Nuvini Group Limited

Investor Webinar

May 9, 2025

CORPORATE PARTICIPANTS

Pierre Schurmann, *Chief Executive Officer*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Nuvini Group Limited Investor Webinar.

A slide presentation is accompanying today's webcast, and there will be an opportunity for you to ask questions at the end of today's presentation.

Please note that today's webinar is being recorded. As a reminder, all participants will be in a listen-only mode.

I would now like to turn the call over to Mr. Pierre Schurmann, Founder and CEO. Sir, please go ahead.

Pierre Schurmann

Thank you. Good morning, everyone, and welcome.

Thank you for joining us in Nuvini Group's first investor seminar. Before we begin, I must remind everyone that the call will include forward-looking statements and that these statements are based on current expectations and assumptions and involve risks and uncertainty that could cause results to differ materially.

We undertake an obligation to update these statements, so please refer to our filings with the SEC for more information.

Great to have you all here with us today, and we will go through a presentation.

Before I start the presentation, I'd like to, since it's our first call, and many of you don't know me and don't know of our history, I would like to share a little bit of my personal history to give you some context.

I started back in 1996 as an interpreter, founded a web search engine in Brazil, which ended up being the second largest search engine in Brazil. I was lucky in my first startup, sold it to a US-listed company, and from there, I founded a few other companies.

Most recently, prior to founding Nuvini, I founded Bossanova Investments, which now is called Bossa Invest, back in 2012, focused on investing in SaaS B2B companies in Brazil.

During my tenure there as a managing partner, I made over 900 investments that have resulted in over 100 exits. I had the opportunity of both being an operator and an investor in Brazil.

Bossanova is still very active - if you look up Pitchbook, Bossanova is still one of the top 20 most active VCs in the world outside of the United States.

With that in mind, let's start our presentation.

What is Nuvini?

The thesis that we're following at Nuvini, and that we're going after, is a thesis that's been actually applied and worked very well in other markets for over 20 years, and sometimes in some other places.

Companies like Constellation Software, Vitech, and Roper have been serial acquirers. What we do is acquire multi-sector SaaS businesses that are growing, are profitable, and we do that in a way that we believe adds value to everyone involved.

Our focus is initially leading SaaS businesses. I'll give you some examples shortly.

We're established business models, so they're not startups, they're far later in their stage, profitable, generating cash flow, and they have still significant growth potential.

We're different because we're accessing companies that are too small for private equity to buy or to go public, especially in Brazil, and are able to do that in a very interesting market in a very different way.

Our investment thesis, having been an investor in Bossanova in the past, is very clear. We see that there's a sizable total addressable market and very fragmented in SaaS in Brazil and Latin America.

We have positioned Nuvini as an M&A platform in this segment with very interesting and efficient capital allocation capability. Our multi vertical portfolio already is performing well and allows us to diversify risk.

Our management team has been - and we have the same team, core team today since basically since we founded Nuvini - we've been able to both acquire and help these companies grow.

The team is very well experienced in running the businesses and business of Nuvini, and the things that we do.

We have a really interesting pipeline for M&A that has been growing. As a matter of fact, when I founded Nuvini back in 2019, the market was far less liquid. There was far less liquidity in the market.

Now, we're in a position where there's an even better opportunity to look at acquisitions, given the fact that over the past five years in Brazil, there hasn't been a single IPO four years in Brazil, there hasn't been a single IPO, but a series of companies have delisted in the local market.

With the lack of liquidity, we're also at a highest interest rate in Brazil since 2006. It's a really interesting opportunity for us. Pipeline has been really interesting, and we'll talk about that more shortly.

Our value preposition for investors is to give them access to a diversified portfolio of SaaS companies, focus on specific verticals, which dilutes risk.

Companies that are growing and are profitable, so there's not a startup risk in this. Our way of dealing with these companies and having the governance that we have gives them the consistency to look at what we're doing with a very transparent and high governance rate.

Our proposition for our founders, and founders of the company that we acquire, is basically that we're giving them a path to liquidity, but also, we're bringing best practice and different management structures and opportunities for the companies to grow better and grow stronger. I'll give some examples of that shortly.

When we're looking at our investment thesis and looking at Brazilian and Latin America SaaS market, we have a really sizable opportunity. If you look at total IT spend in Brazil and Latin America, in Brazil, about $9.2 billion, this is what we're calling basically a digital transformation of small and medium businesses coming online and migrating from a notebook or Excel spreadsheet into a software application or SaaS application.

If you look at what MercadoLibre has been able to do on the e-commerce space, looking at small and medium merchants, that's a little bit of what we believe on our specific verticals we'll be able to do over time potentially.

There's a huge opportunity, huge market, and adjustable market. The market is very concentrated in Brazil. Brazil still represents 44%, but there's opportunity in other markets such as Mexico, Colombia, Chile, and Argentina.

We do intend over time to expand into those markets. We're just very focused in Brazil, given the low-hanging fruit that we're seeing right now in the local market.

When we look at the SaaS market specifically, it should grow. It's projected to grow between last year and 2030. There's very strong potential as we look forward. SaaS in Latin America is growing at twice the pace of the rest of the world.

Again, that's the reason why we're focused here and that we're expanding here.

Specifically, talking about Nuvini and our track record, we've acquired seven companies in different segments, and I'll give you some color and visibility to that.

We have 22,000 clients spread out through these seven companies. No client represents more than 0.25% of our revenue, so it's really diversified.

I'll also provide some numbers on recurring revenues and KPIs.

Effecti, which was one of our first acquisition, they are a SaaS platform that allows small, medium, and some enterprise businesses to basically automate the process of selling to Brazilian federal, state, and local governments. Small companies, and small business owners can go into Effecti, register, pay a monthly status fee, and can participate in all these different bids throughout the year.

There are about 600,000 bids a year. Last year, Effecti clients transacted $13 billion of sales to the Brazilian government in the federal, local, city, and state level. It's a really impressive platform, global market leader, incredible entrepreneurs, and that's the type of business that we're looking at.

Vertical businesses that are established and growing.

Another example is SSOtica.

SSOtica is the leading ERP management solution eyeglass shops in Brazil. They have almost 30% market share, so they're very substantial leaders.

The other players combined have a very high fragmentation, and their solution is fully integrated, end-to-end, from the eyeglass doctor to the eyeglass shop. It gives both their clients or eyeglass shops and their clients' clients, the consumers that are buying eyeglass shops, a unique user experience.

Those are the types of businesses that we're looking at. Those are the types of businesses that make sense for Nuvini to acquire and bring on board.

Talking a little bit about financial highlights, we can't talk about the future, but we can talk about the past.

We've been able to grow Nuvini consistently if you look at the numbers and the filings. The total organic growth has been 18.3%. And, more importantly, if you look at our gross profit margin, it's been growing historically.

We're on an interesting path - more importantly - when we're talking about EBITDA and margins, we have been able to double the EBITDA margin since we acquired these companies over the past three years.

We're not only focused on top line growth, but also seeking to improve margins and generate higher EBITDA that converts into cash flow that we can use to acquire more companies.

As a summary for 2024, I think that the main numbers here, are that we had a top line increase in revenue of 14.4%, EBITDA growth of 30%, and net cash from operating activities of $R38.6 million.

That's also been increased substantially. And we turned our first operating profits since we began the company five years ago.

Historically, we have consistently been able to grow the top line and improve margins and cash flow, which is what this business is based on.

We use cash flow to acquire more businesses. To be able to perform historically like this gives us a good perspective about where we can go.

Across the portfolio, we have focused on different strategies for revenue growth and margin expansion.

Soon, we will likely announce a partnership with Oracle that will allow us to bring AI on in a very realistic, and not the way that a lot of people talk about AI in a very a fluffy way, if you may, but we've been able to start implementing strategies which I believe should bring interesting returns and interesting margins to the business.

Expanding margins within these SaaS businesses, and also implementing a defensive moat against other companies that could occupy space or could occupy the positions of the companies that we already have in the market, strengthening the leaders that we already own and operate.

Basically, these are some of our KPIs, in addition to our SaaS metrics.

We have 22,000 clients, 90% recurring revenue, average revenue per user at $R8,500. Churn has been down, so we have very low churn across the platform.

More importantly, the LTV lifetime value of our clients has gone up 50% from 2023 to 2024. We're looking to build more consistent, more long-term, more reliable earnings and revenue based upon all the changes that were made and the value creation that we do within these companies.

As for financials, we published those a few weeks ago, and our EBITDA has been improving year to year. Most importantly, we are able to generate more and more cash flow as we move forward.

Our business is based not only on organic growth, but primarily on acquisitions. When we look at our comps, Constellation, Vitec, and Roper, they're growing at rates of 1 to 3% organically. We're growing at 13 to 15% organically.

Inorganic growth, though, is a very important part of our strategy. I'd say it's the mainstay of our strategy. And that's why our pipeline is important to us.

We have a clear, defined acquisition criteria, allowing us to move through over 2,500 companies since founding Nuvini. We’ve spoken to over 2,500 founders since we founded Nuvini, and we’ve filtered those in ways that allow us to be very assertive on the transactions we close.

A small portion of that is reflected upon our past performance. Our M&A process is standard. We try to be as fast as possible in declining the proposals or the opportunities to ensure that founders are not waiting too long, or expecting a long pre-process.

We have a very thorough due diligence process based on people, and more specifically, on how predictable the cash flow of the prospective business is.

Historically, that's one of the main drivers that we have here.

When we acquire companies, different than a consolidator that will try to integrate back-end and invest money and try to consolidate different stacks of technology, we give founders and the alternative that they have, prior to funding to intervene, because they're with good founders that understand the market, understand strategy.

Where we add growth, where we add value, is in people, through talent acquisition and bringing other processes that allow the companies to reduce their churn.

Nuvini companies on average reduce employee churn 60% within a couple of years, and we've seen that in practice.

In finance, we're audited since day one by a top four auditing firm - today it's Grant Thornton. We run Oracle on the back end to guarantee that we have governance level at the operational side.

We ensure that we are able to implement these practices throughout the company to ensure that everyone's on the same page.

We've been able to implement different strategies, such as acquire companies underneath the companies that we already own and operate.

In OnClick's case, we increased revenue by 6% inorganically by them acquiring Company.

That's a little bit about Nuvini. As I mentioned in the beginning of the call, our comps have been around for many, many, many years - since 1995, 1985 - we're at the very start of the journey here. Seven transactions, seven companies in the portfolio, growing and expanding their EBITDA margins.

Additionally, if you look at what organic growth is within our comps, it's much lower than our companies.

We're also able to implement strategies to keep growing on the top line while we're working in the portfolio to grow inorganically.

We have 750 employees at all the companies under Nuvini. At the holding company level, we're 13 people apart from myself.

My co-founder, Toto, Luis Busnello, he's known as Toto, has over 20 years of experience as an entrepreneur, a founder, and investor. Prior to coming to Nuvini, he founded Veek, which is one of Brazil's top MVNOs, and has extensive operational experience.

We also have a board that has diverse and complementary experience. I'll just point out two of our board members, Marcelo Gonsalves, our Managing Partner, who's the founder of Domo VC. Domo was the #2 VC firm in Brazil. Marcelo had the opportunity to invest in three companies that end up being unicorns at their seed stage. He has vast experience in SaaS and software.

Joao Leichi who was the CTO for Itau. Itau is the largest private bank in Latin America. He was the CTO for over 20 years.

These are just two examples - all four board members are complimentary, and the provide us with a lot of experience. We have specific board members bringing specific knowledge to us, allowing us to execute as we move forward.

I believe now we're going to open the Q&A.

Operator

Thank you.

We'll now answer the following questions submitted by the audience.

Our first question here is: In terms of how we should be tracking your success, can you point to immediate KPIs or what we should be on the lookout for next?

Pierre Schurmann

I believe that I've shared some of the KPIs in the presentation.

Primarily, I think, recurring business is very focused on utilizing cash flow for the businesses.

Top-line growth is important, but EBITDA and cash flow generation are primarily important KPIs for us.

The consistency and the diversification of revenue are very important KPIs, and those are all in our public filings.

Operator

What is your plan to stay compliant with NASDAQ? Is this a concern?

Pierre Schurmann

First, I will address the concern; we have two notifications from NASDAQ.

One of them was based upon the current market cap, or the market cap at the time we got the notification that it is below $35 million. I believe that we have been, for a few days, above that market cap.

Obviously, we cannot tell the future of the market, but we are working on that.

The second notification we received was about the stock being below $1. Although we cannot predict the future and will not be able to predict the future price of the stock, we're working to deliver consistently, and hope and understand that the market will define if Nuvini's market cap is adjusted over time.

Specifically, on the $1 NASDAQ notification, prior to receiving it, we pre-approved a reverse split on Nuvini stock by the board and through a proxy.

Our intention is to exert the time - we have until October 13th - to be compliant and get the stock above $1 for 10 consecutive days.

We will focus on operational execution before we must complete a reverse stock split, which again, October 15th is the timeline that we're looking at.

There is nothing that we would have to do today, or over the next few weeks.

Operator

It appears your pipeline continues to grow as more M&A candidates are coming your way.

Does this impact your acquisition criteria? Do you tighten your short list of qualifications?

Pierre Schurmann

I believe one of the things that really differentiates us, in part because of my experience as an investor, is the quality and the optionality that we have in our pipeline.

We are looking, as the pipeline grows, more and more at the predictability of the revenue. The criteria doesn't change.

We are just prioritizing the quality of the revenue over time and the diversification of the revenue. We are very firm in our criteria. We rank the companies differently based upon that criteria.

Operator

Does management have a view on the current share price?

Pierre Schurmann

As I mentioned earlier, it's not our place to talk about the stock price because the market will define that for us. What I can say is that we have been executing, and we'll keep executing. We expect the market to look at that and decide where the stock should be.

Operator

Can you rehash your capital allocation priorities? What flexibility do you have here?

Pierre Schurmann

Our capital allocation priorities are clear. Every single Nuvini company generates cash flow, so they're profitable, not only operationally, but they're cash flow positive, and they don't need all the cash they generate to grow.

The excess cash that's generated is being used 100% for acquisitions, and to basically deal with and to service acquisition-related expenses.

Operator

I understand the acquisition financing. What are your current capital needs outside of your acquisition pipeline criteria?

Pierre Schurmann

Our needs are operational to run Nuvini day-to-day, which, as I mentioned, we have a very small team. To service that debt that we have with the venture that we started when we raised it, was $12 million. Now, I believe it's at about $4 million.

We don't we don't have other operational necessities apart from M&A.

Operator

What role does AI play for Nuvini portfolio of companies and how will you use it to drive efficiencies?

Pierre Schurmann

I've been dedicating a lot of time, I'd say about 10 to 15% of my personal time.

I've learned, working with different platforms such as Windsurf, Lovable and others. I was a coder back in ‘96 and I never stopped that. I started seeing this movement over a year and a half ago when OpenAI started, which I think was the key.

Now you have different platforms. For us, it's really front and center that we need to implement different solutions of AI for customer service, for sales, for coding.

We actually have a program that I announced, or that I shared, in my letter a few weeks ago or earlier this week, where we're having internal hackathons.

As I also mentioned earlier in the call, we will announce a real major partnership with Oracle to bring AI into Nuvini, to expand margins, to be able to do cross-sales, and to do many things that, three or four years ago, weren't possible.

Operator

Thank you very much, sir.

This concludes the question-and-answer section.

At this time, I would like to turn the floor back to Mr. Pierre for concluding remarks.

Pierre Schurmann

Thank you, everyone, for being with us on this call.

I hope that I was able to give you some visibility into Nuvini, what we're doing, our history, and where we want to go.

I look forward to having you in our next calls.

Let's go to work. Thank you.

Operator

Thank you.

This concludes today's presentation. You may disconnect now and have a nice day.