

1Q21 Results Presentation

May 13th, 2021

Valid

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Such forward looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ from those projected as a result of several factors.



Financial results here presented consider the impacts of the adoption of IFRS 16.

Main messages from 1Q21

1

Even during the worst moment of the COVID-19 pandemic, **Valid achieved Revenues and EBITDA expansion**

2

Valid's International business posted strong growth in Revenues and EBITDA, with **significant advancement in the Telco Global segment**

3

The government solutions (VGS) remain impacted by COVID-19, although there is a **potential backlog¹ of ~2 quarters of documents** to be issued

4

The business solutions (VBS) had a **robust growth in Revenues and EBITDA**, supported by the **growing smartcards issuance**

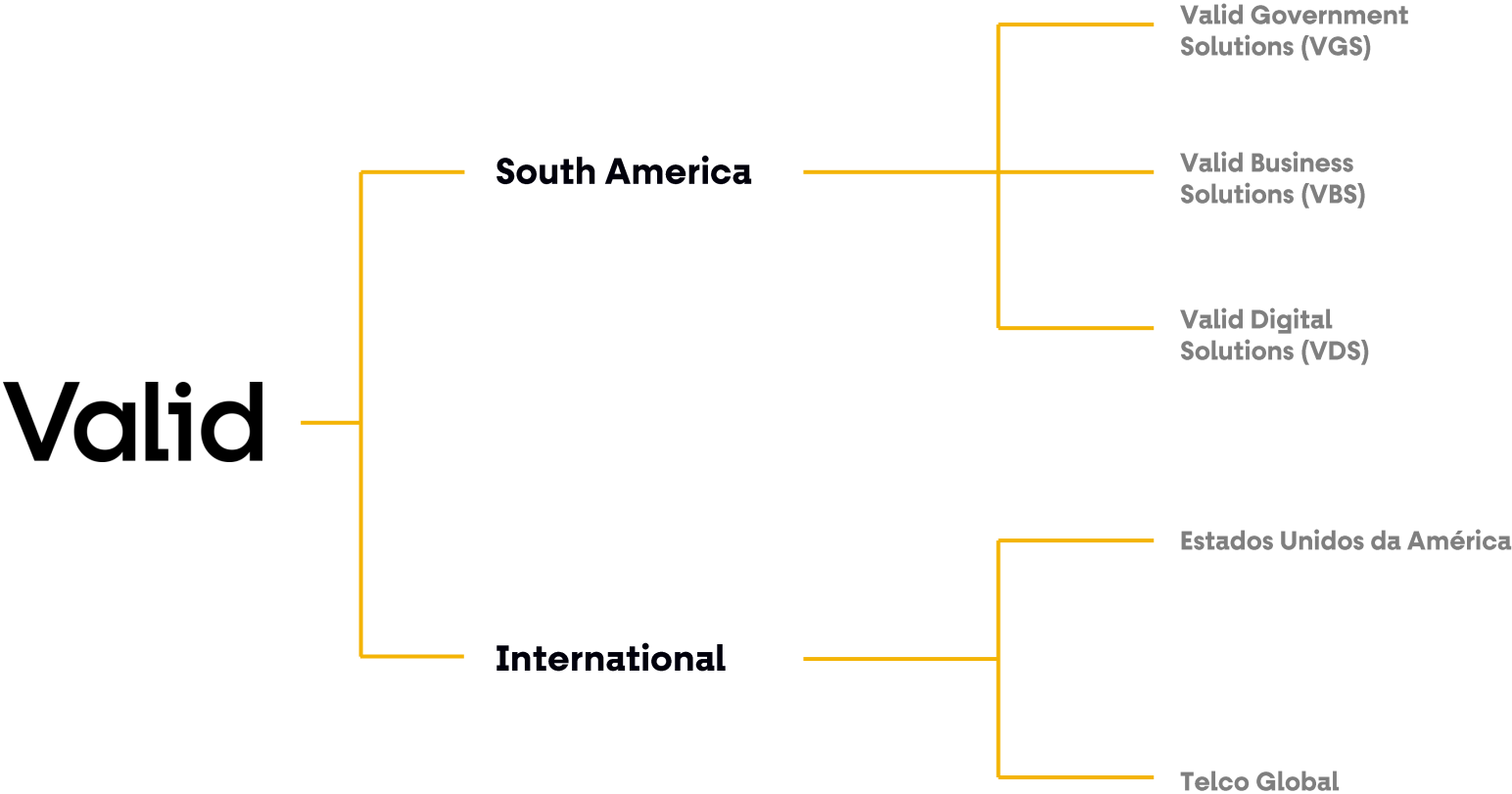
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The digital solutions (VDS) had an **representativeness leap to ~19%** of South America Revenues, highlighting the company's focus on the transformation of its core business

6

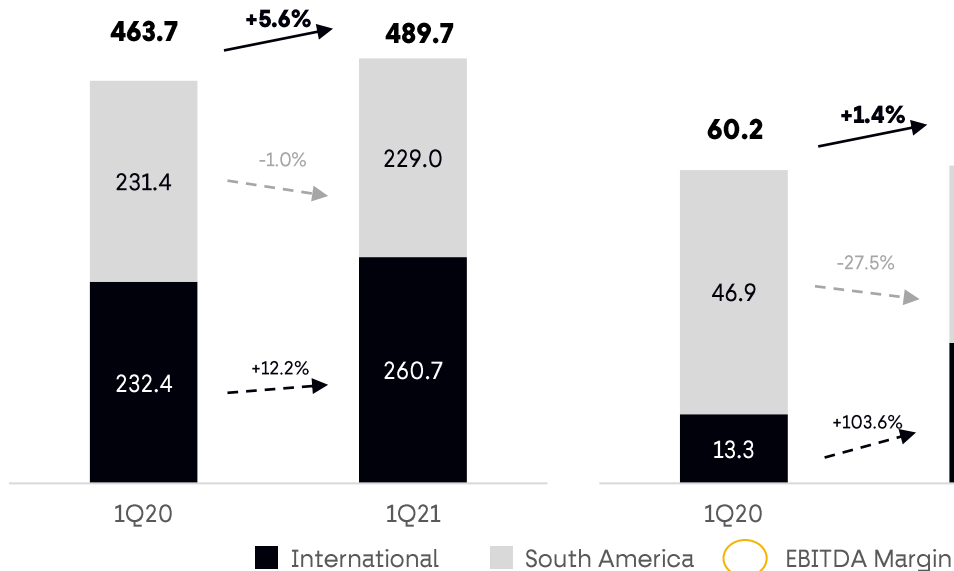
The success in renegotiating the debt will **lengthen average maturity from 11 to 20 months**

New earnings release approach/layout



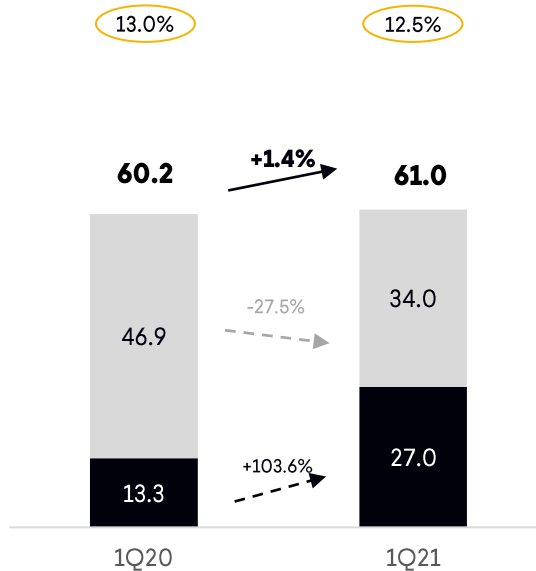
Despite the impact from COVID-19 in 1Q21, Valid achieved Revenues and EBITDA growth, driven by Telco Global, smartcards, digital initiatives and exchange rate appreciation

Net Revenues (R\$ MM)



EBITDA (R\$ MM)

EBITDA Margin (%)



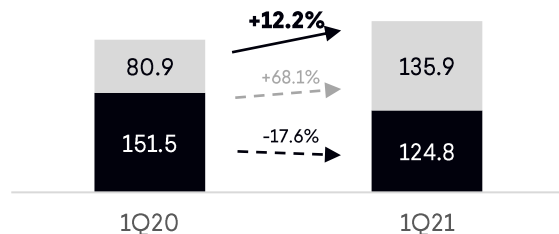
Highlights from 1Q21

- Telco Global: Revenues +68.1% Y/Y and EBITDA Margin +9.0 p.p.
- Documents issuance (-36% Y/Y), compensated by smartcards (+21% A/A)
- VDS revenue share vs. South America: from 12.4% in 1Q20 to 18.6% in 1Q21
- BRL/USD +23% in the period analyzed

Valid

International: despite the weak 1Q21 in USA, Telco Global led the expressive improvement in EBITDA Margin in International, impacted by increases in volume, mix, positive exchange rate variation and efficiency initiatives

Net Revenues (R\$ MM)

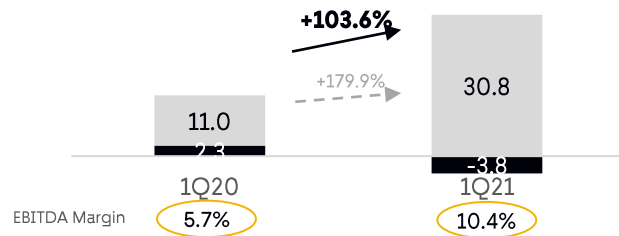


Highlights from 1Q21

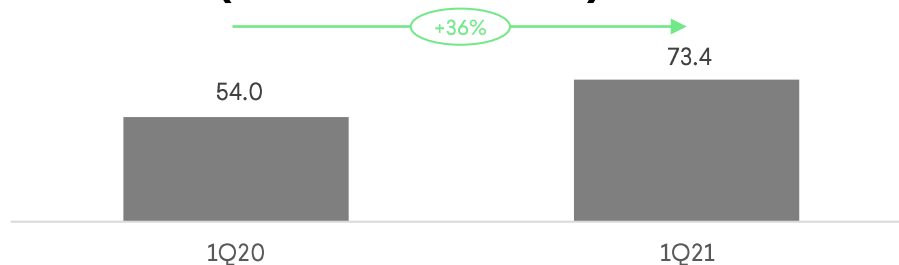
- USA impacted by cards (payments revenues: -19.3% Y/Y in BRL)
- Telco Global: Revenues +43.5% Y/Y in USD. Margins benefited from operational efficiencies
- Exchange rate impacted in a positive manner (average PTAX: + ~23% Y/Y)

EBITDA (R\$ MM)

EBITDA Margin (%)

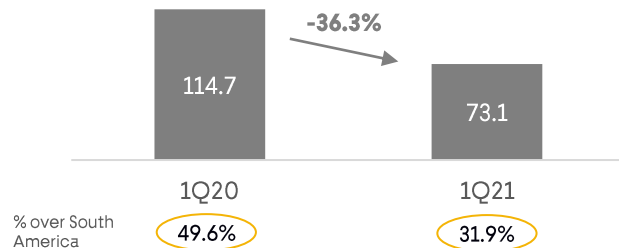


SIM Cards (Global - MM units)



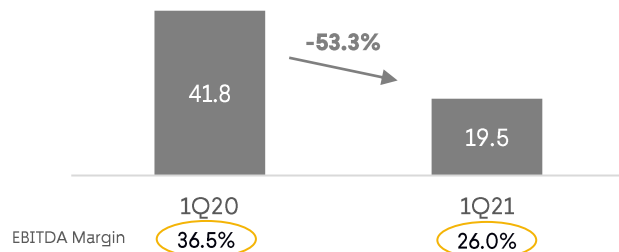
VGS: 1Q21 is still impacted by social distancing measures vs. 1Q20. Volume withheld may be an opportunity for 2H21

Net Revenues (R\$ MM)



EBITDA (R\$ MM)

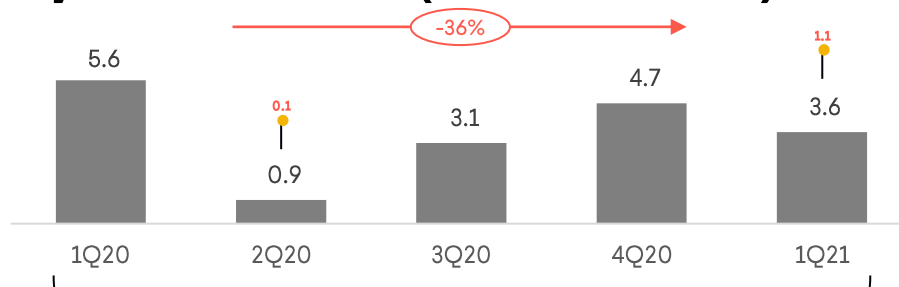
EBITDA Margin (%)



Highlights from 1Q21

- Physical documents: Revenues -34.3% Y/Y
- Social distancing measures are still impacting issuances
- Partial openings and remote issuances sustain the volume level
- In 12 months, documents not issued already represent ~2 quarters of backlog

Physical documents (Brazil - MM units)

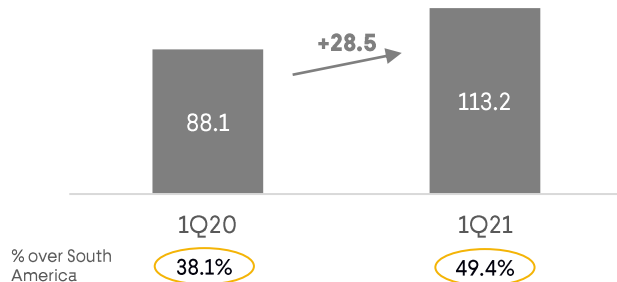


+10 MM documents not issued¹

Worst month of the quarter

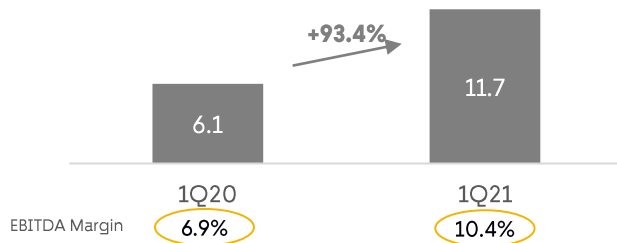
VBS: smartcards demand remains heated, leveraged by the expansion of traditional banks, fintechs and other digital platforms

Net Revenues (R\$ MM)



EBITDA (R\$ MM)

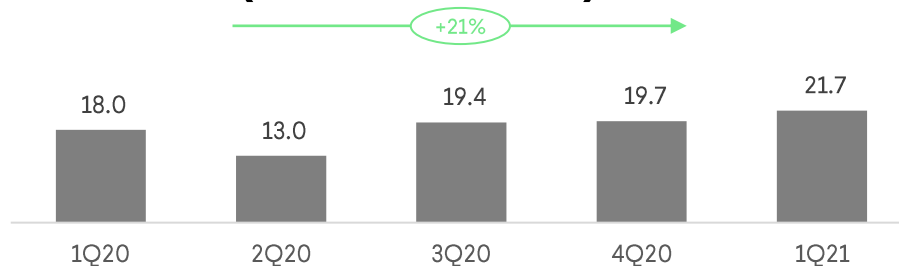
EBITDA Margin (%)



Highlights from 1Q21

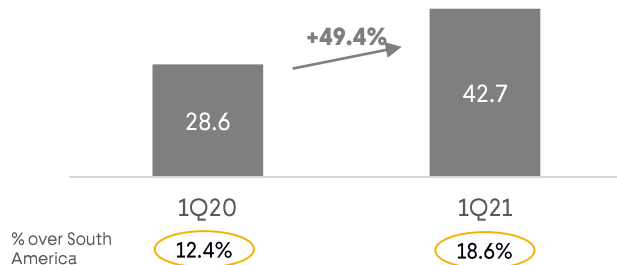
- Smartcards in Brazil: Revenues +83.6% Y/Y
- Higher penetration of banks, fintechs and digital platforms
- EBITDA Margin accelerating: larger dilution of fixed costs, with higher factory efficiency, as well as better supply management

Smartcards (Brazil - MM units)



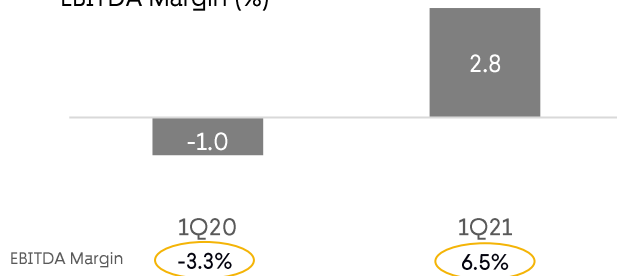
VDS: digital initiatives gain traction and represent 19% of South America Revenues, with positive EBITDA Margin

Net Revenues (R\$ MM)



EBITDA (R\$ MM)

EBITDA Margin (%)



Highlights from 1Q21

- Significant growth in revenues from digital products
- Positive EBITDA in the segment where Valid intends to make relevant investments in the coming years
- Representativeness of VDS Revenues over South America: ~19% in 1Q21 vs. ~12% 1Q20

Smart Cities (Brasil – presence by state)



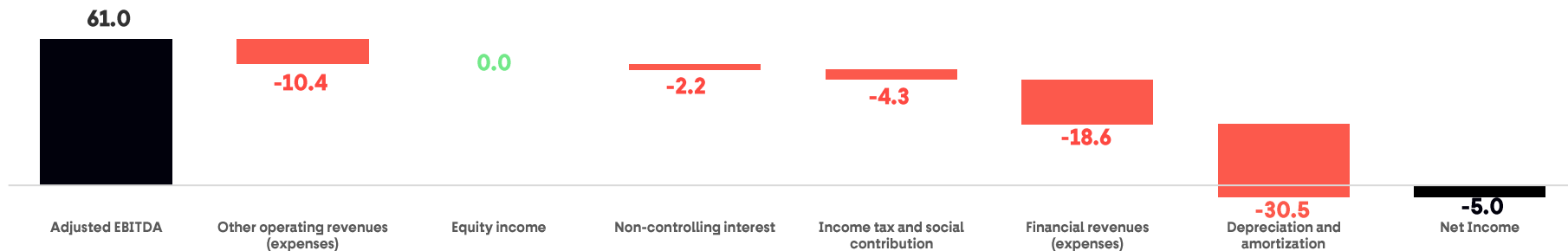
9
States

+30
Cities

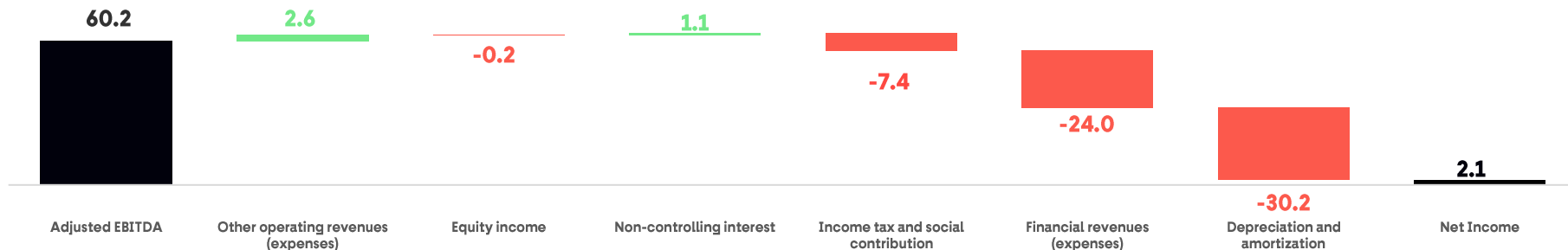
High potential of
expansion

Net Income impacted by provisions for factory consolidation (SBC), which will generate perennial efficiencies for Valid

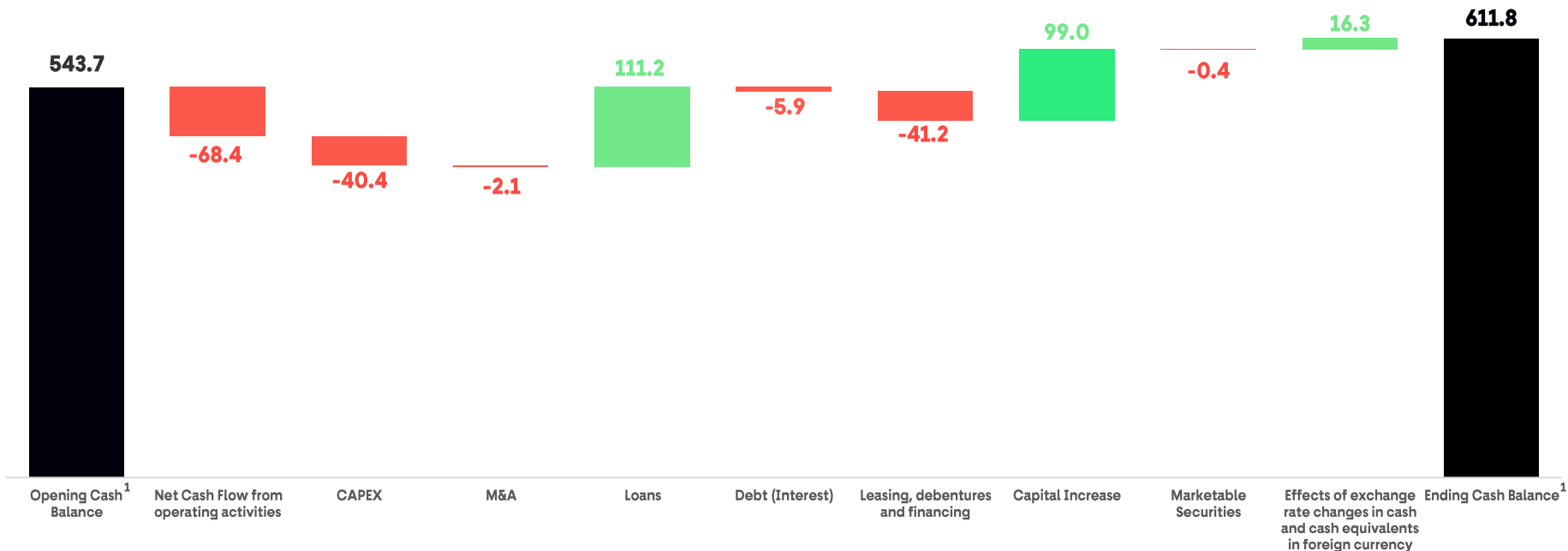
2021 (R\$ MM)



2020 (R\$ MM)



CF: heated demand for smartcards and SIM Cards requires larger levels of inventory vs. supply chain highly impacted by Covid. Inflows from the capital increase and rolling over debt maturing in 1Q21



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Capital Structure: capital increase concluded and renegotiation of the debt maturing in 2021 evolved

March 31st, 2021, Figures

R\$ 1,333 MM
Gross Debt

R\$ 721 MM
Net Debt

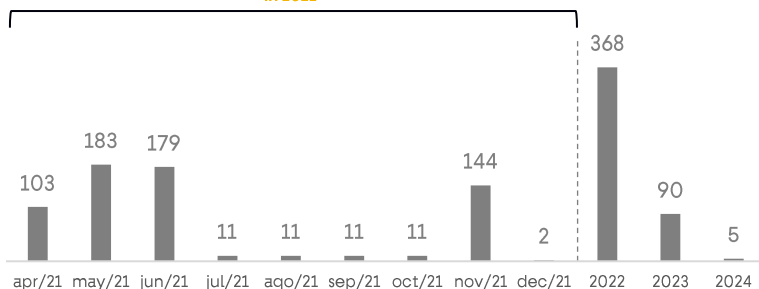
3.5x
Net Debt / EBITDA

2.6x
EBITDA/Financial Expenses

Amortization Schedule (R\$ MM)

March 31st, 2021

R\$ 654 MM
in 2021



Capital Increase

- Capital increase concluded in 1Q21
- R\$ 99 MM added to Company's cash balance

Highlights from the renegotiations and other movements until May/21

- Safra R\$ 30 MM
- BTG Pactual R\$ 50 MM
- CEF R\$ 70 MM
- 8th Debentures Issue¹: up to R\$ 700 MM
 - Firm guarantee: R\$ 444 MM
 - Best efforts: up to R\$ 256 MM
 - 1st series: R\$ 27 MM @ CDI + 3.85% (3 years)
 - 2nd series: up to R\$ 673 MM @ CDI + 4.25% (4 years)

Valid

Main messages from 1Q21

1

VALID

5.6% growth in Revenues and
1.4% in EBITDA

2

International

12% growth in Revenues and
104% in EBITDA, in BRL

3

VGS

We potentially have +10 MM
documents to be issued

4

VBS

28% growth in Revenues and
93% in EBITDA

5

VDS

49% growth in Revenues,
reaching ~19% of the mix in
South America

6

CAPITAL STRUCTURE

Leverage reduction to the
interval between 1.7-2.3x²

Q&A

Valid



Ivan Murias
CEO

Joel Rennó Jr
CFO and IRO

Olavo Vaz
Head of Corporate Finance

Lucas Carneiro
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