Semantix

3Q'23 Earnings Call Presentation

November 2023

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Non-IFRS Financial Measures: This presentation includes certain non-IFRS financial measures (including on a forward-looking basis) and industry metrics such as EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, and annual recurring revenue. These measures are an addition, and not a substitute for or superior to, measures of financial performance prepared in accordance with IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS. Semantix believes that these measures (including on a forward-looking basis) provide useful supplemental information to investors about Semantix, particularly as they exclude the impacts of certain events that we believe are isolated in nature incurred as part of our recent expansion and, therefore, not reflective of our underlying results. Semantix's management does not consider these non-IFRS measures in isolation or as an alternative to financial measures determined in accordance with IFRS. Semantix's management uses forward-looking non-IFRS measures to evaluate Semantix's projected financials and operating performance. However, there are a number of limitations related to the use of these measures, including that they exclude significant expenses that are required by IFRS to be recorded in Semantix's financial statements, including certain research expenses, provisions, expenses related to our stock option plans and other expenses related to our expansion, including our recently-completed business combination and other acquisitions . In addition, other companies may calculate non-IFRS measures or industry metrics differently or may use other measures to calculate their financial performance, and therefore, Semantix's non-IFRS measures and industry metrics may not be directly comparable to similarly titled measures of other companies. Additionally, to the extent that forward-looking non-IFRS financial measures are provided, they are presented on a non-IFRS basis without reconciliations of such forward-looking non-IFRS measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations.

Other Business Metrics:

Proprietary SaaS and Resale of Third-party Software: Proprietary SaaS consists of Semantix's data platform software, while Resale of third-party Software consists of the resale of licenses from third-party data platform software providers.

Customers with Trailing 12-Month Revenue Greater than US$1 Million: Large customer relationships lead to scale and operating leverage in our business model. Compared with smaller customers, large customers present a greater opportunity for us to sell additional capacity because they have larger budgets, and a wider range of potential use cases. As a measure of our ability to scale with our customers and attract large enterprises, we count the number of customers that contributed more than US$1 million in revenues in the trailing 12 months, considering the Brazilian real to US Dollar exchange rate as of September 30, 2023. Our customer count is subject to adjustments for acquisitions, consolidations, spin-offs, and other market activity.

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- Business **Update**
- Financial **Highlights**
- **Q&A** Session
- Attachments

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Q3’2023 **Highlights**

Proprietary revenue growth driven by AI applications

62% **Gross Margin in Q3’23**

▲ **+ 14 p.p.** from Q3’22

41% **Proprietary SaaS revenue growth in Q3’23 YoY**

▲ **increase** from Q3’22

53% **of total quarterly revenue came from Semantix’s intellectual property** (Proprietary SaaS [37%] + AI Services [16%])

Several initiatives taken towards achieving operational cash break-even in 2024

Semantix AI

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AI Applications

Ready-to-use applications, focused on specific market demands, with embedded **artificial intelligence** that facilitates, accelerates, supports and **directs decision-making** with **predictive insights** that drive and optimize business processes

Semantix
AI Platform

Complete platform for developing **AI solutions**, which enables the user to create, deploy and deliver applications in a fast, robust and scalable way, through a friendly development environment that allows access to the full potential of AI with ease and efficiency.

AI Platform

Develop solutions quickly, robustly and scalable

GEN AI HUB

Simple, flexible and scalable interface module that allows the creation of complete AI solutions using cutting-edge generative AI models. It enables adjusting AI models according to your needs, experiment with the model in a simple GUI, and easily deploy REST APIs with the model.

DATA ANALYTICS HUB

Module capable of processing and analyzing large volumes of data, which allows the transformation, exploration, visualization and data governance in a robust, easy and scalable way.

ML HUB

Fully managed and highly scalable module based on a serverless architecture that facilitates and accelerates the creation, deployment and management of Machine Learning models.

INTEGRATION HUB

Highly scalable dataflow and integration module that allows developers to easily transfer data from APIs, databases, applications and cloud services.

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AI Applications

Ready-to-use solutions, developed for real-world businesses

AI Applications Finance

AI App Credit Builder

Create credit scores quickly and easily, with a set of pre-made components that generate extremely high accuracy

AI Applications Health

AI App Healthcare Economics

AI App Hospital Control

AI App Occupational Health

AI App Health Studio

Use intelligence applied to data to reduce health plan costs, benchmark and increase the ROI of health campaigns

AI Applications Pharma

AI App Smart Pharma

Organize, transform and use reliable public and private market data. Boost your results with curated data, dashboards and AI, generating impactful insights

AI Applications Retail

AI App Retail Insights

Centralize your data and use AI solutions to sell more, reduce dropouts and increase customers' average ticket

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Q3 Product Development

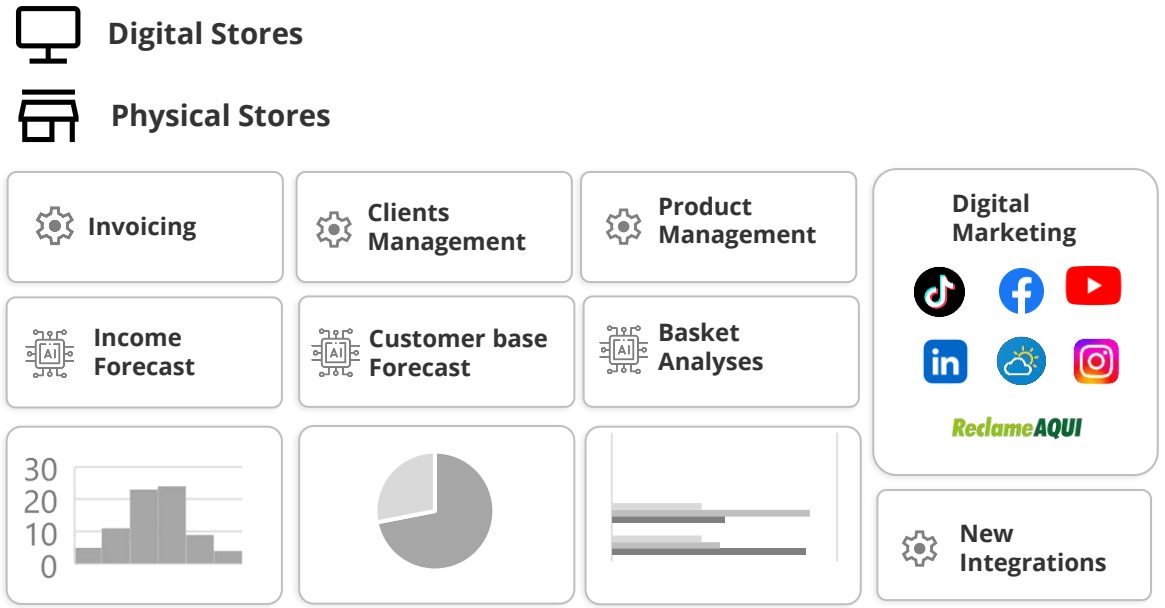
AI driven roadmap

New Retail AI App

No-code, touch-free, ready to use application

Data collecting and analyzing across both physical and digital customer touch points.

Helping retailers on extracting value from data through insights across their entire journey



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Q3 Product Development

AI driven roadmap

4 new algorithms deployed within our AI Hospital Control App (Health)

- Higher AI App competitiveness and value generation with minimal cost impact

New AI ChatPharma

- Generative AI layer within Semantix's Pharma App
- Efficient access to valuable strategic insights through GenAI chat and speak to dash

enabled by Semantix's **Multi Generative AI platform**

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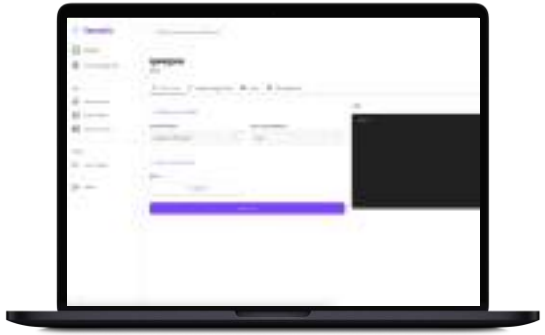
Q3 Product Development

AI driven roadmap

Semantix's GenAI Hub LLMs Base Expanded



From Source code generation...

...through natural language understanding

Security for businesses: data privacy and control

Abstracting the complexity of LLM management for B2B environments

Semantix Multi Generative AI technology **empowers** leveraging on the best features from each LLM, whether they are from **partners**, **open-source**, or **private sources**.

HUGGING FACE cohere OpenAI

Q3’2023

Customer Key Wins

Strategic customer acquisitions in AI applications

Pharma Industry

Conquered several **new logos** in the **pharmaceutical sector**

Contract signed with a **large global laboratory:**

- enhance the management of oncology patients in Brazil's public health system, with a focus on breast cancer.

Large Brazilian Asset Management

Continued scaling our **financial app** in Brazilian asset management industry:

- Creating a **data architecture**

- Improving operational capabilities, eliminating weeks-long delays in some workflows.

New use case - Exporting Companies

Comprehensive solution: intelligent stock control, asset management, risk calculation modeling, and more.

Specific application that **simplifies stock exchange operations**, **enhances efficiency** and **improves cost control.**

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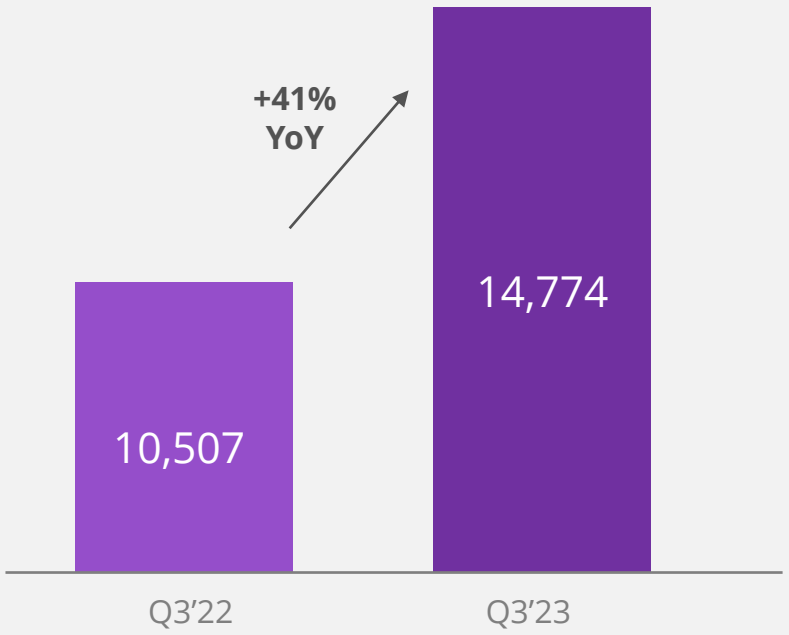
Q3’2023

Revenue Growth driven by Proprietary SaaS

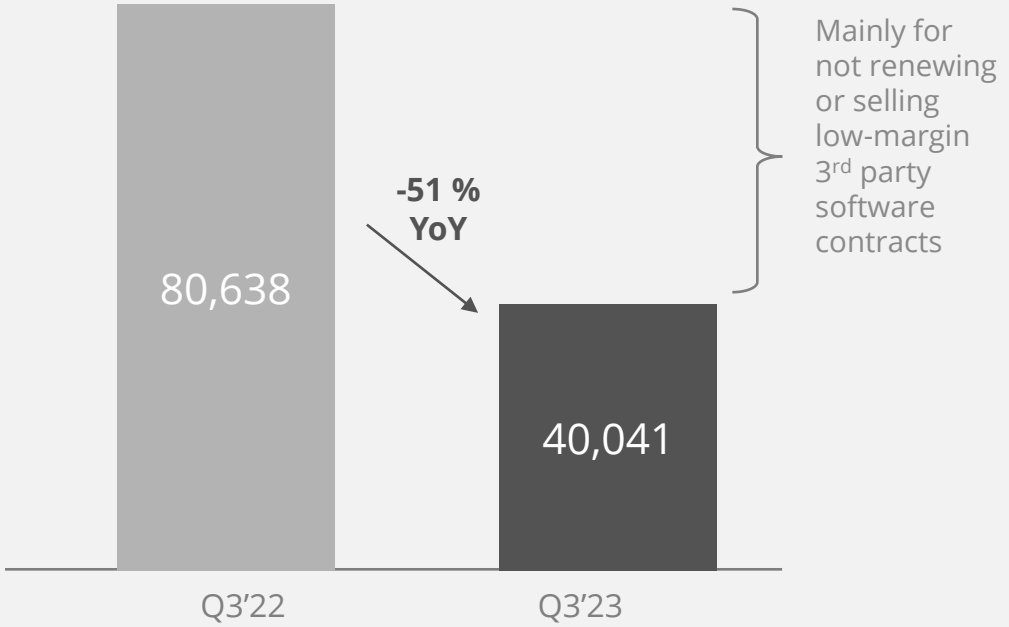
Proprietary SaaS Revenue

(R$ thousand)



Total Revenue

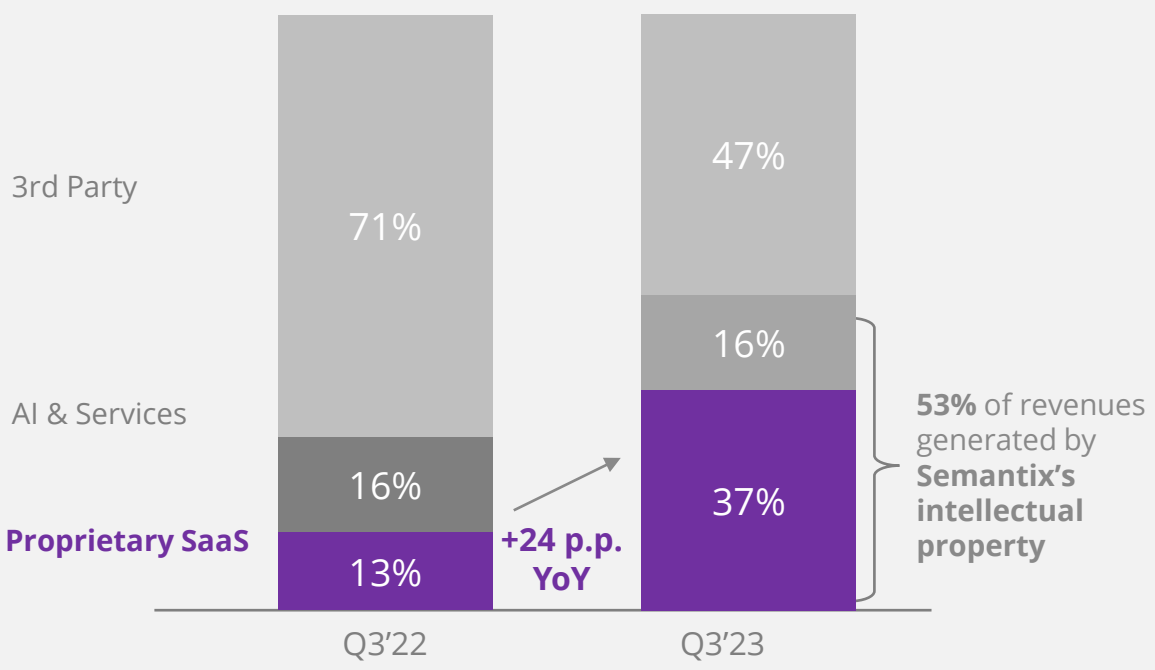
(R$ thousand)



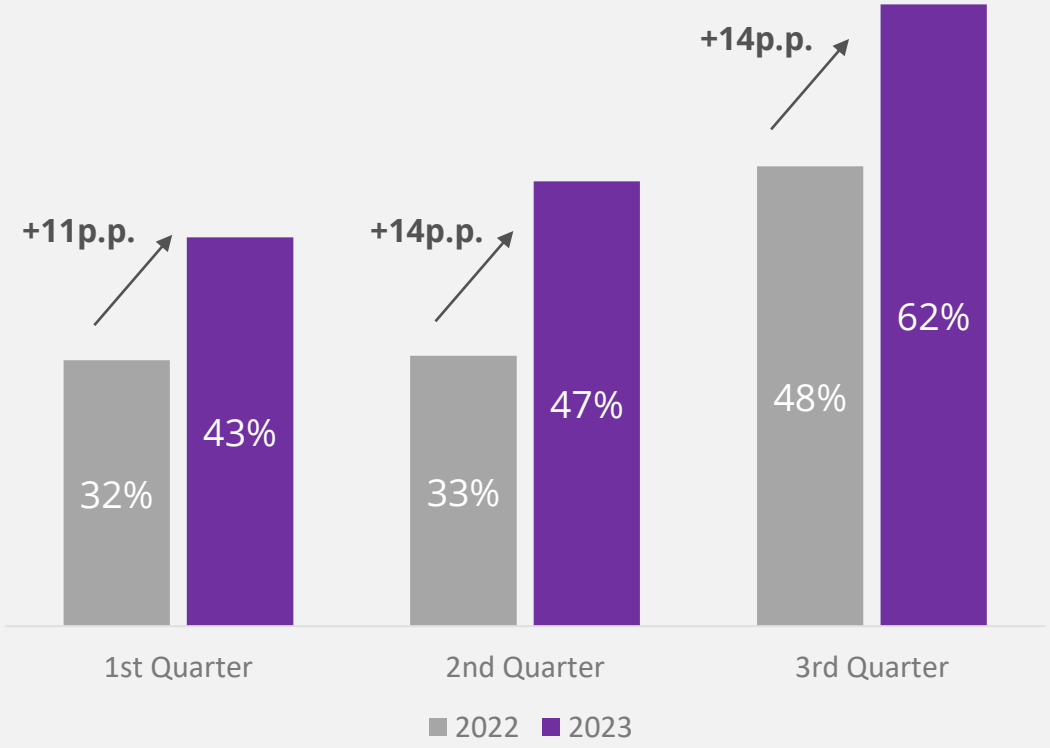
Q3’2023

Improved Revenue Mix and Gross Margin

Revenue Mix by Product



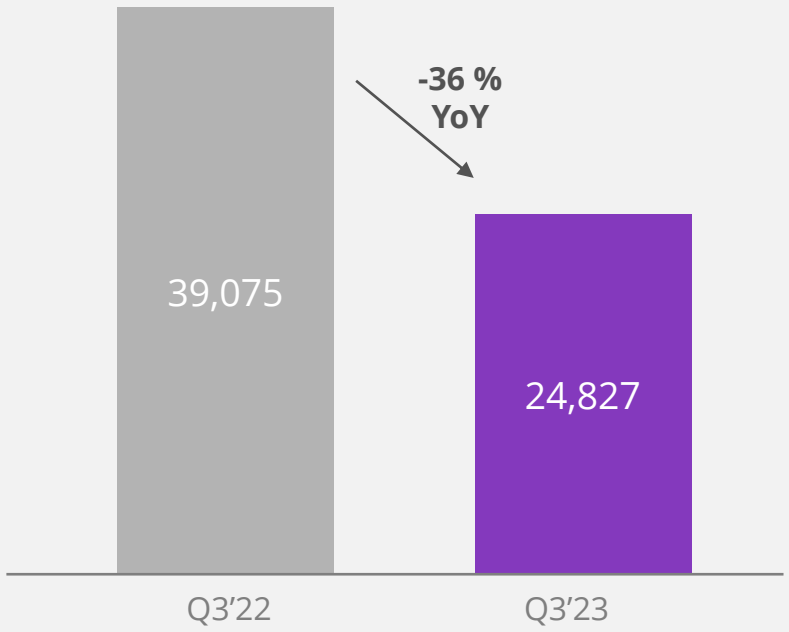
Gross Margin



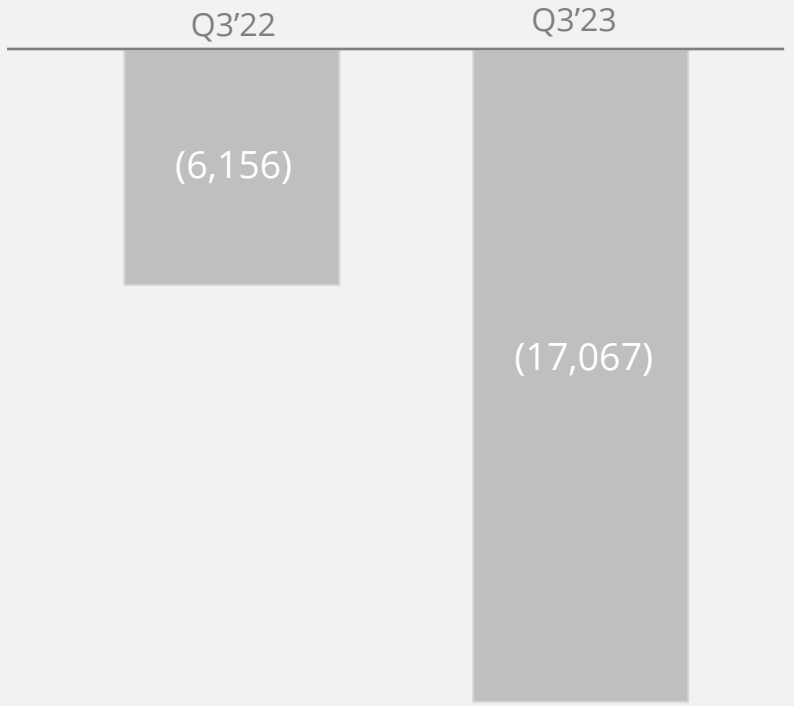
Q3’2023

Gross Profit and Adjusted EBITDA

Gross Profit
(R$ thousand)



Adjusted EBITDA
(R$ thousand)



	Q3’22	Q3’23
Adj EBITDA Margin	(8%)	(43%)

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Path to **2024 Operational Cash Break-Even**

Key opportunities identified to **enhance profitability and reduce cash outflows**

Additional savings, reaching more than 30% in annual costs[1] and expenses reduction when compared to June/2023.

Not renewing or selling low-margin third party software contracts with negative impact working capital.

Focus on Proprietay SaaS, improving Semantix's overall gross margin through revenue mix.

1- do not consider Resale of Third-party Software related costs.

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Q3’2023

Income Statement (Unaudited)

(in R$ thousands)	3Q23	3Q22	9M23	9M22
Revenues	40,041	80,638	127,723	166,180
Cost of sales	(15,214)	(41,563)	(63,365)	(99,356)
Gross profit	**24,827**	**39,075**	**64,358**	**66,824**
Operating expenses				
Sales and marketing expenses	(12,203)	(13,466)	(39,407)	(38,296)
General and administrative expenses	(29,788)	(37,359)	(106,091)	(64,278)
Research and development	(13,370)	(4,127)	(34,692)	(24,692)
Other expenses	—	(198,733)	—	(231,312)
Operating loss	**(30,534)**	**(214,610)**	**(115,832)**	**(291,754)**
Financial income	4,434	23,272	24,284	29,902
Financial expenses	(2,669)	(12,284)	(20,833)	(31,492)
Net financial results	**1,765**	**10,988**	**3,451**	**(1,590)**
Loss before income tax	(28,769)	(203,622)	(112,381)	(293,344)
Income tax	358	4,102	112	7,674
Loss for the period	**(28,411)**	**(199,520)**	**(112,269)**	**(285,670)**

Q3’2023

Revenue Mix (Unaudited)

(in R$ thousands)	3Q23	3Q22	9M23	9M22
Third-party software	21,321	64,363	71,791	116,609
Deductions on third-party software	(2,573)	(7,243)	(7,917)	(12,186)
Revenue from Third-party software	**18,748**	**57,120**	**63,874**	**104,423**
AI & data analytics services	6,827	13,998	24,658	33,074
Deductions on AI & data analytics services	(459)	(987)	(1,653)	(2,237)
Revenue from AI & data analytics services	**6,368**	**13,011**	**23,005**	**30,837**
Proprietary software as a service (SaaS)	15,925	11,192	43,425	33,031
Deductions on proprietary software as a service (SaaS)	(1,151)	(685)	(3,044)	(2,114)
Revenue from proprietary software as a service (SaaS)	**14,774**	**10,507**	**40,381**	**30,917**
Other revenue	151	—	463	3
Total revenue	**40,041**	**80,638**	**127,723**	**166,180**

Q3’2023

Balance Sheet (Unaudited)

(in R$ thousands)	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	111,434	338,020
Trade receivables and other, net	128,876	139,546
Tax receivables	11,968	11,317
Prepaid expenses and other assets	24,411	35,060
PP&E, Intangible and right of use asset	166,745	156,110
Deferred tax asset	20,105	22,488
Total current assets	**270,702**	**519,169**
Total non-current assets	**192,837**	**183,372**
Total assets	**463,539**	**702,541**
LIABILITIES		
Loans and borrowings	54,803	78,671
Trade and other payables	48,782	107,695
Lease liabilities and other liabilities	56,490	64,676
Taxes payable	11,916	14,733
Derivatives financial instruments	8,547	6,412
Deferred income tax	6,517	8,929
Total current liabilities	**100,926**	**181,390**
Total non-current liabilities	**86,129**	**99,726**
Total liabilities	**187,055**	**281,116**
EQUITY		
Share capital	425	425
Additional paid-in capital	872,771	872,771
Capital reserves	19,393	20,300
Other comprehensive income	-7,209	-6,840
Treasury shares	-31,904	-508
Accumulated loss	-580,267	-468,869
Non-controlling interests	3,275	4,146
Total equity	**276,484**	**421,425**
Total equity + liabilities	**463,539**	**702,541**

Cash Flow (Unaudited)

(in R$ thousands)	9M23	9M22
Loss for the period	**(112,269)**	**(285,670)**
Adjustments to reconcile loss for the period	**26,630**	**219,450**
Depreciation and amortization of property and equipment and right-of-use assets and intangible assets	23,755	12,324
Onerous contract	(5,274)	(7,772)
(Reversal of) Provision for contingencies, net	(3,109)	1,360
Interest accrued	7,486	23,236
Other adjustments	3,772	190,302
Change in operating assets and liabilities	**(27,666)**	**(34,281)**
Trade and other receivables	10,326	(57,969)
Tax receivables	(651)	(1,718)
Prepaid expenses and other assets	7,041	(20,841)
Account payables and accrued expenses	(59,389)	41,885
Taxes payable	(2,817)	6,626
Deferred consideration, contingent liabilities and others	17,824	(2,264)
Cash used in operations	**(113,305)**	**(100,501)**
Interest paid	(2,790)	(33,895)
Net cash outflow from operating activities	**(116,095)**	**(134,396)**
Purchase and development of intangible assets	(28,057)	(23,919)
Acquisition of subsidiaries net of cash acquired	(24,386)	(24,143)
Acquisitions of property and equipment	(175)	(507)
Net cash outflow from investment activities	**(52,618)**	**(48,569)**
Loans obtained	—	122,015
Proceeds from exercise of stock options	477	276
Acquisition of non-controlling interest	5,018	—
Payment of loans	(28,416)	(79,898)
Purchase of treasury shares	(34,542)	—
Lease payments	(1,150)	(870)
Proceeds from SPAC merger,net	—	630,083
Net cash inflow (outflow) from financing activities	**(58,613)**	**671,606**
Increase (decrease) in cash and cash equivalents	**(227,326)**	**488,641**
Cash and cash equivalents at the beginning of the year	338,020	52,149
Cash and cash equivalents at the end of the year	111,434	532,416
Effect of exchange rate changes	740	(8,374)
Increase (decrease) in cash and cash equivalents	**(227,326)**	**488,641**

Q3’2023

Adjusted EBITDA Reconciliation (Unaudited)

(in R$ thousands)	3Q23	3Q22	9M23	9M22
Loss for the period	**(28,411)**	**(199,520)**	**(112,269)**	**(285,670)**
(+/-) Net interest income (expenses)	1,661	2,456	(8,815)	14,193
(+/-) Income tax	(358)	(4,097)	(112)	(7,674)
(+) Depreciation and amortization	7,591	4,943	23,755	12,420
EBITDA	**(19,516)**	**(196,218)**	**(97,441)**	**(266,731)**
(+) Stock option expenses (1)	26	1,098	2,200	4,005
(+) Transaction expenses (2)	-	(8,224)	-	23,183
(+) Listing expenses (3)	-	213,569	-	213,569
(+) D&O Expenses (4)	2,300	2	11,302	2
(+/-) Fair Value of Derivative Financial Instruments (5)	(3,351)	(16,883)	1,728	(16,883)
(+) Earn-Outs (6)	3,474	500	7,026	500
Adjusted EBITDA	**(17,067)**	**(6,156)**	**(75,186)**	**(42,355)**
Net Revenue	**40,041**	**80,638**	**127,723**	**166,180**
Adjusted EBITDA Margin	**(43%)**	**(8%)**	**(59%)**	**(25%)**

(1) Consists of expenses related to share based compensation grants, including payroll expenses in the amounts of R$0.0 million and R$0.4 million in the three and nine-month periods ended September 30, 2023, respectively, and in the amounts of R$0.2 million and R$0.8 million in the three and nine-month periods ended September 30, 2022, respectively. (2) Consists of concentrated expenses of an extraordinary nature related to third-party advisory, support services, travelling and events incurred in connection with our business combination with a SPAC that are not expected to be ongoing. (3) Consists of a one-time non-cash expense reflecting the accounting impact of the NASDAQ listing in accordance with IFRS 2. (4) Consists of expenses related to D&O Insurance (directors’ and officers’ liability insurance). (5) Consists of gains from fair value of Semantix Warrants. (6) Consists of expenses related to earn-out payment to the former shareholders of Zetta and Elemeno.

AI for business, for people.

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