



# Conference Call Transcription

4Q21/2021



**Pedro Albuquerque:** Good morning, everyone, so let's start our earnings call for Q4 and 2021.

2021 was an historical year for us, we had our IPO, it was the first company... it's the company that went public the fastest in the history of our country, we also completed 12 M&As including total acquisitions and investments. So, that was a very important year for TC, I'm not satisfied yet, I won't settle for that, I'm not completely satisfied with our platform, there's still a lot of room for improvement, but every quarter you will be able to see the evolution of our product.

Twelve months ago, TC was a completely different platform, it's hard to recognize it now, we're moving fast, we're making progress fast so that we can be ready for the next phase of our company, which is a transactional phase. We will shortly release crypto transactions there, so wait. The first crypto asset transaction should be available over the next weeks, the implementation is very interesting, very well done, but we won't stop there; TC will make transactions in the traditional market, where we're all familiar with, and in the crypto market, which runs 24/7.

As I mentioned, we had 12 acquisitions last year, we completed 12 acquisitions last year, I think we were one of the most active businesses in M&A last year, this proves our team's capabilities, our execution capability, almost all these M&As were carried out by our internal M&A team, a very skilled team. The valuation of these acquisition was very beneficial for all TC shareholders, we used the calculator quite a lot before we made the acquisitions, but we made the acquisitions with the intention of expediting our growth.

Some of the companies, like I mentioned, can help us expedite our execution, there are many examples here, these are all outstanding acquisitions, but Economatica stands out in terms of accelerating our performance, both in the launch of B2B products and in our B2C platform.

Our platform, like I told you before. has made a lot of progress recently, we have very skilled product and tech team, I think it's state of the art here, it's one of the best tech teams in Brazil today and we're very excited about this next stage of TC. I believe we can unlock a lot of value for all of us shareholders of this company, which is the so-called transactional phase.

Today customers at TC who massively use our platforms they have to close our platform to actually make a purchase, or they go to other home brokers, or they go to crypto asset exchanges. This will end, TC will be an all-in-one, one-stop-shop experience that will enable users to complete all the transactions on the platform, we want to have this soon for both traditional markets and for crypto assets. We expect to finish this in the first half of the year, you can continue to use the app you already have, over the next few days you're going to see something about that not only in crypto assets, but also in the traditional market, and of course, in the future within the TC platform, not in home brokers anymore.

We finished Q4 with 704 employees, the market is more complex now, the Stock Exchange had a significant drop in Q4, so we are adjusting our operations to this new landscape. Most adjustments have already been made, we have a reduction in our headcount, we have fewer employees today, about 640, and there have been some adjustments in tools, infrastructure, important adjustments that will enable us to save R\$30 million at the end of the year.

So, we are already made some important adjustments in our operation, but there's still room for improvement, some areas still require adjustments for us to finish our restructuring process in view of this more complex landscape, this more complex market. We have over 620,000 registered users, 94,000 paying users, there has been a significant growth in debt, especially with lower cost plans, it's a strategy to attract customers and encourage them to



start choosing the platform. So, that's the journey over the next months.

With the transactional phase we don't need users to subscribe to our services anymore, so if they have an account at TC there and we have this freemium model as you know, if they have an account on our platform, they can use our broker Mercado Bitcoin for cryptocurrencies and this will also help us get some revenue from the transactions, negotiations. Our net revenue in 2021 was R\$92 million.

Right, now let's take a look at our new businesses. We're just about to launch our Multi Family Office, TC is training this asset management areas, and to help us with that we brought Mr. Fabio Levy, his long experience at the BTG Pactual Bank, he's worked with wealth management, family office for high-income customers. So, we're segmenting TC's Multi Family Office. With that in mind, we have customers from all income levels, but we also have a substantial number of customers of high-income, very high-income, and we want to give them exclusive, unique service and experience within TC's Multi Family Office.

By great experience I mean the best funds, the best investment options, local managers or even international funds as well, so we're going to have specific products for this type of customer, we'll have offshore products and also the best local products. This is also will be achieved with the aid of technology. In this family office customers will be connected to this TC platform, and we will use the other areas of TC to support the work done by the Multi Family Office. Our investor relations area will be there, corporate access will also support us there, we will talk to the managers of our companies, we will have them talk to our Multi Family Office customers, as well as managers. We want the main investment funds of our country directly connected to Multi Family Office with this very exclusive and tailored stewardship so that we can give the best alpha, the best return to our customers costumers.

TC Sfoggia is a business that we are very excited about, TC Sfoggia does fist attacks optimization, it does this fiscal or tax analysis of businesses so that they can achieve some tax optimization and tax recovery. Perhaps all our Brazilian companies today pay more taxes than they should. And why is that? Because this country is a tax madhouse. On a heavy day, almost 30 tax rules are changed, so it really is a tax asylum or a tax madhouse. So, we have this partner now who's going to help us manage that.

For RIWeb, our investor relations unit, we have over 105 clients and customers in contact with them in addition to many agreements being discussed for conversion into RIWeb, and this is also the potential of TC Sfoggia, we want to make this tax assessment, this physical assessment available for our businesses, for other businesses.

Tax officers are available everywhere in this country, but our service is unique, we review the methodology of our customers because, well, some law firms do not deliver satisfactory work to their clients, so we will review that, we will review the methodology, and we also have this piece of software that is capable of processing a lot of data in a very short time. So, with TC Sfoggia we have a very experienced and skilled team who can perform outstanding work at a much lower SLA, lower than other competitors, but with great quality.

The potential of this new acquisition is humongous, and we only receive... the business model is success fee, so we only receive if customers receive tax credits and then TC Sfoggia will receive a fee based on that, it's what we call the success fee.

Now for Arko that's a relevant acquisition, we acquired a relevant participation, a relevant share in that 20% for Arko Advice and for Arko Digital our share there's a little smaller, a little lower than 20%, but we made this investment in Arko because Arko is the best political



intelligence company in Brazil, it's by far the best, it's even better than some international players who also operate here. This is important because one of the growth factors of TC has been providing individual investors with tools, with business intelligence tools that are matchless in the market, and this empowered the investors who were working with TC.

In the past, these platforms were not affordable, very expensive and TC has changed the game, we changed the rule, we filled the gap and today the market is a lot fairer and the difference between individual investors and institutional investors is much smaller now, the gap is smaller. We're going to have Arko content in our B2C platform and we're just finishing to build and design a platform for institutional investors. The beta version is already running with some assets together with Economatica and you will soon learn more about this solution, we're just about to launch it, it will be available again both for institutional investors and individual investors.

We are actually focused on individual investors, professional individual investors who trade very frequently and also institutional investors, many parts of an asset management firm, so analysts, managers, advisors, traders TC Economatica is going to work for all of them and this market has a great potential that we want to tap into.

I firmly believe that TC's B2B can be even bigger than our B2C operations, except for the transactions and for the broker that can grow into a gigantic business, but now I'm talking about our SaaS model and the subscription-based model, and I believe that B2B can be even bigger than B2C considering the subscription-based model.

Next slide consolidation of our ecosystem, our acquisitions. Sencon was our first major acquisition, before we had smaller acquisitions, but we paid R\$90 million for Sencon, it was in the very beginning of last year, right after we went public, it's the biggest company calculating income tax returns for individuals. And the good news is that Sencon is already integrated into the TC platform. It's a gradual process because they have a large volume of users, but throughout the next week, over the next weeks the Sencon.com.br website will redirect all users there, all visitors there to our TC website.

That's a very relevant customer base that they have here, experienced traders, people are used to operating in the financial market and all these people are going to be redirected to our platform, not only for income tax calculation, but for everything. So, we expect this very significant tailwind precisely because of our acquisition of Sencon and because of this migration to our platform. And it's not only that; we're delivering in new experience, a native experience at TC in terms of income tax return, you will see more about it over the next weeks, it's a completely renovated, intuitive experience in total synergy with our app, with our investment portfolio, we'll let users know that they have tax returns, we will generate the tax payment slip for payment and this native integration of the Sencon tool with our platform is really promising.

Abalustre is a machine learning business, Marcelo is the CTO of TC, today Marcelo Bissuh is our CTO at TC, he came from Abalustre, he is an entrepreneur, he has a great view on products and he's a data engineer, so he has what it takes to create one of the best IT teams in Brazil, we're sure of that.

Another acquisition was Economatica, I told you a little bit about it before, but it's a company that's been on the market for 36 years, they have the best financial database in Latin America and we have already migrated all their legacy infrastructure, our TC infrastructure, which is a lot more scalable, but we're going to maintain the original product of Economatica because they have a loyal customer base, they have fans actually, and in parallel we're building



another experience with TC Economatica.

TC Economatica was created with some features that Economatica alone does not have and at the end of the year we'll have all the financial data and all Economatica features that will all have been migrated to our new project. So, I believe that TC Economatica is very promising, it's the future of Economatica of course with respect to their products, to their history, and to their customer base, which includes not only individuals, but also education institutions, banks, in addition to family offices.

Investor relations I think we are pioneers in this revolution, I believe we're doing some pioneering work, we have this unrivalled ecosystem for publicly held and privately held companies in addition to real estate funds. We are putting our RIs within... we're putting that inside TC; we're finishing this new season and we just broke our own record of streaming of conference calls on TC and I believe that in the next quarter this number is going to be exponentially higher because this operation is growing fast.

And here we're playing with the entire TC ecosystem, all our subsidiaries. For example, Economatica, we're providing our RIs with data access so that they can be proactive, smart RIs and not only reactive RIs. Again, we're integrating RIs with TC, and they're really small departments, but they can start an event inside TC and impact a large customer base including shareholders and also potential shareholders. Behind that there is incredible data delivery, also this matchless data delivery in the Brazilian.

TC Crypto was one of our hubs, it was case of success, we acquired this hub because we firmly believe in the potential of the crypto asset market. The growth of this market is extraordinary, there's over 10 million people operating crypto assets in Brazil, even more than traditional market and TC couldn't fail to participate in that. The cryptocurrency market runs 24/7, it complements the traditional market, and these are assets that enable the diversification of a well-balanced portfolio. So, here we are focusing on order executions and there's more to come, but I cannot break the news yet, but you can expect some disruptive news in the Brazilian market when it comes to crypto assets and cryptocurrencies.

We also invested in Mercado Bitcoin, it's a strategic partnership for us, it gives us access to greater exchange of crypto assets in Brazil, it also gives us access to a very substantial customer base and we're using their negotiation technology with some tweaks inside TC. TC is again a trailblazer in the Mercado Bitcoin market, and over the next days you will learn more about the first phase with the full execution of purchase and selling of crypto assets in our platform. It's going to be simple, easy, and user-friendly.

We also acquired shares or participation in DXA. DXA is an asset manager focused on venture capital and private equity. DXA co-invests in all the companies that are presented there, so they are fully aligned with the best interests of their customers. It's very easy for individuals to use DXA, it's like a managed portfolio with lower tickets. Private investment in Brazil before DXA was almost inaccessible, only professional traders, professional investors had access to that, or people with a very high equity could invest in that, but now not anymore, and that's thanks to DXA, thanks to their managed portfolios we can address customers with a much lower ticket, as of R\$20,000. So, this is also going to help us stand out in the market, and this is also going to give us some disruptive advantages that will also help us achieve a good performance this year.

InvestAI boosts the profitability of fixed income assets. And how do they do that? In the secondary market of brokers in an innovative manner. InvestAI is already integrated with TC, for those of you who accessed our homepage you can already see InvestAI there, for some



users InvestAI is already available so that users can open an account in InvestAI and have access to this boosted profitability with the purchase of assets and securities in the secondary market.

So far, TC was more exposed to variable income, but with InvestAI we can have a stronger footprint in this fixed income market. We are covering virtually all classes of assets and we're already finishing the onboarding process for all of them. InvestAI is a recent acquisition, which is fully onboarded, fully integrated with the TC platform.

We bought this minor participation share in Qooore. Qooore is based in California, and they're focused on millennials, trading for millennials. It's a very interesting app and we are learning a lot from them, we're working with them, we're actually showing them everything we have built already in the Brazilian stock market, in our financial markets, it's a growth hacking case, and we're also learning a lot from Qooore, we're learning from them, from their experience building what they built in the US, they have a strong presence among young customers and this is also important for TC because investors are going to be increasingly younger, more and more people are interested in investing, so that's strategic for TC as well.

And remember that financial deepening in Brazil is coming back, we expect that after the elections interest rates will go down and there will also be a greater flow of people to variable income.

Muti Family Office, the MFO, I just talked about it, I'll skip it. Sfoggia I also just talked about Sfoggia Tax Tech, a new company by TC, a new business by TC, we're very optimistic about TC Sfoggia, it's probably going to be very rewarding. Arko Advice just talked about it, so we can move on to the next slide, our business.

There's no doubt we built an extremely powerful tool for individual investors, but TC is not yet a one-stop-shop app, but it will be over the next days with the execution of orders and order transactions. So, we're not yet a one-stop-shop, but we will be soon. These are our new projects in B2C, and TC is now a company with many subsidiaries, with a very powerful ecosystem, and full, total synergy between the businesses. We bought some participation, some shares and some, but they all work synergistically in our ecosystem, one business helps drive businesses for other units, and we believe this is going to gain momentum and pick up speed over the next quarters.

For B2B, I just told you that in the call, I believe that in B2B revenues coming from our SaaS and from subscriptions, the revenue is going to be bigger than B2C TC over the next years. This means we're very optimistic about this platform, it's a great opportunity not only for the terminal, but also for the assets. We're very optimistic about these streams and also with investor relations, which short works in strong synergy with our B2C area. If you trade stock, you will use TC because of this combo, this is complete package that we're offering.

And now I'll hand it over to Mr. Pedro Machado, our Investor Relations Director, so that he can show us some of our financial data.

**Pedro Machado:** Thank you, Pedro. Indeed, we're very happy about TC's performance this year, we did the IPO, and we grew over 140% in terms of registered users and in net revenue. At the end of the year, we had almost 100,000 paying users and our net profit achieved without nonrecurring items and growth we achieved almost R\$17.8 million in 2021. We finished 2021 with 704 employees, but now at the end of Q1 we have 620. This is important, but we still need a large headcount to run this intricate, complex ecosystem that we're setting up. Our acquisitions have expanded our reach, so we needed to hire last year to manage that.



The company, again, I said 620/650 employees, most of the cuts, of the dismissals were done in Q1, we're satisfied with the size of our staff, with the size of our team, so we're looking for greater efficiency, not only more headcount, but greater efficiency, especially considering our tools and systems.

So, TC estimates that we're going to generate about R\$30 million in cost reductions, total cost reductions, most of it coming from this initiative. We should see these numbers, these figures over the next quarters.

In terms of registered users, we achieved 620,000 users, we almost doubled the number of registered users over the year, and the number of paying users also increased significantly from Q2 to Q3, we had the acquisition of Sencon, but still we were able to address that consistently, we've been able to increase the number of paying users in a consistent and solid matter.

Net revenue evolution, it more than doubled from 2020 to 2021, that's also because of the acquisitions, especially Economatica, RIWeb, Sencon these acquisitions have already been... they were already consolidated in 2021, the end of Q4, so they are already completely integrated and consolidated into our business.

In terms of cash, we also have a healthy position, most of our cash like we presented during the IPO, most of our cash was used for strategic M&As and we already planned that, we knew that this was going to have a strong impact on our operations, and here we're also including in this project pro forma projection we're including what was announced in February, the two Arko acquisitions. So, today our pro forma cash including all the acquisitions you have is R\$294.7 million, it's a very healthy and sound position, especially if we consider the current landscape and the elections, we'll have this year. So, in terms of cash availability, we're in a good position, we're taking it easy in terms of M&A now. Of course, we're always looking for new opportunities, but right now we believe it wouldn't make much sense to make more acquisitions or acquisitions that are not strategic for us. We're looking for we're M&As, but as long as they add value to what we do.

There's the net monthly recurring revenue retention potential, and this is how we measure how our average customers evolve within TC. So, we get our customer base, we analyze our customer base and then we measure the average ticket over the... we measure the value of the average ticket overtime. We can see that the periods of highest churns, like first half of the year, because that's when the subscriptions are renovated, most of our subscription plans are annual, so we see a reduction in the beginning, but then that's temporary because when users stay with TC for a long time, they eventually upgrade to more expensive plans, and that offsets the revenue that we lost, that offsets the churn. But that's actually rare, most customers leave the platform, most don't even go to other platforms.

This is a metric that is used more in B2B SaaS, but for B2C the matrix is a little different, between 30 and 50%. But we're very satisfied, our figure here's... our retention of net monthly recurring revenue is over 100%, and that's very satisfactory, not all companies can achieve that, and this means our customers are pretty satisfied with what we offer.

Gross profit and gross margin are currently 66.3%, and of course, this is correlated to our revenue. The margin decreased over 2021, especially because infrastructure and maintenance are also taken into account in our CSS metric. So, in order to deal with 5 to 10 times more users, we don't have an immediate impact on the revenue, so the gross margin decreases, but that's temporary, once the new users are perfectly integrated, we expect this number to increase, we expect to achieve higher levels with the new users, and we expect to



achieve that in the short-term.

Our EBITDA for Q4 was negative in the fourth quarter, but this includes nonrecurring adjustments. This negative result was expected because of the speed at which we invested, especially the investment we made in employees. It takes about six months for an employee to actually start being productive at TC, it takes a lot of training, it takes a lot of preparation, so it takes a while for our new hirings to start performing well, and also TC has many new features, many new functionalities, new assets, so this investment takes a while to pay off, but we believe it will... it's the same thing that happened to the gross margin, we're going back to our breakeven point, we're going back to zero soon, we should reach our breakeven soon and that will help us determine where to allocate the investments at the right time.

But again, like Pedro said, we are very satisfied with the platform today and we believe in its potential to grow.

Our net profit in Q4 was negative 2.3 million, especially because of cost pressure and the expansion of our headcount, of our staff, and also the acquisition of new tools. Q3 had a defer tax credit, so it was higher because of nonoperating components. Just to warrant way Q3 stands out there.

Thank you very much, let's open for Q&A.

### **Question and Answer Session**

**Pedro Albuquerque:** So, can we start with the Q&A? Our team is collecting your questions, you can put your questions on our website, [tc.com.br/RI](https://tc.com.br/RI), you can go to the conference call tab, or you can check our tab TC Station. Just make sure to join in and ask your questions.

We have a question from Carlos Alberto about the TC Broker. Our broker, or the TC Broker as you know, we already have some transactions in crypto assets, I just mentioned that, but transactions in the traditional market are also very important for us not only in variable income, which is one of TC's main strength today, but also other classes of assets. We also want to have a strong presence in other assets, like fixed income through InvestAI and investment funds, stock funds, so we expect to have more information about the broker soon.

It will take some onboarding or some integration, it will take an integration process that should last a few months, and possibly we'll upload another project separately from the TC app dedicated to financial products. So, there are two paths ahead, we haven't chosen one of them yet, we haven't chosen any yet, but as soon as we have more news, we're going to share that with you. We should have a final definition of that in the very short-term.

**Coordinator:** We're receiving some more questions on WhatsApp. There are two questions by Mr. Carlos Daltoso from Eleven:

"TC expedited its acquisitions in late 2021, that was a strategy, but that had its cost. So, without considering the next acquisitions that could happen over this year and with all the improvement in the platforms, what is the B2C and B2B revenue expected for 2022?"

**Pedro Machado:** Yes, we're satisfied, we're very satisfied, very happy with the evolution of our B2B initiative. It's hard to give you an accurate estimate for this year because there's a lot that play, we don't know yet when the launch is going to be made, if there will be commercial incentives, but we believe that B2B will probably account for half of TC's revenue

very soon. So, we believe that the revenue is going to be increasingly... this part of our revenue is going to be increasingly relevant in our balance sheet.

**Pedro Albuquerque:** Yes, just to compliment that, there are two divisions in B2B, right, there's our terminal project, the new TC Economatica terminal, it's already running for 25 assets and 2 financial institutions, we are very optimistic about Economatica's current product, we are extremely optimistic about the product we're going to launch soon.

As for investor relations, we're also very optimistic with this area. This vertical, this area works in great synergy with TC's B2C. So, like Machado said, in B2B you have a slightly longer sales cycle, but in B2C users go to our platform, open our website, pass the card and purchase one of our services. But in B2B the process is a little longer, it takes a little longer, it's not an instant process. So, these are nuances that we should keep in mind. When you launch a product there's a ramp-up time.

We have an outstanding sales team; we're prepared and very excited about B2B products. RI, investor relations, is already working and we believe we have great potential to acquire market share this year and the TC Economatica terminal I believe that our institutional customers will be positively surprised at what we're going to launch soon.

**Coordinator:** Right, another question, the second question by Carlos says?

"Operating costs had a significant growth last year, that's because of the growth of the business, but also many expenses with marketing. And what can we expect for 2022?"

**Pedro Albuquerque:** Thank you Carlos. The seasonality of the fourth quarter with Black Friday and the increasing marketing expenses, we don't expect to have the same expenses, same marketing expenses, at least not in the first half of this year. We do have higher operating costs because of products that have not yet been launched, we invested a lot or already, but we haven't launched much yet, so I just talked about some of these products, so we expect to have this operating leverage soon, we expect to ramp-up there very soon with the launch of the products that are being designed.

And of course, we're still adjusting our operations, the market was particularly difficult in Q4, the stock market went down, interest rates went up, so in view of that, we adjusted our operations, so we made some significant cost reduction initiatives at TC, there was reduction in our headcount, tools and also infrastructure costs. So, we estimate to achieve R\$30 million at the end of the year, which makes our operation very healthy and streamlined.

**Coordinator:** Next question by Mr. Guilherme Veiga, from Conder Insider. Three questions, I'll ask all of them at the same time, at once.

"First. After Q1, the company achieved this plateau in the number of paying subscribers, paying users. What are your strategies to encourage your customer base to migrate to paying plans, to paid plans?"

**Pedro Albuquerque:** Well, I think TC is one of the few companies that can cause this disruption in the brokerage market, broker market. We don't see much innovation in this industry, there are some extremely competent brokers there, but there's no differential in terms of the services they provide, but we believe that we have the right service to leverage our operations as a broker. So, we expect to tap into the services of TC to give us this leverage, to give us this competitive edge and to attract customers at a very low cost of acquisition, customer acquisition cost.

So, the broker part is very important for us, it's one of the final pieces of our puzzle so that we can have a robust, thorough platform that works as a one-stop-shop. So, everything we created with these unique services and looking at the operations of other brokers in Brazil I think we stand out, I don't see any other broker with the service level that TC can offer, and we're going to play with that, we're going to play that card to bring customers to our paid plans. And we are the player with the best conditions to gain market share in this market.

**Coordinator:** Guilherme is also asking if you're thinking about making any ads service available to make that non-paying based to monetize the customer base on non-paying users.

**Pedro Machado:** I'm against it, I think it this destroys the TC experience itself. We already have some ways to monetize non-paying users, Pedro just talked about the broker, so we won't need to do that. Adds, well, we could gain like cents, and it destroys the experience, it ruins the experience, so I firmly believe that TC does not need that to monetize its customer base.

**Coordinator:** "After the last acquisition, will the gains in synergy materialize in the short and medium term?"

**Pedro Albuquerque:** Yes, these synergy gains will definitely materialize soon. The integrations, the onboarding processes are already in place, it's going to be a weekly ramp-up process, but it's already in place, so there's AI Invest, we will do that with DXA very soon, Economatica has been almost completely migrated, all their legacy infrastructure has already been fully migrated to the TC infrastructure which can be scaled up, and Economatica is already enabling us to launch a product that we believe will... a product that will help us gain market share in the B2C, which is our TC Economatica terminal.

So, we're working in synergy with the acquisitions that TC ecosystem is very powerful, very integrated, robust, and I think people will start to understand how it works. Over the next quarters I think people will start to see the synergy and benefit from it. Today at Economatica we have almost 200 customers who are asset managers, that are the natural customers of this new product under the Economatica umbrella, we also have the MFO (the Multi Family Office) we already have a substantial customer base in that area and we're trying to attract, we'll try to attract these high-income customers to the MFO, and of course, the broker initiative, right, like I told you in the very beginning, I think TC is the player in the best position to disrupt this industry.

**Pedro Machado:** Yes, just seemed add to your answer, Sencon still has a lot of synergies to help us, we expect to work in an automated manner with our broker, with our integrated broker, and also with Tax Tech, which we launched recently. Tax Tech did this outstanding project here at TC and in less than two weeks TC received more than R\$4 million in tax credits, and that was added to the net profit.

So, that's extremely important and this is going to be very important for both publicly held and privately held companies that are working with RIWeb already. IR Web is also growing, so I'm very excited about the tax credits, the tax refunds. The crypto market is also very promising, there's a lot of potential to be tapped into there.

**Coordinator:** Next question from Bruno, by Denarios Investimentos, is asking about the broker project:

"Is it going to make through acquisition or are you going to make it in house?"



**Pedro Albuquerque:** No, we're not going to start from scratch, we're not going to start this in-house. It's a very complex business, we do not underestimate how hard it is to start a broker from the scratch in terms of technology, integration, with the stock markets. So, our plan A is to find a partner that can help us with that, a partner with outstanding performance in terms of technology and a partner which can be quickly integrated with us so that our time to market can be short. Time to market is extremely important for us, so, yes, we're looking for a robust, strong partner with complex portfolio of products and services, a partner that can help us set up this broker in an efficient and speedy way. This is plan A for the broker at least.

So, I don't see risks in the execution of this project, but we're not going to do this internally or in-house, right. Like Machado said, that are over 5 million code lines, more than 85 microservices, the platform is already up and running and this platform is where we will acquire new customers, capture new clients, and once customers are with us, on TC, there will be many triggers and calls to action for them to start an account at our broker, and our users use our platform massively. So, of course, some of these users will naturally open accounts in our broker and they will start operating there, so the game here is to promote strong integration with our platform so that customers can... so that it can be easier for our customers in a faster and more integrated way so they don't have to close TC to make their transactions in other apps or other home brokers.

**Pedro Machado:** There's a question here from Daniel de Oliveira, I saw it on the platform and he's asking us to talk more about DXA. DXA is a manager of private equity and venture capital, it's already making allocations on TC basis, especially in premium and premium private customers, and will soon make that available on the platform. So, you guys will be able to log into our platform and see the opportunities there. We expect the average ticket in the beginning to be 50K, but we expect to reduce this to 20 or even 10 thousand reals over the year, but the start ticket will be about 50K.

So, it's already working with TC, it's already working with the managed portfolios, the alpha portfolios as we call, in premium, private, and that's important because it's a slightly more manual process in the beginning and then when everything is fully automated on the platform, we also want to open this for the secondary market. So, we expect to have like the secondary market where you'd be able to negotiate, to trade private company shares.

It's in the long-term, it's not our first option, it's not a priority here and much of it is still to be discussed, but much of the return in terms of venture capital a big part of it is holding the investment there for a long time, but you know, having this liquidity is important, unexpected things can always happen.

But we're very excited about DXA, they're great partners of ours and I hope soon we can achieve even more with them.

**Pedro Albuquerque:** Yes, just to add to your question, just to give you an overview of TC's strength, our high-income customers have already invested in private deals through DXA, and DXA also will unlock greater participation in DXA in view of our customers investments, so they will open account, they will put their equity there and they will have access to DXA investment opportunities without TC having to spend any money in it.

So, yes, we expect to have a substantial increase in the participation of DXA, we maybe even take control of it, take it over, but we're not focused on that yet, we're focused on the top of the pyramid, a small volume of customers and the rollout for premium is going to be carried out over the next weeks.



We're very optimistic about DXA, and like Machado said, well, in the future we can use Tech Touch, we can expand that to all our customers with a fully managed portfolio so that customers can manage their own portfolio within our platform, they can follow up on that, they can monitor the results of those privately held companies, conference calls, income statements, and even the DRE that is made available for these customers who investing in these privately held companies via DXA.

**Pedro Machado:** Yes, and on the platform, Jr. Castro is asking us about the planning for the integration of our acquisitions, the on boarding plan, and how users will be able to recognize that as... how will users be able to recognize that.

Well, I'll give you a brief overview of the acquisitions. Sencon is already native at TC already, and with the broker people will be able to file their income tax there and it will even notify users who have unpaid tax, they will notify users. Economatica, like Pedro just said, is the basis of our terminal, which is going to B2B, and we also plan to make this data available for the retail market in a prepared way, in an easier way, we're going use Economatica's intelligence for that over the year. DXA is already fairly integrated with us, TC Crypto was also an extra product that is integrated already, Mercado Bitcoin will have trading on TC very soon, so again, it's going to be an experience where customers will be able to have everything there, they will see trade ideas there, comments there and run the orders, execute the orders there. TC Arko will have like a shelf of products where users will be able to find opportunities, of course, you have to sign a portfolio management term, but that's not a big deal. InvestAI also with the beginning of the broker operations, InvestAI is going to support our broker operations so that users can buy securities in the secondary market.

This is very important, and this is one of the interesting things that we are planning for the broker, we want to have this seamless experience. What we want is a seamless experience inside our platform with no need for tokens or anything like that.

**Coordinator:** Eduardo is asking you to tell us more about the TRS contract that was released yesterday. Can you tell us more about that document that was released yesterday?

**Pedro Albuquerque:** Yes, that's very important for us, like all tech companies in our stock market, we're companies with less liquidity, we're very confident about the future of TC, what I'm trying to say is that the value generation potential is very high because of all the reasons we described here, so we believe this is a timely investment in view of the decrease in shares, this can give us some great return in the medium and long term.

**Pedro Machado:** Oh, and I forgot to tell you something about Arko. Arko is also going to be present at TC this year, there will be elections, so it's also going to be available on the B2B terminal. It's already there in a way, it's already there through some live sessions, but we will increasingly provide Arko intelligence there and there will be plan for retail and for institutional investors in the near future in terms of political intelligence.

**Pedro Albuquerque:** And to finish the answer to Castro's question, Arko is definitely going to be there, it's a fundamental part of our strategy. So, in the very short-term, you can expect to receive more information about Arko both in B2C and in B2B in this new solution that we described earlier.