Daniela Bretthauer:

Good afternoon, and I hope you are all doing well. We are Via, we are digital. We are a powerful ecosystem that is open to innovation. We are a marketplace and we have customers at the center of our business.

Just recently, we had the transition from the transactional retail model to a relationship based platform model where we focus on the customer base, lifetime value of the customer and the ongoing improvement of the customer's experience.

The initial results of this transformation are already apparent and we are going to present these with you today.

The slides for this presentation are available for download on the IR investment site. This presentation is being broadcast via YouTube channel, and it has simultaneous translation into English. We will have a quick presentation on the earnings and results and then after, of course, we will open up for Q&A.

Now, I would like to invite Roberto, our CEO to begin the presentation of Via's results for the 1Q21. Roberto, it is all yours.

Roberto Fulcherberguer:

Thank you, Dani. Thank you, everyone, for joining us during this earnings call. I hope you are all doing well, happy and healthy. We are happy to bring another quarter of consistent and sustainable results to.

In the 1Q, if we could maybe just highlight the 1Q, our GMV had a total peak of 27%, going to R$10.3 billion. Our online sales were very much accelerated compared to the 4Q. Our 1P is growing 120%, to R$4 billion, and 3P moves on to one 124%, moving on to R$1 billion. Our 3P already represents 10% of our total GMV. In the 1Q20, this number was something around 5%.

Our digital sales represent 56% of our GMV, versus 33% that we had back in 2020 in the comparable period. An important lever of our digital performance is the online seller. He is responsible for R$1.2 billion, representing 21% of the GMV. The online sales have a system, the Vendedor Online has the same GMV done.

Dani, I think we missed you your presentation for a second. We had a little problem here, but now it seems like it is working.

So let us move on. As I had mentioned before, I think I will go back here. We had an initial quarter with a 27% peak. We evolved to R$10.3 billion of GMV. Our online sales really accelerated in regard to the 4Q, and our 1P has grown 123% to R$4 billion round. Our 3P is growing 124% to R$1 billion, and it already represents 10% of our GMV. It is important to mention as well that in the same comparable period it was representing 5% of our GMV.

So our digital sales already represent 56% of our total GMV versus 33% in the comparable period. An important leverage in our digital performance as the online seller that made R$1.2 billion and represents 21% of our GMV. It is important to highlight also that our online sales program also performs the same GMV of the 4Q20, the quarter where we have Christmas and Black Friday.

The good news is that we continue to be very strong at this growth rhythm, April was strong, and May also, with significant growth.

Next slide, please. As you can notice here on this graph, for the sixth quarter consecutively, we grew above market level. This graph is based on information from Compre & Confie, it is public data, and it is important to highlight the consistency of the growth that Via is undergoing. And what is most important is that from the 3Q20, there is already significant competition.

So I think the concern a lot of investors had in the market about competition that would take place in the online market in Brazil, and the potential winners of this competition. We have been in this competition ever since the 3Q20, and you can notice that up ahead here, that beyond growth, above market levels, we continue to be a profitable company.

So we are more than prepared to really face this intense competition that is already present ever since the 3Q20. Just take a look at what is going on with the margins among other players in Brazil.

Important data here that this growth above market level that we have been working on gave us share gains. We gained over 8 p.p. in share compared to the period where we took over the Company in the 3Q19.

One thing that is really important to look at is the strong paced growth above market levels that leads to an important achievement in the market share. We had a lot of questions coming in ever since we performed the Investor Day event, where we had a lot of questions about our ambitions and prospects for the future of having 20% market share by 2025.

We had a lot of people asking us how. Well, the 9 point gain in less than two years demonstrates that we have what it takes to deliver our consistent deliveries and our strategy to reach this level.

So we are really confident that we have an important pathway up ahead. But it is already pretty much said, based on everything we were able to deliver up until now. So in two years, we already gained 9 points of share, and in five years we will be making the rest of the share that is missing, which is not an impossible challenge. So we think it is possible to overcome this challenge.

Moving on to the next slide here, you can see some of our main pillars that we consider to be fundamental for us to reach the ambition. We have a strong omnichannel approach with financial solutions, omnichannel logistics and innovation and customers really at the center of our strategy.

So I am going to try to go over each of these gorillas a bit as we talk about the results and what is up ahead, so that we can provide more tangibility on where we are headed.

Next, please. I am going to start talking about the marketplace. We are aware that one of the most important component to be able to increase LTV and GMV is recurrent. And in order to do this, we are focused on making this year, the year of the marketplace. We are going to be offering more assortment, greater categories, and generate more frequent consumption.

No doubt, to do this, we must have a strong marketplace. And our strategy here for this year, we have been strongly evolving with the amount of sellers. We ended the 1Q with already 26,000, and we are on track with the 70,000 to 90,000 sellers for this year. So the new sellers are in line with our ambition of having 70,000 to 90,000 sellers this year.

When we think about the SKUs, we have already taken on an important leap. We have 24 million already. Our GMV per marketplace is already about R$1 billion, and we still do not consider the strong growth that we had in sellers and GMV. And this was mostly due to what happened in March, and it is not considered in our GMV load.

No doubt, it is not only about adding sellers. It is not about the more sellers you add, the better it is. It is about really making the sellers generating GMV on our platform.

So we are convinced that we are continuing to add sellers and more categories, and we have a very well designed plan to make the sellers interact with us more, and also with our consumer platform, generating a significant increase in GMV.

On the next slide, just to talk about how we are going to be doing this, this year, we have an important revolution taking place in our marketplace platform. So we have a lot of improvements coming up for the sellers, so that we can make their lives easier as they create and manage ads, messages, recommendations and a lot of improvement in the platform.

And I am going to talk about some of these. We are going to have the Via Ads. So that is where we are going to have our advertising solution from our channel. This is going to be turbinating ourselves even more. So it is going to be in the hands of our sellers to hire all of the ads through our platform. And we will also be setting up a price club, an award club.

So we already have it in 1Q. The industry can buy this coin that we call Vivas, an internal currency, and then you can manage and incentive funds with over 20,000 sales professionals to really promote the sale of these items. And then we are going to be extending this throughout this year also to the sellers.

So sellers are going to be able to hire special campaign directly with our 20,000 sales professionals that really accelerate this so that they can sell these items. And this is going to be done through this process. The sellers themselves will be able to create their own campaigns.

Another item that is really important is our advantage club, which it is basically like a loyalty program. So the more GMV and the more services the sellers have with us, the more advantages they will have in the Via ecosystem.

The banking credit also is going to be something new that is really important for us. So besides the anticipation of receivables, we are also going to be launching some credit offers to sellers, and also our payment booklet that is going to be available.

So besides this, we have a lot of other initiatives that are listed. Everything that is listed here is for this year. So besides this, you have full commerce. So we are going to be working on this this year still, and we are going to be delivering the full solution to sellers that need this kind of solution, and then also have that marketplace out. These are two points that are not included here, but we are very much convinced that we will be able to deliver throughout this year.

So everything we have proposed to deliver and do up until now, we delivered, and we demonstrated this. The numbers are showing you this. And so now our main concern is really to deliver this very bold plan in the marketplace. We are going to work on this. We are going to deliver, and we want to be the relevant player by the end of this year.

And then on the next slide here, when it comes to financial solutions, another very important pillar is for this Via ecosystem. You have a lot of new features, but before this, I want to talk about how you organize the services and financial solutions at this moment.

So we needed to provide more information on this. And now we are providing this information. By the end of the presentation, you will understand how powerful the service really is with our payment booklet system to really ensure recurrency.

So I want to highlight the winning strategy we started in the payment book, and how much we have collected in results in just one year.

So we really started working on this strongly, and on the left side, you can observe our pre-approved customer base. It already went over 14 million. So this came together with the significant growth of estimated limits, and there is a limit of R$42.5 billion to be able to perform purchases with us with installment. And we would be able to deliver a limit a little higher in their capacity payment, and this increases a greater conversion and recurrence.

And in about a year we started customizing all of the different actions we work on with the payment booklet, and this brought in a conversion rate that was very accelerated, and also the recurrence that was a lot greater than what we already had.

And all of this revolution really brought in a more youthful target audience, if you can see the average age range, you can see that we have also reached customers that have a greater income potential. And so we also have customers that are entering higher income levels, so sometimes they even have a credit card in their exchange in this option, but they are going to do this through our payment booklet to not occupy their limits.

And besides all of this, our essence is still preserved. 46% of the base are customers that do not have income statements or records. So providing credit to these 46six% that are autonomous individuals that have no income proof is very complex, and we know how to do this. Our numbers demonstrate this.

If we could move on to the next slide, please. This brought in a lot of relevant growth in the share of this payment method in our GMV. We went from 17% in May 2020 to 33% share in our physical stores. So the payment booklet basically doubled its relevance in the last year.

But maybe the most important news here is the recurrence of this payment method providing to this ecosystem. And here on the right side of the graph, you can see that in just 24 months, basically, half of the customers went back to performing purchases or finance with us.

So if we consider our average term of the payment booklet has been 14 months, we could state that the customers, when they stop paying, they already start another one. And sometimes when they are lacking one installment, they already start paying another one. So there is a lot of recurrence, and they are basically protected in our ecosystem.

It is their credit method to be able to access consumption. And they are recurrent, and taking advantage of this credit possibility that we provide them, as well as the relationship they build throughout so many years with our brands.

On the next slide, please, I want to show you some great news here. If that payment booklet we just saw in the physical store really has that power, imagine it now in digital. Our solution for the payment booklet is already open ocean. We already have 25 million customers that we already know about in depth, and they are ready and prepared to perform these credit purchases digitally. So engagement has also grown quarter by quarter.

And another very important differential is with digital, we really rupture once again our physical borders. We have already granted credit to over 500 municipalities where we have no physical presence. We have never had a store in these municipalities.

Let me give you some examples here. We provided credit to customers in Fortuna, Piauí. We never had a store there. In Crateus, in Ceará. In Nioaqui, in Mato Grosso do Sul. In Babaçulândia, in Tocantins. We granted credit in the cities where we have never had any physical presence. And once again, you can see digital really rupturing and overcoming borders and boundaries, adding on more customers to our ecosystem.

Some other good news is that all of this evolution is in line with a very precise customer journey, simple and frictionless. 44% of our customers say that this is the only access method for credit. So you can see the level of importance in this tool. And now with digital, there is no borders.

All of this I have just mentioned is really important when they asked us how we would get there with our ambitions during the Investor Day. It is important to mention how we got where we are at now.

This did not come as a miracle. It came through an evolution of our financial service platform, a very committed team here at Via for the accelerated implementation, increasing sales a lot, so it is all like stop, implement and then sell more. It is really the simultaneous, real-time execution, as well as with a strong alignment with our long term strategy.

So this is very much in line with our strategic vision and its quick execution of the team. The team at Via is really capable of growing and transforming things simultaneously and quickly.

And we are not stopping here. We have a strong delivery agenda in the next quarter, with a special highlight to the payment booklets on our marketplace, our credit platform for credit as a service.

And here you can see our payment booklet, adding up other players to our ecosystem. So this is our ecosystem being expanded through the payment booklet. And you can see a lot of deliveries this year, and here are some of them, and a lot more will come this year as well.

Next one, please. You are used to hearing me talk about the payment booklets and banking, but our platform financial solutions also consider cobranded cards. So we have over 2.5 million customers active that generated in the 1Q about R$4.1 billion in TPV.

So all of the cobranded cards generated R$4.1 billion TPV, and so our base also grew, we added about over 200,000 consumers using our cards. We are growing our customer base at our booklet, and also in our customer base.

Next, please. Just as the payment booklet, banking is also growing at a very accelerated process. All of the indicators are very positive. Up until tell May, we reached about 4 downloads.

So just to remind you that in November, we had disclosed that we had about 2 million downloads. And in regard to account opening, we reached which 2.2 million customers with accounts open here in May, and then in November also, we were considering 1 million accounts.

So in just five months, basically, we were able to add up 1.2 million new customers with bank accounts. So when it comes to TPV, we have already overcome those R$500 million, and we have already started a request for a license together with Bacen, the Central Bank.

One of the limitations was having a TPV, about R$500 million, and we reached it and started this request. The total transactions reached R$900 million, and in this indicator you also consider the deposits in accounts, which is greater than TPV.

So we are in a very precise journey with banking. All of the numbers are extremely positive, and we have also been following an important journey for acceleration and transformation of banking.

So now, the next journey for evolution of our digital accounts is accelerating, and we have a very good defined strategy and we are focused on delivering these items.

We would like to highlight the expansion of banQi shop. So this is our marketplace here, with the super app banQi. We will intensify what it offers, and we will have a very robust marketplace in the super app. And then, of course, the credit card that will also be coming around this year, and we will also have an account and credit for legal entities. For all of the small businesses and legal entities, but also those that will be in our marketplace as sellers.

So it is an additional service that we are going to offer them, and also to all of the over 300,000 delivery guys that our shipping has, which ASAPLog.

We also have a process to approve an operation at CADE with our fintech seller to add payment methods and acquire solutions. So we are going to have another vertical to really fill in our platform and ecosystem for financial solutions.

Next, please. As we move on to logistics, just as the other pillars are very important, logistics is also essential. So considering this robust platform that you can see at the base of this image, here we can really see that we are leveraged when it comes to the service level and speed of delivery, transforming this robust logistical structure we already had.

As you can notice, on the top, our delivery in 24 hours was 7% when we arrived, and it has already reached 42%, and the same day deliveries are already at 15%, if we consider the logistics differential of heavy items that we have. One thing is to have light items in the big centers, and another thing is to perform logistics for light items all over Brazil in all of the municipalities.

Just to give you an idea, this year we just did not deliver in about 50 municipalities. All the rest, we have delivered. So just as we have our payment booklet penetrating in different municipalities, here with logistics, that is the same thing.

When it comes to light items, we have covered nationally, and when it comes to heavy items, we also have national coverage, with precision index of about 98%.

So here, since our logistics are going to be more at the service of the marketplace, then maybe we will have new categories in the marketplace that have never been seen in any other ecosystems because no one can do what we do with these heavy items in the marketplace. So we may have possibilities for new categories that can leverage this even more through the logistics.

On the next one here, just as we have demonstrated in the other pillars, this also did not come from as a miracle. There is a big transformation, a lot of accelerating in our technological platform.

And the good news is that we have so many other deliveries, and things we are going to be offering in 2021 still. So what is already pretty much accelerated is going to be accelerated even more.

So we have this open ocean fulfillment, and by the beginning of the 4Q21, we will also be performing the fulfillment of those in any marketplace. So we want to be the logistical solution as well, wherever they perform the sale. And along with this, there is so many other initiatives in our logistics.

Next one, please. When it comes to innovation and new business, this is really at the center of our ecosystem at Via. So we have two agendas here. One is the short term agenda, and the other one is long term. So this goes through a huge tech team that was considered at Via Hub, which is the team that is really transforming everything that we have seen that was demonstrated so far, and they have been doing this with a really accelerated rhythm. And so the team has been able to do more and quicker.

When it comes to M&A also, there are other strategies as well. So just as we worked on with ASAPLog, where we anticipated 12 to 15 months of ours with banQi and the seller network really working on now, we really understand that there are other possibilities, and we are looking at this in an ongoing manner with M&A as it can really accelerate this process very quickly, as well as our long term innovation. So our open innovation here is looking at the long term.

One of the pathways here is through this CDC that we launched on our Investor Day, and then here we are really focused on fintech, retail tech, logitech and martech, so marketing, logistics and retail as it is, and then different possibilities as well for evolution and different fintechs that we can add on here through banQi.

On the next slide, we highlighted the beginning of a new strategic cycle for growth. The entire Via ecosystem is operating with a single vision, a really customer-focused and customer-centric vision.

We implemented this transition model moving on to this relation based platform that focuses on the increase of the customer base and LTV, and continuous improvement of the experience for our customer.

So this transition models are already done. Now we have reached a point where we have our ecosystem at a mature level, so we can perform this transition. And now our main focus is really on the lifetime value of the customer and customer experience here in our ecosystem.

I will give a little more tangibility with numbers on how some of these examples of initiatives that are already reaching effect and are increasing the LTV. So we have the significant evolution of our monthly active users and our app, went from 8 million to 16 million users if we compare quarter by quarter, which generated an important increase in share from our apps in the total GMV. So our app already represents 48% of the total GMV, which is really important, because this helps us a lot with our customer relationship. It helps the relationship be even more accessible and less expensive.

And if we were to look at the total from mobile, then we also have another relevant share in the site that really takes us to the mobile first, that has already been consolidated here at Via. And more and more, we are going to continue to increase penetration from the mobile and the pure app and the relationship with customers.

Next slide. Other advances that contribute to this are the increased indicators of the spending and all of the different channels, with a special highlight towards the multichannel customer that really highlights the omnichannel strategy.

From last year, we saw a relevant increased, the pure off customers grew 23%, and pure on grew 45%. So we are very convinced that we are on the right path, and these numbers are better and better. And then when we think about the average revenue per user, the evolution is also significant, and it translates that our growth is sustainable.

So we are not going to search for growth just to grow. We want to increase the overall level, but together with the ARPU growth. So we are at a sustainable journey, and we understand there is really no point in just growing for no reason because there is an abandonment rate. So we are increasing them outright with the ARPU rate.

And another important highlight here is that greater penetration of the digital is also bringing an important increase among young customers. So we have more youthful customers. We saw this happen with a payment booklet system, the *crediário*, and we are also noticing how this is happening with our full customer role, regardless of if they are in the payment booklet system or not.

Next slide. Now, another very important example here about how we are searching for greater customer loyalty is through the CB Play. So CB Play is very successful. It is a very precise experience. In just 30 days, it increased 50% the amount of download through our app, and the best news is that it really improved the app conversion by 42% compared to the previous month.

So it is super powerful, and here there is a lot of news coming, so we cannot tell you about this yet. But this is a real pathway for relationship and loyalty that we will continue to follow, and there is no stopping us now with our growth.

So another important piece of information here is that on the social network, we are also at another level. In the graph you can notice the evolution of engagement in the timeline where we overcome other players in the market, positioning our brand as the brands with the greatest sector engagement.

On the right side, you can see a little photograph of the month of April. On the left side, you have the history of 2020, and then on the right side, you see just some of the vapor from the main social networks in Brazil, and then you can see our brands really leading among those three places. We have the first and second place in Facebook, and on Instagram and on Twitter we are on the first and second place as well.

An important message here is that there is no point with just having a huge amount of followers. The most important is really the engagement that makes this ecosystem really move along. So we need to generate greater engagement.

And if we were to look at the next slide now, please, you can see our score here that is already close to the maximum number, which is 5. So we see relevant improvements in the ratings and scores on our apps that demonstrate that our users are happy with their customer experience.

Since we have a clients at the center, we are focused on a constant improvement of the experience. And in the 2Q, we are going to be implementing 500 better improvements. And so just in this quarter, a lot of them are already valid. And then during the entire 2H we will have 500 new improvements that really improve usability, and certainly will help a lot with our conversion rates, as we also improve our final results. So even though our notes are close to the limit, which are 5, we are at an accelerated process to improve our apps as well.

And then on the next slide here, we are completely committed to the ongoing and continuous improvement of this customer experience. So the advancement of our NPS that went from 62 to 745, for and also in the physical stores that went from 65 to 75.

And here in Reclame Aqui, we have significantly advanced, and we are in this pathway and our journey is really exciting that in just a bit we will have this as well.

And what is not least important, when we look at Procon, this is also valid when we think about customer focus. So our resolution rate at Procon, we already have the best rates in the market. If we consider the accumulated amount in the year, we already have the best rating. And if we look at the other 60 days, we also have a 2 point gain, which demonstrates that we are moving along.

Even though we are already at very good levels, we are still improving our operations with customers at the center of our ecosystem. So this really demonstrates how we are extremely focused on being the relationship and consumer platform for Brazilians. And this is where we are headed.

Now Padilha will take over the presentation, and then I will get back in the Q&A. Thank you so much for now.

Orivaldo Padilha:

Thank you, Roberto. Let us start off with the financial highlights and results. This first slide here is the P&L, and here you can see the R$10.3 billion are transformed into T%8.8 billion in gross revenue with a growth of 18%, R$1.4 billion more than the 1Q20.

A net revenue of R$7.5 billion, growth of R$1.2 billion, 19.1% better than last year. And I am going to talk about this a lot in the next slides, about the gross margins with excellent news here. It is an important strength of our business with our profitability and the possibility to generate gross margins.

So the EBITDA is also very robust, R$584 million, 7.7. Just last year, we had 9.8, and then we had some important nonrecurring effects last year in this 9.8 that are more comparable with the 8.1. So this small reduction is very much connected to the factor of some physical stores being closed in March due to the second wave of covid.

That is why we reached a net income of R$180 million, considering R$13 million last year, over 13x greater in this quarter. Also, a very important factor was that the Company recognized a tax incentive that was directly impacting the income tax and social contributions, and then we performed this reconciliation of all the benefits that were recognized as R$150 million; R$117 million referred to the previous period before the 1Q21. So the net income comparable to last year's R$63 million, about 5x better than last year.

Moving on here to the gross income and gross profit, we have an improvement of 1.1 in gains in commercial margins, 110 bps, and this is due to a positive effect of default, the elimination of payments of ICMS and sales from e-commerce. So this really leverages our e-commerce in a very competitive way and makes us therefore a lot more competitive.

I would say that 1 point of this total amount is recurrent from the moment when we reopened the stores in the 2Q, and then certainly this leverages and brings even more competitiveness to our e-commerce.

So we had two important negative impacts on the gross profit, which are basically due to generation of revenue last year in payment booklets and cards and services. This is basically related to the physical stores being closed during all of the month of March. And significant gains 0.10 present in logistics leveraged by the online GMV. So we went from 30.7 to 31.4. This is a number that is very robust, even though there were significant changes in the profile of the sales mix from physical stores to online.

So on the next slide, we are going to demonstrate the bridge of the expenses with sales and administrative expenses, we left from 21.9% to 24.5%, and increase of 2.6 six expenses, and this is explained by the following: the comparable base with the 1Q20 needs to be adjusted due to an exceptional effect that took place in the 1Q with the important recovery of some legal expenses. So the comparable basis is 23.6%, compared to 24.5%, and then we have a 1.2 growth in the expenses due to the non dilution of expenses due to the stores being closed. This is the second effect. It is, of course, recoverable from the moment that the stores reopen.

So then for the two next effects, the dilution of the effects of the entire online sales process and the reduction of administrative expenses, they are here to stay. And they are related to this increase in volumes of GMV and gross sales, gross revenue for the Company.

So the third important event of 0.20 is basically related to banQi. Last year, we did not have banQi in our structural results, and it is still in an initial phase. So we have more expenses and revenue. We have 0.20 impact, approximately R$15 million.

And within the quarter, what is very much recurring in the quarter, we have another increase of 0.10 in labor claims. We are working on the elimination of this expense, which explains this kind of expense. If you think of this from a recurring perspective, our level would be leaving those 23.6% 23.1%, this is the recurring level because of the 1Q, which demonstrated an important benefit and positive gain of 0.50.

On the next slide, we bring in the explanation about the evolution, comparing 2021 in the 1Q of the total profit of the P&L, considering net profit and income. And I have already explained the effects in the gross income and SG&A, and then of course we mentioned the first gain in depreciation that was leveraged by the increase in revenue, generating more productivity for our fixed assets.

And then the second gain that was very important was financial expenses, also leveraged by the better cash position of the Company after the follow on. So we stopped spending money with a discount on receivables from credit cards, and this already brings in an important effect of almost R$100 million per quarter.

There is also an interesting effect here that we call the RNO, the nonoperational results. This is not a gain. Actually, last year there was a negative impact, and we have assets and liabilities that are not operational in the Company.

So we have an agenda for solutions. And last year we started this process of cleaning out these different matters from our legacy. But certainly in this quarter, compared to the previous quarter, there was a reduction of R$60 million; actually only R$10 million in this quarter, and our commitment is to adjust this, to eliminate this expense compared to the previous quarter. And we have a 0.80 improvement.

So that is why we reached the comparable profit of R$60 million, 0.80 against 0.20, an improvement of 5x, and also R$117 million from subventions of previous periods, which represents an improvement about 13.8x compared to the same comparable quarter in last year.

So cash position and cash flow, as you can notice here in the highlight, we have the cash generation highlight and consumption where you can see that it is very normal to see this kind of consumption. The 1Q is really seasonal.

But despite all of the GMV sales gains, the cash consumption was below last year, and it would be way lower if it were not due to a Company strategy to work on these inventories that are higher during the entire pandemic period, where they have greater scarcity for products.

This is good cash utilization because supply chain is resuming operations to normal levels, and the Company has a condition to recover this in a very quick manner.

So we have a very robust opposition in non-discounted cards, and we have a very good application for our cash anticipated payments to suppliers, recomposing this cash for this fund, R$651 million, and this is what we consider the portal of the R$7.2 billion cash position that is extremely robust and comfortable, which demonstrates the debt level that the Company is very much solid.

Moving on to the next slide, just heading on to the last slide, then we will move on to Q&A, so the Company was also very successful here with this month; actually, last week. So the liquidation on this Monday of our first debenture, connected to sustainability indicators.

And connected to this, we were just able to have a rating from S&P with an AA position that is extremely important for the Company. That really strengthens our debt profile as low risk debt profile. This debenture was placed basically to the market, 96% and 23 investment funds, basically reopened the market for Brazilian debt, as we did in the past, in our follow on where we also reopened the market.

And basically, 96%, so 4% still from bank portfolios that should be also entering the secondary market, and our expectation is that then we will have 100% market based structures. So we have two thresholds, one for three years and one for five years, 77% in the three-year one and 22% in the longest one.

And when it comes to costs, the Company sets a new level of cost of debt. We had the first debenture that was at the market with a cost of CDI + 4.05%. Our average cost before the debenture was CDI + 3.5%. And so if we were to consider the cost of CDI plus 1.95%, then the weighted value of the debenture, we are talking about a reduction of 1.55 to 2.10 p.p. in our debt cost, which really highlights the solidity, safety and trust of our investors when it comes to that level.

That is what we had to share with you. Thank you so much. I would like to thank you so much for your time as investors participating, and analysts participating in our call. And then let us move on to Dani so we can start Q&A.

Joseph Giordano, JPMorgan:

Good afternoon. Basically, I have two questions. The first one is a little bit related to the e-commerce strategy and the onboarding of sellers. How do you look at the competitive advantage, or competitiveness in the market? We have seen some players investing in subsidies to the marketplace that are a little more aggressive, but even so, the Company is still growing. So how have you guys really differentiated yourself?

And then I will get into my second question, which is related to tax issues. Temporary credit recognition, I think the benefit will be valid for five years from the first CDI operation.

And then the second question is about default in e-commerce. You guys mentioned an explanatory observation about judicial deposits, about R$105 million in the legal accounts. Is this attributed due to default? And if in this case, would we consider this as a reimbursement? Thank you very much.

Roberto Fulcherberguer:

Thank you, and congratulations on your birthday. Wishing you lots of health. I will start off here and then Padilha will complement. In regard to our evolution in the marketplace, we are on track, and we committed to 70,000 to 90,000 settlers to the end of the year. Were in line with the plan, onboard is still positive, and we are already starting off to see some signs of this accelerated on board and transformation with the increase of GMV. And so we are very much in line with our plan.

So in regard to competition, I think it is really important to consider, and the market needs to understand this, because whenever this kind of competition grows, the market thinks this is going to make our life more difficult.

But it is important to say, “look, it is already a bloodbath ever since the 3Q20”. We have seen this reflected in the results in all of the companies that operate in the marketplace structure in Brazil. So this bloodbath is not starting now. Maybe it is growing a bit for some players.

But our reaction in regard to everything that is going on is what you have seen here. We kept on gaining market share in a consistent, strong manner. We did not lose margins because of this.

So the ecosystem that Via has, ever since I arrived I have been saying, “look, this company has an ecosystem that no one else has in the market”. And more and more, this is being consolidated. This is becoming evident because it is not natural to have this bloodbath that is going on in the market and still continue to gain market share and grow a lot more than our competitors.

So this is only happening because we have this powerful ecosystem of pillars we have in-house that no one else has.

So we are convinced that, if we look at what is going on in April and May, we continue to grow above market levels. We are seeing share gains daily with all of these indicators. It continues as a growth rhythm and pace is very accelerated, Everyone's kind of ripping money. Then, being able to get it right, and I am still winning share and I am still making money, I think that should be a positive point for us.

So we are really focused on that. We want to as much as possible, more and more gain, more share and preserve profitability. That is our goal.

The good news for us is that, if at any moment we need to be more aggressive, then we have the necessary condition to do so because our margins are preserved entirely. So with the 2Q a little more challenging, we had stores closed in April, so we have a little more challenge in regard to profitability, but nothing that we have not undergone in the past, and we know how to handle this.

The tools we have, and we really respect competition. We think that competition is good. It makes everyone evolve quicker. However, we are not afraid of competition and what is going on in the market.

We have been aware, we are consistent and we are confident about the ecosystem we have here, and the differentials we have to also win the game in the marketplace scenario.

Padilha, I want to pass it on to you maybe to talk about the tax issue.

Orivaldo Padilha:

Thank you, Roberto. Two questions that are really important. Let us start off with default. This is related directly to the collection of taxes by the state without the existence of a complementary or previous law. So there was a decision. Just to remind you, those states would collect taxes also when entering those states, when there was an interstate sale online, and the Company adopted a strategy that was proven to be a winning strategy.

The decision took place on February 14th in the Supreme Court at the plenary, and then that vote was clear that whoever had judicial deposits in lawsuits that had already begun already had the right to recognize the assets and revenue, and also has priority to receive those resources since they did not appear in the cash in the accounts of the state.

So that in judicial deposits, and the lawsuit and decision is very quick in this case, and then you can actually access those resources quicker. It is available in a judicial deposit account, so it is a quicker process.

This increase was really due to default. Of course, we recognize the revenue, and this, of course, makes us more competitive, I think, generally speaking, with three types of beneficiaries with this kind of decision. So whoever has a lawsuit, whoever has judicial deposits and whoever does not have.

Whoever does not have to needs to wait the longer, and who has these lawsuits open already need to request the money back from the states. And in our case, we are going to have this quicker because it is in a judicial account, and not in the state account.

So part of this commercial strategy really is important from a legal framework. And we have 22 states involved, and our forecast is that the resources will return to the Company in the 2H21 already. So this is the default issue.

In regard to subvention, it is a little different. It happens because the Company has default is in 15 states, and subventions is present, fiscal incentives are all tied within the state So these are ICMS tax credits, reduction in the calculation based, and this represents a percentage in 2020 of about 3% of the revenue for Via's goods.

And now, in the 1Q, about 2% of our revenue in goods. So the incentivized part is very low in the total revenue, but it is important because it generates significant values. In the quarter, we had R$150 million recognized, a certain amount for previous periods and a few from the actual year, and this already generates the recovery of taxes in the next quarters already.

So I have a big bag, a wallet of fiscal credit from all types, of income taxes and social contributions, and then this is going to be setting up the amount of reductions in payments that we are going to have throughout the year.

So if you would allow me, Joseph, to mention that this is a very important topic for Via, and all of you as investors to understand. We consolidated some charts within our ITR and in the release as well that demonstrate that we have R$5.5 billion in fiscal credits related to sales, and R$1.9 billion fiscal credits related to profits. So we have R$7.4 billion in tax credits.

We also have on slides 39 and 22 of our ITR, the monetization curve and expectations for monetization in these resources. So I think this is really important if we needed this capital. In 2021, we are expecting R$1.2 billion monetized, and in 2022, R$1.7 billion, R$1.8 billion; in 2025, R$1 billion, and in 2025 and 2026, about R$500 million each. So we are expecting that for the next five years, R$6.4 billion, 86% of that base going back to the Company's cash.

Joseph Giordano:

Great, Padilha. Thank you so much. Congratulations once again.

João Soares, Citi:

Good afternoon. There is two points I wanted to cover with you guys. I think the first one, you guys mentioned a lot about recurrence in regard to the banQi and fintechs, the payment booklet. I think it is a normal trend that people would start performing greater purchases of the paper, the installments. But I want to hear about it out of this context, what are the efforts to increase recurrence, maybe when you think about the assortment?

And then, asking a bit about the conversation in the Investor Day with the different categories of potential M&As that you may work on to really accelerate the use of recurrence, I understand that food retail was not considered your priority, but once again, the different categories, an increase in the assortment to accelerate recurrence.

And the second point, as we consider the inventory, I think it was very clear, Padilha, what you mentioned, there should be a recovery based on the supply chain as the supply chain is normalized, the inventory level. But can you already have some visibility about this recovery? And if maybe the 2Q, would already be a reduction in the stock levels? And then, if we take advantage of this point, what is the mindset on the cash generation for this year?

Roberto Fulcherberguer:

Excellent. Thank you for that question. Good afternoon. In regard to recurrence, I believe that the good news in our ecosystem is that it does not depend only on products. So we have demonstrated that the payment booklet is also a strong lever for a return. So customers that really have 14 months of funding with us will have 14 months of contact with us, and 50% of these customers, we convert new sales for them within this period where they are connected to this kind of payment booklet with us. So it is a very powerful instrument for recurrence, and it is regardless of the product assortment.

When we look at the other side, all of the initiatives we are working on, like CB Play, for example, is an item that generates engagement and recurrence, because customers are more present with us, and we include them supply entertainment for free, for example.

We also have announced in the Investor Day that there is an important relationship plan with customers throughout this semester that is going to be a very powerful tool to intensify this relationship even more that generates a lot of recurrence with customers.

So no doubt we know that to search for this, we need to have a marketplace that is really structured and has a good assortment, and this is what we are building this year. So we have already set up those 10,000 sellers, and we will mention these items that are strong, recurrent items.

This is what the whole market has, and this is what we are going to have here as well. So we are not contrary to food items. What we are saying is, “look, it is a priority. The number one priority is not this, but it maybe could be priority number two”. Once onboard is accelerated and we have this pretty much in line, then obviously we will look at any segment that can ensure the recurrence.

So this is our mindset when it comes to M&A and also organic growth that we are going to be providing to the business. I hope to have answered your question.

João Soares:

I think that is really clear. Thank you.

Roberto Fulcherberguer:

And then, in regard to inventory, I am going to start off here and then Padilha will answer as well. So we are understanding that there is some visibility about the improvement of the index of supply the industry for the 3Q. So we are already starting this quarter to deaccelerate the stock and inventory levels.

But this is a tactical and strategic matter for us. At the same time, we are measuring this daily. So all of the indicators we are looking at until now lead us to believe that this is possible. We will have more of a flat supply structure in the 3Q, and if we understand something is different, we will take a step back.

But everything is pretty much headed towards recovery of this level of inventory in this quarter.

Orivaldo Padilha:

Great. I think that pretty that is pretty much clear. I think the inventory is set up. An adjustment or increase of the inventory in strategic, and this is reflected a lot in our profitability, commercially speaking.

I would say that the regularization or adjustment could bring in R$500 million to R$1 billion of cash back to our operations, although we consider inventory to be operation. But as I mentioned, monetization is about more than R$1 billion, and our EBITDA is very important for operational cash generation.

So if you consider EBITDA, our forecast on sales and you add on these two elements, basically that is our operational generation forecast. So we have an expectation for strong operational cash generation this year.

João Soares:

Perfect. Thank you, Padilha.

Guilherme Assis, Safra:

Thank you for answering my question. I want to go back to two point. Just very quickly, I think we are already discussing this, you guys already mentioned this, but it is important for us, I think, to understand the dynamics that are taking place there. So, one, is the market share gains that you guys have. We have noticed a very aggressive environment, Roberto, you were mentioning this. And yes, I agree with you. We have already seen this ever since the beginning of last year. But this year, especially, for example, we had competitors shifting in their commercial strategy to accelerate growth. So we have noticed that growth is coming around, but it is coming at the cost of margins.

So my question is the following. Have you maintained growth? Are you being able to continue to have this growth and really capture sales with the stores closed, with a successful migration, with the online and rollout of marketplace? But we have noticed that the margins are still positive. So there are some impacts maybe that are nonrecurring with tax, default, But looking up ahead, I want to understand, should we expect you to maintain this gross margin at this level, or should we expect that you guys are going to try to defend yourself? Maybe this market share gains would kind of give up a bit of margin. How are you looking at this, considering the performance now and the relationship with the sellers and customers in regard to margin? So that is a question.

And then also, the second one is how you are looking at Mother's Day and after Mother's Day. I think another concern is that the comparison basis is maybe going to be a little more difficult now. So you guys demonstrated actually in the released some of the market share gains and results in April. You have noticed that these sales are reducing because of the competition. Do you think you can keep this kind of rhythm of growth?

Roberto Fulcherberguer:

Thank you for your questions, Guilherme. This environment that is more aggressive, which I agree is clear, it is pretty visible, once again, we have about over 30 years, ever since I have been in retail, online, physical, I have already seen retail in so many different ways. But together with me also, we have brought a lot of retail experience, and to be honest, I do not see the market having this kind of aggressiveness that everyone is talking about.

I have already been in markets that were a lot more aggressive, that actually led many players to go bankrupt. But the market now, I do not really think there is so much of an aggressive approach that everyone mentions.

Yes, it is a little more aggressive than it was maybe in the 1H, but come on, it is very far from some of the worst markets I have seen in my career in the past years.

So, once again, the ecosystem we have at Via, who in the market has the necessary capacity and the conditions to grant credit to people that do not have any kind of income proof and not lose money in this process? We have what it takes, and we have demonstrated this. We are growing in a very precise manner in the youthful customer categories, with credit or access to the product even without credit.

Our logistics are already present in all of the municipalities. So our ecosystem is pretty much ready. But now what we are working on to bring in more people into our ecosystem. And the more people we bring, the greater it will be, more diverse it will be, and the more recurrent it will be, as well as more precise.

So I basically only see good news up ahead in our journey. And everything we have to deliver this year, there is no more doubt in regard to the capacity that this team has to deliver. Right. Just look at everything we have delivered already.

So this big team here at Via has what it takes and the consistency in lined with strategy. So when we gather all of this, we really leverage this business even more.

And to be honest, we always look at this very carefully, all of the different trends that the other competitors present. But we have been able to overcome all of this, maintaining growth.

So let us look at May. Now, all of my stores are reopened. I am still growing at a significant volume online as well, and I am still gaining market share as well. So these actions that competitors have worked on already are already happening.

So what am I doing if I am continuing to gain market share? Well, it is a little difficult to have this kind of comprehension without demonstrating it. But ever since the beginning, we have always said that we have the right assets, they are better operated and have low technology levels, but we are going to operate this well. We are going to add these technology levels and we are going to transform this into in the right path.

But we have advantages because we have things that no one else has at the moment. Maybe they will have in the future, but they are going to have to spend a lot of millions to build the logistics and the history of relationship and credit that we have with the consumers.

So to be honest, looking up ahead, I continue to see Via with accelerated growth, consistency and with level of margins that is similar to what we are looking at now. This is how we are looking at the up ahead.

And when we think about the post Mother's Day period, we are still doing pretty well. We are still growing. We still have excellent numbers and growth rates, and in the market share measurements, we are still growing above market level. So we will have even more share gains up until now.

Not sure if you guys had any questions about that.

Guilherme Assis:

That is clear, Roberto. Thank you very much.

Daniela Bretthauer:

We have two questions that came from Morgan Stanley, about the online sales reps. Could you talk about how you structure the incentives for these guys? Do they sell 1P and 3P?

And there is another question also about the long tail, how we have been evolving with this as well.

Roberto Fulcherberguer:

About the online sales rep, we are really accelerated, and as we had seen in that graph where we demonstrated we had R$1.2 billion, and it is the same number in the 4Q, even with all the seasonality that the 4Q brings and the incentive, there is the same incentive that we have in the physical stores. So there is no big differential that would leverage this, or provide something that is not consistent.

So it is extremely consistent, this level of incentive that we are working on with these sales reps. The main difference is that, in this evolution, more and more, we are adding intelligence to the online sales reps.

And then you also have some news here that is quite interesting. In April, we started this possibility of adding the *carnê* with the online sales rep. So from April onwards, they can also have the customer's journey funded by the payment booklet system, with all of their interactions with the consumer.

So it is something we are adding a lot of intelligence to. We believe it is important to remember that the penetration of online sales in Brazil is still at about 10%. As the penetration of online is becoming greater, then it starts to consider consumers that we already relate to all over Brazil, and these are consumers that already have the habit of using online.

So the online sales reps tool is very important to include these customers in this new platform. So this hybrid model for online is a very important differential.

And here we are talking about levels that no one else was ever able to reach. This is really due to technology that we added, and also the greater capacity of our sales teams. And we have a huge differential in our sales teams in the stores. When we look at average stores with regards to the market, we have more productivity and more sales per store. So this also added up to our online journey.

About long tail, it is really what I mentioned before. This process has been very accelerated. It is going to happen in the marketplace in 1P, so we have been complementing this, but the strong acceleration will be in the marketplace. During this year, we will have an Infinite Shelf with the perspective of having 70,000 to 90,000 sellers into our assortment.

Danniela Eiger, XP:

Good afternoon. Thank you for answering my question. My first one is going on to the long tail topic. You mentioned market share gains and accelerated rhythm of growth, but if you could maybe talk about this seller addition process. We noticed a significant acceleration, so I want to understand how this is happening. So if you could already share about May, so that I can understand if we are still on this rhythm, if there was some kind of a cool down.

And in line with the seller audition process, another point I want to highlight and understand is the incentives you are providing for long tail, because you have that cap on sales, and how this is influencing the margins and the major incentives for this with the onboarding process.

And then the second point, something you are a little timid about is about the free transportation, freight, and cashback, but we have noticed this spreading out a lot more not only among market players. I want to understand what would help you accelerate these initiatives more. You started off having them within the loyalty program, but I wanted to understand what you guys would have to search for to be able to accelerate this.

And then, in line with this also on the food retail, I think João mentioned this category. is not a priority, as you mentioned. So what would make you maybe think that it is a category that needs to bring in some returns to the marketplace? I know that in the payment booklet you have this a lot, but I want to understand your mindset from a strategic point of view.

Roberto Fulcherberguer:

Thank you for the question. In regard to sellers, we started off May with about 46,000 sellers, so we are at an accelerated pace with onboarding, and it is within our plan. Another piece of information is about profitability.

We have a take rate about 8.5%, and once again, the take rate has very little influence on our total profitability. So here the sky is the limit, and we can do whatever we want as a strategy here. So we do not rely on this business model. And if we need to do something differently, it will impact basically nothing in our total profitability.

Now, in regard to cashback, I am going to ask you something else. Do you think that with the level of share that we are at, growing three digits, more than everyone else, do you think I really need to be throwing away money for this? I do not need to. So what we are seeing here is that, if I need to do this someday, nothing is prohibited, we have no counter indication, but what we are calling this is basically throwing away money.

So we could call it cashback, free transportation, all of this impacts the profitability of the Company. So since we are able to have really strong growth, stronger than all of the other players so far that I have disclosed the results, when we look at the Compre & Confie numbers, it is greater than the overall market. So why am I going to rip money if I am already growing basically double than the whole market is?

And so, if we need to, I know the market is really concerned with doing things that could break through with our margins, but we think it is possible to grow and make money. We are still insisting on this thesis, but we will grow.

The message is, we will grow and gain market share. If I need to be more aggressive with the margin, great, but we have an advantage here. We did not spend our fuel yet, now that we are growing at three-digit, way higher than the market. If we add more fuel to the business, we will grow even more, but then it is a bought growth, not a sustainable growth.

So cashback at the moment becomes unsustainable. And when it becomes unsustainable, what do you have to do to reduce that? You stop and then you have a drop in sales. So this is an adrenaline aspect that our loyalty program is going to be super complete.

But there are going to be differences. We have some subscription programs in the market that have a bunch of other services embedded. But we are going to have a strong loyalty program that is not going to have subscription costs, so instead of cashback, we will provide benefits to the customer so they can really be falling in love with us here, so that they can have benefits so that they can have the interactivity with us.

I am going to give them entertainment, among many other aspects of what we are going to be doing in our loyalty program, which, as we mentioned in our Investors Day, is going to be between the 3Q and 4Q. So we believe in this a lot more. We think it is more sustainable to work on the customer relationship than just give them some kind of a cashback thing.

Who will guarantee that these customer are going to come back? So we believe in another way, through relationship with the consumers. And I think this is proving to be a winning strategy. So if the strategy were not right, we would not be winning the share and growth that we are winning.

And in regard to food retail, we have no limitations in regard to this. That is something that needs to be clear to the market. When we are working on a more accelerated marketplace process, what my competitors that are a little more ahead in the marketplace are capturing? I am going to start capturing with the marketplace now, so we have strong capturing now for the recurrence.

So we are really looking at all of the angles and everything that can lead to recurrence, through M&A, or also to be included in our ecosystem through partnership. So I also have food retail in the middle of this process as well.

Danniela Eiger:

So you mentioned in the release that you will be expanding super quick deliveries, and that seems to be something more related to ASAPLog, but not to the e-commerce. Could you help me understand if this is within another business, or would it go through the marketplace again?

Roberto Fulcherberguer:

ASAPLog is already prepared to work on this. They have already launched this, and ASAPLog is an open platform, so it is valid for us and any other players that want to work on this. So for us, it is pretty much ready. If I want to perform food delivery, it is pretty much ready.

So we are looking at many different players performing different acquisitions. So our solution with ASAPLog is leading us to this roadmap for development. And of course, I will not stop taking advantage of other things I have in house, but I do not want to give it too many spoilers about what we are imagining for the future.

Danniela Eiger:

That is clear. Thank you so much.

Robert Ford, Bank of America:

Good afternoon, everyone, and congratulations for those results. Roberto, how do you compare this issue of the collection of the online payment booklet compared to those that are generated in the physical store? And how should we consider your portfolio growth?

Roberto Fulcherberguer:

Hi, Bob. Good afternoon. Thank you for that question. Excellent. It is very comparable, the default rate with online and offline. We launched this platform online in the 2Q20, and we have been really warming up our credit engines for this business, which led us to be very precise now as we go to the open ocean.

So. We have about 20-some million consumers open to perform the online payment booklet with us, and these are consumers that we already know about. So as the months go along, we open up more and more customers, and we are very secure and confident about this.

So the prospects that we have about this is that we can really see the success of the online payment booklet. We are also going to be looking on the offline payment when it comes to penetration, we think it is feasible, but we also think that when it comes to results, it is super feasible to have results that are close to the offline payment booklet.

So banQi is also leveraging all of this. And in regard to the payment booklet versus the purchase of products, we will also be providing personal credit and loans through banQi using all of the credit engines that we already have structured here. And this segment for digital credit is something that we really hope to be growing in a lot, and then we will have a default rate that is very comparable to what we have in the physical.

So that is for customers that are already known, it is a recurring customer. As I mentioned in the presentation, we also have other customers that are known and others that are not known. So we entered cities where we did not have any stores yet, and this is a new customer base that entered our ecosystem, and we are very accelerated in building this base with all of the necessary concerns.

So we are very careful with credit. So we are not going to be starting any kind of adventures here, but we have our feet on the ground when it comes to the payment. But we already proved in this model that we can ramp up this a lot to the new customers and we are going to bring in a lot of new customers to our ecosystem as well. Very similar regard to default.

Robert Ford:

Great. And what are you looking at when you consider the extra.com rights, but no one is really maximizing its value, even though it is a big brand?

Roberto Fulcherberguer:

We are using it. So we launched the extra.com app in the 3Q20, and it has been growing, we have been adding some improvements. So we are providing the same kind of treatment as we handle the other brands and really leverage this business.

Robert Ford:

All right. Thank you very much once again.

Daniela Bretthauer:

Having said that, we can end the session. Do you have any final remarks, Roberto?

Roberto Fulcherberguer:

Once again, I want to thank you all for your interest in the Company and the time dedicated to the Company. I wanted to say that we continue to grow, and our driver is growth, and our new initiatives that we have considered for the roadmap this year are already under development and will help to leverage even more heading towards the growth levels we are searching for, and also in regard to market share and customer relationship.

As I have been saying ever since I entered the Company, we have the correct assets in the Company, and now we are placing new levels and transforming this ecosystem with consumers at the center and, with a huge team operating.

So our capacity for strategic planning and for implementation of the strategy is being put to test ever since we entered, and we have been delivering this consistently. So I consider Via to be an ecosystem that is extremely prepared to handle this market that we have currently, and the market we will have in the future. No doubt this Company will be one of the highlights in the business online in Brazil.

Warm regards. Thank you so much for your time and attention.

Daniela Bretthauer:

Thank you very much. And of course, the IR team is available for follow up questions if anyone had any issues with the connection. Thank you very much, everyone.