

Q2 2021 Earnings Call

Company Participants

- Fernando Biancardi Cirne, Chief Executive Officer
- Higor de Araujo Franco, Business Unit Officer
- Rafael Chamas Alves, Chief Financial and Investor Relations Officer
- Willians Marques, Commerce Director

Other Participants

- Analyst
- Gabriella Moraes
- Leonardo Olmos

Presentation

Operator

Good afternoon, ladies and gentlemen. Welcome to Locaweb's Second Quarter 2021 Results Conference Call.

Today, with us we have Mr.Fernando Cirne, Chief Executive Officer; Mr.Rafael Chamas, Chief Financial Officer and Investor Relations Officer; Mr.Higor Franco, BeOnline and SaaS Director; and Mr.Willians Marques, Commerce Director. Today's live webcast and slide presentation may be access through Locaweb's website at www.ri.locaweb.com.br. The slides of the presentation are also available for download at the webcast platform.

We would like to inform you that this event is being recorded, and all participants will be in a listen-only mode during the company's presentation. After Locaweb's remarks, there will be a question-and-answer session. At that time, further instructions will be given.
(Operator Instructions)

Before proceeding, let me mention that forward-looking statements made during this conference call are based on the beliefs and assumptions of Locaweb's management and on information currently available to the company. They involve risks and uncertainties because they relate to future events, and therefore, they depend on circumstances that may or may not occur. Investors should understand that conditions related to the macroeconomic scenario, the industry, and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now, I would like to turn the conference over to Mr.Fernando Cirne to start his presentation. Mr.Cirne, you may proceed.

Fernando Biancardi Cirne {BIO 20544253 <GO>}

Good afternoon to all our customers, suppliers, employees and shareholders. It's a pleasure to be here today with you to talk about the excellent performance that Locaweb had in quarter two 2021.

I have three highlights to share with you today. One of the most important is the strong growth of our operations when compared with the same period last year. And in 2020 we had a period of huge growth and that's why it's such an important highlight. We had a growth of 57.1% in our consolidated net revenue year-over-year. And in the case of commerce compared with quarter two 2020 which was a very strong quarter for commerce this growth reached 159% year-over-year.

And when we break this number down into subscriptions this reflects the true increase of our customer base. We had an increase of 204.7% year-over-year in our subscription revenue and 134% in our ecosystem revenue. So the total net revenue of the group in the first half of 2021 is already approximately the same revenue as that for the whole year of 2019 and the Commerce net revenue for the first half of 2021 is already higher than the revenue for the whole year of 2020. This is certainly a spectacular performance for the group and I must thank all of our employees for these brilliant results. The EBITDA of the Commerce segment has been growing strongly and already accounts for 56% of the consolidated EBITDA.

The second highlight of this quarter's earnings is that even with the reopening of the economy we were able to maintain a very strong base of addition of new stores and we prepared for this. We knew that the pandemic should be slowing down by now. So we expanded our customer acquisition channels. We have two examples of new channels, and these are not the only new channels, but we have influencers; and the freeman model which was adopted by Dooqa. Increased investments in marketing strengthening of our commercial teams and improvement in our processes, and process improvement here is not just a high-level term.

I can give you as an example the improvements we made in process is focusing on our customers so that they can more easily launch their stores online, so that they can better reach their customers and activate their services faster, for example, with the onboard service. This led to a 32.7% increase in our customer base between December 2020 and June 2021. It's a lot for a very short period of time and an increase of 40.7% in the addition of new stores compared with quarter four 2020.

Now on Slide number 3, we see that we had a strong growth in our TPV for the payment transactions at 88.6% increase year-over-year. And we know that quarter two 2020 was a period of very strong growth for the company. With the acquisition of Bling, our Commerce segment has reached approximately 100,000 active paying subscribers.

Another very important highlight this quarter is that all the acquired companies had excellent performance this quarter, they even showed an acceleration of their performance if compared to prior to the acquisition. So this shows that the acquisitions

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that we made were very assertive and that this new ecosystem is working the way we planned and this will bring even better performance in the future. We had significant advances in the agenda of acquisitions with the purchase of Bagy and Octadesk.

With the acquisition of Bagy and Octadesk, we had an excellent performance in BeOnline and SaaS with an increase in sales volumes year-over-year and once again we know that quarter two last year was a very aggressive quarter for us and also an increase in the SaaS share of the segment. And we had gains in productivity across the entire operation with reduced churn which is already a result of this new ecosystem which is better for retaining customers and also for better excellence in our customer service with the RA1000 stands from Reclame AQUÍ.

Now on Slide number 3. I mentioned that we had an excellent increase in our net revenue and this is very clear in this chart, you'll see that in quarter two 2020, we had already shown an increase of 70% year-on-year compare to quarter two 2019 so huge performance gain for the company from '19 to '20 and now the Commerce segment had an increase of 159% in its net revenue very expressive numbers.

On Slide number 5, here we talk about customer acquisition. We continue to increase our marketing efforts. We're expanding our channels optimizing our sales channels improving processes. And what we saw is that the addition of new stores did not slowed down in the second quarter compared with the first quarter this year. And this is very important we knew there was -- the market was concerned about this slowing down but this did not happen. And quarter two showed an increase of 40% compared with quarter four last year. And our customer base or our subscriber base better say increased 32% compared with December 2020 showing the excellent performance of the Commerce segment.

On Slide number 6. We see that we are forming the most complete commerce ecosystem in Brazil for SMEs and further we will continue to improve the number of integrations in our platform. We went from 437 integrations that we had last quarter to 483 integrations by the end of this last quarter.

We continue to be an agonistic and open system, so even if we have our own ERP solutions, we have 347 integrations with other ERP systems. We have integrations with e-mail marketing, payment solutions and so on. And a great achievement which makes us really proud and is already yielding results is a native integration with Facebook and Instagram. It's a transparent integration into Tray's panel with product management on Facebook and Instagram, page and campaign management you can stall the new Facebook API automatically.

And just to give you an idea of the results we had more than 3,000 installations in just five days. This is to show the huge potential of social commerce. It is certainly a strong trend and Locaweb has been heavily investing in this line. Now a little bit about our recent acquisitions. So the three most recent acquisitions Bling. In the end of quarter one, Bling is an online management software for micro and small businesses with a focus on e-commerce. It is a SaaS based solution for physical virtual and hybrid businesses.

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It is the ERP system with the greatest penetration in Tray. Most of Tray's customers require an ERP system. I think this is the characteristic of any e-commerce platforms. But about 30% of Tray's customer base was already using Bling. And that's why we chose Bling for this acquisition. It has an ARR of BRL16 million and a high chance of synergy across our ecosystem with marketplace, logistics, credit there's a huge potential for synergies between Bling and the rest of our ecosystem. So Bling is here to accelerate this ecosystem to bring new customers to this ecosystem. And the ecosystem will also accelerate Bling. So it's a huge state of Symbiosis.

Just to give you an example if we had already had 30% of our trade customers using Bling you can imagine the potential that we have for synergies. Another advantage is the data volume from Bling's customers that can be used for credit concessions. So it was a fantastic acquisition. Another very interesting acquisition was Octadesk. Octadesk is a platform that enables SMEs to better relate with their clients at all stages of the customer journey, marketing, sales and services and not just customer service and why is this so important?

We have already acquired some sales operations such as (inaudible) and Social Miner or AlliN and Octadesk will help us orchestrate all these efforts in addition to improving customer service allowing us to use chatbot, artificial intelligence and conversational commerce as we have been using it and it's something that has been really helping us our clients improve their conversion rates. Octadesk has an ARR of BRL25 million and just to give you an idea of the volume of messages managed more than 3 million messages per day. So it's a user a fantastic acquisition for us. Welcome everyone from Octadesk to our ecosystem.

And when we talk about commerce, we have an example of a new commerce platform focused on social commerce, which is Bagy. It is a quick and simple solution for SMEs and individuals to set up a virtual store in minutes and have a strong presence online. It has a strong engagement on social media. Everything is native, integrated with Facebook and Instagram. So, if you want to launch a store and immediately start selling with the support of social media, Facebook and Instagram, this is the right solution for you. Bagy has more than 13.5,000 customers. This was another fantastic acquisition which will certainly speed up everything related with social commerce for Locaweb. So, congratulations and welcome everyone from Bagy to our ecosystem.

So, this is the current status of our ecosystem on Slide number 8. Today, in the center, we have our four platforms or five platforms if we consider Trade Corp as well. Now, we have Octadesk. Not just for after sales but orchestrating all the sales efforts we have Bling. Our ERP system also conversing with all the other processes, we have Vindi. We have our sales tools, AlliN, Social Miner, Etus, Ideris. We have Yapay, Plug and Credisfera for payments and credit and Melhor Envio for logistics.

And as I said we are already yielding good results such as increased ARPU, reduced churn. We can already see a reduction in churn across our chain due to higher customer locking. And this is just the beginning. There's much more to come in the future. And also acceleration of customer acquisition and there's acceleration of customer acquisition will be much clearer. Choose lines from now because we're going to show you what's

happening with the acquired companies. They are truly accelerating when compared with the pre-acquisition period.

So, now on Slide number 9, we're going to show the results for BeOnline and SaaS, we continue to grow our booking levels compared to last year, so we had another 15% increase compared with quarter two last year, which was very aggressive period. For SMEs 15% for Nextios 47.3% increase and we were awarded the top level of excellence in customer service at the website Reclame Aqui. The RA1000 Stamp this is a huge achievement which shows that we are very focusing on providing the best service to customers and the SaaS revenue increased from 30.5% to 39.2% year-over-year in the BeOnline and SaaS segment which means that we're selling more and increasing our -- the share of this segment in our sales which is very relevant.

Now on Slide number 10, here I must reinforce once again that we have been very assertive in the acquisition of the tool Bagy we so far have acquired 18 companies and all of them with the right decision to make at the time. So where quality of the acquired companies is one of our as to most priorities also have very structured integration process in the high synergy of the new operations in our ecosystem, which allows these companies to ramp up and accelerate our ecosystem.

Here I have seven examples of course we can't give you all the numbers, but I have here seven examples showing the power, the true power of this synergy. 200% increase in the shipping GMV for Melhor Envio and still in Melhor Envio there was a 283% increase in the number of customers at Melhor Envio very exclusive numbers. In Dhaka our e-commerce platform, there was 192% increase in their customer base year-over-year a huge increase. The addition of new clients in Bling an increase of 133%. And remember what I said, this is the power that our ecosystem has to generate sales for the ERP system 133% in a very short period of time. Bling is a very recent acquisition, so the gist of the start -- this is just the start of the synergy. Also increasing the number of Bling customers 74%.

As I said this was very, very high growth operation. And now it's just going to skyrocket. And a 73% increase in Vindi's TPV which is much better than it had before the acquisition and also a 50% increase in Nigeria's customer base. So these are some examples. And they -- these were huge contributions to the 159 increase in the net revenue for commerce.

Now on Slide 11. We're not done yet. We want more and why do we want more because we want to have an ecosystem that will have SMEs. We'll help SMEs with their e-commerce efforts. We need to have a well-orchestrated package of services where do we want to be a one-stop shop for all our customers. So we will continue with the acquisitions. We will continue to look for companies with recurring revenue, consolidated products. With people that will stay with us after the acquisition with a huge potential for cross-sell and up sell and synergies in our ecosystem. So we continue with our funnel of M&As and we already have six and we'll use signed or under negotiation, so we won't stop.

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Now I hand it over to Higor, our BeOnline and SaaS Director and he is going to show what we have been reaping in terms of synergies between the companies we acquired.

Higor de Araujo Franco {BIO 20542871 <GO>}

Thank you, Fernando. Good afternoon everyone. As you heard from us in previous conference calls here on Slide number 12, you see that our agenda of cross-sell and synergies is evolving really well and we can already see very clear results. Of course the roadmap is a very long-term and we still have deliveries that have not yet been completed. What we can see that in a very short time we have been able to explore synergies and cross-sell not just within BeOnline and SaaS but also between SaaS products and commerce products and activities.

So here on the top we talk about Etus on Slide number 12. Etus is already present in the entire purchase journey for the entire digital family. So we have WordPress. We have Hosting. We have an offer inside Locaweb's website and also in the Site Builder. Etus is a very good example of how we are getting good results from these synergies. We already see a very expressive increase in sales compared with the previous year. In June alone we had an increase of 253% in sales compared with June last year, Etus' customer base grew by 60% year-over-year. This means that Etus is truly benefiting from this cross-sell earnings has been growing organically at a fantastic pace.

On the bottom of the slide, we have the CPlug POS integrated with Delivery Direto. So all POS customers that already have that also have Delivery Direto they can get the orders in the POS and they can organize everything related with ordering using Delivery Direto and also other components either for order collection or for physical stores.

And the joint offer of POS CPlug in Delivery Direto was evolving really well. We already have many customers running Connects Plug in Delivery Direto together in a joint offer for existing customers and new customers. Another interesting example is the integration of CPlug and Samurai. Samurai is an e-commerce company that has a very interesting expertise in integrations. They have a great technical staff that's really knowledgeable about market integrations and we have been using Samurai with CPlug and Delivery Direto for market integrations. So in the case CPlug, Samurai is performing integrations of the CPlug POS with more ERP, more complex ERP systems.

Here we have the example of SAP and Samurai is also connecting Delivery Direto with other external POS'. So in these two examples Samurai is building the integration, monitoring the accesses, evolving the APIs and it gets to participate share of the revenue in these projects as if it were an integration plug in for CPlug and the Delivery Direto's customers. So Samurai works as a plug in the offer of these two products supporting the integration and expanding our capabilities expanding the popularity of these products in the market.

Now on Slide 13. Here we have an example of how this cross sale is not just restricted to this the time of the sale, but it's a much deeper cross-sell effort. This is an example on the left side of the slide we have an example of a contextual cross-sell based on customer

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behavior within the product use journey, so in this case email marketing customers who have already sent messages and want to use behavioral features behavioral triggers. It's what we call repicking so you can resend emails based on certain settings and configurations. So when you're defining the settings for repick that customer will receive an offer to expand the performance of this campaign using Etus. So at this point here when they're using the product when they're setting up the product, we will give them a behavioral base offer and an Etus offer so that they can expand their contact base and expand their campaign.

So when they click contract, when they click buy the green button on the website itself, they can choose the type of profile they want and automatically when they click contract all the billing will be done by the same Locaweb user. So customers do not have to go to another page or another screen and register again, no, with their own Locaweb account they will be billed for the Etus product as well. And on the top right we have an example of how we are also intensifying cross-sell with suggestions based on buying predisposition for example here. We will show some suggested products based on some prevention algorithms that we run while the customer is using the product that dashboard and these suggestions are based on products they registered with, products they contracted previously, the level of use of these products the average ticket of this customer with us. So this is another example of how we've been working with this contextual cross-sell.

Now on Slide 14. Here we have another interesting example of contextual cross-sell. Here we're using algorithms that will assess the number of context of the customer in the same email marketing product and based on the progression of contacts and based on the campaign emails sent we will either suggest Etus or not so that they can expand their contact base during the analysis of the e-mail marketing list. So they will upload a contact list. We will review the contact list. Look at quantity and quality. And depending on the results of this analysis we will offer Etus to the customer to expand this contact base and to expand this campaign on social media.

This way they can capture more contacts based on this cross-sell effort and they can fire a campaign both through e-mail and also social media. And these cross-sell offers take place at different points of a product used journey. It's something that is much more in-depth than just doing this cross-sell at the time of the purchase. And we are strongly advancing this agenda. We have dedicated teams which are studying the best moment for use in the prevention algorithms and we have been capturing excellent synergies with these initiatives.

And now I hand it over to Willians Marques to talk about Commerce. Willians, the floor is yours.

Willians Marques

Thank you, Higor. Good afternoon everyone. So let's continue. Now let's talk about our efforts in commerce in terms of cross-sell. Here we have some examples. Our agenda has been very intensive and our efforts are parallel. All our units are developing this works simultaneously, because all our units, all our platforms already have an API oriented

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architecture. The first example here is an integration between Delivery Direto and Yapay. And it's also a cross of segment. So we have Yapay for all the billing and payment options of Delivery Direto to customers. So it's commerce and BeOnline.

So in addition to exploring synergies between the commerce units we also have synergies of commerce with any other uniting Locaweb. The integration of Melhor Envio with the Yapay is very operating so this gives the customer more options. They can use Yapay balance for shipping. And this is very popular right now particularly due to the marketing efforts that we implemented and the integration between Yapay and AllIN.

Another example for Yapay we launched in record time the integration with Yapay and Dooça. So about 20 days after the acquisition we already had businesses using Yapay on the Dooça platform which opened to us a new horizon to gain even more TPV. So this is in line with our journey of adding financial services with all our other services.

Vindi also has a huge potential for payments. This is something we already talked about in other releases and now we start to see the results of Vindi is already entering a very mature phase of acceleration in terms of adopting Yapay as its payment solution. Etus also is already using Yapay for payments lifts, it's an integration that is already taking place. We already have the better integration for a digital marketing SME solution for Digital Minor. So this is an initiative for a customer acquisition which adds a lot of intelligence onsite campaigns offsite campaign. So this is a product that social miner designed to bring all the technology that it has to enterprise customers offering to TRE customers. We already have the better running and we are already starting to see very positive results.

We also have Ideris, our marketplace hub which is already running with all the integrations with Tray Corp and evolving in this agenda in order to better service the Tray retail customers. So there's already a huge synergy gain or potential gain here, so that we can have one single marketplace solution. Credisfera, our credit operations already integrated with Tray and I'm going to share a little bit of this experience with you, it's a very transparent integration and we already see the results from this offer. Dooça, which didn't used to have an automatic integration with Bling, so Bling's staff is now building a new integration with Dooça, and we were already running the better, and Tray, which already had a good integration with Bling where we heard that Bling has a great share at Tray, and now, we're improving and expanding this integration so that it can be the first integration for Bling.

So this is a summary of these synergies. We have many initiatives here and I'm going to give you more details on Slide number 16. So here we have the example of Vindi and the good news is that Yapay already accounts for 10% of Vindi's TPV. This is growing as the months go by and it's already exceeded other companies, 70% of new Vindi's customers already use Yapay and this is very important because in addition to converting the customer base, we are already the most commonly used option for all customers, and 20% of Vindi customers already run Yapay. And on the right side of this slide, we see the opposite. Looking at the TPV process by Yapay, we see how much it has scaled up with origins from other Locaweb units. So in quarter three 2020, we had basically everything was Delivery Direto and then as we generated other synergies with Delivery Direto with

Etus, we started to see the representativeness of the cross-sell revenue growing in Yapay. So today, more than 10% of the TPV process by Yapay comes from Locaweb units.

Now let's move on to Slide 17. Here, we have an example of how we are performing this transparent integration. Just like we did for Facebook and other solutions in our ecosystem, Credisfera also actively participates in the lives of our customers in their dashboard. So we have a menu with all the options of the Tray platform and this is a screenshot of Tray's dashboard and now we have a new auction there on the menu, the credit auction and our retailers can offer -- can get offers from Credisfera through this menu item. So this is one way we found for them to have access to these products without having to leave their environment, so. It's not a link. It's an offer they get inside their management dashboard. And this is something that we're trying to do for all the synergies and experiences that we want to provide for Credisfera, Melhor Envio and Ideris. We want to use the same model, very transparent and frictionless where customers can use our entire ecosystem from the same dashboard.

And now I will hand the conference over to Rafael, and I thank you very much for your attention.

Rafael Chamas Alves {BIO 21792610 <GO>}

Thank you, Willians. Good afternoon, everyone.

Now on Slide 19, here we have the highlights of the quarter, some very impressive numbers as we heard during this presentation, that revenue in quarter two grew by 57% year-over-year the carbon separation had 159% increase the operational indicators that help us understand what happened in addition to what was shown by Fernando, particularly when it comes to customer acquisition the GMV increased by 65% year-over-year. We closed the quarter with BRL4.6 billion and the TPV which was boosted by all the integrations and synergies grew by 88.6% and close quarter two with BRL712 million.

And not only did we grow but also we continue to be a profitable company which is generating cash. So we see a 58% increase in the adjusted EBITDA of the Commerce segment and BRL41 million and 28% growth in the adjusted EBITDA for the entire operation. And despite our very intensive M&A agenda, we still have a very robust cash position BRL1.9 billion of net cash in by the end of quarter two 2021.

One Slide number 20 here we see the performance of our different business units. As I said we closed the quarter with BRL184.3 million Commerce shows a very accelerated growth in accounts for approximately 50% of the business, 46% and in quarter two last year we talked about 7.9% and this relevance is due to the two business verticals that help us monetize commerce. Subscription revenue grew by 204% and closed the quarter with BRL35.6 million. And the ecosystem revenue which is more transactional grew by 134% year-over-year.

And when we add these two this leads to the 159% growth in the period. For BeOnline and SaaS, a very good pace of growth as well. We had 17.6% increase year-over-year. We

closed the quarter with nearly BRL100 million in revenue for the sector and an 8.9% increase in the customer base. So now we have 402,000 customers in BeOnline and SaaS.

In Slide 21, Fernando went over some of this data. But it's very important to highlight that this is the revenue progression of the company on the left. And on the right, we have the first half of '20 and the first half of '21. And some very impressive numbers here. We closed the first half of '21 with Commerce revenue of BRL150.2 million, which is basically twice as high as the revenue for the entire year 2019. It's already higher than the revenue for 2020 which was BRL142 million. So in six months we already covered last year's revenue when we doubled when compared to 2019's revenue. So our consolidated was BRL345 million in six months, which is basically the revenue of the entire year 2019. So our company has been truly accelerating its revenues into different verticals. And we have some very positive growth prospects for the future.

On Slide 22, here we see the EBITDA of the company, the adjusted EBITDA. We see growth in all sectors, consolidated increase by 28.8% closing the quarter at BRL41.3 million compared with BRL32 million year-over-year. The Commerce operation already accounts for 56% of the company's adjusted EBITDA. So if we think about CapEx, the Commerce operation for cash generation is -- it is already the predominant factor. So Commerce closed quarter two with BRL22.9, a 58.5% increase year-over-year and the BeOnline sales operation shows a growth of 40.4% closing the quarter at BRL18.4 million.

Now on Slide 23, it's important for us to understand the impact of the acquired companies on our margin. I shared this with you last quarter and it's important to keep monitoring, because this shows that we're not losing. We're actually gaining productivity and growing and maintaining some very interesting profitability levels improving the group's margins, but of course when we look at the -- strictly accounting at -- we have a maturation period for the acquired companies. And first we have to complete their integration and then start seeing them grow.

So, on Slide 23, the consolidated -- organically we had an expansion in our margin, 27.3% to 27.7% and the acquired companies will cause a reduction which made us close the period with 22.4%. Now applying the same dynamics for the other segments, Commerce, the Commerce operations are still running at organic margins over 40%, so 41.5% for quarter two. However, considering the share and the participation of the acquisitions we closed at the margin of 27% for quarter two.

BeOnline SaaS the same dynamics, 20.8% for quarter two 2020, 20.3% for quarter two 2021, organically speaking but considering the acquired companies a margin of 18.5%. So we're still growing at a very fast pace. We're maintaining high profitability and high cash generation capacity and when we look at the strictly accountable EBITDA this is a reflection of the maturation time and the integration time and we will see this margin recovering quarter-after-quarter.

And on Slide 24 we see the adjusted net income. We had a net margin of an expansion of 87.7% year-over-year and when we talk about purely accounting numbers this is important

when we see this in our balance sheet these are two effects of our M&A model or M&A dynamics which is the amortization of intangible assets, because of the price allocation that we do when we do M&As. And the value was already considered in the price paid that's why we call it price allocation which went from BRL1 million to BRL6.2 million in quarter two 2021. And the adjustment to present value of acquisition there earn out.

Our acquisition model is entails or announced, this is provided for in our liabilities instances, our liabilities are long-term they behave just like that. So they are recorded at a value that is lower than the potential earn out and we have the interest accumulating quarter-after-quarter until this earn out is paid up which showed a BRL10 million -- growth of BRL10 million year-over-year. And we also adjusted based on the same dynamics that I just mentioned. This is included in the price and the PPA. So considering these are just dynamics we go from a 3.6 with a margin of 12.9%.

Now, I will hand it back to Fernando for his final remarks.

Fernando Biancardi Cirne {BIO 20544253 <GO>}

Thank you, Rafael. So just to recap the main highlights for the quarter we see this is Slide number 26 by the way. The company continues to accelerate even with the reopening of the economy and even when we compare with data from quarter two 2020, which was a very good quarter for us. Our operations are growing above market indicators and comparable operations. Our Commerce operation is accelerating and gaining share within the group.

As I said, we are now over 55% of the EBITDA coming from Commerce. We see an ongoing evolution of the Commerce ecosystem both with M&As and also with R&D. We don't really focus on R&D, but there is a lot of work involved in the integrations and also in-house development and evolution of our platforms. This is very important. We are a technology company and more than half of our staff is made up of engineers. We have huge assertiveness in our M&A process with strategic fit and operational success of all the companies acquired so far. We have a process for integration of the acquired companies and we already start to see very consistent results from these integrations.

This means that we're very confident and comfortable about the acquisitions that we made and we're also very confident about continuing with the M&A efforts in the future. And finally, many of the acquired companies already show a very accelerated growth, and this will certainly be confirmed in the coming quarters.

Thank you very much. I think we still have a few minutes to answer some questions. Thank you.

Questions And Answers

Operator

(Question And Answer)

Thank you. We will now open the floor for questions. (Operator Instructions) The first question is from Leonardo Olmos, UBS.

Q - Leonardo Olmos {BIO 21197412 <GO>}

Good morning. Good afternoon, everyone. You talked about the expansion of your channels to reach your customers. What do you see in terms of future trends for channels? And how can these new channels affect your dynamics, not your growth, but the current dynamics?

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

I'm going to answer about the margin and then Willians can talk about the channels. The CAC is increasing. We are spending more with new channels, but this is not really affecting the EBITDA. And why is that? Because the growth of the company is supporting all that. But we do not see any degradation of our margin. We see a trend towards maintenance of the margin. This is very important, because we are expanding and the exponential growth of the company is supporting the increased marketing investments without degrading our margin. So, this is for the second part of your question. And now Willians is going to give you some examples of channels that we are exploring.

A - Willians Marques

All right. So, Leonardo, regarding the channels. In order for us to maintain the increase in our customer acquisition, we started to explore new channels that we gave you the example of influencers, for example, it's a very well structured operation to have influencers and some ambassadors that will promote the company and use the services. So these are people that are references in their expertise, either entrepreneurs, business owners who have their e-commerce, who have their virtual stores and we'll talk about the platform, the payment options and all our solutions.

What we see in this case is that we have a CAC, which is not so higher than that of social media, because today Google and Facebook also had to increase their prices. And compared with these channels, we spend an amount that is very similar in terms of customer acquisition, but we have a productivity gain, because many of these customers already had an educational part of the work done with this influencer. And when they're here to contract the platform very often, they previously watched training courses and videos, there's a lot of influencers that work with education. So this means that we have higher quality in this customer acquisition.

Another example is the Dooça project which is the trial. Dooça didn't use to have a trial, Tray didn't have a trial, so we launched this trial recently. This is helping us improve customer acquisition. A great part of these customers do not really contract the plan after the trial period, but what happens is that those they contract a plan with us are customers that already went through the first decision making process of continuing with us or not. So, during the first 15 days is where part of our churn takes place.

So there's in the LTV, we'll have a cohort of customers with a higher LTV, because we already had the first filter of these customers. So there's in the CAC over LTV, even if

we're spending more we have a higher LTV. So, these are examples that -- well, despite the changes in the dynamics of customer acquisition, this will not affect our CAC. We are indeed spending more, we're investing more, but the ratio of LTV and CAC and the ARPU and CAC ratio are very positive for us. With all these solutions, the average ticket is always -- is also increasing. So, I hope I have answered your question. And let me know if you need anything else.

Q - Leonardo Olmos {BIO 21197412 <GO>}

No, that was perfect. Very clear. It makes a lot of sense. Congratulations for your results. And have a great weekend.

Operator

The next question is from with Bernardo (inaudible). Bernardo, go ahead.

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

Do we have any more questions?

Operator

The next question is come from Viktor (inaudible) Goldman Sachs.

Q - Analyst

Good afternoon, everyone. Thank you for answering our question. I have two questions. Thinking about your ecosystem and the promising acquisitions that you recently made. The next acquisitions will add new markets and new capabilities to the ecosystem or do you think the next acquisitions will come to strengthen the verticals where you are already present? So what is your pipeline? What does your pipeline look like in the sense, is there a specific part of the ecosystem that you're looking to further strengthen?

And the second question, I don't know if maybe you can shed some light on the growth of the commerce segment. How much it is divided between Dooca, Tray and Ideris or the GMV growth excluding Ideris?

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

Hi, Viktor, this is Fernando. We consider our ecosystem to be very complete, but it is an endless effort, right? E-commerce is not something trivial. I remember that when I used to have an online store, we only had email marketing and banner and that was it. But today, in order to have a virtual presence, you need to do marketplace, social commerce, inbound. It's much more complex now and not even mentioning logistics, so it's very complex. And e-commerce for SMEs is even more complex.

E-commerce is evolving and will continue to evolve and that's what we're doing, social commerce appeared, we are added some social commerce offers, conversational commerce, we recently added conversational commerce, e-commerce will continue to

evolve and we will continue to have including new solutions into this ecosystem, because our customers SMEs will demand these new tools either for lead generation or for management or for customer service, everything has to be present in this ecosystem, so as I said it's an endless work. It will never stop evolving and we will also be looking at new verticals. So we're working in these two fronts, completing our ecosystem and looking for new verticals. And regarding your second question, we can't really give you more details about the GMV breakdown by platform.

Q - Analyst

Okay. No problem. Thank you very much.

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

Thank you, Viktor for your questions.

Operator

The next question is from Gabriella Moraes, Itau BBA.

Q - Gabriella Moraes

Good afternoon. I have two questions. The first question is about the addition of sellers. How are you working on adding new sellers? And in quarter three, do you see an increase in your churn? Because we saw good acceleration in the seller addition, but some deceleration compared with quarter one. And the second question is about the update. We see that the share of your acquired company is already 10% of the update. So how do you see this looking forward? Thank you.

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

Hi, Gabriella. So I'm going to answer your question. The first part is about bookings. With the new channels that we're exploring, you see that we were able to maintain our booking at very high levels, well above the pre-pandemic levels and very close to the peak pandemic levels. But what we see is very sustainable growth. And with the testing and opening of new channels, we project that we're going to continue to grow and to create new booking opportunities. So, in spite of the pandemic -- of the slowing down of the pandemic, which is a good thing, right? We see that the demand for e-commerce continues to grow and with the new channels, we can compensate for the more accelerated demand of the peak of the pandemic, but our booking levels will continue to be very high.

The churn, we have a normal behavior in the premature churn, in the first six months, we lose part of this base and these are practically those customers that were not able to operate their virtual store or gave up the project or change their strategy. And then the churn becomes really small. What we see in the past three months, in the past quarter is an improvement in the premature churn. It's been higher in the past, particularly in the peak months of the pandemic, where we had a very accelerated entry of new customers and very often they were not really prepared for that.

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And now we see improvements in these numbers and this is also a reflection of our educational efforts, because we are more and more strengthening the e-commerce school, our educational units to train these customers. And we -- that's why we see this improvement in churn. Now regarding Yapay, in Vindi, we still have a great part of the TPV. So, we still have a lot of work ahead of us for a few years. And Vindi and the other units are growing. So, in addition to increasing the share, Vindi is also growing its customer acquisition.

So, we believe that despite the higher churn, this ecosystem will continue to grow. We have Dooça is in the initial ecosystem, our share is still very small, we are just starting. So, we start to see some good prospects for Dooça including with the new trial for a better entry of customers. We have Bagy, the recently acquired company and we don't have Yapay integrated yet. We're studying this integration right now.

And Bling, Bling that has both online channels and payment links and also some projects for payment acquisition in the physical world. So we believe that with Bling and CPlug, we can also work in this sphere. And with the Delivery Direto, we still have some shares. So considering the companies already acquired, we still have a lot of TPV to capture. And these are companies that grow organically and we also have our pipeline in one of the premises for our M&As, is that these companies have synergies with our current units. And nearly all M&A so far have opportunities for payments. So in our pipelines, we also have good opportunities to activate payments with Yapay.

Q - Analyst

Very clear. Thank you very much.

Operator

The next question is from Marco Magrini (inaudible). Mr. Marco, you can ask your question now. Mr. Marco, your line is open. You can ask your question.

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

I think this was the last question.

Operator

Okay. So this question-and-answer session is now closed. Now, I hand it back over to Mr. Fernando Cirne for his final remarks.

A - Fernando Biancardi Cirne {BIO 20544253 <GO>}

I'd like to thank you all for the number of attendees today in this conference call, an impressive number of people. We're happy to have you here with us. We're very proud of our results. And once again, I'd like to thank our customers, suppliers, employees and particularly our shareholders. And we'll see you soon in three months hopefully. Thank you very much. Have a great day.

Operator

The second quarter 2021 earnings conference call of Locaweb is now over. Thank you for attending and have a great afternoon. You may disconnect your lines now.

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