



Initiating Coverage on G2D

Interesting asset
with quick wins ahead

Equity Research

BTG Pactual Financials

Company Note

June 2021

Eduardo Rosman

eduardo.rosman@btgpactual.com

+55 11 3383 2772



btgpactual.com

G2D Investments

Interesting asset with quick wins ahead

A unique asset on B3; GP's tech-related VC fund

We initiate coverage on G2D with a Buy rating and a mid-2022 TP of R\$8.2 per share (39% upside). Operating basically as a late-stage tech VC fund with exposure to seven companies in different segments, G2D is a unique asset on the Brazilian stock exchange. The tech-related investment vehicle was created by traditional private equity player GP Investimentos in 2020. While its revenues are booked based on variation in total net asset value (NAV) over time, its costs stem mainly from management and performance fees charged by GP for watching over the portfolio. G2D was listed on the Bermuda Stock Exchange but mainly trades as a BDR on B3.

Quick NAV wins on the horizon

With total NAV of R\$657mn on May 2021, some of the assets look like quick wins, such as Mercado Bitcoin, Craftory and CERC (together representing 45% of total NAV). Mercado Bitcoin is a crypto exchange valued at "only" R\$390mn that plans to IPO in the near future. Craftory is an offshore investment house with exposure to NotCo, a food-tech aiming for unicorn status (US\$1bn valuation) in its next funding round. CERC is one of the central registries for the new credit card receivables model that went live a couple of weeks ago. Since ~50% of investments are offshore, G2D's functional currency is USD.

A fair P/NAV of 1.3x (39% upside)

Since G2D only holds minority stakes of non-listed companies, there isn't much information available (including their financial statements), so it's hard to properly value the assets. Our TP thus stems from a NAV exercise based on some potential quick wins. Since NAV could grow significantly in the short term, we believe a 1.3x P/NAV valuation makes sense (vs. 0.9x at the current price). Indeed, 1.3x P/NAV is the average multiple traded by other investment vehicles with similar characteristics listed offshore. As a result, we reach a TP of R\$8.2 per share for the BDR (39% upside).

Interesting asset + nice upside = initiating with a BUY

We see G2D as a very interesting asset that gives investors a different type of exposure to high-growth tech companies in the latter VC stages. Stock liquidity is admittedly low, with a free float of under R\$200mn. But with potential to deliver NAV growth, we see room for follow-on offers, thus improving liquidity. Yes, there are risks related to liquidity and transparency, and GP's track record as a listed company doesn't help much either. But with potential for quick wins ahead, we give G2D the benefit of the doubt and initiate with a BUY rating.

Eduardo Rosman

Brazil – Banco BTG Pactual S.A.
eduardo.rosman@btgpactual.com
+55 11 3383 2772

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 16

Banco BTG Pactual S.A. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Any U.S. person receiving this report and wishing to effect any transaction in a security discussed in this report should do so with BTG Pactual US Capital, LLC at 212-293-4600, 601 Lexington Avenue, 57th Floor, New York NY 10022.

Contents

| | |
|--|-----------|
| Investment Thesis: Initiating on G2D with BUY | 3 |
| Who is G2D? | 6 |
| Blu | 8 |
| CERC | 8 |
| Quero Educação | 9 |
| Craftory | 9 |
| Expanding Capital | 10 |
| Sim;Paul..... | 11 |
| Mercado Bitcoin | 11 |
| Valuation | 13 |
| Craftory | 13 |
| Expanding Capital | 13 |
| Blu, Quero Educação, CERC, Sim;Paul..... | 13 |
| Mercado Bitcoin | 13 |
| Net Cash | 13 |
| Who are the main international peers? | 14 |
| Droper Esprit | 14 |
| Merian | 14 |
| HGT | 14 |
| VNV Global | 14 |
| Baillie Gifford..... | 14 |
| Augmentum..... | 14 |
| TMT | 15 |

Investment Thesis: Initiating on G2D with BUY

G2D was created by GP Investimentos in 2020 and is incorporated in Bermuda. It provides perpetual late-stage VC funding to tech companies, offering investors exposure to VC plays that are more mature, and thus a few steps closer to their IPOs. While the company's revenues are based on variation in total net asset value (NAV) over time, its costs stem mainly from management and performance fees charged by GP for taking care of the portfolio, although there are also some fiduciary management fees and governance related expenses.

GP Investimentos is a private-equity pioneer in Brazil that was founded by Jorge Paulo Lemann, Carlos Sicupira and Marcel Telles in 1993. A decade later, control was passed to GP's current CEO and chairman, Antônio Bonchristiano and Fersen Lambranh, respectively. GP has a long track record in the financial markets, investing in over 50 companies spread across 17 different sectors, while raising over US\$5bn in AUM via 8 funds, including around US\$1bn in proprietary capital.

GP initiated its offshore operations in 2016 after acquiring Swiss asset manager Spice PE. It currently has a global footprint, with offices in New York, London, São Paulo and Bermuda, investing in companies all around the globe. In 2020, it decided to separate its tech-related investments into a new vehicle called G2D, at the time including investments in Blu, Quero Educação, CERC, Craftory and Expanding Capital. Later on, G2D also invested in Sim;paul and Mercado Bitcoin. G2D has a total NAV of R\$657mn as of May 2021, including total investments of R\$556mn and R\$101mn in net cash. We provide a summary of the assets in the table below, going into more detail on pages 8 to 12.

Table 1: G2D NAV

| | Description | Valuation (BRL mn) | Stake (%) | G2D position (BRL mn) | CoC (BRL mn) |
|---|--|--------------------|-----------|-----------------------|--------------|
|  | Fintech operating in a less competitive space with an innovative system and already profitable business model | 671 | 24% | 163 | 2.4x |
|  | Investment house with a permanent pool of capital of +US\$400mm to invest in mission-driven CPG brands | 1,611 | 16% | 264 | 1.2x |
|  | Invests in the fast-growing venture capital market in the Silicon Valley in series C+ rounds | n.a | n.a | 60 | 1.1x |
|  | Leading Brazilian education platform, aiming to help students choose and enroll in post-secondary institutions paying discounted tuitions, while helping partnering institutions dramatically reduce their vacancy | 909 | 3% | 29 | 1.0x |
|  | Provides infrastructure for the financial credit market, with receivables validation, registration and clearing services | 468 | 3% | 16 | 1.0x |
|  | Investment platform focused on providing a simple and transparent experience to clients and a unique offering to IFAs | 202 | 5% | 10 | 0.9x |
|  | Digital assets platform, mainly focused on cryptocurrencies. The controller also owns Bitrust, a digital assets custodian, and MeuBank, a digital assets wallet | 390 | 3% | 14 | 1.0x |
| Total Investments | | 4,252 | | 556 | 1.5x |
| Net Cash | | | | 101 | |
| Total NAV | | | | 657 | |

Source: BTG Pactual, company reports; the CoC column indicates how the current valuation is booked compared to the entry valuation

G2D is officially headquartered in Bermuda, which allows greater tax efficiency for the group's investments. And given that ~50% of investments are offshore, its functional currency is USD. In May 2021, the company went public on the Bermuda Stock Exchange, but it also trades as a BDR on B3. Given the listing in Bermuda, GP Investimentos (controller) and its shareholders own all Class B shares, which have stronger voting power, allowing further dilution ahead. GP Investimentos holds 71% and 96% of the economic and voting shares, respectively, with the remainder being a free float.

We believe G2D is a unique asset on the Brazilian stock exchange, as it is basically a listed late-stage tech VC fund with exposure to several companies around the world. And we also believe that some of these companies are quick wins in terms of NAV growth, including Mercado Bitcoin, Craftory and CERC (together representing 45% of NAV).

For starters, Mercado Bitcoin is a crypto asset exchange company valued at "only" R\$390mn that plans to IPO in the near future. Recent articles from local journals flag that Mercado Bitcoin could be priced in the IPO at a R\$10bn to R\$15bn valuation. The exchange boasts over 2.7mn users (>70% of individual investors on B3) and we expect it to "easily" be worth more than current valuation post-IPO.

Meanwhile, Craftory is an investment house exposed primarily to Europe and the US, with one of its main assets being NotCo (~12% of the portfolio), a food-tech company focused on plant-based alternatives that is aiming for unicorn status (US\$1bn valuation) in its next funding round later this year. During its last round in September 2020, it was valued at US\$300mn, according to blog Tech Crunch.

As for CERC, it is one of the central registries for the new credit card receivables model that became fully operational a couple of weeks ago. Since there are only two other authorized registries and all acquirers in the system will need to connect to at least one, we believe that the current valuation booked in G2D's portfolio (R\$468mn) could very easily get a boost with the system going fully operational.

Expanding Capital is a fund that used to have exposure to US crypto exchange Coinbase, which was divested at 33x MOIC right after its IPO (last April). This generated an NAV gain of R\$27mn, ~50% upside from its former position marked in December 2020.

As we mentioned above, G2D is different from "traditional" funds, as it is a listed company and investors have access to liquidity by selling the stock, instead of withdrawing their money and generating outflows. This is certainly positive for GP, as it means access to perpetual funding for its tech exposure. However, we flag that the liquidity of the stock is not very high, with a free float of only R\$260mn, mainly spread across individual investors, which usually don't have access to illiquid funds that grant exposure to high-growth VC companies.

But with the significant and quick NAV wins on the horizon, we believe there could be room for follow-ons ahead, improving the liquidity of the stock. We believe G2D is also an interesting opportunity for institutional investors, as it allows a different type of exposure than the rest of the Brazilian stock exchange, sweetened by the solid

potential NAV growth in the ST. On the other hand, given that G2D only holds minority investments, information about the companies is sparse (mainly qualitative and some KPIs, with no financial statements), which hampers our ability to estimate future NAV growth and, consequently, the potential stock price.

Another concern is GP Investimentos' track record as a publicly-traded company. The company IPOed in 2006, and just like G2D, it is traded as a BDR on B3. The stock performance since its listing hasn't been very inspiring, down ~80%, partially explained by the strong setback in the portfolio due to the 2008 financial crisis, which hurt confidence in the stock right at the outset. And this was followed by two more crises in Brazil (2015-17 and the current one), so we flag that GP Investimentos currently trades at a low ~0.5x P/NAV.

We believe G2D should trade at a P/NAV multiple, which could vary depending mainly on (i) the likelihood of appreciation/depreciation of the portfolio; (ii) the level of confidence in GP Investimentos' ability to generate successful LT investment opportunities; and (iii) the liquidity of the vehicle.

With G2D currently trading at 0.9x P/NAV, the valuation looks attractive, with potential upside of 39% on the latest market cap of R\$604mn. Our TP stems from a NAV exercise, in which we forecast some potential impacts on each of the current investments over the next 12 months. We explain the rationales behind each estimate in a specific section later in the document (page 13). Primarily helped by Mercado Bitcoin expected appreciation, our mid-2022 NAV is R\$841mn. And assuming a 1.0x P/NAV with the expected mid-2022 NAV, we reach a TP of R\$8.2 per share for the BDR (39% upside). Considering the latest NAV of R\$657mn, this TP implies a fair P/NAV of 1.3x.

Below we introduce some investment vehicles with similar characteristics. On average, they trade at premiums to their NAVs.

Table 2: Main peers P/NAV

| | Listing | Geographic Exposure | Functional Currency | Most Recent NAV (USDmn) | Market Cap (USDmn) | P/NAV |
|-------------------------|-----------------------|---|---------------------|-------------------------|--------------------|-------------|
| G2D | Bermuda/Brazil | USA, UK, European Union and Brazil | USD | 130 | 120 | 0.9x |
| Draper Esprit | UK | UK and European Union | GBP | 1,460 | 1,855 | 1.3x |
| Merian Global Investors | UK | UK | GBP | 1,586 | 1,754 | 1.1x |
| Hg Capital Trust | UK | USA and UK | GBP | 1,291 | 2,042 | 1.6x |
| VNV Global | Sweeden | USA and European Union | SEK | 1,242 | 1,161 | 0.9x |
| Baillie Gifford | UK | USA | USD | 706 | 1,410 | 2.0x |
| Augmentum | UK | UK and European Union | GBP | 258 | 271 | 1.1x |
| TMT Investments | UK | USA and European Union | USD | 178 | 299 | 1.7x |
| Peers Average | | | | 856 | 1,114 | 1.3x |

Source: BTG Pactual, company reports

All in all, we believe G2D is a very interesting asset, allowing a different type of exposure to high-growth tech companies in the latter VC stages. Indeed, there are some risks associated with liquidity and transparency that the vehicle could face over time, and GP's track record as a listed company doesn't help much either. But considering the potential for quick wins ahead, we are giving it the benefit of the doubt and initiating our coverage with a BUY rating.

Who is G2D?

G2D was created by GP Investimentos in 2020 and is incorporated in Bermuda, providing perpetual funding to tech companies. It basically operates as a late-stage venture capital (VC) fund, offering investors exposure to VC type investments that are more mature, and thus a few steps closer to their IPOs.

The company's revenues stem from variation in total NAV, which reached R\$657mn after the IPO, including total investments of R\$556mn and R\$101mn in net cash. Its NAV is revised at least once a year and calculated by GP's management team and evaluated by auditing company Deloitte, although revisions could take place more frequently if GP sees a significant change in the investment case and a need to update the valuation. The so-called "liquidity events", such as new funding rounds or IPOs, also provide new reference values for the assets, allowing G2D to eventually reprice them accordingly.

We consider important to recall that G2D went to the IPO with a total NAV of R\$378mn (base date December, 2020) and since then, was subject to some events we think might be worth mentioning, such as the IPO itself, generating net proceeds of R\$242mn; the aforementioned gain of R\$27mn from Coinbase's disinvestment in Expanding Capital's portfolio; in addition to a positive variation of R\$10mn derived from the increase in Company's debt position, FX changes and other less relevant impacts. That's how we explain the delta of R\$279mn in the NAV's position, which is totaling now R\$657mn.

G2D main costs are management and performance fees charged by GP for taking care of the portfolio, amounting to 1.5% of NAV and 10% of excess booked returns, respectively (the benchmark for excess returns is 5% p.a. in USD – see table 3). But the company also has fiduciary management fees and some expenses related to its listed companies and governance, although these are not that relevant in terms of NAV.

See Table 1 above for a summary of G2D's investments, for which we go into more detail on pages 8 to 12:

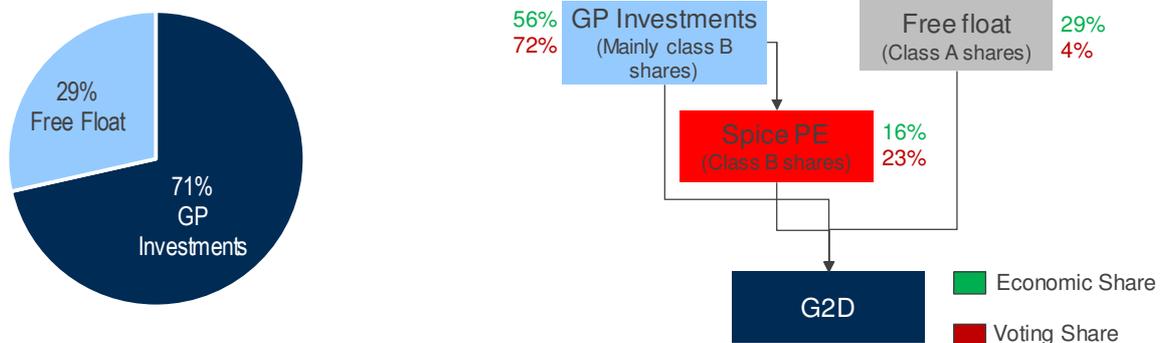
Table 3: G2D management and performance fee simulation

| Hypothetical scenario | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|
| EqP NAV (R\$m) | 1,000.0 | 1,020.0 | 1,120.0 |
| % var | | 2.0% | 12.0% |
| Annual hurdle rate of 5% | | 5.0% | 10.3% |
| NAV + hurdle rate (R\$m) | | 1,050.0 | 1,102.5 |
| Excess return | | 0 | 17.5 |
| There will be performance fees? | | No | Yes |
| Performance fee (R\$m) - 10% of excess return | | 0 | 1.8 |
| Management fee (R\$m) - 1.5% of NAV | | 15.3 | 16.8 |
| Total fees paid to GP (R\$m) | | 15.3 | 18.6 |

Source: BTG Pactual, company reports

The G2D portfolio was fully owned by GP shareholders prior to the IPO, but its stake dropped to 71% post-IPO. Considering that GP Investimentos owns all the Class B shares, which have 10x the voting power of the Class A shares (included in the free float), GP has even greater voting power of 96%. In order to protect the interest of minority investors, there are 2 independent board members and 100% tag-along rights.

Figure 1: Post-Deal Ownership Stake



Source: BTG Pactual, company reports

In order to ensure that G2D captures all the tech/high-growth opportunities appearing before GP's management team, G2D has priority on all investment opportunities generated by GP that fit its strategy:

1. Investments in late-stage, high-growth tech companies.
2. Investments in digital-native and direct-to-consumer companies around the globe (Craftory).
3. Investments in early stage tech companies in Silicon Valley/US (Expanding Capital).

Given it is headquartered in Bermuda, G2D has a very efficient tax structure, with taxes at the investment level depending on the vehicle used. Offshore exposure like Craftory and Expanding Capital are exempt, and so are Brazilian investments under a FIP structure (or participation fund) where G2D doesn't own more than 40% stakes in the vehicles. In the case that it does own more than 40% of the FIP, taxes on capital gains and dividends are 15%. And for the specific case of its direct investment in Quero Educação, capital gains are taxed at 22.5%.

With the cash raised from divestments, G2D could pay dividends, although it has no legal obligation to do so. We also believe the intention is to keep recycling the cash for new investments, fostering additional NAV growth, while investors have access to liquidity by selling the stock.

G2D currently has ~R\$101mn in net cash (considering its debt), which should be deployed for new investments and to cover previous capital commitments to Craftory and Expanding Capital. The company also intends to co-invest in some companies that Craftory and Expanding Capital are looking at, participating alongside them in funding rounds and leveraging their allocation expertise for the offshore portfolio.

Below we provide brief summaries of each company in G2D's portfolio:

Blu

Blu is a sub-acquirer aiming to reduce friction and costs between retailers and suppliers. It focuses on specific niches, such as the mattress, furniture, footwear and eyewear markets. It provides payment services and prepayment solutions, just like a traditional sub-acquirer. But its differential is a solution that lets retailers pay suppliers with their receivables flows, eliminating the need to anticipate receivables at costly rates. Suppliers agree to receive their payments in 10 installments in exchange for lower delinquency rates.

The latest TPV data we have is a monthly volume of ~R\$250mn in June 2020. But given that TPV grew 43% y/y in 2020, we expect this level to be significantly higher now. The main thing that spurred TPV growth in 2020, despite the pandemic, was a sharp increase in the client base after Blu accelerated investments in customer acquisition.

CERC

CERC is a company that provides infrastructure for the credit market, offering receivables validation, registry and clearing house services. Its first product is the new credit card receivables model, which was in a transitory phase and is now fully operational as of June 7.

We remind that when the 'banking lock' model was created, everyone was included (incumbent banks and acquirers), ensuring that receivables were used as collateral only once. But when the Brazilian Central Bank (BCB) allowed in new entrants that weren't part of the banking lock model, the guarantee was no longer valid for all merchant receivables. To resolve this, BCB created a centralized registry of credit card receivables to be self-regulated by registry facilities like CERC ("independent"), CIP (controlled by large banks) and TAG (controlled by Stone).

The transition phase began on January 27, 2020 and, after some delays, the implementation deadline was set for June 7. As of May 2020, CERC already had 35 banks/fintechs and 80 acquirers/sub-acquirers onboard.

Another receivables market that CERC is working to address is credit bills, which have a credibility issue, as there are risks associated with fraudulent bills. To address this, BCB is trying to establish that no credit bill can be issued without an invoice, while registries must check if the credit bill is charging the right party, and all credit bills will need to be digitally registered.

In both these markets, CERC and a few other registry facilities provide all the required infrastructure, offering receivables pricing, formalization of the operations and financial flow control. In exchange, these companies receive a fee for their services.

Quero Educação

Quero Educação is a Brazilian education platform that provide solutions to students and partner-institutions. It was founded in 2007 by a team of ITA engineering students, offering several solutions for both sides of the platform. It currently has over 600 employees and its main solutions are Quero Bolsa and Quero Pago:

- **Quero Bolsa:** Students choose the institution that suits them best, while institutions grant discounts and waive the first month's tuition. The students pay Quero Educação an enrollment fee.
- **Quero Pago:** Students pay tuition to Quero Educação, helping on the collection process.

Quero Bolsa has over 750k enrolled students and, combined with another solution called Melhor Escola, there are over 10k partner institutions.

Craftory

Craftory is a boutique investment house with ~US\$375mn to invest in mission-driven CPG (Consumer Package Goods) brands. The group uses AI to find investment targets that have righteous causes.

Craftory's invested portfolio is roughly ~US\$270mn, mainly with exposure to Europe and the US. One of their main assets is NotCo (~12% of the portfolio), a food-tech company focused on plant-based alternatives that is aiming for unicorn status (US\$1bn valuation) in its next funding round later this year. During its last funding round in September 2020, it was valued at US\$300mn, according to blog Tech Crunch.

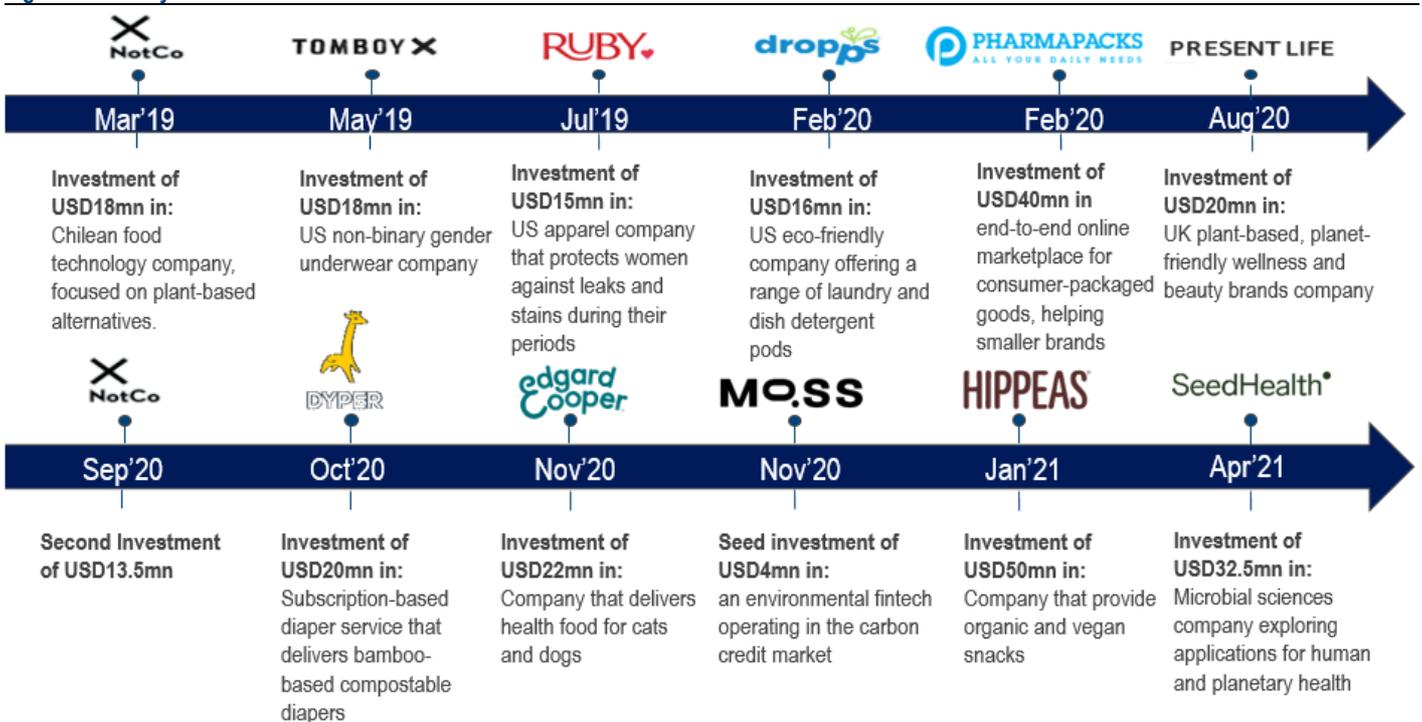
Table 4: Craftory's portfolio breakdown

| | Investment (USDmn) | Portfolio's % |
|---------------|--------------------|---------------|
| Hippeas | 50 | 18.6% |
| Pharmapacks | 40 | 14.9% |
| Seed Health | 32.5 | 12.1% |
| NotCo | 31.5 | 11.7% |
| Edgard Cooper | 22 | 8.2% |
| Present life | 20 | 7.4% |
| Dyper | 20 | 7.4% |
| TomboyX | 18 | 6.7% |
| Dropps | 16 | 5.9% |
| Ruby | 15 | 5.6% |
| Moss | 4 | 1.5% |
| Total | 269 | 100.0% |

Source: BTG Pactual, Craftory

Below we describe and provide a timeline of its main investments.

Figure 2: Craftory's time line of investments



Source: BTG Pactual, Craftory

Expanding Capital

Expanding Capital is a fast-growing venture capital firm in Silicon Valley focused on series C+ funding rounds. The group gains access to large transactions by investing alongside other VCs (like SoftBank, GS, Accel, etc.), and its main sectors are financial services, healthcare and IT.

Expanding Capital used to have exposure to US crypto exchange Coinbase, which was divested at 33x MOIC right after its IPO (last April). This generated an NAV gain of R\$27mn, ~50% upside from its former position marked in December 2020.

Table 5: Expanding capital portfolio

| Investments | Valuation (USDmn) | Investment Date |
|---------------------------------|-------------------|-----------------|
| Clover Health | 4,590 | May-17 |
| Farmers Business Network | 1,750 | Mar-19 |
| Fair | 1,200 | Aug-18 |
| Turo | 1,200 | - |
| ClassPass | 1,000 | Aug-17 |
| Tala | 750 | Mar-19 |
| Tunein | 500 | - |
| Duetto | 450 | May-18 |
| OpenGov | 400 | - |
| mParticle | 350 | Sep-17 |
| Nav | 300 | May-18 |
| Slice | 250 | Feb-19 |
| EasyPost | 174 | Jul-18 |
| Zendrive | 150 | Dec-18 |
| Imagen | 116 | Sep-18 |
| Vector | - | - |

Source: BTG Pactual, Pitchbook, Crunchbase, PrivCo

Sim;Paul

Sim;Paul is an investment platform (broker) focused on providing a simple and transparent experience to clients and a unique offering to IFAs. The group targets small to medium-sized IFAs and says that it is the IFAs who “own” the clients, with the company only providing the tools to help them operate. It also focuses on providing as much transparency as possible to IFAs regarding what it earns from their clients, giving the IFAs the option to be compensated in Sim;Paul shares (instead of only commissions), which leads to greater alignment of interests between the broker and its partners.

Sim’Paul intends to attract as many IFAs as possible by offering them a superb value proposition, generating higher AuC growth and, therefore, more brokerage fees for the group. Founded in March 2019 and becoming operational in December 2020, the company is one of the least mature investments in the portfolio.

Mercado Bitcoin

Mercado Bitcoin is a digital asset platform primarily focused on cryptocurrencies. The company was founded in 2013 and currently has over 2.7mn users and R\$40bn in trading volume (from its founding until April 2021, even though most of it came this year). The controller, 2TM Participações, also owns Bitrust, a digital asset custodian, and MeuBank, a digital asset wallet. Using their MeuBank account, users can top up their balances and purchase digital assets like cryptocurrencies. But the platform also

offers digital assets tied to real assets like gold, which is the case for its PAX Gold token.

We flag that Mercado Bitcoin is a crypto asset exchange valued at “only” R\$390mn that plans to IPO soon. Recent articles from local journals flag that Mercado Bitcoin could be priced in the IPO at a R\$10bn to R\$15bn valuation. Given that, we believe that with the IPO under its belt, it seems feasible that the valuation could expand close to 10x, reaching ~R\$4bn.

Valuation

With G2D's stock trading at 0.9x P/NAV, we see an attractive valuation, leading us to initiate coverage with a BUY and a 12-months TP of R\$8.2 for the BDR, representing 39% upside on its latest market cap.

Table 6: Valuation based on NAV exercise

| | Blu | Craftory | Expanding Capital | Quero Educação | CERC | Sim;Paul | Mercado Bitcoin | Net cash | Total |
|------------------|------|----------|-------------------|----------------|------|----------|-----------------|----------|------------|
| 12M Return | 0.0% | 22.0% | 0.0% | 0.0% | 0% | 0.0% | 925% | 0.0% | |
| Valuation | 671 | 1,611 | n.a | 909 | 468 | 202 | 390 | n.a | |
| 12M Valuation | 671 | 1,966 | n.a | 909 | 468 | 202 | 4,000 | n.a | |
| NAV | 163 | 264 | 60 | 29 | 16 | 10 | 14 | 101 | 657 |
| 12M NAV | 163 | 322 | 60 | 29 | 16 | 10 | 140 | 101 | 841 |
| P/ (12M NAV) | | | | | | | | | 1.0x |
| P/ (NAV) | | | | | | | | | 1.3x |
| 12M Equity value | | | | | | | | | 841 |
| # of shares | | | | | | | | | 102 |
| 12M TP | | | | | | | | | 8.2 |

Source: BTG Pactual

Our TP stems from a NAV exercise, in which we forecast potential impacts on each of G2D's current investments over the next 12 months. Below, we explain the rationale behind each one:

Craftory

- Regarding the investment in Craftory, we chose to consider a 20% discount on the YE21 target value of US\$1bn for NotCo, which was valued at US\$300mn in its last funding round (according to TechCrunch), weighted according to the 12% stake the asset has in Craftory's total portfolio. In the end, we reach a 12-month return of 22%

Expanding Capital

- Given that the gains with Coinbase is already reflected on our NAV figure, we decided to assume a stable position for Expanding Capital.

Blu, Quero Educação, CERC, Sim;Paul

- Without any indication of their future valuations, we chose to assume stable NAVs.

Mercado Bitcoin

- Recent articles from local journals flag that Mercado Bitcoin could be priced in the IPO at a R\$10bn to R\$15bn valuation.
- Given that, we believe that with the IPO under its belt, it seems feasible that the valuation could expand close to 10x, reaching ~R\$4bn.

Net Cash

- We assumed a stable net cash position.

Who are the main international peers?

We flag that some investment companies with similar characteristics as G2D trade at premiums to their NAVs, reinforcing our positive view.

Table 7: Main peers P/NAV

| | Listing | Geographic Exposure | Functional Currency | Most Recent NAV (USDmn) | Market Cap (USDmn) | P/NAV |
|-------------------------|----------------|------------------------------------|---------------------|-------------------------|--------------------|-------------|
| G2D | Bermuda/Brazil | USA, UK, European Union and Brazil | USD | 126 | 142 | 1.1x |
| Draper Esprit | UK | UK and European Union | GBP | 1,460 | 1,843 | 1.3x |
| Merian Global Investors | UK | UK | GBP | 1,586 | 1,673 | 1.1x |
| Hg Capital Trust | UK | USA and UK | GBP | 1,291 | 2,039 | 1.6x |
| VNV Global | Sweeden | USA and European Union | SEK | 1,242 | 1,139 | 0.9x |
| Baillie Gifford | UK | USA | USD | 706 | 1,364 | 1.9x |
| Augmentum | UK | UK and European Union | GBP | 258 | 194 | 0.8x |
| TMT Investments | UK | USA and European Union | USD | 178 | 274 | 1.5x |
| Peers Average | | | | 856 | 1,084 | 1.3x |

Source: BTG Pactual, company reports

Draper Esprit

- Draper has a tech-enabled portfolio. The company invests in 4 sectors: Consumer Tech (26% of NAV), Enterprise Tech (37% of NAV), Hardware & DeepTech (31% of NAV) and Digital Health & Wellness (6% of NAV).

Merian

- Part of the company's investment strategy is based on acquiring stakes in companies that can benefit from technology to generate consistent growth.

HGT

- HGT specializes in buyouts of software and service companies that offer a combination of growth and defensiveness. Initially, its investment spectrum was broader, including technology and direct investments in sectors such as healthcare, media, consumer and leisure, industrials, and others. However, it has since narrowed its focus to tech and tech-enabled investments.

VNV Global

- VNV's core portfolio focuses on tech-enabled companies in sectors that have a clear technology growth trend, such as mobility, health tech and e-commerce/marketplaces. Its portfolio is highly concentrated in 4 companies (68% of NAV) and the remainder is well diversified among 30+ other early-stage tech players (each representing less than 1% of NAV).

Baillie Gifford

- The company aims to invest in exceptional high-growth companies at a pre-IPO stage. Most of the companies in its portfolio have strong technological components to their business models.

Augmentum

- Augmentum's portfolio is completely focused on tech, specifically the fintech segment.

TMT

- TMT's portfolio is focused on tech, with big data and cloud solutions (30%), SaaS tools (18%), e-commerce (6%) and marketplaces (39%).

Required Disclosures

This report has been prepared by Banco BTG Pactual S.A.

The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results.

| BTG Pactual Rating | Definition | Coverage *1 | IB Services *2 |
|--------------------|---|-------------|----------------|
| Buy | Expected total return 10% above the company's sector average. | 63% | 51% |
| Neutral | Expected total return between +10% and -10% the company's sector average. | 36% | 33% |
| Sell | Expected total return 10% below the company's sector average. | 1% | 0% |

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

Absolute return requirements

Besides the abovementioned relative return requirements, the listed absolute return requirements must be followed:

- a Buy rated stock must have an expected total return above 15%
- a Neutral rated stock can not have an expected total return below -5%
- a stock with expected total return above 50% must be rated Buy

Analyst Certification

Each research analyst primarily responsible for the content of this investment research report, in whole or in part, certifies that:

- all of the views expressed accurately reflect his or her personal views about those securities or issuers, and such recommendations were elaborated independently, including in relation to Banco BTG Pactual S.A. and/or its affiliates, as the case may be;
- no part of his or her compensation was, is, or will be, directly or indirectly, related to any specific recommendations or views contained herein or linked to the price of any of the securities discussed herein.

Research analysts contributing to this report who are employed by a non-US Broker dealer are not registered/qualified as research analysts with FINRA and therefore are not subject to the restrictions contained in the FINRA rules on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Part of the analyst compensation comes from the profits of Banco BTG Pactual S.A. as a whole and/or its affiliates and, consequently, revenues arisen from transactions held by Banco BTG Pactual S.A. and/or its affiliates.

Where applicable, the analyst responsible for this report and certified pursuant to Brazilian regulations will be identified in bold on the first page of this report and will be the first name on the signature list.

Statement of Risk

G2D Investments Ltd [BRG2D] - Given that G2D has only minority investments, information about them (including their financial statements) are not fully disclose, which hampers the analyst capability to estimate the future NAV. Another concern is the controller, GP Investimentos, track record as a public traded company, which hasn't been inspiring. And the liquidity for the stock is still quite low and at the hands mainly of individual investors.

Valuation Methodology

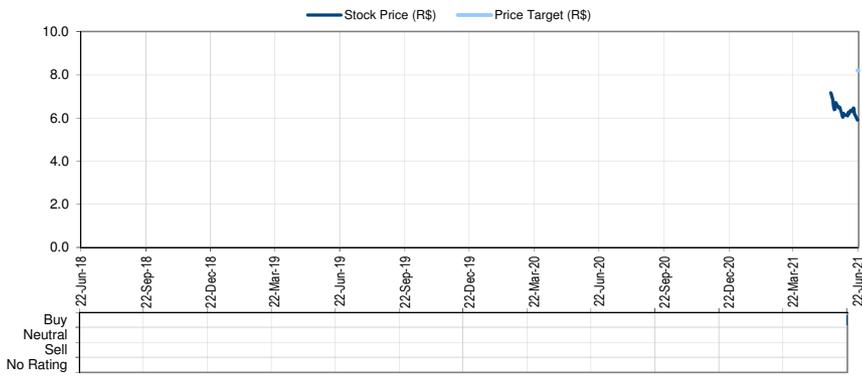
G2D Investments Ltd [BRG2D] - We derive our TP from a NAV exercise, where we forecast some impacts for each one of the current investments during the next 12 months. We then reaches a 12M forward NAV and assume a 1.0x P/NAV (12M Frwd) to reach the fair equity value. With that considered, we reach an equity value of R\$841mn and a TP of R\$8.2

Company Disclosures

| Company Name | Reuters | 12-mo rating | Price | Price date |
|--|---------|--------------|---------|------------|
| G2D Investments ^{1, 2, 4, 6, 8, 18, 20} | N.A. | Buy | R\$5.90 | 21-6-2021 |

- Within the past 12 months, Banco BTG Pactual S.A., its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.
- Banco BTG Pactual S.A, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services and/or products and services other than investment services from this company/entity within the next three months.
- This company/entity is, or within the past 12 months has been, a client of Banco BTG Pactual S.A., and investment banking services are being, or have been, provided.
- Banco BTG Pactual S.A. and/or its affiliates receive compensation for any services rendered or presents any commercial relationships with this company, entity or person, entities or funds which represents the same interest of this company/entity.
- Banco BTG Pactual S.A. is acting as manager/co-manager, underwriter, placement or sales agent in regard to an offering of securities of this company/entity or one of its affiliates or subsidiaries.
- As of the end of the month immediately preceding the date of publication of this report, neither Banco BTG Pactual S.A. nor its affiliates or subsidiaries beneficially own 1% or more of any class of common equity securities
- Neither Banco BTG Pactual S.A. nor its affiliates or subsidiaries engaged in market making activities in the subject company's securities at the time this research report was published.

G2D Investments



Source: BTG Pactual and Economática. Prices as of 21 June 2021

Global Disclaimer

This report has been prepared by Banco BTG Pactual S.A. ("BTG Pactual S.A."), a Brazilian regulated bank. BTG Pactual S.A. is the responsible for the distribution of this report in Brazil. BTG Pactual US Capital LLC ("BTG Pactual US"), a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation is distributing this report in the United States. BTG Pactual US is an affiliate of BTG Pactual S.A. BTG Pactual US assumes responsibility for this research for purposes of U.S. law. Any U.S. person receiving this report and wishing to effect any transaction in a security discussed in this report should do so with BTG Pactual US at 212-293-4600, 601 Lexington Ave. 57th Floor, New York, NY 10022.

This report is being distributed in the United Kingdom and elsewhere in the European Economic Area ("EEA") by BTG Pactual (UK) Limited ("BTG Pactual UK"), which is authorized and regulated by the Financial Conduct Authority of the United Kingdom. BTG Pactual UK has not: (i) produced this report, (ii) substantially altered its contents, (iii) changed the direction of the recommendation, or (iv) disseminated this report prior to its issue by BTG Pactual US. BTG Pactual UK does not distribute summaries of research produced by BTG Pactual US.

BTG Pactual Chile S.A. Corredores de Bolsa ("BTG Pactual Chile"), formerly known as Celfin Capital S.A. Corredores de Bolsa, is a Chilean broker dealer registered with Comisión para el Mercado Financiero (CMF) in Chile and responsible for the distribution of this report in Chile and BTG Pactual Perú S.A. Sociedad Agente de Bolsa ("BTG Pactual Peru"), formerly known as Celfin Capital S.A. Sociedad Agente de Bolsa, registered with Superintendencia de Mercado de Valores (SMV) de Peru is responsible for the distribution of this report in Peru. BTG Pactual Chile and BTG Pactual Peru acquisition by BTG Pactual S.A. was approved by the Brazilian Central Bank on November 14th, 2012.

BTG Pactual S.A. Comisionista de Bolsa ("BTG Pactual Colombia") formerly known as Bolsa y Renta S.A. Comisionista de Bolsa, is a Colombian broker dealer register with the Superintendencia Financiera de Colombia and is responsible for the distribution of this report in Colombia. BTG Pactual Colombia acquisition by BTG Pactual S.A. was approved by Brazilian Central Bank on December 21st, 2012.

BTG Pactual Argentina is a broker dealer (Agente de Liquidación y Compensación y Agente de Negociación Integral) organized and regulated by Argentinean law, registered with the Exchange Commission of Argentina (Comisión Nacional de Valores) under license Nro. 720 and responsible for the distribution of this report in Argentina. Additionally, the Brazilian Central Bank approved the indirect controlling participation of Banco BTG Pactual S.A. in BTG Pactual Argentina on September 1st, 2017.

References herein to BTG Pactual include BTG Pactual S.A., BTG Pactual US Capital LLC, BTG Pactual UK, BTG Pactual Chile and BTG Pactual Peru and BTG Pactual Colombia and BTG Pactual Argentina as applicable. This report is for distribution only under such circumstances as may be permitted by applicable law. This report is not directed at you if BTG Pactual is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that BTG Pactual is permitted to provide research material concerning investments to you under relevant legislation and regulations. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation, offer, invitation or inducement to buy or sell any securities or related financial instruments in any jurisdiction. Prices in this report are believed to be reliable as of the date on which this report was issued and are derived from one or more of the following: (i) sources as expressly specified alongside the relevant data; (ii) the quoted price on the main regulated market for the security in question; (iii) other public sources believed to be reliable; or (iv) BTG Pactual's proprietary data or data available to BTG Pactual. All other information herein is believed to be reliable as of the date on which this report was issued and has been obtained from public sources believed to be reliable. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning Banco BTG Pactual S.A., its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this report. BTG Pactual does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. BTG Pactual accepts no fiduciary duties to recipients of this report and in communicating this report is not acting in a fiduciary capacity. The report should not be regarded by recipients as a substitute for the exercise of their own judgment. Opinions, estimates, and projections expressed herein constitute the current judgment of the analyst responsible for the substance of this report as of the date on which the report was issued and are therefore subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of BTG Pactual as a result of using different assumptions and criteria. Because the personal views of analysts may differ from one another, Banco BTG Pactual S.A., its subsidiaries and affiliates may have issued or may issue reports that are inconsistent with, and/or reach different conclusions from, the information presented herein. Any such opinions, estimates, and projections must not be construed as a representation that the matters referred to therein will occur. Prices and availability of financial instruments are indicative only and subject to change without notice. Research will initiate, update and cease coverage solely at the discretion of BTG Pactual Investment Bank Research Management. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. BTG Pactual is under no obligation to update or keep current the information contained herein, except when terminating coverage of the companies discussed in the report. BTG Pactual relies on information barriers to control the flow of information contained in one or more areas within BTG Pactual, into other areas, units, groups or affiliates of BTG Pactual. The compensation of the analyst who prepared this report is determined by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of BTG Pactual Investment Bank as a whole, of which investment banking, sales and trading are a part. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates and other market conditions. Past performance is not necessarily indicative of future results. If a financial instrument is denominated in a currency other than an investor's currency, a change in rates of exchange may adversely affect the value or price of or the income derived from any security or related instrument mentioned in this report, and the reader of this report assumes any currency risk. This report does not take into account the investment objectives, financial situation or particular needs of any particular investor. Investors should obtain independent financial advice based on their own particular circumstances before making an investment decision on the basis of the information contained herein. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither BTG Pactual nor any of its affiliates, nor any of their respective directors, employees or agents, accepts any liability for any loss or damage arising out of the use of all or any part of this report. Notwithstanding any other statement in this report, BTG Pactual UK does not seek to exclude or restrict any duty or liability that it may have to a client under the "regulatory system" in the UK (as such term is defined in the rules of the Financial Conduct Authority). Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect BTG Pactual internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by BTG Pactual S.A., BTG Pactual US, BTG Pactual UK, BTG Pactual Chile and BTG Pactual Peru and BTG Pactual Colombia and BTG Pactual Argentina or any other source, may yield substantially different results. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of BTG Pactual and BTG Pactual accepts no liability whatsoever for the actions of third parties in this respect. Additional information relating to the financial instruments discussed in this report is available upon request. BTG Pactual and its affiliates have in place arrangements to manage conflicts of interest that may arise between them and their respective clients and among their different clients. BTG Pactual and its affiliates are involved in a full range of financial and related services including banking, investment banking and the provision of investment services. As such, any of BTG Pactual or its affiliates may have a material interest or a conflict of interest in any services provided to clients by BTG Pactual or such affiliate. Business areas within BTG Pactual and among its affiliates operate independently of each other and restrict access by the particular individual(s) responsible for handling client affairs to certain areas of information where this is necessary in order to manage conflicts of interest or material interests. Any of BTG Pactual and its affiliates may: (a) have disclosed this report to companies that are analyzed herein and subsequently amended this report prior to publication; (b) give investment advice or provide other services to another person about or concerning any securities that are discussed in this report, which advice may not necessarily be consistent with or similar to the information in this report; (c) trade (or have traded) for its own account (or for or on behalf of clients), have either a long or short position in the securities that are discussed in this report (and may buy or sell such securities), with the securities that are discussed in this report; and/or (d) buy and sell units in a collective investment scheme where it is the trustee or operator (or an adviser) to the scheme, which units may reference securities that are discussed in this report.

United Kingdom and EEA: Where this report is disseminated in the United Kingdom or elsewhere in the EEA by BTG Pactual UK, this report is issued by BTG Pactual UK only to, and is directed by BTG Pactual UK at, those who are the intended recipients of this report. This report has been classified as investment research and should not be considered a form of advertisement or financial promotion under the provisions of FSMA 2000 (Sect. 21(8)). This communication may constitute an investment recommendation under the Market Abuse Regulation 2016 ("MAR") and, as required by MAR, the investment recommendations of BTG Pactual personnel over the past 12 months can be found by clicking on <https://www.btgpactual.com/research/>. Please also consult our website for all relevant disclosures of conflicts of interests relating to instruments covered by this report. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

Dubai: This research report does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, Emirates Securities and Commodities Authority or the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority.

United Arab Emirates Residents: This research report, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The securities are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such securities, and (b) upon their specific request. The securities have not been approved by or licensed or registered with the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the UAE. This research report is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the securities should be made with BTG Pactual CTVM S.A. at +55 11 3383-2638, Avenida Brigadeiro Faria Lima, 3477, 14th floor, São Paulo, SP, Brazil, 04538-133.