Earnings Release 1Q20

muito eu

Growth Plan deliveries in 1Q20

New Store openings
- 1 new store oppened
- Total of 286 stores

Implementation of the **new store concept – CVP***
- 5 remodeled stores
- Total of 175 stores in the new concept

Modernization of the **Supply Chain** operating model
- Expansion of the sorter uses to other categories
- Pilot for the Distribution Center expansion in Santa Catarina

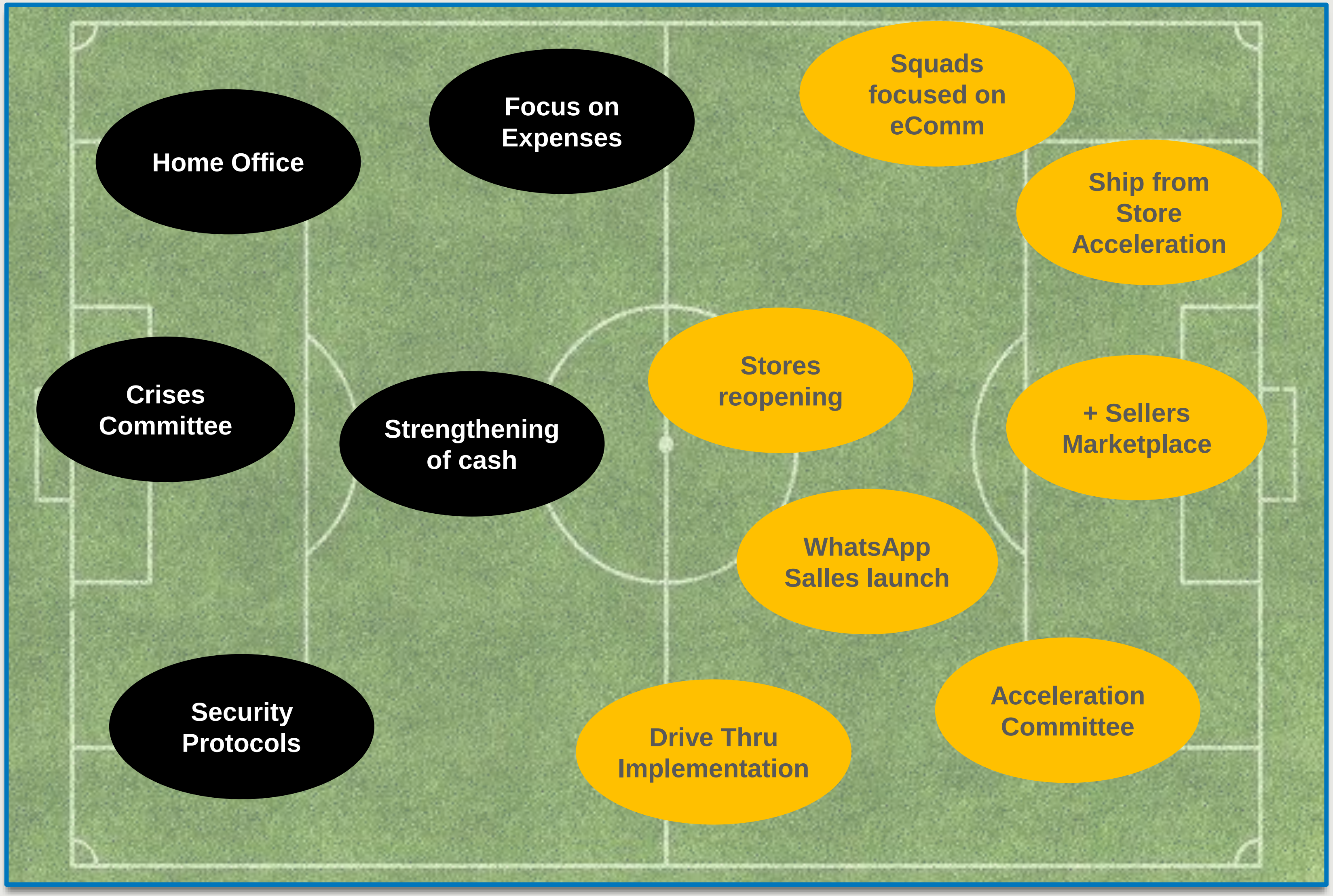
Digital Transformation
- Ship from store in the end of 1Q20 with 80 stores
- Number of active montly users of 900 Thousand in the end of 1Q20

Credit Offering increase
- Contract mapping seeking better alignment between the parties
- With the store closing focous in promoting options for bill payment

* CVP – Customer Value Proposition

Strategy for Fast Adaptation

Defend the business | **Attack opportunities**



Current Moment

Revenue

- Focus on selling – eCommerce, direct selling
- Omnichannel strategy: Acceleration of ship from store operations and drive thru implementation
- Gradual reopening of stores – around 15% of stores reopened to the public

Expenses

- Negotiations with **suppliers of** products and services to postpone, and eventually reduce, payments related to the physical operation since all stores have been closed
- Adoption of vacations, hour bank and Provisional Measures 936 and 927 with **employees**

Investments

- Relevant reduction in the original amount of R$370 million with:
    - Acceleration of Digital Transformation projects
    - Postponement of investments in the levers of physical stores

Cash

- 1st issue of Promissory Notes on 4/3/2020, in the amount of R$ 500 million and remuneration of CDI + 1.09% per year with payment term of 3 years
- Issue of two CCBs (Bank Credit Card) in 4/9/2020, in the total amount of R$ 350 million with remuneration of CDI + 3.45% per year and payment term of 1 year
- Retention of dividends in the amount of R$ 162 million

eCommerce Acceleration

Strengthening of categories

WhatsApp salles launch

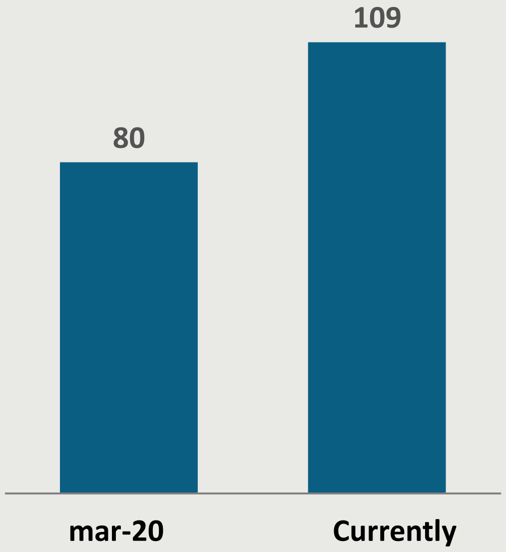
Sellers increase

BeautyBox | Casa Mind | Cia Marítima | DogU | Flaminga | Grendene | Grow | Kaue Plus Size | Key Design | Liz | Multilaser | Time Center | Valisere | Via Mia

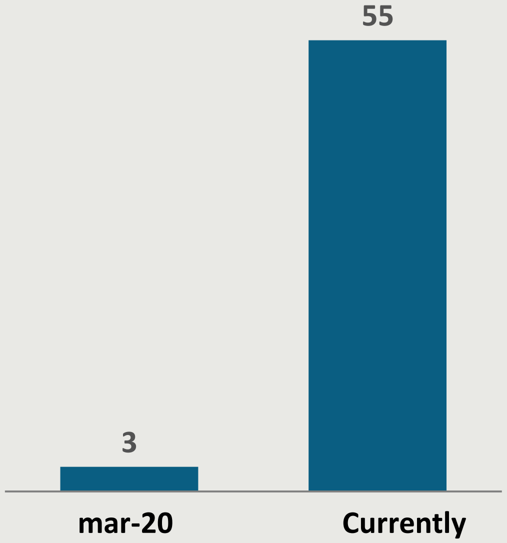
Omnichannel Strengthening

Ship From Store Acceleration

Number of ship from store stores



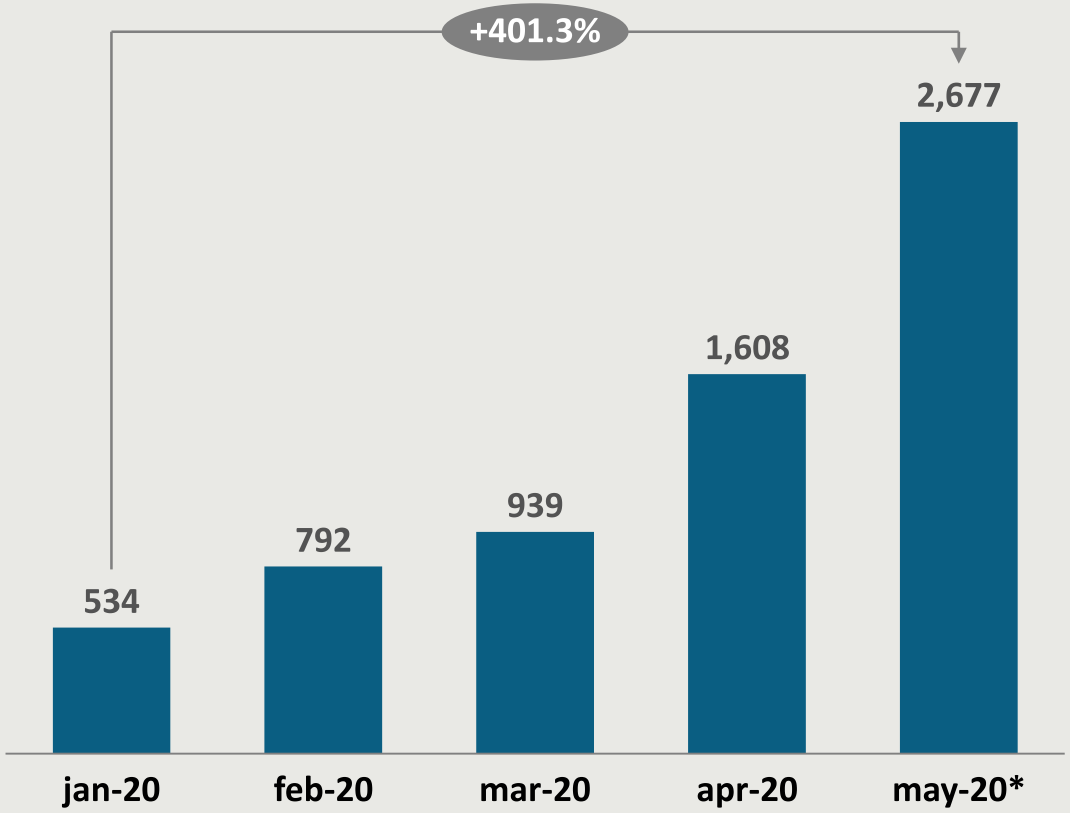
Participation of ship from store in e-commerce salles (%)



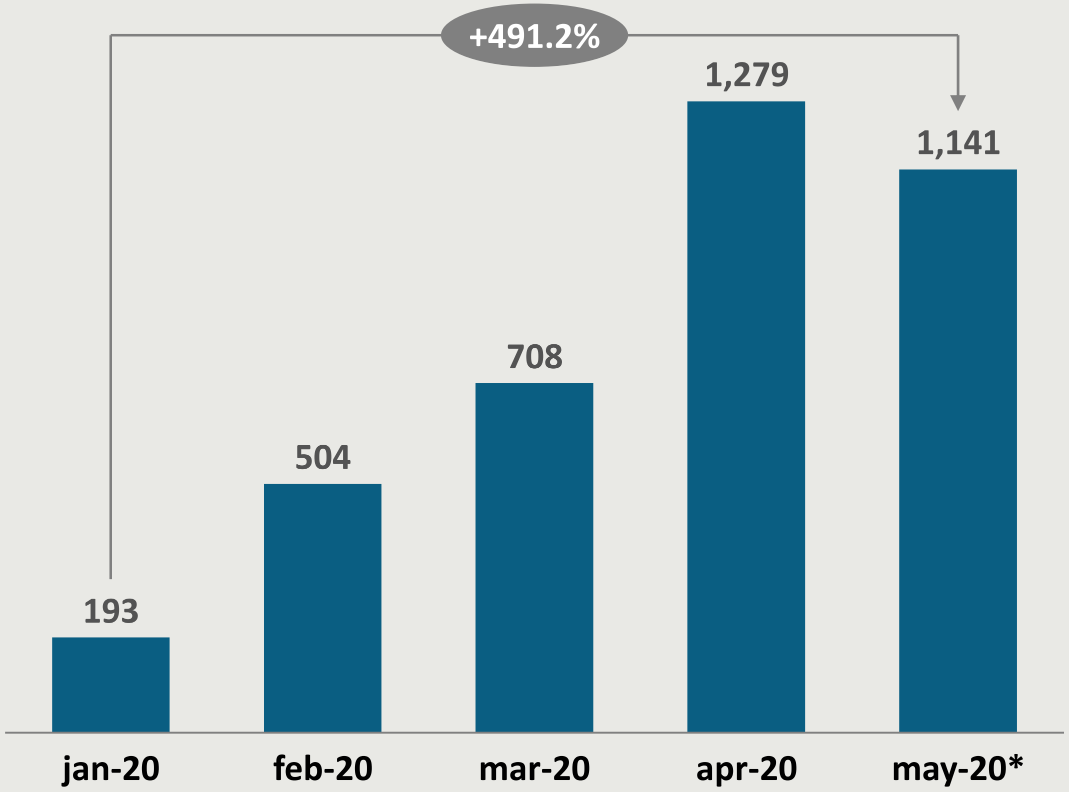
Drive Thru Implementation

Customer Digitalization

Number of monthly active users (MAUs)
(thousand)



Number of app installations
(thousand)

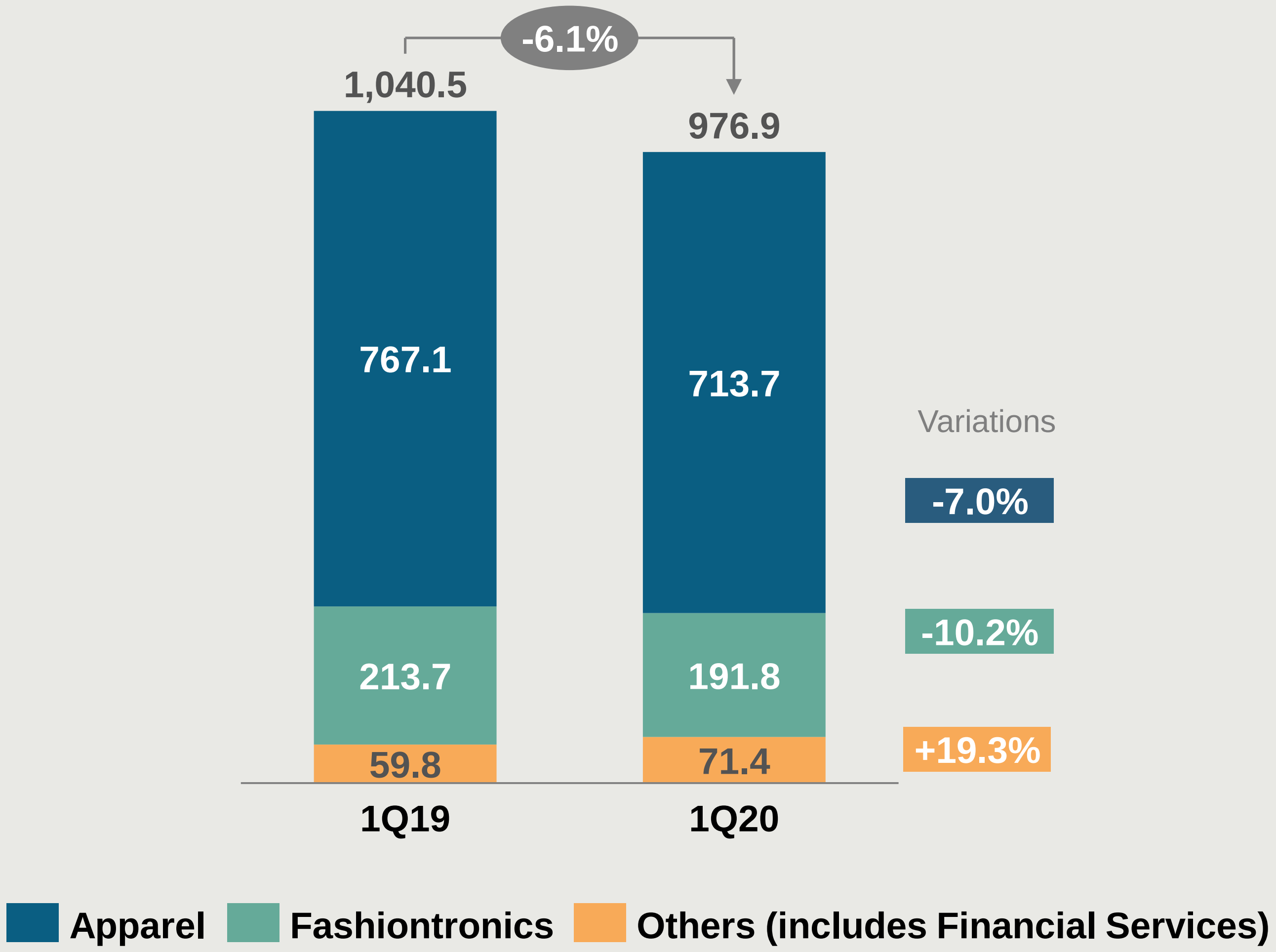


GMV growth jumped from 44% in 1Q20 to 3 digits in the beginning of 2Q20

*Information for the first three weeks of may

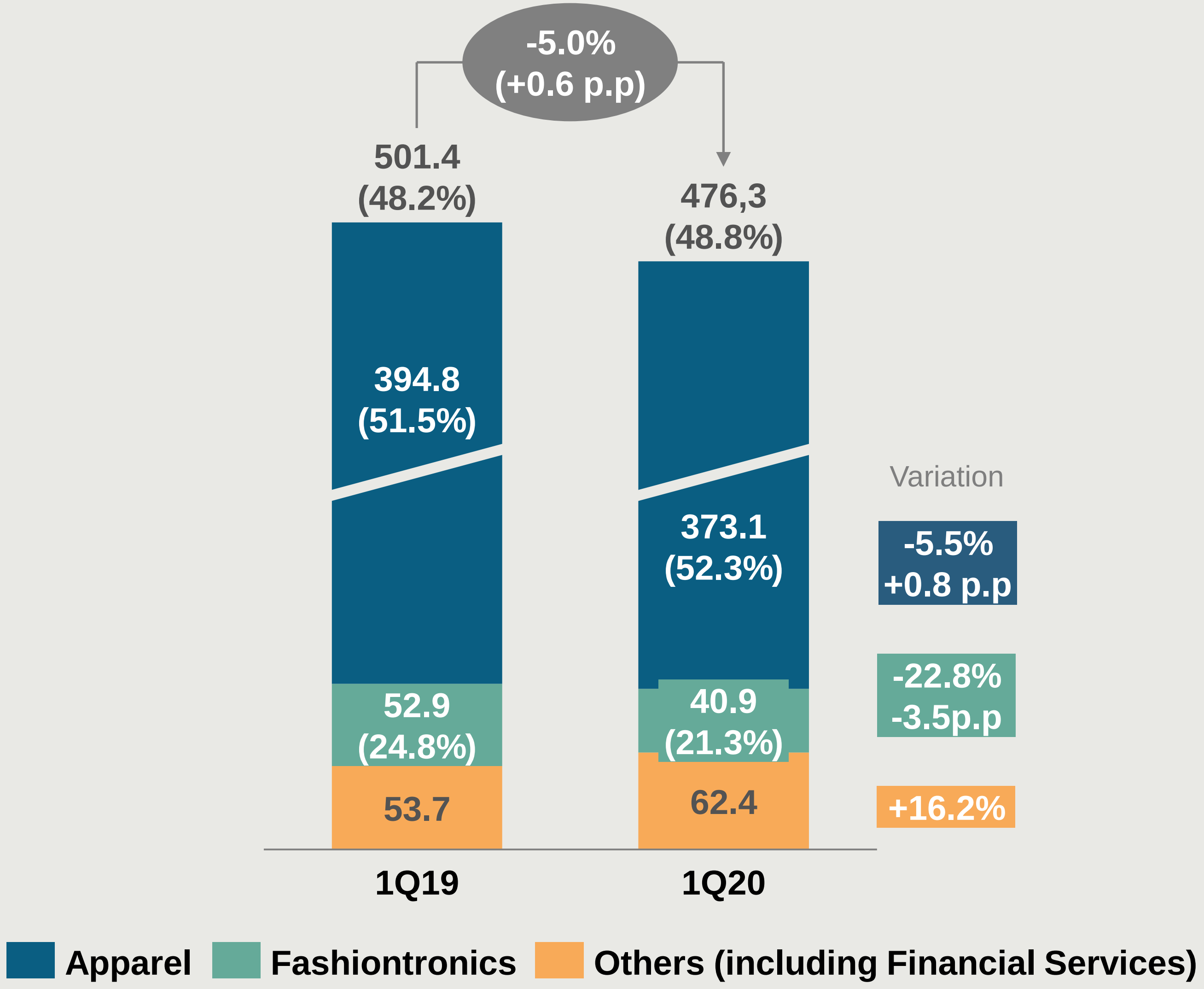
Net Revenue

(R$ million)



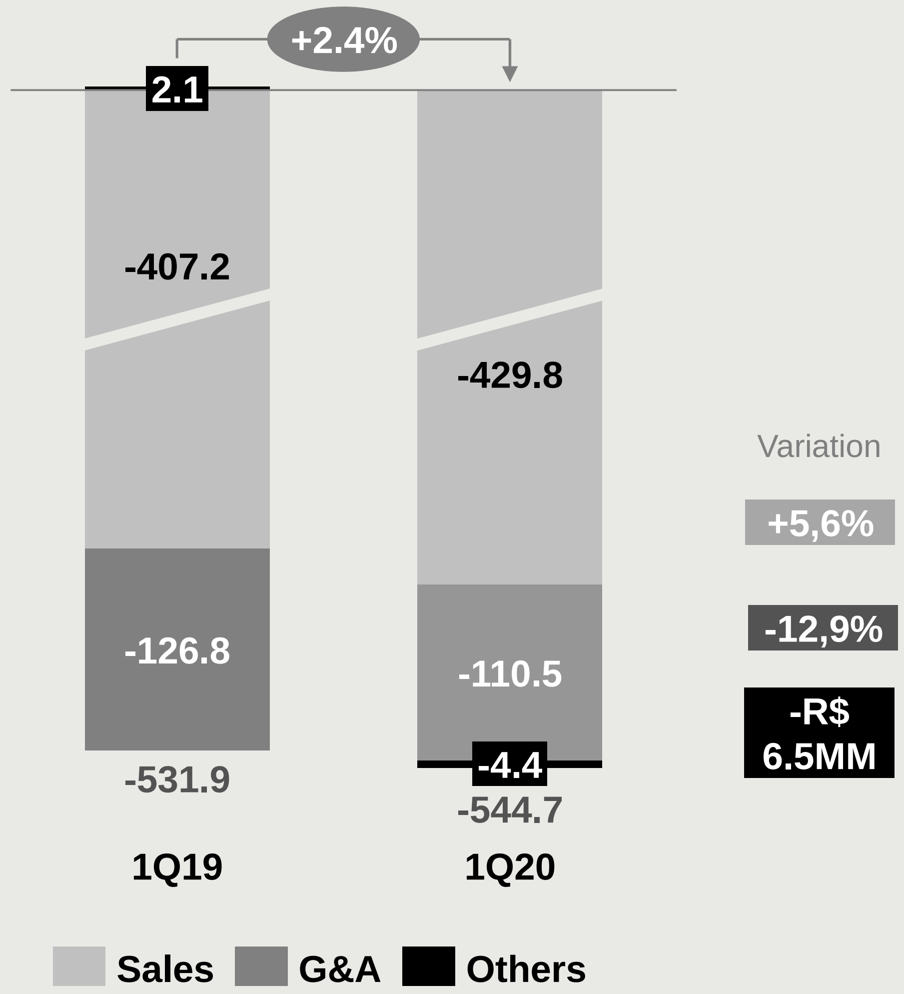
Profit and Gross Margin

(R$ million and %)



Pro Forma Operational Expenses

(R$ million)



Financial Products Partnership

R$ milhões	1Q20	1Q19	△
Net revenue of the partnership with Bradescard	68.2	55.3	23.4%
Financial Services Gross Profit	**67.9**	**55.0**	**23.6%**
(-) Financial Services Expenses – Sales	(51.0)	(49.7)	2.5%
(=) Financial Services Result	**17.0**	**5.2**	**224.8%**

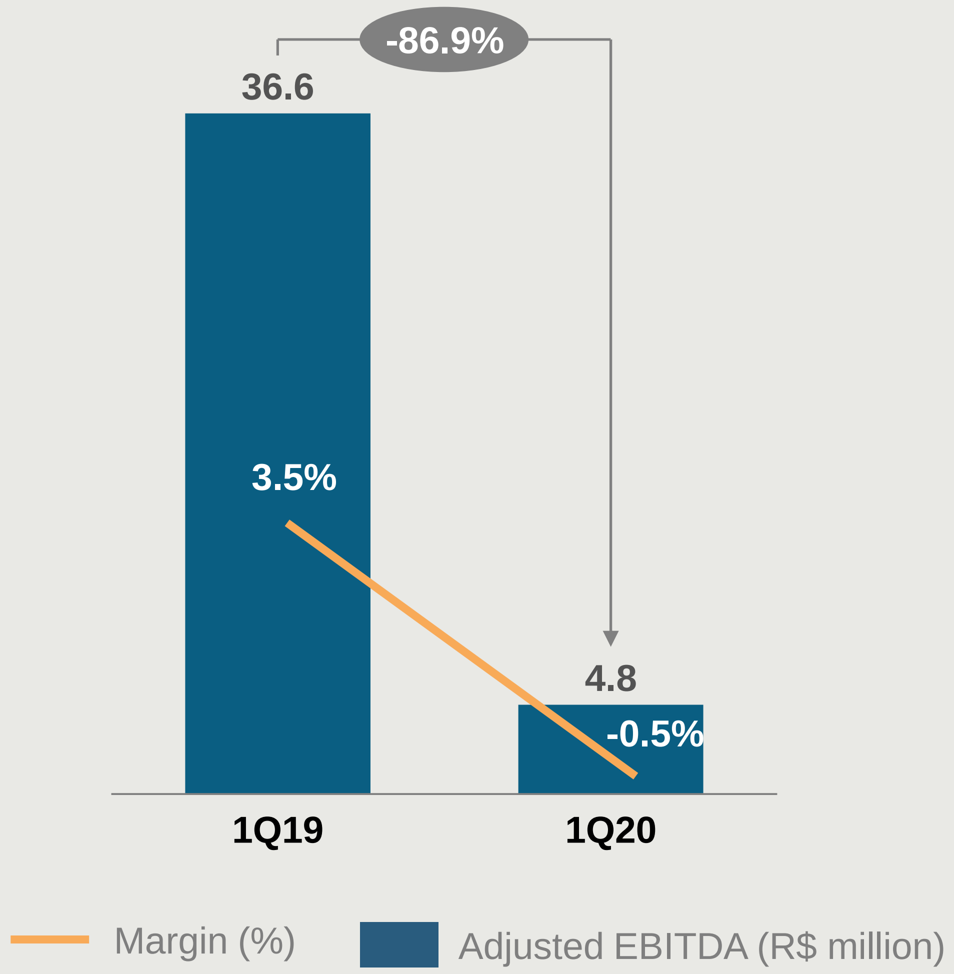
	1Q20	1Q19	△
Average Net Receivables (R$ bilions)	3.2	3.0	7.7%
% of sales	21.3%	20.9%	0.5 p.p
Number of new cards (Thousand)	179.5	143.2	25.4%
Number of active cards (million)	5.2	5.5	-5.3%
Delinquency Rate* (%)	5.6%	7.6%	-1.9 p.p

* Net losses/Portifolio

Portfolio salles in the quarter impacted significantely the result of the partnership, which totaled R$ 17 million and reduced the delinquency rete to 5.6%

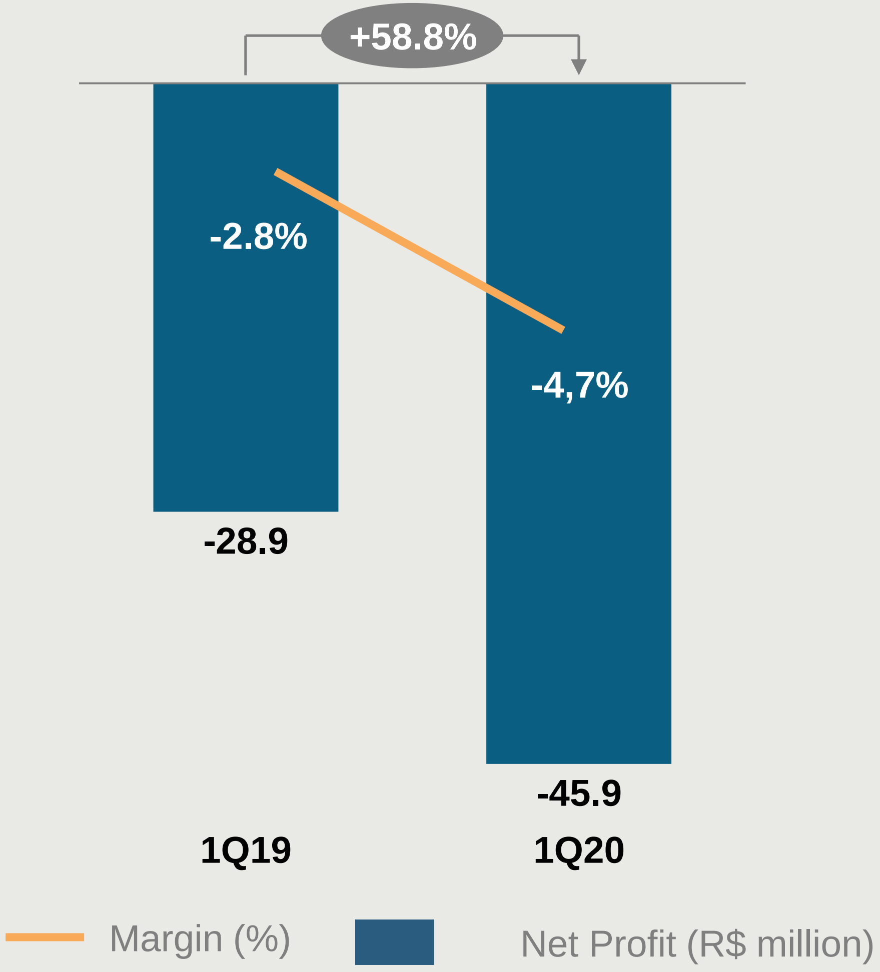
Adjusted EBITDA and Margin

(R$ million and %)



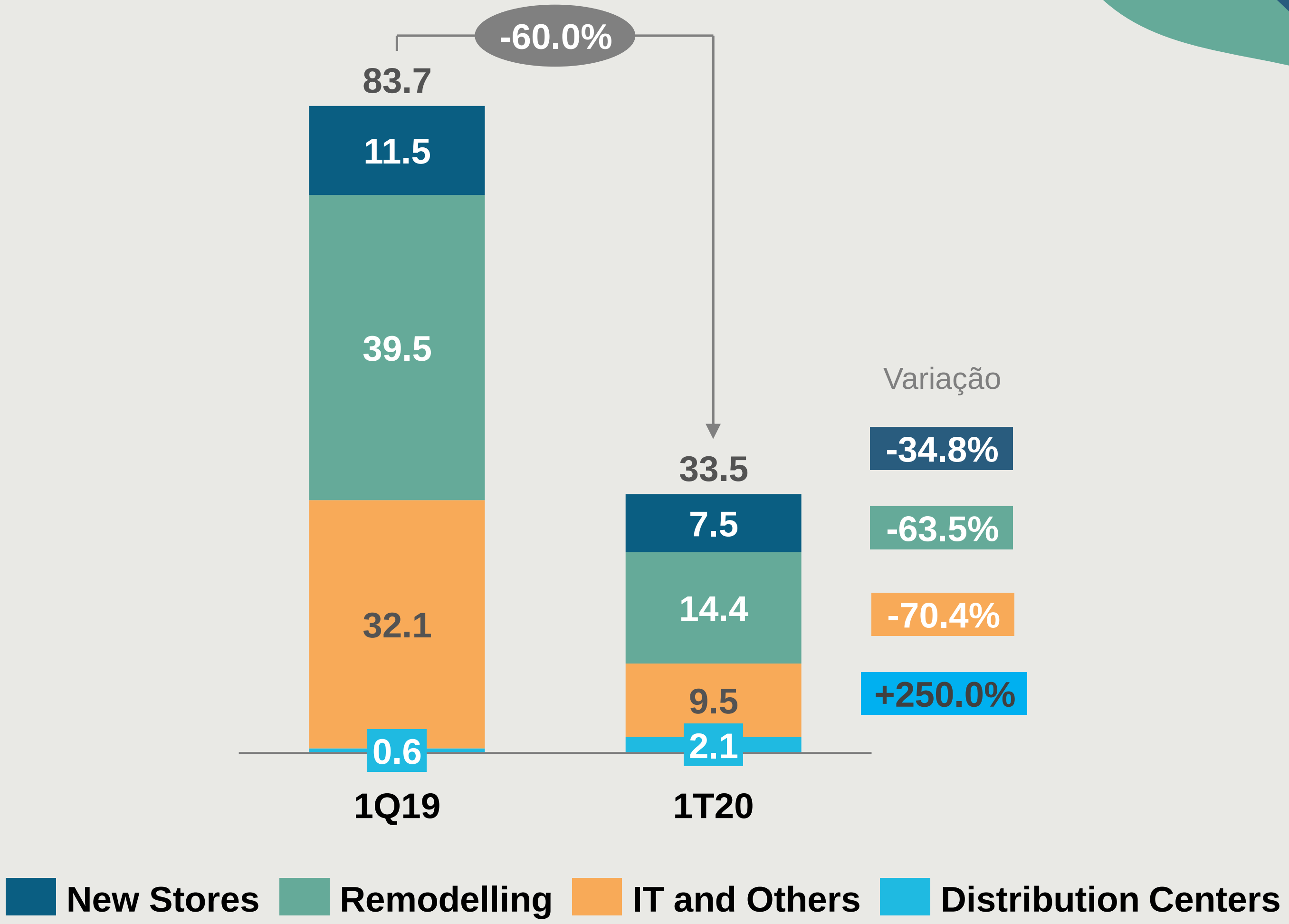
Net Profit and Margin

(R$ million and %)



Investments

(R$ million)



Earnings Results
1Q20

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