

# 4Q22 Results Presentation (B3: VLID3)

March 09, 2023  
10 a.m. (BRT) / 8 a.m. (US  
ET) / 1 p.m. (London)

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

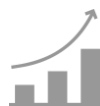
Valid  
65 anos



# 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 a guarantee 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 4Q22, Valid recorded non-recurring items in its financial statements of R\$6.7 million under operating expenses, due to the receipt of past amounts from a major client from the government segment. In 2022, such launches totaled R\$15.5 million.

## Highlights<sup>1</sup>:

### Revenue

4Q22: R\$ 479M (9.5% YoY)  
2022: R\$1,879M (16% YoY)

- Sales increase in all BUs

### Normalized EBITDA

4Q22: R\$129M (29% YoY)  
2022: R\$463M (47% YoY)

- Best quarterly and annual EBITDA
- Margins of 26.9% in 4Q22 and 24.6% in 2022

### Normalized Net Income

4Q22: R\$18M (-36% YoY)  
2022: R\$9M (-77% YoY)

- Profit before the USA effect of R\$97M
- 2<sup>nd</sup> consecutive year of positive results
- Payment of IoE on January 31, 2023

### Leverage

Gross Debt: R\$840M  
Cash: R\$513MM  
NET Debt/EBITDA: 0.7x<sup>2</sup>

- R\$315M debt reduction (27%)
- 1.1x leverage reduction (60%)
- Lower leverage ever in Valid's history

<sup>1</sup> Excludes figures from the assets sold in the USA.

<sup>2</sup> Net Debt/EBITDA considering figures from the assets sold in the USA would fall to 0.6x

## ValidID

- More than 26M documents were issued in 2022, up by 33% YoY
- New ID card (RG) Agreements: MG, ES, PI, with service expansion
- New National ID Card (Law 10,977) and roll-out of pilot issues under the new standards already started in four states
- Minority shareholding of Vsoft aiming at increasing the product portfolio

## ValidPay

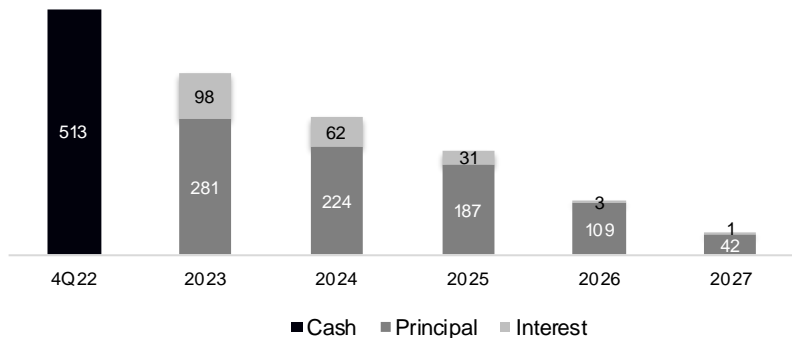
- Significant margin increase due to better product mix
- The only market player with recycled cards made from national inputs under a certified process.
- The Digital Solutions unit continues growing with customers outside the financial sector, accounting for 60% of sales

## ValidMobile

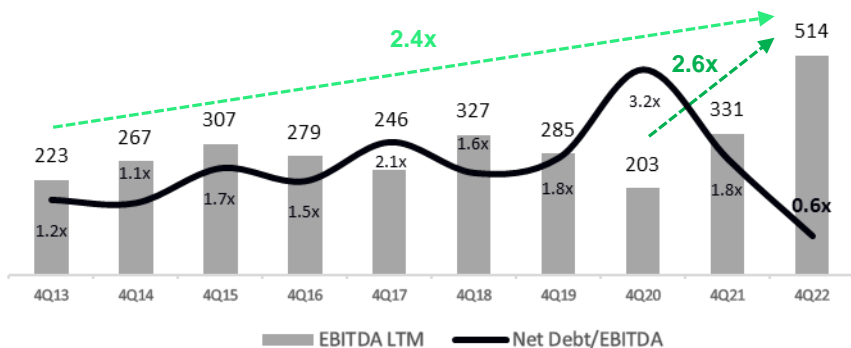
- Intensive work with our SIM card suppliers to serve clients amid product shortages
- Product mix, focusing on high-end and 5G products
- Operating margins ranging from 20% to 30%
- Major advances in the Mobile Solutions and OEM front, attracting new clients and signing commercial agreements.

## Liquidity: Lower leverage level reported by the Company and comfortable Cash position

Current Amortization Schedule (R\$ million)



Leverage Ratio (Net Debt / LTM EBITDA)<sup>1</sup>



<sup>1</sup> EBITDA figures include the USA assets until Nov/22. Excluding the USA, leverage would be 0.7x in 4Q22.

Per Type de Debt (R\$840M)

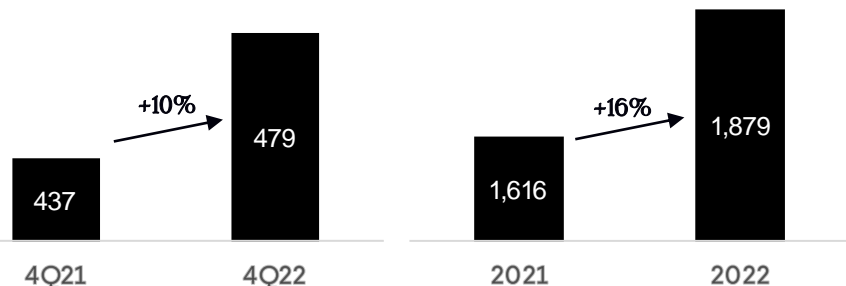


Highlights

- One of management's focuses in the 2 last years was the balance of the Company's capital structure.
- Decline of nearly 30% of Gross Debt since Dec/21, currently totaling R\$840M, and Net Debt of R\$327M
- With a significant decrease in leverage and debt service, we aim at improving the EPS dynamics in 2023

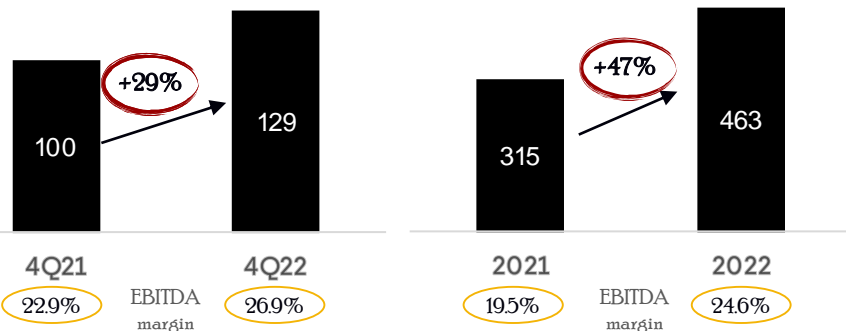
## Quarter and year marked by record EBITDA, with positive contributions from all segments

### Net Revenue (R\$ million)



### EBITDA (R\$ million)

### EBITDA Margin (%)

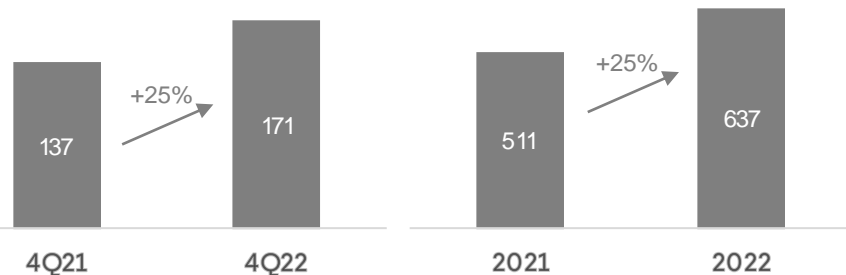


### Highlights

- **ID:** Document issue reached 6.9 million in the quarter and 26.4 million in 2022 (+33% YoY).
- **Pay:** Significant margin in 4Q22, due to the sale of higher value-added cards. Argentina was the main highlight in 2022, reporting strong results both in sales and margins
- **Mobile:** 15% YoY increase in Revenue and EBITDA, due to the focus on markets with higher average tickets and better margins
- LTM EBITDA exceeding R\$460 million, up by 47% over 2021
- EBITDA Margin reached 24.6% in 2022, up by 5 p.p. over 2021

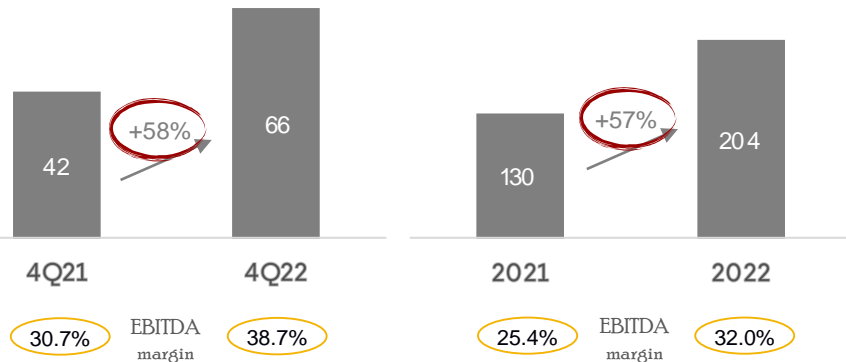
**ValidID** : 2022 reported the best figures in terms of issues, with 26.4 million documents issued

### Net Revenue (R\$ million)



### EBITDA (R\$ million)

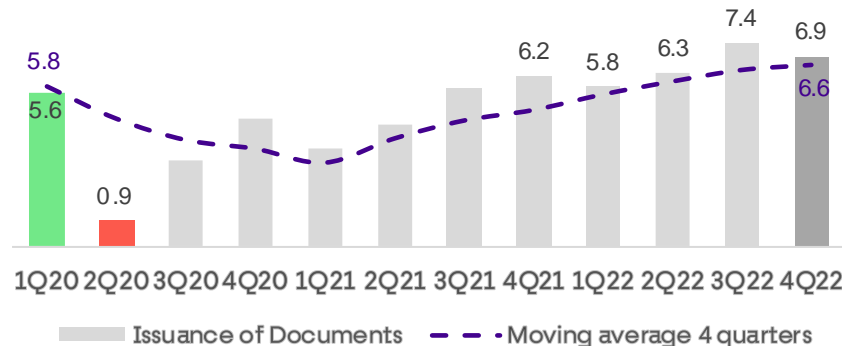
### EBITDA Margin (%)



### Highlights

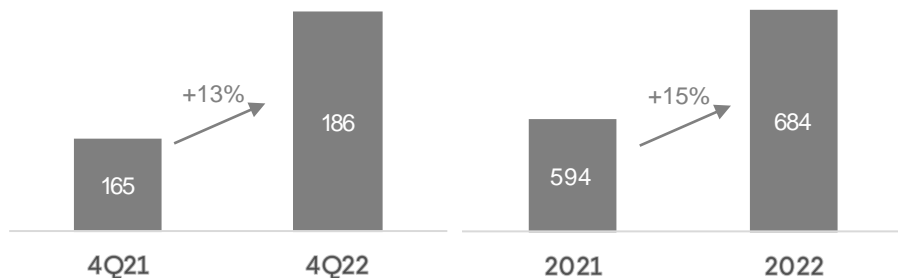
- Record issue volume due to the resumption of operating levels and entry in new states
- 4Q22 reported the best quarterly margin in 2022, increasing by 7p.p.
- In 2023, the implementation of the new National ID Card may be a positive lever

### Physical Documents (BR - million units)



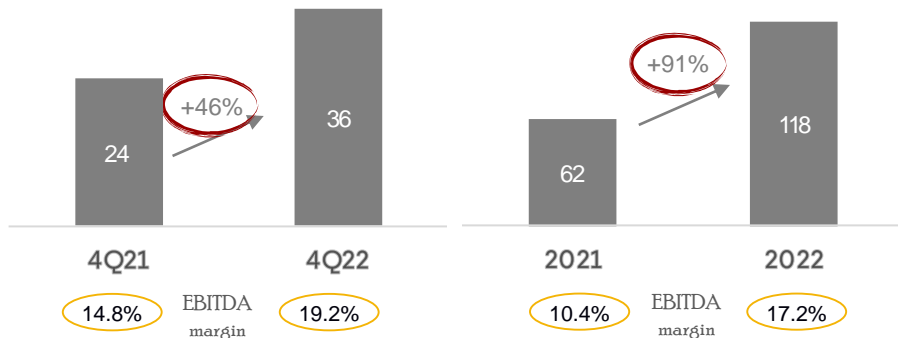
**ValidPay** : Another period with significant margins due to better mix, focused on lower costs, and sales in Argentina

Net Revenue (R\$ million)



EBITDA (R\$ million)

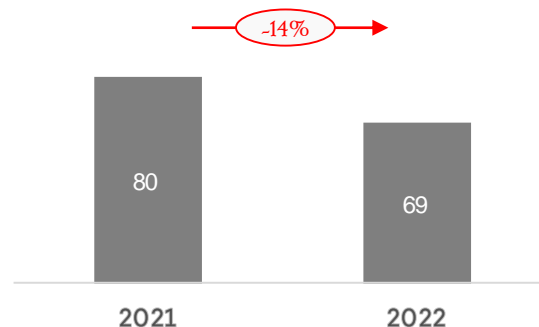
EBITDA Margin (%)



Highlights

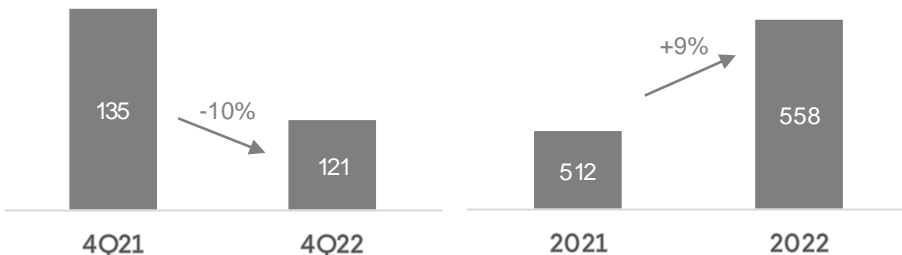
- Despite the decrease in the volume of cards, revenue and margins increased
- Argentina recorded significant sales growth in 2022 and was one of the main responsible for the increase in EBITDA compared to 2021
- Margin of 17.2% in 2022, up by 7 p.p. over 2021

Smart Cards (BR and ARG - million of units)



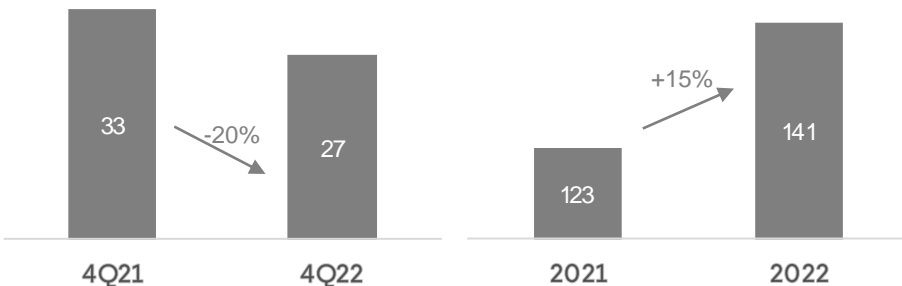
# ValidMobile : Another year of record Revenue and EBITDA

## Net Revenue (R\$ million)



## EBITDA (R\$ million)

### EBITDA Margin (%)



24.6%

EBITDA  
margin

22.0%

24.1%

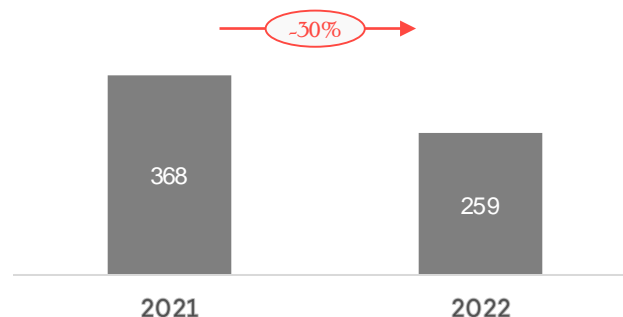
EBITDA  
margin

25.3 %

## Highlights

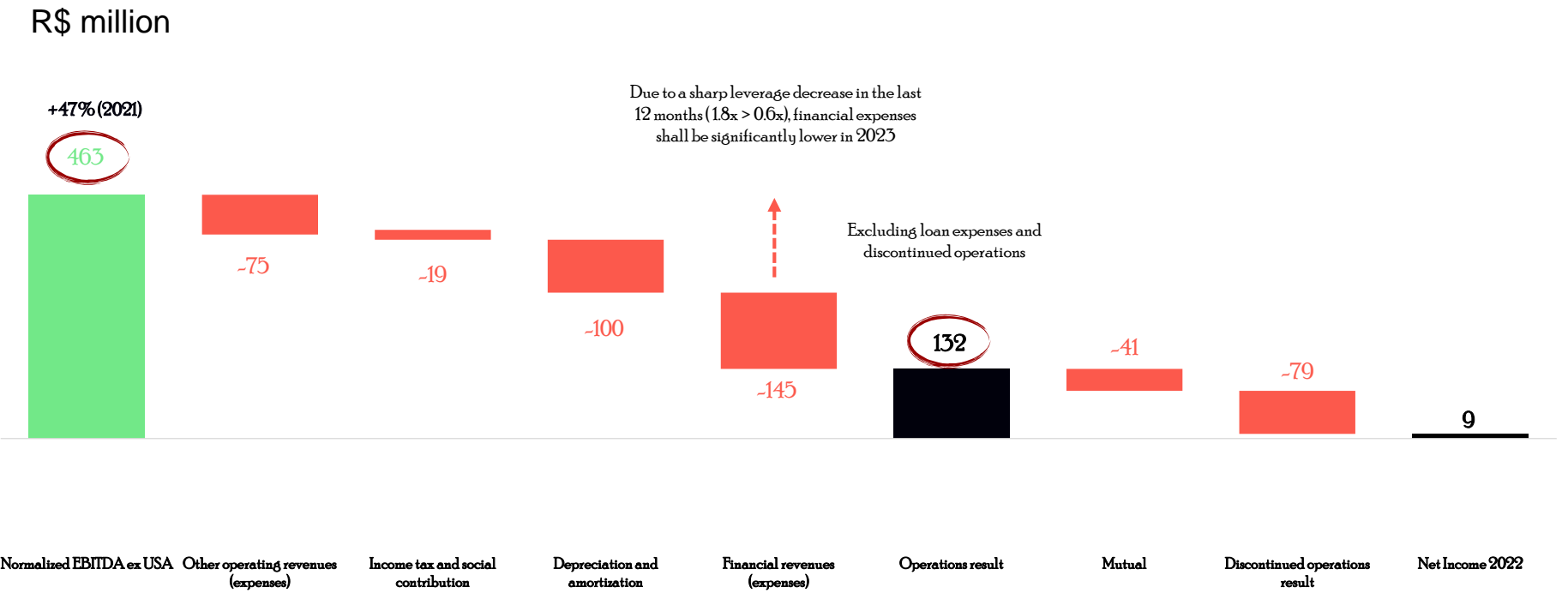
- Despite the 30% drop in volumes in 2022, the lack of SIM cards led to an increase in average prices, contributing to Revenue and margins
- The fourth quarter is seasonably weaker, with increased anticipation of SIM card purchases for the operator's end-of-year campaigns in 2022
- We reported another quarter of operating margins ranging from 20% to 30%

## SIM Cards (Global - millions units)

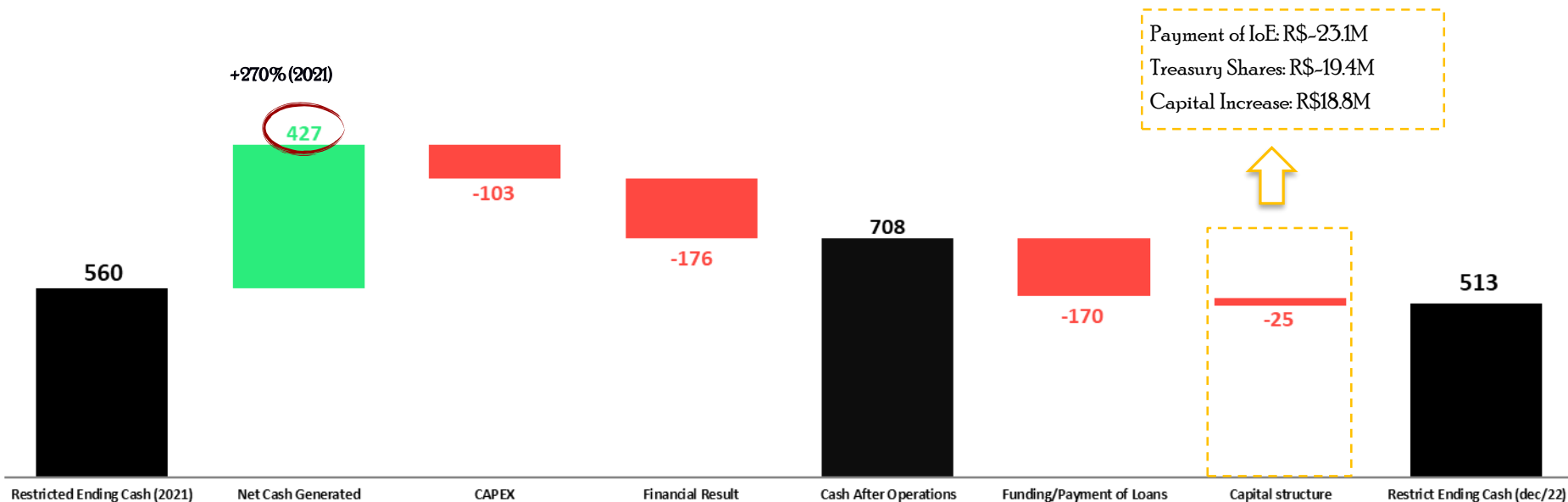




EBITDA significantly grew in 2022, but we had negative accounting effects from the write-off of the USA assets and loans totaling more than R\$120M



**2022 Cash Flow:** Operating Cash Generation of R\$ 427M vs. R\$ 116M in 2021. In 2022, we reduced indebtedness, paid interest on equity, and repurchased shares



**Operating Cash Generation: EBITDA - Taxes on Result – Working Capital**  
**Fundraising/Amortization includes the Sale of Assets**

## Subsequent Events

### **Payment of IoE**

- R\$21M on 01/31/2023

### **Date of the AESM:**

- April 20, 2023

Reviewing our Goals (Valid Day 2021 and 2022)

In the Short-term, We Will Focus on Five Objectives...

Objectives	1	2	3	4	5
	"Profit from the core"	"Achieve scale on digital"	"Go digital on mobile"	"Go simple and lean"	"Transform the organization and culture"
KRs (2021 FY)	<p>Recover</p> <p><b>RS 200 MM</b></p> <p>in Revenues</p> <p>Reach</p> <p><b>48%</b></p> <p>Contribution margin (Physical/core products)</p> <p>Retain</p> <p><b>Gov. Contracts</b></p> <p>volume</p>	<p>Grow</p> <p><b>RS 90 MM</b></p> <p>in Revenues</p> <p>Reach</p> <p><b>50%</b></p> <p>Contribution margin</p>	<p>Secure</p> <p><b>14 projects</b></p> <p>to sell SM-, DP+ and profile generation to MNOs</p> <p>Secure at least</p> <p><b>1 deal</b></p> <p>with a large OEM To sell e-SIM OS</p> <p>Create track record on</p> <p><b>Secure OS</b></p> <p>business</p>	<p>Divest selected business</p> <p><b>~RS 0</b></p> <p>Net Debt</p> <p>Ensure at least</p> <p><b>~RS 20 MM</b></p> <p>EBITDA (impact from cost efficiency initiatives)</p> <p>Improve</p> <p><b>Cost Control</b></p> <p>and restructure IR, highlighting long-term business sustainability</p>	<p><b>Data-driven</b></p> <p>decision Process to periodically review portfolio</p> <p>Structure</p> <p><b>Digital</b></p> <p>Products Area (development &amp; partnerships)</p> <p><b>&gt;50%</b></p> <p>of Tech Teams using Agile methods</p> <p>Structure</p> <p><b>ESG</b></p> <p>Area</p> <p><b>Valid</b></p>

## Reviewing our Goals (Valid Day 2021 and 2022)


Final RemarksValid Investor Day


### Five goals presented in 2021


**View**


Facilitate our customers' digitization journey, ensuring people's privacy, data and transaction security and a fluid experience.


Goals

**1**  
Maximize core

**2**  
Scale up in digital

**3**  
Build the V/Mobile transition

**4**  
Be simple and agile

**5**  
Transforming culture and organization

30

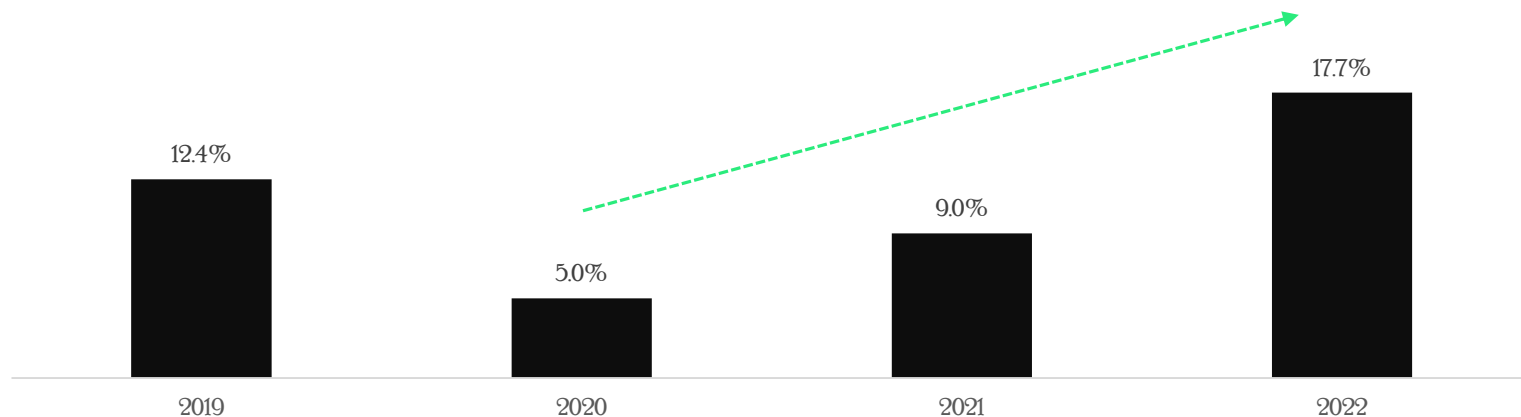
June

2022

Some of the actions carried out in the last two years:

- Continuous focus on profitability within the three business areas with delivery of the best results ever recorded;
- Operational optimization in Brazil: Concentration of the São Bernardo and Cajú operations in Sorocaba (SP);
- Discontinuation of initiatives with low margin or cash generation, such as sale of the USA assets;
- Progress of Vhub, Smart Cities, and launch of CVC with the acquisition of Vsoft.

## ROIC performance



### **Actions under implementation / to be developed:**

- Continuous pursuit for improved margins;
- Identification of opportunities for tax optimization;
- Discontinuation / Sale of non-profitable businesses;
- Improved working capital, focused on Inventory, Accounts Receivable, and Accounts Payable;
- PP&E optimization.

Valid

65 anos

Ivan Murias  
CEO

Renato Tyszler  
CFO and IRO

Olavo Vaz  
Head of Corporate Finance

Julia Araujo  
Corporate Finance and IR Supervisor

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# Q&A

Thank you for participating!