

Operator:

Good morning and welcome to the teleconference of GetNinjas to discuss the results of 3Q22.

Eduardo L'Hotellier, CEO and DRI
Lucas Arruda, Strategy Director
Cynthia Hobbs, CFO.

At this point, all the participants are connected as listeners and later on, we are going to start the Q&A session, and then we give more instructions.

We would like to inform you that this teleconference is being recorded and translated simultaneously. And before resuming, we would like to clarify that eventual declarations during this call, relative to the business perspective of the Company as to make an operational and financial goals, are beliefs and premises of the board GetNinjas.

Also, current information for the Company and futures ponderation are not an assurance of performance because they bring risks, premises, and uncertainties because they are about future events, and they depend on forthcoming circumstances. The general economic conditions and other operational factors may affect their future results and bring results different from the ones expressed in future considerations.

Now, I would like to pass the microphone to GetNinjas. Please, Eduardo, the floor is yours.

Eduardo L'Hotellier:

Thank you so much. I would like to start this presentation with the main message that we have here. The focus was the adjustment of the platform, considering the impact reductions on the marketing investments, and we could increase the revenue. We can have more improves, with a better profitability when the customer goes to the platform.

We continue to improve our efficient on attracting and retaining professionals. We reduced the cash burn, R\$18 million last year to R\$5.8 million this year. And now, we lost net profit from R\$8.8 million the same quarter last year, to R\$2.7 million on this current quarter. So we can see a considerable evolution and focus on the next quarter to increase our efficiency, creating more liquidity for the platform and improve the financial goals.

We turned 11 years last month, and we are so proud of what we have built. We are the biggest service marketplace in Brazil in income, professionals. There is no other marketplace present in more than 4,000 cities, no other marketplace has so many services. Painter, electrician, English teacher, German teacher, barbecue. Now, with the World Soccer Cup, we are supporting Brazil, and you can hire a barbecue maker her here on GetNinjas. So, we have been building this platform that is comprehensive.

And it is always good to remember how our business works. Our business model is very simple. The customer requests what he needs, and then we communicate this request to the professionals, and the professionals pay a fee to contact the customer.

And before talking about the main highlights, I would like to talk about the context and how this impacts our business. For the first time in these 11 years that we have in GetNinjas, there is a reduction in the query of online services. This had an increase after the pandemic, we are getting back to normal, and because of the inflation rate and the impact on consumption.

With fewer people on the Internet, this is Google data, Google's market is bigger than ours, so we are using this as a reference. With this decrease, it is more difficult to attract customers to the platform. It is harder to have clients, so we reduced our professional investment to keep the balance up, and you are going to see the behavior of these numbers now.

And now, on page number five, we have the main highlights. 1 million requests in 2022, a reduction of 7% compared to the last quarter. We reached 4.5 million of professionals registered in our platform and 175,000 new professionals.

2022 was a very challenging year, and we see a meaningful improvement on the quarter. Although the reduction on the number of queries compared to the last quarter, we had a growth of 7%, reaching R\$4.3 million net revenue growth. Gross profit, 9% growth, and this quarter, we reduced our loss in 16%, keeping the same growth, reducing loss, 8.8 last quarter to 2.7 this quarter, compared to 10.7 last year.

Our cash burn was R\$5.8 million, aligned with last quarter and 3x lower than 3Q21. We still have a nice reputation. Every year, we are awarded as the Best Place. We have an app on iOS and Android. Both apps are well assessed, good scores for all the clients and professionals. We always provide good services.

On page number six, we have the customers. We are deep diving on customers and clients. This quarter, the clients had 1 million clients request, a reduction of 7% compared to 2Q22 and a 23% reduction compared to 3Q21, last year.

And although this reduction, we could monetize these services better. We are focusing on bringing clients from the regions we need, the categories we need. We done better profitability, so the revenue drops less than the number of customers.

What we see on the next slide, we have recurrent clients, a percentage of 48% of recurring clients in the beginning of 2021, and 56% are recurring clients on this final quarter, and this is due to the improvements of our app. We launched a new app for the clients that is easier to use. People like to use it better, they have it in their phone longer. We have been working on the brand, building up our brand, so this recurrency is growing. We observed that this number is growing every quarter. There is no silver bullet, it is just work and long-term evolution numbers.

And here we can see a context, on this slide number eight. We have seen it before, but it is always good to come back and highlight it, considering requests. We have 38% in home renovation, 60% tech support, home services, events and the smaller categories coming right after. Home renovation, we have higher value, more than 50%, because they have bigger tickets, the number of services that we have brought on this page.

And now, on page number nine, the scenario. In 2022, our focus is the conversion and retention of professionals, improving the funnel since the professional start using the website, feeding the information, download the app, start using it. Our projects and engineering team, we are going to see people on the next slides improving the metrics of these professionals, and we are attracting the professional even in a scenario of client reduction, a scenario that is more adverse.

These are pre-paid services, the professional needs to pay beforehand. So, we kept a proactive number growing the professional base, with investment that is lower in marketing.

On page number ten, we can see an interesting metric here. Here, we show in base 100. On a commercial perspective, we are not going to open up this number because it is commercial and sensitive information. So, it is interesting to communicate what we have been doing, improving the platform.

We had a conversion rate that was X in September 2021. So, for every 100 professionals registered in the platform, X were converted. A year later, this conversion rate is 2.2 X. What I mean is that, increasing 200% conversion rate, we can activate and convert more professionals with the same volume of registered professionals.

So, it means the operational efficiency is improving. The technology of this platform is improving, the onboarding of the platform. All these details, when the professional knows about GetNinjas, until they activate, we are improving step by step, and this brings impact in the conversion rate.

Now, I would like to pass the microphone to Mr. Arruda, Strategy Director, to talk about financial status.

Lucas Arruda

Good morning. It is a pleasure to be here. Following the comments from Edu, I would like to show you gross revenue composition. There are two points of perspective that are very important. We had a drop of 14% compared to the 3Q21, influenced by the reduction of the volume of requests, but we see a growth of 7% compared to the previous quarter, even with the lower volume of queries requests.

So we have an improvement of the profitability of the platform. We are using this request better, and the main driver of these increase is the leads. Just to open up this conversation, the volume of leads represents 92% of total revenue, and the growth was 9% compared to the previous quarter, and a drop of 11% percent. Through these leads, the professionals access client information and then we can measure the efficiency and monetization of services, requests and queries. The professionals are buying more of these services.

We also have a relevant line, credits of clients, with a reduction of 19% compared to the 2Q22 and the 3Q. And these revenues are credits that the professionals have, and they did not use, and this is a revenue when they expire. A reduction on this line means a positive effect. That means that they are using these credits more, they see more value on the platform. It is healthy to have this reduction on this number, because these professionals are using their investment better.

And we have association revenue, 1% of the total. The contribution of these partnership goes beyond revenue, but it generates visibility to GetNinjas, attracting clients and professionals, associations with big names. We have new partnership with Ambev, Coca-Cola, real estate groups. We are expanding the reach of this platform, bringing more organic visibility, which is positive. The contribution impacts the revenue, but also the visibility and the reach of the platforms.

Now, deep diving in the monetization of the request, we see the evolution in 2022, which was on average R\$9.7 on every request. A very simple calculation, we have the numbers, we divide the revenue by the number of requests that we have. This is an important measure to show the evolution of the platform, from a revenue of R\$9.7 in 2020, we are almost R\$12 in 2021, and today, R\$13.65, almost R\$14 in 2022.

This is due to different aspects. The value of the leads. We work greatly observing the category combinations in regions; regions that we charge less than we should and regions that we are charging more.

This balance that Eduardo mentioned, between Professionals and Clients, was based on the leads price, so we charge the professional a proper value.

Another variable that really influences is the volume of leads that every request has. When we have more professionals buying the same request, this means that it is attractive, they see value, they are competing for that lead and this generates more choices for the client. It increases the competition, but we can also block the competition, increase the leads. This is also a positive variable in the platform.

In general, these are the measures for the evolution. We just not increase prices, but we see this movement is making the platform healthier for our clients and professionals.

Talking about net revenue and gross profit, this is aligned with the gross revenue, although the reduction of investment in the last quarter, in the same period, when we had more meaningful reduction. In this adverse economic context, we can still have an increase in growth of 7% compared to the last quarter, and a drop with we compare to the previous year, a lower drop in volume and internet query, lower than the marketing investment. This measure says that we have an efficient platform.

And it is worth detailing gross profit. We see a growth in gross profit, aligned with the growth of net revenue comparing to the 2Q. The variations compared to the last year are aligned, margin improved compared to the previous year, and previous quarter. This improving of 1 p.p., 2 p.p., we are already in the same comparison base. A reclassification of costs happened last quarter, credit card and bank slips that are part of this cost line, and it is meaningful financially. They are in the same comparison base, but we have an efficiency gain in management of costs; costs of servers and other things we have been working on.

A variation of payments means with PIX, with a lower cost compared to other payment means. It is more and more relevant, this reduced payment costs. And a reduction in the volume of SMS. These SMSs are volumes for authentication of professionals. As we are reducing the volume, we have a relief in the cost side, so we can see that the variation of the margin was positive comparing last quarter and last year. That is a positive sign that the margins are better.

Going to our main line, Marketing and Commercial expenses, we are talking about this evolution, and this point we have been mentioning since the end of last year. We had an acceleration of investments in 2021, a big expense to put up the base, client base, professional banner base. And since last year, we are reducing the marketing investments. This quarter, we are keeping this reduction, 46% compared to previous year. We are talking about 9.4 million. That is also a lower value than what we spent last quarter.

Even with lower investment, we keep focusing more on the combinations of category and region. We talked about the best query, the best requests and mix. We can bring requests to a lower cost, and we can use these requests better. Even with a reduction on investment, we see higher efficiency.

Another interesting point is that we have been working to improve the quality of the requests. We have a new app with clients that are more relevant, they are using more, and this also helps the professional to adjust they structure based on the request.

I will give you an example. For example, if there is additional information on the request, the client place a further request, this request is more appealing, the professional can choose to see it. This helps in the sales volume and the availability of the professional to pay that.

We are in a different level of investment. Considering our current size, this level is more sustainable and healthier now than what we had in the past. And I believe a good example is what we are talking on page 16.

A metric that we measure is marketing efficiency, a simple calculation, with the available number we can do it, gross profit minus marketing expenses. We had an acceleration of these investments in 2021, and this has brought a growth, both with a negative balance. If we see the 3Q21, we were spending more than what we could generate on gross profit. These adjustments on investments started in 4Q21, we had a positive effect, and investments on the quarter impacts the following quarters.

We can see that the balance for the 4Q21 is positive, in the 1Q22, that is a positive balance. We would like to highlight the evolution in the 2Q and 3Q, especially because they are in a comparable base to the previous quarter, coming from a sequence of quarters with a level of investments that was lower, and we see an evolution of this margin. It is a metric that we have been following up close, the calibration of the investments and the balance generated.

Our administrative expenses, we also saw this last quarter, nonrecurring expenses, hiring consulting services, impacting the 1Q and the 2Q. And from the 3Q, it was not present. We are reinforcing this commitment. This expense is not here, generating savings, more than 20% in the expenses of the 3Q22. Compared to the 3Q21, that is the growth. The Company is at a different level, reinforcing the teams, especially technology, restructuring roles, so we have a more robust structure, and ready for future growth. Observing specifically the 3Q, there is a reduction of 5% compared to last quarter.

Talking about people, we can see that the Company was growing through 2021, getting more structure. What is happening this year? We are rigorously replacing positions and new hires. So we are leaner, especially in operational areas.

Total employees and tech employees, private employees, we see the reduction is slower, and the ratio in the total of employees is increasing. This reduction is a natural turnover of the business, replacing positions, sharing activities. We are working on it, without committing the day to day, compromising operations. We have a higher value tech and product. We are a tech company; we have our relevant aspect of our team in this structure.

Talking about adjusted EBITDA, the adjustment we did this quarter is about stock option plan. We have this position, as we did in the previous quarters, and it is important to highlight that there was no exercise until this moment, but this impacts the result, not to directly in the cash flow. Accounting provisions, we have R\$9.4 million.

And what is the behavior, the evolution every quarter, we had in 2021 the EBITDA negative, and we are placing here this positive evolution compared to the last quarter, almost R\$3 million as improvement in our EBITDA, and improvement of almost R\$5 million compared to the previous year. We do believe that we are on the right track and a positive trend, improving this number quarter after quarter. This 2Q was more challenging, but now we are back on improving for the following quarters.

And then, I would like to pass the microphone to Cynthia, our CFO, to conclude this presentation.

Cynthia Hobbs

Thank you so much, Lucas. Observing our final line of the result, there was a loss in this quarter, R\$2.7 million, compared to the loss in the 2Q. R\$8.8 million, and R\$10.7 million if we see the 3Q21. It is a meaningful improvement, 70% improvement, and this is due to all the improvements that were commented before me, by Eduardo and Lucas throughout this presentation.

Financial results on the 3Q was R\$8.6 million, superior to the financial result we had in the previous quarter, R\$8.2 million. There was an improvement on the financial result, but this was not the main responsible by the improvement of the reduction of the loss. It was more impacted by the operational improvements that we have been working in the last months, in the last quarters.

If we observe our cash flow position, slide 22, cash burn, it is important to highlight two phases: the first phase, 2021. This was a phase of process of IPO, we structured the Company, building up the Client and Professional base, structuring the Company to meet this demand, a company that was openly putting up a team to lead these new roles and new challenges that we had ahead of us, as well as technical teams to improve the platform, to improve the indicators, as we have seen in this quarter. Especially this quarter, we had the CLI and PRO basis, lower marketing investments. When we see 2021, this was meaningful when we compare to 2022.

And phase number two is a phase this year, 2022. Clearly, we have a consolidation of processes. All these improvements that we have been implementing, they do not happen over time. You have to be them up throughout time, and we are picking up these results right now, with higher efficiency. We are more focused on having a higher financial discipline, and we are focusing on our investment, especially marketing investments, on initiatives that would bring higher return.

And like this, we see an important impact in cash burn. In the last three quarters, 2021, it was R\$32 million. And when we observe 9M, these three quarters in 2022, this cash burn is reduced meaningfully to R\$12 million.

And it is important, two pieces of common to highlight: first, that we do not have debt or any other liability compromising our cash flow position. And it is also important to highlight that our operational model has a positive cash flow. The professionals pay before using the coins when we see the revenue.

And then we conclude this presentation, and now I open up the Q&A session.

Now, I would like to open up the floor for Q&A.

Marcelo Santos, JP Morgan (via webcast):

Good morning. What is your perspective to resume the Professionals growth?

Eduardo L'Hotellier:

Marcelo, thank you so much for your question. We are focusing on bringing professionals that use the platform more frequently; as we call it, the 'Super Pros'. So we do not see in the next quarters a meaningful increase on the database of professionals, active and registered ones, but an increase of the professionals that really use the platform. They have better economics, these professionals meet the clients' needs better, and this is our focus.

Always privileging these, but now we are privileging then more on these initiatives, with differentiated service. So we are trying to increase this reach, this use of these professionals, and that is why the revenue is growing faster than the professional base. In the following quarters, we disclosed more about the segmentation of professionals.

Marcelo Santos:

About events, can the World Cup change the seasonality of GetNinjas' business?

Eduardo L'Hotellier:

Great question. We are here, also excited for the World Cup. First, World Cup days when Brazil plays, it is almost a holiday. Historically, we realize this effect here in the country. And how does GetNinjas work on a holiday? On a holiday, if we do not have many requests, we do not see professionals in the platform, but we have this repressed demand happening on the following day, right after the holiday.

When the holiday is in the middle of the month, we do not see difference in that, but when it is in the end of the month, the month is shorter, and this demand goes to the following month. The World Cup will be in the middle of the quarter. We do not see this seasonality impacting in a negative way the Company.

Of course, some types of service, like barbeque maker, flag makers, some of these services grow in this period. We are going to market this service. The platform is horizontal, you can find

everything. Maybe you can find Neymar's barber during the World Cup on GetNinjas. We make jokes like these. But of course, we just make jokes for the brand, much more for the volume, like flag makers, barbeque makers, it is an even shorter number than the house renovation. So we do not see a seasonality based on the World Cup effect.

Lucca Brendim, Bank of America (via webcast):

Good morning. I would like to know if you can give us some information about the growth strategy of the Company bringing new clients. Are you going to focus on new regions, new verticals? The increasing operational efficiency, do you have any estimate when the Company can breakeven again?

Eduardo L'Hotellier:

Great question, Lucca. Right after the IPO, the Company expanded to new verticals, new regions, and we realized in the following months that this expansion would be expensive. The media cost was very high, the natural pressure for the Company to burn less was coming up. And since then, in the last three quarters, we are focusing on developing regions that are more developed already, focusing more in house renovation in São Paulo than in the interior of São Paulo, focusing on house renovation, technical assistance, then services of language classes in other cities.

So we are focusing here in categories that are big in the platform, in big regions. And then, we see the growth, at least in the end of this year and the beginning of next year.

Of course, it is never written on stone. We are always trying here and there, some investment in non-core regions, non-core categories. We had a nice experience in the IPO. I mentioned this category of psychology. In 2019, it was less than 0.1% in the platform, and in 2019 we invested on this category, reaching 4% 5% of the platform during the pandemic, now a little bit lower. But this is something interesting, to have this choice, this option.

Even focusing on bigger regions, big cities, if you have this choice of investing in some regions, some categories, you can get a positive surprise, and this is becoming something relevant for the Company.

The second question is about operational efficiency and when we are going to reach breakeven. We see this quarter, we had a loss of R\$8.8 million to R\$2.7 million, considering profit, considering financial result. Probably we are going to reach this breakeven in the middle of 2023.

As you all know, we have a relevant cash position, R\$270 million on CDI +, investment, R\$270 million of the negative debt. We had no debt payables, receivables are even, we have this invested in CDI +, CDBs and some treasure bonds.

Considering the financial aspect, we reached the breakeven in 2023, but more important, this operational breakeven excluding financial, and we are aiming this breakeven in the beginning to the middle of 2024. Observing the evolution we had in 2021, 2022, we are confident that we are going to get there.

Patrick Bittencourt (via webcast):

Can you talk about the increase of taxes and non-circulant IR on financial investments?

Cynthia Hobbs:

We had funds with daily liquidity, and now we have investments in funds with a liquidity that goes beyond the current exercise. So if you observe, today, our taxes to recover, we have part of it in current asset, and part of it in non-current asset. In circulating, we also have the effect of the taxes advance, if they are non-circulant.

Patrick Bittencourt:

Can you disclose more of the projects SEO, and how they influence the economics?

Eduardo L'Hotellier:

To align them all, SEO is search engine optimization. These are the techniques that the companies have to position themselves better when they search on Google. Your link comes up in a Google search front page, the company's working SEO.

And how about working in SEO? You follow the guidelines, Google guidelines of having a page there the engine search will understand better, loads faster, the person clicks on your page, it opens up very fast, and a content that the client likes. If you build up a page that the user enters your page, then after a minute they leave and then search again, Google understands that the page is not relevant, and it does not place it on the first position. In order to be the first position, you need a page that is relevant to the user, and relevant to Google.

GetNinjas have been working in SEO for 11 years. We are pioneers in different techniques here in Brazil. We follow international benchmarks, we are close to different agencies, so he can have a great work here.

I cannot detail what we are doing right now because of privacy and competition. Basically, we have been producing lots of content, like how to fix a sink, or what is the costs of a renovation work. We produce this content on our user-friendly page and we position ourselves like this better and better on Google.

The second question is about price engine. Arruda showed a page of the presentation of our request price. Our revenue income was R\$9, and it is more than R\$13 now. What does it mean? We are charging the right price for the right professional. So now we have more than 500 types of services. Painter, plumbing service, electrician. How much we charge the professional for the lead is proportionally to how much they are going to make. How much they are going to make depends on the type of the service and the customer if the customer is going to hire that service or not. If they are going to hire. 9% for sure, it is a higher expectation than the client that is going to hire 20% certainty; statistically 20%.

That is the worry. But we also have machine learning and calculation to measure all these measurements, and we are going to involve this month by month, day by day, so we can have

higher profitability, with a professional closing more services, more satisfying, and the clients receiving better service.

So when we talk about efficiency and the economics, so we have a price that is more efficient, having better prices, focusing on SEO, not to depend on pay traffic, recurrence of the app to have direct traffic; people go directly to the app, not paying a toll for Google or Facebook. What Patrick is asking is about exactly what we are doing to improve the economics of the Company.

Vitor Oliveira (via webcast):

Can you talk about the revenue growth on query?

Lucas Arruda:

Eduardo answered this. I believe that he has just answered this aspect and the perspectives about the income per query, per request.

Rita de Cássia Santos (via webcast):

How do you integrate ESG in your company in ESG in your Company? Is it a digital platform?

Eduardo L'Hotellier:

We are 100% digital. We do not have inventory, we do not have plants, so environmental aspect that does not have much context on our work here. Of course, we try to use suppliers that are in compliance with the service, we use Amazon, which is compliant with our service. Environmental is not so big.

Social and governance. In social, we have a platform that generates value to the professional. GetNinjas growing, the professionals make more money, invest in their business. We change these professionals' lives.

All over Brazil, we have different successful stories. They were unemployed and they are professionals, they have a small company in GetNinjas. Successful stories. So our social impact is generating opportunities to these professionals.

Considering governance, we have an independent board, with spread capital, a board with professionals with different experience, backgrounds, female leadership in all the levels of the Company. We have a culture that respects, and it is hard to talk about it on a call. Most of the companies talk about it, but they never experience. But I invite you to come to our office, get to know us in person. This is part of our DNA. We work and experience ESG in a natural way compared to companies that pollute a river and need to plant trees to compensate. This is not part of our business.

Operator:

The Q&A session is over. We would like to pass the microphone to Mr. Eduardo for final consideration.

Eduardo L'Hotellier:

I believe we do not have more questions on this checklist. I would like to thank you all so much for participating on this call, sending our questions. Our IR channels are available for you, if you still have follow-up questions. Thank you so much to you all. We are going to close the session now.

Operator: GetNinjas conference is over. Thank you so much for your participation. Have a wonderful day.

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