



**TRANSCRIPT OF THE PRESENTATION OF
DISCLOSURE OF RESULTS - 4Q21**
(conveniently translated to English)

Joinville, 15 March 2022

Master of Ceremony: Hello guys, good morning. Welcome to Neogrid's 4th Quarter 2021 earnings release webinar. Before we begin, I draw the attention of all of you to the legal notice, which is available here on our screen.

It's a privilege to have you with us this morning. I'm Vanessa Cochi and I'm going to introduce you all to the Neogrid team, which is with us this morning. They are: Jean Klaumann, who is our CEO; Thiago Grechi, CFO, and Thomas Black, head of Investor Relations.

We'll already start our presentation and, upon completion of it, we'll open our Q&A session here – and of course you're super invited to submit your questions through our chat. I then invite Jean Klaumann now to start his presentation. Jean Klaumann, our CEO, is very welcome. Good morning to you.

Jean Klaumann: Good morning to all and thank you for connecting with us today. For me it is a pleasure to represent Neogrid in the results call for the first time.

Guys, before I go into the highlights of the quarter, and from that recent period we had at Neogrid, I'll introduce myself quickly and share the first impressions of those initial ten days. My entire career has been trained in technology, in B2B technology companies, as well as Neogrid. I have had the privilege of working in great leaders, European, American organizations and, more recently, national companies – as in my time in Datasul and then Totvs, and for the past 11 years for Linx, then Stone. In my experience accumulated in these more than 20 years, I was able to live the most different organizational roles, in companies also publicly traded, and that acted in very similar challenges, very similar to those I have found at Neogrid. My enthusiasm, when I see the opportunities and levers that we have for growth, bring the security that we have many opportunities that could add in a short time.

Speaking about the first impressions, I wanted to highlight first the comfort, after the recent approval of the 2021 figures, of finding a company with a solid governance and a very conservative attitude in all the provisions and accounting concepts that generated the numbers that we will present. Another factor of great happiness is also finding a team with a lot of pride in belonging, at a time when all technology companies in the world fight for attraction and retention of talent.

I was able to quickly get to know some of the companies acquired in 2021 and I see a very interesting complementarity in our portfolio, which will allow even more opportunities to cross sell up sell and certainly generate even more value for our customer community. Undoubtedly, like all companies that have grown organically and organically like us, as well as opportunities, we have challenges ahead to ensure the best integration of our products, consolidating a suite, and not a sum of loose products.

As well as my arrival, I would also like to highlight a great reinforcement in our board of directors, with the arrival of Jorge Steffens. Jorge has an impressive mastery of the technology market, and it's great to be able to count on his expertise in all our next steps. We will certainly have the opportunity in the coming months to talk more closely, with a clearer assessment of our opportunities and updating our roadmap for the next cycles.

And now I would like to invite Thiago to do a recap of the year 2021 presenting some of our highlights.

Thiago Grechi: Good morning, everyone, thanks for the attention. Well, I'm going to do a brief recap of what was the year 2021 for Neogrid.

Well, that was our first full year as a public company. We started this story at the end of 2020, with the realization of our IPO, raising funds to pave the growth road that we designed for Neogrid. We started with the first post-IPO acquisition, bringing Smarket to the Neogrid family. We have expanded the portfolio to also offer intelligent solutions in the management and execution of retail promotions. We allocate R&D resources, focusing on platform improvement and product development to generate new revenue for the company.

Throughout the second half of the year, we accelerated the execution of the inorganic growth strategy and had four important steps, such as investment in Horus and the total acquisition of Arker and Lett. And finally, Predify's control, advancing with the complementarity and synergies brought by these innovative companies, resulting in an increasingly complete and robust portfolio for Neogrid - and for Neogrid to be the ideal market partner in B2B solutions. We renew our commitment to the team and the community and the environment. We have again had GPTW certification, which is a confirmation of our special attention to our people, with the team that brought us here and which is a key piece to create the Neogrid of the future.

In 2022 we will continue with a focus on execution and delivery. We know our strengths and advantage factors. We have a strategy with clear avenues of growth that we are ready to explore, to add more and more value to the company – expanding operations by exploring the existing base, acquiring new customers, investing in technology and innovation and increasing our presence in new segments and geographies, as well as continuing with our M&A strategy, where we expect to grow in 2022.

Now invite stake in our RI, Thomas, to present the financial highlights of Q4 2021.

Thomas Black: Good morning, everyone and thank you for connecting in the call with us today.

In the 4th quarter of 2021 and in the consolidated of the year we had record revenues, recording R\$ 58.1 million in the quarter and R\$ 245.6 million in the year - an overall growth of 16%, which had the participation of approximately 20% of revenue from international contracts, which are concluded with customers based mainly in the United States and Europe.

Now commenting on the company's margins, Neogrid is a company that benefits from the network effect, with the platform we have built. This business model results in an increasingly efficient company as revenue expands. We had a gain of 4.2 points in gross margin in the quarter and 1.1 margin point in the 2021 consolidated.

Analyzing the Ebitda margin on the chart, on the right we see a level of about 18% in the quarterly and annual reviews. These are margins lower than in 2020, where the main impacts are seen in, first: acceleration of R&D investments, whose increase in the year corresponds to 2.3 points of margin; second: extraordinary expenses arising from the execution of M&A processes – in 2021 they represented 1.8 points of margin; and third: the consolidation of the results of the acquired, which, as we often mention, are companies with scale up profile, which at that moment have accelerated growth, to the detriment of profitability and cash generation (a dynamic that must be balanced in the medium term). It is also worth mentioning that, in the comparison 21 against 20, we are analyzing a company that was closed versus Neogrid post-IPO, in which there are several structures, such as boards, committees, corporate governance, etc., that are necessary in the day-to-day of a publicly held company and inevitably end up pressing expenses, especially administrative general ones.

In the net income view, we had in the fourth quarter and in 2021 the presence of "non-cash effects", which are capital gains amortization and adjustment to the present value of investment: they are related to the acquisition of the companies we made during the period. Still, in the annual view of net accounting income we had an expansion of 18.2%, with net margin maintenance practically similar to that of 2020. By purging these non-cash effects, we calculated net cash income of about R\$ 30 million in 2021, a growth of more than 55%, with a net margin of 12.2%, advancing more than 3 percentage points in margin.

It is important to highlight that the effects mentioned in the commented dynamics on Ebitda margin and net margin, such as acceleration of R&D investments, extraordinary Expenses with M&A, consolidation of results of the acquired, capital gains amortization and the AVP of investments are natural events and fully aligned with strategies defined for Neogrid's growth, both in the scope of organic expansion and through acquisitions.

Following the other financial highlights of the period, the R&D investments, which we mentioned today in the call, are intended for operational platform improvement and the use of new solutions and were 32.5% higher in 2021. In the cash view, we ended 2021 with a position of R\$ 311 million. This liquidity is fundamental to the financing of Neogrid's growth initiatives and is a combination of both the remaining balance of funds raised in the IPO, which was in December 2020 – of which we have allocated so far about 36% – allied with an operational cash generation – Neogrid is a company that grows generating cash. In 2021, this multiple represented 1.1 through the Ebitda.

Let's start the Q&A session now.

Master of Ceremony: Very well, so already completed our presentation, we go to our moment of questions and answers – reinforcement here with all of you who are with us this morning to send your questions, your questions through our chat.

Q&A

Master of Ceremony: Jean, the first question we received comes from the UBS team:

Q: They want to know if Neogrid is anticipating any indirect impact on the business because of any hiccups in the logistics chain – because of the situation of the conflict in Europe?

A (Jean Klaumann): Hi, Vanessa. Thank you for the question, I also thank you here for everyone's participation and the UBS team question. Happy to be here for the first time, sharing our achievements and our progress.

On this issue, I think it's worth remembering a little about the business model that we have in the main products that make up our recurring revenue. Mostly, our connection model, we are remunerated by the "tube" of data, and not for the volume of data inserted in each connection. So, if a relationship between an industry and a retailer eventually has some fluctuation in the number of orders, we are quite protected on this topic, and we have had no impact of this nature by this issue – by the nature of our business model.

Eventually, if we notice the continued recession that comes from this theme, one or another industry may have its relationship ended with retail – and then yes, we had a penalty. But I believe it's going to be immaterial, it's not a topic that worries us right now.

Master of Ceremony: Very well. thank you, Jean. The next question is from Karina from Citi. Karina, thank you also for being with us this morning. Thiago, she wants to know the following:

Q: If you could approach more about margins and different business verticals?

A (Thiago Grechi): Well, thank you, Karina, for the question. We have been talking for a long time, that the model that we have today, especially when we look at gross margin, is the most platform model, and ends up those costs, many costs, they are similar, such as cloud, in most products. So, when we talk about gross margin – that we had an important evolution now, in the third quarter: we reached 68%, an evolution of 3 to 4 points compared to the previous quarter – it is very similar in almost all business verticals, right, there are no major differences in business verticals, precisely because of this model, where virtually all technologies today work, on the same platforms. So, it's a little bit of that.

When we talk a little more about Ebitda margin, we also managed to give an advance in relation to the previous quarter – since in the previous quarter we had some very punctual effects – we were able to have a very important advance already in this semester. But we're still there, with very strong investments, especially in technology, some specific impacts of M&As, which still end up impacting a little there, on the overall margin of the business.

Master of Ceremony: And then, Thiago, still with you, we have some questions sent about the operational expenses of the period. So, we have questions there, directed to you to comment on these dynamics in q4 and 2021

A (Thiago Grechi): So, I've already anticipated a little response, it's not, but I'll follow here. Big, trying to look at them all in general. Then going back, a little bit to the margin, we had this important evolution. Here is a trend: as we increase revenue – margins are not entirely related to increased revenue, we always have a small gain, then efficiency – so the trend of launching new businesses, of growing revenue gaining new customers, can contribute to us having a gross margin advance.

When we open to the 3 main blocks of expenses of the company below the margin, starting with – both in commercial and administrative and in research and development expenses, we obviously feel, throughout the technology market, we feel a pressure mainly focused on inflation and the labor market, so we have an increase, there, basically an average of 10% readjustment on every basis. We have the technology market that is very disputed, so this also brings a little bit more pressure. So that's similar, both in cost and any of the company's other expense lines.

Other specific points when we talk about, mainly, administrative: first we have a very strong impact of acquisitions, it is not, that at first bring their specific costs and also the costs of the acquired themselves, and the first year, when we talk about the overall of the year, the first year as an open company – which carries a series of additional costs, let's put it this way, for the company – then those are the two main points.

When we look at R&D it is precisely more the investment that we have made even in the line of technologies aimed at increasing platform, new products etc. So, more or less, that's the behavior, which makes it, that we managed in the year to have a similar gross margin to last year, with growth now in the fourth quarter – but an impact on Ebitda lines mainly by this investment in R&D, and these investments in new acquisitions, which bring an impact on the result of the year, but obviously we imagine that, in the medium and long term, not only will it bring a very good increase in revenue to the company, but also a long-term improvement in margins.

Master of Ceremony: Great. Jean, we have one more question from the UBS team:

Q: How is the company seeing this M&A agenda primarily on the issue of private market pricing versus listed companies. Would any of the company's verticals be a priority on the M&A agenda? That's the question of the UBS team.

A (Jean Klaumann): Thank you, Vanessa. Well, the M&A issue is a super strategic agenda for Neogrid, as it always has been, isn't it – throughout history we've made 15 acquisitions. This year is certainly an agenda that will gain new chapters, we have good news there to present throughout the year.

We have a robust pipeline for this agenda. I think so far, we have been quite careful in choosing, in the composition of the price of the companies we have acquired, paying multiples that I think are quite healthy and I think the market this year tends to have a dynamic that tends to cool the appetite of private companies a little bit given the scarcity of resources that we have seen around the world. So, I believe that we have everything to continue growing through M&A and following the assertive line of investment and pricing of assets that have become part of the Neogrid team.

Master of Ceremony: And Jean, Daniel Federle, from Credit Suisse, wants to know:

Q: Do the acquired companies have a growth profile and margin similar to Neogrid?

A (Jean Klaumann): Hi, Federle, how nice to meet you here again, a strong hug for you and thanks for the question. I have ten days from home, it is not – it is too early to make conclusive diagnoses. But the first impressions I have is that we find in the acquired companies that have a slightly more mature SaaS concept than the Neogrid originally, a slightly more democratic product and consequently a higher growth potential than our current pace. And that's what's been happening in the recent numbers. As for the margin, I certainly believe strongly that these companies in a more mature cycle will follow Neogrid's historical margins.

And the composition of newly acquired assets, I think brings an amplified view of how much we can impact this entire consumer chain – not only looking at the stock, as historically we have always done, which is a great operational lever for the whole industry and all retail, but also taking other dimensions, such as the pricing dimension and then the promotion dimension, that begins to infer about consumer behavior and not just meet this synchronization of the chain. So, I think we have a potentially rich asset there about a growth perspective and a very interesting synergy with our portfolio.

Master of Ceremony: Jean, we have one more question for you regarding your arrival at Neogrid. What were your first impressions with this beginning at Neogrid – and the plans you have for the company (which, of course, can already be shared this morning with everyone who is with us).

A (Jean Klaumann): Perfect, thank you, Vanessa. Well, after a long cycle in a company with a very successful history, the opportunity to start a new cycle in a company as iconic as Neogrid is a source of much personal fulfillment.

The first impressions were the best possible: a very welcoming environment, a team of people who have done an amazing job – and then I have my own benches of how we see the market as a whole, in an industry that has a shortage of talent. We have the challenge, for the year 2022, to combat the theme inflation in remuneration and also the cost of rehousing people. So having an environment that is Great Place to Work and being creative in the process of hunting and attracting talent is an opportunity to mitigate that impact on the most important cost we have, which is the theme of people.

So, it's a great first impression on the way we've been addressing the topic, obviously always with the opportunity to keep moving forward.

Our portfolio, with all the acquisitions that we made – I had an intense immersion in the first few days, but there is still a lot to know – no doubt still has a lot of opportunity to transform this set of solutions, especially the newly acquired ones, into a platform. And with that we aim at the biggest lock-in of our applications, a lower cost of serving and, of course, the greatest potential to serve on a base that has thousands of customers.

I understand that these are the two main opportunities and challenges – the theme of people and the theme of integration of our portfolio. And, of course, bringing an external vision to the portfolio always makes us realize assets that eventually we stop celebrating, stop communicating properly to the market and that have great potential. I was deeply impressed by the quality of our planning solutions: we serve super complex, super demanding retailers, and do it in an impeccable way, generating value after years of implementation.

Also, in my initial note I highlighted the robust governance I found in the company: a board very aligned with the idea of growth and sustainable robustness of our operation.

And finally, it's amazing how we see the amount of people who have been in here for 10 years, for 12 years, for 15 years, at a time when we see so short cycles of professionals in technology companies, and the fluidity with which this team talks about the business. Talking about breakage is not a conventional topic, it's not a pub talk. And we have a lot of very qualified people who talk about it in their pub conversations.

So, this deep specialization, the quality of the assets I found here – some dormant, with greater exposure potential, given the value it generates – undoubtedly bring many opportunities for the year 2022.

So, very happy, very excited about the team, with portfolio I found and probably, in our next meeting we will already have a clearer view of the opportunities and this fine tuning of our go-to market, so that we can accelerate our growth.

Master of Ceremony: Great. Well, we had here the main questions sent by our audience, asked by our chat. I want to thank everyone for their audience and for being here with us this morning and also invite everyone to visit the IR website for Investor Relations and also contact our IR for their additional questions. We are nearing the end of our webinar, to release Neogrid's fourth quarter 2021 results.

I would like to thank you once again for the presence of Jean Carlo Klaumann, CEO; Thiago Grechi, CFO; and Thomas Black, who is the head of Investor Relations. Would you like to make any final conclusions for us to close our webinar here?

Thiago Grechi: I quickly want to thank everyone's audience. Once again, make available here our IR team, which is available to answer other questions or to know more about the company and thank you for the attention. And welcome, on behalf here of the rest of the company, to Jean. Everyone is very happy there, with his arrival, so on behalf of all the colleagues here at Neogrid, I would like to make public ours is welcome for him here for the company.

Jean Klaumann: Well, reinforcing Tiago's words here, thank the entire Neogrid team for the first reception. And speaking for the first time with our investor audience and the analysts who cover us, I will reinforce here obvious aspects, but that I think are super important in this journey of such a difficult market, as has been the economy in Brazil in recent years: trust Neogrid. We have a company with good governance, a company that brings growth, a cash-generating company, which has shown clarity of focus in a market with huge opportunities, and we will have an incredible journey ahead. I count on the confidence of all of you so that we can go along on this journey. Thanks again for the audience, and a strong hug to all.

Master of Ceremony: Right. Thank you very much, Thomas, Thiago, Jean, success, welcome. Thank you all very much, be sure to contact our Neogrid IR team. Thank you all so much for the hearing, success and see you next time, folks. Bye, bye.