

Individual and Consolidated Interim Financial Information

Valid Soluções S.A.

September 30, 2021
with Independent Auditor's Report

Valid Soluções S.A.

Individual and consolidated interim financial information

September 30, 2021

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A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Independent auditor's review report on quarterly information

To the Shareholders, Board of Directors and Officers of
Valid Soluções S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Valid Soluções S.A. for the quarter ended September 30, 2021, comprising the statement of financial position as of September 30, 2021 and the related statements of profit or loss and of comprehensive income for the three and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statement of value added (SVA) for the nine-month period ended September 30, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, November 10, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-SP015199/O-6



Marcelo Felipe L. de Sá
Accountant CRC-1RJ094644/O-0

A free translation from Portuguese into English of individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Valid Soluções S.A.

Statements of financial position
September 30, 2021 and December 31, 2020
(In thousands of reais)

| | Note | Individual | | Consolidated | |
|---|------|------------|------------|--------------|------------|
| | | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 3 | 200,295 | 316,597 | 368,439 | 486,536 |
| Trade accounts receivable | 4 | 158,740 | 139,224 | 448,494 | 358,162 |
| Related-party receivables | 13 | 55,481 | 10,044 | - | 342 |
| Taxes recoverable | 5.a | 45,765 | 33,879 | 76,232 | 71,051 |
| Inventories | 6 | 119,853 | 105,471 | 307,063 | 270,014 |
| Restricted short-term investments | 3 | 33,315 | 57,113 | 33,363 | 57,163 |
| Other assets | | 5,901 | 6,360 | 38,935 | 48,005 |
| | | 619,350 | 668,688 | 1,272,526 | 1,291,273 |
| Assets available for sale | 10 | 10,172 | - | 35,063 | 13,546 |
| | | 629,522 | 668,688 | 1,307,589 | 1,304,819 |
| Noncurrent assets | | | | | |
| Marketable securities | 3 | 8,329 | 5,622 | 8,329 | 5,622 |
| Restricted short-term investments | 3 | 139,016 | - | 139,016 | - |
| Trade accounts receivable | 4 | 5,603 | 7,334 | 5,603 | 23,663 |
| Related-party receivables | 13 | 351,747 | - | 3,009 | 3,656 |
| Judicial deposits | 7 | 18,250 | 20,589 | 18,905 | 21,166 |
| Taxes recoverable | 5.a | 42,155 | 21,556 | 71,422 | 21,883 |
| Deferred income and social contribution taxes | 5.b | 38,385 | 31,840 | 114,827 | 104,465 |
| Other accounts receivable | | 640 | 689 | 2,847 | 3,932 |
| Investments | 8 | 861,463 | 802,619 | 61,065 | 62,871 |
| Property, Plant and Equipment (PPE) | 10 | 179,193 | 187,802 | 424,994 | 446,945 |
| Intangible assets | 9 | 43,524 | 36,951 | 891,261 | 870,110 |
| | | 1,688,305 | 1,115,002 | 1,741,278 | 1,564,313 |
| Total assets | | 2,317,827 | 1,783,690 | 3,048,867 | 2,869,132 |

| | Note | Individual | | Consolidated | |
|--|------|------------------|------------|------------------|------------|
| | | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Trade accounts payable | | 51,469 | 66,326 | 170,778 | 188,062 |
| Payables to related parties | 13 | 6,604 | 9,152 | 2,727 | 3,042 |
| Loans, financing, debentures and leases payable | 11 | 281,752 | 364,149 | 491,444 | 756,600 |
| Payroll, accruals and social charges payable | | 42,220 | 23,449 | 86,002 | 52,448 |
| Taxes, charges and contributions payable | 5.c | 15,841 | 7,505 | 37,965 | 39,936 |
| Dividends and interest on equity payable | 14.d | 11 | 11 | 11 | 11 |
| Advances from customers and other accounts payable | | 4,328 | 8,661 | 43,733 | 50,785 |
| | | 402,225 | 479,253 | 832,660 | 1,090,884 |
| Noncurrent liabilities | | | | | |
| Payables to related parties | 13 | 3,000 | 3,000 | 3,030 | 3,030 |
| Loans, financing, debentures and leases payable | 11 | 633,755 | 218,763 | 801,761 | 551,485 |
| Provisions | 12 | 37,560 | 13,155 | 45,589 | 18,625 |
| Taxes, charges and contributions payable | 5.c | 443 | - | 1,227 | - |
| Deferred income and social contribution taxes | 5.b | - | - | 42,555 | 44,847 |
| Other accounts payable | | 5,841 | 6,641 | 37,719 | 47,605 |
| | | 680,599 | 241,559 | 931,881 | 665,592 |
| Total liabilities | | 1,082,824 | 720,812 | 1,764,541 | 1,756,476 |
| Equity | | | | | |
| Capital | 14.a | 1,003,527 | 904,508 | 1,003,527 | 904,508 |
| Capital reserves | 14.b | 20,277 | 12,517 | 20,277 | 12,517 |
| Treasury shares | 14.b | (25,031) | (24,808) | (25,031) | (24,808) |
| Income reserves | 14.c | 6,892 | 199,614 | 6,892 | 199,614 |
| Cumulative translation adjustments | 14.e | 202,483 | 173,502 | 202,483 | 173,502 |
| Retained earnings (accumulated losses) | | 26,855 | (202,455) | 26,855 | (202,455) |
| | | 1,235,003 | 1,062,878 | 1,235,003 | 1,062,878 |
| Noncontrolling interests | 14.f | - | - | 49,323 | 49,778 |
| Equity | | 1,235,003 | 1,062,878 | 1,284,326 | 1,112,656 |
| Total liabilities and equity | | 2,317,827 | 1,783,690 | 3,048,867 | 2,869,132 |

See accompanying notes.

Valid Soluções S.A.

Statements of profit or loss

Nine-month periods ended September 30, 2021 and 2020

(In thousands of reais, unless otherwise stated)

| | Note | Individual | | Consolidated | |
|--|------|------------------|------------|--------------------|-------------|
| | | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Net sales revenue | 16 | 619,720 | 433,112 | 1,614,254 | 1,400,424 |
| Cost of sales and/or services | 17 | (472,731) | (379,651) | (1,235,160) | (1,162,300) |
| Gross profit | | 146,989 | 53,461 | 379,094 | 238,124 |
| Selling expenses | 17 | (40,058) | (24,042) | (150,920) | (113,112) |
| General and administrative expenses | 17 | (34,082) | (21,636) | (92,786) | (69,571) |
| Other operating income (expense) | 19 | (31,240) | (12,581) | (47,600) | (139,596) |
| Equity pickup | 8 | 14,151 | (128,057) | (1,032) | (1,196) |
| Income (loss) before finance income (costs) | | 55,760 | (132,855) | 86,756 | (85,351) |
| Finance income | 18 | 52,772 | 9,219 | 115,878 | 65,015 |
| Finance costs | 18 | (85,697) | (31,881) | (165,020) | (133,176) |
| Income (loss) before income taxes | | 22,835 | (155,517) | 37,614 | (153,512) |
| Current income and social contribution taxes | 5.d | (31) | (320) | (15,672) | (209) |
| Deferred income and social contribution taxes | 5.d | 6,892 | 7,407 | 9,830 | 6,160 |
| Net income (loss) for the period | | 29,696 | (148,430) | 31,772 | (147,561) |
| Income (loss) attributable to controlling and noncontrolling interests | | | | | |
| Income (loss) attributable to controlling interests | | 29,696 | (148,430) | 29,696 | (148,430) |
| Income (loss) attributable to noncontrolling interests | 14.f | - | - | 2,076 | 869 |
| Earnings (loss) per share attributable to controlling interests | 15 | 0.38323 | (2.12043) | 0.38323 | (2.12043) |

See accompanying notes.

Valid Soluções S.A.

Statements of profit or loss

Three-month periods ended September 30, 2021 and 2020

(In thousands of reais, unless otherwise stated)

| | Note | Individual | | Consolidated | |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Net sales revenue | 16 | 234,243 | 158,014 | 583,426 | 522,060 |
| Cost of sales and/or services | 17 | (175,928) | (129,925) | (443,691) | (412,820) |
| Gross profit | | 58,315 | 28,089 | 139,735 | 109,240 |
| Selling expenses | 17 | (14,172) | (8,827) | (45,952) | (39,688) |
| General and administrative expenses | 17 | (9,916) | (10,021) | (30,176) | (28,727) |
| Other operating income (expense) | 19 | (1,086) | (3,176) | (5,151) | (11,259) |
| Equity pickup | 8 | 16,446 | 2,509 | (681) | 691 |
| Income (loss) before finance income (costs) | | 49,587 | 8,574 | 57,775 | 30,257 |
| Finance income | 18 | 32,039 | 4,274 | 46,156 | 22,783 |
| Finance costs | 18 | (26,391) | (18,449) | (45,066) | (55,939) |
| Income (loss) before income taxes | | 55,235 | (5,601) | 58,865 | (2,899) |
| Current income and social contribution taxes | 5.d | (45) | - | (5,015) | 2,131 |
| Deferred income and social contribution taxes | 5.d | (2,932) | 3,127 | (1,030) | 302 |
| Net income (loss) for the period | | 52,258 | (2,474) | 52,820 | (466) |
| Income (loss) attributable to controlling and noncontrolling interests | | | | | |
| Income (loss) attributable to controlling shareholders | | 52,258 | (2,474) | 52,258 | (2,474) |
| Income (loss) attributable to noncontrolling shareholders | 14.f | - | - | 562 | 2,008 |
| Earnings (losses) per share attributable to controlling shareholders | 15 | 0.64960 | (0.03540) | 0.64960 | (0.03540) |

See accompanying notes.

Valid Soluções S.A.

Statements of comprehensive income
 Nine-month periods ended September 30, 2021 and 2020
 (In thousands of reais, unless otherwise stated)

| | Individual | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Net income (loss) for the period | 29,696 | (148,430) | 31,772 | (147,561) |
| Other comprehensive income (loss) | | | | |
| Items that may be subsequently reclassified | | | | |
| Exchange effects on the translation of investments abroad | 35,690 | 222,812 | 36,149 | 227,811 |
| Hedge of net investment in a foreign operation | (6,709) | (1,818) | (6,709) | (1,818) |
| Total comprehensive income for the period | 58,677 | 72,564 | 61,212 | 78,432 |
| Comprehensive income attributable to: | | | | |
| Income (loss) attributable to controlling interests | 58,677 | 72,564 | 58,677 | 72,564 |
| Income (loss) attributable to noncontrolling interests | - | - | 2,535 | 5,868 |

See accompanying notes.

Valid Soluções S.A.

Statements of comprehensive income
Three-month periods ended September 30, 2021 and 2020
(In thousands of reais, unless otherwise stated)

| | Individual | | Consolidated | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Net income (loss) for the period | 52,258 | (2,474) | 52,820 | (466) |
| Other comprehensive income (loss) | | | | |
| Items that may be subsequently reclassified | | | | |
| Exchange effects on the translation of investments abroad | 54,399 | 15,755 | 55,838 | 16,292 |
| Hedge of net investment in a foreign operation | (2,192) | 6,176 | (2,192) | 6,176 |
| Total comprehensive income for the period | 104,465 | 19,457 | 106,466 | 22,002 |
| Comprehensive income attributable to: | | | | |
| Income (loss) attributable to controlling shareholders | 104,465 | 19,457 | 104,465 | 19,457 |
| Income (loss) attributable to noncontrolling shareholders | - | - | 2,001 | 2,545 |

See accompanying notes.

Valid Soluções S.A.

Statements of changes in equity – Individual and Consolidated
 Nine-month periods ended September 30, 2021 and 2020
 (In thousands of reais, unless otherwise stated)

| | Note | Capital | Capital transactions | Stock option recognized | Treasury shares | Legal reserve | Investment reserve | Cumulative translation adjustment | Retained earnings (accumulated losses) | Total equity – controlling interests | Noncontrolling interests | Total equity |
|--|------|------------------|----------------------|-------------------------|-----------------|---------------|--------------------|-----------------------------------|--|--------------------------------------|--------------------------|------------------|
| Opening balance SCE at: 12/31/2020 | | 904,508 | - | 12,517 | (24,808) | 58,983 | 140,631 | 173,502 | (202,455) | 1,062,878 | 49,778 | 1,112,656 |
| Capital increase | 14.a | 99,019 | - | - | - | - | - | - | - | 99,019 | - | 99,019 |
| Treasury shares | 14.b | - | - | - | (223) | - | - | - | - | (223) | - | (223) |
| Exchange effects on investments abroad | 14.e | - | - | - | - | - | - | 35,690 | - | 35,690 | 459 | 36,149 |
| Hedge of net investment in a foreign operation | 14.e | - | - | - | - | - | - | (6,709) | - | (6,709) | - | (6,709) |
| Recognized options granted | 14.b | - | - | 8,479 | - | - | - | - | - | 8,479 | - | 8,479 |
| Net income (loss) for the year | 14.c | - | - | - | - | - | - | - | 29,696 | 29,696 | 2,076 | 31,772 |
| Inflation adjustments to foreign subsidiary | 14.c | - | - | - | - | - | 6,101 | - | - | 6,101 | - | 6,101 |
| Absorption of accumulated losses | | - | - | - | - | (58,983) | (140,631) | - | 199,614 | - | - | - |
| Acquisition of noncontrolling interests | | - | (719) | - | - | - | - | - | - | (719) | (1,381) | (2,100) |
| Dividends paid to noncontrolling shareholders | 14.f | - | - | - | - | - | - | - | - | - | (1,585) | (1,585) |
| Subsidiary reserve | | - | - | - | - | - | 791 | - | - | 791 | (24) | 767 |
| SCE closing balance at 09/30/2021 | | <u>1,003,527</u> | <u>(719)</u> | <u>20,996</u> | <u>(25,031)</u> | <u>-</u> | <u>6,892</u> | <u>202,483</u> | <u>26,855</u> | <u>1,235,003</u> | <u>49,323</u> | <u>1,284,326</u> |

Valid Soluções S.A.

Statements of changes in equity – Individual and Consolidated (Continued)
 Nine-month periods ended September 30, 2020 and 2019
 (In thousands of reais, unless otherwise stated)

| | Note | Capital | Stock option recognized | Treasury shares | Legal reserve | Investment reserve | Cumulative translation adjustment | Accumulated losses | Total equity – controlling interests | Noncontrollin g interests | Total equity |
|---|------|---------|----------------------------|--------------------|---------------|-----------------------|---|-----------------------|--|------------------------------|--------------|
| Opening balance SCE at: 12/31/2019 | | 904,508 | 12,517 | (15,978) | 58,983 | 134,794 | 4,041 | - | 1,098,865 | 18,242 | 1,117,107 |
| Treasury shares | 14.b | - | - | (3,613) | - | - | - | - | (3,613) | - | (3,613) |
| Exchange effects on investments abroad | 14.e | - | - | - | - | - | 222,812 | - | 222,812 | 4,999 | 227,811 |
| Hedge of net investment in a foreign operation | 14.e | - | - | - | - | - | (1,818) | - | (1,818) | - | (1,818) |
| Net loss for the year | 14.c | - | - | - | - | - | - | (148,430) | (148,430) | 869 | (147,561) |
| Inflation adjustments to foreign subsidiary | 14.c | - | - | - | - | 4,235 | - | - | 4,235 | 352 | 4,587 |
| Acquisition of Alpdex | | - | - | - | - | - | - | - | - | 393 | 393 |
| Acquisition of Serbet | | - | - | - | - | - | - | - | - | 1,563 | 1,563 |
| Acquisition of Mitra | | - | - | - | - | - | - | - | - | 50 | 50 |
| Establishment of the company Valid Hub | | - | - | - | - | - | - | - | - | 1,120 | 1,120 |
| Acquisition of noncontrolling interests | | - | - | - | - | (370) | - | - | (370) | (3,524) | (3,894) |
| Closing balance SCE at: 09/30/2020 | | 904,508 | 12,517 | (19,591) | 58,983 | 138,659 | 225,035 | (148,430) | 1,171,681 | 24,064 | 1,195,745 |

See accompanying notes.

Valid Soluções S.A.

Statements of cash flows

Nine-month periods ended September 30, 2021 and 2020

(In thousands of reais, unless otherwise stated)

| | Note | Individual | | Consolidated | |
|--|---------|------------------|------------|------------------|------------|
| | | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Cash from (used in) operating activities | | 110,494 | 35,697 | 240,026 | 155,203 |
| Income (loss) before income and social contribution taxes | | 22,835 | (155,517) | 37,614 | (153,512) |
| Adjustments to income from operating activities | | | | | |
| Depreciation | 10 | 22,053 | 26,262 | 62,189 | 70,255 |
| Write-off of assets | 10 | 515 | 15,811 | 2,486 | 21,528 |
| Amortization | 8 and 9 | 6,029 | 4,788 | 47,946 | 40,411 |
| Fair value of Fundo Criatec III | | (1,216) | (256) | (1,216) | (256) |
| Restatement of judicial deposits | 7 | (96) | (402) | (98) | (404) |
| Recognized options granted | 14 | 8,479 | - | 8,479 | - |
| Provisions | 12 | 26,397 | 685 | 29,236 | 2,597 |
| Allowance for expected credit losses | 4 | 11,169 | (378) | 23,517 | (1,172) |
| Provision for property, plant and equipment obsolescence | 10 | (396) | - | (396) | - |
| Provision for inventory obsolescence | 6 | (2,598) | - | (2,238) | 2,145 |
| Impairment | 9 | - | - | - | 113,088 |
| Equity pickup | 8 | (14,151) | 128,057 | 1,032 | 1,196 |
| Interest expenses on debentures, loans and financing | 18 | 42,174 | 16,845 | 60,679 | 42,469 |
| Other foreign exchange differences | 18 | 1,513 | (347) | (943) | 10,063 |
| Interest and foreign exchange differences on advances and leases | 18 | 131 | (1,150) | 4,464 | 3,707 |
| Interest and exchange differences on intercompany loans | 18 | (480) | (98) | 6,580 | 1,416 |
| Other | | (588) | 1,397 | (588) | 1,397 |
| Foreign exchange difference on loans | 18 | - | - | 747 | 275 |
| Provision for restructuring | 19 | 7,226 | - | 7,226 | - |
| Credits and financial adjustments of Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) on State VAT (ICMS) | 6 | (18,502) | - | (46,690) | - |
| Changes in assets and liabilities | | (464,016) | (29,974) | (171,024) | (15,485) |
| Trade accounts receivable | 4 | (431,812) | (32,678) | (98,748) | (18,880) |
| Taxes recoverable | 5 | (12,850) | (14,851) | (7,023) | 12,025 |
| Inventories | 6 | (11,784) | 910 | (32,935) | (7,207) |
| Judicial deposits | 7 | 2,435 | 10,897 | 2,359 | 15,621 |
| Other accounts receivable | | (1,005) | (1,817) | 11,824 | 18,881 |
| Trade accounts payable | | (28,849) | (3,031) | (40,695) | (53,407) |
| Payroll, accruals and social charges payable | | 18,771 | 4,332 | 32,967 | 1,289 |
| Taxes, charges and contributions payable | 5 | 8,809 | 11,421 | (7,299) | 24,525 |
| Advances from customers and other accounts payable | | (4,469) | 1,282 | (17,517) | 2,531 |
| Payment of labor, civil and tax contingencies | 12 | (1,992) | (985) | (2,322) | (1,235) |
| Payment of income and social contribution taxes (IRPJ and CSLL) | 5 | (504) | (4,275) | (10,869) | (8,449) |
| Other | | (766) | (1,179) | (766) | (1,179) |
| Cash flows from (used in) operating activities | | (353,522) | 5,723 | 69,002 | 139,718 |

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Statements of cash flows (Continued)
 Nine-month periods ended September 30, 2021 and 2020
 (In thousands of reais, unless otherwise stated)

| | Note | Individual | | Consolidated | |
|---|------|------------|------------|--------------|------------|
| | | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Acquisition of property, plant and equipment | 10 | (16,436) | (11,915) | (40,874) | (45,396) |
| Acquisition of intangible assets | 9 | (10,888) | (9,733) | (38,267) | (28,888) |
| Capital increase in subsidiaries | 8 | (2,269) | (29,860) | - | - |
| Marketable securities | 3 | (1,491) | (1,298) | (1,491) | (1,298) |
| Acquisition of equity interest - Serbet | 8 | - | (4,852) | - | (4,691) |
| Acquisition of equity interest - Alpdex | 8 | - | - | - | 327 |
| Acquisition of equity interest - Valid Hub | 8 | - | (1,230) | - | - |
| Acquisition of equity interest - Mitra | 8 | - | (9,500) | - | (8,094) |
| Restricted short-term investment | 3 | (115,218) | (34,117) | (115,216) | (34,117) |
| Acquisition of noncontrolling interests | 8 | (2,100) | - | (2,100) | (3,289) |
| Cash flows from (used in) investing activities | | (148,402) | (102,505) | (197,948) | (125,446) |
| Dividends paid to noncontrolling shareholders | 14.f | - | - | (1,585) | - |
| Interest on equity paid, net | 14.d | - | (22,170) | - | (22,170) |
| Treasury shares | 14.b | (223) | (3,613) | (223) | (3,613) |
| Issue of shares in the Parent Company, net of transaction costs | 14.a | 99,019 | - | 99,019 | - |
| Payment of leases | 24.b | (2,740) | (4,180) | (18,173) | (22,786) |
| Payment of interest on leases | 24.b | - | - | (4,018) | (4,431) |
| Funds raised through debentures | 24.b | 522,389 | - | 522,389 | - |
| Payment of debentures | 24.b | (90,000) | (90,000) | (90,000) | (90,000) |
| Payment of interest on debentures | 24.b | (2,992) | (7,939) | (2,992) | (7,939) |
| Repayment of financing | 24.b | - | - | (105) | - |
| Payment of interest on financing | 24.b | - | - | - | (11) |
| Borrowings | 24.b | 99,078 | 304,242 | 133,035 | 402,439 |
| Repayment of loans | 24.b | (220,324) | - | (600,314) | (107,870) |
| Payment of interest on loans | 24.b | (18,585) | (1,663) | (41,927) | (20,770) |
| Cash flows from (used in) financing activities | | 385,622 | 174,677 | (4,894) | 122,849 |
| Increase (decrease) in cash and cash equivalents | | (116,302) | 77,895 | (133,840) | 137,121 |
| Cash and cash equivalents at beginning of period | 3 | 316,597 | 206,387 | 486,536 | 318,522 |
| Effect of exchange rate differences on the balance of cash and cash equivalents | | - | - | 15,743 | 35,953 |
| Cash and cash equivalents at end of period | 3 | 200,295 | 284,282 | 368,439 | 491,596 |
| Increase (decrease) in cash and cash equivalents | | (116,302) | 77,895 | (133,840) | 137,121 |

See accompanying notes.

Valid Soluções S.A.

Statements of value added

Nine-month periods ended September 30, 2021 and 2020

(In thousands of reais, unless otherwise stated)

| | Individual | | Consolidated | |
|---|------------------|------------|------------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Revenues | 698,181 | 500,323 | 1,698,095 | 1,488,618 |
| Sales of services and goods, net of returns | 708,816 | 499,177 | 1,716,817 | 1,478,191 |
| Other income | 534 | 768 | 4,795 | 9,255 |
| Allowance for expected credit losses | (11,169) | 378 | (23,517) | 1,172 |
| Materials acquired from third parties | (336,765) | (219,767) | (874,556) | (903,539) |
| Cost of sales and services | (291,492) | (193,524) | (767,455) | (706,398) |
| Materials, power, services from suppliers and other | (45,273) | (26,243) | (107,101) | (197,141) |
| Gross value added | 361,416 | 280,556 | 823,539 | 585,079 |
| Depreciation and amortization | (28,082) | (31,050) | (110,135) | (110,666) |
| Net value added produced by the Company | 333,334 | 249,506 | 713,404 | 474,413 |
| Value added received in transfer | 66,923 | (118,838) | 114,846 | 63,819 |
| Equity pickup | 14,151 | (128,057) | (1,032) | (1,196) |
| Finance income | 52,772 | 9,219 | 115,878 | 65,015 |
| Total value added to be distributed | 400,257 | 130,668 | 828,250 | 538,232 |
| Employee benefits expense (except INSS) | 170,511 | 166,189 | 453,900 | 426,299 |
| Direct compensation | 127,784 | 118,116 | 381,287 | 349,902 |
| Benefits | 28,582 | 36,343 | 54,486 | 61,001 |
| Unemployment Compensation Fund (FGTS) | 14,145 | 11,730 | 18,127 | 15,396 |
| Taxes, charges and contributions | 105,057 | 74,446 | 164,447 | 116,827 |
| Federal taxes | 79,971 | 54,645 | 132,823 | 91,052 |
| State taxes | 6,052 | 5,390 | 6,739 | 6,409 |
| Local taxes | 19,034 | 14,411 | 24,885 | 19,366 |
| Debt remuneration | 94,993 | 38,463 | 178,131 | 142,667 |
| Interest | 85,697 | 31,881 | 165,020 | 133,176 |
| Rent | 9,296 | 6,582 | 13,111 | 9,491 |
| Equity remuneration | 29,696 | (148,430) | 31,772 | (147,561) |
| Dividend and interest on equity | - | - | - | - |
| Retained earnings (accumulated losses) | 29,696 | (148,430) | 29,696 | (148,430) |
| Noncontrolling interests on retained earnings | - | - | 2,076 | 869 |
| Value added distributed | 400,257 | 130,668 | 828,250 | 538,232 |

See accompanying notes.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

1. Operations

Valid Soluções S.A. (“Valid”, “Parent Company” or “Company”), headquartered at Rua Peter Lund, nº 146 Caju - Rio de Janeiro, has been operating in Brazil since 1993, when American Banknote Corporation acquired the Brazilian subsidiary of Thomas de La Rue, a company engaged in providing security printing services, which operated in the Brazilian market for almost 50 years.

The aforementioned headquarters are in the process of being moved as described in Note 26 (Events after the Reporting Period).

The Company is primarily engaged in the production and rendering of services to the security market, in the identification, management and protection of physical or digital data.

Created in 1957, Valid incorporates trust and security in the identification of people, objects and transactions, since the beginning of its operations. The permanence in the market gave the brand a special credibility for the development of secure and integrated solutions, an evolution that crossed the century and motivates it to continue meeting the challenges of a digital society over the next decades. Valid is one of the most important technology players in the issue of driver's licenses, civil identities, digital certificates, in addition to bank and virtual cards in the most diverse sectors of the economy, such as government, banks, telecommunications, education, health, entertainment and retail.

The Company serves customers in both the private and public sectors, offering anti-fraud products and services, as well as processes and technologies that hinder forgery. Valid's major customers are state governments and government agencies, large financial institutions, telecommunications companies, retailers, agriculture cooperatives and self-employed professionals. The portfolio of solutions offered includes credit and debit cards, driver's licenses, security prints, ID cards, as well as the processing and issue of documents with security prints and fraud prevention, document logistics, printing product supply management services, smart cards, traceable stamps, contactless cards, digital certificates, checks, bank statements, biometric identification systems, administrative modernization systems, internet banking applications, subscription management systems for mobile service providers, intelligent storage systems, traceability services using RFID technology and public utility bills.

The Company and its subsidiaries (hereinafter referred to as the “Company and its subsidiaries”) are the companies domiciled in Brazil, the United States, Spain, Denmark, Republic of Mauritius, Singapore, Panama, South Africa, Nigeria, United Arab Emirates, India, Indonesia, Argentina, Mexico, Uruguay, Colombia, China, Taiwan and Ireland, as detailed in Note 2.3.

The Company shares are traded on B3 under ticker symbol “VLID3” and has been listed since June 12, 2016 in the new governance listing segment named Novo Mercado (New Market).

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

1.1. Assessment of the impacts of COVID-19

The Company continues to monitor the evolution of the pandemic in Brazil, in the world and its respective effects on its segments and regions. In the nine-month period ended September 30, 2021, we can mention the gradual resumption of demand for the issue of documents and the normalization of service operations at the State Traffic Police Departments (Detrans) and Identification Institutes. The situation in the states and the respective impacts arising from the second wave of the pandemic on the Company and its subsidiaries' operations are as follows:

- (i) The volume of National Driver's Licenses (CNHs) issued was strongly impacted by the second wave of the pandemic in March and April 2021. In the states of CE, GO, MA, PA and RS, the greatest impact was observed in March 2021, while in the states of PB, BA, DF, MG, PR, RJ and SP, the greatest reduction in CNHs issued was observed in April 2021.
- (ii) From May 2021, there has been an increase in the issue of CNHs in the states of BA, GO, MG, PB and RJ, which reached normal volumes, while the states of CE, PR, RS and SP returned to historical average volumes in June 2021. The states of DF, MA and PA recovered their volumes, although these are not yet the pre-pandemic average volumes.
- (iii) The volume of CNHs issued has already returned to pre-pandemic levels and some states such as SP, MG, CE and PB are showing volumes above the historical average due to pent-up demand.
- (iv) The volume of Identity Cards (RGs) issued has been recovering gradually and from October onwards, it reached the historical average level in most states. In the states of RS and GO, the recovery is slower and the volume is still at 75% of normal levels.

In the Means of Payment segment, the supply of retail solutions (Data Business) located in the United States has still been struggling with the pandemic effects. However, with regard to the Identification segment, the sites for data collection in two states were largely re-established due to scheduling and documents issued, thus returning to the pre-pandemic historic levels.

Despite all the challenges of the pandemic that is affecting the world, the Company maintained a continuous flow of receipts without significant default cases.

Additionally, the Company and its subsidiaries continue to periodically monitor their receivables considering the nature of operations and the positioning of key customers. The cases of default identified are evaluated and addressed in accordance with Accounting Pronouncement CPC 48 – Financial Instruments, equivalent to IFRS 9.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

1.1. Assessment of the Impacts of COVID-19 (Continued)

Due to the impacts of the pandemic, since March 18, 2020, the Company continues to adopt a series of measures aiming at protecting the health and safety of its employees, such as:

- Adopting a remote work regime (*home office*) for all back-office employees;
- Shutdown of offices without impact on operating activities;
- Furlough for employees considered a risk group, such as pregnant women, those over 60 years old, immunocompromised employees and diabetics;
- Restriction policy on national and international trips;
- Enhancement of all hygiene protocols for plants in Brazil, USA and Argentina;
- Temperature measurement in site operations and manufacturing environment;
- Implementation of alcohol-based hand sanitizers and intensive use of masks by all employees in essential operations;
- Installation of acrylic partitions in the locations where operations related to the issue of documents are carried out, cafeterias and service points of manufacturing units;
- Monitoring of indicators and guidelines established by the government of each region regarding weather resumption of activities is authorized;
- Individual monitoring of all suspected and confirmed cases by the labor health team;
- Intense communication with all employees regarding prevention;
- As of October, considering the significant improvement in the Covid-19 scenario, we started to resume back-office activities by adopting a flexible work model, making it possible for these employees, in particular, to start returning to the offices. In-office work is not mandatory and all protocols must be complied with.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation

2.1. Statement of compliance

The consolidated interim financial information includes the interim financial information of Valid and the companies in which the Company holds control, as described in Note 2.3, whose reporting periods and accounting practices are similar. In the Company's individual interim financial information, the interim financial information of subsidiaries and associates is recognized under the equity method and, in the Company's consolidated interim financial information, the interim financial information of subsidiaries is consolidated on a line-by-line basis. All intragroup transactions, balances, revenues and expenses are fully eliminated in consolidation.

The Company management understands that all significant information of the interim financial information, and only such information, is being disclosed and corresponds to the information used for management purposes.

The individual and consolidated interim financial information was approved and authorized for disclosure by the Company management on November 10, 2021.

The accounting practices and calculation methods used in preparing this interim financial information of the Company and its subsidiaries are the same adopted in preparing the individual and consolidated financial statements for the year ended December 31, 2020.

2.2. Basis of measurement

The individual and consolidated interim financial information has been prepared on a historical cost basis, except for financial instruments measured at fair value through profit or loss and fair values allocated to business combinations.

The interim financial information of Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A. ("Valid Argentina") was prepared under the requirements of "IAS 29 - Financial Reporting in Hyperinflationary Economies".

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation

The consolidated interim financial information comprises the financial information of the Company and its subsidiaries as at September 30, 2021. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, whose interest percentage at the statements of financial position dates is as follows:

| Subsidiaries | Denomination | % - Equity interest | | | |
|--|--------------------------|--------------------------|----------|--------------------------|----------|
| | | 09/30/2021 | | 12/31/2020 | |
| | | Direct | Indirect | Direct | Indirect |
| 1. Valid Participações Ltda. | Valid Par | 100 | - | 100 | - |
| 2. Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A. | Valid Argentina | 98.3 | 1.7 | 98.3 | 1.7 |
| 3. Interprint Ltda. | Interprint | 100 | - | 100 | - |
| 3.1. Valid Certificadora Digital Ltda. | Valid Certificadora | - | 100 | - | 100 |
| 3.2. Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A. | Valid Uruguay | - | 100 | - | 100 |
| 3.3. Valid Soluciones y Servicios de Seguridad en Medios de Pago e Identificación S.A. de C.V. | Valid Mexico | - | 100 | - | 100 |
| 3.4. Tress Impressos de Segurança Ltda. | Tress | - | - | - | 100 |
| 3.5. Nexitera Consultoria e Soluções em TI Ltda. | Nexitera | - | 100 | - | 100 |
| 3.5.1. Agrotopus Suporte e Serviços em Tecnologia da Informação Ltda. | Agrotopus | - | 100 | - | 100 |
| 3.6. Guaratinguetá Consórcio Rotativo | Guaratinguetá Consórcio | 50 | 50 | - | - |
| 4. Valid Soluções e Serviços de Segurança em Meios de Pagamento e Identificação | Valid Sucursal | 100 | - | 100 | - |
| 5. Blu Pay Tecnologia de dados Ltda. | BluPay | 100 | - | 58 | - |
| 6. Serbet - Sistema de Estacionamento Veicular do Brasil Ltda. | Serbet | 50% + 1 unit of interest | - | 50% + 1 unit of interest | - |
| 7. Alpdex Processamento de Dados Ltda. | Alpdex | 50%+1 unit of interest | - | 50%+1 unit of interest | - |
| 8. Mitra - Acesso em Rede e Tecnologia da Informação Municipal Ltda. | Mitra | 51 | - | 51 | - |
| 9. Valid Hub Consultoria em Tecnologia e Tratamento de Dados S.A. | Valid Hub | 60 | - | 60 | - |
| 10. Valid Soluciones Tecnológicas | Valid Spain | 100 | - | 100 | - |
| 10.1. Valid USA, Inc. | Valid USA | - | 100 | - | 100 |
| 10.1.1. Valid Identity Solutions, LLC | Valid ID | - | 100 | - | 100 |
| 10.1.2. Valid Secure Packaging, Inc | VSP | - | 100 | - | 100 |
| 10.1.3. Marketing Software Company, LLC | MSC | - | 100 | - | 100 |
| 10.2. Valid A/S | Valid A/S | - | 100 | - | 100 |
| 10.2.1. Valid Logistics Limited | Valid Logistics | - | 100 | - | 100 |
| 10.2.2. Valid Holding Denmark Aps | Valid Holding | - | 100 | - | 100 |
| 10.2.2.1. Valid Panamá Inc. | Valid Panama | - | 100 | - | 100 |
| 10.2.2.2. Valid South Africa (Pty)Ltd | Valid South Africa | - | 70 | - | 70 |
| 10.2.2.3. Valid Africa Ltd | Valid Africa | - | 100 | - | 100 |
| 10.2.2.4. Valid Middle East FZE | Valid Middle East | - | 100 | - | 100 |
| 10.2.2.5. Valid Technologies India Pvt. Ltd. | Valid Technologies India | - | 99.9 | - | 99.9 |
| 10.2.2.6. Valid Asia Pte Ltd | Valid Singapore | - | 100 | - | 100 |
| 10.2.2.7. PT Valid Technologies Indonesia | Valid Indonésia | - | 99 | - | 99 |
| 10.2.2.8. Valid Card Manufacturing Taiwan Ltd | Valid Taiwan | - | 100 | - | 100 |
| 10.2.3. Logos Smart Card A/S | Logos Denmark | - | 100 | - | 100 |
| 10.2.4. PT Valid Technologies Indonesia | Valid Indonesia | - | 1 | - | 1 |
| 10.3. Valid Technologies (Beijing) Co, Ltd. | Valid Beijing | - | 100 | - | 100 |
| 10.4. Valid Card Nigeria Limited | Valid Nigeria | - | 70 | - | 70 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation (Continued)

1. Valid Par: company organized in August 2007, headquartered in the state of Rio de Janeiro, Brazil, engaged in holding interests in other entities.
2. Valid Argentina: company acquired in August 2007, headquartered in the city of Buenos Aires, Argentina, and leading company in the sale of bank cards, transit cards and smart cards (Sim cards) in the Argentine market; it also exports products to other Latin American countries.
3. Interprint: company acquired in May 2008, headquartered in the state of São Paulo, Brazil, engaged in the offering of complete payment and identification solutions for the financial industry and the government. Its product portfolio includes, but is not limited to, driver's licenses, identity cards, biometric solutions (AFIS), and electronic printing. Its direct subsidiaries are Valid Certificadora, Nexitera, Valid Mexico and Valid Uruguay, located in Brazil, Mexico and Uruguay, respectively.
 - 3.1. Valid Certificadora: company established in June 2011, headquartered in the state of São Paulo, Brazil, and engaged mainly in the issue of digital certificates such as e-CPF, e-CNPJ and NF-e.
 - 3.2. Valid Uruguay: company established in September 2014, headquartered in the city of Montevideo, Uruguay, and engaged in the provision of magnetic chip card and smart card customization services in general.
 - 3.3. Valid Mexico: company established in September 2014, headquartered in Mexico City (Federal District), Mexico, and engaged in the provision of smart card services in general.
 - 3.4. Tress: acquired in July 2018, headquartered in the state of São Paulo, Brazil, the company operates in the security printing segment, mainly producing official public documents, diplomas, driver's licenses, official stamps, identification documents (RGs), among others. On September 30, 2021, the company was merged into Subsidiary Interprint.
 - 3.5. Nexitera: acquired in October 2018, headquartered in the state of Paraná, Brazil, and primarily engaged in corporate solutions for the agribusiness industry. With this transaction, Agritech becomes a Valid business line specializing in innovative solutions for the entire agricultural and livestock production chain.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation (Continued)

- 3.5.1 Agrotopus: acquired in October 2018, headquartered in the state of Paraná, Brazil, and primarily engaged in corporate solutions for the agribusiness industry. With this transaction, Agritech becomes a Valid business line specializing in innovative solutions for the entire agricultural and livestock production chain.
- 3.6. Guaratinguetá Consórcio: a consortium established in October 2019, headquartered in the state of São Paulo, Brazil, it operates in the identification segment, focusing on the provision of public parking management services (Digital Parking), expanding the portfolio of Smart-City Management solutions.
- 4. Valid Sucursal: company established in December 2015, headquartered in the city of Bogota, Colombia, for the purpose of operating as a sales office.
- 5. BluPay: acquired in December 2019, headquartered in the state of São Paulo, Brazil, it operates in the means of payment segment. Company specialized in financial transactions based on blockchain technology, which ensures the traceability, privacy and irreversibility of transactions carried out between the parties in an immediate and reliable way.
- 6. Serbet: acquired in May 2020, headquartered in the state of Santa Catarina, Brazil, it operates in the identification segment, focusing on the provision of public parking management services (Digital Parking), expanding the portfolio of Smart-City Management solutions.
- 7. Alpdex: acquired in May 2020, headquartered in the state of Santa Catarina, Brazil, it operates in the identification segment, focusing on the provision of public parking management services (Digital Parking), expanding the portfolio of Smart-City Management solutions.
- 8. Mitra: acquired in July 2020, headquartered in the state of São Paulo, Brazil, operates in the identification segment with a focus on integrated systems for the modernization of municipal management, expanding the portfolio of Smart-City Management solutions.
- 9. Valid Hub: established in May 2020, headquartered in the capital of the Federal District, Brasília, Brazil, operates in the identification segment with a focus on providing services related to the digital management platform for registration and communication of properties and vehicles.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation (Continued)

10. Valid Spain: company acquired in February 2010, headquartered in Madrid, Spain, which produces, develops and sells smart cards (SIM cards) to mobile service providers. Its direct subsidiaries are Valid USA, Valid Beijing, Valid Nigeria and Valid A/S; it also has two associates called CUBIC and BCT.

10.1. Valid USA: company acquired in April 2012, headquartered in Illinois, USA, operating in the means of payment, mobile telecommunications and identification areas. Its direct subsidiaries are Valid ID, VSP and MSC.

| Subsidiaries | Location | Business activity |
|--------------|------------------------------|---|
| Valid ID | Indiana, USA | Solution provider for the US identification systems market, having a workflow according to the AAMV rules, adaptable to different projects involving the identification area. |
| VSP | Saint Paul, Minnesota, USA | Provides secure fulfillment services (inventory management control) to the prepaid security, gift card and rechargeable card markets in general. |
| MSC | Los Angeles, California, USA | Provides highly effective database marketing solution services. |

10.2. Valid A/S: company acquired in October 2015, located in Denmark, engaged globally in the production and sale of smart cards, development and implementation of operating systems for SIM cards and management of software and solutions for mobile operators. Valid A/S owns three direct subsidiaries and eight indirect subsidiaries, as follows:

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation (Continued)

| Subsidiary | Direct/indirect | Location | Business activity |
|--------------------------|-----------------|------------------------------|---|
| Valid Logistics | Direct | Mauritius | Procurement head office (Supply Chain) |
| Valid Holding | Direct | Denmark | Holding |
| Valid Panama | Indirect | Panama | Sale of SIM cards, other related products and software solutions |
| Valid South Africa | Indirect | South Africa | Sale of SIM cards, bank cards, software solutions, other related products, and provision of management services to Valid Africa |
| Valid Africa | Indirect | Mauritius | Sale of SIM cards, bank cards, other related products and software solutions |
| Valid Middle East | Indirect | United Arab Emirates (Dubai) | Sale of SIM cards, other related products and software solutions |
| Valid Technologies India | Indirect | India | Sale of SIM cards, other related products and software solutions |
| Valid Asia Singapore | Indirect | Singapore | Sale of SIM cards, bank cards, other related products and software solutions, including the provision of services to other entities |
| Valid Indonesia | Indirect | Indonesia | Sale of SIM cards and other related products |
| Valid Taiwan | Indirect | Taiwan | Sale of SIM cards |
| Logos Smart Card A/S | Direct | Denmark | Sale and development of software solutions and sale of modules to card manufacturers |

10.3. Valid Beijing: company established in March 2018, through subsidiary Valid Spain, headquartered in the city of Beijing, China, engaged in the development, advisory and provision of technology services, and import and export of products.

10.4. Valid Nigeria: company established in May 2018, through subsidiary Valid Spain, headquartered in the city of Lagos, Nigeria, engaged in the production of smart cards and other devices related to smart card technology, and in providing solutions in means of payment and digital marketing.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation (Continued)

Specifically, the Company controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement between the investor and the other vote holders;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights (investor).

The Company assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the aforementioned three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated interim financial information as from the date when Valid gains control until the date when Valid ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income is attributed to the Company's controlling and noncontrolling interests, even if this results in loss to noncontrolling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets, liabilities, profit or loss, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.3. Basis of consolidation (Continued)

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill) and liabilities at their carrying value on the date it loses control, and it derecognizes the carrying amount of any noncontrolling interest on the date it loses control (including any components of other comprehensive income attributed thereto). Any resulting gains or losses are recorded in profit or loss. Any investment retained is recognized at fair value on the date it loses control.

Entity with significant influence

At September 30, 2021, subsidiary Valid Soluciones Tecnológicas holds 6.22% and 20% of the shares of Cubic Telecom ("Cubic") and Beautiful Card Technology ("BCT"), respectively, on which the subsidiary has significant influence. They are stated by the equity method.

2.4. Functional and presentation currencies

The individual and consolidated interim financial information is presented in Brazilian reais (R\$), which is the functional currency of the Company, having been rounded to the nearest thousand, unless otherwise stated. The Company and its subsidiaries determine their own functional currency, and for those entities whose functional currencies differ from the Brazilian real, the interim financial information is translated into the Brazilian real: assets and liabilities are translated at the closing exchange rate effective on the reporting date, and profit or loss at the average rate for the period, in accordance with CPC 02 (R2) - The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements, equivalent to IAS 21.

a) Transactions and balances

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency prevailing at transaction date.

Monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate at reporting date.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.4. Functional and presentation currencies (Continued)

a) Transactions and balances (Continued)

All differences are recorded in the statement of profit or loss, except monetary items designated as part of a net investment hedge. These differences are recorded directly in other comprehensive income until the net investment is disposed of, when the referred to differences are recognized in the statement of profit or loss. Charges and tax effects attributed to foreign exchange differences on these monetary items are also recorded under other comprehensive income.

Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the transaction date. Nonmonetary items that are measured at fair value in foreign currency are translated using the exchange rates prevailing at the dates when the fair value was measured. Gains or losses deriving from translation of nonmonetary items measured at fair value are treated using the recognition criteria applicable to the gains or losses on variation of the fair value of the item (i.e. translation differences for items whose fair value gains or losses are recorded in other comprehensive income or profit or loss for the year are also recorded in other comprehensive income or profit or loss for the year, respectively).

In determining the exchange rate to be used for initially recognizing the respective assets, expenses or revenue (or a portion thereof) relating to early payments or receipts, transaction date is the date when the Company initially recognizes the nonmonetary asset or liability deriving from early payment or receipt. In the case of various early payments or receipts, the Company determines transaction date for each early payment or receipt of the consideration prepaid.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.4. Functional and presentation currencies (Continued)

b) Functional currencies of the Company and its subsidiaries

| Companies | Functional currency |
|-------------------------|---------------------|
| Valid | Brazilian real |
| Valid Participações | Brazilian real |
| BluPay | Brazilian real |
| Serbet | Brazilian real |
| Alpdex | Brazilian real |
| Mitra | Brazilian real |
| Valid Hub | Brazilian real |
| Valid Argentina | Argentine peso |
| Interprint | Brazilian real |
| Valid Certificadora | Brazilian real |
| Tress | Brazilian real |
| Nexitera | Brazilian real |
| Guaratinguetá Consórcio | Brazilian real |
| Valid Uruguay | Uruguayan peso |
| Valid Mexico | Mexican peso |
| Valid Sucursal | Colombian peso |
| Valid Spain | Euro |
| Valid USA | US dollar |
| Valid ID | US dollar |
| VSP | US dollar |
| MSC | US dollar |
| Valid A/S (*) | US dollar |
| Valid Beijing | US dollar |
| Valid Nigeria | US dollar |

(*) The functional currency of each Valid A/S subsidiary is determined based on its individual transactions. However, the functional currency US dollar is the most significant for Valid A/S and its subsidiaries.

Assets and liabilities of foreign subsidiaries are translated into reais at the closing exchange rate at the respective statement of financial position date, and related statements of profit or loss are translated at the exchange rates of the transaction dates, as well as the statements of cash flows. Foreign exchange differences arising from such translation are recorded in other comprehensive income (loss). Upon write-off of a foreign entity, accumulated exchange differences relating to this entity, recorded under other comprehensive income (loss), are reclassified to profit or loss.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.5. Use of estimates and judgments

The preparation of individual and consolidated interim financial information in accordance with the accounting practices adopted in Brazil and the IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the year when such estimates are reviewed and in any future years that may be affected. The main areas involving estimates and assumptions are described below:

a) Impairment of nonfinancial assets

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions for similar assets or market prices less incremental costs of disposing of the asset. The value in use calculation is based on the Discounted Cash Flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company and its subsidiaries are not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

b) Taxes, charges and contributions

There are uncertainties surrounding the interpretation of complex tax regulations and the amount and timing of future taxable profit. Given the long-term nature and complexity of existing contractual arrangements, differences between the actual results and the assumptions made, or future changes to such assumptions, could require future adjustments to tax income and expenses already recorded.

Provisions are recognized based on reasonable estimates of potential effects of tax audits by the taxation authorities in the respective jurisdictions where the entities operate. The amount of these provisions is based on various factors, such as past tax audit experience and different interpretations of tax regulations by the taxable entity and the relevant taxation authority. These interpretation differences can arise in relation to an extensive set of issues, depending on the conditions in place in the jurisdictions where the Company and its subsidiaries operate.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.5. Use of estimates and judgments (Continued)

c) Deferred income and social contribution taxes

Deferred income and social contribution taxes are recorded based on temporary differences between accounting and tax bases considering the prevailing tax legislation and the aspects mentioned in the preceding paragraph and the asset balances recognized to the extent that it is probable that there will be sufficient future taxable profit based on projections and estimates prepared by management. These projections and estimates include various circumstances relating to the Company's performance and factors that could differ from actual results. Under prevailing Brazilian tax laws, there is not a fixed period for using income tax losses. However, tax loss carryforwards can be offset only up to the limit of 30% of annual taxable profit in Brazil.

d) Provisions for tax, civil and labor contingencies

The Company and its subsidiaries recognize provisions for tax, civil and labor contingencies when the likelihood of loss is assessed as probable and can be reliably estimated. Assessment of the likelihood of loss includes an analysis of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance to the legal system, as well an assessment by outside legal advisors. Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions. Management understands that these provisions for labor, tax and civil contingencies are fairly measured and presented in the interim financial information.

e) Allowance for expected credit losses

This allowance is recognized at an amount deemed sufficient by management to cover losses, if any, on the realization of accounts receivable. Management uses the credit rating, on a prospective basis, and taking into consideration the history of losses and an additional individual assessment of the risk exposure of its customers, to measure their exposure and obtain the most adequate risk assessment and, consequently, record the allowance.

f) Useful lives of property, plant and equipment and intangible assets

Management reviews the estimated useful lives of property, plant and equipment and intangible assets on an annual basis, at year-end.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

2. Basis of preparation (Continued)

2.5. Use of estimates and judgments (Continued)

g) Provision for profit sharing

The provision for profit sharing is measured monthly, based on quality and financial performance metrics, as well as the individual objectives of employees, annually established and recalculated at year-end, based on the best estimate of goals achieved, as established in the annual budget.

h) Fair value of financial instruments

When the fair value of financial assets and liabilities cannot be obtained from active markets, it is determined using valuation techniques, including the discounted cash flow method, which requires a certain level of judgment by management. Such judgment includes an analysis of inputs used, such as liquidity risk, credit risk and volatility. Changes in the assumptions related to these factors could affect the fair value of financial instruments.

i) Provision for restructuring

Restructuring provisions are recognized when the Company has a detailed formal restructuring plan and has created a valid expectation to the parties affected that it will carry out the restructuring process by implementing such plan or disclosing the plan's main features to those affected by the restructuring. Measurement of the restructuring provision includes only restructuring costs, which correspond to the amounts necessarily related to the restructuring and those not associated with the Company's continuing activities.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

3. Cash and cash equivalents, marketable securities and restricted short-term investments

| | Individual | | Consolidated | |
|-----------------------------------|------------|------------|--------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Cash and banks | 21,631 | 9,246 | 148,371 | 151,645 |
| Cash equivalents | 178,664 | 307,351 | 220,068 | 334,891 |
| Cash and cash equivalents | 200,295 | 316,597 | 368,439 | 486,536 |
| Marketable securities | 8,329 | 5,622 | 8,329 | 5,622 |
| Restricted short-term investments | 172,331 | 57,113 | 172,379 | 57,163 |
| | 380,955 | 379,332 | 549,147 | 549,321 |
| Total current | 233,610 | 373,710 | 401,802 | 543,699 |
| Total noncurrent | 147,345 | 5,622 | 147,345 | 5,622 |

Cash equivalents refer to highly liquid short-term investments held in first-tier financial institutions, redeemable at any time, immediately convertible to a known cash amount, subject to an insignificant risk of changes in value. Cash equivalents of the Company and its subsidiaries consist mainly of floating-income Bank Deposit Certificates (CDB) and repurchase agreements backed by debentures with guaranteed buyback and yield based on Interbank Deposit Certificate (CDI) rates. The average yield of cash equivalents and marketable securities was 100.5% p.a. of the CDI for the nine-month period ended September 30, 2021 (102.2% p.a. of the CDI for the year ended December 31, 2020).

Marketable securities refer to the investment in Fundo Criatec III Investment Fund ("FIP") aimed at capitalizing micro and small innovative companies. This financial asset is measured and accounted for based on its fair value, and gains or losses resulting from changes in fair value of the shares held by the Company are recorded in profit or loss for the year when they occur.

Short-term investments referring to the loan agreements described in Note 11 (tables a.8 and a.13) are in CDBs, remunerated at 100% of the CDI rate and total R\$15,317. The short-term investments referring to the 8th issue of debentures described in Note 11 (tables c.2 and c.3) are in an index investment fund (CDI FICFI), remunerated at an average of 2.99% (last 12 months) and the updated amount is R\$157,014 and other restricted short-term investments in the consolidated amount of R\$48. Redemptions may be carried out upon settlement of the loans and the segregation between short and long term was based on the assessment of the unconditional right to redeem the amounts invested.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

4. Trade accounts receivable

| | Individual | | Consolidated | |
|--------------------------------------|-----------------|------------|------------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Trade accounts receivable | 195,719 | 166,765 | 558,080 | 460,545 |
| Allowance for expected credit losses | (31,376) | (20,207) | (103,983) | (78,720) |
| Total | 164,343 | 146,558 | 454,097 | 381,825 |
| Total current | 158,740 | 139,224 | 448,494 | 358,162 |
| Total noncurrent | 5,603 | 7,334 | 5,603 | 23,663 |

At September 30, 2021, the Company had trade accounts receivable classified as noncurrent assets, Individual and Consolidated, which comprised the amount of R\$3,817 (R\$3,817 at December 31, 2020) receivable from a specific customer, due to amounts retained unilaterally in the scope of the agreements entered into by the parties, and the amount of R\$1,785 (R\$3,517 at December 31, 2020) referring to a customer undergoing in-court reorganization. Management concluded that the likelihood of receiving such amounts is probable in the context of the lenders' approved in-court reorganization plan.

At September 30, 2021 and December 31, 2020, the aging list of trade accounts receivable is as follows:

| | Individual | | Consolidated | |
|----------------------|----------------|------------|----------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Falling due | 138,782 | 111,474 | 322,242 | 272,996 |
| Overdue | | | | |
| Within 30 days | 9,396 | 21,601 | 54,026 | 44,935 |
| From 31 to 90 days | 6,570 | 6,540 | 23,524 | 21,932 |
| From 91 to 120 days | 2,919 | 1,201 | 20,480 | 22,390 |
| From 121 to 180 days | 6,191 | 605 | 12,359 | 7,991 |
| From 181 to 365 days | 10,656 | 14,977 | 22,321 | 24,457 |
| Above 365 days | 21,205 | 10,367 | 103,128 | 65,844 |
| Total overdue | 56,937 | 55,291 | 235,838 | 187,549 |
| Total | 195,719 | 166,765 | 558,080 | 460,545 |

At September 30, 2021, part of the overdue consolidated balance, amounting to R\$136,559, derives from foreign subsidiaries based in Spain, the USA, Denmark, Mexico, Colombia and China (R\$107,032 at December 31, 2020) and, therefore, is subject to the appreciation or depreciation of the Brazilian real against the functional currencies of such subsidiaries.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

4. Trade accounts receivable (Continued)

At September 30, 2021 and December 31, 2020, changes in the balance of the allowance for expected credit losses is as follows:

| | <u>Individual</u> | <u>Consolidated</u> |
|--------------------------------------|-------------------|---------------------|
| Balance at December 31, 2020 | (20,207) | (78,720) |
| Additions | (11,641) | (28,799) |
| Reversals | 472 | 5,282 |
| Translation adjustments | - | (1,746) |
| Balance at September 30, 2021 | (31,376) | (103,983) |

The Company analyzes the balances of overdue receivables individually and uses, as an assumption, the history of receivables from and amounts rescheduled with such customers to hedge against possible risks. In addition, the allowance for expected credit losses is calculated considering qualitative aspects to consider the expected loss for the next 12 months and/or over the useful life of the asset depending on the risk at the reporting date. These aspects take into consideration the history of losses and an additional individual assessment of the credit risk of the Company's customers, as disclosed by the credit rating agencies for each country and/or region in which the Group companies operate. Management uses a publicly-available rating disclosed by credit rating agencies to measure the exposure of its customers to obtain the most adequate risk assessment and, consequently, record the allowance, irrespective of whether or not the balances are overdue. Management of the Company and its subsidiaries understands that, at September 30, 2021 and December 31, 2020, the amount for which the allowance was set up is sufficient to cover any losses.

At September 30, 2021, subsidiary Valid Spain recorded a balance of R\$41,001 overdue for more than 90 days (R\$42,043 at December 31, 2020), for which an allowance for expected credit losses of R\$34,643 (R\$32,765 at December 31, 2020) was recognized.

At September 30, 2021, subsidiary Interprint recorded a balance of R\$24,138 overdue for more than 90 days (R\$6,708 at December 31, 2020), for which an allowance for expected credit losses of R\$17,078 (R\$1,638 at December 31, 2020) was recognized.

At September 30, 2021, the Company recorded balances overdue for more than 90 days amounting to R\$40,971 in the Individual and R\$158,288 in Consolidated (R\$27,150 and R\$120,682 at December 31, 2020, respectively) and, out of such amounts, balances for which allowance for expected credit losses was not recognized totaled R\$9,595 in Individual and R\$54,305 in Consolidated (R\$6,943 and R\$41,962 at December 31, 2020, respectively).

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes

a) Taxes recoverable

| | Individual | | Consolidated | |
|--|---------------|------------|----------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Income and social contribution taxes (IRPJ and CSLL) recoverable (1) | 25,737 | 19,982 | 40,894 | 35,429 |
| State VAT (ICMS) recoverable | 620 | 1,071 | 10,002 | 17,628 |
| Federal VAT (IPI) recoverable (2) | 34,651 | 30,303 | 35,418 | 30,994 |
| Federal taxes withheld by customers | - | - | 3,876 | 3,684 |
| Social Security Tax (INSS) recoverable | 2,341 | 1,019 | 2,489 | 1,019 |
| PIS and COFINS recoverable (3) | 19,480 | - | 48,635 | - |
| Other | 5,091 | 3,060 | 6,340 | 4,180 |
| Total taxes recoverable | 87,920 | 55,435 | 147,654 | 92,934 |
| Total current | 45,765 | 33,879 | 76,232 | 71,051 |
| Total noncurrent | 42,155 | 21,556 | 71,422 | 21,883 |

(1) Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) recoverable refer mainly to income tax on short-term investments and prepaid income and social contribution taxes.

(2) IPI recoverable, classified as noncurrent assets, refers to credits that the Company expects to realize by offsetting the related amounts against other federal taxes or requesting refund from taxation authorities. By September 30, 2021, the Company had concluded the refund request for IPI credits amounting to R\$23,779 and is now awaiting a position from the federal agency.

(3) On March 15, 2017, Brazil's Federal Supreme Court ("STF") considered, when handing down a decision in relation to Appeal ("RE") No. 574.706, Topic 69 of general resonance, to define that "ICMS amounts are not to be considered in the tax base of PIS and Cofins". However, the Motions for Clarification filed by the Office of the Attorney General of the National Treasury ("PGFN") were pending judgment, which, in addition to reversing the decision, sought to clarify the tax base of undue payments and to limit the effects of the decision in time. In this sense, at the session held on May 20, 2021, the STF judged the aforementioned Motions, accepting them partially only to limit the effects of the decision related to unconstitutionality, which shall be in force after March 15, 2017 - date on which Appeal (RE) No. 574706 was judged and the thesis of general resonance was established -, with the exception of lawsuits and administrative proceedings filed up to the date of the session in which the judgment was handed down. It was also reiterated that the State VAT (ICMS) in the invoices is not part of the tax base for PIS and COFINS. The Company and its subsidiary Interprint have lawsuits filed before March 15, 2017 and, therefore, these will not be affected, in accordance with the aforementioned limitation of the effects. Additionally, as the decision of the STF has general resonance, Management believes that the reimbursement of amounts paid in excess related to the abovementioned tax credits will be a matter of time, even if the lawsuits of Group companies that have credits of this nature have not yet been handed down a final and unappealable decision. Management understands that it is highly probable that the amounts will be realized and, consequently, calculated the recoverable amount considering its historical bases and recorded a credit amount of R\$47,917, including monetary restatements. As it is not yet possible to estimate the date when the lawsuits will be judged, the amounts were recorded in noncurrent assets.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes (Continued)

b) Deferred income and social contribution taxes

The main components of deferred income and social contribution taxes (assets and liabilities) and related changes are as follows:

| | Individual | | | | |
|---|------------|---|---|--|------------|
| | 12/31/2020 | Deferred income and social contribution taxes - income (expenses) | Foreign exchange difference/monetary adjustment | Deferred income and social contribution tax assets and liabilities | 09/30/2021 |
| Lease of machinery and equipment | 273 | 73 | - | - | 346 |
| Commissions payable | 1,693 | (1,058) | - | - | 635 |
| Attorneys' fees | 878 | 191 | - | - | 1,069 |
| Tax loss | 13,434 | (3,595) | - | - | 9,839 |
| Provisions for contingencies | 4,473 | 8,297 | - | - | 12,770 |
| Provisions for freight | 108 | (92) | - | - | 16 |
| Provisions for expected credit losses | 6,624 | 3,797 | - | - | 10,421 |
| Provisions for equipment obsolescence | 3,212 | (135) | - | - | 3,077 |
| Provisions for profit sharing | 241 | 4,063 | - | - | 4,304 |
| Provisions for royalties | 612 | 124 | - | - | 736 |
| Other temporary additions | 5,302 | (1,585) | - | - | 3,717 |
| Total deferred tax assets | 36,850 | 10,080 | - | - | 46,930 |
| Credits and financial adjustments of PIS and COFINS on ICMS | - | (3,203) | - | - | (3,203) |
| Deferred income and social contribution taxes on capital gain on assets | (5,010) | 15 | - | (347) | (5,342) |
| Total deferred tax liabilities | (5,010) | (3,188) | - | (347) | (8,545) |
| Total deferred taxes | 31,840 | 6,892 | - | (347) | 38,385 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes (Continued)

b) Deferred income and social contribution taxes (Continued)

| | Consolidated | | |
|---|-----------------|---|---|
| | 12/31/2020 | Deferred income and social contribution taxes - income (expenses) | Foreign exchange difference/monetary adjustment |
| | | | 09/30/2021 |
| Lease of machinery and equipment | 286 | 60 | - |
| Commissions payable | 2,237 | (1,099) | - |
| Transaction cost in business acquisition | 2,910 | (304) | 130 |
| Finance costs related to loans (1) | 1,842 | (510) | (94) |
| Attorneys' fees | 878 | 191 | - |
| Tax loss | 80,875 | 1,807 | 3,156 |
| Provisions for contingencies | 6,066 | 8,053 | (11) |
| Accrued vacation pay | 2,546 | (5) | 119 |
| Provisions for freight | 108 | (92) | - |
| Allowances for expected credit losses | 10,982 | 7,966 | 16 |
| Provisions for equipment obsolescence | 5,492 | 481 | 12 |
| Provisions for profit sharing | 241 | 4,575 | - |
| Provisions for restructuring (2) | 1,029 | (384) | 40 |
| Provisions for royalties | 612 | 124 | - |
| Other temporary additions | 8,107 | (3,609) | (258) |
| UNICAP USA | 1,653 | (240) | 72 |
| Financial instruments (hedge) | 1,850 | 2,297 | (53) |
| Deferred revenue USA | 2,368 | (2,014) | 53 |
| Impairment | 11,272 | 5,834 | 643 |
| Total deferred tax assets | 141,354 | 23,131 | 3,825 |
| | | | 168,310 |
| Tax amortization of deductible goodwill | (56,726) | (12,221) | (933) |
| Credits and financial adjustments of PIS and COFINS on ICMS | - | (7,322) | - |
| Depreciation difference CPC 27 (3) | (12,363) | 10,313 | (640) |
| Inflation adjustment - Valid Argentina | (3,497) | (4,855) | 572 |
| Deferred income and social contribution taxes on capital gain on assets | (8,261) | 784 | - |
| Other | (889) | - | - |
| Total deferred tax liabilities | (81,736) | (13,301) | (1,001) |
| | | | (96,038) |
| Total deferred taxes | 59,618 | 9,830 | 2,824 |
| | | | 72,272 |

(1) This refers to recognition of deferred tax assets in subsidiary Valid USA on interest expenses on the debt due to the temporary non-deductibility determined by the thin capitalization rule prescribed by the American legislation. Such interest expenses may be used in the future.

(2) This refers to recognition of deferred tax assets in the restructuring process of manufacturing plants in the United States and Brazil, as described in Note 19.

(3) This refers to the difference arising from recognition of depreciation expenses due to the use capacity against the tax useful life.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes (Continued)

b) Deferred income and social contribution taxes (Continued)

Other temporary additions comprise mainly provisions relating to expenses incurred on third-party services.

Goodwill paid on the acquisition of Interprint and its subsidiaries, based on expected future profitability, has not been subject to amortization for accounting purposes since January 1, 2009. The Company recognized deferred income and social contribution tax liabilities for the temporary difference, as set out by CPC 32 (IAS 12).

At September 30, 2021 and December 31, 2020, for interim financial reporting purposes, the Company offset deferred tax assets and liabilities relating to the same legal entity as follows:

| | 09/30/2021 | | | | |
|--|------------------------|-----------------------------|-----------|---------------------|--------------------------|
| | Deferred tax assets | Deferred tax liabilities | Total net | Total tax assets | Total tax liabilities |
| Valid | 46,930 | (8,545) | 38,385 | 38,385 | - |
| Interprint | 7,658 | (39,970) | (32,312) | - | (32,312) |
| Valid Certificadora | 4,383 | - | 4,383 | 4,383 | - |
| Nexitera | 286 | - | 286 | 286 | - |
| BluPay | 2,434 | - | 2,434 | 2,434 | - |
| Serbet | 889 | - | 889 | 889 | - |
| Alpdex | 79 | - | 79 | 79 | - |
| Valid Hub | 92 | - | 92 | 92 | - |
| Mitra | - | (175) | (175) | - | (175) |
| Valid Spain | 5,325 | - | 5,325 | 5,325 | - |
| Valid USA Consolidated | 95,467 | (32,952) | 62,515 | 62,515 | - |
| Valid A/S Consolidated | 478 | (5,265) | (4,787) | - | (4,787) |
| Valid Argentina | 3,968 | (3,850) | 118 | 118 | - |
| Valid Uruguay | 53 | - | 53 | 53 | - |
| Valid Sucursal | - | (306) | (306) | - | (306) |
| Valid Mexico | 268 | - | 268 | 268 | - |
| Valid Nigeria | - | (1,621) | (1,621) | - | (1,621) |
| Income and social contribution taxes of noncontrolling interests (*) | - | (3,354) | (3,354) | - | (3,354) |
| Total | 168,310 | (96,038) | 72,272 | 114,827 | (42,555) |

(*) IR/CSLL on capital gain on assets due to acquisitions of companies that have non-controlling interests.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes (Continued)

b) Deferred income and social contribution taxes (Continued)

| | 12/31/2020 | | | | |
|--|---------------------|--------------------------|-----------|------------------|-----------------------|
| | Deferred tax assets | Deferred tax liabilities | Total net | Total tax assets | Total tax liabilities |
| Valid | 36,850 | (5,010) | 31,840 | 31,840 | - |
| Interprint | 1,771 | (35,852) | (34,081) | - | (34,081) |
| Valid Certificadora | 4,793 | - | 4,793 | 4,793 | - |
| Nexitera | 293 | - | 293 | 293 | - |
| BluPay | 1,417 | - | 1,417 | 1,417 | - |
| Serbet | 205 | - | 205 | 205 | - |
| Valid Hub | 131 | - | 131 | 131 | - |
| Valid Spain | 3,105 | - | 3,105 | 3,105 | - |
| Valid USA Consolidated | 78,106 | (15,746) | 62,360 | 62,360 | - |
| Valid A/S Consolidated | 577 | (5,034) | (4,457) | - | (4,457) |
| Valid Argentina | 3,023 | (3,497) | (474) | - | (474) |
| Valid Uruguay | 57 | - | 57 | 57 | - |
| Valid Sucursal | 63 | (326) | (263) | - | (263) |
| Valid Mexico | 264 | - | 264 | 264 | - |
| Valid Nigeria | - | (1,561) | (1,561) | - | (1,561) |
| Income and social contribution taxes of noncontrolling interests | - | (4,011) | (4,011) | - | (4,011) |
| Total | 130,655 | (71,037) | 59,618 | 104,465 | (44,847) |

The expected realization period of deferred tax assets, supported by the budgets approved by the Company management, is as follows:

| | Individual 09/30/2021 | Consolidated 09/30/2021 |
|------------------------|--------------------------|----------------------------|
| Current year | 9,896 | 28,985 |
| Current year + 1 year | 14,563 | 20,623 |
| Current year + 2 years | 11,387 | 14,064 |
| Current year + 3 years | 11,084 | 14,914 |
| Current year + 4 years | - | 7,536 |
| Current year + 5 years | - | 82,188 |
| Total | 46,930 | 168,310 |

c) Taxes, charges and contributions payable

| | Individual | | Consolidated | |
|--|---------------|--------------|---------------|---------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| IRPJ and CSLL payable | - | - | 1,398 | 2,961 |
| ICMS payable | 495 | 461 | 12,817 | 19,745 |
| Service Tax (ISS) payable | 7,758 | 3,443 | 14,709 | 9,482 |
| Contribution Tax on Gross Revenue for Social Security Financing (COFINS) payable | 3,673 | 81 | 5,215 | 1,047 |
| Contribution Tax on Gross Revenue for Social Integration Program (PIS) payable | 590 | 13 | 869 | 187 |
| Social Security Tax (INSS) withheld from customers | 3,102 | 2,946 | 3,113 | 2,957 |
| Other | 666 | 561 | 1,071 | 3,557 |
| Total taxes payable | 16,284 | 7,505 | 39,192 | 39,936 |
| Total current | 15,841 | 7,505 | 37,965 | 39,936 |
| Total noncurrent | 443 | - | 1,227 | - |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes (Continued)

d) Reconciliation between tax expenses and statutory rates

| | Individual | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Income (loss) before IRPJ and CSLL | 22,835 | (155,517) | 37,614 | (153,512) |
| Effective rate of IRPJ and CSLL | 34% | 34% | 34% | 34% |
| IRPJ/CSLL at combined tax rate | 7,764 | (52,876) | 12,789 | (52,194) |
| Additions | | | | |
| Nondeductible expenses with depreciation | - | 8 | - | - |
| Other expenses | 103 | - | 157 | 13 |
| Recognized options granted | 1,783 | - | 1,783 | - |
| Unrecognized IRPJ/CSLL in subsidiaries | - | - | 1,079 | - |
| Equity pickup | - | 43,539 | 351 | 407 |
| Provision for equipment obsolescence | - | 3,000 | - | 3,000 |
| Exclusions | | | | |
| Tax incentives | (148) | - | (272) | (57) |
| Present value adjustment | (85) | - | (540) | - |
| Equity pickup | (4,811) | - | - | - |
| Allowance for expected credit losses | (158) | - | (158) | - |
| Portion exempt from surtax | (18) | - | (85) | - |
| Reversal of non-deductibility of interest on lease | - | - | - | 21 |
| Tax rate difference - companies abroad | - | - | 7,463 | 45,216 |
| Other net exclusions | (140) | (758) | (98) | (778) |
| Revenue from recognition – deferral IFRS 15 | - | - | (12) | (197) |
| Monetary restatement not subject to IRPJ and CSLL (1) | (11,151) | - | (16,615) | - |
| Tax rate difference – profit computed as a percentage of gross revenue | - | - | - | (1,382) |
| Income and social contribution taxes charged to profit or loss for the year | (6,861) | (7,087) | 5,842 | (5,951) |
| Effective rate – IRPJ/CSLL | (30.05%) | 4.56% | 15.53% | 3.88% |
| Current IRPJ/CSLL | 31 | 320 | 15,672 | 209 |
| Deferred IRPJ/CSLL | (6,892) | (7,407) | (9,830) | (6,160) |
| Total IRPJ/CSLL – current and deferred | (6,861) | (7,087) | 5,842 | (5,951) |

- (1) At the virtual plenary session held on September 24, 2021, Brazil's Federal Supreme Court ("STF") judged Appeal No. 1063.187/SC, representative of topic 962 of the general resonance thesis, which addresses the levying of IRPJ and CSLL on late payment interest received by the taxpayer in the reimbursement of undue payments. This judgment accepted, by unanimous vote, the thesis of the unconstitutionality of the levying of IRPJ and CSLL on amounts referring to monetary restatement received due to the reimbursement of undue tax payments. Considering that the decision has general resonance, it affects all proceedings in lower courts that judge the same subject matter. Consequently, the Company carried out an analysis. On September 23, 2021, the Company filed a writ of mandamus seeking recognition of the exemption of IRPJ and CSLL on amounts referring to monetary restatement, including SELIC, applied on reimbursed undue tax payments where the Company had been handed down a favorable decision.

In view of this scenario, insofar as it is likely that the Company will be successful as a result of STF's decision, and based on CPC 32 - Income Taxes and ICPC 23 - Uncertainty Over Income Tax Treatments, the Company recorded R\$11,151 – Individual - and R\$16,615 – Consolidated. These credits were recorded in the income and social contribution tax account and/or deferred taxes against the amount of taxes recoverable and/or deferred income tax liability.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

5. Taxes (Continued)

d) Reconciliation between tax expenses and statutory rates (Continued)

| | Individual | | Consolidated | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Income (loss) before IRPJ and CSLL | 55,235 | (5,601) | 58,865 | (2,899) |
| Effective rate of IRPJ and CSLL | 34% | 34% | 34% | 34% |
| IRPJ/CSLL at combined tax rate | 18,780 | (1,904) | 20,014 | (986) |
| Additions | | | | |
| Other expenses | 4 | 4 | 21 | 6 |
| Recognized options granted | 1,226 | - | 1,226 | - |
| Equity pickup | - | - | 232 | - |
| Goodwill amortization | - | 901 | - | 901 |
| Unrecognized IRPJ/CSLL in subsidiaries | - | - | 366 | - |
| Lease – right-of-use asset – IFRS 16 | - | 177 | - | 177 |
| Exclusions | | | | |
| Allowance for expected credit losses | - | (320) | - | (320) |
| Present value adjustment | - | - | (245) | - |
| Provision for equipment obsolescence | - | (373) | - | (373) |
| Tax incentives | (148) | - | (216) | (22) |
| Equity pickup | (5,591) | (853) | - | (235) |
| Portion exempt from surtax | (18) | - | (43) | 24 |
| Reversal of non-deductibility of interest on lease | - | - | - | 21 |
| Tax rate difference - companies abroad | - | - | 1,387 | (23) |
| Other additions and exclusions, net | (125) | (759) | (82) | (1,122) |
| Revenue from recognition – deferral IFRS 15 | - | - | - | (53) |
| Tax rate difference – profit computed as a percentage of gross revenue | - | - | - | (428) |
| Monetary restatement not subject to IRPJ and CSLL | (11,151) | - | (16,615) | - |
| IRPJ and CSLL charged to profit or loss for the year | 2,977 | (3,127) | 6,045 | (2,433) |
| Effective rate – IRPJ/CSLL | 5.39% | 55.83% | 10.27% | 83.93% |
| Current IRPJ/CSLL | 45 | - | 5,015 | (2,131) |
| Deferred IRPJ/CSLL | 2,932 | (3,127) | 1,030 | (302) |
| Total IRPJ/CSLL – current and deferred | 2,977 | (3,127) | 6,045 | (2,433) |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

6. Inventories

| | Individual | | Consolidated | |
|---------------------------------|----------------|------------|----------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Raw materials | 69,173 | 69,965 | 214,464 | 201,317 |
| Work-in-process | 40,798 | 26,796 | 68,138 | 42,471 |
| Replacement parts and materials | 4,735 | 3,284 | 5,570 | 4,268 |
| Goods for resale | 854 | - | 19,957 | 19,434 |
| Provision for inventory losses | - | (2,598) | (9,392) | (11,237) |
| | 115,560 | 97,447 | 298,737 | 256,253 |
| Advances to suppliers | 4,293 | 8,024 | 8,326 | 13,761 |
| Total inventories | 119,853 | 105,471 | 307,063 | 270,014 |

7. Judicial deposits

| | Individual | | Consolidated | |
|--------------------------------|---------------|------------|---------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Judicial deposits - labor | 4,505 | 6,765 | 4,954 | 7,226 |
| Judicial deposits - tax | 2,212 | 2,210 | 2,301 | 2,210 |
| Judicial deposits - civil | 11,533 | 11,614 | 11,650 | 11,730 |
| Total judicial deposits | 18,250 | 20,589 | 18,905 | 21,166 |

The most individually significant judicial deposits made by the Company are described below:

- On February 8, 2013, the Company made a judicial deposit of R\$6,646 related to a civil lawsuit assessed as possible loss, filed against Brazil's National Telecommunications Agency (ANATEL), claiming the suspension of the penalty imposed by this Agency against the Company, under an administrative proceeding, for the alleged production of an inductive card with an expired certificate number. This lawsuit was assessed as possible loss (Note 12, item b). At September 30, 2021, the restated judicial deposit amounts to R\$11,245 (R\$11,327 at December 31, 2020).

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

8. Investments

Financial information

At September 30, 2021, significant accounting information of Company direct and indirect subsidiaries is as follows:

| Subsidiaries (1) | Individual | | | P&L for the period |
|----------------------------|--------------|-------------------|---------|--------------------|
| | Total assets | Total liabilities | Equity | |
| Valid Par | 563 | 7 | 556 | (19) |
| Valid Argentina (2) | 60,802 | 43,681 | 17,121 | (4,153) |
| Valid Sucursal | 49,055 | 29,934 | 19,121 | 4,047 |
| BluPay | 15,772 | 10,079 | 5,693 | (1,976) |
| Serbet (3) | 27,813 | 21,037 | 6,776 | (1,408) |
| Alpdex (3) | 2,393 | 1,883 | 510 | (153) |
| Valid Hub (3) | 3,304 | 437 | 2,867 | 322 |
| Mitra (3) | 9,188 | 5,890 | 3,298 | 443 |
| Interprint | 259,447 | 56,690 | 202,757 | 30,020 |
| Valid Certificadora | 37,816 | 9,681 | 28,135 | 4,660 |
| Valid Mexico | 36,930 | 23,052 | 13,878 | 4,188 |
| Valid Uruguay | 2,748 | 172 | 2,576 | 562 |
| Tress (5) | - | - | - | (1,050) |
| Nexitera | 6,132 | 4,099 | 2,033 | (2,125) |
| Guaratinguetá Consórcio | 1,705 | 1,702 | 3 | 93 |
| Valid Spain | 1,093,526 | 601,284 | 492,242 | (13,483) |
| Valid Beijing | 6,671 | 2,756 | 3,915 | (3,306) |
| Valid Nigeria (3) | 34,668 | 26,214 | 8,454 | 76 |
| Valid USA Consolidated (4) | 654,109 | 385,336 | 268,773 | 6,743 |
| Valid A/S Consolidated | 252,833 | 77,078 | 175,755 | 13,456 |

(1) Considers 100% of the subsidiaries' balances, regardless of the equity interest held by the Company in such entities.

(2) Subsidiary Interprint holds 1.7% interest in Valid Argentina.

(3) The Company does not hold 100% equity interest. The percentages are stated in Note 2.3.

(4) This comprises assets, liabilities, and profit or loss of subsidiaries Valid ID, VSP and MSC.

(5) As approved at a meeting with the shareholders held on September 30, 2021, company Tress was merged into subsidiary Interprint.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)

Nine-month period ended September 30, 2021

(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

Changes in investments

Changes in investment balances for the nine-month period ended September 30, 2021 are as follows:

| Investments | 12/31/2020 | Addition | Acquisition of noncontrolling interests | Equity pickup | Individual | | Foreign exchange differences | Subsidiary reserve | Amortization | 09/30/2021 |
|-----------------------------------|------------|----------|---|---------------|-------------------------------|---------|------------------------------|--------------------|--------------|------------|
| | | | | | Inflation adjustment – IAS 29 | | | | | |
| Subsidiaries | | | | | | | | | | |
| Valid Par | 575 | - | - | (19) | - | - | - | - | - | 556 |
| Valid Argentina | 16,908 | - | - | (4,078) | 5,992 | (1,999) | - | - | - | 16,823 |
| Valid Sucursal | 15,962 | - | - | 4,047 | - | (888) | - | - | - | 19,121 |
| Interprint | 172,467 | - | - | 30,020 | 109 | 206 | (45) | - | - | 202,757 |
| Valid Spain | 472,124 | - | - | (13,483) | - | 32,742 | 859 | - | - | 492,242 |
| BluPay | (437) | 8,423 | (317) | (1,976) | - | - | - | - | - | 5,693 |
| Serbet | 7,114 | - | - | (704) | - | - | (23) | - | - | 6,387 |
| Alpdex | 331 | - | - | (76) | - | - | - | - | - | 255 |
| Valid Hub | 1,527 | - | - | 193 | - | - | - | - | - | 1,720 |
| Mitra | 1,456 | - | - | 227 | - | - | - | - | - | 1,683 |
| Total investments | 688,027 | 8,423 | (317) | 14,151 | 6,101 | 30,061 | 791 | - | - | 747,237 |
| Goodwill | | | | | | | | | | |
| Valid Argentina | 919 | - | - | - | - | (101) | - | - | - | 818 |
| Valid Spain | 78,469 | - | - | - | - | (979) | - | - | - | 77,490 |
| BluPay | 1,413 | - | 1,023 | - | - | - | - | - | - | 2,436 |
| Serbet | 13,996 | - | - | - | - | - | - | - | - | 13,996 |
| Mitra | 7,357 | - | - | - | - | - | - | - | - | 7,357 |
| Capital gain - technology | 11,553 | - | 1,022 | - | - | - | - | (1,260) | - | 11,315 |
| Capital gain - customer portfolio | 885 | - | - | - | - | - | - | (71) | - | 814 |
| Total goodwill | 114,592 | - | 2,045 | - | - | (1,080) | - | (1,331) | - | 114,226 |
| Total | 802,619 | 8,423 | 1,728 | 14,151 | 6,101 | 28,981 | 791 | (1,331) | - | 861,463 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

8. Investments (Continued)

Changes in investments (Continued)

| Investments | Consolidated | | | 09/30/2021 |
|-------------------|--------------|---------------|--|------------|
| | 12/31/2020 | Equity pickup | Foreign exchange difference and subsidiary reserve | |
| Cubic | 6,603 | 88 | (89) | 6,602 |
| VCMC | 2,641 | (1,120) | (16) | 1,505 |
| Total investments | 9,244 | (1,032) | (105) | 8,107 |
| Goodwill | | | | |
| Cubic | 53,627 | - | (669) | 52,958 |
| Total goodwill | 53,627 | - | (669) | 52,958 |
| Total | 62,871 | (1,032) | (774) | 61,065 |

The corporate events related to the Company's and subsidiaries' investments for the nine-month period ended September 30, 2021 are detailed below:

| Subsidiaries | Events | Type | Amount in original currency | Amount in reais |
|-------------------|-----------------------------|-----------------------|-----------------------------|-----------------|
| BluPay (a) | Increase in equity interest | Shareholders' meeting | R\$2,100 | R\$2,100 |
| BluPay (b) | Capital increase | Shareholders' meeting | R\$500 | R\$500 |
| BluPay (b) | Capital increase | Shareholders' meeting | R\$250 | R\$250 |
| BluPay (b) | Capital increase | Shareholders' meeting | R\$500 | R\$500 |
| BluPay (b) | Capital increase | Shareholders' meeting | R\$6,154 | R\$6,154 |
| BluPay (b) | Capital increase | Shareholders' meeting | R\$1,018 | R\$1,018 |
| Nexitera (c) | Capital increase | Shareholders' meeting | R\$8,908 | R\$8,908 |
| Valid Beijing (d) | Capital increase | Shareholders' meeting | US\$500 | R\$2,691 |
| Valid Beijing (d) | Capital increase | Shareholders' meeting | US\$300 | R\$1,478 |
| Valid Beijing (d) | Capital increase | Shareholders' meeting | US\$399 | R\$2,096 |
| Valid USA (e) | Capital increase | Shareholders' meeting | US\$7,000 | R\$35,466 |
| Valid Nigeria (f) | Payment of dividends | Shareholders' meeting | US\$1,049 | R\$5,277 |

(a) Increase in interest in BluPay

On March 25, 2021, the Company acquired 42% equity interest in BluPay Tecnologia de Dados S/A ("BluPay") for R\$2,100, now holding 100% equity interest therein.

(b) Capital increase in BluPay

On February 12, 2021, the Parent Company increased capital in BluePay by R\$500 through the issue of 500,000 registered common shares, with no par value.

On March 26, 2021, the Parent Company increased capital in BluePay by R\$250 through the issue of 250,000 registered common shares, with no par value.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

Changes in investments (Continued)

(b) Capital increase in BluPay (Continued)

On April 12, 2021, the Parent Company increased capital in BluePay by R\$500 through the issue of 500,000 registered common shares, with no par value.

On April 29, 2021, the Parent Company increased capital in BluePay through conversion of loan into equity interest in the amount of R\$6,154 through the issue of 6,154,267 registered common shares, with no par value.

On September 20, 2021, the Parent Company increased capital in BluePay by R\$1,018 through the issue of 1,018,000 registered common shares, with no par value.

(c) Capital increase in Nexitera

On May 04, 2021, the subsidiary Interprint increased capital in Nexitera through conversion of loan into equity interest in the amount of R\$8,908 through the issue of 8,907,595 registered common shares, with no par value.

(d) Capital increase in Valid Beijing

On January 27, 2021, subsidiary Valid Spain increased capital in Valid Beijing by US\$500 (equivalent to R\$2,691 on the transaction date).

On June 24, 2021, subsidiary Valid Spain increased capital in Valid Beijing by US\$300 (equivalent to R\$1,478 on the transaction date).

On August 06, 2021, subsidiary Valid Spain increased capital in Valid Beijing by US\$399 (equivalent to R\$2,096 on the transaction date).

(e) Capital increase in Valid USA

On June 03, 2021, subsidiary Valid Spain increased capital in Valid USA by US\$7,000 (equivalent to R\$35,466 on the transaction date).

(f) Payment of dividends in Valid Nigeria

On June 29, 2021, Valid Nigeria paid out dividends in the amount of US\$1,049 (equivalent to R\$5,277 on the transaction date), of which US\$734 (equivalent to R\$3,694 on the transaction date) were allocated to the Parent Company Valid Spain and US\$315 (equivalent to R\$1,584 on the transaction date) to the non-controlling shareholder.

In addition to the corporate events for the nine-month period ended September 30, 2021, described above, we highlight the following events for the year ended December 31, 2020, which impacted the comparability of the information presented in this financial information:

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

8. Investments (Continued)

Changes in investments (Continued)

| Subsidiaries | Events | Type | Amount in original currency | Amount in R\$ |
|-------------------|--------------------------------------|-----------------------|-----------------------------|---------------|
| Valid Taiwan | Increase in equity interest | Shareholders' meeting | US\$796 thousand | 3,289 |
| Valid Spain | Capital increase | Shareholders' meeting | US\$7,000 thousand | 29,860 |
| Nexitera | Increase in equity interest | Shareholders' meeting | R\$1,500 thousand | 1,500 |
| Nexitera | Increase in equity interest | Shareholders' meeting | R\$0.01 | 0.01 |
| Serbet and Alpdex | Acquisition of Serbet and Alpdex | Shareholders' meeting | R\$10,000 thousand | 10,000 |
| Valid Indonesia | Increase in equity interest | Shareholders' meeting | US\$1 | 5 |
| Valid Hub | Establishment of Valid Hub | Shareholders' meeting | R\$1,680 | 1,680 |
| Mitra | Acquisition of Mitra | Shareholders' meeting | R\$12,500 | 12,500 |
| BluPay | Acquisition of BluPay – after report | Shareholders' meeting | R\$3,900 | 3,900 |
| Valid Spain | Payment of dividends | Shareholders' meeting | US\$4,000 | 20,840 |
| Interprint | Payment of dividends | Shareholders' meeting | R\$70,000 | 70,000 |
| Serbet | Capital increase | Shareholders' meeting | R\$6,000 | 6,000 |
| Mitra | Capital increase | Shareholders' meeting | R\$4,000 | 4,000 |
| URAM | Disposal of subsidiaries | Shareholders' meeting | USD50 | 258 |
| Inemator | Disposal of subsidiaries | Shareholders' meeting | USD15 | 76 |

9. Intangible assets

Changes in intangible assets for the nine-month period ended September 30, 2021 are as follows:

| | Individual | | | |
|-------------------------|------------|----------|--------------|----------|
| | 12/31/2020 | Addition | Amortization | Transfer |
| Finite useful life | | | | |
| Software | 33,304 | 11,361 | (4,698) | (90) |
| | 33,304 | 11,361 | (4,698) | (90) |
| Indefinite useful life | | | | |
| Goodwill | | | | |
| Trust | 3,647 | - | - | - |
| | 3,647 | - | - | - |
| Total intangible assets | 36,951 | 11,361 | (4,698) | (90) |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

9. Intangible assets (Continued)

| | Consolidated | | | | | | 09/30/2021 |
|-------------------------------|--------------|----------|-----------|--------------|------------------------------|----------|------------|
| | 12/31/2020 | Addition | Write-off | Amortization | Foreign exchange differences | Transfer | |
| Finite useful life | | | | | | | |
| Software | 265,453 | 32,227 | (67) | (43,820) | 5,670 | (380) | 259,083 |
| Customer portfolio | 23,054 | - | - | (4,118) | 813 | (1,629) | 18,120 |
| Right of use (1) | 1,023 | 15,552 | - | - | - | 1,863 | 18,438 |
| Trademarks and patents | 1,311 | - | - | - | 62 | - | 1,373 |
| Digital certification license | 56 | - | - | (8) | - | - | 48 |
| | 290,897 | 47,779 | (67) | (47,946) | 6,545 | (146) | 297,062 |
| Indefinite useful life | | | | | | | |
| Trademarks and patents | 19,228 | - | - | - | 898 | - | 20,126 |
| Digital certification license | 500 | - | - | - | - | - | 500 |
| Goodwill | | | | | | | |
| Trust | 3,647 | - | - | - | - | - | 3,647 |
| Argentina | 969 | - | - | - | (107) | - | 862 |
| Interprint | 103,793 | - | - | - | - | - | 103,793 |
| Nexitera | 2,851 | - | - | - | - | - | 2,851 |
| Spain | 78,468 | - | - | - | (979) | - | 77,489 |
| Valid USA | 77,400 | - | - | - | 3,615 | - | 81,015 |
| Valid A/S | 247,503 | - | - | - | 11,559 | - | 259,062 |
| Blu Pay | 2,436 | - | - | - | - | - | 2,436 |
| Serbet | 27,992 | - | - | - | - | - | 27,992 |
| Mitra | 14,426 | - | - | - | - | - | 14,426 |
| | 579,213 | - | - | - | 14,986 | - | 594,199 |
| Total intangible assets | 870,110 | 47,779 | (67) | (47,946) | 21,531 | (146) | 891,261 |

(1) This amount basically refers to concessions granted to operate digital parking activity.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

9. Intangible assets (Continued)

Intangible assets with finite useful lives are represented basically by the customer portfolio and software licenses, amortized on a straight-line basis at the average rates of 16.3% and 24.8% p.a., respectively, based on the estimated useful lives or license terms (applicable to software licenses), while digital certification licenses and trademarks and patents are amortized at the average rate of 10% and 33.3% p.a., respectively.

Indefinite-lived intangible assets refer mainly to goodwill arising from acquisition of subsidiaries.

Impairment losses

At least once a year and whenever there is an indication of impairment, the Company tests goodwill due to expected future profitability for impairment based on the valuation of value in use, where estimated future cash flows are discounted to their present values at a pretax discount rate that reflects a current market assessment of the time value of money and the specific risks for the asset or cash-generating unit ("CGU" or "CGUs").

The goodwill on a business combination is allocated to the CGU or the group of CGUs that are expected to benefit from combination synergies. Such allocation reflects the lowest level where goodwill is monitored for internal purposes and is not higher than an operating segment determined in accordance with IFRS 8 (CPC 22).

At the end of prior year, the Company and its subsidiaries tested their assets for impairment and, except for the MSC and Tress cash-generating units, did not identify any adjustments to be recognized in relation to impairment of assets. Significant assumptions used by the Company and its subsidiaries in goodwill impairment tests carried out as at December 31, 2020 are described in the individual and consolidated financial statements for the year then ended, published in the Official Gazette on March 25, 2021. There were no new asset impairment indications as at September 30, 2021 that might require the performance of new impairment tests as part of the process for preparing the individual and consolidated interim financial information for the quarter then ended.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

10. Property, Plant and Equipment (PPE)

| | Individual | | | | | 09/30/2021 |
|--|------------|----------|-----------|----------------------------|----------|------------|
| | 12/31/2020 | Addition | Write-off | Provision for obsolescence | Transfer | |
| Cost | | | | | | |
| Land | 3,732 | - | - | - | - | 3,732 |
| Buildings | 98,903 | - | - | - | (10,009) | 88,894 |
| Machinery and equipment | 221,073 | 9,852 | (149) | 396 | 3,616 | 234,788 |
| Furniture and fixtures | 18,423 | 444 | - | - | 1 | 18,868 |
| Vehicles | 639 | - | - | - | - | 639 |
| Data processing equipment | 118,981 | 3,304 | (18) | - | 1,010 | 123,277 |
| Leasehold improvements | 3,772 | - | - | - | 669 | 4,441 |
| Construction in progress | 2,971 | 3,704 | (61) | - | (3,698) | 2,916 |
| Advances to suppliers | 1,304 | 2,325 | (59) | - | (1,671) | 1,899 |
| Right of use - IFRS 16 | 13,890 | 4,016 | (928) | - | - | 16,978 |
| Subtotal - cost | 483,688 | 23,645 | (1,215) | 396 | (10,082) | 496,432 |
| Depreciation | | | | | | |
| Buildings | (42,894) | (4,405) | - | - | - | (47,299) |
| Machinery and equipment | (138,071) | (5,860) | 82 | - | - | (143,849) |
| Furniture and fixtures | (11,684) | (1,169) | - | - | - | (12,853) |
| Vehicles | (558) | (37) | - | - | - | (595) |
| Data processing equipment | (92,202) | (7,367) | 4 | - | - | (99,565) |
| Leasehold improvements | (3,741) | (19) | - | - | - | (3,760) |
| Right of use - IFRS 16 | (6,736) | (3,196) | 614 | - | - | (9,318) |
| Subtotal - depreciation | (295,886) | (22,053) | 700 | - | - | (317,239) |
| Total property, plant and equipment, net | 187,802 | 1,592 | (515) | 396 | (10,082) | 179,193 |

- (1) At September 30, 2021, the Company management decided to sell one of its plants located in the city of São Bernardo do Campo – state of São Paulo (SP), thus resulting in the classification of this asset as available for sale, based on the following criteria: (i) the property is available for immediate sale and may be disposed of in its current state; (ii) disposal is expected to be completed by June 30, 2022; (iii) considering the amounts for which the Company intends to make the sale, there is no impairment loss is expected; (iv) the Company has ceased the depreciation of the respective assets; and (v) the asset cost, net of depreciation, amounts to R\$10,172 at September 30, 2021.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

10. Property, Plant and Equipment (PPE) (Continued)

| | Consolidated | | | | | | Transfer | 09/30/2021 |
|--|--------------|----------|-----------|----------------------------|-------------------------------|------------------------------|----------|------------|
| | 12/31/2020 | Addition | Write-off | Provision for obsolescence | Inflation adjustment – IAS 29 | Foreign exchange differences | | |
| Cost | | | | | | | | |
| Land | 4,484 | - | - | - | - | 20 | (326) | 4,178 |
| Buildings | 129,300 | - | - | - | - | 374 | (17,006) | 112,668 |
| Machinery and equipment | 507,502 | 12,540 | (7,133) | 396 | 13,704 | 2,111 | 26,003 | 555,123 |
| Furniture and fixtures | 29,471 | 465 | (133) | - | 298 | 114 | 116 | 30,331 |
| Vehicles | 2,228 | 60 | (766) | - | 159 | (120) | 12 | 1,573 |
| Data processing equipment | 194,355 | 4,894 | (2,974) | - | 2,635 | (137) | 1,548 | 200,321 |
| Leasehold improvements | 106,689 | 437 | (1,846) | - | 2,676 | 2,807 | 4,144 | 114,907 |
| Construction in progress | 28,707 | 24,608 | (164) | - | 31 | 804 | (33,489) | 20,497 |
| Advances to suppliers | 1,339 | 2,372 | (60) | - | - | - | (1,740) | 1,911 |
| Right of use - IFRS 16 | 162,858 | 7,307 | (5,008) | - | 901 | 5,659 | - | 171,717 |
| Subtotal - cost | 1,166,933 | 52,683 | (18,084) | 396 | 20,404 | 11,632 | (20,738) | 1,213,226 |
| Depreciation | | | | | | | | |
| Buildings | (63,736) | (4,898) | - | - | - | (41) | - | (68,675) |
| Machinery and equipment | (377,005) | (21,589) | 8,147 | - | (12,007) | (1,686) | - | (404,140) |
| Furniture and fixtures | (21,274) | (1,588) | 55 | - | (273) | (109) | - | (23,189) |
| Vehicles | (2,010) | (93) | 757 | - | (170) | 118 | - | (1,398) |
| Data processing equipment | (156,833) | (10,622) | 2,183 | - | (2,444) | 80 | - | (167,636) |
| Leasehold improvements | (42,362) | (6,007) | 1,197 | - | (1,451) | (955) | - | (49,578) |
| Right of use - IFRS 16 | (56,768) | (17,392) | 3,326 | - | (975) | (1,807) | - | (73,616) |
| Subtotal - depreciation | (719,988) | (62,189) | 15,665 | - | (17,320) | (4,400) | - | (788,232) |
| Total property, plant and equipment, net | 446,945 | (9,506) | (2,419) | 396 | 3,084 | 7,232 | (20,738) | 424,994 |

- (1) At December 31, 2020, the Company management decided to sell one of the plants owned by a subsidiary located abroad, thus resulting in the classification of this asset as available for sale, based on the following criteria: (i) the property is available for immediate sale and may be disposed of in its current state; (ii) the actions to complete the sale have been conducted and the expectation is that by December 31, 2021 the disposal will be completed; (iii) considering the amounts for which the Company intends to make the sale, impairment loss is not expected; (iv) the Company has ceased the depreciation of the respective assets; and (v) the asset cost, net of depreciation, amounts to R\$14,179 at September 30, 2021 (R\$13,546 at December 31, 2020);
- (2) At September 30, 2021, the Company management decided to sell one of its plants located in the city of São Bernardo do Campo – state of São Paulo (SP), thus resulting in the classification of this asset as available for sale, based on the following criteria: (i) the property is available for immediate sale and may be disposed of in its current state; (ii) disposal is expected to be completed by June 30, 2022; (iii) considering the amounts for which the Company intends to make the sale, there is no impairment loss is expected; (iv) the Company has ceased the depreciation of the respective assets; and (v) the asset cost, net of depreciation, amounts to R\$20,884 at September 30, 2021.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

10. Property, Plant and Equipment (PPE) (Continued)

For a set of assets under the same classification, with a very long useful life range, the stated useful life reflects the weighted average useful lives of these assets.

At December 31, 2020, the Company reviewed the investment and business plan of the Security Personalization business unit in the United States, which, due to lower operational efficiency and the decrease in expected revenue growth, recognized a provision for impairment of consolidated balances in the amount of R\$17,736 (equivalent to US\$3,447) in the United States.

At December 31, 2020, the Company reviewed investments and business plans of the Security Printing business unit in subsidiary Tress, which absorbed a significant impact from the current and prospective revenue loss, substantially motivated by the loss of an important customer of this cash-generating unit that is allocated to the Identification segment in Brazil. As a result, a provision for impairment was recognized in the consolidated balances in the amount of R\$2,835 relating to goodwill. No new indications of impairment of assets were identified as at September 30, 2021, so that there was a need to carry out another impairment tests as part of the process of preparing the individual and consolidated interim financial information for the quarter ended September 30, 2021.

11. Loans, financing, debentures and leases payable

Significant information on loans, financing, debentures and leases payable by the Company and its subsidiaries is summarized as follows:

| Description | Loans (a.1) | Loans (a.2) | Loans (a.3) |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Borrower | Valid USA | Valid Spain | Valid USA |
| Bank | Banco do Brasil | Santander | HSBC |
| Total | US\$14,000 thousand | EUR13,000 thousand | US\$12,000 thousand |
| Date the loan was raised | 05/01/2019 | 11/13/2018 | 04/01/2019 |
| Maturity date | 05/01/2022 | 04/01/2022 | 04/01/2022 |
| Settlement date | - | - | - |
| Compensation | Libor + 1.98% p.a. | 2.42% p.a. | Libor + 3.50% p.a. |
| Warranty | Valid S.A. | Valid S.A. | Valid S.A. |
| Reason | Cash injection and debt roll-over | Cash injection and debt roll-over | Cash injection and debt roll-over |
| Repayment of principal | Annually (from May 2020) | Bullet (from April 2022) | Annually (from March 2021) |
| Interest payment | Quarterly (from August 2019) | Annually (from May 2020) | Quarterly (from September 2019) |
| Balance in debt currency at 09/30/2021: | US\$4,701 thousand | EUR15,229 thousand | US\$3,993 thousand |
| Balance restated at 09/30/2021: | R\$25,570 | R\$82,836 | R\$21,721 |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

| Description | Loans (a.4) | Loans (a.5) | Loans (a.6) |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Borrower | Valid Spain | Valid Spain | Valid Spain |
| Bank | Santander | Itaú BBA | Santander |
| Total | US\$50,000 thousand | US\$38,888 thousand | US\$7,142 thousand |
| Date the loan was raised | 06/02/2017 | 05/07/2020 | 05/15/2020 |
| Maturity date | 05/05/2022 | 04/22/2022 | 05/05/2022 |
| Settlement date | - | - | - |
| Compensation | 6.55% p.a. | 6.20% p.a. | 6.05% p.a. |
| Warranty | Valid S.A. | Valid S.A. | Valid S.A. |
| Reason | Cash injection and debt roll-over | Cash injection and debt roll-over | Cash injection and debt roll-over |
| Repayment of principal | Semiannually (from May 2018) | Semiannually (from May 2021) | Semiannually (from May 2021) |
| Interest payment | Semiannually (from November 2017) | Semiannually (from November 2020) | Semiannually (from May 2021) |
| Balance in debt currency at 09/30/2021: | US\$7,273 thousand | US\$8,106 thousand | US\$2,434 thousand |
| Balance restated at 09/30/2021: | R\$39,561 | R\$44,094 | R\$13,241 |

| Description | Loans (a.7) | Loans (a.8) |
|---|-----------------------------------|--|
| Borrower | Valid USA | Valid S/A |
| Bank | Banco do Brasil | BTG |
| Total | US\$4,667 thousand | R\$50,000 |
| Date the loan was raised | 05/05/2020 | 04/16/2021 |
| Maturity date | 04/07/2022 | 07/13/2023 |
| Settlement date | - | - |
| Compensation | Libor + 6.00% p.a. | CDI + 4% p.a. |
| Warranty | Valid S.A. | Valid S.A. |
| Reason | Cash injection and debt roll-over | Cash injection |
| Repayment of principal | Annually (from April 2021) | Monthly after a 9-month grace period |
| Interest payment | Quarterly (from July 2019) | Monthly interest – 10 months and monthly, after grace period |
| Balance in debt currency at 09/30/2021: | US\$2,382 | R\$52,535 |
| Balance restated at 09/30/2021: | R\$12,956 | R\$52,535 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

| Description | Loans (a.9) | Loans (a.10) |
|---|-----------------------------|------------------------------------|
| Borrower | Valid S.A. | Valid S.A. |
| Bank | Bradesco | Banco do Brasil |
| Total | R\$45,000 | R\$45,000 |
| Date the loan was raised | 06/04/2020 | 06/17/2020 |
| Maturity date | 06/04/2022 | 06/17/2022 |
| Settlement date | - | - |
| Compensation | CDI + 3.95% p.a. | CDI + 4.20% p.a. |
| Warranty | Valid S.A. | Valid S.A. |
| Reason | Debt roll-over | Debt roll-over |
| Repayment of principal | Monthly (from October 2020) | Annually |
| Interest payment | Monthly (from October 2020) | Quarterly (from September 4, 2020) |
| Balance in debt currency at 09/30/2021: | R\$12,747 | R\$18,528 |
| Balance restated at 09/30/2021: | R\$12,747 | R\$18,528 |

| Description | Loans (a.11) |
|---|------------------------------|
| Borrower | Valid Spain |
| Bank | Banco Santander |
| Total | US\$7,142 thousand |
| Date the loan was raised | 11/12/2020 |
| Maturity date | 05/05/2022 |
| Settlement date | - |
| Compensation | 6.13% p.a. |
| Warranty | Valid S.A. |
| Reason | Debt roll-over |
| Repayment of principal | Semiannually (from May 2021) |
| Interest payment | Semiannually (from May 2021) |
| Balance in the currency of the country of origin At 09/30/2021: | US\$2,434 |
| Balance restated in Brazilian reais (R\$) at 09/30/2021: | R\$13,244 |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

| Description | Loans (a.12) |
|---|---|
| Borrower | Valid S.A. |
| Bank | Safra |
| Total | R\$30,000 |
| Date the loan was raised | 03/12/2021 |
| Maturity date | 03/12/2024 |
| Settlement date | - |
| Compensation | CDI + 3.99% p.a. |
| Warranty | Valid S/A |
| Reason | Debt roll-over |
| Repayment of principal | 10-month grace period (quarterly from January 12, 2022) |
| Interest payment | 3-month grace period (quarterly from June 12, 2021) |
| Balance in the currency of the country of origin at 09/30/2021: | R\$30,139 |
| Balance restated in Brazilian reais (R\$) at 09/30/2021: | R\$30,139 |

| Description | Loans (a.13) |
|---|--|
| Borrower | Valid S.A. |
| Bank | Brazil's Federal Savings and Loans Bank ("CEF") |
| Total | R\$70,000 |
| Date the loan was raised | 03/31/2021 |
| Maturity date | 03/30/2024 |
| Settlement date | - |
| Compensation | CDI + 0.22% p.m. |
| Warranty | Valid S/A |
| Reason | Debt roll-over |
| Repayment of principal | 12-month grace period (Monthly from April 2022) |
| Interest payment | Semiannually during the grace period (Monthly from April 2022) |
| Balance in the currency of the country of origin at 09/30/2021: | R\$70,000 |
| Balance restated in Brazilian reais (R\$) at 09/30/2021: | R\$70,000 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

| Description | Loans (a.14) |
|---|--------------------|
| Borrower | Valid USA |
| Bank | HSBC |
| Total | R\$4,000 |
| Date the loan was raised | 01/01/2021 |
| Maturity date | 01/01/2022 |
| Settlement date | - |
| Compensation | Libor + 2.64% p.a. |
| Warranty | Valid S/A |
| Reason | Working capital |
| Repayment of principal | N/A |
| Interest payment | Monthly |
| Balance in the currency of the country of origin at 09/30/2021: | US\$4,010 |
| Balance restated in Brazilian reais (R\$) at 09/30/2021: | R\$21,812 |

| Description | Debentures (c.1) |
|---|--|
| Debentures | 7 th issue - 05/24/2018 |
| Date of approval | Board of Directors' Meeting held on 05/21/2018 |
| Number | 36,000 unsecured nonconvertible debentures |
| Par value | 10,000 |
| Total | 360,000,000 |
| Maturity date: | 06/30/2023 |
| Payment of principal: | Annually |
| Interest payment: | Semiannually |
| Type and series | Single-series unsecured debentures |
| Balance restated in Brazilian reais (R\$) at 09/30/2021 | R\$182,408 |

| Description | Debentures (c.2) |
|---|---|
| Debentures | 8 th issue – 1 st series |
| Date of approval | Board of Directors' Meeting held on 05/05/2021 |
| Number | 27,000 unsecured nonconvertible debentures |
| Par value | 1,000 |
| Total | 27,000,000 |
| Maturity date: | 05/10/2024 |
| Payment of principal: | Quarterly from February 2022 |
| Interest payment: | Quarterly from November 2021 |
| Type and series: | Unsecured non-convertible debentures with security interest in 2 series |
| Balance restated in Brazilian reais (R\$) at 09/30/2021 | R\$27,460 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

| Description | Debentures (c.3) |
|---|---|
| Debentures | 8 th issue – 2 nd series |
| Date of approval | Board of Directors' Meeting held on 05/05/2021 |
| Number | 503,700 unsecured nonconvertible debentures |
| Par value | 1,000 |
| Total | 503,700,000 |
| Maturity date: | 05/10/2025 |
| Payment of principal: | Quarterly from May 2022 Semiannual during the grace period and quarterly from May 2022 |
| Interest payment: | 2022 |
| Type and series: | Unsecured non-convertible debentures with security interest in 2 series |
| Balance restated in Brazilian reais (R\$) at 09/30/2021 | R\$513,200 |

a) Borrowings

| | Individual | | Consolidated | |
|------------|------------|------------|--------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Borrowings | 183,949 | 306,374 | 461,555 | 922,930 |
| Financing | - | - | 41 | 146 |
| Debentures | 723,067 | 268,902 | 723,067 | 268,902 |
| Leases | 8,491 | 7,636 | 108,542 | 116,107 |
| Total | 915,507 | 582,912 | 1,293,205 | 1,308,085 |
| Current | 281,752 | 364,149 | 491,444 | 756,600 |
| Noncurrent | 633,755 | 218,763 | 801,761 | 551,485 |

These loans are subject to compliance with quarterly covenants with which the Company and its subsidiaries were compliant at September 30, 2021. The main financial and operating covenants of the loans are the following:

- Net debt/EBITDA lower than or equal to three;
- EBITDA/net finance costs higher than or equal to 1.75.

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

a) Loans (Continued)

Additionally, Valid USA and Valid Spain may not carry out the following:

- (I) Merger, consolidation or combination (unless approved by the lender);
- (II) Liquidation, wind-up or discontinuance or filing for corporate reorganization or restructuring;
- (III) In one or more transactions, whether related or not, sale, transfer, designation or disposal of all or substantially all assets or properties (except in the case of merger or consolidation with another company, provided that the borrower is the continuing/surviving entity or that such continuing/surviving entity assumes the obligations after the merger);
- (IV) Entering into a new agreement, either directly or indirectly, whereby any real or personal property, used in or useful to the business, either owned or to be acquired, is sold or transferred, and, thereafter, lease of the property or another property intended to be substantially used for the same purpose of the property sold/transferred.

Over the nine-month period ended September 30, 2021, the amount of R\$642,241 (R\$188,562 at December 31, 2020) was repaid, out of which R\$41,927 (R\$35,580 for the year ended December 31, 2020) as interest on loans.

At September 30, 2021 and December 31, 2020, the loan balances are summarized as follows:

| Borrowings | Individual | | Consolidated | |
|-------------------|------------|------------|--------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Principal | 180,848 | 301,171 | 454,790 | 908,477 |
| Interest | 4,125 | 7,164 | 8,022 | 15,071 |
| Other obligations | (1,024) | (1,961) | (1,257) | (618) |
| Total | 183,949 | 306,374 | 461,555 | 922,930 |
| Current | 83,877 | 271,136 | 278,956 | 644,525 |
| Noncurrent | 100,072 | 35,238 | 182,599 | 278,405 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

b) Financing

At September 30, 2021 and December 31, 2020, financing payable, as well as related interest calculated based on the conditions set forth in the contracts, are as follows:

| Financing | Consolidated | |
|------------|--------------|------------|
| | 09/30/2021 | 12/31/2020 |
| Principal | 41 | 146 |
| Interest | - | - |
| Total | 41 | 146 |
| Current | 41 | 135 |
| Noncurrent | - | 11 |

c) Debentures

At September 30, 2021 and December 31, 2020, debentures payable, as well as related interest calculated based on the conditions defined in the deed, are as follows:

| Debentures | Individual | | Consolidated | |
|-------------------|------------|------------|--------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Principal | 710,700 | 270,000 | 710,700 | 270,000 |
| Interest | 20,879 | 418 | 20,879 | 418 |
| Other obligations | (8,512) | (1,516) | (8,512) | (1,516) |
| Total | 723,067 | 268,902 | 723,067 | 268,902 |
| Current | 193,768 | 89,791 | 193,768 | 89,791 |
| Noncurrent | 529,299 | 179,111 | 529,299 | 179,111 |

The debentures are subject to certain quarterly covenants with which the Company was in compliance at September 30, 2021 and December 31, 2020. The main debenture-related covenants are as follows:

- Net debt/EBITDA lower than or equal to three;
- EBITDA/net finance costs higher than or equal to 1.75.

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

11. Loans, financing, debentures and leases payable (Continued)

c) Debentures (Continued)

On June 4, 2018, the amount of R\$360,000 relating to the 7th issue of debentures was raised to meet cash requirements for settlement of long-term obligations. On May 5, 2021, the amount of R\$27,000 referring to the 1st series was raised and on May 10, 2021, the amount of R\$503,700 referring to the 2nd series of the 8th issue of debentures was raised for the purpose of meeting cash requirements and restructuring debt. Over the nine-month period ended September 30, 2021, the amount of R\$92,992 (R\$101,118 at December 31, 2020) was repaid, out of which R\$2,992 (R\$11,118 at December 31, 2020) as interest on debentures.

d) Leases

The Company adopted IFRS 16 as of January 2019. The following table shows the future minimum payments due by the Company relating to leases and those of its subsidiaries at September 30, 2021 and December 31, 2020:

| | Individual | | Consolidated | |
|-------------------|--------------|------------|----------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Within 1 year | 4,107 | 3,222 | 18,679 | 22,149 |
| From 1 to 5 years | 4,384 | 4,414 | 52,697 | 61,176 |
| Above 5 years | - | - | 37,166 | 32,782 |
| Total | 8,491 | 7,636 | 108,542 | 116,107 |

The maturity of loans, financing and debentures at September 30, 2021 and December 31, 2020 (not including future charges) is as follows:

| | Individual | | Consolidated | |
|-------------------|----------------|------------|------------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Within 1 year | 277,645 | 360,927 | 472,765 | 734,451 |
| From 1 to 2 years | 210,834 | 124,792 | 293,154 | 351,953 |
| From 2 to 3 years | 320,646 | 89,557 | 320,765 | 105,515 |
| From 3 to 4 years | 97,891 | - | 97,979 | 59 |
| Total | 907,016 | 575,276 | 1,184,663 | 1,191,978 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

12. Provisions

The Company and its subsidiaries are plaintiffs and defendants to tax, civil and labor legal and administrative proceedings, arising in the ordinary course of their business, and make judicial deposits as necessary. Provisions for possible disbursements arising out of such proceedings are estimated and restated by the Company management, supported by the opinion of its outside legal advisors.

At September 30, 2021 and December 31, 2020, breakdown and changes in provisions recorded for proceedings whose likelihood of loss was assessed as probable are as follows:

| | Individual | | | | 09/30/2021 |
|-----------------------------|------------|------------|-----------|----------|------------|
| | 12/31/2020 | Provisions | Reversals | Payments | |
| Labor | 11,873 | 5,398 | (2,804) | (1,992) | 12,475 |
| Tax | 1,176 | 3,290 | - | - | 4,466 |
| Civil, commercial and other | 106 | 20,724 | (211) | - | 20,619 |
| Total | 13,155 | 29,412 | (3,015) | (1,992) | 37,560 |

| | Consolidated | | | | Foreign exchange differences | 09/30/2021 |
|-----------------------------|--------------|------------|-----------|----------|------------------------------|------------|
| | 12/31/2020 | Provisions | Reversals | Payments | | |
| Labor | 14,385 | 5,924 | (3,677) | (2,076) | (46) | 14,510 |
| Tax | 3,429 | 6,523 | (135) | (246) | 96 | 9,667 |
| Civil, commercial and other | 811 | 20,814 | (213) | - | - | 21,412 |
| Total | 18,625 | 33,261 | (4,025) | (2,322) | 50 | 45,589 |

a) Provisions

Significant proceedings whose likelihood of loss is assessed as probable and, therefore, for which provisions were recorded in the financial statements, are summarized below:

Labor claims

- These refer to various labor claims, the most significant of which individually relate to overtime, acknowledgment of employment relationship, health/hazardous duty pay, equal pay for equal work, among other labor rights. The most significant probable claims total R\$6,164 (R\$4,375 at December 31, 2020) in the Individual and Consolidated interim financial information.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

12. Provisions (Continued)

a) Provisions (Continued)

Tax proceedings

- Debt annulment action, representing a contingency of R\$1,216 at September 30, 2021 (R\$1,176 at December 31, 2020), claiming acknowledgment that part of the debt required under tax enforcement No. 2005.51.01.511329-9, deriving from deduction of short-term investments frozen by the Collor Plan from the taxable profit, was offset with credit in favor of the Company.
- Declaratory judgment action with the objective of suspending the requirement of the credit related to the new rate of the Occupational Accident Insurance ("SAT"), arising from the changes brought by Decree No. 6957/2009, due to the illegality and unconstitutionality of the changes promoted by said decree, and the review of the grade of the criteria and rates of Environmental Occupational Risks and the calculation methodology for the Accident Prevention Factor. The Company did not prevail and, as such, at September 30, 2021, a provision for burden of defeat was set up in the amount of R\$1,324 (R\$1,265 at December 31, 2020).
- Tax Debt Annulment Action with Petition for Interlocutory Relief requesting the annulment of tax credits based on Tax Assessment Notice with Penalty (AIIM) No. 4.066.299-8, issued to claim for an alleged debt related to delinquent payment of ICMS for the period from January 2012 to December 2013, given the non-inclusion of the IPI in its tax base for sale of inductive cards to telecommunications companies. At September 30, 2021, the provision amounted to R\$614 (R\$988 at December 31, 2020).
- Tax Enforcement Proceeding seeking collection of tax claim recorded as federally enforceable debt through NFLD No. 37.004.412-6 (social contribution tax on amounts paid as Incentive Card), guaranteed by the advance offer of Letter of Guarantee No. 240.149-1, issued by Banco Safra S/A, subsequently replaced by Letter of Guarantee No. 100414030019900, issued on March 24, 2014 by Itaú Unibanco S/A. At September 30, 2021, the provision amounted to R\$1,706 (R\$0 at December 31, 2020).
- Writ of Mandamus filed with the purpose of obtaining a declaration that the levy base of Contributions intended for Third Parties is subject to a limit of 20 minimum wages, as well as the right to reimbursement of the amounts "overpaid". The preliminary injunction was granted to the Company, which has opted to benefit from the right to the relief granted, which is why it decided, on a conservative basis, to set up a provision with the amounts granted to return them in case the injunction is revoked. At September 30, 2021, the provision amounted to R\$1,544 (R\$0 at December 31, 2021).

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

12. Provisions (Continued)

a) Provisions (Continued)

Civil proceedings

- Action addressing the dissolution of the company in relation to a withdrawn member. Currently, the lawsuit is awaiting the Specialist's opinion on the claims of the parties about the Valuation Report on the Units of Interest of the Withdrawn Member. At September 30, 2021, the provision amounted to R\$734 (R\$665 at December 31, 2020).
- Civil proceeding filed against the Company on February 3, 2004 by a former salesperson, claiming severance pay and commissions. The proceeding is currently pending judgment at the appellate court. On April 16, 2021, the 3rd Vice-Presidency of the Court of Justice of the State of Rio de Janeiro dismissed the special appeal filed by the Company against the judgment of the 8th Civil Chamber of the Court of Justice of the State of Rio de Janeiro, which upheld the requests filed by the plaintiff. Management understands that due to the facts presented above, the likelihood of loss in this proceeding is probable as of April 16, 2021 and, consequently, recorded a provision in the approximate amount of R\$20,440, which corresponds to the amount under negotiation for purposes of settlement with heirs.

No provision was recognized for legal and administrative proceedings whose likelihood of loss is assessed as possible by management, based on the opinion of external legal advisors. These proceedings are as follows:

| | Individual | | Consolidated | |
|-----------------------------|----------------|------------|----------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Labor | 44,251 | 43,799 | 50,859 | 46,868 |
| Tax | 277,606 | 278,446 | 329,982 | 323,001 |
| Civil, commercial and other | 29,080 | 50,263 | 46,974 | 54,793 |
| Total | 350,937 | 372,508 | 427,815 | 424,662 |

Significant contingencies classified as possible losses are as follows:

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

12. Provisions (Continued)

b) Contingent liabilities - possible loss

Tax proceedings

- (I) Federal Value-Added Tax (IPI): the Company was served tax notices, from 2010 to 2013, by federal tax authorities under the allegation that the tax classification of the Company's customized prints should be different from the one adopted. Pursuant to the tax code informed by the Brazilian IRS, the materials produced by the Company should be subject to IPI and, therefore, the Company should be considered an IPI debtor to the Federal Government.

Under the same tax notice, the taxation authorities used IPI credits (as mentioned in Note 7) that were accumulated due to acquisition of inputs used in the production of said prints, to reduce the calculated debts subject matter of the tax notices. As a result of amortization of IPI credits with debts, the taxation authorities disallowed the offset returns in which those credits were used. Given a change in financial guidance on the issue, the Company no longer offsets accumulated tax credits against other federal taxes, but requires refund in cash of the corresponding amounts.

Based on assessment of its legal advisors, the Company considers the likelihood of an unfavorable outcome as possible and, therefore, no longer recognizes the provision. At September 30, 2021, the restated amount of these proceedings is R\$15,285 (R\$15,146 at December 31, 2020).

- (II) Tax notice - Electronic tax files: in 2012, the Company was served a tax notice by the São Paulo State Department of Finance. At September 30, 2021, the restated amount of this proceeding is R\$14,012 (R\$13,856 at December 31, 2020), referring to fines for alleged errors in the completion of electronic tax files - ICMS information and computation form (GIA) and Digital Tax Bookkeeping (EFD). The Company filed a lawsuit to cancel the debt, which is currently awaiting judgment of the appeal filed by the state of São Paulo. The amounts presented above are the Company's best estimate as at September 30, 2021.
- (III) IRPJ and CSLL: in 2013, subsidiary Interprint was served a tax notice by the Brazilian IRS, in the restated amount of R\$32,231 at September 30, 2021 (R\$31,819 at December 31, 2020), referring to an alleged irregularity in amortization of goodwill recorded in its bookkeeping. Interprint's challenge was dismissed and a voluntary appeal was filed, which was accepted. Currently, the appeal to the High Court of Justice filed by the Office of the Attorney General of the National Treasury against the acceptance of the voluntary appeal is pending trial.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

12. Provisions (Continued)

b) Contingent liabilities - possible loss (Continued)

Tax proceedings (Continued)

- (IV) The Company was served a tax notice by the São Paulo State Department of Finance requiring payment of alleged ICMS amounts from January 2012 to December 2013, as the taxation authorities understand that ICMS payment is required on (i) transfers between facilities owned by the same entity and (ii) shipments to other facilities taxed as services rendered. At September 30, 2021, the restated amount of the referred to proceeding is R\$109,921 (R\$108,495 at December 31, 2020). On April 19, 2017, a decision partially favorable to the Company was awarded. Appeals to the High Court of Justice have been filed. Currently, such appeals await trial.
- (V) The Company filed an annulment action not to pay the ICMS required by the Tax Notice. In an interlocutory decision, the High Court of Justice (STJ) suspended the required payment of the credit because it understands that the specific case is related to the hypothesis of STJ Decision No. 166. The proceeding then returned to the lower court to proceed normally and is currently awaiting judgment. At September 30, 2021, the restated amount referring to this lawsuit is R\$54,693 (R\$54,382 at December 31, 2020).
- (VI) The Company was served a tax notice by the Brazilian IRS, requiring alleged social security payments because it understands that the contracts of sales representatives actually conceal employment relationships. A challenge has been filed, which is pending judgment. At September 30, 2021, the restated amount referring to this lawsuit is R\$17,388 (R\$17,084 at December 31, 2020).
- (VII) The Company was served tax notices by the Brazilian IRS related to Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) for calendar years 2014 and 2015. A challenge has been filed, which is pending judgment. At September 30, 2021, the restated amount referring to this lawsuit is R\$24,771 (R\$24,342 at December 31, 2020).
- (VIII) The Company seeks to annul the tax claims based on administrative proceeding No. 13896.720208/2012-03, related to the collection of IPI, due to an alleged classification error for certain graphic prints, from January 2007 to December 2007. At September 30, 2021, the updated amount of said proceeding is R\$16,671 (R\$16,019 at December 31, 2020).

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

12. Provisions (Continued)

b) Contingent liabilities - possible loss (Continued)

Civil, commercial and other proceedings

- (I) Civil proceeding filed by the Company on July 9, 2007, claiming annulment or, if not understood in this manner, reduction of the fine imposed by ANATEL. The proceeding is currently pending judgment at the appellate court. At September 30, 2021, the restated amount of the proceeding, considering a refund of amounts received, is R\$14,556 (R\$13,351 at December 31, 2020).

Labor claims

The Company is a party to various labor claims, mostly seeking overtime, acknowledgment of employment relationship, health/hazardous duty pay, equal pay for equal work, and FGTS and INSS-related benefits, among other labor rights. At September 30, 2021, the most significant claims relating to the matters described above amount to R\$18,999 (R\$22,273 at December 31, 2020).

13. Transactions with related parties

| | Individual | |
|--|----------------|---------------|
| | 09/30/2021 | 12/31/2020 |
| Accounts receivable (a) | | |
| Valid Par | 6 | 20 |
| Valid Argentina | 279 | 293 |
| Valid Sucursal | 3,169 | 1,863 |
| BluPay | 62 | - |
| Serbet | - | 200 |
| Interprint | 1,413 | 1,018 |
| Valid Certificadora | 899 | 434 |
| Nexitera | 577 | 22 |
| Total accounts receivable | 6,405 | 3,850 |
| Intercompany loan receivable | | |
| BluPay | - | 5,424 |
| Serbet | 4,000 | - |
| Valid Spain | 351,747 | - |
| Valid USA | 45,076 | 770 |
| Total intercompany loans receivable | 400,823 | 6,194 |
| Total assets | 407,228 | 10,044 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)

Nine-month period ended September 30, 2021

(In thousands of reais, unless otherwise stated)

13. Transactions with related parties (Continued)

| | Individual | |
|--------------------------|----------------|-----------------|
| | 09/30/2021 | 12/31/2020 |
| Accounts payable (a) | | |
| Valid Argentina | (40) | (29) |
| Valid Sucursal | (91) | (56) |
| Serbet (b) | (2,476) | (3,000) |
| Interprint | (63) | (54) |
| Mitra (b) | (3,000) | (3,000) |
| URAM | - | (42) |
| Valid Spain | (1,096) | (1,919) |
| Valid AS | (2,838) | (4,052) |
| Total liabilities | (9,604) | (12,152) |

| | Individual | |
|---------------------------------|-----------------|-----------------|
| | 09/30/2021 | 09/30/2020 |
| Statement of profit or loss (a) | | |
| Valid Argentina | 1 | 545 |
| Valid Sucursal | 1,058 | 1,171 |
| Valid Hub | - | 804 |
| Interprint | 394 | 417 |
| Valid Mexico | 33 | 36 |
| Nexitera | 30 | 22 |
| BluPay | 72 | - |
| Net revenue | 1,588 | 2,995 |
| Valid Argentina | (44) | - |
| Interprint | (112) | (243) |
| Valid Certificadora | (65) | (558) |
| Mitra | (5) | - |
| URAM | - | (27) |
| Valid Spain | (6,707) | (11,288) |
| Valid USA | (35) | - |
| Valid AS | (24,469) | (24,689) |
| Cost of sales and services (a) | (31,437) | (36,805) |

- (a) Most transactions refer to intercompany purchases of input for production according to the parties' needs, and there is no agreement entered into for minimum production. Days sales/payment outstanding is 35 days and all transactions are conducted in accordance with market practices. Additionally, the balance receivable from Valid Spain and Valid USA refers to loans between related parties and transactions with noncontrolling shareholders - Serbet in the amount of R\$2,477 and Mitra in the amount of R\$3,000.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

13. Transactions with related parties (Continued)

| | Individual | |
|---------------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Statement of profit or loss (a) | | |
| Valid Argentina | 2 | 515 |
| Valid Sucursal | 2,115 | - |
| Interprint | 384 | (11) |
| Valid Certificadora | 178 | - |
| Valid Mexico | 33 | - |
| Nexitera | 60 | - |
| Valid Hub | - | 804 |
| Valid USA | 134 | - |
| BluPay | 72 | - |
| Net revenue | <u>2,978</u> | <u>1,308</u> |
| Valid Argentina | (39) | - |
| Interprint | 41 | 1,863 |
| Valid Certificadora | (5) | (23) |
| URAM | - | 9 |
| Mitra | (5) | - |
| Valid Spain | (1,945) | (4,872) |
| Valid USA | (11) | - |
| Valid AS | (8,534) | (8,607) |
| Cost of sales and services (a) | <u>(10,498)</u> | <u>(11,630)</u> |

(a) This refers to intercompany purchases of input for production according to the parties' needs, and there is no agreement entered into for minimum production. Days sales/payment outstanding is 35 days and all transactions are conducted in accordance with market practices.

Other transactions between related parties:

- At September 30, 2021, Valid Spain recorded, in assets, accounts receivable of R\$5,332 from Valid Argentina, R\$26,306 from Valid USA, R\$20,070 from Valid Sucursal, and R\$17,609 from Valid Mexico, relating to sale of inputs (R\$7,033 from Valid Argentina, R\$16,548 from Valid USA, R\$16,112 from Valid Sucursal, and R\$14,501 from Valid Mexico at December 31, 2020).
- At September 30, 2021, Valid A/S recorded, in assets, accounts receivable of R\$33,145 from Valid Spain, R\$15,333 from Valid Nigeria, R\$24,781 from Valid USA and R\$18,567 from Valid Argentina, relating to sale of inputs (R\$32,902 from Valid Spain, R\$11,264 from Valid Nigeria, R\$22,248 from Valid USA and R\$15,648 from Valid Argentina at December 31, 2020).
- On November 23, 2018, Valid Spain entered into two intercompany loan agreements with Valid USA totaling US\$13,000 thousand, subject to conventional interest of 6% p.a. At September 30, 2021, the balance of this loan is US\$3,000 thousand (equivalent to R\$16,318) (US\$3,000 (equivalent to R\$15,592) at December 31, 2020).

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

13. Transactions with related parties (Continued)

- On March 15, 2019, Valid Spain entered into a US\$2,500 thousand intercompany loan agreement with Valid USA, subject to conventional interest of 5.2% p.a. At September 30, 2021, the restated balance of this intercompany loan is US\$3,253 thousand (equivalent to R\$17,696) (US\$3,051 (equivalent to R\$15,856) at December 31, 2020).
- On July 29, 2019, Interprint entered into a R\$3,000 intercompany loan agreement with Nexitera, with conventional interest of 115% of the average daily CDI rates expressed as percentage per annum, and calculated on a *pro rata die* basis. On October 14, 2019, the parties entered into an addendum to this agreement amounting to R\$2,000. In March 2020, the parties entered into a new contract amounting to R\$2,500 that was delivered into five installments of R\$500. The first installment was delivered in March 2020, and the remaining installments were delivered in April, May and June. On October 9, 2020, the parties entered into a new intercompany loan agreement, in the amount of R\$150, with conventional interest of 115% of the CDI average rates. On April 30, 2021, the intercompany loans were fully converted into capital, with no debt settlement.
- On March 29, 2021, the Company entered into an intercompany loan agreement with subsidiary Valid Spain in the amount of EUR 3,361 thousand, bearing conventional interest of 6% per year, calculated on a *pro rata die* basis, maturing on March 31, 2026. As of September 30, 2021, the restated balance of this loan is EUR 3,445 thousand (equivalent to R\$21,697).
- On May 3, 2021, the Company entered into an intercompany loan agreement with subsidiary Valid Spain in the amount of EUR 22,728 thousand, bearing conventional interest of 6% per year, calculated on a *pro rata die* basis, maturing on May 03, 2026. As of September 30, 2021, the restated balance of this loan is EUR 23,276 thousand (equivalent to R\$146,602).
On May 17, 2021, the Company entered into an intercompany loan agreement with Valid Spain in the amount of EUR 28,500 thousand, bearing conventional interest of 6% per year, calculated on a *pro rata die* basis, maturing on November 30, 2022. As of September 30, 2021, the restated balance of this loan is EUR 29,126 thousand (equivalent to R\$183,444).
- On April 28, 2021, the Company entered into an intercompany loan agreement with Valid USA in the amount of R\$44,000, bearing conventional interest of 6% per year, calculated on a *pro rata die* basis with maturity on April 28, 2022. At September 30, 2021, the restated balance of this loan is R\$45,076.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

13. Transactions with related parties (Continued)

Compensation paid to the Executive Board, Board of Directors and Supervisory Board

For the nine-month periods ended September 30, 2021 and 2020, compensation paid to the board of directors, executive board, supervisory board, and other management members, recorded in the statement of profit or loss, including social charges and other benefits, is as follows:

| Consolidated | Board of Directors | Supervisory Board | Statutory Board | Other management members | 09/30/2021 |
|-------------------------------------|--------------------|-------------------|-----------------|--------------------------|---------------|
| Annual fixed compensation | 1,466 | 339 | 6,208 | 3,511 | 11,524 |
| Compensation | 1,227 | 283 | 4,377 | 2,412 | 8,299 |
| Charges and benefits | 239 | 56 | 1,544 | 908 | 2,747 |
| Private pension plan | - | - | 287 | 191 | 478 |
| Annual variable compensation | - | - | 8,105 | 2,538 | 10,643 |
| Variable compensation | - | - | 2,050 | 1,120 | 3,170 |
| Share-based payment | - | - | 4,002 | 824 | 4,826 |
| Charges borne by the employer | - | - | 2,053 | 594 | 2,647 |
| Total compensation | 1,466 | 339 | 14,313 | 6,049 | 22,167 |

(*) The compensation paid to Executive Board, Board of Directors, Supervisory Board and Statutory Board approved at the Annual General Meeting held on April 29, 2021 corresponds to R\$15,940.

| Consolidated | Board of Directors | Supervisory Board | Statutory Board | Other management members | 09/30/2020 |
|-------------------------------------|--------------------|-------------------|-----------------|--------------------------|---------------|
| Annual fixed compensation | 1,262 | 322 | 6,261 | 4,118 | 11,963 |
| Compensation | 1,023 | 277 | 3,895 | 2,616 | 7,811 |
| Charges and benefits | 239 | 45 | 1,981 | 1,230 | 3,495 |
| Private pension plan | - | - | 385 | 272 | 657 |
| Annual variable compensation | - | - | 4,309 | 1,134 | 5,443 |
| Variable compensation | - | - | 3,246 | 1,134 | 4,380 |
| Charges borne by the employer | - | - | 1,063 | - | 1,063 |
| Total compensation | 1,262 | 322 | 10,570 | 5,252 | 17,406 |

(*) The compensation paid to Executive Board, Board of Directors, Supervisory Board and Statutory Board approved at the Annual General Meeting held on April 29, 2020 corresponds to R\$13,600.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

13. Transactions with related parties (Continued)

Compensation paid to the Executive Board, Board of Directors and Supervisory Board (Continued)

| Consolidated | Board of Directors | Supervisory Board | Statutory Board | Other management members | 07/01/2021 to 09/30/2021 |
|-------------------------------------|---------------------------|--------------------------|------------------------|---------------------------------|---------------------------------|
| Annual fixed compensation | 516 | 115 | 1,604 | 1,193 | 3,428 |
| Compensation | 430 | 96 | 1,101 | 799 | 2,426 |
| Charges and benefits | 86 | 19 | 408 | 342 | 855 |
| Private pension plan | - | - | 95 | 52 | 147 |
| Annual variable compensation | - | - | 715 | 921 | 1,636 |
| Variable compensation | - | - | (61) | 416 | 355 |
| Share-based payment | - | - | 629 | 303 | 932 |
| Charges borne by the employer | - | - | 147 | 202 | 349 |
| Total compensation | 516 | 115 | 2,319 | 2,114 | 5,064 |

| Consolidated | Board of Directors | Supervisory Board | Statutory Board | Other management members | 07/01/2020 to 09/30/2020 |
|-------------------------------------|---------------------------|--------------------------|------------------------|---------------------------------|---------------------------------|
| Annual fixed compensation | 454 | 110 | 2,951 | 1,943 | 5,458 |
| Compensation | 372 | 92 | 1,651 | 1,117 | 3,232 |
| Charges and benefits | 82 | 18 | 1,206 | 703 | 2,009 |
| Private pension plan | - | - | 94 | 123 | 217 |
| Annual variable compensation | - | - | 4,135 | 1,017 | 5,152 |
| Variable compensation | - | - | 3,072 | 1,017 | 4,089 |
| Charges borne by the employer | - | - | 1,063 | - | 1,063 |
| Total compensation | 454 | 110 | 7,086 | 2,960 | 10,610 |

14. Equity

a) Capital

At the meeting held on January 7, 2021, the Board of Directors approved the Company's capital increase and the issue of subscription warrant with additional advantage capped at the authorized capital.

After the limit period foreseen for the shareholders to acquire the shares, a capital increase was made through issue of 10,845,000 shares, which represented a contribution in the amount of R\$99,019, and a subscription warrant was granted to each share in the capital increase process, which may be converted into the Company's shares in the future. Therefore 10,845,000 subscription warrants were issued.

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

14. Equity (Continued)

a) Capital (Continued)

Accordingly, capital net of share issue costs increased from R\$904,508, represented by 71,225,000 common shares, to R\$1,003,527, represented by 82,070,000 common registered book-entry shares, with no par value.

The Company is authorized to increase capital up to the limit of 100,000,000 common shares, including common shares already issued.

b) Capital reserves and treasury shares

Recognized stock options and restricted shares

As the stock option programs were terminated in 2012 and 2019, respectively, the Company records a capital reserve for stock options granted of R\$12,517 at December 31, 2016 and 2019.

A Company's Long-Term Incentive Plan "PILP" (restricted shares) was approved at the Special General Meeting held on April 29, 2021. The fixed share price considered the average of the last 90 stock trading sessions (before the Special and Annual General Meeting) with a vesting period of up to the fourth year of the grant. The number of 2,530,023 shares was estimated to meet the long-term incentive plan. The Binomial model considered the "Protective Put" logic, which would be the cost that the shareholder would have to incur to maintain their expected gain at the time of exercise by acquiring a share put option at the share price at the time of the exercise of the stock option arising from the Long-Term Incentive Plan.

For the nine-month period ended September 30, 2021, the Company recorded the amount of R\$8,479 in the capital reserve for stock options granted. As of September 30, 2021, the total amount recorded is R\$20,996 (R\$12,517 as of December 31, 2020).

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

14. Equity (Continued)

b) Capital reserves and treasury shares (Continued)

Treasury shares

| Grant date | Options granted | Maturity date | Base price | Balance at beginning of year | Granted during the year | Exercised during the year | Balance at end of year |
|-----------------------------|------------------|---------------|------------|------------------------------|-------------------------|---------------------------|------------------------|
| Matching program - 2021 | 133,764 | May/21 | R\$8.78 | - | 133,764 | (133,764) | - |
| Matching program - 2021 - B | 377,826 | Jul/21 | R\$8.78 | - | 377,826 | (377,826) | - |
| RSU program - 2021 - 1 | 233,333 | May/21 | R\$8.78 | - | 233,333 | (233,333) | - |
| RSU program - 2021 - 2 | 233,333 | May/22 | R\$8.78 | - | 233,333 | - | 233,333 |
| RSU program - 2021 - 3 | 233,334 | May/23 | R\$8.78 | - | 233,334 | - | 233,334 |
| SOP program - 2021 - 1 | 138,126 | May/21 | R\$8.78 | - | 138,126 | (138,126) | - |
| SOP program - 2021 - 2 | 138,126 | May/22 | R\$8.78 | - | 138,126 | - | 138,126 |
| SOP program - 2021 - 3 | 138,126 | May/23 | R\$8.78 | - | 138,126 | - | 138,126 |
| SOP program - 2021 - 4 | 138,122 | May/24 | R\$8.78 | - | 138,122 | - | 138,122 |
| SOP program - 2021 - B | 67,500 | May/21 | R\$8.78 | - | 67,500 | (67,500) | - |
| SOP program - 2021 - B | 67,500 | May/22 | R\$8.78 | - | 67,500 | - | 67,500 |
| SOP program - 2021 - B | 67,500 | May/23 | R\$8.78 | - | 67,500 | - | 67,500 |
| SOP program - 2021 - B | 67,500 | May/24 | R\$8.78 | - | 67,500 | - | 67,500 |
| SOP program - 2021 - G | 181,359 | Jul/21 | R\$8.78 | - | 181,359 | (181,359) | - |
| Total | <u>2,215,449</u> | | | - | <u>2,215,449</u> | <u>(1,131,908)</u> | <u>1,083,541</u> |

Weighted average price of the balance of options granted

R\$8.78

Capital transactions

At September 30, 2021, an amount of (R\$719) was recorded due to the acquisition of 42% of noncontrolling interest in company BluPay. After the transaction, the Company holds 100% equity interest of the subsidiary.

Since January 2008, the Company has approved, through its Board of Directors, programs to buy back common shares issued by the Company in order to keep them in treasury and, subsequently, dispose of and/or use them to meet obligations stemming from the key management compensation programs. Considering that the number of shares will always be below the maximum limit, the Board of Directors may review, at any time, the number of authorized shares, and supplement the legal limit of 10% of total outstanding shares. These shares are acquired with the funds from the Company's cash.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

14. Equity (Continued)

b) Capital reserves and treasury shares (Continued)

Treasury shares (Continued)

Changes in the buyback programs are as follows:

| Date of approval | Maximum number to be acquired | % of outstanding shares | End date |
|------------------|-------------------------------|-------------------------|------------|
| 01/04/2008 | 2,000,000 shares | 6.04% | 01/02/2009 |
| 12/30/2008 | 1,537,900 shares | 4.50% | 12/29/2009 |
| 05/19/2010 | 1,000,000 shares | 1.94% | 05/19/2011 |
| 06/02/2011 | 1,133,000 shares | 2.00% | 06/01/2012 |
| 08/20/2013 | 2,000,000 shares | 3.60% | 08/19/2014 |
| 02/04/2016 | 1,000,000 shares | 1.50% | 02/01/2017 |
| 02/01/2017 | 1,000,000 shares | 1.57% | 02/02/2018 |
| 02/02/2018 | 1,000,000 shares | 1.44% | 09/06/2019 |
| 11/12/2019 | 1,000,000 shares | 1.45% | 05/12/2021 |

At September 30, 2021, the Company holds 1,596,616 common shares in treasury (1,920,458 shares at December 31, 2020), whose weighted average cost of acquisition and minimum and maximum costs are as follows:

| Type | 09/30/2021 | Individual - Acquisition cost in reais | | |
|------------------------|------------|--|-----------------------|------------------------|
| | | Share price – Minimum | Share price – Maximum | Share price – Weighted |
| Share acquisition cost | - | 7.53 | 25.39 | 15.68 |

Based on the last market quote available at September 30, 2021, treasury shares total R\$13,220, with weighted average price, and minimum and maximum price at September 30, 2021 as follows:

| Type | 09/30/2021 | Price (in reais) | | | |
|---------------------|------------|-----------------------|-----------------------|------------------------|--------------------------|
| | | Share price – Minimum | Share price – Maximum | Share price – Weighted | Share price – Last quote |
| Current share price | - | 7.08 | 11.00 | 9.02 | 8.28 |

| Type | 12/31/2020 | Number | | | |
|-------------------------------------|------------|----------|-----------|-------|------------|
| | | Addition | Write-off | Bonus | 09/30/2021 |
| Number of common shares in treasury | 1,920,458 | - | (323,842) | - | 1,596,616 |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
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14. Equity (Continued)

b) Capital reserves and treasury shares (Continued)

Treasury shares (Continued)

At December 31, 2020, the Company had a balance of shares in the amount of R\$24,808. During the nine-month period ended September 30, 2021, the Company did not acquire any shares and, in compliance with the long-term incentive plan approved at the Annual and Special General Meeting on April 29, 2021, 422,391 shares were delivered. Of the total transferred shares, 98,549 were returned to the Company for payment of taxes, generating an additional net amount in that account of R\$223. The acquisition cost of treasury shares at September 30, 2021 is R\$25,031 (R\$24,808 at December 31, 2020).

c) Income reserves

Legal reserve

The legal reserve is recognized upon allocation, at year-end, of 5% of net income for the year, in compliance with article 193 of the Brazilian Corporation Law. At September 30, 2021, the legal reserve balance was fully absorbed by accumulated losses (R\$58,983 at December 31, 2020).

Investment reserve

This is intended to be used in investments considered in the capital budget, in conformity with article 196 of the Brazilian Corporation Law.

At September 30, 2021, the investment reserve balance was fully absorbed by accumulated losses (R\$140,631 at December 31, 2020). The Company recorded the amount of R\$6,101 (R\$5,149 at December 31, 2020) referring to the impact of the monetary restatement of nonmonetary items due to the adoption of IAS 29 - Financial Reporting in Hyperinflationary Economies; an amount of R\$859 from prior-year adjustments (R\$0 at December 31, 2020) and (R\$68) referring to profit or loss from prior periods relating to Guaratinguetá Consórcio. At September 30, 2021, the remaining balance in this account is R\$6,892.

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Notes to individual and consolidated interim financial information (Continued)
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14. Equity (Continued)

d) Dividends and interest on equity

| Dividends and interest on equity (IOE) payable | Amount per share | Date | Individual and Consolidated |
|---|-------------------------|-------------|------------------------------------|
| Balance at December 31, 2019 | | | 44,351 |
| Payment of IOE referring to 2019 | R\$0.35 | 01/06/2020 | (22,170) |
| Payment of IOE referring to 2019 | R\$0.35 | 12/10/2020 | (22,170) |
| Balance at September 30, 2021 | | | <u>11</u> |

Interest on equity is calculated based on the Long-Term Interest Rate (TJLP) variation, under the terms of Law No. 9249/95, and is accounted for as finance costs, as required by the tax legislation. For interim financial information presentation purposes, interest on equity is reversed from finance costs, and presented as a reduction of retained earnings in equity.

Interest on equity is subject to withholding income tax at the rate of 15%, except for immune or exempt shareholders, as determined in Law No. 9249/95.

The Company's Articles of Incorporation establish mandatory minimum dividend of 25%, calculated on annual net income, adjusted in accordance with article 202 of Law No. 6404/76.

Pursuant to Accounting Interpretation ICPC 08 - Accounting for Proposed Dividend Payment, mandatory minimum dividends are recognized in the period to which they relate, irrespectively of when they are declared, and exceeding dividends not yet declared are allocated to a special account in the statement of changes in equity.

e) Other comprehensive income (loss)

Cumulative translation adjustments

In conformity with CVM Rule No. 640 of October 7, 2010, which approved Accounting Pronouncement CPC 02 (R2) – The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements (“CPC 02”), equivalent to IAS 21, which determines that foreign exchange adjustments of investments abroad should be recognized in the Parent Company's equity, the Company set up a “cumulative translation adjustment” account, arising from translation of the interim financial information of its subsidiaries abroad, and the translation of the respective goodwill resulting from the related acquisitions. At September 30, 2021, the credit balance in this account amounted to R\$202,483 (credit balance of R\$173,502 at December 31, 2020). This difference is mainly due to changes in the main functional currencies of direct and indirect subsidiaries other than the Brazilian real (Dollar and Euro).

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Notes to individual and consolidated interim financial information (Continued)
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14. Equity (Continued)

e) Other comprehensive income (Continued)

Hedge of net investment in a foreign operation

Pursuant to CPC 48 (IFRS 09), hedging transactions of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on hedge investment related to the effective portion is recognized in other comprehensive income (loss), in equity. The gain or loss relating to the non-effective portion is immediately recognized in the statement of profit or loss. Gains and losses accumulated in equity are included in the statement of profit or loss when the foreign operation is partially or fully disposed of or sold.

Subsidiary Valid Spain presents net investments in foreign operations in USD and records exchange differences in other comprehensive income, as defined by IAS 21.

This transaction reflected exchange fluctuations deriving from parity between the US dollar (investment currency) and the euro (functional currency of Valid Spain). In the first half of 2018, the Company decided to improve its current risk management structure and began to analyze manners to mitigate currency fluctuations recorded in equity. As such, in order to hedge against foreign exchange differences, the Company decided to maintain a minimum percentage of the net investments in foreign operations hedged against currency fluctuation (investment in Valid USA (US dollar)) and designated non-derivative instruments to hedge the foreign exchange differences.

At September 30, 2021, the debt balance amounts to R\$12,266 (R\$5,557 at December 31, 2020) under "Other comprehensive income", relating to the hedge of net investments in foreign operations.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

14. Equity (Continued)

f) Noncontrolling interests

| | 09/30/2021 | 12/31/2020 |
|---|------------|------------|
| Balance at beginning of year | 49,778 | 18,242 |
| Share in profit or loss for the period | 2,076 | 806 |
| Acquisition of noncontrolling interests | (1,381) | (2,842) |
| Acquisition of Alpdex | - | 548 |
| Acquisition of Serbet | - | 15,924 |
| Acquisition of Mitra | - | 12,171 |
| Establishment of Valid Hub | - | 1,120 |
| Acquisition of controlling interests | - | (1,366) |
| Capital increase | - | 1,960 |
| Dividends paid to noncontrolling shareholders | (1,585) | - |
| Other | (24) | - |
| Cumulative translation adjustments | 459 | 3,215 |
| Balance at end of year | 49,323 | 49,778 |

15. Earnings per share

Profit or loss and share information used to calculate basic and diluted earnings per share for the nine-month periods ended September 30, 2021 and 2020 is as follows:

| | Individual | |
|---|----------------|------------------|
| | 09/30/2021 | 09/30/2020 |
| Profit or loss attributed to Company's common shareholders | 29,696 | (148,430) |
| Weighted average number of common shares used to calculate earnings per share | 77,488 | 70,000 |
| Basic earnings (loss) per share (in reais) | 0.38323 | (2.12043) |

| | Individual | |
|---|--------------------------|--------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Profit or loss attributed to Company's common shareholders | 52,258 | (2,474) |
| Weighted average number of common shares used to calculate earnings per share | 80,447 | 69,880 |
| Basic earnings (loss) per share (in reais) | 0.64960 | (0.03540) |

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Notes to individual and consolidated interim financial information (Continued)

Nine-month period ended September 30, 2021

(In thousands of reais, unless otherwise stated)

15. Earnings per share (Continued)

Basic earnings per share are calculated by dividing net income (loss) for the year attributed to the Company's common shareholders by the weighted average number of common shares outstanding in the period. For the periods presented, basic and diluted earnings per share are equivalent, considering that the Company and its subsidiaries do not have instruments with dilutive potential. The weighted average of the number of common shares used in the calculation corresponds to the average number of outstanding shares in the periods presented.

16. Net sales revenue

| | Individual | | Consolidated | |
|--------------------------------------|-----------------|------------|------------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Gross revenue from products sold | 64,527 | 54,426 | 694,150 | 658,809 |
| Gross revenue from services rendered | 651,616 | 450,307 | 1,034,558 | 827,940 |
| Total gross revenue | 716,143 | 504,733 | 1,728,708 | 1,486,749 |
| Sales taxes | (89,096) | (66,065) | (102,563) | (77,767) |
| Sales returns | (7,327) | (5,556) | (11,891) | (8,558) |
| Net sales revenue | 619,720 | 433,112 | 1,614,254 | 1,400,424 |

| | Individual | | Consolidated | |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Gross revenue from products sold | 17,794 | 21,293 | 254,428 | 243,970 |
| Gross revenue from services rendered | 248,914 | 160,279 | 368,577 | 306,491 |
| Total gross revenue | 266,708 | 181,572 | 623,005 | 550,461 |
| Sales taxes | (32,165) | (22,900) | (37,198) | (26,896) |
| Sales returns | (300) | (658) | (2,381) | (1,505) |
| Net sales revenue | 234,243 | 158,014 | 583,426 | 522,060 |

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Notes to individual and consolidated interim financial information (Continued)

Nine-month period ended September 30, 2021

(In thousands of reais, unless otherwise stated)

17. Costs and expenses by nature

The Company elected to present its statement of profit or loss by function. Breakdown of costs and expenses by nature is as follows:

| Expenses by nature | Individual | | Consolidated | |
|-------------------------------------|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Labor | 127,784 | 118,116 | 381,287 | 349,902 |
| Employee benefits | 28,582 | 36,343 | 54,486 | 61,001 |
| Taxes and charges | 36,967 | 27,198 | 74,167 | 60,408 |
| Operating lease | 9,296 | 6,582 | 13,111 | 9,491 |
| Depreciation and amortization | 28,082 | 31,050 | 98,922 | 99,570 |
| Consumables/raw material | 211,153 | 121,947 | 575,958 | 512,237 |
| Third-party services | 33,897 | 26,295 | 107,150 | 94,830 |
| Maintenance | 10,510 | 8,854 | 24,123 | 24,064 |
| Utilities and services | 36,317 | 27,791 | 84,912 | 73,481 |
| Sales commissions | 5,689 | 4,876 | 18,016 | 17,607 |
| Freight on sales | 6,943 | 6,982 | 21,044 | 22,608 |
| General and other expenses | 11,651 | 9,295 | 25,690 | 19,784 |
| Total expenses by nature | 546,871 | 425,329 | 1,478,866 | 1,344,983 |
| Classified as: | | | | |
| Cost of goods and services | 472,731 | 379,651 | 1,235,160 | 1,162,300 |
| Selling expenses | 40,058 | 24,042 | 150,920 | 113,112 |
| General and administrative expenses | 34,082 | 21,636 | 92,786 | 69,571 |
| Total | 546,871 | 425,329 | 1,478,866 | 1,344,983 |

| Expenses by nature | Individual | | Consolidated | |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Labor | 43,002 | 43,569 | 128,720 | 128,484 |
| Employee benefits | 8,900 | 11,930 | 17,072 | 20,532 |
| Taxes and charges | 11,921 | 5,773 | 24,095 | 17,585 |
| Operating lease | 3,388 | 2,119 | 4,641 | 3,108 |
| Depreciation and amortization | 9,045 | 10,039 | 33,526 | 34,934 |
| Consumables/raw material | 80,507 | 47,755 | 209,587 | 186,998 |
| Third-party services | 12,237 | 8,945 | 39,094 | 33,554 |
| Maintenance | 3,673 | 2,871 | 7,761 | 8,254 |
| Utilities and services | 13,641 | 9,868 | 30,039 | 26,202 |
| Sales commissions | 2,768 | 1,829 | 6,302 | 6,862 |
| Freight on sales | 2,147 | 2,701 | 6,878 | 8,648 |
| General and other expenses | 8,787 | 1,374 | 12,104 | 6,084 |
| Total expenses by nature | 200,016 | 148,773 | 519,819 | 481,235 |
| Classified as: | | | | |
| Cost of goods and services | 175,928 | 129,925 | 443,691 | 412,820 |
| Selling expenses | 14,172 | 8,827 | 45,952 | 39,688 |
| General and administrative expenses | 9,916 | 10,021 | 30,176 | 28,727 |
| Total | 200,016 | 148,773 | 519,819 | 481,235 |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
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18. Finance income and costs

| | Individual | | Consolidated | |
|--|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Finance income | | | | |
| Short-term investment income | 8,872 | 4,736 | 9,733 | 7,647 |
| Foreign exchange difference and interest on intercompany loans | 29,891 | 98 | 38,586 | 2,056 |
| Foreign exchange difference on loans | - | - | 4,384 | - |
| Other foreign exchange differences | 1,671 | 2,073 | 33,068 | 52,758 |
| Restatement of interest on leases | 945 | 691 | 1,017 | 727 |
| Foreign exchange difference on leases | - | - | 4 | 61 |
| Marketable securities | 1,570 | - | 1,570 | - |
| Credits and financial adjustments on tax credits | 9,773 | - | 25,825 | - |
| Swap | 6 | 1,119 | 6 | 1,119 |
| Other finance income | 44 | 502 | 1,685 | 647 |
| Total finance income | 52,772 | 9,219 | 115,878 | 65,015 |
| Finance costs | | | | |
| Interest on debentures, loans and financing | (42,174) | (17,964) | (60,682) | (43,938) |
| Foreign exchange difference and interest on intercompany loans | (29,411) | - | (45,166) | (3,472) |
| Foreign exchange difference on loans | - | - | (5,131) | (275) |
| Other foreign exchange differences | (3,184) | (1,726) | (32,125) | (62,821) |
| Bank expenses | (8,471) | (8,318) | (12,115) | (11,938) |
| Interest on leases | (432) | (861) | (5,249) | (6,055) |
| Restatement of interest on leases | (1,301) | (51) | (1,423) | (66) |
| Foreign exchange difference on leases | - | - | (17) | (9) |
| Marketable securities | (354) | - | (354) | - |
| Swap | (108) | (2,060) | (108) | (2,060) |
| Other finance costs | (262) | (901) | (2,650) | (2,542) |
| Total finance costs | (85,697) | (31,881) | (165,020) | (133,176) |
| Total finance income and costs | (32,925) | (22,662) | (49,142) | (68,161) |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

18. Finance income and costs (Continued)

| | Individual | | Consolidated | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Finance income | | | | |
| Short-term investment income | 4,381 | 1,652 | 4,816 | 2,375 |
| Foreign exchange difference and interest on intercompany loans | 26,703 | 47 | 31,791 | 51 |
| Foreign exchange difference on loans | - | - | 15 | - |
| Other foreign exchange differences | 523 | 618 | 8,115 | 18,278 |
| Other finance income | (312) | 351 | 550 | 423 |
| Monetary restatement of Interest on leases | 142 | 487 | 142 | 476 |
| Foreign exchange difference on lease | - | - | 4 | 61 |
| Marketable securities | 321 | - | 321 | - |
| Credits and financial adjustments of PIS and COFINS on ICMS | 281 | - | 402 | - |
| Swap | - | 1,119 | - | 1,119 |
| Total finance income | 32,039 | 4,274 | 46,156 | 22,783 |
| Finance costs | | | | |
| Interest on debentures, loans and financing | (22,482) | (7,425) | (25,065) | (17,944) |
| Interest on leases | (149) | (403) | (1,772) | (2,208) |
| Foreign exchange difference and interest on intercompany loans | (429) | - | (6,665) | (1,443) |
| Foreign exchange difference on loans | - | - | (671) | - |
| Other foreign exchange differences | (1,133) | (247) | (7,028) | (21,659) |
| Bank expenses | (1,850) | (7,814) | (2,896) | (9,207) |
| Monetary restatement of Interest on leases | - | (51) | 85 | (66) |
| Foreign exchange difference on leases | - | - | (1) | (9) |
| Marketable securities | (252) | - | (252) | - |
| Swap | 104 | (2,060) | 104 | (2,060) |
| Other finance costs | (200) | (449) | (905) | (1,343) |
| Total finance costs | (26,391) | (18,449) | (45,066) | (55,939) |
| Total finance income and costs | 5,648 | (14,175) | 1,090 | (33,156) |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
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19. Other operating income (expenses)

Significant information on amounts recognized as “Other operating expenses” at September 30, 2021 and 2020 is as follows:

| | Individual | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Restructuring costs | (7,226) | (3,357) | (7,226) | (5,967) |
| Amortization of capital gain on assets | - | - | (11,208) | (10,783) |
| Gain on/cost of sale of property, plant and equipment and provision for obsolescence / Impairment | 13 | (9,583) | 917 | (129,038) |
| Other operating income and expenses, net | (3,587) | 359 | (9,643) | (1,654) |
| Reimbursement of insurance | - | - | - | 7,846 |
| Contingency – legal proceeding ⁽¹⁾ | (20,440) | - | (20,440) | - |
| Total other operating expenses | (31,240) | (12,581) | (47,600) | (139,596) |

| | Individual | | Consolidated | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Restructuring costs | (675) | - | (675) | (4,769) |
| Amortization of capital gain on assets | - | - | (3,609) | (3,799) |
| Gain on/cost of sale of property, plant and equipment and provision for obsolescence / Impairment | (67) | (3,457) | (65) | (3,357) |
| Other operating income and expenses, net | (344) | 281 | (802) | 339 |
| Reimbursement of insurance | - | - | - | 327 |
| Total other operating expenses | (1,086) | (3,176) | (5,151) | (11,259) |

(1) Civil proceeding detailed in Note 12.a.

At March 31, 2021, aiming at efficiency gains in its Safety Print operations, as well as greater integration between its businesses, the Company decided to concentrate its São Bernardo do Campo/SP manufacturing operation at the Sorocaba/SP plant through a detailed plan approved by management. As a result, a provision for restructuring expenses was set up in the amount of R\$7,226 in the nine-month period ended September 30, 2021. This provision considers mainly labor costs and costs with the plant decommissioning.

Funds involving such consolidation processes are expected to be disbursed until the end of 2021. Due to temporary tax differences in this transaction, a provision for deferred income and social contribution taxes was recognized, as stated in Note 5.b.

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20. Segment reporting

For management purposes, the Company is organized into business units based on its products and services and has three reportable operating segments:

a) Means of payment

In this segment, integrated products and solutions, such as *chip* and magnetic stripe cards, *gift cards*, check printing, invoices and bank statements are offered. In addition, solutions in Radio Frequency Identification - RFID, contactless cards and mobile payments (through TSM - Trusted Service Manager and HCE - Host Card Emulation, via NFC - Near Field Communication) are also offered.

b) Identification

The identification segment provides physical and electronic solutions, such as data collection, storage and management, security prints, recognition and digital printing that meet this demand. All these technologies make a cross-reference between the database and the data contained in the document or portable media, such as paper, plastic or even electronic communication means, to check authenticity or status. The main identification documents are identity cards, drivers' licenses, class council cards, and stamps for brand security and authenticity.

The Company offers a full-service structure, with wide service fronts, which include the generation of computerized systems for the administration of databases, the collection of biometric data, the printing and customization of official identification documents, solutions for Smart Cities, traceable stamps and Digital Certification services.

c) Mobile

The broad telecommunications portfolio offered by the Company includes services of issuing statements and technologies for use in cell phones, in addition to innovations resulting from digital mobility, such as NFC, TSM and HCE solutions for mobile service providers.

In this segment, the Company operates in the rendering of services that improve the communication between telephone service providers and their customers, in the development of technologies for use in cell phones - such as recharge and payment - and also in the production of cards intended for telecommunications. *SIM Cards* are the main product of this business unit.

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Notes to individual and consolidated interim financial information (Continued)
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20. Segment reporting (Continued)

c) Mobile (Continued)

Focusing on the mobile market trends, Valid is actively participating in the different initiatives associated with the evolution of the SIM card, specifically the one called eUICC (embedded UICC). This new phase of SIM cards considers a broader market since SIM cards are now part of the connectivity related to the initiatives Machine to Machine and Internet of Things (IoT); the chip will be used not only in a mobile phone but also on other types of devices, such as automobiles, power meters, etc. In this new context, the solution considers not only the chip, but also a chip activation platform (known as Subscription Manager).

The Company management separately monitors operating income (expenses) of business units in order to make decisions on fund allocation and evaluate performance. Segment performance is evaluated mainly based on the profit allocated by segment, which comprises net revenue less costs, selling and administrative expenses; accordingly, other net operating income and expenses, equity pickup, finance income (costs) and income and social contribution tax expenses are not considered.

Significant information on profit, assets and liabilities per business segment is summarized as follows:

| 09/30/2021 | Identification | Means of payment | Telecom | Eliminations | Not allocated to segments | Consolidated |
|--|----------------|------------------|-----------|--------------|---------------------------|--------------|
| Revenues | | | | | | |
| Revenues from customers | 396,872 | 836,892 | 380,490 | - | - | 1,614,254 |
| Revenues from intersegment | 370 | 53,619 | 136,107 | (190,096) | - | - |
| Total revenues | 397,242 | 890,511 | 516,597 | (190,096) | - | 1,614,254 |
| Costs | (270,670) | (750,163) | (214,327) | - | - | (1,235,160) |
| Selling expenses | (49,571) | (30,218) | (71,131) | - | - | (150,920) |
| Administrative expenses | (30,674) | (43,332) | (18,780) | - | - | (92,786) |
| Intersegment costs and expenses | (370) | (53,619) | (136,107) | 190,096 | - | - |
| Finance income (costs), net | - | - | - | - | (49,142) | (49,142) |
| Other operating expenses, net | - | - | - | - | (47,600) | (47,600) |
| Equity pickup | - | - | (1,032) | - | - | (1,032) |
| Income and social contribution taxes (IRPJ/CSLL) | - | - | - | - | (5,842) | (5,842) |
| Net income for the period | | | | | | 31,772 |

| 09/30/2021 | Identification | Means of payment | Telecom | Eliminations | Consolidated |
|-------------------------------------|----------------|------------------|---------|--------------|--------------|
| Operating assets | 279,492 | 677,753 | 403,659 | (174,750) | 1,186,154 |
| Trade accounts receivable | 138,966 | 185,517 | 304,364 | (174,750) | 454,097 |
| Inventories | 15,270 | 226,267 | 65,526 | - | 307,063 |
| Property, Plant and Equipment (PPE) | 125,256 | 265,969 | 33,769 | - | 424,994 |
| Operating liabilities | 59,353 | 127,841 | 158,404 | (174,820) | 170,778 |
| Trade accounts payable | 59,353 | 127,841 | 158,404 | (174,820) | 170,778 |

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Notes to individual and consolidated interim financial information (Continued)
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20. Segment reporting (Continued)

c) Mobile (Continued)

| 09/30/2020 | Identification | Means of payment | Telecom | Eliminations | Not allocated to segments | Consolidated |
|--|----------------|------------------|-----------|--------------|---------------------------|--------------|
| Revenues | | | | | | |
| Revenues from customers | 316,626 | 743,470 | 340,328 | - | - | 1,400,424 |
| Revenues from intersegment | 1,944 | 94,084 | 131,095 | (227,123) | - | - |
| Total revenues | 318,570 | 837,554 | 471,423 | (227,123) | - | 1,400,424 |
| Costs | (259,984) | (673,507) | (228,809) | - | - | (1,162,300) |
| Selling expenses | (20,027) | (32,461) | (60,624) | - | - | (113,112) |
| Administrative expenses | (24,117) | (32,274) | (13,180) | - | - | (69,571) |
| Intersegment costs and expenses | (1,944) | (94,084) | (131,095) | 227,123 | - | - |
| Finance income (costs), net | - | - | - | - | (68,161) | (68,161) |
| Other operating expenses, net | - | - | - | - | (139,596) | (139,596) |
| Equity pickup | - | - | - | - | (1,196) | (1,196) |
| Income and social contribution taxes (IRPJ/CSLL) | - | - | - | - | 5,951 | 5,951 |
| Net income for the period | | | | | | (147,561) |

| 12/31/2020 | Identification | Means of payment | Telecom | Eliminations | Consolidated |
|-------------------------------------|----------------|------------------|---------|--------------|--------------|
| Operating assets | 275,320 | 609,139 | 364,754 | (150,429) | 1,098,784 |
| Trade accounts receivable | 115,574 | 144,004 | 272,676 | (150,429) | 381,825 |
| Inventories | 13,991 | 199,107 | 56,916 | - | 270,014 |
| Property, Plant and Equipment (PPE) | 145,755 | 266,028 | 35,162 | - | 446,945 |
| Operating liabilities | 40,178 | 141,582 | 156,546 | (150,244) | 188,062 |
| Trade accounts payable | 40,178 | 141,582 | 156,546 | (150,244) | 188,062 |

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 Nine-month period ended September 30, 2021
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20. Segment reporting (Continued)

c) Mobile (Continued)

| 07/01/2021 to 09/30/2021 | Identification | Means of payment | Telecom | Eliminations | Not allocated to segments | Consolidated |
|--|----------------|------------------|----------|--------------|---------------------------|--------------|
| Revenues | | | | | | |
| Revenues from customers | 157,048 | 305,776 | 120,602 | - | - | 583,426 |
| Revenues from intersegment | 159 | 22,241 | 46,371 | (68,771) | - | - |
| Total revenues | 157,207 | 328,017 | 166,973 | (68,771) | - | 583,426 |
| Costs | (96,452) | (280,214) | (67,025) | - | - | (443,691) |
| Selling expenses | (11,258) | (11,148) | (23,546) | - | - | (45,952) |
| Administrative expenses | (9,415) | (14,889) | (5,872) | - | - | (30,176) |
| Intersegment costs and expenses | (159) | (22,241) | (46,371) | 68,771 | - | - |
| Finance income (costs), net | - | - | - | - | 1,090 | 1,090 |
| Other operating expenses, net | - | - | - | - | (5,151) | (5,151) |
| Equity pickup | - | - | (681) | - | - | (681) |
| Income and social contribution taxes (IRPJ/CSLL) | - | - | - | - | (6,045) | (6,045) |
| Net income for the period | | | | | | 52,820 |

| 07/01/2020 to 09/30/2020 | Identification | Means of payment | Telecom | Eliminations | Not allocated to segments | Consolidated |
|--|----------------|------------------|----------|--------------|---------------------------|--------------|
| Revenues | | | | | | |
| Revenues from customers | 120,127 | 262,382 | 139,551 | - | - | 522,060 |
| Revenues from intersegment | 692 | 29,193 | 53,115 | (83,000) | - | - |
| Total revenues | 120,819 | 291,575 | 192,666 | (83,000) | - | 522,060 |
| Costs | (93,011) | (229,522) | (90,287) | - | - | (412,820) |
| Selling expenses | (6,906) | (10,509) | (22,273) | - | - | (39,688) |
| Administrative expenses | (10,950) | (12,782) | (4,995) | - | - | (28,727) |
| Intersegment costs and expenses | (692) | (29,193) | (53,115) | 83,000 | - | - |
| Finance income (costs), net | - | - | - | - | (33,156) | (33,156) |
| Other operating expenses, net | - | - | - | - | (11,259) | (11,259) |
| Equity pickup | - | - | 691 | - | - | 691 |
| Income and social contribution taxes (IRPJ/CSLL) | - | - | - | - | 2,433 | 2,433 |
| Net income for the period | | | | | | (466) |

“Other operating expenses, net”, “Finance income (costs), net”, and “Income and social contribution taxes” are presented in the table above on a non-segmented basis, as the Company understands that these items are not directly related to any operating segment.

The Company and its subsidiaries operate in the following geographic areas: Brazil (home country), Spain, Argentina, USA, Colombia, Uruguay, Mexico, Denmark, Republic of Mauritius, Singapore, Panama, South Africa, Nigeria, United Arab Emirates, India, Indonesia, Taiwan, China and Ireland.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

20. Segment reporting (Continued)

c) Mobile (Continued)

Because they are individually immaterial, revenues and noncurrent assets from operations in foreign countries, except for the USA, Argentina and EMEAA, have been disclosed in the aggregate, as follows:

| Revenues by geographic distribution | Consolidated | |
|---------------------------------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 |
| In the entity's home country - Brazil | 743,047 | 537,730 |
| In Argentina | 67,967 | 71,253 |
| In EMEAA (**) | 227,977 | 235,034 |
| In other foreign countries | 77,826 | 62,994 |
| In the USA | 497,437 | 493,413 |
| Revenues by region | 1,614,254 | 1,400,424 |

| Revenues by geographic distribution | Consolidated | |
|---------------------------------------|--------------------------|--------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| In the entity's home country - Brazil | 279,394 | 197,869 |
| In Argentina | 22,113 | 31,067 |
| In EMEAA (**) | 62,880 | 93,199 |
| In other foreign countries | 27,021 | 21,822 |
| In the USA | 192,018 | 178,103 |
| Revenues by region | 583,426 | 522,060 |

| Noncurrent assets (*) | Consolidated | |
|---------------------------------------|--------------|------------|
| | 09/30/2021 | 12/31/2020 |
| In the entity's home country - Brazil | 709,709 | 487,642 |
| In Argentina | 16,833 | 14,073 |
| In EMEAA (**) | 579,093 | 458,178 |
| In the USA | 308,411 | 359,229 |
| In other foreign countries | 12,405 | 8,804 |
| Noncurrent assets by region | 1,626,451 | 1,327,926 |

(*) Does not include deferred taxes.

(**) The following countries are considered in this line: Denmark, Republic of Mauritius, Singapore, Panama, South Africa, United Arab Emirates, India, Spain, Indonesia, China and Nigeria.

d) Information on major customers

In line with CPC 22 - Segment Reporting, equivalent to IFRS 8, the Company management informs that there is no transaction with one single foreign customer that accounts for 10% or more of the total revenue of the Company and its subsidiaries.

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
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21. Retirement benefit plans

The Company offers defined contribution pension plans to employees located in Brazil based on the groups defined in the internal pension plan policy. The plan assets are maintained separately from those of the Company and its subsidiaries, in funds controlled by trustees.

The Company contributes a specific percentage rate of the wage costs to the pension plan, and its only obligation in relation to the pension plan is to make such contributions.

For the nine-month periods ended September 30, 2021 and 2020, the Company and its subsidiaries recognized the following benefit-related amounts as “Cost of goods sold” and “Operating expenses” in the statement profit or loss:

| Benefits | Individual | | Consolidated | |
|----------------------|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Private pension plan | (412) | (604) | (435) | (1,101) |
| Total | (412) | (604) | (435) | (1,101) |

| Benefits | Individual | | Consolidated | |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Private pension plan | (109) | (199) | (112) | (452) |
| Total | (109) | (199) | (112) | (452) |

22. Financial instruments and risk management

The Company and its subsidiaries measured the market value of financial assets and liabilities based on available market information and appropriate valuation methodologies. However, market data interpretation and the selection of valuation methods require considerable judgment and estimates to best determine the realizable value. Accordingly, the estimates presented do not necessarily reflect the current market values. Use of different market hypotheses and/or methodologies can have a significant impact on estimated realizable values.

Significant financial liabilities of the Company and its subsidiaries refer to debentures, loans and financing and trade accounts payable. The main purpose of the debentures issued and borrowings was to raise funds to finance the operations of the Company and its subsidiaries and business combinations, whereas trade and other accounts payable arise directly from their operations. Significant financial assets of the Company and its subsidiaries include cash and cash equivalents, marketable securities, and trade accounts receivable that result directly from their operations.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

22. Financial instruments and risk management (Continued)

Fair value measurement

The fair value of financial assets and liabilities is included in the amount for which a financial instrument could be exchanged in a current transaction between willing parties, and not in a forced sale or settlement.

The fair value of trade accounts receivable/payable and related parties approximate their carrying amount mostly due to their short-term maturity.

The financial liability represented by debentures, loans and financing of the Company are classified as other liabilities, and are measured at amortized cost.

The carrying amounts and fair values of the Company's financial instruments at September 30, 2021 and December 31, 2020 are as follows, respectively:

| 09/30/2021 | | Individual | | Consolidated | |
|--|-------------------------------------|-----------------|------------|-----------------|------------|
| Fair value measurement | Classification | Carrying amount | Fair value | Carrying amount | Fair value |
| Cash and banks | Amortized cost | 21,631 | 21,631 | 148,371 | 148,371 |
| Cash equivalents | Fair value through profit or loss | 178,664 | 178,664 | 220,068 | 220,068 |
| Marketable securities | Fair value through profit or loss | 8,329 | 8,329 | 8,329 | 8,329 |
| Restricted short-term investment | Fair value through profit or loss | 172,331 | 172,331 | 172,379 | 172,379 |
| Accounts receivable | Amortized cost | 195,719 | 195,719 | 558,080 | 558,080 |
| Receivables from related parties | Amortized cost | 407,228 | 407,228 | 3,009 | 3,009 |
| Other accounts receivable | Amortized cost | 6,541 | 6,541 | 41,782 | 41,782 |
| Judicial deposits | Amortized cost | 18,250 | 18,250 | 18,905 | 18,905 |
| Trade accounts payable | Other liabilities at amortized cost | 51,469 | 51,469 | 170,778 | 170,778 |
| Payables to related parties | Other liabilities at amortized cost | 9,604 | 9,604 | 5,757 | 5,757 |
| Loans, financing and debentures | Other liabilities at amortized cost | 907,016 | 912,384 | 1,184,663 | 1,165,235 |
| Dividends and interest on equity payable | Other liabilities at amortized cost | 11 | 11 | 11 | 11 |

| 12/31/2020 | | Individual | | Consolidated | |
|--|-------------------------------------|-----------------|------------|-----------------|------------|
| Fair value measurement | Classification | Carrying amount | Fair value | Carrying amount | Fair value |
| Cash and banks | Amortized cost | 9,246 | 9,246 | 151,645 | 151,645 |
| Cash equivalents | Fair value through profit or loss | 307,351 | 307,351 | 334,891 | 334,891 |
| Marketable securities | Fair value through profit or loss | 5,622 | 5,622 | 5,622 | 5,622 |
| Restricted short-term investment | Fair value through profit or loss | 57,113 | 57,113 | 57,163 | 57,163 |
| Accounts receivable | Amortized cost | 166,765 | 166,765 | 460,545 | 460,545 |
| Receivables from related parties | Amortized cost | 10,044 | 10,044 | 3,998 | 3,998 |
| Other accounts receivable | Amortized cost | 7,049 | 7,049 | 51,937 | 51,937 |
| Judicial deposits | Amortized cost | 20,589 | 20,589 | 21,166 | 21,166 |
| Trade accounts payable | Other liabilities at amortized cost | 66,326 | 66,326 | 188,062 | 188,062 |
| Payables to related parties | Other liabilities at amortized cost | 12,152 | 12,152 | 6,072 | 6,072 |
| Loans, financing and debentures | Other liabilities at amortized cost | 575,276 | 585,242 | 1,191,978 | 1,288,749 |
| Dividends and interest on equity payable | Other liabilities at amortized cost | 11 | 11 | 11 | 11 |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

22. Financial instruments and risk management (Continued)

Fair value hierarchy

Under CPC 46/IFRS 13, the Company measures its cash and cash equivalents, marketable securities and loans, financing and debentures at fair value. Loans, financing and debentures are classified as Level 1 and cash, cash equivalents and marketable securities are classified as Level 2.

The financial instruments recorded at fair value and/or those that have their fair values disclosed at September 30, 2021 and December 31, 2020 are summarized as follows:

| Description | Individual - 09/30/2021 | | |
|---------------------------------|---|---------------------------------------|---|
| | Prices quoted in active markets (Level 1) | Significant observable data (Level 2) | Significant unobservable data (Level 3) |
| Cash equivalents | - | 178,664 | - |
| Loans, financing and debentures | 912,834 | - | - |
| Marketable securities | - | 8,329 | - |
| Total | 912,834 | 186,993 | - |

| Description | Individual - 12/31/2020 | | |
|---------------------------------|---|---------------------------------------|---|
| | Prices quoted in active markets (Level 1) | Significant observable data (Level 2) | Significant unobservable data (Level 3) |
| Cash equivalents | - | 307,351 | - |
| Loans, financing and debentures | 585,242 | - | - |
| Marketable securities | - | 5,622 | - |
| Total | 585,242 | 312,973 | - |

| Description | Consolidated - 09/30/2021 | | |
|---------------------------------|---|---------------------------------------|---|
| | Prices quoted in active markets (Level 1) | Significant observable data (Level 2) | Significant unobservable data (Level 3) |
| Cash equivalents | - | 220,068 | - |
| Loans, financing and debentures | 1,165,135 | - | - |
| Marketable securities | - | 8,329 | - |
| Total | 1,165,135 | 228,397 | - |

| Description | Consolidated - 12/31/2020 | | |
|---------------------------------|---|---------------------------------------|---|
| | Prices quoted in active markets (Level 1) | Significant observable data (Level 2) | Significant unobservable data (Level 3) |
| Cash equivalents | - | 334,891 | - |
| Loans, financing and debentures | 1,288,749 | - | - |
| Marketable securities | - | 5,622 | - |
| Total | 1,288,749 | 340,513 | - |

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
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22. Financial instruments and risk management (Continued)

Market risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to market price changes. Market prices comprise two types of risk: (i) interest rate risk; and (ii) currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Profit or loss of the Company and its subsidiaries is subject to changes in interest rates on short-term investments and debentures, which are pegged to the CDI rate. For the Company's most significant loans, the index is pegged to the Libor rate.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company and its subsidiaries' exposure to the risk of changes in foreign exchange rates relates primarily to their operating activities (when revenues or expenses are denominated in a currency other than the functional currency) and the Company's net investments in foreign subsidiaries.

The table below shows the sensitivity of the Company and its subsidiaries to an estimated appreciation of the Brazilian real by 25% and 50% in relation to subsidiaries with functional currencies other than the Brazilian real, as described in Note 2.6.b. The sensitivity analysis considers the equity of subsidiaries translated into Brazilian reais at the end of the reporting period, considering depreciation of 25% and 50% in exchange rates. Appreciation of the Brazilian real would result in equity reduction at the following amounts:

| Currency | Consolidated - 09/30/2021 | |
|--------------------------|-----------------------------------|-----------------------------------|
| | Change in exchange rate 25% | Change in exchange rate 50% |
| Equity - Argentine pesos | 4,280 | 8,560 |
| Equity - Colombian pesos | 4,780 | 9,560 |
| Equity - Mexican pesos | 3,469 | 6,939 |
| Equity - Uruguayan pesos | 644 | 1,288 |
| Equity - Euro | 123,861 | 247,723 |
| Equity - US dollar | 110,273 | 220,546 |

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

22. Financial instruments and risk management (Continued)

Currency risk (Continued)

The Company records trade accounts payable for equipment and raw material denominated in foreign currency. Therefore, profit or loss is subject to changes in the US dollar and Euro exchange rates. The Company estimates that a possible depreciation of the Brazilian real against the US dollar and Euro by 25% and 50%, respectively, would result in an impact on finance costs at September 30, 2021 of R\$128,944 in Individual and R\$257,889 in Consolidated (R\$22,851 and R\$45,702 at December 31, 2020) relating to these balances.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company and its subsidiaries are exposed to credit risk from their operating activities (primarily accounts receivable) and from their financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade accounts receivable are substantially concentrated in major financial institutions, telecommunication companies and State Government agencies. Given the reputation and financial soundness of such customers, the Company management does not expect to incur any loss on collection of receivables (Note 4).

Deposits in banks and financial institutions

All transactions of the Company and its direct and indirect subsidiaries are conducted with banks with acknowledged liquidity, which, according to management's understanding, minimizes the risks thereof.

Liquidity risk

Liquidity risk is defined as the possibility of the Company and its subsidiaries lacking sufficient funds to honor their commitments given the different currencies and the settlement terms of their rights and obligations.

The liquidity and cash flow control of the Company and its direct and indirect subsidiaries is monitored on a daily basis by management, in order to ensure that cash flow from operations and the prior funding, when necessary, are sufficient to meet their commitment schedule, not generating liquidity risks.

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Notes to individual and consolidated interim financial information (Continued)
Nine-month period ended September 30, 2021
(In thousands of reais, unless otherwise stated)

22. Financial instruments and risk management (Continued)

Liquidity risk (Continued)

The aging list of outstanding financial liabilities at September 30, 2021 and December 31, 2020, pursuant to paragraph 39 of CPC 40 (R1), is as follows:

| | Individual | | Consolidated | |
|---------------------------------|----------------|------------|------------------|------------|
| | 09/30/2021 | 12/31/2020 | 09/30/2021 | 12/31/2020 |
| Within 1 month | 51,469 | 66,061 | 170,778 | 187,797 |
| Trade accounts payable | 51,469 | 66,061 | 170,778 | 187,797 |
| Within 1 month | - | 8,354 | 81 | 9,087 |
| From 1 to 3 months | 23,840 | 8,534 | 23,921 | 64,449 |
| From 3 months to 1 year | 253,805 | 344,039 | 448,763 | 660,915 |
| From 1 to 5 years | 629,371 | 214,349 | 711,898 | 457,527 |
| Loans, financing and debentures | 907,016 | 575,276 | 1,184,663 | 1,191,978 |
| Total liquidity risk | 958,485 | 641,337 | 1,355,441 | 1,379,775 |

Sensitivity analysis

In general, the main risks related to the financial instruments used by the Company are pegged to: (i) changes in Interbank Deposit Certificate (CDI), mainly with respect to obligations on debentures issued and short-term investments and (ii) Libor rate on loans raised by the Company and its subsidiaries through subsidiary Valid USA and direct subsidiary Valid Spain.

The finance charges on the debentures issued by the Company consist of the average CDI rate, plus annual interest, whereas short-term investments bear interest based on the CDI fluctuation. Finance charges on loans consist of Libor plus a fixed contractual rate.

In addition, the Company has trade accounts payable pegged to the US dollar and Euro. However, taking into consideration that these payables mature within 30 days, a sensitivity analysis is not presented as the Company understands that it would not generate any benefits. With a view to analyzing the sensitivity of the index to which the Company's short-term investments were exposed at September 30, 2021, three different scenarios were defined. Based on projections disclosed by B3, dated October 01, 2021, CDI was projected for the following 12 months at 8.89%, which is defined as a probable scenario. Based on this scenario, 25% and 50% index variations were calculated and represent the conditions for different scenarios.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

22. Financial instruments and risk management (Continued)

Sensitivity analysis (Continued)

For each scenario, gross finance income from short-term investments was calculated, not considering taxes on investment income. The base date used for short-term investments was the balance outstanding at September 30, 2021, with a one-year projection and analysis of the CDI sensitivity in each scenario.

| Individual | | | | | |
|---|--------------------------|------|----------------------|-------------|--------------|
| Operation | Balance at 09/30/2021 | Risk | Probable scenario | Scenario II | Scenario III |
| Short-term investments (cash equivalents) | 178,664 | DI | 8.89% | 6.67% | 4.45% |
| Gross finance income | | | 15,883 | 11,917 | 7,951 |

| Individual | | | | | |
|---|--------------------------|------|----------------------|-------------|--------------|
| Operation | Balance at 12/31/2020 | Risk | Probable scenario | Scenario II | Scenario III |
| Short-term investments (cash equivalents) | 307,351 | DI | 3.61% | 2.71% | 1.81% |
| Gross finance income | | | 11,095 | 8,329 | 5,563 |

| Consolidated | | | | | |
|---|--------------------------|------|----------------------|-------------|--------------|
| Operation | Balance at 09/30/2021 | Risk | Probable scenario | Scenario II | Scenario III |
| Short-term investments (cash equivalents) | 220,068 | DI | 8.89% | 6.67% | 4.45% |
| Gross finance income | | | 19,564 | 14,679 | 9,793 |

| Consolidated | | | | | |
|---|--------------------------|------|----------------------|-------------|--------------|
| Operation | Balance at 12/31/2020 | Risk | Probable scenario | Scenario II | Scenario III |
| Short-term investments (cash equivalents) | 334,891 | DI | 3.61% | 2.71% | 1.81% |
| Gross finance income | | | 12,090 | 9,076 | 6,062 |

The same analysis was conducted for the balance corresponding to the Company's debentures at September 30, 2021. Interest of 114.8% was added for the 7th and 8th issue, reaching 10.22%, and this scenario was considered as probable. Based on this scenario, 25% and 50% index variations were calculated and represent the conditions for different scenarios.

Gross finance costs of obligations were calculated for each scenario, without taking into consideration the flow of maturity of installments falling due within the next 12 months. The base date used for debentures was the balance outstanding at September 30, 2021, with a one-year projection and analysis of the DI sensitivity in each scenario.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
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22. Financial instruments and risk management (Continued)

Sensitivity analysis (Continued)

| Operation | Balance at 09/30/2021 | Risk | Probable scenario | Scenario II | Scenario III |
|------------------------------------|--------------------------|------|----------------------|-------------|--------------|
| Debentures (8 th issue) | 540,660 | CDI | 10.22% | 12.78% | 15.33% |
| Gross finance costs | | | 55,255 | 69,096 | 82,883 |

| Operation | Balance at 09/30/2021 | Risk | Probable scenario | Scenario II | Scenario III |
|------------------------------------|--------------------------|------|----------------------|-------------|--------------|
| Debentures (7 th issue) | 182,407 | CDI | 10.22% | 12.76% | 15.32% |
| Gross finance costs | | | 18,642 | 23,275 | 27,945 |

| Operation | Balance at 12/31/2020 | Risk | Probable scenario | Scenario II | Scenario III |
|------------------------------------|--------------------------|------|----------------------|-------------|--------------|
| Debentures (7 th issue) | 268,902 | CDI | 4.14% | 5.18% | 6.21% |
| Gross finance costs | | | 11,133 | 13,929 | 16,699 |

The same analysis was conducted for the balance corresponding to indirect subsidiary Serbet's obligations on financing as at September 30, 2021. A projected TJLP of 5.32% was taken into consideration and disclosed by the BNDES in October 2021 and, based on this probable scenario, 25% and 50% index variances were calculated, representing the conditions for different scenarios.

| Operation | Balance at 09/30/2021 | Risk | Probable scenario | Scenario II | Scenario III |
|---------------------|--------------------------|------|----------------------|-------------|--------------|
| Financing | 41 | TJLP | 5.32% | 6.65% | 7.98% |
| Gross finance costs | | | 2 | 3 | 3 |

| Operation | Balance at 12/31/2020 | Risk | Probable scenario | Scenario II | Scenario III |
|---------------------|--------------------------|------|----------------------|-------------|--------------|
| Financing | 147 | TJLP | 4.39% | 5.49% | 6.59% |
| Gross finance costs | | | 6 | 8 | 10 |

The same analysis was conducted for the balance corresponding to indirect subsidiary Valid USA's obligations on loans at September 30, 2021. A 3-month Libor rate of 0.30% projected and disclosed by REFINITIV on October 19, 2021 was taken into consideration and, based on this probable scenario, 25% and 50% index variances were calculated, representing the conditions for different scenarios.

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

22. Financial instruments and risk management (Continued)

Sensitivity analysis (Continued)

| Operation | Balance at 09/30/2021 | Risk | Probable scenario | Scenario II | Scenario III |
|---------------------|--------------------------|-------|----------------------|-------------|--------------|
| Loans - Valid USA | 82,060 | Libor | 0.30% | 0.38% | 0.45% |
| Gross finance costs | | | 248 | 311 | 369 |
| Operation | Balance at 12/31/2020 | Risk | Probable scenario | Scenario II | Scenario III |
| Loans - Valid USA | 136,060 | Libor | 0.19% | 0.24% | 0.29% |
| Gross finance costs | | | 259 | 327 | 395 |

23. Insurance coverage

The Company takes out insurance coverage at amounts to cover any claims relating to its industrial plants, considering the nature of its activity and the risks involved in its operations. At September 30, 2021, the Company has the following major insurance policies taken out from third parties:

| Type | Currency | Amount insured |
|---|----------------|----------------|
| Civil liability | Brazilian real | 177,793 |
| Operational risks | Brazilian real | 460,338 |
| Sundry risks | Brazilian real | 188,155 |
| Vehicles | Brazilian real | 6,204 |
| D&O - civil liability | Brazilian real | 95,047 |
| Errors & Omissions (E&O) - professional liability | Brazilian real | 628,334 |
| Loyalty and crime | Brazilian real | 7,939 |
| Product transportation - import/export | US dollar | 11,930 |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

24. Additional disclosures to the statements of cash flows

a) Noncash transactions

| | Individual | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 09/30/2021 | 09/30/2020 | 09/30/2021 | 09/30/2020 |
| Noncontrolling interests | - | 293 | - | 63 |
| Capital increase payable - Serbet | - | 4,600 | - | 4,439 |
| Capital increase payable - Alpdex | - | 548 | - | 227 |
| Capital increase payable – Valid HUB | - | 450 | - | - |
| Acquisition of equity interest - MITRA | - | 3,000 | - | 1,594 |
| Earn out payable | - | 15,000 | - | 15,000 |
| Intangible assets acquired and not paid | 473 | 146 | 9,512 | 1,491 |
| Capitalization of intercompany loan - BluPay | 6,154 | - | - | - |
| Property, plant and equipment acquired and not paid | 3,193 | 250 | 4,502 | 369 |
| Lease acquired and not paid – PP&E | 4,016 | 3,048 | 7,307 | 6,626 |
| Lease acquired and not paid - liabilities | 3,464 | 3,048 | 6,004 | 6,632 |
| Total noncash transactions | 17,300 | 30,383 | 27,325 | 36,441 |

b) Changes in liabilities from financing activities

Significant changes in loans, financing, debentures and leases in financing activities for the period and year ended September 30, 2021 and December 31, 2020 are as follows:

| | Individual | | | | Allocation (interest + transaction cost) | 09/30/2021 |
|------------|------------|----------|-----------|--------------------------------------|---|------------|
| | 12/31/2020 | Addition | Write-off | Payment (principal + interest) | | |
| Borrowings | 306,374 | 99,078 | - | (238,909) | 17,406 | 183,949 |
| Debentures | 268,902 | 522,389 | - | (92,992) | 24,768 | 723,067 |
| Leases | 7,636 | 3,464 | (301) | (2,740) | 432 | 8,491 |
| Total debt | 582,912 | 624,931 | (301) | (334,641) | 42,606 | 915,507 |

| | Individual | | | | Allocation (interest + transaction cost) | Foreign exchange restatement | Foreign exchange difference (Equity) | 09/30/2021 |
|------------|------------|----------|-----------|--------------------------------------|---|------------------------------------|---|------------|
| | 12/31/2020 | Addition | Write-off | Payment (principal + interest) | | | | |
| Borrowings | 922,930 | 133,035 | (3) | (642,241) | 35,914 | 747 | 11,173 | 461,555 |
| Financing | 146 | - | - | (105) | - | - | - | 41 |
| Debentures | 268,902 | 522,389 | - | (92,992) | 24,768 | - | - | 723,067 |
| Leases | 116,107 | 6,004 | (798) | (22,191) | 5,249 | 13 | 4,158 | 108,542 |
| Total debt | 1,308,085 | 661,428 | (801) | (757,529) | 65,931 | 760 | 15,331 | 1,293,205 |

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Notes to individual and consolidated interim financial information (Continued)
 Nine-month period ended September 30, 2021
 (In thousands of reais, unless otherwise stated)

25. Reconciliation of EBITDA

The Company uses EBITDA as the main metric for the evaluation of the Company's financial performance. For purposes of compliance with the terms of paragraph 2, article 2 of CVM Ruling No. 527/12, we present below the reconciliation of the calculated EBITDA amounts for the nine-month periods ended September 30, 2021 and 2020.

| | Consolidated | |
|--|---------------------|-------------------|
| | 09/30/2021 | 09/30/2020 |
| Net income for the period | 29,696 | (148,430) |
| (+) Noncontrolling interests | 2,076 | 869 |
| (+) Income and social contribution taxes | 5,842 | (5,951) |
| (+) Finance income/costs | 49,142 | 68,161 |
| (+) Depreciation and amortization | 110,135 | 110,666 |
| EBITDA under CVM Ruling No. 572 of October 4, 2012 | 196,891 | 25,315 |
| (+) Other operating expenses | 47,600 | 139,596 |
| (+) Depreciation and amortization | (12,607) | (13,941) |
| (+/-) Equity pickup - noncontrolling interests | 1,032 | 1,196 |
| Adjusted EBITDA (1) | 232,916 | 152,166 |

| | Consolidated | |
|--|-------------------------------------|-------------------------------------|
| | 07/01/2021 to 09/30/2021 | 07/01/2020 to 09/30/2020 |
| Net income for the period | 52,258 | (2,474) |
| (+) Noncontrolling interests | 562 | 2,008 |
| (+) Income and social contribution taxes | 6,045 | (2,433) |
| (+) Finance income/costs | (1,090) | 33,156 |
| (+) Depreciation and amortization | 37,137 | 39,031 |
| EBITDA under CVM Ruling No. 572 of October 4, 2012 | 94,912 | 69,288 |
| (+) Other operating expenses | 5,151 | 11,259 |
| (+) Depreciation and amortization | (2,255) | (5,385) |
| (+/-) Equity pickup - noncontrolling interests | 681 | (691) |
| Adjusted EBITDA (1) | 98,489 | 74,471 |

- (1) EBITDA and Adjusted EBITDA are not financial performance measures in accordance with the Accounting Practices Adopted in Brazil and IFRS, nor should they be considered in isolation or as an alternative to net income, as an operating performance measure, or an alternative to operating cash flows as a liquidity measure. In accordance with CVM Ruling No. 527 of October 4, 2012, EBITDA calculation may not exclude any items that are nonrecurring, nonoperating or relating to discontinued operations and is obtained by net income (loss) for the period, plus income taxes, finance costs net of finance income and depreciation, amortization and depletion. Adjusted EBITDA is used by the Company as an additional financial performance measure and should not be used in replacement for profit or loss. Adjusted EBITDA corresponds to EBITDA adjusted through elimination of the effects of other operating (income) expenses, depreciation and amortization of management, effects of depreciation, amortization, expenses and taxes on equity pickup of CUBIC and BCT and other nonrecurring expenses. Other companies may calculate Adjusted EBITDA differently from the Company. As such, Adjusted EBITDA presents limitations that compromise its use as a measure of the Company's profitability, since it does not take into consideration certain costs and expenses in connection with the business, which could significantly affect the Company's profits.

Valid Soluções S.A.

Notes to individual and consolidated interim financial information (Continued)

Nine-month period ended September 30, 2021

(In thousands of reais, unless otherwise stated)

26. Events after the reporting period

At the Board of Directors' Meeting held on October 19, 2021, the sale process of the property in Caju (RJ) was approved. Employees were informed in the morning of October 20, 2021 and the Company estimates that the move will be completed by the 1st quarter of 2022. As with the manufacturing unit in São Bernardo do Campo (SP), the operations currently held in Caju will be transferred to Sorocaba (SP), which will enhance synergies for the operations. The Company is to complete its survey on decommissioning costs and estimates that, as a result, a provision of R\$5.3 million will be recorded in the next quarter.

At the Board of Directors' Meeting held on October 19, 2021, the Company's new Share Buyback Program was approved, which will involve a total of up to 2,000,000 shares and will be available for 12 months. The purpose of the buyback program is to meet the obligations of the Long-Term Incentive Plan intended for its professionals and those of its subsidiaries. Further details can be found in the Material News released on October 19, 2021.