

## Earnings Release

2Q23



August 09



9:00 AM (US ET)

10:00 AM (BRT)

2:00 PM (London)



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**Valid** Trust  
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## 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 materially differ from those projected due to several factors.



Analysts and investors are advised not to place undue reliance on these beliefs and expectations, as they only refer to the date of publication of this presentation. Valid is not obliged to publicly disclose the results of any revisions to these beliefs and expectations.



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

*In 2Q23, Valid did not record nonrecurring entries, so EBITDA and/or Net Income were not normalized. Since the Company had made nonrecurring adjustments to its financial statements in 1Q23 in the amount of R\$5.6M referring to previous fiscal years, year-to-date figures were therefore impacted.*

## Highlights

### Revenue

2Q23: R\$534M (17% YOY)

6M23 R\$1.064M (18% YOY)

- Top line recording two-digit growth vs. 2Q22 and 6M22
- Two-digit growth across business verticals

### Normalized EBITDA

2Q23: R\$135M (13% YOY)

6M23 R\$284M (30% YOY)

Margins of 25.2% in the quarter and 26.7% in 6M23

- Significant EBITDA growth in the quarter and the first half of the year
- Important EBITDA-to-cash conversion rate, reaching 72% in the quarter

### Normalized Net Income

2Q23: R\$58M

6M23 R\$123M

Margin of 11% in the quarter

- EPS of R\$0.72 in the quarter
- New distribution of IOE of R\$0.20 per share approved and paid on July 31

### Leverage

Gross Debt: R\$741M

Cash Position: R\$440M

NET Debt/EBITDA: 0.5x

- Gross debt reduced by over R\$130M in the quarter
- Solid cash position with leverage at an all-time low

## Highlights

### ValidID

- Document issue reached 7.3 million units in the quarter
- Attendance at important E-gov events and forums in Brazil and abroad
- Acquisition of Flexdoc in late May 2023

### ValidPay

- Significant sales and EBITDA growth
- The Argentinian market continues to stand out with strong prices and margins

### ValidMobile

- Revenue from the Mobile segment grew by 11% over 2Q22 and by 6% over 1Q23
- Volume increased quarter on quarter in 2Q23, from 62.3 million to 69.6 million units

## Full acquisition of Flexdoc: part of the strategy to advance in Digital ID



# Valid

The highest-quality digital onboarding technology in the market, with 50 million transactions (AI, KYC, BGC, Forensic Document Examination)

Access to Valid's channels and clients

Low-cost and high-scale solution

Development of new products for new sectors

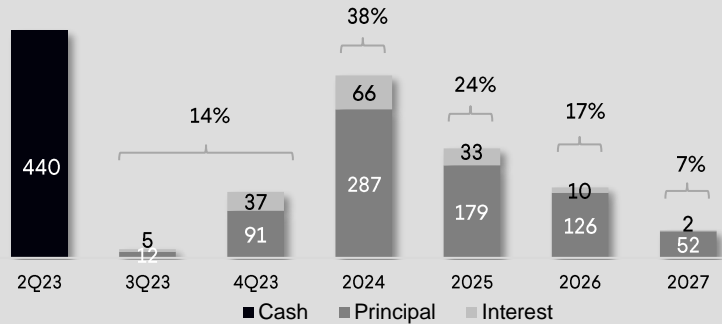
Team with decades-long experience in the technology development sector

Strong brand

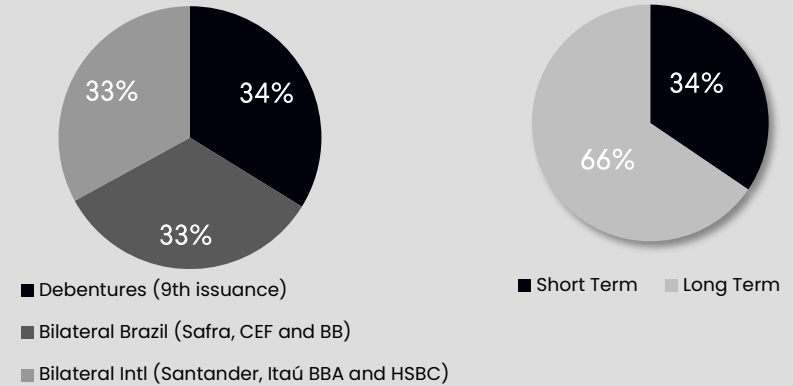
**Reinforcement of Valid ID's digital product portfolio**

## Liquidity: Lower leverage level and comfortable cash position.

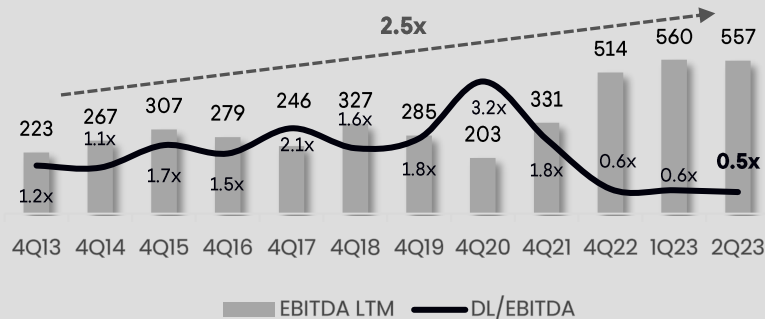
Current Amortization Schedule (R\$ million)



Debt Breakdown (R\$741M)



Leverage Ratio (Net Debt / LTM EBITDA)

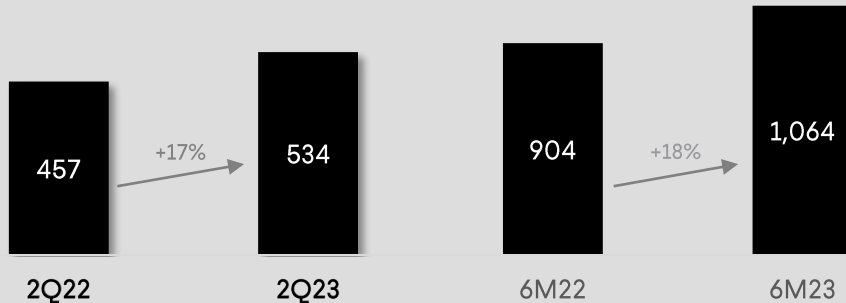


### Highlights:

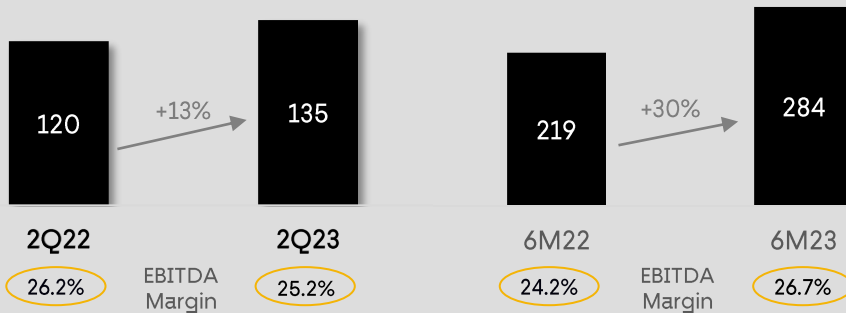
- Net Debt reduced by 44% YOY, to current R\$301M.
- Net Debt/EBITDA: 0.5x
- The cash position at the end of the quarter of R\$40M is sufficient to comfortably settle all principal amortizations until the end of 2023 and 2024.

**Consolidated:** Quarter marked by higher Revenues and EBITDA year on year, with positive contribution from all segments.

Net Revenue (R\$ million)

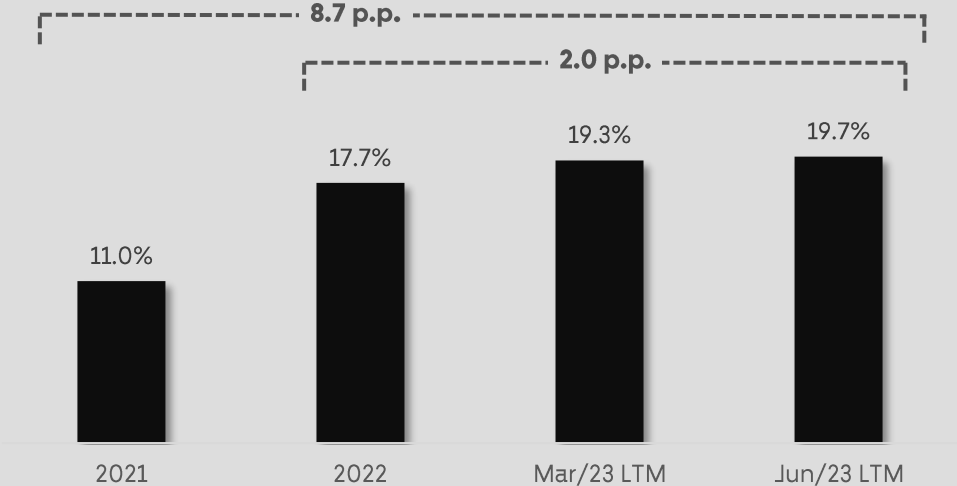


EBITDA (R\$ million)  
EBITDA Margin (%)



- **ID:** Document issue reached 7.0 million units in the quarter (+12% YOY)
- **Pay:** Argentina continues to be the main positive highlight, reporting strong results in sales and margins.
- **Mobile:** Margin ranges maintained between 20% and 30% in yet another quarter
- Well-balanced generation of Revenue and EBITDA among business lines
- LTM EBITDA reached R\$557M
- EBITDA margin reaches 26.7% in 6M23, up by 2.5 p.p. over 6M22.

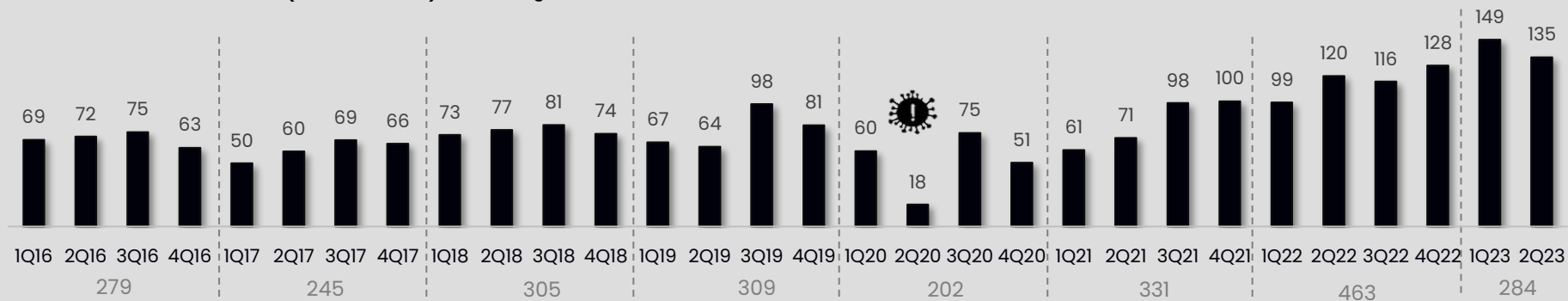
**ROIC:** Improved operating margins are driving ROIC to grow continually.





## Performance of EBITDA and Net Income

Normalized EBITDA (R\$ million) (excluding USA)



Net income (R\$ million)

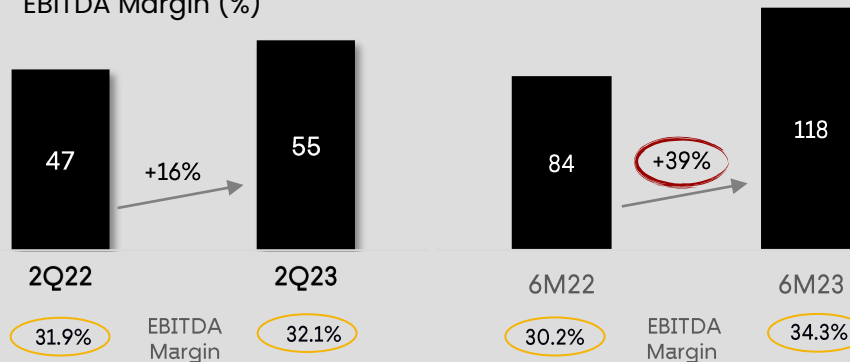


**Valid ID:** The issue of documents accounted for one of the highest volumes ever, reaching 7.0 million in the quarter.

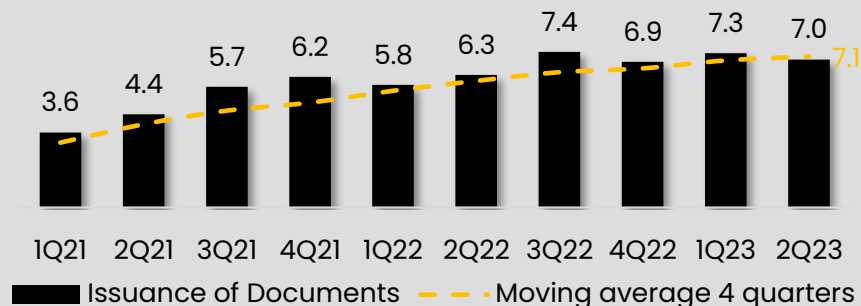
Net Revenue (R\$ million)



EBITDA (R\$ million)  
EBITDA Margin (%)



Physical Documents (Brazil - millions of units)

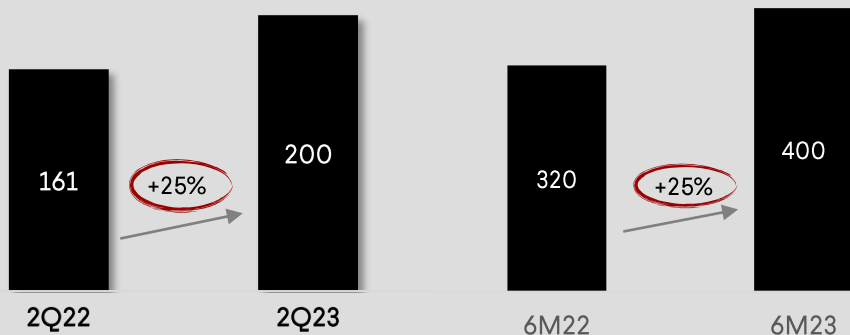


### Highlights:

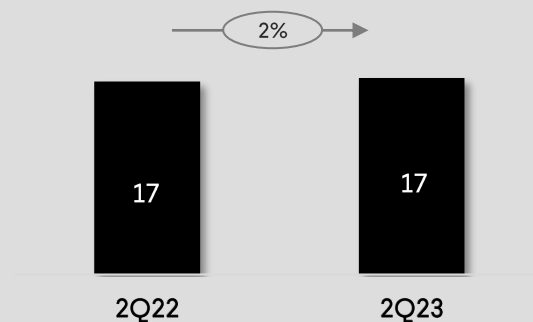
- Valid ID's EBITDA grew by 16% year on year in 2Q23, owing to i) the higher volume produced; and ii) lower costs, given the operational efficiency pursued over the last quarters.

## ValidPay: Higher sales and EBITDA stood out, leading margins to increase significantly.

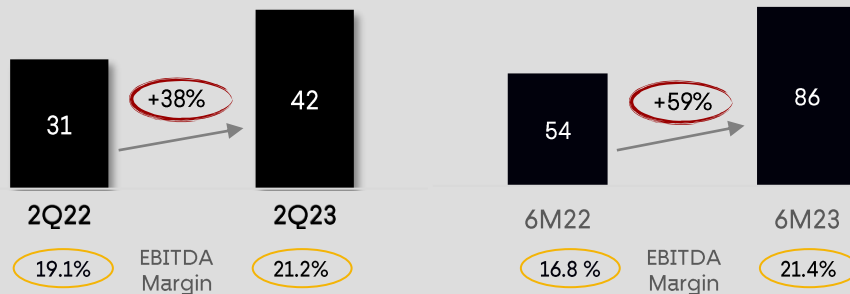
Net Revenue (R\$ million)



Smart Cards (Brazil and Argentina - million of units)



EBITDA (R\$ million)  
EBITDA Margin (%)



### Highlights:

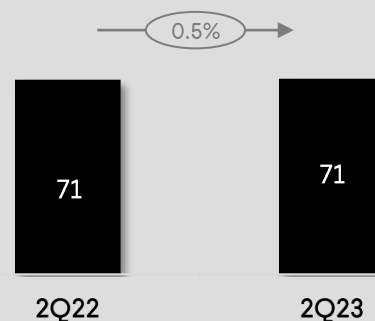
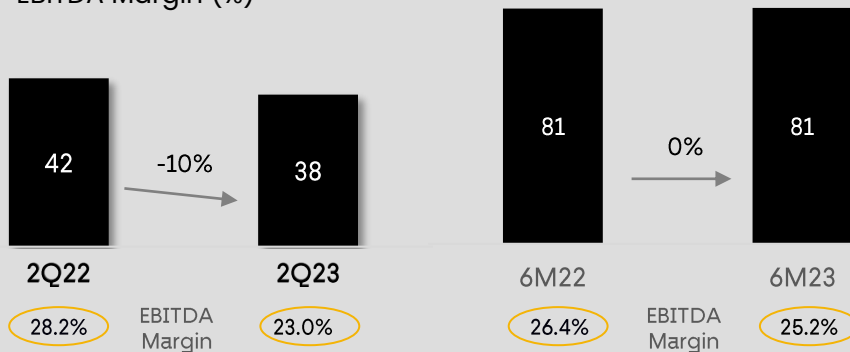
- Despite the slight increase in card volume, revenue and margins rose because of better prices.
- As was in 1Q23, the greater positive contribution came from Argentina, which continues to show to Valid a favorable scenario in the short term.
- EBITDA Margin of 21.2%, up by 2 p.p. over 2Q22 and 4.6 p.p. in 1H23.

**ValidMobile**: Despite the growth in sales, EBITDA fell compared to 2Q22. Year to date, it was in line with 2022.

Net Revenue (R\$ million)



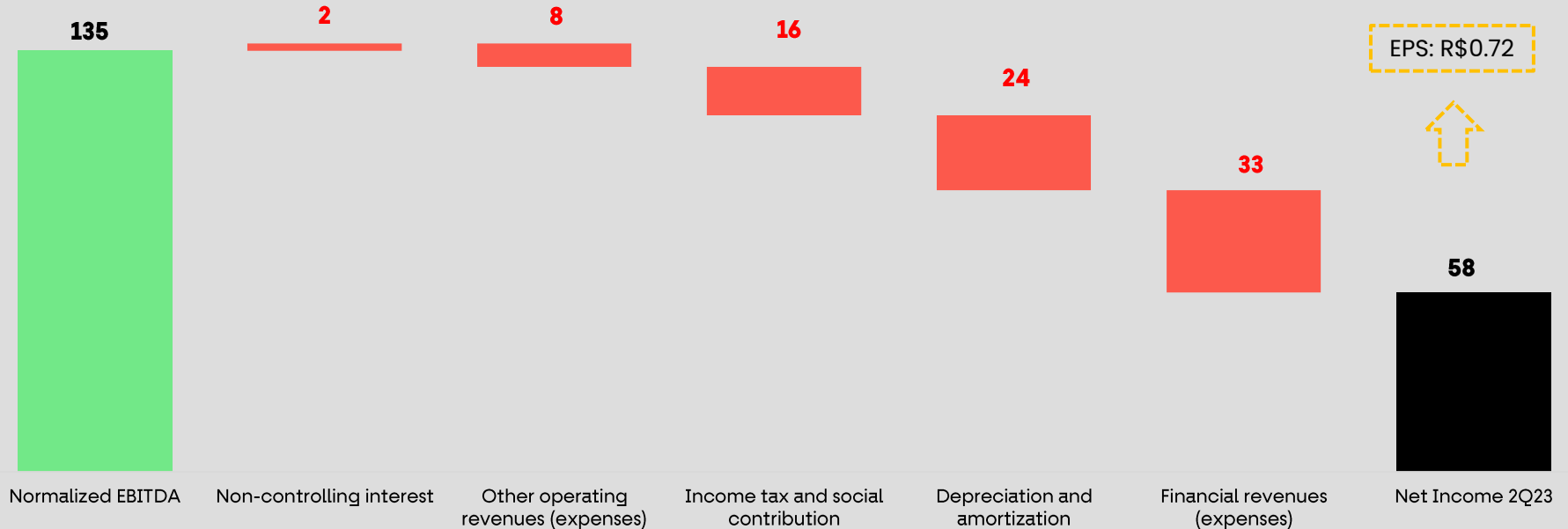
SIM Cards (Global - millions of units)

EBITDA (R\$ million)  
EBITDA Margin (%)**Highlights:**

- Revenue rose by 11% year on year and by 6% quarter on quarter.
- In the quarter, SIM card volumes sold saw an increase, but with lower average prices.
- Even with lower prices, operating margins ranged between 20% and 30% in 2Q23. Year to date, operating margins were in line with 2022.

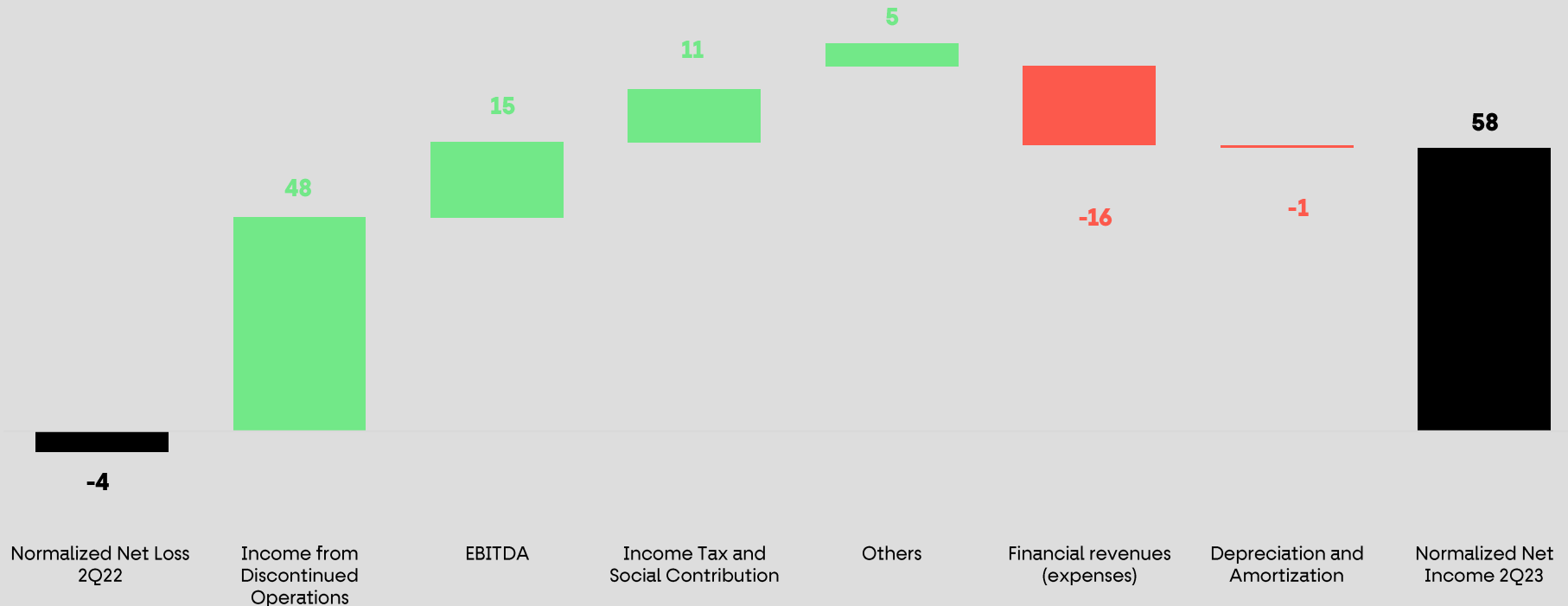
**EBITDA to Net Income:** As was in 1Q23, without nonrecurring effects, Valid delivered strong results for yet another quarter.

R\$ million



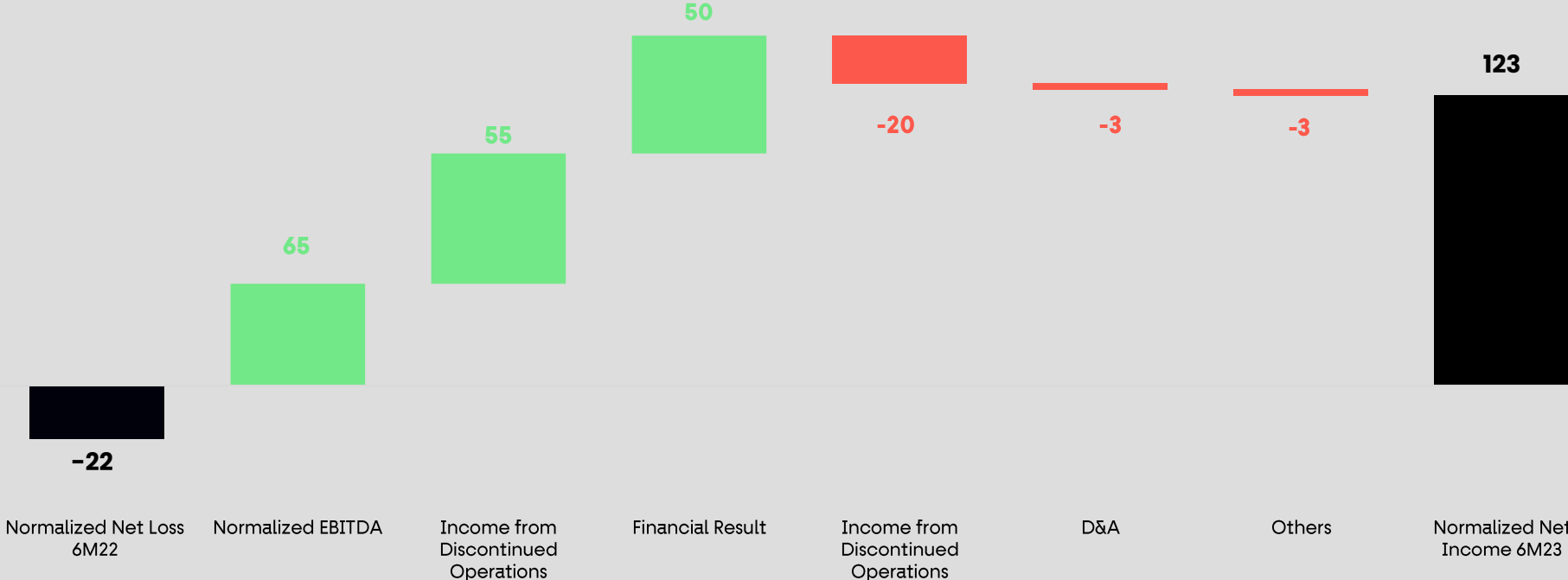
**2Q22 > 2Q23 Bridge:** The increase in the result compared to 2Q22 was due to the elimination of nonrecurring items and the operational improvement.

R\$ million



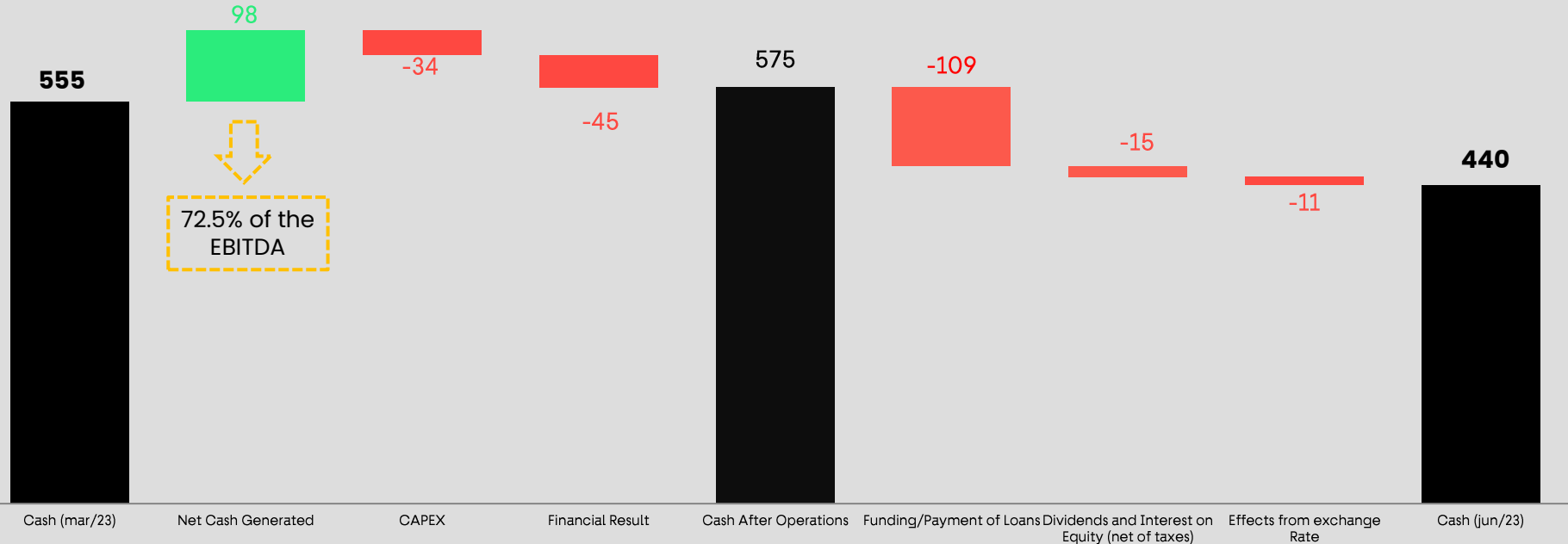
# 6M22 > 6M23 Bridge

R\$ million



**2Q23 Cash Flow:** Operational Cash Generation was R\$98 million, representing 72.5% of the EBITDA recorded in the quarter.

R\$ million

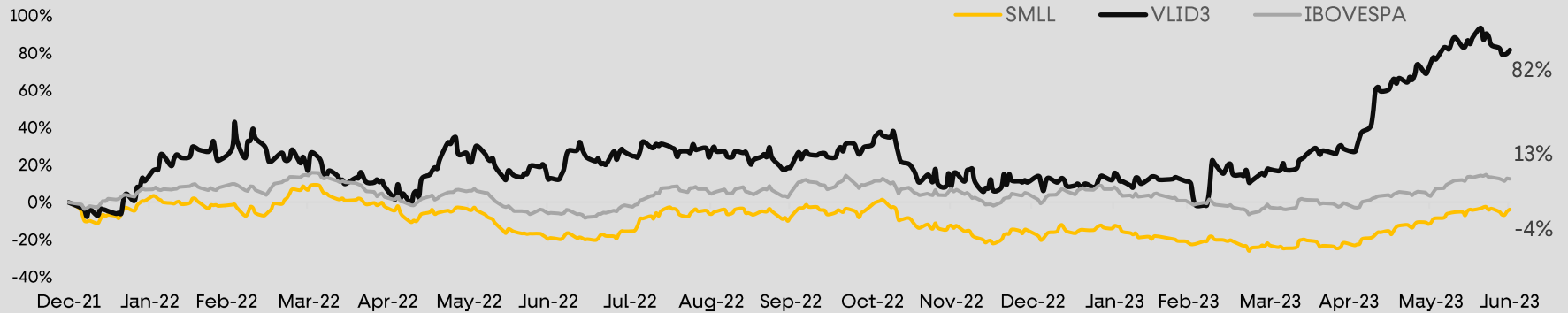


Note: Operating Cash Generation: EBITDA - Taxes on Result - Working Capital



## Capital Markets: VLID3

Stock Performance (VLID vs. IBOV vs. SMLL)



### Payment of Interest on Equity (IOE)

- Payment of **R\$23.1 million** in IOE in January 2022 (R\$0.2904 per share);
- Payment of **R\$21.0 million** in IOE in January 2023 (R\$0.2630 per share).
- Payment of **R\$14.4 million** in IOE in May 2023 (R\$0.1800 per share).

Stock price: R\$14.65

Market cap: R\$1.2B

Outstanding shares: 80,080,390 shares

TOP 5: 54% of shares

Base date as of June 2023

## Subsequent Events

### **New Debt with Banco ABC BTG Amortization**

- Funding of R\$30 with Banco ABC through FINAME - Materials
- Prepayment of WK transaction with BTG

### **Sales - USA**

- Receipt of the final installment of the working capital adjustment on July 31

### **Interest on Equity**

- Approximate amount of R\$16 million, with R\$0.20 per share
- Payment Date: July 31, 2023

## Market, Clients and Events

- On June 20, the Rio de Janeiro State Executive Branch authorized the execution of a judicial agreement between DETRAN-RJ and Valid to receive amounts due from previous years
- On June 29, we won the price phase referring to the new contract with PC-DF. This invitation bid increases the scope of services to be rendered and considers the likelihood of issuing polycarbonate documents

### Febraban Tech



### E-Gov - Estonia



## 2Q23 Key Messages

### Deliveries

- Two-digit growth in Revenue and EBITDA
- Major EBITDA-to-cash conversion rate
- Net Income of R\$58 million and new payment of IOE

### Opportunities

- Monitoring of working capital throughout the 2nd semester
- Continuous deleveraging movement
- Valid Investor Day on September 20

Valid

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## Investor Relations

**Ivan Murias**  
CEO

**Olavo Vaz**  
Head of Corporate Finance

**Julia Araujo**  
Corporate Finance and IR Supervisor

**Rafael Quintanilha**  
Corporate Finance and IR Specialist

**Paulo Vitor Lima**  
IR Analyst

**Angela Carolina Barbatti**  
IR Intern



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# Q&A Session

Thank you for participating!