Daniela Bretthauer:

Good afternoon. Welcome to another earnings call at Via. I am the IR Director, and the slides on this presentation are available for downloading on the IR website at Via.

This presentation is being broadcasted on our YouTube channel. We have simultaneous translation into English. We will go through some slides and after we will open up for Q&A, and these can be submitted by video or by phone.

As you have been monitoring, Via is going through a major transformation. We changed our name and the Company now is only Via, without the Varejo. We changed our address, now we are based in front of Shopping Eldorado, and now we are also changing our ticker on B3. From Monday onwards, on the 16th of August the ticker will be VIIA3.

And to talk about this transformation even more that we are undergoing now and the earnings in the 2Q21, I would like to invite our CEO, Roberto Fulcherberguer, to begin our presentation.

Roberto Fulcherberguer:

Good afternoon, everyone, and thank you so much. Before we begin our presentation here with the slides, I would just like to thank you so much for joining our call today, as you are interested in covering the numbers in the Company. I want to also quickly go over our strategy and the main advances we have had, and some prospects for future growth.

In the last quarters, we have been setting up an ecosystem that is very robust to grow, especially in three main fronts, online, physical retail with financial services and logistics. All of this is going to be operated in an integrated manner, increasing our relationship with our customer base.

The most impressive data in this recent journey is that from January to July this year, the number of sellers on our platform and our marketplace leaped from 10,000 to 70,000. We have already reached in the month of July, 70,000 sellers. This was one of the important levers to be able to achieve a gross GMV of R$11.4 billion in the 2Q, with a 51% increase compared to the same period in 2021.

About 65% of this GMV came from digital sales. In the past seven quarters, we more than doubled our market share online, reaching 16.4% in July 2021. So we are not only growing, we are growing a lot more than the market.

We really believe that our ecosystem has a few advantages compared to other players in the market. The first one is that we have a marketplace that really grants credit to customers, and that will have a strong leap with the banQi, vias fintech that had a license from the Central Bank to operate as a direct credit society, a SCD.

You are probably hearing about the Buy Now, Pay Later explosion in the international market with big companies all over the world creating solutions to fund purchases from customers. There are forecasts from consulting firms saying that the worldwide industry and the BNPL would grow up to 15x, reaching US$1 trillion in gross annual volume for products up until 2025.

The world may be discovering BNPL now, but we are funding our customers purchases for actually over 60 years already. We just did not use this fancy name called 'Buy Now, Pay Later'. For us, it was just the payment booklet, the *carnê*. And now this has been digitalized as well, providing to millions of Brazilians that do not have access to credit.

banQi will be a synonym for inclusion and mutual confidence and trust. As we operate with the best rates in the market, we will make access to credit more democratic.

These evolutions retrofit the ecosystem, increasing the purchasing power for Brazilians and opening new connection channels, also generating greater recurrent loyalty and an increase in the lifetime value.

The second advantage is on logistics. So Via currently deliveries at all municipalities in Brazil, we deliver in 100% of the Brazilian municipalities. Our deliveries up to 24 hours, reach 2,500 cities, and our same day delivery scheme reaches 65 cities already. We will reach customers quicker, with better frequency. And soon we will start offering our services for fulfillment to third parties, sellers and open ocean. Completing the suite of services through Envvias.

Another big advantage of Via is our omnichannel approach. We have already launched 19 of the 120 stores, and we will be launching the 120 this year. We are already in the phase of producing the stores, and all of them are set up to meet the e-commerce demand in 1P or 3P.

Our store is not a POS only, it is a relationship spot, as a logistical hub, an accelerator for the sales online, in each location. Over 20,000 sales reps in stores really became an important lever, strengthening our strategy omnichannel. And this quarter, they were responsible for over R$2.1 billion.

Based on these advantages, we will accelerate our growth even more, including other professionals in the platform, with speed and efficiency. So Via accelerated entering the game. We are really excited with what is coming around.

Now I would like to start with a presentation of the slides. Before I start talking about the first slide, which brings in our results, I would like to initially make a remark, which is, after we launched our earnings, that everyone is talking about EBITDA.

And I just wanted to highlight that in the month of April, we had almost the entire amount of our stores closed. So the EBITDA we are looking at this month is not our recurring EBITDA. This EBITDA is coming from what we were able to achieve in a strong recovery, regardless of the stores closed.

And what is different here than the last quarter is that this month of April, we did not have the government support with the Coronavoucher to help with the payment for the employees. So this is an expense we did not have last year and this year we had, without the stores open. So in the same way, the rental negotiations also did not come in at the same speed as the previous year because it was more intermittent in the periods, with the closings.

But I would like to mention that this EBITDA we are noticing in this quarter is not a recurring EBITDA. We continue to like profitability. We are more towards 7, 7.5, which is what we were doing, than the 6.2 that we are demonstrating now.

About the highlight here in this quarter, we are already the past seven quarters demonstrating the major consistency and gaining market share, In the 2Q, despite having the stores closed in April, we added a record with over R$4 billion in GMV versus the 2Q20. And I want to remind you that in the 2Q20, online for the Company was really strong, because the physical stores were closed. So we were able to reach a total of R$11.4 billion in gross GMV, which is an increase of 51% compared to the 2Q20.

This performance represents strong acceleration when compared to the growth in the 1Q, which was 27%. So we were able to add a lot of growth into the 2Q. 55% of the total GMV came from digital sales. So we had growth of 7% in 1P and 85% in 3P. So 65% of the Company's GMV is already operating digitally.

So here are some relevant data. In the 2Q, according to the Compre & Confie data, online sales grew 36%, compared to an average of 17% in the market. So we continue to grow more than double what the market is growing.

As we had already disclosed, we are able to exchange data with Ebit, so we reviewed our customer base that represented an increase of 10%, the total amount of the market. And in the next slide, we can see the share in the Ebit and the Compre & Confie. For the last seven quarters, the growth was 3x greater than what the market is growing, and this demonstrates our strategy and our strong focus on growth and market gains.

And this quarter was very challenging due to the social restrictions and the closing of the stores. We had the option to expand our investments in order to attract new customers and promote various new categories that entered our ecosystem.

We could have done this through a cashback, reductions and discounts, or a combination of all of these factors, but we decided to expand the activation of customers. And, in our perspective, we were very successful. We had positive growth, gains in share, we grew double what the market grew, so we added 4 million of new customers in our active customer base.

About the 3Q, what is going on is that, in July, for example, the market based on the Compre & Confie data, the market grew 8.5%. Via, in the month of July, grew 43.9%, based on Compre & Confie, and the market without Via grew 3.4%. So in the month of July, we continue this trend of growth, gaining market share above market levels.

Up until the 10th, which is what we have defined here, the total market with Via is growing 25.7%, Via grows 66.1%, the market without Via grew 20.4%. So we gained 4.1 points of share in the month of July compared to last year, and we gained 3.7 market share in the accumulated amount on August 10, based on data from Compre & Confie. So we continue to also in the 3Q with an excellent pathway of growth.

About Vendedor Online, it has been an important lever, our performance online, and it is prepared and incentivized to sell products for 1P and 3P. One interesting data is that about 30% of the customers that use Vendedor Online are new customers of Via, and we also have been able to reactivate many customers, 30% of the customers that are serviced are customers from our inactive customer base. So we are activating this a lot,. It is a very important and powerful tool to add on new customers and activate customers that are inactive.

So this is an important differential for the increase in GMV in 1P and 3P, and our customer acquisition is also recurring. It was responsible for 18% of the sales on marketplace.

So this is a big differential. Platforms that are just pure marketplaces, or pure digital, do not have the sales rep. So we are heading towards a lot of places that people do not go to. This is one of the big differentials, and I am going to be demonstrating this also, with other differentials as well in Via.

On Investor Day, we mentioned we would be delivering a lot of e-commerce now in the 1H, and it already represents another important tool to potentialize all of our sales team, and online as well

Now I would like to share a video.

Now I am going to talk about the evolution of this, and we are going to present the numbers we have been having in our marketplace. To highlight what I have already mentioned in the call, I have been repeating ever since Investor Day, 2021 is the year of marketplace at Via.

Last year in June, we had 6,000 sellers. We had 10,000 sellers at the end of December, we started the year 2021 with 10,000 sellers, we reached 59,000 sellers, and now in July we are already with 70,000, as I mentioned in our Investor Day. We were confident that we would reach between 70,000 to 90,000 this year, and we are already moving in a strong pace towards the evolution.

We went from 3 million last year and we are already having 31 million active users in our platform. We have connected our first international partner, nocnoc, which allows for the sale of imported products from Asia and the US, and we will have good news as well in our marketplace.

We also highlight that we are not only a sales rep for electronic. We are very lucky to have the infinite shelf, which really help with the recurrence of customers.

The sales in the marketplace increase 85%, reaching 22% of the digital sales. We almost doubled the numbers in 2020. In six months in 2021, we made 80% of the revenue produced last year in 3P.

With this step forward in our marketplace and our capacity to generate demand, and especially our capacity for delivery, the marketplace is another important platform to add on to our ecosystem. And together with the strong potential in 1P and omnichannel approach of Buy Now, Pay Later, and our logistics will really lever more and more our recurrence and the acquisition of new customers.

On the next chart, we can observe some examples of increases in sales in long tail categories in 1P and 3P. The biggest amount of sellers, the increase in the assortment and the amplitude in categories, along with the new strategy and structure dedicated to the marketplace added up with initiatives that are going to come within this year, such as 3P installment plan. Together, it clearly places us at an equal positions with the market, and we are definitely disputing this leadership in the market.

On the next slide, we are going to talk about another strong point, which is our financial solutions platform. Here we have had evolution in all the indicators. Even with the stores closed in April, we added more customers and also more TPV. Our portfolio will be reinforced by the SCD license that we recently received, which will fill in a gap for credit granting that is really underdeveloped by the fintechs in the Brazilian market.

banQi is really using the full experience of Buy Now, Pay Later that this company has been building throughout the years. At Via, we have the biggest case of Buy Now, Pay Later in Brazilian market, which really brings excellence in our opportunity.

If we take a look at this slide, as we talk about the opportunities that we have, I bring in a survey from McKinsey that shows the trend for this payment method in the American market. We know that major players for BNPL abroad, like Clarna, After Pay and others have very few installments and with no interest. But at the end of day, this is like a Buy Now, Pay Later, which is basically what we have already done for many years, but of course, customized to the needs in Brazil.

The main message here is not the potential for penetration or the Buy Now, Pay Later in the American market, but the conclusion of the study on the benefits that this tool adds to the ecosystem. This tool brings in a high rate of conversion, it increases the volume of spending, increases the number of customers, increases the recurrence, and it reduces the customer acquisition cost. So everything that the platforms normally search for, these kind of tools can add on to.

On the next slide, as we take a look at our numbers here and our history, no other players in Brazil have the legitimacy and tradition and experience to offer credit as Via does. It is really a pioneer and leader in the Buy Now, Pay Later mentality. There, there is no discussion. We are on this pathway for over a decade.

And now I would like to call it on a video that will talk about what this story is all about.

As you have seen, we certainly have a long history and potentials that can be developed that we are exploring very well. On this slide here, we can see and prove the main benefits as recurrence, frequency, loyally and including customers in our base.

The increase in the penetration to 31% represents a growth of 56% compared to the share we had of Buy Now, Pay Later in 2020. So we continue to intensify this tool, expanding more of its share.

And recurrence, as we can notice in the graph on the right, 51% of the customers that use this payment method with us continue to be loyal. They generate recurrence, they have a new customer credit journey even before the current journey is kept in an indirect manner in our ecosystem. So this adds on another 350,000 new customers per month.

Everything we had seen in that McKinsey study, we can see reflected here in our reality. When you take a look at the slide, on the left side, we can see the evolution of our credit in the physical drive and the distribution of customers that are preapproved per region. In the last 12 months, we are adding more and more customers that are preapproved into our ecosystem.

On the right side, we notice the major capacity to add new customers coming from our digital credit platform. As an example, you can see the Northeast region. This is the second line. We have stores in 82 municipalities, and through online credit, we were already able to reach 361 municipalities where we do not have store. So here, it is pure adds and customer recurrence. So in total we reached 1,500 municipalities where we never had a physical presence, with chances for improvement in this number in the next quarters.

So we are growing the production of our digital payment booklet in our Buy Now, Pay Later system. So once again, we are talking about inclusion here.

In the next chart, it is really interesting to take a look at this side, if we consider the Brazilian market now, in the left bar, this number varies a little for each institute, but approximately 10% of Brazil buys online. From this, 62% buy through credit card, and 37% through debit, *boleto,* bar code bill and Pix.

So when we listen to our customers, we identify that 41% of our customers are rejected, or have their credit canceled, or they do not have the necessary limit to perform a purchase. 15% consider that credit cards are expensive and are non-interested in it. And 44% who were already worked on this online journey with us declared that without the digital Buy Now, Pay Later system, they would not have been able to have access to this.

There is a study in the market that demonstrates that the level of the population without access to credit represents an addressable market in the next five years of R$486 billion. Look the size of the market in this level of the population. And the good news for Via is that we know exactly how to interact with this population, and very few can reach this level in the way we do. It is almost one of our exclusivities in Brazilian retail.

On the next slide, about banQi, our portfolio will be strengthened by the license we receive of SCD, that will fulfill this gap in granting credit that is very underexploited by fintechs operating in the Brazilian marketplace.

On this slide here, we bring in some of the KPIs that banQi has, that demonstrate this growing trend in performance. So we are growing very strongly in the amount of downloads. We have already reached 2.6 million accounts in banQi, we really scale up the number of transactions. So we have R$120 million in TPV. The banQi transactions are already being very relevant in the transactions for our e-commerce and the transactions of our stores.

So we are really on this journey that is very strong with banQi, and we are going to continue to accelerate a lot from now on with the granting of SCD, and we are going to start providing personal credit with this full background that the Company has with access to credit and the capacity to grant credit with low risk.

On this side, we are presenting TPV of the cobranded cards in the Celer, the acquirer we purchased at the end of April. We have partnerships with three private banks in the cobranded card modality, Bradesco, Casas Bahia and Itaú at Ponto, and over 2.5 million customers with cards that generate R$1.5 billion in TPV monthly.

In the Celer network, that was recently acquired, the TPV in the 2Q reached R$320 million, R$25 million, and Celer already performs over 5 million transactions. It is already present over 33,000 POSs, and it is already relating to overturn to 255 fintechs.

In the earnings call for the 3Q, we will provide details of how Celer has been evolving and how it is really integrating with banQi to have a very powerful journey with our individual investors, and also with Brazilian entrepreneurs, entities and companies.

Our financial service platform is composed by three vertical: credit products for access to retail product, this is our Buy Now, Pay Later with the cobranded card; digital account on banQi, which really intends to include new customers and expand the relationship through new credit offers, personal loans that we have just started, and support to consumption in the marketplace, it starts up at banQi; as well as our entry with legal entities, together with Celer, offering credit and bank accounts and credit system to micro entrepreneurs.

So our platform is really robust, and in the 3Q, we are going to provide a lot of details on the integration between banQi and the Celer.

Another asset that is very important is logistics. Our logistics have been evolving in a very consistent manner. We have been able to deliver in the entire country, and we have light and heavy transportation. This is a very important differential. It is really easy to transport light items in Brazil, but we have already delivered in 24h in 2,500, and on the same day we already delivered 65 cities. Half of all our digital sales is already delivered through our stores. So we understand that omnichannel is vital to operate quickly and efficiently in Brazil.

We are going to demonstrate the benefits of the logistical costs we have been gaining this quarter. We are able to deliver to 100% of Brazil charges, as I have already mentioned, and in 2,500 in 24h.

As we talk about our journey of having the customer really as the center of our business, we are expanding the offer of services using our own network, which already represents 51% of our deliveries.

It was a curiosity of the market to understand what kind of share in each of the networks in our business, and now we are presenting here. So we have already implemented the switch to omnichannel products, so customers that buy online, they can perform the exchange journey into our store. Once again, this is a very important benefit here. Besides performing the collection of this item when you have this choice, and I think it is worth to test these heavy items in the marketplace platform, and really have a return to check out how this happened. Normally, you are put in contact with the seller to find the solution for this return, and in our case it is already pretty much implicit in our business model, and we operate it.

So the seller can already perform the drop-off at our store, so it is really an advance in our network, servicing sellers more and more. Our delivery model is already tested and ready to scale up on. And through our last mile platform, ASAPLog, we can really start delivering for partners out of Via's ecosystem, and perform the payment charge at the delivery. We are ready for this, and we have over 300,000 delivery guys in this platform.

Our performance starts of now in the 4Q, as I have already mentioned for the seller and also as open sea. And we address and end this cycle in our service level and logistics out of the Company.

Now, a bit about the numbers from customers. Customers are always the center of our strategy in the Company. So we continue to advance in the strategy Todos Pelo Cliente, everyone here at Via really embraced it with a lot of different offers for payment and content, really to encourage the recurrence and loyalty.

So the first results are already starting to appear, with an incremental of 18% in our customer base, to 26 million in the 2Q. The access to Via through the app already represents 50% of the online sales, which is a strong evolution compared to last year.

And if we were to add the M Site, which is also in the mobile journey, we already have over 75%. The average revenue per customer in our app (ARPU) grew 70%. We already started to experiment customers adding on other items into the cart, customers really are adding more and more items to the cart, and that is reflected here in our ARPU.

On the next slide, we can see the initiatives for loyalty, recurrence for customers, CB Play and Ponto+, adding up to the base offer of SKUs and the number of sellers in our marketplace. And our Buy Now, Pay Later includes some of the factors that really explain the strong increase in the average expenses for customers with on and off, as well as multichannel customers. Here, we see a strong evolution in all of the modalities with regards to the previous year.

On the right side graph, we can see that our customer base has also been going through a major rejuvenation. And with this, we have been able to attract a younger audience. We have had growth of 72% in customers between 18 to 24, 14% among customers that are 25 to 34, which is really in line with our strategy designed here on Via.

After major success with the launch of CB Play in April, we were able to launch Ponto+ for Ponto customers, that provides for unlimited access to streaming services, including films and series up until the end of the year, for all the customers that buy technology products at Ponto, TVs, cell phones, tablets, videogame and desktops.

With the engagement and the content entertainment, an increase in customer base, we have announced in July the hiring of a Creative Head for Games, which is one of the best Free Fire gamers in the world. This contributes to our strategy and also helps us create exclusive content for gamers and customers at Casas Bahia. We were already a leader in the games category, and this will reinforce even more presence in the segment. Games, consoles and equipment where the categories that most grew when we gained market share in the 1H21. And so this announcement of this partnership really grew, generated a lot of content sharing.

About the social networks in the 2Q, we also highlighted the main social media about engagement, and at the end of July we were able to reach the highest level of engagement. We are not only talking about retailers or online players, but we are talking about all of the brand in Brazil, overcoming levels Netflix has, for example. We are strengthening our strategy to add new customers and increase engagement in these customers.

All of these advances in customer experience, and this has been our focus since we started, have been appearing in our improved NPS score, with ongoing evolution. And the same way, our rankings at Reclame Aqui have been very positive in the last six months.

Finally on my speech here, all of this evolution that is going on at Via would not be possible without Via Hub, which has demonstrated an amazing execution ability. There are over 2,300 deliveries on the 2Q, totally focused on the increase of GMV and customer satisfaction. Its 2,300 represent 2.5x more than the average we had last year, and this really gives us confidence to continue with the delivery of all the strategic plans that we have demonstrated at the Investor Day.

Now I wanted to quickly pass on to Padilha, and he will provide some details on the numbers again, and then I will be back a bit more up ahead for our Q&A session as well.

Orivaldo Padilha:

Good afternoon, everyone. Thank you, Roberto. I will quickly go over some of the highlights of our performance.

On slide 35, besides the quarter, we also present the semester compared to the previous period. And the first highlight is the growth in the gross GMV, 51% as Robert mentioned, and in the semester, 38.6%, which is also very important highlight. In the net revenue, 49% in the 2Q and 33% in the 2H.

Gross margin and EBITDA have a drop compared to last year, basically due to many different elements, especially the consideration of the stores closed in both quarters as well. Last year, there was a benefit, as Roberto mentioned, of labor contracts and rental. This quarter it was different, stores were closed in different periods and different locations, and this also brought some importance in the dilution of our expenses. So the gross margin was also representing a small drop in the accounting gross margin.

We see operation stable in the quarter, so we ended with 30,6% against 35.3% in the previous year. There was a fiscal benefit here last year, and the EBITDA margin would drop 12%, R$485 million, against R$555 million in the previous year. And in the semester, R$1.176 billion, with the drop of 9%, and the net income reversed its trend, we go from R$65 million last year to a credit of R$132 million with fiscal credit as well as a subvention in this quarter, and growth of 103%.

All of these factors bring in a lot of difficulty to compare the quarters, but we believe we have a net margin that is a lot better, and in the quarter, we ended with R$312 million, a growth of 3x.

In the next slide, we are providing some details on gross margin, EBITDA margin and the net margin. This operational EBITDA margin is growing to 54.5% in the quarter, and in the 1H, R$930 million to R$1.069 billion. The net income goes from a loss of R$176 million last year to a profit of R$43 million in this quarter, and in the semester we had operational losses of R$163 million, with profit of R$109 million this quarter.

To make the comparability a little better and have a more of a profound analysis on the operational results of the Company, this quarter we eliminated the subvention effects with the fiscal incentives on sales, and it is important to mention that, because its characteristic is highly operational. So differently than other fiscal credits, it comes from the sale of products, and so if we deduct this effect of the incentive in the results in the quarter, we present, especially in the last line, a net income of R$132 million, with and adjustment of R$ 87 million, to R$45 million with a net margin of 1.70 to 0.60.

I am going to explain a little better with the composition of this amount, and now with the explanation of the main variables and the gross profit in this quarter to the same period. The first main effect was the closing of physical stores. So we lost a bit of penetration and volume in the fraction of the portfolio, the payment booklet. And we also lost some services, extended warranty and assembly services, which brings in an impact in the quarter of about 2 p.p. in drop.

We had some benefit as well with the improvement of the commercial margins. Default is not a fiscal credit, it is tax, and then I paid double, and I do not have to pay in 2021, and this is totally concentrated on our online commerce. This way, we can compensate this gain in the commercial margins. We have a significant gain, R$2.419 billion to the revenue growth. It is important to mention that it is a quarter with covid, with stores closed, as Roberto mentioned, It basically resumed in the Mother's Day. The normalized margin is closer to about 32% if we were to come the stores open and the payment booklet working well.

The same analysis here to SG&A. If we were to consider the operation expenses in 2020 and 2021, we had an impact of approximately R$180 million because the stores were closed during that period for approximately 40, 45 days, almost 1.50% above on expenses. To grow GMV online, we really leveraged many different elements in our digital business, a better channel mix, investment in social media, marketing, reinforcing the post-sale structure, call center, and other expenses also with delivery, as well as our technology team that was internalized, so we had new business opportunities integrated into the business which represented 1.4%, plus 0.30% of banQi, then 1.70%.

On the other hand, strong gains in productivity, using our potential logistics, and also the pickup from stores and the minihubs. And plus 1.7% for all the other expenses with back office and other fixed expenses. There are recurrent expenses also with the doors open, and it would be closer to 24.50 and not 25.50.

And finally, in the same comparison with last year, the net income, we said that we left from losses of R$176 million to profit of R$132 million, EBITDA represented 020, an improvement, and we also had a strong gain with depreciation basically due to the dilution of sales because we added on very little assets physically in the past 12 months.

Financial expenses had a strong impact as well, a recovery of about R$236 million, 3 points, there was also the capitalization of the Company with the follow-in in June last year. Obviously, this considers the full year, this effect in our accounts, but here we have very relevant returns.

And it is important to mention that this result is strongly benefited by the fiscal incentive as well. As I mentioned, it is not a credit that merely tax nature, there is a strong operational characteristic, and that is why it is completely related to the sale of products.

On the next slide, we present our financial position and our cash flow in the quarter. Here, one of the highlights that we have a low cash consumption despite the pandemic, we brought important improvements in our working capital. As we mentioned many times, we have investments in the last three quarters in inventory, due to the risks with the lack of supply in the period of the second wave.

Since the end of last year, we are already in the recovery and normalization of working capital. This is a first effect. In 3Q21 and 4Q21, we will present complete normalization. This quarter as well we present the beginning of the monetization process of fiscal credits, which was a major promise, the market wanted to see this and we are presenting this here, and also the cash consumption due to the acceleration of our investments this quarter of R$182 million.

Also about the last 12 months in the cash flow, here we can see a strong cash generation of about R$766 million in the last 12 months, despite the investments made in working capital and despite the effects of the stores closed during the pandemic.

And we also want to highlight in the year the beginning of the monetization process and acceleration of investments by about R$627 million.

On slide 43, we have the CAPEX in the semester, totaling R$366 million, and R$227 million in technology, R$58 million in expansion. We must say that we are accelerating the (50:22) improvement of our physical stores, and also investments in our infrastructure.

The last slide of our presentation with the cash position. We have a solid cash position of R$6.7 billion, and here also with the amortization curve we can see that it is really balanced, very long and our strategy is to increasingly lengthen the Company's indebtedness position. Thank you.

Victor, Credit Suisse:

Thank you. Roberto mentioned some questions that we had about the margins, the EBITDA margin, and one of the main questions is about the evolution of take rate. The Company had a double digit take rate for December, and it dropped to 7% in the 1Q, and now 5% in the 2Q. I want to understand why did this drop, and what are you guys imagining in this dynamics? I think the market is creating a lot of theories because of the Company's stance and also with competition. So if we could maybe talk about this, that would help us a lot.

Roberto Fulcherberguer:

Thank you, Victor. First, about the margin, I believe that I already kind of mentioned that answer, but the main impact here from this quarter is with the stores closing, and so it is worth to take a look at the margin per product, there were no major problems. There was an absence of production in the payment booklet and more acceleration, generating a bit more of a margin, because we had about one month without store sale.

But in regard to take rate, we had already declared the strategy to have the evolution of the marketplace providing this possibility for the sellers to experiment our platform. So we are following exactly the track that had been designed. We are not changing this.

So if we had not had the stores closing, we would have had a pretty interesting quarter in the margins, and people would not be concerned at all with the increase in the marketplace and that the other margins of the Company dropped.

That was not the effect, it is not that we cannot do this one day if we want to, but that was not the effect this quarter. As I have mentioned, the take rate is not our main target here in marketplace. Our main target is the revenue we bring in through the payment booklet and through logistical services, and the relationship that banQi will have with all of this ecosystem.

So we are investing in building a major marketplace platform, and the take rate is one detail. So in a normal quarter, when everything is open, the take rate does not really mean much. But if you rely only on the take rate, that will be a problem for sure. For us, this will not be a problem.

Victor:

Thank you, Roberto.

João, Citi:

Thank you. Good afternoon. Thanks so much for the call. Taking advantage of this discussion here on the services that you guys are going to be providing to the seller, mainly in the logistical perspective, you mentioned that the performance should be operational in the 4Q. But I think it would be interesting if you maybe covered a bit of the the scope of this fulfilment and how much you expect to reach in penetration in your seller base when it becomes operational, and understand how this can influence your take rate.

Second point here also would about international partnerships, categories you guys are adding on. I think it would be interesting to understand how you guys consider this relevant in the partnerships, what kind of categories can influence your mix and your assortment up ahead. I think that would also be interesting. Thank you.

Roberto Fulcherberguer:

João, thank you so much for that question. About penetration, we had a quick acceleration here and an increment in the sellers, so we have 70,000 sellers, and the numbers are kept about 50% despite the acceleration of onboarding that we had. It maintained 50% of the sellers already using the Envvias service. That goes from using our table all the way to using our logistical network, and now we are already at the phase where they can really perform the drop-off at any of our stores and we can perform the delivery.

It is important to mention here that if we were to take a look at the players in the market, the reference players now in the market, it is almost four years to reach 20% penetration in fulfillment. It is not something that we are going to have from night to day.

We do this a lot quicker, we have been demonstrating that we can do things a lot quicker than the average in the market. So we will have excellent offers for fulfillment to the seller. And as already mentioned, it is going to be a different kind of fulfilment. It will not be limited to our own platform. Our proposal is to really be a logistical operator to any marketplace they are selling on. So we will transit the competitor's item and make the delivery.

Our proposal here is to become the logistical partner of the seller for any sale they do in any kind of ecosystem. And because that we will also start fulfillment to other categories as well that maybe are not in our ecosystem yet.

João:

Thank you.

Gabriel, Itaú:

Thank you for the presentation. My question is about the financial part of the business. So we have noticed that there has been a significant growth in that portfolio year on year. We know that this is leverage by the stores return, but also the online payment booklet as demonstrated. And so especially on the online, we want to understand the results on this front, and how the default has been behaving in this part of the portfolio.

And given that this can be an interesting level for growth in this part of the financial business. It will be interesting to understand the size you expect to have in this portfolio and the practical impact of banQi's approval for this kind of expectation.

Roberto Fulcherberguer:

Thank you, Gabriel. About the credit granting journey, it has been scaling up, and we have been measuring each of these phases, and we are really happy with what we are facing as we go. which is why we are really exponentially growing even more.

This is very similar to the journey we had in the physical stores. So levels of default, as you know, in the physical journey, in the online they are very similar. There were even cases smaller than the physical journey. In the online journey, we have a customer that is choosing to performance a few times less, and we also operate with a level that is more competitive and generates less default.

So in the worst case, we are already noticing some smaller harvests than what we are seeing in the store.

Gabriel:

The practical impact of banQi becoming an SCD?

Roberto Fulcherberguer:

The practical impact of this represents the starting of credit granting for customers, which is disconnected from the sale of the product. This credit will be on the customer wallet. The client consumes where he wants to, spends this money as he sees fit.

And so we started a little before this, we were using another player before it while we could not, and now with the SCD, we are doing everything internally. The first measurements are in the initial phases, and they really exciting. So we are really happy with the level of credit we are granting and the default rate that is happening. And as with the payment book, where we launched and gained volume and confidence that we had the right engines in this concession, the scale up on this.

So the result is that we will probably have the biggest credit granting for Brazilian Class C, because there know-how that we have in Casas Bahia, especially all of the understanding of the consumption profile, we are applying to banQi. So we believe that will have the biggest credit granting process for a fintech.

Next year, we will enter this credit card journey. banQi will have their own credit card starting from next year, but personal loans are already a reality, we are already measuring the evolution and portfolio, and adding on scalability as we feel this kind of confidence.

Gabriel:

Thank you.

Joseph Giordano, JPMorgan:

Hello, and good afternoon, everyone. Thank you for answering my questions here. I wanted to explore the evolution of the marketplace. I understand you are trying to have a different kind of approach, setting some business plans with sellers that have more scalability. So I want to understand the percentage in the marketplace sales that come from this bigger partnerships.

And also, understand a bit of the take rate reality. When you take a look at other players, the take rate increases a lot, I do not know if there is an issue in the industry, and I want to understand if you see this as a long-term differential factor.

Also, changing a bit on the topics here, we wanted to explore two very important topics you mentioned. You have mentioned about this part of digitizing the installment plan with banQi, and I would like to understand what is capacity that you have pre-approved at the bank? I know you have guys have like R$4.5 billion, and I wanted to understand the size that this portfolio could have, and try to understand how this will be operating in P&L, because the IFRS is necessary the provision based on risk loss.

And also, finally, the expansion strategy. We have seen the Company heading towards the Northeast. I would like to understand how you are seeing the performance of these new stores. I understand that it may be a little early to measure this, but any kind of insight would be great. Thank you.

Roberto Fulcherberguer:

Thank you, Joseph. On the sellers, we are not going to be strategically talking about how this interrelation and proportionality is between the sellers, but I can say the following: the market has free freight, cashback. Our here is the lower take rate to the seller that we are interested in accelerating into our platform, so they can experiment our platform.

This is happening basically from the lower scale seller, the sellers that have larger scales we are really not messing with my take rate. So we are noticing that the smaller scale sellers are having a bigger volume, which really leads us to a path more of an infinite assortment and greater recurrence of items with customers.

So as I mentioned, it is a strategy of us, each one in the market has their strategy, and for quite a while you would ask me why I did not have cashback, and for a quite a while, I explained why. But now our strategy is to have an investment take rate to sellers as a strategy to keep the relationship with the seller, due to the fact that, in our perception, this is not be biggest source of revenue, the biggest benefit the seller can add to our ecosystem.

We understand that we have other strongpoints here at Via that, if they are well developed, they generate strong profitability in the relationship with sellers, regardless of the take rate.

If up ahead we decide to resume growth, it is a decision we are going to take a bit more up ahead. It is really early. We just had a strong upside in the amount of sellers, as a lot of sellers entered still this month, July we ended up with 11,000 sellers, Augusta has really accelerated with a lot of people wanting to join our base and understanding the differential that Via will provide.

So I do not know the answer to that one. There is some stuff that I will not be able to present as an answer here.

In regard to banQi and also the expansion in the North, Northeast, especially in the North, this is a region that was not very occupied by us, we were not present there, and as we start entering, we are noticing a boom in sales of brick and mortar stores and the exponential growth of online sales on the markets we are entering.

Entering this market has really exponentialized the online sales we have already had in the market. So considering that the stores are not only sales stores for us, but they have also become logistics hubs, and our logistics hubs have been really facilitating this markets where we are entering, considering that 50% of online sales operate through the store, the Last Mile takes place through the store.

So we are going to enter about 150 cities it is one year range. A significant expansion, it is going to be a new market for us, and we really have a lot of market share to take on these markets we are entering. It has been a success due to the fact that the Casas Bahia is already recognized nationally. While we open up the stores, the question is not us calling the customers, but the customers asking us “why you took so long to get here?”. So customers like this relationship with us, and we reach the market taking in all the differentials I have already narrated it to you, with all the attributes that Via has, such as Buy Now Pay Later, great assortment in 1P, now 3P as well, the online sales rep interacting with this level and all the different aspects in the market.

banQi, actually, as I mentioned, is the credit distributor in our business. We talked about the payment booklet as a service, so the Buy Now, Pay Later that we see abroad. I am going to forget that composition that there is interest fee and very few installments.

So if we look to the players, they add this in the retailers and it becomes a payment method. So our banQi will be credit as a service for other players out of our ecosystem. And here, the seller can work its fundamental, because in the next call, I think we will be really comfortable in presenting the strategy with the results of the personal loan.

And also in regard to the volume of finance in this modality, when we had the follow on, we addressed R$300 million for this modality, and so we will begin with R$300 million. There are many possibilities for how we can be funding this. So we already have a few hundred million allocated, we will begin this ramp up in the personal loan segment.

Daniella Bretthauer:

Do you want to add anything else? I think it is important to talk about this credit line we have, the pre-approved credit line with banQi.

Orivaldo Padilha:

I do not know if the question was just about the modality for personal loan that we have been providing through banQi, or if tis for the entire portfolio.

Before we had the license, payment booklet was only possible in the CDCI modality, which means a bank intervention. But now with this license, we can also have CDC operations within banQi.

We have this avenue up ahead. We believe this will be multiplied by 8x, 9x. What we call Buy Now, Pay Later is already pretty old in the digital modality, so it is a lot easier. It is a high level of recurrence and it has a high penetration in digital, and high acceptance among the younger guys that are really navigating on internet.

So the modality for a personal loans is really similar to the payment booklet. We have accrued the revenue by competency throughout the contract. The forecast is for it to be a little smaller and the interest rate a little higher. Default should be very similar to what we have in the payment booklet. We had some peaks in 3Q20 also due to the pandemic, and then it was never above 5.

So we are very confident with this history that we are able to operate the payment booklets. So we are really comfortable with this operation. Calabró is ahead of the business here, and we started a process to register this pre-approval, the licenses. At that moment, we have 220,000 interested customers that are already pre-approved. So they signed up for that, and we already had the credit analyzed, and we granted credit.

So we do not think it is going to be very different than what we already know about in the levels of profitability. Again, we are going to be scaling up and measuring this with all the necessary responsibility.

As I mentioned, banQi will be our distributor for their payment booklet, and we will, of course, report to eh Central Bank, as well as all the other institutions.

Joseph Giordano:

Thank you very much, everyone.

Felipe Rached, Goldman Sachs:

Good afternoon. Thank you for the call. You guys talked a bit about the offer for the payment for customers, and also for the sellers as the new steps to expand the offer of services in the marketplace. But I wanted to know, what are other additional services, financially and logistically, that you consider that are important to expand this offer.

And a second question here, maybe you have already talked about this, in the physical store, how have you been moving along with same store sales compared to 2019? Is it already a little more normalized?

Roberto Fulcherberguer:

Thanks for that question. We have a lineup of services to be added and banQi has a long list. banQi as payment means for the volume of sellers and entrepreneurs that we have here in Brazil. Rede Celer give us the possibility to have a POS machine at retailers, this can embed with our credit and other services. So we are developing the possibility of doing all the processing for the small sellers. So, all his invoice issue and back office control.

So there is a pretty long list here, additional element that are going to be added on our ecosystem, but at this moment we are really focused on the credit platform, evolving. In the 3Q, we presented a really important list with the presentation we are going to be working with Celer, we will have a payment link, supplier management to the seller, all of the integration.

There is a lot of stuff coming from retail, we are going to be launching the ad campaign platform, So, it's going to come in, it was also a promise we made at Investor Day.

I do not remember every time, but we listed a lot in the Investor Day about the next steps for the Company. We have the design for next year pretty much ready, so the technology is really accelerated, and with the development of this platform, more and more it is becoming more precise to be developed, because everything we're developing already goes to micro service and cloud. So, more and more we clear the path of rapid development, generating the strong, accelerated transformation we are seeing.

Felipe Rached:

And maybe if you could talk the physical stores and give us a perspective on how you are seeing the performance in the 3Q.

Roberto Fulcherberguer:

It is a high digit compared to 2019. Let us remember that in 2019, in 2Q19, our e-commerce practically did not exist. I no longer remember that penetration was below 20 in 1Q19. So, right now with all this positioning we've done in e-commerce, we're also growing same stores in 2019.

Felipe Rached:

Thank you, Roberto.

Orivaldo Padilha:

Felipe, we put this indicator in the release, it is the indicator that we understood as the most comparable to 2019, if you consider the stores close in 2020 and 2021. If we compare that to 2019, we consider the productivity of the sales reps. So it grew 11% compared to 2019 on the 2Q21. It is on page 22 of the release, and you can see that this is positive, despite having 20% online at that time, and now we have above 60%.

Felipe Rached:

Thank you, Padilha.

Guilherme, Condor:

Thank you so much for answering my question. I want to question about the shortage of input, overall, for conductors, semiconductors in many industries. Have you noticed any kind of challenge to replace the inventory of electronic equipment? You mentioned that a big amount of the sales came from games. Semiconductors are also having some issues with production in China. Are you guys noticing any kind of challenge with this? If yes, do you have any idea on how this should impact the next quarters? And also, have you guys had any difficulties in regard to prices increase, in the reception of the customers?

Roberto Fulcherberguer:

Guilherme, in regard to the first point, we normally have a major strategy operating in 1P, and we have a logical strength and the capacity for this. We already performed major anticipation in regard to what we are going to be buying. We have done it last year for this year as well. We are suffering a bit less due to the major anticipation that we have with the industry.

So last year we had pretty much the volume of this entire year negociated with industry. So it is the differential we have, we know how to play this game right, and we have the scale and capacity to do this. We have more than 1.2 million m² of logistical center, and 1.5 million m² of stores which has being used as a logistical hub. That´s why we have been expanding this level of inventory.

So some occasional problems. I cannot say that nothing impacted the entire category, but if we have like ten items in a category, we may have problems with one or two, but we have another eight items for the sale.

About the transfers, we have already performed all of the price transfers. So the sale in the 2Q already considers this transfer. We saw that we didn't lose our breath, we managed to continue climbing the sale. We have the advantage here in our financial services area, so our installment plan, our Buy Now, Pay Later is a great differential. We managed to smooth this out in installments.

In our case, up until now, I already consider the numbers in July and August, so up until now we have been operating even with these many transfers.

Guilherme:

Thank you very much.

Participant, Morgan Stanley (via webcast):

I am interested in the question of logistics as a service that you are going to be opening to the overall market at your logistical platform. How these tests are doing with the services, and what kind of customers are you considering for this kind of service? Do you have to perform any other investments to be able to offer this?

Roberto Fulcherberguer:

The development is going really well. What we want here is some complementarity to provide more scale, with a reduction in costs. We are already providing these services to some other retailers as well, from different segments, in the 1P segment. This is already happening.

I say that we already have gone past the phase with the tests and became a reality. As I mentioned, we already have a ready platform to scale up the issue of delivering and receiving the charge at moment of the delivery. This allows us to operate with any kind of thing. So it is not necessary to buy delivery companies to perform the delivery, we already have the solution at ASAPLog, this is already ready. So I am not going to say if we are going to do this delivery, but we can do it.

So we are going to search for scale and productivity, and our logistics network. We have a big differential, and this is a national logistical network, half of it is already our own network, so we want to consider all of these benefits as a service to others and have profitability as well through this service.

Daniela Bretthauer:

Roberto, it seems that we do not have any other questions now in the queue. So I pass the word back to you for your final remarks.

Roberto Fulcherberguer:

I want to thank you. We are really happy with the services we are providing. We consider the 80,000 sellers, and in one semester we already have 31 million SKUs. It is a thing that people took years to do, we did in seven months. Our digital is already 65% of the Company. So the Company is already digital, and our growth is already as a digital company. 85% growth in 3P. We had a growth CAGR that is not from an analytical company. We are already on the pace of growth as a digital company.

Our NPS is also growing more than 15 points compared to the previous year. And maybe the most relevant data here is that we are gaining market share in a very consistent manner every quarter.

So it is not like Via will be a reality, Via is already a reality. We are already a digital player. We have been gaining a lot of shore upon other digital players. So our platform certainly has an important differential that really brings major advantages.

So we expect that the market, at some point, to understand this. We are already a digital company with a CAGR of a digital company. That is why we are already following the path, and we still have the good news, which is that we have a lot more to evolve. We made this very clear in the Investor Day, where we are heading to, and so we have our internal journey to go through with our fintech, with financial services.

One advantage that only we have, which is really incomparable, if you consider that for the marketplace, a little while back, we had one relevant player in Brazil, for the credit granting for Brazilian class C, the reference player is us, basically. So we are way ahead, close to what we had in this. And much more, making the marketplace it is not complex from back then. It was not simple, but it is not that complex. We were able to do that quickly.

Now, building this history of assertiveness on credit granting, we are able to grant a lot of credit to the customer base, and we have a very low default rate, It takes a few years and maybe billions in losses, and this is what we already built.

So I just wanted to mention that we are really focused here on following this growth with very consistency. The team is motivated and following this journey of transformation.

I want to thank you all for participating in our call, and have an excellent afternoon.