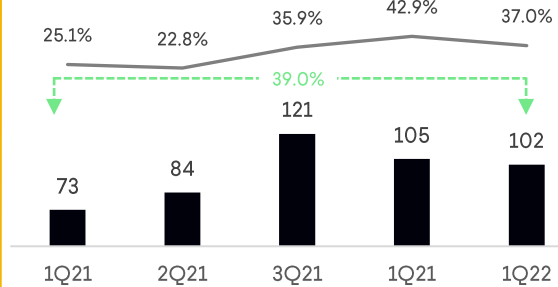
1. Revenue of R\$580MM in 1Q22.
Highest EBITDA ever for a quarter (R\$103MM) for the 3rd consecutive period.
EBITDA margin of 18% in the quarter.
2. In the VGS segment, revenue increased by 39% while EBITDA grew by **105%** in 1Q22.
Another quarter reporting stability in the volume of documents.
3. The VBS segment grew by **17%** in 1Q22, with a margin of **13%**, supported on **continuous demand for smart cards.**
4. In the VDS segment, **revenue grew by 24% in 1Q22.**
LTM revenue already exceeds R\$200MM.
5. In the international business, Telco Global was the highlight, reaching R\$39MM in EBITDA, with a 30% growth and an **EBITDA margin of 25%.**
6. **Net Debt/EBITDA ratio dropped to 1.5x**, providing favorable for renegotiating debts, achieving better spread and term conditions.

Revenue growth in all operating segments compared to 1Q21

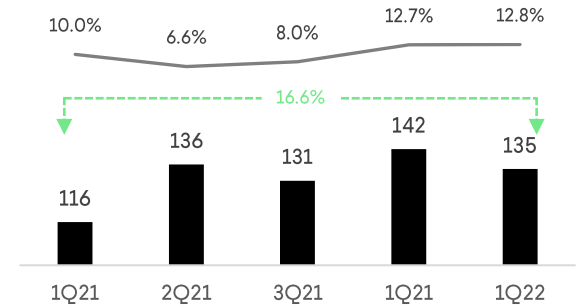
Valid Consolidated



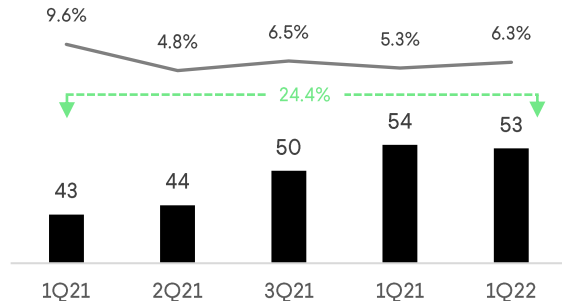
Valid Government Solutions (VGS)



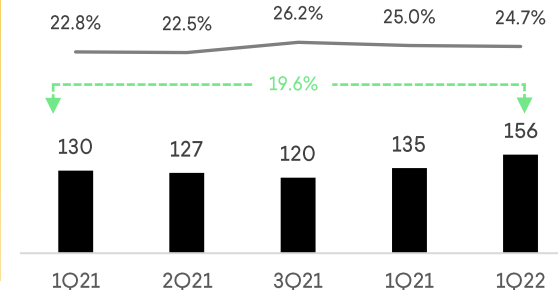
Valid Business Solutions (VBS)



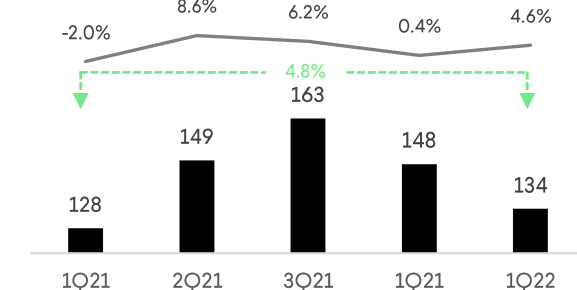
Valid Digital Solutions (VDS)



Telecom



USA



Valid's Revenue grew by 18% with all segments contributing positively. For the third consecutive quarter we reported the highest quarterly EBITDA

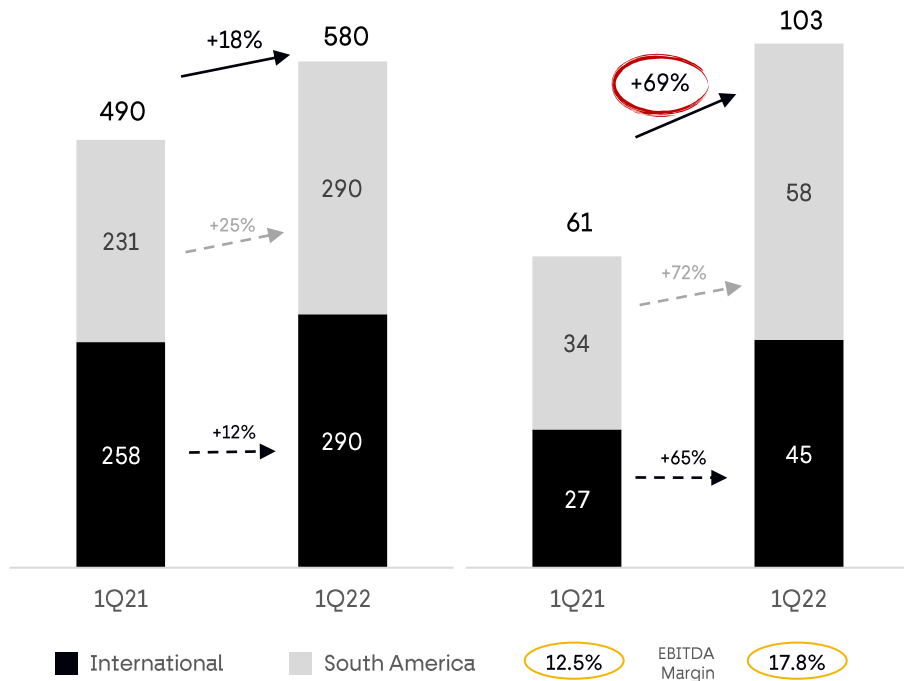
Net Revenue (R\$MM)

EBITDA (R\$MM)

EBITDA Margin (%)

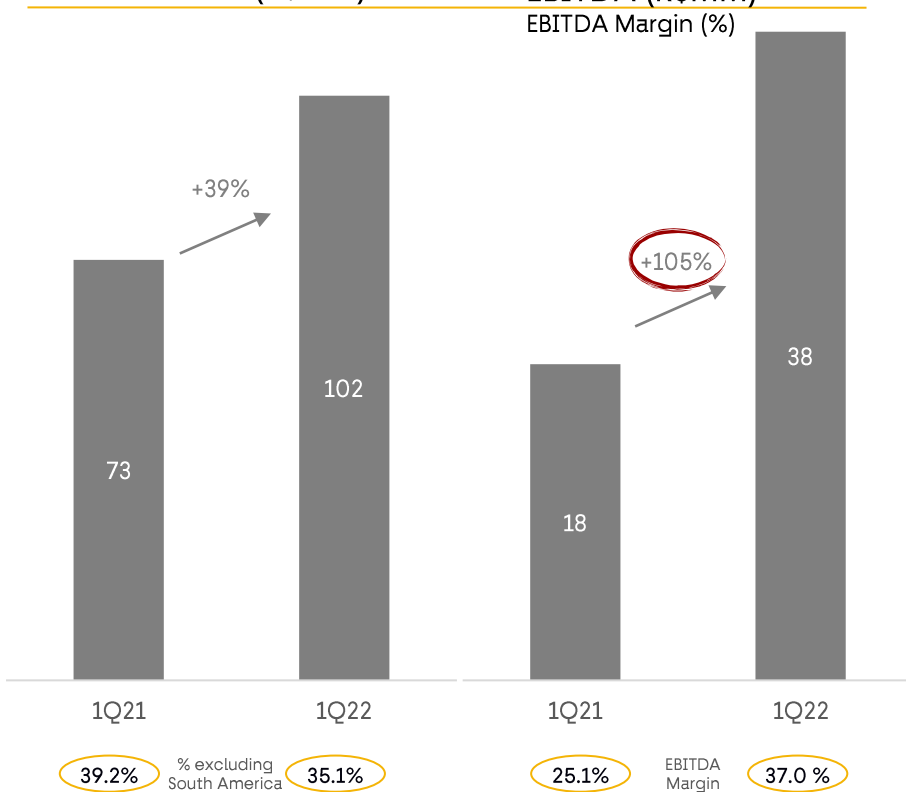
1Q22 Highlights

- Document issuance: +57% YoY
- Smart card production in Brazil: +18% YoY
- Revenue in Argentina: +46% YoY
- Revenue from VDS: +24% YoY
- Revenue from Telco Global: +20% YoY
- EBITDA gains in the quarter in several fronts led Valid to reach a margin of 18%, higher than those reported in the pre-pandemic period.



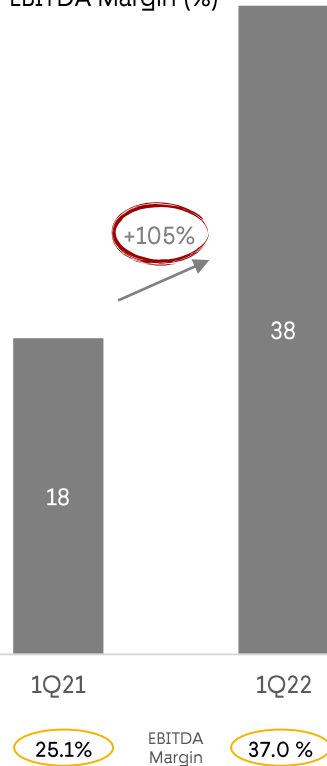
VGS: document issuance remained strong even in a quarter with negative seasonality

Net Revenue (R\$MM)



EBITDA (R\$MM)

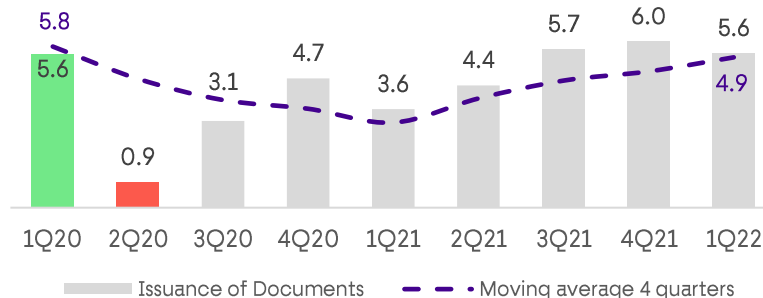
EBITDA Margin (%)



1Q22 Highlights

- Volume of documents issued: +57% YoY
- YoY EBITDA margin increased by +12.0 p.p., as a result of the growing volume recovery, given the strong impact of COVID-19 in early 2021.
- In 1Q22, we renewed important contracts with Detran/RS and IGP/RS.
- We started operations in Piauí and Espírito Santo. The operations in Minas Gerais are expected to start at the end of 2Q22.

ValidID - Physical Documents (BR - MM of units)

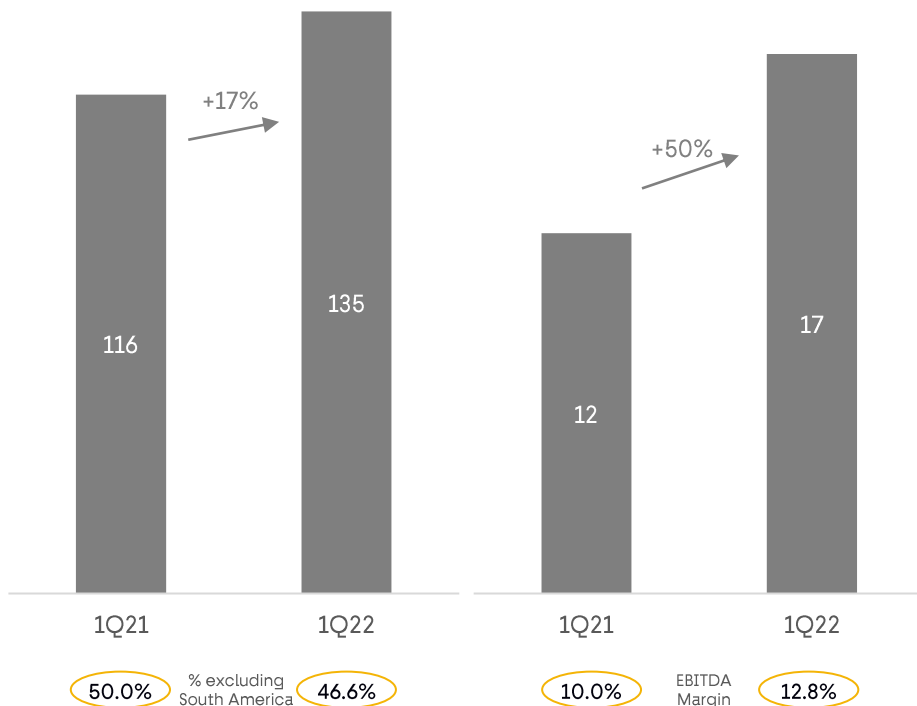


VBS: quarter marked by continued strong demand for smart cards. Higher margins due to better mix and efficiency gains

Net Revenue (R\$MM)

EBITDA (R\$MM)

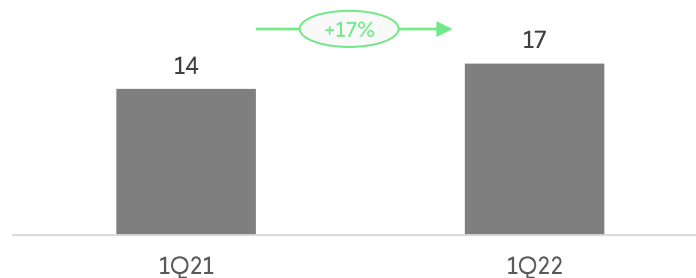
EBITDA Margin (%)



1Q22 Highlights

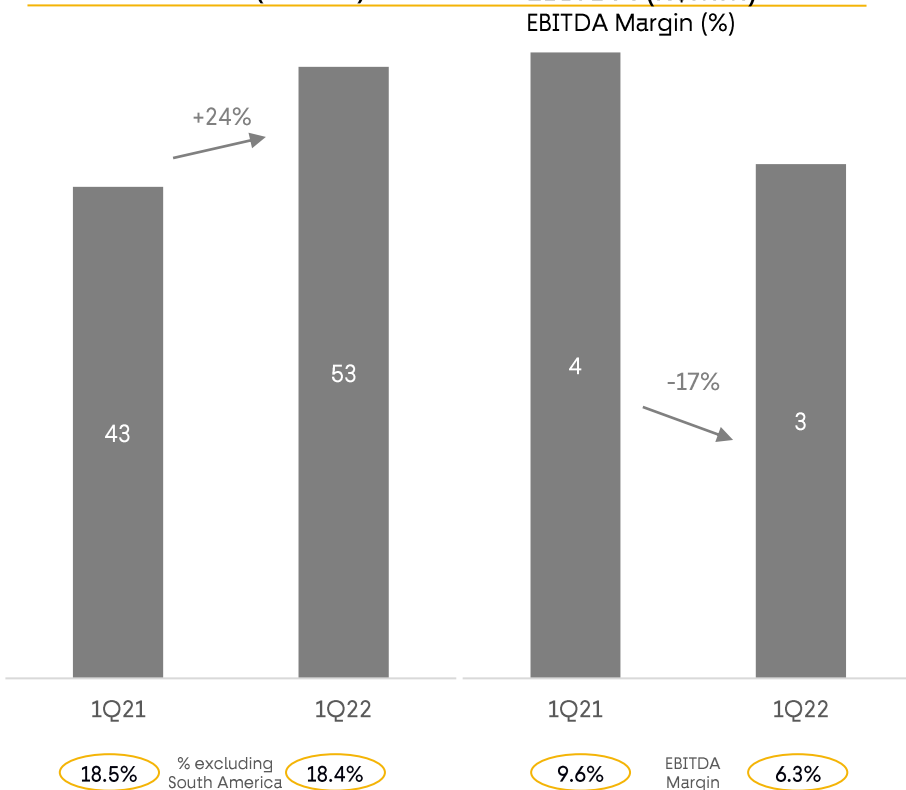
- Main growth levers in the segment were a result of the strong card sales in Brazil and the resumption of business in Argentina.
- Valid has increased its customer base in Brazil, improving commercial conditions, especially for prices and negotiated volumes, benefitting from manufacturing optimization initiatives.
- Higher EBITDA Margin (+2.8 p.p. YoY).

ValidPay - Cards (BR - MM of units)



VDS: digital initiatives continue boosting and already exceed R\$200MM in revenue in the last 12 months

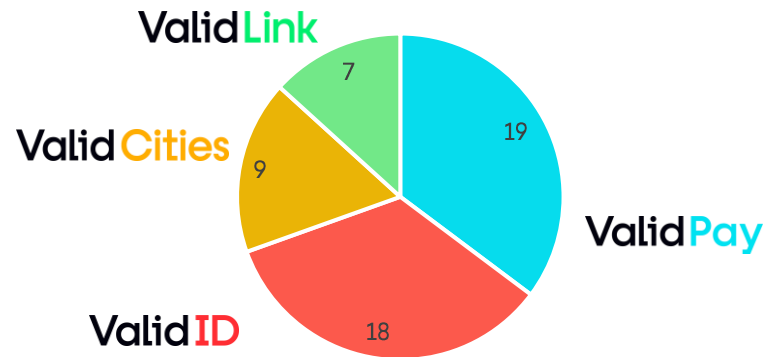
Net Revenue (R\$MM)



1Q22 Highlights

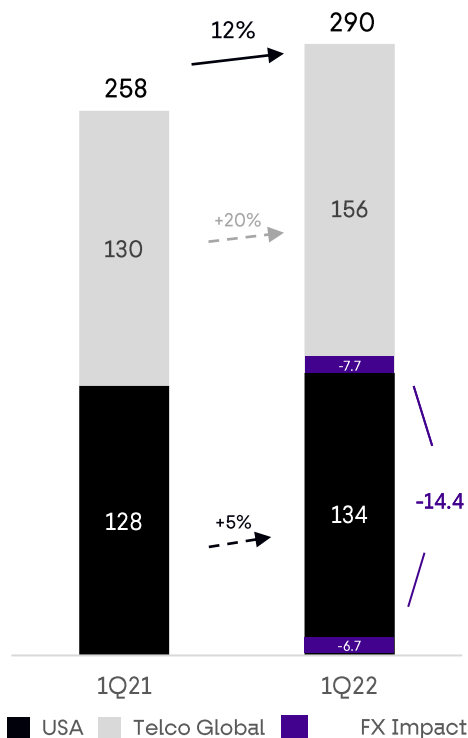
- Different business fronts reported growth in the quarter.
- Main growth lever in the segment came from ValidPay, which increased revenue by R\$5.5MM YoY, especially the solutions for banks and fintechs, as well as the significant growth in delivery in Colombia.
- The ValidCities segment grew by R\$3.9MM YoY.

Breakdown – Digital Revenues 1Q22 (R\$MM)



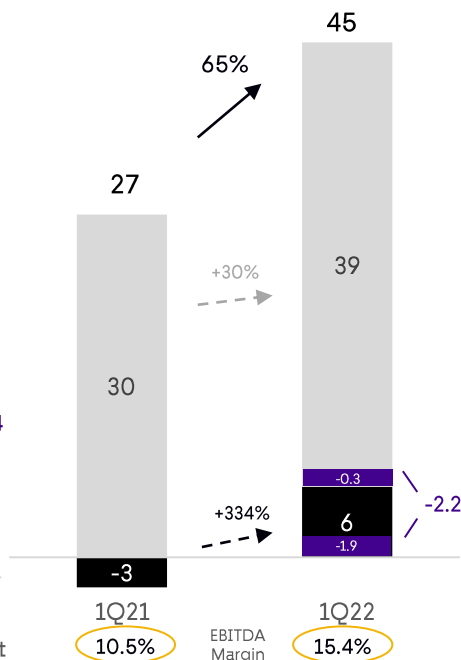
International: Telco Global with continuous growth in revenue and EBITDA. In the USA, quarter marked by the EBITDA recovery

Net Revenue (R\$MM)



EBITDA (R\$MM)

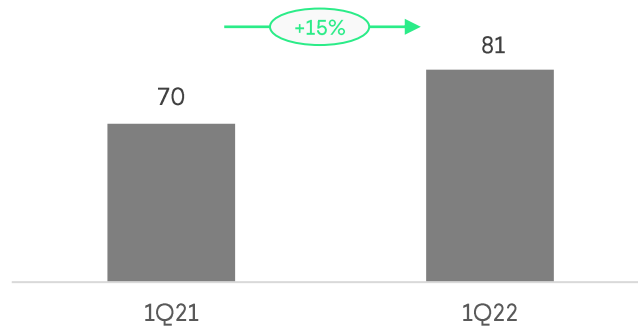
EBITDA Margin (%)



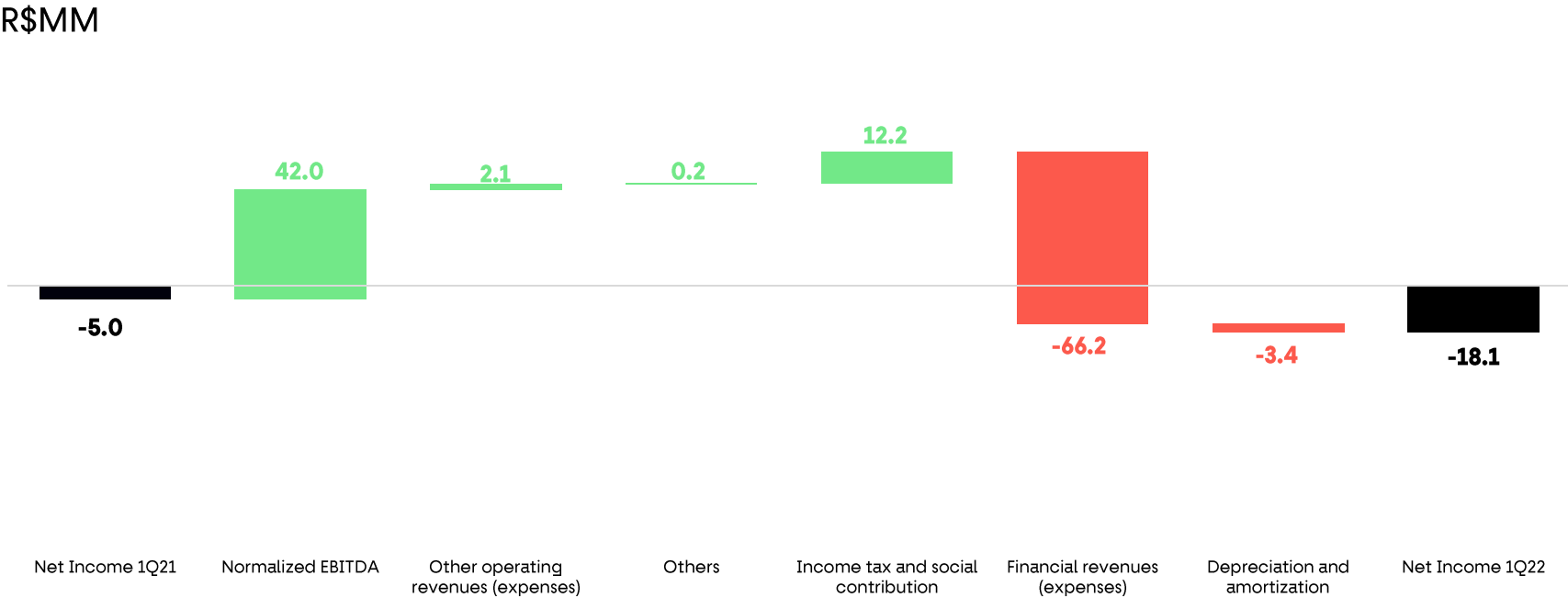
1Q22 Highlights

- Revenue increase of 20%, due to higher sales of SIM Cards, and focus on markets with products with higher average ticket and better margins.
- Telco has maintained margins between 20% and 25% for 7 consecutive quarters.
- USA sales grew by 5% YoY, especially with the resumption of Gift Card sales.

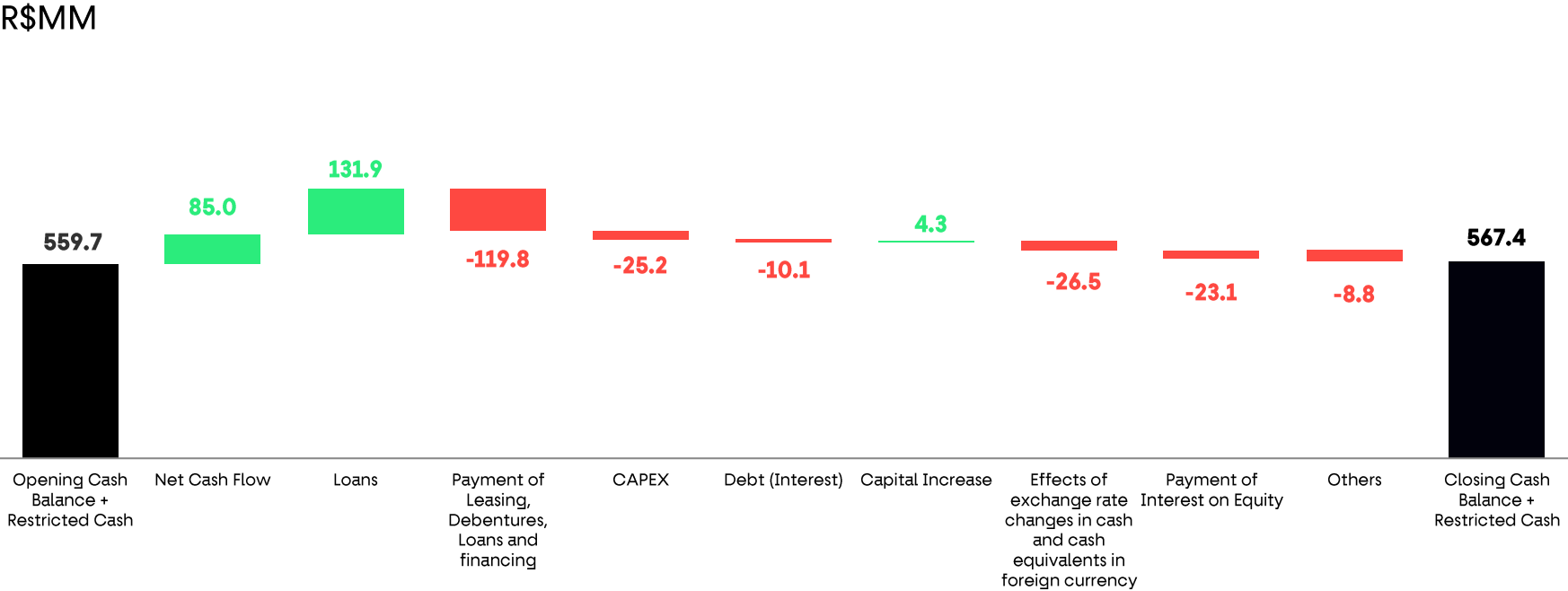
ValidLink - SIM Cards (Global - MM of units)



Despite the YoY EBITDA growth, the last line was impacted by the appreciation of the Brazilian real in the period, which impacts the intercompany loan line. This effect did not impact the company's cash

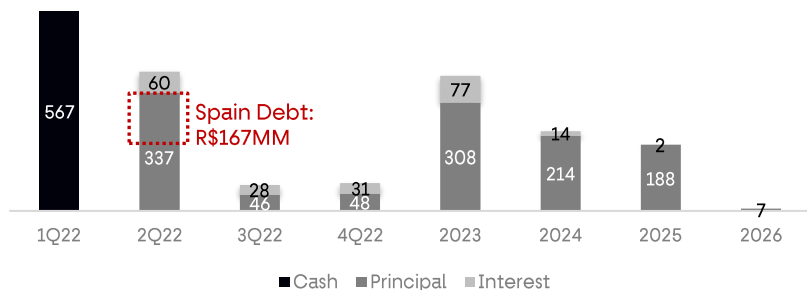


1Q22 Cash Flow: Operational Cash Generation of R\$85MM vs. **-R\$68MM** in 1Q21. In 1Q22, we renegotiated debts and paid IoE

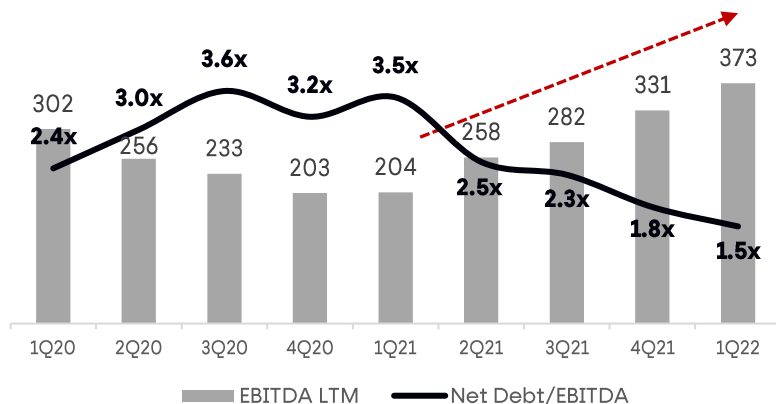


Indebtedness: continuous leverage reduction due to operating cash generation. We recorded important progress in liability management

Current Quarterly Amortization Schedule (R\$MM)



Leverage Ratio (Net Debt / LTM EBITDA)



1Q22 Highlights

- Management focus on the balance of the company's capital structure, extending some debts that would mature in 2Q22.
- In all cases, the renegotiation was conducted together with former creditors that offered Valid better terms and spread compared to previous transactions.
- After the end of the quarter, we were successful in extending debt maturities in Spain.
- Consolidated Gross Debt of R\$1,149MM and Net Debt of R\$582MM, of which 80% in domestic currency.

Subsequent Events

Debt Extension

- Santander (Spain):
€ 13MM – 3 years
€ 4.4MM – 3 years
US\$ 7.1MM – 3 years
- Itaú (Spain):
€ 7.8MM – 3 years
- 9th Debenture Issue:
R\$250MM – 5 years

AESM on 04/20

Share Buyback Program

- End of the program approved in Oct/21, with the repurchase of 2MM shares
- Opening of the New buyback program of up to 1MM shares

Exercise of Subscription Warrants

- 2nd maturity: Sept/22

1Q22 Key Messages



DELIVERIES

- Highest quarterly EBITDA in Valid's history
- Highlight for the evolution of the operating margin, reaching ~18% in 1Q22
- Consistency in delivering results



CAPITAL STRUCTURE

- Significant reduction in leverage
- Debt reprofiling, with extension of terms and rate reduction

Valid

CULTURAL CHANGE

- Focus on the company's core activities with a lot of attention to the future and evolution of the business verticals
- Resumption of PPR/Bonus payment for teams (proud to belong!)
- Attracting new talents + retaining good talents who know the company deeply

Valid

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CEO

Renato Tyszler
CFO and IRO

Olavo Vaz
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Q&A

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