



**Conference Call Transcript
1Q21 Results
Brasil Brokers (BBRK3 BZ)
May 17, 2021**

Operator:

Good morning, ladies and gentlemen, and thank you for standing by. At this time, we would like to welcome everyone to Brasil Brokers' 1Q21 earnings conference call.

We would like to inform you that this call and the slides are being broadcast simultaneously through the Internet on the Company's website, www.brbrokers.com.br/ir, where the presentation is available for download.

Also, this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a questions and answer session. At that time, further instructions will be given. Should any participant need assistance during this call, please press *0 to reach an operator.

We would like to inform you that questions can only be asked by telephone. So if you are connected through the webcast, your question should be sent directly to the IR Team at ir@brbrokers.com.br.

Before proceeding, let me mention that forward-looking statements made during this conference call in relation to the business perspectives of the Company are beliefs and assumptions of Brasil Brokers, as well as information currently available to the Company. Forward-looking statements are no guarantee of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Brasil Brokers and could cause results to differ materially from those expressed in such forward-looking statements.

First, Mr. Daniel Guerbatin, the Company's CEO, will present the operational results. Then, Ms. Andrea de Rizzio, CFO and IRO, will present the financial results. Mr. Guerbatin, you may proceed.

Daniel Guerbatin:

Good afternoon, everyone. Thank you for attending this earnings conference call to discuss the results of the 1Q21.



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In the last 12 months, the world as we know it underwent significant transformation and we are currently living a new reality. With the advent of the vaccines, today, we have an improved perspective in the areas of health and economy, although we still have enormous challenges to face resulting from the effects of the covid-19 virus, which is still present in our lives.

In the past months at Brasil Brokers, we intensified a transformation, which is not only structural, but also encompasses our cultural transformation, with the purpose of becoming an ever more efficient and digital company in order to offer the best experience to our customer through an ecosystem that generates more convenience on the real estate journey.

Aligned to such a purpose, Brasil Brokers operates by means of strategic pillar, focused on profitability, digital transformation, customer experience and ecosystem. In this transformation phase, we are making massive investments in technology, process improvement and team training.

On slide two, the highlight is the comparison of this 1Q with the 1Q20. Net revenue grew by 47% and our administrative expenses reduced by 18%, resulting from our no-waste measures. Gross results grew by 48%, driven by a more positive revenue and the alignment of variable costs, an effort that we started in the 2H20.

Credimorar reported a 90% increase in the total number of financed units. And as to the brokerage of finished units, we posted an advance of 22%, driven by an improvement in efficiency of the Company. We are already on the verge of its breakeven point, and we are ready to start a positive cycle.

On slide three, we show the main highlights for this 1Q21. Credimorar continues to play a relevant role in our gross revenue, and the segment of finished units continues to consolidate its share in our portfolio of products and services.

The primary was the segment that faced the most difficulty due to the closed sales stands, especially in the city of São Paulo. The number of labor liabilities has been decreasing every quarter, with a drop of 85% in the new filings of new lawsuits when compared to last year, when volumes were already low.

As to Credimorar, there was an increase in revenue and credit origination with partner banks, and it continues to be the largest platform of real estate multibank platform.



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Desenrola has been growing in the number of operations, and has been growing within its strategic planning to become a digital platform for sales, purchase and rent, and has operated as a broker in 741 units last quarter.

The traditional model has also undergone a transformation, aiming to reach a better operating efficiency, and its gross results were 6% better than that of the same period of last year.

On slide four, we can observe a significant improvement in the sale of finished units, whose PSV was 28% higher and sold 22% more units. Our commercial area has also been working together with the marketing department in order to find new opportunities promoting efficiency to the process.

The sales funnel has been showing enhanced conversion rate of leads in visits, a result of the effort of the follow team, and driven by the technological developments we have made in the past few months. We have significantly expanded our presence in the city of São Paulo in the segment, and we still have room for advance.

On slide five, when we address rents, the management operations are nearly 100% under the control of Desenrola. We made significant progress in processes and technological development in this period, and that brought a higher number of brokerage operations, although both the portfolio and the revenues still stood at stable levels due to the high default rate and commercial cancelations due to the pandemic.

On slide six, we provide more details about Credimorar, whose numbers are all positive. We have been the largest partner of Bradesco bank for a long time, and we have recently established partnerships with Santander and Itaú banks. We have grown quarter after quarter origination in Bradesco, as well as in other bank institutions, and we are already relevant to the three banks in terms of real estate credit origination.

We have significantly enhanced our technological platform named Credintegrados, so that the journey in the process can be faster and more transparent for all partners and clients.

On slide seven, we can see a large quantity of PSV and unit launches, whose performance was excellent in Rio de Janeiro, considering the market conditions with the sales stands open and fewer pandemic related restrictions. In São Paulo, unfortunately,



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because the launches were made soon after the lockdown, the PSV was adversely affected and we recorded low performance for the quarter. The good news is that these launches have good liquidity for the future quarters.

I would now like to turn the call over to Andrea de Rizzio, our CFO and IRO.

Andrea de Rizzio:

Thank you, Daniel. Good afternoon everyone. I will continue with our presentation now on slide eight, where we will provide further details about our results.

First of all, I would like to point out that I am very happy with the results of the Company, driven by a lot of austerity and efforts in the last few months. Our gross revenue realized in the 1Q21 reached R\$38 million, 45% higher than that in the same period of 2020, despite the pandemic and the restrictions imposed by government agencies.

Administrative expenses in the 1Q21 were 18% lower than in the same period of 2020, and 15% lower than in the 4Q. This demonstrates the continuous control in the expenses of the Company.

We reported an adjusted EBITDA with no labor liabilities of R\$-700,000, close to breakeven point, which, considering the history of the Company, is a very representative result. This once again shows that the new Brasil Brokers is on the right track.

On slide nine, we show that the EBITDA, together with the structural actions, directly reflected the generation of operating cash of R\$1.9 million in the 1Q21, an essential aspect for the Company's sustainability.

Total cash burn was due to investments in technology and labor liabilities, with the later amounting to approximately R\$7 million.

On slide ten, we have our inventory of labor liabilities, which decreased from 480 lawsuits in 2019 to 300 cases in 2021, a 26% reduction in the number of lawsuits, reinforcing what has been said previously. The filing of lawsuits has been substantially reduced, where in the 1Q21, we had the filing of only two cases, representing a 95% reduction in relation to 2019. In summary, this is an item that has been successfully addressed by the Company.



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Finally, considering all the challenges faced in the 1Q, with restrictions imposed due to the pandemic, I once again emphasize my satisfaction with the results achieved, which reaffirmed that our strategy is on the right path and that the growth curve will be exponential, considering a strategy for the medium to long term, with increasingly digital platforms of the Company's proptech, which makes it all scalable, attractive, competitive and profitable.

I reaffirm once again that we hold on to the best corporate governance practices, social responsibility and transparency for the Company's employees, customers, Board of Directors and shareholders.

I thank everyone for attending this call, and we can now begin the Q&A session.

Leandro (via webcast):

Good afternoon. Do you think of spinning of Credimorar?

Daniel Guerbatin:

Good afternoon, Leandro. Thank you very much for your question. All companies of the Group are companies that are operating separately. Each one has its own tax registration number, Credimorar as well. So in practice, the company is already a separate company.

Let me try to understand your question, if you would like to add to your question, if you would like to ask a different question so that we can understand whether or not this is what you were expecting as an answer.

Rafael, Longitude Capital (via webcast):

Good afternoon. What is the estimated impact in the seasonability of the real estate market in the balances of Credimorar? In other words, the good moment of the real estate sector resulted in a positive impact the members of the controlling company. Is there any operating impact should this good moment be reversed?

Daniel Guerbatin:



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Thank you for the question, Rafael. Credimorar is experiencing a very interesting moment due to the market, of course, Selic, interest rate, and because we are living in a moment in Brazil, which is very favorable to the real estate credit.

However, the company has been making an internal work of organic growth of its base of production, and also establishing partnerships with banks. Last year, we had a partnership with only Bradesco, practically. And even though we had grown with Bradesco, we have established partnerships with Santander and Itaú, increasing the origination of real estate credit.

I understand that even with some problems in the real estate sector, even if minor, since we believe in that two digit of our interest rate, and in the recent past, we operated at this level of Selic interest rate with two digits, and we are far from this, in fact. And Credimorar is expected to grow very strongly in the years to come.

Jonathan (via webcast):

What is the perspective of operating in new cities with Desenrola?

Daniel Guerbatin:

Thank you for your question. Desenrola has a business model that allows for licensed or franchising model. Since it was first created, it had this idea implemented to be expanded to other markets where the Company did not have proprietary based assets.

I do not think this is the right moment for this to happen. We are still at the level of stability for the Desenrola platform to stabilize in the markets we currently operate. However, this is a possibility to look into the future in the medium or long term.

Operator:

This concludes the question and answer session. At this time, I would like to turn the floor back to Mr. Daniel Guerbatin for his closing remarks.

Daniel Guerbatin:

Thank you, everyone, for attending our earnings call. The Company has been undergoing a major transformation, and I thank all our shareholders and advisors for all



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the support you have been giving us. Especially, I would like to thank our employees, autonomous, third party collaborators, all those who have been performing so well in the performance of our projects and processes, and have provided so much support to our group.

Good afternoon, everyone, and thank you.

Operator:

Thank you. This concludes today's presentation. Yay disconnect your line at this time. Have a nice day you all.



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