Goto Group's Path To Profitability: A Financial Performance Analysis 2022-2024

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Abstract.

This is a case study concerning the path to profitability of the GoTo Group in 20222024. The study follows a quantitative descriptive research design and uses secondary data retrieved in reference to audited financial statements, annual reports, and presentations made to investors, to make an integrated financial model to indicate the key drivers behind the improvement in Adjusted EBITDA. Results show that GoTo achieved a significant profitability turnaround with Adjusted EBITDA improving by IDR 16.34 trillion from negative IDR 16.01 trillion (2022) to positive IDR 0.33 trillion (2024). Three reinforcing levers drove this improvement: (1) monetization uplift with net take-rate rising from 1.85% to 2.95%, (2) subsidy rationalization with promotions declining from 2.97% to 0.53% of Core GTV, and (3) fixed cost efficiency maintained at 44.84% of net revenue. Scenario analysis demonstrates that profitability sustainability exists within a narrow operating corridor. The study establishes quantified profitability guardrails: promotion intensity ≤0.59% of Core GTV, net take-rate ≥2.84%, and fixed opex ≤46.91% of net revenue. This study recommends implementing guardrail-based governance to maintain profitability while growing Core GTV without returning to subsidy-dependent growth.

Keywords: *GoTo Group; Adjusted EBITDA; Platform Profitability; Digital Economy and Monetization.*

I. INTRODUCTION

The GoTo Group (formed as part of the 2021 merger of Gojek and Tokopedia) is comprised of the leading integrated digital ecosystem in Indonesia that includes on-demand services, e-commerce, and financial technology. Since its April 2022 first IPO on the Indonesia Stock Exchange, GoTo has been forced to face the reality of a shift to a more sustainable profitability model amid the growing threat of regional incumbents including Grab and Sea Group (Kenney and Zysman, 2020).The largest digital economy in Southeast Asia, Indonesia is now a place of intense competition among super-app platforms. SSEA expects the digital economy in Indonesia to have a gross merchandise value (GMV) amounting to USD 110 billion by 2025. In the context of this competitive environment, GoTo also has strategically salient positioning, as it is the only platform, where ride-hailing, food deliveries, e-commerce, and financial services are whole ecosystems that are joined together.Depending on the specifics of their technological design, digital platforms with more than two sides usually require large initial investment to achieve critical user mass, which manifests as heavy promotional spending and inducements that cross-subsidies the first mover on the costs of short-term profit (Rochet and Tirole, 2006; Parker et al., 2016). However, this kind of strategies creates path dependencies increasing the difficulty in making changes to profitability, users accustomed to subsidised rates might cheat when the subsidies are removed (Cusumano et aal., 2019).

The trend of technology platforms to prove sustainable business practices has been necessitated by the global change in investor mindset brought about by the global movement of investor focus to profitability-based, rather than growth-oriented priorities since 2022. Following some large net losses after the IPO, GoTo implemented a transformation strategy based on three pillars, including that of improving monetisation, rationalising subsidies, and increasing efficiency of operations.Although profitability transitions are strategically relevant in platform businesses, there are limited empirical studies on the processes of these transitions. According to the literature available, there exists solid theoretical underpinnings to understanding the behaviour of platforms (Rochet and Tirole, 2003; Hagiu and Wright, 2015) but the case-level analysis of specific platforms implementing profitability pivots is not as advanced. This gap is particularly acute when it comes to new-market super- apps which combine various service verticals.The proposed study will aim to: (1) discover the reasons identifying the increase in adjusted EBITDA at GoTo between 2022 and 2024, (2) determine whether the improvement in the profitability can be maintained under unfavorable conditions, and (3) draw viable recommendations on how to maintain the profitability as the core GTV grows.

II. LITERATURE REVIEW

2.1 Platform Economics and Multi-sided Markets

The conceptual model that will be used to examine digital platform enterprises will be based on the economics of two-sided and multi-sided markets. Rochet and Tirole (2003, 2006) presented the paradigm upon which platforms that bring together several stakeholder groups need to have control over the cross-side network effects by implementing pricing schemes that may involve subsidizing one side to invite the other to participate. Based on this, Parker et al (2016) expanded the model to include platform business models in general, emphasizing on how platforms create value by facilitating interactions and reducing transaction costs.

2.2 Platform Profitability Transitions

The growth to profitability in platform enterprises has attracted the attention of many scholars. Kenney and Zysman (2020) research into resolving the conflict between growth investments and the predicted profitability in the work of the gig-economies. Cennamo and Santalo (2019) comparison of the effect of platform differentiation strategies on profitability results concludes that a platform with more expansive ecosystems faces more complex profits issues compared to those with a more limited viewpoint.

2.3 Monetization and Revenue Quality

The multi-sided platform involves complex trade-offs between monetization and retention of users. Zhu and Iansiti (2019) also argue that the monetization strategy is an essential factor of platform success. Sustainability Cusumano et al. (2019) distinguish between the quality and quantity of revenue streams by stating that sustainable platform profitability revolves around defensible, recurrent, and user-value-oriented revenue streams.

2.4 Earnings Quality and Cash Conversion

The correlation between the accounting profitability and cash generation is crucial to evaluation of plays of profitability increases sustainability. Penman (2013) gives a detailed structure of analysis of earnings quality that focuses on analyzing cash conversion, which is highly essential when analyzing sustainable profitability and other accounting artifacts. Dechow and Dichev (2002) show the way in which the accrual estimation errors influence the mapping between the earnings and the cash flows.Cash conversion analysis is even more critical in terms of digital platforms where non-GAAP ratios are applied, i.e. Adjusted EBITDA. Adjusted EBITDA tends to omit such items as share-based compensation, restructuring costs and impairments that though not incurred in the current period may have cash implications in the future. Thus, profitability validation using operating cash flow and free cash flow analysis turns out as a necessary complement of EBITDA metrics.

III. METHODS

3.1 Research Design

The proposed research takes the quantitative approach of descriptive research to have a hypothesis to investigate the financial performance and the transition of profitability of the GoTo Group in 2021-2024. The research design includes three analytical stages, namely (1) diagnostic analysis of past performance to understand profitability drivers, (2) a scenario-based sensitivity analysis to determine the ability of profitability to withstand, and (3) a strategic chemistry towards formulating subsequent action.

3.2 Data Collection

Secondary data utilized in the current research includes publicly available repositories, including audited consolidated financial statements in fiscal years 2021-2024, annual reports where management discussion and segment disclosure are included, quarterly investor presentations that tabulate specific objective performance indicators, press releases, where strategic initiatives are documented, and the 2022 IPO prospectus, which includes baseline disclosures. The process of data extraction follows a standard procedure, which ensures the ability to track the derivation of analytical products to source documentation.

3.3 Analytical Methods

It is an Excel based financial framework based on an integrated structural platform transaction volume and monetisation, core module P&L annual, segment level performance indicators, adjusted EBITDA recon, and sensitivity testing scenarios all incorporated in the Excel analytical framework.The financial model is constructed under a modular paradigm that performs the analysis of scenarios flexibly. The major modules include: (1) Core_GTV & Revenue_Mix which tracks the level of transactions and the revenue mix within the segments; (2) P&L_Annual which will rebuild income statements with homogenous cost categorisation; (3) Operating KPI which will align key operation metrics to financial performance; (4) Adjusted EBITDA Recon which will align the reported EBITDA to comprehensive adjustments; and (5) Scenarios Profitability which will do what-if testing on critical parameters. The sensitivity analysis is executed based on the model of Damodaran (2022) systematically varied as major inputs parameters, such as the intensity of promotion, net take-rate, and fixed operating expenditures, the analysis determines the breakeven points and profitability guardrails. Corporate-reported figures and internal consistency audits in all modules were used to validate the model. Any discrepancies between the reported numbers were carefully documented and explained, therefore, making the operations of the analysis process transparent and audit. The scenario model is based on the approach of the statical sensitivity analysis which limits the methodology since dynamic multi-period modelling would better reflect the influence of feedback as well as the path dependence.

Table 1. Key Metric Definitions

Metric	**Definition**
Core GTV	Gross transaction value from core platform services excluding discontinued operations
Net Revenue	Revenue after contra-revenue items (promotions, incentives)
Net Take-Rate	Net Revenue / Core GTV; measures monetization efficiency
Adjusted EBITDA	EBITDA adjusted for share-based compensation and non-recurring items
Promotions/GTV	Sales & marketing promotions as percentage of Core GTV

Source: Author's compilation from GoTo Group disclosures

IV. RESULT AND DISCUSSION

4.1 Profitability Turnaround (2022-2024)

The analysis reveals that GoTo achieved a material profitability turnaround over the 2022-2024 period. Adjusted EBITDA improved by IDR 16.34 trillion, from negative IDR 16.01 trillion in FY2022 to positive IDR 0.33 trillion in FY2024. This improvement occurred despite Core GTV declining from IDR 613.4 trillion to IDR 538.2 trillion, indicating that profitability gains were driven primarily by margin improvement rather than scale expansion.Waterfall decomposition identifies three reinforcing levers that drove the Adjusted EBITDA improvement. First, monetization uplift contributed significantly as net take-rate expanded from 1.85% in FY2022 to 2.95% in FY2024, representing a 60% improvement in revenue capture per unit of GTV. Second, subsidy rationalization reduced promotional intensity from 2.97% of Core GTV in FY2022 to 0.53% in FY2024, representing over 80% reduction in subsidy burden. Third, fixed-cost efficiency maintained operating expenses at 44.84% of net revenue in FY2024, demonstrating structural cost discipline.The analysis shows that GoTo registered a tremendous turnaround in terms of profitability between the 2022 and 2024 period.

Adjusted EBITDA improved and was IDR 16.34 trillion; whereas in FY2022, it was IDR -16.01 trillion and FY2024 was positive IDR 0.33 trillion. This was improved even though the decline in Core GTV was known to be IDR 613.4 trillion to IDR 538.2 trillion where the improvement in the profitability was more due to increase in margins as opposed to increased scale.A waterfall decomposition determines that there were three reinforcing levers that supported the recovery in the Adjusted EBITDA. First, monetisation uplift, the net take- rate increased by 1.85% in FY22 to 2.95% in FY24, or 60% better than the revenue-capturing per unit of GTV. Second, the promotion levels in 2.97% at FY2022, FY2024 respectively, were brought down to 0.53% and promoted a reduction of the subsidy burden by more than 80%. Third, structural cost discipline has been manifested with operations expenses that remained at 44.84% percent of net revenue in FY 2024, as a result of fixed-cost efficiency.

Table 2. Adjusted EBITDA Bridge: Key Drivers (2022-2024)

Indicator	**FY2022**	**FY2024**	**Change**
Core GTV (IDR trillion)	613.4	538.2	-12.3%
Net Revenue (IDR trillion)	11.33	15.89	+40.2%
Net Take-Rate (%)	1.85%	2.95%	+110 bps
Promotions/Core GTV (%)	2.97%	0.53%	-244 bps
Fixed Opex/Revenue (%)	78.32%	44.84%	-33.5 pp
Adjusted EBITDA (IDR trillion)	-16.01	+0.33	+16.34
Adjusted EBITDA Margin (%)	-141.3%	+2.06%	+143.4 pp

Source: Author's analysis based on GoTo Group financial disclosures

4.2 Cash Conversion Analysis

Cash conversion analysis shows that, whereas the Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) has become materially better, the operating cash flow has not, as yet, been made to show the profitability turnaround. Commitment of cash flow did increase to negative IDR 17.21 trillion in FY 2022 to negative IDR 0.62 trillion in FY 2024 which is a big step but it is not zero. The adjustement between Adjusted EBITDA and operating cash flow is an indication of the working-capital requirements and the time difference between the actual realization of cash and accounting recognition. The fact that positive Adjusted EBITDA is deviating with negative operating cash flows highlights the significance of cash conversion monitoring as an assurance of quality earnings.

This gap may be occasioned by the following in an online environment: differences in timings between the recognition of revenue and the receipt of cash, the working capital investment to fuel progress and non cash items incorporated in the EBITDA calculations. This conclusion is in agreement with the earnings-quality model explained by Penman (2013) that concentrates on cash-flow analysis to prove accounting profitability.The level of segment level reveals that On-Command Service (ODS) played the largest role in enhancing profitability through optimization of monetization and promotion discipline enhancement. Tik Tok Shop In late 2023 the e-commerce segment underwent a major structural shift, comparison of metrics. The monetization potential of the financial technology segment is the highest with a lot of regulation and competitive factors to be considered.

4.3 Profitability Sustainability and Guardrails

As a result of the scenario analysis, it can be seen that GoTo can be described as a company whose profitability sustainability lies within a fairly limited operating range. A base of Core GTV of IDR 538.2 trillion, the net take-rate of 2.95%, and the promotional expenditure of 0.53% of the GTV, and the fixed operating expenditure of operating at 44.84% of net revenue results in an Adjusted EBITDA of IDR 0.33 trillion, with a margin of 2.06%. However, even small negative changes may quickly undermine this advantage.Single variable sensitivity analysis reflects the following breakeven level. Where promotional intensity dimension, zero level of Adjusted EBITDA occurs when, at the promotional level of the dissemination of promotional expenditure/Core GTV, the value is reached at about 0.59% i.e. it is six points above the level. At the net take-rate dimension, Adjusted EBITDA reaches a value of zero when the take-rate drops to around 2.84%, which is an eleven-basispoint loss against the base. In terms of fixed operating costs, the Adjusted EBITDA will be zero at the point at which the fixed opex/net revenue ratio is equal to about 46.91%.

Table 3. Scenario Analysis: Combined Stress Testing

Scenario	Promo Δ	Take-Rate Δ	Adj. EBITDA
Baseline (FY2024)	0%	0%	+IDR 327.5 B
Moderate Stress	+5%	-1%	+IDR 98.2 B
Severe Stress	+10%	-2%	-IDR 127.1 B
Extreme Stress	+10%	-2% + Opex +5%	-IDR 732.9 B

Source: Author's scenario modeling based on FY2024 baseline

The joint analysis of scenarios proves that comparatively low simultaneous unfavorable changes could cause substantial decline in the profitability. With an extreme combination of stress (promotions +10% and net take-rate -2%), Adjusted EBITDA is negative, with the figure standing at IDR -127.1 billion. Such findings are important to highlight that despite GoTo being profitable, it is subject to the condition of maintainability of discipline among various strategic levers at a given time.

Table 4. Profitability Guardrails: Recommended Operating Corridor

Metric	FY2024 Baseline	Guardrail	Rationale
Promotions/Core GTV	0.53%	≤ 0.59%	BEP ceiling
Net Take-Rate	2.95%	≥ 2.84%	BEP floor
Fixed Opex/Revenue	44.84%	≤ 46.91%	BEP ceiling
Adj. EBITDA Margin	2.06%	≥ 0%	Non-negative

Source: Author's guardrail derivation from scenario analysis

4.4 Strategic Recommendations

Using combined evidence based on diagnostic and scenario analysis, the best strategy that is practicable to maintain Adjusted EBITDA levels above the breakeven level and at the same time increase Core GTV without necessarily using significant subsidies involves entrenching guardrail-based management in four priority areas. To start with, GoTo ought to bring the guardrail-based governance mechanisms to promotional planning. The big promotional campaigns should be measured the ex ante with the projected impact on the promotions/Core GTV ratio and the FY2024 baseline of 0.53% will serve as a reference point and the 0.59% breakeven represent the point of control that should supervise the promotion through explicit escalation steps. Second, GoTo needs to protect monetization by pursuing value-based approaches instead of purporting extensive fee increases.

Maintaining a net take-rate at or above 2.84% floor would require giving importance to value-added services and ecosystem linked monetization programs which would align revenue collection with the generation of user value. Third, GoTo will need to ensure structural cost excellence as a way of combating inflationary pressure. To maintain unchanging operating cost at the rate of net revenue up to the ceiling of 46.91%, new improvements in technological efficiency, organizational simplification, and strict headcount control are needed. Fourth, GoTo ought to treat the cash conversion as a goal of the same rank to Adjusted EBITDA. Following CFO/Adjusted EBITDA ratio will provide an early warning system against the stress caused by the changes in the working capital or execution shortages.

4.5 Limitations

There are a number of limitations that are recognized in this study. First, the reliance of publicly available secondary data makes the analysis restricted on the level of granularity of the analysis especially at transaction, and cohort levels. The development of segment-level disclosures over the period of analytical time, preconditioned by the changes in reports and the reorganization of companies, requires particular attention to the issue of comparability. Second, it is the scenario framework that draws on the use of the static sensitivity analysis rather than the dynamic multi-period modeling. Third, competitive dynamics are modelled exogenous stressors, but not endogenously modeled using game-theoretics.

4.6 Managerial Implications

The results have a number of relevant managerial implications to the practitioners working in the digital platform settings. To start with, the framework of the guardrail provides an operating platform of the management of profitability in the platform business, thus re-directing the focus of the previous recent performance targets into working corridors that maintain strategic flexibility without compromising the required disciplinary standards. Second, the precise disaggregation of drivers of profitability in monetization, subsidy and cost-efficiency leverages provides a systematic way of diagnosing the dynamics of performance in the past and enables the prioritisation of further improvement strategies.Third, the excessive emphasis on cash conversion as a validation mechanism further reinforces the necessity to go beyond traditional conventions of EBITDA metrics in an effort to measure the true quality of earnings. Fourth, the implementation of a scenario approach to the development of guardrails also is an example of how platforms can integrate resilience into the decisions they make, thus avoiding responding to the stressors only after they have occurred.

V. CONCLUSION

To evaluate the movement towards profitability of the GoTo Group, the research has conducted a comprehensive review of the performance data between 2021 and 2024. Key results reveal that GoTo reaped a significant profitability shift as reflected in an upsurge of Adjusted EBITDA of IDR16.34trillion amidst fiscal years 2022 and 2024. Three strengthening levers, namely monetization gain, seen in a net take-rate expansion of 1.85% to 2.95%; subsidy rationalization, evidenced in a reduction of promotional discounts, of 2.97% to 0.53% of Core Gross Transaction Value (GTV); and fixed-cost effectiveness, through a fixed operating cost at 44.84% of net revenue, drove this development. By setting up scenario analysis proves that profitability sustainability is contained within a very small operation range that is defined by calculated guardrails intact that promotion intensity should not be more than 0.59% of Core GTV, net take-rate should not be less than 2.84%, and the ratio of fixed operating expenses of the business should not be less than 46.91% of net revenue, thus, maintaining Adjusted EBITDA at the breakeven point.

The paper suggests that GoTo should institutionalise guardrail-based management in four priorities areas, including the mustering of monetisation with value-based strategies, structural cost excellence, converting cash into an equal goal to the Adjusted EBITDA, and integration of guardrail governance in promotion planning.The conceptual contribution of this research is the extension of the literature on platform economics by providing full empirical data on the way multi-sided platforms can implement transitions in profitability. The concept of a guardrail framework operationalises the concept of platform profit-management (Simons, 1995) in the context of quantified thresholds and how this concept can be used to the control real-time decision-making within the framework of maintaining strategic flexibility.Theoretical suggestions to GoTo management and similar platforms show that to have sustainable profitability, should require an integrated strategy to balance between monetisation and subsidy discipline, cost efficiency, and cash conversion simultaneously. It is not enough to concentrate on one lever but address all dimensions to remain profitable despite the competitive and macro-economic forces.This analysis could be extended in future research through dynamic multi-period modelling, competitive interaction analysis with game-theoretic frameworks, as well as micro-level analysis on basis of transaction or user cohort data. The comparative analysis across the Southeast Asian platforms would also decide whether the transition patterns of GoTo in terms of profitability can be generalised or were firm specific.

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