

CONFERENCE CALL TRANSCRIPTION

4Q22 and 2022



TC S.A.

CNPJ: 26.345.998/0001-50

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Pedro Albuquerque: Good morning, everyone. This is the earnings call for 4Q 22, so let us talk about 2022, it was a year of substantial adjustments to our operation. The market landscape was challenging, but we quickly adapted our operations to a much more complex and difficult market.

Today our operation is a lot leaner, and our team is a lot more senior. We also recently attracted some extremely qualified and experienced executives to our operations, professionals who worked in our country's main banks, financial institutions with long experience in this area. These executives are a great addition to our team, and they will surely pave the way to TC's future growth.

We have an extremely robust ecosystem. It is formed by several significant companies and today we can have access to a massive customer base, individuals recently boosted by an agreement we made with Ourominas, which adds 500,000 users to the over 700,000 users that we already, users that we already have registered.

Our B2B operations are also growing, especially with Economatica, which gives us access to 550 institutional customers, managers, brokers, banks, Family Office among others.

In our investor relations we have Prisma, which has about 130 publicly held and companies, which enables us to make this significant cross-selling with other TC business units.

2023 is a very important year for us. We are continuing to optimize our operations. We envision many opportunities to increase our operations, reduce costs and make our company grow through cross-selling among business units like I just mentioned, also through the launching of our broker, which starts now a partnership with Genial through this white label initiative. We are performing the soft launch this week, right now.

And then later as you know we acquirer a DTVM that is being approved by the central bank, and as soon as we get this approval we will have the final channel for our TC broker. In this call I want to emphasize our TC broker, which is the last mile that was missing for us to unlock value, bring income and revenue to the company through an extremely rich B2C and B2B customer base.

The star is our transactional operation, in the transactional phase of TC through a partnership with Genial. We are accelerating time-to-market and it gives us access to a professional structure of a broker that is used to catering to customers with our profile. We will use the power of the TC ecosystem in this operation: our community, our contributors; we are bringing



in new analysts, who will also be available through live trading sessions at TC so that the experience is unique, so that it can help us generate market intelligence and benefit our customers.

As for the TC broker, we began with the acquisition of Pandora, a quantitative manager with great experience in quantitative funds and access to a very robust distribution channel, and we are also launching new products. We launched a multi-market fund, TC Cosmos in November, and recently we also launched a crypto asset fund that is being led by Paulo Bogossian and Jorge Souto. We are very excited about this product. We brought to our operation some of the greatest experts in crypto currencies today.

We also have our MFO, our Family Office with a great potential, sophisticated high-income customers, so the potential of our MFO is great considering the equity of our customers and providing all services to these customers with our best products we have in a fully agnostic approach.

And now I hand it over to Pedro Machado who is going to give us an overview of the figures of TC, thank you.

Pedro Machado: Thank you, Pedro. Now let us talk numbers, starting with our operating performance. We are strongly focused on increasing our efficiency. We see a decrease in our headcount, also in pursuit of greater efficiency and new projects. Our headcount is of 447 employees, actually that was at the end of the last quarter and then it is 422 now in February this year.

734,000 registered users, paying users decreased to 58,000 and that was mainly because of expected churn in the period, a decrease in subscriptions.

As for our financial performance, our operating revenue decreased to 15.9 million, a decrease smaller than that we found, than that we saw between 2Q and 3Q. The revenue is stabilized already and we already see the potential of B2B and also in retail operations, especially after the addition of the transactional operations on the platform.

We started the year with, we started 3Q with 213 million cash. Non-recurring expenses should disappear over 2Q and 3Q and our efficiency measures are extending our runway. TC is coming close to its breakeven point and we will soon, we expect it to be profitable soon - but



we are prepared to face any challenges until we get there because we already have some cost reduction initiatives in place.

Gross profit decreased from 8.4 to 6.6 million, the margin also from 48 to 41, especially because of the decrease in the net revenue. Costs for services rendered stayed virtually the same throughout this period.

Our net loss during the period was 24.3 million, and the main the reasons for the difference between the EBITDA and the net loss is because of the additional taxes paid in the period together with financial expenses associated with the Total Return Swap, which is directly linked to our share price. So these are the two reasons behind this net profit and its difference from the EBITDA.

Adjusted EBITDA there has been an improvement over 3Q, and as said before we are working on it to zero this difference as soon as possible.

So we wait for you and we open for Q&A now, so if you have any questions please, thank you.

Q&A Session

Francianne Sousa: Good morning everyone, starting the Q&A here we have already received two questions, but before starting I just wanted to reinforce that the questions can be sent through the station's chat on the TC platform and also through Prisma's webcast.

So we have two questions from Laércio, first he asks you to further comment on the cash position and other plans to raise additional funds, if necessary.

Pedro Albuquerque: Thank you for your question, Laércio. We do not have any plans to raise funds right now. We made significant adjustments in the company in 2022. That is a continuous plan and ongoing, an ongoing adjustment, so over this 1Q and 2Q you will see further adjustments. Our runway is over 80 months, so we do not have any plans to raise funds - but if that is necessary, we still have more room for further adjustments to our operations. We have already optimized a number of things, we did a lot over 2022 and there is, and even in 1Q 23.



A significant reduction in our headcount, especially in 2022. For 2023 we already have the final headcount for the year, so we are not, if there is any turnover we are not making new hirings, so over the months this will also enable us to reduce our payroll.

We have ongoing negotiations with suppliers, we terminated contracts with some suppliers also in pursuit of optimization. Today our company is a lot of leaner and again, we reassess all our expenses and we could achieve a substantial reduction in 2022. Not only that; we also reviewed our facilities, rentals, our contracts, this comprehensive review of our expenses - and this is going to be continuous, this is going to be done every quarter, so I firmly believe that there is more room for reducing our OpEx to the point we want, to this breakeven point and a profitable operation.

Francianne Sousa: Thank you. Second question is how is the company planning to stand out from the competition?

Pedro Albuquerque: Well, TC is a highly innovative enterprise. We did our IPO in record time; it is the best idea in the financial market over the past few years. Of course, we were impacted by unfavorable market conditions, and of course we were exposed in equity. Our platform was focused, but our platform is focused on discussions, interaction, and tools for investors to be in the know and for investors to have what it takes to make the right investments.

Today we are a much more diversified company, 45% of our income comes from B2B. The services that are available to you today are themselves the distinctive features that we will use in our transactional phase. So, a better experience, the significant improvement in the experience, the last mile is already in place and also putting our services at the broker's disposal. This is what I can tell you right now.

Like I said in the beginning of my presentation, we started the soft launch of our broker through Genial, but I can already tell you that we are anticipating, or we are advancing our time-to-market. The partnership was very fruitful, and we are, it is a phased operation. So, first TC customers will have access to the brokers, those who subscribe to any of our services on the platform, so it is going to be phased; it is going to be done in waves or batches because it is not a small operation and again, we will reach open seas when the operation has already included all our paying users.



Francianne Sousa: Now a question from Felipe. I believe you already answered it, but he is asking about the forecast when you expect the broker to start its operations.

Pedro Albuquerque: Yes. Like I said actually it has already started. Over the next weeks all TC customers will have access to the transactional features, and then again, we will go to the open sea phase. Remember, we bought a DTVM last year, it is still being approved by the central bank, so we depend on the central bank for that - but our estimate is that the process will be finished by 1H TY.

What matters is that the operation is already in place through our partnership with Genial and you will have access to that over the next week. It will soon be made available to all our customers, not to mention many other new features in our platform. So, content generation, new contributors, new analysts, fresh content for you. We are strengthening our community because our community is our strength, and we are also putting new analysts and contributors at the broker's disposal. So, I think it is win - win for every one and it is going to be great for the TC community and for the broker operations.

Francianne Sousa: A question from Gustavo overall, he is asking about profit generation, what is your take on that considering the adjustments made over 2022 and in early 2023.

Pedro Albuquerque: Right. So, TC was always a moneymaking company. Since year one we make profit, until our IPO in 2021 we generated cash, which is atypical. We made, we had a fundraising initiative in the IPO-year to acquire this income tax platform, you know that and it is already on our platform.

So, we see that generating cash is mandatory and necessary for any company, so we are working on it, we are working on many initiatives to make and TC a profitable company again, as it has always been, not only with cash generation but with new sources of revenue. That is why we have many axes and once the brokers on, both our retail arm and our institutional arm will have strong synergies with our ecosystem.

Again, we have a large base of institutional customers through Economatica and Prisma, we can tap into that to increase our profit. Part of these customers can operate on TC's platform, and we also have a significant base of retail customers, over 700,000 registered users, a new partnership we closed with Ourominas for additional 500,000 users. We are discussing other partnerships in the same format and that should be announced over the next months. So again



we have a very large and solid base to explore, we have this privilege. We already have this customer base in-house, so if we fish in our pond only we already have great possibilities, great potential to expand our revenues especially anchored in this new operation of the broker.

It's also important to say, we reduced OpEx on one side, we cut expenses on one side, to increase the broker's OpEx. This OpEx is already given, so we don't see a strong increase in headcount, we don't see an increase in payroll; on the contrary, we still see possibilities for reducing expenses in the TC as I mentioned to you, including payroll, not replacing the turnover of employees who leave the company.

Francianne Sousa: Question now comes from Renata, she asks you to comment a little more on the cash structure considering the variations between the last periods, if you have any concerns about that, if it remains solid?

Pedro Albuquerque: No, it's a lot of what I said. I think Machado can also complement me with regard to acquisitions, remaining amounts that are not relevant. You can pass on a vision, Machado..

Pedro Machado: Yeah, so you also made reference to the cash right after the IPO, the cash burn since then was the acquisitions, adding up to approximately 200 million in that period, which was disclosed through the material fact. Of these, we have small installments to pay, approximately 10 million remaining, so it doesn't consume much cash.

And also, as Pedro mentioned, we have a very long runway, we manage to stay at the current pace without needing to raise cash for several years, so the operation is increasingly more efficient and also soon, we hope, breakeven and then profitable, especially with transactional coming in.

So I think these are the comments on the box structure, if you have anything more detailed please send them

Pedro Albuquerque: It is important to note in our result, complementing Machado's view, that we had several non-recurring expenses, both termination expenses, for example, and extraordinary expenses with lawyers, and these expenses tend to decrease very strongly throughout 2023. So our lawyers were hired to assist us through all the stages of the legal process of the case that you already know about; and the termination expenses we have a return, a very large saving over time in operating expenses that more than compensates,



raising our runway drastically. So, as I mentioned to you, we have more than 80 months of runway, we don't have any short-term concerns in relation to TC's cash.

Pedro Machado: Right, and runway is how many months a company can last with the current cash position.

Francianne Sousa: Another question from Gustavo, he asks: market conditions keep away subscribers, but since that is the core of TC what are you going to do to attract new subscribers, despite challenging market conditions?

Pedro Albuquerque: Thanks for the question, Gustavo. We are strengthening our community and our platform. You may have noticed some changes are Master customers, Master subscribers can already see some improvements. We are improving the experience, the products, UI, UX, many optimized features and again, new contributors, new analysts, prominent names and that is continuous work.

This week we are welcoming seven new analysts to our platform, you will meet them soon, they are already at TC, they came to strengthen our community and our broker with live trading rooms. So again our work never stops, we are strengthening our community, we want our community to be stronger, more robust and with that we believe we will continue to attract new users, despite adverse market conditions.

And the broker also increases our versatility, it makes us a lot more versatile. In the past customers had to subscribe to one of our services, but today if the customer opens an account through Genial in our broker we can already start significantly extracting revenue from that, so it will be another revenue stream, so we expect the dynamics to change over the next quarters.

Francianne Sousa: Everton is asking about our growth strategy for B2B.

Pedro Albuquerque: Thank you for your question, Everton. So, we have some very important business units like Economatica. Economatica is this, is the most accurate data base in Brazil's financial market, it has been on the market for 36 years. We launched the TC Economatica terminal earlier this year, it is a very robust terminal, very lean, very fast and the project was carried out at a very low cost.



We also a tech company, that is why we could upload it so quickly, that is why we could run it so quickly and it helps expand our operations. So in the past Economatica was more limited to analysts and financial data, but TC Economatica is an end-to-end terminal that considers all the areas of financial institutions, asset operations with a lower average ticket, but we estimate that we can have, we can increase our market share over the next years and again, Economatica enables us to grow more.

Investor relations with Prisma, so there is also potential for growth there, the operation is growing every quarter, it is very important for TC because it brings companies into our ecosystem for corporate asset events. We know their statements, the documents that are approved via chat GPT, so there is also, it brings content to the TC community, to the TC environment, and it also enables cross-selling among other TC business units like Economatica itself, our tax optimization company; we have Advisory, we already have, many retainer fees have already been paid. So the operation is very strategic for TC and TC already operates as an investment bank.

So yes, B2B is extremely important to us and it tends to be highly profitable for TC. It is already profitable and we expect some margin expansion once these business units scale up.

Francianne Sousa: Leila is asking us about our expectations in terms of customer service, community service once the broker is fully operating.

Pedro Albuquerque: Well, we want our operations to be unique, distinctive. Our customer service has always been one of our strengths, one of the distinctive features of our platform.

And I am talking about CX, service provided by planners, by our contributors, our team as a whole. We think there is room for improvement, and again we believe we are already distinctive and unique, not only in terms of service but we also want to provide a unique experience. We do not want to be the same old, we do not want to be similar to other players.

They are good, this is a competitive market, harsh market, hostile at times, but we believe we can be very unique with a different perspective on service, products, Advisory. You will learn more about it soon.

Francianne Sousa: Those were the questions for today, so you can proceed to your final remarks.



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Pedro Albuquerque: Ladies and gentlemen, thank you for joining us again, see you next quarter and if you need anything we have our investor relations channel for any additional questions, thank you..

Pedro Machado: Thank you, have a good day.