

**Bernardo Lustosa:** [...] First of all, it's Alexandre Mãe, our CFO, it's a job that we wanted to fill for a long time and we bring him on board with a lot of experience in various areas, he's been through Ambev, through Totvs, he's worked for Pátria and he's experience, he's a great deal of experience in M&As, dozens of M&As done, nobody better than us to talk about that. So, I'm first of all, I'm going to pass the word over to him to present himself.

**Alexandre Mafra:** Thank you very much for the invitation. I'm very happy to participate here joining the team here with you. ClearSale is a moment of expansion which is very, very fundamental for this business, I bring the experience of 25 years in companies like Ambev, Totvs, Pátria and I come with the objective of strengthening our strategy of investment and efficiency and I'll dedicate myself so that ClearSale can continue to have a huge success story.

And I'm going to pass it back over to Bernardo, who will start the presentation.

**Bernardo Lustosa:** Talking about our reinforcement, Maria Isabel, director of legal and governance, the first statutory director of ClearSale, she's a great deal of experience in Vale and Airbus, in substitution of Mauro Back, our partner who leaves the company after 10 years with us, we just want to send him special thanks, we have Gonzalo Pascual, who finally will complete our commercial structure in Latin America, which the principal avenue for growth in our international area, as we have been saying in several last meetings, he has a passage through Dell, Google, companies of technology and a company in our sector, which is Shopify, so he has everything to set up a winning structure that will wind up which we lost time last year and now we're finally completing the team, he's already at work and we're very confident in this conquest of the market going forward, Latin American marking forward.

And then we have André Futuro, our head of acceleration, we have partnerships and inheritances, he's also been through Thales and Tivit and through Valeti and also as the mission of accelerating this avenue which has so much potential for ClearSale and is he has an eye in opportunities, new opportunities as well.

In terms of people, diversity, and culture, we continue among the best in Brazil in the humanization research and best place to work, in employer branding we had an award from Fúria, which is an online game, most famous in Brazil, several materials about us in the media. In terms of women in leadership, we won the award woman in tech promoting several panels on that subject, we have the tech manifesto for inclusion of people in the digital world and technology, and also, we have the inclusion program internally with Beta Learning companies developing software, which begun being connected with the universities, also formation of technology, programming, etc.

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Remembering that we are always very concerned in focusing on growth, which will always involve the development of software and artificial intelligence.

In the evolution of our products, which were principle destinies of our proceeds, we have the Data Trust where we have a new furniture, a new supplier of liveness, best in class in the market, we also have our first client in our Know your Customer area, which is background check, so we have one more component for the Data Trust in production.

In e-commerce we continue doing the biometry for store pickups and swaps, these e-commerce processes are safer and safer and more and more desirable as well. We also have an area logged in for clients which is called MyClear where he can pick up his billing, consult his results, etc., also done by Beta Learning. We also have Mercado Livre in production as we announced in our last quarter, it's in production with ClearSale products already in use, anti-fraud, and e-commerce and ThreatX, which is the innovation area and business trust. We also have the flow project which is a reconstruction of the architecture and technology of processing which increased from 6,500 orders per minute to 20,000 orders per minute, this also in the cloud with much more velocity and lower cost of processing.

We also have a war room for the control of indicators, as you see in the last results we have missed out on some revenues to penalties and these indicators once they're stabilized, we will have a success fee, however this comes with time, it takes a while to happen. This war room has been stalled since the beginning of the year and we have projects of improvements and efficiency and automation, the rollout of two-factor authentication by WhatsApp, biometry, e-commerce as well and the maximization of the use of our base for the network effect, all of this will generate efficiency, automatic approval and lower costs for human analysis.

Other efficiency products such as the use of dialer Avaya to generate more productivity and optimizations of our cloud. We had a big conquest which was to migrate from a physical data center to 100% to the cloud and which is now part of our... which will generate gross margins overtime.

In our conversation with investors which we had recently, we see that it's very important to remind the concept of recurring income. We're not a company of software as a service, pure software as a service, we're software as a service like; we can use the diverse indicators of software as a service, we have to understand now it is composed the annual revenue of ClearSale.

So, we closed December with a recurring monthly revenue which is represented by this bar here. If I multiply it times 12, I would have my recurring annual income, so if the clients who are with me continue with me, with the same amount of consultations for 12 months that's how much I would have in the next year. however, this suffers from various factors which can make this revenue at the end of the year be higher or lower than this 12-month projection because I got churn, I may have renegotiation of prices which influences this total revenue of the year down and/or up, we have to have the replacement of inflation, recovery

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of inflation, increases, we could have frauds or success fees which increase or diminish that and we have one part which the number of consultations for ClearSale which is not able to control. I can't for instance ask the consumer to order a credit card, this is done by consultation, I can't help him make an e-commerce purchase, I can't make a consumer open a bank account or a digital account or fintech services, etc., this makes our revenue go up or down.

In any event, beyond that we have our new sales, the MRR which I will add over the year ends in December and then next year if everything continues constant the number of consultations, etc., we would have 12 times that MRR by December level. However, the revenue base accumulates, all of this is subject to the same factors, those which we have strong influence over, in churn, in renegotiation of prices and new sales and others which do not [unintelligible - sound breakage] systemic factors, which depend on what the consumer is up to and the intensity with which he's doing it, online purchases, proposals, credit propositions, etc., then we add more new sales and this cycle perpetrates.

This part here below is what we call our net dollar retention, it's always been positive for ClearSale,, but what happened this year is that it's partly positive and partly flat, which made this year a little bit more difficult, the most difficult part of these results, however we know that Brazilian market which goes up and down and have different years going forward, different numbers going forward due to different factors.

So, let's go to the economic picture. Overall, we have several systemic factors, our revenue and our base, let's say as an example, our biggest contingency is the orders of e-commerce, we are in a quarter which is totally non pandemic compared with the quarter of 21 which was the peak of the pandemic, so many people that purchased online at that time started to buy online due to lockdown, part came back to the physical retail and part stayed online. This is a huge unknown factor, so we didn't know if e-commerce would continue to grow or if it would suffer a fall back, so we see some stagnation in of orders, in number of orders on e-commerce.

Beyond that, digitalization has also brought us... we have a systemic risk of fraud, so we set up a war room with the best specialists in ClearSale, which is almost the same as best in Brazil, to control these indicators, there are new cards coming in, new factors coming out, but we're on top of it. So, we have a lot of impact. If that wasn't enough, these dysthymic differences, the discretionary consumption where you have unemployment recovery in K after the pandemic generating more social inequality, inflation in basic costs, such as food, gasoline, diesel, which impacts all of these again, and there's very little money left over for the consumer for discretionary purchase, added to that we have the part of interest and nonpayment, lack of payments that makes it difficult to have access to credit, and also the question of credit cards which is a large part of our revenue in e-commerce is originated by people who use credit cards. All of this together has run a few highlights in our first quarter.

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Our net revenue grew quarter on quarter 8%. If I hadn't had the loss due to fraud and penalties, which are normal, I could have captured 13% of growth, it's a discrete growth for the quarter due to all of the different factors which I just explained.

On boarding, since we had a lot of revenue, recurring monthly revenue last year and we have now been captured in the... so that has grown by 34 million, 35% year on year, the e-commerce revenue we lost 5% in relation to last year. however, if I hadn't had these penalties, above normal penalties, it would have captured 5 and that's why we had this project in the war room to stabilize these losses and win that battle.

The revenue of international e-commerce grew by 14%,, but in dollars it grew by 20, and then subject to the same problems at post pandemic questions compared to the peak of the pandemic with this growth in the first quarter and knowing the volatility of the Brazilian market and how it tends to have good moments and bad moments, we've adopted a posture which is more austere and have not hold back growing our expenses previously to be prepared ClearSale more properly for growth. So, less than 4% in relation to last quarter, investing more and more going forward exactly in case we have a continuation of slower growth with a more prolonged period. If this scenario changes, we will be able to increase our long-term investments, which is our original proposal.

Our annual recurring revenue, what we added, our new sales in the first quarter have already had for next year R\$27.6 million, which is an increase of 5% above the last quarter of 21. Our annualized churn is doing better in this first quarter, it's an improvement, we only lost 0.7% of our base revenue, in annualized terms compared to 2021 was 2.1% in the first quarter, and we continue to grow our commercial area and it continues with indicators of lifetime value divided by cost of acquisition that are healthy. Of course, when you grow your sales force there's a ramp-up for maturity, so this indicator tends to fall as the team gets trained and gets engaged and we hope to recover these, but while it's healthy we have no reason to decelerate the company since we're always focused on long-term growth.

Talking about net revenue in he-commerce in terms of realized, we've gone down 4.5% impacted by penalties and discounts of chargebacks and returns which were guarantees which were above the historical levels of ClearSale in the year in which we're operating. We could be growing 4.8% in e-commerce, onboarding went from 25 million in the first quarter to 33 million in the first quarter of 22, the growth of 34.5%, and in international we have suffered these adjustments on the post pandemic effects. In dollar we grew 19% in dollars and in total we grew 7.6%, we had the potential to have captured 13.4%.

It's important to remember and reinforce here that prior to the growth of the onboarding comes from the number of new sales, which is had in 2020, so we capture all of this since the beginning of the quarter. So, this 34% wasn't the result of the sales from this year or the increase of the base revenue from new contracts and services and yes, a reflection of what we did last year. This incentives us to

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continue working on sales, strongly on sales this year, and we see we will receive the results of this in the following year. That's why we think it's important to recognize all this.

This slide here speaks a little bit about the potential for onboarding. Since the roadshow, so this was the potential for growth for ClearSale, it's a huge market, we talk about on boarding, talking about this solicitations for new credit cards online or offline credit accounts, CVC, personal loans, telecom, postpaid telecom services, direct sales, vehicle financing, all of this is in the cloud in Brazil and if we compare the breakdown of this with new sales with the breakdown from current revenue we have an ocean of where is the future of ClearSale.

If I have 32% of new income from onboarding today plus 66% of my sales comes from onboarding, this converges in the future with an onboarding perhaps being the new vertical at least until the international unit has a bigger ramp up than it has so far. The indicators of revenue here we have the part where ClearSale has the maximum influence. What can ClearSale do better? We can bring recurring revenue, increase our client base, and reduce our churn. So, we've grown our base of new sales, we have performance lower than the first quarter of last year, but these things are very occasioned by the closing of one large contract and on the other side compared to the last quarter of last year we grew by 5% with *destaque* for onboarding, which almost doubled. We had new sales multiplied by two, we increased by 40% our quantity of clients, the studies are how to better monetize this and take better vantage of this base, and in terms of churn, which is the biggest proposal of ClearSale, we are still below the indicator for this quarter, which was spectacularly low, 0.7% of churns annualized means that a client if we do the first account will stay with ClearSale theoretically for 143 years, and our indicators of lifetime value for the commercial things for hiring and firing and etc., we consider only five years of permanence with the company. So, we like to be conservative just to generate sustainable growth, long-term sustainable growth.

This year is what gives us tranquility, makes us comfortable because we know how to do what needs to be done even though we're in a moment when the base revenue, where we don't have much influence, is not performing well, it's a moment as we know here in Brazil as well as things like the winter can come and go at any moment. Talking about expenses, EBITDA, and margin, it's natural that when we invest to have long-term growth and be prepared for this growth, which helps us to grow at 86% and revenue due to the time doesn't come then we have negative EBITDA, which is not 100% based on cash consumption, but it is negative EBITDA on this quarter.

And on this side, the expenses and costs is being stabilized, which shows that we've already observed that the moment is difficult and we're decelerating, we're not going to stop to start restructuring the company to gain new clients, but we're working on EBITDA more appropriate to the current economic context. At this moment when the revenue doesn't come and things are negative, we've already mobilized in that direction, and we already included the collection of data, and we have a balancing plan. Even though the number are a little bit more discreet, we

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see the growth in margins, so this plan has several dimensions and all of them have clear responsibilities for those actions which we'll promote together with his team or with the entire company proactively and I'm going to give you a few examples, for example our commercial head is the owner of the part of new revenue from the base. So, what does he have to do this year for this moment Anticipation of revenue, upsell as much as possible, cross selling, make alliances area take off and focus on the excellent moment for onboarding, the revision of contracts to stop having penalties depending on the context because the risk has changed, capture the new market prices since the systemic risk has increased the demand the flow will grow and the cost of each fraud increases.

However, this also has more valuable, it's a cup that's half full, but it's a service that will be more and more in demand. Another project is the control of margin, when we have a mindset with the guys off of things that we took our eyes off of things that we're taking a look at again to accelerate productivity projects. Another example, this dialing system to the check the efficiency to authenticate more automatically with less human analysis via biometry and WhatsApp with this financial structure, and you have Mafra, we're going to have more performance success rate which will help us to operate more correctly in the right places, there is the performance of the clients through the realization of fraud even in this more difficult context which is not the first, not the second, not the fifth time that we've had problems with this, however there's a delay in the resolution of these questions and so then we'll be able to resolve right now.

There is the optimization of infrastructure because the current one is good and fast, but it's expensive, so we have projects which were not necessarily on the radar, the introduction of flow which is our new system of architecture for data processing gives us more velocity due to the new demands of the market, the revision of general expenses and administration and projects, which generate almost a new budget more in line with what we're seeing and internationally we also have its balancing band, remembering that we still believe and now that it's structured and we expect this to grow.

So, talking about cash, we had a reduction of more than 100 million of cash from the fourth quarter to the first quarter, but of this 100 million, 100 million were acquisitions, 21 million were intangible, investments in development of new features which will generate new revenue in the future, they will become MRR, ARR and all of this we will be receiving the fruit of these investments done in the past. We have 13 million of mobilized and with amortization of debt we have 13 million of results, and the results which is which positive will not generate any additional expense even though we had an EBITDA of... and in fact we only spent operationally 21 million in investments, so we had a total of approximately 550 million.

As a final message first of all I make it very clear that were not satisfied with this first quarter, negative EBITDA, low growth, we have things that explain that, but it's not something that makes us happy. On the other hand, this same conjunction brings us positive things as well in relation to what we see of the future, the increase of systemic risk at the same time that it makes our base revenue be

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compressed by discounts and fraud, etc., it also makes ClearSale becoming more and more necessary. If the clients had lost their confidence in ClearSale, we would have impacts on churn. However, our churn is still lower than last year and it reinforces the aggregate value that ClearSale has, the added value that ClearSale has, as the systemic risk shows, the growth it shows the need to have more and more the need to work with specialists, so we make tests in the past with prospects, it always showed an increase in the amount of approvals and a reduction in the number of frauds when they work with ClearSale, which demonstrates that this is an opportunity.

We'd also like to mention that we have a track record, we grow every year consecutively since 2007 and with generation of cash. So, we're building this track record and now as a listed company, now with more and more sharing of results as you see in the future. We have capacity to react, we we've been through fraud crisis before, we've had crisis of costs and expenses which we resolved, we've already been through a year when I took over the company when the EBITDA was about 15 million, we closed with 45 million positive within the year and at the same way when I felt that the IPO was going to come out I moved, I changed the direction for a high growth and accelerated in detriment to margin, we also found a way to move to pullback that need a little bit to a more balanced level and we're going to seek sustainability to be more austere in the construction of ClearSale of the future, but without taking advantage of the opportunities for growth. We have lots of opportunities for growth and the company wants to take advantage of this difficult phase, especially in the onboarding of application and to gain market share and then exchanging our B2B suppliers it becomes difficult later. So, we'll add those to our base.

So, one bad quarter or one bad moment it wouldn't be reasonable to think about deaccelerating the company above the level that we already have, and our commercial indicators LTV to CAC shows that we have a capacity for growth which is healthy with a relatively fast payback, but since to sell if we only invest in sales, I have to invest in after the sale and pre-sale and customer service and in delivery, it is if as it was working capital, the cost comes up front and the results come later, we know that the results are coming later.

So, with all of that we close this quarter which we're not happy with, but with the operational indicators and everything that we control in-house under control, performing well, the rate of churn, which is the most important, vote of confidence doing very well and a capacity for long-term sustainable growth which has always been our goal totally viable.

So, with that I want to thank you all for your attention.

## Question and Answer Session

**Operator:** Thank you for the presentation. We're not going to start our question answers... [inaudible - no sound for a moment] [...]so we can identify here, OK? Click on your Q&A button and if you have a question, please send your name and the name of your company so that we can identify here in my cellphone and pass

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along to our executives, OK? We already have several questions here from Ernestor, of Bank of America who says: "My first question is about can you tell me how the investments would help you to have stronger growth of revenue and detail your expectations for growth for each segment in Brazil and international operation as well?"

**Bernardo Lustosa:** [I'm sorry, we're not getting any audio] ... I'm sorry, it seems that we had a little problem with our audio, thank you for the question, Ernesto. There is a series of things that these investments will bring to us in the future, many of them we've been speaking about since the roadshow, since the IPO, some things that sustain us, these investments, a good part of them, for the developers to accelerate our road map of products, we have the vision to have an onboarding process and applications, more frictionless process in the market, we want to promote invisible authentication, this is not possible to be authenticated without knowing that you're being authenticated, but with this possible less friction only maybe just sending an SMS which we know works, no one will know, it's already under construction with all of this investment, all of the modules necessary for the onboarding product. For example, biometry, we want integrating with the best supplier in the market, *documentoscopia*, we have a client in production already, so the construction of these components is a basic pillar of the investments that we're doing.

And it's important to remember that a good part of these investments accounting wise are discounted as expenses, so when you see this compresses our gross margin and so forth, part of that is investment for the future and with that we accelerate our revenue with onboarding, we have another avenue, a subsector which we invested in quite a bit, which is giving results above the expected results which is the avenue of credit. We have a credit score operation based on digital consumers, clear this is the company that best knows digital consumers in Brazil, and the more we know these consumers the more transactions enter into ClearSale, the bigger the possibility of having the accuracy of this data.

So, I wanted to say that it also is worth it and with that I demonstrate that these are things that are not worth decelerating. However, we compressed indicators and it looks like that the company is not heading in the right direction, but not necessarily so.

I just wanted to mention that investment is not only for the generation of future revenue. Beyond that, I'm sorry, I didn't mention, but we have an investment which we're making in international revenue, ClearSale is one of the very few companies that resolves fraud in very risky countries, such as Brazil and Mexico, so we continue with more structuring, betting on these markets and also in our area of operational innovation which already has two products in scale up, one is the anti-phishing, which is being sold to large brands, such as Mercado Livre itself and the other one is business trust, which is one company frauds another company, when a seller goes into a marketplace and it doesn't even exist, he's in there only to promote a fraud. All of this is an investment which starts to generate revenue, but it's still difficult.



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I want to remember that not only with the growth of revenue do we make investment, a good partner of our investment is to gain efficiency, gain gross margin in the future. How all this works is cash flow, you spend upfront, you develop a process or component, create an environment, a scalable environment IT and then afterwards the gains come, the revenue comes. As I said, we're preparing for the future and the returns will come in the most varied ways possible.

**Operator:** Following along with our questions: "In relation to the costs and with the EBITDA coming back to the two digits, how do you plan to arrive the numbers of 40%, the combination of growth between margin and EBITDA that you're expecting?"

**Bernardo Lustosa:** As far as this question, I think the word here are two words: sustainability and austerity. The incentives of our executives and professionals are based on the rule of 40 in Brazil because we understand ClearSale is a company that knew how to grow and generated cash, knew how to generate other initiative and generated cash and invest in other companies which would generate cash in the future. So, ClearSale Brazil is the finance here and it has a healthy rule of 40.

Here it's not sure if we're going to reach it or not, reach it in the fourth quarter, we're not sure, we're not giving any guidance in this moment about that, but when we see the growth being... we have a balancing plan and a deceleration of the costs and expenses in relation to the last quarter, and so there were concern with austerity and we're going to focus always on the sustainability of our long-term growth.

**Alexandre Mafra:** Also, just to add – this is Alexandre Mafra speaking, it's really good to be here with you today –, our principal agenda in ClearSale is the balancing plan. This alignment of the pace of growth and in margin and seeking better efficiency in the company is today our principal agenda and our principal focus.

**Operator:** A question from Santander, he says: "Can you explain to me a little bit about the increase in the rates of fraud? What has changed in relation to previous years in the rates of fraud?"

**Bernardo Lustosa:** First of all, we had together with the pandemic a digitalization of the economy, we've never sold much online, never purchased so much online. Allied with that many closed stores developed salespeople who were middlemen, intermediaries, they started to offer products via WhatsApp to clients, through their sales force which were stopped during the lockdown, and this is always a risk when you insert an intermediary it always increases the possibility of fraud and many people during the lockdown also learned how to digitalize the crime as well. Crime that was done on the street started to be done online through frauds and now that we have a stabilization of the number of orders, however a growth in the amount of fraud, this is just... and there's a lot of new things happening, people being drawn in to how to get around these anti-fraud effects all this being

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studied by a team of specialists, the best in ClearSale's team, this perhaps are the best special anti-fraud specialists operating in Brazil at the moment working on this problem.

**Operator:** Very well, we have a question from Carlos: "What made your gross costs go up year on year? Do you see this pressure in the next quarters or is it the next quarters? How should I model that and how would you apply your cash? And talk about the pipeline of acquisitions."

**Bernardo Lustosa:** Thank you for the question. As far as costs, as I said, accounting wise much of this cost in reality are developers who are building the future of ClearSale, building new components, new products for efficiency. However, the accounting principles does not allow us to put it all as Capex, so this messes up a little bit the increase of our costs. Many of these costs from the point of view of the way of thinking should be classified as investments in the future, however there's part that has to be classified as costs.

We initiated with the balancing plan, the austerity plan as you saw at the beginning the presentation, we started the austerity project, we stabilized our costs and expenses, but we also are not going to make cuts or decelerate the company because we know that there's a future for this company because the run of after market share in several segments in which we operate. So, yes, the costs should not continue to grow at this same rate, however we will grow, but due to this balancing plan. However, but again we're not going to make cuts that threatens our sustainable growth which is what we've always been promising to do.

As far as applying our cash, the use of our cash, beyond the investment in acceleration of new products, which was always part of the proceeds which we suggested during the roadshow, we also have opportunities for acquisitions connected with open innovation, small companies, opportunities of acquisition, but since they're not yet decided, I'm not going to be commenting here today. As soon as we have more information, than we can make a disclosure to the market.

**Alexandre Mafra:** Just to add, is divided by long-term and medium-term. These will be the last things that the company looks at. There is a raise, we have a large capacity of growth, we are in a special moment where we're going to use our cash in the best possible way to capture all of the opportunities that we see, it's a good opportunity that we see before us.

**Operator:** Flávio Cardoso, he says: "The M&As are happening with lower multiples. Since you have cash, do you think this is an opportunity to take advantage of these lower multiples?"

**Bernardo Lustosa:** Thank you for the question, Flávio. Yes, there are some news going around that. Finally, the private technology companies are company in the multiples of the public held companies, but the truth is that this is not yet happened to 100%, not yet happened to 100%, so making acquisitions at higher multiples rather than what ClearSale is being sold might not be interesting at this

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moment unless it's part of a thesis of an opportunity, etc. However, my opinion, that these multiples will fall more due to the interest rates in Brazil, global interest rates, and people are pulling more money out of private equity funds and going to tech funds and allocated for fixed income and so forth, and these technology companies are programmed to generate cash from here five years up to discount at a current interest rate, so these companies are not worth anything.

So, yes, they tend to lose in their valuations and for me there is cash, we have a healthy cash with an opportunity to not burn that cash, save it for opportunities in the future as long as we have a very well-defined strategy of acquisitions. And it seems like it's obvious, [unintelligible] that went on it just repeat the obvious, but we see this intensity, we think this tendency will continue in the future and having a good cash will help us take advantage of these good opportunities that show up.

**Alexandre Mafra:** The lack of liquidity in the market means that the companies start to seek strategic companies and we understand that we have to look at strategic partnerships with the cash that we have on hand, we're able to look at opportunities, whatever possible, and most advantage terms.

**Operator:** Thank you. Following have a question from Maximilian, and also, he doesn't mention... "What the Capex plan for the next quarters? Do you expect to be profitable in the next few quarters?"

**Bernardo Lustosa:** The tendency we believe unless the market gets worse than it is, we believe in a recovery both in EBITDA as well as... it's difficult to say the internal alignments, we're not opening how much we think we're going to earn and at what level, but the expectation is for improvements, and look at the bottom line at the minimum point of where we are now.

**Operator:** So, we have one last question... OK, now we can close.

Please, if you have any questions, please send it to [ri@clearsale](mailto:ri@clearsale) and our team is always at your service to answer. Thank you. Now we're closing our conference, thank you all and have a good day. We wish you all a good day. Thank you.