Operator

Ladies and gentlemen, good afternoon. Welcome to the conference call to announce the results of Locaweb for Quarter one 2022. Today we have with us Mr Fernando Cirne, CEO; Mr Rafael Chamas, CFO and RIO; Higor Franco, segment of extor for BeOnline and SaaS; Willians Marques, Segment Director for Commerce and Retail; and Alessandro Gil, Segment Director for Commerce and SAS Enterprise. This call is being simultaneously broadcast online via webcast and can be accessed at www.RI.locaweb.com.br by clicking on the link webcast quarter one 22.

The slide presentation will also be available for download on the webcast platform. This conference call will offer simultaneous translation into English for the convenience of our international investors. Click on the interpretation button on the bottom right to choose your preferred language.

Before proceeding, let me mention that any forward looking statements made during this conference call relative to the business prospects of Localweb as well as projections and operational and financial targets of the company are based on beliefs and assumptions of the company's management as well as information currently available. These forward looking statements are no guarantee of performance. They involve risks, uncertainties, and assumptions because they refer to future events and therefore circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operational factors may affect the future performance of Locaweb and lead to results that differ materially from those expressed in such forward looking statements.

For the question and answer session, we advise that you send your questions via the Q&A icon on the bottom left of your screen. Your names will be announced and you can ask your questions live. At that moment, a request, a prompt to activate your microphone will show on your screen. Now I'd like to hand the conference over to Mr. Fernando Cirne to start his presentation. Mr. Cirne, you may proceed.

Fernando Cirne

Good afternoon, everyone. It's a pleasure to be here today presenting the results of quarter one 2022. Before starting, I would just like to thank all of those who contributed to these results: our employees, our shareholders and the entire market. The first chart here highlights the alignment of our results, particularly our revenue and margin with the budget plan established for this year. We are very much in line in respect to these two first points. The first highlight of the quarter is the recurring customer base for e-commerce. Tray, Bagy, Dooca and Bling showed very strong growth this quarter, reaching 135,000 subscriptions. Our subscriber base has been showing strong linear growth since our IPO and this is due to the next point here, which is the strong addition of new customers that has been taking place. And since the reopening of the economy, which we considered that took place in the second half of last year, this is what we have been seeing. The second important point here is our consolidated net revenue that showed a 54.6% increase year over year. Another important point is the growth of our organic net revenue for Commerce, an increase of 44%, a little higher than the 42% of last quarter and certainly something that makes us stand out in the Commerce segment.

The Commerce segment already accounts for 58% of the net revenues of the group and this will continue to grow in the future. And we have two important points here regarding our profitability. Our organic margins have been stable for three consecutive quarters. This is very relevant. And once again here, this is very much in line to the budget established for this year. And the EBITDA margin of our acquired companies also showed this slight evolution. And finally, one last piece of data, our GMV, the GMV of the entire Commerce operation of the group reached in quarter one 11 billion, which is very significant considering the Commerce environment in Brazil right now.

This chart shows the evolution of our base subscriber base. Since our IPO, we went from 50,000 subscribers. Now we are at nearly 135, a 43% increase in the last year. And what we see here is very consistent growth. We don't have any outlying values here. And in the last six months we had an addition of another 11,000 subscribers. So what we see here is the consistency of the new subscriber additions. And one of the reasons for that, for that stable growth, is the maintenance of the speed of addition of new subscribers. It's very important because we had this very strong growth with the COVID pandemic from the first quarter of 2020 to the third quarter of 2020 and then with the reopening of the economy, which we consider that took place after the second half of 21, we haven't really lost any speed. What we see here is a consistent pace of additions of new subscribers and no losses whatsoever. So the company continues to work at very accelerated speeds. We had the acceleration that came with the COVID pandemic, but the company continues to work towards the addition of new stores, of new customers. So this is what explains the strong growth rate of our customer base.

Another important aspect has to do with how the market sees companies that show strong growth rates. That's what we call the rule of 40. The rule of 40 is the sum of the growth of the net revenue year over year, added to the adjusted EBITDA margin. So first, we have a rule of 30 for consolidated organic operation, which is BeOnline and SaaS plus Commerce. So we had a 21% increase in net revenue, the adjusted EBITDA margin was 24.5%, reaching the number of 45.6%, which is very expressive. However, when we look at the rule of 40, 40 organic operation of the Commerce segment, this number is even more expressive. The growth of our net revenue year over year was 43.7% with an EBITDA margin of 34.9%, and the rule of 40 then reaches nearly 80%, 78.7 to be more precise, which is also a very expressive indicator.

The GMV does not reflect our net revenue, but it is still a very interesting way to understand how our operations are doing. On the left, we have the GMV for our

Commerce platforms, for our 4 commerce platforms. The GMV increased by 17%, but it's important to break this down into two types of GMV. The GMV that refers to the integration with the marketplace, which grew under 17%, and the GMV of the transactions performed on our platform itself, which increased well over 17%. And this was expected due to our strategy. Our strategy allows customers to enter our platform and increase their transactions through the marketplace. And then within our ecosystem, we offer all these different tools that will help customers learn how to do their own marketing. For example, Allin, Social minor with email marketing and customer database, integration with WhatsApp, Instagram, Facebook. We also have our e-commerce call to educate our customers on how to work with all these tools. We have Google, so the customer will start with a marketplace and then they'll start mastering their own marketing within our ecosystem. So it's natural that they will grow further within the platform itself through marketing and sales. And that's why the GMV, the platform GMV is growing well over 17% and this is what was expected and this is part of our strategy.

And that explains the green side of this chart, the left side of the chart. So now I'm going to briefly go over what's happening here on the right side of the chart. This quarter we will start to open the rest of the operations that also generate GMV. So our marketplace integrators and also the ERP integration with the marketplace and in this case, of course, the operations are only integrated with the marketplace. And you see that it is growing well above the market average. And this also shows the efficiency and the proficiency of these platforms. Now, when you look at the general data here, of course, it's a 44% increase. And when we look at the entire market, this reaches 11 billion. And it's worth noting that 11 billion in only one quarter, this is very significant within the context of Brazilian e-commerce. This is very strong, this is huge. So this means that we will reach nearly 45 billion that the Locaweb group is generating for Brazilian e-commerce. And this is very strong, this is huge. So it's worth highlighting the importance of our ecosystem for the e-commerce market in Brazil.

Now let's talk a little bit about our acquired companies. Our acquisitions have been running really well according to the business plan established at the time of the acquisition. Maintenance of their growth rates, this is what we expect from these companies. And then over time we start expecting operational gain to achieve profitability levels or organic profitability within two to four years after the acquisition. If we go into more details, let me talk about the three major operations here: Bling, Melhor Envio and Squid.

The two first operations, Bling and Melhor Envio combined account for 50% of the net revenue from our acquisitions. And these two companies grew their net revenue quarter over quarter more than 70%. This is great. And for Squid, the increase in their net revenue was more than 40%. So this is very good news from our acquired companies. We have two important indicators here regarding our acquired companies. In the case of Bling, we like to talk about the invoice GMV, the fiscal note GMV. An increase of 59% from 13.5 billion to 21.5 billion - very strong data -, and in the case of Melhor Envio, we talk about the number of taxes issued. They went from 3.2 million to 4.8 million, a 47% increase. Which means these two companies are soaring and their indicators are well above the average of the e-commerce market. And this also helped us achieve these very good results of the quarter.

Payment solutions, another important part of our ecosystem. We had a 77% increase, reaching 1 billion reals this quarter. And what's important here is to see how we are contributing to this with our internal work, which shows our capacity to integrate the acquired companies. Last quarter we were at 18% share of the TPV generated from synergies and now we reached nearly 24%. This is one of the integration indicators that we have and it surely reflects how much we are evolving internally as a group.

And finally the evolution of our brands. This is also another critical concern for the group and this certainly makes sense because we are acquiring many companies, so we are working with different brands. The first part is our Mother Brand, the Locaweb brand is widely used for the BeOnline and SaaS products. It is the first brand of the group which has always been used for hosting services, email marketing and domains. But with the growth of the e-commerce segment, we had new brands joining our group. It's the case of Tray, Bling, Vindi and so on, so forth, Melhor Envio. So what happened here is that the group was in need of a new mother brand, a new institutional brand that could consolidate all these other brands. So we surveyed the market, we listened to the customers, we listened to the brands themselves. This survey lasted for four months, and the conclusion was that the Locaweb name is still very strong. It conveys a message of trust, of quality, robustness, so that's where the new mother brand came from. And the name of the new mother brand is Locaweb Company. This is what my shirt says. We are very happy with our new brand. This is not contrary to the rest of our brands. This just shows the soundness and the union of the brands in our group.

Still about our brands, an important work is starting to be performed now, regarding consolidations. Yapay and Vindi are two payment systems, are now called Vindi. All In and Social Miner will now be called All In. This was a natural process, this will also happen with other brands over time. This is a dynamic structure relation of our brand architecture. This is something that we will keep doing, so you can expect new consolidations of our brand names in the coming months. Thank you very much for taking the time to be here. I stop here and now I hand it over to Willians. Willians is in the city of Marília, where we have our tray operations and he will talk about the evolution of our operations in quarter one 22. Thank you so much.

Willians Marques

Thank you, Fernando. So, greetings from the city of Marília. Good afternoon, everyone. Thank you all for attending our conference call. I would like to thank our investors, our employees and both our customers who continue to trust our operations and our services. So let me start to talk a little bit about our platform.

On slide number 14, here we have this view of our ecosystem. This is something that we have always been showing in our conference calls, our mandala, and the three major areas that are unified. We have unified solution partners in education, and this is always keeping in mind that the e-commerce environment is becoming more and more complex and companies need our help to be able to have an online presence. So this is an approach that we have been developing for a while now, and this has been very successful. And in addition to delivering this platform for e-commerce for small and medium companies, small and medium businesses, we also deliver an unified solution and unified expansion because customers will look at one single dashboard and be able to access all these solutions in a very friendly manner. So support logistics, marketing and sales, omnichannel, which means integration with brick and mortar stores, online payments, financial services and ERP so that our customers can manage their businesses.

And it's very important to reinforce that our platform has always been very open and agnostic in relation to other partners. On the right here we have a list of partners that is becoming longer and longer. We have been seeing a lot of evolution. We are launching new APIs, new integrations, boosting the sales of our integration with other applications. Today we have more than 600 integrations and every quarter we will be announcing new partners and new tools to which we are connecting our platform. And today we are launching our services store, a great innovation that will allow our customers to contract. In addition to contracting a theme for their store, they can also contract additional services such as the creation of a logo or personalization of their layout, creation of banners. And this demand is totally linked with advertisement agencies that are already approved and homologated by Tree. So what we are offering our customers is the easiness to contract specialized services and we are also generating demand to our partners.

So this promotes a circular economy and it has advantages to both sides. We are also offering advantages to our partners so that our partners can keep closing their deals around and within our ecosystem and generating revenue.

And the third pillar here, which supports all the others, is education. So we have this vision that we have to educate our customers. It's not enough just to provide them with services, we also have to educate them and teach them how to develop their presence online. So we're very much focused on training and capacity building. We have the E-Commerce School, which is a strong pillar for us, and we are now advancing in online communities. This means we're getting closer and closer to our customers through our onboarding process. So we on board our new customers in groups using some market platforms. And this allows customers to share that initial moment with us and our staff is there to support them. We have weekly onboarding, live sessions about specific topics, and we are focusing more and more on the onboarding of new customers.

And still on slide number 14, on the right side of the slide, we have all the novelties that we launched in the past few months, particularly focusing on marketing and sales, because this is what we want. We want our customers to sell more, either through marketplaces or their own channels, their virtual brand. So we are advancing integration with new marketplaces. We're developing integration with Shopee, we have been maintaining a very high level of quality with platinum brand and Mercado Livre, we are also top brands in Magalu, Amazon and all the relevant marketplaces in Brazil, they attest to our very high level of quality. And we are also launching items that will help our customers sell better in their own channels. First integration with Facebook, so the use of new APIs on Facebook, it is the first company in Latin America to connect with these APIs to promote the campaign management on social media. So catalog management, conversion management in a very simplified way.

We also did a very innovative integration. So we were the first in Latin America to integrate with WhatsApp using new APIs as a business manager, allowing our customers to fire campaigns, conversion campaigns and shopping cart recovery campaigns via WhatsApp.

Also integration with Instagram, with Tik-Tok ads so that our customers can manage their paid campaigns on Tik-Tok directly from their virtual channel.

And drop shipping, drop shipping is an excellent initiative that we rolled out that allows our customers that do not have products, our customers that do have products, but they want to add other products to their portfolio. This allows them to receive products from external suppliers so they can buy both their products and third party products on their online platform without having to worry about the delivery. So drop shipping is a product-less sale that opens an entire universe so that new customers can operate their online store without necessarily having their own inventory. So then we continue with Conversational Commerce, a partnership with Octadesk for conversions during conversations. We also have efforts with Squid to bring digital influencers for campaigns for small businesses, and also our email marketing tool that leverages artificial intelligence and behavioral mapping to increase conversion.

So in some, all our efforts are focused on allowing our customers to be successful in their operations, offering them all the tools they need and we are more and more integrating with the major platforms in the market so that we can help our customers sell more without the need to look for external partners.

Next slide. This is an example that we already heard about other solutions. So this is a quick example in credit. So we have a financial solution with Credisfera, a company that was acquired by Locaweb. And you see in this representation, this is a real screenshot of our product, so this is within the Tray environment. And here we have a credit offer with a pre-approved interest rate and the customer can access all this on the same dashboard. So they have pre approved credit that can be granted within the Locaweb environment. So this is an example of how we are going about the integration of the acquired companies. And this is what's making our ecosystem more and more attractive and complete.

On slide 16, here we have yet another example. This is specifically for our social Commerce app, which is Bagy and on the right side we see the activation of Melhor Envio. So these were two M&As, two companies that we acquired and we are working on this cross integration where Bagy offers a very simple solution to a customer that is starting in the online world and already wants to use the logistic technology of Melhor Envio. So this is a 360 degree effort to integrate the solutions in our ecosystem and the companies we acquired.

Now moving on to slide 17. This was a very important launch for us, we were very happy to be the partner chosen by Grupo Itaú for this launch. And the Dooca platform is behind this new campaign, providing all the technology to their customers. So here we are providing them with the flexibility of the Dooca platform, allowing customers to be automatically provisioned in this environment without the need for any settings or configurations to use the financial solutions of the network.

Dooca is a beginner platform, is a platform that allows customers to start selling very quickly and it was chosen by Itaú for the trial and also to be our trial platform. And it has the ability to be a co-branded platform. So it allows us to launch solutions for a specific customer base of a specific partner and for Hydro, for Itaú, the advantage here is to keep very high levels of loyalty among their customers, using the Dooca platform as the payment solution for their network for Rede. So the Rede customer will continue to use the Rede solution, but now within the Dooca platform. And our expectation is that this partnership will bring real booking increments for Dooca, and what we see is that this is a very valuable partnership for the Rede customer.

On the next slide, this is another new announcement that we made. Bling is one of the highlights, and Bling Up is the novelty here. Bling Up is an application for business management, and it's an application specifically for small entrepreneurs, individual entrepreneurs, or business owners, so that they can start better organizing their everyday work. They can issue invoices, they can perform cash control and here we also offer integrated digital purchase. So one of the greatest highlights here is that in addition to controlling your sales and your business performance, customers can also use embedded financial services such as issuance of bank slips or receipt of payment. So this is where we expect to really monetize from the use of this product. And this is what allows small enterprises, small business owners to start their business already having a presence online. And in the future, they can become our customers for other solutions as well. This really expands our potential customer acquisition because we have a solution that is offered free and can be used by any business owner or any self-employed professional that has a small business.

This is already at the barer stage and it's a great novelty that we wanted to share with you and that we're bringing to the huge population of entrepreneurs that we have in Brazil. Now, I handed it over to Rafael. Thank you for your time. And I will be available in the end for questions.

Rafael Chamas

Thank you. Willians. Good afternoon, everyone. I'd like to start my presentation with my traditional slide with the main highlights for the period. First one is the net revenue. We close the quarter at 248 million, a 55% increase year over year. Of course this was boosted by e-commerce that had a 121% increase in this quarter. So this is strong organic growth, but we're also growing in organically, our inorganic operation comprising trade, payment operations, pay and the operation of trade corporate, trade enterprise, which together had an increase of 44% year over year. So we closed the quarter with 135,000 subscribers, a 43% increase year over year. Our TPV reached 1 billion, so 1 billion in TPV, a 77% increase year over year. And once again here it's important to highlight that this is the main indicator for the synergies we have in the group, nearly one fourth of the

TPV that we have today comes from opportunities that we captured from the acquired companies.So this is a great profit making factor for us.

GMV is this new concept that we're using to show the relevance of the entire ecosystem for Brazilian e-commerce. It reached 11 billion reals in the quarter one, very strong growth year over year. The adjusted net income was 30.000.000, an 11% margin - and I'm going to give you more details later. And our cash position is also very comfortable for us right now, 1.6 billion, this means we have good liquidity.

So now let's go into more details. First our net revenue, here we have the consolidated net revenue and then for the segments Commerce and BeOnline SaaS. As I said, our consolidated revenue increased by 54.6% from 160.9 to 248.8 million. Then Commerce net revenue is already at 144 million, a 120.6% increase year over year, and for BeOnline and SaaS, a 9.4% increase and reaching 104.6 million in the period.

Now let's go into details about the Commerce net revenue. We have two monetization vectors here. First, our subscription revenue, which is directly related with the number of subscribers we have on our platform. And the second is the monetization of our ecosystem GMV. As you can see, both points are growing at a very fast pace, of the 144 million we have 81 million within our ecosystem, a 102% increase. And in subscription revenue, 63 billion, a 150% increase. So this is a very healthy growth rate for both sectors that allow us for monetization of our e-commerce operation.

Now let's go into the topic of profitability. This is an important topic and the one highlight is the organic growth of Commerce, starting in the third quarter of 21 and starting when we start to incorporate our acquisitions. So we have three separate lines here. In blue we have the organic commerce operation, in red BeOnline and SaaS and in yellow, our acquisitions.

When I say organic commerce, as you can see from quarter two to quarter three, we had a drop of 4142 to 35%. This was due to the investments that we made in R&D to continue to build this ecosystem that Willians talked about. And also so that we could continue to capture and maintain the growth of our customer base in the post-pandemic period. This was very important and this is something we have always been telling the market. Now we have a stable margin projected for this year and for three quarter, our margin is close to 35%. So this means we have reached stability of this margin, maintaining the addition of new stores, which leads us to that rule of 40 of nearly 80% that Fernando talked about.

For BeOnline and SaaS, our margins have been stable for a while now and they should continue at the same levels for the rest of the year as we saw in our earnings. And it's important to talk about our acquisitions. Our acquisitions did present some negative margins but this was expected, this is actually how we create the business plan with these companies. When we acquire a company, we will prepare a business plan that will prioritize the consolidation of that company in our ecosystem. This is the main target that we have in the first few years after the acquisition. Of course that after they grow and gain scale and we capture the synergies we start to see the recovery of the margins. But in the first few years it is expected, and this is what we incorporate in our budgets and plans, that these companies will work with negative margins while we prioritize product and growth.

In quarter four 2021, we had our latest acquisition which was Squid. That's why we see a margin of -11.9%. And in quarter one we had a slight improvement and this is what we expect for the year, slight improvement in these numbers. But don't forget that these companies will start reaching stable margins close to our organic levels after three or four years. This is what is expected in our business plans.

So we close quarter one at 32.9% EBITDA. It is a slight decrease year over year, but this is due to the acquisitions that showed a negative margin in the second half of 2021 and focus on the corporate sector. And we closed the quarter one with 14.5% million in EBITDA. We adjusted net income, we went from 9 million last year to 29.7 million. So a 229.3% increase year over year. The adjusted net income went from 8.4 to 4.5 and the accounting income to the adjusted income has to do with some impacts coming from our M&A strategy. So these are facts that have been priced in and the investments that we make in these companies. This has to do with the award amortization of intangible assets and also the adjustment to present value of the contingent portion of the year announced that we have in this acquisitions, and together they account for nearly 30 million in adjustments that while we are recomposing from 4.5 to 29.7 in the period. I stop here and I think now we can open for questions.

Operator

The question and answer session is now open. To send a question, please use the Q&A button on the bottom bar. Your name will be announced and you will be prompted to open your microphone and ask your question live. The first question is from Mr. Bernardo Guttmann, Sunside Analyst of XP Investimento. Mr. Bernardo, you can open your microphone now.

Bernardo Guttmann

Good afternoon. Can you hear me well? Thank you. Thank you for taking my question. I have two questions. The first question is about the margin. I think the stabilization of your margin was important after several M&As. There seems to be a clear opportunity for ramp up now, to raise this curve as you capture the synergies and benefit from this ecosystem. So can you please explore a little bit more about the trends for this year? Is this in fact the main driver for recomposition of your margin, or do you think you have other elements, perhaps a lower cak? I don't know how you're seeing your lead costs for the past few months. And the second is a more strategic question about M&A. So I would like to understand what is your pipeline and what is the link that you are prioritizing in your ecosystem today, the link between companies? And what are you seeing in terms of price? Is the private market already repricing? The company has a very relevant cash position, so perhaps you could give us more visibility about the speed of allocation of this capital.

Fernando Cirne

Bernardo, good afternoon. Hello, can you hear me well? Thank you for your question. So let me start by talking about the margin evolution for the inorganic portion of the business. I think that the greatest gain here was due to the alignment of the acquisitions with the business plan established at the time of acquisition. The acquired companies are doing well, they are following their business plan which considers the revenue growth as you saw in our Commerce net revenue. And then over time we will start to see operational leverage, particularly when it comes to the dilution of costs of operations. So this is much more related with that than cak reduction, because these operations we want them to keep ramping up. So the margin is coming from operational gains, operational leverage gains. This is what we are seeing with this three percentage point increase. So we're very happy because we know this is in line with the business plan and this is not due to cost reduction. So this is good news for us. We didn't really need to force a cost reduction, which would equal failure to us, right? So to answer your question, I think this is the main reason for the margin gain from the acquired companies.

Now, in respect to the M&A, I really like your question because it clarifies a point that we didn't mention in our presentation. I think the first point is we made a lot of acquisitions and we acquired these companies because we had the cash but more than that, more importantly, because we needed to complement our ecosystem and there were companies available in the market for that. So that's why we rushed and we bought these companies. They are wonderful companies that are performing really well, companies that we really needed to include in our ecosystem to incorporate in our strategy to provide complete services to small and medium businesses. We know that small and medium businesses do not survive on integration only. We really believe this idea that SNBs need to have one single journey, a unified journey with us. So now we're working really hard for it, to speed up integration.

So are we still monitoring the market? Yes, the screening of the market is still being performed using the same process. The executives of the company, myself, Gilberto, our founder, and the other directors here with us today, we keep monitoring the market, but now we are not in a hurry because our ecosystem is very complete. But of course there will be more opportunities. The e-commerce environment will become more complex every day. So it becomes more and more complex. So there will be opportunities in the future. So there will come a time when we will have to acquire more companies but right now we are not under pressure. And this is very much in line with what you asked about the price. We work with discounted cash flow and in that sense, with our higher interest rate, our payment availability is lower. So there's still a match gap with the market. For example, the public market, there was a big drop for the private market. The drop was not that significant, so we still see higher prices in the private market than in the public market.

So this means that having a complete ecosystem with higher interest rates and this price gap regarding what we can pay to the market, this is what puts us in a position right now where we are slowing down in terms of acquisitions. We don't have to hush, we don't have to run to acquire new companies and we are working on the integration of the companies we acquired, and this process is going really well. This is something that we have been doing really well, the integration of the acquired company. So this is a good match with the current moment. We had a very accelerated period where we made a lot of acquisitions and now we're focusing on integrating them. Thank you, Bernardo, for your question.

Operator

The next question is from Mr. André Salles, Sunside analyst of UBS. Mr. André, we will open your microphone.

André Salles

Good afternoon Cirne, Willians, Rafael and the rest of the team. Thank you for the call and thank you for taking my question. Congratulations on your results. I have two questions, actually. My first question has to do with the margin of acquired companies. You talked about the recovery of the margin for Squid, but can we drill down on those three percentage points of expansion? How much of those three percentage points come from Squid and how much comes from the acceleration in the revenues of Bling and Melhor Envio? And my second question is, I want to have a clearer vision of the market dynamics. Is there any relationship between price increase and the change in conditions that we saw in some marketplaces? Now, here in the first quarter, and this increase in the volume of Locaweb on stores. So these are my two questions.

Fernando Cirne

Thank you for your question. So let me start with your second question. No, this doesn't have to do with the marketplace situation. We have a strategy that's very interesting, which it's an empowerment strategy. We empower our stores. We think that marketplace integration is very important, and we even have that assessed by third party companies. We have the best integration in the market. This is very easy to see with the marketplaces, not just in terms of quality, but also the volume of marketplaces with which we are integrated. Customers, when they visit a store, our customers when they start a store online, the first thing they do is integrate with marketplaces. This is a natural step of the journey. However, we don't want our customers to only sell through marketplaces. We want our customers to have more control over their marketing efforts. This is part of our strategy. We want customers to learn how to do their own marketing, and this has to do with what Williams was talking about, about the wheel. This is about our customers selling, doing marketing, not just on Google, but they will start to do email marketing. They'll integrate with WhatsApp, Instagram, Facebook, and they will be able to better control their efforts. And this, of course, could lead to a reduction in the cost of acquisition of customers for these stores. But we don't want them to be dependent on marketplaces only. This is very important for us.

And there's another strategy here, which is the e-learning strategy. We teach our customers how to use other sales platforms, and this is boosting the use of other sales systems or sales methods.So that's what I was talking about. This increase in the use of other sales platforms in relation or in comparison with the marketplace, it's not because the marketplace area is doing badly, but because the other tools are doing well. This is an indicator of how successful our e-learning strategy has been, our integration with other tools, and it is an important indicator of the success of our customers.

Now considering the margin increase from our inorganic operation, we are not going to go into details, we're not going to give you numbers. But this is not just due to Squid. Of course there are gains that are from Squid, but there are gains from each of the operations. So this gain comes from all the operations and this is what allowed us to reach a nearly three percentage point increase in our margin and today we are at -8, as we said. But we must consider that it's -8. But this is for companies that we acquired less than one year ago. We started making our acquisitions six months after the IPO and we just finished our acquisition. So we are at -8 on average. We are less than one year after the acquisition of three of these companies and we already see this ramp up. So we consider these numbers very positive, as I said, and this was due to the very good alignment with the business plan. Thank you.

André Salles

Thank you.

Operator

The next question is from Mr. Vitor Tomita, Goldman Sachs. Mr. Victor, we will open your microphone now and you can ask your question live.

Vitor Tomita

Good afternoon, everyone. Thank you for taking my question.

Fernando Cirne

Vitor, I think you're muted.

Vitor Tomita

Oh, sorry. I apologize. Good afternoon, everyone. Thank you for taking our questions. Our first question is about your GMV. So how do you see the trend for the GMV of the platform and of your ecosystem in quarter two, considering that the e-commerce market is showing some deceleration? And thinking of your consolidated business, you talked about the margins for the acquired companies, but in general terms, can you please explain whether you see any risks for your margin related with the increasing inflation rate or whether you have been able to pass on the cost of inflation to the price of your subscriptions and services?

Rafael Chamas

Hello Victor. How are you? So let's start with your last question about inflation. So let's recap how we monetize the business. We have subscriptions and we have the GMV based businesses. So the inflation for take rate based businesses, indirectly, of course, we will have a readjustment because at the end of the day, the transaction volume, the GMV, will be impacted by the inflation and our revenue will be impacted by the inflation. And for subscription services it's the same. In our contracts for most of our products, which account for the highest percentage of the company's revenues in the contract, we are entitled to adjust based on the inflation rate. And so the prices of our products, we have been successfully adjusting for inflation over time. So the answer is yes, we can recompose our margin readjusting based on inflation or for subscription or take rate based businesses.

The second point about the GMV, I think that more importantly than talking about this short period of two quarters, I'd like to reinforce what Fernando said, that in the past two quarters, our numbers are showing that our solutions and our capacity to increase the sales of our customers on their own channels or their private channels. This strategy has been really successful. This is a profile that we continue to see, this acceleration or this faster growth within the terms of our value proposition, which is to increase sales for our customers. So this is something that we continue to see. So an indirect answer to your question is that we continue to be able to increase the level of success and sales of our customers, which is our utmost objective when we think of an ecosystem and not just the platform.

Vitor Tomita

Thank you, Rafael.

Operator

The next question is from Mr. Marcelo Santos, J.P. Morgan. Mr. Marcelo, we will open your microphone now.

Marcelo Santos

Good afternoon. Thank you for taking my question. I have two questions. My first question is about the margin from inorganic growth. You mentioned in your earnings release that a great part of this improvement has to do with the better performance of Squid this quarter. But Squid revenue didn't really change from quarter four to quarter one this year, it increased about 1 million, according to the data that we have here from 16.4 to 17.1 million. So what led to this improvement in margin? Because it doesn't seem to be the scale, gain scale.

And my second question is a more generic question. Can you talk about the competitive environment now that we see some desaceleracion for e-commerce? Do you see any type of acceleration on other platforms or any different behaviors?

Fernando Cirne

Hello, Marcello. Thank you for your question. Let me start with your second question. So let me talk about the competitive environment. No, we have not seen any stronger competition, any change in the competition. And we are monitoring this market both quantitatively and qualitatively. And what we see is that Locaweb has been increasing its distance from its competitors. And this is happening in two ways. We are monitoring what's happening with our sales volume. So quantitatively, we measure our sales volume. And qualitatively, we hire consulting firms to assess our platforms, and even some banks. We hired these research companies, and we can compare and see that our ecosystem in terms of quality is much superior to that of the competition. So we're very happy in this sense. And I always say that we always look at three things. I have to maintain my margins. We have to maintain our organic margin. So I have a commitment with the market. I have to maintain my organic margin and I even have to increase it over time. So those 35% I have to maintain and then I start, I have to start increasing and I have to gain margin from the inorganic. I have to also maintain the volume of new additions to grow my customer base. And this is all possible if I keep my distance from the competition, because if I can't keep my distance from the competition, I will have to invest more in marketing and this will ruin my margin. So we have been able to do something really nice, which is to maintain our distance from the competitors to be way ahead of the competition, still adding customers and maintaining our margin. And this tripod is something critical, is something very rich, and this is what will ensure our results in the future.

And another thing that's very important is that the margin gain that we had from inorganic, it's not just due to Squid. Yes, Squid has a relevant role there, but I can't really tell you what is the margin from Squid or from the other companies. But what I can tell you… Actually, I'm going to hand it over to Ale and he is going to tell you why Squid had some EBITDA to gain this quarter. Thank you. Marcelo.

Alessandro Gil

Good afternoon, Marcelo. Good afternoon, everyone. Thank you for your question. This one is easy to explain. Squid is basically an operation that is a technology platform that manages influencers. So the more we optimize the long tail influencers management, the higher my gross margin so I can get more profit with the same investment. So our work this quarter was focused. Even if our revenue didn't increase that much, we were focused on having more profitable operations for Squid as a whole and also for the allocation of the customers' funds. So this was basically due to a better allocation of investments. And this was very much based on further exploring the influencers that we have in our base and this increases our margin. I don't know if I answered your question.

Marcelo Santos

So you mean you have more influencers but they are not so renowned, so this increases your margin?

Alessandro Gil

Yes. Improving the mix was really helpful here.

Marcelo Santos

Thank you.

Operator

The next question is from Victor (?), Credit Suisse. Victor, you can ask your question now, your microphone is open.

Victor

Good afternoon. Can you hear me? Good afternoon, Willians and the rest of the team. Congratulations on your results. Thank you for answering my question. I have two questions. My first question, I want to understand the dynamics of the BeOnline and SaaS organic margin. There was a decrease year over year. Actually, there was a decrease compared with 21 and 20. So was there any seasonality or specific reason, any specific event this quarter, or should we expect this BeOnline and SaaS margin to be at lower levels looking forward?

And also the second question is about Melhor Envio and Bling. You saw some very good growth of about 70% in quarter one but now considering the desaceleracion of e-commerce in Brazil as a whole, do you expect some deceleration in this growth in the coming quarters?

Rafael Chamas

Hello, Victor, this is Rafael. How are you? So about the margins for BeOnline and SaaS, we have been trying to make this really clear. This is a segment whose margin will be a little more volatile than what we saw in the past quarter, 17, 18, 21. But in the long term it will always be pointing to this average or to this level. So why do we see this type of volatility? This is a sector that has a more intensive dynamic in terms of expenses. What we're spending with cybersecurity, spending with certain software dynamics, events - we have some major events. So that's why there's no linearity. Commerce has been more linear. Of course, there may be some volatility, maybe one or two points up or down but we don't expect it to move away from that average of 17, 18. This is something that we always say and when we talk about our earnings and this is the dynamics that we expect for the future.

Now, as for the demand, Willians would you like to answer that one?

Willians Marques

Yes. Good afternoon. Thank you for your question, Victor. The two operations are somewhat similar in this sense. When it comes to customer acquisition Melhor Envio and Bling, our agnostic operations that although they're growing in synergy with our ecosystem, the two operations have this behavior of being present in the e-commerce of all platforms. They work with customers of all sizes and they are pulverized through the different platforms. So our expectation is that what's driving our growth is much more the acquisition of new customers, the very distributed acquisition, constant acquisition of new customers, and the two platforms also have a very competitive enterprise. Bling and Melhor Envio are products that serve customers from the smallest of sizes. And we understand that our customers are surfing on this increasing digitization trend that still continues. So although we are expecting some stability in e-commerce and this may affect even the major players from the standpoint of customer acquisition and growth of smaller customers, we don't expect to see any deceleration in that sense. So our expectation is that they will continue to operate well and they will keep the same level or the same speed in the coming quarters.

Victor

Thank you. That was very clear.

Operator

The next question is from Mr. Cristian Faria, Itaú BBA. Mr. Christian, we will open your microphone and you can ask your question now.

Cristian Faria

Good afternoon. Thank you for taking my question. I have two questions. First, let me try to make a parallel with what you announced in the last quarter. But how can we better understand this organic growth, looking at your older customers? And second, I'd like to understand what is the evolution of your churn for the older generations of customers and also for your newest additions.

Rafael Chamas

Let me start with the evolution of our organic growth. First, I want to clarify what we call organic growth. Organic growth to us is the revenue of all the companies that we had before our IPO, before these new acquisitions that we made post IPO. In our annual results, we talk about the cohorts of companies, which gives us a good idea of when we separate older brands from the newer additions, also the monetization of the company, which has a direct reflection on how we see those cohorts. We have growth that comes from subscriptions, so cross-sell of new subscriptions or upsell customers that upgrade their services with us. And of course, this has a ceiling, this has a limit until the new acquired companies start having more cross-sell. And most of this evolution over time has to do with transactional revenue. So revenue that we captured through the GMV evolution of our customers. So the fact that we share with you that the private store growth is superior to what we see in marketplaces, this is very positive when we think of this evolution. So this target that we have to help our customers sell more using our ecosystem.

Of course, this should be reflected in the transactional revenue and you see that our TPV and our payment revenue have been growing. So what we should expect and what we are seeing in the past two years is an evolution in these cohorts based on this transactional performance, which is TPV oriented or revenue from our ecosystem. And of course their revenue is also growing due to the new additions So this is what makes up the organic growth, as you call it, some upsides that we should see in the mid-term, for example, new ways to monetize this GMV or subscriptions themselves by adding more features to an existing product. For example, our customer service or help desk tools, they allow us to increase the price, increasing the subscription, our pool of the company. And at the same time, what this could bring is a higher GMV and new ways to monetize the GMV. So we're just starting our trajectory in logistics. Melhor Envio, as you could see, is growing exponentially, but it still is at incipient penetration levels, very far from the 70% that we have in payment solutions. So there are other ways to monetize this transactional dynamics of the business. In addition to the GMV.

And Victor, I'm sorry, I have to answer your second question. Can you repeat your second question, please?

Victor

Yes, sure. I would like you to talk about your churn and what are the expectations in the short term.

Rafael Chamas

Oh, of course. I think that there's a calculation, it's a very simple calculation that you can make based on the earnings, but if for a few quarters we have a stable growth addition of stores, you can infer that a churn is stable and controlled. And this is what we are seeing in practice. And when we go in more depth in our cohorts, what we are seeing is a very similar churn behavior, very similar to what we had before the COVID pandemic. And then during the peak of the pandemic, what we saw was a change in our customer profile. So we started to see more offline customers coming online because they wanted to start selling online. So these are customers that usually are more successful because they have a brand, they have the inventory, they know how to do business, they are retailers. So that's the profile of a customer that has a lower, considerably lower churn. But these are people that are more tech savvy, I would say. And so at the end of the day, when we look at the average, what we see is good stability from the start of the COVID pandemic and behaviors that are very similar to that of older cohorts of customers. And the best way to see this is by looking at the gross additions of stores, which is stable with a linear growth.

Cristian Faria

Thank you, Rafael. Just a follow up question. Here for BeOnline and SaaS, I think it's the second quarter where we see a slight reduction. It's nearly flat, actually. So how should we expect the addition of new customers looking forward to it?

Rafael Chamas

Higor, can you answer that one?

Higor Franco

Yes. Cristian, here for BeOnline, what we see is a SaaS. SaaS is still advancing over the customer base of BeOnline or more traditional older base for BeOnline. And SaaS has gained record breaking share in relation to the BeOnline share in this last quarter. We also have a stabilization point for one of our new operations, which is Etus. Etus showed some stabilization in the past quarter in terms of customer additions that was corrected, this curve was already reversed in the start of April or the end of April, start of May. So this is also a reflection of what you see in BeOnline. So these are the two movements. You'll see a BeOnline that is more stable even with the advancement of the SaaS. And Etus, which had this movement at the end of last year, that was corrected at the beginning of this year. Thank you.

Operator

Since we have no further questions, the session is now closed. Now, I'd like to hand it back to Mr. Fernando Cirne for his final remarks.

Fernando Cirne

Thank you all for your questions. These were great questions and they were a perfect fit for this conference call. We had a chance to talk more about our acquisition strategy, about the inorganic margin gains. So thank you so much to all the analysts that attended and sent their questions. We were very happy to be able to answer all your questions. Thank you so much for being here, for taking the time for your support over the years.

And my final takeaway for you today is that the takeaway is consistency. I think that Locaweb has been showing consistency since its IPO in terms of sales volume, in terms of customer base expansion. And our strategy, this strategy was set before the IPO. And we are delivering on this strategy. We are executing and making it a reality. That's what we are working towards.

So thank you all for your support. I'd like to thank all our employees and the market analysts and especially our customers.Thank you for your trust in our company. We hope to see you again three months from now to announce the results of quarter two. Thank you. It's been a pleasure. Have a great day.

Operator

Locaweb's quarter one 22 conference call is now closed. Thank you all for attending. Have a great afternoon.