

CONFERENCE CALL TRANSCRIPTION

1Q23



TC S.A.

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Pedro Albuquerque: Good morning, everyone, thank you for joining us in the earnings call for the results of the 1st Quarter of 2023, a very important quarter where we could finally see some stabilization in the Company's loss of revenues. We have stopped losing revenues since January 2023, and that is of the utmost importance for us, it helps us stabilize our operations and resume growth.

Combined with the stabilization of our income, of our revenues, we are also promoting significant cost reductions. Like I said in previous conference calls, over the next quarters you will witness this substantial reduction in our expenses. In late March, early April we also reduced some significant expenses, it will be reflected by better performance in the next quarters. It is not only in the payroll, it is across the board. So we reviewed all our costs with suppliers, contracts in general, rental. So today the Company is a lot leaner, streamlined; our team it is smaller, we have fewer projects and we are a lot more focused on what we believe will drive our growth ahead.

We continue to proceed with the transactional phase of TC, as announced last quarter. This transactional phase fulfills our expectations, it is fulfilling our expectations. The ramp up is quite promising. Trading in derivatives, future contracts and also a FX desk that is online right now, it has just started running in early May.

Importantly, this is the third month of our transactional phase. Month one we only have like five weekdays, so TC has been transitioning already over some bank brokers, major retail bank brokers. So we are optimistic, optimistic about this operation and we firmly believe that over the next quarters this will make a difference for the results of our Company.

We announced an important partnership with Ourominas with the customer base of 500,000 users. We can leverage that to do cross selling. We will explore their customer base for our financial products, the funds we have in our manager TC Pandhora, our broker. Like I said we are already operating via Genial, a partnership for this early transactional phase and then later we will have our DTVM if it is approved by the central bank. Our operation, we will run our own broker.

So, again we have this great opportunity for B2B and B2C to access a massive customer base of 500,000 users in addition to our own customer base of over 750,000 users. We like this type of partnership; we firmly believe in its potential. We have other ongoing negotiations and those will be announced when the time comes.



We are also introducing our new CFO, Mr. Thiago Fernandes, with a background in large corporations. He worked as an advisor at Falconi for many years. Thiago has this extensive experience in our industry, he is replacing Mr. Israel Massa. You know, Mr. Massa is a cofounder of TC and he has recently taken over another area on our platform. He is restructuring the plans, revitalizing the community, he is in charge of the community now. He is attracting new contributors, new partners, so there is a visible, material improvement in our TC community: number of daily posts, average session time, greater user engagement, better NPS. This is also very important to continue to support the growth in number of paying users and subscribers, because that will pave our way to the future, to our future growth.

So just an overview of what is new. Again, restructuring our plans, we placed some emphasis on that recently. We have restructured all our TC plans from Master the Premium and Private, we reviewed the services, we reassessed everything so to improve the quality of our services. We increased the number of contributors on the platform and the results are already materially visible.

NPS increased almost 15 points very quickly in about two months for Master, for our main service. We also witnessed an increase in the number of subscriptions and also the possibility to really tap into that and help use this repositioning of our services to drive growth. This will also be very important for our manager, for our broker, for our B2B business unit. TC's strong community drives all our business units forward.

Now we have three dimensions for hiring TC services: you are familiar with the first, you can use your credit card and subscribe to one of TC's plans, Master, Premium, Private, and now there are two new dimensions that are possible precisely because of the transactional phase. If you have an account in our broker and you operate with a given number of contracts or if you bring money into the broker, you can have access to TC's benefits and services. This is a distinguishing feature. Our strength, the major strength of TC, is precisely our services, and now in the broker users can have access to these services as long as they negotiate some contracts there or as long as they bring funds to their TC broker account.

Now I hand it over to Mr. Thiago Fernandes, our new CFO, who joined us in this very important moment. We are all very excited about the prospects of TC, the outlook for the future. Thiago, welcome and over to you.



Thiago Fernandes: Good morning, my name is Thiago Fernandes, I am the new TC CFO. I would first like to thank PH for the invitation, thank you all for inviting me. It is an honor to be part of this amazing story and I would also like to thank Mr. Massa who welcomed me here and gave me all the support I needed. So I am very excited to be here and we are one-of-a-kind in our content and I am very excited to contribute to this.

Let us take a look at some numbers from 1Q 23. As you can see TC is increasing its operating efficiency, reducing costs, a very strict disciplined budgetary culture. This can be seen in the results of the latest quarters, especially the last quarter. Just look at the number of employees. Since 4Q 21 there has been a steady decrease in our headcount without any impact on our ability to add value to what we do. We are just leaner, nimbler, more agile and now we can deliver more projects faster.

We have the lowest number of employees over the past couple of years, 383 employees. There is a difference between April and March because some of the layoffs were done in March and then some in April. So we will not see all of them in the results of 1Q, but I firmly believe that the earnings call of our next quarter will review the impact of that, and there is still room for more improvement, for other captures, for other changes either in terms of headcount, negotiation with suppliers, process improvement. TC is really building a strong, lean culture of operating efficiency.

Another highlight in terms of operating expenses, as you can see since 4Q 21 there has been a significant increase in our expense management. This is also fundamental to improve our P&L, for us to have a more positive P&L also, and there are still many opportunities here. We have some ongoing projects that should bear fruit over the next months, more opportunities for improvement even though the numbers are already very competitive, 25 million in operating expenses for 1Q 23 is a good number.

Now talking about the number of users, this has always been the strength of TC. Despite microeconomic hardships in Brazil and worldwide, high interest rates that can hinder variable income negotiations, TC keeps growing by the month. Since 2Q 21 there was no month without growth, without an increase in the number of registered users on our platform. We reached 755,000 registered users; it is an amazing number that gives us a competitive edge and visibility to our projects. We have our broker in partnership with Genial and we will soon have our own operations.



The only drawback here is the number of paying users, there has been a decrease in comparison with 4Q 22, but with all the improvements mentioned by Pedro and all the projects that are currently underway we believe we can resume, recover the number of paying users.

Operating income there has been a decrease in net revenue, small decrease in comparison with 4Q22. Regardless of that we see this monthly increase in net monthly income over months, so January in comparison with February, then March, then April, and this is reflected, this is a consequence of the improvements and the reductions we made, and it is a trend, so we are going to work hard on that to tap into that potential to the end of the year.

Another important thing here is the proportion, the ratio of B2B and B2C. B2B is becoming increasingly important in our company, B2C is of course still at our core, our main source of revenue, but we are, we like this balance, and we hope we can make them both grow in synergy. There is a lot of potential to be harnessed here yet.

Cash structure, cash equivalents, we started the year with 185 million in cash and we finished 1Q with 166 million BRL in cash and cash available. It is a good structure. The cost of capital in this country is very high, so this landscape is promising considering our current cash consumption rates. We have at least seven years of runway with the operations as they are today.

We are paying attention to every opportunity out there to reduce rates. We have this new policy with suppliers, for traveling, a number of new policies that will help streamline our operations and improve our cash flow over time.

Now let us take a look at some profitability indicators. Ebitda and profit these are very important indicators, so let us look at gross margin and gross profit. TC continues to deliver gross profit. Despite the landscape, despite the challenges, there has been a decrease in comparison with the previous quarter but minor. This gross profit tends to increase once we start capturing and seizing the opportunities we mentioned before.

In a similar trend net profit also decreased slightly. That is mostly because of non-operating factors, but this will probably be resolved over 2023.

And finally, for Ebitda and Ebitda margin you can see the Ebitda delivered in this LQ 23 was actually very similar to the Ebitda results of the previous quarter. This is a consequence of the hard work; of all the efforts we made here and also in this case we believe that the Ebitda margin can increase and improve substantially over the year.



So those were my messages for you today, thank you very much and in a couple of minutes we will open for questions and answers. You can text us on our platforms, thank you very much for joining us.

Q&A Session

Pedro Albuquerque: So Q&A, Q&A time. Fran, do you have any questions already?

Francianne Sousa: Yes, yes, we do. Just to remind you we are receiving questions on the event chat on the TC platform and on Prisma's webcast.

We have two questions already, we received two questions from Laércio. Laércio asks, “is there any significant change in the business model or the company's operations that changes your forecasts, or any change that changed your expectations for the future?”

Pedro Albuquerque: Thank you for your question, Laércio. Yes, indeed we have made many important adjustments to TC. I am confident to say that TC today is a different company than it was 12 months ago. It is a leaner, lighter company, faster, nimbler, with a more agile team.

The main change was restructuring our 1P plans, the services that you subscribe to at TC.

Before I go into detail about the changes it is important that you keep in mind, it is important that you understand how the cycle of a SAS company operates, a subscription as a service company, how they operate.

So, when the service falls short of expectations, and indeed there was much room for improvement in our 1P services, we can then reap the fruits of a poor harvest, of a poor crop, and that is what happened over the past months.

But then we carried out in this 1Q, Premium, Master, Private plans, now we are much better positioned. The level of satisfaction, satisfaction levels measured by NPC has completely changed its level, and you can feel the changes. A lot of that old TC has already changed because, but it is still a platform that is full of information, full of contributors, relevant contributors, extremely skilled, knowledgeable people helping us build content, share content.



So, we are going back to our essence. Again, we are already reaping the fruit, reaping the results. There has been an increase in sales in April and March, also a significant increase in our NPS, an increase in number of messages posted on our platform, substantial increase in average session time. So again, we are beginning to see the results and I am optimistic. I firmly believe that this strong community that we have will bring along all our other business units, including our B2B. So, I firmly believe in its potential to drive us forward. In this 1Q we focused on our 1P services and consequently our broker operations. Large community, so once we have a large community we can open more accounts in our broker, we have customers trading with us, more revenue. So again, we are very optimistic about this transactional phase, first phase operating, this first phase in operation with our partner is fulfilling our expectation, it is according to our expectations and we expect an increase in revenues coming from this operation, and this will be important to help us recover our growth.

We went through this stabilization period, we have finally stabilized our revenues, that is extremely important to us. We also made some significant cost reductions and every month we review our expenses: payroll, suppliers, rental, everything. We are continuously reviewing our expenses so that we can resume the profitability of our operations, as we have always been. We have always been a profitable company since our opening into the IPO and we envision this return to profitable operations in the short term.

Francianne Sousa: Thank you. Second question I think you started to answer it already, but he is asking “what is your take on the company's financial evolution for the next quarters and what are the critical factors or the key factors for success?”

Pedro Albuquerque: Well yes, I started answering and that already. So we needed, we had to stabilize our revenue loss, and we did it. We achieved that and at the same time we got rid of many back-end costs and we now have front-end operations. The broker already has its OpEx or a relevant part of it; we have the FX desk; we have teams of analysts, brokers. So, we have increased our expenses in the front end, but that should drive revenue for us. Many of our business units are still maturing, so I expect this a gradual evolution every quarter, this quarterly improvement, of course in combination with a strict expense discipline.

We really, really assessed everything: variable compensation plans like Thiago said based on the P&L of the operations, we reviewed jobs, positions, compensations, major reviews that are becoming, that will become more evident in the next quarters. This significant reduction we



did in the end of 1Q, and actually this was done in the end of 1Q and the beginning of 2Q, so our, I expect our operating expenses to continue to decrease with a positive impact from our profitability.

Francianne Sousa: Next question we got it from the TC platform, it is from Mr. Luciano Junqueira. He asks you to tell us more about the distinguishing features of our broker and if you can tell us more, explain what you mean by the friction-free organic TC.

Pedro Albuquerque: Okay. I think TC has a unique story, and I say this very humbly but we have a unique history of innovation. There are some good projects in our industry, but you know TC is a completely different animal. Our core strength lies in our services and with a challenging market of previous years with increased interest rates the services were having on our users' budget, many migrated to fixed income but that is normal, that is expected. This market is, it works in cycles, interest rates should not increase more.

So now our services give us a competitive edge with the transactional operations, with the start of our broker operations, because now our customers will not simply swipe their card anymore, they have other dimensions to hire the services: the number of contracts negotiated in our broker or a deposit, deposits in their broker account. So, if a customer reaches a minimum number of negotiated contracts, they can start to receive our TC services. They will have access to that as long as of course they have an open account in our broker.

So going forward I believe that this will be our competitive edge. I think this is really the distinguishing feature, I am very excited and optimistic about gaining market share and generating revenue for the company.

Now for the organic and fluid, organic and seamless, today you open an account at TC Investimentos, it is another app. We are putting, we are bringing all negotiation transactions to the TC app itself. TC Investimentos is an app, it will continue to exist, it is a very thorough, very complete app with many financial services, but inside TC we will focus on what matters most. So, we want trading to be very simple at TC, you can see the ideas, the reviews of users you admire. So, we want this to be friction free and seamless, very easy to trade in our TC app.

This is what we expect for the future when it is finally launched. When this trading engine is finally launched in the TC app you will see that it can be very interesting.



Francianne Sousa: Rodrigo, also from our platform is asking, “we will we have financial advisors and contact with the brokers in the TC broker? Will we have financial advisors there?”

Pedro Albuquerque: That is a good question. In the restructuring process of our plans that is extremely important for us to pave the way to our growth as TC, as a broker, other business units. When I said we went back to our essence, I meant we want to make information more democratic, we want to offer low-cost access to services to our users, and that was at the core of the restructuring process.

We brought all our contributors back to Master plans and that is one of the reasons for the exponential increase in our flagship service NPS, the one with the largest number of subscribers. And for more expensive plans like Premium and Private our objective is to substantially increase service level, make service more sophisticated.

The Master plan has all the operations, but then Premium and Private are more sophisticated and they have better service, and then they will have advisors, a desk order execution, a mentorship, mentoring, corporate access events, political access events, again advisory and a number of features and services that we have at TC, that we can expand and that will be at our customers' disposal, including in-person training programs.

So, this is how it works. Master plans have all, the Master plan has all the trades, all the operations, all ideas, but then other plans, further plans are more sophisticated in terms of service and then customers can have a more personalized, more customized service. This is what some customers demand, this is what they deserve upon subscribing to our services - and again, at our broker if you have, if you achieve a given number of traded contracts then you can have access to these services as if it was some sort of soft dollar without having to subscribe to the service plan.

Francianne Sousa: Just a second, let me see if there are any more questions.
I think those were the questions for us today, I think you can make your final remarks.

Pedro Albuquerque: All right. Guys, thank you very much for joining us. I am very excited, I am very optimistic, very happy about the situation today. Our team is very engaged, we are driven, we are focused on the results, we are focused on increasing profitability, increasing value, generating value for all TC stakeholders.



1Q23 CONFERENCE CALL TRANSCRIPTION
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We are at this turning point. Stabilizing our revenue loss was very important and new units, new opportunities, are sure to take us to the next level. We work nonstop to achieve that and see you again in our next earnings call to show you the evolution of our numbers, thank you..