



3Q20 Results Webcast

Moderator:

Good morning. Let us start our first Boa Vista earnings conference call.

Before we start, I would like to make a few technical and legal comments. This webcast is being recorded and simultaneously translated. The slides are being presented on our IR website, on the webcast platform and on the MZiQ platform. After the presentation, we will have the question and answer session. All questions should be asked by chat through this platform using the chat box on the right of the screen. The questions can be sent during the presentation and will be answered at the end.

Before we continue, I would like to clarify that any statements that are made during this conference regarding the Company's business prospects or forecasts and operating and financial goals are the beliefs and assumptions of our executives as well as information currently available to the Company. Forward-looking statements are no guarantee of performance. They involve risks, uncertainties and assumptions, and they refer to future events and therefore depend on circumstances that may or may not come to pass. Investors should understand that the general economic conditions, industry conditions and operating factors may affect the Company's results and lead to results that differ materially from those expressed in such forward looking statements.

I now turn floor over to Mr. Dirceu Gardel, CEO.

Dirceu Gardel:

Good morning, and thank you for the opportunity to have this conversation with you, ladies and gentlemen. This is our very first earnings conference call with the market. We are happy and proud of our IPO.

Our IPO was very successful, and it made us into a corporation without a controlling shareholder. We would like to highlight that the share price after we went public has remained as it was. The success is the result of the effort of our entire team, which I have the honor to lead, and I do so very passionately.

During this presentation, we will talk about our strategy, how we see our business and how the discipline in running our business generated the results that we will be presented here. I would like to remind you that Boa Vista intends to be a leader in analytics with the purpose of making the credit market more fluid, and thus help the Brazilian economy.

Onto the next slide, our strategy is focused on four pillars. Over the past few years, we have focused on being the leader and delivering analytic solutions with high value added to the market, helping our customers in decision making and accelerating their growth.

And this strategy was devised and executed in keeping with the current moment our country is going through. A moment in which we have access to an increasing amount and variety of data and information, and with the implementation of the positive data



and with more yet to come, as initiatives such as open banking will be providing us with.

But what are we to do with so much data? And this is where we stand out. We know analytics, we breathe analytics. We have the ability to put this data together, classify it, transform them into variables and into models and algorithms that have a high accuracy capacity. This is our business.

We do that using the most modern statistics techniques and most modern scientific techniques, and using artificial intelligence. We operate with the Agile system, so that our clients have tools at their disposal that will help them be disruptive and dynamic, and will allow them to grow faster and in a sustainable way.

It is based on this strategy that we guide our actions and efforts that generate the results that we will be demonstrating here today.

Onto the next slide, just to make it easier for everyone to understand, we show how we analyze our revenue in Boa Vista. It is broken down into two larger groups: decision products and recovery products.

The first line in the decision group, it is our greatest focus. This is where we put most of our analytics intelligence efforts, and you, ladies and gentlemen, can see that this line accounts for 52% of our revenues already and its growth rate is over 44%, has been slow in the past years. And despite covid impact, we grew over 22% year on year.

The second line has to do with information reports. These are products that are there to inform only. And with our strategy, which is to migrate to products with more value added, we have been decreasing the participation of this line in our revenue, but it still accounts for 25%.

The third line is about our marketing solutions. It helps our clients with upsell and cross-sell, and also to be finding clients in a more assertive way. So clients for our clients that is. Currently, this line represents 6% of our revenues, but with the growth in the past year, there has been over 40%. And this year, due to the efforts of companies in keeping their businesses afloat, it has been suffering an impact on its growth. We understand that when the market has recovered, this business line will be very important in supporting our clients to resume their growth journeys.

The fourth line is consumer services. At this point, it has no impact on our revenues, but in more advanced and more mature markets, this business line has been responsible for 25% of revenues, and therefore it is a part of our strategy to grow in the future.

When we look at recovery services at the bottom of the screen, our digital solutions have been supporting our clients to recover their credit more quickly. These digital solutions have been growing substantially in the past years, and this year, despite the government policies and despite the way that lenders have been operating in renegotiating debts, this line grew almost 30%.

And the paper recovery solutions. As we had already planned, they have been decreasing their impact on our revenues and we are migrating towards digital solutions. Digital recovery speeds up credit recovery for our clients.



This is a very brief summary of our results. And to give you further context into our strategy, I would like to turn the floor over to Lucas, our Business VP, and then our CFO will be talking about our figures.

Lucas Guedes:

Thank you, Dirceu. With this chart, I would like to show you a little bit more context into analytics and positive data, and how important they are for our Company. This chart shows that with more data and more intelligence, we can create more value to our clients.

At the top, we show our ROI, return over investment to our clients, according to how our algorithms are progressing. In the past, Brazilian companies were making decisions based only on the fact of whether or not the consumer was delinquent around another credit or not. If they had been blacklisted with Boa Vista, for example. And now, with negative data adding up to positive data, we are changing substantially how companies make their decision.

Positive data started being available to our Company only in November last year. We used all of our analytics intelligence applied to this new hybrid data, that is positive data and negative data, and we launched in January this year the first version of our hybrid score.

We continue to use agile methods and our accelerated capacity to develop new products, and we launched a second version of the hybrid score, with a performance that is far superior to the previous, and that already in April this year. And we already have a third version of the algorithm under way. Each new iteration is better than the previous one, with better segregation power. And the new product generation that we create generates more value and have a larger impact on our clients decisions.

This value is seen in our pipeline creation and in the product adoption by our clients. This is a product that has had the fastest adoption curve in the history of Boa Vista, and this quarter we had a 20% increase in the pipeline of our hybrid products.

And the question here is, how are we doing this after all? When we to look at the chart at the bottom, we show that more data and better information mean better decisions, and that leads to a better credit environment, not only to Boa Vista, but to the credit market as a whole. And it is important that we highlight that we have achieved this progress with the financial institutions information alone, which is what we have available at this point.

We started receiving this information, this data in November last year, and we are receiving it recurrently. And what can we do then when we get the telcos utilities and other data is going to be even more revolutionary, and we expect this data to come to us in 2021.

Each group of companies that decides to share data around payment behavior and their consumers with us allow us to be clearer, more assertive and better in our recommendations to our clients. Our strategy is in line and creating more value to our clients.

Onto the next slide, how is all that possible, and how can we deliver this much innovation at the speed the market needs? What we have been doing in the past years,



and intensified even further, basically, in the past, as we have been rethinking our business model? A business is made up of people. We are very focused on having the best team, and even during the pandemic we would have hired people and we have invested in training our staff. A large part of our team has been working on Agile development of products, and that has been growing every month, as you can see on the chart to the left.

I would also like to say that we already have 100% of our products being developed. That is, there is no product in the Company being developed without this methodology. And this methodology is an evolution.

To the right, you can see a chart that shows a significant increase into the multidisciplinary teams, what the market has been calling squads. We have all of our products and the main developments in our back-office, which makes sure that we have good quality service to our clients, being managed by these squads.

On the next slide, we would like to make it clear that this transformation means a change in deliveries and results. In the first chart, you can see the time to market by features and product chains in Boa Vista. And here we compare 2018 and what is being delivered in the 9M20. And it is crystal clear that in every case there is a reduction, there is a decrease in time to market, and the average time to market drops from 125 days to only 10 days. And this is just the beginning of the path to incorporate this methodology into the whole Company.

On the graph at the bottom, we see the number of deliveries per month. It is even clearer, then, that the agile system brings in benefits that are huge in comparison to the previous methodology, which we call a waterfall methodology. With that methodology, it could take us years to finish a project and deliver it to a client.

We currently have MVP's, and these MVP's are delivered to clients in a matter of weeks. The number of deliveries has also grown. In the past, we delivered five new features a month, and now in 2020 we are delivering over 238. This is a 48x time increase in comparison to what we had in the past. And this is a radical increase, a radical change, and this is available to all of our clients.

The next slide shows the migration onto the Google Cloud. We will be one of the first companies in our segment in the world to be a 100% cloud based, and that allows us to be in a privileged position. 52% of the migration is complete and we will reach 100% in the 1H21.

For the analytics environment, which is our strength, we are already 100% cloud based, which allows our scores to process 20% faster than on premise environments. Another advantage of this migration is that we can adjust our environments to be adequate in a matter of minutes, and it used to take months in the past, all of that associated with a cost reduction. And the cloud allows us to process a lot more information. And currently we are already processing over 1 petabyte in our analytics environment.

And last, I would like to remind you that with the IPO, the Company has found resources for organic and inorganic projects. Concerning the organic aspect, we already have a new head in analytics that was hired in September, and is assisting us and implementing our new Advanced Center for Algorithm Development. and we will have an even better go to market time and better algorithms for our clients.



And as any technology companies in the world, we have to make the decision around to make or to buy. So make or buy. And we see that there are some opportunities in the market and consumer analytics, antifraud, market solutions and collection. And in these segments, we have already identified great companies and we should probably have good news in the coming months.

And now I will turn the floor over to our CFO, Schone, so that we can speak about our earnings results.

Isolirio Schoneborn:

Thank you very much, Lucas. Good morning. Now let us talk about our results.

In 3Q20, we saw a strong quarter on quarter acceleration despite the pandemic. With a reduction in social isolation, economic activities have started to resume, and we were able to recover part of our variable revenues, which are related to consumption, especially from retail service and industrial clients, which were most affected by the crisis. That led to an 11.9% increase in our net revenue quarter on quarter.

Our main business line, decision services, grew by 20.6%, driven by analytical products and marketing services. Recovery services, on the other hand, fell by 23.9%, and I will address that reduction later on.

The next slide shows that the Company's strategy of focusing on analytical products has allowed us to increase our revenues significantly, 31% quarter on quarter. Such result was also driven by our excellent performance in the fintech and emerging financial institutions segment, where our revenues were even higher than they were before the crisis. Those products are critical in allowing our clients to make increasingly accurate decisions. As retail and services partially reopened, the consumption of our risk reports also increased by 2.4%.

The next slide shows that the marketing services also grew by 12% quarter on quarter, but we still have not been able to return to precrisis levels. During the pandemic, several clients stopped their prospecting activities. We expect to see a recovery soon as our clients will need to grow after the pandemic is over, and we will be there to help them.

Consumer services are still in its early stages, but we expect to see fast growth. This business line is extremely important in many places around the world, and the revenue volume can be quite significant.

On the next slide, we can see that our strategy of migrating from paper to digital notifications remains the same. Such migration causes a reduction in our revenues since prices are lower. On our client side, costs are lower, but recovery is higher. On our side, product margins are higher.

We can also see that there was a drop in the volume of notifications in general due to the governments and regulators recommendations about giving consumers more favorable conditions and negotiations during the pandemic. That, however, is not sustainable over time, and we expect to see a strong recovery starting next year.



On the next slide, we can see the recovery in our EBITDA margin, which came to 41.5%, which is great news. The Company's operational leverage allows our margin to grow fast as the revenue grows. Our costs are fixed and well under control, which brings high profitability as revenue increases.

Our adjusted EBITDA reflects the Company's recurring results and does not include the nonrecurring effect caused by the vesting advance of the stock option plan resulting from the IPO, as presented in the offering documents.

On the next slide, as far as CAPEX is concerned, because we use analytics and positive data, we were able to reduce the volume of data we purchased as shown in the blue bar by 33% year on year. The increase in the past quarter was also related to the crisis, because we were not able to purchase a large volume of data in 2Q20, which accumulated in the 3Q.

Our product development continues to follow our strategic plan. With the Agile methodology and product squads, costs are at appropriate levels and under control, and accounted for as CAPEX, as shown in gray on the chart.

We are 100% focused on digital transformation and the migration of 100% of our operations to the cloud.

Lastly, on the next slide, we can see the Company's EBITDA miners total CAPEX, which we believe is the Company's best cash generation indicator, and which grew by 43% quarter on quarter.

It is important to remember that even in the 2Q, when the pandemic was at its peak, the Company still managed to generate cash. We are extremely confident in the Company's strategy and the recovery of our growth.

Now, I will turn it over to Dirceu for his final remarks. Thank you all very much.

Dirceu Gardel:

Thank you, Schone and Lucas. Before we start the Q&A session, I would like to highlight the Company's strategic pillars.

Boa Vista's present and future will be driven by analytics, higher value added solutions and unique differentiation factors. We already became the first company to offer hybrid solutions using various sources of data, positive, negative, behavior and basic information databases.

We are moving towards digital media. We will be the first company in our sector to be 100% cloud based, and focused on increasingly virtual strategies. Acquisitions will boost our growth and we have a robust M&A pipeline.

With that, we are ready to take your questions. And once again, thank you very much.

Jorg Friedmann, Citigroup (via webcast):

When it comes to revenues, we understand that the banks are not blacklisting consumers during the pandemic, which affected the recovery revenues. What is your



perspective when it comes to those revenues for the 4Q? And when do you expect to see a year on year increase for recovery revenues?

Dirceu Gardel:

I am going to start answering that question, and Lucas can add more comments on it. As you mentioned, indeed, the government is making efforts and providing incentives when it comes to renegotiating debts, and that, of course, had an impact on recovery services.

We believe that there is going to be a deferral in the recovery of the recovery revenues. But we can start seeing some recovery in the retail segment for the 4Q. It is still very little, but we can start seeing some movement in that direction.

Lucas Guedes:

Dirceu, I believe that we should understand why that is happening. The federal government has been providing reliefs to the population, which is very important, and also the companies are not blacklisting the clients, and they are renegotiating the debts with the consumers. And that has an impact on the volumes. And, of course, we still have those impacts.

So I do not believe that we are going to see different results in the next quarter that differ too much from what we have already seen so far.

Marcelo Santos, JPMorgan (via webcast):

Could you comment on the adoption of products that use positive data?

Dirceu Gardel:

Our clients have been testing the products that we called hybrid products because they include positive databases and also negative databases. And throughout 2020, the use of those products is going to change drastically. We are very confident in our pipeline. The pipeline is increasing every day, and we can see some conversions. We can see some clients signing deals with us.

But the pandemic, of course, caused some instability, and also those products started to change in terms of how much the clients will start adopting those products, and that is going to take some time.

Lucas, if you want to complement my answer, feel free to do so.

Lucas Guedes:

I believe that there was an increasing curve in the tests that our clients are doing in terms of trying out our products, the hybrid products. Some clients started to sign new contracts to use the hybrid solutions, and we can see a very positive pipeline in our future contracts. So you can see that there was a growth of 25% in our pipeline, quarter on quarter.



Jorg Friedmann, Citigroup (via webcast):

Although CAPEX dropped year on year, there was an increase by 18% quarter on quarter, the highest increase in absolute terms from data acquisition. When should we expect to see a quarter on quarter drop when it comes to CAPEX because of the negotiations with the notaries offices?

Marcelo Santos, JPMorgan (via webcast):

Could you give some more color on the data purchase agreements?

Lucas Guedes:

In the 3Q20, we can see that there was a drop in comparison with last year, and in the yearly comparison, we can see that there was a difference in the investments with the trade associations. During the pandemic, we did not see much movement in the associations, and we started seeing some movements in the 3Q. That is why there was an increase in our investments with the trade associations. That is the difference that you see in our quarterly comparison.

But the other investment lines have been evolving as we expected, and we have been signing agreements to reduce our investments in data purchase with the notaries offices.

Marcelo Santos:

Can you give some more color about the positive data products?

Dirceu Gardel:

I believe that we have already addressed that one. What happens is that clients are trying out those products, they are testing the hybrid products. As I said earlier and as Lucas said, the pipeline continues to grow, and we can see that some clients have already signed contracts with us for those products.

However, there is a transition moments that we have to go through. But we are very confident because, due to the pandemic, clients will increasingly need more accurate tools. Tools that can give them higher approval rates, and also allowing them to find the best consumers for them.

So I believe that is the only comment that I wanted to add about that question.

Marcelo Santos:

Can you give us some update about the competition?

Zach Rieger, ROAM Global Management (via webcast):

Could you comment on the competitive environment before and after the pandemic? Do you think that there is a difference between the competition before and after the pandemic?



Dirceu Gardel:

As we said earlier, our clients are testing the hybrid products. They are testing the products, they use positive data, negative data, behavior data and also consumers basic information. We only have one competitor that also offers that type of product, and that is really driving those tests right now.

And also, I think it is important to mention that in the case of another competitor, and that competitor is owned by five major banks here in Brazil, it is important to mention that those five banks are also starting to adopt those products from that competitor. However, at this point, so far, we have not lost any revenue to those competitors. We have not seen any negative impact related to that.

And also, our pipeline continues to grow, continues to be very robust, and we can see some conversion, some contracts being signed. So I think that is what I had to comment about the competition.

Lucas, would like to make an additional comment?

Lucas Guedes:

No, I think that is great. Let us go to the next question.

Participant, Morgan Stanley (via webcast):

How do you see the perspectives for revenue for the 4Q in terms of decision revenue and recovery revenue? Thank you.

Isolário Schoneborn:

Basically, our estimated revenue is slightly higher than what we had in the 4Q19, but we expect the acceleration to continue, especially concerning analytics. Recovery, this is something we are still expecting to see how the market will be behaving so that we can be surer of what is going to be looking like.

Carlos Daltoso, Eleven Research (via webcast):

The fixed costs control should allow for operating leverage, but the pandemic effect had an impact on the EBITDA margin, interrupting that increase that we could see before the pandemic. So what level of EBITDA does Boa Vista expects in the short term?

Isolário Schoneborn:

As far as the margin is concerned, we expect to get to the previous margin. If you look at the 1Q for example, we had 47% EBITDA margin, and we see no reason why we should not be able to get back to those margins, especially looking at our operating leverage. Once the revenue climbs back to what it used to be, then our margins are also going to grow as they were growing in the past.



Felipe Gouveia, Miles Capital (via webcast):

As far as M&As are concerned in the short term, what products or offers do you hope to make or expand?

Lucas Guedes:

We have an M&A pipeline with over 60 opportunities in sight. We are making progress with them. Some of them are hotter, so to speak, we are in more advanced conversations, and in some other conversations are less advanced, as a normal M&A pipeline that we have been working on after our IPO.

We are focusing especially on consumer services at this point, analytics, antifraud, and then marketing solutions and collections. This is where we are focusing on. We want to have better products by acquiring companies, or more products by acquiring companies.

Marcelo Santos, JPMorgan (via webcast):

What is the Company's view around consumer services, and what strategies to be adopted?

Lucas Guedes:

Consumer services for us is very strategic. We have always understood the consumer services to be an area that, with the development of positive data, it is going to have a bright future. So we can see that, we can see their apps are being used, we can see there is revenue coming in our P&L, and I think it is important to say that we see our clients being interested in having a closer relationship with consumers, be it with credit management or with new credit.

We see that already. We have seen in the past quarters, and we are certain to see that happen even more in the coming quarters. And we have a pipeline to grow that even further with our clients in the future.

Jorg Friedmann, Citigroup (via webcast):

What can we expect as far as CAPEX convergence with revenues concerned for 2021, especially concerning everything that could affect this line? So products, squads, technology and so on? Just as a reference, this CAPEX value was 32% in 2019.

Dirceu Gardel:

I cannot give you guidance around 2021, but we expect to resume growth in our revenues, and CAPEX in the mid-term should already be on international levels. That is, we understand that we have some convergence to come that is going to be positive in the coming years.

Participant, Morgan Stanley (via webcast):

What about your revenue backlog for 2021, how has this been faring?



Lucas Guedes:

If it has to do with positive data or hybrid products pipeline, we see there is an acceleration in it. Is a 20% acceleration if we compare it with the previous quarter. And this pipeline is something that we are organizing every quarter, and we are getting to it to generate revenue. So this is a cornerstone for revenue. And this is a 20% exploration that we saw quarter on quarter.

Rodrigo Loureiro, Antares (via webcast):

You reduced investments in IT devices while you are migrating to the cloud. What are the real effects of this migration, and what do costs look like?

Dirceu Gardel:

In the course of 2020, we have been investing heavily in this migration onto the cloud. And as Lucas said at the beginning, this cloud migration is continuing, it is striding forward as we had planned to. 2020 and the crisis did not keep us from continuing to invest. We continued with the migration, and we believe that by the middle of next year, it should have been concluded.

Alongside this migration, we can see some balance and investment because, as we migrate into the cloud, the costs are an on demand cost. So that helps us dealing or managing technology expenses. What is important to highlight here, however, is that we planned this migration, and we are bringing into practice without it being brought to a halt at any point. We are executing our strategy exactly as we planned it, also concerning investments that we had already planned to make.

Lucas Guedes:

Dirceu, I think I could comment by saying that, with this migration onto the cloud, we do not have a technology risk anymore. In the past, you would purchase a computer and it would be obsolete in a matter of time. Now, we are buying technology as a service, and it is their burden to supersede technology and update technology. So we always have cutting edge as far as hardware is concerned.

With this migration, we can deliver our products a lot faster, our time to market is a lot shorter, but we are unburdening ourselves from this technological aspect.

Moderator:

I have not received any other questions, so I think that we can draw our conference to a close. We are available here, should you have any further questions. You can email us, you can use our website, so feel free to do that.

Isolário Schoneborn:

Thank you, everyone.

Dirceu Gardel:

Thank you, everyone. Have a great day. Have a great week.



Lucas Guedes:

Thank you, everyone. Have a great day.

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