

## PT GoTo Gojek Tokopedia 1Q24 Earnings Call Transcript

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### Corporate Participants

**Patrick Walujo** *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO*

**Thomas Husted** *PT GoTo Gojek Tokopedia Tbk - Vice President Director, President, Financial Technology*

**Wei-Jye (Jacky) Lo** *PT GoTo Gojek Tokopedia Tbk - Group CFO*

**Hans Patuwo** *PT GoTo Gojek Tokopedia Tbk - Group COO*

**Catherine Hindra Sutjahyo** *PT GoTo Gojek Tokopedia Tbk - President, On-Demand Services*

**Reggy Susanto** *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations*

**Melissa Siska Juminto** *PT GoTo Gojek Tokopedia Tbk - Director*

### Conference Call Participants

**Henry Wibowo** *J.P. Morgan*

**Ferry Wong** *Citi*

**Ryan Winipta** *Indopremier*

**Adrian Joezer** *Mandiri Sekuritas*

**Ari Jahja** *Macquarie*

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### Presentation

#### **Reggy Susanto** *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations*

Hello, everyone. This is Reggy Susanto, Head of Investor Relations. Welcome to the PT GoTo Gojek Tokopedia Tbk first quarter 2024 earnings conference call. Please be advised that today's conference is being recorded.

On today's call, Patrick Walujo, President Director and Group CEO, and Jacky Lo, Group CFO, will deliver prepared remarks. Following their commentary, we will open up the call for questions and be joined by Thomas Husted, our Vice President Director and President of Financial Technology; Hans Patuwo, our Chief Operating Officer; Catherine Hindra Sutjahyo, our President of On-Demand Services; and Melissa Siska Juminto, Director of the company.

We would like to highlight that the information presented today has been prepared solely based on unaudited, consolidated, selected financial information for the three months ended March 31st, 2024.

As a reminder, today's discussion may contain forward looking statements about the Company's future business and financial performance, as well as certain non-Indonesian financial accounting standard measures as complements to the Indonesian Financial Accounting Standards disclosures. Before using and/or relying on these measurements and forward-looking statements, please take note of our disclaimer and cautionary statements disclosed in our earnings presentation and press release.

During the earnings call, we will review the results of our operations and earnings presentation, which can be found on our website. Our reporting currency is the Indonesian Rupiah and we will denote the US Dollar equivalent by applying an exchange rate of 15,853 Rupiah to 1 Dollar, based on the middle rates published by Bank Indonesia as of the end of March 2024.

We will refer to pro forma figures to facilitate like-for-like sequential and year-on-year comparisons of our performance, following the closing of our recently announced agreement with TikTok and the upcoming deconsolidation of GoTo Logistics. These pro forma figures assume that Tokopedia and GoTo Logistics were deconsolidated on January 1st, 2023.

Further, in the On-Demand segment, we have changed our business model for certain delivery businesses from an agency model to a principal model, while also including a number of additional items in our GTV figure to bring our reporting in line with that of regional and international peers. We will discuss this further in the financials section. We will also refer to Core GTV, which excludes our merchant payment gateway.

For more information and additional disclosures on our recent business and financial performance, please refer to our earnings press release and supplemental presentation, which can be found on our IR website.

With that, I will turn the call over to Pak Patrick.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you Reggy. Hello, everyone, and thank you for joining us today.

During our last call, I set out for the foundational changes we made to our business in 2023 as we met our target to achieve positive Adjusted EBITDA in the fourth quarter. Now, as we look ahead to 2024, we must build on that foundation by accelerating growth and investing for the future. We will do this by growing our user base, expanding our wallet share among existing users, reducing operating costs, and strengthening our partnership with TikTok.

In Q1, top line growth was healthy with pro forma Core GTV and Gross Revenue up by 32% and 80% year-on-year, respectively. Group pro forma Adjusted EBITDA turned slightly negative to 102 billion Rupiah, or 6.4 million US Dollars. This is due to our ramping up of investments in Fintech as well as seasonal slowness on the On-Demand Services in January and February. These factors were expected and we remain on track to hit Adjusted EBITDA breakeven for the full year. On a year-on-year basis, pro forma Adjusted EBITDA losses were reduced by 89%.

While results in January and February are soft, primarily due to seasonality, we have been reinvesting into our business with a focus on product innovation rather than incentives. We are already seeing promising results, particularly in March and April, driven by user growth, BNPL in e-commerce, and accelerated integration and payments adoption on TikTok. The improving performance in March and April is a strong indication that we will grow faster for the rest of the year, as our reinvestments take shape.

I will now turn to each of our business segments.

On January 31st, we closed our deal with TikTok, immediately turning our E-commerce segment cash flow positive. Since then, our management has been working closely with TikTok across different areas. We are pleased that the partnership is off to a good start and are confident that it will strengthen over time.

Tokopedia's performance in the first quarter was better than expected. We booked approximately 110 billion Rupiah or 7 million US Dollars in E-commerce Service Fee in February and March, and we expect this to increase as our partnership deepens over future quarters.

I am also happy to share that the combined Tokopedia entity is now in full compliance with the relevant regulations, having fulfilled all provisions set by the Ministry of Trade during the

transition period. All e-commerce activities on TikTok are now being carried out on Tokopedia's electronic systems, and this has been implemented in a way that ensures users can shop seamlessly on the TikTok app.

Moving on to our FinTech business.

The GoPay app continues to gain traction among users, having been downloaded more than 20 million times by the end of March, according to Google Play and IOS console, driving the growth of our user base. We continue to grow our consumer lending business prudently, which has led to strong growth in our Fintech Core GTV and Gross Revenue of 40% and 57% year-on-year, respectively. Our loan book increased 43% quarter-on-quarter, and more than threefold year-on-year to 2.7 trillion Rupiah or 170 million US Dollars, with similar NPL to last quarter. Around 75% of the loan book is channeled through Bank Jago.

Integration with TikTok is progressing well, and there are three main updates I'd like to highlight. First, improvements made in January to our BNPL product, led to increased penetration on the Tokopedia platform. We saw strong performance in March, where loans disbursed grew by close to 60% month-on-month.

Second, we have worked with the TikTok team to make it easier for users to link their GoPay account with the TikTok app's embedded e-commerce platform, which is now called Shop Tokopedia. This was completed in mid-March, increasing GoPay's penetration.

Third, as we mentioned last quarter, we are jointly developing a BNPL product with TikTok, which we aim to launch on Shop Tokopedia in a few months. This will allow us to penetrate into new user segments and provide users with more flexible payment options, as we strive to earn our status as TikTok's primary partner in Indonesia.

The strong growth we are seeing in payments and lending mean that our Fintech segment is on track to become Adjusted EBITDA positive by the end of 2025, subject to stable macroeconomic conditions.

Turning to On-Demand Services, investment into product innovation and user growth initiatives have started showing results. In March, we saw significant month-on-month and year-on-year user growth, which has continued into April. In Q1, GTV was stable year-on-year

and down quarter-on-quarter due to seasonal slowness in January and February. GTV in Indonesia was positive year-on-year, while in Singapore we recently launched a partnership with a local taxi firm ComfortDelGro, which will mutually strengthen our driver supply - a critical tool for driving growth. Gross Revenue saw positive year-on-year growth driven by value-added services.

While ODS is a key profit contributor to the group, we will defend its position as the market leader in Indonesia by making appropriate investments in product, innovation, and marketing for long term gains. We aim to grow faster from Q2 onwards by continuing to invest according to our strategy. This includes:

First, expanding our user base by attracting new customers through affordable offerings and continuous product improvements.

Second, deepening wallet share by continuing to increase usage frequency and retention. Our push in subscriptions will form part of this, along with our product mix offering premium, regular, and affordable services.

And third, improving our value-added services. This includes our advertising business, which grew 15% quarter-on-quarter, with penetration as a percentage of Food GTV also increasing.

For GoTo Logistics, as Jacky will discuss in more detail, we stopped reporting GoTo Logistics as a segment this quarter due to the upcoming divestment of a number of its businesses associated with Tokopedia in the second quarter.

I will now turn the call over to Jacky to review our business performance for the period. Jacky, please go ahead.

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**Wei-Jye (Jacky) Lo *PT GoTo Gojek Tokopedia Tbk - Group CFO***

Thank you Patrick. Good day, everyone. Let me start by addressing a few matters regarding our operating and financial presentation in this quarter.

First, following the closing of the TikTok transaction and the upcoming deconsolidation of GoTo Logistics, we have prepared pro forma operating and financial figures at the Group level

to facilitate like-for-like sequential and year-on-year comparisons of our performance. The pro forma analysis assumes that Tokopedia and GoTo Logistics had been deconsolidated since January 1st, 2023. Additionally, we have included as-reported operating and financial results in the appendix of our presentation for reference.

Second, to bring our reporting in line with that of regional and international peers, we made two changes within On-Demand Services in this quarter. One, we changed our business model for delivery services from an agency model to a principal model in January 2024. Under the principal model, we record the delivery fee paid by our users as Gross Revenue, and the cost of delivery paid to the driver-partners as Cost of Revenue. This model allows us to offer more competitive delivery fees while being more targeted in providing incentives. Two, we revised the GTV definition for On-Demand Services to also include any additional fees such as tolls and tips. We have provided restated 2023 GTV figures in our presentation.

As discussed, in the first quarter, both pro forma Group Core GTV and Gross Revenue saw significant double digit uplift year-on-year. At the same time, adjusted EBITDA remained in line with our plan, putting us on track to meet our target to maintain adjusted EBITDA breakeven for 2024. At the Group level, pro forma GTV was up 20% year-on-year, while Core GTV increased 32% year-on-year, and Gross Revenue grew 18% year-on-year, while our take rate remained stable.

In terms of costs, pro forma incentives and product marketing spend decreased by 31% year-on-year, while recurring cash fixed costs declined by 25% year-on-year. Also, reported recurring cash corporate costs were 218 billion Rupiah, or 13.8 million US Dollars in this quarter - a decrease of 30% year-on-year and 8% quarter-on-quarter. Pro forma Group Adjusted EBITDA for the first quarter stood at negative 102 billion Rupiah or 6.4 million US Dollars, with losses reduced by 89% year-on-year. Adjusted EBITDA turned negative in the quarter from positive in the previous quarter due to the ramp-up of investments in Fintech, as well as seasonality in On-Demand Services in January and February.

I'll now take you through our financial performance by segment.

In On-Demand Services, GTV was flat year-on-year, despite a 38% year-on-year reduction in incentives and product marketing. Specifically, Indonesia GTV grew 3% year-on-year in the first quarter. As mentioned, we reinvest into product innovation and user growth initiatives,

which have started showing results in March and April. Gross Revenue grew 12% year-on-year in the quarter. If we assume the aforementioned change in business model started on January 1st, 2023, Gross Revenue grew 4% year-on-year on a like-for-like basis. Recurring cash fixed costs declined 17% year-on-year, mostly from cost optimization efforts throughout last year. On-Demand Services was Adjusted EBITDA positive at 166 billion Rupiah or 10.5 million US Dollars, an uplift of 412 billion Rupiah, or 26 million US Dollars year-on-year.

Turning to FinTech, GTV increased 21% year-on-year, while core GTV showed stronger growth at 40% year-on-year, driven by improvements in lending and consumer payments. Our consumer lending loan book grew 43% quarter-on-quarter and threefold year-on-year to 2.7 trillion Rupiah or 170 million US Dollars. Gross Revenue grew 57% year-on-year in the first quarter, with take rates increasing by 14 basis points. In terms of cost, incentives and product marketing increased by 21% year-on-year, as we made investment into the Fintech business to drive customer acquisitions in the GoPay App and lending. Adjusted EBITDA loss was 248 billion Rupiah or 15.6 million US Dollars, reduced by 52% year-on-year, mainly driven by significant improvement in Contribution Margin and an 18% year-on-year decline in recurring cash fixed costs.

In the E-commerce segment, as a result of the closing of the TikTok transaction at the end of January, we began recording PT Tokopedia as an associate company from February 1st. As Patrick mentioned, we recorded approximately 110 billion Rupiah, or 7 million US Dollars of E-commerce service fee, net of value-added tax in February and March, driving positive segment adjusted EBITDA of 127 billion Rupiah or 8 million US Dollars in Q1.

GoTo Logistics consists of a number of delivery and fulfillment businesses. We have entered into a Conditional Sale and Purchase Agreement to divest ownership of the delivery and fulfillment businesses under GoTo Logistics that support Tokopedia. Upon closing of these transactions, GoTo Logistics will be deconsolidated from the group.

To summarize, our financial profile is in excellent condition and continues to improve. As of March 31st, we have 23 trillion Rupiah or 1.5 billion US Dollars in cash, cash equivalents, and short-term time deposits. This balance is unchanged from the position following the deconsolidation of Tokopedia on February 1st, as we mentioned on our last quarter's earnings call.

Looking ahead to Q2, we are aiming to accelerate our growth by reinvesting profit upside back into the business, while ensuring we are still in line to achieve Adjusted EBITDA breakeven for the full year.

With that, we would now like to open the call to your questions.

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## Q&A Segment

### **Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thank you, Jacky. We will now start our question and answer section. Please use the raise hand function to ask your questions. Please wait a moment while we assemble our roster. First question comes from Henry Wibowo of J. P. Morgan. Please go ahead Henry and ask your question.

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### **Henry Wibowo *JP Morgan***

Yeah, sorry, thanks Patrick, Jacky, and Reggy for the presentation and congrats on the strong results, especially back in growth mode. I have three questions if you don't mind. Number one, I think generally, how would you see the purchasing power in the first quarter between say the mass market and the mid-upper class segment? And how is this impacting your business? Secondly, on e-commerce business, will Shop | Tokopedia prioritize growth or profitability in the next 12 months? I think this is a topic of discussion within the investors community, given that the company just raised merchant fees, but at the same time, I think there's a goal to achieve market leadership in the medium term. And lastly, when do you expect the completion of the GoPay Later within the Shop | Tokopedia app? And just a bit on the e-commerce addition, is there a different experience between shopping in Tokopedia.com versus Shop | Tokopedia right now? Thank you.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you, Henry. If I hear you correctly, there are three parts of your question. The first part is about purchasing power, which I will address. And then there's a question about e-commerce that I will ask my colleague Melissa to answer. And then there's a question about the integration of GTF, GoTo Financial and TikTok shop, which I will ask Tom to address.

Now on your first question about purchasing power, we see the consumer behavior on our platforms continue to be robust. As we shared with you earlier, e-commerce grows quite fast. We definitely do not see any impact on purchasing power or any indication of purchasing power decline in that segment. In ODS, we monitor the affluent and our affordable markets very closely, and we see that spending on both segments actually increased as well. And in GTF, we have all seen, growth also continues to be strong, so we don't see any sign of weakening purchasing power in any of the consumer segments on our platforms. I'll have Melissa to answer the questions about e-commerce.

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - Director***

Yeah, thank you Patrick, thank you Henry for the question. So today, I think as also earlier mentioned within the earlier segment, Tokopedia's combined entity's performance in Q1 is actually way better than expected. And as we also have reported, GoTo had recorded approximately 110 billion Rupiah, which is roughly 7 million US Dollars in e-commerce service fee for February and for March. And this should increase as the partnership deepens over future quarters, and it's really only the beginning.

As you also may be well aware, Indonesia's e-commerce landscape has always been very competitive. However, our commitment remains the same, which is to provide the best experience for our users and also to continue to grow together with our merchants to become the number one leading e-commerce platform in Indonesia combined together. So we'll continue to grow and focus towards growth, and of course, we're committed towards innovating as well as improving experience for both users and our merchants.

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**Thomas Husted *PT GoTo Gojek Tokopedia Tbk - Vice President Director, President, Financial Technology***

Great. Hi, Henry. This is Tom. I run the Fintech business. So let me handle your third question, which is in regards to the integration process, which I think this is good news. We closed the transaction with Tokopedia and TikTok on the 31st of January, and since that time, the team's been laser focused on completing the tech integration, such that we are in 100% compliance with all of the government regulations, and we're thrilled that is now done.

So on the Fintech side, we're now starting to focus on the integration of BNPL into Shop I Tokopedia, and I'm sure this will come up again later in the questions. And we are now on track for achieving this, I'd say over the next few months. And I think once that's in place, that will give us the next leg up on the lending growth.

And you know obviously, as covered in the previous remarks, we've got strong lending growth and we expect that to accelerate over the rest of the year. And in general, I would say, if we step back, you know, we've seen, despite having only closed the deal for, I guess, a little bit over three months, we've seen very strong integration. So the GoPay now is readily available on Shop I Tokopedia. And we completed that process in mid-March. So that was, call it two months after closing. So it feels like in general, everything is moving in the right direction, specifically in regards to the integration between GoTo Financial and Shop Tokopedia.

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**Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thanks Tom. Henry, I think you had one more question, right? That was on the difference between the shopping experience in Tokopedia versus Shop I Tokopedia. Melissa, maybe if you can help answer that one.

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - Director***

Yes. Thank you also for the question. So Henry, in regards to the differences, I think the focus of our team so far has been completing tech integration related towards compliance, which we have now finished and we have also received affirmation from the government through

the Ministry of Trade that we are already fully compliant. And our next focus is actually towards what Tom had mentioned, which is to integrate deeper into BNPL as well as GoPay and some of the other products.

And as we also look into how we will differentiate forward we actually do have a separate, quite different user profile amongst the two platforms, Tokopedia as well as TikTok. So our focus, it's definitely to maintain the respective strengths and characteristics of the two largely distinct platforms.

So Tokopedia will definitely deepen and focus a lot more towards being more urban as well as shelf-based type of behavior and experience. While Shop I Tokopedia will be much more country spread, content driven as TikTok's embedded e-commerce platform. So we'll remain different and again be relevant towards separate segments.

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**Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thanks, Henry. Our next question comes from the line of Ferry Wong of Citi. Ferry, your line is now open. Please unmute your microphone to ask your questions.

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**Ferry Wong *Citi***

Hi, thanks Reggy. Okay, congratulations management for the back to the growth model for GoTo. I have three questions. Number one is basically, we've seen that there is a significant take rate increase being done at the Tokopedia platform. Can you share the background on that and what do you expect basically going into 2024 and onwards?

Second, on the ODS GTV, this is basically flat on a year-on-year basis in the first quarter and we think that you need to grow ODS GTV by around roughly around 20% over the next three quarters to achieve your target of mid-teens growth. How confident are you to achieve this and what will be your strategy? Are you going to invest a lot more in terms of ramping up your investment and spending those kinds of things?

And then the third question, still on ODS. How is the competitive landscape on the ODS? Because we've seen that Grab has increased their promotional efforts and they basically give a bit more promotion. And also there are concerns that you are losing market share as the ODS GTV is flat and your competitors are indicating higher growth than yours. Are you expecting further intensifying competition landscape and widening losses in the upcoming quarter, but basically with higher top line growth? Yup, that's all. Thanks.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you Ferry for your questions. Maybe Mel, can you take the first question? And this is about the take rate increase on our e-commerce platform.

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - Director***

Yeah, sure, Pat. Thank you again Ferry for the question. So in regards to your question on take rate, actually along with the take rate increase, we have also made adjustments towards our features.

So the first objective of these changes is to democratize and make our features much more accessible to all of our merchants. Our features and benefits, as well as our marketing tools, our ad tools for our sellers to be more widely available, and all sellers can actually then experience these tools to have them grow their sales.

And the second objective, it's definitely to make adjustments to improve the performance of our sellers as well as our profitability in the long run. So, with this take rate increase, our goal is to also reinvest back and grow our merchants together, and the sales of our merchants together. Again alongside together with all of the different features that we will make available and open for them to grow their business.

And our new commission structure will actually start this coming May 1st, 2024. Through the new structure, sellers will be able to leverage all the various features, and the goal is to focus to develop their business to the next level. And GoTo's service fee should be impacted much

more positively as we commit to still being the most leading e-commerce player in Indonesia. I hope that answers your question Ferry.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

And Cath, why don't you take the two other questions about ODS.

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**Catherine Hindra Sutjahyo *PT GoTo Gojek Tokopedia Tbk - President, On-Demand Services***

Thanks Pat. Hi Ferry, thank you for the question. So let me start with this. Yeah, as you mentioned right, it's flat year on year, but to note here Indonesia specifically, has been growing on a year-on-year basis.

But one thing I would like to highlight here, the year-on-year growth was flattish because if you remember, in the first quarter of 2023 especially in January and February last year, we hadn't started our incentive rationalization efforts yet. So to share a little bit of a number, if you compare this profitability number, first quarter last year versus first quarter this year, which is this quarter, the swing is actually quite significant. The same quarter last year, we were negative 246 billion Rupiah and this quarter we are recording 166 positive billion Rupiah. This is more than a 400 billion Rupiah swing on the year-on-year basis. Having said that, as mentioned, we have seen a strong growth. Our investment on our user growth initiative has started showing very good results in March and continued in April as well, especially in terms of our user base. This is a very strong and positive note, we see it, because as we all know, the user base is always the leading indicator of what is coming forward. So we actually are very well positioned for the Q2 onward fast growth.

One more thing I would like to highlight here is like we will continue to stick to, since we started sharing last quarter and this quarter again, two-pronged approach on our strategy as we outlined.

The first one is deepening the wallet share of our user base. This is what Pat mentioned earlier, talking about the subscription, as well as the product mix of the premium, regular, and affordable product mix to deepen the user frequency and retention.

Secondly, definitely we will continue to focus on our user growth using mostly our affordable offering. This is to enable us to open the next segment of users.

On your question on ramping up the investment, we will defend our position as the market leader in Indonesia by making appropriate investments, both in our product innovation as well as long term gains, which links to your second question here, you notice that our neighbor, as I call it, they continue to push the aggressiveness. Yes, on this one as we all know, of course, the market is competitive. But based on our data in Indonesia, we still maintain our market leadership. This is the important one right, when we are comparing this data to make sure that it's really a like-for-like Indonesia versus Indonesia kind of data.

So we maintain our market leadership, as I mentioned, on GTV. And then I'm looking at it like increasing year-on-year basis on this one. And would like to reiterate one more time right, we will continue and we will focus to defend this market leadership by making the appropriate investment on our side. Hope that answers the question, thank you.

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**Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thanks Ferry. Our next question comes from the line of Ryan Winipta of Indo Premier. Ryan, your line is now open. Please unmute your microphone to ask your questions.

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**Ryan Winipta *Indopremier***

Yeah. Thank you Reggy and congratulations to management for getting back to the growth mode. I have four questions from my side.

The first one, just trying to circle back to between like balancing the profitability and growth for GoTo. How should we expect the balance between the two going into the second quarter 2024 and onwards? Can you also give us color on what kind of factors could affect the strategic decision making from both external and also internal factors?

The second question that I have is, just trying to understand on how close are we in terms of the timeline for the potential share buyback program of around 200 million US Dollars. And what are basically the key factors or key areas that you are looking for to trigger the buyback?

The third question that I have is regarding the deconsolidation of GoTo Logistics. Just wanted to clarify, does that mean there's no logistic related business at all that sits under GoTo as of now?

My fourth and last question, I think, is related to the partnership with ComfortDelGro in Singapore. How will this partnership impact the numbers, also in terms of like the GTV growth and so forth. And whether this partnership with ComfortDelGro meant that you're going to pursue more growth aggressively in Singapore. That's all from me. Thank you.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you Ryan. I'll take the first question. I think it's about the balancing act between profitability and growth, and how we should be looking at the second quarter and onwards. Look, what we are seeing is that the market still has a lot of potential. This is a market where penetration of our services is still relatively low compared to our neighboring countries, or to our peers right, so we still see a lot of growth upside. And what we want to do is that we want to take leadership in each of the segments that we are operating in, and we are making long term investments. But in doing so, we believe that there are two things that we need to focus on.

Number one is our cost, our unit cost. We continue to make sure that our unit cost is the lowest in the market. This is not related to the marketing or incentive costs that we may choose to accelerate or decelerate from time to time, but this is the core operating cost relating to technology, relating to our core operations. And we believe that we still have room to further reduce this cost basis and our aim is to be the lowest cost player in the market.

The second thing is about innovation. We want to make sure that we deliver the best product that our consumers enjoy, in every segment that we operate in. At the same time, we will be cost disciplined. So as we mentioned in the last quarter, we aim to achieve adjusted EBITDA breakeven for the full year, and we will make investments as appropriate in each of our

business segments. Therefore we feel that it is best that we don't provide quarter by quarter guidance. I think you should be looking more into our growth level, our product innovation, our unit cost, because those are the things that matter for long term gains of the company. I think there are also other technical factors like seasonality and whatnot that one should consider, but I cannot stress strong enough that we are aiming for long term gains while maintaining financial discipline across the board.

Moving on to your question about share buyback, I will let Jacky to take that question.

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**Wei-Jye (Jacky) Lo *PT GoTo Gojek Tokopedia Tbk - Group CFO***

Yeah, Ryan so as you know, both of our Board of Directors and our Board of Commissioners, they actually have approved the 200 million US dollars share repurchase program and we plan to seek regulatory and shareholders approval at the upcoming Annual General Meeting of Shareholders, and we will follow all the procedures required by applicable regulations. Our Board of Directors and our Board of Commissioners will review the buyback program periodically, and we will make amendments on an ongoing basis.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you, Jacky. I think the next question is about the deconsolidation of GoTo Logistics. Maybe I can first explain what is in GoTo Logistics today. So it has businesses that relate to servicing Tokopedia. The delivery and then the fulfillment part of those operations relating to Tokopedia, will go back to Tokopedia.

The second part of the business is those that are not related to servicing Tokopedia. And this is the B2B part of the business, meaning the delivery business that services B2B customers. This will stay with GoTo. If you are familiar with the GoSend product, if you are sending a package as a consumer to another consumer, that has never been part of GoTo Logistics. That is always part of our ODS business and it will stay with us. I think I would just like to again explain that the part that is staying with us is the B2B part of the delivery business. And then, I think your last question is about our partnership with CDG. So maybe Cath you can answer that.



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**Catherine Hindra Sutjahyo *PT GoTo Gojek Tokopedia Tbk - President, On-Demand Services***

Thanks Pat. Thanks Ryan for the question. Indeed, this is perfect timing for the question of CDG. Actually, we just went live, our integration with CDG today itself. We're so excited about this one. As you all know the Singapore market, the success of it is very much relying on the supply side of the business. This partnership with CDG mutually strengthened both us and CDG as well, by combining this supply fleet support of that. So this supply availability is definitely a key to Singapore, especially in transport business. We believe this will be a very, very critical component for us to, as mentioned, the growth going forward to this. Yeah. Thank you so much.

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**Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thanks, Ryan. Our next question comes from the line of Adrian Joezer of Mandiri Sekuritas. Adrian, your line is now open. Please unmute your microphone to ask your questions.

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**Adrian Joezer *Mandiri Sekuritas***

Thank you Reggy and thank you Pak Patrick and the rest of the management team for the opportunity to ask questions. I have three questions from my side. So the first one is actually just to follow up a bit on the e-commerce side. Just wondering how do you actually ensure the minimal cannibalization impact between the two platforms when you actually, you know, increase the investment going forward. And also at the same time, can you comment a bit as regards to when we will see the user integration process actually being completed between the Tokopedia and also the TikTok shop platform.

The second question is as regards to the On-Demand Services. I would like to get some color as regards to what was the kind of growth of GTV being achieved in March and April and the segments that drive this growth incrementally. And at the same time, I think follow on to this question is actually, I would want to look into what is your current view as regards to the

sustainable level of GTV growth, net revenue, take rate, and also the Adjusted EBITDA take rate for the next two to three years, you know, assuming that the same level of market share split with your competitor remains the same as the current level.

The last question is as regards to the FinTech side. Just wondering as regards to, I mean you mentioned that the NPL stayed the same in the first quarter, but we have started seeing asset quality risk arising in some other banks and also non-bank financial companies by increasing the cost of credit guidance for 2024. So have you actually started seeing this risk materializing on your end? And if this becomes the same trend, I mean, will this actually lead to some sort of a risk in your ambition to achieve a stronger loan growth, that you have to dial back throughout the rest of the year? Thank you.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you Adrian. I hope I can remember all of your questions, but luckily I have a colleague next to me jotting them all down. Catherine, you can take the ODS questions. I think there's a question about e-commerce that Melissa can take, and then the rest is about Fintech that Tom will answer.

But maybe, there's also a question about GTV growth, right? Sustainable GTV growth in the next two to three years, and will market share remain the same? Maybe I'll answer that very quickly, and I'll pass it on to my colleagues. I think GTV growth, we always look at it segment by segment, so ODS, E-commerce, and Fintech. I think, you know, e-commerce, as we all know, is still a very large industry and is still going very fast. I think all of research indicates that it is going to continue to grow. And it's a matter of like how much market share that Shop I Tokopedia will command in two to three years. And we think that it is well positioned to be a market leader in that segment. Then in ODS, we also see the market potential still a lot bigger, I will let Catherine address that, and in FinTech as well, I will have Tom address that. So it's really on a segment by segment basis. But you know Cath, why don't you take all the questions about ODS first.

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**Catherine Hindra Sutjahyo *PT GoTo Gojek Tokopedia Tbk - President, On-Demand Services***

Sure. Thanks Pat, thanks Adrian. Yeah, thank you for the question. I'll address the ODS first before passing it to Mel and Tom. So on the GTV growth first right, one part of your question, as Pat mentioned, we do believe that the headroom of growth is still significant, right. If I may double click a little bit on that, if you're comparing with other markets, more developed one for the On-Demand Services, we are not only seeing a potential significant growth on the user penetration, but it's also there are still also some room for us to even deepening on the user level as well. This is specifically talking about the frequency of that. So these two combined together, especially on the user penetration, we believe this will still give us a multi-years kind of significant headroom for growth.

That is the first one. I know you're asking a little bit about March and April. Let me address that a little bit. So as mentioned, in March and then followed in April as well, actually all of our products being the two wheel transport, four wheel transport and food, have shown growth. This is not just month-on-month, but also year-on-year. And please note, especially for March and April, we also have the fasting month and the *Hari Raya*, which of course will impact the number, but we still show growth regardless of that seasonality in March and April.

Last but not least, your question in terms of like, how do we see the sustainable kind of like level of the economics and stuff, right. Just to highlight here, our economics, especially on the take rate, is similar to our peers while we keep on driving our cost on a unit cost basis. As Pat mentioned, we are looking at our cost in a very fundamental way, and we believe we are the lowest cost player. This is one of our key advantages as well, and we'll continue to press on this one.

So our cost structure, as we are expanding our user base, especially on the more affordable segment, will become one of our key strategic differentiators on this one. One last thing I would like to highlight here, as a note, all of our ODS costs are fully loaded, including corporate costs, that are directly attributed to the ODS segment. Yup, that's on the ODS. I'll pass it to Mel first before Tom, maybe.

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk* - Director**

Yeah. Thank you Adrian for the question. So I think as earlier I also mentioned in regards to cannibalization, that it is actually very minimal because on the Tokopedia side, as well as Shop | Tokopedia side, we do have very different user segments.

Tokopedia, it's a more so shelf-based type of experience, which hence attracts a lot more convenience seeking users. And on the Shop | Tokopedia side, it's a lot more content driven, which attracts a different segment of category as well. So we do see these two joint collaborations becoming a lot more value adding, in regards to building a more holistic experience for our users on both sites.

And in regards to your question on integration, our focus is to definitely help our merchants to operate their shop on both sides of the platform much more easier and much more conveniently, and hence the focus is to unify our supply side first because this would definitely help our merchant to operate their shops more easily, and as well as enjoy the different features across both platforms and be able to grow their businesses.

And things on the user side will gradually be much more, well, the integration on the user side will be much more seen in the later quarters. But as earlier mentioned as well, our goal is not to make both user side experiences similar, but to actually continue to differentiate and continue to cater to a different segment. That would actually be much more relevant towards the market and the needs of all the different users within Indonesia itself. So we'll focus a lot more into the supply side and again, continue to deepen each of our strengths in regards to the user side going forward. Thank you.

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**Thomas Husted *PT GoTo Gojek Tokopedia Tbk - Vice President Director, President, Financial Technology***

Great. I think that leads to the FinTech questions. So Adrian, thanks for the questions. Let me just recap, I think you had 2 questions. The first was on loan quality and the second was on loan growth, so both good subjects. Let me take the loan quality question first.

Just stepping back, I think, you know, as part of our overall process in GoTo Financial, we are closely monitoring the other consumer lending businesses in Indonesia. And at this point, we are aware that some of these businesses are seeing an increase in both rejection rates and

credit losses. Now, I think we're in a bit of a different situation, and I'm happy to report that at this point in time, we have not seen any deterioration in credit or approval process in GTF.

And I'd say that's probably due to two key factors. I think first, I'd say overall, we have a good internal process. Right, so this includes designing a detailed credit scoring model and also adhering to a strict underwriting criteria process. And then we typically use these tools and monitor all the market factors and look at the historical portfolio and the performance of that portfolio and then we make adjustments on how we run the business. So, that feels like it's working at this point. Secondly, and I think this is probably a big differentiator between us and maybe some of the other folks in the market right now is that if you look at our lending book, it's still very small relative to the opportunity that we see in front of us. And this was a tactical decision that we made in 2023. We decided to keep our lending growth relatively slow over that time period, so we're coming off of a very small base. So our growth numbers are looking good, but the aggregate exposure is still quite manageable. And part of the reason that we did that is we really wanted to build confidence in both our systems and our internal process.

We're feeling fairly confident. You know, of course, this is a business where we have to be very cognizant about what's going on in the market, and we will continue to monitor. So that was the first part of your question on the quality.

Now, let me just turn to the second part, which was the loan growth. When we look at the numbers, I'd say overall, we're pleased. As I said, you know, we've started to ramp up the business now. We grew the loan book by 43% in the first quarter, and that was while maintaining good credit quality. We haven't seen any abnormalities at this point on the credit quality, and then we were fortunate to end the quarter with a loan balance of 2.7 trillion Rupiah, which is about 3x on a year over year basis. That being said, I do want to highlight, you know, there's a little bit of seasonality in the first quarter. You know, typically what we see is you know, in the lead up to Lebaran, we typically see an increase in lending balances. So when we look forward on the second quarter, certainly expect growth still, but it will probably come at a much slower pace.

So I'm encouraged on this. And I think if we step back and we look at the GoTo ecosystem, I'd say we're fortunate that we have a bunch of embedded markets for this business. Just kind of going through it right, we have a captive Gojek consumer segment. We're now developing, as I think others have reported, that we're developing a vehicle financing program for our drivers

that at some point will move out to consumers as well. We're offering cash loans on an open loop basis through the GoPay app. We also have our legacy BNPL business on the Toko platform, and then finally, as mentioned many times, we are, you know, in joint development with Shop | Tokopedia to offer the BNPL product on their platform in the near future.

I feel like with all of these options, we're gonna be able to, you know, safely grow this lending business for many quarters to come. And on the BNPL with Shop | Tokopedia specifically, I think this is something we're all really excited about. And because this is a new product, it should add incremental acceleration to the lending growth.

And then finally, you know, we did have a segment with, a discussion earlier about Fintech and where we're going to land from an Adjusted EBITDA positive number, and I'm pretty sure and confident that we'll have that done by the end of next year. So kind of, end of 2025. And of course, the lending strategy is core to that projection. So it's subject to market conditions and making sure that things kind of stay as status quo. Hope that helps. Reggy, back to you.

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**Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thanks Tom. Thanks Adrian. Our last question comes from the line of Ari Jahja of Macquarie. Ari, your line is now open. Please unmute to ask your questions.

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**Ari Jahja *Macquarie***

Hi Reggy. Hi Patrick and the GoTo team. Thanks for taking my questions and good to see the growth acceleration. We have three today. First on the enlarged Tokopedia, considering the better than expected service fee, do you mind sharing insights on core GTV growth trajectory and product mix there so far?

And secondly, on the ODS business model change from agency to principal. Besides alignment with peers, any other factors that drove this decision?

And then lastly on cost. Can you please elaborate on further cost cuts opportunity on a year to date basis, or on a year-on-year basis, in light of the EBITDA breakeven guidance? I'll stop here. Thank you.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Okay. On the first question about e-commerce, generally speaking, we are not in a position to give detailed operational updates of e-commerce because it is operated by our partner, but you know, maybe I can hand it over to Melissa to answer some of this aspect.

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - Director***

Yeah. Thank you Pat and thank you Ari for the question. So I think, as to what Pat mentioned, we are not able to disclose the GMV of the combined entity. But that being said, our performance has been very strong in the first quarter and actually a lot better than expected in regards to how Ramadan has performed on both sides, Shop I Tokopedia as well as Tokopedia. This is also only the beginning of a much deeper integration going forward. So please do expect that we will still definitely remain committed to innovation as well as future integrations to deepen and again, enrich experiences for our users and merchants. Thank you Ari.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Thank you Melissa, and then about the changes in the business model, I will let Jacky answer that question.

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**Wei-Jye (Jacky) Lo *PT GoTo Gojek Tokopedia Tbk - Group CFO***

Yeah Ari, thank you for the question. So the primary reason for On-Demand Services to change the operational model, especially for the delivery business, as we mentioned, it's

more to be in line with the regional and also international peers. So as you point out, this is more like a change in the composition of the financial statements. So we mentioned the fee we receive from customers that would be recognized as revenue and the amount we pay to the driver partners that's as cost of revenue. But overall there's no impact on profitability.

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**Patrick Walujo *PT GoTo Gojek Tokopedia Tbk - President Director, Group CEO***

Okay, there's a question about cost. I think I will answer that question. I think you know cost cutting has become a business as usual for us. We continue to look at our cost basis on a continuous basis. We have also identified significant potential cost cuts. We are planning the execution of it, but unfortunately, we are not in a position to disclose more at this moment.

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**Reggy Susanto *PT GoTo Gojek Tokopedia Tbk - Head of Investor Relations***

Thank you Ari. With that, we have reached the end of the question and answer session, and we conclude our conference call for today.

Thank you everyone for participating.



**About GoTo Group:**

GoTo is the largest digital ecosystem in Indonesia. GoTo's mission is to 'empower progress' by offering technology infrastructure and solutions that help everyone to access and thrive in the digital economy. The GoTo ecosystem provides a wide range of services including mobility, food delivery, groceries and logistics, as well as payments, financial services, and technology solutions for merchants. The ecosystem also provides e-commerce services through Tokopedia and banking services through its partnership with Bank Jago.

For more information, please see [www.gotocompany.com](http://www.gotocompany.com).

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