sinqia

14 Nov. 2019 (Thursday)
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São Paulo, 13 November 2019. Sinqia S.A. (B3: SQIA3) ("**Company**"), a technology provider for the financial system, announces today its consolidated results for the third quarter of 2019 ("**3Q19**") and for the 12-month period ended 30 September 2019 ("**LTM-3Q19**").

Financial highlights:

Net revenues. Record of R$ 46.4 million **(+30.0% vs. 3Q18)**, a significant increase mainly due to the inorganic growth of R$ 9.9 million;

Portfolio of recurring contracts. Record of R$ 140.3 million **(+65.1% vs. 3Q18)**, highlighting the 16.1% increase in the organic portfolio, a proxy for future growth in Software revenues;

Recurring revenues. Record of R$ 38.1 million **(+34.0% vs. 3Q18)**, a significant increase mainly due to the growth of 60.6% in Software Subscription;

Subscription net revenues. Record of R$ 27.4 million **(+60.6% vs. 3Q18)**, with organic growth of 9.6%, showing that the change in the business model has been reaching its goal;

Adjusted EBITDA. Record of R$ 6.0 million **(+24.3% vs. 3Q18)**, a strong performance mainly due to the consolidation of the results of the recently acquired companies;

Net cash. The highest balance of the Company's history, in the amount of R$ 268.4 million **(+R$ 347.1 million vs. 2Q19)**, compared to a net debt of R$ 78.6 million in previous quarter.

Financial Highlights (R$ '000)

(R$ '000)	3Q19	3Q18	Var.	2Q19	Var.	LTM-3Q19	LTM-3Q18	Var.
Net Revenues	46,364	35,672	30.0%	42,166	10.0%	166,750	139,006	20.0%
Recurring Revenues	38,095	28,432	34.0%	35,330	7.8%	137,931	109,347	26.1%
% of Recurrence	*82.2%*	*79.7%*	*2.5 p.p.*	*83.8%*	*-1.6 p.p.*	*82.7%*	*78.7%*	*4.1 p.p.*
EBITDA	5,868	4,840	21.2%	3,332	76.1%	13,495	16,797	-19.7%
EBITDA margin	*12.7%*	*13.6%*	*-0.9 p.p.*	*7.9%*	*4.8 p.p.*	*8.1%*	*12.1%*	*-4.0 p.p.*
Adjusted EBITDA	6,016	4,840	24.3%	5,092	18.1%	19,578	20,044	-2.3%
Adj. EBITDA Margin	*13.0%*	*13.6%*	*-0.6 p.p.*	*12.1%*	*0.9 p.p.*	*11.7%*	*14.4%*	*-2.7 p.p.*

MESSAGE FROM MANAGEMENT

In this third quarter, we reached several records, being the first period with the full results of the last 4 acquisitions (ConsultBrasil, Atena, ADSPrev and Softpar). The main indicators - contracts portfolio, net revenues, recurring revenues, gross profit and adjusted EBITDA - showed substantial growth of 65.1%, 30.0%, 34.0%, 18.5% and 24.3%, respectively, compared to the third quarter of the previous year.

The portfolio of recurring contracts of Software reached a record gross value of R$ 140.3 million, up 65.1% over 3Q18. We highlight the addition of R $ 13.7 million in the organic portfolio, an increase of 16.1%, a proxy for future software revenue growth, proving the favorable outlook for the coming quarters.

Net revenues was record R$ 46.4 million, up 30.0% over 3Q18. As for organic growth, it is worth mentioning that in this quarter there was a 9.6% increase in Software Subscription revenues, a first sign of acceleration, showing that the change in the business model has been reaching its objective.

We also emphasize that due to the successful integration of the last 4 acquisitions, most of the synergies have already been captured and the expected results exceeded. As a result, general and administrative expenses represented 21.3% of net revenues (vs. 23.6% in 3Q18), contributing to a record adjusted EBITDA of R$ 6.0 million.

Finally, we recently made our second share offering of R$ 362.7 million, bringing gross cash to R$ 368.3 million, the highest balance ever recorded by Sinqia. We are ready to open a new consolidation cycle, very confident that with discipline and agility we will multiply all the numbers one more time!

RECENT EVENTS

Offer of shares (follow-on). In September, the Company carried out the largest offer of shares in its history, in the amount of R$ 362.7 million. The proceeds from the 100% primary offer will be allocated to increase the Company's market share of application software to the financial sector, through the potential acquisitions of strategic companies for (i) expansion of product portfolio; (ii) expansion of the customer portfolio; (iii) addition of technologies and/or (iv) operation in new software segments to the financial sector.

Stock split of 1:4. In October, the Company's shares were traded "ex-split", at the proportion of 3 new shares to each 1 existing share, in order to facilitate the trading by individual investors and concentrate the liquidity of shares on the standard lot. On 30 September 2019, the shareholders received the shares from the split, which were credited on 3 October 2019. The average daily traded volume of the SQIA3 shares totaled R$ 22.7 million in September.

Incorporation of subsidiaries. In order to eliminate the need of different companies with common activities and, therefore, reduce the operating expenses on behalf of the shareholders, the following subsidiaries were incorporated: ADSPrev in July, Atena in August, NVA in September and Partec in October. As a result of these incorporations, the Company will save taxes of estimated in R$ 24.1 million, to be accrued over at least five years.

2019 IDC FinTech Rankings – Top 100. In September, Sinqia was indicated, for the third consecutive time, as one of the 100 largest global technology providers to financial institutions, and ranked the 93rd position. The ranking of the largest FinTechs in the world, prepared by IDC (International Data Corporation), is available at: https://www.idc.com/prodserv/insights/#financial-fintech_rankings.

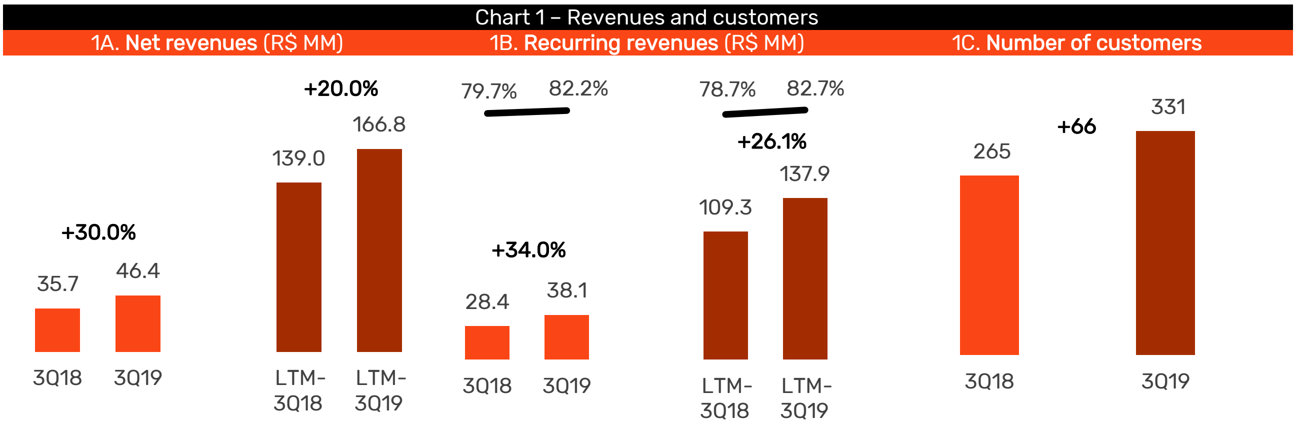
OPERATIING AND FINANCIAL PERFORMANCE

Net revenues. Record of R$ 46.4 million **(+30.0% vs. 3Q18)** compared to R$ 35.7 million in the same quarter of previous year, an increase of R$ 10.7 million, out of which R$ 9.9 million was inorganic, due to the additional revenues from the last 4 acquisitions - ConsultBrasil (Oct. 2018), Atena (Jan. 2019), ADSPrev (Feb. 2019) and Softpar (May 2019) - and R$ 0.8 million was organic.

Recurring revenues. Record of R$ 38.1 million **(+34.0% vs. 3Q18)**, representing 82.2% of total net revenues, compared to R$ 28.4 million in the same quarter of previous year, an increase of R$ 9.7 million, out of which R$ 8.7 million inorganic and R$ 1.6 million organic, both from the growth of Software "Subscription", despite slight decrease of Service "Outsourcing".

Number of customers. Increased to 331 **(+66 vs. 3Q18)**, compared to 265 in 3Q18, increase due to the addition of customers from the last 4 acquisitions. The largest customer accounted for 9.0% of net revenues (vs. 13.1% in 3Q18), due to the dilution of the customer portfolio from the consolidation of results from the last 4 acquisitions.

Chart 1 – Revenues and customers



Software Unit

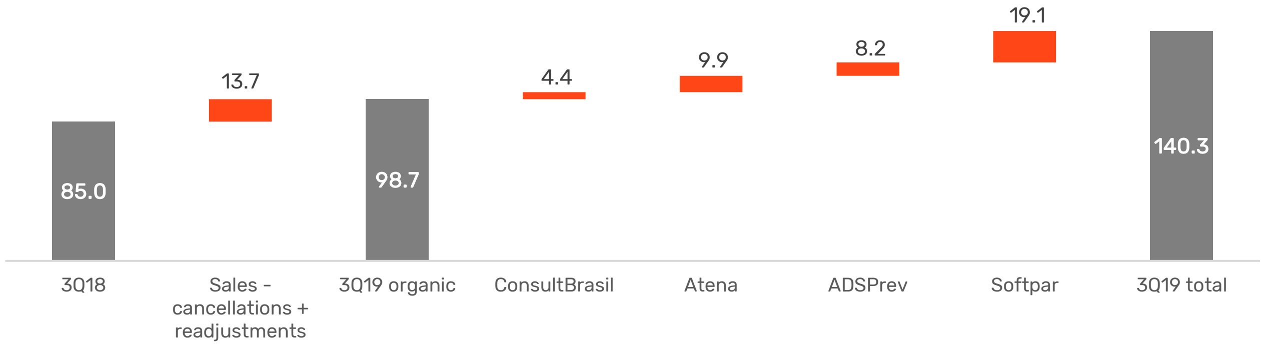
Net revenues from Software. Record of R$ 33.5 million **(+53.6% vs. 3Q18)**, 72% of total net revenues, compared to R$ 21.8 million in the same quarter of previous year, an increase of R$ 11.7 million, out of which R$ 9.9 million inorganic and R$ 1.8 million organic. We present below a breakdown between the recurring "Subscription" portion and the variable "Implementation and Customization" portion:

- Net revenues from Subscription. Record of R$ 27.4 million **(+60.6% vs. 3Q18)**, 82% of the unit's total, compared to R$ 17.1 million in the same quarter of previous year, an increase of R$ 10.3 million, out of which R$ 8.7 million inorganic R$ 1.6 million organic. It's worth highlight that organic revenues growth represented 9,6% increase over the same quarter last year, reflecting the expected acceleration with part of the backlog implementation.

  Portfolio of recurring contracts[1]. Achieved record gross value of R$ 140.3 million **(+65.1% vs. 3Q18)** compared to R$ 85.0 million in the same quarter of previous year, an increase of R$ 55.3 million, out of which R$ 41.6 million inorganic (null in 3Q18) and R$13.7 million organic (+16.1% vs. 3Q18). It's worth highlight that the 2-digit organic growth of the portfolio of contracts is a result from the increase in sales after the well-succeed change of the commercial model.

[1] Contracts entered into at annualized gross values, which will generate revenues after the conclusion of the implementation.

Chart 2 – Software Unit
Portfolio of recurring contracts (R$ MM)



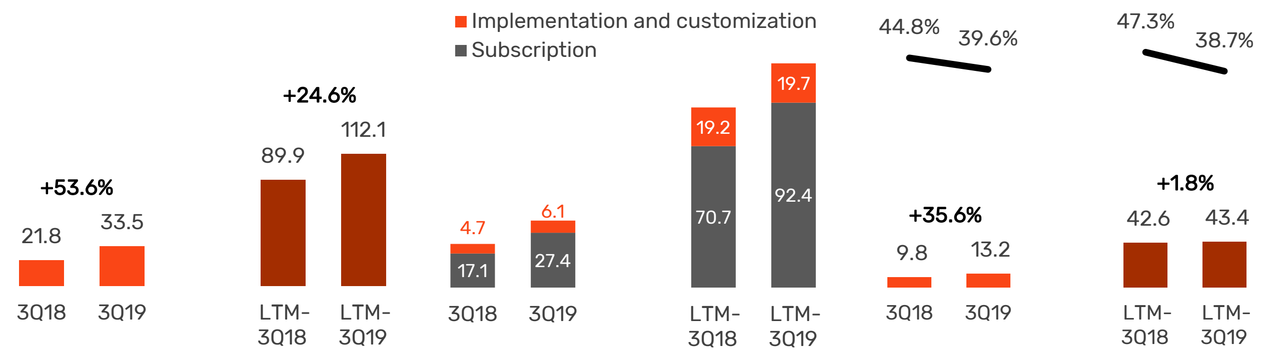
- Net revenues from Implementation and Customization. Reached R$ 6.1 million, the highest value in a third quarter **(+28.4% vs. 3Q18)**, accounting for 18% of the unit's total, compared to R$ 4.7 million in the same quarter of previous year, an increase of R$ 1.4 million, mainly due to the inorganic addition of R$ 1.2 million. We highlight that this line has been negatively impacted by the change in the commercial model, that results in reduction in implementation revenues in the short term by higher subscription revenues in the medium and long terms.

Software costs. Totaled R$ 20.2 million **(+68.1% vs. 3Q18)** compared to R$ 12.0 million in the same quarter of previous year, an increase of R$ 8.2 million, out of which $ 6.5 million inorganic and R$ 1.7 million organic, due to the increase in headcount to face higher implementation volume in progress.

Gross profit from Software. Record of R$ 13.2 million **(+35.6% vs. 3Q18)** compared to R$ 9.8 million in the same quarter of previous year, an increase of R$ 3.5 million, out of which R$ 3.4 million inorganic. Basically, all additional organic revenues of R$ 1.8 million was destined to increase in headcount to face higher implementation volume in progress. R&D costs were R$ 1.0 million, versus R$ 0.9 million in 3Q18.

Gross margin from Software. Reached 39.6% **(-5.2 p.p. vs. 3Q18)** compared to 44.8% in the same quarter of previous year. The reduced profitability is mainly explained by change in the commercial model, that is pressuring margins in 2019, decision that reduced in implementation revenues, and higher short term costs, aiming to increase subscription revenues in the medium and long terms.

Chart 3 – Software Unit
3A. **Net revenues** (R$ MM) | 3B. **Breakdown of revenues** (R$ MM) | 3C. **Gross profit** (R$ MM)



Service Unit

Net revenues from Services. Registered R$ 12.9 million **(-7.1% vs. 3Q18)**, 28% of the total net revenues, compared to R$ 13.9 million in the same quarter of previous year, an organic decrease of R$ 1.0, with reduction of the recurring portion “Outsourcing” and variable portion “Projects”, as shown below:

- Net revenues from Outsourcing. Achieved R$ 10.7 million **(-5.9% vs. 3Q18)**, 83% of the unit’s total, compared to R$ 11.4 million in the same quarter of previous year, a slight reduction of R$ 0.7 million driven by the lower demand for outsourcing in 2 important customers of the portfolio.

- Net revenues from Projects. Achieved R$ 2.2 million **(-12.6% vs. 3Q18)**, 17% of the unit’s total, compared to R$ 2.5 million in the same quarter of previous year, a decrease of R$ 0.3 million, due to the expansion of innovation projects by Torq of R$ 0.3 million, however not sufficient to compensate the reduction of R$ 0.6 million in technology and consulting projects.

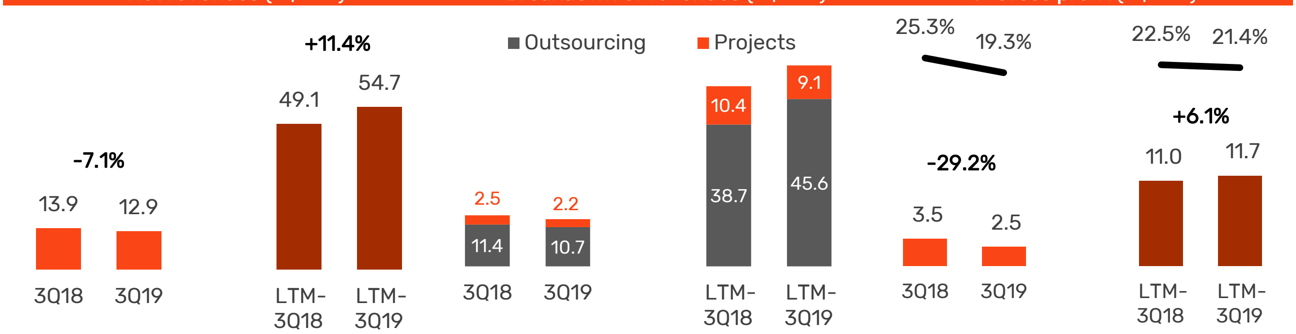
Service costs. Totaled R$ 10.4 million **(+0.4% vs. 3Q18)**, flat over the same quarter of previous year, out of which R$ 8.8 million in Outsourcing and R$ 1.6 million in Projects, without significant variation of these line items compared to 3Q18.

Gross profit from Services. Achieved R$ 2.5 million **(-29.2% vs. 3Q18)** compared to R$ 3.5 million in the same quarter of previous year, a decrease of R$ 1.0 million, out of which R$ 0.6 million in Outsourcing and R$ 0.4 million in Projects, resulting from lower volumes of business in Outsourcing and Projects.

Gross margin from Services. Reached 19.3% **(-6.0 p.p. vs. 3Q18)** compared to 25.3% in the same quarter of previous year. The decrease in profitability resulted from the reduction of the abovementioned revenues, as the cost remained stable. Accordingly, the gross margin in Outsourcing was 17.4% **(-4.7 p.p. vs. 3Q18)** and in Projects was 28.4% **(-11.2 p.p. vs. 3Q18)**.

Chart 4 – Service Unit

4A. Net revenues (R$ MM) | 4B. Breakdown of revenues (R$ MM) | 4C. Gross profit (R$ MM)



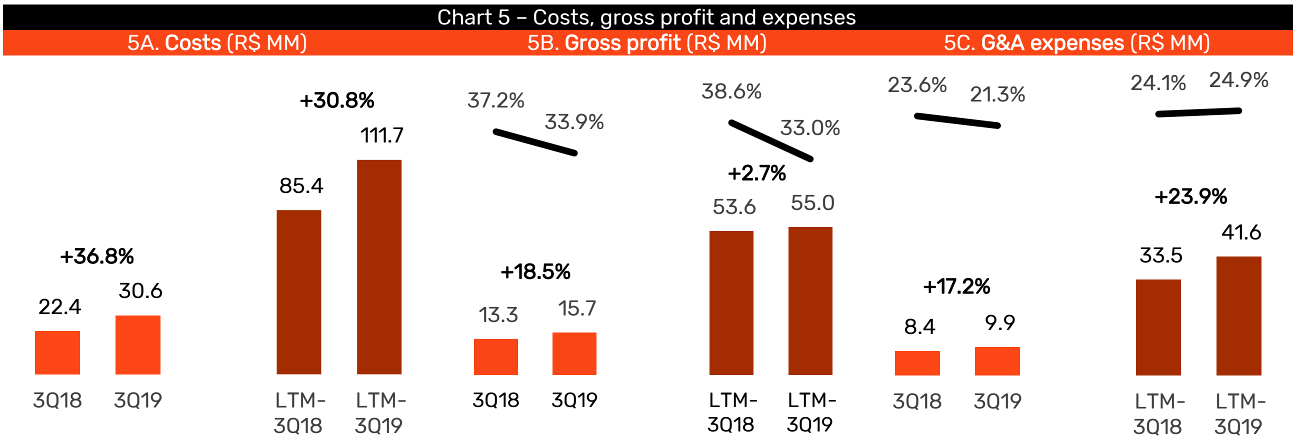
Costs, gross profit and expenses

Total costs. Achieved R$ 30.6 million **(+36.8% vs. 3Q18)** compared to R$ 22.4 million in the same quarter of previous year, an increase of R$ 8.2 million, out of which R$ 6.5 million was inorganic, previously explained, and R$ 1.7 million organic, mainly due to increase in headcount cost to face higher implementation volume in progress.

Total gross profit. Record of R$ 15.7 million **(+18.5% vs. 3Q18)** compared to R$ 13.3 million in the same quarter of previous year, an increase of R$ 2.4 million, out of which R$ 3.4 million inorganic growth and organic reduction of R$ 1.0 million, as a result of the decreased revenues in the Service unit.

Total gross margin. Reached 33.9% **(-3.3 p.p. vs. 3Q18)** compared to 37.2% in the same quarter of previous year. The decreased productivity resulted, mainly, from the reduction of gross profit in the Service unit and mainly due to increase in headcount cost to face higher implementation volume in progress in the Software unit.

General and administrative expenses (SG&A). Achieved R$ 9.9 million **(+17.2% vs. 3Q18)** and accounted for 21.3% of net revenues (-2.3 p.p. vs. 3Q18), compared to R$ 8.4 million in the same quarter of previous year, an increase of R$ 1.5 million, mainly explained by consolidation of expenses from the last 4 acquisitions. The reduction of SG&A as proportion of net revenues show that the Company are able to capture synergies from the acquired companies.



EBITDA and adjusted EBITDA[2]

Adjusted EBITDA. Record of R$ 6.0 million **(+24.3% vs. 3Q18)** compared to R$ 4.8 million in the same quarter of previous year, an increase of R$ 1.2 million driven by the higher gross profit (+R$ 2.4 million vs. 3Q18), despite increase in SG&A in nominal terms (+R$ 1.5 million vs. 3Q18), both related to the consolidation of the last 4 acquisitions. Moreover, there was a positive impact on the adjusted EBITDA, of R$ 0.5 million, resulting from IFRS 16 [leasing].

Adjusted EBITDA margin. Reached 13.0% **(-0.6 p.p. vs. 3Q18)** compared to 13.6% in the same quarter of previous year, reduction due to, mainly, lower gross profit (-3.3 p.p. vs. 3Q18), despite SG&A reduced to 21.3% of net revenues (-2.3 p.p. vs. 3Q18), due to synergies related to the last 4 acquisitions.

Table 1 - Reconciliation of EBITDA and Adjusted EBITDA

(R$ '000)	3Q19	3Q18	Var.	2Q19	Var.	LTM-3Q19	LTM-3Q18	Var.
Net Income	**1,147**	**1,418**	-19.1%	**(3,578)**	-	**(3,675)**	**4,517**	-
(+) Income tax/social contribution	(408)	1,218	-	412	-	(837)	1,850	-
(+) Financial result	1,452	386	276.2%	3,014	-51.8%	6,110	3,423	78.5%
(+) Depreciation/amort.	3,677	1,818	102.3%	3,484	5.5%	11,897	7,007	69.8%
EBITDA	**5,868**	**4,840**	21.2%	**3,332**	76.1%	**13,495**	**16,797**	-19.7%
(+) Extraordinary expenses - earnout	-	-	-	-	-	-	3,247	
(+) Extraordinary expenses - integration	-	-	-	288	-	2,915	-	-
(+) Extraordinary expenses - new brand	-	-	-	-	-	871	-	-
(+) Extraordinary costs - integration	148	-	-	1,472	-89.9%	2,297	-	-
Adjusted EBITDA	**6,016**	**4,840**	24.3%	**5,092**	18.1%	**19,578**	**20,044**	-2.3%
Adj. EBITDA Margin	*13.0%*	*13.6%*	*-0.6 p.p.*	*12.1%*	*0.9 p.p.*	*11.7%*	*14.4%*	*-2.7 p.p.*

[2] EBITDA is a non-accounting measurement calculated by the Company in accordance with CVM Instruction 527/12, which consists of net profit for the period, plus income taxes, finance costs, net of finance income, and depreciation and amortization. Adjusted EBITDA corresponds to EBITDA, plus the extraordinary effects from acquisitions and non-recurring events. The line item "Extraordinary expenses – earnout" represents the complement in the earn-out provision for attps; the line item "Extraordinary expenses – integration" represents the extraordinary layoff expenses in the corporate areas; the line item "Extraordinary costs – integration" represents the extraordinary layoff expenses in the Software and Service units; and the line item "Extraordinary expenses – new brand" represents marketing expenses related to the change in the Company's visual identity and solutions for Sinqia.

EBT, net profit and adjusted cash earnings

EBT. Registered R$ 0.7 million **(-72.4% vs. 3Q18)** compared to R$ 2.6 million in the same quarter of previous year, a decreased of R$ 1.9 million, as follows:

- Finance income, net. Was negative R$ 1.5 million compared to negative R$ 0.4 million in the same quarter of previous year, a decrease of R$ 1.1 million arising from a slight increase in finance income (+R$ 0.4 million vs. 3Q18), due to the significant increase in financial costs (+R$ 1.5 million vs. 3Q18) arising from increased interest on borrowings and debentures.

- Depreciation and amortization. Reached R$ 3.7 million **(+102.1% vs. 3Q18)** compared to R$ 1.8 million in the same quarter of previous year, an increase of R$ 1.9 million, arising from amortization of R$ 1.0 million of intangible assets from the acquisitions, R$ 0.7 million from the IFRS 16 and R$ 0.2 million in depreciation of property and equipment.

- **Goodwill amortization balance.** By the end of the quarter, the Company presented a goodwill balance, arising from past acquisitions (including not incorporated companies), of R$ 97.3 million.

Net income. Achieved R$ 1.1 million **(-19.1% vs. 3Q18)** compared to R$ 1.4 million in the same quarter of previous year, a decrease of R$ 0.3 million. Despite increase of R$ 1.0 million in EBITDA, depreciation and amortization expenses have increased by R$ 1.9 million and financial income (net) has decreased by R$ 1.1 million, partially offset by the favorable variation of R$ 1.6 million in income tax and social contribution lines (credit of R$ 0.4 million in 3Q19 vs. debit of R$ 1.2 million in 3Q18).

Adjusted cash earnings. Totaled R$ 2.1 million **(-27.5% vs. 3Q18)** compared to R$ 2.9 million in the same quarter of previous year, a decrease of R$ 0.8 million. Despite of the net income decrease of R$ 0.3 million, there has been an increase in deferred income tax and social contribution expenses (which do not impact cash), partially offset by the extraordinary effects adjustments of nearly R$ 0,1 million and by the amortization of the acquisitions of R$ 0.7 million higher.

Table 2 - Reconciliation of Adjusted Cash Earnings

(R$ '000)	3Q19	3Q18	Var.	2Q19	Var.	LTM-3Q19	LTM-3Q18	Var.
Net income	**1,147**	**1,418**	-19.1%	**(3,578)**	-	**(3,675)**	**4,517**	-
(+) Extraordinary effects	148	-	-	1,760	-91.6%	6,083	4,609	32.0%
Adjusted net income	**1,295**	**1,418**	-8.7%	**(1,818)**	-	**2,408**	**9,126**	-73.6%
(+) Acquisitions amortization	2,217	1,488	49.0%	1,972	12.4%	7,110	5,909	20.3%
(+) Def. income tax/Social Contr.	(1,425)	(28)	-	(146)	-	(4,844)	(533)	-
Adjusted Cash Earnings	**2,087**	**2,878**	-27.5%	**8**	-	**4,674**	**14,502**	-67.8%
Adj. CE Margin	*4.5%*	*8.1%*	*-3.6 p.p.*	*0.0%*	*4.5 p.p.*	*2.8%*	*10.4%*	*-7.6 p.p.*

The historical quarterly series of financial data is available in Excel at ri.sinqia.com.br, on the Profit or Loss menu > Spreadsheets.

Financial position

Gross cash. Presented balance of R$ 368.3 million **(+R$ 343.0 million vs. 2Q19)** compared to R$ 25.3 million in previous quarter, growth related to the public offer of shares in September, in the gross amount raised of R$ 362.7 million, for financing of future acquisition. This is the highest cash position registered in the Company's history.

Gross debt. Presented balance R$ 99.8 million **(-R$ 4.1 million vs. 2Q19)** compared to R$ 103.9 million in previous quarter, as follows:

- Borrowings and financing (short and long terms). Presented balance of R$ 61.8 million **(-R$ 2.5 million vs. 2Q19)** compared to R$ 64.3 million in previous quarter, a decrease mainly related to the settlement of the loan into with Development Bank of Minas Gerais (BDMG) of R$ 1.4 million and payment of the installments with the Brazilian Development Bank (BNDES) of R$ 0.9 million.

- Liabilities arising from investment acquisitions (short and long terms). Presented balance of R$ 38.0 million **(-R$ 1.6 million vs. 2Q19)**, compared to R$ 39.6 million, reduction mainly due to the payment of the installments arising from the acquisitions of attps of R$ 1.9 million.

Net cash. Balance increased to R$ 268.4 million **(+R$ 347.1 million vs. 2Q19)** compared to the net debt of R$ 78.6 million in the previous quarter. Accordingly, the Company has enough capital to improve its strategic consolidation plan more intensely and begin a new and accelerated growth cycle.

Capital Market

Stock performance. The Company's shares (Novo Mercado: SQIA3) closed the 3Q19 at R$ 15.50 **(+60.6% vs. 2Q19)** compared to R$ 9.65 in the previous quarter. As the Company's total capital stock comprises, after follow-on and split, 70,548,812 common shares, the Company's market value amounted to R$ 1.1 billion as at 30 September 2019, compared to R$ 0.5 billion at previous quarter.

Average daily trading volume (ADTV). Was R$ 10.2 million in 3Q19 **(+438.5% vs. 2Q19)**, compared to R$ 1.9 million in the previous quarter, due to the Company's liquidity, mainly after the public offer of shares referred above.

Shareholder base. Closed the quarter with 44.3 thousand shareholders **(+39.7% vs. 2Q19)**, compared to 31.7 thousand in the previous quarter, a significant number in comparison with Brazilian companies of similar size, and free float was 83.5% at 30 September 2019 compared to 75.3% at previous quarter.

Declaration from Management. The Officers of Sinqia S.A., pursuant to items V and VI, Article 25, of CVM Instruction 480/09, hereby declares that it has reviewed, discussed and agreed on (i) the opinions expressed in the independent auditors' report; and (ii) the Financial Statements for the period ended 30 September 2019.

ATTACHMENT – FINANCIAL STATEMENTS

I – Statement of Profit or Loss (Consolidated)

(R$ '000)	3Q19	3Q18	Change	2Q19	Change	LTM-3Q19	LTM-3Q18	Change
Gross Revenues	**52,029**	**40,014**	30.0%	**47,239**	10.1%	**186,970**	**156,226**	19.7%
Software	37,516	24,482	53.2%	32,680	14.8%	125,559	101,046	24.3%
Subscription	30,675	19,155	60.1%	27,080	13.3%	103,436	79,334	30.4%
Implementation	6,841	5,327	28.4%	5,600	22.2%	22,123	21,712	1.9%
Services	14,513	15,532	-6.6%	14,559	-0.3%	61,411	55,180	11.3%
Outsourcing	12,048	12,782	-5.7%	12,461	-3.3%	51,200	43,663	17.3%
Projects	2,465	2,750	-10.4%	2,098	17.5%	10,211	11,517	-11.3%
Sales taxes	**(5,665)**	**(4,342)**	30.5%	**(5,073)**	11.7%	**(20,220)**	**(17,220)**	17.4%
Software	(4,051)	(2,691)	50.5%	(3,449)	17.5%	(13,496)	(11,114)	21.4%
Subscription	(3,290)	(2,099)	56.8%	(2,836)	16.0%	(11,056)	(8,642)	27.9%
Implementation	(761)	(592)	28.5%	(613)	24.1%	(2,440)	(2,472)	-1.3%
Services	(1,614)	(1,651)	-2.2%	(1,624)	-0.6%	(6,724)	(6,106)	10.1%
Outsourcing	(1,338)	(1,406)	-4.8%	(1,375)	-2.7%	(5,649)	(5,008)	12.8%
Projects	(276)	(245)	12.7%	(249)	10.8%	(1,075)	(1,098)	-2.1%
Net Revenues	**46,364**	**35,672**	30.0%	**42,166**	10.0%	**166,750**	**139,006**	20.0%
Software	33,465	21,791	53.6%	29,231	14.5%	112,063	89,932	24.6%
Subscription	27,385	17,056	60.6%	24,244	13.0%	92,380	70,692	30.7%
Implementation	6,080	4,735	28.4%	4,987	21.9%	19,683	19,240	2.3%
Services	12,899	13,881	-7.1%	12,935	-0.3%	54,687	49,074	11.4%
Outsourcing	10,710	11,376	-5.9%	11,086	-3.4%	45,551	38,655	17.8%
Projects	2,189	2,505	-12.6%	1,849	18.4%	9,136	10,419	-12.3%
Net Revenues	**46,364**	**35,672**	30.0%	**42,166**	10.0%	**166,750**	**139,006**	20.0%
Recurring	38,095	28,432	34.0%	35,330	7.8%	137,931	109,347	26.1%
Variable	8,269	7,240	14.2%	6,836	21.0%	28,819	29,659	-2.8%
% of Recurrence	***82.2%***	***79.7%***	2.5 p.p.	***83.8%***	-1.6 p.p.	***82.7%***	***78.7%***	4.1 p.p.
Costs	**(30,640)**	**(22,401)**	36.8%	**(29,782)**	2.9%	**(111,703)**	**(85,409)**	30.8%
Software	(20,227)	(12,031)	68.1%	(19,202)	5.3%	(68,707)	(47,358)	45.1%
Services	(10,413)	(10,370)	0.4%	(10,580)	-1.6%	(42,996)	(38,051)	13.0%
Outsourcing	(8,846)	(8,858)	-0.1%	(8,809)	0.4%	(36,228)	(30,638)	18.2%
Projects	(1,567)	(1,512)	3.6%	(1,771)	-11.5%	(6,768)	(7,413)	-8.7%
Gross profit	**15,724**	**13,271**	18.5%	**12,384**	27.0%	**55,047**	**53,597**	2.7%
Gross margin	*33.9%*	*37.2%*	-3.3 p.p.	*29.4%*	4.5 p.p.	*33.0%*	*38.6%*	-5.5 p.p.
Software	13,238	9,760	35.6%	10,029	32.0%	43,356	42,574	1.8%
Software gross mg.	*39.6%*	*44.8%*	-5.2 p.p.	*34.3%*	5.2 p.p.	*38.7%*	*47.3%*	-8.7 p.p.
Services	2,486	3,511	-29.2%	2,355	5.6%	11,691	11,023	6.1%
Services gross mg.	*19.3%*	*25.3%*	-6.0 p.p.	*18.2%*	1.1 p.p.	*21.4%*	*22.5%*	-1.1 p.p.
Outsourcing	1,864	2,518	-26.0%	2,277	-18.1%	9,323	8,017	16.3%
Outsourcing gross mg.	*17.4%*	*22.1%*	-4.7 p.p.	*20.5%*	-3.1 p.p.	*20.5%*	*20.7%*	-0.3 p.p.
Projects	622	993	-37.4%	78	697.4%	2,368	3,006	-21.2%
Projects gross mg.	*28.4%*	*39.6%*	-11.2 p.p.	*4.2%*	24.2 p.p.	*25.9%*	*28.9%*	-2.9 p.p.
Expenses	**(13,542)**	**(10,240)**	32.2%	**(12,530)**	8.1%	**(53,456)**	**(43,798)**	22.1%
% of net revenues	*29.2%*	*28.7%*	0.5 p.p.	*29.7%*	-0.5 p.p.	*32.1%*	*31.5%*	0.5 p.p.
General/administrative	(9,865)	(8,422)	17.1%	(9,046)	9.1%	(41,559)	(33,544)	23.9%
% of net revenues	*21.3%*	*23.6%*	-2.3 p.p.	*21.5%*	-0.2 p.p.	*24.9%*	*24.1%*	0.8 p.p.
Other expenses	-	-	-	-	-	-	(3,247)	-
% of net revenues	-	-	-	-	-	-	*2.3%*	-2.3 p.p.
Depreciation/amort.	(3,677)	(1,818)	102.3%	(3,484)	5.5%	(11,897)	(7,007)	69.8%
% of net revenues	*7.9%*	*5.1%*	2.8 p.p.	*8.3%*	-0.3 p.p.	*7.1%*	*5.0%*	2.1 p.p.
EBIT	**2,182**	**3,031**	-28.0%	**(146)**	-	**1,591**	**9,799**	-83.8%
Financial result	**(1,452)**	**(386)**	276.2%	**(3,014)**	-51.8%	**(6,110)**	**(3,423)**	78.5%
Financial income	916	498	83.9%	496	84.7%	2,370	1,779	33.2%
Financial expenses	(2,368)	(884)	167.9%	(3,510)	-32.5%	(8,480)	(5,202)	63.0%
EBT	**730**	**2,645**	-72.4%	**(3,160)**	-	**(4,519)**	**6,376**	-
Income tax/social contribution	**408**	**(1,218)**	-	**(412)**	-	**837**	**(1,850)**	-
Current	(1,017)	(1,246)	-18.4%	(558)	82.3%	(4,007)	(2,383)	68.1%
Deferred	1,425	28	-	146	-	4,844	533	-
Results after IT and SC	**1,138**	**1,427**	-20.3%	**(3,572)**	-	**(3,682)**	**4,526**	-
Minority interest	9	(9)	-	(6)	-	7	(9)	-
Net income	**1,147**	**1,418**	-19.1%	**(3,578)**	-	**(3,675)**	**4,517**	-
Net margin	*2.5%*	*4.0%*	-1.5 p.p.	*-8.5%*	11.0 p.p.	*-2.2%*	*3.2%*	-5.5 p.p.

EBITDA	5,868	4,840	21.2%	3,332	76.1%	13,495	16,797	-19.7%
EBITDA margin	*12.7%*	*13.6%*	-0.9 p.p.	*7.9%*	4.8 p.p.	*8.1%*	*12.1%*	-4.0 p.p.
(+) Extraordinary expenses	-	-	-	288	-	3,786	3,247	16.6%
(+) Extraordinary costs	148	-	-	1,472	-89.9%	2,297	-	-
Adjusted EBITDA	6,016	4,840	24.3%	5,092	18.1%	19,578	20,044	-2.3%
Adj. EBITDA Margin	*13.0%*	*13.6%*	-0.6 p.p.	*12.1%*	0.9 p.p.	*11.7%*	*14.4%*	-2.7 p.p.

Net income	1,147	1,418	-19.1%	(3,578)	-	(3,675)	4,517	-
(+) Extraordinary effects	148	-	-	1,760	-91.6%	6,083	4,609	32.0%
Adjusted net income	1,295	1,418	-8.7%	(1,818)	-	2,408	9,126	-73.6%
(+) Acquisitions amortization	2,217	1,488	49.0%	1,972	12.4%	7,110	5,909	20.3%
(+) Deferred income tax/Social cont.	(1,425)	(28)	-	(146)	-	(4,844)	(533)	-
Adjusted Cash Earnings	2,087	2,878	-27.5%	8	-	4,674	14,502	-67.8%
Adj. CE Margin	*4.5%*	*8.1%*	*-3.6 p.p.*	*0.0%*	*4.5 p.p.*	*2.8%*	*10.4%*	-7.6 p.p.

II – Balance Sheet (Consolidated)

(R$ '000)	09.30.2019	06.30.2019	Var.	12.31.2018	Var.
ASSETS	618,252	280,165	120.7%	167,430	269.3%
Current	397,499	59,839	564.3%	51,722	668.5%
Cash and cash equivalents	368,290	25,289	-	26,037	-
Trade receivables	23,355	27,980	-16.5%	22,254	4.9%
Prepaid expences	440	607	-27.5%	79	457.0%
Taxes and contributions recoverable	4,036	4,859	-16.9%	2,552	58.2%
Related parties	-	-	-	56	-
Other receivables	1,378	1,104	24.8%	744	85.2%
Non-current	220,753	220,326	0.2%	115,708	90.8%
Securities	3,000	3,000	0.0%	-	-
Taxes and contributions recoverable	971	-	-	-	-
Deposits in court	267	451	-40.8%	297	-10.1%
Deferred income tax and social contrib.	19,744	18,319	7.8%	16,297	21.2%
Other receivables	159	159	0.0%	159	0.0%
Property and equipment	38,182	37,781	1.1%	6,836	458.5%
Intangible assets	158,430	160,616	-1.4%	92,119	72.0%
LIABILITIES AND EQUITY	618,252	280,165	120.7%	167,430	269.3%
Current	47,460	40,797	16.3%	33,635	41.1%
Borrowings	12,300	6,820	80.4%	3,958	210.8%
Leasing	2,601	2,195	18.5%	-	-
Trade payables	4,198	2,687	56.2%	2,134	96.7%
Advances from customers	1,568	2,814	-44.3%	4,338	-63.9%
Labor liabilities	15,155	14,847	2.1%	13,707	10.6%
Undistributed profits	-	-	-	648	-
Tax liabilities	3,162	2,820	12.1%	2,824	12.0%
Liabilities arising from invest. acquisition	8,476	8,614	-1.6%	6,026	40.7%
Non-current	139,855	150,710	-7.2%	48,379	189.1%
Borrowings	49,500	57,481	-13.9%	10,651	364.7%
Leasing	23,773	24,642	-3.5%	-	-
Tax liabilities	3,674	3,889	-5.5%	3,586	2.5%
Provisions for contingencies	33,325	33,680	-1.1%	21,845	52.6%
Liabilities arising from invest. acquisition	29,583	31,018	-4.6%	12,297	140.6%
Equity	430,937	88,658	386.1%	85,416	404.5%
Share capital	413,261	50,561	-	50,561	-
Treasury shares	-	-	-	(2,220)	-
Share issue expenses	(24,110)	-	-	-	-
Capital reserve	13,065	12,578	3.9%	5,577	134.3%
Revenue reserves	28,602	25,512	12.1%	31,432	-9.0%
Total equity of controlling shareholders	430,818	88,651	386.0%	85,350	404.8%
Non-controlling interests	119	7	-	66	80.3%

Gross debt	99,859	103,933	-3.9%	32,932	203%
Borrowings	61,800	64,301	-3.9%	14,609	323%
Liabilities arising from invest. acquisition	38,059	39,632	-4.0%	18,323	108%
Net debt (cash) position	(268,431)	78,644	-	6,895	-

Sinqia S.A.

Quarterly Financial Report – ITR

September 30, 2019

and independent auditor's review on

the quarterly financial report

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MESSAGE FROM MANAGEMENT

Dear Shareholders and other Stakeholders,

In compliance with the provisions of Brazilian Corporate Law, SINQIA S.A., Brazilian provider of information technology for the financial market, hereby submits for the consideration of its shareholders and other stakeholders, the Management Report and the related Financial Statements, accompanied by the independent auditor's review report, relating to the year ended September 30, 2019, prepared in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable for interim financial reporting as well as instructions issued by the Brazilian Securities Commission (CVM).

RELATIONSHIP WITH THE INDEPENDENT AUDITOR

The Company's policy when contracting services not related to the external audit from the independent auditor is based on principles that safeguard the latter's independence. These principles consist of internationally accepted standards, according to which: (a) the auditors must not audit their own work; (b) the auditors must not perform management functions for their clients; and (c) the auditors must not generate conflicts of interest with their clients.

The procedures adopted by the Company, pursuant to Article 2, item III of Instruction 381/03 of the Brazilian Securities Commission (CVM) are as follows: before contracting professional services other than those related to the external audit, the Company and its subsidiaries consult with the independent auditor and the Board of Directors, in order to ensure that the provision of these other services will not affect the external auditor's independence, or the objectivity required for the performance of the audit services, and also to obtain approval from the Board of Directors. In addition, these auditors are required to present formal statements regarding their independence in the performance of non-audit services.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Sinqia S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Sinqia S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2019, which comprises the balance sheet as at September 30, 2019 and the income statement and statement of comprehensive income for the three- and nine-month periods then ended and the statement of changes in equity and statement of cash flows for the nine-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 - Interim Financial Information and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (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 of interim financial information (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 the standards on auditing 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 ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 and international standard IAS 34, applicable to the preparation of the Interim Financial Information (ITR), and presented in accordance with the standards issued by CVM.

Deloitte.

Other matters

Statements of value added

The aforementioned interim financial information includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company's Management and presented as supplementary information for the purposes of the international standard IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the Interim Financial Information (ITR) to determine whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and its content are in accordance with the criteria defined in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware of any fact that leads us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in this standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

Opening balance amounts

The information and amounts for the nine-month period ended September 30, 2018, presented for comparison purposes, were previously reviewed by another independent auditor, who issued a report dated November 6, 2018 without modification. The information and amounts corresponding to the year ended December 31, 2018, presented for comparison purposes, were previously audited by another independent auditor, who issued a report dated February 27, 2019 without qualification.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, November 13, 2019

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Fernando A. L. Silva

Fernando Augusto Lopes Silva
Engagement Partner

2019-SPO-2973 VF.docx

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
BALANCE SHEET ON SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

	Parent Company		Consolidated	
	09.30.2019	**12.31.2018**	**09.30.2019**	**12.31.2018**
ASSETS				
Current				
Cash and cash equivalents (Note 7)	357,039	5,039	368,290	26,037
Trade receivables (Note 8)	12,509	3,206	23,355	22,254
Advanced expenses	398	48	440	79
Taxes and contributions recoverable (Note 9)	1,317	1,037	4,036	2,552
Accounts receivable from related parties	-	-	-	56
Other receivables	512	269	1,378	744
Total current assets	**371,775**	**9,599**	**397,499**	**51,722**
Non-current				
Accounts receivable from related parties (Note 10)	8.958	6,500	-	-
Securities (Note 13)	3,000	-	3,000	-
Taxes and contributions recoverable (Note 9)	483	-	971	-
Deposits in court (Note 17)	238	58	267	297
Deferred income tax and social contribution (Note 23)	10,915	3,250	19,744	16,297
Other receivables	159	-	159	159
Investments (Note 5)	108,701	78,081	-	-
Property and equipment (Note 11)	29,460	5,284	38,182	6,836
Intangible assets (Note 12)	25,453	23,949	158,430	92,119
Total non-current assets	**187,367**	**117,122**	**220,753**	**115,708**
Total assets	**559,142**	**126,721**	**618,252**	**167,430**

The accompanying notes are an integral part of these interim financial statements

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
BALANCE SHEET ON SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

	Parent Company		Consolidated	
	09.30.2019	**12.31.2018**	**09.30.2019**	**12.31.2018**
LIABILITIES				
Current				
Loans and Financing (Note 13)	12,101	3,718	12,300	3,958
Leasing (Note 25)	1,575	-	2,601	-
Trade payables	3,733	1,435	4,198	2,134
Advances from customers	823	1,319	1,568	4,338
Labor liabilities (Note 14)	9,603	5,506	15,155	13,707
Undistributed dividends (Note 18.2)	-	648	-	648
Tax liabilities (Note 15)	836	283	3,162	2,824
Accounts payable with related parties (Note 10)	173	-	-	-
Liabilities arising from investment acquisition (Note 16)	5,407	5,670	8,476	6,026
Total current liabilities	**34,251**	**18,579**	**47,460**	**33,635**
Non-current				
Loans and Financing (Note 13)	49,500	10,651	49,500	10,651
Leasing (Note 25)	19,239	-	23,773	-
Accounts payable with related parties (Note 10)	893	-	-	-
Tax liabilities (Note 15)	103	17	3,674	3,586
Provisions for legal proceedings (Note 17)	15,348	377	33,325	21,845
Liabilities arising from investment acquisition (Note 16)	8,990	11,747	29,583	12,297
Total non-current liabilities	**94,073**	**22,792**	**139,855**	**48,379**
Equity (Note 18)				
Share capital	413,261	50,561	413,261	50,561
Treasury shares	-	(2,220)	-	(2,220)
Share issue expenses	(24,110)	(1,952)	(24,110)	(1,952)
Capital reserve	13,065	5,579	13,065	5,579
Earnings reserves	28,602	33,382	28,602	33,382
Total equity of controlling shareholders	**430,818**	**85,350**	**430,818**	**85,350**
Non-controlling interest	**-**	**-**	**119**	**66**
Total equity	**430,818**	**85,350**	**430,937**	**85,416**
Total liabilities	**559,142**	**126,721**	**618,252**	**167,430**

The accompanying notes are an integral part of these interim financial statements.

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
STATEMENTS OF PROFIT AND LOSS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**09.30.2018**
NET OPERATING INCOME (Note 19)	**65,285**	**25,862**	**127,070**	**102,429**
Cost of services rendered (Note 20)	(44,210)	(15,043)	(86,761)	(64,272)
GROSS PROFIT	**21,075**	**10,819**	**40,309**	**38,157**
Operating income (expenses)				
General, administrative and selling expenses (Note 21)	(23,160)	(8,686)	(40,992)	(29,105)
Equity in the results of subsidiaries (Note 5)	(292)	5,095	-	-
Other operating expenses, net	-	(3,247)	-	(3,247)
Total operating expenses, net	**(23,452)**	**(6,838)**	**(40,992)**	**(32,352)**
Operating income before finance result	**(2,377)**	**3,981**	**(683)**	**5,805**
Finance result, net (Note 22)	(5,379)	(3,332)	(5,751)	(2,674)
Loss before income tax and social contribution	**(7,756)**	**649**	**(6,434)**	**3,131**
Current income tax and social contribution (Note 23)	-	-	(1,791)	(1,733)
Deferred income tax and social contribution (Note 23)	2,984	980	3,445	240
Loss after income tax and social contribution	**(4,772)**	**1,629**	**(4,780)**	**1,638**
Non-controlling interest	-	-	8	(9)
Net loss for the period	**(4,772)**	**1,629**	**(4,772)**	**1,629**
BASIC LOSS PER SHARE - in Reais (Note 24)			**(0.068)**	**0.143**
DILUTED LOSS PER SHARE - in Reais (Note 24)			**(0.067)**	**0.142**

The accompanying notes are an integral part of these interim financial statements.

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
STATEMENTS OF COMPREHENSIVE INCOME

	Parent Company		Consolidated	
	09.30.2019	09.30.2018	09.30.2019	09.30.2018
Net profit (loss) for the period	(4,772)	1,629	(4,772)	1,629
Items that will be subsequently reclassified to the result	-	-	-	-
Items that will not be subsequently reclassified to the result	-	-	-	-
Total comprehensive income (loss) for the period	**(4,772)**	**1,629**	**(4,772)**	**1,629**

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	¤ Treasury shares	Expenses on issue of shares	Earnings reserves Legal reserve	Earnings reserves Retained earnings	Equity	Non- controlling interest	Consolidated equity
Balances on December 31, 2017	50,561	464	(4,772)	(1,952)	2,151	29,155	75,607	-	75,607
Profit for the period	-	-	-	-	-	1,629	1,629	-	1,629
Share-based compensation (Note 10)	-	(69)	-	-	-	-	(69)	-	(69)
Treasury shares sold	-	5,280	2,552	-	-	-	7,832	-	7,832
Balances on September 30, 2018	50,561	5,675	(2,220)	(1,952)	2,151	30,784	84,999	-	84,999

	Share capital	Capital reserve	¤ Treasury shares	Expenses on issue of shares	Earnings reserves Legal reserve	Earnings reserves Retained earnings	Equity	Non- controlling interest	Consolidated equity
Balances on December 31, 2018	50,561	5,579	(2,220)	(1,952)	2,285	31,097	85,350	66	85,416
Loss of the period	-	-	-	-	-	(4,780)	(4,780)	8	(4,772)
Capital increase	362,700	-	-	-	-	-	362,700	45	362,745
Share issue expenses	-	-	-	(22,158)	-	-	(22,158)	-	(22,158)
Share-based compensation (Note 10)	-	610	-	-	-	-	610	-	610
Treasury shares sold	-	6,876	2,220	-	-	-	9,096	-	9,096
Balances on September 30, 2019	413,261	13,065	-	(24,110)	2,285	26,317	430,818	119	430,937

The accompanying notes are an integral part of these interim financial statements.

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
STATEMENTS OF CASH FLOWS

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**09.30.2018**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (profit) loss for the year	**(4,772)**	**1,629**	**(4,772)**	**1,629**
Items not affecting cash				
Equity in the results of subsidiaries	292	(5,095)	-	-
Share-based compensation plan	610	(69)	610	(69)
Depreciation and amortization	7,179	3,217	9,998	5,300
Provision (reversal) for legal proceedings	(1,249)	(145)	(1,813)	205
Estimated loss (reversal) on doubtful accounts	1	65	8	291
Provision for bonuses and profit sharing	1,056	(60)	1,344	2,039
Fixed assets write off	1	-	429	
Interest accrued	5,590	-	6,113	-
Current and deferred income tax and social contribution incurred	(2,984)	(980)	(1,654)	(240)
Changes in assets and liabilities				
Trade receivables	1,704	(1,588)	2,496	(7,134)
Judicial deposits	(180)	(5)	30	1,748
Taxes and contributions recoverable	(764)	90	(2,456)	(760)
Other receivables	(752)	172	(430)	114
Trade payables	2,279	510	1,411	419
Labor obligations	3,041	(819)	(2,663)	(4,497)
Tax liabilities	659	80	(1,654)	1,239
Legal demands paid	(597)	(202)	(614)	(960)
Advances from customers	(495)	(298)	(3,183)	(1,003)
Income taxes and social contribution paid	-	-	(1,544)	-
Receivable (payable) with related parties	(1,400)	-	56	-
Interests paid	(2,873)	-	(2,993)	-
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	**6,346**	**(3,498)**	**(1,281)**	**(1,679)**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of fixed and intangible assets	(6,915)	(3,072)	(7,715)	(3,469)
Related Parties	-	(2,825)	-	(56)
Acquisition of companies, net of cash acquired	-	-	(31,884)	-
Capital increase in subsidiary	(35,214)	(500)	-	-
Amortization of liabilities arising from investment Acquisition	(4,292)	(3,834)	(5,104)	(4,063)
Increase in liabilities arising from investment acquisition	-	5,367	-	5,368
Dividends received	-	6,956	-	-
Securities	(3,000)	-	(3,000)	-
Minority interest variation	-	-	45	63
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES	**(49,421)**	**2,092**	**(47,658)**	**(2,157)**

(In thousands of reais, unless otherwise indicated)

CASH FLOWS FROM FINANCING ACTIVITIES

Amortization of loans and financing	(3,915)	(6,417)	(7,798)	(6,518)
Loan and financing	50,000	-	50,000	-
Payment of dividends	(648)	-	(648)	-
Payment of interest on own capital	-	(2,085)	-	(2,085)
Capital increase	340,542	-	340,542	-
Treasury shares sold	9,096	7,832	9,096	7,832
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES	**395,075**	**(670)**	**391,192**	**(771)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**352,000**	**(2,076)**	**342,253**	**(4,607)**
Cash and cash equivalents at the beginning of the period	5,039	11,876	26,037	30,001
Cash and cash equivalents at the end of the period	357,039	9,800	368,290	25,394
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**352,000**	**(2,076)**	**342,253**	**(4,607)**

The accompanying notes are an integral part of these interim financial statements.

(In thousands of reais, unless otherwise indicated)

SINQIA S.A.
STATEMENTS OF ADDED VALUE

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**09.30.2018**
1 – REVENUE	**73,283**	**28,998**	**142,486**	**114,619**
1.1 - Sales of products and services	73,284	29,063	142,494	114,910
1.2 - Provision (reversal of provision) for impairment of trade receivables	(1)	(65)	(8)	(291)
2 - INPUTS ACQUIRED FROM THIRD PARTIES (ICMS, IPI, PIS and COFINS)	**(9,563)**	**(7,296)**	**(17,025)**	**(14,137)**
2.1 - Cost of sales and services	(4,187)	(2,686)	(8,735)	(6,187)
2.2 - Materials, electricity, outsourced services and other	(5,376)	(4,610)	(8,290)	(7,950)
3 - GROSS VALUE ADDED (1-2)	**63,720**	**21,702**	**125,461**	**100,482**
4 - DEPRECIATION AND AMORTIZATION	**(7,179)**	**(3,217)**	**(9,998)**	**(5,300)**
5 - NET VALUE ADDED GENERATED BY THE ENTITY (3-4)	**56,541**	**18,485**	**115,463**	**95,182**
6 - VALUE ADDED RECEIVED THROUGH TRANSFERS	**1,048**	**5,663**	**1,794**	**1,387**
6.1 - Equity in the results of subsidiaries	(292)	5,095	-	-
6.2 - Finance income	1,340	568	1,794	1,387
7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	**57,590**	**24,148**	**117,257**	**96,569**
8 - DISTRIBUTION OF ADDED VALUE	**57,590**	**24,148**	**117,257**	**96,569**
8.1 - Personnel	**49,192**	**14,856**	**97,671**	**74,337**
8.1.1 - Direct compensation and Government Severance Indemnity Fund for Employees (FGTS)	40,899	12,790	82,915	62,759
8.1.2 - Benefits	8,293	2,066	14,756	11,578
8.2 - Taxes, fees and contributions	**5,015**	**2,221**	**13,768**	**13,982**
8.2.1 - Federal	3,002	1,386	9,340	10,649
8.2.2 – Municipal	2,013	835	4,428	3,333
8.3 - Remuneration of third-party capital	**8,155**	**5,442**	**10,593**	**6,621**
8.3.1 - Interest	6,719	3,900	7,542	4,061
8.3.2 - Rentals	1,436	1,542	3,051	2,560
8.4 - Remuneration of own capital	**(4,772)**	**1,629**	**(4,779)**	**1,629**
8.4.1 – Loss (profit) for the year	(4,772)	1,629	(4,772)	1,629
8.4.2 - Non-controlling interest in retained earnings	-	-	(8)	-

The accompanying notes are an integral part of these interim financial statements.

NOTES ON THE QUARTERLY FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2019

Section A - General information

1.1 Operations

Sinqia S.A. ("Company") is a publicly-held company headquartered at Rua Bela Cintra, 755, 7º andar, in the City of São Paulo, State of São Paulo, and its shares are traded on the Novo Mercado of B3 – Brasil, Bolsa, Balcão.

The Company was incorporated in 1996, with the main purpose of supplying IT technology products and services, aiming at the financial market. It was the first Brazilian company to seek the development of a system with the One-Stop-Shop concept in its applications, implementing in the national Market standards of international companies, developing comprehensive solutions integrated in technology and business.

On July 11, 2017, the Company was approved by B3 to migrate from Bovespa Mais to Novo Mercado, a special listing segment with the highest standards of corporate governance.

The Company is the Controller of Senior Solution Serviços em Informática Ltda., Senior Solution Consultoria em Informática Ltda., ConsultBrasil Tecnologia e Negócios Ltda., Controlpart Consultoria e Participações Ltda., Partec Ltda., and Torq Inovação Digital Ltda., companies whose purpose is to act in an additional way to the Company's activities.

The issue of these financial statements was approved by the Board of Directors on November 13, 2019.

1.2 Basis of preparation

The quarterly earnings release has been prepared in accordance with CPC 21 (R1) - *Demonstrações Intermediárias,* and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

There were no changes in accounting policies in relation to those described in Note 27 to the Financial Statements for the year ended on December 31, 2018, except for the effects from the adoption of IFRS 16 (CPC 6 (R2)) – Leases, disclosed in Note 2.3.

The quarterly earnings release was prepared considering historical cost except for the valuation of certain assets and liabilities such as those arising from business combinations, which are measured at fair value.

The preparation of the quarterly earnings release requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Both the parent company and consolidated statements of value added are mandatory under the Brazilian Corporate Law and the accounting practices adopted in Brazil for publicly held companies. The statement of value added was prepared in accordance with the criteria defined in Accounting Pronouncement CPC 09 – "Statement of Value Added". The presentation of this statement is not required under the IFRS, which consider it supplementary information, and not part of the set of financial statements.

1.3 Consolidation

The Company consolidates all entities over which it holds control, i.e., when it 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.

The subsidiaries included in the consolidation are disclosed in Note 5(b).

Section B - Risks

2 Critical accounting estimates and judgments

Estimates and accounting judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events, which are considered reasonable for the circumstances.

2.1 Critical accounting estimates and assumptions

There were no changes in critical accounting estimates and assumptions in relation to that described Note 27 to the Financial Statements as at December 31, 2018.

2.2 Critical judgments in applying the Company's accounting policies

There was no change in the critical judgments of the application of the accounting policies in relation to that described in Note 27 to the Financial Statements as at December 31, 2018.

2.3 New standards, changes and interpretations of accounting pronouncements of mandatory application as at January 1, 2019

In preparing these interim financial statements, the Company’s Management considered, when applicable, new revisions and interpretations to the IFRS and the following technical pronouncements, issued by the IASB and the CPC, respectively, which were mandatory for accounting periods beginning on or after January 1, 2019.

(In thousands of reais, unless otherwise indicated)

Pronouncement	Description
IFRS 16 (CPC 6 (R2)) - Leases	Establishes principles for the recognition, measurement, presentation and disclosure of leases for both parties to the transaction.
IFRIC 23 (ICPC 22) – Uncertainty over Income Tax Treatments	Clarify the accounting of tax positions that have not yet been accepted by the tax authorities.

The impacts of adopting these standards are as follows:

IFRS 16/CPC 06 (R2) – Leases
The new standard replaces IAS 17 – Leasing Operations and related interpretations, bringing significant changes to tenants by requiring them to recognize the liability for future payments and the right to use leased assets for virtually all lease agreements. Some short-term or low-value agreements may fall outside the scope of this new standard.

In this scenario, the leases contracted impacted the financial information as follows:

- Recognition of rights of use assets and lease liabilities in the individual and consolidated balance sheet, initially measured at the present value of future minimum lease payments;
- Recognition of depreciation expenses of right of use assets and interest expenses on lease liabilities in the individual and consolidated income statement; and
- Separation of the total amount of cash paid in these operations between principal (presented within financing activities) and interest (presented in operating activities) in the individual and consolidated statement of cash flows.

Short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture) will maintain the recognition of their lease expenses on a straight-line basis in the income statement for the year, as per IFRS 16. The Company will also adopt the practical case, when applicable, that allows not to separate existing non-lease components into contracts that also have lease components, and instead count them together as a single component within the scope of the new pronouncement.

As a method of transition to the new pronouncement, the Management decided for the modified retrospective approach, with the cumulative effect of the initial application recorded as an adjustment to the opening balance of shareholders' equity and without the restatement of comparative periods. Accordingly, all balances related to the year ended December 31, 2018 are presented in accordance with the assumptions existing in accounting policies previously in force (IAS 17).

In the transition process, it was decided not to use the practical file that does not allow to re-evaluate if a contract is or has a lease. Consequently, the new lease definitions contained in IFRS 16 were applied to all contracts in effect at the transition date. The change in the definition of a lease refers mainly to the concept of control, where IFRS 16 determines that the evaluation if a lease contract is to be performed based on the fact that the customer has the right to control the use of an asset identified for a period of time in exchange for consideration.

For this purpose, the Company's Management has identified the contracts, whether or not they contain a lease in accordance with IFRS 16/CPC 06 (R2). This analysis identified impacts related to the lease of real estate leased from third parties, and less representative amounts arising from other operations where we identified the existence of leased assets individually or combined in service contracts.

Additionally, the following practical records were used to transition to new lease accounting requirements:

(In thousands of reais, unless otherwise indicated)

- Use of a single discount rate for each portfolio of leases with fairly similar characteristics. In this sense, we obtained the incremental funding rate, measured on January 1, 2019, applicable to each of the leased asset portfolios. Through this methodology, the Company obtained a weighted average rate of 7.38% p.a.;
- The accounting recognition of those agreements with a closing period within the period of 12 months from the date of the initial application of the new standard was not carried out;
- Exclusion of initial direct costs from the measurement of the initial balance of the right of use asset;
- Use of late perception to determine the lease term, in those cases where the contract contains options for extension or termination.

As a result of the above, the Company recognized the following adjustments to the opening balance of the consolidated balance sheet:

	Consolidated Financial statements disclosed on 12.31.2018	**Impacts related to IFRS 16 adoption**	**Consolidated Financial Statements on 01.01.2019**
ASSETS			
Current assets	51,722	-	51,722
Other non-current assets	108,872	-	108,872
Property, plant and equipment	6,836	24,914	31,750
Total assets	167,430	24,914	192,344
LIABILITIES			
Leases – current	-	(1,719)	(1,719)
Other current liabilities	(33,635)	-	(33,635)
Leases – non-current	-	(23,195)	(23,195)
Other non-current liabilities	(48,379)	-	(48,379)
Equity	(85,416)	-	(85,416)
Total liabilities	(167,430)	(24,914)	(192,344)

(In thousands of reais, unless otherwise indicated)

Additionally, the table below summarizes the accounting impacts of the adoption of this new accounting pronouncement to the statement of profit and loss for the nine-month period ended September 30, 2019:

	Consolidated Financial Statements on 09.30.2019	Impacts related to adoption of IFRS 16	Consolidated Financial statements without the impacts of IFRS16 on 09.30.2019
	(IFRS 16)		(IAS 17)
NET OPERATING REVENUE:	**127,070**	**-**	**127,070**
Cost of services provided	(86,761)	-	(86,761)
GROSS PROFIT	**40,309**	**-**	**40,309**
General, administrative and selling expenses	(40,992)	640	(40,351)
Operating income (loss) before finance income (costs)	**(683)**	**640**	**(42)**
Finance income (costs), net	(5,751)	1,245	(4,507)
Profit (loss) before income tax and social contribution	**(6,434)**	**1,885**	**(4,550)**
Current income tax and social contribution	(1,791)	-	(1,791)
Deferred income tax and social contribution	3,445	-	3,445
Profit after income tax and social contribution	**(4,780)**	**1,885**	**(2,896)**
Non-controlling interests	8	-	8
Net loss for the period	**(4,772)**	**1,885**	**(2,888)**

IFRIC 23 (ICPC 22) – Uncertainty over Income Tax Treatments
IFRIC 23 (ICPC 22) describes how to determine the tax and accounting position when there is uncertainty about the treatment of income tax. The interpretation requires the entity to:

- Determine whether uncertain fiscal positions are assessed separately or as a group; and
- Assess whether it is likely that the tax authority will accept the use of an uncertain tax treatment, or proposed use, by an entity in its income tax returns:

-If so, the entity should determine its tax and accounting position in line with the tax treatment used or to be used in its income tax returns.

-If not, the entity should reflect the effect of uncertainty in determining its tax and accounting position.

Entities may apply interpretation based on full retrospective application or modified retrospective application without retrospective or prospective comparative information restatement.

This pronouncement had no impact on the Company's individual and consolidated financial statements.

3 Financial risk management

3.1 Financial risk factors

There was no change in financial risk factors and in the risk management policy in relation to that described in the Standardized Financial Statements as at December 31, 2018.

3.2 Capital Management

The purpose of the Company's capital management is to ensure that a strong credit rating is maintained with the institutions and an optimal capital ratio in order to support the Company's business and maximize shareholder value.

(In thousands of reais, unless otherwise indicated)

The Company controls its capital structure by making adjustments and adjusting to current economic conditions. To maintain this structure, the Company may pay dividends, return capital to shareholders, raise new loans, issue promissory notes and contract derivative transactions.

3.3 Fair value estimation

There were no changes with respect to the criteria or techniques for fair value measurement, as well as to the classification of the financial instruments in relation to those disclosed in the Financial Statements as at December 31, 2018.

3.4 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis or realize the asset and settle the liability simultaneously.

Section C – Segment reporting

4 Segment reporting

The business purpose of the Group companies is to supply information technology products and services, in addition to related consulting services, intended to assist the financial market. Although the products are destined for various segments of financial institutions, they are not controlled and administered by Management as independent segments, as the Group's results are monitored and assessed in an integrated manner.

Section D – Group structure

5 Investments

(a) Changes in investments

	Senior Solution Serviços em Informática Ltda.	Senior Solution Consultoria em Informática Ltda.	Controlpart Consultoria e Participações Ltda.	Consult Brasil Ltda.	Intellectual Capital Ltda.	att/PS Informática Ltda.	Torq Inovação Digital Ltda.	Total
Balances on December 31, 2018	**3,507**	**21,960**	**4,346**	**-**	**3,454**	**44,220**	**594**	**78,081**
Capital increase	-	34,674	-	-	-	-	540	35,214
Equity in the results of subsidiaries	(650)	(2,275)	1,559	1,138	-	-	(64)	(292)
Corporate reorganization (i)	-	-	-	(87)	-	(4,215)	-	(4,302)
Balances on September 30, 2019	**2,857**	**54,359**	**5,905**	**1,051**	**3,454**	**40,005**	**1,070**	**108,701**

(In thousands of reais, unless otherwise indicated)

(i) In 2019, att/PS Informática Ltda. was merged into Sinqia S.A. Consult Brasil Ltda. was an investment of att/OS Informática Ltda. in December 2018 and became a direct investment of Sinqia S.A. in 2019.

(b) Information on subsidiaries

					Total investment		Equity in the results of Subsidiaries	
Direct investment	**Equity**	**Ownership interest (%)**	**Goodwill on acquisition**	**Profit or loss for the year/period**	**09.30.2019**	**12.31.2018**	**09.30.2019**	**09.30.2018**
Senior Solution Serviços em Informática Ltda.	2,857	100%	-	(651)	2,857	3,507	(650)	(838)
Senior Solution Consultoria em Informática Ltda.	54,359	100%	-	(2,275)	54,359	21,960	(2,275)	(651)
Controlpart Consultoria e Participações Ltda.	3,181	100%	2,724	1,559	5,905	4,346	1,559	1,541
Consult Brasil. Ltda.	(1,508)	100%	2,559	1,138	1,051	-	1,138	-
Intellectual Capital Ltda.	N/A	N/A	3,454	-	3,454	3,454	-	-
att/PS Informática Ltda.	N/A	N/A	40,005	-	40,005	44,220	-	3,011
Torq Inovação Digital Ltda.	1,189	90%	-	(70)	1,070	594	(64)	-
					108,701	**78,081**	**(292)**	**3,063**

(c) Indirect investments (direct subsidiary of Senior Solution Consultoria em Informática Ltda.)

				Total investment		Equity in the results of Subsidiaries	
Investimento indireto	**Equity**	**Indirect ownership interest (%)**	**Profit or loss for the year/period**	**09.30.2019**	**12.31.2018**	**09.30.2019**	**06.30.2018**
Aquarius Tecnologia e Informática Ltda (i)	-	100%	-	-	2,950	-	443
Partec Ltda. (ii)	11,379	100%	1,044	11,379	-	1,044	-

(i) Aquarius Tecnologia e Informática Ltda. was incorporated by Senior Solution Consultoria em Informática Ltda.

(ii) Partec Ltda. was acquired in the first half of 2019, as detailed on Note 6.

(In thousands of reais, unless otherwise indicated)

6 Business combinations

Business combinations and new investment acquisitions are in line with the Company's strategy to specialize and consolidate its position in different market segments, as well as to offer new solutions to Sinqia S.A.'s customers through a diversified portfolio that includes niche-specific solutions. The purchase price calculation and the respective allocation to assets were disclosed as the best current estimate of the transaction, as such it can be subject to change in the future.

a) Acquisition of ADSPrev – Administração e Desenvolvimento de Sistemas Ltda.

On February 28, 2019, the Company entered into a Share Purchase and Sale Agreement and Other Covenants ("Agreement") whereby the Company acquired ADSPrev – Administração e Desenvolvimento de Sistemas Ltda. ("ADSPrev"). The transaction involved the initial amount of R$12,036 comprised of (a) cash installment of R$10,274, disbursed on the acquisition date; and (b) R$1,429 to be paid in five yearly installments.

The main motivations for the acquisition of ADSPrev were: updating the product portfolio, expanding the customer portfolio and adding new employees to the team. With this, Sinqia is now scaled to build a system with breadth, flexibility and performance.

The final purchase price, under the agreement, is composed of an additional installment of up to R$4,000 linked to the achievement of a net revenue target in 2020. Accordingly, in September 2019, based on the calculation made by Management, of the cross-selling involving Sinqia and ADS, a supplementary estimate of R$333 was added as an additional installment, resulting in a total amount of R$12,036. The additional amount calculated will be paid in April 2021.

a.1) Compensation transferred:

Payment in cash	10,274
Payment in installments	1,429
Payment of variable installment	333
Total	**12,036**

(In thousands of reais, unless otherwise indicated)

a.2) Assets acquired and liabilities recognized at fair value on the acquisition date:

INVESTEE'S BALANCE SHEET

	02/28/2019		**02/28/2019**
Current assets		Current liabilities	
Availabilities	322	Trade payables	158
Trade receivables	635	Advances from customers	405
Advanced expenses	54	Salaries, social charges and labor provisions	18
		Tax liabilities	158
Total current assets	1,011		
		Total current liabilities	739
Non-current assets			
		Non-current liabilities	
Property and equipment	157		
Intangible assets	13,649	Borrowings and financing	1,531
		Provision for legal proceedings	511
Total non-current assets	13,806	Total non-current liabilities	2,042
		Total equity	12,036
Total assets	14,817	Total liabilities	14,817

a.3) Goodwill on acquisition

Estimated amount	12,036
(-) Fair value of assets acquired:	
Non-competition clause	(564)
Software	(1,134)
Portfolio	(2,776)
(+) Fair value of assets acquired:	
Provision for lawsuits	511
(-) Equity on the acquisition date	963
Goodwill on acquisition	9,036

The following table shows the intangible assets acquired that were not initially recorded in the Company's accounting books, as well as the estimated useful life and amortization method:

Intangible assets	Amount	Service life	Amortization method
Non-competition clause	564	5 years	Straight-line basis
Software	1,134	5 years	Straight-line basis
Portfolio	2,776	10 years	Straight-line Basis

(In thousands of reais, unless otherwise indicated)

b) Acquisition of Atena Tecnologia Ltda.

On January 30, 2019, the Company entered into a Share Purchase and Sale Agreement and Other Covenants ("Agreement") whereby the Company acquired Atena Tecnologia Ltda. ("Athena"). The transaction involved the initial amount of R$5,000 in cash, disbursed on the acquisition date, and R$ 2,874 to be paid in five yearly installments.

With the acquisition of Atena, Sinqia is now offering an even more comprehensive web platform, with a solution for established plans.

The final purchase price, under the agreement, is composed of an additional installment of up to R$4,000 linked to the achievement of a net revenue target in 2018. Accordingly, in September 2019, based on the calculation made by Management, of the cross-selling involving Sinqia and Atena, a supplementary estimate of R$2,437 was added as an additional installment, resulting in a total amount R$10,311. The additional amount calculated will be paid in April 2021.

b.1) Compensation transferred:

Payment in cash	5,000
Payment in installments	2,874
Payment of variable installment	2,437
Total	**10,311**

b.2) Assets acquired and liabilities recognized at fair value on the acquisition date:

INVESTEE'S BALANCE SHEET

	01/30/2019		01/30/2019
Current assets		Current liabilities	
Availabilities	324	Trade payables	241
Trade receivables	330	Advances from customers	241
Advanced expenses	37	Salaries, social charges and labor provisions	418
		Tax liabilities	101
Total current assets	691		
		Total current liabilities	1,001
Non-current assets			
		Non-current liabilities	
Property and equipment	475		
Intangible assets	10,523	Provision for legal proceedings	377
Total non-current assets	10,998	Total non-current liabilities	377
		Total equity	10,311
Total assets	11,689	Total liabilities	11,689

(In thousands of reais, unless otherwise indicated)

b.3) Goodwill on acquisition

Estimated amount	10,311
(-) Fair value of assets acquired:	
Non-competition clause	(517)
Software	(1,332)
Portfolio	(2,193)
(+) Fair value of assets acquired: Provision for lawsuits	377
(-) Equity on the acquisition date	(264)
Goodwill on acquisition	6,382

The following table shows the intangible assets acquired that were not initially recorded in the Company's accounting books, as well as the estimated useful life and amortization method:

Intangible assets	Amount	Service life	Amortization method
Non-competition clause	517	5 years	Straight-line basis
Software	1,332	5 years	Straight-line basis
Portfolio	2,193	10 years	Straight-line Basis

(In thousands of reais, unless otherwise indicated)

c) Acquisition of Softpar

On May 20, 2019, the Company entered into a Share Purchase and Sale Agreement and Other Covenants (“Agreement”) whereby the Company acquired Partec and its subsidiary NVA (collectively, “Softpar”). The transaction involved the initial amount of R$18,000 in cash, disbursed on the acquisition date, and R$11,329 to be paid in five yearly installments.

With the acquisition of Softpar, Sinqia is now offering an even more comprehensive web platform, with a solution for banks, financial institutions and development agencies.

The final purchase price, under the agreement, is composed of an additional installment of up to R$6,000 linked to the achievement of a net revenue target in 2019. Accordingly, in September 2019, based on the calculation made by Management, of the cross-selling involving Sinqia and Softpar, a supplementary estimate of R$5,213 was added as an additional installment. The additional amount calculated will be paid in April 2021.

c.1) Compensation transferred:

Payment in cash	18,000
Payment in installments	11,329
Payment of variable installment	5,213
Total	**34,542**

c.2) Assets acquired and liabilities recognized at fair value on the acquisition date:

INVESTEE’S BALANCE SHEET

	05/31/2019		**05/31/2019**
Current assets		Current liabilities	
Availabilities	744	Trade payables	255
Trade receivables	1,312	Leases	539
Advanced expenses	284	Salaries, social charges and labor provisions	997
		Tax liabilities	936
Total current assets	2,340	Total current liabilities	2,727
Non-current assets		Non-current liabilities	
Property and equipment	2,955	Leases	1,088
Intangible assets	46,965	Non-current tax liabilities	638
		Provision for contingencies	13,265
Total non-current assets	49,920	Total non-current liabilities	14,991
		Total equity	34,542
Total assets	52,260	Total liabilities	52,260

(In thousands of reais, unless otherwise indicated)

c.3) Goodwill on acquisition

Estimated amount	34,542
(-) Fair value of assets acquired:	
Non-competition clause	(2,231)
Software	(1,287)
Portfolio	(15,807)
(+) Fair value of liabilities assumed:	
Provision for lawsuits	13,265
(-) Equity on the acquisition date	(842)
Goodwill on acquisition	27,640

The following table shows the intangible assets acquired that were not initially recorded in the Company's accounting books, as well as the estimated useful life and amortization method:

Intangible assets	Amount	Service life	Amortization method
Non-competition clause	2,231	5 years	Straight-line basis
Software	1,287	5 years	Straight-line basis
Portfolio	15,807	10 years	Straight-line basis

(In thousands of reais, unless otherwise indicated)

Section E – Selected significant notes

7 CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	09.30.2019	**12.31.2018**	**09.30.2019**	**12.31.2018**
Cash	-	-	2	-
Banks	437	823	656	2,316
Financial investments (i)	356,602	4,216	367,632	23,721
	357,039	**5,039**	**368,290**	**26,037**

(i) According to the Company's investments policies, financial investments are substantially concentrated on low-risk securities and earn interest based on percentages of the Interbank Deposit Certificate (CDI) rate. Therefore, the Company's financial investments consist of investments in fixed-income funds and Bank Deposit Certificates (CDBs), earning average interest from 94% to 102.15% of the CDI, with immediate liquidity, i.e., without a grace period for redemption.

8 TRADE RECEIVABLES

	Parent Company		Consolidated	
	09.30.2019	**12.31.2018**	**09.30.2019**	**12.31.2018**
Invoiced amounts	4,549	1,175	11,313	11,766
Unbilled services (i)	8,501	2,162	12,891	11,432
(-) Estimated impairment losses on trade receivables (ii)	(541)	(131)	(849)	(944)
	12,509	**3,206**	**23,355**	**22,254**

(i) Unbilled services refer to revenue from services effectively provided but not billed by the end of the reporting period.

(ii) We present below the estimated losses on doubtful accounts:

	Parent Company		Consolidated	
Balances on December 31, 2018 and 2017	**(131)**	**(66)**	**(944)**	**(609)**
Additions for corporate reorganization (i)	(409)	-	-	-
Additions	(1)	(65)	(8)	(290)
Write-offs	-	-	103	-
Balances on September 30, 2019 and 2018	**(541)**	**(131)**	**(849)**	**(899)**

(i) The increase in estimated impairment losses on trade receivables in the Parent Company occurred due to the merger of att/PS. Accordingly, there was no significant impact on the Consolidated.

(In thousands of reais, unless otherwise indicated)

The aging analysis of trade receivables is as follows:

	Parent Company		Consolidated	
	09.30.2019	**12.31.2018**	**09.30.2019**	**12.31.2018**
Unbilled services	8,501	2,163	12,892	11,432
To be due	2,419	847	7,031	9,893
Overdue from 1 to 90 days	967	307	2,153	1,752
Overdue from 91 to 180 days	433	-	830	92
Overdue from 181 to 270 days	211	-	430	3
Overdue from 271 to 360 days	153	20	162	26
Overdue accounts - more than 360 days	366	-	706	-
	13,050	**3,337**	**24,204**	**23,198**

9 TAXES AND CONTRIBUTIONS RECOVERABLE

	Parent Company		Consolidated	
	09.30.2019	**12.31.2018**	**09.30.2019**	**12.31.2018**
IRRF and IRPJ/CSLL to be offset (i)	1,247	507	3,809	1,418
PIS, COFINS and CS withheld at source (ii)	485	428	1,129	968
Other taxes to offset	68	102	69	166
	1,800	**1,037**	**5,007**	**2,552**
Current	1,317	1,037	4,036	2,552
Non-current	483	-	971	-

(i) Refers to income tax withheld at source and advanced income tax and social contribution.

(ii) Refers to PIS, COFINS and social contribution withheld at source on amounts received in connection with invoices issued for services rendered or software licenses contracted.

(In thousands of reais, unless otherwise indicated)

10 INFORMATION ON RELATED PARTIES

a) INFORMATION INTERCOMPANY TRANSACTIONS

The table below presents information on the outstanding balances between the parent company, its subsidiaries and the Company's owners as at on September 30, 2019 and December 31, 2018:

	Parent Company					
	Receivables from related parties (assets)	Payables to related parties (liabilities)	Related parties (profit or loss)	Receivables from related parties (assets)	Payables to related parties (liabilities)	Related parties (profit or loss)
Related parties		**09.30.2019**			**12.31.2018**	
Sensor Solution Serviços em Informática Ltda.	3,269	-	2,517	1,750	-	2,745
ConsultBrasil Ltda.	-	1,066	-	-	-	-
Senior Solution Consultoria em Informática Ltda.	5,689	-	3,637	2,303	-	3,027
Aquarius Tecnologia e Informática Ltda.	-	-	-	-	-	267
ATT/Ps Informática LTDA	-	-	-	2,447	-	6,102
Non-current assets	**8,958**	**-**	**-**	**6,500**	**-**	**-**
Current liabilities	**-**	**173**	**-**	**-**	**-**	**-**
Non-Current liabilities		**893**				
Profit or loss	**-**	**-**	**6,154**	**-**	**-**	**12,141**

Intercompany transactions relate to the sharing of expenses, mainly administrative, and are carried out based on agreements signed between the parties. There are no purchases and sales of products or services between the Group companies. The transactions are settled within an average term of 360 days.

b) MANAGEMENT COMPENSATION

The Company does not offer additional post-employment benefits, or other long-term benefits, such as leave, and other benefits based on length of service. The Company does not offer other termination benefits to its senior management members, in addition to those required by the Brazilian labor legislation in force.

Short-term benefits

Short-term benefits include fixed compensation (management fees), social charges (social security contributions and other), private pension fund and variable compensation, such as profit sharing and bonuses, based on each employment contract individually tailored. Expenses related to the compensation paid to the main senior executives and management of the Company and its subsidiaries are as follows:

	Parent company and Consolidated	
	09.30.2019	**12.31.2018**
Salaries, fees and related charges	2,319	2,431
Benefits	296	239
Variable bonuses	909	1,111
	3,524	**3,781**

c) SHARE-BASED COMPENSATION PLAN

The purpose of the Share-based Compensation Plan (“Plan”) is to offer senior executives of the Company the opportunity to multiply the value of their annual financial bonus ("Annual Bonus"), upon the assignment of additional resources ("Additional Bonus") by the Company, which must be used by the eligible executive officers ("Beneficiary") to acquire the Company’s shares ("Shares"). The Plan establishes that the Additional Bonus amount will be calculated by applying a multiplier on the Annual Bonus, which is granted by the Company under the Profit-Sharing Program (“PPLR”).

The Additional Bonus under this Plan will be calculated by applying a multiplier on the Annual Bonus. The multiplier ranges from 50% to 80% depending on the role performed at the Company.

The number of shares to be acquired by each Beneficiary will be calculated based on the average market value of the shares in a certain period.

The shares acquired will vest as follows: 40% of the total shares acquired, after twelve (12) months from acquisition; 30% of the total, after twenty four (24) months from acquisition; and the remaining 30%, after thirty six (36) months from acquisition. The acquisition date will be considered as that on which the Company receives from the Beneficiary the amounts related to the sale, and the Share Purchase Agreement is signed.

d) PLAN FOR STOCK OPTIONS OR SUBSCRIPTION OF SHARES

The Plan for Stock Options or Subscription of Shares (“Plan”) includes granting options to purchase or subscribe common shares (“Options”) of the Company. The Plan has as purpose (a) attracting, retaining and engaging key professionals in the management of the Company (“Beneficiaries”); (b) aligning the interests of the Beneficiaries with the interests of the Company and its shareholders in a long-term perspective; and c) encouraging the Beneficiaries to contribute to the achievement of good results for the Company.

Number of shares included in the Plan: the Options granted under the Plan, including those already exercised or not, and discounted those canceled due to situations of termination, death, permanent disability or retirement may grant rights on common shares representing up to 3% of the Company’s capital on the date of approval of the Plan.

Exercise of Options: the options granted may be exercised provided that the terms and conditions set forth in this Plan and by the Board of Directors are observed, in addition to the terms and conditions set forth in the respective Option Agreements. The Beneficiary may exercise all or part of the exercisable Options, established that the Beneficiary must exercise at least 25% of the Options held and that are exercisable in each partial exercise of the Options. The exercise of part of the Options by the Beneficiary must not affect the exercise of the other Options held.

(In thousands of reais, unless otherwise indicated)

The fair value of the Options granted is estimated on the grant date based on the Black-Scholes option pricing model. For restricted shares, the fair value is the market value on the date of the granting of each restricted share. The main events relating to the effective plans, variables adopted in the calculations and results are as follows:

Grants				Fair value assumptions			
				Expected:		Interest rate, free of risk	Maturity
Date	Number of options/shares	Exercise price in Brazilian reais	Fair value of shares in Brazilian reais	Dividends	Volatility		
01/08/2018	256,972	7.1	15,50	0.23%	37.57%	4.50%	5 anos

The Options are broken down as follows:

	Parent company and Consolidated	
	Number (in units)	Average price (in reais)
Balances on December 31, 2018	**12,672**	**1.81**
Granted	48,716	9.78
Cancelled/expired	-	-
Balances on September 30, 2019	**61,388**	**8.13**

(In thousands of reais, unless otherwise indicated)

11 PROPERTY AND EQUIPMENT

a) Breakdown of property and equipment

				Parent Company	
				09.30.2019	12.31.2018
	Service life (years)	Cost	Accumulated depreciation	Net	Net
Facilities and improvements	9 – 10	5,777	(660)	5,117	2,758
Appliances and electrical materials	9 – 12	694	(282)	412	129
Furniture and fittings	9 – 12	2,411	(987)	1,424	441
Property – right of use	2-10	20,514	(1,593)	18,921	-
Computers and peripherals	4 – 5	6,756	(3,170)	3,586	1,956
		36,152	**(6,692)**	**29,460**	**5,284**

				Consolidated	
				09.30.2019	12.31.2018
	Service life (years)	Cost	Accumulated depreciation	Net	Net
Facilities and improvements	9 – 10	7,901	(1,476)	6,425	3,567
Appliances and electrical materials	9 – 12	1,116	(334)	782	200
Furniture and fittings	9 – 12	3,259	(1,600)	1,659	695
Property – right of use	2-10	26,495	(2,120)	24,375	-
Computers and peripherals	4 – 5	10,361	(5,420)	4,941	2,374
		49,132	**(10,950)**	**38,182**	**6,836**

(In thousands of reais, unless otherwise indicated)

b) Changes in property and equipment – Parent company

	Facilities and improvements	Appliances and electrical materials	Furniture and fittings	Property – right of use	Computers and peripherals	Total
Balances on December 31, 2018	**2,758**	**129**	**441**	**-**	**1,956**	**5,284**
Additions	2,569	297	989	-	1,675	5,530
Additions for corporate reorganization	30	28	115	-	395	568
Additions due to CPC 06 (R2)	-	-	-	20,514		20,514
Reductions	(240)	(42)	(121)	(1,593)	(440)	(2,436)
Depreciation						
Balances on September 30, 2019	**5,117**	**412**	**1,424**	**18,921**	**3,586**	**29,460**

c) Changes in property and equipment – Consolidated

	Facilities and improvements	Appliances and electrical materials	Furniture and fittings	Property – right of use	Computers and peripherals	Total
Balances on December 31, 2018	**3,567**	**200**	**695**	**-**	**2,374**	**6,836**
Additions	3,200	296	989	-	1,751	6,236
Additions for corporate reorganization	246	354	231	-	1,481	2,312
Additions due to CPC 06 (R2)	-	-	-	26,495	-	26,495
Reductions	-	-	-	-	(429)	(429)
Depreciation	(588)	(68)	(256)	(2,120)	(236)	(3,268)
Balances on September 30, 2019	**6,425**	**782**	**1,659**	**24,375**	**4,941**	**38,182**

(In thousands of reais, unless otherwise indicated)

12 INTANGIBLE ASSETS

a) Breakdown of intangible assets

				Parent Company	
				09.30.2019	12.31.2018
	Service life (years)	Cost	Accumulated amortization and/or impairment	Net	Net
Software use rights	5	4,478	(2,945)	1,533	436
Trademarks and patents	5-10	2,277	(915)	1,362	1,611
Software acquired	5	6,860	(3,633)	3,227	3,696
Portfolio	10	20,412	(3,720)	16,692	14,730
Non-competition agreements	5	4,575	(3,146)	1,429	2,287
Development of new products (i)	5	6,301	(5,091)	1,210	1,189
		44,903	**(19,450)**	**25,453**	**23,949**

(i) Refer to investments intended for the innovation laboratory, Torq.

				Consolidated	
				09.30.2019	12.31.2018
	Service life (years)	Cost	Accumulated amortization and/or impairment	Net	Net
Goodwill on acquisitions of subsidiaries	-	100,127	(2,860)	97,267	54,209
Software acquired	5	16,014	(8,989)	7,025	4,979
Software use rights	5	6,386	(4,286)	2,100	1,002
Portfolio	10	49,707	(9,036)	40,671	22,520
Non-competition agreements	5	8,128	(3,631)	4,497	2,289
Trademarks and patents	5-10	7,126	(1,466)	5,660	5,909
Development of new products (i)	5	6,301	(5,091)	1,210	1,211
		193,789	**(35,359)**	**158,430**	**92,119**

(In thousands of reais, unless otherwise indicated)

b) Changes in intangible assets – Parent company

	Software use rights	Development of new products (Torq)	Trademarks and patents	Acquired software	Portfolio	Non-competition agreements	Total
Balances on December 31, 2018	**436**	**1,189**	**1,611**	**3,696**	**14,730**	**2,287**	**23,949**
Additions	1,364	21	-	-	-	-	1,385
Additions for corporate reorganization	539	-	-	700	3,623	-	4,862
Losses	-	-	-	-	-	(1)	(1)
Amortization	(806)	-	(249)	(1,169)	(1,661)	(857)	(4,742)
Balances on September 30, 2019	**1,533**	**1,210**	**1,362**	**3,227**	**16,692**	**1,429**	**25,453**

c) Changes in intangible assets – Consolidated

	Goodwill on acquisitions of subsidiaries	Software use rights	Development of new products (Torq)	Trademarks and patents	Acquired software	Portfolio	Non-competition agreements	Total
Balances on December 31, 2018	**54,209**	**1,002**	**1,211**	**5,909**	**4,979**	**22,520**	**2,289**	**92,119**
Additions	-	1,479	-	-	-	-	-	1,479
Additions for corporate reorganization	43,058	663	-	-	3,753	20,776	3,312	71,562
Amortization	-	(1,044)	(1)	(249)	(1,707)	(2,625)	(1,104)	(6,730)
Balances on September 30, 2019	**97,267**	**2,100**	**1,210**	**5,660**	**7,025**	**40,671**	**4,497**	**158,430**

(In thousands of reais, unless otherwise indicated)

13 LOANS AND FINANCING

	Financial Charges	Maturity	Parent Company 09.30.2019	Parent Company 12.31.2018	Consolidated 09.30.2019	Consolidated 12.31.2018
BNDES – nº 14209211 (i)	TJLP + 1.1% p.a.	12/15/2020	4,791	7,339	4,791	7,339
BNDES – n° 17203411018 (i)	TJLP + 2.0% p.a.	03/15/2024	7,122	7,030	7,122	7,030
Debentures (ii)	CDI+1.75%	02/22/2024	49,682	-	49,682	-
Working capital	CDI+2.90%	04/15/2019	6	-	6	46
Loans	Selic	10/11/2019	-	-	199	194
Total			**61,601**	**14,369**	**61,800**	**14,609**
Current			**12,101**	**3,718**	**12,300**	**3,958**
Non-current			**49,500**	**10,651**	**49,500**	**10,651**

(i) These contracts are guaranteed by a surety letter in the same amount, issued by a financial institution, in compliance with the criteria and requirements of BNDES.

(ii) The first issue of simple debentures, non-convertible into shares, has as collateral future receivables arising from receivables. Additionally, the Company was required to maintain deposited R$3,000 in a securities account in 2019.

The changes in loans and financing were as follow:

	Parent Company	Consolidated
Balances on December 31, 2018	**14,369**	**14,609**
New loans and financing	50,000	50,000
Additions due to acquisitions	-	1,531
Interest accrued	3,203	3,323
Interest paid	(2,873)	(2,993)
Amortization	(3,098)	(4,670)
Balances on September 30, 2019	**61,601**	**61,800**

The expected payment schedule for loans and financing is as follow:

	Parent Company	Consolidated
2019	2,134	2,339
2020	19,420	19,420
2021	16,974	16,974
2022	15,989	15,989
After 2022	7,084	7,078
Total	**61,601**	**61,800**

(In thousands of reais, unless otherwise indicated)

(a) COVENANTS

The BNDES financing contracts No. 14209211 and No. 17203411018 are not subject to covenant clauses related to the compliance with economic and financial ratios.

The debentures have financial covenants that must be evaluated in December 31 of the previous year, based on the Net Debt/EBITDA indicator (resulting in an index lower than 3 in the first year; 2.5 in the second and third year; 1.9 in the fourth year; and 1.8 in the fifth year) and based on the EBITDA/Financial Result ratio (resulting in an index higher than 3). At the present date the Company expects to be in compliance with all covenants.

14 LABOR LIABILITIES

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
INSS/FGTS payable	1,501	770	2,550	2,674
IRRF on payroll	684	572	1,062	1,658
Provision for vacation pay	5,355	2,101	9,085	7,178
Thirteenth salary	986	-	1,029	-
Bonuses, commissions and profit sharing (i)	1,056	2,054	1,344	2,159
Other	21	9	85	38
	9,603	**5,506**	**15,155**	**13,707**

(i) The provision for bonuses and profit sharing is recorded monthly and depends on the achievement of the corporate and the employee's individual goals. These amounts are always paid in April of the subsequent year. In April 2019 R$ 1,928 were paid as bonus for the year 2018.

15 TAX LIABILITIES

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
IR and CSLL payable	37	-	1,156	956
ISS payable	448	198	949	817
PIS/COFINS payable	315	31	626	490
Tax installments	103	-	4,037	3,951
Other taxes payable	36	71	68	196
Total	**939**	**300**	**6,836**	**6,410**
Current	836	283	3,162	2,824
Non- current	103	17	3,674	3,586

(In thousands of reais, unless otherwise indicated)

16 LIABILITIES ARISING FROM INVESTMENT ACQUISITION

Refer to installments payable for investment acquisitions made by the Company and its subsidiaries, negotiated with installments payment and recorded in current and non-current liabilities, as follows:

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Acquisition of Controlpart Consultoria e Participações Ltda.	205	366	205	366
Acquisition of ConsultBrasil	356	-	356	356
Acquisition of att/PS Informática Ltda	4,849	5,310	4,849	5,310
Acquisition of Atena Tecnologia Ltda.	-	-	109	-
Acquisition of ADSPrev Ltda.	-	-	356	-
Acquisition of SoftPar.	-	-	2,604	-
Adjustment to present value	(3)	(6)	(3)	(6)
Current liabilities	**5,407**	**5,670**	**8,476**	**6,026**
Acquisition of Controlpart Consultoria e Participações Ltda	-	126	-	126
Acquisition of ConsultBrasil	611	-	658	550
Acquisition of att/PS Informática Ltda	8,380	11,623	8,380	11,623
Acquisition of Atena Tecnologia Ltda.	-	-	5,202	-
Acquisition of ADSPrev Ltda.	-	-	1,406	-
Acquisition of SoftPar.	-	-	13,938	-
Adjustment to present value	(1)	(2)	(1)	(2)
Non-current liabilities	**8.,990**	**11,747**	**29,583**	**12,297**
Liabilities arising from investment acquisition	**14,397**	**17,417**	**38,059**	**18,323**

17 PROVISION FOR LEGAL PROCEEDINGS

In the normal course of its activities, the Company is subject to tax, civil and labor lawsuits. The Management, supported by the opinion of its legal advisors, assesses the expected outcome of the lawsuits in progress, and determines the need for recording provisions for contingencies at amounts deemed sufficient to cover the expected losses.

The table below shows the provisions for probable losses as at December 31, 2018 and September 30, 2019:

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Civil	11,931	-	11,982	12,186
Labor	1,736	377	9,416	4,658
Tax	1,681	-	11,927	5,001
	15,348	**377**	**33,325**	**21,845**

(In thousands of reais, unless otherwise indicated)

Changes in provision for legal proceedings were as follows:

	Parent Company	Consolidated
Balances on December 31, 2018	**377**	**21,845**
Additions	869	1,666
Additions for corporate reorganization (i)	16,817	-
Additions for acquisition of companies	-	13,907
Payments	(597)	(614)
Reversals	(2,118)	(3,479)
Balances on September 30, 2019	**15,348**	**33,325**

(i) The increase in the balance of provision for lawsuits in the Parent Company occurred due to the merger of att/PS.

The Company and its subsidiaries are also party to labor and tax lawsuits whose risk of loss, according to their legal advisors and the Company's Management, is classified as possible, for which no provision was recognized. The total adjusted value of these lawsuits corresponds to R$ 16,460 as at September 30, 2019 (as of December 31, 2018 – R$16,965) in the Parent Company and R$ 22,747 as at September 30, 2019 (as of December 31, 2018 – R$24,013) in the Consolidated. In addition, the Company has escrow deposits, in the amount of R$ 238 as at September 30, 2019 (as of December 31, 2018 – R$ 58) in the Parent Company and R$ 267 as at September 30, 2019 (as of December 31, 2018 – R$ 297) in the consolidated.

a) Labor

Labor claims generally relate to overtime, health hazard allowances, salary equalization, vacation pay, moral damages resulting from occupational accident, occupational disease, and secondary liability involving service providers, among other situations.

b) Tax

Tax lawsuits refer to legal disputes involving municipal and federal taxes, especially to requests for compensation and/or refund not approved, as well as tax risks identified in the acquisition processes.

c) Civil

The civil lawsuits relate mainly to suits filed under the allegation of certain problems in the provision of services offered and reimbursement of securities.

18 EQUITY

18.1 Share capital

At a meeting held on September 17, 2019, the Board of Directors approved the capital increase of the Company, within the authorized capital limit, pursuant to article 5 of the Bylaws, in the amount of R$362,700,000.00 (three hundred and sixty-two million and seven hundred thousand reais), through the issuance of five million, eight hundred and fifty thousand (5,850,000) common shares.

At a meeting held on September 12, 2019, the Board of Directors resolved to split the Company's shares, in the proportion of three (3) new shares for each currently existing share.

The Company's capital is R$ 413,261, represented by 70,548,812 registered common shares with no par value. The holders of common shares are entitled to one vote per share at the Shareholders' Meetings

(In thousands of reais, unless otherwise indicated)

The table below shows the ownership interest (in number of shares) of holders of 5% or more of the Company's common shares, in addition to treasury shares.

	09.30.2019		12.31.2018	
Shareholders	**Shares**	**%**	**Shares**	**%**
HIX Investimentos Ltda.	6,878,796	9.75%	1,810,399	15.36%
BNDES Participações S.A.	-	0.00%	1,297,260	11.01%
Bernardo Francisco Pereira Gomes	5,316,344	7.54%	1,327,827	11.26%
Antonio Luciano de Camargo Filho	5,327,212	7.55%	1,327,753	11.26%
SFA Investimentos Ltda.	5,438,800	7.71%	602,700	5.11%
Una Capital Ltda.	-	-	618,520	5.25%
Legacy Capital	3,601,084	5.10%	-	-
Treasury shares	-	-	269,640	2.29%
Other shareholders	43,986,576	62.35%	4,533,104	38.46%
Total	**70,548,812**	**100%**	**11,787,203**	**100%**

18.2 Earnings reserve

The Earnings reserve is composed of the accumulated balance of profit and losses allocations approved at the Annual General Meetings.

a) Shared-based compensation plan

As at December 31, 2018, the Company accrued dividends equivalent to 25% of net profit for the year, recorded in current liabilities. There was no distribution of dividends or interest on capital in the period.

18.3 Capital reserve

The balances of capital reserves at September 30, 2019 and December 31, 2018 were composed of the effects of the stock compensation plan and the result of treasury stock sale transactions.

a) Shared-based compensation plan

As foreseen in the Share-based Compensation Plan, in April 2018, the beneficiaries exercised the options of the second vesting period. In 2018 and through September 30, 2019, no treasury shares were repurchased under the program. The plan expenses in the period were of R$ 610.

b) Sale of treasury shares

At a meeting held on April 6, 2018, the Board of Directors authorized the sell up of 289,494 Company's shares held in treasury, pursuant to CVM Instruction 567/15. In April 2018, the Company sold the authorized totality, in the trading sessions of B3 SA - Brasil, Bolsa, Balcão ("B3"), for the gross amount of R$7,832, reinforcing the cash balance to continue the consolidation strategy.

(In thousands of reais, unless otherwise indicated)

At a meeting held on May 20, 2019, the Board of Directors authorized the Company to sell up to 240,701 shares issued by it, representing all the shares held in treasury, pursuant to CVM Instruction 567/15. On June 26, 2019, the Company announced that it sold the total amount authorized in B3 trading sessions, for the gross amount of R $ 9.096, with the purpose of reinforcing the cash balance to finance new acquisitions and expanding the free float to favor the liquidity in the secondary market.

19 NET OPERATING REVENUE

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**30.09.2018**
Consulting and projects	295	4,221	7,430	6,846
Outsourcing	17,777	5,367	37,102	34,377
Software	55,212	19,475	97,962	73,687
Gross service revenue	**73,284**	**29,063**	**142,494**	**114,910**
ISS	(2,013)	(836)	(4,428)	(3,333)
PIS and COFINS	(2,681)	(1,055)	(5,522)	(4,186)
Employer's INSS	(3,305)	(1,310)	(5,474)	(4,962)
Taxes on sales	**(7,999)**	**(3,201)**	**(15,424)**	**(12,481)**
Consulting and projects	263	3,753	6,586	6,233
Outsourcing	15,836	4,705	33,005	30,562
Software	49,186	17,404	87,479	65,634
Net operating revenue	**65,285**	**25,862**	**127,070**	**102,429**

The average tax rate levied on sales in the period was 10.8% in the Consolidated, comprising PIS/PASEP, COFINS, Tax on Services of Any Kind (ISSQN) and employer's INSS.

20 COSTS OF SERVICES

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**09.30.2018**
Third-party services	2,905	1,963	6,551	3,149
Personnel, charges and benefits	38,790	12,357	76,297	58,085
Other costs	2,515	723	3,913	3,038
	44,210	**15,043**	**86,761**	**64,272**

(In thousands of reais, unless otherwise indicated)

21 GENERAL AND ADMINISTRATIVE EXPENSES

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**09.30.2018**
Third-party services	1,446	133	2,491	1,467
Personnel, charges and benefits	8,323	2,423	18,301	12,885
Commissions	792	161	1,308	1,123
Rentals, insurance, condominium fees and other	1,436	1,542	3,051	2,560
Addition to (reversal of) provision for bonuses and profit sharing	1,300	60	1,433	2,039
Addition to (reversal of) provision for lawsuits	(1,249)	(145)	(1,813)	205
Addition to (reversal of) provision for doubtful accounts	1	65	8	291
Energy, communications and others	633	552	874	968
Consultants, lawyers and auditors	1,575	246	2,812	990
Publicity and advertising	963	256	1,089	300
Transportation and lodging	448	54	993	485
Other expenditures	313	122	447	492
Depreciation and amortization	7,179	3,217	9,998	5,300
	23,160	**8,686**	**40,992**	**29,105**

22 FINANCE INCOME (COSTS), NET

	Parent Company		Consolidated	
	09.30.2019	**09.30.2018**	**09.30.2019**	**09.30.2018**
Financial costs:				
Interest from investment acquisition	(1,271)	(1,203)	(1,410)	(1,290)
Interest on loans	(3,203)	(1,283)	(3,323)	(1,283)
Bank expenses	(161)	(12)	(243)	(54)
Adjustment to present value	(1,116)	(10)	(1,380)	(11)
Tax on Financial Operations (IOF)	(41)	(22)	(71)	(38)
Adjustment to additional M&A installment (i)	-	(1,362)	-	(1,362)
Interest on debentures	(853)	-	(853)	-
Other finance costs	(73)	(8)	(255)	(23)
Finance income:				
Income from financial investments	1,203	486	1,555	1,115
Interest income	32	66	49	199
Other financial income	104	16	180	73
	(5,379)	**(3,332)**	**(5,751)**	**(2,674)**

(i) Refers to the adjustment (provision) to the additional installment to be paid for the acquisition of att/PS Informática S.A.

(In thousands of reais, unless otherwise indicated)

23 PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

Current income tax and social contribution are calculated in accordance with the current rates, and the deferred income tax and social contribution are calculated on temporary differences and accumulated tax losses.

a) Current and deferred income tax

The reconciliation of the expense calculated by applying the income tax and social contribution rates is as follows:

	Parent Company	
	09.30.2019	**09.30.2018**
Loss before taxes	**(7,756)**	**649**
Income tax at the statutory rate (34%)	2,637	(221)
Adjustments for calculation at the effective rate:		
Equity in the results of subsidiaries	(51)	1,732
Non-deductible capital amortization	(288)	(980)
Expenses with share issue	711	-
Interest on own capital	-	709
Other permanent differences	(25)	(260)
Income tax at effective rate	**2,984**	**980**
Deferred income tax and social contribution	**2,984**	**980**

	Consolidated	
	09.30.2019	**09.30.2018**
Profit (loss) before taxes	**(6,434)**	**3,131**
Income tax at the statutory rate (34%)	2,188	(1,064)
Adjustments for calculation at the effective rate:		
Non-deductible capital amortization	(412)	(1,048)
Expenses with share issue	711	-
Interest on own capital	-	709
Deemed profit from subsidiaries (i)	192	515
Non-deductible provisions	(1,278)	(687)
Compensations of income tax and social contribution losses	133	126
Other permanent differences	120	(44)
Income tax at effective rate	**1,654**	**(1,493)**
Current income tax and social contribution	**(1,791)**	**(1,733)**
Deferred income tax and social contribution	**3,445**	**240**

(i) The subsidiary Controlpart Consultoria e Participações Ltda. computes the income tax and social contribution based on the deemed profit method.

(In thousands of reais, unless otherwise indicated)

b) Deferred income tax and social contribution assets

Breakdown of deferred income tax and social contribution as follow:

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Non-current assets				
Income tax and social contribution losses	8,765	2,542	17,094	9,537
Allowance for doubtful accounts	239	45	336	281
Accrued bonus	202	597	297	646
Provision for contingencies and other liabilities (i)	5,180	128	6,868	7,413
Goodwill arising from business combination	(1,929)	-	(2,202)	209
Other provisions	248	193	254	282
Leases	621	-	640	-
Unbilled services	(2,411)	(255)	(3,543)	(2,071)
Total deferred income tax and social contribution Assets	**10,915**	**3,250**	**19,744**	**16,297**

(i) The increase in the balance of provision for lawsuits in the Parent Company was due to the merger of att/PS. Of these were there was no relevant impact on the consolidated.

Deferred income tax and social contribution were recorded as a result of studies prepared by management regarding the generation of taxable profits that will allow the full realization of these amounts in the coming years, in addition to the expected realization of deductible or taxable temporary differences, as indicated below follow:

	Parent Company	Consolidated
2020	2,734	3,589
2021	3,172	5,771
2022	5,009	5,321
2023	-	5,063
Total	**10,915**	**19,744**

24 EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is made by dividing the net profit for the period, attributed to the parent's holders of common shares, by the weighted average number of common shares outstanding during the period.

The calculation of diluted earnings per share is made by dividing the profit for the period, attributed to the parent's holders of common shares, by the weighted average number of common shares outstanding during the period, plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive common shares into common shares.

The following tables present data on the result and shares used in the calculation of basic and diluted earnings per share:

(In thousands of reais, unless otherwise indicated)

	Parent Company and Consolidated	
	09.30.2019	**09.30.2018**
Basic earnings (loss) per share		
Numerator		
Loss for the period attributed to the Company's shareholders	(4,772)	1,629
Denominator		
Outstanding common shares	70,548,812	11,414,447
Basic and diluted earnings (loss) per share (in R$)	**(0.068)**	**0.143**

	Parent Company and Consolidated	
	09.30.2019	**09.30.2018**
Diluted earnings (loss) per share		
Numerator		
Loss for the period attributed to the Company's shareholders	(4,772)	1,628
Denominator		
Weighted average number of outstanding common shares	70,548,812	11,414,447
Potential increase from stock options and restricted shares plan	313,776	70,932
Basic and diluted earnings (loss) per share (in R$)	**(0.067)**	**0.142**

25 LEASES

The lease liability was recognized in accordance with the new accounting standard IFRS 16/CPC 06 (R2), which requires that the liability for future payments and the right to use the leased assets be registered for all contracts contained in the scope of the standard. Currently, the only relevant lease agreements that Sinqia S.A. has relate to rental of real estate. For all current leases the discount rate of 7.38% was used.

		Parent Company		Consolidated	
	Maturity	**09.30.2019**	**12.31.2018**	**09.30.2019**	**12.31.2018**
Belo Horizonte Office	12/31/2028	4,500	-	4,500	-
São Paulo 1 Office	07/01/2028	12,974	-	12,974	-
São Paulo 2 Office	10/11/2028	3,340	-	3,340	-
TORQ Office	10/11/2028	-	-	1,657	-
Rio de Janeiro Office	03/31/2029	-	-	2,423	-
Curitiba Office	09/02/2021	-	-	1,480	-
Total		**20,814**	**-**	**26,374**	**-**
Current		**1,575**	**-**	**2,601**	**-**
Non-current		**19,239**	**-**	**23,773**	**-**

(In thousands of reais, unless otherwise indicated)

26 NON-CASH TRANSACTIONS

Investment and financing transactions that do not involve the use of cash or cash equivalents were excluded from the statement of cash flows. The Company performed the following non-cash investment and financing activities:

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Recognition of leasing assets	20,415	-	26,093	-
Recognition of leasing liabilities	(20,415)	-	(26,093)	-
Recognition of liabilities arising from investment Acquisition	-	-	(23,615)	-
Assets acquired in business combination	-	-	8,140	
Liabilities acquired in business combination	-	-	(8,140)	-

27 SUBSEQUENT EVENTS

On November 1st, 2019. The Company”), informed that, in compliance with CVM Instruction 358, was approved, in a meeting of quotaholders held on 31 Oct. 2019, the incorporation by Senior Solution Consultoria em Informática Ltda. of its wholly-owned subsidiary Partec Tecnologia Ltda. (“Partec”), with no change in the Company's equity.