

Transcript – 4Q23 Results Conference Call

Operator:

Good morning and welcome to the GetNinjas conference call to discuss the results for the fourth quarter and the year 2023. Present today, Leonardo Meneses, CEO and Thiago Gramari, Investor Relations director.

At this time, all participants are logged in as listeners only and we will later begin the Q&A session when further instructions will be provided. Please be advised that this conference call is being recorded and translated simultaneously.

Before proceeding, we would like to clarify that any statements that may be made during this conference call, regarding the company's business prospects, projections and operational and financial goals constitute beliefs and assumptions of GetNinjas' management, as well as information currently available to the company.

Future considerations are not guarantees of performance, they involve risks, uncertainties and assumptions, as they refer to future events and, therefore, depend on circumstances that may or may not occur. General economic conditions, industry conditions and other operating factors may affect the Company's future results and could cause results to differ materially from those expressed in such forward-looking statements.

I would now like to give the floor to GetNinjas. Please, Leonardo, you can continue.

Leonardo Meneses:

Good morning, guys! Thanks for the participation of all. I'll start quickly with the executive summary, going through some points and then I'll give the floor to Thiago, because he has two big points to make. Firstly, since September last year the company has had a new reference shareholder, which ended up culminating in changes to the company's Board of Directors and senior management.

In December 2023, I took over as CEO, Thiago Gramari, who is here with me, as director of Investor Relations and Fabiana as CFO. I make a point of highlighting here that this board, as soon as it took over, has already established three fundamental pillars for the company, the first of which is people, it is a company of people, so it is focusing on people, understanding what the company's talents are so that these talents are identified and boost the company towards results and greater flights from 2024, the rationalization of expenses, as soon as we arrived we reviewed all service providers' contracts with GetNinjas and Thiago will go over some points in relation to this throughout presentation and also since December last year, we have identified

new avenues of growth for the company. Let's talk a little about this in relation to the result of 23, but this is very much based on what we imagine for the company throughout 2024.

Now speaking directly about the 2023 result, we had a positive net profit. This involves three main points, the first point is greater efficiency in our marketing investment, greater efficiency in the return on what we invest in marketing versus what we manage to capture in revenue in relation to that. In the first half of 2023, which positively impacted the year's result, a first wave of personnel adjustment. Throughout the presentation, Thiago will open the breakdown of these two points in more detail, which were important points that positively impacted the year's result.

Another thing that we take into consideration and that has a positive impact is the result of financial revenues, but I think that here the focus is on the company's operations, showing how it performed in 2023 and going through, not superficially, but objectively, what we imagine it will be. could impact 2024 onwards. I now turn the floor over to Thiago.

Thiago Gramari:

Good morning, guys! We are GetNinjas, the largest services marketplace in Brazil, we are present in every city in the country, there are more than 5 million professionals and more than 4 million customer requests per year. We are the connection between those who need it and those who know how to do it. Our interaction with both pro and cli is very simple and objective, first the client requests a service, second the request is transmitted to the professionals, third the professionals pay to make a quote and fourth the customer chooses the professional who will provide the service.

Now I talk a little about the highlights of 4Q23, going through customer requests that reached 1 million, 6% more than in 4Q22 and 7% more than in the previous quarter. The professional base increased slightly compared to 3Q23 and 15% above 4Q24. The number of active professionals had a slight drop, which we consider practically stable, at 168 thousand. The Reclame Aqui 9.4 index, GooglePlay applications for the pro 4.2 and cli 4.7 and Apple Store, starting from the pro 4.3 and cli 4.8 application.

Talking a little about numbers, net revenue was 14.4 million, an increase of 7% compared to 4Q22 and a drop of 7% compared to the previous quarter. Gross profit was 11.5, down 5% compared to the same period last year and down 19% compared to 3Q23. Therefore, the net profit was positive 28 thousand reais, with a slight increase in relation to the loss of 700 thousand in 4Q22 and a drop, when compared to 4Q23, the profit was 4.2 million. The cash position stands at 276 million, against 274 in the same period of 22 and 278 million in the period of 23.

Moving on to talking a little about customer requests, we closed the fourth quarter with just over 1 million requests, an increase of 6% compared to 4Q23. Speaking of the closed numbers of 23, we had a drop of 8% compared to the same period of 22, but it is worth highlighting that there was a great improvement, just as Leo explained here in our chat, there was a great improvement in the efficiency of these investments, we increased significantly the ratio of marketing expenses to revenue.

Going through the requests by category, we continue with practically the three main ones, which are renovations and repairs, technical assistance and domestic services. They continue to be the main ones and in line with what has been happening over the years. The recurrence of customers, we had an increase of almost 3% in the last quarter 23, so these are customers who had previously made a request on the platform and returned to place new orders.

Moving on to professionals, the base of registered professionals increased by 200 thousand professionals when compared to 3Q23 and proactive professionals had a slight drop, going from 168 thousand to 163 in 4Q. We continue to focus on the conversion and retention of these professionals and increasingly increase the base so that we have bigger and better service providers to serve our clients.

Now moving on to the numbers, the composition of gross revenue. In the fourth quarter we recorded a revenue of 16.7 million, an increase of 11% when compared to the same period in 22 and in the closed year of 23 we reached the mark of 71.6 million in revenue, also an increase of 11% in relation to the year of 22. composition of this recipe, which has the leads part in blue, is where we actually receive and there are 4.8 million that were inspirations.

It is interesting to show on this slide the monetization part of requests, which we have been increasing since 4Q21. This is mainly the result of improving the quality of requests and better matching with professionals. Moving on to net and gross revenue and gross profit. Net revenue in 4Q23 was 14.4 million, an increase of 7% compared to 4Q22, which was 13.5 million. In the year we had an increase of 8% when compared to 2022. Gross profit was impacted, as you can see, the gross margin in 4Q23 decreased when compared to 4Q22, but this was a combination of two factors. The first is the positive part: we have significantly reduced costs with cloud servers. The IT team managed to optimize and reduce, which goes to that part of contracts that Leo Meneses talked about at the beginning. There was a lot of negotiation and we had positive results, but at the same time, we had an increase in chargebacks, which impacted the company's gross margin.

The commercial and marketing expenses had a reduction of 10% in the fourth quarter when compared to 4Q22 and in the year a significant drop of 20% when compared to 22. Here it is worth highlighting that we had this reduction in investments in marketing, but with a better efficiency and application of these resources, we managed to grow revenue by 11%. So, it does impact the strategy, if you reduce investments in marketing, but with efficiency, we can, even with this reduction in investment, increase revenue.

Moving on to general and administrative expenses, we had a huge drop compared to 4Q22 of 54% and in the year 29% less. In 2023 we recorded 46.3 million in these expenses, when compared to 65 million in 2022. This main variation, as we already mentioned, was impacted by the reduction in the number of employees between the difference between 4Q22 and 4Q23, there are 43 employees any less. On the next slide we can see this. The company's total number of employees at the end of 22 was 194 and we ended the year with 151. It is worth highlighting here that we are guaranteeing, continuing and improving the number of employees in Tech and

Product, which remained stable at 55 at the end of 2022. 2023, but we continue with a rigorous hiring regime to replace vacancies and, mainly, keep talents here within the company, without compromising the progress of the operation.

Going by adjusted EBITDA, we see that it had a greater impact on adjusted EBITDA in 4Q23 and was mainly due to the granting of shares for the company's stock options program. So, when compared to 4Q23, with 4Q22, there was an increase of negative 8.3 million in adjusted EBITDA, but when comparing the year 2023 with 2022, we had a reduction in this negative part of adjusted EBITDA by almost 12 million reais .

Therefore, in 4Q23, as in the previous quarter, we recorded a profit, but still a small profit of 28 thousand reais when compared to the 700 loss in 4Q22, but we closed the year with a net profit of 3.7 million, compared to a loss of almost 16 million at the end of 22. Here it shows a little the breakdown of how it evolved, in the last three quarters we had a net profit in the company.

Moving on to the cash variation, we ended 2022 with 274 million cash in the company and when compared to 2023, we had an increase of 2 million. This is basically in addition to the net profit we had, the financial income also helped a lot in keeping the company's cash flow stable.

There were new actions going towards the actions we implemented in the company. At the end of the year, the new board of directors assessed that some projects would not perform and were being depreciated over a long period. We understand that we should download them immediately, as they would not bring expected results for the year 2024. We had this write-off of approximately 8 million projects that were discontinued and these projects had been dragging on since 2021. On the other hand, as Leo mentioned in the At the beginning of our presentation, we are looking a lot at new forms of remuneration for the company, we are looking very carefully at the B2B partnerships part to enhance a new generation of revenue and not be stuck just buying and selling currencies. The purchase of coins by the pros and the people side, we brought three people who will occupy key positions here within the company and a commercial part that will handle this part of B2B partnerships, we brought a director of People and Culture who will also have a big impact, bring a lot of seniority and experience to our team and also a new Customer Service director who will look closely at the product side and analyze the entire customer journey within the platform.

Leonardo Meneses:

Just reinforcing, we are committed to the three pillars that we put in place as soon as we took over the company, which are people and for this, a director to understand the appropriate professional profile for what we imagine, in line with the potential that the company can reach, a person for the commercial exactly to explore the growth avenues that we see for the company. This should be a focus from now on and customer relationships, which are fundamental. The company, in addition to its professionals, is very focused on providing the customer with an experience like never before. So, just to reinforce the commitment to the three pillars, which the new board of directors assumed here from day one.

Thiago Gramari:

With this we end our presentation. We can move on to the Q&A.

Operator:

Thanks. We will now begin the question and answer session for investors and analysts. If you would like to ask a question, please send a message through Q&A, indicating your name, company and your question. Please wait while we collect the questions.

Pedro Albuquerque (webcast):

I realized that all current Technology projects will be discontinued. Can you talk more about this?

Leonardo Meneses:

In fact, the projects were not discontinued. We understand that these are platform maintenance projects, which were neglected, so to speak. We are assuming that these are disbursements related to the maintenance of the platform, they are not projects and should not be in the company's intangible assets, as these are recurring expenses. Therefore, platform maintenance and platform improvement expenses continue to be incurred but are understood as recurring expenses.

Fernanda Cerqueira (webcast):

The release mentioned that some teams would receive new management to better direct the business. How is this restructuring progressing and what can we expect as a result in the medium term?

Leonardo Meneses:

As I just said, the three directorates that were filled. The directors started this week, a new director of People and Culture to take care of the company's Human Resources, a new Commercial director focused on Growth and B2B partnerships and a new director of Customer Experience to take care of relationships, customers and professionals. The expectation in the medium term is that, in the area, we will be very punctual here, in terms of People and Culture, we will oxygenate the company with professionals who are more in line with what we imagine it has as potential and that is the main point. We imagine higher flights, so we have to bring people more engaged with the company's vision of the future. Regarding the commercial area, explore B2B growth avenues. In the last four months, since we arrived here in December, we have been approached by several companies looking for partnerships, so I understood that we had to reinforce this area exactly to give focus and a growth agenda that we will explore a lot throughout 2024. In the area of Customer Experience, strengthen the relationship with professionals and further strengthen the relationship with customers, with the demand we have within the platform.

So, for the medium term, we hope that these three new directors will bring results in the next six months, I can say that.

Daniel Santos (webcast):

A nova liderança teria um guidance para o valor da ação para o final de 2024?

Thiago Gramari:

Thanks for the question, Daniel. We do not have guidance for the share value at the end of 24. We are working hard to bring the best return to the company's shareholders.

Leandro Zinger (webcast):

Do you intend to take the company private?

Thiago Gramari:

Thank you also Leandro for the question. To be quite direct, we do not intend to take the company private.

Operator:

The question and answer session is now closed. We would like to give the floor to Thiago, so he can make the Company's final considerations.

Thiago Gramari:

I thank everyone who participated, all the investors, analysts and potential investors in our call. We project a very promising future for the company in 2024 and we will do everything we can to maximize the return for our shareholders. Thank you very much!

Operator:

The GetNinjas conference call is now over. We appreciate everyone's participation and have a good day.