

InsideVC

2021

Venture Capital in Brazil



inBrazil



Founded in 2000, ABVCAP is a non-profit organization that represents the private equity and venture capital industry and promotes the development of long-term investments. ABVCAP has helped to improve industry conditions, advance understanding about the industry and promote best practices that are aligned with international industry standards. ABVCAP's mission focus on development, sustainable growth and market integration. In addition to expanding and improving the various facets of long-term investment in Brazil, while keeping with international practices (when applicable), ABVCAP's mission emphasizes strategic integration in the capital market, working to stimulate assets and companies traded on the stock market.



The Brazilian Trade and Investment Promotion Agency (Apex-Brasil) works to promote Brazilian products and services abroad, and to attract foreign investment to strategic sectors in Brazil. The Agency carries out several trade promotion initiatives, such as commercial and prospective missions, business rounds, support to the participation of Brazilian companies in major business fairs, and visits of foreign buyers and opinion formers to assess the country's productive structure. Apex-Brasil also plays a key role in attracting foreign direct investment to Brazil, working to detect business opportunities, promoting strategic events and providing support to foreign investors interested in allocating resources in the country.



The InBrazil Private Equity & Venture Capital Program is a joint initiative between ABVCAP and Apex-Brasil, set up to keep international investors well informed, linking them up with Brazilian fund managers and portfolio companies.



FM/Derraik Advogados is one of the pioneers in the venture capital area in Brazil. Members of their team were actively involved in the first wave of VC investments in Brazil in the late 1990s and remain fully active nowadays. They represent private equity, institutional and corporate venture capitalists, from Brazil and abroad. They have handled numerous major transactions including some of the largest and most sophisticated restructurings companies, M&As, fund formations and foreign investments in Brazil.



VENTURE CAPITAL IN BRAZIL HAS NEVER BEEN SO IMPORTANT

ANDERSON THEES

Vice president, ABVCAP

Managing Partner, Redpoint eventures

The year of 2020 was an unprecedented challenge for all of us, in all capacities. It was not different or the tech space in general and for venture capital in particular. The results, however, confirmed not only the opportunity ahead of us, as we all believed before, but also the clear responsibility for the value creation for society in the next years, as deals, valuations and expectations have clearly settled. 2020 was one of the most important years for the tech community globally, and a groundbreaking moment for Latin America.

The number of deals in the region got close to 500, the highest since 2011, when the data started to be monitored. Not only there were more deals, but also significantly larger rounds. In Brazil, for the first time ever the volume of venture capital deals surpassed that of private equity. In 2020, we also saw the debut of venture backed startups in the local stock exchange, a new funding alternative for entrepreneurs that will continue on in the following years.

As the ecosystem matures and entrepreneurs get more and more sophisticated we start to see the completion of the “flywheel” witnessing entrepreneurs become investors themselves. Given the growing number of fund managers with solid investment thesis, the beginning local companies pursuing corporate venture strategies, and new strategic investors joining the mix, the results we saw last year are likely to be just the beginning. The massive opportunity set for the region and a well-functioning ecosystem make up for an incredible building platform for entrepreneurs leveraging creativity and innovation in the next years.

The COVID-19 pandemic has accelerated a lot the need for companies to become more digital and more efficient while also acting responsibly towards society and the environment. Those are new commitments that will generate gains for this and future generations. The role of venture capital in Brazil has never been so important. And we are nothing short of thrilled to be here now, and help make all this happen.

Industry Overview

This report aims to provide an overview of the Brazilian venture capital industry. Through data, analyses and interviews with some of the main players operating in Brazil, this publication outlines the trends for the industry and offers prospects for the coming years.

This report aims to offer an overview of the Brazilian industry of venture capital (VC) industry. The publication presents several perspectives on the sector's upcoming years through data, analyses, and talks with some of the most prominent players in Brazil.

Many demands and questions arose in 2020 for which Brazilian society and humanity needed to find answers. In the shadows of a pandemic, an unprecedented challenge in recent history that by the beginning of March 2021 killed over 2.5 million people worldwide, demand for innovation has become higher than ever.

One of the countless immediate effects of the new coronavirus outbreak on the economy has been the acceleration of the digitization process, which has put tech-based businesses and digital engagement at the heart of citizens' everyday lives – companies which, of course, have come to draw even more attention from investors.

For the first time in Brazilian investment market records, investments made by venture capital (VC) funds, which focus on start-ups as primary targets, surpassed those made by private equity (PE) funds, which hold a higher average ticket. Of the BRL 23.6 billion raised by the industry in 2020, BRL 14.6 billion corresponded to VC and BRL 9.1 billion to PE.

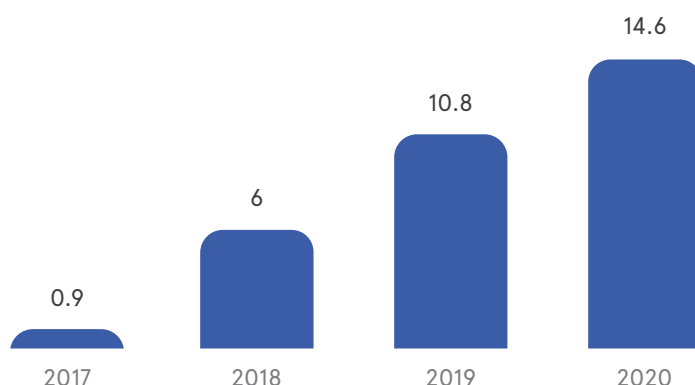
In the abundant innovation ecosystem that VC funds have fostered, two niches are worth noting. The first, of course, is health, made up of 27 of the 255 companies that received backing in 2020. Innovative solutions have been emerging to meet the needs of the Brazilian medical sector at astonishing speeds; something healthtechs have a lot to do with.

Another prominent niche is agtechs. Agriculture was the only one of the three major sectors of the economy to have increased its positive effect on the Brazilian GDP in 2020, with record harvests and prices. Start-ups offering tech solutions to various agribusiness fronts play a very strategic role in the Brazilian economy,

NUMBERS IN BRAZIL

Brazil's VC data for 2019 and 2020 can be found below, it has been gathered from the "Brazil 2020 Private Equity and Venture Capital Industry Report", produced by the ABVCAP team, in collaboration with KPMG.

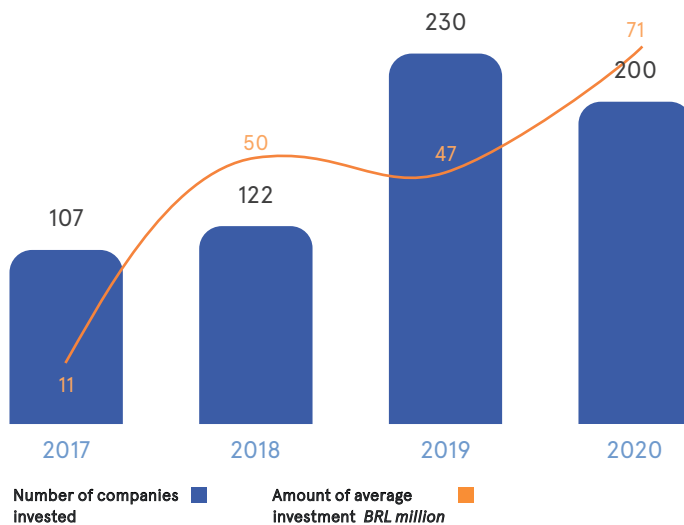
investments per year *BRL billion*



The Brazilian innovation ecosystem expands at a hastened pace. The proof is in the consistency with which funding by VC companies has grown in recent years: even in 2020, a year ripe with tribulations, total investments by PE and VC funds reached BRL23,6 billion, only 7% less than the BRL25.6 billion registered in 2019, a record.

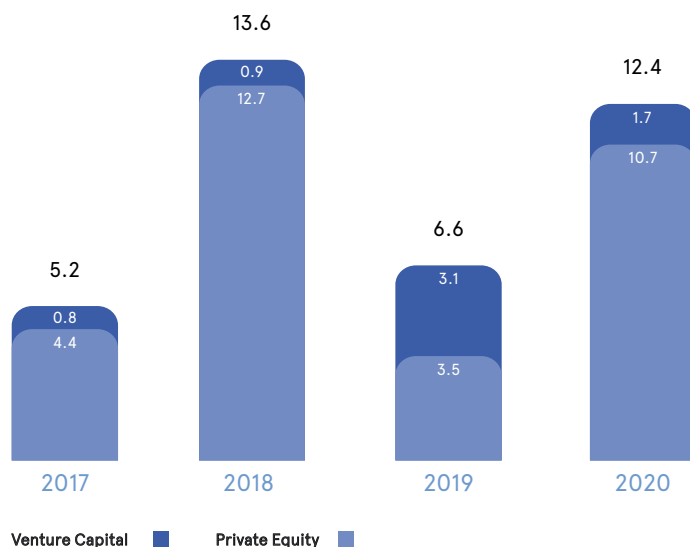
These figures also demonstrate something novel, mainly regarding the number of Brazil's investments in VC, which for the first time in history has surpassed PE: while investments in VC totaled BRL 14.6 billion, PE's footprint was BRL 9.1 billion. What drove the increase was the higher amount of companies receiving backing and the significant increase in the average amount raised. The 200 companies that had VC firms among their stakeholders received an average of BRL 71 million in funding.

amount of average investment *BRL million*



Tech start-ups, the main targets of VC funds, gained further attention from investors by showing themselves as able to meet the demands brought about by the covid-19 pandemic. Digital services have become paramount to social distancing measures, and this has made companies that can carry out a speedy and efficient digitization process essential. Digital businesses have recorded historical earnings during the pandemic. In addition, it is also crucial to consider that low-interest rates have attracted new investors keen on diversifying their portfolios with variable income securities.

fundraising by type *BRL billion*



In 2020, the total capital raised was BRL 12.1 billion, almost double the amount in 2019. However, only 11.6% came from VC, which raised BRL 1.4 billion in 2020.

It is worth noting there is a trend that should change the way early-stage technology-based companies enable their business models; the expansion of equity crowdfunding platforms, driven primarily by the pursuit of assets like variable income. The popularization of retail or individual investing paves the way for a new start-up scenario in Brazil to prevail even more in the coming years.

According to the Folha de S. Paulo newspaper, one of the leading media vehicles in the country, crowdfunding companies registered record numbers since 2017 comparing the last months of 2020 and the first one of 2021, the year in which the Comissão de Valores Mobiliários (The Brazilian Securities and Exchange Commission) regulated the market.

The maturation of the start-up ecosystem in Brazil is significant, as tech-based companies continue to play an increasingly vital role. In the short and mid-term, these companies need to continue being more and more digitally present, especially since Brazilian agencies have been tackling many obstacles and adversities imposed by the health crisis while attempting to vaccinate the vast population spread out across the country.

number of companies invested by sector VC 2020

	1Q	2Q	3Q	4Q	TOTAL	T.
Adtech & Martech	9	5	6	6	26	10%
Agtech	2	3	2	1	8	3%
Cloud				2	2	1%
Constructech & PropTech	6	2	5	1	14	5%
E-commerce	1	1		3	5	2%
Edtech	1	1	4	2	9	4%
Energy & Cleantech	1	1	3		5	2%
Fintech & Insurtech	11	10	18	19	58	23%
Foodtech	1		3	1	5	2%
Healthtech	7	6	10	4	27	11%
HRtech	1	1	3	4	9	4%
Lawtech	1	1	2	2	6	2%
Retailtech	1	1	8	5	15	6%
Software	8	4	7	5	24	9%
Transportation & Mobility	4	4	6	5	19	7%
Other	5	4	10	4	23	9%
Total	59	45	87	64	255	100%

Fintechs and Insurtechs were the focal targets of VC in 2020, representing 23% of the companies backed by VC that year. Of a total of 255, 58 start-ups can be found in finance and insurance. Then there are the healthtechs (health, reaching 11%) and the Adtechs and Martechs (advertising and marketing, representing 10%).

Despite representing only 3% of the total companies backed, Agtechs deserve to be noted in this study due to the strategic role agribusiness plays on the Brazilian economy. In 2020, as we will see below, agriculture was the only one of the three major sectors of the economy which managed to increase its share of GDP.

ENJOEI AND MÉLIUZ

the arrival of start-ups on the Brazilian stock exchange

Even amid the new coronavirus pandemic, 2020 was a lively year for the Brazilian capital market, which experienced a recent boom of IPOs: 28 in all, the highest in just over a decade. And this wave of initial public offerings brings with it something never before seen. Making their debut, Enjoei and Méliuz were listed on the B3 local stock exchange.

These IPOs mean the stock exchange is being progressively seen as an exit option for VC funds, which generally chose to sell their holdings to companies they deem strategic, that is, large enterprises interested in market expansion. The scenario for technology-based companies changed from 2018 onwards when the 99 transport app transformed into a unicorn with its sale to the Chinese Didi Chuxing. Since then, investors have been keeping a much closer eye on the Brazilian start-up arena.

The advent of start-ups on the capital market displays the greater significance of online business models, very common in this ecosystem. Such is the case of Enjoei, which gives individuals the possibility to create their online stores to sell clothes, accessories, furniture, and other second-hand objects, thus leveraging the trend of circular consumption. The company went public in November 2020, making an initial public offering of BRL1.13 billion. From November 2020 to March 2021, its company share value rose 8.7%. Among the sellers were venture capital funds Bessemer and Monashees and managers Estoril and Dynamo.

Méliuz Redpoint, a cashback company whose corporate structure also included Monashees, Respoint ventures, Kaszek among others, debuted the B3 exchange already worth BRL1.2 billion, with shares traded at BRL10. From November 2020 to January 2021, the company share value saw an upswing of 90%. By way of comparison, in the same period, the Ibovespa exchange rose 21%, making Méliuz's IPO one of the most prosperous in 2020. With BRL1.2 billion received in cash, Méliuz will expand its advertising, launch more financial services and make additional acquisitions.

venture capital deals in Brazil 2020

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
2tomorrow Sports	Investment	Nov 2020	1,500,000	Outfield Capital
4Student	Investment	Jan 2020	-	Bossa Nova
7 Waves	Investment	Sep 2020	500,000	DOMO Invest
A55	Investment	May 2020	37,100,000	Santander Innoventures Energy
Accountfy	Investment	Mar 2020	34,450,000	Several
Accountfy	Investment	May 2020	-	Redpoint eventures, HDI Seguros
Acesso Digital	Investment	Sep 2020	620,000,000	E.Bricks, Softbank, General Atlantic
Aevo	Investment	Sep 2020	4,200,000	KPTL (Inseed/A5 Manager)
Agrotools	Investment	Jun 2020	-	KPTL
AIO Educação	Investment	Aug 2020	1,494,600	Fuse Capital
Fundação Educação	Investment	Nov 2020	-	Wayra
Alliya	Investment	Aug 2020	7,500,000	Domo Investments
Alright	Investment	Oct 2020	5,000,000	KPTL

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Allude	Investment	Sep 2020	12,190,000	Ribbit Capital, Y Combinator, Maya Capital and GFC
Amyi	Investment	Oct 2020	1,000,000	GV Angels; Wishe
Arena	Investment	Jun 2020	11,448,000	Red Pointventures
Asaas	Investment	Oct 2020	37,000,000	Inovrabra; Parallax Ventures
ASC Brazil	Investment	Jan 2020	-	Algar Tech
Asksuite	Investment	Aug 2020	3,985,600	Abseed
Active Solutions	Investment	Sep 2020	-	FIP Criatec III, Wayra Brasil
Ativup	Investment	Jan 2020	2,000,000	Domo Invest Gestora de Ativos Financeiros e Valores Mobiliários Ltda.
Atomic Agro	Investment	Mar 2020	3,000,000	Capital Lab
Atta	Investment	Jan 2020	-	Distrito Venture
Avenue	Investment	Out 2020	35,000,000	Igah Ventures
Avenue	Investment	Jan 2020	-	E.Ricks Early Stage
Azion Technologies	Investment	Nov 2020		Monashees Capital, Qualcomm Ventures
Drink at the door	Investment	Oct 2020	1,000,000	Angels of Brazil; Poli Angels

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Beejobs	Investment	Jul 2020	19,742,500	Capital Indigo
Birdie	Investment	Aug 2020	8,480,000	Astella investments
Bitcapital	Investment	Jun 2020	1,007,000	Gear Ventures
Bitfy	Investment	Oct 2020	1,400,000	Urca Angels
Biz Capital	Investment	Jun 2020	65,000,000	DEG
Biz Capital	Investment	Oct 2020	20,000,000	Oikocredit
Bloxs Investments	Investment	Jan 2020	3,000,000	Domo Invest Gestora de Ativos Financeiros e Valores Mobiliários Ltda.
Blue365	Investment	Jan 2020	-	Distrito Venture
Boomerang	Investment	Jun 2020	2,962,700	Canary
Bossabox	Investment	Nov 2020	8,000,000	Astella Investments, Redpoint eventures
Bpool	Investment	Oct 2020	5,000,000	Chromo Invest
Bro.	Investment	Jan 2020	15,000,000	E.Bricks
Cashew	Investment	Aug 2020	12,985,000	Value Capital Group; Canary
Carflix	Investment	Jun 2020	14,840,000	Bvx

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Cargox	Investment	Jan 2020	416,000,000	Farallon, Several
Cargox	Investment	Apr 2020	-	LGT Lightstone Latin America
Celcoin	Investment	Oct 2020	23,000,000	VOX Capital; Bootslab (BTG)
Celebryts [Cely]	Investment	Aug 2020	-	Bossa Nova Investments
Celero	Investment	Jun 2020	-	Honey Island
Certus	Investment	Aug 2020	-	Pool Fintech
Chiligum videos	Investment	Jun 2020	1,974,250	Gvangelis
Clarke Energia	Investment	May 2020	3,200,000	Canary
Clarke Energia	Investment	Aug 2020	3,000,000	Edp Ventures Brasil, Canary
Classpert	Investment	Jul 2020	4,929,000	Iporanga Investments; Canary
Clickcash	Investment	May 2020	2,597,000	Domo Investments
Closecare	Investment	Aug 2020	2,120,000	Domo Investments
Clubbi	Investment	Jul 2020	-	Canary
Cognitive	Investment	Dez 2020	-	Next A&M Ventures

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Colab	Investment	Jul 2020	3,000,000	Media Development Investment Fund (MDIF); Luminate
Combudata	Investment	Aug 2020	2,800,000	Canary
Communy	Investment	Nov 2020	400,000	Bossa Nova Investments
Conexa Saúde	Investment	Jan 2020	-	E.Ricks Early Stage
Configr	Investment	Oct 2020	4,000,000	Invest Tech; KPTL; GV Angels; Garan Ventures
Congresse.me	Investment	Jul 2020	1,481,350	Gávea Angels; Investors.vc.
Agile Account	Investment	Dez 2020	-	Poli Angels
Simple Account	Investment	Jul 2020	662,500	Y Combinator
Simple Accoun	Investment	Dez 2020	13,750,000	Quartz Investments
Convenia	Investment	Nov 2020	-	Crescera Investments
Cortex	Investment	Jul 2020	118,455,000	Softbank, Endeavor Catalyst, Red Pointeventures, Several
Cortex	Investment	Out 2020	50,000,000	Riverwood Capital
Credere	Investment	Sep 2020	-	Domo Investments
Credits	Investment	Dez 2020	1,275,000,000	LGT Lightstone, Softbank, Kaszek

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Credpago	Investment	Jul 2020	-	BTG Pactual
You take care	Investment	Oct 2020	17,000,000	Kaszek Ventures; Península Investments
Cyberlabs AI	Investment	Aug 2020	28,000,000	Redpoint eventures
Cyklo Agritech	Investment	Jun 2020	-	Alvares & Marsal
Datapolicy	Investment	Oct 2020	1,500,000	Cedro Capital
Bus-side	Investment	Nov 2020	4,097,500	Gvangels
Diário Escola	Investment	Oct 2020	1,000,000	GV Angels
Digibee	Investment	Jun 2020	26,500,000	GAA Investments, Laércio Albuquerque, Several
Diin (Grão)	Investment	Jan 2020	-	Astella Investments, Domo Investments, VOX Capital, Several managers without value opening
Docket	Investment	Mar 2020	34,000,000	Kaszek Ventures, Valor Capital, ONE VC, Several managers without value opening
Dolado	Investment	Dez 2020	11,000,000	Value Capital Group, Global Founders Capital, Provence, Norte Capital
Domicile	Investment	Sep 2020	-	Crescera Investments
Dr. Jones	Investment	Oct 2020	6,000,000	Igah Ventures, Astella Investments
I bought.com	Investment	Nov 2020	460,036,500	Poli Angels

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Easelabs	Investment	Jul 2020	-	Alvarez and Marshall
At home	Investment	Sep 2020	20,000,000	Monashees, NBV, Pear Ventures, Caravela; MELI Fund
Even3	Investment	Oct 2020	4,000,000	Domo Invest
Faccio	Investment	Nov 2020	27,500,000	Monashees Capital
Fazenda Futuro	Investment	Sep 2020	115,000,000	BTG bank; ENFINI Investments (PWR Capital); Monashees; Go4it Capital
Festalab	Investment	May 2020	7,950,000	Atlantico, Canary, Several
Fieldlink	Investment	Sep 2020	1,000,000	Iporanga Investments
Fin-x	Investment	Oct 2020	1,182,500	Domo Invest
Findup	Investment	Aug 2020	4,982,000	Domo Investments
Fitbank	Investment	Jul 2020	-	JP Morgan
Flapper	Investment	Nov 2020	2,468,581,50	Startmeup, Confrapar
Floki	Investment	Dez 2020	3,600,000	Iporanga Ventures
Framefy	Investment	Mar 2020	5,000,000	Lorinvest Gestão de Recursos Ltda
Gama Academy	Investment	Jan 2020	3,000,000	Smart Money Ventures
Gavea Marketplace	Investment	Dez 2020	2,200,000	Domo Invest

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Genial Care	Investment	Jun 2020	-	Canary
Genoa performance	Investment	May 2020	2,332,000	Verus
Agricultural Management	Investment	Jun 2020	-	KPTL
Gofind	Investment	Aug 2020	1,500,000	Malte Huffmann; Philipp Povel; Sérgio Cochela; INVISTO; TM3 Capital
Gove	Investment	Oct 2020	8,000,000	Astella Investments
Graphcall	Investment	Oct 2020	550,000	Urca Angels
Grow (Yellow + Grin)	Investment	Jan 2020	-	Mountain Nazca
Hent	Investment	Jun 2020	5,000,000	Canary
Hilab	Investment	Nov 2020	55,000,000	Peninsula Investments
Home Agent	Investment	Dez 2020	-	Br Angels Smart Network
Hrestart	Investment	Sep 2020	-	Bossa Nova Investments
Hublocal	Investment	Oct 2020	600,000	Anjos Brasil
Ideal	Investment	Sep 2020	100,000,000	Kaszek Ventures
Intelipost	Investment	Dez 2020	130,000,000	Riverwood Capital
Involves	Investment	Mar 2020	23,500,000	Bridge One Investments

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Jestor	Investment	Aug 2020	1,696,000	Canary
Just for you	Investment	Aug 2020	-	Neuron Ventures
Kangu	Investment	Mar 2020	6,000,000	NXTP Ventures
Kenoby	Investment	Jan 2020	23,000,000	Astella Investments, SP Ventures Gestora de Recursos Ltda
Kestraa	Investment	Aug 2020	14,946,000	Canary
Km Online	Investment	Mar 2020	4,200,000	XMS Partners
Kzas.ai	Investment	Mar 2020	20,000,000	Redpoint
LAR.app	Investment	May 2020	5,300,000	Global Founders Capital
Leads2b	Investment	Mar 2020	10,000,000	Abseed Ventures, Order, Several managers without value opening
Leaf	Investment	Sep 2020	10,600,000	Sandbox Ventures; SP Ventures
Legiti	Investment	Nov 2020	13,750,000	Kaszek Ventures
Leve Capital	Investment	Jun 2020	5,300,000	Global Founders Capital
Linker	Investment	Dez 2020	12,000,000	Darwin Capital and Private Investors
Livance	Investment	Jul 2020	-	Astella Investments

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Loft	Investment	Mar 2020	892,500,000	Andreessen Horowitz, Fifth Wall Ventures, Vulcan Capital, Several managers without value opening
Logcomex S.A.	Investment	Jul 2020	3,000,000	Caravel, Invest Tech, Several
Magnetis	Investment	Jul 2020	60,000,000	Redpoint ventures Vostok Emerging Finance
Marta Inteligência	Investment	Jan 2020	-	Superjob Venture Capital
Memed	Investment	Fev 2020	20,000,000	DNA Capital
Metha Energia	Investment	Jan 2020	-	Superjob Venture Capital
Mettzer	Investment	Aug 2020	-	Bossa Nova Investments
My Delivery	Investment	Jul 2020	197,425	Equity Rio
Meutudo	Investment	May 2020	12,455,000	Domo Investments
Mindminer	Investment	May 2020	1,563,500	BR Angel
Minery	Investment	Nov 2020	3,000,000	Happy Capital
Mobees	Investment	Jul 2020	5,000,000	Canary; Norte Capital
Mottu	Investment	Jul 2020	10,600,000	Caravela Capital
Nelogica	Investment	Nov 2020	550,000,000	Investments will be growing; Vulcan

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Neon	Investment	Sep 2020	1,600,000,000	General Atlantic; Blackrock
Nomad	Investment	Dez 2020	30,000,000	Monashees Capital, Abstract
Nubank	Investment	Jun 2020	1,650,000,000	Several
Numenu	Investment	Jan 2020	-	Bossa Nova
Nuvemshop	Investment	Oct 2020	165,000,000	Qualcomm Ventures; Kaszek Ventures
Nvoip	Investment	Oct 2020	3,000,000	Bossa Nova Investments; BR Angel Smart; Cedro Capital
Ocean Drop	Investment	Sep 2020	2,000,000	Caravel
Oico	Investment	Oct 2020	7,950,000	FJ Labs and Maya Capital
Olga Ri	Investment	Jan 2020	-	Kaszek Ventures
Olist	Investment	Nov 2020	310,000,000	Softbank
Olivia	Investment	Fev 2020	25.000.000	Banco Votorantim
Origin	Investment	Jul 2020	5.231.100	Barn Investments; Everyday life
Packid	Investment	Jul 2020	1,000,000	WE Ventures
Paketá	Investment	Dez 2020	9,000,000	Shift Capital
Payface	Investment	Mar 2020	2,600,000	Alvares & Marsal, Harvard Angels, Several

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Petlove	Investment	Mar 2020	250,000,000	Softbank
Petlove	Investment	Jul 2020	125,000,000	L Catterton
Phonetrack	Investment	Mar 2020	1,000,000	Caravela Capital
Pier	Investment	Aug 2020	79,460,000	Monashees, Meli Fund, Canary, BTG Pactual Bank
Pink	Investment	Oct 2020	3,000,000	Fuse Capital
Pipo Saúde	Investment	Jul 2020	24,380,000	Kaszek Ventures, Monashees, Onevc, Several
Pix Media	Investment	Dez 2020	-	Poli Angels
Placi	Investment	Sep 2020	30,000,000	Blue like an Orange Sustainable Capital
Preamble Tech	Investment	Oct 2020	10,000,000	KPTL (criatec 3)
Privally	Investment	Nov 2020	-	Tivit Ventures
How much	Investment	Sep 2020	79,500,000	Itaú, Bradesco, Kaszek Ventures, Coatue
Quasar Flash	Investment	Sep 2020	25,000,000	Valor Capital Group
R2U	Investment	Nov 2020	4,400,000	Canary; Norte Ventures
Radarfit	Investment	Sep 2020	500,000	DOMO Invest
Rapicare	Investment	Jun 2020	4,971,400	Canary, Norte Ventures, Several

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Rapicare	Investment	Jul 2020	5,300,000	Canary; North
Tow me.	Investment	Aug 2020	-	Random Ventures
Rede Vistorias	Investment	Sep 2020	5,500,000	Domo Investments
Shipping Online	Investment	Jun 2020	-	Bwatar Ventures, Kaszek Ventures
Remessa Online	Investment	Jun 2020	108,650,000	Kevin Efrusy, Several managers without value opening
Repassa	Investment	Jan 2020	-	Bossa Nova
Repassa	Investment	Sep 2020	7,500,000	Redpoint Ventures, Bossa Nova Investments
Resolvvi	Investment	Aug 2020	-	Bossa Nova Investments
Safe Space	Investment	Sep 2020	-	Maya Capital
Sami	Investment	Oct 2020	85,250,000	Monashees Capital; Redpoint eventures e Valor Capital
Sanar	Investment	Mar 2020	60,000,000	DNA Capital, Valor Capital, Several managers without value opening
Sem processo	Investment	Aug 2020	-	Primatec (Antera Gestão)
Sensix	Investment	Oct 2020	990,000	Domo Invest
Smilink	Investment	Mar 2020	9,800,000	Barn Investments

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
Solfácil	Investment	Jul 2020	21,000,000	Valor Capital Group
Solinftec	Investment	Mar 2020	200,000,000	TPG Capital, Unbox Capital, Several managers without disclosure of the amount
SouSmile	Investment	Jan 2020	50,000,000	Canary, Global Founders Capital, Kaszek Ventures, Several managers without value opening
Spark	Investment	Jul 2020	8,000,000	Apex Partners
Speedbird	Investment	Sep 2020	-	DOMO Invest
Spinpay	Investment	Out 2020	-	Quartz Investments
Stark Bank	Investment	Jan 2020	-	Iporanga Investments
Stopclub	Investment	Dez 2020	-	Redpoint eventos
Supersim	Investment	Jan 2020	-	Distrito Venture
Suprevida	Investment	Jul 2020	530,000	Eurolife Investments
Swap	Investment	Jul 2020	17,490,000	ONEVC; Global Founders
Syos	Investment	Jul 2020	10,000,000	KPTL (Inseed/A5 Gestora)
Take Blip	Investment	Oct 2020	550,000,000	Warburg Pincus
Tembici.	Investment	Jul 2020	249,100,000	Joá Investments, IFC, Red PointEventures, Valor Capital, Diversos

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
TerraMagna	Investment	Nov 2020	11,000,000	One VC; Maya Capital
The Coffee	Investment	Aug 2020	-	Monashees
Time Energy	Investment	Sep 2020	2,000,000	Edp Ventures Brasil
Tissue lab	Investment	Aug 2020	200,000	Finep
Traive	Investment	Nov 2020	14,000,000	SP Ventures
Trakto	Investment	Jan 2020	-	Bossa Nova
Transfeera	Investment	Aug 2020	-	Pool Fintech
Transfeera	Investment	Oct 2020	2,970,000	Goodz Capital, Honey Island, Bossa Nova e Curitiba Angel
Trocafone	Investment	Dez 2020	30,000,000	Barn Investments; Bulb Capital Wayra
Trybe	Investment	Mar 2020	42,000,000	Atlântico
Vai.Car	Investment	Mar 2020	380,000,000	Bossa Nova, Bootslab, Banco BMG, XP Investments, Several managers without disclosure of the amount
Viva psicologia	Investment	May 2020	5,300,000	Neuron Ventures
VivaBem (Vibe)	Investment	Mar 2020	12,750,000	Webrock Ventures
Voll	Investment	Jun 2020	3,975,000	Iporanga Ventures, Wayra, Diversos

TARGET COMPANY	TYPE	DATE	AMOUNT BRL	INVESTOR
VTEX	Investment	Sep 2020	1,250,000,000	Tiger Global, Lone Pine Capital, Constellation, Endeavor Catalyst e SoftBank
Vuxx	Investment	Dez 2020	2,500,000	Br Angels Smart Network
Warren	Investment	Jul 2020	120,000,000	QED Investors
Weel	Investment	Mar 2020	80,000,000	Banco Votorantim
Wellbe	Investment	Jan 2020	-	Bossa Nova
Wild Life	Investment	Aug 2020	636,000,000	Vulcan Capital
Worc	Investment	Dez 2020	-	Honey Island, Bossa Nova e GV Angels
Yuca	Investment	Jan 2020	20,000,000	Monashees
Yuca	Investment	Jul 2020	1,828,500	Bloxx
Zee.dog	Investment	Jul 2020	100,000,000	TreeCorp Investments
Zenklub	Investment	May 2020	16,960,000	Indico Capital Partners
Zenvia	Investment	Mar 2020	270,000,000	Oria Capital

Source: ABVCAP study, considering public data from 2020.

sector focus

AGRITECH

Of the three major sectors of the economy, only one made progress in terms of Brazilian GDP in 2020: agriculture. While industry and services fell by 3.5% and 4.5%, respectively, agribusiness activity grew by 2% compared to 2019, according to data from the Brazilian Institute of Geography and Statistics (IBGE).

It was the boom in agricultural activity responsible for keeping the Brazilian GDP from dropping beyond 4.1% last year. If one considers agribusiness as a whole – bearing in mind services like cold storage and logistics companies found in the agri-food chain, for example –, they will find its share of GDP represents very noteworthy amounts. According to a study by Brazilian Agriculture and Livestock Confederation (CNA) in partnership with the Luiz de Queiroz College of Agriculture (ESALQ) at the University of São Paulo (USP), 21.1% of what has been produced by the nation in 2019 has come from from agribusiness.

Brazil has already established itself as the chief producer in the tropical food belt and the third-largest global food exporter – it only lags behind the United States and the Netherlands. Today, the country exports farming products and different types of meat to more than 180 nations, among them China, the largest importer of Brazilian products.

highlights of the Brazilian agricultural production

	COFFEE	ORANGE	SUGAR CANE	ETHANOL	CATTLE	SOY	POULTRY	CORN
Ranking	1 st	1 st	1 st	2 nd	2 nd	2 nd	3 rd	3 rd
Production	2.5 million tons	14 million tons	638 million tons	33.1 billion liters	241 million heads	103 million tons	1.45 billion birds	91 million tons

Source: Brazilian Institute of Geography and Statistics' 2017 Agribusiness Census. Available in the "Radar Agtech Brasil 2019" report titled Mapeamento do Setor Agro Brasileiro (Embrapa, SP Ventures and Homo Ludens).

Brazil boasts a geographical advantage that contributes to its excellent farming performance: the country's territory, of wide latitudinal extension, has a considerable assortment of photoperiods, climates (even microclimates), and soils. Whereas in temperate zones, where the great powers of the globe concentrate, climate conditions make it possible to harvest only once per year, in Brazil, that number can triple.

Certainly, drawbacks are also a part of the Brazilian agriculture reality. The nation's nature-given characteristics favor the incidence of pests and weeds, for example. In addition, the erosion associated with high rainfall rates can be detrimental to some crops.

All that has made innovation an early pillar of the Brazilian agribusiness, replacing techniques and imported products considered obsolete. Brazil needed to learn its own way of doing agribusiness. A crucial leap in its pursuit of sector innovation happened in the 70s, when the Brazilian Agricultural Research Corporation (Embrapa) was founded, a public company that enables joint research among dozens of Brazilian institutions.

In recent decades, Brazilian agriculture has stood out in the global landscape thanks to its investment in new tech and new tropical farming methods. It is most likely in this section of the country, which has received the nickname "world granary", where more innovative solutions are being conceived, capable of facing the agri-food challenges of the present-day world, which demands much more efficient and sustainable agriculture.

That is where agtechs, businesses looking to apply new technologies to the agricultural sector, come into play. Among the countless solutions offered are agricultural equipment, weather data, genetic upgrades, fertilizers, herbicides, irrigation systems, remote sensors (including drones), property management techniques, and even specialized big data analysis.

This niche of start-ups began to appeal to investors in 2013, when Monsanto acquired Climate Corporation, a climate risk analysis, and management company, for USD \$930 million. Worldwide, they have received increasingly substantial backing, sometimes overshadowing niches considered pivotal, like fintechs.

Little by little, eyes turn to Brazil as a major hotbed of agtechs, and this is due both to its nature-given advantages and to the efforts of research centers and major producers throughout the agri-food chain. However, according to the "Radar Agtech Brasil 2019" in its report titled Mapeamento do Setor Agro Brasileiro (Map of Brazilian Agribusiness Sector), published by Embrapa in partnership with SP Ventures and Homo Ludens, the backing received by start-ups in this sector in Brazil is still inferior to other categories, such as financial solutions and mobility.

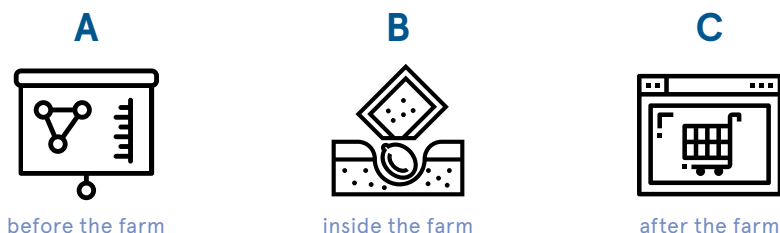
sample of investments in the Agtech sector in Brazil 2020

INVESTORS	DATE	AMOUNT	TARGET COMPANY
One VC; Maya Capital	Nov 2020	11,000,000	TerraMagna
SP Ventures	Nov 2020	14,000,000	Traive
Unbox Capital	Mar 2020	-	Solinftec
TPG Capital	Mar 2020	-	Solinftec
Multiple managers Individual amounts undisclosed	Mar 2020	200,000,000	Solinftec
KPTL	Jun 2020	-	Agrotools
Domo Invest	Oct 2020	990,000	Sensix
Capital Lab	Mar 2020	3,000,000	Atomic Agro
Alvares & Marsal	Jun 2020	-	Cyklo Agritech
KPTL	Jun 2020	-	Agricultural Management
Sandbox Ventures; SP Ventures	Sep 2020	10,600,000	Leaf

The most recent edition of the study to date was made available in 2019. In that year, the mapping recognized and scrutinized 1125 start-ups, of which about 90% were situated in the South and Southeast regions of Brazil, more notably in the cities of São Paulo, Piracicaba, and Campinas. Piracicaba Valley is where the Agtech Valley can be found, along with the Luiz de Queiroz College of Agriculture (ESALQ) of the University of São Paulo (USP).

The report uses three categories to classify start-ups according to their specialization: a) before the farm, b) inside the farm, and c) after the farm.

It is the latter that 532 companies are concentrated into, dedicated to the following activities: innovative foods and new food trends (246); trading venue and Marketplace (95); storage, infrastructure, and logistics (29); online grocery store (29); advisory, acceleration or association (26); Industry 4.0 (autonomous store and retail



management (24); online restaurant and meal kit (24); bioenergy and biodiversity (14); plant factory and new forms of planting (13); food security and traceability (12); and packaging, environmental and recycling systems (12).

The second category with most start-ups is inside the farm, listing 397 companies. These companies are dedicated to the following activities: agricultural management system (122); UAV (Unmanned aerial vehicle) (43); and precision farming (34); machinery and equipment (34); remote sensor (29); waste and water management (21); meteorology and irrigation (21); internet of things (20); monitoring (19); content, education and social network (18); imaging diagnosis (8); and aquaculture (7). 196 start-ups before the farm are dedicated to fertilizers, inoculants, and nutrients (41); genomics and biotechnology (40); biological control (32); financial services (24); laboratory analysis (20); nutrition and animal health (20); shared economy (10); and seeds and seedlings (9).

Financial service offerings to agricultural companies, considered after the farm, gave rise to the so-called agfintechs, providing credit to farmers, increasing efficiency in negotiations. In the last quarter of 2020, Brazilian start-up Terra Magna, which buys debt from small and medium-sized farmers, received \$2 million in backing in a round led by OneVC with the participation of Maya Capital. The company assesses risk through a platform that combines satellite imagery, climate data, government records, and the farmer's financial standing.

A different example of a Brazilian agfintech receiving investments in 2020 was Traive, into which SP Ventures invested BRL 12 million. The start-up, like Terra Magna, offers financial solutions based on farmers' credit profiles.

The "Radar Agtech Brasil 2019" report, already cited, indicates a trend; the interval between the entry and exit out of an investment is less in this category than in others, as per the example of the Strider start-up. The company was acquired by Syngenta only five years after being founded.

Agribusiness start-ups find a very promising scenario in Brazil. The familiarity of the Brazilian economy with agriculture means the country can become a reference in the agtech segment.

sector focus

HEALTH

Social distancing, brought on by the novel coronavirus pandemic, has even affected an area of work based on direct contact: health services. We have been forced to abandon the notion that physical proximity between patient and a health professional is a must for a consultation; thus more and more people have adopted online healthcare.

By the beginning of May 2021, the number of deceased from covid-19 in Brazil had already exceeded 400,000. Next to this extraordinary figure is another factor not yet estimated: indirect deaths, those that, although related to other diseases, would have been circumvented had it not been for the current state of hospital overburden. It is during this period that so-called telemedicine or remote healthcare has become an integral part of everyday life.

Despite not having been regulated in Brazil, remote healthcare has been provisionally sanctioned by different health agencies, such as the Federal Council of Medicine (CFM), the Federal Council of Nutritionists (CFN) and the Federal Council of Psychology (CFT). According to Estadão, a renowned Brazilian communications vehicle, more than 2 million consultations were held remotely by November 2020.

The Brazilian health market is among the ten most prominent in the world: in 2017, according to the Brazilian Institute of Geography and Statistics (IBGE), the market totaled more than BRL 608 billion, equivalent to 9.2% of the GDP that year. The sector is expected to be even more bullish in the coming years, considering that a quarter of the Brazilian population will reach 65 years or older by 2060, driving healthcare demand even higher.

The growth of remote healthcare illustrates, along with numerous other examples, how technology has revolutionized the Brazilian healthcare sector in the immediate present. And there are several indications that this industry will be one of the most affected by the tech revolution.

Healthtechs, companies that offer technological solutions in the medical sector, have been in the spotlight in much of the world since the pandemic outbreak. The report titled "Teses de Investimento para 2020 Pós-covid" (2020 Post Covid Investment Thesis), published by BNP Paribas in the Estadão's E-investor section, highlights that the fear that new pandemics might occur from the onset of other virus outbreaks has driven investments in health, which is growing at an augmented pace.

It is worth noting that vaccines against covid-19 have been developed in record time. And it's easy to understand why: about 5% of the world's scientific pro-

duction in 2020 concentrated on coronavirus, according to data provided by MIT Technology Review Brazil. According to the publication, Brazil was among the 11 nations that most disclosed data on Covid-19 the year the pandemic arose.

However, one must consider that the biotech sector is still delicate in countries like Brazil. The market's leaders, responsible for producing the first covid-19 vaccines, are all foreign. The biotech sector is where these start-ups are most evolving and able to get backing from more and more investors.

Data from the Brazilian Startups Association, published in November 2020 by Você S/A (You Inc.) an entrepreneur magazine, shows that of the 13,000 start-ups identified in the survey, 396 operate in the health and well-being sector. The figure makes this the third largest start-up market in Brazil, lagging behind the niches of education (edtechs) and finance (fintechs) only. According to a 2018 study by Liga Ventures, most healthtechs offer solutions in management systems (17%), hard science (15%) and physical and mental well-being (10%).

sample of investments in the healthtech sector in Brazil 2020

TARGET COMPANY	DATE	AMOUNT BRL	INVESTOR
Closecare	Aug 2020	2,120,000	Domo Investments
Conexa Saúde	Jan 2020	-	E.Ricks Early Stage
Cuidas	Nov 2020	17,000,000	Kaszek Ventures; Península
Easelabs	Jul 2020	-	Alvarez and Marshall
Genial Care	Jun 2020	-	Canary
Hilab	Nov 2020	55,000,000	Peninsula Investments
Livance	Jul 2020	-	Astella Investments
Memed	Fev 2020	20,000,000	DNA Capital
Ocean Drop	Sep 2020	2,000,000	Caravel

TARGET COMPANY	DATE	AMOUNT BRL	INVESTOR
Pipo Saúde	Jun 2020	24,380,000	Kaszek Ventures, Monashees, Onevc, Several
Placi	Sep 2020	30,000,000	Blue like an Orange Sustainable Capital
Radarfit	Sep 2020	500,000	DOMO Invest
Sami	Nov 2020	85,250,000	Monashees Capital; Redpoint Ventures and Capital Value
Sanar	Apr 2020	60,000,000	DNA Capital, Valor Capital, Several investors
Smilink	Mar 2020	9,800,000	Barn Investments
Sousmile	Jan 2020	50,000,000	Canary, Global Founders Capital, Kaszek Ventures, Multiple managers Individual amounts undisclosed
Suprevida	Jun 2020	530,000	Eurolife Investments
Suprevida	Jul 2020	-	Eurolife Investments
Tissue lab	Aug 2020	200,000	Finep
Viva psicologia	May 2020	5,300,000	Neuron Ventures
Vivabem (Vibe)	Mar 2020	12,750,000	Webrock Ventures
Wellbe	Jan 2020	-	Bossa Nova
Zenklub	May 2020	16,960,000	Indico Capital Partners

Sami, a healthtech focused on the supplementary health insurance segment enticed the most attention from investors in 2020. The company received BRL 85 million in a Series A round led by the funds Valor Capital Group (Gympass, Loft) and Monashees (Rappi, 99), plenty of capital to enable a change in its business model. The company, founded in 2018, will offer its own health insurance.

The bet of the business will be on meeting the demands of small and medium companies, the leading employers of the country, who often are unsuccessful in offering health plans to teams. To keep big companies from being the only ones who can afford this type of expense, Sami has developed cost-effective health plans, contemplating a lean and efficient selection of hospital networks. Another pillar of the new business model refers to digitization: allowing for online patient history and triage via remote consultation.

Another start-up that attracted investments in 2020 was Hilab, which COVID-19 raised BRL55 million. The company uses technology to decrease both the cost and delivery time of various types of exams, such as HIV, dengue and, more recently, covid-19. Its rapid tests have been used by a very diverse range of customers from large urban centers to the outmost corners of the republic. The company earned approximately BRL 200 million last year and has more than doubled the number of employees, which jumped from 90 to 215.

Experience has shown that the blending of technology and healthcare enables many possibilities for human well-being overall. Artificial intelligence (AI), for example, is gaining more and more room in medicine thanks to its ability to diagnose disease and recommend treatment through automated analysis of an extensive dataset.

It is already known that computers can read mammography exams well, and some have been shown to read them better than doctors. AI has also helped in the development of devices aimed at patient-centered therapy or communication.

In 2020, of the 255 companies backed by VC funds, 27 (11%) were healthtechs. Among them, there is Tissue Lab, a start-up using AI and 3D printing to develop bioartificial organs and tissues. An example of how machine learning has made the healthcare field even more innovative.



LEGAL OVERVIEW FM DERRAIK

**FABIANA FAGUNDES, PEDRO FERREIRA E
RODRIGO MENEZES,**

Partners

FM/DerraiK

**to flip or not
to flip: that is
the question...**

Years ago, Brazilian startups that were looking for larger checks/rounds (Series B and beyond) had, in most of the cases, to find such check abroad. There was very little capital available for venture capital-backed startups in the country at that time.

Hence, the term sheets proposed by the potential investors, often had a section describing that the startup to be funded should undergo a process commonly called "flip". "To Flip" is the recent denomination of the "Roll Up" restructuring process used in the 90's by dotcom companies' shareholders aiming at "IPOing" in Nasdaq and other stock exchanges abroad. In simple words, it encompasses the conveyance by startup's shareholders of their equity interest in the Brazilian operating company to a corporate structure composed of a Cayman entity, controlling a Delaware entity (usually an LLC) which, on its turn, would be the direct controlling shareholder of the Brazilian operating startup.

This was usually adopted by offshore funds mainly for 2 reasons: (i) the Cayman/Delaware/Brazil structure was better known by foreign investors from the old days investing in Dotcom companies of the 1990s; and (ii) there was an expectation of an exit of such investment to take place abroad. Due to the lack of capital available on those days for startups and due to the lack of knowledge or experience of Brazilian entrepreneurs (very few of which had access to mainstream legal advisors), such structure used to be accepted without a deeper analysis by founders which had no alternative if they wanted to go on a VC backed journey.

In the past couple of years, aiming to anticipate this process and supposedly in order to leave the structure more friendly for a potential future foreign investor, the companies started to anticipate this process and one could notice that part of startups' shareholders started flipping their equity as early as in seed rounds or even before that, without thinking too much ahead. A herd effect was created.

However, as the industry grew more important, we have observed: (a) an increase of sophistication of Brazilian startups and entrepreneurs; (b) the entering of the Brazilian/foreign based companies (including corporate venture capitalists - CVCs) in the

startup game; (c) and to the enhancement of M&A/IPO activity of the Brazilian tech companies; not to mention (d) a considerable rise in the Brazilian based VC funds, boosted by stories of successful exits in the ecosystem and the fall of internal interest rates available for Brazilian investors, this offshore structure started being contested by some late stage investors, corporations (specially Brazilian based purchasers of startups) and also by more mature entrepreneurs. An increasingly more relevant (quantitatively and qualitatively speaking) amount of onshore exit deals began to take place and most relevant exits in the ecosystem became the most usual structure.

However, for both local strategic exits or local IPOs, the flipped structure is very unfriendly. The consequence was that we had a lot of startups having to roll down (or “unflip”) their structure back to Brazil to sell the company.

In spite of the above, it’s important to point out that the “Cayman – Delaware – Brazil” structure still has its pros and its adepts: while it is true that investments in Brazil have increased to almost BRL 20 billion in 2020 (and already reached BRL 11 billion in the first quarter of 2021 according to local specialized sources and deal trackers) and in spite of the fact that general partners of locally managed Brazilian and international first tier Private Equity funds (with Brazilian onshore fund structures) have progressively and more consistently started to consider investments in less late stages and started to follow or anchor funding rounds that would have never been made by them a decade ago, Brazilian startups still have relevant access to foreign investors in later stages.

This, for certain specific rounds, certain investors and startups with an international activity (specially if the main business becomes a global business), is a very comfortable and known structure of the foreign investment funds, mainly after Series C for startups which went or are going global and also for purposes of exits/IPOs abroad.

Also, the Cayman structure gives slightly more flexibility to set up stock option plans, the most traditional mechanism used by startups to attract and retain talents (unless, of course, the exit takes place in Brazil, situation in which a new local stock option plan has to be put in place in exchange for the one in the offshore vehicle).

However, what they do not tell the Brazilian founders is that (A) if the exit is more likely to occur in Brazil (either to a local strategic player or in a local IPO), then the flipped structure creates additional challenges, delays, severe inefficiencies and costs (specially tax related) and risks for all or part of the shareholders of the company during the exiting process. Also, besides having been consistently rejected by strategic purchasers which are liable in Brazil for the payment of the tax on capital gains due by sellers, it may create tax and regulatory constraints for some investors/entrepreneurs vehicles when it involves the roll down process, mainly if the flip process was not made following all the proper regulatory aspects; (B) the flip process involves higher costs for set up and for maintenance, creating, sometimes, unnecessary costs and expenses to the startup.

It is important to recall that differently from most Latin American countries, Brazil is a country of continental dimensions and one of the largest economies worldwide, so startups can have scalable businesses without any internationalization their activities. Relevant national unicorns have been formed with purely local activities, which on its turn makes the Cayman-Delaware structure even less necessary to the extent that they become pass through single asset holders without too much substance or objectives other than the simple runway to certain VC Funds who would only invest in flipped businesses.

In addition, nowadays, the foreigner investors are more familiar (and very comfortable) with Brazilian legal structures and instruments (that have imported and adapted a lot of mechanisms from more mature markets), so we have seen more of these investors willing to invest in Brazil. Added to the fact that the official interest rates in Brazil have significantly decreased, forcing institutional investors to look to other classes of assets, specially PE and VC. As a result, VC funds popped up all around and a large amount of resources were shifted in that direction, creating more liquidity and more options to funding the startups in Brazil and obviously, for exits.

The attentive reader is now concluding: if a precocious flip may be inevitable to access certain offshore funds that do not wish to spend time in legal structuring in early stages, on later stage equity rounds, keeping the structure locally is a no brainer, specially with the entry of local investors in the game.

Therefore, to avoid unnecessary costs and future problems with an unfriendly structure, it is vital to have deep thoughts on such topics before deciding to “flip” or not the company.



GP PROFILE

MARCOS WILSON PEREIRA

Managing Partner

Lightrock

Lightrock, previously called LGT Lightstone, is a Growth equity manager focused on impact investments. It is part of the European LGT group, with over 100 years of operation. The LGT group today has more than USD 250 billion under management distributed among private banking, fund of funds and direct investments. In Brazil, Lightrock has invested more than BRL 1.5 billion and has recently scaled up its activities. It seeks businesses and entrepreneurs with the ability to transform the countries where they operate through entrepreneurship.

1 • Give us an overview of LGT group activities and the companies that make up the portfolio in Brazil.

LGT is one of the most significant financial conglomerates in the world. Controlled by the royal family from the principality of Liechtenstein, the group operates in private banking, fund of funds, philanthropy, and direct investments. The four combined areas amount to over \$250 billion in assets under management.

We are one of the global pioneers in impact investing, with over 14 years of industry experience, a proven track

record, and an integrated impact methodology across our value chain.

Lightrock is the direct investment arm of the group, present in 4 continents, with over 50 deals. Our primary focus is on Latin America, Europe and India.

In Latin America, our current portfolio consists of six companies: Creditas, Cargo X, Dr. Consulta, General Water, Vitamina (Chile) and Salauno (Mexico). In addition, we have two other investments in the final stage of due diligence with the expectation of closing in the first half of 2021.

2 • Tell us a little about Lightrock's performance, such as company maturity at time of investment and the level of governance desired, for example.

Lightrock is an impact growth-equity fund. We invest in companies that are transforming their industries, whether through technology or with the adoption of innovative business models that are undergoing a high growth cycle. We like to support entrepreneurs who are transforming the markets we invest in.

As for the company stage, we invest in companies that already have a proven product in a ramp-up stage. That is, we seek companies where there is less product risk when compared to execution risk. As a result, we usually support companies in more mature stages (usually from Series B up), but we can also look at some early-stage opportunities if we understand that the company already has a proven ready to scale product.

The impact is also essential to our methodology. We seek companies where impact is inherent to their business model - we look for opportunities that affect at least one of three verticals: people, planet and productivity.

3 • In Q2 2020, you announced the acquisition of a stake in Cargo X, a logistics solutions company, along with Softbank and Farallon. Tell us a little about that deal and the opportunities you see in the Brazilian logistics sector.

The logistics sector in Brazil is still fairly dependent on national ground transport, with 90% of all domestic cargo moved through trucks. Facing that reality, Cargo X stood out as the

market leader digital platform in terms of users and transported cargo, using cutting-edge technology. In addition, the company generates a significant impact in the country by increasing the efficiency of the national logistics sector, reducing idle capacity of trucks, and consequently the emission of CO2.

In all investments we seek to co-invest with funds that not only work together with us driving company results, but who also have complementary know-how. Cargo X was just one of the examples, where alongside Goldman and Farallon, we co-invested with Valor Capital and the IDB, among others. Overall we have invested along with all the most active players in the region.

4 • Talk a little about recent investments, as in Creditas, valued at US\$ 1.75 billion, another Brazilian unicorn.

We had been following Creditas for a long time before our investment, and we understand that the company has always had the perfect combination of a team highly capable of delivering results, a single product, and a huge addressable market, which today is poorly served by financial institutions. We decided to lead the last round of financing when we realized that the company was able to deliver great results even during the COVID crisis and make good acquisitions and successfully enter new vertical operations, as is the case with its payroll deducted loans. Given the market conditions, we understand the growth potential to be enormous. The fact that prominent investors partook with us on this deal shows the market also believes in the company thesis.

5. Lightrock seeks companies that measure and manage their social and environmental impact. How is that assessment done, and how do you as experienced managers collaborate to create an impact thesis?

Our impact methodology is the result of several iterations we have had over these 14 years of experience in the sector.

Lightrock's proprietary methodology measures the potential to generate business impact and the risk of executing this impact thesis and involves the construction of a value creation plan to expand the impact levels during our investment.

We seek to help companies we invest in measure, evaluate and extend their impact. In addition, we also help our investees improve their ESG practices so that they are prepared for a possible exit via the stock market.

6. Among the most opportune sectors in Brazil, which ones stand out, from your point of view, in the mid and long term and for what reasons?

We have an agnostic sectoral approach. Regardless of where we invest, we look for sectors that are undergoing structural changes, where the use of technology and innovation will foster significant changes in the markets where we operate. We seek to allocate our capital where we see the greater capacity to help the target company deliver products and services that positively affect society or the environment. Combining these factors, it is natural that our pipeline is more concentrated on sectors

such as financial services, health, education, logistics, among others. These industries will continue to undergo deep transformation in the region.

7. Have you already exited any investment in Brazil? Among the possible alternatives, what kind of divestment strategy has shown the best results?

Recently we sold our stake in Just Fit, one of the largest gym networks in Brazil, to Smart Fit, the largest player in the market in Latin America. In addition, we have already had the opportunity to exit other investments of ours with good returns, but we decided to wait because we still believed in our assets' growth potential. As an investment philosophy, we have no interest in getting out of our assets quickly. We believe in supporting entrepreneurs throughout the cycle until they have the maturity to walk on their own legs and open up capital. In general we believe that the market will continue to evolve, and exits through IPOs will be a viable alternative to the traditional sale to a strategic player.

8. Tell us a little about your perception of the Brazilian VC ecosystem from the point of view of a global investor.

Brazil's VC landscape has undergone remarkable maturation in recent years. Access to early-stage funding has grown at a notable pace; teams of promising entrepreneurs have significantly increased and today show capabilities comparable to some of the finest entrepreneurs from the best centers in

the world. The adoption of technology has developed and the regulation of several sectors has matured to support entrepreneurs and investors. The result is that we have created unicorns faster and faster in the Brazilian market. On the other hand, we realize that although there are many funds making investments in early-stage, there is still demand for growth capital, for funds that like and have the expertise to act in more advanced rounds. Capital is fundamental so that companies in the initial stage can continue to fast-track growth, knowing that there is an active Growth market that will support the added capital demand. In our outlook, despite all the development seen in recent years, this is only the beginning.



COMPANY PROFILE

PEDRO CONRADE

CEO

Neon

Founded in 2016, NEON is one of the largest fintechs in Brazil, with about 10 million users. Originator of the first 100% digital account in Brazil, in 2020 the company raised BRL1.6 billion in a Series C round (led by General Atlantic), which allowed four new investors: Blackrock, Vulcan Capital, Endeavor Catalyst and Paypal Ventures, the latter investing for the first time in a Brazilian fintech. Resources will be used to invest in technology and develop new products. This was the fifth round of fundraising since its foundation, having raised in all more than BRL 2 billion.

1 • How did the idea of creating NEON come about?

Neon came about from the experience of a frustrated customer of traditional banks. I was making, at the time, about BRL1,500 a month and spending BRL800 a year on fees to have access only to an account and a card - that equation just did not make sense. The company was established to solve customer pains, and that's how it is to this day, us putting ourselves in customers' shoes. Our mission is to offer affordable services and products without charging hidden fees, providing efficiency and quality while always bearing the customer's experience in mind. We want to get more people into a healthier financial standing and enable all Brazilians to have more access to quality financial services.

2 • Tell us a little about the company's history, from being founded to the present moment.

Neon is a young enterprise, but has grown quite a lot. It came into existence in 2016 as the first 100% digital bank account in Brazil and since then has been expanding its product and service offerings. Nowadays, it offers a full-fledged account, with the same core features as traditional accounts: debit and credit card; personal credit; bank deposits; transfers, payments, bank slips, investments - with the only difference being that there are no monthly or annual fees and everything can be resolved in just a few steps on our app.

Throughout this trajectory, we made some key acquisitions that helped us to expand our product offerings. In 2019, we acquired MEI Fácil (Easy Microbusiness), the leading support platform for individual microentrepreneurs in the country. That permitted us to launch the MEI Fácil bank account last year, tailored to the needs of microentrepreneurs. In a single application, microbusinesses have access to help with bureaucracy, educational content and financial services. Through a MEI account, you can for example, pay your monthly business taxes with one click, manage your bank slips and have access to credit products – one of individual microbusinesses' key complications.

In 2020, we made two additional strategic acquisitions: Magliano, the first broker of the Brazilian Stock Exchange, and Consiga-Mais+, the major payroll deducted employee loan fintech in Brazil. The transactions still depend on approval from the Central Bank, but will allow Neon to expand its offer of investment options and access to inexpensive and sustainable credit.

We want Neon to be a "one stop shop", so that the customer is not obliged to turn to a conventional bank when a specific need arises. We have done enough in these four years of existence, but there is still much to do.

3 • Four new investors took part in the last investment round in September 2020, which raised a total of BRL1.6 billion. How are these resources being used?

These resources are being used as fuel to continue the work we have been doing. One of our foremost investments is in human capital: we brought in 600

employees over to Neon in 2021, which represents a growth of over 50% in headcount. In addition to attracting the best pros, we want to provide our collaborators with the best possible work experience and, therefore, part of these resources will also be used towards the development of human capital.

With that capital, we are also leveraging strategic areas, improving and launching new products. Since the announcement of the round, we launched the MEI Fácil account, with solutions tailored to the needs of the individual microentrepreneur and that already includes a credit card.

We also made an important acquisition to scale our credit offer, with the purchase of ConsigaMais+ (Achieve More), the largest independent payroll deducted employee loan platform in the country. That way, we offer credit at the lowest rates in the market, in an expedited and unbureaucratic manner.

4 • Describe the roles of the new partners in the company, as well as the type of synergy that is being generated from their expertise.

Our investors are very present in Neon's day-to-day and support us on various fronts. Several of them are members of our board. There are also business forums in which a few of the members are made up by our investors, who, with their experience, help us make more self-assured strategic decisions.

Also, because they are well-known in the market and have an extensive network of talents, they greatly help us to attract excellent people to our selection process.

Since they play a leading role in the market and also possess an extensive network of contacts, they help us with different M&A fronts and new deal opportunities.

5 • NEON came up with the digital account and payment solutions. Today other services and products are already offered, such as credit products, investment and business accounts. With the capital raised, what types of services or products are in your sights for the following launches? Is there a plan to invest in organic growth or seek new acquisitions?

Today Neon has a complete portfolio, with all the products it needs to grow ten-fold in the upcoming years. So our number one priority will be to develop and enhance the products we already have. However, there are other great opportunities to expand our product portfolio and Neon continues to consider them in its roadmap.

In addition, M&A is a key pillar of Neon's strategy and will be used in due course both for the broadening of the current product portfolio and for ramping up the launch of new products.

6. One of the major concerns of users with fintechs is related to data security. How do you deal with this concern and what measures have been taken to mitigate the risks to customers?

We are aware that data security is one of the main concerns of customers when it comes to fintechs, so at Neon, we devote a lot to always be in line with the best practices of the market. To mitigate our customers' risks as much

as possible, we use a solution against attacks on web applications that protects important transactions and prevents the theft of sensitive personal data. This solution analyzes application traffic to prevent those attacks and ensure uninterrupted business operations. We also use one of the most innovative biometric authentication solutions. The platform removes friction from the authentication procedure, providing high-level security with multifactor authentication, while maintaining superior customer experience.

7. Considering your experience in the financial sector in Brazil, what trends can we predict in the coming years?

Fintechs are a reality, so the major trend is that they continue to gain market. With the pandemic, people are increasingly digitizing every aspect of their lives, and financial services are no different. We believe that this will tend to accelerate more and more in the coming years. In addition, the pro-competition agenda of the Central Bank remains very active and beneficial to the market. PIX Payment has been launched successfully, open banking is coming and we are very optimistic about the potential of these new technologies and opportunities.

8. 2020 presented unprecedented challenges for everyone. How has your business been affected by the pandemic? Comment a little on the 2020 results and those expected for 2021.

Last year was surely very problematic for the world, but from a business point of view it was quite positive for Neon. There has been an acceleration

in people going more digital in various areas, whether they are shopping in the supermarket or paying bills, for example. People began to realize that it is possible to solve any banking issue by cell phone in a few clicks, without having to go to the branch. As a result we grew three-fold between March and December last year. We believe this is a one-way street: since you can solve everything without red tape and without leaving home, why go back to the way it was before? Our expectation is to continue at this pace and grow three-fold once again in 2021.

In November 2020 Brazil's Central Bank launched a state-run instant payments platform for citizens, the private sector and government entities. Find more information at: < <https://www.globalgovernmentforum.com/brazil-central-bank-launches-instant-payments-system-pix/>>. Visited on May 10th, 2021.



CVC PROFILE

ROSARIO CANNATA

Executive Investment Manager

EDP Ventures

EDP Ventures Brasil is the first investment vehicle in Brazil's energy sector and its strategic objective is to be the key corporate venture capital in the electric sector also in Latin America. Created in 2008 in Portugal and in 2018 in Brazil, EDP Ventures is the investment arm of EDP – Energias de Portugal, a multinational in the electric sector that has been operating in Brazil for over 20 years, throughout the entire chain of the sector.

They seek to offer a relevant strategic and financial impact in the EDP Group, being one of the growth tools that will ensure market leadership in the energy transition.

1. Tell us a little about the performance of EDP Ventures Brasil.

EDP Ventures operates globally through 4 investment vehicles distributed in Portugal, Brazil and Spain. Today there are 32 start-ups in its Portfolio, which generated more than 1,500 jobs, and had more than 100 million euros in portfolio earnings.

EDP Ventures Brasil is the vehicle created to invest in Brazil with operations in Latin America that, in a little over two years of operation, created built a portfolio of seven eight companies having co-invested with the main Venture Capital funds in the country.

As Corporate Venture Capital, we have already been able to show a relevant strategic impact, given that 100% of the start-ups backed have active supplier contracts with EDP, proving our thesis of financial and strategic investment Investor in companies that bring added value to EDP's business units

2. What kind of companies are you looking for at the moment?

EDP Ventures Brasil seeks investments in both early-stage start-ups (Seed Capital) and more mature businesses (Series A), with a ticket of BRL 1 to 5 million.

Our goal is strategic: we are looking for start-ups with innovative solutions in the energy market, new business models and new technologies that can add value to EDP's core business and that will also provide enhancements to the Brazilian power sector in general. In addition, we also look at start-ups that can accelerate companies' digital transformation process, such as B2B/Enterprise solutions (Fintechs, legaltechs, HRtechs, etc.) that can bring efficiency to internal processes.

Our investment priorities are aligned with EDP's global Innovation activities and the major macro-trends in the energy sector such as: renewable energy, smart grids, energy storage, digitization, and customer solutions.

We are also strongly engaged in finding companies and entrepreneurs that align with our ESG practices, companies that are diverse, from their founders to their group of employees and who act according to sustainable practices.

We always adopt a founder-friendly stance in the governance of our investments, following the best international practices of Corporate Venture Capital, seeking minority stakes and avoiding any kind of exclusivity and restrictions that may hinder the start-up's growth and agility, as well as rule-out potential co-investors.

3. In the third quarter of 2020, you announced investments in Clarke Energy and Time Energy, which develop tech solutions to generate energy savings for the end user. Tell us a little about these acquisitions and what led to selecting both businesses.

At Clarke Energia, we took part in the round of BRL 3 million led by Canary. Clarke helps small and medium-sized enterprises to save on the energy bill through tariff studies, energy efficiency, monitoring of consumption or energy purchase in the free market. Their work has a lot of synergy with some of EDP Brazil's business areas, such as EDP Smart, a division that brings together the company's entire Portfolio of energy solutions. The founders form a very complementary management team who empowered a company adapted to the modernization of the electric sector and future changes such as market liberalization in the coming years.

Another start-up we made an investment of BRL 2 million in was Time Energy. The management team has years of experience working within The Brazilian Electricity Regulatory Agency - ANEEL's Research and Development programs and its mission is to assist residential, commercial and industrial customers in accessing information and controlling energy consumption, through an IoT solution that analyzes all energy consumption data. Our backing came in 2019, when the start-up was a finalist for EDP's global business acceleration program, Starter Business Acceleration. It was a natural fit with our investment and customer empowerment thesis, offering information and solutions that optimize electricity consumption and thus improve energy control and efficiency.

4. As managers who have relevant know-how in the energy sector, how do you see the exchange of knowledge and synergy between EDP the manager, and companies backed?

Our goal is to support start-ups in our Portfolio with energy market know-how and our business units' support so they can scale their solution quickly. We want EDP to become a client of the backed start-ups to create a successful use-case in the use of technology in our operations so that it can be replicated throughout other companies in the sector and other industries, to be able to develop a scalable business model that is appealing to global investors.

When we invest, we contribute smart money; that is, in addition to the financial figures of our contributions, we bring strategic insights, the possibility of joint development and access to the energy market, in Brazil and all other geographies where EDP is present, which makes our value proposition very distinguished and attractive to start-ups.

5. One of humanity's greatest challenges is the transition from fossil energy sources to cleaner and cheaper ones, which are increasingly accessible and pose the least possible impact on the environment. How are you facing this challenge? Are there already criteria guiding the decision-making of EDP Ventures, or are we still far from developing these technologies on a large scale in Brazil?

Brazil has enormous potential in the energy transition with vast natural resources playing a significant role in that transformation and investments in re-

newable energy have increased year over year, according to ANEEL (Brazil's Energy Agency) data, proving that the challenge is being taken on by large companies and by public officials and regulators.

EDP aims to lead the energy transition in the country. To this end, it has undertaken commitments to increase the installed capacity of renewable energy (mainly solar and wind) and to reduce CO2 emissions so that by 2030, more than 90% of our energy mix is renewable and the use of coal to produce energy ceases to exist. The investments needed in new technologies are obviously aligned with the agenda of EDP Ventures, which aims to be a growth tool in the execution of this plan.

Our Portfolio clearly shows our focus on energy transition by having companies such as Delfos (artificial intelligence for predictive maintenance of renewable energy plants), Time Energy (IoT for energy efficiency), Voltbras (electric mobility) and Clarke (digital energy manager).

6. Tell us a little about your vision of the energy sector in Brazil. Which ones do you point to as the main challenges?

Brazil is changing its energy grid at the generation level to make it even cleaner, other renewable sources such as wind, solar and natural gas are expected to thrive in the next five years, and consumers themselves will be critical in this change, acting as prosumers or both producers and consumers at the same time, producing their own energy through solar panel solutions.

At the level of consumption, there will be greater digitization and greater consumer

independence, especially when there is a complete opening of the energy market where each consumer will choose his or her supplier, as done with Telecomm carriers. In Europe and the United States, it is already possible for consumers to determine who will be their energy provider.

All these changes create opportunities for innovation in the sector, mainly through the investment in new technologies, which often arises at the start-up level. Hence the importance of EDP Ventures' investments always trying to stay one step ahead of the significant trends in the market. The sector's own regulator, ANEEL, is studying the possibility of using R&D funds for investments in start-ups through Public Hearing No. 74, proving the thesis that start-ups can play a very relevant role in the transformation that is taking place in the electric sector.

7. As global investors, how do you view the venture capital scene in Brazil? What are the prospects for changes in the medium term?

In terms of venture capital investment, Brazil has experienced enormous growth in the last decade. The maturing of the investor ecosystem is visible, with a greater appetite to diversify financial assets in a low-interest scenario and the start-up ecosystem producing many new

unicorns in recent years, proving that it is possible to create Brazilian-based companies, but with a global scope, rivaling start-ups of mature ecosystems such as Europe or the United States.

Even in 2020, in a pandemic scenario, Brazil achieved record results in venture capital in terms of value invested (US\$ 3.5 billion) and investments (469), even exceeding the amount of the private equity industry, consolidating its global position as a center of innovation and entrepreneurship.

Sample of local VC firms active in Brazil

AFS Brasil	FIR Capital Partners
Antera Gestão de Recursos	FUNDEPAR
Arena Capital	Gestão de Investimentos LTDA
Astella Investimentos	Grow+ Aceleradora
Bossa Nova Investimentos e Administração S.A	Indicator Invest. e Serv. de Gestão Empresarial Ltda
Cedro Capital	Inseed Investimentos
Confrapar - Participações e Pesquisa S/A	Invest Tech
Crescera Investimentos	Invest Tech Participações e Investimentos
CRP Companhia de Participações	Investimage Asset Management
CSN Inova Ventures	Kaeté Investimentos
Culturinvest	KPTL
DGF Investimentos	LGT Impact Investment Assessoria Brasil Ltda.
Domo Invest	Monashees Capital
Dynamo Venture Capital	MSW Capital
EB Capital	Oria Capital
EDP Ventures Brasil S/A	Perfoma
Elogroup Consulting Ltda	Performa Investimentos
FinHealth	

Qualcomm Ventures

Queluz Gestão de Recursos
Financeiros Ltda

REAG Administradora de Recursos

Redpoint eVentures

Sociedade Beneficente Israelita
Brasileira Hospital Albert Einstein

SP Ventures

Triaxis Capital

Trivèlla M3 Investimentos

Valetec Capital

VOX Capital

Wayra Brasil Desenvolvedora
e Apoiadora de Projetos

Team

Superintendent

Ângela Ximenes

International Relations Consultant

Cristiane Nascimento

International Analyst

Julia Lima

Communication and Marketing Analyst

Luana de Paula

Data and Research Manager

Marcio Barea

Translation

Alessandro Barros

Text and Layout

ESTUDIO CRU

External Contributors

FM / Derraik

Partners

Fabiana Fagundes

Pedro Ferreira

Rodrigo Menezes

Presented by



ABVCAP supporting members

Advent International
GLOBAL PRIVATE EQUITY



Gávea
INVESTIMENTOS

Kinea
uma empresa 

LEFOSSE
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