



International Conference Call
1H21 Earnings Results
August 10th, 2021 – 11:30 (BRT)

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to ITAÚSA's conference call to discuss the first half of 2021 results. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time.

Should you require assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded. The file will be available at the Company's website at www.itausa.com.br/en, at the Investor Relations section.

This conference call and the slide presentation are being transmitted via internet as well. You can access the webcast by logging on to the Company's website, www.itausa.com.br/en.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors.

I inform that, during the presentation, the questions can be send by webcast and it will be answer at the section of Questions and Answers.

With us today we have:

- Mr. Alfredo Egydio Setubal - CEO and Investor Relations Officer at Itaúsa
- Mrs. Priscila Grecco Toledo – CFO at Itaúsa
- Mr. Renato Lulia Jacob – Head of IR and Market Intelligence at Itaú Unibanco
- Mrs. Mariana Espírito Santo – Investor Relations Director at Alpargatas
- Mrs. Natasha Utescher – Investor Relations Manager at Dexco

It is now my pleasure to turn the call over to Mrs. Priscila.

Mrs. Priscila, you may now begin.

Priscila Grecco: Hello, good morning. It is a pleasure to receive all of you in our conference call to discuss our results of the first semester of this year.

Now beginning on page 5, regarding the pandemic scenario, Itaúsa and our invested companies continued to adopt all the security measures regarding our employees and operations adopting the home-working scheme since the beginning of this pandemic and many well-being programs. Also, in order to help the society surpass this difficult moments, Itaúsa and the companies in our portfolio made donations of more than 1.5 billion last year, and this year the companies of our portfolio had also all the relevant initiatives, such as the creation of the *Instituto Todos Pela Saúde* with an initial contribution of R\$200 million and donations of food staples, Havaianas sandals and many other initiatives.

On page 6, we show so relevant advances that we had in our governance with the election of 3 independent members and also the creation of 4 advisory committees reporting to the Board of Directors, which are coordinated by independent and external members of the Board.

On page 7, we show some important improvements in the company to increase our transparency and to reinforce the dialogue with our stakeholders. We launched our integrated report in the first quarter of this year with a new format; more user friendly, with new content and also a new identity. We also launched this semester our new corporate website and our Instagram profile bringing some top contents and more interactivity with our stakeholders. And coming soon, we will have a newsletter with a modern, simple, and objective language bringing some important topics regarding Itaúsa and our portfolio.

On page 8, some important cognition we had recently. Itaúsa received the Great Place to Work certification recognizing the work we have done in terms of people management. We had an overall 21% satisfaction rate from our employees, which is a big number and made us very happy with these results. Also, we appeared for the second time in the FTSE4Good index; this is a London Stock Sustainability Index and recognized our ESG practices.

Going to page 10, we see some important advances in our invested company Copa Energia. The company launched a new brand with the proposal to be a benchmark in sustainable energy solutions. It is also making advances in the synergy integration and capture process. Copa already concluded the system integration, implemented the new corporate governance, finalized some commitments assumed with CADE, renegotiated agreements targeting costs reduction and SG&A rationalization and also is starting the logistics flow rationalization process.

On page 11, we comment about some recent advances regarding Itaú Unibanco stake in XP Inc. On May 31st, Itaú got FED's approval for the spinoff resulting in the creation of XPart, which is now a new company in our portfolio and the second biggest investment in terms of market value.

As already announced, in terms of next steps, we will have the shareholders meeting in the second semester to approve the merge of XPart into XP Inc and this approval Itaúsa [unintelligible] the ADR holder will receive Class A shares. The ratio of exchange of shares maybe around 43 shares of XPart to one share of Class A of XP.

After the merge, Itaúsa will have a stake of around 15% of XP Inc and this represents a market value of 18 billion in total as of today.

Going to the next page, page 12, we comment about our new investment in Aegea. This investment resulted in an invested amount of 2.5 billion in July and now we have almost 13% of the total capital of the company, and we understand that the infrastructure sector has high growth potential and attractive return rates, and the company is very well-positioned to benefit from the sector growth, and also, we have a very skilled operator and our partner with a long-term vision that is common with Itaúsa.

Aegea is also the leading private company of the basic sanitation sector in Brazil and serve around 21 million inhabitants in Brazil.

On page 14, we see some highlights of Itaú Unibanco in the semester. The loan portfolio increased around 12% in the period, mainly in the very small, small, and middle market companies, and also individuals. We also saw a relevant decrease of more than 25% in the expected loss when compared with last year related to the credit portfolio. In this semester, Itaú Unibanco showed solid results increasing the recurring net income from 7.6 billion to 13.8 billion, achieving an ROE of 19% in the period.

On page 15, we see some highlights of XP Inc that we now have in our portfolio since the beginning of June registering one month of the results of this company at Itaúsa. The company showed a 54% increase in its net revenues in the period driven by their sale business. The net income achieved around 1.7 billion in this first semester against 0.9 billion last year, reporting an ROE of almost 29% in the period.

On page 16, we have some highlights of Alpargatas. The company had a net revenue increase in operations mainly due to the RGM program, higher volumes, and also, better price mix for all the divisions, and some important advances in the global expansion and growth of the online channels. The company reported a recurring net income of 246 million, an increase of more than 120% when compared with last year and reported an ROE of 16.7% in the first semester.

On page 17, we see some highlight of Dexco – that is the new name of Duratex – and the next revenues of the company increased almost 70% in the first half of this year driven by the maintenance of high level of demand and higher average price and a better mix of products. The recurring net income was almost R\$900 million and an increase of more than 560% achieving an ROE of almost 18% in this semester. This was the best result in the semester and the best ROE of the company in its history.

Going to the next page, page 18, we see some highlights of Copa Energia. The company had an increase of 20% in its revenues in the period when compared to the last year and reported a loss in the period of R\$19 million. This was caused by the relevant increase in the cost of raw materials occurred in the semester with successive price increases made by Petrobras, which was not fully compensated by the company.

On page 19, we have some highlights of NTS, that reported an increase of more than 20% in its revenues as a result of contractual adjustments by inflation. The company reported a net income of 1.5 billion in the semester, an increase of 26% when compared with last year.

Going to page 21, we have the financial highlights of Itaú. Itaúsa reported a recurring net income of R\$5.3 billion, a recurring ROE of almost 18%, which represented a relevant increase in comparison to the last year, we also reported a net debt of 3.9 billion and a net equity of 61 billion.

On page 22, we see our capital structure. After the debentures we issued in the semester and in the last year, at the end of the last year to fund Copa Gas and also be Aegea investments, we now have a 5.6% leverage showing our high leverage capacity and a prudent financial management of the company.

On page 23, we have the payment schedule of the principal amount of our financial debt. As you see, the average term of our debts is 6 years, and the cost is around CDE plus 1.6%.

On page 24, we see the dividend and interest on capital that we received in the first half of the year from NTS and Itaú Unibanco and the amount we will pay to our shareholders regarding the first semester of the results of the company. In this semester, the amount paid or payable totalized R\$1.4 billion with a 25% payout, which represents a 2.7% dividend yield in the period. we also acquired 4 million preferred shares under our buyback program in this semester.

On next page, page 25, we show the current level of discount of Itaúsa, that is almost 24% discount, and if we include the market value of our stake in XP, which is R\$18 billion without changing the market value of Itaú and Itaúsa in this exercise, the discount level of Itaúsa goes to almost 24%.

And in the next page, to complete my presentation, I would like to invite of you to our live event, the *Panorama Itaúsa* that will take place on September 28th at 10 AM Brazilian time. In this live you will have the opportunity to discuss the perspectives and strategies of Itaúsa and in the investment content.

So, we now open for the Q&A session. Thank you.

Question-and-Answer Session

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press the star key followed by the one key on your touch tone phone now. If at any time you would like to remove yourself from the questioning queue, press the star key followed by the 2 key. Please, restrict your questions to 2 at a time.

Our first question comes from Mr. Tito Labarta, with Goldman Sachs.

Tito Labarta: Hi, good morning. Thank you for the call and for taking my question. A couple questions. I guess first one on the stake in XP, you mentioned here that you'll be limited to 6 block trades over 12 months. Any indication you can give in terms of the timing to exit? I think you said in the past that you don't see the strategic, but you may not sell immediately. And is there any limitation on the size of those blocks that you could sell?

And then my second question more on the pending tax reform. Any color you can provide on given the current iteration that is going to Congress. What would be your expectations for the impact that that would have on you? Thank you.

Alfredo Setubal: Hello, Tito, it is Alfredo. Thank you for the participation and for the questions.

In the case of XP, we see XP as a very good investment in our portfolio, we believe in the company, we believe the company will continue to grow, I think that the decision of bank was to pass to the shareholders the value creation that was done during the period that the bank held this stake.

Saying that, we are not in a hurry to sell the participation that we have at XP. We announced there is other strategic investment, that's only why we are in a portfolio management activity that is out of the financial services investment that we are doing. So, XP is part of a financial services company, is a financial service company, so in a long-term, we don't see this investment as strategic for Itaúsa. Itaúsa wants to continue the creation of the new portfolio in other sectors instead of the financial services.

We are not intending to sell XP participation, we have many years to do that, we are not in a hurry to do that. When we mentioned that we made with XP Inc some way out through block trades and other kinds of operations is just to have the chance and the opportunity to decide if we want or not to participate or do this kind of block trades or sales depending on the transaction that they are being done true XP, through other investors, through Itaúsa. So, we have the opportunity this time if we want to do or not. It doesn't mean that we are going to do. Our intention is to keep this investment for some period and use the money from the sale that will occur over the years to pay debt or to pay dividends or to invest in other companies or to buy back shares.

So, we at the at the level of the board member will discuss which one these alternatives will be the best use of this capital always looking to the return for our shareholders. So, it's a medium to long-time investment in our portfolio, but we believe that at the end of some many years we are not being shareholders of XP anymore.

In the case of the tax reform that is under discussion in the Congress, I think it's too early to say because there are many discussions for what will be approved or not, what will be approved in the Lower House, what will be approved in the Upper House or the Senate, so I think it's a little bit early to say. But what we can say, if the law is approved as it is today, it is not bad for Itaúsa specifically because we are not going to have the fiscal expenses of the PIS/COFINS or interest over capital that we receive.

So, it ranges, it depends on the year of the payout of the companies that we invest, in the last years the range was 300 to 500 million reais in expenses, and this was the most important expense of the Holding that it maybe can disappear with the end of the interest over capital.

In general, we see for Itaúsa probably the results of the companies that we invest will increase due to the level of profitability of them and also because of the reduction of the taxes paid by the companies, but at the end, of course, we will have taxes over the dividends to be paid to the shareholders. But if we look only for the company before distribution of dividends, the results of Itaúsa probably will grow.

Tito Labarta: Thanks, Alfredo. That's very helpful. So, just one follow-up on the XP. So, in my senses you're not telling for now, but was there any limitation on the size of any block trade or if you wanted to sell in one block trade, I mean, given the size may be difficult, but just to get a sense, any limitation on that or that will be completely up to you and the Board to decide on how quickly you get out once you decide to do that? That I understand it's not in the short-term.

Alfredo Setubal: As I said, we don't indent to... we intend – let's put the other way – we intend to keep as shareholders of XP for a long time, but we are going to reduce over the years, the coming years, according to the price, to the perspectives of the company, to the liquidity of the market many factors will influence our decision to sell or not to sell any stake in XP in the coming years.

So, it is difficult to give you a precise answer, but anyway, as I said, we are happy and confident with the future of XP and we will reduce the participation because it's not strategic for Itaúsa, that wants to create the portfolio of non-financial companies, the only financial that we see in our portfolio in the future is the shares of Itaú

Unibanco Holding. So, XP will be reduced our stake over the years according to the liquidity and perspective of the company.

Tito Labarta: Perfect, very helpful. Thank you, Alfredo.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the star key followed by the 1 key on your touch tone phone now. If at any time you would like to remove yourself from the questioning queue, press the star key followed by the 2 key.

This concludes today's question and answer session. Mrs. Priscilla, at this time you may proceed with your closing statements.

Priscila Grecco: OK, we'd like to thank you all for the participation in this call. As you saw, Itaúsa reported solid results showing an important increase against last year, and I would like to invite you once more for our live *Panorama Itaúsa* that will take place on September 28th where we will share with all our investors the strategy and perspectives of Itaúsa and the companies of our portfolio.

Thank you and have a good day.

Operator: That does conclude our Itaúsa's 2021 results conference for today. Thank you very much for your participation.