

## PT GoTo Gojek Tokopedia 4Q23 & FY23 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*

**Melissa Siska Juminto** *PT GoTo Gojek Tokopedia Tbk - President, E-Commerce*

**Kevin Widlansky** *PT GoTo Gojek Tokopedia Tbk - Head of GoTo Logistics*

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

### Conference Call Participants

**Adrian Joezer** *Mandiri Sekuritas*

**Ferry Wong** *Citi*

**Ryan Winipta** *Indopremier*

**Baruna Arkasatyo** *CGS*

**Divya Gangahar Kothiyal** *Morgan Stanley*

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

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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 fourth quarter and financial year 2023 earnings conference call. Please be advised that today's conference is being recorded.

Joining us today are Patrick Walujo, President Director and Group CEO; and Jacky Lo, Group CFO. Also present are Thomas Husted, our Vice President Director and President of Financial Technology Services; Hans Patuwo, our Chief Operating Officer; Catherine Hindra Sujathyo, our President of On-Demand Services; Melissa Siska Juminto, President of E-commerce; and Kevin Widlansky, Head of GoTo Logistics.

Following management's prepared remarks, we will open up the call for questions. 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 December

31st, 2023. We have also submitted and published our consolidated audited financial statements as of and for the 12 months ended December 31, 2023.

As a reminder, today's discussion may contain forward looking statements about the company's future business and financial performance, as well as the discussion of 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 be going through our results of operations and earnings presentation, which can be found on our website. 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 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.

When we look back on 2023, I believe we will see it as a transformative year in which we hit the reset button on our business and built a new way of working, set on a foundation of profitability and partnership, this foundation will place the business on a lasting trajectory towards accelerated, profitable growth.

We started the year with a significant problem. Our cash burn was unsustainably high with adjusted EBITDA losses in 2022, standing at 16 trillion rupiah or 1 billion US dollars. We had only a year and a half of runway left, according to some market estimates. We therefore set a target to reach positive adjusted EBITDA within the fourth quarter and accelerated our cost cutting in order to get there.

About halfway through the year, it was apparent that these cost cuts were having a severe effect on our growth, as reduced incentives had skewed our user base away from the mass market, towards convenience customers. As a result, we carried out a comprehensive

strategic review that showed us a path to winning back the mass market segment and the volumes it brings, allowing us to return to growth while also meeting our profitability commitments. Although this balancing of profitability and growth is an ongoing journey, in the fourth quarter, we saw some real success, thanks to the urgency and clarity with which we carried out and acted on this strategic review.

First and foremost, we delivered on our commitment, achieving positive adjusted EBITDA for the whole of fourth quarter 2023-- the first time in our company's history, while exceeding the high end of our guidance range. This is a huge achievement even where we were at the beginning of the year. We have turned our unsustainable spending from 2022 around, cutting group adjusted EBITDA losses by 12.3 trillion rupiah, or close to 800 million US dollars in 2023. In addition, our on-demand services segment was adjusted EBITDA positive for the full year prior to allocated corporate costs.

Throughout the ecosystem, transactions have steadily rising, reflected in a second consecutive quarter of sequential GTV growth, while our take rate increased year-on-year across each of our main segments during the quarter. At the same time, our costs remained in check, with incentives and product marketing spend declining by 33% and cash recurring fixed costs declining by close to 40% year-on-year in the fourth quarter.

Underpinning all of our progress was a relentless focus on accelerating our product pipeline to meaningfully expand our offerings. Each of our segments saw significant progress.

In On-Demand services, we continued to reduce the cost to serve in order to capture more mass market users, while maintaining driver partners income. We expanded our affordable transport product into more cities, increasing its GTV by 20% quarter-on-quarter in the fourth quarter, with around 40% of users either new or reactivated. Meanwhile, for our food subscription offering, user spending and frequency were about three times higher for subscribers versus non subscribers.

For FinTech, the GoPay app had reached more than 10 million downloads by the end of December, according to data.ai, with new or previously dormant users accounting for the majority of transacting users. Further, the GoPay app received three awards from Google Play - Best App in 2023, Best Everyday Essential App and Users' Choice App in Indonesia.

Our GoPay savings product, GoPay Tabungan, has also been growing well since its launch in October, and we continue to deepen our collaboration with Bank Jago to provide more use cases. Examples can be seen in the recent launches of our Sharia-based product in December and flexible savings product in January this year. Our consumer loan book consisting of our BNPL and cash loan offerings was up 32% quarter on quarter in the fourth quarter, to 1.9 trillion rupiah or 123 million US dollars. Meanwhile, our credit quality remains healthy with NPL more than 90 days past due at 1.3% as a percentage of the total consumer loan book in December. In the fourth quarter, 70% of our loan book was channeled through Bank Jago up from under 60% in the third quarter.

In E-commerce, we announced and subsequently completed a strategic partnership with TikTok, which I will briefly summarize. Over the past year. The operating environment in e-commerce has become increasingly competitive. Our focus on profitability and the reduction of incentives meant that Tokopedia's growth and market share were declining, as well-funded competitors aimed to seize the growth opportunity.

There was a great deal of pressure on our e-commerce GTV, and in the second half of the year, it was necessary to increase investment, resulting in sequential growth in the fourth quarter, although on a year on year basis, GTV declined by 8%. Meanwhile, core GTV which excludes digital goods and sales of cars and motorcycles was down 26% year on year.

It was clear that significant investment was needed. If we were to drive growth in a meaningful way. But this would prove challenging given competitors were better capitalized than us. A winning long term solution was needed and this came in the form of the TikTok partnership.

The deal which closed in January means that the Tokopedia platform and TikTok's Indonesian e-commerce offering are now combined under PT Tokopedia of which TikTok has a controlling stake.

TikTok has committed to invest over 1.5 billion US dollars without additional dilution to GoTo, while we earn a steady-stream of cash flow in the form of e-commerce service fees that are tied to the size of the e-commerce business. Tokopedia is now positioned to become a leading e-commerce player in the market with its existing users and those who shop on TikTok acting as largely complementary user segments with distinct user behavior.

This transaction immediately turns our cash-burning e-commerce business into a cash flow positive one. We are also working with TikTok to deepen our partnership to encompass our on demand services and fintech businesses. There is a particular opportunity for our consumer lending offering with its ability to scale in line with Tokopedia's growth. We will provide updates on this in due course.

To date, our cooperation with TikTok is going well. The integration is well underway and early results show promise, giving us even more confidence in our original thesis.

Regarding compliance, we have been in close consultation with the relevant regulators throughout the process. Our objective is to achieve compliance while ensuring a seamless user experience. We are on track to complete this within the trial period, a fact that was recently acknowledged publicly by the Ministry of Trade's representative. So much has been achieved in a short space of time, and we look forward to developing our relationship with TikTok throughout 2024 and beyond.

Looking ahead, now that we have a strong foundation, our focus must turn to accelerating our growth and investing for the future. We will do this by staying true to our mission, which extends to enriching our customers' experience, and making our products and services accessible to a broader audience. Our approach is centered on continuous product innovation and operational excellence, as we aim to increase the value we offer to existing customers, expand our wallet share, and grow our customer base.

We will double down on successful strategies that help us achieve this, while exploring innovative new ventures and discontinuing initiatives that are non scalable. As part of our strategy, GoTo will always prioritize creating an environment that not only attracts, but also retains the finest talent, underlining our commitment to excellence and innovation. So what will this strategy look like going forward?

In ODS, we will increase how much and how often existing users use Gojek. Several new, near-term value-added products will immediately elevate use cases and deepen our wallet share. Simultaneously, we will scale up our affordable offerings that speak to mass market users. Further, we will continue to develop our subscription service as we monitor its effectiveness. We will also continue to enhance our advertising offerings. Advertising revenue as a percentage of food GTV grew by more than 1.5 times in the past quarter. And we are

confident that this part of our business will continue to represent a significant growth opportunity for us.

In FinTech, we have been growing fast and will continue to operate at an accelerated pace. The GoPay app is already driving user growth, consumer adoption, and transactions. Under our strategic partnership with Bank Jago, we will also continue to grow our unique GoPay Tabungan savings product, rolling out more use cases and solutions for more users. We will also further expand our loan book, growing our BNPL and cash loan offerings. Further, we are developing additional lending offerings to serve a broader set of use cases and will provide updates in due course.

Cost discipline underpins all of this, as demonstrated by our focus on recurring cash corporate costs, which declined 12% quarter-on-quarter, and 42% year-on-year in the fourth quarter to 238 billion rupiah, equivalent to 15.4 million US dollars. These are among the lowest in the industry with potential for further savings going forward. As a reminder, our corporate costs are allocated to each of our business segments, where they can be directly attributed. In the fourth quarter, we allocated approximately 60% of our recurring cash headquarter corporate costs, equivalent to 137 billion rupiah or 8.8 million US dollars to the relevant business segments. Emphasis on cost reduction has become business as usual for us over the past year, as we continue to optimize OPEX to strengthen our fundamentals.

To summarize, in 2023, we established a solid operational base, achieving Adjusted EBITDA profitability in the fourth quarter, while deepening our partnership with Bank Jago, and forming a new one with TikTok. For 2024, our focus will be to build on this, sustaining an efficiency mindset while implementing our strategy for growth.

Furthermore, as our cash flow continues to improve, we are developing a new capital allocation plan. This will include our first-ever share buyback program of up to 200 million US dollars or approximately 3.1 trillion rupiah, which was approved by our board yesterday. The implementation and realization of this plan is subject to regulatory and shareholder approval, which we will seek at the upcoming Annual General Meeting of Shareholders. The Company's Board of Directors and Board of Commissioners will review the buyback program periodically, and may make amendments on an ongoing basis. We believe that initiating a buyback would be prudent given there's a significant value in our stock. Our cash position is strong and we have confidence in our ability to continue to improve our cash flow.

The buyback program is part of our commitment to enhance shareholder value while continuing to be prudent in capital allocation. As ever, we will continue to prioritize cash deployment that offers sustainable long term growth and value to our shareholders. More details on this plan will be disclosed in accordance with the regulatory process.

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. As discussed, we turned adjusted EBITDA positive for the entire fourth quarter of 2023, while still achieving sequential and year-over-year GTV growth, a strong foundation from which to accelerate growth in 2024. We did this by expanding to the mass market segment and improving our value added services and lending, all while driving cost efficiencies.

At the Group level, GTV was up 8% quarter-on-quarter and 1% year-on-year in the fourth quarter, showing a modest decline of 1% over the full year. Meanwhile, Group Core GTV which excludes certain high-volume products with low margins in E-commerce and Fintech, increased 10% quarter-on-quarter. Gross Revenues grew 8% quarter-on-quarter, and 3% year-on-year in the quarter, and increased 6% for the full year. Our fourth quarter take rate remained stable at 4%, and increased by 26 basis points for the full year.

We continued to exercise ongoing cost control measures across the business. Group incentives and product marketing spend decreased by 3% quarter-on-quarter and 33% year-on-year in the fourth quarter, decreasing by 38% for the full year. We decreased cash recurring fixed OPEX by 18% quarter-on-quarter and 39% year-on-year in Q4, and 19% for the full year. Further, as mentioned earlier, our Q4 recurring cash corporate costs were 238 billion rupiah or 15.4 million US dollars, a decrease of 12% quarter-on-quarter and 42% year-on-year, and approximately 60% is allocated to each business segment, where they can be directly attributed.

As a result of our focus on sustainable growth alongside ongoing cost discipline, Group Adjusted EBITDA for the fourth quarter stood at positive 77 billion rupiah or 5 million US

dollars. This compares to negative 942 billion rupiah or 60.8 million US dollars in the third quarter, and negative 3.1 trillion rupiah or 202.4 million US dollars in Q4 2022. For the full year, Adjusted EBITDA exceeded our guidance at negative 3.67 trillion rupiah or 237 million US dollars, narrowing our losses by 77% year-on-year.

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

In on demand services, we were Adjusted EBITDA positive for the quarter at 239 billion rupiah or 15.4 million US dollars. Adjusted EBITDA loss was reduced by 95% to negative 219 billion rupiah or 14.1 million US dollars for the full year after allocated corporate costs. Before the allocation of corporate costs, the adjusted EBITDA figure stands at positive 31 billion rupiah or 2 million US dollars for the full year. In addition, we are happy to share that we reported positive operating segment profit in the fourth quarter.

Our product initiative drove GTV up 4% quarter-on-quarter, although full year GTV was down 9% due to significant cuts to incentives and promotions. Benefits from value-added services and our advertising business drove our fourth quarter take rate up by 66 basis points quarter-on-quarter, and we added 270 basis points to our 2023 full year take rate compared with 2022. As a result, gross revenues grew by 7% quarter-on-quarter in Q4 and 4% for the full year. Further, we maintained our cost discipline, as promotions efficiency drove incentives and product marketing to decrease 21% year-on-year in the fourth quarter, while recurring cash OPEX declined 37% year-on-year.

Turning to fintech, adjusted EBITDA loss was reduced by 57% quarter-on-quarter and 77% year-on-year to negative 168 billion rupiah or 10.8 million US dollars and 52% for the full year. Fintech GTV increased 9% quarter-on-quarter and 5% year-on-year in the fourth quarter, and when we exclude merchant payment gateway, FinTech GTV showed stronger growth at 18% quarter-on-quarter and 8% year-on-year, driven by improvements in lending and consumer payments. Our FinTech take rate also increased, gaining 11 basis points quarter-on-quarter, driven by growth in our lending business, as our consumer lending loan book grew by 32% quarter-on-quarter to 1.9 trillion rupiah or 123 million US dollars.

As a result, gross revenue grew by 34% quarter-on-quarter and 26% year on year in the quarter, while growing 15% year-on-year for the full year. Recurring cash OPEX in Q4 decreased by 19% quarter-on-quarter and 35% year-on-year as we continue to optimize our



costs. However, as we have discussed in the past, we are growing this business fast and are still in investment mode, which could cause profitability fluctuations as we scale our lending business.

Looking at our ecommerce business, we were Adjusted EBITDA positive for the quarter at 223 billion rupiah or 14.4 million US dollars, driven by efforts in value-added services, advertising, and cost optimization. However, amid a challenging competitive environment, we increased our general marketing activities to help drive sequential growth. GTV was up 5% quarter-on-quarter and declined 8% year-on-year, largely owing to our Digital Goods segment and sales of cars and motorcycles. Excluding these verticals, GTV was flat quarter-on-quarter and declined 26% year-on-year.

In GoTo logistics, gross revenues declined by 2% quarter-on-quarter due to lower volumes in E-commerce, while Adjusted EBITDA loss was flat quarter-on-quarter at negative 114 billion rupiah, or 7.4 million US dollars.

Now I would like to review some of the financial aspects of our TikTok transaction. As Patrick stated, the deal closed at the end of January 2024. Under the terms of the strategic partnership, Tokopedia will be deconsolidated and recorded as an associate company starting February 1st, 2024. In accordance with prevailing accounting standards, we reversed the goodwill balance amounting to 78.8 trillion rupiah on December 31st, 2023. The loss on goodwill is non-recurring and non-cash in nature, and does not impact our Adjusted EBITDA and cash flow.

To summarize, our financial profile is in excellent condition and continues to improve. As of December 31st, we have 27.4 trillion rupiah, or 1.8 billion US dollars of cash, cash equivalents, and short-term time deposits. Following the deconsolidation of Tokopedia effective on February 1st, these balances would amount to approximately 23 trillion rupiah or 1.5 billion US dollars. The difference of approximately 4.4 trillion rupiah or 300 million US dollars is predominantly due to cash in escrow accounts that hold temporary funds from Tokopedia merchant transactions. These accounts were rightly transferred back to Tokopedia as part of the deconsolidation.

Looking ahead, a seasonally strong Q4 and the impact of the Ramadan fasting period in Q1 will result in soft quarter-on-quarter comparison in the first quarter 2024.

For full year 2024, we expect to achieve group adjusted EBITDA breakeven as we focus on driving top line growth by reinvesting profits upside back into the business in a sustainable manner.

With that, we will 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 Q&A section. Please use the raise hand function to ask your questions. Please wait a moment while we assemble our roster. The first question comes from Adrian Joezer from Mandiri Sekuritas. Please go ahead, Adrian, and ask your question.

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### **Adrian Joezer *Mandiri Sekuritas***

Thank you, Reggy, for the opportunity to ask questions and congratulations to Patrick and the management team of GoTo for the great results.

So I have a few questions here. So the first question is as regards to E-commerce division first. So just so wanted to hear your comments as regards to; I think one of your competitors actually gave a view of rationalizing competitive landscape and expecting to breakeven in the ecommerce division in the second half. So my question is as regards to what's your view on this one and why has actually TikTok shop and Tokopedia have turned less aggressive post the, the transaction? Is it more like a licensing integration or merger synergies, refocusing efforts that have actually prevented this company to actually become more aggressive?

And also, can you probably share some updates as regards to what have been the benefits with regards to the integration towards your payment, logistics and so on? So probably I'll stop there first for the first question. Thank you.

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

Thank you Adrian. Maybe I will answer some of the questions and I will hand it over to Melissa, the head of our ecommerce division to add her comments.

First of all, I think the main focus of Tokopedia and TikTok shop, is primarily to make sure that we are fully compliant with the government regulations and also to fully integrate the two entities. In regard to your question about the benefits that we have seen so far. In regard to integration of the go to ecosystem with TikTok payment and so forth. I would say that we are now in execution mode. We are working very hard. As we indicated that we are working on financial services and on demand services together with TikTok and we will update the audience when we reach more progress, but it is running as expected. Maybe Melissa, can you add a little bit more color as to what's happening in our ecommerce division?

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - President, E-commerce***

Yeah, thank you, Patrick, and also thank you Adrian, for the question. So in regards to your first question for the competitive landscape of course we'll not be able to comment on our competitors, but on the Tokopedia side in Q4 2023, we actually invested in marketing activities such as double dates campaigns, although it's definitely a very competitive and challenging Quarter 4.

Now that with the deal with TikTok, actually Tokopedia is in a much better position to compete. And as of today, the combined entity performance is definitely tracking according to plan and expecting that the performance will get much better with time. To what Patrick mentioned, a lot of the focus was about getting to compliance state. And hence, We are actually looking into accelerating this at the same time, tracking ourselves towards progress and expected results as well. And as we have elaborated in the earnings call, our common vision is to become Indonesia's leading ecommerce player. And that is still definitely working towards good progress for us today.

And in regards to integration, adding on top of Patrick's comment, the whole collaboration is working very well. And as of now payment solutions, Midtrans, and many more are actually on

track and actually progressing a lot better and the plans are well defined. And we will definitely do a lot more. And yeah, we are pretty much on track and plans are ready to be executed. I hope that answers.

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**Adrian Joezer *Mandiri Sekuritas***

Thank you, Patrick and Melissa. So my other questions. I'll probably just ask the last two questions. So the first is as regards to the guidance for the breakeven at the adjusted EBITDA level by 2024. By looking into your annualized adjusted EBITDA that has been achieved in the fourth quarter that is looking at about 300 billion. So can you comment in terms of why is your guidance lower than the run rate? That's the first question. And as regards to comments on the top line guidance can you actually give us some color as regards to, I think some of your competitors are also aiming to grow the top line by mid to high teens for 2024 with a stronger growth in 2025 onwards. So are we looking into the same kind of growth rates for your top line? And also on the last question, would you mind sharing the competitive landscape in the on demand services and the progress on the Gojek Hemat as regards to the contribution to your overall GTV in the fourth quarter and the growth. Thank you.

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

I will invite Jacky to address your question.

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

Yeah, Adrian, thank you for the question. So we do not provide official guidance on full year or quarterly GTV, but our primary goal as a group is to drive growth across our two core businesses. So for on demand service, our baseline is to grow in the mid teens percentage, and we are putting the foundation and investing in the business to accelerate growth for the future. And there are three key pillars for on demand service. Number one is deepening the

wallet share of our existing customers. Number two expanding our customer base. And number three, increasing transaction frequency and retention.

And for GTF, they should be able to grow at a faster rate, given the nature of the business, being in a relatively early stage. And we have ample potential in penetration of a large market. And the focus here is to grow through increasing our customer base through product innovations, and also increasing our monetization. So with that we also mentioned in the prepared remarks. We are looking at reinvesting our profit back into the business in a sustainable manner. So that's why we are guiding a breakeven adjusted EBITDA for 2024.

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

Cath, would you mind giving a little bit more color on the competitive landscape in the ODS segment?

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

Sure. Sure. Hi, Adrian. So let me add on that one, right. On a competitive landscape, as you know, we are a two player market with two smaller players serving mostly the low end consumer segment.

Yes, indeed, the competition is intensifying, but we are happy to share that we continue to maintain leadership in both our Indonesian transport and food segment, at lower incentive per order as well. As mentioned in the previous section, we continue to grow in the fourth quarter as well. So we have no intention to gain market share through promotion, but to continue on our sustainable initiative that Pat mentioned earlier as well. So our growth lever will be scaling up our UE, our economics healthy product, to underpenetrated areas, underpenetrated segments, and deepening our user wallet. And as usual as well, remain our focus to deprecate products that are not scalable.

So your question on the progress on Hemat affordable products. Let me address that as well. So our affordable products innovation continue to show promise, good tracking. It has been very helpful for us not only to acquire new users, but also to reactivate our churn users. As mentioned earlier, the product also continued to grow its penetration. So yeah, we will continue to double down on our profitable products while deprecating products that are not scalable. Thank you.

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

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

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**Ferry Wong *Citi***

Thank you, Reg. And congratulations on achieving the positive adjusted EBITDA in the fourth quarter. Yeah, I have three questions. The first one, practically I would like to know what is the latest update on the GMV performance of the enlarged entity. I mean, TikTok Shop and Tokopedia over the last few months. And what is the TikTok GMV as a percentage of Tokopedia GMV especially in the month of January and February. Could you provide the comparison between those? Which one is bigger currently, and what is the target for 2024 in terms of growth and market shares? Maybe I stop for the first question before moving on to my second and third questions.

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

Thank you, Ferry. Melissa, would you like to take this question?

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - President, E-Commerce***

Yes. Thank you, Ferry, for the question. So based on our, what we can only definitely share what we have also been sharing. So based on our internal aggregated data from Tokopedia and TikTok merchants participating in the Beli Lokal campaign, this is a campaign that we've launched jointly when we actually started the whole journey together with TikTok.

So this campaign actually recorded an increase of sales of 125 percent during the campaign period itself compared to September 2023. And a recent survey of participating merchants found that 97% of them have felt real benefits from the collaboration between TikTok and Tokopedia, while 90 percent actually reported an increase in income as a result of the Beli Lokal campaign, which is the campaign supporting local products.

And a majority of the participating merchants also hired many new employees since the collaboration began. This definitely shows a positive progress and anticipation of our merchants towards our combined progress forward. And based on these results, we believe the combination will definitely continue to grow and will provide a very valuable impact to our customers and Indonesian small businesses, especially our core merchants.

And based on our growth and where we are trajecting towards, it's definitely according to plan. It's improving on a daily basis. And we have very much a lot of confidence that this will meet or even exceed our expectations forward. I hope that answers Ferry.

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**Ferry Wong Citi**

Yeah. Thanks for the reply. My second question is that with regards to the comment from the minister of the SME mentioning publicly that TikTok and Tokopedia are still non compliant. Will there be any regulatory concern going forward on that front?

And thirdly, my third question is that what is your CAPEX and SBC guidance for the full year 2024? And especially as the SBC basically decreased by 70 percent in 2023.

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

Mel, would you like to take the first question?

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - President, E-Commerce***

Yeah, sure, Pat. So in regards to your second question, Ferry, so the deal is definitely ensuring us that the purchase and transaction is executed and processed by our electronic system in Tokopedia, holding that ecommerce license, meaning the product and advertising and discovery is under the same electronic system of the entity holding the social commerce license operation. And as of now the shopping transaction and checkout process have happened separately at the Tokopedia backend system. The relevant ministry regulating PT Tokopedia operation is the Ministry of Trade and its representative Pak Isy Karim had stated that the progress to compliance is almost complete.

So we are working very hard towards providing a very seamless shopping experience as well as effective security within the TikTok app. With Tokopedia managing the backend and electronic systems and payment processes. So with this we are actually on track towards getting to compliance state and we are almost complete. In that sense, throughout the journey.

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

Thank you, Melissa. And Jacky, would you like to address the question about CapEx and SBC?

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

Sure. Yeah, Ferry, thank you for the question. So first on CapEx since we deconsolidated the ecommerce business at the end of January so we do not need to invest in physical facilities associated with the business. So, therefore, for 2024 our full year capex will be significantly



lower than that in 2022 and 2023. So in the last two years, it was roughly about less than 300 billion rupiah. So we expect 2024 will be significantly lower than that.

And in terms of share based compensation, I think in the past during the previous earnings calls, we kind of share that our share based compensation expense is on a double declining rate. So if you recall in 2022, it was about 10 trillion rupiah. And we always expected that figure to be cut by half in 2023. So if you look at our actual 2023 reported share based compensation, it was about 3.2 trillion. But if you recall during the Q2 earnings call, we mentioned there was a 1.6 trillion reversal. Yeah, so for 2024 we expect share based compensation expense to continue to be, to be cut by around half from the 2023 figure. But offset by expense from the new grants in 2024. So hope I answer your questions.

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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 from Indopremier. Ryan, your line is now open.

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**Ryan Winipta *Indopremier***

Yeah, thanks, Reggy. And congratulations to GoTo and also all the board member on achieving positive group adjusted EBITDA in the fourth quarter. I have two questions. I think the first one is regarding the share buyback. Just wanted to know, is there any indicative timeline or basically any particular metric that the management are specifically looking at to trigger the share buyback of up to 200 million US dollars? And is there also a possibility to do like a privately negotiated transaction? If you can also help us understand on how would you determine the reference share price for those kind of transaction and who would you be buying it from?

My second question is in regards to the, the sustainable adjusted EBITDA margin. I think your competitor is guiding somewhat around 3 percent for the mobility and and 12 percent for the

delivery, for example. And how do you view your sustainable adjusted EBITDA margin for ODS going forward? Can you share any target that you are going to achieve in 2024?

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

Thank you for the two questions. In regard to the share buyback authorization as I stated during the presentation, yesterday, we received the board approval to conduct our first ever share buyback program, up to 200 million US dollars. As the next steps we will be seeking regulatory and shareholder approval at the upcoming annual general meeting of shareholders to implement this plan.

Both the company's Board of Directors and Board of Commissioners will also review the buyback program periodically and may make amendments on ongoing basis. And we will follow all the regulatory processes, including providing more detailed information on this plan to all shareholders in accordance with the applicable regulation.

We believe that we would act prudently. We believe that there's a significant value in our stock and our cash position is strong as we have confidence in our ability to sustain the success we have had in steering the company towards profitability. The buyback program is part of our commitment to enhance shareholder value while continuing to be prudent in capital allocation. And as not to state the obvious, we will continue to prioritize cash deployment that offers sustainable long term growth and value to our shareholders.

And regard to your question about long term margins guidance. I will give the opportunity to Jacky to address that.

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

Yeah Ryan we don't officially provide guidance on a steady state margin. Yeah, but if you look at our on demand service business first of all, our take rate is similar to our peers. And also, if you look at over the years, our cost structure is getting more and more efficient.

So our focus for 2024 and beyond is like to ensure this cost structure remains very competitive as we continue to grow the business. We mentioned like all of our on demand service costs are fully loaded, including corporate costs directly attributed to the on demand service segment, and we fully allocated those costs to ODS.

So, and as we mentioned during the presentation our corporate cost is the lowest in the industry. So for 2023, it was roughly 1.2 trillion rupiah, or 76 million US, and we allocate about 60 percent to our segments. Yeah, so that's kind of how we look at the steady state margin.

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

I think the steady state margin will also depend on accounting treatment that may differ from company to company. So I would urge caution in making comparisons to make sure that it's all done on an apple to apple basis.

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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 Arka from CGS. Arka, please go ahead and ask your question.

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**Baruna Arkasatyo *CGS***

All right. Thank you for the opportunity and congratulations for a good set of results. Two questions from my side. Firstly, can you share more color about the Alibaba selling your stakes in February and also their current stance on your company and also the shareholder stakes selling overhang and also the Series B shareholders lock up. Can you give us a bit of color regarding on that? Maybe I'll stop here for my first question. Thank you.

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

Okay, thank you for your question. You know, we at GoTo are not in control or have any information about the portfolio management strategy of our shareholders. Therefore, we are unable to comment on market movements. At the same time, we continue to focus on things that we can control, and that is running the business, executing our plans that we outlined earlier during the presentation. We seek to create value for shareholders and stakeholders.

In regard to your questions about the Series B shareholders lock up, first and foremost, I would like to remind everyone that all the MVS shareholders have disclosed their selling plan as per OJK requirement. This disclosure was made back in October 2023. As for the Series B shares, the lockup of the Series B shares will end at the end of March 2024 in accordance to the OJK regulations. And if there is any plan to transfer the Series B shares, it should be disclosed prior to the transfer. Moreover, all Series B shares are still in the scrip form, which is today not freely tradable in the exchange, until they are in scripless form.

Series B shares are only transferable to other Series B shareholders or persons who have been approved by shareholders to hold Series B shares to retain their multiple voting shares. Therefore there would be hurdles and procedures that each Series B holder needs to go through. And so far we have not received any information on their plan or request to start any of the required process.

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**Baruna Arkasatyo CGS**

Got it. Thank you so much for the color there. Maybe moving on to my second question, and this is regarding the GoTo Financials. So your lending book has been growing at around 30 to 40 percent Q on Q in 2023. So maybe can you give us a bit of color regarding your lending growth target for 2024? And how much of the investment will it take to seize the opportunity in TikTok for the BNPL? And also, maybe can you also give us a bit of timeline regarding that? We also heard that you are doing vehicle financing as well with BFI Finance. So can you also talk more about the total addressable market and also the economic split of the new non dealership financing between BFI, Arto and also GoTo? I'll stop here. Thank you.

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

Thank you, Arka. I will let Tom to address this question. Tom is the head of our GoTo Financial.

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

Sure, Patrick, happy to answer the question. Arka, thank you for the question. I would say overall we are happy with our 2023 loan growth especially considering how we implemented solid credit standards and maintained low NPLs throughout the year. And in 2024, we're gonna continue to aim for the same strong growth, while also remaining vigilant on credit. To discuss and address the part of the question on our new products, I would like to highlight. We are working on 2 key new initiatives. 1st, I can confirm that we're in the process of launching buy now pay later with TikTok.

Secondly I'd also like to confirm that we are working with BFI on vehicle financing for our drivers. There are a few items to highlight around this. First, the work with BFI is a pilot project and is subject to regulatory approval. And also the pilot is being done on a non exclusive basis. When I step back and think about where we are, these are very early days on both of these initiatives, but I think they hold great promise. And we will update investors as we move forward. And once we have concrete results, then we will come back and brief investors in due course. Thank you, Arka.

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

Thanks, Arka. The next question comes from Divya Kothiyal of Morgan Stanley. Divya, your line is now open. Please go ahead and ask your question.

**Divya Gangahar Kothiyal *Morgan Stanley***

Yes, thank you. My first question is just to follow up on, you know, the GMV trends for the ecommerce business year to date. While we understand that the local campaign has done well, but could you also comment on how things have been after after the closure of the deal on 31st Jan, especially given that the core GMV declined 26 percent year on year in the fourth quarter, and this becomes an important metric for us for the fee income. How has this trended in the month of February and what are our expectations around this? And Melissa, you also mentioned that you're hoping to reach market leadership in Indonesia in ecommerce. Is this expectation going on track? Where are the market shares now? And when do you expect to reach this target by the end of this year? That's, that's my first question.

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

Thank you, Divya. Melissa, would you like to take this?

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - President, E-Commerce***

Yeah. Thank you, Divya, for the question. So yes, Beli Lokal is definitely the first campaign that we've launched together and performed very well. Post that, especially post closing of the deal, which is starting February, we definitely have also launched a few campaigns together, one of which is a joint Ramadan campaign. So it's actually a high season, a season that all Indonesians pretty much celebrate. And this campaign has actually done very well and it's been on track towards our expectations.

And of course to your second point Divya, as we also aspire to actually be a lot more aggressive towards becoming the leading Indonesia player together as a combined entity, we do have bigger plans and definitely steps ahead of us together with synergies as well as driving growth towards innovations together. So we are pretty much on track and we are also so far with the latest campaign that we have done is actually performing better than our first, but that's all that I could say. But so far it's been doing very well.

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**Divya Gangahar Kothiyal *Morgan Stanley***

Got it. Thank you. And my second question is just on the fintech business. So basically, we think that the fintech losses would be higher than the run rate that we've seen in the fourth quarter as we invest in this business. But could you talk about the composition of this business going forward? Especially if you can talk about how big is BNPL currently and what are the targets here? And is this launch with TikTok on an exclusive basis or this is also non exclusive? Just a little color on the composition of the entire FinTech business would be very helpful.

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

Sure, happy to address that. Again, this is Tom. So in terms of the composition, when I step back and we think about what we're doing, we have top of the funnel customer acquisition tools, which are largely the GoPay app and the existing ecosystem, which is an open loop app. And then we have the existing ecosystem within Gojek and also the legacy connectivity with TikTok. I mean, sorry, with Tokopedia. So this is the existing customer base that we have today, and we continue to grow significantly, both on the buy now pay later and on the GoPay cash loans. Given the fact that we launched the BNPL product sooner, that still remains to be the largest product, but what we're seeing now is that the GoPay app itself, the open loop aspect of it is actually attracting a large amount of users that are coming in unsolicited to apply for GoPay cash loans, and that's something that we're going to work on quite intensively over the next few months.

In regards to TikTok. What I would say is, you know, we are 100 percent focused on product integrations with them and our number one priority is to make sure that we're compliant with the regulatory requirements set up by the Ministry of Trade. That being said, our goal and our aim is that GTF ends up as the most preferred partner with both TikTok Shop, as well as Tokopedia as a platform. Hope that addresses your question.

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

Thanks, Divya. The next question comes from the line of Henry Wibowo of JP Morgan. Henry, please go ahead and ask your question.

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**Henry Wibowo *JP Morgan***

Hi, thank you, Patrick, Jacky, Reggy and the GoTo team. Congrats on the strong results for fourth quarter. I have two questions. Question number one. If I look at the EBITDA breakeven guidance for 2024, if I assume that ecommerce can get you about 40 million dollar of EBITDA, and the ODS is suggesting a run rate of 60 million EBITDA based on the fourth quarter number, that's the total of 100 million. Is it safe to say that the offset or the negative will largely come from GTF? And if it's yes, could you please share more on what is the negative coming from? Is it more on the lending side or new product within GTF? That's number one.

Number two is on ecommerce. Maybe this is more to Mel. The Eid al Fitr is coming soon, which is the second week of April. Are you expecting the integration of TikTok and Tokopedia to be completed before then? And should we expect any big campaign? Because I think Tokopedia is historically very big for the Ramadan promotion. Thank you.

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

Jacky, would you like to take the first answer before I hand it over to Melissa?

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

Yeah, so Henry, we actually mentioned in the presentation. So for FinTech business is still in the early stage so we are actually still investing. So, but as as a whole at the group, at the



GoTo group, I mean we are also focusing on investing in tech capability, investing in product innovation, and building the infrastructure for our lending business. So all these actually are investments that we are making for long term growth. So we are building the foundation as Patrick mentioned and actually making sure we have a strong foundation to create a sustainable profitable business.

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

Yeah, so maybe I can just add to that if we look at our current user base, it's still a lot lower than the market potential. And, you know, in 2023 we were focusing on profitability. So we cut a lot of costs down and we lost a lot of customers, especially those more in the mass market. And the most important goal for us in 2024 is to lay foundations. So that we can grow this user base at a lot higher rate, to make our business a lot more scalable and to become more profitable in the future.

So we are willing to make all the appropriate investments. However, these investments in nature are more product led and innovation led. And we will also experiment with new products, new services that will help growth in the long term. So I hope I make it very clear that we are investing for the future. We are also at the same time deprecating or stopping all initiatives that are not scalable. So you will see us doing that in 2024. As to the question about Ramadan and the ecommerce business, Mel, would you mind answering that?

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**Melissa Siska Juminto *PT GoTo Gojek Tokopedia Tbk - President, E-Commerce***

Yes, so to your question, on compliance we are definitely on track and we are comfortable to say that we will be reaching the compliance state based on the timeline that is provided by the Ministry of Trade, which is between three to four months ending April 11th. In regards to the Ramadan campaign, like I've earlier shared, we actually have launched our joint campaign together with TikTok. So you would actually start seeing a lot of the things if you visited our app and also TikTok's app in regards to all the different Ramadan campaigns and promotions. And definitely please do get ready to shop going into the 21st. It's a little bit of advertising for

you, but we do have some big events coming up towards the peak dates of Ramadan, which is going into 25th of March and end of first week of April. So yeah do visit our app and do start shopping as you browse along the two sides of app.

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

I'm personally a heavy user of the Tokopedia app, and I can tell you that there are a lot of exciting things going on the app. So you know I would encourage you to check it out. It looks different from a year ago at least.

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

And maybe I could just add from the FinTech side. Historically we've seen a significant drop off on payments going into this, this time of the year specifically around food drop off. But what's interesting this year, payments seems to be a bit more robust. And what we're seeing on the lending side, particularly on BNPL, is obviously an increase as people start to plan for the festive season. So we're seeing the numbers on BNPL go up. That's been very specific over the last two weeks.

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

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