

The background of the image is an aerial photograph of the Atlantic Ocean. The water is a deep, vibrant blue, and the surface is covered in a dense pattern of small, white-capped waves. The perspective is from a high angle, looking down at the sea. The overall tone is bright and energetic, with the white foam of the waves providing a stark contrast to the blue water.

ATLANTICS

**Latin America
Digital Transformation
Report 2024**

Readme.txt

Greatness is forged in trying conditions. Adversity breeds resilience.

LatAm is hard. Capital is costly, talent is thin, and bureaucracy is bountiful. Those able to command these scarce resources are disproportionately rewarded. Thriving in this arid terrain has empowered entrepreneurs to build some of the world's very best companies. Historically, those who win here win bigger and win for longer. Now history is rhyming for tech companies, and the same pattern explains why in some cases **LatAm does it best.**

In this fifth anniversary of the Latin America Digital Transformation Report, we discuss the conditions that gave rise to the **Triumphant Three**, the triad of Latin American companies that rank among the global best, and we explore the factors that can produce LatAm's next trio of outliers.

Market dynamics trump market size. An environment with constrained human and financial capital naturally limits the amount of competition. As a result, winners command higher returns on their capital and capture larger market shares, not only in their core market but also in adjacent ones. These dynamics produced the Triumphant Three: Mercado Libre is Latin America's most valuable company with an ecosystem that marries commerce, fintech, logistics and advertising in a way that is unique in the world. Nubank is the world's largest digital bank, serving over 100 million people and delivering one of the highest returns globally. iFood has built one of the world's best food delivery businesses in terms of growth, market penetration, and profitability.

Despite the financial (and emotional) rollercoaster of the last few years, both **founders and investors have strengthened their commitment** to Latin America. Investors have reason for holding the line as historically Brazil has generated all-time highest returns for top firms in venture capital, growth, and private equity. In the last decade, local venture capital funds have far exceeded the returns of global peers and handily beat investment return benchmarks across asset classes and geographies.

While tech penetration has grown substantially since we began publishing this report, the long-term prize for catching up to peers continues to be immense, measured in the hundreds of billions of dollars.

Looking ahead, we believe value creation will continue to be concentrated as it often is in technology. In the US, the "Magnificent Seven" account for nearly $\frac{3}{4}$ of US tech company market capitalization. In LatAm, concentration of value among the Triumphant Three is even greater as the dynamics of tech are further compounded by the unique dynamics of LatAm.

Latin America's intensely digital population is at the forefront of adoption and usage of social platforms. Atop this legacy, new paradigms arise. Influencers are the new broadcasters. Online marketplaces the new shopping malls. WhatsApp the default platform for interaction. AI has the potential to create, automate, and elevate communications, connections, decisions, and workflows. Pix's ubiquity married with Open Finance's innovation provokes founders' creativity. **These tectonic shifts are "everything, everywhere, all at once"** and pave the way for the next generation of entrepreneurial triumph.

In technology, not everything is bits and clouds. Sometimes innovation is manufactured with steel and concrete. Latin America is blessed with dense rainforests, rich mines, bright sunlight and voluminous rivers. The region has a **right to win the race for the clean (and cheap) energy transition** that will be required to train new models, move cars and power cities. Paradoxically, in a bureaucratically complex land, we have seen **regulation act as a tailwind** in the region's preeminence in fintech and we believe the same playbook can usher in a **golden age of innovation in energy** that stands not only to generate immense value but also safeguard our planet.

Atlantico is a leading early-stage venture capital fund investing in Latin America

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We are thankful for the help of these organizations and contributors who partnered with us on primary research, data collection, interviews and analyses

Research initiatives



National Opinions: AtlasIntel and Atlantico surveyed a representative population across Brazil



Atlantico Student Survey: Preparo alongside Atlantico surveyed over 600 undergraduate students

Research partners



Survey & data contributors



Company cases



... and countless other experts and friends who we interviewed and shared on- and off-the-record data and insights.

Thank you!

ATLANTICOS

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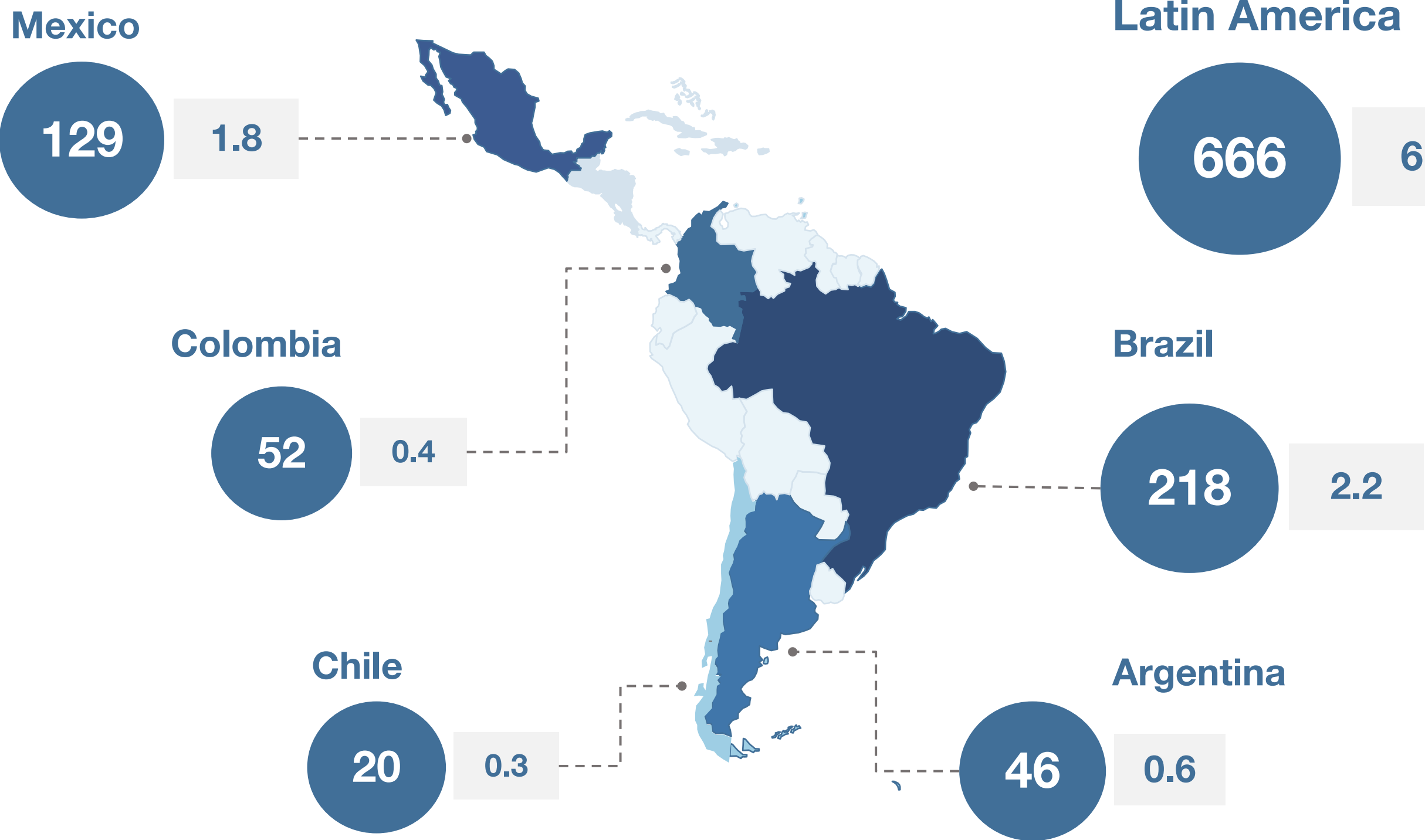
LatAm Does it Best



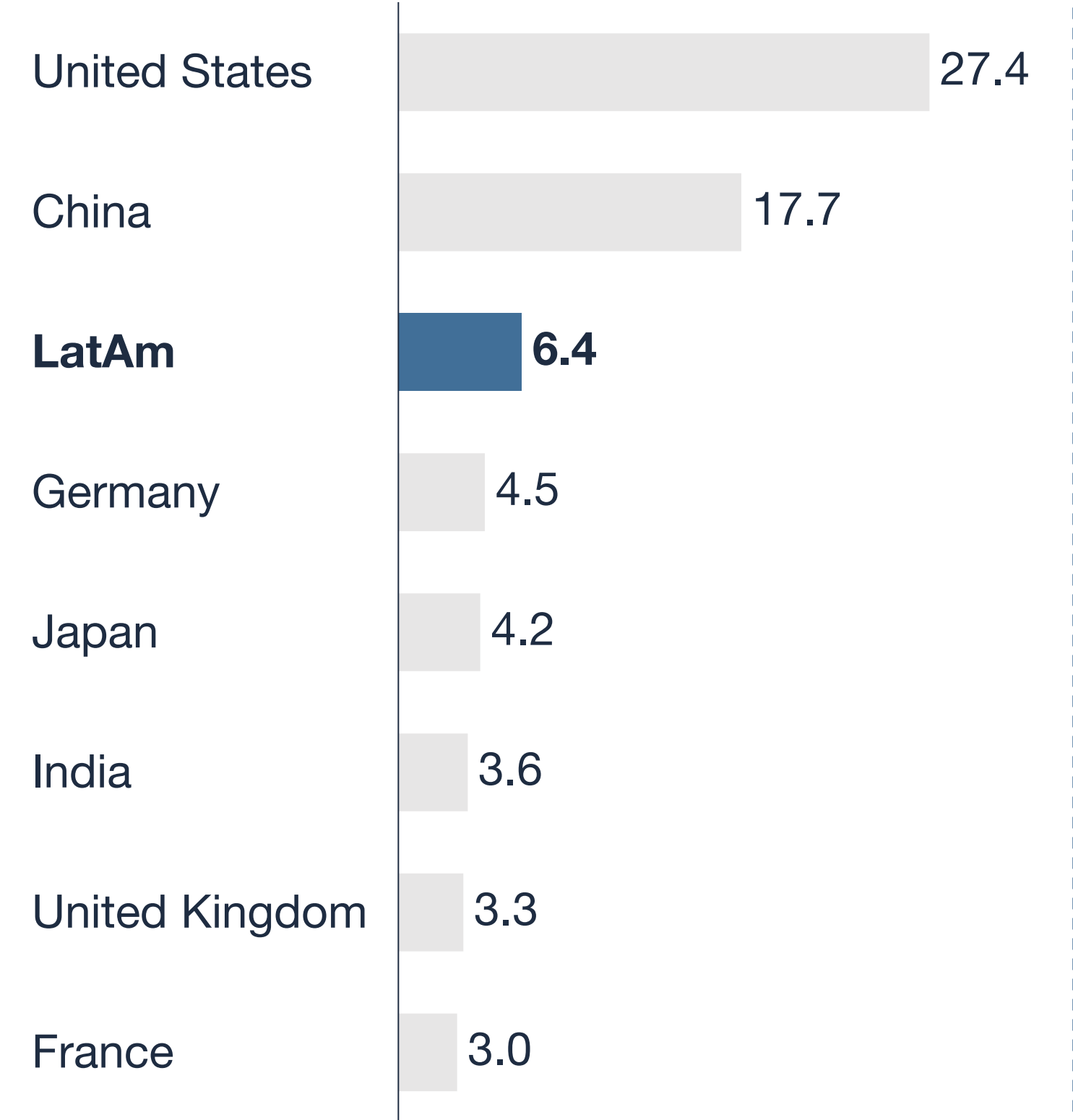
Latin America has a 666M population and a combined GDP that would make it the world's 3rd largest economy

Total GDP¹ and population² – Latin America
2023 and 2024; US\$T and M people

● Population in M, 2024 ■ GDP in US\$T, 2023

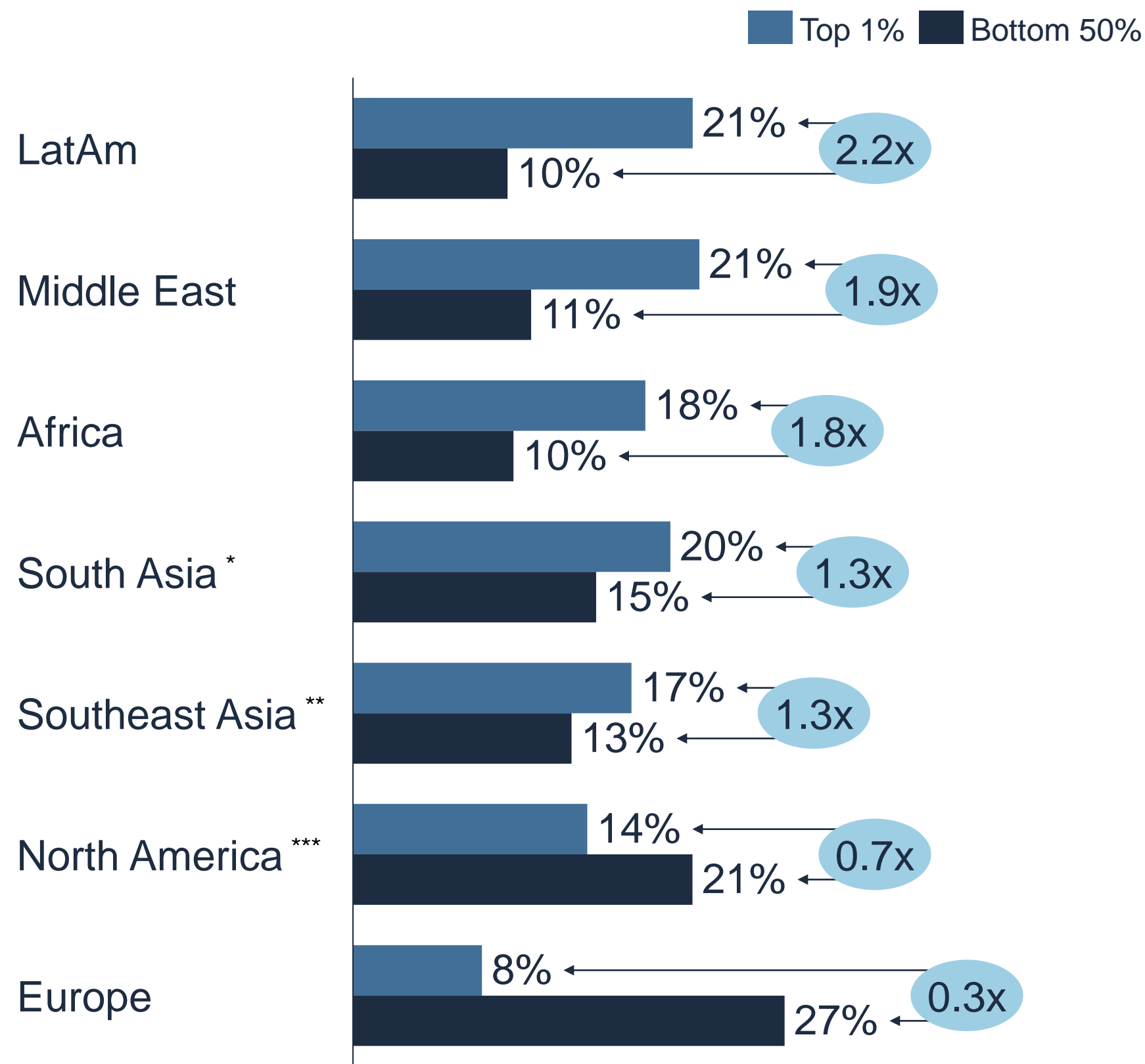


GDP by country/region¹
2023, US\$T

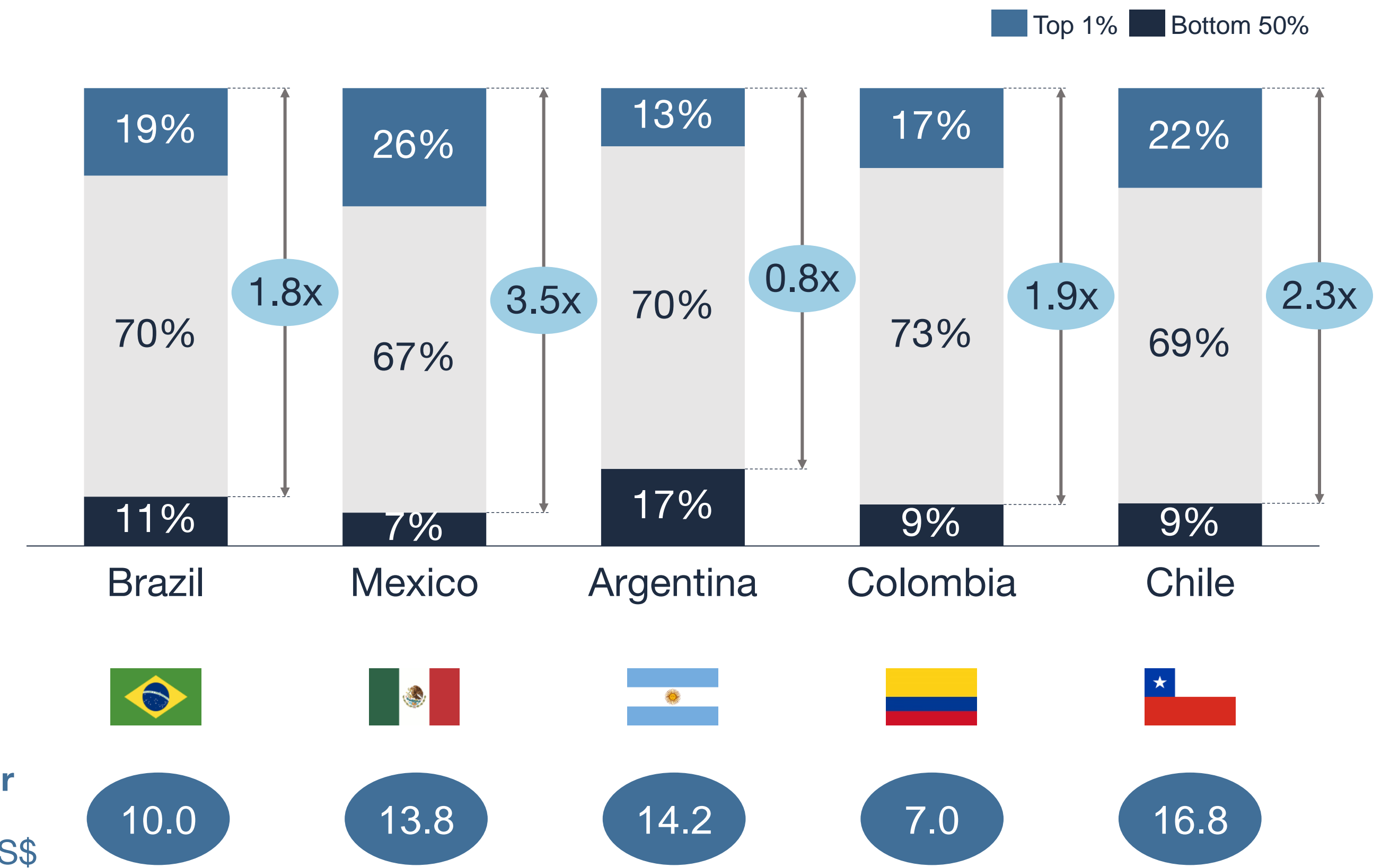


Latin America is the world's most economically unequal region, with expressive variation across countries

Income share by percentile¹
2022, % of post-tax national income



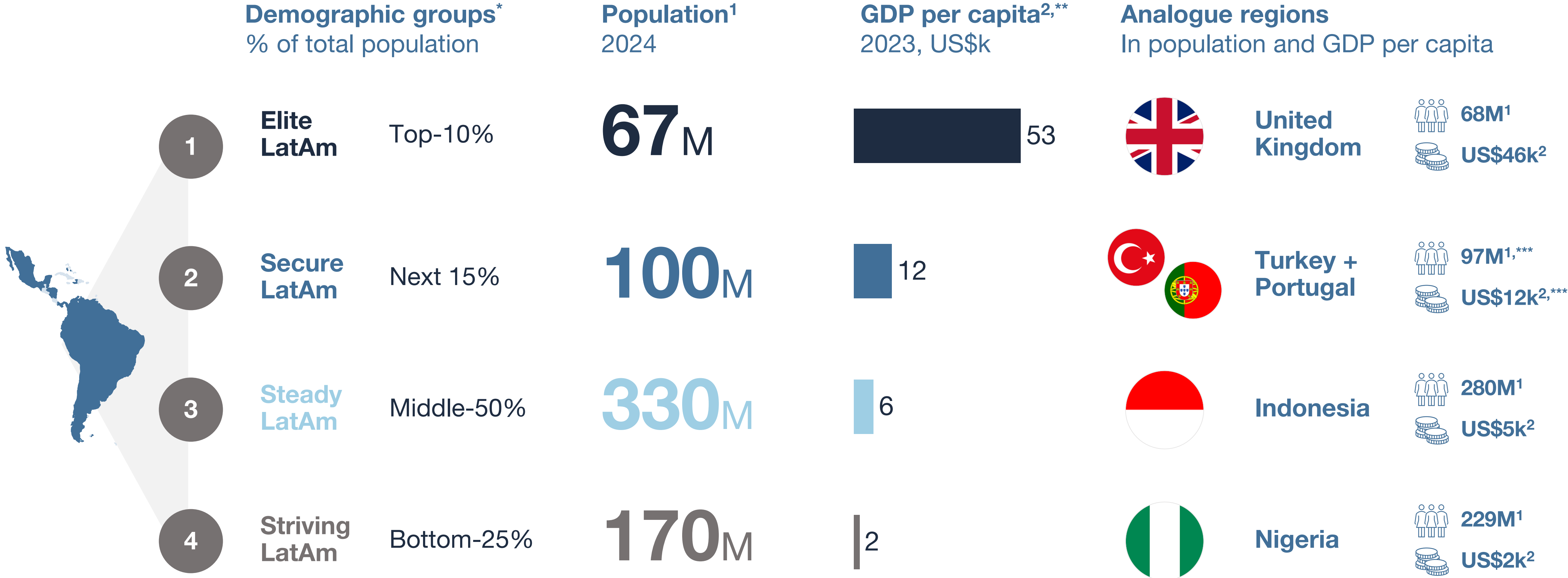
Income share by percentile¹
2022, % of post-tax national income



Notes: (*) Afghanistan, Bangladesh, Bhutan, India, Iran, Sri Lanka, Maldives, Nepal, and Pakistan; (**) Brunei, Indonesia, Cambodia, Laos, Myanmar, Malaysia, Philippines, Singapore, Thailand, Timor-Leste, and Vietnam; (***) US and Canada, excluding Mexico

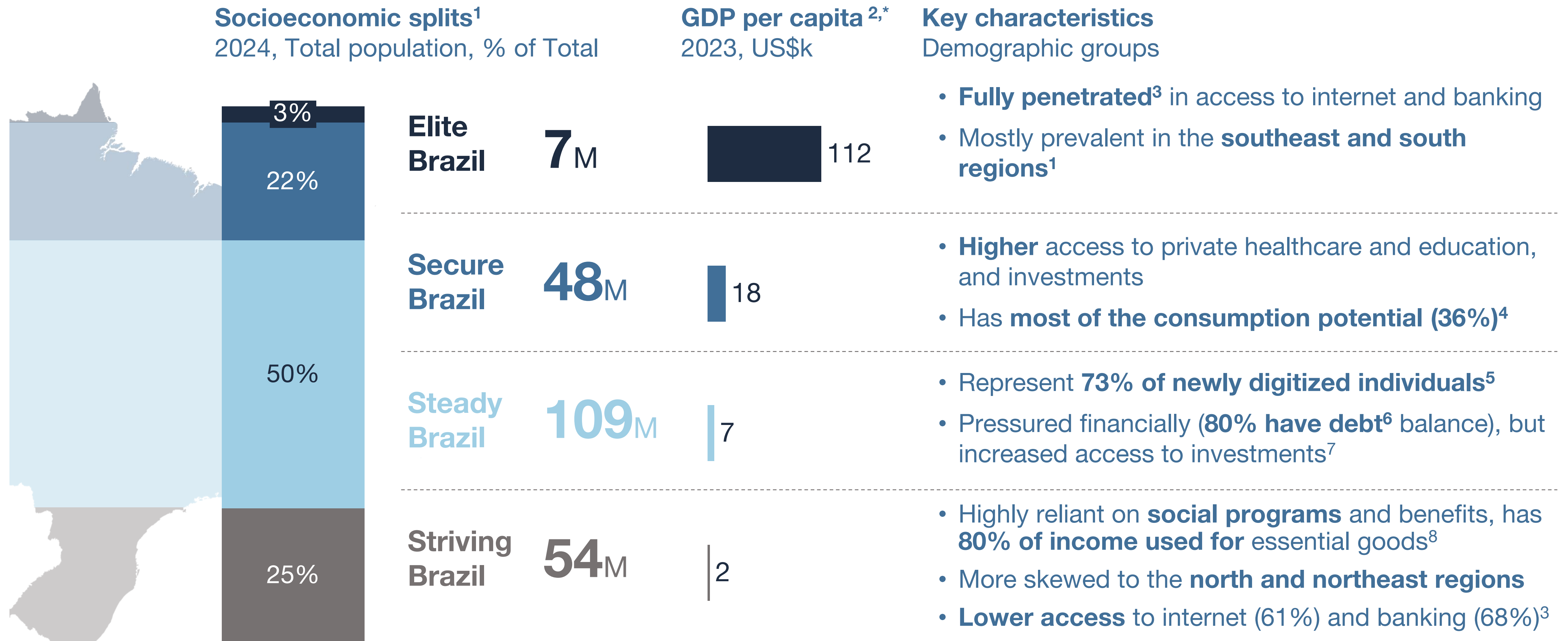
Sources: (1) World Inequality Database; (2) World Bank

This inequality gives rise to multiple “Latin Americas” in the region, each with its unique socio-economic reality



Notes: (*) Analysis inspired by the Indus Valley Annual Report 2024 by Blume Ventures; (**) GDP per capita proportionally split following post-tax national income percentiles from the World Inequality Database, 2022; (***) Turkey: 86M | US\$10.6k, Portugal: 10M | US\$25k
Sources: (1) UN Population Portal; (2) World Bank

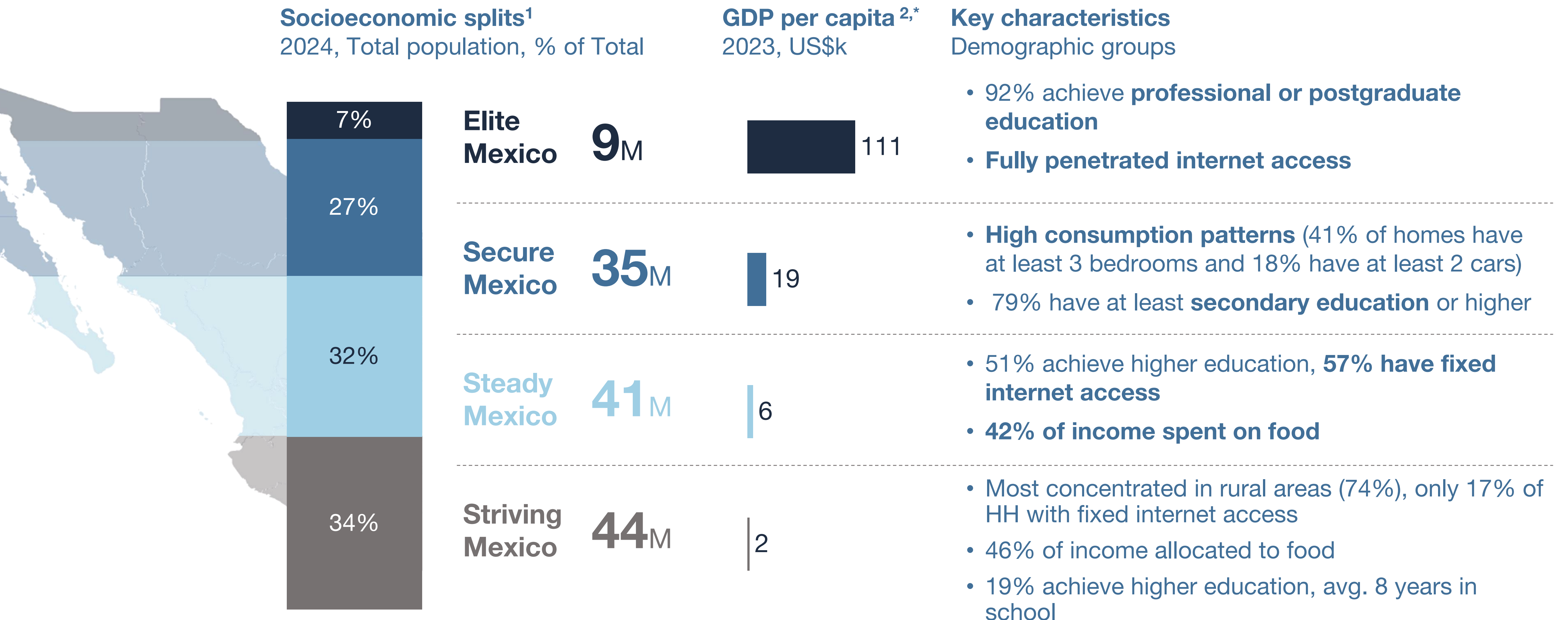
Brazil effectively illustrates these inequality splits, with different consumption patterns and regional distribution



Note: (*) GDP per capita proportionally split following post-tax national income percentiles from the World Inequality Database, 2022

Sources: (1) IBGE; (2) World Bank; (3) CGI.br/NIC.br; (4) IPC Maps; (5) Think with Google; (6) Instituto Locomotiva; (7) Anbima/Datafolha; (8) Tendências Consultoria

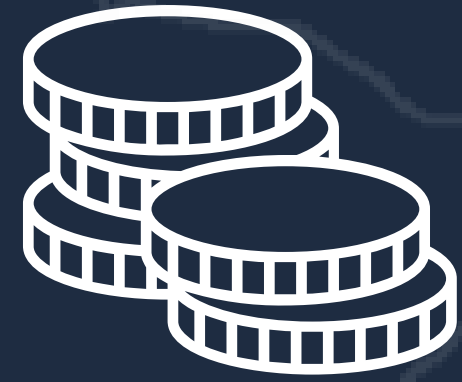
Mexico also demonstrates a significant difference across higher- and lower-income class profiles



Note: (*) GDP per capita proportionally split following post-tax national income percentiles from the World Inequality Database, 2022
Sources: (1) INEGI, (2) AMAI Niveles Socioeconómicos



**Talent
Scarcity**



**High Cost
of Capital**



**Infrastructure
Gap**



**Tax
Complexity**

**“Brazil is
not for
beginners”**

...nor is LatAm

- Tom Jobim

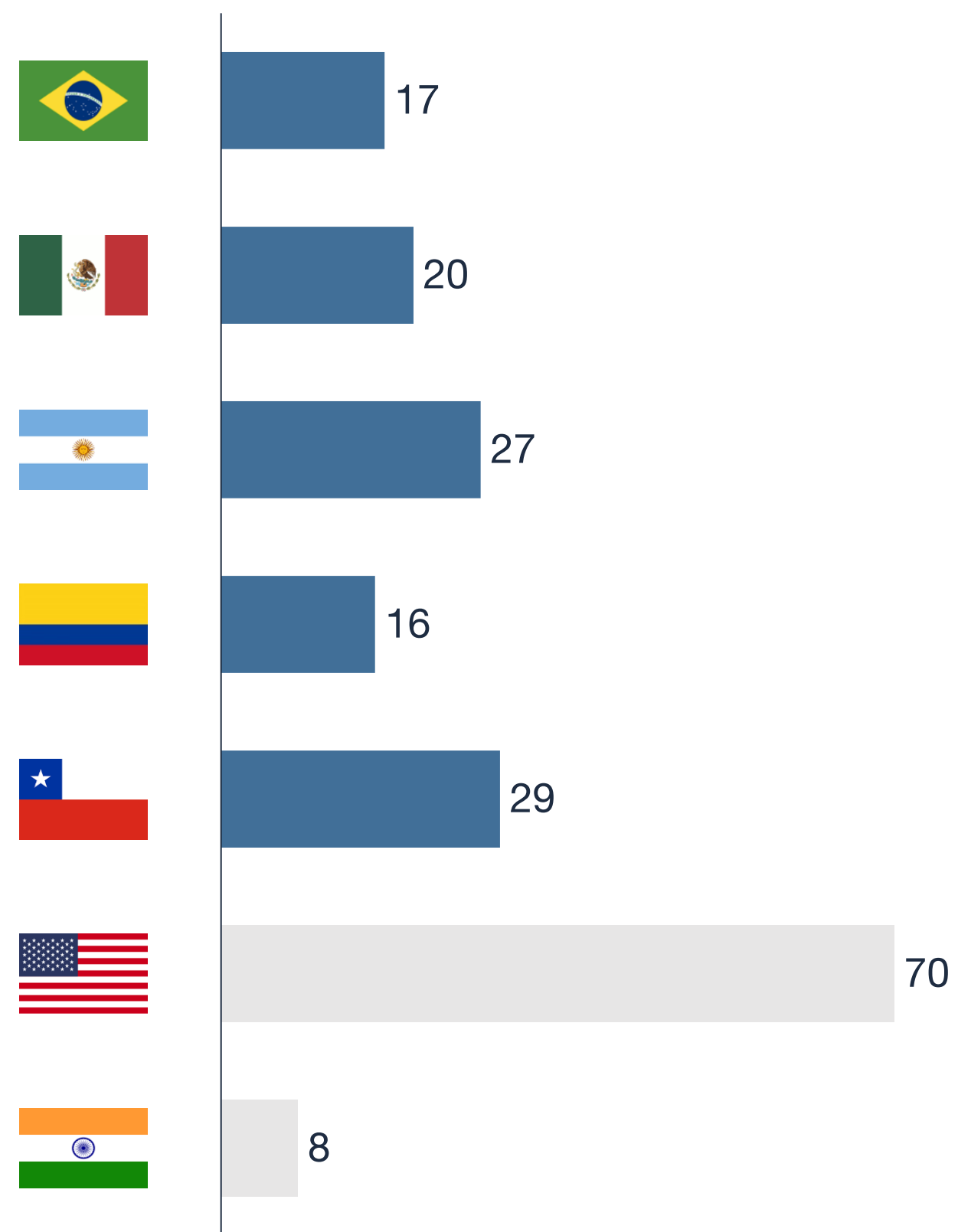
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Talent: Latin America faces an ongoing battle against low labor productivity and low talent competitiveness

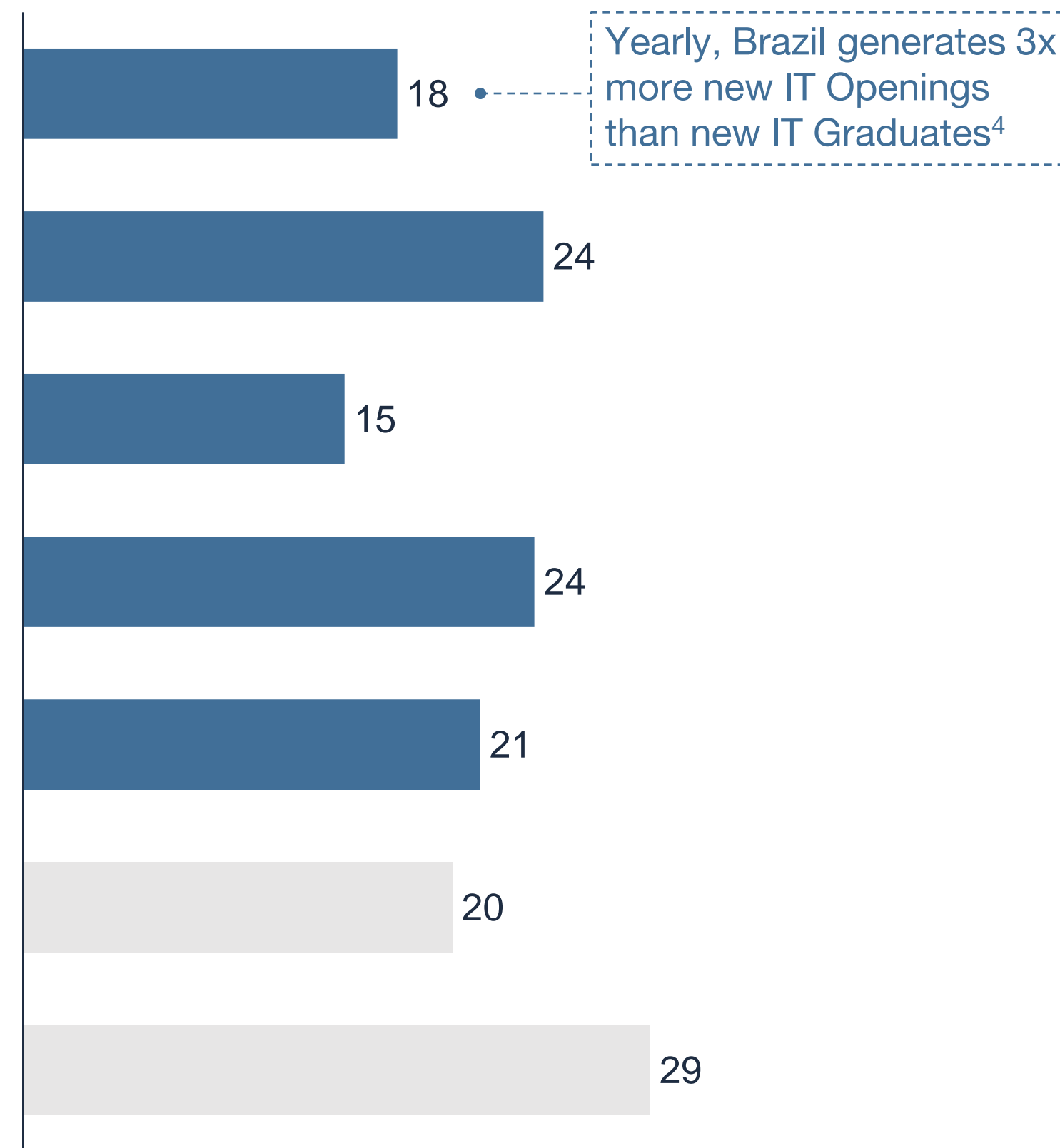
Labor Productivity¹

2023, GDP per hour worked, in USD



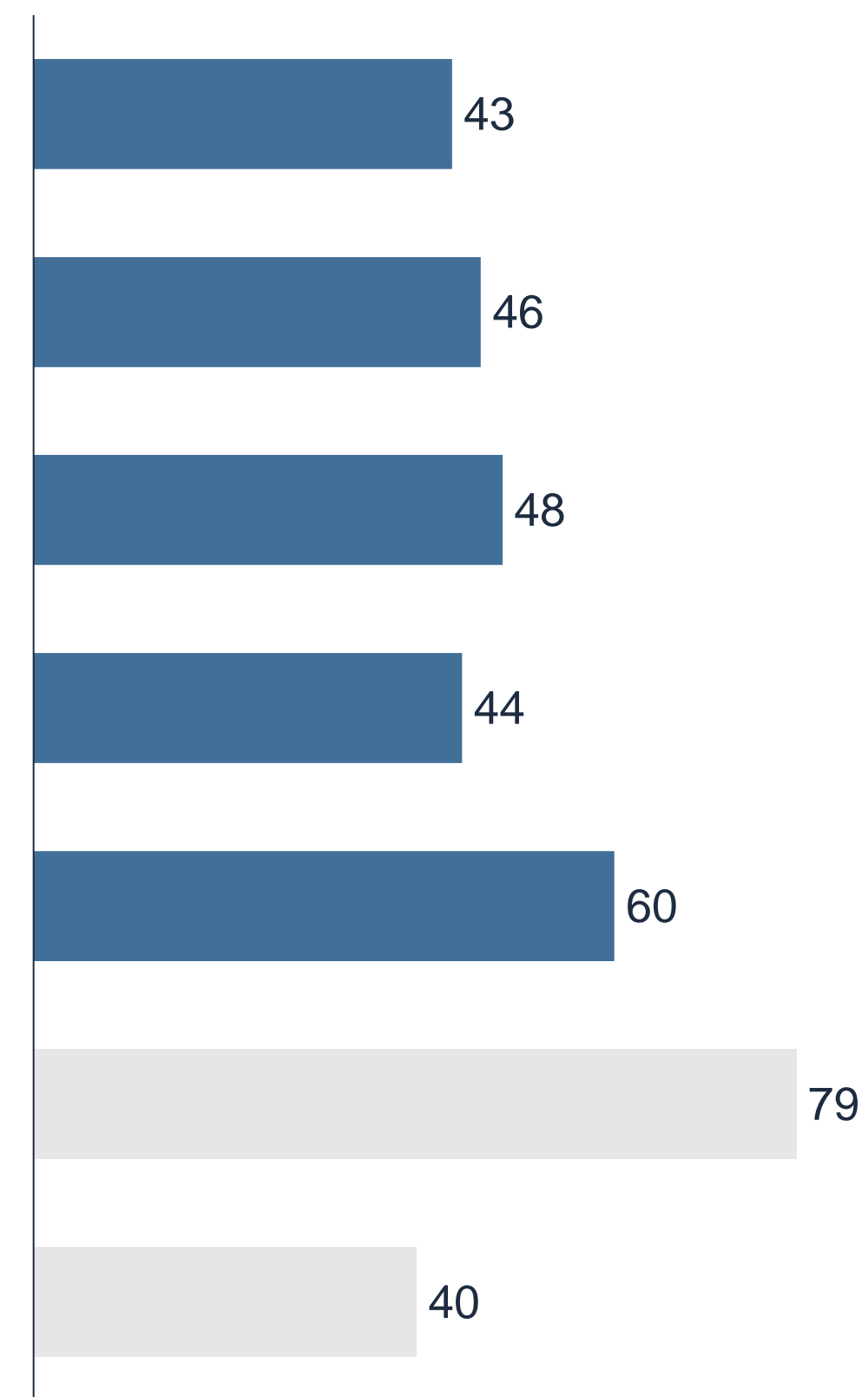
STEM Graduates by Country²

2023*, % of graduates



Talent Competitiveness³

2023, GTCI**



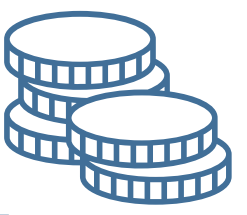
Competitiveness Rank³

Out of 134



Notes: (*) Most recent year when 2023 data not available; (**) The Global Talent Competitiveness Index assesses a country's ability to support, attract, develop, and retain talent based on regulatory environments, openness, educational opportunities, and sustainability

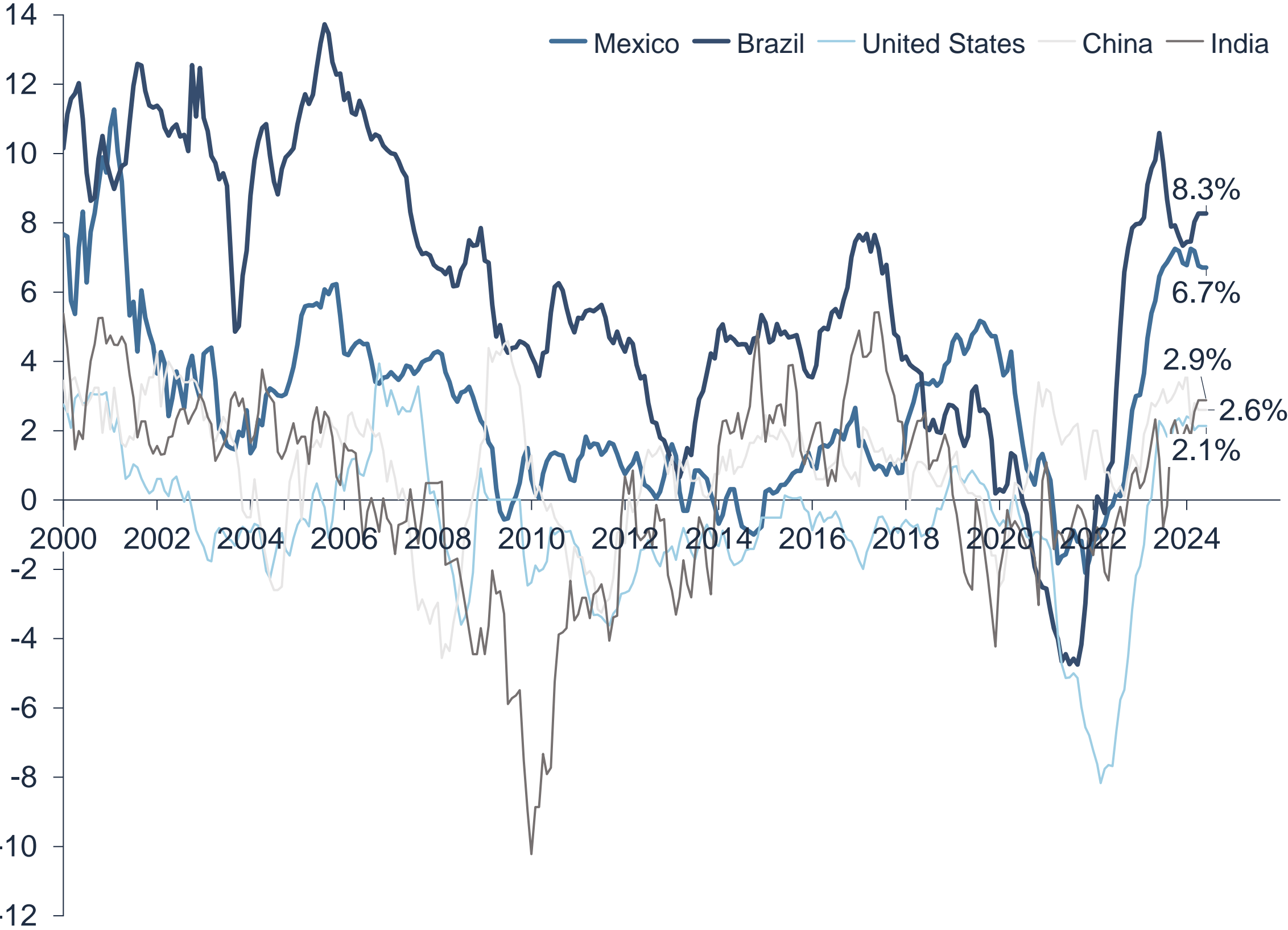
Sources: (1) International Labor Organization; (2) Unesco Institute for Statistics; (3) INSEAD Global Talent Competitiveness Index; (4) Brasscom Report



High cost of capital: Latin America has historically suffered from high real interest rates and currency depreciation

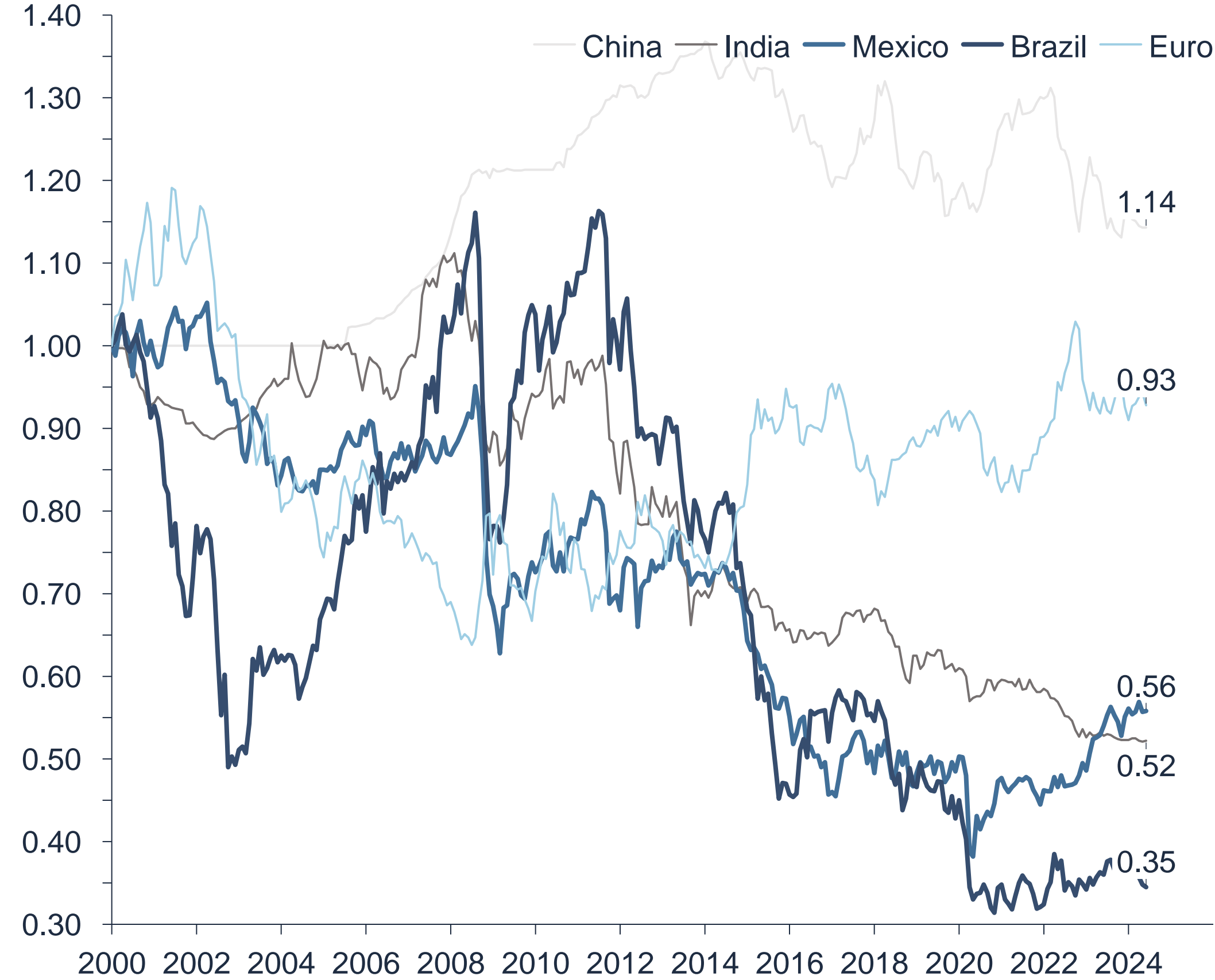
Real interest rate evolution

Annual percentage



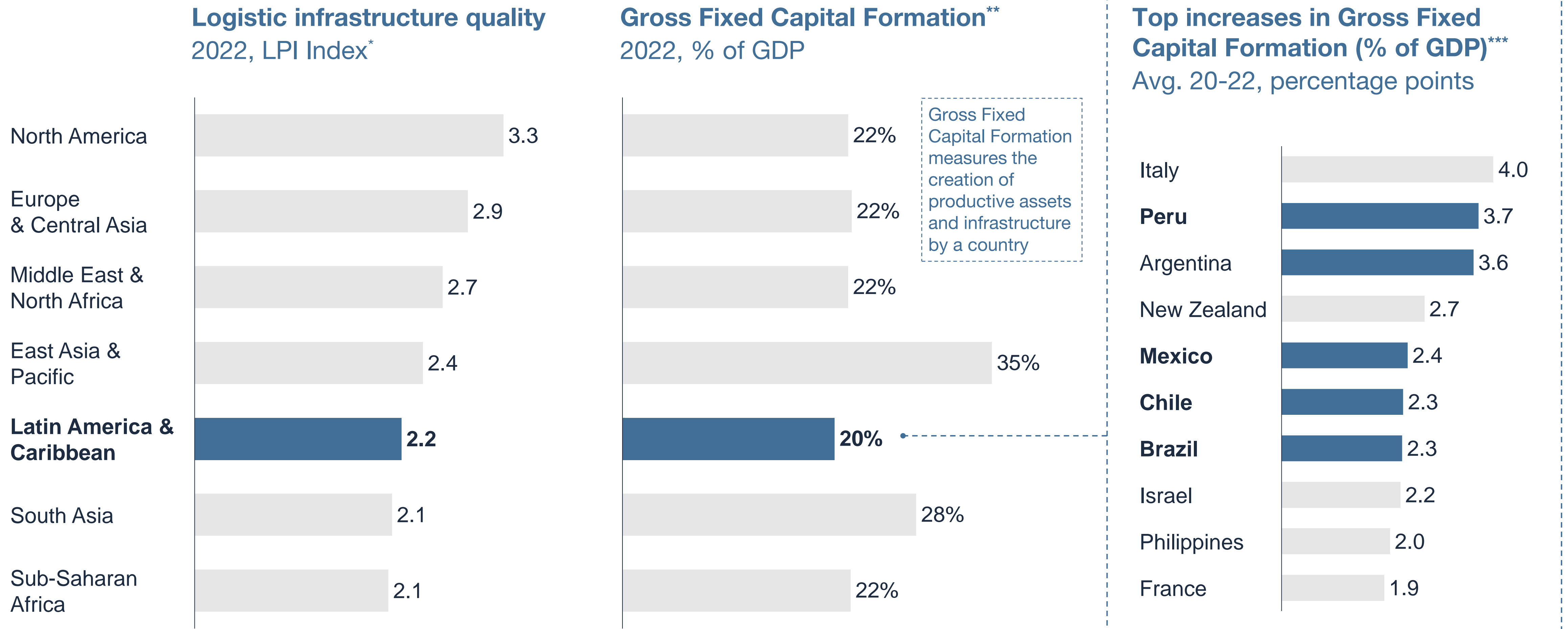
Exchange rates evolution

US\$ to Local Currency, indexed at jan-2000





Infrastructure gap: LatAm lags in logistics quality and infrastructure investment, despite a positive recent trend

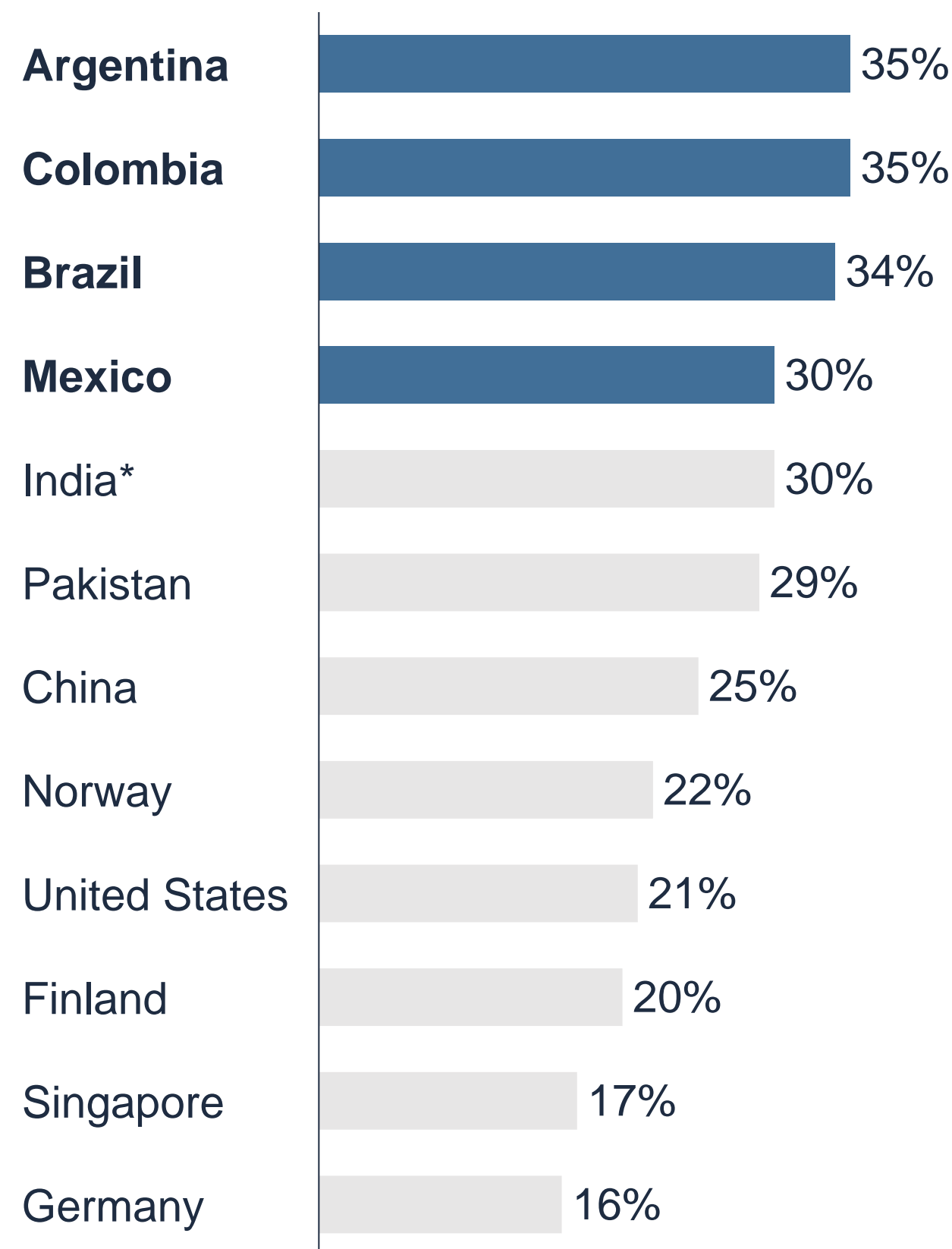


Notes: (*) World Bank's Logistics Performance Index assesses countries' logistic infrastructure and processes in 6 key dimensions ; (**) Gross Fixed Capital Formation measures the creation of productive assets and infrastructure of a country; (***) Countries with GDP higher than US\$200B (2022)
Source: World Bank

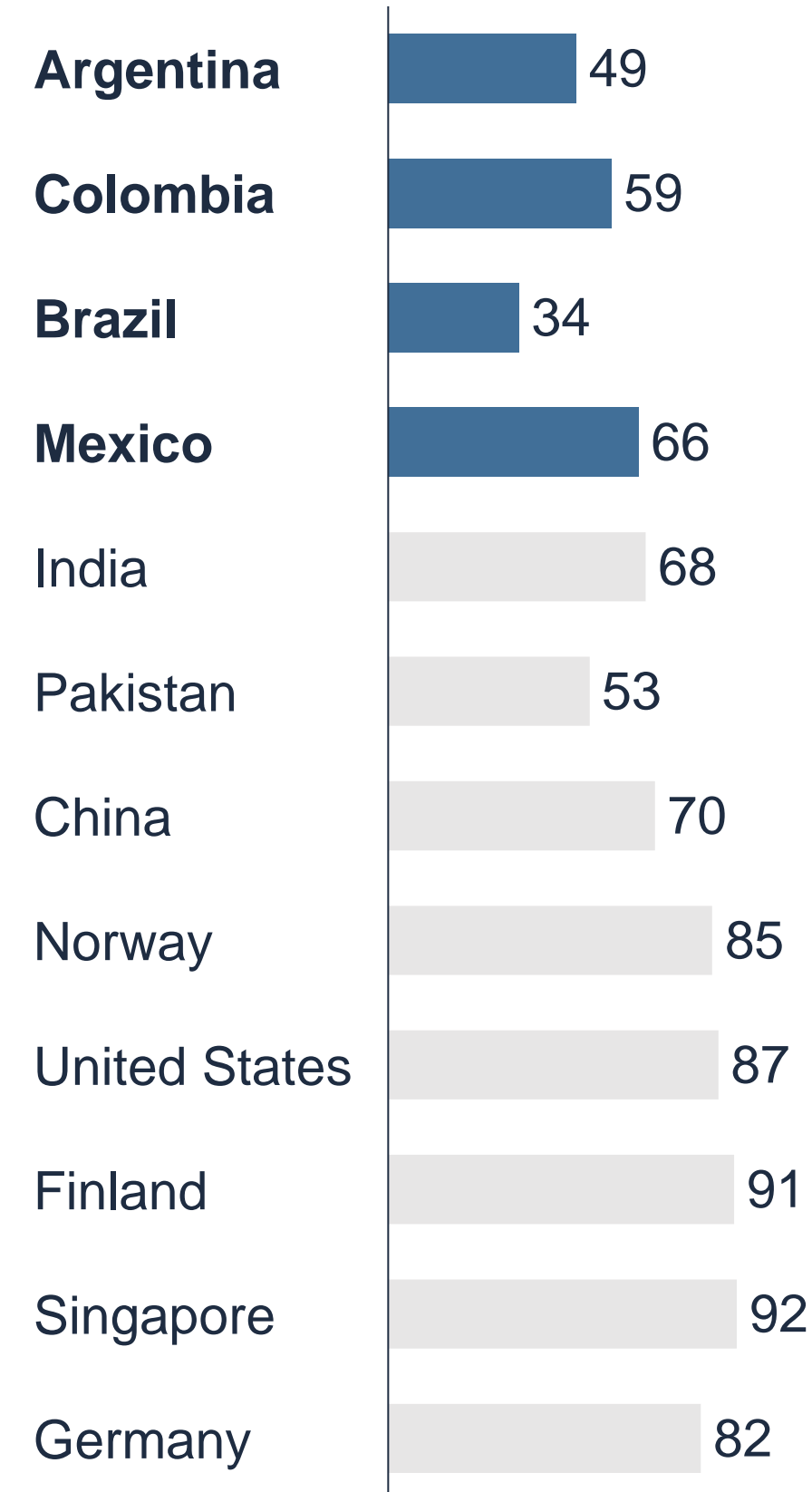


Tax complexity: Latin American countries suffer from a heavy tax burden and complicated corporate tax system

Headline corporate tax rate¹
2024, %



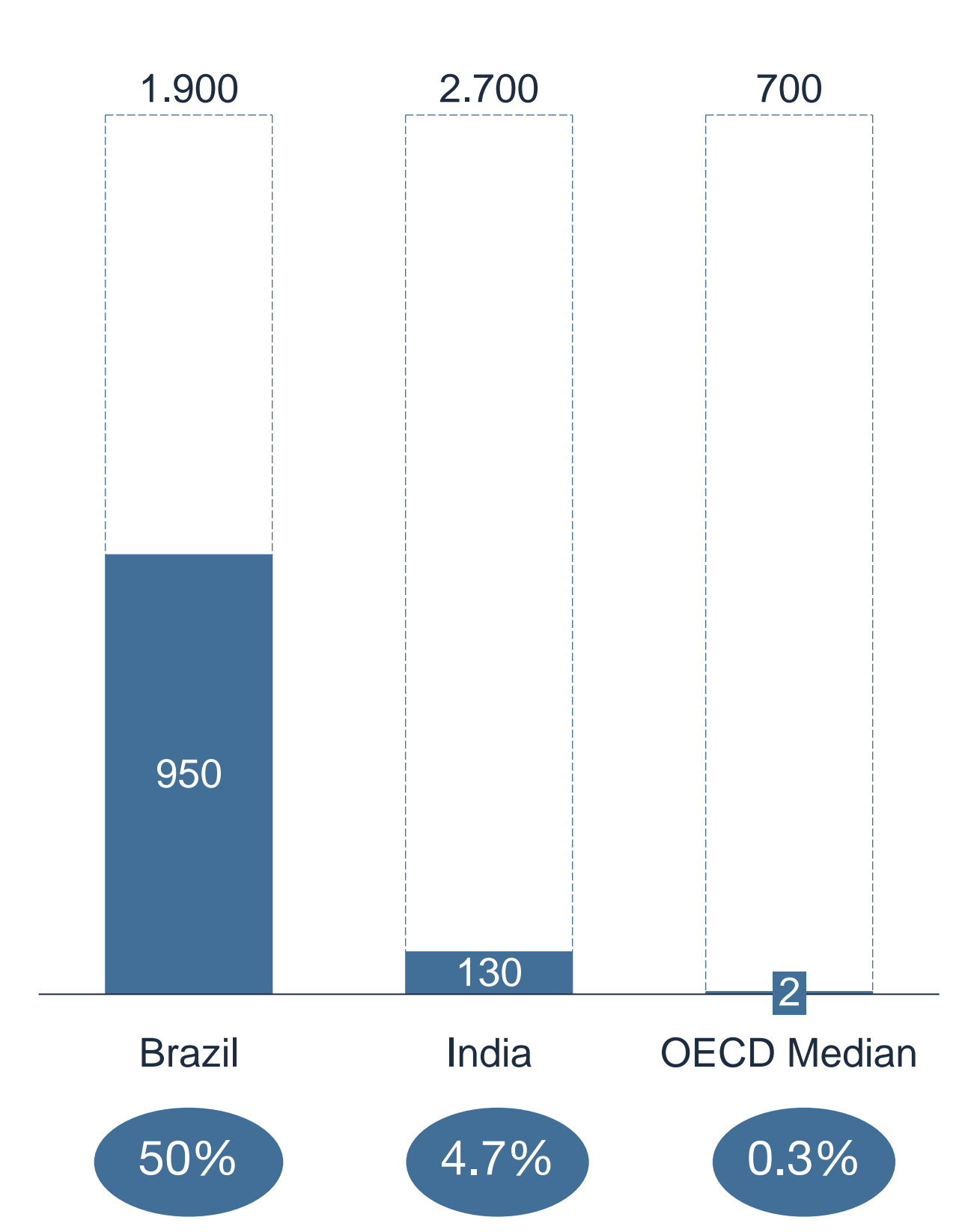
Doing business tax index²
2020



Rank²
Out of 190



Value of tax litigation vs. GDP³
2018, US\$B, % of GDP



Note: (*) Exceptions apply for foreign corporations in India

Sources: (1) PWC Worldwide Tax Summaries; (2) World Bank; (3) Economic Survey of India 2017-18, EY 2019 based on IBGE and RFB, INSPER Research

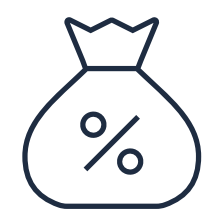


Brinta is reshaping tax compliance in Latin America, enabling companies to seamlessly manage taxes across jurisdictions

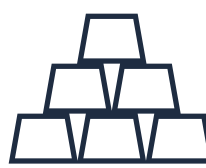
BRINTA

Brinta is a one-stop-shop for tax compliance focused on the enterprise segment. Their platform streamlines and automates regional tax calculations, reporting, filing, and remittance across multiple countries and jurisdictions in Latin America, reducing companies' administrative burden and ensuring compliance.

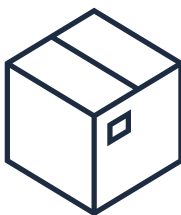
Tax compliance in Latin America



Latin American companies spend between **0.3%-2.6%** of revenues on tax compliance¹



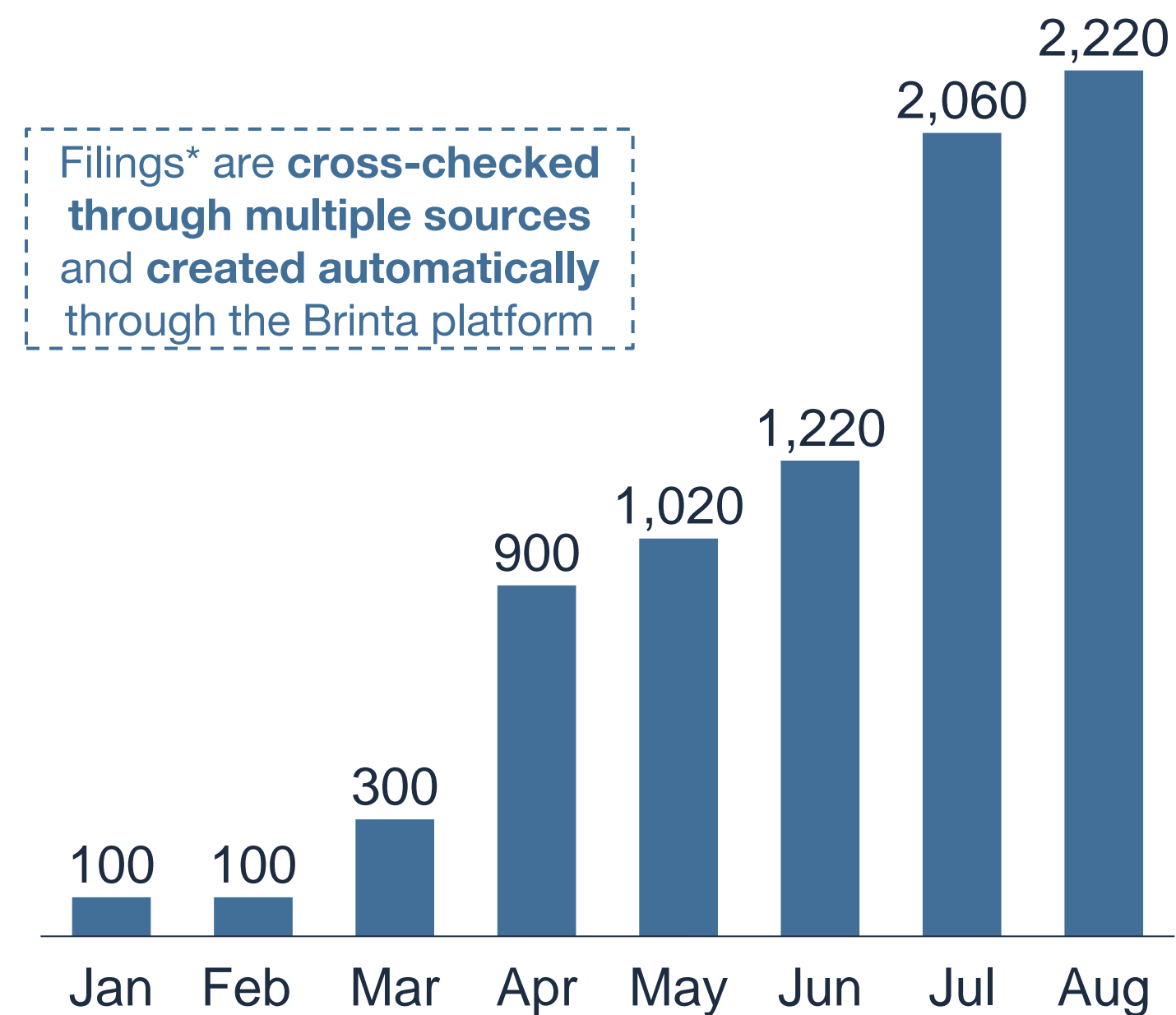
Brazilian companies spend between **0.2%-0.4%** of Total Payment Volume on calculating taxes²



Latin American companies spend **US\$2B a year** in 'Big 4' tax compliance services³

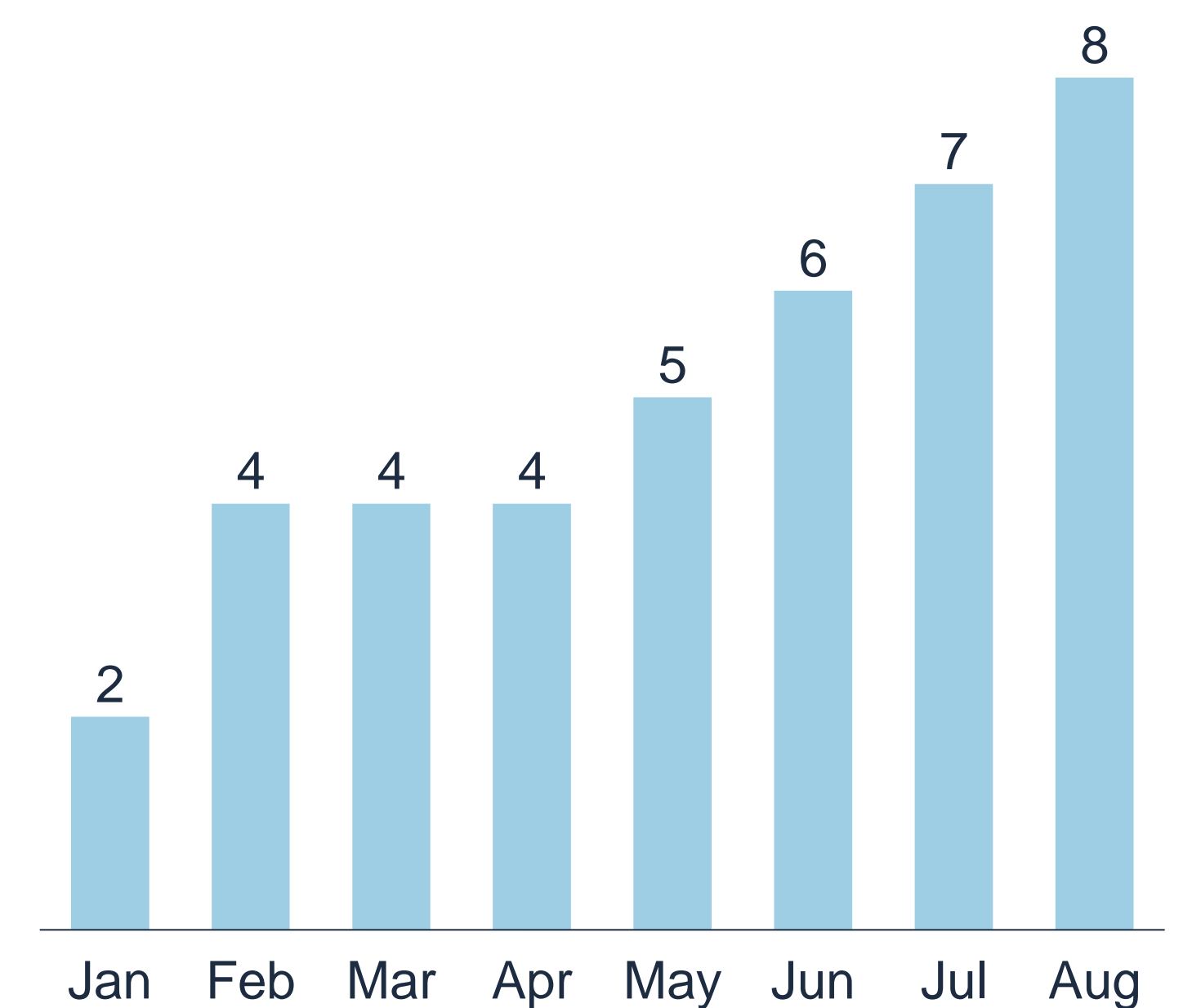
Monthly filing volume⁴

Indexed Jan 2024 = 100



Brinta geographic presence⁴

2024, LatAm countries where clients filed taxes



Note: (*) A filing is a tax return package containing all required forms for a given customer and tax obligation

Sources: (1) Brinta internal research with clients and prospects; (2) Brinta internal research on Brazilian tax software/services pricing; (3) Brinta internal research based on PwC, EY, KPMG and Deloitte public data; (4) Brinta internal data



**“It's not the size of
the dog in the fight,
but the size of the
fight in the dog ”**

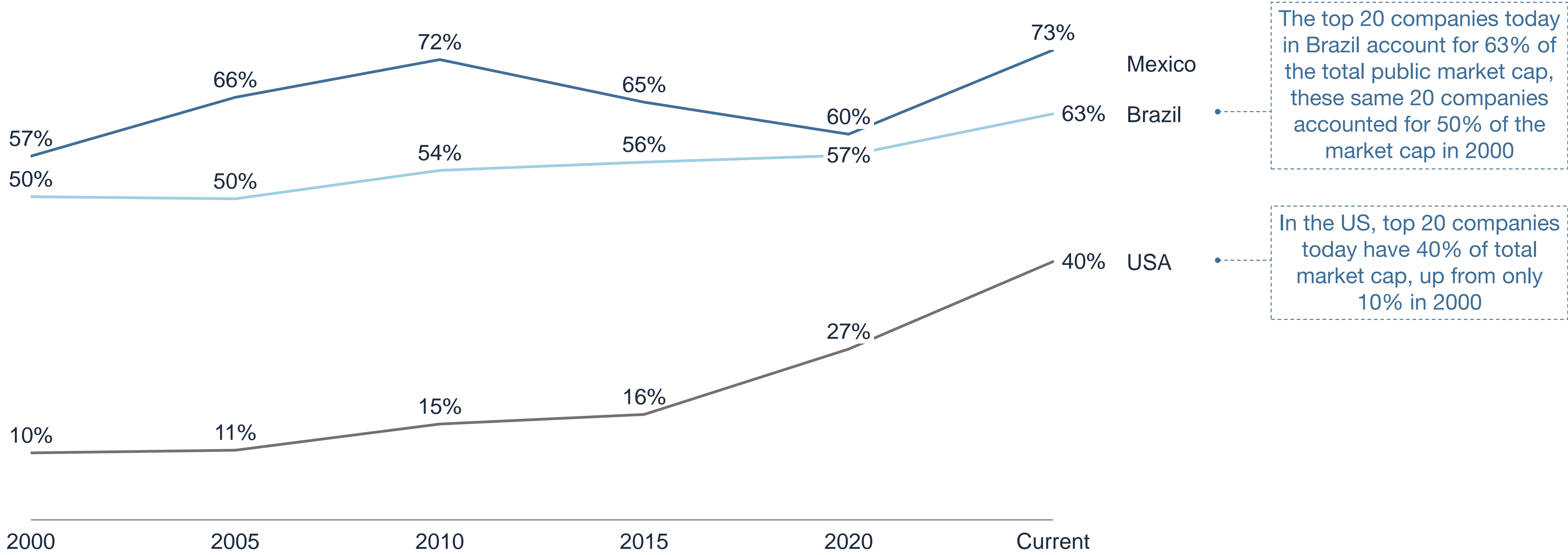
- Mark Twain

”

LatAm winners win for longer: Companies that persevere through the region's adverse conditions thrive for decades

Market cap of current Top-20 companies over time¹

% of total market cap*



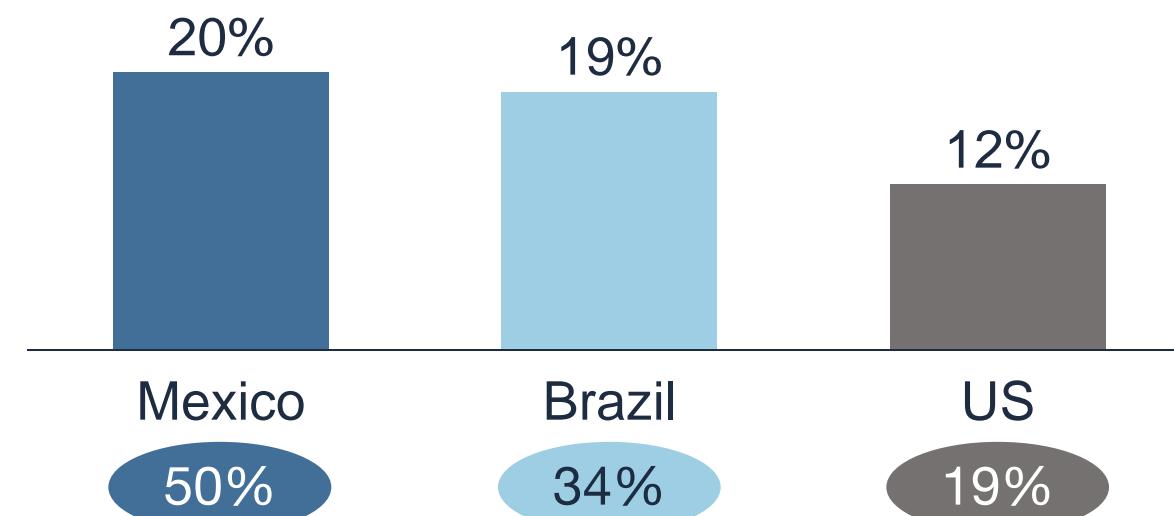
Note: (*) Market cap of the selected current Top-20 companies compared to total market cap for years behind
Source: CapitalIQ

LatAm winners win bigger: Leaders in the region capture greater market share and disproportionate returns



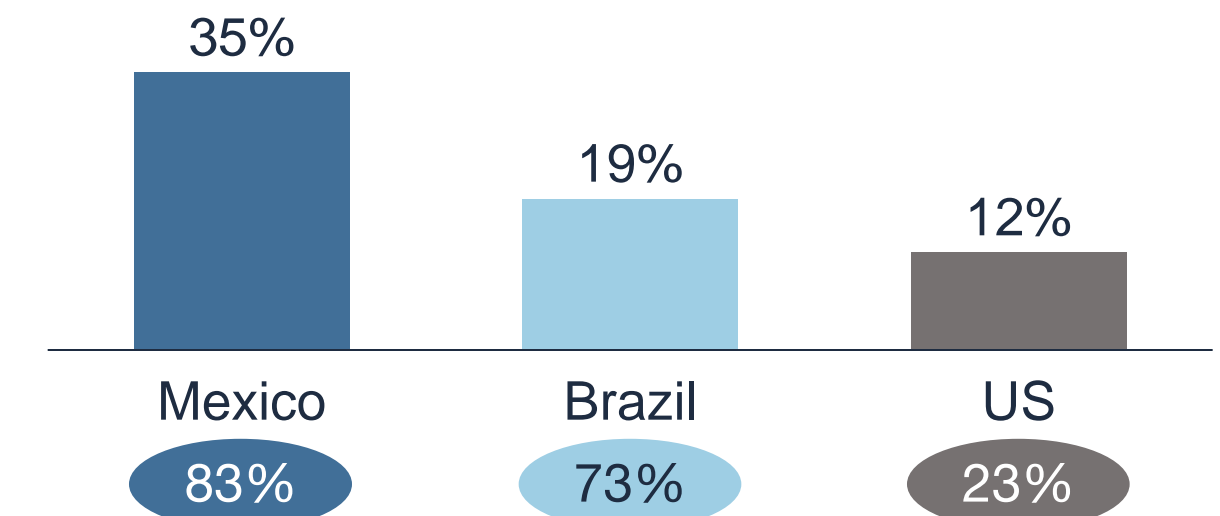
Banking

ROE of top-3 banks¹
2023, %



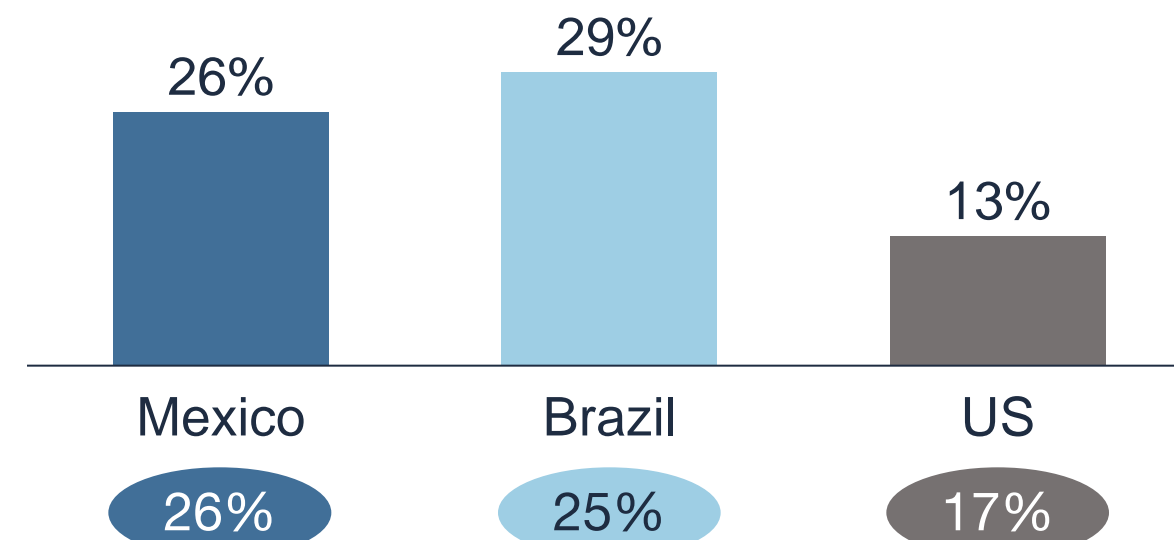
Oil & Gas

ROIC of top O&G company¹
2023, %



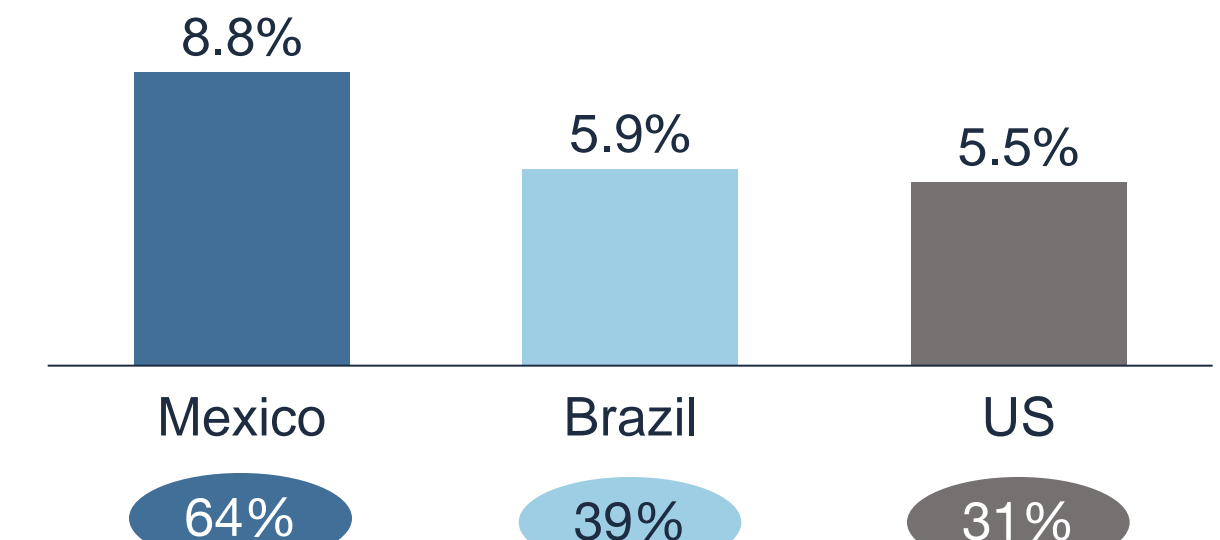
Insurance

ROE of top-3 insurers^{1,*}
2023, %



TelCo

ROIC of top TelCo company¹
2023, %



Notes: (*) 3 of the top 5 insurers by premiums were selected for each country, covering both P&C and Life

Sources: (1) CapitalIQ; (2) Brazilian Central Bank, CNBV, FDIC; (3) SUSEP, NAIC, AMIS; (4) International Trade Organization, Bloomberg Linea, IBISWorld; (5) Fitch Ratings, America Tower, Strategy Analytics

The history of Ambev shows how resilient companies bred in Latin America can grow into global leaders

Antarctica and Brahma were the **largest players in Brazil's beer market** in the end of the 80's



Market share (1988): 49%
EBITDA margin (1988): 26%



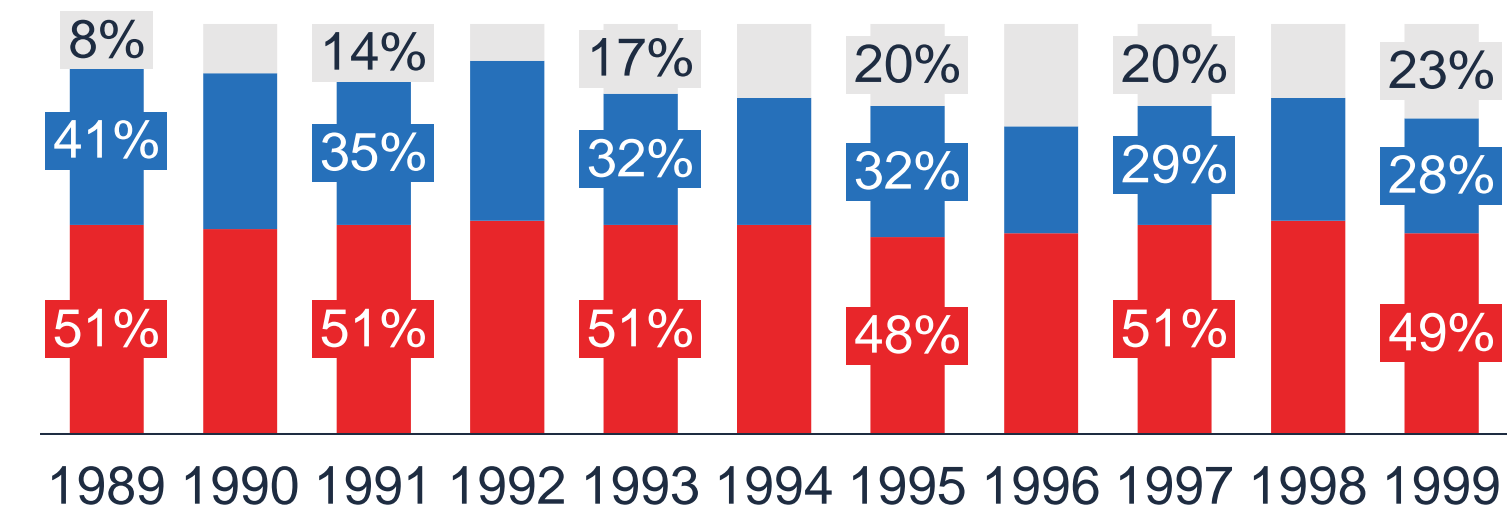
Market share (1988): 40%
EBITDA margin (1988): 8%

Starting in 1989, **new owners** led Brahma through **initiatives to strengthen its efficiency and brand**

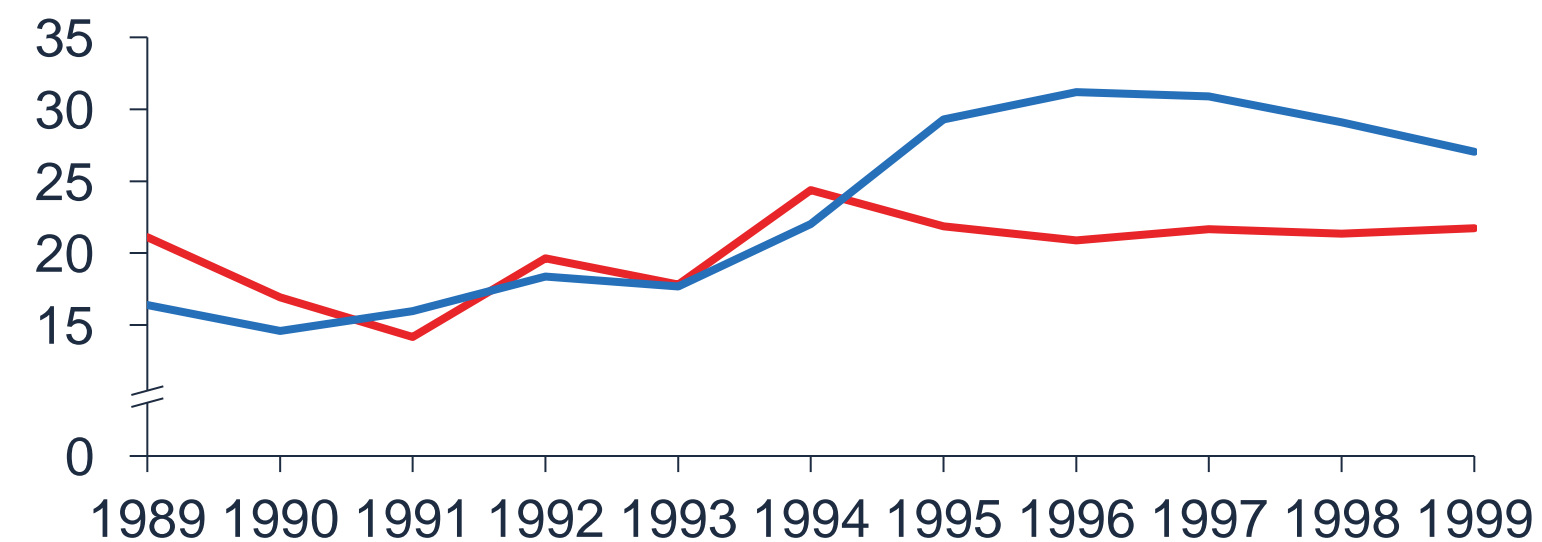
- Operational efficiency, closing factories, downsizing, and investing in new technologies
- New sales policies focusing on larger, more professionalized distributors
- Stronger focus on its second brand, Skol, to tackle unpenetrated markets

Brahma's greater profitability allowed it to **sustain its new leading position**, while Antarctica, with **soaring costs, lost market share**

Market share evolution 1989-1999, %

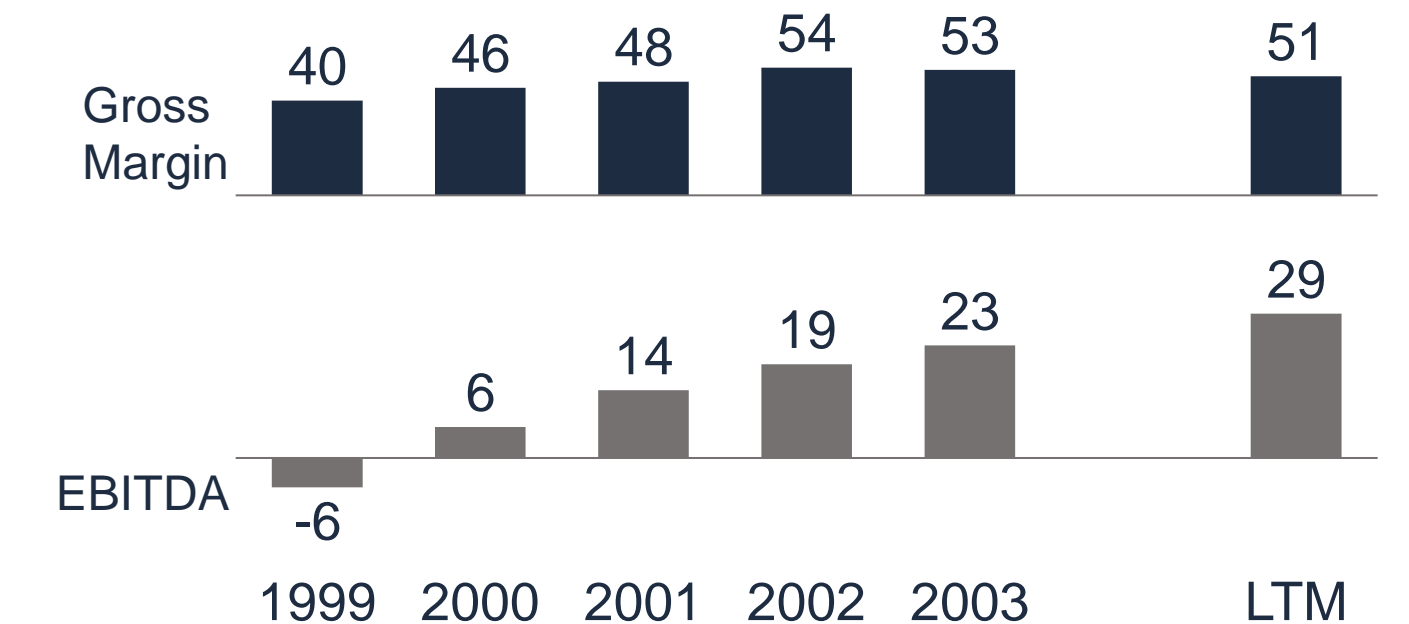


Cost evolution 1989-1999, COGS/hl



With 60% of its debt in USD, **Antarctica met a currency crisis in 1999 and was acquired by Brahma**, keeping 6% of the new company

Ambev margins post-merger² 1999-2003; Actual, %



From Brazil to the World
5 years after the merger, Ambev merged with Interbrew creating **the world's largest beermaker**. In 2008 the company bought Anheuser-Busch, creating one of the 5 largest consumer product companies globally and a **company valued at over US\$125B**



Market Dynamics

Trump Market Size

While Latin America is nothing short of challenging, thriving in this environment has driven entrepreneurs to build some of the **world's very best companies**.

Ambev exemplifies this among traditional businesses.

Now, tech companies are following suit, showing why, in some cases, LatAm does it best. We call the trio of leading Latin American tech companies that have thrived against all odds the **"Triumphant Three."**

LatAm's Triumphant Three



Mercado Libre



Nubank



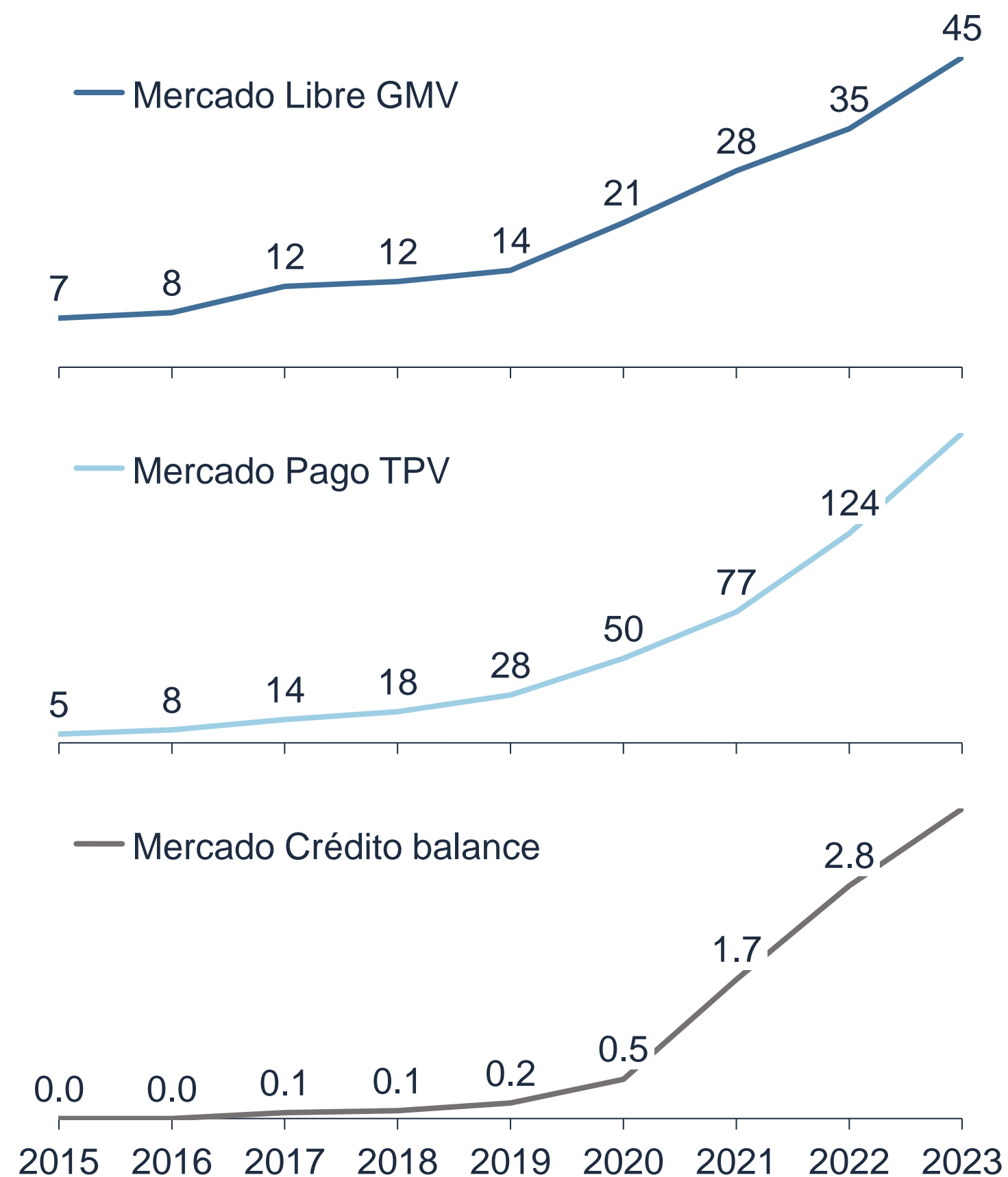
iFood



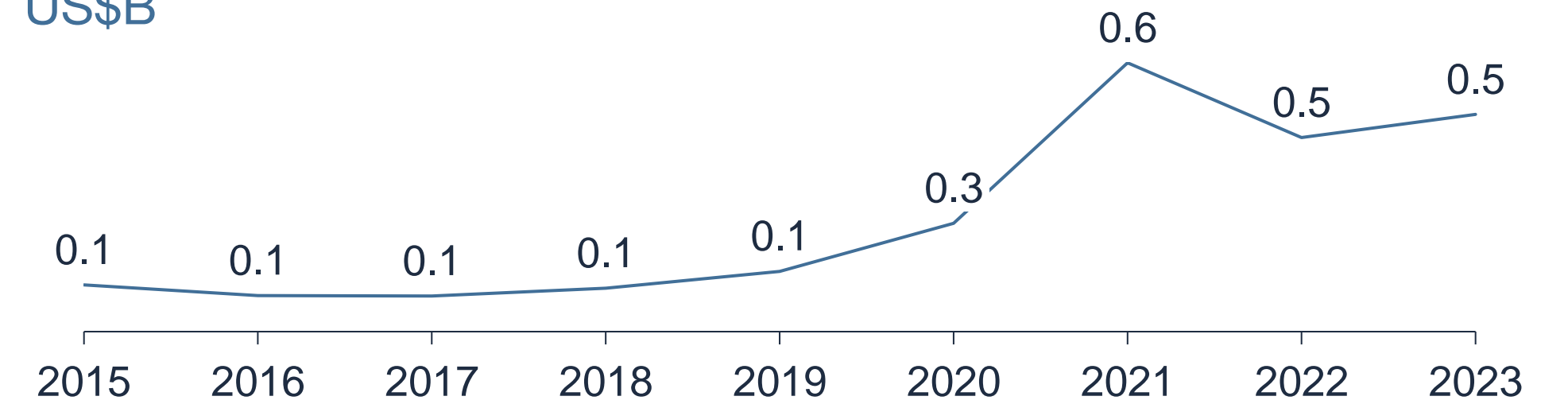
Mercado Libre created a unique ecosystem with commerce, fintech, ads, and logistics

- **Context:** Latin American e-commerce was fragmented with limited infrastructure after the dotcom bust eliminated many players
- **The Edge:** Mercado Libre built a comprehensive ecosystem investing heavily in marketplace, logistics, and payment solutions that created a flywheel across all business lines
- **Results:** Mercado Libre became the largest company in all of Latin American, surpassing a US\$100 billion market cap

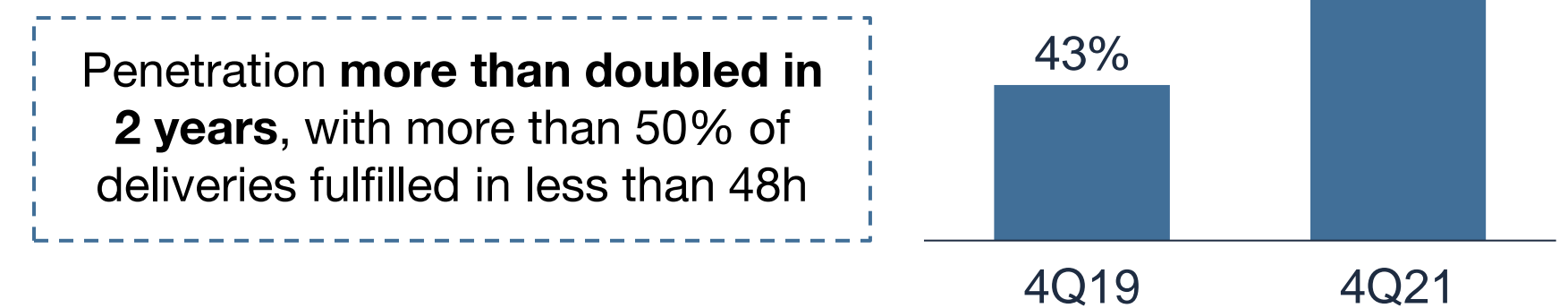
Mercado Libre key operational metrics¹
2015-2023, US\$B



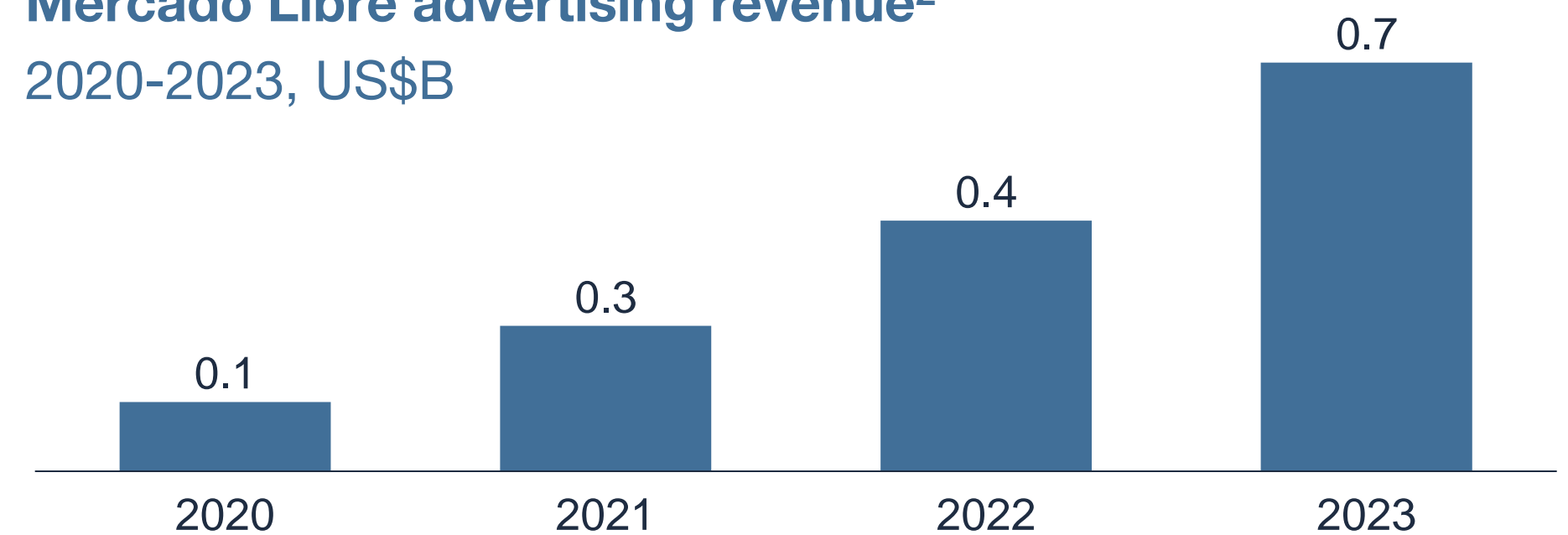
Mercado Libre CAPEX expenses
US\$B



Mercado Envios managed network penetration¹
% of sellers



Mercado Libre advertising revenue²
2020-2023, US\$B



Sources: (1) Mercado Libre earnings releases; (2) e-Marketer using Mercado Libre's IR data



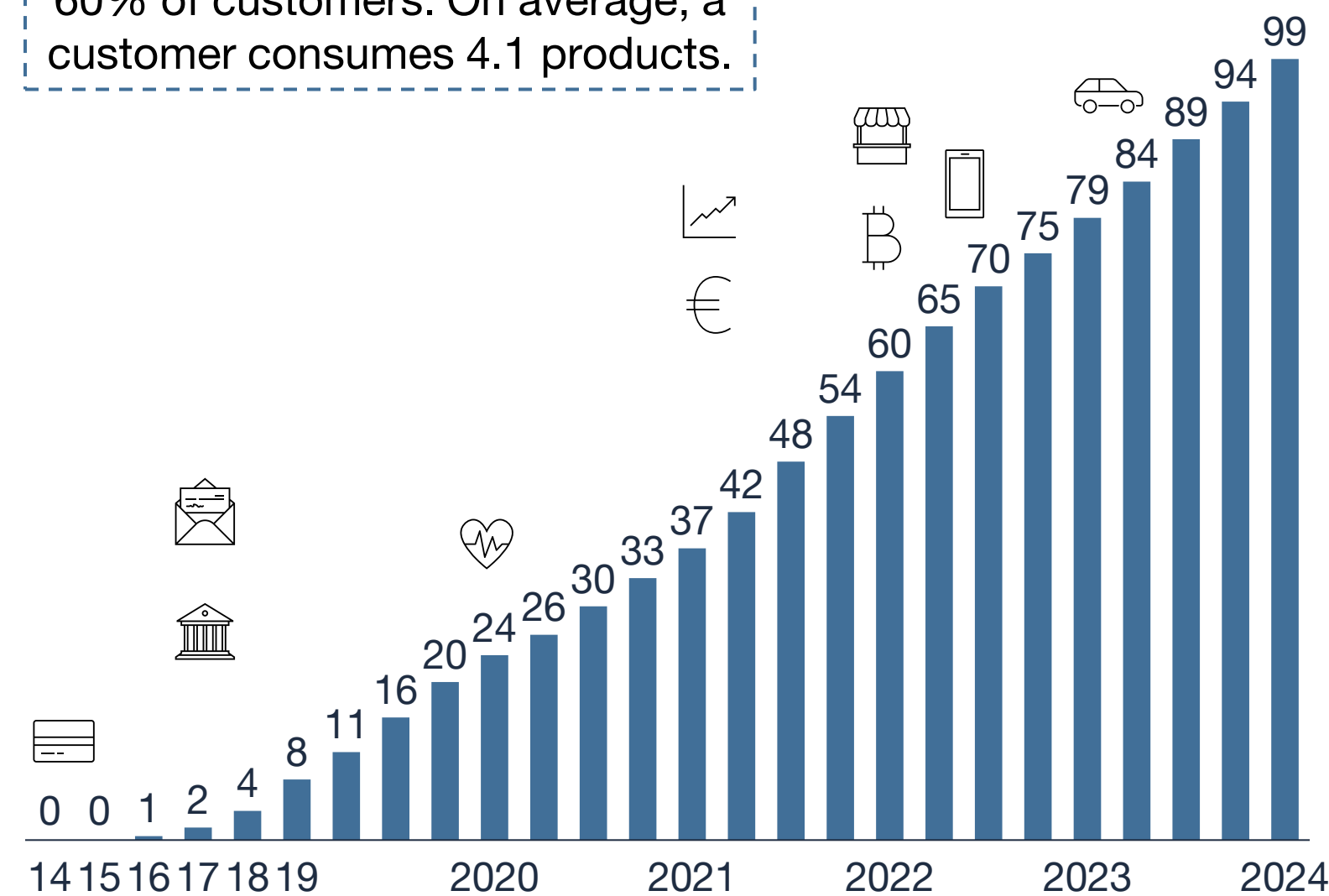
Nubank disrupted traditional banking with a fully-digital offering, starting with credit cards

- Context:** Brazilian banking was dominated by few players with high margins, low accessibility and low customer satisfaction
- The Edge:** Nubank disrupted the market with a no-fee, user friendly, and widely available credit card, then expanded into banking. 34% of new credit cards and 50% of personal loans were to consumers that never had these services before
- Results:** Nubank became the most valuable bank in LatAm and largest digital bank in the world

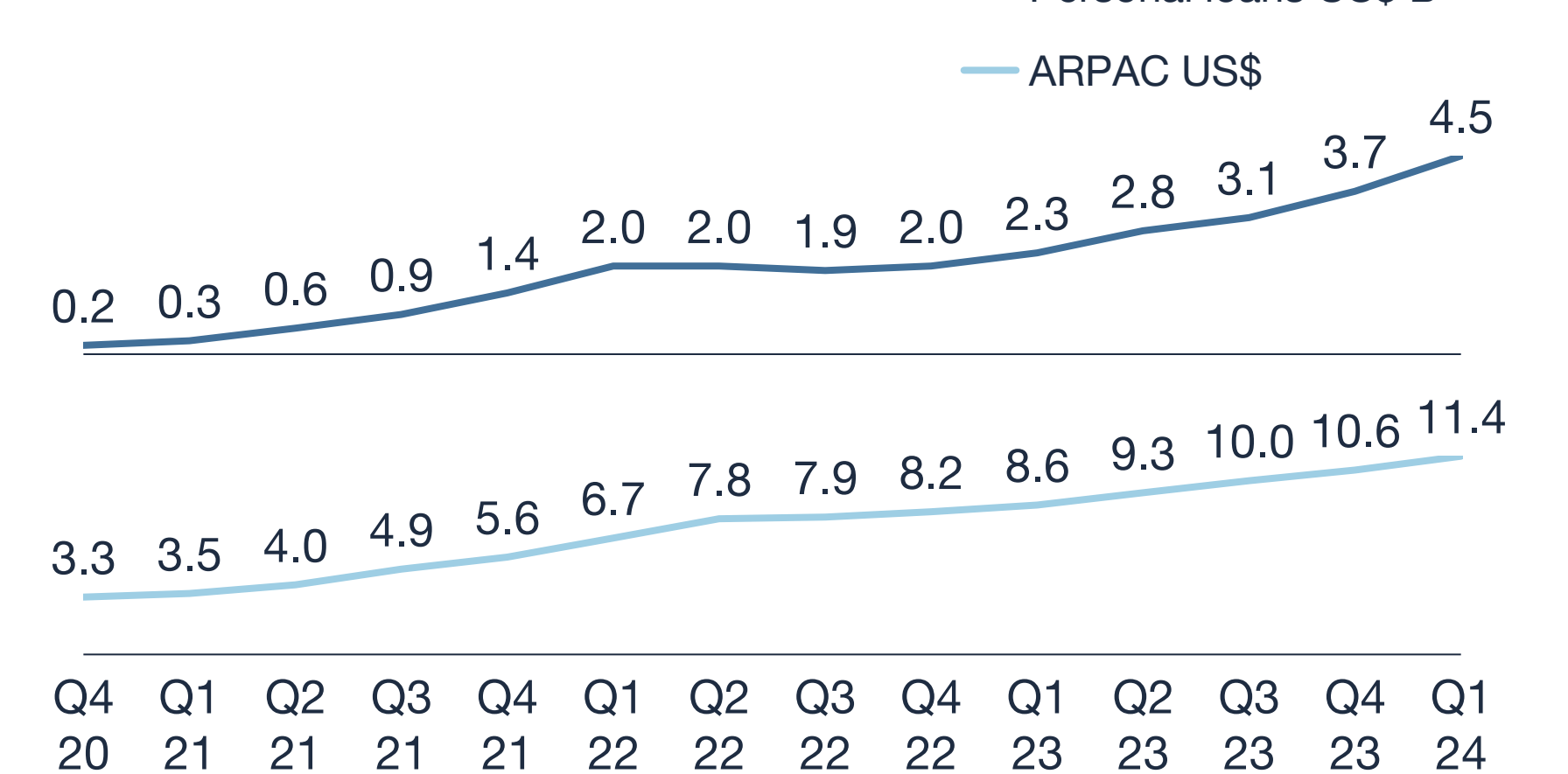
Nubank Customers and Products¹
2014-2024, Million customers



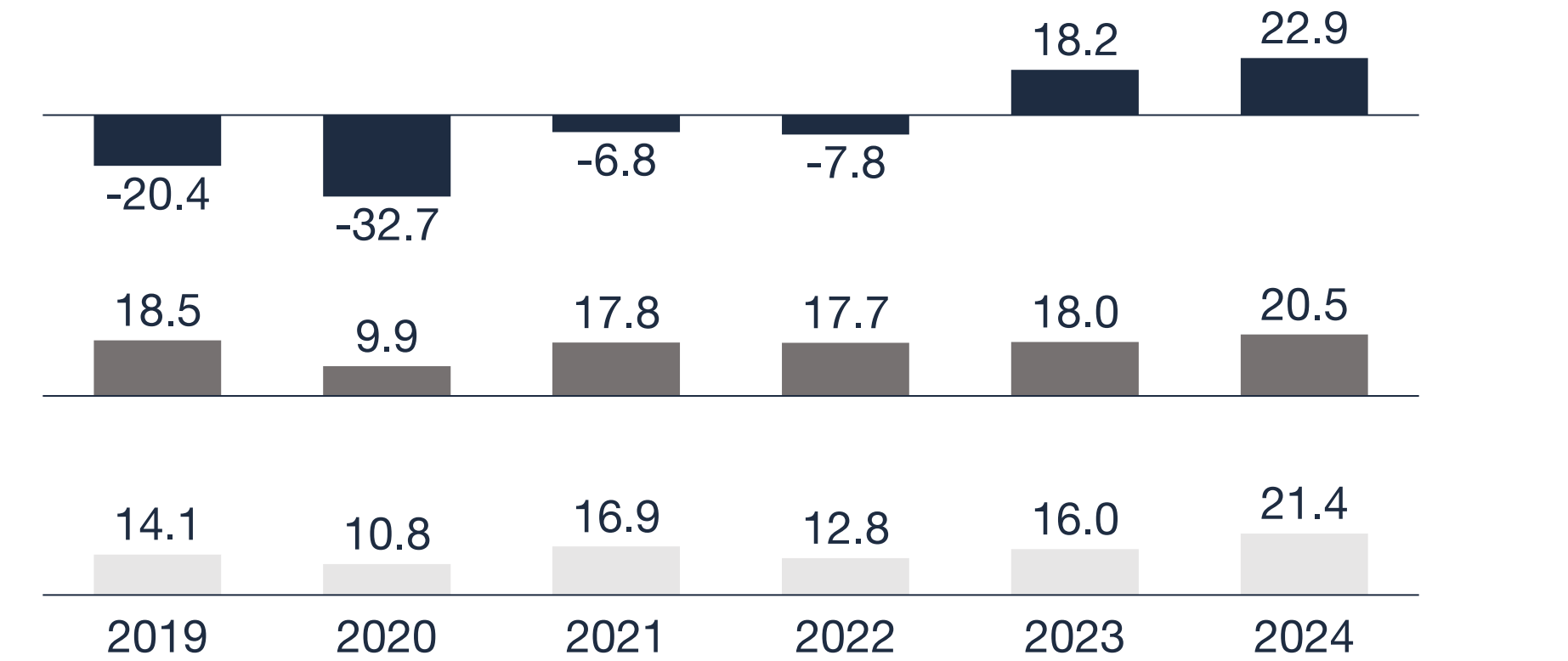
Nubank is main bank account of 60% of customers. On average, a customer consumes 4.1 products.



Nubank performance metrics¹



ROE – Nubank vs. peers²
2019-2024



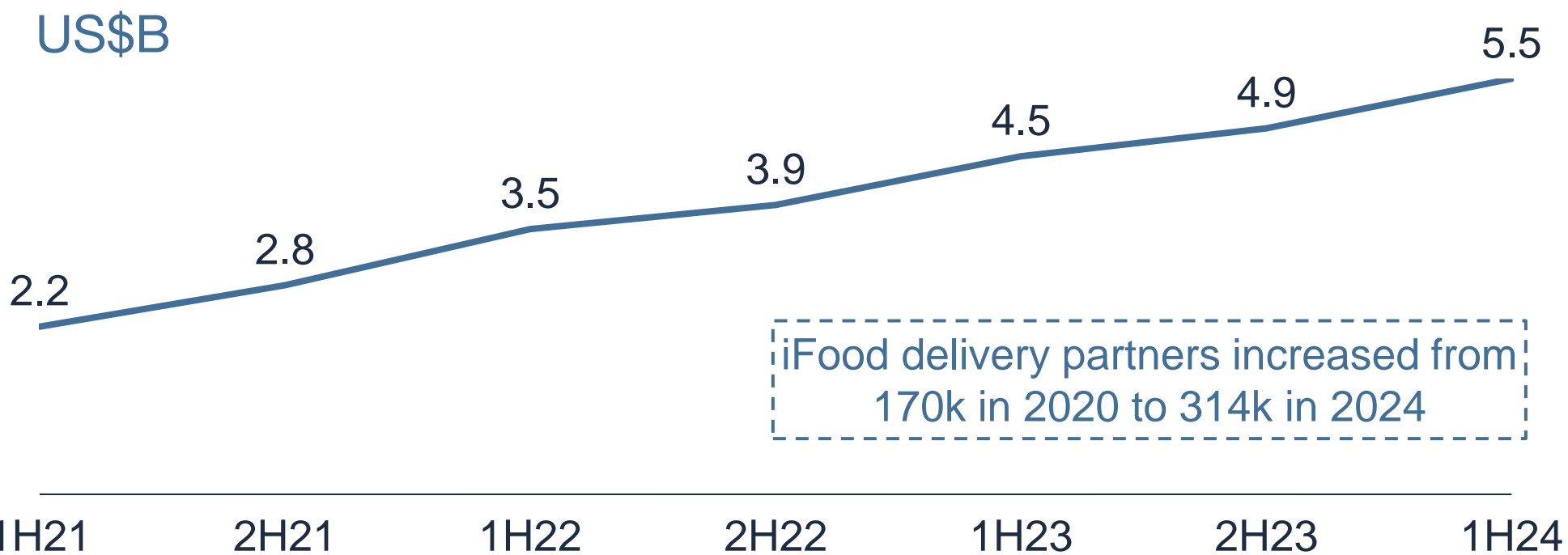
Sources: (1) Nubank IR Presentations; (2) Capital IQ



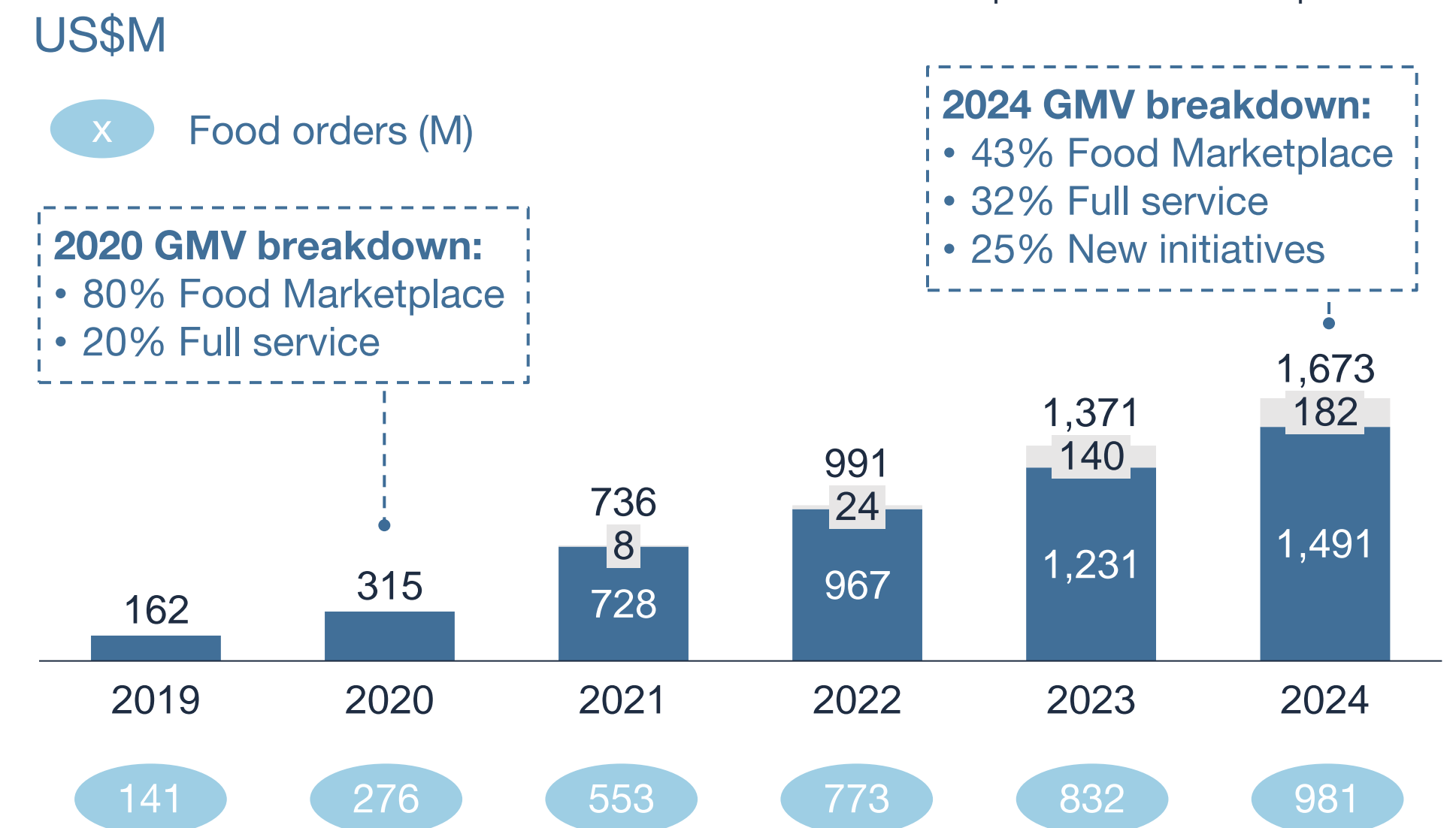
iFood leverages aspects of the informal economy to reach large scale impact

- Context:** Brazil's food delivery market was underdeveloped, with fragmented operations using old technologies and business models
- The Edge:** iFood's marketplace model leveraged structural aspects of the gig economy and national income disparity to scale a delivery platform that then expanded into adjacent business opportunities
- Results:** Value add from iFood's ecosystem represents over 0.5% of Brazilian GDP, with more room for growth

iFood GMV evolution¹

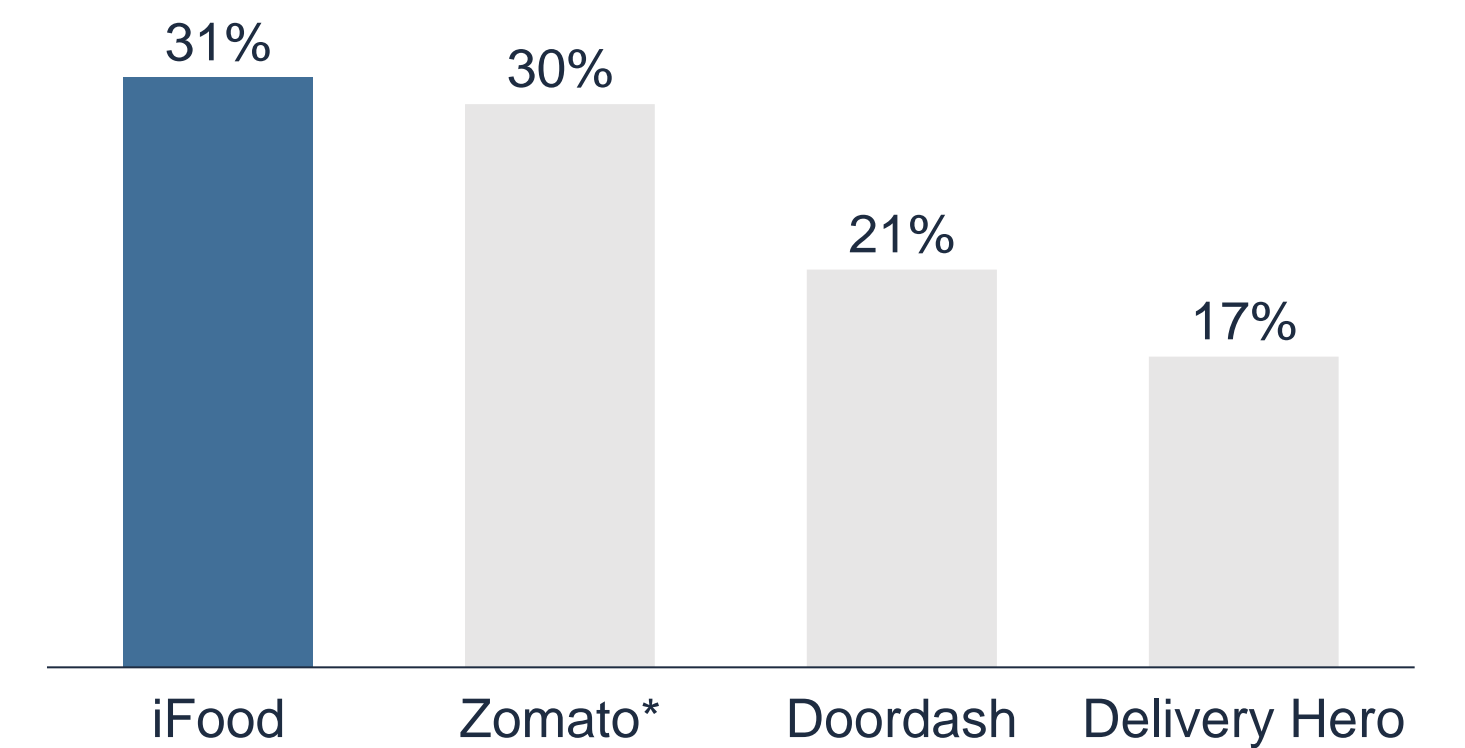


iFood revenue breakdown¹



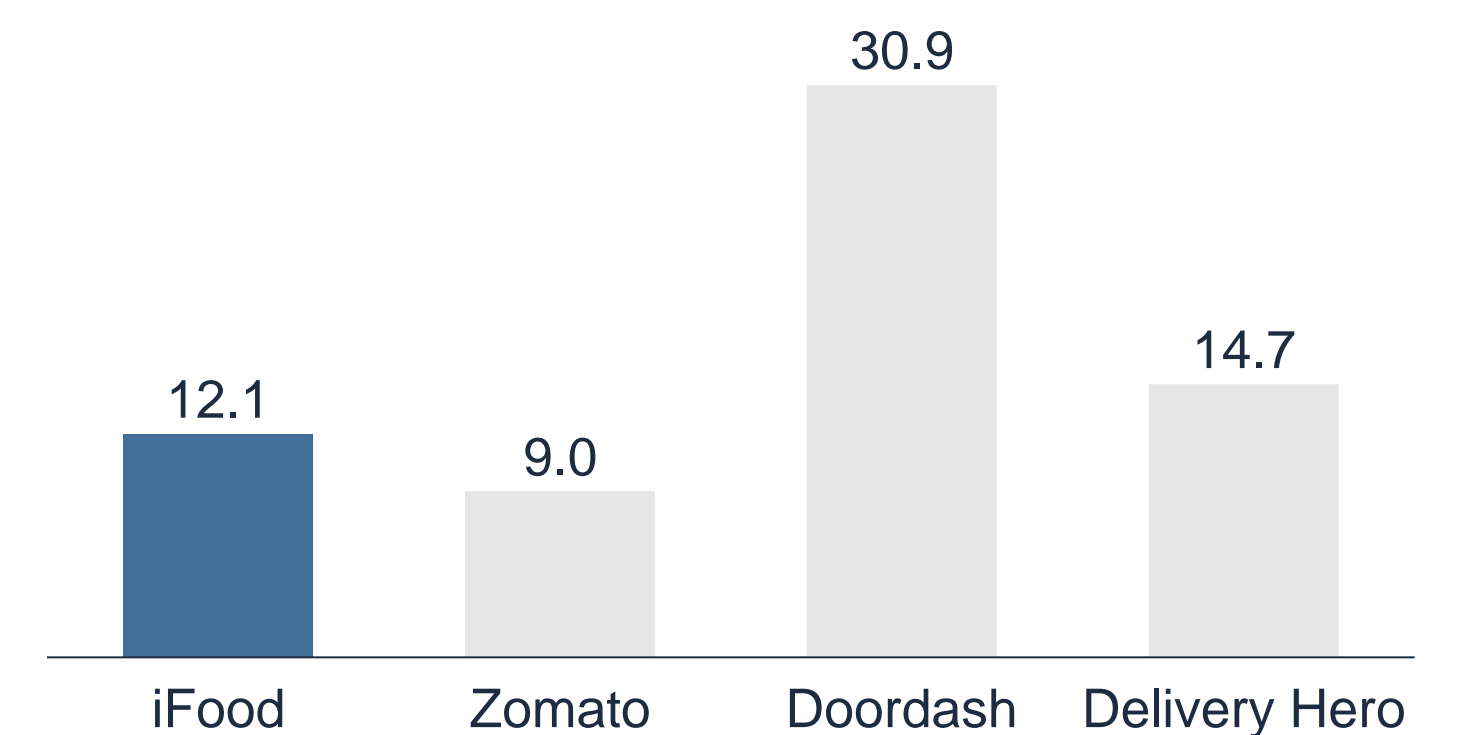
iFood GMV growth vs. peers^{1,2}

2021-2024, 3y Compound Annual Growth Rate



iFood GMV/Order vs. peers^{1,2,3,4}

2023, US\$ of GMV per order



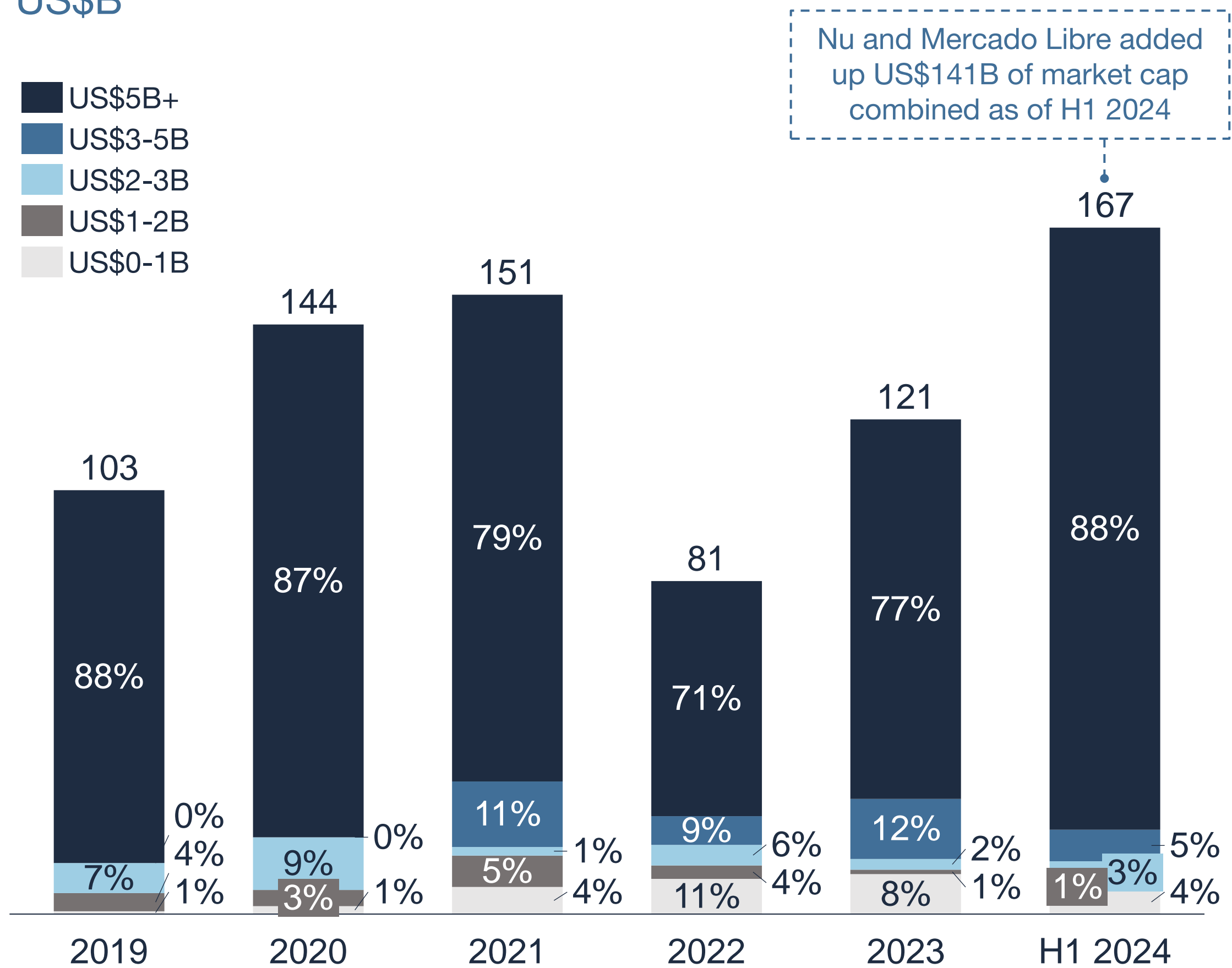
Note: (*) Zomato CAGR calculated using 5y of data

Sources: (1) Prosus FY2024 Results presentation; (2) Capital IQ; (3) Zomato IR; (4) Doordash IR

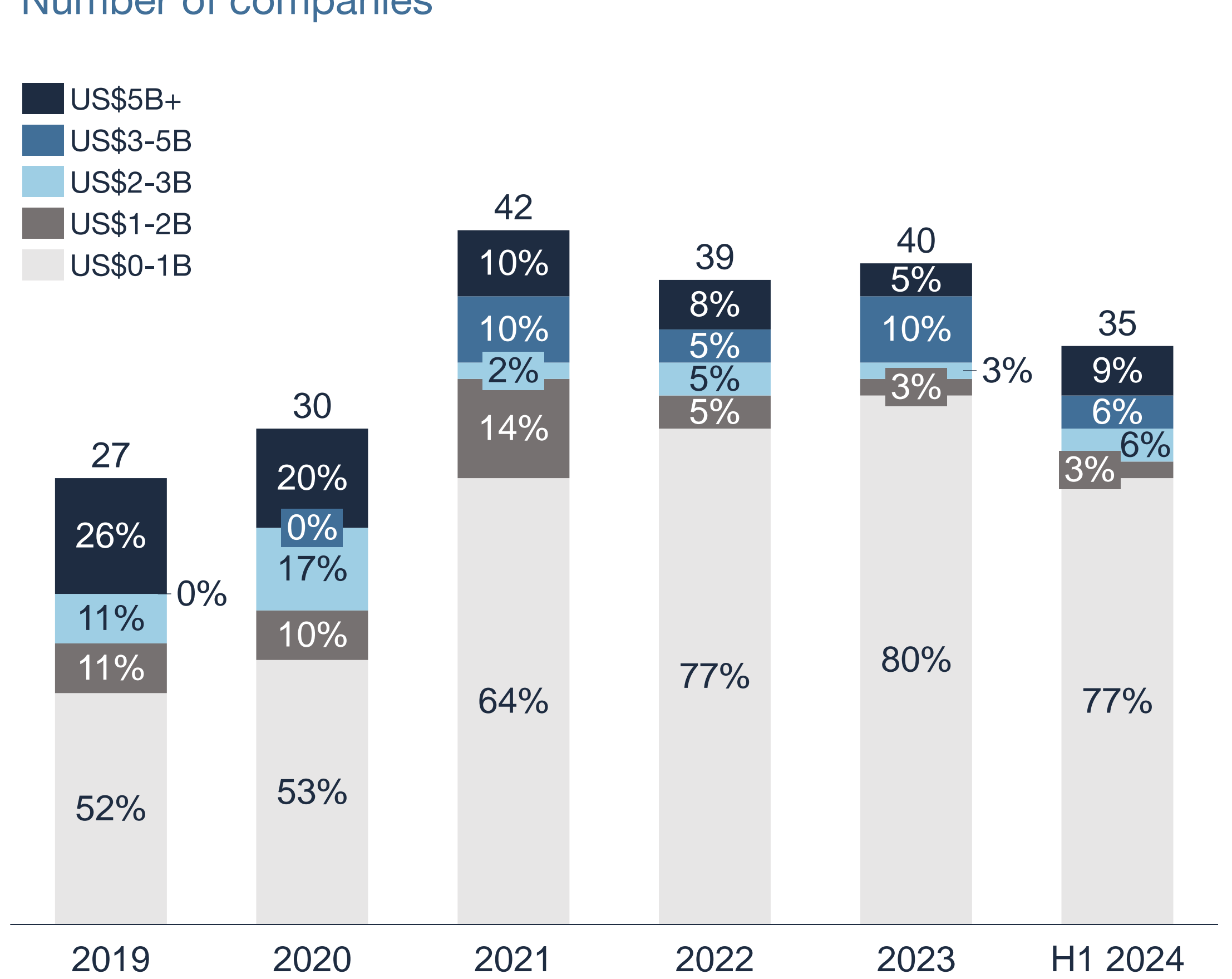


Nu and Mercado Libre have driven public tech company market cap growth while iFood has remained private*

LatAm public tech companies market cap by valuation tier
US\$B



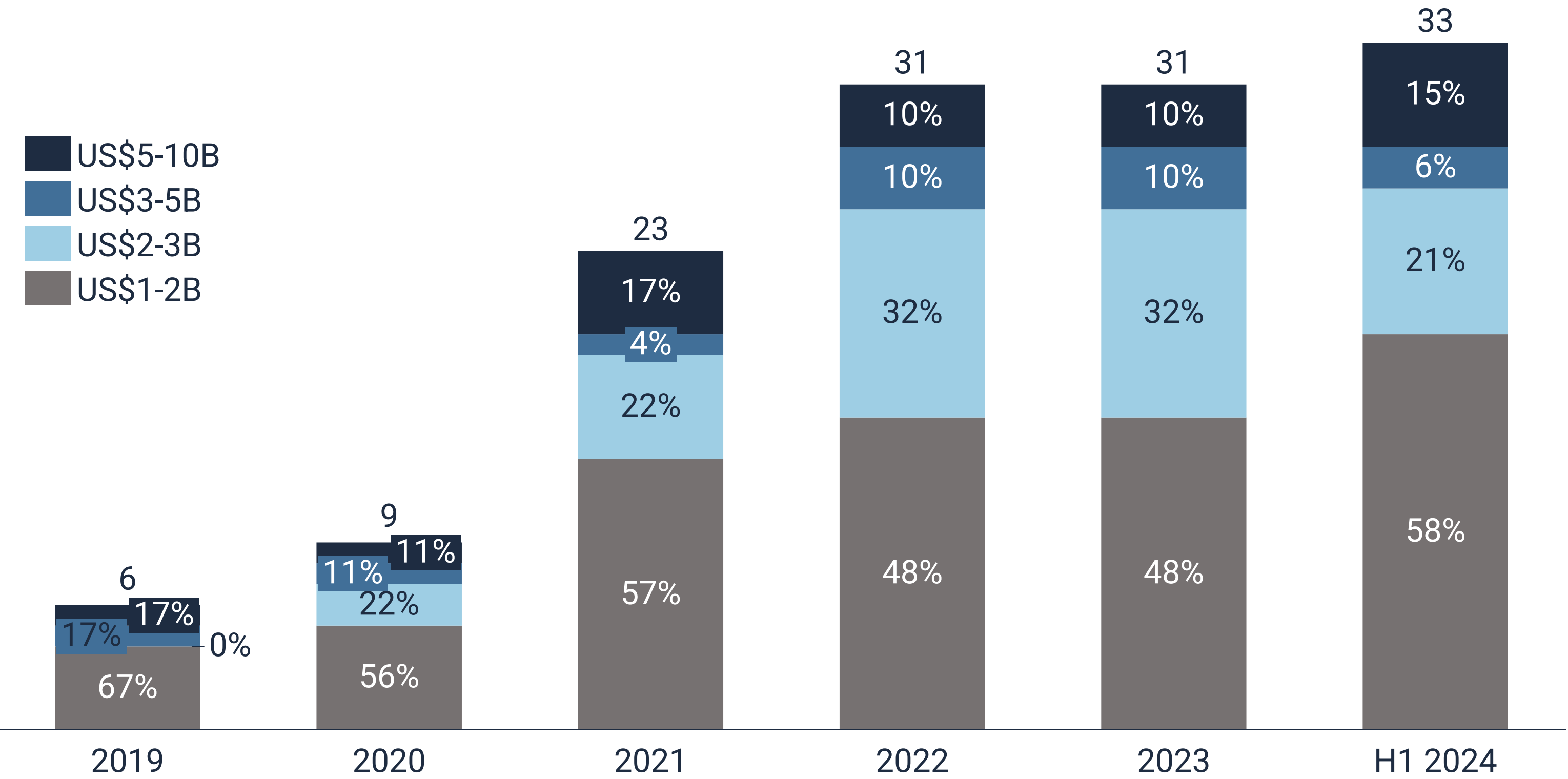
LatAm public tech companies by valuation tier
Number of companies



Note: (*) iFood is not publicly listed but majority owned by Prosus which is publicly listed in Holland
Sources: Atlantico analysis; Capital IQ

Latin America's number of unicorns has been stable, with two new additions this year

Latin America unicorn companies by valuation tier
Number of companies*



Note: (*) Analysis use public and private data, but some valuations still reflect multiples from 2020 and 2021. While arbitrary adjustments are avoided, we believe actual values are much lower than the "headline prices," though this may take time to show.
Sources: Atlantico analysis; Crunchbase

Next in line
for triumph



**“If you can
make it there,
you can make
it anywhere”**

- Frank Sinatra

”

LatAm to the World: companies are increasingly aiming for global markets and are experiencing early success

GLOBAL FROM DAY 1¹

Mobile gaming studio. Used free, games to reach a global audience from the start



- Hired **Global CTO in 2012** to lead an international products team
- Launched **free games when most were paid**
- Widespread distribution led to **3 billion downloads**
- Current reported **valuation above \$3Bn**

SCALING ABROAD³

Access to a **network of gyms** as a **corporate benefit** (f.k.a GymPass)



- From 2020 to 2024, WellHub expanded from **3,000 to 15,000 enterprise customers in 14 countries**
- **At the request of customers, they expanded the network** to therapy, nutrition, and sleep quality
- New additions enhance offering and **facilitate international adoption**

EXPORTING CREATIVITY²

Online platform that allows creators to sell and scale **digital products**



- Hosts over **580k products** and generates sales in **188 countries**
- Number of new international buyers increased **4x from 2021-2023**
- **15% of creator revenue** in 2023 coming from international sales
- Company surpassed unicorn status in 2020

WORLD-CLASS PRODUCT⁴

Secure **cloud-based payment network** in Brazil, expanding to the United States

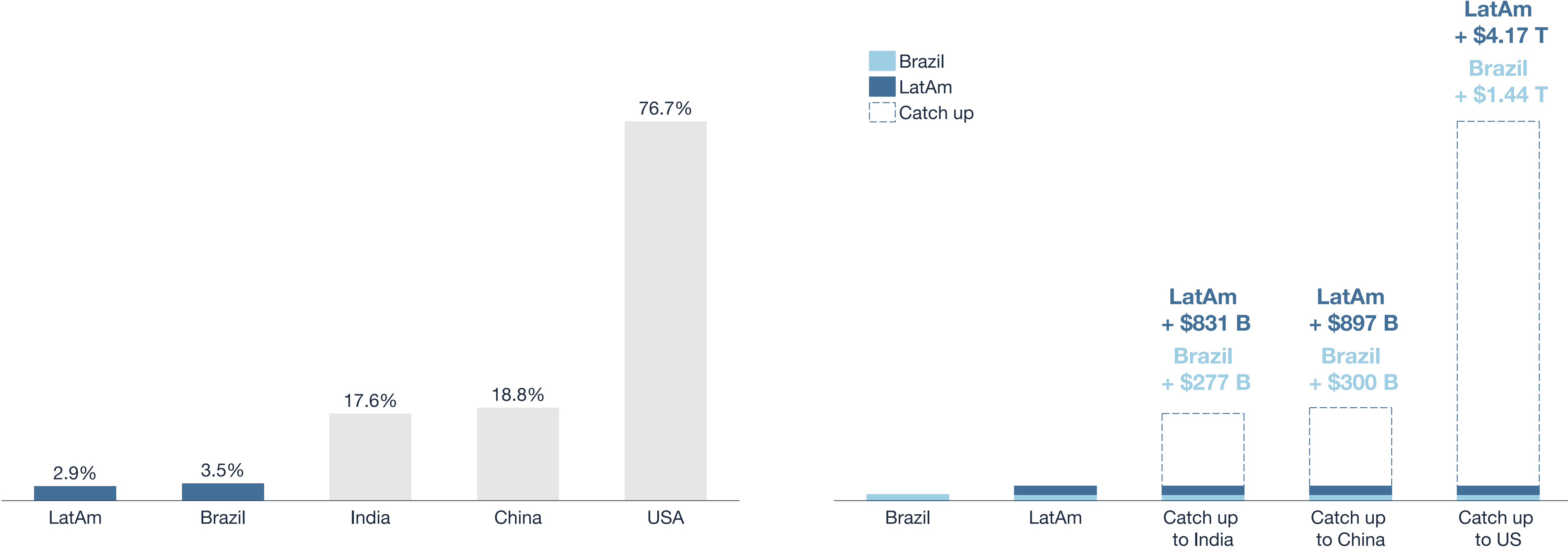


- Cloudwalk had **1.1million active merchants** using InfinitePay in 2023, **3x as much as 2022**
- The Jim solution launched in the US, bringing **instant payments, fast payouts and an AI copilot**
- The company was valued at over **\$2Bn in 2021**

Trillions to be captured: Latin America presents enormous potential value to be created as region catches up to peers

Atlantico Digital Transformation Index^{1,2,3}
 Q2 2024, tech company market cap as % of GDP

Latin America Tech Value Creation Catch-up Potential^{1,2,3}
 Q2 2024, US\$B

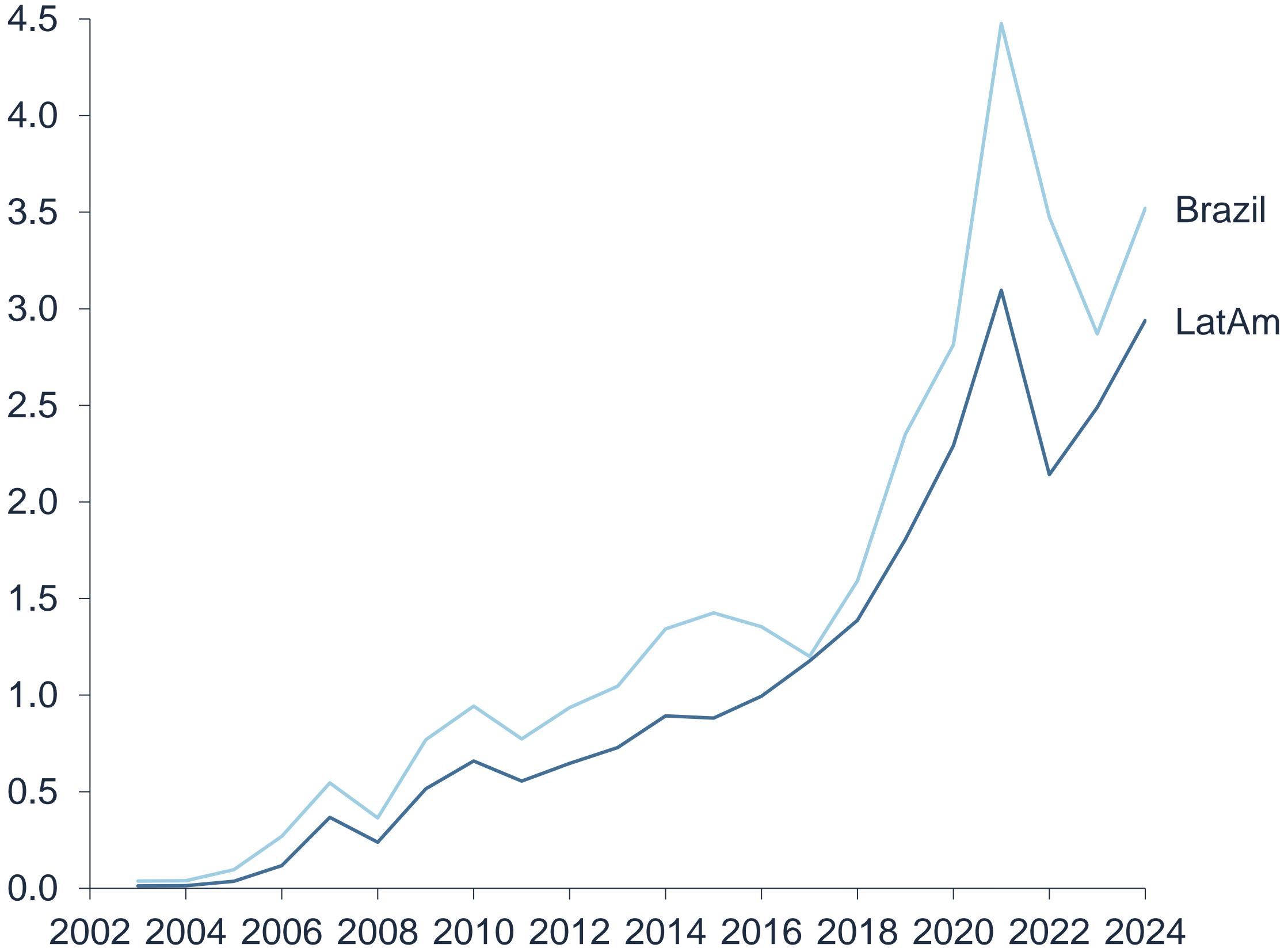


Note: HQ location was used to define company region; for all countries we used the average of the respective year's quarters to calculate GDP and market cap; market cap as of June 30, 2024
 Sources: (1) Capital IQ; (2) OECD; (3) Atlantico Analysis

A Long-Term Horizon: The rewards in Latin America will compound over the next decades

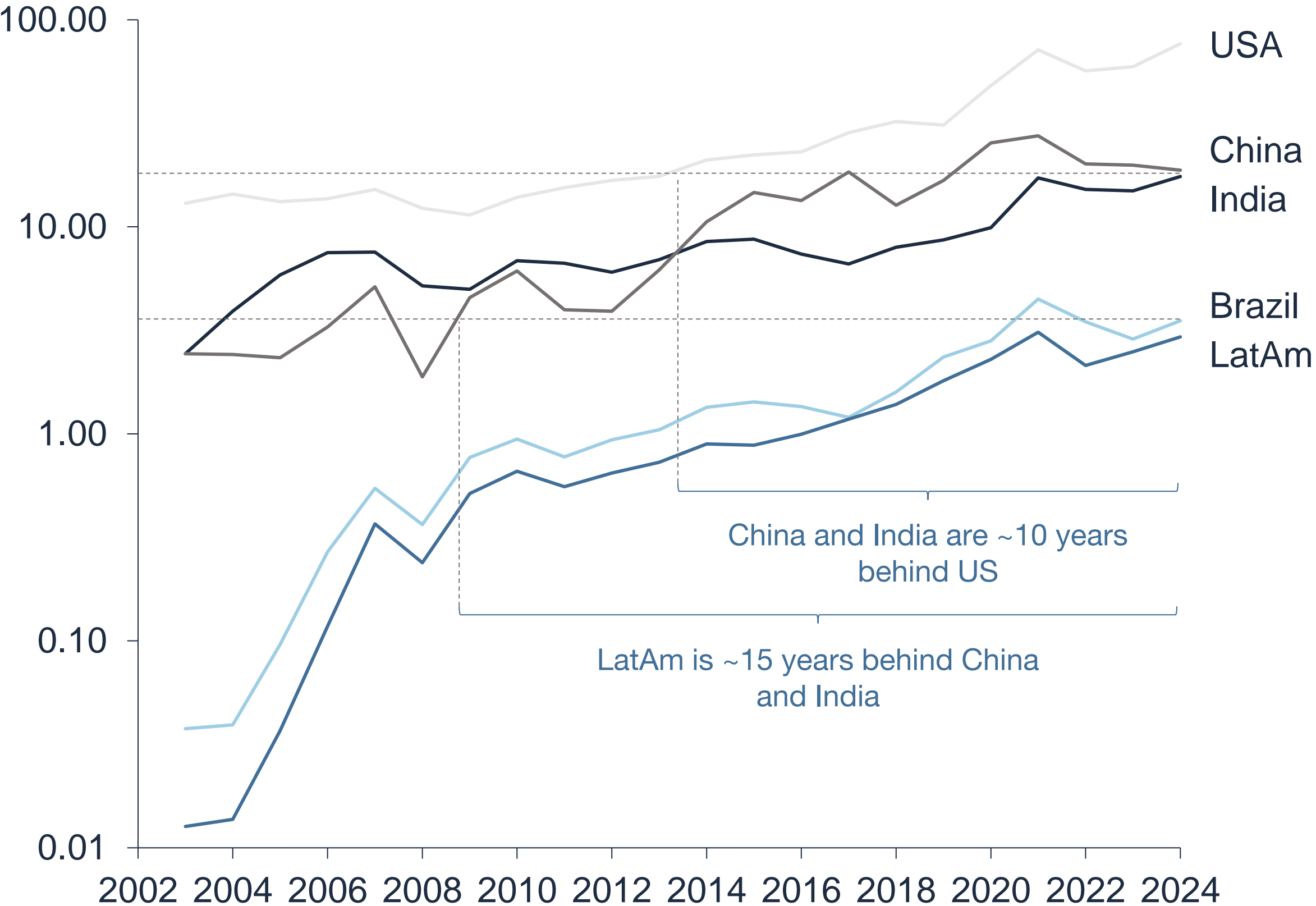
Atlantico Digital Transformation Index – Brazil and LatAm^{1,2,3}

Tech company market cap as % of GDP, Linear scale



Atlantico Digital Transformation Index^{1,2,3}

Tech company market cap as % of GDP, Log-scale



Note: HQ location was used to define company region; for all countries we used the average of the respective year's quarters to calculate GDP and market cap; market cap as of June 30, 2024

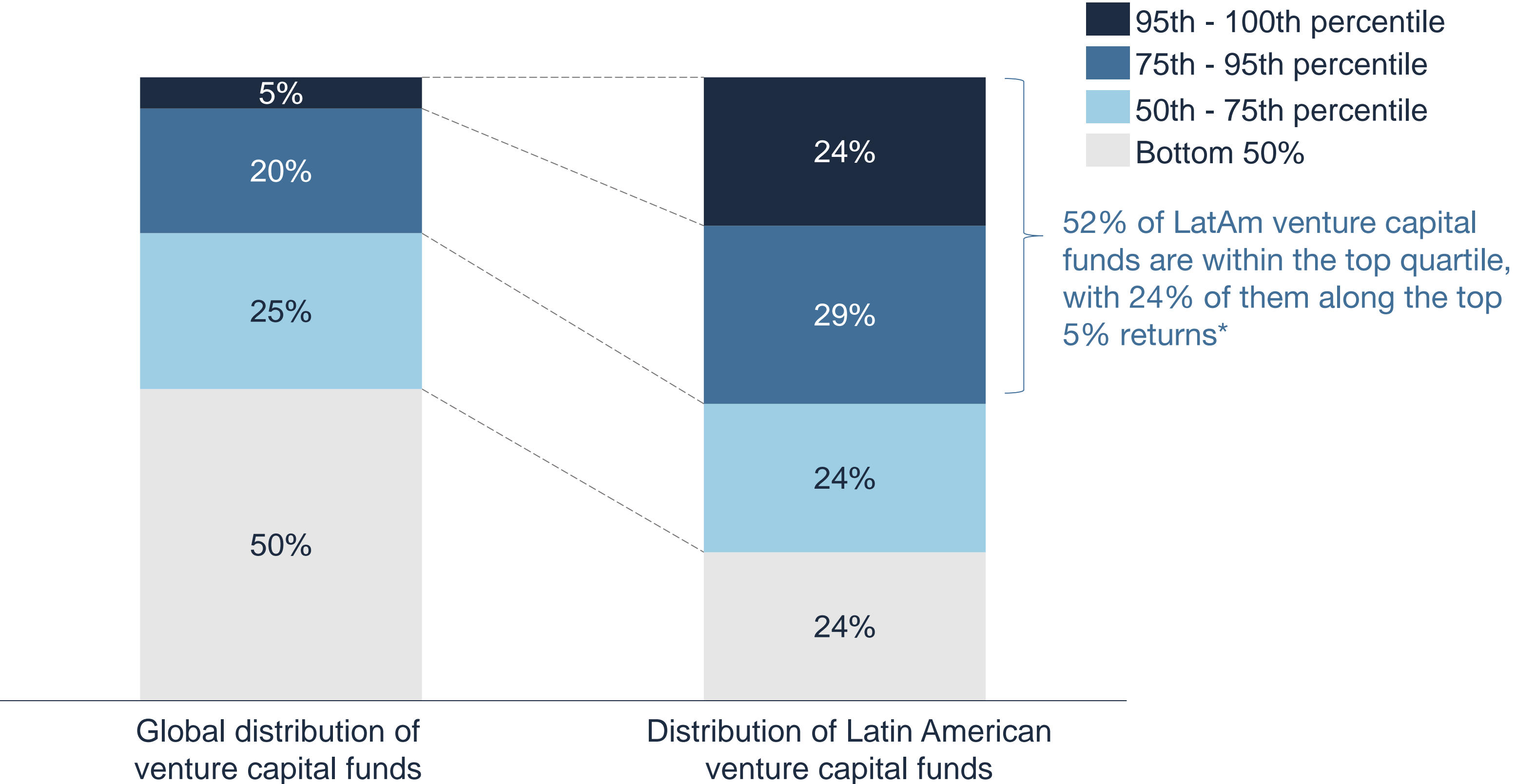
Sources: (1) Capital IQ; (2) OECD; (3) Atlantico Analysis



World Class Returns: LatAm VC funds disproportionately rank among the top quintile and quartile of funds globally

Distribution of LatAm Venture Capital funds versus global return benchmarks

% of 2012-2022 vintage funds placing within global return benchmark percentiles*



Notes: (*) Average USD TVPI benchmark percentiles by vintage year from Burgiss and Cambridge Associates as of 12/31/2023; (**) More recent vintages (2018 to 2022) are even more distinctive, with 27% within the top 5% and 64% within the top quartile
 Source: Atlantico analysis, using data from 42 Latin American venture capital funds (from 2012 to 2022 vintages) anonymously provided by Spectra Investments. Performance as of December 31, 2023

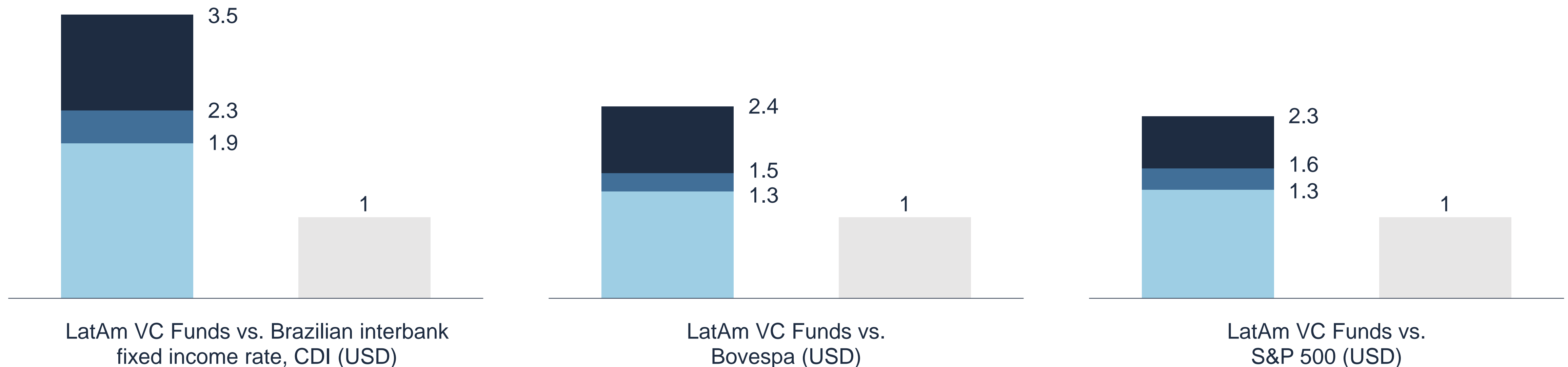
Latin American venture funds have consistently beaten public investment benchmarks over the past decade

Public Market Equivalent (PME) of LatAm VC funds against selected indexes

KS PME, Average from 2012 - 2022 vintage years by tier of fund

- Top quartile funds
- Median funds
- Bottom quartile funds

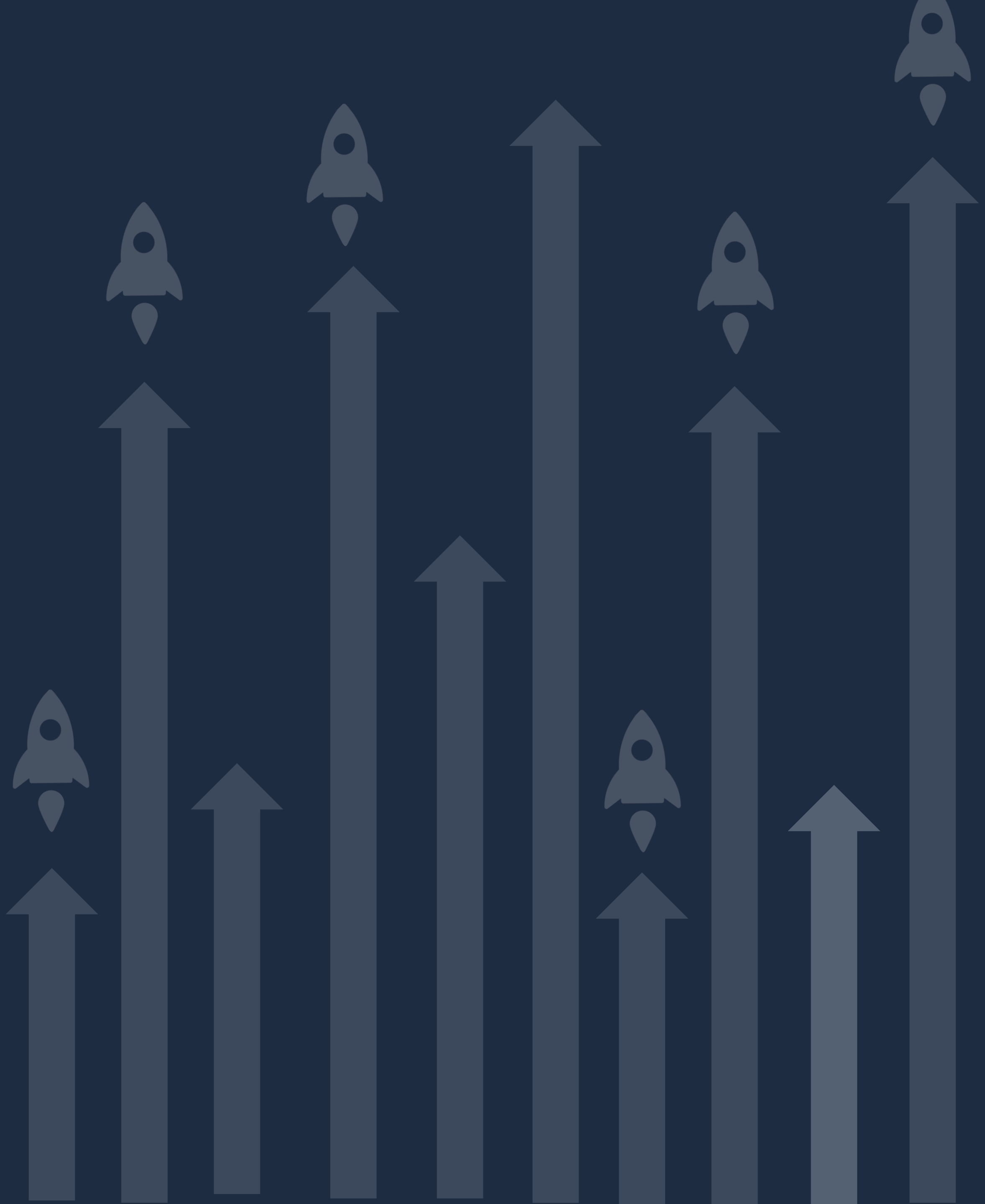
The **KS Public Market Equivalent** measures the performance of private investments relative to public markets. It is measured individually against each index. A **PME greater than 1** indicates that the fund has outperformed the index during the investment period



02

Powering Growth: Capital & Talent





The New Normal

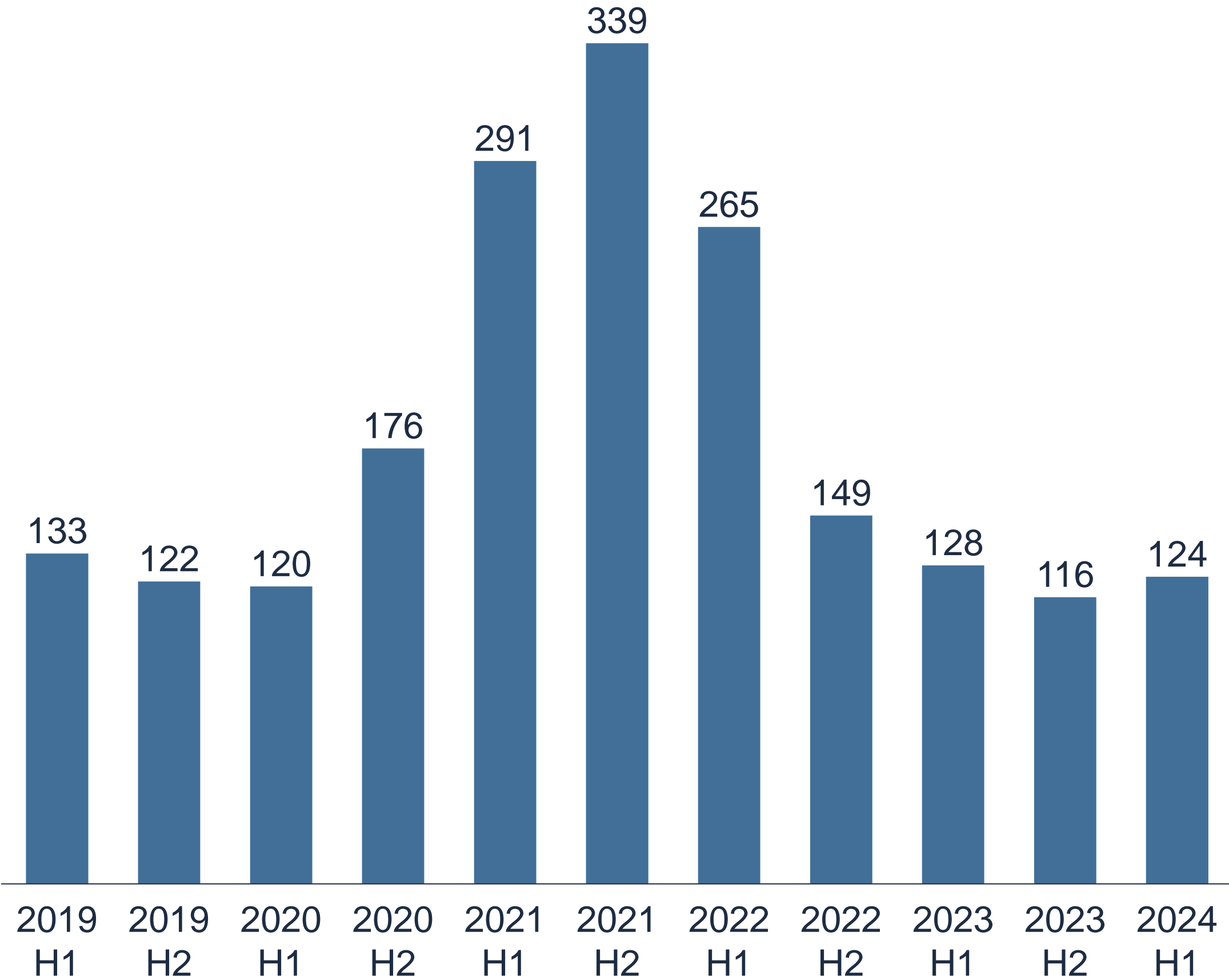
Uncertainty has given way to stability. Following a long period of volatility, both founders and investors seem to be finally embracing the new normal.

Countering the prevalent narrative of “tourist capital”, **foreign investors have remained consistently active.**

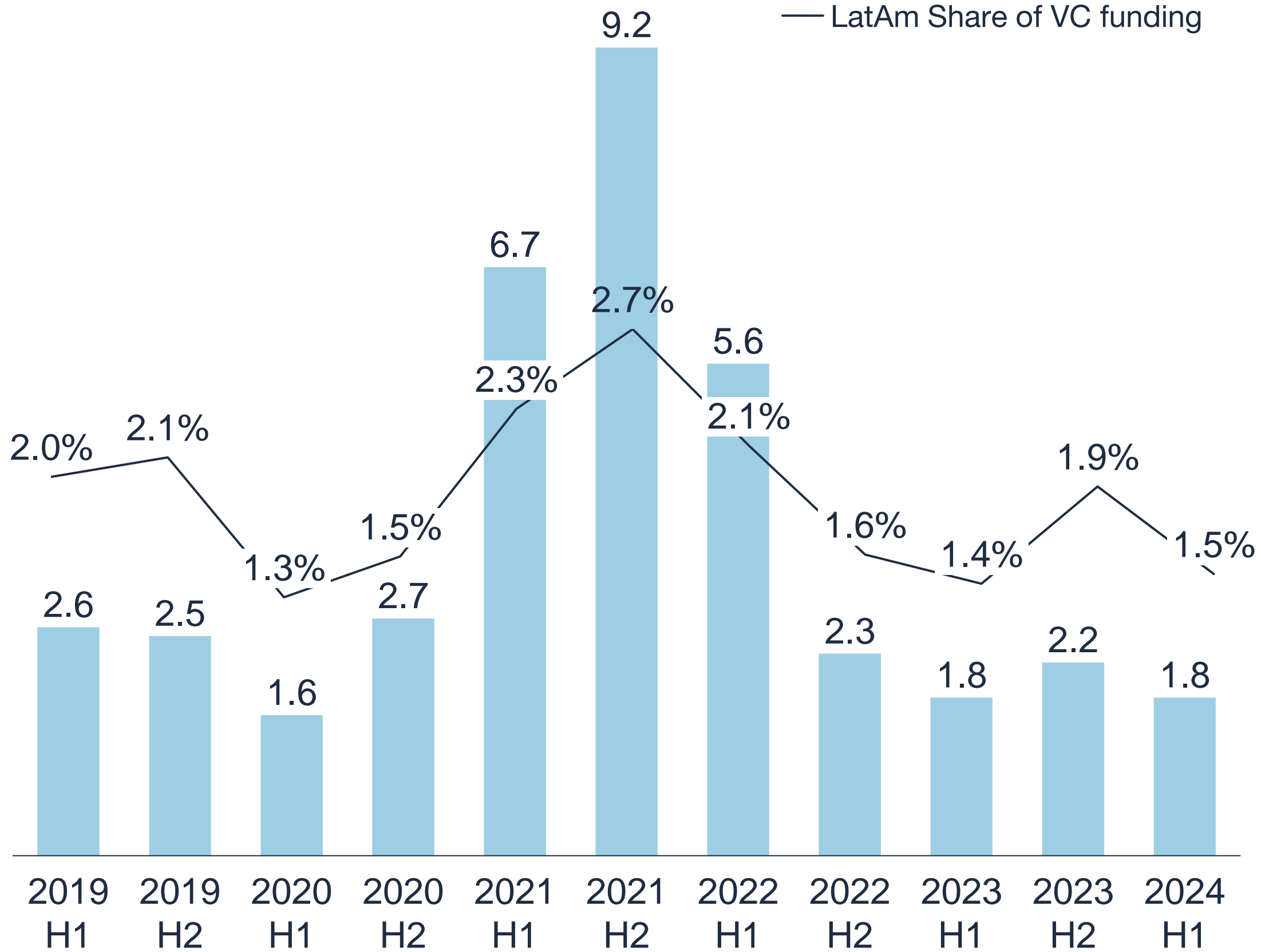
The opportunity remains vast. With Latin America having generated some of the **best venture capital returns of all-time** for top global funds, we expect innovation capital to continue to flow in.

Global venture funding returns to pre-pandemic levels with steady quarterly trends and LatAm growth potential

Global venture capital investment activity¹
US\$B



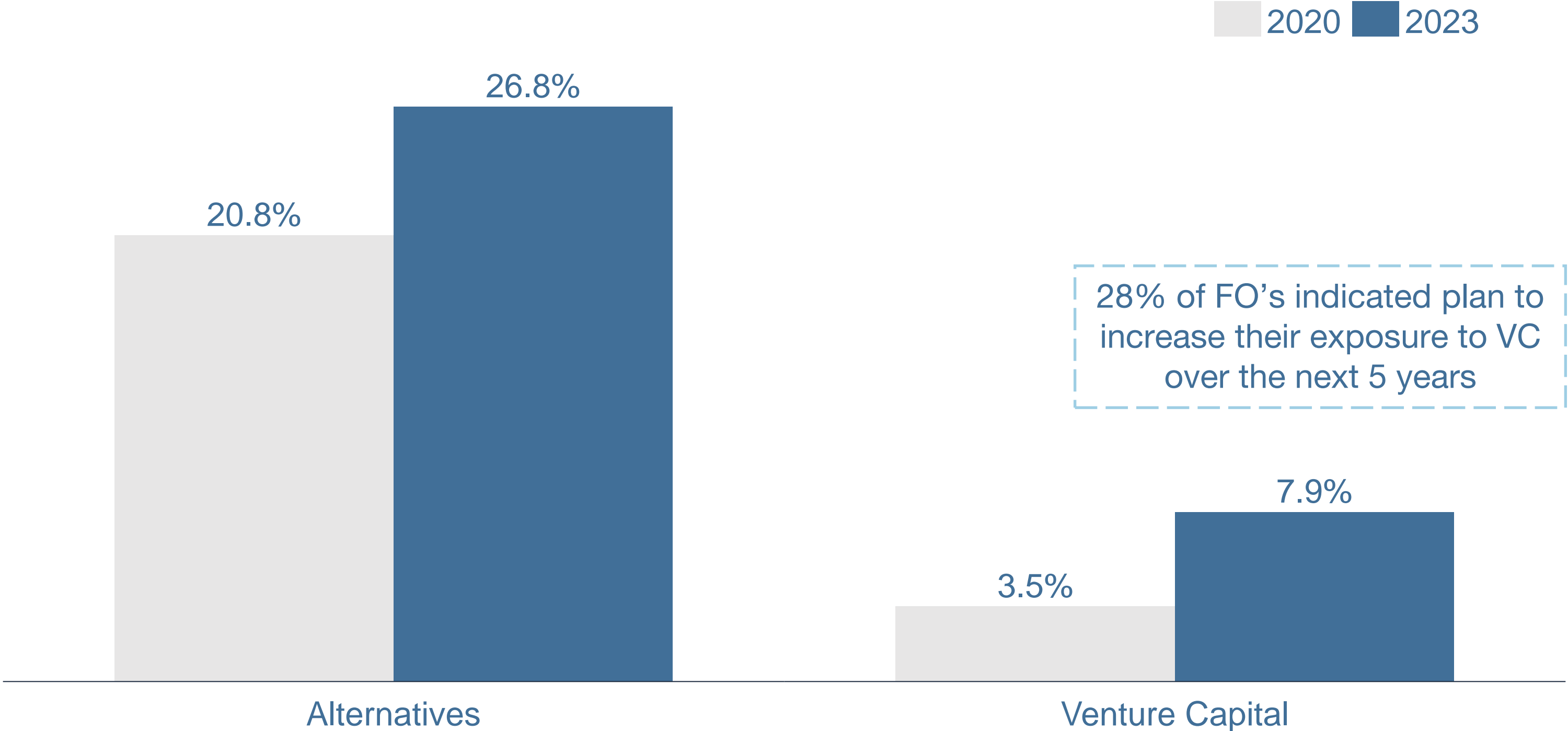
Venture capital investment activity in Latin America²
US\$B



Latin American family offices increased their allocation in both alternative and venture capital investments

Allocation by Asset Class - Latin America Family Offices*

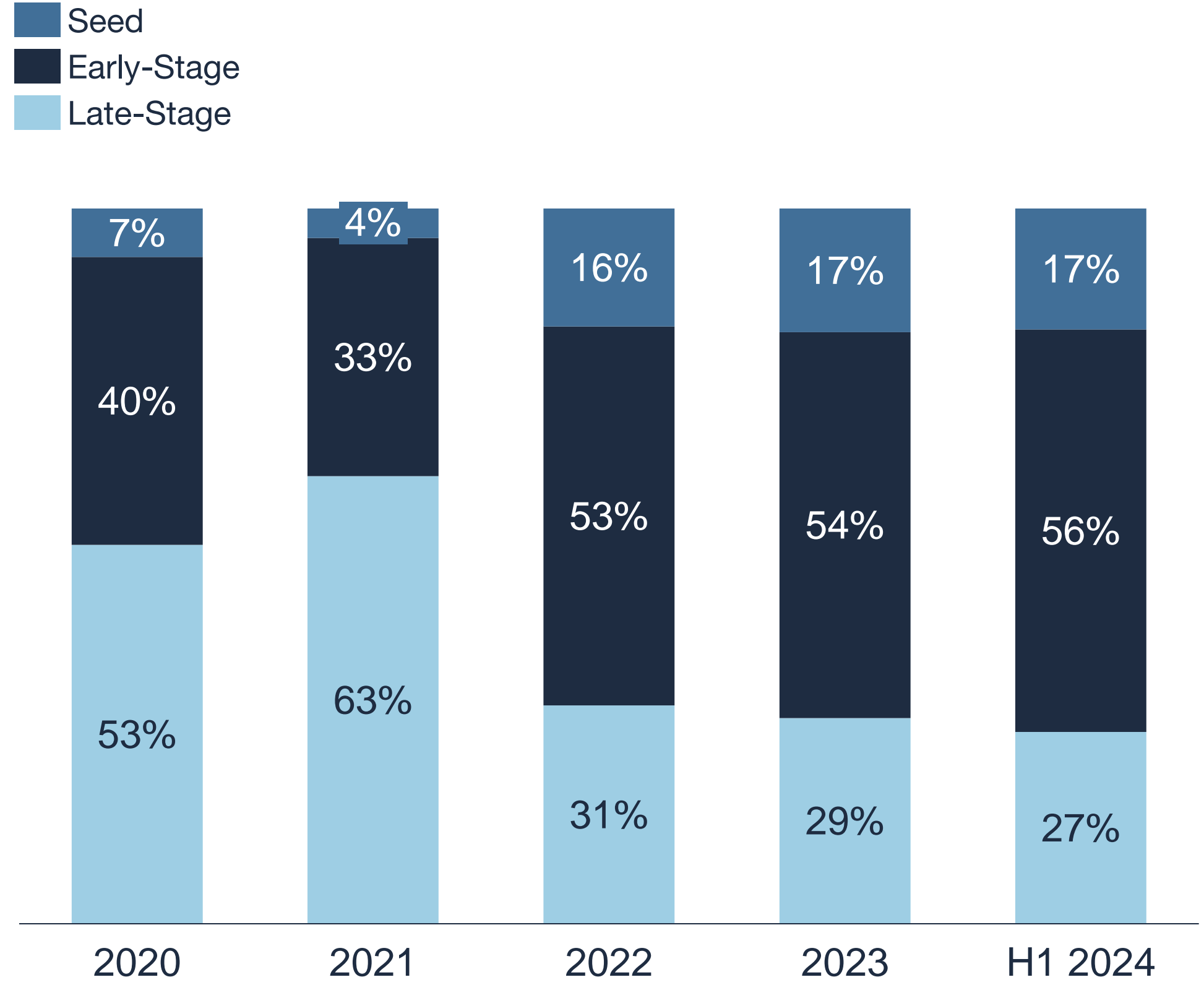
Share of respondent family offices



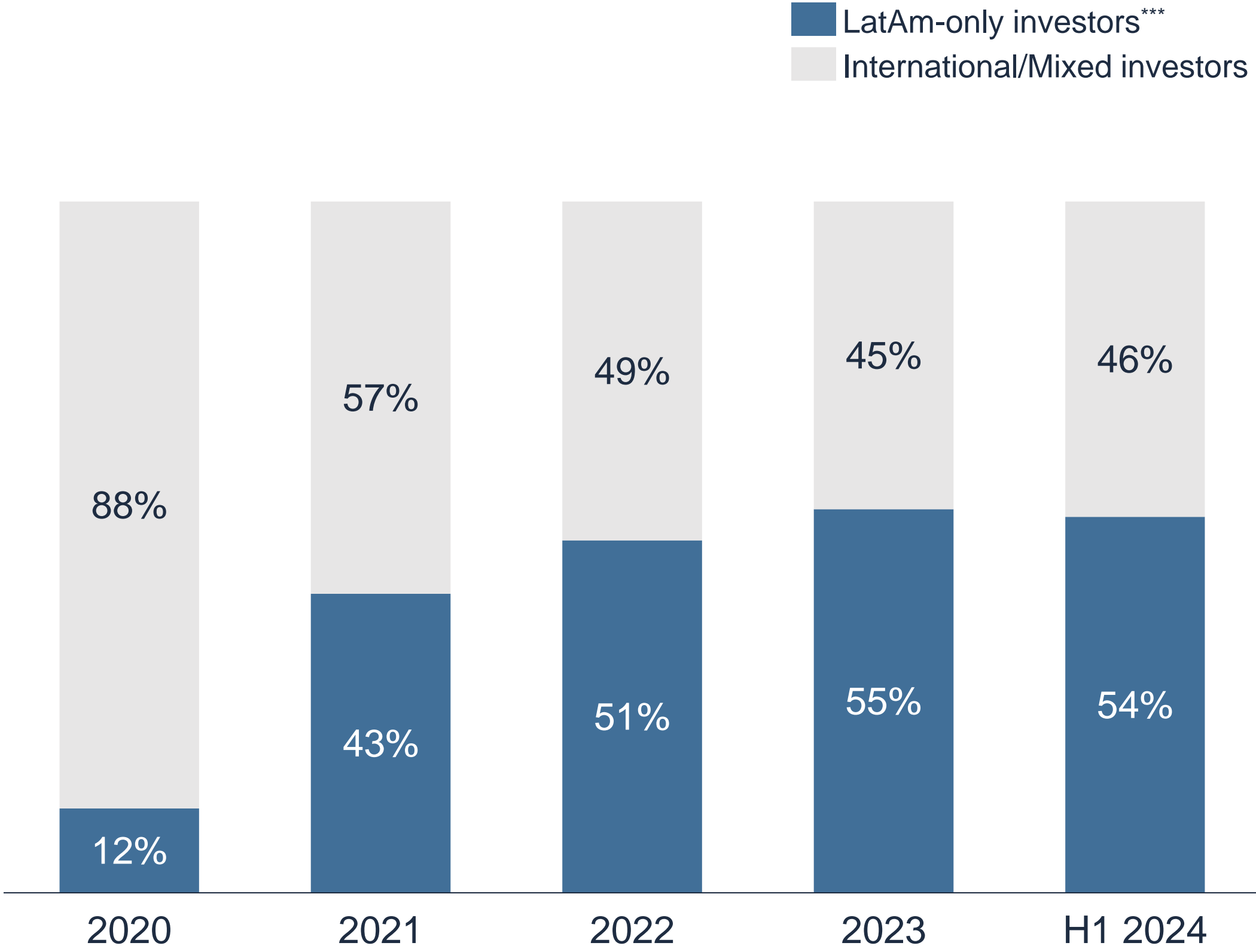
Notes: (*) The 2024 Atlantico Family Office Radar draws on data collected from 43 family offices during November and December 2023. These groups collectively manage over USD \$110 billion in assets under management (AUM); (**) 2021 figures: Alternatives = 18.3% | Venture Capital = 3.8%
Sources: 2024 Atlantico Family Office Radar, 2020 Atlantico Family Office Radar

Venture funding in Latin America has remained stable across stages, with continued presence of global investors

Latin America venture funding by investment stage^{*,**}
US\$M



Latin America venture funding by investor geography
% of number of deals

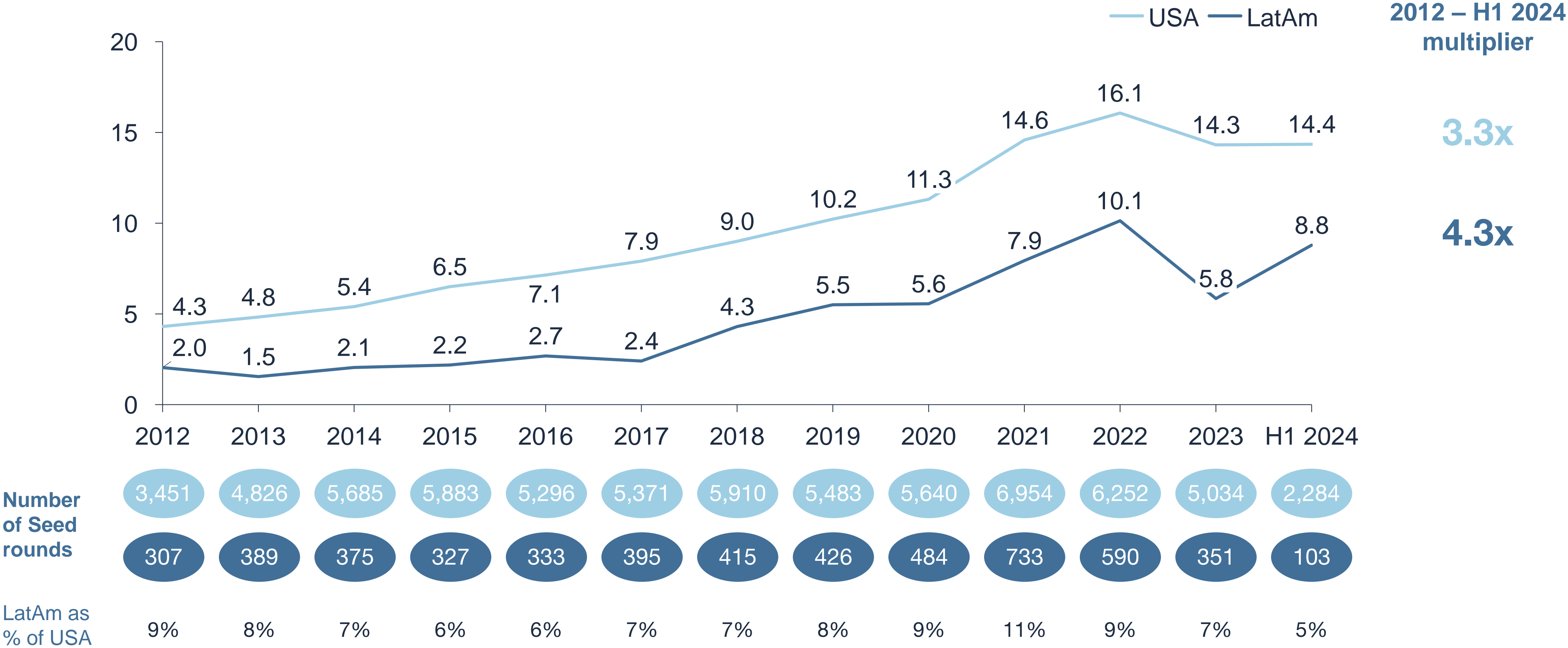


Notes: (*) Early stage includes Series A and Series B rounds; Late stage includes Series C+ rounds; (**) Venture debt not included; (***) LatAm-only investors were considered to be those whose primary HQ is located in Latin America
Source: LAVCA Industry Data and Analysis Q2 2024

LatAm and US round sizes have increased over time, but with LatAm much smaller in both round size and number

Evolution of median cash raised* for Seed + Series A rounds¹

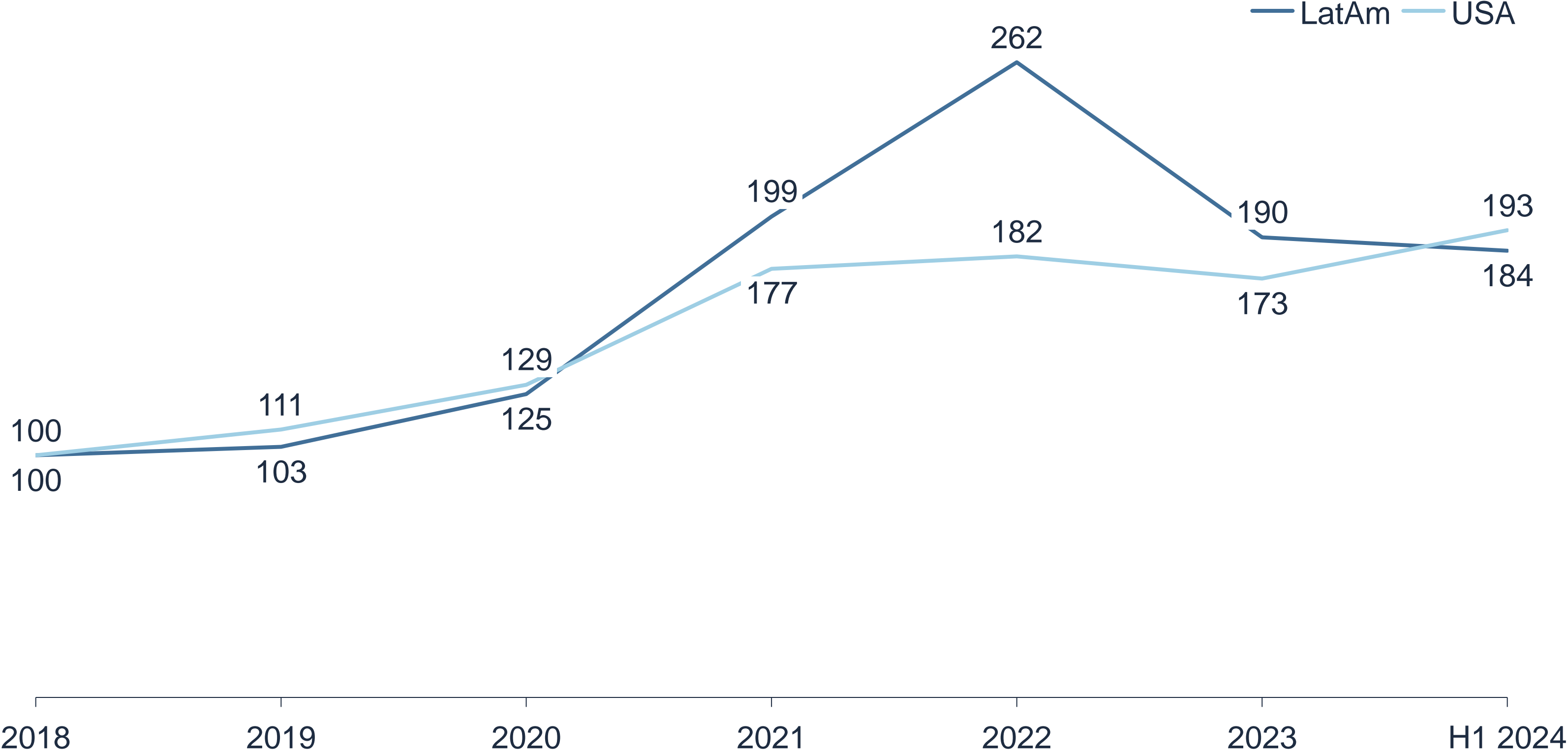
US\$M



Note: (*) Median Seed cash raised + Median Series A cash raised for disclosed investments
Sources: Atlantico analysis; Crunchbase

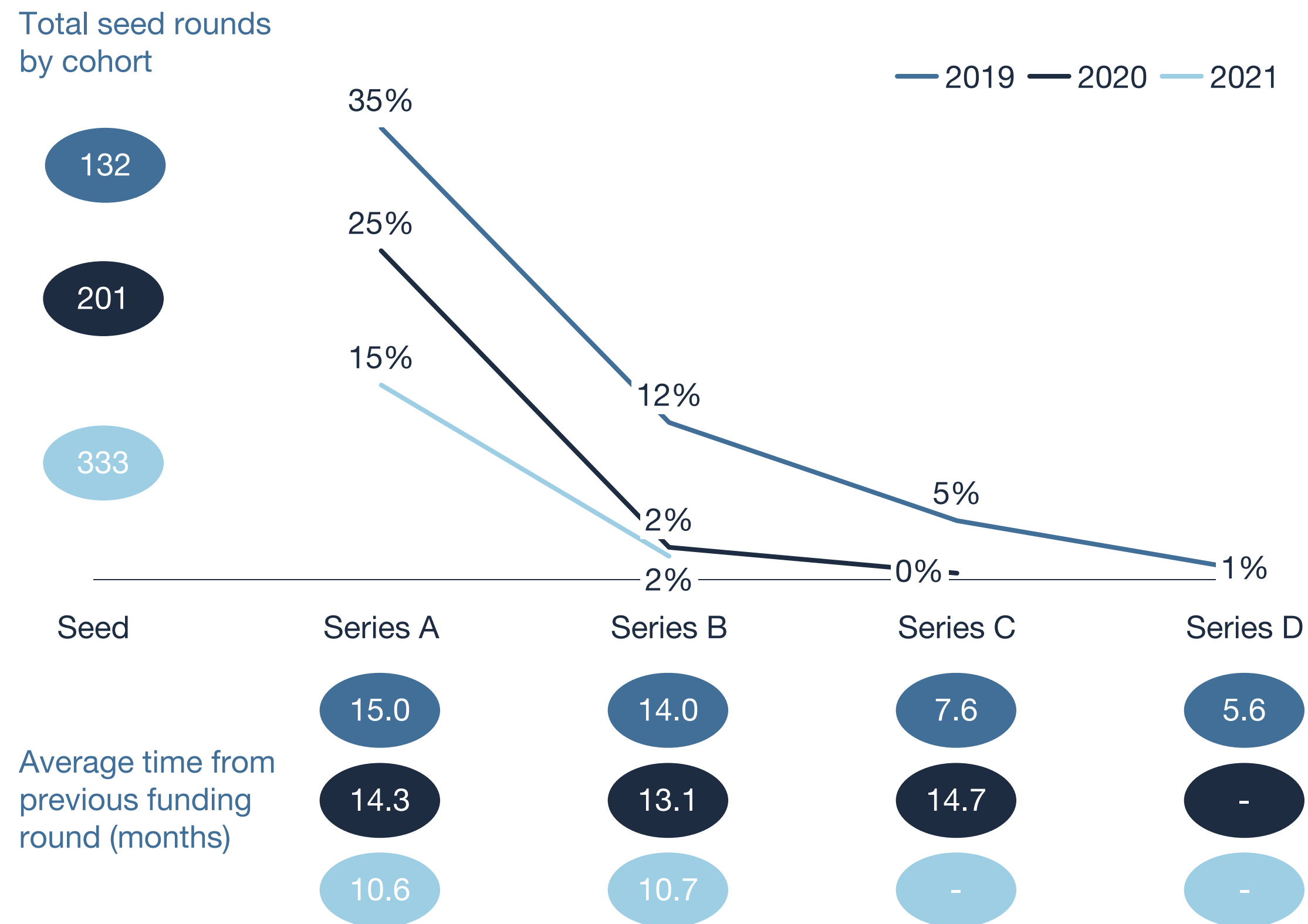
LatAm early-stage valuations have slightly dropped, in the face of US appreciation, even after 2022 valuation spike

Evolution of Latin America median valuations for Seed and Series A rounds
2018 median valuation = Index 100

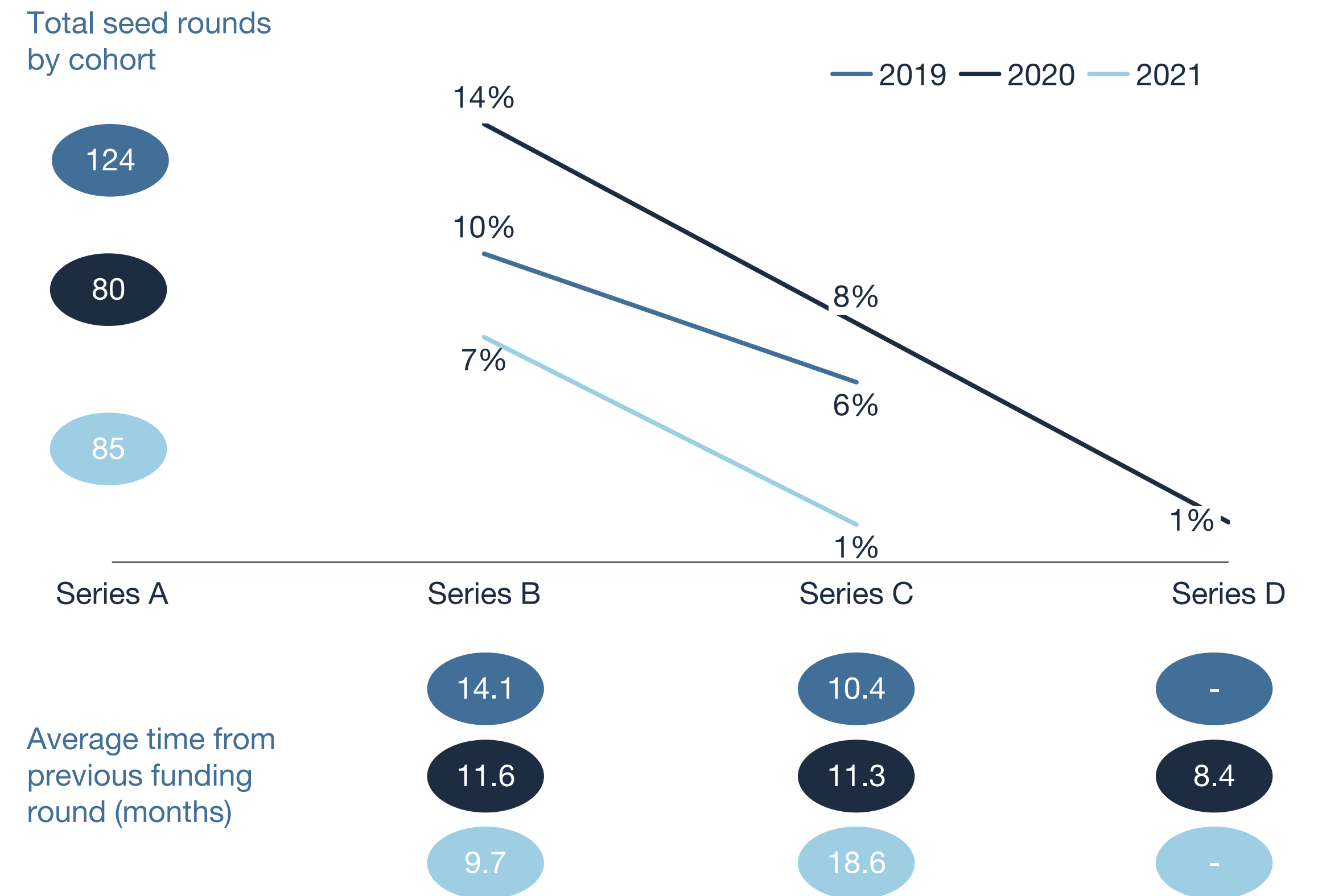


Steep decline in graduation rates reveals adjustment period following capital contraction in Latin America

Graduation rate for Seed startups by year of investment
2019-2021 cohorts, % of total Seed companies in cohort^{*,**}



Graduation rate for Series A startups by year of investment
2019-2021 cohorts, % of total Series A companies in cohort^{*,**}



Notes: (*) Series A includes the first of any round label as Series A or Early Stage (with no stage assigned) by company; (**) A 2-year window after the first investment is considered to account for the next round so cohorts are compared on the same basis

Source: Atlantico analysis, using LAVCA disclosed investments

The background features a series of vertical, upward-pointing arrows of varying heights. Interspersed among these arrows are stylized rocket icons, some positioned above the arrows and others below. The entire graphic is rendered in a light blue-grey color against a dark blue background.

View From The Arena

**“Optimism
is a moral
duty”**

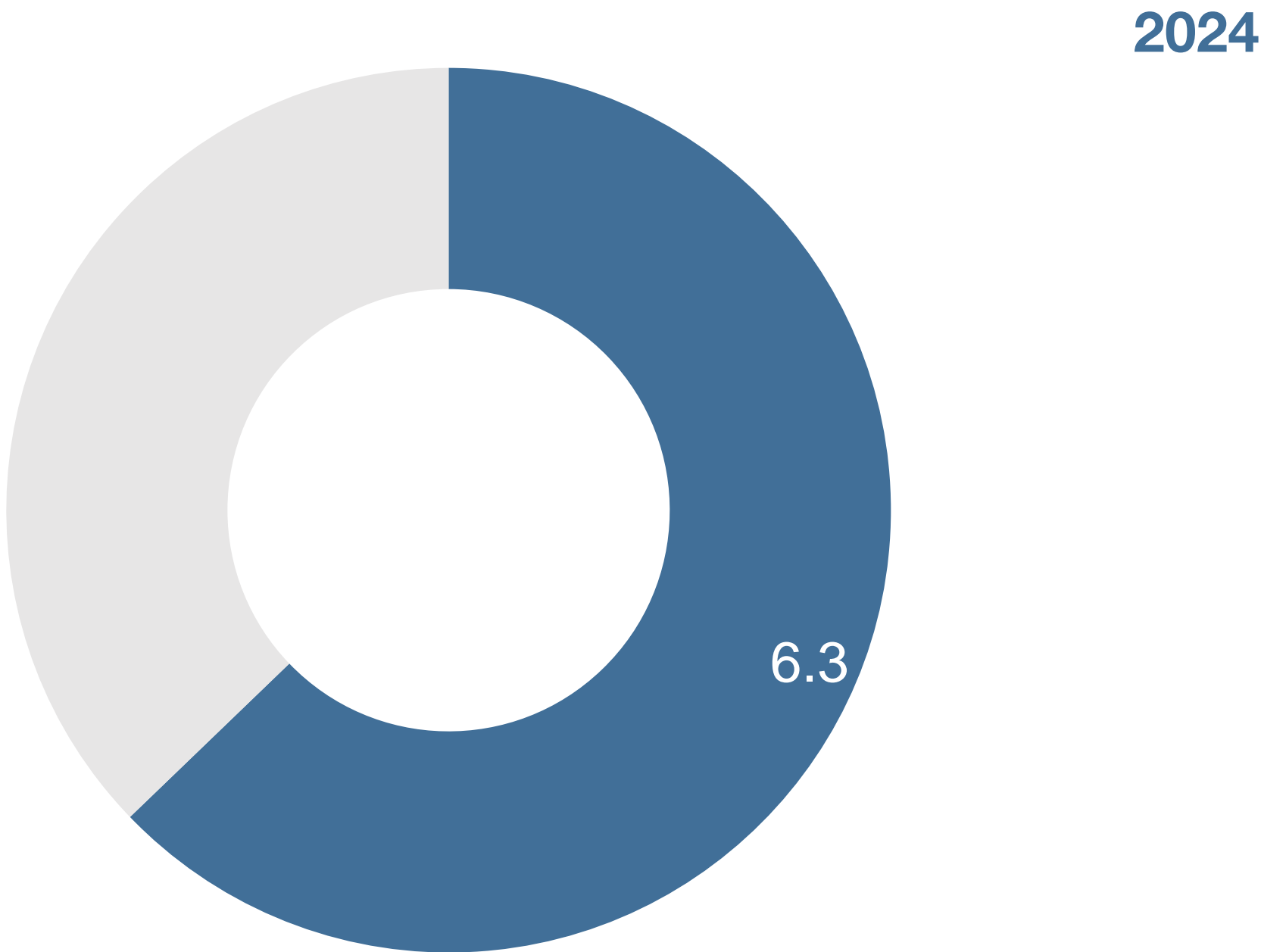
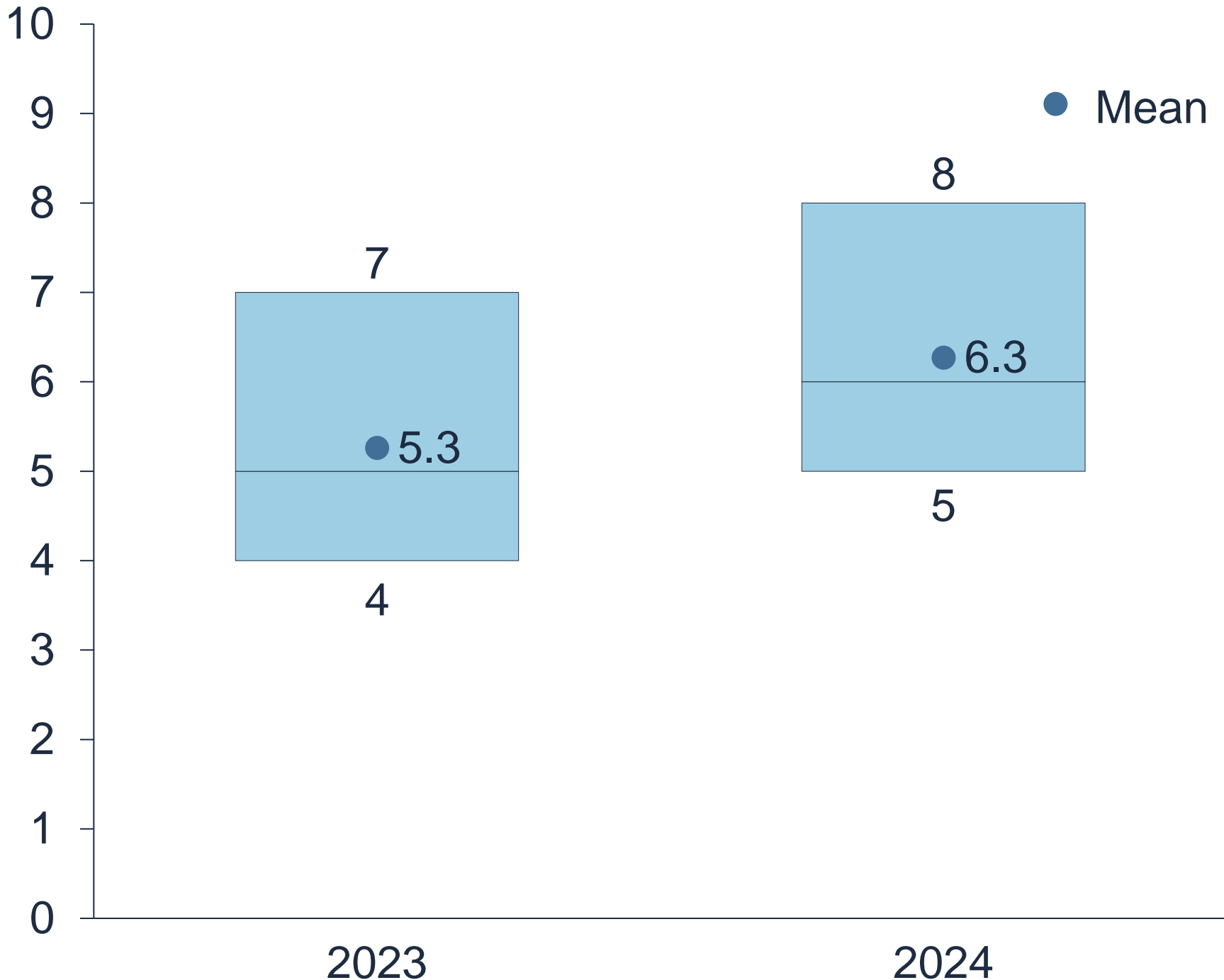
- Edwin Land

Founder's market sentiment has shifted towards more optimism than past year, aligned with investors' view

Founders' feelings about upcoming year in the tech market^{1,2}
 Distribution of responses

Investors' feelings about upcoming year in the tech market³
 Average response

On a scale of 1 to 10, where 10 is very optimistic and 1 is very pessimistic, how are you feeling about the financing market in the next 1-2 years?



Source: (1) Atlantico Founder Sentiment Survey 2023 (n=113); (2) Atlantico Tech Sentiment Survey 2024 (n=132); (3) Atlantico Investors Sentiment Survey 2024 (n= 25)

Unicorn founders remain more optimistic than the average founder, with a strong shift towards financial stability

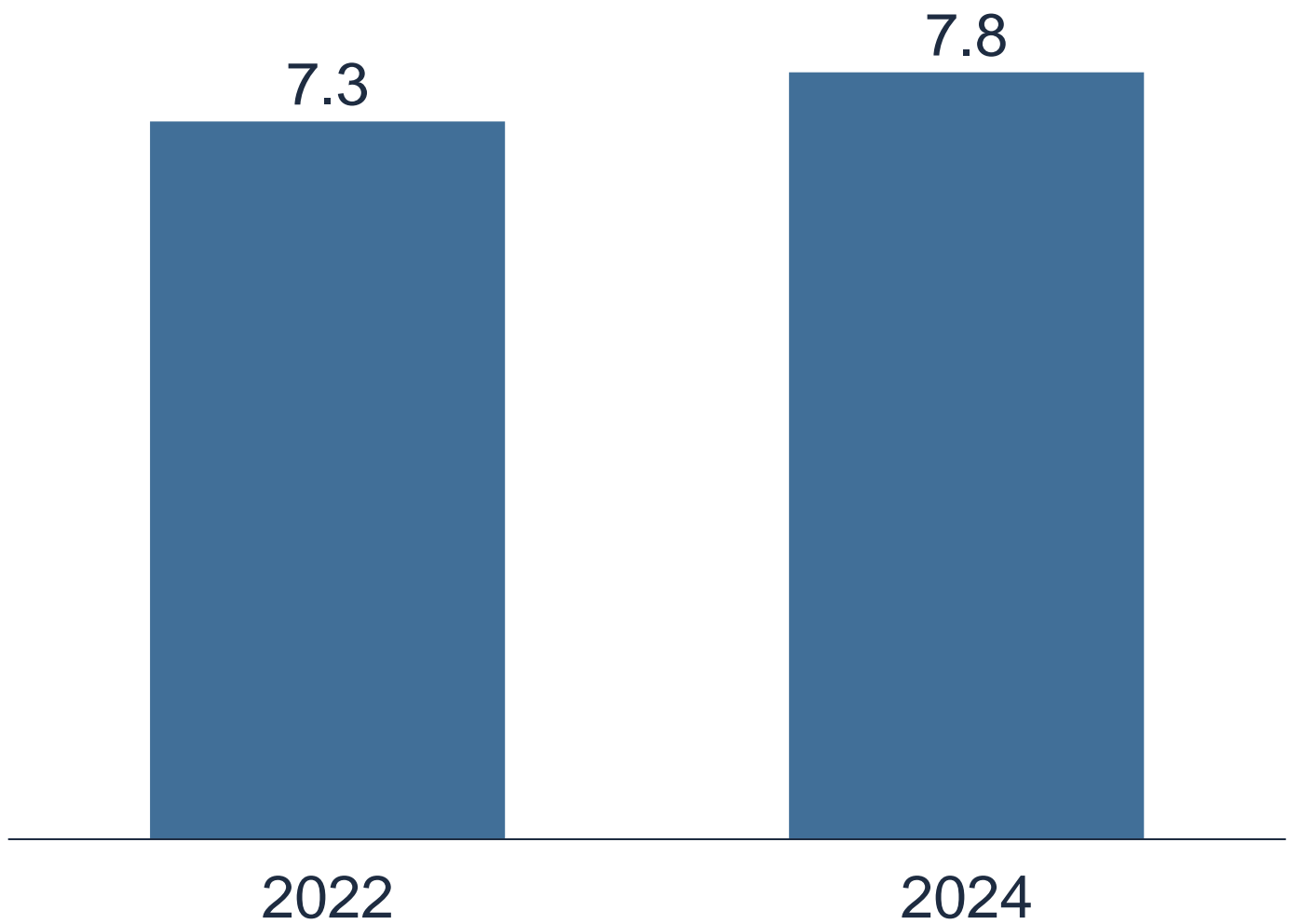


Atlantico's **Good View Summit** is an annual gathering for all Brazilian Unicorn founders and CEOs with the goal to promote industry discussion and invest in a network with highest tech leadership

Unicorn founders' sentiment

Average of respondents

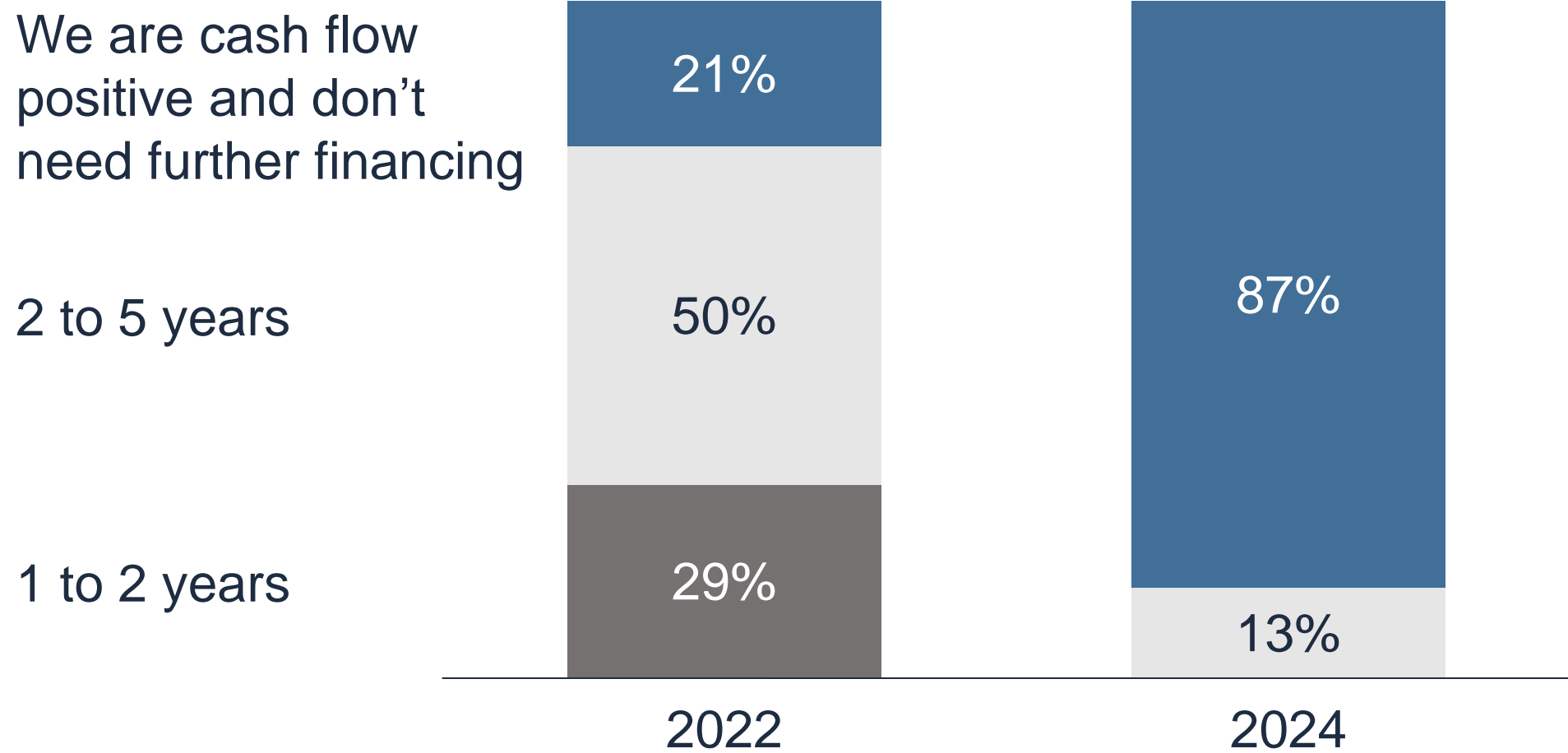
Please describe how you feel about the next 2 years, on a scale of 1 to 10, where 1 means fear and 10 means excitement



Unicorn's runway and funding plans

% of respondents

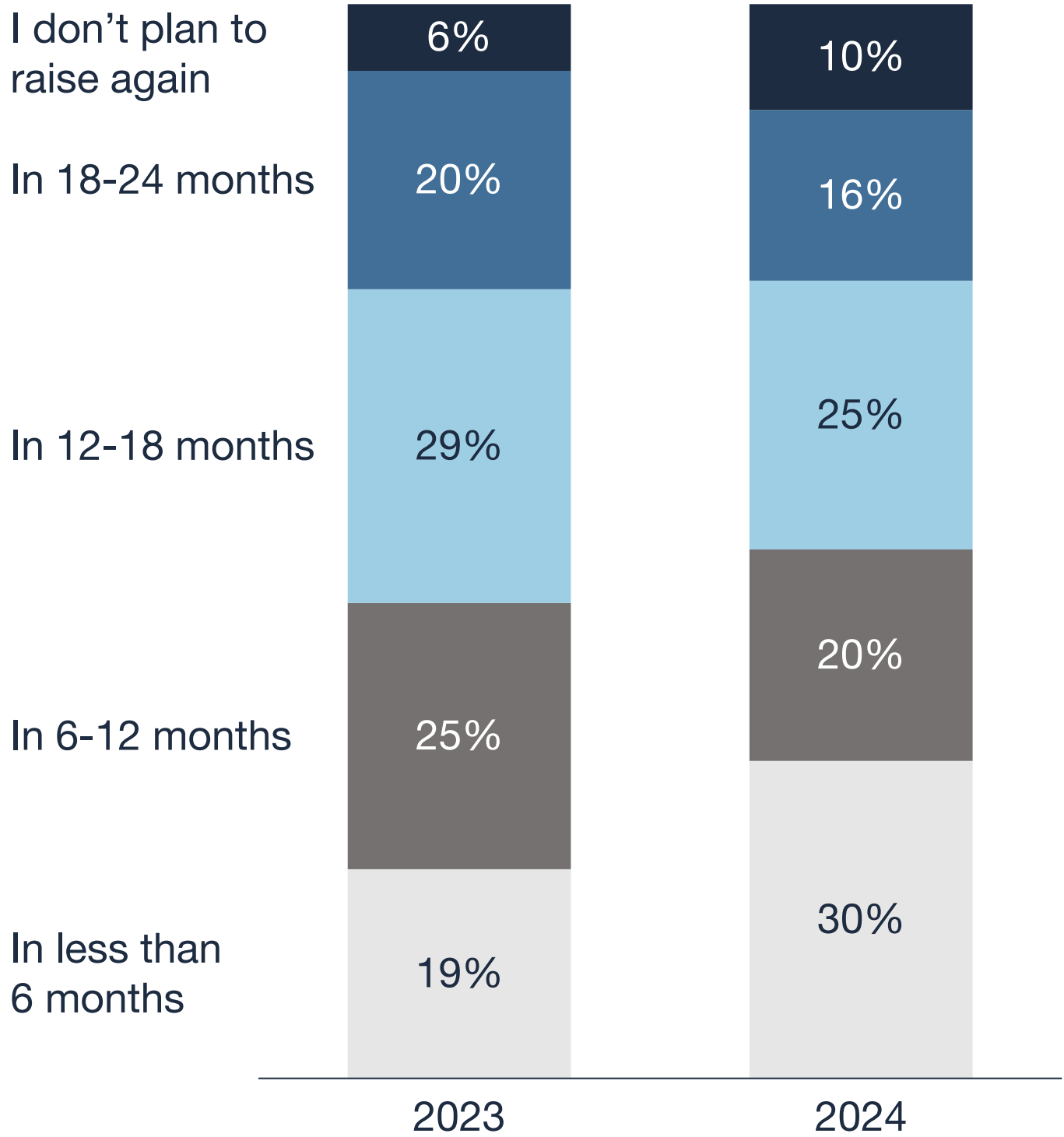
What is your company's current runway?



Companies are accelerating their funding plans in 2024, mostly from companies that raised earlier than 2022

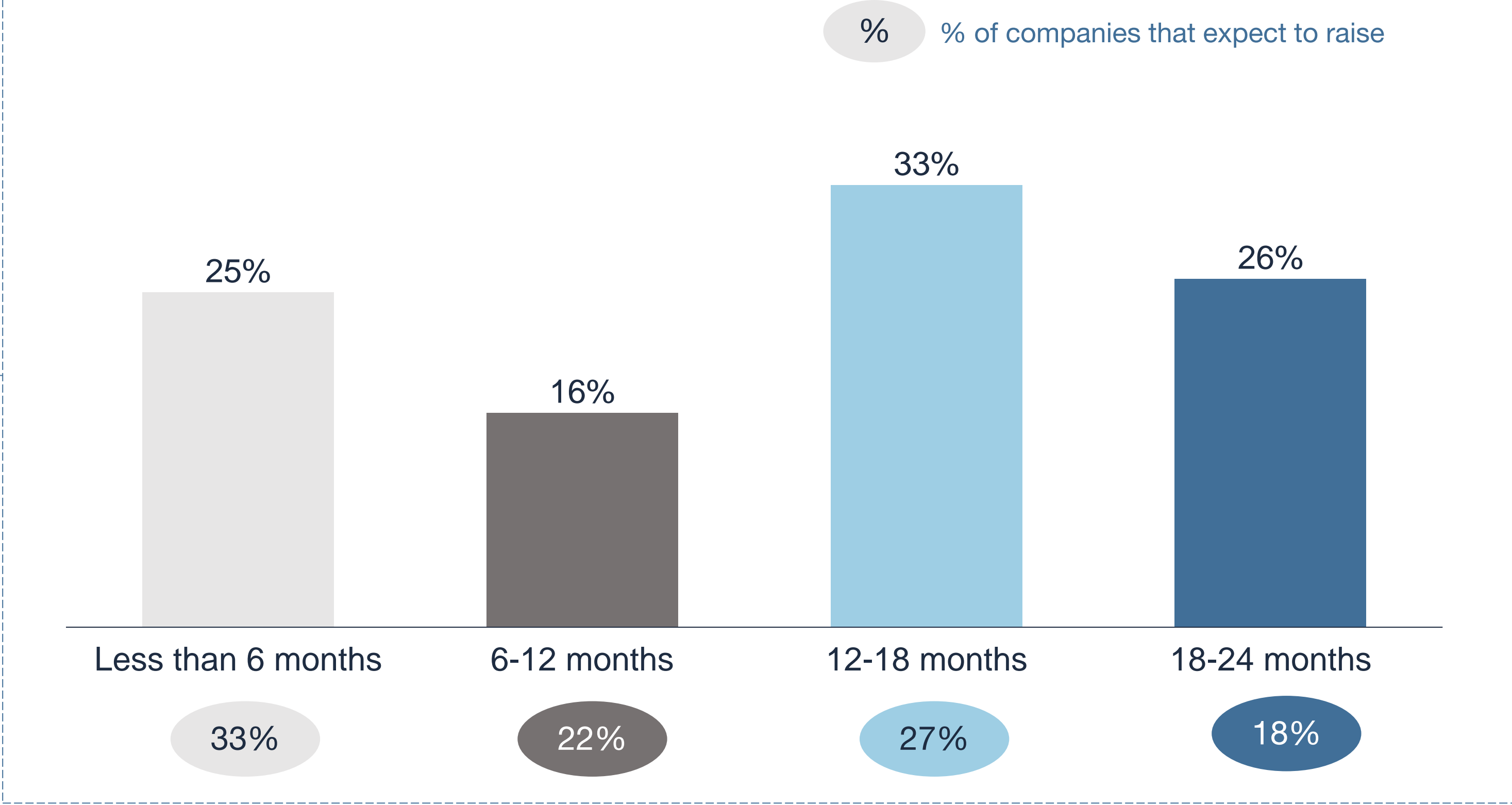
Date of next funding round^{1,2}

Distribution of responses



Demand for capital over next 2 years^{1,2,*}

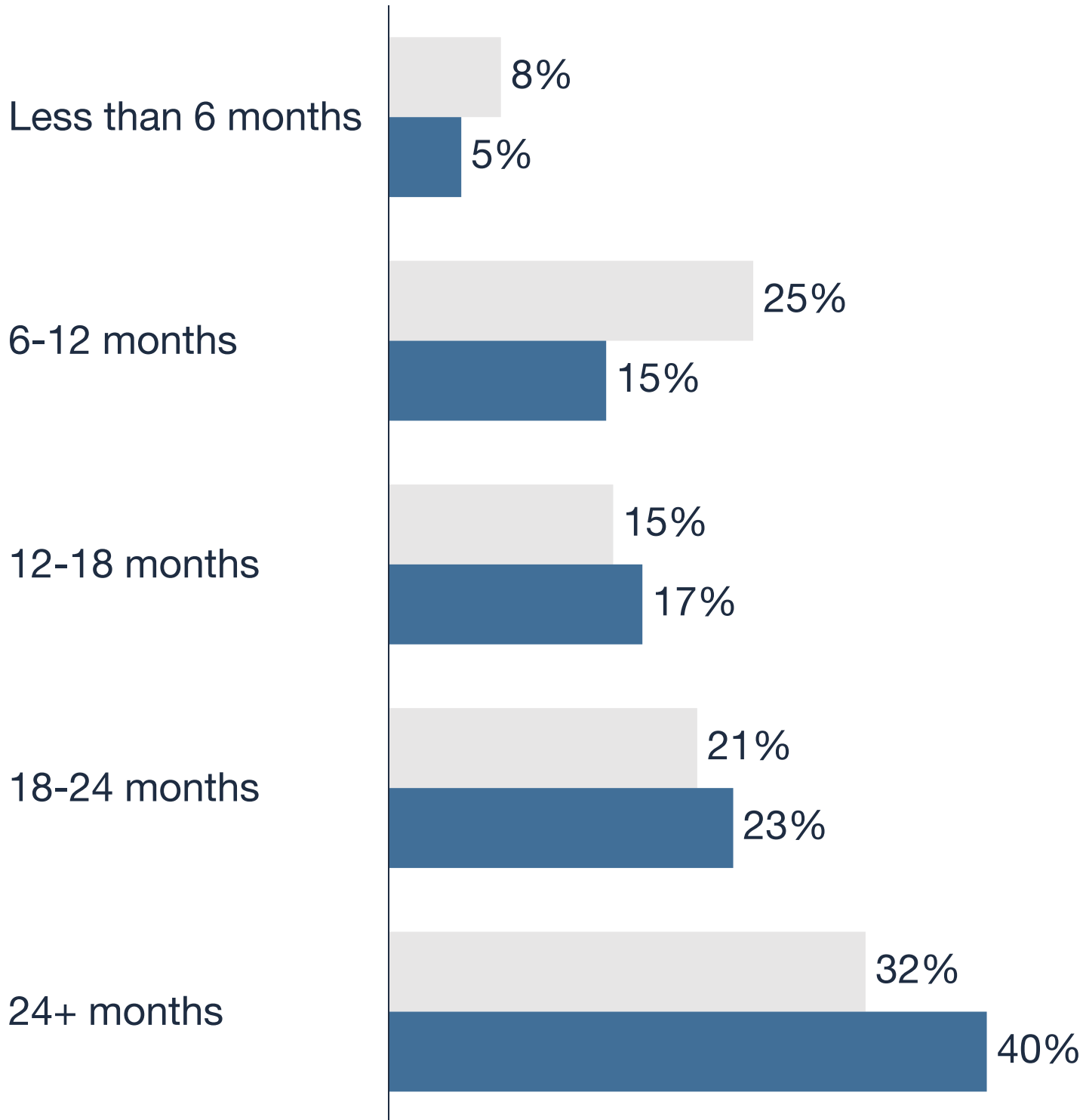
% of total funding demand



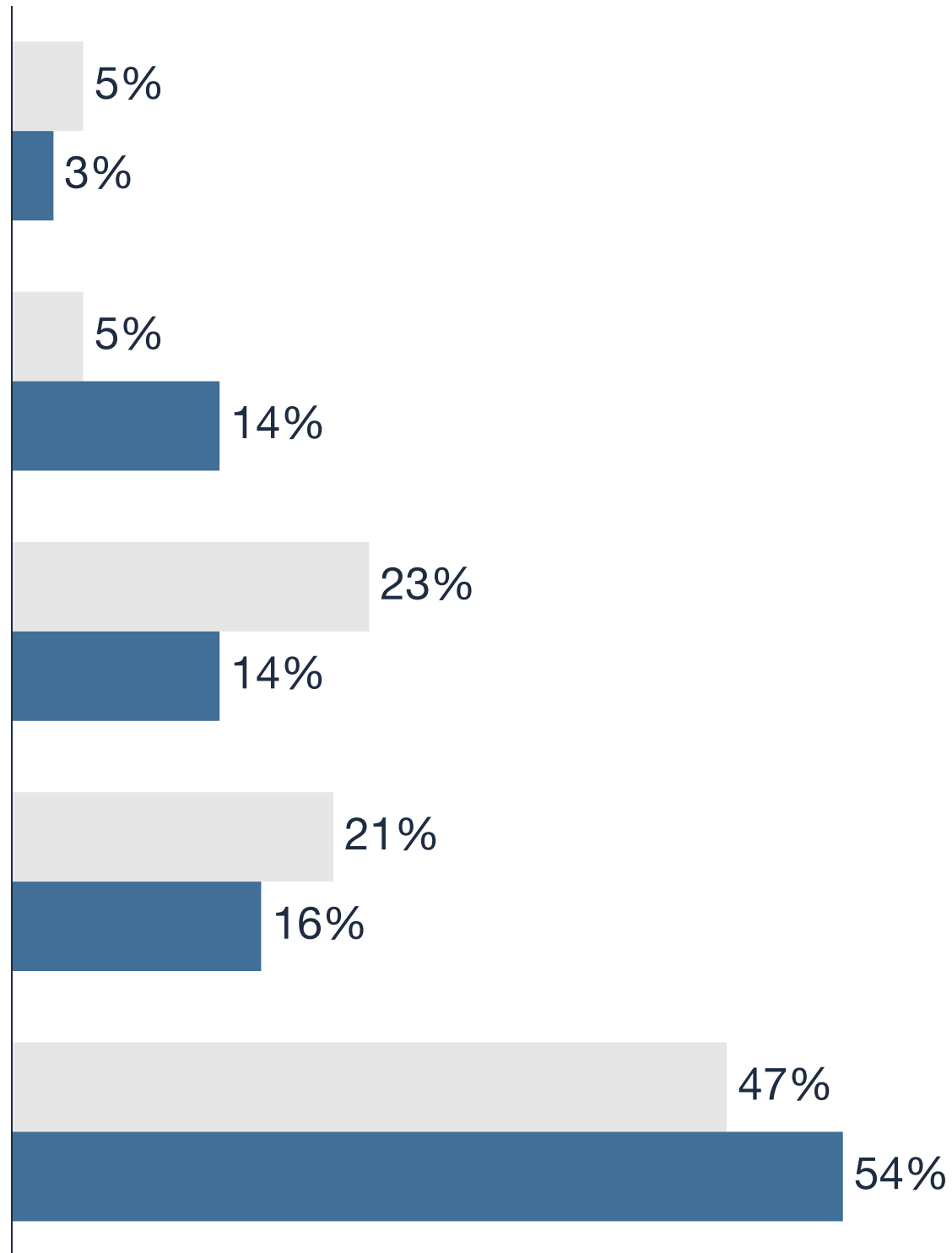
Note: (*) Demand was estimated on ranges of expected capital to be raised in the upcoming round
 Sources: (1) Atlantico Founder Sentiment Survey 2023 (n=113); (2) Atlantico Tech Sentiment Survey 2024 (n=132)

Early-stage companies are mostly seeing longer runway than 2023, while late-stagers have a tighter horizon

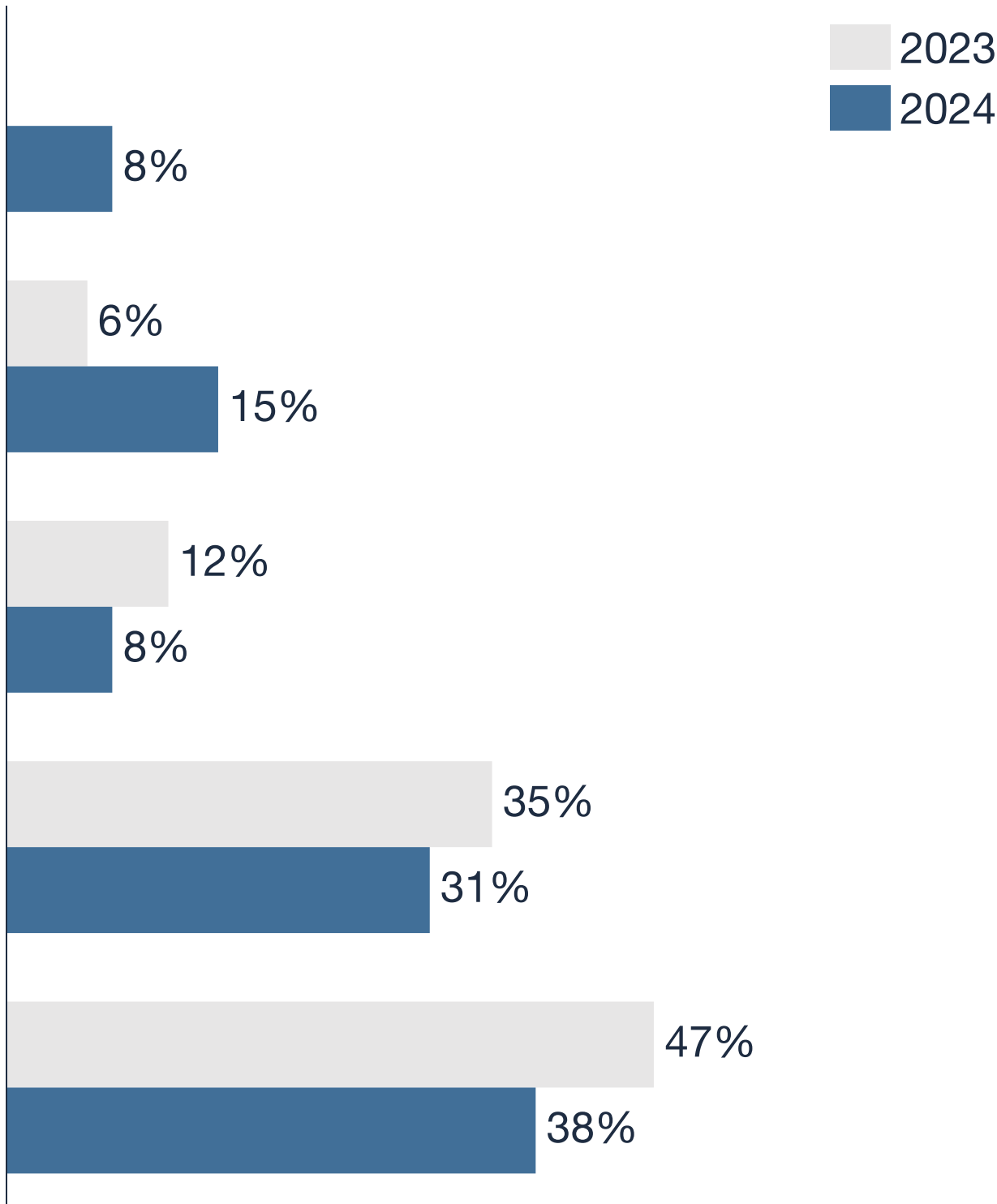
Pre-seed/seed companies' current runway



Series A companies' current runway



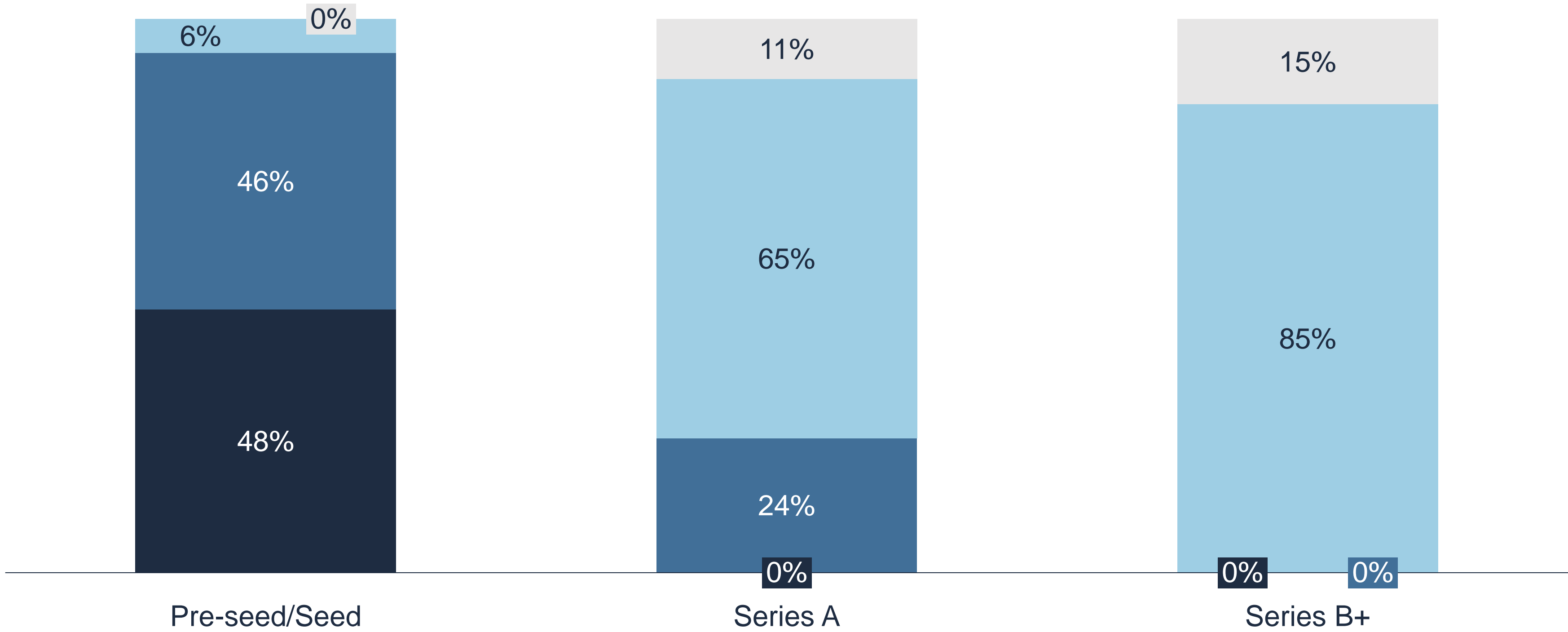
Series B+ companies' current runway



Founders' ownership dilutes significantly across funding rounds, with the majority owning 21-50% by late stage

Founder's ownership by funding round of company
% of respondents

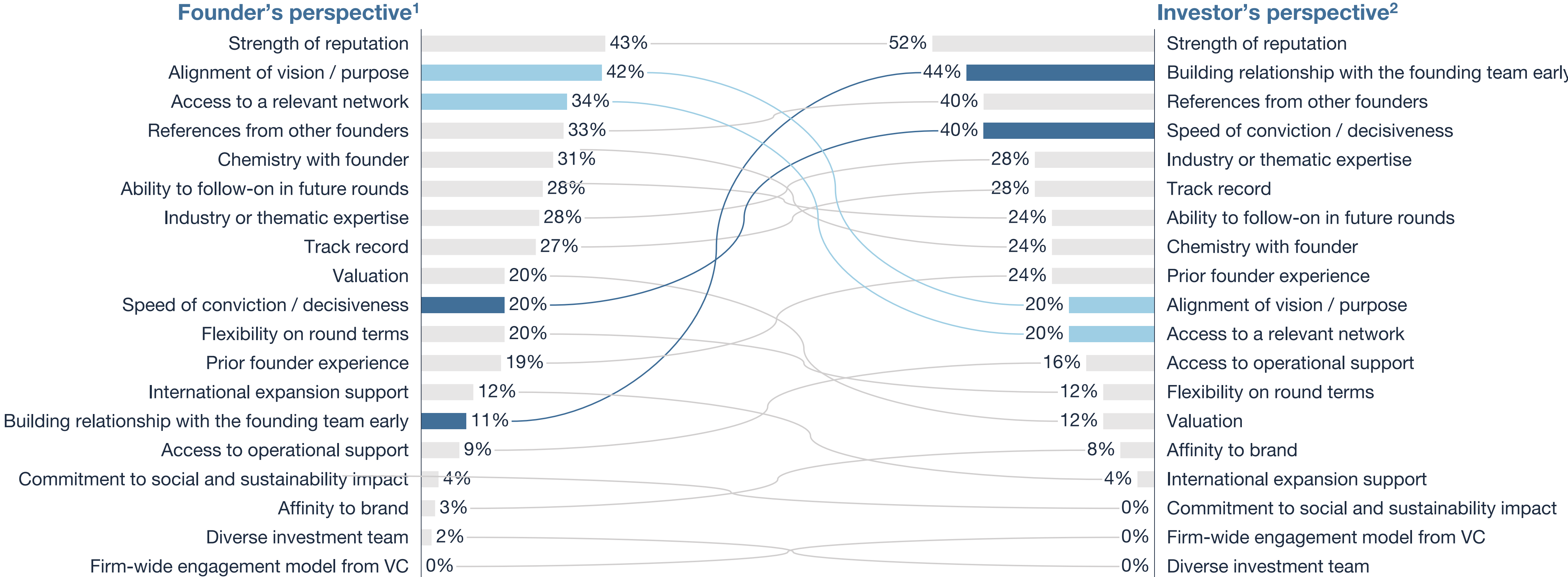
■ Above 70% ■ 21-50%
■ 51-70% ■ 0-20%



While strength of reputation is a shared priority, founders and investors disagree on key factors for partnering up

What are the most important considerations when selecting an investor to lead your next round?

Over the past 12 months, and thinking generally about the market, what in your opinion have been the most decisive factors to win a competitive deal situation?



Note: Analysis inspired by Atomico State of European Tech Report 2023
 Sources: (1) Atlantico Founders' Sentiment Survey; (2) Atlantico Investors' Survey

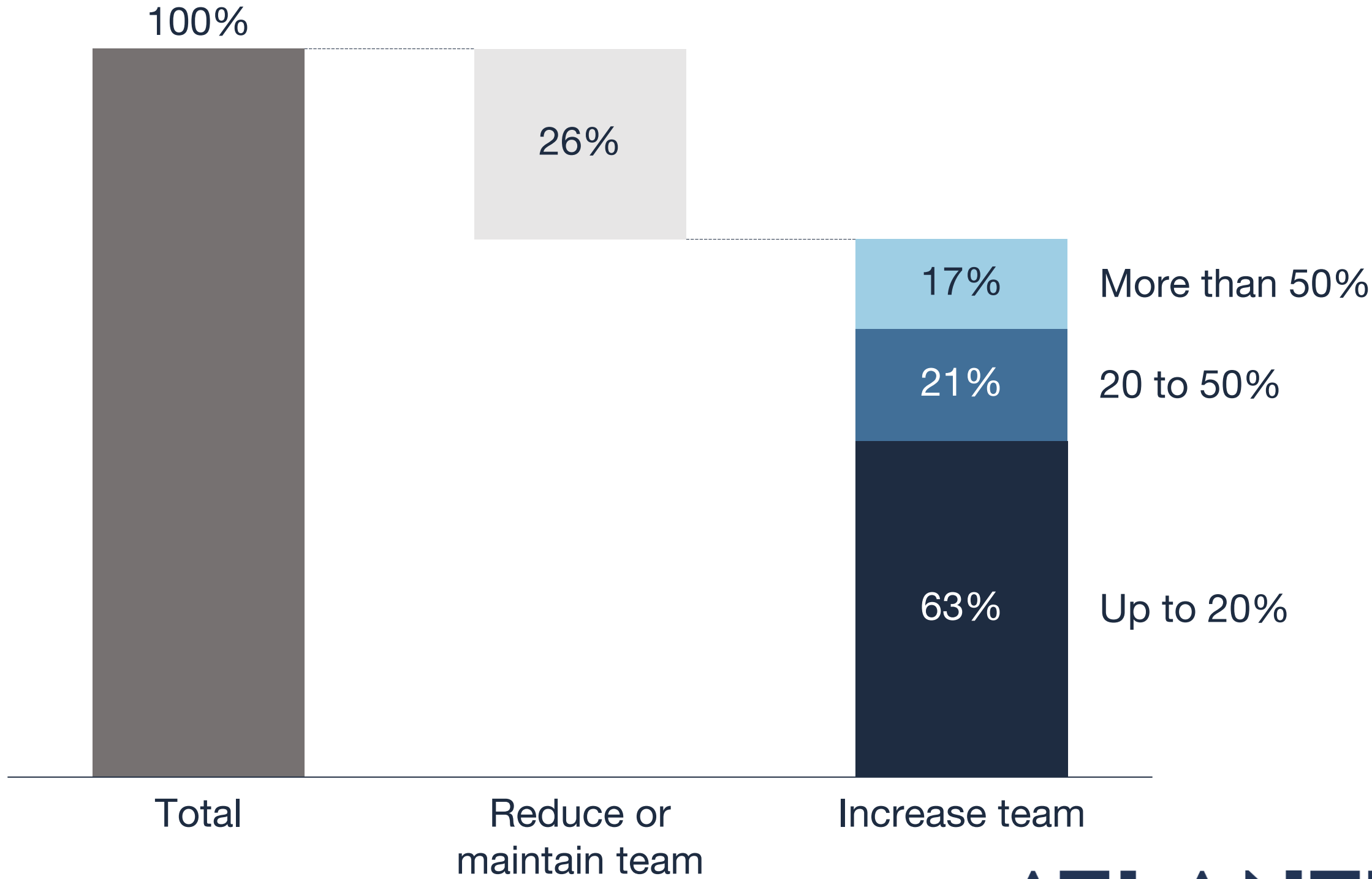
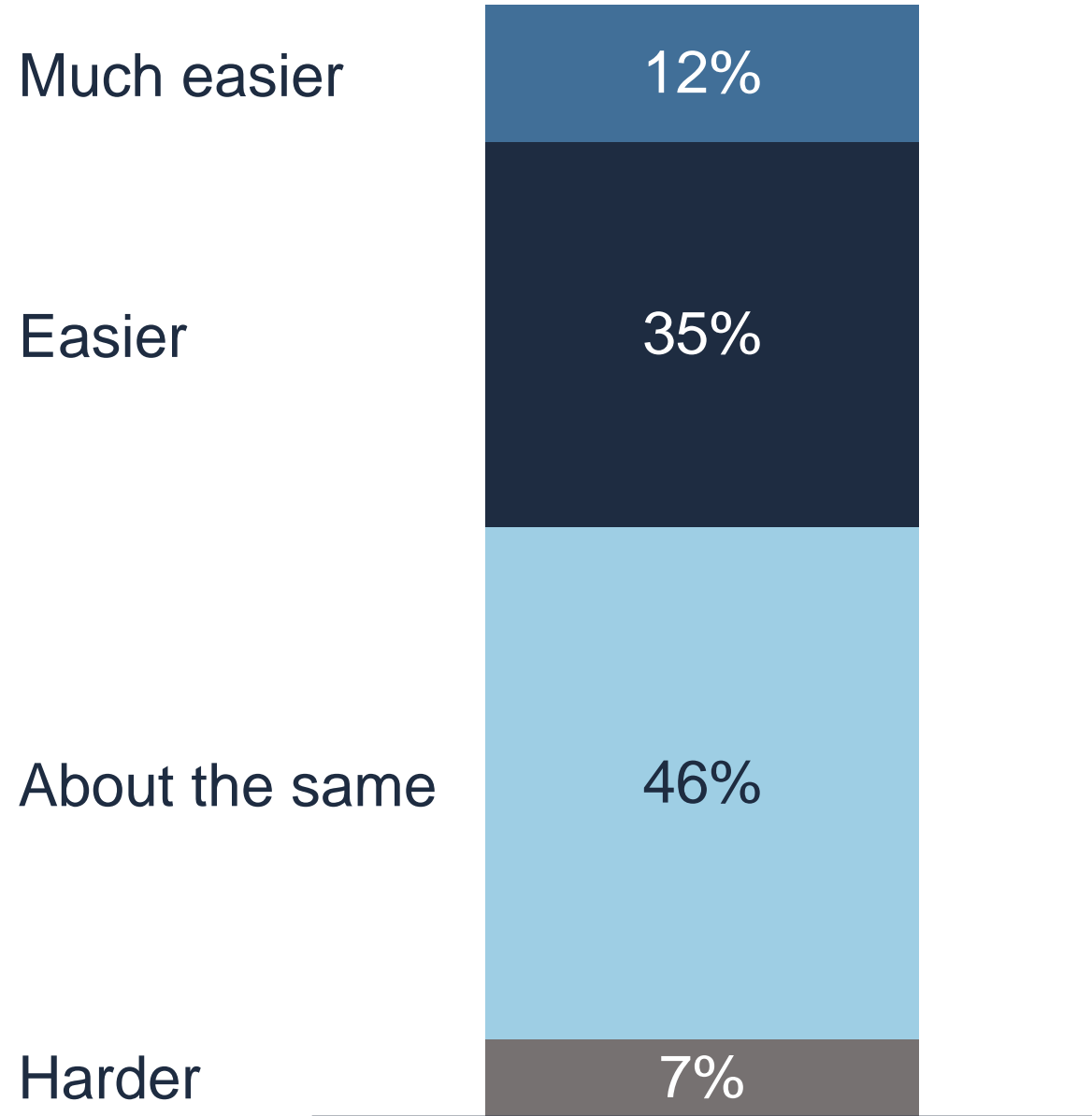
Founders are seeking to increase their team sizes following an easier year of recruiting

Founders' perception on talent attraction over the past year
 % of total respondents

Founders' recruiting plans for next 12 months
 % of total respondents

How difficult has talent attraction/recruiting been over the past year when compared to the prior year?

Thinking about the next 12 months, what are your recruiting plans (considering total headcount)?

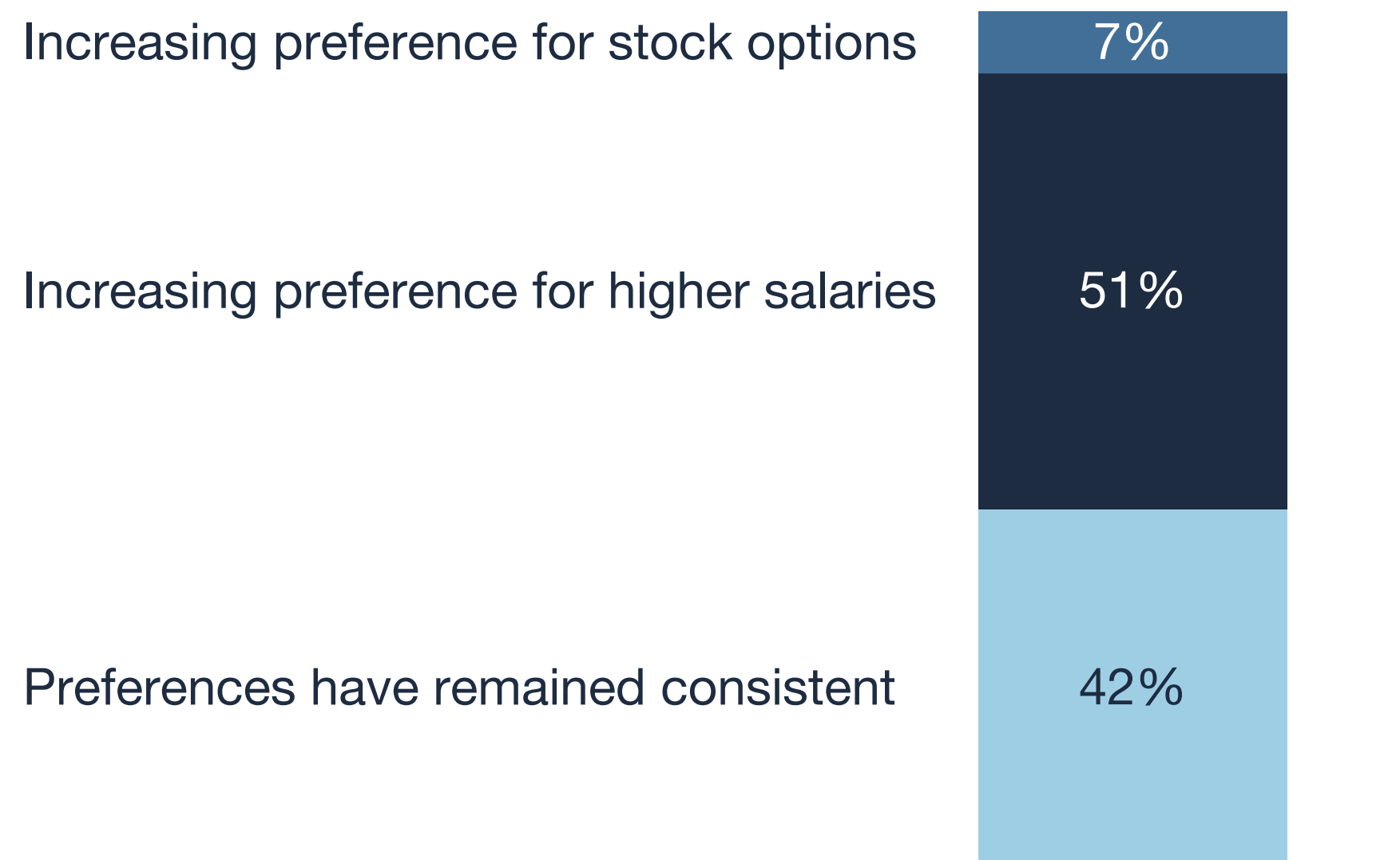


Founders are seeing significant increase in compensation preferences and expect shifts in their cultures

Founders' perception on compensation alternatives

% of total respondents

When recruiting for your company, how have talents' preferences for stock options versus salary compensation evolved over the last 2 years?

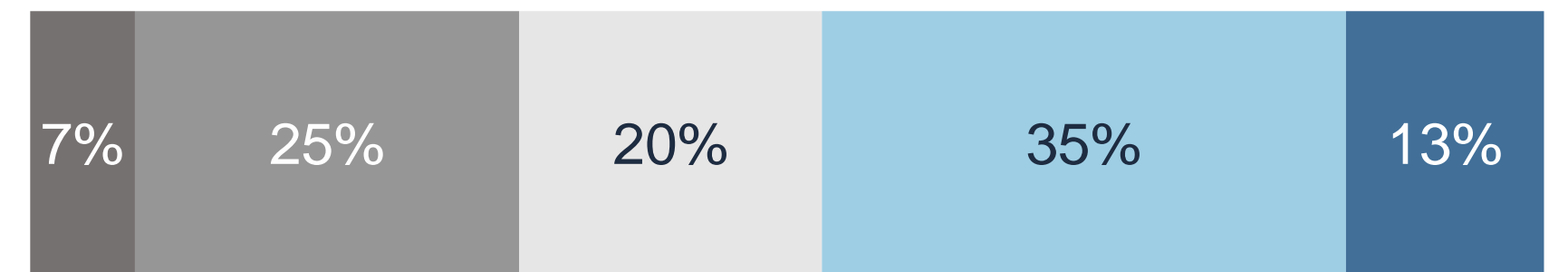


Founders' agreement with selected statements

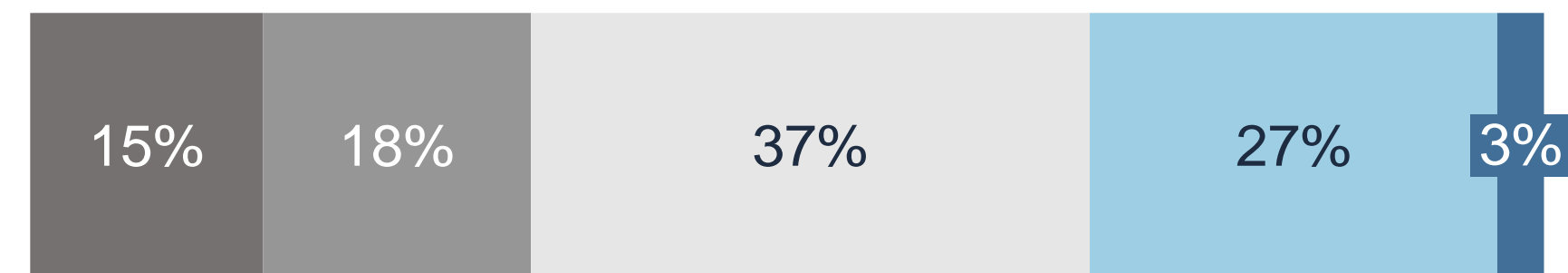
% of total respondents

Strongly disagree Disagree Neutral Agree Strongly agree

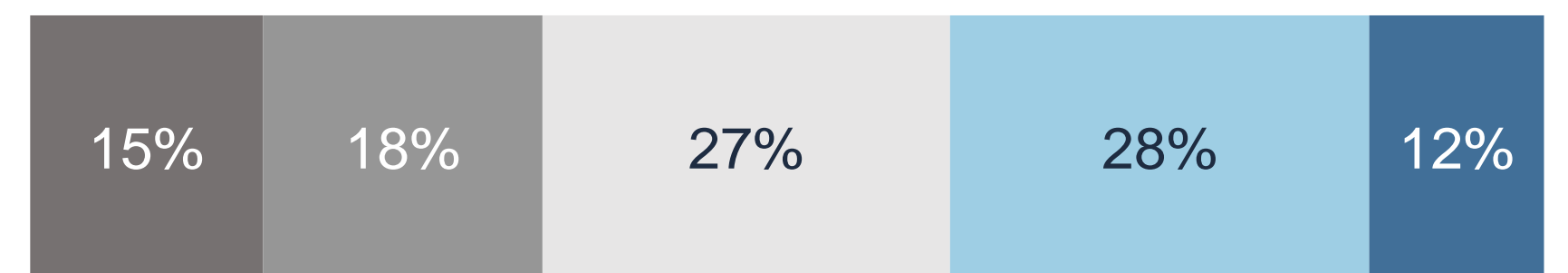
Work will gradually but consistently transition back to being **primarily in-office**



ESG is something startups should take into account



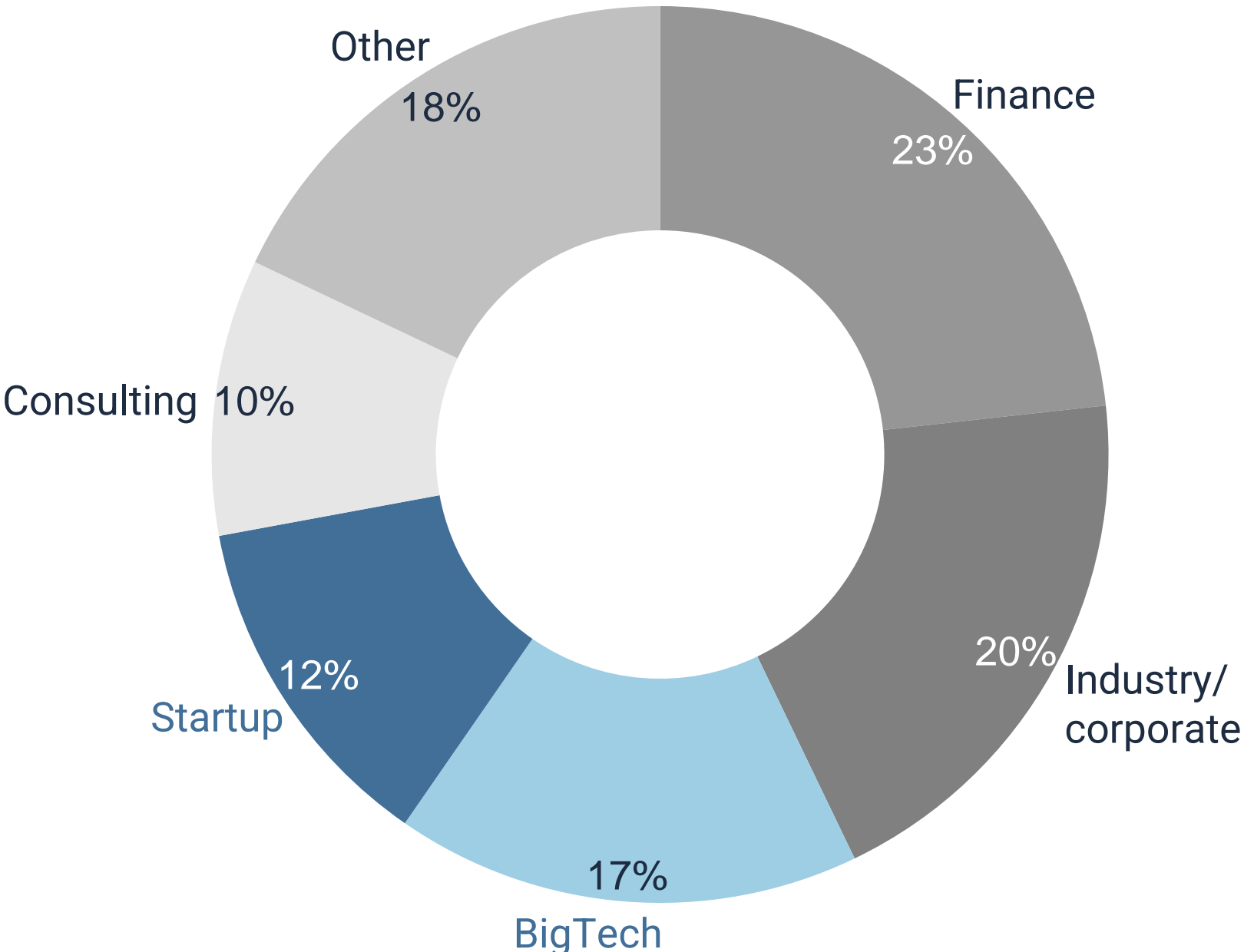
Diversity, equity, and inclusion should be an important factor for startups hiring



29% of students aim to work in tech in the short term, while interest in entrepreneurship continues to be on the rise

Short term preferred areas of work 2024, % of respondents

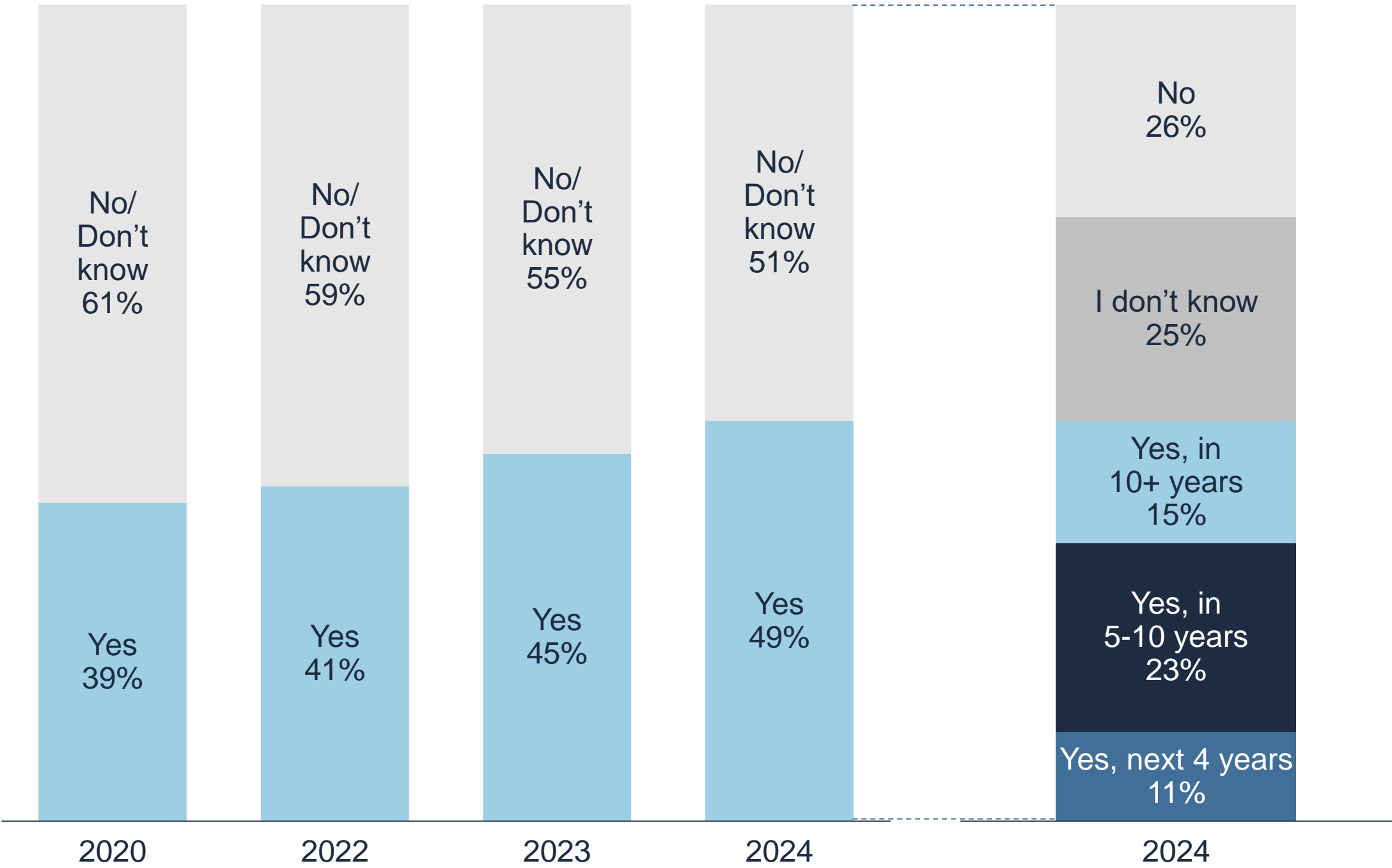
In what area do you see yourself working in the short term (i.e. right after graduation)?



Rising interest in entrepreneurship 2020-2024, % of respondents

Do you have plans to found a company in the future?

Students are adopting more conservative timelines: in 2022, 20% wanted to found companies in up to 4 years, and only 9% in 5-10 years



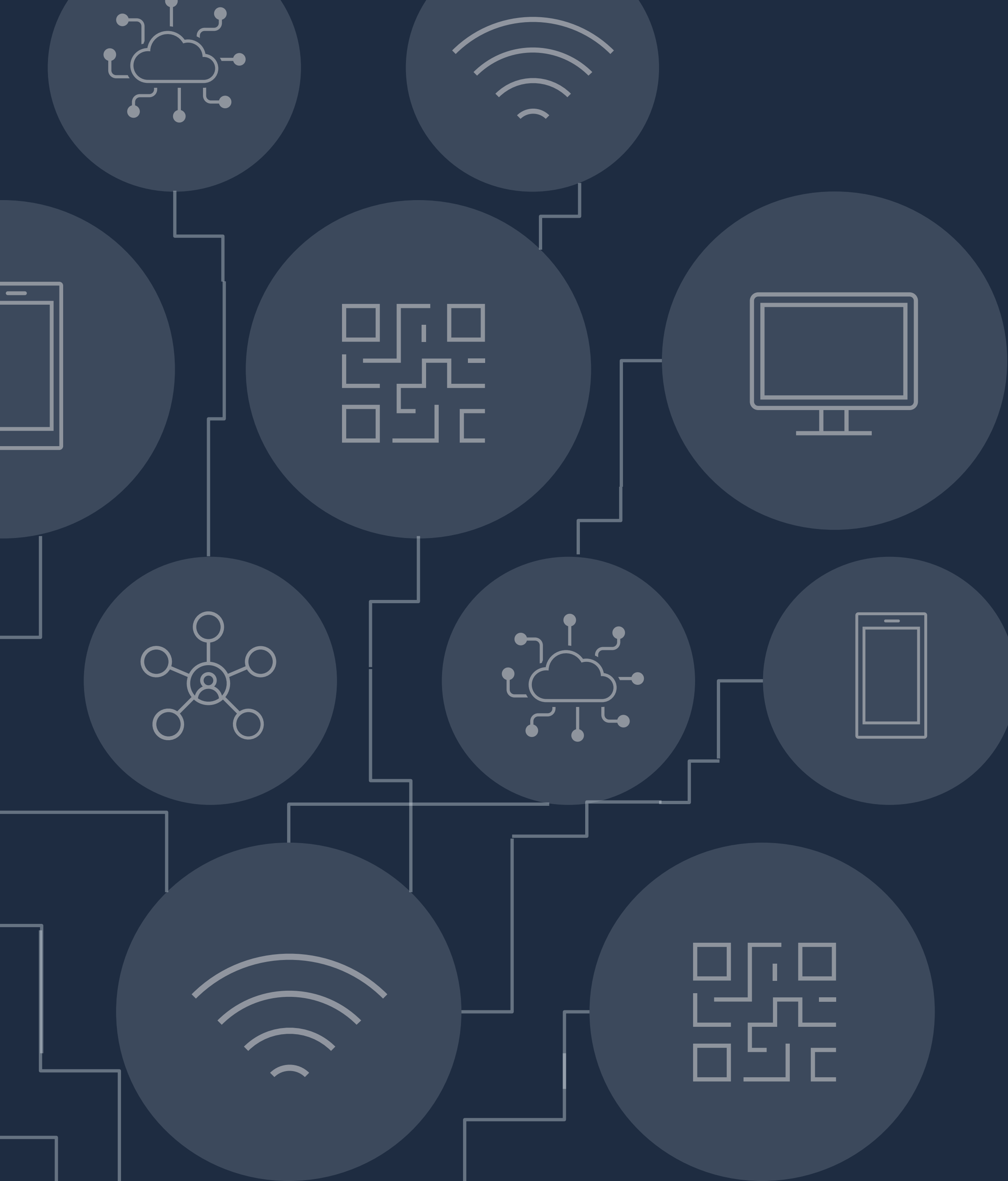
Sources: Preparo and Atlantico Survey 2024 (n=602); Preparo and Atlantico Survey 2023 (n=404); Atlantico Survey 2022 (n=279); Atlantico Survey 2020 (n=1,682)

03

Everything, Everywhere, All at Once



Avenida Paulista Towers in São Paulo, Brazil



Tech Tectonics

Latin America remains at the forefront of digital adoption, boasting the highest e-commerce growth worldwide in the past year.

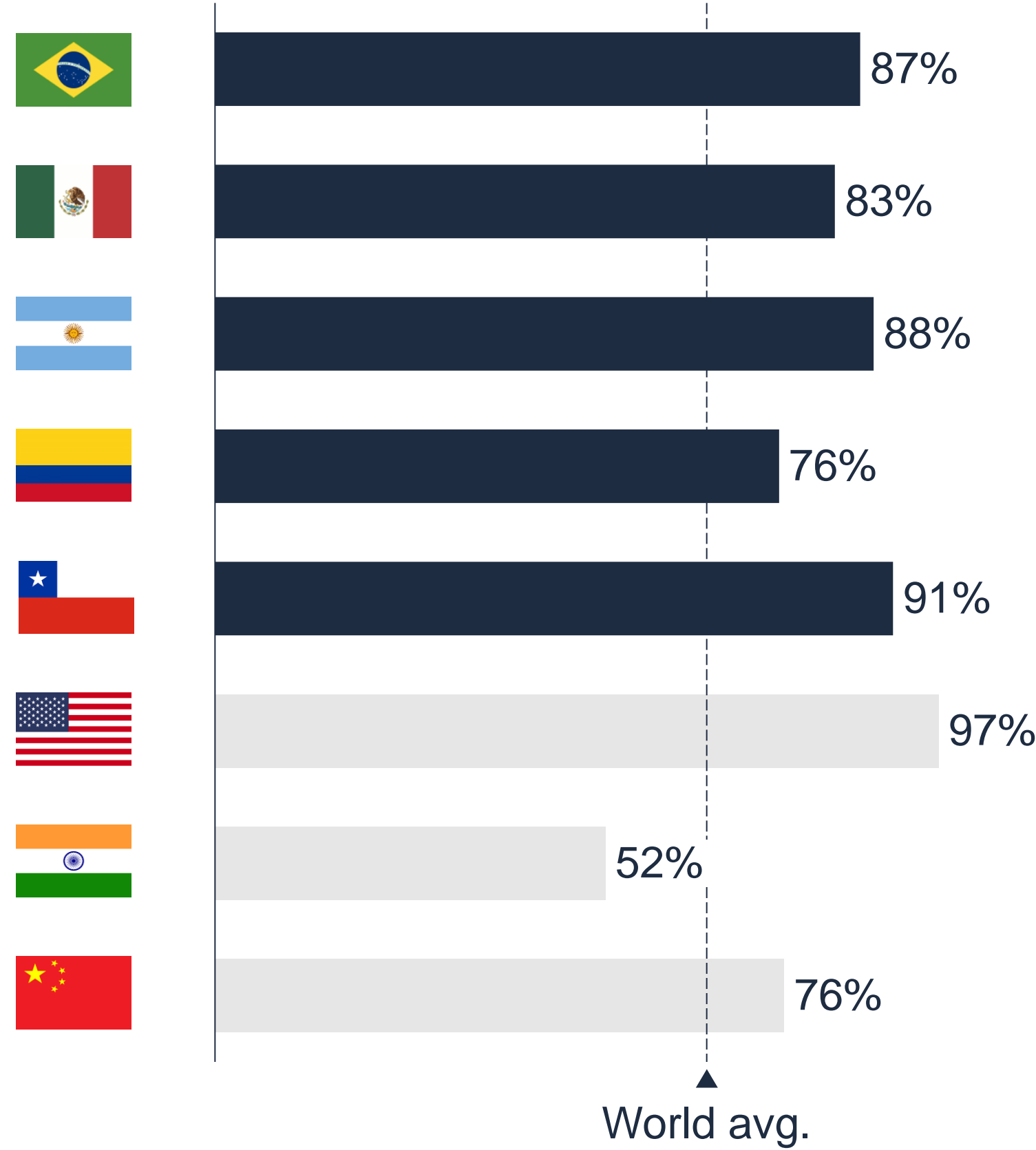
As AI uptake accelerates, talent and capital are fueling new and creative applications.

Meanwhile, digital creators became major forces of consumption, and WhatsApp has reached ubiquity across individuals and businesses alike.

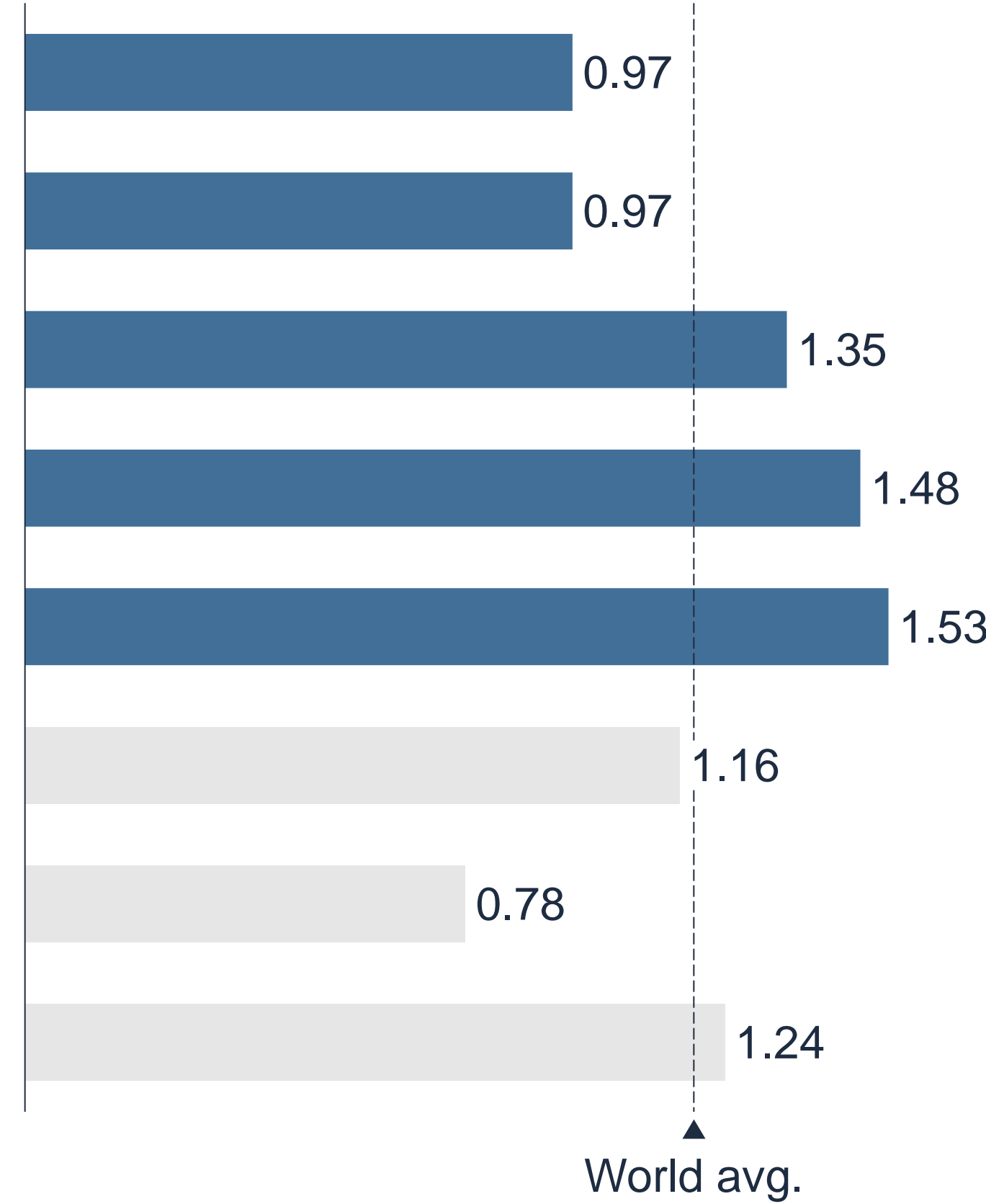
The next decade promises to be one of sweeping digital change: **everything, everywhere, all at once.**

Latin America has digitalization rates comparable to those of the US and China and ahead of other developing economies

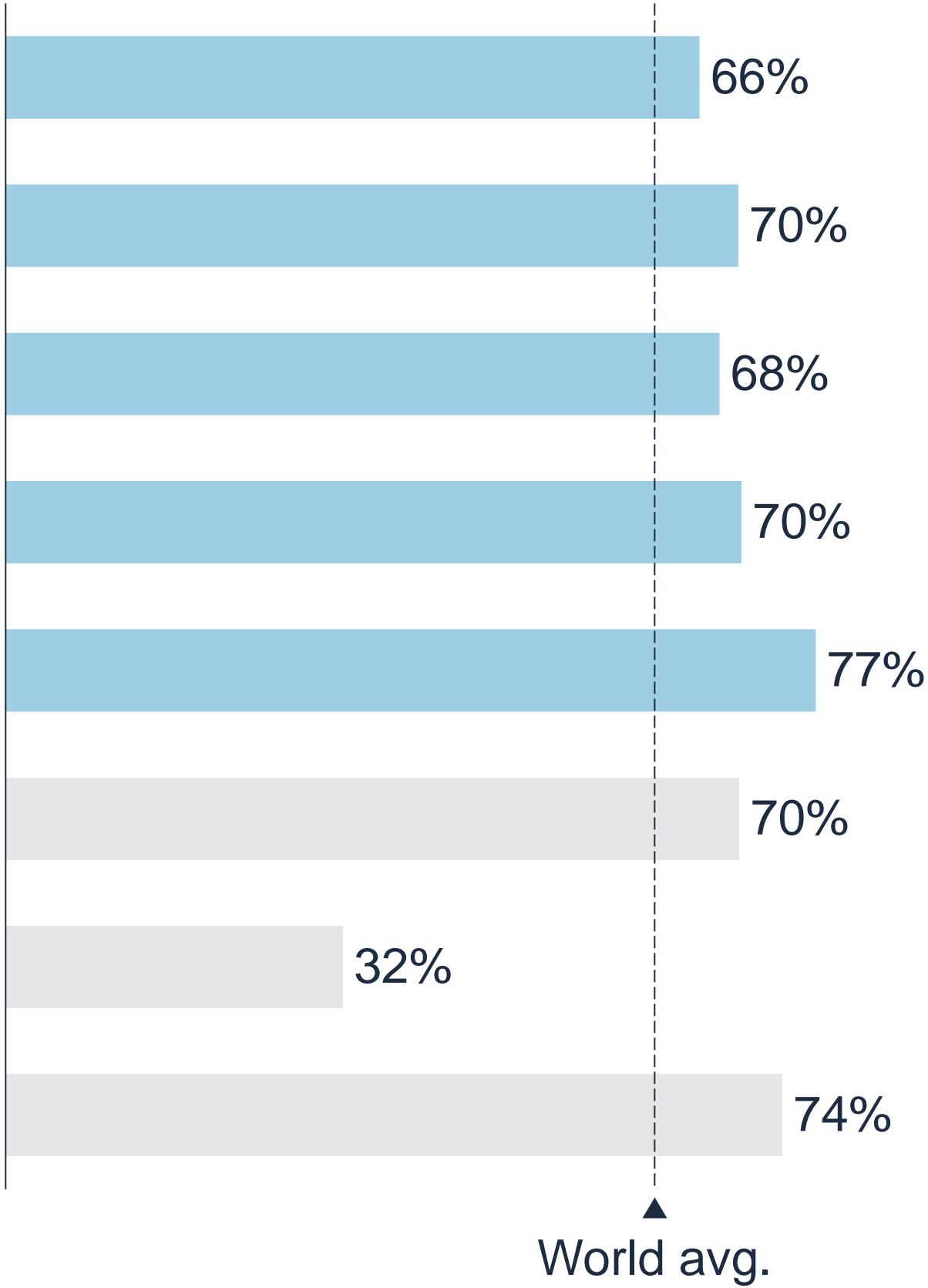
Internet penetration
2024, % of population



Cellular mobile connections
2024, per capita



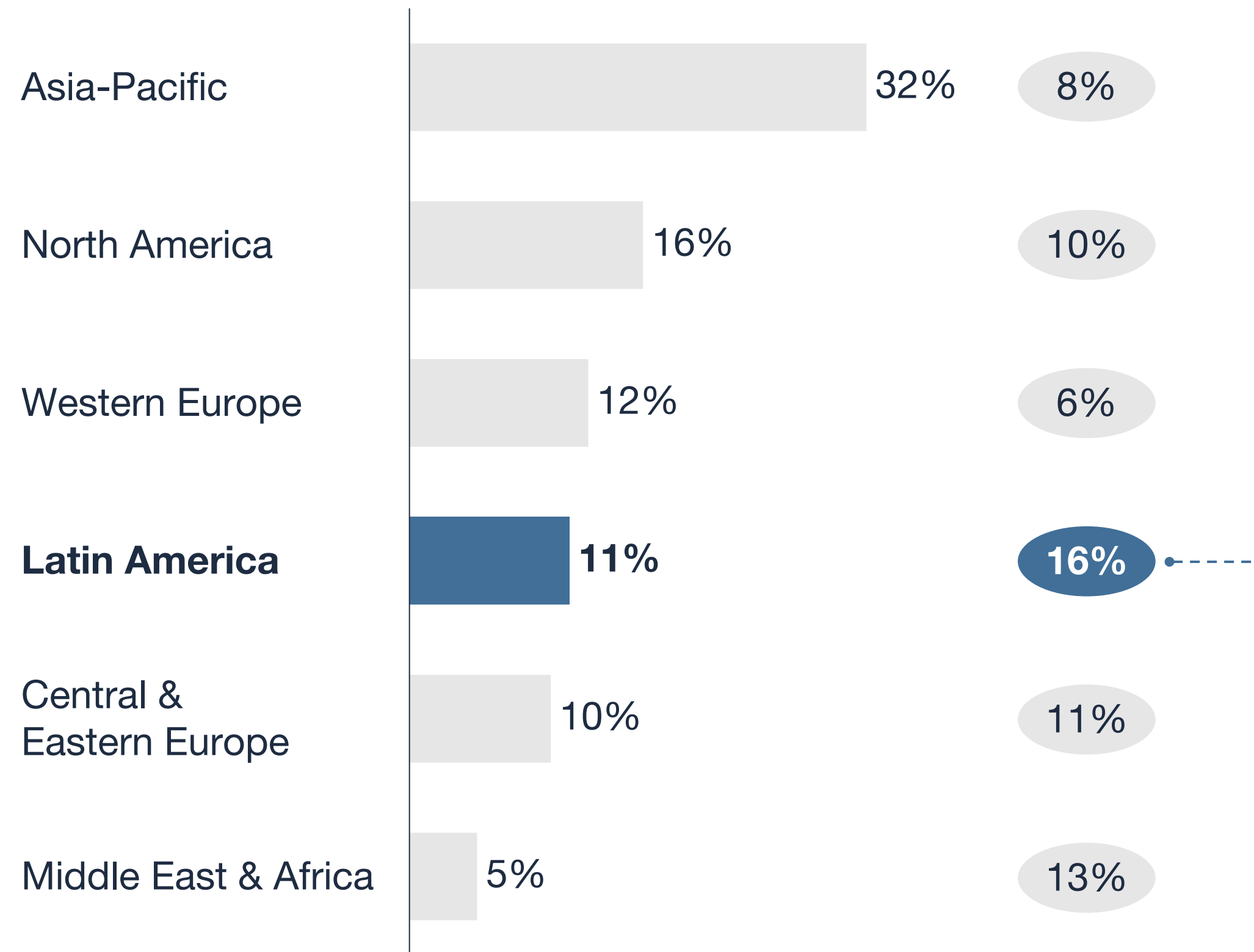
Social media users
2024, % of population



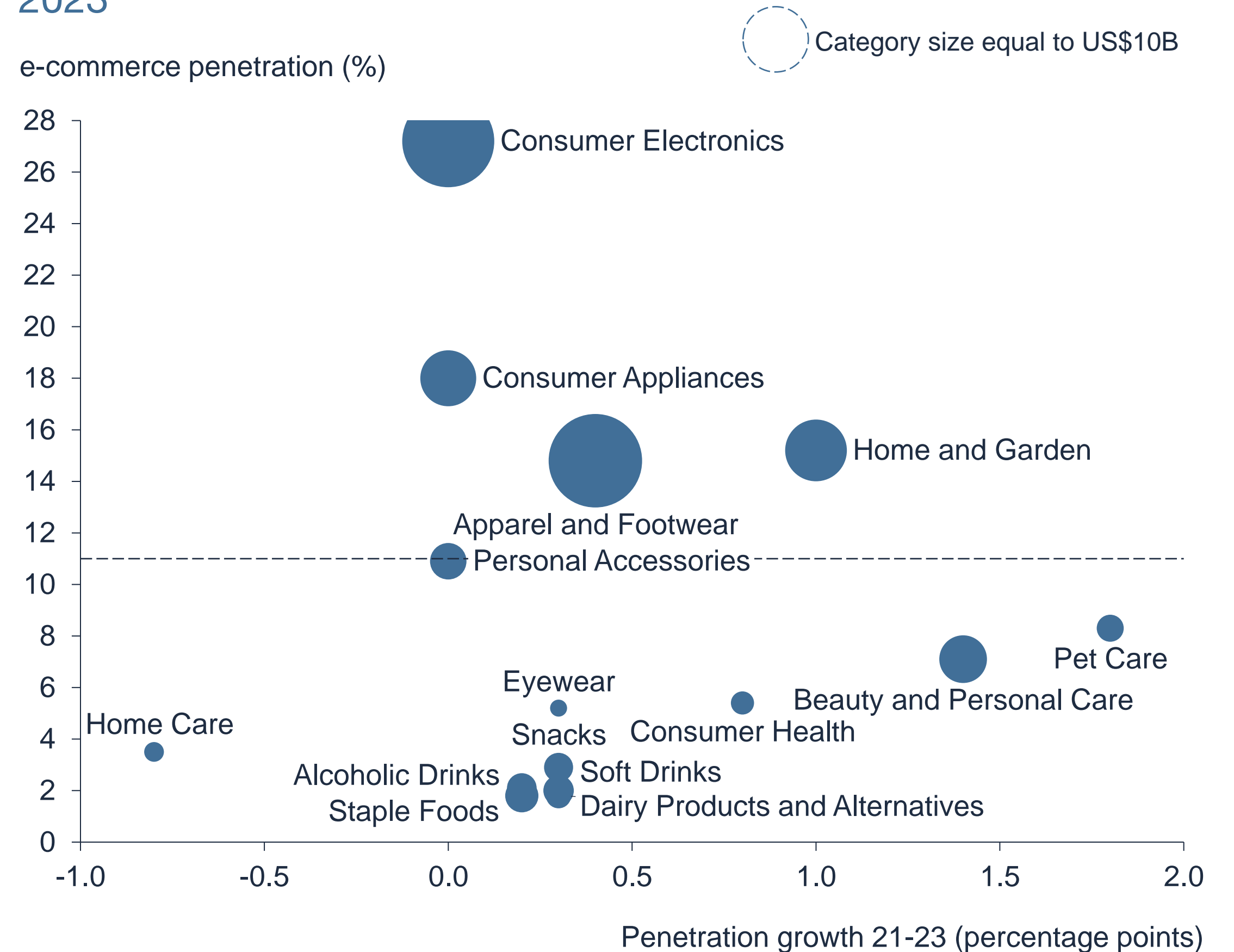
In the past year, LatAm saw the highest e-commerce growth, narrowing the gap with more developed regions

Retail e-commerce sales penetration¹
2024, % of total retail sales

YoY growth
e-commerce sales

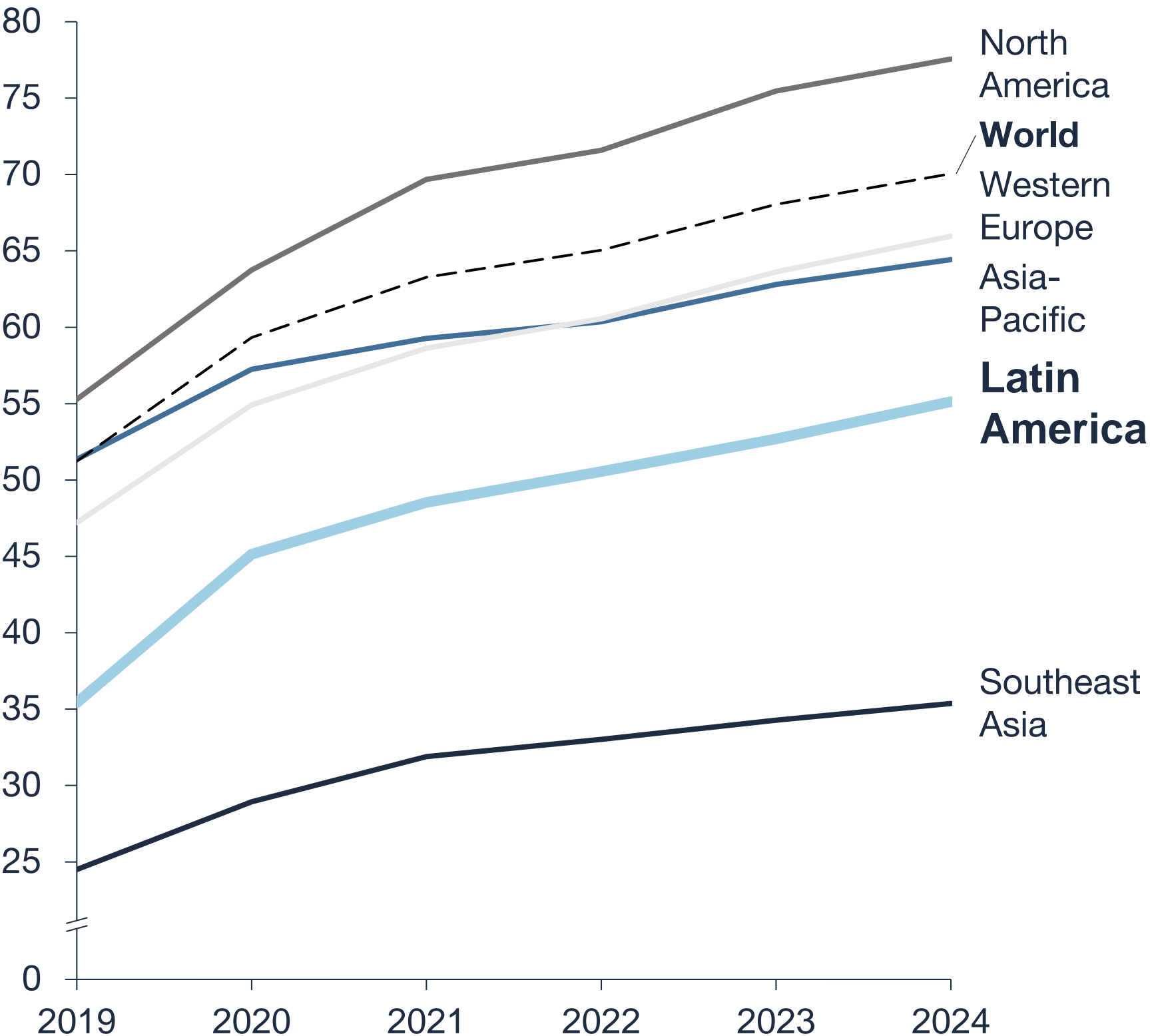


LatAm e-commerce penetration and growth by category²
2023



While digital ads penetration in LatAm is rising, it still lags that of the US and China, despite similar internet usage

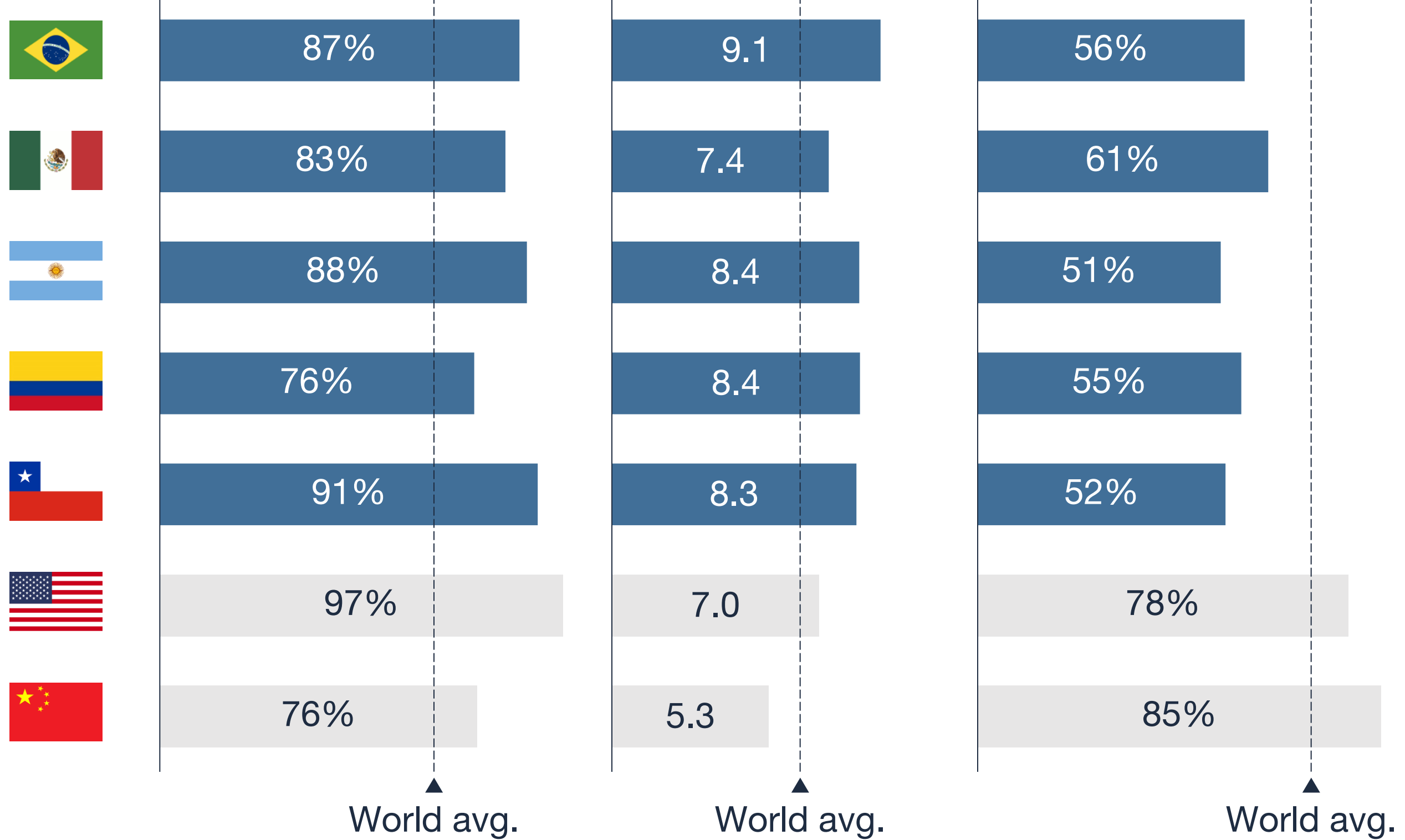
Digital advertising spending penetration¹
2019-2024, % of total ad expenditure



Internet penetration²
% of population

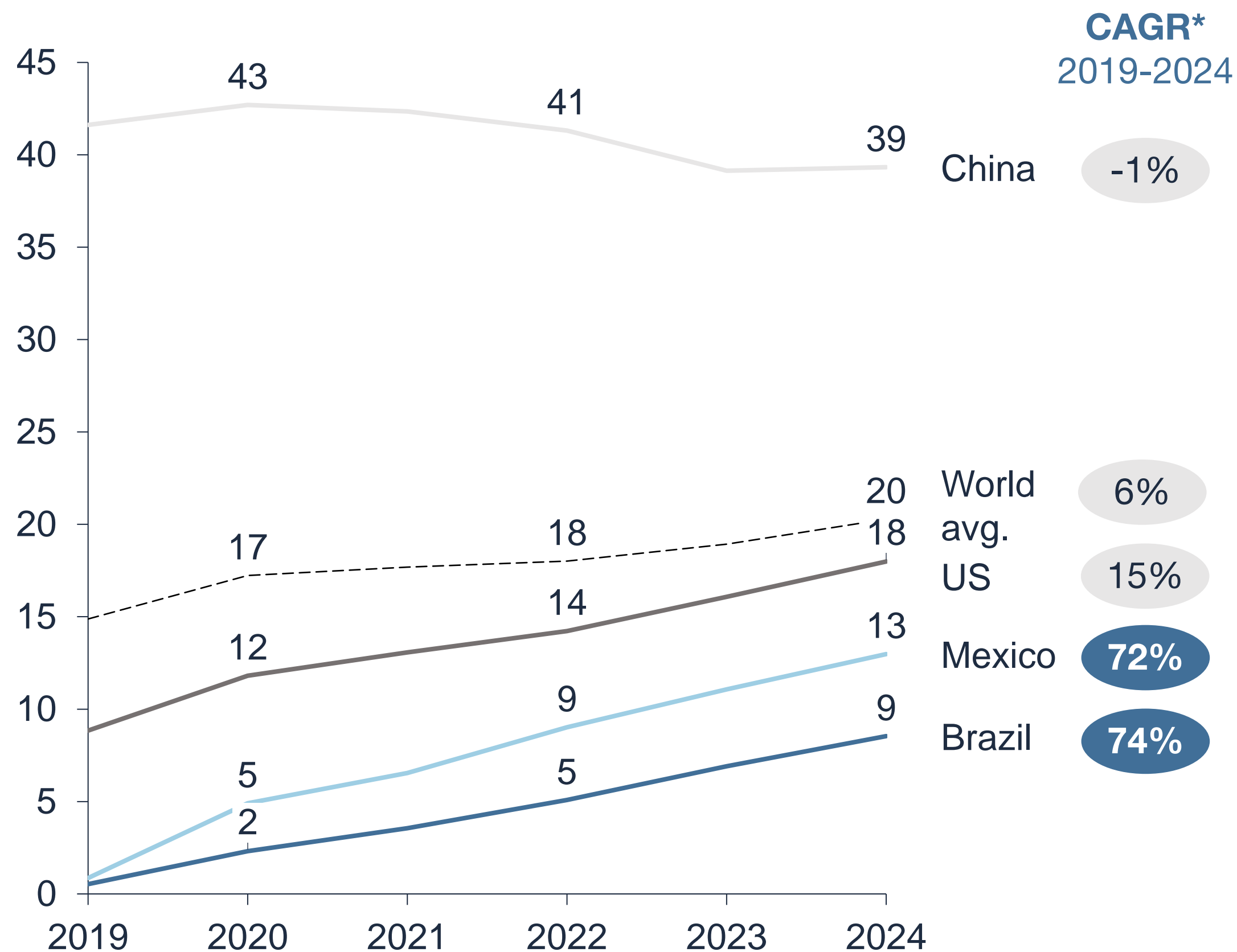
Time on internet²
Hours/Day

Digital ad penetration¹
% of total ad spend

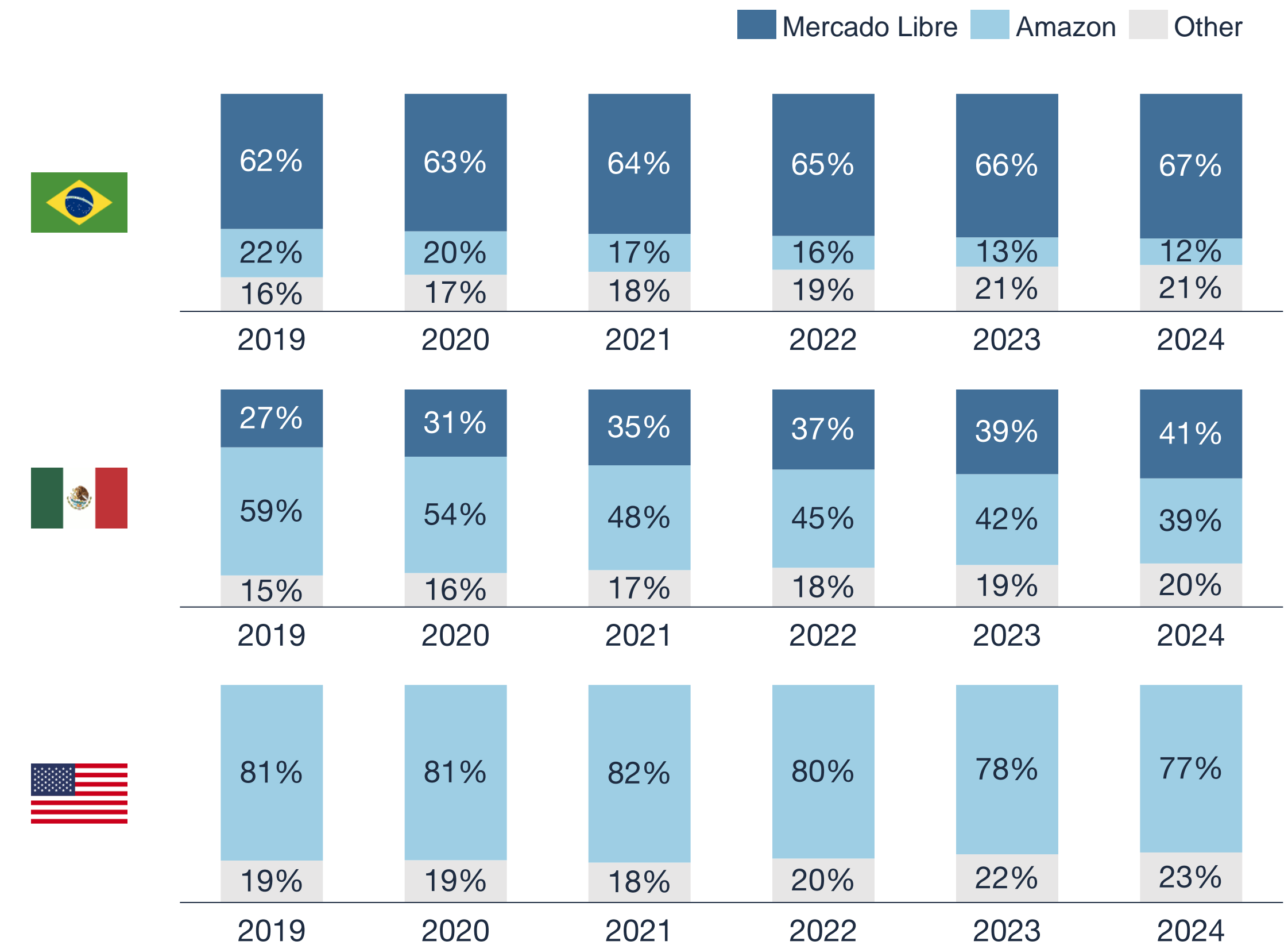


Retail media relevance in Latin America is growing rapidly, with Mercado Libre and Amazon leading in spending share

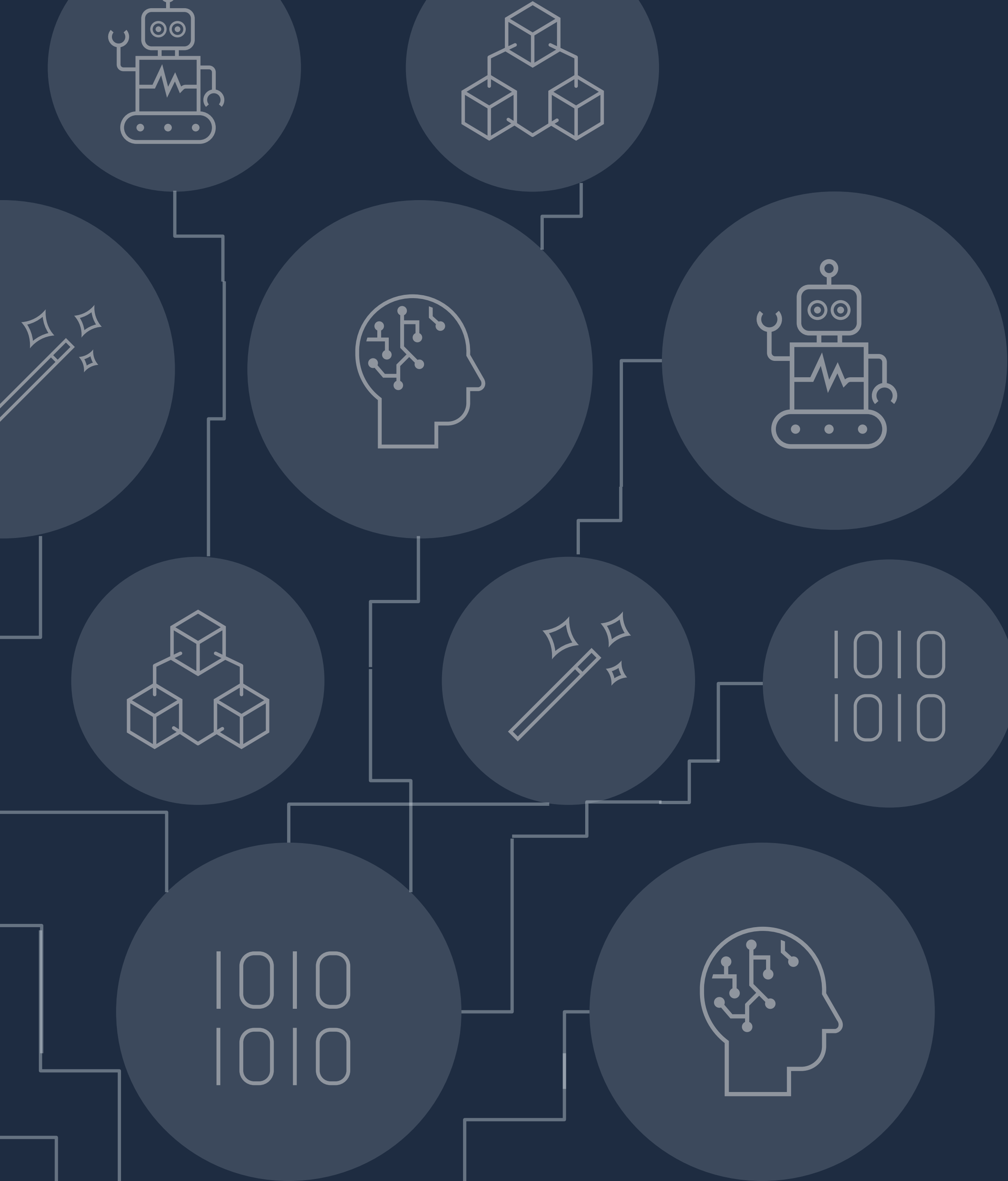
Retail media ad spending penetration
2019-2024, % of total ad expenditure



Retail media ad spending share by company
2019-2024, % of total ad expenditure



Note: (*) Compound Annual Growth Rate
Source: eMarketer Forecast



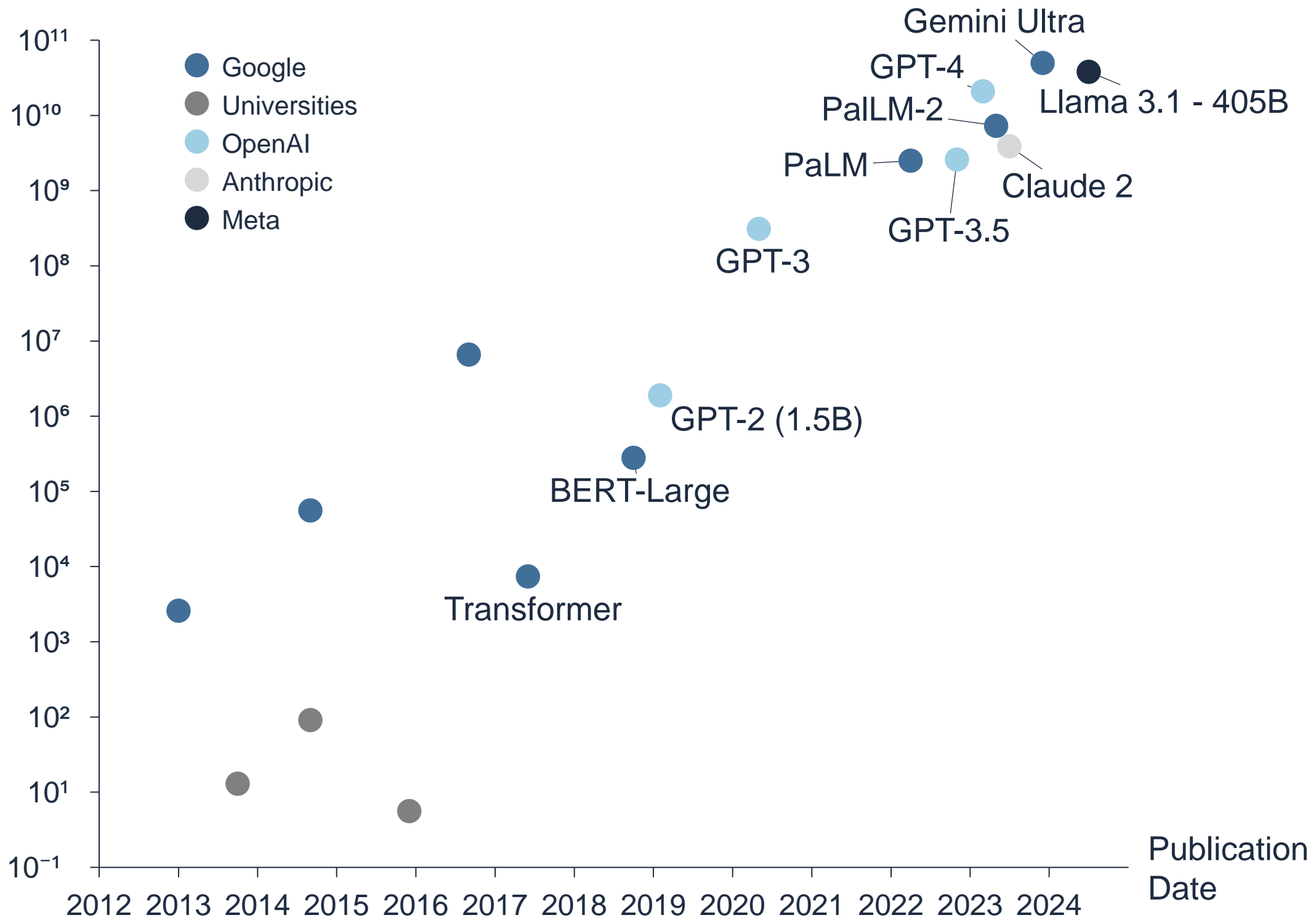
“Any sufficiently advanced technology is indistinguishable from magic”

- Arthur C. Clarke

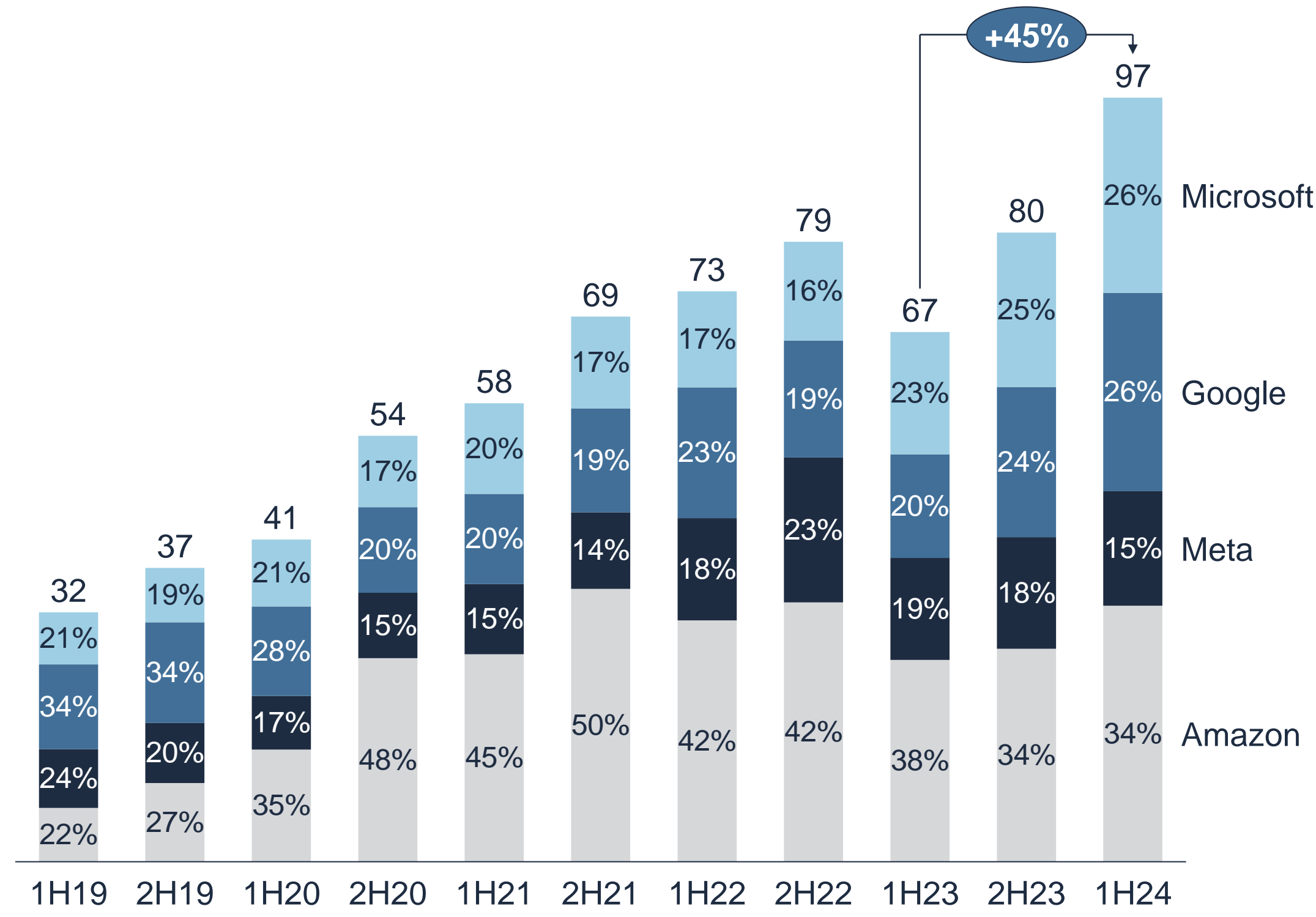
”

AI, the next digital paradigm, has continued to advance exponentially, with big techs ramping up investments

Training compute evolution for language models¹
 Total petaFLOPs* used for training, log scale



CAPEX evolution in AI model-developing Big Techs²
 US\$B

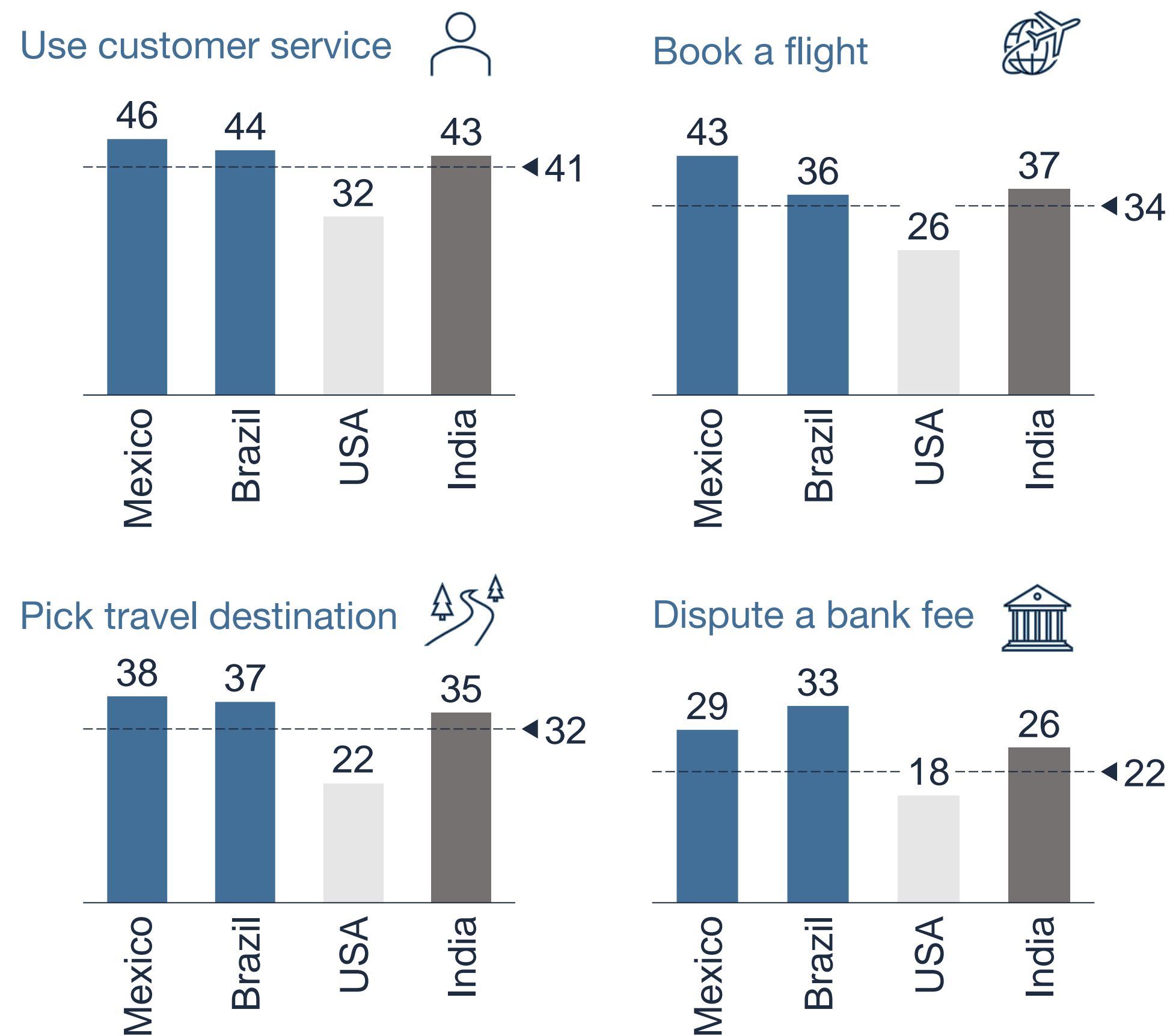


Note: (*) a petaFLOP is a unit of computing speed equal to one quadrillion floating-point operations per second
 Sources: (1) Epoch AI; (2) Companies Data

Latin American citizens are willing to experiment with AI, with a more positive perception compared to most regions

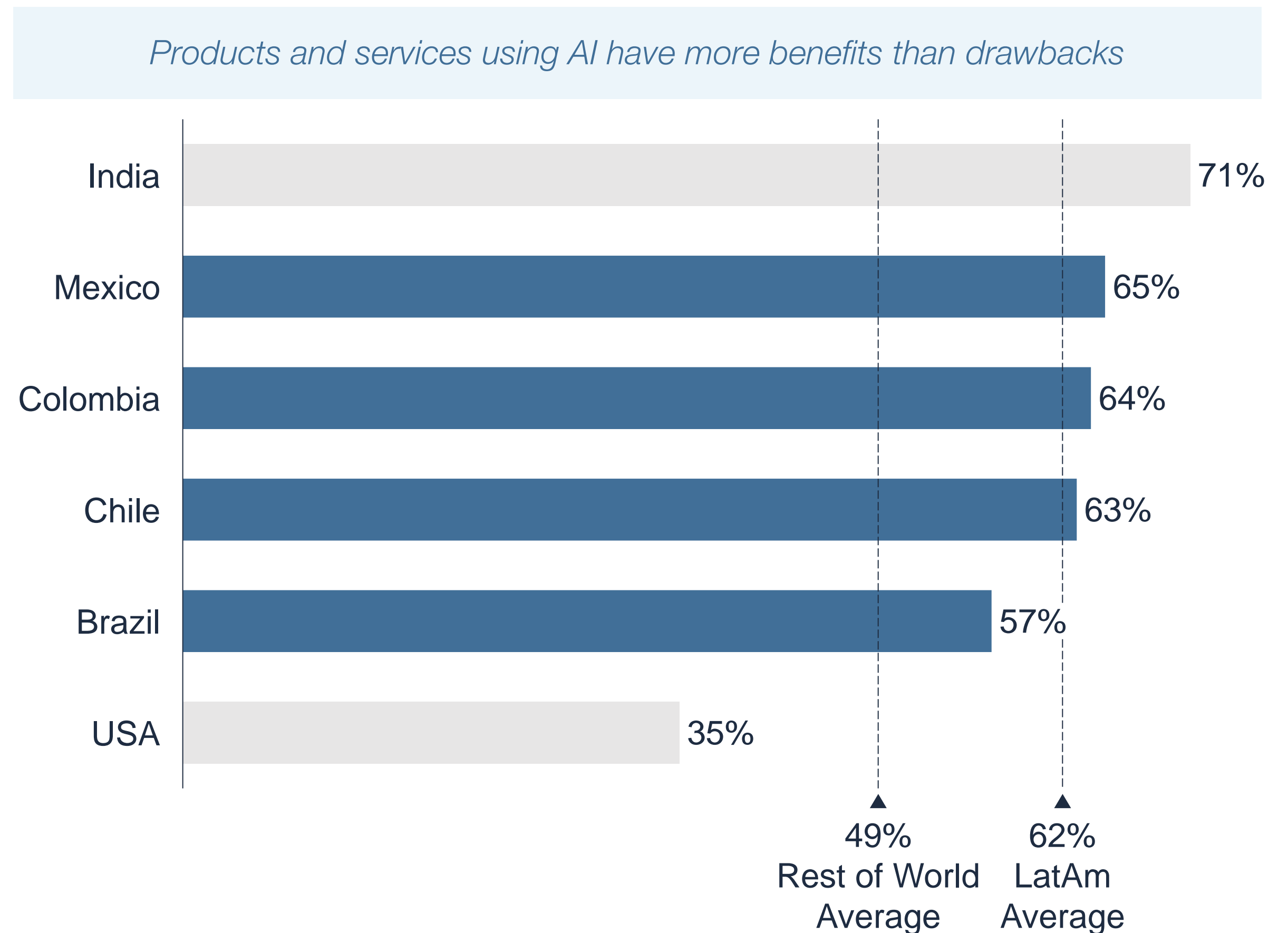
Willingness to use AI for selected activities

2023, % of respondents



Public perception on AI benefits and drawbacks

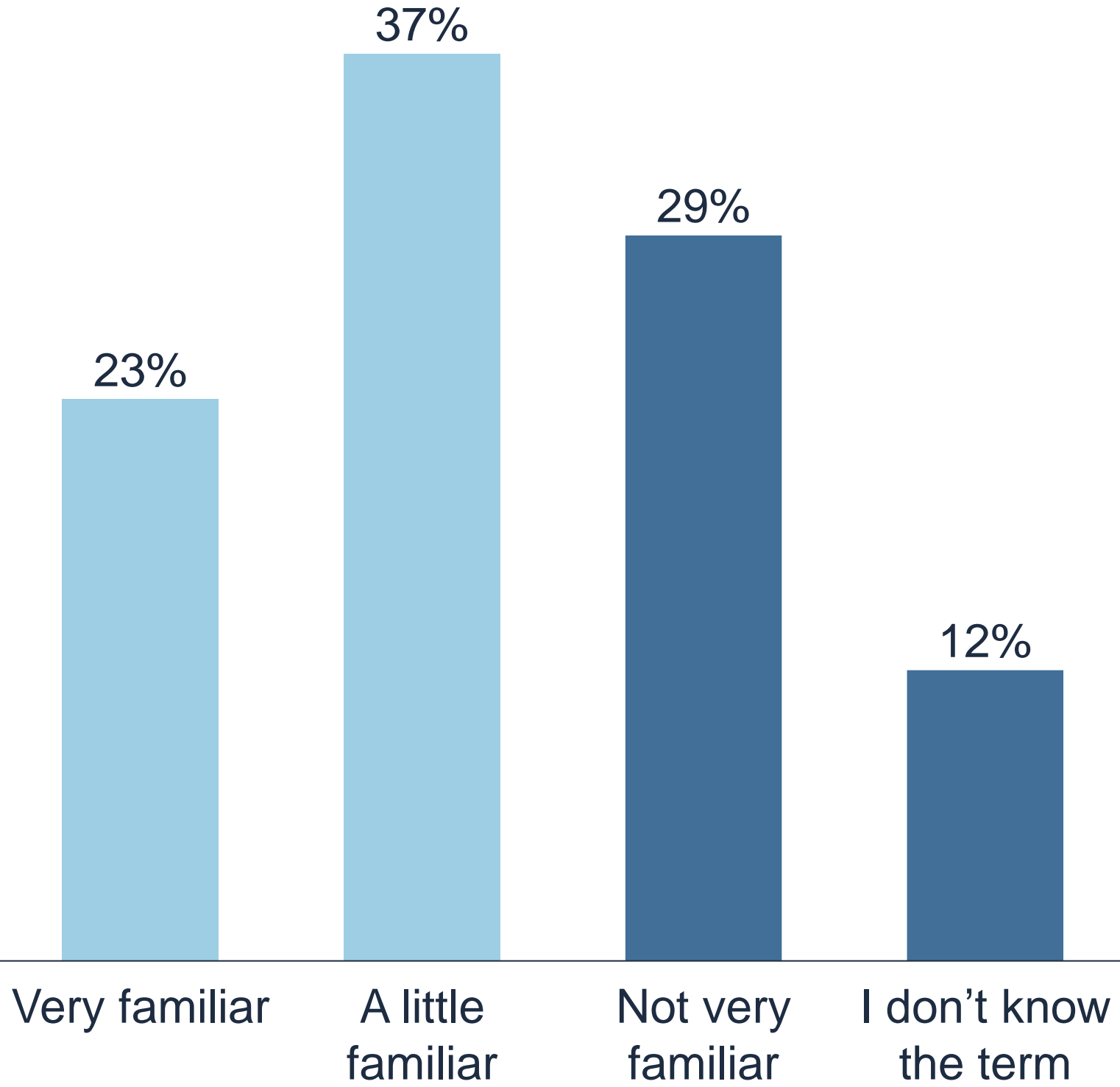
2023, % of respondents who agree with statement



Yet, low levels of awareness and lack of openness to share personal data pose a challenge for further AI use in Brazil

Awareness of Artificial Intelligence in Brazil¹

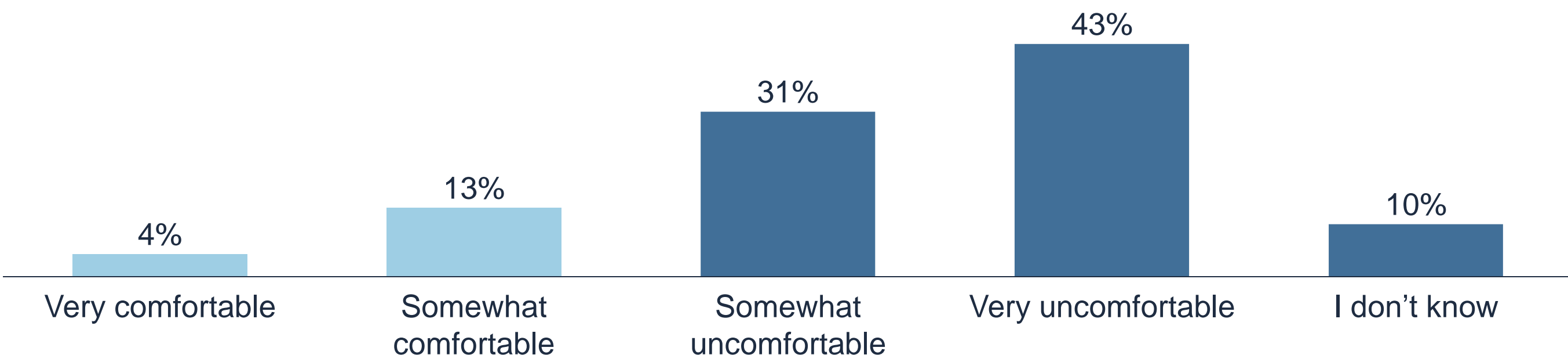
2024, % of respondents



83% of startup founders in Brazil believe there is a **need for some Generative AI regulation²**

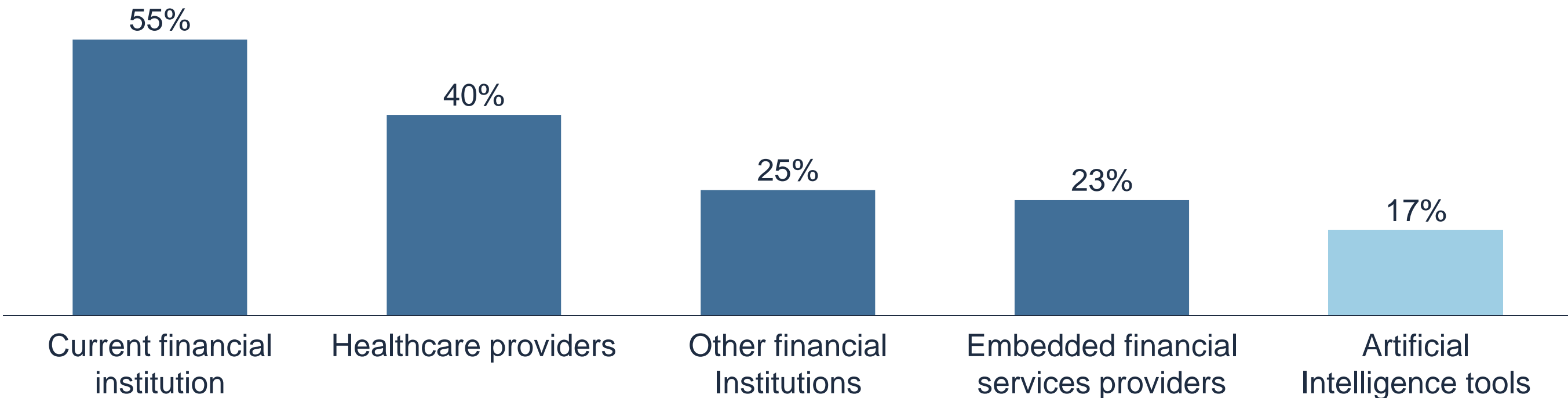
Population willingness to share personal data with AI tools¹

2024, % of respondents



Institutions with which population would share personal data¹

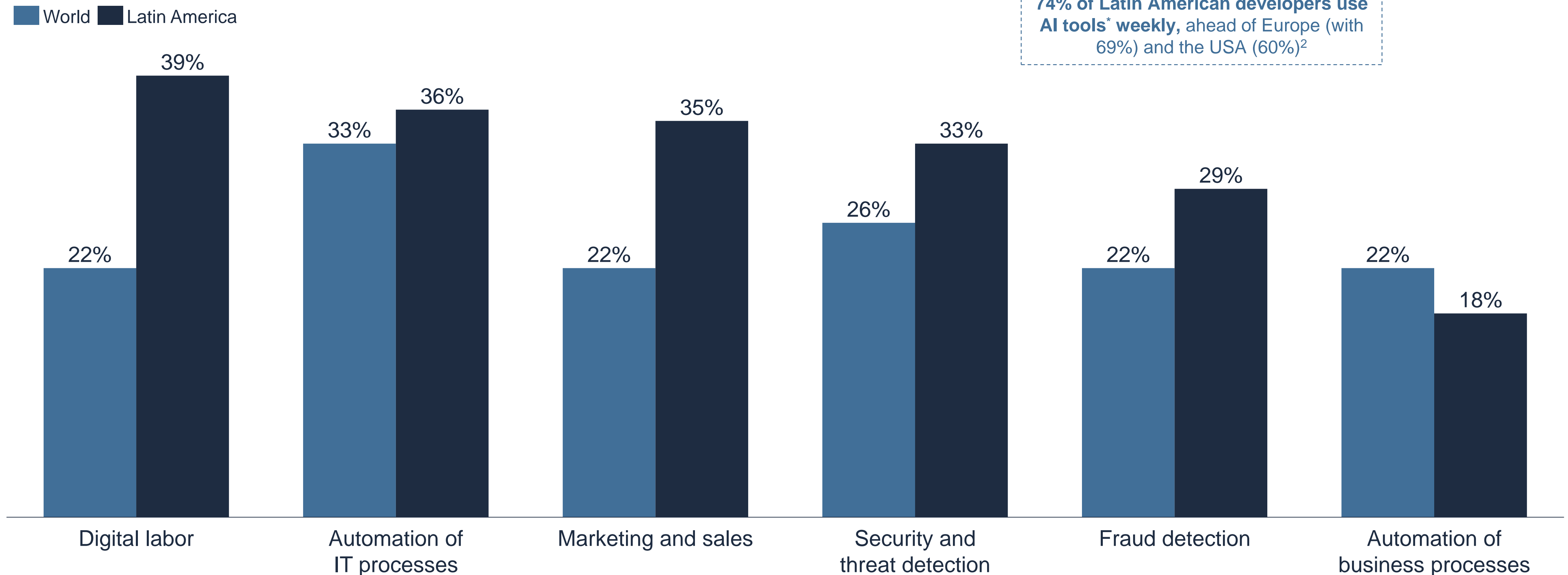
2024, % of respondents 'very comfortable' or 'somewhat comfortable' sharing data



Latin American tech communities have been using Artificial Intelligence tools at a higher rate than the global average

Enterprise adoption of Artificial Intelligence use cases¹

% of enterprise respondents



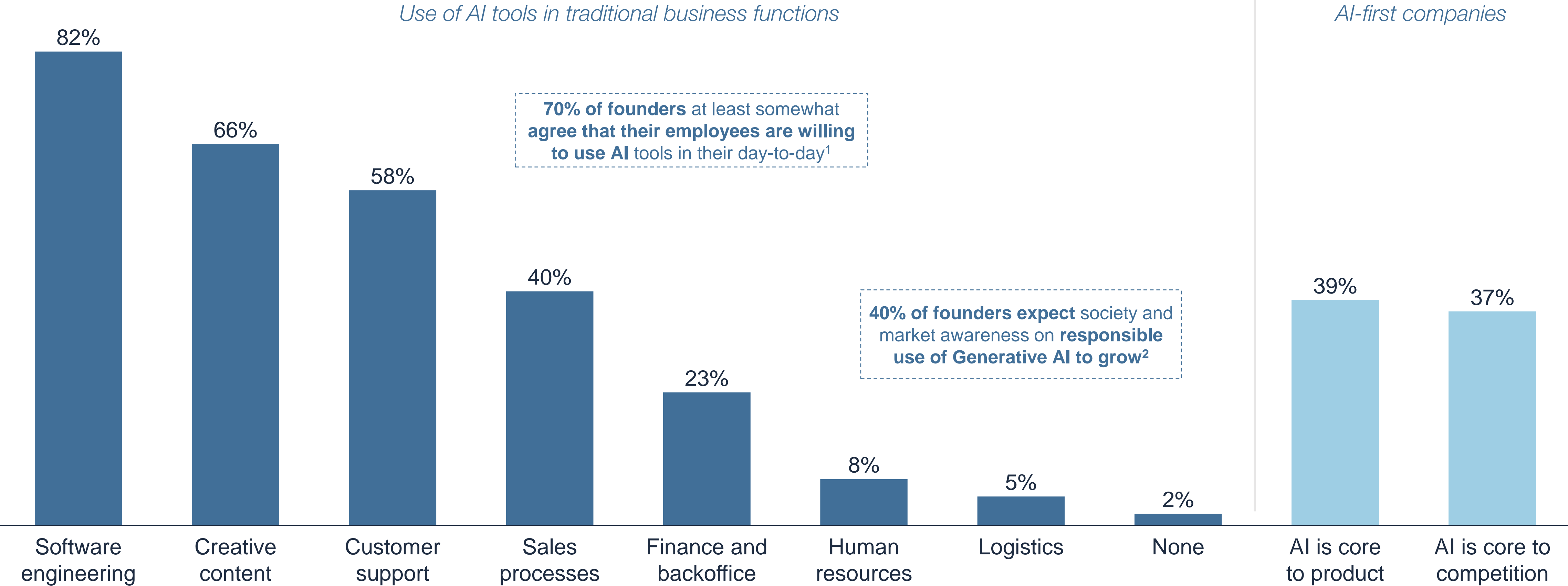
Note: (*) AI Tools include ChatGPT, GitHub CoPilot, Midjourney, Visual Studio IntelliCode, Bard, and others

Sources: (1) IBM Global AI Adoption Index; (2) The State of AI Tools and Coding 2023 report

Most LatAm founders are leveraging AI for operational efficiency, while ~40% made it a core part of their business

AI tool adoption by business use case¹

2024, % of respondents

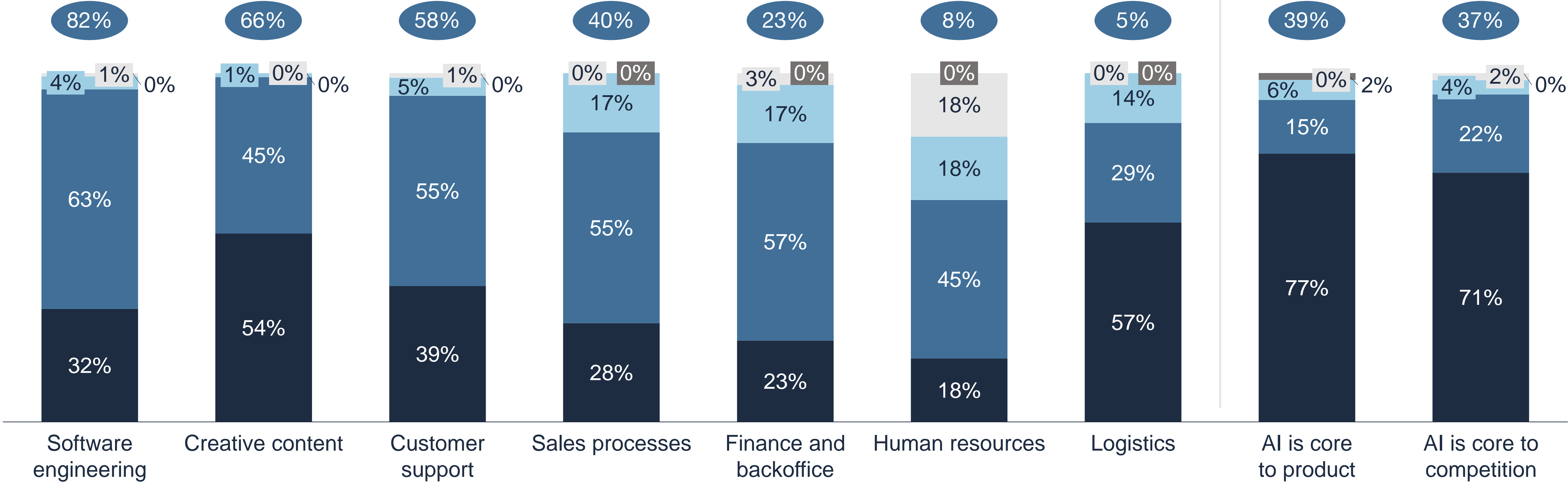


Founders in the region don't always perceive the most frequently adopted AI initiatives as the most impactful

AI tool perceived impact by business use case
 2024, % of respondents who use AI for each use case

% % of founders that use AI for this function

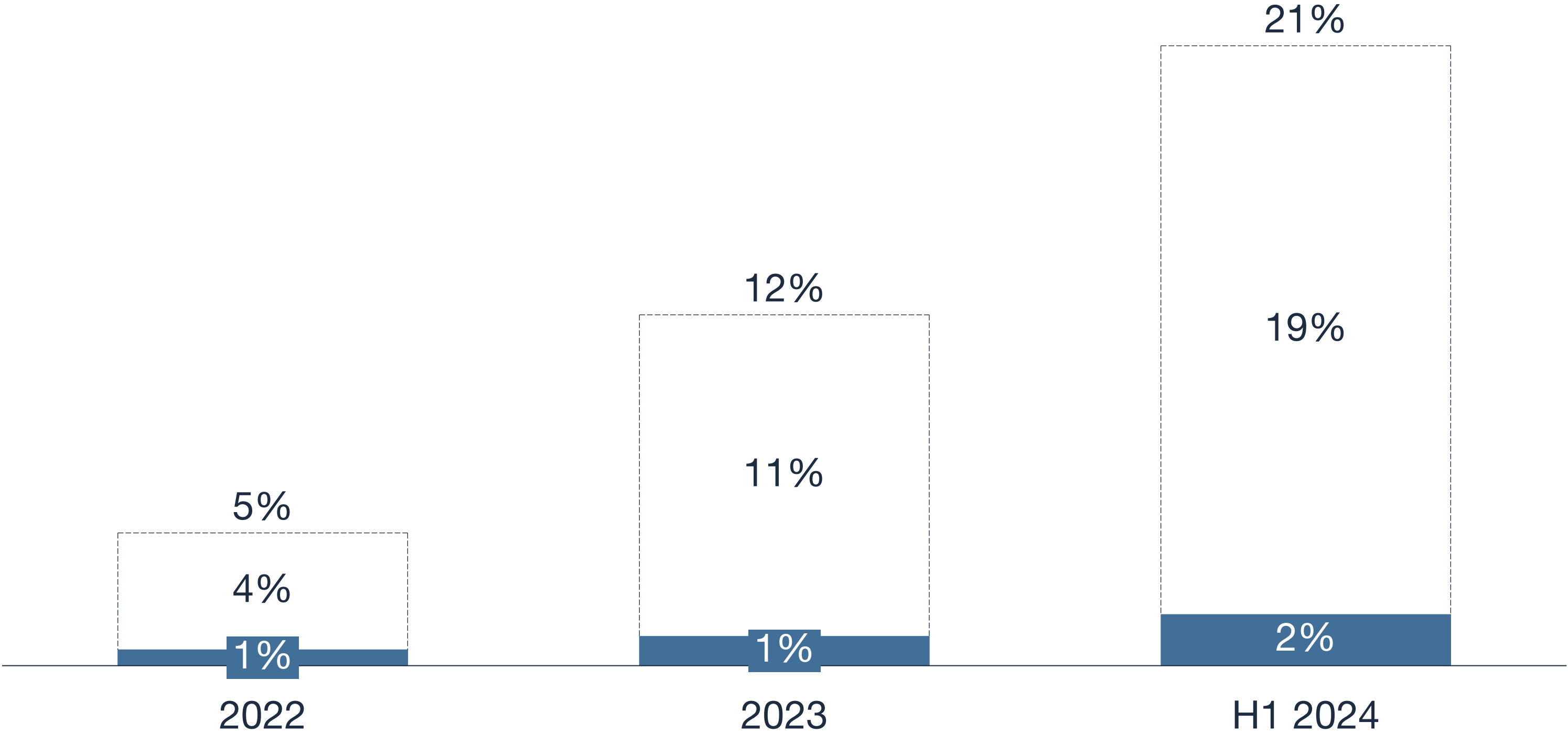
Relevant positive impact
 Neutral impact
 Negative impact
 Slightly positive impact
 No impact observed



Artificial Intelligence acts as a central or enabling factor for 1 in every 5 new companies getting funded in Latin America

Latitud AI fellowships
% of total fellowship companies

AI as enabler AI-centric

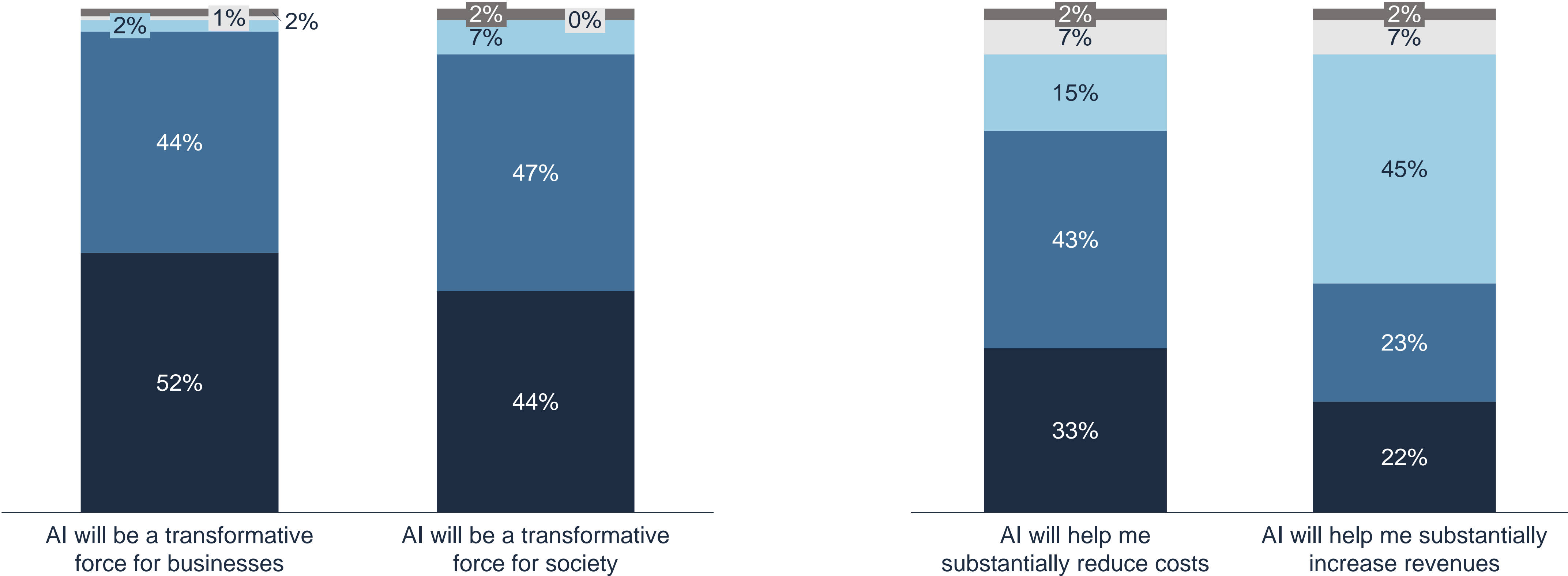


Note: Latitud Ventures is the VC firm that leads pre-seed rounds across Latin America and backs selected Latitud fellows
Source: Latitud internal data

Founders believe in AI's overall transformative power, but remain uncertain on how it will directly impact businesses

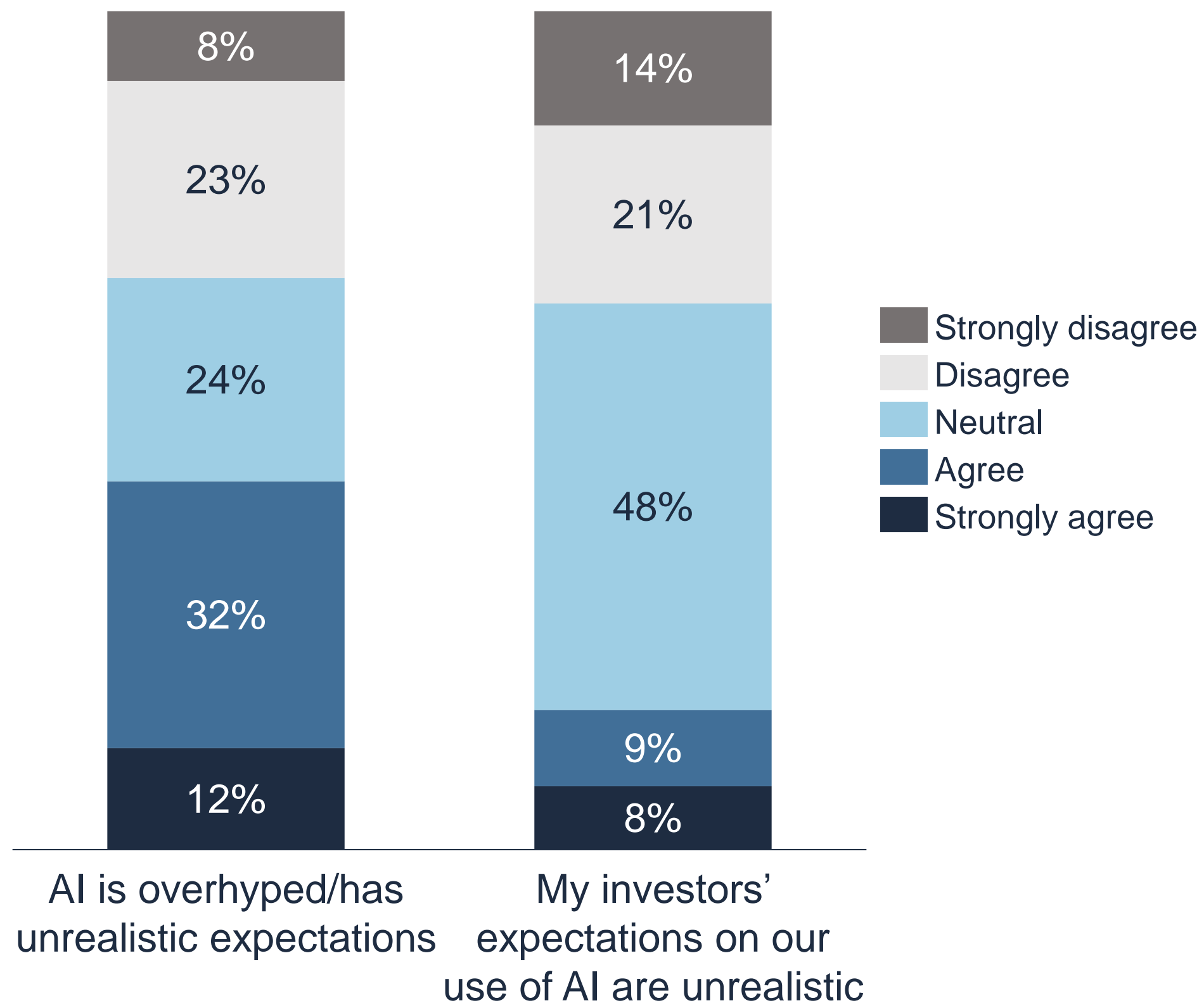
Founders who agree with statements about AI
2024, % of respondents

Strongly agree Agree Neutral Disagree Strongly disagree

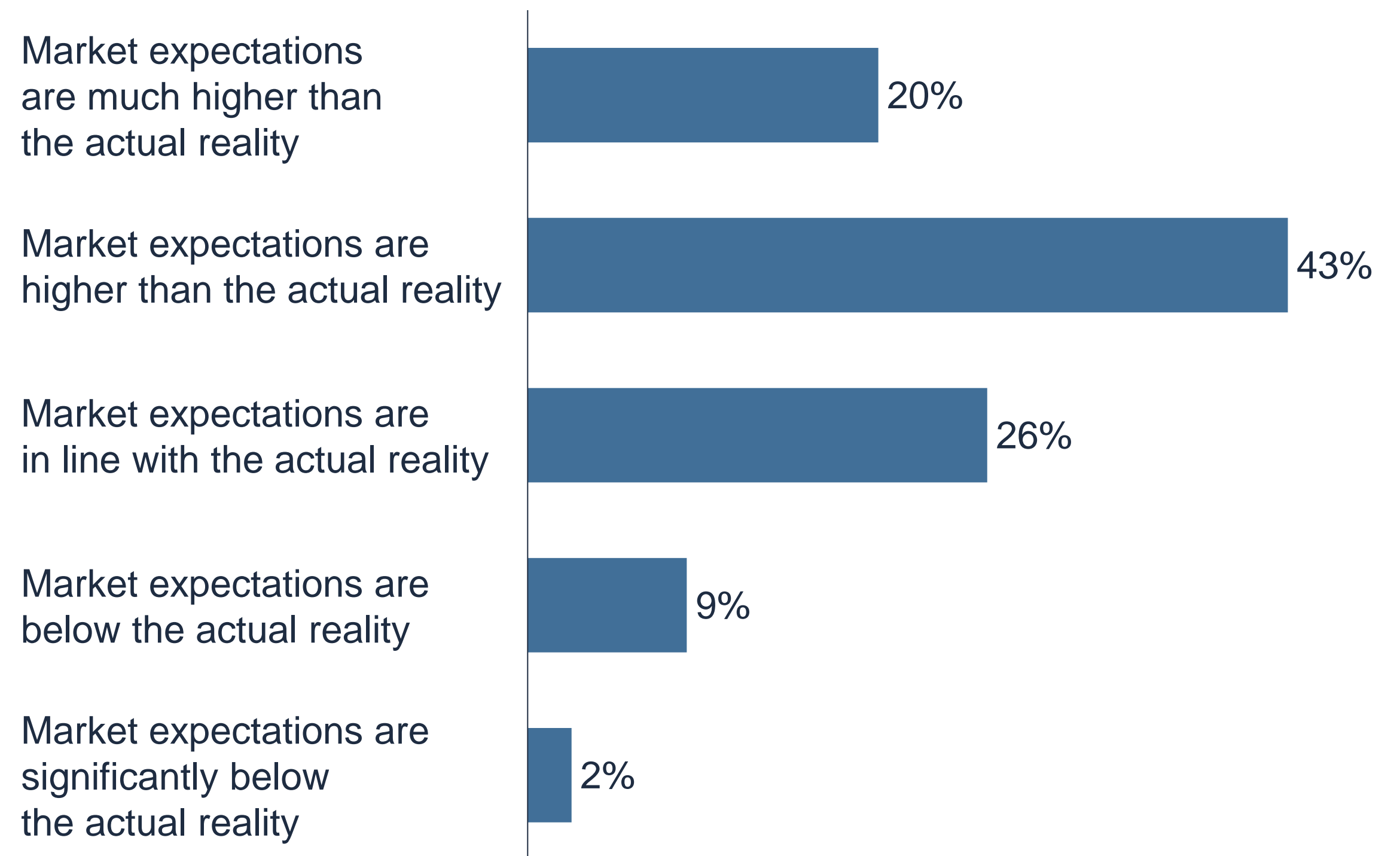


Most founders believe that market and investor expectations around the impact of AI exceed reality

Founders who agree with statements about AI
2024, % of respondents



Founders perception on AI market expectations
2024, % of respondents



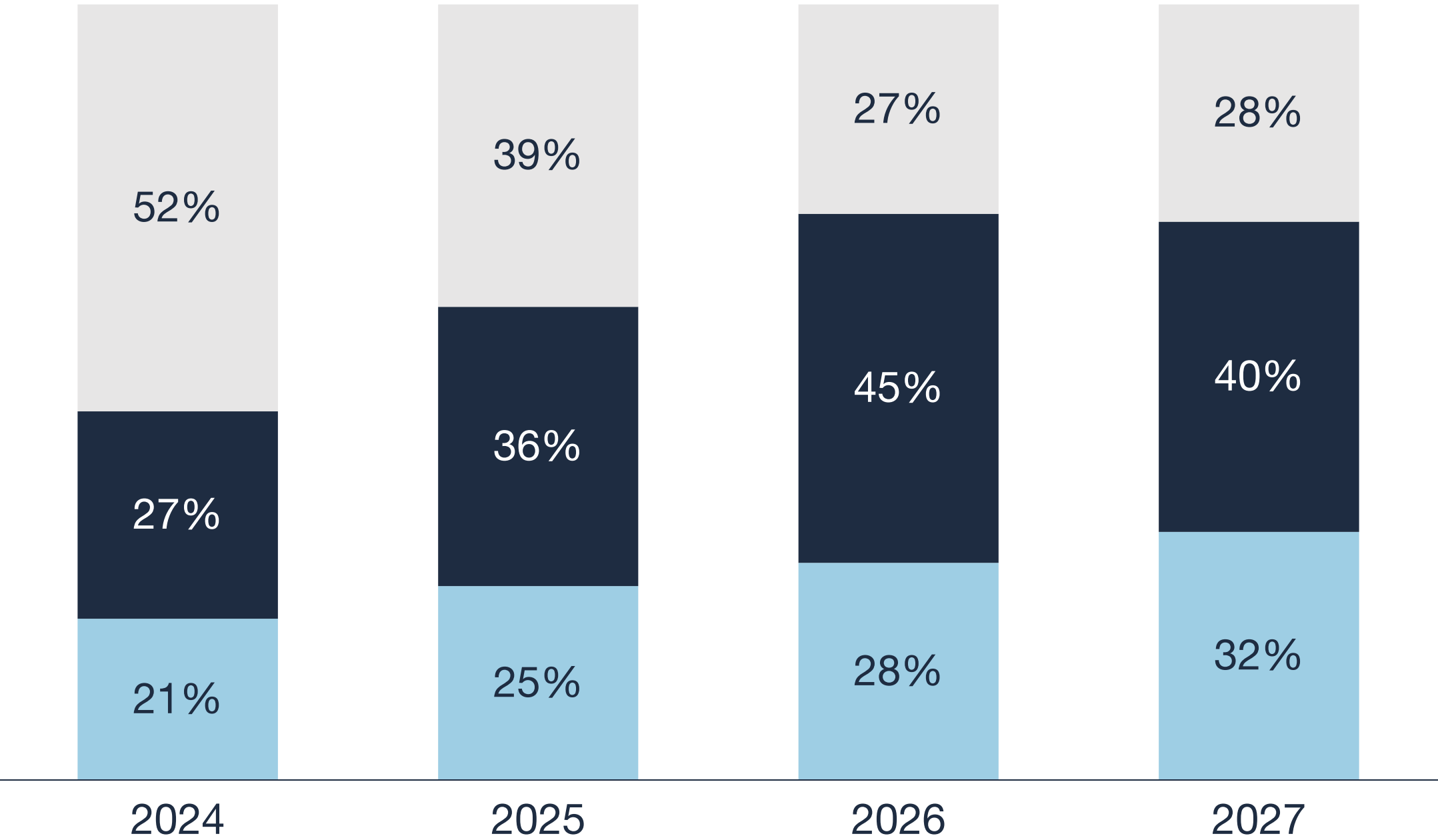
AI has been top of mind for many incoming undergraduate students when thinking about their careers

AI Impact on undergraduates' major choice

2024, % of students by graduation year

What impact have recent advances in AI had on your choice of major?

A lot Some None

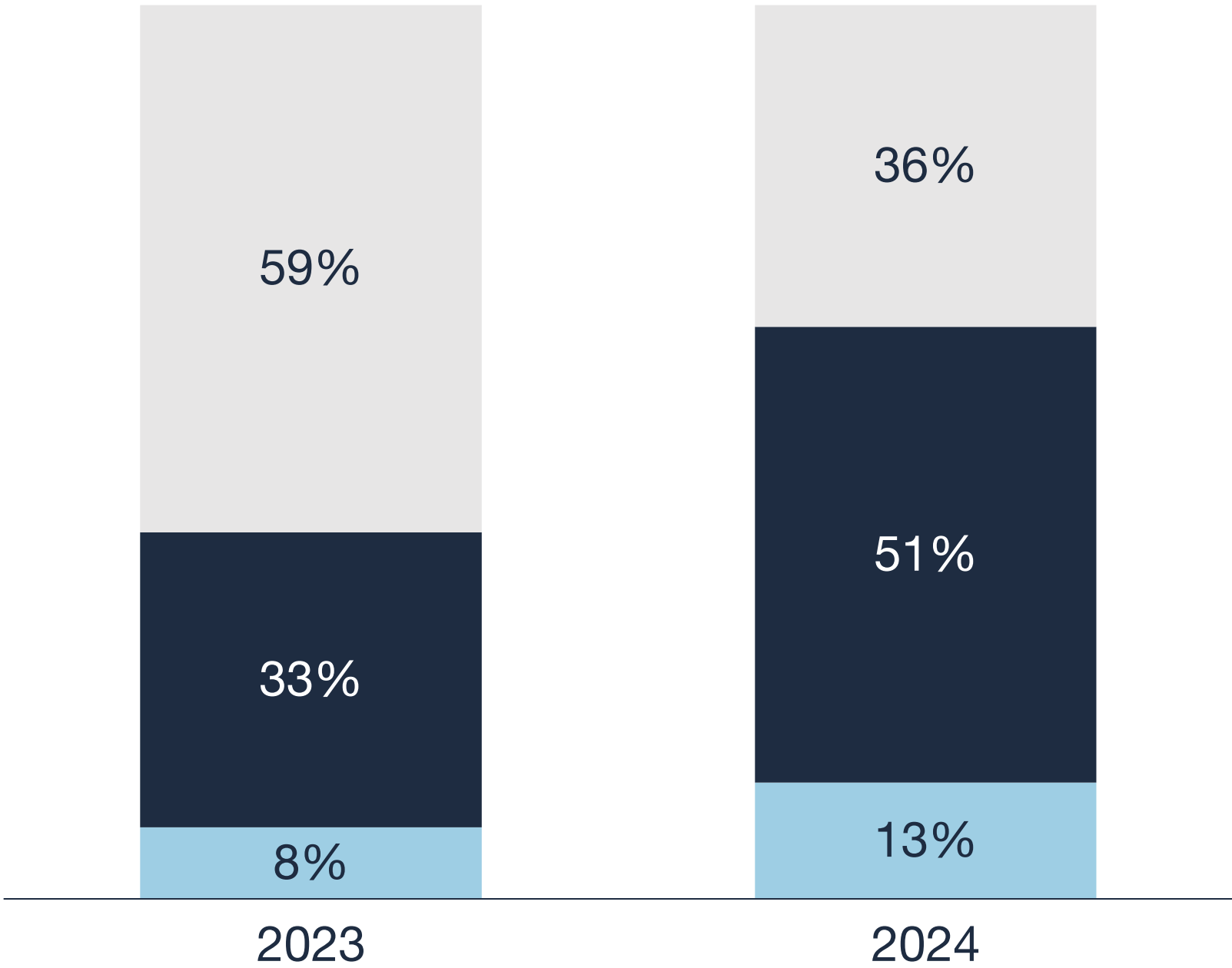


Concerns about the impact of AI on career¹

2023 vs. 2024, % of students

To what extent are you concerned about the implications that Artificial Intelligence will have on your career?

Very worried Somewhat worried Not worried

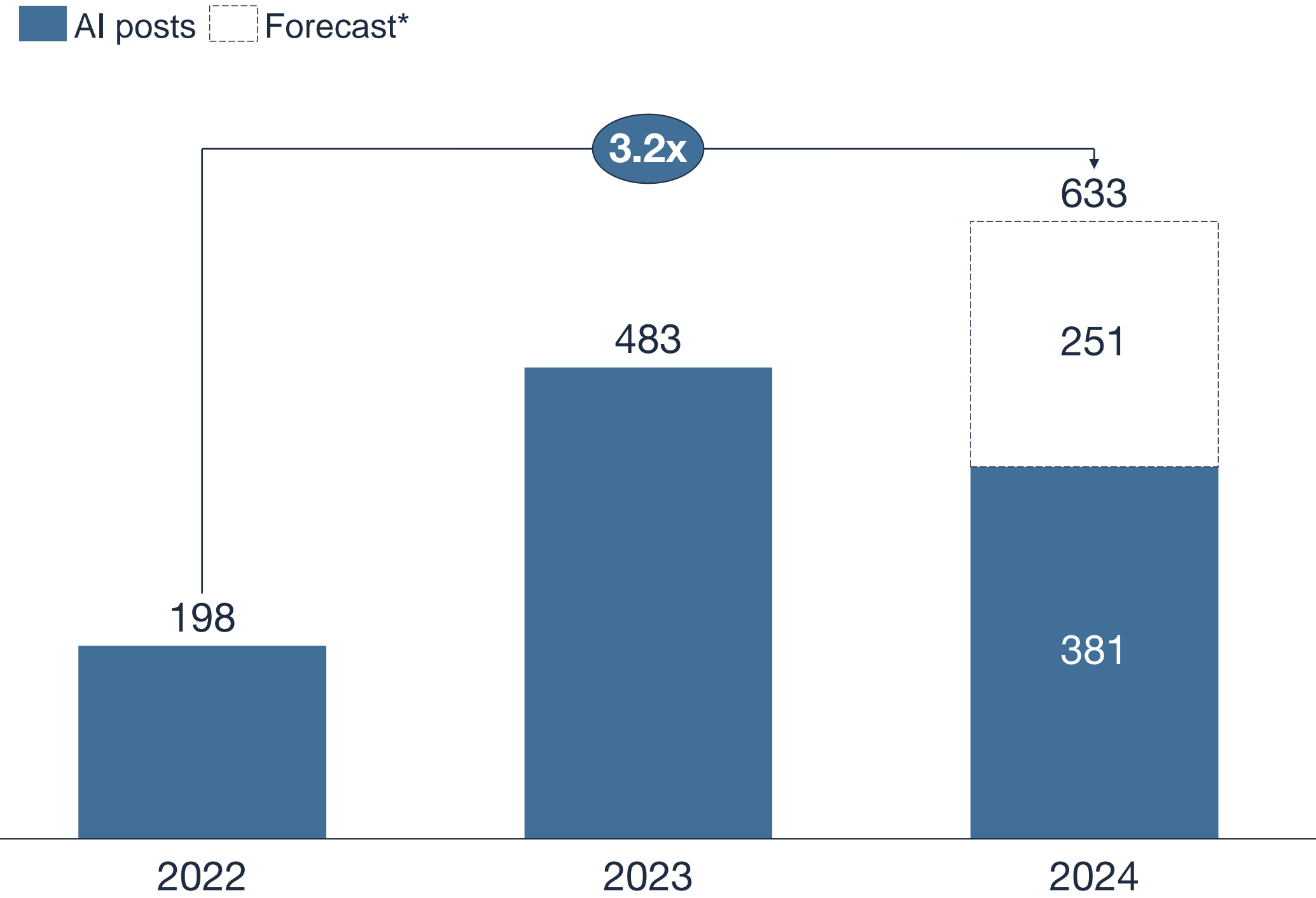


AI-related discussions online continue to grow, mostly related to Technology, Financial Services, and Education

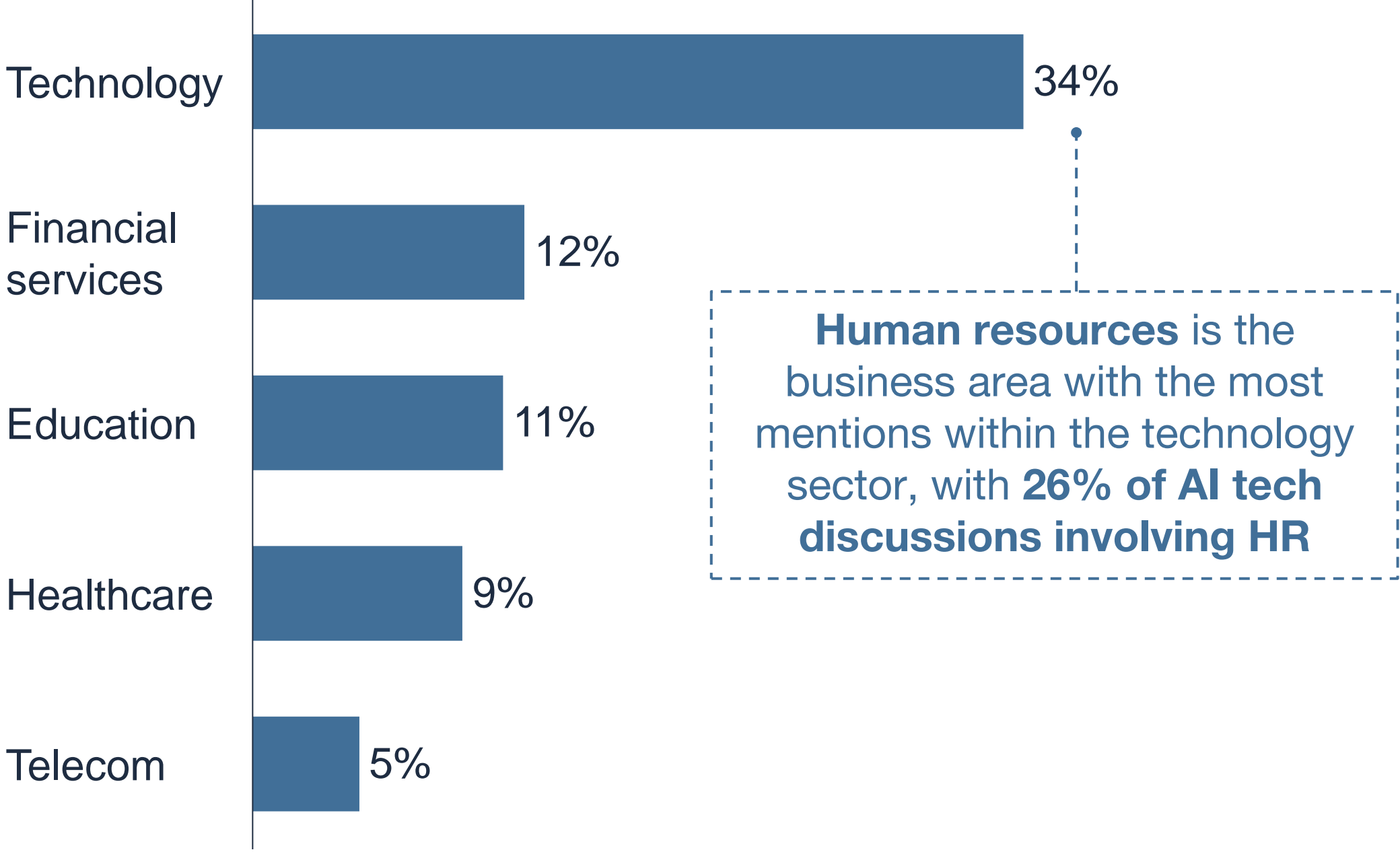


Stilingue is an AI-powered platform that provides real-time data analysis from digital conversations, helping companies monitor trends and online discussions across social media, news outlets, and other digital sources

Number of AI-related discussions online
Jan 2022 - Aug 2024, Millions of posts



Distribution of AI-related discussions online by sector
Jan 2022 - Aug 2024, % of discussions



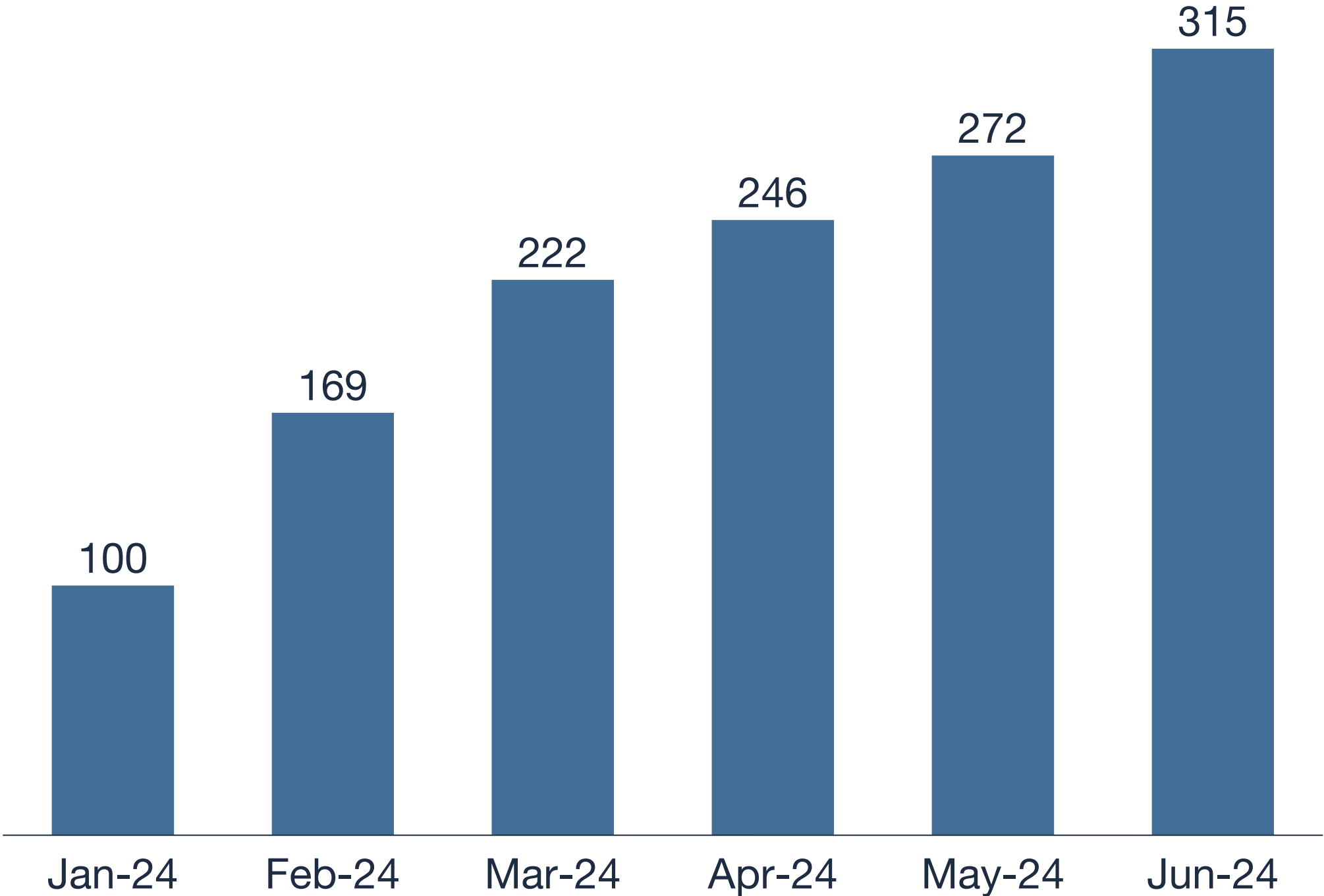
Note: (*) Annualized forecast using year-to-date data as of August 9th, 2024
Source: Stilingue by Blip – Analysis from news portals, blogs, and social media (Twitter, Facebook, Instagram), January 2022 to August 2024

Through its AI lawyer, Talisman empowers enterprises to answer lawsuits more quickly and assertively



Talisman AI uses artificial intelligence to provide hyper-customized lawsuit answers at scale. Its AI models perform exhaustive and detailed analysis of evidence, **generate lawsuit responses in seconds** and identify nuisance or fraudulent claims

Volume of lawsuit answers written by Talisman’s AI
Indexed Jan 2024 = 100



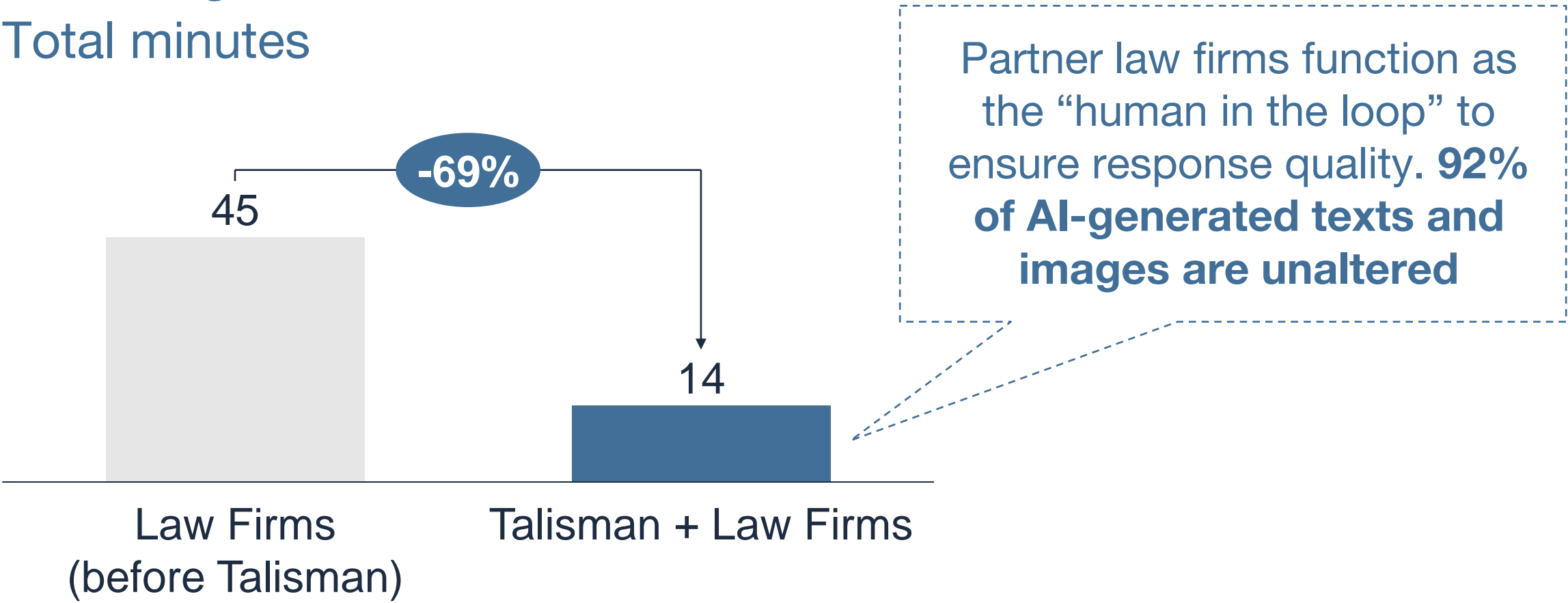
Lawsuit responses for a publicly-traded bank in Brazil

Talisman’s AI analyzes the bank’s internal documents and proposes the best responses, which are validated by the bank’s 11 partner law firms

Over **2,000 lawsuit answers were generated**, with a **15% increase in lawsuit win rate** and a **35% reduction in total time spent per lawsuit**

Time to generate lawsuit answer

Total minutes





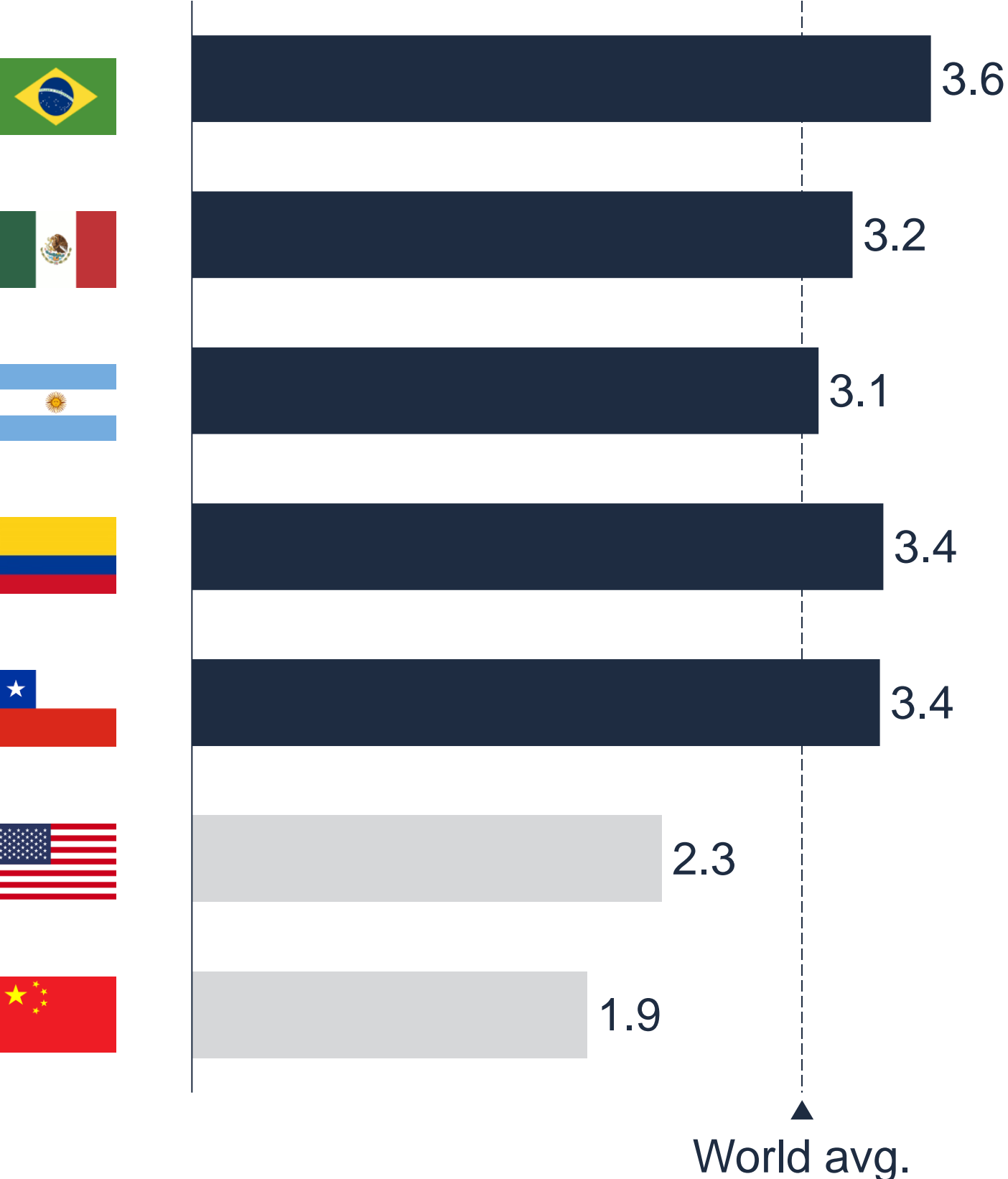
**“In the future
everyone will be
world famous for 15
minutes”**

- Andy Warhol

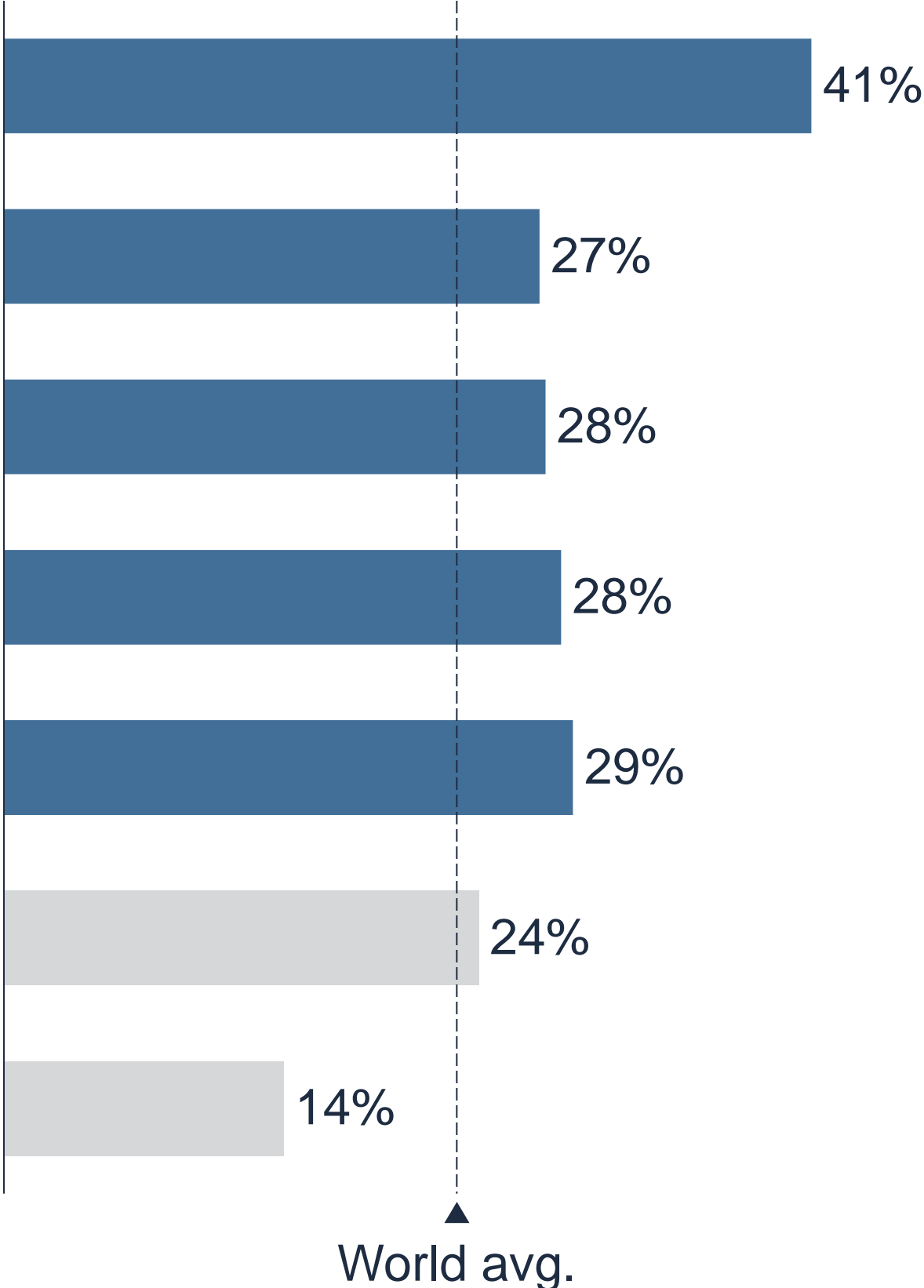
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Latin Americans lead in social media usage, particularly for following influencers and researching potential purchases

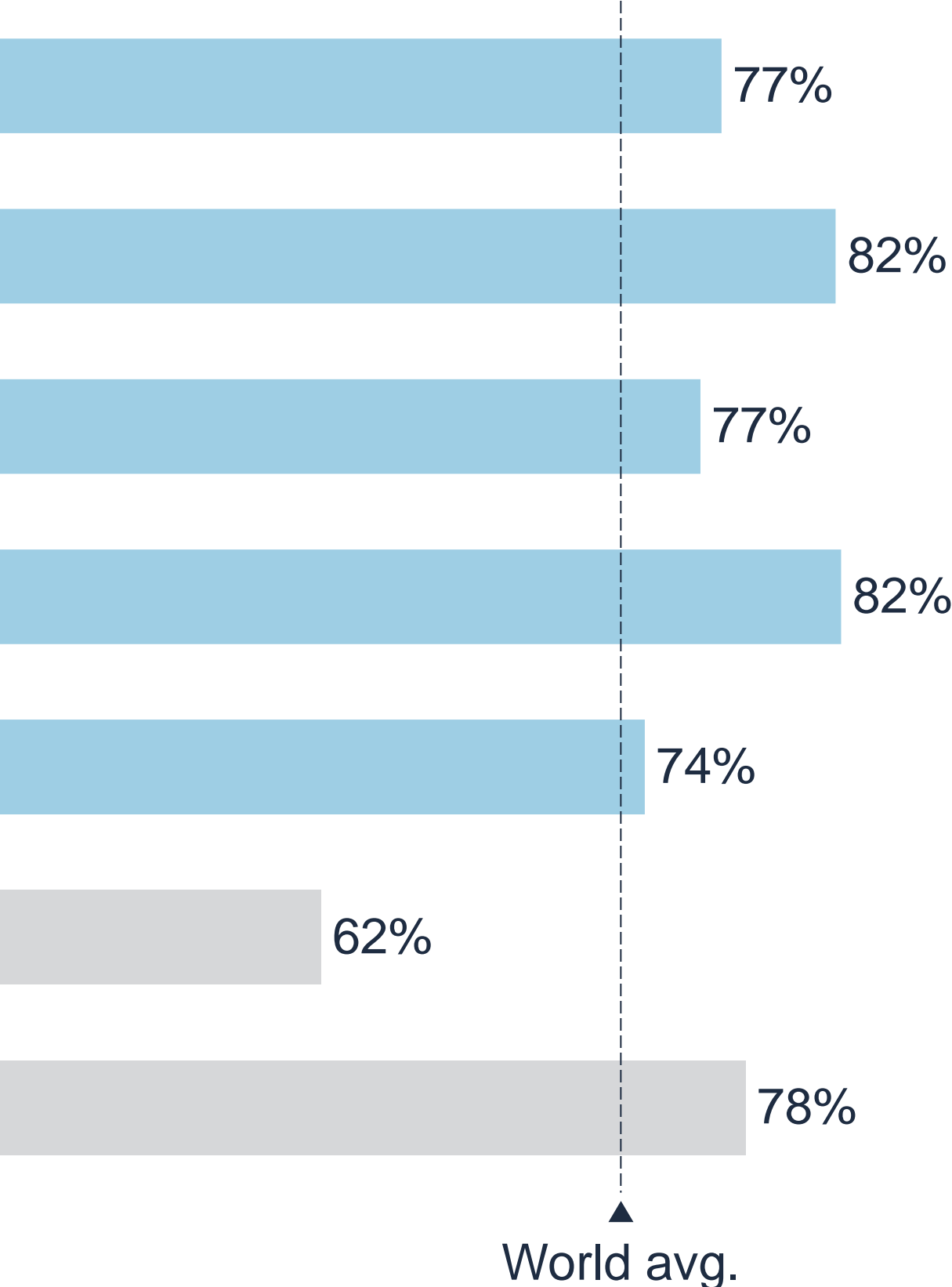
Average time spent on social media
2024, hours per day



Population following influencers
2024, % of social media users



Social media for brand research*
2024, % of internet users

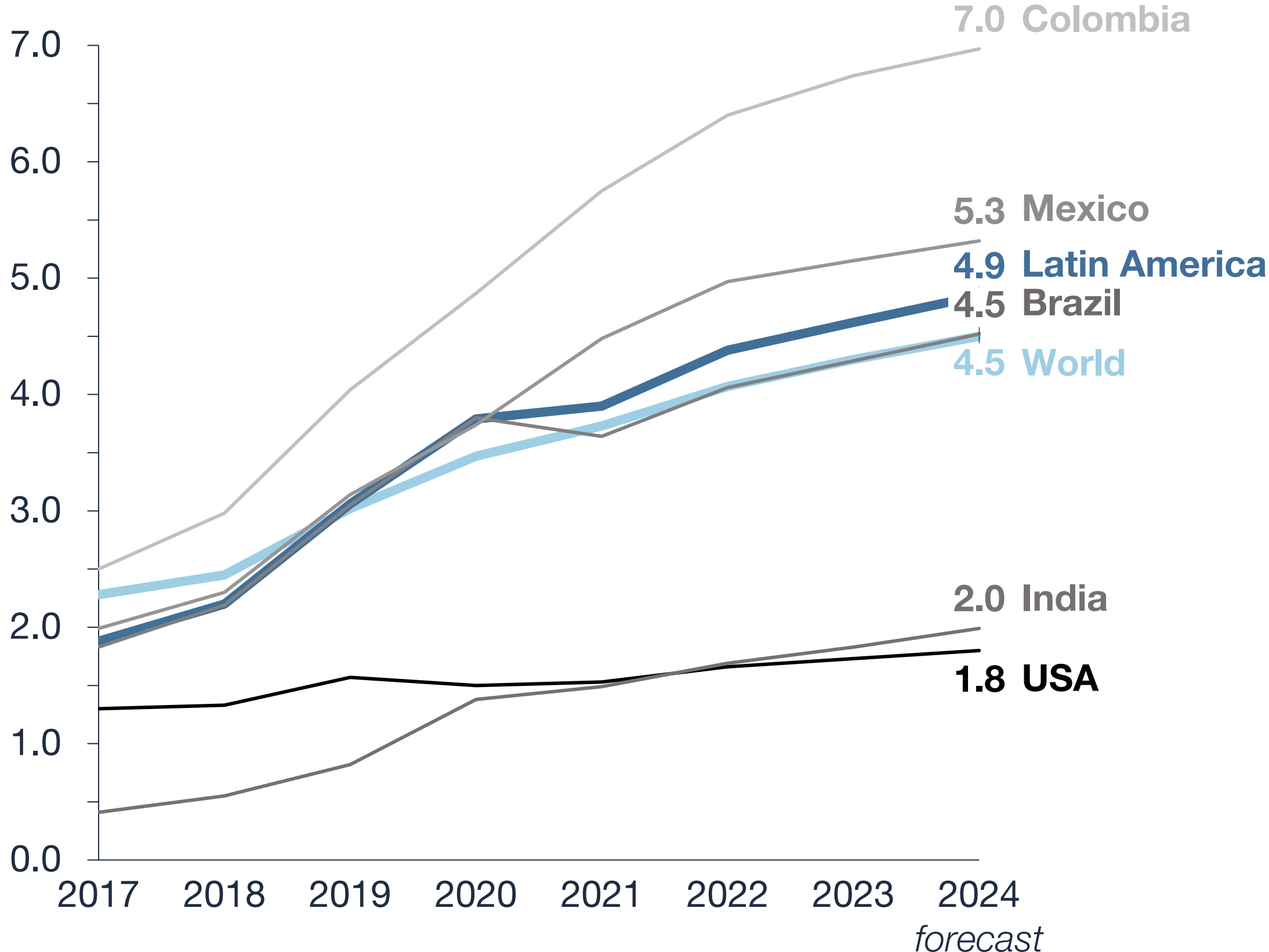


Note: (*) Percentage of social media users who use social media to research brands and products they're considering buying
Source: We Are Social DataReportal Digital 2024 (broad survey of internet users aged 16 to 64)

Influencer marketing spend has massively accelerated in the region, along with growing demand for digital products

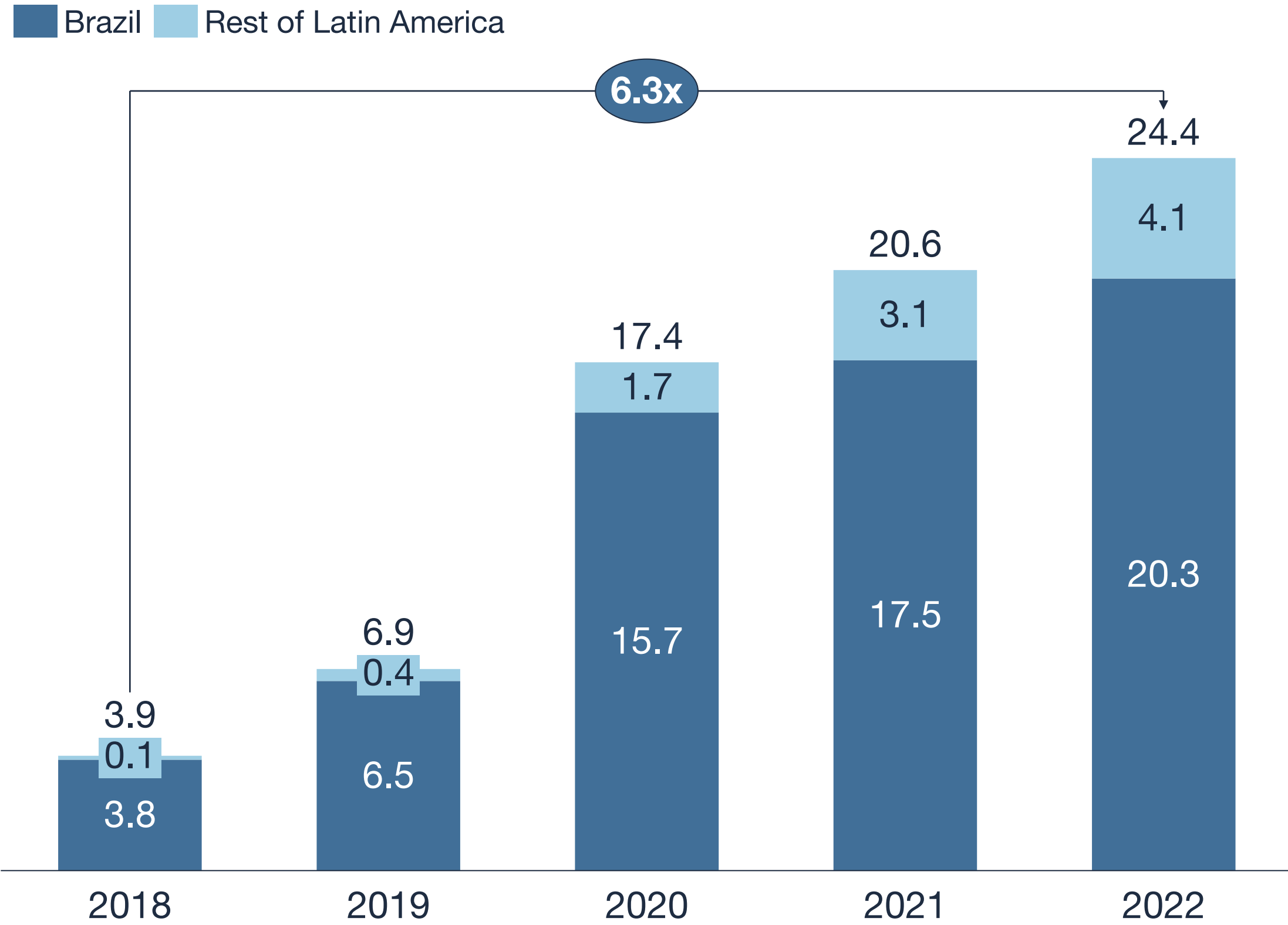
Share of influencer ad spending by region¹

% of total ad spending



Number of digital product buyers²

Millions of buyers



Monetization remains a challenge for creators, who are still mostly rewarded with free merch and unpaid partnerships

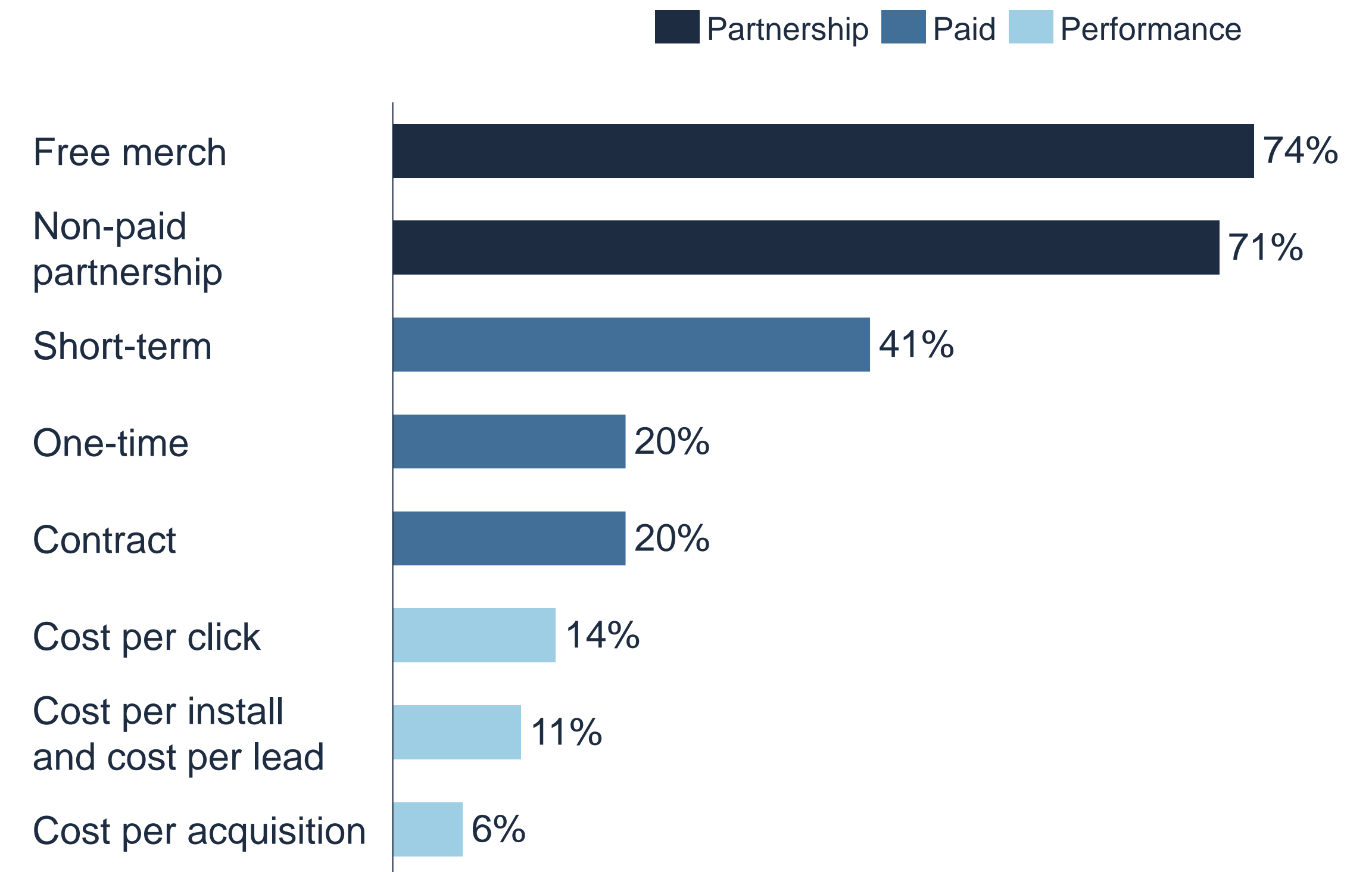
Brazil content creation by numbers

2023, % of respondents



Types of compensation received by creators* - Brazil

2023, % of respondents



Note: (*) An influencer, or creator, is defined as a person who has specialized in creating content in the digital environment, attracting an audience that identifies, consumes, and engages with their content.

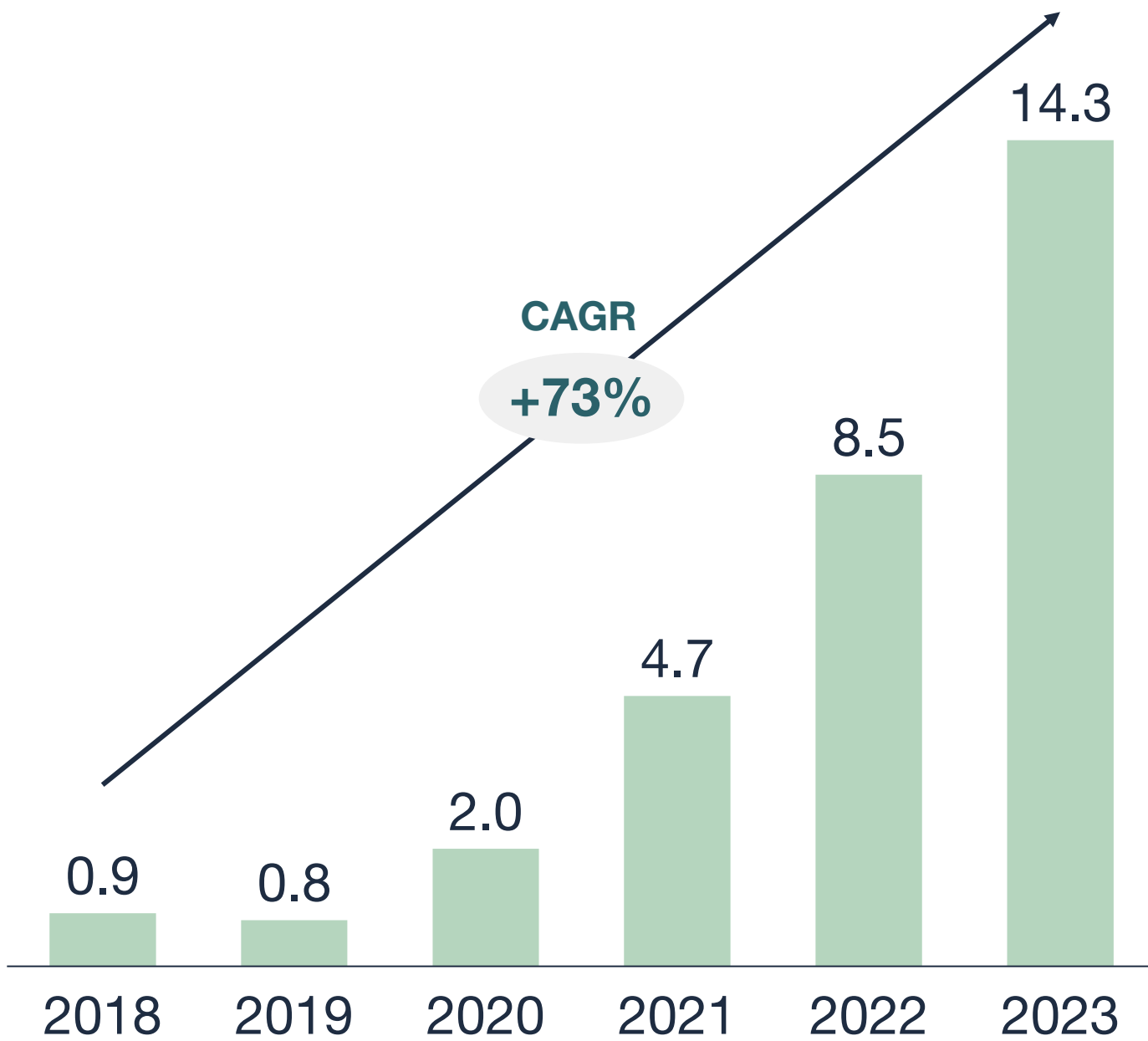
Source: Squid Content Creator Census 2023 (over 4,500 content creator respondents around Brazil)

LTK is reshaping influencer marketing and e-commerce by integrating social media content with direct shopping

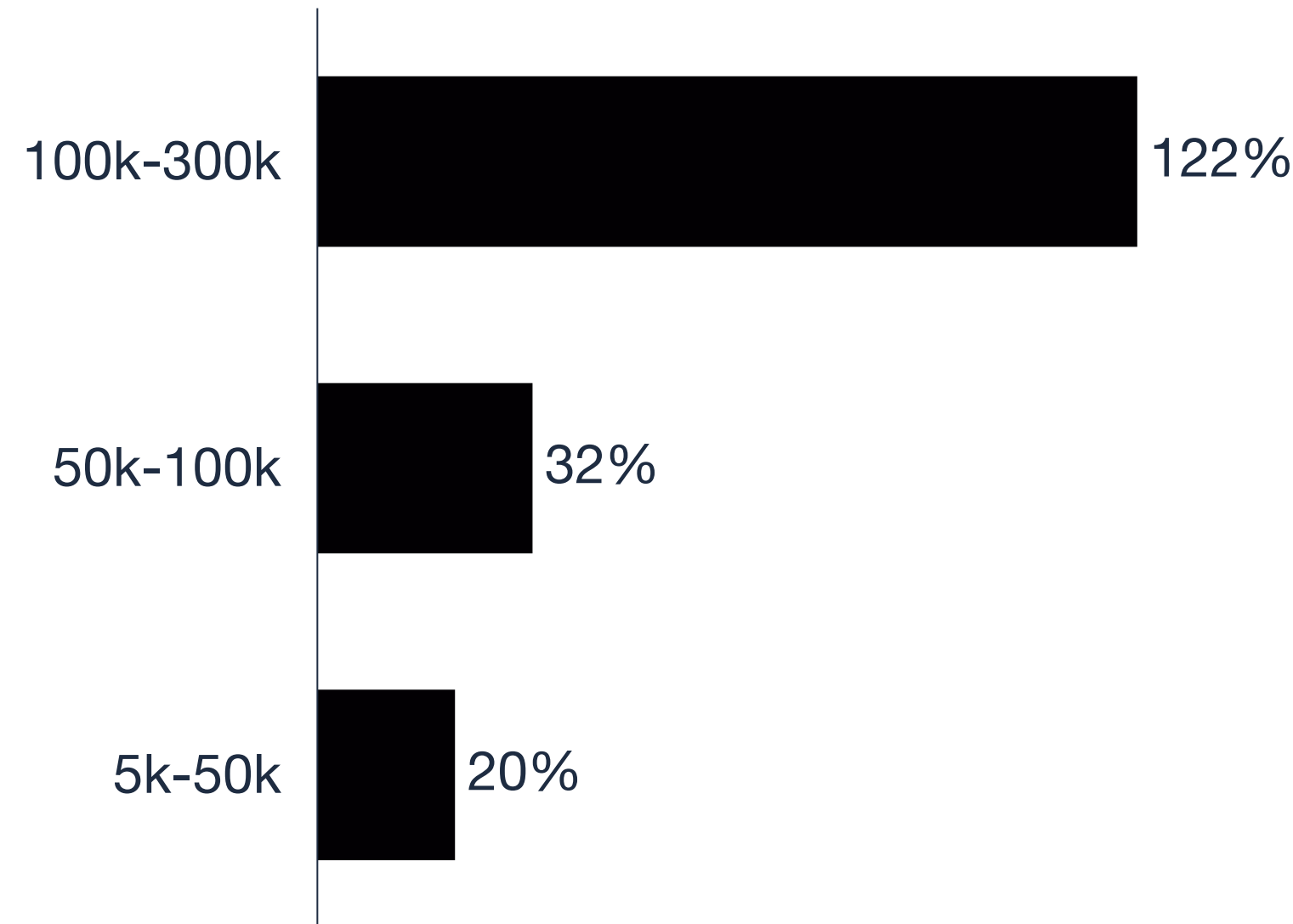


LTK is a US-based consumer platform that integrates social media and e-commerce by **allowing users to purchase products directly from posts** with influencer-curated content, **streamlining their shopping experience**

Influencers on LTK platform in Brazil
Thousands of influencers



Percentage increase of commissions received by LTK influencers, segmented by size of follower base
CAGR 2021-2024



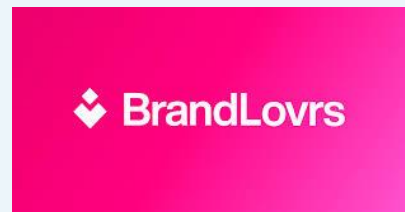
Affiliate marketing* has grown in popularity within LTK products

Average growth vs. other business lines for LTK
2021-2023



Notes: (*) Affiliate marketing is a performance-based marketing strategy where businesses reward affiliates (partners) for driving traffic or sales through the affiliate's promotional efforts, typically through links or ads
Sources: LTK internal data

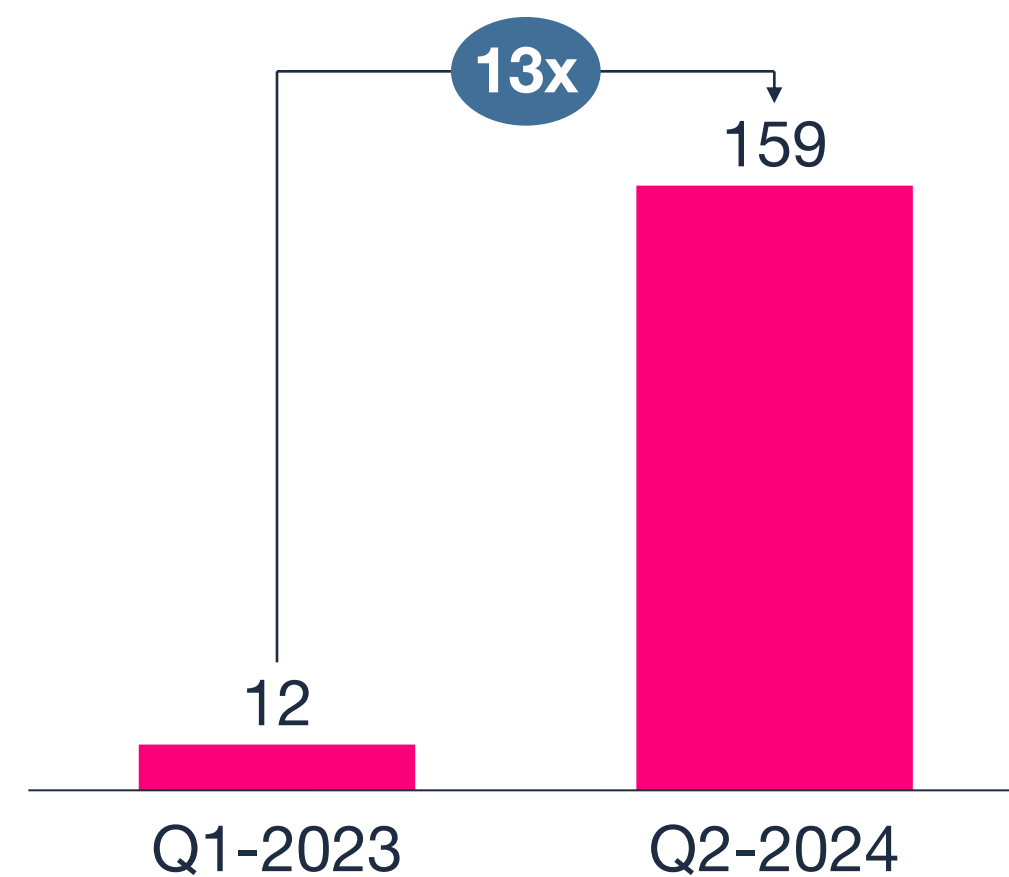
Brandlovr addresses the monetization gap by helping smaller creators meaningfully engage with brands



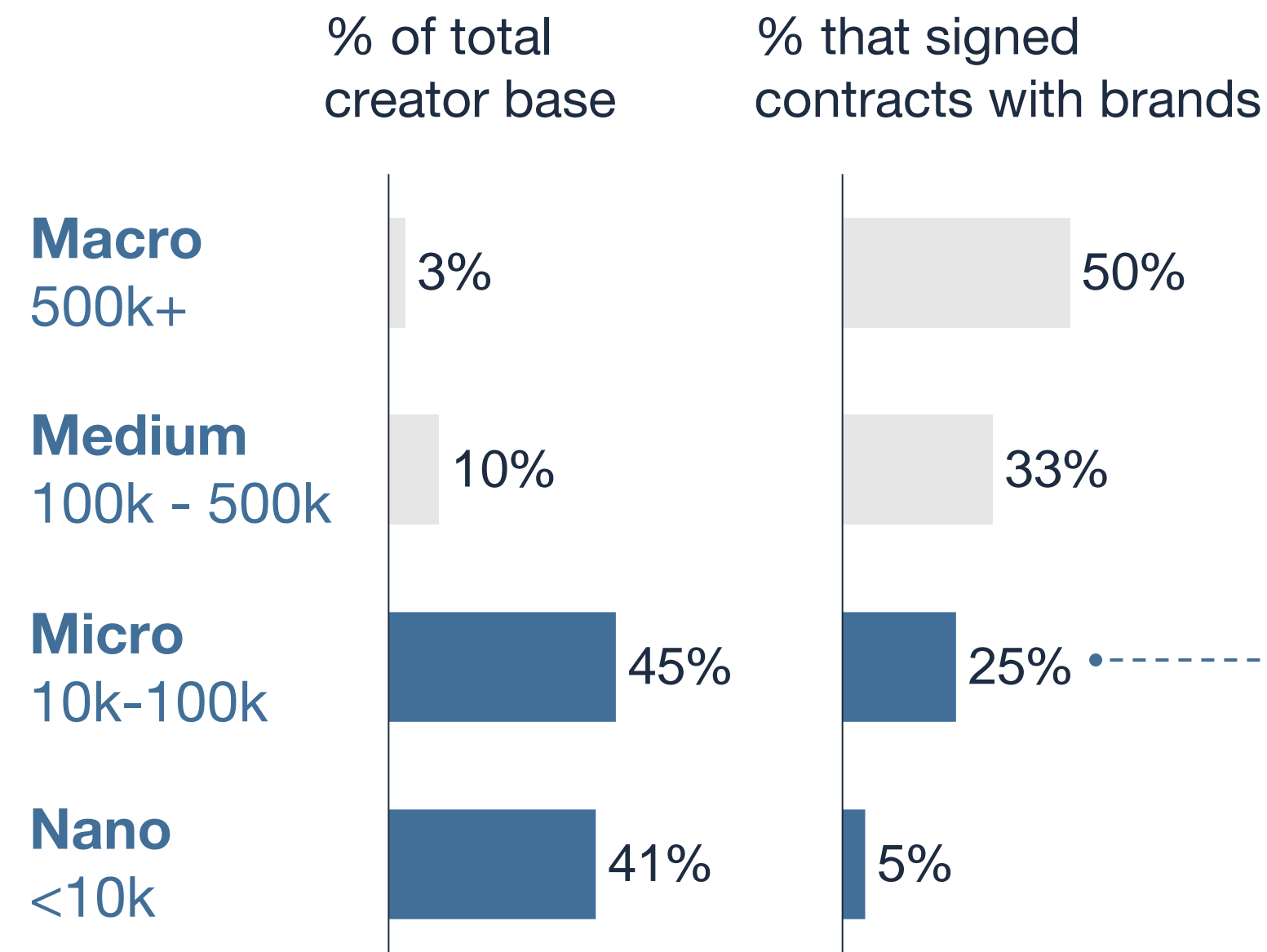
BrandLovr connects brands with micro and nano* creators in Brazil, focusing on authentic engagements and efficient campaign management. The platform promotes **transparency** and **narrows the monetization gap** in the industry.

Brandlovr registered creators¹ Thousands of creators

Brandlovr grew its platform by **13x in 18 months** with **zero acquisition investment**



Share and monetization of Brazilian creators² 2023, % by number of followers



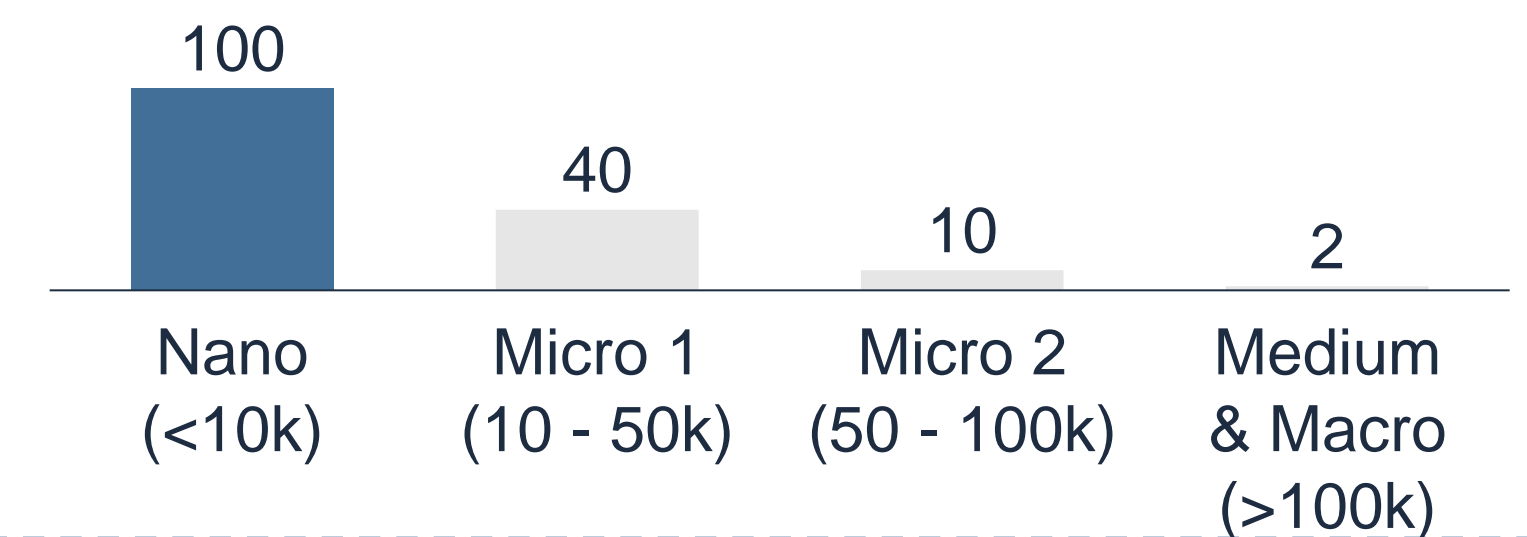
Engagement results from Brandlovr campaign with major retailer³

2023, Indexed nano creators results = 100

Views per follower



Conversions per follower



Note: (*) Micro influencers are categorized as having between 10k-100k social media followers while nano influencers are those with up to 10k
Sources: (1) Brandlovr internal data; (2) Squid Content Creator Census 2023; (3) Brandlovr internal data: campaign with a major Brazilian retailer, which worked with 50 nano and micro creators alongside two celebrities, each with 1.5 million followers

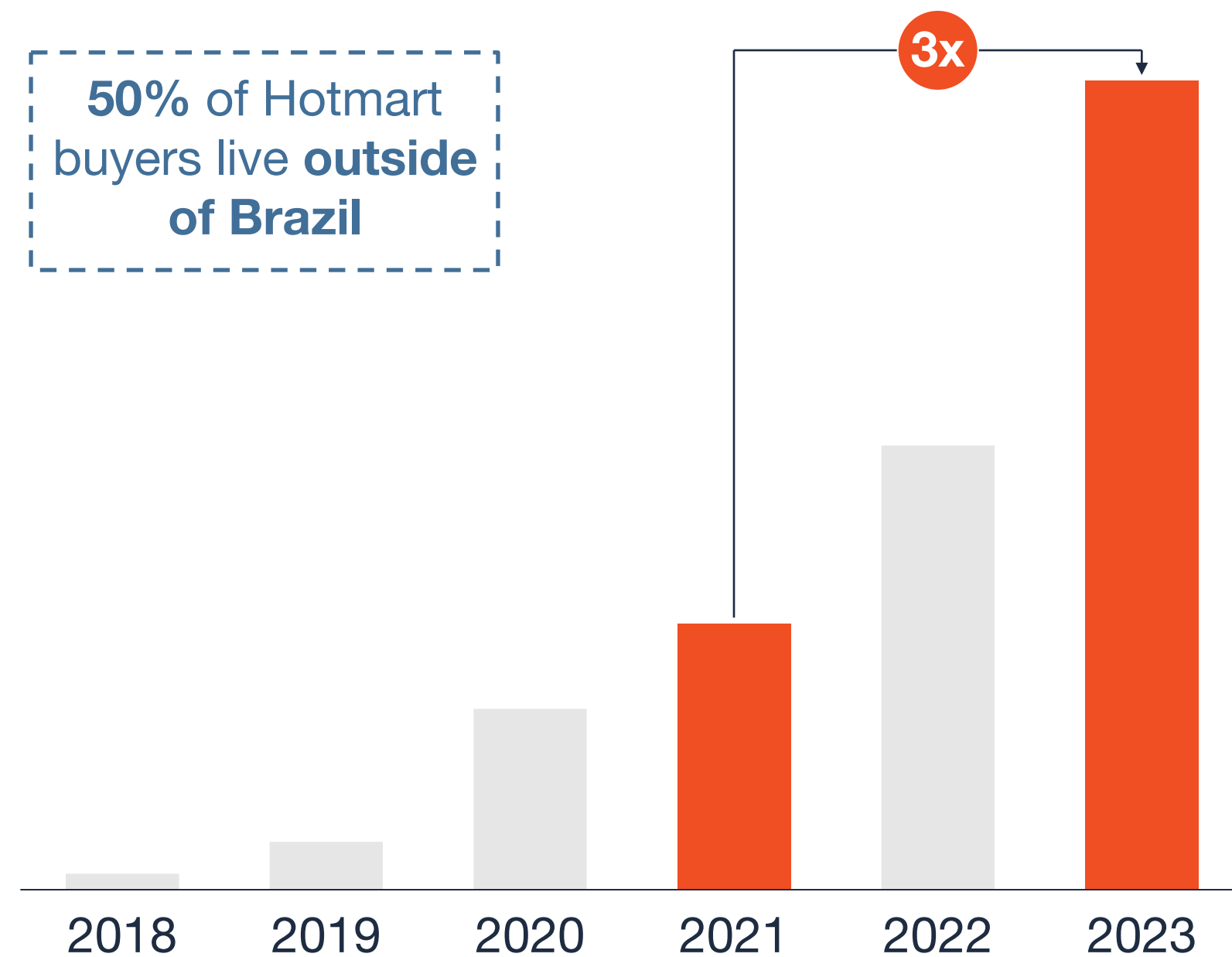
Hotmart is boosting the creator economy by enabling distribution and monetization of digital products globally



Hotmart is a Brazilian-founded commerce enablement platform that allows creators to sell and scale digital products such as courses, memberships, and e-books. The platform serves creators across Latin America, Europe, and the United States. With Hotmart, creators can sell in 188 countries with +40 payment methods and 22 currencies

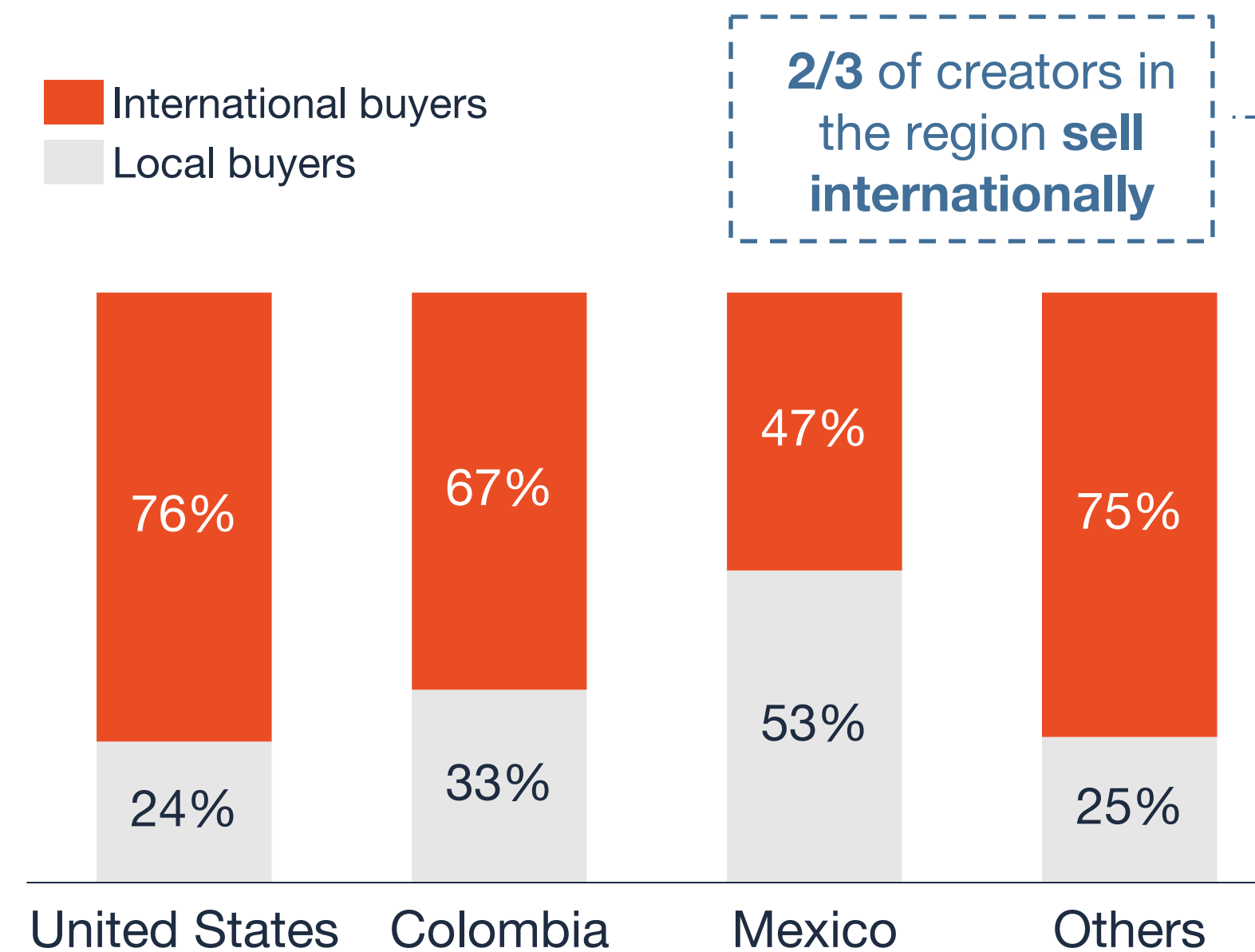
New international buyers (outside of Brazil)

Indexed 2021 = 100



Origin of GMV* for international content by creator country

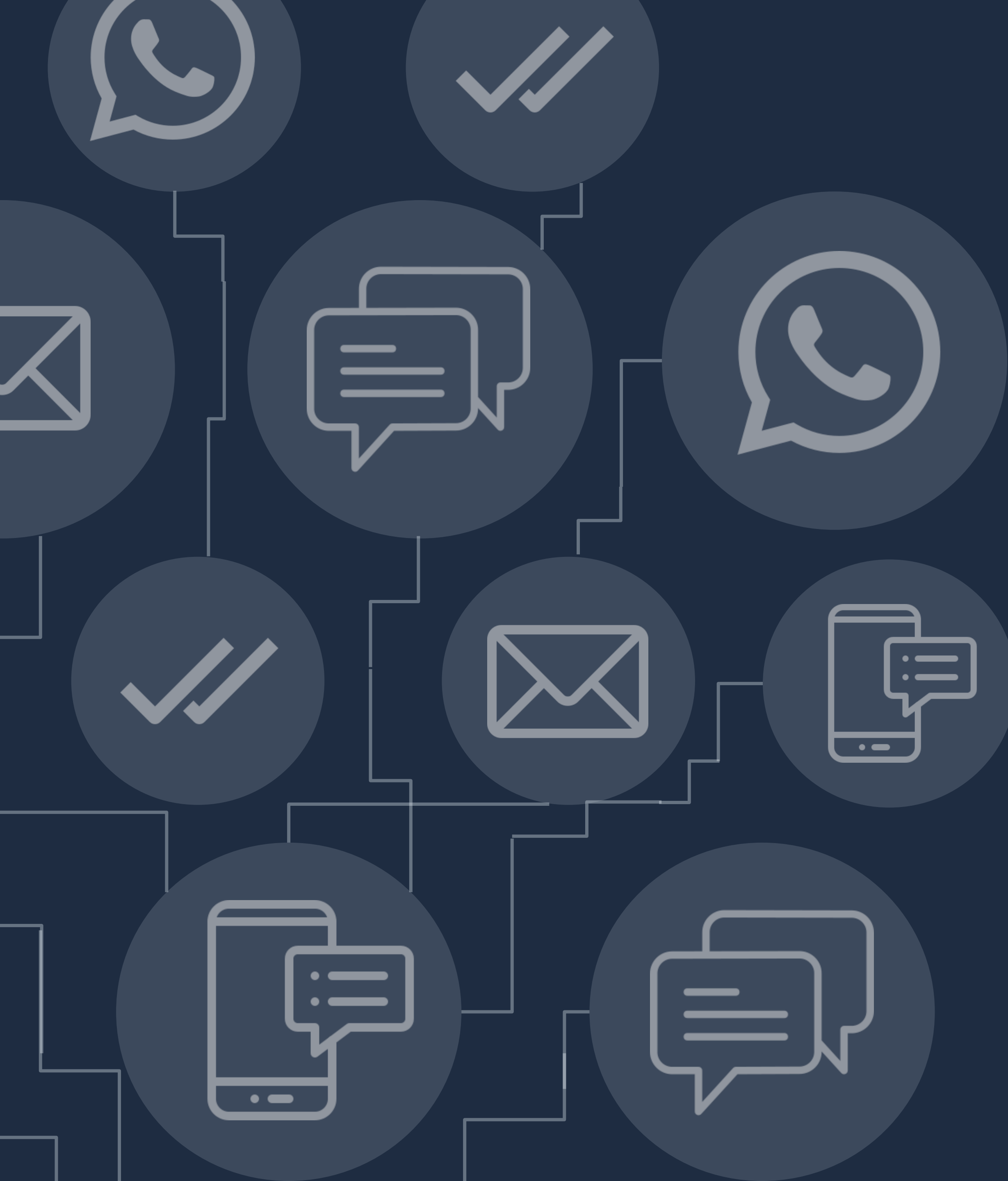
2023, % of total GMV



Selling internationally increases GMV by:

- 191%** For creators in the **US**
- 112%** For creators in **Mexico**
- 155%** For creators in **Colombia**

Notes: (*) Gross Merchandise Volume
Source: Hotmart internal data



“Brazilians send more stickers, participate more in polls, and send four times more voice messages on WhatsApp than in any other country.

Brazil is a country that has truly embraced the power of messaging to connect, express themselves, and do business.

You have made ‘Zap Zap’ your own, and you are among the most active people in the world on the app”

- Mark Zuckerberg

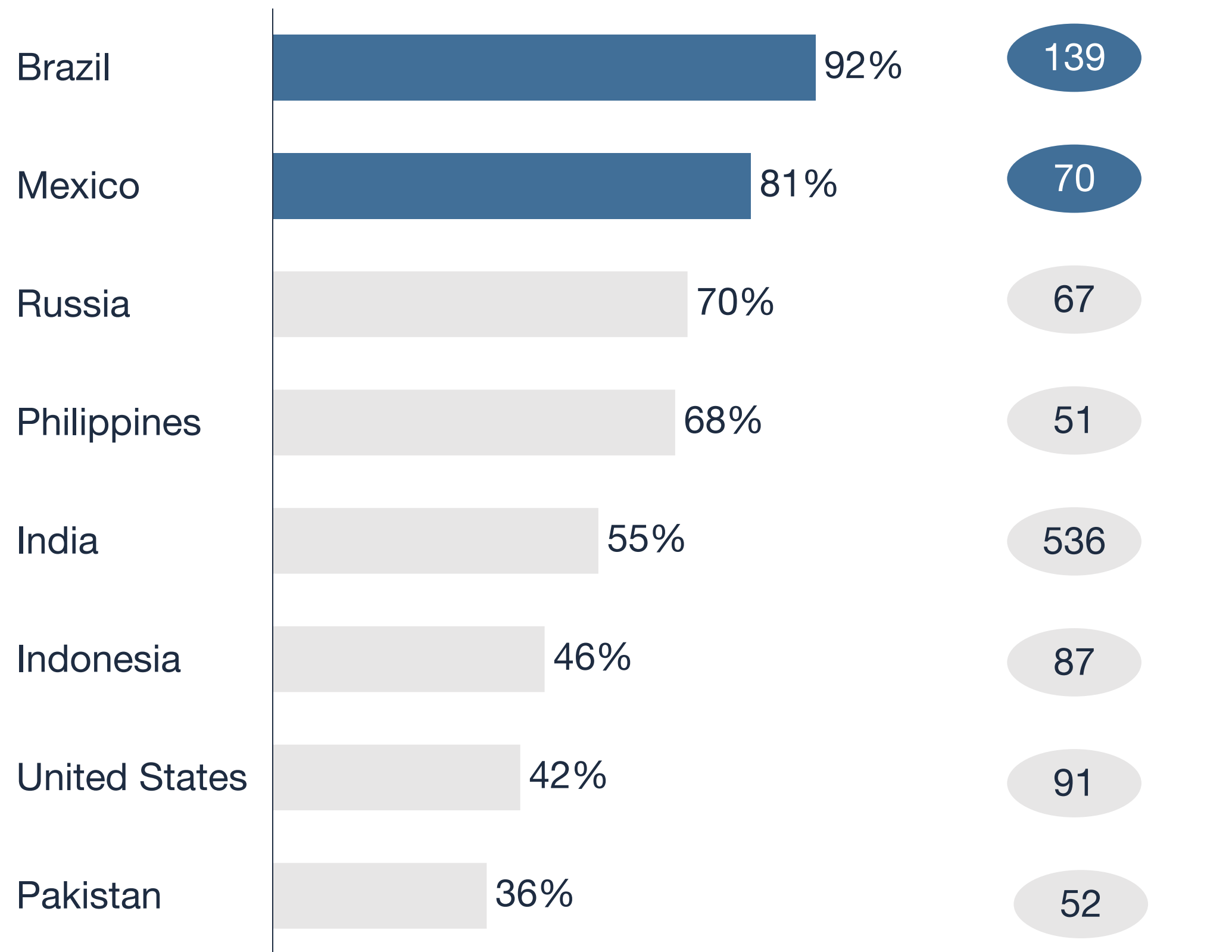
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ATLANTICS

Latin America boasts some of the highest WhatsApp usage rates in the world, with Brazil and Mexico among leaders

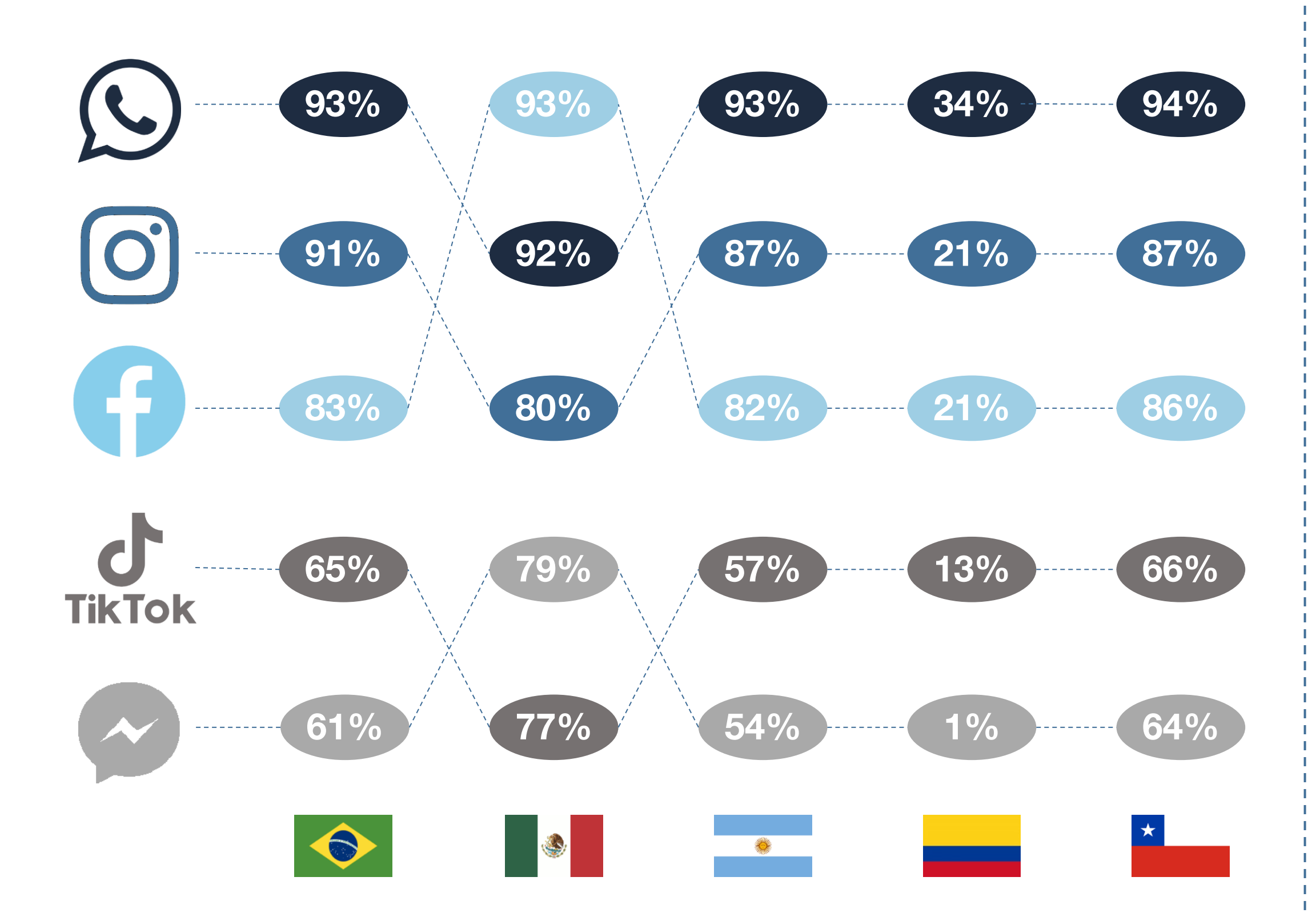
WhatsApp usage per country¹

2023, penetration on adult population*



Top 5 most used social media platforms³

2024, % of monthly active internet users aged 16 to 64



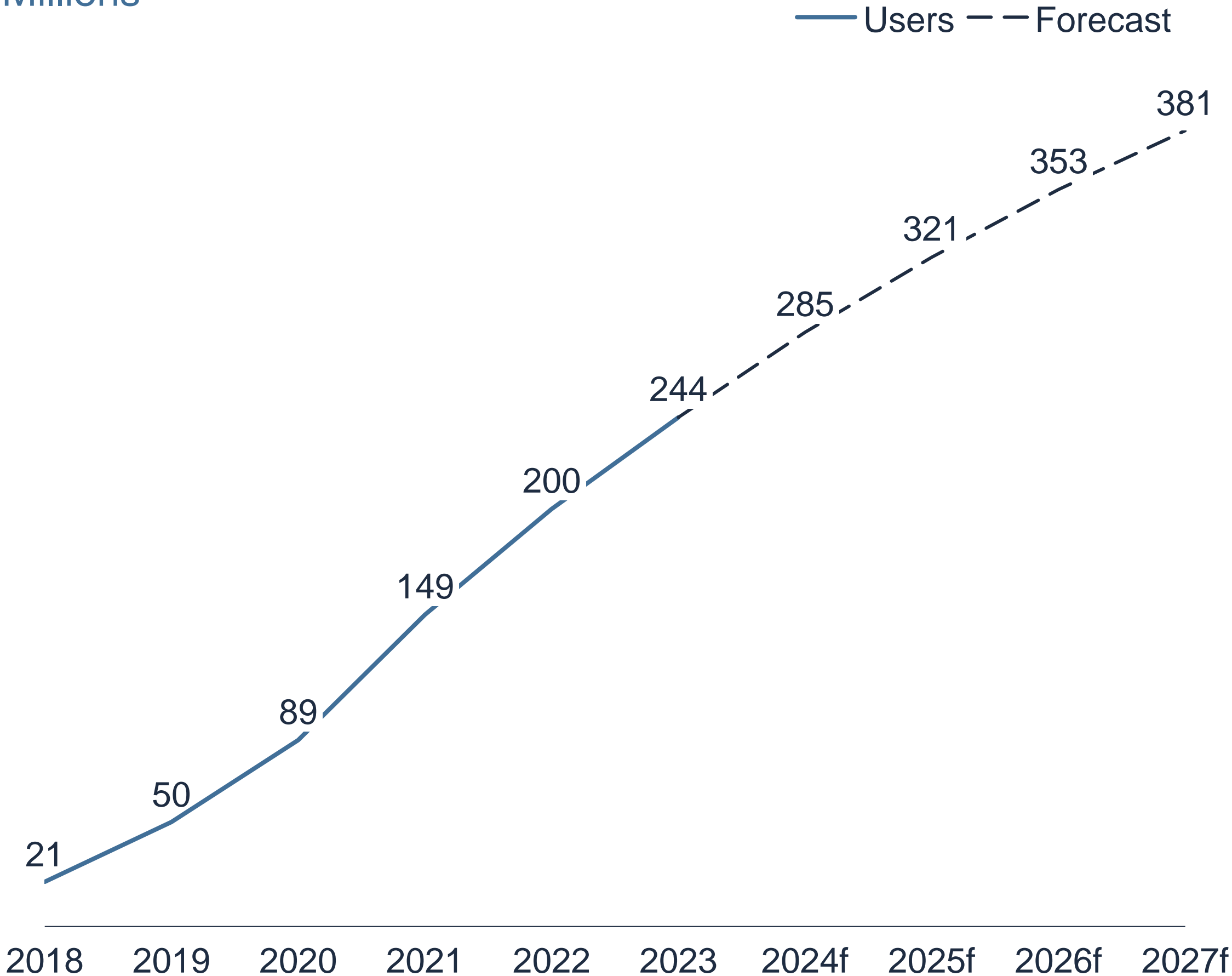
Notes: (*) When considering only the population with internet access, Brazil still leads with 76%, followed by India with 71%, and Mexico in third with 65%

Sources: (1) World Population Review; (2) Population World Banks Data Portal; (3) We Are Social DataReportal Digital 2024

WhatsApp Business is growing across the world, becoming a vital platform and tool for businesses

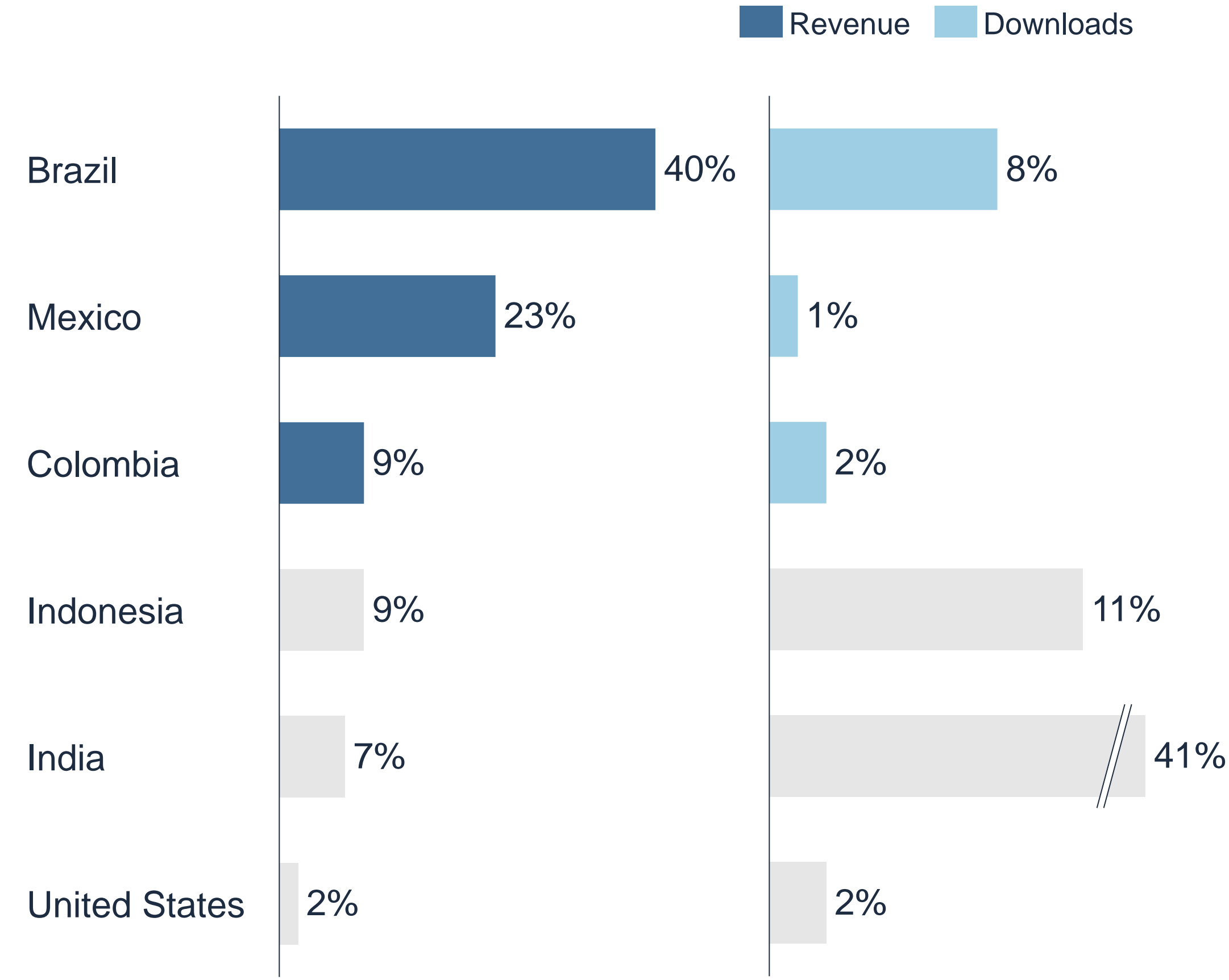
Global WhatsApp Business account users¹

Millions



WhatsApp Business revenue* and downloads by country²

2024, % of total

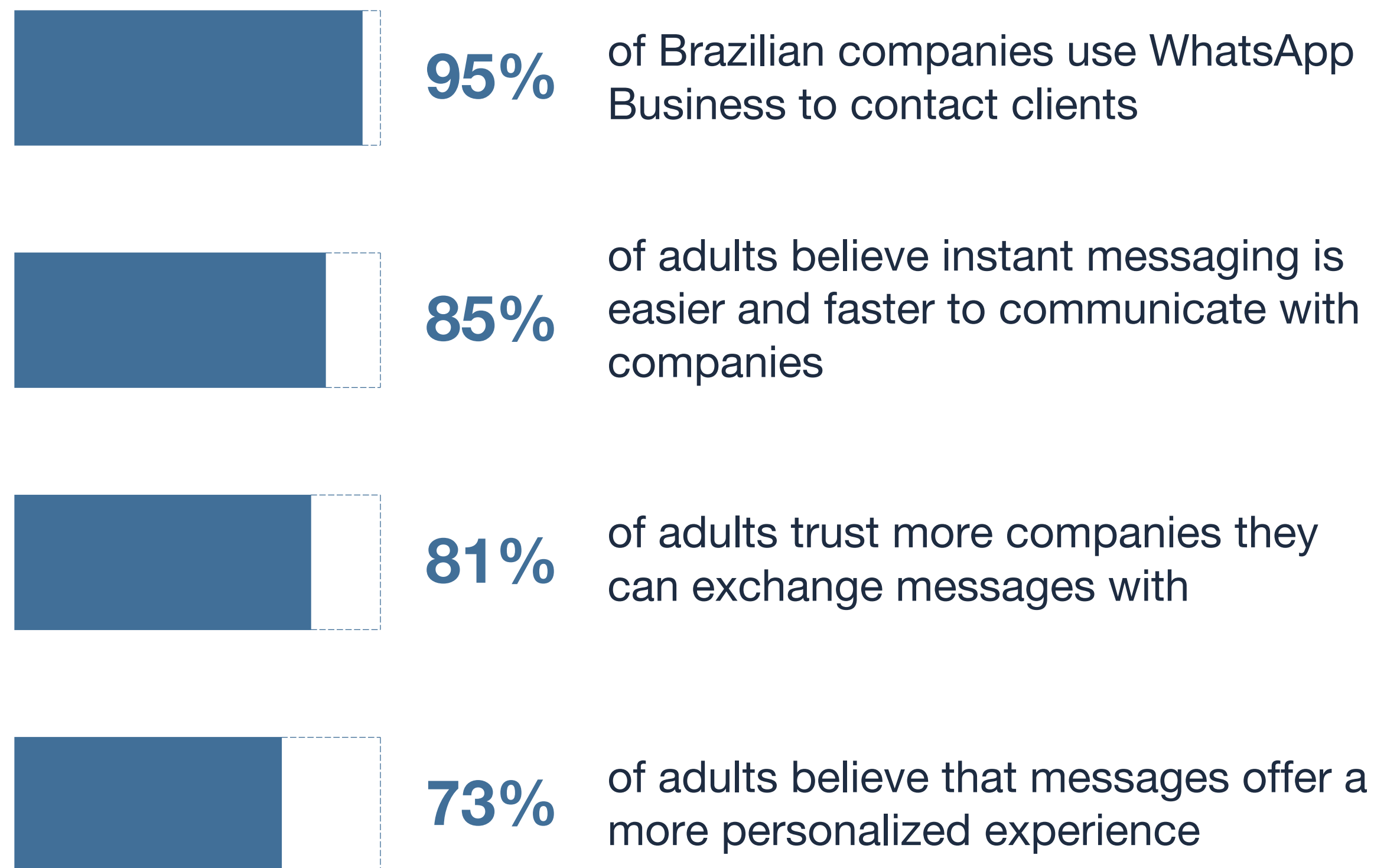


Notes: (*) Revenue reflects In-App Purchases (iAP) only, excluding ad revenue and limited to App Store and Google Play
Sources: (1) eMarketer WhatsApp Business Forecast, June 2024; (2) AppMagic

In Brazil, companies and customers choose WhatsApp Business for marketing, sales, and customer support

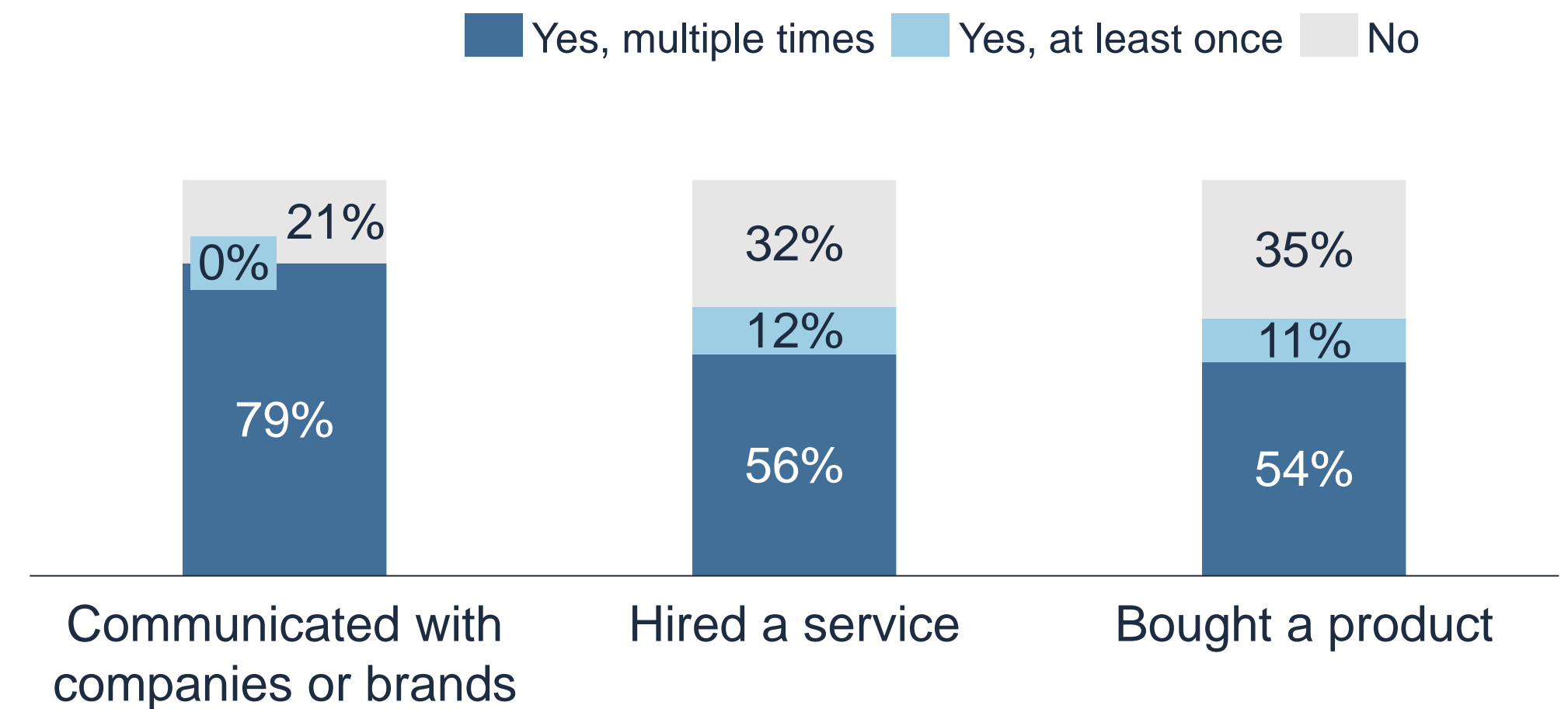
Preferences of WhatsApp Business in Brazil¹

May 2023



Consumer's adherence to WhatsApp Business¹


May 2023



Brazil on the spotlight when it comes to WhatsApp^{2,3}

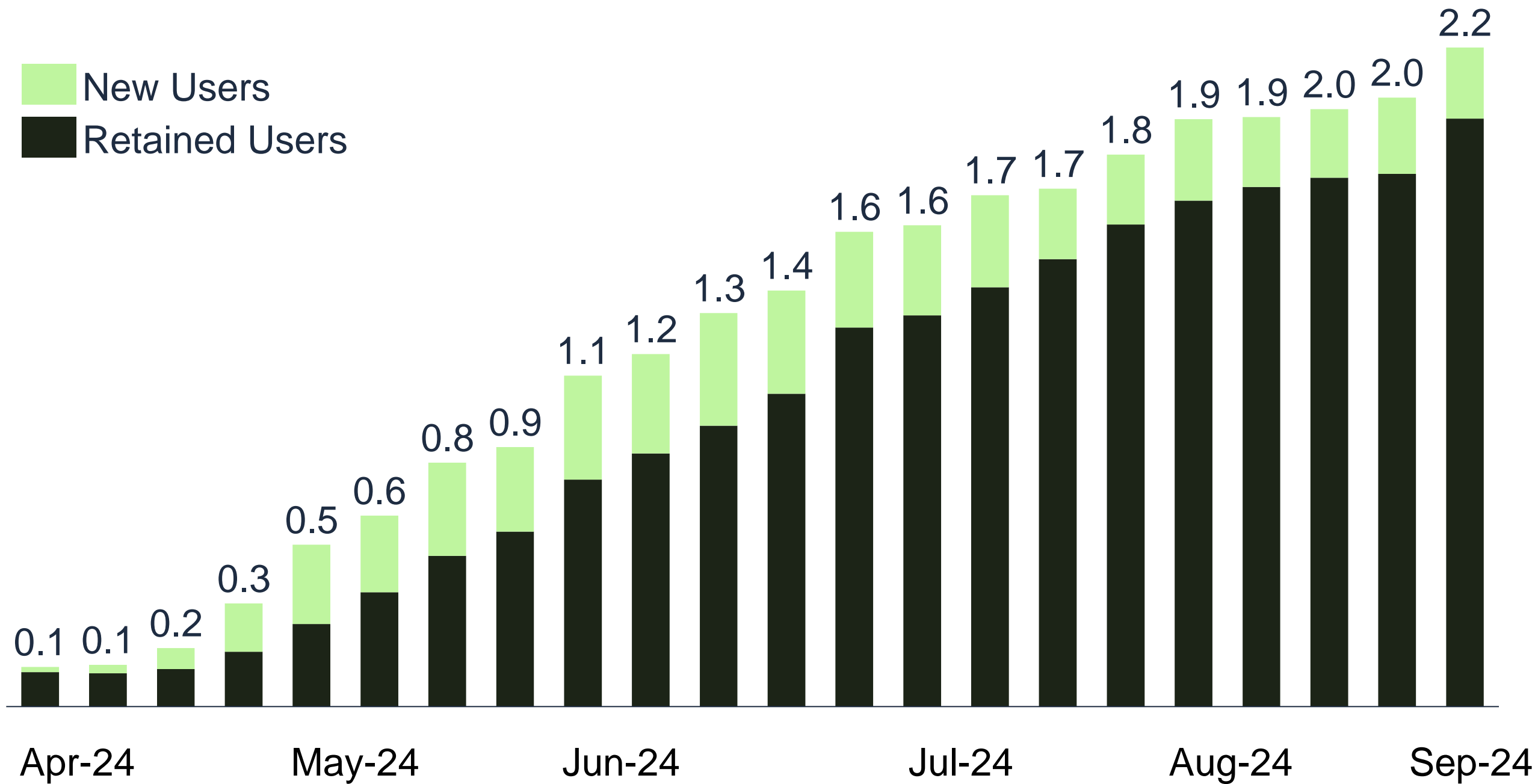
- 2020** Brazil was chosen as the first market in the world to pioneer WhatsApp Pay
- 2024** WhatsApp Business to receive AI resources specifically made for Brazilian companies and customers

Magie is building on WhatsApp to offer AI-powered financial services such as Pix and savings through a chat-based agent

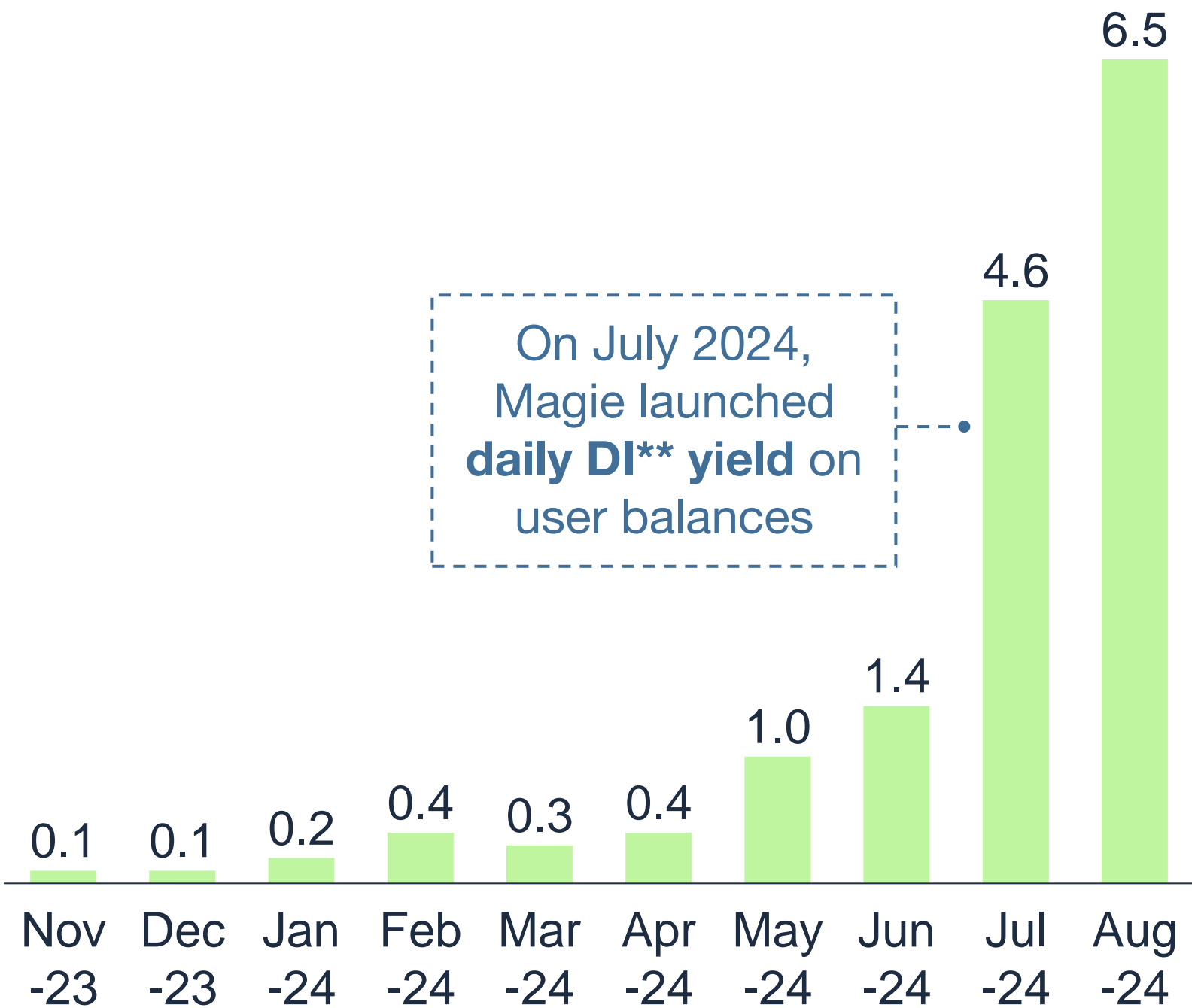


Magie is an AI-powered assistant for financial transaction management on WhatsApp, allowing users to transact, schedule payment reminders, track open invoices and more, directly through chat

Weekly active* users
Thousands of users



Total user balance
R\$M



Notes: (*) A user must do a payment of at least R\$1 to be considered active; (**) DI stands for Interbank Deposit and serves as a market benchmark for return rates in Brazil
Source: Magie internal data

Félix has grown 15x over the last year by making cross-border remittances “as easy as sending a WhatsApp”



Félix simplifies remittances to Mexico and Central America, allowing users to transact through WhatsApp chat. Félix is integrated with many of the largest Latin American remittance chains, enabling easy in-store pickups

Félix reduces cost and complexity in remittances



Félix uses stablecoins to make remittances **faster and cheaper**, abstracting this back-end crypto complexity for end-users



Clients interact and transact with Félix on **WhatsApp**, instead of waiting in long physical branch lines



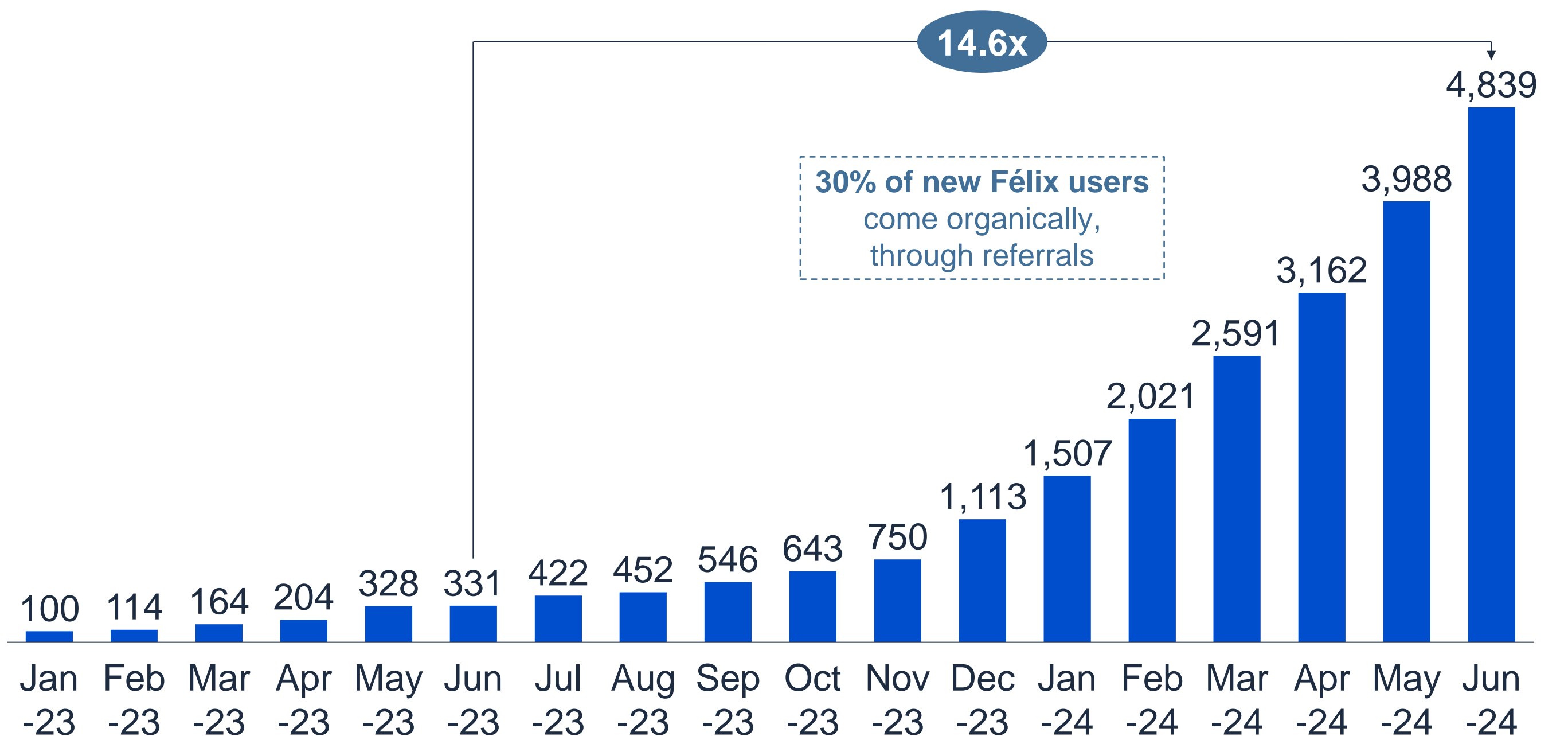
Remittances from the US to Latin America amounted to **US\$155B** in 2023



Félix has achieved a **90 Net Promoter Score** with their users

Félix revenue

Indexed Jan 2023 = 100



04

At the Vanguard: A Fintech Story

BANCO CENTRAL DO BRASIL

The Tailwinds of Regulation: Brazil's unique history of financial innovation, competition, and shared infrastructure

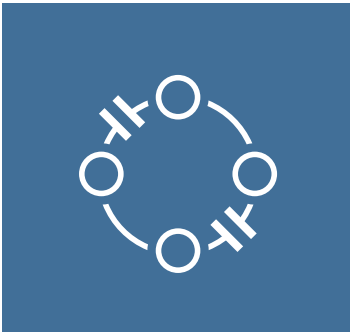
Central Bank of Brazil



A goal of offering better products for more people
Increasing financial inclusion and efficiency in the financial system



Achieved through more competition
Breaking oligopolies and welcoming new players and business models



Reducing barriers to entry for sustained innovation
Leveraging regulation and technology to break barriers to entry



Setting the battleground for the future
Creating shared interoperable systems for long-lasting competition and innovation

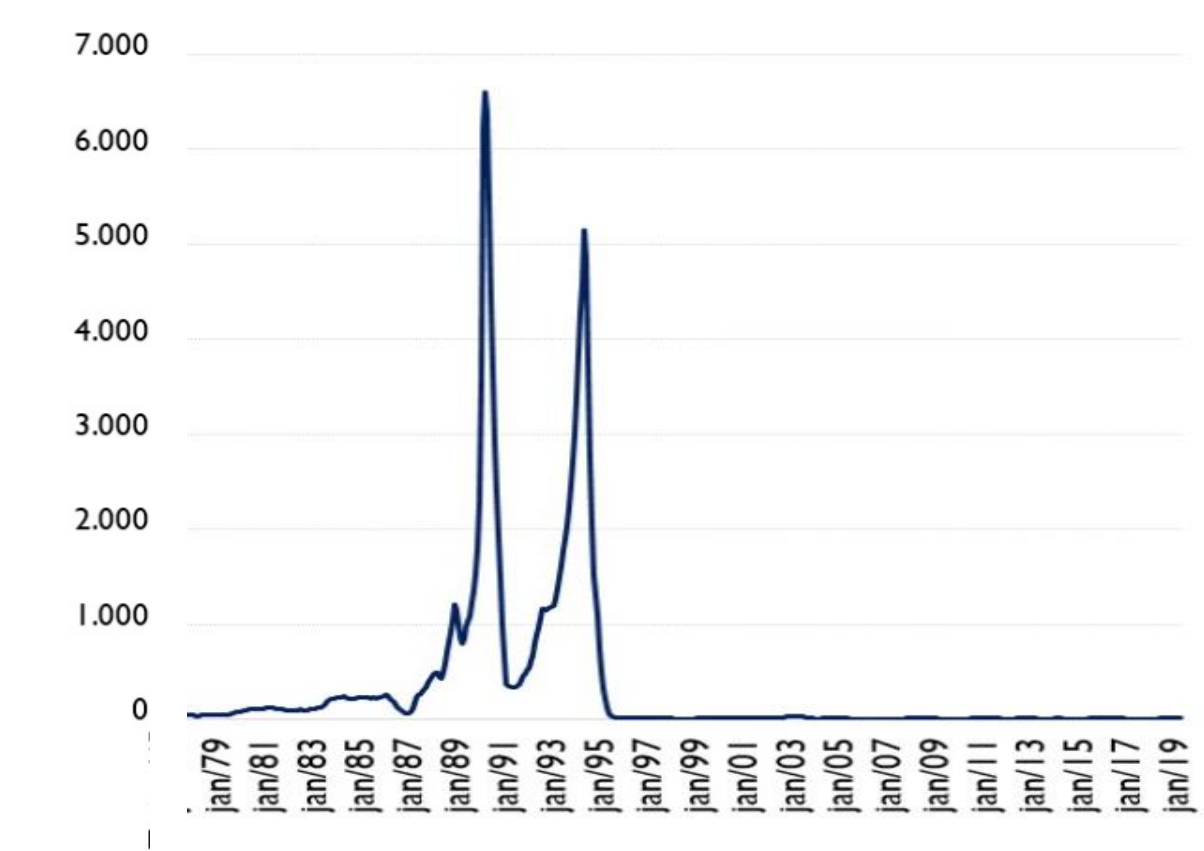
Stabilizing inflation and restructuring the financial system laid the foundation for the Central Bank to foster competition



1980s Hyperinflation

Hyperinflation dominates, reaching its peak in the **late 80s and early 90s**. After **5 failed financial plans, in 1994**, teams from the Ministry of Finance, the Brazilian Central Bank (BCB) and the Mint implement the successful **“Real Plan,”** stabilizing the economy

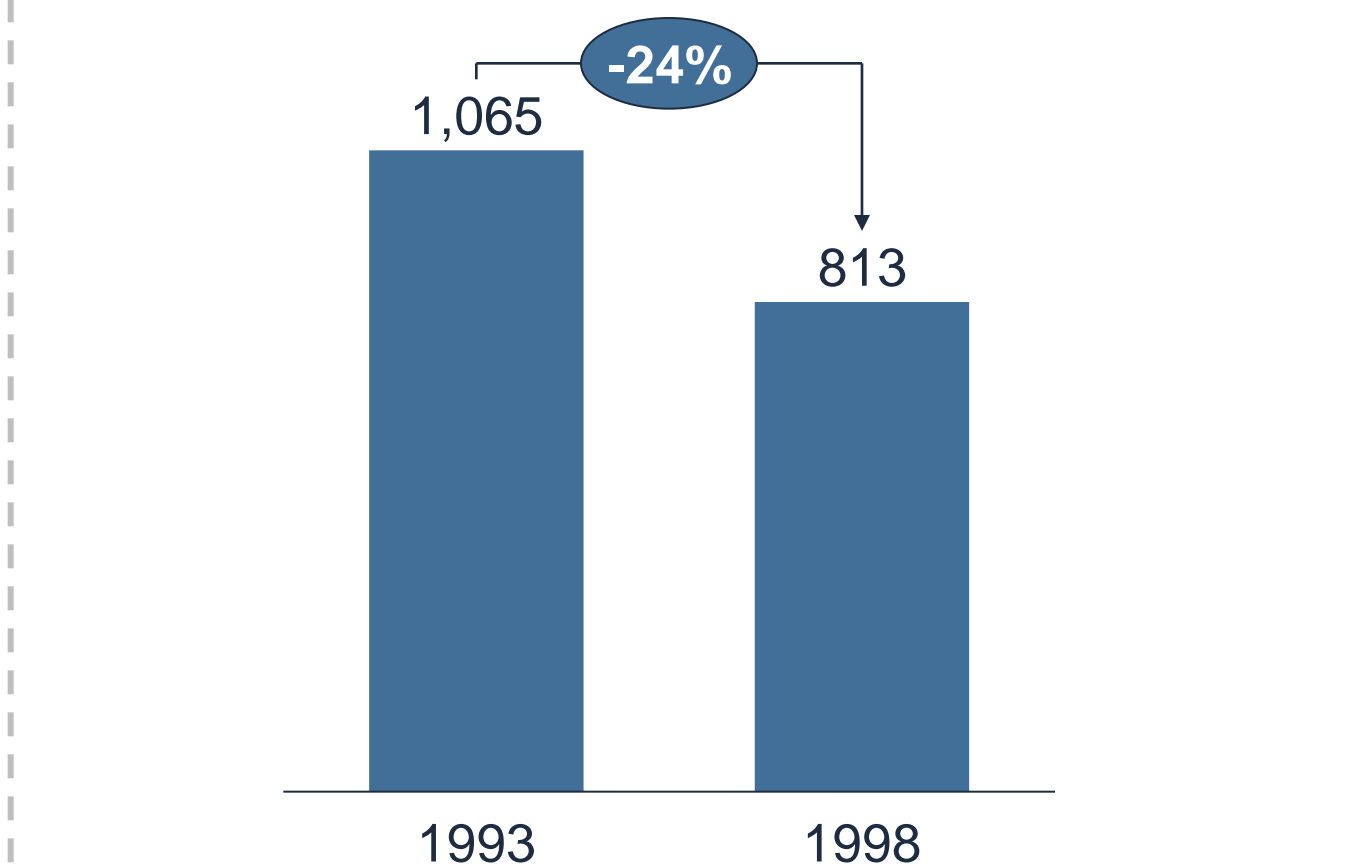
Inflation rate in Brazil¹
IGP-DI, 12 months, %



1990s Consolidation and Restructuring

BCB oversees the **consolidation** of institutions **unable to adapt to monetary stability**. In 2002, it restructures the Brazilian Payments System (SPB), enabling the **real-time settlement of interbank transfers**, reducing systemic risk

Financial institutions in Brazil*²
Number of institutions



2010s Breaking barriers

BCB begins **looking into retail**: it fosters competition and efficiency by **removing barriers to entry across a range of services**, only made possible by technology

Sample Services

- Acquiring
- Payments
- Accounts
- Credit
- Receivables

2020s Future battleground

“**BC#**” agenda continues to **push for innovation**, creating **shared interoperable networks** that allow competition to happen at the product offering level

Pillars

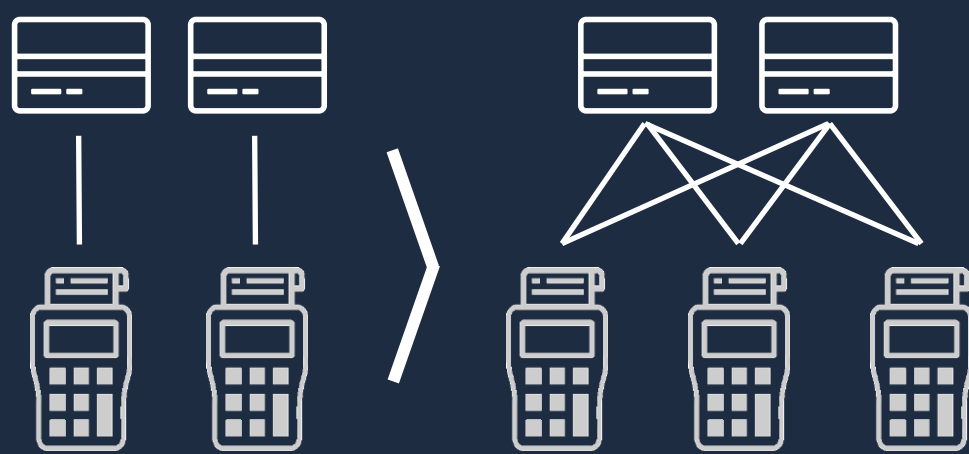
- Pix**
Instant payments
- Open finance**
Sharing of financial data
- Drex**
Tokenization of assets

Note: (*) Excluding credit cooperatives
Sources: (1) FGV; (2) Central Bank of Brazil “The National Financial System and the Real Plan”

2010: Acquiring

Before: Duopoly of acquirers, as Rede (formerly Redecard) and Cielo (formerly Visanet) had **exclusivity contracts** with Mastercard and Visa, respectively. This resulted in high costs for merchants in POS rent and discount rates

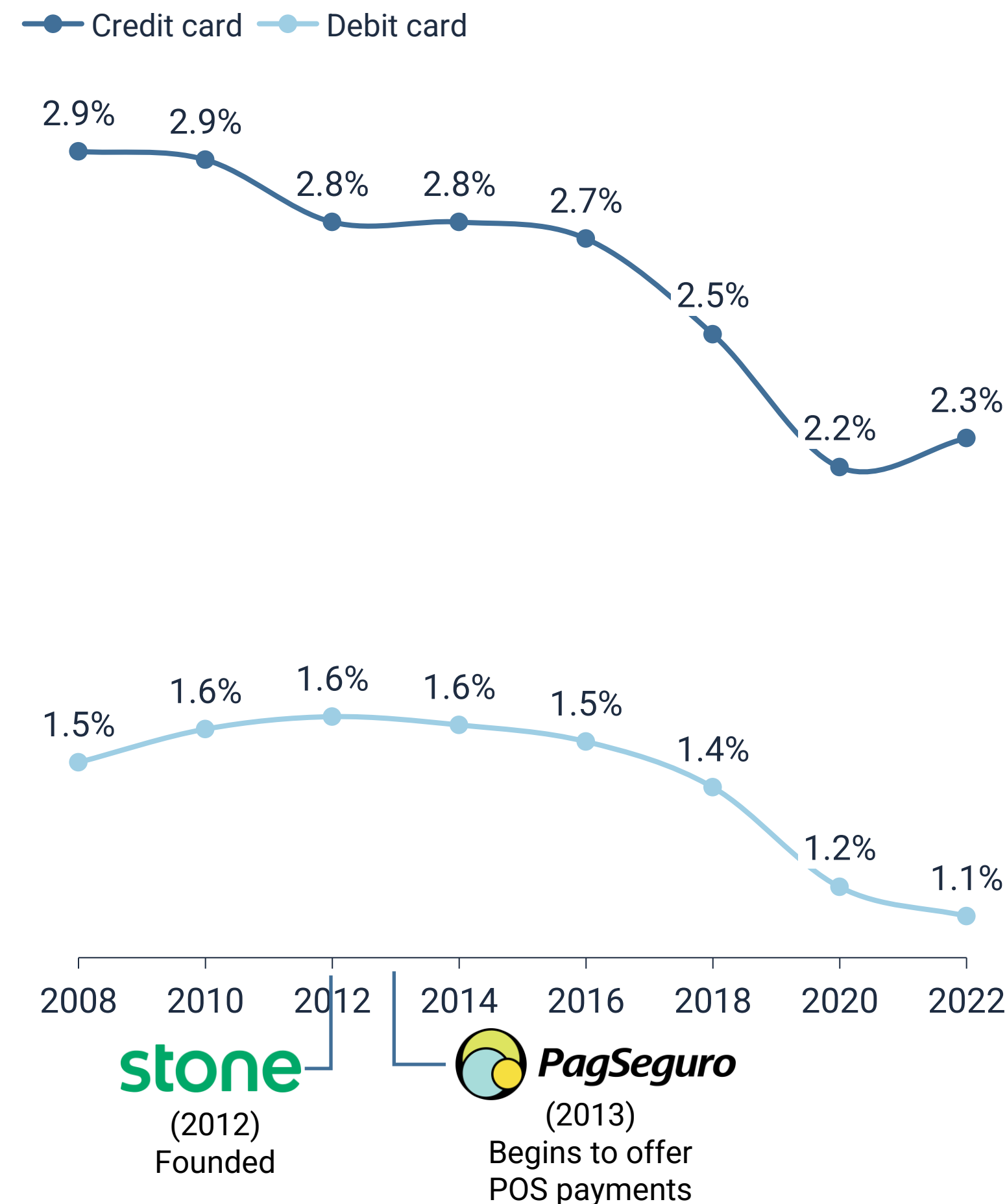
New regulation: Based on Brazil's Central Bank studies, CADE (antitrust agency), releases a resolution to **end exclusivity contracts**, opening the market to new entrants to foster competition



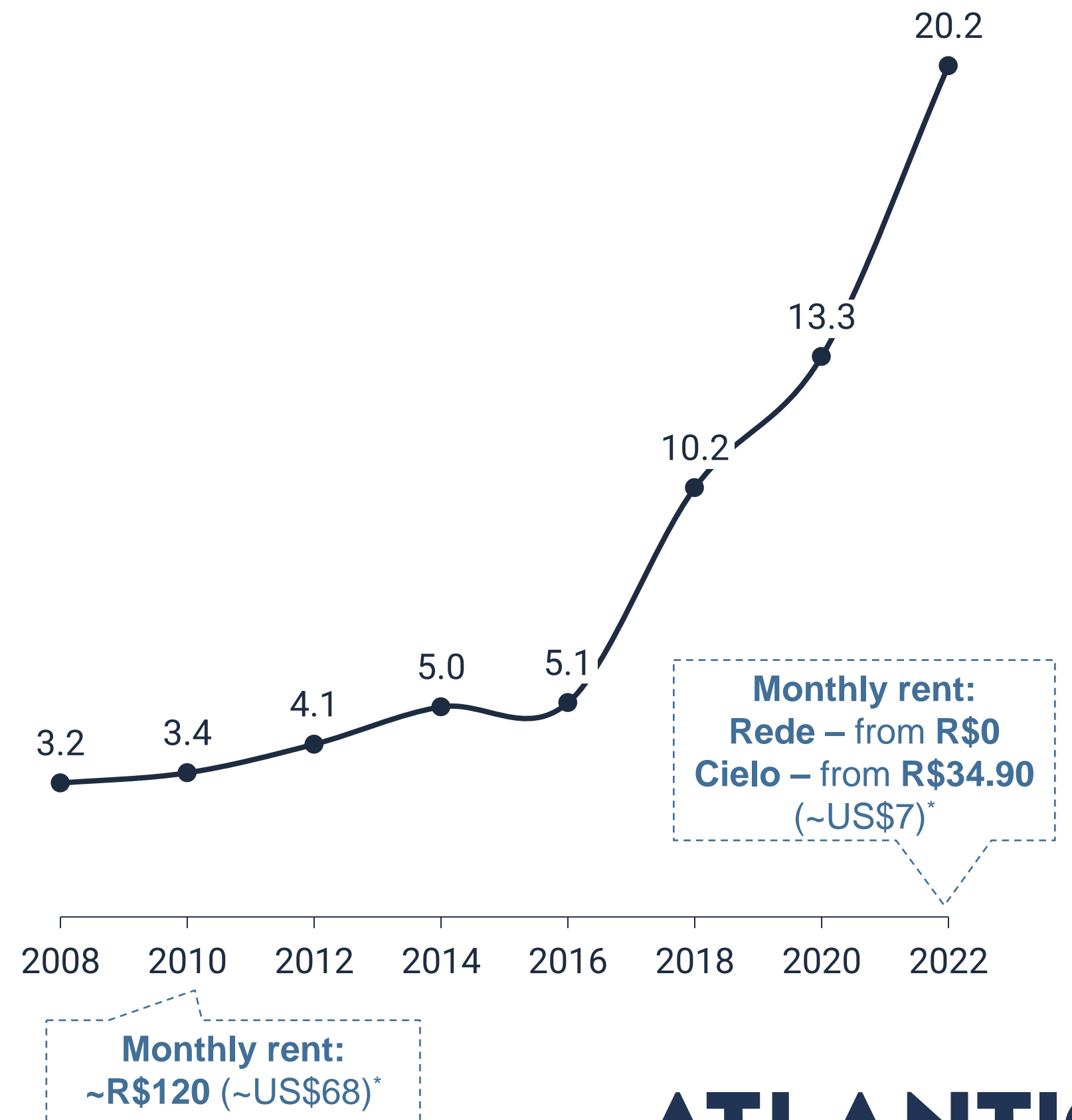
Note: (*) Avg. FX rate for 2010 and 2022
Source: Central Bank of Brazil

End of acquirer duopoly led to a decrease in discount rates and increase in POS access

Merchant Discount Rate (MDR) over time
% of transaction value



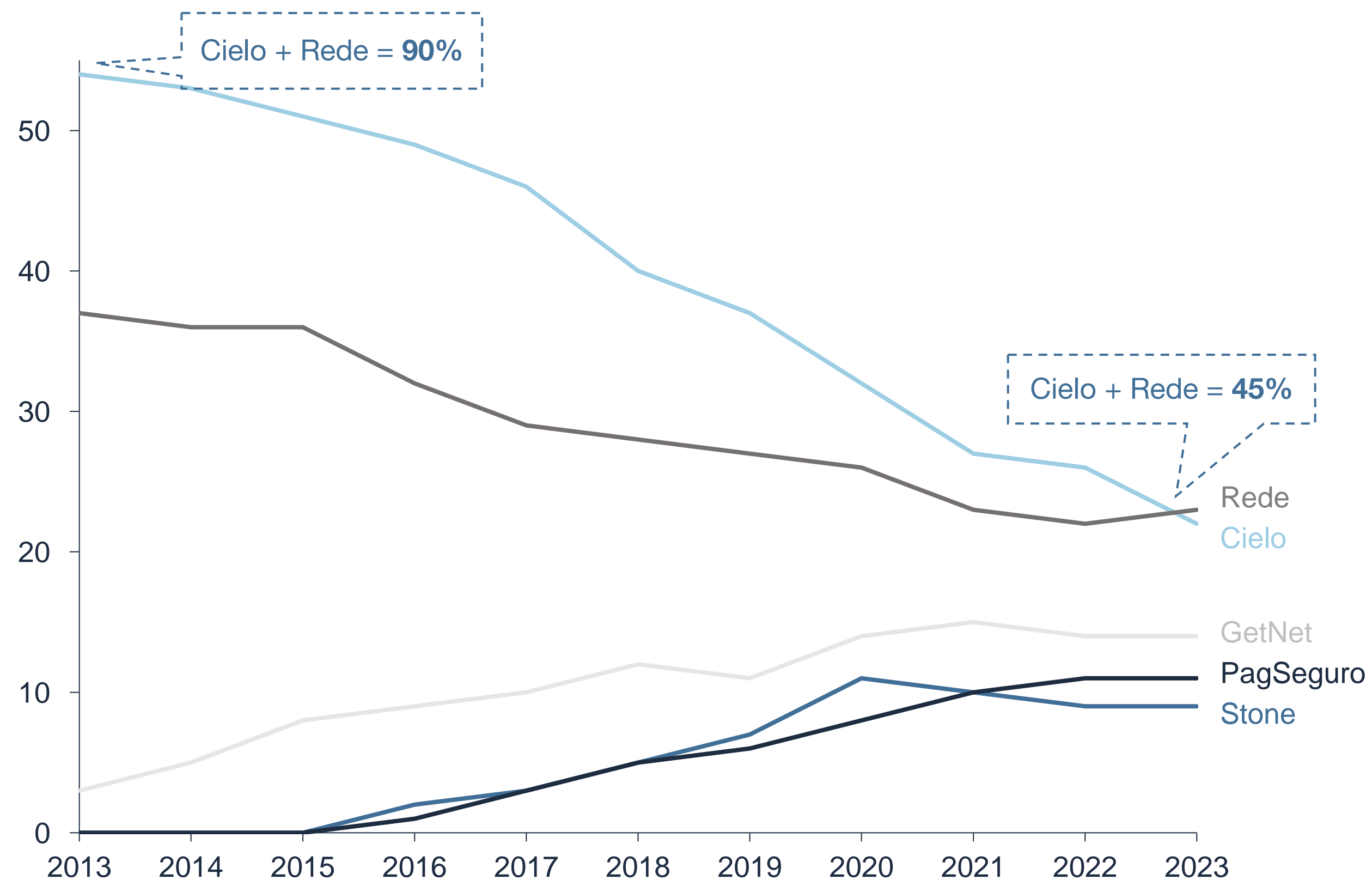
Number of Point of Sale (POS) Devices¹
Millions of devices



New players grew by targeting neglected market segments; incumbents were slow to respond, bleeding share as a result

Market share of acquirers in Brazil (TPV)

% of market revenue



The strategy: Stone grew fast by **targeting small & medium businesses**, traditionally neglected by market leaders. Their **hub-based field sales operation** and **in-house customer support** allowed them to achieve industry-high customer satisfaction.



The strategy: PagSeguro decided to **enter the micromerchant market by selling POS terminals**, while others rented – too high of a fixed cost for these microbusinesses. They unlocked an untapped market segment, leveraging their parent company's **media power to strengthen customer acquisition**.

2013: Payment Institutions

Before: The payments market was dominated by traditional banking institutions

New regulation: Law 12,865 enables the Central Bank to regulate payments and it, in turn, creates “Payments Institutions” (IPs): **non-bank entities** that can provide **payment services** and maintain **payment accounts** under a lighter license. IPs **didn’t** need to be authorized by the Central Bank until they reached **~US\$100M** in annual transactions

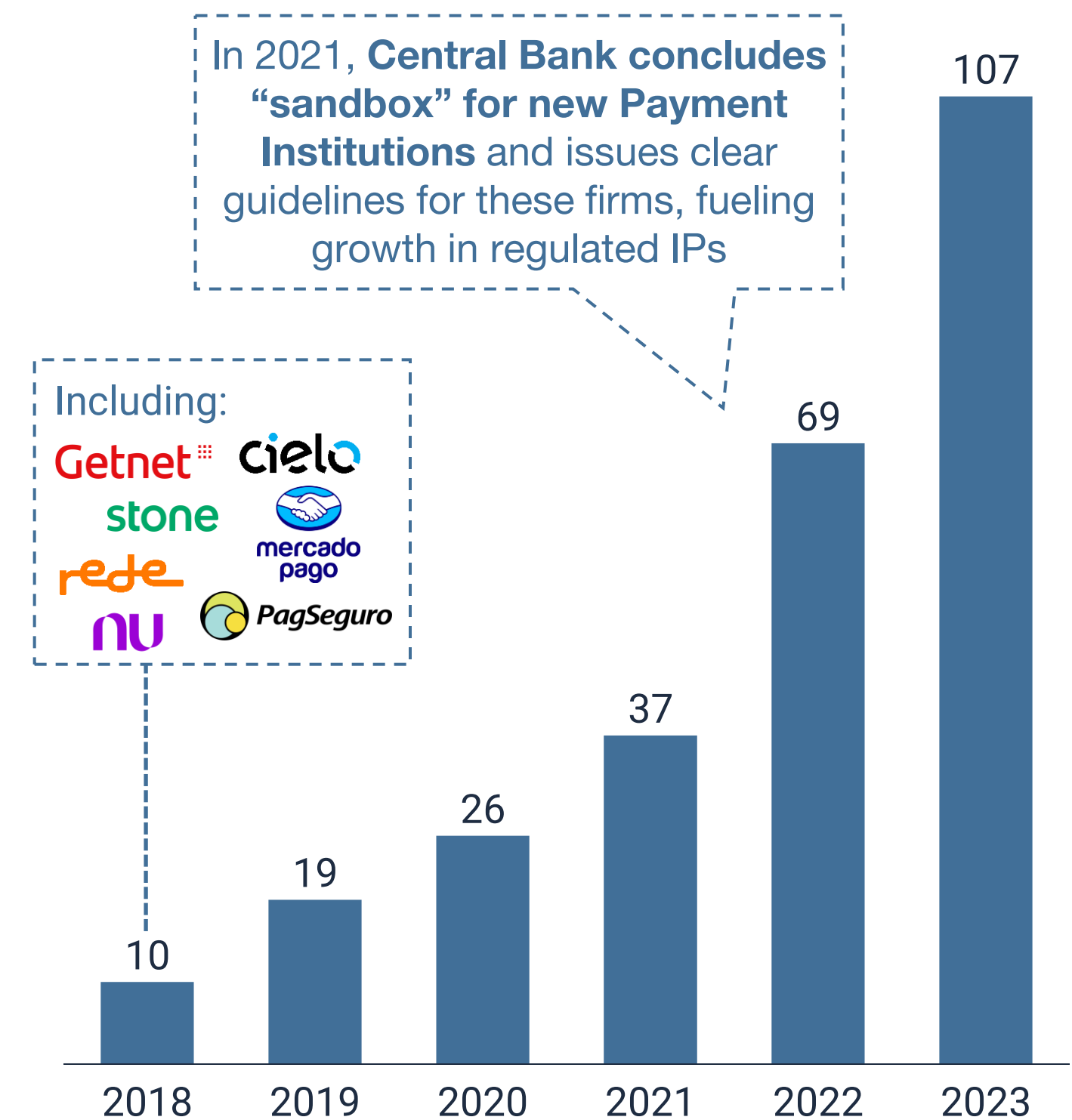


With a lighter regulatory burden for offering accounts and payments, new players emerged

Types of Payment Institutions¹

| | |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Electronic Money Issuer | Can manage prepaid payment accounts and enable payment transactions based on the currency in that account. Can also convert funds into physical or scriptural currency |
| Postpaid Payment Instrument Issuer | Can manage postpaid payment accounts and enable payment transactions based on that same account |
| Acquirer | Without managing payment accounts, can: (i) enable the acceptance of payment instruments issued by financial institutions; and (ii) participate in the settlement process as a creditor vis-à-vis the issuer |
| Payment Initiator | Can initiate payments upon the request of a client but cannot touch the money nor keep passwords to execute payments on their behalf |

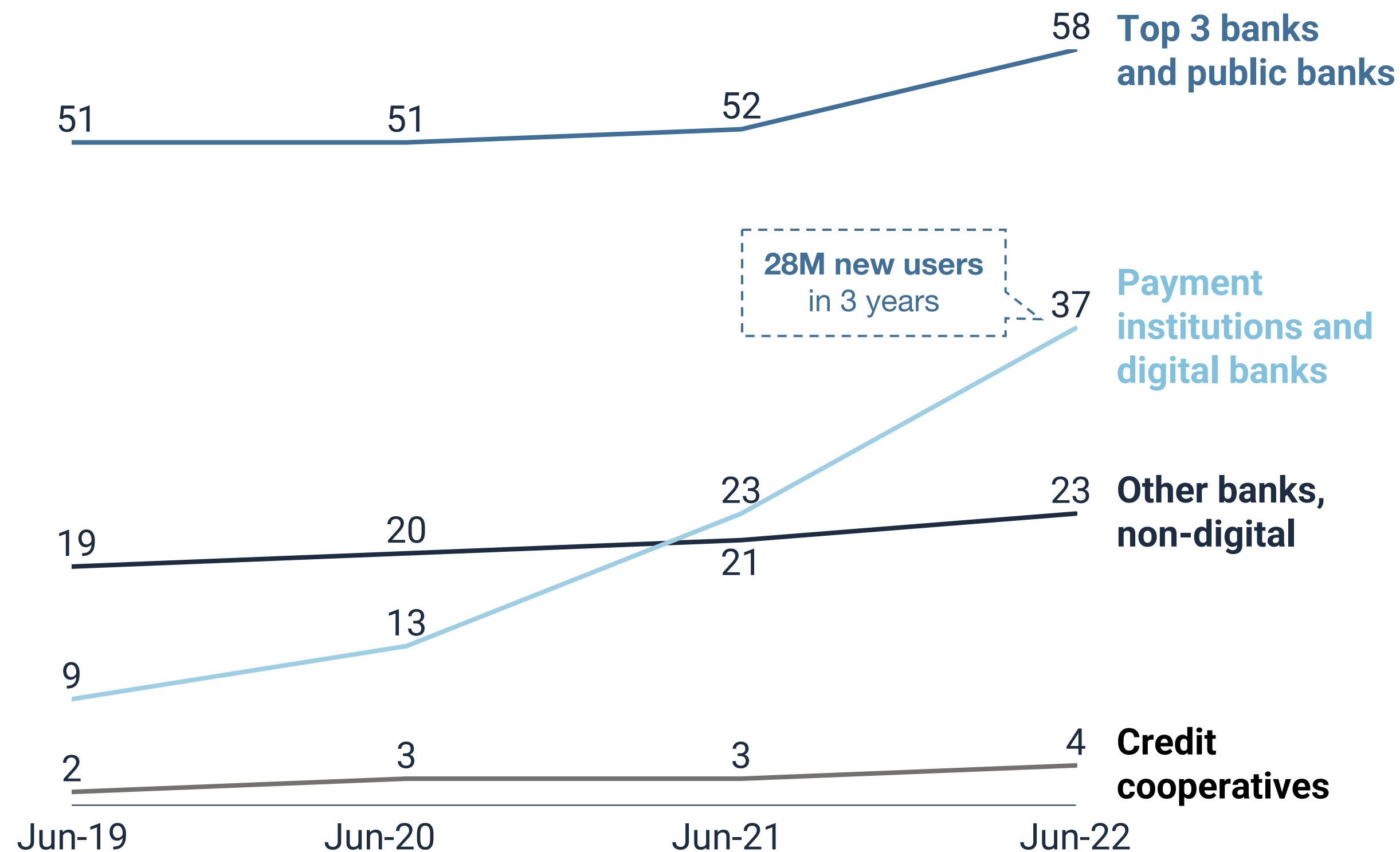
Regulated Payment Institutions (IPs)² Number of institutions



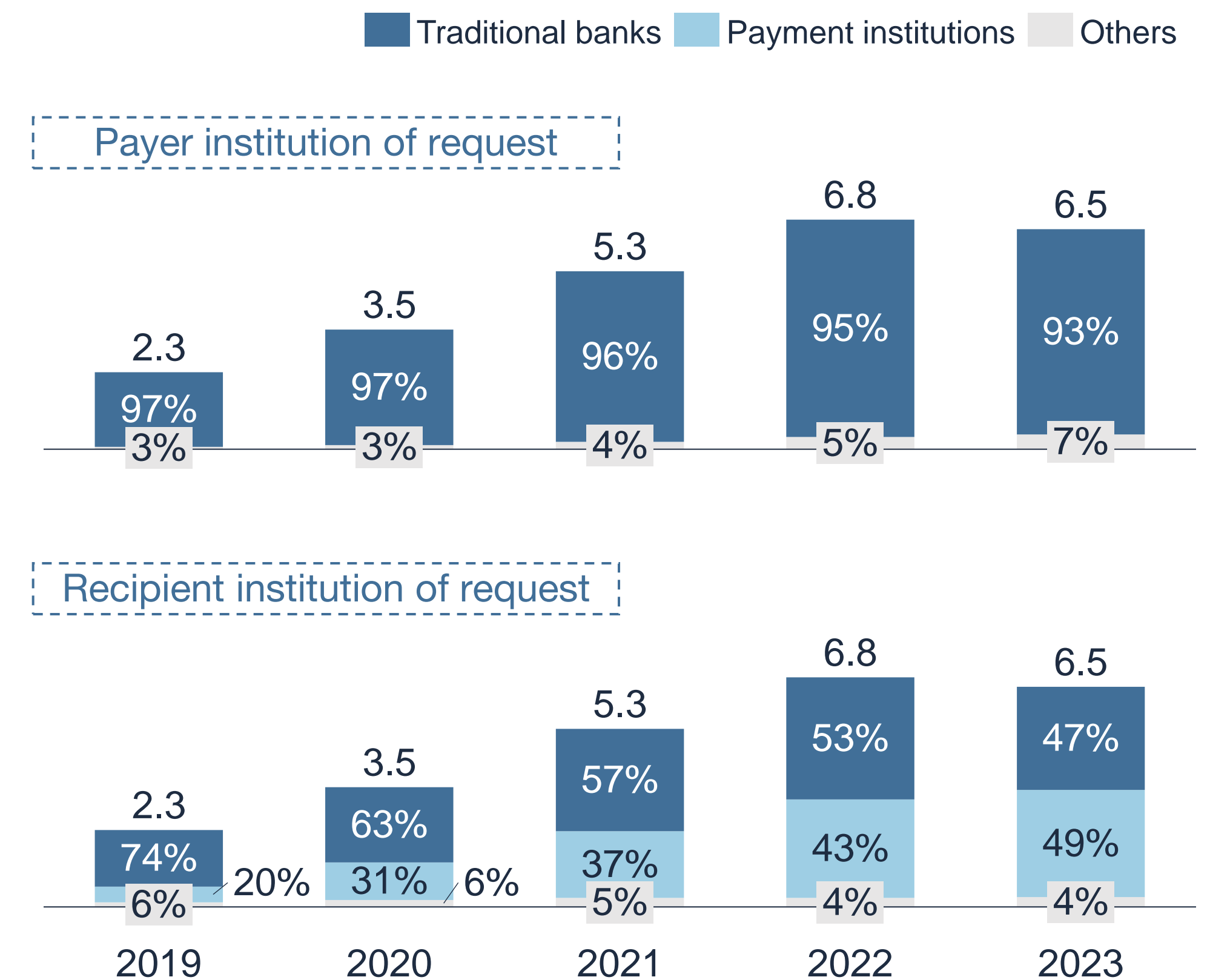
Sources: (1) Pinheiro Neto Advogados, Central Bank of Brazil; (2) Central Bank of Brazil - list of active institutions in the country

Payment institutions and digital banks continue to drive growth of credit card users and battle for their share of wallet

Credit card users by type of institution^{1,*}
Millions



Salary portability requests by type of institution²
Millions



Notes: (*) If individual holds cards in more than one type of institution, he will be accounted for on both

Sources: (1) Central Bank of Brazil "Banking economics report 2022 – Credit card usage profile in Brazil"; (2) Central Bank of Brazil time series

2016: Opening accounts digitally

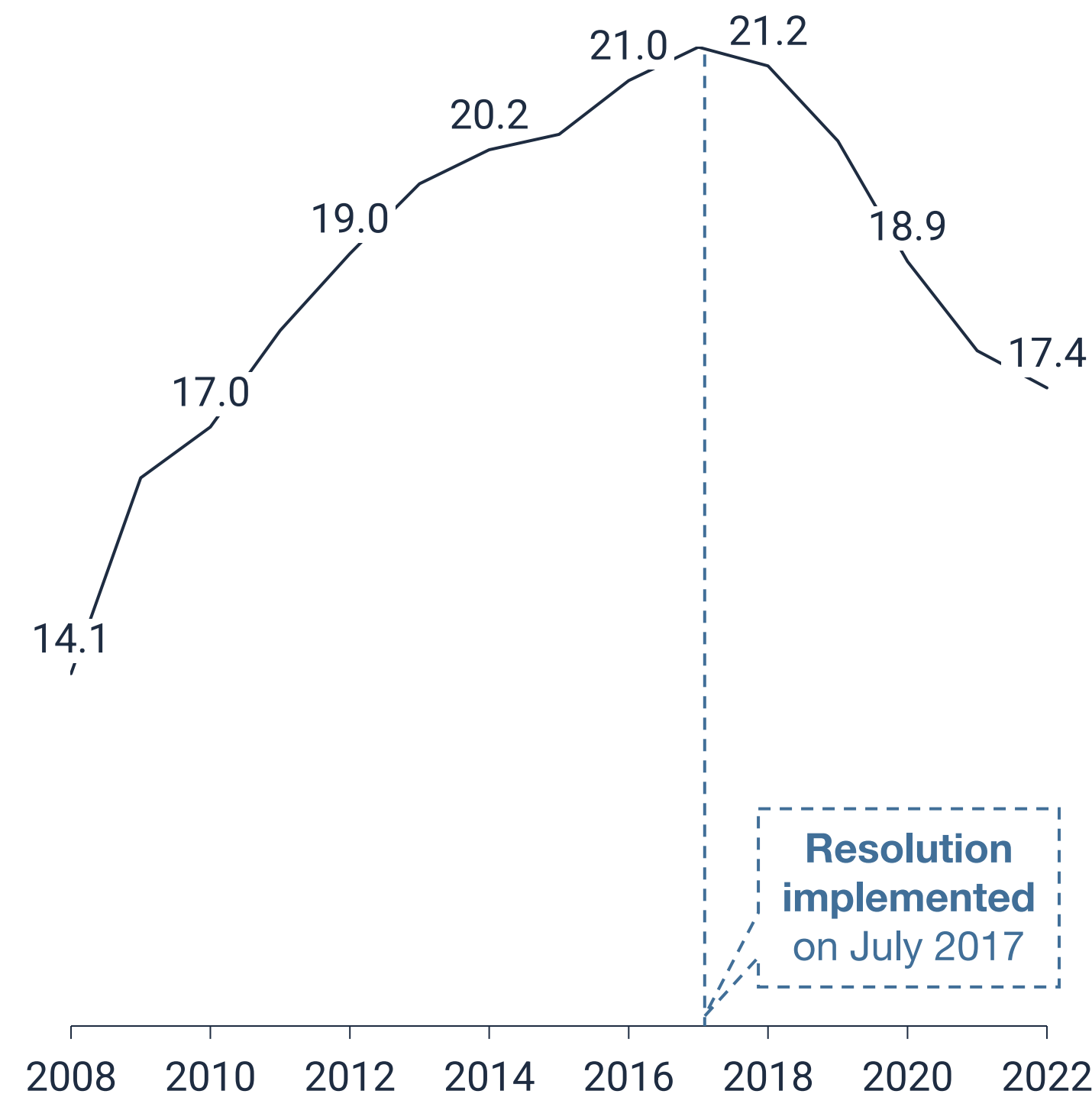
Before: Opening a bank account required customers to visit a branch in person and exchange physical documents

New regulation: Resolution number 4480 allows customers to open and close bank accounts digitally. This removed physical access barriers, streamlined banking processes, and allowed the creation of fully digital banks

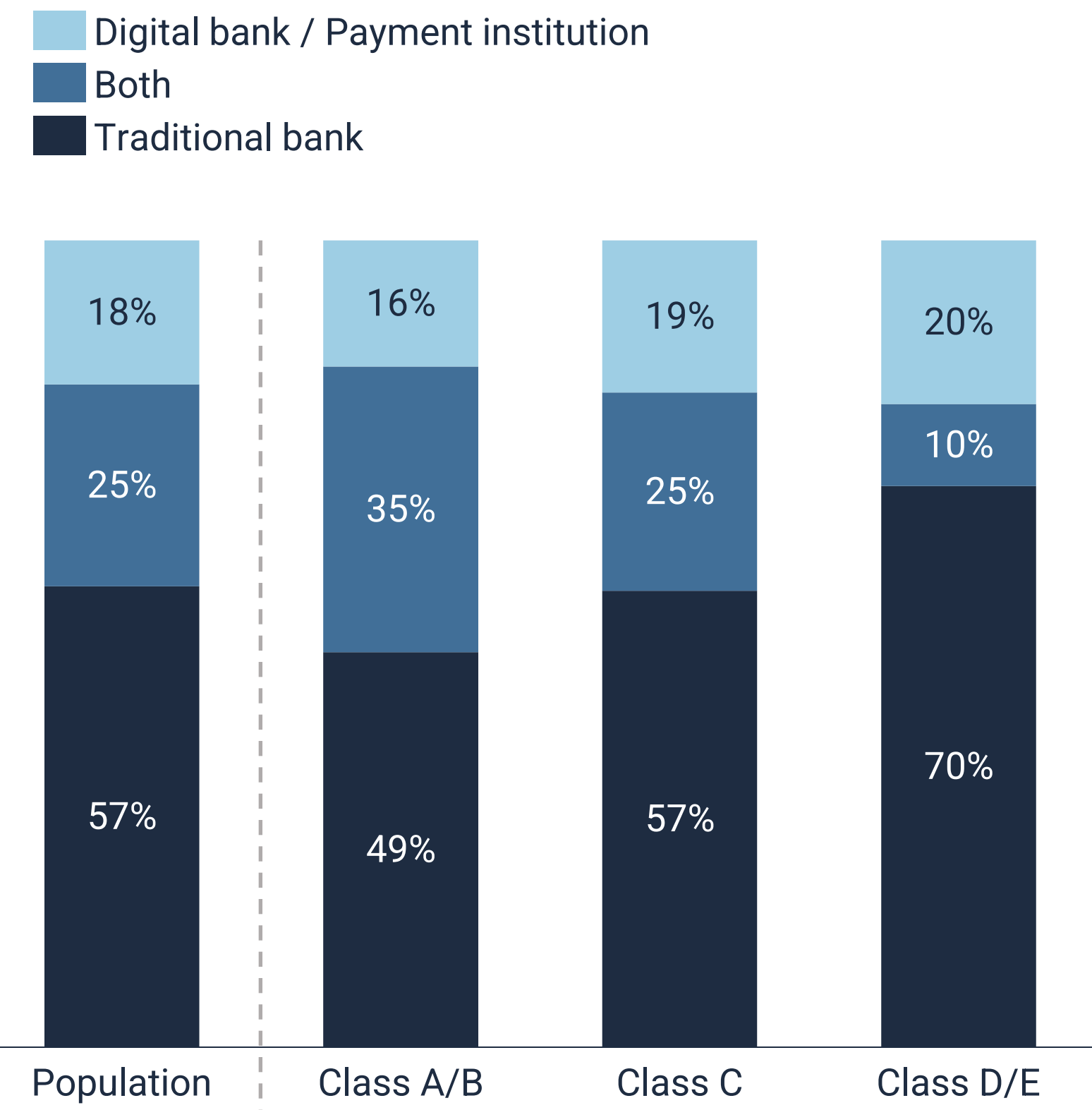


Digital growth surged with 43% of people having a digital account while incumbents cut branches

Physical branches of financial institutions in Brazil¹
Thousands



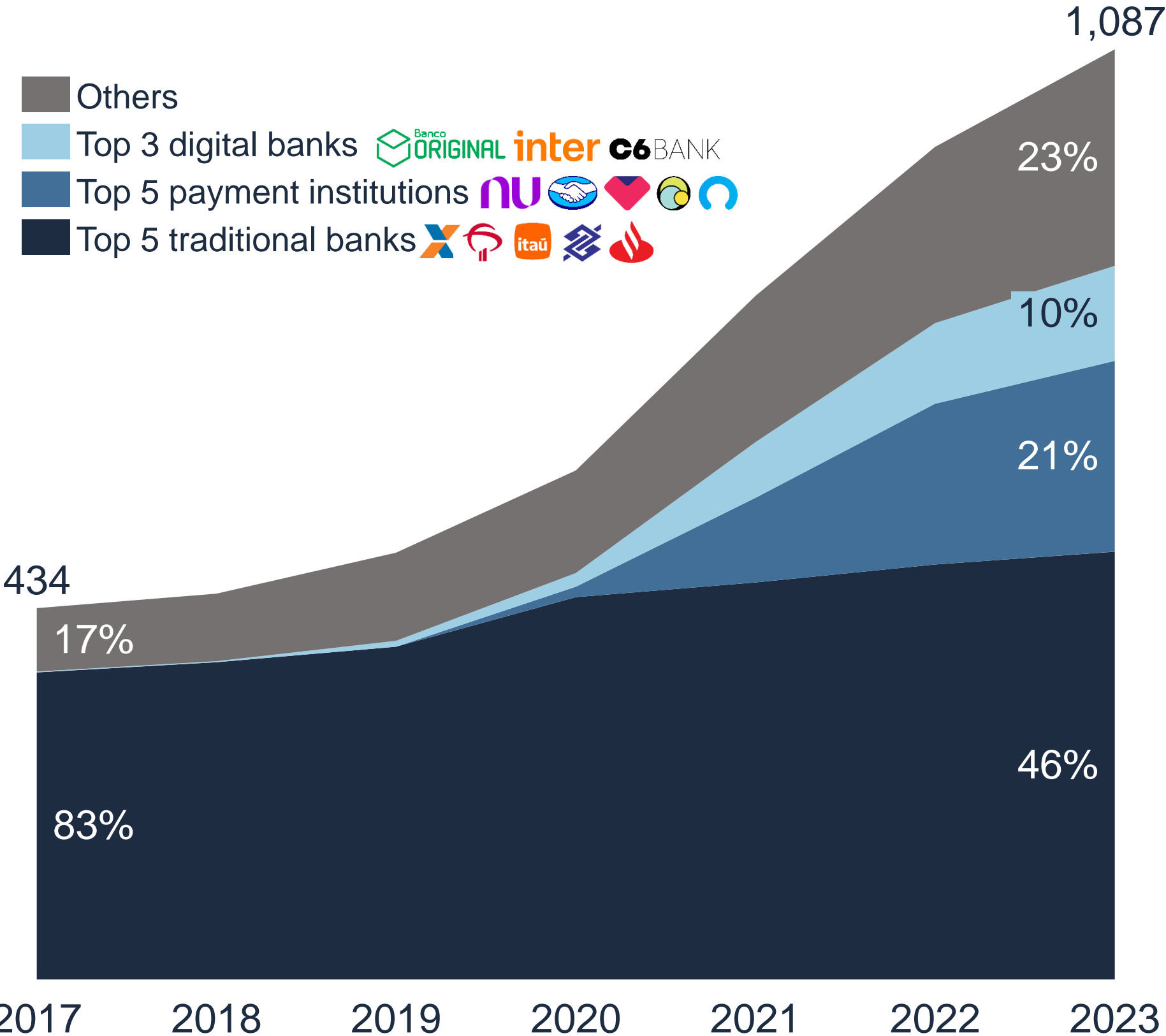
Survey with individuals - Institutions where average respondent holds an account²
2022, % of respondents



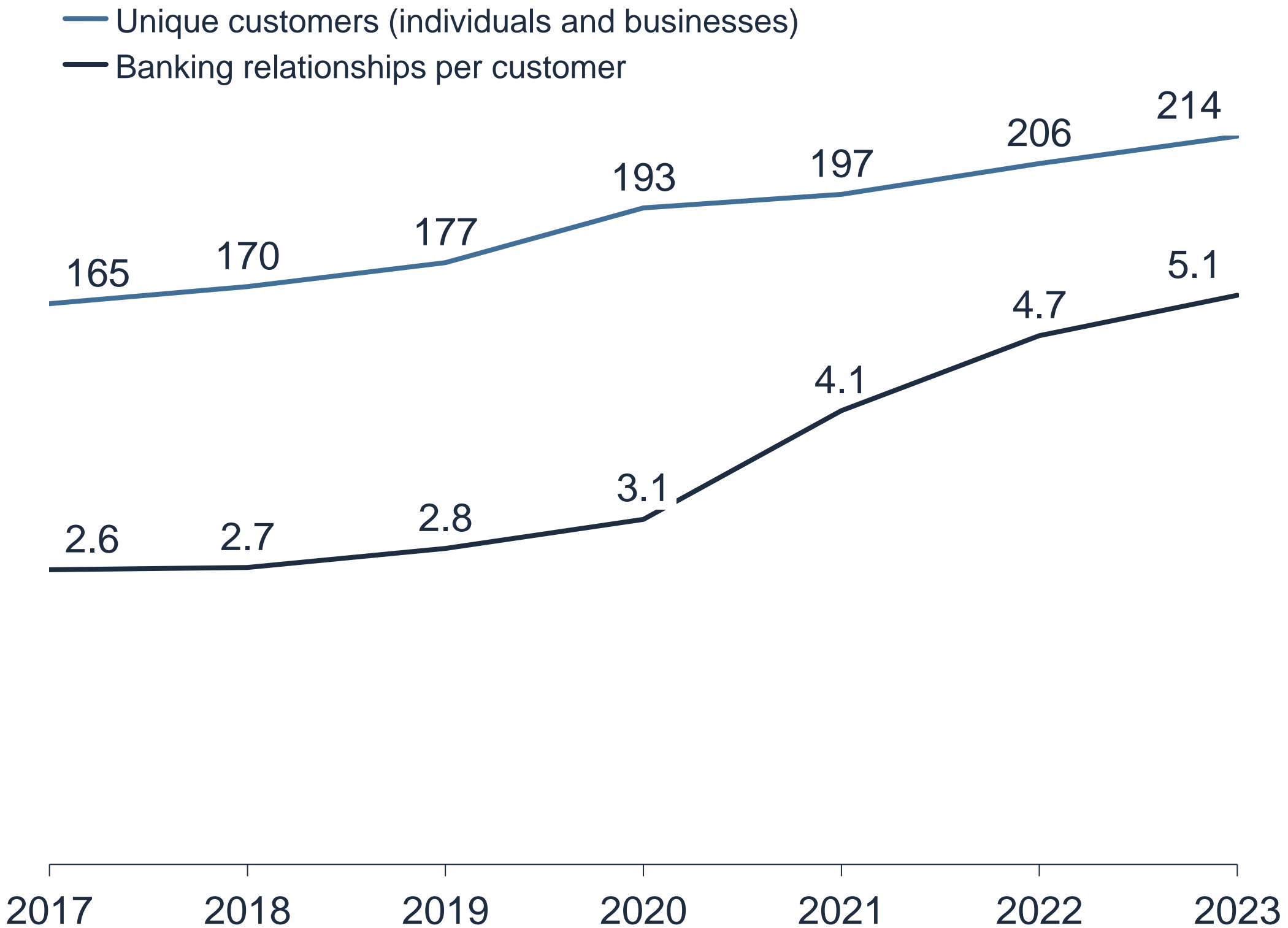
Sources: (1) BCB time series; (2) Survey – Anbima Brazilian Investor X Ray (N=5.818)

As people opened accounts with digital banks, significant growth came from those having multiple bank relationships

Number of customers* by type of institution
Millions



Number of unique banking customers and number of relationships per customer
Millions of customers, average number of relationships



Notes: (*) Total number of clients in the National Financial System's Client Register (CCS) and the Credit Information System (SCR); include individuals (~90%) and corporations (~10%); clients can be present in more than one institution, but only once in each institution
Source: Central Bank of Brazil - Complaints Ranking

2017: Segmentation of Financial Institutions

Before: The regulatory framework treated all financial institutions similarly, regardless of their size

New regulation: Through resolution 4553, the Central Bank introduces a segmentation system for financial institutions, applying regulation proportional to their size and risk profile and removing the regulatory burden from smaller institutions



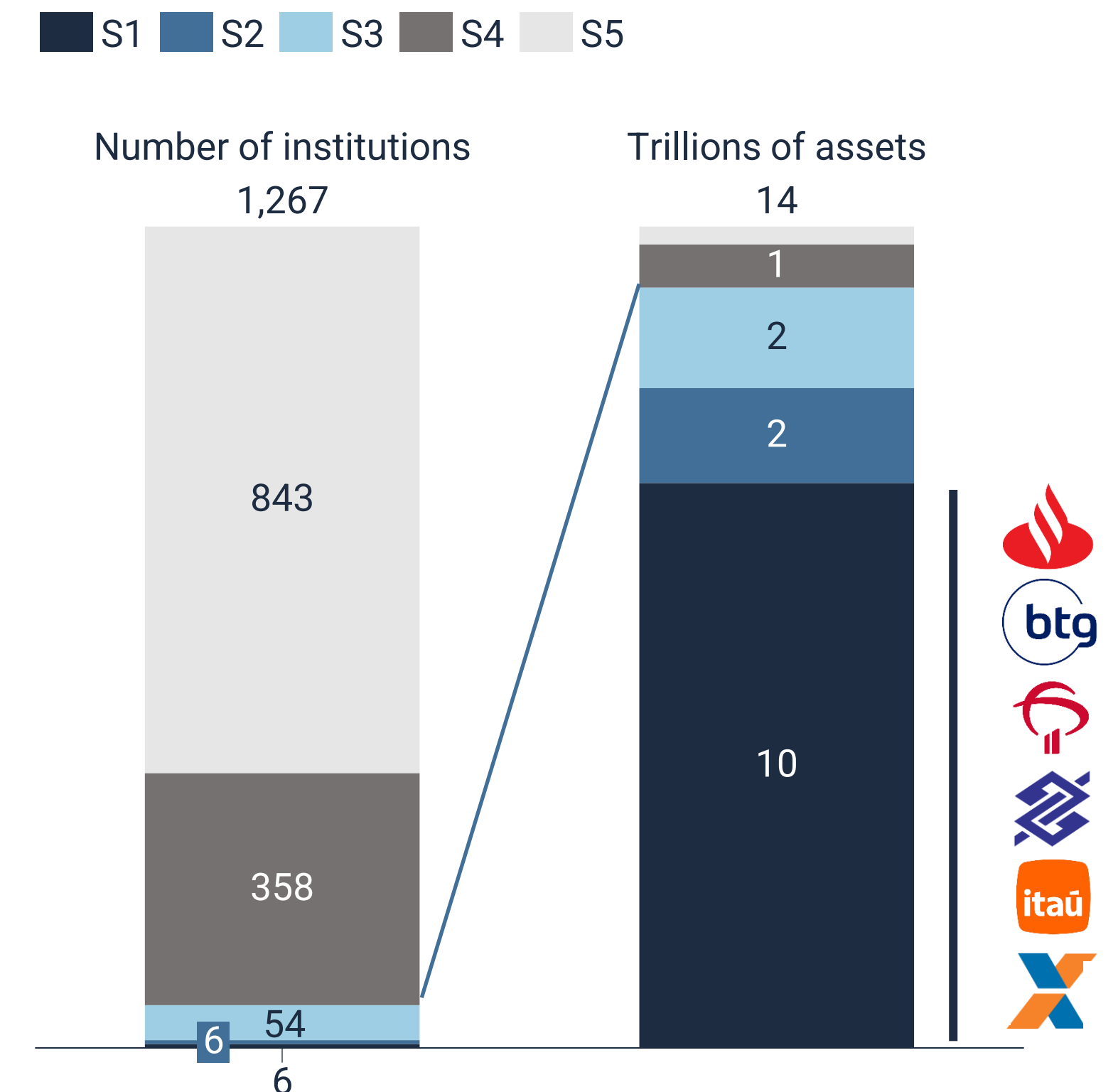
Simpler regulation enabled smaller players to grow and capture ~30% of total assets

Financial institutions (FI) segmentation¹

| Segment | Size* (% of GDP) | Proportionality in Prudential Regulation | Example Institution |
|---------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------|
| S1 | Banks >10% (or relevant international activity) | Full alignment with Basel recommendations | Itaú |
| S2 | Banks 1-10% Other FI >1% | Full alignment with Basel recommendations, with specific exceptions | Safra |
| S3 | Banks / Other FI 0.1-1.0% | Simplified rules for market risk and interest rate variation, risk coverage, and transparency and access to information | Nubank |
| S4 | Banks / Other FI <0.1% | Further simplification in prudential requirements, risk management structure, and transparency and access to information | PagSeguro |
| S5 | Other FI with simplified risk profile <0.1% | Simplified management structure and methodology for calculating minimum prudential requirements | Small credit corporatives |

Number of institutions and total assets by segment²

mar/23, number of institutions and R\$T

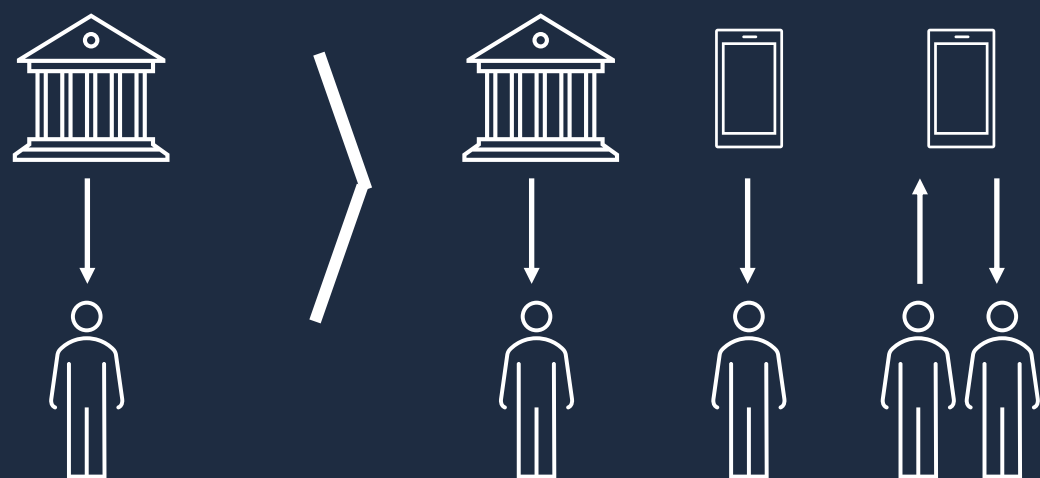


Notes: (*) The size of the institutions is measured by the ratio of total exposure or total assets relative to the GDP
Sources: (1) Central Bank of Brazil – Prudential Regulation; (2) Central Bank of Brazil – IF Data

2018: Credit fintechs

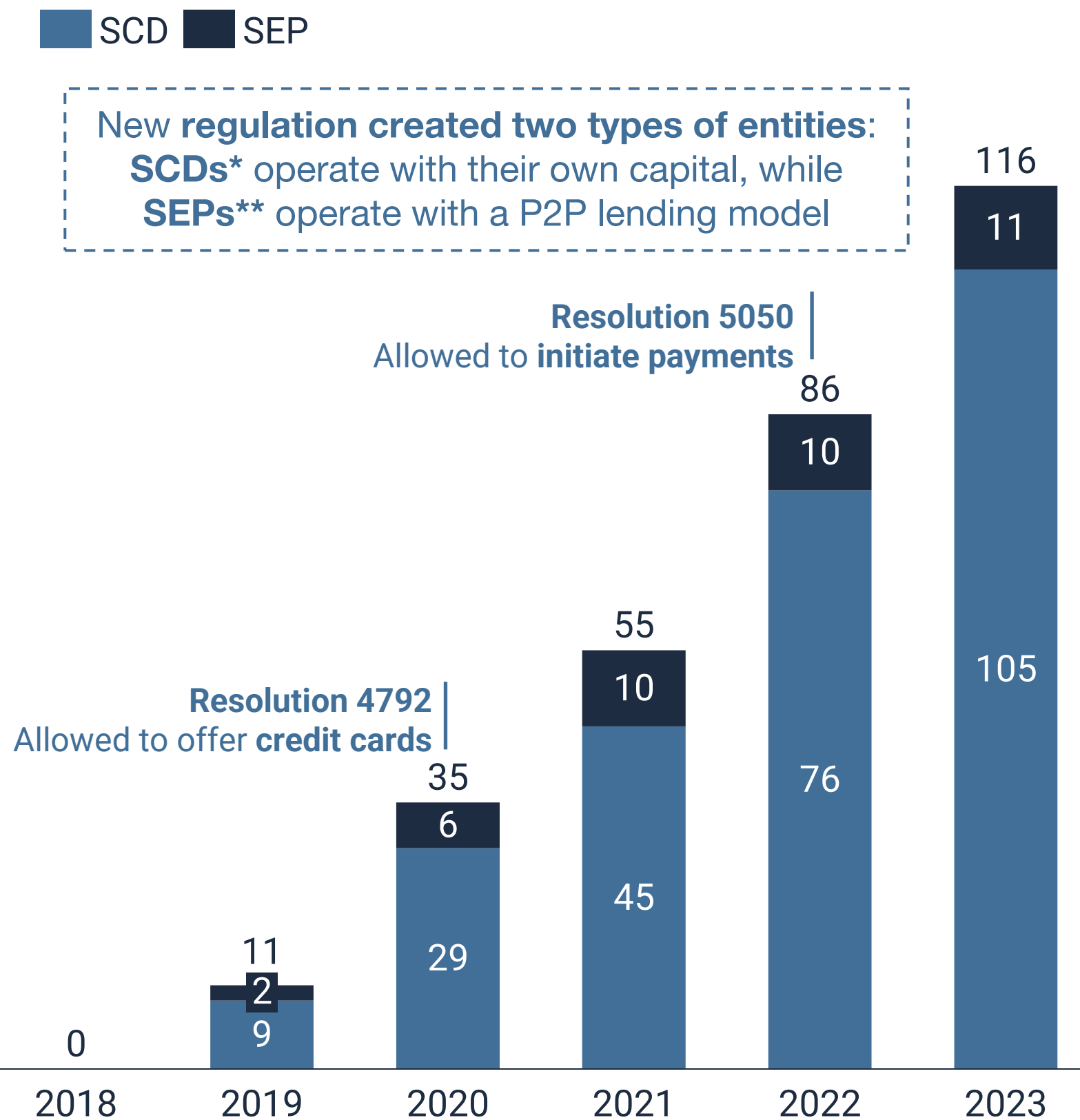
Before: Credit could only be offered by banks or institutions that had formal partnerships with banks

New regulation: Resolution 4656 allows fintechs to offer credit through digital platforms, remove the need for bank partnerships and establish a minimum capital of only R\$ 1M. This aimed to increase access to credit and reduce the cost of credit for the consumer

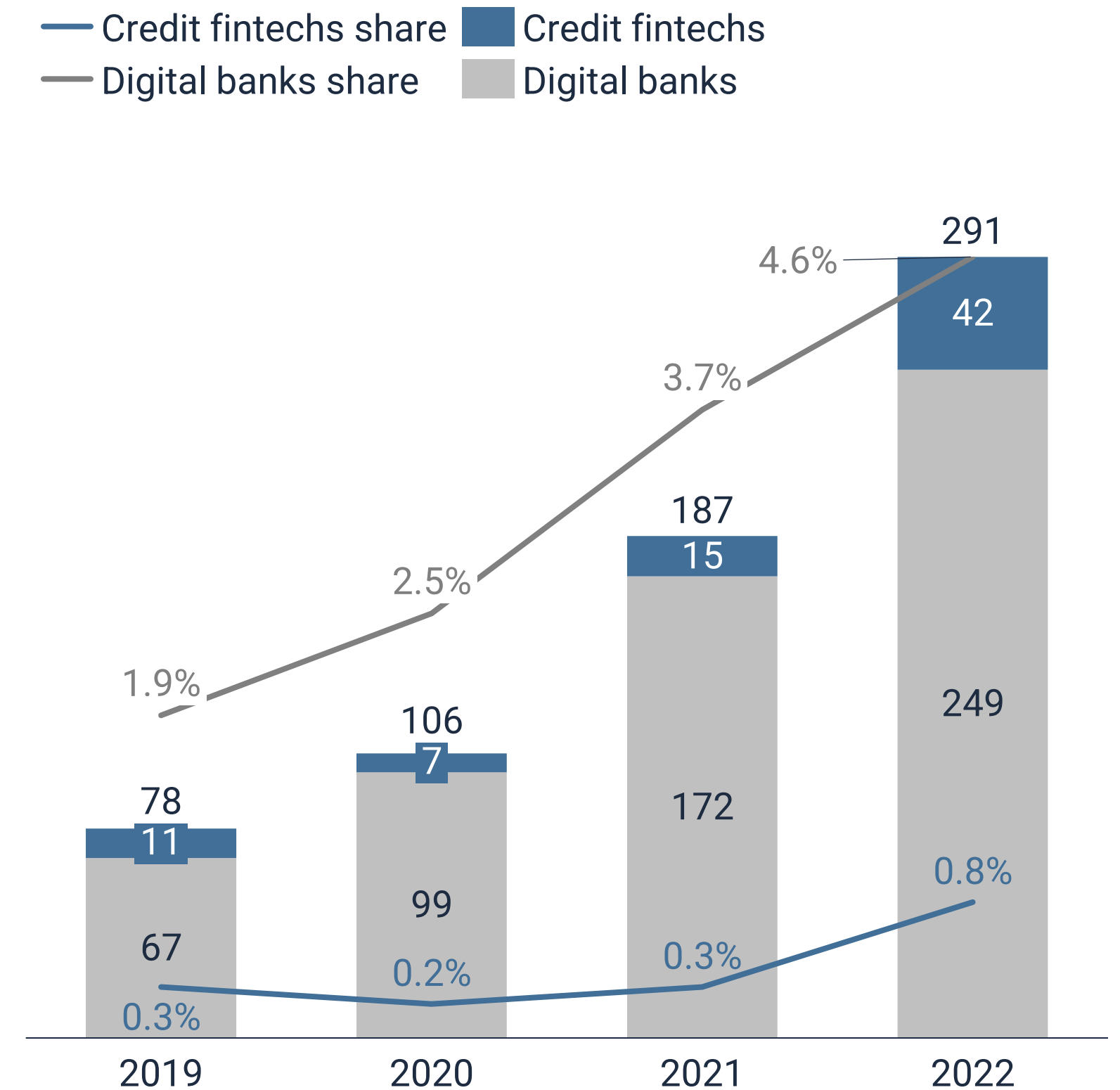


Credit fintechs have more than doubled market share but still represent <1% of credit in Brazil

Number of credit fintechs (SCDs and SEPs)¹
%



Digital entities credit balance and share in total credit in Brazil²
%, R\$B



Notes: (*) Direct Credit Society; (**) Society of Loans Between People

Sources: (1) Central Bank of Brazil - list of active institutions in the country; (2) Central Bank of Brazil "Banking economics report 2022 – Profile and Evolution of Digital Entities in the National Financial System"

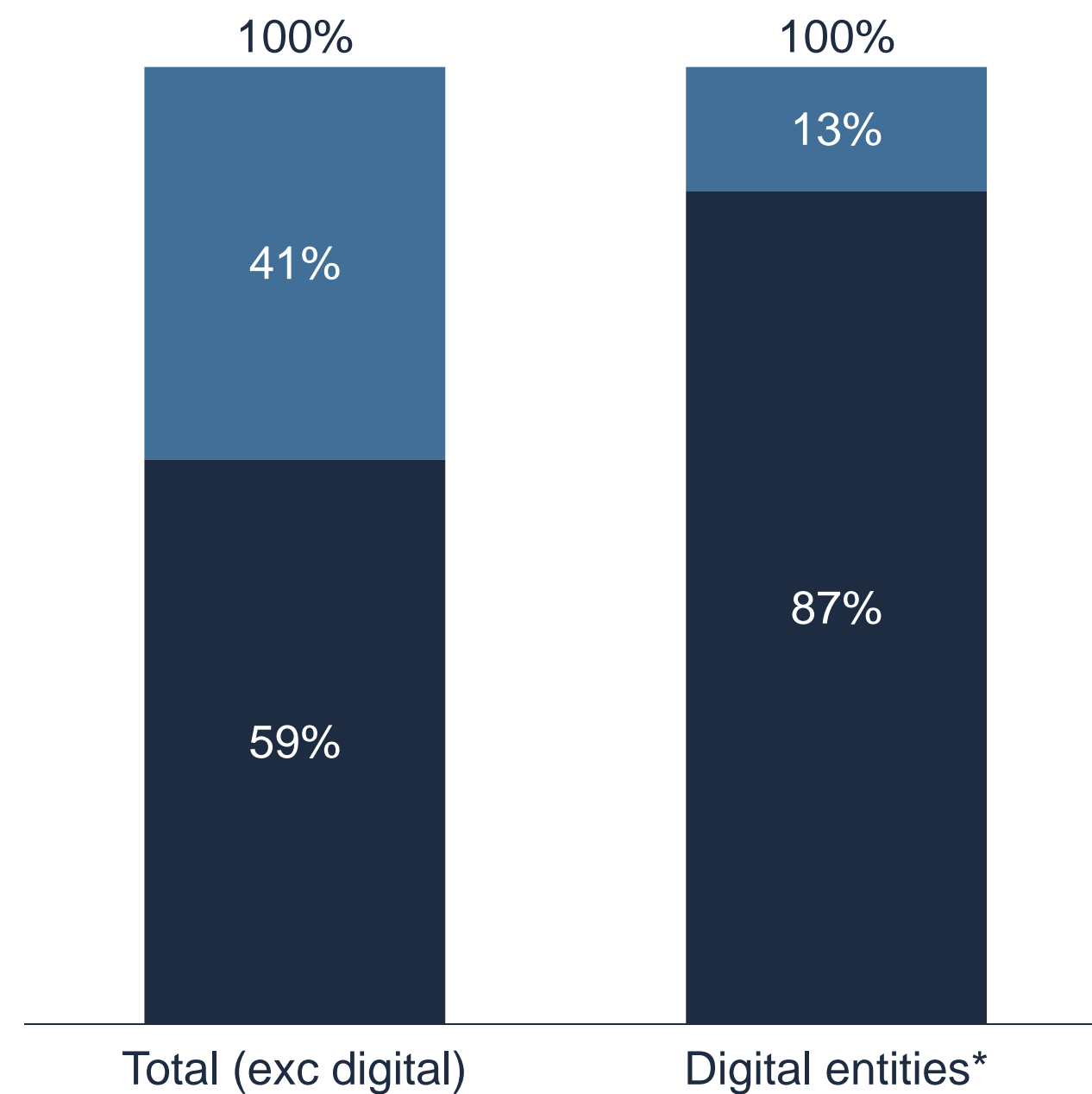
Digital credit entities have broadened access to credit for lower income individuals, offering riskier lending products

Profile of digital entities^{1,*}

December 2022

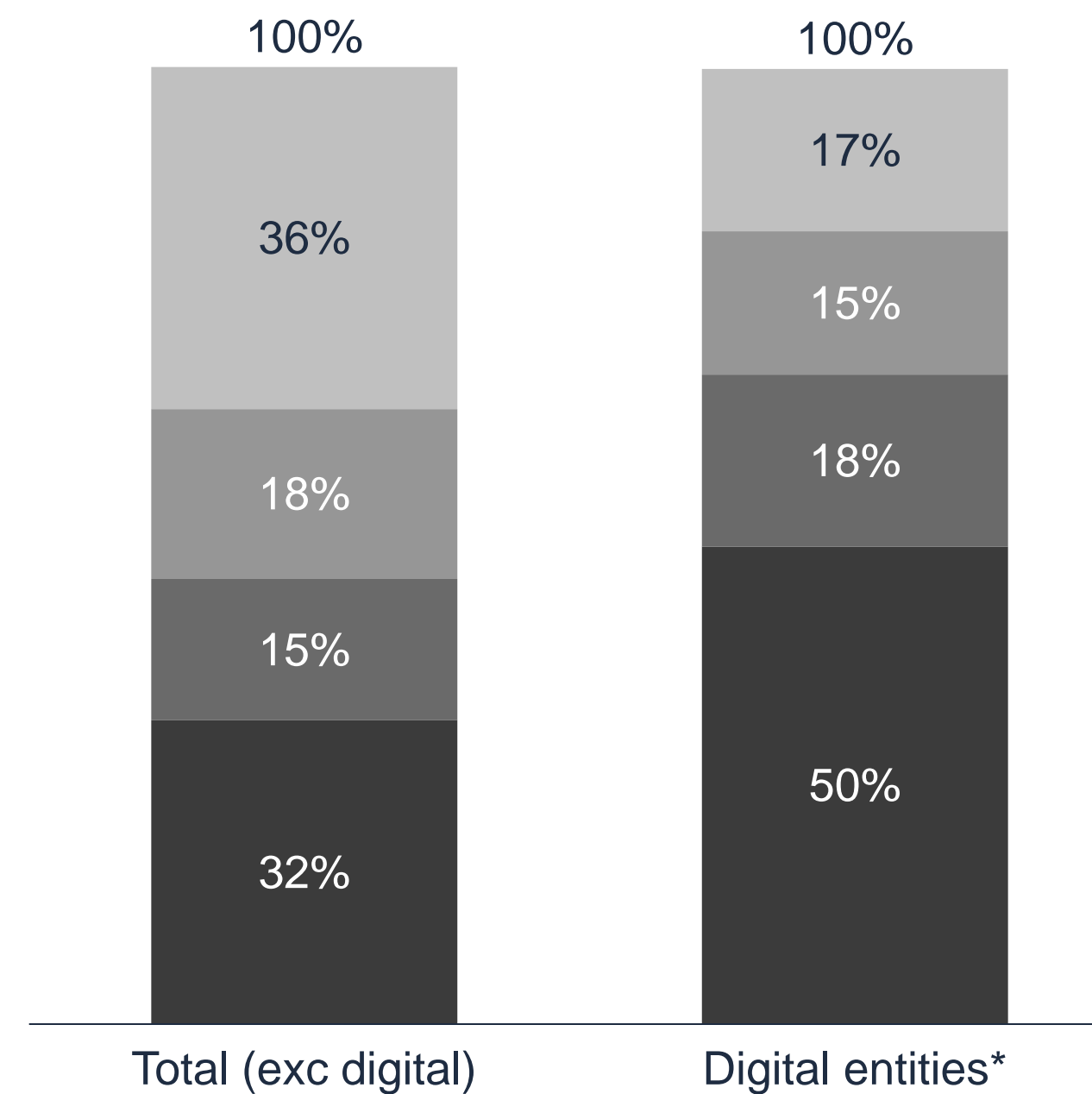
Share of client type in credit balance

■ Individuals ■ Corporations



Individuals: credit balance by income bracket Minimum wages (m.w.)

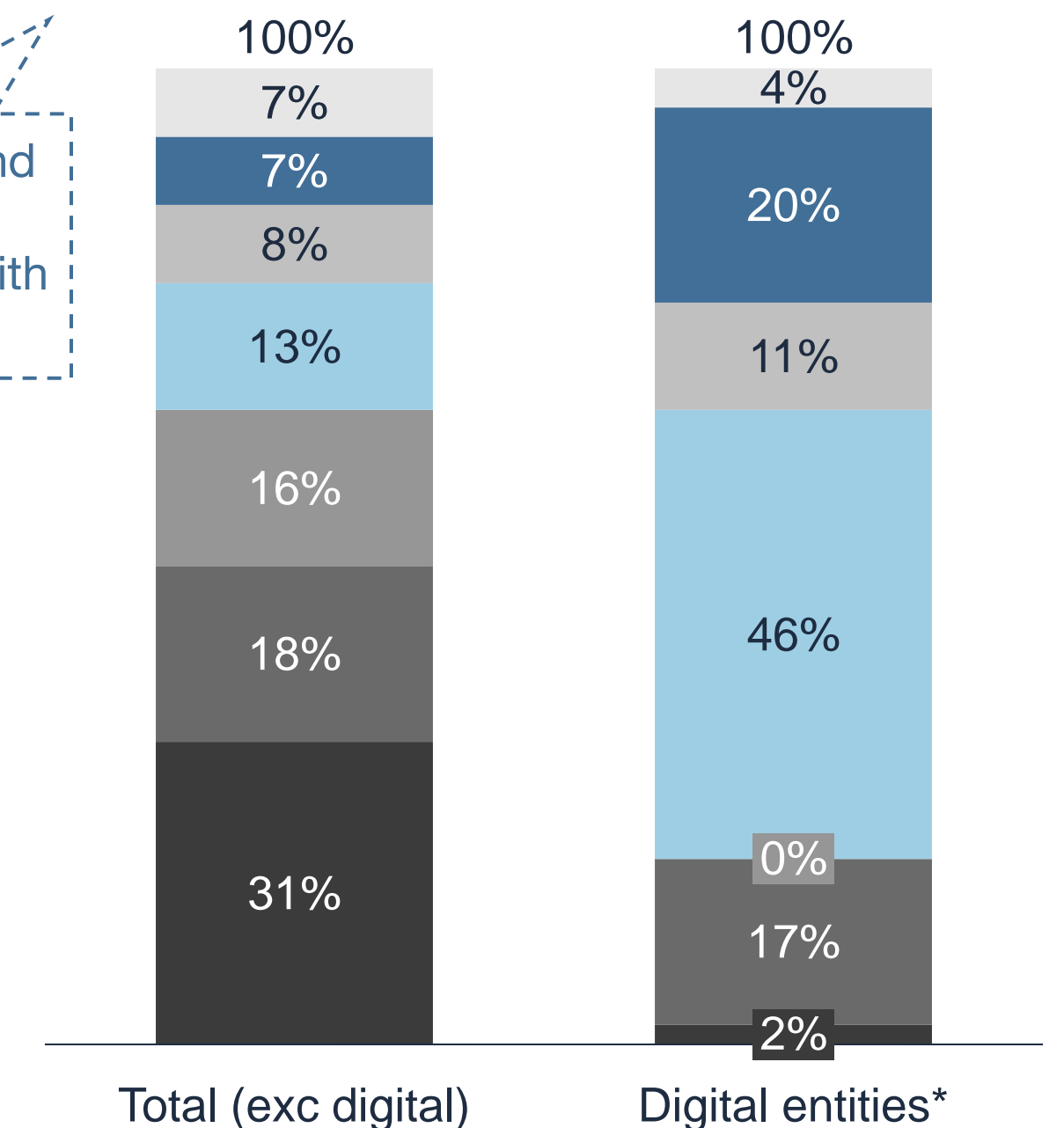
■ Up to 3 m.w. ■ 3-5 m.w. ■ 5-10 m.w. ■ Over 10 m.w.



Personal loans and credit cards are riskier products with no collateral

Individuals: credit balance by product type

■ Others ■ Credit card ■ Housing
 ■ Other personal loan ■ Rural
 ■ Vehicles ■ Payroll loan



Note: (*) Digital entities include digital banks and credit fintechs (SCDs and SEPs)

Sources: (1) Central Bank of Brazil "Banking economics report 2022 – Profile and Evolution of Digital Entities in the National Financial System"

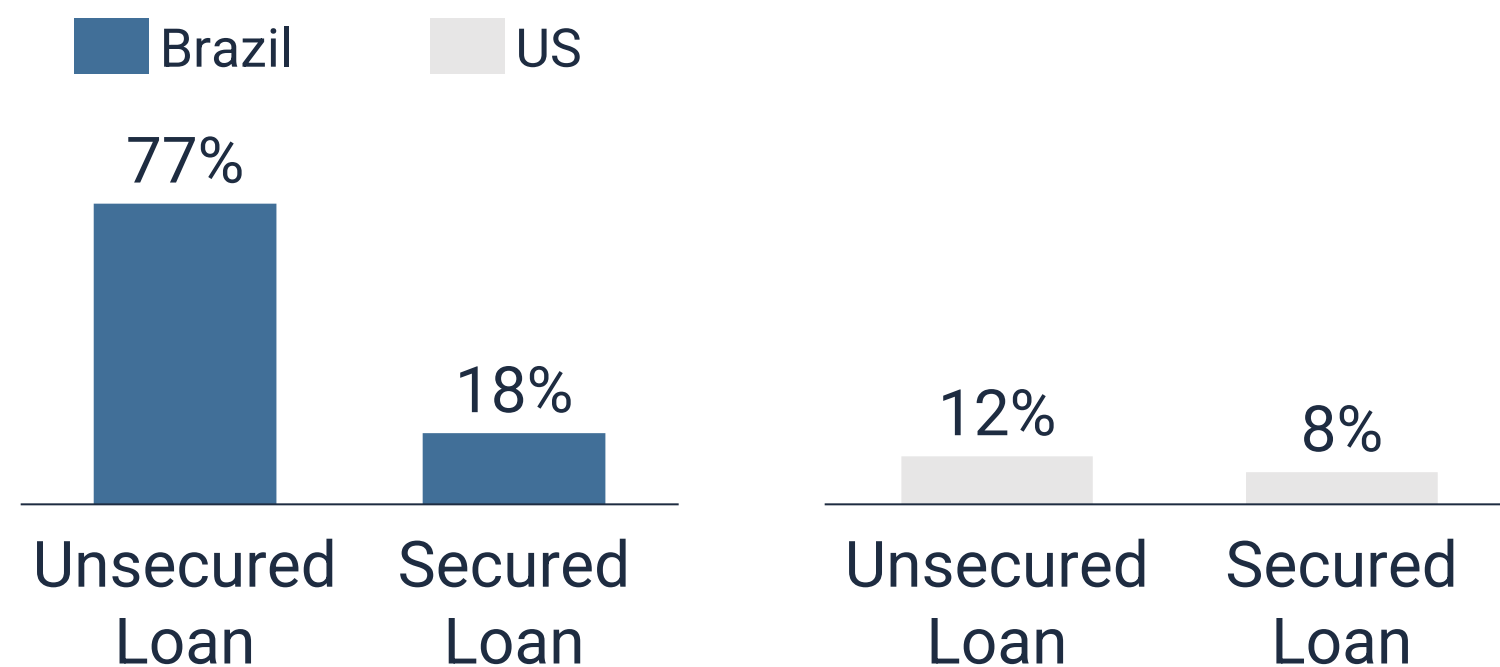
Creditas is leveraging collateralization and a capital efficient business model to build a dominant financial ecosystem



Creditas is building a financial solutions ecosystem upon a core foundation of collateralized lending. They excel in **asset recoverability in underwriting**, and are growing in insurance, consumer solutions, and investments

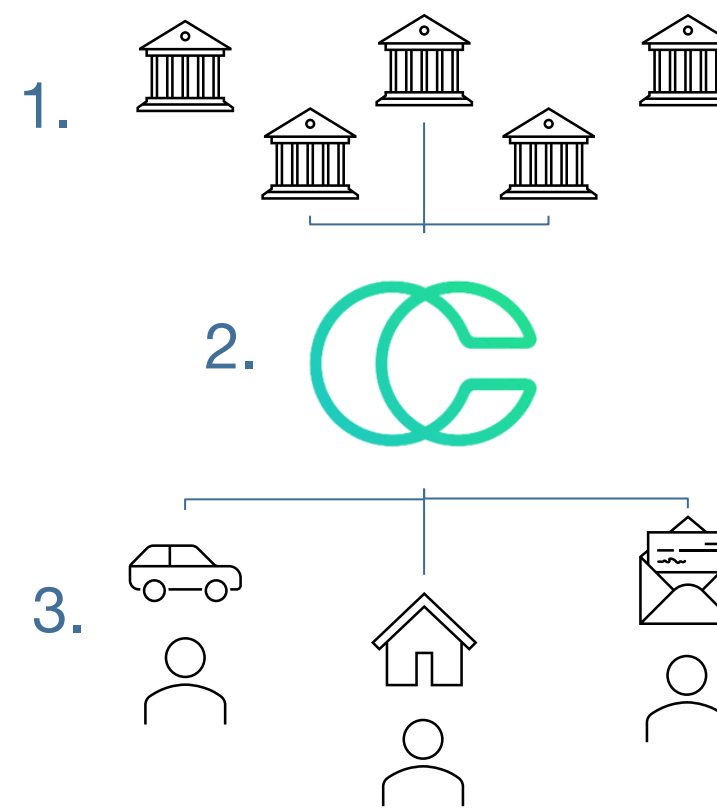
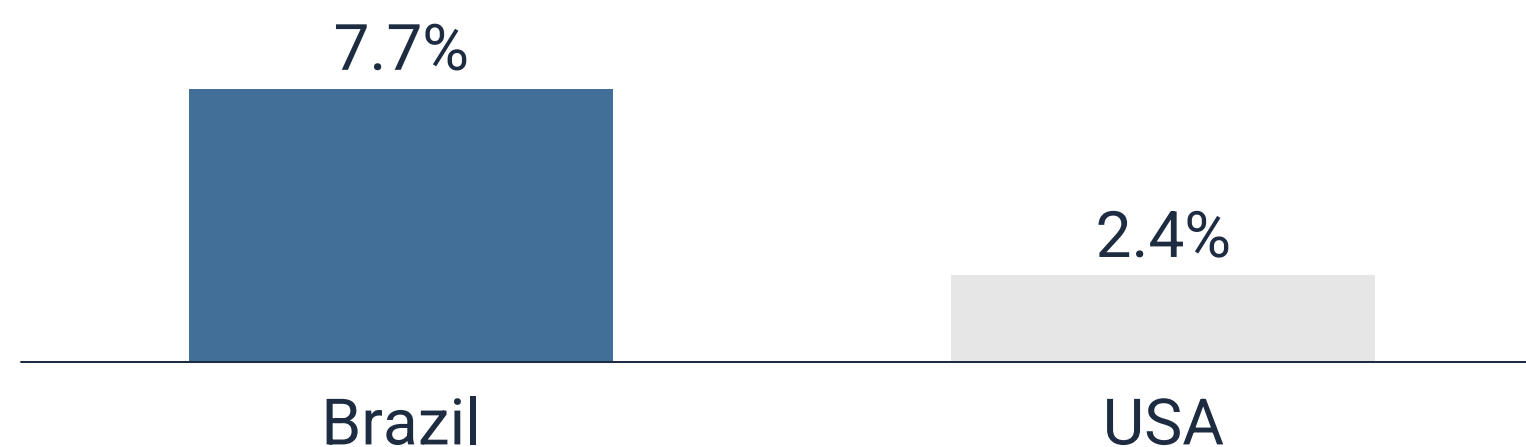
Average loan cost^{1, 2, 3}

2024, Loan annual interest rate**



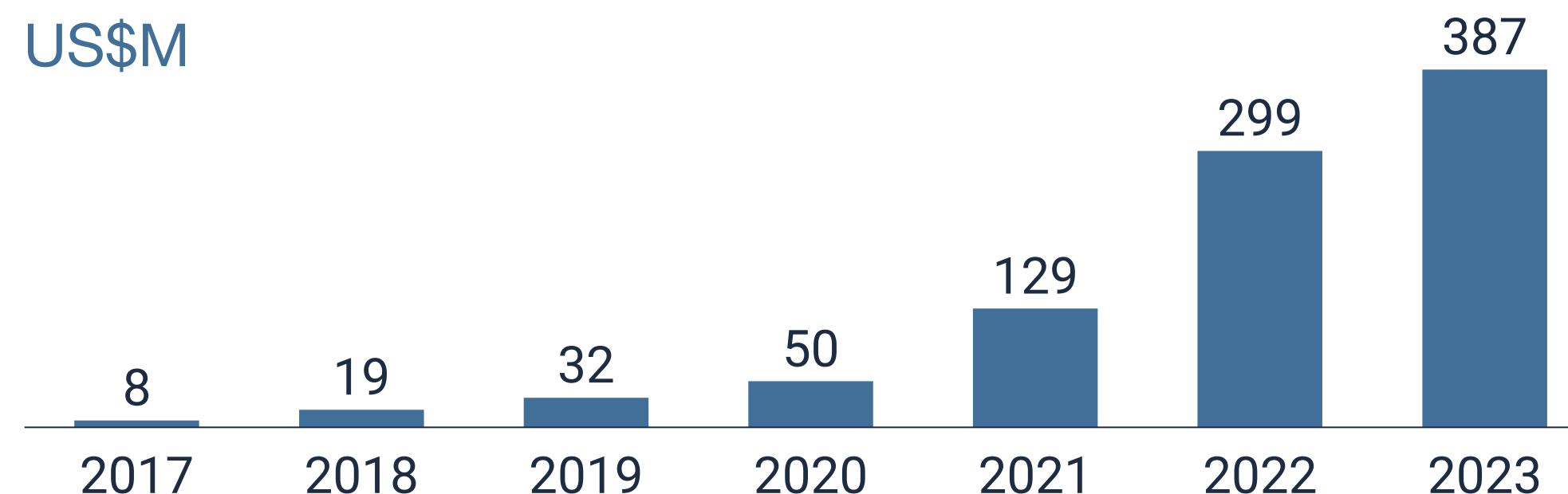
Unsecured loan delinquency rates³

2023, Share of delinquent loans



Annual revenue¹

US\$M



Creditas reached positive net income for the first time in Q1 2024, with a total loan portfolio of ~US\$1B

Notes: (*) SCD is a 'Direct Credit Society'; (**) Unsecured Loan rate based on Personal Loan, Secured Loan rate is average of Car and Home Equity Loan
Source: (1) Creditas – annual revenue converted to USD, (2) Valor Investe – Crédito, (3) Federal Reserve Bank of St. Louis.

2019: Positive credit scoring

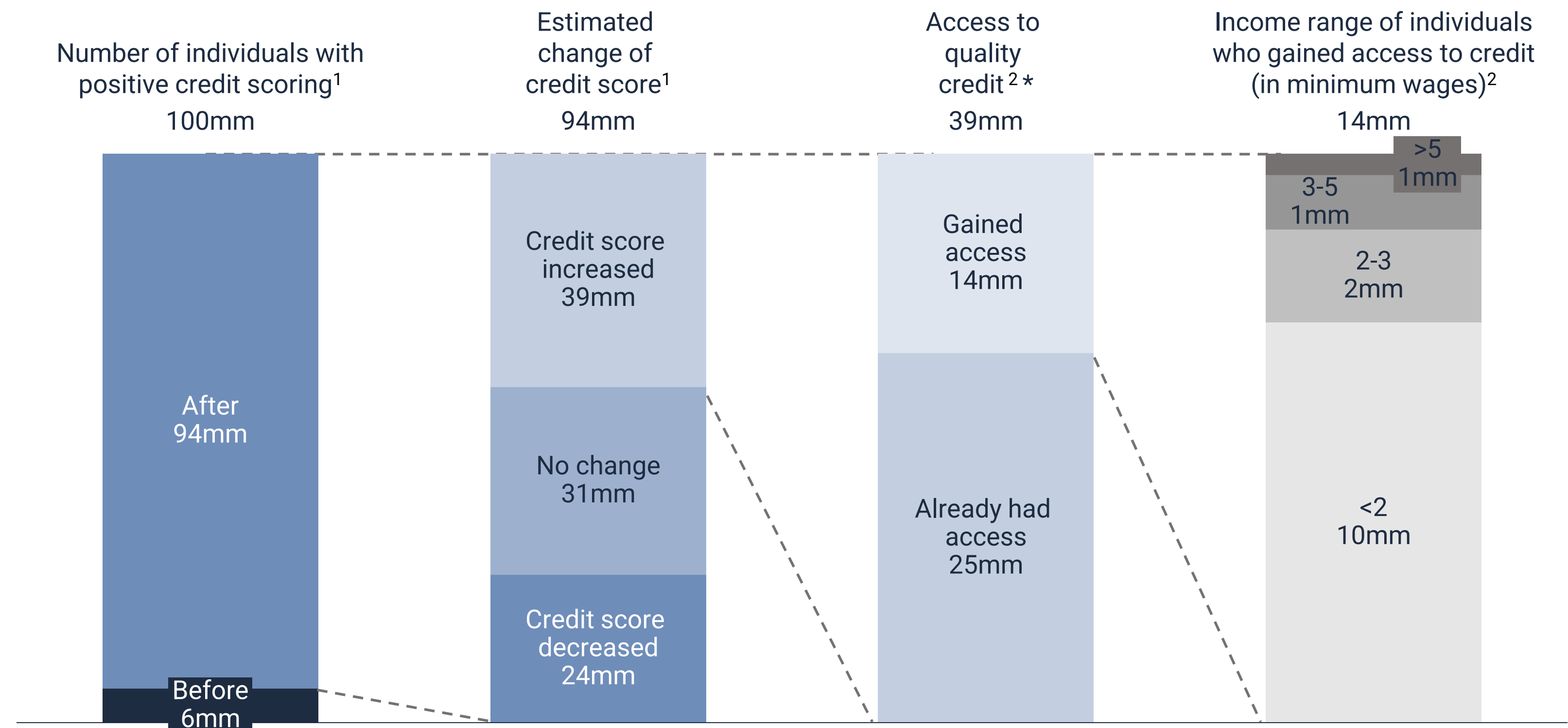
Before: Credit scoring systems primarily focused on negative credit events, and individuals had to “opt-in” to have positive data registered

New regulation: Law 12,414 and resolution 4737 introduce automatic positive credit scoring (“opt-out” basis). The inclusion of positive credit information in consumers’ credit histories allow for fairer credit assessments, potentially lowering interest rates and encouraging responsible financial behavior



Through positive credit scoring, more than 14 million people gained access to credit

Impact of automatic positive scoring in access to credit^{1,2}
2023, number of people

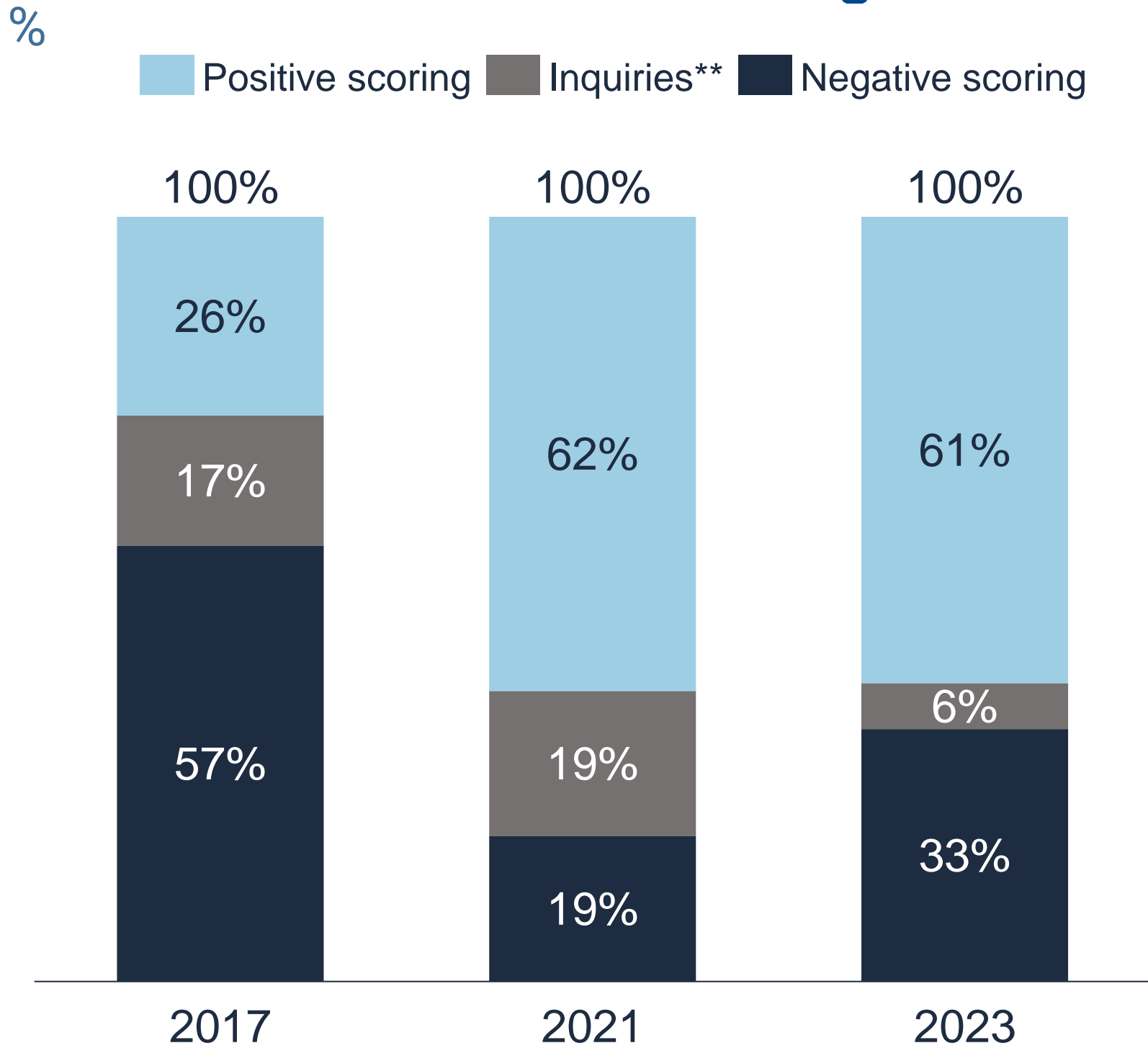


Notes: (*) “Quality credit” defined by Serasa as Serasa Score > 500 (“good” or “excellent”)
Sources: (1) Central Bank of Brazil – “Analysis of the effects of positive credit scoring” (2021);
(2) Serasa study (July 2023)

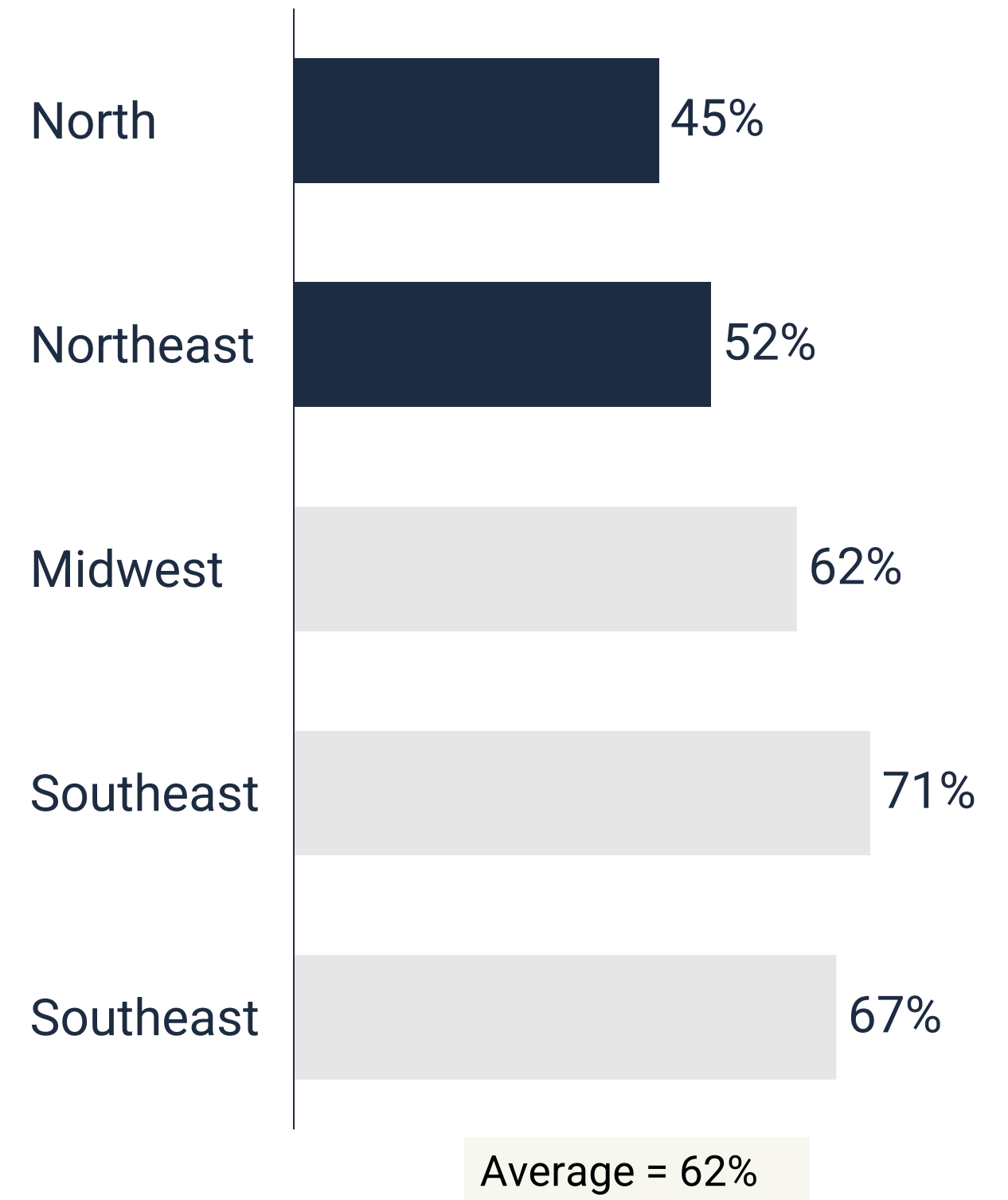
Financial institutions are relying more heavily on positive scoring, especially impacting access in lower income regions

Credit bureaus are increasingly weighting positive data in credit scoring

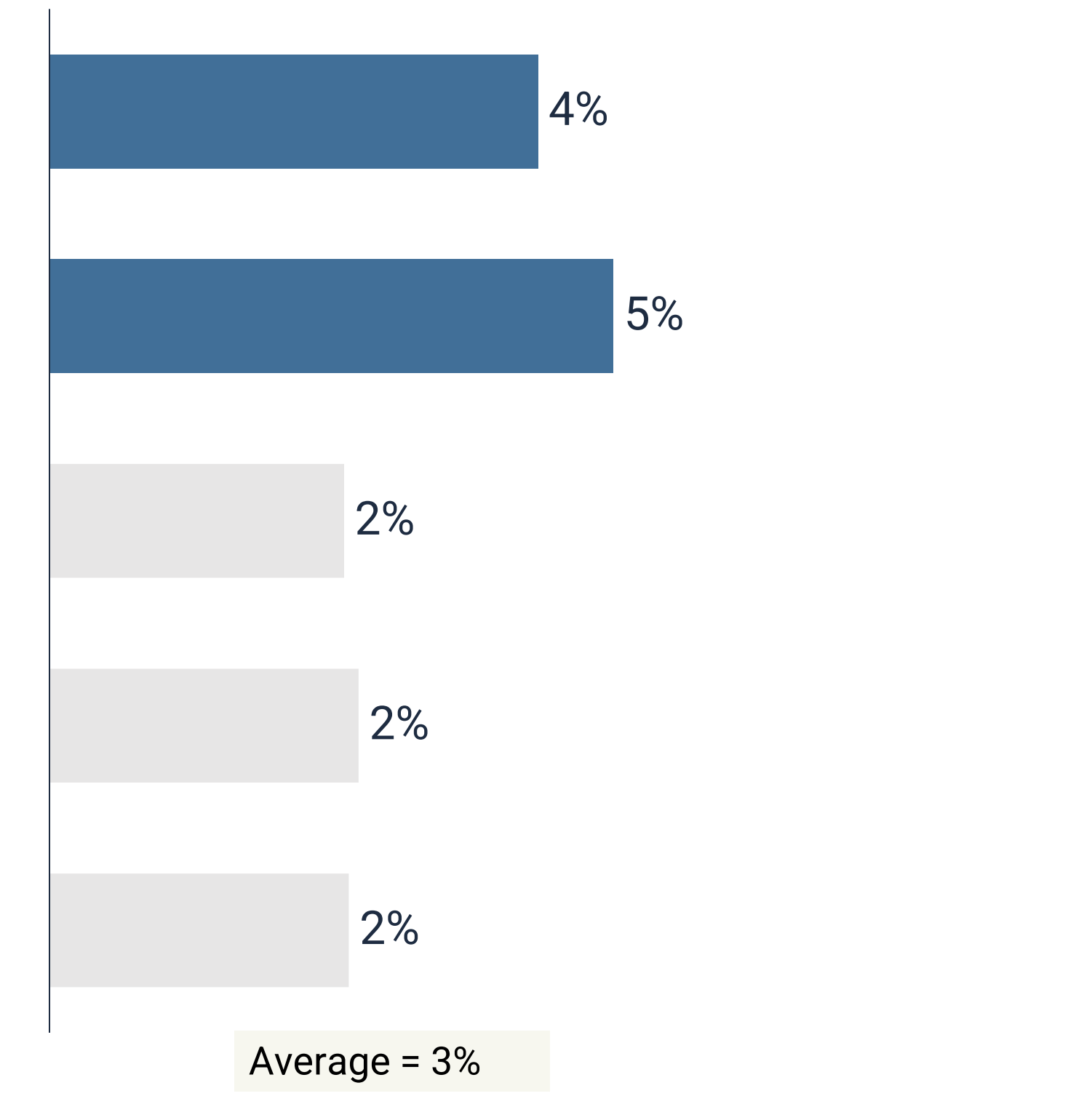
Composition of Serasa* credit score by type of information¹



Positive scoring penetration by state²
Feb/22, % of population



1st credit transaction after positive scoring implementation²
Feb/22, % of individuals with positive scoring



Notes: (*) Serasa is a credit bureau in Brazil; (**) Financial institutions inquiries on individual's credit score
Sources: (1) Serasa website; (2) National Association of Credit Bureaus (ANBC)

2019: Receivables registries

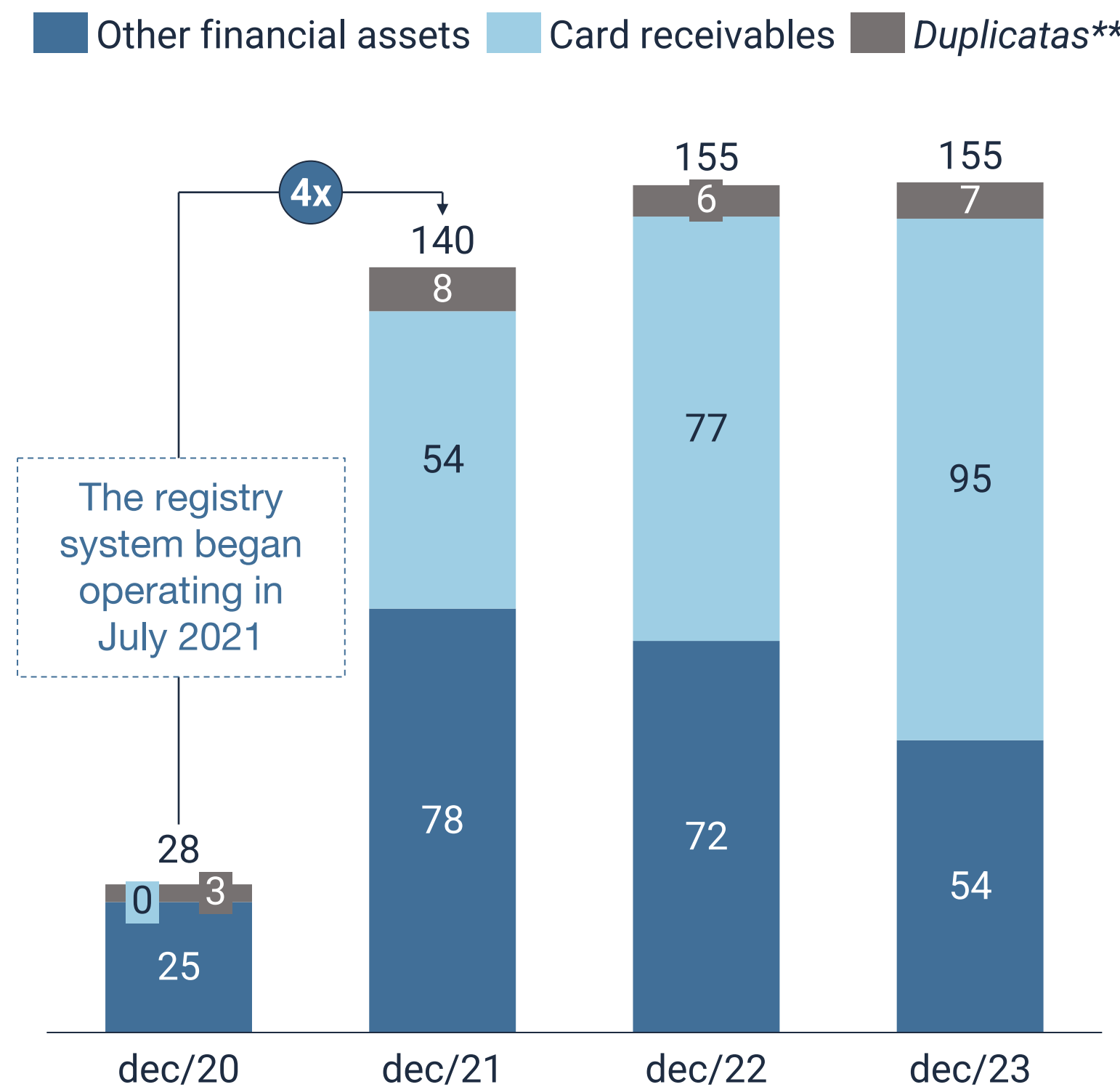
Before: Merchants' receivables were tied to their respective acquirers, who held exclusive rights to negotiate them

New regulation: Resolution 4734 determines that acquirers no longer own merchants' receivables. Instead, receivables are registered in one of four Central Bank-authorized registries and are accessible to other credit grantors. This allows merchants to either advance or leverage their receivables as collateral with a credit provider of their choice

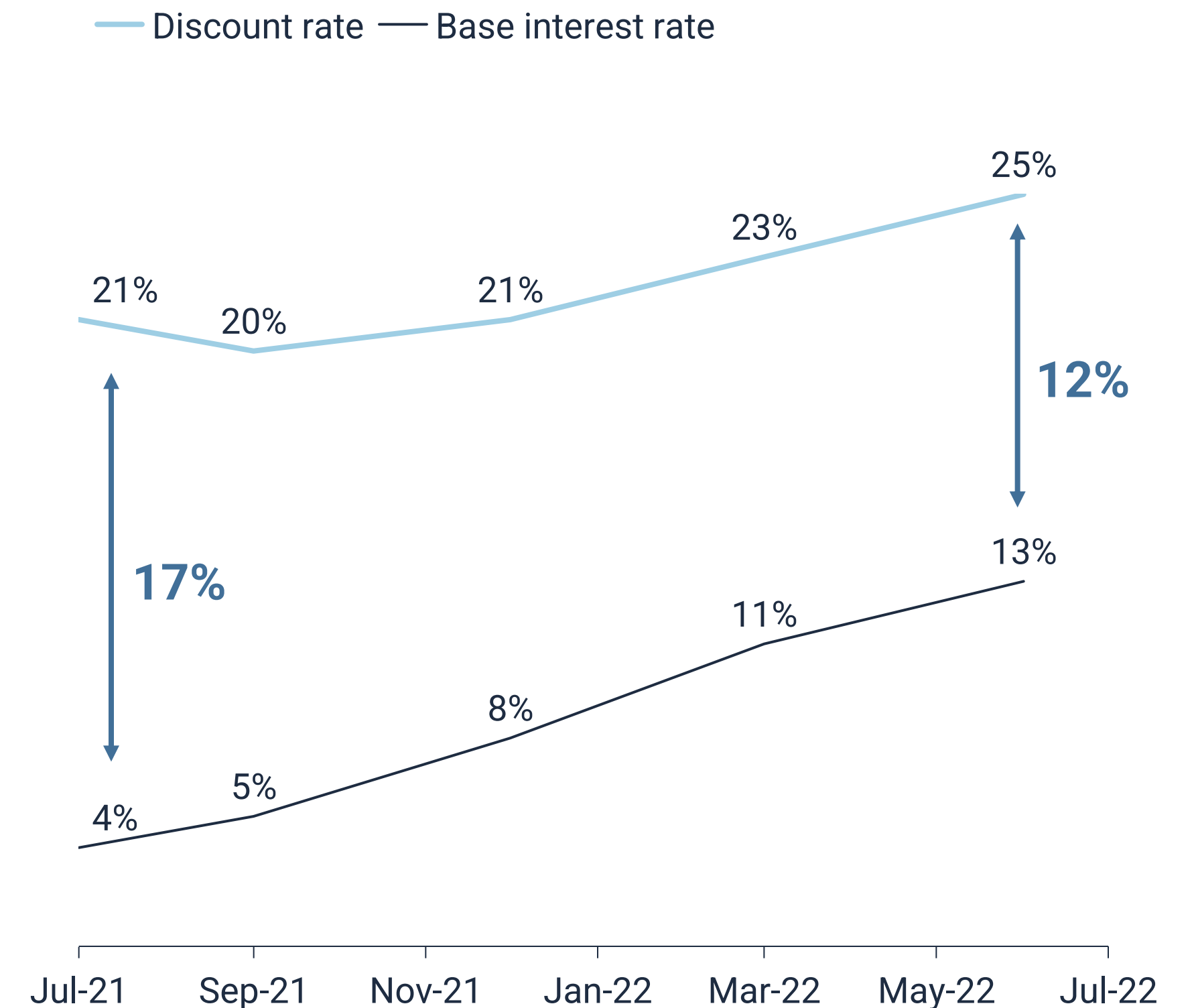


Public infrastructure for registering receivables helped reduce merchants' discount rate

Monthly financial volume registered in CERC*1
R\$B



Median discount rate for receivables advance²
% per year



Notes: (*) CERC is one of the four Central Bank-authorized receivables registries; (**) Duplicatas are credit securities of an installment transaction

Sources: (1) CERC "Estatísticas de Ativos"; (2) CERC + Pinheiro Neto webinar on credit card receivables (jul/22) and Brazil's Central Bank "Taxa Selic"

2023: Electronic Trade Receivables

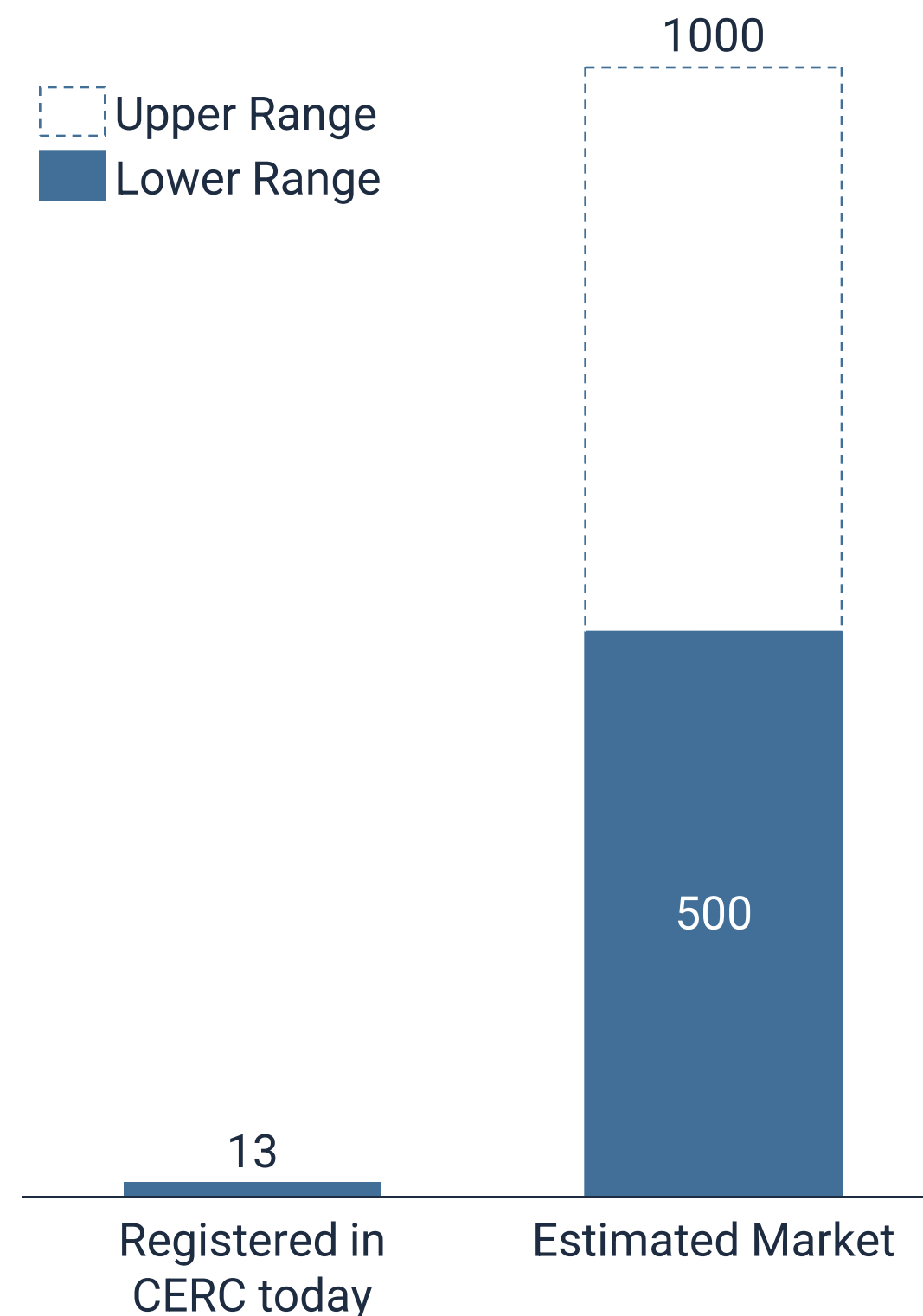
Before: Trade receivables were managed directly by issuing company, often involving complex analog processes for negotiation and discounting.

New regulation: Resolution 5094 requires that electronic trade receivables be registered in a centralized system. This standardization increases transparency and allows financial institutions to access and offer financing options based on these receivables, giving businesses greater flexibility

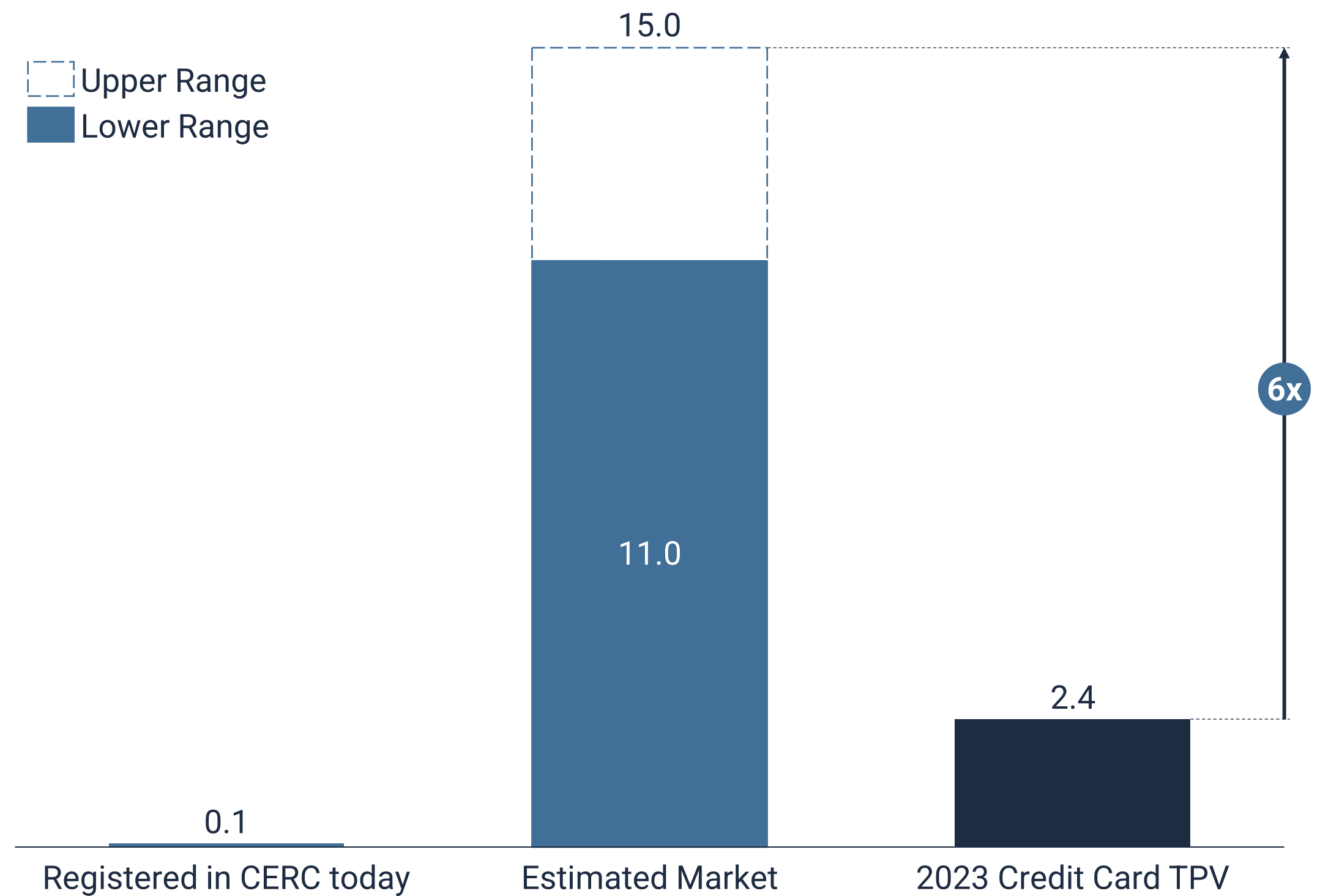


The new frontier – registry of trade receivables could unlock a market 5x the size of credit cards

Estimated number of other trade receivables
Millions



Estimated financial volume of other trade receivables vs. Credit card annual TPV in Brazil
R\$T



Sources: Brazilian Association of Credit Card Companies and Services (ABECS); CERC; Valor Econômico

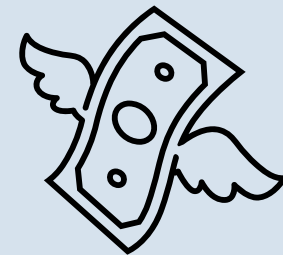
The 2019 “BC#” agenda is increasing efficiency, competition and access through regulatory change and infrastructure



Setting the battleground for the future

Creating shared interoperable systems for long-lasting competition and innovation

01



Pix

Brazilian instant payments platform operated by the Central Bank

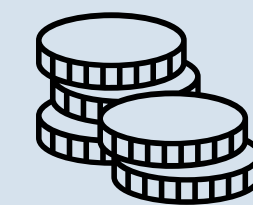
02



Open Finance

Regulatory framework for customers to share their financial data between institutions

03

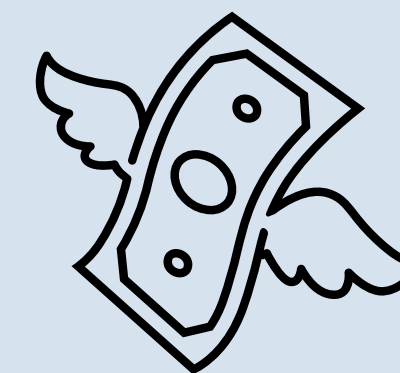


Drex

Brazil's Central Bank Digital Currency (CBDC) and tokenization of financial assets

Central Bank
of Brazil

01

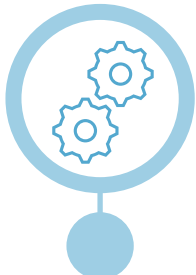


Pix

Brazilian instant payments
platform operated by the
Central Bank

Since launch, continual improvements and new features are fueling Pix's ability to replace traditional payment methods

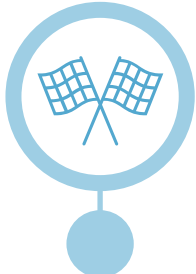
Pre-launch (2020)



Infrastructure
 [Jun] BCB Establishes the Instant Payment System (SPI) and its regulations to support **real-time financial transactions** in Brazil

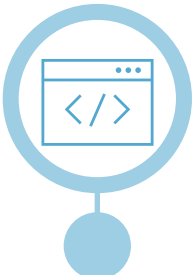


Pre-registration
 [Oct] Users are invited to **pre-register their Pix keys**, leading to a marketing race between banks, boosting Pix adoption



Launch
 [Nov] **Pix is officially launched**, offering instant, 24/7 payments, every day of the year, through registered financial institutions

Post-Launch (2021-2024)



UX improvements
 Gradual improvements occur, such as integration with user's contact list, limit management, shortcut to customer support



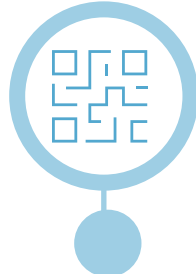
Withdrawal and change
 Consumers can **exchange Pix transfers for cash at stores** (optional participation from stores)

Analogue use case: **Cash Withdrawal**

- Cash withdrawal transactions: **280 M** (equivalent to 2% of Pix transactions)**
- Cash withdrawal volume: **BRL 288 Bn** (equivalent to 5% of Pix volume)**



Payment initiation
 As part of the **Open Finance** roadmap, institutions with transactional accounts can offer **payment initiation with Pix**



Pix collection
 Enables businesses to issue QR codes for **billing and collection purposes, potentially replacing boletos***

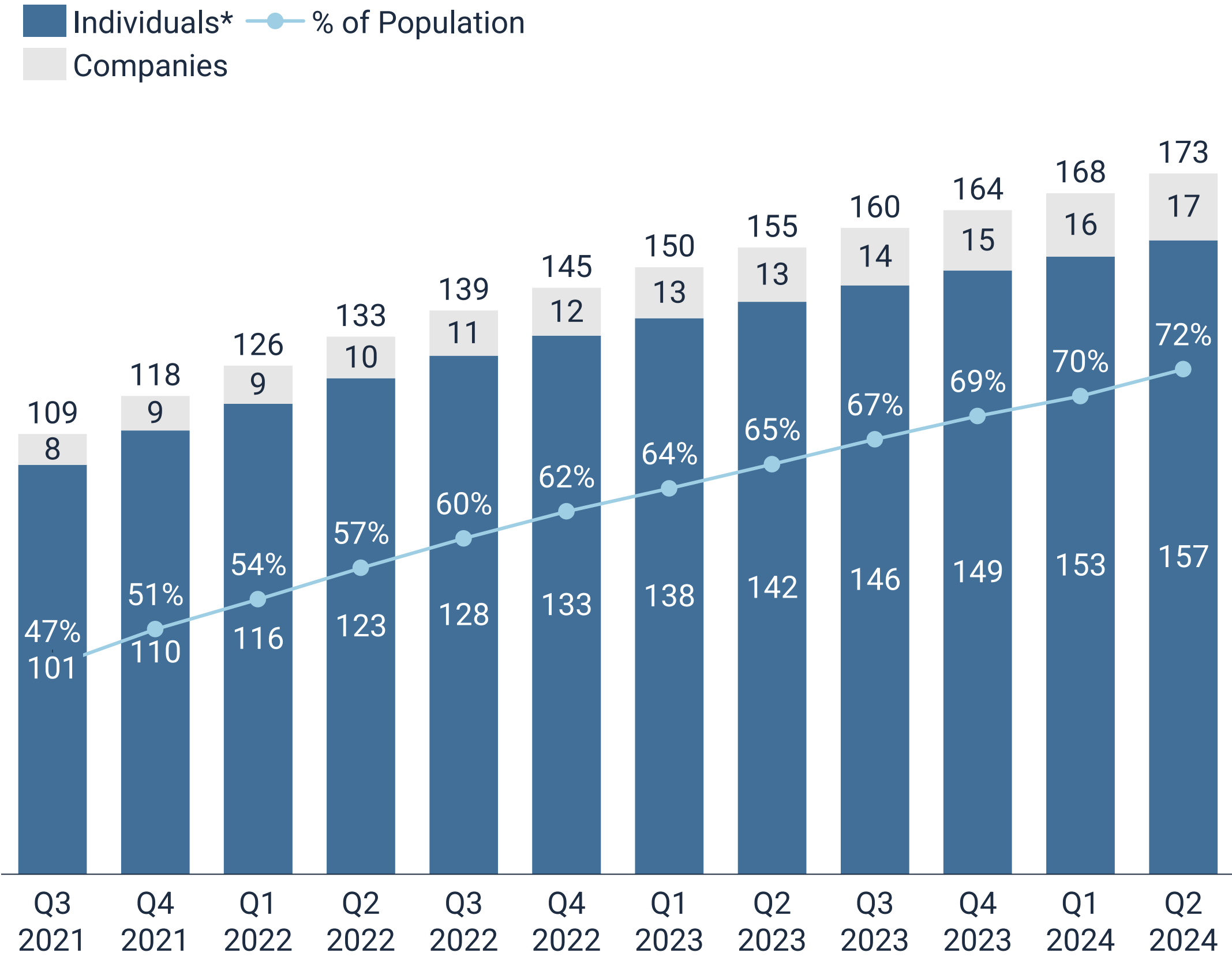
Analogue use case: **Boletos***

- *Boletos* transactions: **1.3 Bn** (equivalent to 10% of Pix transactions)**
- *Boletos* volume: **BRL 1.9 T** (equivalent to 35% of Pix volume)**

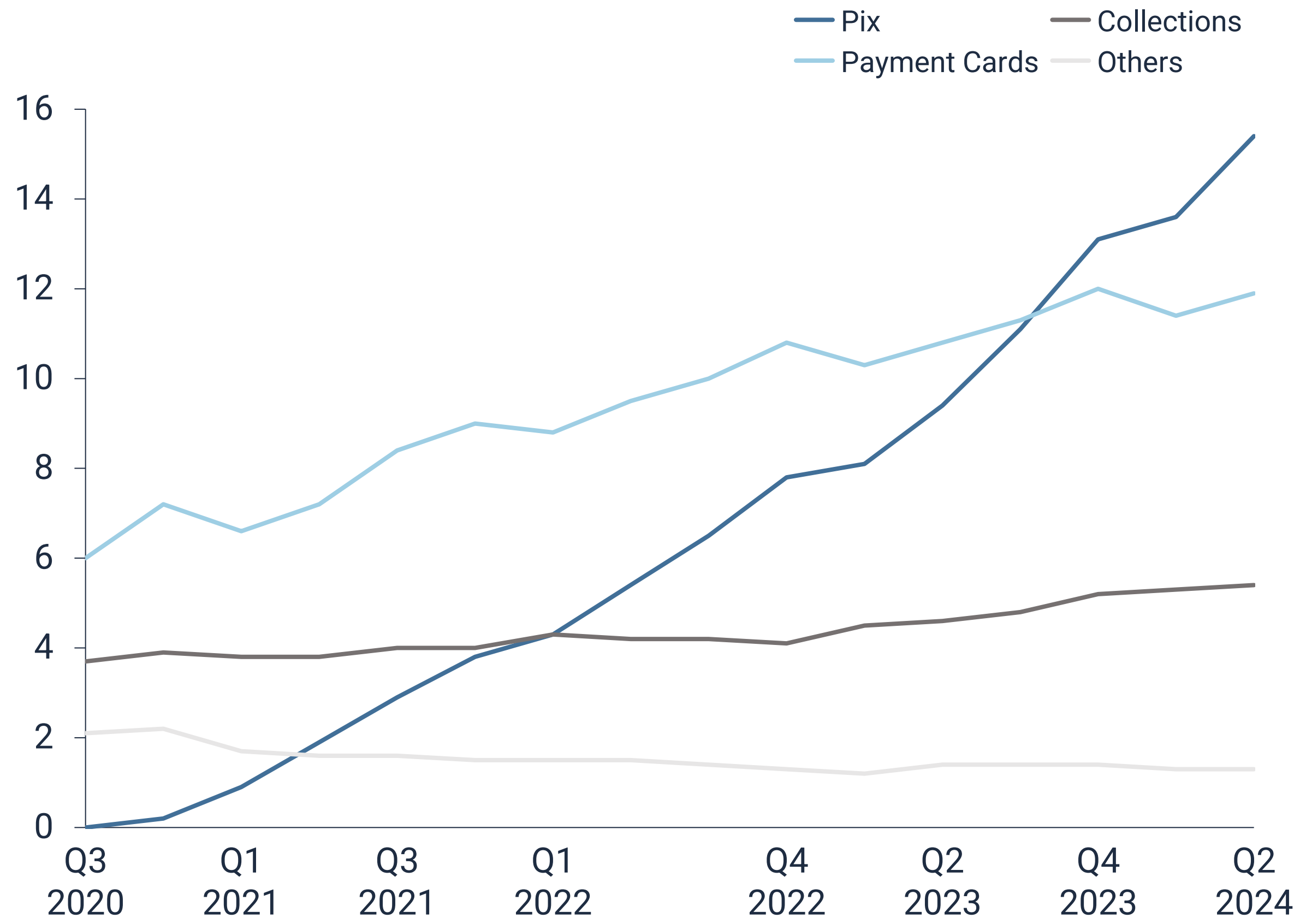
Notes: (*) Boletos are a popular cash-based post-pay method in Brazil. They are a type of invoice (printed or virtual) containing a unique barcode, payment details and customer information; (**) Figures for 1Q 2024
 Sources: Central Bank of Brazil

The new normal: Pix achieved 72% adoption for individuals, recently surpassing cards as the preferred payment method

Number of Pix users by type
Millions, % of total population



Number of transactions by payment method
Billions



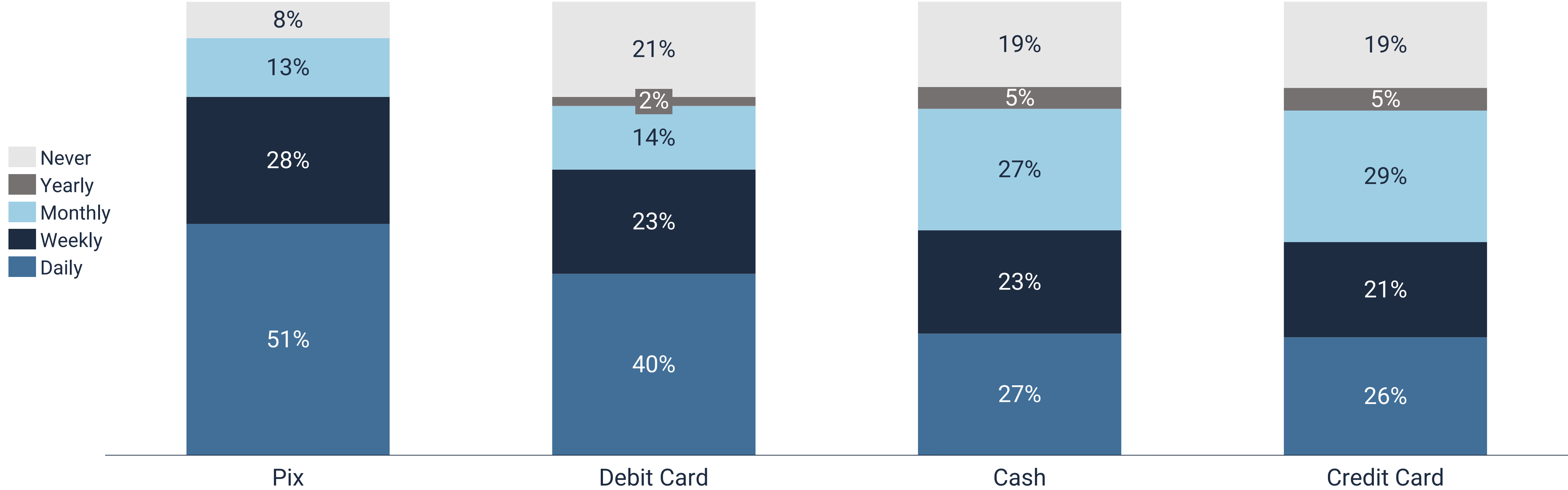
Note: (*) Individuals represent unique users (CPFs), not Pix keys
Source: Central Bank of Brazil – Instant Payment System Statistics

In Brazil, Pix has skyrocketed to become the most used payment method

Frequency of use of select payment methods¹

2024, % of respondents in Brazil

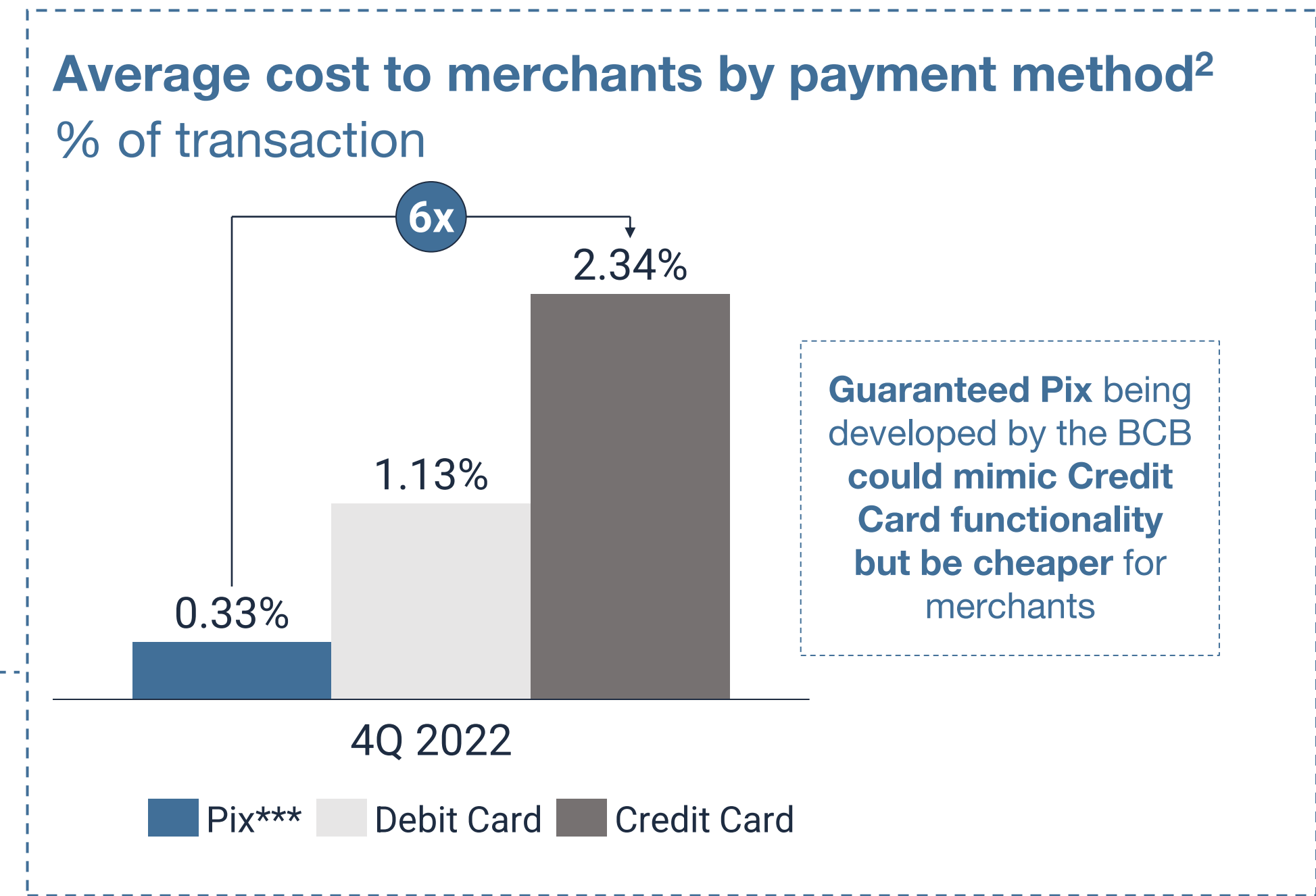
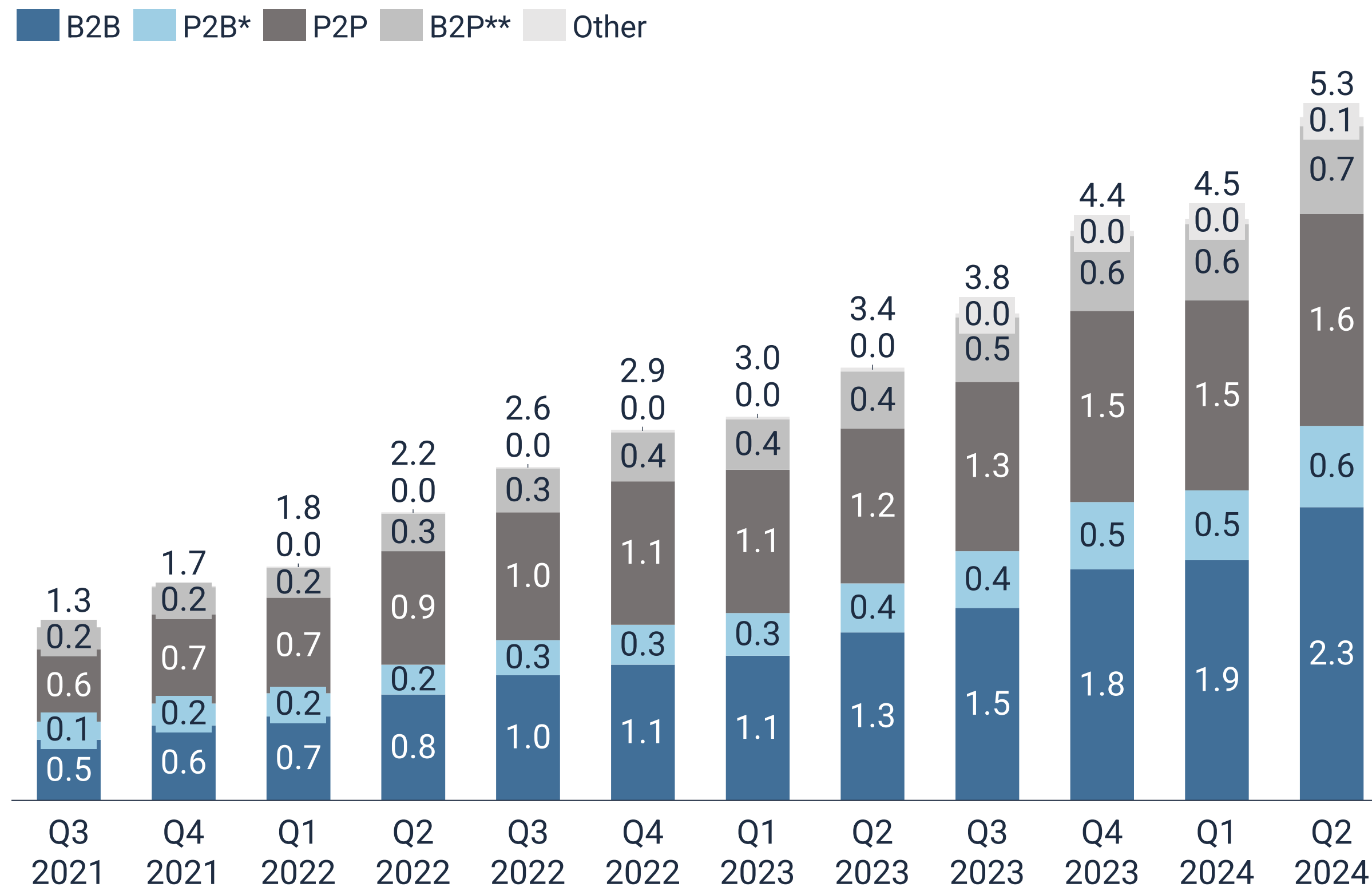
How frequently do you use each of the following payment methods?



Notes: Margin of Error: ± 2 percentage points; Confidence Level: 95% Data Collection Period: June 27th to July 15th, 2024; Bank Transfers had 14% of daily users and Payment Apps had 7% of daily users
 Source: (1) Atlantico and AtlasIntel Survey 2024 (n=1,619)

Pix business transactions continue to grow in relevance, as cost-benefit for merchants become increasingly evident

Total Pix transacted volume by segment¹
R\$T



Notes: (*) P2B: Individuals to businesses; (**) B2P: Businesses to individuals; (***) Calculated based on the ratio between revenue from fees on Pix transactions received by companies and the total volume of these transactions

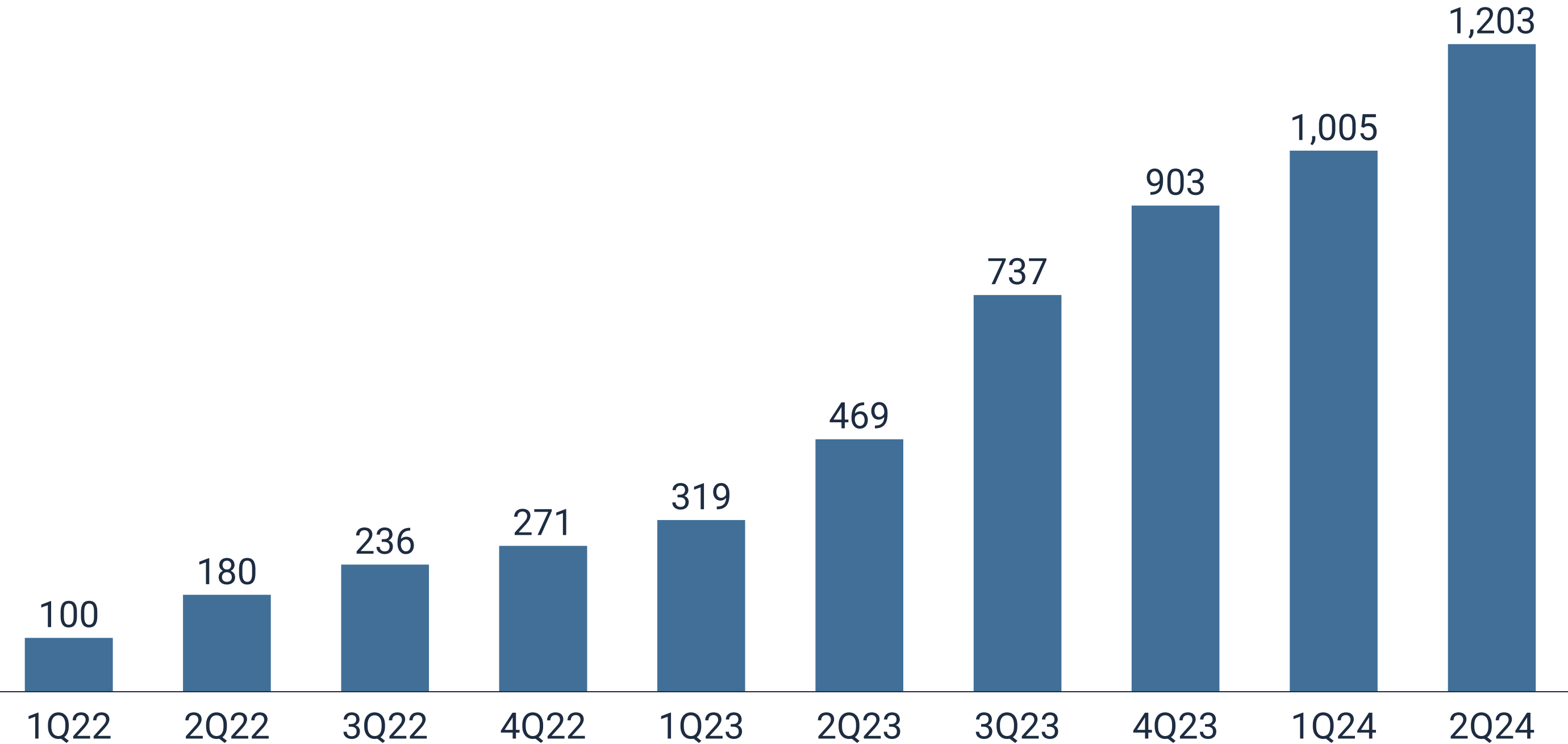
Sources: (1) Central Bank of Brazil – Instant Payment System Statistics; (2) Central Bank of Brazil – Relatório de Gestão do Pix 2022

Zippi is leveraging Pix to tackle the small business credit gap with short-term revolving credit

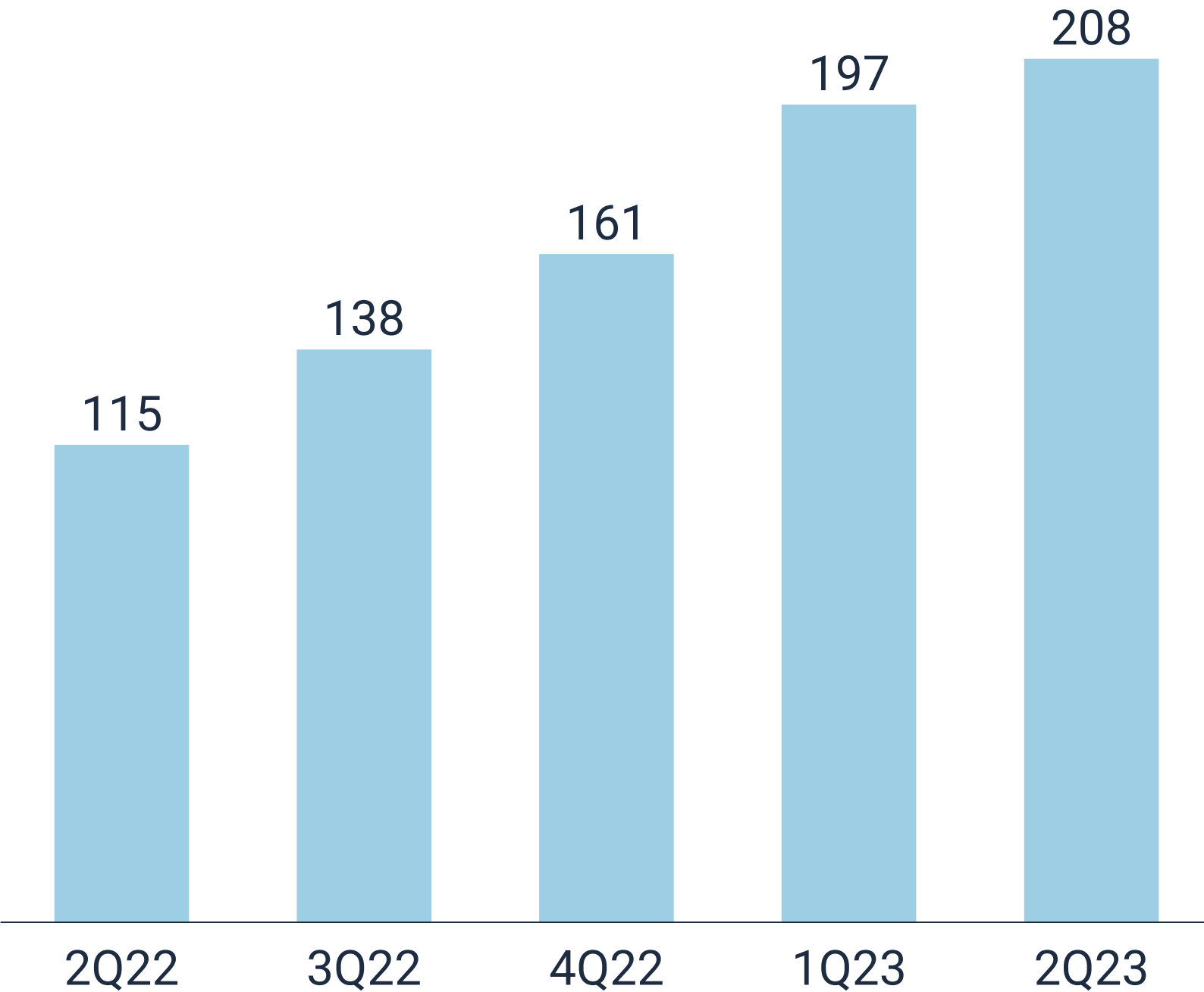


Zippi provides credit for micro and small businesses in Brazil, offering up to 2-week payment terms in Pix transfers. Zippi leverages the Pix payment rail to serve their customers with revolving credit lines for working capital

Total payment volume (TPV)
Indexed Q1 2022 = 100



1-Year TPV retention
Per cohort, M12 vs. M1



Stark Infra is leveraging proprietary Pix tech built at Stark Bank to serve the growing market of indirect Pix participants

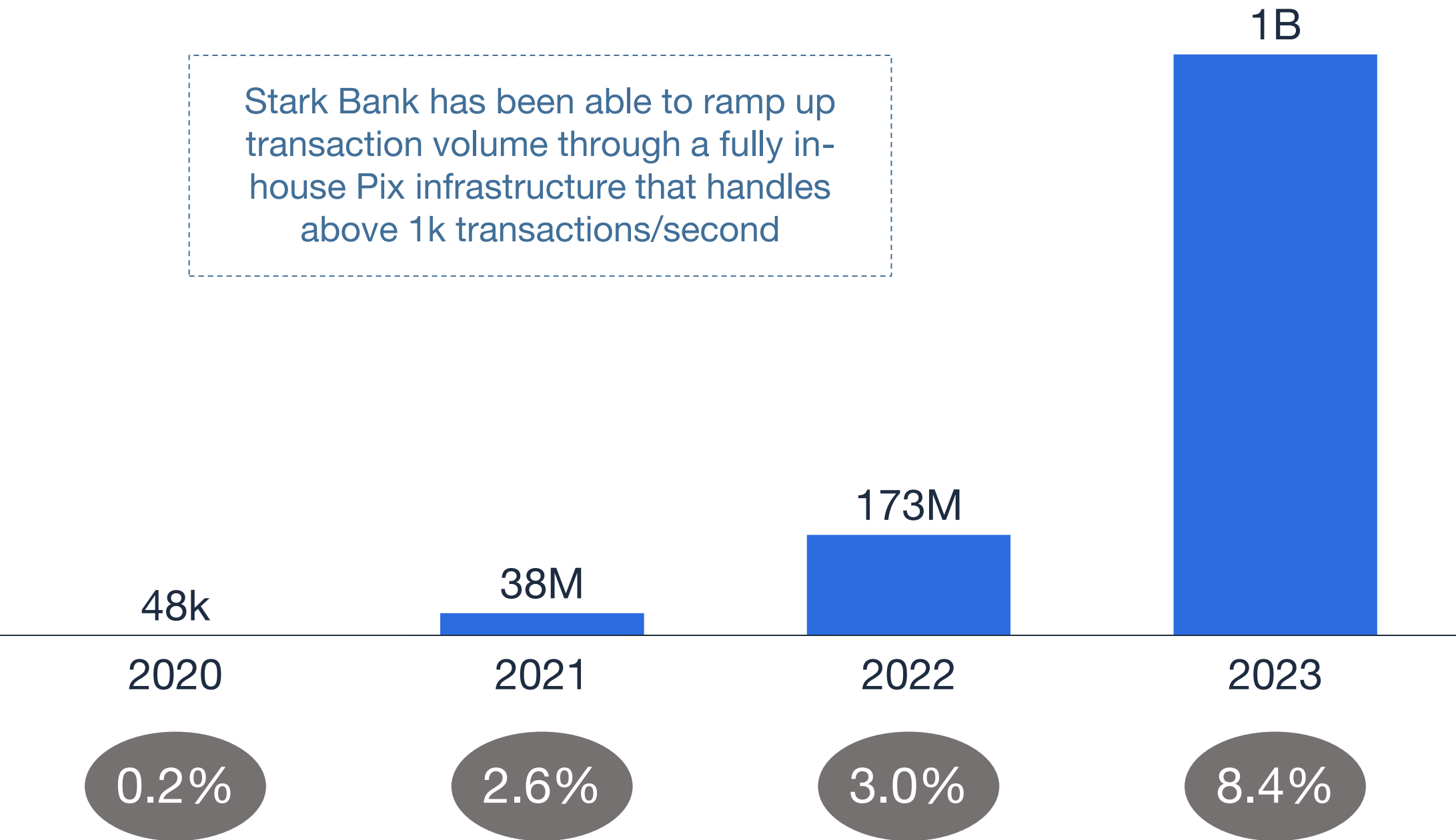


Stark Bank is a B2B bank that uses technology to help companies scale and solve challenges in cash management, corporate cards, payments, investments, spending control, and more

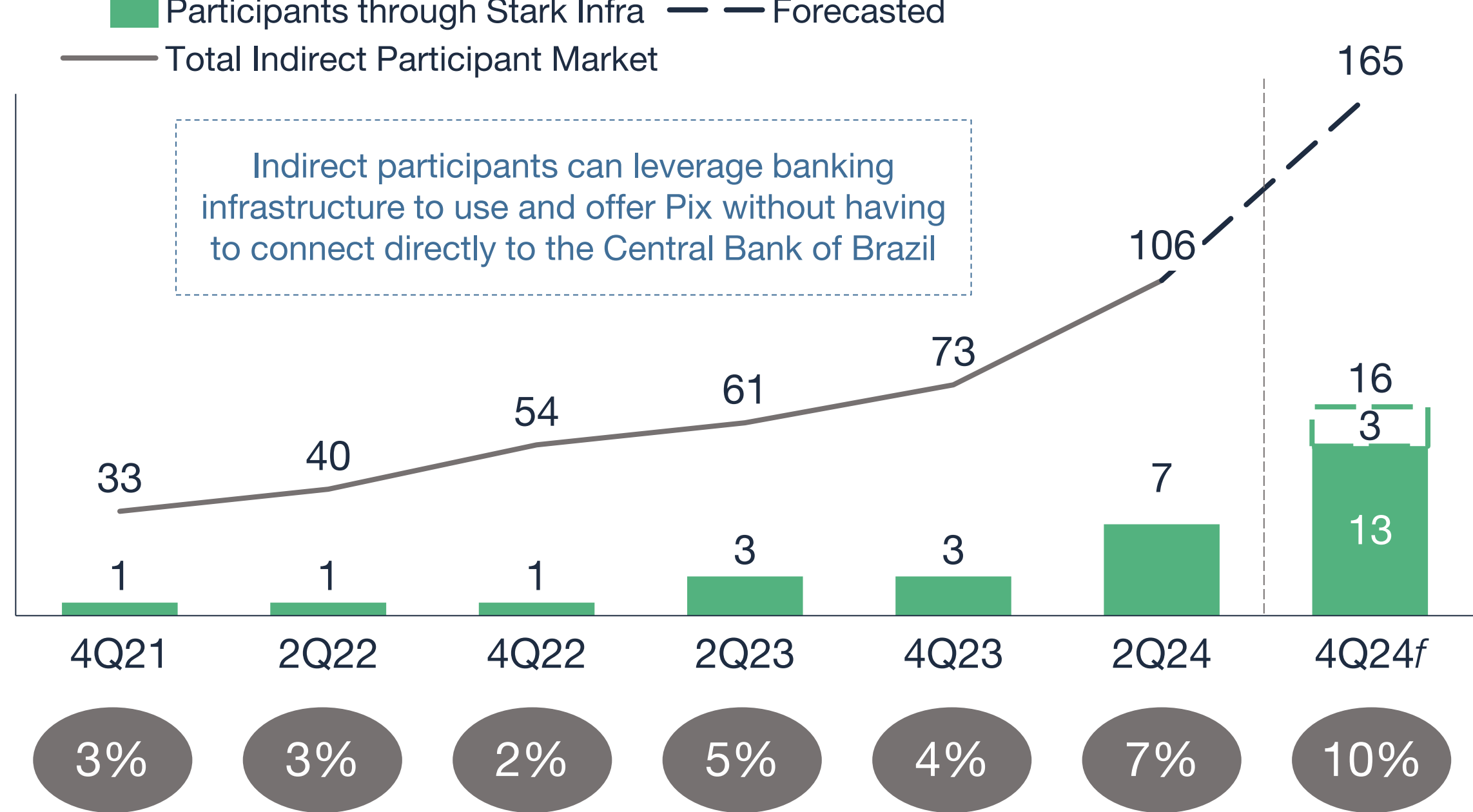


Stark Infra is a financial infrastructure platform providing scalable APIs for Pix participants, card issuing, ledger lending, and connection to the Central Bank of Brazil

Total Pix transactions processed
2020-2023, number of transactions

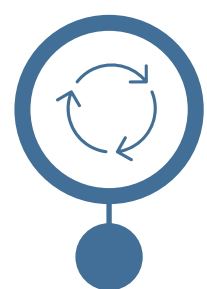


Total indirect Pix participants
2021-2023, number of institutions



Despite recent delays, the Pix roadmap promises to further disrupt payment methods by introducing novel use cases

Future (2025-)



Automatic Pix

Users will be able to authorize the **automation of recurring payments**, which is expected to reduce default rates

Analogue use case: **Direct debit**

- Direct debit transactions: **1.3 B** (10% of current Pix transactions)
- Direct debit volume: **R\$ 250 B** (5% of current pix volume)*

Current Official Launch date: June 2025

Original Launch Date: April 2024



Guaranteed Pix

Users will be able to use Pix for **installment payments**, presenting to merchants a **cheaper alternative to cards** (like buy now pay later)

Analogue use case: **Credit card**

- Credit card transactions: **4.7 B** (35% of current Pix transactions)
- Credit card volume: **R\$ 600 B** (11% of current pix volume)*

Current Official Launch date: not officially announced



Payer QR code

Will introduce **payer-generated QR codes**, enabling users to pay with Pix **while offline**, something that is already possible with cards today



New forms of initiation

Will allow other forms of Pix initiation, such as **NFC, RFID and facial recognition**, closing the gap between Pix's and **cards' UX**



International Pix

Will enable transactions to be carried out between **global bank accounts** instantly and free of charge

Other Latin American countries are making reforms to develop their own instant payment systems

Colombia

Immediate Low-Value Payment System (Bre-B)¹

Creation

- The Bre-B system has been under development since 2022 by the Central Bank of Colombia, along with public and private financial actors

Architecture & Operating System

- The Central Bank of Colombia leads the consolidation of Bre-B. It will use a Centralized Clearing House Directory
- Bre-B promises payment settlement in up to 20 seconds. Participant institutions have to display the Bre-B brand on all their channels
- **Banks can choose whether they charge consumers for transactions**
- **The Central Bank of Colombia will officially launch Bre-B in H1 2025⁶**

Peru

Interbank Real-Time (IRT/LBTR)²

Creation

- The IRT/LBTR was created in 2000 by the Central Bank of Peru (BCRP) and was designed to process and settle interbank transactions immediately

Architecture & Operating System

- The IRT/LBTR is managed by the BCRP, which oversees operations to ensure integrity and reliability
- The LBTR is used for significant financial transactions, including corporate payments, government transfers, and financial market dealings
- Financial institutions must integrate with the LBTR infrastructure to use system
- **Adoption: 22 financial institutions and banks participate in the LBTR²**

Chile

Financial Instruments Clearing & Settlement System (SSI)³

Creation

- The SSI (Sistema de Liquidación y Compensación de Instrumentos Financieros) was created in 2009 and began operations in August 2010

Architecture & Operating System

- The SSI is overseen by the Central Bank, which determines rules and regulations for the system's operation
- SSI was designed to enhance the efficiency, security, and reliability of financial transactions within the country.
- It handles the clearing and settlement of payments and securities transactions in real-time, reducing counterparty risk
- **Adoption: In 2023, ~447k payments were made using SSI in Chile³**

México

Interbank Electronic Payment System (SPEI)⁴

Creation

- The SPEI payment system was created in 2004 to facilitate real-time interbank transfers and improve payment efficiency

Architecture & Operating System

- **SPEI operates as a centralized system managed by the Bank of Mexico**, with a focus on security
- **SPEI was designed for high availability and reliability** to ensure continuous operation.
- The system employs advanced security measures to protect transaction data and mitigate fraud
- **Adoption: 6 out of every 10 Mexican citizens use SPEI⁵**

Sources: (1) Banco de la República de Colombia; (2) Banco Central de Reserva del Perú Sistema de Liquidación Bruta en Tiempo Real; (3) Banco Central de Chile Sistema de Liquidación y Compensación de Instrumentos Financieros; (4) Banco Central de México Sistema de Pagos Electrónicos Interbancarios; (5) Forbes Mexico: Transferencias por SPEI cumplen 20 años con 6 de cada 10 mexicanos como usuarios; (6) La Republica

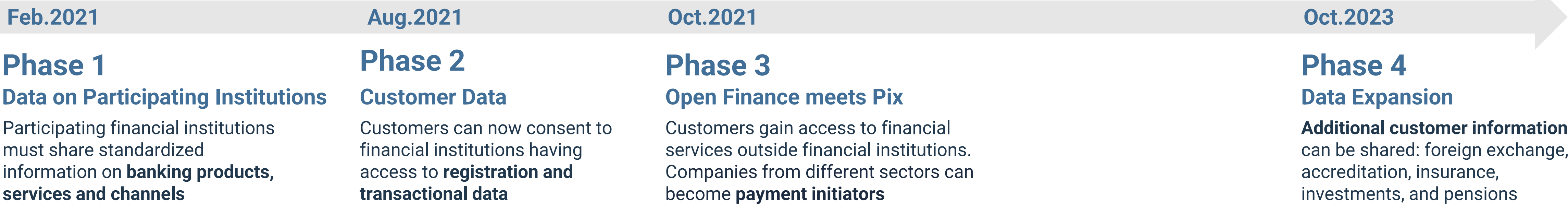
02



Open Finance

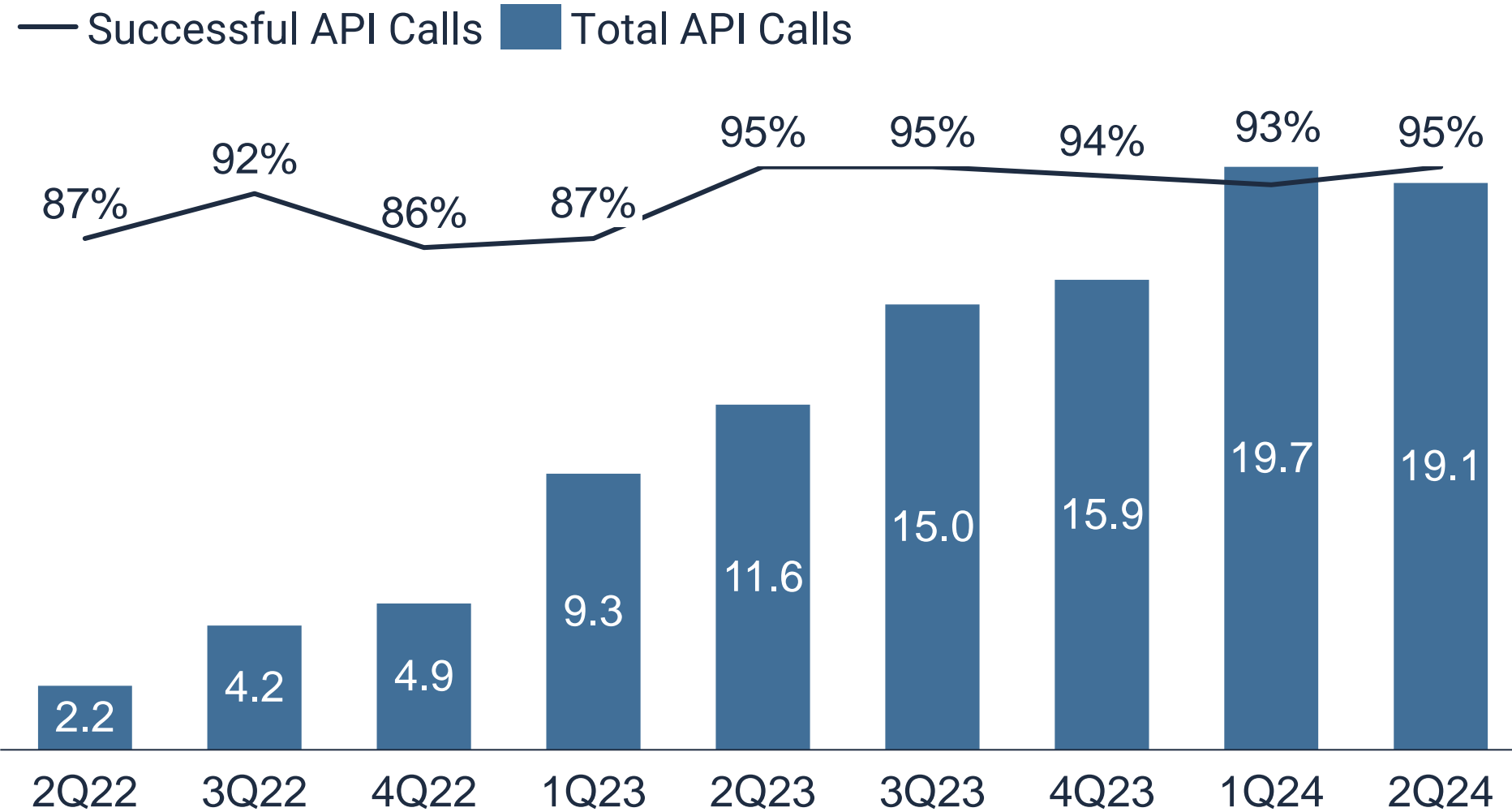
Regulatory framework for customers to share their financial data between institutions

Brazil's Open Finance agenda is seeing steady adoption from financial institutions, but consents remain limited



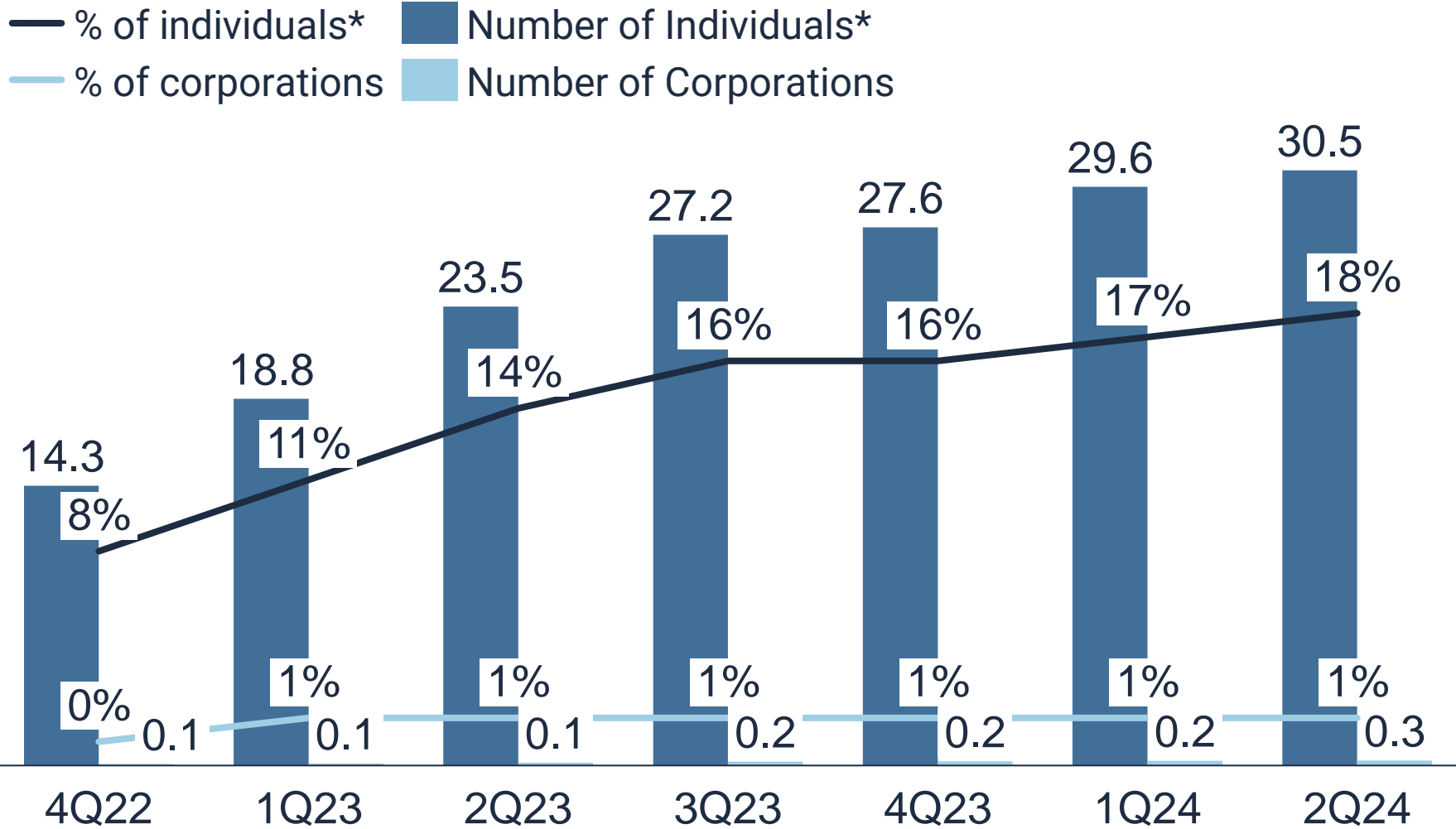
Banking API calls in Brazil¹

%, Billions



Active individual consents and share of population¹

%, millions

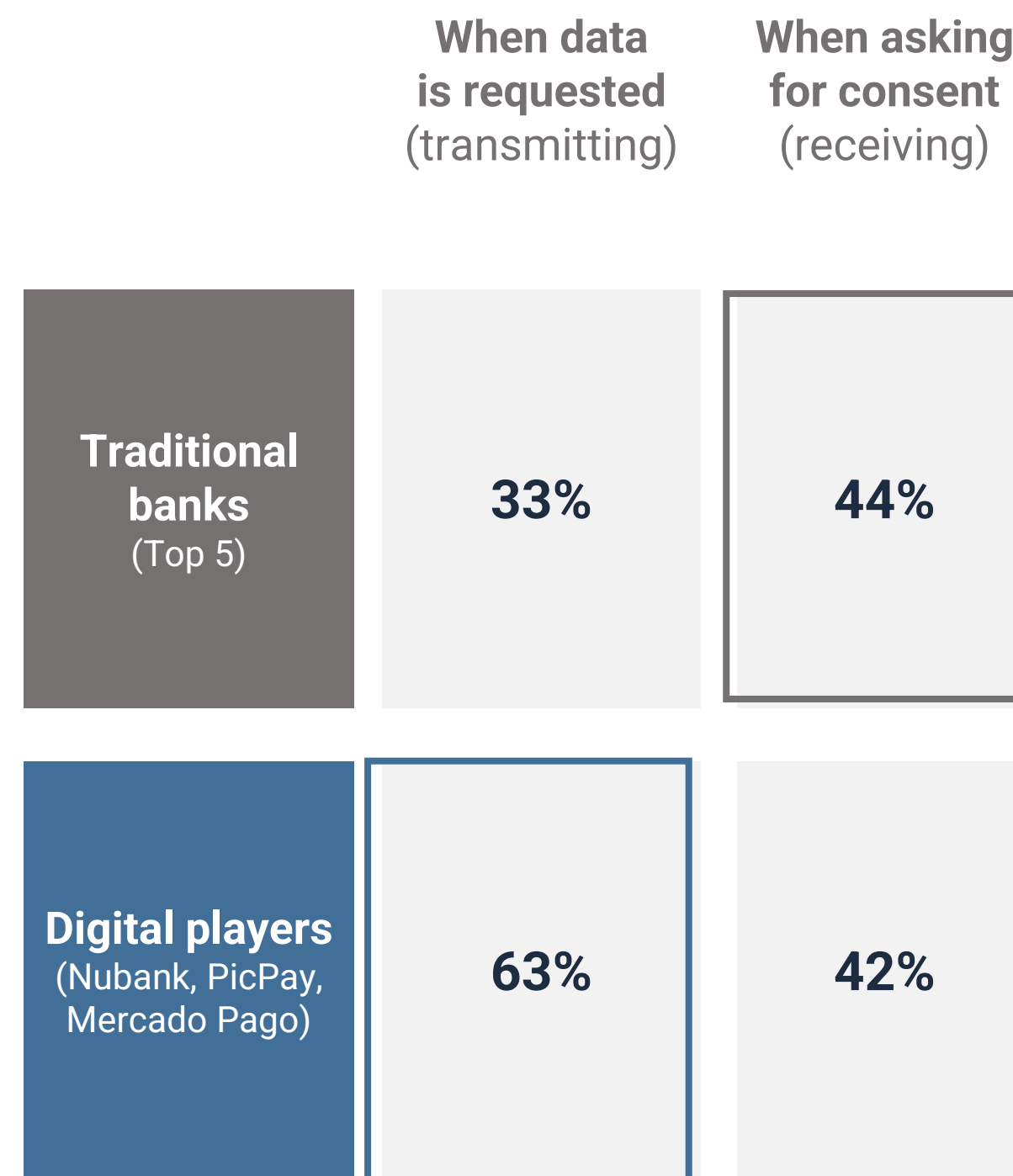


Notes: (*) Total individuals = total adult population according to Brazil Central Bank
 Source: (1) Central Bank of Brazil Open Finance Dashboard

Digital players are adapting faster compared to incumbents, representing the majority of consents and API calls

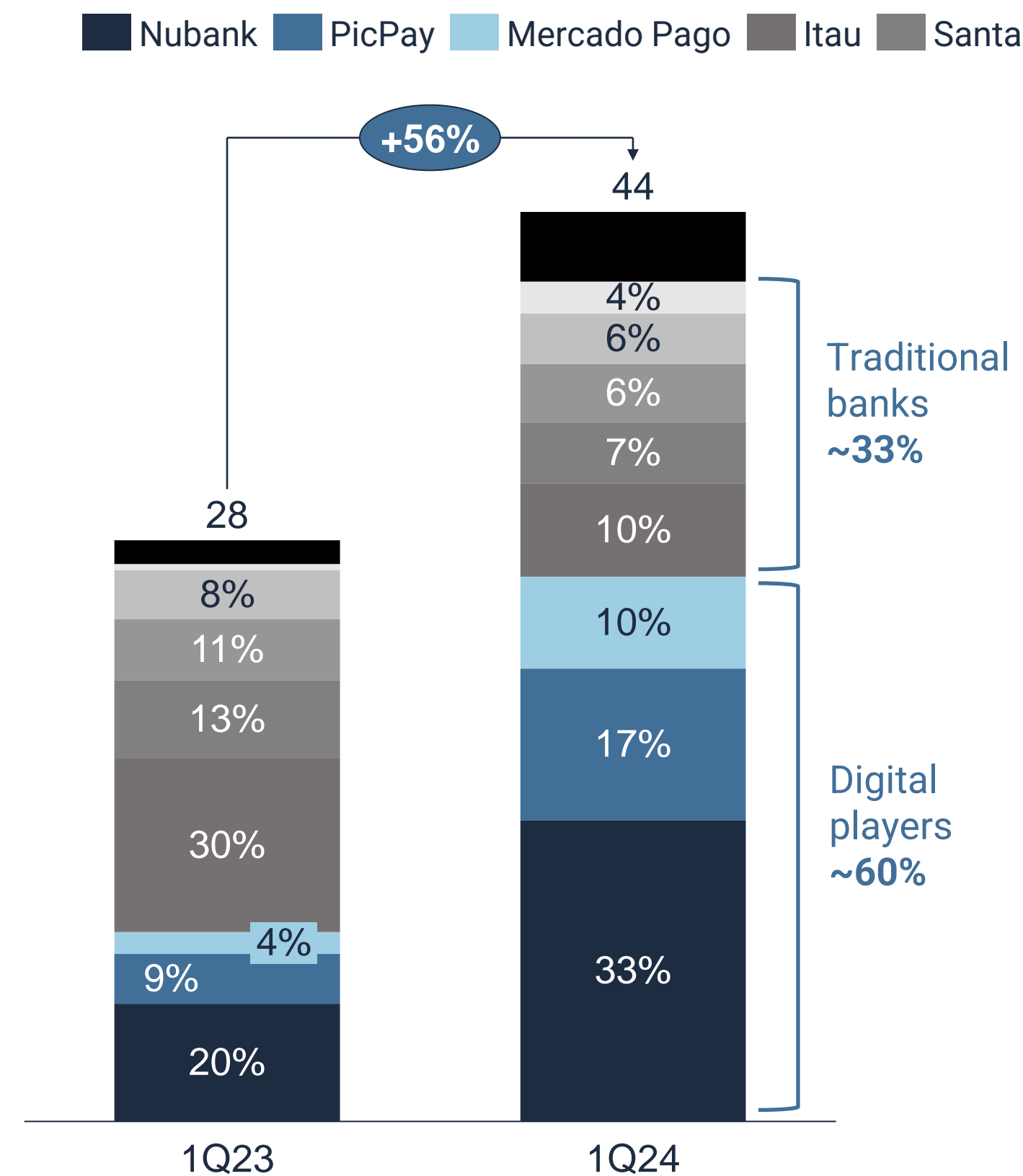
Consent funnel

March/24, % of approved requests



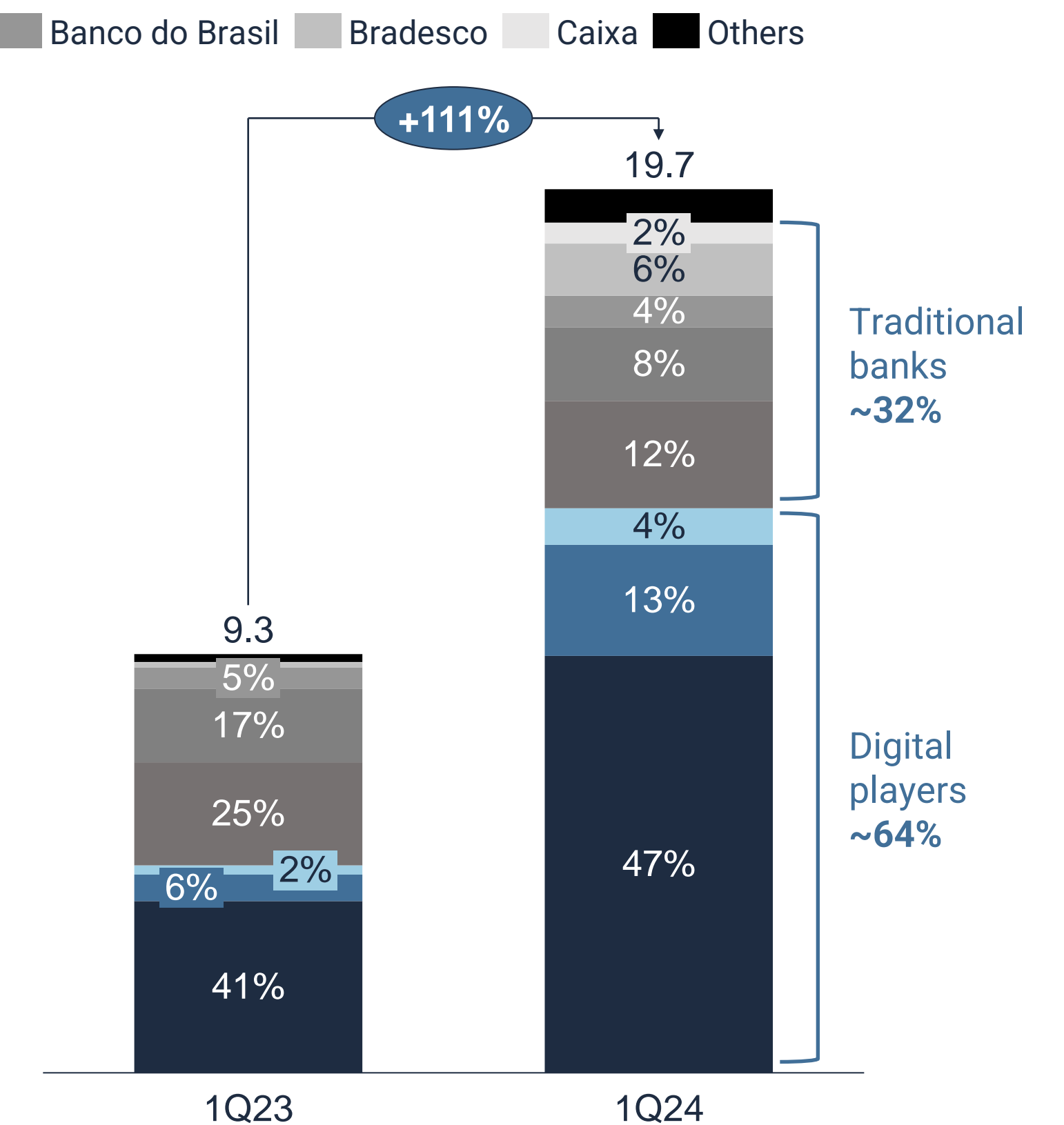
Active consents by player

Millions



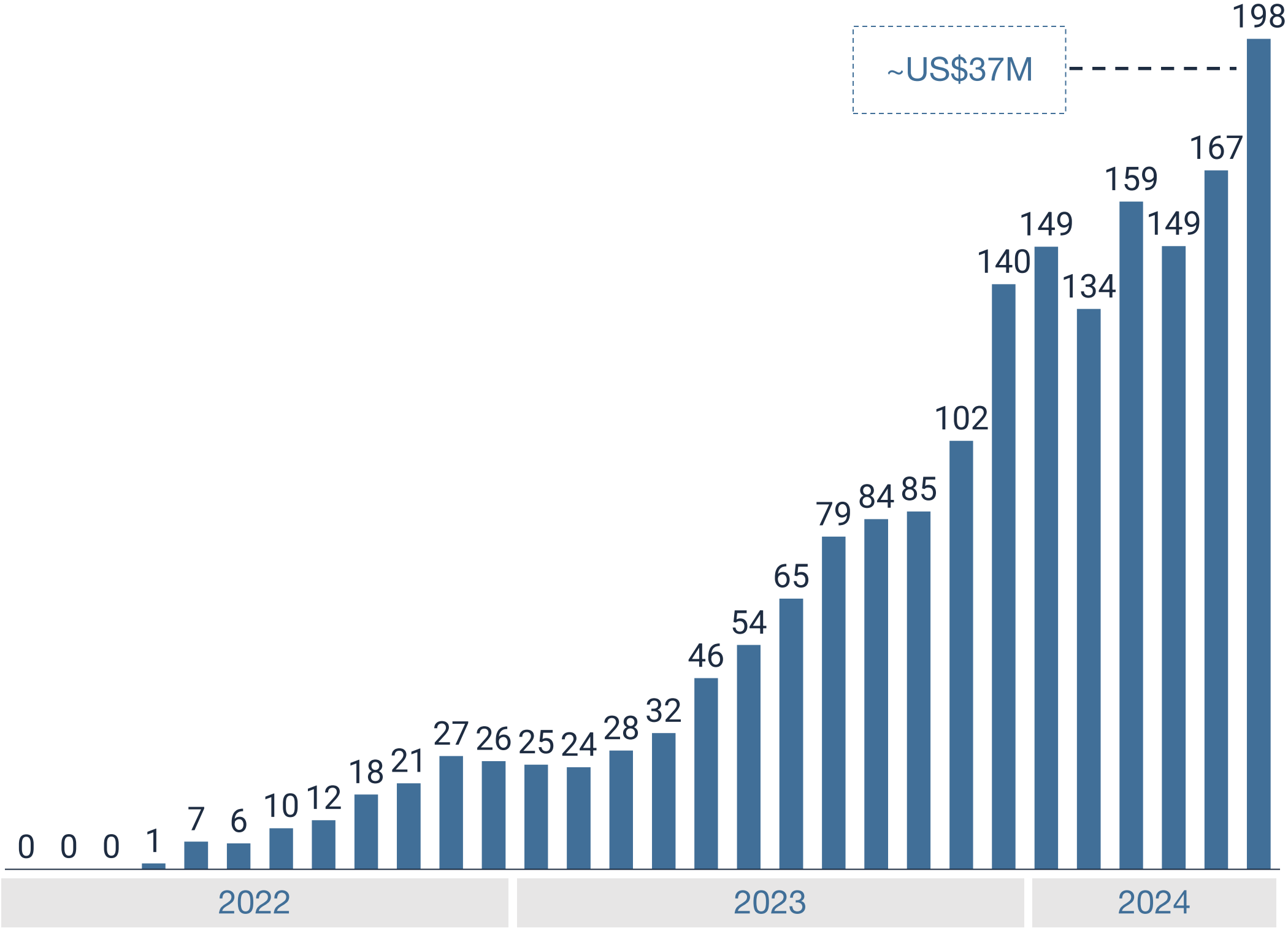
Banking API calls in Brazil by player

Billions



The creation of payment initiators offers a clear path for non-financial institutions to leverage the Pix interface

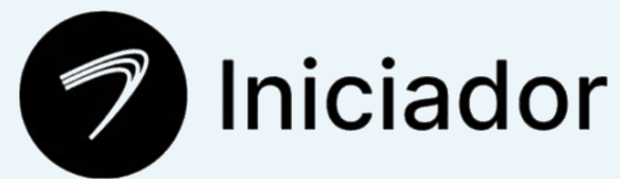
Total Pix volume initiated by payments initiation institution
Jan/22 – Aug/24, R\$M



Open Finance payment initiation initiative

- **Payment initiators currently can...**
 - Execute a single transaction with user consent through **one-time initiation**, primarily used for cash-in on platforms like gaming and e-commerce;
 - Use a single user consent to schedule up to 60 same-value transactions through **recurrent payments** for up to two years;
 - Execute multiple transfers within same-ownership accounts through **intelligent transfers**; users can set tailored rules and integrate with personal finance solutions
- **And soon will be able to...**
 - Perform **batch payments (4Q24)** with a single authorization, enabling users to get multiple cashouts efficiently
 - Enable users to perform a frictionless journey with **real-time transfers (1Q25)** that can be **tap to pay** and feature **biometric authentication** with specific rules and limits via a verification layer. Resolutions (BCB number 406 and 407) mandate the 13 largest banks to adopt this, enabling full integration

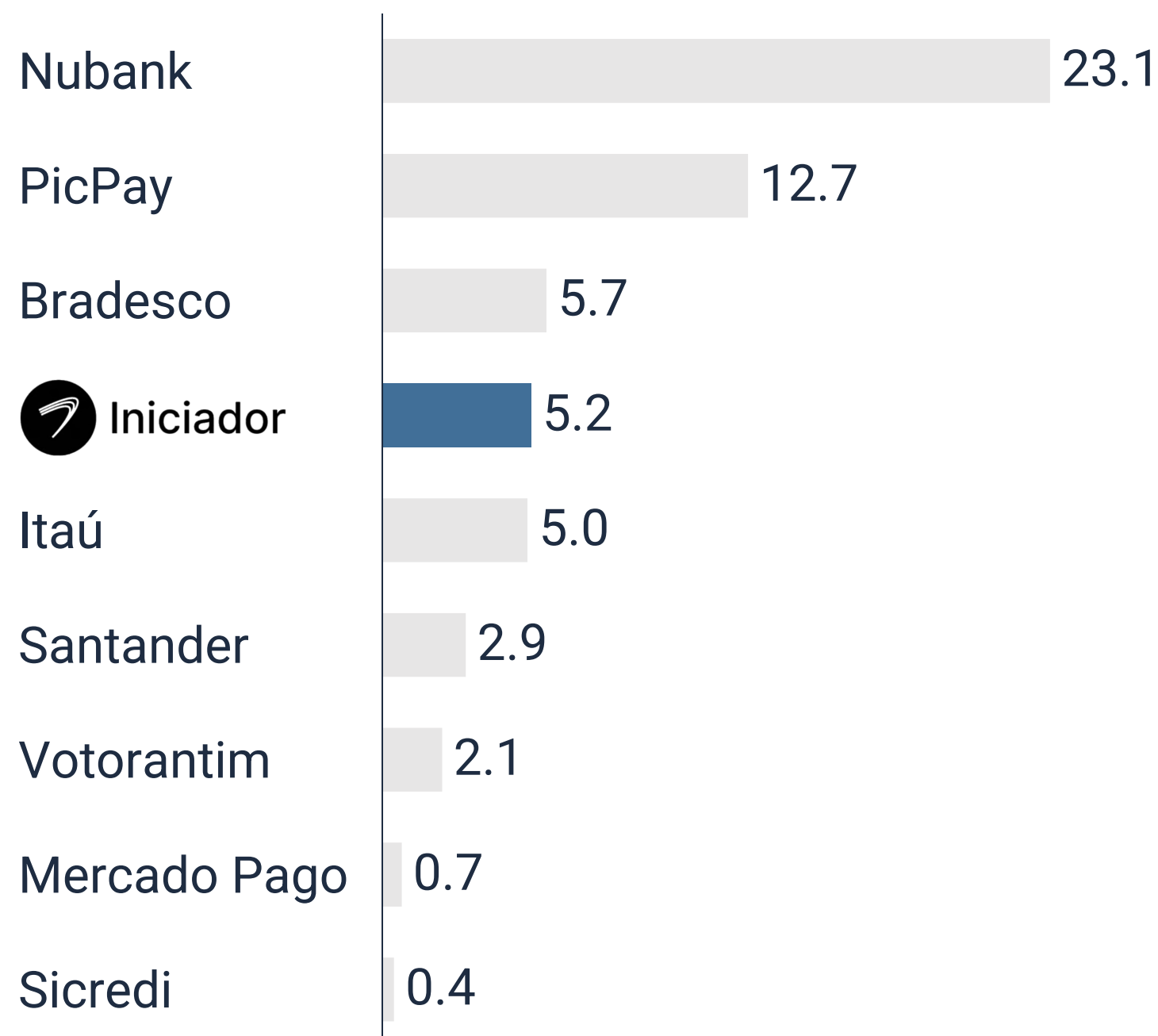
Iniciador is the leading payment initiation infrastructure provider and is enabling new Open Finance-based models



Iniciador is a specialized infrastructure platform for Open Finance that enables Payment Initiation and Data Access. They handle technology integration and compliance for clients, either with Iniciador's license or their own

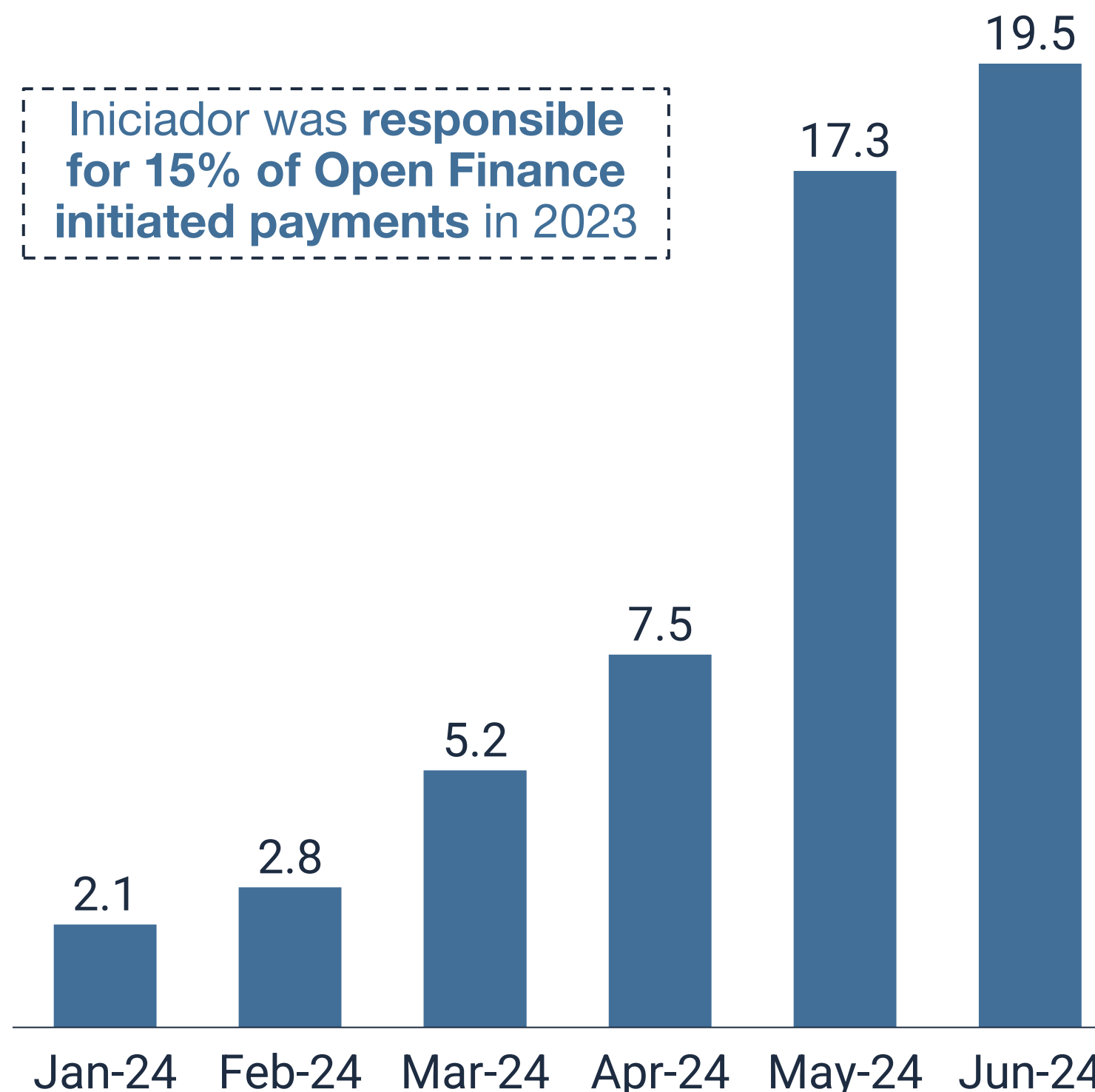
Payment initiations by institution

Jan/23 – Jun/24, Millions



API calls to Iniciador's platform

Millions



Iniciador was responsible for 15% of Open Finance initiated payments in 2023

Iniciador use case



Noh is a Brazilian fintech that offers **joint accounts for couples**

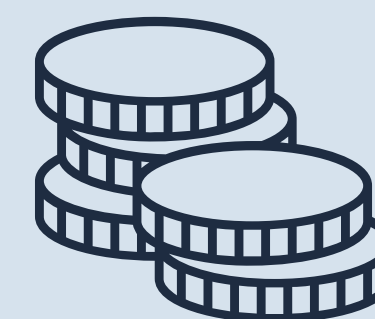


It uses Iniciador's initiation infrastructure to **implement features like rule-based automatic Pix transactions** between same-owner accounts



These transactions use Open Finance to **allow users to top-up their Noh account automatically** with funds from their other accounts without leaving Noh's app

03



Drex

Brazil's Central Bank Digital
Currency (CBDC) and
tokenization of financial assets

Brazil's Drex initiative aims to tokenize the economy by bringing efficiency to wholesale financial products

WHAT IS DREX

Drex is the Central Bank's project for the **tokenization of the economy**: The creation of an institutional blockchain infrastructure to enable the tokenization of financial assets at a national and international level. It includes the creation of Brazil's **Central Bank Digital Currency (CBDC)*** for organizations and individuals to interact with this system in a seamless, secure and scalable way

DIFFERENT FROM OTHER CBDC'S

IN MISSION

Focus on wholesale versus retail

- Pix increased access to bank accounts and digital payments, serving as a retail payment system
- Drex aims to **bring efficiency to other financial products, largely wholesale**, including credit

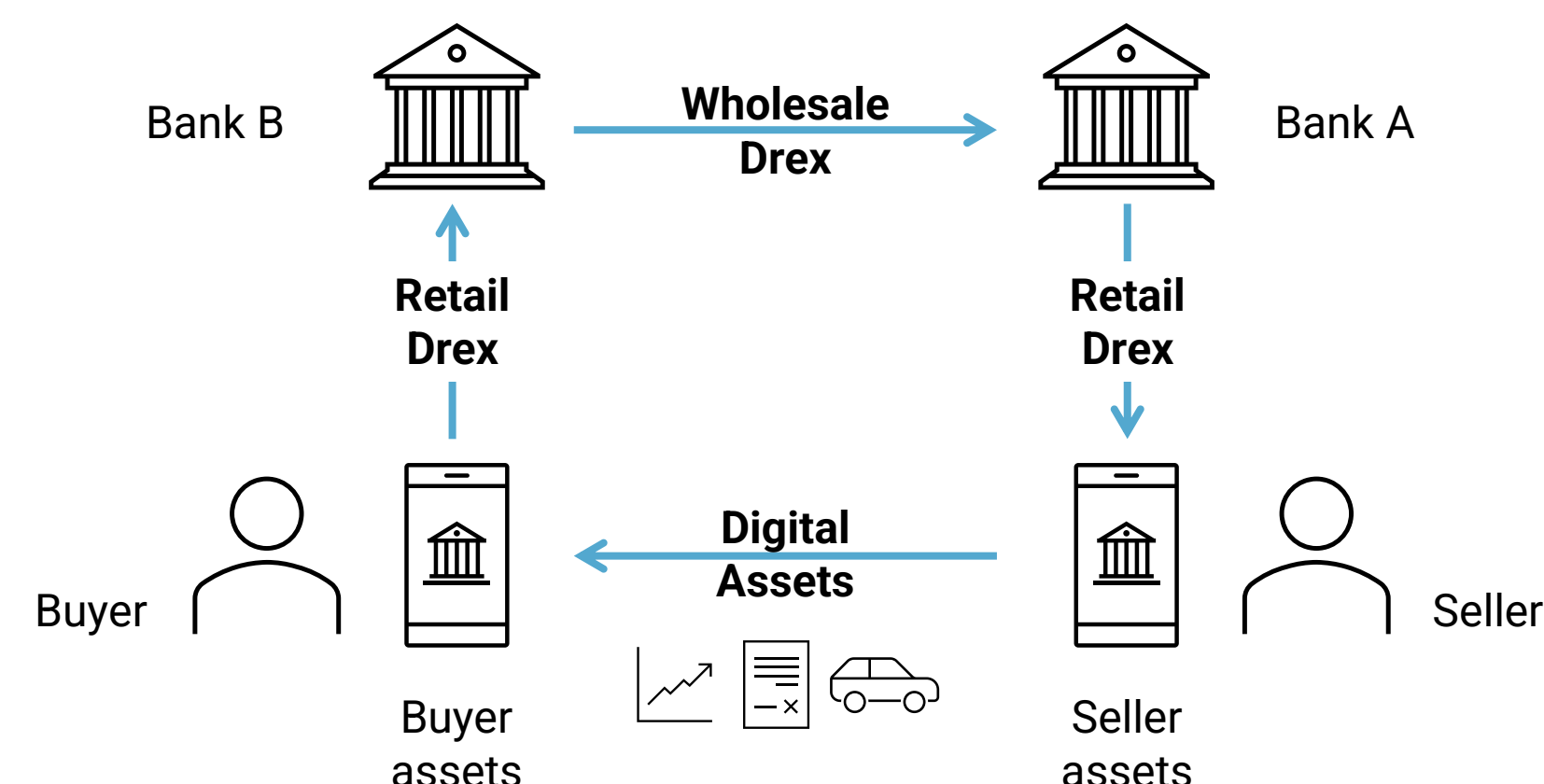
IN TECHNOLOGY

100% DLT** and based on deposits

- Solution **100% based on DLT** (Digital Ledger Technology), unique for CBDCs worldwide
- Doesn't need new regulation, **as it inherits deposits regulation**
- Doesn't **disintermediate bank balances** (no new assets/liabilities in the Central Bank balance sheet)

WHOLESALE VS. RETAIL DREX

Only **financial institutions** will be able to access Drex directly via the Central Bank (**wholesale Drex**); end users will have access to versions **intermediated by banks (retail Drex)**



Notes: (*) "Central Bank Digital Currencies" – digital currencies issued, centrally managed, and fully regulated by Central Banks; (**) "Distributed Ledger Technology" is a technology that provides a platform for proposing, validating, and storing transactions in a distributed ledger, which is mirrored across a network formed by various independent devices, eliminating the need for a centralized trusted authority to maintain a "single" copy of the ledger

Source: Central Bank of Brazil

The extent to which real-world assets will be tokenized remains to be seen and will be determinant for Drex's impact

PREDICTED BENEFITS

- Transparency and programmability**
Compatibility with **smart contracts**, making "programmable money" and reducing risks; transparency to banks can also **decrease spread**
- More liquid markets**
Feasibility of **tokenizing and fragmenting** low-liquidity financial assets, also to use assets as collateral **without the need for liquidation**
- Cost reduction**
Instant, programmable, flexible, and transparent payment system allows for a **leaner operation for financial institutions**
- User data strategies**
The **integration of new user data** with the Open Banking system

WHAT WILL BE TOKENIZED?



Currency

First to be tokenized, separated into retail and wholesale models



Financial assets

Next to be tokenized. The Central Bank (which regulates financial assets) is creating groups to study the tokenization of financial assets (e.g., bonds, stocks)



Real world assets

Will be tested in the 2nd phase of the pilot. More agents involved, complex custody rules, amongst other challenges (e.g., property, cars)



"If you are planning to buy a car, **you might be afraid that you will pay for the asset beforehand, but the seller will not transfer the vehicle's ownership**. With Drex, it doesn't matter who makes the first move, because the **contract will only be concluded when both occur**. Thus, the money and the ownership of the car will be transferred simultaneously. If one of the parties fails to comply with their share of the transaction, both the paid amount and the car return to their respective owners" – *Central Bank of Brazil*

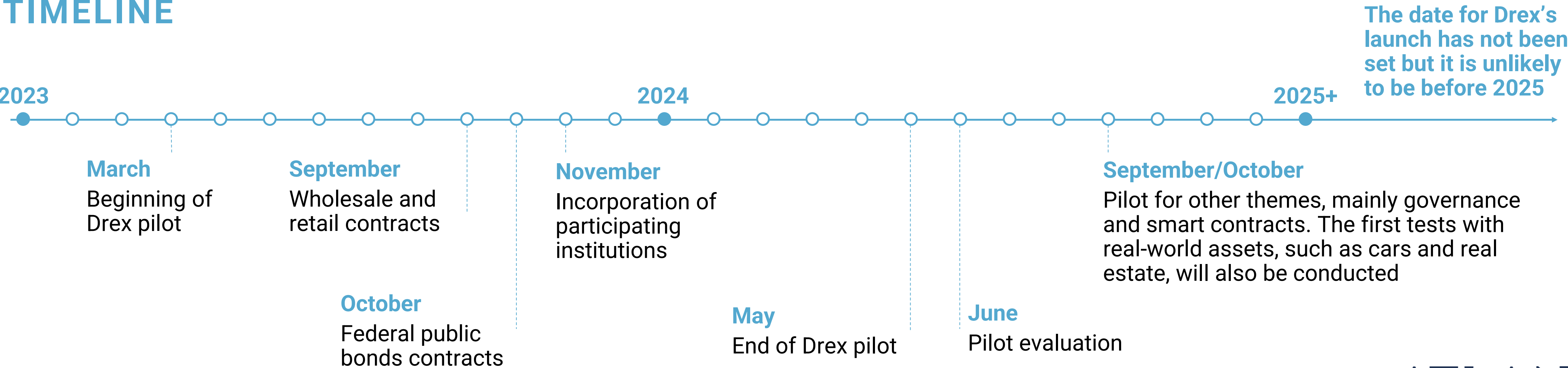
The Drex 2024 pilot is testing infrastructure and its privacy, using federal public bonds; launch is likely to come in 2025

PILOT

- It is still unclear how to conciliate **scalability, decentralization, and privacy** in this model
- **Pilots are still being conducted to evaluate the infrastructure and privacy** of Drex transactions and tokenized deposits in a simulated environment. The first phase of the pilot focused on the tokenization of **Federal Public Bonds**, where privacy is less relevant
- Three companies are working on solutions, but no decision has been made: **Anonymous Zether, Starlight, and Parchain**. Microsoft is also developing an outside solution which will be evaluated

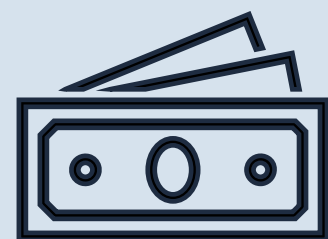
If Drex is successfully launched, Brazil will have the first digital currency based 100% on Digital Ledger Technology

TIMELINE



Opportunity Ahead: atop new regulation and infrastructure, innovation in financial services is set to go beyond inclusion

01



Credit

Following a rise in access to credit, fintechs are ready to expand to new product offerings and customer segments

02



Wealth

After a decade-long effort to increase access to investments, fintechs now seek to disrupt the status quo

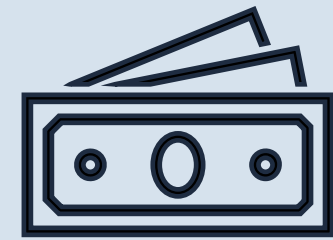
03



Insurance

As new regulations emerge and consumers become savvier, insurtechs surf a new era of adoption and product innovation

01



Credit

Following a rise in access to credit, fintechs are ready to expand to new product offerings and customer segments

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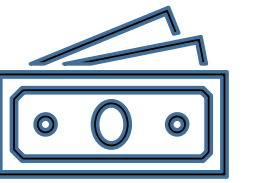
After a decade-long effort to increase access to investments, fintechs now seek to disrupt the status quo

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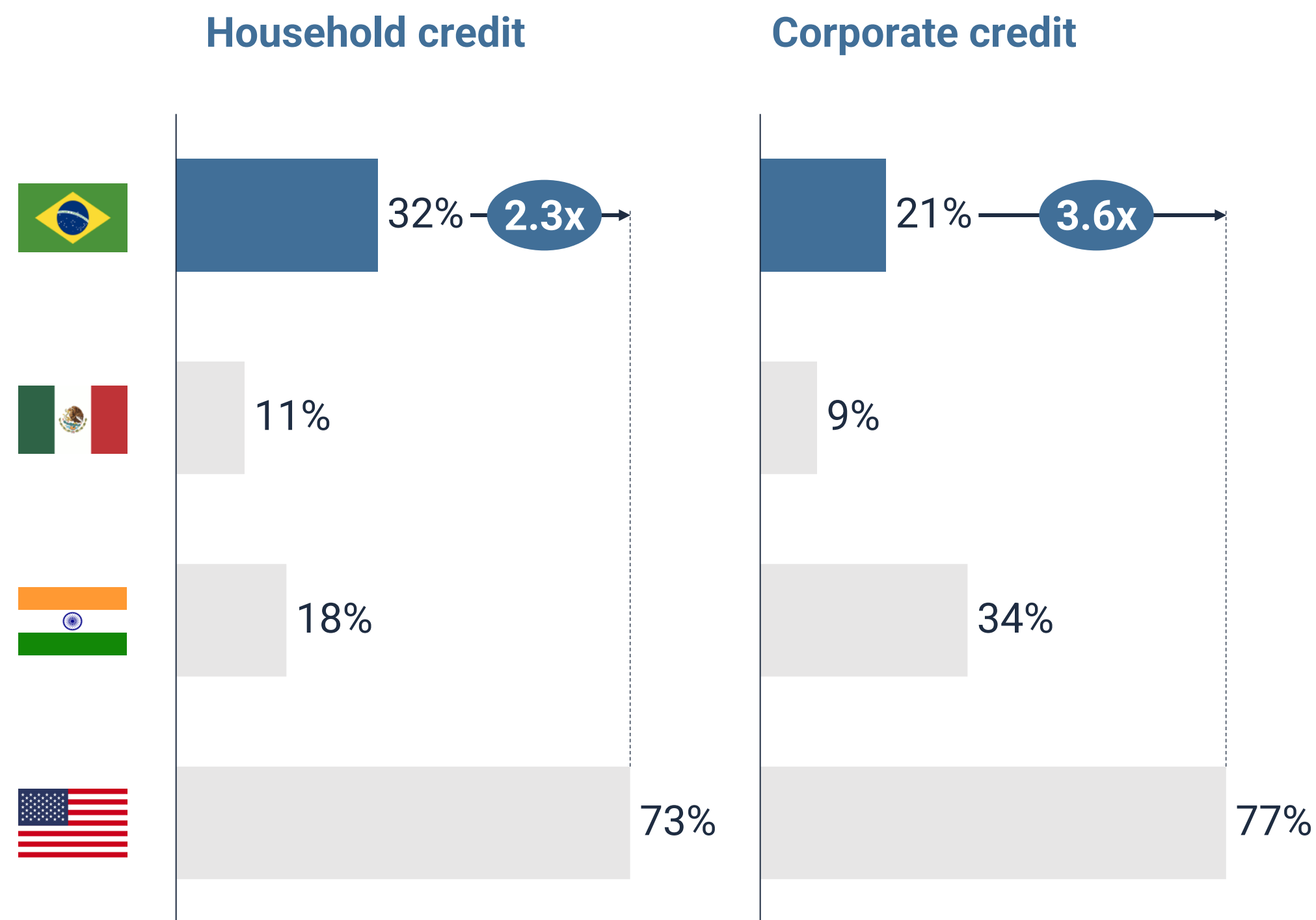
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As new regulations emerge and consumers become savvier, insurtechs surf a new era of adoption and product innovation

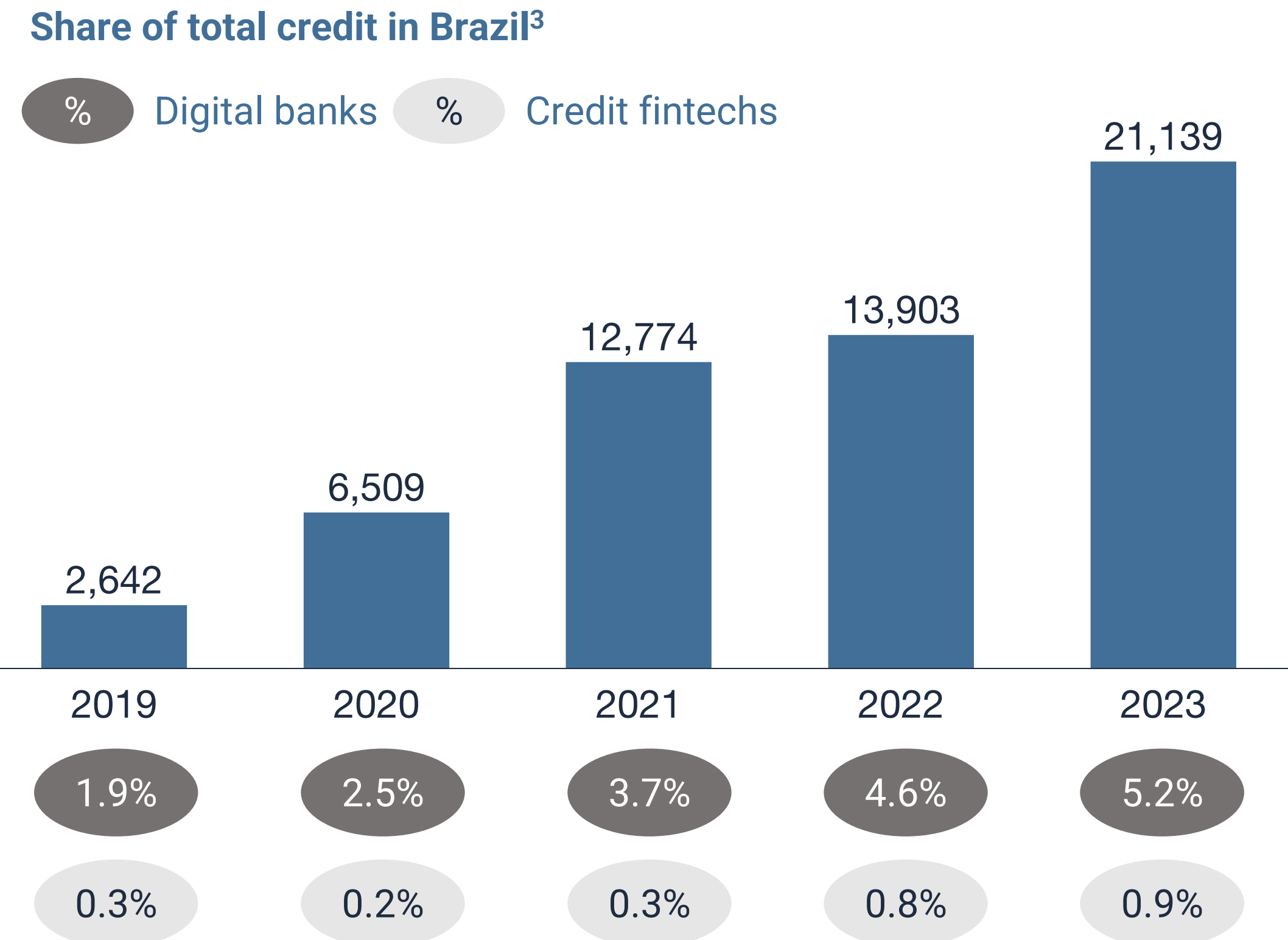


Despite recent growth, credit fintechs remain a small piece of the market and have plenty of room for expansion

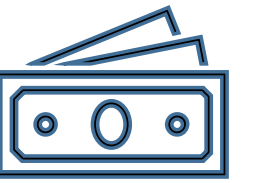
Household and corporate credit penetration in Brazil¹
2023, % of GDP



Total credit volume granted by credit fintechs* in Brazil²
R\$M

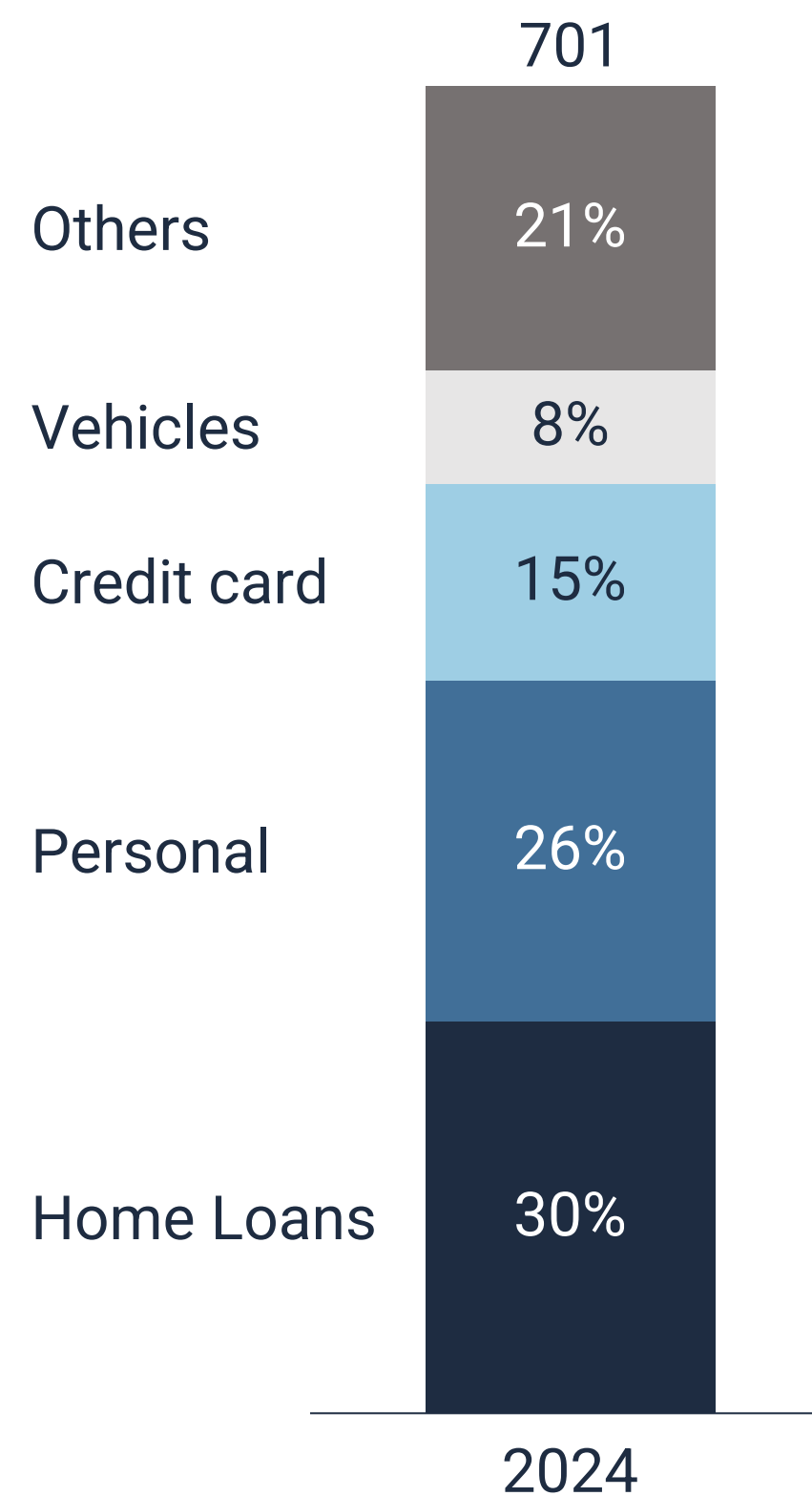


Notes: (*) Credit fintechs presented in the ABCD and PwC study encompass 40 digital credit companies in a mix of direct credit societies, payment institutions, societies of loans between people, and banking representatives
 Sources: (1) Central Bank of Brazil, Banco de Mexico, Reserve Bank of India, US Federal Reserve; (2) PwC “Digital Credit Fintechs Survey 2024” for ABCD; (3) Central Bank of Brazil “Banking economics report 2022”;

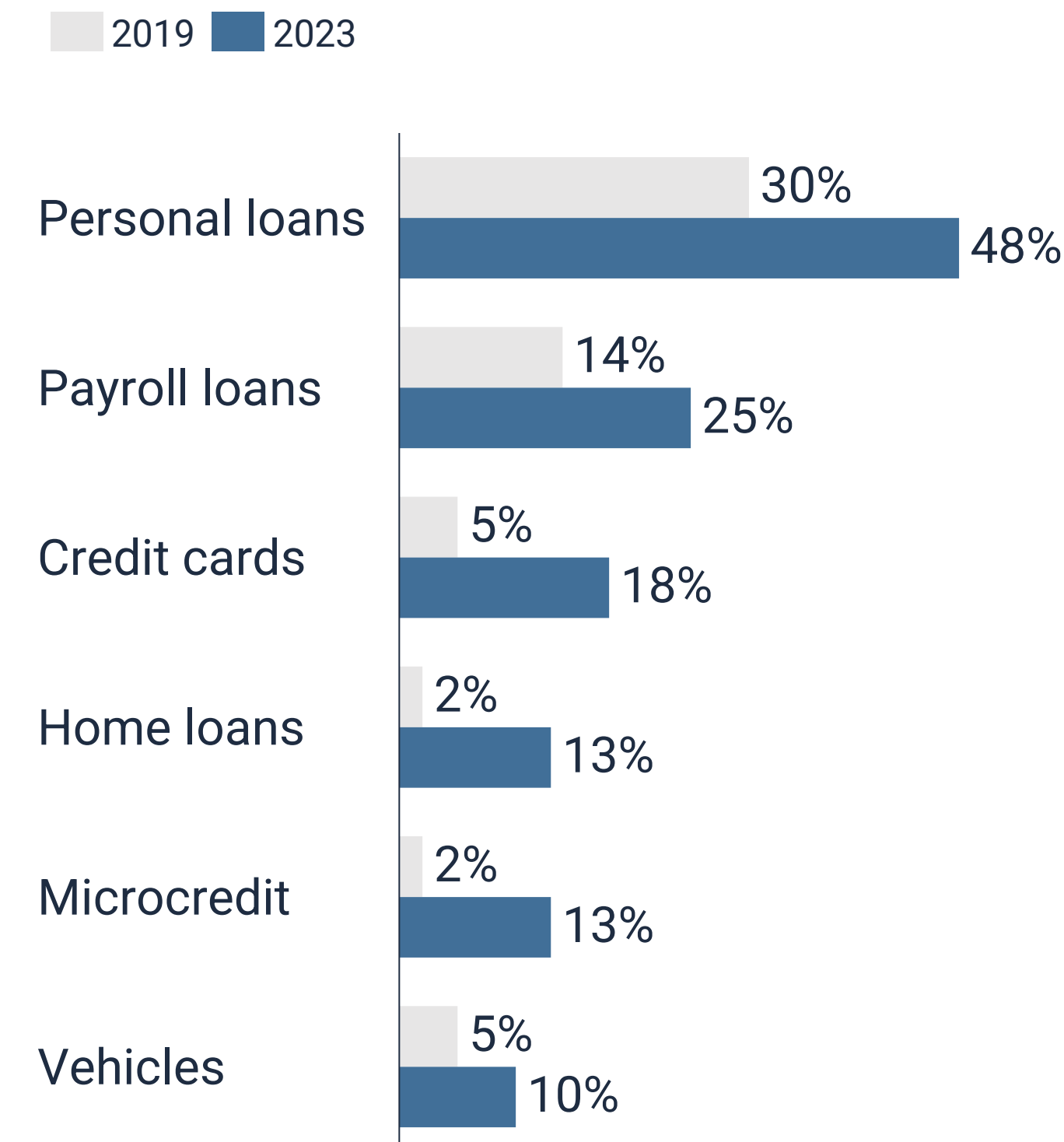


Credit fintechs are expanding beyond their core offerings, all while reducing delinquencies across categories

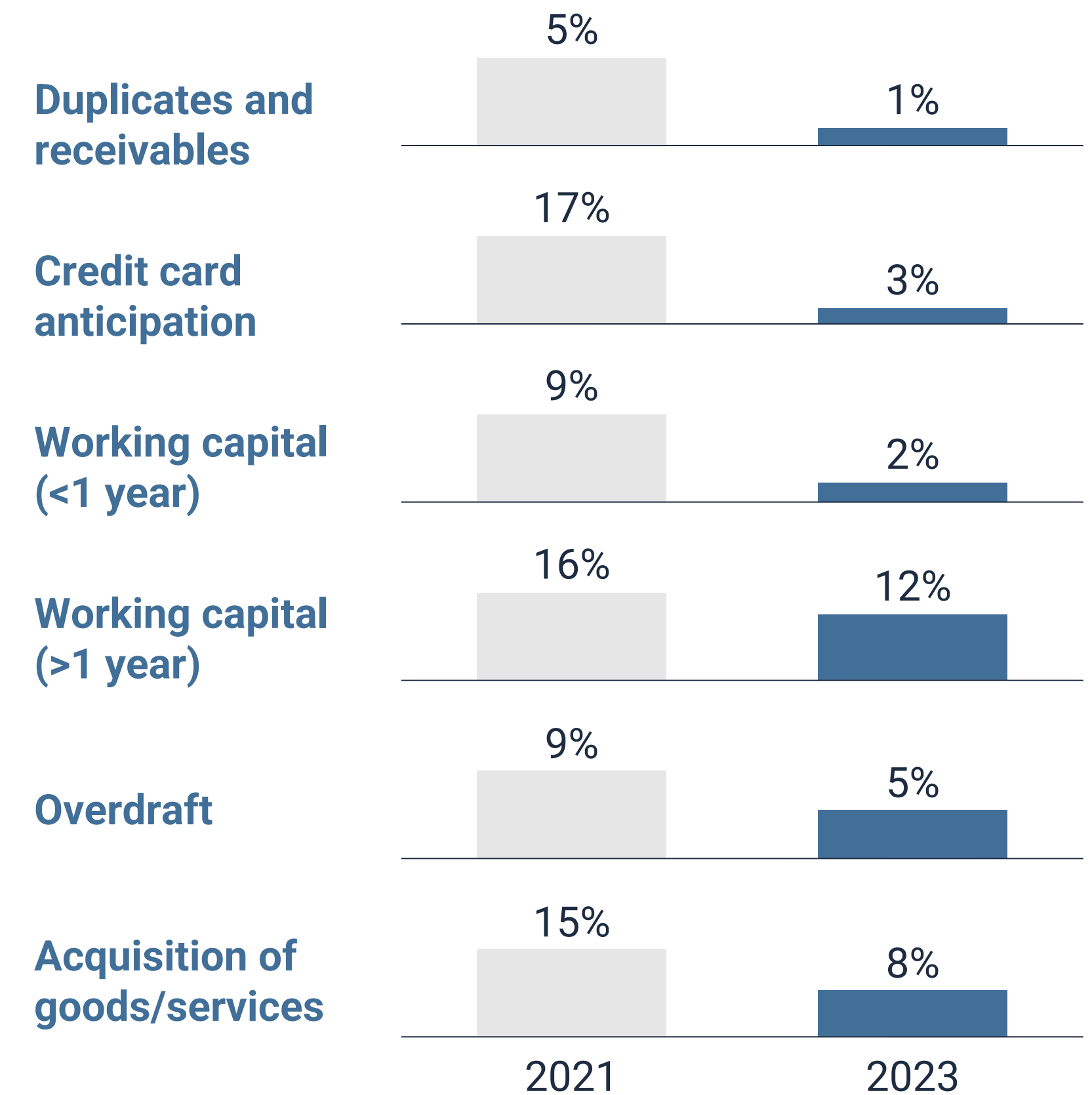
Total credit by product¹
May 2024, US\$B*



Products offered by credit fintechs^{} in Brazil²**
% of total entities

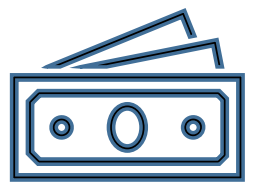


Delinquency rates by product – credit fintechs^{3,}**



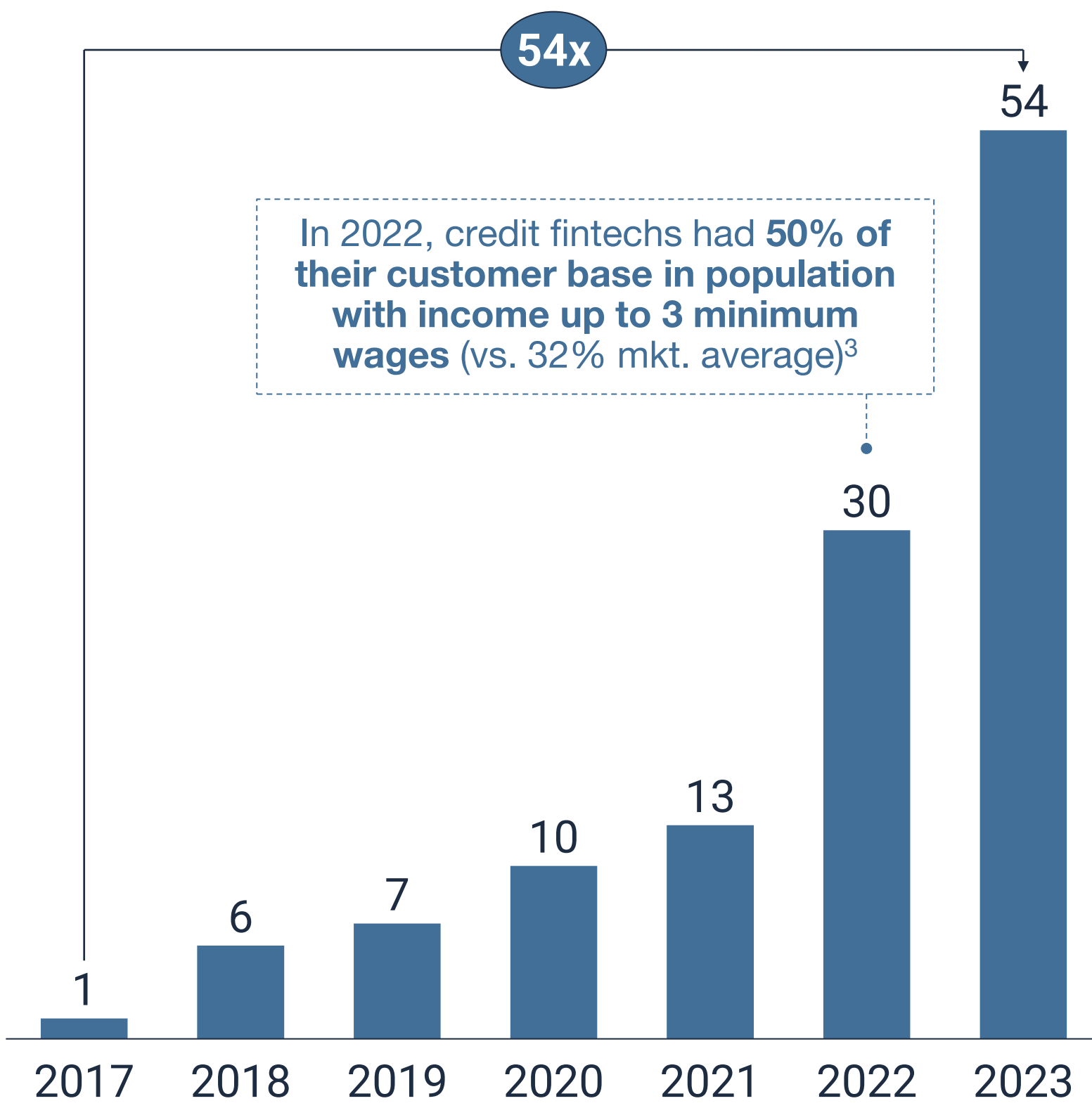
Notes: (*) BRL to USD FX rate of 5.25, as of May 31st, 2024; (**) Credit fintechs presented in the ABCD and PwC study encompass 40 digital credit companies in a mix of direct credit societies, payment institutions, societies of loans between people, and banking representatives

Sources: (1) Banco Central do Brasil; (2) PwC “Digital Credit Fintechs Survey 2024” for ABCD, (3) PwC “Digital Credit Fintechs Survey 2024” for ABCD



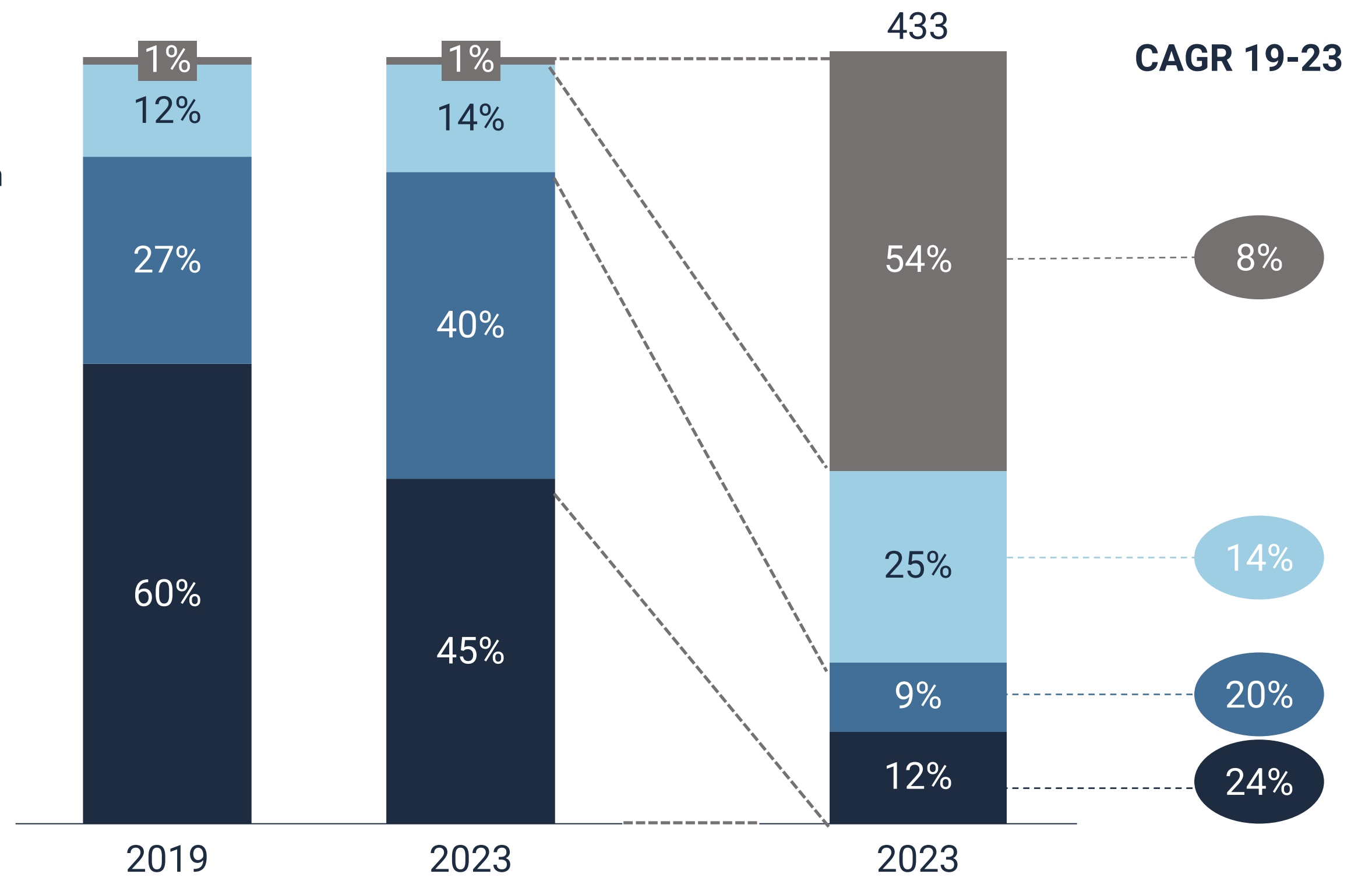
Credit fintechs continue to diversify across segments, growing in presence in lower income and smaller businesses

Individual customers of credit fintechs^{1,*}
Millions



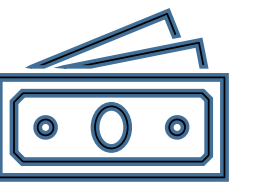
Credit fintechs corporate customers¹
% by size

- Micro
- Small
- Medium
- Large



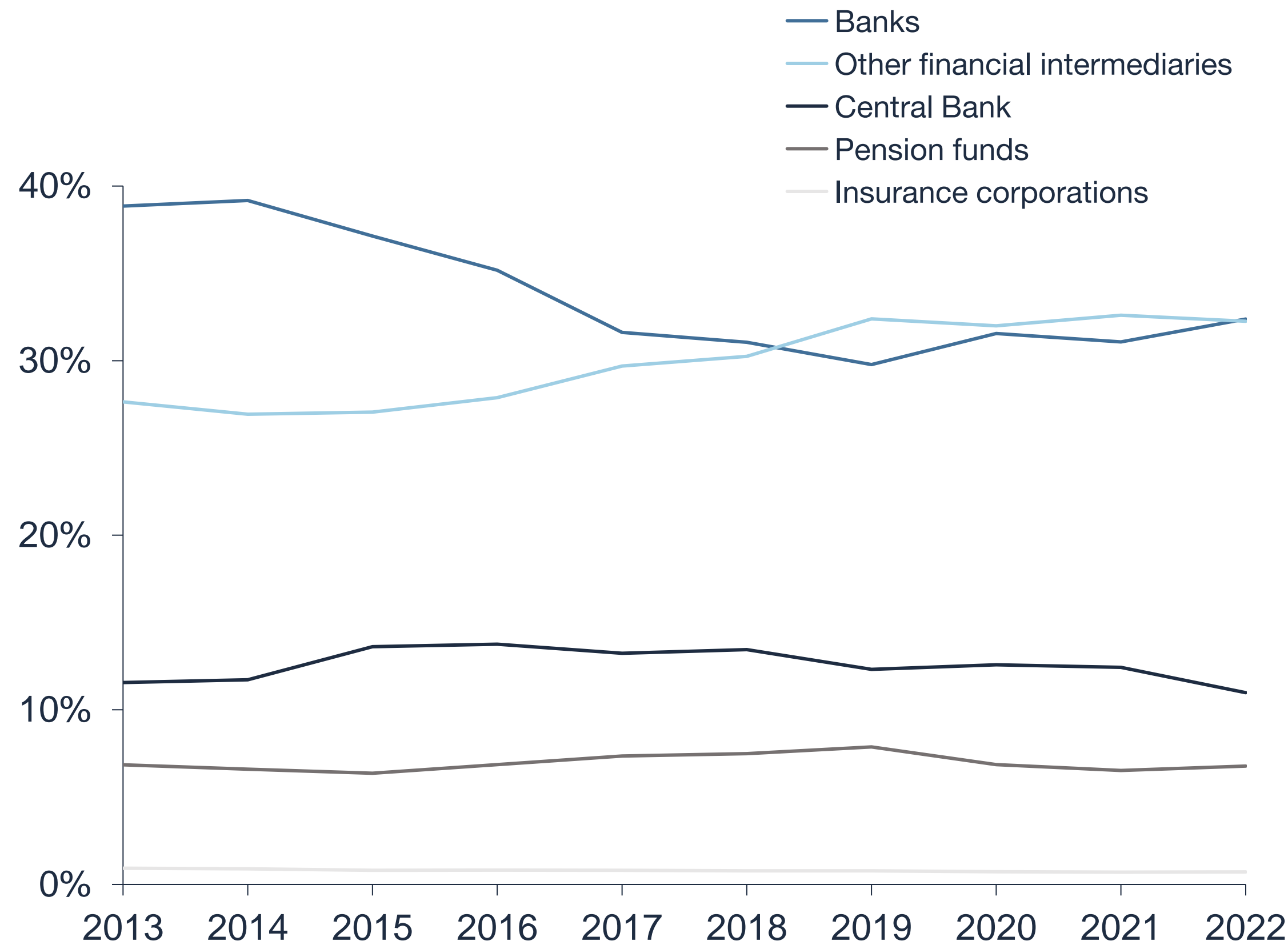
Notes: (*) Credit fintechs presented in the ABCD and PwC study encompass 40 digital credit companies in a mix of direct credit societies, payment institutions, societies of loans between people, and banking representatives; (**) BRL to USD FX rate of 5.25, as of May 31st, 2024

Sources: (1) PwC "Digital Credit Fintechs Survey 2024" for ABCD; (2) Banco Central do Brasil

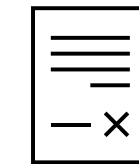


Brazil has seen a spike in financial assets growing outside banks' balance sheets, enabled by 3 key drivers

Share of total national financial assets by jurisdiction¹
% of total



Key factors driving the growth of other financial intermediaries



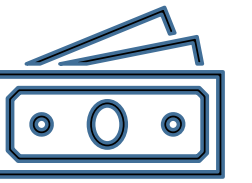
Origination of assets: Credit origination is moving beyond banks, with fintechs, embedded finance, and non-bank institutions turning future cash flows into securitized financial assets



Supply of capital: Brazil has ample domestic capital, with savings and appetite for private credit. Asset managers, banks' private banking and asset management division, multi-family offices and even retail investors are fueling liquidity outside the banking system



Regulatory environment: Brazil benefits from regulators promoting innovation in technology, infrastructure, and regulation. This innovation push comes along with a robust, transparent, and safe framework

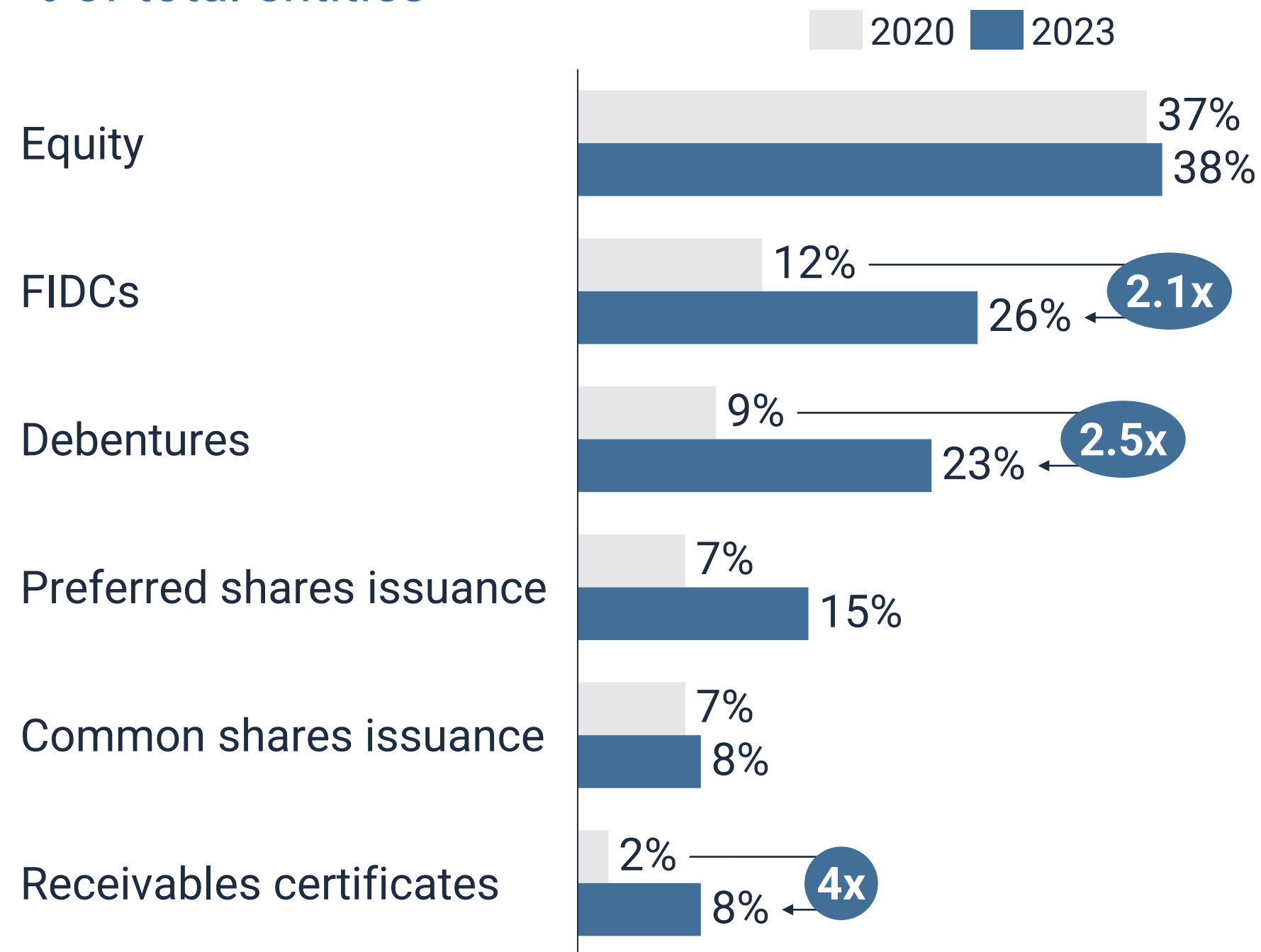


Credit fintechs are using lending facilities for capital, reducing need for equity fundraising for financing

Two key credit vehicles in Brazil's funding ecosystem are FIDCs and CRs. FIDCs are funds that pool credit receivables from various sectors (e.g., commerce, finance). CRs, created in 2022, are securitized investments backed by receivables. Both offer direct exposure to the cash flows of these assets.

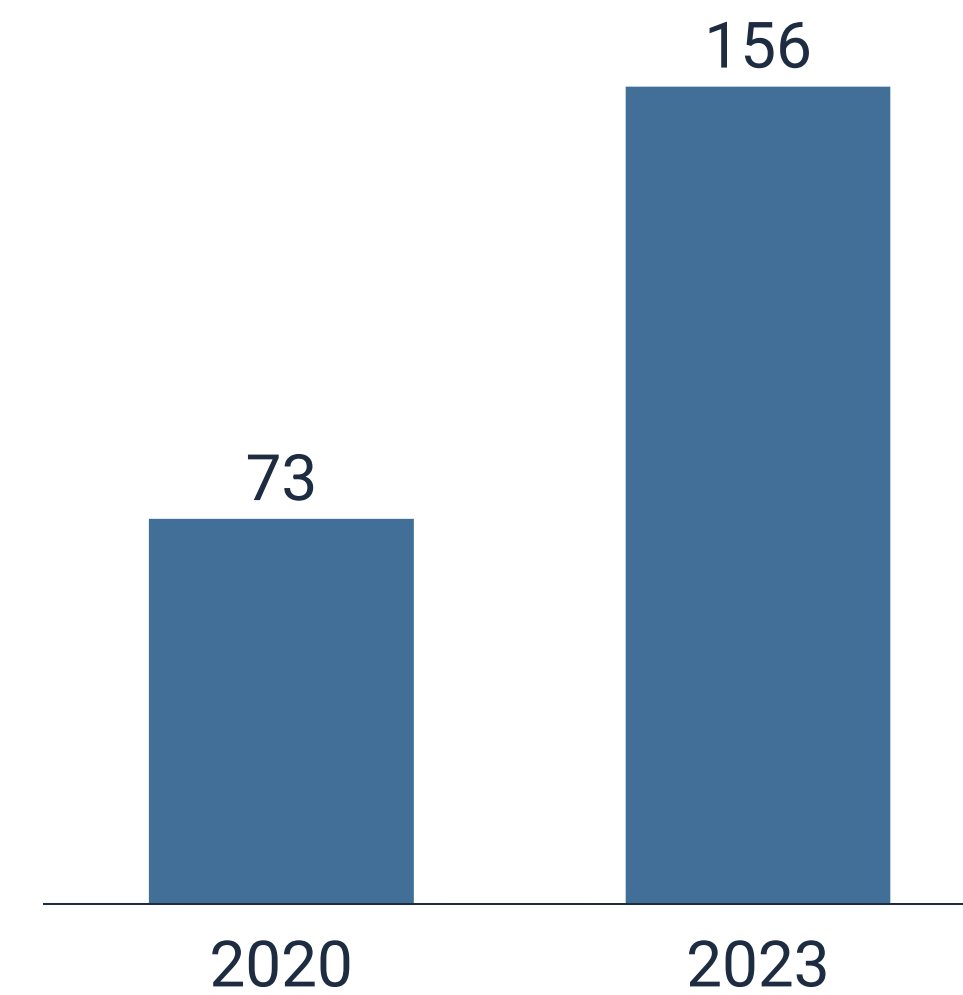
Funding sources by credit fintechs in Brazil¹

% of total entities



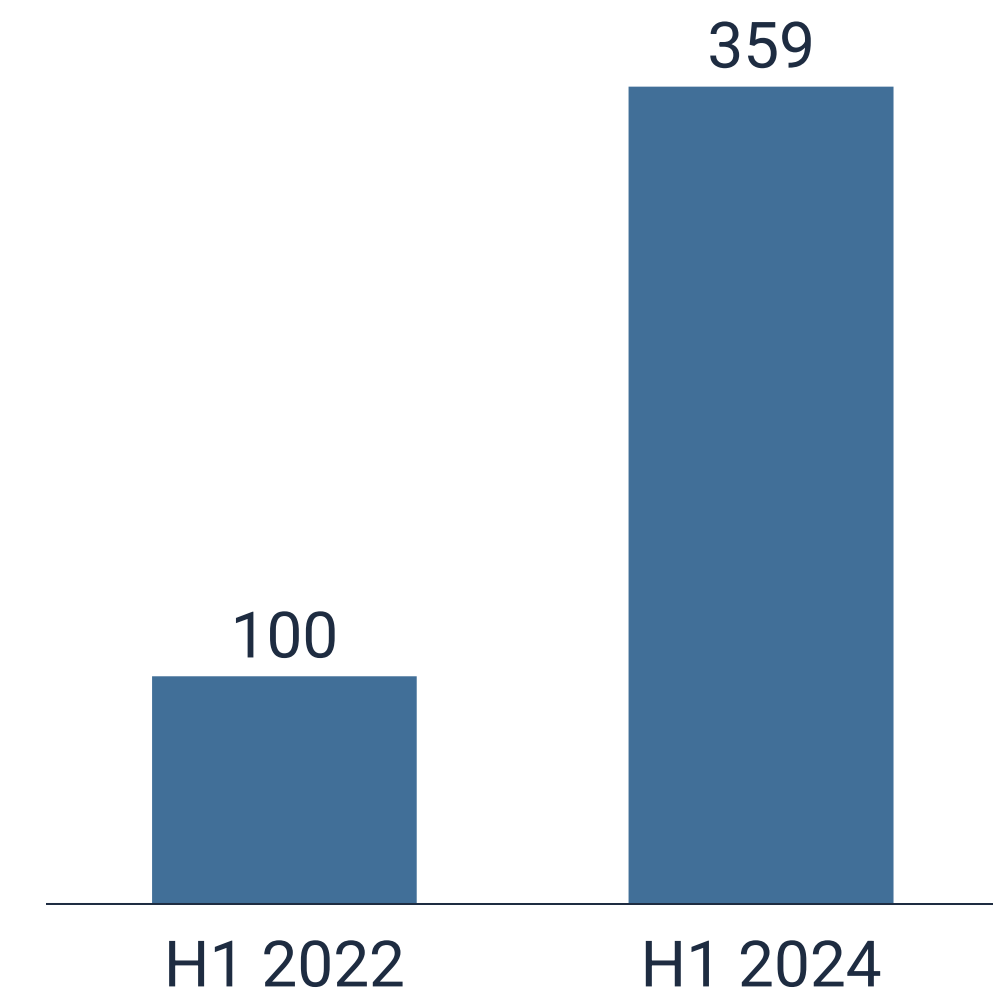
Total emissions of FIDCs - Brazil²

R\$B



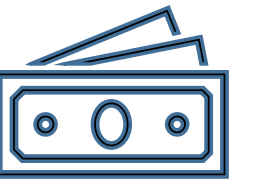
Total emissions of CRs - Brazil³

R\$M



Notes: Credit fintechs presented in the ABCD and PwC study encompass 40 digital credit companies in a mix of direct credit societies, payment institutions, societies of loans between people, and banking representatives

Sources: (1) PwC "Digital Credit Fintechs Survey 2023" for ABCD (Brazilian Association for Digital Credit); (2) Uqbar annual report 2023; (3) Anbima



Kanastra provides tech infrastructure for securitized assets, a key enabler of credit funds and fintechs



Kanastra provides **tech-driven backoffice**, combining **all licenses and proprietary tech for private assets management**. It offers software and fiduciary services, plus banking products for credit operations

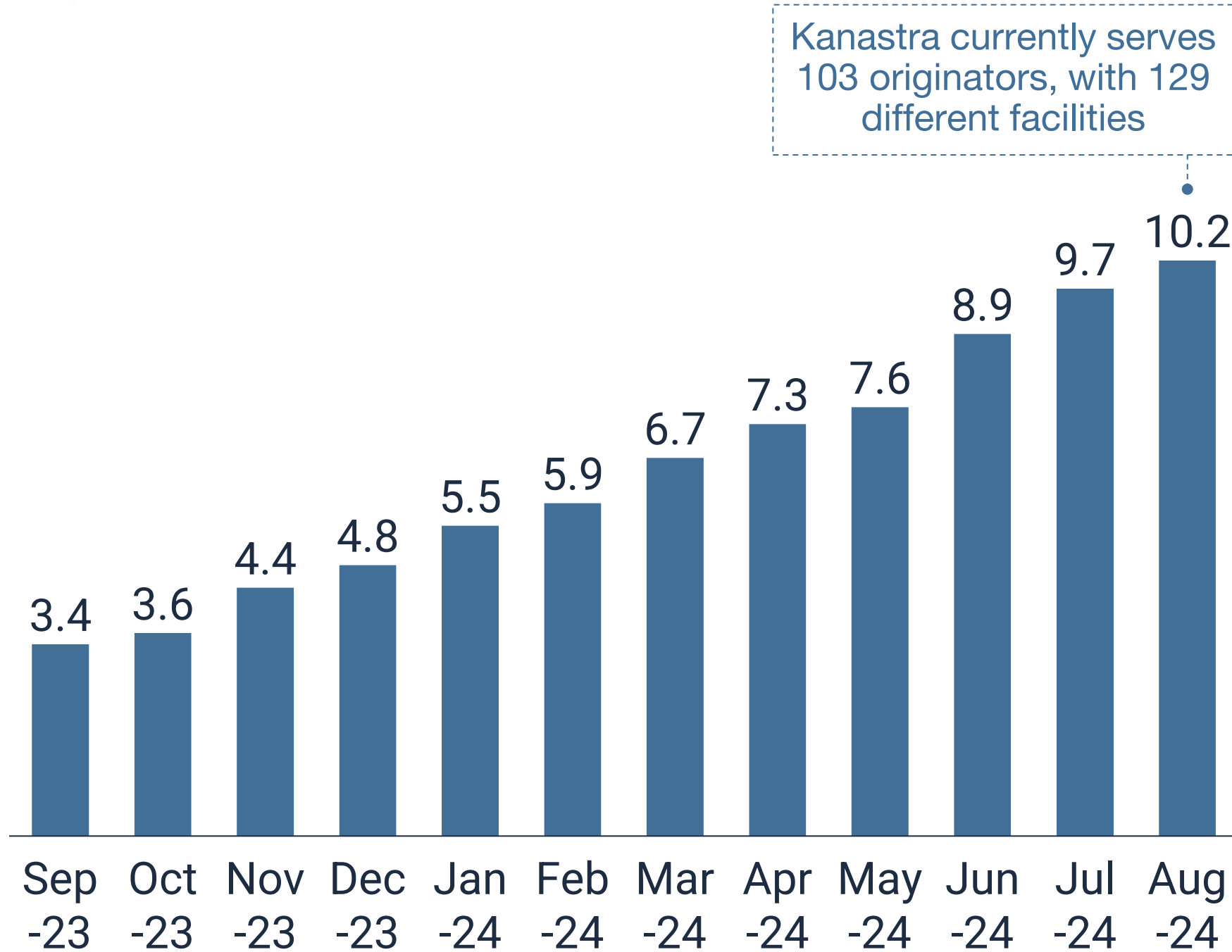
Industry pain points

- Fragmented business model
- Low data quality and availability
- Lack of proprietary technology

Kanastra's solution

- Integrated, verticalized services
- Focus on data and analytics
- Proprietary software

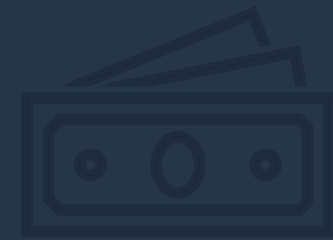
Evolution of assets under serving R\$B



Kanastra's product offering

- Fund services:** fund management, administration, and custody (FIDCs, FIFs, FIPs)
- Securitization services:** issuance, bookkeeping, backup servicing (CRI, CRA, CR, debentures)
- Banking services:** CCB, commercial notes, escrow accounts, payments

01



Credit

Following a rise in access to credit, fintechs are ready to expand to new product offerings and customer segments

02



Wealth

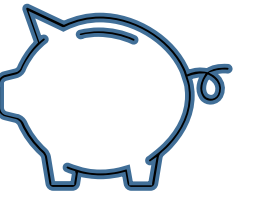
After a decade-long effort to increase access to investments, fintechs now seek to disrupt the status quo

03



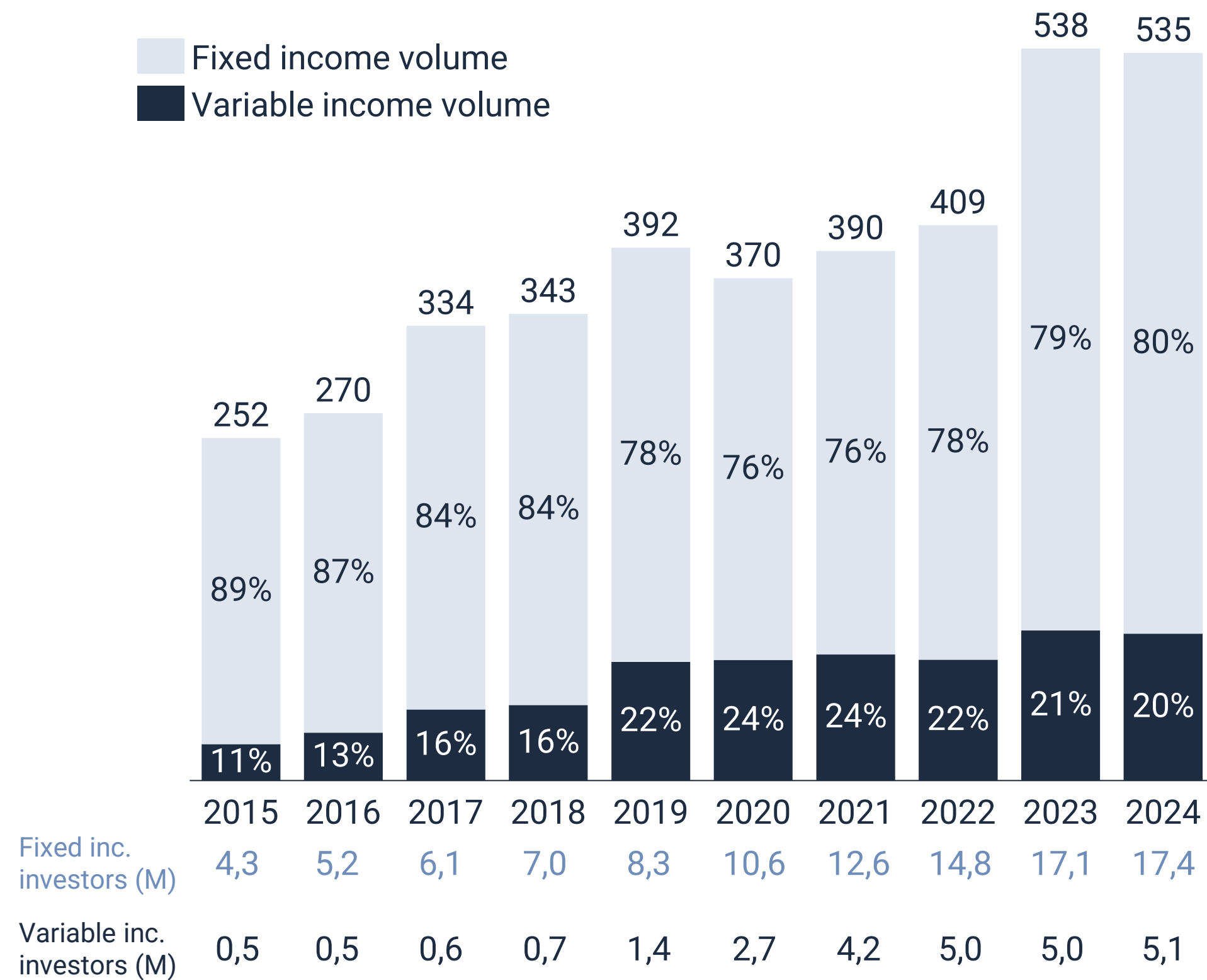
Insurance

As new regulations emerge and consumers become savvier, insurtechs surf a new era of adoption and product innovation

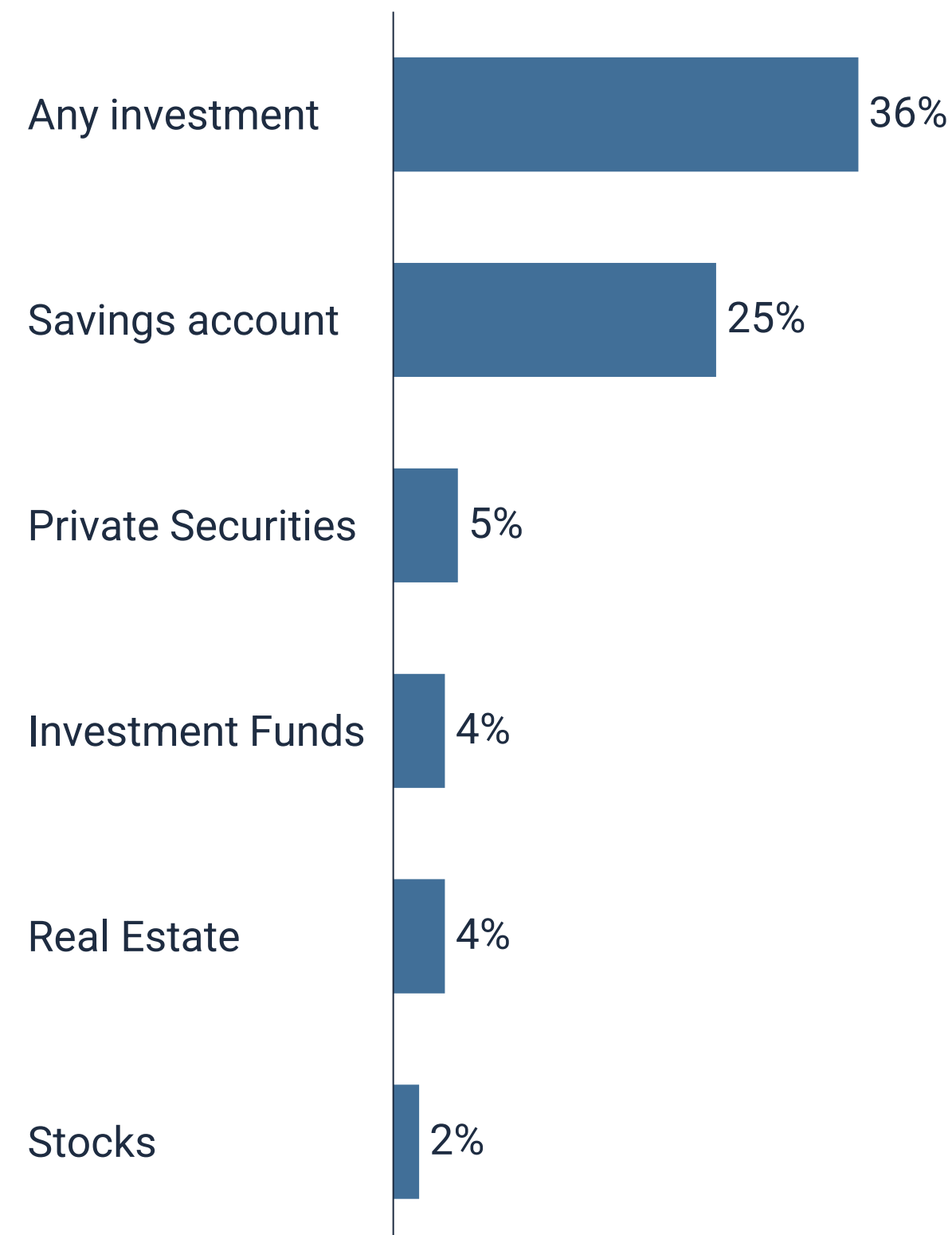


While the number of individual investors surged, overall penetration is low and there is still plenty of room for growth

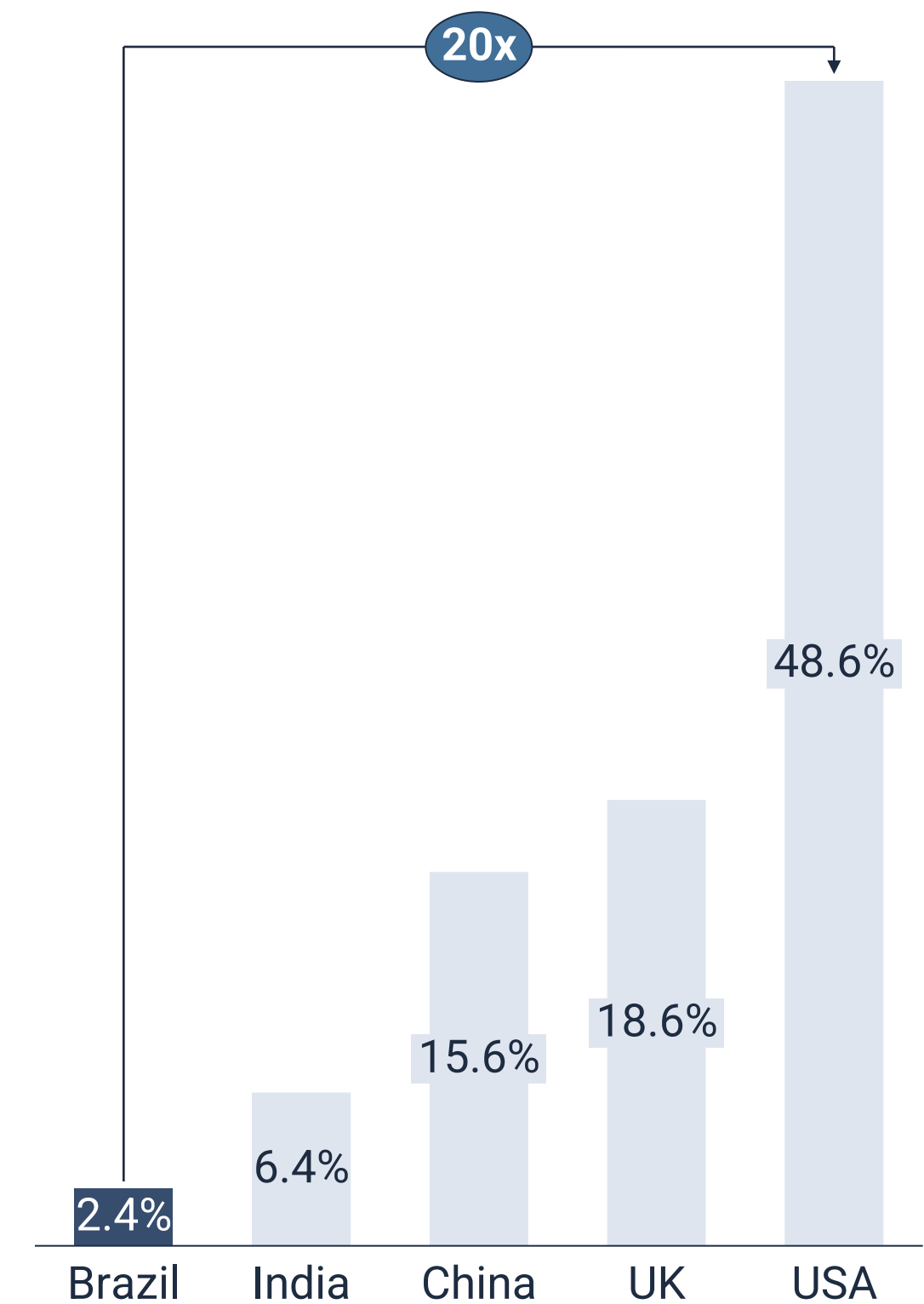
Individual investors market evolution¹
US\$B*



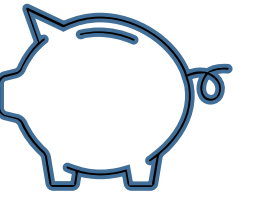
Investment products penetration²
2023, % of total population



Stock market penetration³
2024, % of total population

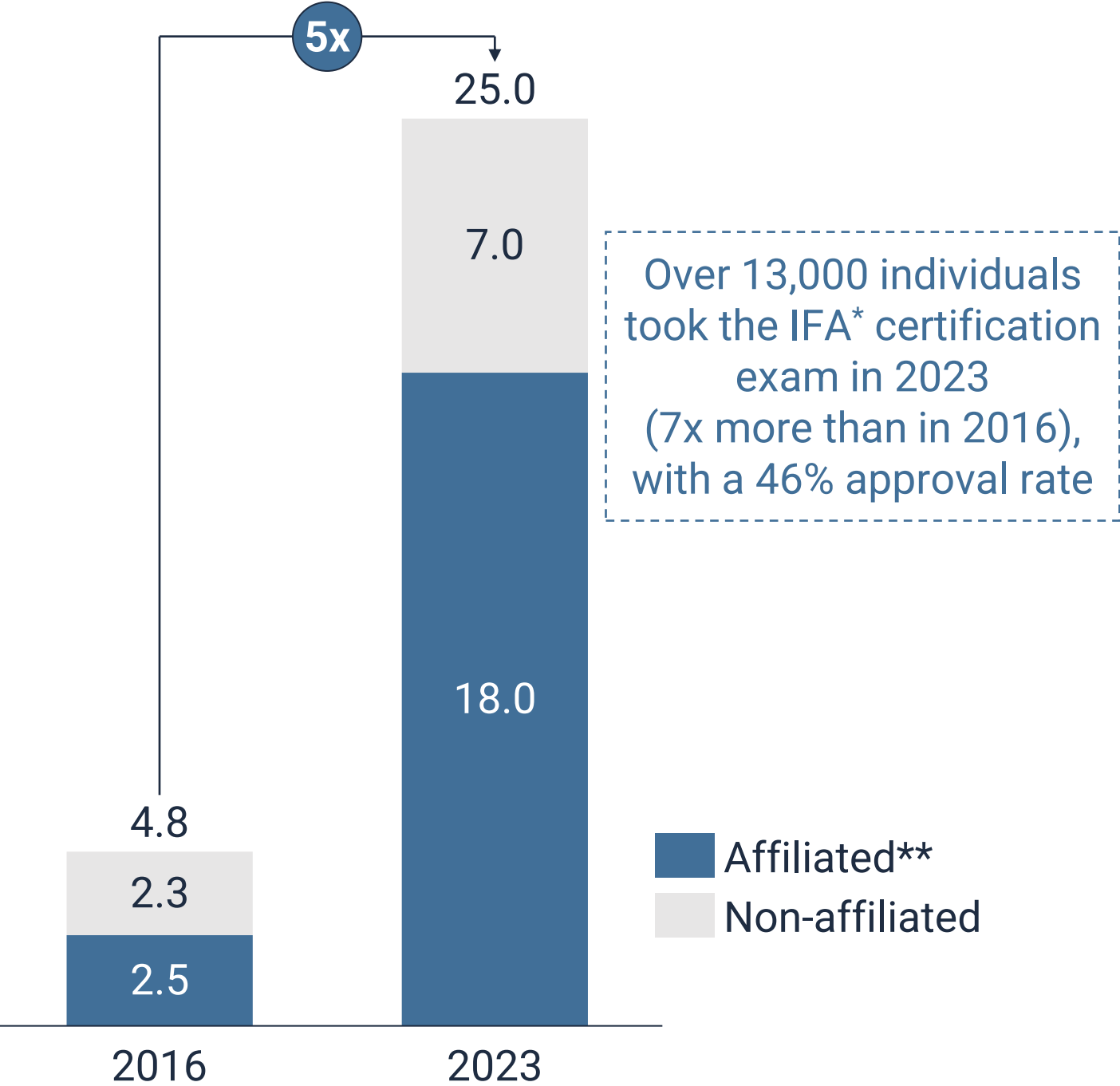


Notes: (*) Calculated using the average exchange rate for each fiscal year
Sources: (1) Anbima, B3; (2) Anbima; (3) B3, The Economist, CNN, Gallup, Finder



While advisors popularized a novel way of investing, banks are still retaining most of Brazilian investors

Independent Financial Advisors' evolution¹
Thousands of certified IFAs* in Brazil



Challenges of the Advisory Model



Increasing competition among advisors, with growing test participation and approval rates

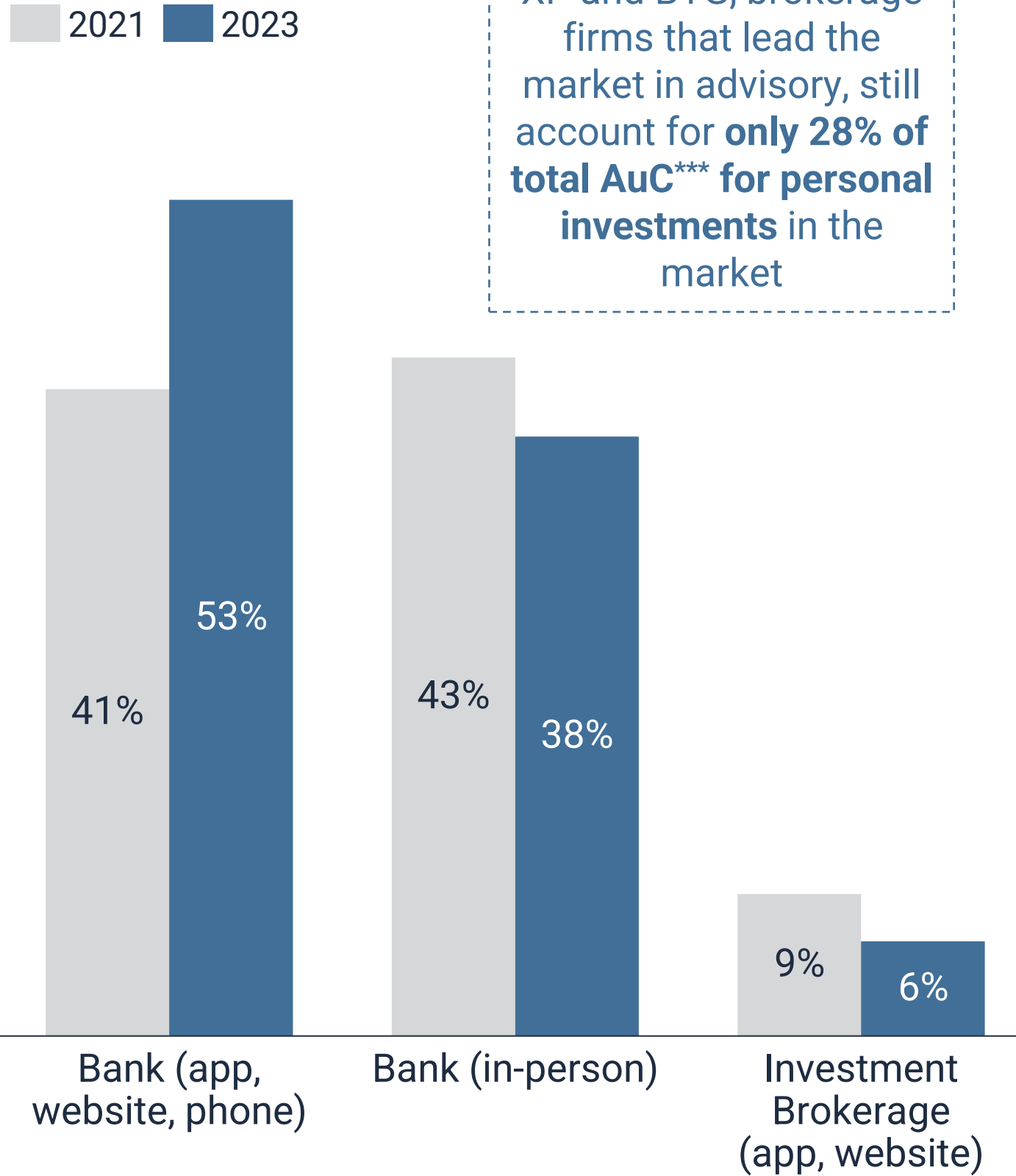


Potential client misalignment due to commission-based structure, as advisors may push higher-commission products and rotate portfolios more often as they earn on every trade

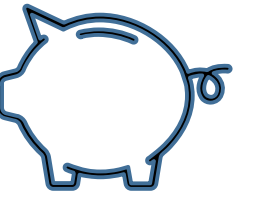


Retail advisors focus on client acquisition to rapidly advance to high-income/private segments and earn more, leading to **frequent changes in the advisors** supporting clients

Preferred channels for investing in Brazil²
% of population that invests



Notes: (*) Independent Financial Advisor; (**) Affiliated IFAs operate under a firm's brand, like a brokerage or advisory; (***) Assets under custody
Sources: (1) Ancord; (2) Anbima



Reinvent is empowering their investment advisors with AI, boosting productivity while delivering superior client support

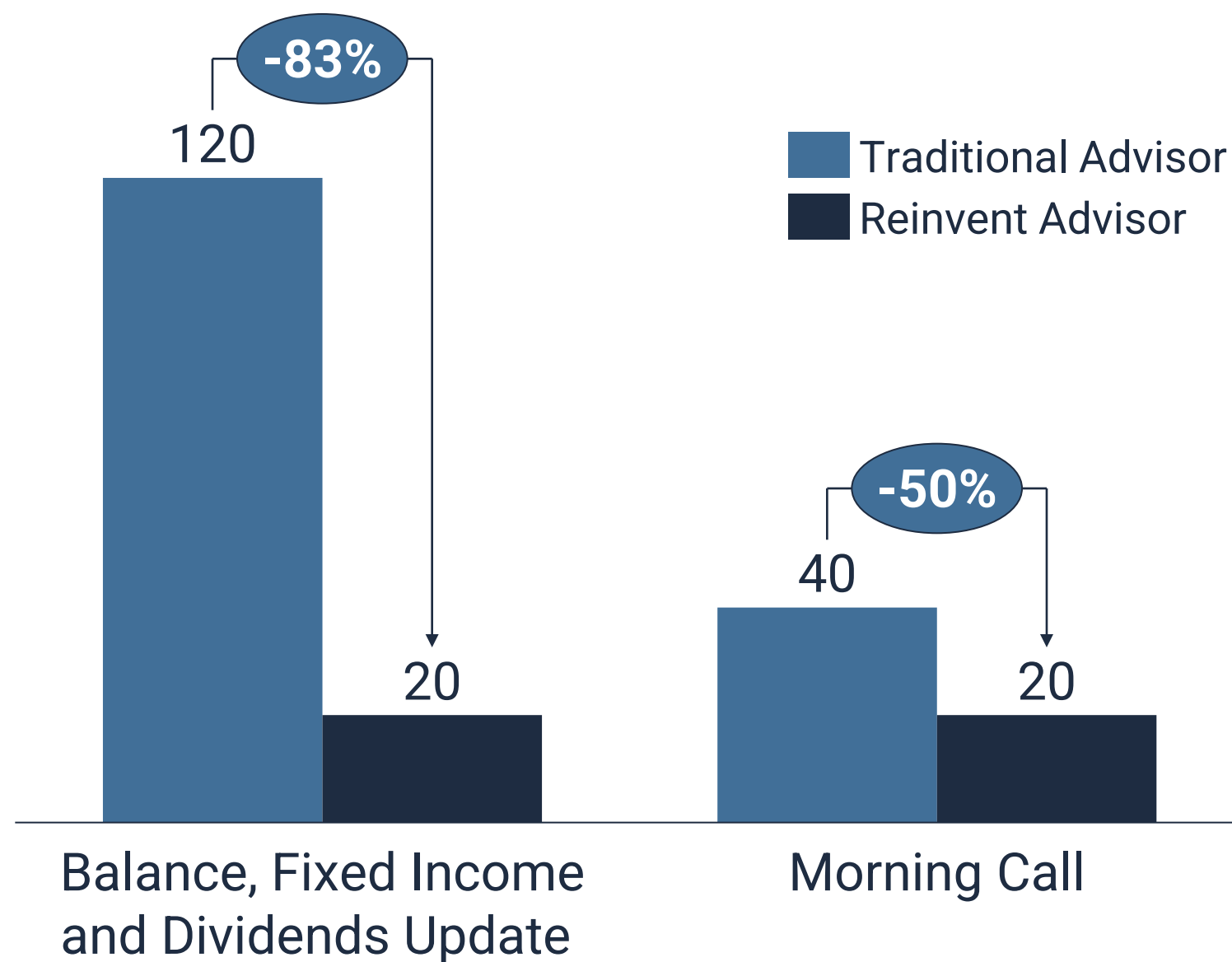


Reinvent is an **AI-enabled investment advisory firm**. They use AI-supported human advisory to offer **hyper-customized services**, with a fixed fee model that better aligns incentives between advisors and clients

Reinvent's AI copilot captures and leverages market and client data to enhance human advisors' efficiency

Daily time spent per activity

Minutes



Not only are advisors experiencing boosted productivity...



3.5 Hours saved per day, per advisor



108% increased capacity to have more clients

...but clients are also enjoying enhanced satisfaction



95 Net Promoter Score



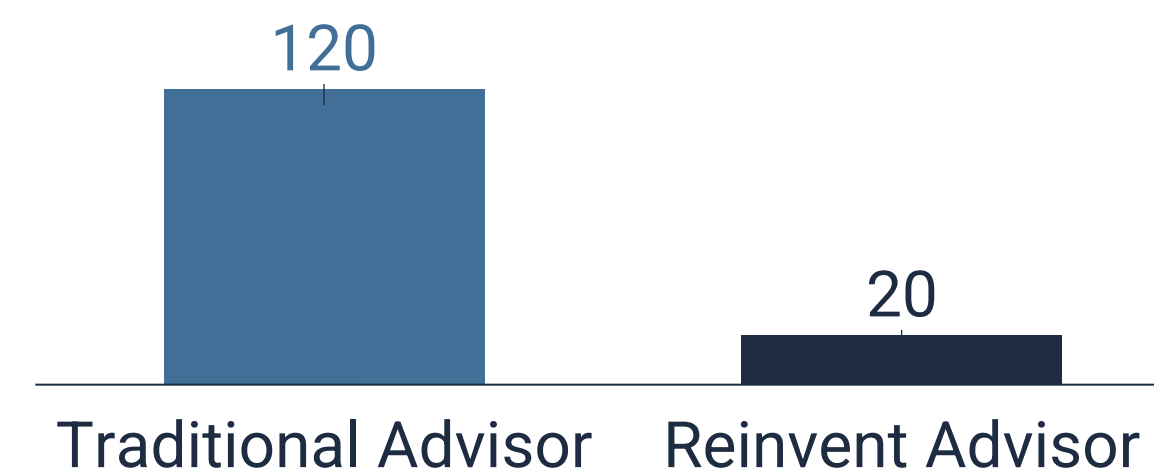
80% of clients feel closer due to frequent market communications



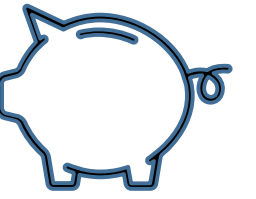
87% of clients feel peace of mind entrusting their investments to Reinvent

Client onboarding demand

Minutes spent in call



Despite excellent results of human + AI services, **67% of Reinvent investors** say they **wouldn't feel comfortable interacting solely with AI**

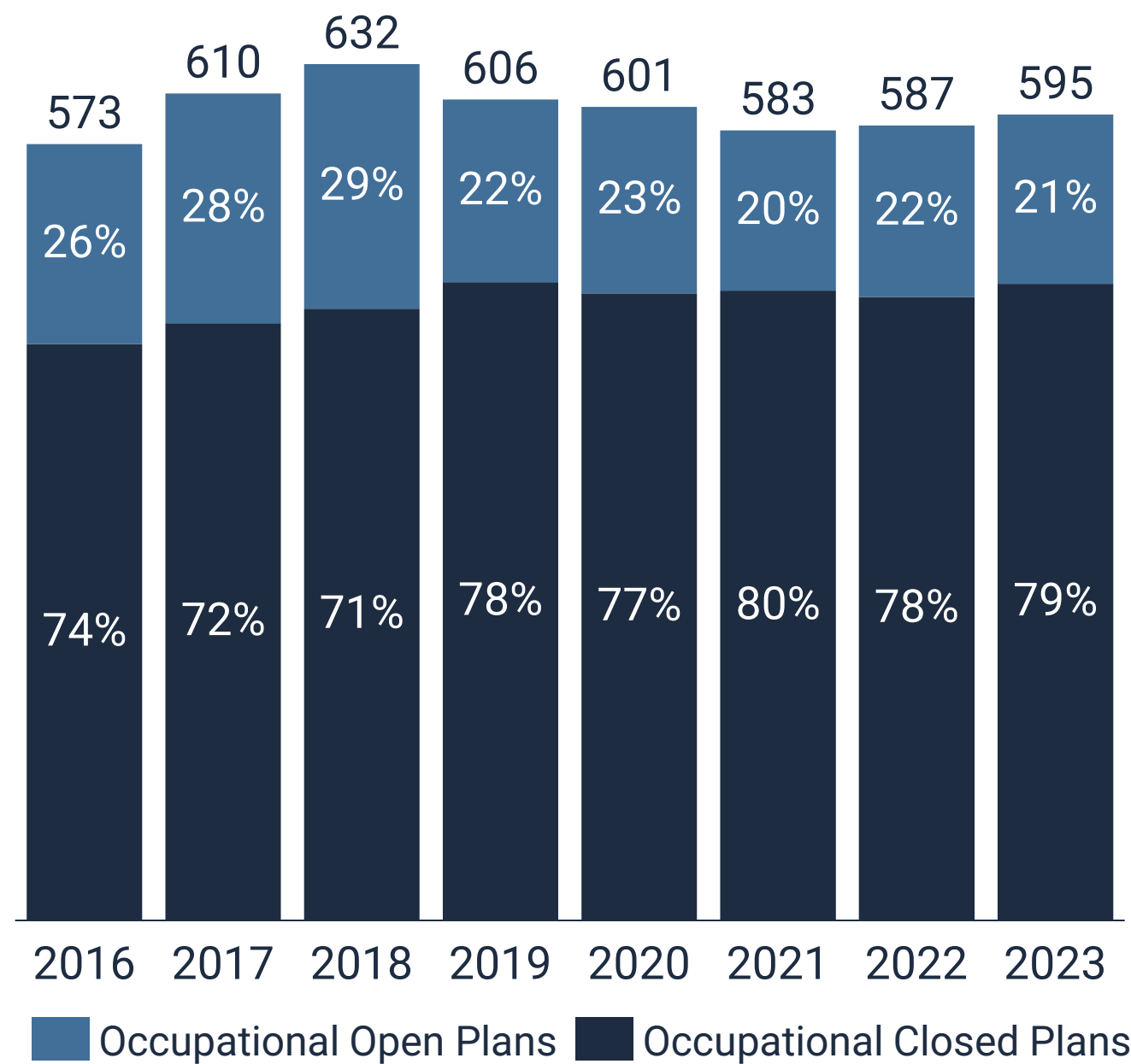


Despite stagnant private pension growth in recent years, structural tailwinds could trigger acceleration

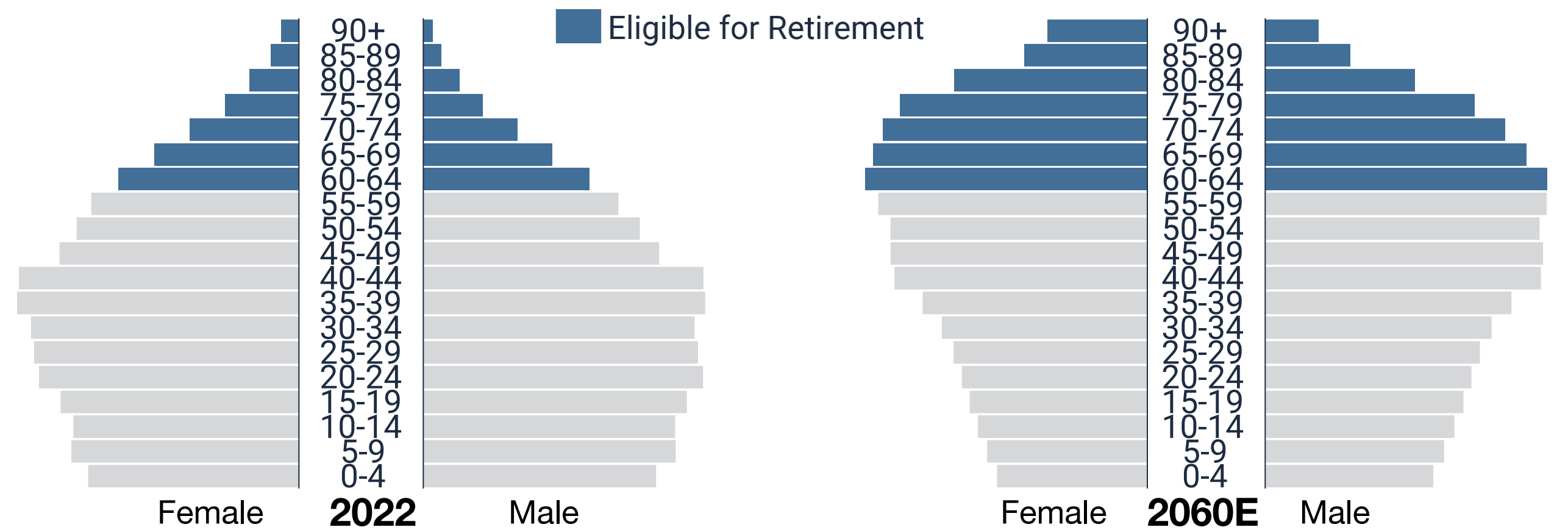
Real private pension plans evolution¹

Assets under Management (in 2023 prices)*, R\$B

With only 30% of Brazilians managing to save money in 2023² (33% in 2017), pension building has been facing a penetration challenge in recent years

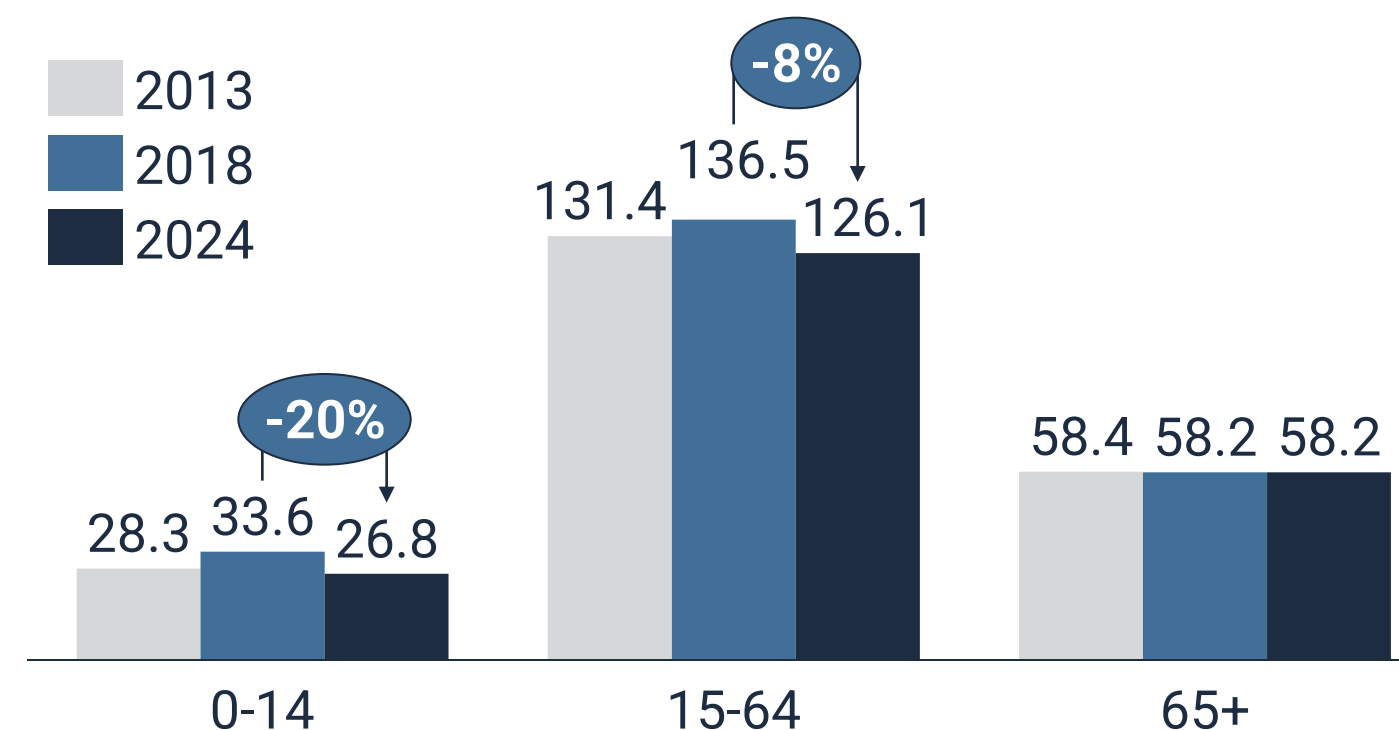


The population is not only aging, but at a faster rate than previously expected³



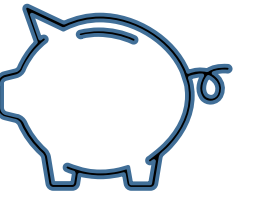
Revision of IBGE 2060 population estimates²

Millions



As a major way to tackle the challenges of an aging population, Brazil's 2019 pension reform has the potential to **significantly boost pension fund volumes** by extending working years, increasing contributions, and encouraging higher long-term savings

Note: (*) All values were adjusted for inflation to 2023
Sources: (1) SUSEP, PREVIC; (2) ANBIMA (3) IBGE



Onze unlocks demand for private corporate pension plans, increasing enrollment and satisfaction via a digital solution



Onze provides private pensions plans as a corporate benefit for mid to enterprise clients in Brazil. They integrate their solution with HR and payroll systems, improving the experience for CFOs, HR managers and employees

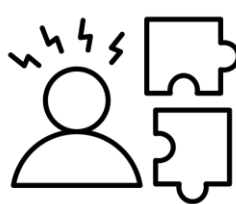
Onze is targeting a massive market with historically very little innovation



Over R\$1T in corporate pension AUM, with room for higher penetration given benchmarks



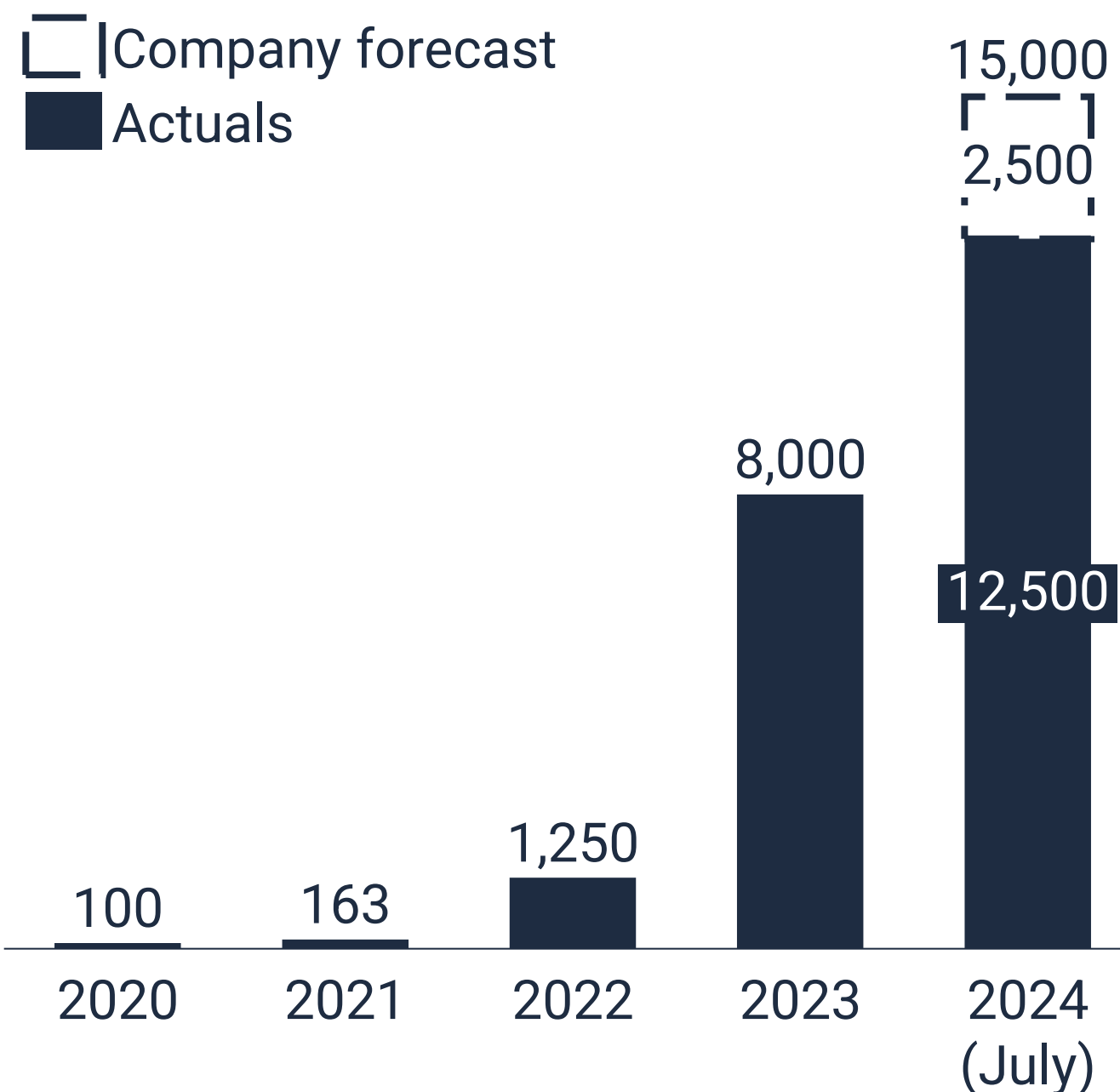
Large incumbents hold more than 90% of the market but lack modern technology and innovation



HR struggles to manage current solutions, and employees lack understanding and engagement

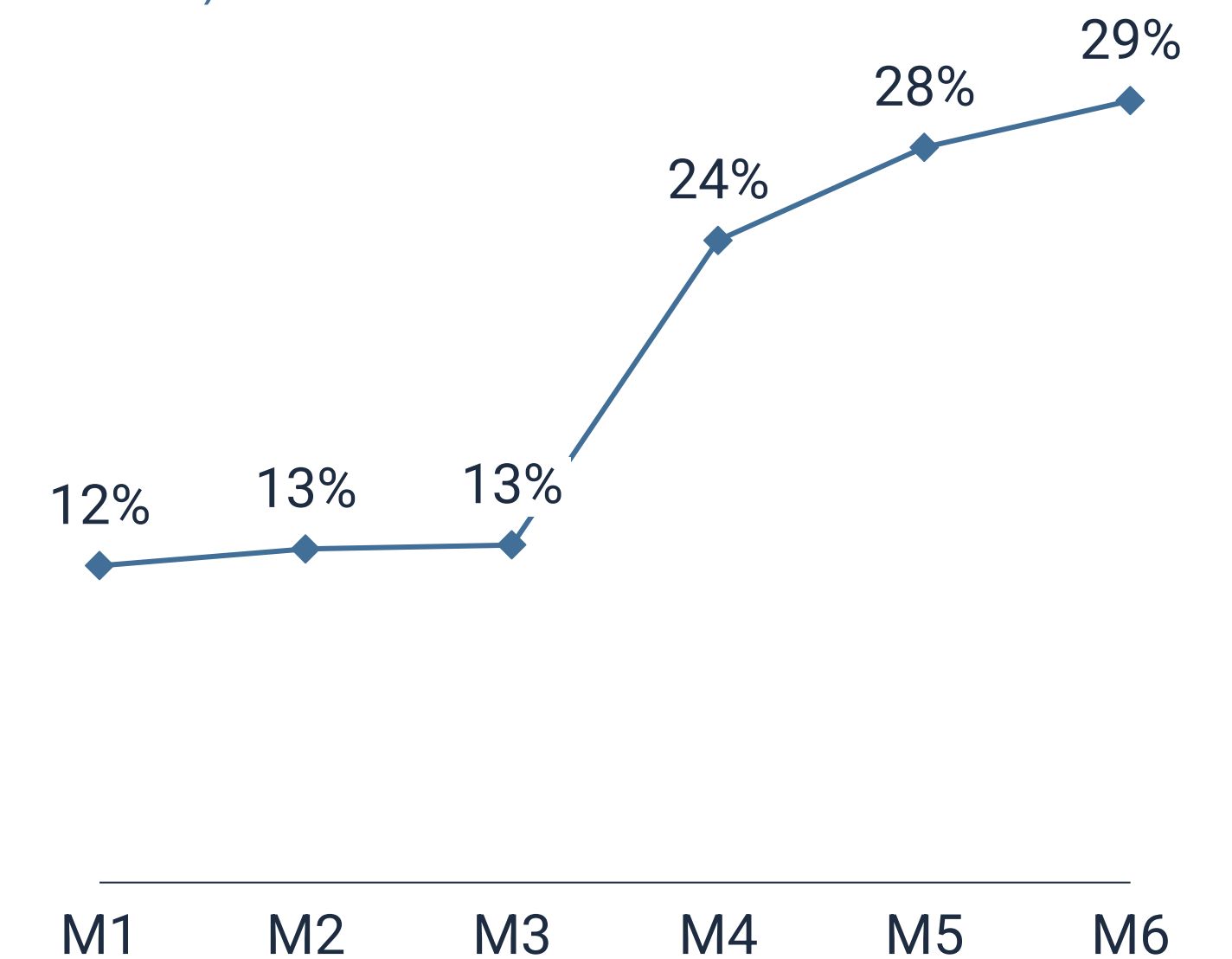
AUM growth since commercial launch

Indexed 2020 = 100, cumulative YoY

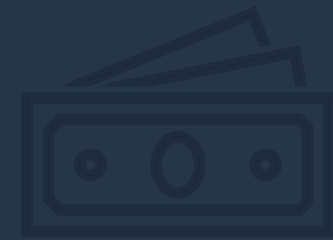


Growth in employee enrollments in companies after migrating to Onze

(increase in employee enrollment months after launch)



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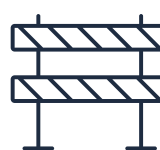


Positive structural changes increase total premiums sold while also strengthening the distribution ecosystem

Since 2019 Brazil's Insurance Regulator: SUSEP has adopted multiple measures¹ to:



Reduce bureaucracy: lowered state interference, simplified legal directives, implemented electronic systems, reduced document storage requirements



Lower barriers to entry: flexibilized reinsurance activities, reduced taxes, and allowed debt instruments to be issued based on reinsurance risk



Facilitate new types of insurance: allowed for insurance on-demand with flexible contract length and ability to activate/deactivate coverage in real-time

Including initiatives that encouraged startup progress:



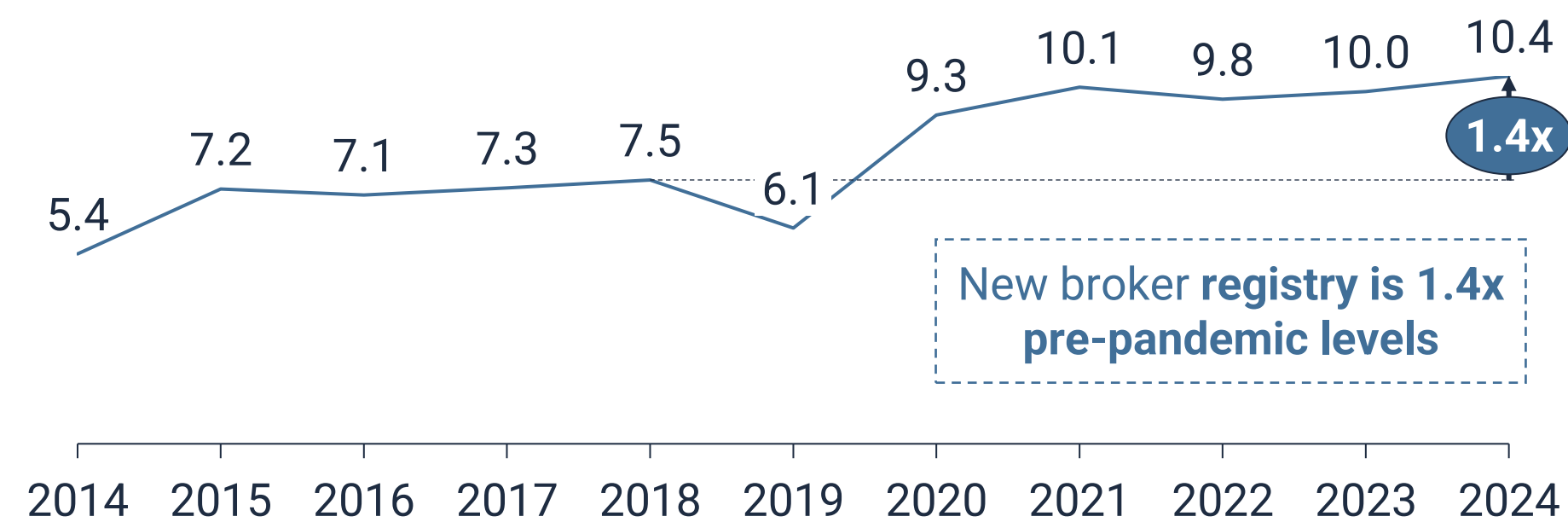
Open Insurance: Robust framework facilitating data-sharing between users and across multiple platforms or institutions



Regulatory Sandbox: Sponsored environment for prototyping and refining technological products in the insurance space with facilitated approval

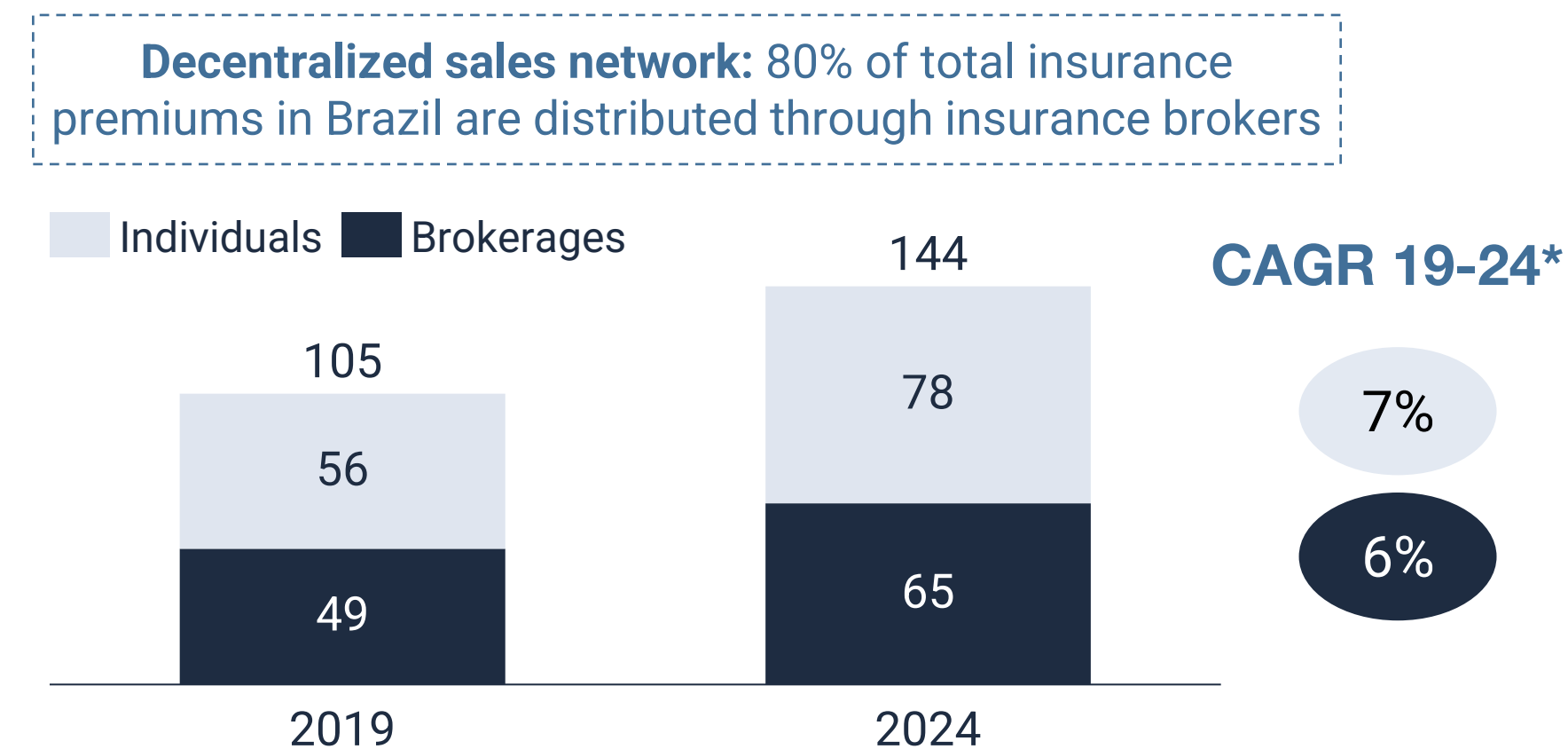
Total New Broker Registries² *

Thousands



Registered Insurance Brokers²

2019-2024, thousands



Note: (*) Calculated considering August 2024 values

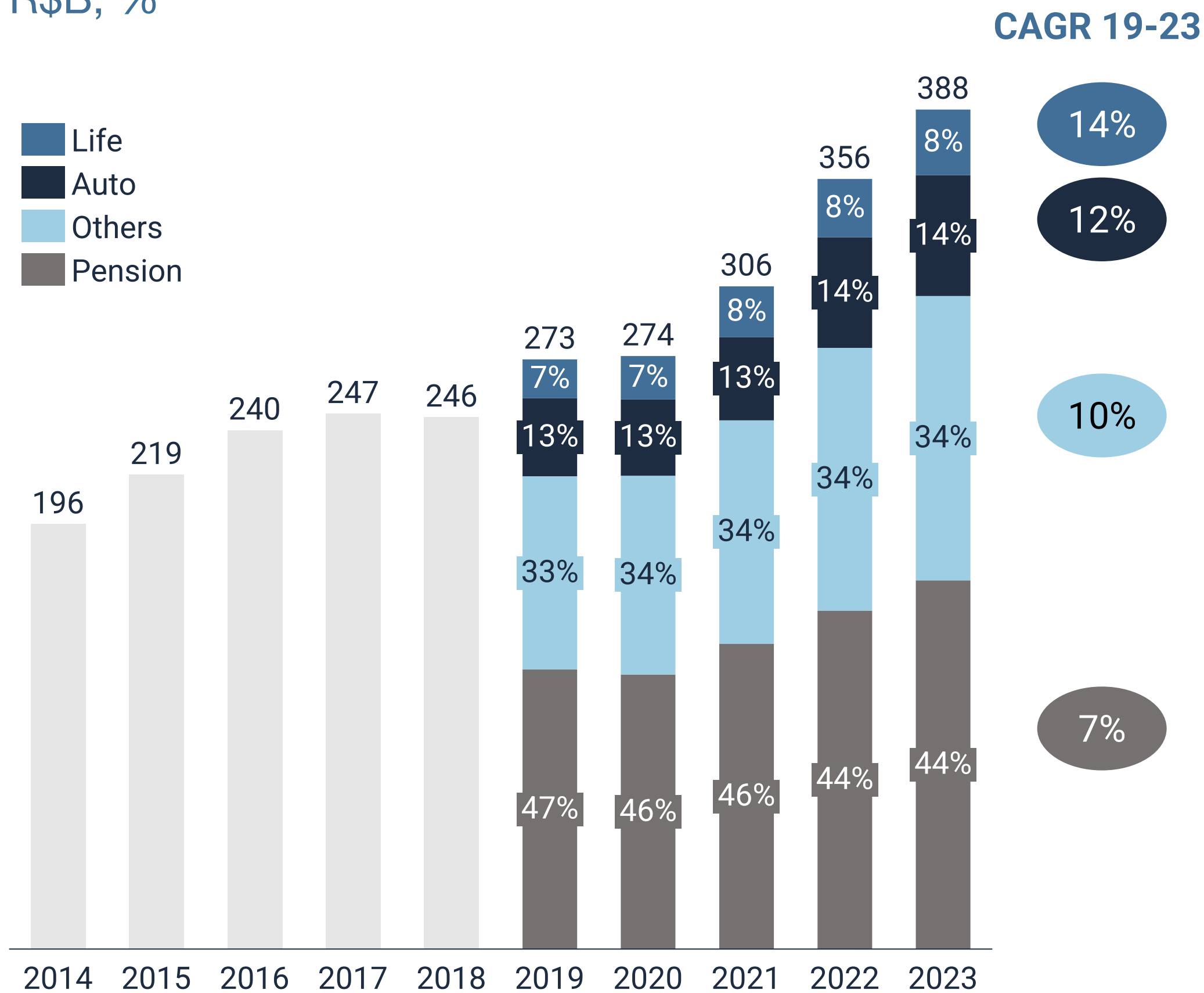
Sources: (1) Mattos Filho Regulatory Innovation in Insurance and Reinsurance; (2) SUSEP



Brazil's insurance market has seen substantial growth in premiums sold, yet it holds potential for further expansion

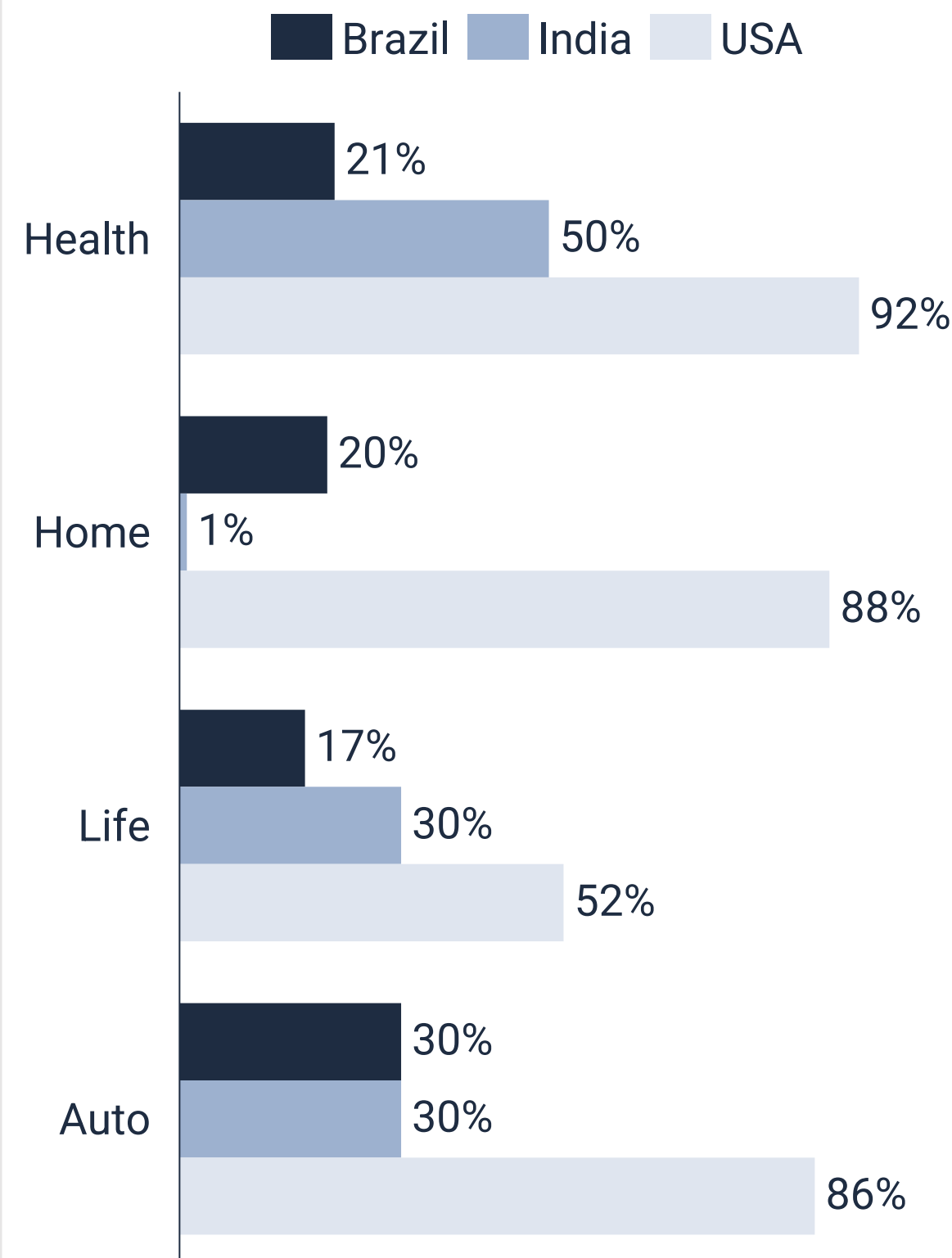
Total premium by insurance type¹

R\$B, %



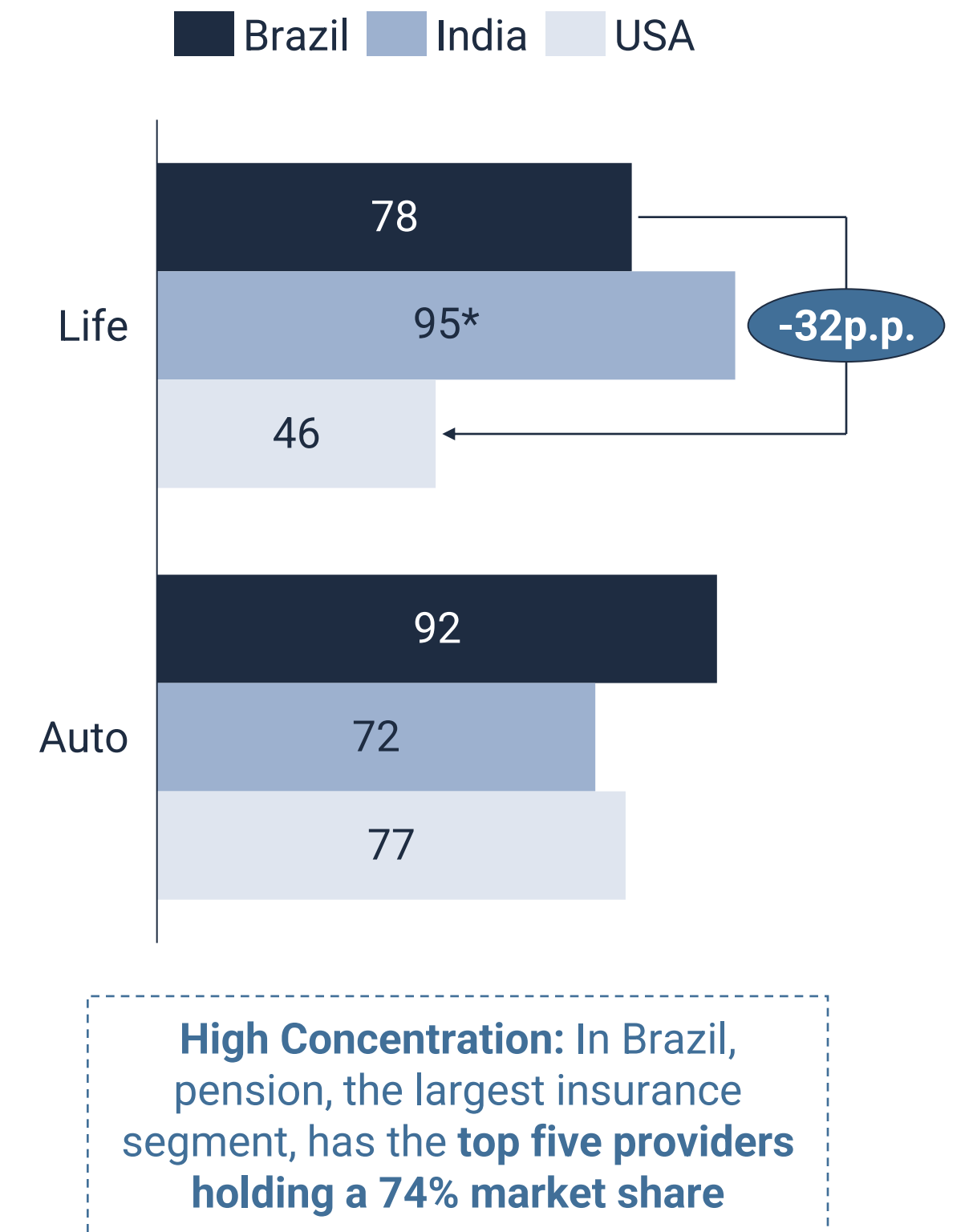
Insurance penetration²

% of population



Market share of top 10 companies³

%



Notes: (*) Life Insurance Corporation of India (State owned) accounts for 61% of the market

Sources: (1) SUSEP; (2) LIMRA, InfoMoney, The Tribune; (3) SUSEP, Segmentwise Report 2023, Atlas Magazine, Marketwatch



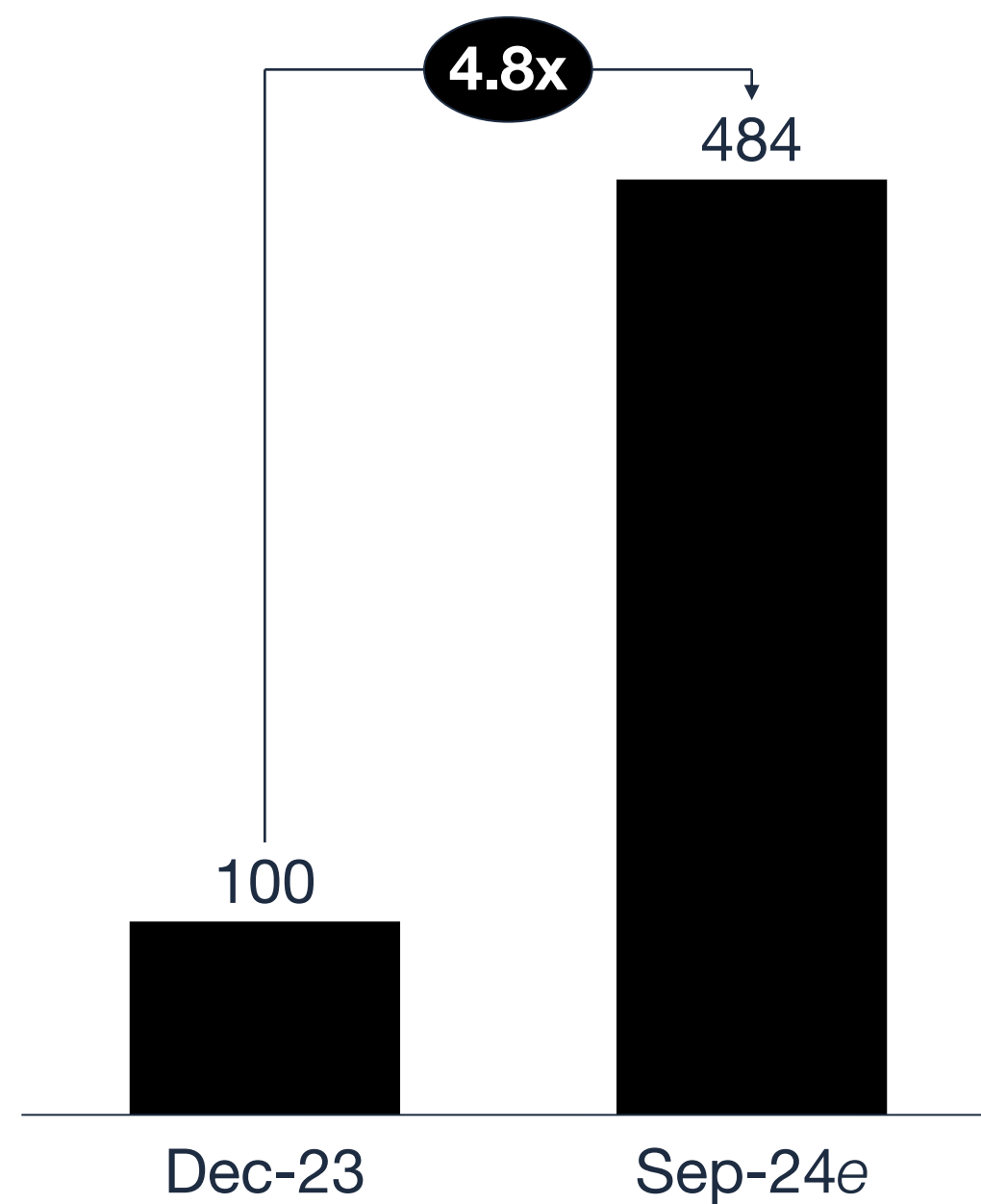
180 Insurance is working to close the insurance penetration gap by enabling broader and more efficient distribution



180 Insurance is a **full-stack insurance-as-a-service provider** in Brazil. They allow companies in multiple sectors to extend **customizable insurance products**, like extended warranties, residential insurance, and credit protections

180 Gross Written Premiums

Indexed Dec-23 = 100



180 Case Studies



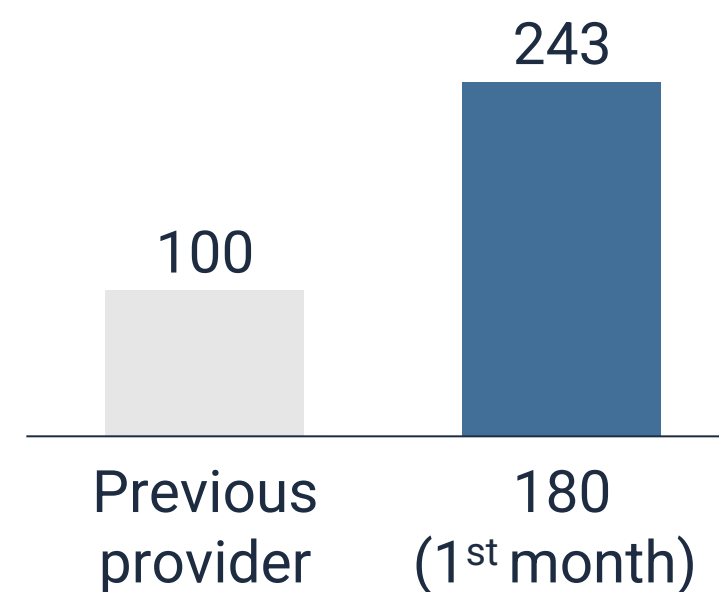
Open Co offers credit for individuals* and SMBs

Loan insurance allows Open Co to improve experience while benefitting from better credit risk and profitability

Previous provider suffered from data inconsistency, high downtimes, and slow API responses, leading to loss of sales, higher costs, and a degraded customer experience

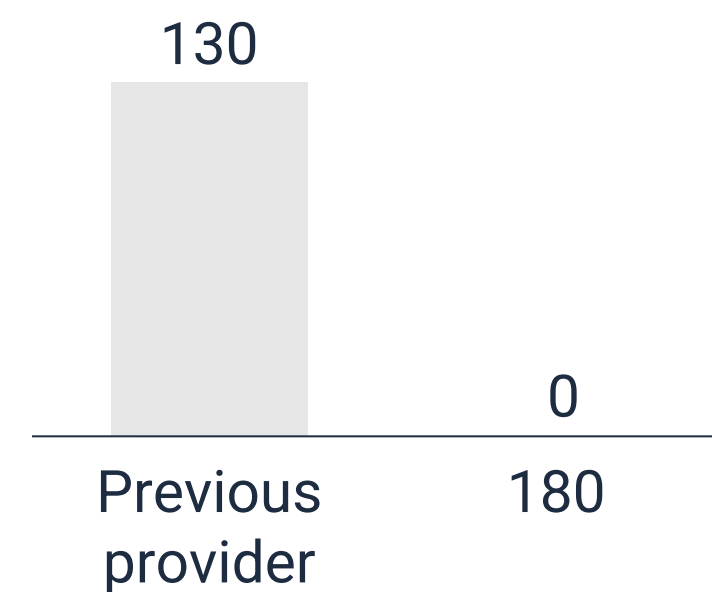
Insurance sales conversion uplift

Indexed 100



3-month downtime

Total minutes



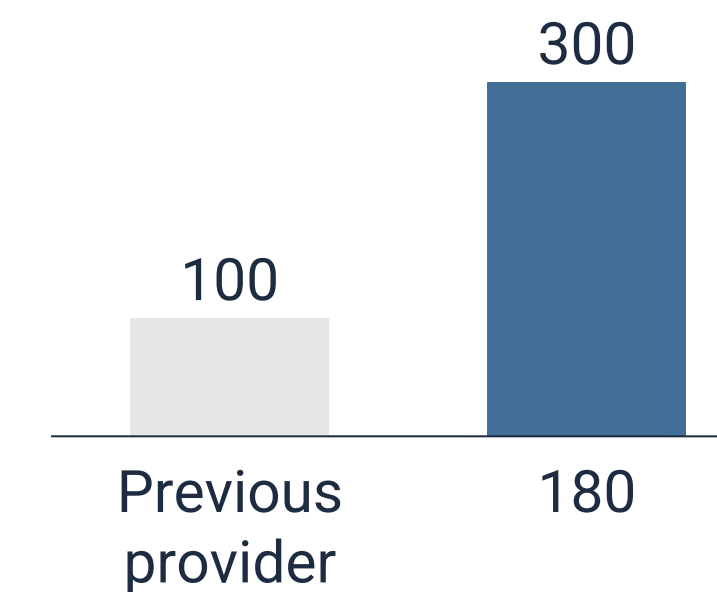
CredPago facilitates rentals with no guarantor

Offering residential insurance makes CredPago's sales more convenient while increasing revenue and retention

Incumbents offer restrictive, off-the-shelf products, plus poor analytics and reconciliation. This hindered CredPago's scaling efforts in the past, negatively impacting operations.

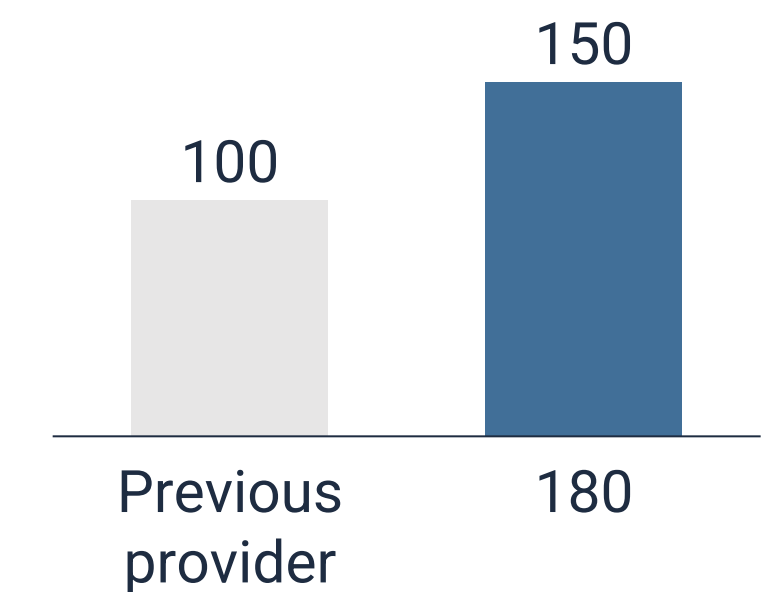
Insurance revenue growth after migration

Indexed 100



Insurance sales partner growth since migration

Total agencies, base 100



Note: (*) Data refers to individual loan insurance
Source: 180 Seguros internal data





The New Face of Fraud

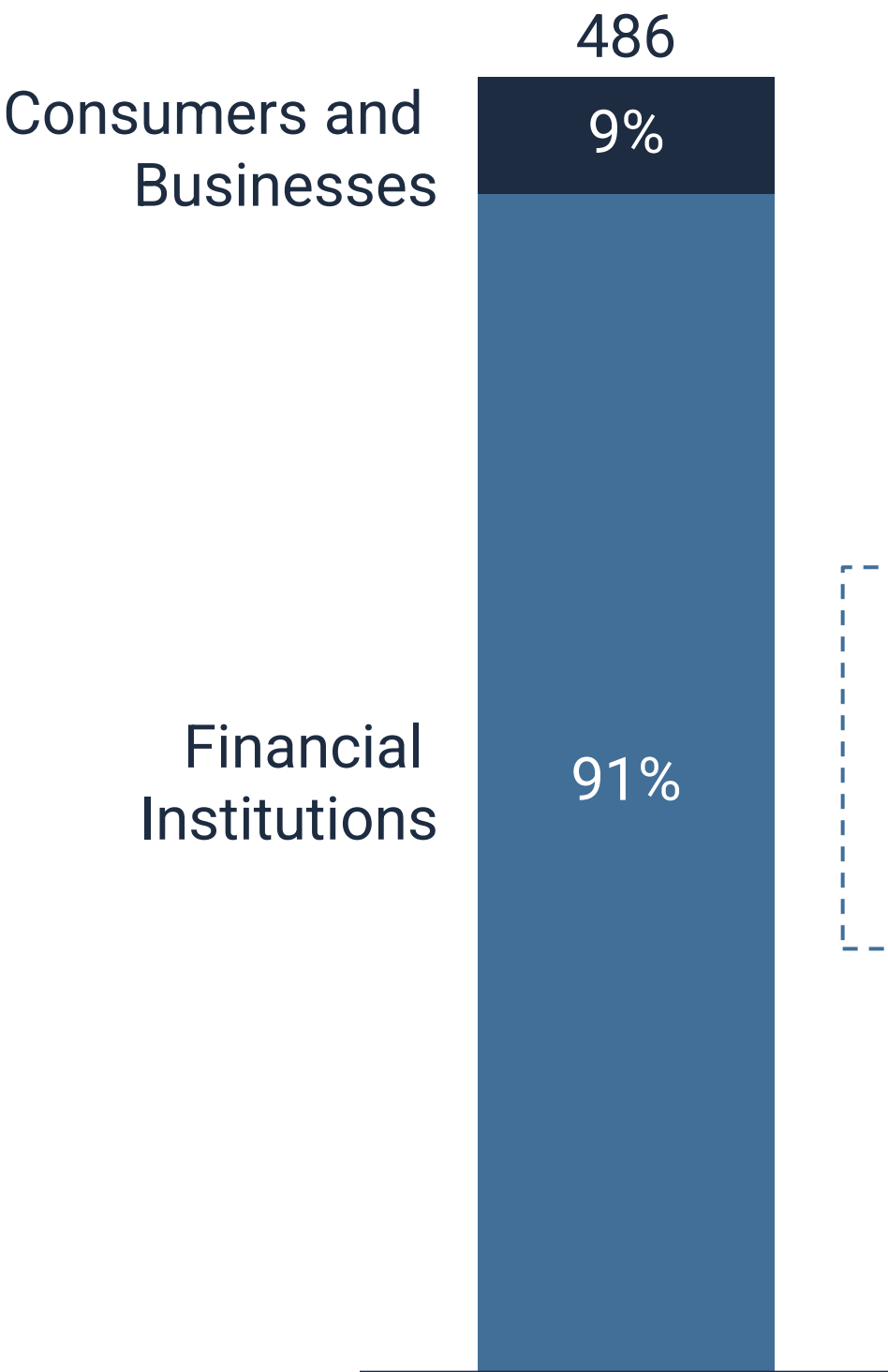
With great power comes great responsibility. The advent of digital payments and new technology have given fraud a new face.

In Latin America, the problem is particularly striking, as companies grapple not only with loss of revenue but also heightened costs and regulatory scrutiny.

The urgency has spurred new and creative solutions, bound to change the way companies in the region approach compliance and fraud today.

As fraud volumes skyrocket globally, prevention becomes core to consumers, businesses, and financial institutions

Global loss to fraud by bearer of cost¹
2023, US\$B



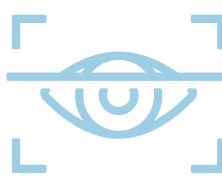
Successful frauds pose a loss of \$4.4 for every fraudulent dollar spent* for financial institutions

Definition and growth of consumer fraud by fraud type²
2023 vs. 2019, Volume growth multiple

Consumer Fraud** is especially relevant and happens in three core ways:



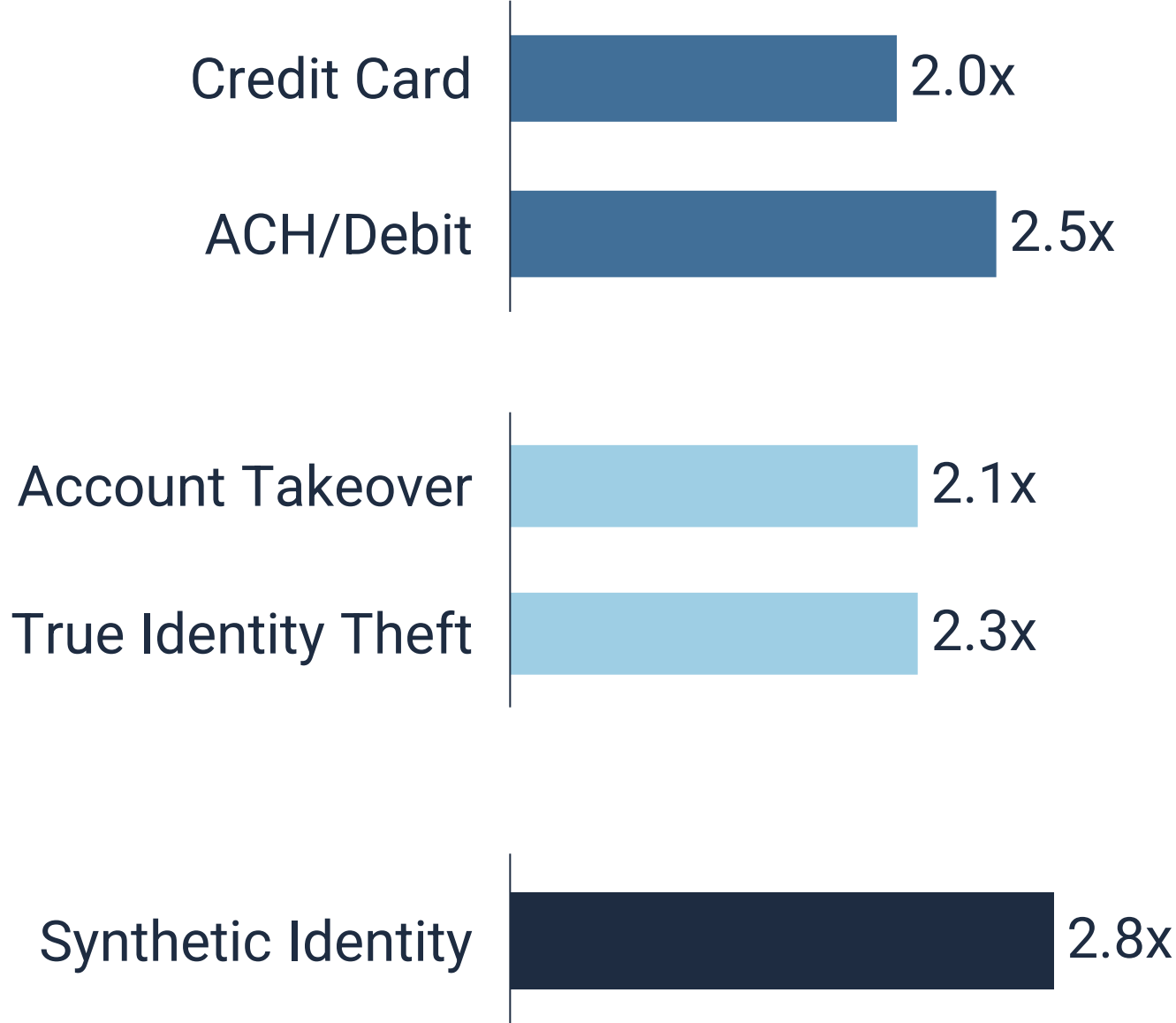
Payments and Financial Fraud
Stolen or cloned payment methods;
Money laundering



Identity Fraud:
Use of stolen/falsified documents;
false claim of stolen identity



Information Fraud:
Providing false information;
concealing real information

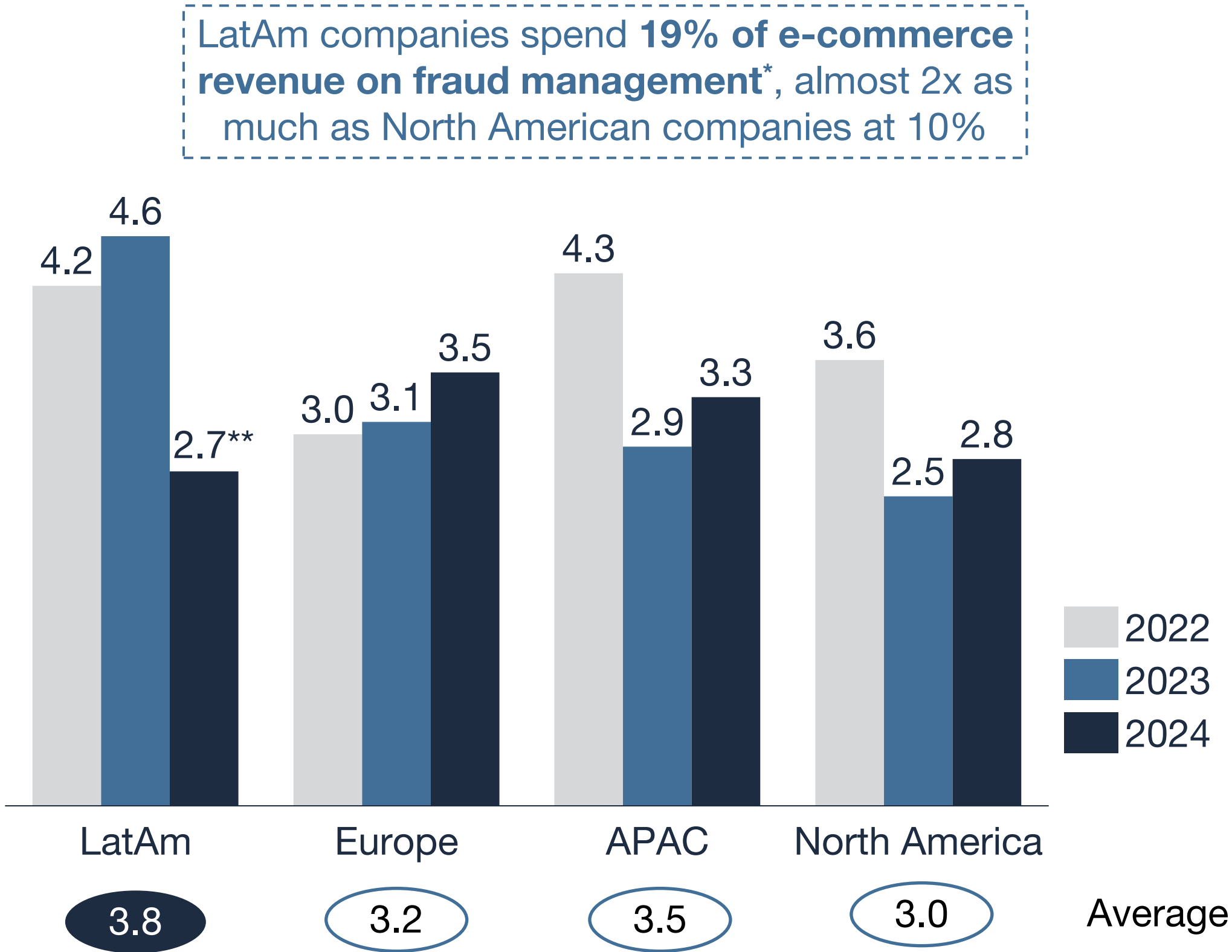


Notes: (*) For every \$1 stolen through fraud, financial institutions face a total cost of \$4.40, covering the direct loss and related expenses like chargebacks, investigation, and recovery (**) Fraudulent practices that result in consumers experiencing financial or other losses
Sources: (1) Nasdaq Verafin 2024 Global Financial Crime Report (2) TransUnion 2024 State of Omnichannel Fraud Report

The fraud problem in Latin America is particularly striking, as the region ranks highly in key fraud indicators

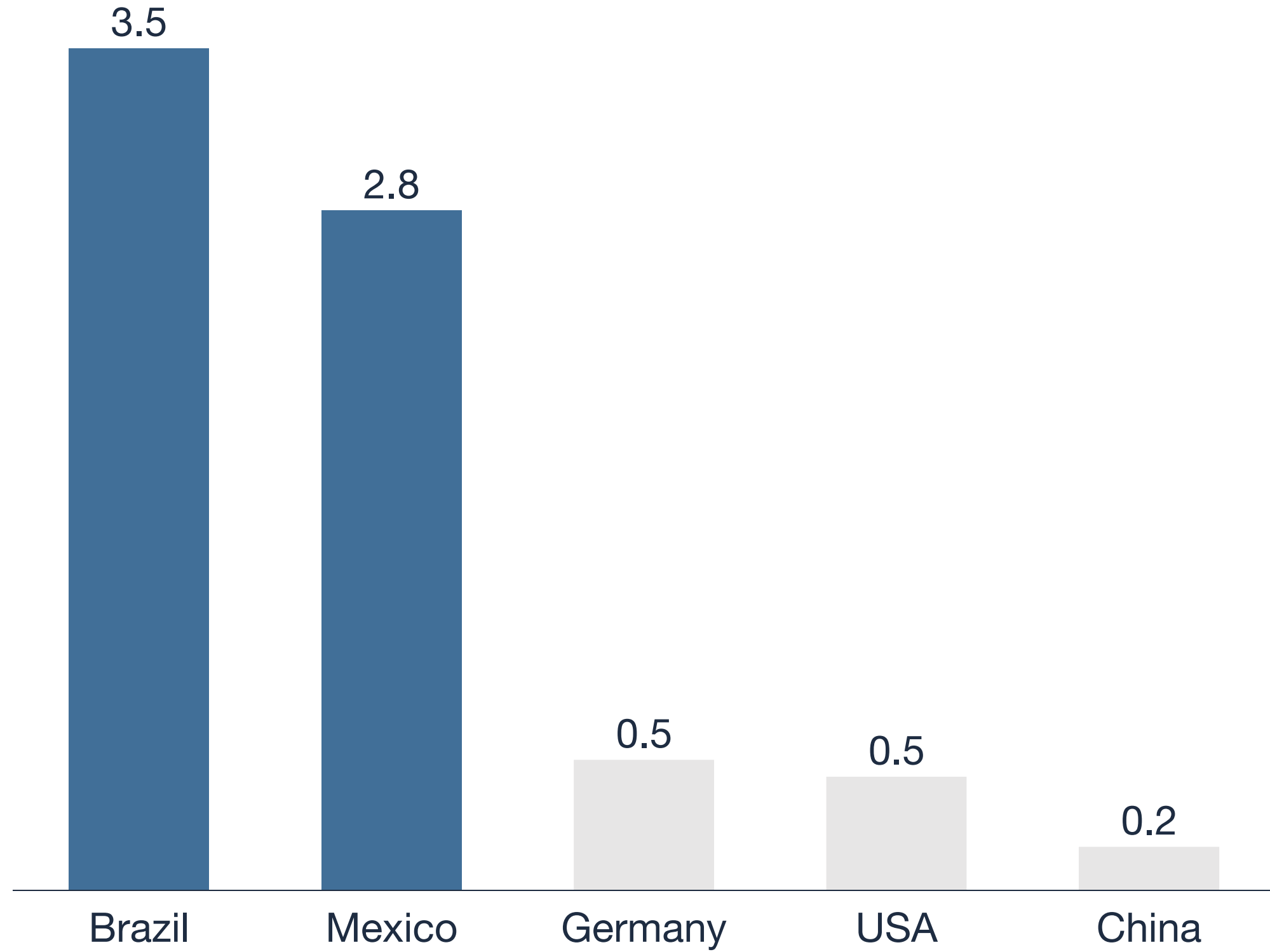
Lost e-commerce revenue from fraud¹

2023, % of revenue lost to fraud by region



Chargeback rate by country²

2023, % of transactions charged back by country



Notes: (*) Calculated as spending to manage payment fraud relative to annual e-commerce revenue (**) Significant variation may be due to the small base of companies in Latam 2024 dataset

Sources: (1) 2023 and 2024 Global Ecommerce Payments And Fraud Reports; (2) Clearly Payments - Chargeback Statistics in Credit Card Processing

Tuna orchestrates payment flows and antifraud solutions to combat chargebacks and fraud while optimizing approvals



TUNA

Tuna provides a high-quality **portfolio of products** that help companies achieve **optimal performance** in payments processing, **reducing chargebacks and fraud** while **optimizing for approval rates**, fraud costs and processing fees

Tuna's product suite



Payment gateway with advanced orchestration and integration with acquirers, payment facilitators and biometrics

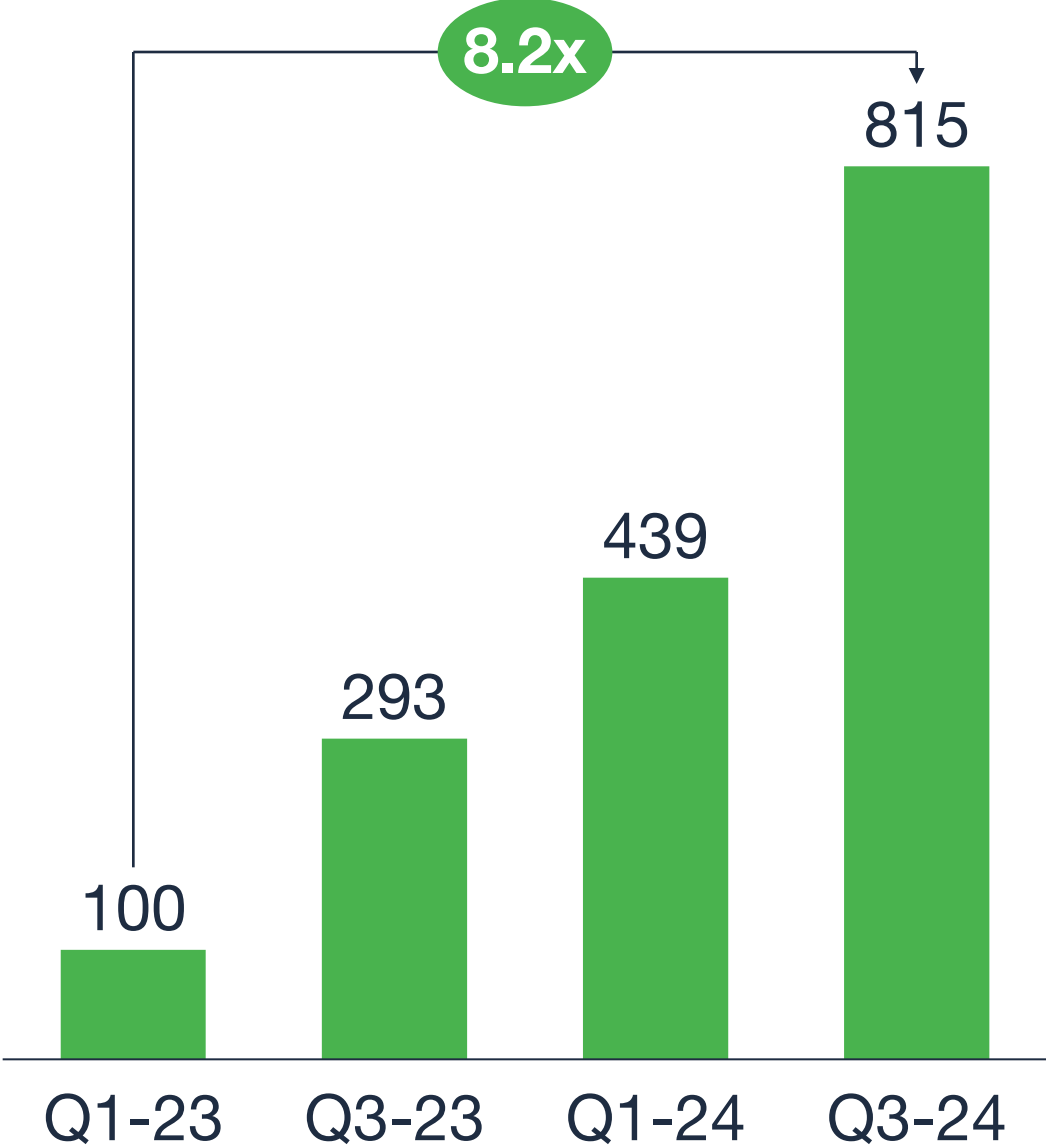


Payment facilitator that supports all forms of payment and offers advanced marketplace functionality



Proprietary anti-fraud modules and partnerships with major anti-fraud providers

Tuna Total Payment Volume
Indexed Q1-23 = 100



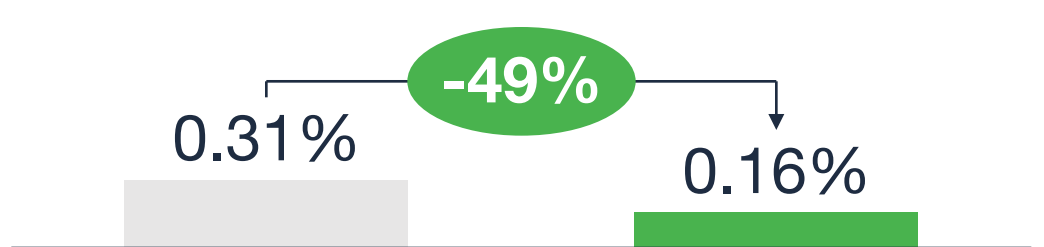
Tuna Case Studies



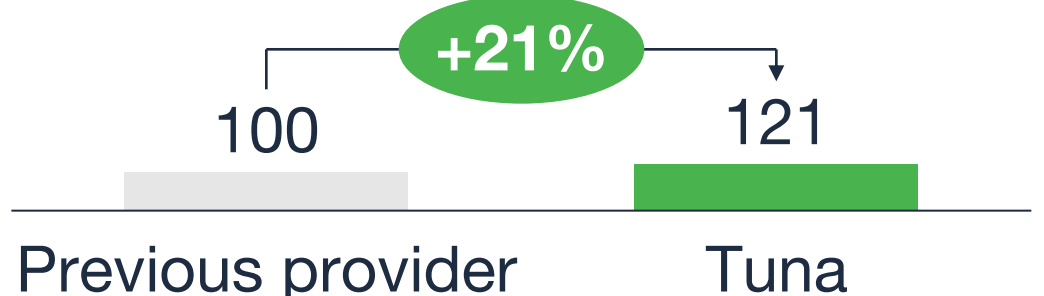
Fraud reduction (% chargebacks)*



Anti-fraud costs (% of TPV)**



Net revenue (index =100)***



Notes: (*) In partnership with Cybersource, Tuna redesigned the fraud journey; (**) Leveraging the same anti-fraud provider, ClearSale, Tuna redesigned the flow so recurring users would not run through ClearSale's antifraud solution ; (***) In partnership with Unico, Tuna recovered false-positive anti-fraud declines using facial recognition and retries via acquirers

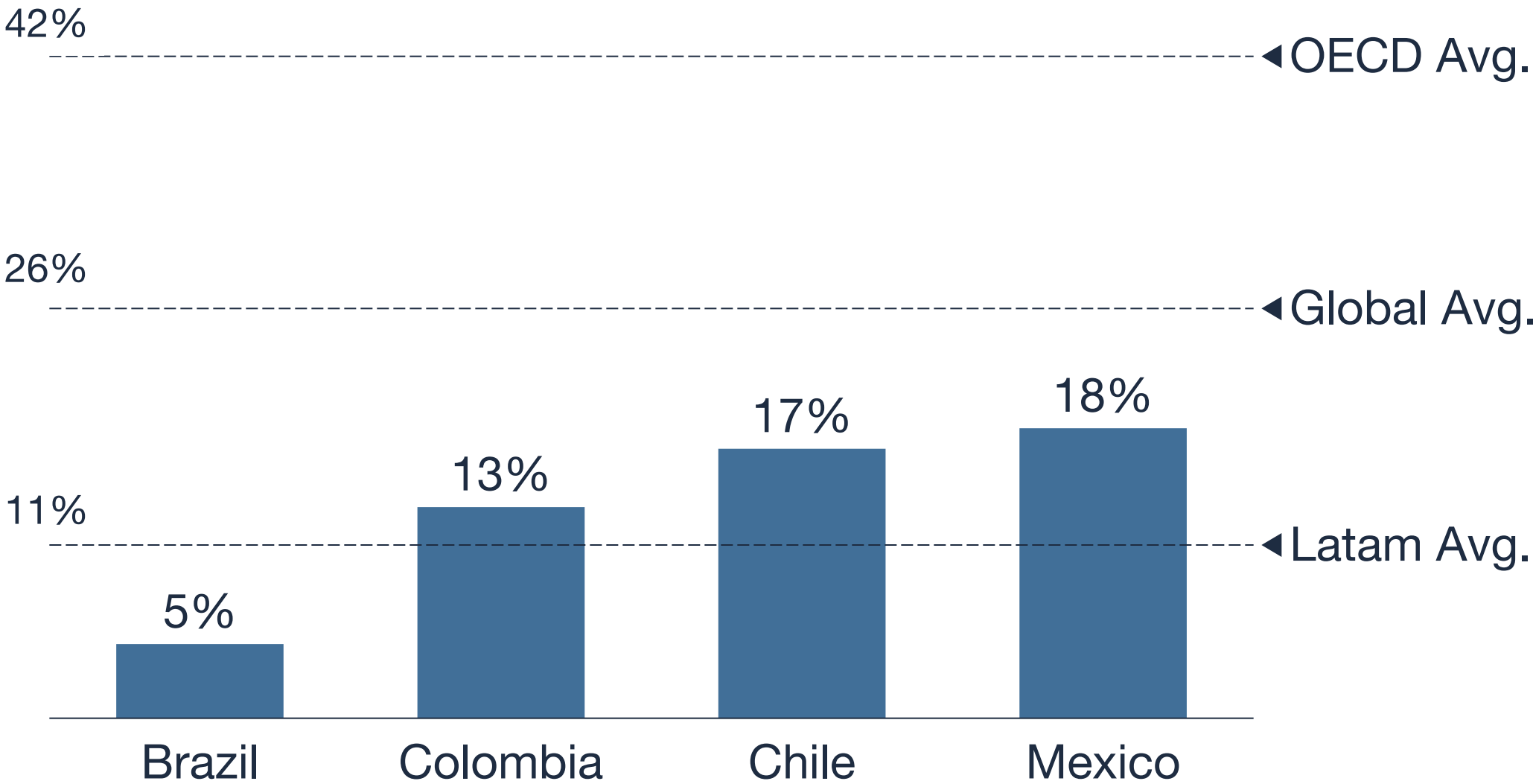
Source: Tuna internal data

Despite a cultural lack of trust, Latin Americans believe in technology and are willing to adopt security measures

Generalized trust¹

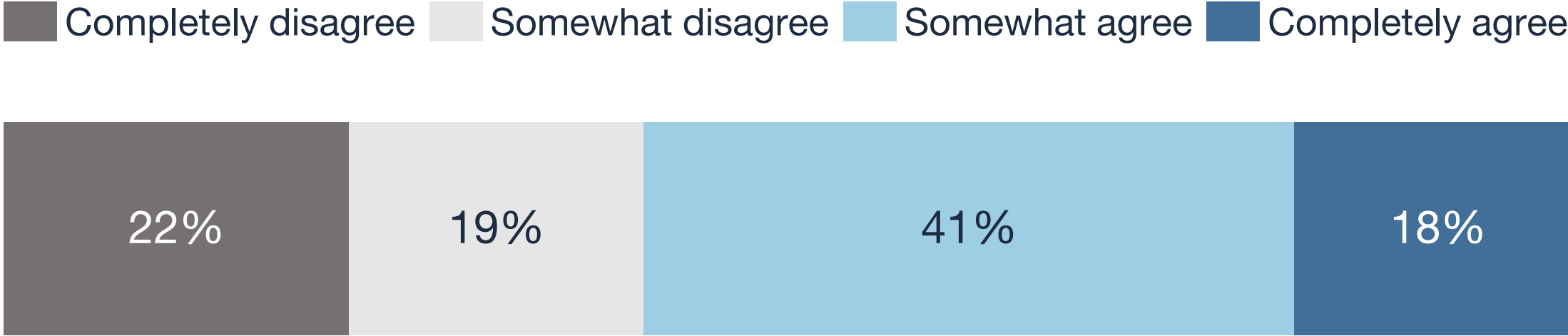
2022, % answering most people can be trusted

Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?



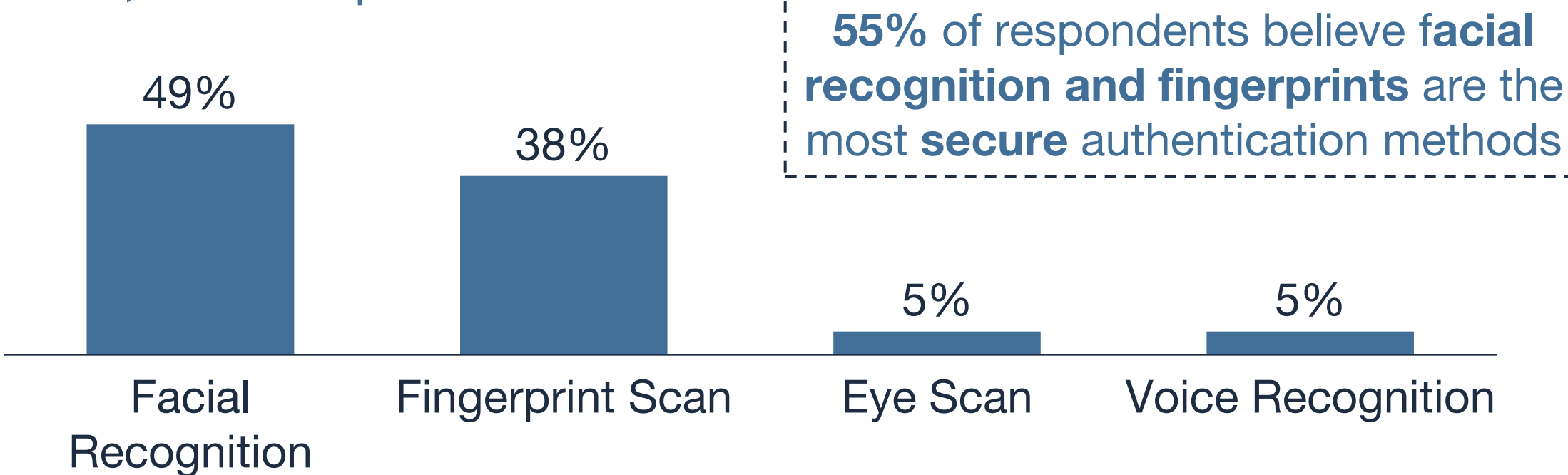
“The benefits I obtain from using online services are greater than my concerns with data privacy”²

2024, % of respondents



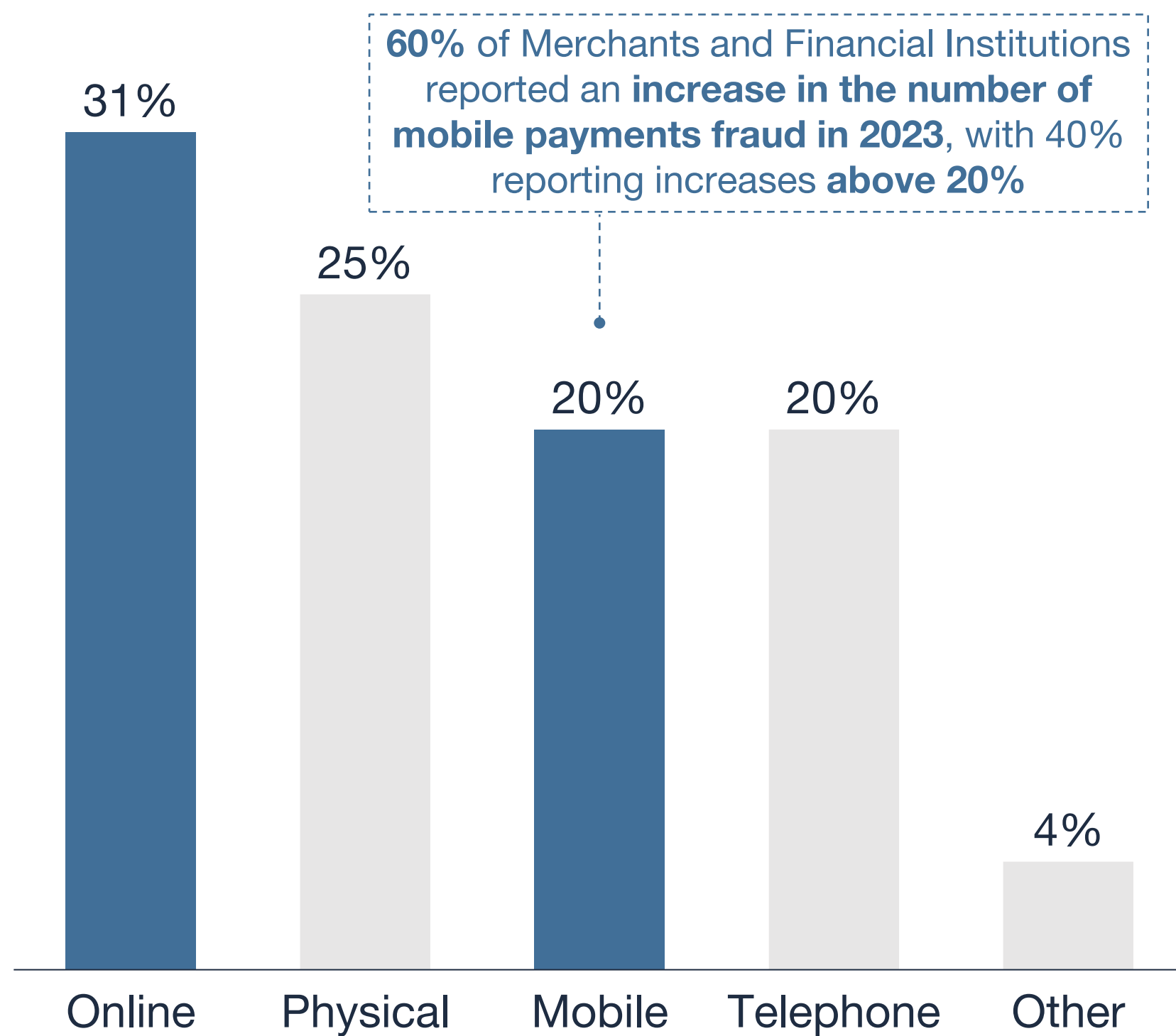
Main authentication methods used in own smartphone³

2023, % of respondents

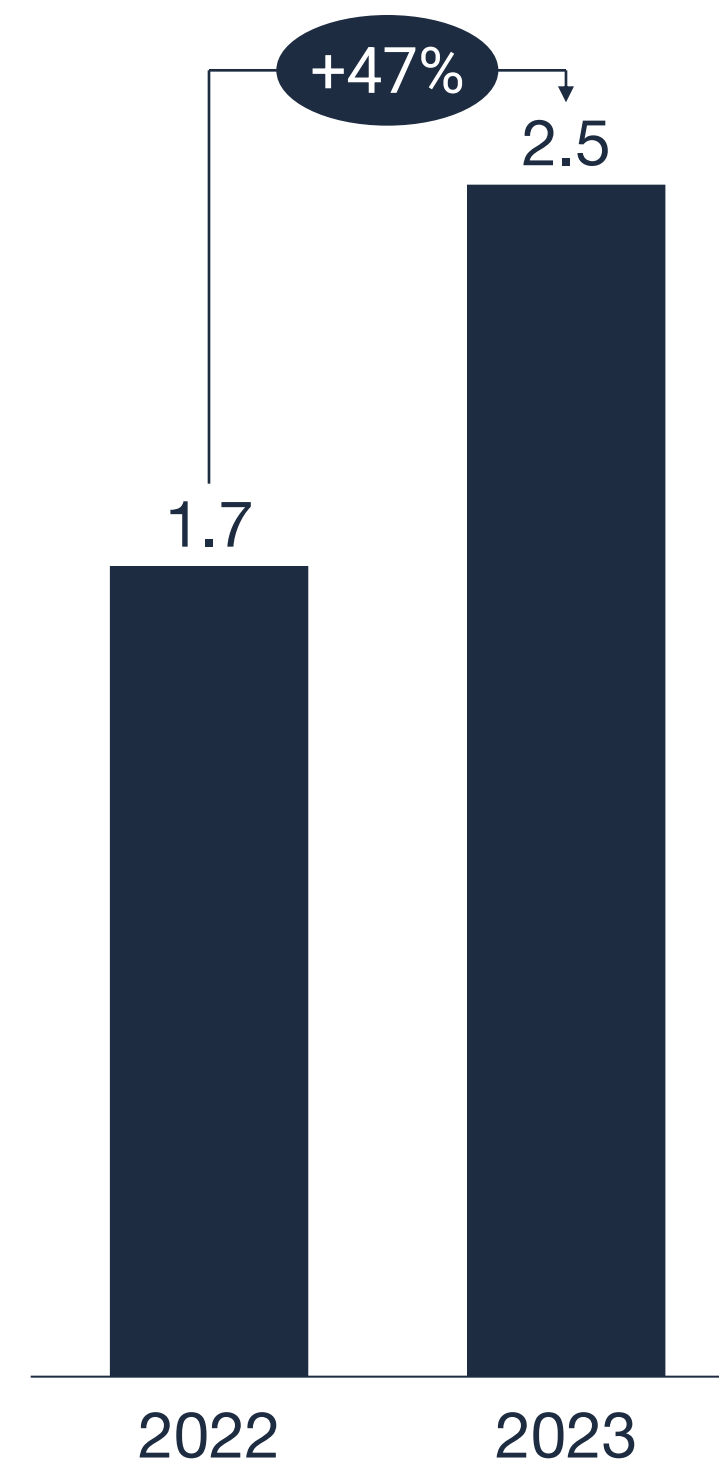


New technologies, including the rise of digital payments and breakthroughs in Gen AI, are changing the face of fraud

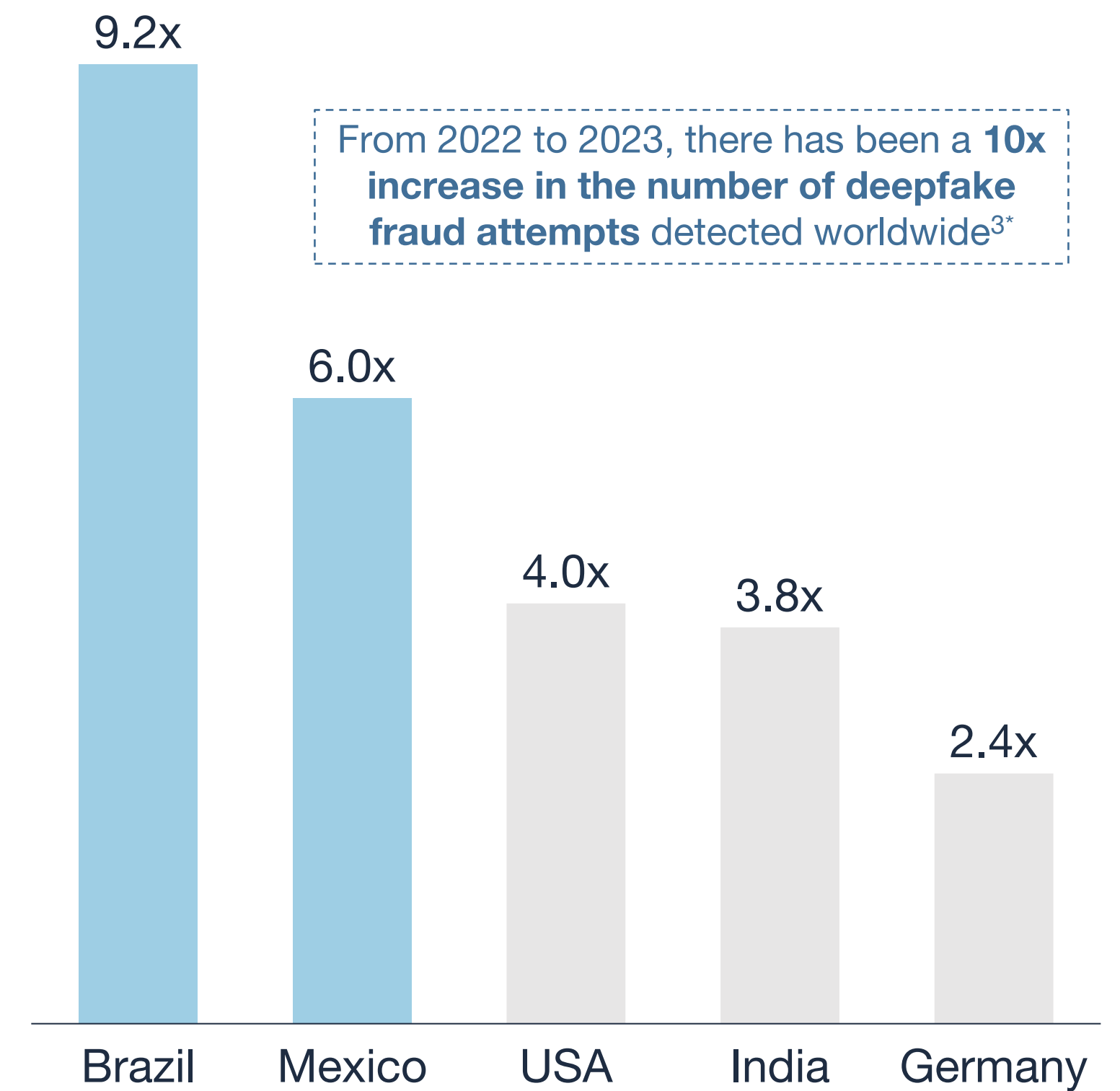
LatAm fraud losses by origination channel¹
2023, % of fraud originated



Fraud-related Pix refund requests in Brazil²
Million requests



Change in deepfake* fraud attempts¹
2024 vs. 2023, Volume growth multiple



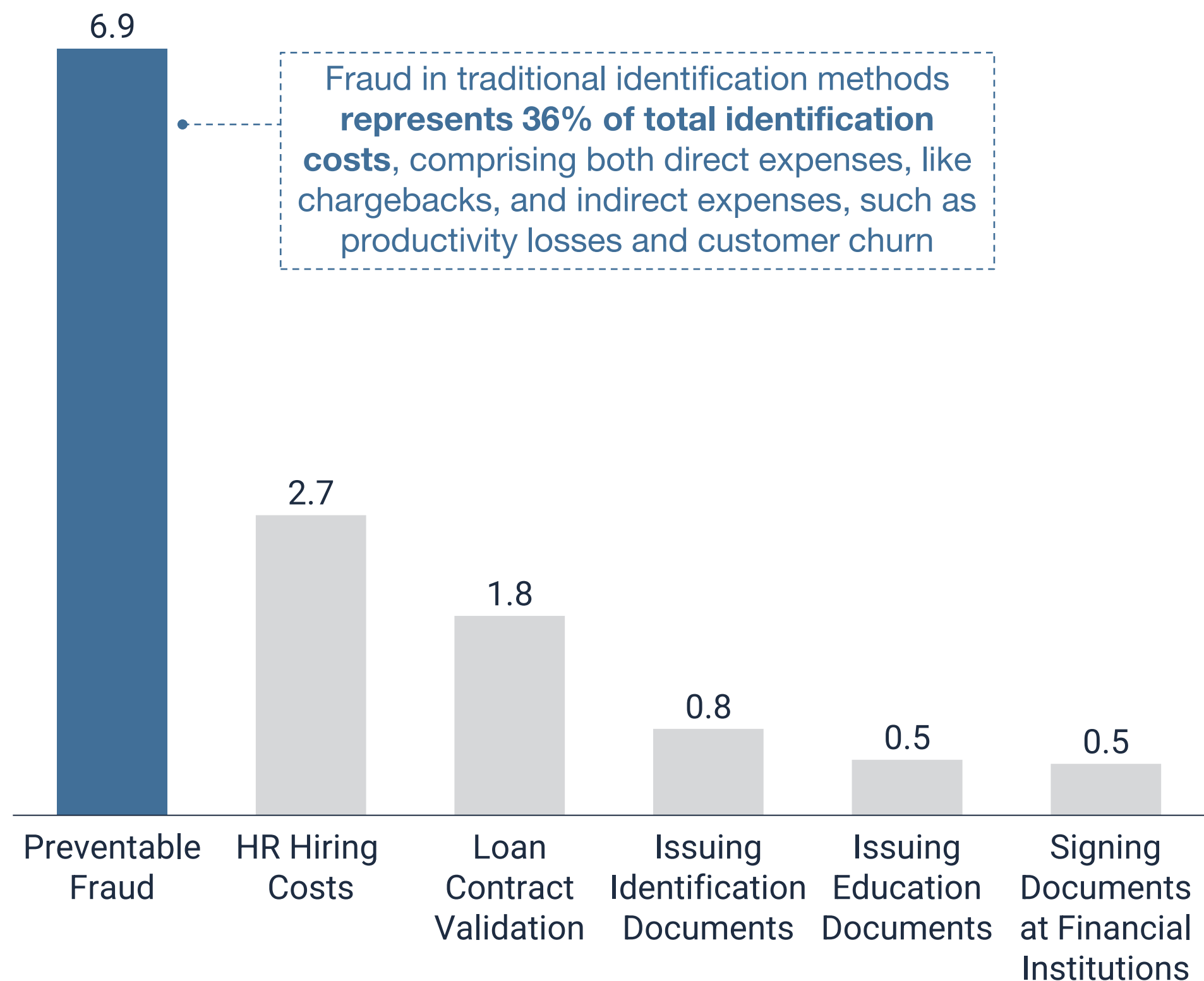
Notes: (*) Deepfake refers to use of Generative AI to create realistic-looking but fabricated or manipulated audio, videos, or image content, (**) Base of 2M total fraud attempts worldwide

Sources: (1) Lexis Nexis True Cost of Fraud in LatAm Study 2023; (2) Brazilian Central Bank Data; (3) SumSub Identity Fraud Report 2023

Manual identification processes cost billions in Brazil, but digitalization promises higher efficiency and security gains

Annual costs associated with traditional identification methods* in Brazil¹

2021, US\$B



Digitalization of the identification process represents a major opportunity to reduce costs and enhance efficiency

1.6%
of Brazil's GDP can be potentially saved by digitalizing identification processes¹

Up to **68%**
of a minimum monthly wage is spent annually by each Brazilian with traditional identification¹

13%
of GDP increase expected in Brazil by 2030 with widespread digital ID adoption²

LatAm digital entities are already deploying the solutions

incode

Leverages **AI**, identity checks, and **deepfake detection** to provide solutions that detect and prevent sophisticated fraud attempts

UNICO

Combines **biometrics** and **digital identity verification** to deliver scalable solutions that prevent fraud and streamline authentication

idwall

Provides an **all-in-one digital identity platform** that **boosts security, reduces costs, and improves client conversions**

Note: (*) Traditional identification methods include all analog or non-digital processes, such as physical document verification and in-person appointments
Sources: (1) Unico and FGV Study; (2) McKinsey Digital

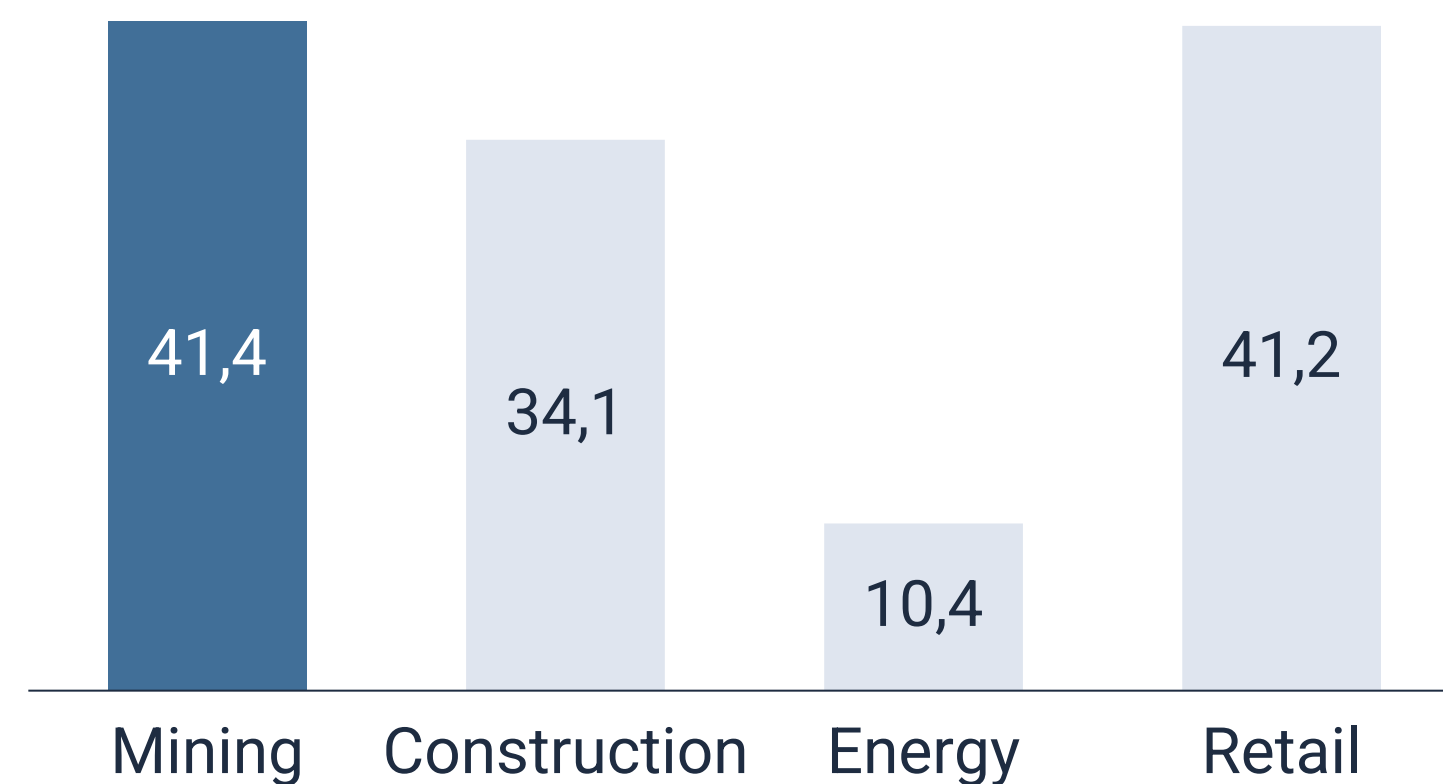
Plutto is automating customer and supplier KYB* for enterprises across LatAm, ensuring real-time compliance



Plutto offers **B2B KYC and KYB solutions across Latin America**. It **simplifies due diligence** by automating the evaluation and monitoring of customers and suppliers to **assess compliance and legal risks in real time**

Estimated** fraud volume in LatAm

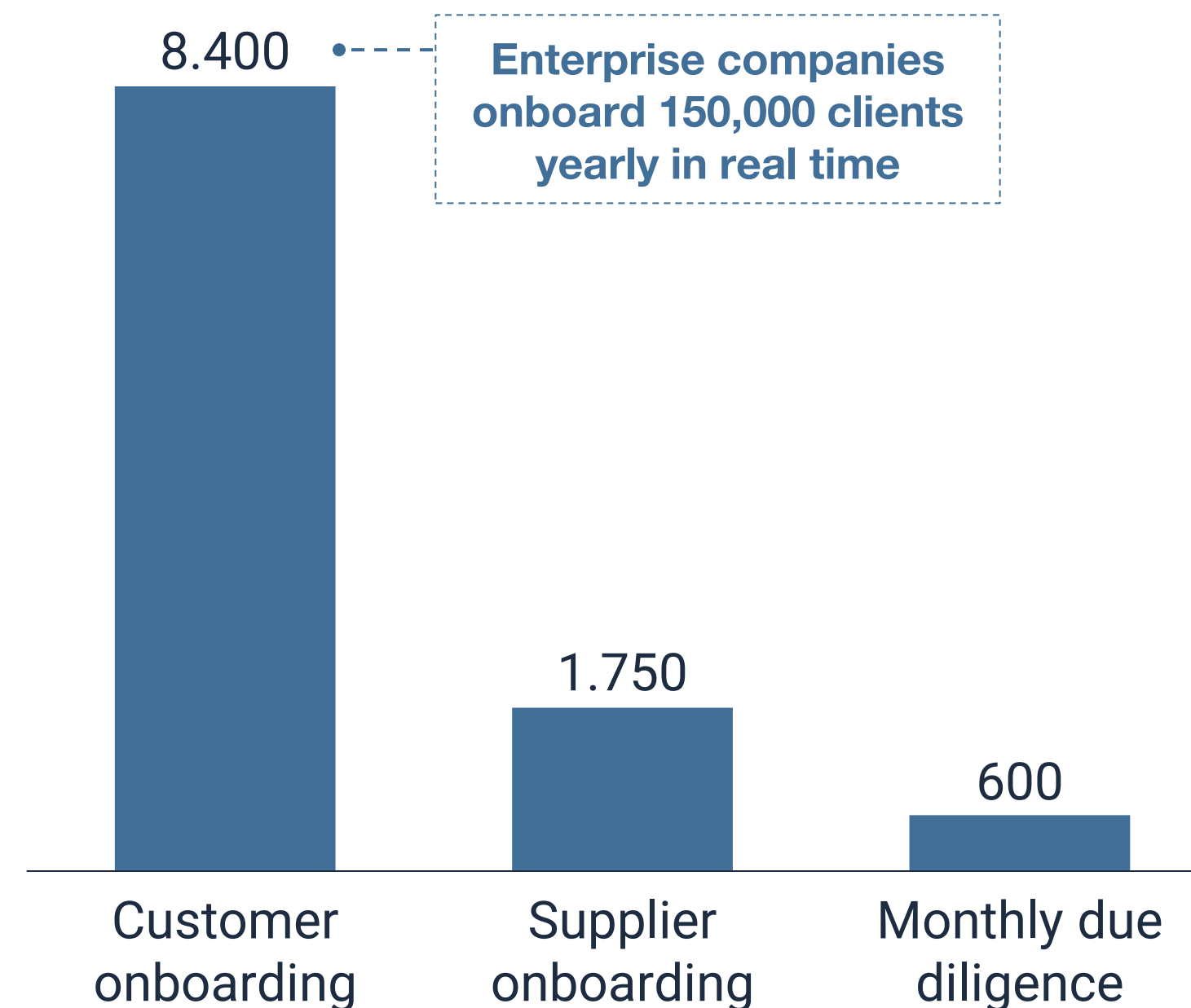
Selected industries, 2023, US\$B



The Mining industry accounts for **+110,000 suppliers** in Latin America. These suppliers require **monitoring for anti-fraud, bribery, economic crimes, and compliance with local and international laws**

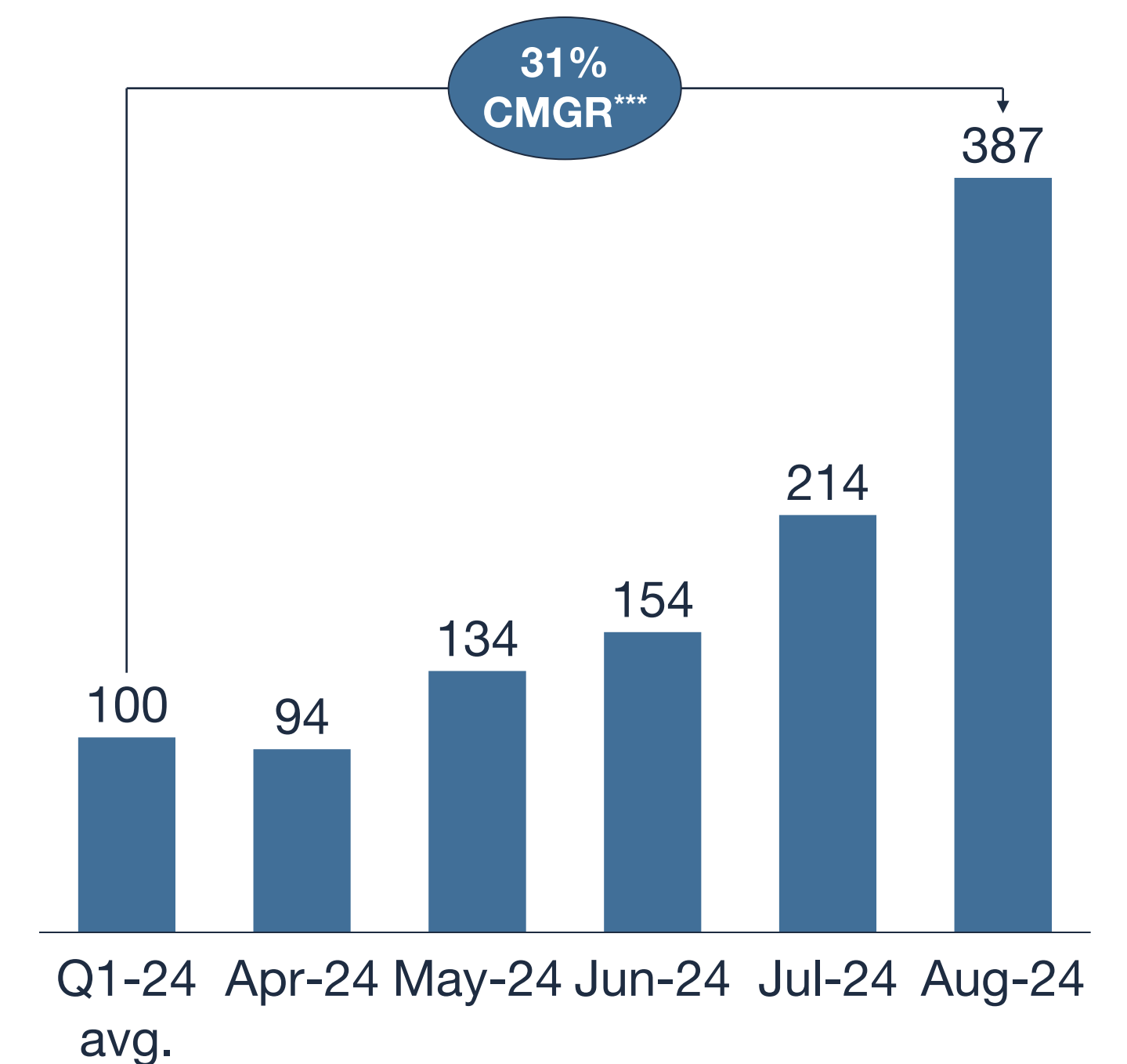
Average annual volume per operation type of middle-market clients

Thousands of operations



Plutto's monthly revenue growth

Indexed Q1-24 monthly average = 100



Notes: (*) KYB (Know Your Business) are processes used to verify the identity and legitimacy of businesses to ensure compliance with legal and regulatory standards and reduce losses to fraudulent activities; (**) 5% fraud rate (ACFE); (***) Compound Monthly Growth Rate

Sources: (1) Plutto Internal Data; (2) Occupational Fraud 2024, ACFE



05

A Green Powerhouse





The Planet Ahead of Us

Latin America is uniquely positioned to lead the world as we race to solve the climate crisis.

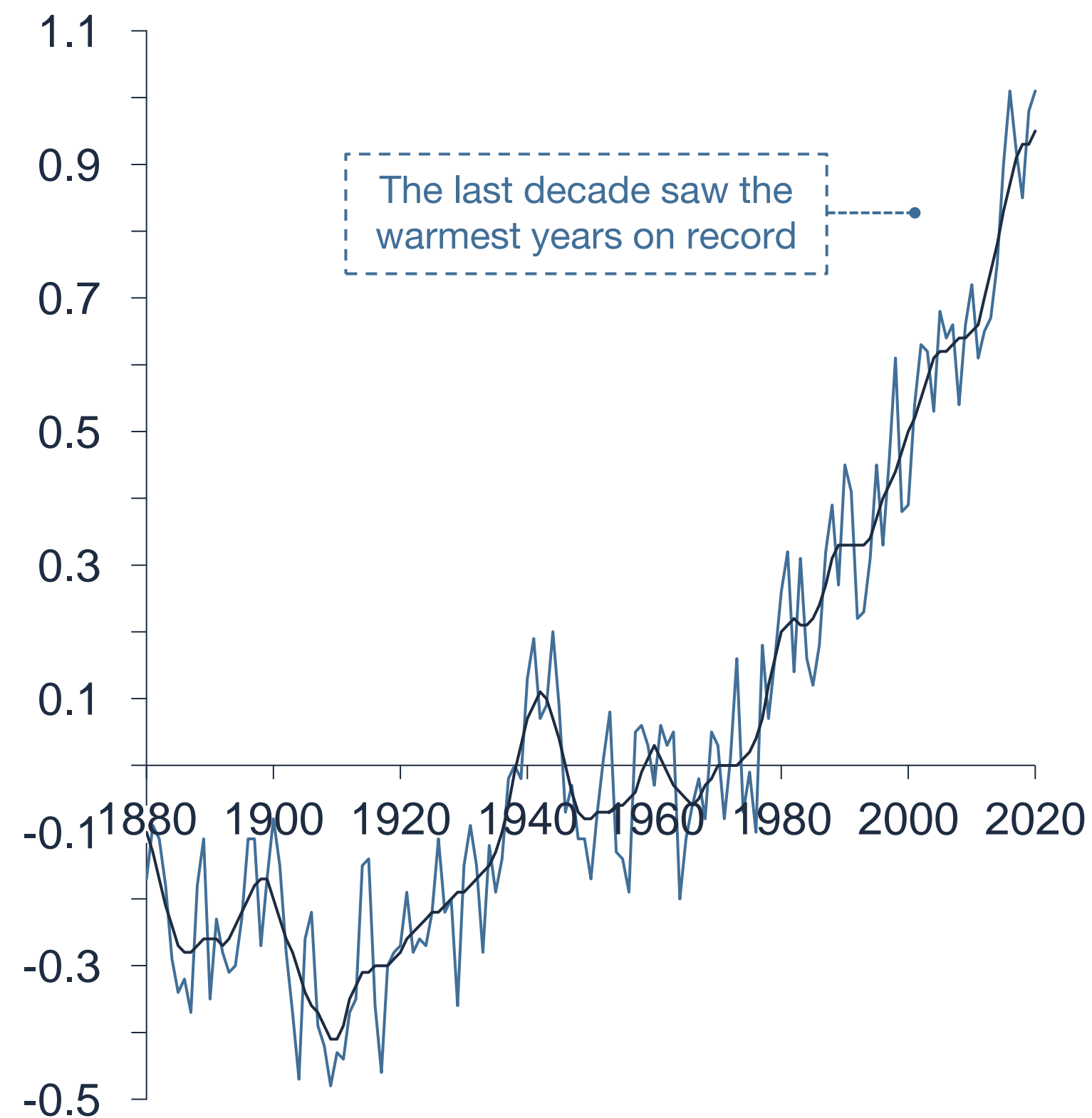
Blessed with dense rainforests, rich mines, sunlight and rivers, the region is bound to play a **critical role in the clean energy transition.**

Regulatory tailwinds and the rise of new technology across transportation, agriculture and offsetting can usher in a **golden age of innovation in energy**, that stands not only to generate immense value but also safeguard our planet.

Climate challenges continue to mount and represent an urgent theme to be addressed over the next decades

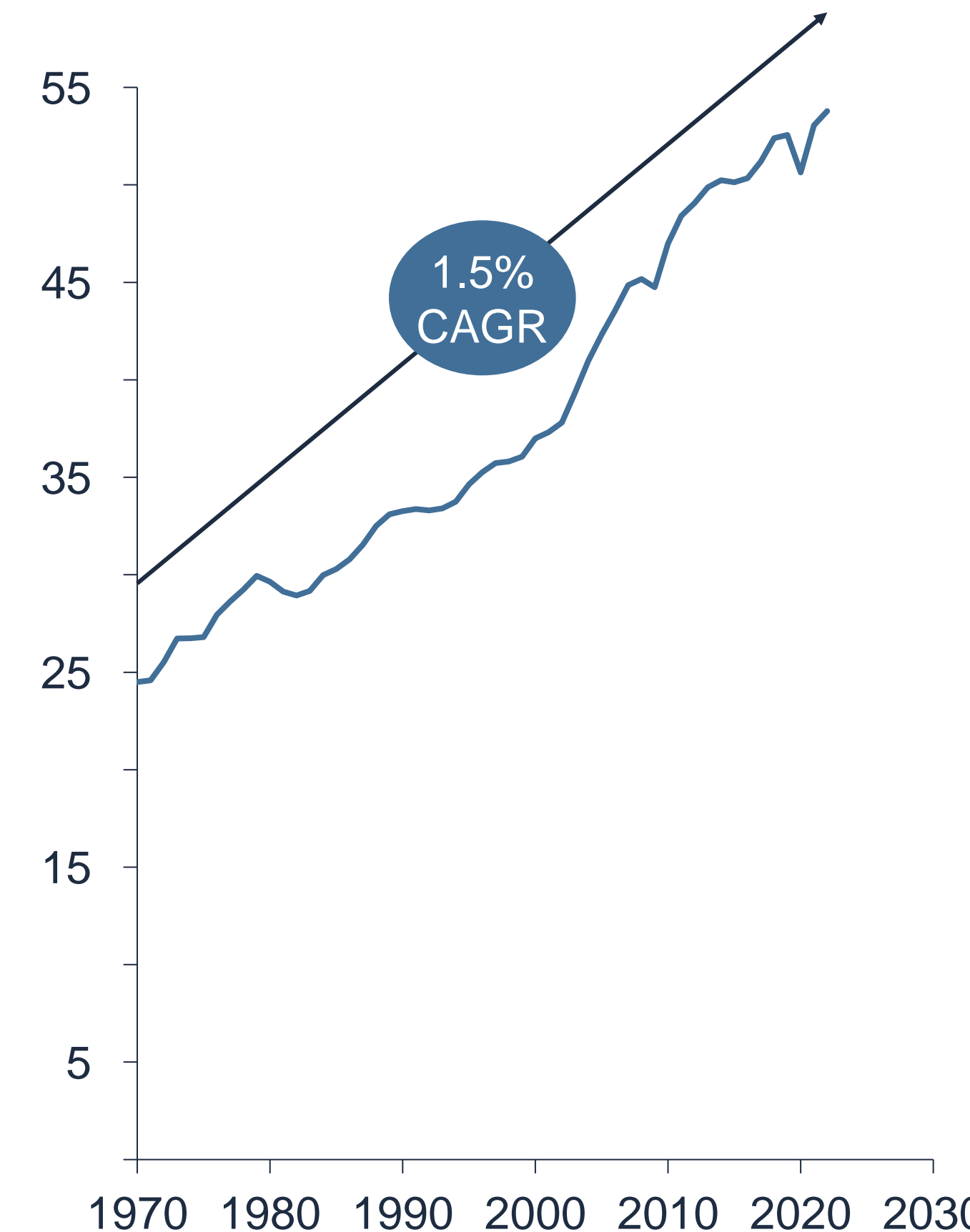
Global temperature growth¹

Change in degrees Celsius



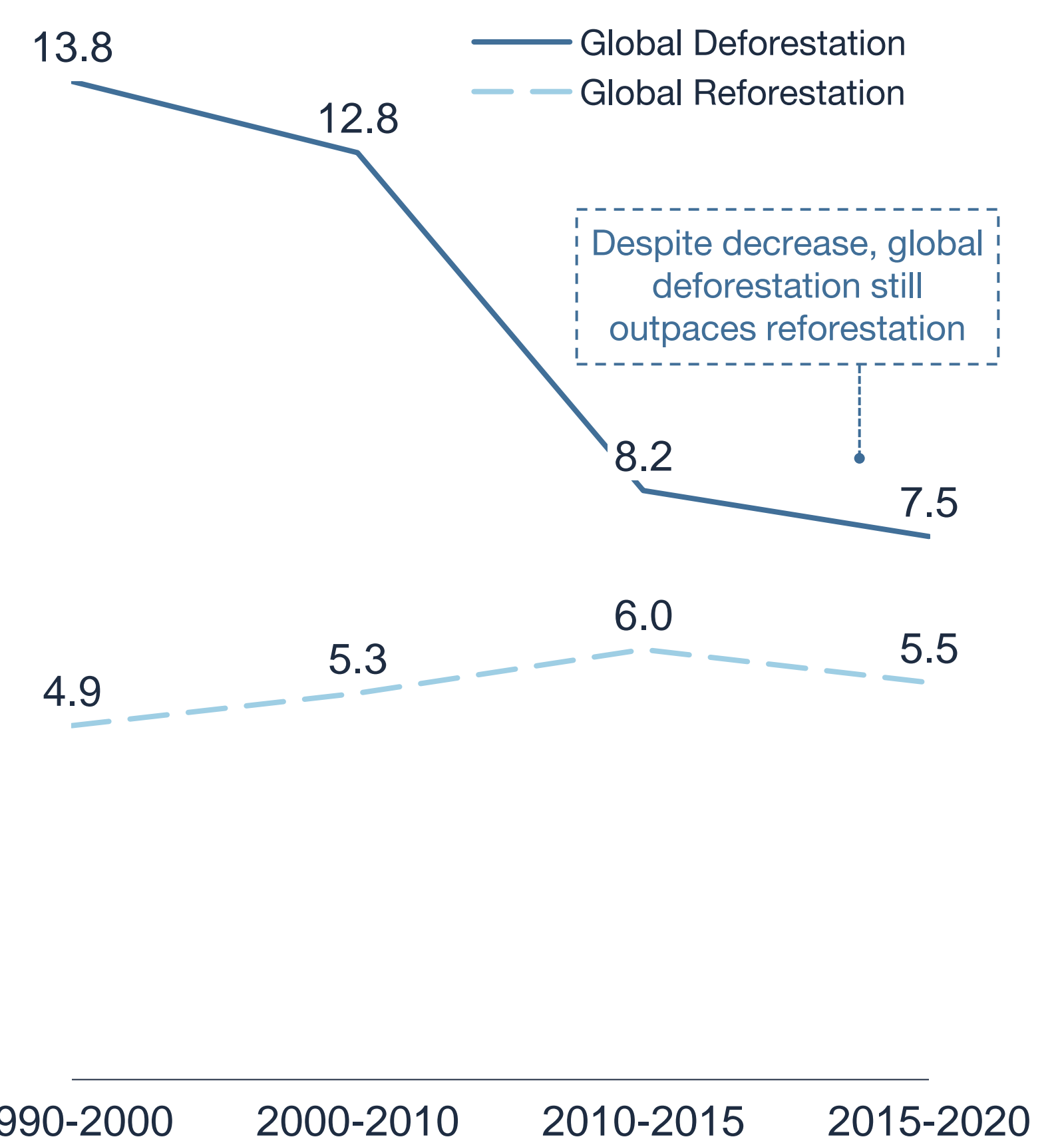
Rise in Global GHG* emissions²

Gton CO² equivalent



Rise in Global Deforestation^{1,3}

Average Mha per year



Note: (*) Greenhouse gases

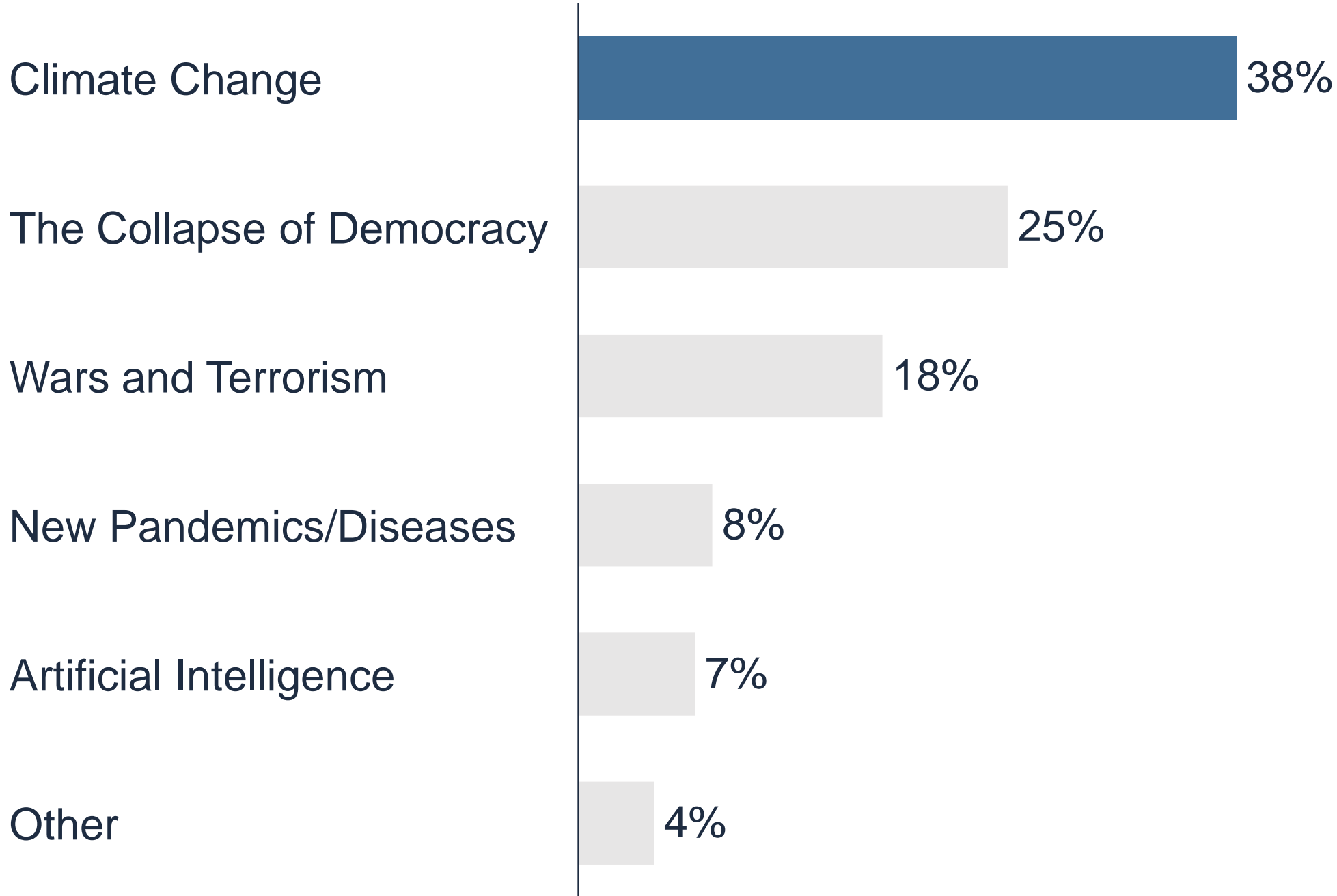
Sources: (1) NASA Climate Database; (2) EDGAR Emissions Database for Global Atmospheric Research: GHG emissions of all world countries, 2023 Report; (3) FAO Global Forest Resources Assessment, 2020

Climate change is seen by Brazilians as the number one risk to the planet, ahead of any other societal threat

Perception about main risks for the planet¹

2023, % of respondents in Brazil

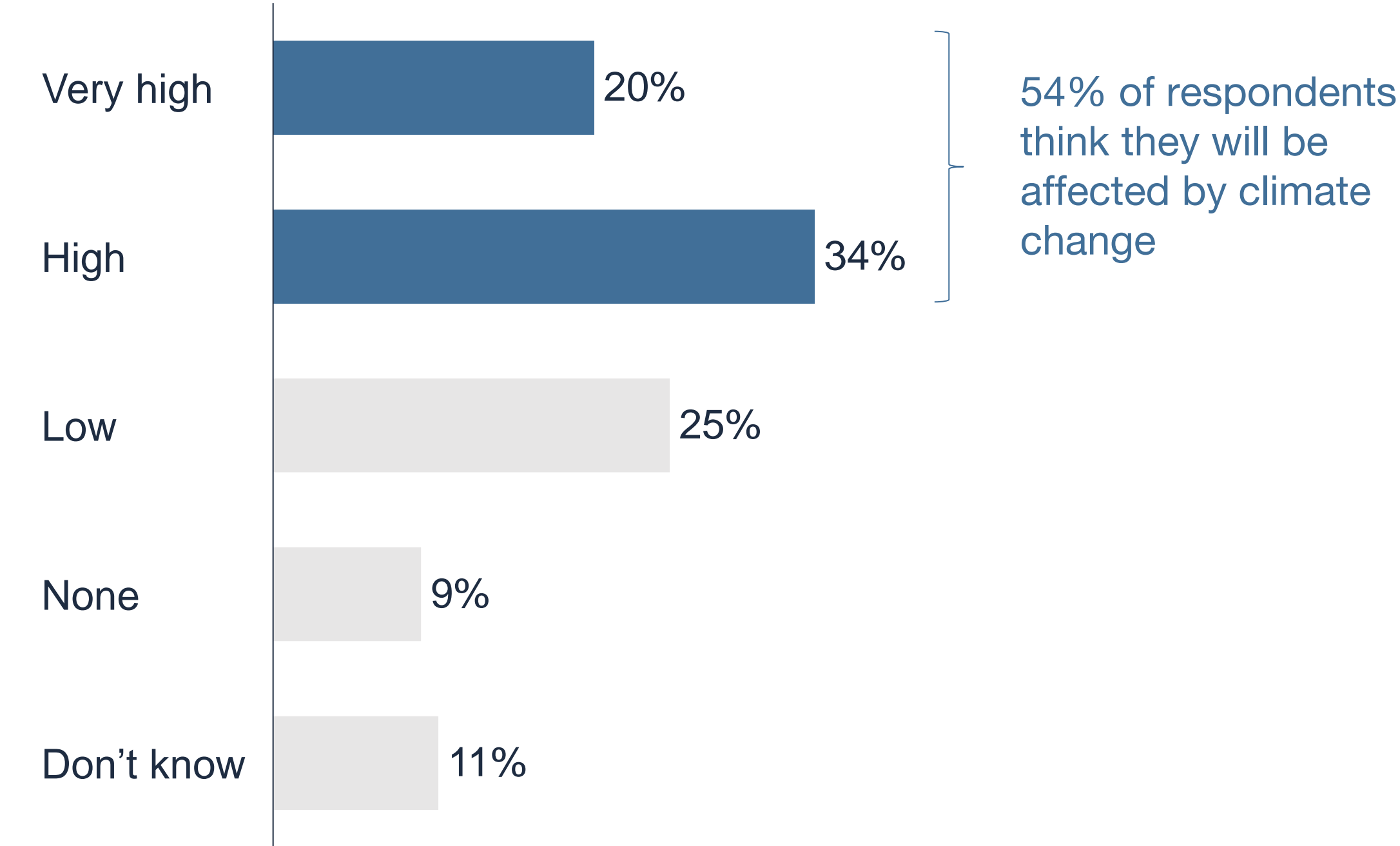
Thinking about the future, what is the greatest risk for our planet?



Opinion about being affected by climate change¹

2023, % of respondents in Brazil

In your opinion, what is the likelihood of you being personally affected by climate events over the next 5 years?



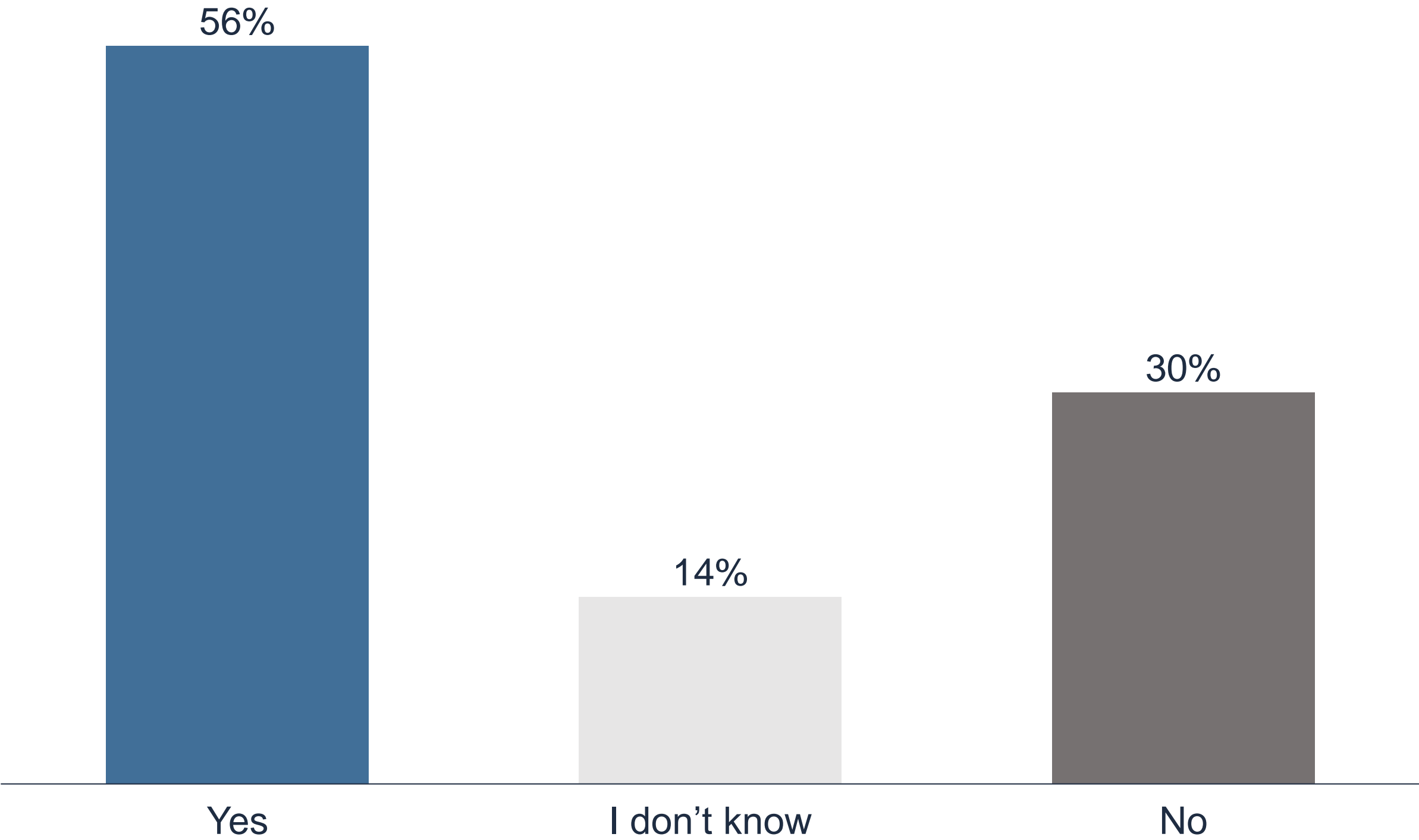
Note: Margin of Error: ± 2 percentage points; Confidence Level: 95% Data Collection Period: June 27th to July 15th, 2024
 Source: (1) Atlantico and AtlasIntel Survey 2024 (n=1,619)

The majority of the population is willing to invest more to fight climate change and support sustainable products

Opinion on governments prioritizing climate action¹

2024, % of respondents in Brazil

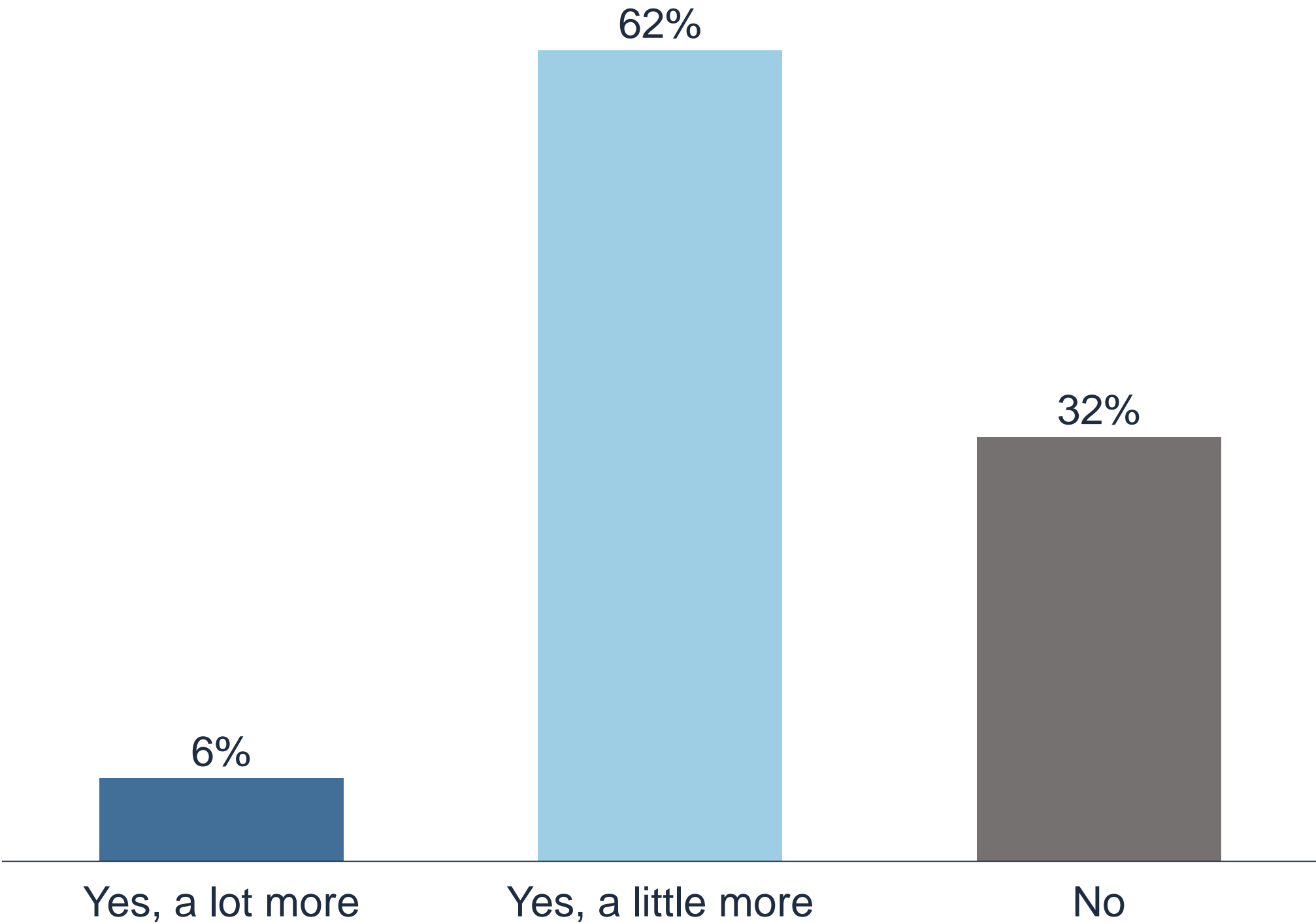
In your opinion, should the government have the combating of climate change as a priority, even if this involves costs, like raising taxes?



Opinion on pricing of sustainable products¹

2024, % of respondents in Brazil

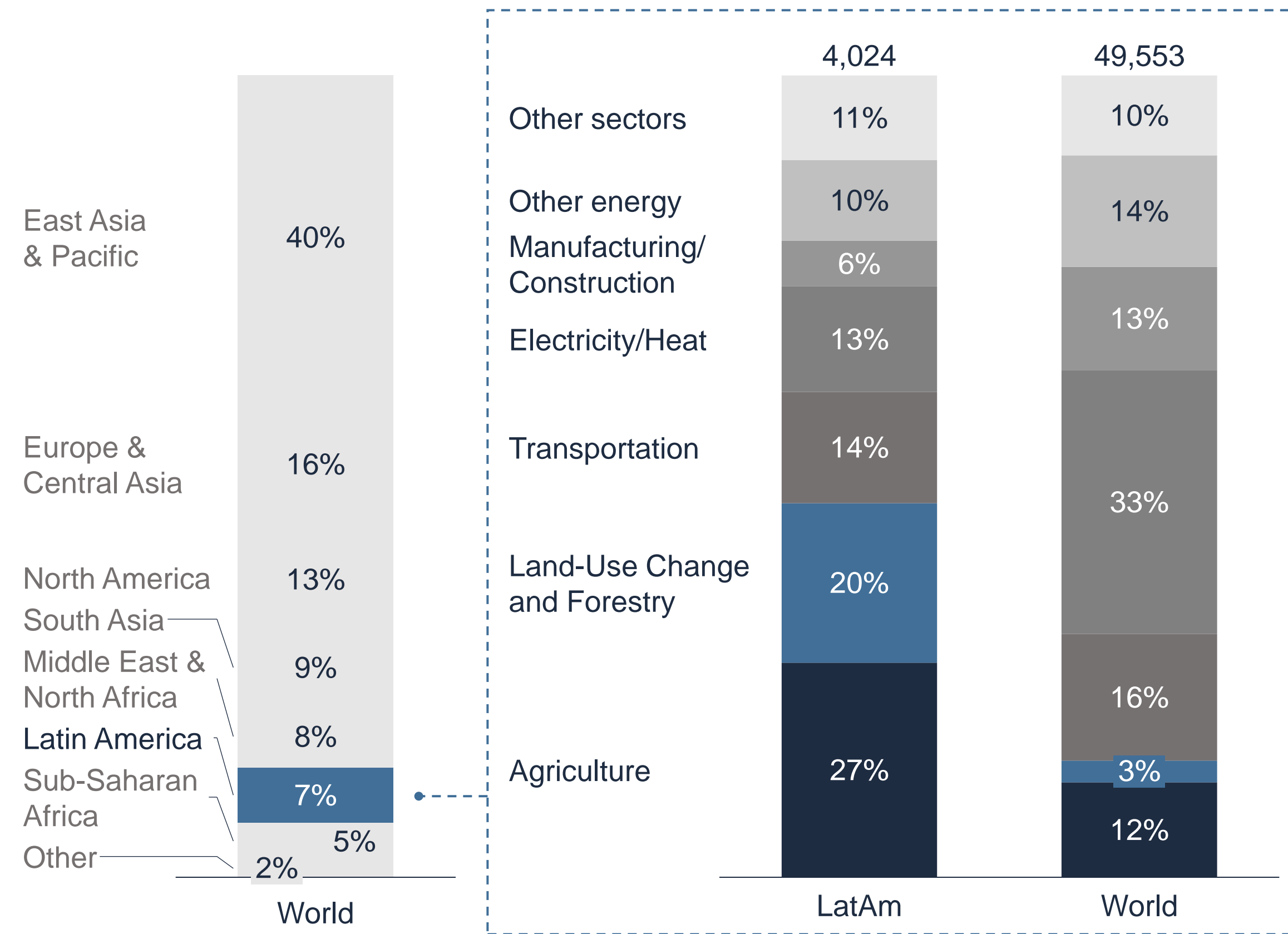
Would you accept paying more for a product if it were demonstrably sustainable?



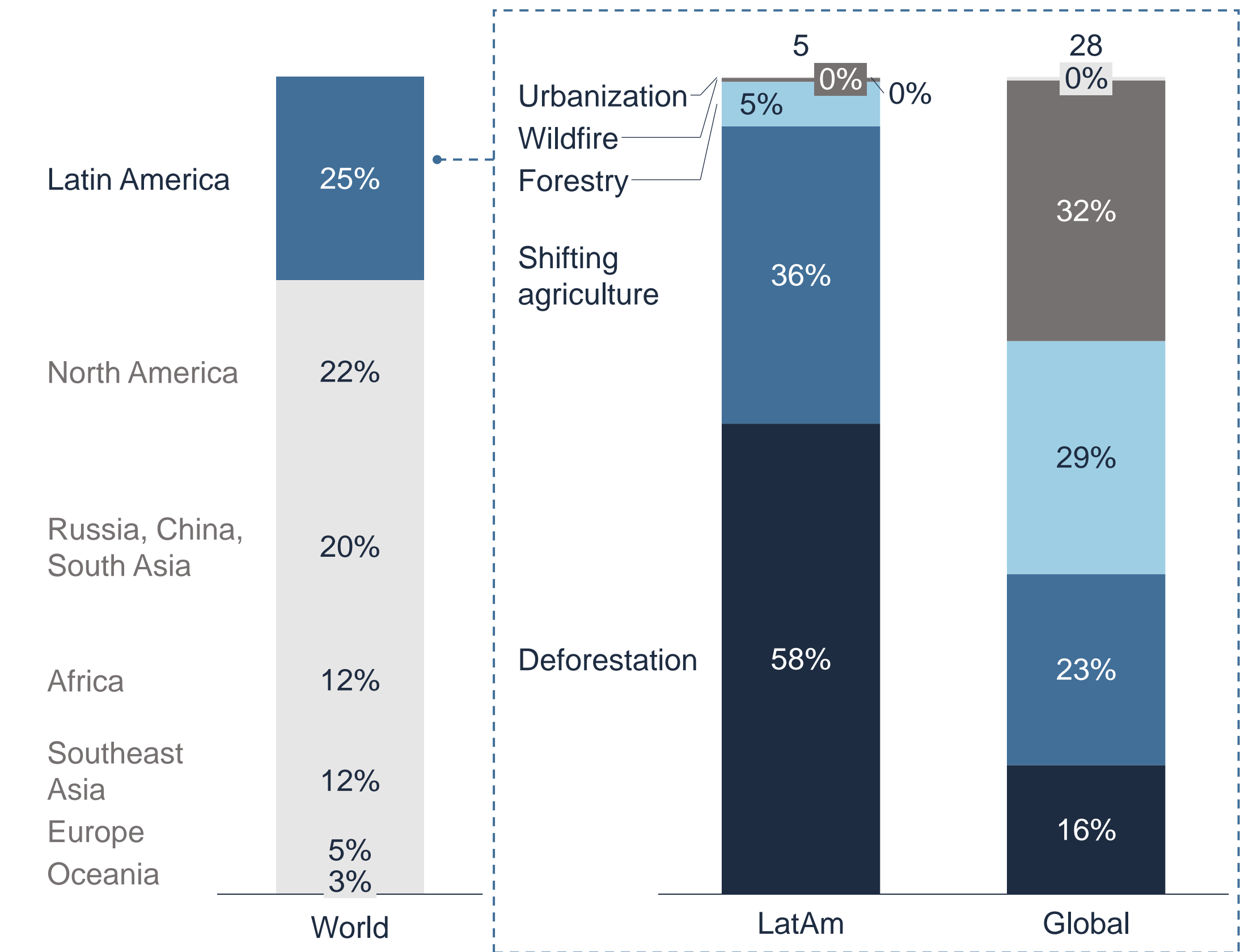
Note: Margin of Error: ± 2 percentage points; Confidence Level: 95% Data Collection Period: June 27th to July 15th, 2024
Source: (1) Atlantico and AtlasIntel Survey 2024 (n=1,619)

LatAm accounts for only 7% of all emissions, but suffers disproportionately from deforestation and agriculture

GHG* emissions by region and sector¹
2023, % of emissions



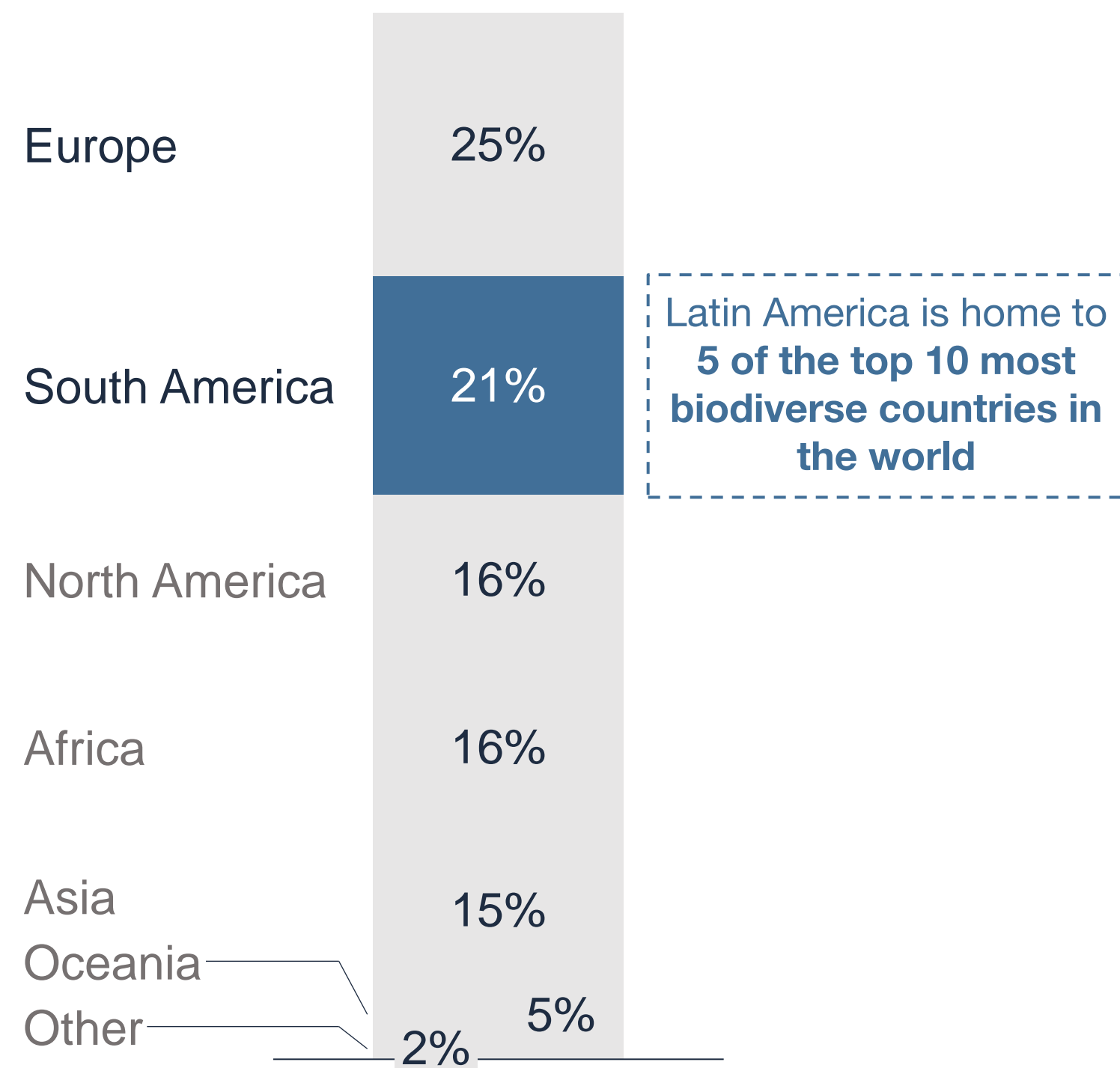
Breakdown of forest loss causes^{2,}**
2023, annual tree loss in % and million hectares



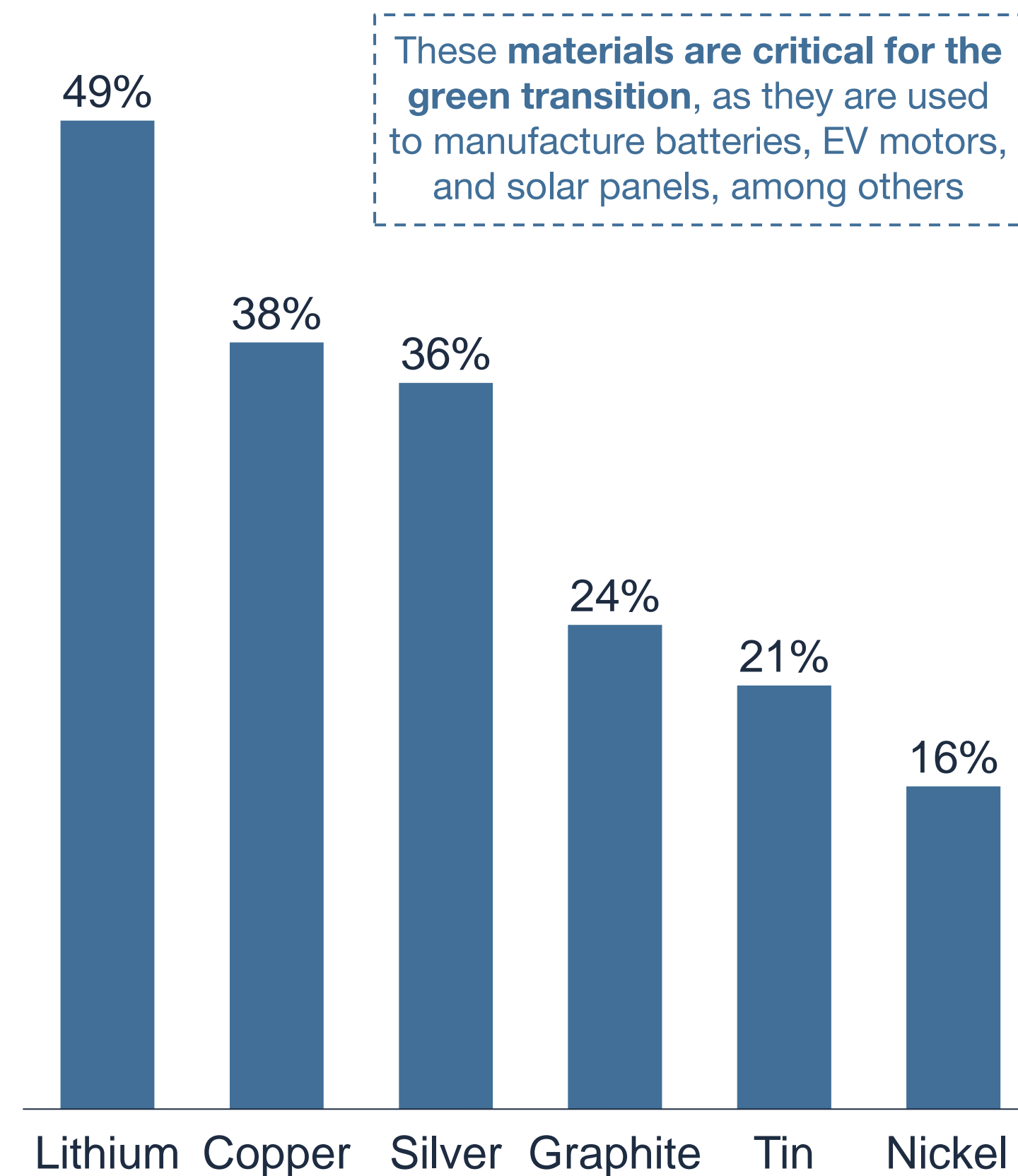
Notes: (*) Greenhouse gases; (**) Deforestation: Large-scale deforestation linked to commercial agricultural expansion; Shifting agriculture: Deforestation due to small- and medium-scale agriculture; Forestry: Temporary loss from plantation and natural forest harvesting
Sources: (1) Climate Watch; (2) Global Forest Watch

Latin America can play a critical role in solving the climate crisis, given its large share of key natural resources

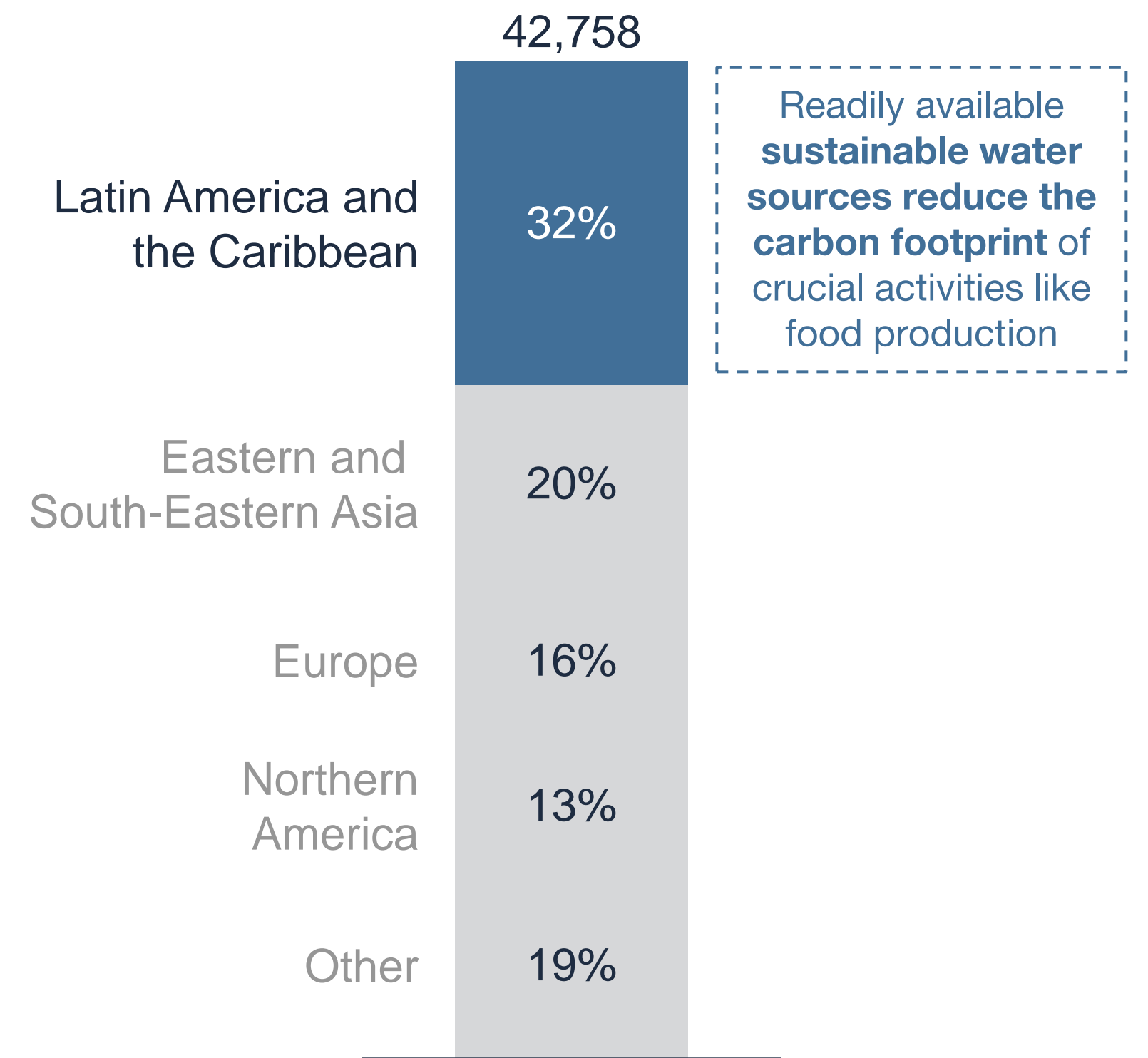
Share of global forest area¹
2020, %



LatAm share of mineral reserves^{2,3,4}
2023, % of total reserves



Total renewable water resources⁵
2021, Billions of m³/year



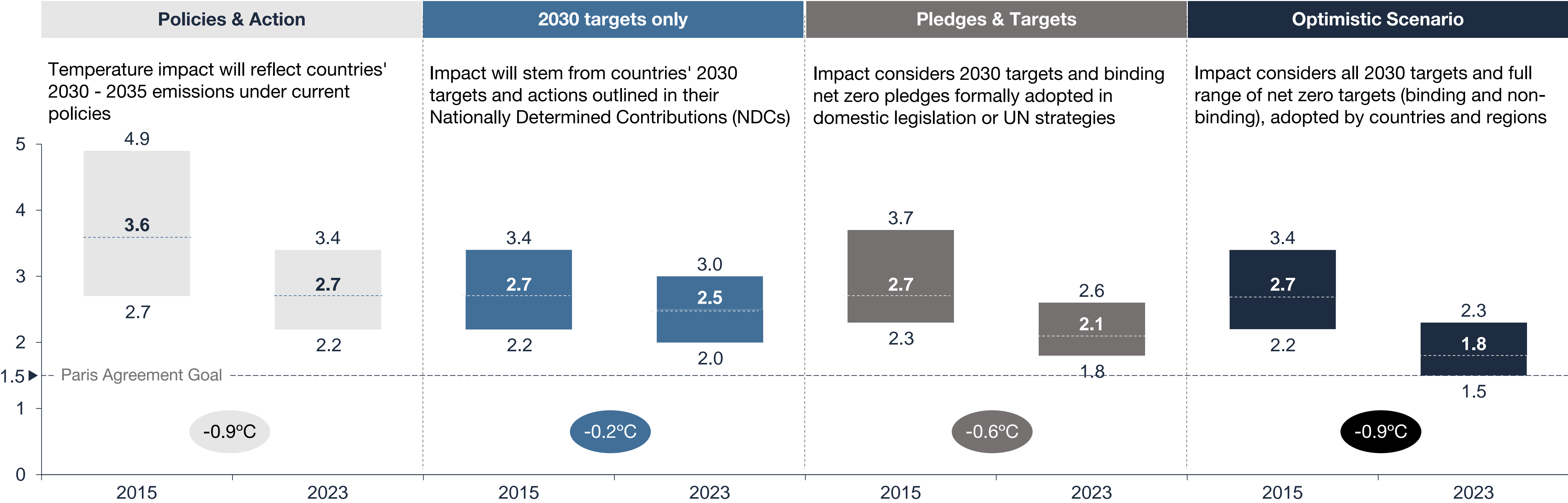
Sources: (1) UN Food and Agriculture Organization (FAO). Forest Resources Assessment; (2) USGS; (3) The Economist; (4) Atlantico Analysis; (5) AQUASTAT - FAO's Global Information System on Water and Agriculture

The Paris Agreement has set common goals, but achieving its targets requires commitments that remain unmet

The Paris Agreement is a treaty adopted in 2015 at the UN Climate Change Conference (COP21) in Paris - its primary goal is to limit global warming until 2100 below a 2°C increase, preferably to 1.5°C, comparable to pre-industrial levels

Expected temperature increase ranges for each implementation scenario¹
 Incremental °C in 2100, initial 2015 vs. revised 2023 estimates

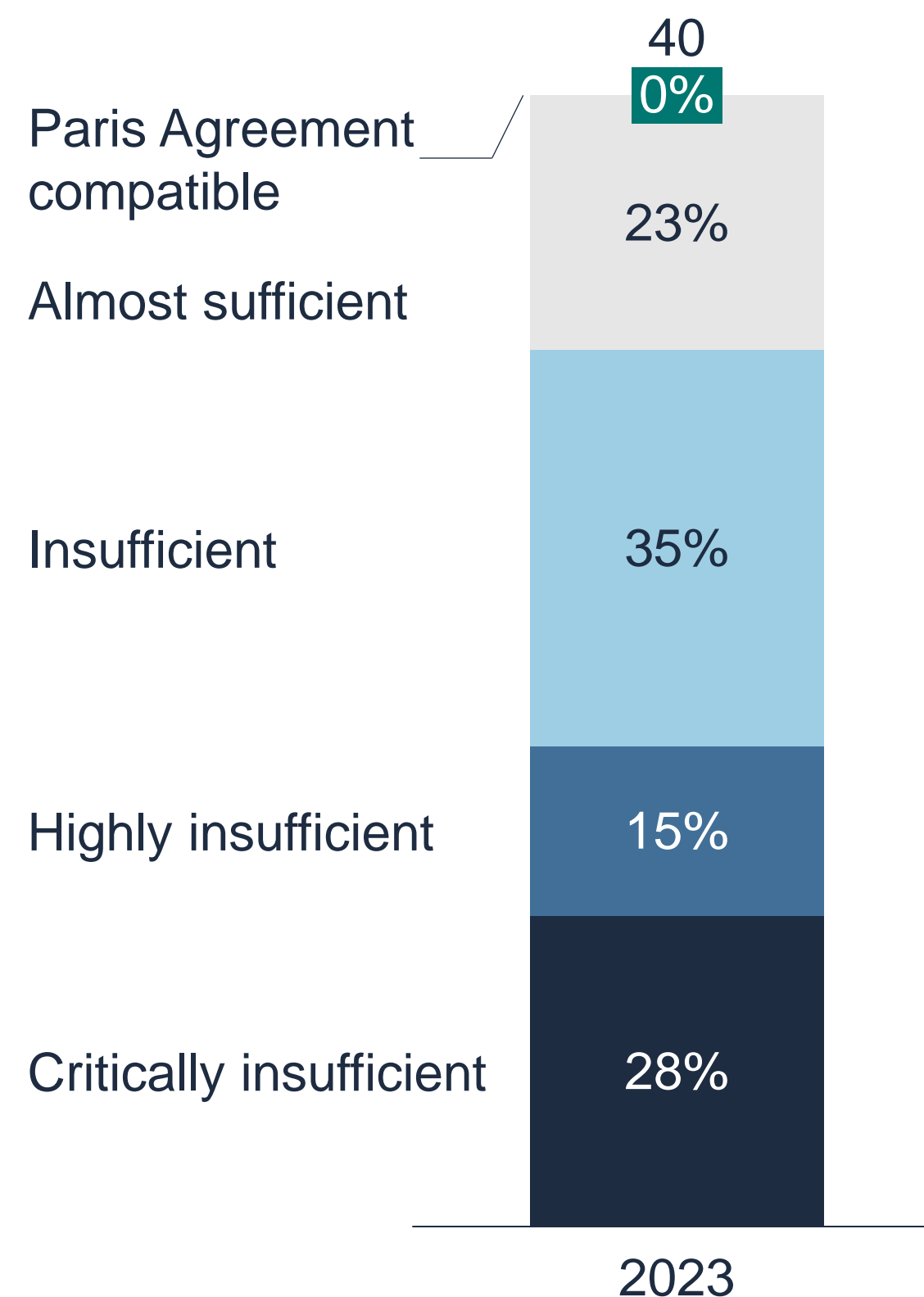
x Difference between 2015 and 2023 estimates



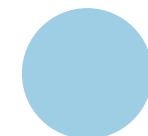
In LatAm, Mexico and Argentina are critically behind, while other countries are on global average (still insufficient)

Progress towards Paris Agreement goals

2023, % of total countries



Climate Action Tracker* status and overall progress by country



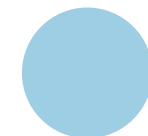
Brazil has cut deforestation rates at the beginning of this year but joining OPEC+ is not positive, as it might drive higher fossil fuel production instead of suppressing it



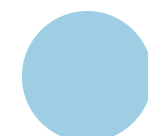
Mexico's climate policies are regressing, prioritizing fossil fuels, dismantling climate policies, and releasing a less ambitious 2022 NDC** update



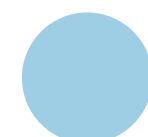
Argentina is gradually developing climate policies, but still lacks strong initiatives for energy, agriculture, and livestock sectors



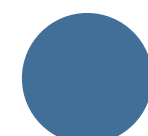
Chile is advancing in climate actions, unveiling its green hydrogen action plan and signing hydrogen development agreements at COP27



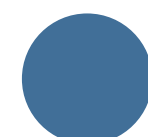
Colombia has joined the Power Past Coal and the Beyond Oil and Gas alliances, and endorsed the Fossil Fuel Non-Proliferation Treaty, yet it remains off track to meet its target



US' climate action shows promising signs after the Inflation Reduction Act, mobilizing significant investments in renewables and clean projects, and advancing decarbonization



India's reliance on coal power hinders ambition, with the government pushing for increased domestic coal production despite the country's expanding renewable energy sector



China's emissions are projected to peak by 2025, but current policies lack the strength needed to reduce emissions significantly before 2030

Note: (*) The Climate Action Tracker is an independent project that tracks government climate action under the Paris Agreement. It covers all the biggest emitters and a representative sample of smaller emitters covering about 85% of global emissions and approximately 70% of global population; (**) NDC: Nationally Determined Contributions

Source: Climate Action Tracker – Data from 40 sources



Energy Supply



Transportation



**Agriculture &
Land Use**



Offsetting

**“The good news is
that the climate
crisis offers us the
opportunity to
transform our world
for the better”**

- Al Gore



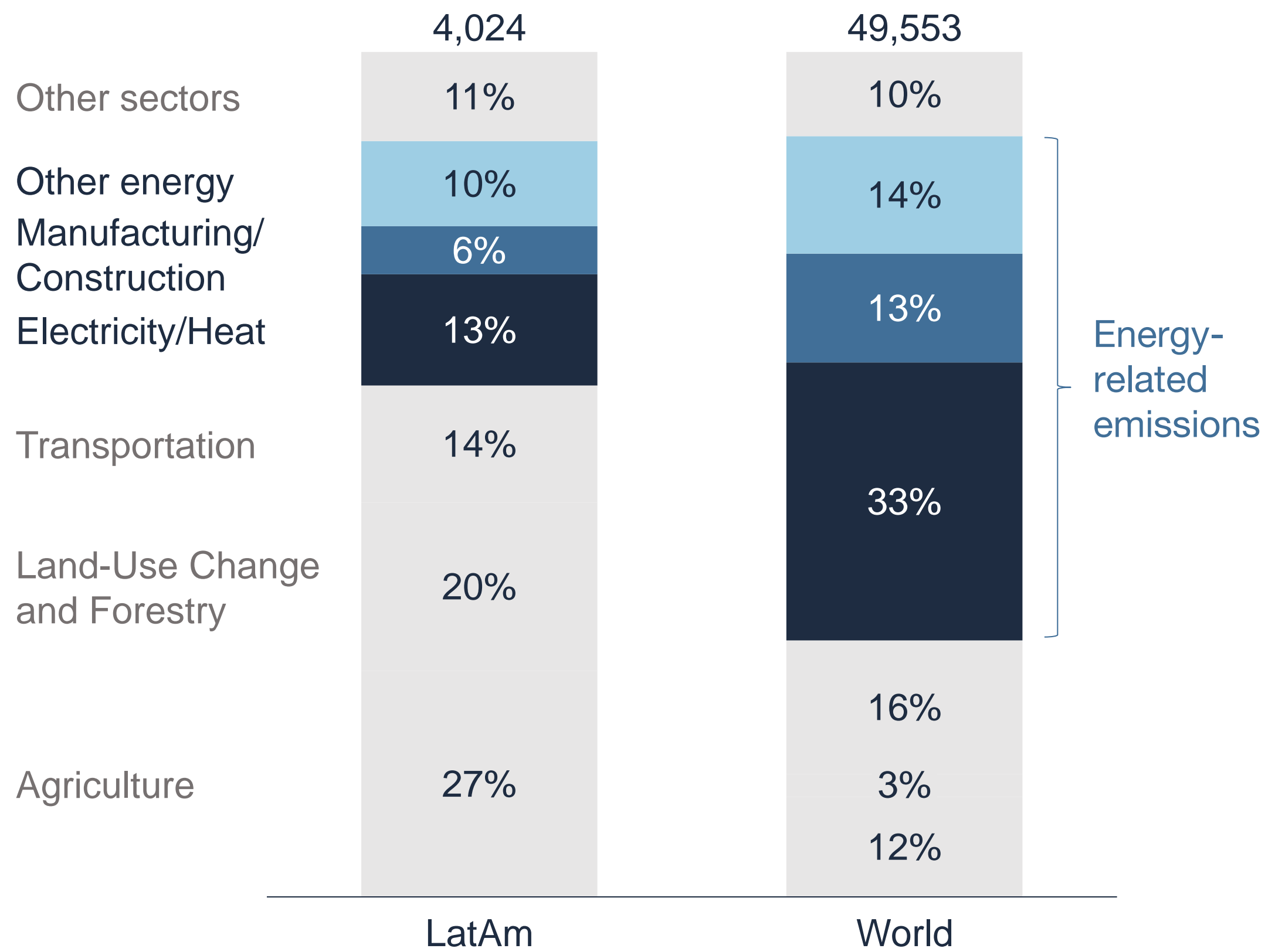


Energy Supply

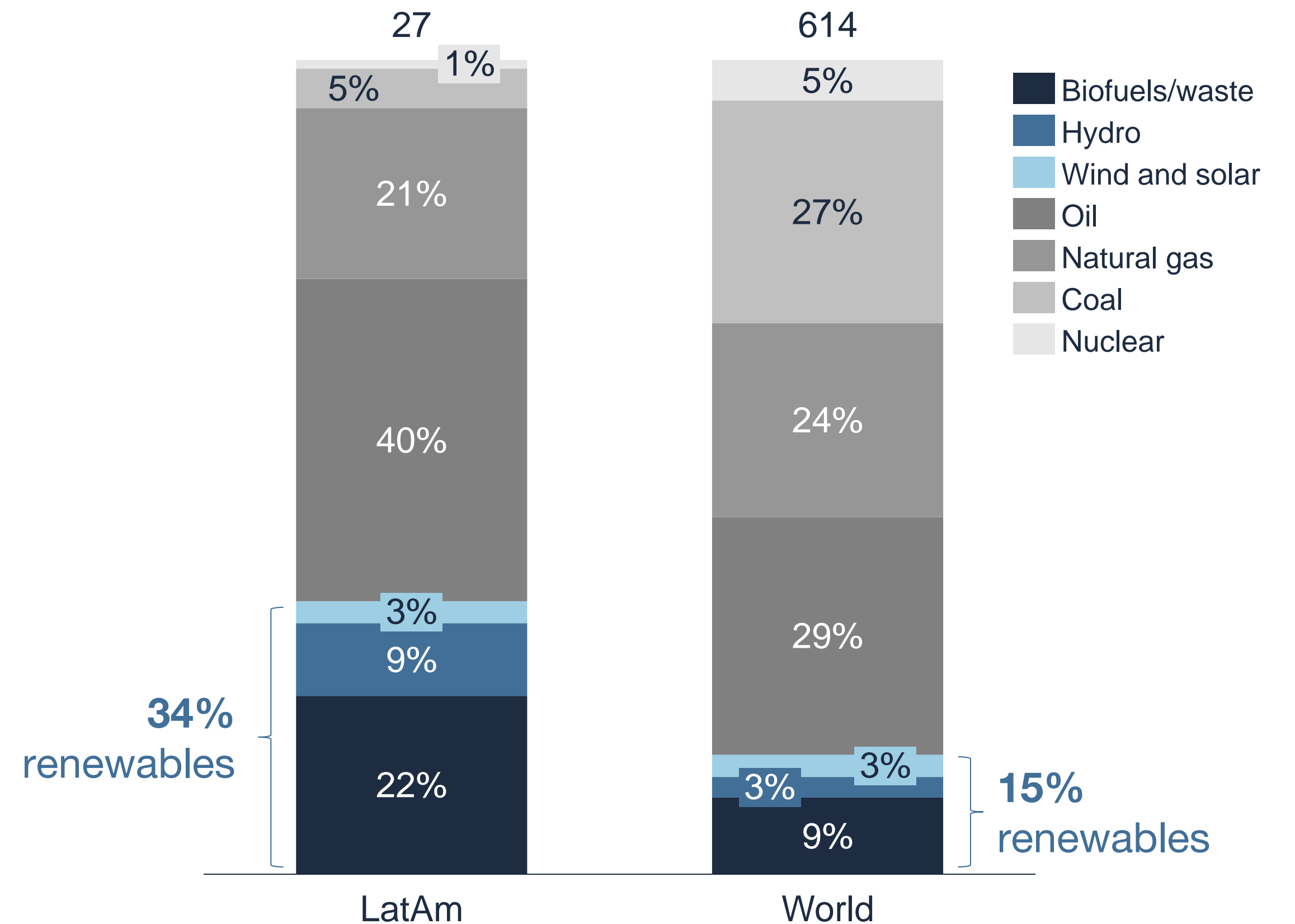


Latin America's energy mix is cleaner than the world average, contributing much less to emissions in the region

GHG* emissions by region and sector¹
2021, %



Energy supply by source in Latin America²
2021, millions of TJ, % of total energy supply

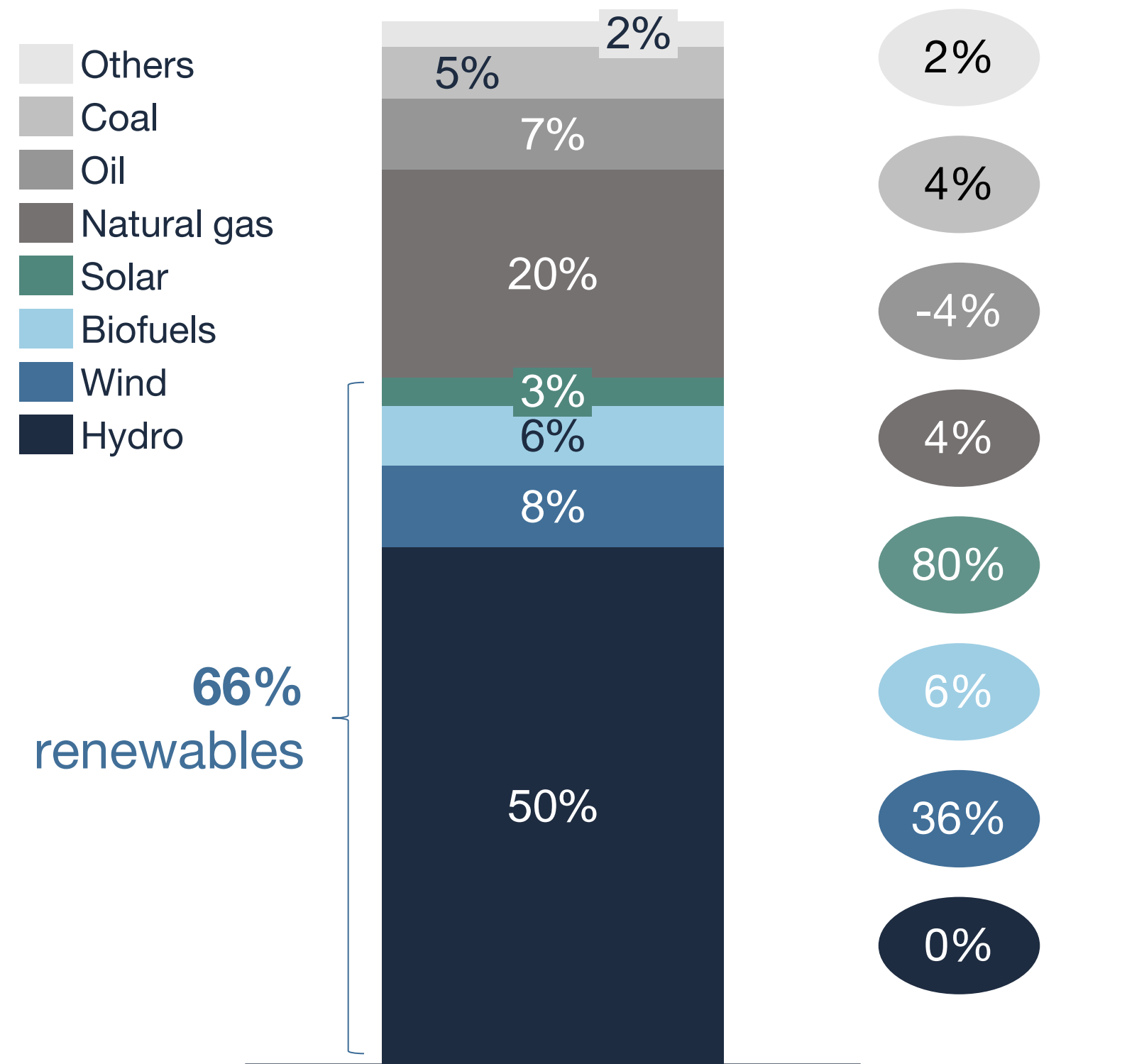


Note: (*) Greenhouse gases

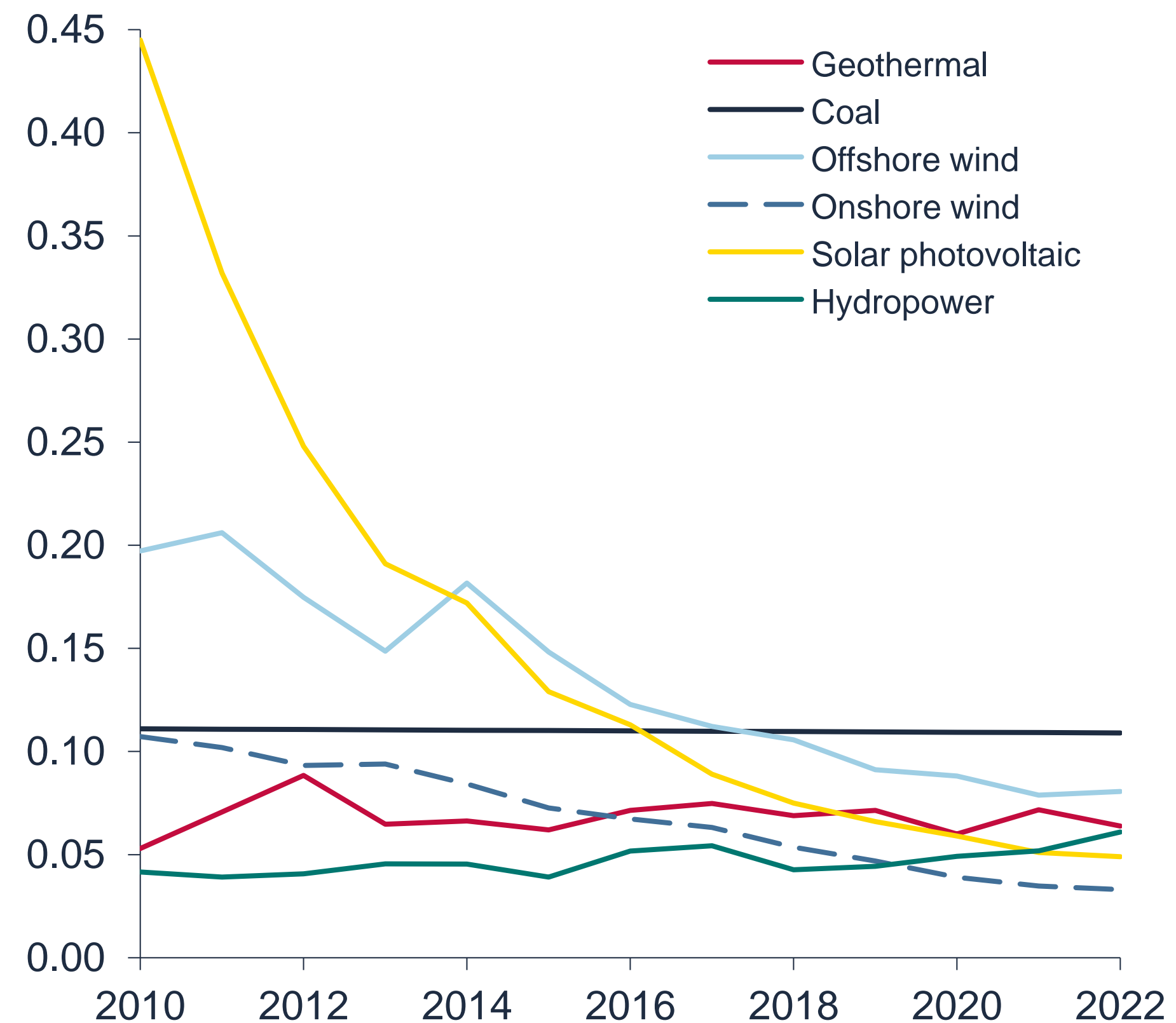
Sources: (1) Climate Watch; (2) International Energy Agency (IEA)

Hydro has led LatAm's clean electricity generation, despite stalled growth; falling costs are driving Solar and Wind up

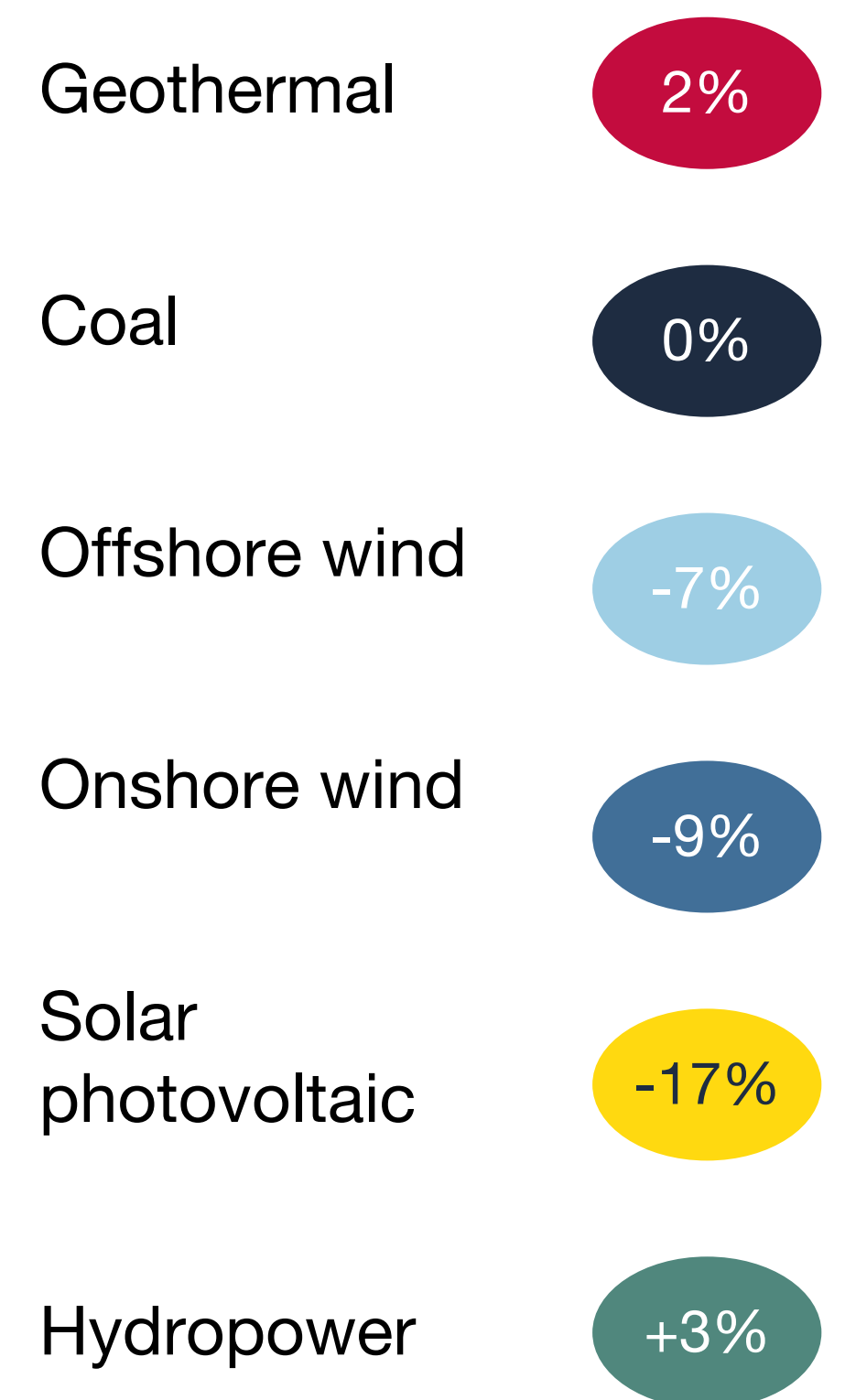
Electricity generation by source in LatAm¹
2021, % of total energy supply



Levelized cost of energy by technology²
US\$ per kilowatt-hour (2022 prices)



CAGR 2010-2022, %

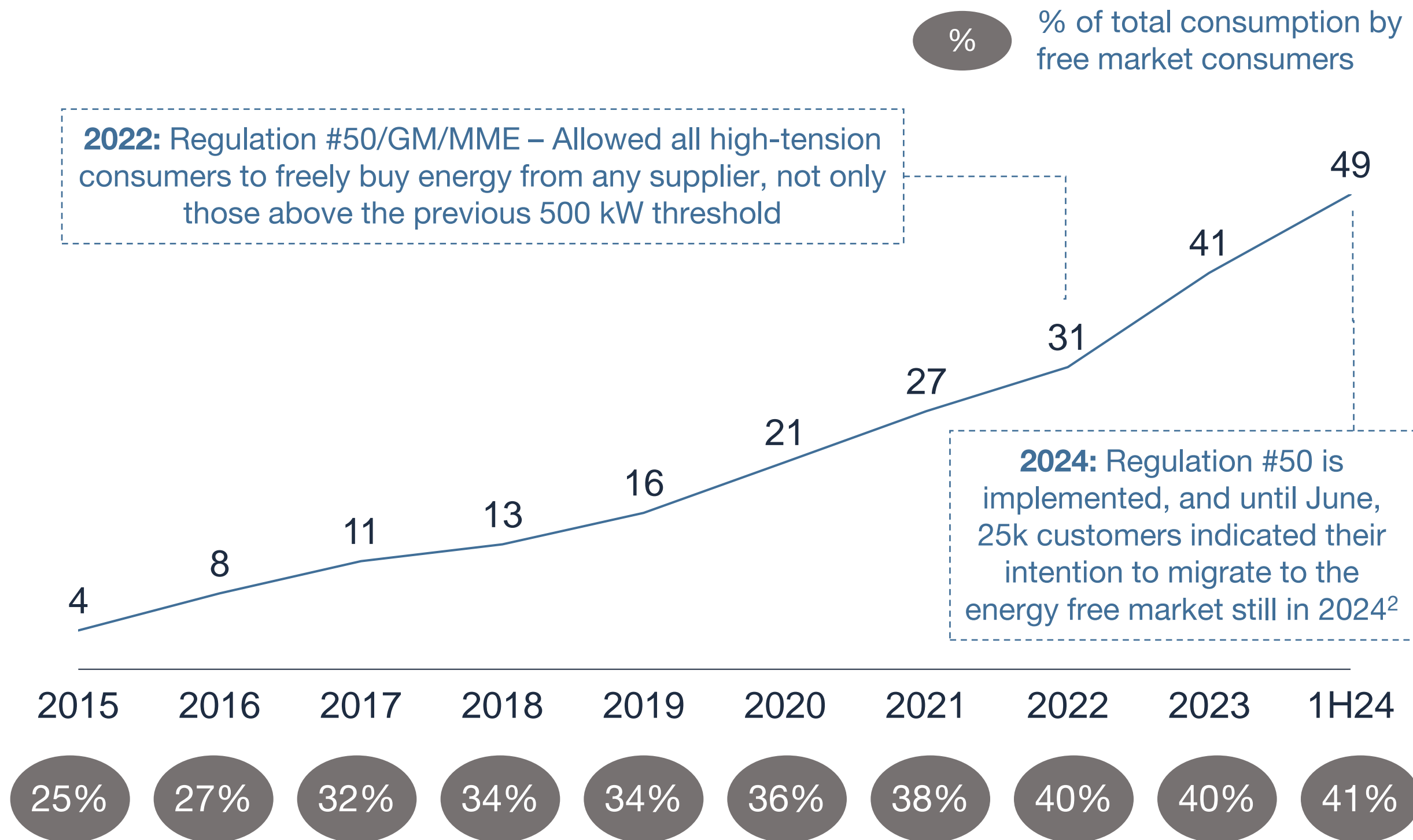


In Brazil, regulation is pushing for decentralized electricity consumption and generation, powered by Solar

Brazil's free energy market lets large consumers choose their electricity suppliers and negotiate terms directly under ANEEL's rules (national electricity regulator)

Evolution of consumers in the electricity free market - Brazil¹

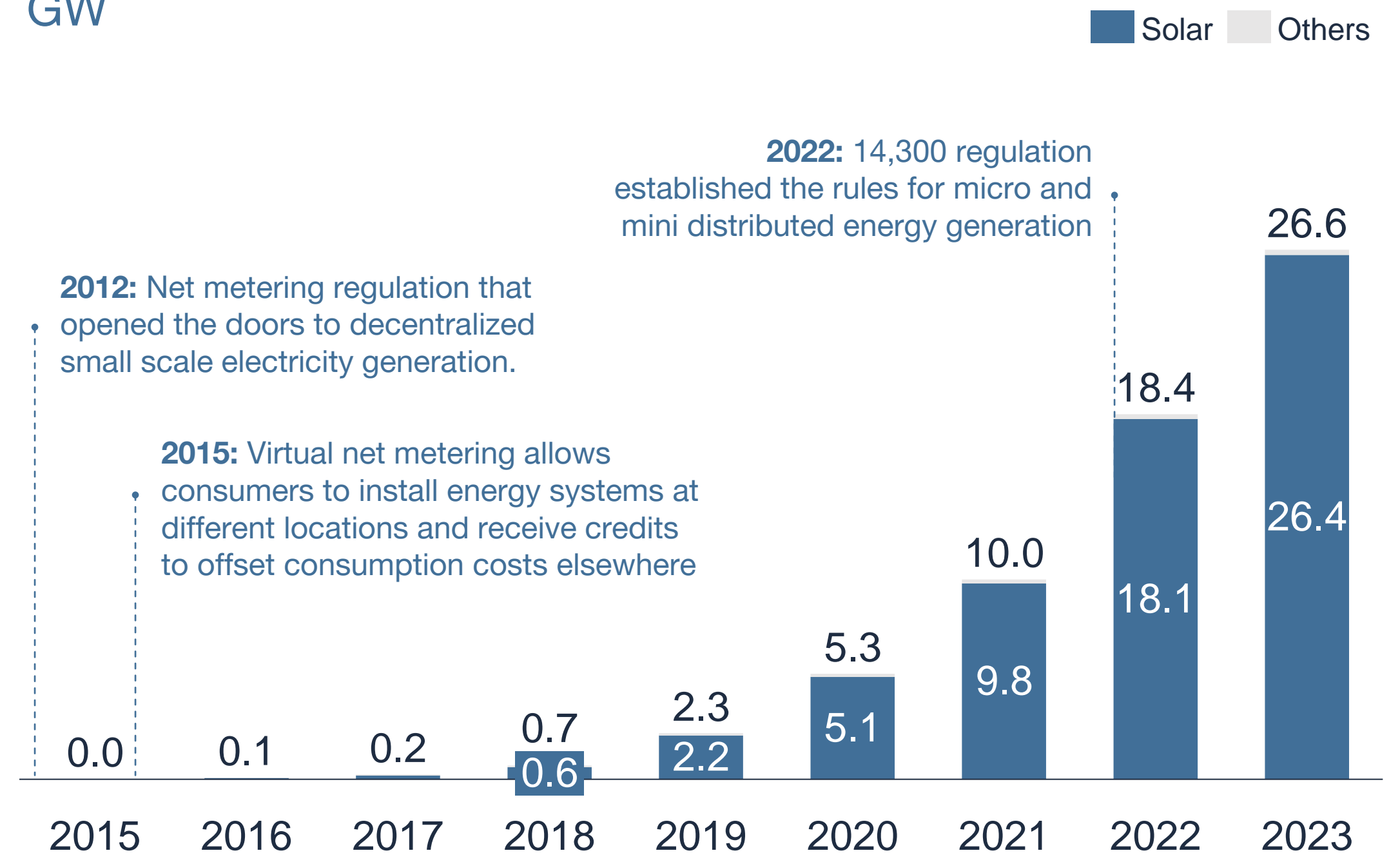
Thousand customers



Brazil's decentralized energy generation lets consumers produce their own power and feed excess into the grid under ANEEL's rules

Decentralized generation installed capacity - Brazil²

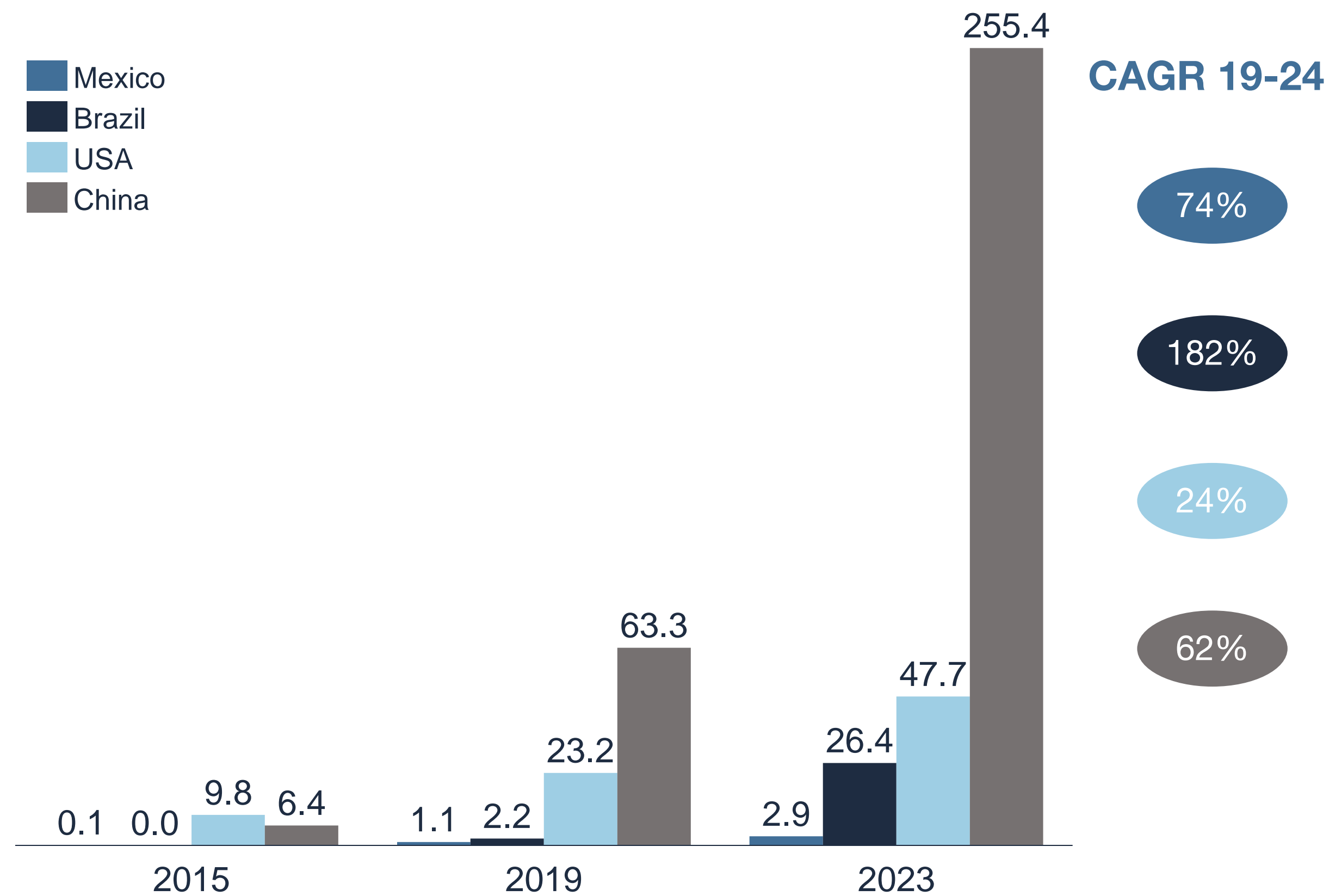
GW



Brazil's accelerated growth in distributed generation capacity follows an economic need to lower user costs

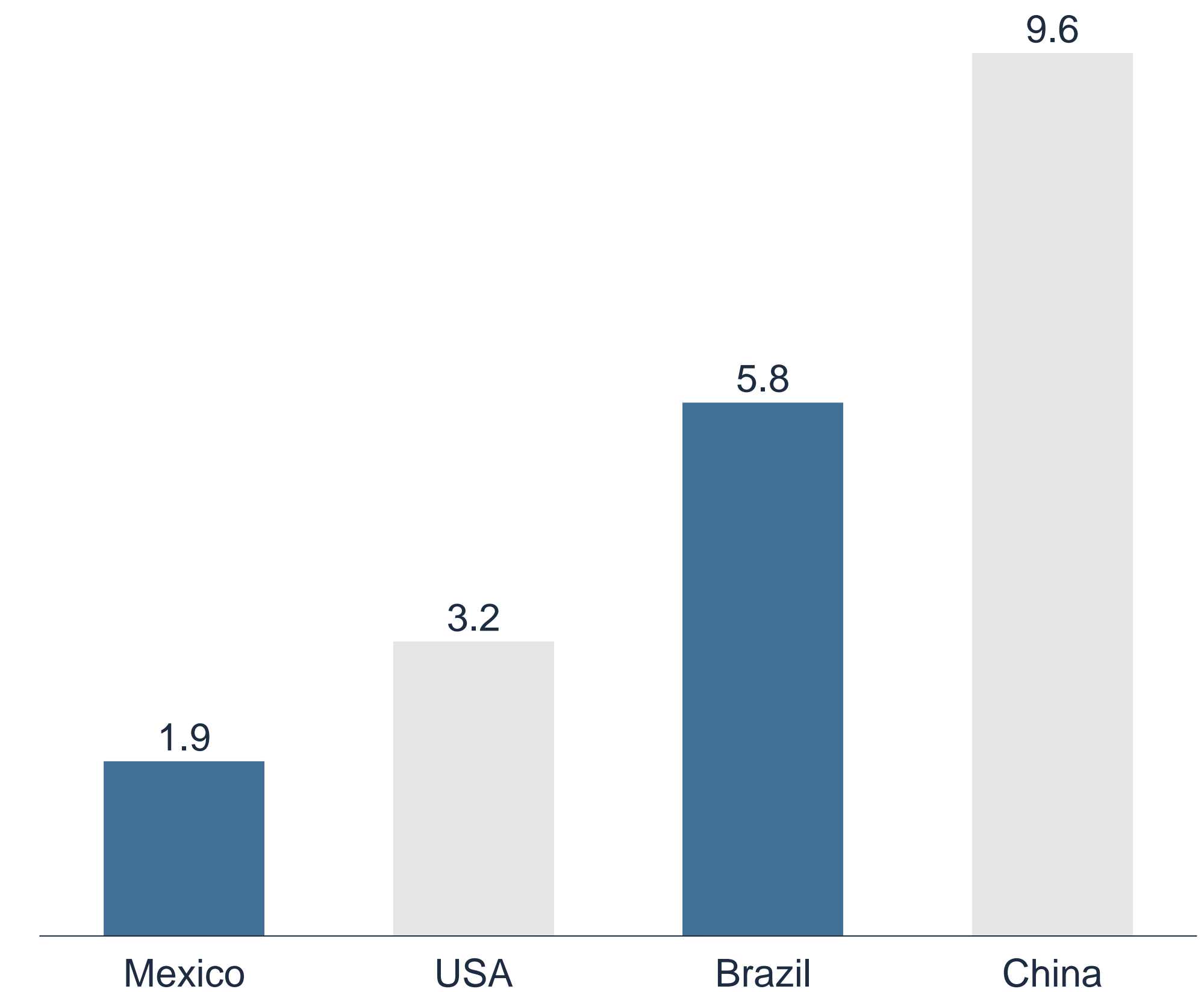
Distributed photo voltaic systems¹

Generation Capacity, GW



Electricity spend* as % of disposable income²

2023, % of per capita disposable income



Note: (*) Calculated considering average consumption and electricity cost rates

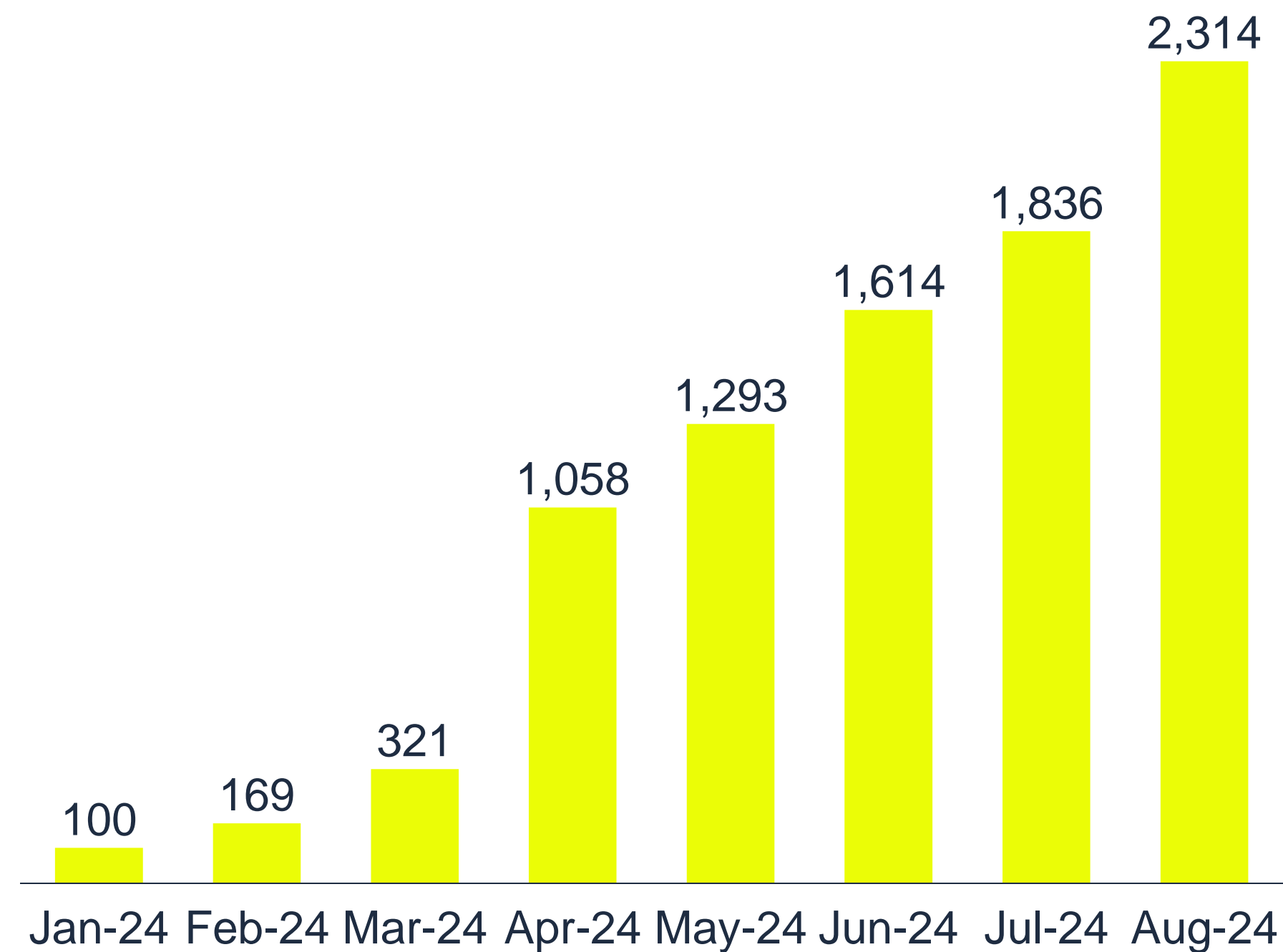
Sources: (1) ANEEL, US EIA, IEA; (2) Our World in Data, GPP, OECD, Chinese State Council, Statista Market Insights

Niko has accelerated growth in Mexico by facilitating access to solar energy through more affordable financing



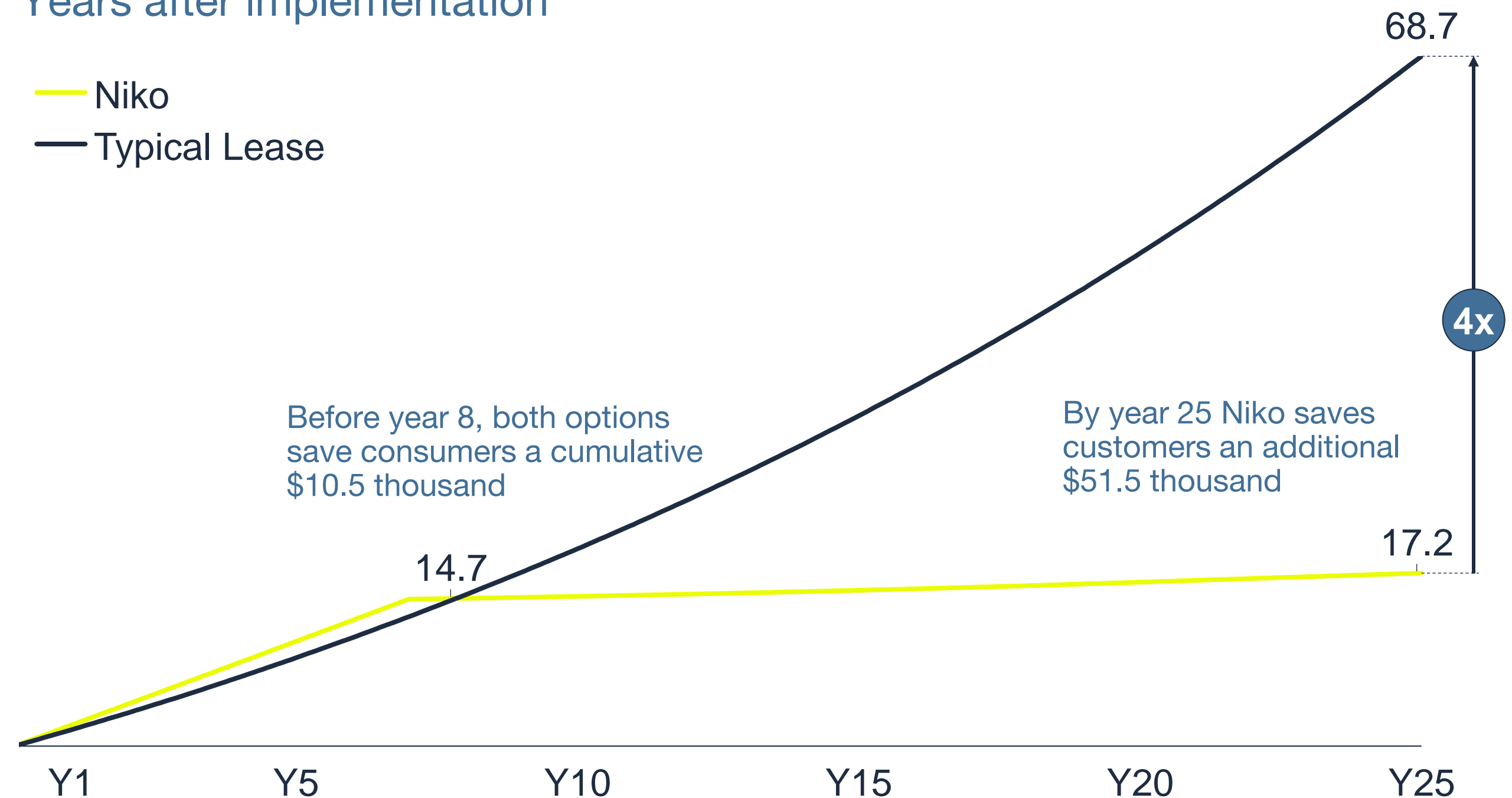
Niko provides **solar electricity installation, storage solutions, and clean energy services to homeowners and small businesses** in Mexico with **financing alternatives that are more cost effective** than traditional financing

Total Contract Value Evolution
Indexed Jan-24 =100



Power Cumulative Cost^{1,*}

Niko vs. Traditional Power Purchase Agreement/Lease, US\$k, Years after implementation

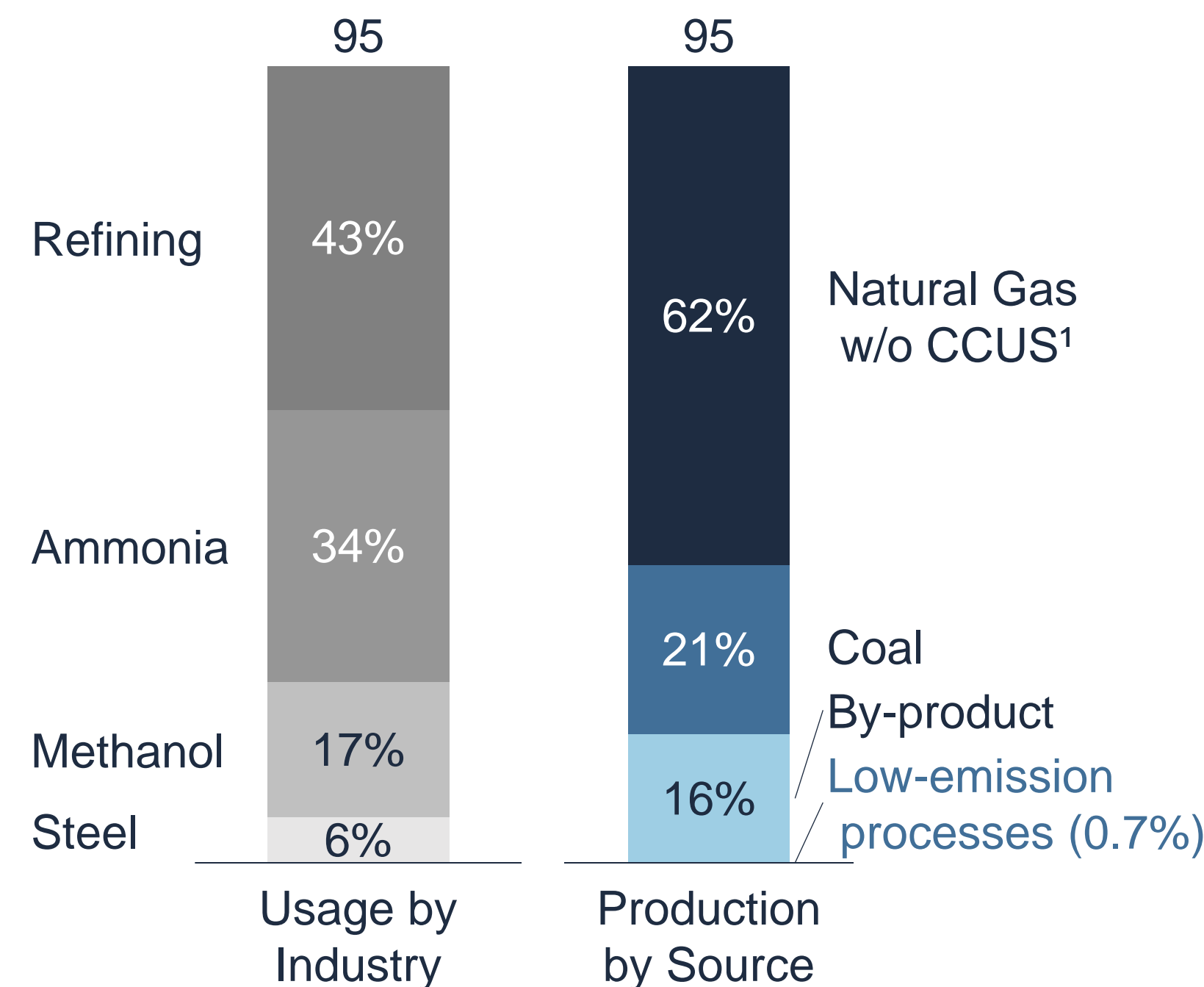


Note: (*) Sum of payments, including fees and costs associated with Mexico's Federal Electricity Commission
Source: Niko Internal Data

Looking ahead: Green hydrogen is key to decarbonizing heavy industries; LatAm is key to scale its global supply

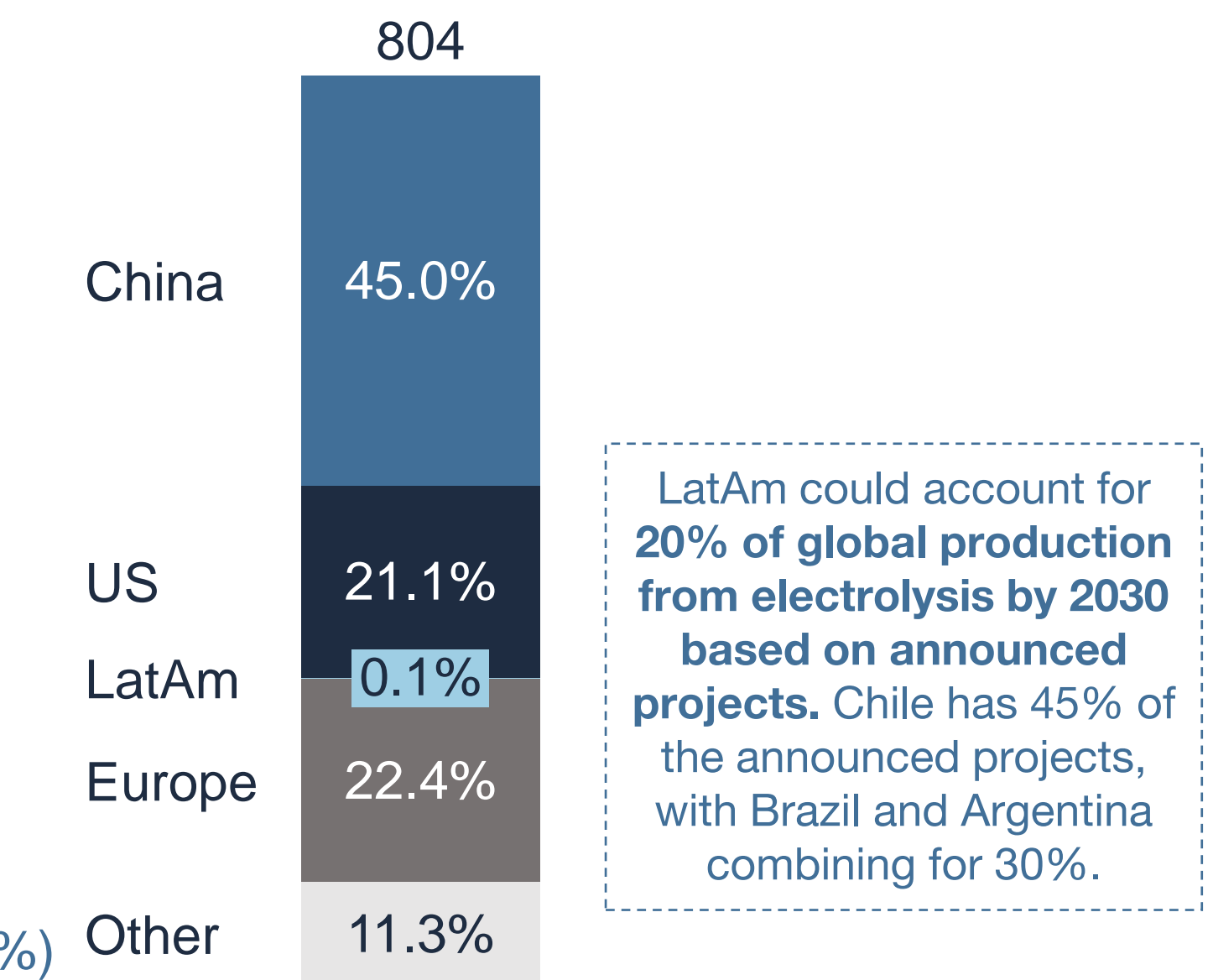
Green hydrogen **outperforms other green alternatives** by enabling the decarbonization of heavy industries, effectively meeting the **high heat and energy density** demands

Hydrogen production breakdown
2022, Mt



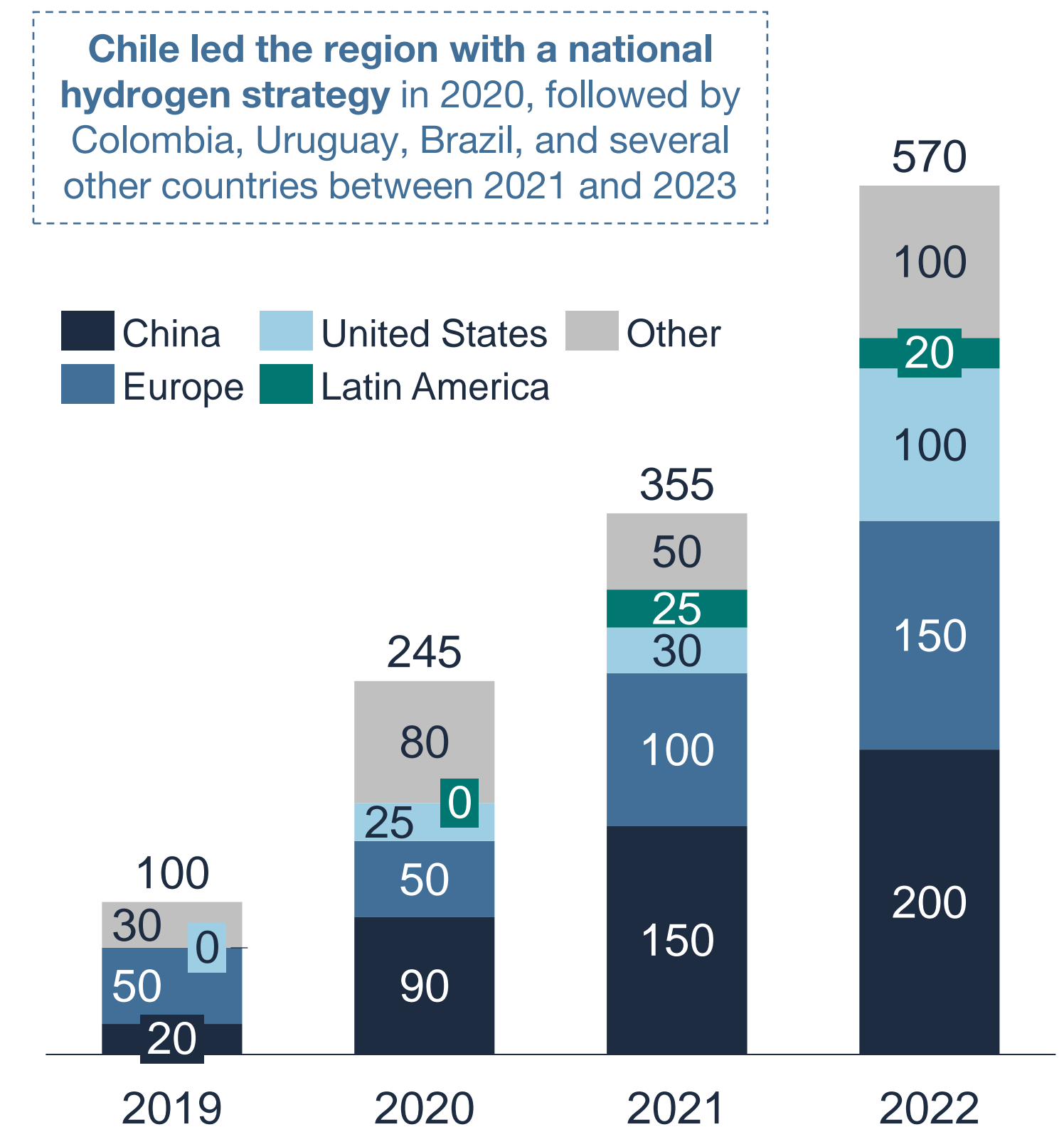
Despite being a global leader in renewable energy, LatAm holds only a **minimal share of electrolyser capacity**, the primary method for green hydrogen production

Hydrogen electrolysis capacity by region
2023e, MW



LatAm could account for **20% of global production from electrolysis by 2030 based on announced projects**. Chile has 45% of the announced projects, with Brazil and Argentina combining for 30%.

Investment in electrolyser installations by region
2022, US\$M

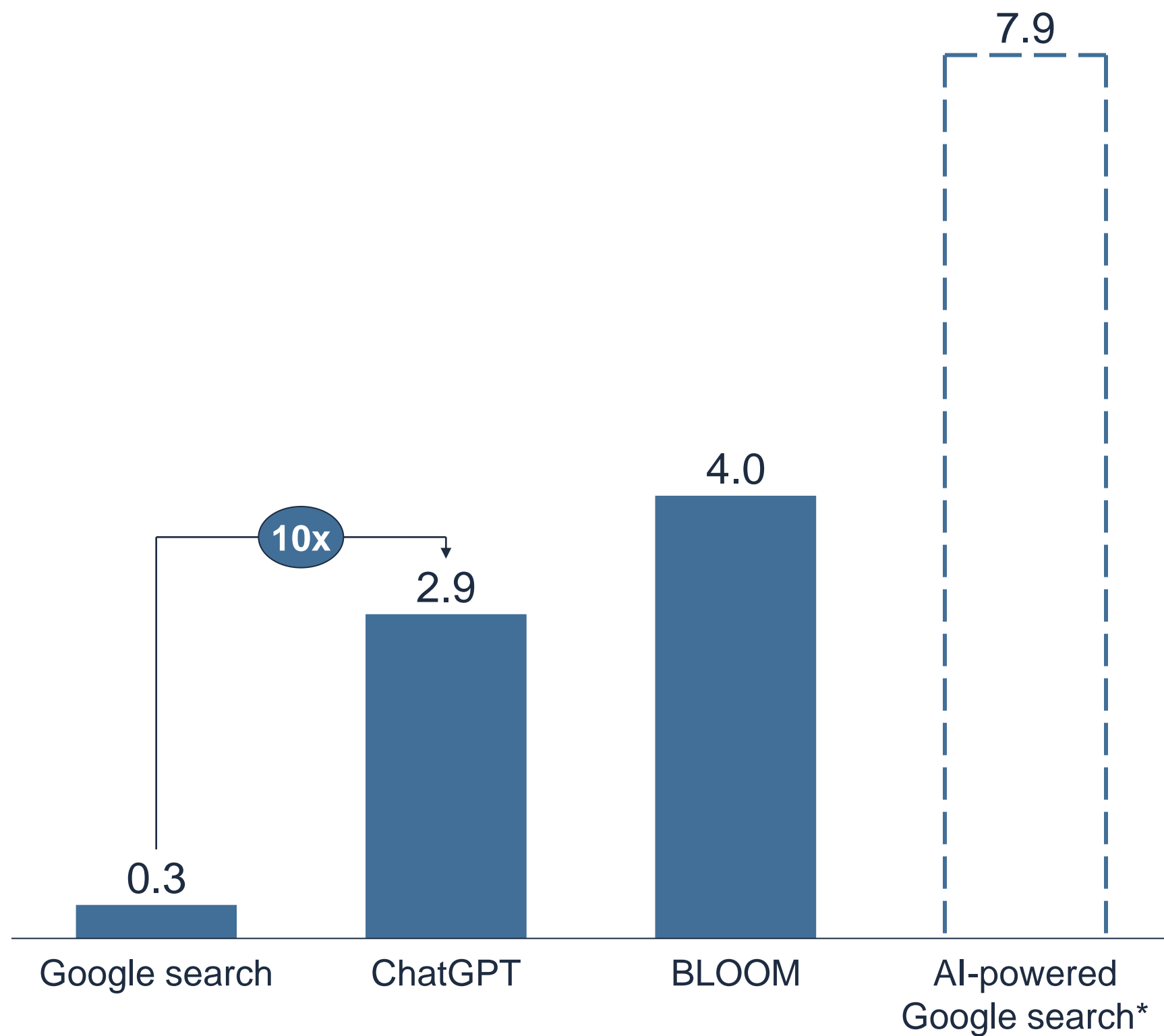


Chile led the region with a **national hydrogen strategy** in 2020, followed by Colombia, Uruguay, Brazil, and several other countries between 2021 and 2023

Notes: (1) Carbon Capture, Utilisation and Storage; (2) Accounts for operational and FID (final investment decision and under construction) projects in 2023
Sources: Global Hydrogen Review, IEA

Looking ahead: The continued rise of AI is set to sharply increase energy demand, driven by data centers growth

Energy consumption from AI tools is significantly greater than previous alternative¹
2023, Wh per request



*“I’ve done the calculation on the amount of energy required [to fuel the growing developments in AI], and we [...] **do not have enough power to do this**”*

- Eric Schmidt,
former Google CEO

Note: (*) Average of estimates by New Street Research and SemiAnalysis; (**) The term required refers to the vast energy demands needed to support the increasingly large investments by AI-focused big tech companies;
Source: (1) de Vries (2023) – The growing energy footprint of artificial intelligence

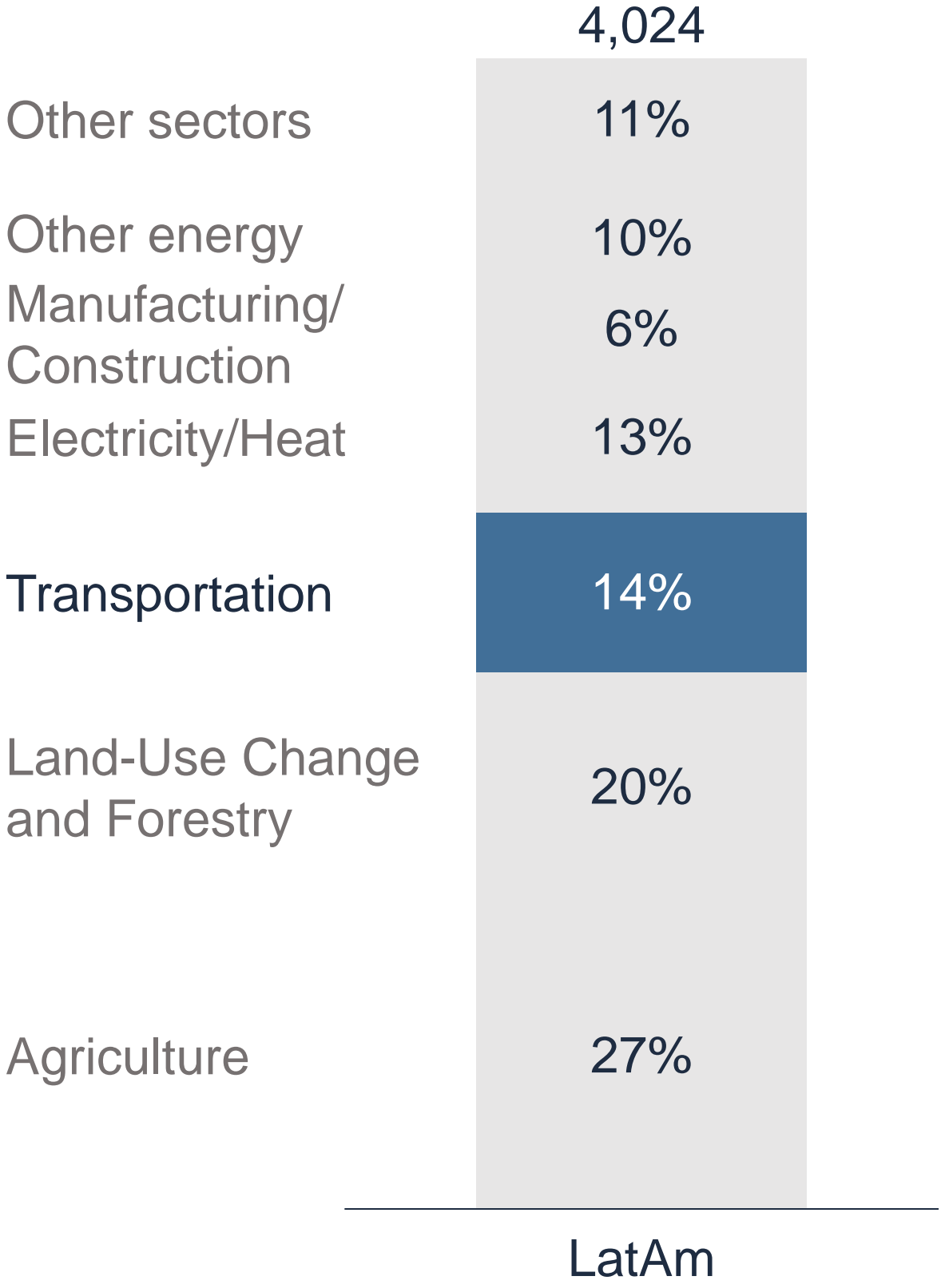


Transportation

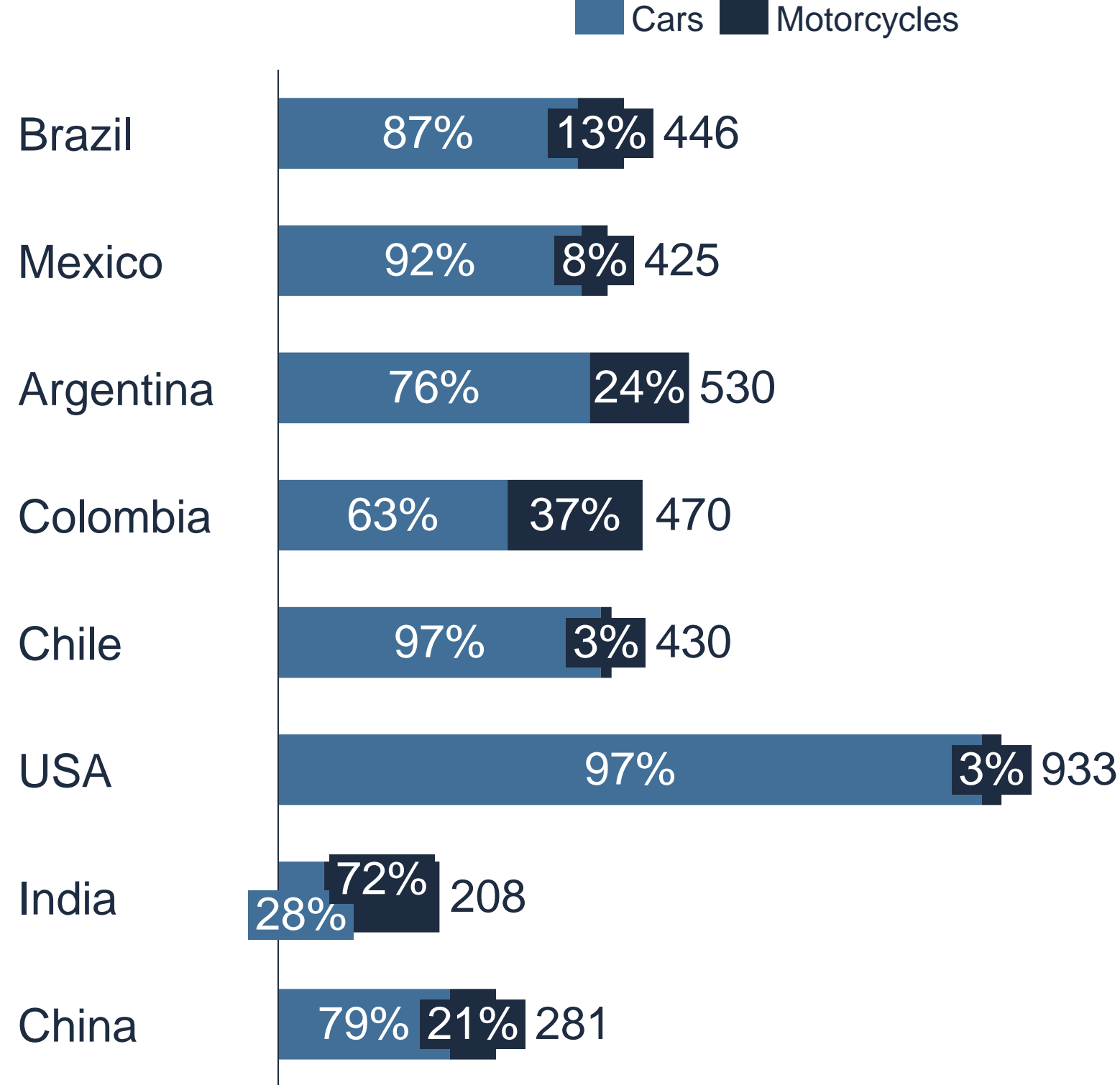


Transport emissions are relevant in Latin America, driven by high vehicle penetration and heavy oil dependence

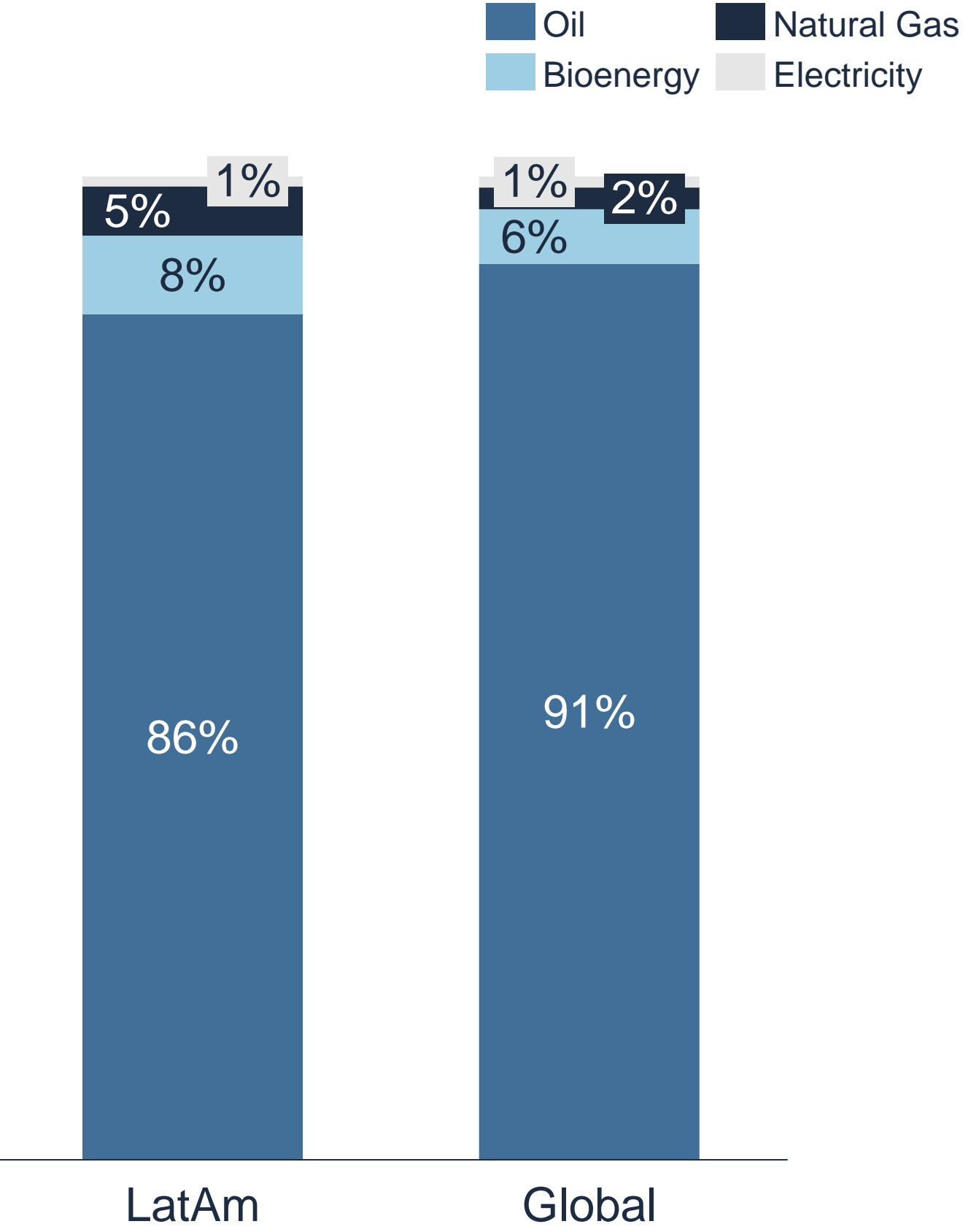
GHG emissions by region and sector¹
%, 2021



Car and motorcycle ownership by country²
2023, # of units per thousand people



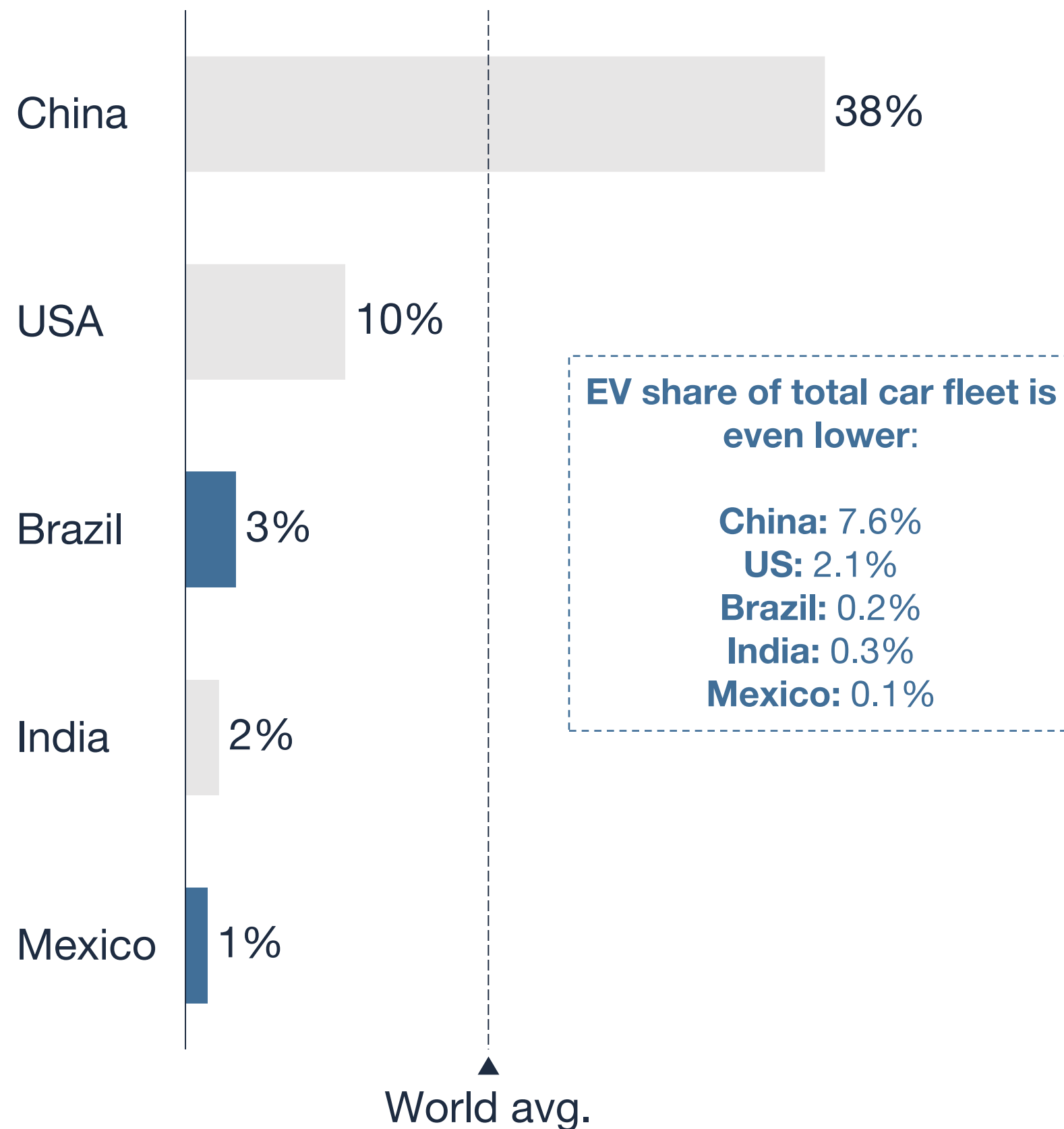
Transport energy sources by region^{3,4}
2022



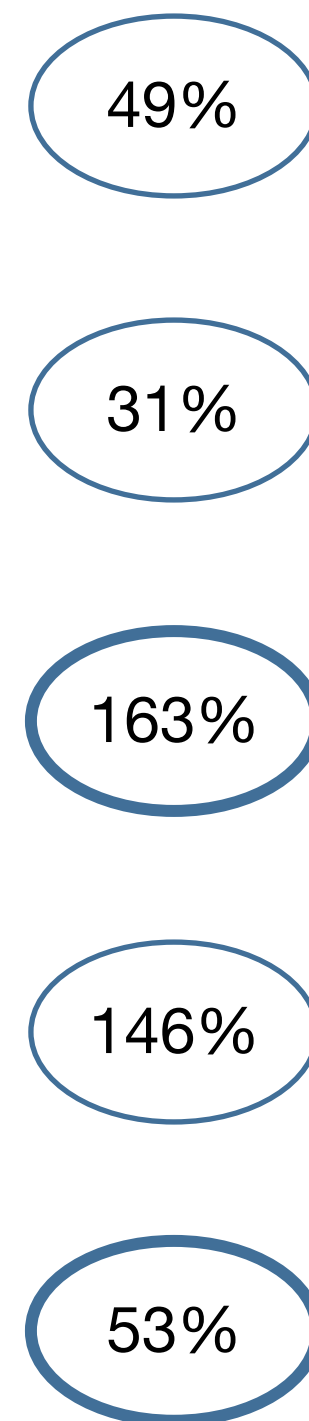
Sources: (1) ClimateWatch; (2) World Population Review; (3) International Energy Agency (IEA) Latin America Energy Outlook 2023; (4) International Energy Agency World Energy Outlook 2023

LatAm fleet electrification is still nascent, but accelerating; charging infrastructure will have to follow

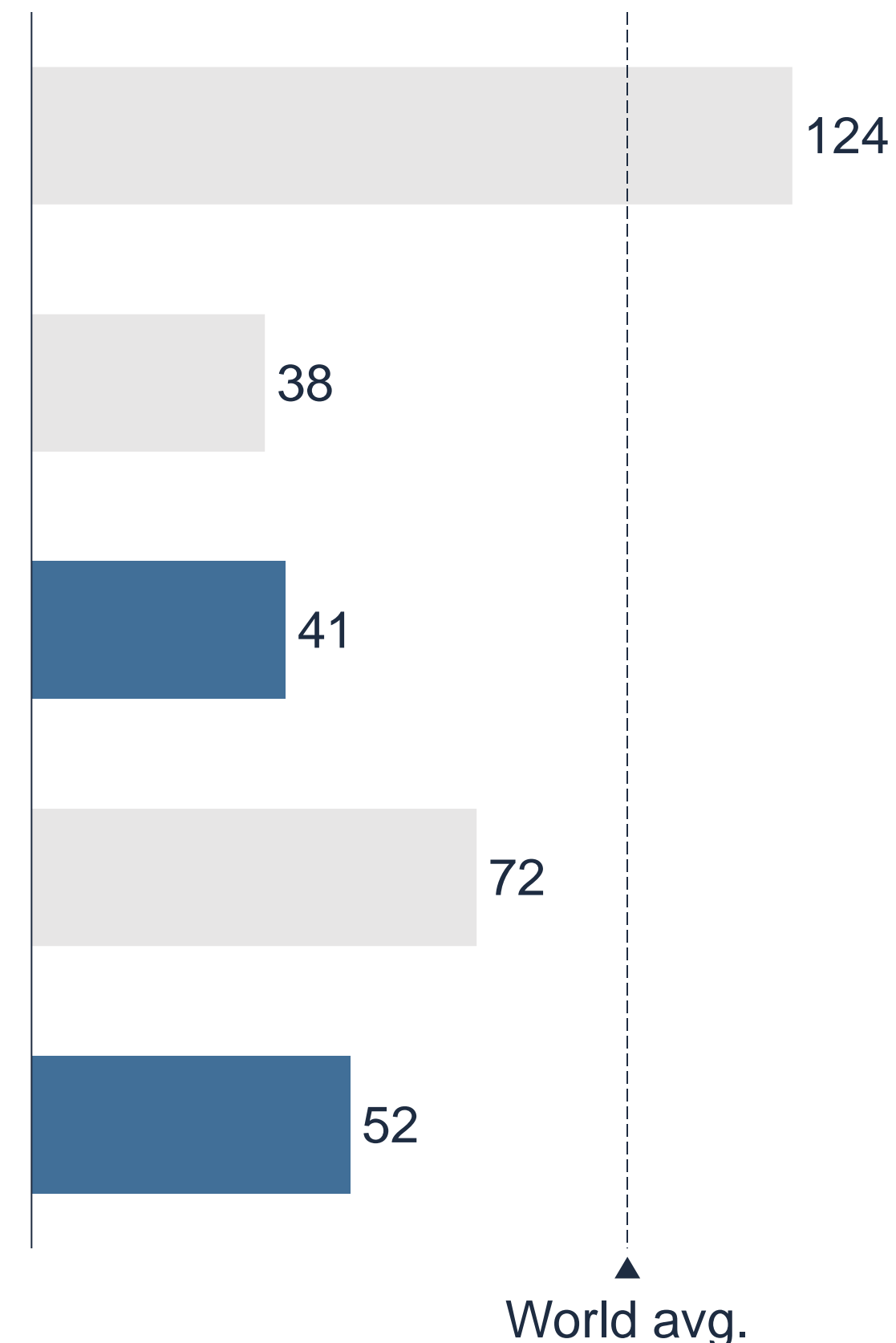
Electric Vehicle (EV) sales penetration by country¹
2023, EV as % of annual car sales



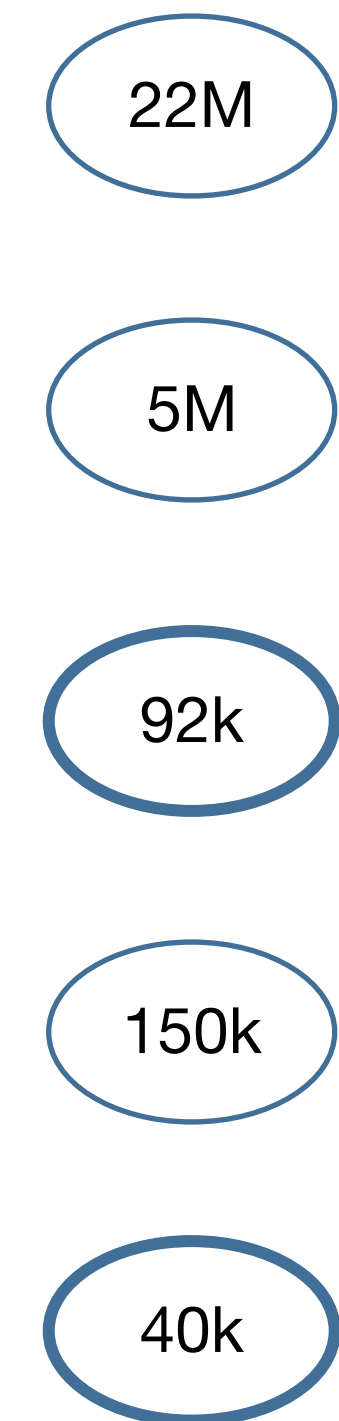
EV sales growth¹
CAGR 18-23



Infrastructure density^{1,2}
2023, charging points per 1,000 EVs

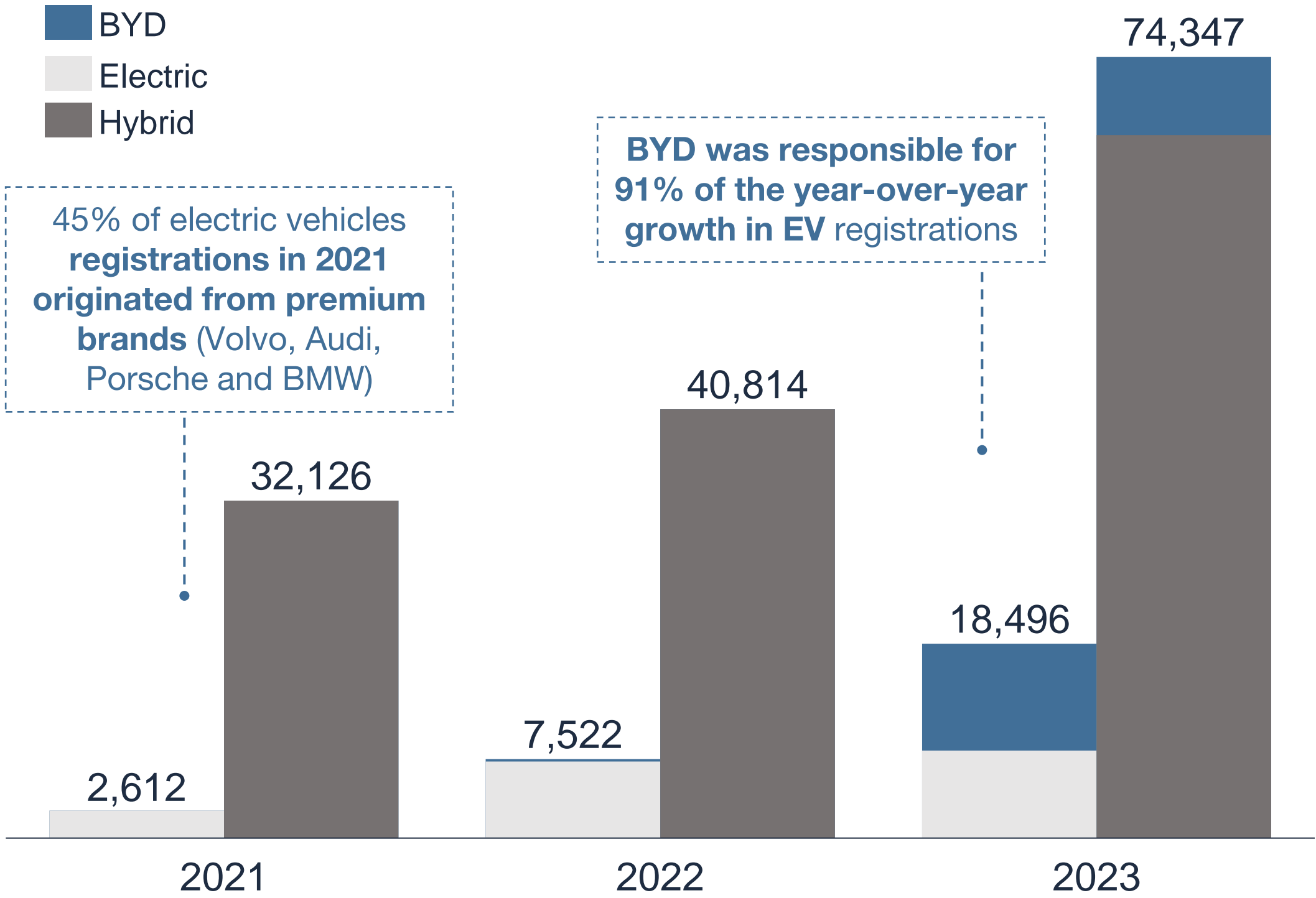


Total charging points¹
2023



In Brazil, BYD launched and quickly captured the lead of the electric car market through cost competitiveness

Electric vehicle registrations in Brazil^{1,*}
Vehicles sold



BYD is not only cheaper vs. previous leading electric car models...



...but also offers lower TCO** vs. ICE*** through strategic partnerships

UBER Provides a 60% reduction in costs for drivers and Uber Black status

Uber Black Comparison: 1y usage; 100k km (Fueling, Insurance, Taxes, Maintenance)

| | |
|--------------------------|---------------------------|
| Nissan Kicks | BYD Dolphin |
| \$12k Total Annual Costs | \$5.1k Total Annual Costs |

+10k cars for Uber drivers with up to \$3k credit for purchasing, maintenance, and financing

99 Provides a 45% reduction in TCO for drivers renting vehicles

Driver Partnership Cost Comparison (ICE x EV)

| | |
|----------------|-------------------|
| ICE | Electric (BYD D1) |
| TCO: \$1.2k/mo | TCO: \$0.65k/mo |

- Monthly subsidy
- Exemption from charger installation costs

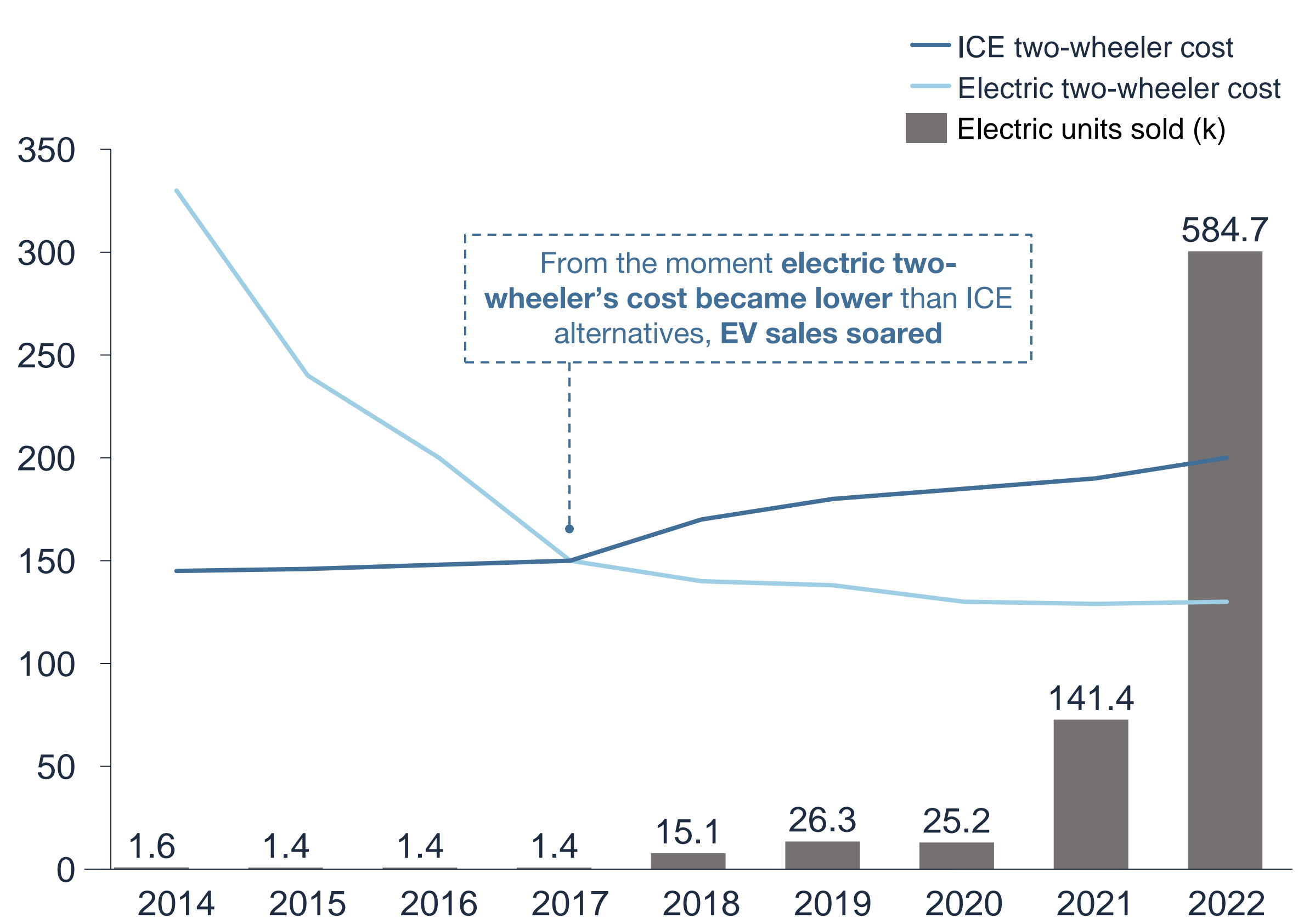
+drivers get discount for purchasing and financing BYD cars

Notes: (*) A hybrid vehicle is powered by both an internal combustion engine (ICE) and an electric motor, with separate batteries for each. An electric vehicle uses only a battery and an electric motor to run.) (**) Total Cost of Ownership; (***) Internal Combustion Engine motorcycles
Sources: (1) Fenabrave; Companies' releases

India's EV motorcycle sales were driven by cost parity; Brazil's shift suggests it's nearing a similar inflection

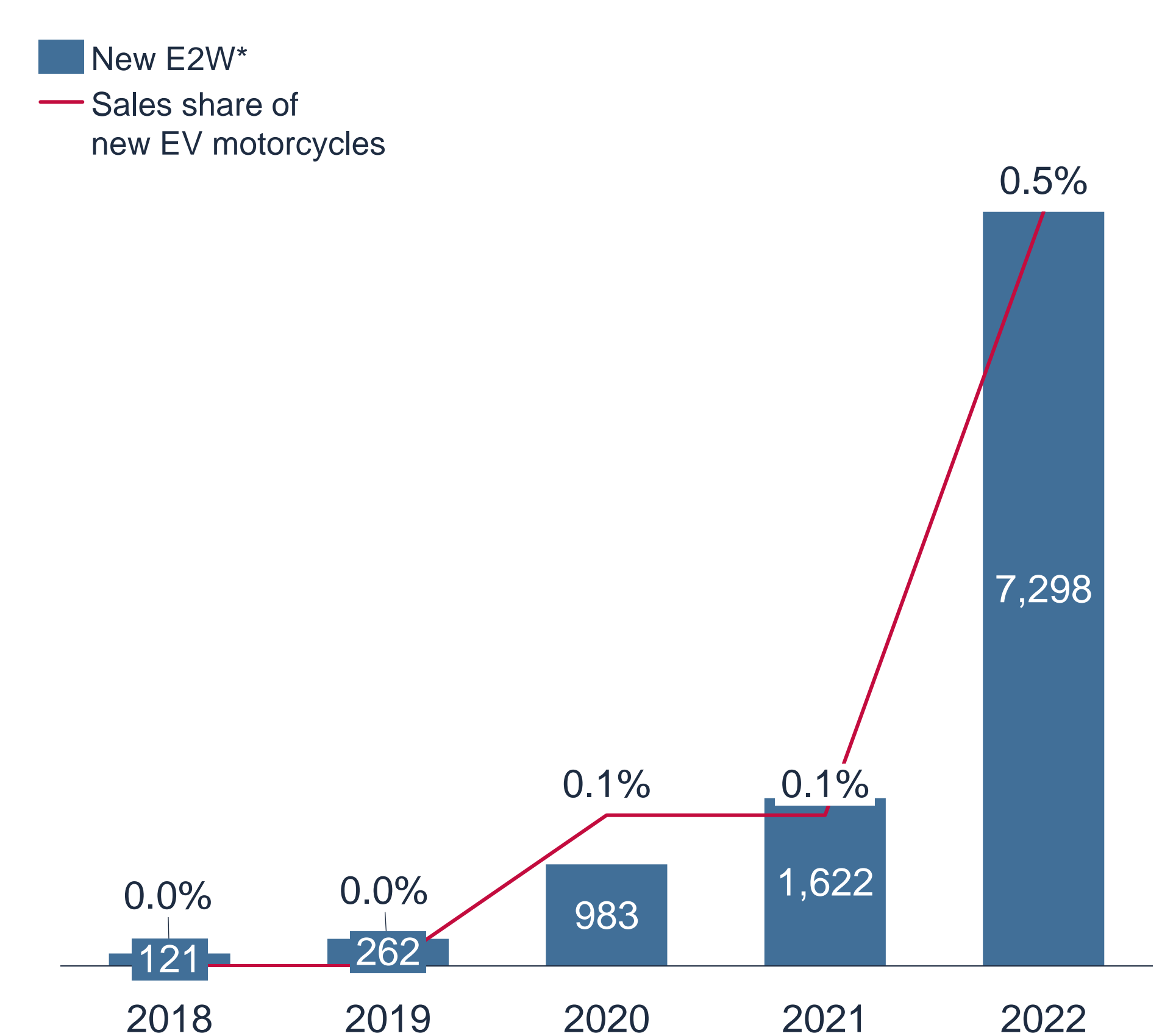
India's total cost of ownership and EV sales evolution¹

INR thousands, Thousand two-wheeler units



EV motorcycle adoption in Brazil²

of vehicles, % of total sales



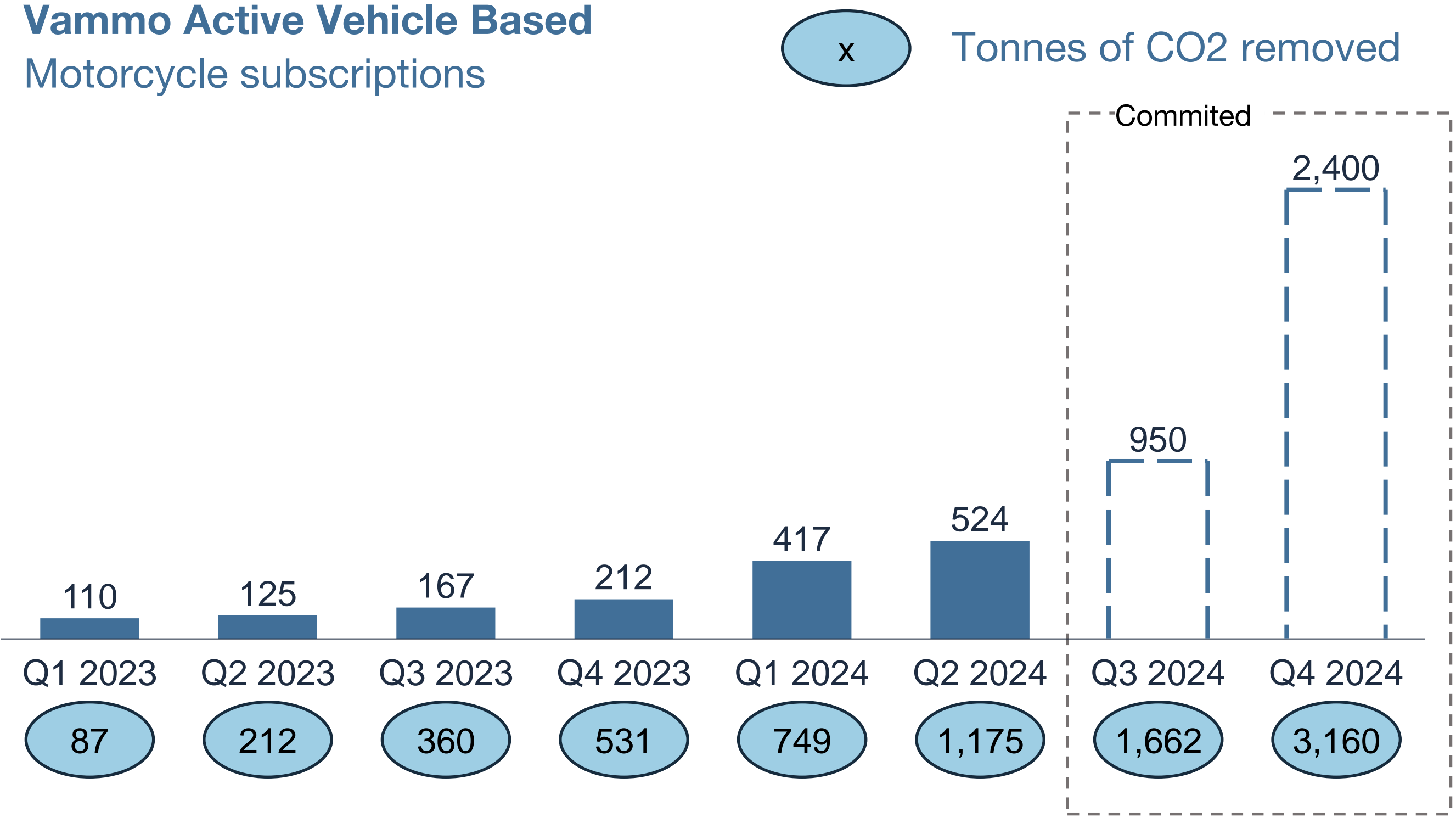
Note: (*) E2W = Electric 2-wheeler
Sources: (1) Blume Ventures; (2) ABRACICLO

Vammo offers full-service motorcycle rentals for a cheaper total cost than leading market alternatives in Brazil

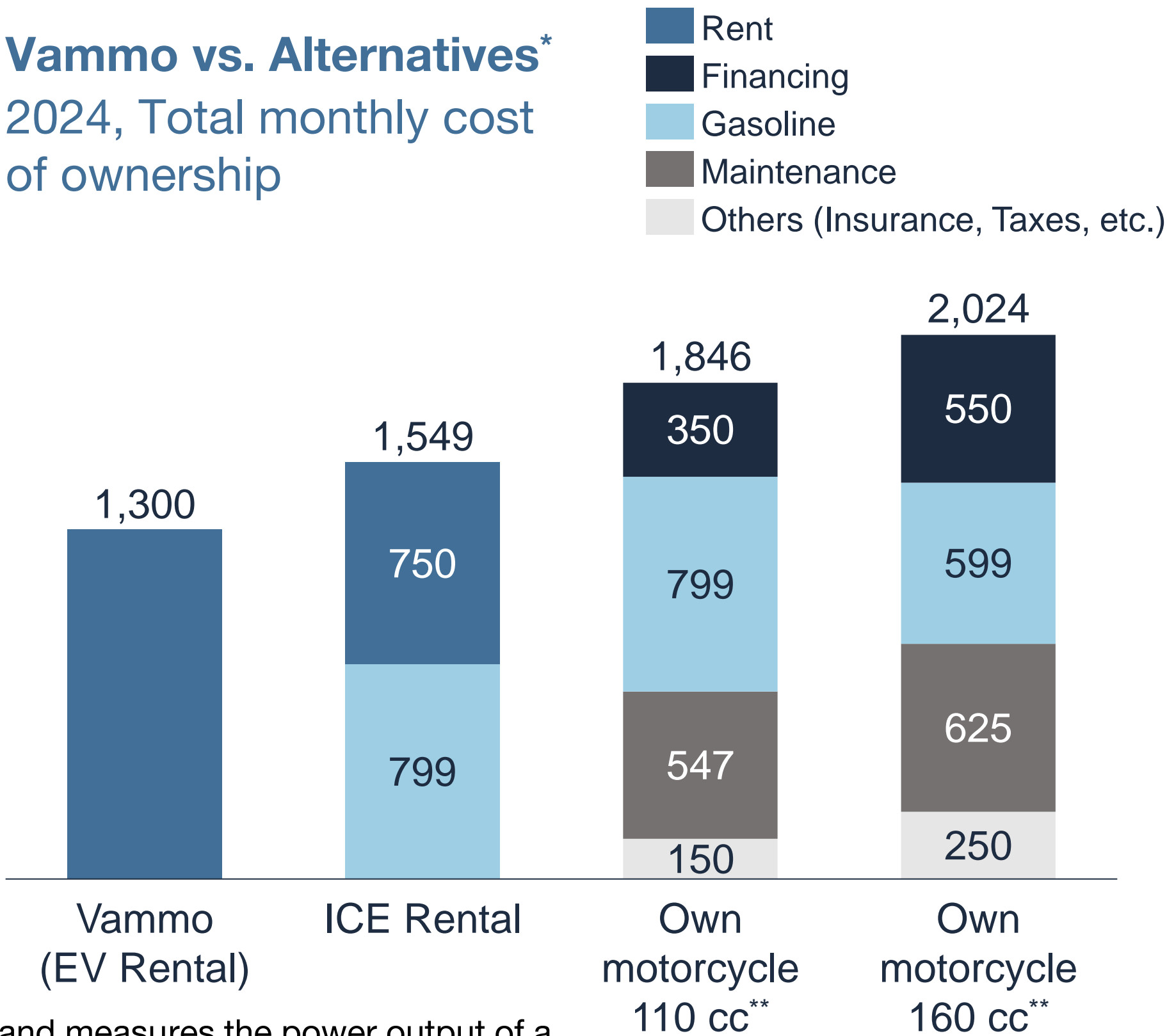


Vammo offers a **complete motorcycle subscription package** that includes the vehicle, unlimited access to Vammo's network of battery swap stations, and in-house preventive maintenance

Vammo Active Vehicle Based Motorcycle subscriptions



Vammo vs. Alternatives* 2024, Total monthly cost of ownership



Note: (*) Considers 900km per week, average gasoline costs and fuel efficiency; (**) 'cc' stands for cubic capacity and measures the power output of a motorcycle engine

Source: Vammo Internal Data



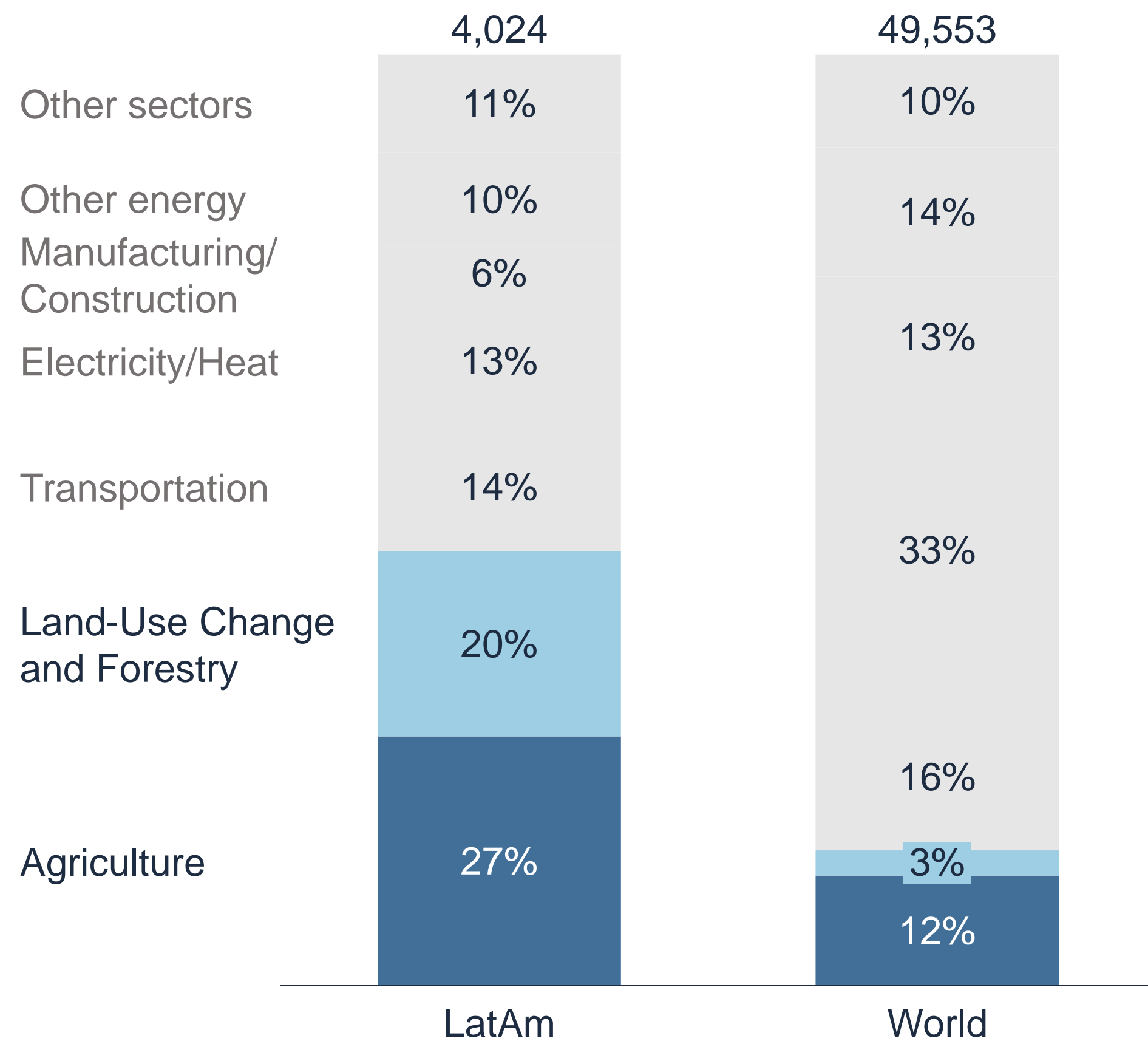


Agriculture & Land Use

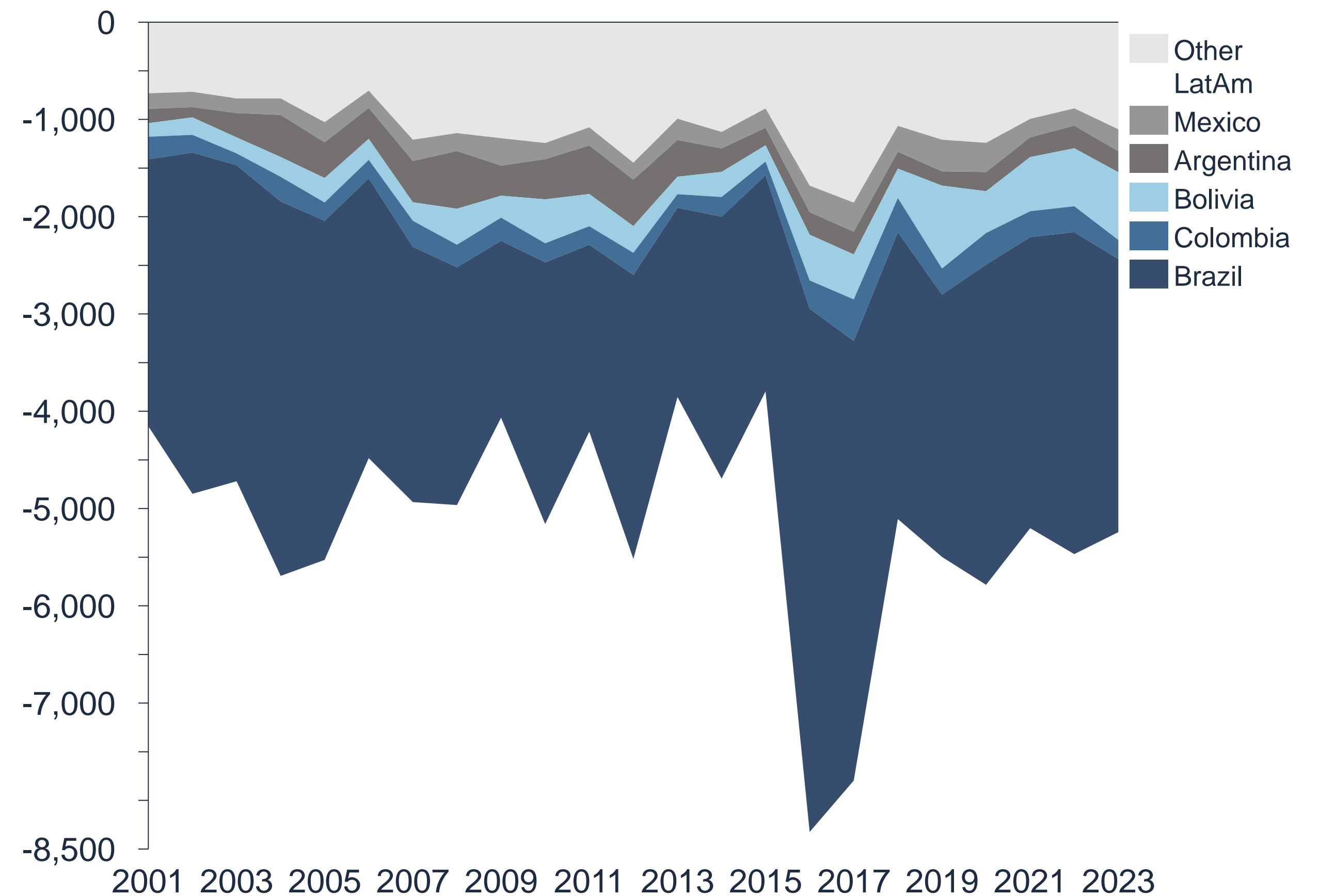


Land use accounts for 45% of LatAm's emissions, a large portion coming from deforestation to free up land

GHG emissions by region and sector¹
%, 2021

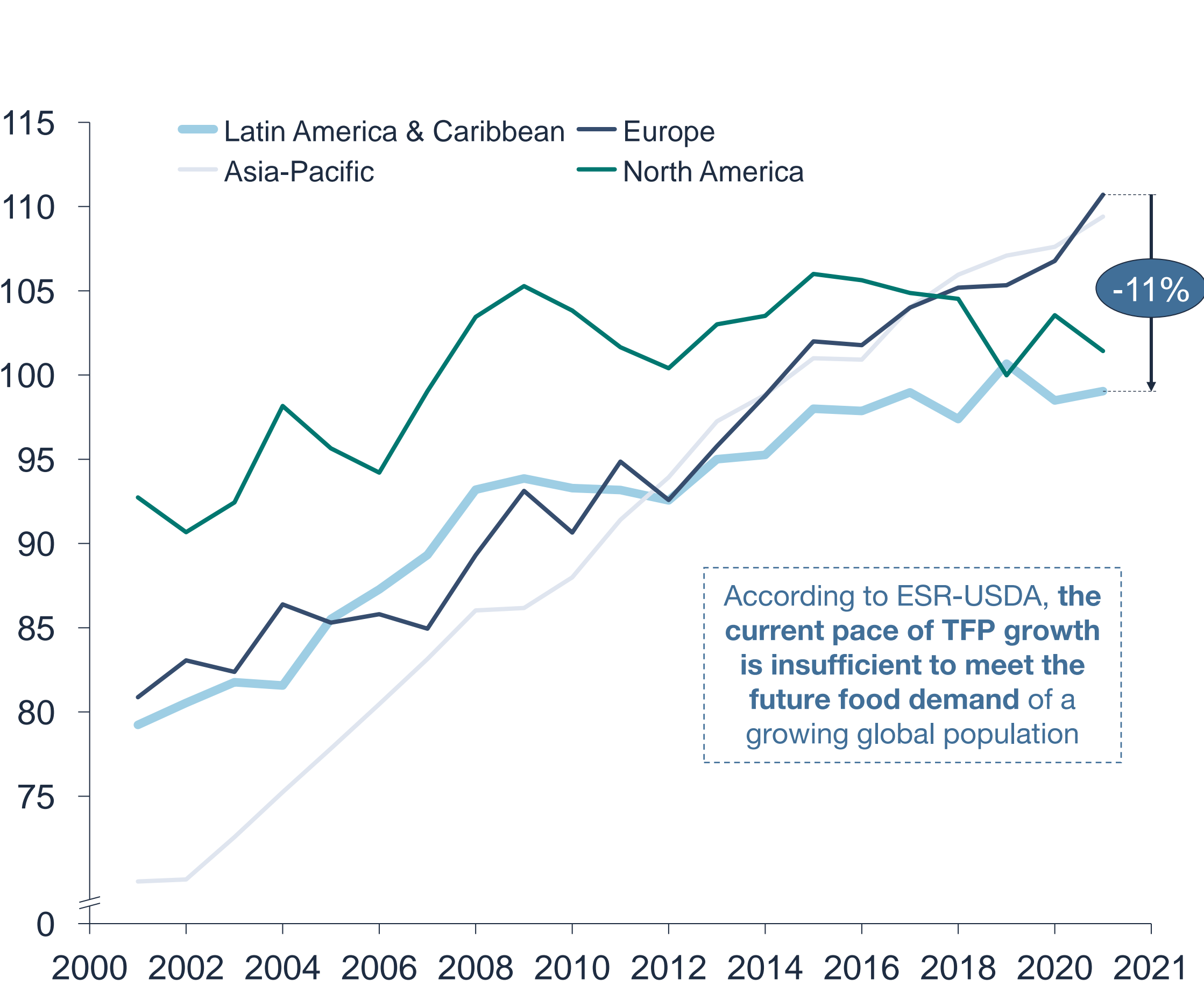


Deforestation in Latin America²
Billions of hectares



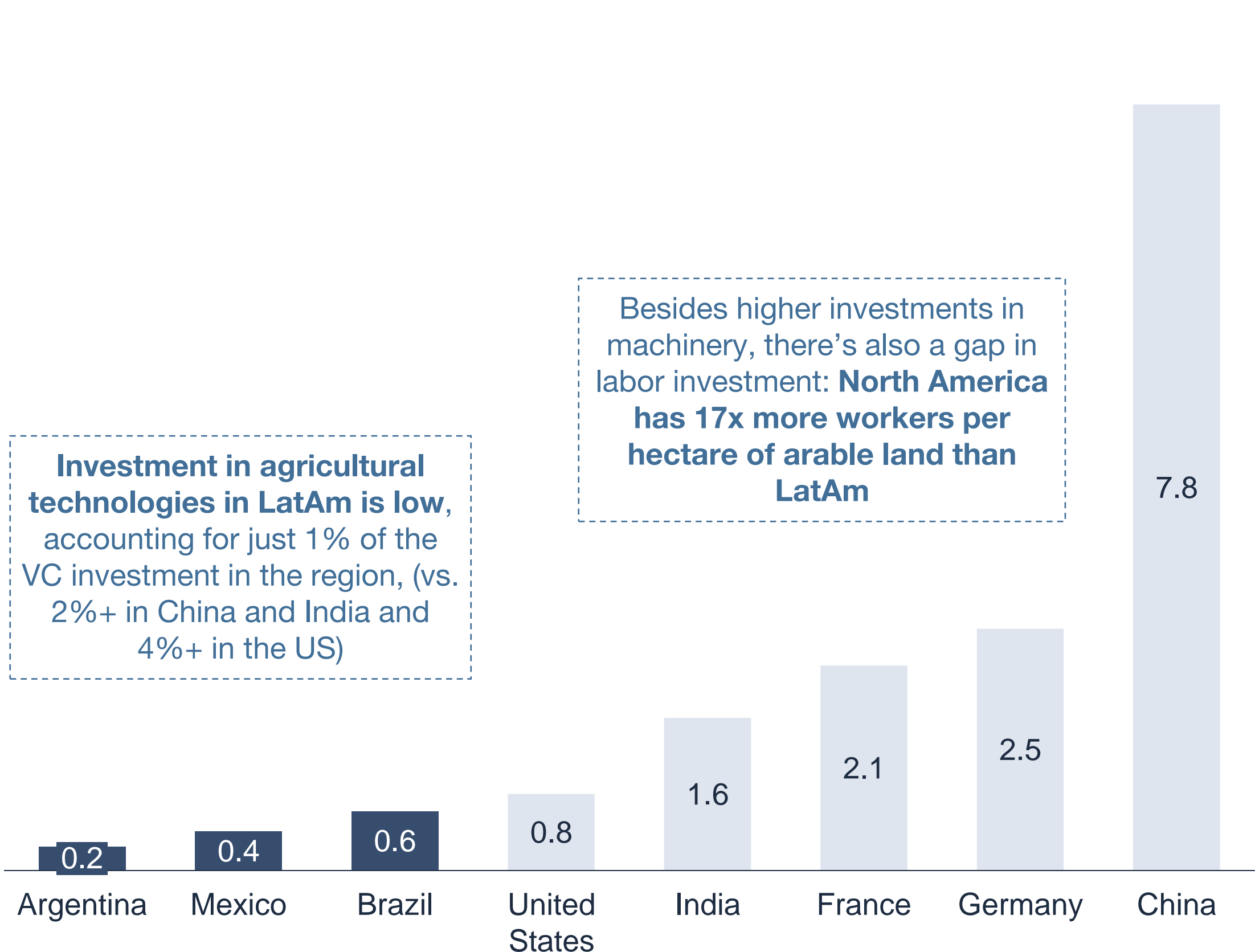
Latin America still lags in agricultural productivity, despite the region's push to close the gap over recent decades

Agricultural total factor productivity (TFP) index



Machinery usage in agriculture per country

Ratio of farm machinery horsepower per 1,000 hectares of quality adjusted agricultural area, 2021

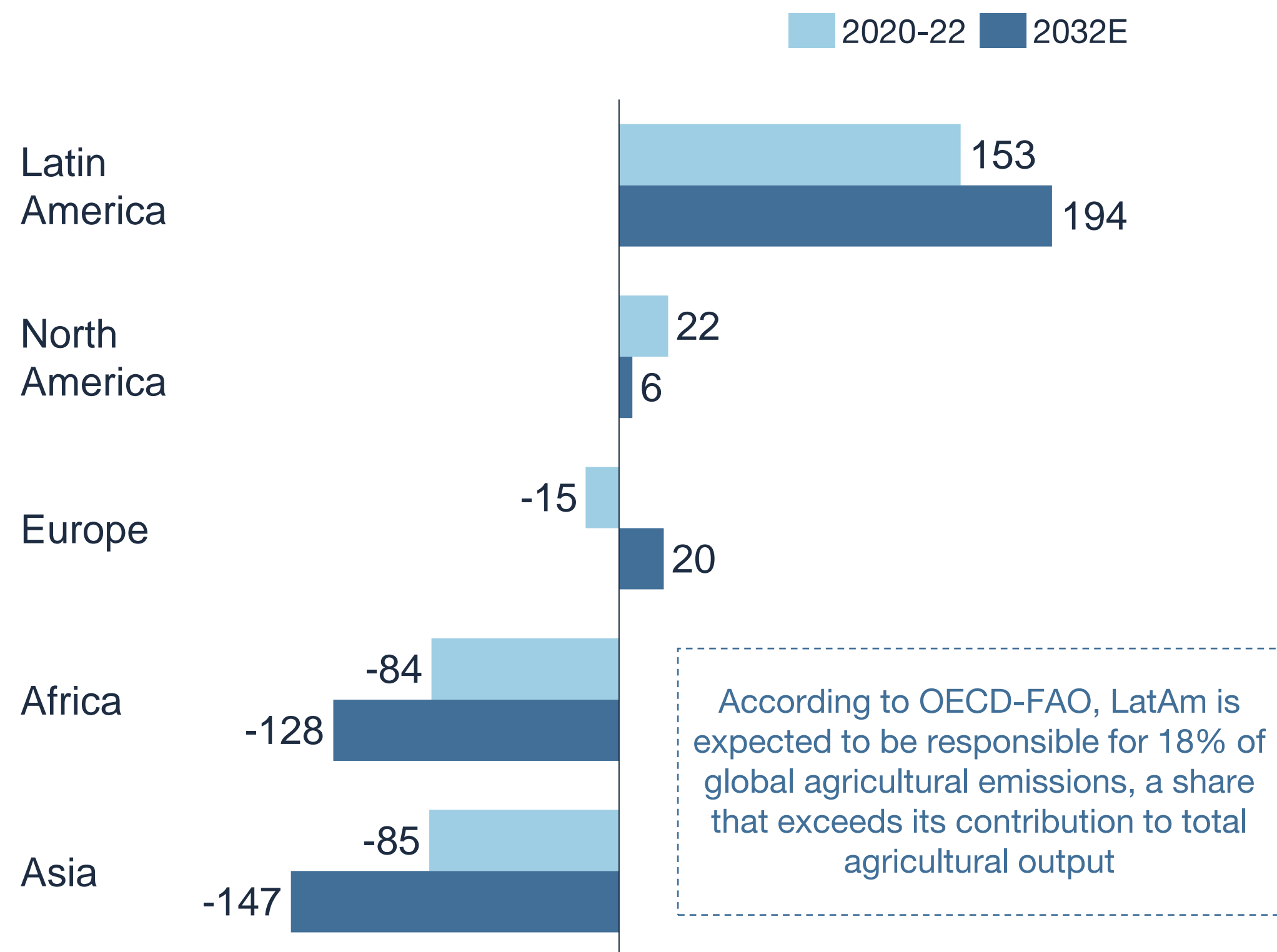


Sources: Fuglie, K. (2015). "Accounting for Growth in Global Agriculture," Bio-based and Applied Economics 4(3): 221-54, and the website for the ERS USDA data product, "International Agricultural Productivity."

Latin America's global leadership in food supply should continue to put pressure on land use as demand expands

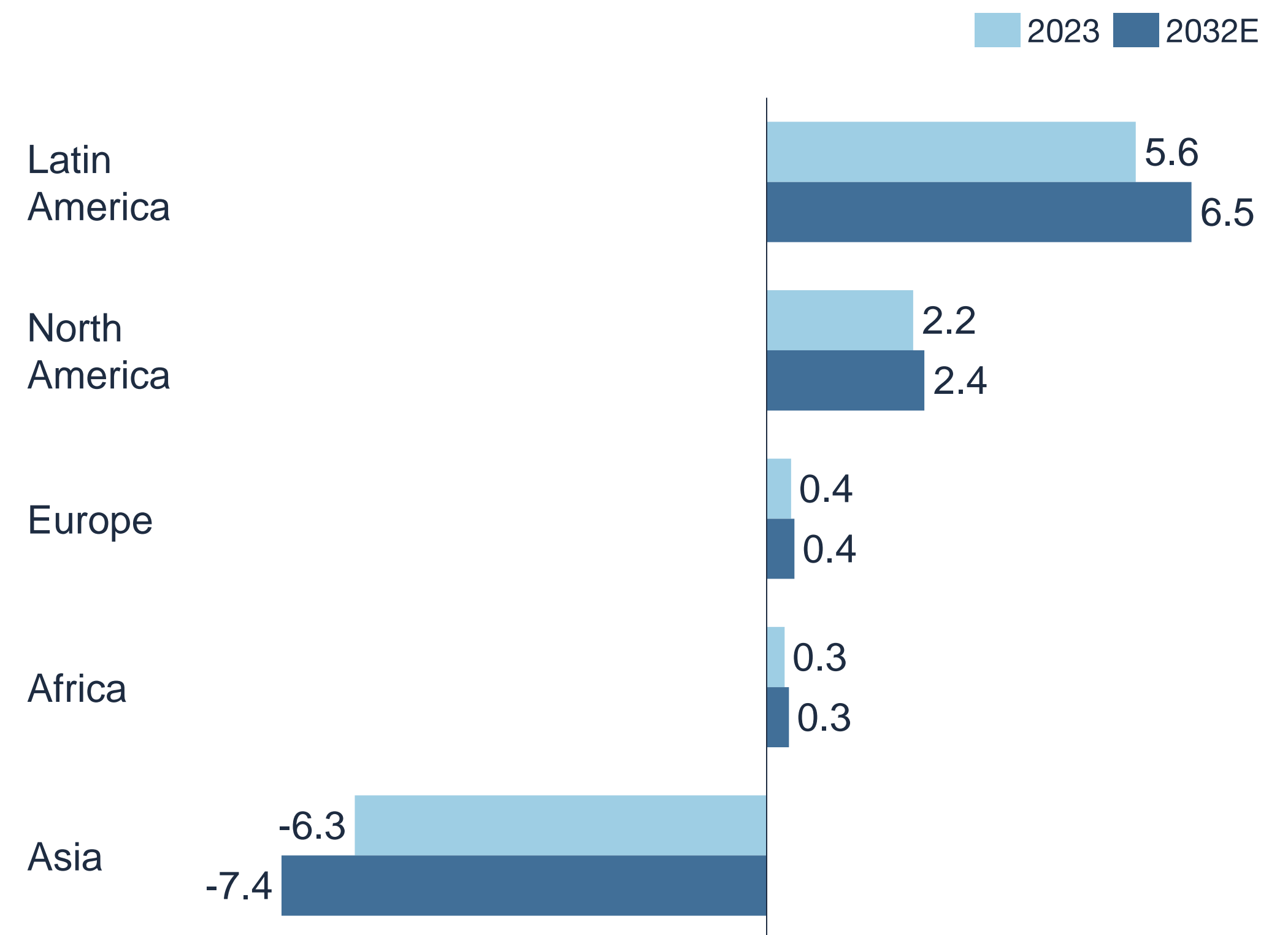
Agricultural trade balance per region^{1,2}

2020-2022; 2032E, US\$B in net trade*



Animal protein trade balance per region³

2023, 2032 forecast, Millions of tons in net trade*



Note: (*) Net trade = Exports - Imports

Sources: (1) International Food Policy Research Institute; (2) OECD-FAO Agricultural Outlook 2023-2032; (3) FAO

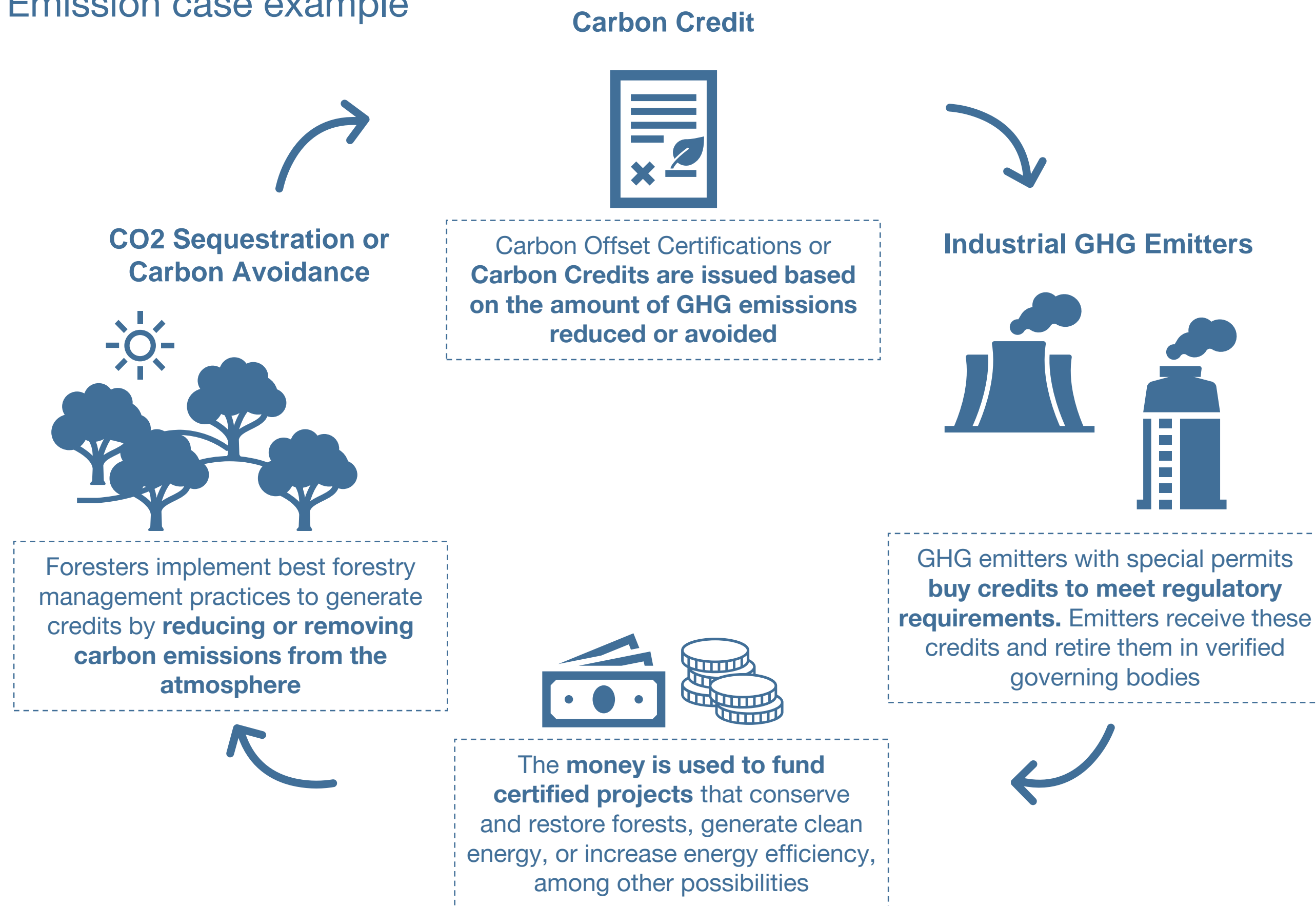


Offsetting

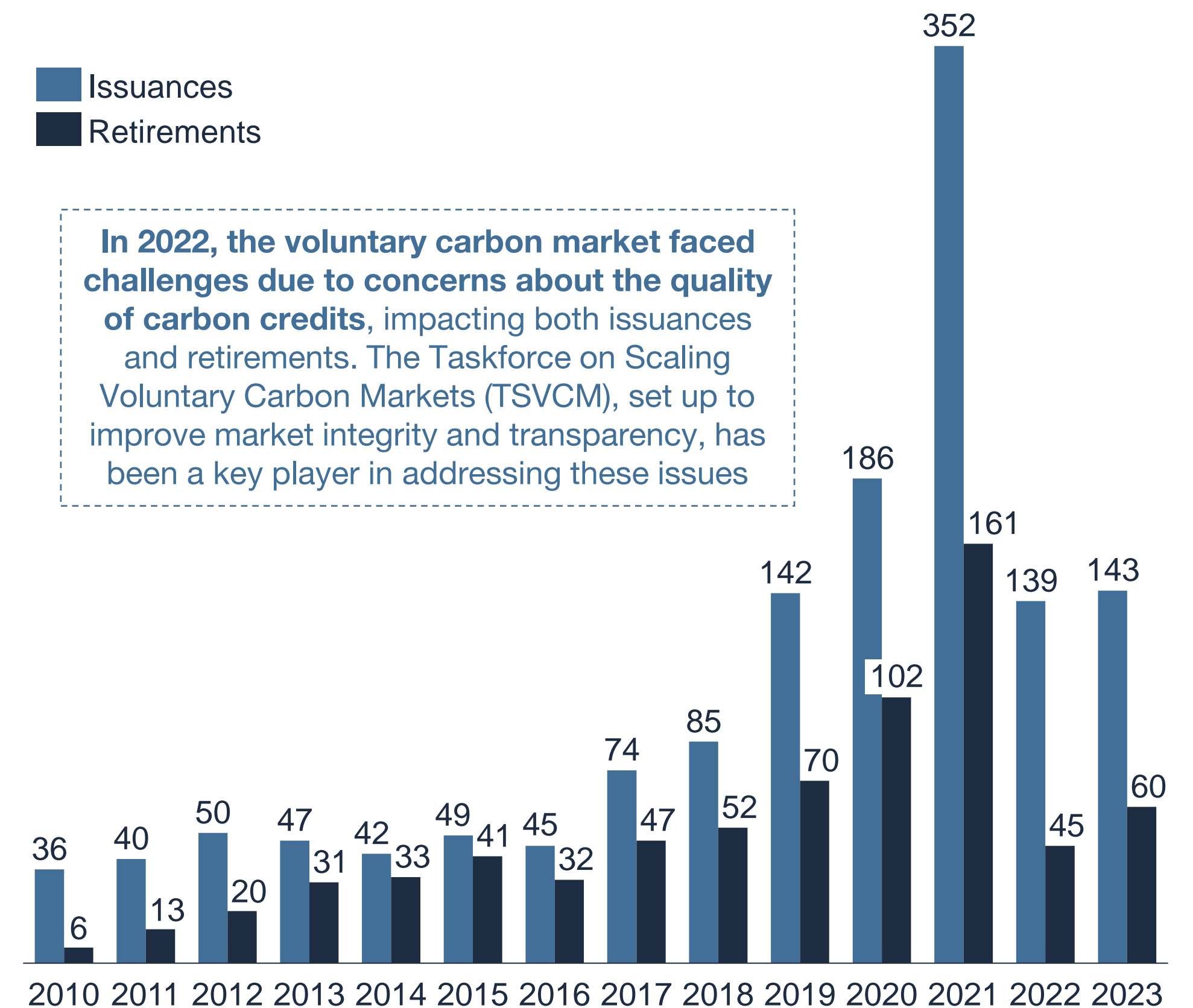


Carbon credits emerged to facilitate project financing and carbon offsetting; Demand is rising, but challenges exist

Carbon credit cycle¹ Emission case example

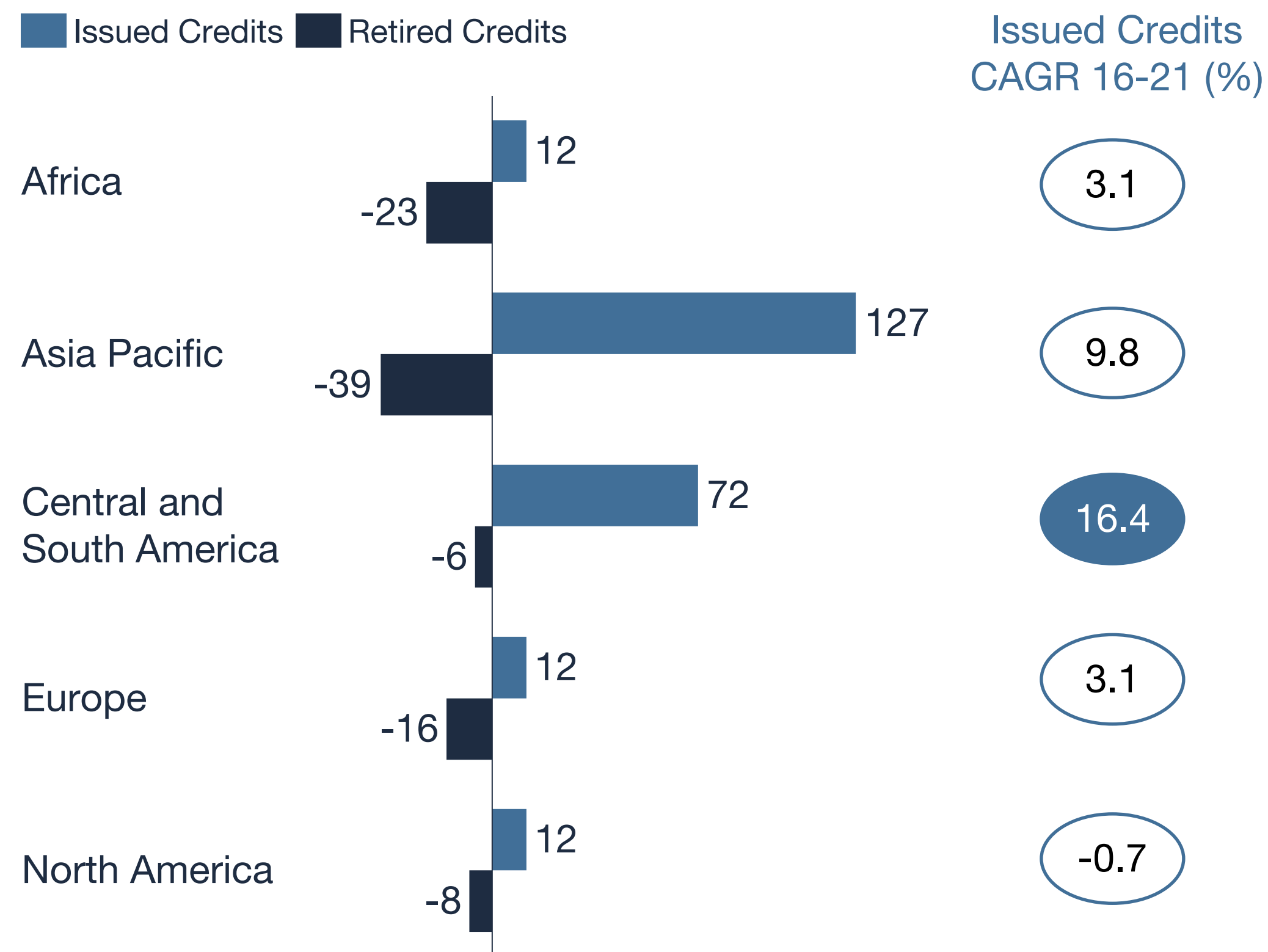


Voluntary carbon market growth² Millions of metric tons of CO₂ equivalent

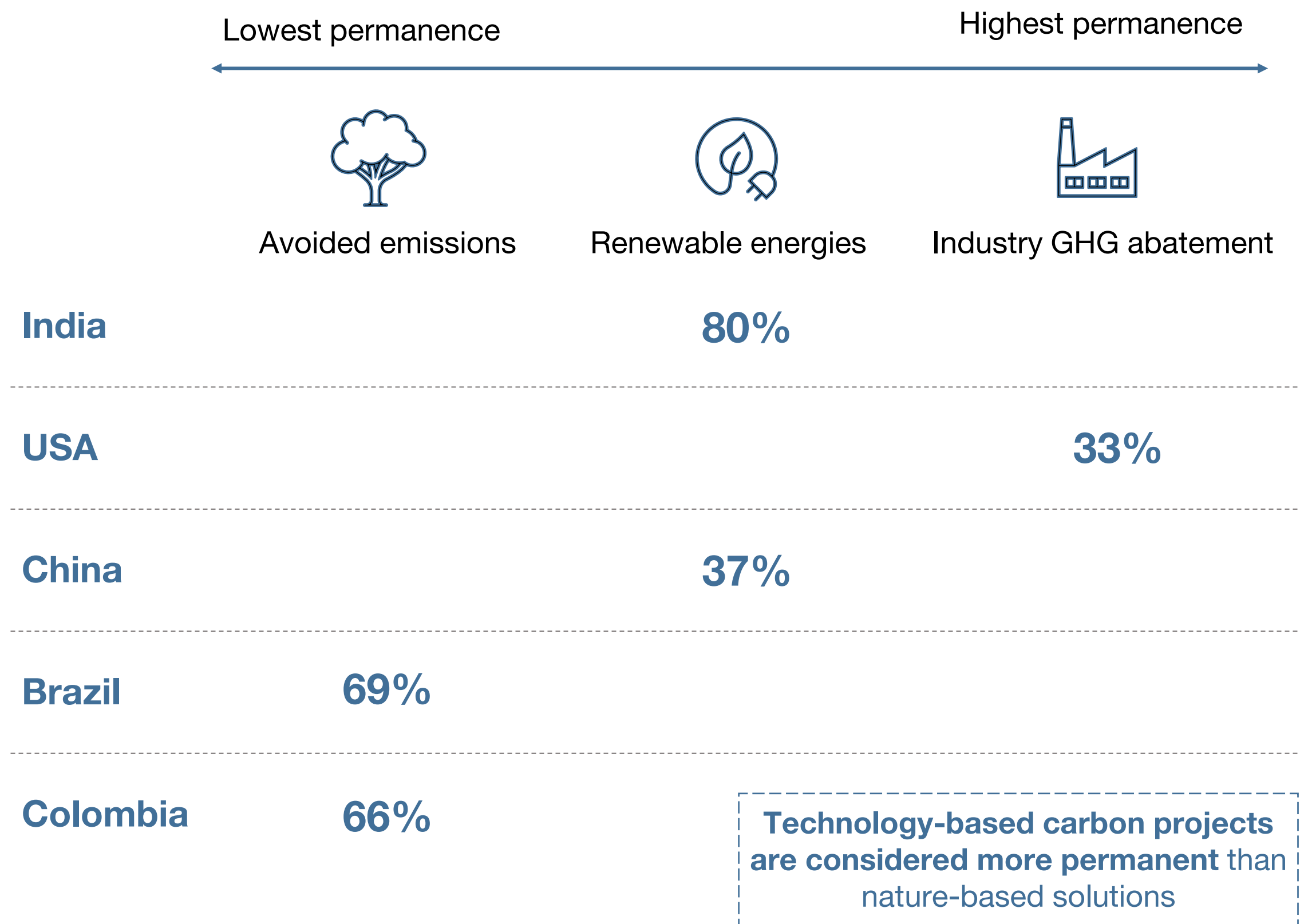


Latin America ranks second in carbon credit issuance; nonetheless, its projects rely on less permanent solutions

Discrete credits* split by region¹
2021, Millions of tons of CO₂ equivalent



Non-retired volumes by activity type²
Share of largest activity

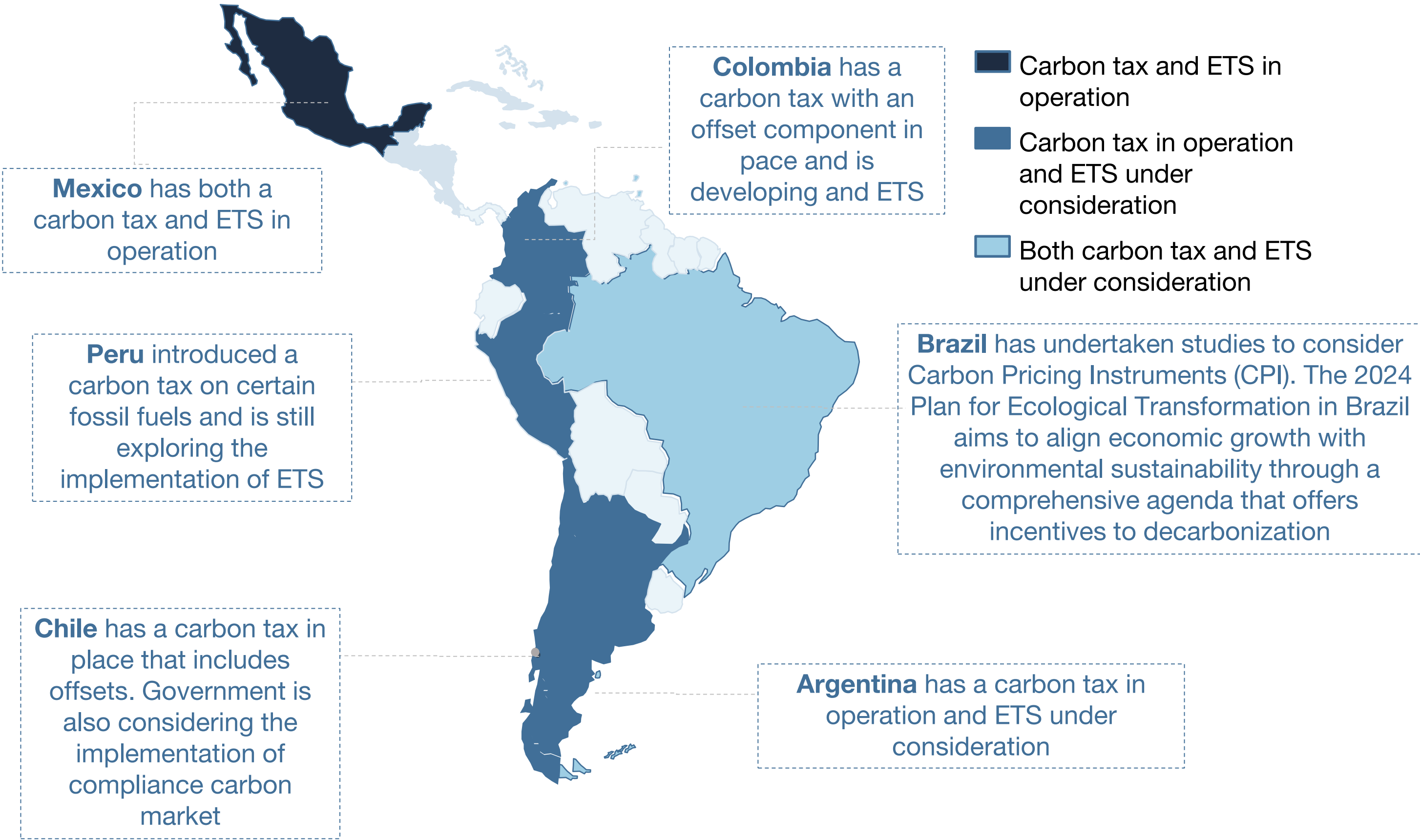
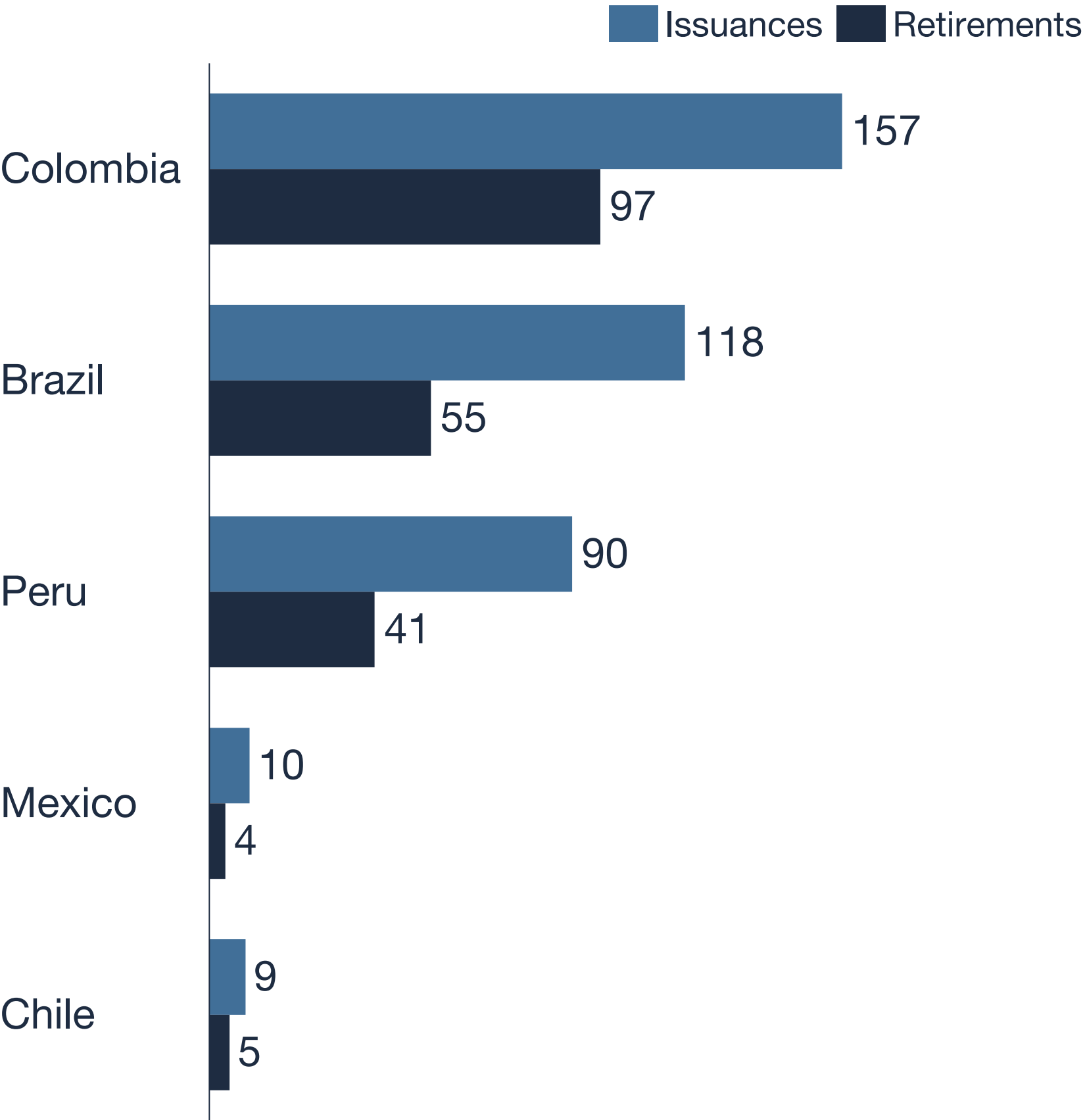


Notes: (*) Discrete carbon credits are specific, measurable reductions in emissions that can be traded to offset carbon footprints. Issued credits indicate these reductions, while retired credits are those that have been bought and permanently used for offsetting emissions

Sources: (1) International Carbon Action Partnership; (2) Climate Focus Voluntary Carbon Market

Colombia leads the region in issuance and retirements, while Brazil ranks second despite limited regulatory actions

Retirements and issuances of credits in LatAm
2023, Mt CO² equivalent



Re.green generates carbon offset by leveraging Brazil's strategic position for large-scale forest restoration



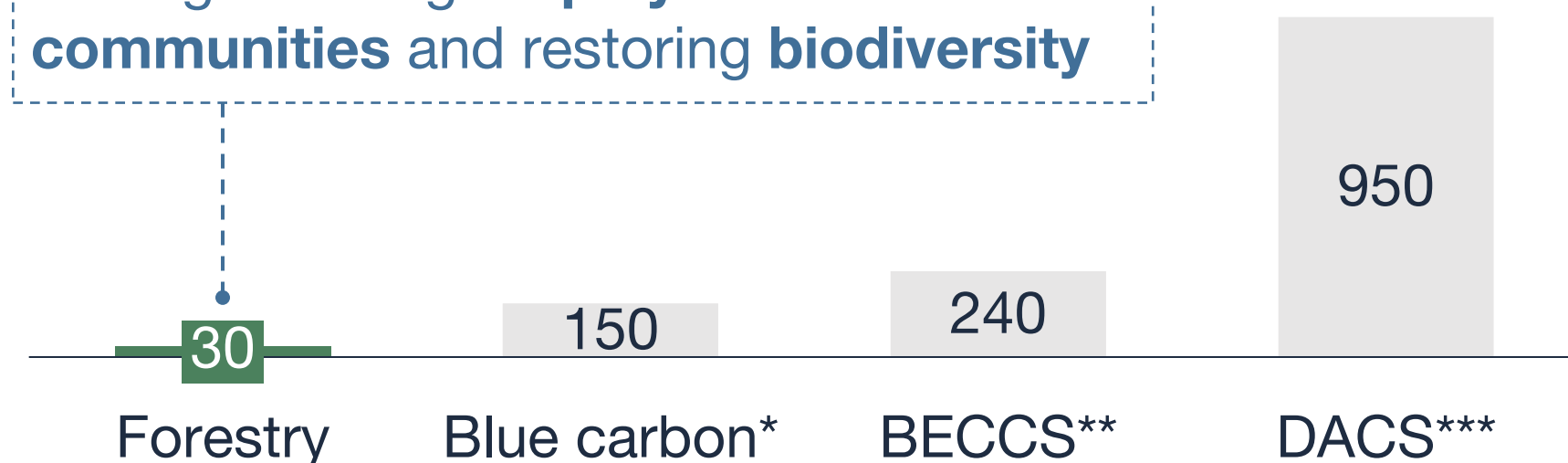
Founded by some of **Brazil's leading scientists**, re.green is an **ecological restoration platform leveraging proprietary technology** such as cloud-based geospatial optimization algorithms and multiple restoration models to sequester carbon and enhance biodiversity



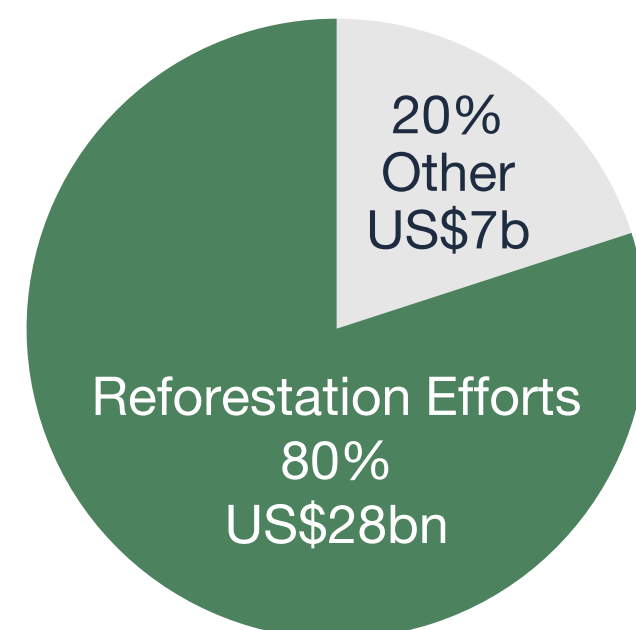
re.green focuses on **nature-based sequestration (NBS)**: it sequesters carbon from the atmosphere by **restoring deforested and degraded lands** back to their natural ecosystems. re.green **involves local communities** in sustainable practices while also improving their lives.

Levelized cost of carbon offset per technology¹
2022, UDS/tCO₂

NBS is the most **cost-effective** solution while generating **employment for local communities** and restoring **biodiversity**



Brazil is well positioned for NBS¹
Brazil's carbon offset potential, %



Brazil represents **15% of the world's carbon offset potential**

re.green analyzed 1200+ properties and purchased 26k ha of land

Properties evaluated by restoration potential, carbon return & contract performance

Total Land Mapped and Analyzed
Properties: 1,292 Area: 2,609k ha

Negotiation & Due Diligence
Properties: 71 Area: 166k ha

Land Purchased
Properties: 5 Area: 26k ha

Over **45%** of the total area is **restorable**

Notes: (*) Carbon captured and stored by coastal and marine ecosystems; (**) Bioenergy with Carbon Capture and Storage (BECCS) is a technology that combines bioenergy production with carbon capture; (***) Direct Air Carbon Capture and Storage (DACCS) is a technology that captures CO₂ directly from the atmosphere and stores it underground or in other long-term storage solutions.

Source: re.green internal data

@STF_oficial intima Elon Musk e X a indicarem representante legal em até 24 horas, sob pena de suspensão de atividades no Brasil

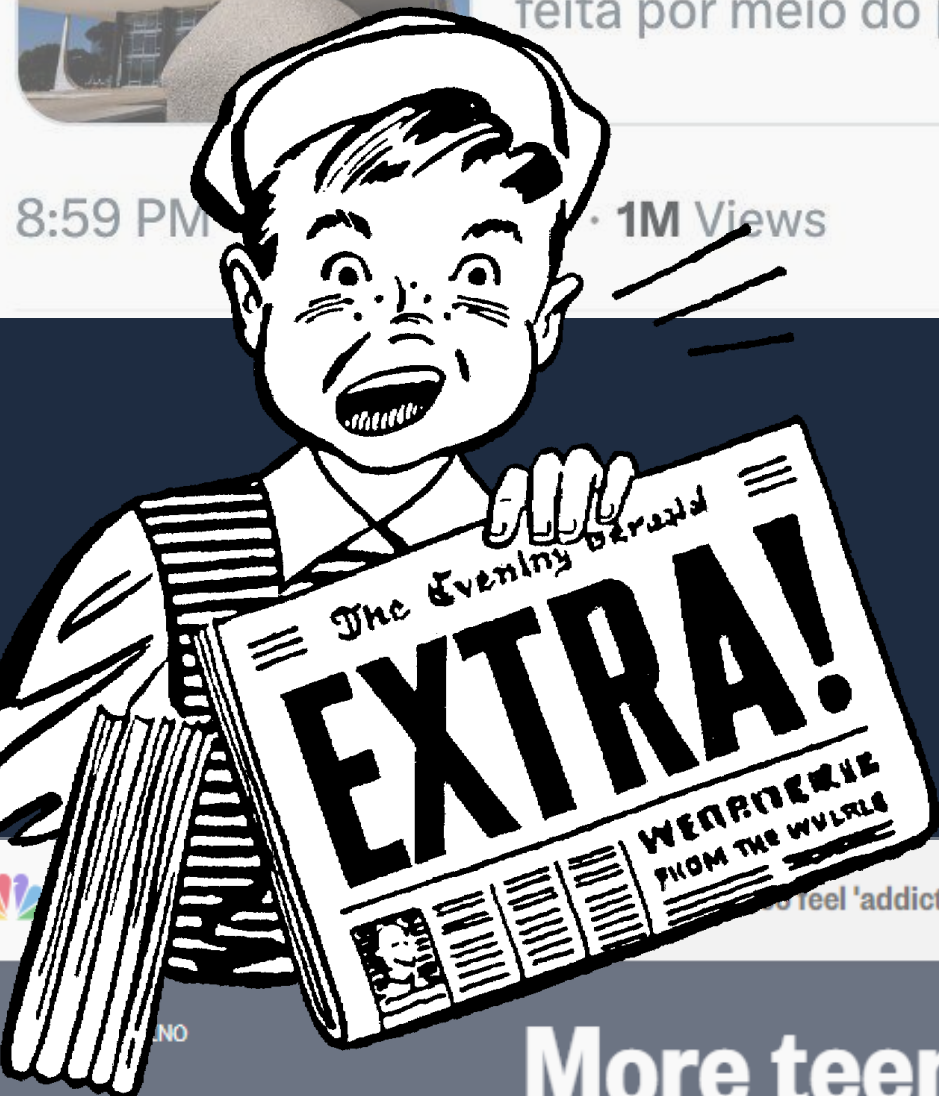
Translate post



noticias.stf.jus.br

STF intima Elon Musk e X a indicarem representante legal em Intimação assinada pelo ministro Alexandre de Moraes foi feita por meio do perfil oficial do STF na plataforma. ...

8:59 PM · 1M Views



Lookout: New Consumer Trends

More teens in Mexico feel 'addicted' to phones than in other countries

But in all countries, "one thing we've found in common is the number of parents and teens who say they wake up in the middle of the night and check their phones."

Elon Musk @elonmusk · Aug 17
Due to demands by "Justice" @Alexandre in Brazil that would require us to break (in secret) Brazilian, Argentinian, American and international law, X has no choice but to close our local operations in Brazil.

He is an utter disgrace to justice.

Ozempic becomes hit in Brazil, generates R\$3.7bn in sales

Novo Nordisk wants to extend medicine patent in the country

OBO | Tecnologia

Economia / Tecnologia

Brasil é o terceiro país que mais consome redes sociais

Uso constante tem impactos econômicos e psicológicos, além de gerar riscos, dizem especialistas

Influenciadora é indiciada por divulgar "jogo do tigrinho"

A mulher chegou a movimentar aproximadamente R\$10,4 milhões e, se condenada, pode pegar até 40 anos de prisão

Julia Farias, da CNN*, Em São Paulo
16/09/2024 às 10:42 | Atualizado 16/09/2024 às 10:42



Global Government Affairs @GlobalAffairs

Last night, Alexandre de Moraes threatened our legal representative in Brazil with arrest if we do not comply with his censorship orders. He did so in a secret order, which we share here to expose his actions.

ECONOMIA

Brasileiros perdem R\$ 23,9 bilhões em 'bets' e vício atrapalha até no emprego

por Redação Tribuna do Norte

7 de setembro de 2024 | 8 de setembro de 2024

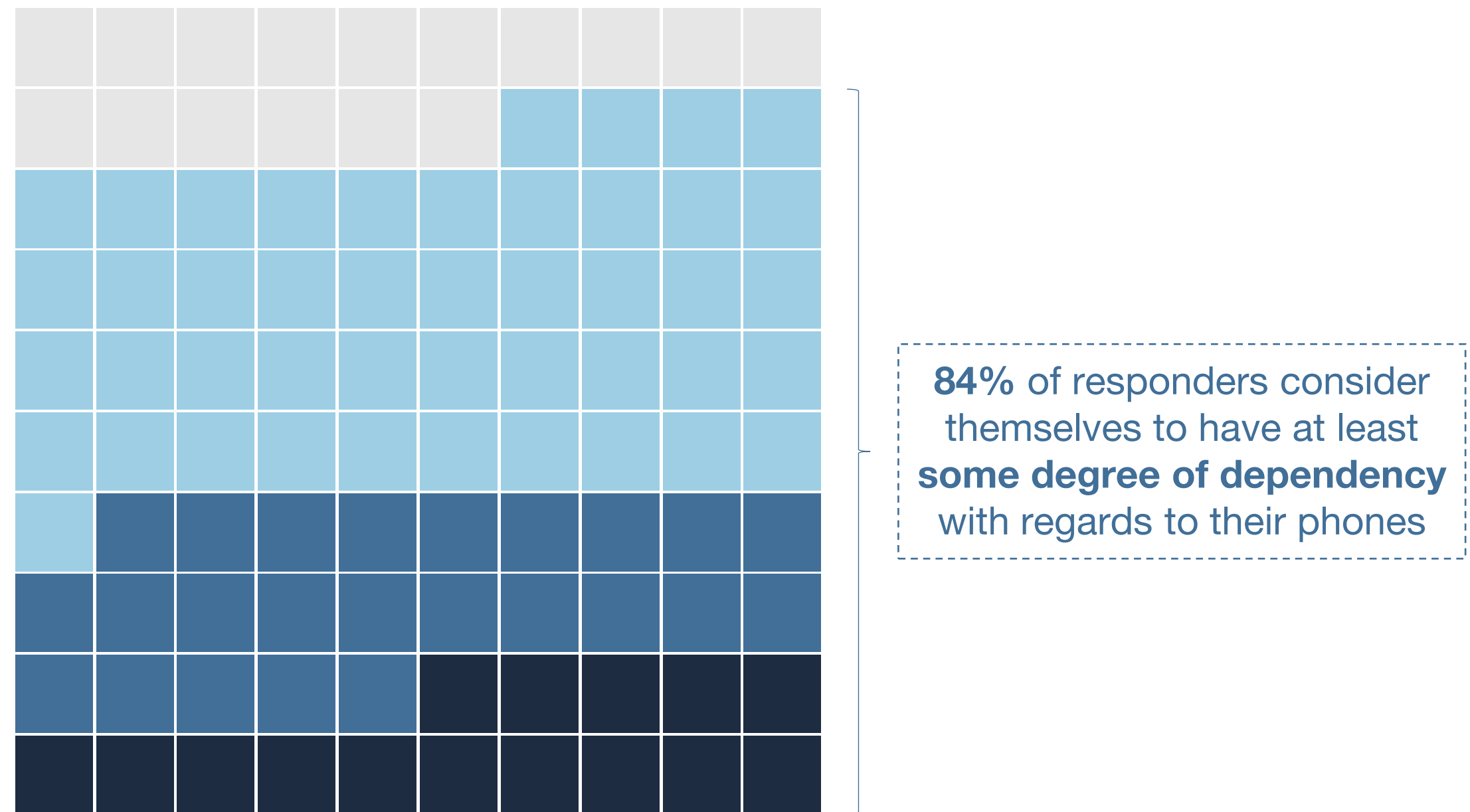
Most of the population perceives negative impacts from excessive cell-phone use and dependency

Perception about dependency on cell-phones¹

2024, % of respondents in Brazil

Do you consider yourself to have any level of dependency with regards to your phone?

No
 Slight dependency
 Reasonable dependency
 High dependency

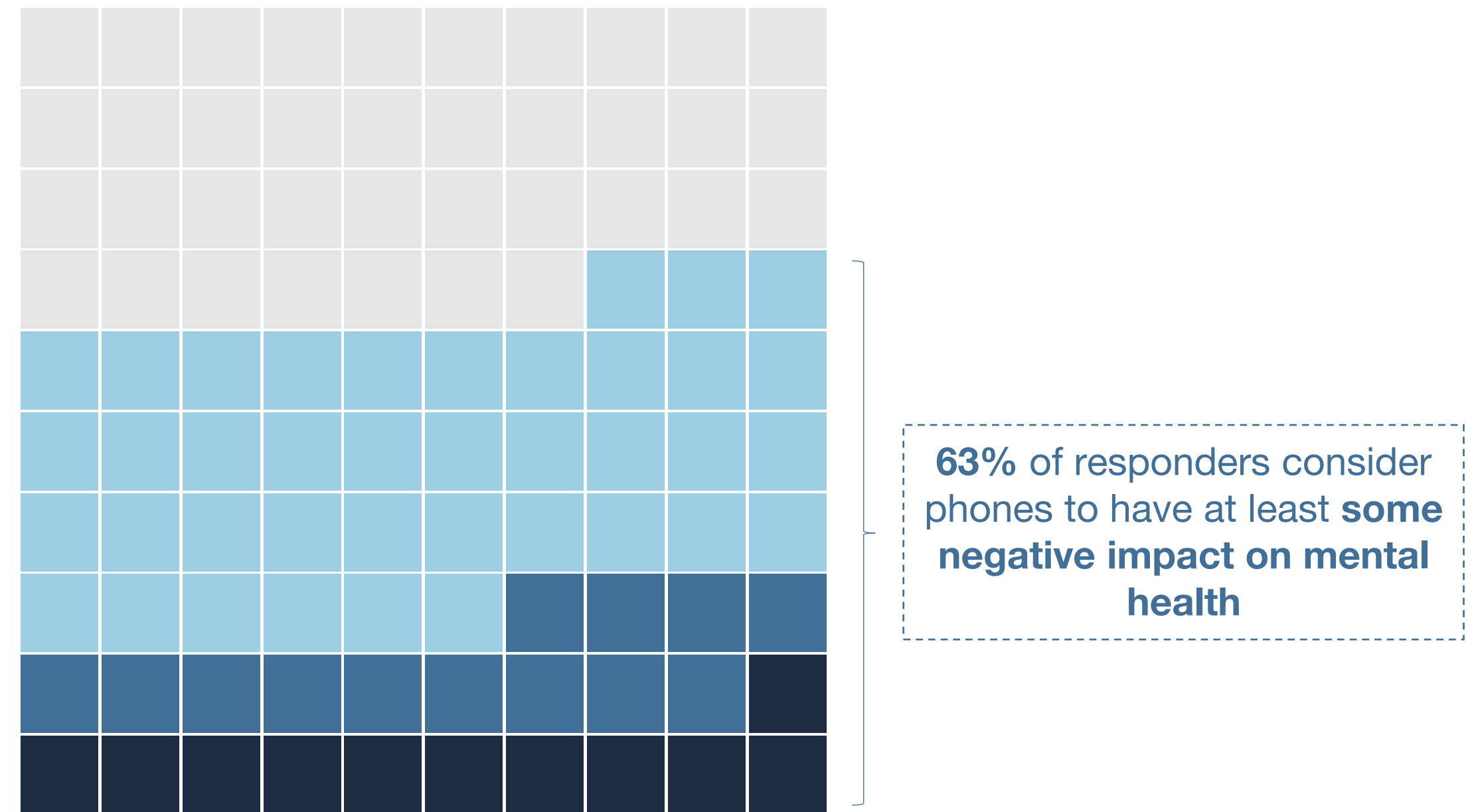


Perception about cell-phones and mental health¹

2024, % of respondents in Brazil

Do you believe the use of cell phones negatively impacts your mental health?

No
 Little impact
 Reasonable impact
 High impact



Notes: Margin of Error: ± 2 percentage points; Confidence Level: 95% Data Collection Period: June 27th to July 15th, 2024
 Source: Atlantico and AtlasIntel Survey 2024 (n=1,619)

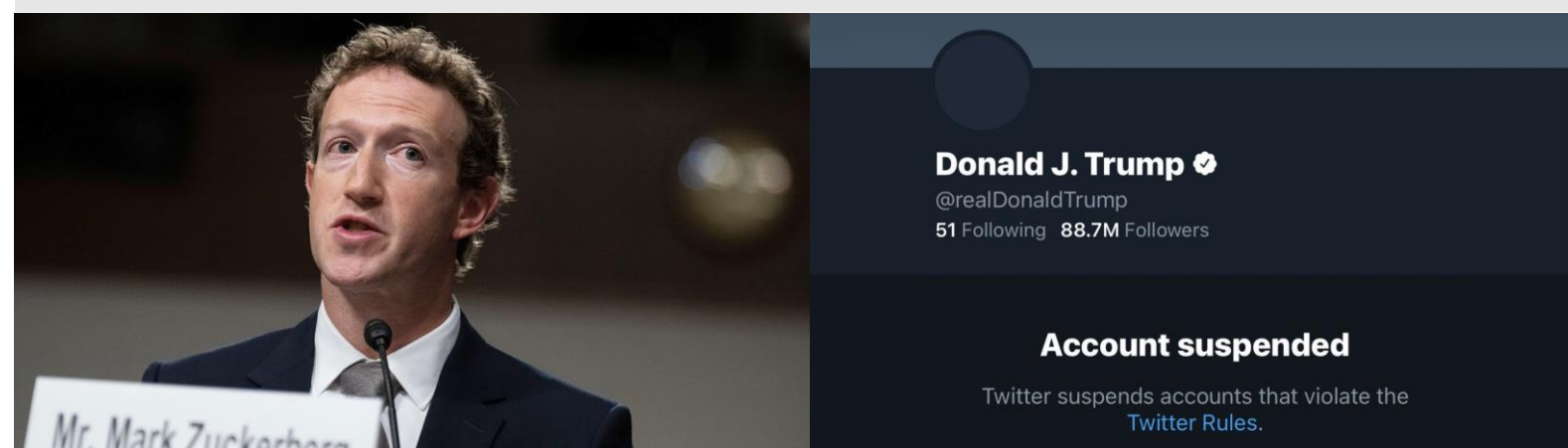
Big Techs face increasing government pressure worldwide, leading to tighter regulation of media platforms and content

Big Techs face growing U.S. scrutiny and regulatory threats¹

TikTok faces the **risk of a U.S. ban** as data privacy and security concerns grow amid U.S.-China tensions



Freedom of speech is another divisive issue, especially during election periods



Zuckerberg claims Meta was **"pressured" to censor Covid content** by Biden's admin.

Trump was **"permanently" banned from Twitter** in 2021 for incitement of violence

LatAm faces similar tensions: Brazilian Supreme Court versus X³

1. Warnings 2023-2024

Since the Jan/2023 coup acts in Brazil, Alexandre de Moraes, justice of Brazil's Supreme Court, has investigated and **ordered X to ban users** – mostly from Brazil's right-wing - **spreading misinformation and inciting attacks on democratic institutions**



2. Resistance 2024

Elon Musk refused to comply with the Brazilian Supreme Court's **orders** to remove content from the platform, further escalating tensions. Additionally, on August 19th, **he closed X's operations in Brazil** after Moraes threatened to arrest their legal representatives

3. Sanctions Aug/2024



On Aug 30th, **X was officially taken offline in Brazil**. In addition, the judge ordered the **freezing of Starlink's* accounts** in the country, despite its lack of direct involvement in X's operation

"He [Moraes] is a criminal playing dress-up as a judge."
- Elon Musk on X

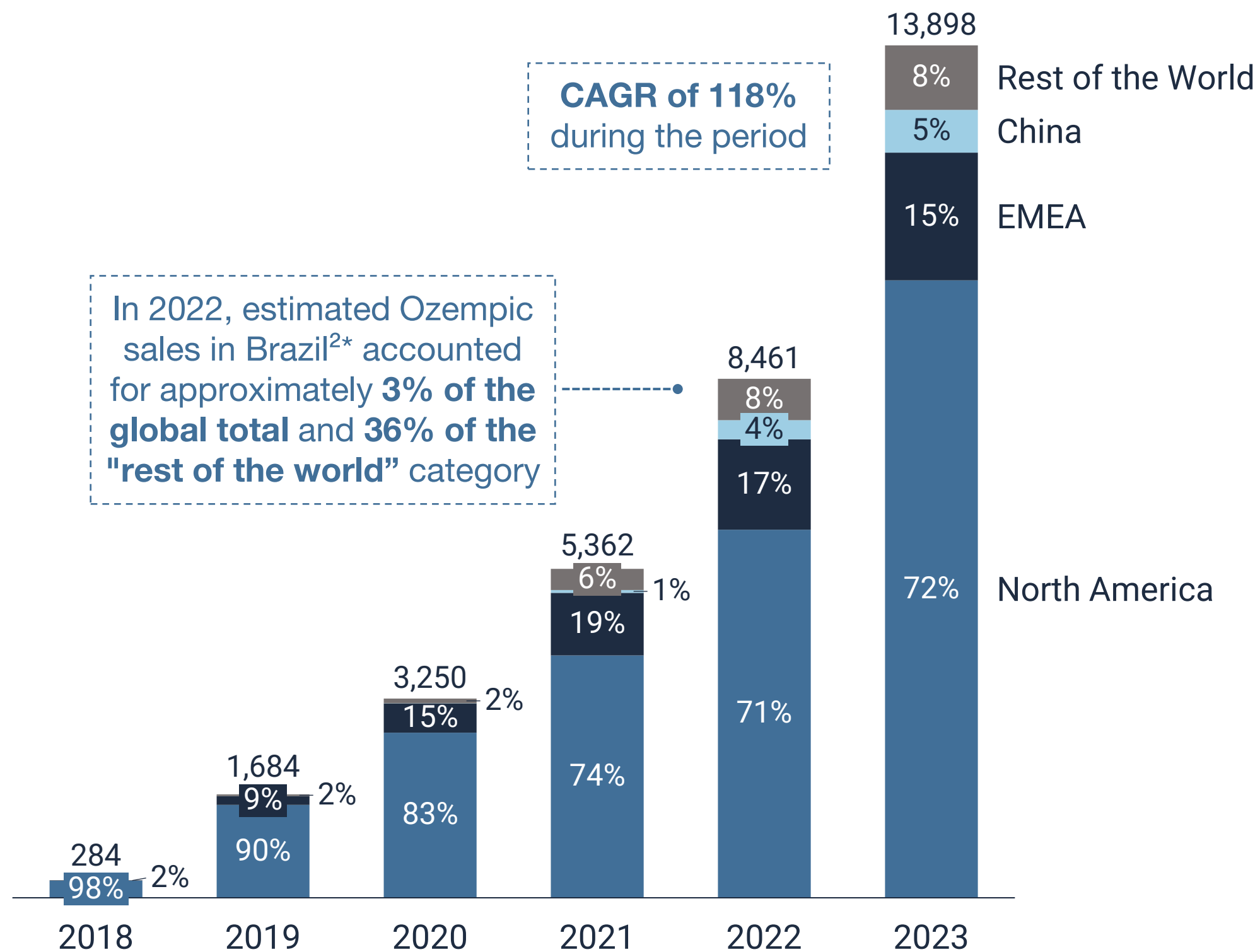
Notes: (*) Satellite internet network company owned by Elon Musk

Sources: (1) The New York Times, CNN Business, BBC ; (2) Reuters; (3) The New York Times, CNN, InfoMoney, The News

Ozempic sales have soared globally, with Brazil starting to follow the lead; still, most Brazilians don't approve usage

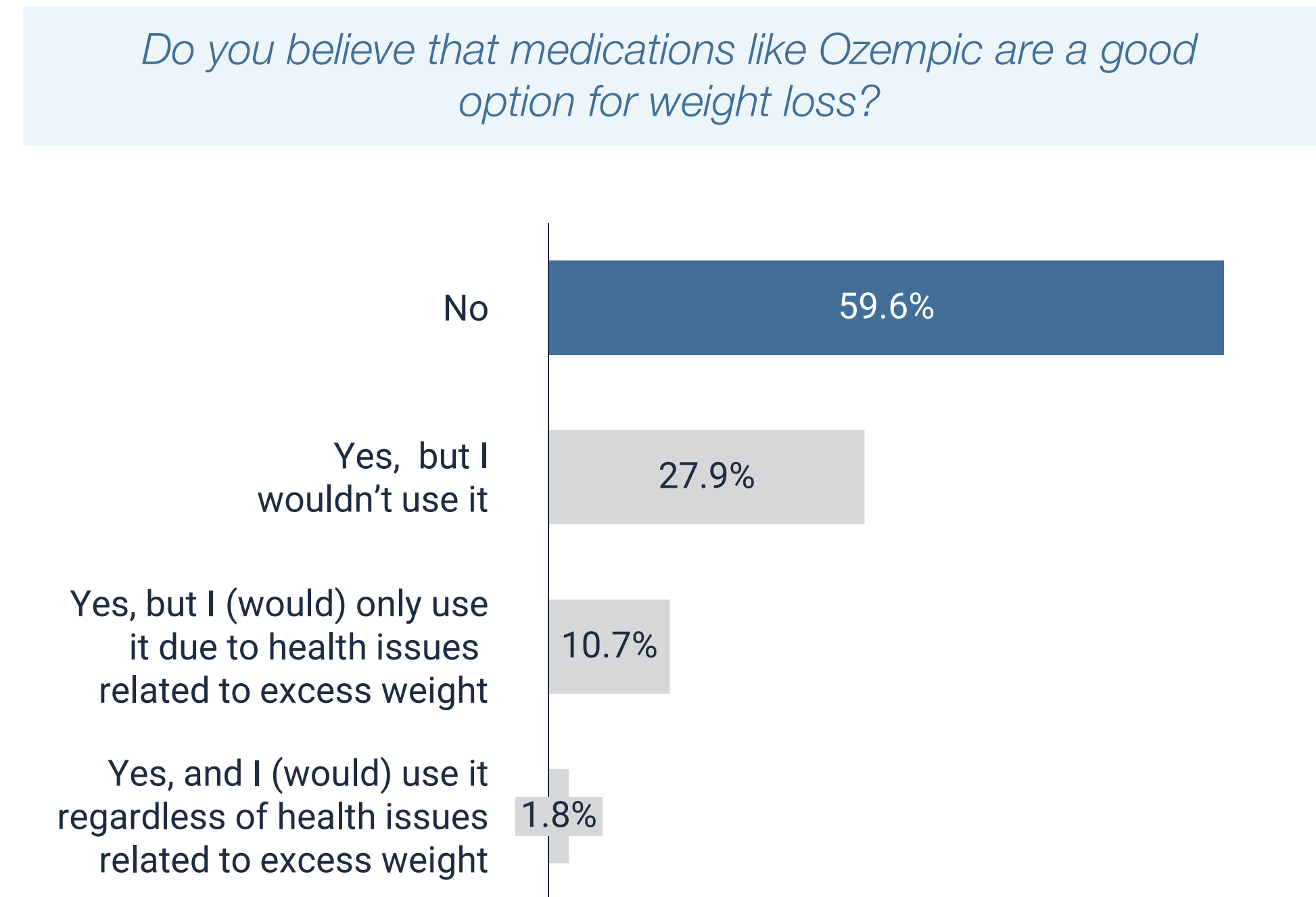
Ozempic's global sales have skyrocketed through expansion into new markets, including Brazil¹

US\$, M



Most Brazilians still don't see Ozempic as a solution for weight loss³

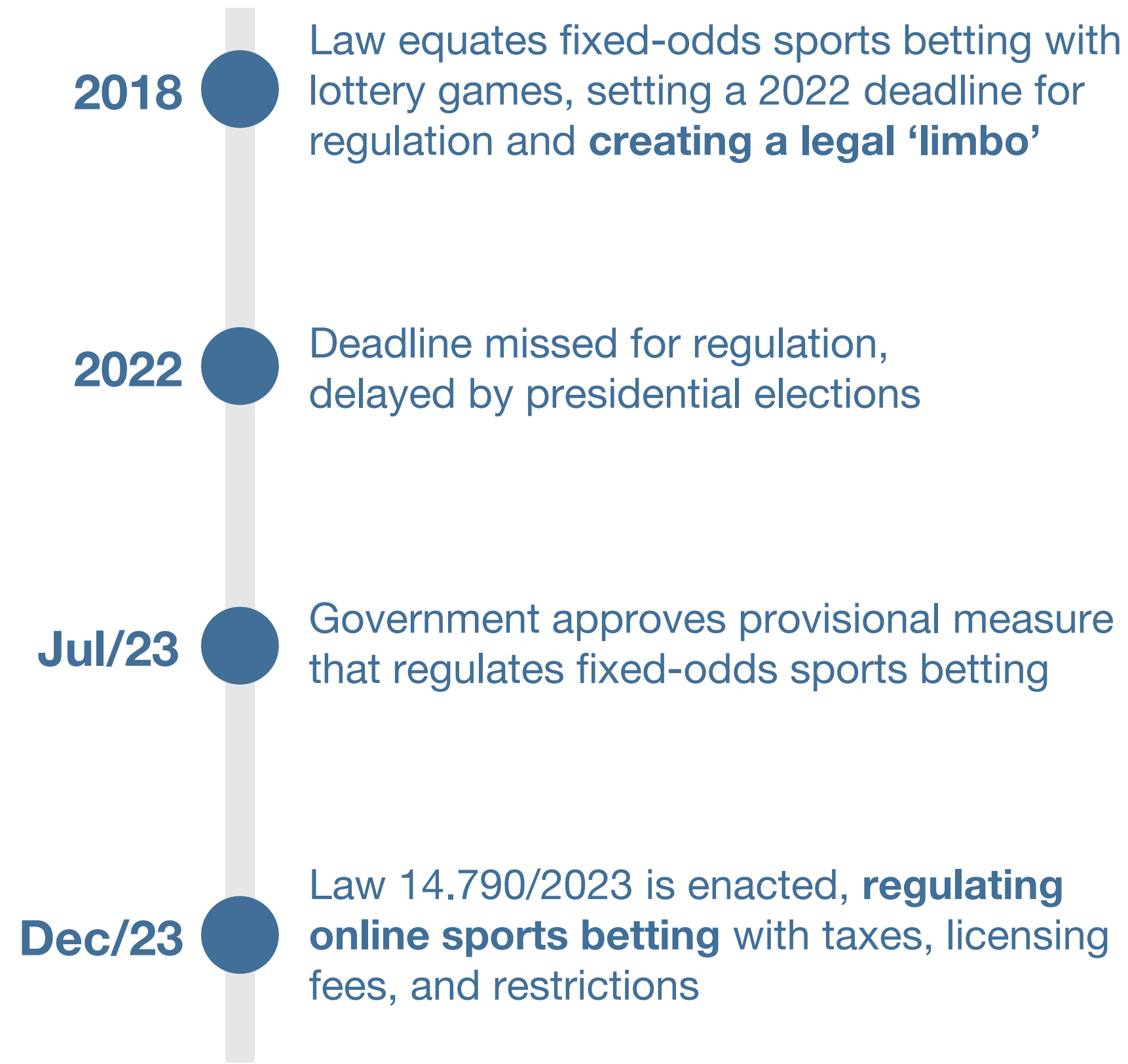
2024, % of respondents



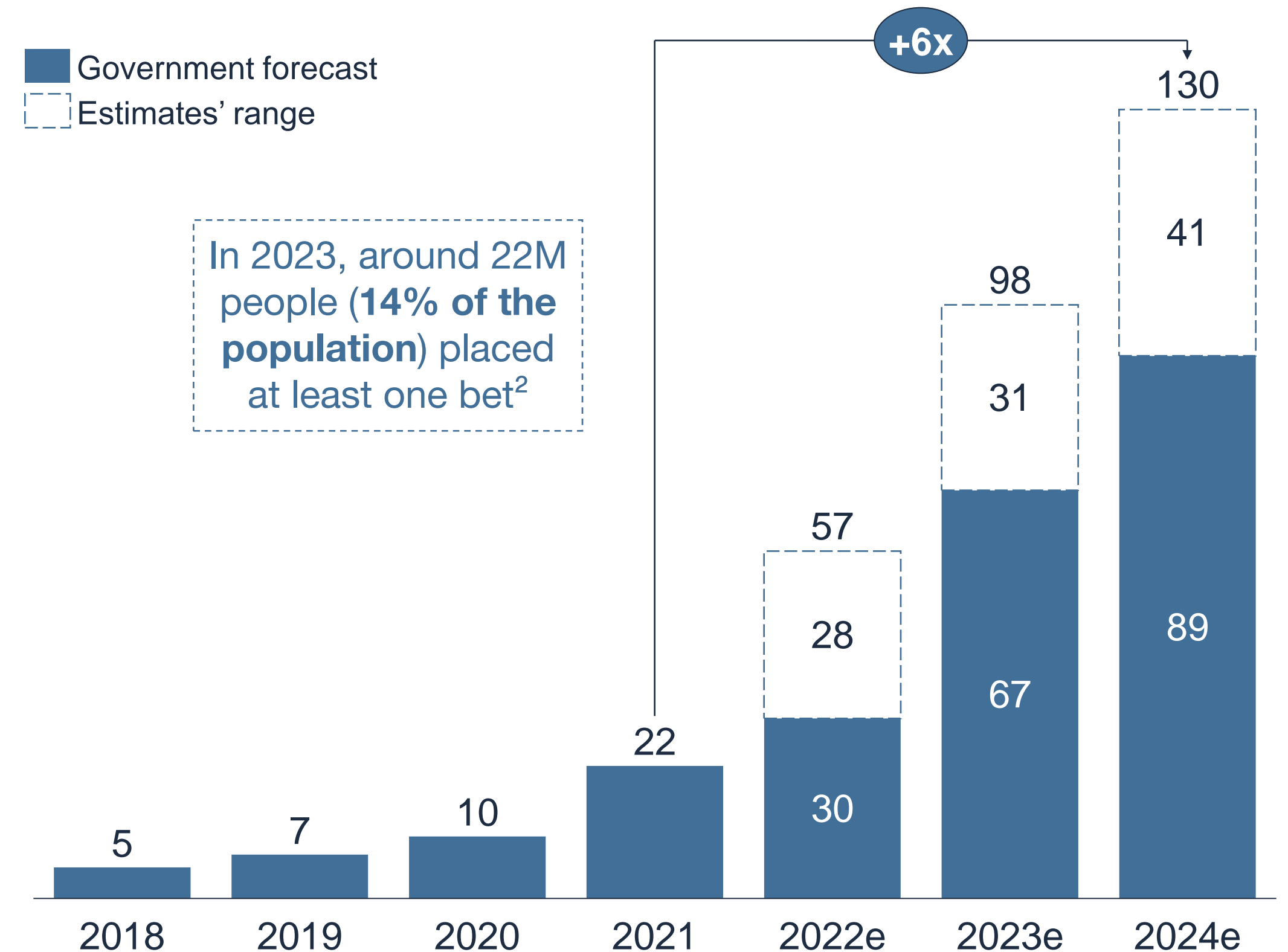
Notes: (*) Estimate based on an interview with Novo Nordisk CEO Lars Jørgensen, maintaining the company's proportions of total Ozempic sales to total global sales;
Sources: (1) Novo Nordisk's Financial Reports; (2) Valor Econômico; (3) Atlantico and AtlasIntel Survey 2024 (n=1,619)

Brazil has surged to become one of the world's largest sports betting markets after years of regulatory 'limbo'

Regulation evolution in Brazil¹



Sports betting turnover* evolution¹ R\$B in total value of bets placed

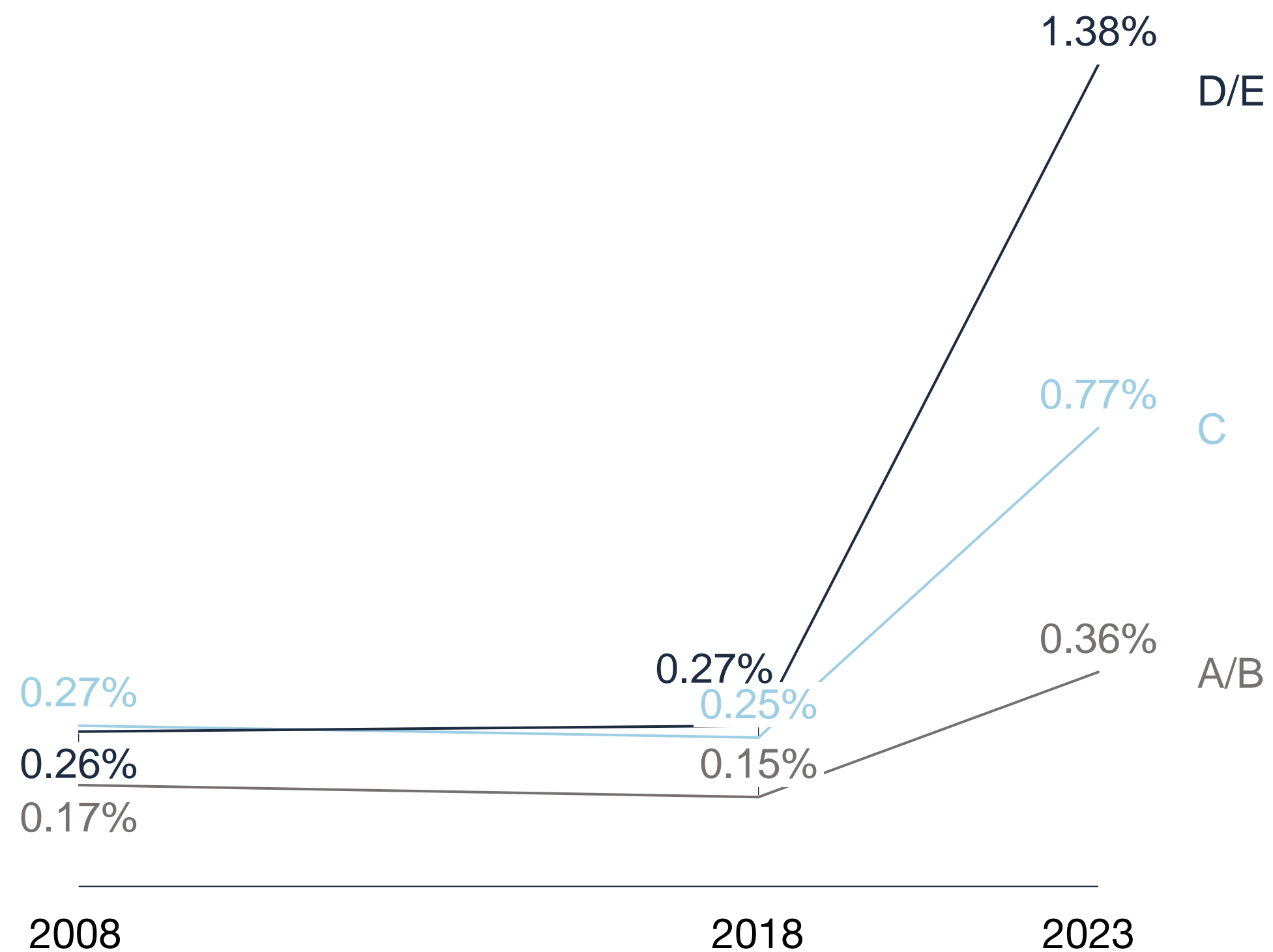


Notes: (*) Turnover is the term for total value of bets placed
Sources: (1) strategy& - The impact of sports betting on consumption; (2) ANBIMA

The most economically vulnerable population classes are hit the hardest by the negative impacts of sports betting

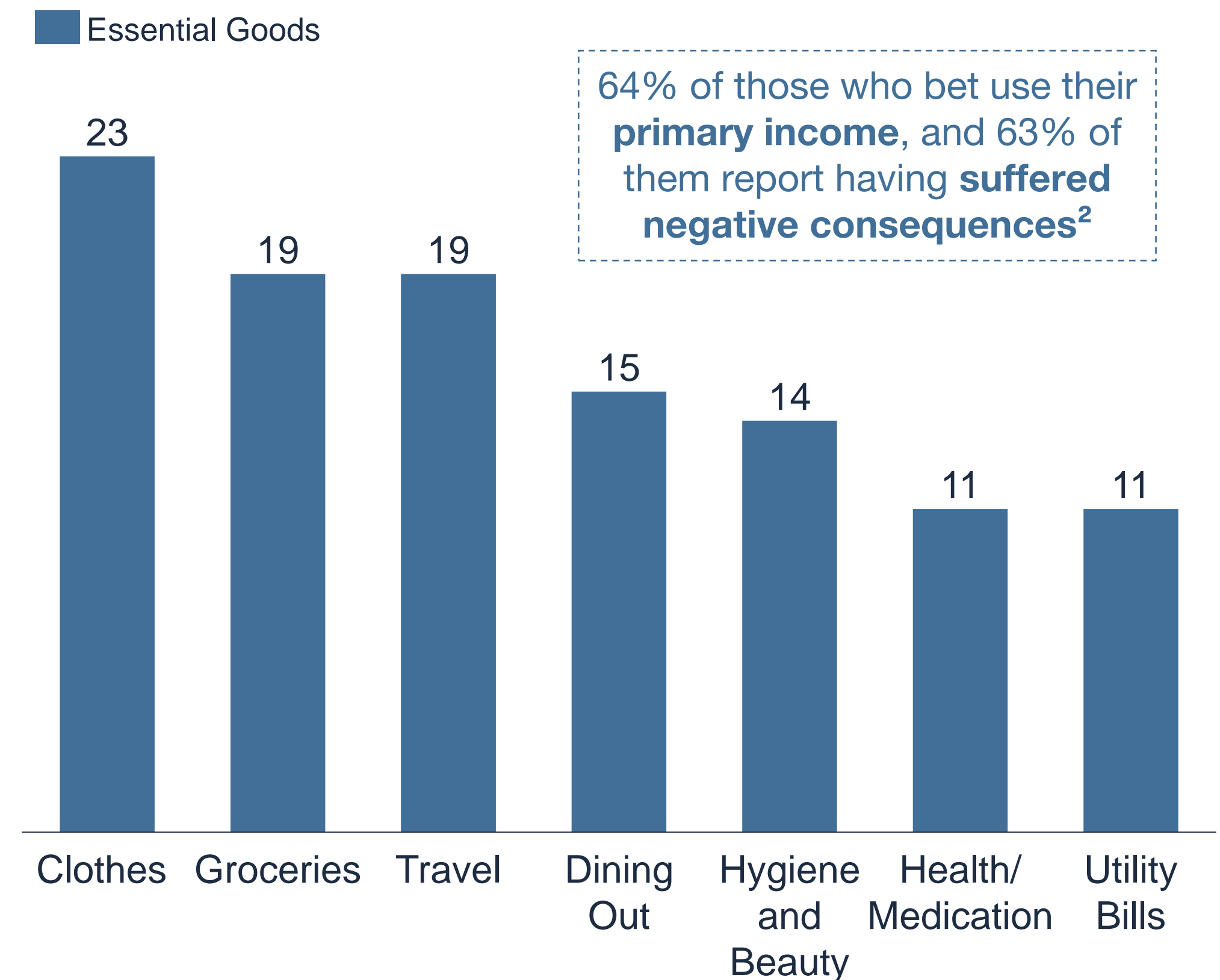
Bets are increasingly taking a larger share of household budgets¹

% of penetration in families' budget by income class



Spending is shifting not only from discretionary items but also from essential goods²

2024, % of mentions of categories skipped to spend on betting*



64% of those who bet use their **primary income**, and 63% of them report having **suffered negative consequences**²

Note: (*) Respondents were asked which categories they stopped purchasing to use money for sports betting (more than one category could be mentioned)
Sources: (1) strategy& - The impact of sports betting on consumption; (2) SBVC – Sociedade Brasileira de Varejo e Consumo

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The image features a high-angle, aerial view of the ocean's surface. The water is a deep, dark blue with intricate, textured ripples and small waves that catch the light, creating a shimmering effect. The overall tone is moody and serene. Centered in the lower half of the frame is the word "ATLANTICO" in a large, bold, white, sans-serif font. Below it, the website address "www.atlantico.vc" is written in a smaller, white, lowercase sans-serif font.

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