September 9th, 2022

Ever since we started our fund, our goal has been to compound capital by investing in a concentrated portfolio of companies with compelling valuations and high margins of safety, in sectors we believe we have a competitive advantage. Nine years on, we feel it is important to provide a brief update on our results, show tangible examples of how we are adamantly loyal to our principles, elaborate on our AUM capacity, and walk you through some of our mistakes and how our investment process has led us to, in our view, a differentiated portfolio. We will also update you on our team, our joint venture with Grendene, and the long-awaited privatization of Eletrobras.

Results

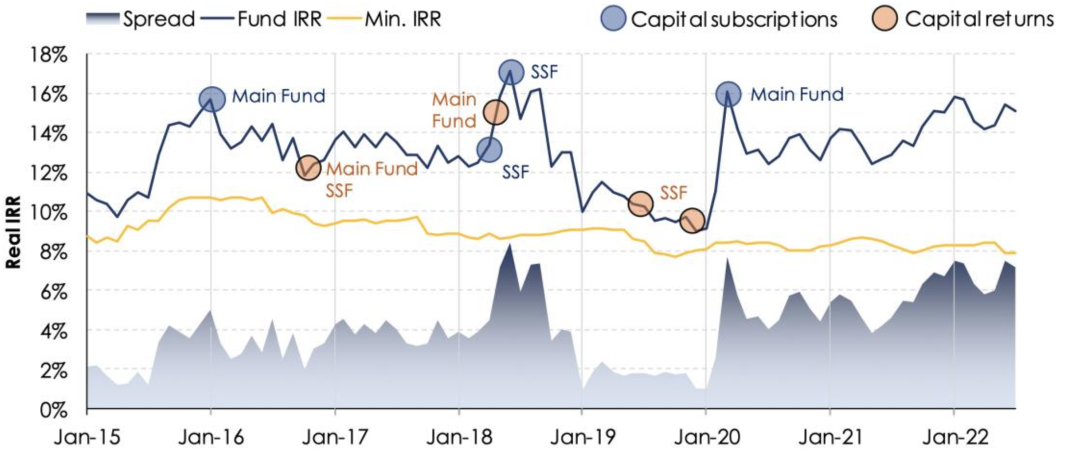
Since inception,[1] our Main Fund is up 448% (335% net of fees), or 20.6% per year (17.6% net of fees per year), while our benchmark is up 175% and the Ibovespa[2] is up 123%. In 2018 we launched our first Special Situation Fund to co-invest in Eletrobras. This SSF1 so far has had a net IRR of 27.2%, having already returned all initial invested capital. In late 2021 we launched our second SSF to co-invest in Grendene (GRND3 BZ) shares, that are down 9.7% YTD.

Discipline in Capacity and Investment Process

One of the key elements of our approach is to be highly disciplined in capacity. Our focus is to maximize our fund's risk-adjusted IRR, and if AUM growth comes at the expense of lower IRR or smaller investable universe, we would rather not grow. From 2015 to 2020 our Fund was mostly closed for new money, and we voluntarily returned over R$2 billion in five different tranches to stay within our assessed capacity. As partners, most of our own net worth is invested in 3G Radar, and we reinvest over 75% of our total compensation every year, so our interests are well aligned. As such, we only fundraise when we have capacity to reinvest without diluting returns. The chart below illustrates when we raised or returned capital taking into consideration the spread between our expected vs. minimum required IRR.

[1] Since inception: From August 1, 2013 until August 31, 2022.
[2] Please refer to the Notice at the end of this letter for additional detail regarding performance comparisons to index performance.

Evolution of 3G Radar's IRR and Spread



Net subscriptions (redemptions)	BZ Equities industry	+29.0 bn	+88.4 bn	+72.3 bn	+3.8 bn	-50.4 bn 2022 YTD

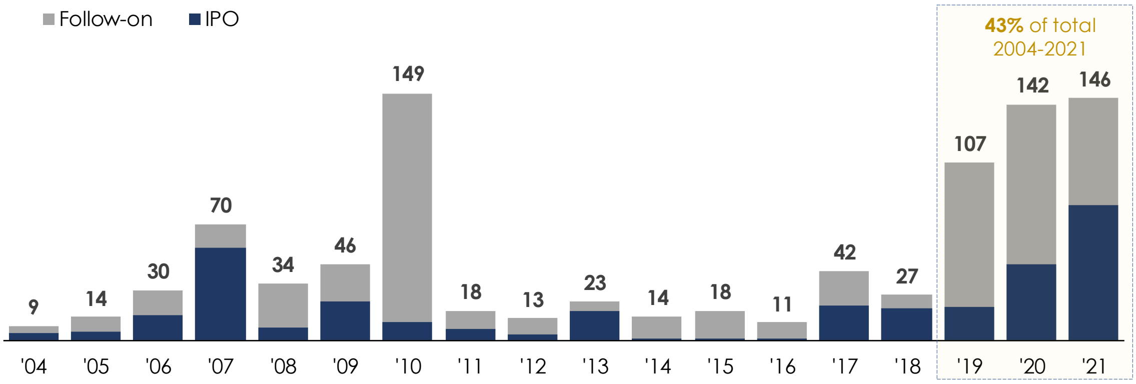
External sources: Anbima

During the same period (2015-2020), the local equities industry raised a record-high R$198bn. In early 2020 we were building cash for another capital return when Covid caused the biggest drawdown of the 3G Radar Fund. As a result, we decided to re-open it to existing investors in March 2020 as we saw very compelling valuations with high margins of safety. Committed to stimulating the economy, the Brazilian Central Bank dropped interest rates to a record-low 2%, unlocking a massive retail migration into equity funds (some R$75bn just in 2020-2021). Regardless of any macro conditions, we proudly avoided any temptation to multiply AUM or invest in so-called "growth" companies. Instead, we stayed true to our value-investing philosophy and maintained our discipline in both capital raising and allocation. In early 2022 inflation and interest rates soared back to double-digit levels, leading net redemptions in the very same industry to reach over R$50bn in the first half of 2022. This buy-at-high, sell-at-low behavior creates appealing investment opportunities for long-term investors. As the chart above highlights, we are often uncorrelated with the industry money flow. We consider now to be an excellent time to invest as our expected IRR is near its all-time high at 15% + inflation.[3] For 2023, our portfolio has a combined P/E ratio of 10x, very low-leverage profile of 1.2x Net Debt/Ebitda and Dividend Yield of 8.6%.

[3] Based on internal estimates. There can be no assurance that any return targets discussed herein can or will be achieved. See the Notice at the end of this letter for additional disclosures.

Not only did the local equities funds raise gargantuan sums of capital, but these times of bonanza also registered a record amount of equity offerings. According to CVM and B3, between 2019 and 2021, there were 85 IPOs in Brazil, almost half of the IPOs of the last twenty years. Unsurprisingly, over 80% of the 2021 IPOs are currently underwater.

Total BZ Equity offerings (R$bn/year)



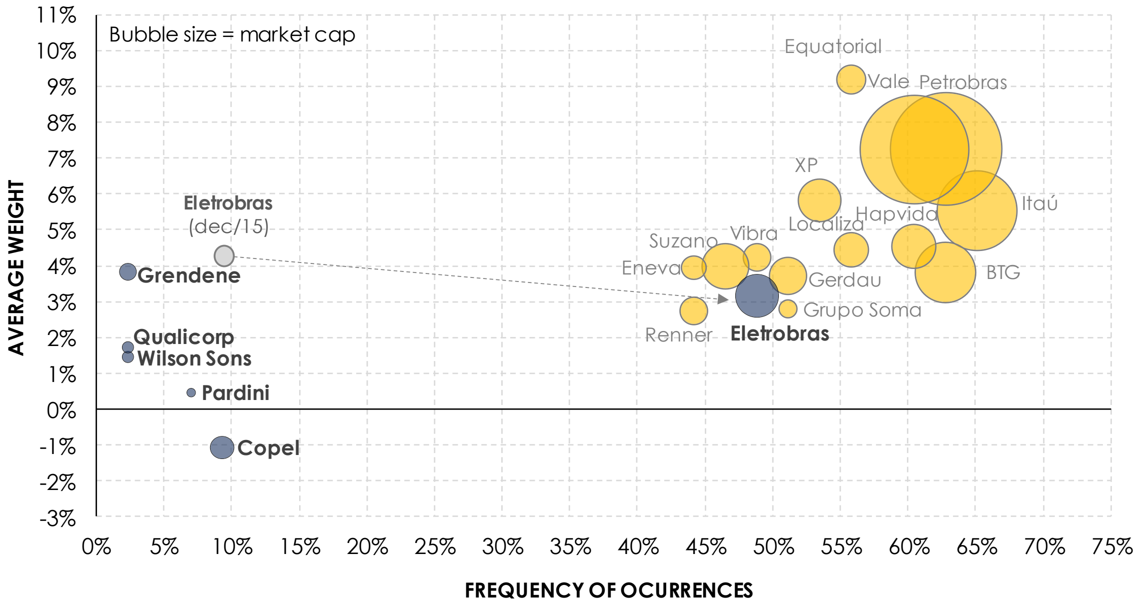
External sources: B3, Nasdaq, NYSE

Since we started 3G Radar in August 2013, there have been over 100 Brazilian IPOs, and we have participated in only three. In each of these cases, we knew the companies very well for many years. We are not against investing in IPOs, but many times they come overpriced, and we usually do not have enough time to do the diligence our investment process requires.

Differentiated Portfolio

We have remained loyal to our core tenets while our investment process is constantly evolving. Our competitive advantages are based on several factors, beginning with our team that has been together for 10-25 years, our high-quality and long-term investor base, network of senior relationships, investment experience and meritocratic culture. Our commitment to our principles has led us toward a portfolio that we believe is notably differentiated.

Asset allocation: Local equities industry vs 3G Radar (as of April/22)



External sources: Economática

The graph above depicts the portfolio of the top 50 equity funds in Brazil (as of 04/30/22 - latest available data by CVM). The size of the sphere represents the companies' market cap, X axis is frequency of occurrences and Y axis average weight in portfolios.

As you can see, there is a large intersection among Brazilian equity portfolios (e.g., 60-65% owned Itaú, Petrobras, and BTG). Our concentrated portfolio, however, tends to invest in companies that are under owned and smaller in market capitalization.

A few reasons why our portfolio is so different:

- From the get-go we had a large proportion of partners' capital (today ~25%) and attracted a high-quality investor base. This allowed our team to avoid any kind of index biases or concerns about short term performance.
- Our in-house bottom-up analysis gives us the confidence to be concentrated; we currently own six companies in the portfolio and have averaged eight since inception. Having large positions in a few names allows us to get to know the companies better and get involved in value-unlocking opportunities.
- Constructive engagement is part of our process. We have appointed members to either the Board or the fiscal council of almost all of the companies in the current portfolio.
- We remain focused on our circle of competence. Accordingly, since the beginning we have decided not to invest in commodities (~40% of Ibovespa).
- Our size also allows us to have relevant positions in companies that are typically overlooked.

Learning from Our Mistakes

"Our Vice Chairman, Charlie Munger, has always emphasized the study of mistakes rather than successes, both in business and other aspects of life. You'll immediately see why we make a good team: Charlie likes to study errors and I have generated ample material for him, particularly in our textile and insurance businesses."

--Berkshire Hathaway Shareholder Letter, published on March 4, 1986

Naturally, we have also made our fair share of mistakes. Our team has people with different skills and personalities who do their best at evaluating businesses in the long run. While we are committed to avoiding group thinking and keeping strong guardrails in place, we will make mistakes. The way we monitor for and mitigate them is equally critical. For instance, our understanding of the financial industry evolved throughout the period when we had exposure to the sector. We underestimated the pace of change, were not close enough to the regulators, and underappreciated the misalignments with controlling shareholders in some cases. This was the first time that we suffered a relevant permanent loss of capital. We slowly, but repeatedly, revised down our estimates while revising up our cost of capital. We spent a long time on the post-mortem, not only to deeply understand our mistake, but also to adjust our investment process and our team to avoid similar errors in the future.

Team Updates

The quality of our investment decisions is highly dependent on both the quality of our people and how we function as a team. Our motivation and daily challenge is to continue compounding knowledge, which we believe will translate into compounding returns. As new companies are listed on the Brazilian stock market and new sectors are represented, we decided to strengthen our team. Thus, we are happy to share that we are adding three senior analysts who indisputably understand and share our culture, work ethic, and values. Gustavo Romi has been an equity research analyst since 2006, working for nearly seven years at Vinci Partners, where he interacted on a daily basis with most of our partners. Enrico Grimaldi has been an equity research analyst since 2009 and worked with 3G Radar partners for almost eight years both at BTG Pactual and at Vinci Partners. Romi and Enrico (that's how we call them) left Vinci Partners in 2019 to launch Larus, an independent investment company focused on Brazilian public equities. Our third addition is Lucas Facury, CFA, who has been a partner at Larus since 2020. In addition, Raphael Katz and Thomas Faulhaber, who both joined us as interns, have become full-time analysts. Lastly, Marcelo Henriques, our former partner responsible for the financial sector coverage, is no longer at 3G Radar – we are thankful for his contributions and wish him the best.

Grendene Global Brands (GGB)

In October of 2021, 3G Radar concluded its first private investment. We started a Joint Venture ("JV") with Grendene, called Grendene Global Brands ("GGB"), to run certain jurisdictions of Grendene's business internationally. We are all very proud of the deal because it exemplifies the deep relationships and trust we build with our portfolio companies. Also, we believe GGB will be an essential part of the future of Grendene and significantly increase returns for the fund.

First, it is important to recap a few facts about Grendene, our relationship with the company, the motivations behind GGB, and the deal structure.

Grendene was founded in 1971 by twin brothers Alexandre and Pedro Grendene. Both still hold a controlling stake in the company with a combined 70% ownership.

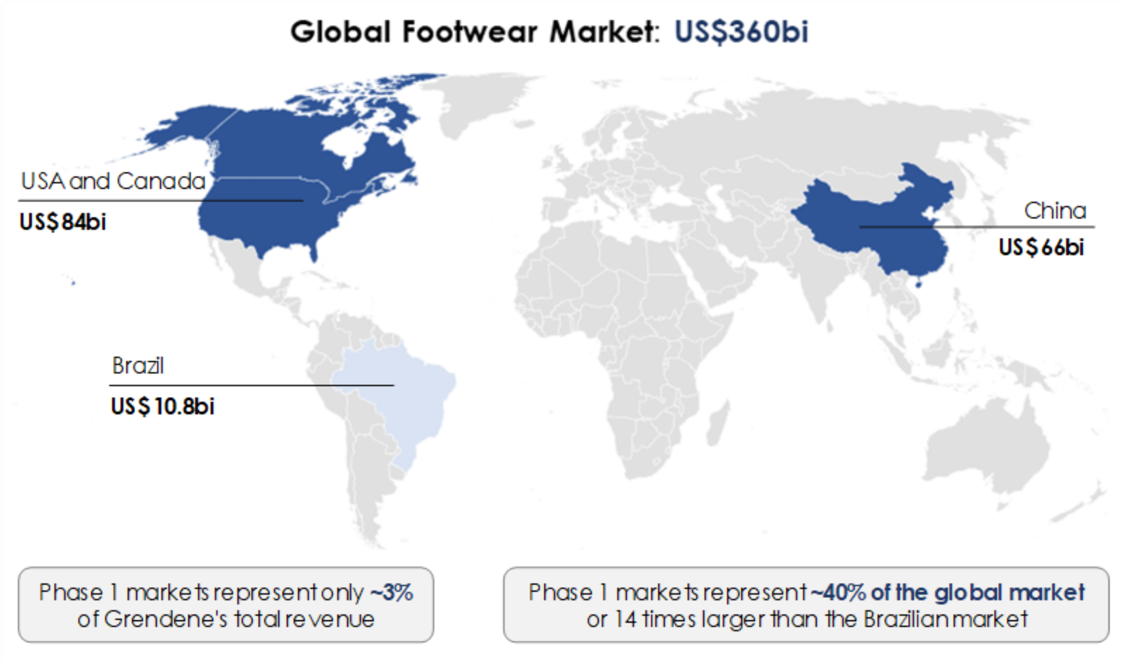
Grendene is one of the world's largest footwear producers, manufacturing on average 150 million pairs annually (almost 20% share in Brazil). Grendene is also the largest footwear exporter in the country, with an average of 30 million pairs per year. The company operates a verticalized model with 250 million pairs per year of installed capacity and five state-of-the-art plants. With nine brands, including Melissa, Rider and Ipanema, it offers product lines for women, men and children, mostly using injected PVC. The company also produces sneakers, platforms, boots, and heels, among other silhouettes.

Our relationship with Grendene goes back to 2004 when Mario Campos and Pedro Batista, while at Banco Pactual, prepared the company's IPO on the Bovespa. A few years later in 2010, we became an investor, and by 2019 we were the company's largest minority shareholder (>10%). During all these years we have built a strong relationship of mutual trust and respect and appointed members to the company's Fiscal Council and Investment Committee.

In August 2020 we wrote a letter describing some of the qualities and opportunities in our investment case. Later that year, in a conversation with Alexandre Grendene, we agreed that the largest opportunity was growing the brands internationally. The idea to create a JV between 3G Radar and Grendene in certain jurisdictions came up as we would be adding 3G's international expertise to Grendene's industrial excellence.

After a year studying the US and Chinese markets with the help of a major global consultancy firm, we were excited to announce the deal in October 2021. 3G Radar Private Fund I L.P. owns 50.1% of the JV and appoints 3 out of 5 board members. Both 3G Radar Private Fund I L.P. and Grendene committed to investing a minimum of US$100 million combined. GGB has exclusivity for Grendene's products and brands in the applicable territories and will decide the best distribution strategy and partners. It is a long-term contract that starts with the United States, Canada and China and then allows the JV to add other territories once phase 1 targets are achieved.

The global footwear market is estimated at U$360bn, with the US, Canada and China accounting for roughly 40% of this sum. GGB phase 1 comprises these jurisdictions that are 14x larger than the Brazilian market and yet only represented 3% of Grendene´s total revenue.



External sources: Grendene's JV presentation, Euromonitor

Following the transaction announcement, we appointed GGB's Board of Directors with our partners Mario Campos, Pedro Batista and João Castro Neves[4] (3G Capital), as well as Rudimar Dall'Onder (CEO of Grendene) and Paulo Pedó (CEO of Melissa and Chief Digital Officer of Grendene). We also created three management committees: (i) People, (ii) Operating, (iii) Finance, to assist GGB's management led by CEO Gustavo Assumpção[5].

An important pillar of our strategy is to address local tastes and market needs, and we are thrilled to share that we were able to attract a group of over 30 diverse and talented people, with extensive footwear experience, that dream big and strongly believe in the potential of our brands. More than 70% of our team comes from the footwear industry (including Nike, Adidas, Crocs, Birkenstock, Sperry, New Balance, Christian Louboutin and Clarks).

[4] João Castro Neves, Partner 3G Capital, CEO Hunter Douglas, board member Restaurants Brand International, former board member The Kraft Heinz Company.
[5] Gustavo Assumpção, CEO GGB, former CEO of AB Inbev México, worked at ABI for over 16 years.

External sources: Grendene's JV presentation

To increase the relevance of our brands, having a team with a deep understanding of the local consumers and knowledge of the nuances of each market's dynamics is paramount. We have completed most of our planned hiring for this phase, and we continue to use extensive support from outsourced industry experts as we build the company's foundations. Also, it is worth mentioning that the quality of Grendene's product has been the highlight of our early interactions with customers.

GGB started operating on January 1, 2022. As part of our 100-day plan, the main priorities were: (i) Establish the Governance and build a strong team, (ii) Execute a smooth transition from Grendene, (iii) Design and Implement the infrastructure necessary to serve our markets with excellence, (iv) Refine the brands segmentation and Go-to-Market (GTM) strategies and (v) Determine the product range for Spring-Summer 2023.

We share the view that with the right talent and culture backed by Grendene's product excellence and low-cost production, GGB can deliver in the market it operates the full potential of Grendene's brands internationally. We also believe that success in executing our view will allow us to dream even bigger in a large and fragmented global industry such as footwear.

Eletrobras' Privatization

We started investing in Eletrobras in late 2012 and it has been our largest position since mid 2014. We played an active role in helping to appoint new members to both the board and top management that began the company's turnaround in 2016, contributing throughout the privatization process that began in 2017, and, more recently, leading the assembly of the new Board after privatization.

In our 2017 letter we wrote about Eletrobras' sad history of massive value destruction since 2002. Throughout the text, we explained the main reasons for this R$228bn value destruction (structuring projects, Angra III, energy distribution subsidiaries, impacts of MP 579, operational inefficiencies, among others).

At the time, our expectations were of a promising future due to:

- The Law on State-Owned Enterprises ("*Lei das Estatais*") and Operation Car Wash ("*Lava Jato*") led to improvements in corporate governance.
- The shift away of investments from large structural projects to renewable (ex-hydro) and natural gas projects (modular and dominated by private players) led by the decentralization of the electrical sector.
- Eletrobras' energy distribution subsidiaries would be privatized. This process was indeed concluded in 2018 and ended the company's R$4-5bn annual losses.
- Start of indemnification payments in 2017 related to RBSE (Existing Basic System Network).
- The beginning of an impressive turnaround led by Mr. Wilson Ferreira (new CEO we helped appoint) that continued in the following years with improved governance, reduction of inefficiencies, sale of assets, strong deleveraging etc.

We have always made it clear that, in our opinion, the "once and for all solution" for Eletrobras was to become a true private corporation like most of its relevant global peers.

We were pleased that the Government set the privatization of Eletrobras as an objective in 2017 and that it became a priority in 2021. It took years of profound discussions about the technical details of the proposed model and innumerous political obstacles until the privatization law was approved in July of 2021 by an absolute majority of both the upper and lower houses and diligent process by the supervisory bodies (Cade / Aneel / TCU). All the hard work paid off when the Eletrobras privatization finally occurred in June 2022 in an offering that moved close to R$34bn, of which R$30bn went to the company's balance sheet—the second largest equity offer in Brazilian history.

Eletrobras became a true corporation, diluting the Federal Government stake from 63% to 39%. To ensure that the status of corporation is permanently maintained, the company now has a voting limit of 10% and a very restrictive poison-pill clause (200% premium over the highest price of the last two years adjusted by CDI).

When we wrote the letter in 2017, the Government stake in Eletrobras was worth around R$13 billion (63% of the R$20 billion market cap). Since then, Eletrobras has generated around R$120 billion in value to the Government (i.e. Brazil):

- Economic value of concessions renewal: R$67 billion (R$33bn to reduce tariffs, R$27bn to treasury, and R$7bn for public policies)[6]
- Current market value of stake: R$43 billion (39% of R$110 billion)
- Dividends received (2017-2022): R$6 billion
- Sale of BNDES stake: R$4 billion

Eletrobras still has a long path of transformation ahead, but it has already taken the first steps of this long journey. At the beginning of August 2022, the company's new Board of directors was elected. We are thrilled with the new composition - names of great experience such as Ivan Monteiro[7] (chairman), Marisete Daldald[8], and Vicente Falconi[9] are now part of the Board. We have no doubt that they will add tremendous value to the company. We also highlight the presence of our partner Pedro Batista, who has been covering the company as an equity analyst since 1997 - he will play an important role in representing the company's shareholders.

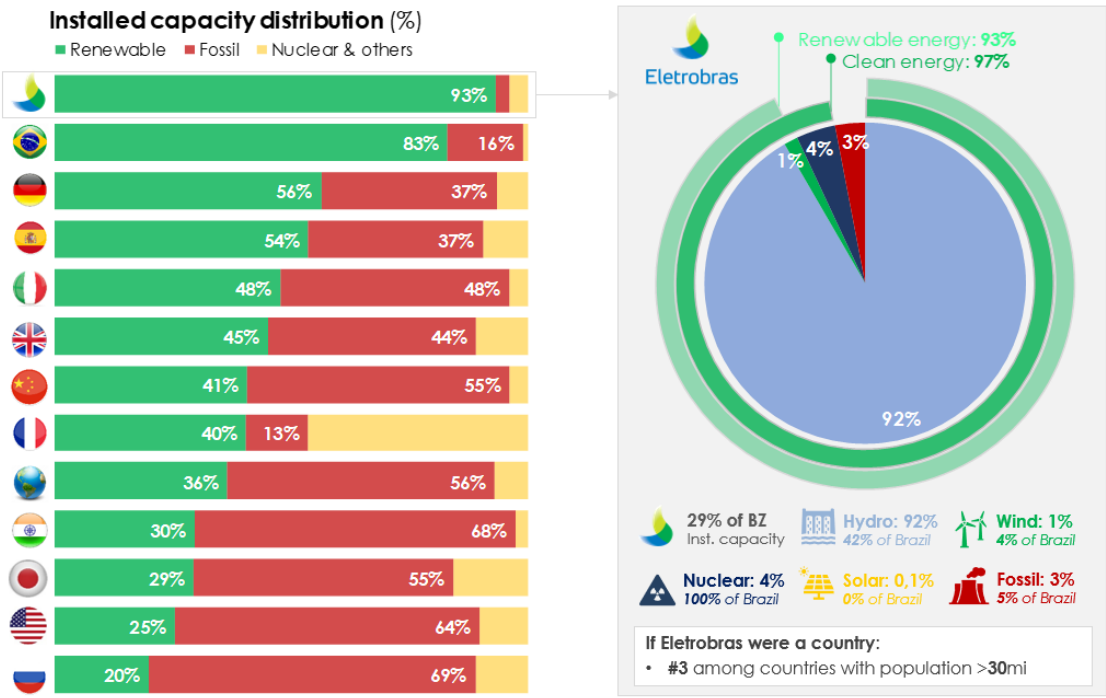
The first decision of the new Board was to re-appoint Wilson Ferreira as CEO, with former CEO Rodrigo Limp becoming the regulatory/institutional director. We see in the leadership of Mr. Ferreira a perfect match between experience and management capacity to face a challenge the size of Eletrobras. He has an exceptional know-how from over 30 years in the sector and knows the company inside out, having led the turnaround from 2016 to 2021.

We believe that the privatization also works as an important catalyst to the ESG agenda, promoting the phase-out of remaining fossil-fueled capacity. As such, below are a few illustrative data points on the company's environmental footprint:

[6] According to the provisions of the resolution number 30 of the National Energy Policy Council (CNPE) on December 21, 2021.
[7] Ivan Monteiro, former CEO Petrobras, CEO Banco do Brasil, Co-CEO Credit Suisse Brasil.
[8] Marisete Daldald, former executive secretary of the Ministry of Mines and Energy.
[9] Vicente Falconi, founder of one of Brazil´s largest consultancy firms, former board member AB Inbev.

- Brazil is a global reference in clean energy, with 83% of its installed capacity coming from renewable sources, ranking the country #3 among 46 countries with a population over 30mn (86% of the World population) - UK is #17, China #19 and USA #31 (Source: International Renewable Energy Agency (IRENA)).
- Eletrobras is the most relevant contributor to Brazil's clean energy, representing 29% of national installed capacity and 32% of clean capacity, meaning that Eletrobras' energy matrix is even cleaner than Brazil's (97% vs. 83%).
- Eletrobras' emissions have been shrinking in the last five years, and the few remaining thermal plant contracts expire in the upcoming years.

Eletrobras is a material contributor to Brazil's clean installed capacity



External sources: International Renewable Energy Agency (IRENA), Eletrobras

We are confident that over the next few years, the history of value destruction, which the company has already partially recovered in the last five years, will be transformed into one of value creation and great pride for all Eletrobras stakeholders.

Once again, we thank you for your support and, as always, welcome both your feedback and the opportunity to discuss any portfolio ideas.

Best Regards,
3G Radar

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Gross performance attribution is calculated based on the share value of 3G Radar Master FIA (Brazilian master fund), while net performance is calculated based on the share value of 3G Radar FIC FIA 1080, former 3G Radar Dividendos FIA (Brazilian feeder with 1% management fee and 15% incentive allocation).

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