Operator:

Good morning and welcome to this results conference, GetNinjas, of the results of 4Q22. And here present we have:

Eduardo L'Hotellier, CEO and Investor Relations Officer
Lucas Arruda, Strategy Director
Cynthia Hobbs, CFO

At this point, all the participants are connected just as listeners, and later we open up the floor for Q&A session and then we give you further instructions. We would like to inform that this teleconference is being recorded and translated simultaneously.

Before resuming, I would like to clarify that the statements during this teleconference about the business perspective of the Company as to make operational financial goals are based on beliefs at GetNinjas Board of Directors and available information currently.

Future considerations are not guarantee of performance because there are risks, uncertainties and premises because they refer to unforeseen events depending on the future. The general economic conditions, the industry conditions and other operational factors may affect the future results of the Company bringing results that are materially different from the one.

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

Eduardo L'Hotellier:

Thank you and good morning. I am Eduardo L'Hotellier, CEO and founder of GetNinjas. Thank you so much for your presence at our result's teleconference.

The focus on 2022, we adjust the platform balance. According to the economic scenario are improving their profitability. We have reduced by 53% the cash burn, 36 million in the fourth quarters after the IPO and 17 million in the last four quarters, improving their results by 61%, reducing the net losses from 41 to 16 million, increasing the efficiency of attracting and retaining professionals. We have more efficient marketing as we are going to show in the following pages.

The focus for 2023 is to increase growth while maintaining marketing expenses, efficiency, more liquidity, more than what we had in 2021.

I always like to bring this map with the marketplace of GetNinjas. Every dot is a service in the platform. More than 4000 cities, 4,6 million professionals, 4,5 million requests per year. Very simple and straightforward. The client requests a service, the professional gets this request, the professional pays to give a quote and the client chooses the professional.

And here are some highlights of the platform. We had 4,5 million of client requests, 13% under 2021, but the market investment was lower, much lower, 4,6 million of registered professionals, 700 more than 2021, 172,000 active professionals, less 20% because we are investing less than what we invested in 2021, and last year, 57 million of net revenue, 9% under 2021. Gross profit is lower, proportionally, 9%, net loss of 6 million, 15,8 compared to 41 and cash burn -19 compared to -69.

Keeping our reputation, our score in the service app, general marketplace to keep a high score. And then you have different expectations on both sides of the equation. So we have a score of 9,2 in ReclameAqui. App Store, PRO and CLI, 4,2, 4,8. Play Store PRO and CLI 4,2 and 4,7.

Then clients request now. We had 22% less compared quarter after quarter, 13% reduction when compared 2022 to 2021, and 43% marketing reduction. This drop was not proportional to the investment. So, we have work to improve marketing campaigns, bringing more efficiency. And in the quarter 22, we have made more than 1 million requests.

And here the distribution of the services home renovation is the most relevant category in the platform. We have painters, electricians, and foremen. No one of these categories do not represent more than 5%. We have 500 categories represented in this pie chart. The second is tech support, 17%. Cell phones, refrigerator, technical assistance and 11% household services: nursery, gardener, drivers.

And the increase of client recurrence, leaving 48% 1Q21 growing constantly, and now we have 57% of clients requesting services this quarter. Clients that requested service before on the platform, in the past. And it is important to show on the next page that the app of the client is helping to improve those numbers.

And then we have been working over the last months on the improvement in the platform. Some of them are not so visual because we work in algorithms to find the best professional according to the client's request. And this is not visible and the client's app is something that you can check. We launched the new app, reformulated it from scratch, reprograming all the app, and now it is faster, easier, more intuitive and user friendly.

The client enters, he can choose the service by categories. An explanation on how to make a request. And here we have an example of an electrician. And in the end, the client sees the reviews of the professionals, the scores, recommendations and reviews some other clients. And the reviews that improve the user experience.

The client gets the best professionals, and the good professionals have this privilege of having more clients, better scores. And we have the assessment flow to increase the number of services that have a good assessment, a good evaluation, a good review. So, the client gives a star, giving three attributes, fair price or great service, and then we motivate the client to write a small review telling about their experience.

All these functionalities and features that I show we had before in the last years, but now they are improved. The user experience is improved with these features. So, we can really get the best match, client and professional, and with a better recurrence. Professional base doubled in the last years, we have 4,6 million professionals in our database.

And now I pass the floor to Lucas Arruda, Strategy Director. He is going to deep dive the numbers.

Lucas Arruda

Good morning, everybody. It is a great pleasure to be here. Edu mentioned we had a year of 2022 very challenging in the economic scenario. Also, the adjustment that we had in our business on the platform, especially highlighting the marketing reduction. That is one of the leverages of our growth. So we bring the evolution of gross revenue a reduction of 10% if we compare to 2022, 19%, if we compare with the 4Q last year.

We highlight that we have a reduction of 40% of marketing investment. The impact on revenue and other results are lower because we gain efficiency in the platform. We are going to explain more.

Very briefly the evolution, the main component is leads. Through leads the professionals can get the clients, they buy packages of currencies and use it to open up a request. We had a reduction of 18% compared to the 4Q and 8% the previous year. We understand that is a healthy movement, an evolution to the right direction.

Expiration represented 10%, now 8% of total revenue 2022, reduction of 31% compared to the previous year, we understand that as an improvement of the health of the platform with higher engagement of professionals. They are using the platform more, not expiring their credits. It is a positive movement, the user is happier with the platform.

And also partnerships, contribution beyond their revenue, bringing visibility, bringing more clients and professionals, lowering the acquisition cost. A point that we mentioned previously, but now we are going to highlight, when we talk about improving the monetization, the profitability. We have a lower volume of requests, but the revenue that is not dropping in marketing.

And how does it happens? One of the main factors is this monetization of requests, that is the amount of revenue divided by requests is growing year after year, a growth of 14% in the end of 2021. This growth could be a decrease of the lead, than the amount of leads per request, higher volume of leads per request. More professionals that are interested in that request and the lead value that we adjust considering the best combination on categories, region, is an ongoing effort on prices that we have on our end.

So we have joint efforts throughout time and we see positive results and this evolution helping us to mitigate some of the effects on the platform.

Talking about net revenue, a drop of 9% in the year, consolidated, 12% if you compare quarters, is the same evolution that we see in gross revenue, as margin was stable. We talk about 90% of margin according to some reclassification, but it does not impact the result. Is just a change in the line.

We had a very challenging year, but although this scenario, the improvement in the platform, made us not to suffer so much in our revenue.

And here we see our main line of expenses, commercial and marketing. We had a reduction of 43% compared year after year, and also 43% reduction on quarter vs. quarter. In 2021 the investments accelerated, investing high to build a professional basis, doubling the size that year. In 2022 we have adjusted the strategy, refining these investments, seeking higher focus and better margins.

Return on the expenses and this is a combination of categories, regions, seeking for the best campaigns, the ones that give us more return. And the level of investment that we have today, if you compare to the current revenues, are healthier for the development of our business, in the search for greater profitability combined with sustainable growth.

Let's see the evolution. We also had unbalances but we have corrected this. Observing the evolution quarter after quarter, the accelerated investments in 2Q21. We are slowing down these quarter after quarter, 2022, we are at a different level, underneath R$10 million per quarter. We adjusted in the 4Q less than R$7 million. We understand that this level matches the size of their revenue. And we are going to optimize this.

So when we compare the combination of these two aspects, gross profit and marketing investments, we have this margin. Gross profit minus marketing expenses with accelerated revenue growth that year, leveraging their revenue. But that is a negative balance. We see the 2Q and 3Q negative balance. But if we calculate the year, we still have a negative balance. We spent more without a positive return.

So since last year, 21 and all the year 22, we calibrated and that is a reduction on marketing investments. So we can get better margins if we see 4Q21, 1Q22, we are still favorable about the investments of 2022, especially in professionals, bringing a distanced effect in time favoring the reduction with a better result. We believe that if we see the 3Q and the 4Q of 2022, it just shows the evolution of market efficiency on a healthier level and having a positive balance.

So this ratio, this level of investments we are going to take to the following quarters, bringing a positive return to the Company.

General and administrative expenses. In 2022, we had an increase of 39% compared to 2021. Non-recurring effects like hiring a strategic consultancy and stock option plan. These are accounting factors, but we did not use this option. If we discount these two factors, the growth was 19%. This is the film of the year. But if we see the snapshot 4Q, we are aligned to the end of 2021.

We had this exercise on efficiency showing our 4Q in the same level of 21. So we have an increase of 1%. The main changes for the payroll, hiring a strategic consulting Company and stock option plan.

And here we see the evolution of total employees. GetNinjas had a big growth in 2022, reaching the 1Q with 255 employees. And we are just optimizing, finishing the year with 194, a reduction of 44 employees at the end of 21.

Even though we keep on focusing the employees on technology and products, these are core areas. We continue to be rigorous with hiring and replacing positions. These areas represent 40% of the employees, a higher ratio than the previous year. But these are priority areas and we keep on investing and we have development. We have know-how building and developing the Company.

We are going to be rigorous with hiring and replacing positions, reflecting a more eagerness in cost management without compromising the day to day operations. The payroll grew but it is the film of the year and is consolidated. So we have a lean payroll for 2023 to keep this level that we have achieved in the 4Q. And we are going to see their results based on the payroll in the following quarters.

And here we see the adjusted EBITDA. Adjusting the stock option, nonrecurring expenses, the consulting hiring, the 1Q and 2Q, but they are closed now. We can see that the adjustment in the EBITDA in the 4Q, it is just for the stock option plan. We had an EBITDA of 48,8 million in the year of 2021. And 34,5 in 22, representing an improvement of 29%, negative EBITDA is decreasing, decreasing the impact we had. This improvement was even higher in the 4Q showing a positive speed in the right direction, leaving 10,4, reaching 7,1.

I would like to pass the floor to Cynthia to talk more about the net loss and the cash.

Cynthia Hobbs

Thank you, Lucas. We are on page 24. The result, If we see the final line that is an improvement, a meaningful improvement, 90%. We left a position that was lost 6,9, the 4Q21 to a breakeven in the 4Q22.

The financial result on the 4Q22 was 8,8 million, an improvement of 3 million if we compare 5,7, our results in the 4Q21. And this is half of the improvement in reducing losses. So we had lots of improvement in operation and process of the Company ensuring better profitability in this period of time.

The reduction of marketing expenses and a higher monetization of requests were the main drivers of better results on the 4Q22.

Slide 25 now. We see the evolution of net loss quarter after quarter since 2020. In 2020 we reached the breakeven in some quarters with a lower scale than the current one. And now we are back to these levels closer to a breakeven. We are very optimistic about the future and the reliability of the business.

In 2021 we invested a lot, as Lucas commented, doubling our professional database bringing a higher volume of requests compatible with this growth of professionals on the platform. This accelerated growth has brought higher market investment impacting the results, and we clearly see in the results of the 2Q21 and 3Q21.

2022, more financial discipline, improving margins. And we can see this being the reduction of losses throughout the quarters. We have a positive trend with the loss, as I commented, close to a breakeven in the final quarter of 2022. And we are optimistic that we are going to have profitability even higher for 2023.

Page 26. We compare quarter after quarter right after the IPO and the final quarter of 2022. And I believe that we can clearly see two stages. Stage one, that we have IPO restructuring the Company after the IPO. We put up a team with new roles, new demands, regulatory demands. And high investment in marketing to build a solid base of professionals and clients.

If we see phase two, this phase we have a higher consolidation of processes, structures and teams. We focus more on better efficiency, and we also have a financial discipline to improve the profitability of the investment, especially on marketing. And then reducing the cash burn in 53% from 36 million in 2021 to 17 million if you observe the last four quarters.

And it is important to highlight that we do not have debt in our balance. We do not have liabilities to endanger this cash position. And our operational model has a positive cash flow. Considering the professionals need to buy and pay for the coins before they can use it to buy leads. We recognize revenue right there.

And then we conclude the result presentation. And we are going to open up the floor for Q&A session.

Q&A.

Antonio Coury (via webcast):

What would be the dilution of the stock option plan, if all options were exercised?

Eduardo L'Hotellier:

Our stock option plan has a dilution limit of 5%. The option that we grant is practically a RSU because of technical conditions it is an option that is strike price one cent. The exact number is going to be a reference.

Antonio Coury (via webcast):

What is the cash coming from the coin sales to professionals?

Eduardo L'Hotellier:

I do not know if I understand directly this question. Stepping back, we recognize our revenue when the coins are used. The professional buys a package of coins, R$100, R$20, depending on the category and region. And when they use the coins we recognize their revenue. We have R$3,7 million in purchases that are part of our cash but not used by the professionals yet. They are an obligation, a liability that we have with our professionals.

Matheus Loan (via webcast):

Good morning. Even with the marketing expenses drop compared to 2021, the expenses just dropped 9 million. Why are the expenses dropping so slowly even if you decrease the staff? Also, how the recovery plan of Americanas is impacting the profitability of your financial investments? Do you intend to change the focus of your investment?

Eduardo L'Hotellier:

We hired after the IPO in 2021, so when we see general expenses of 2021, we do not have the full year. We started with less employees, junior employees and throughout 21 and 22 we get the board of directors, senior developers, and hiring for other positions. That is why when we compare the year is not the best snapshot but when we compare quarters there are two quarters with the same expenses, 1% higher in 4Q22 compared to 21.

And then even with the same staff we had an increase in companies in Brazil. You have high inflation, and collective bargaining. In the payroll you have also changes of the profiling of professionals that you hire. But aligned, I believe in general, the Company's getting more senior, more evolved and keeping the cost.

And there are some of these expenses that we show that came from the staff reduction. And it does not get back immediately proportional to the number of people.

Cynthia Hobbs:

The second question of Matheus Loan about the reorganization of Americanas impacting the profitability and the fixed income. Matheus, it is important to highlight that it is part of the cash invested in fixed income, and we had the impact on the profitability in January and February.

But we did not have losses, we were running up to December above CDI, our cash was with a profitability of 110 or more, and January and February run underneath the CDI. And we are assessing occasionally our reduction of our exposure to corporate credit this year, it is not a decision that was taken, but we have this objective on profitability with lower risk. The lowest possible risk for the Company is investment.

Eduardo L'Hotellier:

On top of Cynthia's comment, all our investment through funds that are relevant to the market. We do not have any operation using Treasury internally, everything is through funds. And one of the funds had some part of corporate credit, two funds with the higher exposure lowering the average of profitability.

But our focus, our daily activities, is to manage the Company. We outsource this management on funds. We do not have internal operations on purchase and selling of debentures or stocks.

Marcelo Santos (via webcast):

What is the perspective of growth for 2023? And what about the cash burn for the year 2023?

Eduardo L'Hotellier:

Marcelo, we do not give guidance for 2023, but we believe that we are going grow. There was a big reduction in marketing investment in 2022. This marketing investment is aligned according to the optimization we had in 2022. That is why we have this trend of the Company to get back to growth.

And the behavior of cash burn for 2023. We understand that the market is hard and challenging, and to keep this relevant cash position is very important to the Company. Our objective as manager is to decrease this cash burning in 23 when compared to 22. Not only financial profitability, but also operational burn. Do not burn as much, bring better EBITDA, so it does not matter the interest rate and the profitability scenario, we are having a lower burn in 23 compared to 22.

Samuel Magalhães (via webcast):

As an investor, it is clear to me that the best capital allocation is rebuying the stocks. What is missing to have a repurchase program?

Eduardo L'Hotellier:

Excellent question. In order to repurchase stocks, you need to have a "profit reserve", it is a line in the balance. And the money that we kept during the IPO, the cash that we have, is not in this balance line. So technically we did not have the permit to repurchase the stocks.

And of course, this topic is very complex, that may change the understanding of the regulator, but at this point we do not have this permit. Not yet.

Jessica Mehler (via webcast):

Do you see room for more marketing reduction in 23? Is there any other line of cost expenses that might be reduced?

Eduardo L'Hotellier:

Good question, Jessica. We see more room in optimizing the investment in marketing than in reducing it. What I mean is every real invested in marketing, more than R$1 we are getting in return other than reducing the amount of investment.

Is there any other line of cost expenses that might be reduced? Constantly we observe and reassess our contracts to seek for reductions. But we are not going to announce any reduction now.

Vanderlei Kingeski (via webcast):

With the close breakeven and possible tax profit, why do you not register for deferred taxes?

Cynthia Hobbs:

We assess this possibility of having deferred taxes. We have been discussing with the auditors. There are some triggers that we do not fulfill. And we are assessing the possibility of 23 to get back and have this kind of register.

One of the demands is about the temporary tax differences that do not reach this level, the possibility of having profit in three years. There are some demands, we are assessing them all. This is in our radar. Possibly for 2023 we can talk about it.

Roniclever Ribeiro (via webcast):

Does the Company have an estimate of operational breakeven? I do not believe that operational expenses and marketing are not compatible with this level of income. Is there a guidance for revenue in 2023?

Eduardo L'Hotellier:

Our technology and product team, they are the team that is improving the platform for clients and professionals.

Our thesis has always been that we need this investment to improve the app. So we can hire services in a straightforward way, both ends, and increase the currency and the results improve.

So we show year after year, 21 and 22, a reduction of 43% of marketing expenses and just 10% of their revenue in our work that we had in 21 and 22 improve the app and improved the conversion funnels, the marketing campaigns improvement and if we kept on having improvement we are going to improve more and more this ratio of revenue and operational expenses and marketing investment.

So, yes, it is a pain that we are managing this year and we are going to keep on improving for the following years.

And the second question, if there is a guideline for revenue in 2022, we do not have a guidance for revenue for this year.

Samuel Magalhães (via webcast):

I recognize the reduction on expenses, but it is not clear to me the avenues of growth considering that the focus seems to be marketing reduction and other expenses and not new investments.

Eduardo L'Hotellier:

Samuel, I believe that I mentioned in the above questions. Just to clarify, 40% of our team is technology and product team. So the teams that are seeking to improve their platform. And in these new investments that we are having this services, markets 800 billion to 1 trillion it is very hard to estimate accuracy because everything is so informal.

GetNinjas GMV is ~R$1,5 billion a year. This is an estimated number because the service provision is between the parties. It does not matter how we calculate. We had 0,1, 0,2, 0,X of the market in services, a very low penetration. And our growth will come from a higher use of professionals and clients of our service platform. As a way to solve their daily problems.

I normally say that services is equivalent to e-commerce 99 and 2000. There is room for improvement on usability, and some ways how to trade. But it is clear to me that people will hire services using the app, digital platforms, and chatbot. The media varies according to the evolution of technology, but people will hire services digitally as they buy on e-commerce.

We need investment for that, and this investment should be calibrated according to the economic scenario, interest rate, and the Company's results. We had a perspective of more investments in the time of IPO. So we decreased these investments, but we are still investing on growth based on the investments that we have been doing with technology and also marketing because we are not so known if we see the potential of this market.

And we are still the biggest platform of services in Brazil and Latin America. There is room for growth. And we are going to unveil this growth. I hope that we are going to gain this market share.

And just extending the answer, the market is harsh. Of course, these advantages are short term. But this helps or prevents other companies from launching platforms in our market. We had an

IPO, if we had e-commerce. They also invest in services but these rumors decreased throughout the years. And I believe they have other concerns, interest rate, Chinese platforms coming into this market.

So this leaves us more room, not so much competition so we can build our platform.

Roniclever Ribeiro (via webcast):

Is there an alternative to use the cash to repurchase stocks?

Eduardo L'Hotellier:

We have answered this above. Roniclever highlights that the Company is assessing 40% of the cash value. The Company is negotiating underneath the cash value but we do not have a permit to repurchase these stocks.

Operator:

The Q&A session is closed. We would like to pass the microphone to Eduardo for his final considerations of the Company.

Eduardo L'Hotellier:

Today we had lots of questions in the call. Questions about cash burn, cash position. And I believe that, these are the great concerns of the stockholders. And is our greatest concern is that we will be working on it in the following quarters.

I would like to thank you so much. The team of GetNinjas working amazingly in 22, keep on working amazingly in 23. Thank you so much and see you next time, in other presentations. A hug to you all.

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